

MAGYAR TELEKOM GROUP

RESULTS PRESENTATION

February 18, 2020



LIFE IS FOR SHARING.

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, 2018 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 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 “Reconciliation of pro forma figures”, which is posted on Magyar Telekom’s Investor Relations webpage at www.telekom.hu/investor_relations.

2019 STRATEGIC HIGHLIGHTS

Network



- Accelerated rollout of fiber network increase competitiveness
- Upgraded cable network to gigabit capacity

Services



- Restructured fixed and mobile portfolios
- Continuing "more-for-more" strategy

Simplification



- Introduced OneBill for new Magenta 1 customers
- Simplified portfolio

North Macedonia



- Further expanded customer despite growing competition
- Further increased the number of households with integrated packages



1.9 million

gigabit internet connectivity



35%

of home customers have integrated package



Agile, cross-functional
working practices

1

Fixed line operator

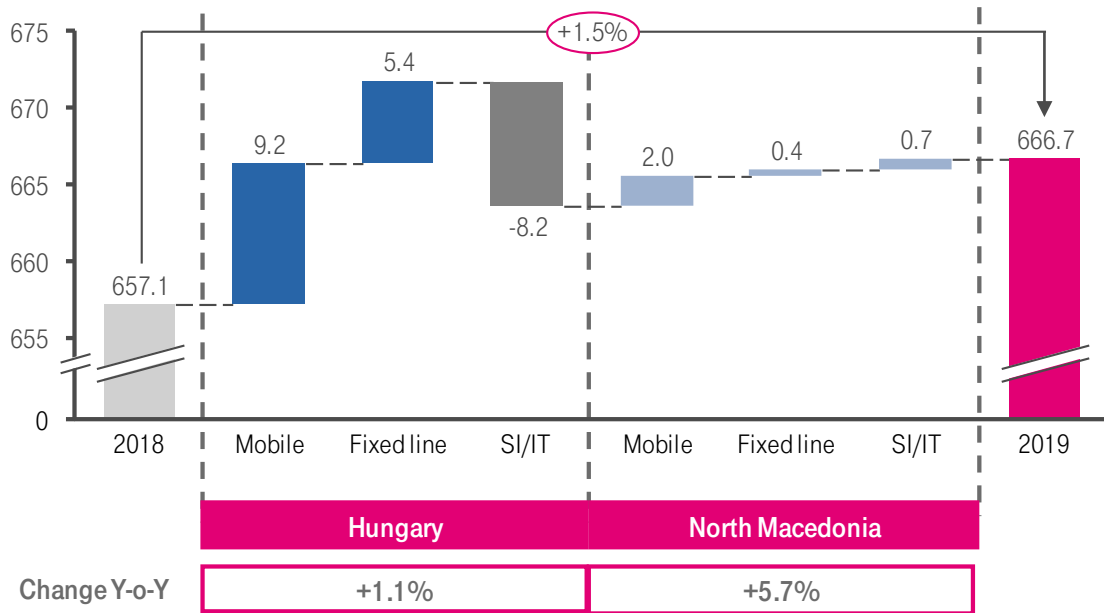


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2019 GROUP SEGMENTAL REVENUE AND EBITDA

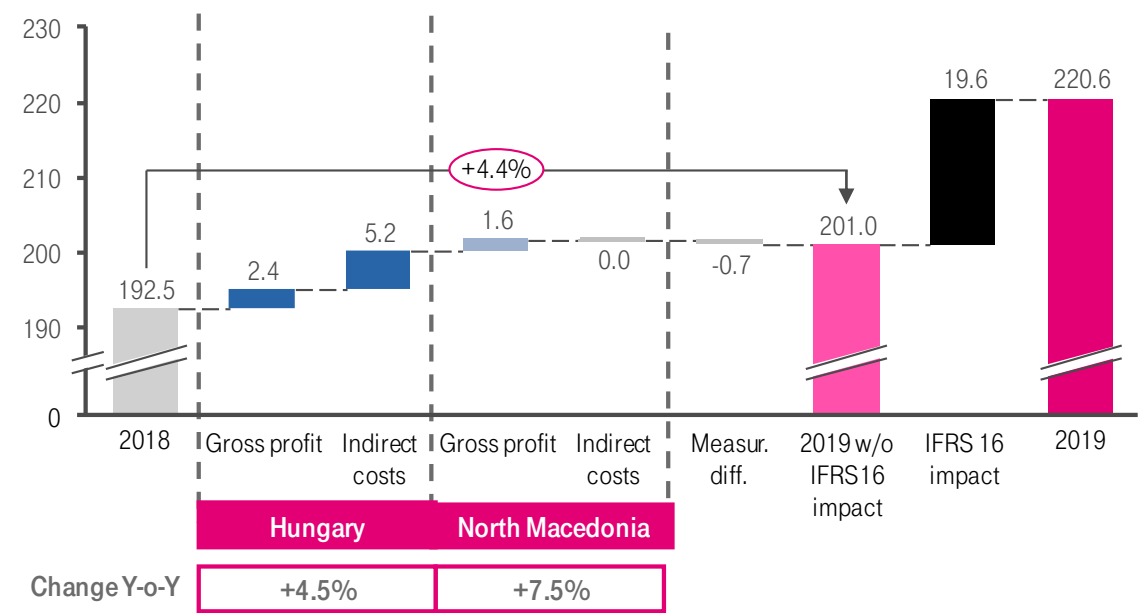
Group revenue by segment

HUF bn



Group EBITDA by segment

HUF bn



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2019 RESULTS AND FINANCIAL TARGETS ¹

		2019 Results <i>(change y-o-y)</i>	Target 2019
REVENUE	<ul style="list-style-type: none"> ▪ Growth in fixed broadband and mobile data usage ▪ Increased mobile equipment export sales ▪ Decline in SI/IT revenues driven by one-off items and lower public sector demand 	HUF 666.7 bn <i>(+1.5%)</i>	Slight decline
EBITDA	<ul style="list-style-type: none"> ▪ Higher gross profit attributable to continued improvement in telecommunication service revenues and one-off bad debt improvement ▪ Savings in employee and other expenses 	HUF 201.0 bn <i>(+4.4%)</i>	Increase of 1% - 2%
CAPEX²	<ul style="list-style-type: none"> ▪ Increased investments related to fiber rollout ▪ Reduced spending on 4G 	HUF 89.6 bn <i>(-2.9%)</i>	Broadly stable
FCF²	<ul style="list-style-type: none"> ▪ Negative changes in working capital due to higher payments to handset suppliers and IT subcontractors combined with lower real estate income ▪ Lower real estate sale income 	HUF 65.1 bn <i>(-4.2%)</i>	Ca. 5% growth

¹ excluding the impact of IFRS 16 adoption

² excluding spectrum license fees



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PUBLIC TARGETS FOR 2020-2021

	2019 RESULTS	2020 TARGETS***	2021 TARGETS***
REVENUE	HUF 666.7 bn	BROADLY STABLE	
EBITDA AFTER LEASE	HUF 197.6 bn	INCREASING AT A 1% - 2% PER ANNUM	
CAPEX*	HUF 89.6 bn	BROADLY STABLE	
FREE CASHFLOW**	HUF 65.1 bn	INCREASING CA. 5%	BROADLY STABLE

* EXCLUDING SPECTRUM LICENSE FEES AND CAPEX RELATED TO RIGHT OF USE ASSETS

** EXCLUDING SPECTRUM LICENSE FEES

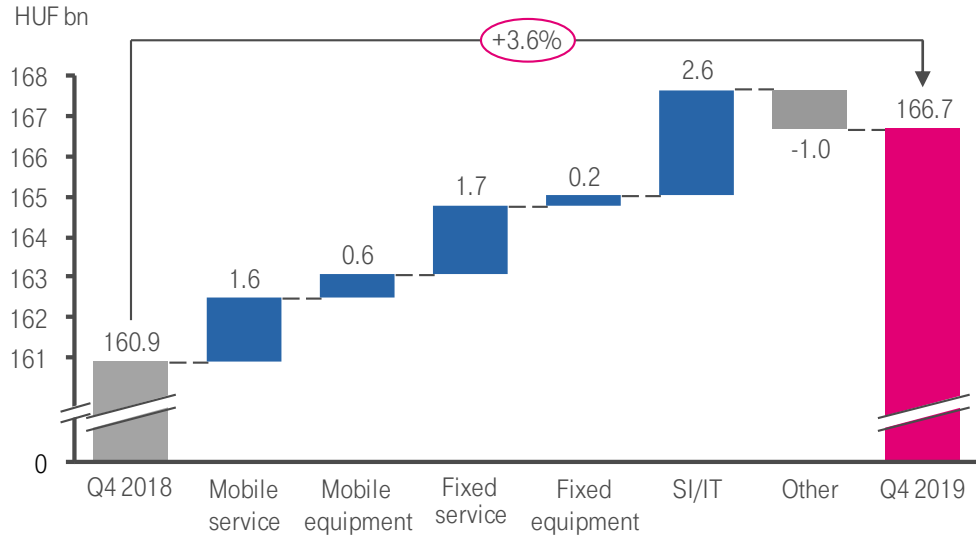
*** FORWARD-LOOKING STATEMENTS INVOLVING INHERENT RISKS AND UNCERTAINTIES, NO UNDUE RELIANCE TO BE PLACED UPON THEM



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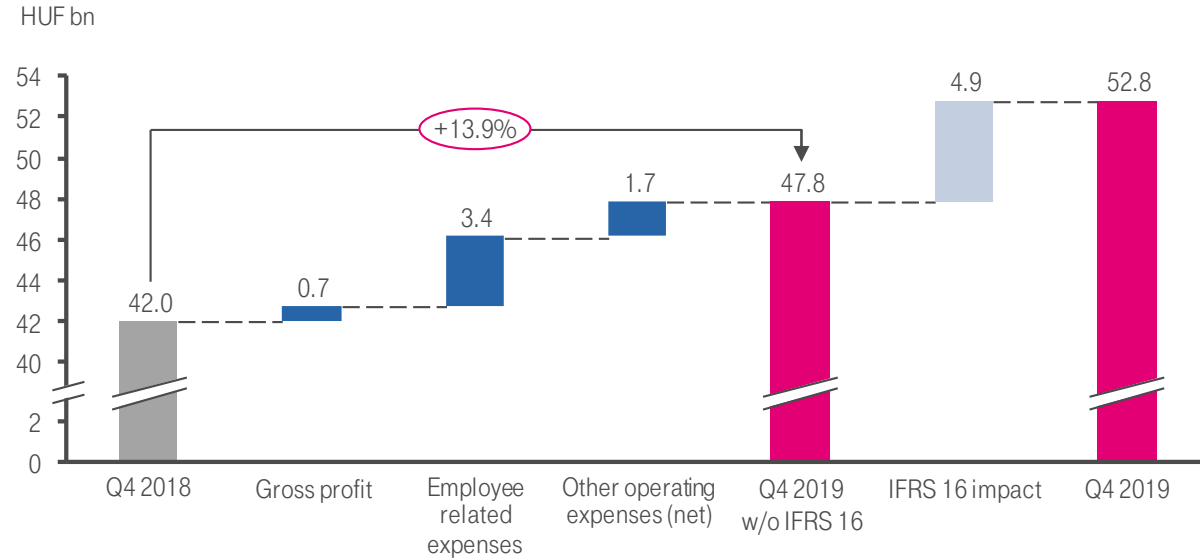
HUNGARY - TOTAL

Revenue



- Mobile service revenue growth driven by rising demand for mobile data
- Fixed service revenue improvement attributable to growth in fixed broadband
- Growth in SI/IT revenue owing to a lower volume of public sector projects
- Other revenue decrease reflects lower wholesale revenues

EBITDA

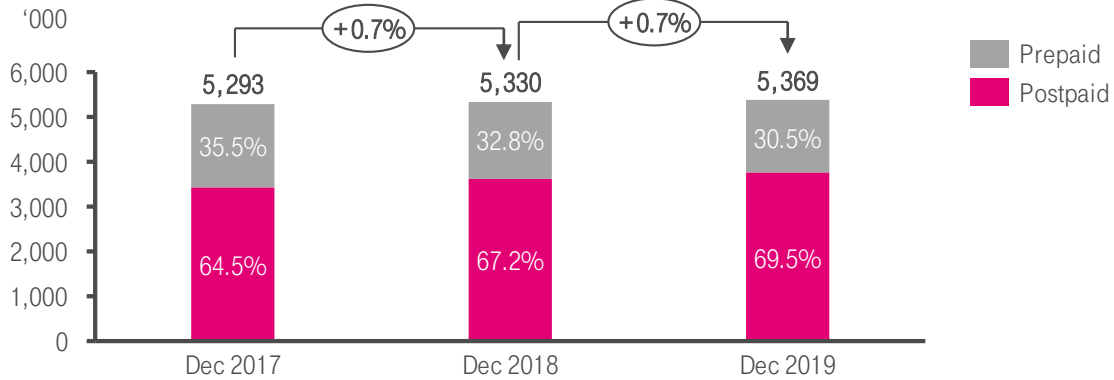


- Increase in gross profit reflects higher revenue performance
- Savings in employee-related expenses due to lower headcount and revised remuneration system
- Lower operating expenses attributable to savings in marketing, HR-related, materials and maintenance costs

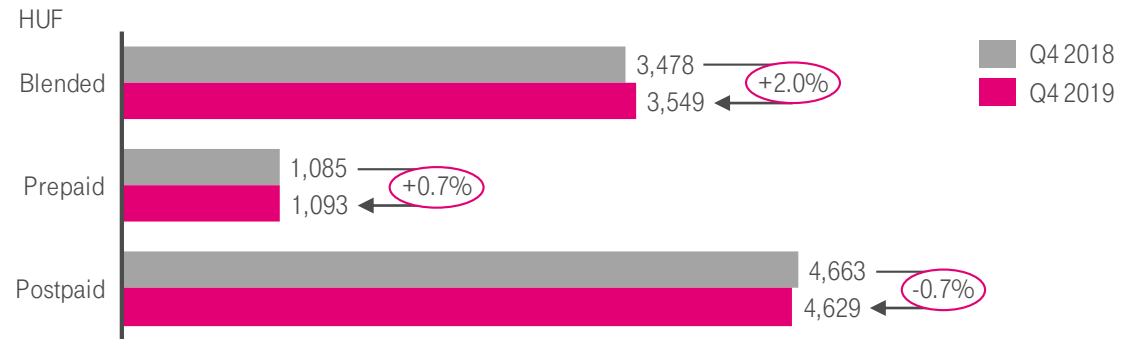
HUNGARY - MOBILE



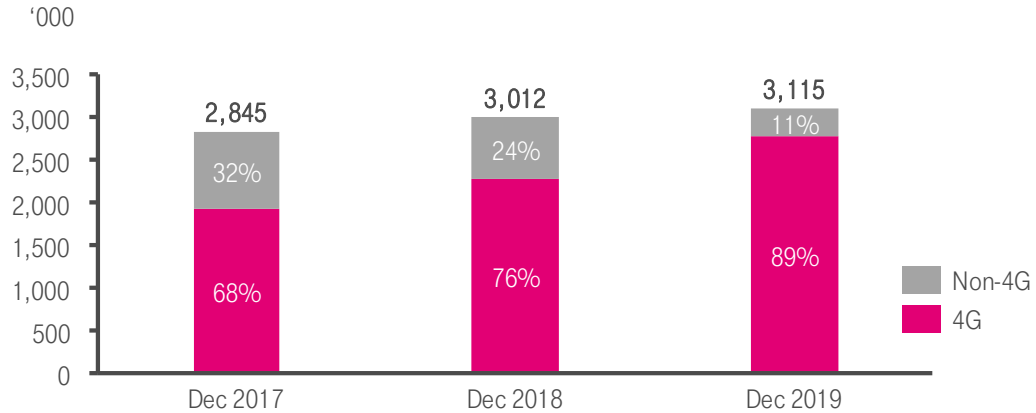
Mobile SIMs



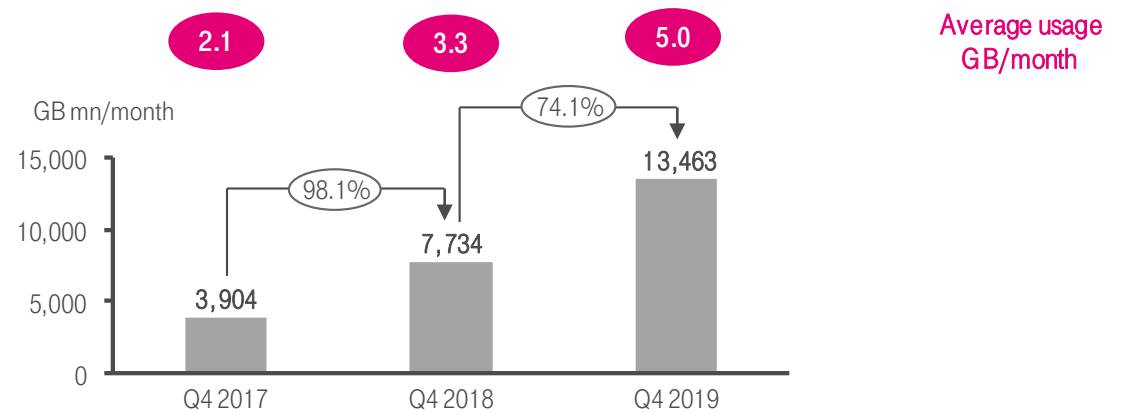
Mobile ARPU



Total mobile data subscribers



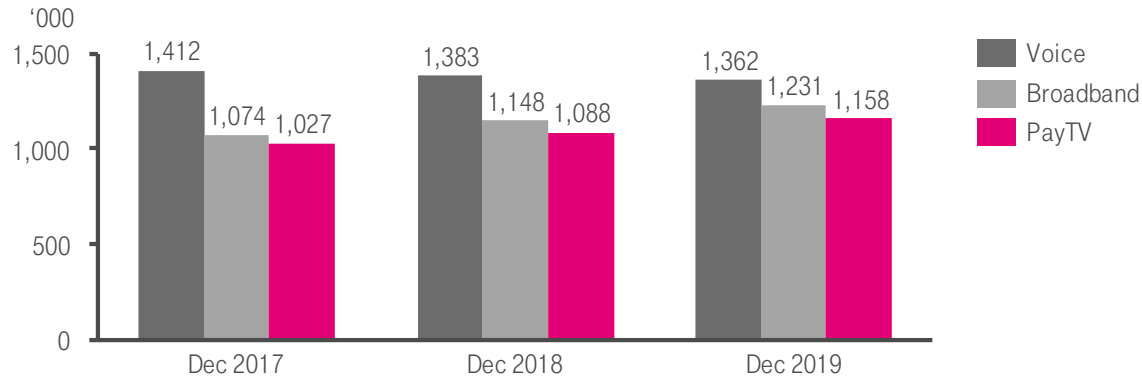
Mobile data usage



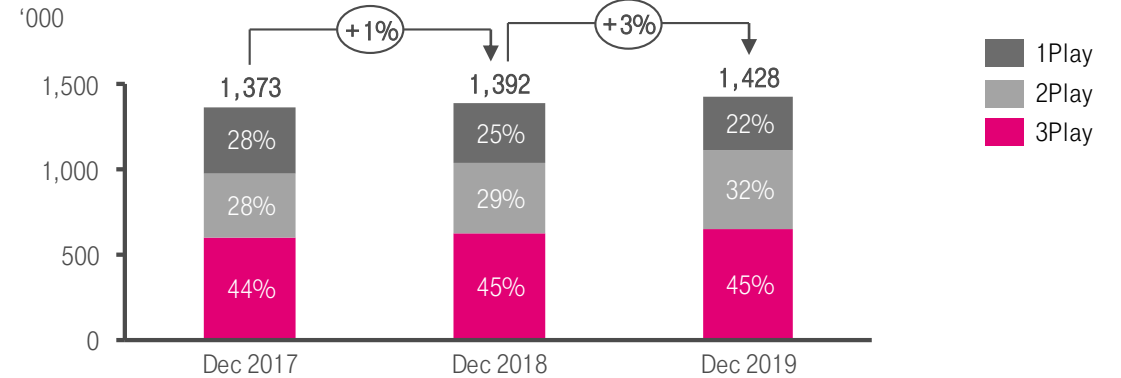
HUNGARY – FIXED VOICE, BROADBAND AND TV



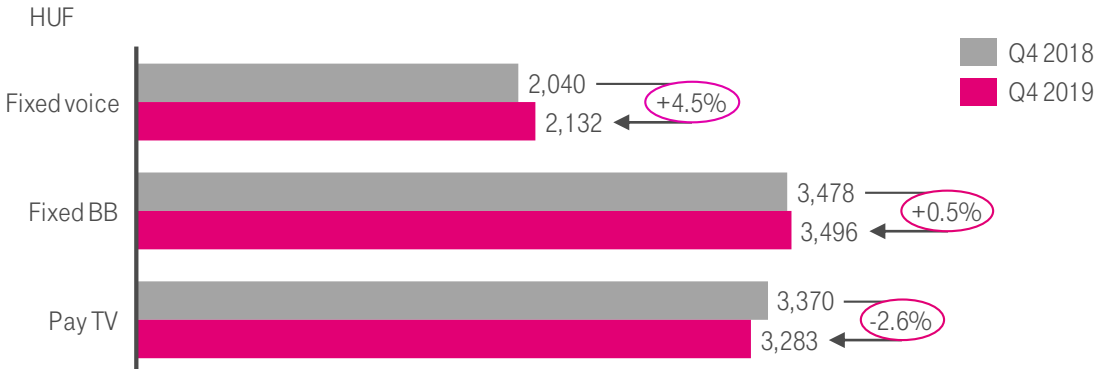
Fixed line customer base



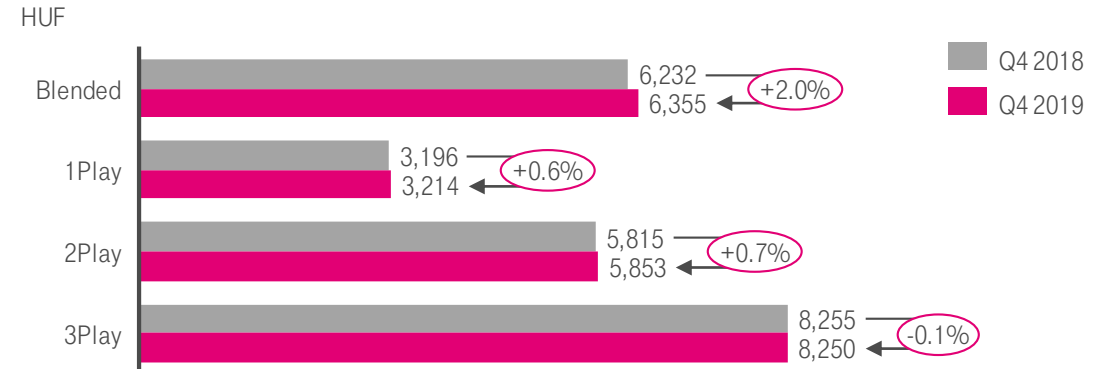
Fixed line multiplay residential subscribers



Fixed Voice, Broadband and TV ARPU



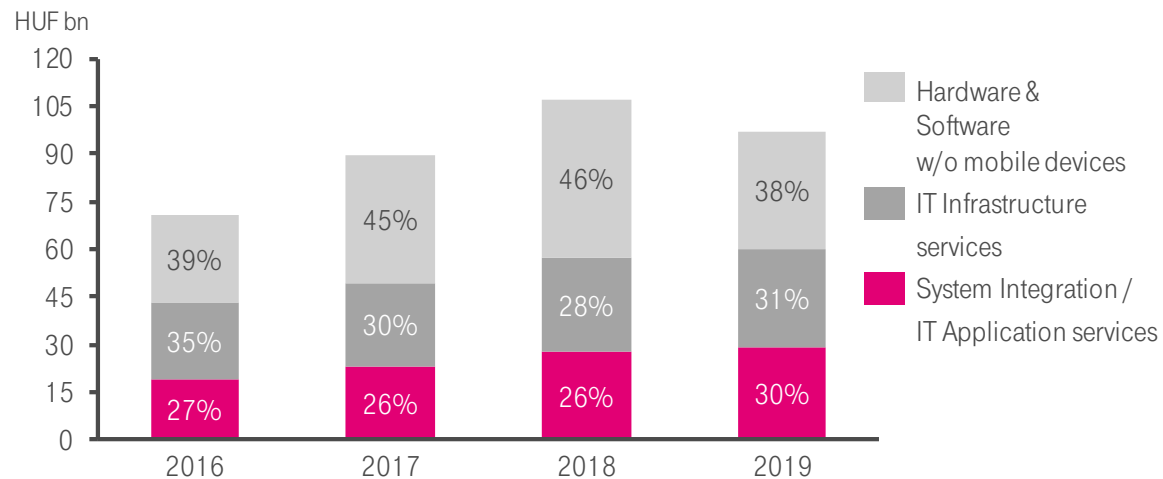
Fixed line multiplay revenues per household



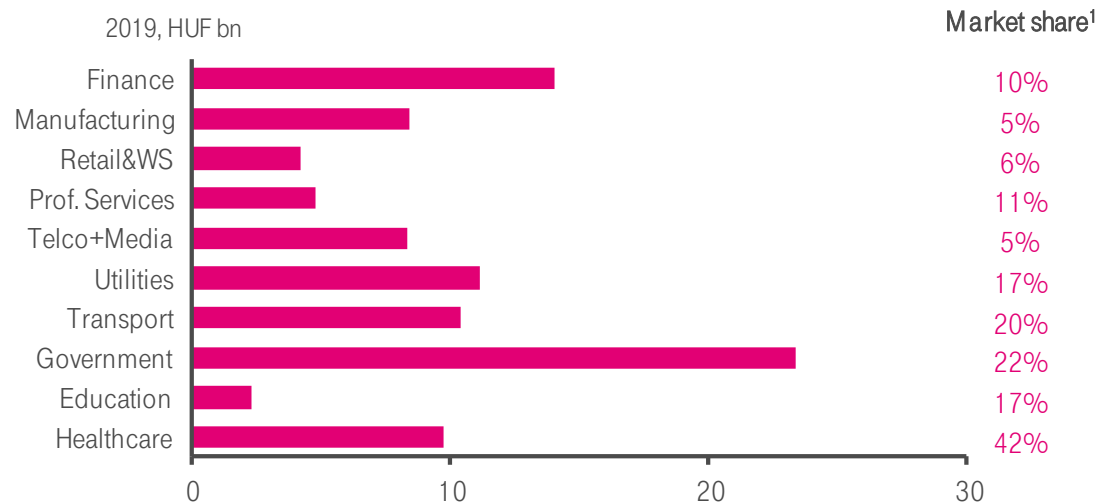
HUNGARY – SI/IT



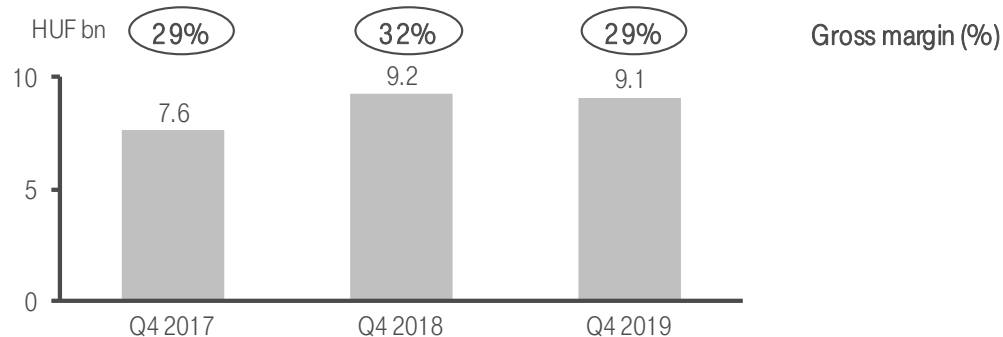
SI/IT revenue trends



SI/IT revenue breakdown by vertical segments¹



SI/IT gross profit of MT-Hungary



Highlights

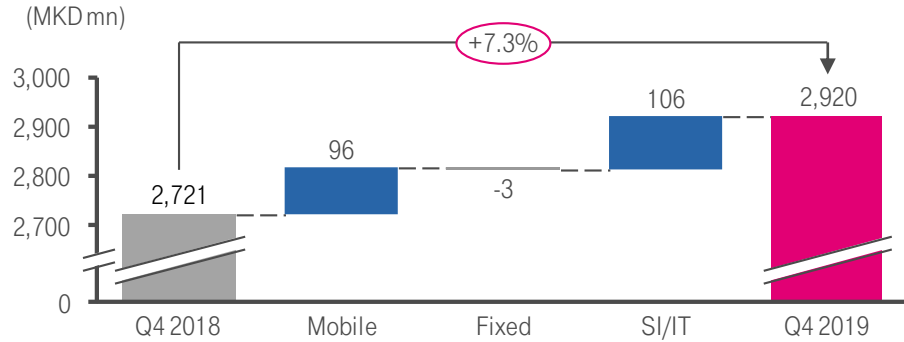
- Year-on-year decline in SI/IT revenues due to reduced public sector demand vs 2018
- Share of IT Application services - most important element of our portfolio to support customers' digitalization



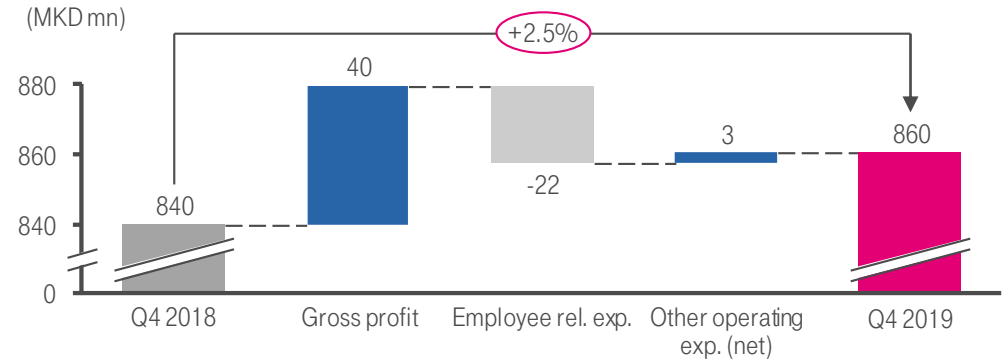
¹ Based on IDC Research 2019, market shares calculated based on 2019 revenues

NORTH MACEDONIA

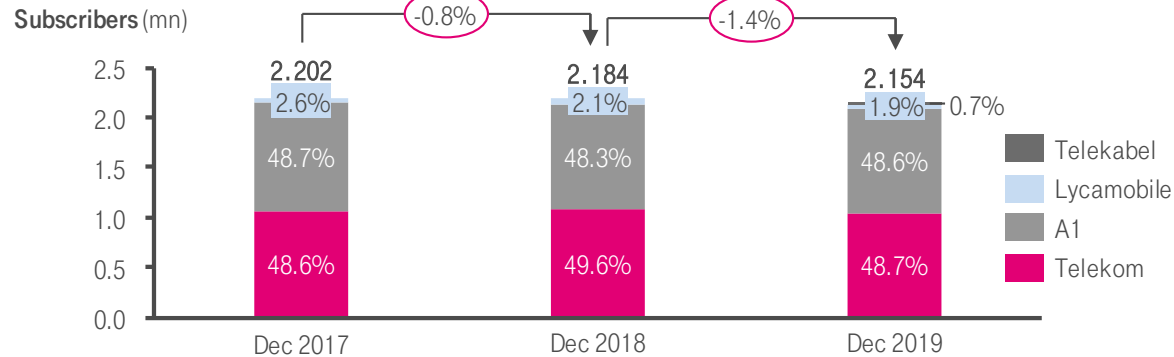
Revenue



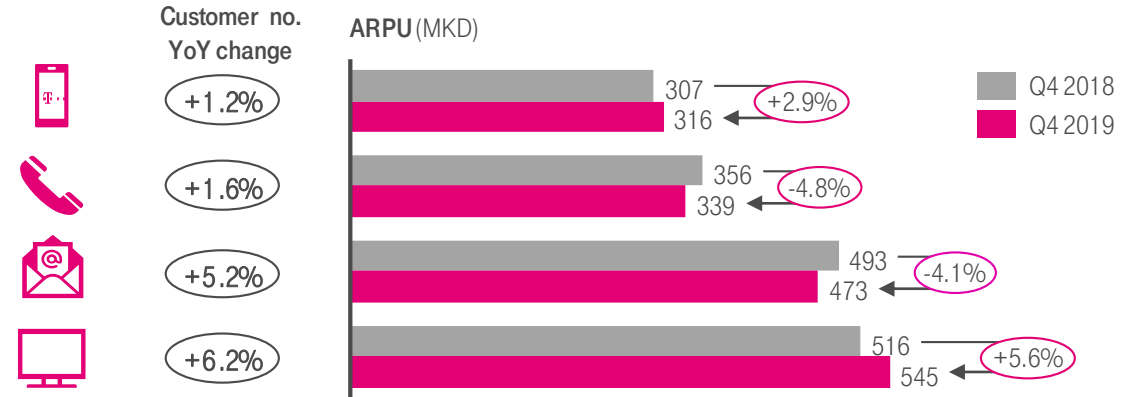
EBITDA (excl IFRS 16 effects)



Mobile market



KPIs (mobile/fixed voice/fixed BB/TV)



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