



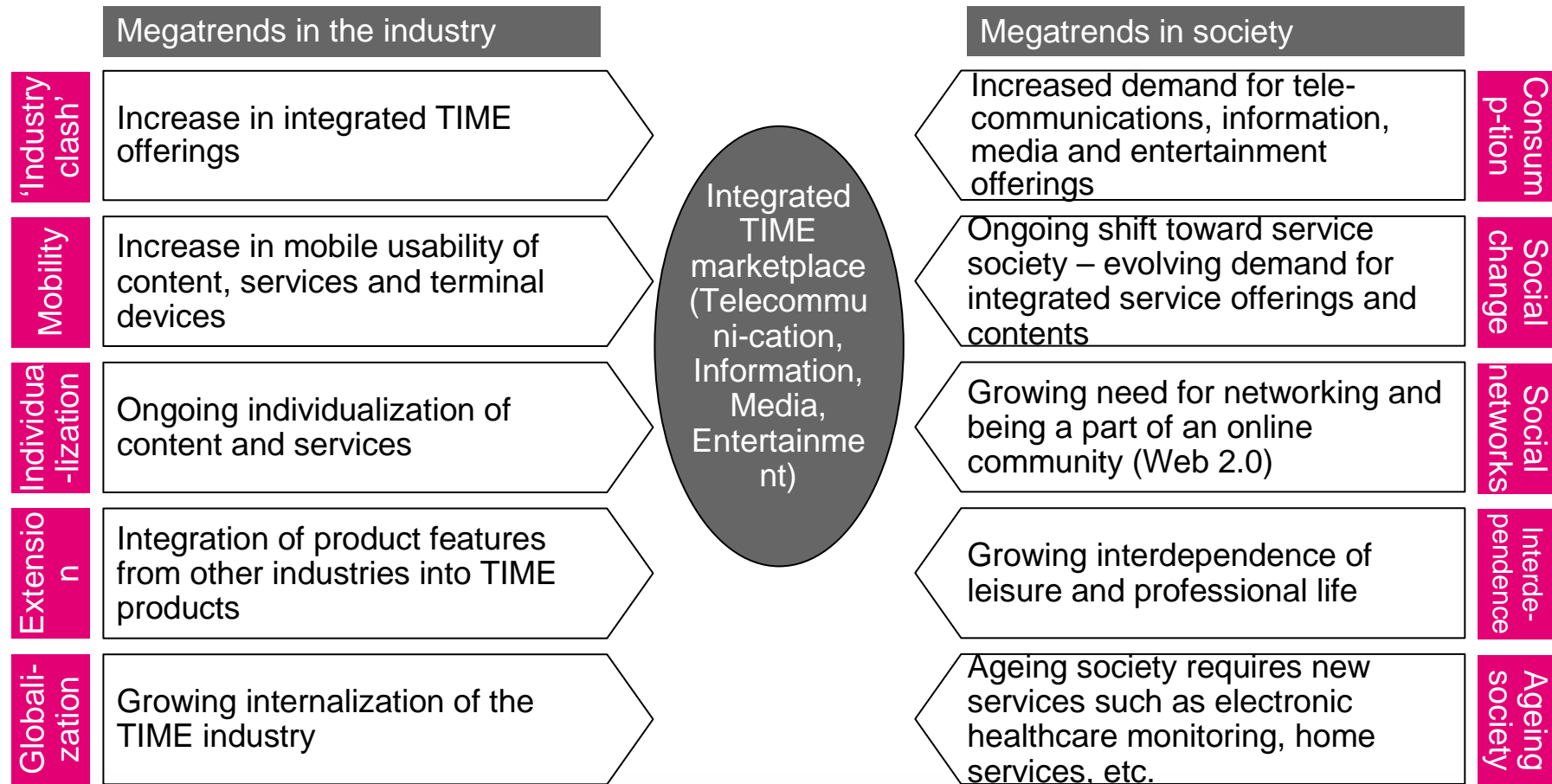
Vision and objectives of Hungarian telecommunications

Christopher Mattheisen, Magyar Telekom CEO

Budapest, September 30, 2008



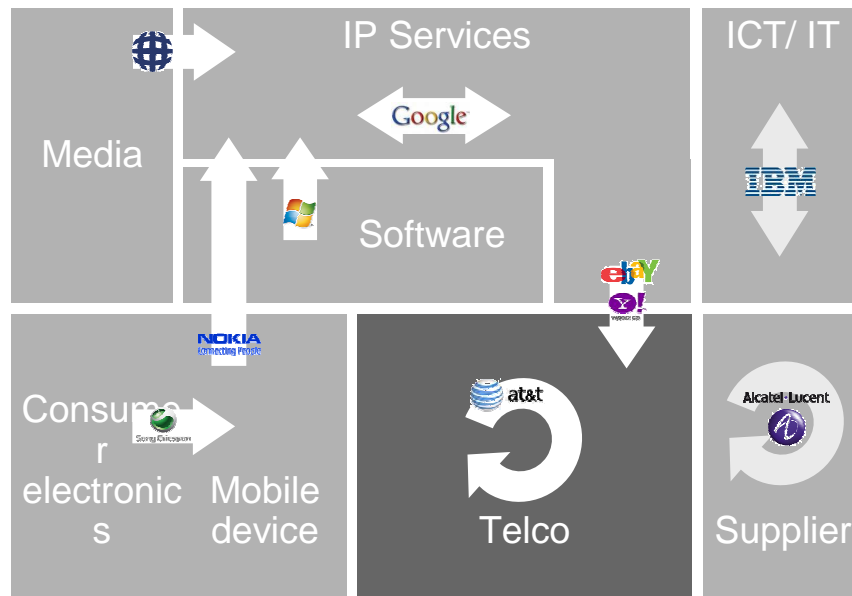
Industry and Society trends 2010



Industry boundaries dissolving, cross-industry consolidation emerging

Trends for various players

Industry environment and player moves today



- Media players go into IP services (NewsCorp/MySpace)
- Consumer electronics players go into communication and especially mobile devices (SonyEriccson)
- IP services players consolidating to offer new services over-the-top and increase reach to sell ads (Google/YouTube)
- Software players consolidate into mobile devices software/ad sales (Microsoft mobile) and IP services
- Mobile device players move into IP services (Nokia/Enpocket)
- Telco players mainly consolidate within industry to gain scale and play cost game (ATT/BellSouth)
- IT/ICT players enter into business services (IBM) and IT off shoring (EDS)
- Network and Hardware suppliers focus on global scale/ costs (Alcatel/ Lucent) and enter operations of networks



Changing approach – from access to service focus

Old world:

- Access-based
- Separate products



New world:

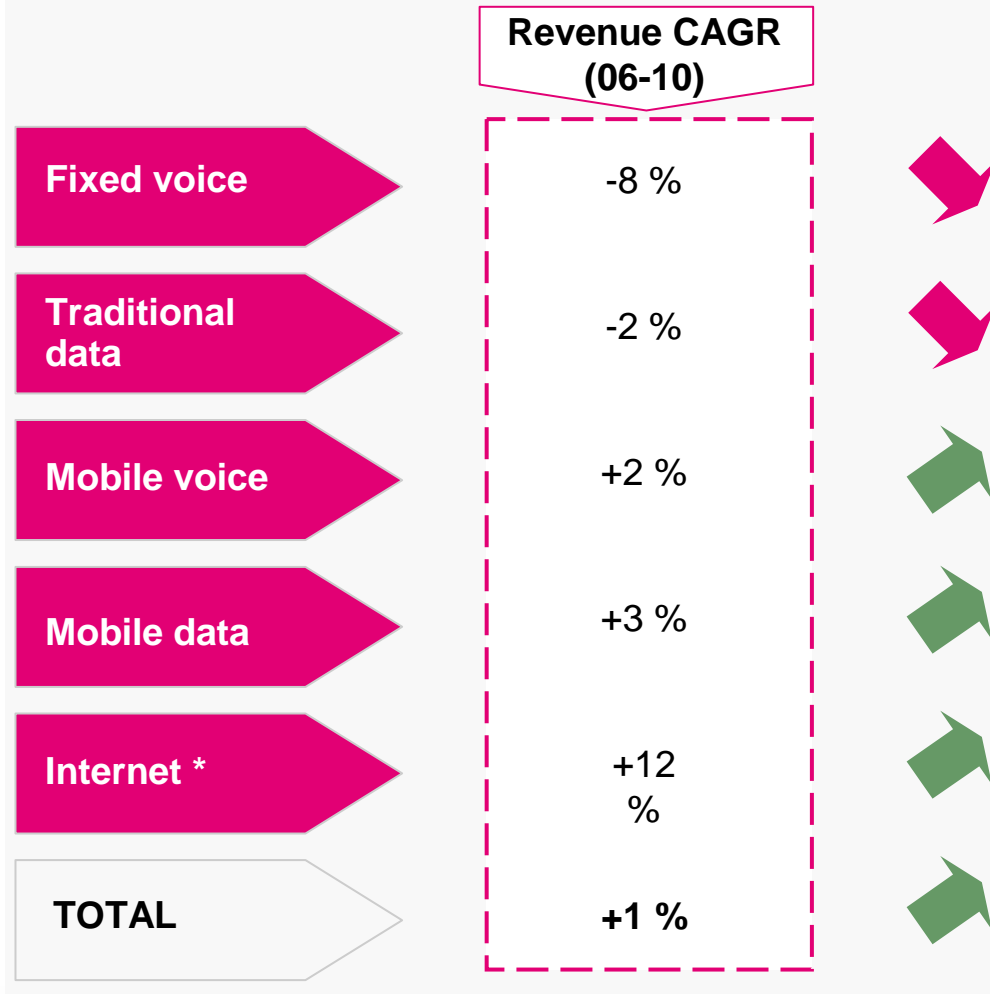
- Customer-needs-based
- Integrated offerings
- High service quality for better user experience

Customers interested in complete compelling experience through service consumption at the right time and at the right place



Hungarian traditional telecom market – moderate outlook

Hungarian traditional telecom market revenues, 2006-2010(E)



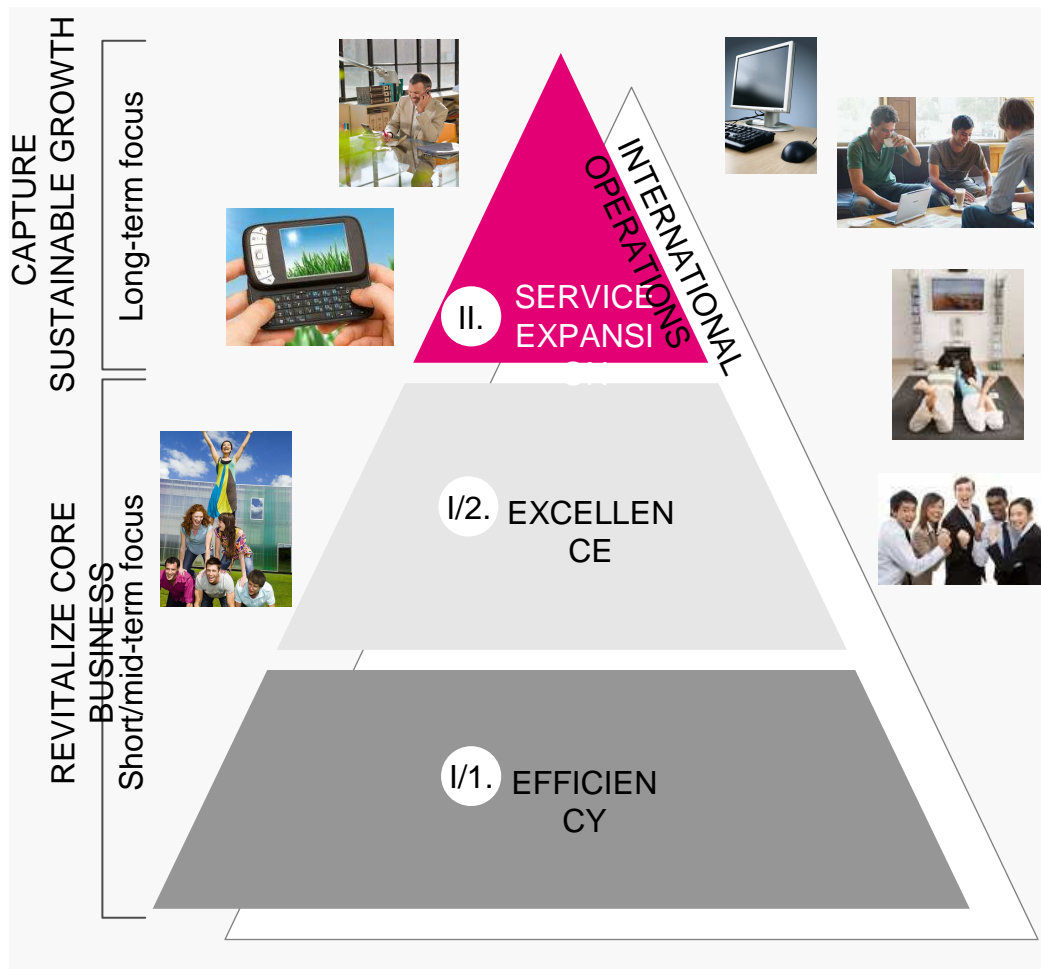
Key market fundamentals

- Traditional telecom market will not deliver attractive competitive revenue growth
- **Slowdown of growth** as major traditional segments are saturating (i.e., fixed and mobile voice)
- **Strong price and margin pressure** with fierce technology platform-based competition
- **Changing dynamics of broadband market growth** and structure (DSL vs. Cable vs. Wireless)



* Including fixed and mobile

MT's strategic response



- We are **repositioning the company externally and internally**
- New product focus beginning to be delivered
 - **Three screens company strategy** with full service portfolio in consumer
 - **ICT for corporate and small businesses**, new sources of revenue (BPO, ASP, SaaS)
 - **Consolidation of content businesses**, identification of opportunities, interactive services
 - Competitive **next generation fixed/mobile networks**
 - Continue to **focus on efficiency** throughout



MT repositioning – successful portfolio/product brands

... T ... Home ...



Phone



Internet



TV

... T ... Mobile ...



Phone



Mobile internet



Mobile TV

... T ... Systems ...



UC



Desktop & Apps



Mobility



... T ...

Competitive next generation access networks

Reinforcing technology leadership

WIRELINE

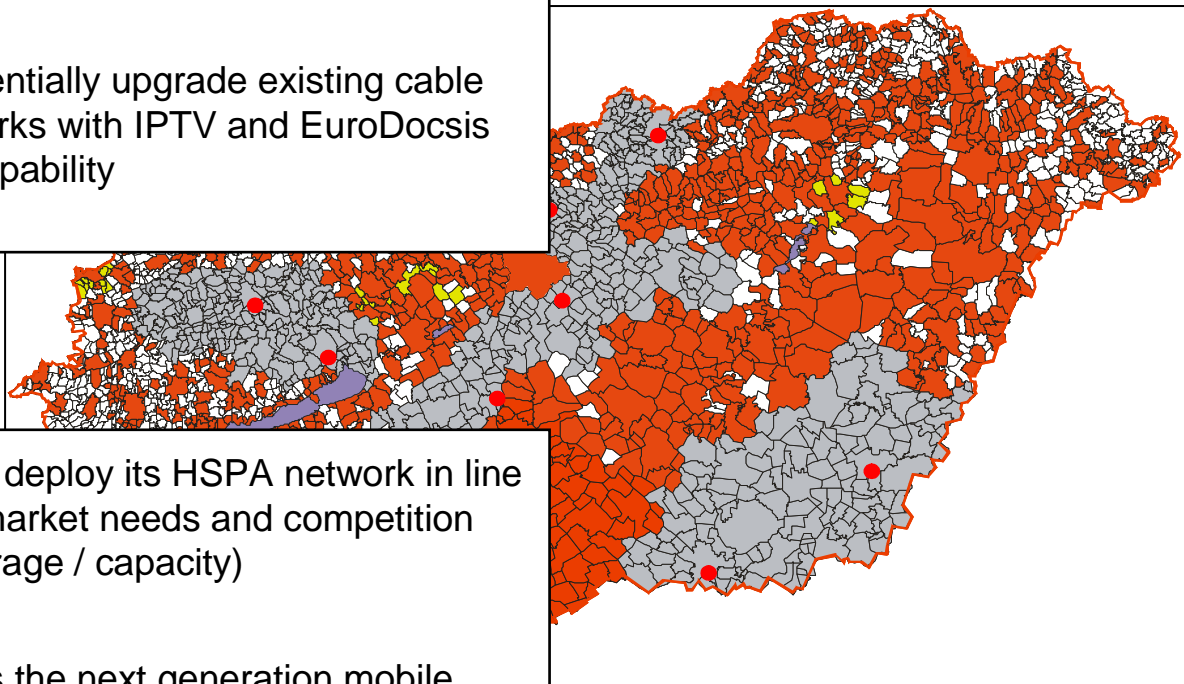
Optical infrastructure Deploy state-of-the-art FTTH network for 783k HHs till 2012

Hybrid Fiber-Coax (HFC) infrastructure Sequentially upgrade existing cable networks with IPTV and EuroDocsis 3.0 capability













WIRELESS

HSPA MT to deploy its HSPA network in line with market needs and competition (coverage / capacity)

LTE LTE is the next generation mobile platform for MT – introduction timing should be further evaluated



ICT market focuses

				
<p>Managed Routers</p>	<p>Managed workstations</p>	<p>Strategic Outsourcing contracts</p>	<p>HR Process Outsourcing Service</p>	<p>Dataplex: leading hosting service provider</p>
	<h2>Business market achievements</h2>			
<p>Applications development</p>				<p>EPT Process Outsourcing</p>
 <ul style="list-style-type: none"> • TV • Radio • Volume control • Door opening • Turning of the lights.... 				
<p>Hotel Rooms equipped with IHS</p>	<p>Mobile Data + Notebook</p>	<p>Telepresence</p>	<p>Fleet control</p>	<p>Marketline</p>



Diversification through service innovation

Create inspiring products and support T BRAND



- Strengthen loyalty, develop and bring new products to market, inspire customers

Strengthen media presence



- Media as the new core business has the highest growth potential with strong interlinkages with access business



Our journey.....



- Become „the most highly regarded service company”
- Change externally and internally
- The repositioning of the T-brand will signal our external renewal

