Presentation
First quarter 2007 results

Magyar Telekom

Solid underlying performance boosted by growing system integration & IT contribution

Agenda

Abbreviations:

IC: interconnection, NRA: National Regulatory Authority, CPI: consumer price index, WS: wholesale, SMP: significant market power, MakTel: Makedonski Telekomunikacii, CGT: Crna Gora Telekom, SI: system integration, IT: information technology, LAN: local area network, Tetra: Terrestrial Trunked Radio , 3G: third generation, HSDPA: high-speed downlink packet access, RPC: revenue producing customer, MOU: minutes of use, ARPU: average revenue per user, VAS: value added services, SIM: subscriber identity module, NGN: next generation network, IP: internet protocol, NPV: net present value, POP: point of presence

HUF/EUR 249.2 (11 May 2007)

As previously disclosed, PricewaterhouseCoopers identified two contracts the nature and business purposes of which were not readily apparent. In February 2006, our Audit Committee initiated an independent investigation into this matter. In the course of the investigation, two further contracts entered into by Magyar Telekom Plc. were potentially raising concerns. To date, the independent investigators have been unable to find sufficient evidence to show that any of the four contracts under investigation resulted in the provision of services to us or to our subsidiaries under those contracts of a value commensurate with the payments we made under those contracts. The independent investigators have been unable to determine definitively the purpose of the contracts, and it is possible that the purpose may have been improper. The independent investigators further identified several contracts at our Macedonian subsidiary that could warrant further review. In February 2007, our Board of Directors determined that those contracts should be reviewed and expanded the scope of the independent investigation to cover these additional contracts and related transactions. The Company had approved and are currently implementing certain remedial measures designed to enhance our internal controls to ensure compliance with Hungarian and U.S. legal requirements and NYSE listing requirements. The investigation delayed the finalization of our 2005 financial statements, and as a result we and some of our subsidiaries have failed and may fail to meet certain deadlines prescribed by U.S., Hungarian and other applicable laws and regulations for preparing and filing audited annual results and holding annual general meetings. We have to date been fined HUF 13 million as a consequence of these delays. We have notified the Hungarian Financial Supervisory Authority, the U.S. Securities and Exchange Commission and the U.S. Department of Justice of the investigation, are in regular contact with these authorities regarding the investigation and are responding to inquiries raised by these authorities. The Company cannot predict when the investigation will be concluded or what the final findings will be.

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, 2005 filed with the U.S. Securities and Exchange Commission.

Magyar Telekom Group at a glance

Market leader in all core businesses

Integrated operations in Hungary, Macedonia and Montenegro

- alternative/wholesale operations in Romania, Bulgaria and Ukraine

Fixed – mobile integration

- merger of Magyar Telekom and T-Mobile Hungary
- exploiting synergies and financial benefits further

Change in segment disclosure

- T-Com: fixed line operations in Hungary, Macedonia and Montenegro; PoP and alternative operations
- T-Mobile: mobile operations in Hungary, Macedonia and Montenegro; TETRA services
- T-Systems: corporate services in Hungary
- HQ and Shared services: strategic and cross-divisional management, real estate, marketing, security, procurement, human resources and accounting services

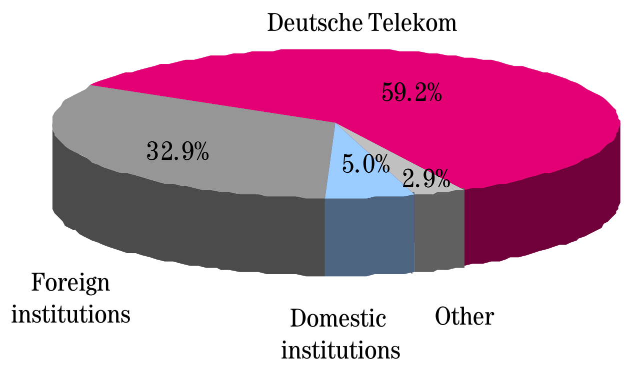
Stock information

Ca. EUR 4bn market capitalization

Stock exchange listing

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

Ownership structure*



*approximate figures

First quarter 2007 summary

	Revenues		EBITDA		EBITDA margin
Group	**HUF 161,125m**	+6.1%	**HUF 62,992m**	-1.7%	**39.1%**
Segments*: T-Com	HUF 75,293m	-2.3%	HUF 30,553m	-5.7%	40.6%
Segments*: T-Mobile	HUF 80,752m	+7.6%	HUF 34,443m	+5.7%	42.7%
Segments*: T-Systems	HUF 17,977m	+36.4%	HUF 4,151m	+0.6%	23.1%
Segments*: HQ & shared services	HUF 5,737m	-8.5%	HUF (6,155)m	+21.3%	n.a.
International contribution	16.3%		18.5%		

*Before intersegment eliminations

T-Com: Hungarian operations

Focus on customer retention

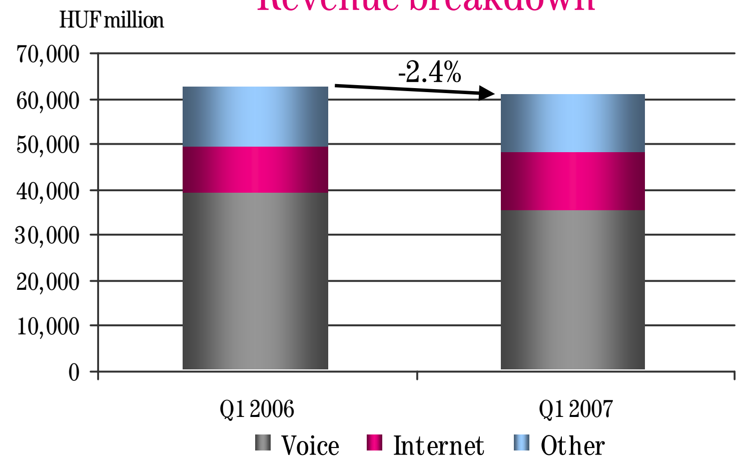
Voice revenues under threat from competition

- strong mobile substitution as mobility premium diminishes
- alternative operators taking advantage of CBC, CPS and unbundling
- cable operators offering VoCaTV & 3Play

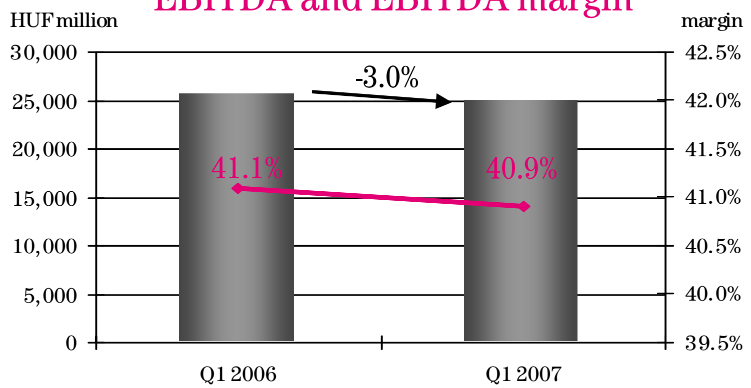
Successful retention measures introduced

- access type packages
- increasing ratio of residential customers on fixed term contracts (~49%)
- stable residential usage
- entry into LTOs via CBC and CPS services
- scope of offers extended at T-Kábel

Revenue breakdown



EBITDA and EBITDA margin



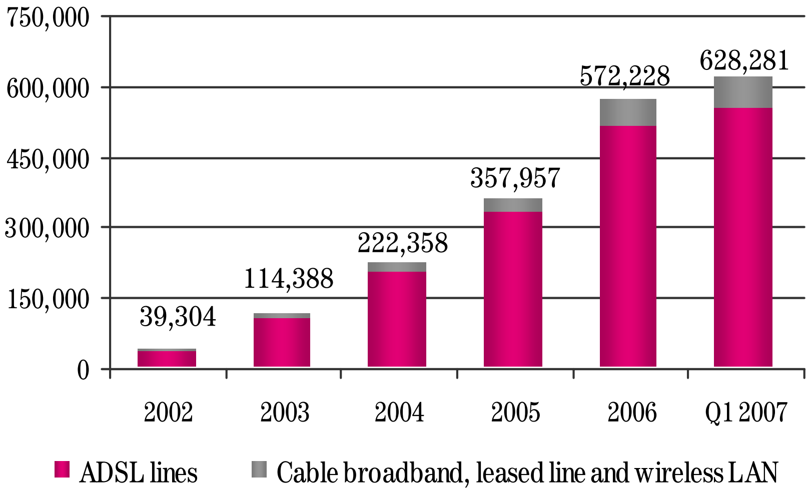
T-Com: Hungarian operations

Continued focus on broadband

Incentives to increase customer base

- bandwidth doubled from February
- naked DSL introduced
- IPTV launched in November
- decline in ADSL retail ARPU to HUF 6,750 (from 8,218 in Q1 2006)

Broadband growth



T-Kábel

Triple play offers

- cable customer base rose by 2% to 413k
- cable penetration ~60% in our service area
- T-Kábel market share ca. 19%,
- cable broadband customer base doubled to 67k
- 31k VoCaTV customers - ca. HUF 2,600 voice ARPU

Q1 2007 EBITDA around HUF 2bn with an EBITDA margin of above 40%

POP and alternative operations

Q1 2007 revenues of HUF 1.2bn

- POP in Bulgaria, Romania and Ukraine
- alternative services in Bulgaria and Romania

T-Mobile: Hungarian operations

Competitive environment

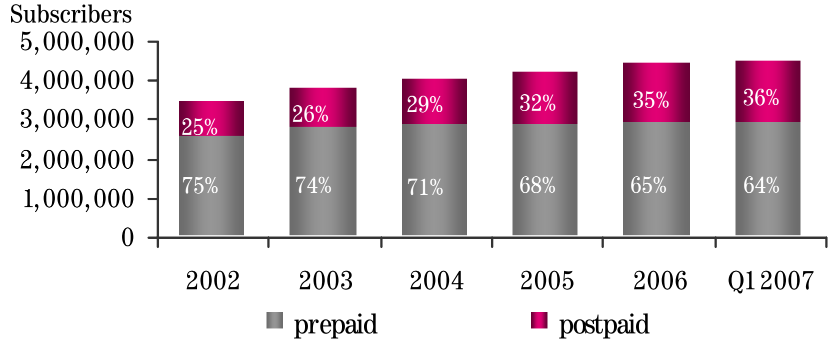
Increasing focus on retention

- clear market leadership position maintained
- continued growth in RPC base (up 6%), though market close to saturation
- acquisition cost/new RPC grew by 5% to HUF 6,512 as focus shifted to postpaid customers

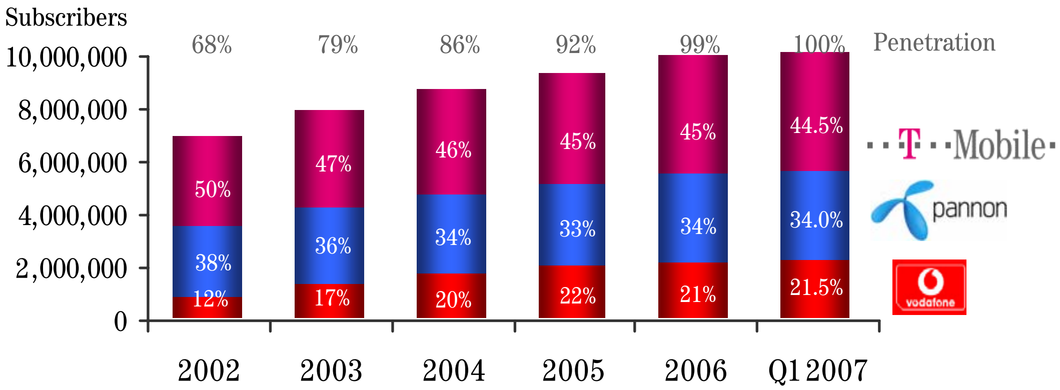
Tariff erosion

- broader use of closed-user-group services
- more conscious package selection
- effective tariff level decrease of 14%

Breakdown of T-Mobile customer base



Subscribers, market shares and penetration



3G/HSDPA network development

- covering ~30% of population
- ~50% targeted by end-2007
- up to 3Mbps bandwidth
- new value-added services available

T-Mobile: Hungarian operations & TETRA

Solid operational performance

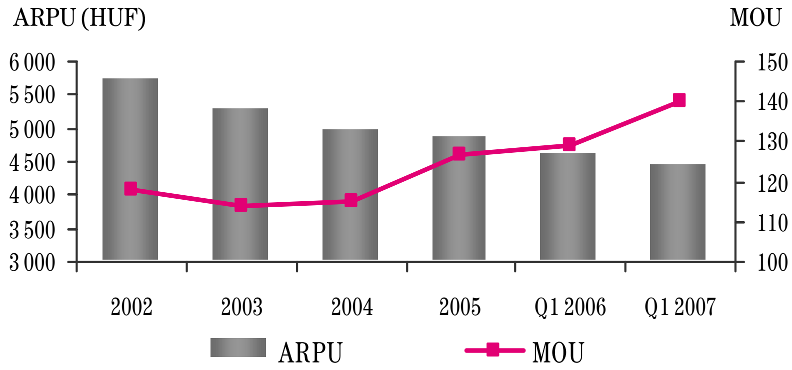
Usage growth helped by price elasticity

- MOU increased by 9% y-o-y to 140
- ARPU down to HUF 4,444 (~EUR 17)
- continuously improving customer mix
- growing importance of VAS (15% of ARPU)

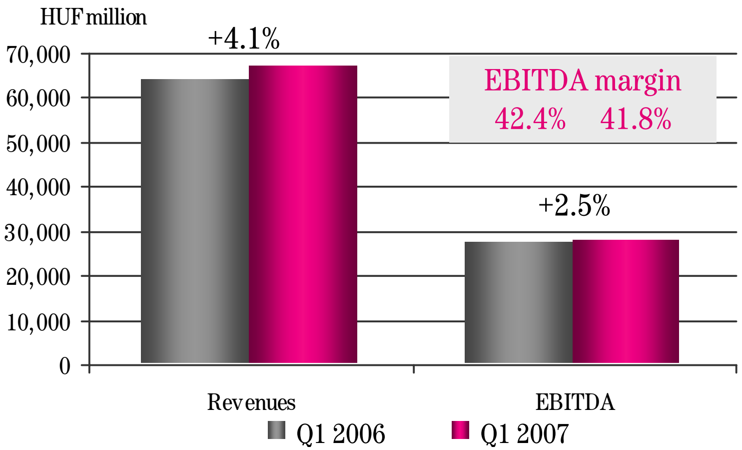
Mobile termination fee cut

- from February 15% cut to HUF 23 per minute

Usage increase helping ARPU



T-Mobile Hungary financial performance



TETRA (Unified Digital Radio Network)

- network rollout completed
- investments classified as finance lease
- Q1 2007: HUF 1.7bn service revenue
  HUF 0.6bn EBITDA
- 2006: HUF 2.2bn service revenue
  HUF -0.2bn EBITDA
  HUF 18bn sale and cost of equipment sales

T-Systems

Magyar Telekom

Declining traditional revenues

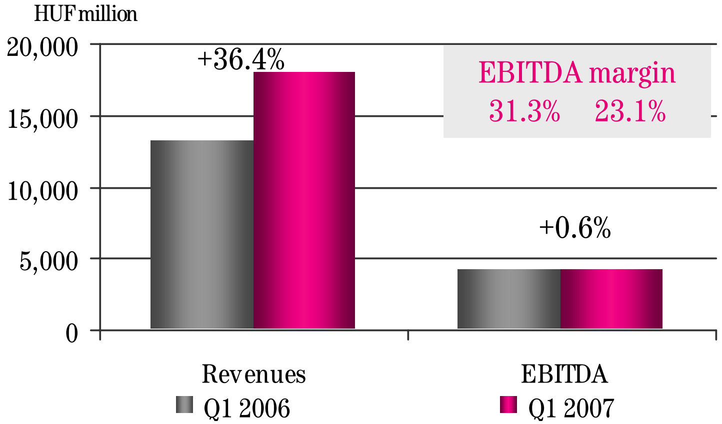
- intense competition from alternative service providers
- strong mobile substitution driven by negative mobility premium

- outgoing traffic down by 27% y-o-y
- significant tariff and revenue erosion

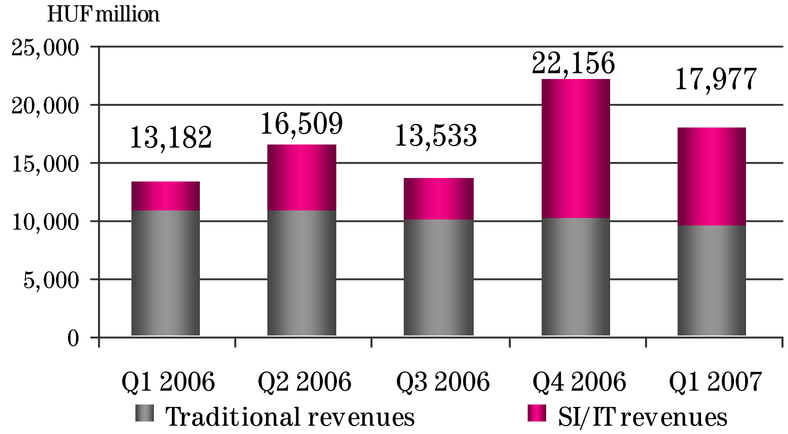
Growing importance of SI/IT services

- full scale of IT service portfolio offered, increasing presence in the Hungarian SI / IT market
- new integrated outsourcing agreements (e.g. Allianz, E.ON, ING)
- governmental system integration project
- consolidation of IT companies (KFKI, TSH) with HUF 5.3bn revenue and 0.7bn EBITDA contribution in Q1 2007
- long contracting period resulting in fluctuating revenue stream

Financial performance



T-Systems quarterly revenue breakdown



T-Com: international operations

Macedonia

Limited top line opportunities

- strong mobile substitution
- competition from altnets and cables
- fixed penetration 23.4% (down by 1.9ppt)
- number of lines down by 6.3% to 511k

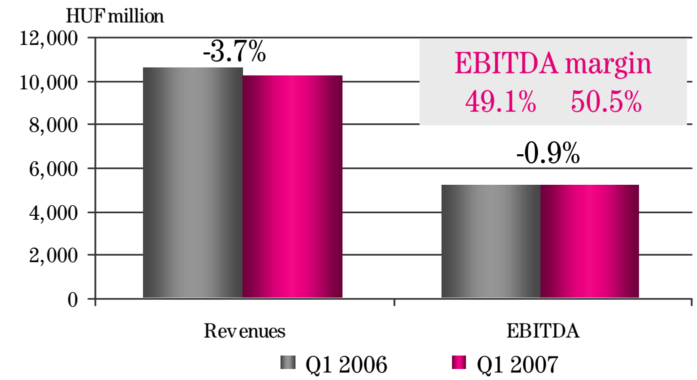
Growing internet revenues

- number of ADSL connections 18k (up 91%)

Focus on efficiency

- 24% headcount reduction in Q4 2005
- continuing strict cost control

Financial performance



Montenegro

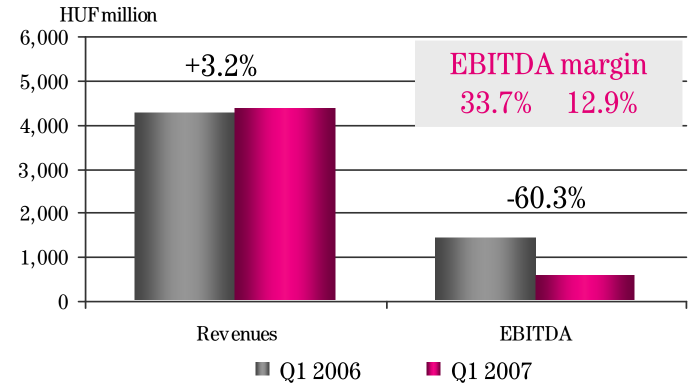
Saturated fixed line market

- seasonality heavily impacts segment performance
- increasing role of mobile substitution
- fixed line penetration at 30.5% (down 0.7ppt)
- number of lines down by 2.1% to 190k
- number of ADSL customer 8,382

Improving efficiency

- integration of fixed and mobile operations
- HUF 2.5bn expense in Q4 2006 related to headcount reduction of ~20%
- EBITDA margin w/o special influences ~34%

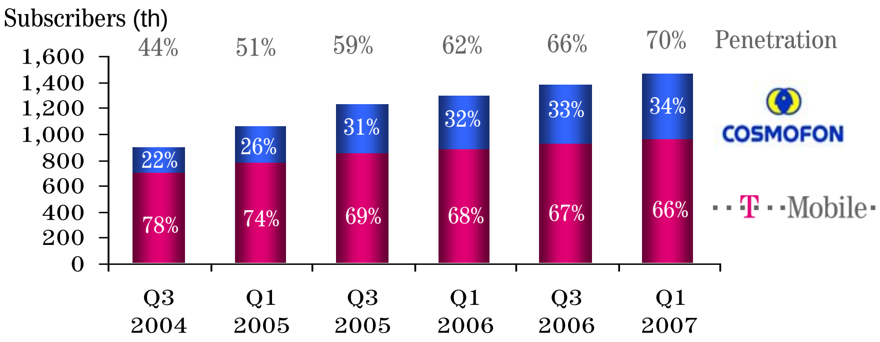
Financial performance



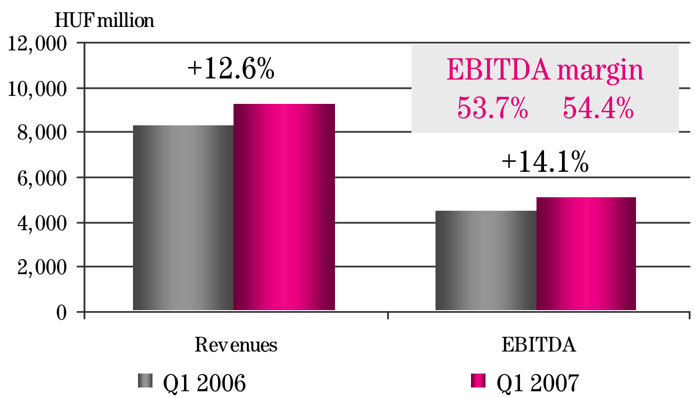
Magyar Telekom

T-Mobile: international operations

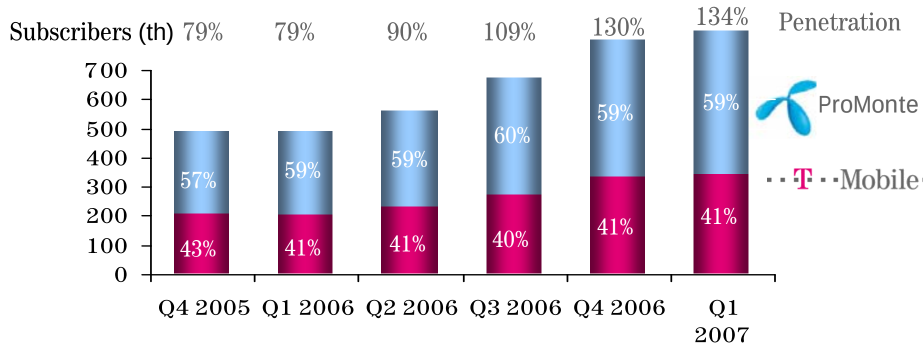
Macedonia



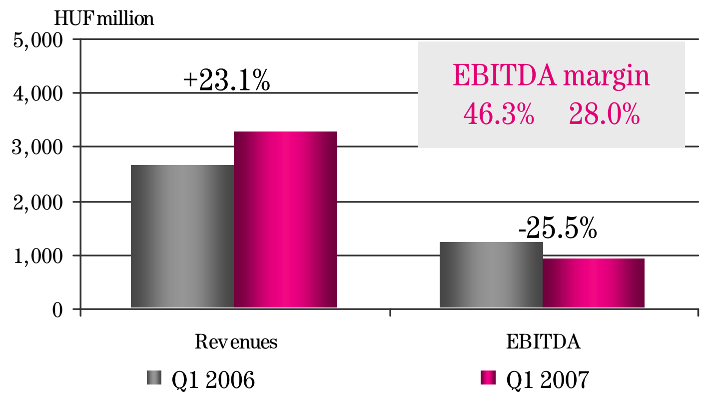
- 9% growth in customer base
- improving customer mix supported by rebranding
- eroding tariff levels offset by higher usage
- MOU 77 (up 26%); ARPU HUF 2,878 (~EUR 11)
- 3rd operator, Mobilkom entrance in H2 2007



Montenegro



- highly seasonal mobile market due to tourism
- MOU 99; ARPU HUF 2,978 (~EUR 12)
- two existing mobile operators awarded 3G licenses
- 3rd operator, Telekom Serbia expected mid-2007
- EBITDA margin w/o special influences: 37%
- availability of SIM cards extended to 11 months



Regulatory snapshot

Magyar Telekom

Fixed-line	Mobile
- geographic number portability since January 2004 - WS naked ADSL offered to ISPs since end-March 2007	- mobile number portability since May 2004

IC fees close to EU average

- approx 14% cut in average traffic fees announced in March 2006
- significant cut in the price of related services of reference offers

- NRA resolution aims to eliminate asymmetry among the 3 players in three steps and further decrease prices
- first cut in effect from February 1, 2007 – new prices: TMH 23.2; Pannon 24.4; Vodafone 26.2 HUF/minute
- 16.84 HUF/minute average voice termination fee from 2009

Macedonia – full liberalization of the fixed market launched

- reference interconnection and unbundling offers approved
- RIO signed with On.net and Akton

- 3rd mobile license granted to Mobilkom (TA) for EUR 10mn

Montenegro – fixed line competition to emerge

- ProMonte obtained license for international termination

- 3rd mobile license granted to Telekom Serbia for EUR 16mn
- T-Mobile and ProMonte awarded UMTS licenses (for ~EUR 2mn and ~EUR 4mn respectively)

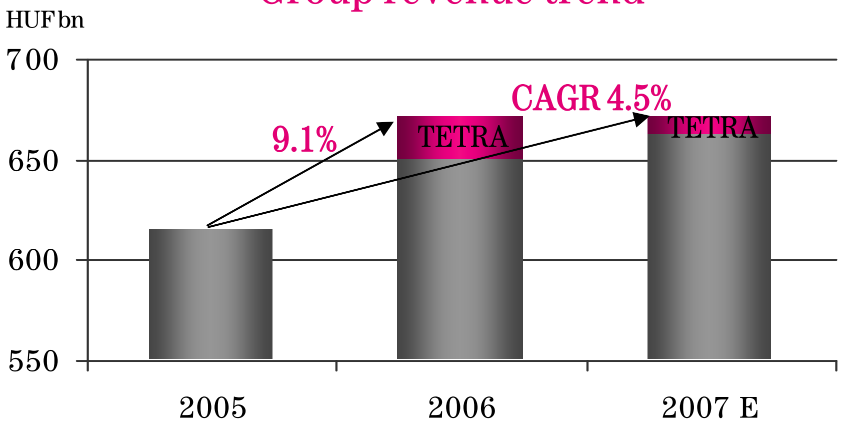
2007 public targets

Stable revenue compared to 2006

4.5% compound average growth rate over 2005
Flat over 2006 due to:

- c. HUF 11bn lower TETRA revenues than in 2006
- favorable FX movements in 2006 which may have a negative impact in 2007
- austerity package limits disposable income

Group revenue trend



Stable EBITDA compared to 2006

HUF 2bn growth over 2005 level
Flat over 2006 due to:

- c. HUF 3bn lower TETRA EBITDA than planned
- favorable FX movements in 2006 which may have a negative impact in 2007
- higher costs as a result of austerity package
- further investigation costs
- FMC benefit mainly a CF factor

Capex / sales ratio below 14%

Excluding the GSM license fee:

- government offer: HUF 10bn license fee for 7.5 years to be paid in 2007 and HUF 20bn broadband investment in 2008-2009
- final agreement expected in November 2007

Merger of T-Mobile Hungary and Magyar Telekom

Synergies

Front office / sales / communication

- unified shop network
- integrated call-center
- unified business client relationship management

Enhanced product and client offerings

- targeted cross- and up-sell opportunities
- strengthened retention potential
- bundled packages

Back office and support systems

- integrated client database, joint CRM and SAP systems
- integrated real estate and car fleet management, procurement activities

Shared IP platform

- synergies from joint planning and coordinated operations
- development of an integrated NGN

Financial benefits

Following full implementation, we expect significant financial benefits from:

- increased revenue
- improved cost efficiency
- CAPEX savings
- utilization of tax credit and tax losses

NPV of benefits expected to be around HUF 60 bn in 2007-2009

- savings roughly evenly distributed over the 3-year period
- 2007 to be dominated by CF savings due to utilization of tax benefits
- importance of cost synergies - both opex and capex - to increase during the period

Key strategic priorities

Current direction maintained, strengthened focus on 3 key areas

Excellence

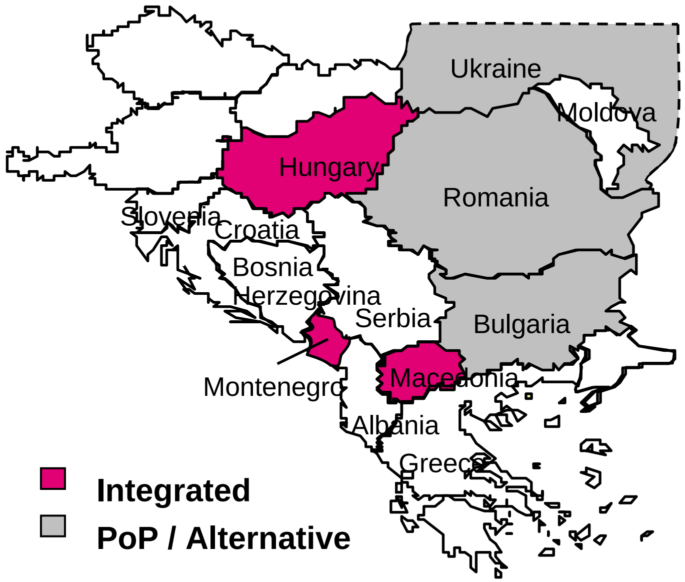
- stronger customer focus
- improved service quality
- integrated sales and call-center services
- unified relationship management towards business clients
- special, tailor-made offers
- strong impetus to broadband

Efficiency

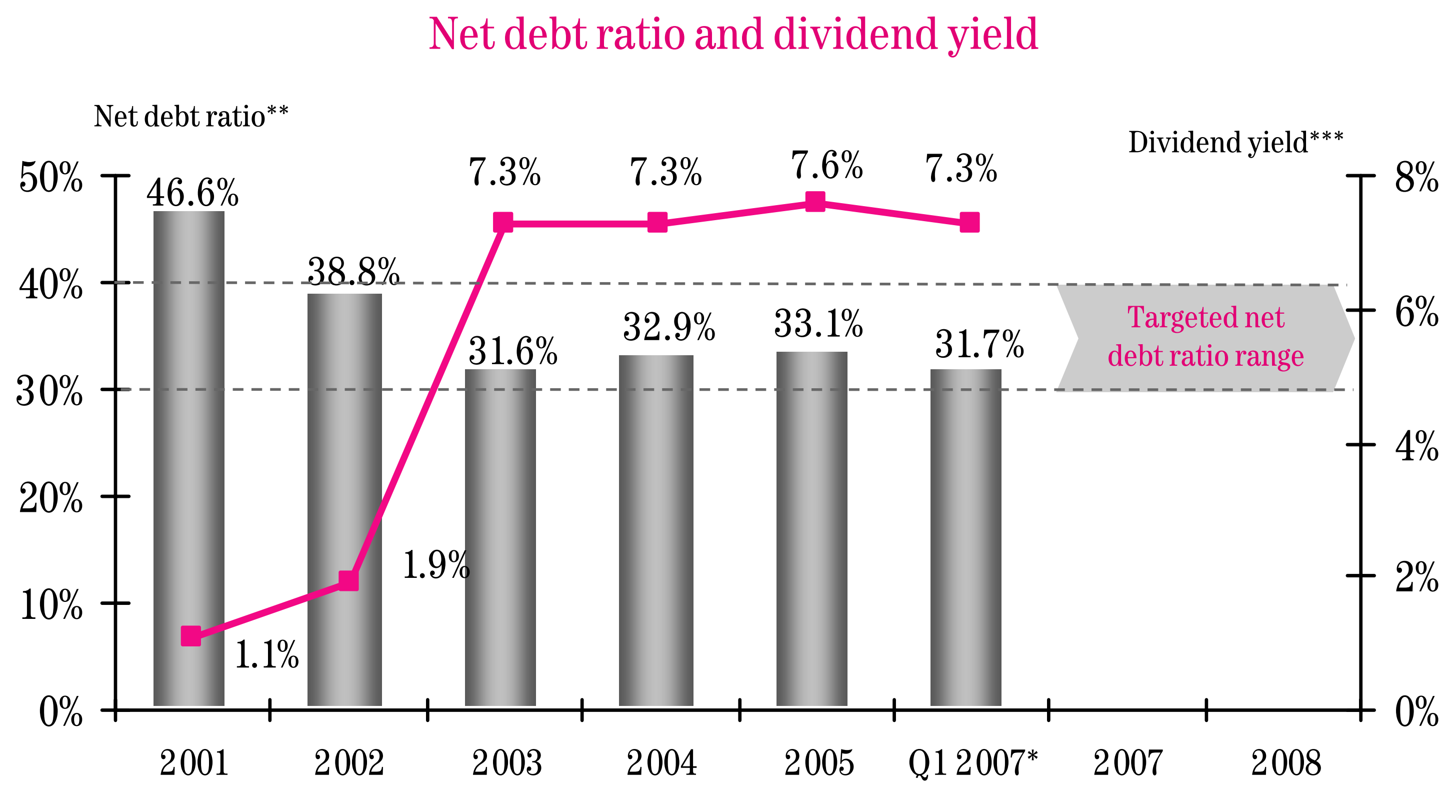
- improvements in operational cost structure
- increased headcount productivity
- leveraging opportunities from integrated operations
- eliminating overlap operational functions
- exploiting savings opportunities from technological developments

Expansion

- seeking value-accretive acquisitions both in Hungary and the region
- integrated operations in Macedonia and Montenegro
- alternative service provider in Romania and Bulgaria, point of presence in the Ukraine
- strengthening position in the IT market
  – acquisition of KFKI, Dataplex and TSH in Hungary
- expansion into new business opportunities (e.g. content services)



Dividend policy



* dividends for 2005 financials were paid in January 2007

** net debt / (net debt + total equity)

***dividend yield calculation based on HUF 960 share price (21 March 2007)

Annual General Meeting held on 26 April 2007 approved HUF 70 per share dividend payment for the financial year 2006. Ex-dividend date: 15 May 2007; Payment date: 24 May 2007