



UPDATE ON INTERNATIONAL OPERATIONS FINANCIAL PERFORMANCE AND OUTLOOK

JÁNOS SZABÓ

Chief Financial Officer



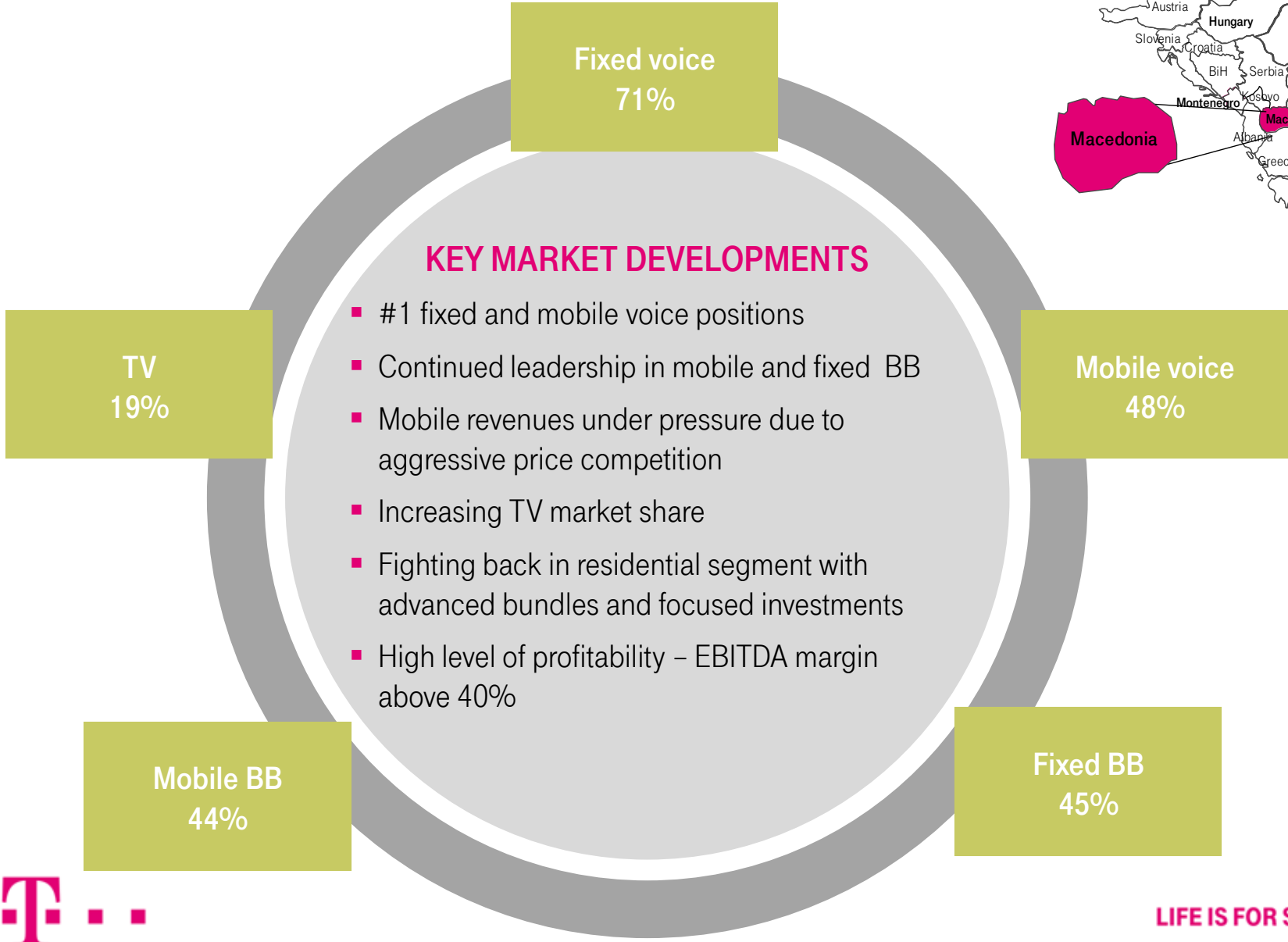
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UPDATE ON INTERNATIONAL OPERATIONS



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MACEDONIA – CURRENT SNAPSHOT



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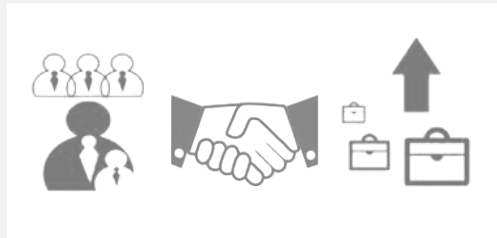
MACEDONIA – OPPORTUNITIES IN THE CURRENT CHALLENGING ENVIRONMENT

ALL IP TRANSFORMATION



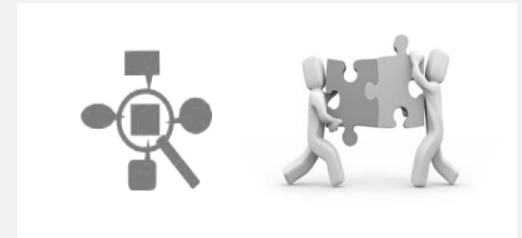
- PSTN to IMS migration
- Following the 800 MHz and 1800 MHz spectrum acquisition, LTE launch before YE 2013

EXTENSION OPPORTUNITIES



- Customer centric products
- Growth potential in near-core (ICT) and non-core (M-wallet) services

INCREASE INTERNAL EFFICIENCY



- Legal merger to be completed
- New and leaner organization

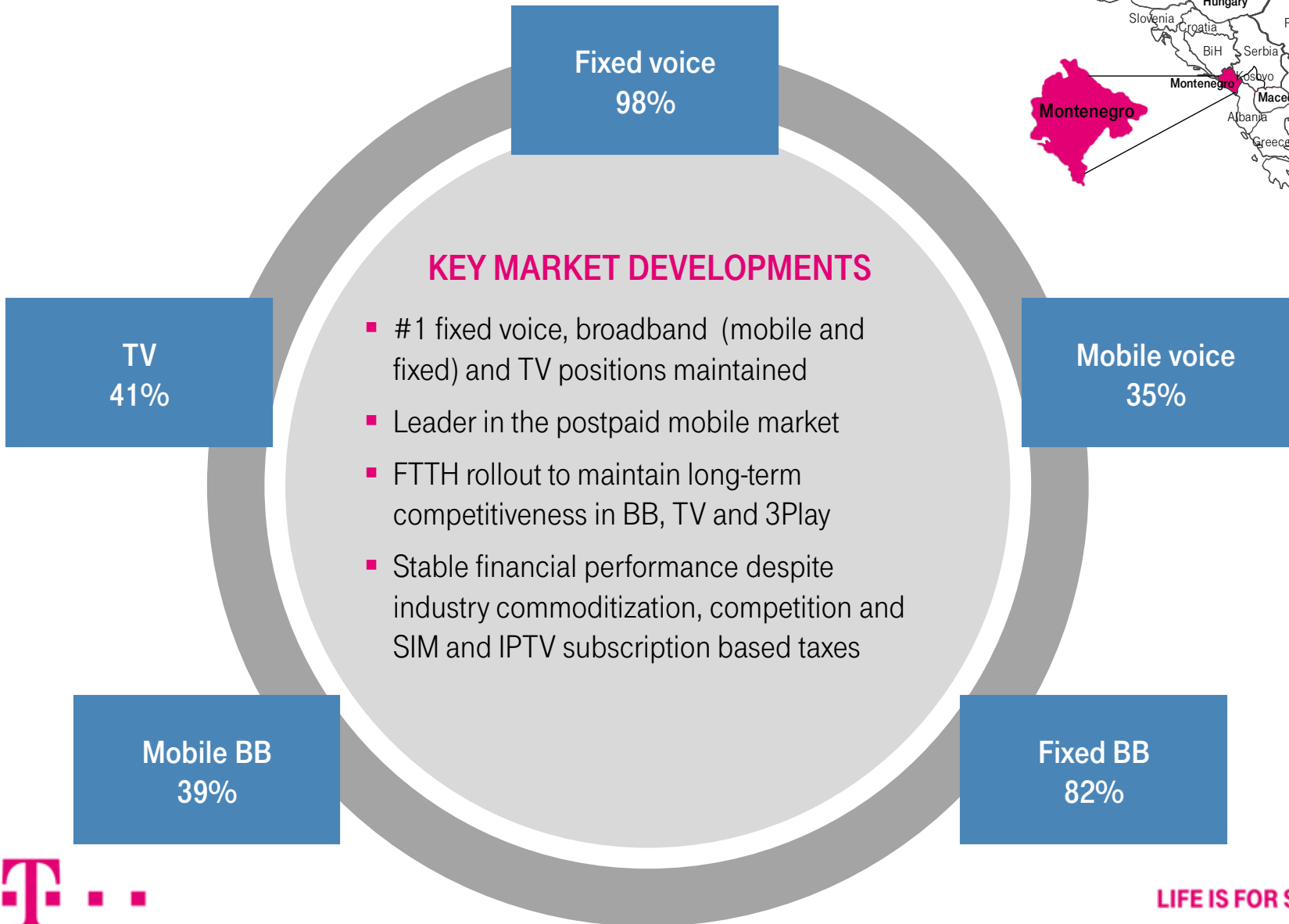
KEEP MOBILE VOICE MARKET SHARE ABOVE 48%

SUCCESSFUL MERGER



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MONTENEGRO – CURRENT SNAPSHOT



KEY MARKET DEVELOPMENTS

- #1 fixed voice, broadband (mobile and fixed) and TV positions maintained
- Leader in the postpaid mobile market
- FTTH rollout to maintain long-term competitiveness in BB, TV and 3Play
- Stable financial performance despite industry commoditization, competition and SIM and IPTV subscription based taxes

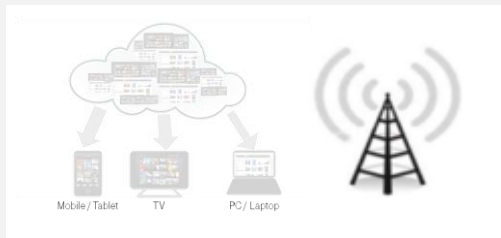


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All market share figures as of June 30, 2013

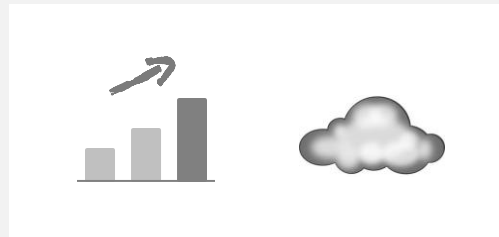
MONTENEGRO – ADDRESSING THE CHALLENGES

INITIATIVES TO DEFEND THE CORE



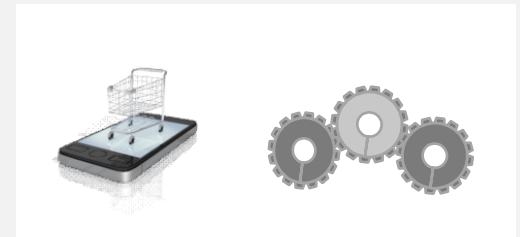
- FTTH rollout
- Mobile BB (HSPA/LTE) focus
- Evolving 4Play
- Multiscreen propositions

GROWTH OPPORTUNITIES IN NEAR AND BEYOND CORE



- ICT and cloud solutions
- Digital push
- M-payment opportunities
- Smart Telco (M2M)

INCREASE SALES AND OPERATIONAL EFFICIENCY



- Increasing the role of e-care and e-sale
- All IP migration
- E2E processes review
- Cost optimization

2017 TARGET: KEEP REVENUES ABOVE EUR 100MN

2017 TARGET: KEEP EBITDA ABOVE EUR 40MN



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FINANCIAL PERFORMANCE AND OUTLOOK

DIVIDEND POLICY MAINTAINED

DIVIDEND PAYMENT AND POLICY



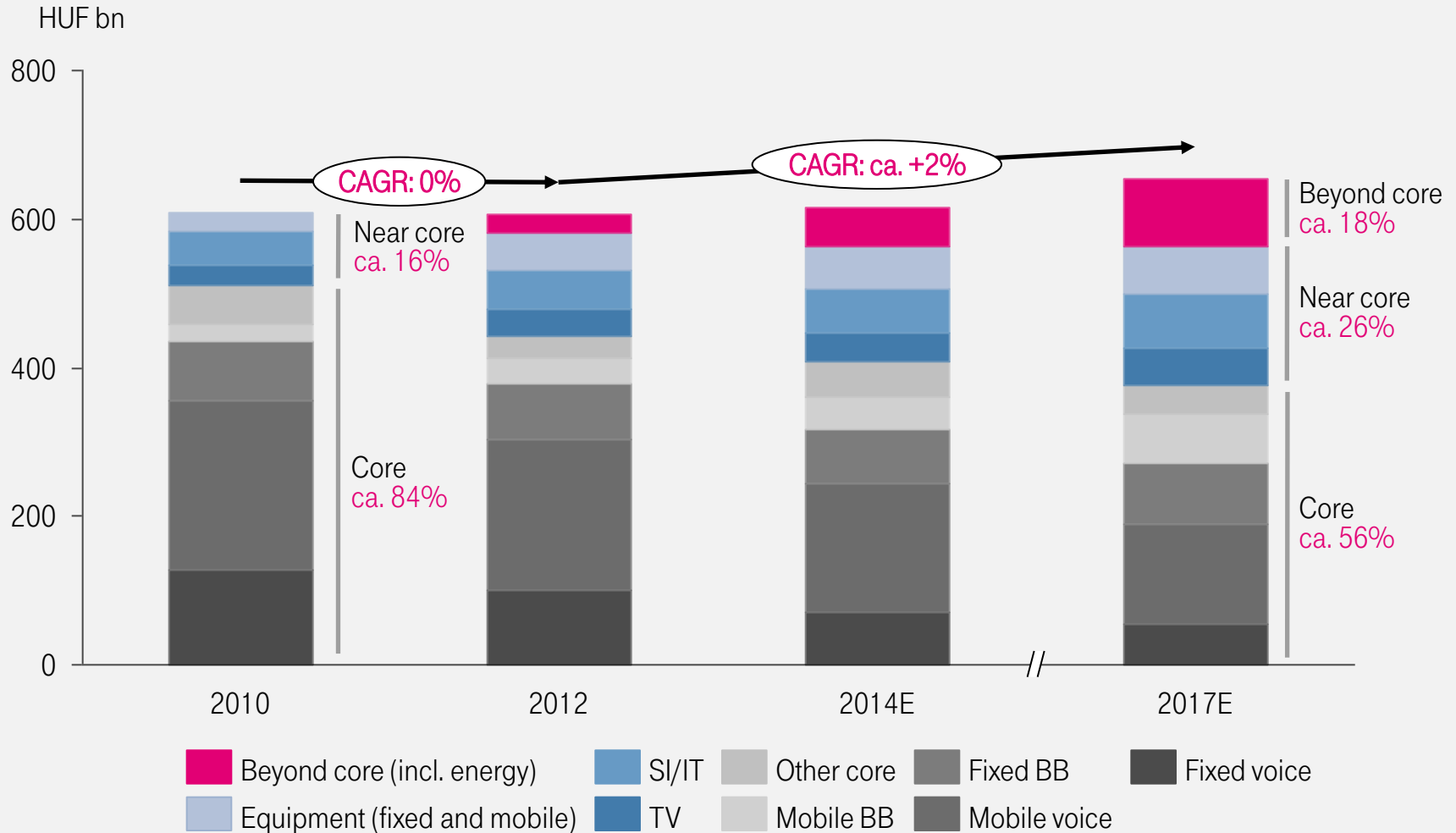
DIVIDEND POLICY MAINTAINED

- Maintain net debt ratio (net debt/total capital) target of 30% - 40% reflecting the current unpredictable environment
- Dividend payment potential dependent on upcoming frequency auction



EVOLVING SALES MIX DRIVING REVENUE GROWTH

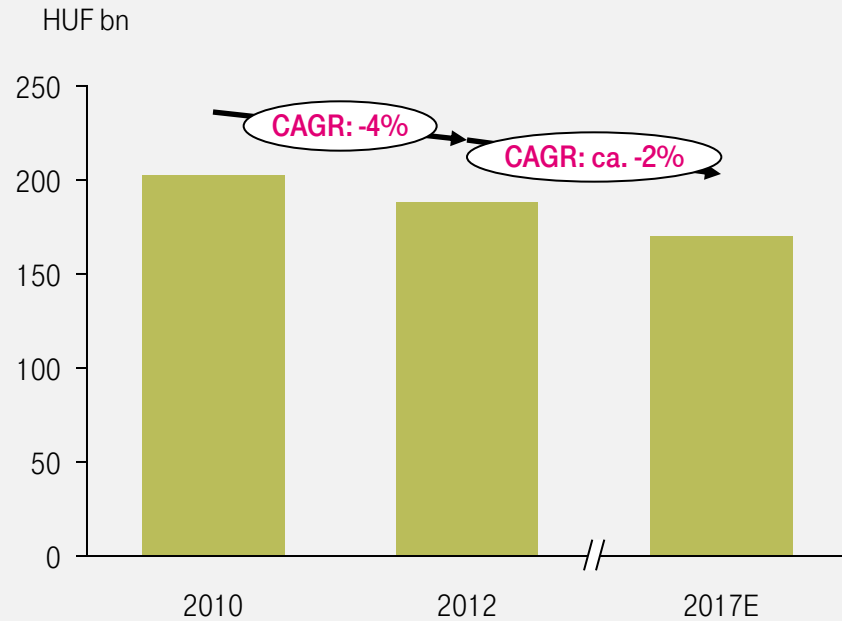
GROUP REVENUE DEVELOPMENTS



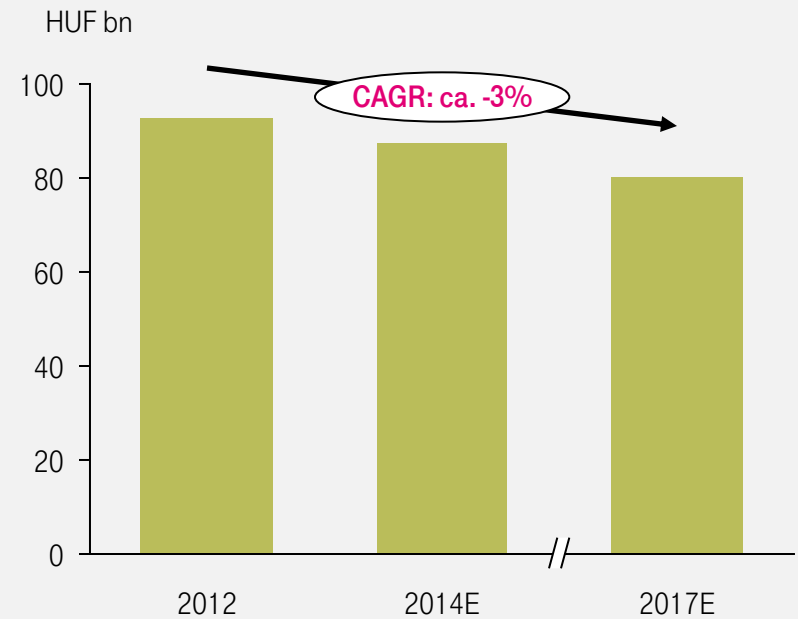
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DISCIPLINED COST MANAGEMENT, DECLINING CAPEX

INDIRECT OPEX* DEVELOPMENTS



CAPEX** DEVELOPMENTS



*Indirect OPEX excluding D&A, SEC/DOJ investigation-related costs, special, telecom and utility taxes

**Capex excluding spectrum license fees



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NEAR AND MID TERM FINANCIAL OUTLOOK

	2013 GUIDANCE	2014 TARGETS	2017 TARGETS
REVENUE	increasing	increasing at a CAGR of ca. 2% compared to 2012	
EBITDA	9-12% decline	declining at a CAGR of 6%-8% compared to 2012	surpassing 2013 level
CAPEX*	absolute CAPEX to decline by ca. 5%	around HUF 87bn	around HUF 80bn
FCF	FCF bottoming out in 2014 and surpassing 2012 level by 2017		

*excluding spectrum license fees



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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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