

# ENTERPRISE MARKET LEADER TURNS THE TREND

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# IT SERVICES: A KEY ELEMENT OF DIVERSIFICATION STRATEGY

FROM TELECOMMUNICATION SERVICE PROVIDER TO DIVERSIFIED SERVICE PROVIDER



ENERGY      DIGITAL HOME  
E-COMMERCE      INSURANCE      E-HEALTHCARE      IT SERVICES



B2B TELECOM,  
IT INFRASTRUCTURE  
& APPLICATION  
COMPETENCES

2002



2012



T-SYSTEMS HUNGARY INTEGRATES KNOWLEDGE AND COMPETENCES ACQUIRED ACROSS DIFFERENT ICT SEGMENTS




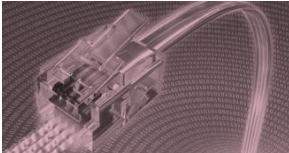




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# WIDE RANGE OF TELECOM SERVICES, SYSTEM INTEGRATION AND IT INFRASTRUCTURE COMPETENCES

## CONNECTIVITY

42% of total revenue

64 % of total margin\*

Fixed voice	Fixed data	Fixed internet	Mobile voice	Mobile internet	Mobile data
					

## SYSTEM INTEGRATION

17% of total revenue

10% of total margin\*

Business Intelligence	Integration & Developm.	ERP & CRM	Transport	Billing & Cloud	E- Health
					

## IT INFRASTRUCTURE

41% of total revenue

26% of total margin\*

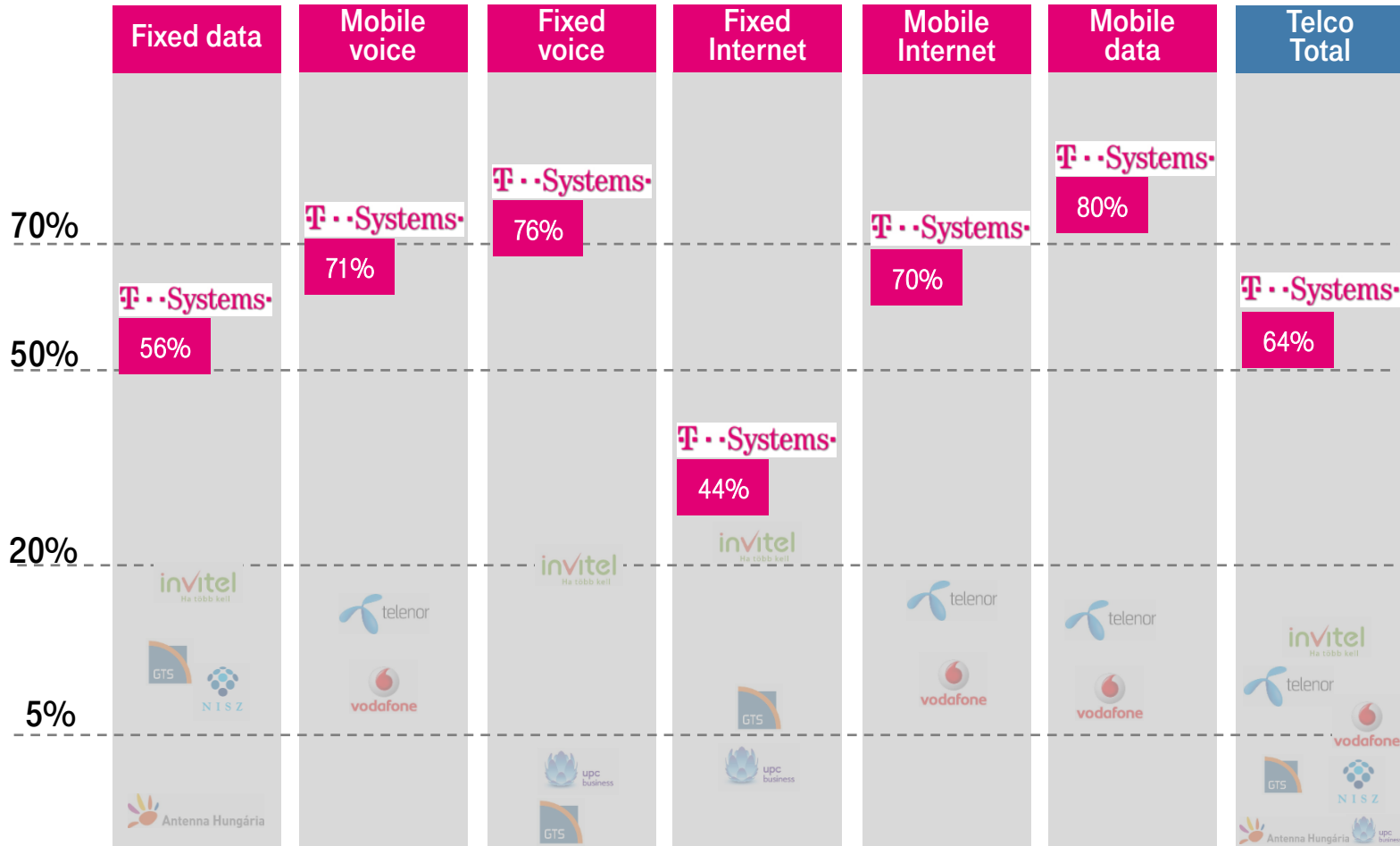
Computer systems	Network solutions	Communication	IT service & systems management	IT Security	Datacenter services
					

\*Margin= Adjusted margin = Direct margin – Direct Delivery expenses



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# LEADING POSITION IN THE ENTERPRISE TELECOM MARKET



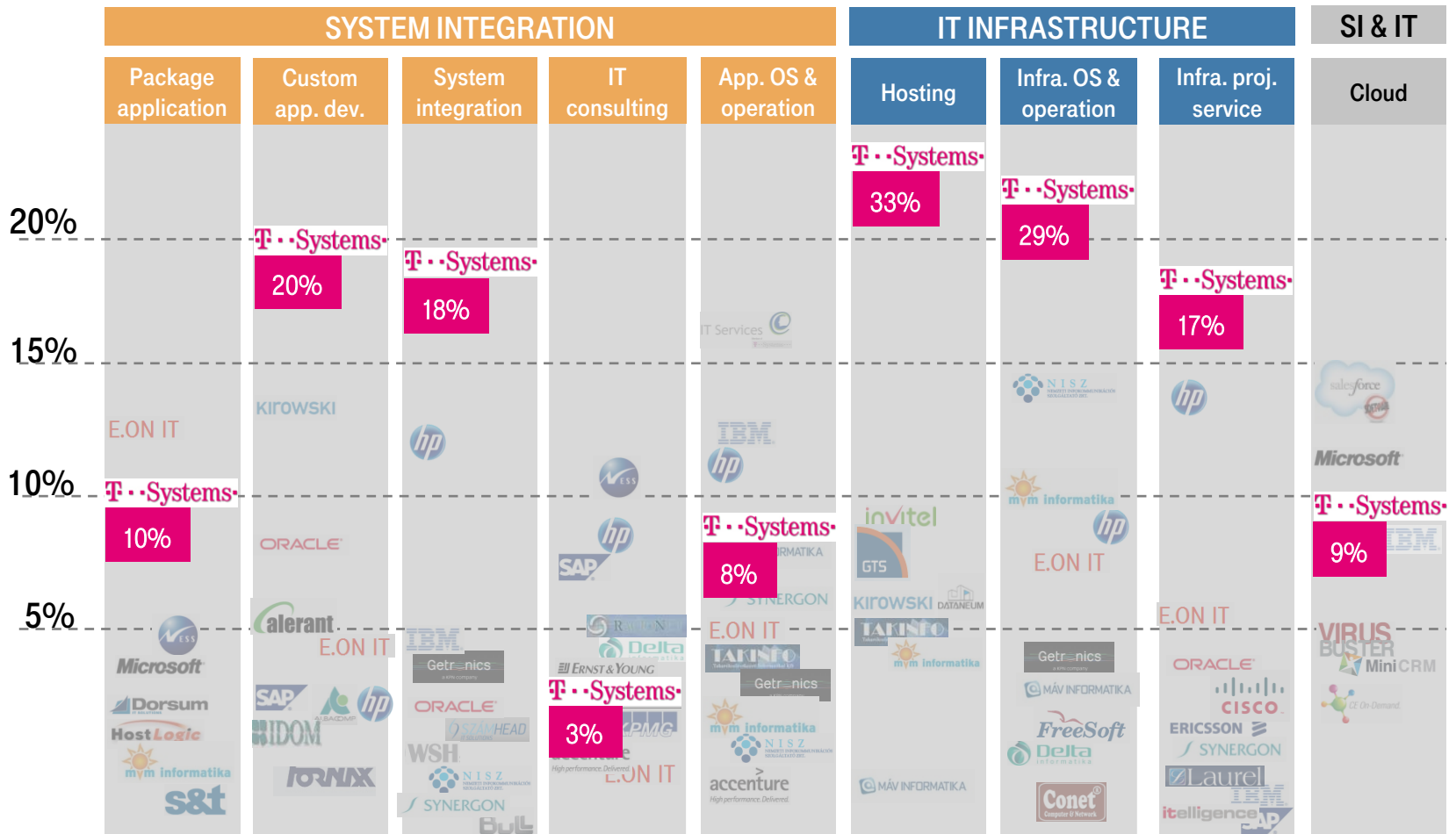
Source: IDC, 2013

Revenue based market share in 2012



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# MARKET LEADER IN IT SERVICES



Source: IDC, 2013

Revenue based market share in 2012



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# STRATEGIC CHALLENGES AND AMBITIONS

## Strategic position and challenges

- Clear market leader with the widest portfolio in the market
- Enterprise telecom market to bottom out in 2016 after declining at a CAGR of ca. -10% in 2010-2012 and an estimated CAGR of -4% in 2013-2015
- SI/IT market to grow by low single-digit rate until 2017

## Strategic ambitions

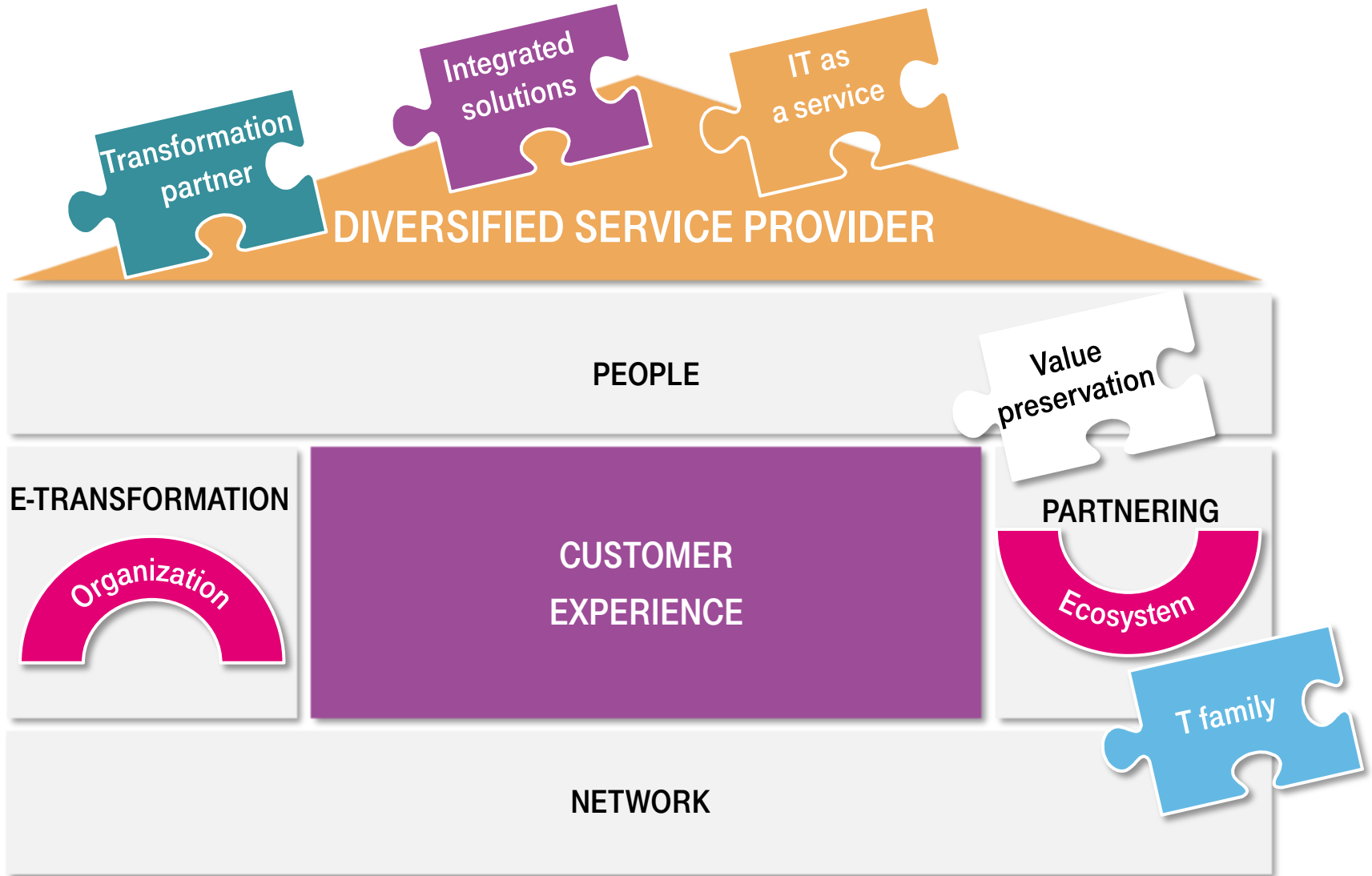
- Become the leading ICT company that shapes the Hungarian market through:
  - a unique portfolio of high value added services
  - cutting edge innovations
  - superior customer experience
- Become a significant ICT player in the DT world in specific competence areas
- To reverse the margin\* decline trend during 2015

\*Margin= Adjusted margin = Direct margin – Direct Delivery expenses



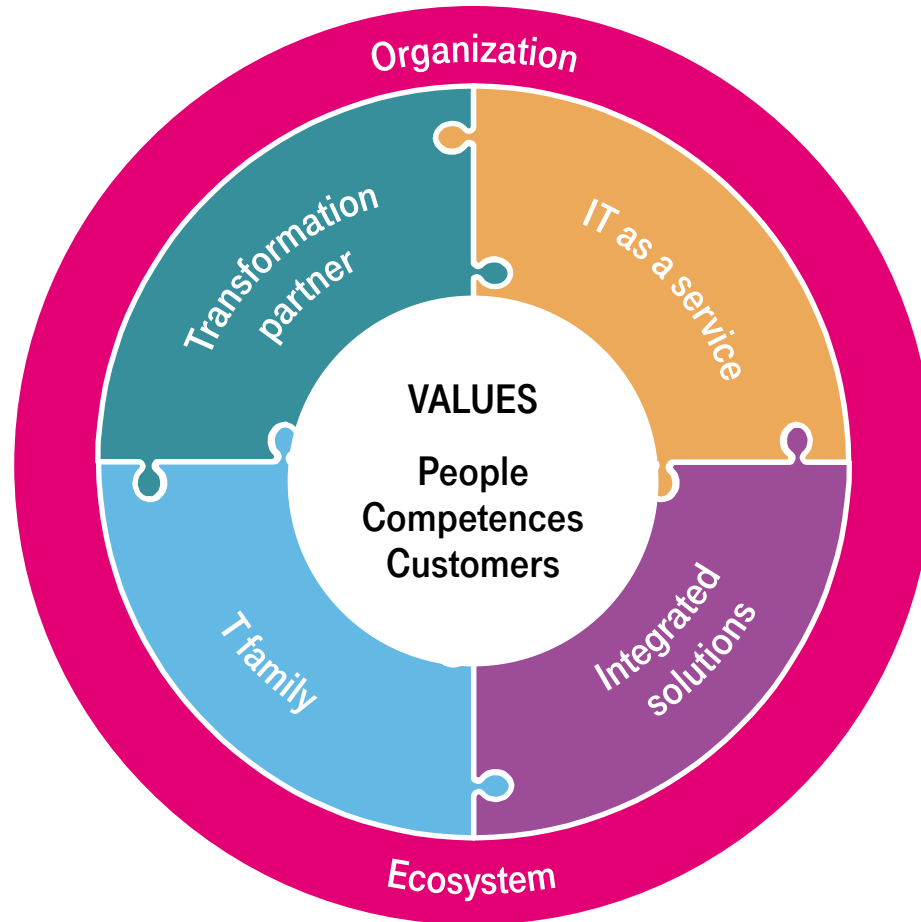
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# CUSTOMER EXPERIENCE CENTRIC STRATEGY



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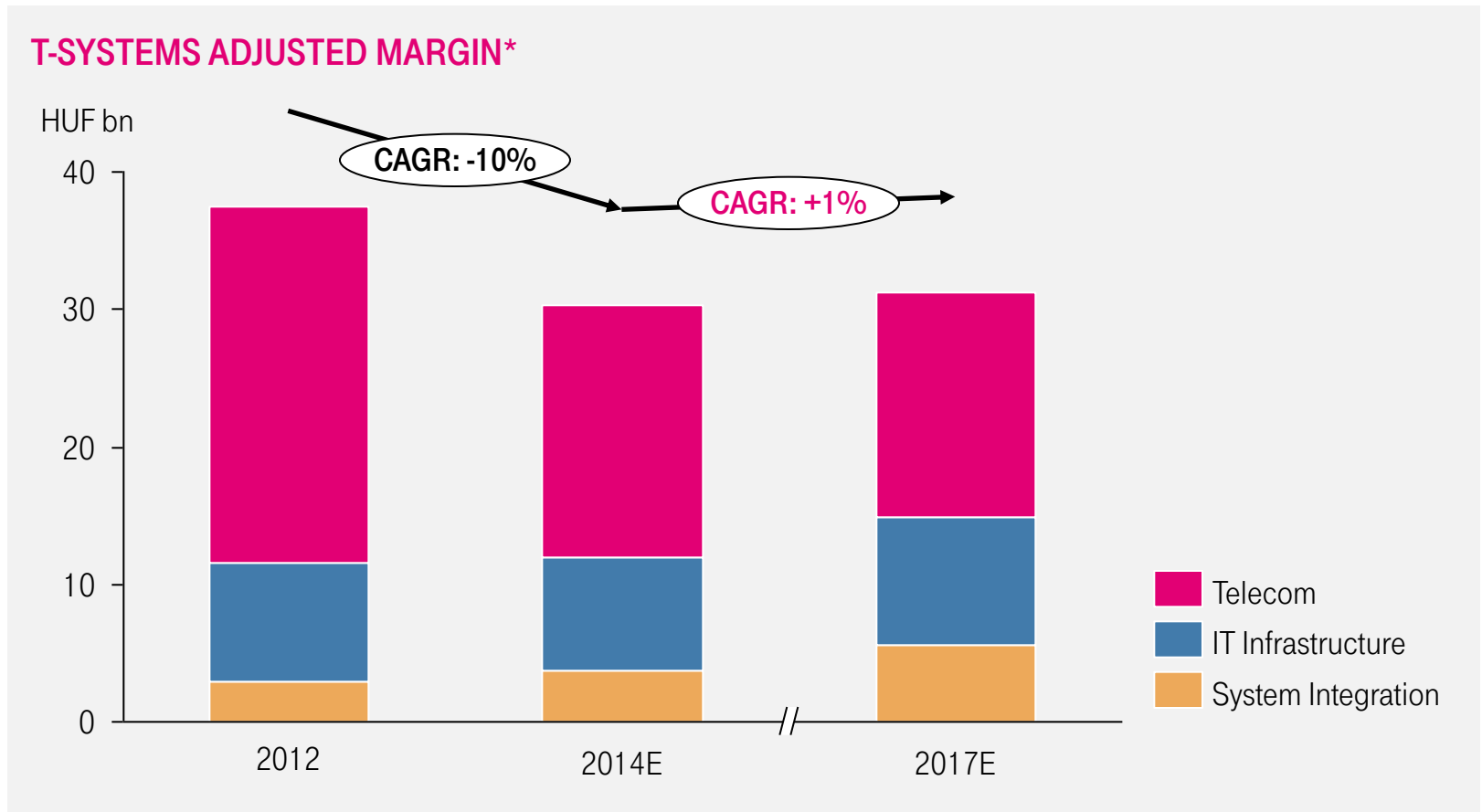
# STRATEGY OF T-SYSTEMS HUNGARY



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# ADJUSTED MARGIN TREND TO TURN IN 2015



\* Adjusted margin = Direct margin - Direct Delivery expenses



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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 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 financial statements for the year ended December 31, 2012, available on our website at <http://www.telekom.hu> which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union.

**Abbreviations:** #: Number, 2G: Second Generation, 3G: Third Generation, 4G: Fourth Generation, ADSL: Asymmetric Digital Subscriber Line, App.: Application, ARPU: Average Revenue Per User, AVG: Average, B2B2C: Business to Business to Consumer, BB: Broadband, Bn: Billion, CAGR: Compound Annual Growth Rate, CAPEX: Capital Expenditures, COAX: Coaxial Cable, CRM: Customer Relationship Management, DL: Downlink, DPS: Dividend per Share, DT: Deutsche Telekom, E2E: End-to-End, EBITDA: Earnings Before Interest, Taxes, Deprecation and Amortization, EDGE: Enhanced Data for Global Evolution, ERP: Enterprise Resource Planning FCF: Free Cash Flow, FDD: Frequency-Division Duplexing, FTTB: Fiber to the Building, FTTC: Fiber to the Cabinet, FTTH: Fiber to the Home, GDP: Gross Domestic Product, GSM: Global System for Mobile communication, GPRS: General Pocket Radio Service, H1: First half, HH: Household, HSPA: High-Speed Packet Access, HUF: Hungarian Forint, HW: Hardware, ICT: Info-Communication Technology, IMS: IP Multimedia Subsystem, IP: Internet protocol, IT: Information technology, K: Thousand, KPI: Key Performance Indicator, LTE: Long Term Evolution, Min: minute, M2M: Machine-to-Machine, M-: Mobile-, Mbps: Mega Bit Per Second, MHz: Mega Hertz, Mn: Million, OPEX: Operating Expenses, OS: Operating System, OTT: Over The Top, PSTN: Public Switched Telephone Network, SAT: Satellite, SI: System Integration, SIM: Subscriber Identity Module, SMB: Small Medium Enterprises, SOHO: Small office home office, SW: Software, T2M: Time to Market, TDD: Time-Division Duplexing, TV: Television, TWM: Total Workforce Management, UL: Uplink, UMTS: Universal Mobile Telecommunication System, USP: Universal Service Provider, VDSL: Very high bit rate Digital Subscriber Line, yr: year



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