

MAGYAR TELEKOM GROUP Q3 2022 RESULTS PRESENTATION

November 8, 2022



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

Network

- Continued fiber rollout to provide seamless connectivity to expanding customer base
- Ongoing RAN modernization supporting growing demand for increased capacity



75%

gigabit capable network



53%

of the RAN modernization program completed

Customers

- Continued strong momentum in mobile data and gigabit broadband demand
- Successful monetization of network investments reflected in ARPU trends



9.8GB

average monthly mobile data usage in Q3 2022 (up 25% YoY)



+5.2%

Growth in Hungarian fixed broadband ARPU (YoY in Q3 2022)

Resilience

- Price increases to offset inflationary pressures
- Measures taken to address cost pressure
- External recognition



Other operating expenses under pressure

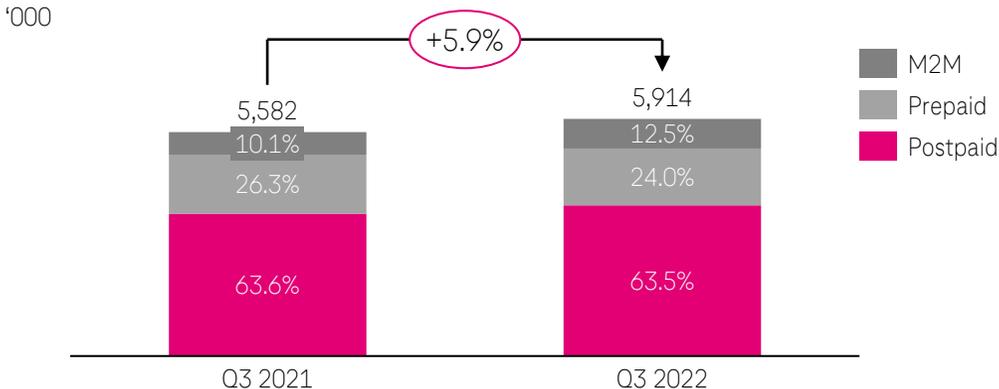
BBB+

Corporate credit rating with stable outlook

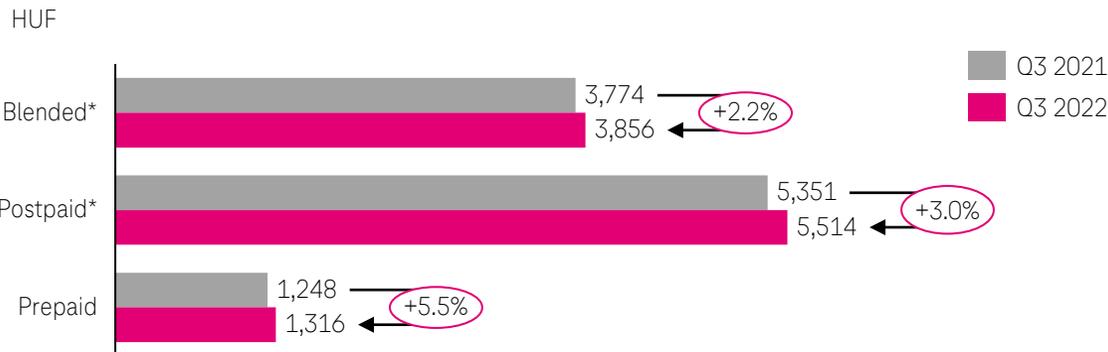


ARPU GROWTH IN HUNGARY DRIVEN BY DATA MONETIZATION

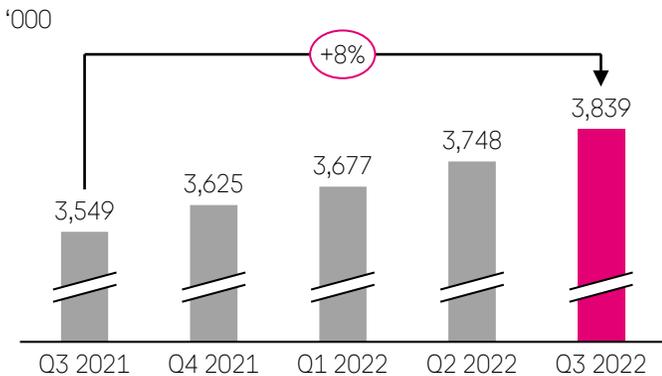
Mobile SIMs



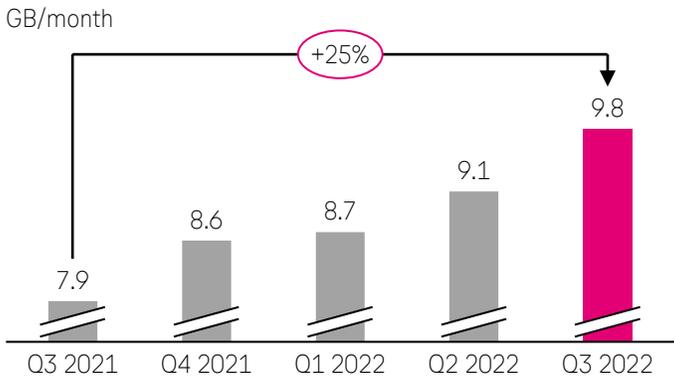
Mobile ARPU



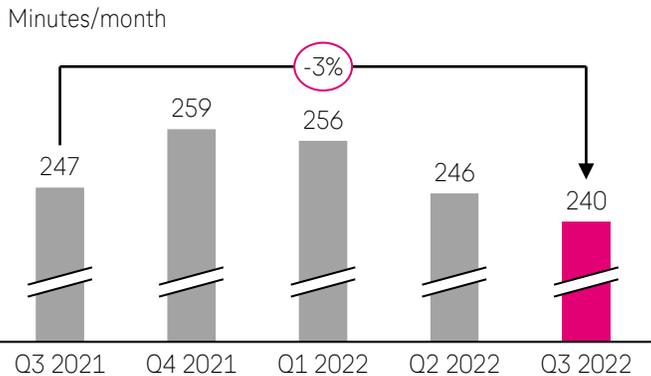
Mobile data SIMs



Mobile broadband usage



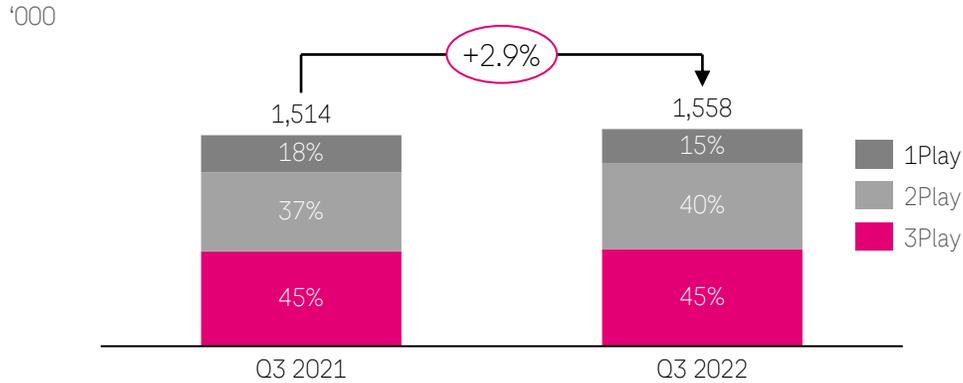
Mobile voice usage



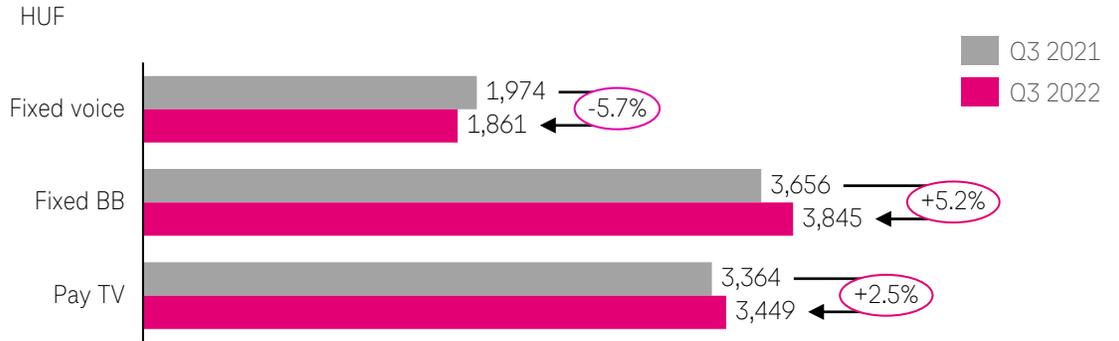
*2021 values have been restated

GROWING CUSTOMER BASE COUPLED WITH POSITIVE BB AND TV ARPU DEVELOPMENTS

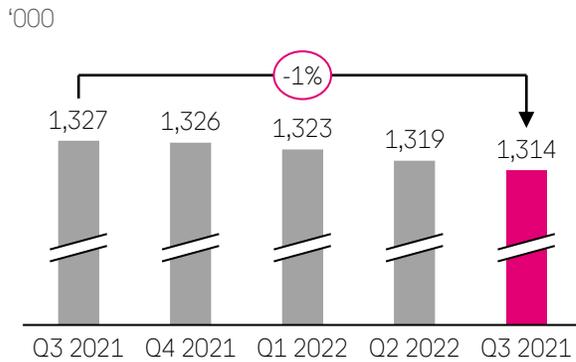
Fixed line multiplay residential subscribers



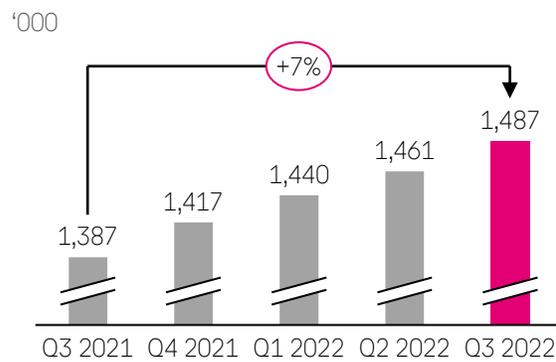
Fixed Voice, BB and TV ARPU



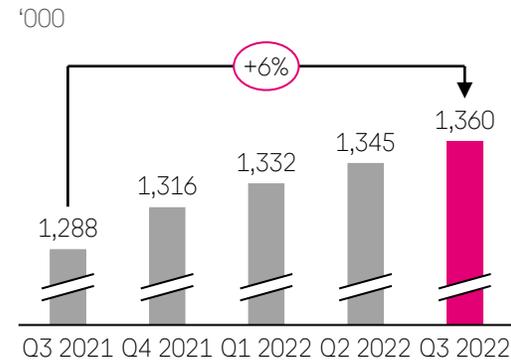
Fixed voice customers



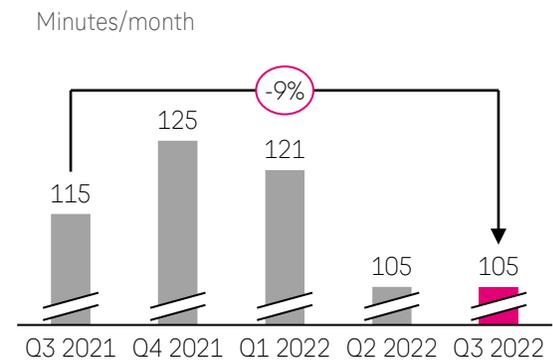
Fixed broadband customers



Pay TV customers

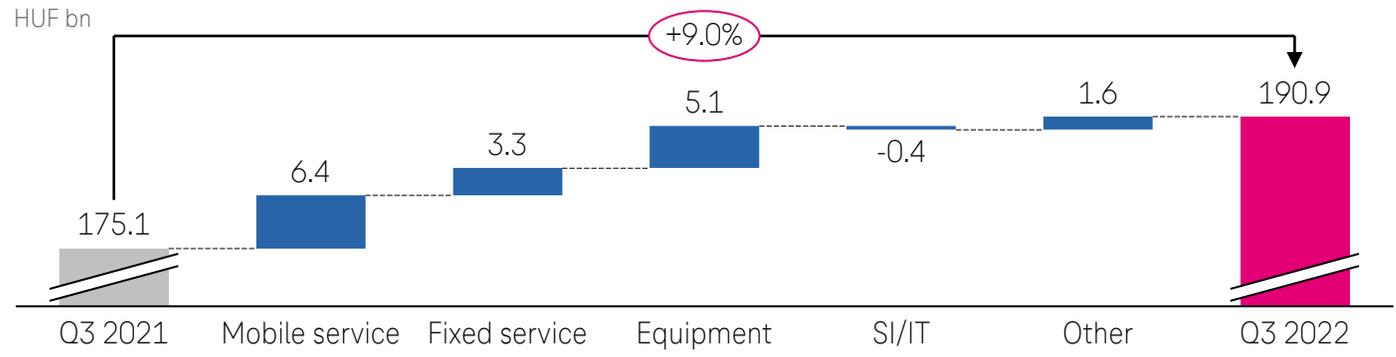


Fixed voice usage



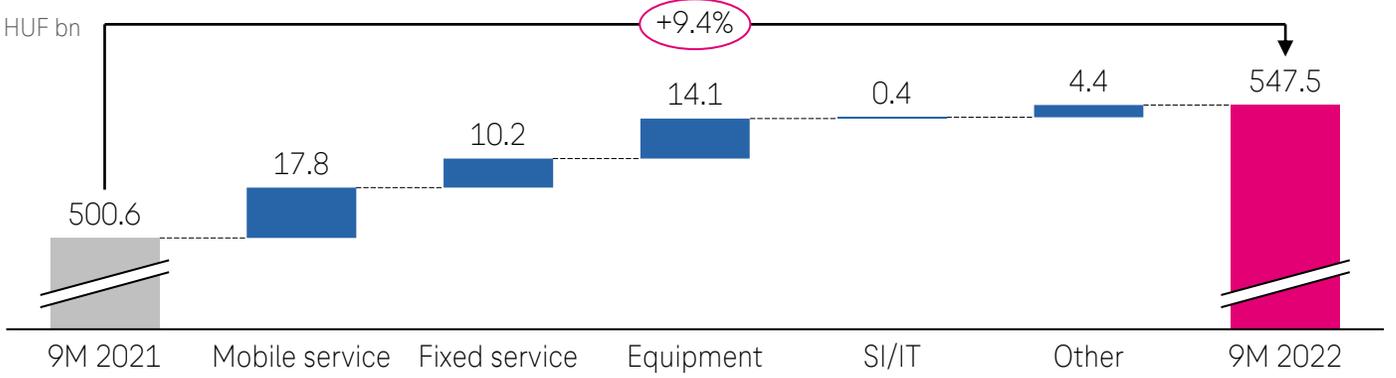
REVENUE GROWTH DRIVEN BY SUSTAINED COMMERCIAL MOMENTUM

Revenue, Q3 2022 vs Q3 2021*



- Growth in mobile service revenues driven by strong data demand
- Fixed service growth attributable to strong demand for broadband and TV services
- Increase in equipment sales driven by increased average equipment prices
- SI/IT trends reflect absence of healthcare business unit revenues in Hungary offset by more favorable project dynamic

Revenue, 9M 2022 vs 9M 2021*

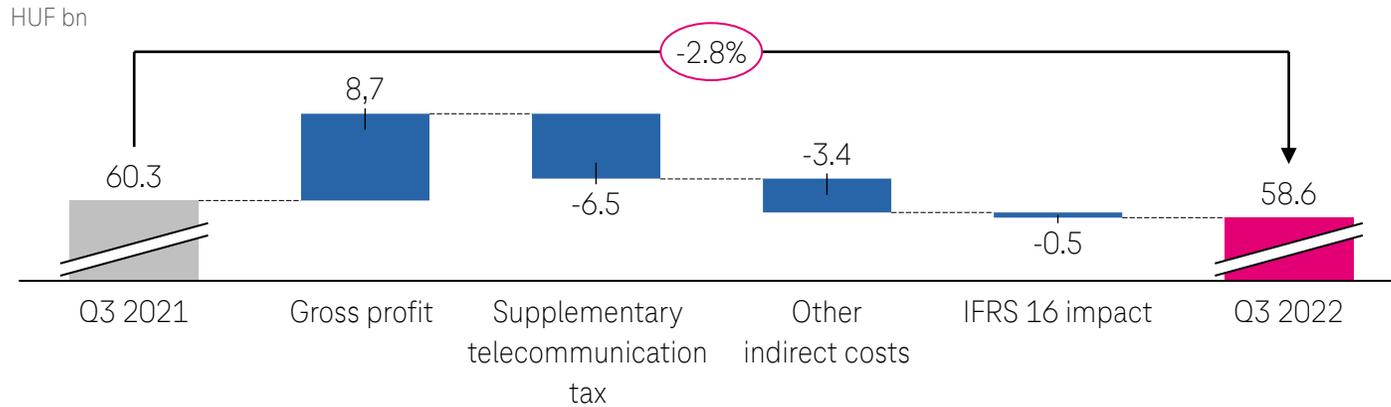


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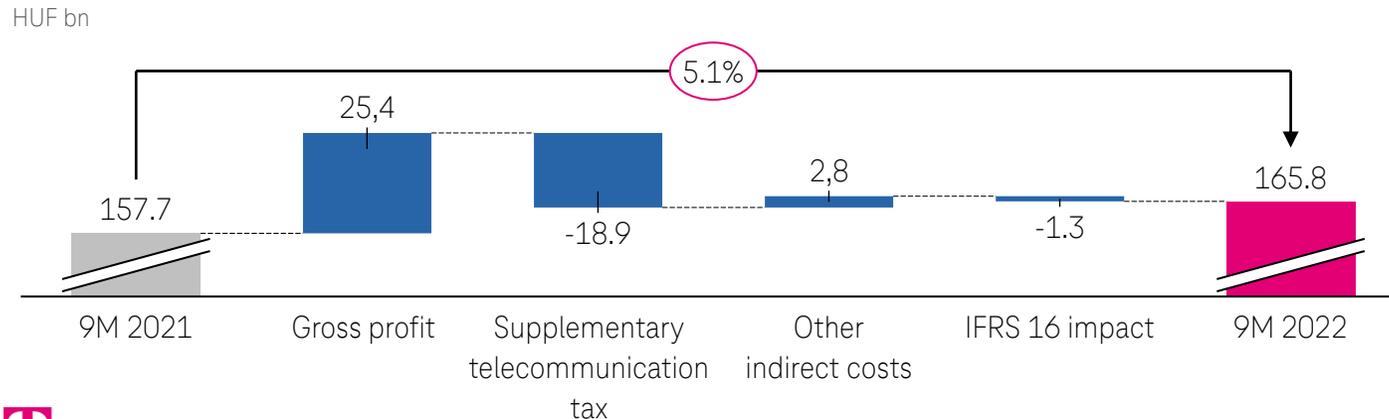


EBITDA AL PERFORMANCE STRONGLY IMPACTED BY NEW SUPPLEMENTARY TELECOMMUNICATION TAX

EBITDA AL, Q3 2022 vs Q3 2021



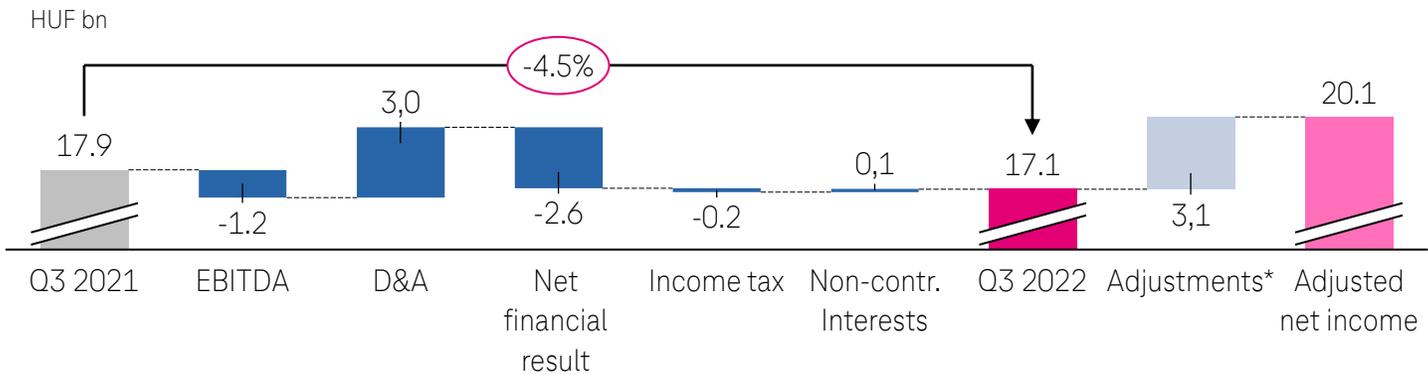
EBITDA AL, 9M 2022 vs 9M 2021



- Increase in gross profit attributable to positive underlying telecommunication service developments
- Recently imposed supplementary telecommunication tax booked in relation to revenue generated during Q3 2022
- Increase in indirect costs mainly driven by higher energy expenses, primarily in North Macedonia
- Increasing IFRS 16 impact reflects growing lease liability base
- 9M 2022 indirect costs positively impacted by HUF 3.3 bn subsidiary sale gain

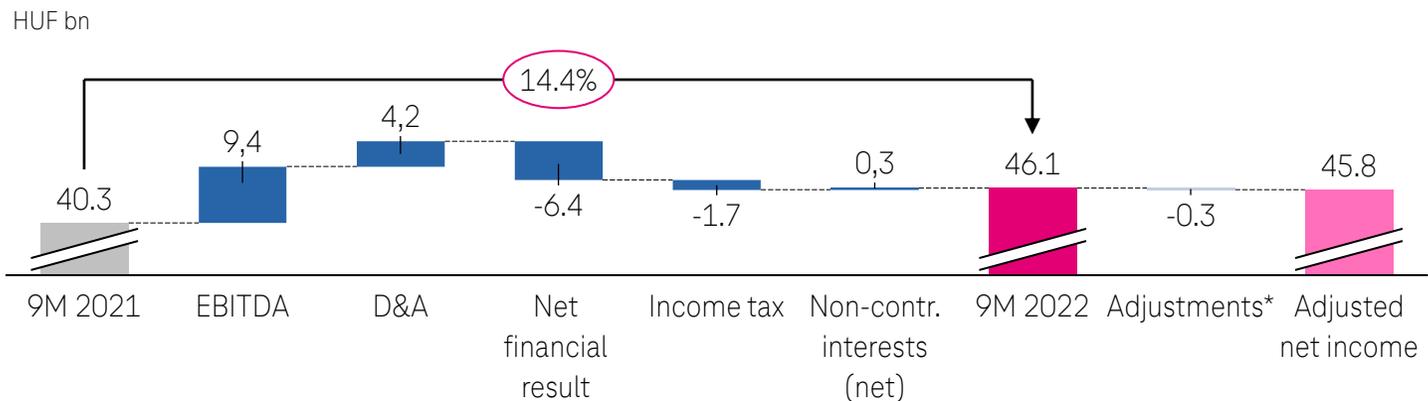
SUPPLEMENTARY TELECOMMUNICATION TAX AND WEAKENING FORINT WEIGH ON NET PROFIT

Net income (and adjusted net income), Q3 2022 vs Q3 2021



- Lower D&A reflects copper network retirement, lower SW-related D&A expenses and lower spectrum-related amortization in Hungary
- Net financial result down due to higher interest expense and lower derivative-related gains
- Net income adjustments relate to non-realized gains on measuring derivatives at fair value and non-realized FX loss

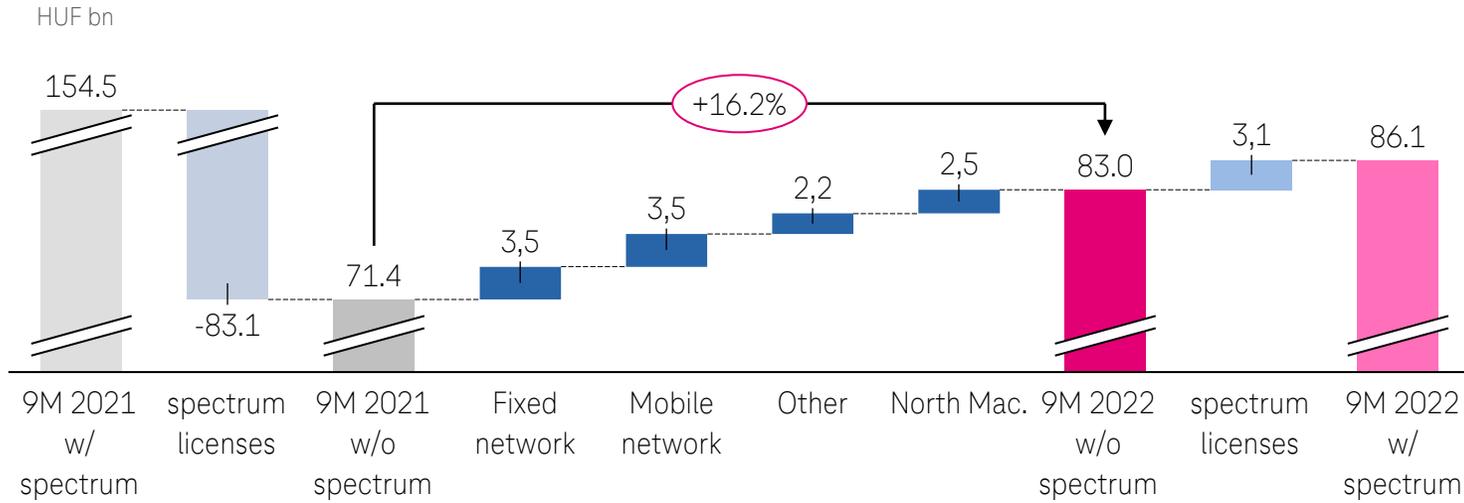
Net income (and adjusted net income), 9M 2022 vs 9M 2021



*Unaudited

CONTINUED FOCUS ON NETWORK DEVELOPMENT

CAPEX AL, 9M 2022 vs 9M 2021



- Increased investment in fixed network driven by continued fiber rollout efforts
- RAN modernization in Hungary continued
- Increase in other investments led by higher spending on CPEs
- Increased investment in North Macedonia, driven by RAN modernization that is nearing completion

Gigabit capable fixed network development

of access points (th)

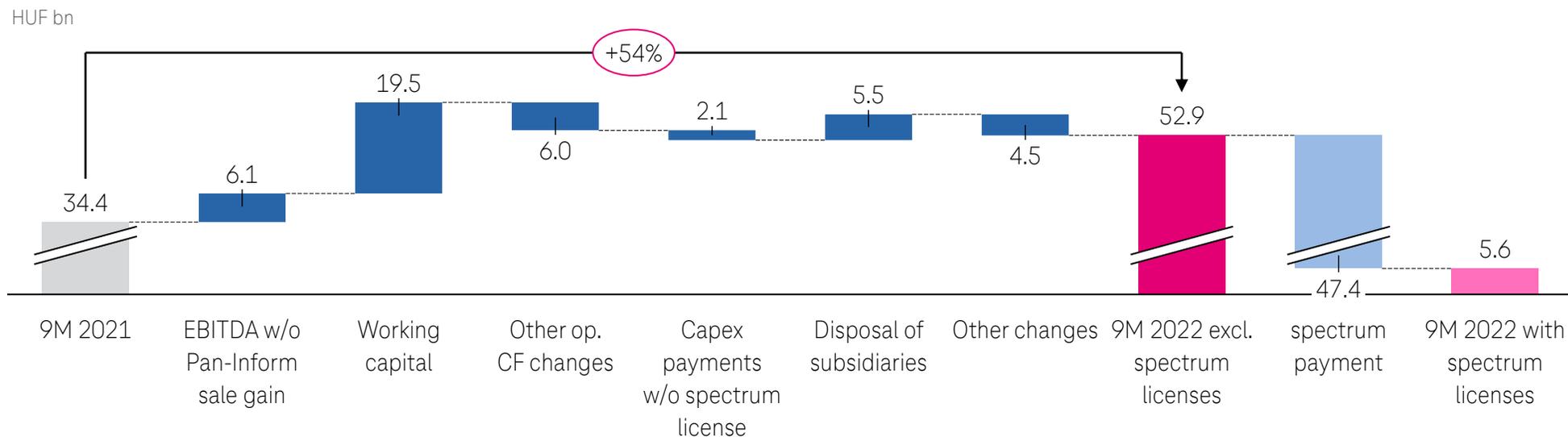


*Technical adjustment in gigabit capable cable access numbers



FREE CASHFLOW REFLECTS STRONG UNDERLYING RESULTS; SUPPLEMENTARY TELECOMMUNICATION TAX DUE IN Q4 2022

Free cashflow, 9M 2022 vs 9M 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
- Other operating CF changes reflect weakening of the forint leading to FX losses in 9M 2022 and higher income tax payments
- Other changes reflect fiber network acquisition related cash outflow in Hungary with a purchase price of HUF 6.95 billion.
- Spectrum payments related to 900MHz and 1800MHz licenses in Hungary and 700MHz and 3.6GHz licenses in North Macedonia



UPGRADED REVENUE TARGET DUE TO STRONG COMMERCIAL MOMENTUM

	2021 results	2022 targets	9M 2022 results (change YoY)
REVENUE	HUF 692.8 bn ¹	ca. 5% growth ²	HUF 547.5 bn (+9.4%)
EBITDA AL	HUF 216.3 bn	moderate decline	HUF 165.8 bn (+5.1%)
CAPEX AL ³	HUF 109.3 bn	broadly stable	HUF 83.0 bn (+16.2%)
FCF ³	HUF 56.2 bn	moderate decline	HUF 52.9 bn (+53.9%)

¹ RESTATED DUE TO ACCOUNTING POLICY CHANGE

² UPGRADED FROM 1-3% GROWTH

³ EXCLUDING SPECTRUM LICENSES



Q&A

For further questions please contact the IR department:

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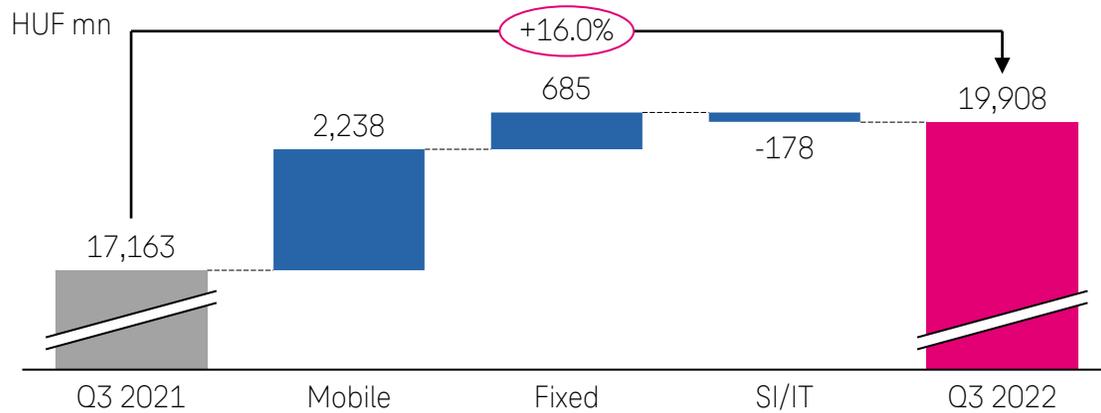
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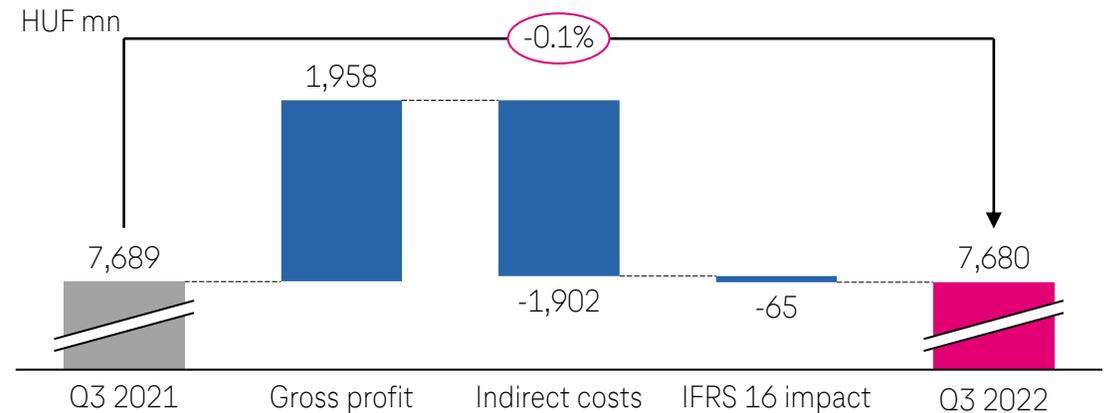


NORTH MACEDONIA: Q3 AND 9M 2022 RESULTS

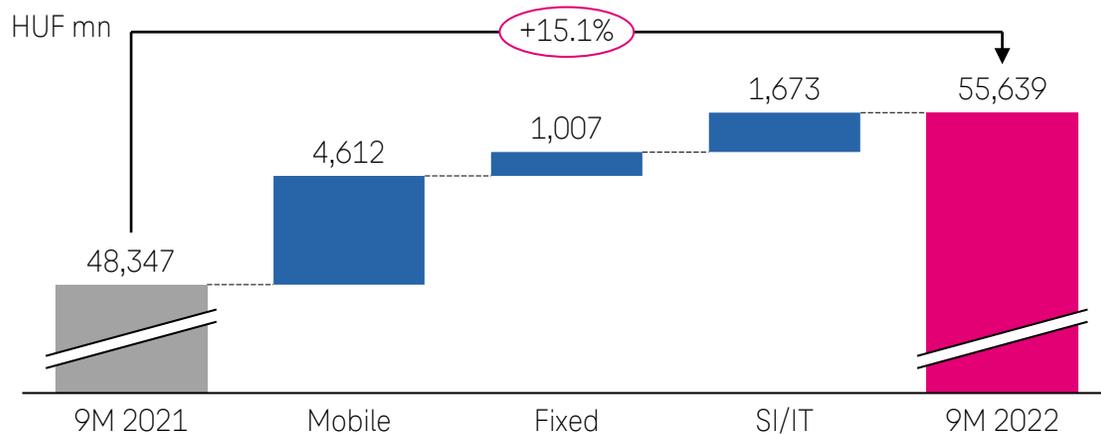
Revenues, Q3 2022 vs Q3 2021*



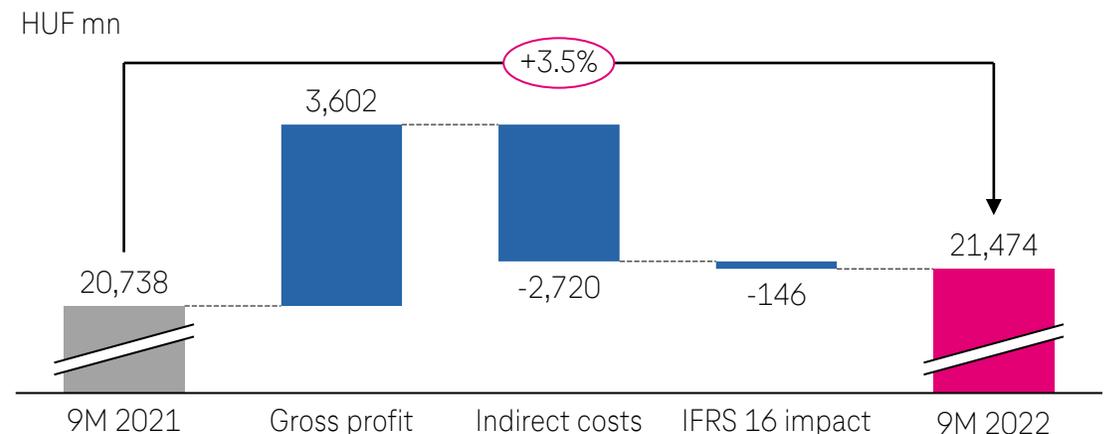
EBITDA AL, Q3 2022 vs Q3 2021



Revenues, 9M 2022 vs 9M 2021*



EBITDA AL, 9M 2022 vs 9M 2021



*2021 values have been restated