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ANNUAL REPORT



2020

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Ilona Dávid
Chairwoman
GYSEV Zrt.

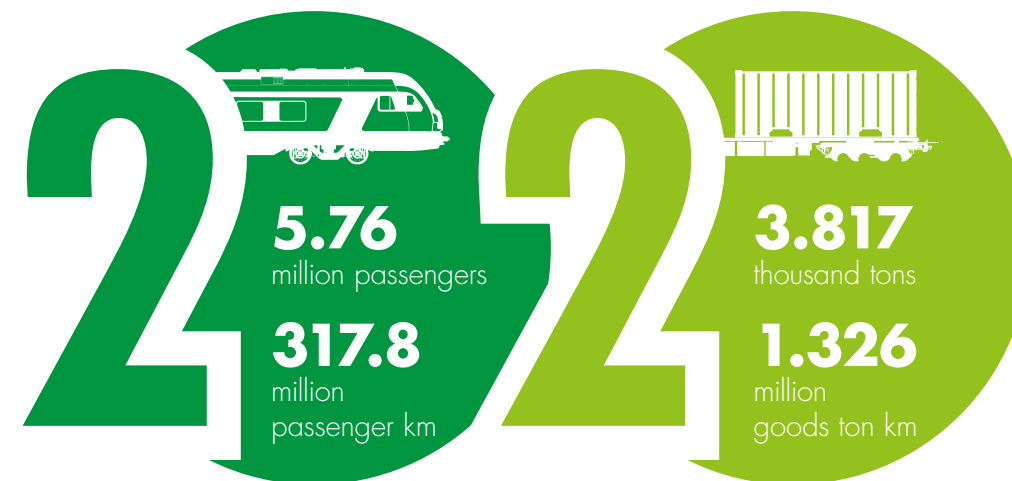
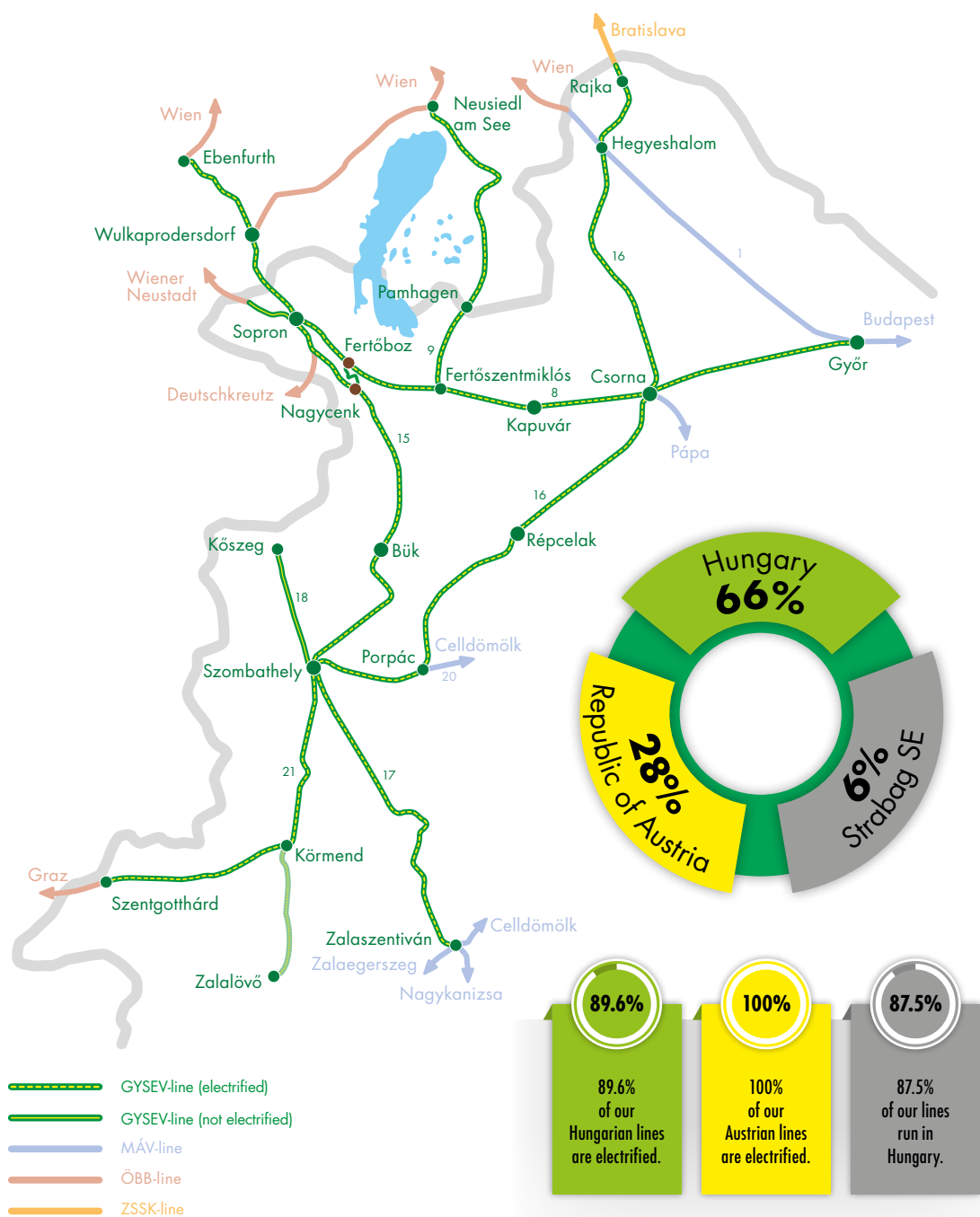


Szilárd István Kövesdi
Chief Executive Officer
GYSEV Zrt.



János Boda
Chief Executive Officer
GYSEV CARGO Zrt.





The year 2020 was an extraordinary year in the world, in Hungary and at GYSEV too. The coronavirus pandemic has left its mark on the operation of the railway company. The main challenge was to successfully cope with the uncertainty of new circumstances, in an environment that is changing from one day to the other.

It is a significant result that we have maintained our operability, adapted in a timely and appropriate manner to the new situation and to the constantly changing legal environment.

It is important to highlight the stable background we provided to our employees, thereby maintaining the livelihood of families. We did not stop to look ahead also during the pandemic and carried out significant investments and developments.

Pillars of the successful adaptation to the pandemic situation:

A Pandemic Management Group was established and operated in order to provide internal regulations for the management of emergency situations at GYSEV and to be able to take rapid, coordinated measures.

Human Resources Management measures taken in order to keep the workforce and create a healthy and safe work environment:

- The introduction of Home Office as a new form of work, which has significantly reduced the number of personal meetings.
- We have changed the work schedules in order to reduce the number of employees working together at the same time.
- Some of the employees in the hospitality sector were employed part-time to overcome the forced downtime, which was supplemented by a state wage subsidy.



- In the case of areas where it was impossible to work, we ensured further employment by staff reallocation.
- Employees affected by COVID-19 were provided with a PCR test at the company's expense in order to return safely to work.
- In order to get the annual amounts requested for the SZÉP Card as soon as possible, they were allocated in full to the employees in June.
- In 2020, we were awarded the title of Family-Friendly Workplace, which confirms that our company pays special attention to reconciling family, private and work duties. Moreover, we have increased the number of days of supplementary leave granted to fathers for the birth of their child.



- All employees received a higher amount in the form of a lump sum year-end benefit in recognition of their outstanding efforts and loyalty.
- In 2020, the amounts paid for awards increased too.

Further measures:

As a transport company, we also had to create the conditions of safe travel for the passengers by applying the latest disinfection procedures and carrying out regular and frequent cleanings at our stations, stops and on board the trains as well as by providing appropriate protective equipment and ensuring the adherence to safety measures.

Since the appearance of the coronavirus in Europe, we have increased the frequency of

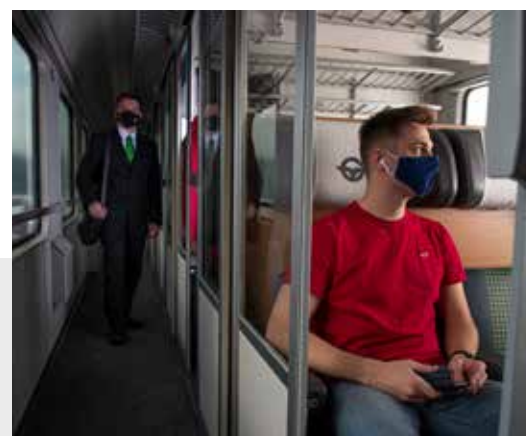
cleaning in passenger rail vehicles, and our staff is constantly disinfecting passenger cars and multiple units. On surfaces that regularly come into contact with the hands of passengers (handles, handrails, side tables, armrests, waste collection lids, lavatory surfaces, exterior and interior door openers), a special chemical containing an antiviral agent is applied.

Soap containing an antiviral chemical is used in all passenger railway vehicles in which a liquid soap machine is available.

In the locomotive workshops of GYSEV Zrt. and MÁV-START Zrt., complete disinfection is performed on the locomotives every time, and locomotives running in international traffic receive special disinfection in Vienna. There is also a continuous manual disinfection in the locomotive driver's cab with an antiviral chemical.

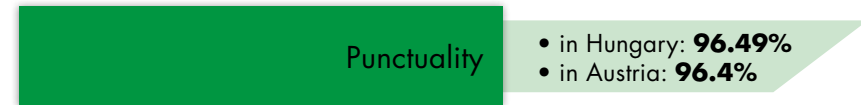
Two ozone generators help to disinfect the rail cars and multiple units we deploy. The ozone produced by the equipment cleans the air of vehicles: ozone gas destroys viruses and bacteria with extreme efficiency through a chemical process. Disinfection of railway vehicles is carried out at Sopron and Szombathely railway stations in compliance with the strict regulations relating to the treatment with ozone.

We use alcoholic surface cleaners in the working areas of GYSEV. Cleaning staff perform alcohol disinfection on handles and handrails several times a day, with special attention to common areas. In addition, daily washing is also done with an antiviral disinfectant chemical.



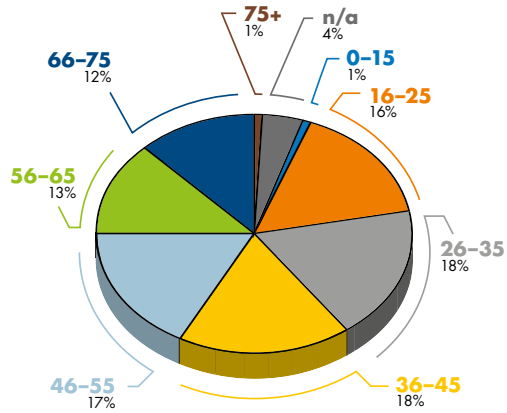
Mission and vision

GYSEV is a dynamically developing and modern integrated railway company that provides high-quality and complex public transport services in its operational area, in western Hungary and eastern Austria. Our aim is to increase the demand for public transport in Western Transdanubia by stimulating commuter and touristic traffic and providing quality passenger transport services which are tailored to the needs of the passengers.

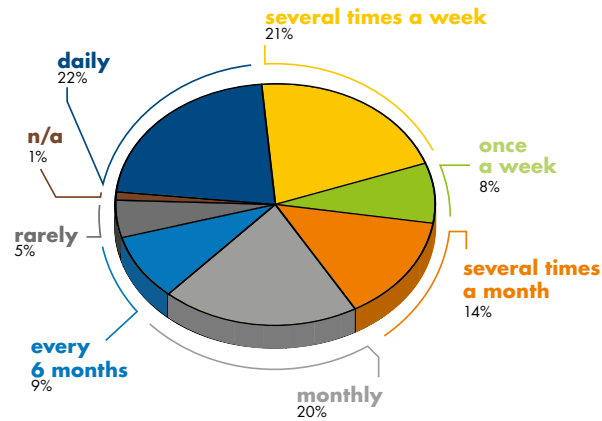


based on a 2020 online survey

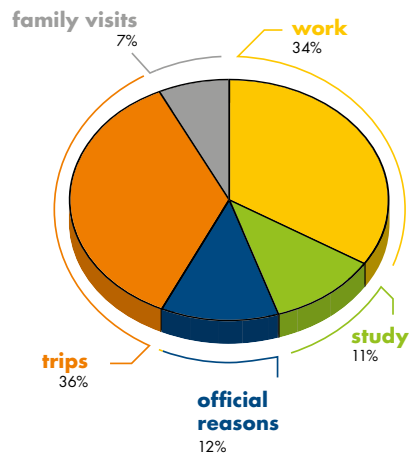
AGE OF GYSEV TRAVELLERS



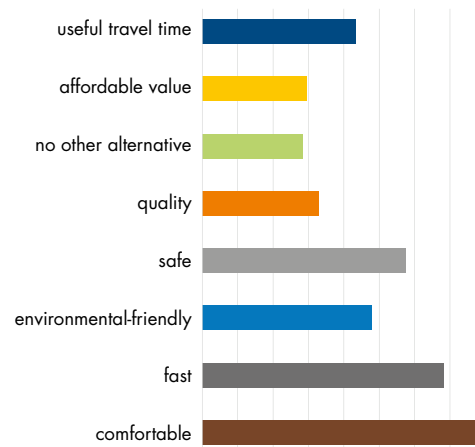
FREQUENCY OF TRAVEL



PURPOSE OF TRAVEL



BENEFITS OF RAIL TRAVEL



- Clock-face schedule, attractive travel times
- Combined tickets
- WLAN in the trains and at stations
- On-board and mobile passenger information
- FLIRT multiple units
- Raabercity trains
- Electrified lines, Environmental-friendly transport
- P+R and B+R facilities
- Széchenyi Museum Railway Nagycenk
- Personal Customer Service
- Expresszó Café
- Contact Center – customer service over the phone and in writing
- Online shop
- Online travel request – group travel, bike travel, travel with reduced mobility

INFRASTRUCTURE



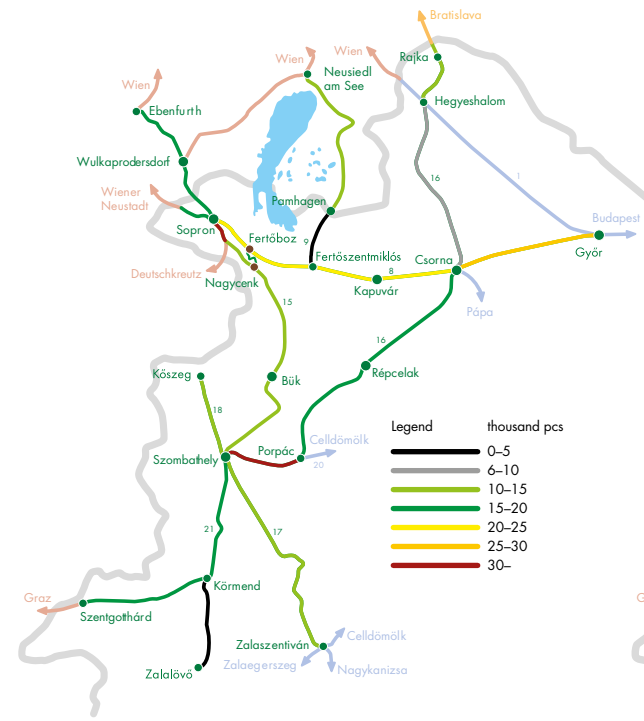
Our aim is to provide modern and safe rail infrastructure for railway undertakings.

Our investments supporting this aim:

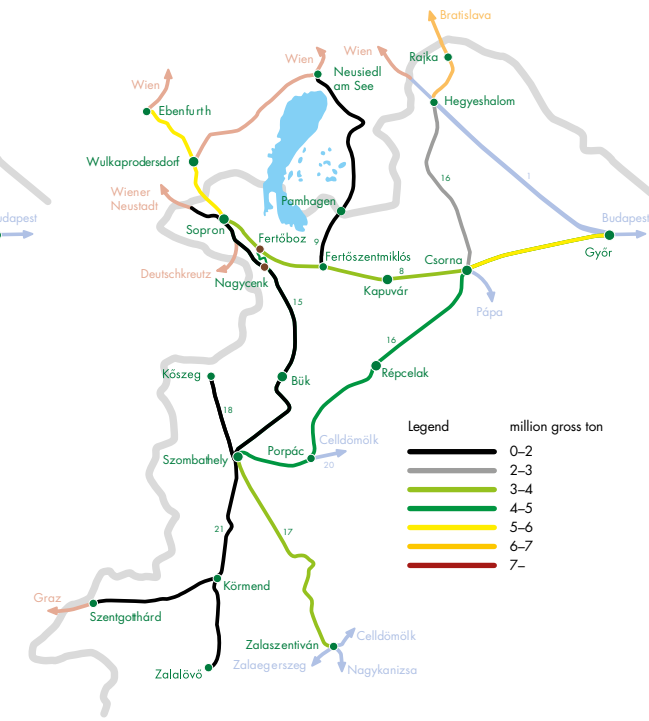
- Track reconstruction Beled – Szil-Sopronnémeti – Csorna
- Superstructure replacement of the bridge at Bősárkány – Jánossomorja 677+75 km
- Bridge renovation Bősárkány – Jánossomorja 688+62
- Supplementation of light barrier with half barriers at Körmend – Csákánydoroszló AS1447

The number of railway companies using our infrastructure has continued to increase. In 2020, 39 companies used our services, resulting in 183.169 trains, which is 0.3% more than the number of trains in 2019. The number of freight trains has decreased by 6% due to the economic crisis and a 6-week long track closure on the railway line 16, but the number of passenger trains has increased by 1.3%.

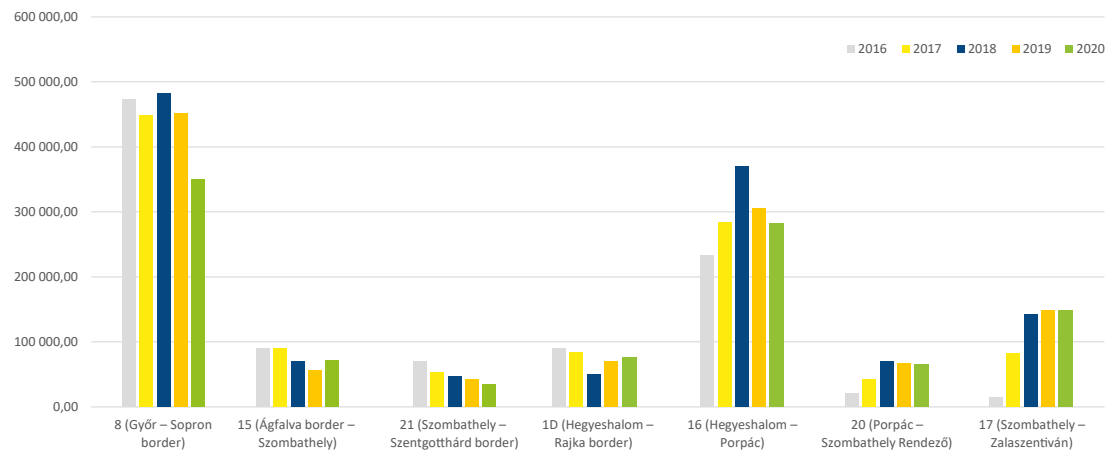
NUMBER OF TRAINS (PCS)



FREIGHT TRAINS (MILLION GROSS TON)



FREIGHT TRAIN KM PER LINE



ENGINEERING



TRACTION AND VEHICLE MAINTENANCE

In addition to the technical management - proper maintenance - of the rolling stock of GYSEV Zrt. and GYSEV CARGO Zrt., depending on its free capacities, the Engineering Division of GYSEV also undertakes maintenance of rolling stock of other railway companies and executes other technical orders.

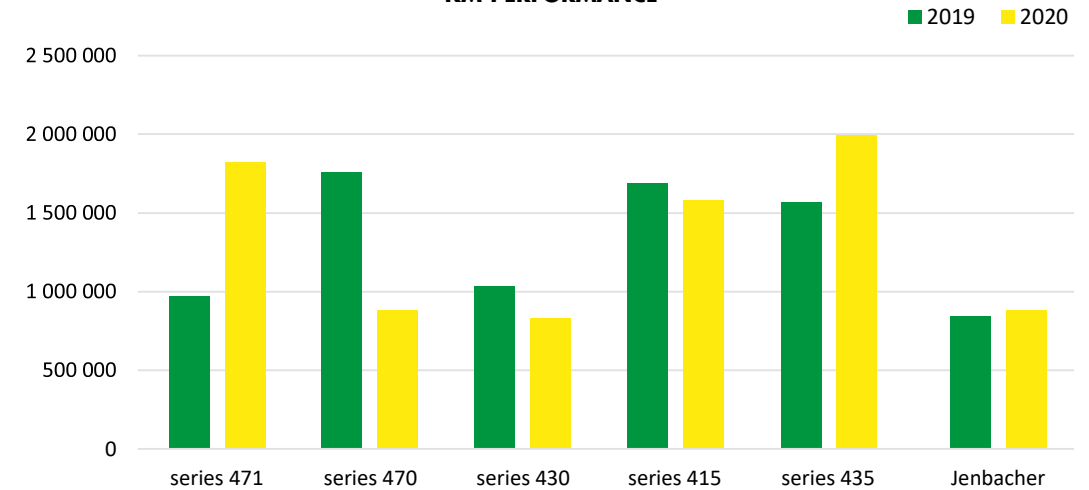
The renovation of the wagon workshop in Sopron has become necessary, partly to meet today's maintenance needs but also to ensure proper working conditions. Work began on 14th September 2020 and has continued in 2021.

In December 2020, we obtained our official permit, so we became entitled to perform periodic and extraordinary inspections of railway vehicles.

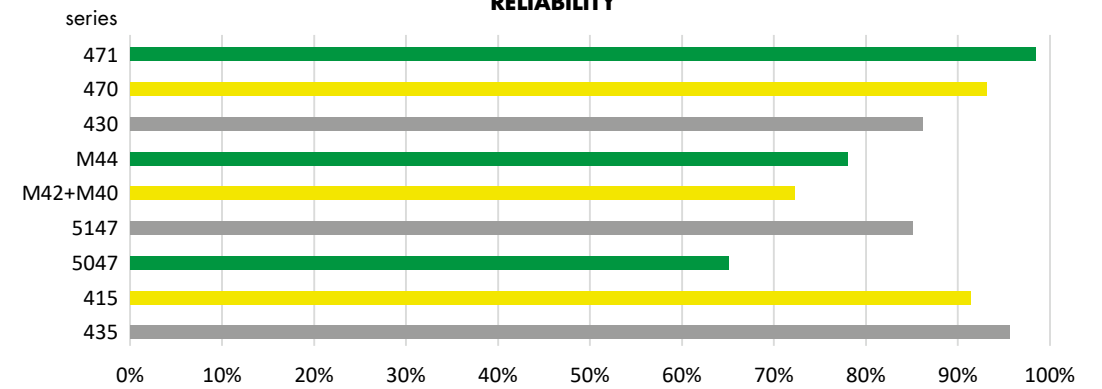
We should also mention the acquisition of the IRIS certificate according to the MSZ ISO / TS 22163/2017 standard, as a pre-requisite to carry out railway vehicle maintenance.



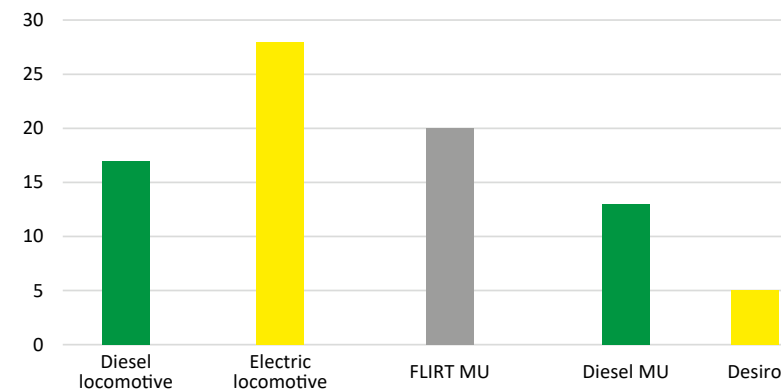
KM-PERFORMANCE



RELIABILITY



SUMMARY 2020 (pcs) (Hungarian and Austrian operations altogether)





The year 2020 of GYSEV CARGO and Raaberbahn Cargo GmbH was significantly affected by the pandemic. In the second quarter of the year, the Hungarian operations also felt the effects of the pandemic, when our turnover decreased by approximately 20% in a short time. However, we were able to gain the trust of new customers through our high-quality services, as a result of which the non-financial performance of the year remained stable compared to the preceding year, while the company's operating result surpassed that of the year 2019. We are proud of our performance and our colleagues who were working from home for many months.

We are continuously improving our integrated rail freight software; those modules that are already live have measurably increased our efficiency.

Raaberbahn Cargo GmbH (RBC) was also successful in overcoming the obstacles of 2020 and could increase its performance despite the effects of the pandemic.

PERFORMANCE (2019–2020)	thousand tons		index	thousand goods ton km		index
	2019	2020		2019	2020	
GYSEV CARGO	3 894	3 817	98%	868 036	850 807	98%
Raaberbahn Cargo	3 151	3 175	101%	409 670	475 286	116%

LOGISTICS, TERMINAL	2019	2020	index
Containers handled (pc)	27 221	26 474	97%
Traditional storage (ton)	239 616	278 968	116%





In 2020, the changed circumstances caused by the virus had a serious impact on our daily lives, including also our work, and pushed the keeping of employees and the creation of more flexible employment opportunities, as well as the protection of the employees' health into the focus.

- Special allowances were granted for the disinfecting staff.
- Human customer service matters were settled after prior consultation, with minimal personal contact.
- The possibility of a payment moratorium became available to colleagues who have a corporate interest-free loan.
- The types of incentives have been changed, depending on which services were suspended due to the emergency situation.
- The recruitment and selection processes slowed down and took place online if possible, but did not stop; a total of 140 new employees were taken on.
- Trainings and examinations were mainly organized online.
- In order to develop and extend professional competencies and knowledge, our employees were able to participate in a number of trainings and conferences mostly held online.
- 33 students in tertiary education and 27 students in secondary education completed their internship at GYSEV, and 17 people participated in a practical training with an apprenticeship contract.



Timetable change and new public service contract

In autumn 2020, a new public service contract for 10 years was concluded for the Austrian operations of GYSEV. The new contract became effective on December 13, together with the timetable change. It is valid up to and including 2030 and brings fundamental changes in our Austrian passenger transport due to a significant expansion of the services rendered. For the first time in its history, the Austrian operations of GYSEV is independently responsible for passenger rail connections on the entire route Vienna Central Station – Wulkaprodersdorf / Eisenstadt – Sopron – Deutschkreutz.

As a result of the above-mentioned expansion, the transport performance of the Austrian operations will increase from 778.000 km to 1.204.000 train kilometres (or 1.5 million train set kilometres) per year. Also, our train attendants will have greater powers and will be serving the entire route between Deutschkreutz and Vienna Central Station.

In order to provide quality service despite the increased volume of services and to ensure continuous safety of train operations, it has become necessary to set up a dispatcher office.



Train driver training

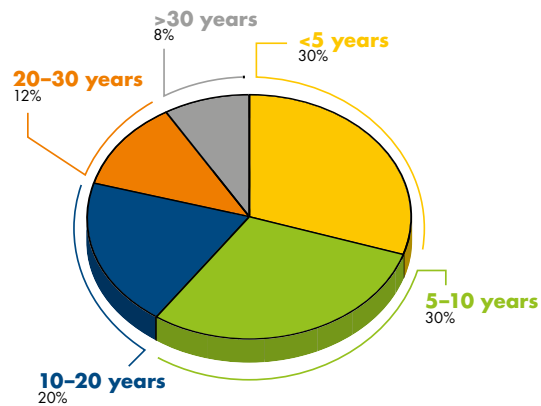
Despite the Corona crisis, the Austrian operations of GYSEV were not only able to keep their employees in 2020, but were even able to increase their staff: in June 2020, 11 new train drivers started training in Linz, among them three women. In the meantime, they are already driving independently on our Austrian lines.

Free Wi-Fi and e-newspapers in the Ventus trains

Since February 2020, free Wi-Fi is available for the passengers travelling in our Ventus trains allowing them to conveniently surf the net and get free access to a number of daily newspapers and various international magazines during their journey.



DISTRIBUTION OF EMPLOYEES BASED ON PERIOD OF SERVICE



MANPOWER (PERSON)

	2019	2020
GYSEV Zrt.	1850	1850
GYSEV CARGO Zrt.	230	237

INVESTMENTS – DEVELOPMENTS

SMART WAITING ROOM IN ENESE

GYSEV's twelfth smart waiting room at the railway station of Enese has been open for the public since 1st February 2020.

At the station, an automatic system opens and closes the remote-controlled doors, switches on the lights and activates the audible and visual passenger information. To support safety and prevent damage, cameras have been installed in the waiting room.



Enese railway station before



Enese railway station after

RENOVATION OF THE STATION BUILDINGS OF FERTŐSZENTMIKLÓS AND KAPUVÁR:

As part of the renovation, the women's, men's and the disabled's sanitary rooms were renewed with new mechanical and electrical installations, fittings, partitions and coverings.

- In the reception building and in the toilets of the station of Fertőszentmiklós, the old doors and windows that were in poor technical condition were replaced with plastic ones, in the case of the waiting room with aluminium ones.
- At both locations, the waiting room has been completely refurbished to meet the requirements of smart waiting rooms (camera and smoke detection system, heating modernization, replacement of doors and windows, new coverings, painting).
- A new drainage system has been installed and the plate covering of the entry roof has been replaced.
- As part of the renovation concept, the facades of the safety interlocking unit and the telecommunication unit next to the station buildings and, in the case of Kapuvár, the facade of the warehouse were also renewed and surface-treated with silicone paint.



Fertőszentmiklós railway station before



Fertőszentmiklós railway station after



Kapuvár railway station old facade



Kapuvár railway station facade after renovation



RENOVATION OF TICKET OFFICES AT SOPRON RAILWAY STATION

Reconstruction continued with the renovation of the ticket offices at Sopron railway station. The new ticket offices have been open since November 2020.

During the construction works, a complete architectural and interior architectural renovation was carried out and mechanical and electrical networks were also replaced. The heating system, the hot water network and the ventilation system were also renewed.

New intercoms at the ticket counters help communicate between the passengers and our employees. As part of the works, new IT, telecommunications and security systems were also installed. The social rooms used by the staff working at the ticket counters – kitchen, bathroom and dressing room – were also renovated.



Before renovation



After renovation

INVESTMENTS – DEVELOPMENTS

RENOVATION OF THE CLOCK TOWER AT SOPRON RAILWAY STATION

As part of the complete refurbishment, the facade cladding on the clock tower was replaced with larger cover elements than before while keeping their white colour. In addition, electrical work was also carried out.

A special feature of the renovation of the clock tower, built in 1977, is that, based on our company's plans, the building can be illuminated in several colour combinations with the help of a computer-controlled LED light system installed during the works.

A total of 24 thematic colour combinations have been compiled, which are displayed according to calendar holidays, based on a pre-set program. The building receives red-white-green colouring on Hungarian public holidays, red-white colouring during the festivities of Sopron, green-yellow colouring on Railway Day, gold colouring on New Year's Eve and New Year's Day, red colouring on Mother's Day and a colourful lighting on Children's Day.



INCREASING THE NUMBER OF PARKING SPACES

CSORNA RAILWAY STATION

Our company renovated and expanded the car park in the yard of the Rasztovits-house next to Csorna railway station by placing lawn grids on the gravel surface of the car park and creating marked parking spaces.

Thanks to the renovation, the number of parking spaces has increased significantly: 52 parking spaces are now available instead of the previous 32.



SZOMBATHELY-SZŐLŐS STOP

In addition to the existing 17 parking spaces, our company has built another 15 spots at Szombathely-Szőlős railway stop. During the works, crushed stone paving was laid and the new parking spots were marked by using concrete lawn grids.





SZÉCHENYI MUSEUM RAILWAY NAGYCENK

Based on the grant agreement concluded with the Ministry of National Development in 2018, we started the renovation of the rolling stock of the Széchenyi Museum Railway in Nagycenk in 2018, in the framework of which the Dmot 953 locomotive of the Museum Railway was completely reconstructed.

The motor train had to be dismantled into parts, some of which could be refurbished, but new parts had to be procured, too. The Museum Railway has now three traction vehicles.



FIRST PHASE OF THE CONSTRUCTION OF THE GSM-R NETWORK IN HUNGARY COMPLETED



The European Union has decided to introduce the Single European Rail Traffic Management System (ERTMS) on the European international rail corridors in order to unify rail transport systems and create interoperability between countries as well as to make passenger and freight transport more efficient and competitive.

As the beneficiary of the project implemented with the support of the European Union, Nemzeti Infokommunikációs Szolgáltató Zrt. (NISZ) built the service on the busiest railway corridors, including the lines between Sopron and Szentgotthárd.

The first phase of the construction of the Hungarian GSM-R network has been completed, so that now continuous data communication between the railway interlocking system and the railway vehicles is possible, which significantly increases the reliability of the system and creates new possibilities for the management of railway traffic.

The system built between Sopron and Szentgotthárd is owned by the Hungarian state and is operated by GYSEV Zrt.





CONSTRUCTION OF RAILWAY INFRASTRUCTURE BETWEEN AUSTRIA AND HUNGARY IN ORDER TO CONNECT REGIONAL CENTRES TO THE TEN-T NETWORK (CROSSBORDER RAIL PROJECT)

The main goal of the project implemented in 2020 within the framework of the Interreg V-A Austria-Hungary Program is to develop the NSB railway line to create an attractive railway connection, and to connect the regional centres of Neusiedl am See, Eisenstadt, Csorna, Kapuvár and Sopron across the border with the Trans-European rail network.

Thanks to the development, all the slow speed signals previously put up along the line could be removed. In addition to the renovation of the 10.2 km long railway track, improvements were made at three level crossings to increase their safety, thus significantly increasing traffic safety.

At Fertőszéplak-Fertőd stop, a barrier-free platform was built, lighting was renewed, a rain shelter was built, B&R and P&R facilities were established and a modern passenger information system was installed. At the level crossing by the stop, the cycle path is now protected by a light barrier.



NEW FORKLIFTS FOR THE LOGISTICS SERVICE CENTRE (GYSEV CARGO)



The age of the forklifts used in the Logistics Service Centre of GYSEV CARGO and the increase of warehouse performance in previous years have led to an increase in the maintenance costs of these machines, so that for economic reasons, it was necessary to replace the most used forklifts. After thorough preparation and testing, the decision was made to buy TCM forklifts, as these modern and reliable machines, which have a top-quality service background, meet best the requirements of GYSEV CARGO in terms of warehouse logistics.

Altogether 13 forklifts have been purchased: 5 pcs 1.6 t, 3 pcs 2.5 t and 2 pcs 3-ton electric forklifts and 2 pcs 3 t and 1 pc 5-ton diesel forklifts.



OVERCOMING HOTEL INDUSTRY DIFFICULTIES DURING THE PANDEMIC

The hotel and hospitality industry were hit hard by the pandemic in 2020, but we could successfully adapt to the new circumstances, keep our employees and remain operational.

- In the spring of 2020, the renovation of our hotel started within the framework of the Kisfaludy Tourism Development Program.
- Our four-star hotel awaits its guests with a completely refurbished conference room. The two-hundred-square-meter, detachable room is equipped with special lighting and sound technology. The re-modelling also included the construction of new lavatories.
- The refurbished 15-meter waveless pool awaits its guests from June to September with a special neck massage and experience elements.
- A new 50 m² suite has been created in the hotel (living room, bedroom, wardrobe and bathroom).
- We did not forget about the kids either: a more spacious, creative playroom and an outdoor, modern playground for all needs await families with children.
- It is also a success that in December 2020 Hotel Sopron could once again host the FIBA-Euroleague women's basketball teams.

RENEWED



SWIMMING POOL RENOVATION



	GYSEV ZRT. (HUNGARIAN OPERATIONS)
	million HUF
	2020
Balance sheet total	189 179
Net sales revenue	10 777
Profit after tax	1 248
Number of employees	1 850
	GYSEV ZRT. (AUSTRIAN OPERATIONS)
	thousand EUR
	2020
Balance sheet total	74 206
Net sales revenue	25 107
Profit after tax	1 818
Number of employees	174
	GYSEV CARGO ZRT.
	million HUF
	2020
Balance sheet total	9 965
Net sales revenue	16 405
Profit after tax	421
Number of employees	237
	FHÉV ZRT.
	million HUF
	2020
Balance sheet total	466
Net sales revenue	108
Profit after tax	74
Number of employees	-
	RAABERBAHN CARGO GMBH
	thousand EUR
	2020
Balance sheet total	5 597
Net sales revenue	14 624
Profit after tax	1 692
Number of employees	39

IMPRINT

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