Magyar Telekom Plc.
Form 6-K
February 14, 2008

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

Report on Form 6-K dated **February 14, 2008**

Magyar Telekom Plc.

(Translation of registrant s name into English)

Budapest, 1013, Krisztina krt. 55, Hungary

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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2007 full year results: strong cash generation, public guidance met

Budapest February 14, 2008 Magyar Telekom (Reuters: NYSE: MTA.N, BSE: MTEL.BU and Bloomberg: NYSE: MTA US, BSE: MTELEKOM HB), the leading Hungarian telecommunications service provider, today reported its consolidated financial results for 2007, in accordance with International Financial Reporting Standards (IFRS).

Highlights:

- Revenues grew by 0.8% to HUF 676.7 bn (EUR 2,692.5 m) in 2007 over 2006. Growth in mobile (excluding TETRA), internet and SI/IT revenues compensated for the lower fixed line voice and TETRA revenues. The consolidated SI/IT companies (KFKI Group, T-Systems Hungary and Dataplex) contributed HUF 27.0 bn to Group revenues in 2007.

- EBITDA was down by 5.7% to HUF 243.9 bn, with an EBITDA margin of 36.0%. Group EBITDA excluding investigation-related costs (HUF 5.7 bn) as well as severance payments and accruals (HUF 27.5 bn including headcount reduction-related and a portion attributable to contractual termination expense of key managers) was HUF 277.1 bn with an EBITDA margin of 40.9%. In 2006 investigation-related costs amounted to HUF 4.1 bn and severance payments and accruals reached 6.5 bn.

- Profit attributable to equity holders of the company (net income) decreased by 20.3%, from HUF 75.5 bn to HUF 60.2 bn (EUR 239.4 m) driven by the expenses of the headcount reduction program, the higher financial expenses and the introduction of the solidarity tax as of September 2006.

- Net cash generated from operating activities grew strongly from HUF 190.3 bn to HUF 231.3 bn. The main drivers behind the improvement were the significantly lower working capital requirements (driven mainly by lower trade receivables related to the TETRA service, lower tax receivables and higher headcount-reduction related provisions) and reduced tax payment thanks to the utilization of tax benefits. Net cash used in investing activities increased from HUF 120.3 bn to HUF 134.8 bn, mainly as a result of higher gross additions to tangible and intangible assets (capex) due to the extension fee of the GSM license paid in 2007. The higher spending on purchase of subsidiaries and business units in 2006 was offset by payments for other financial assets in 2007, which reflects an increase in short-term bank deposits at the Macedonian and Montenegrin subsidiaries. Net cash used in financing activities rose significantly, reflecting the dividends paid to shareholders in January and May 2007 for 2005 and 2006 financials, respectively.

- Gross additions to tangible and intangible assets were HUF 103.9 bn. Of this, HUF 39.4 bn related to the T-Com segment, HUF 55.9 bn to T-Mobile (within this, HUF 14.0 bn was spent on mobile broadband investment in Hungary and HUF 10.0 bn on the extension of the GSM license), HUF 3.3 bn to T-Systems and HUF 5.3 bn to Headquarters and Shared Services.

- Net debt was up from HUF 229.2bn to HUF 261.4 bn by the end of 2007, reflecting the increase in loans for financing dividend payments. The net debt ratio (net debt to net debt plus total equity) accordingly was up from 27.9% at the end of 2006 to 31.0% at end-December 2007.

Christopher Mattheisen, Chairman and CEO commented: *Despite the challenging macro and competitive environment, we are pleased to report strong 2007 results. We have not just met but in some cases exceeded our public targets set for last year: revenues were maintained and underlying EBITDA (EBITDA excluding investigation- and headcount-reduction related expenses) even slightly increased. Excluding the GSM licence extension fee, the capex to sales ratio also stayed below 14%, in line with our guidance.*

Regarding the quarterly performance, revenues were down due to the high TETRA revenues accounted in 2006, and EBITDA margin was 24%. Profitability in the fourth quarter was heavily impacted by the increased marketing activity and customer acquisition campaigns launched to strengthen our leading position in all market segments. Besides increased acquisition costs, headcount reduction-related expenses further decreased the reported EBITDA level. As announced in November, we aim to decrease the Group-level headcount by 15% by the end of this year, and accounted HUF 19 bn in related costs for this in the fourth quarter of 2007. Excluding investigation- and headcount reduction-related expenses, EBITDA margin was 36% in the last quarter.

The headcount reduction is part of our overall aim to simplify the group structure and increase efficiency. The new organizational structure, focusing on customer segments, has been in force since 1st of January this year. We have also made significant improvements in reducing the number of subsidiaries: we have merged Emitel and the access business of T-Online into the parent company and have also decreased the number of subsidiaries at the T-Systems unit from six to two.

Looking forward to 2008, we are targeting stable revenues and a slight decline in underlying EBITDA compared to 2007. The main factors that are expected to impact underlying EBITDA are the increased competition in the international mobile markets, the difficult Hungarian macroeconomic environment and regulatory impacts. Regarding gross additions to tangible and intangible assets, we target a capex to sales ratio of around 15%, reflecting our commitment towards increasing the fixed and mobile broadband coverage as well as developing new products and services.

Fourth quarter 2007 results: strong focus on customer acquisition

T-Com

Revenues before elimination fell by 2.0% to HUF 77.0 bn in Q4 2007 while EBITDA margin was 23.8%.

- T-Com Hungary reported a revenue decline of 2.7% to HUF 61.5 bn in Q4 2007. This was driven by decreasing voice revenues, as increasing competition primarily from mobile and cable operators caused a reduction in traffic and average tariff levels. Internet revenues were up by 11.5% to HUF 13.5 bn thanks to the growing number of ADSL and cable broadband customers. The total number of broadband connections was close to 717,000 at end-2007, while the aforementioned competition resulted in a decline in the total number of fixed lines (down 6.0% at end-2007 compared to a year ago). Due to the headcount reduction-related expenses of HUF 11.5 bn, EBITDA declined by 48.1% to HUF 12.0 bn and EBITDA margin was 19.6%.

- In Macedonia**,** revenues increased by 1.6% to HUF 10.9 bn, as higher internet, data and equipment sales revenues offset the lower voice traffic and the unfavourable impact of FX

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movements (the HUF on average strengthened by 3.1% to the MKD). EBITDA increased by 13.2% to HUF 4.5 bn, driven mainly by lower severance expenses. EBITDA margin was 41.3% in Q4 2007.

- Revenues of T-Com Crna Gora increased by 5.7% to HUF 4.9 bn in Q4 2007. The declining retail voice traffic was offset by a strong increase in internet, data and wholesale traffic revenues. Domestic voice traffic decreased due to the increasing mobile substitution and the rebalancing launched in September last year. EBITDA significantly increased due to the severance expenses in Q4 2006 and reached HUF 1.7 bn. EBITDA margin was 35.0% in the fourth quarter.

T-Mobile

Revenues before elimination declined by 6.9% compared to the same period in 2006, to HUF 89.1 bn in Q4 2007; EBITDA margin was 38.8%.

- T-Mobile Hungary showed a revenue decline of 0.5% to HUF 73.2 bn in the fourth quarter, as the growth in the customer base and expansion of value added service revenues were offset by a decline in equipment sales revenues and wholesale voice revenues. Although the increase in value added service revenues and usage continues, ARPU showed a 5.4% decrease due to the declining tariff levels and the cut in mobile termination rates in February 2007. Average acquisition cost per new customer increased by 5.1%, reflecting the higher subsidies for postpaid customers and 3G/HSDPA enabled devices. The postpaid ratio improved further and stood at 37.0% at the end of the fourth quarter. EBITDA was HUF 29.3 bn with an EBITDA margin of 40.0%.

- T-Mobile Macedonia reported revenue growth of 10.0% to HUF 11.1 bn in a growing market characterised by strong tariff competition. The strong, 25.0% increase in usage was offset by the continuously decreasing tariff level - driven by the increased competition - and the unfavourable FX impact, resulting in a 4.7% decline in ARPU levels. EBITDA was HUF 4.8 bn with an EBITDA margin of 43.3%.

- Mobile revenues of T-Mobile Crna Gora increased by 6.7% to HUF 3.2 bn in Q4 2007, driven by higher customer numbers and increased mobile termination rates. Market penetration increased to 168.7% at the end of December, driven by the strong tourism and the entrance of the third mobile competitor. EBITDA decreased by 50.1% to HUF 0.4 bn and EBITDA margin was 13.1% in Q4 2007, influenced mainly by higher voice-related payments and increased acquisition costs. As a result of the entrance of the third mobile operator, mobile termination rates were raised in August 2007 and handset subsidies increased.

- Pro-M, the TETRA service company, reported HUF 2.1 bn revenues in Q4 2007 compared to HUF 9.3 bn in the same period of 2006. The revenue decline is due to the fact that in the fourth quarter of 2006 the sale of network elements reached HUF 8.2 bn, while in the same period in 2007 it only amounted to HUF 0.6 bn. Service revenues reached HUF 1.2 bn and EBITDA was HUF 0.1 bn in Q4 2007.

T-Systems

Revenues before elimination increased by 0.2% to HUF 22.2 bn, while the segment s EBITDA decreased to HUF 0.3 bn and EBITDA margin was 1.2% in Q4 2007. The segment s headcount-reduction related expenses reached HUF 1.5 bn in the fourth quarter. KFKI Group and T-Systems Hungary contributed HUF 8.9 bn in revenues and HUF -0.6 bn EBITDA to the segment results in Q4 2007. Operating costs of T-Systems Hungary in 2007 also include a HUF

1.5 bn bad debt expense reflecting the likely loss to be incurred as a result of the early termination of a long term IT outsourcing contract by a large T-Systems customer.

Headquarters and Shared services

Revenues before elimination were down by 17.3% to HUF 6.3 bn driven by lower marketing and real estate service revenues. EBITDA decreased by 89.1% to HUF -12.3 bn due to higher headcount reduction-related expenses (HUF 5.6 bn in Q4 2007 against HUF 1.1 bn in Q4 2006) and higher investigation-related expenses (HUF 2.0 bn in Q4 2007 compared to HUF 0.9 bn in Q4 2006).

As previously disclosed, in the course of conducting their audit of our 2005 financial statements, PricewaterhouseCoopers Könyvvizsgáló és Gazdasági Tanácsadó Kft. identified two contracts the nature and business purposes of which were not readily apparent. In February 2006, our Audit Committee initiated an independent investigation into this matter. In the course of the investigation, two further contracts entered into by Magyar Telekom Plc. were raising concerns. To date, the independent investigators have been unable to find sufficient evidence to show that any of the four contracts under investigation resulted in the provision of services to us or to our subsidiaries under those contracts of a value commensurate with the payments we made under those contracts. The independent investigators have been unable to determine definitively the purpose of the contracts, and it is possible that the purpose may have been improper. The independent investigators further identified several contracts at our Macedonian subsidiaries that could warrant further review. In February 2007, our Board of Directors determined that those contracts should be reviewed and expanded the scope of the independent investigation to cover these additional contracts and related transactions. We have approved and have been implementing certain remedial measures designed to enhance our internal controls to ensure compliance with Hungarian and U.S. legal requirements and NYSE listing requirements. As previously reported, the investigation delayed the finalization of our 2005 financial statements, and as a result we and some of our subsidiaries have failed and may fail to meet certain deadlines prescribed by U.S., Hungarian and other applicable laws and regulations for preparing and filing audited annual results and holding annual general meetings. To date, we have been fined HUF 13 million as a consequence of these delays. The Hungarian Financial Supervisory Authority, the Hungarian National Bureau of Investigation, the U.S. Securities and Exchange Commission and the U.S. Department of Justice have been informed of the investigation. The Company is in regular contact with these authorities regarding the investigation and are also responding to inquiries raised by and the investigations being conducted by these authorities under U.S. and Hungarian law. The U.S. Department of Justice has recently expanded the scope of its investigation to include the actions taken by the Company in response to the findings of and issues raised by the Company s internal investigation and a related subpoena and further document requests have been issued. Magyar Telekom incurred HUF 5.7 bn expenses relating to the investigation in 2007, which are included in other operating expenses in the Headquarters (HQ) and shared services segment.

About Magyar Telekom

Magyar Telekom is the principal provider of telecom services in Hungary. Magyar Telekom provides a broad range of services including traditional fixed line and mobile telephony, data transmission, value-added, IT and system integration services. Magyar Telekom owns the majority of the shares of MakTel, the leading fixed line operator and its subsidiary T-Mobile Macedonia, the leading mobile operator in Macedonia. Magyar Telekom has a majority stake in Crnogorski Telekom. This Group provides fixed, mobile and Internet services in Montenegro. Key shareholders of Magyar Telekom as of December 31, 2007 include MagyarCom Holding GmbH (59.21%), owned by Deutsche Telekom AG. The remaining 40.79% is publicly traded.

This investor news 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 Report on Form 20-F for the year ended December 31, 2006 filed with the U.S. Securities and Exchange Commission.

For detailed information on Magyar Telekom s Q1-4 2007 results please visit our website:

(www.magyartelekom.hu/english/investorrelations/main.vm) or the website of the Budapest Stock Exchange (www.bse.hu).

MAGYAR TELEKOM Consolidated Balance Sheets - IFRS (HUF million)	Dec 31, 2006 (Unaudited)	Dec 31, 2007 (Unaudited)	% change
ASSETS			
Current assets			
Cash and cash equivalents	60,207	47,666	(20.8)%
Other financial assets	20,325	63,556	212.7 %
Trade receivables	84,817	96,097	13.3 %
Inventories	10,460	10,652	1.8 %
Current recoverable income taxes	6,735	1,857	(72.4)%
Other assets	26,024	12,226	(53.0)%
Total current assets	208,568	232,054	11.3 %
Non-current assets			
Intangible assets	331,740	337,227	1.7 %
Property, plant and equipment	550,900	534,731	(2.9)%
Investments in associates	5,771	4,936	(14.5)%
Other financial assets	25,041	25,344	1.2 %
Deferred tax assets	9,575	1,286	(86.6)%
Total non-current assets	923,027	903,524	(2.1)%
Total assets	1,131,595	1,135,578	0.4 %
LIABILITIES AND EQUITY			
Current liabilities			
Loans from related parties	74,000	20,000	(73.0)%
Other financial liabilities	29,605	43,192	45.9 %
Accrued interest	4,054	6,684	64.9 %
Trade payables	74,506	87,989	18.1 %
Other liabilities	122,263	41,977	(65.7)%
Provisions	8,414	20,811	147.3 %
Income tax liabilities	1,736	2,365	36.2 %
Total current liabilities			