

# MAGYAR POSTA ANNUAL REPORT

# 2017





# CONTENTS

<b>Foreword by the Chief Executive Officer</b> .....	3
<b>Magyar Posta Zrt.'S Most Important Indicators (2017)</b> .....	6
<b>International Trends and Domestic Market Changes in the Postal Sector</b> .....	7
<b>Magyar Posta's Image - 150 Years Serving You</b> .....	11
<b>Postal Services</b> .....	15
Partnerships.....	16
Electronic Commerce Activity.....	17
Hybrid Services.....	18
Vending Machine Control Service.....	19
<b>The Future is the Parcel</b> .....	20
Get to the Point!.....	21
Trade without Borders.....	23
<b>Home and Away with the Post</b> .....	25
Letters - "The Value of Tradition".....	26
150 Years of Hungarian Stamp Issuance.....	27
<b>Payment Products And Services</b> .....	28
Bill Payment - Flexible Options at Many Locations.....	29
Savings and Other Financial Products.....	30
Financial Sales Management.....	32
<b>The Importance of the Human Factor</b> .....	33
MyPost Loyalty Programme.....	34
Can We Help You? - Serving Our Customers.....	34
Newspapers - The Latest Info Brought to Your Door by Post.....	35
<b>Postal Network - Quality Service for Customers</b> .....	37
<b>It's Logical That You're with Us!</b> .....	40
Vehicle Fleet Development.....	42
Development of Logistics Infrastructure.....	43
<b>Human Policy - Logistics in Focus</b> .....	45
Responsibility towards Employees.....	46
Flexibility in Employment.....	47
Expanding Recruitment Methods.....	47
Providing Expertise.....	48
Individual Situations in Life.....	49
Stable Labour Relations.....	49
Getting Ready for Future Challenges.....	50
Health and Safety at Work.....	50
<b>Environmental Protection - Ecopost: Addressing the Future</b> .....	51
<b>Quality Management - Quality Awareness</b> .....	54
<b>Magyar Posta Zrt.'s Data</b> .....	61
Management and Organisation.....	62
Results.....	64
Independent Auditor's Report.....	65
Financial and Operating Performance.....	68





# FOREWORD BY THE CHIEF EXECUTIVE OFFICER

The need for postal services has existed for thousands of years and has continually changed, sometimes from one moment to the next. Nowadays it is not simply letters we wish to send from one place to another and no longer do customers only associate the post office with the yellow form for paying bills. Customer needs are changing and the content of service alters in response. There is no doubt that today speed, multi-platform accessibility, convenience and price are increasingly important in the lives of customers.

Against this backdrop, we believe it is our job to provide the best service possible for customers – both people who like to go to the post office because they trust arranging their affairs in person and those who prefer to do their postal business on their computer or mobile phone. Thus needs not only change, they are also often different. Our task is to help everyone find the best solution.

The explicit goal of Magyar Posta Zrt. is for its services and apps to meet the needs of all customers. Thanks to our efforts in digital renewal commenced in 2015, over recent years we have appeared in the market with digital solutions which

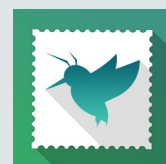


2017 WAS THE YEAR OF DIGITISATION AND E-COMMERCE DEVELOPMENTS

have made traditional postal services or products available electronically or enabled postal services to be used simply as an app.

Today it can be clearly stated that customers do not necessarily need to go to the post office to use the company's services.

Our aim is to combine the traditional and the innovative in our everyday operation.



SENDER



The time spent paying bills in person is very valuable in our accelerated world. Fast and safe administration results in positive customer experience, which has special significance in our corporate strategy. One of our most popular digital applications is iCsekk, which allows bills to be paid conveniently in seconds anywhere at any time. We believe it is a major achievement that hereto over 400,000 people have downloaded and actively use the app.

Another customer friendly development is our Sender! – electronic postcard sending app. Many thousands of downloads have been made, which is a noteworthy achievement, particularly as sending postcards to our loved ones and friends is done simply for pleasure.

However, we have no intention of stopping here. We are continuously seeking new solutions combining tradition and innovation similar to those described above. We are working on the launch of a digital service that at present does not exist at all in the Hungarian market, the ePostbox. We intend to create the opportunity for customers to be able to read physical letters arriving through the post in digital format. This is yet another step in ensuring that postal services are available in the most convenient way for everyone.

In 2017 the year-end volume of mail (mainly in November and December) grew further compared to the previous year. The record was broken again with a thirty per cent increase in the number of parcels in the peak period but, due to developments completed in the course of 2017, this was accomplished smoothly and customer satisfaction rose by 22%.

Nowadays, perhaps no other sector's development is as colourful and diverse as that of the postal sector. From day to day we have to counter the challenges of labour shortages, e-commerce or digitisation. We continue to seek options with other countries having an advanced postal culture



THE POPULAR ICSEKK APP WAS DOWNLOADED AND IS ACTIVELY USED TO MAKE FAST AND CONVENIENT PAYMENTS BY 400,000 PEOPLE

to ensure the prosperity of the sector in the future. There are numerous classic services in our portfolio which today seem indispensable but are of diminishing weight, while we also endeavour to meet the expectations of the 21st century.

There is ever greater interest in innovations exploiting the options in the sector for robotics, new sorting technology and vehicles, and automation in general. Countless exciting long-term prospects lie ahead of us but these do not change the eternal truth that the most important thing about the post is the human factor.

I wish to thank customers who placed their trust in Magyar Posta again in 2017, and the staff members who have contributed to the Company's achievements through their work.

Zoltán Illés

*Chairman and Chief Executive Officer*





# MAGYAR POSTA ZRT.'S MOST IMPORTANT INDICATORS (2017)

Sales revenue	<b>HUF 189.6 billion</b>
Number of fixed post offices	<b>2,679</b>
Number of parcel pick-up points	<b>3,117</b>
Domestic parcel traffic	<b>~ 20.5 million items</b>
Number of addressed letter-mail items accepted in Hungary	<b>~ 605 million items</b>
Bill payment turnover	<b>~ HUF 2,233 billion</b>
Amount paid at bill payment terminals	<b>~ HUF 6,522 million</b>
Delivered advertising mail	<b>1 billion items</b>
Loyalty points collected by customers in 2017	<b>~ 360 million points</b>
Improvement in average age of vehicles	<b>1.4 years</b>
Size of vehicle fleet	<b>4,170 vehicles</b>
Annual mileage of vehicles	<b>~ 83 million km</b>
Annual mileage of vehicles involved in parcel delivery	<b>~ 13.8 million km</b>
Number of employees at the Company (annual average number of persons reduced by converting to full-time employees)	<b>28,743 persons</b>



# INTERNATIONAL TRENDS AND DOMESTIC MARKET CHANGES IN THE POSTAL SECTOR

The world is perpetually changing and in every age we have always focused our attention on what the future may bring. The number of predictions is infinite. Everyone is curious about tomorrow and in many cases tomorrow can be foreseen from the relationship of yesterday to today. Reports endeavouring to decipher the future are enthusiastically published by everyone from the most renowned consultancy agencies to non-profit bodies and major international organisations, such as the OECD and the UN. A common feature of such reports is that they review global megatrends and try to draw conclusions from these. If our task is to find the future of Magyar Posta, we cannot ignore the prevailing processes and megatrends in the world. For this reason it is worthwhile taking a brief look at the changes and transformations that are going on around the globe and how these will affect the Company directly or by reshaping the markets, technologies and social processes that are so obvious and influential today.

Essentially the common denominator of global megatrends is that they are all macroeconomic and/or geostrategic challenges which may fundamentally change the world we are familiar with in the not too distant future. Such analyses typically look at the coming 15 to 30 years. There are numerous approaches and groupings of these megatrends but usually 4 or 5 determining processes feature in some way in each approach. The logistics industry is in a peculiar situation as almost every megatrend without exception affects it in different forms, fundamentally changing it in many cases. The effects of some trends can already be perceived and they currently present a challenge to enterprises.

E-COMMERCE IS DYNAMICALLY DEVELOPING WORLDWIDE, AND THE INCREASED EXPECTATIONS OF BUYERS AND SELLERS POSE NEW CHALLENGES FOR SERVICE PROVIDERS ON A DAILY BASIS





TO PRESERVE OUR  
COMPETITIVENESS, MORE  
AND MORE DIGITAL SERVICES  
AND DEVICES SUPPLEMENT  
OUR CORE ACTIVITIES



Other trends for the time being only reach the desks of senior management in the form of sectoral reports and innovation documents. The megatrends which influence the international logistics market, and thus Magyar Posta's future as well, are as follows:

## ▶ POWERFUL DEVELOPMENT OF THE ASIAN LOGISTICS MARKET

At a sectoral level a trend that can already be detected is a change in global power relations, and the economic strength of emerging markets and developing countries coming to the fore. In particular Asia is the region which exercises the greatest effect on the world.

This is already evident in many things from Chinese e-commerce to technical development. Today the region is at the forefront not only in production but also in sales, thus in transactions and shipping it is an unavoidable part of the world and indeed in certain segments the driver as well. Accordingly, the importance of Asia's logistics will be decisive in the years to come.

## ▶ NEW DEMOGRAPHIC TREND

The aforementioned role of Asia is reinforced in the light of ageing as 90% of the world's young people live in the developing countries. Thus such countries may be offered an advantage through demographic change as they will have to grapple with fewer labour shortages than the developed countries. The labour shortage in logistics is already a huge challenge and thus the topic will certainly be in focus in the coming decades.

## ▶ URBANISATION

Demographic change induces other processes, causing a great many challenges and difficulties at social and economic levels. Concentrated populations and lack of space also affect the logistics industry from several aspects. Moreover, the value of properties and their use or even whether they are justified is likewise called into question by this trend.



TO PRESERVE OUR  
COMPETITIVENESS, MORE  
AND MORE DIGITAL  
SERVICES AND DEVICES  
SUPPLEMENT OUR CORE  
ACTIVITIES

**14%**  
IN EUROPE  
**20%**  
IN HUNGARY

## 🔗 TECHNOLOGICAL DEVELOPMENT

Possibly the most important and most exciting megatrend in general and from the viewpoint of logistics is the technological explosion. The miniaturisation, advance and diminishing purchase costs of technology influence the technological aspect and abilities of logistics and the options in the area. At the same time, e-commerce that has come into being through technology and the global value chain pose a challenge for logistics in terms of operation and reaction.

Magyar Posta's operation, like that of other market operators, is being affected by global postal market trends more and more strongly. Digital versions and toolsets are supplementing and will

replace classic postal services arising from the core activities. At the same time, the role of parcel logistics strengthens from day to day.

In sum, for the coming decades a picture of the future of the world is painted which is geographically concentrated but economically global, focused on Asia, and is technologically highly advanced but struggling with a lack of resources and with environmental impacts. Not only does the sector have to cope with these factors but it must also find answers to the problems that will arise.





MAGYAR POSTA'S IMAGE –  
150 YEARS SERVING YOU





COMMEMORATIVE MINIATURE SHEET  
"MAGYAR POSTA IS 150 YEARS OLD"

In 2017 Magyar Posta celebrated the 150th anniversary of its foundation, which the Company made memorable for its employees and the general public with numerous nationwide programmes. A new series of stamps marking the jubilee year, "Postal History 2017", was released showing typical or special objects associated with postal services as well as a commemorative miniature sheet of six stamps, "Magyar Posta is 150 Years Old", featuring typical postal vehicles from the last 150 years. In May a touring exhibition "We Deliver History!" set out on the road. The exhibition was arranged in a truck that is currently in use and visited 105 communities in 116 days. The Post Museum's exhibition "150 Years - 150 Artefacts" traced the Company's development,

and a temporary exhibition, "150 Years of Hungarian Stamps", opened in the Stamp Museum. The three exhibitions attracted about 30,000 visitors. A book whose Hungarian title meant "Addressing Our Future - 150 Years of Magyar Posta in Pictures" was published.



AS PART OF THE CELEBRATORY  
EVENTS, AN IMPRESSIVE POSTAL  
HISTORY EXHIBITION TOURING  
THE COUNTRY TOOK TO THE ROAD  
ON 4 MAY 2017



THE 1867 AUSTRO-HUNGARIAN COMPROMISE MARKED THE START OF ONE OF THE MOST DYNAMIC DEVELOPMENT PERIODS IN THE NATION'S AND ITS POST'S HISTORY

The photos, objects and stamps covering the one and a half centuries of the Company's history were compiled by experts from the Post and Stamp Museum.

Also in May a national cycling relay organised by postal employees set off, in which a total of 1,500 cyclists pedalled 1,800 km through several hundred municipalities in 14 counties in 150 days, rightly enhancing the good reputation of Magyar Posta's postmen, who together circle the Earth almost twice each day.

The newly renovated outdoor stage of Benczúr House was the venue for a special programme of six performances of different styles of music featuring celebrated artists.

On the occasion of the Jubilee, the Company established the Ideal Postperson Prize with the aim of recognising the achievement and helpful, benevolent attitude of exemplary employees based on feedback from customers, that is the country's population.

COMPANY EMPLOYEES ORGANISED A NATIONAL CYCLING RELAY IN WHICH 1,500 STAFF MEMBERS COVERED 1,800 KILOMETRES IN 150 DAYS







THE IDEAL POSTPERSON COMPETITION  
WAS FIRST HELD IN 2017.  
THE WINNER WAS CHOSEN BASED  
ON THE VOTES OF THE PUBLIC



Almost 40,000 votes were received for 1,500 candidates in response to the announcement on social media and in post offices. Six colleagues for whom votes could be cast in the second round were selected by the jury. The public could find out about the extraordinary qualities of these candidates through brief stories presenting them. As a result, a postman from Ajka, Tamás Rosta, came first, who received the Ideal Postperson plaque at the Jubilee World Post Day. Thanks to the Ideal Postperson, the image of both the postal profession and Magyar Posta strengthened.

Magyar Posta attaches great importance to social responsibility. In this spirit, we have worked together for years with the Hungarian Interchurch Aid (HIA), which provides tangible help in the form

of food, clothing and educational materials for tens of thousands of families each year as well as housing and comprehensive support for hundreds of families in temporary accommodation. As part of HIA's 2017 fund-raising programme, a total of HUF 9,754,645 was collected in boxes placed in large post offices. In addition, donors gave a total of HUF 47,617,908 using 18,394 postal payment forms. Magyar Posta also cooperated by providing communications support to the charity's spring "Start School Together!" and Advent "Hungry for Love" campaigns. The Company also acted as a logistics partner in the "Fill the School Bags of 1,000 Needy Children!" campaign for the start of the school year.

*Már  
egy tál  
melegétel  
ára is nagy  
segítség  
lehet!*

Keresse adománygyűjtő  
csekkünket a mai lapszámban!

Online adakozás:  
[www.segelyszervezet.hu](http://www.segelyszervezet.hu)

szeretet.éhség.

**Csatlakozzon Ön is  
az ünnepi összefogáshoz!**

ÖKUMENIKUS  
SEGÉLYSZERVEZET Magyar Posta

SIMILARLY TO PREVIOUS YEARS, WE  
COOPERATED WITH HUNGARIAN  
INTERCHURCH AID AS PART OF  
OUR COMMITMENT TO SOCIAL  
ENGAGEMENT





# POSTAL SERVICES

## PARTNERSHIPS

### 🔍 Telekom Bill Payment Services

Since the second half of 2016 Magyar Posta has been providing a bill payment service in cooperation with Magyar Telekom Nyrt. at 147 post offices. The number of payments made using the online Telekom interface, which was extended to post offices, increased significantly. While 1 million payments were handled by Magyar Posta in the year of its launch, this figure rose to over 2.6 million in 2017.

### 🔍 Entrusted Customer Service Activity

Since 2013, Magyar Posta has offered customer services for consumers on behalf of a number of utility companies at the postal outlets in selected settlements throughout full opening hours or at specific times. Since June 2017, branch office and complaint point services have been available at 126 and 116 post offices respectively for consumers of the power company Démasz Zrt. After creating access for gas suppliers, accessibility has been extended considerably for the consumers of electricity providers. By 31 December 2017 Magyar Posta provided this service in 96,000 cases at 255



MAGYAR POSTA IS WORKING TOGETHER WITH AN INCREASINGLY WIDE RANGE OF UTILITY PROVIDERS

post offices nationwide. This was over 63,000 more than in 2016. Furthermore, customers can now top up prepayment utility meters at 133 post offices. Another development related to customer service activity was the agreement reached with UPC-DTH at the end of 2017 to establish customer service points at post offices. This cooperation will facilitate nationwide access to the service provider.



THE COMPANY HAS SUCCESSFULLY TAKEN OVER CUSTOMER SERVICE ACTIVITIES FROM MANY OF ITS PARTNERS



## ▶ Postal Agora Service

In 2017, 40 Postal Agora points were set up to make arranging administrative affairs easier for both residents and businesses in villages in small regions where infrastructure is less developed. Over 300 cases were started in person, while the figure for the use of the online e-administration service at designated postal outlets topped 16,000.

## ELECTRONIC COMMERCE ACTIVITY

Gambling products account for the largest share of Magyar Posta's retail turnover. Conscious sales work and the active promotion of the entire portfolio of scratch cards through the extensive sales network accounted for the increase in income from gambling games. Among automated



PB GAS BOTTLE HOME DELIVERY CAN BE ORDERED CONVENIENTLY AT AN ATTRACTIVE PRICE WITH PRIMA VOUCHERS AT POST OFFICES HAVING A POS TERMINAL

IN RETAIL ACTIVITY, THE SALE OF GAMBLING GAMES WAS PARTICULARLY SUCCESSFUL



gambling game products, the sale of Tippmix was promoted by the placement into operation of Tippmix interactive devices at 124 post offices, which was completed in early 2017. On behalf of the gaming company Szerencsejáték Zrt., the sale of the new Kincsem + Tuti game was launched in the postal network in 2017. Sales were aided by a number of in-house sales competitions as well as the Tippmix customer campaign in the months of October and November 2017.

As a result of retail trade development processes, in addition to electronic mobile top-ups, an IT technical environment to handle utility meter top-ups was set up as a second stage. This made it possible to charge gas-operated prepaid meters through open POS terminals. The new, expanded IT and technical platform will provide opportunities in the future to introduce other new modern services.

At the beginning of 2017 the distribution of the Príma voucher was launched at all postal outlets with a POS terminal as a new electronic retail product. This means that while arranging postal affairs the PrímaGázfűtő service, which delivers full PB gas bottles to the door conveniently and at an attractive price, can be ordered.

MAGYAR POSTA'S HYBRID AND  
CONVERSION SOLUTIONS ARE  
GROWING IN POPULARITY  
AMONG BUSINESS CUSTOMERS



## HYBRID SERVICES

### ► Digitisation

Market demand for the mail digitisation and document processing service is on an upward trend, thus the Postal Digitisation Centre was modernised and works started to expand its operational floor space. The quantity of documents processed by the service increased by 20% year on year.

For 2018 - as part of extending electronic services - Magyar Posta Zrt. set the aim of developing its digitisation services related to letter-mail items addressed to the public. Under the service, a variation of service packages will be developed to match customer needs.

### ► Services of the Postal Public Authorities Correspondence Centre

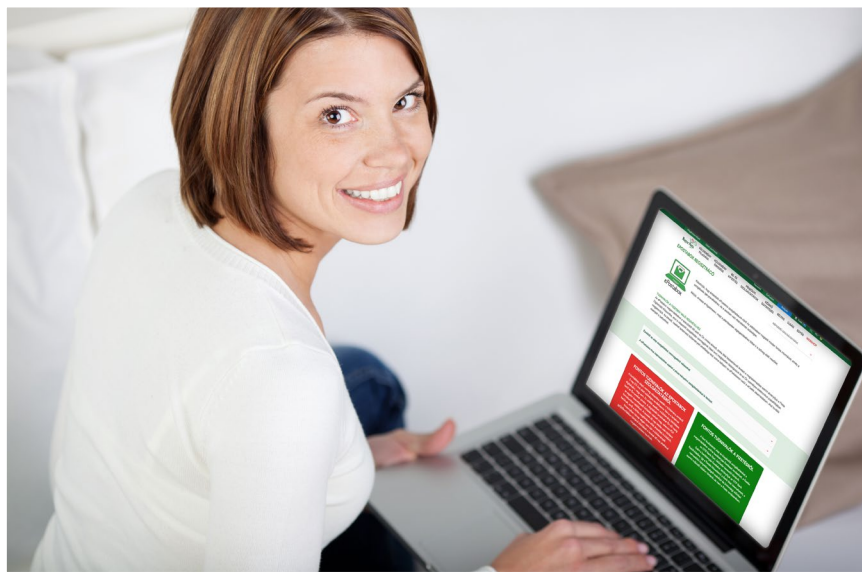
The degree of utilisation of the Postal Public Authorities Correspondence Centre (PPACC), which offers hybrid delivery and conversion services to public authorities, continued to grow in 2017. Thanks to the PPACC's enhanced bill payment production and enveloping capacities,

finances posted as international mail items by the National Police Headquarters are now produced in the PPACC plant as do the mail items containing decisions and fines of a new partner, the National Weight Checking System controlling overweight vehicles.

THE COMPANY IS ABLE TO FULLY RESPOND  
TO THE EXCITING CHALLENGES OF CHANGES  
IN THE LETTER MARKET USING ADVANCED  
TECHNOLOGY MEETING THE DEMANDS  
OF THE AGE







In 2017 the plant switched over to producing electronic posting lists with an expanded data format, and preparations were made to provide the service within the framework of a public service contract. As a result, the range of users is likely to increase considerably in 2018.

## VENDING MACHINE CONTROL SERVICE

As a result of 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. In order to comply with the provisions of the law, Government Decree 173/2017 on the appointment of Magyar Posta Zrt. as the designated control provider was issued on 29 June 2017.

Under the control service, Magyar Posta carries out the technical procedures of recording the turnover

data of vending machines and their supply to the tax authority through the installation of the Machine Control Units as well as the continuous operation of the machines including the servicing, maintenance and annual inspection of such devices.

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 communities with a population of over 2,000, which affects 1,073 post offices.

In the course of 2017, almost 1,000 operators concluded a contract for the service for roughly 26,000 vending machines.



THE FUTURE IS THE PARCEL



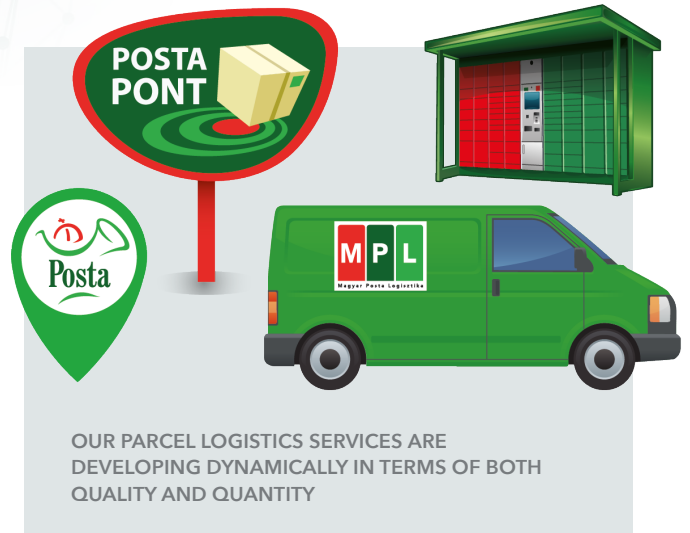
## GET TO THE POINT!

**Magyar Posta Logistics (MPL)** continues to be a **dominant provider** in the domestic courier, express and parcel (**CEP**) market. Following the trend of previous years, in 2017 the CEP market expanded dynamically both in domestic and international terms thanks to the stable growth of online trade.

As a result of the Company's successful business policy, in 2017 Magyar Posta was contracted with **3,130 web store partners**. The turnover of Magyar Posta's online trade partners grew by 24.1% compared to the previous year.

The quantity of domestic parcel products, including items posted in e-commerce, which were accepted for postal handling by Magyar Posta reached a record quantity of **20.5 million** pieces.

In addition to the everyday use of the technological and technical developments of recent years (tracking, parcel terminals, Postal Point delivery, expanding payment options, e-notifications), Magyar Posta continued successful cooperation



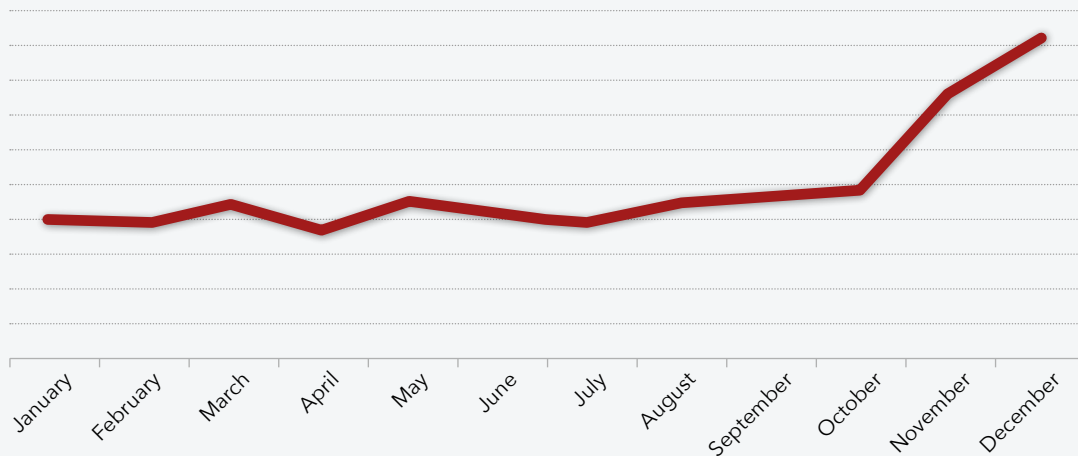
with the COOP retail network. In 2017, **265 Coop Postal Points** ensured that addressees could receive their parcels conveniently.

The Company also increased the number of **MOL Postal Points** in 2017. Thanks to the network expansion, parcels can now be picked up from 185 MOL petrol stations compared to 123 previously. Simultaneously, the effectiveness of accounting processes between partners improved significantly, thus preparing the Postal Point network for handling the growing quantity of goods to meet customer demand.



MAGYAR POSTA ACCEPTED  
**20.5 million**  
 PARCEL PRODUCTS IN 2017

THE UPWARD TREND IN THE NUMBER OF PARCELS DELIVERED  
AT MOL AND COOP POSTAL POINTS (2017)



In order to extend the fixed point parcel collection options, 10 parcel terminals were further developed in 2017. The number of lockers was thus increased from 760 to 1,200.

The use of parcel terminals increased significantly last year, and this service is now very popular among both business partners and private customers. In view of the above, Magyar Posta continuously **optimises the use of the terminals** to ensure that customers can pick up their parcels as quickly and conveniently as possible.

**In Alcsútdoboz** an unstaffed, fully automated bank branch opened, where a **Parcel Terminal** and a **Bill Payment Terminal** was also installed.

The purpose is to make life easier for customers requiring online banking by making both bank and other everyday services available in the same place.

In 2017 Magyar Posta began the sale of **packing boxes**, which were already sold to the public, to contracted partners. It is a priority aim of the Company to ensure that parcels have the ideal packaging so that they may reach the addressees as speedily and safely as possible.

To cater for the increased volume of parcels in the year-end peak period, Magyar Posta **opened MPL Festive Season Parcel Points at 13 places across the country.**

WE NOW HAVE A FULLY  
AUTOMATED BRANCH WITHOUT  
STAFF THAT OPERATES WITH  
A PARCEL TERMINAL AND BILL  
PAYMENT TERMINAL







FOR THE FIRST TIME, FESTIVE SEASON  
PARCEL POINTS SERVED CUSTOMERS  
AT 13 PLACES NATIONWIDE IN 2017



The specially located mobile containers provided extra options for customers to pick up parcels in addition to the over 3,000 fixed collection points. The mobile containers were situated in busy places which were easy to access for customers, allowing them to get their parcels quickly in pleasant surroundings. Feedback shows that the initiative was positively received by customers.

by **7%** compared to the previous year. In response to the continuous growth in the number of **global online orders for goods**, the turnover of the customs agent service grew significantly in 2017, exceeding the previous year's by about 50%. Magyar Posta **developed a Customs Customer Database**, which uses background IT support to make the customs clearance procedure for private individuals faster and simpler already before the goods arrive.

## TRADE WITHOUT BORDERS

In 2017 international e-commerce expanded further, in consequence of which the Company's **import and export turnover of letters and parcels** also **continued to grow**.

The **quantity of import parcels** arriving in Hungary in international mail traffic **exceeded** the 2016 figures by **28%**, while the volume of inbound **letter mail** – mostly small **packets** containing goods – **grew by 7%** year on year. The driving force of the growth was the volume of parcels arriving from Germany and the considerable turnover in e-commerce letters from China.

The **quantity of export parcels** sent from Hungary was up **5%** and the volume of export **letters rose**

THE QUANTITY OF INBOUND PARCELS  
GREW BY

**28%**

IN 2017



**BY 2018 THERE WILL BE OVER  
130 MILLION EUROPEAN PURCHASERS  
PREFERRING CROSS-BORDER  
E-COMMERCE SOLUTIONS**



OUR STRATEGIC COOPERATION WITH  
DEUTSCHE POST - DHL PARCEL EUROPE ADVANCED  
CONSIDERABLY

In order to comply with the stricter rules for inspecting mail prescribed by the National Tax and Customs Administration without detriment to handling times, Magyar Posta raised the number of staff providing the customs service.

Preparations for market expansion were made in 2017 within the framework of Magyar Posta's **cooperation with Deutsche Post - DHL Parcel Europe**. As a result, several new countries will be included in the range of destinations available for MPL Europe Standard parcels in 2018. The aim of the Parcel Europe network is to offer an attractively

THE GROWTH CAN BE LARGELY ATTRIBUTED TO  
GERMAN AND FAR EASTERN PARCELS



priced uniform service of high quality throughout Europe.

The Company transports most international mail **by air**. In 2017 the process of postal acceptance of mail items arriving in Hungary as an **air cargo** consignment was developed. The transport time of export EMS mail to the USA will be considerably reduced thanks to the introduction by Polish Airlines LOT of **direct flights** between Budapest and New York, and Budapest and Chicago in 2018.





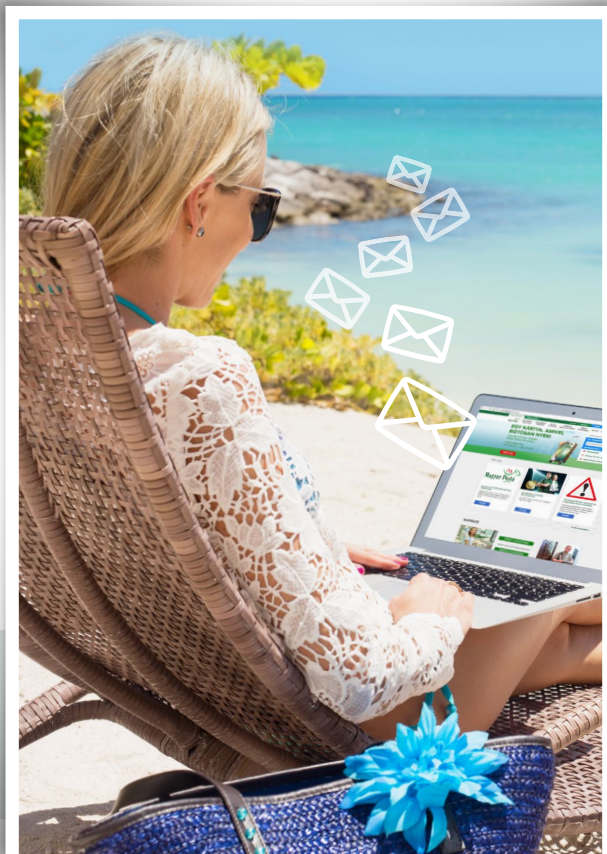


HOME AND AWAY  
WITH THE POST

## LETTERS - "THE VALUE OF TRADITION"

Based on the experience of 2016, Magyar Posta again successfully delivered almost **2.6 million mail items containing Erzsébet vouchers** and a covering letter from the prime minister in 2017. Magyar Posta forwarded the mail items to the addressees, which required devising individual processes and safe technology, within a brief period of time (between 23 November and 19 December) thanks to the harmonised work of the management and staff.

Customer needs have been changing over recent years, indeed decades. In parallel with social and lifestyle changes, consumer habits have altered as well. Electronic communication has come increasingly to the fore, and new technical and technological options offer solutions to these. It has



### BASIC DOMESTIC LETTER SERVICES REVENUE BY TYPE (2017)



been necessary to expand the area of classic postal services and to give it a broader interpretation. The mail forwarding market is expanding into the communications services market. Convenience and online solutions are at the forefront for both the sender and the addressee. The use of letter-type services has become accessible through an increasing number of channels over recent years, and consequently Magyar Posta's **convenience services** can now be ordered even from home or the workplace.

The direct mail market continued to be determined by business-type mailings and correspondence. There is growing demand among customers for a reduction of mailing fees, which means they are constantly searching for replacement solutions.

MAGYAR POSTA OFFERS AN INCREASING NUMBER OF CONVENIENCE LETTER SERVICES TO CUSTOMERS



The effect of the long-term decline in volumes of letter mail is that the 2017 **revenues** from **domestic direct letter** mail fell by **2.8%** compared to the previous year's income for the same category.

Mailings of ordinary, non-registered letters continue to account for a large portion of revenue from basic domestic letter services similarly to previous years and international trends. In addition to this, customers tend to prefer quality services and products available with value-added premium services.

Thanks to the growth of e-commerce, the **revenue** from **international outbound letter-mail items** (international letter services and international complex services), which account for a smaller part of the letter revenue, grew by **4.5%** last year.

## 150 YEARS OF HUNGARIAN STAMP ISSUANCE

As regards stamp issuance, 2017 celebrated postal jubilees because, as well as being the 150th anniversary of Magyar Posta's foundation, **one and a half centuries of Hungarian stamp issuance** was

also commemorated with a stamp issue. A miniature sheet was issued on postal history, and the Company started the issuance of a series of self-adhesive definitive stamps on the same subject, which is to be expanded each year. To mark the anniversary of stamp issuance, a miniature sheet reproducing the first Hungarian stamps using period and modern printing processes was produced.

Magyar Posta's stamps won international acclaim in 2017 as well, finishing in first, second and third places in three categories at the Nexofil stamp competition in Madrid. Magyar Posta's stamp won a special prize in the long-established Asiago Grand Prix and finished a well-deserved sixth at the Austrian WIPA Grand Prix.

During the year there was international cooperation on two occasions. To commemorate the 300th anniversary of the birth of Maria Theresa, Magyar Posta issued a joint stamp together with the postal administrations of Austria, Croatia, Slovenia and Ukraine. On the other joint issue, the common postal history was remembered with the Austrian Post.

The philately turnover from stamp products was up by 10% year on year.

IN 2017 SPECIAL STAMP RELEASES  
COMMEMORATED ONE HUNDRED  
AND FIFTY YEARS OF HUNGARIAN  
STAMP ISSUANCE





# PAYMENT PRODUCTS AND SERVICES



## BILL PAYMENT - FLEXIBLE OPTIONS AT MANY LOCATIONS

The spread of payment methods and channels using new technology to customers initiated in previous years by credit institutions and account holders (utility providers, local authorities, etc.) continued in 2017. At the same time, for Magyar Posta these electronic payment methods did not cause a major diversion of turnover.

In order to maintain its market positions and to increase its revenues, Magyar Posta continued modernising its existing payment services.

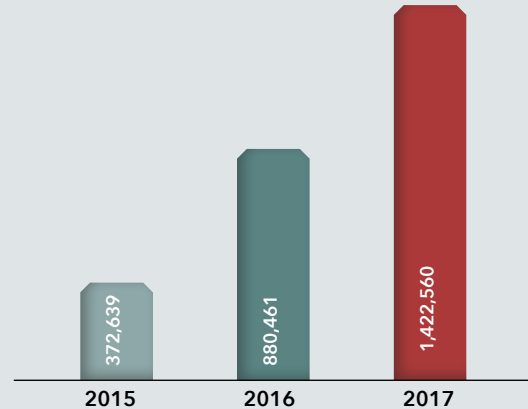
THE POPULARITY OF BILL PAYMENT TERMINALS IS SHOWN BY THE FACT THAT IN TOTAL MORE THAN

**473,000**  
BILLS WORTH OVER  
**HUF 6.5 billion**  
WERE PAID AT BILL PAYMENT TERMINALS  
IN 2017

BILLS CAN BE  
PAID SAFELY IN  
SHOPPING CENTRES,  
SOME ROSSMANN  
DRUGSTORES AND CBA  
PRÍMA FOOD SHOPS  
DURING FULL OPENING  
HOURS



TREND FOR THE NUMBER OF BILLS PAID USING THE ICSEKK APP



In this framework, in 2017 Magyar Posta **expanded its retail bill payment network to 11 Rossmann drugstores**, which means the service is now available in 91 retail units.

The flexible and convenient, 24-hour-a-day **iCsekk service** continues to enjoy great popularity. The number of **bill payments using QR codes** is rising steadily, and the **number** of bills paid this way **approached 1.5 million in 2017**.





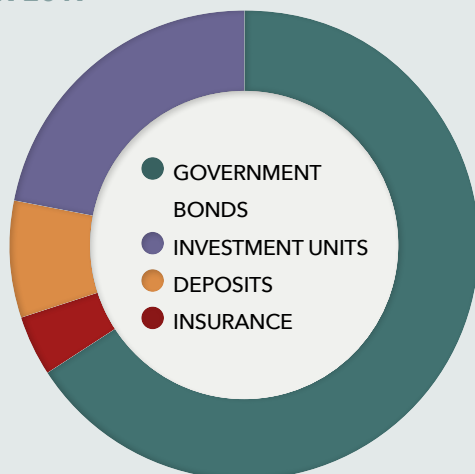
In addition to the new alternative bill payment solutions, Magyar Posta also **offers bill payment by bank card at postal outlets** without any cash withdrawal transaction fee. The proportion of **bill payments by bank card at postal outlets** compared to the total number of bill payments **exceeded 23%** by the end of the year in 2017, registering a constant increase.

Thanks to the developments carried out by the Company, the **bill service** continues to be **generally**

**popular**, and, although the use of the service is declining from year to year, it still represents a significant proportion in the payment order market.

The market of **cash disbursements from payment accounts** (outpayment order, pension order) was again typified by a decline in 2017, which, as in previous years, was an effect of the spread of non-cash banking services. In spite of this, there was a favourable trend in the postal turnover, which was due to ad hoc remittances.

#### CLOSING PORTFOLIO OF SAVING SERVICES HANDLED AT POST OFFICES IN 2017



#### SAVINGS AND OTHER FINANCIAL PRODUCTS

As in previous years, customer confidence in government bonds is unchanged. The 2017 sales volume of **paper-based Treasury Savings Bills sold exclusively at postal outlets** and the increase of over HUF 32 billion in the portfolio continues to represent the highest proportion in the range of retail saving schemes.

In 2017 the main focus of the **investment products** sold on behalf of **Magyar Posta Befektetési Zrt.** was on retail government bonds with a maturity of more than one year as well as investment units.



The sale of Treasury Savings Plus Bills fell by half compared to 2016. At the same time, the sale of longer-term government bonds tripled as the public devoted greater attention to longer maturity government bonds and was more inclined to make such investments.

In April 2017 the Two-Year Hungarian Government Bond was introduced, whose sales even for the partial year exceeded the sales of Premium Hungarian Government Bonds.

The dominance of investment units, in particular of Magyar Posta Savings Property Investment Fund, was perceptible in 2017 and the portfolio almost doubled compared to 2016.

As in previous years, the yield gain of **home savings** schemes in the market continued. The postal sales of Magyar Posta Zrt.'s extensive partner schemes (Fundamenta-Lakáskassza Zrt. and OTP Lakástakarék Zrt.) set an unprecedented record in 2017. Performance was almost HUF 15 billion higher year on year, which represents an increase of 45% in revenue from the product.

In the summer of 2017, the OTP Lakástakarék home savings cooperation was entirely renewed.

IN 2017 MAGYAR POSTA'S  
INSURANCE COMPANY  
WON THE AWARD  
"BEST INSURANCE COMPANY  
IN THE LIFE INSURANCE  
SECTOR IN HUNGARY" FOR  
THE FOURTH TIME



The sales network was extended and an online contract completion system aiding postal work was introduced.

In 2017 the successful cooperation between Magyar Posta Zrt. and the insurance companies **Magyar Posta Biztosító Zrt. and Magyar Posta Életbiztosító Zrt.** continued. As part of product development, a new customer friendly flexible house insurance product called PostaÉdesOtthon was launched, which allows the customer a choice of services from the different theme packages and optional cover.

**PostaGyógyír, a new insurance product** providing cover in the event of cancer, was introduced as well as a new pension insurance called **PostaNyugdíj Prémium.**

POLICIES ARE CURRENTLY  
SOLD AT MORE THAN 2,200  
POSTAL OUTLETS



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

In 2017 this life insurance company was awarded the prestigious title “Best Insurance Company in the Life Insurance Sector in Hungary” by the London-based market-leading financial periodical, World Finance Magazine, for the fourth time.

The range of prizes in the Prize Draw Deposit sold on behalf of **Takarék Kereskedelmi Bank Zrt.** (previously known as FHB Bank) was renewed with a scooter and gift card of Notebook.hu being in addition to the car.

## FINANCIAL SALES MANAGEMENT

Like in every profit-oriented structure, and thus in the case of Magyar Posta as well, the focuses of sales are defined according to market and customer demands.

In 2017 the network of the sales incentive scheme was simplified in line with the changes in the legal requirements. In addition to quantitative expectations, numerous qualitative requirements aimed at increasing customer satisfaction were defined. To encourage sales matching customer needs, higher commissions were available to staff.

As a result of the changes, the performance of the intermediated sale of financial products achieved 100% of the sales plan nationwide. The outstanding performance of the postal network meant additional income in excess of the profit plan at corporate level.

Of the products, the network achieved an excellent sales volume as regards the most secure form of investment for customers, that is to say government bonds. Furthermore, the sale of insurance providing considerable state support for housing (Fundamenta Lakáskassza, OTP Lakástakarék) as well as pension insurance policies offering one of the most important forms of self-reliance and property insurance grew significantly compared to the previous year.

In order to improve the efficiency of sales and commitment, numerous voluntary knowledge development programmes were devised and introduced for employees. These programmes provided a monthly option to assess and improve existing levels of knowledge on a thematic basis. The support interface gives immediate feedback and direct references to development materials, learning aids and support materials, and the program is supported by administrator level reports.

A skills development programme for the whole of 2017 consisting of several elements in order to provide support for the work of district postal managers was drawn up in conjunction with the Human Resources Chief Directorate. Apart from the inclusion of the managers of the 98 busiest post offices, 24 sales development experts were appointed.





THE IMPORTANCE  
OF THE HUMAN FACTOR





## MYPOST LOYALTY PROGRAMME

The MyPost Loyalty Programme again completed a successful year in 2017 and **through the effective involvement of the postal network the number of customers** rose by more than 300,000, exceeding **820,000** by the end of the year. Loyal customers on average carried out 1.1 million transactions a month and collected more than 360 million points annually. Almost 80% of card holders use their card actively.

## CAN WE HELP YOU? - SERVING OUR CUSTOMERS

**In 2017** Magyar Posta's customer service directorate handled a total of **over 1.1 million customer transactions** in response to queries either in writing or over the phone, which is an increase of 9.29% compared to 2016. It is particularly important to note that these rising volumes were achieved in addition to higher customer service indicators in

2017 than in the previous year. The call receiving indicator improved by 3% year on year.

In 2007 customer service devoted special attention to preparing for peak periods effectively. Resources were planned and allocated in order to provide the expected standard of service at all times. Taking account of the whole year, **the highest service indicator (92.08%)** was achieved by customer service while handling the largest traffic **in the last two months of the year**, in other words the unit was well-prepared to deal with the higher volumes at the end of the year efficiently and did so satisfying expectations.

Magyar Posta's customer service must meet **21st century customer service trends** and customer needs. 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. The system of IT tools for the area was developed in parallel with and adapting to such needs. The customer service page on [www.posta.hu](http://www.posta.hu) was expanded and developed.





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. These developments contribute to ensuring that customers receive feedback to their electronic requests within 2 days of the date of sending them at the latest.

Another high priority for the customer service area is the **automation and technological development of processes**. Within this framework, the automation of the customer service stage of the acceptance process at premises was completed during 2017, as a result of which over 26,000 customer instructions arriving by electronic means were successfully redirected to an automated channel from manual handling in the course of the year. This not only made the work process simpler and more cost-effective but also reduced the transit time and improved customer experience. In 2018 further action is expected in the area of automation due to the increasing number of online orders and to serve growing customer needs.

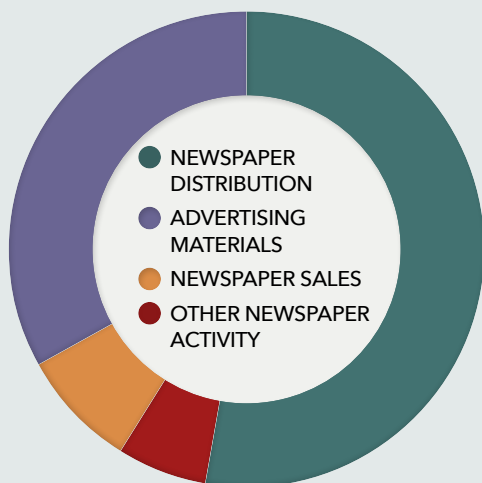
## NEWSPAPERS - THE LATEST INFO BROUGHT TO YOUR DOOR BY POST

The **impact of digitisation**, which also affects media consumption patterns, **continued to grow** in 2017.

TRADITIONALLY, NEWSPAPER SALES PLAY AN IMPORTANT ROLE IN THE RETAIL TRADE OF POST OFFICES



## BREAKDOWN OF NEWSPAPER REVENUE IN 2017 (%)



In parallel with this, last year's trend, i.e. a declining number of dailies and the realignment of subscribers according to periodical group, continued. The demand of private customers for thematic magazines appearing weekly or less frequently dominates.

The number of newspaper readers in the target group where the use of online channels **for both ordering and payment** is emphatic rose in 2017 to almost twice the number of users in the previous year through the option offered in Magyar Posta's web store.

The requirement of publishing partners for a full distribution service which includes the collection of fees was typical in 2017 as well.

In 2017 Magyar Posta retained its role and market share in the wholesale newspaper sales segment, which the Company ensured by offering customers the right range of periodicals as well as various promotions.

Income from **unaddressed advertising materials distributed by Magyar Posta rose by 3.6%** in 2017. The moderate increase can mainly be attributed to customers optimising the number of copies.





POSTAL NETWORK –  
QUALITY SERVICE  
FOR CUSTOMERS





**97% of the country's population** can access Magyar Posta's fixed-point **service outlets in the place where they live.** In villages without a fixed postal outlet, more than 350 mobile post office routes ensure that mail is accepted and delivered, and customers can arrange their postal affairs in their own home.

**MAGYAR POSTA WAS AVAILABLE TO CUSTOMERS AT 2,679 POSTAL OUTLETS ACROSS THE COUNTRY EVERY WORKING DAY FOR A TOTAL OF 19,500 OPENING HOURS PER DAY IN 2017**

In order to continuously improve the quality of customer service, Magyar Posta introduced the option of **making appointments electronically** at post offices which have a customer queueing

system. Customers can book the time they are to be served in advance on the website **posta.hu** or **using Magyar Posta's mobile app.**



**OVER 350 MOBILE POST ROUTES AID THE ACCEPTANCE AND DELIVERY OF MAIL IN OUR NETWORK**



## ALMOST 650,000 CUSTOMERS VISIT MAGYAR POSTA EVERY DAY

In 2017 almost 6,000 customers arranged an appointment.

Another convenience element tested at two post offices was the priority given to customers with a Loyalty Card in queueing systems. Customers took advantage of this option over 80,000 times in 2017.

As a result of the cooperation between Magyar Posta and Government Offices, by the end of 2017 it became easier for customers to make cash payment for affairs subject to a charge at government customer service points. In some



municipalities the opening hours of post offices and Government Offices were coordinated and in other places post partner points were established or bill payment terminals installed in Government Offices.

To satisfy market demand and in order to safely fulfil contractual conditions, Magyar Posta continued to reorganise Saturday newspaper delivery routes.







IT'S LOGICAL  
THAT YOU'RE WITH US!





As the largest participant in the domestic logistics market, in view of the **growing online retail trade**, Magyar Posta carried out proactive communication to better serve customers throughout 2017 but especially in the **last 3 months of the year**. Online purchases and the related logistics challenges were not balanced during the year. There are **peak periods**, such as Easter, Christmas and Black Friday, when volumes are significantly heavier than usual. For example, on 27 November 2017, due to

Black Friday offers, parcels accounted for **one fifth of quarterly traffic** and these had to be delivered on time.

The **proactive communication** had two purposes. Firstly, to emphasise what the Company was doing in order to deliver items on time in peak periods ensuring the greatest possible customer satisfaction. Thus, for instance, a press conference was organised specifically about logistics developments and investments, and several press releases were made. Special emphasis was also laid on **communication concerning the Festive Season Parcel Points** to cater for the pre-Christmas rush.



DEVELOPMENTS ENABLED OUR DAILY  
PARCEL HANDLING CAPACITY TO INCREASE  
BY OVER 35% IN 2017



In the days immediately prior to Christmas, Magyar Posta, in keeping with its role as a classic service provider, supplied continuous information on the dates until when it was worth placing orders online or posting parcels for them to be delivered to their recipients in time. The other aim of the communication was **customer education**. The dynamic growth of the aforementioned online purchases presented a major challenge for the logistics sector, including Magyar Posta, in particular with regard to international mail, and customer expectations grew considerably, which the quality of service had to follow. Complementing its logistics operations, Magyar Posta also provided specific customer protection information to online purchasers as well as details of options for picking up parcels in addition to home delivery.

The strategic measures and the daily operational activities of the **logistics business** were determined by retaining and improving the

CEP market successes achieved, avoiding the uncertainty in service experienced at the end of 2016 in 2017, the renewal of logistics infrastructure and serving the postal network. In order to maintain its market leading position, **major investments were realised and support processes reorganised**.

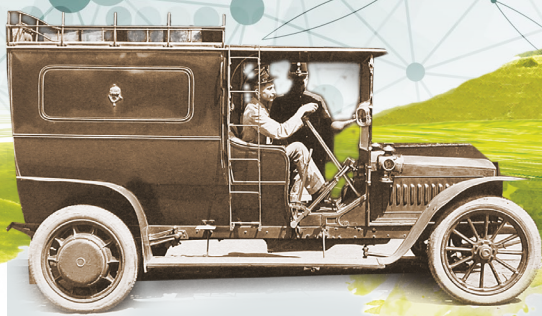
---

## VEHICLE FLEET DEVELOPMENT

The **logistics vehicle fleet is renewed** based on a long-term vehicle development and replacement plan, which was accepted by Magyar Posta's management in 2016. The Company (Posta Group) devoted over HUF 2 billion to improving its vehicle fleet in 2017, which resulted in the acquisition and putting into service of modern vehicles. The acquisitions affected **vans, utility trucks and small transport vehicles used on a daily basis**, improving the average vehicle age by 1.5 years.







ELECTRIC CARS PAST AND PRESENT



The annual mileage of Magyar Posta's vehicle fleet is approximately 83 million kilometres. This is equivalent to circling the Earth with a vehicle more than 2,075 times. In covering this distance, the vehicle fleet used roughly 9.2 million litres of fuel.

The renewal of the mobile post service began in 2017 and more than **150 routes received new, modern vehicles.**

In addition to vehicles, the renewal of delivery service equipment continued in 2017, which saw the replacement of bicycles and mopeds. The **new equipment improved the working conditions of employees** and helped ensure the safe delivery of mail to addressees.



The increase in the Company's parcel traffic also affects vehicle mileage. The vehicles used for parcel delivery registered **6% more kilometres** than in the previous year.

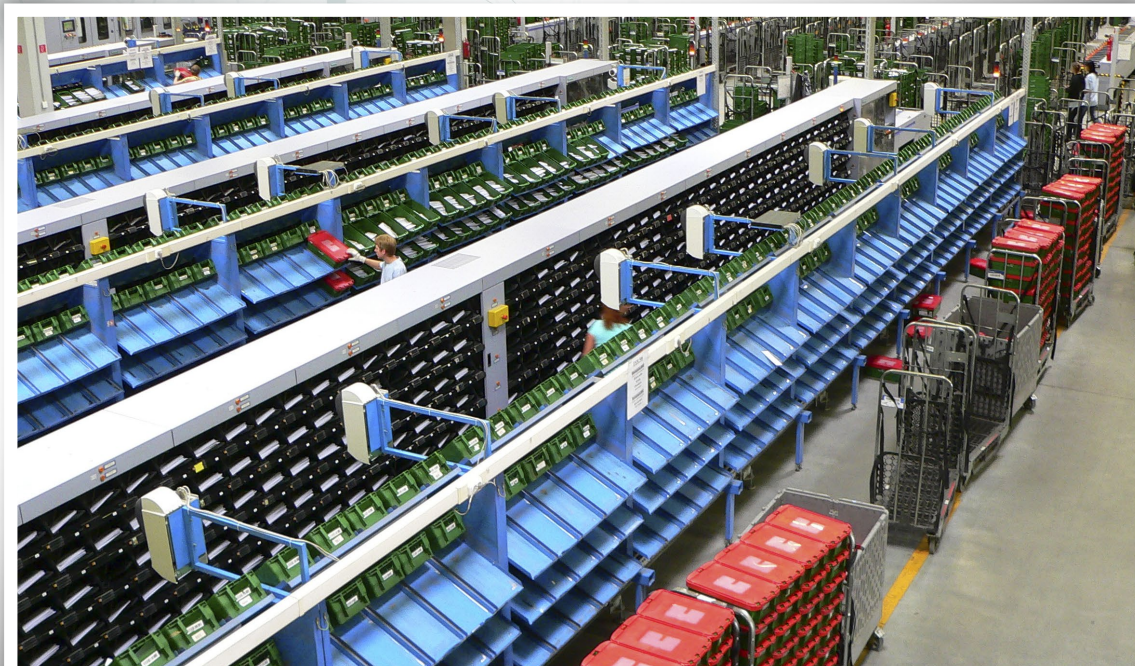
## DEVELOPMENT OF LOGISTICS INFRASTRUCTURE

In parallel with the expansion of the CEP market, **e-commerce grew strongly**, and as an effect of this the demands on units providing logistics increased considerably. In order to **ensure quality of service** at the central HUB (National Logistics Centre) and several regional logistics plants, the **space available was expanded** and new locations were added.

- ▶ **Central processing:**  
development of Parcel Logistics Plant in Budapest.
- ▶ **East Hungary:**  
in Nyíregyháza, Békéscsaba, Hatvan, Kecskemét and Debrecen.
- ▶ **West Hungary:**  
in Győr.

In the logistics area, **by placing into service new infrastructure points**, the **basic parcel handling capacity improved by over 35%.**

Due to the impact of the dynamic growth in e-commerce, the through-put capacity for import registered letter mail at the **International Office of Exchange** had to be increased.



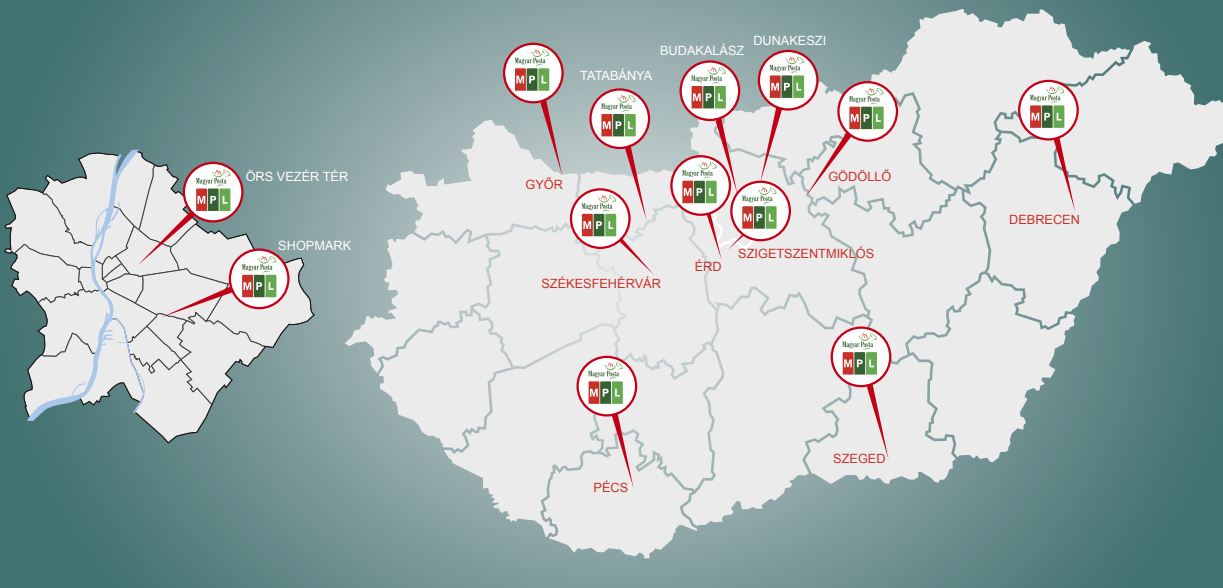
As a result of measures taken - **the further optimisation of internal technological areas and processes** as well as increasing storage capacity - the daily processing quantity rose by 66%.

In order to cope with the increased turnover, a number of measures were taken in **2017** besides

vehicle procurements such as **setting up new allocation points and expanding existing premises.**

So as to effectively manage the end-of-year surge in parcels, **Festive Season Parcel Points** were set up in the car parks of well-frequented shopping centres **in 13 locations** around the country.

#### MPL FESTIVE SEASON PARCEL POINTS







HUMAN POLICY –  
LOGISTICS IN FOCUS

Magyar Posta organises its staffing resources in line with business expectations and in conformity with business policy goals as a responsible employer.

In 2017 the **average statistical staff number** – taking into consideration all kinds of employment status including employment from 1 day to 5 days – was **30,198**, which, converted to a full-time staff number, means 28,779 reduced FTEs. Thus the Company's reduced staff number shows an increase of 1.8% compared to the previous year.

## RESPONSIBILITY TOWARDS EMPLOYEES

In 2017, **roughly HUF 6.63 billion was paid out in incentives**, which corresponds to 7.7% of total salaries. All employees were included in the Company's incentive scheme, thus about thirty thousand members of staff could benefit from this additional acknowledgement of performance during the year.

Optional fringe benefits for employees were an influential part of staff costs. In 2017, 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. As new optional benefits, a cash benefit, and crèche and kindergarten support became available. Different amounts were defined for the annual benefits fund for year-round, full-time employees based on basic salary and those in jobs with a bonus. For employees with a basic salary of less than HUF 500,000/reduced capita/month and non-bonus employees this was HUF 240,000/capita/month, and for employees with a basic salary of HUF 500,000/reduced capita/month and over and bonus employees the sum was HUF 212,000/capita/month gross.

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

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



MAGYAR POSTA ORGANISED  
AND HELD 600 GROUP  
PRESENTATIONS AND TOOK  
PART IN 19 JOB FAIRS IN 2017





IN PROVIDING CORPORATE HOLIDAYS  
OUR AIM IS TO OPERATE WELFARE PROPERTIES  
EFFICIENTLY

In 2017, the Company distributed 1,610 holiday vouchers in 44 postal welfare institutes, which enabled 1,324 active employees and 286 postal pensioners together with 3,232 close relatives, a total of **4,842 people**, to enjoy 32,977 days away. In addition, 413 children benefited from concessionary holidays.

**158 people received housing support worth a total of HUF 395.1 million.** In 2017 the Company provided **HUF 106.4 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 2,235 cases.

## FLEXIBILITY IN EMPLOYMENT

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 again by Magyar Posta in 2017.

## EXPANDING RECRUITMENT METHODS

The labour shortage affects Magyar Posta as well and finding suitable new labour is becoming increasingly difficult. The biggest problem is filling the jobs requiring primary education as a considerable workforce is needed for these jobs. With a view to alleviating the staff shortage, new methods supporting recruitment in addition to the existing means were introduced. These included the active use of online media (Facebook, LinkedIn). The **Employee Recommendation Programme**, introduced in 2016, was extended in 2017 to cover new logistics posts, thus providing support for the area.

Magyar Posta's human resource unit organised and held 600 **group presentations** and took part in 19 **job fairs** in 2017.

In 2017 the **Magyar Posta Careers Office** opened to provide information about job opportunities tailored to the individual needs of enquirers. The vacant positions were also displayed on LED walls at several busy points in Budapest and on metro carriages. The Careers Office gave advice to 4,423 job seekers during the year.

## PROVIDING 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 human resources unit compiles the training programme plan based on the needs indicated by the specialist areas and central guidelines. In the plan reaching strategic goals and contributing to improving business efficiency enjoy priority.

In 2017 a year-round development programme with a complex methodology for all district managers and postal managers belonging to a district called the **Management Academy**, focusing on improving management skills, was implemented. In addition, an **Operational Management Model** was compiled for participants in the programme providing substantial support for the efficient functioning of postal outlet management at an operational level. The Company intends to extend the spirit of the Management Academy to new levels of post office management in 2018.

Compliance with the changing legal environment presents a continuous challenge for Magyar Posta from the aspect of training and developing workforce. In 2017 regular **training programmes** catering for the increasingly large staff fluctuations were held in order to comply with legal obligations.

Special emphasis was given to **ensuring the training requirements** specified by the

Company. In the framework of central campaigns, opportunities to obtain postal qualifications were provided throughout the year for delivery workers, counter staff and postal employees in support activities alike.

A **complex management development programme was also launched in the logistics area in 2017** with the main focus on the preparation of managers to enable them to develop their colleagues effectively, thereby reducing the intensity of the migration of labour.



Magyar Posta uses a variety of methods to achieve its goals efficiently. These include **e-learning**, which is used to train employees about the introduction of and changes in products and services, **blended learning** for more complex activities and **training courses** for awareness-raising and skills development.

The number of people involved in the development programmes **was 80,000 in 2017**. This high number shows the conscious use of available resources, ensuring employees performing certain jobs the option of participating in training on several occasions a year.

In addition to the organised central programmes, a system for **learning in the working environment** continued to operate at Magyar Posta.



This on-the-job training is linked to technological changes, job enrichment, changes of tasks or preventive or corrective activities. This is accomplished through small training units whose range is continuously expanded. Such units can be accessed electronically by the various departments. For the focuses of the training, at an annual level the data of the **competence assessment of almost 12,000 participants** provide input and detailed information.

In addition to the employees, Magyar Posta provides **professional practice for 240 students** each month at almost 60 accredited training locations. The Company is also open to the continued employment of students who obtain vocational qualifications and express an interest in joining the profession.

## INDIVIDUAL SITUATIONS IN LIFE

The Company's management is committed to employing people with a reduced capacity to work. Its interest in this is twofold: to support the integration of such people into the labour market

in the spirit of social responsibility on the one hand and on the other to reduce the amount the Company is legally obliged to pay in rehabilitation contributions.

Magyar Posta **may use** the title Disability Friendly Workplace **for two years**. It won this distinction for the third time in 2016.

(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.)

## STABLE LABOUR RELATIONS

In order to maintain stable labour relations, the employer holds consultations and negotiations about measures affecting large groups of employees and regularly operates the Postal Reconciliation Council 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.



MAGYAR POSTA WON THE SPECIAL AWARD "DISABILITY FRIENDLY WORKPLACE" IN 2016. (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.)



## GETTING READY FOR FUTURE CHALLENGES - Preparations for Reorganising Human Activities and Organisational Restructuring

In 2017 the **HR Transformation Project** was launched in the human resources area under which the operation of the HR unit and its processes were screened.

The aims of the project are to improve operational efficiency and rethink the role of the HR functions. The project will continue in 2018.

special tests. Under the voluntary health protection programme, **443 employees visited 5 locations** to gain a comprehensive overview of their current state of health and to learn about the importance of prevention. The Company contributed HUF 3.5 million net to the programme while the state provided funding of HUF 22.1 million.

Magyar Posta and the Red Cross cooperated efficiently in organising blood donation at numerous post offices on several occasions. Thanks to the activity of employees, the Hungarian Blood Transfusion Service awarded Magyar Posta the title **"Blood Donor Friendly Workplace"** in 2017.

## HEALTH AND SAFETY AT WORK

In 2017, for the fourth time, employees took part in the **Comprehensive National Health Protection Screening Programme**, which included 34 types of

WE LAY GREAT EMPHASIS ON PROMOTING  
GOOD HEALTH OF OUR EMPLOYEES







# ENVIRONMENTAL PROTECTION – EcoPost: Addressing the Future

The objective of the environmental protection activity is to promote environment-conscious and socially responsible corporate operation, and to alleviate impacts harmful to the environment.

By managing waste efficiently, our aim is to make our waste trackable from the time it is generated to its recycling, destruction or disposal in a landfill.

In 2017 Magyar Posta generated 2,979 tons of separately collected waste, 2,945 tons of which were classified as non-hazardous and 34 tons as hazardous. More than 88% of the separately collected waste (paper, metal, plastic, electronic waste, etc.) was sold for recycling. The largest proportion (97%) of the sold waste was paper and plastic waste.

The Company regards ensuring that noise and vibrations produced by its activities do not disturb the environment of the facilities as a priority. Noise levels are reduced by educating employees and through the application of technical measures, in particular for night work. In 2017, in order to meet an obligation set by the Environmental Protection Authority, a noise-reducing measure was implemented by building a soundwall at the Budaörs Delivery Point 1 premises (Budaörs, Stefánia u. 12) and relocating parcel processing to the National Logistics Centre. The measurement to check the noise demonstrated that the noise produced by the activity now complies with the law.



STRENGTHENING AN ENVIRONMENTALLY AWARE APPROACH AND GOOD PRACTICE AMONG EMPLOYEES IS AN IMPORTANT TASK, THUS WE AGAIN JOINED THE NATIONAL LITTER COLLECTING CAMPAIGN "PICK IT UP!" IN 2017

The Company's CO<sub>2</sub> emissions grew by 2.3% year on year. The growth, however, is minimal compared to the far larger use of vehicles to cater for the increased volume of mail. One objective factor that played a role in the rise was that the average temperature in January 2017 in the country was almost 5 degrees below normal, which resulted in a 6.4% increase in gas consumption.

#### MAIL LOGISTICS CO<sub>2</sub> EMISSIONS KG/1,000 KM







Magyar Posta drafted and published on its website the Company's environmental performances and commitments for 2017 in its **Environmental Protection Report** based on internationally recognised standards (Global Reporting Initiative – GRI). In accordance with market practice, the final report was verified by an independent organisation and its classification letter was incorporated into the report.

Strengthening an environmentally aware approach and good practice among employees is an important task, and to this end, under the professional coordination of the Security Chief Directorate, we again joined the now traditional national litter collecting campaign "Pick It Up!" in 2017. In addition, on 8 November 2017 we held an **environmental protection day** with the working

MAGYAR POSTA DRAFTED ITS ENVIRONMENTAL PROTECTION REPORT DESCRIBING THE COMPANY'S ENVIRONMENTAL PERFORMANCES AND COMMITMENTS FOR 2017

title **EcoPost: Addressing the Future**. The primary goal of this environmental day was to draw the attention of employees to the challenges of climate change and to present the factors influencing Magyar Posta's environmental performance and the nature of the environmental protection activity and environment-conscious responsible corporate and employee behaviour.

With the aim of strengthening the image of a responsible service provider, separate receptacles for collecting paper and plastic waste were installed in the customer area of the busiest post offices in Budapest.

## ENVIRONMENTAL INVESTMENTS

In 2017 the amount devoted to environmental protection investments fell by 60% due to a shortage of funds.

Activity	Cost (in HUF thousand)	Number of premises
Modernisation, regulation of heating, gas connection	76,545	33
Modernising lighting and wiring	63,651	22
Renovating and connecting plumbing and drains	7,344	13
Wall renovation, heat insulation	62,153	2
Changing windows	94,311	16
Renovating sanitary units	64,083	8
<b>Total:</b>	<b>368,087</b>	<b>94</b>



QUALITY MANAGEMENT –  
QUALITY AWARENESS





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 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 operated 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 efficiency, the **ISO 50001** standard Energy Management System was operated for the second year. 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. With regard to our Quality Management and Environment Management Systems, a certification audit was conducted in 2017 verifying that the **Company successfully switched over to the standards containing the new management requirements (ISO 9001:2015 and ISO 14001:2015)**.

Magyar Posta Zrt., as the universal postal service provider, must meet quality expectations<sup>1</sup> laid down by legislation. Based on the **results of the independent measuring organisation**, GfK Hungária Piackutató Kft., in 2017 **Magyar Posta** again **fulfilled its obligations for domestic transit times laid down by law**.

<sup>1</sup> Based on back testing in accordance with the transit time methodology of the universal service and services substituting the universal postal service approved in the resolutions of the National Media and Infocommunications Authority and Literature for the Blind mail items as well as the regulations of relevant standards.





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 9001:2008**

A tanúsítás az alábbi tevékenységekre érvényes:

**Levélszolgáltatások, csomagszolgáltatások, árufuvarozási 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 9001:2008 szabvány követelményeinek alkalmazhatóságával kapcsolatban további információ a szervezettel való konzultáció útján nyerhető.

A tanúsítvány 2014. december 9-től 2017. december 8-ig érvényes, sikeres felülvizsgálatok esetén.

Megújító audit esedékes legkésőbb 2017. október 10-ig.

Kiadás 10. Tanúsítva 2005. december 9-től.

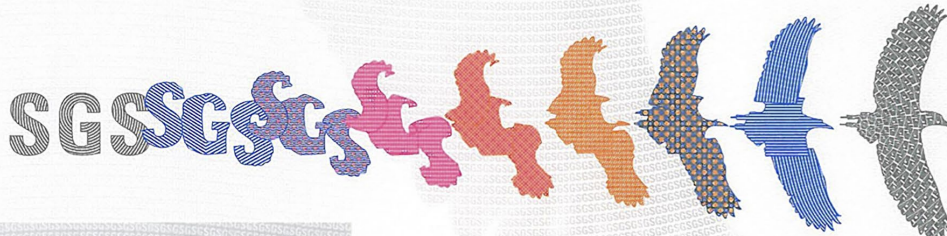
Jóváhagyta:

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 / 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.htm](http://www.sgs.com/terms_and_conditions.htm) webcímen, amely különös figyelmet szentel a teljesség, kártalanítási és jogi kérdésekre. Ezen nyomtatott dokumentum hitelességét a <http://www.sgs.com/en/Our-Company/Certified-Client-Directories/Certified-Client-Directories.aspx> webcímen lehet ellenőrizni. Minden jogosultságon módosítás, tartalmi vagy kinézetbeli változtatás hamisításnak minősül, tehát törvénybe ütköző és jogi eljárást vonhat maga után.





HU05/1670 számú tanúsítvány fordítása

Tanúsítjuk, hogy a

**Magyar Posta Zrt.**

1138 Budapest, Dunavirág u. 2-6.

irányítási rendszerét auditáltuk és az alábbi szabvány követelményeinek:

**ISO 9001:2015**

A tanúsítás az alábbi tevékenységekre érvényes:

**Levélszolgáltatások, csomagszolgáltatások, árufuvarozási 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 szabályzat teljes szövege megtalálható a [www.sgs.com/terms\\_and\\_conditions.htm](http://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/en/Our-Company/Certified-Client-Directories/Certified-Client-Directories.aspx> webcímen lehet ellenőrizni. Minden jogosulatlan módosítás, tartalmi vagy kinézetbeli változtatás hamisításnak minősül, tehát törvénybe ütköző és jogi eljárást vonhat maga után.



HU16/7967 számú tanúsítvány fordítása

SGS

Tanúsítjuk, hogy a

**Magyar Posta Zrt.**

1138 Budapest, Dunavirág u. 2-6.

irányítási rendszerét auditáltuk és az megfelel az alábbi szabvány követelményeinek:

**ISO 50001:2011**

A tanúsítás az alábbi tevékenységekre érvényes:

Levélszolgáltatások, csomagszolgáltatások, árufuvarozási 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.

EA Sector: 31

A tanúsítvány 2016. december 13-tól 2019. december 12-ig érvényes, sikeres felülvizsgálatok esetén.

Megújító audit esedékes legkésőbb 2019. október 28-ig.

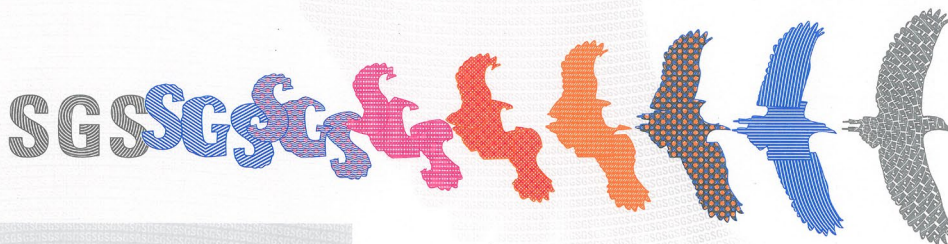
Kiadás 1. Tanúsítva 2016. december 13-tól.

Jóváhagyta:  
Paola Santarelli



SGS ITALIA S.p.A. - Systems & Services Certification  
Via Caldera, 21 20153 MILANO - Italy  
t +39 02 73 93 1 f +39 02 70 10 94 89 www.sgs.com

Oldalszám 1 / 1



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](http://www.sgs.com/terms_and_conditions.htm) webcímen, amely különös figyelmet szentel a felelősség, kártalanítási és jogi kérdésekre. Ezen nyomtatott dokumentum hitelességét a [http://www.sgs.com/clients/certified\\_clients.htm](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.





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 üzemei, 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.

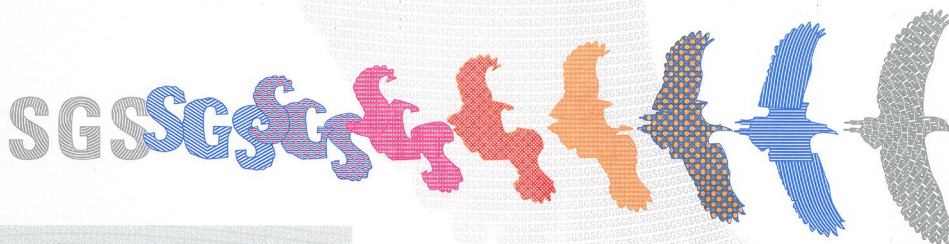
Jóváhagyta:

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

Oldalszám 1/3



0005



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](http://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](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

**2017. évben az alábbi átfutási időket teljesítette:**

**A feladást követő 5. munkanap végéig kézbesített levélküldemények aránya**

#### *Egyetemes postai szolgáltatások*

Egyedi feladású elsőbbségi levélküldemények	99,95%
Egyedi feladású nem elsőbbségi levélküldemények	97,87%
Tömeges feladású elsőbbségi levélküldemények	99,94%
Tömeges feladású nem elsőbbségi levélküldemények	98,46%
Vakok írása levélküldemények	100%

#### *Egyetemes postai szolgáltatást helyettesítő szolgáltatás*

Üzleti levél	98,44%
--------------	--------

GfK Hungária Piackutató Kft. a méréseket a Nemzeti Média- és Hírközlési Hatóság **PT/13.084-2/2016.** 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, 2018. március 6.

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

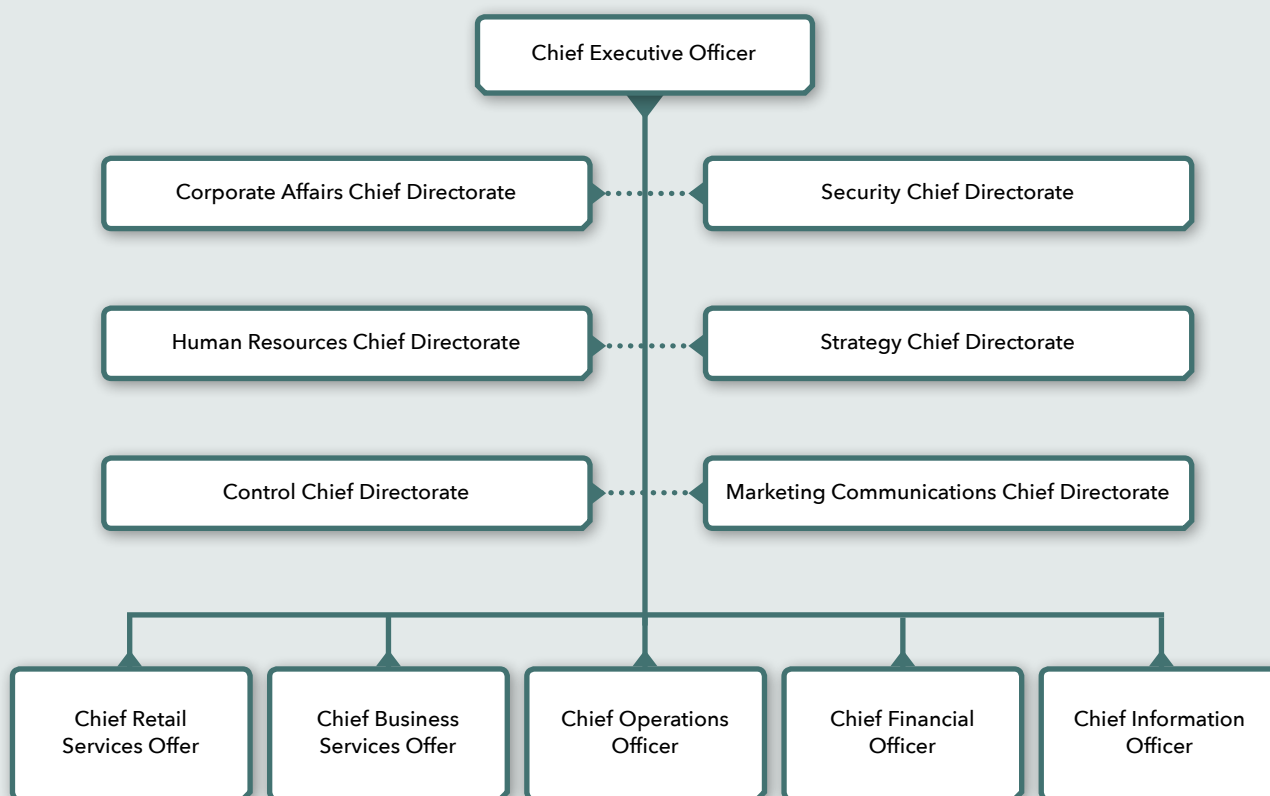


## MANAGEMENT AND ORGANISATION

Magyar Posta pursued its activities in 2017 under an **effective organisational structure supporting business and profitability**. The course of its optimised decision processes, its profitable operations, and customer- and sales-oriented management were ensured from October by a new organisational structure tailored to the goals to be achieved and business requirements.



### CORPORATE MANAGEMENT STRUCTURE OF MAGYAR POSTA ZRT.



#### MEMBERS OF THE BOARD OF DIRECTORS ON 31 DECEMBER 2017:

- 🔴 Zoltán Illés, chairman
- 🔴 László Kálmán
- 🔴 Dr László Károlyi
- 🔴 Zsolt László Majláth
- 🔴 Gábor Osztrogonácz
- 🔴 Dr Norbert Szivek

#### MEMBERS OF THE SUPERVISORY BOARD ON 31 DECEMBER 2017:

- 🔴 Dr Barnabás Balczó, chairman
- 🔴 Dr Mónika Kovács
- 🔴 Dr Eszter Boros
- 🔴 Dr Sándor Nemes
- 🔴 Dr Attila Tamás Tajthy
- 🔴 Zsuzsanna Tóth



## REGISTRATION DATA ABOUT MAGYAR POSTA ZRT. (2017)

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 2017:** 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:** Zoltán Illés

### THE COMPANY'S AUDITOR ON 31 DECEMBER 2017:

Deloitte Könyvvizsgáló és Tanácsadó Kft.

Tamás Horváth, certified auditor

Chamber membership number: 003449

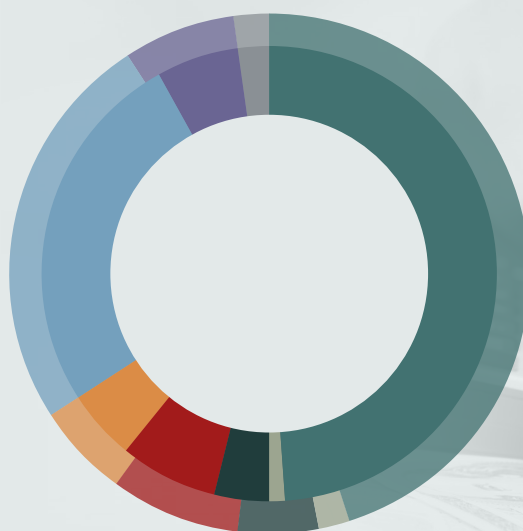
## RESULTS

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. Continuous product and service renewal typifies the Company's services irrespective of whether they are provided in a competitive environment or are required

by law. The developments follow changes in consumption patterns, expectations generated by customer requirements as well as international trends. **The Company achieved a profit before tax of HUF 470 million in 2017**, while raising salaries by 14 per cent on average. Wage development was differentiated, thus the increase in some jobs reached 25 per cent. The annual **sales revenue was HUF 189.6 billion**. In the breakdown of turnover by product, following the trend of previous years, the share of logistics and newspaper products grew within the portfolio.

### BREAKDOWN OF MAGYAR POSTA ZRT.'S REVENUE FOR 2017-2016 (%)

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



Name	2016	2017
EBIT (HUF million)	3,815	464
EBITDA (HUF million)	13,488	10,675
EBIT/average equity	4.4%	0.5%
EBIT/average assets	2.1%	0.2%
EBIT/net sales revenue	2.0%	0.2%
EBITDA/average equity	15.5%	11.9%
EBITDA/average assets	7.3%	5.5%
EBITDA/net sales revenue	7.1%	5.6%



## Annex 1

## INDEPENDENT AUDITOR'S REPORT

**Deloitte.**

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

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

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

Adószám: 10443785-2-42  
Közösségi adószám: HU10443785

**FÜGGETLEN KÖNYVVIZSGÁLÓI JELENTÉS**

A Magyar Posta Zrt. részvényeseinek

**Vélemény**

Elvégeztük Magyar Posta Zrt. (a „Társaság”) 2017. évi éves beszámolójának könyvvizsgálatát, amely éves beszámoló a 2017. december 31-i fordulónapra készített mérlegből – melyben az eszközök és források egyező végösszege 201.255 M Ft, az adózott eredmény 234 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 2017. 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 Könyvvizsgálati 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 könyvvizsgálati bizonyíték elegendő és megfelelő alapot nyújt véleményünkhöz.

**Egyéb információk: Az üzleti jelentés**

Az egyéb információk a Társaság 2017. 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 beszámolóban vagy a könyvvizsgálat során szerzett ismereteinknek, vagy egyébként úgy tűnik-e, hogy az lényegesen hibás állítást tartalmaz.

A számviteli törvény alapján a mi felelősségünk 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 2017. évi üzleti jelentése minden lényeges vonatkozásban összhangban van a Társaság 2017. 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 fentiekben 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 jelteni valónk.

#### ***A vezetés és az irányítással megbízott személyek felelőssége 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 közzétegye 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 felelőssége***

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 bocssassunk ki. A kellő bizonyosság magas fokú bizonyosság, de nem garancia arra, hogy a Magyar Nemzeti Könyvvizsgálati 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 Könyvvizsgálati 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, minősíteniünk 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, 2018. április 10.

*(A papír alapú könyvvizsgálói jelentés került aláírásra.)*

Horváth Tamás  
A Deloitte Könyvvizsgáló és Tanácsadó Kft. képviselőjében  
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

	Assets	figures in HUF million	
	Item	31 December 2016	31 December 2017
<b>A.</b>	<b>Investments (non-financial)</b>	144,691	146,842
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	<b>9,054</b>	<b>10,154</b>
	Capitalised value of start-up and restructuring		
	Capitalised value of R&D		
	Rights representing property	6,270	6,964
	Intellectual products	2,784	3,190
	Goodwill		
	Prepayment on intangible assets		
	Revaluation of intangible assets		
<b>II.</b>	<b>TANGIBLE ASSETS</b>	<b>93,153</b>	<b>93,948</b>
	Land and related property-valued rights	37,642	37,050
	Technical equipment, machinery, vehicles	17,123	15,572
	Other equipment, accessories, vehicles	2,122	2,915
	Livestock		
	Reconstruction in progress	2,412	3,068
	Prepayment on investments	1	1
	Revaluation of tangible assets	33,853	35,342
<b>III.</b>	<b>FINANCIAL INVESTMENTS</b>	<b>42,484</b>	<b>42,740</b>
	Long-term shares in associated undertakings	15,567	15,627
	Long-term loans to associated undertakings		
	Long-term major shares	25,854	25,919
	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	753	884
	Securities embodying long-term credit partnership		
	Revaluation of financial investments		



<b>B.</b>	<b>Current assets</b>	42,317	53,102
<b>I.</b>	<b>STOCKS (INVENTORY)</b>	<b>803</b>	<b>732</b>
	Raw materials	486	497
	Unfinished goods and work-in-progress		
	Livestock		
	Finished goods	59	62
	Goods	167	81
	Advance payments on inventories	91	92
<b>II.</b>	<b>RECEIVABLES</b>	<b>18,437</b>	<b>26,117</b>
	Receivables from customers	13,863	16,250
	Accounts owed by associated undertakings	1,493	1,348
	Accounts owed by undertakings in major profit-sharing partnership	354	605
	Accounts owed by undertakings in other profit-sharing partnership		
	Bills of exchange receivable		
	Other debtors	2,727	7,914
<b>III.</b>	<b>SECURITIES</b>	<b>4,213</b>	<b>4,206</b>
	Share in associated undertakings		
	Major shares		
	Other shares	206	206
	Own shares		
	Securities for trade embodying credit partnership	4,007	4,000
<b>IV.</b>	<b>LIQUID ASSETS</b>	<b>18,864</b>	<b>22,047</b>
	Cash in hand, cheques	15,314	16,766
	Bank deposits	3,550	5,281
<b>C.</b>	<b>Prepayments</b>	1,495	1,311
	Prepayments of income	458	521
	Prepayments of costs and expenditures	1,037	790
	Deferred expenditures		
	<b>Total assets</b>	188,503	201,255
<b>D.</b>	<b>Equity</b>	89,056	90,779
<b>I.</b>	<b>REGISTERED CAPITAL</b>	<b>14,138</b>	<b>14,138</b>
	of which repurchased property share at face value		
<b>II.</b>	<b>REGISTERED UNPAID CAPITAL (-)</b>		
<b>III.</b>	<b>CAPITAL RESERVE</b>	<b>4,941</b>	<b>4,941</b>
<b>IV.</b>	<b>PROFIT RESERVE</b>	<b>32,504</b>	<b>35,867</b>

<b>V.</b>	<b>TIED UP RESERVE</b>	<b>553</b>	<b>257</b>
<b>VI.</b>	<b>REVALUATION RESERVE</b>	<b>33,853</b>	<b>35,342</b>
<b>VII.</b>	<b>PROFIT AFTER TAX</b>	<b>3,067</b>	<b>234</b>
<b>E.</b>	<b>Provisions</b>	18,605	18,315
	Provisions for expected liabilities	18,605	18,315
	Provisions for future costs		
	Other provisions		
<b>F.</b>	<b>Credits (liabilities)</b>	63,851	73,782
<b>I.</b>	<b>SUBORDINATED LIABILITIES</b>	<b>0</b>	<b>0</b>
	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		
<b>II.</b>	<b>LONG-TERM LIABILITIES</b>	<b>222</b>	<b>220</b>
	Long-term loans		
	Convertible and equity bonds		
	Debenture loans		
	Investment and development credits		
	Other long-term credits		
	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	222	220
<b>III.</b>	<b>SHORT-TERM LIABILITIES</b>	<b>63,629</b>	<b>73,562</b>
	Short-term loans		
	of which convertible and equity bonds		
	Short-term credits	6,720	14,112
	Prepayments received from purchasers	784	861
	Trade creditors	12,297	10,382
	Bills of exchange payable		
	Short-term liabilities against associated undertakings	8,358	8,323
	Short-term liabilities against undertakings in major profit-sharing partnership	1,644	841
	Short-term liabilities against undertakings in other profit-sharing partnership		



	Other short-term liabilities	33,826	39,043
<b>G.</b>	<b>Accruals and deferred income</b>	16,991	18,379
	Accrual of income	756	595
	Accrual of costs and expenditures	12,895	15,029
	Deferred income	3,340	2,755
	<b>Total equity and liabilities</b>	188,503	201,255

## PROFIT AND LOSS STATEMENT (total costs method)

		figures in HUF million	
	Item	31 December 2016	31 December 2017
1	Net domestic sales	179,054	177,385
2	Net export sales	12,052	12,153
<b>I.</b>	<b>Turnover (01+02)</b>	191,106	189,538
3	Change in stocks produced ±	-9	3
4	Capitalised value of assets produced	220	228
<b>II.</b>	<b>Own performance capitalised (±03+04)</b>	211	231
<b>III.</b>	<b>Other income</b>	8,056	16,623
	of which reversed diminution in value	250	80
5	Cost of raw materials	7,438	7,900
6	Services used	37,882	40,841
7	Other services	1,609	2,043
8	Original value of goods sold	5,206	4,940
9	Value of services sold (brokerage)	316	262
<b>IV.</b>	<b>Material-type expenditures (05+06+07+08+09)</b>	52,451	55,986
10	Wage costs	78,433	84,702
11	Other personal type expenses	8,762	12,274
12	Wage contributions	23,256	22,107
<b>V.</b>	<b>Staff costs (10+11+12)</b>	110,451	119,083
<b>VI.</b>	<b>Depreciation write-off</b>	9,673	10,211
<b>VII.</b>	<b>Other expenditures</b>	23,018	20,851
	of which value loss	416	301
<b>A.</b>	<b>OPERATING PROFIT (I±II+III-IV-V-VI-VII)</b>	3,780	261
13	Dividend and profit-sharing from investments	0	219
	of which from associated undertakings		
14	Income from shares and exchange gains		
	of which from associated undertakings		
15	Income from financial investments (securities, loans) and exchange gains	25	24
	of which from associated undertakings		
16	Other interest and similar income due	225	74
	of which from associated undertakings	9	7
17	Other income from payment transactions	218	156



<b>VIII.</b>	<b>Income from financial transactions (13+14+15+16+17)</b>	468	473
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	193	92
	of which to associated undertakings	29	
21	Losses on shares, securities, long-term loans, bank deposits	-33	18
22	Other expenditures on payment transactions	216	154
<b>IX.</b>	<b>Expenditures on payment transactions (18+19+20+21+22)</b>	376	264
<b>B.</b>	<b>PROFIT ON PAYMENT TRANSACTIONS (VIII-IX)</b>	92	209
<b>C.</b>	<b>PROFIT BEFORE TAX (<math>\pm A \pm B</math>)</b>	3,872	470
<b>X.</b>	<b>Taxation</b>	805	236
<b>D.</b>	<b>PROFIT AFTER TAX (<math>\pm C - X</math>)</b>	3,067	234

