

**PRESS RELEASE**

DATE February 25, 2015

Magyar Telekom announces 2015 dividend expectations and outlook for 2015 and 2017

Magyar Telekom today announces its 2015 financial targets as well as its updated outlook for 2017. Furthermore, based on currently available information, the Company believes that it will be able to pay a minimum of HUF 15 per share dividend on 2015 earnings.

2015 targets and dividend expectations**Revenues: Low single digit increase driven by revenue restructuring and GTS acquisition**

The Company intends to continue its revenue rebalancing efforts in order to mitigate pressure stemming from voice revenue decline. This will be achieved by migrating customers to bundled packages in fixed line and also in mobile and thus increasing the contribution of TV, fixed broadband and mobile data. Performance will also be supported by the consolidation impact of GTS adding ca. 1% to top line results. Consequently, we expect revenues to increase by up to 3% in 2015 compared to 2014.

EBITDA: Slight decrease due to higher severance expense

We continue to expect improved efficiency performance at our Telekom Hungary operation throughout 2015, and also foresee an EBITDA performance turnaround at T-Systems Hungary. Nevertheless, continuous market pressure at international operations is anticipated. EBITDA performance will be supported by the GTS acquisition impact but will be adversely affected by the ca. HUF 8 billion severance expense to be booked in relation to the headcount reduction program initiated at our parent company. Overall, our reported EBITDA is expected to decline by no more than 3% compared to 2014.

Capex: Accelerating next generation fixed access rollout

After strengthening our technological leadership in the Hungarian mobile market during 2014, Magyar Telekom plans to execute a similar task in the fixed segment to increase its competitiveness. The Company therefore anticipates Capex of around HUF 105 billion for 2015 that will allow us to expand our fixed high speed internet coverage from the current ca. 1.8 million households to over 2.2 million households.

Dividend: Minimum of HUF 15 per share expected

Based on the Company's dividend policy, the Group's financial position and the current operating, regulatory and taxation environment and outlook coupled with the anticipated significant improvement in its free cash flow generation, Magyar Telekom believes that it will be in the position to pay a dividend of at least HUF 15 per share on 2015 earnings. This is subject to the Board of Directors' future proposal to the General Meeting which will be submitted in due course, once all necessary information is available and all prerequisites to making such a proposal are met.

MAGYAR TELEKOM TELECOMMUNICATIONS PUBLIC LIMITED COMPANY

Registered office: H-1013 Budapest, Krisztina krt. 55.

Commercial register: The Company was registered on number 01-10-041928 by the Budapest Metropolitan Court as Companies Registry





2017 targets

The Company continues to expect revenue growth of ca. 2% CAGR compared to 2012 levels. At the same time, reported EBITDA is expected to be higher than earlier forecasted partly due to the current headcount rationalization program. We also expect to be able to leverage the acceleration of fixed network development in terms of improved market positions in Hungary. As a result, the Company now targets a reported EBITDA of at least HUF 185 billion and while keeping our Capex target of around HUF 80 billion unchanged, we also increase our free cash flow target to at least HUF 50 billion.

2015 and 2017 public guidance:

	2014	Public guidance 2015	Public guidance 2017
Revenue	HUF 626.5 billion	0-3% increase	increasing at a CAGR of ca. 2% compared to 2012
EBITDA	HUF 181.2 billion	0-3% decline	surpassing HUF 185 billion
Capex*	HUF 86.7 billion	ca. HUF 105 billion	ca. HUF 80 billion
FCF**			surpassing HUF 50 billion

*excluding spectrum acquisitions and annual frequency fee capitalization

**after minority dividend