

**MAGYAR POSTA
ANNUAL REPORT**

2018





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FOREWORD BY THE
CHIEF EXECUTIVE OFFICER

The need for postal services has existed for more than a thousand years; the post connects people and conveys and is needed in all ages.

Magyar Posta is one of the oldest and largest companies in the country, with the most customer relations and a nationwide network, with the postal workers forming part of the people's everyday life. We still strive to fulfil our tasks to the best of our abilities, and our goal remains to be to maintain our social-economic role in the long-term, to generate income through transparent and predictable management, and to remain competitive.

However, these objectives require adaptations from time to time, particularly in view of the new challenges posed by digitisation. The first steps to create a modern and profitable company were taken in 2018. These primarily meant organisational changes aimed at improving operational efficiency. We plan to make traditional services important again, but these days solutions heavily supported by IT are needed. For letter mail services, 2018 was the year of construction, a stepping stone towards the introduction of the electronic delivery system in 2019. Many people may ask why a service model that is destined for extinction needs to be developed. Our response to sceptics is that we will be handling at least 450,000 letters annually over the next 10 years, therefore, there is room for modern service content in the case of letter mail as well.

It is extremely important for us that Magyar Posta has a strong logistics identity. The growth of e-commerce has long been fuelling the logistics

industry. There is fierce competition, and increasing customer expectations for delivery solutions. In 2018, slight progress was made from the earlier design phase with the purchase of an automatic machine, but the rethinking and transformation of the postal logistics network, the majority of the work, is yet to come.

Parliamentary elections were held in 2018, which always mean extraordinary assignments and additional responsibility for Magyar Posta, let it be the delivery of election announcements or campaign publications. While, in the meantime, like many other companies, we are struggling with labour shortages. The planned modernisation of the company also aims, among other things, to increase profitability, to allow the payment of more wages.

Overall, I think that in 2018 we set off on a good path. We have planned and established the changes that will make sustained company operation possible, and Magyar Posta will once again be able to become a nationally renowned company with a strong identity.

I wish to thank customers who placed their trust in Magyar Posta also in 2018, and I am grateful to the staff members who contributed to the achieved successes through their work and support our commonly defined goals.

GYÖRGY SCHAMSCHULA

Chief Executive Officer

MAGYAR POSTA ZRT.'S MOST IMPORTANT INDICATORS (2018)

Sales revenue	HUF 200.9 billion
Sales revenue change year-on-year	+ 6%
Number of fixed postal outlets	2,677
Number of parcel pick-up points	3,095
Domestic parcel traffic	~ 21.5 million items
Number of addressed letter-mail items accepted in Hungary	~ 599 million items
Bill payment turnover	~ HUF 2,143 billion
Amount paid at bill payment terminals (with retail)	~ HUF 8.4 billion
Delivered advertising mail	~ 869 million items
Loyalty points collected by customers in 2018	~ 400 million points
Improvement in average age of vehicles	0.9 years
Size of vehicle fleet	4,464 vehicles
Annual mileage of vehicles	~ 84 million km
Annual mileage of vehicles involved in parcel delivery	~ 14.9 million km
Number of employees at the Company (annual average number of persons reduced by converting to full-time employees)	28,526 persons

The operating environment of Magyar Posta is undergoing dynamic transformation, which seems to be irreversible given the trends. The operation of the 150 year old company is under a dual pressure: besides the significant changes in the market developments and consumer habits affecting the European and regional postal service providers, including Magyar Posta, the characteristics of the domestic sector and economic environment also pose a serious challenge.

In addition to the above, the postal industry is also influenced by international global trends such as an ageing and urbanising society, the development of Internet technologies, dwindling resources and climate change, and the focus on Asia. At a sectoral level a change in power relations, the economic strength of emerging markets and developing countries are already noticeably coming to the forefront. The main business lines of our company (letter, payment services, parcel) are also significantly affected by the recent change process, which is mainly influenced by the drastic change in consumer needs and habits. Domestic and international postal market data suggest that over the past decade, the

annual revenue of postal service providers has been decreasing, particularly as a result of the decline in the volume of traditional postal products (such as letter and payment products).

There are still four clear main directions of change:

1. With the spread of digitalisation, the demand for traditional, purely paper-based services is decreasing, both in the field of letter mail and payment services. Most postal operators face this challenge and are open to electronisation.
2. The entry of postal service providers into new, related areas or the expansion of their existing markets, even through buying out (acquisition) of foreign competitors.
3. Dynamic growth of online commerce is the main driving force of expansion in the parcel logistics market.
4. Increasing competition, particularly in the field of parcel services.



TODAY, THE 21ST CENTURY INDUSTRY DEVELOPMENT IN MOST PARTS OF THE WORLD IS DRIVEN BY THE SPREAD OF DIGITISATION, CHANGING CHARACTERISTICS OF AN AGEING SOCIETY, INTENSIFYING COMPETITION FOR PARCEL LOGISTICS AND POSTAL PORTFOLIO DIVERSIFICATION



THE POSTAL DIGITISATION CENTRE DIGITALISES AND ELECTRONICALLY FORWARDS LETTER-MAIL ITEMS AND DOCUMENTS AS WELL AS SUPPLIES DATA FOLLOWING THE DIGITALISATION OF PAPER-BASED FORMS AND QUESTIONNAIRES PRIMARILY TO LARGE CORPORATE CUSTOMERS, INSURANCE COMPANIES, BANKS AND PUBLIC SERVICE PROVIDERS

1. Spread of digitisation

The technological explosion is also considered to be significant for the logistics industry. The increase in internet and smartphone use has opened up a whole new digital era. The miniaturisation, advancement and diminishing purchase costs of technology have created new capabilities and opportunities in the logistics field. At the same time, e-commerce that has come into being through technology poses a challenge for logistics in terms of operation and reaction, the management of which requires an increasing amount of effort from postal operators. As a result of digitisation, residential and corporate communications are constantly being redirected towards electronic communication channels, leading to a modest but steady drop in the volume of letters.

2. Diversified postal operation

The experience of recent years shows that postal operators serving 'diversified', growing markets are the most successful. One of the most common ways of diversifying postal activities is to acquire a

venture that is operating in the target market. Last year alone, there were nearly 300 acquisitions or mergers in the logistics industry worth a total of USD 126 billion, which represents an increase of nearly 20% in numbers and 5% in value compared to the previous year. The success of this strategy is demonstrated by the fact that the earnings of diversified postal operators grow seven times faster on average than those of operators focusing on letter mail. In addition, a trend can be observed towards economies of scale and related automation efforts. Speed, accuracy and quality of service are the building blocks of competitiveness in the logistics industry, which is why significant consolidation is taking place in the industry to achieve the right scale efficiency. However, achieving the right volume alone is not sufficient as it will not lead to competitive operations in the absence of related technological innovation and cost optimisation. Due to the advancement of technology, rising costs, labour shortages and wage inflation in the developed world, the number of automated logistics jobs is increasing, therefore the processing of parcels and letters is performed with minimal human intervention. In addition, the profitability

MAGYAR POSTA HAS ONE OF THE MOST EXTENSIVE AND COMPLEX LOGISTIC 'ECOSYSTEMS' IN THE COUNTRY. E-COMMERCE AND THE EXPLOSIVE DEVELOPMENT OF DIGITISATION ARE NOW THE MAIN DRIVERS OF ITS DEVELOPMENT



generated by automation can provide financing for the necessary technological investments, such as IT developments, beyond the operations of the company.

3. Increase of international e-commerce

The dynamic growth of online commerce is closely related to the previous point, given that the boom in global e-commerce is the driver for the growth in parcel volume that makes high-level automation and continuous development essential. The development of e-commerce varies between countries and regions, but it is clear that, despite the very strong and sustained growth over the years, there is still significant potential in the markets. Hungary is a good example of this trend, as domestic e-commerce sales have increased by an average of 27% only in the last 3 years. However, in order for Magyar Posta to negotiate an appropriate bargaining position with Western

European or Chinese e-commerce partners, it is imperative to implement an optimised operating model that utilises, among others, our country's favourable geographical location.

4. Increasing competition in parcel logistics

Magyar Posta's market share of parcel logistics has been stable at around 30-35% for many years, and its transported volume has been continuously expanding with the market. The volume of the most popular domestic parcel currently used - standard domestic below 40 kg - is expected to more than double in the next few years. The number of amorphous (letters containing goods) items resulting from an increase in e-commerce may more than double in the next 10 years. This dynamic development is a great opportunity for the active service providers present in the domestic CEP (Courier, Express, Parcel) market, including our Company.



POSTAL PRESENCE
IN THE DIGITAL WORLD

POSTAL AGORA SERVICE

The use of the 40 Postal Agora points set up in 2014 to make the management of administrative affairs easier for both residents and businesses in villages located in small regions where infrastructure is less developed, is continuously increasing. In 2018, the number of cases in which personal services were provided under public service contracts and the number of online e-administration services exceeded 24,000.

HYBRID SERVICES

Digitisation

Due to the increasing market demand for mail digitisation and document processing services, in 2018 the machinery and area of the Postal Digitisation Centre was expanded. The quantity of documents processed by the service has increased significantly year on year. Magyar Posta also plans to extend the service to retail customers.

Services of the Postal Public Authorities Correspondence Centre (PPACC)

Since 1 January 2018, Magyar Posta has provided the postal Hybrid Delivery and Conversion service free of charge to its customers in accordance with the change in the legal environment. Due to its complementary nature a further dynamic increase is expected in the utilisation of the plant.

In 2018, Magyar Posta had contractual relations with a total of nineteen organisations, of which the most significant user of the service was the National Police Headquarters. The popularity of the service is supported by the fact that the volume of items produced increased by almost 50% compared to the previous year.

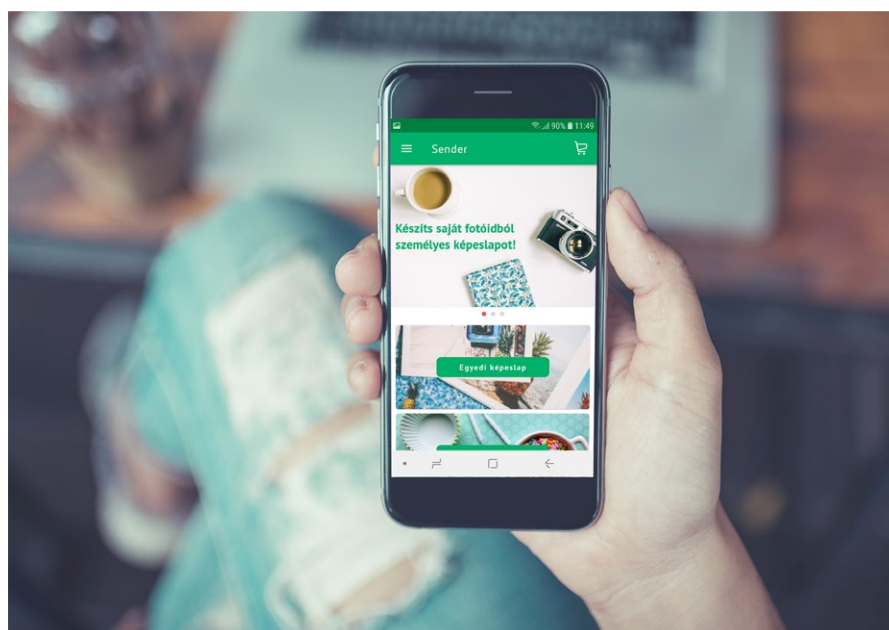
IT IS AN IMPORTANT CHANGE THAT OUR COMPANY, AS A NATIONAL PUBLIC SERVICE PROVIDER, IS NOW PROVIDING ITS CUSTOMERS WITH HYBRID DELIVERY AND CONVERSION SERVICES FREE OF CHARGE, WHICH IS EXPECTED TO LEAD TO SIGNIFICANT PERFORMANCE GAINS IN THIS FIELD IN THE NEAR FUTURE





Sender

IN RECENT YEARS, WE HAVE BEEN ABLE TO INCREASE THE LOYALTY AND SYMPATHY OF OUR CUSTOMERS THROUGH A NUMBER OF MODERN APPLICATIONS THAT ARE BOTH PRACTICAL AND RECREATIONAL. FALLING INTO THE LATTER CATEGORY IS OUR POSTCARD SENDING APPLICATION, SENDER



Sender mobile application

In November 2018, our Sender mobile application was further developed. The application allows our customers to create a personal postcard from their own photos and send it to their friends. It seems that the update also appeals to customers, as the rating of the app in the mobile app stores has risen significantly - currently standing at 4.7 and 4.8 (on a scale of 5).

VENDING MACHINE CONTROL SERVICE

In the efforts to whiten the economy, similarly to cash registers, the operators of machines vending foodstuffs that do not require staff are obliged to install a certified Machine Control Unit as required by law. The automated monitoring unit ensures that

the sales data of the products sold by the vending machine are sent to the system of the National Tax and Customs Administration.

The service may be used by entering into a control service contract which covers the ordering, installation, operation and maintenance of the unit(s) necessary for operation.

Under the Decree, the control provider is required to establish customer service points in settlements with a population of over 2,000, which affects 1,073 postal outlets. By the end of 2018, contracts for the service were concluded with nearly 1,000 operators for approximately 25,000 vending machines. The installation of the control units was completed by the middle of the year, and by the end of 2018 the annual reviews of the control units installed in 2017 were also initiated.



FOCUS ON PARCEL LOGISTICS

LOGISTICS SERVICES

The parcel logistics market continued to expand in 2018, driven by the steady growth of the online commerce sector. Magyar Posta is the market leader in the domestic parcel, courier and express (CEP) market, delivering 21.5 million domestic parcels in 2018, an increase of 5% compared to 2017.

The Company's strategic goal is to maintain its leading position in the parcel logistics market in the coming years, while increasing its market share. The Company's primary objective is to continue to maintain its market position with advanced services covering the entire market, while keeping the best interests of its customers in mind.

In terms of the internal proportions of the parcel portfolio, the Business Parcel service is the most popular and the major part of the volume growth has been realised on this product. This is followed by the MPL Postal Parcel, with a simpler service content. Other products, such as services complementary to CEP market portfolio, grew less than the leading products.

By the end of 2018, our company had business relationships with a total of 3,329 large turnover online stores, serving as the number one supplier for 2,628 (79%).

The turnover - and popularity - of fixed collection points related to e-commerce is also steadily increasing, with more than 27% of the collections taking place at postal outlets, MOL and Coop Postal Points or through Postal Parcel Terminals. In 2018, the number of MOL petrol stations operating as a parcel collection point increased by 19 and the number of COOP stores performing similar tasks increased by 37. By the end of 2018, the company provided the option to collect parcels at 199 MOL petrol stations and 274 COOP stores.



3 new Media Markt parcel points and 1 Trendmaker parcel point were added to the network for optimal management of fixed point utilisation.

In order to meet the increased demand at the end of the year and to relieve the deposit points and the delivery system, Magyar Posta expanded 19 existing postal outlets to facilitate the smooth delivery of parcels. In addition, the Company opened 2 Festive Season Parcel Points and a new business premises in Budapest with the primary goal of serving customers comfortably without the need for queueing. According to customer feedback, the parcel point set up at the Cédrus Shopping Centre remained part of the parcel delivery network after the end of the year.

INTERNATIONAL ACTIVITIES

Magyar Posta's Chinese-Hungarian joint venture, which was jointly established and registered by our Company with two Chinese logistics companies in July 2018, will enable further significant growth in international presence. The Chinese founders of the European Chinese Supply Chain Zrt. are ZTO Express and Ningbo Talents IT. ZTO Express is the second largest player in the Chinese CEP market based on volume, while based on revenue it is the market leader. Ningbo Talents IT Co. Ltd. is a logistics technology company engaged in the development of hardware and software for monitoring systems, as well as in the design, manufacturing and marketing of intelligent tracking products. Founded with a capital of nearly HUF 1 billion, the company aims to become a major player in the Central and Eastern European region by processing and distributing e-commerce items originating from Asia in Budapest, thereby also strengthening Hungary's regional role. In 2018, following product and technology development, the data connection between partners and the transit time of items were tested, which proved to be successful.

International export parcel services

In 2018, Magyar Posta increased its standard international export parcel services by 2.5%. Germany, China and Romania remain among the main destination countries, but Russia has also caught up with the most popular destinations.

A strategic agreement between Deutsche Post DHL and Magyar Posta signed in 2016 further increased the competitiveness and quality of services. The range of DHL network countries expanded further in 2018 (e.g.: Spain, Portugal, Finland, Romania, France, United Kingdom), making the Europe Standard service more widely available in the European Union.

In 2018, we actively participated in the development of international postal networks. In the Interconnect project coordinated by the International Post Corporation, export parcels are expected to be launched in the future after proper processing and delivery of import parcels.



THE NUMBER
OF OUR WEBSHOP
PARTNERS IN 2018:

3,329



THE EFFECTIVE WORK OF MAGYAR POSTA'S LOGISTICS AND NETWORK STAFF WAS RECOGNISED BY DHL IN 2018 WITH THE QUALITY AWARD FOR THEIR MOST SUCCESSFUL PARTNER



Import international mail

Magyar Posta is entitled to a fee for the delivery of imported letters and parcels arriving to Hungary from foreign countries within the framework of an international settlement system. Both inbound letter and inbound parcel traffic have been growing for years, thanks to the rise of e-commerce. Compared to 2017, inbound parcel traffic increased by 31%, while inbound ordinary letters and registered items containing goods showed a significant increase. The former shows an increase of 18%, the latter 58%. As part of the cooperation with DHL, cash on delivery service was made available for import, which contributed to further volume expansion. In 2018, Magyar Posta won the DHL Quality Award based on the quality of delivery of the import traffic.

Most of the letters arrive from China, while parcels come mainly from Germany. The vast majority of these items contain goods.

Along with the increase in inbound international items, the volume of customs clearance also increased - by approximately 23 percent. Magyar Posta is obliged to present and register items arriving from outside the European Union at

the National Tax and Customs Administration (Hungarian abbreviation: 'NAV'), which controls the traffic of the International Office of Exchange (Hungarian abbreviation: 'NPKK'). These items include letters and parcels containing goods subject to a customs procedure, the customs clearance of which our Company undertakes through the postal customs agent service.

OUR INTERNATIONAL OFFICE OF EXCHANGE HAS PERFORMED WELL IN THE FACE OF THE CHALLENGES POSED BY DYNAMICALLY EXPANDING INCOMING PARCEL AND LETTER TRAFFIC IN 2018





THE MODERN CLASSICS

LETTER - THE FUTURE OF OUR PAST

In our ever-accelerating society, the demands of our customers have changed. We are in a period of instant online communication, the number of internet users is constantly increasing, and smartphones have become the preferred communication channels. Users expect to have fast access to content, therefore Magyar Posta continues to strive to serve its customers fully in a transformed environment. Our company has expanded the classic postal service area with convenience and online solutions for both sender and recipient. As a result, letter-related services have become available from home and from the workplace, together with certain convenience services of Magyar Posta, which may also be ordered.

The market for classic addressed items has been dominated by business-type mailings and correspondence, just like in recent times. Customers are constantly striving to reduce the costs associated

with mailing, and as a result, the number of mailings from the corporate side is being reduced.

Even though the flow of information has accelerated, our customers still use the priority mail service providing a faster transit time to a lesser extent. The non-priority letters form the dominant part of mailings. In addition, customers prefer value-added, premium service products and services with higher quality parameters.

The volume of the letter market decreased by 5% in 2018 compared to the previous period (domestic addressed letter traffic decreased by 4.5%, international outbound mailings decreased by 14.6%).

In terms of international outbound letter items, the revenues from international complex letters and international items posted with an additional service increased despite the decline in volume, largely due to e-commerce, while the revenues from other international priority and non-priority letters declined.



**CUSTOMERS PREFER
VALUE-ADDED,
PREMIUM SERVICE
PRODUCTS AND
SERVICES WITH
HIGHER QUALITY
PARAMETERS**



OUR IPMIT PROGRAMME WAS INTRODUCED IN 2018, OWING TO WHICH, IN THE FUTURE, OUR CUSTOMERS WILL BENEFIT FROM TRACKING, NOT ONLY IN RELATION TO OUR PARCEL SERVICES, BUT ALSO WITH REGARD TO OFFICIAL, RECORDED MAIL ITEMS

PAKK PROGRAMME

It is important for Magyar Posta that the recorded mail items (registered domestic and registered inbound international, as well as registered letters with advice of delivery service and official documents) can be tracked from dispatch to receipt by all customers.

In addition to digitisation, the update related to mail services, the Identified Postal Mail Item Tracking programme (IPMIT), comes with many benefits and convenience functions for our customers, such as: accelerated transit times for registered mail items with advice of delivery service, recorded mail items will always be trackable similarly to parcels, and thanks to the decrease in paper-based administration, the update will allow senders to save on the cost of postage.

In 2018, Magyar Posta launched a pilot operation of the electronic delivery system to provide modern and high-quality customer service, resulting in delivery of recorded items on 120 delivery routes with PDAs.

We plan to implement the electronic delivery system and the national extension of delivery with PDA by July 2019. Feedback from the delivery experience shows that customers have welcomed the new technology.

Also within the framework of the IPMIT programme, in 2018, the electronic posting list application provided by Magyar Posta, free of charge and accessible on the web interface, was continuously developed.

OUR COUNTRY'S CALLING CARD, THE POSTAGE STAMP

On the stamps issued, Magyar Posta primarily presents our country, our culture, the important anniversaries and personalities of our history, the major events taking place in Hungary or in the world, the anniversaries at an international level and current topics.

Our stamps carry the messages depicted for the given theme and introduce our country through mail items and direct philatelic purchases to many



THE STAMPS OF MAGYAR POSTA HAVE IN RECENT YEARS ACCUMULATED SUCCESS UPON SUCCESS IN THE RENOWNED INTERNATIONAL PHILATELIC COMPETITIONS. IN 2018, WE FINISHED ON THE PODIUM IN THE COMPETITION THEMED AROUND BRIDGES

countries around the world. In order to increase international awareness, Magyar Posta represented itself at 12 foreign stamp exhibitions in 2018.

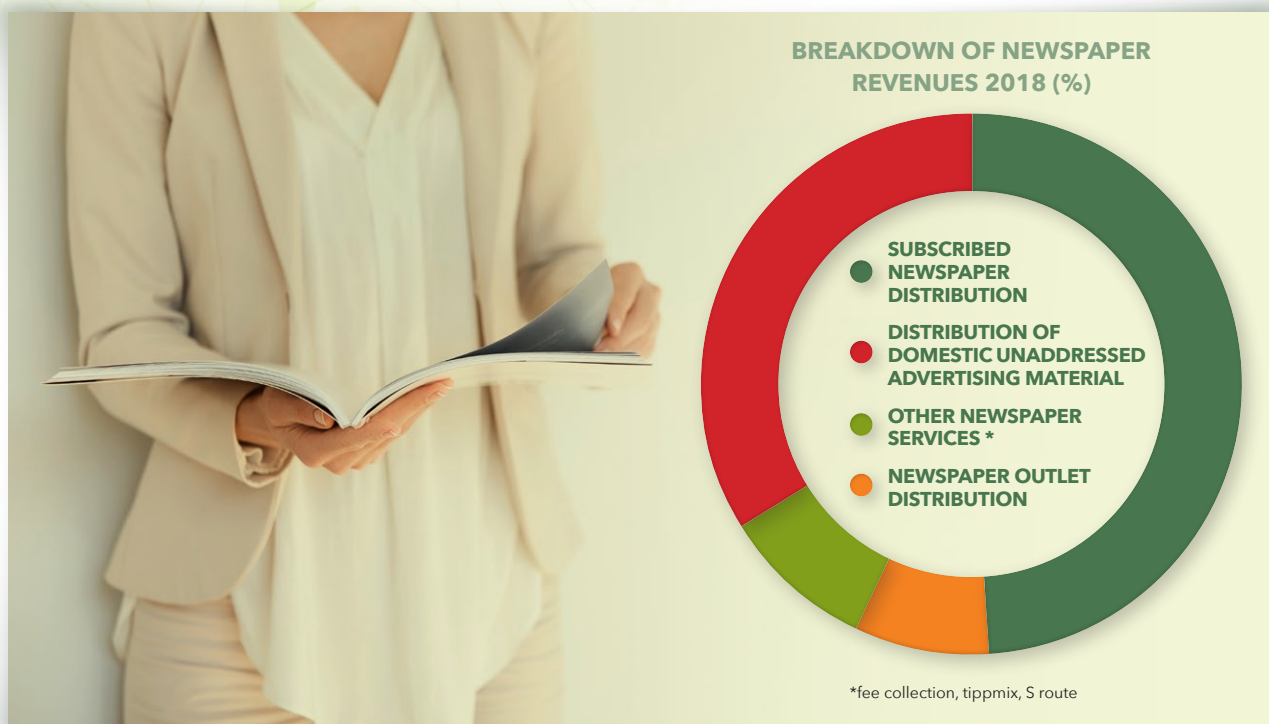
The artistic quality of our stamps has also been recognised with international awards. At the EUROPA Stamps Competition, organised by PostEurop, which brings together the postal administrations of 49 countries, the Hungarian stamp depicting the Megyeri Bridge was awarded second place by a professional jury.

The Hungarian stamp themed around Claudio Monteverdi, who was born 450 years ago, also came second in the online stamp competition for musical stamps.

As part of the 31st stamp issuance in 2018, 90 different stamps were issued. As the technological environment and consumer habits change, the domestic philatelic market continues to shrink, so we have expanded our customer base with exclusive product releases and international sales.

THE PHILATELIC MASTERPIECE, PUBLISHED IN HONOUR OF THE RENOWNED COMPOSER, WAS DESIGNED BY ISTVÁN OROSZ KOSSUTH AWARD-WINNING GRAPHIC ARTIST AND PUBLISHED IN 60,000 COPIES





NEWSPAPERS - THE LATEST INFO BROUGHT TO YOUR DOOR BY POST

Despite the increasing **digitisation of the press market**, the demand for traditional printed press products and newspapers is continuous, however, as in previous years, the volume of daily newspapers continued to decrease in 2018 as well. Nonetheless, the demand for thematic magazines remains significant among the general public.

Along with the drop in subscribers, there is a steady growth in the target audience of print media readers where the use of online channels in **ordering and paying** is clear. Through the webshop option provided by Magyar Posta, the number of users increased by nearly 40% in 2018 compared to the previous year.

The requirement of publishing partners for a full distribution service (which includes also the collection of fees) was typical in 2018 as well.

Magyar Posta has maintained its role and market share in the wholesale newspaper sales segment in 2018, supplying the postal sales channel, i.e. the postal newspaper sales outlets, as retail units, with publications. The stabilisation of revenue is ensured by an appropriate newspaper offering to the customers and various sales promotion actions.

Income from unaddressed advertising materials distributed by Magyar Posta rose by 5% over the past year. The moderate growth is primarily due to changes in the customer base and a general increase in prices.



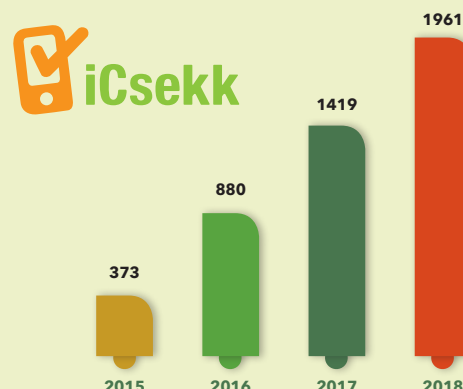
PAYMENT SERVICES

BILL PAYMENT - MULTIPLE LOCATIONS, ANY TIME

Due to the increase in market competition the spread of payment methods and channels using new technology initiated in previous years by credit institutions and account holders (utility providers, local authorities, etc.) together with their promotion among the broadest clientele continued in 2018. At the same time, the **competitor solutions developed for the payment of bills did not cause significant restructuring so far** for Magyar Posta. The use of postal services has **decreased only slightly due to the spread of** direct debit and other forms of electronic acceptance (such as bank transfer) and **new forms of payment**.

In order to maintain the position of Magyar Posta in the market and to increase its revenues, several developments have been implemented in the past years, which were primarily aimed at creating alternative bill payment options and reducing cash payments. New payment solutions allow customers to pay bills easily, quickly and conveniently, even by credit card.

CHANGES IN THE NUMBER OF BILLS PAID WITH THE ICSEKK MOBILE APPLICATION (THOUSAND)



In 2018, 24 bill payment terminals for credit card and 8 for cash and debit card payments, while among retail stores 23 Rossmann drugstores and 65 Prima shops offered automated bill payment.

The **iCsekk service**¹ launched in 2014, which provides customers with a 24/7, flexible, convenient and cash-free service, continues to gain popularity.

¹ Card payment of QR coded bills via the postal mobile application



BILLS CAN BE PAID SAFELY IN SHOPPING CENTRES, SOME ROSSMANN DRUGSTORES AND CBA PRÍMA FOOD SHOPS DURING FULL OPENING HOURS. THE POPULARITY OF BILL PAYMENT TERMINALS IS SHOWN BY THE FACT THAT IN TOTAL MORE THAN 521,000 BILLS WORTH OVER HUF 8.4 BILLION WERE PAID AT BILL PAYMENT TERMINALS IN 2018

In line with the spread of digital financial culture, more and more customers opted for QR-code postal bill payments in 2018, and the number of transactions has been steadily increasing since the launch of the service. The **number** of bills paid in this way **approached 2 million in 2018**.

In addition to the new alternative bill payment solutions, Magyar Posta also **offers bill payment by bank card at postal outlets** without any cash withdrawal transaction fee. The proportion of **bill payments by bank card at postal outlets** compared to the total number of bill payments **exceeded 27%** by the end of 2018, registering a constant increase.

Thanks to the developments carried out by Magyar Posta in the previous years, the bill payment service continues to be popular, and, although the use of the service is declining from year to year, the decline has reduced in recent years. In 2018, service utilisation and value turnover decreased by 4% compared to the previous year.

The market of **cash disbursements from payment accounts** (outpayment, pension order)

also declined in 2018, which, as in previous years, was an effect of the spread of non-cash banking services. Due to the predictability of the services and the convenience of payment at the address, they remain popular with the general public.

In 2018, **the volume of international money remittances increased** significantly, by 22% compared to the previous year.

SAVINGS AND OTHER MEDIATED SERVICES

Similarly to previous years, the sales and growth of the **Treasury Savings Bills** in 2018 were outstanding in the savings portfolio available at postal outlets. In 2018, an increase of HUF 30 billion was realised in this classic printed government bond.

The materialised government bond sold exclusively by Magyar Posta remains the most popular among our customers. In addition to the government bond investment guarantee and the high level of trust in our Company, the fact that the product is available throughout the entire postal network

AN IMPORTANT
BENEFIT FOR OUR
CUSTOMERS IS THAT
THEY CAN USE THEIR
BANK CARD AT POST
OFFICES TO PAY THEIR
BILLS WITHOUT A
TRANSACTION FEE





THE INSURANCE PRODUCTS OF POSTA BIZTOSÍTÓ OFFER IMPORTANT AND RELIABLE INSURANCE SERVICES IN ALL AREAS OF LIFE

- at approximately 2,700 postal outlets - also increases the popularity of this form of saving. The Treasury Savings Bill is also an excellent alternative for our customers who are less open to digitisation, opening a bank or securities account and sticking to tangible, printed securities.

The sales of **long and short-term dematerialised government bonds** closed at almost the same level in 2018 as in the previous year.

In 2018, investment units, and within this the Magyar Posta Savings Property Investment Fund, which grew by HUF 20 billion compared to the previous year, gained some ground.

On 17 October 2018, an amendment to the Act on Home Savings came into effect, stating that starting from 17 October 2018, it will no longer be possible to sell a new offer with 30% state support and increase the contractual amount on existing contracts.

Simultaneously with the amendment of the Act, the sale of the home savings product was suspended within the network of Magyar Posta.

In 2018 the successful cooperation between **Magyar Posta Zrt., Magyar Posta Biztosító Zrt. and Magyar Posta Életbiztosító Zrt.** continued.

As of May 2018, PostaUtasÓr travel insurance was renewed as part of product development. The new product has increased accident and health insurance limits, and has created a domestic travel insurance that is unique to the entire insurance market, favouring domestic travellers. A separate package has been created for employees and students abroad, and new supplementary insurance products (supplementary flight insurance, supplementary luggage insurance, supplementary liability insurance, supplementary organiser liability insurance, renewed supplementary sports insurance) have also been added to the portfolio.

(ELECTRICITY)



(NATURAL GAS)



IN THE FUTURE MANY POST OFFICES WILL BE ABLE
TO DEAL WITH ADMINISTRATIVE ISSUES RELATING TO
ELECTRICITY AND NATURAL GAS SERVICES

Significant steps were taken in 2018 to streamline the insurance product portfolio, which resulted in the termination of PostaŐr and PostaCasco insurance, and the suspension of the sale of PostaHozamFix, a PostaHaszonŐr and PostaHitelŐr 2.0 insurance policies.

Magyar Posta Életbiztosító Zrt. remains the market leader in the area of **single premium life insurance.**

In 2018, Magyar Posta Életbiztosító Zrt. was awarded the prestigious title 'Best Insurance Company in the Life Insurance Sector in Hungary' for the fifth time, by the London-based market-leading financial periodical, World Finance Magazine.

Entrusted customer service activity

In 2018, Magyar Posta also provided personal customer service on behalf of NKM Földgázszolgáltató és Áramszolgáltató Zrt. (NKM National Utilities Ltd.), E.ON and UPC-DTH, at a total of 269 postal outlets nationwide. The number of cases settled exceeded 100 thousand.



In November 2018, Magyar Posta successfully participated in the public procurement tender issued for the branch office activities of the NKM Group.

► Telekom bill payment service

As part of Magyar Telekom's bill payment service introduced in 2016, the Company executed nearly 2.8 million transactions in 147 designated postal outlets in 2018.

► MÁV ticket sales

In December 2018, the MÁV (Hungarian State Railways) ticket sales pilot was launched at the Debrecen Post Office 20, and at the beginning of 2019 it was expanded to 16 additional post offices. The purpose of the trial distribution is to assess whether, like the transport product portfolio sold so far by Magyar Posta, there is a greater customer demand, which may pave the way for further expansion of the postal merchant market.



RETAIL TRADE ACTIVITY

Gambling products account for the largest share of Magyar Posta's retail turnover. The growth of sales in this segment was facilitated by an efficient satisfaction of the demand for a wide sales network and gambling products (automated gambling games, scratch cards) available at the post offices. In the case of the automated gambling game products, Tippmix game distribution was supported by a lucky corner created at postal outlets with Tippmix interactive devices, where our customers have full access to the Tippmix betting offers with continuously updated content. The sales were also supported by the Joker customer campaign running between November and December 2018, where our customers could win valuable object prizes.

Based on the increasing volume of **SIM card sales** by mobile operators, Magyar Posta retained its position as the largest retail network of SIM card traffic in 2018.



TRADITIONALLY GAMBLING PRODUCTS ARE VERY POPULAR AMONG THE RETAIL PRODUCTS AVAILABLE AT POST OFFICES

IN ADDITION TO USEFUL PRACTICAL ITEMS FOR EVERYDAY LIFE, OUR OFFERS ALSO INCLUDE SWEETS AND TOYS

For **retail goods** requiring presentation, the main purpose is to provide the well-known and sought-after, primarily impulse products, in addition to the envelope, postcard and MPL packaging box products required for postal core activities.





THE IMPORTANCE
OF THE HUMAN FACTOR

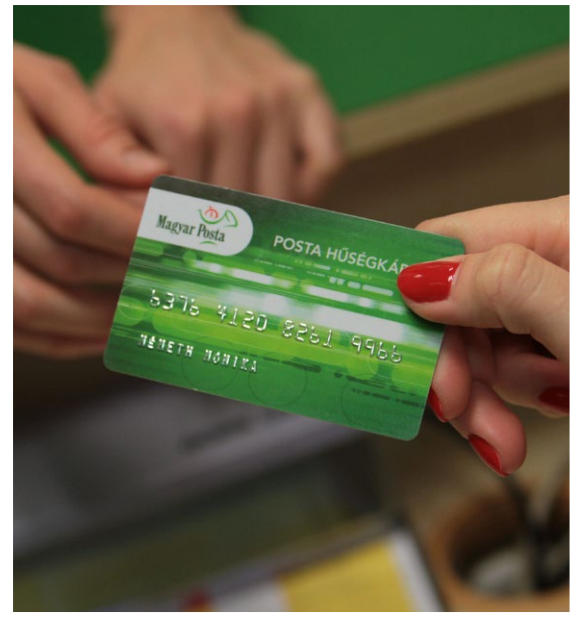
MYPOST LOYALTY PROGRAMME

In 2018, the number of customers subscribed to the discount and point collection programme increased by more than 120 thousand, reaching close to 950 thousand by the end of the year. The members of the programme carried out, on average, 1.1 million transactions a month and collected more than 400 million points annually. Owing to the cooperation with NISZ Zrt. (National Infocommunications Service Company Ltd.), since 1 July 2018 it is possible to apply for a card online through Citizen Portal identification.

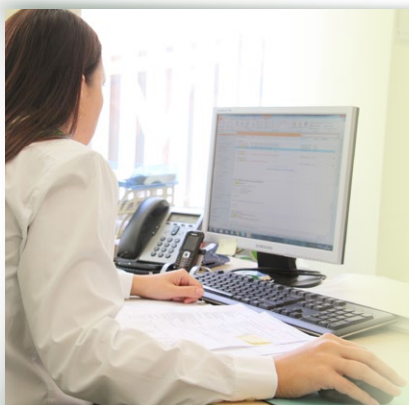
CAN WE HELP YOU? - SERVING OUR CUSTOMERS

In 2018 Magyar Posta's Customer Service Directorate handled **a total of over 1.04 million customer transactions**, i.e. queries either in writing or over the phone, which is a decrease of 4.66% compared to 2017. Of particular note is the 8.4% decrease in the number of complaints, which was achieved with the continuous increase of parcel volumes. We achieved this result by, among other things, developing and restructuring our customer service portal, and reviewing the content of customer notification messages, but the improvement in the quality of logistics and network services of Magyar Posta also contributed to the positive result. In 2018, our customer service quality indicators continued to grow: our call acceptance rate increased by nearly 5% and our average complaint handling

time improved by 8% compared to last year. The customer service area paid special attention to peak season preparation: our resources were planned and allocated so that they can deliver the expected standard of service. Taking account of the whole year, the **highest service indicator (93%)** was achieved by customer service at the beginning of the year and while handling the largest amount of traffic in the **last month** of the year, in other words we were well-prepared to deal with the increased volumes at the end of the year.



OUR LOYALTY PROGRAMME SIGNIFICANTLY CONTRIBUTES TO BOTH CUSTOMER LOYALTY TO OUR COMPANY AND TO OUR BUSINESS SUCCESSES



IN 2018, THE CUSTOMER LETTERS
RECEIVED BY E-MAIL INCREASED
BY CLOSE TO

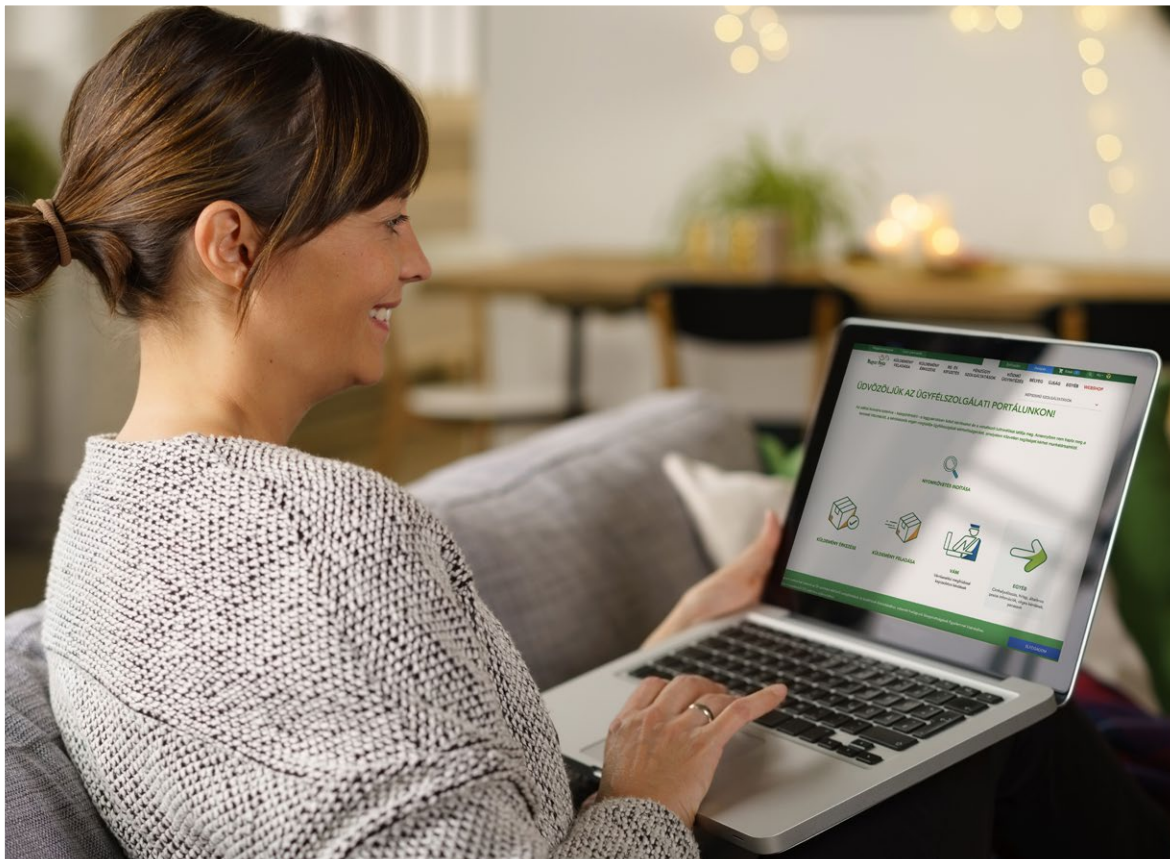
13%

COMPARED TO THE PREVIOUS YEAR

THE AVERAGE
COMPLAINT HANDLING TIME
IMPROVED BY

8%

COMPARED TO LAST YEAR



In order to meet **21st century customer service trends** and customer needs, Magyar Posta's customer service launched several developments during the year. Customer habits constantly evolve and needs tend to shift towards **digital channels**, while customers like to receive prompt, in many cases immediate answers to their queries. Customer letters received by e-mail increased by nearly 13% in 2018 compared to the previous year, so we focused our IT development on providing easy and fast access to information. We have also expanded the customer service interface at **www.posta.hu**, where we can help customers retrieve information with the most frequently asked questions and answers collected based on our experience that customers can easily understand. On this customers can use simple correspondence templates under regulated, simplified and transparent conditions to send their questions and comments together with the necessary information conveniently to customer service.

WITH THE GROWING NUMBER AND SIGNIFICANCE OF ONLINE CUSTOMER INTERACTIONS, WE MEET THE CHALLENGES THROUGH CONTINUOUS IT DEVELOPMENTS

Another important priority during the year was the **automation of processes and the further development of technology**. As part of this, we have further optimised our complaint handling system, which has simplified our workflows, reduced transit times and increased customer experience. This year, we launched a telephone sales service for financial intermediation services at our customer service, which, as a new element in the field, **can also support post office sales results**. We are continuing on our started path: in 2019 we are planning further developments in the area of automation due to the increasing number of online orders and in order to serve growing customer needs.



EVERYTHING FOR THE
SERVING OF OUR CUSTOMERS



**2,685 POSTAL OUTLETS ACROSS THE COUNTRY
EVERY WORKING DAY FOR A TOTAL OF 19,500
OPENING HOURS PER DAY IN 2018.**

LOGISTICS SYSTEMS

Magyar Posta continued to operate successfully in a competitive market environment and was able to respond successfully to changes in the external environment and market demands through its developments.

Development of the vehicle (machinery) fleet

Based on the long-term vehicle replacement and development plan adopted in 2016, more than 400 vehicles were purchased in 2018, with a significant number of them set up to support parcel delivery activities. In the heavy goods vehicle category over 3.5 tonnes, a new type of semi-trailer truck has been added to Magyar Posta's fleet of vehicles to help efficiently handle bulky transport tasks. In addition to the replacement and development of light commercial vehicles, multi-purpose vehicles and electric vehicles, **a three-wheel, electrically powered auxiliary motor bicycle and a two-wheeled vehicle were put into service** in 2018 as part of the delivery service upgrade. To further develop a conscious environmentally friendly operating mode, new electric vans have been put into service for city parcel delivery.

Electric vehicle fleet of Magyar Posta has expanded further

The introduction of electric vehicles has led to significant **improvements in environmental performance**, and a number of technical and technological equipment (lifting tailboard, air conditioning, parking sensor, automatic brake assist) were implemented in the newly purchased vehicles, which make the work of drivers easier and more comfortable.

Magyar Posta, as one of the companies with the country's largest vehicle fleets, **strives to integrate an environmentally conscious driving style and vehicle use into its corporate culture through internal trainings**, paying special attention to reducing emissions. In order to serve the growing parcel traffic, in addition to the vehicles, modern and also environmentally friendly forklift trucks and manual hydraulic pallet conveyors have

THESE MULTI-PURPOSE LIGHT COMMERCIAL ELECTRIC VEHICLES HAVE BEEN PART OF THE FLEET FOR A NUMBER OF YEARS, WITH THEIR NUMBER EXPANDING FURTHER THIS YEAR



THE KILOMETRES TRAVELLED
BY PARCEL DELIVERY VEHICLES
INCREASED BY APPROXIMATELY

8.4%

COMPARED TO THE PREVIOUS YEAR



been procured and put into operation in order to facilitate heavy physical work, together with more than a thousand different types of containers for transport and delivery preparation tasks, and large unit boxes and parcel boxes for uniform handling of shipments.

Magyar Posta's vehicles travelled nearly 84 million kilometres in 2018, of which the kilometres travelled by parcel delivery vehicles increased by 8.4% compared to the previous year. In 2018, fleet fuel consumption was close to 10 million litres.

DEVELOPMENT OF THE LOGISTICS INFRASTRUCTURE

In 2018, continuing on our started path, the focus was on improving processing efficiency.

As a result of efficient operation and in response to market demands, the new, higher through-put parcel processing system, with barcode reading and mass and volume measurement capabilities has been introduced at the Parcel Logistics Centre of Magyar Posta in order to increase the central processing capacity of parcels.

THE PARCEL PROCESSING LINE CAN HANDLE
UP TO 10,000 MAIL ITEMS WEIGHING BETWEEN 100G
AND 10KG PER HOUR





PARCELS ARE PROCESSED CONTINUOUSLY IN 24 HOURS A DAY AT THE CENTRE COVERING OVER 5,000 SQUARE METRES

Parcel items are continuously processed 24 hours a day at the centre covering over 5,000 square metres, therefore the high quality of the parcel logistics services used by the customers is ensured. The parcel processing line can handle up to 10,000 items weighing between 100g to 10kg per hour, which it sorts according to the barcode on the item and forwards to the appropriate delivery points.

As a result of the machine capacity increase, the number of automatically, machine-processed parcels doubled during the peak months following installation.

Magyar Posta is committed to implementing technology solutions and investments that improve its capabilities, operations and the quality of its services. These goals can be achieved through close collaboration between different units, be it planning, sales, processing, delivery or management.

In addition to purchasing machinery, our company has expanded its capacity by approximately 60 post offices nationwide. It has set up a larger warehouse or storage facility at the post offices where the number of parcels is particularly high during peak periods and, in addition to the expansion of its warehouses, it also established additional parcel pick-up points in several locations to provide faster customer service.

In order to increase the level of service, parcel distribution, delivery and settlement processes have been reinforced, and work organisation measures adapted to peaks in traffic have been introduced.



IMPORTANCE
OF HUMAN RESOURCES

In 2018, the average statistical headcount according to the CSO (Central Statistical Office) was **29,914.3** (converted to **28,526.4** full-time employees), which is a decrease of 0.8% compared to 2017.

The reported wage cost in 2018 was HUF 97.969 billion, while the average full-time earnings were HUF 282,401/month/person, which represents an increase of 11.2% compared to 2017.

The total **incentive payment** for 2018 was **HUF 6.99 billion**. All employees were included in the Company's incentive scheme, thus all employees were able to benefit from this additional acknowledgement of performance during the year.

Optional fringe benefits (OFB) for employees were an influential part of staff costs. In 2018, as in other years, the Company offered staff the option of choosing the individual fringe benefit elements that are best suited to their particular living conditions, and personal and family needs.

Under the Collective Contract and other internal regulations, Magyar Posta provided holiday options and housing loans for employees as well as aid for people in need.

The main aim in providing holidays continued to be the rational and efficient operation of welfare properties as well as implementing measures improving quality.

109 people received **housing support worth a total of HUF 294.9 million**.

In 2018 the Company provided **HUF 105.9 million in aid**, which supported employees in difficult social circumstances dependent on need and members of staff affected by maternity and funerals in a total of 2,241 cases.

In order to ensure varied and flexible forms of work, numerous **atypical employment** options including distance work, temporary employment, student jobs, part-time jobs, split service, working time banking, flexible working hours and flexible working arrangements were provided by Magyar Posta in 2018 also.

FOCUS ON HR DEVELOPMENTS

The HR organisation has been transformed

The human resources area launched the **HR Transformation Project** back in 2017, under



THE AIM OF THE HR TRANSFORMATION PROJECT WAS TO IMPROVE OPERATIONAL EFFICIENCY AND RETHINK THE ROLE OF THE HR FUNCTIONS

which the operation of the HR unit and its processes were screened. After preparation, the implementation took place in 2018. The aim of the project was to improve operational efficiency and rethink the role of the HR functions.

The goal of the change is to ensure high quality HR service throughout the country, including at implementation level.

Workforce retention

In 2018, the **reduced fluctuation (without natural fluctuation)** at Magyar Posta **was 23.5%** (2017: 23.1%). Within this, 12.4% (2017: 11.5%) was in the management area and 24.7% (2017: 24.3%) was in the implementation area. Within implementation, the annual filtered fluctuation was 24.7% (2017: 23.7%) in the network area and 25.1% (2017: 27.6%) in the logistics area.

Due to the high and increasing value of the indicator, the focus has been on improving the retention of the workforce. As part of this, we conducted an **Employee Engagement Survey** in 2018 at our Company, with the help of which we could have a realistic picture of how our employees see their workplace. Based on the results, action plans have been and will be elaborated to increase the workforce retention capacity of Magyar Posta.

Development of recruitment tools

Similarly to other companies, the shortage of labour also affects Magyar Posta, making it increasingly difficult to find a suitable supply of labour in a shrinking market.

To attract the attention of potential employees, in 2018 Magyar Posta carried out recruitment activities with thousands of job advertisements, more than 2 million leaflets, at 244 group presentations and at 26 job fairs. In line with market trends, the remuneration of the Employee Recommendation Programme increased and additional locations were involved.

Last year our Company participated again in the HVG National Training and Career Days event, where approximately 200 exhibitors presented their company's career opportunities.

In the HVG stand competition, which has a long tradition, the stand of Magyar Posta was awarded **1st place in the Most Creative Small Stand category** by a jury of marketing professionals and independent members.



IN 2018, MAGYAR POSTA FOCUSED ON DEVELOPING THE EMPLOYEE BRAND AND RECRUITMENT, WITHIN THE FRAMEWORK OF WHICH WE ALSO PARTICIPATED IN THE HVG NATIONAL TRAINING AND CAREER DAYS PROGRAMME

Providing competitive expertise

For decades, Magyar Posta has considered the expansion of the staff's professional knowledge and the development of competences required for the performance of duties and boosting individual performance as priority tasks.

The Company demonstrates its commitment to workforce development with more than **100,000 people** participating in organised **training programmes** in 2018. The trainings launched with high attendance rates were primarily aimed at fulfilling legal obligations, secondly to meet the requirements to acquire the knowledge needed to sell the product and service, and thirdly, to develop skills and meet individual needs.

In addition to traditional classroom courses, the **e-learning and blended learning** are prominently present teaching methods.

The e-learning methodology is used at the Company not only in the case of rigorous exam-specific content, but also for self-study content that satisfies individual interests.

The HR unit contributes to the retention of the workforce not only with a wide range of trainings,

but also with a **career path programme**. The career path also serves to honour employees with many years of employment and to integrate new entrants at the appropriate level.

In addition to organised trainings, **preparation within the work environment** continues to play a very important role due to fluctuations and technological changes. Professional on-the-job learning and background materials from HR are constantly available for on the job development.

Due to the increasing difficulty in attracting labour, the education of the younger generation is an increasingly important task for our Company, therefore, in addition to the mid-term internship, we also welcome young people for summer **internships**. To achieve this, **each of our nearly 100 accredited internships locations** is capable of providing meaningful support to those studying different professions.

Ensuring equal opportunities and addressing individual life situations

The Chief Executive Officer of Magyar Posta and the chairmen of the trade unions represented at the Company in 2018 signed the **2019-2020 Equal Opportunities Plan** of Magyar Posta.

WE STRIVE TO CONVERT
NEW PROFESSIONAL
KNOWLEDGE INTO
CONFIDENT PROFESSIONAL
KNOWLEDGE WITH
MODERN, EXPERIENCE-
FOCUSED EDUCATIONAL
TECHNIQUES. THE SAME
HAPPENED DURING THE
2018 IMPLEMENTATION OF
OUR IPMIT PROGRAMME



The Company's management is committed to employing people with a reduced capacity to work, through which we promote labour market integration in the spirit of corporate social responsibility.

In 2018, Magyar Posta **received the Disability Friendly Workplace Award for the fourth time.** The award is the joint prize of the Ministry of Human Capacities, the American Chamber of Commerce, the Non-Profit Association for Excellence and the Salva Vita Foundation; of which **Magyar Posta was awarded the Gold award.**

In 2018, **two new special awards** were also given to two employees of the Company (Role Model Award, Co-Worker Award).

In the spirit of the above, the Company's recognition system has also been expanded: For the first time in 2018, **Professional Excellence Awards** were handed out to the 'Reduced Ability Employee Manager of the Year' and 'Reduced Ability Employee of the Year'.

STABLE LABOUR RELATIONS

In order to maintain **stable labour relations**, the employer holds consultations and negotiations about measures affecting large groups of



THE PRESENTATION OF OUR ROLE MODEL AND EMPLOYEE AWARD WAS GREETED WITH BOTH GREAT ATTENTION AND SYMPATHY AMONG EMPLOYEES AND CUSTOMERS ALIKE

employees and regularly operates the Postal Reconciliation Council (PRC) to find out about the work and current tasks of each specialist area. The employer strives to maintain good labour relations with the trade unions and other interest groups represented at Magyar Posta.



ENVIRONMENTAL
PROTECTION – RESPECT FOR
THE ENVIRONMENT



As a responsible service provider, the Company strives to promote an environmentally conscious and energy-efficient management approach, to reconcile economic, social and environmental interests, and thereby to develop a sustainable development path.

ON 5 JUNE 2018, WE ORGANISED A NATIONAL OPEN DAY UNDER THE TITLE TAKE ACTION! ENVIRONMENTAL AND HEALTH DAY 2018 AT THREE LOCATIONS, IN THE FRAMEWORK OF WHICH WE DREW ATTENTION TO ENVIRONMENTALLY AND HEALTH CONSCIOUS LIFESTYLE, THE OPERATION OF THE COMPANY AND THE TASKS AND OPPORTUNITIES RELATED THERETO

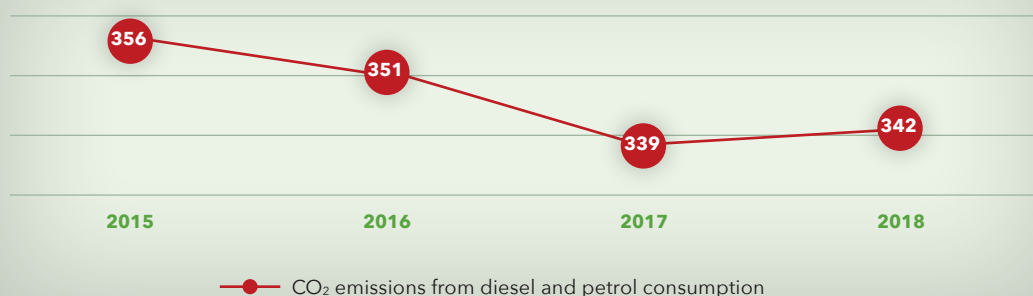
A priority segment of environmental protection tasks is efficient waste management, the primary objective of which is to minimise waste generation and to recycle the waste generated as much as possible.

were classified as hazardous. More than 86% of the separately collected waste (paper, metal, plastic, electronic waste, etc.) was sold for recycling. The largest proportion (95%) of the sold waste was paper and plastic waste.

In 2018 Magyar Posta generated 2,858 tons of selectively collected waste, 2,834 tons of which were classified as non-hazardous, while 24 tons

We pay special attention to assessing, preventing and mitigating the adverse environmental impacts of our operations. Facility-specific plans are in place

MAIL LOGISTICS CO₂ EMISSIONS KG/1,000 KM



to reduce noise emissions in order to deal with potential public complaints and fulfil regulatory obligations.

From a climate protection point of view, greenhouse gas emissions, including carbon dioxide (CO₂), are decisive. Most of the Company's CO₂ emissions come from fuel use.

Mail logistics has increased its CO₂ emissions per 1000 kilometres by 0.9% over the previous year due to vehicles with higher transport capacity and higher specific fuel consumption in order to meet the needs arising from the continuously growing parcel segment.

It is a step in the right direction that our Company has been certified for 2017 by an independent company that has prepared a full Sustainability Report in 2018 following the Global Reporting Initiative (GRI) International Standard. In addition to environmental protection, it also addresses the other two pillars of sustainability (social and economic dimension), therefore it is in line with market practice.

For World Environment Day we organised a national open day titled Take Action! ENVIRONMENTAL AND HEALTH DAY 2018 on 5 June 2018 at three venues, in the framework of which we drew attention to the environmentally and health conscious lifestyle, the operation of the company and the tasks and opportunities related thereto.



MAGYAR POSTA RAISED AWARENESS ABOUT THE SITUATION OF ENDANGERED ANIMALS AND THE IMPORTANCE OF THEIR PROTECTION BY ISSUING A SERIES OF SPECIAL STAMPS BASED ON THE DESIGNS OF THE GRAPHIC ARTIST IMRE BENEDEK

In order to support sustainability efforts in the global postal sector, Magyar Posta also joined the UPU (Universal Postal Union) climate protection programme operating under UN auspices and provided the data required for sector-specific eco-footprint calculations.

Environmental investments

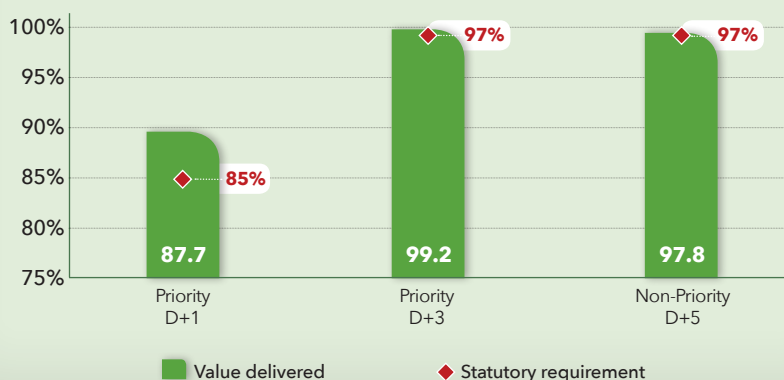
In 2018 the amount devoted to environmental protection investments was close to HUF 310 million.

Activity	Cost (in HUF thousand)	Number of premises
Modernisation, regulation of heating, gas connection	77,910	15
Modernising lighting and wiring	77,422	36
Renovating and connecting plumbing and drains	14,095	81
Wall renovation, heat insulation	114,490	3
Changing windows	13,890	1
Construction of electric recharging points	11,492	10
Total:	309,299	146



QUALITY MANAGEMENT –
QUALITY AWARENESS

UNIVERSAL LETTER-MAIL SERVICE - ITEMS POSTED BASED
ON SINGLE-ITEM TARIFFS - 2018



In its integrated **Quality, Environment and Energy Policy**, Magyar Posta's management set the objectives for the Company to operate as a reliable and responsible national postal service provider offering quality services, and undertook a commitment to protect the environment, avoid environmental pollution and implement rational energy management.

In addition to the **ISO 9001 standard Quality Management System in operation since 2005**, the **ISO 14001 standard Environment Management System** introduced for the logistics premises and the **ISO 27001 Information Security Management System** for units performing key activities, in order to increase energy management efficiency, the **ISO 50001 standard Energy Management System** has been in operation since 2016. An independent certifying body inspects the compliance of the management systems on a regular, annual basis, and conducts an audit

on strict conditions every three years, verifying compliant operation with a certificate. Following the successful certification audit of our **Quality Management System and the Environmental Management System** in 2017, **we also passed the interim review audit** in 2018 - together with the Information Security and Energy Management Systems - and the related certificates remain valid accordingly. (ISO 9001:2015 and ISO 14001:2015).

Magyar Posta, as the universal postal service provider, must meet quality expectations laid down by legislation.² **In 2018**, based on the results of the independent measuring organisation, GfK Hungária Piackutató Kft., **Magyar Posta again fulfilled its obligations for domestic transit times laid down by law.**

² Pursuant to the provisions of Section 15 (1)-(4) and 35 (3) of Act CLIX of 2012 on Postal Services.



HU05/1670 számú tanúsítvány fordítása

Tanúsítjuk, hogy a

Magyar Posta Zrt.

1138 Budapest, Dunavirág u. 2-6.

irányítási rendszerét auditáltuk és az megfelel az alábbi szabvány követelményeinek:

ISO 9001:2015

A tanúsítás az alábbi tevékenységekre érvényes:

Levélszolgáltatások, csomagszolgáltatások, áru fuvarozási és komplex raktár logisztikai szolgáltatás, küldemény-előállítás szolgáltatás (Insert Pack) és hiteles küldemény digitalizálási, adatfeldolgozási szolgáltatás teljes üzleti folyamata, valamint a kapcsolódó technológiai és támogató folyamatok.

A tanúsított területtel és az ISO 9001:2015 szabvány követelményeinek alkalmazhatóságával kapcsolatban további információ a szervezettel való konzultáció útján nyerhető

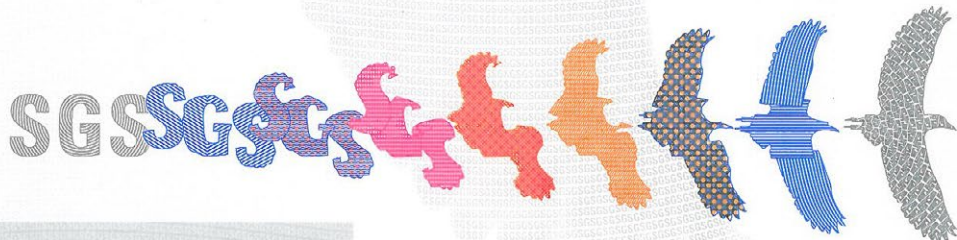
A tanúsítvány 2017. december 9-től 2020. december 8-ig érvényes, sikeres felülvizsgálatok esetén.

Megújító audit esedékes legkésőbb 2020. november 29-ig.
Kiadás 11. Tanúsítva 2005. december 9-től.

Jóváhagyta:

SGS United Kingdom Ltd
Rossmore Business Park Ellesmere Port Cheshire CH65 3EN UK
t +44 (0)151 350-6666 f +44 (0)151 350-6600 www.sgs.com

Oldalszám 1 / 1



Cégünk ezt a dokumentumot a "Tanúsítási Szolgáltatás Általános Szerződési Feltételei" szerint állította ki. A szabvány teljes szövege megtalálható a www.sgs.com/terms_and_conditions.html weboldalon, amely különös figyelmet szentel a felelősségi, kártalanítási és jogi kérdésekre. Ezen nyomatott dokumentum hitelességét a <http://www.sgs.com/en/Our-Company/Certified-Client-Directories/Certified-Client-Directories.aspx> webcímen lehet ellenőrizni. Minden jogosulatlan módosítás, tartalmi vagy kiadványból való átiratolás hamisításnak minősül, tehát törvénybe ütköző és jogi eljárást vonhat maga után.



HU12/6283 számú tanúsítvány fordítása

Tanúsítjuk, hogy a

Magyar Posta Zrt.

1138 Budapest, Dunavirág u. 2-6.

irányítási rendszerét auditáltuk és az megfelel az alábbi szabvány követelményeinek:

ISO 14001:2015

A tanúsítás az alábbi tevékenységekre érvényes:

**A Magyar Posta Zrt. szállítási- és feldolgozó üzemel,
az ezeken a telephelyeken található valamennyi Postai
szervezeti egység, valamint speciális technológiai központjai.**

A tanúsítvány 2017. november 14-től 2020. november 13-ig érvényes,
sikeres felülvizsgálatok esetén.

Megújító audit esedékes legkésőbb 2020. október 3-ig.

Kiadás 4. Tanúsítva 2012. február 19-től.

A tanúsítvány több telephelyre érvényes.
A telephelyek adatait a következő oldalakon részleteztük.

Jóváhagylta:

SGS United Kingdom Ltd Systems & Services Certification
Rossmore Business Park Ellesmere Port Cheshire CH65 3EN UK
t +44 (0)151 350-6666 f +44 (0)151 350-6600 www.sgs.com



0005

Oldalszám 1/3



Cégünk ezt a dokumentumot a "Tanúsítási Szolgáltatás Általános Szerződési Feltételei" szerint állította ki. A szabályzat teljes szövege megtalálható a www.sgs.com/terms_and_conditions.htm webcímen, amely különös figyelmet szentel a felelősségi, kártalanítási és jogi kérdésekre. Ezen nyomtatott dokumentum hitelességét a http://www.sgs.com/clients/certified_clients.htm webcímen lehet ellenőrizni. Minden jogosulatlan módosítás, tartalmi vagy kinézetbeli változtatás hamisításnak minősül, tehát törvénybe ütköző és jogi eljárást vonhat maga után.



TANÚSÍTVÁNY

A GfK Hungária Piackutató Kft., mint független mérő szervezet tanúsítja, hogy a

MAGYAR POSTA Zrt.

a belföldi forgalmú levélküldemények szolgáltatásában

2018. évben az alábbi átfutási időket teljesítette:

A feladást követő 5. munkanap végéig kézbesített levélküldemények aránya

Egyetemes postai szolgáltatások

Egyedi feladású elsőbbségi levélküldemények	99,77%
Egyedi feladású nem elsőbbségi levélküldemények	97,75%
Tömeges feladású elsőbbségi levélküldemények	99,89%
Tömeges feladású nem elsőbbségi levélküldemények	98,35%
Vakok írása levélküldemények	100%

Egyetemes postai szolgáltatást helyettesítő szolgáltatás

Üzleti levél	98,30%
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GfK Hungária Piackutató Kft. a méréseket a Nemzeti Média- és Hírközlési Hatóság **UF-39127-4/2017.** számú határozataiban jóváhagyott egyetemes és egyetemes postai szolgáltatást helyettesítő szolgáltatások átfutási idő mérési módszertanai, illetve Vakok írása küldemények átfutási módszertana alapján, továbbá

az **MSZ EN 13850:2013** az **MSZ EN 14508:2016** és

az **MSZ EN 14534:2016**

szabványok előírásainak megfelelően végezte.

Budapest, 2019. március 1.

Kozák Ákos, ügyvezető igazgató

Bacher János, ügyfélkapcsolati ig.

GfK Hungária Kft.
1077 Budapest, Wesselényi u. 16.
Adószám: 10253027-2-42
1.



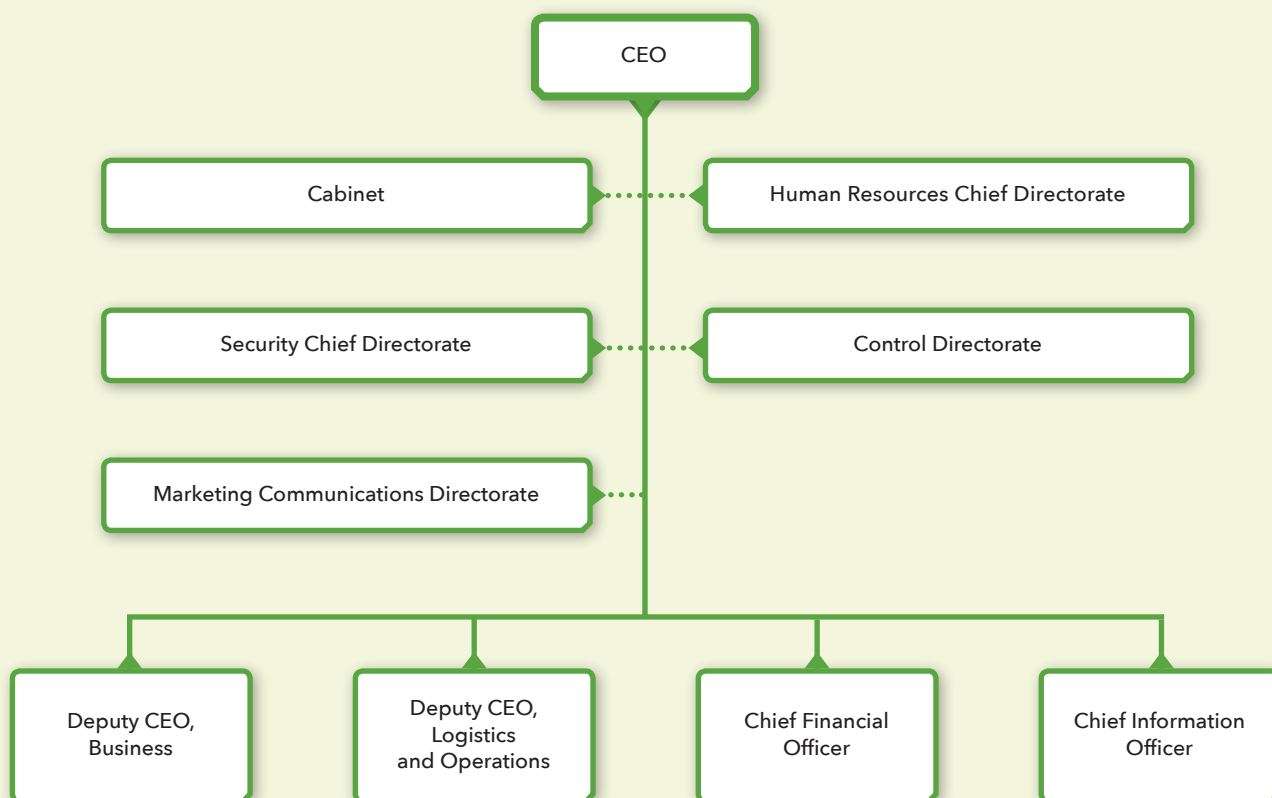
MAGYAR POSTA ZRT.'S DATA

MANAGEMENT AND ORGANISATION

In the second half of 2018, a transparent organisational structure was created that is capable of providing a commercially efficient operation that responds quickly and flexibly to market demands and expectations in a competitive environment. The new structure will help the Company increase

revenue through new and existing quality services, achieve operational excellence by improving efficiency, and create a performance and customer-oriented culture. The core principle of the new operation is to have sufficiently customer-responsive organisations with clean profiles, responsible for external and internal customers, supported by appropriate corporate governance and service backgrounds.

CORPORATE MANAGEMENT STRUCTURE OF MAGYAR POSTA ZRT.



MEMBERS OF THE BOARD OF DIRECTORS ON 31 DECEMBER 2018:

- ▶ Sára Irén Hegmanné Nemes, *chairwoman*
- ▶ Dr Zsolt Harmath
- ▶ György Schamschula
- ▶ Levente László Szabó
- ▶ Majláth Zsolt László
- ▶ László Szabó

MEMBERS OF THE SUPERVISORY BOARD ON 31 DECEMBER 2018:

- ▶ Dr Barnabás Balczó, *chairman*
- ▶ Dr Erika Ócsai
- ▶ Dr Boldizsár Szabó
- ▶ Dr Attila Tamás Tajthy
- ▶ Dr Sándor Nemes
- ▶ Zsuzsanna Tóth

REGISTRATION DATA ABOUT MAGYAR POSTA ZRT. (2018)

Magyar Posta Zrt. was founded for an indefinite period of time. The Company is the general legal successor of Magyar Posta Vállalat and was founded on: 31 December 1993.

COMPANY HEADQUARTERS: Budapest, District XIII, Dunavirág u. 2-6.

THE COMPANY'S SHARE CAPITAL ON 31 DECEMBER 2018: HUF 14,137,693,100

MAIN ACTIVITIES:

- acceptance, transport and delivery of letter-mail items and parcels,
- complex logistics services,
- postal financial intermediation,
- savings and insurance intermediation,
- newspaper distribution,
- retail activity,
- digital services

THE COMPANY'S MANAGING BODY: Board of Directors

THE COMPANY'S CHIEF EXECUTIVE OFFICER: György Schamschula

THE COMPANY'S AUDITOR ON 31 DECEMBER 2018:

Deloitte Könyvvizsgáló és Tanácsadó Kft.

Tamás Horváth, *certified auditor*

Chamber membership number: 003449

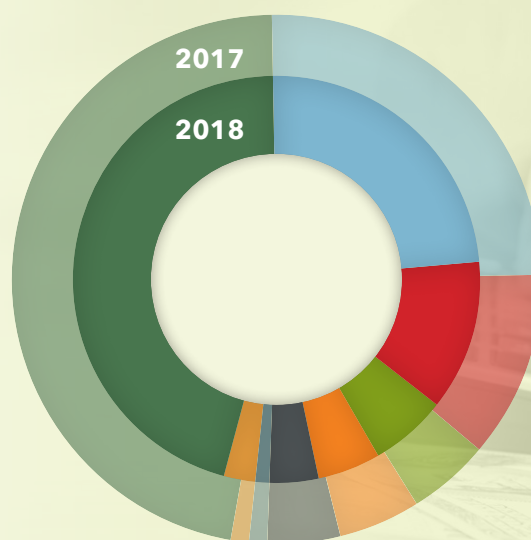
RESULTS

The Company's strategic alliances formed in the previous period were further strengthened over the last year and the foundations for long-term cooperation were laid, ensuring mutual advantages. Magyar Posta continuously strives to renew its products and services, whether they are provided in a competitive environment or in accordance with their statutory obligations. The developments follow changes in consumer habits,

expectations generated by customer requirements as well as international trends. The **Company achieved a profit before tax of HUF 497 million in 2018**, while raising salaries by 12 per cent on average. Wage development was differentiated, thus the increase in some jobs reached 17 per cent. The annual **sales revenue was HUF 200.9 billion**. In the breakdown of turnover by product, following the trend of previous years, the share of logistics and the electronic and non-traditional products grew within the portfolio.

BREAKDOWN OF THE REVENUE OF MAGYAR POSTA ZRT. IN 2018 COMPARED TO 2017

- LETTER PRODUCTS
- POSTAL FINANCIAL SERVICES
- LOGISTICS PRODUCTS
- FINANCIAL SERVICES
- RETAIL
- NEWSPAPER PRODUCTS
- ELECTRONIC AND NON-TRADITIONAL SERVICES
- OTHER



Name	Indicators	
	2017	2018
EBIT (HUF million)	464	520
EBITDA (HUF million)	10,675	11,015
EBIT/average equity	0.5%	0.6%
EBIT/average assets	0.2%	0.3%
EBIT/net sales revenues	0.2%	0.3%
EBITDA/average equity	11.9%	11.9%
EBITDA/average assets	5.5%	5.4%
EBITDA/net sales revenues	5.6%	5.5%

Annex 1

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte Könyvvizsgáló és Tanácsadó Kft.
1068 Budapest, Dózsa György út 84/C.
Levél cím: 1438 Budapest, Pf. 471

Tel: +36 (1) 428-6800
Fax: +36 (1) 428-6801
www.deloitte.hu

Bejegyzve: Fővárosi Törvényszék Cégbírósága
Cg.: 01-09-071057

FÜGGETLEN KÖNYVVIZSGÁLÓI JELENTÉS

A Magyar Posta Zrt. részvényeseinek

Vélemény

Elvégeztük Magyar Posta Zrt. (a „Társaság”) 2018. évi éves beszámolójának könyvvizsgálatát, amely éves beszámoló a 2018. december 31-i fordulónapra készített mérlegből – melyben az eszközök összesen 206.718 M Ft, az adózott eredmény 497 M Ft nyereség –, és az ugyanezen időponttal végződő üzleti évre vonatkozó eredménykimutatásból, valamint a számviteli politika jelentős elemeinek összefoglalását is tartalmazó kiegészítő mellékletből áll.

Véleményünk szerint a mellékelt éves beszámoló megbízható és valós képet ad a Társaság 2018. december 31-én fennálló vagyoni és pénzügyi helyzetéről, valamint az ezen időponttal végződő üzleti évre vonatkozó jövedelmi helyzetéről a Magyarországon hatályos, a számvitelről szóló 2000. évi C. törvénnyel (a „számviteli törvény”) összhangban.

A vélemény alapja

Könyvvizsgálatunkat a Magyar Nemzeti Könyvvizsgálói Standardokkal összhangban és a könyvvizsgálatra vonatkozó – Magyarországon hatályos – törvények és egyéb jogszabályok alapján hajtottuk végre. Ezen standardok értelmében fennálló felelősségünk bővebb leírását jelentésünk „A könyvvizsgáló éves beszámoló könyvvizsgálatáért való felelőssége” szakasza tartalmazza.

Függetlenek vagyunk a Társaságtól a vonatkozó, Magyarországon hatályos jogszabályokban és a Magyar Könyvvizsgálói Kamara „A könyvvizsgálói hivatás magatartási (etikai) szabályairól és a fegyelmi eljárásról szóló szabályzata”-ban, valamint az ezekben nem rendezett kérdések tekintetében a Nemzetközi Etikai Standardok Testülete által kiadott „Könyvvizsgálók Etikai Kódexe”-ben (az IESBA Kódex-ben) foglaltak szerint, és megfelelünk az ugyanezen normákban szereplő további etikai előírásoknak is.

Meggyőződésünk, hogy az általunk megszerzett könyvvizsgálói bizonyíték elegendő és megfelelő alapot nyújt véleményünkhöz.

Egyéb információk: Az üzleti jelentés

Az egyéb információk a Társaság 2018. évi üzleti jelentéséből állnak. A vezetés felelős az üzleti jelentésnek a számviteli törvény, illetve egyéb más jogszabály vonatkozó előírásaival összhangban történő elkészítéséért. A független könyvvizsgálói jelentésünk „Vélemény” szakaszában az éves beszámolóra adott véleményünk nem vonatkozik az üzleti jelentésre.

Az éves beszámoló általunk végzett könyvvizsgálatával kapcsolatban a mi felelősségünk az üzleti jelentés átolvasása és ennek során annak mérlegelése, hogy az üzleti jelentés lényegesen ellentmond-e az éves beszámolónak vagy a könyvvizsgálat során szerzett ismereteinknek, vagy egyébként úgy tűnik-e, hogy az lényeges hibás állítást tartalmaz.

A számviteli törvény alapján a mi felelőségünk továbbá annak megítélése, hogy az üzleti jelentés a számviteli törvény, illetve egyéb más jogszabály vonatkozó előírásaival összhangban van-e, és erről, valamint az üzleti jelentés és az éves beszámoló összhangjáról vélemény nyilvánítása.

Véleményünk szerint a Társaság 2018. évi üzleti jelentése minden lényeges vonatkozásban összhangban van a Társaság 2018. évi éves beszámolójával és a számviteli törvény vonatkozó előírásaival. Mivel egyéb más jogszabály a Társaság számára nem ír elő további követelményeket az üzleti jelentésre, ezért e tekintetben nem mondunk véleményt.

A fentiekén túl a Társaságról és annak környezetéről megszerzett ismereteink alapján jelentést kell tennünk arról, hogy a tudomásunkra jutott-e bármely lényegesnek tekinthető hibás közlés (lényeges hibás állítás) az üzleti jelentésben, és ha igen, akkor a szóban forgó hibás közlés (hibás állítás) milyen jellegű. Ebben a tekintetben nincs jelenteni valónk.

A vezetés és az irányítással megbízott személyek felelősége az éves beszámolóért

A vezetés felelős az éves beszámolóban a számviteli törvénnyel összhangban történő és a valós bemutatás követelményének megfelelő elkészítéséért, valamint az olyan belső kontrollért, amelyet a vezetés szükségesnek tart ahhoz, hogy lehetővé váljon az akár csalásból, akár hibából eredő lényeges hibás állítástól mentes éves beszámoló elkészítése.

Az éves beszámoló elkészítése során a vezetés felelős azért, hogy felmérje a Társaságnak a vállalkozás folytatására való képességét és az adott helyzetnek megfelelően közvéleményre a vállalkozás folytatásával kapcsolatos információkat, valamint a vezetés felel a vállalkozás folytatásának elvén alapuló éves beszámoló összeállításáért. A vezetésnek a vállalkozás folytatásának elvéből kell kiindulnia, ha ennek az elvnek az érvényesülését eltérő rendelkezés nem akadályozza, illetve a vállalkozási tevékenység folytatásának ellentmondó tényező, körülmény nem áll fenn.

Az irányítással megbízott személyek felelősek a Társaság pénzügyi beszámolási folyamatának felügyeletéért.

A könyvvizsgáló éves beszámoló könyvvizsgálatáért való felelősége

A könyvvizsgálat során célunk kellő bizonyosságot szerezni arról, hogy az éves beszámoló egésze nem tartalmaz akár csalásból, akár hibából eredő lényeges hibás állítást, valamint az, hogy ennek alapján a véleményünket tartalmazó független könyvvizsgálói jelentést bocsássunk ki. A kellő bizonyosság magas fokú bizonyosság, de nem garancia arra, hogy a Magyar Nemzeti Könyvvizsgálói Standardokkal és a könyvvizsgálatra vonatkozó – Magyarországon hatályos – törvényekkel és egyéb jogszabályokkal összhangban elvégzett könyvvizsgálat mindig feltárja az egyébként létező lényeges hibás állítást. A hibás állítások eredhetnek csalásból vagy hibából, és lényegesnek minősülnek, ha észszerű lehet az a várakozás, hogy ezek önmagukban vagy együttesen befolyásolhatják a felhasználók adott éves beszámoló alapján meghozott gazdasági döntéseit.

A Magyar Nemzeti Könyvvizsgálói Standardok és a könyvvizsgálatra vonatkozó – Magyarországon hatályos – törvények és egyéb jogszabályok szerinti könyvvizsgálat egésze során szakmai megítélést alkalmazunk és szakmai szkepticizmust tartunk fenn.

Továbbá:

- Azonosítjuk és felmérjük az éves beszámoló akár csalásból, akár hibából eredő lényeges hibás állításainak a kockázatait, kialakítjuk és végrehajtjuk az ezen kockázatok kezelésére alkalmas könyvvizsgálói eljárásokat, valamint elegendő és megfelelő könyvvizsgálói bizonyítékot szerzünk

a véleményünk megalapozásához. A csalásból eredő lényeges hibás állítás fel nem tárásának a kockázata nagyobb, mint a hibából eredő, mivel a csalás magában foglalhat összejátszást, hamisítást, szándékos kihagyásokat, téves nyilatkozatokat, vagy a belső kontroll felülírását.

- Megismerjük a könyvvizsgálat szempontjából releváns belső kontrollt annak érdekében, hogy olyan könyvvizsgálati eljárásokat tervezzünk meg, amelyek az adott körülmények között megfelelőek, de nem azért, hogy a Társaság belső kontrolljának hatékonyságára vonatkozóan véleményt nyilvánítsunk.
- Értékeljük a vezetés által alkalmazott számviteli politika megfelelőségét és a vezetés által készített számviteli becslések és kapcsolódó közzétételek észszerűségét.
- Következtetést vonunk le arról, hogy helyénvaló-e a vezetés részéről a vállalkozás folytatásának elvén alapuló éves beszámoló összeállítása, valamint a megszerzett könyvvizsgálati bizonyíték alapján arról, hogy fennáll-e lényeges bizonytalanság olyan eseményekkel vagy feltételekkel kapcsolatban, amelyek jelentős kétséget vethetnek fel a Társaság vállalkozás folytatására való képességét illetően. Amennyiben azt a következtetést vonjuk le, hogy lényeges bizonytalanság áll fenn, független könyvvizsgálói jelentésünkben fel kell hívunk a figyelmet az éves beszámolóban lévő kapcsolódó közzétételekre, vagy ha a közzétételek e tekintetben nem megfelelőek, minősíteniük kell véleményünket. Következtetéseink a független könyvvizsgálói jelentésünk dátumáig megszerzett könyvvizsgálati bizonyítékon alapulnak. Jövőbeli események vagy feltételek azonban okozhatják azt, hogy a Társaság nem tudja a vállalkozást folytatni.
- Értékeljük az éves beszámoló átfogó bemutatását, felépítését és tartalmát, beleértve a kiegészítő mellékletben tett közzétételeket, valamint értékeljük azt is, hogy az éves beszámolóban teljesül-e az alapul szolgáló ügyletek és események valós bemutatása.

Az irányítással megbízott személyek tudomására hozzuk - egyéb kérdések mellett - a könyvvizsgálat tervezett hatókörét és ütemezését, a könyvvizsgálat jelentős megállapításait, beleértve a Társaság által alkalmazott belső kontrollnak a könyvvizsgálatunk során általunk azonosított jelentős hiányosságait is, ha voltak ilyenek.

Budapest, 2019. április 29.

(A papír alapú könyvvizsgálói jelentés került aláírásra.)

Horváth Tamás
A Deloitte Könyvvizsgáló és Tanácsadó Kft. képviseletében
illetve mint kamarai tag könyvvizsgáló

Deloitte Könyvvizsgáló és Tanácsadó Kft.
1068 Budapest Dózsa György út 84/C.
Nyilvántartási szám: 000083

Kamarai tag könyvvizsgálói tagszám: 003449

Annex 2

FINANCIAL AND OPERATING PERFORMANCE

BALANCE SHEET 'A' ASSETS

Assets		figures in HUF million	
	Item	31 Dec,2017	31 Dec 2018
A.	Investments (non-financial)	146,842	141,927
I.	INTANGIBLE ASSETS	10,154	9,623
	Capitalised value of start-up and restructuring		
	Capitalised value of R&D		
	Rights representing property	6,964	5418
	Intellectual products	3,190	4,205
	Goodwill		
	Prepayment on intangible assets		
	Revaluation of intangible assets		
II.	TANGIBLE ASSETS	93,948	94,116
	Land and related property-valued rights	37,050	35,956
	Technical equipment, machinery, vehicles	15,572	13,464
	Other equipment, accessories, vehicles	2,915	2,784
	Livestock		
	Reconstruction in progress	3,068	3,579
	Prepayment on investments	1	2
	Revaluation of tangible assets	35,342	38,331
III.	FINANCIAL INVESTMENTS	42,740	38,188
	Long-term shares in associated undertakings	15,627	10,963
	Long-term loans to associated undertakings		
	Long-term major shares	25,919	26,165
	Long-term loans to undertakings in major profit-sharing partnership	310	310
	Other long-term shares		
	Long-term loans to undertakings in other profit-sharing partnership		
	Other long-term loans	884	750
	Securities embodying long-term credit partnership		
	Revaluation of financial investments		

B.	Current assets	53,102	62,222
I.	STOCKS (INVENTORY)	732	761
	Raw materials	497	503
	Unfinished goods and work-in-progress		
	Livestock		
	Finished goods	62	59
	Goods	81	74
	Advance payments on inventories	92	125
II.	RECEIVABLES	26,117	27,909
	Receivables from customers	16,250	14,575
	Accounts owed by associated undertakings	1,348	8,211
	Accounts owed by undertakings in major profit-sharing partnership	605	535
	Accounts owed by undertakings in other profit-sharing partnership		
	Bills of exchange receivable		
	Other debtors	7,914	4,588
III.	SECURITIES	4,206	3,669
	Share in associated undertakings		
	Major shares		
	Other shares	206	206
	Own shares		
	Securities for trade embodying credit partnership	4,000	3,463
IV.	LIQUID ASSETS	22,047	29,883
	Cash in hand, cheques	16,766	18,988
	Bank deposits	5,281	10,895
C.	Prepayments	1,311	2,569
	Prepayments of income	521	1,455
	Prepayments of costs and expenditures	790	1,114
	Deferred expenditures		

BALANCE SHEET VERSION 'A' LIABILITIES

Liabilities		figures in HUF million	
	Item	31 Dec 2017	31 Dec 2018
D.	Equity	90,779	94,265
I.	REGISTERED CAPITAL	14,138	14,138
	of which repurchased property share at face value		
II.	REGISTERED UNPAID CAPITAL (-)		
III.	CAPITAL RESERVE	4,941	4,941
IV.	PROFIT RESERVE	35,867	36,007
V.	TIED UP RESERVE	257	351
VI.	REVALUATION RESERVE	35,342	38,331
VII.	PROFIT AFTER TAX	234	497
E.	Provisions	18,315	14,835
	Provisions for expected liabilities	18,315	14,835
	Provisions for future costs		
	Other provisions		
F.	Credits (liabilities)	73,782	80,383
I.	SUBORDINATED LIABILITIES	0	0
	Subordinated liabilities against associated undertakings		
	Subordinated liabilities against undertakings in major profit-sharing partnership		
	Subordinated liabilities against undertakings in other profit-sharing partnership		
	Subordinated liabilities against other party		
II.	LONG-TERM LIABILITIES	220	8,815
	Long-term loans		
	Convertible and equity bonds		
	Debenture loans		
	Investment and development credits		
	Other long-term credits		8,571
	Long-term liabilities against associated undertakings		
	Long-term liabilities against undertakings in major profit-sharing partnership		
	Long-term liabilities against undertakings in other profit-sharing partnership		
	Other long-term liabilities	220	244

III.	SHORT-TERM LIABILITIES	73,562	71,568
	Short-term loans		
	of which convertible and equity bonds		
	Short-term credits	14,112	7,467
	Prepayments received from purchasers	861	807
	Trade creditors	10,382	9,517
	Bills of exchange payable		
	Short-term liabilities against associated undertakings	8,323	9,102
	Short-term liabilities against undertakings in major profit-sharing partnership	841	570
	Short-term liabilities against undertakings in other profit-sharing partnership		
	Other short-term liabilities	39,043	44,105
G.	Accruals and deferred income	18,379	17,235
	Accrual of income	595	560
	Accrual of costs and expenditures	15,029	13,810
	Deferred income	2,755	2,865
	Total equity and liabilities	201,255	206,718

PROFIT & LOSS ACCOUNT (total costs method)

		figures in HUF million	
	Item	31 Dec 2017	31 Dec 2018
1	Net domestic sales	177,385	186,813
2	Net export sales	12,153	14,061
I.	Turnover (01+02)	189,538	200,874
3	Change in stocks produced	3	-3
4	Capitalised value of assets produced ±	228	287
II.	Own performance capitalised (±03+04)	231	284
III.	Other income	16,623	12,215
	of which reversed diminution in value	80	112
5	Cost of raw materials	7,900	8,438
6	Services used	40,841	44,202
7	Other services	2,043	2,266
8	Original value of goods sold	4,940	7,055
9	Value of services sold (brokerage)	262	294
IV.	Material-type expenditures (05+06+07+08+09)	55,986	62,255
10	Wage costs	84,702	97,969
11	Other personal type expenses	12,274	8,948
12	Wage contributions	22,107	22,241
V.	Staff costs (10+11+12)	119,083	129,158
VI.	Depreciation write-off	10,211	10,495
VII.	Other expenditures	20,851	14,990
	of which value loss	301	1,091
A.	OPERATING PROFIT (I±II+III-IV-V-VI-VII)	261	-3,525
13	Dividend and profit-sharing from investments	219	8,485
	of which from associated undertakings	0	8,281
14	Income from shares and exchange gains		
	of which from associated undertakings		
15	Income from financial investments (securities, loans) and exchange gains	24	23
	of which from associated undertakings		
16	Other interest and similar income due	74	50
	of which from associated undertakings	7	2
17	Other income from payment transactions	156	435

VIII.	Income from financial transactions (13+14+15+16+17)	473	8,993
18	Expenditures from shares and exchange losses		
	of which to associated undertakings		
19	Expenditures from financial investments (securities, loans) and exchange losses		
	of which to associated undertakings		
20	Interest and similar expenditures payable	92	96
	of which to associated undertakings		
21	Losses on shares, securities, long-term loans, bank deposits	18	4,589
22	Other expenditures on payment transactions	154	286
IX.	Expenditures on payment transactions (18+19+20+21+22)	264	4,971
B.	PROFIT ON PAYMENT TRANSACTIONS (VIII-IX)	209	4,022
C.	PROFIT BEFORE TAX ($\pm A \pm B$)	470	497
X.	Taxation	236	0
D.	PROFIT AFTER TAX ($\pm C - X$)	234	497

