

MAGYAR TELEKOM GROUP INVESTOR PRESENTATION

December 2021



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DISCLAIMER

This investor 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 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, 2020 available on our website at <http://www.telekom.hu>.

In addition to figures prepared in accordance with IFRS, Magyar Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA AL, EBITDA margin, and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter “Financial and operational data set”, which is posted on Magyar Telekom’s Investor Relations webpage at www.telekom.hu/investor_relations.



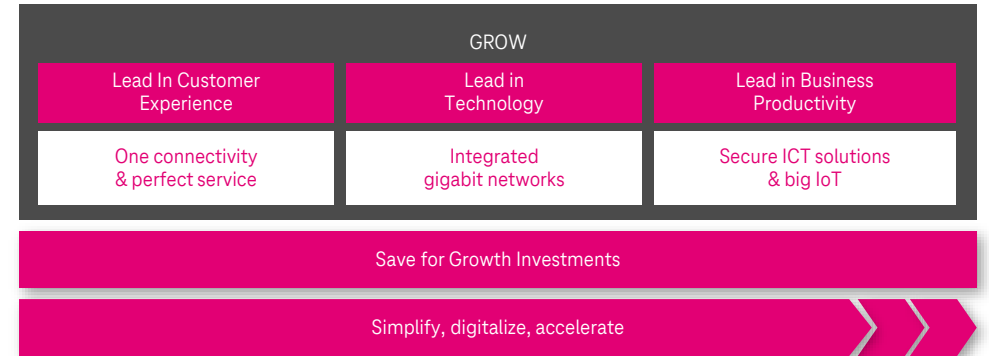
STRATEGY AND MARKET POSITION

OVERVIEW – MAGYAR TELEKOM AT A GLANCE

Overview

- Integrated operations in Hungary and North Macedonia
 - Leading telecommunications service provider in both countries
 - Leading SI/IT service provider in Hungary
- Majority owned by Deutsche Telekom (59.2%)
- EUR 1.1bn market capitalization¹
- Stock exchange listings
 - Primary listing on Budapest Stock Exchange
 - Level I ADR program, ADSs traded on the OTC Market

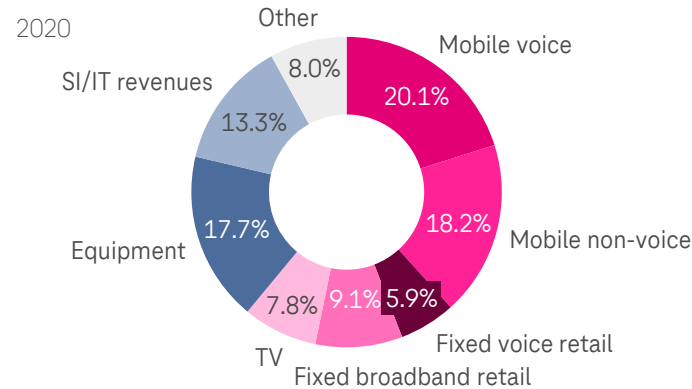
Pillars of transformation



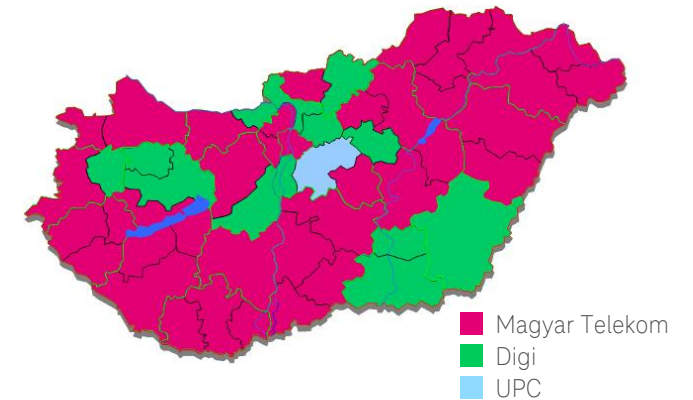
Main services offered

	Mobile	Copper	Coax	Fiber
	✓	✓	✓	✓
	✓	✓	✓	✓
	✓	✓	✓	✓

Revenue composition



Incumbents in Hungary



¹ As of December 6, 2021.

CONTINUED NETWORK MONETIZATION

Network

- Fixed network rollout: coverage expanded to 2.9m gigabit capable access points as of September 2021
- RAN modernization continues



66.3%

gigabit capable network



850

base stations modernized (RAN programme)



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Customers

- Further improvement in customer satisfaction
- Sharply rising mobile data usage trend continued
- Increasing penetration on gigabit capable fixed network

TRI*M #1

among Hungarian telecommunication providers in residential and SOHO markets



7.9 GB

average monthly mobile data usage in Q3 2021, representing an increase of more than 30% YoY



1 million

customers connected through Gigabit capable network

Resilience

- BBB+ rating with stable outlook affirmed by Scope Ratings
- ISS Corporate Solutions ranked Magyar Telekom among the best performers of the telecom sector globally with 'B' rating

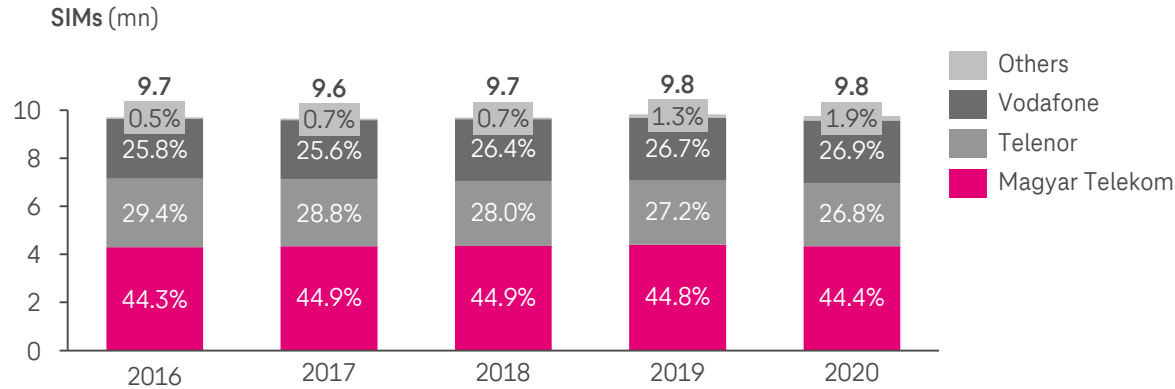
BBB+

corporate credit rating with stable outlook

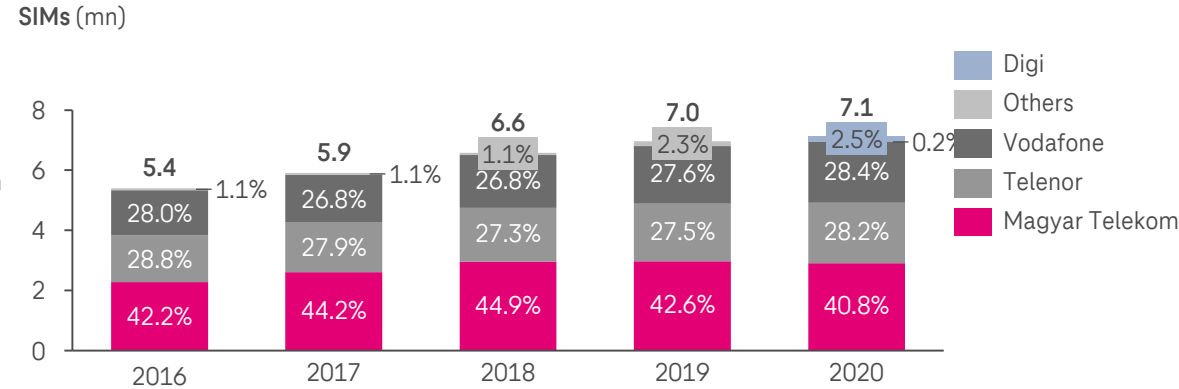


HUNGARIAN TELCO MARKET POSITIONS

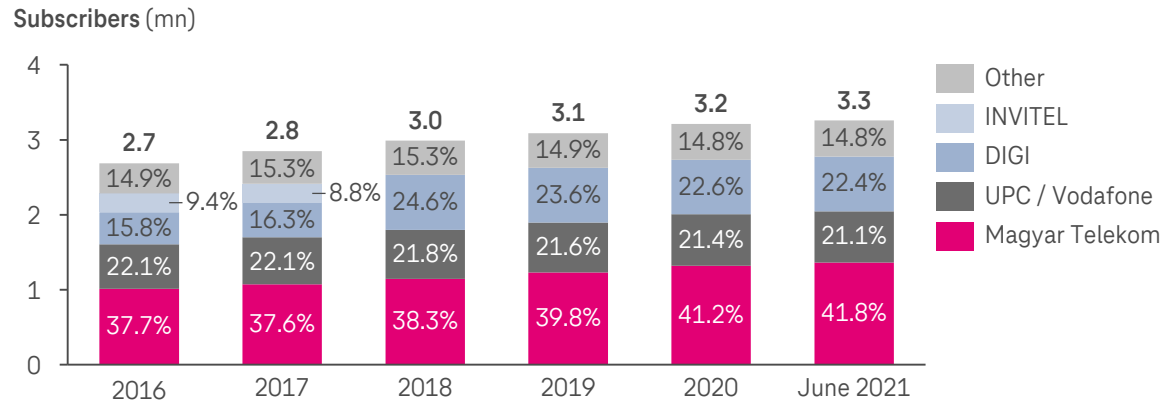
Mobile voice market¹



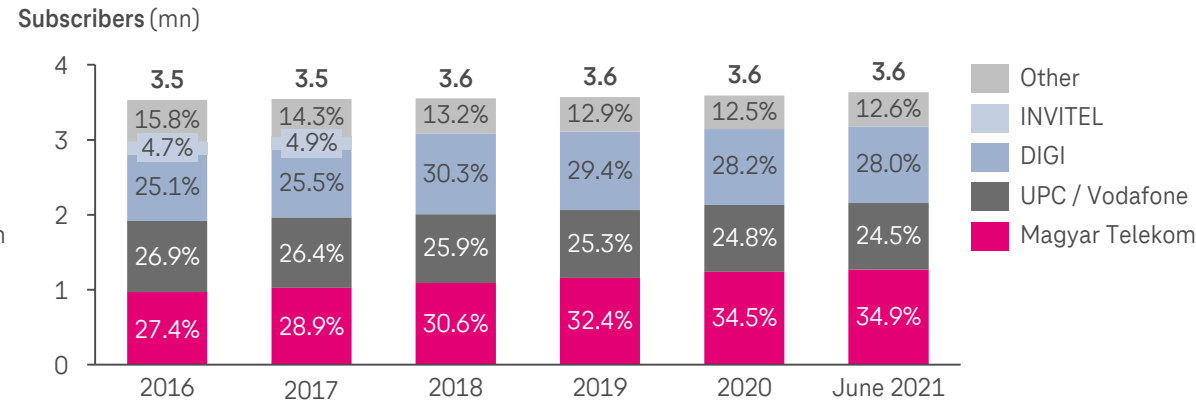
Mobile data market¹



Fixed broadband market¹



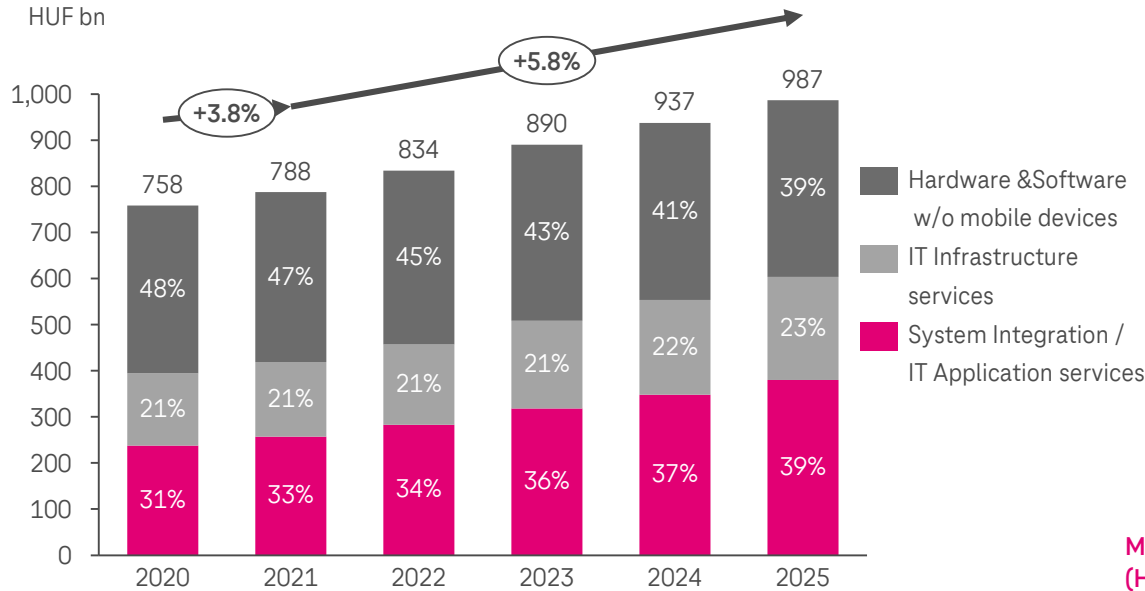
TV market¹



¹ Based on the total voice/internet traffic generating SIM cards/ BB access/ pay TV access market estimated by the National Media and Infocommunications Authority (NMA)

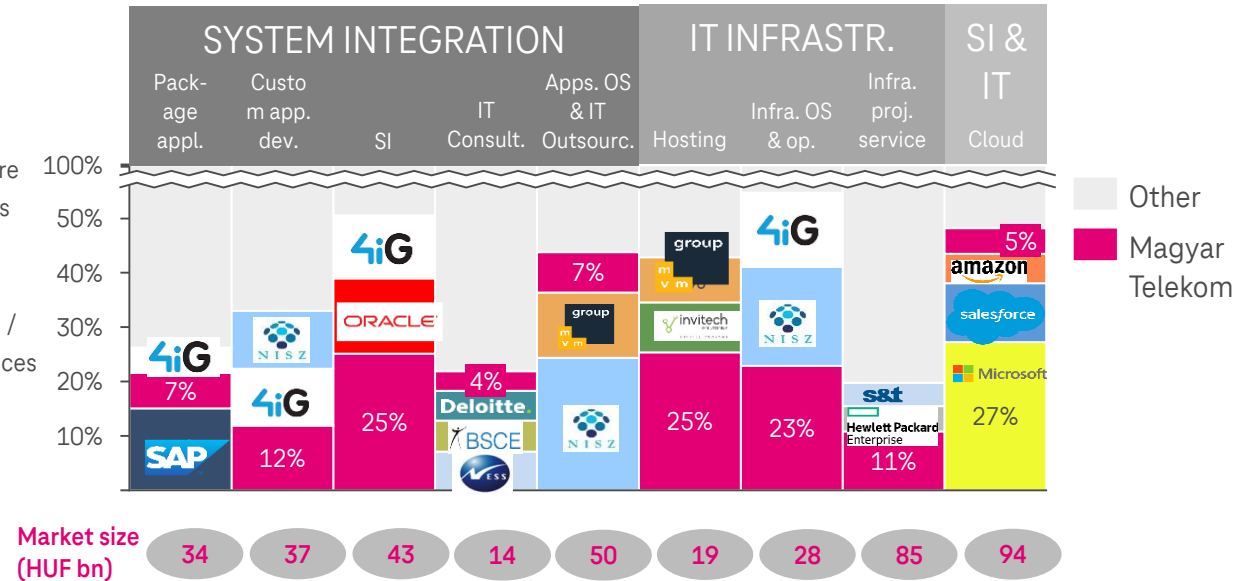
IT MARKET IN HUNGARY: 2020-2025

Total B2B IT market (HW&SW and IT services)¹



- Magyar Telekom was the only fully integrated ICT company in Hungary but now this has been challenged by 4iG
- Total IT market expected to grow by 6% over the next 3-4 years
- Digital transformation, process automation will play a key role in IT investments
- Magyar Telekom's total revenue-based IT market share is ca. 10%²

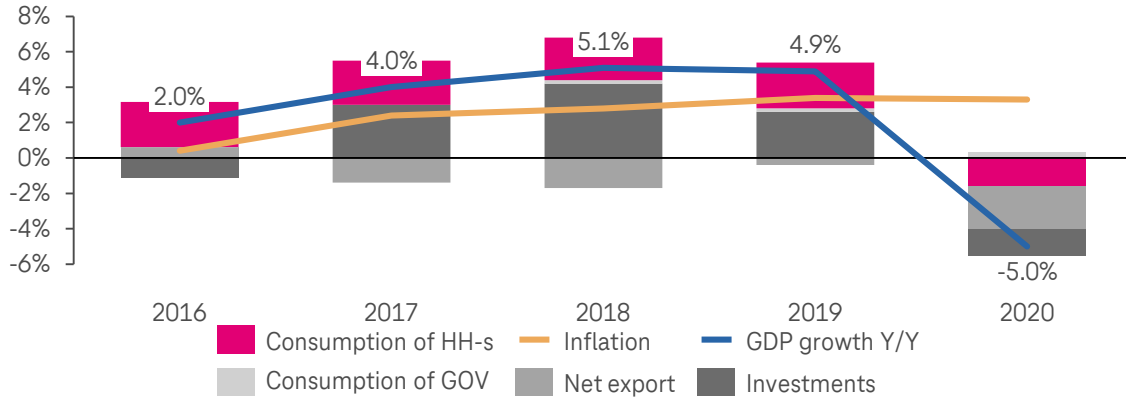
IT Services market shares (by revenue)³



- IT Services market represents ca. 52% of the total IT market
- IT Services market in Hungary is very fragmented
- Presence of government owned players (NISZ, MVMI) and major international players, such as Microsoft, SAP, Oracle, HPE, DXC, IBM, S&T
- Magyar Telekom is the market leader with 12.5% market share in the IT Services market

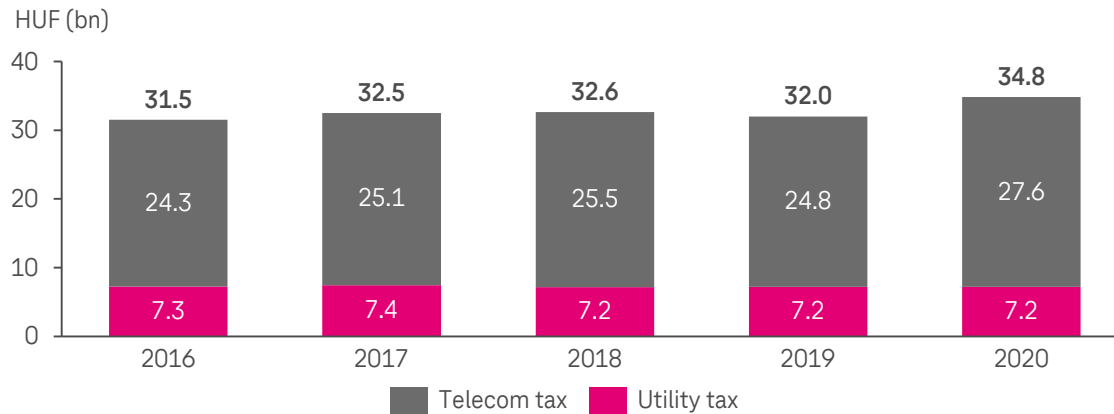
HUNGARIAN ECONOMIC ENVIRONMENT

Growth structure & Domestic demand



- Magyar Telekom leveraged positive trends of domestic demand
- Investment levels show volatility due to EU fund cycles
- Q1-3 2021 GDP showed a 6.8% yer-on-year growth, mostly on the back of strong household consumption and investment levels

Taxes levied on Magyar Telekom



- Temporary special revenue-based sector tax levied between 2010-2012
- Permanent traffic-based telecom tax introduced in July 2012 and increased in August 2013
- Permanent tax on utility and telecom networks levied in 2013, 5-year tax holiday on new networks > 100Mbps since 2016
- Telecom tax up by 11% or HUF 2.8bn in 2020 mainly driven by higher voice traffic

2021 GUIDANCE AND 2021-2024 OUTLOOK

2021 PUBLIC GUIDANCE

	2020 results	2021 guidance (vs 2020)
REVENUE	HUF 673.0bn	Grow around 3%
EBITDA (AL)	HUF 202.6bn	Grow at least 3%
CAPEX AL ¹	HUF 106.0bn	Broadly stable
FCF ¹	HUF 69.5bn	Broadly stable / slight increase

(1) Excluding spectrum license fees



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2021-24 OUTLOOK

	2020 results	2021-24 outlook (vs 2020) ²
REVENUE	HUF 673.0bn	Increase potential of ~1% with further upside
EBITDA (AL)	HUF 202.6bn	Increase potential of ~1% with further upside
FCF ¹	HUF 69.5bn	Increase potential of 1%-2%
Total shareholder remuneration	25 HUF per share (dividend + buy back) ³	To grow in line with FCF and net income

(1) Excluding spectrum license fees

(2) Changes in % terms represent CAGR values

(3) Total shareholder remuneration (dividend + share buyback) after FY 2020



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Q3 2021 RESULTS

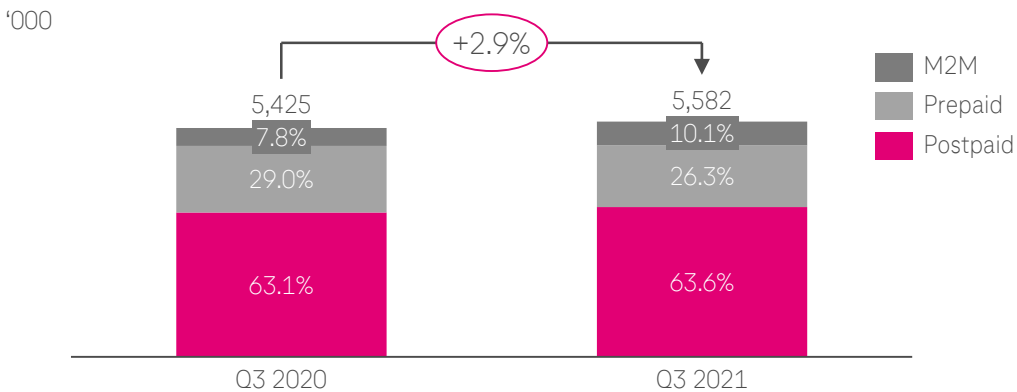
STRONG REVENUE AND EBITDA AL PERFORMANCE IN 9M 2021

	9M 2021 results (YoY change)	2021 public guidance (vs 2020)
REVENUE	HUF 506.5 bn +4.6%	Grow by around 3%
EBITDA AL	HUF 157.7 bn +8.0%	Grow by at least 3%
CAPEX AL ¹	HUF 71.4 bn -4.8%	Broadly stable
FCF ¹	HUF 34.4 bn +4.7%	Broadly stable / slight increase

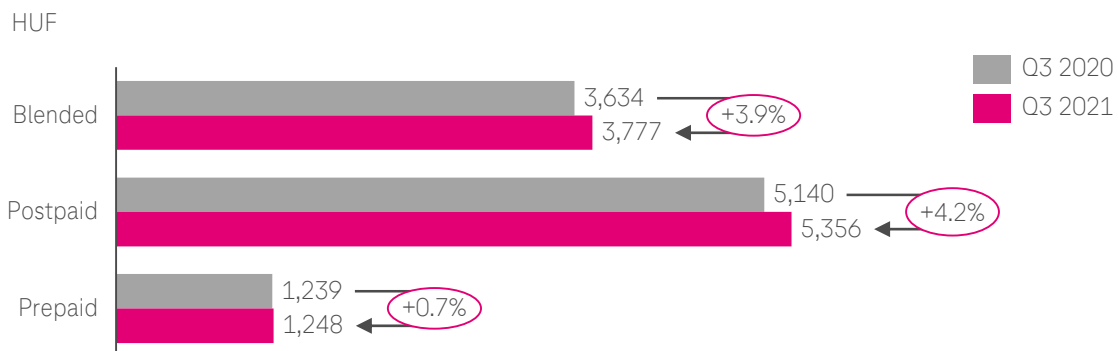
(1) Excluding spectrum license fees

ARPU GROWTH IN HUNGARY DRIVEN BY FAVORABLE CUSTOMER COMPOSITION TRENDS AND STRONG DATA USAGE

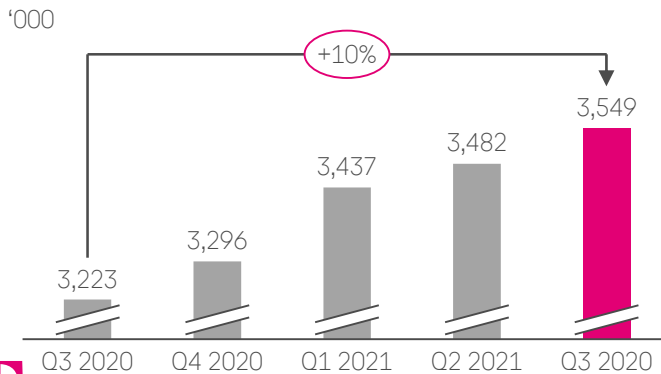
Mobile SIMs¹



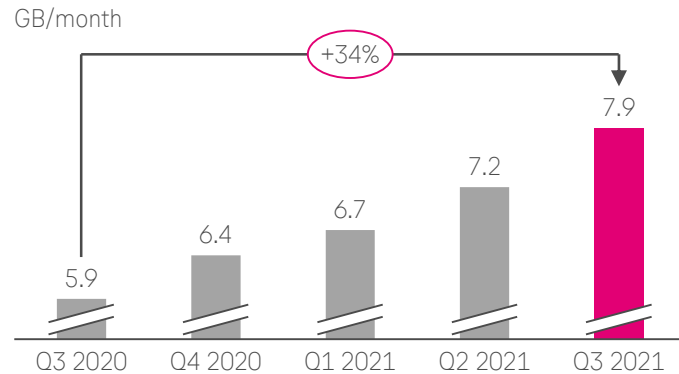
Mobile ARPU¹



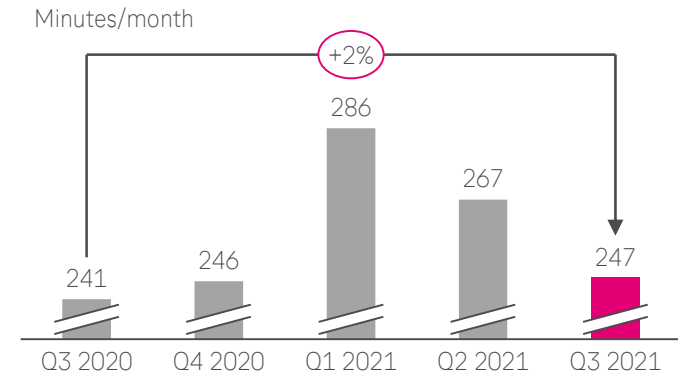
Mobile data SIMs



Mobile broadband usage



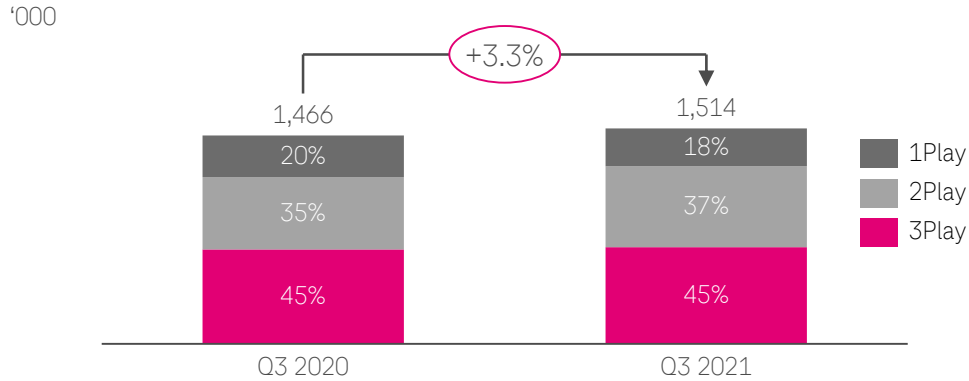
Mobile voice usage



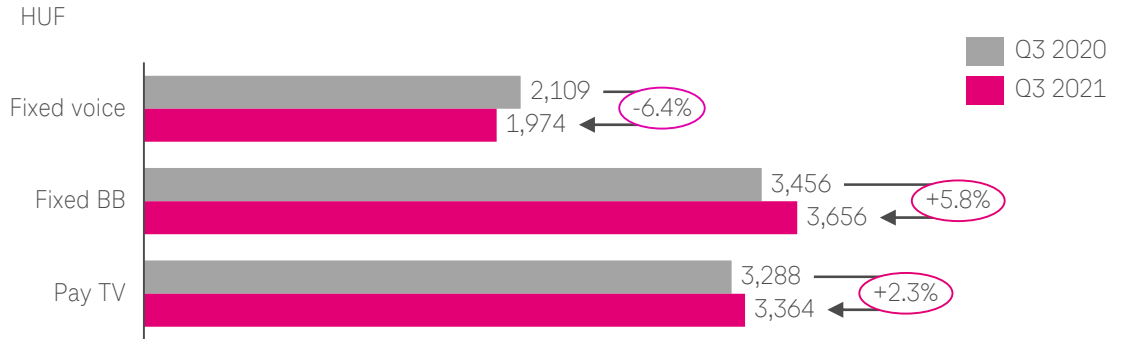
(1) Q3 2020 values changed due to re-representation

FIXED LINE PERFORMANCE SUPPORTED BY CUSTOMER BASE EXPANSION AND POSITIVE BB AND TV ARPU TRENDS IN HUNGARY

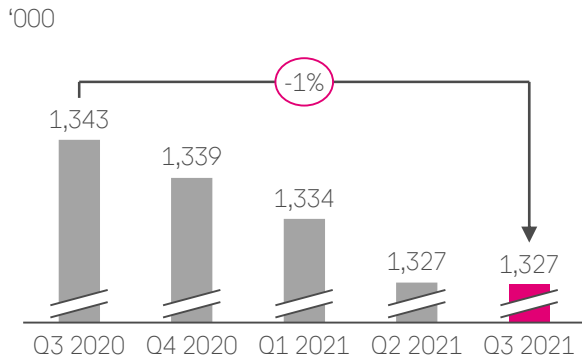
Fixed line multiplay residential subscribers



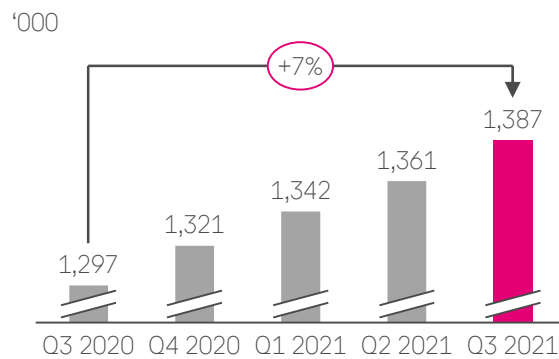
Fixed Voice, BB¹ and TV ARPU



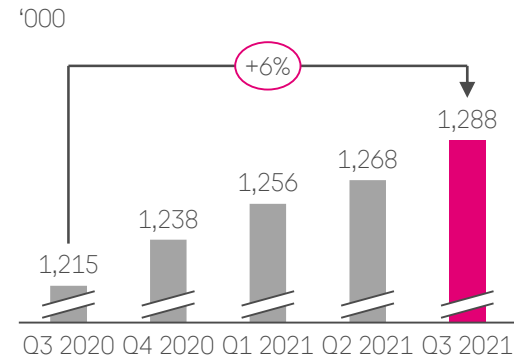
Fixed voice customers



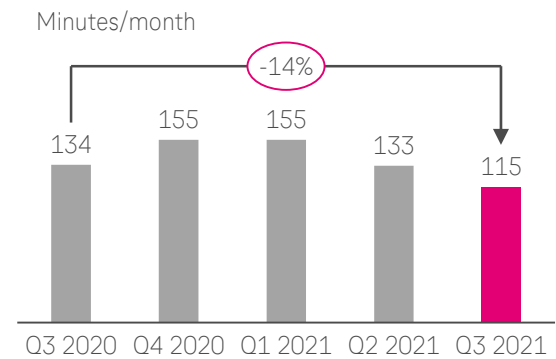
Fixed broadband customers¹



Pay TV customers



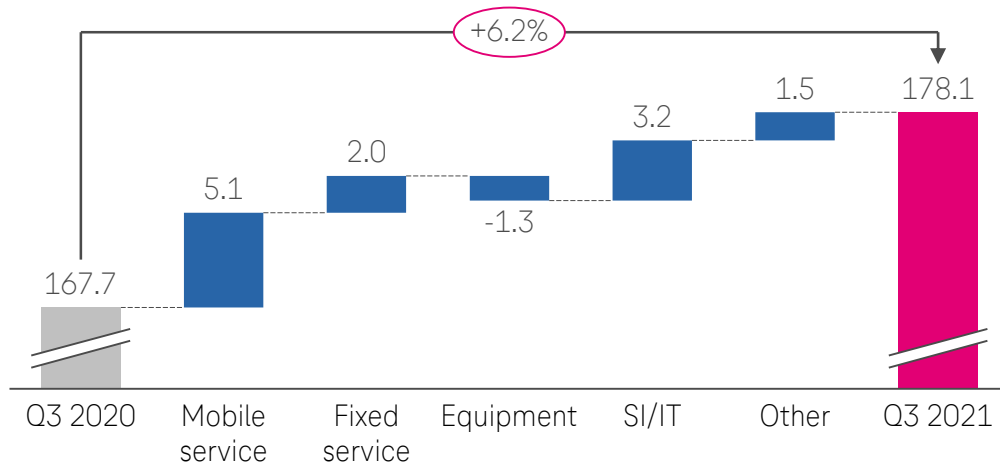
Fixed voice usage



REVENUE GROWTH IN Q3 AND 9M 2021

Revenue, Q3 2021 vs Q3 2020

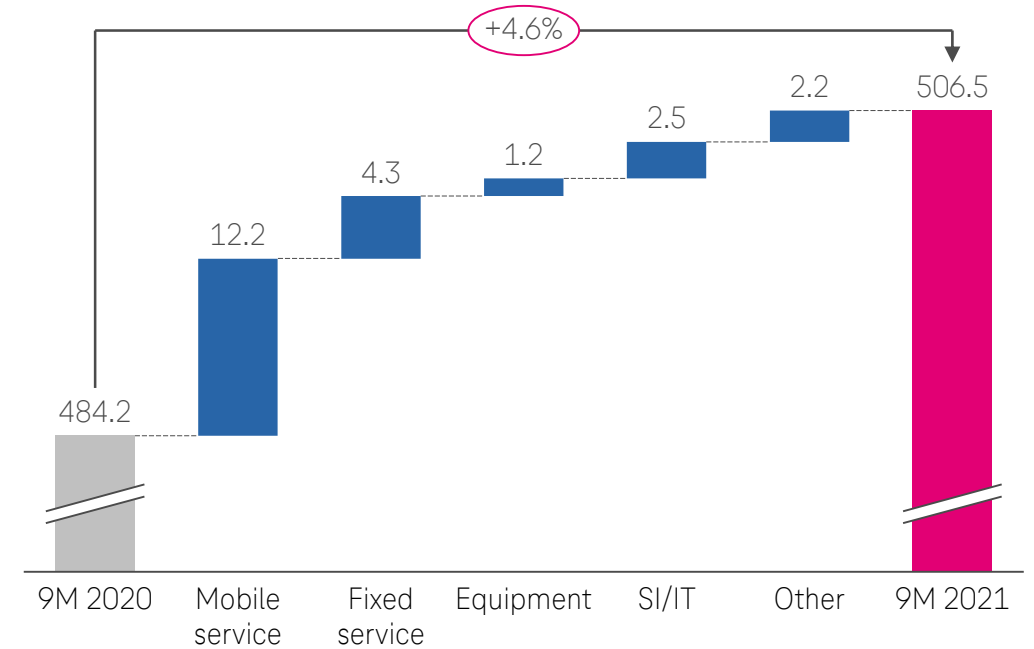
HUF bn



- Growth in mobile service revenues largely supported by strong data contribution
- Fixed service growth driven by broadband and TV services
- SI/IT uplift attributable to more favorable in-year project distribution

Revenue, 9M 2021 vs 9M 2020

HUF bn



- Similar drivers impacted both 9M 2021 and Q3 2021
- Fixed services contribution unfavorably impacted by mandatory broadband allowance introduced for students and teachers in Hungary between November 2020 and May 2021

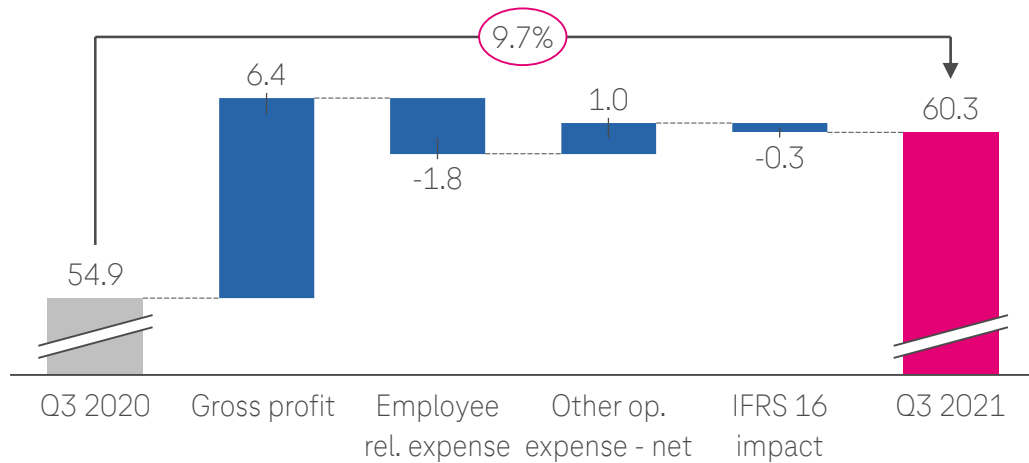


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EBITDA AL EXPANSION DRIVEN BY GROSS PROFIT GROWTH

EBITDA AL, Q3 2021 vs Q3 2020

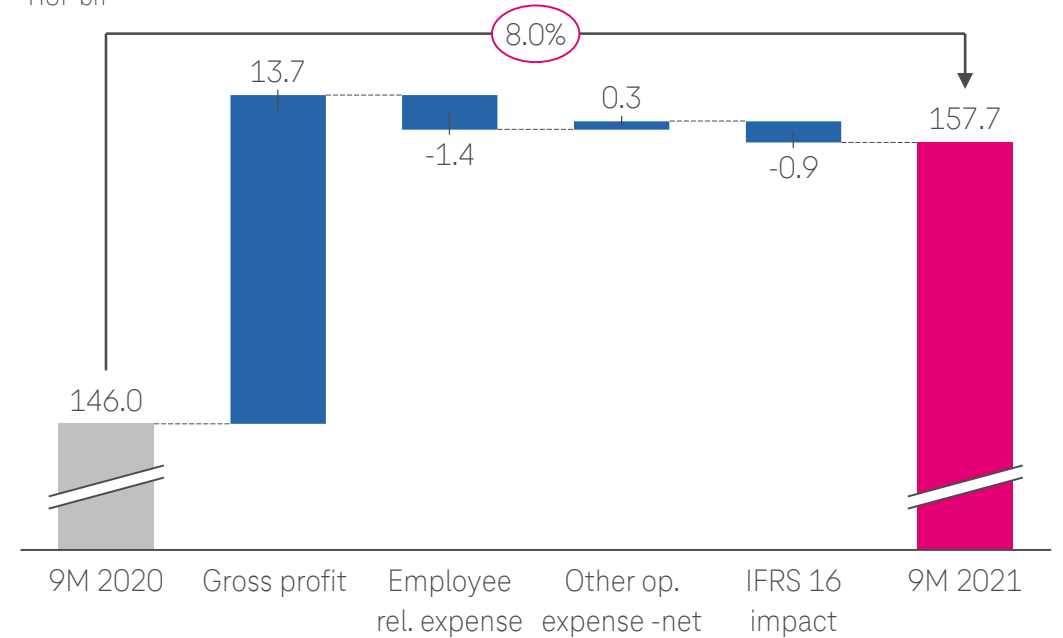
HUF bn



- Increase in gross profit in line with stronger mobile and fixed contribution, coupled with the absence of a one-off telecom tax correction in Q3 2020
- Increase in employee-related expenses attributable to higher bonus and severance expenses

EBITDA AL, 9M 2021 vs 9M 2020

HUF bn



- Gross profit improvement is the key driver of EBITDA AL growth in 9M 2021

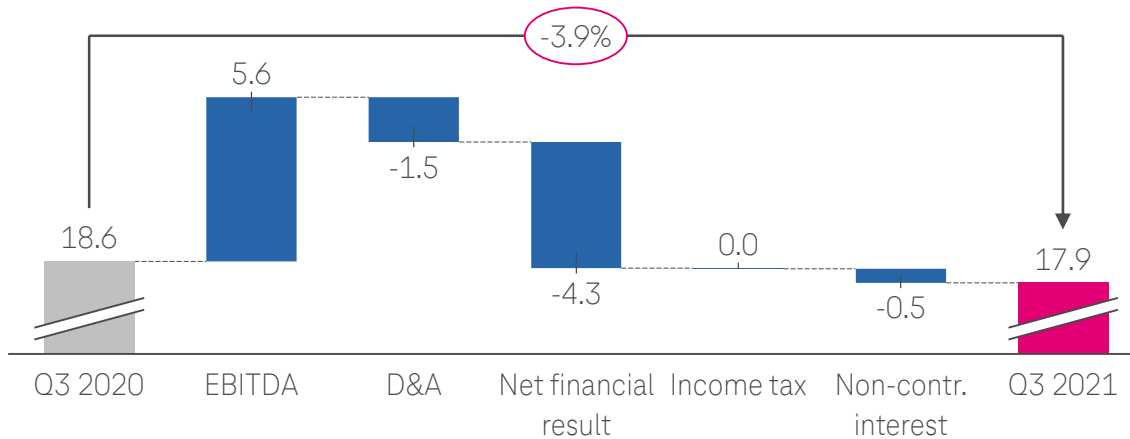


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TOTAL PROFIT IMPACTED BY NET FINANCIAL RESULT

Net income, Q3 2021 vs Q3 2020

HUF bn

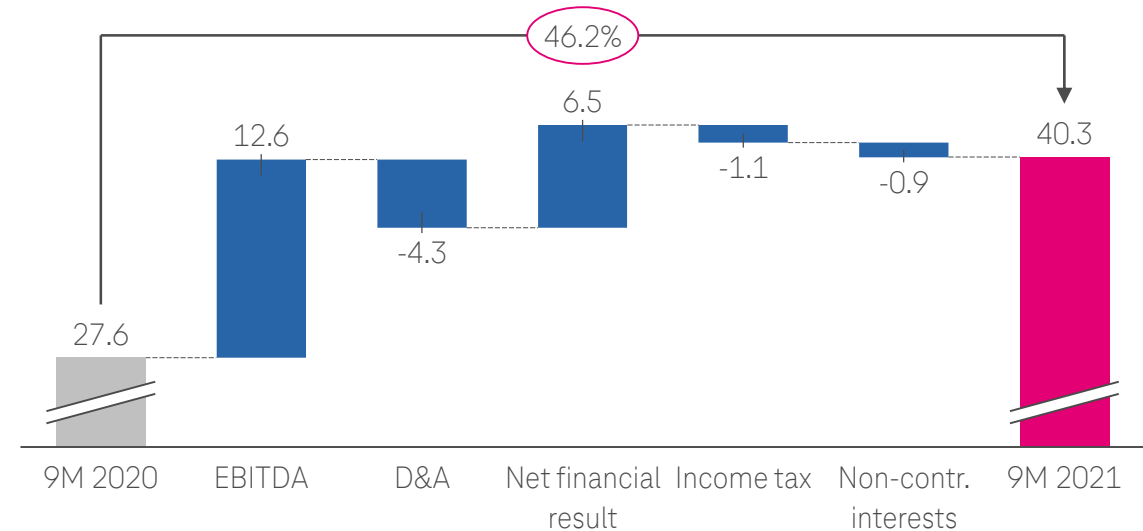


- Increase in D&A driven by capitalized spectrum during 2020 and copper retirement program-related increases
- Net financial losses up due to lower value of unrealized gains related to the fair valuation of CCIR¹ swaps

(1) cross-currency interest rate

Net income, 9M 2021 vs 9M 2020

HUF bn

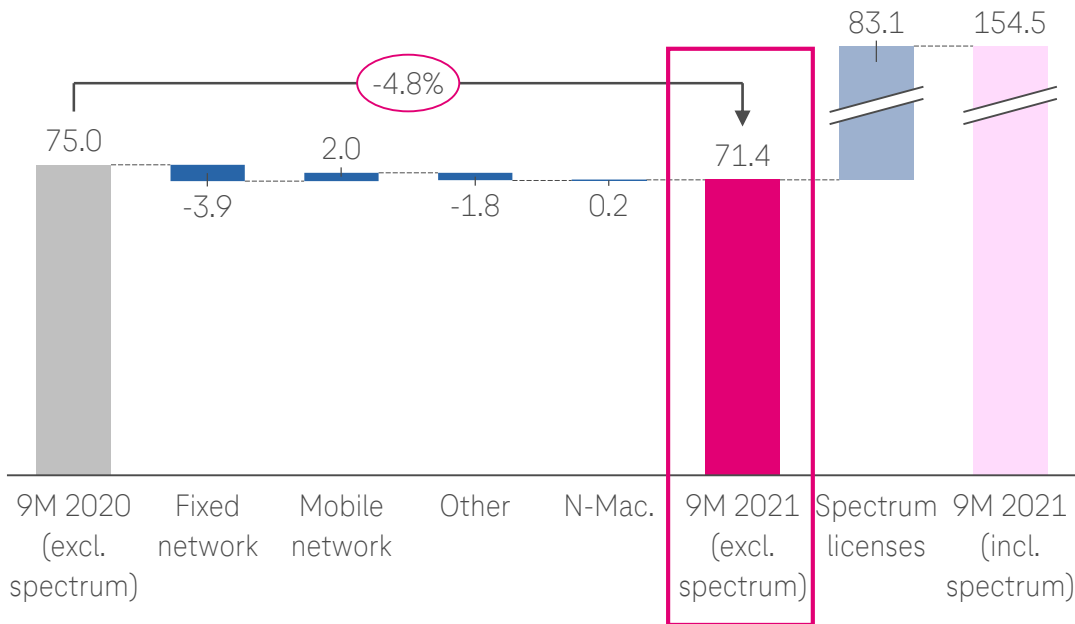


- Improvement in net financial results attributable to more favorable FX trends in 9M 2021 vs 9M 2020
- Higher income tax expense reflects improved profit before tax

NETWORK DEVELOPMENT CONTINUES

CAPEX AL, 9M 2021 vs 9M 2020

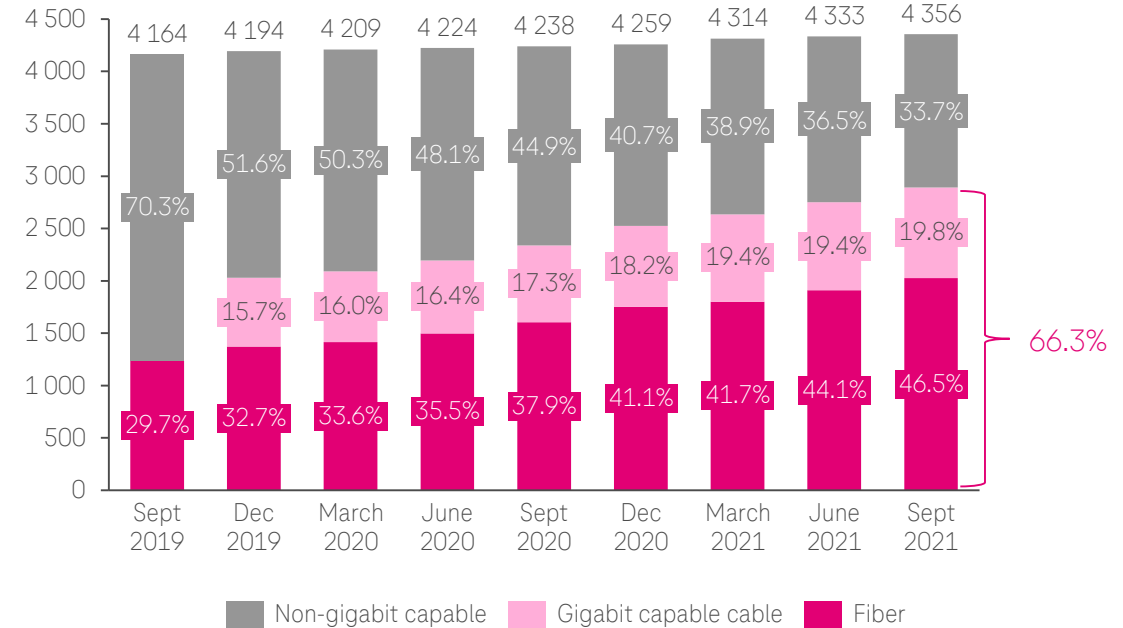
HUF bn



- Lower spending on fixed network capacity expansion partly counterbalanced by higher investment in the mobile network modernization in Hungary
- Non-cash discounted spectrum license fees related to 900 / 1800 MHz auction (generating cash outflows from Q1 2022)

Gigabit capable fixed network development

of access points (th)



- Gigabit access coverage reached 2.9 mn access points as of September 2021

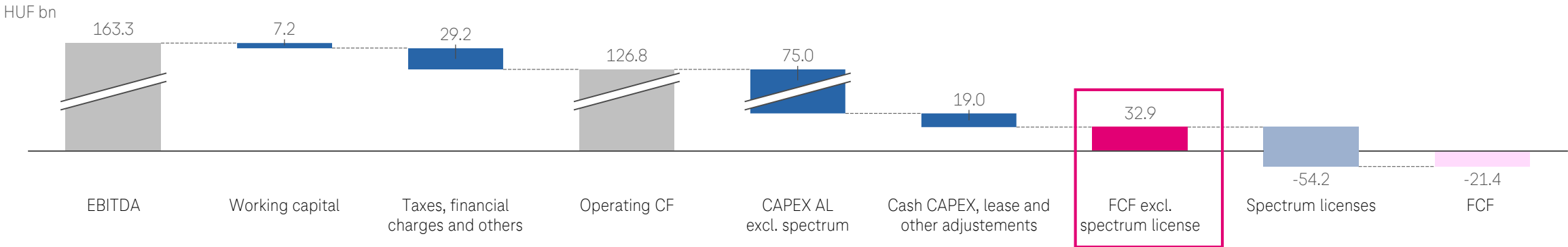


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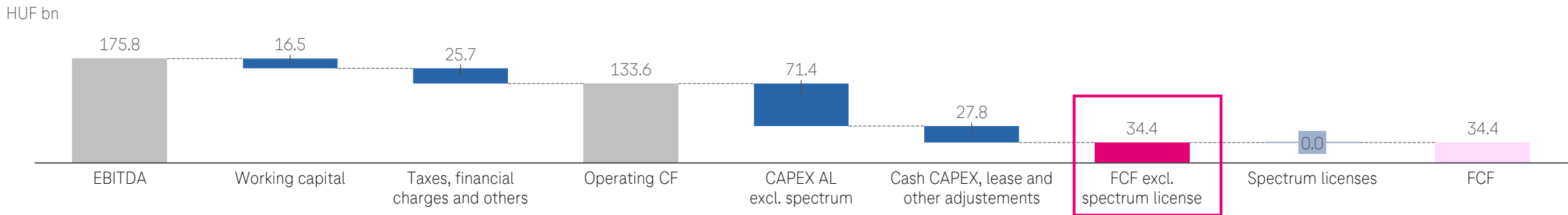
CAPEX figure incl. in the 2021 guidance

BROADLY STABLE YEAR-TO-DATE FCF GENERATION DESPITE DIFFERENT ANNUAL DYNAMICS

9M 2020



9M 2021



- Less favorable developments in SI/IT and handset balances led to higher working capital requirements
- Higher CAPEX-related outpayments driven by different annual investment patterns



FCF figure incl. in the 2021 guidance

BACK-UP

For further questions please contact the IR department:

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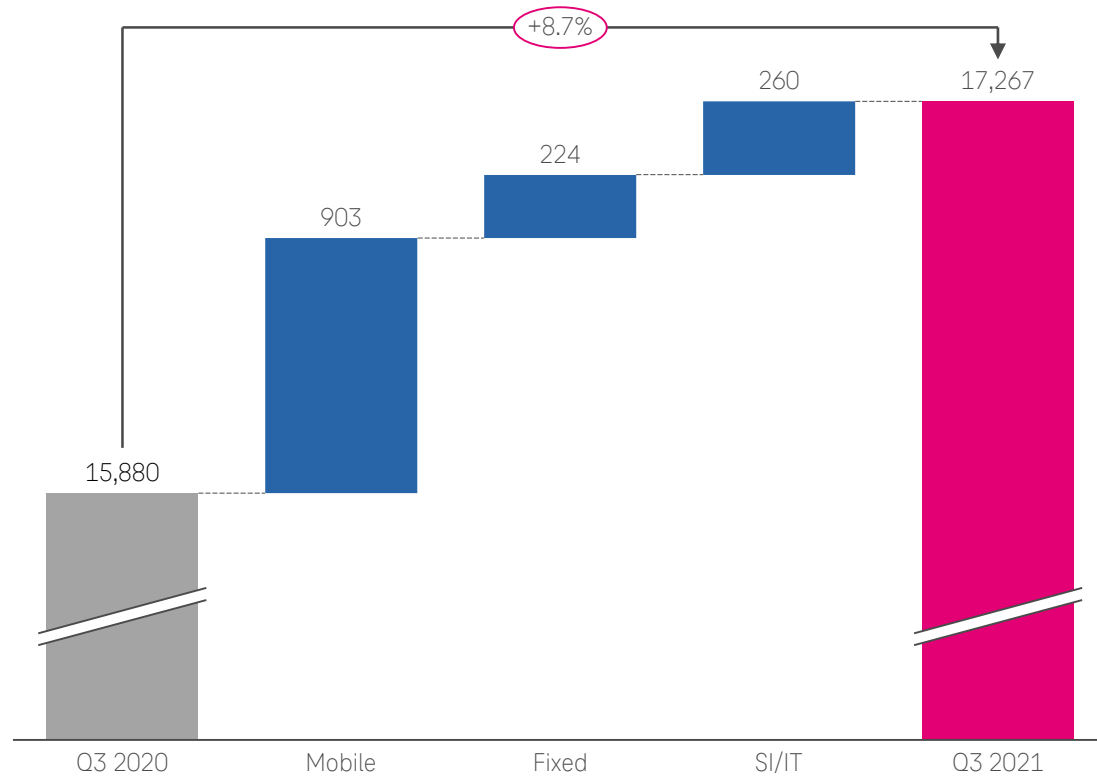
e-mail: walfisch.rita@telekom.hu



NORTH MACEDONIA: Q3 2021 FINANCIAL HIGHLIGHTS

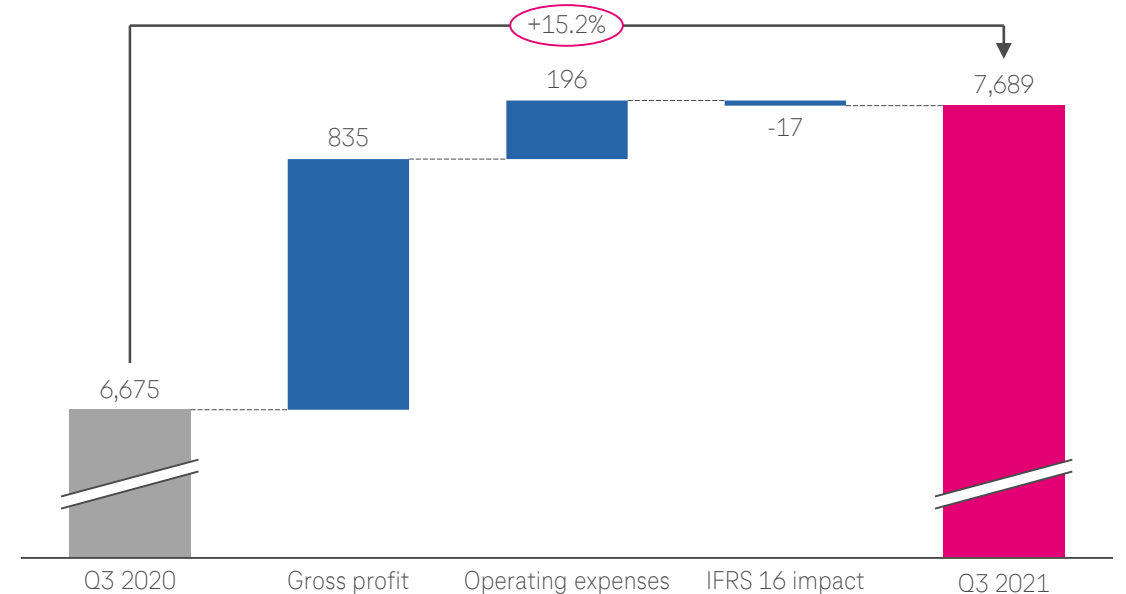
Revenues, Q3 2021 vs Q3 2020

HUF mn



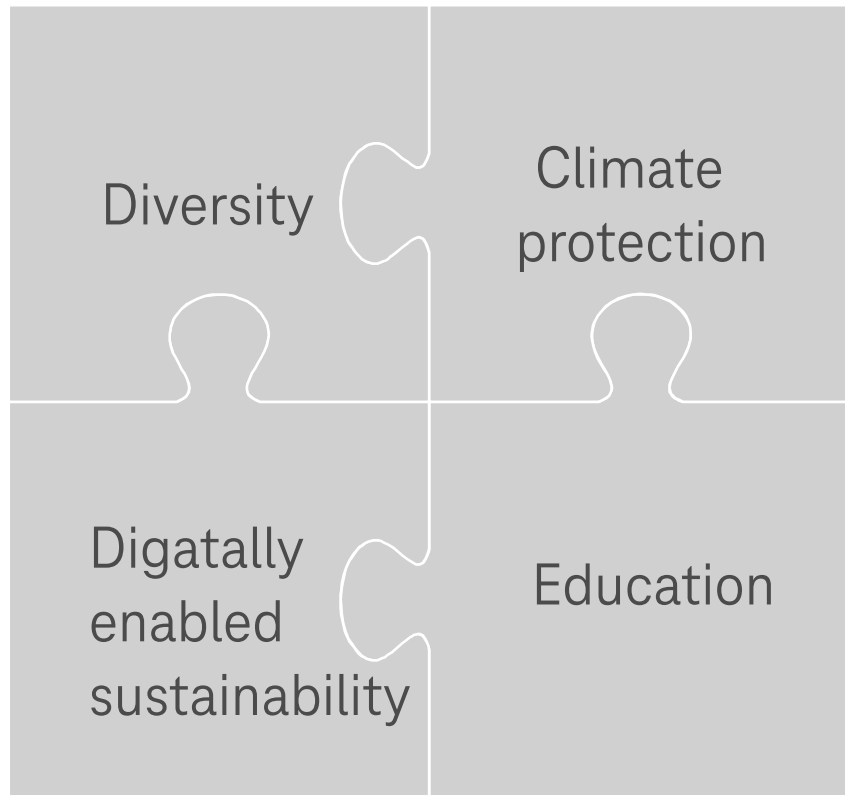
EBITDA AL, Q3 2021 vs Q3 2020

HUF mn



MTELEKOM SUSTAINABILITY FRAMEWORK

Our approach towards sustainability rest on 4 pillars



Current sustainability strategy cycle covered the 2016-2020 period

- Climate protection:
 - carbon neutral operation for the 6th year in a row (Scope 1, 2)
 - approved 1.5°C science-based target
 - Green 1 GB mobile option
- Education: assuming a role in educating the public and our customers by reaching more than 1 million people in Hungary. In 5 years we reached more than 2.5 million people.
- Digitally enabled sustainability: promotion of sustainable digital services 35.6% of revenue from products and services with sustainable features.
- Diversity: comprehensive targets safeguarding governance, diversity and inclusion, workplace flexibility and others

New, mid-term sustainability strategy being developed



COMPANY'S ESG EFFORTS CONTINUE TO GAIN EXTERNAL RECOGNITION

Ratings



- Outstanding MSCI ESG rating of AA maintained for the 3rd year in a row



- „B” Rating with „Prime” status for the 4th year in a row
- Magyar Telekom received top3 telco ranking in 2020



- “B” rating for climate change
- “A” rating for supply chain
- Supplier program addressing climate change ranked amongst top 7% by CDP

Index inclusion



Magyar Telekom remains a constituent of the FTSE4Good Index Series following a recent index review with a 99 percentile rank in telecommunications

- CECE Socially Responsible Investment index

Reporting framework

- GRI standard on comprehensive level (with external assurance in accordance with ISAE 3000)
- Further efforts to improve sustainability reporting in line with TCFD and SASB requirements

HUNGARIAN MOBILE SPECTRUM

Current spectrum allocation (MHz)

