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Investor Release

Magyar Telekom

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Announcement of Magyar Telekom Plc. regarding dividend payment for business year 2017

Budapest – April 17, 2018 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB, hereinafter the “Company”), the leading Hungarian telecommunications service provider announces that, in accordance with the resolution of the Company’s Annual General Meeting held on April 10, 2018, the Company will pay its shareholders HUF 25 gross dividend per ordinary Magyar Telekom share (ISIN number: HU0000073507) for the business year 2017. Dividend payment will start on May 25, 2018.

The record date related to the dividend payment is May 15, 2018. Shareholders shall be entitled to dividend who own Magyar Telekom shares at the record date and requested to be registered in the Share Register of the Company. The last day when shares can be bought on the Budapest Stock Exchange that will be entitled to the dividend paid for the 2017 business year is May 11, 2018. In line with the lapse period specified in the Civil Code the dividend for the business year 2017 can be collected for a further 5 years, starting from the first day of the dividend payment (i.e. not later than May 25, 2023).

The dividend will be transferred to shareholders’ accounts - attached to securities accounts at the account-keepers, or to another bank account specified by the shareholder to its account keeper - from May 25, 2018. The dividend can only be transferred if the account keeper sends all information in the specified form to the KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (hereinafter: “KELER Ltd.”), acting as agent for the dividend payment of the Company. Neither the Company nor KELER Ltd. is responsible for any payment delay resulting from insufficient or incomplete information provided by account keepers or resulting from the time required for data processing. We would like to take this opportunity to remind our shareholders to contact their account keeper and check that they have all the information necessary for the dividend payment and draw their attention to submit their data in the course of the recording process. If the account keeper does not submit the data relating to the shareholder, required for dividend payment, in the course of the recording process to KELER Ltd., but at a later date, then the Company will transfer the dividend through KELER Ltd. once in a month, by the 5th working day following the month of the reporting.

In case of individuals

In case of individuals, the Company will, through its agent (KELER Ltd.), transfer the dividend after deduction of the personal income tax to the account-keeper’s bank account, or to another bank account specified by the shareholder to its account keeper. In case of domestic private individuals, the following data is required for dividend payment: name, birth name, date and place of birth, mother’s birth name, nationality, tax ID, sex and address of the shareholder. In case of foreign private individuals, the following data is required for dividend payment: name, birth name, date and place of birth, mother’s birth name, passport number or tax ID issued by the Hungarian tax authority, sex, nationality, permanent address of the shareholder and address (place of residence) in Hungary, if the shareholder has any. **Dividends paid for business year 2017 are subject to a personal income tax of 15%.** [Section 8 (1) and Section 66 (1) a) of Act CXVII of 1995 on Personal Income Tax (hereinafter: the “Personal Income Tax Act”)] **except for equities entitled for dividend payment (in present case shares) held on long term investment account and recorded in the register of time deposits. Based on the information provided by the credit institutions or investment firms where the account is held, dividend payments will be transferred to the individual shareholders without the deduction of personal income tax.** Pursuant to Section 67/B (6) c) of the



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Personal Income Tax Act, credit institutions and investment firms notify the issuer, that in connection with this income, it shall not deduct the tax.

If a **foreign domiciled individual shareholder** intends to receive its dividend through application of a preferred tax rate in accordance with inter-state treaties on avoidance of double taxation, such shareholder is obliged to submit to the Issuer Department of KELER Ltd. (1074 Budapest, Rákóczi út 70-72.) not later than May 18, 2018 all the documents specified in Annex 7 to the Personal Income Tax Act. We remind account-keepers that we can only accept certificates of residency issued by foreign tax authorities regarding the tax year 2018; a copy of the document issued in English by the foreign tax authority or its Hungarian translation prepared by a specialist translator or a copy of any of these will be acceptable as certificate. If a foreign domiciled individual is not able to certify his or her residency, the payer can accept the written declaration on the residency. The payer share keep the declaration and the certificate of residency. If a certificate of beneficial ownership is also required by the treaty on avoidance of double taxation, this certificate shall also be translated into Hungarian by a specialist translator to be acceptable. The certificate of beneficial ownership can also be issued in Hungarian. If neither certificate of residency, nor a notice (declaration) that documents will be presented later, arrives at KELER Ltd. by May 18, 2018, the dividend will be transferred after deduction of 15% personal income tax. If a foreign domiciled individual shareholder has the documents specified in Annex 7 to the Personal Income Tax Act and there is an inter-state treaty on avoidance of double taxation based on which a preferential tax rate can be used, but the shareholder fails to submit the documents to KELER Ltd. by May 18, 2018 and therefore receives dividend after deduction of 15% income tax, the shareholder may apply, in accordance with Section 4 of Annex 7 to the Personal Income Tax Act, to the Significant Taxpayers' Tax Office (in Hungarian: 'Kiemelt Adózók Adógazgatósága') of the National Tax and Customs Administration ("NAV") of Hungary) and claim the difference between the preferential tax rate and 15%. The tax authority shall remit the amount of such tax difference to the payment account specified by the foreign domiciled individual shareholder.

In case of shares held on long term investment account ("Tartós Befektetési Számla")

In case of shares held by domestic and foreign individuals **on long term investment account, no tax (personal income tax) will be deducted from the dividends** (pursuant to Section 67/B (6) c) and Annex 7 of the Personal Income Tax Act). Account-keepers are required to indicate to KELER Ltd., acting as agent in the dividend payment of the Company, that the shares held on a long term investment account (in the register of time deposits), simultaneously with claiming the dividend, otherwise the dividends will be paid after deducting a personal income tax of 15%.

In case of legal entities

In case of legal entities, the Company will, through its agent (KELER Ltd.), based on the specified data (in the case of Hungarian domiciled legal entities: company name, registered office, tax ID number; in the case of foreign domiciled legal entities: company name, registered office), transfer the dividends to the bank account specified by the shareholder's account keeper. In case of legal entities, **no tax will be deducted from the dividends**.

In case of nominees

The dividends will be paid to nominees, as defined in the Act CXX of 2001 on the Capital Markets, based on the shareholder identification ordered for this purpose.

As a general rule, the dividends will be paid to nominees after deducting personal income tax of 15%.

If the account keeper of the nominee specifies in the course of the recording process the number of shares held by individual shareholders and the number of shares held by legal entities (not individual shareholders) from the total number of shares represented by the nominee, then the dividends will be paid after applying the relevant tax rate. In the case of dividends for shares held by legal entities, no tax will be deducted from the dividends. In the case of shares held by individual shareholders, personal income tax of 15% will be deducted from the dividends. If the shares represented by the nominee relate to foreign domiciled individual shareholders who intend to receive their dividends through the application of a preferred tax rate, then those shareholders should be recorded separately in the course of the recording process and they should act according to the above paragraph starting with "If a foreign domiciled individual shareholder".



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We would like to draw the attention of nominees that the Company will apply the tax rate and perform its data supply obligation based on the information received in the course of the identification procedure and according to the appropriate regulations. As the taxation of dividends paid to legal entities and those paid to private individuals are different, nominees will be liable for damages (e.g. consequences under tax law) caused by incorrect information provided by the nominees.

Tax certificates

The Company will issue and will send to its individual shareholders no later than January 31, 2019, a certificate stating the name of payer, the name (corporate name), tax identification number, registered office (sites) or home address of the income's recipient, the legal title of payment, the year when the dividend was paid, the date of issue of the certificate, the tax base and the amount of tax assessed.

In cases where dividends are paid to nominees and the nominee declares, pursuant to Section 8 of Annex 7 to the Personal Income Tax Act, in a duly signed document issued by the last day of the calendar year when the payment is made, in Hungarian or Hungarian and English language, the name (corporate name), permanent residence, registered offices, date and place of birth and nationality of the foreign persons to whom the dividend is (to be) paid and the amount of dividend (to be) paid to them in HUF, then the Company will issue the tax certificate and will perform its data supply obligation based on this nominee declaration.

If the above mentioned detailed declaration is not available, the Company will issue the tax certificate stating the name (corporate name) and registered office of the nominee and in the case of Hungarian domiciled entities, the tax identification number and the amount of dividends paid will be provided.

Dividend payment for previous years

The Company pays a HUF 50 gross dividend for the business year 2012, HUF 15 gross dividend for the business year 2015, and HUF 25 gross dividend for the business year 2016 per ordinary share, while there is no dividend payment for the business years 2013 and 2014.

The Company started payment of the 2012 dividend on May 16, 2013. In line with the lapse period specified in the Civil Code, the dividend for 2012 can be collected for a further 5 years, starting from the first day of the dividend payment, i.e. not later than May 16, 2018. We would like to remind shareholders who have still not received their dividend for 2012 to contact their securities account manager and request payment of the dividend within the deadline mentioned.

Dividends paid for previous years for private individuals are subject to 15% personal income tax.

In case of legal entities, no tax will be deducted from the dividends for prior years.

Should you have any question regarding the dividend payment please contact:

Magyar Telekom Plc.'s Investor Relations Department: investor.relations@telekom.hu, +36 1 457-6084 or
the client service of KELER Ltd.: 1074 Budapest, Rákóczi út 70-72., +36 1 483 6100

This investor news may contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our Annual Reports for the year ended December 31, 2017 available on our website at <http://www.telekom.hu>.