Dear Reader,

As a result of our focused strategic efforts, Magyar Telekom successfully kept its leading positions on the Hungarian fixed-line, mobile, internet and ICT markets in 2014. Despite the uncertain macroeconomic and market conditions, our capability to retain customers strengthened, and we achieved major quantitative growth in this respect. We gradually improved our network and customer servicing potential, proactively exploiting different partnership models.

The changes of our external environment increasingly urge us to adopt new approaches in how we pursue our business and serve our customers. We continue our transformation along our strategic foci towards becoming a diversified service provider.

Under the partnership agreement we signed with the Hungarian government in February, our investment projects aim to ensure that high-speed broadband internet become accessible all over the country, as soon as possible.

It is our mid-term strategic goal to establish a more efficient, agile organization, to simplify our product and service portfolio, as well as to further rollout the automation of our processes. Anticipating the changes of customer demand, technological development and new business models, we deploy our new competences to obtain a leading role in providing digital services to homes for the benefit of both the consumer and our partners.

In addition to spearheading innovation, we are also a significant employer, as the Group employs more than 12,000 highly qualified employees in Hungary, and more than 100,000 people work for our vendors, including approximately 3,000 Hungarian small and medium-sized businesses.

Intensive use of new technologies and ICT solutions contributes to the improvement of people’s quality of life, efficiency of businesses and the international competitiveness of Hungary’s economy. In that context, we feel responsible for ensuring digital literacy and safer internet use among as many people as possible.
Accessibility of high-speed broadband internet is an important, but in itself not a sufficient precondition to achieving digital equality, which is one of the main goals defined by the partnership agreement. Most internet users in Hungary use only basic features and have reservations about online shopping, electronic transactions and other modern, but less known services. I find it to be of key importance that we increase awareness among consumers and cooperate with our partners with the aim to achieve that the number of users of such modern services in Hungary reach and exceed the average in the European Union.

The spread of digitalization is the goal of Telekom Okódigitalitás Program (Telekom SmartDigital Program), in the framework of which our employees volunteer to put to use their expertise to actively promote digital maturity, digital literacy, as well as safe and conscious internet use by children.

Volunteer work is not unfamiliar to employees of Magyar Telekom. As part of the Digital Bridge initiative, which had already been in place for 10 years in 2014, Telekom Okódigitalitás Program and other similar activities, 961 employees put in 8518 hours of voluntary work in 2014, which translates into a theoretical contribution of 38.4 million HUF.

Magyar Telekom employees are active and interested not only when it comes to volunteer work, but in other areas of sustainability, as well. As part of the hello holnap! point collecting plan attached to sustainability activities, 2146 employees collected a total of 5405 points through charitable team-building exercises, internal knowledge sharing, use of TeleBike and attending hello holnap! club events.

We strive to bring our sustainability initiatives closer to the everyday lives of our customers, that is why we developed the hello holnap! mobile application. The app regularly gives sustainability-related tasks to the user and rewards him or her by points in return for the tasks’ successful completion, which they can trade in for monetary donations to be made to NGOs on their behalf. By the application, we linked digitalization to social responsibility and donations. I am extremely proud that after close to half a year, more than 3000 people have downloaded the application.

By selecting T-Systems Hungary and its partner, Csepel as the winner of the BuBi tender, BKK chose the bike rental solutions used in our TeleBike system, which has been in place for years. In course of the project’s implementation, T-Systems Hungary provided system integration, data communication, certain software and transportation services, while Csepel Ltd. Co. delivered the bikes fit to the system and did the installation work.

By the development that we undertook, broadband internet can become accessible by all households by 2018, so that Hungary can achieve the objectives set forth by the Digital Agenda of the European Union earlier than the deadline, set by the document as the year 2020, and can thus be a role model to be followed by other member states.

Last September, Magyar Telekom won the most prestigious international recognition, so far, for its sustainability performance. Based on the sustainability-relevant assessment of their operations, Magyar Telekom won the third place among 108 telecommunication companies of the world in the report compiled by Oekom Research. According to the document, which also contains the ranked list of the world’s telecom companies, Magyar Telekom is on the third place from the aspect of sustainability, following its mother company, Deutsche Telekom and BT Group.

Regarding T-Systems, let me refer to another major success. In 2014, T-Systems Hungary was responsible for 14 285 tons of CO2 emission, including the emission generated by the total energy consumption of the data parks. The number is enormous. It equals to the annual energy consumption of close to 7000 cars or 1000 household in a year. T-Systems Hungary was the first in Hungary to set the goal of making the whole company carbon-neutral. T-Systems neutralized 14 285 tons of CO2 by buying and eliminating the relevant amount of Kyoto units, thus becoming the first carbon-neutral leading ICT provider in Hungary.

I felt great, when I learned about the above ranking, as no Hungarian company has ever achieved such a success in the area of sustainability. We beat the largest global telecom players of the world. That is a worldwide success for Magyar Telekom and the country, and it confirms the validity of our conscious efforts having been made for many years with the aim to ensure that Magyar Telekom contributes to the development of the society, the economy and the environment to an extent that is proportionate to its size.

Let me take this opportunity to emphasize that Magyar Telekom remains committed to the 10 principles set forth by the Global Compact in the areas of human rights, environmental protection and anticorruption, the achievements related to which are also included in the report.

So, what does the future hold for us? In 2015, we embark upon a task that is totally new for us, but is closely related to sustainability. As the ultimate step made towards establishing closer cooperation among units working within the corporate Group, but so far at different geographical locations, we will move to a new headquarters building in 2018. In course of the related design and construction work, sustainability is always considered as an important aspect, whether we focus on the building, the spaces, usefulness of features or energy supply.

I trust that despite the changing circumstances and the continuously emerging challenges, my colleagues will not only keep the pace amongst the competition on the market, but will create permanent value that will stand the test of time. I will support them in that in the spirit that we lead today and we will lead tomorrow.

Christopher Mattheisen
Chief Executive Officer
Budapest, June 18, 2015