

MAGYAR TELEKOM GROUP Q2 2023 RESULTS PRESENTATION

August 9, 2023



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, 2022 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.



FOCUS ON STRATEGIC PRIORITIES AMID EXTERNAL CHALLENGES

#1 CHOICE OF CUSTOMERS

Continued commitment to network developments

Continued customer base expansion

5G **60%**

Population based coverage

11.5GB

average monthly mobile data usage in Q2 2023 (up 26% YoY)

DIGITALLY NATIVE BUSINESS

Enhanced digital customer servicing processes to improve customer experience

Sustained demand for high quality and high capacity networks

UNDISRUPTABLE TELEKOM

Inflation-based fee adjustment implemented in March 2023 to offset cost side pressures

Broad based efficiency measures



3.5 million

gigabit capable access points



1.3 million

customers already connected to gigabit fixed network (up 18% Y-o-Y)

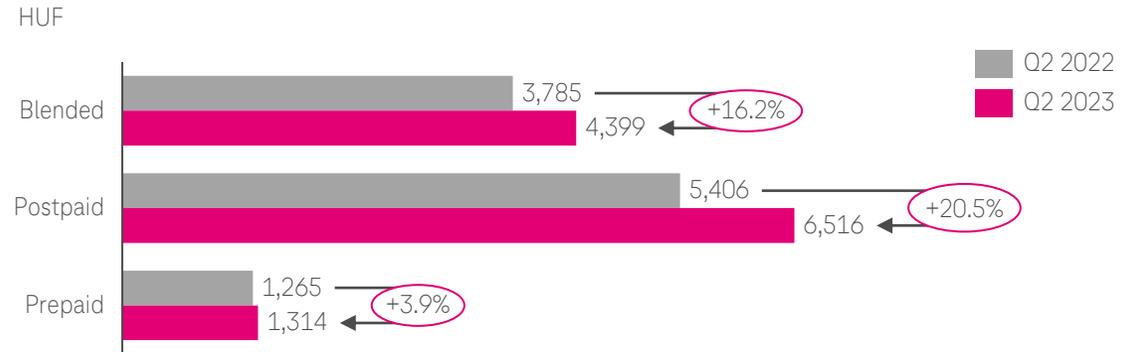


CONTINUED DEMAND FOR MOBILE DATA IN HUNGARY

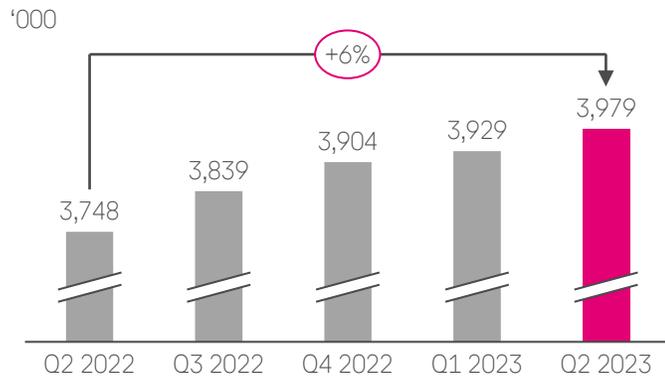
Mobile SIMs



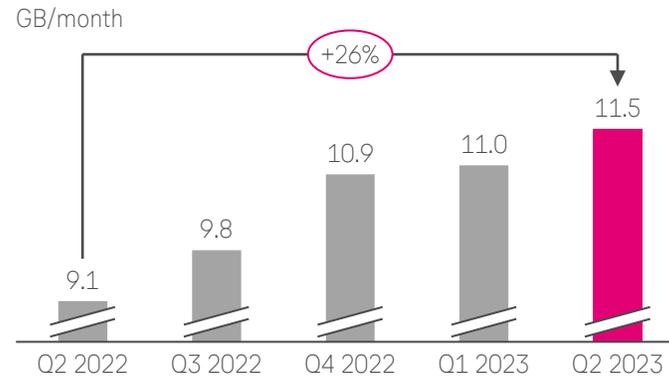
Mobile ARPU



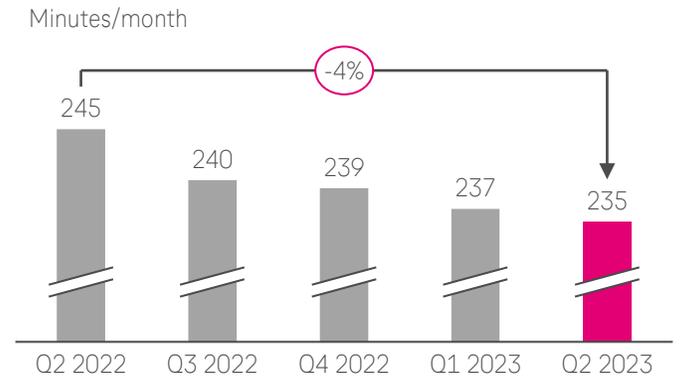
Mobile data SIMs



Mobile broadband usage



Mobile voice usage

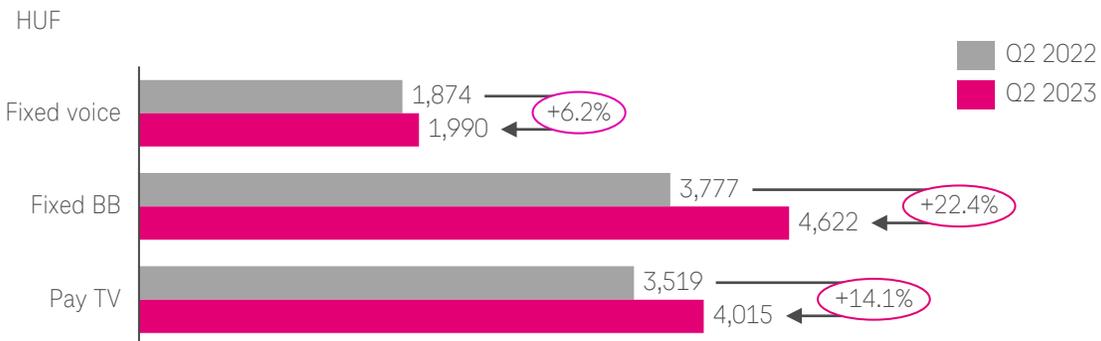


GROWTH IN BROADBAND - THE PRIMARY DRIVER OF FIXED LINE PERFORMANCE

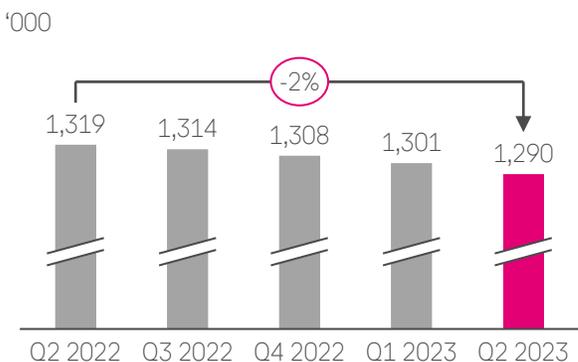
Fixed line multiplay residential subscribers



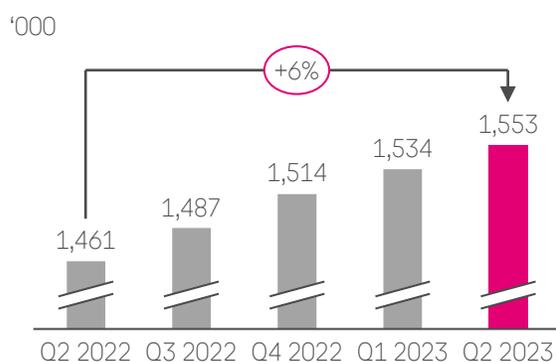
Fixed Voice, BB and TV ARPU



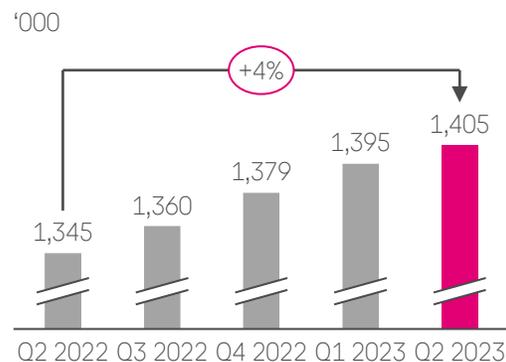
Fixed voice customers



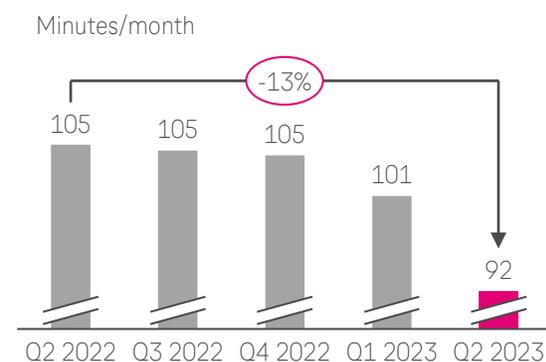
Fixed broadband customers



Pay TV customers

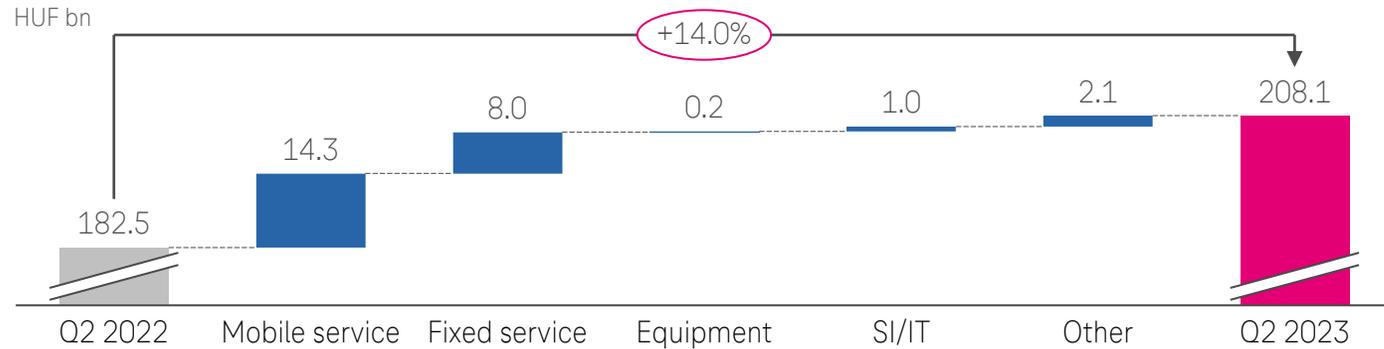


Fixed voice usage

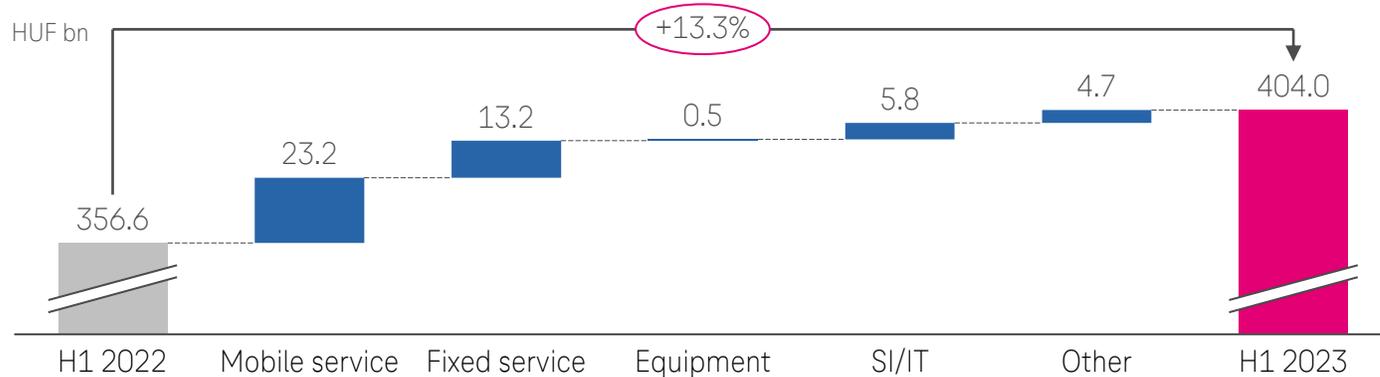


REVENUE GROWTH REFLECTS SUSTAINED COMMERCIAL MOMENTUM AND IMPLEMENTATION OF FEE ADJUSTMENT

Revenue, Q2 2023 vs Q2 2022



Revenue, H1 2023 vs H1 2022

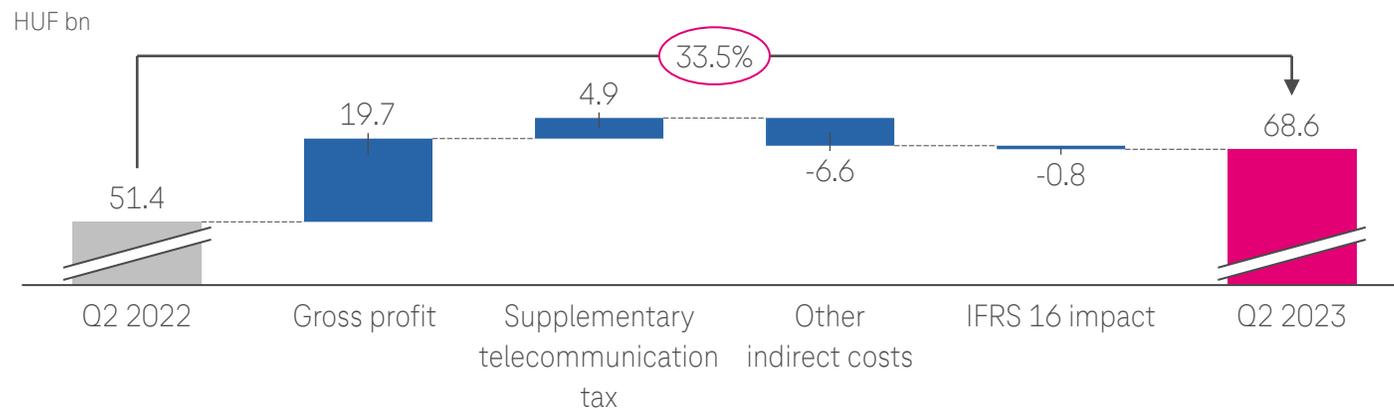


- Demand for mobile data continued to increase
- Broadband and TV customer base expanded further
- Subscription revenue positively impacted by the 14.5% inflation-based fee adjustment
- Equipment sales driven by the combination of higher average handset prices offset by lower sales volumes and higher present value discounts
- SI/IT revenue growth reflects more favorable in-year project distribution and positive contribution from high value projects in Hungary

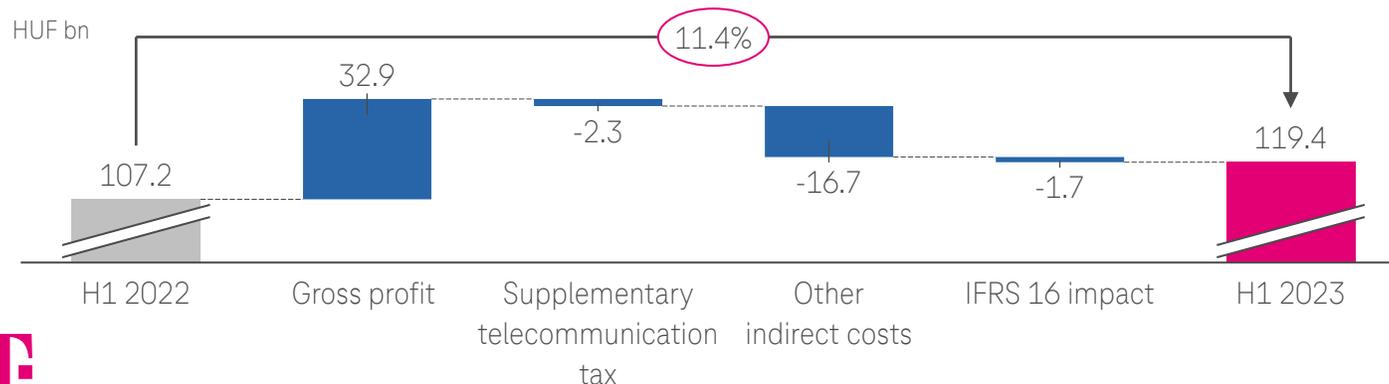


EBITDA AL IMPROVEMENT DESPITE STRONG COST PRESSURE

EBITDA AL, Q2 2023 vs Q2 2022



EBITDA AL, H1 2022 vs H1 2021

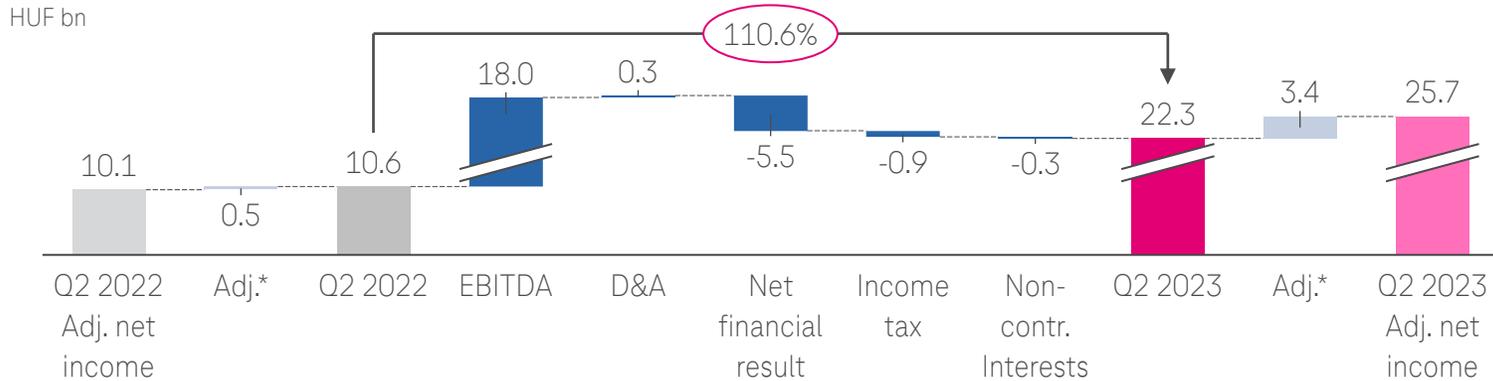


- Strong increase in gross profit attributable to positive underlying telecommunication service developments
- Supplementary telecommunication tax booked in Q2 2022 in relation to revenue generated during the first six months of 2022 vs regular booking schedule in 2023
- Increase in indirect costs driven by an increase in electricity costs, higher employee-related expenses and inflation-driven increases in other cost items
- Increasing IFRS 16 impact reflects growing lease liability base
- Absence of HUF 3.3 bn subsidiary sale gain, recorded H1 2022



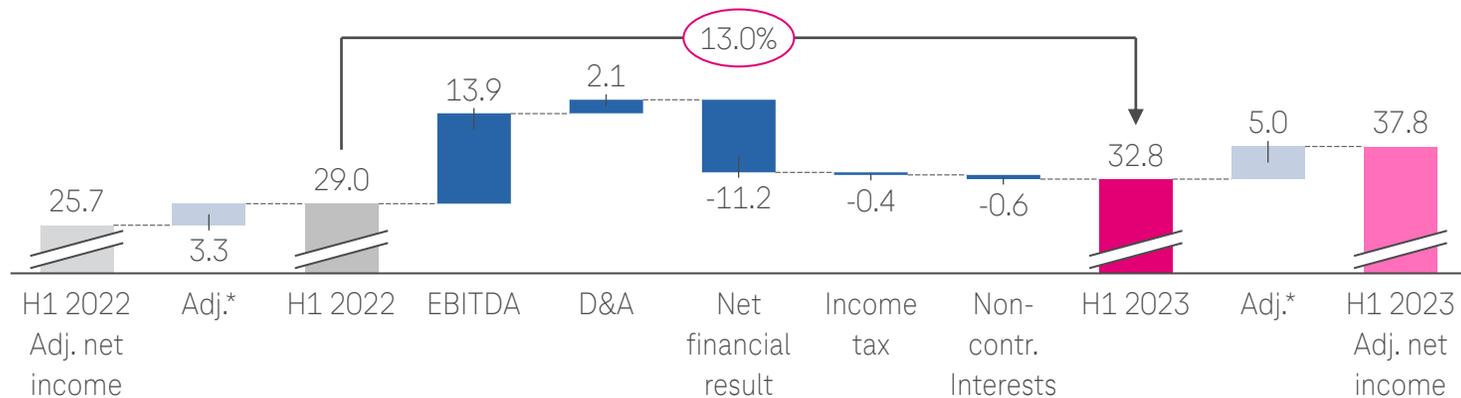
EBITDA IMPROVEMENTS PARTLY OFFSET BY WEAKER NET FINANCIAL RESULTS

Net income (and adjusted net income), Q2 2023 vs Q2 2022



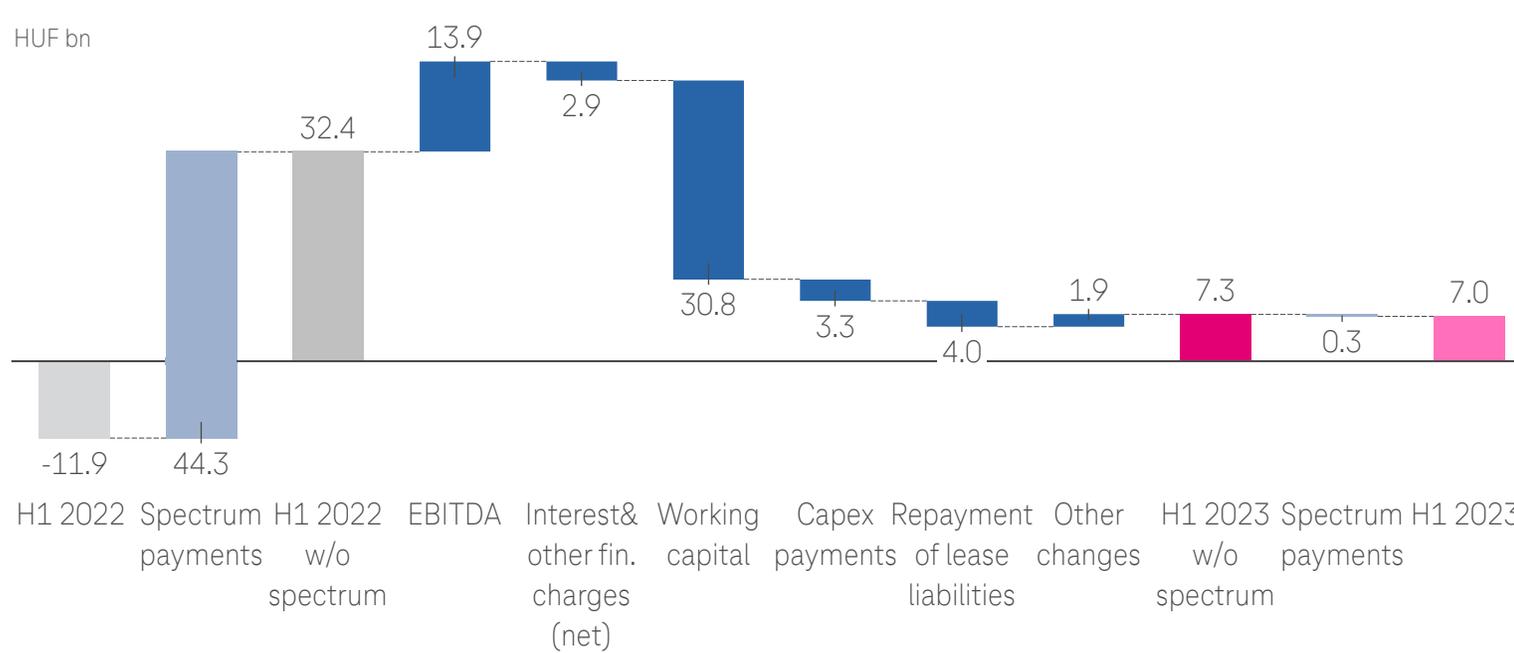
- Net financial results down due to higher interest expenses and less favorable derivative-related fair value changes
- Non-controlling interests reflects the performance of the North Macedonian subsidiary, impacted by improved profitability
- Net income adjustments in Q2 2023 mostly relate to non-realized losses on measuring derivatives at fair value and FX related changes

Net income (and adjusted net income), H1 2023 vs H1 2022



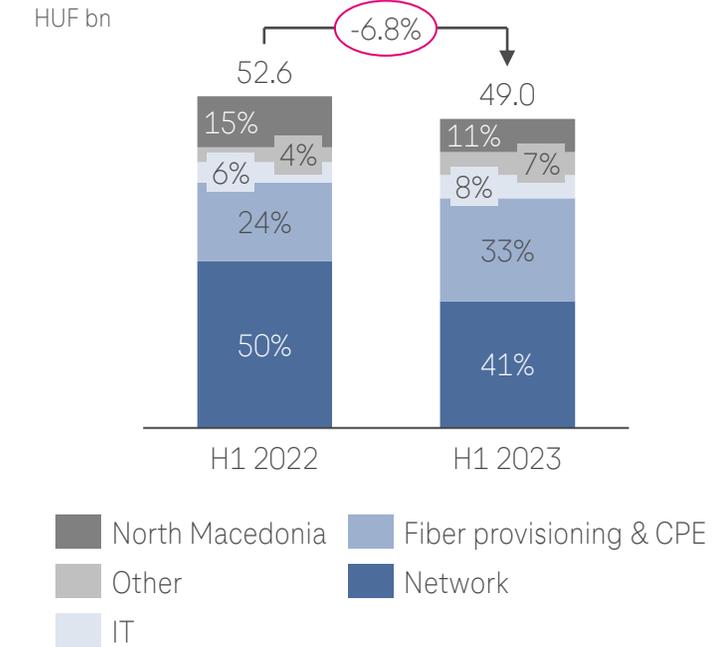
FREE CASHFLOW REFLECTS CHANGES IN EXTERNAL ENVIRONMENT

Free cashflow, H1 2023 vs H1 2022



- EBITDA improvement driven by strong operational performance
- Higher interest on loans and lease interest component
- Deterioration in working capital primarily owing to supplementary tax advance payment
- Higher lease liability outpayments reflecting higher liability base

CAPEX, H1 2023 vs H1 2022



- Increases related to fiber provisioning and CPE driven by continuous uptake of gigabit service in Hungary
- Lower network investment needs in both countries



2023 PUBLIC TARGETS

	2022 results	2023 guidance	H1 2023 results (change y-o-y)	Key drivers
REVENUE	HUF 746.7 bn	5%-10% growth	HUF 404.0 bn (+13.3%)	<ul style="list-style-type: none"> ▪ Inflation-based fee adjustment introduced in March 2023 ▪ Continued strong operational performance
EBITDA AL	HUF 221.5 bn	5%-10% growth	HUF 119.4 bn (+11.4%)	<ul style="list-style-type: none"> ▪ Positive contribution from fee adjustment ▪ Inflationary cost pressure remains
ADJUSTED NET INCOME	HUF 63.0 bn	double-digit growth ²	HUF 37.8 bn (+46.9%)	<ul style="list-style-type: none"> ▪ Increases in EBITDA to positively impact performance ▪ Interest rate pressure to ease
FCF ¹	HUF 50.9 bn	ca HUF 60bn	HUF 7.3bn	<ul style="list-style-type: none"> ▪ Growth in EBITDA forecasted to outweigh elevated interest and lease outpayments

¹ EXCLUDING SPECTRUM LICENSES

² MODIFIED FROM "MODERATE GROWTH"

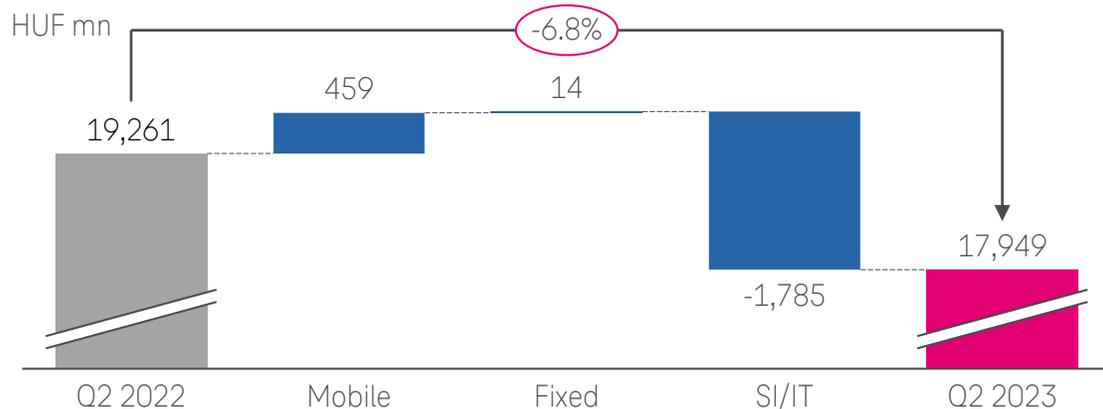


A close-up photograph of a vibrant red rose. The petals are layered and show signs of being wet, with numerous small, glistening water droplets scattered across their surfaces. The lighting is soft, highlighting the texture of the petals and the clarity of the water. The overall color palette is dominated by various shades of red, from deep crimson to lighter, almost pinkish tones where the petals are more delicate.

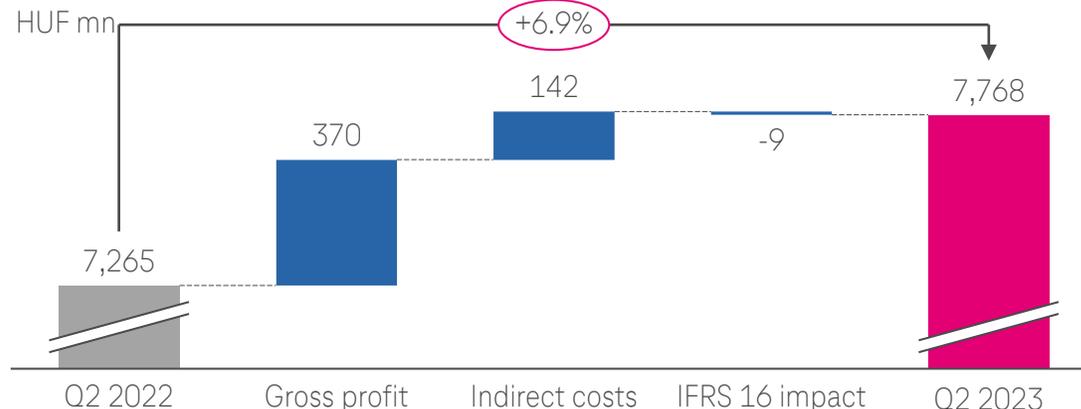
Appendix

NORTH MACEDONIA: Q2 AND H1 2023 RESULTS

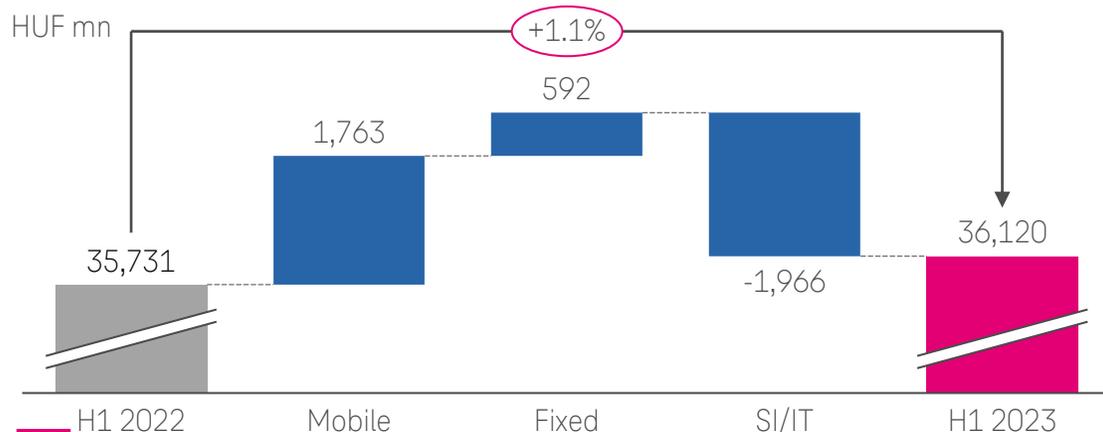
Revenues, Q2 2023 vs Q2 2022



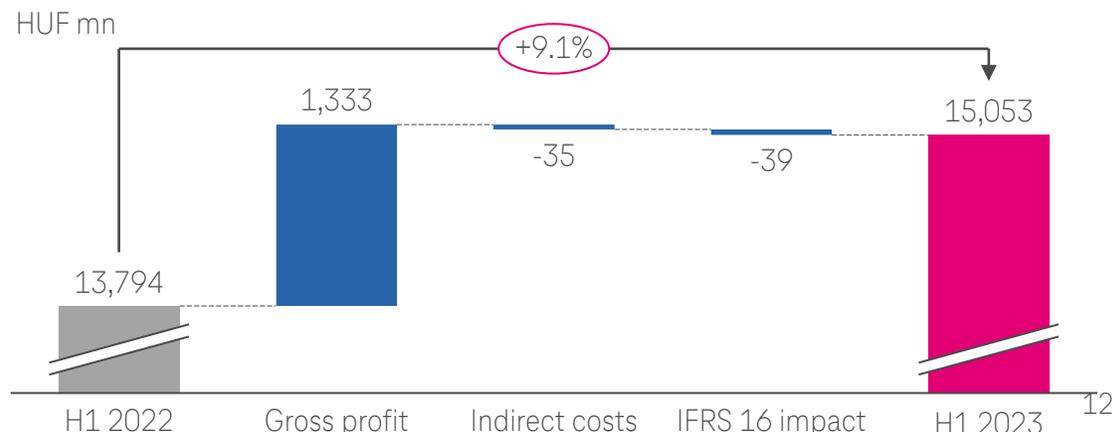
EBITDA AL, Q2 2023 vs Q2 2022



Revenues, H1 2023 vs H1 2022



EBITDA AL, H1 2023 vs H1 2022



For further questions please contact the IR department:

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