

MAGYAR TELEKOM GROUP Q4 2023 RESULTS PRESENTATION

February 22, 2024



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.



PROGRESS AGAINST STRATEGIC PRIORITIES

Digitization

- Advanced network developments
- Strengthen digital solutions and offerings
- Implement data analysis solutions for internal and external processes

5G **65%** population-based outdoor coverage in Hungary

80% gigabit coverage of fixed network in Hungary



Customer experience

- Ensure outstanding customer experience
- Effectively monetize technology leadership
- Adapt to evolving customer needs



50% of customers opting for **gigabit broadband speed**



6.2 million mobile SIM cards

Resilience

- Sustainable growth despite external challenges
- Inflation-based fee adjustment clause effective in customer contracts
- Implemented energy cost control measures to mitigate exposure to wholesale prices



Double-digit growth in all financial guidance KPIs



9% saving in electricity consumption

DELIVERY OF 2023 GUIDANCE

	2022 results	2023 guidance	2023 results (change y-o-y)	Key drivers
REVENUE	HUF 746.7 bn	10%-15% growth	HUF 849.4 bn (+13.8%)	<ul style="list-style-type: none"> Sustained strength of operational performance Inflation-based fee adjustment implemented in March 2023 Major SI/IT project contributions
EBITDA AL	HUF 221.5 bn	10%-15% growth	HUF 257.9 bn (+16.4%)	<ul style="list-style-type: none"> Telecommunication service driven growth Inflationary cost pressures and increased electricity expenses
ADJUSTED NET INCOME	HUF 63.0 bn	double-digit growth	HUF 93.6 bn (+48.7%)	<ul style="list-style-type: none"> Improvement in EBITDA positively impacting performance Continued interest rate pressure
FCF ¹	HUF 50.9 bn	ca HUF 60bn	HUF 86.8 bn (+70.5%)	<ul style="list-style-type: none"> EBITDA growth outweighs higher interest payments and rising working capital needs Reduced Capex spending supporting annual growth

¹ EXCLUDING SPECTRUM LICENSES

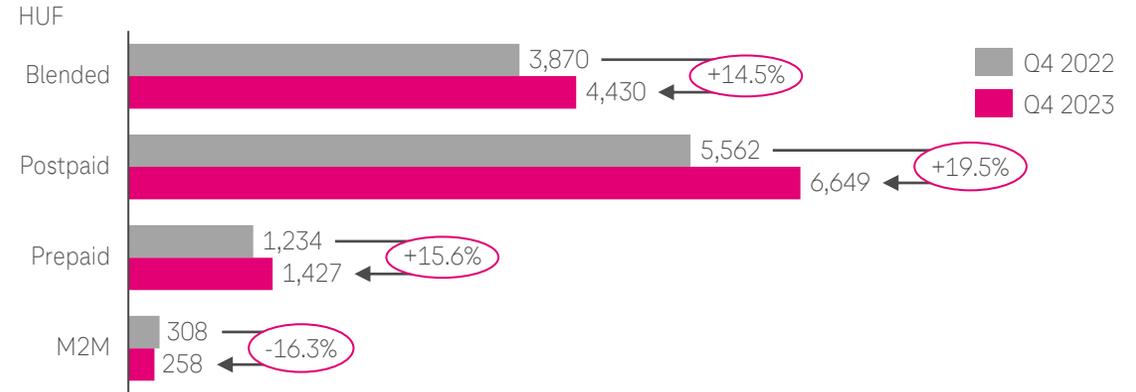


DEMAND FOR DATA DRIVING GROWTH IN HUNGARY

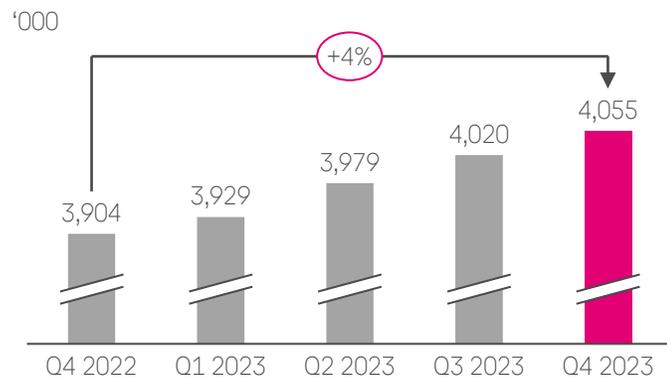
Mobile SIMs



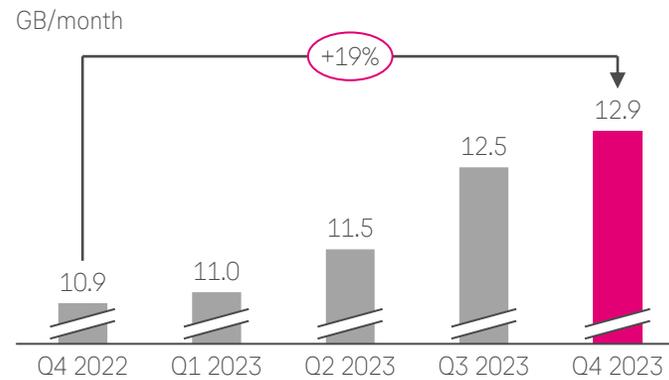
Mobile ARPU



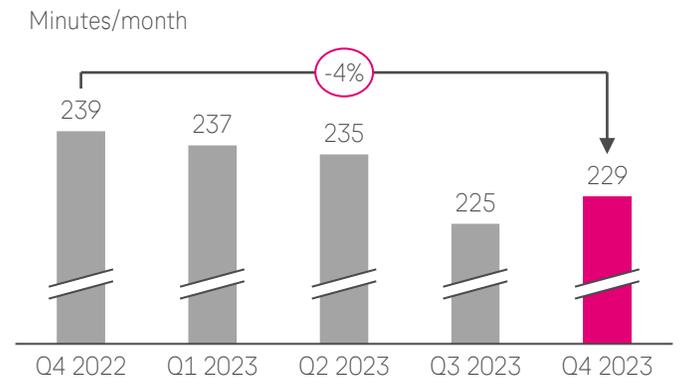
Mobile data SIMs



Mobile broadband usage

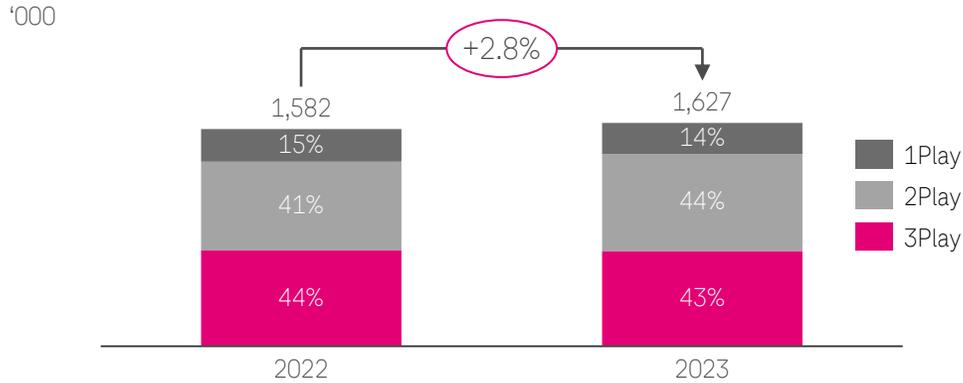


Mobile voice usage

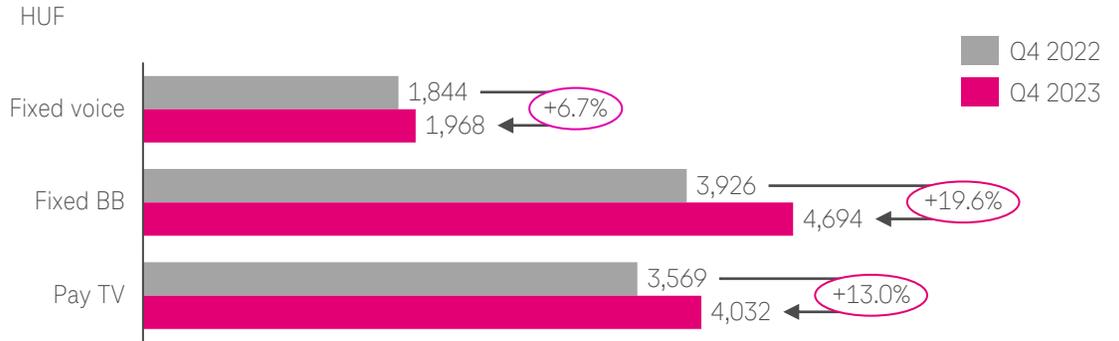


UNLOCKING VALUE THROUGH NETWORK LEADERSHIP IN HUNGARY'S FIXED MARKET

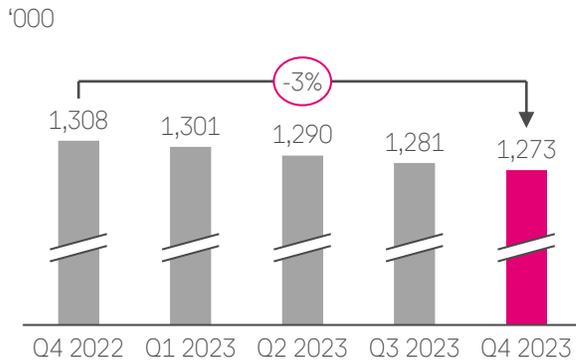
Fixed line multiplay residential subscribers



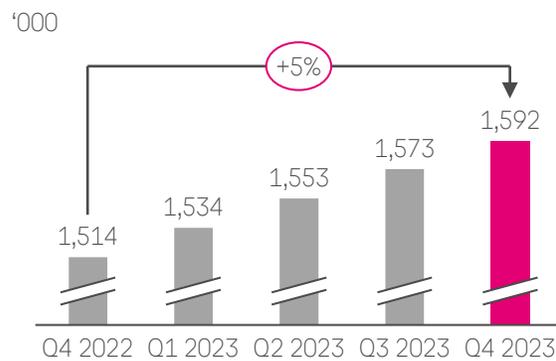
Fixed Voice, BB and TV ARPU



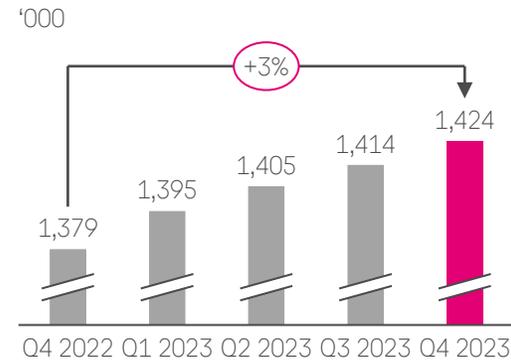
Fixed voice customers



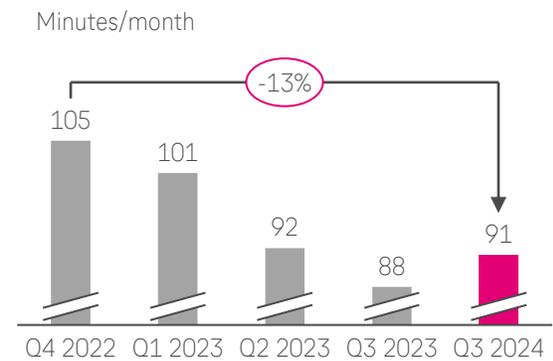
Fixed broadband customers



Pay TV customers

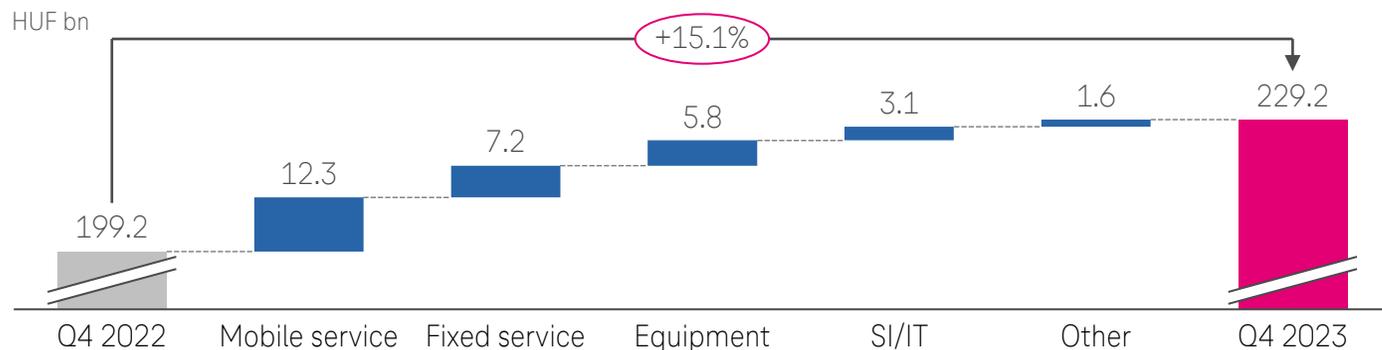


Fixed voice usage

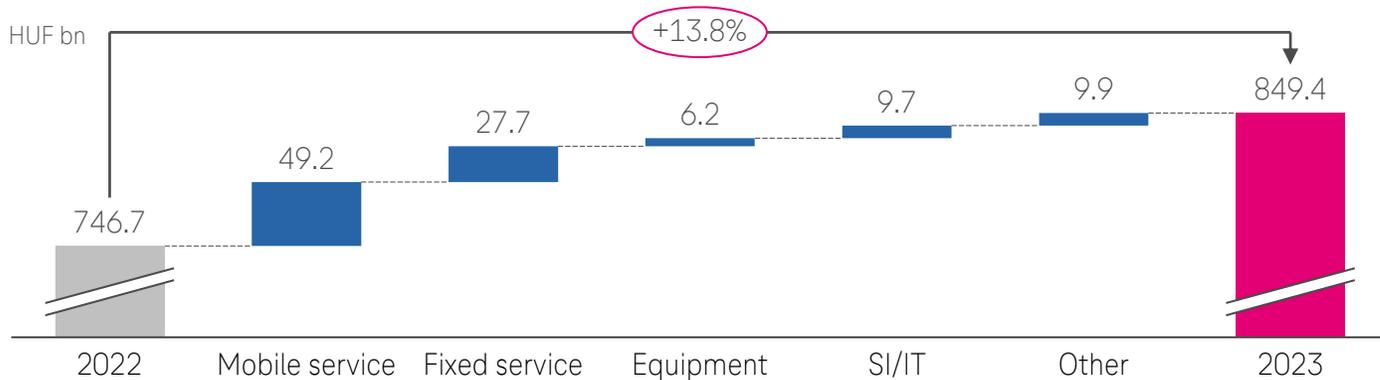


REVENUE GROWTH REFLECTS SUSTAINED COMMERCIAL MOMENTUM AND FEE ADJUSTMENTS

Revenue, Q4 2023 vs Q4 2022



Revenue, 2023 vs 2022

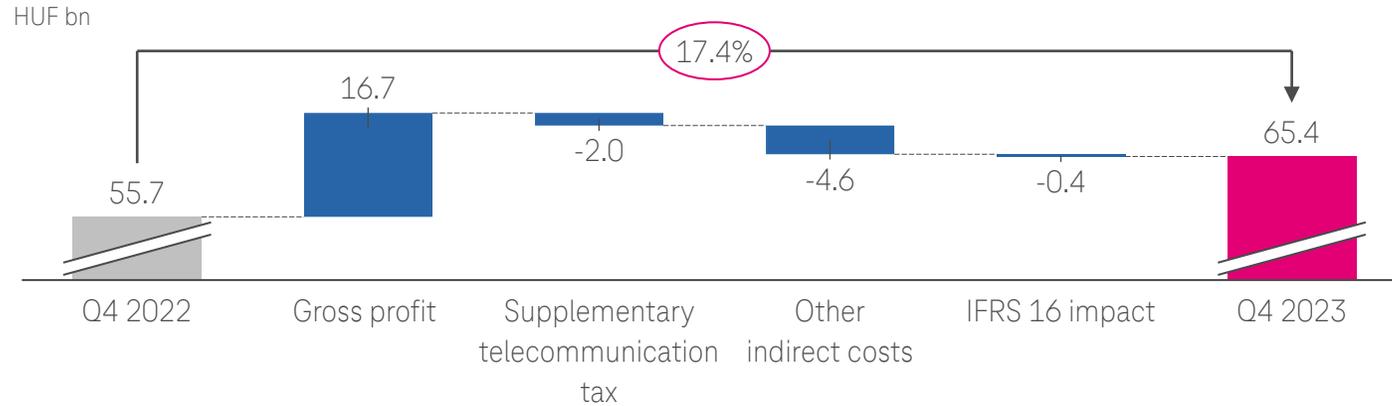


- Sustained positive demand for mobile data
- Continued expansion of broadband and TV customer bases
- Subscription revenue benefitting from the 14.5% inflation-based fee adjustment
- Increased equipment sales attributed to year-end promotions
- Growth in SI/IT revenue driven by significant contributions from major projects in Hungary



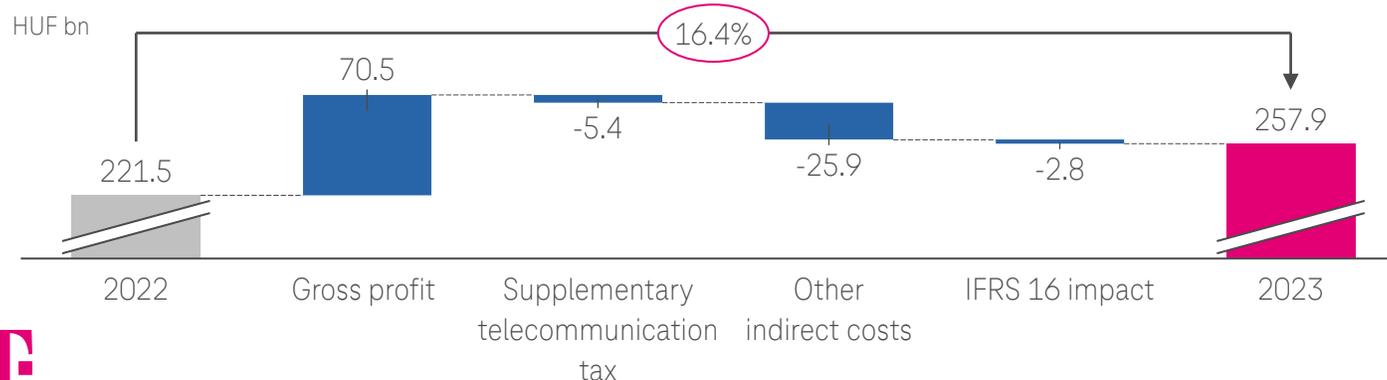
EBITDA AL IMPROVEMENT ACHIEVED DESPITE COST PRESSURES

EBITDA AL, Q4 2023 vs Q4 2022



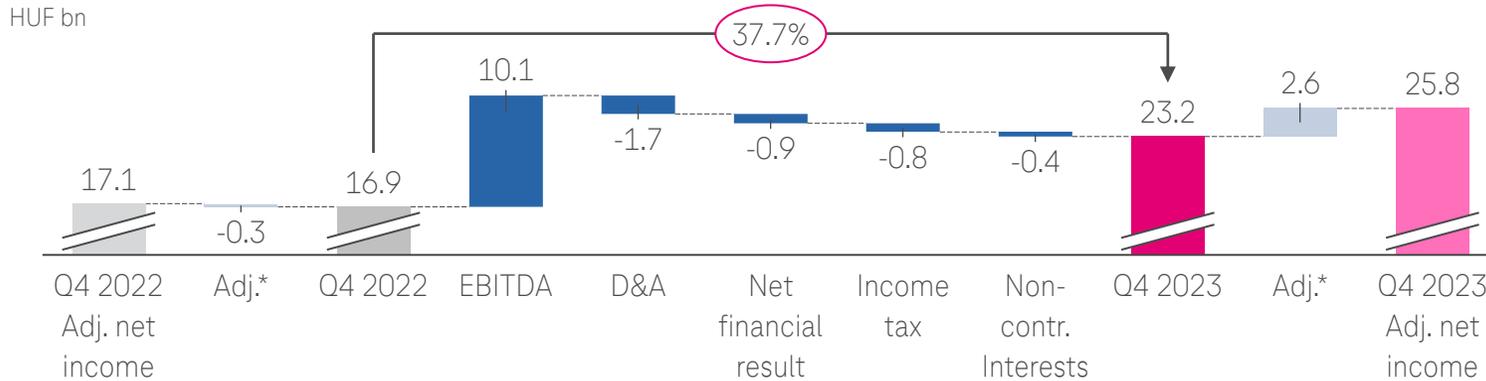
- Growth in gross profit reflects favorable underlying trends in telecommunication services
- Increased revenues led to higher supplementary telecommunication tax expenses
- Indirect costs higher due to increased employee-related expenses and vendor costs in Hungary
- IFRS 16 impact reflects growing lease liability base

EBITDA AL, 2023 vs 2022



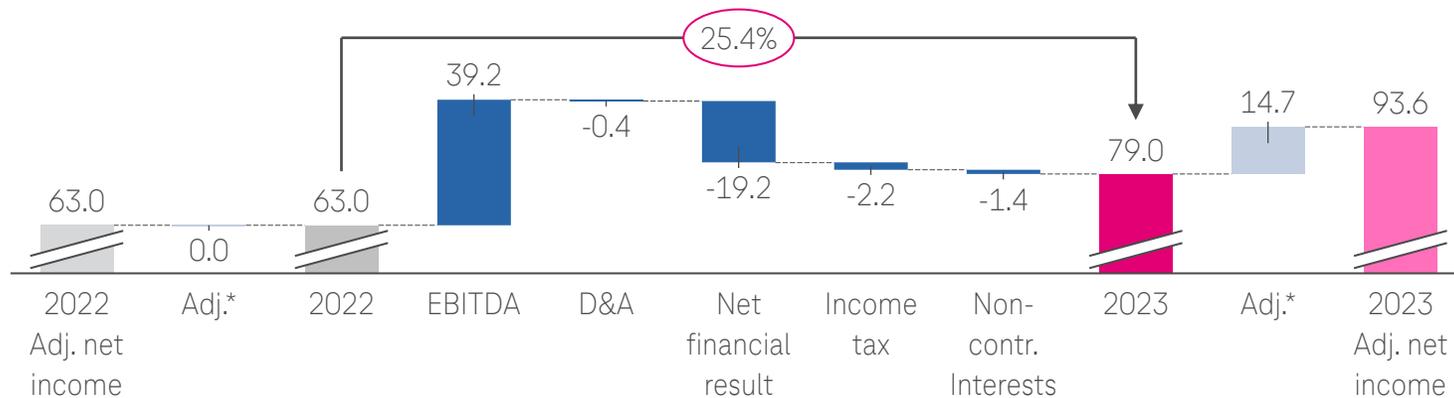
SUSTAINED NET INCOME GROWTH DRIVEN BY STRONG OPERATIONAL RESULTS

Net income (and adjusted net income), Q4 2023 vs Q4 2022



- Higher D&A in Q4 2023 due to different within year dynamic of SW license related depreciation in Hungary
- Net financial result down due to higher interest expenses and less favorable derivative-related fair value changes

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



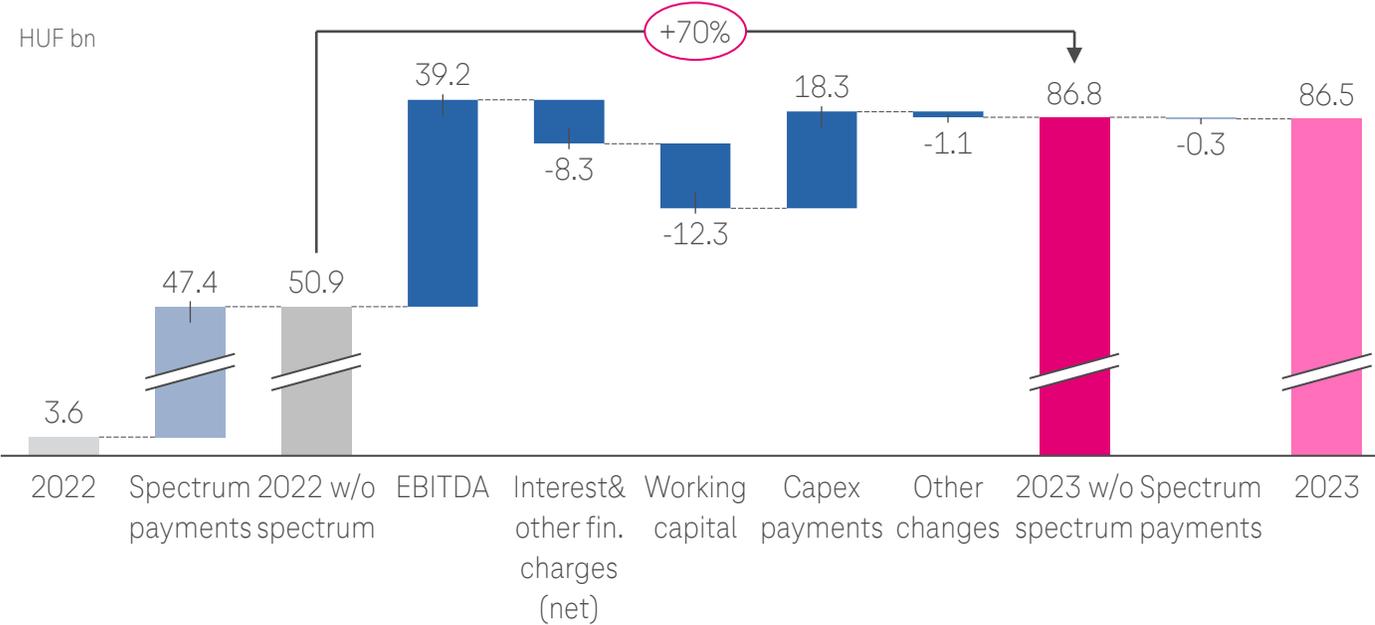
- Non-controlling interests reflects the performance of the North Macedonian subsidiary, demonstrating improved profitability
- Net income adjustments in 2023 relate primarily to non-realized losses on measuring derivatives at fair value



*Unaudited

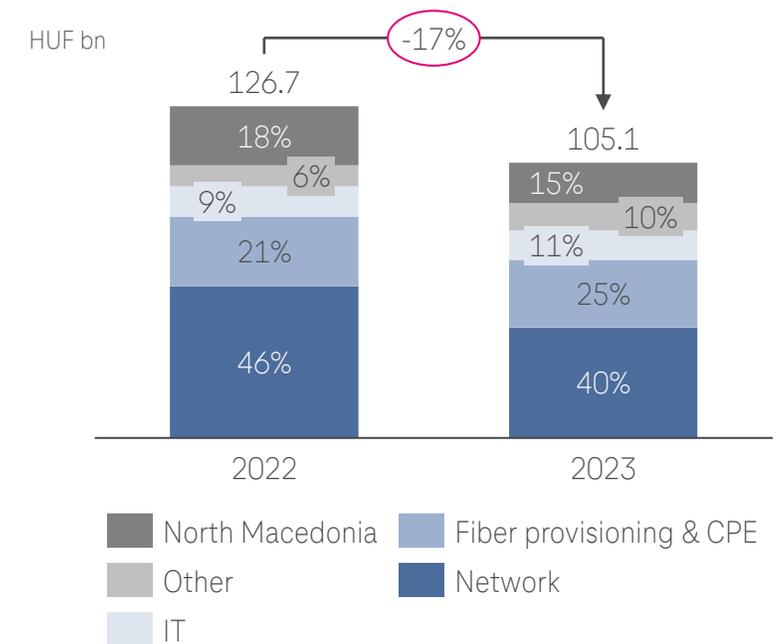
FREE CASH FLOW RISE DUE TO HIGHER EBITDA AND REDUCED INVESTMENT LEVELS

Free cashflow, 2023 vs 2022



- EBITDA improvement driven by strong operational performance
- Increased interest expenses on loans, higher bank charges, and elevated lease interest components
- Rise in working capital reflects higher transaction volumes in equipment instalment sales
- Lower capex payment driven by reduced network investment

CAPEX, 2023 vs 2022



- Reduced network investments mainly related to the slow-down in fiber-rollout pace in Hungary
- Stable investments in fiber connections attributed to sustained demand
- Reduction in North Macedonian capex reflects the completion of mobile network modernization in 2022



GUIDANCE FOR 2024

	2023 results	2024 guidance
REVENUE	HUF 849.4 bn	5%-10% growth
EBITDA AL	HUF 257.9 bn	20%-25% growth
ADJUSTED NET INCOME	HUF 93.6 bn	ca HUF 130 bn
FCF ¹	HUF 86.8 bn	ca HUF 120 bn

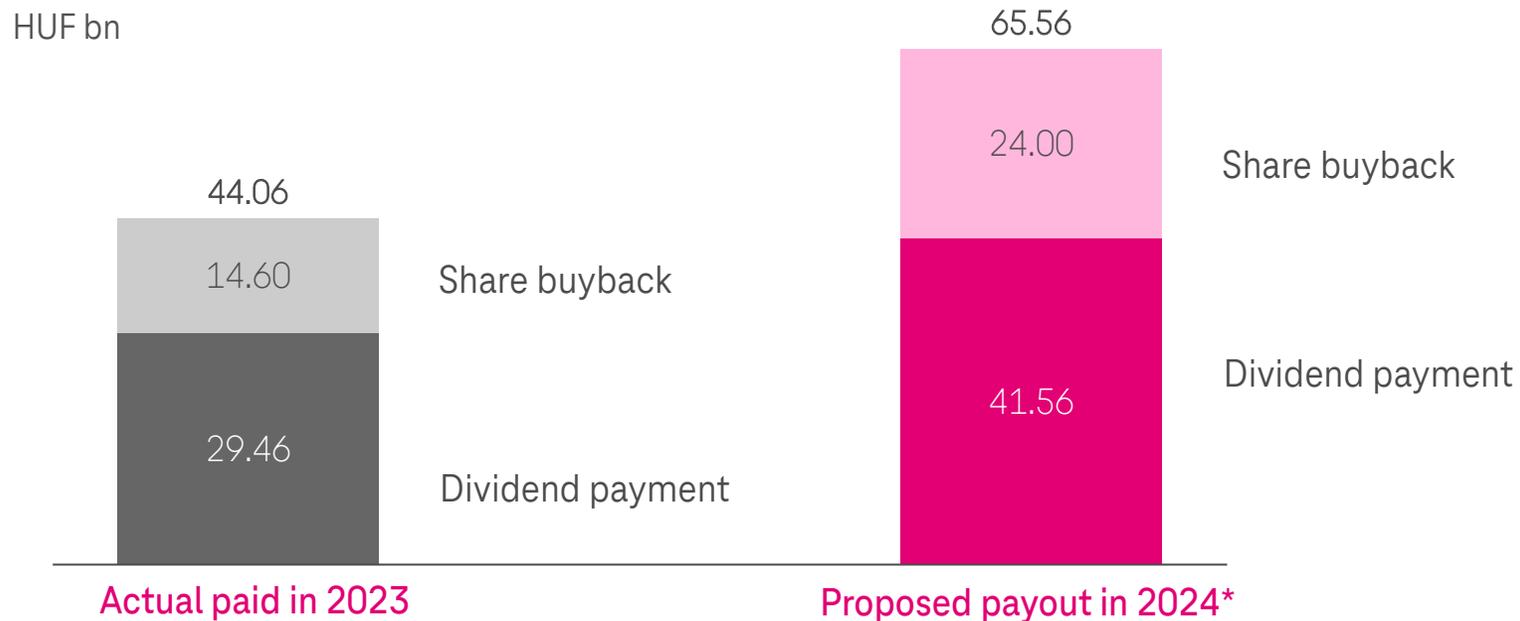
¹ EXCLUDING SPECTRUM LICENSES



SHAREHOLDER REMUNERATION AFTER 2023 RESULTS

Total shareholder remuneration is proposed to be equal to ca 70% of the 2023 adjusted net income:

- 1) cash dividend of HUF 41.56 billion* (corresponding to HUF 44.7 dividend per share)
- 2) share buyback of up to HUF 24.0 billion*



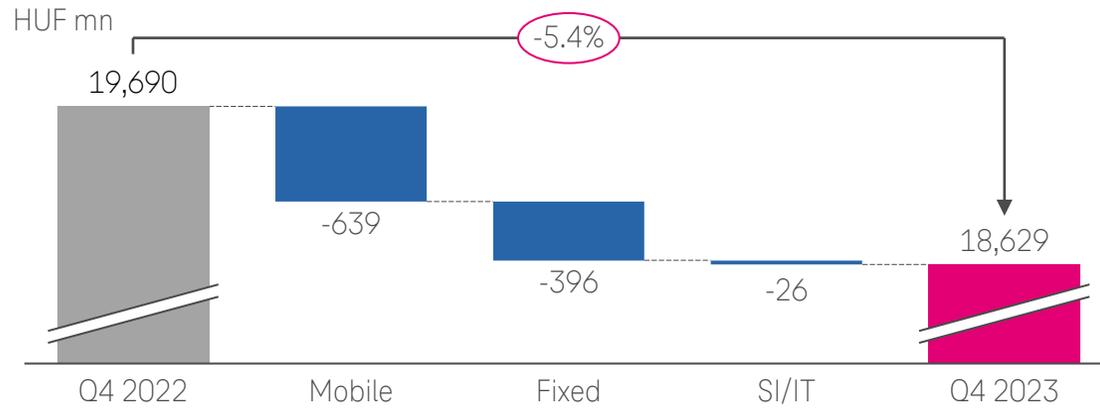
*SUBJECT TO THE NECESSARY AGM APPROVALS

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: Q4 2023 AND 2023 RESULTS¹

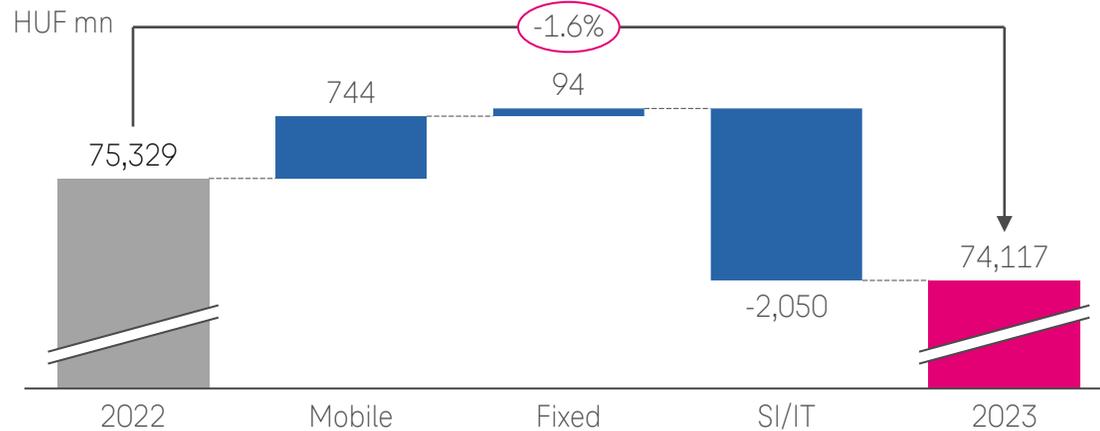
Revenues, Q4 2023 vs Q4 2022



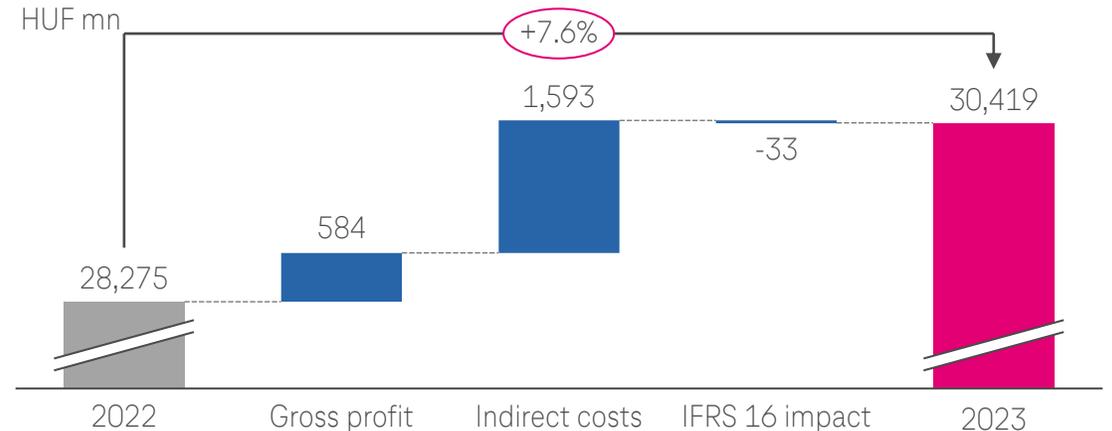
EBITDA AL, Q4 2023 vs Q4 2022



Revenues, 2023 vs 2022



EBITDA AL, 2023 vs 2022



¹ RESULTS ARE PRESENTED IN HUF

RESULTS IN LOCAL CURRENCY (MKD) FOR Q4 2023 VS Q4 2022: REVENUES +1.3% AND EBITDA AL + 6.7 YEAR-ON-YEAR

For further questions please contact the IR department:

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