

Presentation

First nine months 2006 results



Solid underlying segmental performance;
accounting impact of EDR

Agenda

Overview and Regulatory snapshot

First nine months 2006 summary and Segment analysis

Public targets

Acquisition strategy and dividend policy

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, EDR: unified digital radio network, 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: 260 (14 November 2006)

As previously disclosed, the Company is still investigating certain contracts to determine whether they were entered into in violation of Company policy or applicable law or regulation. This inquiry, which is being conducted by an independent law firm and supervised by the Audit Committee, is still ongoing and it is at this point still too early to determine its final outcome. As a result of the investigation, two additional contracts have been called into question. The total amount of the four contracts under investigation is around HUF 2 billion. Concerns have also arisen regarding destruction by certain employees of electronic documents obstructing the investigation. The Company expects the Board of Directors to consider what further action should be taken, including with respect to the conduct of members of management. The Company has also announced that due to the delay to the respective Annual General Meetings, the Company and some of its subsidiaries have failed and may fail to meet certain deadlines prescribed by the Hungarian and other applicable laws and regulations for preparing and filing audited annual results. The Company has notified the Hungarian Financial Supervisory Authority, the U.S. Securities and Exchange Commission and the U.S. Department of Justice of the investigation and is in contact with these authorities regarding the investigation. The Company is committed to complying fully with the requirements and requests of these and other authorities with jurisdiction over it. In its Resolution No J-III-B/86.332/2006, the Hungarian Financial Supervisory Authority ordered Magyar Telekom to prepare its annual report and to take all possible and necessary legal measures in order to comply with the statutory obligations. The Board of Directors has not yet approved the 2005 financial statements. No assurance can be given that, as a result of the investigation, the audited financial statements for 2005 and financial statements for any other period will not vary from those published prior to the completion of the investigation and the completion of the respective audits.

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 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
- further exploiting synergies and financial benefits

Rebranding extended to Macedonia and Montenegro

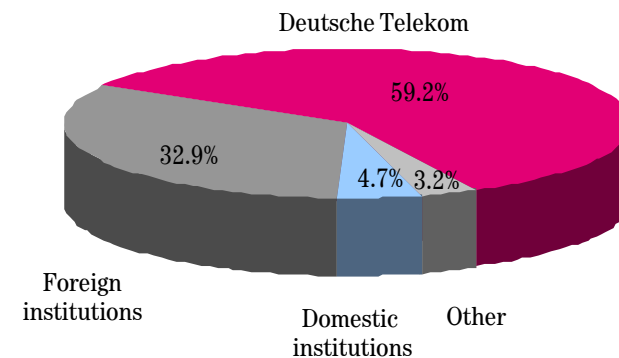
Stock information

Over EUR 3.5bn market capitalization

Stock exchange listing

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

Ownership structure*



*approximate figures

Regulatory snapshot

Hungarian regulation in line with new EU regulatory framework

Fixed-line

Mobile

New Electronic Communications Act in effect since January 2004

- geographic number portability since January 2004
- 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 to the price of related services of reference offers
- NRA resolution aims to eliminate asymmetry among the 3 players and further decrease prices (16.84 HUF/minute average voice termination fee from 2009)

Market analysis based on EU recommendation

- aggregate CPI price cap on voice access fees from 2005
- “retail minus” price regulation for WS national bitstream access
- all three mobile operators identified as SMPs in mobile call termination market

Macedonia – fixed line competition emerging in 2006

- reference interconnection and unbundling offers approved
- number portability from 2007

First nine months 2006 summary

	Revenues	EBITDA	EBITDA margin
Group	HUF 494,517m +7.6%	HUF 192,620m +0.6%	39.0%
Fixed-line*	HUF 253,357m +3.5%	HUF 90,473m -3.3%	35.7%
Hungarian	214,275 +0.7%	69,586 -10.9%	32.5%
<ul style="list-style-type: none"> ■ growth in broadband connections ■ SI/IT opportunities captured ■ continuous fall in traffic revenues 			
International	52,331 +23.9%	20,887 +35.0%	39.9%
<ul style="list-style-type: none"> ■ includes MakTel and CGT ■ focus on efficiency and cost control 			
Mobile*	HUF 241,160m +12.3%	HUF 102,147m +4.4%	42.4%
Hungarian	218,577 +8.5%	80,659 -1.0%	36.9%
<ul style="list-style-type: none"> ■ sound underlying financial position ■ strong market position ■ accounting impact of EDR 			
International	39,288 +25.5%	21,488 +30.9%	54.7%
<ul style="list-style-type: none"> ■ very high margin in Macedonia ■ impressive growth in Montenegro 			

* segment figures based on external segment revenues

Hungarian fixed line operations

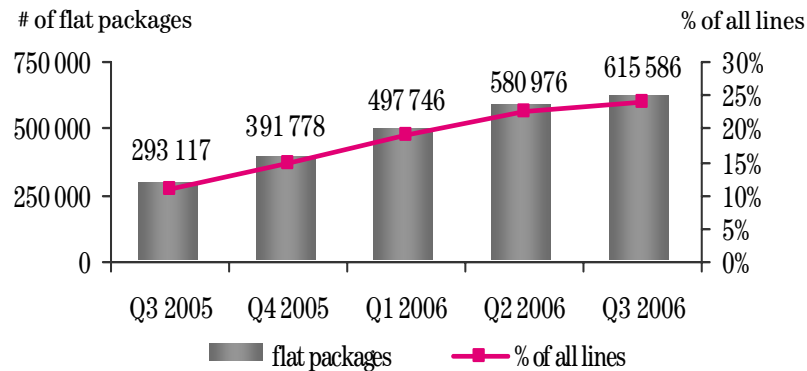
Broadly stable underlying financial performance

Focus on stabilizing revenues

Aim to migrate traffic revenues to access revenues with flat rate offers

- line and usage erosion due to mobile substitution, alternative and cable operators

Increasing number of flat rate packages



Capturing SI/IT opportunities

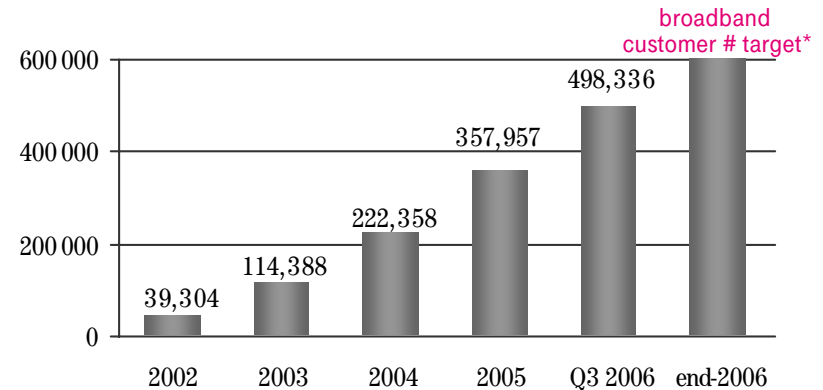
- integrated IT/telecommunication outsourcing services (e.g. E.ON, ING)
- governmental system integration project
- acquisition of IT companies (KFKI, Dataplex)

Successful broadband operations

Accelerated broadband rollout program

- number of broadband customers* close to 500,000

Broadband growth: ADSL rollout



* including cable broadband, leased line and wireless LAN customers

Incentives to increase customer base and usage

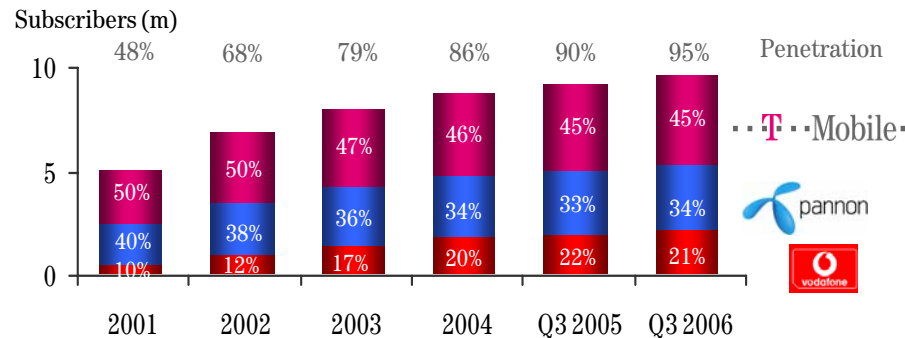
- new broadband offerings (e.g. time-based package, increasing bandwidth)
- IPTV commercial launch in November

Hungarian mobile operations

Clear market leadership maintained, EDR-related accounting change, stable ARPU, growing usage

Highly competitive environment

Subscribers, market shares and penetration



Tariff erosion due to

- widening use of closed-user-group services
- more conscious package selection

3G/HSDPA network development

- 1.5Mbps bandwidth
- new value-added services available (e.g. mobileTV, video-conferencing, broadband mobile internet)

EDR (Unified Digital Radio Network)

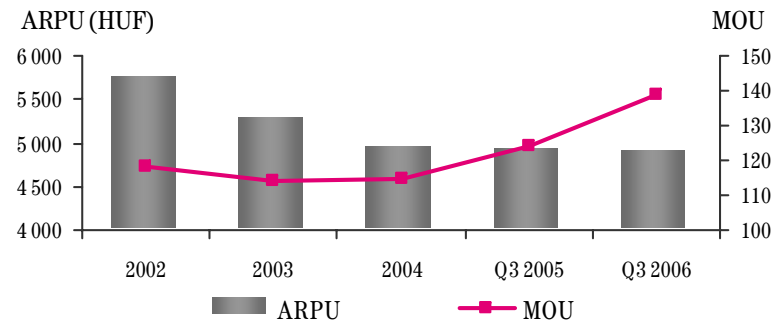
- rollout of the network in 2006
- accounting change: EDR investments classified as financial lease from Sept 2006 ⇒ HUF 9.8bn accounted as sale and cost of network elements

Solid operational performance

Usage growth helped by price elasticity

- MOU increased by 12% y/y to 139
- continuously improving customer mix
- growing importance of VAS (15% of ARPU)
- ARPU broadly flat at HUF 4,897 (~EUR 18)

Usage increase stabilizing ARPU level



Shift in focus from acquisition to retention

- market share maintained at around 45%
- acquisition cost/new RPC down by 14% y/y to HUF 6,110

EBITDA margin at 36.9% in Q1-3 2006

Merger of T-Mobile Hungary and Magyar Telekom

Synergies

Front office /sales /communication

- unified shop network
- integrated call-center
- unified relationship management towards business clients



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

Benefits

Financial impact

Following full implementation, we expect significant financial benefits from the following factors:

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



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

International fixed line operations

Solid results at both subsidiaries

Macedonia

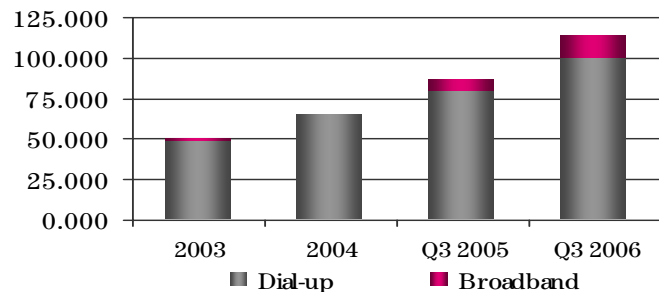
Limited top line opportunities

- decreasing number of RPCs
- strong mobile substitution, traffic decline
- slow economic growth
- increasing internet revenues

EBITDA margin at around 47%

- 24% headcount reduction year-on-year
- continuing strict cost control

Strong increase in internet subscribers



Montenegro

Saturated fixed line market

- fixed line penetration rate at 31%
- higher customer number and usage

EBITDA margin at around 34 %

- strong seasonality helped revenue and EBITDA increase
- cost cutting initiatives increased efficiency

Integration of fixed and mobile operations

- stronger position ahead of liberalization
- rebranding of both fixed and mobile operations

Further headcount rationalization needed

POP and alternative operations

Q1-3 2006 revenues of HUF 3.8bn

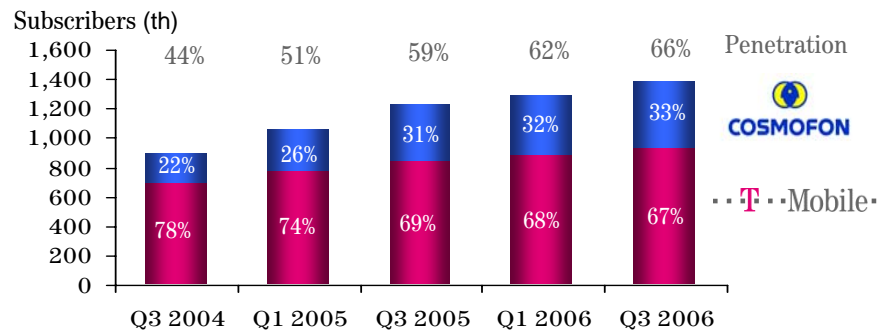
- POP in Bulgaria, Romania and Ukraine
- alternative services in Bulgaria and Romania

International mobile operations

Strong top line growth, high margins

Macedonia

Subscribers, market shares and penetration



Solid revenue growth

- 10% growth in customer base
- improving customer mix
- eroding tariff levels
- ARPU stable at HUF 3,202 (~EUR 12)

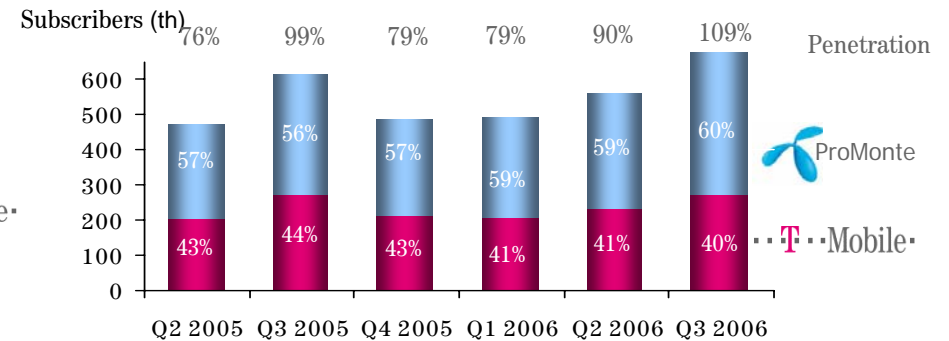
Profitability maintained at high level

- high portion of SIM-only sales
- EBITDA margin over 56 %

Rebranding completed in September

Montenegro

Subscribers, market shares and penetration



Intense competition in a relatively saturated market

- rebranding completed in Q3 is expected to strengthen market position

Strong seasonality in the mobile market

- Q2 and Q3 stronger due to tourism
- higher usage, stable tariff level
- MOU 138 and ARPU 4,196 (~EUR 16)

EBITDA margin at around 50%

Public targets for 2006-2007

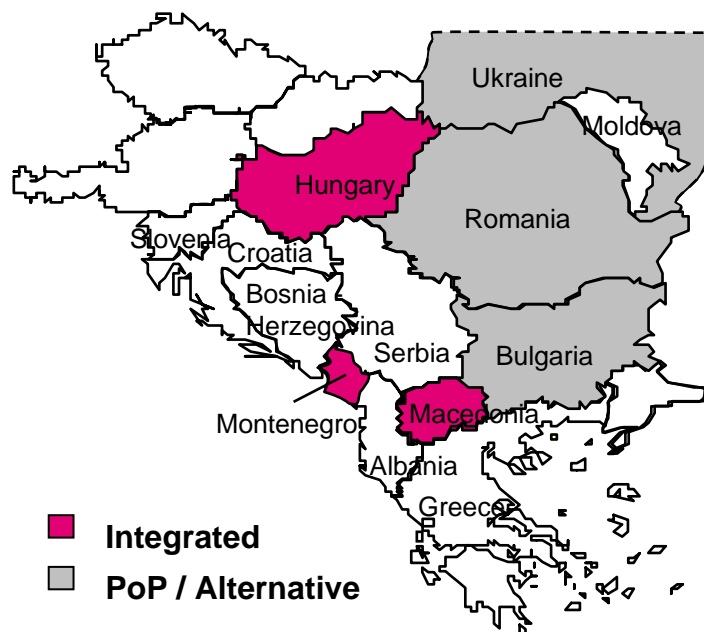
	2006	2007
Revenue reflecting change in EDR accounting	at least 3% CAGR	
EBITDA	maintain 2005 level	growth in HUF terms
Capex / Sales	below 15%	below 14%
Broadband connections Hungarian fixed line operations incl. ADSL, cable broadband, leased line & wireless LAN	~ 600,000	
Lines / employee (parent co.) end-2006 public target reached at end-February, 2006	over 500 ✓	

Acquisition-driven growth and dividend policy

Acquisition-driven growth

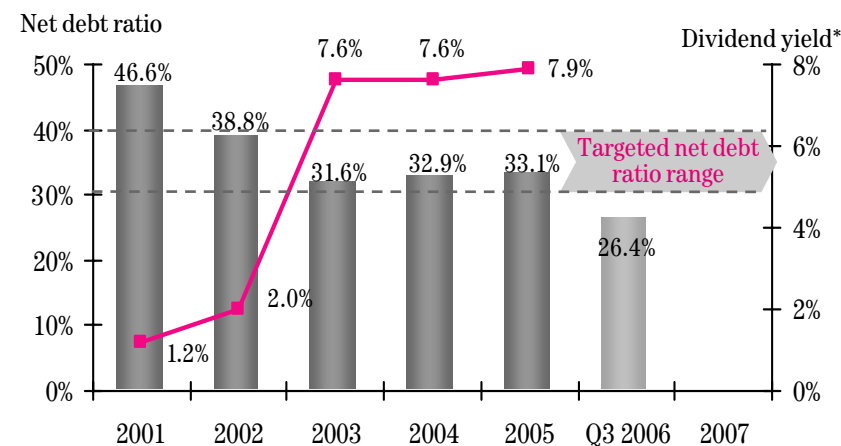
Growth through value-accretive acquisitions remains a priority

- 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 and Dataplex in Hungary
- expansion into new business opportunities (e.g. iwiw)



Dividend policy

Net debt ratio and dividend yield



*dividend yield calculation based on HUF 923 share price (4 December 2006.)

The Board of Directors proposed a HUF 70 per share dividend payment for the financial year 2005 plus a HUF 3 per share compensation for the late payment for approval to the General Meeting to be held on 21 December 2006.