

MAGYAR TELEKOM GROUP Q3 2021 RESULTS PRESENTATION

November 9, 2021



LIFE IS FOR SHARING.

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.

CONTINUED MONETIZATION OF OUTSTANDING NETWORK

Network

- Fixed network rollout: coverage expanded to 2.9m gigabit capable access points
- RAN modernization continues



66.3%

gigabit capable network



850

base stations modernized (RAN programme)



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Customers

- Further improvement in customer satisfaction
- Sharply rising mobile data usage trend continued
- Increasing penetration on gigabit capable fixed network

TRI*M #1

among Hungarian telecommunication providers in residential and SOHO markets



7.9 GB

average monthly mobile data usage in Q3 2021, representing an increase of more than 30% YoY



1 million

customers connected through Gigabit capable network

Resilience

- BBB+ rating with stable outlook affirmed by Scope Ratings
- ISS Corporate Solutions ranked Magyar Telekom among the best performers of the telecom sector globally with 'B' rating

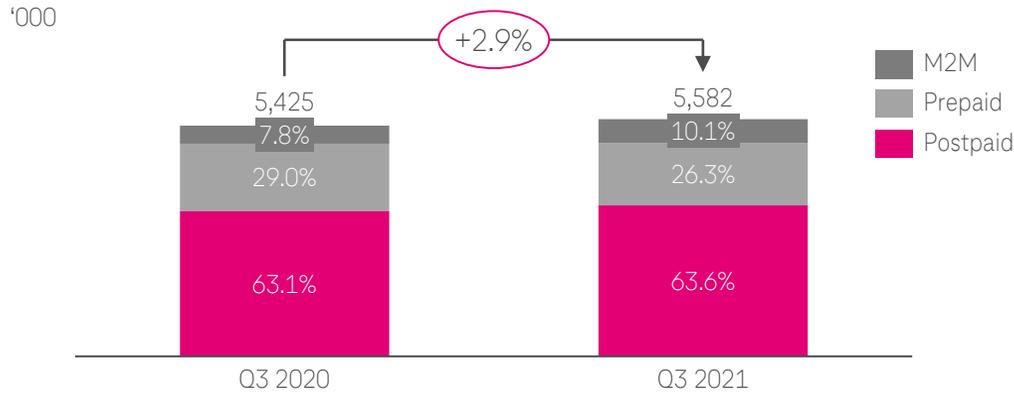
BBB+

corporate credit rating with stable outlook

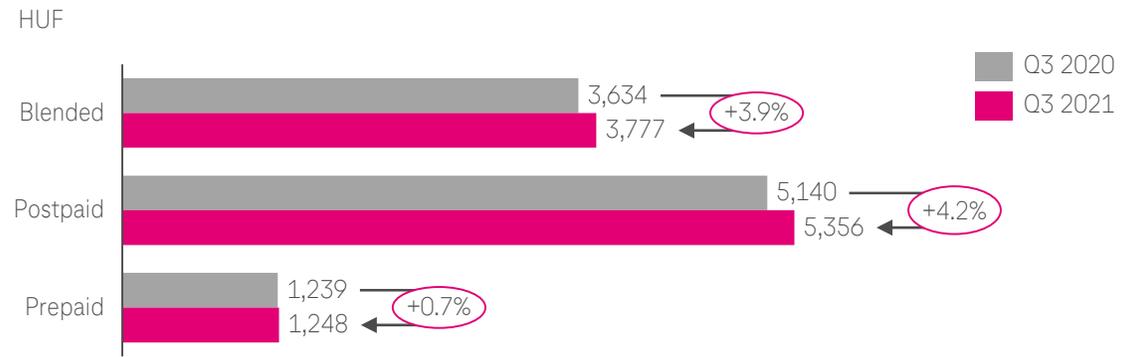


ARPU GROWTH IN HUNGARY DRIVEN BY FAVORABLE CUSTOMER COMPOSITION TRENDS AND STRONG DATA USAGE

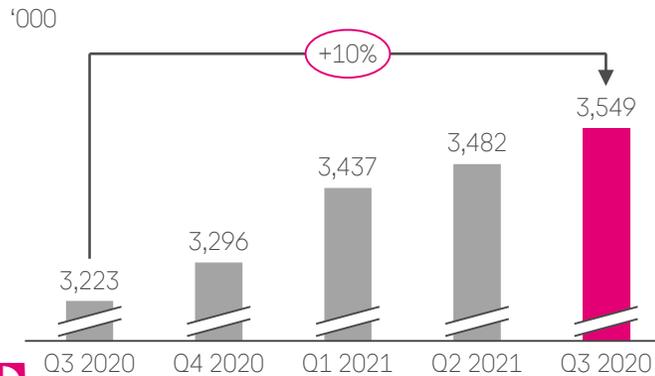
Mobile SIMs¹



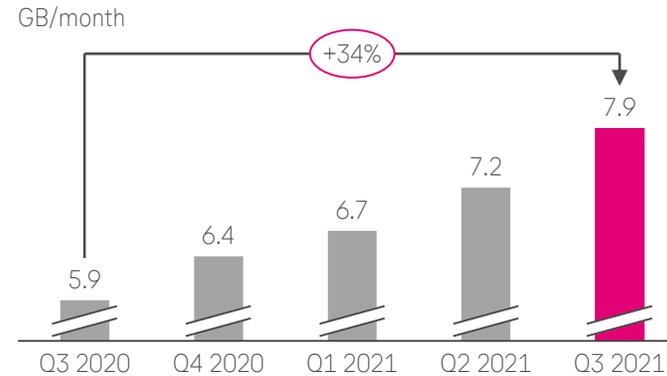
Mobile ARPU¹



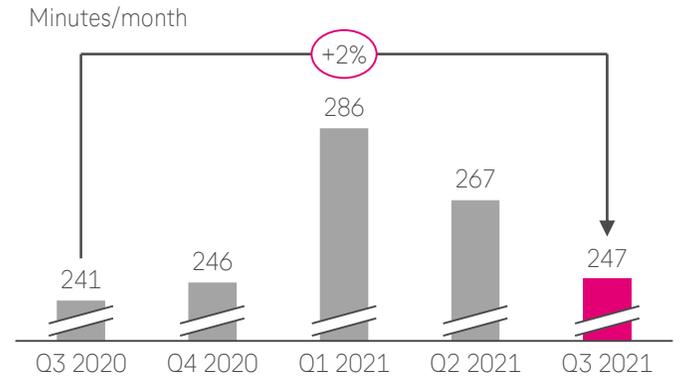
Mobile data SIMs



Mobile broadband usage



Mobile voice usage

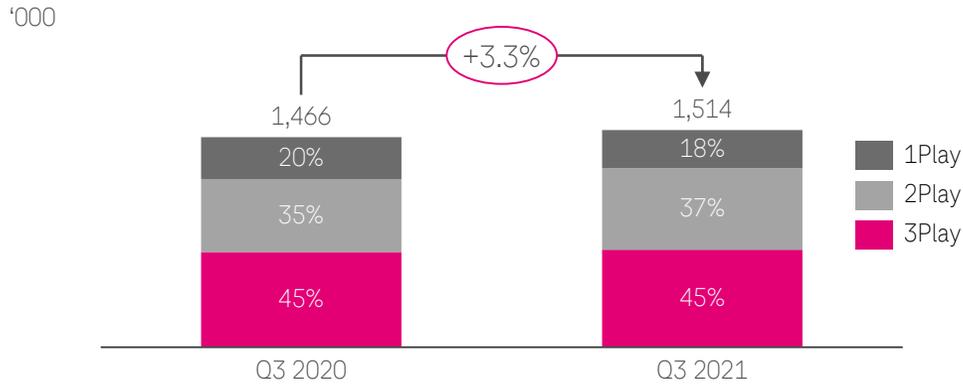


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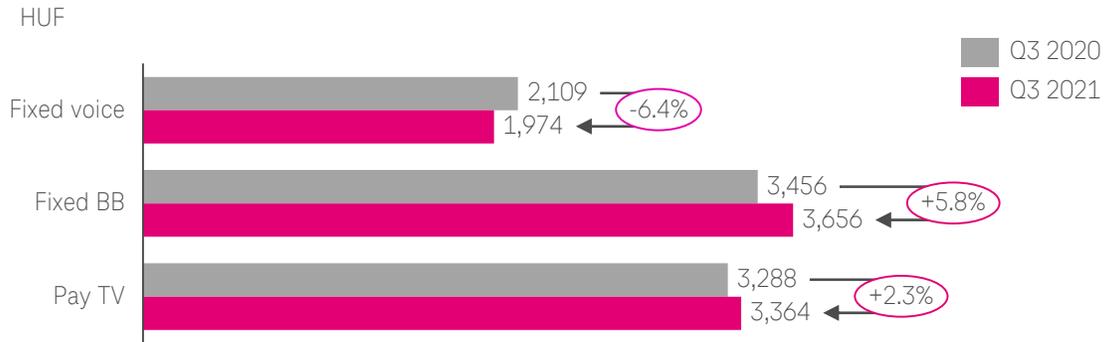
(1) Q3 2020 values changed due to re-representation

FIXED LINE PERFORMANCE SUPPORTED BY CUSTOMER BASE EXPANSION AND POSITIVE BB AND TV ARPU TRENDS IN HUNGARY

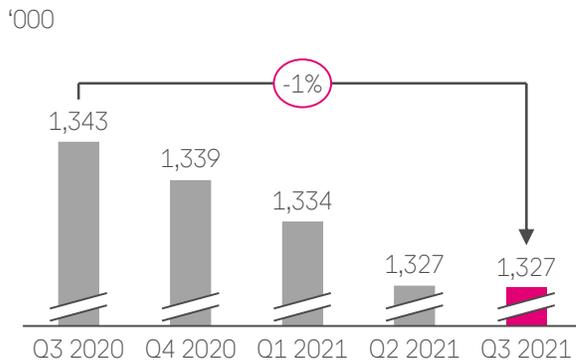
Fixed line multiplay residential subscribers



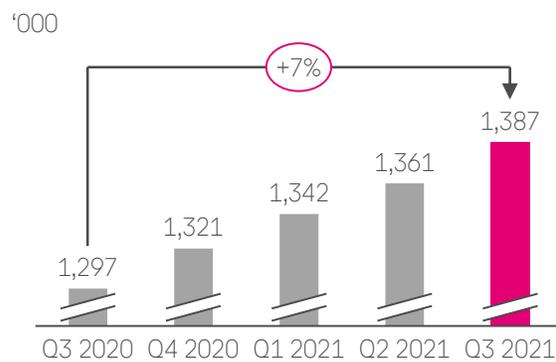
Fixed Voice, BB¹ and TV ARPU



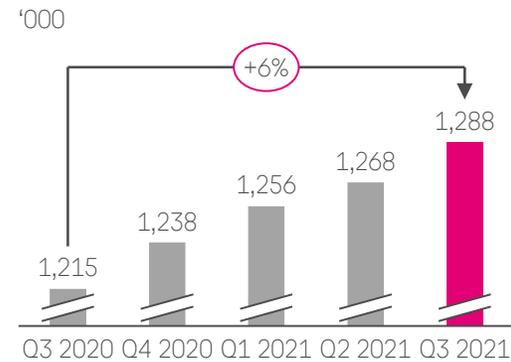
Fixed voice customers



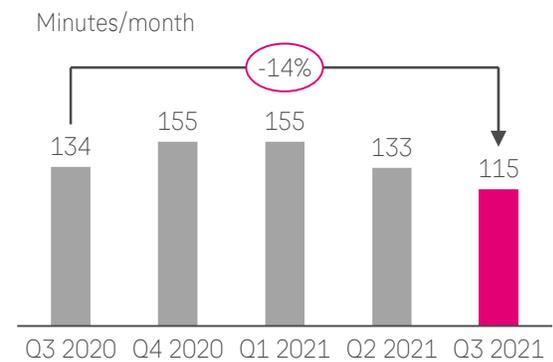
Fixed broadband customers¹



Pay TV customers



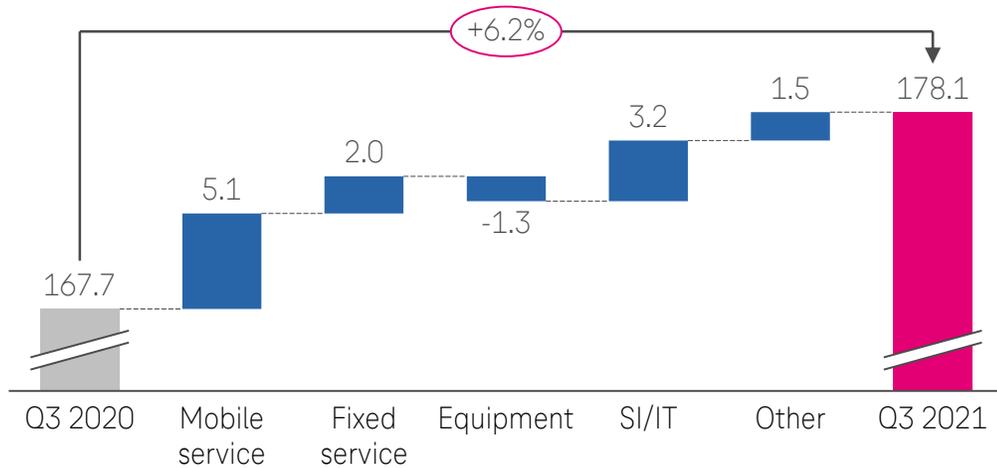
Fixed voice usage



REVENUE GROWTH IN Q3 AND 9M 2021

Revenue, Q3 2021 vs Q3 2020

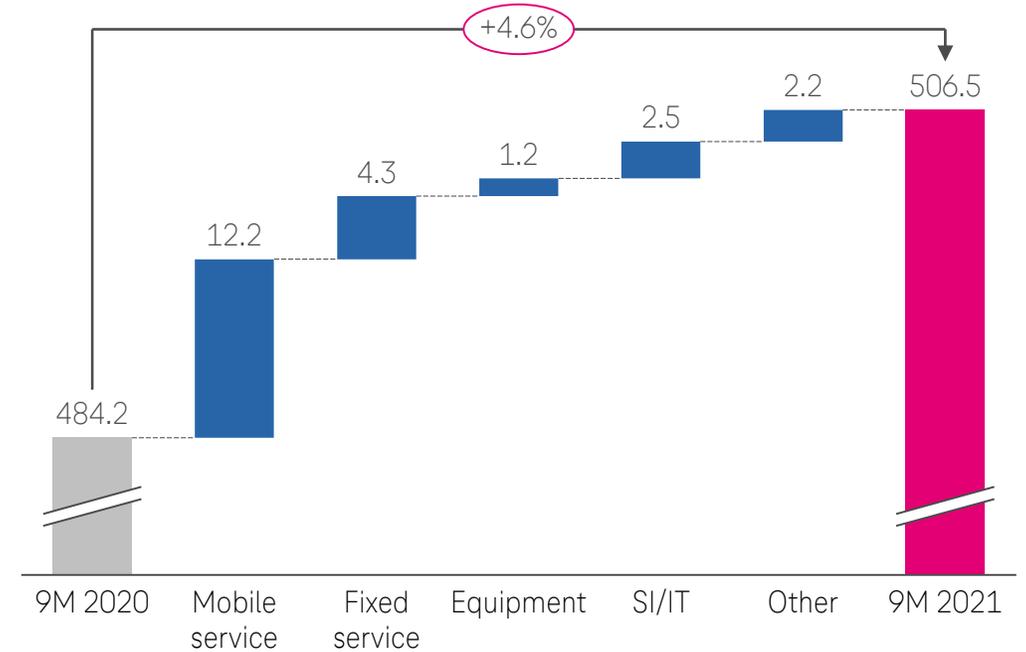
HUF bn



- Growth in mobile service revenues largely supported by strong data contribution
- Fixed service growth driven by broadband and TV services
- SI/IT uplift attributable to more favorable in-year project distribution

Revenue, 9M 2021 vs 9M 2020

HUF bn



- Similar drivers impacted both 9M 2021 and Q3 2021
- Fixed services contribution unfavorably impacted by mandatory broadband allowance introduced for students and teachers in Hungary between November 2020 and May 2021

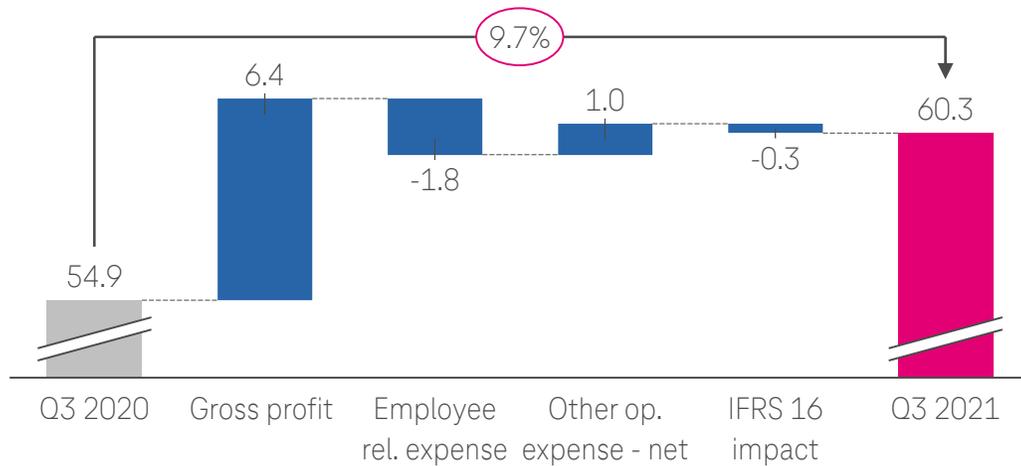


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EBITDA AL EXPANSION DRIVEN BY GROSS PROFIT GROWTH

EBITDA AL, Q3 2021 vs Q3 2020

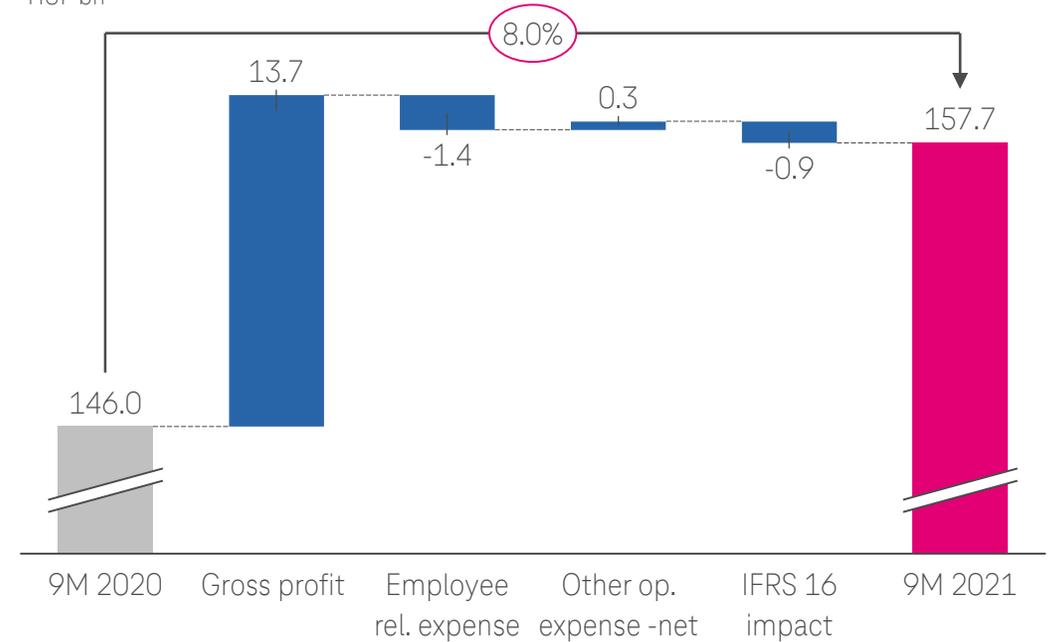
HUF bn



- Increase in gross profit in line with stronger mobile and fixed contribution, coupled with the absence of a one-off telecom tax correction in Q3 2020
- Increase in employee-related expenses attributable to higher bonus and severance expenses

EBITDA AL, 9M 2021 vs 9M 2020

HUF bn



- Gross profit improvement is the key driver of EBITDA AL growth in 9M 2021

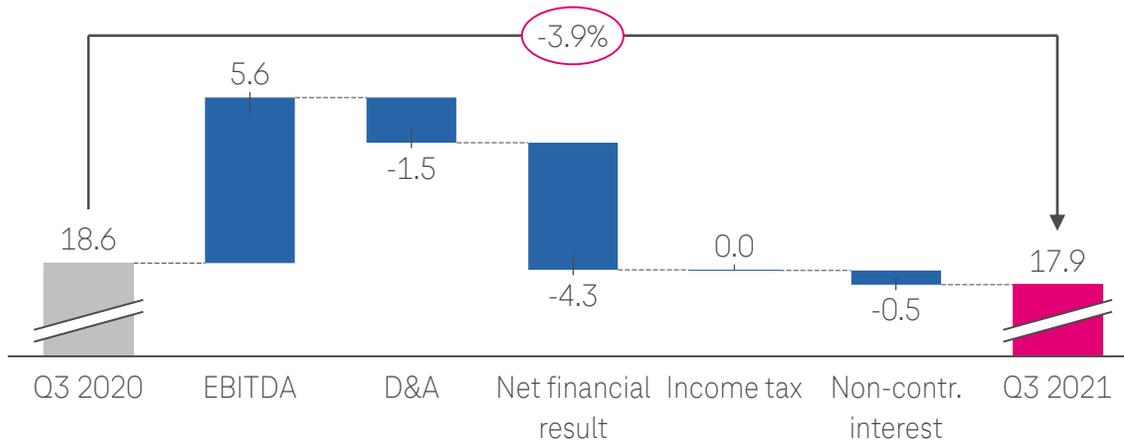


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TOTAL PROFIT IMPACTED BY NET FINANCIAL RESULT

Net income, Q3 2021 vs Q3 2020

HUF bn

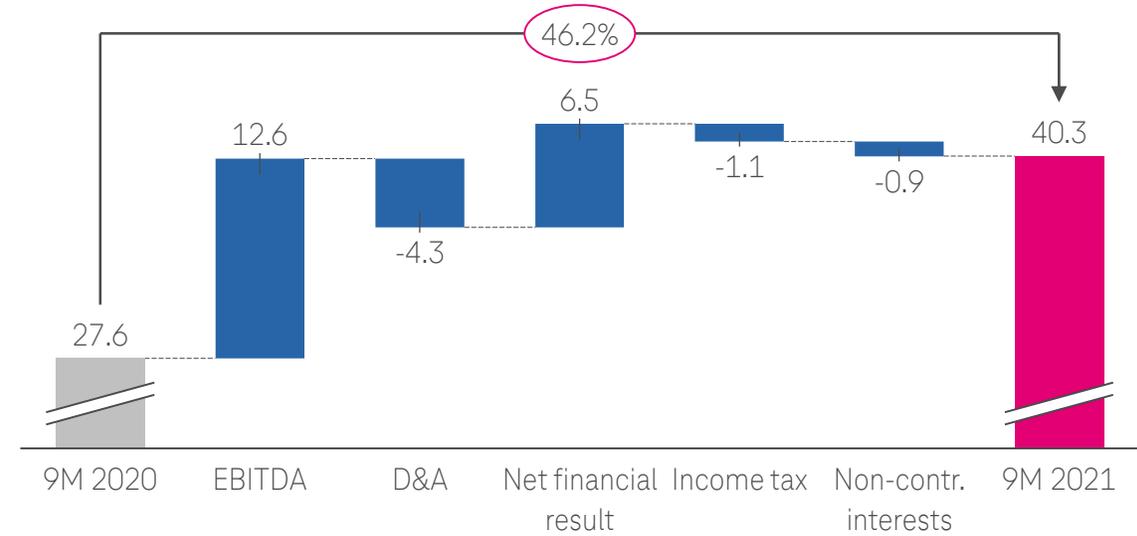


- Increase in D&A driven by capitalized spectrum during 2020 and copper retirement program-related increases
- Net financial losses up due to lower value of unrealized gains related to the fair valuation of CCIR¹ swaps

(1) cross-currency interest rate

Net income, 9M 2021 vs 9M 2020

HUF bn

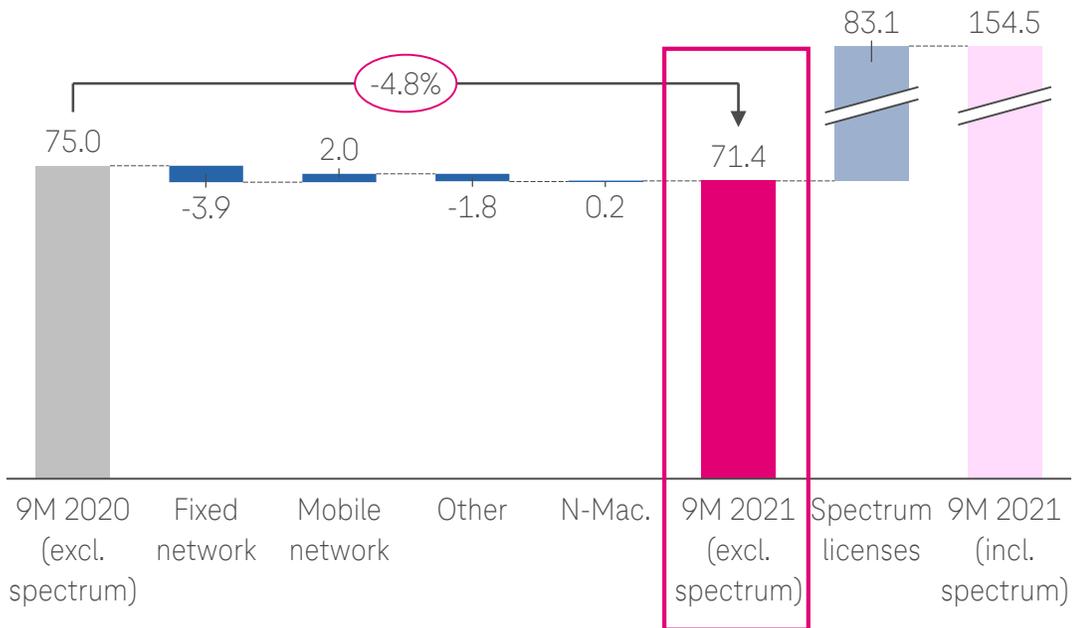


- Improvement in net financial results attributable to more favorable FX trends in 9M 2021 vs 9M 2020
- Higher income tax expense reflects improved profit before tax

NETWORK DEVELOPMENT CONTINUES

CAPEX AL, 9M 2021 vs 9M 2020

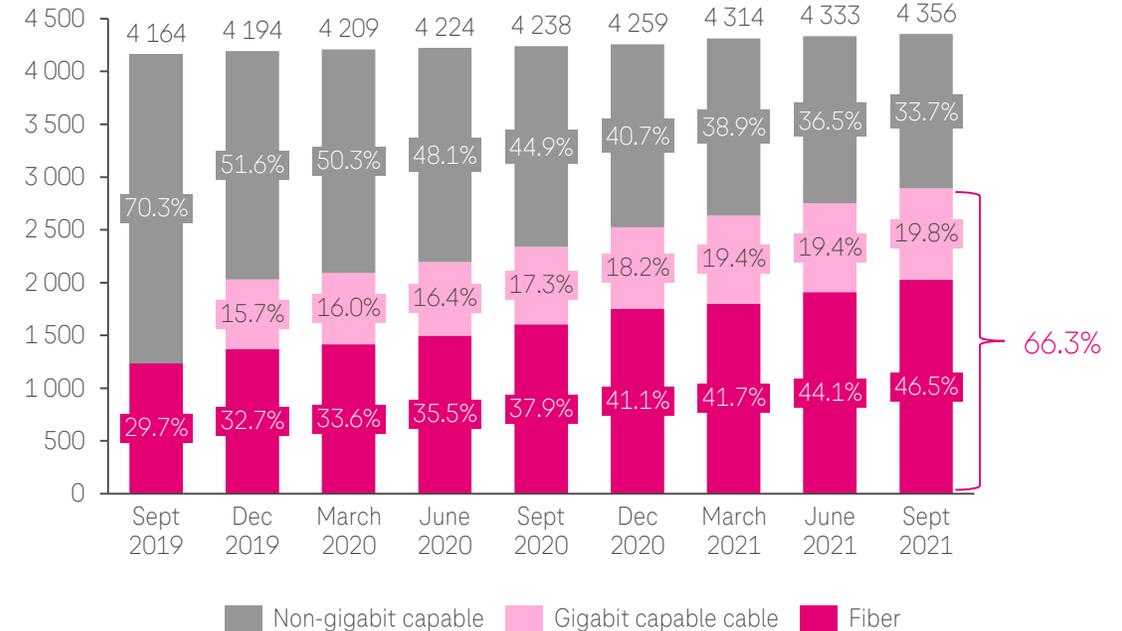
HUF bn



- Lower spending on fixed network capacity expansion partly counterbalanced by higher investment in the mobile network modernization in Hungary
- Non-cash discounted spectrum license fees related to 900 / 1800 MHz auction (generating cash outflows from Q1 2022)

Gigabit capable fixed network development

of access points (th)



- Gigabit access coverage reached 2.9 mn access points as of September 2021

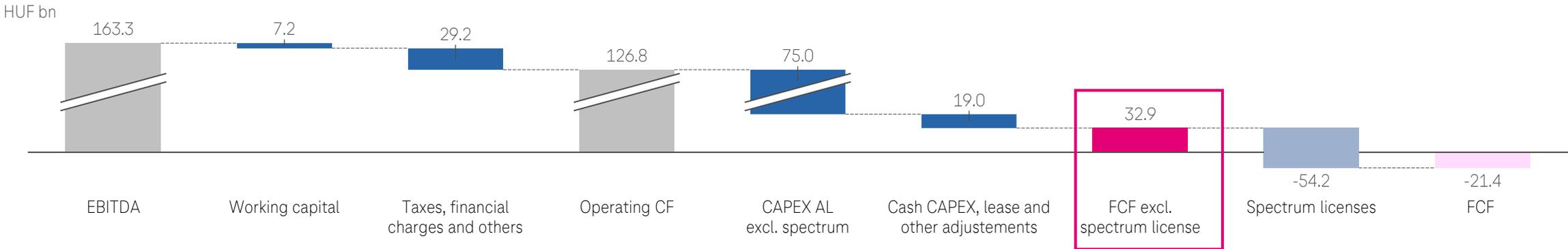


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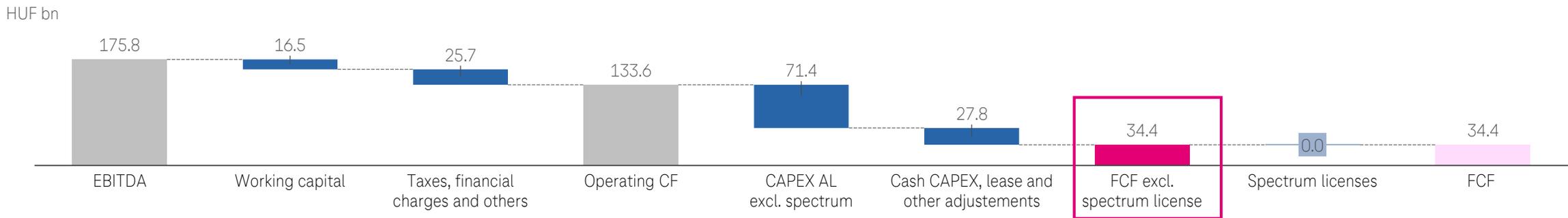
CAPEX figure incl. in the 2021 guidance

BROADLY STABLE YEAR-TO-DATE FCF GENERATION DESPITE DIFFERENT ANNUAL DYNAMICS

9M 2020



9M 2021



- Less favorable developments in SI/IT and handset balances led to higher working capital requirements
- Higher CAPEX-related outpayments driven by different annual investment patterns



FCF figure incl. in the 2021 guidance

STRONG REVENUE AND EBITDA AL PERFORMANCE IN 9M 2021; AHEAD OF ORIGINAL TARGETS

| | 9M 2020 results | 9M 2021 results (YoY change) | 2021 public guidance (vs 2020) |
|-----------------------|-----------------|---------------------------------|-------------------------------------|
| REVENUE | HUF 484.2 bn | HUF 506.5 bn +4.6% | Grow by around 3% |
| EBITDA AL | HUF 146.0 bn | HUF 157.7 bn +8.0% | Grow by at least 3% |
| CAPEX AL ¹ | HUF 75.0 bn | HUF 71.4 bn -4.8% | Broadly stable |
| FCF ¹ | HUF 32.9 bn | HUF 34.4 bn +4.7% | Broadly stable / slight increase |

(1) Excluding spectrum license fees

Q&A

For further questions please contact the IR department:

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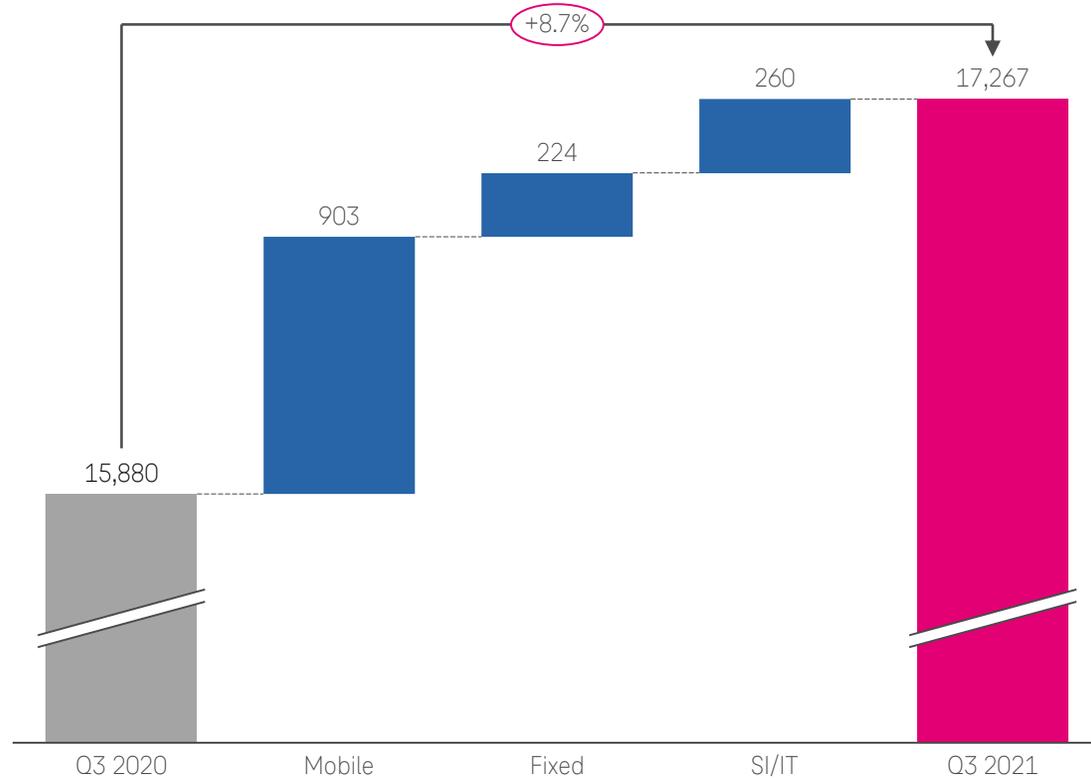
e-mail: walfisch.rita@telekom.hu



NORTH MACEDONIA: Q3 2021 HIGHLIGHTS

Revenues, Q3 2021 vs Q3 2020

HUF mn



EBITDA AL, Q3 2021 vs Q3 2020

HUF mn

