



SUSTAINABILITY REPORT

2016



EGYÜTT. VELED

KEY OPERATING STATISTICS OF MAGYAR TELEKOM GROUP 2016

Magyar Telekom introduced a new reporting structure from the beginning of 2016 to further simplify our operation on every managerial levels of the company. The Group's new operating segments are Hungary, Macedonia and Montenegro. MT-Hungary includes the former T-Hungary segment (residential and SMB customers) and former T-Systems (enterprise segment). The Macedonia and Montenegro segments have not changed.

The MT-Hungary segment operates in Hungary providing mobile and fixed line telecommunications, TV distribution, infocommunications and system integration services, energy retail services to millions of residential and business customers under the Telekom and T-Systems brands. Small and medium business customers are served by Telekom brand and key business customers (large corporate and public sector customers) are served

by T-Systems brand. The MT-Hungary segment is also responsible for the wholesale mobile and fixed line services in Hungary, and performs strategic and cross-divisional management and support functions including Procurement, Treasury, Real Estate, Accounting, Tax, Legal, Internal Audit and similar shared services and other central functions of the Group's management. This segment is also responsible for the Group's points of

presence in Bulgaria and Romania providing mainly wholesale services to local companies and operators. The Group also has full-scale mobile and fixed line telecommunications operations in Macedonia and Montenegro, which represent two additional operating segments of the Group.)

KPI INFORMATION ON MOBILE SERVICES IN HUNGARY, MACEDONIA AND MONTENEGRO* ✓

	2015 31 December	2016 31 December	2016/2015 (% change)
HUNGARY			
Penetration (%) ^{(1) (2)}	116.5	n.a.	n.a.
Total number of subscribers	5 503 966	5 331 986	(3.1)
SIM-market share (%) ⁽²⁾	48.0	n.a.	n.a.
Number of mobile broadband subscriptions	2 359 799	2 554 703	15.5
Mobile broadband market share, based on total number of subscriptions (%)			
Population-based outdoor 3G coverage (%)	83.0	86.2	n.a.
Population-based outdoor 4G coverage (%)	97.3	98.0	n.a.
MACEDONIA			
Penetration (%) ⁽⁴⁾	103.7	105.8	n.a.
Total number of subscribers	1 229 655	1 257 887	2.3
SIM market share (%) ^{(4) (5)}	47.3	50.2	n.a.
MONTENEGRO			
Penetration (%) ⁽⁶⁾	162.6	167.9	n.a.
Total number of subscribers	329 844	361 149	9.5
SIM market share (%) ⁽⁶⁾	32.7	34.7	n.a.

* Magyar Telekom Group has sold its Montenegrin subsidiary to Croatia's Hrvatski Telekom in January, 2017.

KEY OPERATING STATISTICAL FIGURES OF TELEKOM HUNGARY SEGMENT ✓

	2015 31 December	2016 31 December	2016/2015 (% change)
MOBILE SERVICES			
Number of customers (RPC)	5 503 966	5 331 986	(3.1)
Post-paid share in the RPC base (%)	56.4	59.2	n.a.
MOU	180	191	6.1
Post-paid ARPU	4 981	4 873	(2.2)
Pre-paid ARPU	1 172	1 119	(4.5)
ARPU (HUF)	3 291	3 302	0.3
Post-paid (%)	10.5	10.1	n.a.
Pre-paid (%)	25.3	30.7	n.a.
Overall churn rate (%)	17.1	18.7	n.a.
Ratio of non-voice revenues in ARPU (%)	32.0	34.5	n.a.
Average acquisition cost (SAC) per gross add (HUF)	5 798	6 013	3.7
Number of mobile broadband subscriptions	2 359 799	2 554 703	15.5

(1) Data relates to the mobile penetration in Hungary, including customers of all three service providers

(2) Data is based on internal calculations from Vodafone Group and Telenor Group Reports

(3) Data is based on NMIAH reports

(4) Data published by Macedonian Agency for Electronic Communications (AEC)

(5) Based on active RPC

(6) Data published by the Montenegrin Agency for Electronic Communications and Postal Services (EKIP).

FIXED-LINE SERVICES ✓

	2015 31 December	2016 31 December	2016/2015 (% change)
VOICE SERVICES			
Total voice customers	1 460 762	1 422 589	(2.6)
Total outgoing traffic (thousand minutes)	2 841 815	2 728 548	(4.0)
Blended MOU (outgoing)	161	158	(1.9)
Blended ARPU (HUF)	2 714	2 569	(5.3)
INTERNET SERVICES			
Blended retail broadband market share (%) ⁽³⁾	38.8	38.2	n.a.
Number of retail DSL customers	585 511	566 956	(3.2)
Number of cable broadband customers	340 695	346 557	1.7
Number of fiber optic connections	70 265	102 003	45.2
Total retail broadband customers	996 471	1 015 516	1.9
Blended broadband ARPU (HUF)	3 609	3 612	0.1
Number of wholesale DSL access	28 754	25 802	(10.3)
TV SERVICES			
Blended TV market share (%) ⁽³⁾	27.6	27.7	n.a.
Number of IPTV customers	498 092	550 002	10.5
Number of satellite TV customers	306 722	290 012	(5.4)
Number of cable TV customers	156 961	128 999	(17.8)
Total TV customers	961 775	969 013	0.8
Blended TV ARPU (HUF)	3 287	3 332	1.3
ENERGY SERVICES			
Electricity points of delivery	106 564	92 486	(13.2)
Gas points of delivery	7 427	0	n.a.

KEY OPERATING STATISTICAL FIGURES OF MACEDONIA SEGMENT ✓

	2015 31 December	2016 31 December	2016/2015 (% change)
MOBILE SERVICES			
Number of customers (RPC)	1 229 655	1 257 887	2.3
Postpaid share in the RPC base (%)	37.3	41.9	n.a.
MOU	213	215	0.9
ARPU (HUF)	1 697	1 671	(1.5)
FIXED-LINE SERVICES			
MARKET DATA			
Fixed-line penetration (%)	11.3	10.8	n.a.
Internet broadband market share (estimated) (%)	49	47.9	n.a.
VOICE SERVICES			
Total voice customers	224 802	216 832	(3.5)
Total outgoing traffic (thousand minutes)	218 379	176 369	(19.2)
INTERNET SERVICES			
Number of retail DSL customers	165 497	165 770	0.2
Number of wholesale DSL access	24 570	23 678	(3.6)
Number of total broadband access	190 067	189 448	(0.3)
TV SERVICES			
Number of IPTV customers	103 422	107 672	4.1

KEY OPERATING STATISTICAL FIGURES OF MONTENEGRO SEGMENT ✓

	2015 31 December	2016 31 December	2016/2015 (% change)
MOBILE SERVICES			
Number of customers (RPC)	329 844	361 149	9.5
Postpaid share in the RPC base (%)	47	51.3	n.a.
MOU	181	177	(2.2)
ARPU (HUF)	2 810	2 818	0.3
FIXED-LINE SERVICES			
MARKET DATA			
Fixed-line penetration	22.4	19.8	11.6
Retail DSL market share (estimated) (%)	85.1	86.6	1.8
VOICE SERVICES			
Total voice access	144 466	132 887	(8.0)
Total outgoing traffic (thousand minutes)	193 445	153 220	(20.8)
INTERNET SERVICES			
Number of total broadband access	90 371	84 842	(6.1)
TV SERVICES			
Number of IPTV customers	60 812	59 489	(2.2)