

MAGYAR TELEKOM GROUP Q1 2021 RESULTS PRESENTATION

May 11, 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.

STRONG START TO THE YEAR DESPITE SIGNIFICANT COVID-19-RELATED CHALLENGES

| | Q1 2020 results | Q1 2021 results | 2021 annual targets (vs 2020) | 2021 delivery status |
|-----------|-----------------|-----------------------|-------------------------------|--|
| REVENUE | HUF 159.3 bn | HUF 162.3 bn +1.9% | Grow 1-2% |  |
| EBITDA AL | HUF 40.9 bn | HUF 44.2 bn +8.1% | Grow 1-2% |  |
| CAPEX AL* | HUF 21.4 bn | HUF 20.1 bn -6.4% | Broadly stable |  |
| FCF* | HUF -18.3 bn | HUF -17.1 bn +6.9% | Broadly stable |  |

* EXCLUDING SPECTRUM LICENSE FEES

Q1 2021 SETS COURSE TOWARDS DELIVERY OF FULL YEAR TARGETS

Network

- 900/1800 MHz auction successfully completed
- Fixed network rollout: coverage expanded to over 2.63m gigabit capable access points
- RAN network modernization



61%

gigabit capable network



500+

base stations modernized (RAN programme)



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Customers

- Cloud based TV platform launched in Hungary
- Broad-based customer expansion esp. in fixed services



1st

domestic provider with 4K TV broadcasting via SmartBox



+6.5%

YoY growth in TV subscribers in Q1 2021

Resilience

- Ongoing drive within finance to promote digitisation and improve customer satisfaction
- Internal program underway to facilitate turnaround in SI/IT



Gross profit improvement

YoY for the first time in Hungarian SI/IT operations since 2019

Sustainability

- Safeguarding the wellbeing of employees with vaccines offered to all employees in Hungary

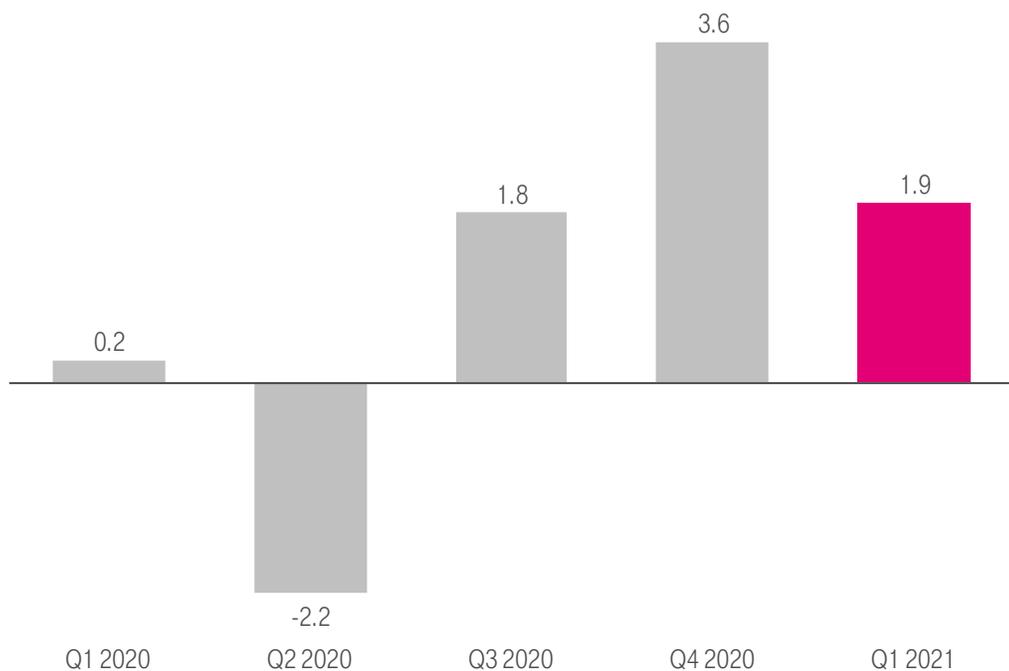


- Supplier program addressing climate change ranked amongst top 7% by CDP

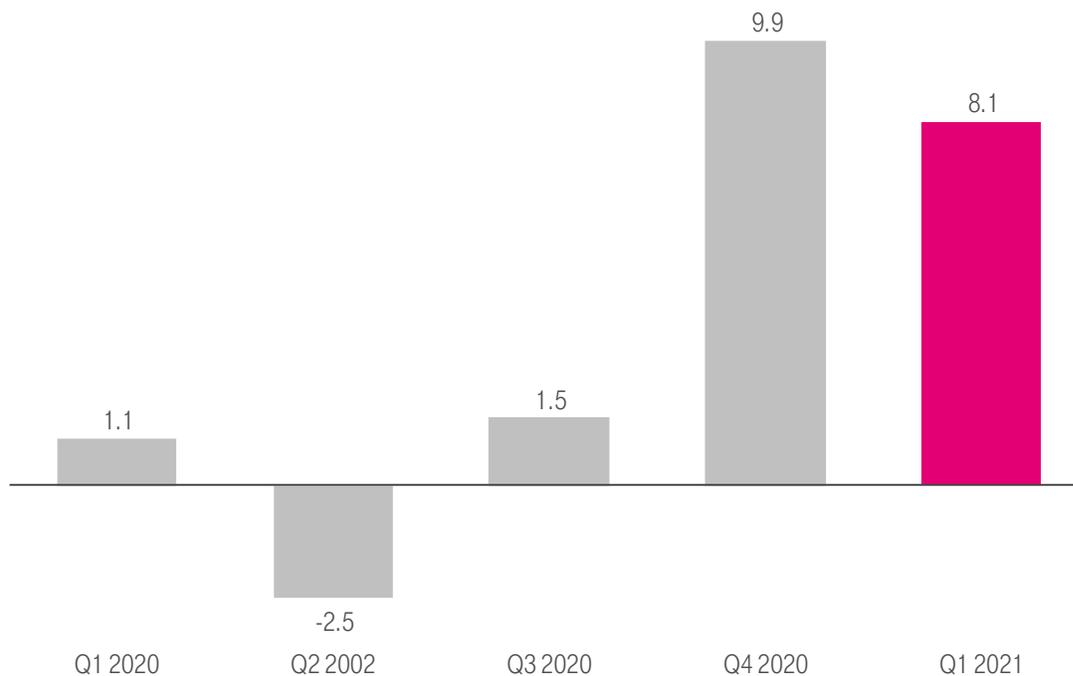
- New, mid-term sustainability strategy being developed

ROBUST REVENUE AND EBITDAAL PERFORMANCE CONTINUED IN Q1 2021

Quarterly revenue changes YoY (%)



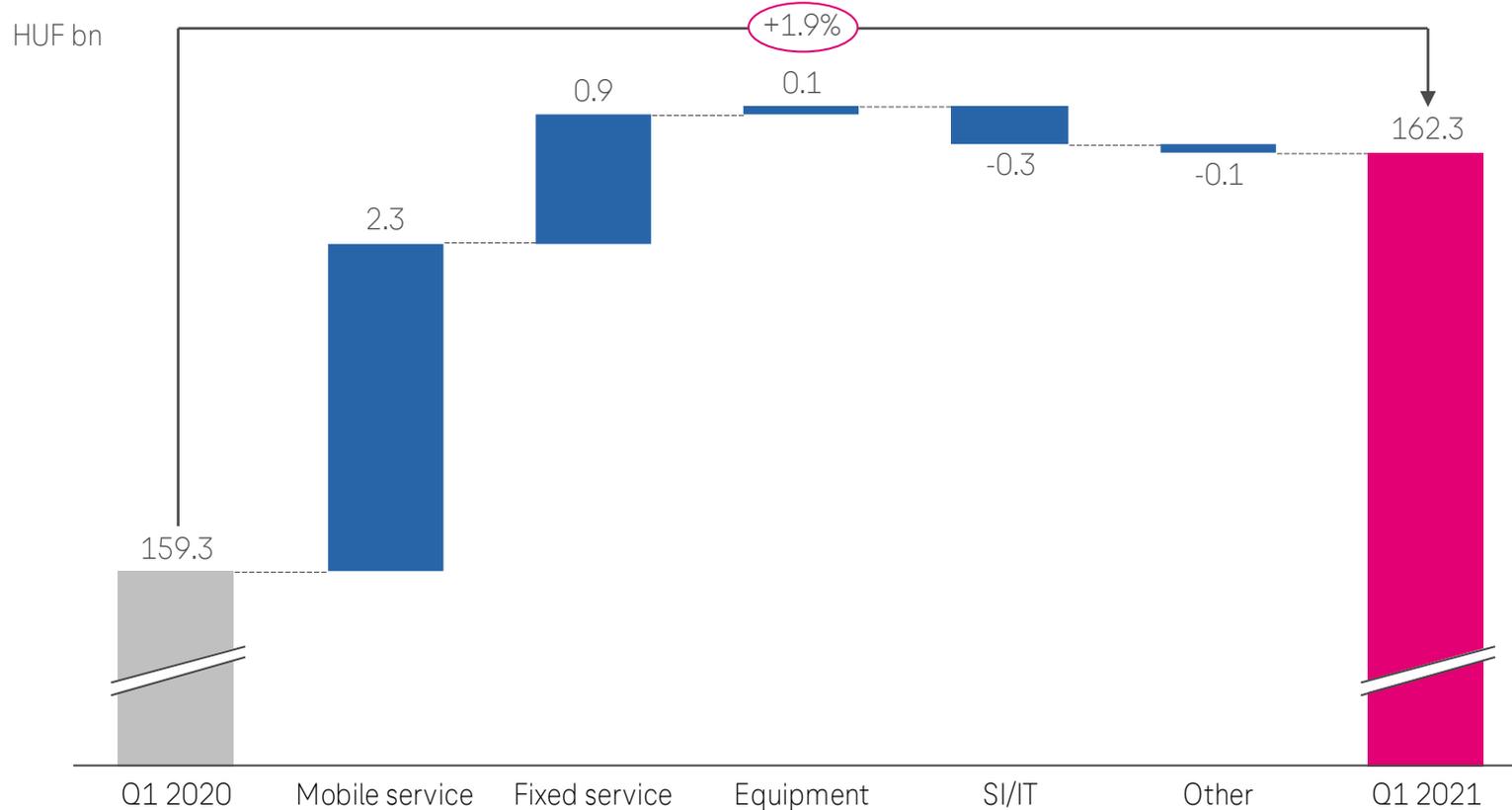
Quarterly EBITDAAL changes YoY (%)



POSITIVE MOMENTUM IN REVENUES DRIVEN BY STRONG MOBILE CONTRIBUTION

Revenue, Q1 2021 vs Q1 2020

Comments



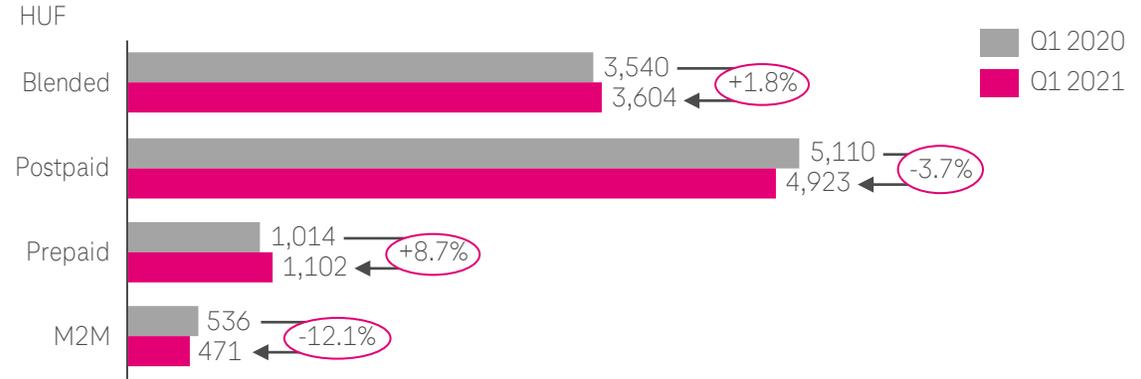
- Growth of mobile service revenues mostly supported by strong data contribution
- Fixed service growth predominantly driven by TV services
- Normalizing SI/IT revenues following an overall decrease in 2020

REVENUE GROWTH IN HUNGARY DRIVEN BY INCREASE IN MOBILE SIMS AND ARPU

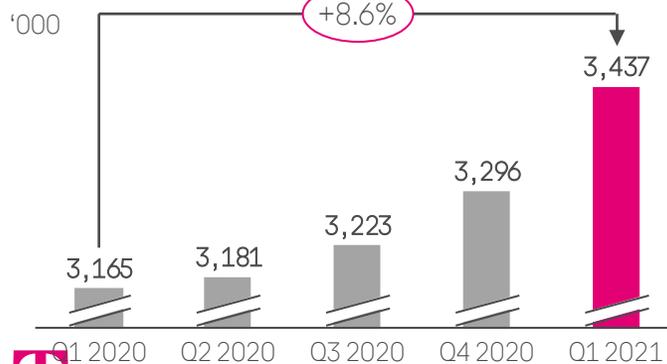
Mobile SIMs¹



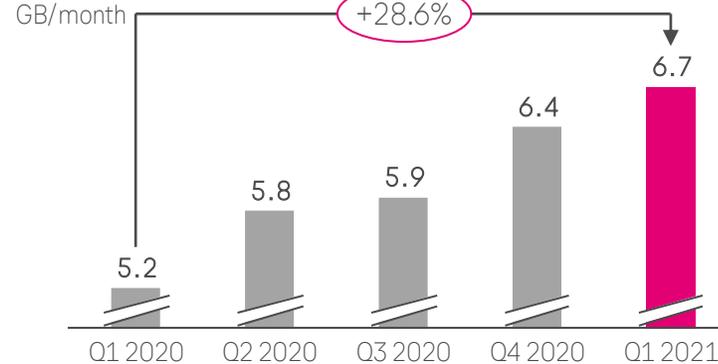
Mobile ARPU¹



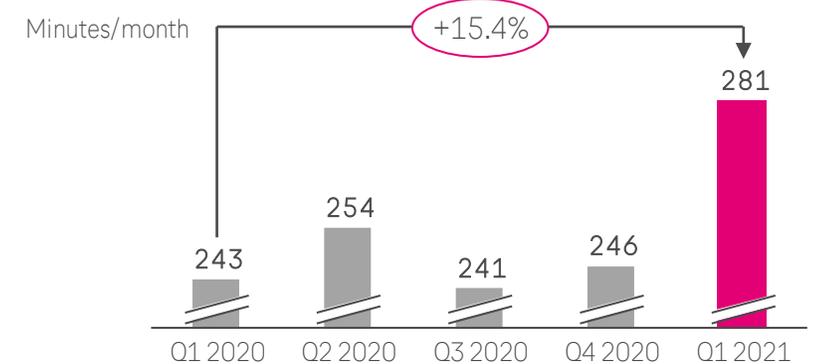
Mobile data SIMs



Mobile broadband usage



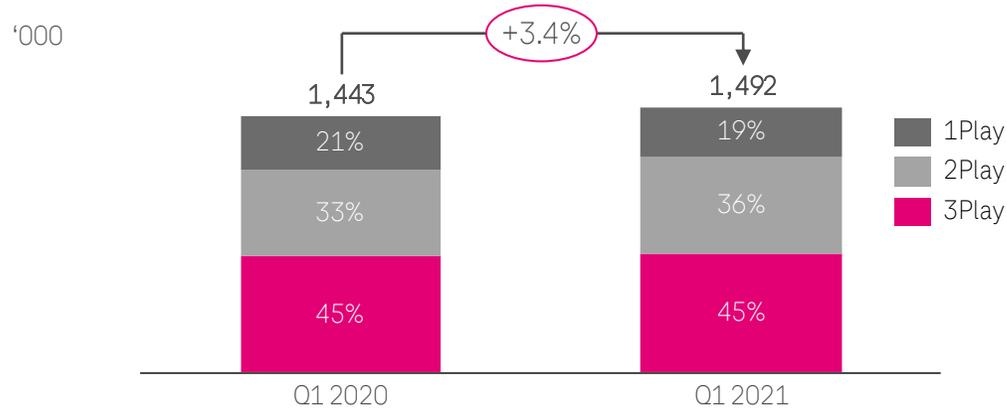
Mobile voice usage



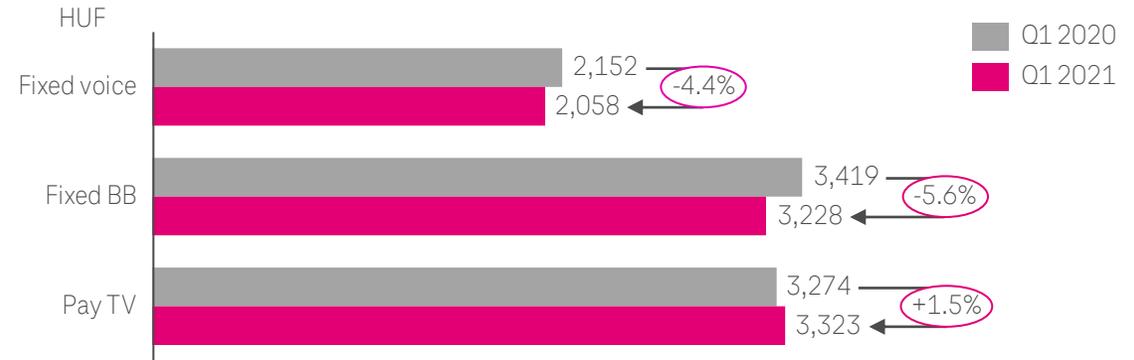
(1) Q1 2020 values changed due to re-representation

FIXED LINE PERFORMANCE SUPPORTED BY GROWING CUSTOMER BASE, BB ARPU UNDER PRESSURE TEMPORARILY IN HUNGARY

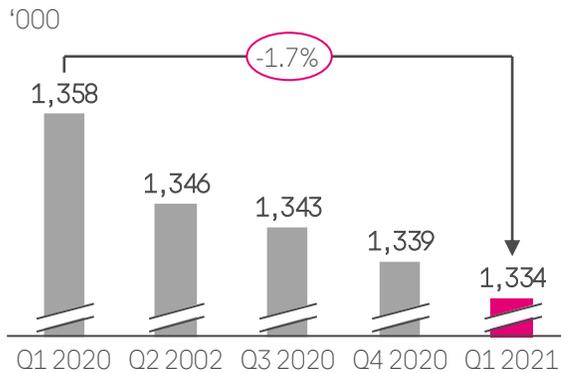
Fixed line multiplay residential subscribers



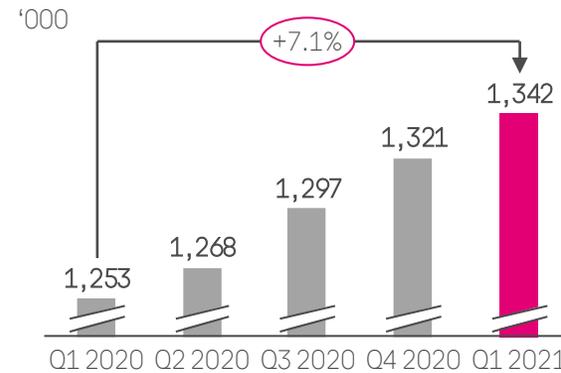
Fixed Voice, BB¹ and TV ARPU



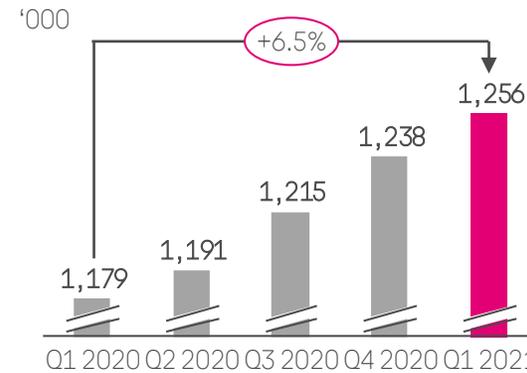
Fixed voice customers



Fixed broadband customers¹



Pay TV customers



Fixed voice usage

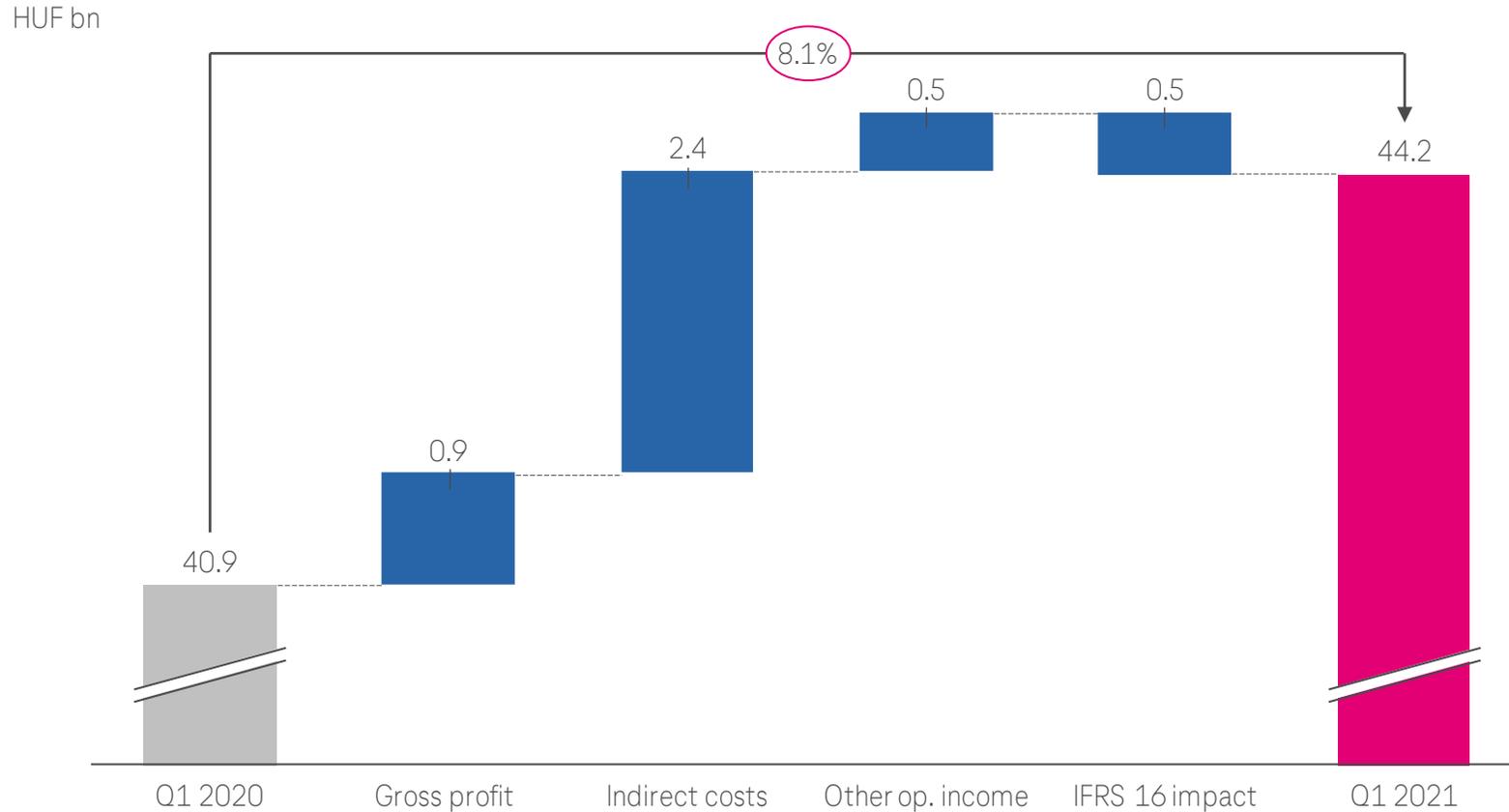


(1) Q1 2020 values changed due to re-presentation

Q1 2021 EBITDA AL INCREASE DRIVEN BY LOWER INDIRECT COSTS AND GROSS MARGIN EXPANSION

EBITDA AL, Q1 2021 vs Q1 2020

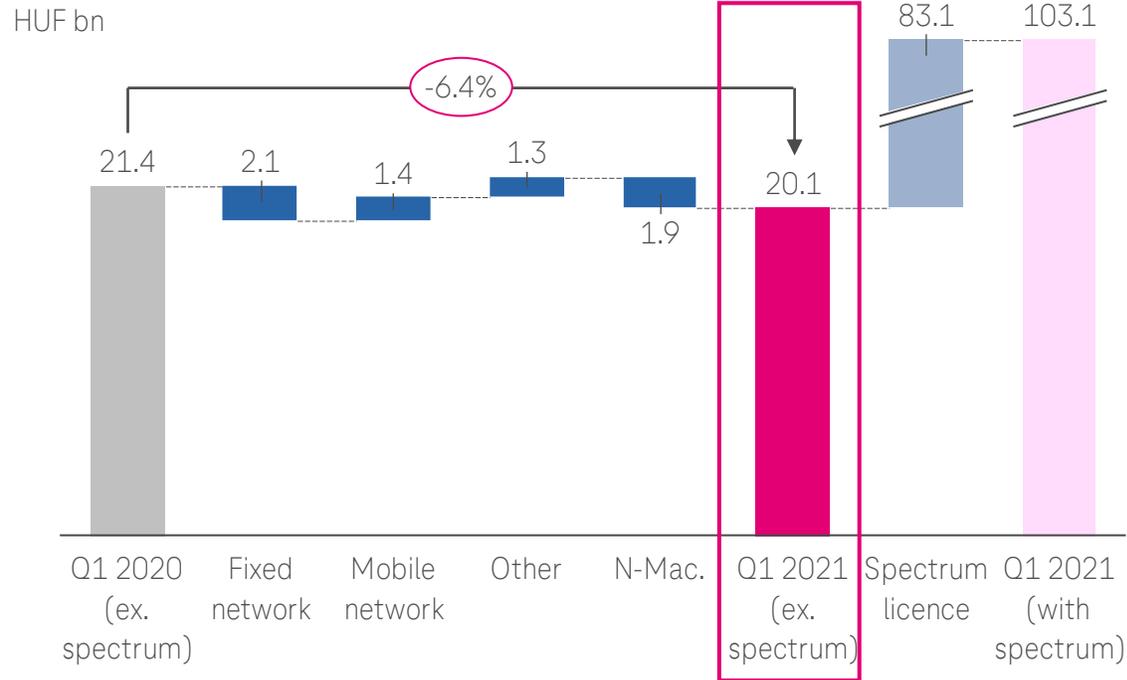
Comments



- Improvement in indirect costs mainly attributable to a sizeable severance payment in the base period
- Increase in gross profit largely due to marked improvement in B2C
- Higher operating income supported by small real estate deals

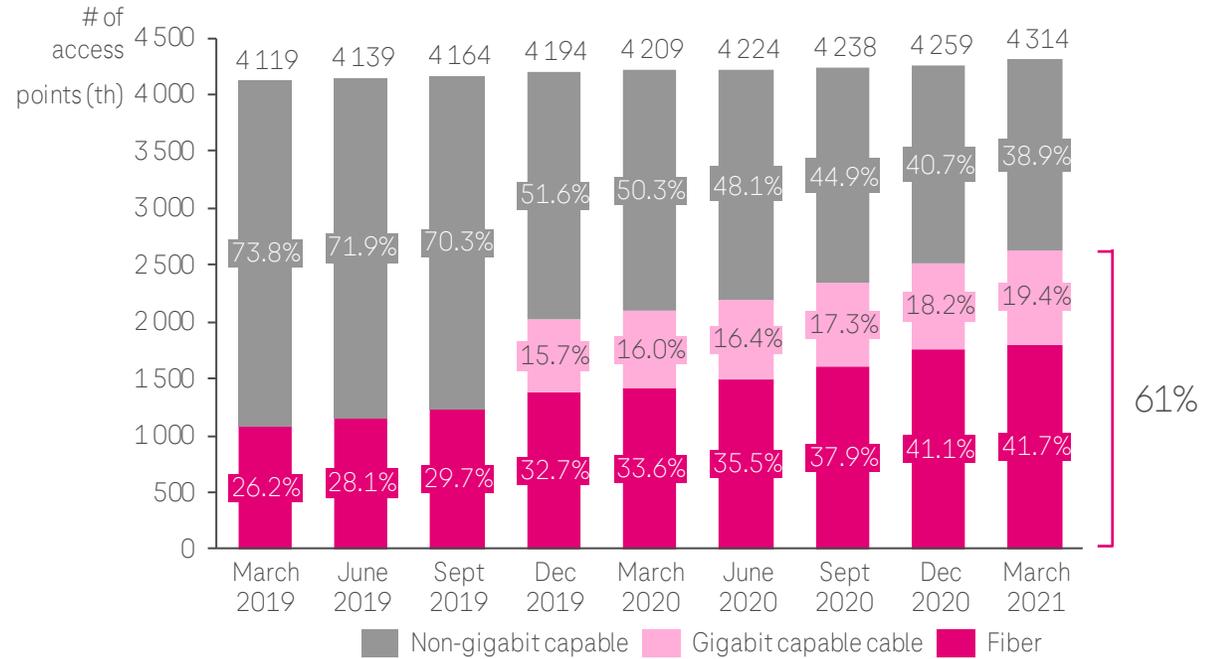
CAPEX INCREASE DRIVEN BY NON-CASH SPECTRUM FEES IN Q1 2021

CAPEX AL, Q1 2021 vs Q1 2020



- Non-cash discounted spectrum license fees related to 900/ 1800 MHz auction to generate cash outflows from Q1 2022

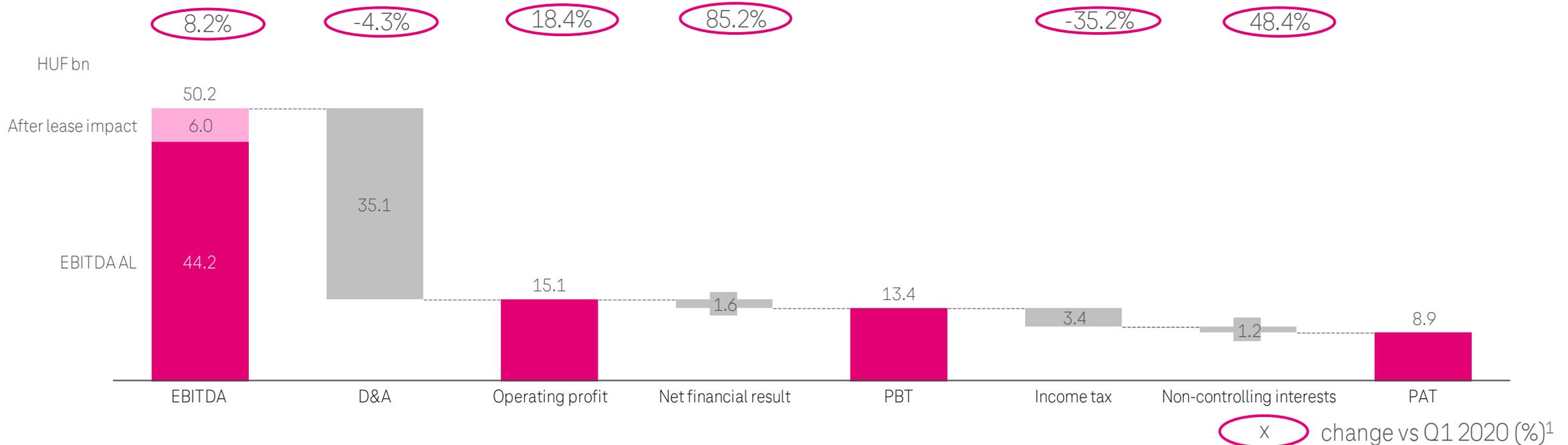
Gigabit capable fixed network development



- Gigabit access coverage reached over 2.63m access points as of March 2021

NET PROFIT IMPROVEMENT OF HUF 10.5BN DRIVEN BY LOWER NET FINANCING COSTS AND IMPROVING EBITDA

EBIT(DA), earnings, Q1 2021



- D&A up by 4.3% vs Q1 2020 mainly driven by capitalized spectrum in Q2 2020
- Net financial losses amounted to HUF 1.6bn in Q1 2021 representing a HUF 9.3bn improvement versus the base period with no material FX effect in Q1 2021 (unlike in the base) and significant positive unrealized gains on derivative revaluation

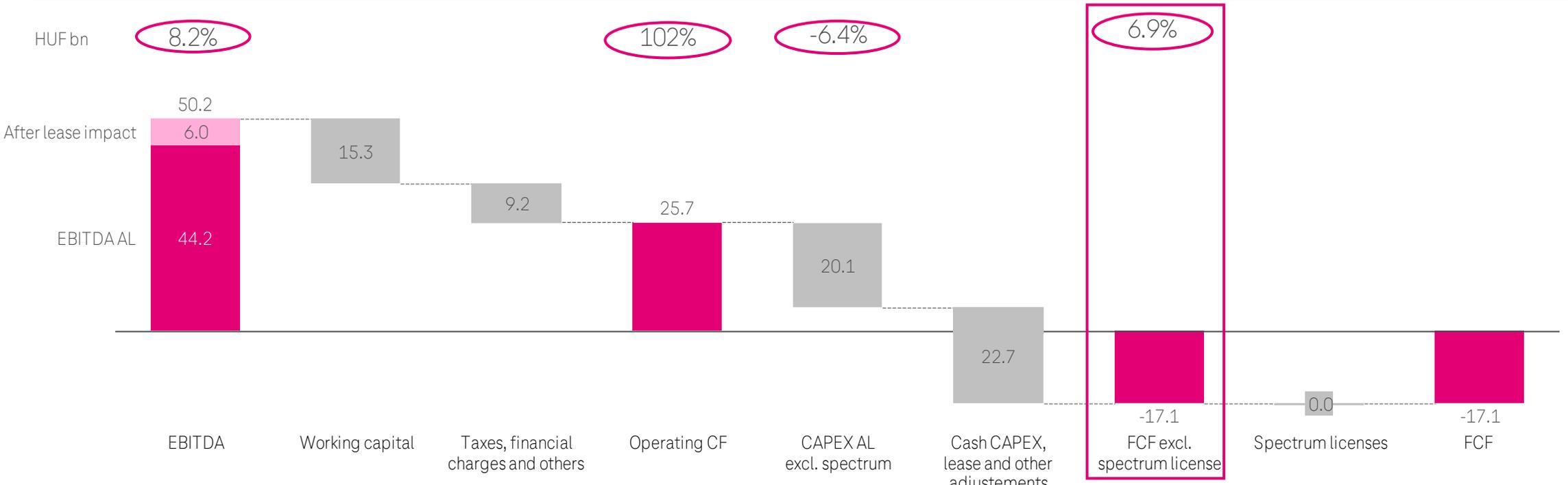


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(1) Positive change represents a decrease in case of D&A, financial results and income tax

NEGATIVE FCF GENERATION DRIVEN BY SEASONAL FACTORS

EBITDA and cash-flow, Q1 2021



- Working capital items: higher handset sales and realized CAPEX in Q4 2020 resulted in cash outflows in Q1 2021
- Spectrum licenses: no cash impact of 900/ 1800 MHz tender yet, cash outflow is expected in Q1 2022 (following the expiry of currently held bands)

x Change vs Q1 2020 (%)

FCF figure incl. in the guidance

Q&A

For further questions please contact the IR department:

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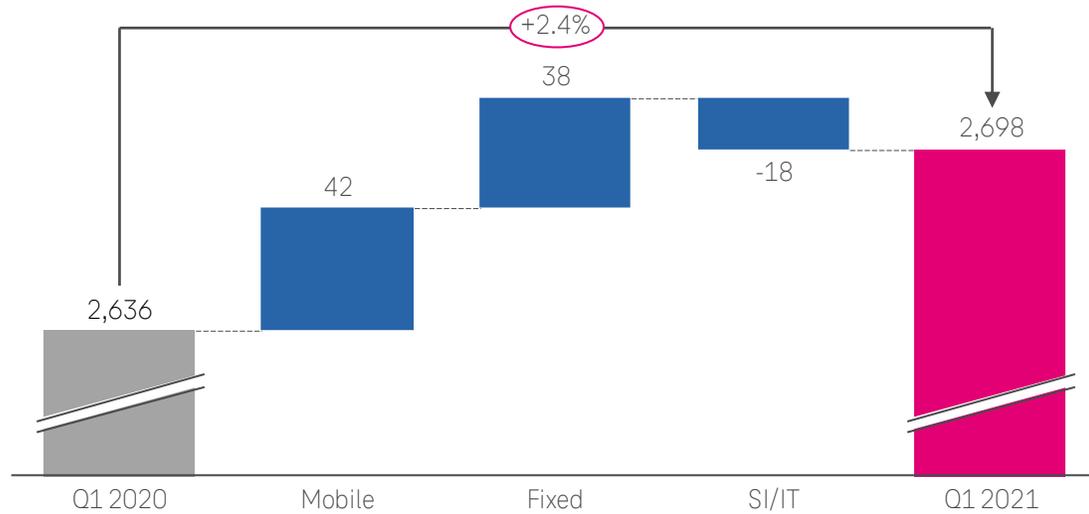
e-mail: walfisch.rita@telekom.hu



NORTH MACEDONIA: Q1 2021 HIGHLIGHTS

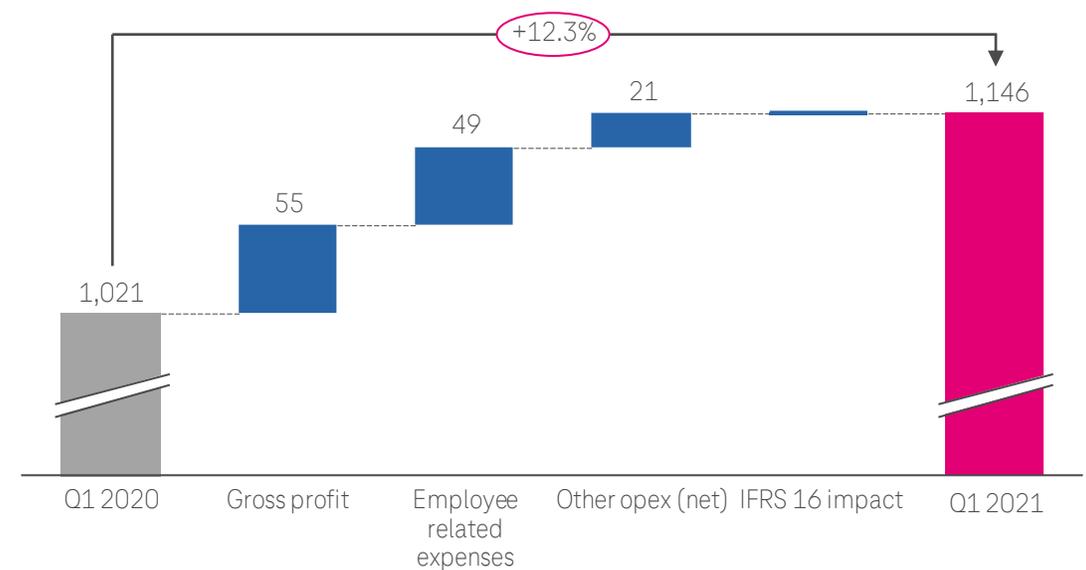
Revenues

(MKD mn)



EBITDAAL

(MKD mn)



- Revenue increase driven by expanding fixed line customer base, higher mobile handset sales and growth in wholesale revenues
- Ratio of multi-play households increased further
- Mobile postpaid customer numbers continued to grow despite COVID-19 driven declines in the prepaid base
- EBITDA positively impacted by revenue growth and improvement in indirect costs; with the latter reflecting the absence of one-off severance expenses booked in Q1 2020



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