

# Annual Report 2009



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**BUDA**  **PEST**



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## Address by CEO



### **Dear Reader,**

As the Chief Executive Officer of BKV Zrt., I am pleased to draw your attention to the Annual Report of our Company for 2009. Although we closed an undoubtedly difficult year – here I mean the complicated problem of financing and the factors effecting the reputation of the Company – this publication proves that our company made all efforts to improve its services, to realise developments and to serve our passengers in 2009.

Our fare-paying passengers who use our services are - and will be - in the focus of our activity, as well as keeping and increasing our partners' confidence.

In this way, we intend to create a solid base for the development and the positive vision of our Company in the future.

I believe that by managing this Company, which plays a main role in the life of the Hungarian capital city, we can achieve that Budapest could take pride in BKV Zrt., which offers reliable, accurate and quality services for all of our passengers. We will be working on it in the future, too.

**Dr. István Kocsis**  
*CEO*

# Management

## Dr. István Kocsis **Chief Executive Officer**

A certified mechanical engineer, with a PhD degree obtained at Budapest University of Technology and Economics in 1985, where he worked as a tutor for a number of years. Parallel to this job, he was director of a dormitory for six years. Between 1991 and 1993, he was an executive director, then a deputy state secretary at the Ministry of Industry and Trade. Until 1997, he was the deputy CEO and then CEO of the company managing and privatising state-owned assets (ÁV Rt., and ÁPV Rt.). Between 1998 and 2002, he managed energy companies. He then took charge of Paksi Atomerőmű Zrt (Nuclear Power Plant) for three years. Between 2005 and 2008, he was the CEO of the

state-owned Magyar Villamos Művek Zrt. (the leading Electricity Company of Hungary). On 1st September 2008, he was appointed the Chief Executive Officer of Budapest Transport Privately Held Corporation. He is also a member of the Board of Directors of the largest Hungarian Bank (OTP Nyrt.) and Paksi Atomerőmű Zrt. as well as a member of the Supervisory Board and Board of Directors of several other companies.



## Tibor Bolla **Financial deputy CEO**

He is a certified financial economist, and a certified corporate managing agricultural engineer. After graduating from the University of Agricultural Sciences in Gödöllő, he also obtained a diploma at the College of Finance and Accountancy. He is also a chartered accountant and has high-level foreign trade qualifications. Between 1993 and 2003, he worked for the company managing and privatising state-owned assets as a manager and director (ÁV Rt. and ÁPV

Rt.), then spent nearly 6 years at a financial company as a deputy CEO (Civis Credit Pénzügyi Szolgáltató Zrt.). Currently he is responsible for managing the economic, financial and sales processes of the company.



## Péter Takács **Technical deputy CEO**

Mechanical engineer, engineer specified to quality management, engineer specified to economics. He studied at Kecskemét College of Mechanical Engineering and Automation, at Zrínyi Miklós National Defence University and at Szent István University. He speaks English. He has been working for BKV Zrt. since 1989. He started his career as a technician in attendance at the Building Engineering Works of the metro. In 1995 he became the chief of the Works. From 1997 on he led the Escalator and Engineering Service. In 2003 he became the head of the Engineering

and Material Supply Department. In 2007 he was entrusted with the leadership of the Public Procurement Office and later the Logistics Division. He was the assigned Technical Deputy CEO from March to September 2008. He has been holding this position again since August 3 2009.



## Gábor Mihálszky **Transport deputy CEO**

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He is a transport engineer who chose BKV to work for in 1987. He worked in traffic control, first as a dispatcher, and then joined the Company's central dispatching service as a chief dispatcher in 1989. In 1996 he was appointed senior dispatcher. He was in charge of operational traffic control tasks in relation to major events for several years. In 1994, he received an award from the Minister of the Interior for his public transport control and organisation activities related to the OSCE (Organisation for Security and Co-operation in

Europe) meeting. From March 2007 he managed the traffic control transformation project then in August 2007 he was appointed head of the traffic control department.

In May 2008 he became transport deputy CEO and is currently responsible for the core traffic related services.



## Dr. Erzsébet Székelyné Pásztor **Communications director**

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Having graduated at the College of Foreign Trade, she obtained a post-graduated diploma of Economist-Expert for Far East Intercultural Management. She was the corporate communications manager of OMV Austrian Oil and Gas Industry group. Earlier she had been the communications manager at Paksi Atomerőmű Rt. (Nuclear Power Plant). She spent 25 years at the state-owned oil company (MOL Hungarian Oil and Gas Co.) in various managerial positions, including director of PR and international affairs, marketing

PR director and corporate communications officer. She is a member of the National Association of Hungarian Journalists and IPRA (International Public Relations Association), which is based in London. She speaks English, French and Russian.



## Dr. István Tomaszitz **Legal director**

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Lawyer, expert of European law. After graduating from Faculty of Law and Political Sciences Pázmány Péter Catholic University he worked for several Hungarian companies and was a PhD student then a tutor. He started to work for BKV in 2008, and from October 2008 he is the head of the Legal Department, and from

September 2009 also of the Secretariat of the CEO. From the 1st February 2010 he is the Legal Director of the Company.



# Management

## Juracsik Zoltán Péter **HR director**

After graduating from the Police College – from 1981 – he acted as a group leader, a subdivision leader, and then in 1987 he became a HR executive and chief executive at the Police Regiment. Between July 1997 and his retirement on 30th December 2004 he worked on different managerial levels of the HR Services of the Hungarian Police. In 2006, he passed a civil service examination. Before his appointment as a HR Director of BKV – between 2007 and 2009 – he led the HR Department of the Adyliget Police Secondary

School. Before that, from May 2005 he was the Head of HR Department of the Hungarian Police, later, from 15th March to 31st July he was the appointed Head of HR Division. He worked for 33 years as a professional policeman; he began his career as a police patrol.



## József Kiss **IT director**

Graduate electrical engineer, engineer specialized in data teleprocessing. He obtained his degrees at Budapest University of Technology. He started his career in 1974 as a mainframe operator in the Computer Laboratory of the Hámán Kató Technical College of Economics. Later he was a program librarian at Ganz Mávag, then he led the group of operators at VBKM (later Elektroinformatik). He has been working for BKV Zrt. since 1985, with an interruption of 5 years, as head of Department for Automatic Data Processing, then as deputy head of the IT Department.

From 1995, he managed the IT issues of the dm-drogerie markt Magyarország Kft. for two years, then he was project manager at DYNASOFT. He returned to the BKV Zrt. in 2000 after the TransIT project, and he directed the IT outsourcing project, then he became the chief of the IT Office. At present, he is entrusted with the direction of the company's IT processes.



## József Lazurán **Internal control director**

He is a certified telecommunication engineer and economist and he has another degree, too. He has worked for Orion Rt., MATÁV Zrt. and the Ministry of Internal Affairs. In 2000 he joined BKV Zrt. and became the head of Internal Audit Department, which was transformed into the Division of Internal Audit and Security in 2002. The Internal Control

Directorate came into existence in 2008 under his leadership. He regularly takes part in vocational trainings and he is the member of the Hungarian Organisation of Internal Auditors (BEMSZ).



## Endre Szűcs **Security director**

He graduated from Police College, Criminal Faculty, then he gained further diplomas at the College of Finance and Accountancy and at Pécs University. He speaks English. Before his appointment as a Security Director of BKV – between 2008 and 2010 – he was the Deputy Head of Division for Defence Service of Police Forces in the Ministry of Justice and Police. Before this, after 2005 he held the position of chief executive of Defence Services of Police Forces of the Ministry of Internal Affairs for two years, then from 2007 he was the Head of Investigation Department of the Budapest 13th District Police Station. Between 1997-2004

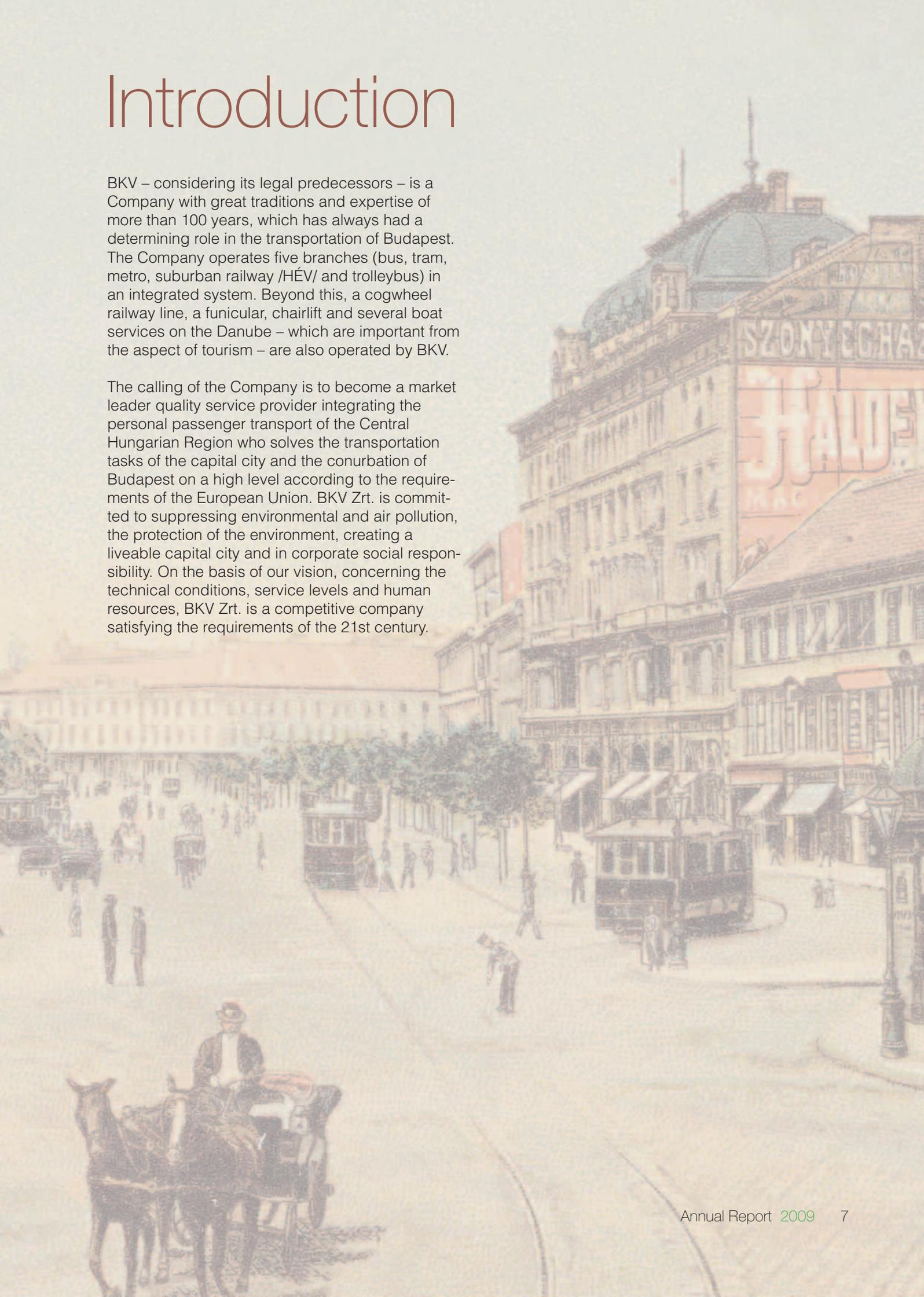
he worked as Head of Criminal Department and Deputy Chief Constable of Budapest 1st District Police Station. He served 28 years as a professional policeman. He began his career as a staff ensign. As recognition of his excellent work and performance, he was promoted exceptionally in every case. The Minister of Justice and Police promoted him to police chief counsellor in 2008 and to police colonel in 2009.



# Introduction

BKV – considering its legal predecessors – is a Company with great traditions and expertise of more than 100 years, which has always had a determining role in the transportation of Budapest. The Company operates five branches (bus, tram, metro, suburban railway /HÉV/ and trolleybus) in an integrated system. Beyond this, a cogwheel railway line, a funicular, chairlift and several boat services on the Danube – which are important from the aspect of tourism – are also operated by BKV.

The calling of the Company is to become a market leader quality service provider integrating the personal passenger transport of the Central Hungarian Region who solves the transportation tasks of the capital city and the conurbation of Budapest on a high level according to the requirements of the European Union. BKV Zrt. is committed to suppressing environmental and air pollution, the protection of the environment, creating a liveable capital city and in corporate social responsibility. On the basis of our vision, concerning the technical conditions, service levels and human resources, BKV Zrt. is a competitive company satisfying the requirements of the 21st century.





# Economy of BKV Zrt. in 2009

BKV operates in the legal form of a privately held company, its owner is the Municipality of Budapest. The Company fulfilled its business plan satisfying the expectations of the owner in 2009, met its capital reimbursement, leasing and interest payment obligations. Operational income in 2009 approached HUF 109.9 billion, operational costs totalled HUF 126.6 billion, operational loss was HUF 16.7 billion, balance sheet loss was HUF 23.5 billion. Statistical number of passengers calculated from the sold tickets and passes was 1.27 billion, passenger kilometres were

5.36 billion, and 21.55 billion place kilometres were at the disposal of the passengers.

Our vehicles ran 177 million useful kilometres. The average vehicle fleet consisted of 2841 vehicles, out of which an average of 2200 vehicles were in traffic daily, so the rate of availability was 77.4 per cent. From the quality indicators of transport the average saturation of the vehicles was 24.9 per cent, the average circulation speed was 16.19 km/h. The average headcount of the full time employees of Company was 11930 persons in the year of 2009.

PROFIT AND LOSS ACCOUNT OF BKV ZRT.			(HUF million)
Description	2008	2009	Index to the base year
Income from fares	50 908	50 551	99.3%
Price supplement	17 139	16 863	98.4%
Contribution from municipality	0	0	
Income from regional and district public transport	453	523	115.5%
Income from contracted and other services	916	709	77.4%
<b>Total income from passenger transport services</b>	<b>69 416</b>	<b>68 646</b>	<b>98.9%</b>
Income from other activities	2 721	3 040	111.7%
Other income from operations	5 021	6 068	120.9%
Reimbursed expenses	10 000	0	-
Normative state subsidy	32 198	32 198	100.0%
<b>Total income from operations</b>	<b>119 356</b>	<b>109 952</b>	<b>92.1%</b>
Material costs	8 078	9 356	115.8%
Diesel fuel for operation	9 000	7 661	85.1%
Traction power	7 614	8 545	112.2%
Other energy	3 785	3 593	94.9%
Value of services used	14 716	16 434	111.7%
Value of other services	986	1 223	124.0%
Purchase price of goods sold	78	121	155.1%
Value of services sold (sold as an intermediary)	4 459	5 140	115.3%
<b>Material-type costs</b>	<b>48 716</b>	<b>52 073</b>	<b>106.9%</b>
Wage costs	37 521	40 043	106.7%
Other staff remuneration	5 860	5 931	101.2%
Wage contribution	13 781	14 709	106.7%
<b>Staff remuneration</b>	<b>57 162</b>	<b>60 683</b>	<b>106.2%</b>
Depreciation and amortisation	15 026	15 465	102.9%
Other operating expenses	1 564	2 316	148.1%
Own work capitalised	-3 034	-3 904	128.7%
<b>Total operating expenses</b>	<b>119 434</b>	<b>126 633</b>	<b>106.0%</b>
<b>Income from operations</b>	<b>-78</b>	<b>-16 681</b>	<b>21385.9%</b>
Financial income	1 356	864	63.7%
Financial costs	6 714	7 445	110.9%
<b>Net financial costs</b>	<b>-5 358</b>	<b>-6 581</b>	<b>122.8%</b>
<b>Profit on regular activities</b>	<b>-5 436</b>	<b>-23 262</b>	<b>427.9%</b>
Extraordinary income	241	12	5.0%
Extraordinary expenses	547	275	50.3%
<b>Extraordinary profit</b>	<b>-306</b>	<b>-263</b>	<b>85.9%</b>
<b>Profit before tax</b>	<b>-5 742</b>	<b>-23 525</b>	<b>409.7%</b>

## BALANCE SHEET OF BKV ZRT.

(HUF million)

Number	Description	2008	2009	Difference to the base year
<b>A.</b>	<b>Long term assets</b>	<b>448 117</b>	<b>498 309</b>	<b>50 192</b>
<b>I.</b>	<b>Intangible assets</b>	<b>416</b>	<b>967</b>	<b>551</b>
1.	Property rights	334	875	541
2.	Goodwill	82	92	10
<b>II.</b>	<b>Tangible assets</b>	<b>446 567</b>	<b>496 230</b>	<b>49 663</b>
1.	Real estates and connecting property rights	147 978	148 610	632
2.	Technical machinery, equipments, vehicles	131 373	129 117	-2 256
3.	Other machinery, equipments, vehicles	3 460	3 256	-204
4.	Investments, renovations	119 965	171 410	51 445
5.	Advances given for investments	43 791	43 837	46
<b>III.</b>	<b>Financial investments</b>	<b>1 134</b>	<b>1 112</b>	<b>-22</b>
1.	Long-term interest in affiliated company	868	864	-4
2.	Other long-term interest	19	19	0
3.	Other long-term loans	247	229	-18
<b>B.</b>	<b>Current assets</b>	<b>9 243</b>	<b>11 859</b>	<b>2 616</b>
<b>I.</b>	<b>Inventories</b>	<b>2 872</b>	<b>3 073</b>	<b>201</b>
1.	Materials	2 789	2 990	201
2.	Incomplete production and semi-finished products	16	9	-7
3.	Goods	67	74	7
<b>II.</b>	<b>Receivables</b>	<b>6 100</b>	<b>8 433</b>	<b>2 333</b>
1.	Receivables from goods transport and services (customers)	1 374	3 061	1 687
2.	Receivables against affiliated companies	223	189	-34
3.	Receivables against other shared companies	1	3	2
4.	Other receivables	4 502	5 180	678
<b>III.</b>	<b>Securities</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Share in affiliated company	0	0	0
<b>IV.</b>	<b>Liquid assets</b>	<b>271</b>	<b>353</b>	<b>82</b>
1.	Petty cash	80	78	-2
2.	Bank deposit	191	275	84
<b>C.</b>	<b>Prepaid expenses</b>	<b>249</b>	<b>154</b>	<b>-95</b>
1.	Prepaid expenses of incomes	119	45	-74
2.	Prepaid expenses of costs	130	109	-21
	<b>TOTAL ASSETS</b>	<b>457 609</b>	<b>510 322</b>	<b>52 713</b>





## LIABILITIES

(HUF million)

Number	Description	2008	2009	Difference to the base year
<b>D.</b>	<b>Equity</b>	<b>116 252</b>	<b>103 574</b>	<b>-12 678</b>
<b>I.</b>	<b>Issued capital</b>	<b>127 000</b>	<b>127 000</b>	<b>0</b>
	of this: repurchased ownership share at face value	0	0	0
<b>II.</b>	<b>Subscribed but unpaid capital (-)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>Capital reserve</b>	<b>127 330</b>	<b>138 193</b>	<b>10 863</b>
<b>IV.</b>	<b>Revenue reserve</b>	<b>-132 352</b>	<b>-138 094</b>	<b>-5 742</b>
<b>V.</b>	<b>Earmarked reserves</b>	<b>16</b>	<b>0</b>	<b>-16</b>
<b>VI.</b>	<b>Valuation reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VII.</b>	<b>Retained profit</b>	<b>-5 742</b>	<b>-23 525</b>	<b>-17 783</b>
<b>E.</b>	<b>Special provisions</b>	<b>2 252</b>	<b>2 332</b>	<b>80</b>
1.	Special provisions for expected liabilities	2 252	2 332	80
<b>F.</b>	<b>Liabilities</b>	<b>104 176</b>	<b>124 501</b>	<b>20 325</b>
<b>I.</b>	<b>Liabilities ranked behind</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>II.</b>	<b>Long-term liabilities</b>	<b>50 138</b>	<b>44 837</b>	<b>-5 301</b>
1.	Investment and development loans	0	0	0
2.	Other long-term loans	45 190	40 690	-4 500
3.	Other long-term liabilities	4 948	4 147	-801
<b>III.</b>	<b>Short-term liabilities</b>	<b>54 038</b>	<b>79 664</b>	<b>25 626</b>
1.	Short-term loans	15 704	32 839	17 135
2.	Deposits paid by customers	130	0	-130
3.	Liabilities from goods transport and services (suppliers)	28 134	36 123	7 989
4.	Short-term liabilities against affiliated companies	1 249	1 465	216
5.	Short-term liabilities against other shared companies	369	495	126
6.	Other shout - term liabilities	8 452	8 742	290
<b>G.</b>	<b>Accruals</b>	<b>234 929</b>	<b>279 915</b>	<b>44 986</b>
1.	Accruals of incomes	7 311	10 501	3 190
2.	Accruals of costs, expenses	681	814	133
3.	Delayed incomes	226 937	268 600	41 663
	<b>TOTAL LIABILITIES</b>	<b>457 609</b>	<b>510 322</b>	<b>52 713</b>

## CASH-FLOW

(HUF million)

Number	Description	2008	2009	Difference to the base year
1.	Profit before taxation (without dividend)	-5 750	-23 525	-17 775
2.	Depreciation and amortisation	15 026	15 465	439
3.	Write-out value of long term assets	656	248	-408
4.	Loss of value and write-back of financial investments	0	4	4
5.	Other loss of value and write-back	50	118	68
6.	Difference between provisions created and used	505	80	-425
7.	Income from the sale of invested assets	-17	222	239
8.	Changes in trade payables and bill of exchange obligations	-209	1 028	1 237
9.	Changes in other short-term liabilities	2 058	524	-1 534
10.	Changes in accruals	-2 776	-42	2 734
11.	Changes in trade receivables and promissory note receivables	1 079	-1 744	-2 823
12.	Changes in current assets (without trade receivables and liquid assets)	202	-870	-1 072
13.	Changes in prepaid expenses	-50	95	145
<b>I.</b>	<b>Operating cash flow</b>	<b>10 774</b>	<b>-8 397</b>	<b>-19 171</b>
14.	Acquisition of invested assets	-74 345	-59 326	15 019
15.	Changes in the stock of financial investments	30	23	-7
16.	Sale of invested assets	73	95	22
17.	Dividend received	8	0	-8
<b>II.</b>	<b>Cash flow of investments</b>	<b>-74 234</b>	<b>-59 208</b>	<b>15 026</b>
18.	Taking out bank credits	4 500	26 279	21 779
19.	Taking out other credits and borrowings	0	0	0
20.	Financial leasing	0	0	0
21.	Funds received	70 559	55 875	-14 684
22.	Additional payment for shares	0	0	0
23.	Amortisation of financial leasing	-810	-801	9
24.	Amortisation/repayment of credit	-10 770	-13 666	-2 896
<b>III.</b>	<b>Cash flow from financial activities</b>	<b>63 479</b>	<b>67 687</b>	<b>4 208</b>
<b>IV.</b>	<b>CHANGES IN FINANCIAL ASSETS</b>	<b>19</b>	<b>82</b>	<b>63</b>





# Transport

The rubber-tired vehicles (buses and trolleybuses) represent the largest proportion of the company's fleet. Of the 1389 buses, the number of buses of the modern type Volvo 7700A amounts to 150 pieces, there are 32 Van Hool buses made in Belgium and the rest of the fleet is composed of buses of type Ikarus. The bus branch heads the list in other regards as well. The length of lines is 1693 km, which is three times as many as the respective value of all the other branches. 52% of the vehicles used in traffic are buses. The buses transport 527 million passengers per year, incl. the performance of the subcontractors. The proportion of transport in Budapest performed by trolleybuses is relatively modest, given that the 111 trolleybuses running on a line length of 73 km merely amount to 5% of the vehicles put in circulation. In 2009, 75 million passengers used this vehicle type. Some lines are still served by old Russian trolleybuses, but they are currently being replaced with Hungarian Ganz or Czech Skoda state-of-the-art vehicles. The trolleybus fleet is dominated by Hungarian Ikarus vehicles. 90897 thousand vehicle-kilometres and 8384 million place-kilometres were performed in the course of traffic operations of the Chief Engineering Office for Bus and Trolleybus Traffic. 1.3% of the yearly bus vehicle-kilometre performance was utilized for the replacement of rail-guided means of transportation (primarily of tram and of trolleybus) resulting from pre-planned maintenance, external construction and investment affecting the route – an example for the latter is the superficial traffic restriction owing to the construction



of metro line 4. In 2009, the most important replacement tasks were to provide replacement vehicles on tram lines No. 2, No. 19-41, No. 24, No. 4-6 and on trolleybus line No. 83.

Trams come in second place in traffic volume. 20% of the vehicles used in traffic are trams. The 605 trams (including 40 modern Siemens Combinos, the older German DÜVAG, the Czech Tátra and the Hungarian Ganz trains and the cogwheel rail trains made in Austria) carry 325 million passengers a year (25% of the total number of passengers). Total length of tram lines is 240 km.

The third largest division is the metro and underground railway (MFAV). The total length of the three lines is 31.4 km. The 382 carriages operating on these lines carried 286 million passengers in 2009, however the metro represents only 13% of the vehicles put in circulation. The M2-M3 lines are operated using rolling stock manufactured in Russia, while the East-West (M2) line will be equipped with new Alstom metro trains, the procurement of which is in progress. Ganz articulated vehicles operate on the M1 underground railway.

The total length of the five suburban railway lines is 103 km. The HÉV trains were manufactured in the German Democratic Republic; apart from a few Hungarian MIXA trains running on the Csepel line. The suburban railway represents 10.6% of the vehicles put in circulation. 53 million passengers used the green trains in 2009. The suburban railway had a sig-

nificant role in connection with the highly frequented events in Budapest. In this way, the nonstop operation of the HÉV during the Sziget Festival (as well as the extension of the operating time of the metro after the large concerts) contributed to the high-standard implementation of the events.

### Major traffic events of 2009

#### The tram No. 2 runs again on its entire route

Relating to the construction of the Fővám tér station of metro line 4, the underpass of tram No. 2 at Fővám tér had been reconstructed. The first stop with a “Stadt-bahn” character had evolved here. The passengers may use the new establishment with its elevators and escalators facilitating crossing from 1 November 2009 on. In connection with the investment, also the tram track between Czuczor utca and Irányi utca had been renewed. As a result, trams No. 2 and No. 2A run again on their original route on its entire length, following the abolition of the temporary termini of the tram No. 2 running in a parted system – with a connection of the two lines – during the construction of the Fővám tér station and after the track reconstruction performed in the Pest side underpass of the Chain Bridge.

#### Trams stopping upon request

From 1 February 2009 on, we have gradually introduced the “Stop upon request only” system in major



part of the tram lines as well. In this system, trams only stop if there are alighting or boarding passengers at a stop. This results in significant energy saving and more silent operation.

#### First-door-boarding system

In order to realize fare revenues with a higher efficiency, from 2 June 2009 we started applying the so-called first-door-boarding system. As a consequence of the continuous monitoring, the revenue of the company had increased and, simultaneously, the passenger traffic of the concerned services had diminished; accordingly, passengers who pay the fares can travel more comfortably and under better circumstances.

#### The Parameter Book of 2009

First of all, the document defining the basic features of our services prescribed the further development of the large network changes started in 2008. On the basis of the experiences, we had reorganized again the transport of some districts. Besides that, the route or schedule of a few services only was subject to minor changes in the course of the summer. Among others,



we implemented further amendments in order to refine the changes introduced in the 17th district in 2008, affecting the public transport network. The transport of a part of the Buda districts underwent a transformation, too. Examples are the buses No. 29 and No. 212. By the modification of the route of bus No. 29, Hűvösvölgy and Szentlélek tér received a direct connection to each other. By the extension of the route of bus No. 212, passengers intending to travel to the Svábhegy were provided with better possibilities of transfer-free travelling. As per the new parameter book introduced in two phases in 2009, new services had been launched with numbers 111, 129, 914A and 950A. The services of following numbers were abolished: 33A, 95 (its numeration has changed; the former service of No. 95A got back its original number 95), 139A, 141A, 190, 256, 969, 997. The duties of these services were assumed by the rest of the services, which necessitated route modifications at more locations. Buses No. 109 and 115 ran on weekday evenings as well. The 2nd district and the 17th district were affected by the greatest network changes.

### Serving programs and events

As an external partner, we offered assistance in the successful implementation of numerous programmes involving large passenger traffic, such as major passenger transport tasks requiring complex organization (e.g. the Hungarian national holiday on 20th August,

the Night of Museums, the Formula One Grand Prix Hungary or the Sziget Festival) and minor events involving less passenger traffic. On many occasions, we had contributed to the success of an event by only amending the route of our services, without launching special services.

### Tasks related to the reconstruction of the Margaret Bridge

On 21 August 2009, the reconstruction works – planned to be pursued for over one year – of the Margaret Bridge started. Both the trams of the Grand Boulevard and the buses running on that section can pass through the temporary tram tracks; in this way, the works do not cause major nuisances in the public transportation. Temporarily, the Margaret Island can only be approached from the Northern side by vehicle. Passengers aiming to travel to the island could use the bus No. 26 running on a shortened route and the bus No. 134 with a route extended to the Centenary Monument.

### Technical changes in the traffic

In 2009, bus lanes with a total length of 8,4 km were formed on 18 spots (routes), thus the total length of bus lanes in Budapest is 63,5 km. The first section was created where the bus lane received a coloured surface, highlighting the protected and distinct status of the lane.







# Investments and developments

In accordance with the practice of the past years, the Owner finances priority projects (new investments, reconstructions) directly and the Owner finances the value-adding renewals necessary for the operation by targeted investments support.

## The evolution of the investment activity

Relating to the improvement of the service standards of BKV Zrt., many projects are in a planning phase or already in the phase of implementation.

The construction of metro line 4 concluded the year with a financial performance of HUF 44.7 billion, the value of the technical performance is HUF 50.89 billion. The Municipality provided BKV Zrt. with a targeted depreciation compensation support of HUF 10 billion. In the first half of the year 2009, there was a residuum of HUF 2.9 billion of the targeted support of 2008, while in the second half of the year 2009, HUF 6.66 billion were realized of the targeted support of 2009.

## Priority investments

Despite the diverse ground conditions, the tunnel boring shields proceeded on the Pest side according to the expected timing and at some locations even faster. At the end of the year, the shields left Kálvin tér and the internal installation works on the Buda side could be launched. The construction works of the Kelenföld

bus garage could be initiated and also the track construction could be started westwards from the Danube. Within the scope of the superficial investments of the project, the following establishments reached completion: the underpass at Fővám tér, the Vámház körút and the Múzeum körút, the playground on the Fehérvári út. Simultaneously with the constriction of the works' area, one traffic lane at the Kálvin tér was given back to the cars. In 2009, also the decision on support was taken: the European Union provides HUF 181 billion to the construction of the first phase of metro line 4.

On the Buda side, the tracks of the light railway serving the boring shield were removed from the completed tunnels and the tunnels were surrendered by the structural workers to the companies developing the interiors. The design works of the track-bond art object at Szent Gellért tér had started, by breaking-out of the tunnel liner wall construction and by the amplification of the tunnel section. The construction of the external structures at the Kelenföldi pályaudvar station came to an end, all ceilings were subject to a load test in order, the redesigned structure of the out-take tunnel was constructed in the first half of the year. The structural works at the stations at Tétényi út, Bocskai út and Móricz Zsigmond körtér, which needed to be performed following the passing by of the shields,



were finished and the internal installation works were launched as well. The structures at the Szent Gellért tér station, which could be constructed before the shields, were concluded. The internal installation works in the station box structure began also here. On the Pest side, at the Fővám tér station, departing from the completed station box, the platform tunnels were constructed – with a freezing technique on the section under the Danube. The hydraulic engineering and canal construction works related to the station were concluded. The modified section of tram No. 2 – which had been sunk under the surface – was finished, just as the underpass at the Fővám tér where also the stop of tram No. 2 was accommodated. The structures at the Kálvin tér station, which could be constructed before the shields, were concluded, as well as the connecting tunnel of the metro line 3. The structural engineering works due before the arrival of the shield at the station Rákóczi tér were also finished; at this station there will not be any structural engineering works until the termination of serving the shield. The situation is similar at the station at the Népszínház utca; however, the structural engineering works were suspended at this station for the period of tunnel construction. At the Keleti pályaudvar station, the base plate had been finished, the construction of revetment walls is in progress and the base plate at the extracting object of art is being established. In connection with the track construction works in the tunnels and on the surface, the soil had been carried away from the vehicle yard; the supporting walls demarcating the area had been constructed, just as the major part of the utility pipings getting into the ground. The earthwork of the MÁV (Hungarian State Railways) crossover track had been concluded and the construction of the superstructure of the track had been launched. Listing the finished ones of the related investments, the construction of the pedestrian underpass at Fővám tér came to a conclusion and the underpass was released by the experts to the traffic in due time, along with the object of art and infrastructure of tram No. 2. The final roadway and the pavement surface had been finished on the Belgrád rakpart, at the Fővám tér (with the exception of the area in front of the Danube façade of Corvinus University) and on the Vámház körút. On this area a traffic technique – which is considered final – with bicycle lane had been developed. The structures reached completion in the course of the reconstruction of Kálvin tér pedestrian underpass, the traffic started on the new stair flights. The roadway bonding layer on the Múzeum körút had been finished, too, with a traffic conception also to be considered final. On the Buda side, related to the station at the Bocskai út, the renewed playground in Fehérvári út had been inaugurated. The authorization procedure of the second section of metro line 4 came to a conclusion already in 2008 and in November 2008, also the rail authority's establishing permit obtained for the establishment of the railway's

objects of art became effective after the coming into effect of the environmental permit in April 2008. In 2009, the observation of environmental protection regulations was verified monthly on site visits, on the basis of supplying of data defined in the accepted Action Plan. It was investigated whether the DBR Metro Project Directorate and the contractors have observed the rules and regulations of the environmental permit and the statutes in the course of the implementation of metro line 4 and whether the applied technologies and mechanical appliances meet the expected technical standard – which complies best with the aspects of environmental protection as well. The areas of investigation and the assessed orders and possible fines of the past period in the scope of authority of the environmental protection authority and of other organizations with environmental protection competency had been examined. It could be ascertained that the contractors dedicated even more intense attention to the environmental protection in 2009 than before. The DBR Metro Project Directorate and the authorities continuously monitored the observance of the occupational safety and environmental protection rules and regulations. In the proximity of stations, the karst water monitoring system, the groundwater and deep groundwater monitoring system, the building motion detector system and the noise and vibration monitoring system were in constant operation. The measuring units transmitted the data continuously to the central system. The comprehensive schedule of the project had been prepared and the monthly managerial monitoring system had been elaborated. The orders of the settlement procedure of contractors' claims had been created. In 2009, the planned project costs of the first section were HUF 366 billion and the planned project costs of the second section were HUF 167 billion (including the related investments on the surface). By the end of the year 2009, a total amount of HUF 178 billion was paid, of which HUF 176 billion were paid for the first section. The financial performance was tendered on the basis of the without-VAT payment data of the contractors' invoices paid in the fourth quarter of 2009. The amount of this financial performance was HUF 9.2 billion. The progression of technical performance was 50.9% by the end of 2009.

### **Developments related to the East-West metro line**

In 2009, the replacement of safety appliances was continued. Renewal works with an architectural character have been being carried out at the depot in Fehér út.

The test drive is in process in the course of vehicle replacement on the East-West metro line. The contracts for the modernization of technological appliances of the vehicle yard in Fehér út had been concluded. In December 2009, the implementation works of the operational technological appliances were completed; the railway car-wheel lathe and the line-feed lever for

the railway vehicles were acquired, installed and put into operation by the beginning of the year 2010.

### Other investments

Tram track reconstruction on the Grand Boulevard  
The first phase of the tram track reconstruction on the Grand Boulevard was completed in summer 2009. Within the scope of this project, the sections most strained by the past fifteen years' intense tram traffic between Blaha Lujza tér and Moszkva tér had been reconstructed. In the course of the works, primarily those arch track sections and crossings exposed to increased strain were renewed.

### Renewal of the Buda side quay

The tram track between Döbrentei tér and Batthyány tér had been renewed as well, related to the construction of the main sewer in Buda, a track with ornating pavers with an aesthetic finish had been set up. The speed restriction (slow-speed signal) of the trams had been abolished on the renewed sections. The normal traffic regulation became effective again with the completion of the works; the trams No. 19 and No. 41 serve again the entire line up to Batthyány tér.

### P+R

In 2009, as an improvement feature of suburban transport, new P+R facilities were established at Dunaharaszti and at Kerepes within the scope of local government investments. This contributes to putting a bigger emphasis on the intermodal way of travelling.

### Vehicle acquisition

#### Acquisition of Van Hool buses

The company acquired 32 used buses from Belgium.

The vehicles were put in circulation after remodelling (windows, air conditioner and placement of image elements). By this vehicle acquisition, the scarcity of vehicle capacity had been eased, and, at the same time, the number and proportion of state-of-the-art low-floor vehicles had increased. The buses of the new type got lodged in the depot in South Pest and they entered service in more phases on the bus lines in South Pest and Csepel. 54 obsolete, superannuated buses, which could not be repaired economically, had been discarded.

### Vehicle renewal and modernization

The renewal of buses and trolleybuses proceeded on schedule. We performed chassis modernization and general modernization from corporate investment resources to 48 buses (these modernization works were worth HUF 726.4 million) and to 10 pieces trolleybuses (these modernization works were worth HUF 48.6 million). The planned renewal of the tram fleet was completed according to the specified cyclic order. The modernization and safety reconstruction of the vehicles of the North-South metro line is continuous. In 2009, the transformation and modernization of the safety technology equipments of metro carriages was finished. On the whole, the number of value-adding renewals of railway vehicle was as follows: Metro and Millennium Underground Railway 58 pieces, suburban railway (HÉV) 45 pieces/15 trains, tram 52 pieces.

### Escalator renewal

The value-adding renewal of the escalators was performed as planned; there were general overhauls in case of 7 high-lift escalators and 2 low-lift escalators.



## Renewal of roads and stops

In the course of the metropolitan road renewals, a total public transport roadway length of 38 km was reconstructed and the complete reconstruction of 185 bus stops and 4 tram platforms and the renewal of 4 termini had been brought to a completion. During the coordination of renewals, we set high priority to the barrier-free design and to the adaptability to various types.

## Cooperation with the Hungarian State Railways (MÁV) on the Szentendre-line of the suburban railway (HÉV)

It can be deemed the forerunner of integration of rail-guided transport services in Hungary that the motor-coach trains of MÁV-Start ran on the track of the Szentendre-line of the suburban railway (HÉV) up to the Margit híd station while the Northern connecting Railway Bridge was being reconstructed. The reconstruction, which was launched in 2008, reached completion in spring 2009.

## Track reconstruction

- Replacement of the arch tracks on the section Moszkva tér – Blaha Lujza tér of the tram lines No. 4 and No. 6 on the Grand Boulevard, Phase I.
- Abolition of speed restrictions within 50-200 metres due to trajectory deviations on suburban railway (HÉV) lines.
- Track reconstruction with panel replacement on the sections being in the worst condition on tram lines No. 21, No. 12, No. 14.
- Track and connector replacement on tram lines No. 19 and No. 41, replacement of 21/52 distributor switches in the Török Flóris – Nagy S. J. streets.

- The most necessary track renewal works on the internal section of the Szentendre-line of the suburban railway (HÉV).
- Track reconstruction and warranty repairs on tram lines No. 62 and No. 69.
- Track renewal on tram line No. 18, on the Krisztina körút, on the section between Orvos utca and Döbrentei tér.
- Track reconstruction on the section between Nagyváradi tér and Elnök utca on tram line No. 24.
- Track renewal on the section Pongrác híd – Őrház stop on tram line No. 37.
- Track renewal on the section between Haller utca and Vágóhíd utca on tram line No. 21. In the course of this track renewal, a new track structure and a track with artificial turf had been established on two experimental sections.
- Renewal of the tunnel section of tram line No. 2 under the Chain Bridge.
- Track reconstruction in the Festetics utca on tram line No. 24.
- Panel injection and reconstruction works of the rail profile.
- Replacement of the crossing at the junction Róbert Károly körút. – Lehel út on tram lines No. 1 and No. 14.

## Other major infrastructural renewals

- Constructional works of the Szentendre-line of the suburban railway (HÉV).
- Renewal of the insulation of the metro's connecting tunnel at Deák tér.
- Replacement of the drain wiring on the North-South metro line.
- Replacement of 24 worn out overhead wire bearing columns on the basis of preliminary measurements.
- Replacement of the air conditioners on the 3rd floor and 4th floor of the dispatcher house at Szabó Ervin tér.
- Acquisition of a troubleshooting crane truck.
- Formation of a simulator and accommodation room at the vehicle yard in Fehér út.
- Renewal of the metro line installations and superficial connections (ventilation, engineering) of the metro stations.
- The most urgent tunnel insulations on the North-South metro line.
- The improvement of working conditions of the traffic service and technical service employees (procurement of instruments, modernization of terminus facilities and other facilities)
- Launching of the modernization of the trolleybus vehicle washing installation.





# EU projects

In 2009, the planning phase of several projects came to a conclusion and the duties related to the implementation came into view.

## Projects in progress

- Establishment of interconnecting tram network in Buda, Phase I. The basic purpose of this project is to form a completely permeable tram network in Buda and to reduce the number of transfers and travel time.
- Further development of tram lines No. 1 and No. 3, Phase I. The purpose of this project is to modernize the tram lines No. 1 and No. 3 and to extend the tram line No. 1 to Fehérvári út.
- EBSF European Bus System of the Future: The purpose of this project is to render the urban bus transport more attractive – and more cost-efficient regarding the operation –, by the application of new

solutions and technologies in the field of buses and infrastructure.

- Development and modernisation of traffic control and the passenger information system.
- Launch of a new bus corridor to Rákoskeresztúr.

## Projects in decision-preparing process

- Establishment of interconnecting tram network in Buda, Phase II. The purpose of this project is to establish a quayside tram line between Gellért tér – Lágymányosi híd – Budafoki út.
- Renewal of tram line No. 42 and the extension of this line to the Havanna and Gloriett residential areas.
- The improvement of the transport on the Danube. The purpose of the projects is port development, with the modernization of the existing ports; construction of four new ports and the creation of a crossing area for ferries between the city centre of Budafok and Színesfém utca in Csepel.



# Operation

## Acquisition and logistics

In 2009, the BKV Zrt. conducted 149 public procurement and 297 competitive tenders. The total value of the contracts concluded for the acquisitions is HUF 52.9 billion.

26124 orders with 100596 items were placed in 2009. 7235 items of these are individual orders. The total value of orders is HUF 40.723 billion.

In 2009, a quality management system was established for all workflows of the Acquisitions' and Contracts' Office responsible for the procurements and acquisitions of BKV Zrt. As a result of this work, upon the outcome of the successful Certification audit completed on 18 December 2009, the division was awarded the compliance certificate of the International Quality Management Standard MSZ EN ISO 9001:2009.

The logistics manages a stock worth about HUF 3100 million, in 25 warehouses.

## Technical operation

Technical Operation Department is the Technical Directorate's largest unit. Its main duty is to ensure the economical, safe and secure operation of the vehicles and infrastructural appliances in the ownership of BKV Zrt. and the technological background necessary for this.

Owing to the emerging new tasks, in 2009 the Chief Engineer's Office for the Metro Reconstruction and Operation was established. This office manages the activities related to the reconstruction of metro lines M2 and M3 and some actions related to the operation (e.g. civil defence duties, maintenance of air conditioners, operation of the appliances of mechanical engineering and escalators, management of failure reports due to technical reasons) separately.

## Operation support

Operation support is also centralised. The Chief Engineer's Office is responsible for the maintenance and operation of the offices, facilities, buildings of the company. (It means 32 sites, total area of real estates: 1,200,000 m<sup>2</sup>, total built useable floor area: 275,000 m<sup>2</sup>, 59 transformer buildings (21,800 m<sup>2</sup>), 136 buildings at the termini and stations on the HÉV lines (7,900 m<sup>2</sup>), for the maintenance and operation of the depots of the rubber-tyred branch and of the office buildings.

The operation support involves the management of the

project for improving social and work conditions and the implementation of the tasks related to the changes contained in the Parameter Book.

In 2009, we transformed the operation of the vehicle fleet used for the internal service of the company. At present, we provide the divisions with about 160



vehicles within the frame of fleet management. The contract for the leasing and fully comprehensive operation of the BKV Zrt's passenger car fleet and fleet of trucks with a maximum total weight of 3.5 tons and for the acquisition of the vehicles of the same categories being in the ownership of BKV Zrt. was concluded in the course of a public procurement procedure. The number of the leased vehicles is 148.



# Sales, Fare Revenues

## Fare revenues

The prices of public transport are maximised by the regulatory authorities, therefore the Company cannot decide on its ticket and pass types alone: the fares are decided by Budapest Municipality. The Company can form its tariff policy, or make proposals for fares or amendments in the fare structure, only within the framework specified by the Municipality's regulation on pricing. Budapest Municipality approved the prices effective from 1st January 2009 on 18th December 2008. The average 7.9 % tariff increase had to be completed in one phase from 1st January 2009.

The Assembly of the Budapest Municipality launched the 'Budapest pass' on 1st January 2009. It replaced a former, separate type of BKV pass and a more expensive Budapest Unified Pass (BEB pass) which entitled the holder to use certain trains and conurbation buses within the boundaries of Budapest. Now the customers can use the services of BEB pass with the Budapest pass.

With July 2009 the Parliament raised of the VAT rate from 20% to 25%. As the prices of BKV were defined in gross value, this would have had an unfavourable effect on the fare revenues of the Company. This is why on the session on 3rd June 2009 the Assembly of the Budapest Municipality raised our prices by 4.2 % on the average in its Regulation of 29/2009. (VI.12.) The local transport prices – in case of BKV it means the tickets and passes for suburban railway, moreover the conurbation tickets and passes – were also raised by Ministry of Transport, Telecommunications and Energy in its Regulation of 34/2009. (VII.6)

In terms of revenues the year 2009 didn't come up to expectations. The world economic crisis started at the end of 2008 – partly because of the jobs lost – made its impact on transport services' demand. This was perceptible in case of all national local transport operators which can be seen from the usually agreed data organized by Budapest Transport Association. From the statistical data produced by 6 national cities including Budapest it appeared that sales number of BKV Zrt. was among to the least bad data.

As a consequence the originally budgeted HUF 53.58 billion net fare revenue and the HUF 17.23 billion price supplement proved to be unachievable. In the beginning of the year perceiving the progresses the management of the Company reassessed the situ-

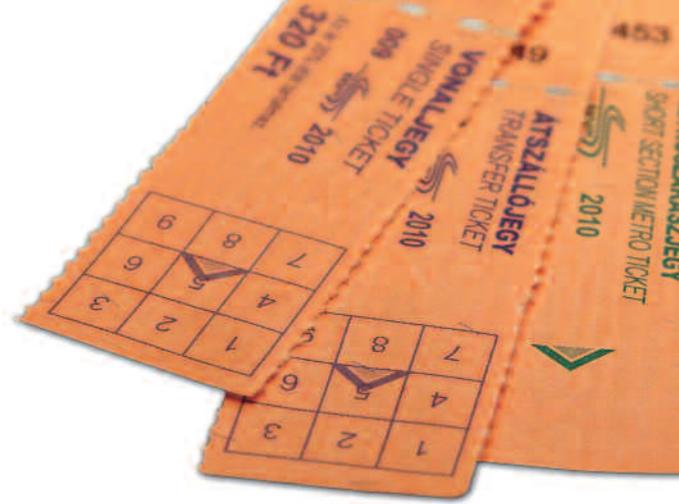
ation and defined the HUF 51.022 billion fare revenue and HUF 16.88 billion price supplement as targets in the Business Plan – considering the raising of VAT. As the price supplement items are defined in gross value, the effect of VAT rising becomes visible in the decreasing of revenues. The new plan calculated on this effect.

However, the economic progresses due to the crisis and the unfavourable general feeling around the Company didn't enable to perform the decreased targeted plan, the fare revenue was 0.9% less than the planned value. The freezing of incomes had partly settling-technical reasons, too, because the monthly passes can be bought with any starting date. Because of this so-called sliding validity the incomes of the passes bought in December have to be delimited pro-rata for the next year.

In case of the passes sold by the resellers, the date of sales isn't known; that's why it is recorded in the system on the day when the partner accounted. At the end of the year 2009, the delimitation deriving from this was bigger by more than HUF 200 million than it was in the previous year.

The state price supplement for the preferential tickets and passes was unchanged during the whole year. In case of local passes on the gross level of 2006, in case of regional fares the items defined in 2007 remained valid. The amount disbursed to fund free trips is established by the Minister of Transport, Telecommunications and Energy. This amount was raised by 4,5% in 2009. The price supplement closed the year 2009 with a marginal, 0.1% deficit (i.e. HUF 17 million).

The Company did its best to extend the ticket- and pass selling facilities. In 2009 65 ticket offices operated, out of which 6 were open only periodically. Parallel to this 264 ticket vendor machines (out of which 105 pieces are modern machines with touch screen) 1340 resellers and 12 big partners also selling passes served our passengers. 19 ticket offices and 24 ticket vendor machines provided the possibility of paying by credit card. We delivered the passes free of charge to the customers who bought 10 or more passes by bank transfer.



## Surcharge claims and incomes

The levels of surcharges – as reflected by the current Regulation of the Assembly of Budapest Municipality – didn't changed significantly in 2009. The newly introduced possibility - that the surcharge paid on the spot (HUF 6000) can be paid afterwards, within 2 working days following the surcharge procedure – met with a very favourable reception. One-third of all persons who paid their surcharge in the BKV Surcharge office paid their fares afterwards with this option.

The non-payment of the prices for transport services supplied by the Company was influenced by several factors in 2009. Such factors are for example the world economic crisis; strike, social situation, deterioration of payment moral, the social 'acceptance' of fare evasion, the attitude towards BKV, and the effect of ombudsman statements. These factors made significant influence on both the surcharge procedures and on payment of surcharges legally due to the company. The payment difficulties and complaints presented almost 10% of receivables.

During this difficult period the Company tried to collect its surcharges effectively out of court or on the court, adhering to the rules of data protection, with the help of lawyer offices and with receivable collection com-

panies cooperating with lawyer offices. Parallel to the increased entrance ticket inspection, data survey and quality improvement of data recording, the methods of surcharge collection were unified, made more efficient and widened.

As a result of measures besides the reduction of the connecting cost level, the annual surcharge income plan performed (99.6%). Thanks to the new measures the receivables stock decreased, and improved its composition.

More and more people admit the legitimacy of surcharge procedure and give their personal data and contact details to the ticket inspector, taking advantage of the possibility of deferred payment. In this way, our Company and partners cooperating in collection become able to draw the passengers' attention to the payment of the surcharge through letter requesting payment in order to avoid further legal consequences. A new element was the letter requesting the payment of debt within 30 days so that the amount of debt doesn't increase by the penalty of delay and by the costs of procedure. In 2009, the Company made use of lawyer offices to help the collection of debts. Presently, one-third of all opened surcharge cases is treated by lawyer offices. In 2008, this figure was one quarter.



# Marketing, communications

As part of the social responsibility, BKV signed a cooperation agreement with the Metropolitan Roma Municipality (FCÓ) to facilitate the employment of underprivileged people.

The openness in communication announced in September 2008 evolved further for the sake of the transparent operation of the company. The past year was about the renewal and putting the company in order,

ing revenue, for example in July and August we gave 20 % discount for the surcharge-payers, launched a campaign against fare-dodgers and within the frame of a summer campaign we cooperated with the Adventure-park, providing the opportunity of reduced price entry fee to those who hold a valid BKV-pass.

One of our passenger-friendly innovations is the new slogan and logo and in the summer the passenger



as a result of this, the professional cooperation with the Budapest Police is still continuous.

In the spirit of CSR activities and the support of culture, a children's day and a drawing competition for kids with the title "I love BKV" were organized, in December we contributed to the decoration lighting of the capital and to the festive moods with a tram dressed in Christmas-decorations. We participated in the events of the summer and autumn Night of the Museums, joined the Day of Hungarian Song and organized the display of Amateur Artists at BKV.

We organized some marketing campaign for increas-

information was launched on the voice of famous actors and actresses on the Combino trams and on the route of bus family No 7.

As one of the manifestations towards our environment, connecting to the movement of 'I love Budapest', we cleaned the graffiti from the tram tunnels of Buda and Pest side and from the tunnels of Moszkva tér in the autumn.

We welcomed the visitors on the programs throughout the day of "Car-free day" that was held on Andrassy út on 19 September.

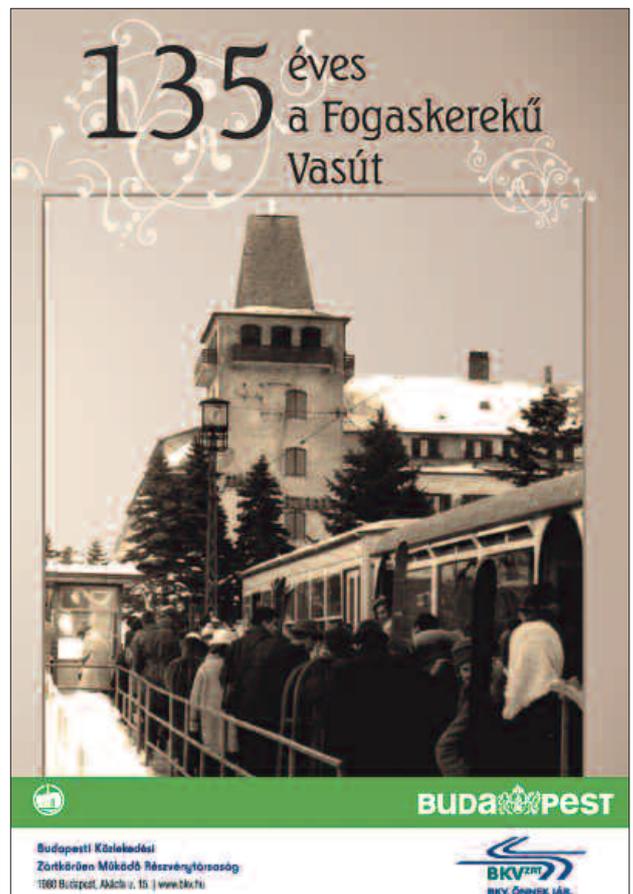
Our company considers as its priority task to give high

quality passenger information to the domestic and foreign tourists visiting our capital. On our website we placed information texts and program offers in a separate box for the tourists. Publications, leaflets, posters in foreign languages given to our tourist partners, and advertisements published in different media gave continuous information to visitors travelling to our capital.

In the spirit of preservation of the past values and traditions, a nostalgia tram service started to operate in Buda, on the line Hűvösvölgy–Kamaraerdő, on weekends, between 13 August and 27 September 2009. The special tram-car was welcomed by both the tourists and local citizens.

Parallel to the continuous renewal, the tradition preservation is also important for BKV Zrt. In 2009, the Company celebrated the 135th year-old anniversary of the cogwheel railway's existence.

The Company operates two museums: the Urban Public Transport Museum at Szentendre and the Millennium Underground Museum in Budapest. The museums took part in the biggest museum events with success in 2009 (Museum's Festival, Night of Museums, Museum's Autumn Festival, Great Drawing, Night of Museums in Autumn). Besides these, the visitors can see several periodical exhibitions, such as the stamp exhibition featuring the European public transport; photo exhibition giving a picture about the underground transport in Paris and Budapest and the exhibition at the Bocskai underground station under construction of M4 about Budapest transport before the underground constructions. Sometimes one of the museum vehicles can be seen as a nostalgic vehicle or at vehicle meetings during the year. In the course of Cultural Heritage Days, parallel to the museums the visitors can get acquainted with the technical values of BKV in other premises such as Kelenföld Bus Depot, Szépileány depot and at the cogwheel railway. In the museums, about 35 thousand visitors could see the historical values and museum vehicles of BKV, mainly during presenta-



tions and through museum-pedagogic activities. The internal communication activity of the Company was carried out through several forums. The weekly e-newsletter contains information about the actual company events, news, keeps the employees informed about necessary regulations and rules and also gives further information about entertainment and cultural facilities.

The monthly newsletter of the Company, 'In motion' magazine gave further possibility to walk around an actual and important topic, and to present the employees of the company and their weekdays. Among the company events, the Family Day has a significant role, which strengthens the feeling of connection in our employees.

# International relations

The role of the international relations is to help the core activity and the development of BKV Zrt. by gathering information on the trends and practices from foreign countries and by the exchange of experience. In practice it means a lot of translations, interpretations on negotiations, museum programs or, for instance, assistance at the purchase of Van Hool buses.

Besides monitoring the European policies concerning urban public passenger transport, we made a benchmarking about the ticketing systems of the European metropolises and for the current need of the Company in the topic of safety and security we collected

international examples for the usage of cameras as well as exchanged experience with European partner companies concerning the vehicle fleet.

BKV is a member of UITP (International Association of Public Transport) and participates in the work of its different committees. We keep continuous contact with this organization. UITP held its biannual world congress and expo in Vienna and thanks to the proximity of the Austrian capital, the representatives of BKV could also take part in it. We received several delegations of the public transport sector interested in Budapest e.g. from Wales, South Africa, Shanghai or Prague.



# Organisational Structure in 2009



# Statistical data

CAPITAL INVESTMENT AND FINANCIAL PERFORMANCE OF BKV ZRT. (HUF million)				
Description	Technical performance	2009		
		Corporate resource	Financial performance	
			2008	2009
<b>Major projects financed by the Municipality</b>				
Construction of metro line 4	50 892	0	0	44 736
Reconstruction of metro line 2	225	0	0	188
Replacement of the vehicle stock of metro line 2	940	0	0	847
Extension and development of tram lines 1 and 3, Phase I.	10	10	0	0
Extension and development of tram lines 1 and 3, Phase II.	0	0	0	0
<b>Total major investments financed by the Municipality</b>	<b>52 067</b>	<b>10</b>	<b>0</b>	<b>45 771</b>
<b>Corporate investments</b>				
Vehicle procurement	637	0	637	0
Reconstruction and modernisation of vehicles	5 775	1 342	1 493	2 963
Refurbishment of escalators	719	2	226	442
Track refurbishment	2 004	0	479	1 157
EU projects	177	0	98	21
Reconstruction of infrastructure	1 471	2	1 090	460
Contribution to the replacement of the vehicle stock of metro line 2	0	0	0	0
<b>Total corporate investments</b>	<b>10 783</b>	<b>1 346</b>	<b>4 023</b>	<b>5 043</b>
Procurement of low value assets, working clothes and uniforms and other items for purposes other than transport (Financed by the Company)				
Investment material	0			
Intangible assets	835	835		
Taking over without payment	944			
Other investments not planned in the investment plan	313	313		
<b>Total corporate</b>	<b>14 088</b>	<b>3 705</b>	<b>4 023</b>	<b>5 043</b>
<b>Total resources of corporate investments</b>		<b>12 771</b>		
<b>Total investment</b>	<b>66 155</b>	<b>3 715</b>	<b>4 023</b>	<b>50 814</b>
<b>Total resources</b>				<b>58 552</b>

OUTCOME OF BKV ZRT.'S DEBT (HUF million)						
Description	2008			2009		
	BKV Zrt.	Subsidiaries	BKV Group	BKV Zrt.	Subsidiaries	BKV Group
Bank credits and loan	60 915	134	61 049	73 529	130	73 659
Financial leasing	5 749	0	5 749	4 948	0	4 948
Letter of credit, bank guarantee, any other transactions with commercial effect similar to loan, expired suppliers' liabilities (not paid till deadline)	3 069	0	3 069	805	0	805
<b>TOTAL</b>	<b>69 733</b>	<b>134</b>	<b>69 867</b>	<b>79 282</b>	<b>130</b>	<b>79 412</b>

## BUSINESS DEVELOPMENT OF BKV ZRT., 2005-2009

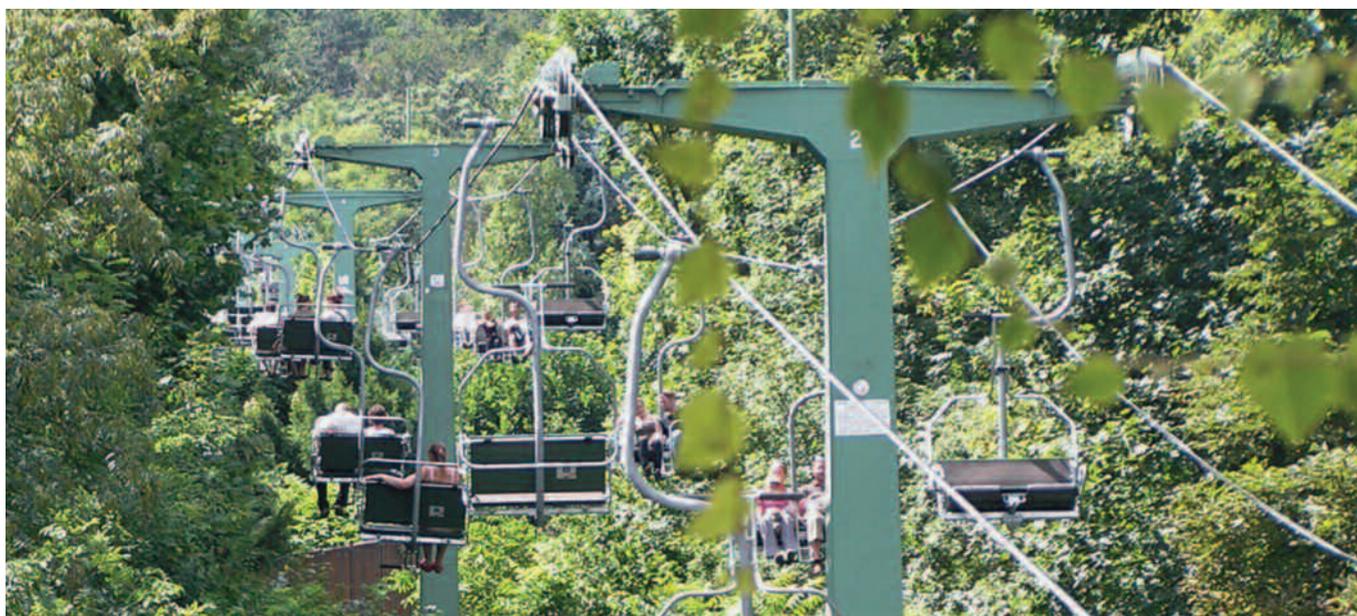
Description	Unit of measure	2005	2006	2007	2008	2009	Index to the year 2005
Number of passengers	Million passengers	1 314	1 281	1 298	1 308	1 267	96.4%
Passenger kilometre	million road km	5 576	5 442	5 513	5 545	5 361	96.1%
Space kilometre	Million space km	21 306	21 249	21 308	21 375	21 552	101.2%
Useful vehicle kilometre	Thousand vehicle km	179 519	179 000	176 225	175 669	177 415	98.8%
Hours of operation of vehicles	Thousand hours	11 252	11 367	11 020	10 776	10 961	97.4%
Average vehicle fleet	items	3 014	3 007	2 959	2 869	2 841	94.3%
Vehicle fleet in operation	items	2 329	2 330	2 250	2 202	2 200	94.5%
Space utilization	%	26,2	25,6	25,9	25,9	24,9	95.0%
Average number of personnel (total full time employees)	person	12 632	12 817	12 423	11 839	11 930	94.4%
of that: public transport drivers	person	4 700	4 818	4 873	4 888	4 980	106.0%
Loans (closing)	million HUF	59 550	62 752	67 186	60 915	73 529	123.5%
Total revenue	million HUF	83 300	107 287	106 443	120 953	110 828	133.0%
Total expenditure	million HUF	105 766	118 309	123 273	126 695	134 353	127.0%
Retained profit	million HUF	-22 466	-11 022	-16 830	-5 742	-23 525	104.7%

## PASSENGER SERVICE PERFORMANCE

Description	Type of vehicle	2008	2009	Index the base year
Number of passengers (thousand passengers)	Tram	333 067	325 135	97,6%
	Trolleybus	77 205	74 998	97,1%
	Bus	545 875	527 221	96,6%
	Suburban Railway	55 166	53 003	96,1%
	Metro	269 765	260 679	96,6%
	Millennium Underground	26 742	26 026	97,3%
<b>Total</b>		<b>1 307 820</b>	<b>1 267 062</b>	<b>96,9%</b>
Passenger kilometre (thousand passenger km)	Tram	917 886	895 967	97,6%
	Trolleybus	195 077	189 454	97,1%
	Bus	2 732 867	2 637 494	96,5%
	Suburban Railway	459 036	438 366	95,5%
	Metro	1 183 909	1 144 487	96,7%
	Millennium Underground	56 311	54 786	97,3%
<b>Total</b>		<b>5 545 086</b>	<b>5 360 554</b>	<b>96,7%</b>
Average travel distance (km)	Tram	2,76	2,76	100,0%
	Trolleybus	2,53	2,53	100,0%
	Bus	5,01	5,00	99,8%
	Suburban Railway	8,32	8,27	99,4%
	Metro	4,39	4,39	100,0%
	Millennium Underground	2,11	2,11	100,0%
<b>Average</b>		<b>4,24</b>	<b>4,23</b>	<b>99,8%</b>

## VEHICLE MANAGEMENT

Description	Type of vehicle	2008	2009	Difference or index to the base year
Average vehicle fleet (pieces)	Tram	607	605	99.7%
	Trolleybus	167	161	96.4%
	Bus	1 409	1 389	98.6%
	Suburban Railway	294	294	100.0%
	Metro	369	369	100.0%
	Millennium Underground	23	23	100.0%
<b>Total</b>		<b>2 869</b>	<b>2 841</b>	<b>99,0%</b>
Vehicle fleet in operation (pieces)	Tram	434	432	99.5%
	Trolleybus	117	111	94.9%
	Total buses	1 138	1 141	100.3%
	Suburban Railway	232	234	100.9%
	Metro	264	265	100.4%
	Millennium Underground	17	17	100.0%
<b>Total</b>		<b>2 202</b>	<b>2 200</b>	<b>99.9%</b>
Rate of availability (%)	Tram	71.5%	71.4%	-0.1%
	Trolleybus	70.1%	68.9%	-1.1%
	Bus	80.8%	82.1%	1.4%
	Suburban Railway	78.9%	79.6%	0.7%
	Metro	71.5%	71.8%	0.3%
	Millennium Underground	73.9%	73.9%	0.0%
<b>Average</b>		<b>76.8%</b>	<b>77.4%</b>	<b>0.6%</b>



## QUALITY-EFFICIENCY (TRAFFIC) INDICATORS OF THE PASSENGER TRANSPORT

Description	Type of vehicle	2008	2009	Index to the base year
Space kilometre (thousand space km)	Tram	4 148 888	4 193 041	101.1%
	Trolleybus	611 771	582 517	95.2%
	Own bus performance	7 735 408	7 801 470	100.9%
	Outsourced bus performance	613 971	671 181	109.3%
	Total buses	8 349 379	8 472 651	101.5%
	Suburban Railway	2 747 503	2 743 368	99.8%
	Metro	5 293 233	5 344 349	101.0%
	Millennium Underground	224 010	216 314	96.6%
<b>Total</b>		<b>21 374 784</b>	<b>21 552 240</b>	<b>100.8%</b>
Useful vehicle kilometre (thousand km)	Tram	28 049	28 531	101.7%
	Trolleybus	6 199	5 950	96.0%
	Own bus performance	84 439	84 947	100.6%
	Outsourced bus performance	8 061	8 883	110.2%
	Total buses	92 500	93 830	101.4%
	Suburban Railway	18699	18 673	99.9%
	Metro	29 037	29 287	100.9%
	Millennium Underground	1 185	1 144	96.5%
<b>Total</b>		<b>175 669</b>	<b>177 415</b>	<b>101.0%</b>
Hours of operation (hour)	Tram	2 092 740	2 124 631	101.5%
	Trolleybus	545 376	526 898	96.6%
	Own bus performance	5 495 786	5 606 703	102.0%
	Outsourced bus performance	518 718	549 646	106.0%
	Total buses	6 014 504	6 156 349	102.4%
	Suburban Railway	847 468	845 610	99.8%
	Metro	1 201 503	1 234 134	102.7%
	Millennium Underground	73 914	73 406	99.3%
<b>Total</b>		<b>10 775 505</b>	<b>10 961 028</b>	<b>101.7%</b>
Hours of operation of rail-bound vehicles	Tram	1 379 846	1 406 129	101.9%
	Suburban Railway	191 233	194 202	101.6%
	Metro	213 418	219 063	102.6%
	Millennium Underground	73 914	73 406	99.3%
<b>Total</b>		<b>1 858 411</b>	<b>1 892 800</b>	<b>101,9%</b>

## AVERAGE PERSONNEL HEADCOUNT

(person)

Description	2008	2009	Index to the base year	Headcount 31.12. 2009.
1. Economic managers	323	320	99.1%	317
2. Employees with university or college degree	295	318	107.8%	319
3. Employees with other higher and secondary education	1 129	1 092	96.7%	1 075
4. Administrative office employees	504	494	98.0%	473
<b>Total white collars (1+2+3+4)</b>	<b>2 251</b>	<b>2 224</b>	<b>98.8%</b>	<b>2 184</b>
5. Employees working in the service without assistant drivers	943	942	99.9%	950
6. Agricultural employees	0	0	0.0%	0
7. Industrial, construction employees	2 979	3 024	101.5%	3 003
8. Machine operators	592	569	96.1%	548
9. Employees without training	186	191	102.7%	185
<b>Total blue collars (without drivers and assistant drivers)</b>	<b>4 700</b>	<b>4 726</b>	<b>100.6%</b>	<b>4 686</b>
<b>Total full-time employees (without drivers and assistant drivers)</b>	<b>6 951</b>	<b>6 950</b>	<b>100.0%</b>	<b>6 870</b>
Drivers				
Tram drivers	911	895	98.2%	914
Trolleybus drivers	335	322	96.1%	312
Bus drivers	3 151	3 238	102.8%	3 333
Suburban Railway drivers	124	132	106.5%	144
Mill. Underground drivers	68	64	94.1%	68
Metro drivers	242	254	105.0%	255
Total public transport drivers	4 831	4 905	101.5%	5 026
Metro assistant drivers	57	75	131.6%	64
Total public transport drivers and assistant drivers:	4 888	4 980	101.9%	5 090
Total blue collar workers ( 5+6+7+8+9)	9 588	9 706	101.2%	9 776
<b>TOTAL FULL-TIME EMPLOYEES</b>	<b>11 839</b>	<b>11 930</b>	<b>100.8%</b>	<b>11 960</b>
TOTAL NOT FULL-TIME EMPLOYEES	317	347	109.5%	195
of that learner driver	58	109	187.9%	99
Other physical workers over 60 hours	163	171	104.9%	0
Other white collars over 60 hours	10	7	70.0%	0
Apprentices	229	221	96.5%	277
Pensioners	182	150	82.4%	150
<b>TOTAL</b>	<b>12 567</b>	<b>12 648</b>	<b>100.6%</b>	<b>12 582</b>

## FARES (HUF)

Description	From 1 January 2008 (20% VAT)	From 1 January 2009 (20% VAT)	From 1 July 2009. (25% VAT)
Single ticket	270	290	300
Transfer ticket	420	450	470
Discount coupon book (10 pieces of single tickets)	2 350	2 600	2 700
24-hour travel card	1 550	1 500	1 550
72-hour travel card	3 400	3 700	3 850
Seven-day travel card	4 000	4 400	4 600
Family ticket (for 48 hours)	2 000	2 100	2 200
Short section metro ticket	220	240	250
Monthly pass for employees*	8 250	9 000	9 400
Unified monthly pass for employees*	9 050		
Budapest monthly pass for students and for pensioners *	3 250	3 550	3 700
Unified monthly pass for students and for pensioners*	3 550		
Two-Week Budapest Pass*	5 300	5 950	6 200
Unified Two-Week Budapest Pass*	5 700		

\* As from 1 January 2009, the separation of BKV pass and BEB pass (Budapest Unified Pass) came to an end. Since then every Budapest pass offers the services of the former BEB. This means that within the administrative boundaries of the capital, the designated trains of national public railway and certain routes of the regional coach services can also be used.

## DATA OF THE TICKET AND PASS CONTROLS

Inspected number of passengers:	17 million persons
Checked number of vehicles:	1.6 million cars
Number of surcharge process reports	355 256 pieces
Number of on-the-spot surcharges	29 254 pieces
Number of subsequent pass-shows	40 627 pieces
Surcharge revenue	HUF 996 455 441
Commercial revenue of the Ticket Conductor Services of Suburban Railway (HÉV)	HUF 489 769 265

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**Customer Service phone number:** BKV-INFO (+36 1 258-4636)

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