

MAGYAR TELEKOM GROUP Q2 2022 RESULTS PRESENTATION

August 9, 2022



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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, 2021 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.

PROGRESS AGAINST STRATEGIC PRIORITIES AMID EXTERNAL CHALLENGES

Network

- Continued fiber rollout to provide seamless connectivity to expanding customer base
- Ongoing RAN modernization and completion of 3G switch-off supporting growing demand for increased capacity



73%

gigabit capable network



44%

of the RAN modernization program completed



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Customers

- Continued strong momentum in mobile data and gigabit broadband demand
- Customers choosing to sign up for an increasing number of our services



9.1GB

average monthly mobile data usage in Q2 2022 (up 27% YoY)



45%

Of residential customers on gigabit capable network signed up for Gigabit speed broadband package

Resilience

- Price increase initiatives introduced to tackle inflationary pressure on the cost side
- Energy cost control measures launched to mitigate rise in market prices



Other operating expenses under pressure



6% saving

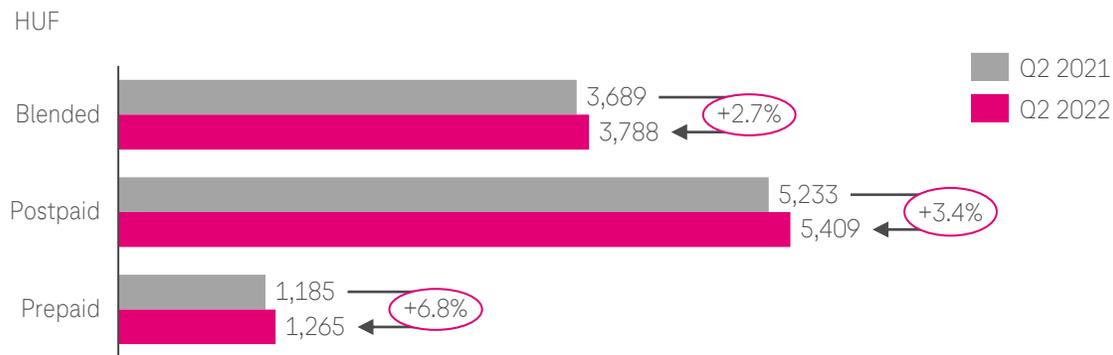
in electricity consumption YoY

ARPU GROWTH IN HUNGARY DRIVEN BY GROWING DATA USAGE

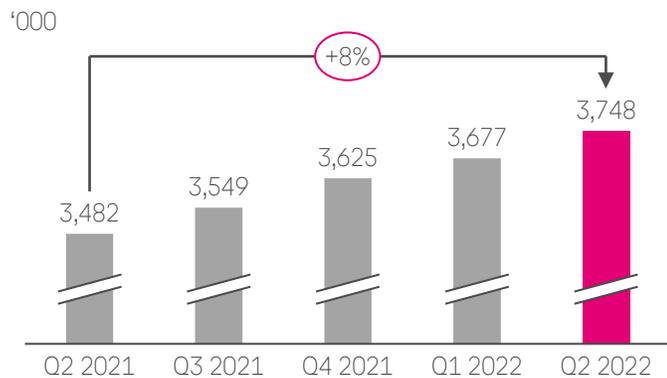
Mobile SIMs



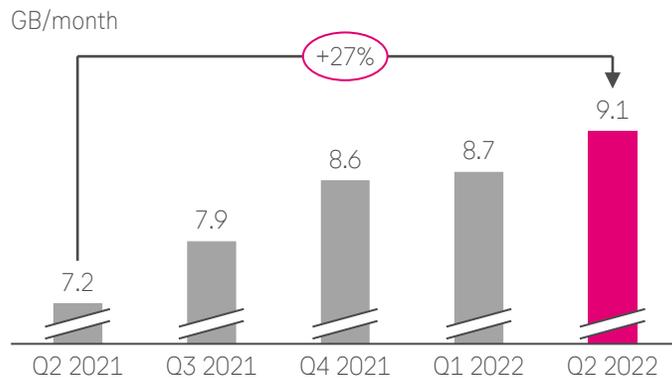
Mobile ARPU



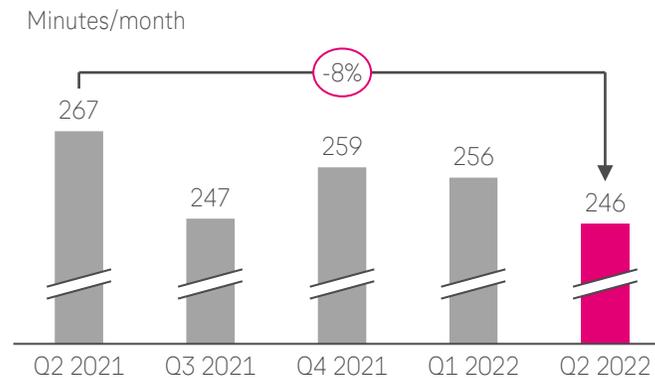
Mobile data SIMs



Mobile broadband usage



Mobile voice usage



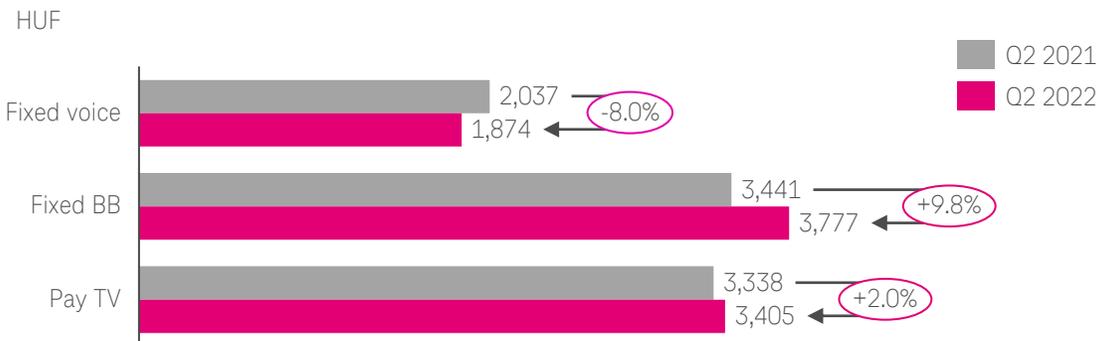
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GROWING CUSTOMER BASE COUPLED WITH BB AND TV ARPU DRIVING HUNGARIAN FIXED LINE PERFORMANCE

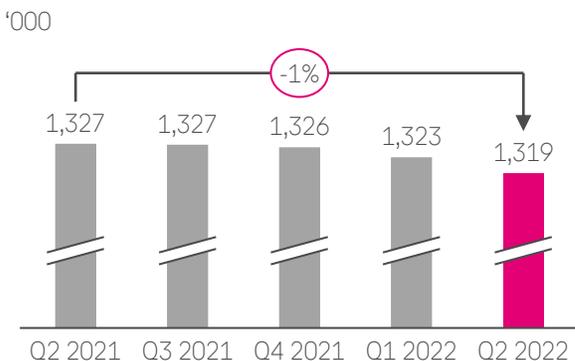
Fixed line multiplay residential subscribers



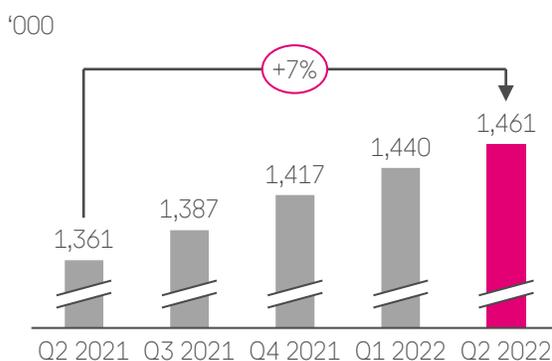
Fixed Voice, BB and TV ARPU



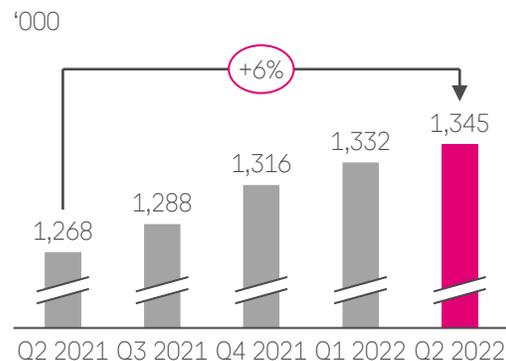
Fixed voice customers



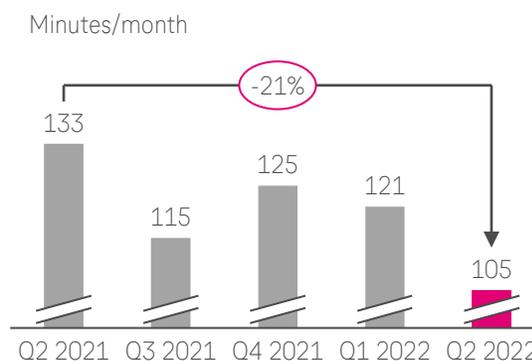
Fixed broadband customers



Pay TV customers

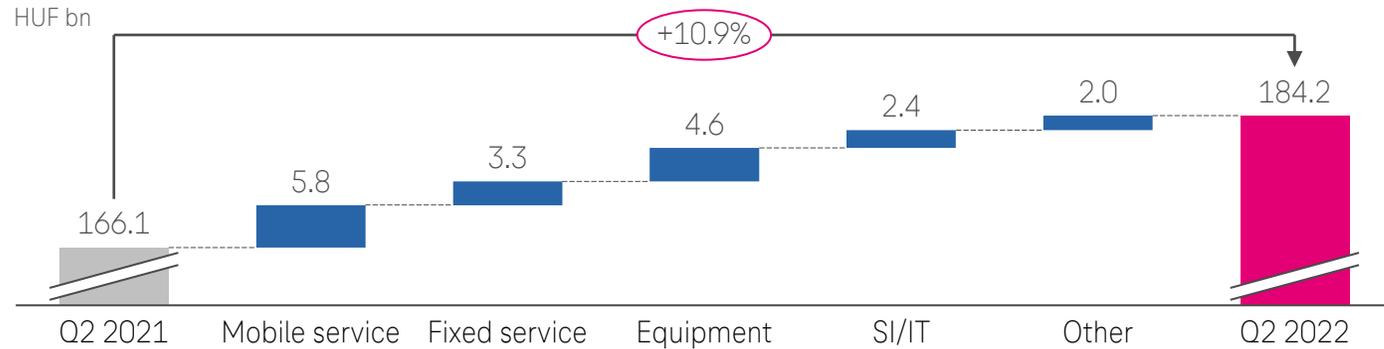


Fixed voice usage

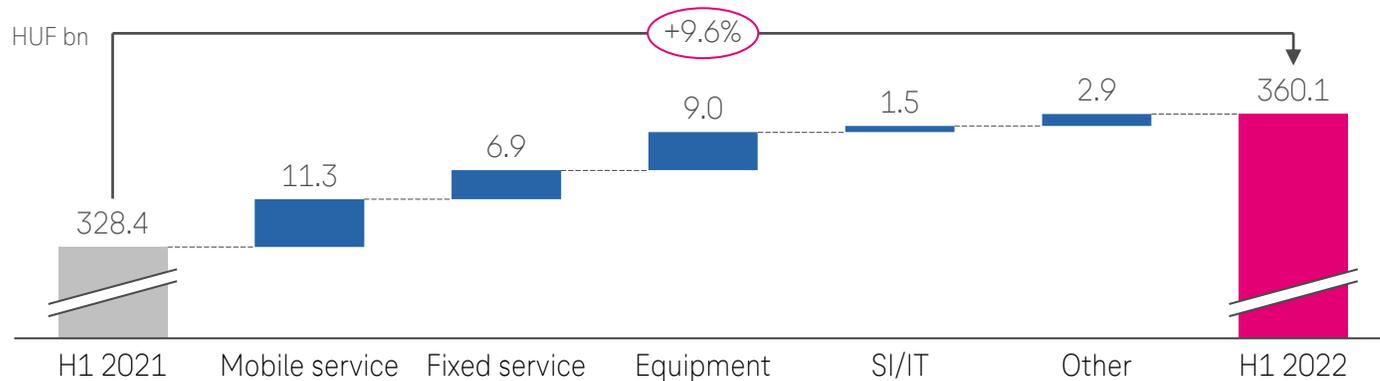


REVENUE GROWTH DRIVEN BY SUSTAINED COMMERCIAL MOMENTUM

Revenue, Q2 2022 vs Q2 2021



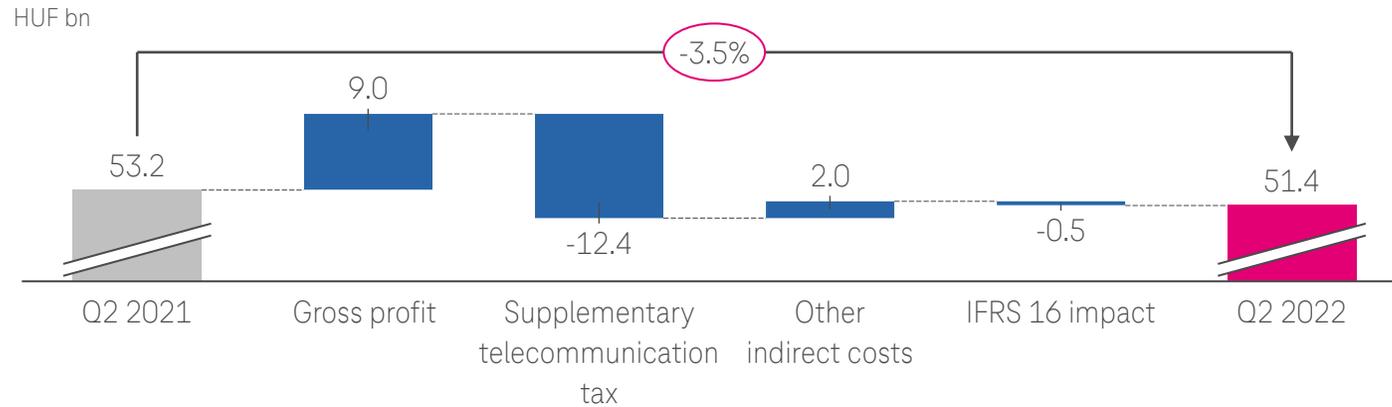
Revenue, H1 2022 vs H1 2021



- Growth in mobile service revenues driven by strong data demand which continues to offset lower voice revenue contribution
- Fixed service growth driven by broadband and TV services
- Increase in equipment sales driven by higher ratio of customers opting for devices and increased average equipment prices
- SI/IT increase primarily attributable to major one-off project in North Macedonia

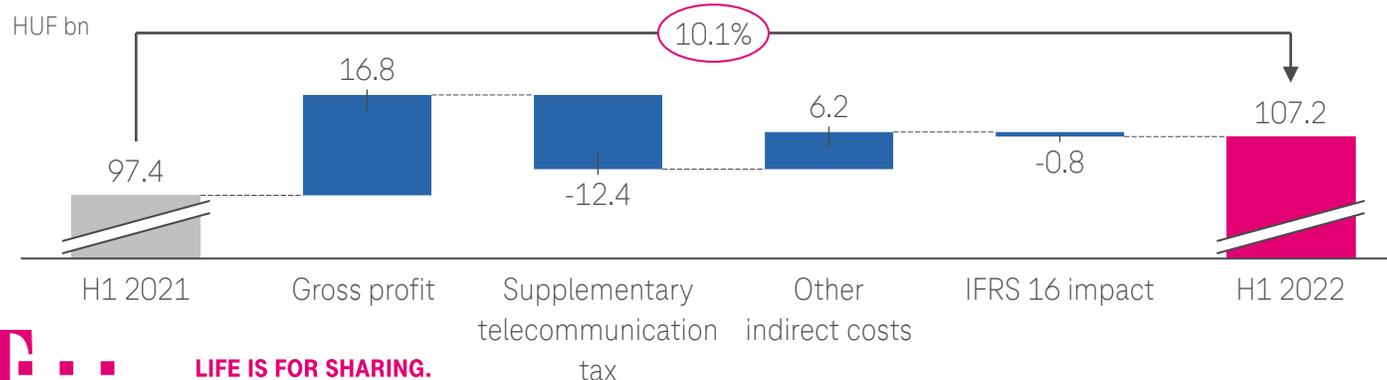
EBITDA AL PERFORMANCE STRONGLY IMPACTED BY NEW SUPPLEMENTARY TELECOMMUNICATION TAX

EBITDA AL, Q2 2022 vs Q2 2021



- Strong increase in gross profit attributable to positive underlying telecommunication service developments
- Recently imposed supplementary telecommunication tax booked in Q2 2022 in relation to revenue generated during the first six months of 2022

EBITDA AL, H1 2022 vs H1 2021



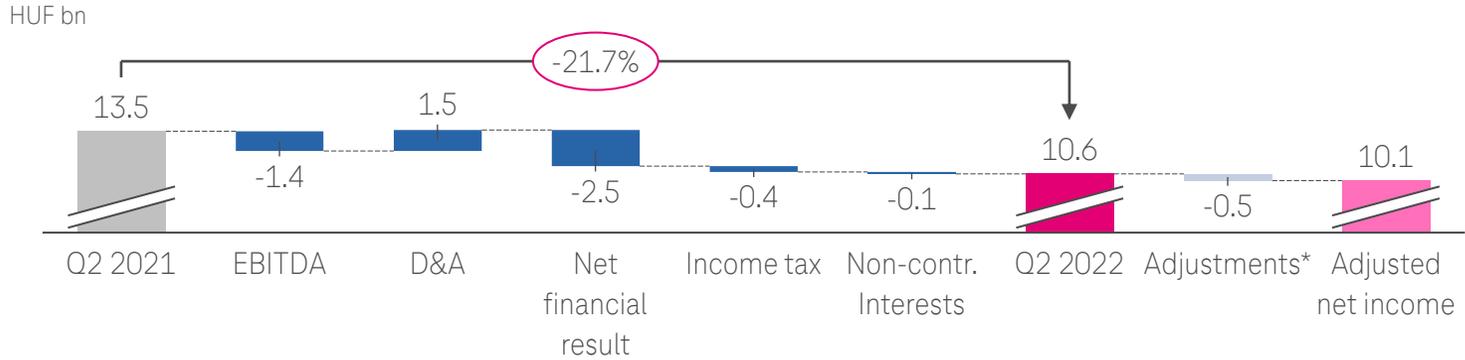
- Decrease in indirect costs primarily driven by lower employee-related expenses
- Increasing IFRS 16 impact reflects growing lease liability base
- H1 2022 indirect costs positively impacted by HUF 3.3bn subsidiary sale gain



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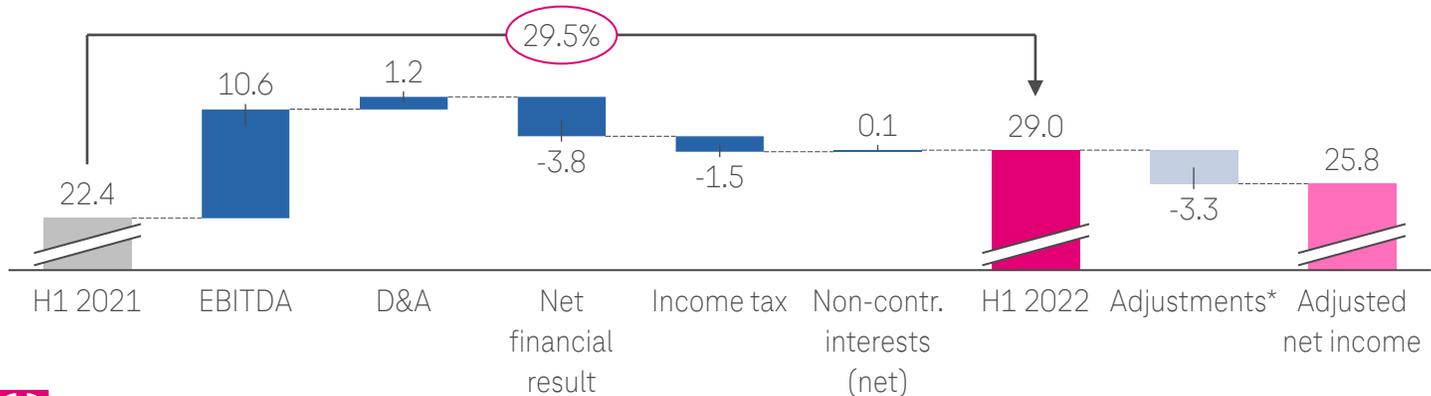
SUPPLEMENTARY TELECOMMUNICATION TAX AND WEAKENING FORINT WEIGH ON NET PROFIT

Net income (and adjusted net income), Q2 2022 vs Q2 2021



- Lower D&A reflects copper network retirement and lower spectrum related amortization in Hungary, partly offset by increases in North Macedonia (RAN modernization)
- Net financial result down due to lower derivative-related gains and higher lease liability related interest expense

Net income (and adjusted net income), H1 2022 vs H1 2021

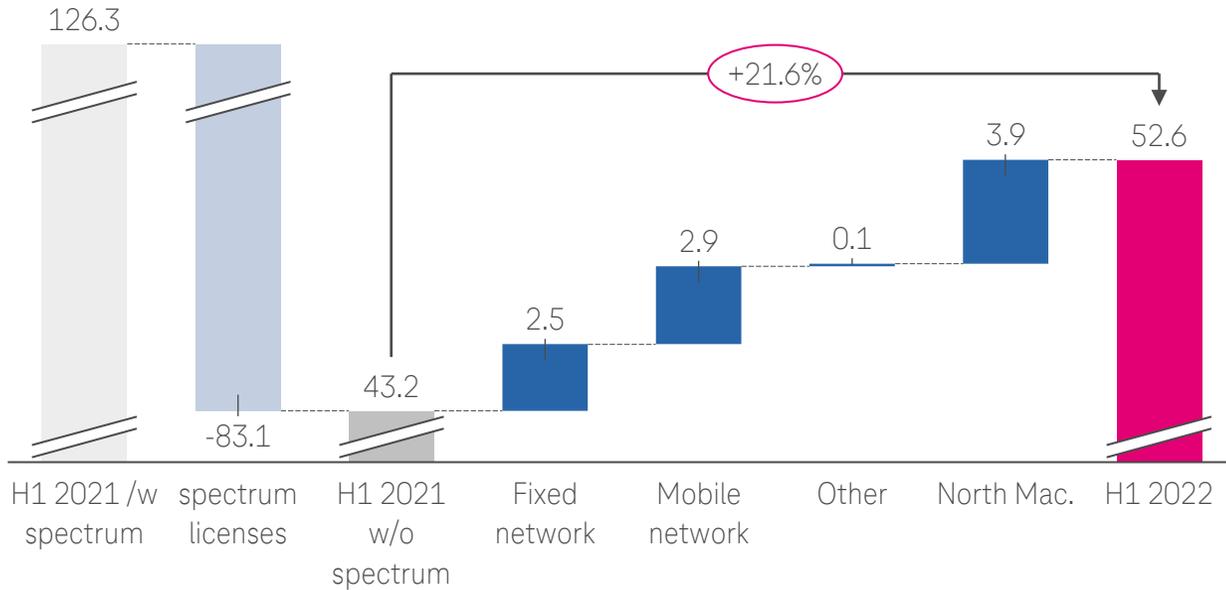


- Non-controlling interests reflects the performance of the North Macedonian subsidiary, impacted by elevated D&A
- Net income adjustments mostly relate to non-realized gains on measuring derivatives at fair value

CONTINUED FOCUS ON NETWORK DEVELOPMENT

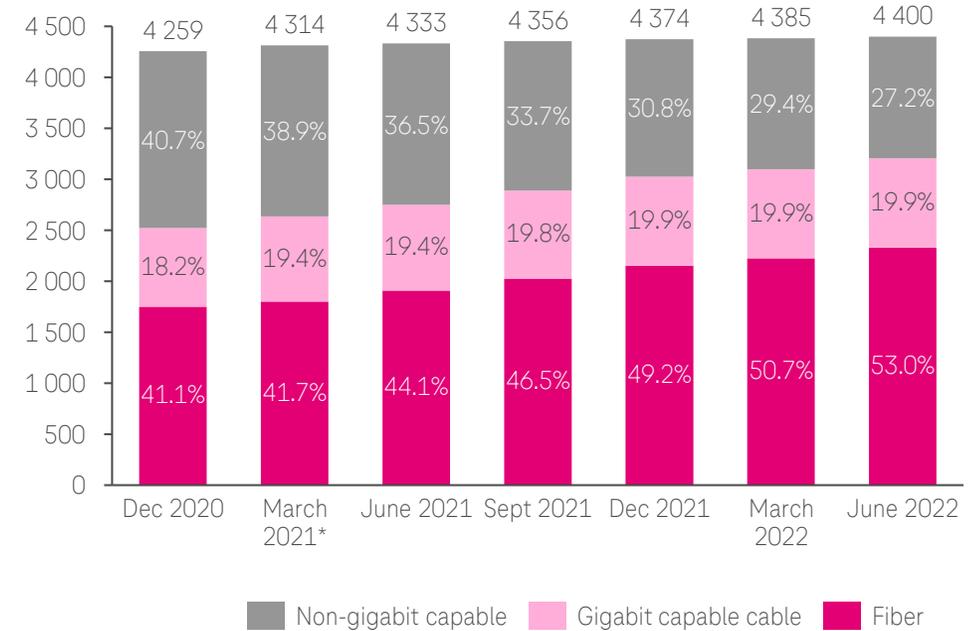
CAPEX AL, H1 2022 vs H1 2021

HUF bn



Gigabit capable fixed network development

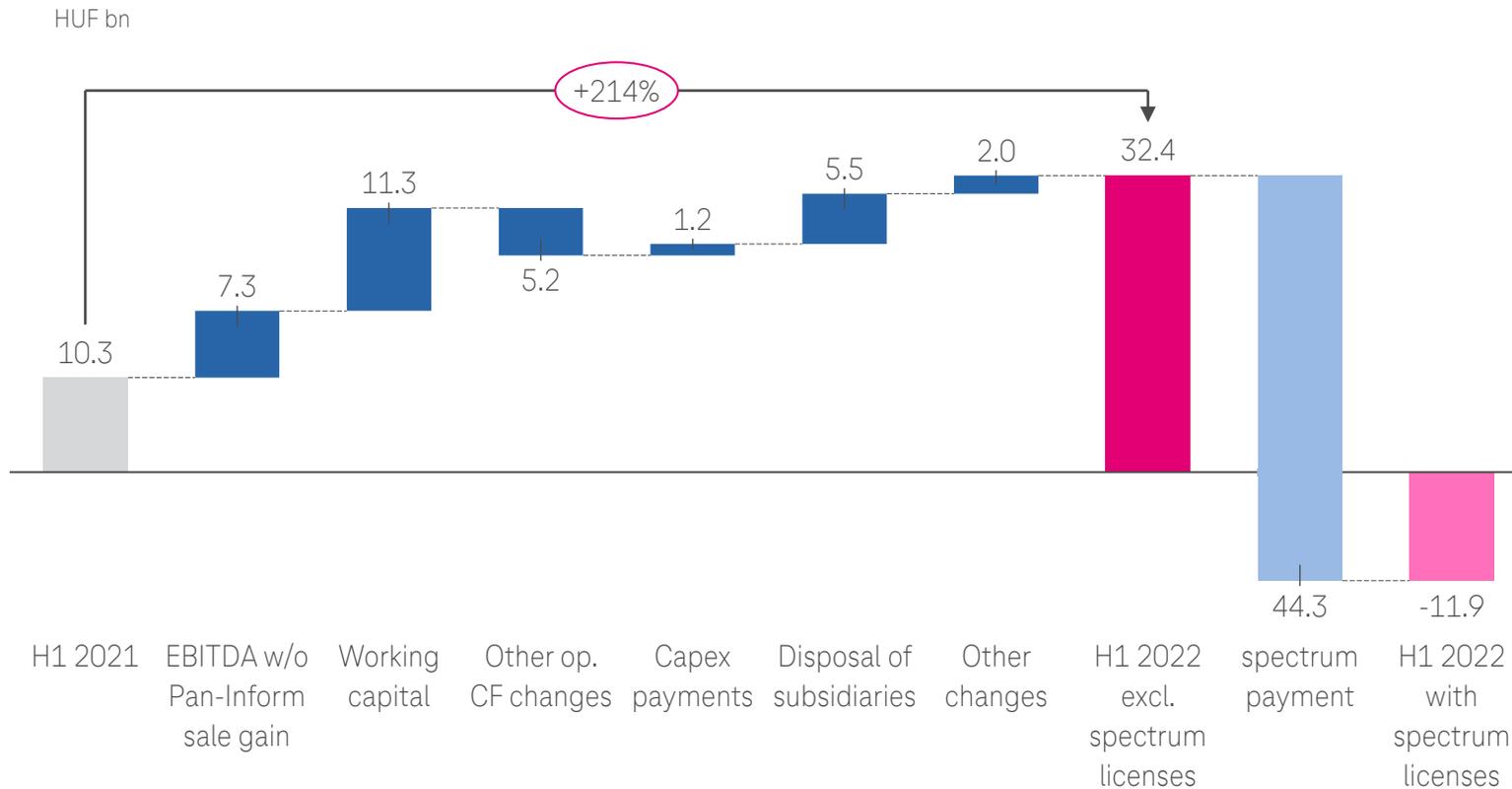
of access points (th)



- Increased investment in fixed network driven by continued fiber rollout efforts
- RAN modernization in Hungary continued with accelerated pace in H1 2022
- Increased investment in North Macedonia, driven by RAN modernization and year-on-year higher TV content capitalization

FREE CASHFLOW SUPPORTED BY EBITDA AND SUBSIDIARY DISPOSAL; SUPPLEMENTARY TELECOMMUNICATION TAX DUE IN Q4 2022

Free cashflow, H1 2022 vs H1 2021



- Underlying improvements attributable to favorable business performance coupled with proceeds from disposal of subsidiary
- Positive change in working capital reflects the booking of supplementary telecommunication tax that is to be paid in Q4 2022
- Increase in tax in line with higher profit before tax base
- Other operating CF changes reflect weakening of the forint leading to FX losses in H1 2022 and higher income tax settlement

DELIVERY AGAINST FINANCIAL TARGETS

	2021 results	2022 guidance	H1 2022 results (change YoY)
REVENUE	HUF 700.1 bn	1%-3% growth	HUF 360.1 bn (+9.6%)
EBITDA AL	HUF 216.3 bn	moderate decline ²	HUF107.2 bn (+10.1%)
CAPEX AL ¹	HUF 109.3 bn	broadly stable	HUF 52.6 bn (+21.6%)
FCF ¹	HUF 56.2 bn	moderate decline ²	HUF 32.4 bn (+214%)

¹ EXCLUDING SPECTRUM LICENSES

² MODIFIED FOLLOWING ANNOUNCEMENT OF TEMPORARY SUPPLEMENTARY TELECOMMUNICATION TAX



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Q&A

For further questions please contact the IR department:

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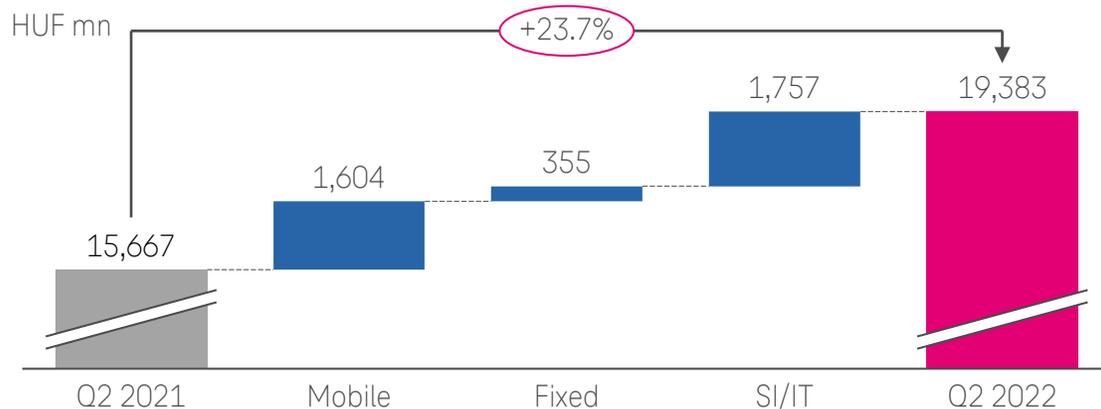
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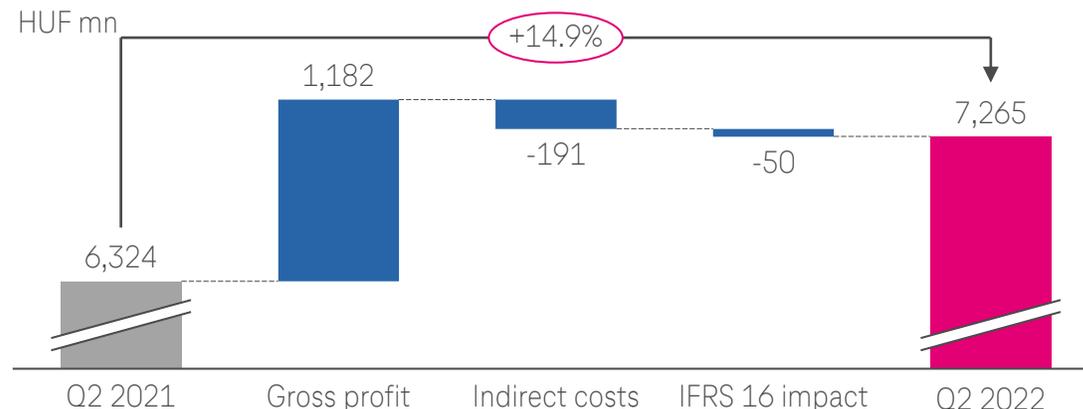


NORTH MACEDONIA: Q2 AND H1 2022 RESULTS

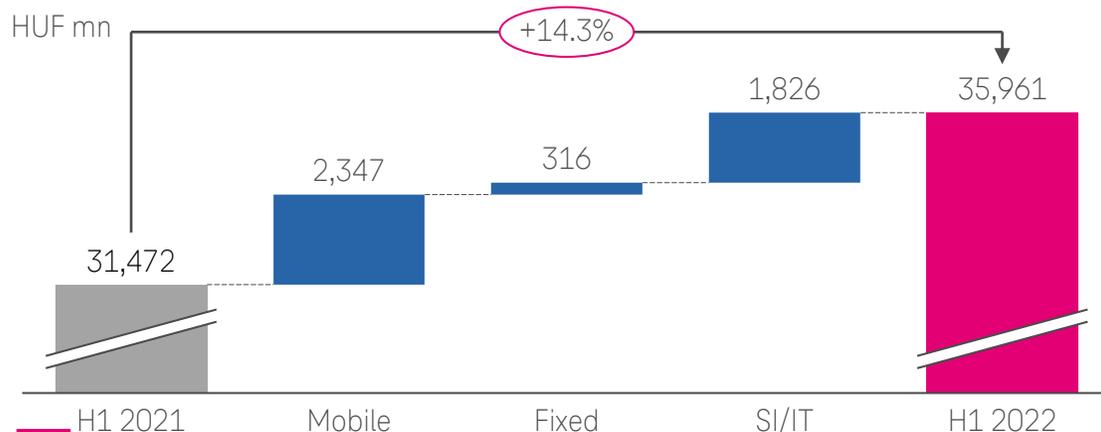
Revenues, Q2 2022 vs Q2 2021



EBITDA AL, Q2 2022 vs Q2 2021



Revenues, H1 2022 vs H1 2021



EBITDA AL, H1 2022 vs H1 2021

