

# MAGYAR TELEKOM GROUP Q3 2023 RESULTS PRESENTATION

November 8, 2023



# 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](http://www.telekom.hu/investor_relations).



# PROGRESS ACHIEVED AGAINST STRATEGIC PRIORITIES

 **80%** gigabit coverage  
across Hungarian fixed network


**Continued commitment to seamless connectivity**

 **75%** readiness of Hungarian  
mobile network modernization

**Signed Memorandum of Understanding for the Digital Transformation of Hungary**

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

**Monetization of technology leadership**

 **+33%** YoY growth  
in mobile data load

**Ensuring outstanding customer experience**

**BBB+** Corporate credit rating  
with positive outlook

**External recognitions confirming the success of our initiatives**

**MSCI**  
ESG RATINGS   
CCC B BB BBB A AA AAA



# PERFORMANCE AGAINST 2023 PUBLIC TARGETS

	2022 results	2023 guidance	9M 2023 results (change y-o-y)	Key drivers
REVENUE	HUF 746.7 bn	10%-15% growth <sup>2</sup>	HUF 620.2 bn (+13.3%)	<ul style="list-style-type: none"> <li>▪ Sustained strength of operational performance</li> <li>▪ Inflation-based fee adjustment implemented in March 2023</li> </ul>
EBITDA AL	HUF 221.5 bn	10%-15% growth <sup>2</sup>	HUF 192.5 bn (+16.1%)	<ul style="list-style-type: none"> <li>▪ Telecommunication service driven growth</li> <li>▪ Inflationary cost pressures remain</li> </ul>
ADJUSTED NET INCOME	HUF 63.0 bn	double-digit growth	HUF 67.8 bn (+48.0%)	<ul style="list-style-type: none"> <li>▪ Improvement in EBITDA positively impacting performance</li> <li>▪ Continued interest rate pressure</li> </ul>
FCF <sup>1</sup>	HUF 50.9 bn	ca HUF 60bn	HUF 48.6bn (-8.1%)	<ul style="list-style-type: none"> <li>▪ EBITDA growth outweighs higher interest payments and rising working capital needs</li> </ul>

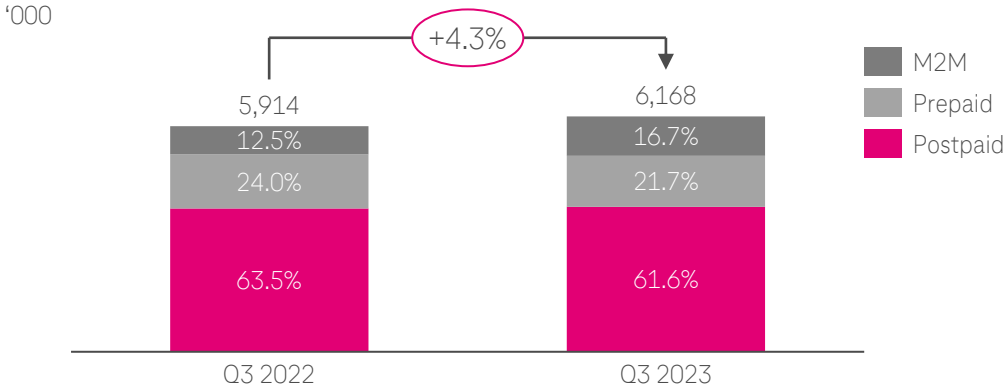
<sup>1</sup> EXCLUDING SPECTRUM LICENSES

<sup>2</sup> MODIFIED ON SEPTEMBER 26, 2023 FROM "5-10% GROWTH"

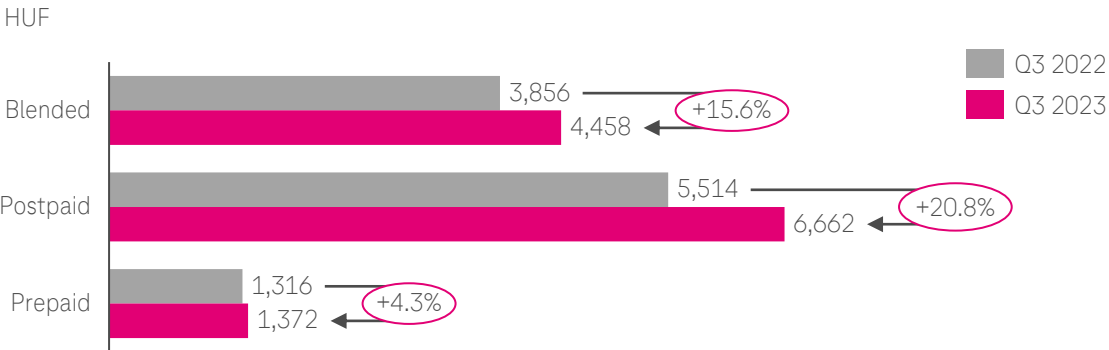


# SUSTAINED DEMAND FOR MOBILE DATA IN HUNGARY

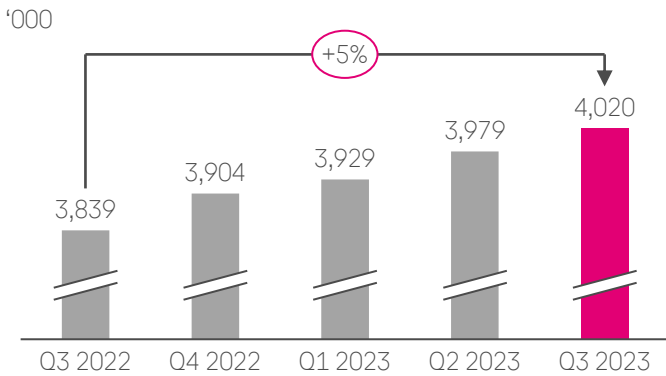
## Mobile SIMs



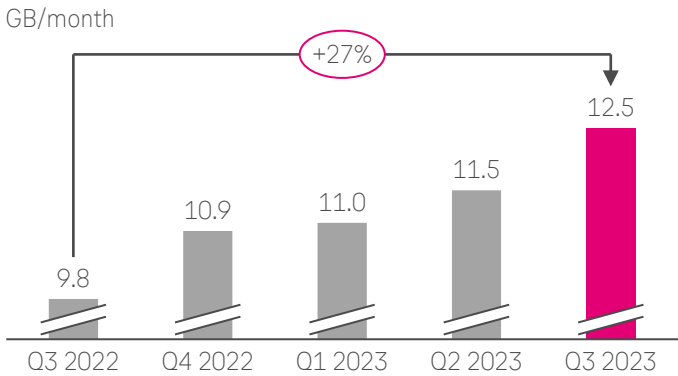
## Mobile ARPU



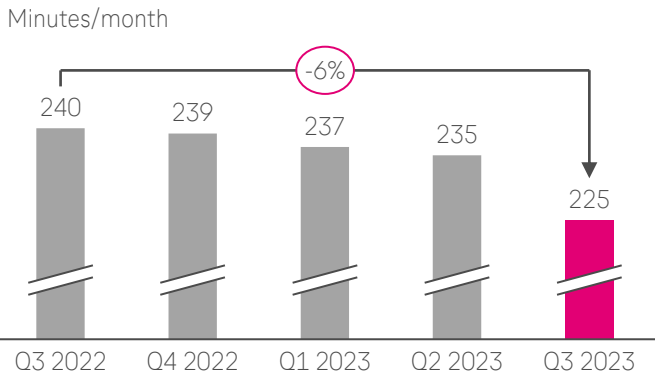
## Mobile data SIMs



## Mobile broadband usage

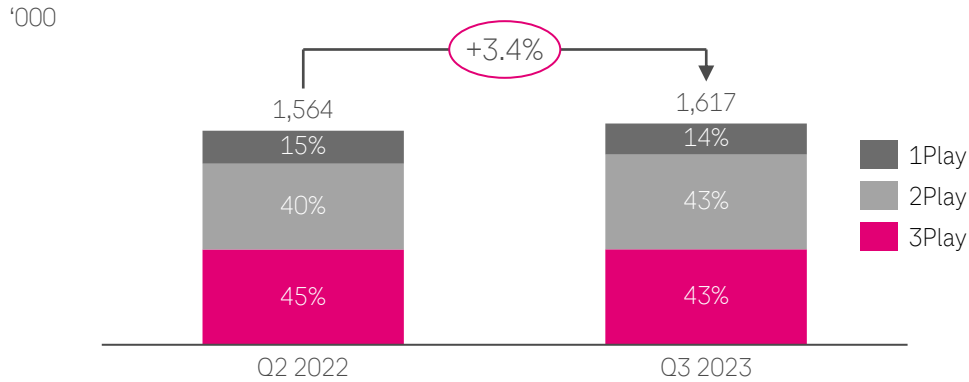


## Mobile voice usage

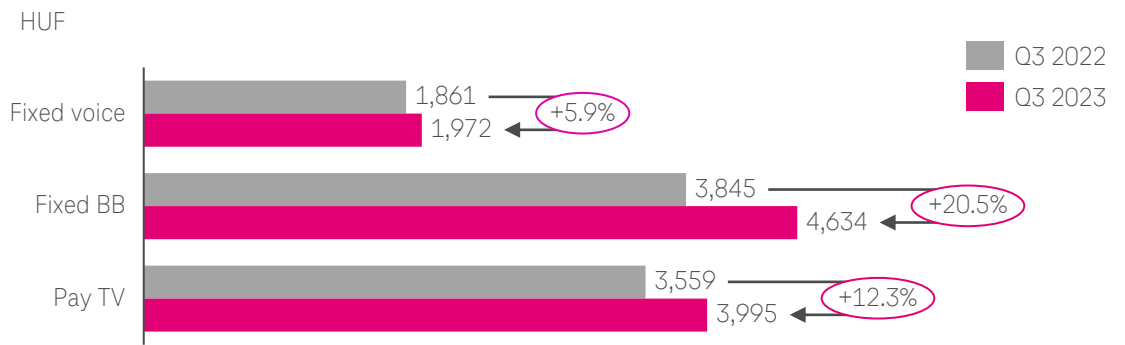


# UNLOCKING VALUE THROUGH NETWORK LEADERSHIP IN HUNGARY'S FIXED MARKET

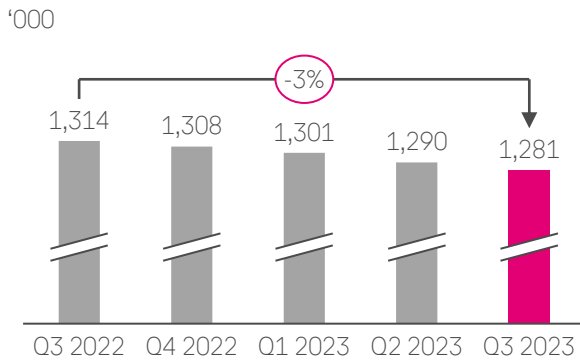
## Fixed line multiplay residential subscribers



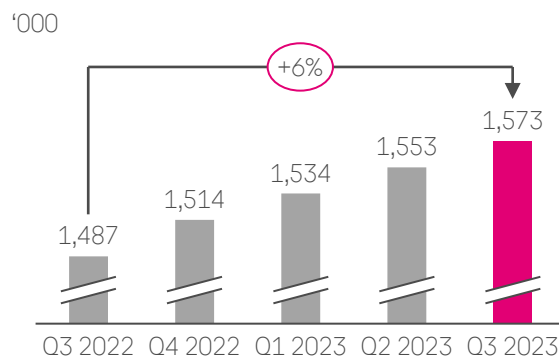
## Fixed Voice, BB and TV ARPU



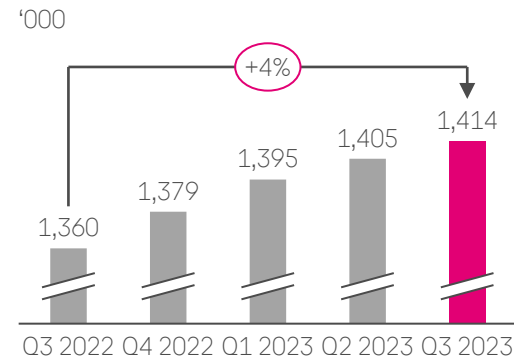
## Fixed voice customers



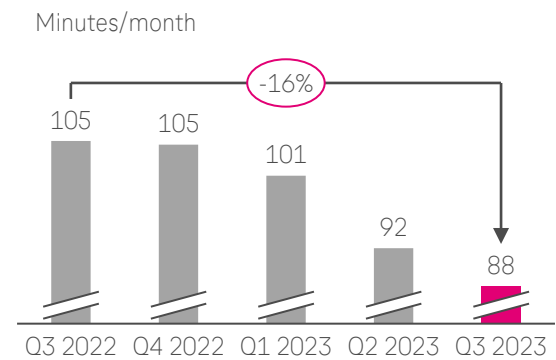
## Fixed broadband customers



## Pay TV customers

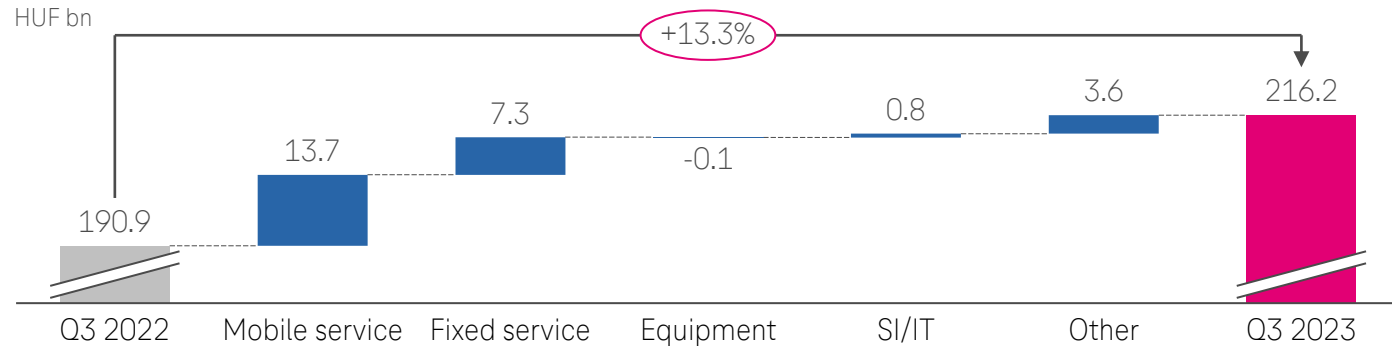


## Fixed voice usage

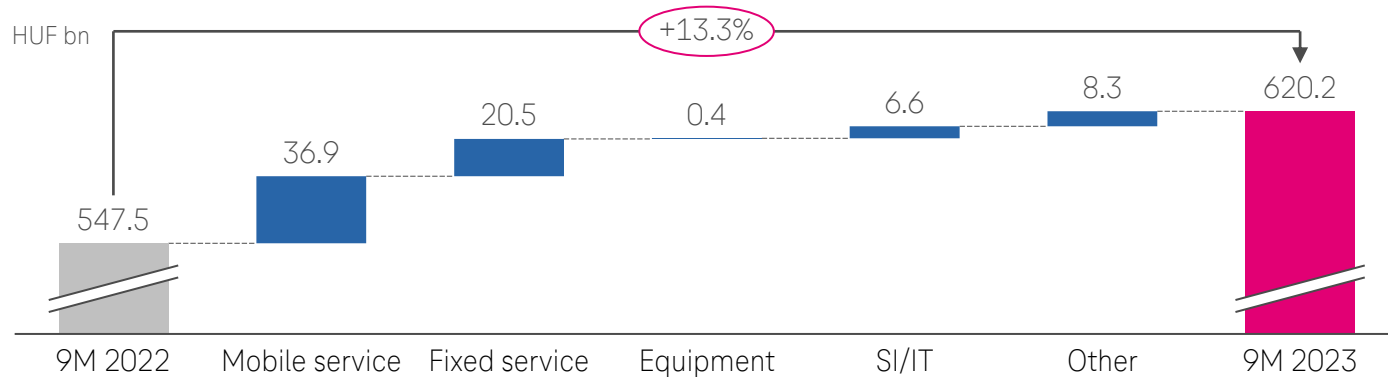


# REVENUE GROWTH REFLECTS SUSTAINED COMMERCIAL MOMENTUM AND FEE ADJUSTMENTS

## Revenue, Q3 2023 vs Q3 2022



## Revenue, 9M 2023 vs 9M 2022

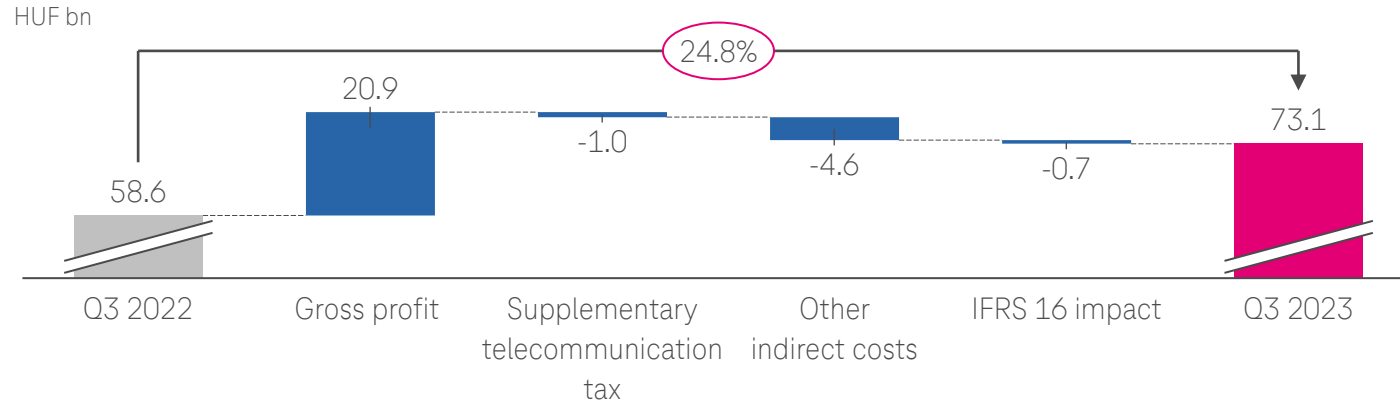


- Demand for mobile data continued to increase
- Further expansion of broadband and TV customer base
- Subscription revenue positively impacted by the 14.5% inflation-based fee adjustment
- Equipment sales driven by a combination of higher average handset prices offset by higher present value discounts and lower third-party export sales
- SI/IT revenue growth reflects more favorable in-year project distribution and positive contributions from high-value projects in Hungary



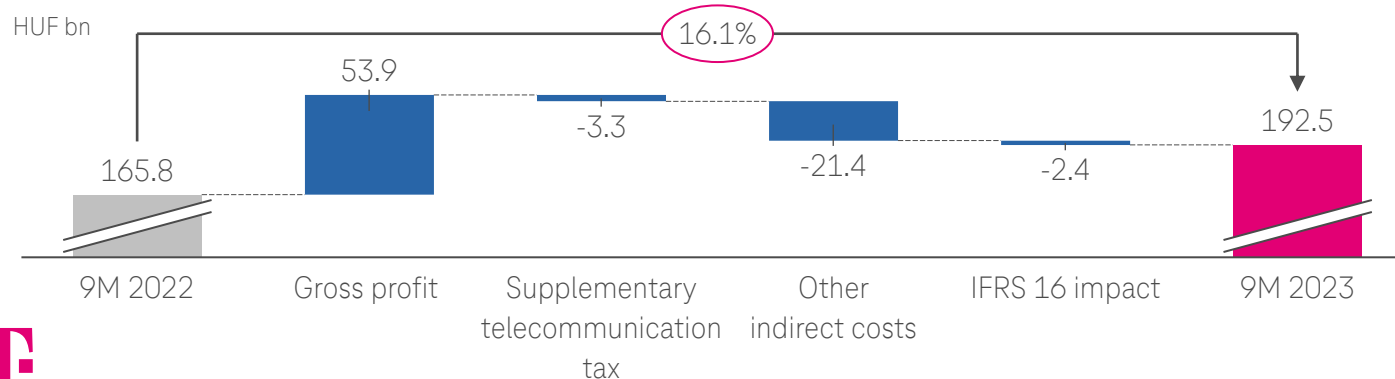
# EBITDA AL IMPROVEMENT DESPITE COST PRESSURE

## EBITDA AL, Q3 2023 vs Q3 2022



- Gross profit growth attributable to positive underlying telecommunication service trends
- Increase in revenues driving higher supplementary telecommunication tax expense
- Increase in indirect costs driven by elevated electricity and vendor costs in Hungary
- IFRS 16 impact reflects growing lease liability base
- Absence of HUF 3.3 bn subsidiary sale gain, recorded 9M 2022

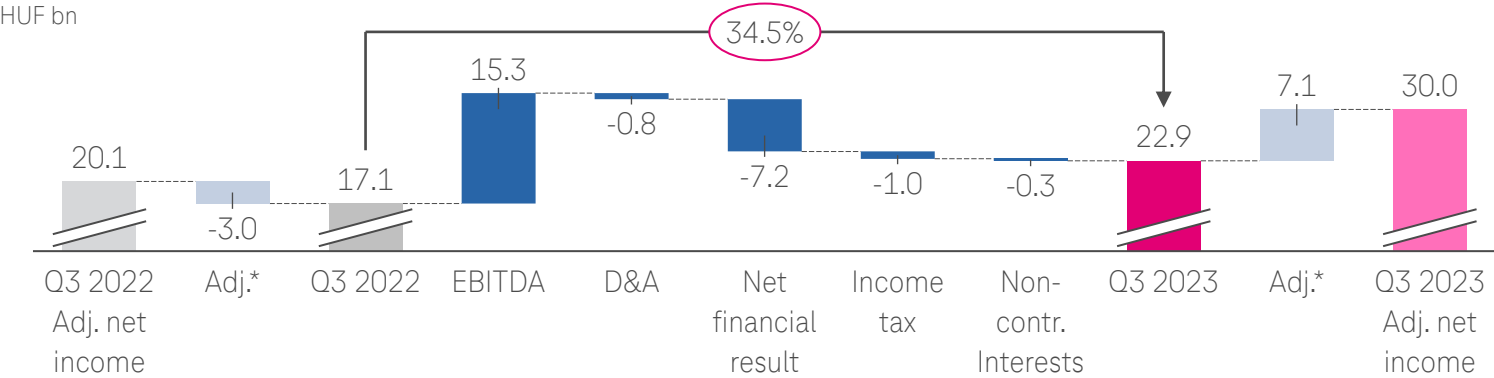
## EBITDA AL, 9M 2023 vs 9M 2022



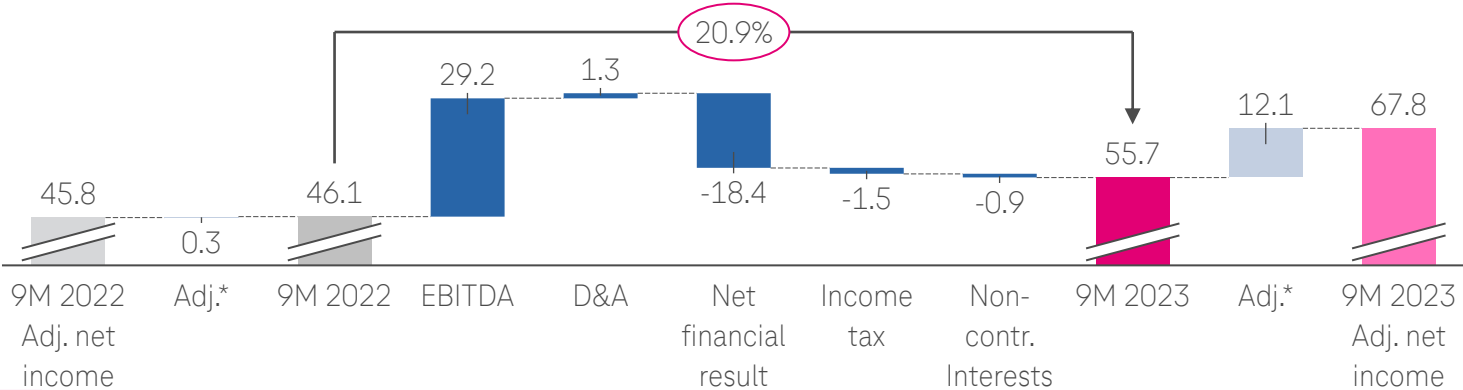


# SUSTAINED NET INCOME GROWTH DRIVEN BY STRONG OPERATIONAL RESULTS

Net income (and adjusted net income), Q3 2023 vs Q3 2022



Net income (and adjusted net income), 9M 2023 vs 9M 2022



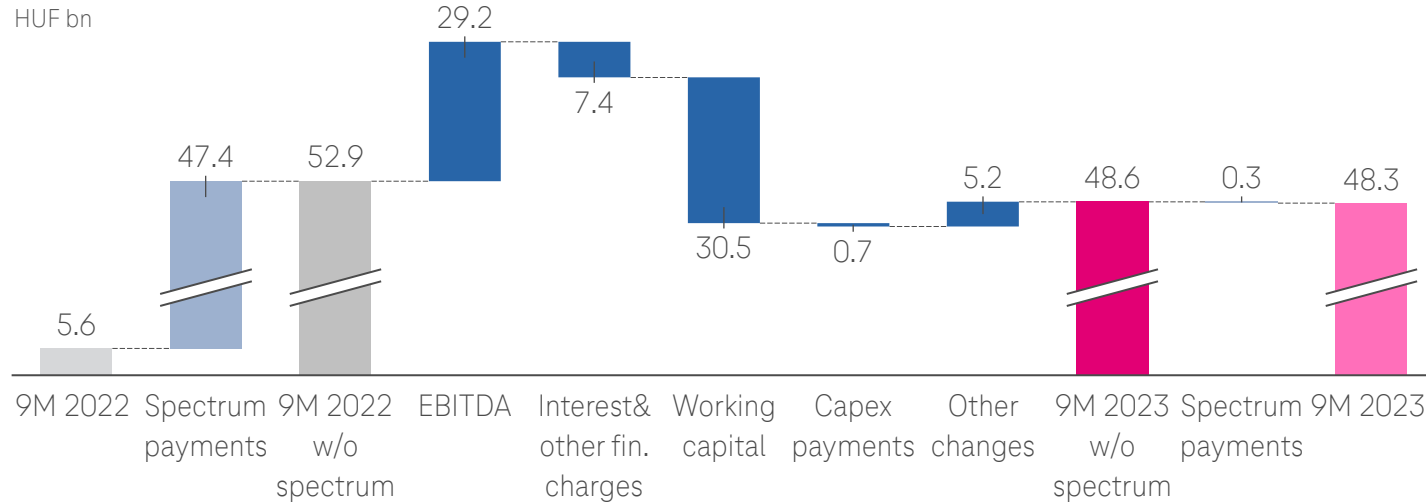
- Net financial result down due to higher interest expenses and less favorable derivative-related fair value changes
- Non-controlling interests reflects the performance of the North Macedonian subsidiary, demonstrating improved profitability
- Net income adjustments in Q3 2023 relate primarily to non-realized losses on measuring derivatives at fair value and FX changes



\*Unaudited

# FREE CASHFLOW DEVELOPMENT DRIVEN BY VARIANCE IN TAX PAYMENT SCHEDULES

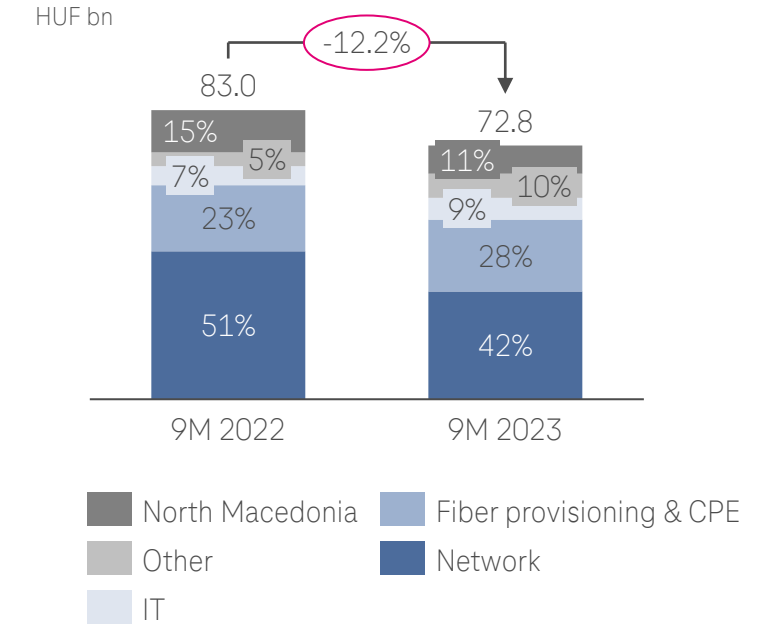
## Free cashflow, 9M 2023 vs 9M 2022



- EBITDA improvement driven by strong operational performance
- Increased interest expenses on loans, higher bank charges and elevated lease interest component
- Deterioration in working capital primarily due to differences in the timing of supplementary tax payments
- Other changes reflect more favorable year-on-year FX movements



## CAPEX, 9M 2023 vs 9M 2022



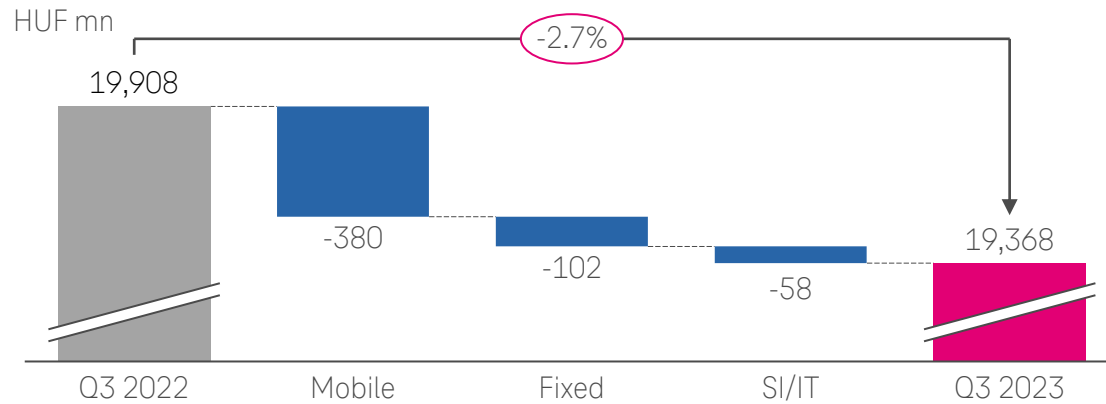
- Growth related to fiber provisioning and CPE due to continued uptake of gigabit services in Hungary
- Lower network investment requirements in both countries

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 droplets. 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.

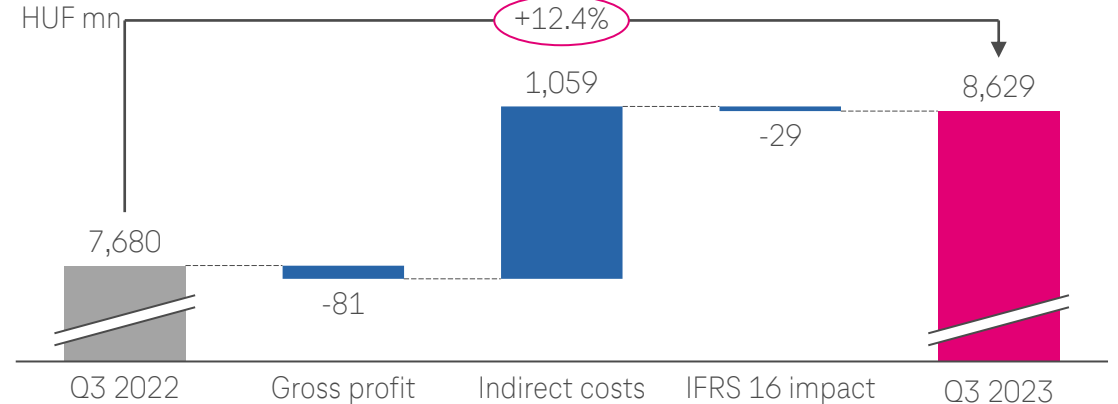
# Appendix

# NORTH MACEDONIA: Q3 2023 AND 9M 2023 RESULTS<sup>1</sup>

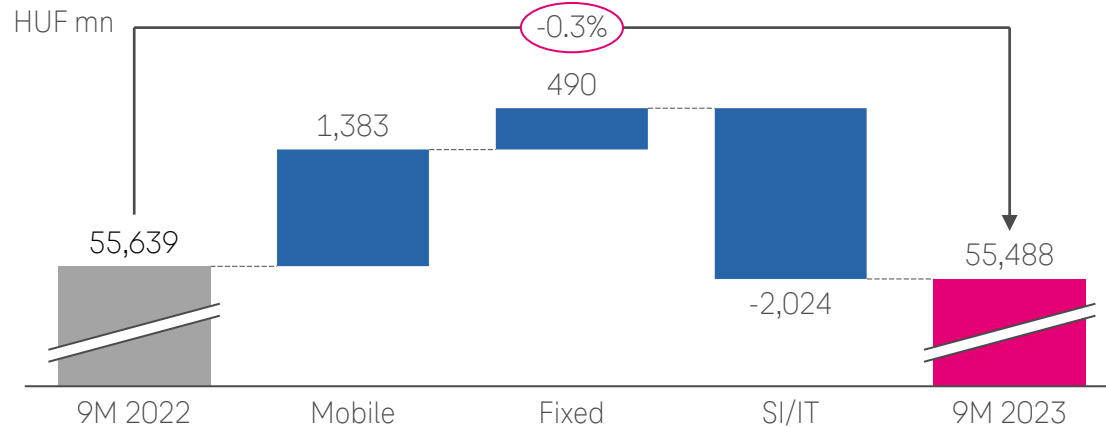
## Revenues, Q3 2023 vs Q3 2022



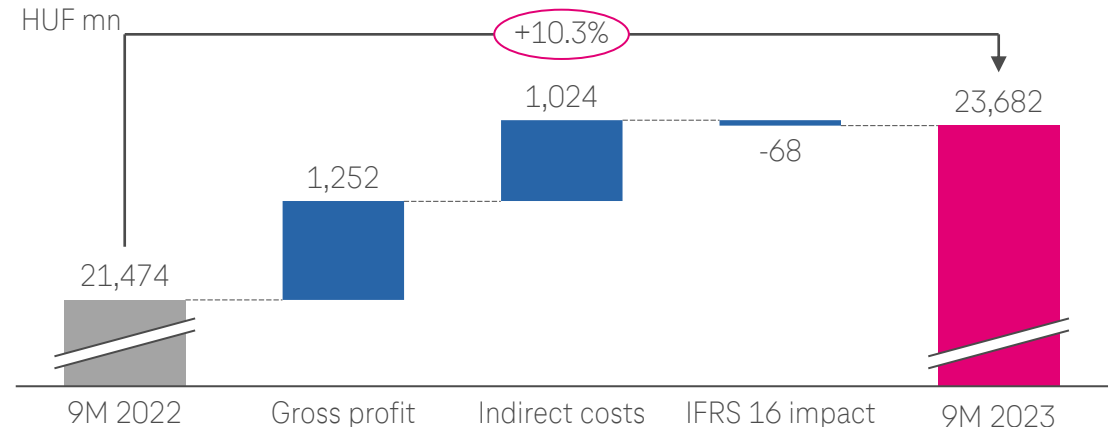
## EBITDA AL, Q3 2023 vs Q3 2022



## Revenues, 9M 2023 vs 9M 2022



## EBITDA AL, 9M 2023 vs 9M 2022



<sup>1</sup> RESULTS ARE PRESENTED IN HUF

RESULTS IN LOCAL CURRENCY (MKD) FOR Q3 2023 VS Q3 2022: REVENUES +4.8% AND EBITDA AL + 19.4 YEAR-ON-YEAR

For further questions please contact the IR department:

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