

2005

ANNUAL REPORT

Budapest Transport
Closely Held Corporation



2005



ANNUAL REPORT



**Published by BKV Closely
Held Corporation**

H-1072, Budapest, 15, Akácfa Street

Responsible publisher: Ágnes Vitéz,
Head of Marketing Department

Designed by: Melitta Szabó

Photographs: Tamás Ferencz, Tibor Legát,
Melitta Szabó

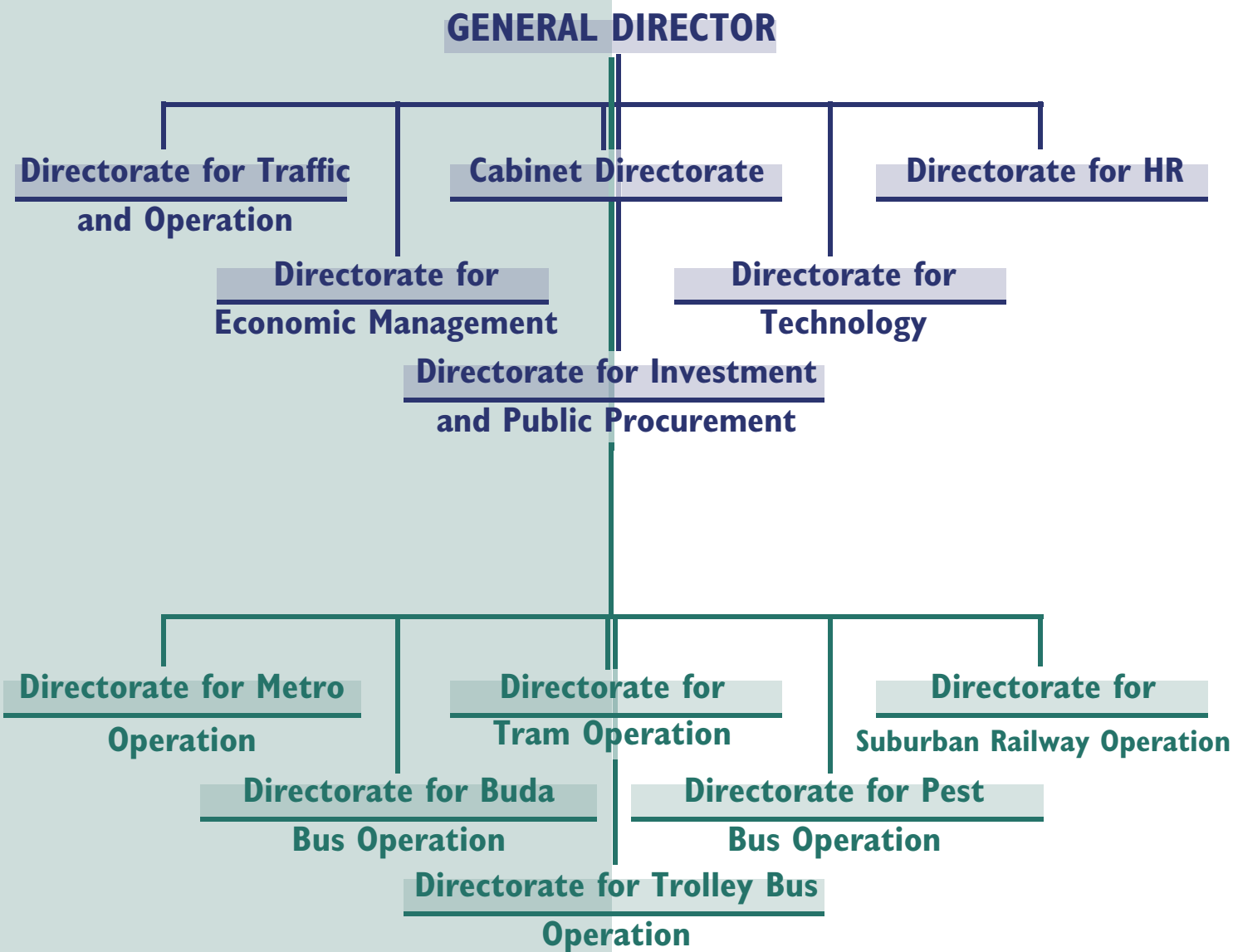
© 2006 BKV Ltd.

Contents

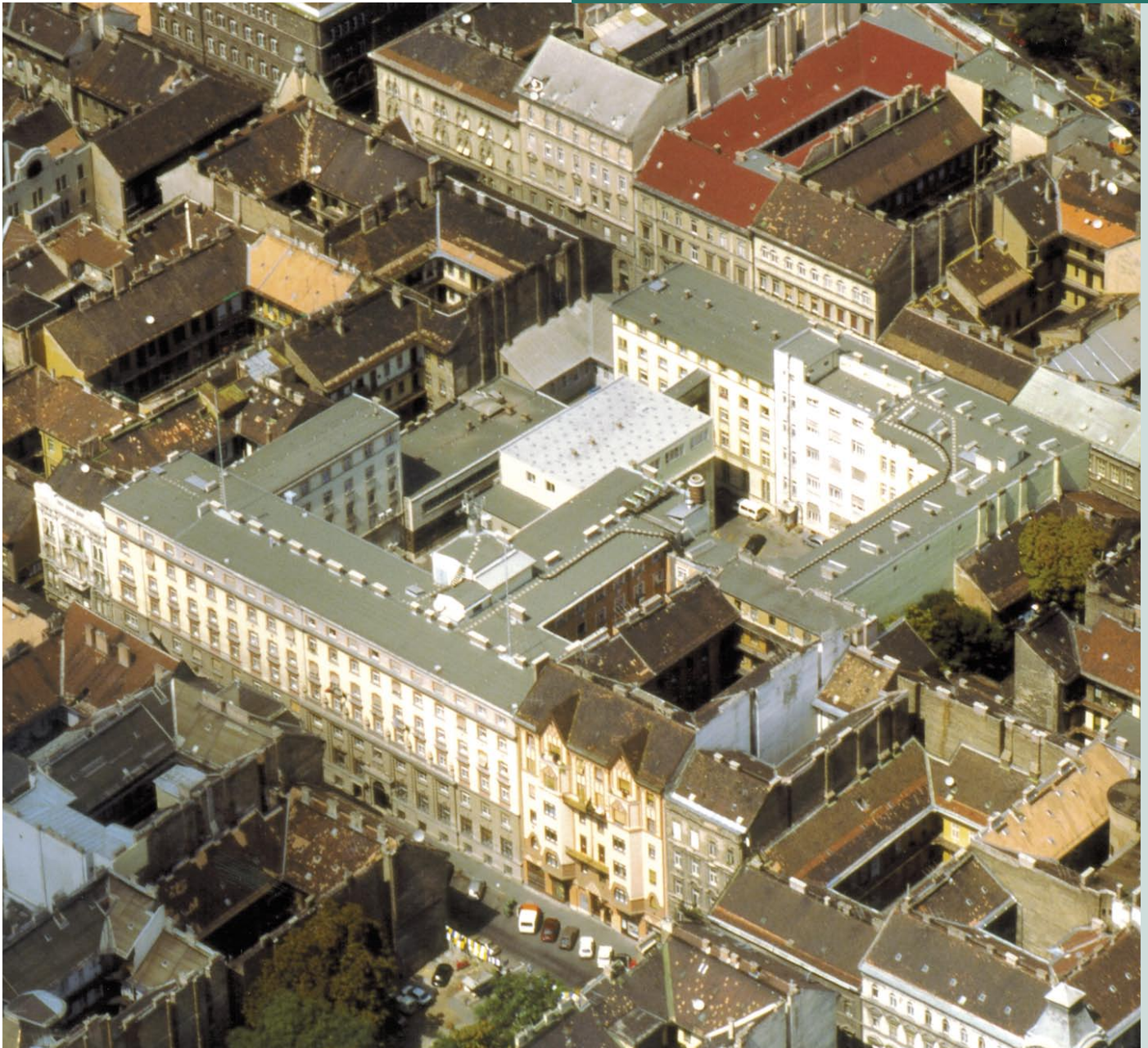
Organizational Structure	4	—
Core Activities of BKV Zrt.	8	—
Introduction	8	—
Balance	20	—
Profit and Loss Account	21	—
Cash Flow	24	—
Statistics	25	—
Closing Fleet of Vehicles	25	—
Operating Vehicles	25	—
Number of Passengers	26	—
Distribution of Place Kilometre		
Performance	26	—
Number of Stops	27	—
Circulation Speed	27	—
Average Fleet	30	—
Average Headcount by		
Employment	31	—
Network at the End of the Year	32	—
Fares	33	—



Budapest Transport Closely Held Corporation
Organization Structure at level of management



BKV Ltd.



Headquarters

The Headquarters of **BKV Ltd.** in **Akácfa utca** (street)

The neobaroque building was built as the headquarters of Budapest Capital Town Transport Ltd. (BSZKRT) in 1926. The facade of the building was designed by Wädler Gyula Professor of Budapest University of Technology and Economics. (Source: *One and a Half Century of Public Transport in Budapest*, Vol. 2)

50 More Volvo Buses Put into Service

The reformation of bus fleet continued in 2005. 50 more low-floor, air-conditioned, modern Volvo 7700A capable for carrying 163 passengers were purchased this way passengers can ride them on 15 routes. The traffic control of the whole Volvo fleet is coordinated by AVM (Automatic Vehicle Monitoring). Bus group 7 was also reformed, Volvo buses run on this route except for express lines.



BKV Ltd.

Budapest Closely Held Corporation – also taking legal predecessors into consideration – is a company going back to a more than 150 years past and having great technical knowledge. It played an important role in every era of Budapest transportation. The company operates 5 main branches (bus, tram, metro, suburban railway (HÉV), trolleybus) in an integrated system. Furthermore, it operates the funicular and the cog-wheel railway – primarily of a touristic importance. The vehicles of the company carry approximately 1.3 billion passengers. Most passengers were carried by the bus-branch (also carrying out the best performance), the metro and the Millennium Underground sharing 41.3% and 22% respectively from the size of the all-branch number of passengers, whereas 37.4% and 25.4% respectively



from the performance in terms of place kilometer. The total length of BKV-routes is 2,626.8 km in 2005, from which night services extend to 563.1 km. 224 bus lines (31 night service), 35 tram lines (including the cog-wheel railway), 14 trolley bus lines are operated, the number of metro lines is 3 and that of suburban railways is 5. The company had 12,632 full-time employees in 2005.



Introduction

BKV Ltd.



BKV Ltd.

BKV Ltd. is an active member of international organizations dealing with public transport. It is a member of the committees of UITP (International Association of Public Transport) below:

- European Union Committee and the Advisory Board of the Committee
- Metro Division
- Works Subcommittee of Metro Division
- Vehicles Subcommittee of Division
- HR Committee
- Bus Committee
- IT and Innovation Committee
- Transport-Economy Committee
- Light-rail Committee
- Transport and Urban Life Committee
- Marketing and Product Improvement Committee

The company is also busily involved in the work of the Alliance of German Transport Companies (VDV).



In March 2005, a workshop took place organized in cooperation with UITP dealing with the topics of “Legal Possibilities and public-utility contracts” and “The role of the local authority and the government” on the occasion of which internationally appreciated experts gave sessions.

International Affairs

BKV Ltd.

BKV LTD's activities are based on the **Service Contract** signed with the Capital's Municipality Council. An ever greater emphasis has been put on quality and regulations by law in addition to demands for quality.



The aim of BKV is to preserve its determinant role in city transport, to improve the quality of its services comprehensively as well as the image of the company. These efforts are supported by our programs which perfectly fit in the transport-philosophy of the EU countries: "the livable city – **sustainable mobility**".



The fulfillment of the requirements included in the **Law of Equal Opportunity** is also highly connected to the above thought. This way **50 new, articulated low-floor and air-conditioned Volvo buses** were put into operation on many routes with full-time service and at certain departure times on weekdays in spring 2005 during the procedure of the quality improvement of the service.

The company has fitted several stops to the altitude of the floor to make use of the low-floor running, the unobstructed boarding and getting off.

Six low-floor Ganz-Solaris-make trolley buses were put into operation in the summer of 2005 which serve passengers on downtown routes. Partly, lowfloor, air-conditioned Volvo buses are also operated on three subcontracted North-Pest lines.

BKV for Passangers


Statue of Theiresias at Kossuth tér Metro Station

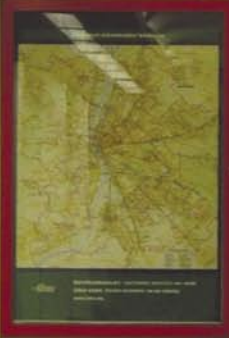
During the reconstruction work on metro line 2, Batthyány tér, Astoria and Keleti Pályaudvar Stations were reconstructed. These stations are similar to Kossuth tér, but all of them have their own characteristic “Budapest – image”.

At Kossuth tér Station a wall-montage shows the passenger the surroundings of the station and from 22, March a statue by sculptor Mátyás László Oláh can also be found at the station.

The young sculptor based his work on one of the BKV-pictograms.



 **Kossuth Lajos tér**



BKV Ltd.

The night service system has been renewed from September, 2005. The double-length - 444 km long - system now has 1,585 stops and the main characteristic features are the integration of buses previously operated

for employees, diametric lines crossing the city, the advantageous changing facilities. Passengers welcomed change. Meeting the demands of passenger traffic the busiest bus lines (7-73) have also been modified to ensure more smooth and steady traffic. As a result of the revision and rationalization of public transport in the South-Pest area some bus lines were modified this way enabling our passengers to reach their destinations much more comfortably.

New lines were launched, some routes were extended and interchange facilities also improved.



urban Railway (HÉV) was also renovated. Our most important traffic-organizational tasks rose from divers and replacements necessitated by reconstructions. Our company made efforts to ensure to replace the transport capacity and interchange facilities of metro line 2 and Szentendre Suburban Railway (HÉV) appropriately.

Budapest Transport Alliance (BKSZ/BTA) was formed and from 1st September 2005 a unified pass is available valid for trips on the vehicles of BKV, Volán and MÁV.

The program of privileging public transport continued in co-operation with the Municipality.



Development

BKV Ltd.

The income of the company totaled at HUF 83.300 billion and the investments amounted to HUF 105.766 billion, net profits were HUF -22.466 billion. Public transport is included in the official maximized price services, fares are established by the Capital's General Assembly. The company has a restricted possibility to work out its **fare policy** in accordance with the regulations for calculation of prices. The Capital's General Assembly made a decision on prices in force from 1st January, 2005 on 16th December, 2004. The average extension of price increase was 10% from 1st January, 2005, and from 1st July it was a further 5%.



The main goals of the **investment plan of 2005**: purchasing vehicles, reconstructions, building of metro line 4, as well as vehicle and rail reconstructions. Based on the demands of passenger traffic, we carried out an overall change on one of the routes on weekdays making use of purchasing vehicles, this way IK280 articulated buses run on this line, ensuring an increased capacity.

Further transportation-technologic solutions helped the smooth running of vehicles: program of traffic-lights were changed, specific driving out-, left- and U-turn possibilities, the solutions which – to avoid contravention of regulations, to overcome obstacles – were found with the help of the Company's traffic control experts and the police. The building of metro line 4 begins in 2006 exerting a great influence on the life of the capital.



BKV Ltd.

The financial circumstances and technological demands necessitated the effective and concentrated use of sources. The company carried out investments of HUF 17 billion along with the **investments** of the Municipal Council.

A project of the Municipal Council is the **reconstruction of metro line 2** within the scope of which the right-hand side tracks between Deák tér and Stadionok and the insulation of the left-hand side tunnel was finished. Keleti Pályaudvar, Astoria and Batthyány tér stations were reconstructed.

The reconstruction and the change of power supply and rail-safety equipments, the telecommunication and special mechanical equipments continued. Decision was made on changing the entire fleet for which the public procurement is in process.

The design of the **low-floor tram-cars** had finished, production started. Decision was made on building **metro line 4** in one item. Driving of the tunnel begins in 2006 after the closure of the public procurement procedure. As an own investment, the above-mentioned Volvo buses arrived and were put into traffic, 50 more new pieces were ordered by the company.



6 low-floor vehicles arrived being able to be operated from accumulator as the first item of exchanging trolley buses. The company started the procedure of ordering 10 more pieces. Planned reconstructions for maintaining the technological level of the fleet and escalators also began.

The company's big infrastructure projects also started in 2005 this way **the reconstruction of Szentendre Suburban Railway line (HÉV)** – expected to be finished in 2007 – also **began**.



BKV Ltd.

The reconstruction of track power supply and safety equipment in the area of Aquincum between Békásmegyer and Batthyány tér was carried out in spite of the initial difficulties. The terminus was reconstructed. Reconstruction of Hungária Tram Depot within the scope of **Siemens-Combino** Project also begun. The track system of the hall, the yard and the bows as well as the shunts in Sport utca were also reconstructed according to the operating conditions of Combino tramcars. **The power supply of the tram line along Nagykörút** was carried out with EU supports. With the reconstruction of the outer part of Bartók Béla út the renovation of this main line has been finished. **The track and the bow of trams heading for the depot at Kelenföld were reconstructed** within the scope of the reconstruction as well as the system of the overhead line and the hall. **To switch to a modern economic heating system**, a tram depot and two bus garages were modernized. This investment was carried out with EU support. **Building of tram tracks** were carried out in accordance with the company's and the municipal council's investments along the inner part of Bartók Béla út and on a part of Szilágyi út.



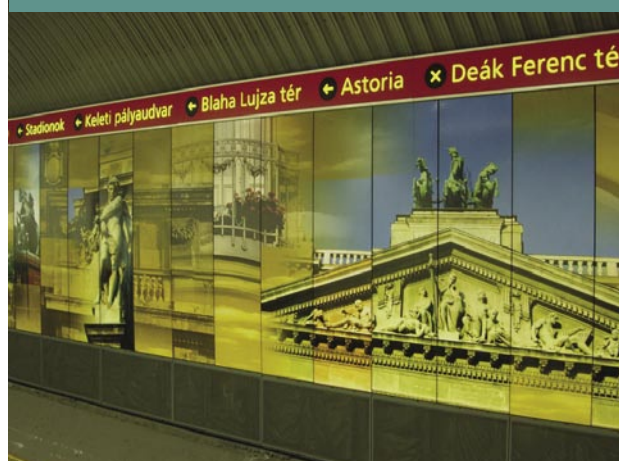
Reconstruction of the center of **AVM** traffic control also started. The **reconstruction of IK 412-type buses in terms of fire-protection** has been finished. Our aim was to prevent fire with the transformation of the construction of the type. The transformation cost HUF 277 million.



BKV Ltd.

When judging public transport, the traffic-organization, the condition of vehicles, the comfort and of course, the communication with passengers, our partners, the press and other opinion formers play an important role. The Company underlines the importance of the improvement and renewal of the quality of information systems, marketing and customer service. The aim of the company is that our passengers could get as many information as possible so that they can plan their journeys. Besides the brochures the homepage (www.bkv.hu) gives information and the mail system (bkvrt@bkv.hu) gives an opportunity for daily contact.

To coordinate and schedule the reconstruction of metro line 2 and the reconstruction of Szentendre Suburban Railway (HÉV) was the most versatile task in connection with communication and information. Getting information during the 10-week-long period of metro reconstruction and the 41-day-long period of Suburban Railway (HÉV)-Reconstruction was made possible by approximately 105 kinds of information board (mainly in Hungarian and in English).



People affected (citizens of Budapest, people living in the conurbation area, tourists) were continuously informed by means of regional and country-wide media, the FŐVINFORM and our homepage.

BKV makes an effort to get into contact with passengers not only while they are using our services but also at cultural and other programs.



Passenger Information

BKV Ltd.

The large-scale program called **“Poetry Fair”** was organized first in 2004. The success of the all-day program resulted in continuation increasing the number of programs. A **bronze-statue was erected** at Kossuth tér metro station in spring, 2005. We can observe the adaptation of one of our pictograms in the work of the young sculptor. The company organized an exhibition in cooperation with the Gallery of **Poetry in the metro** for the 100th anniversary of one of the greatest Hungarian Poets Attila József’s birth.



BKV Ltd. appeared at the annually organized **“Travel Exhibition”** again. The company appeared at the Capital’s Day without Car within the scope of **European Mobility Week** with a separate part of a street with the contribution of the foundation called “Generali for Security”. To increase the income and make the image of the company better the company initiated **campaigns and discounts**.



The communication about the sale of the yearly pass got a special emphasis. The improvement of transportation culture is continuously emphasized, and UTASTÉR Magazine designed for children serves also that aim. It has been published for many years and sold in 75,000 copies. Further actions have taken place in order to **reduce the number of fare-evaders** and to encourage people to buy tickets.

The company aimed to get significant surplus receipts in 2005 as a result of **the changes in the law of Employer’s Allowances**. The company called the attention to the tax allowance in connection with reaching the place of work.

Since February 6, 2006 the new name of the Company has been Budapest Transport Closely Held Corporation (BKV Ltd.). The change was necessitated by Act No. LXII/2005 §156 modifying the act on Capital Market, according to which Ltd’s have to have the disposal whether they operate closely or open and that has to be reflected in the name of the company.

Balance

ASSETS in Million HUF	2004	2005
A. TOTAL INVESTED ASSETS	238,169	271,578
I. Intangible assets	108	99
II. Fixed assets	236,362	270,326
III. Invested Financial Assets	1,699	1,153
B. TOTAL CURRENT ASSETS	7,843	10,673
I. Stocks	1,990	2,030
II. Receivables	5,378	8,358
III. Securities	167	0
IV. Liquid Assets	308	285
C. ACCRUED AND DEFERRED ASSETS	98	118
TOTAL ASSETS	246,110	282,369
RESOURCES in Million HUF		
D. SHAREHOLDERS EQUITY	112,678	102,084
I. Registered Capital	127,000	127,000
II. Capital Registered but not paid in		
III. Capital reserves	66,800	78,672
IV. Reserves	-54,730	-81,138
V. Bound reserves	16	16
VI. Reserve for evaluation		
VII. Net Profits	-26,408	-22,466
E. PROVISIONS	187	514
F. LIABILITIES	59,920	81,828
I. Back-rated liabilities	0	0
II. Long-term liabilities	32,256	52,305
III. Short-term liabilities	27,664	29,523
G. ACCRUED EXPENDITURES	73,325	97,943
TOTAL LIABILITIES	246,110	282,369

Profit and Loss Account

PROFIT AND LOSS ACCOUNT in Million HUF	2004	2005
I. Net sales receipts	59,330	62,434
II. Profit on activated own performance	3,231	2,843
III. Other incomes	8,263	17,590
IV. Material Expenditure	38,961	40,391
V. Staff related expenditure	42,035	46,158
VI. Depreciation	11,594	12,275
VII. Other investments	1,297	4,703
From this: depreciation	102	171
A. PROFIT ON (BUSINESS) OPERATION	-23,063	-20,660
VIII. Income from Financial Transactions	26	750
IX. Expenditures on Financial Transactions	5,122	4,666
B. PROFIT ON FINANCIAL TRANSACTIONS	-5,096	-3,916
C. USUAL ENTERPRISE PROFIT	-28,159	-24,576
X. Extraordinary Incomes	3,033	2,526
XI. Extraordinary Expenses	1,282	416
D. EXTRAORDINARY PROFIT	1,751	2,110
E. PRE-TAX PROFIT	-26,408	-22,466
F. AFTER-TAX PROFIT	-26,408	-22,466
G. RETAINED PROFIT OF THE YEAR	-26,408	-22,466



The Suburban Railway (HÉV) Terminus is Renewed

More than 100,000 passengers travel on the Szentendre Suburban Railway line. Time has come to reconstruct the line so between 25 July, 2005 and 4 August, 2005 the first item of reconstruction between Batthyány tér and Békásmegyer was carried out. Trains will be allowed to travel at the speed of 70 km/h as a result of re-building and reconstruction of the tracks. The power supply and the overhead-line system were also reconstructed. Modern electronic safety devices were installed on the line, automatic switch-heating was also installed. The stations were renewed this way the terminus at Batthány tér got a nice appearance.



Cash Flow

Cash Flow in Million HUF	2004	2005
1. Pre tax profit (ex-coupon)	-26,418,316	-22,466,365
2. Accounted depreciation	11,594,604	12,274,824
3. Invested assets	750,126	567,565
4. Accounted loss of value	500,492	541,935
5. Other loss of value	102,144	170,579
6. Difference between reserve generation and utilization	-306,866	326,516
7. Sales profit on invested assets	23,448	-195,071
8. Change of suppliers' and bill of exchange liabilities	2,372,912	2,093,561
9. Change of other short-term liabilities	149,821	908,050
10. Change in accrued expenditures	-2,878,251	-492,545
11. Change of customer's and bill of exchange liabilities	-481,092	-379,558
12. Change of current assets (without customer and assets)	-486,929	-2,811,743
13. Change of accrued and deferred assets	196	-19,936
I. CASH FLOW OF OPERATION	-14,811,742	-9,482,188
14. Purchase of invested assets	-23,546,900	-50,086,697
15. Revaluation of invested assets	76,144	171,250
16. Sales of invested assets	1,808	3,483,988
17. Received dividend	9,942	
II. CASH FLOW OF INVESTMENT ACTIVITIES	-23,459,006	-46,431,459
18. Bank credit	27,598,728	19,100,000
19. Other borrowings	73,213	142,450
20. Financial leasing		3,541,520
21. Received financial assets	10,724,397	36,982,909
22. Additional payment for share	-25,000	
23. Repayment of loans and credits	-30,336	-3,875,922
III. CASH FLOW FROM FINANCIAL OPERATION	38,341,002	55,890,957
IV. CHANGE OF FINANCIAL ASSETS I.-II.-III.	254	-22,690

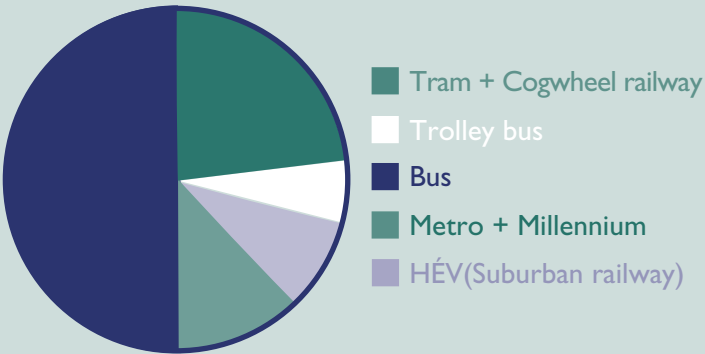
Statistics

Vehicle Fleet

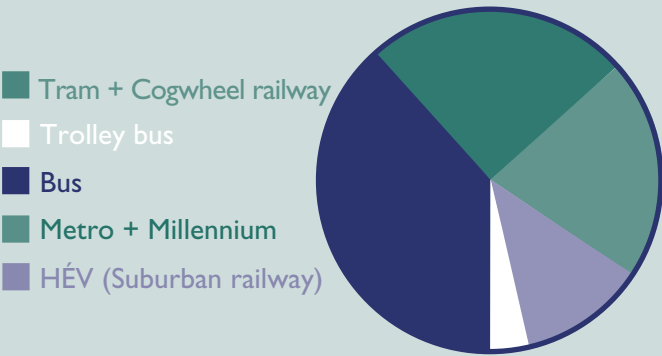
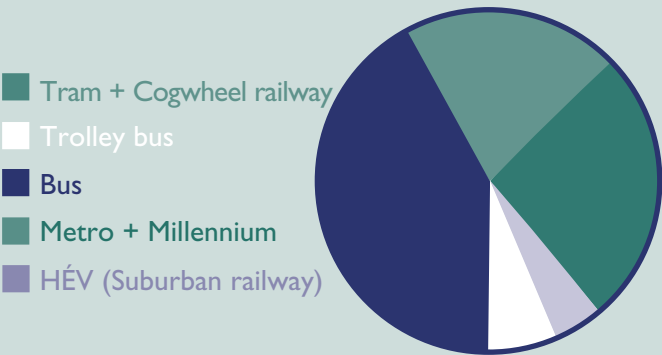
Denomination	Number of Vehicles
Tram + Cogwheel railway	725
Trolley bus	166
Bus	1,411
HÉV (Suburban railway)	294
Metró + Millennium Underground	392
Total	2,988

Operating Fleet

Denomination	Distribution %
Tram + Cogwheel railway	23.2
Trolley bus	5.3
Bus	49.4
HÉV (Suburban railway)	10.0
Metro + Millennium Underground	12.1
Total	100.0



Statistics



Number of Passengers

Denomination	Distribution %
Tram + Cogwheel railway	26.4
Trolley bus	5.9
Bus	41.3
HÉV (Suburban railway)	4.4
Metro + Millennium Underground	22.0
Total	100.0

Place Kilometer

Denomination	Distribution %
Tram + Cogwheel railway	21.2
Trolley bus	3.1
Bus	37.9
HÉV (Suburban railway)	12.5
Metro + Millennium Underground	25.4
Total	100.0



Statistics

Number of Stops

Denomination	2004	2005
Tram + Cogwheel railway	680	682
Trolley bus	278	281
Bus	3,550	3,679
HÉV (Suburban railway)	139	139
Metro + Millennium Underground	78	78
Total	4,725	4,859

Circulation Speed (km/h)

Denomination	2004	2005
Tram + Cogwheel railway	13.3	12.98
Trolley bus	11.6	10.96
Bus	16.1	15.29
HÉV (Suburban railway)	22.4	21.77
Metro + Millennium Underground	23.5	23.40
Average	16.5	15.91



New Trolley Buses the, of Line 76

The trolleybus fleet is being modernized. 30-years – old Soviet Zius are operated on many lines. The winner of the competitive tendering for their change is Ganz Solaris Trollino 12, a partly Hungarian production, 6 of which are operated on the streets of the capital. We can mainly meet them on route 76. The new single trolley bus is a modern, energy saving, low-floor vehicle and the driver’s cabin is air-conditioned. With its battery it is capable of being operated without power supply by which it is able to carry passengers even in case of overhead-line break or closings.

MŰKÖSZÖRŐS

76 BAROSS TÉR

604

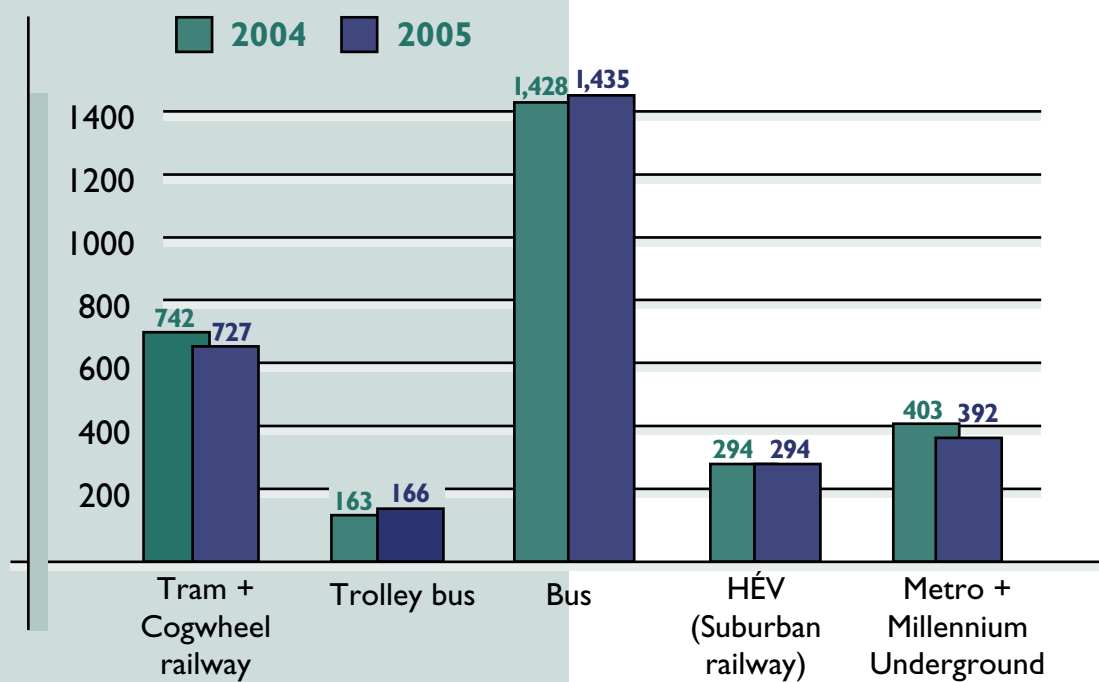
SOLARIS
GANZ



Statistics

Average Passenger Vehicle Fleet (unit)

Denomination	2004	2005
Tram + Cogwheel railway	742	727
Trolley bus	163	166
Bus	1,428	1,435
HÉV (Suburban railway)	294	294
Metró + Millennium Underground	403	392
Total	3,030	3,014



30



Statistics

Average Headcount by Employment Types (person)

Denomination	2004	Distribution %	2005	Distribution %
White collar employees total	2,519	18.6	2,525	18.6
Drivers and assistant drivers	4,649	34.2	4,700	34.6
of which: tram	795	5.9	810	6.0
trolley bus	328	2.4	338	2.5
bus	3,062	22.6	3,091	22.8
suburban railway	113	0.8	113	0.8
Millennium Underground	60	0.4	62	0.4
metro	232	1.7	230	1.7
metro assistant driver	59	0.4	56	0.4
Other blue collar employees	5,511	40.6	5,407	39.8
Blue collar employees total	10,160	74.8	10,107	74.4
Full time employees total	12,679	93.4	12,632	93.0
Other employees	895	6.6	945	7.0
Total	13,574	100.0	13,577	100.0



3



Statistics

Network at Year's End (km)

Denomination	2004	2005
Tram + cogwheel railway		
Construction length	154.1	154.2
of which:		
single track	3.9	3.9
double track	150.2	150.3
Track length	347.3	347.4
System length	247.1	246.2
Trolley bus		
Network length	66,3	66.3
System length	67.2	67.2
Bus		
Network length	784.5	794.9
System length	1,432.2	1,463.8
HÉV (Suburban railway)		
Construction length	102.9	102.9
of which:		
single track	27.3	27.3
double track	75.6	75.6
Track length (incl. industrial track)	239.5	239.5
Metró + Millennium Underground		
Construction length	34.8	34.8
Track length	92.3	92.3
System length	31.4	31.4



Statistics

Fares (HUF)

Denomination	from 01/01/2005	from 01/06/2005
Single ticket	160	170
Transfer ticket	275	290
Discount coupon book (10 pcs)	1,375	1,450
Discount coupon book (20 pcs)	2,650	2,800
One-day ticket	1,275	1,350
Tourist ticket (for 3 days)	2,550	2,700
7-day travel card	3,000	3,100
Weekend family ticket	1,920	2,040
Metro section ticket	115	120
Metro section transfer ticket	175	185
Metro transfer ticket	260	270
Combined monthly pass (full fare)	5,950	6,250
Combined monthly pass (for students and pensioners)	2,250	2,360
Combined 30-day pass (full fare)	5,950	6,250
Combined monthly pass (for students and pensioners)	2,250	2,350
Fortnight Pass	3,850	4,050
Budapest Combined Pass	from 01/09/2005	
Combined Pass for Employees		6,875
Combined Pass for Students and Pensioners		2,596
Combined 30-day pass for Employees		6,875
Combined 30-day pass for Students and Pensioners		2,596
Combined Fortnight Pass		4,455



2005

Contact:

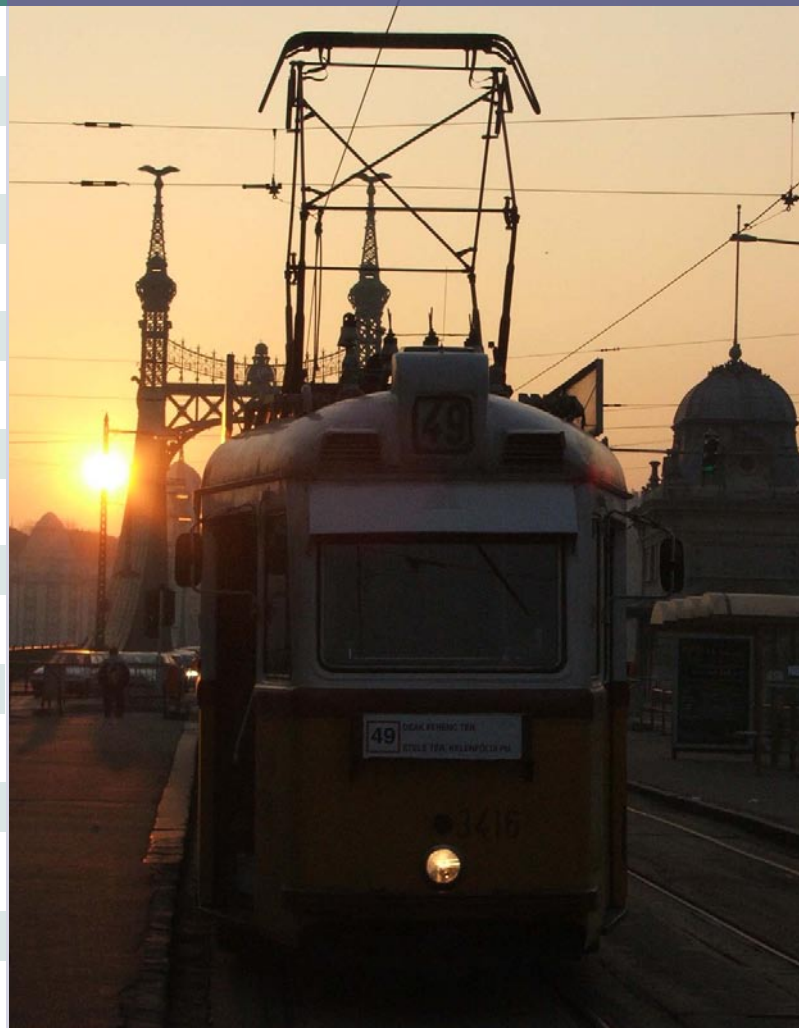
Postal address: H-1980, Budapest, POB 11

Headquarters: H-1072, Budapest,
15, Akácfa Street

Homepage: www.bkv.hu

E-mail: bkvzrt@bkv.hu

Phone number: 00 36 1 461 65 00



Budapest Transport Closely
Held Corporation



2005

ANNUAL REPORT

Budapest Transport
Closely Held Corporation

