

Magyar Telekom Investor Presentation

May 2025

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, 2024 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.

Magyar Telekom at a glance

Overview

Integrated ICT operations

- Leading telecommunications service provider in both countries
- Leading SI/IT service provider in Hungary
- Offering full spectrum of fixed and mobile services across both markets

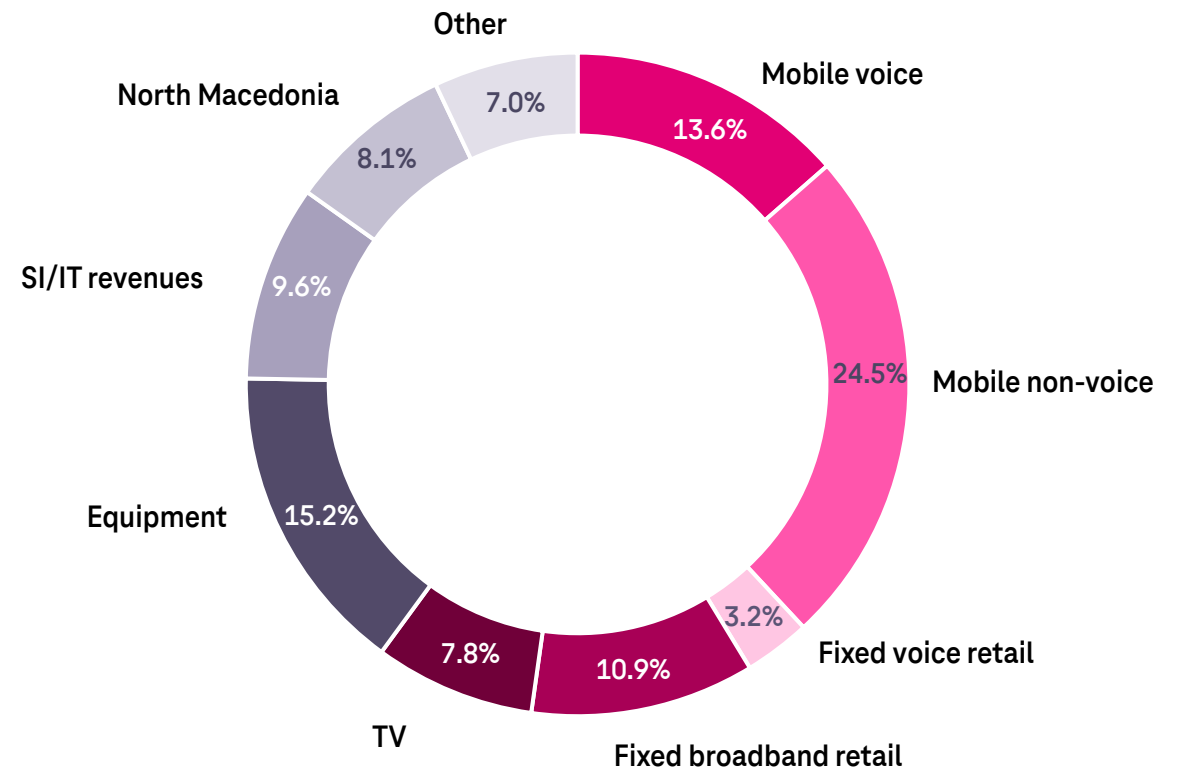
Majority owned by Deutsche Telekom (65.78%)

EUR 4.0 bn market capitalization¹

Primary listing on Budapest Stock Exchange

Level I ADR program, ADSs traded on the OTC Market

2024 revenue composition



Financial highlights of 2024

Revenue

967 bn

HUF

EBITDA AL

333 bn

HUF

Adjusted net income

163 bn

HUF

Free cash flow

166 bn

HUF

Earnings per share

172

HUF

Dividend per share

100.1

HUF

Share buyback

39.1 bn

HUF

Net debt

336 bn

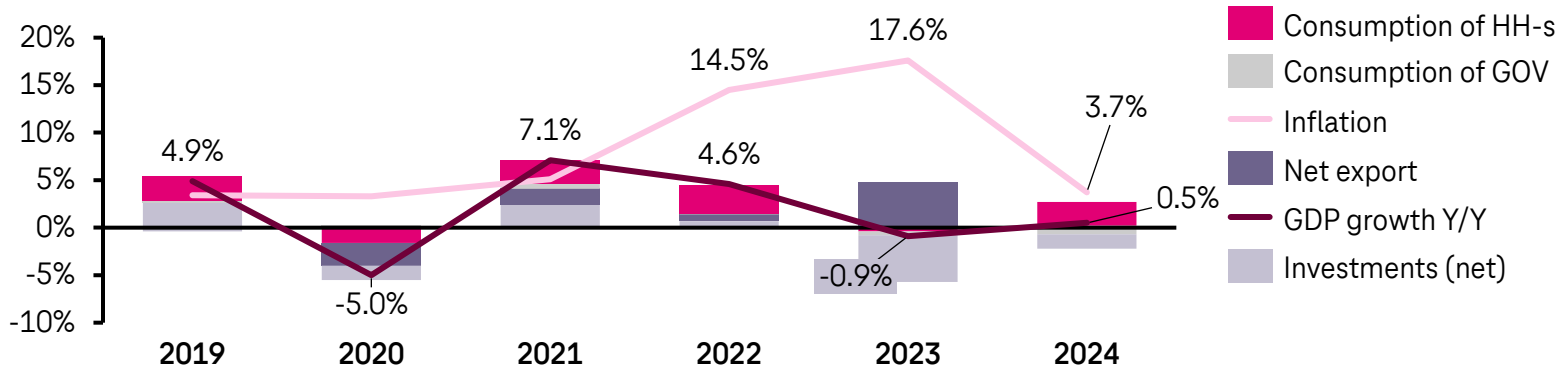
HUF

Investment Highlights



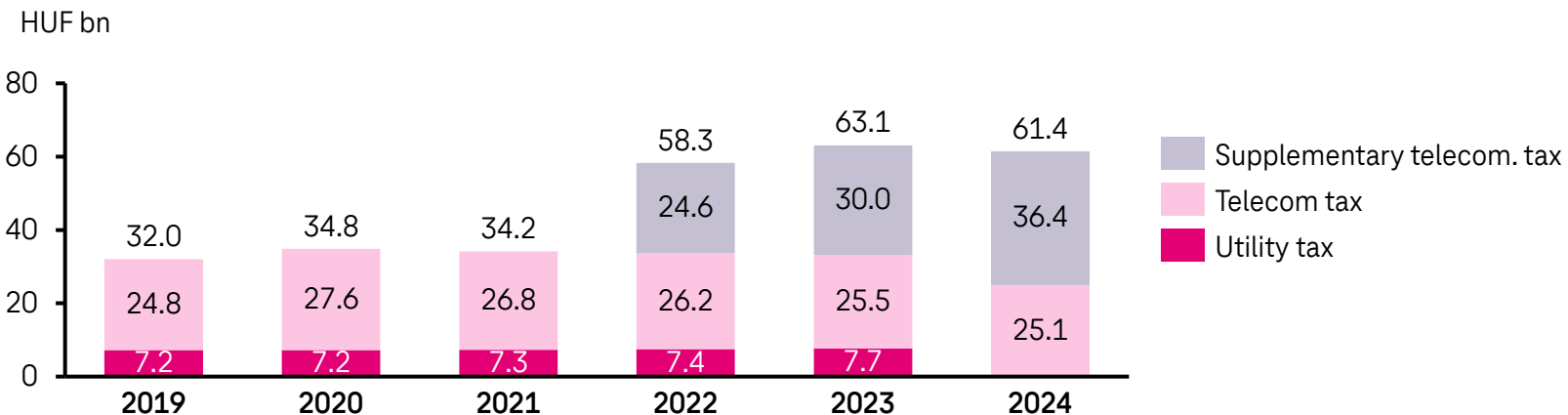
More favourable environment with sector-specific tax removals

Key macroeconomic indicators



- **Inflation** up again in H2 2024, reaching 5.5% yoy in January 2025
- **GDP** decline in 2023 and H1 2024 due to weaker household consumption, tighter fiscal policy and low investment levels
- Moderate improvement in **GDP** in H2 2024 driven by some recovery in household consumption

Sector-specific taxes levies on Magyar Telekom*



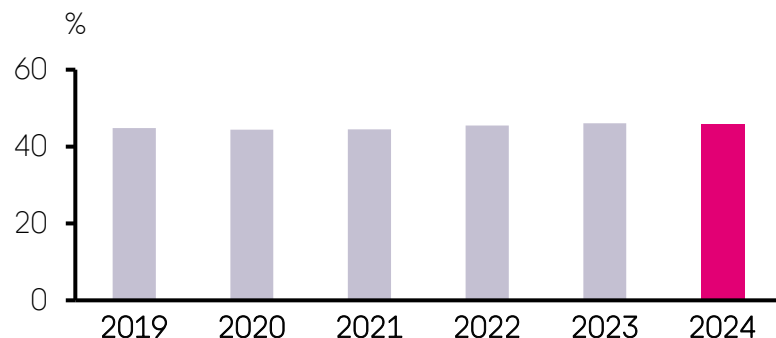
- Financial performance during 2012-2024 affected by sector-specific taxes
 - Traffic-based **telecom tax** introduced in July 2012 and increased in August 2013
 - **Utility tax** levied based on network length in 2013, eliminated in 2024
 - Temporary revenue-based **supplementary telecommunication tax** payable for 2022, 2023 and 2024



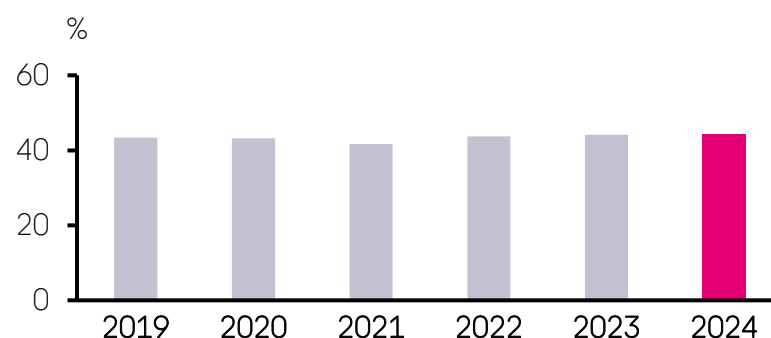
* Sector specific taxes booked as part of Operating Expense reducing EBITDA

Strong market leading position

Mobile voice SIM market share¹

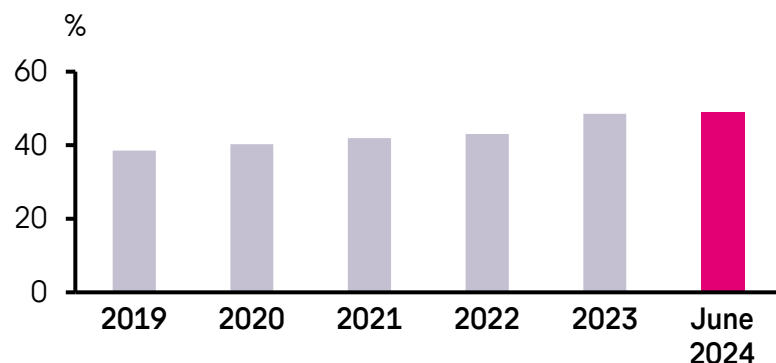


Mobile data SIM market share¹

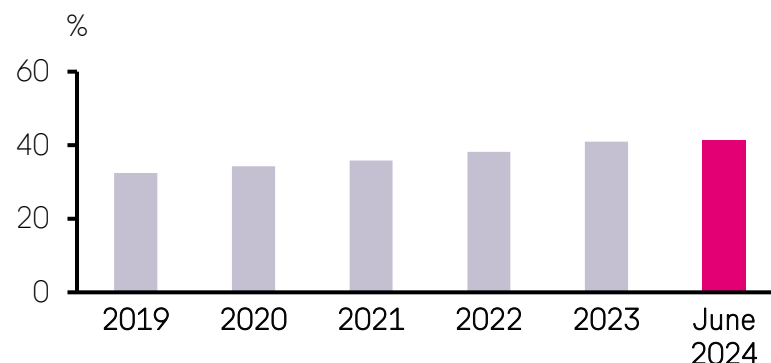


Stable leading position in the Hungarian mobile market

Fixed broadband market share²



TV market share²



Increasing Hungarian fixed broadband and TV market share

Competitors:

- 4iG: integrated fixed-mobile-IT offering; Yettel/Cetin: mobile only operations; Vantage: Vodafone Group's local tower co.; Small privately-owned cable companies

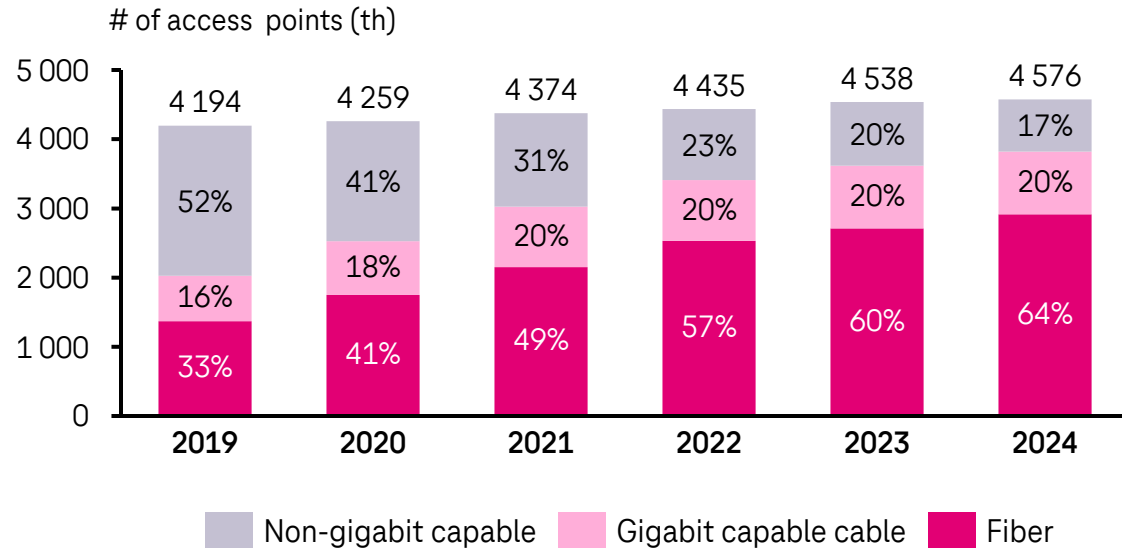


¹ Based on the total voice/internet traffic generating SIM cards data published by the National Media and Infocommunications Authority (NMIA)

² Based on the BB access/ pay TV data published by the National Media and Infocommunications Authority (NMIA) and internal data and estimates

Outstanding networks: a critical differentiator

Continuous investment into our fixed network

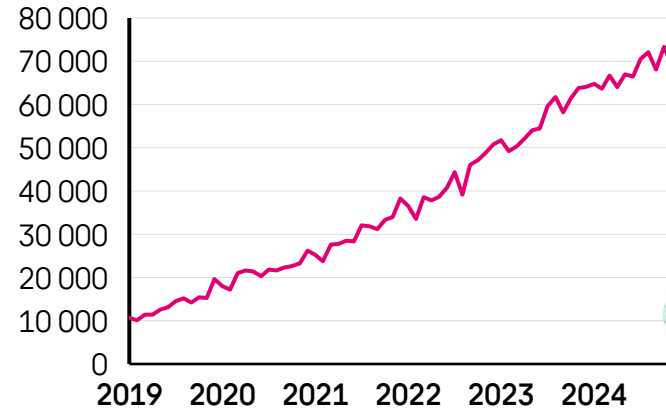


- Continued **fiber rollout** to provide seamless connectivity to a growing customer base
- Gradual copper retirement to increase efficiency
- **Gigabit availability** across 3.8 million access points or ~70% of country-wide network
- **Goal:** connect 4.5 million Hungarian homes and businesses by end-2027



Facilitating growing mobile data usage

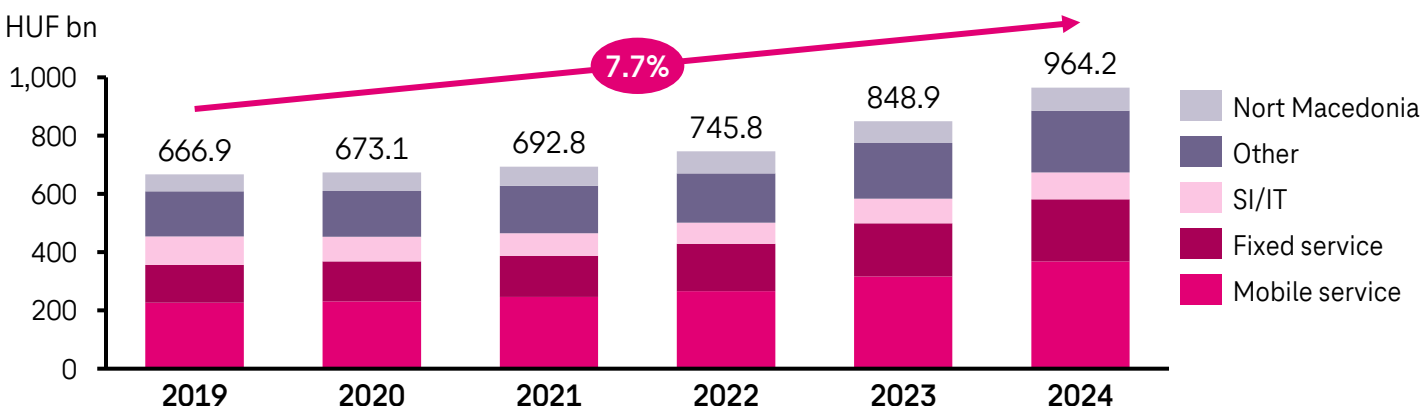
Total monthly mobile traffic (GB thousand)



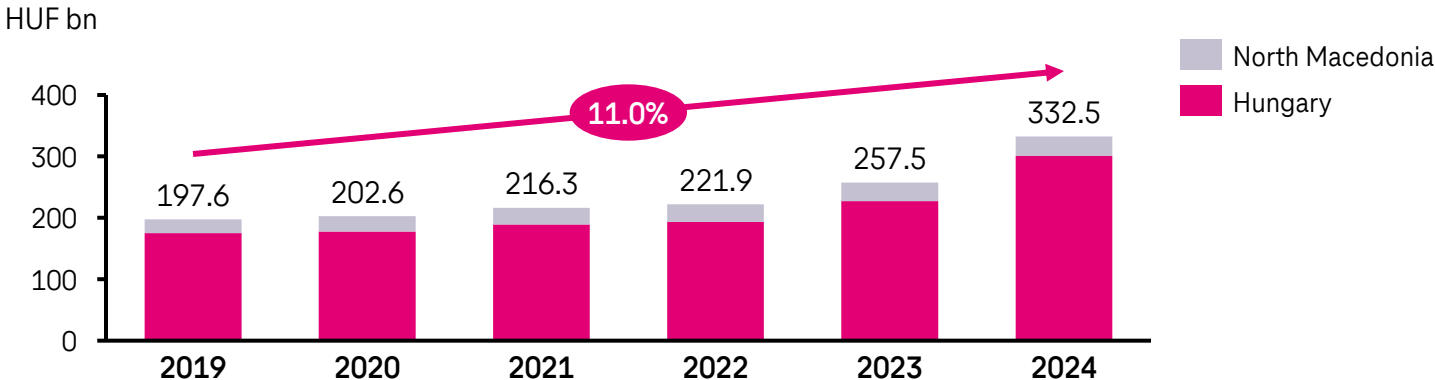
- Steady growth in **mobile data** traffic driven by expanding customer base and increasing data usage
- Enhanced capacity and availability following completion of 5-year RAN modernization project
- Population-based **5G** coverage at 77%
- **Goal:** increase population-based outdoor 5G coverage to 99% by end-2026

Consistent improvement in revenue and profitability

Magyar Telekom revenues



Magyar Telekom EBITDA AL



Seamless connectivity experience



Strong brand, excellent servicing & more-for-more pricing strategy



90% of Employees in Budapest HQ working under agile framework



Inflation-based fee adjustment introduced & other operating expenses kept under control



ISS Corporate Solutions ranked Magyar Telekom among the best performers of the telecom sector globally with 'B' rating

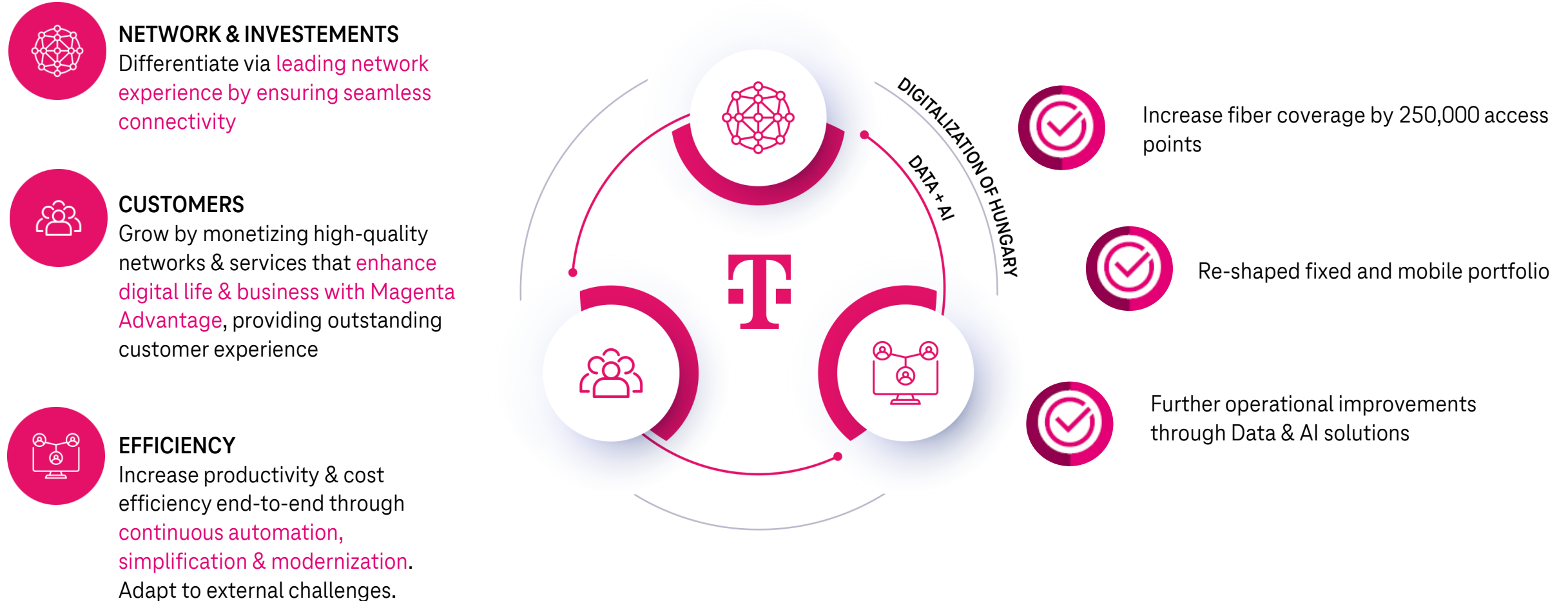
BBB+

BBB+ corporate credit rating with stable outlook affirmed by Scope Ratings

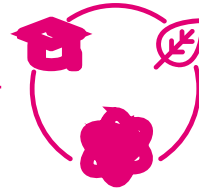
Three-pronged strategy for continued success

Strategic priorities

2025 focus



Sustainable practices underpin strategic initiatives



Digitalization of Hungary

- 5G coverage
- Gigabit access
- Consultancy



Climate Protection

Scope 1 & 2

- Carbon neutrality (since 2015)
- Green energy
- Energy reduction and efficiency

Scope 1 & 2

- Reaching full circularity
- Lowering suppliers' attributable emissions



Digital inclusion & education

Digital inclusion

- Education platforms
- Child protection

Sensitivity program

- Multi-generation
- Sustainable work

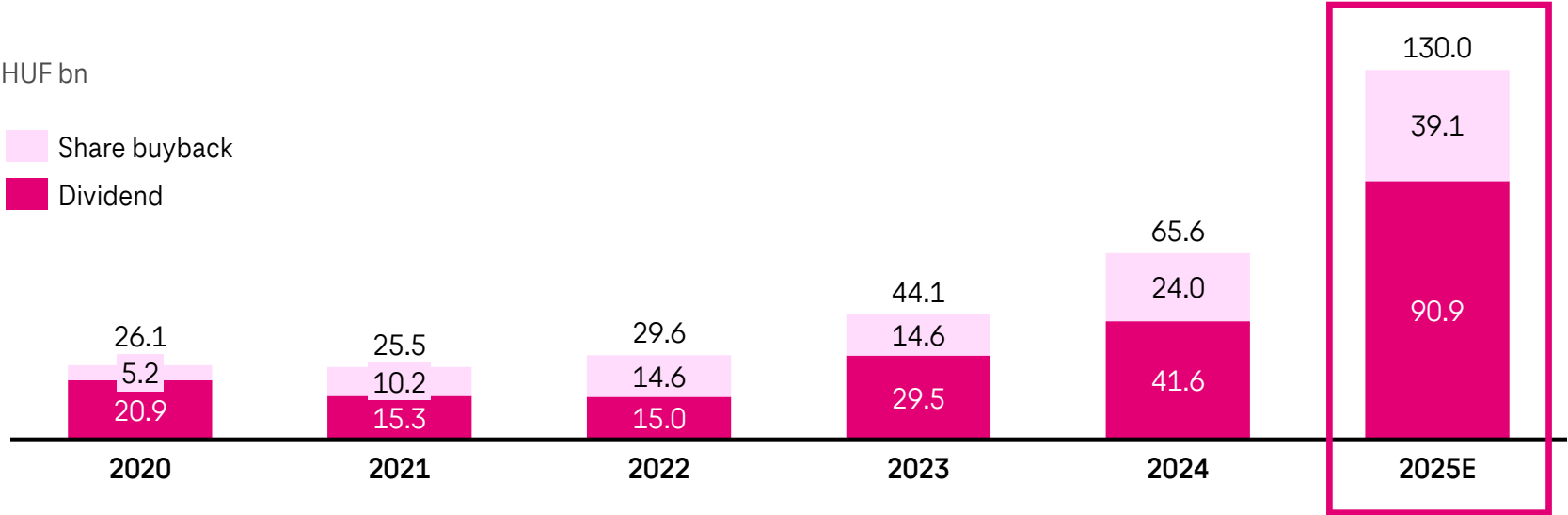
Committed to delivering sustainable shareholder value

Record shareholder remuneration for 2024

- cash dividend of HUF 90.9 billion (~HUF 100 dividend per share)
- share buyback of up to HUF 39.1 billion*

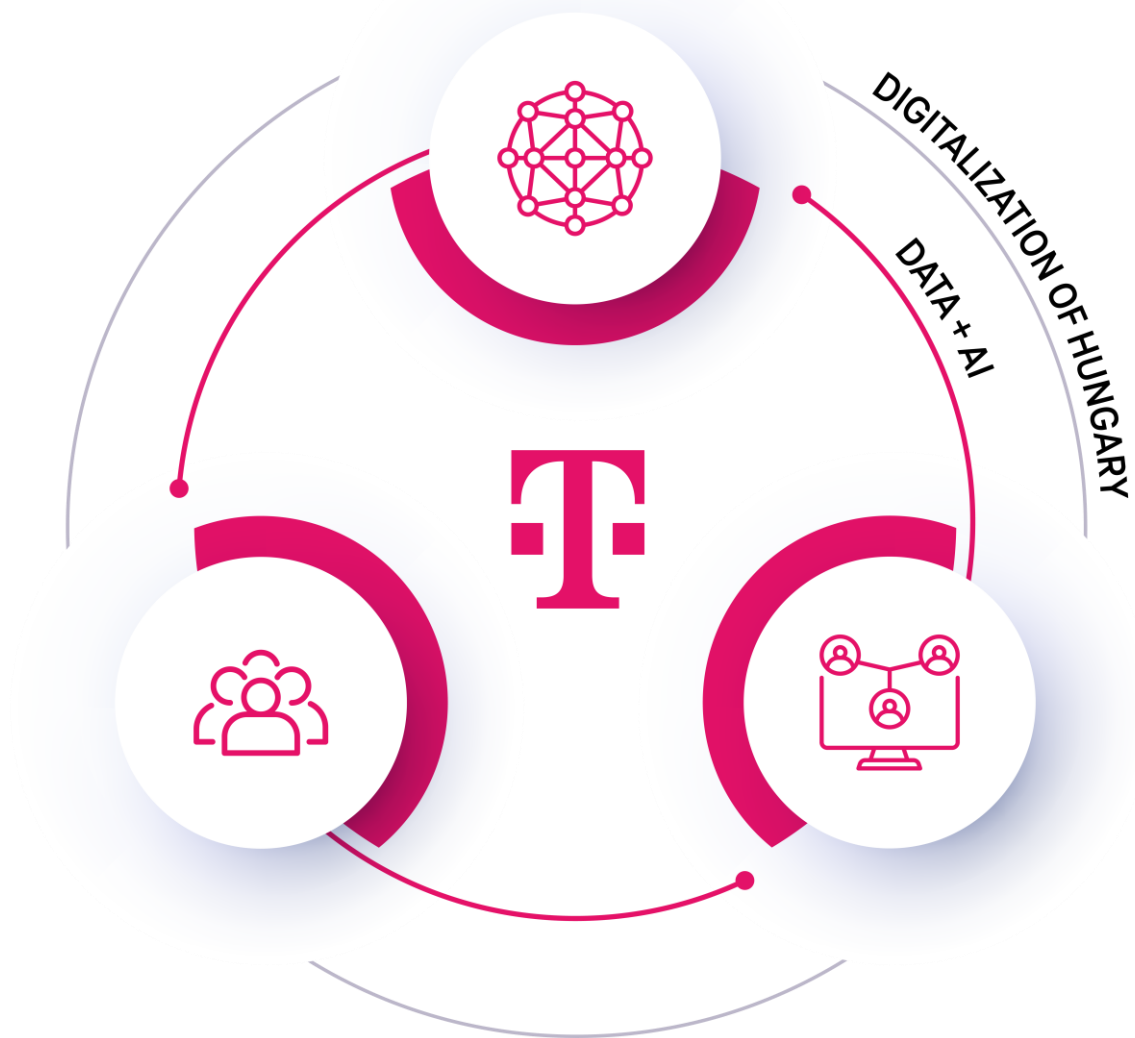
Enhanced policy for 2025 and beyond

- Target annual shareholder remuneration: 60% - 100% of consolidated adjusted net income, up from 60% - 80% in 2022-2024
- Delivered through dividend payments and share buybacks



Q1 2025 Results

Delivery against strategic objectives



Network & Investments

- 58,000 fiber access points added, increasing the gigabit coverage ratio of the Hungarian fixed network to 84%
- Population-based outdoor 5G coverage at ~77%

Customers

- 24,000 new fiber broadband customers
- Over 1.4 million Magenta Moments clients

Resilience & Efficiency

- No inflation-based fee adjustment in 2025
- Despite inflationary pressure, indirect costs kept under control

2025 guidance reaffirmed

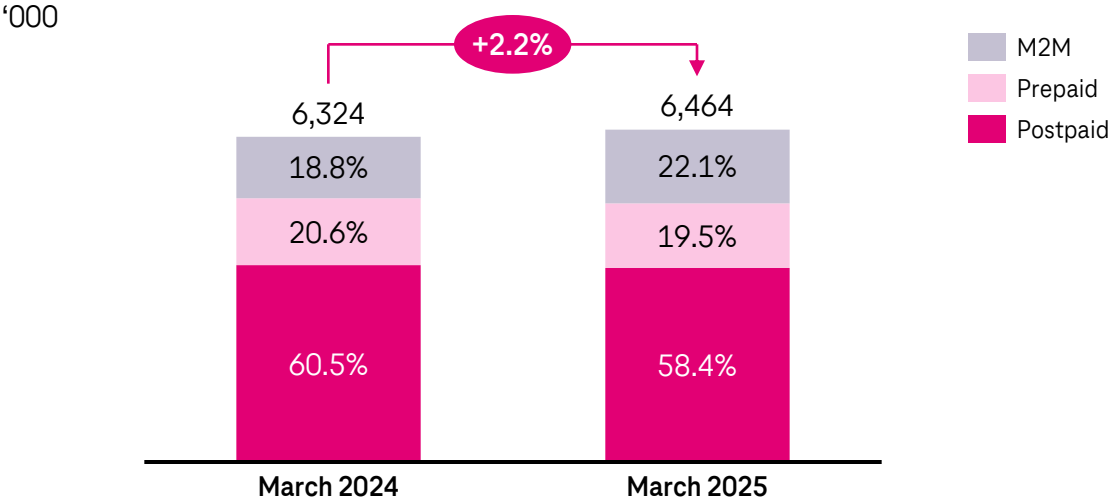
	2024 results	2025 guidance	Q1 2025 results change y-o-y
Revenue	HUF 967.5 bn	ca 1-3% growth	HUF 241.6 bn (+7.8%)
EBITDA AL	HUF 333.1 bn	ca 12-15% growth	HUF 97.5 bn (+26.7%)
Adjusted Net Income	HUF 162.6 bn	HUF ca 190 bn	HUF 54.6 bn (+43.4%)
FCF ¹	HUF 165.1 bn	HUF ca 180 bn	HUF 28.5 bn

¹ excluding spectrum licenses



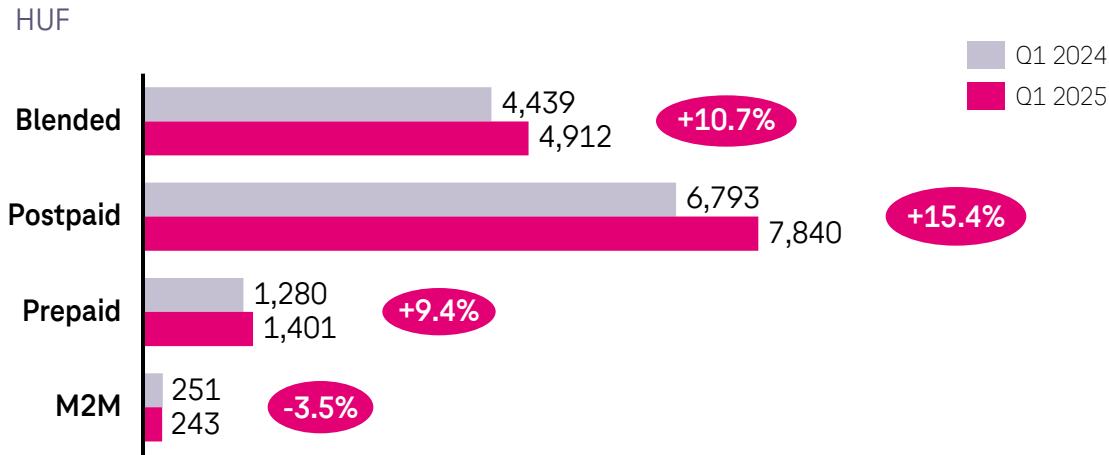
Growing mobile data usage drives momentum in mobile segment

Mobile SIMs



- Growth in residential postpaid customers offset by higher churn in public sector SIMs
- M2M growth driven by positive momentum in elderly care watch sales and smart meter solutions

Mobile ARPU

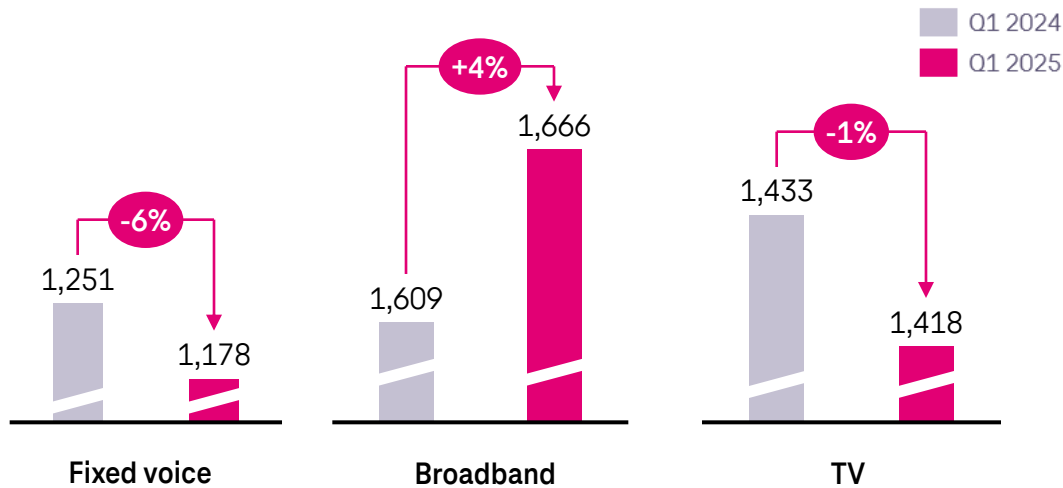


- Mobile data usage growth provides impetus to positive ARPU development
- Postpaid ARPU further supported by inflation-based fee adjustment implemented in 2024

Fiber uptake fuels fixed market growth

Fixed voice, BB and TV customers

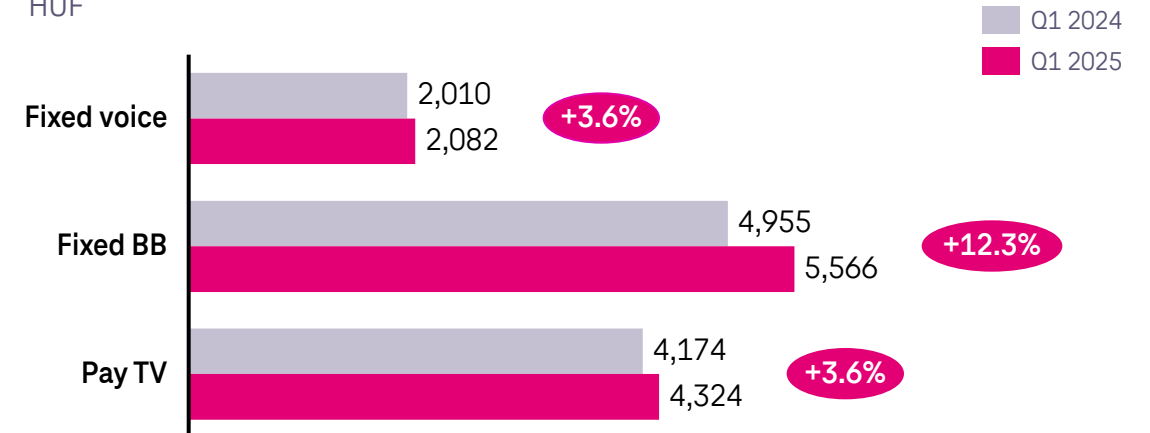
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- Higher fixed voice churn driven by service rationalization
- Broadband growth fueled by strong fiber uptake
- TV customer trend reflects discontinuation of satellite-TV service

Fixed voice, BB and TV ARPU

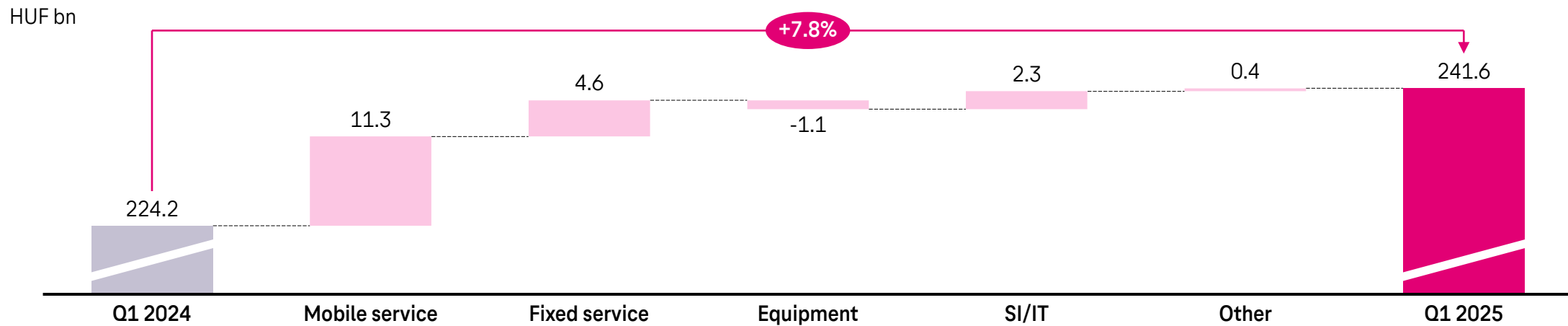
HUF



- Broadband ARPU trend reflects proactive customer migration to higher bandwidth packages
- ARPU development across all service lines supported inflation-based fee adjustment

Revenue growth reflects inflation-based fee adjustment and positive operational developments

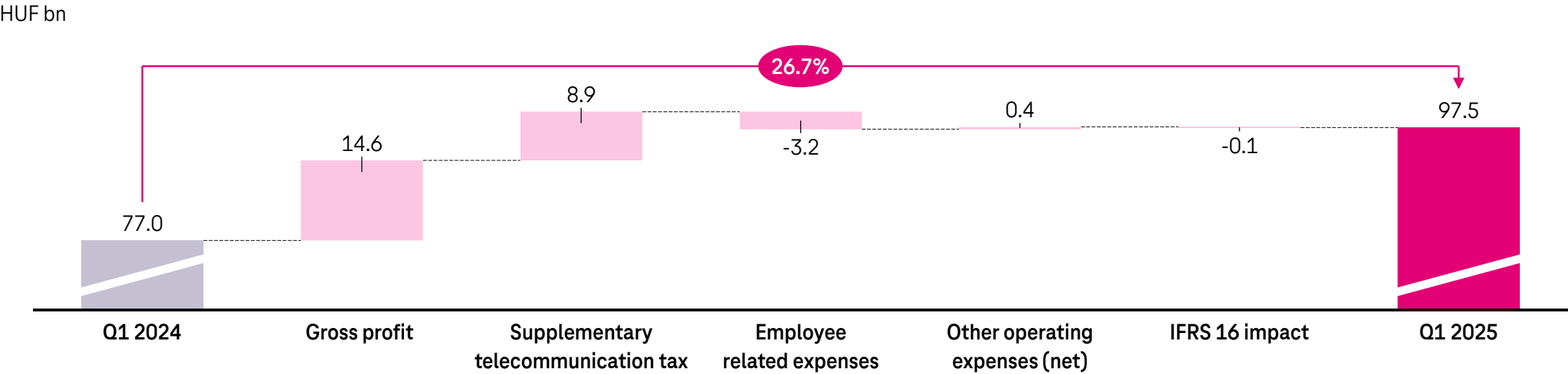
Revenue, Q1 2025 vs Q1 2024



- Service revenue growth driven by continued demand for data and connectivity
- Subscription revenues boosted by 2-month impact of inflation-based fee adjustment
- SI/IT performance reflects delivery of major projects in Hungary
- Equipment sales development reflects general slowdown in customer spending trends

EBITDA AL growth driven by strong gross profit momentum and expiry of the supplementary tax

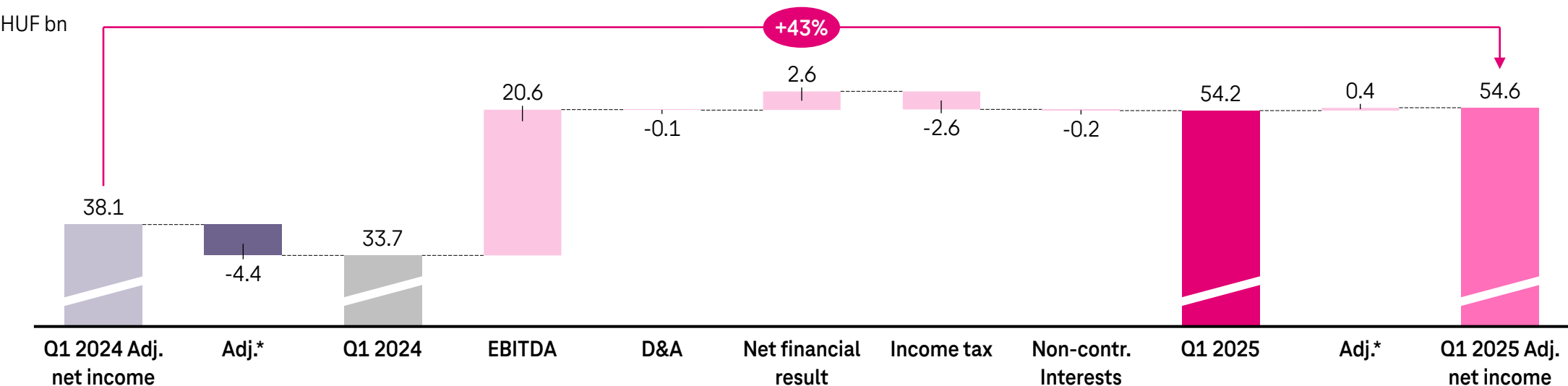
EBITDA AL, Q1 2025 vs Q1 2024



- Gross profit up in line with revenues
- Employee-related expense reflects higher wage
- Other operating expenses kept under control despite inflationary pressure
- Supplementary telecommunication tax has expired as of January 1, 2025

Significant rise in net income driven by EBITDA growth

Net income (and adjusted net income), Q1 2025 vs Q1 2024



- Strong EBITDA growth boosts net income
- Net financial result improvement reflects lower interest expense
- Adjustments made for unrealized gains/losses related to FX changes and measurement of derivatives at fair value

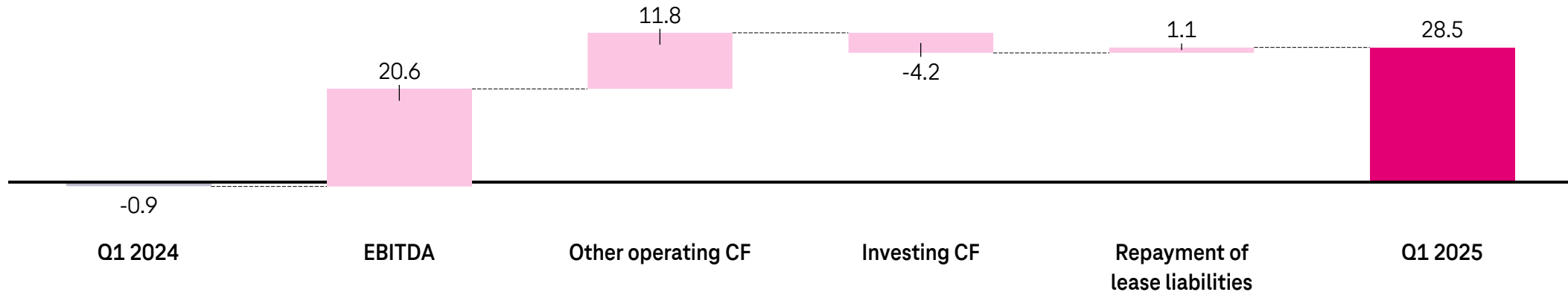
*Adjustments are unaudited



Positive trends in EBITDA and working capital changes drive strong free cash flow

Free cash flow excluding spectrum licenses, Q1 2025 vs Q1 2024

HUF bn

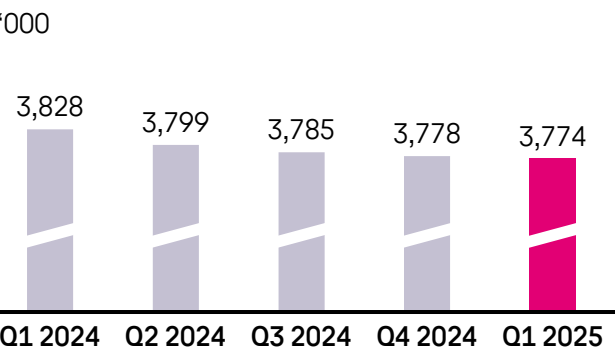


- Strong increase in free cash flow in line with EBITDA uplift
- Working capital positively impacted by favorable development in instalment and other customer related receivables
- Higher cash generation supported by lower interest outpayments
- Higher capex outpayment related to network investments

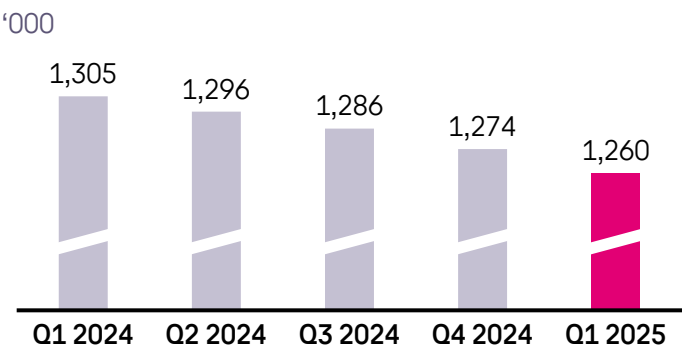
Appendix

Mobile KPIs

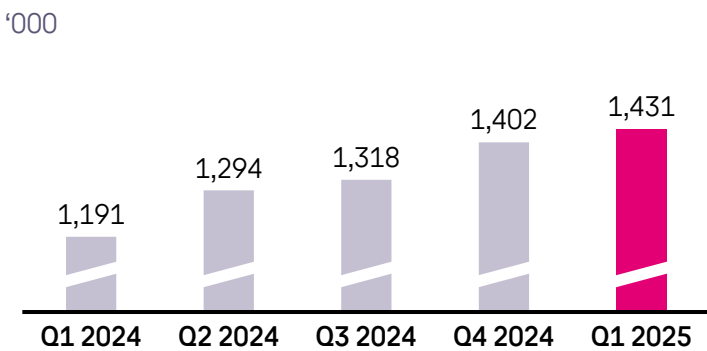
Postpaid customers



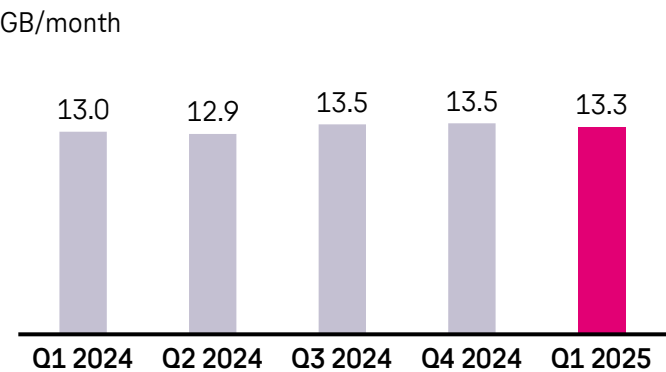
Prepaid customers



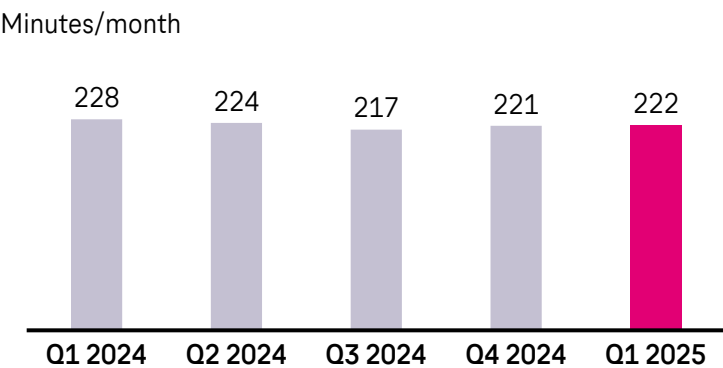
M2M



Average mobile data usage

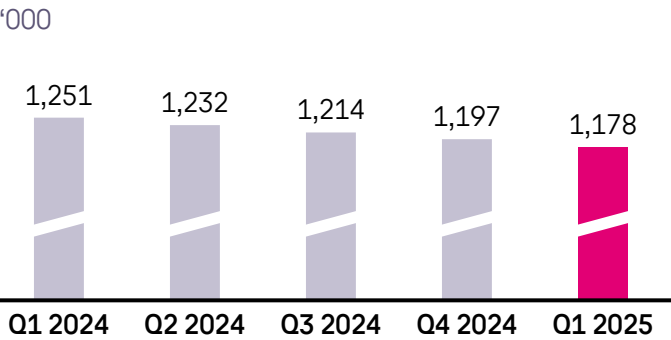


Mobile voice usage

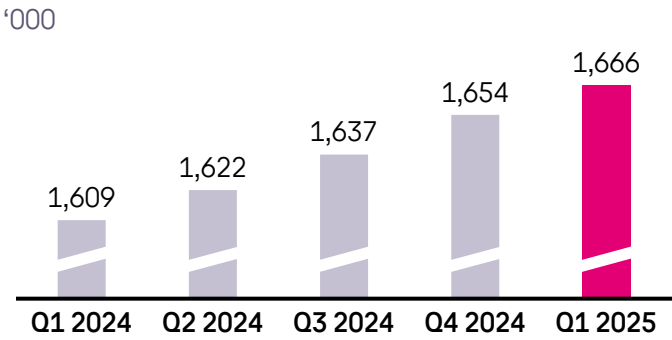


Fixed KPIs

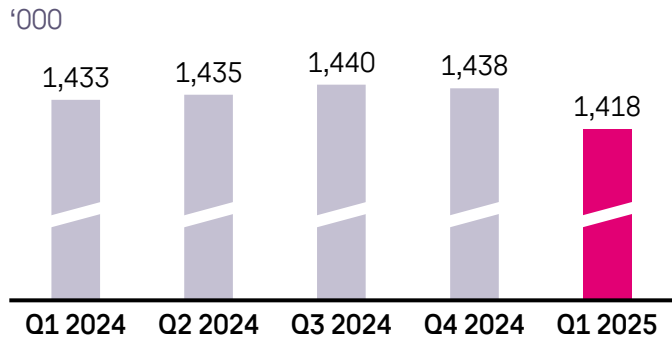
Fixed voice customers



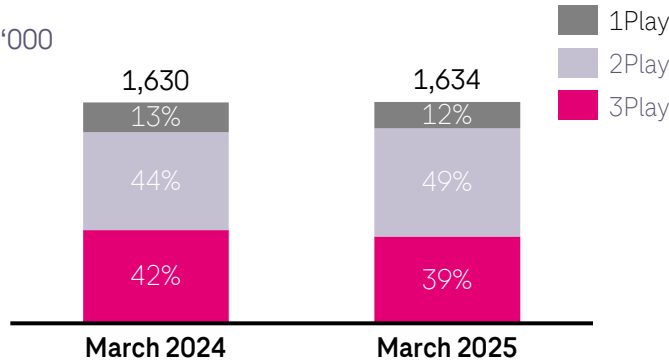
Fixed broadband customers



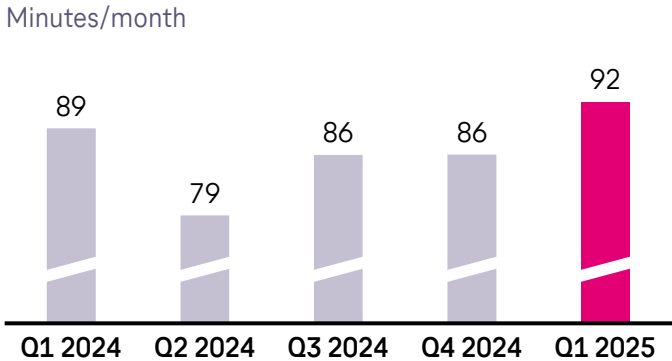
Pay TV customers



Fixed line residential subscriber distribution

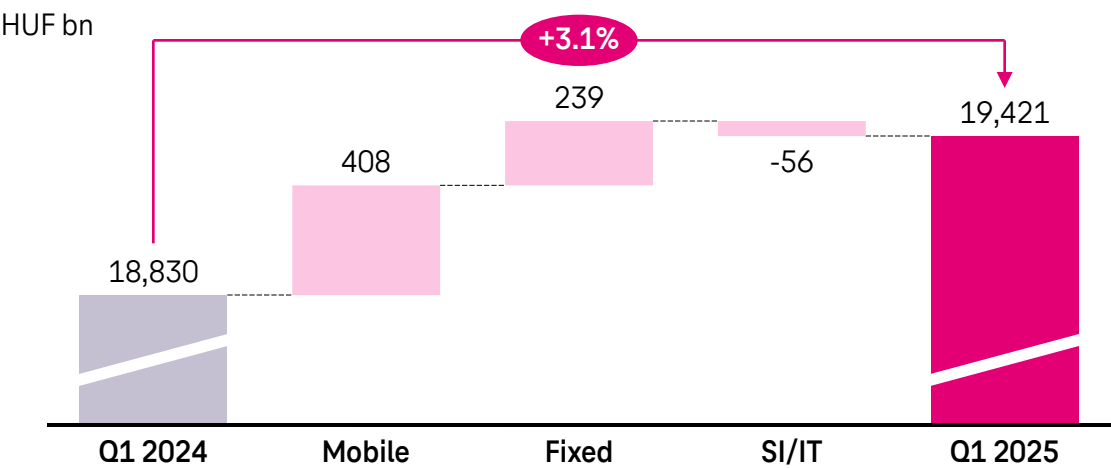


Fixed voice usage

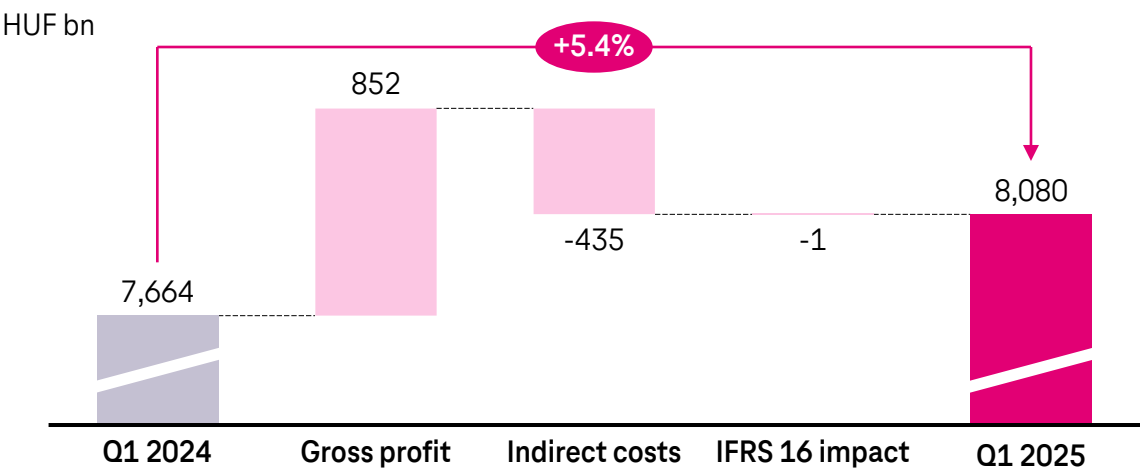


North Macedonia performance highlights

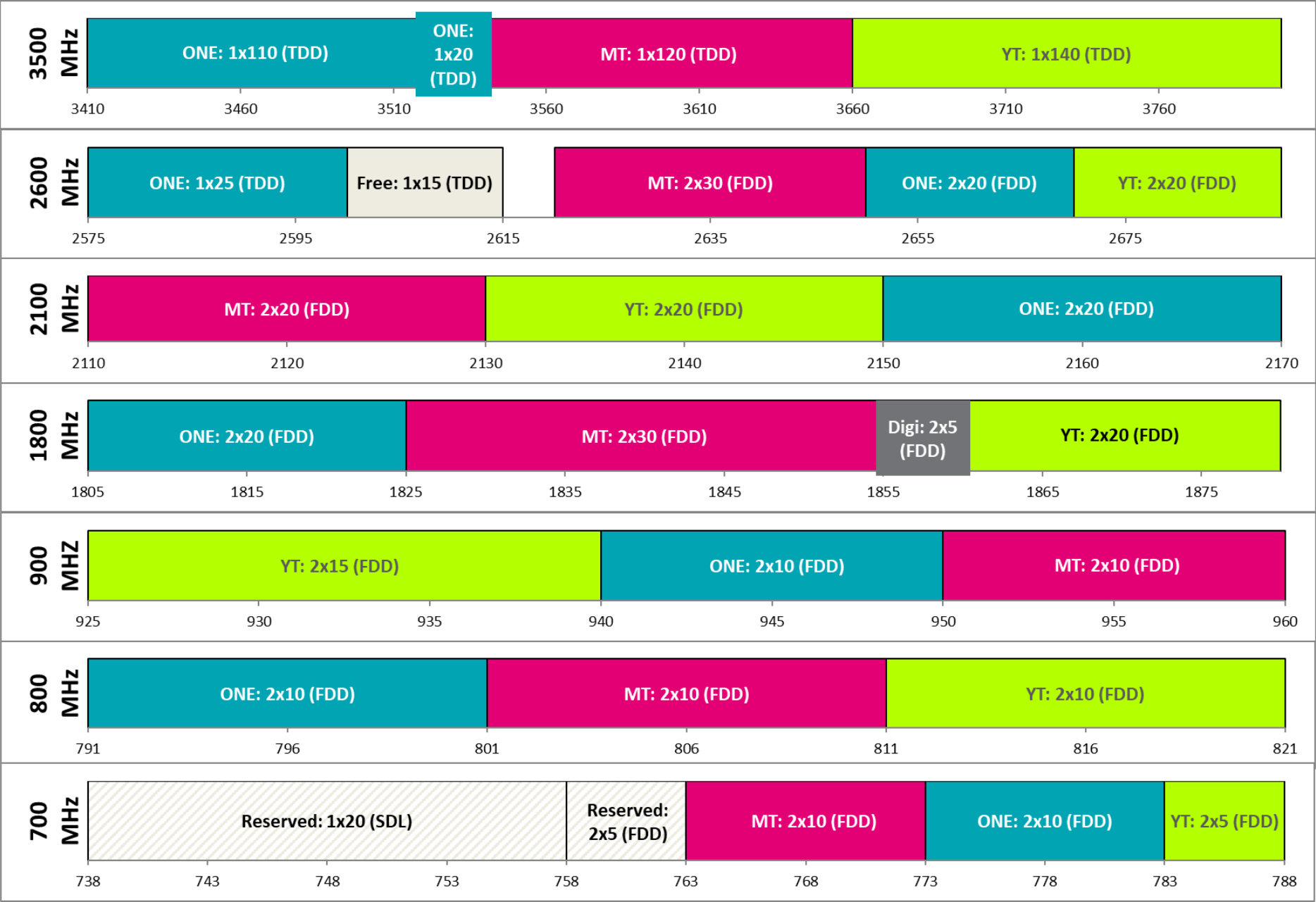
Revenues, Q1 2025 vs Q1 2024



EBITDA AL, Q1 2025 vs Q1 2024



Hungarian mobile spectrum allocations



For further questions please contact the IR team

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