Leading positions in all segments despite strengthening competition

First quarter 2005 results

Magyar Telekom

Agenda

Overview, first quarter 2005 results

Segment analysis

Dividend and acquisition 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, 2004 filed with the U.S. Securities and Exchange Commission.

Magyar Telekom at a glance

Market leader in all core businesses

Hungarian operations

- fixed line incumbent operator in Hungary
- 100% stake in the leading Hungarian mobile operator

International presence

- full scale telecommunications services in Macedonia
- successful acquisition of majority stake in Telekom Montenegro

Rebranding from Matáv to Magyar Telekom from May 2005

T-Com T-Online T-Mobile T-Systems T-Kábel

- full introduction of the T-brand portfolio
- does not signify any ownership change
- ticker on BSE changed to MTELEKOM; NYSE ticker unchanged (MTA)

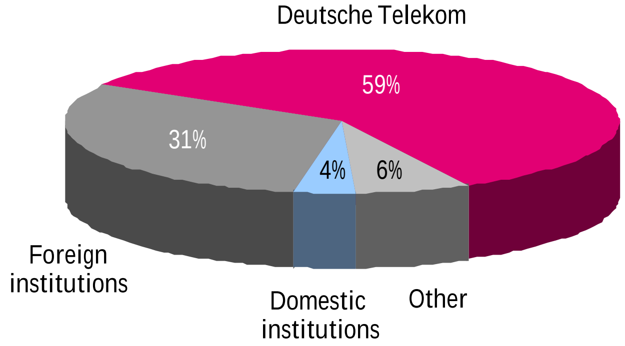
Stock information

Over EUR 3bn market capitalisation

Stock exchange listing

- listed on NYSE and Budapest Stock Exchange
- traded in London

Ownership structure, approximate figures



First quarter 2005 summary

	Revenues		EBITDA		EBITDA margin
Group	HUF 143,602m	-1.7%	HUF 59,127m	-6.4%	41.2%
Fixed-line*	HUF 79,150m	-6.7%	HUF 30,947m	-8.0%	39.1%
Hungarian	71,778	-6.0%	26,524	-7.9%	37.0%
Macedonian	10,114	-14.5%	4,423	-8.5%	43.7%
Mobile*	HUF 64,452m	+5.1%	HUF 28,183m	-4.7%	43.7%
Hungarian	62,819	+2.8%	24,194	-5.1%	38.5%
Macedonian	7,613	-2.6%	3,989	-1.8%	52.4%

Fixed-line*

Hungarian
- increased competitor activity
- improving workforce efficiency

Macedonian
- no improvement in macro environment
- focus on efficiency and cost control

Mobile*

Hungarian
- highly competitive market
- stable market leading position

Macedonian
- rapid market expansion
- competition-led price erosion

* segment figures based on external segment revenues

Regulatory snapshot
Hungarian regulation in line with EU new regulatory framework

Fixed-line	Mobile

New Electronic Communications Act in effect from January 2004

Fixed-line:
- geographical number portability from January 2004
- new services, eg. local bitstream access, FRIACO, internet call origination
- carrier selection for local and internet calls

Mobile:
- mobile number portability from May 2004

IC fees close to EU average

Fixed-line:
- last reduction: 19% cut in traffic fees from June 2004
- next calculation model after final market analysis resolution is published

Mobile:
- modification of termination fees after review of new calculations
- maximum cut: 15% minus CPI (max. 10%)

Market analysis based on the EU recommendation

Fixed-line:
- aggregate CPI price cap on voice access fees from 2005
- draft resolution implies“retail minus” price regulation for WS national bitstream access and WS leased line termination

Mobile:
- all three mobile operators identified as SMPs in mobile call termination market
- from 2005, Vodafone mobile termination fees also to be regulated
- regulator intends to reduce differences in termination fees between operators

Hungarian fixed line operations
Focus on efficiency, acceleration of broadband program

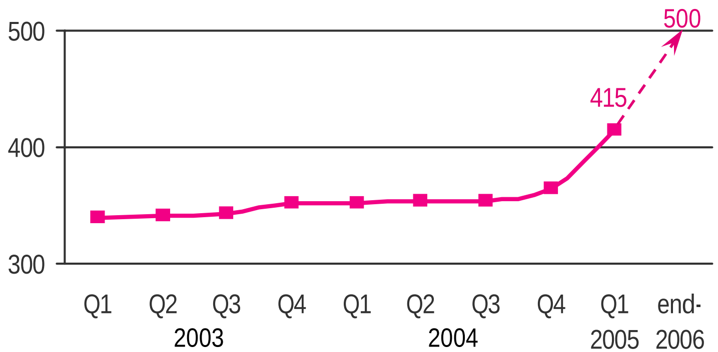
Pressure on traffic revenues

Line and usage churn
- increased competitor activity
- mobile substitution due to mobile price premium erosion and closed-user-group offers

Initiatives to slow erosion
- customised packages, special offers
- successful activity in service areas of other LTOs
- new bundled flat-rate packages and integrated offers in the pipeline

Restructuring increased efficiency

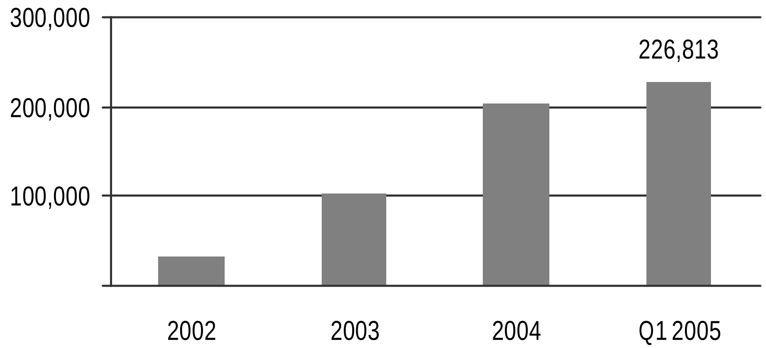
Fixed-line per employee ratio at parent co.



Successful broadband activity

Accelerated broadband roll-out to bring new impetus to fixed-line business

ADSL roll-out



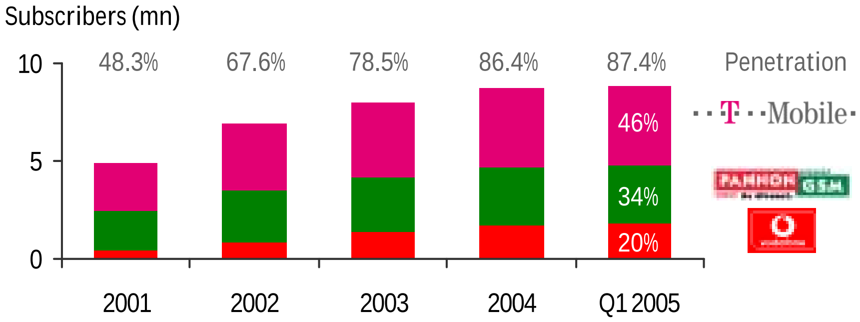
- new target: 600,000 broadband customers by end-2006

Incentives to encourage usage
- new round of free ADSL access speed upgrade from May 2005
- additional broadband offerings to be launched
- state tax incentives continue

Hungarian mobile operations
Stable position despite competitive pressure

Highly competitive environment

Subscribers, market shares and penetration



Tariff-based competition

- simple flat-rate offers, discounts from H2 2004
- more conscious package selection
- wide use of closed-user-group services

UMTS licences awarded in Dec-2004

- service launch in central Budapest by the end of this year
- further impetus to value added services

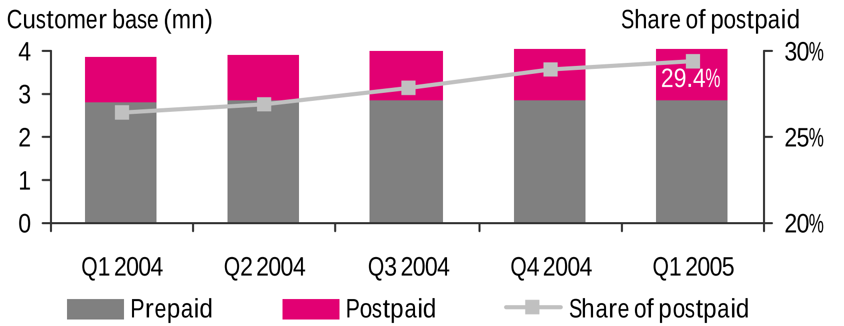
Additional cost-cutting initiatives to be implemented throughout 2005

Solid operational indicators

Tariff erosion boosts usage but hits ARPU

- MOU increased by 6% y/y to 113
- ARPU decreased by 3% y/y to HUF 4,653 (~EUR 19)
  - postpaid: HUF 10,754; prepaid: HUF 2,142
- positive change in customer mix

Breakdown of the customer base



Focus shifts from acquisition to retention

- acquisition cost/new RPC fell by 27% y/y to HUF 7,884

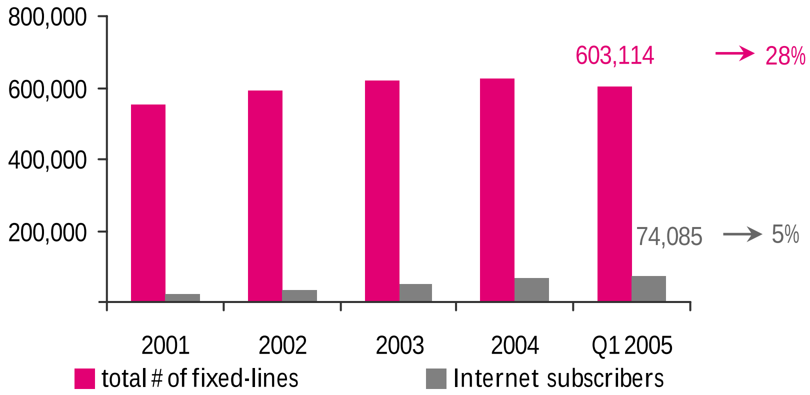
Churn back to historic levels: 15.1%

- increase of prepaid churn due to technical reason
- postpaid churn broadly stable at low level

Macedonian fixed line operations
Cost control to preserve profitability

Market environment

Subscribers and penetration (%)



Fixed-line voice market growth limited

- liberalisation to commence this year
- fixed-line market saturated, rapid mobile penetration growth

Increasing demand for internet services

- growing Internet revenues, successful ADSL take-up
- leading position in dial-up, sole provider of ADSL

Focus on efficiency

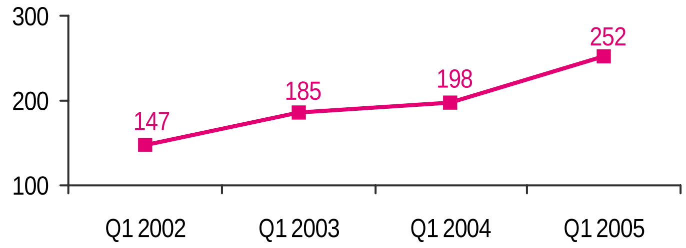
Main drivers of revenue decrease

- weak macroeconomy limits top-line growth
- decreased number of revenue producing customers
- intensifying mobile substitution

Major restructuring contributes to improving efficiency

- significant headcount reduction from Q3 2004
- continuing strict cost control

Fixed lines / employee ratio

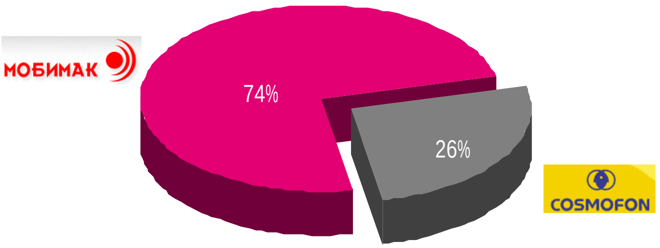


Macedonian mobile operations
Strong leadership and high profitability preserved

Focus on market share and profitability

Leading position maintained
- intensifying presence of second mobile player

RPC-based market shares

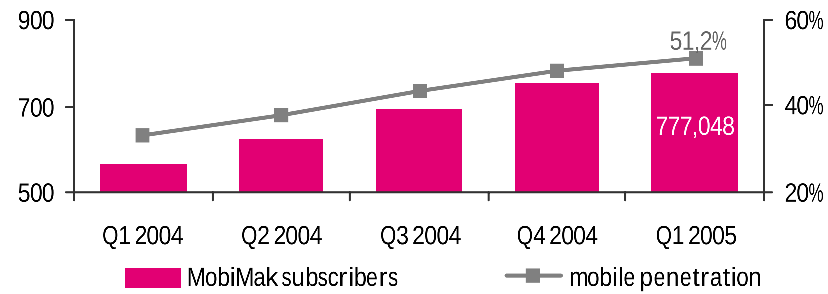


Profitability maintained at high level

Continued focus on cost efficiency
- centralisation of procurement
- marketing synergies with MakTel fixed-line operations

Rapid market expansion

MobiMak customers and market penetration



Competition-led price erosion
- still relatively high tariffs and low price elasticity limit usage growth (MOU: 58)

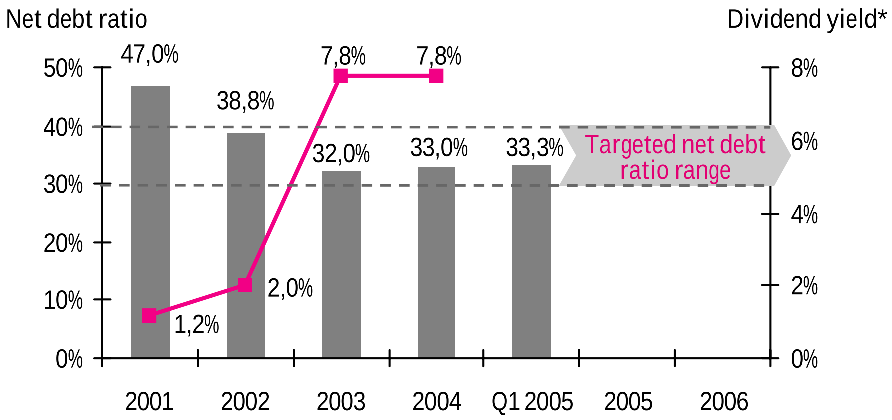
New additions mainly driven by low ARPU customers
- growing number of multiple SIM card users
- negative change in the customer mix
- ARPU: HUF 2,928 (~EUR 12)

Dividend policy and acquisition driven growth

Dividend policy

AGM approved HUF 70 per share dividend for the year 2004

Net debt ratio and dividend yield



* dividend yield calculation based on HUF 900 share price (22 March 2005)

Important dates

- ex dividend date: May 23, 2005
- payment date for ordinary shares : June 1, 2005
- payment date for ADR holders: June 8, 2005

Acquisition driven growth

Strategic priority remains growth through value-accretive acquisitions

Target selection criteria

- located in South-Eastern Europe
- good earnings potential in growing market
- strong position in relevant markets
- transaction not dilutive on EBITDA level
- majority ownership / controlling stake
- restructuring potential is advantageous
- acceptable country & regulatory risk

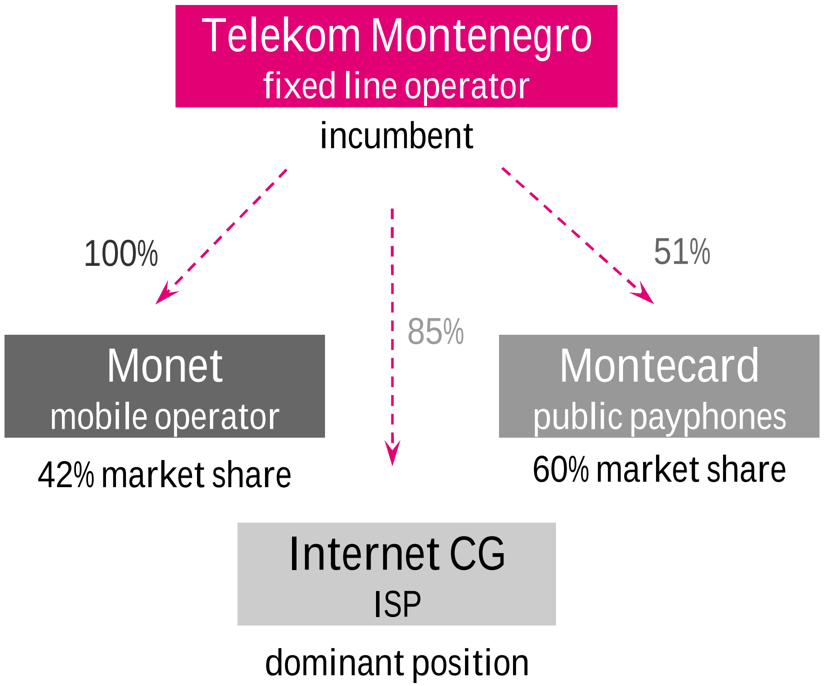
Acquisition of a majority stake in Telekom Montenegro

- 51.12% from Government for EUR 114m
- 21.92% minority shares for EUR 22.9m
- additional 3.49% through public offer for EUR 3.6m

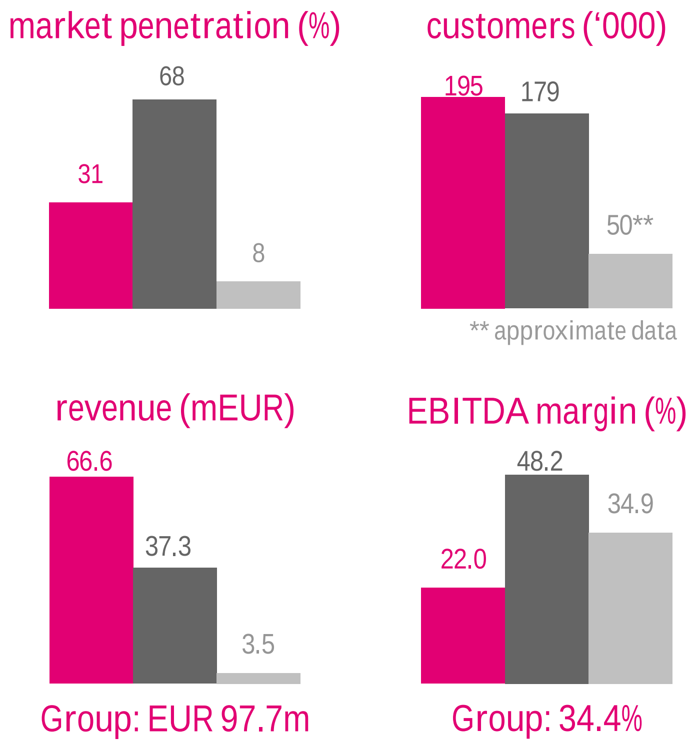
Totaling 76.53% stake for EUR 140.5m

Acquisition of a majority stake in Telekom Montenegro

TCG Group companies



2004 operational and financial figures



Consolidation timeline: balance sheet from Q1 2005, income statement from Q2 2005