Leading market positions maintained despite intensifying competition

Nine months 2004 results

Agenda

Overview, nine months 2004 highlights

Segment analysis, 2004 outlook

Mid-term strategic targets, dividend policy

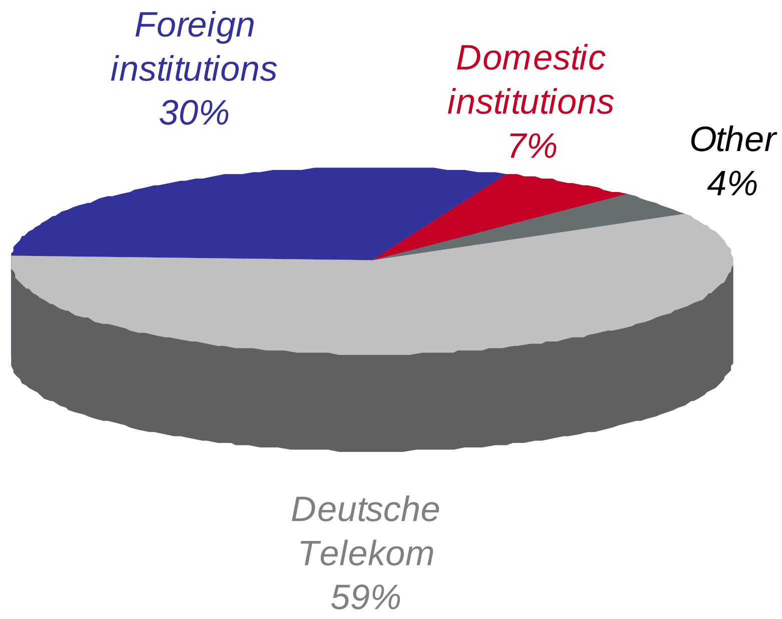
This presentation contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on 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 Report on Form 20-F for the year ended December 31, 2003 filed with the U.S. Securities and Exchange Commission.

Matáv at a glance

- EUR 3bn market capitalisation
- Market leader in all core businesses
  - fixed line incumbent operator
  - 100% stake in the leading Hungarian mobile operator
  - full scale telecommunications services in Macedonia
- Solid financial performance
  - revenue: HUF 449.7bn (-0.5%), reported EBITDA margin: 40.7% in Q1-Q3 2004
- Listed on NYSE and Budapest Stock Exchange, traded in London (SEAQ)

Ownership structure*



* approximate figures, as of September 27, 2004

Nine months 2004 summary

	Revenues		EBITDA		EBITDA margin
Group	HUF 449,725m	-0.5%	HUF 182,884m	-6.2%	40.7%* / 41.4%**
Fixed-line	228,288	-7.0%	81,535	-12.5%	35.7%
Mobile	195,137	+4.0%	77,375	+6.2%	39.7%
International	51,124	-0.6%	23,974	-17.0%	46.9%* / 53.5%**

Fixed-line
- Strengthening competitive pressure
- Successful broadband rollout

Mobile
- Improving customer mix
- Healthy financials despite competition

International
- Efficiency improvement measures commenced
- Limited top line growth

* Based on reported EBITDA
**Without restructuring charges

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Regulatory snapshot

Fixed-line

- Market analysis is ongoing
  - retail markets completed, draft resolution implies CPI cap on residential access
- IC fees approaching EU benchmarks
  - additional 19% reduction in traffic fees from June 2004
  - new services: e.g. FRIACO, Internet call origination, carrier selection for local calls
- First RUO based contract concluded
  - over 2 years after being introduced, local loop unbundling may now commence
- Geographical number portability
  - in effect since January 2004

Mobile

- Market analysis completed
  - from 2005, Vodafone identified as significant market power in mobile termination in the draft resolution
- Fixed-to-mobile termination fees
  - NRA lowered fees by 9% at T-Mobile Hungary and Pannon from June 15, 2004
- UMTS tender
  - 4 technically equivalent frequency blocks
  - T-Mobile Hungary has filed the bids
  - two bidders for the 4th license: Tele2, HTCC (Hungarian LTO of TDC)
  - decision expected in December 2004
- Mobile number portability
  - in effect since May 2004

In line with EU New Regulatory Framework

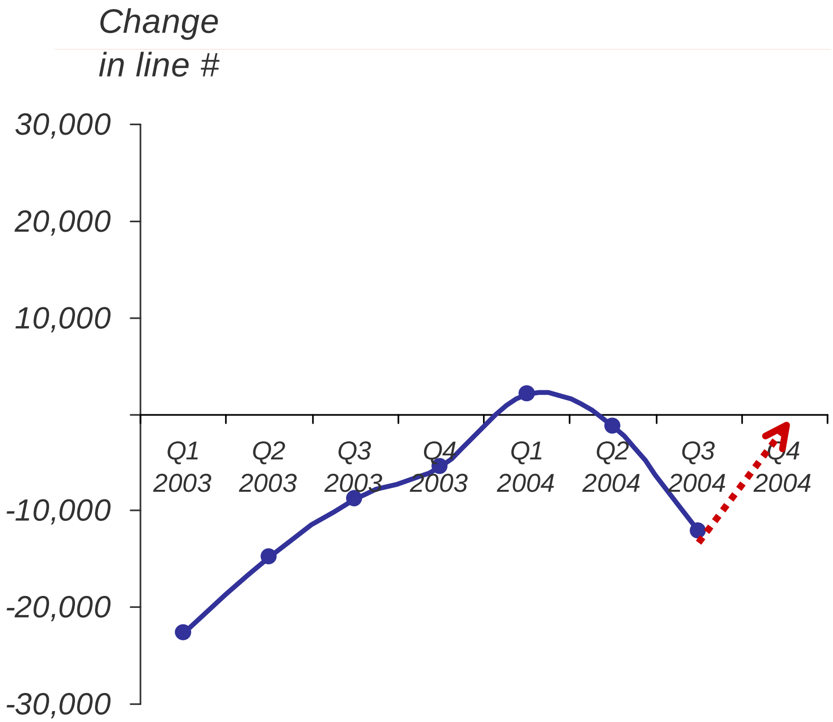
Fixed-line: active role in intensifying competition

- Strengthening competitive pressure
  - Tele2 on the Hungarian market since April
  - fixed-line geographical number portability in effect since January
    - mainly affects business customer base
    - proportion of transferred lines still low

- Initiatives to reverse erosion and stimulate usage

  - successful customised packages
    - positive effect on residential MOU
  - initiatives in non-Matáv areas
    - offerings in all call directions through call-by-call selection & carrier preselection

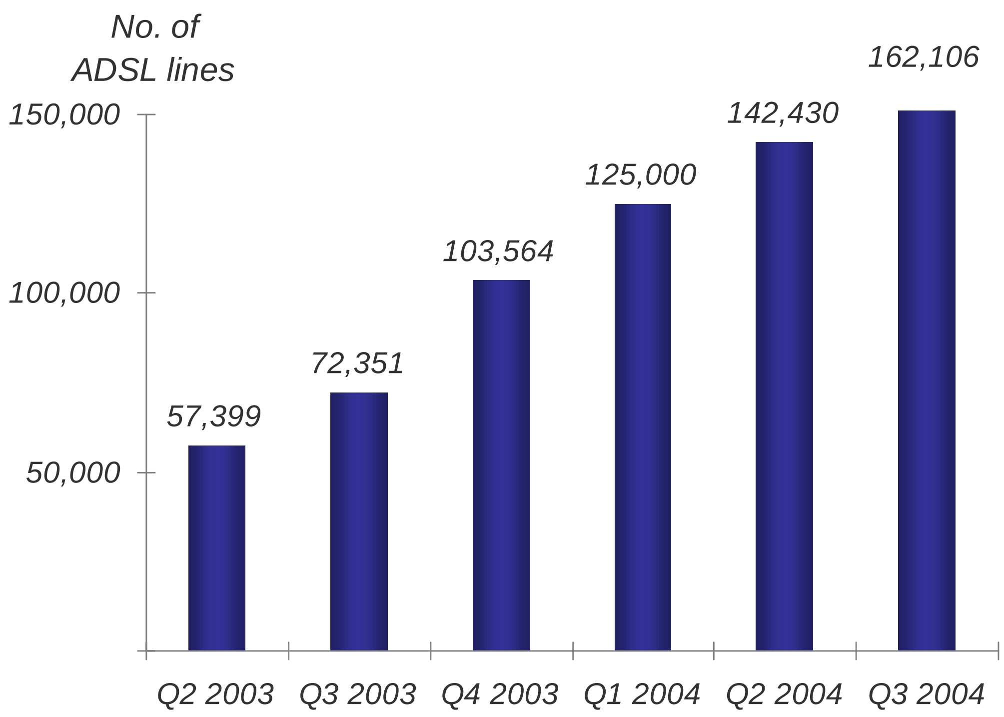
Fixed-line erosion to be halted



We maintain our zero-line erosion target for YE 2004

Data: steady growth in the broadband business

ADSL became a mass market product



- *Axelero Group had nearly 245,000 subscribers (up 32.3% y/y)*
  - *~43% share of the dial-up market*
  - *increasing proportion of broadband subscribers*
- *Data and leased line transmission revenues grew by 22% y/y*
- *Additional incentives to encourage broadband usage*
  - *increased bandwidth offer without additional charges from November*
  - *new broadband content services to be launched*
  - *state tax incentives continue*

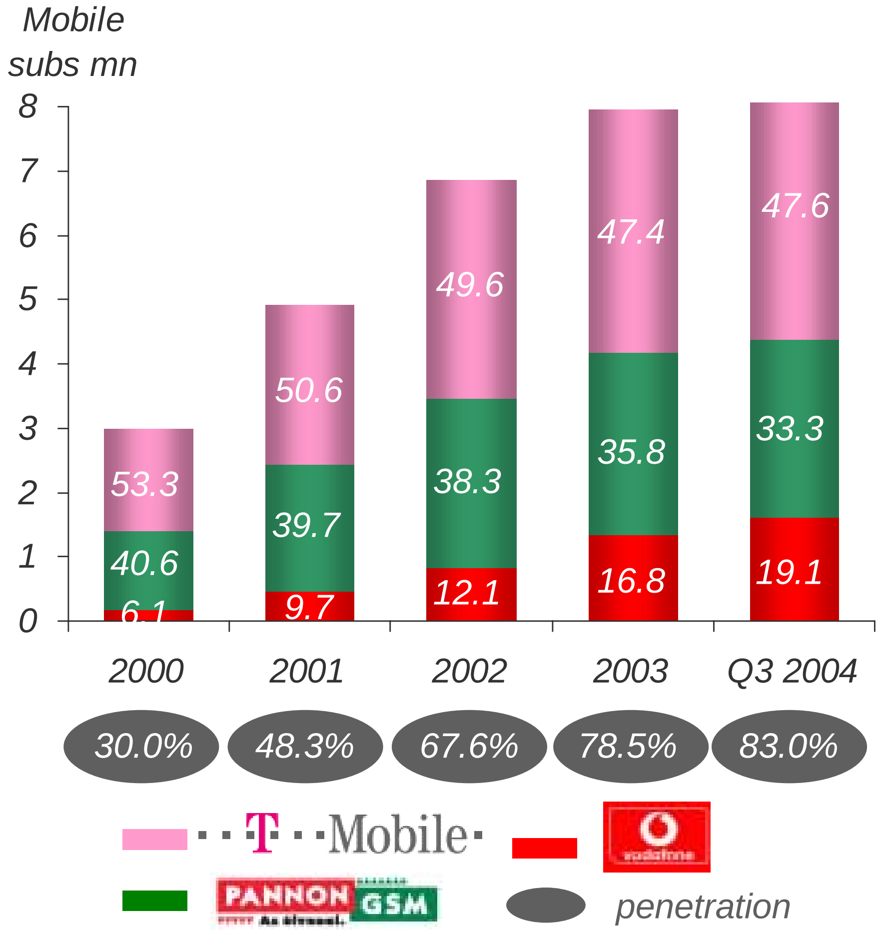
Target: 200,000 ADSL lines by end-2004 and 400,000 by end-2006

Mobile: actively maintaining leadership position

- *Strong tariff competition*
  - *prepaid: periodic discounts offered by competitors*
  - *postpaid: cheap flat rate packages launched in Q2-Q3 2004 by all three operators*
- *Successful rebranding of Westel to T-Mobile from June 2004*
  - *strong marketing campaign helped to maintain leading position*

- *Mobile number portability*
  - *limited market impact so far*

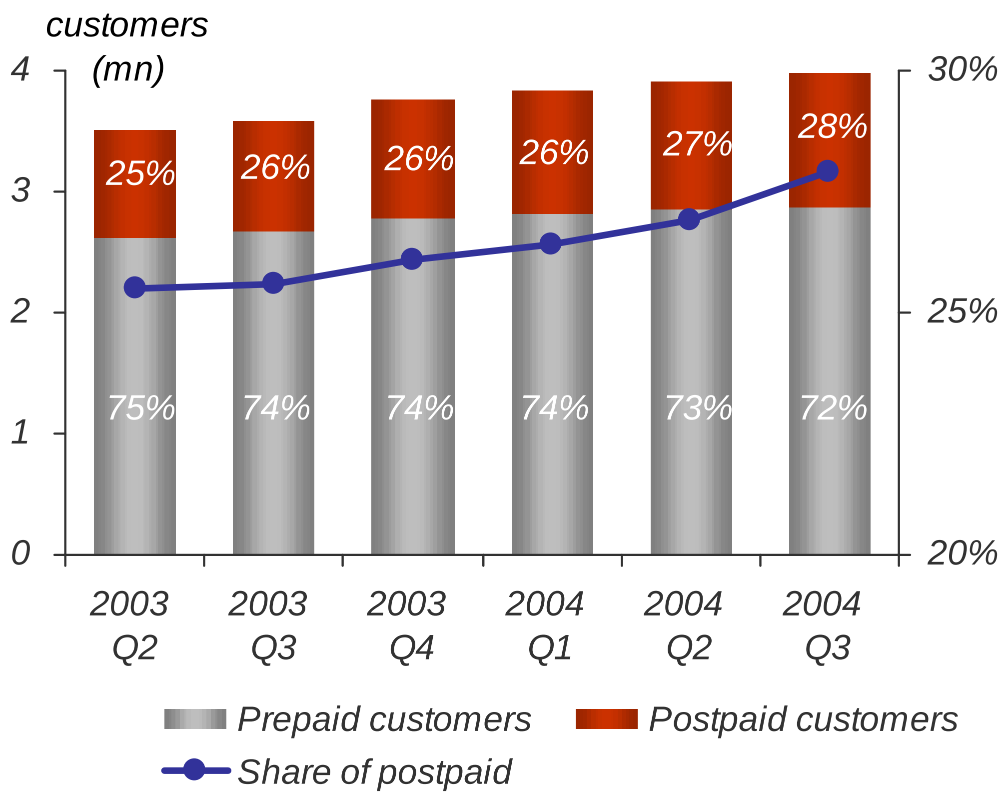
Mobile market shares (%)



Market share preserved despite intense competition

Mobile: solid financial and operational indicators

Breakdown of the customer base



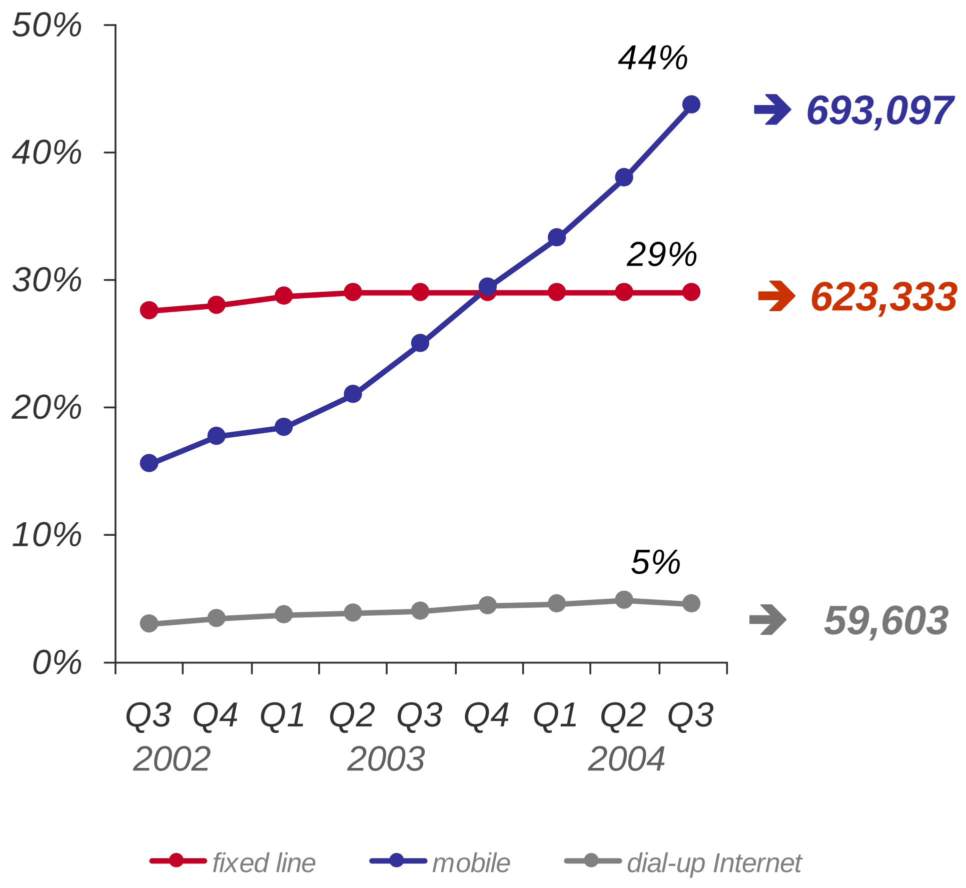
- Stable EBITDA margin of 39.7% YTD
  - EBITDA level up 6.2% y/y
- Gross additions and MOU grew
  - rebranding related marketing campaign
  - success of Relax, attractive handset offers
- Churn back to historic level: 20.9% in Q3 2004
- ARPU: HUF 4,937 (~EUR 20) YTD
  - postpaid: HUF 11,929
  - prepaid: HUF 2,386

Positive shift in the customer mix toward postpaid users

MakTel: leading positions on all markets

- Unfavourable macro environment
  - low income, stagnating GDP levels, high unemployment, no recovery seen as yet
- Fixed-line
  - liberalisation to commence next year
    - new services: carrier selection, unbundling, voice over IP
  - penetration close to saturation
- Mobile
  - rapid penetration growth
  - MobiMak: 77% market share
- Internet
  - limited but increasing demand
  - strong leadership position in dial-up, ADSL program recently launched

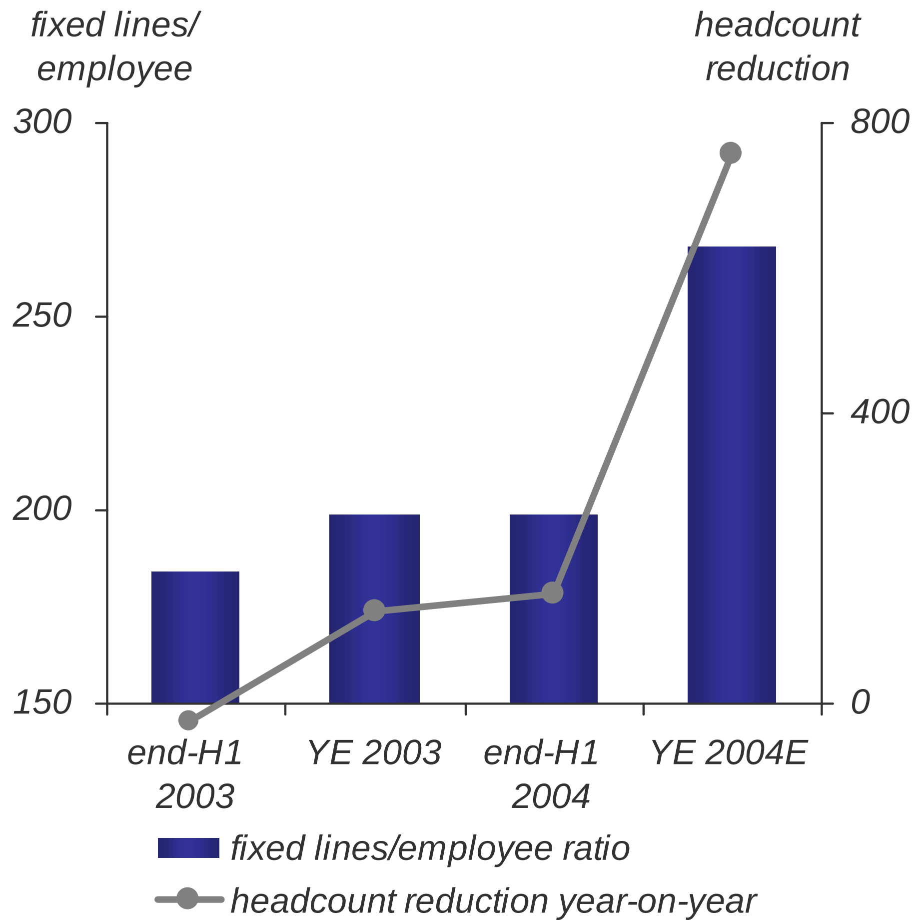
Penetration (%) and MakTel subscibers



Limited top-line growth due to difficult macroeconomic environment

MakTel: Productivity is the main focus

Increasing workforce efficiency



- Revenues remained broadly flat
  - growing mobile revenues offset by lower fixed-line revenues
- Major restructuring to improve efficiency
  - headcount reduction of 757 this year
  - HUF 3.4bn provision created in Q3 for related severance payments
- EBITDA margin hit by restructuring
  - reported: 46.9%
  - before restructuring charges: 53.5%

Restructuring helps to keep profitability at high level

Public targets and guidance set for 2004

Revenue	**in the region of HUF 600 billion**
EBITDA margin (before restructuring charges)	**around 40%**
Gross additions to tangible and intangible assets (excl. potential acquisitions and UMTS)	**around HUF 90 billion**
Fixed line churn	**zero erosion**
D&A guidance	**in the range of HUF 136-139 billion**
ADSL lines at year end	**200,000**

Mid-term strategic targets

Segmental targets

Fixed line

- PSTN preservation
- initiatives in Matáv/non-Matáv areas
- 400,000 ADSL by 2006

Mobile

- increase profitability
- maintain leading position

International

- improve cost efficiency
- major restructuring

Financial targets for 2005-2006

Revenue	**low single digit growth**
EBITDA margin (before restructuring charges)	**above 40%**
Capex / sales (excl. potential acquisitions and UMTS)	**below 15%**

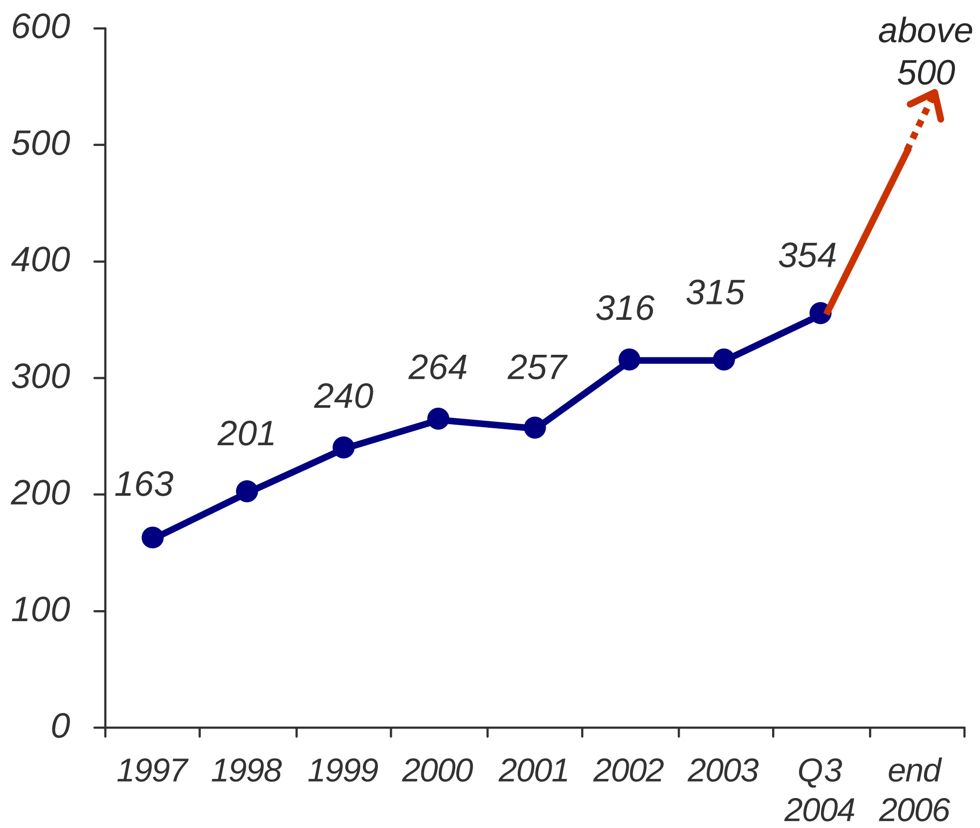
Workforce efficiency improvement

- *Internal efficiency improvement*

	Efficiency target	Headcount affected	Total expense
Parent company	>500 lines/ employee	~2,600 incl. ~800 outsource	HUF 16bn
Existing subsidiaries	17.3% staff cut	~1,150	HUF 6.7bn

- *Group level savings of HUF 19.5bn*

Fixed line/employee ratio improvement



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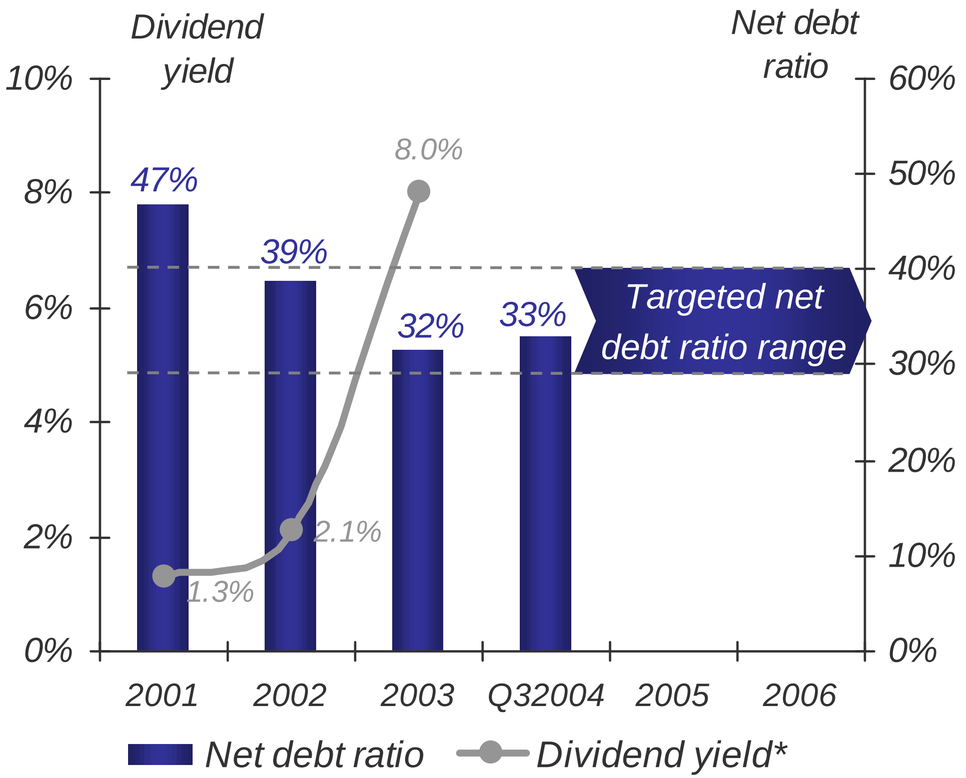
Dividend policy and acquisition driven growth

Net debt ratio and dividend yield



*Dividend yield calculation based on HUF 870 share price (19 March 2004)

Acquisition driven growth

- *Future priority remains growth through further value-accretive acquisitions*
- *Target selection criteria*
  - *located in the South-Eastern Europe*
  - *good earnings potential in a growing market*
  - *strong position in relevant markets*
  - *transaction not dilutive on EBITDA level*
  - *majority ownership / controlling stake*
  - *restructuring potential advantageous*
  - *acceptable country & regulatory risk*
- *Matáv will participate in the privatisation tender of Telekom Montenegro*

If attractive targets do not emerge: further increase of dividend while maintaining net debt ratio between 30-40%