

# HUNGARY

*SMART. AMBITIOUS. COMPETITIVE.*

Róbert Ésik  
*President*  
HIPA

*17<sup>th</sup> March 2018*



Area  
**93,022 km<sup>2</sup>**



Population  
**9,830,485**  
(2016, HCSO\*)



Time zone  
**GMT  
+ 1 hour**



Currency  
**Forint  
(HUF)**

## HUNGARY



Capital  
**Budapest**  
1,759,407  
(As of January 2016)



Other major cities  
Debrecen (203,059)  
Szeged (162,621)  
Miskolc (158,101)  
Pécs (145,347)  
Győr (129,568)



Form of government  
**Parliamentary  
republic**



Membership  
in international  
organisations  
EU, UN, OECD, WTO,  
NATO, IMF, EC  
EU member: since 2004



Risk of natural  
disasters  
**Very low**



Climate  
**Temperate**

# Stable and growing economy



**GDP Growth forecast**  
(actuals / Convergence Program of Hungary)

<b>2017</b>	4,0%
<b>2018</b>	4,3%
<b>2019</b>	3,8%
<b>2020</b>	3,7%
<b>2021</b>	3,6%

GDP growth Q4 2017  
**4.4%**



**GDP per capita, at PPP (2016)**

EUR 19,755  
USD 27,008

Investment grade with stable/positive outlook

JCRA 

STANDARD  
& POOR'S

MOODY'S

FitchRatings



VAT rates are from zero to 27%

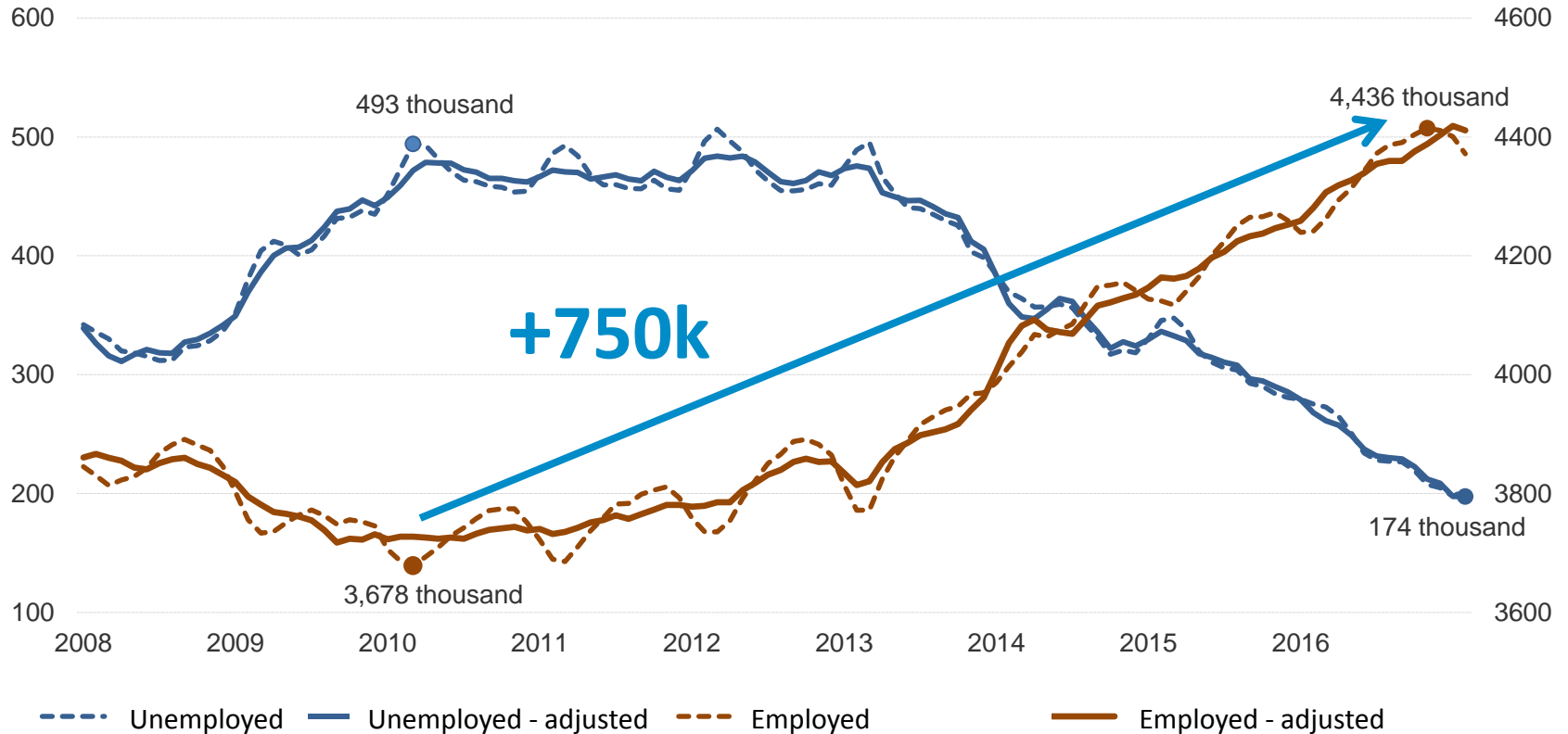
**27% 18% 5% 0%**



Currency: **Forint (HUF)**

1 € = 311,66 HUF  
(2018.03.14.)

# Building a „workfare” society

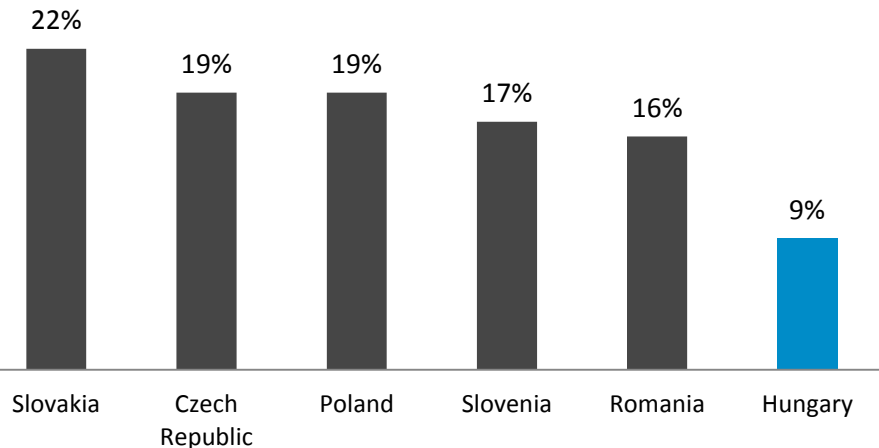


# Competitive taxation system



**9% flat rate corporate income tax from 2017**

## Corporate income tax rates



## Social contribution tax

**27%**

**22%**

**19.5%**

2016

2017

2018



**Continuously reduced social contribution tax**

# Hungary as a manufacturing hub



Mercedes-Benz



Audi  
Hungaria

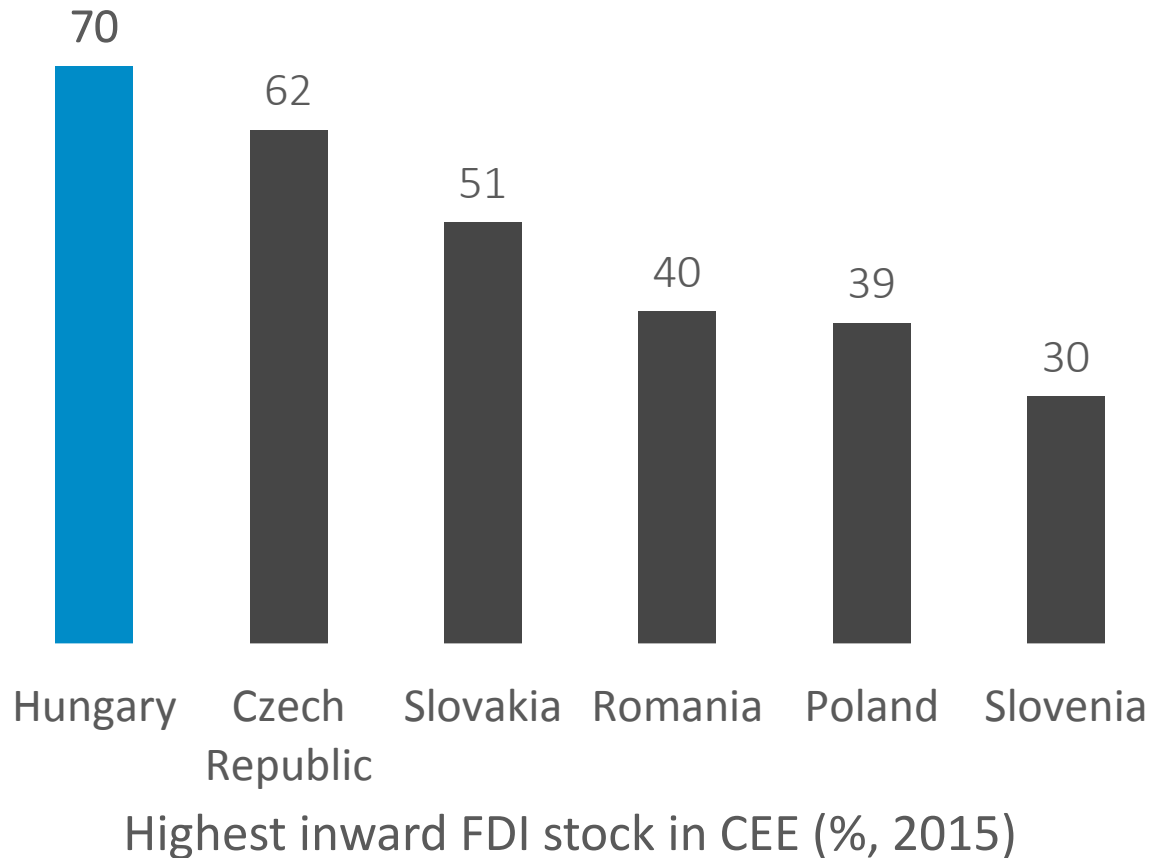


SAMSUNG SDI



Nestlé PURINA®

# Foreign trade-focused foreign policy



## Key benefits:

- Partnership with investors is a national priority in Hungary
- Strategic partnership program giving fast access to the government
- Consistent economic policy supporting business' needs

# #5 worldwide in high value FDI



## IBM-PLI Global Location Trends 2017

- ✓ Hungary created the 5th highest added value jobs in the world in 2016
- ✓ Hungary ranked 9th in the world in job creation per inhabitants
- ✓ Hungary ranked 15th in the world in total job creation via FDI



## EY Attractiveness survey Europe 2016

- ✓ Hungary led the growth of the CEE region with 103% increase in the number of investment projects, driven by the automotive sector

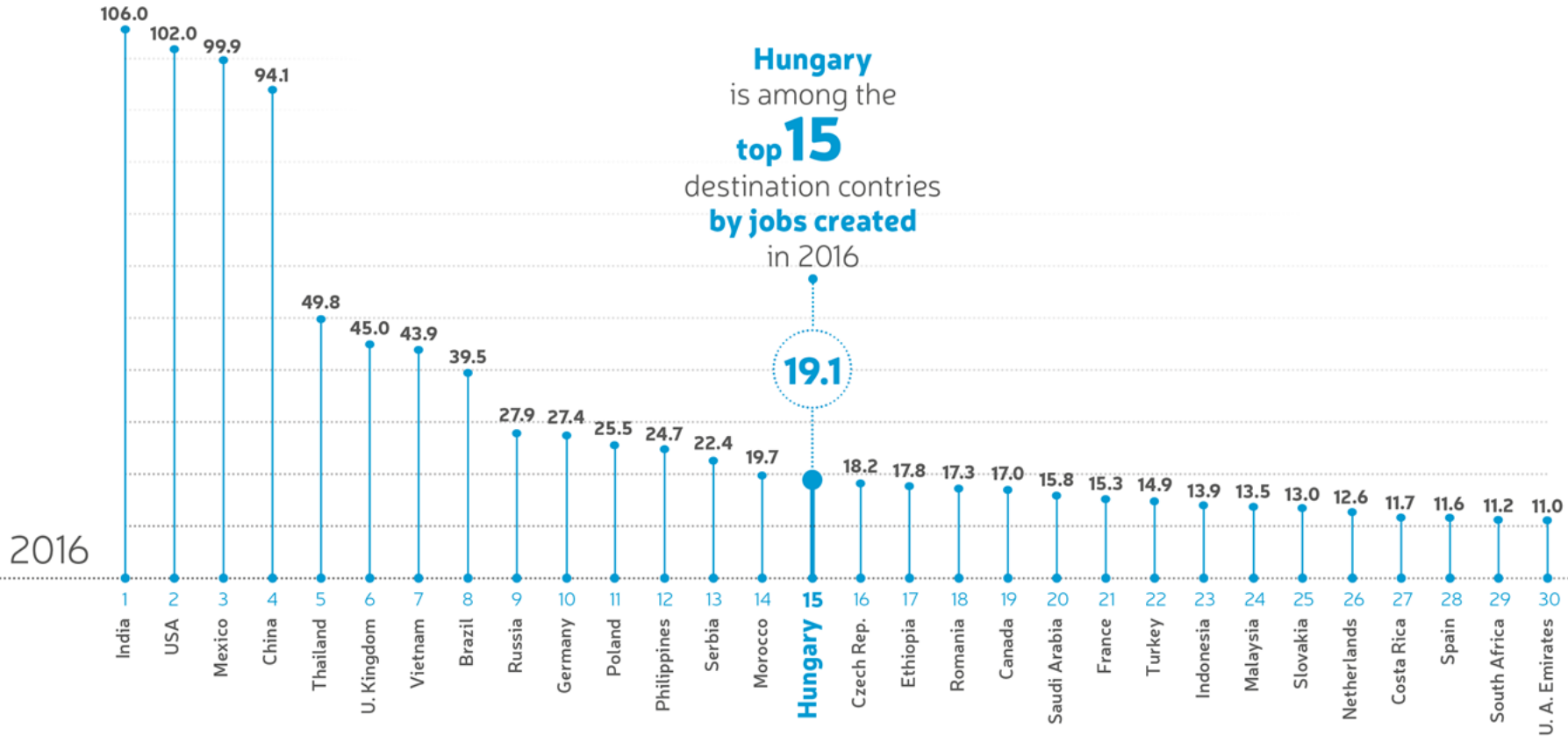


## fDi Intelligence, greenfield investment in 2015

- ✓ Hungary was ranked first in Europe in relative to the size of the country's economy
- ✓ Hungary saw the largest increase in scores compared to last year's results to reach the overall second place



# #15 worldwide in job creation



# Main investment decisions in recent years

## Re-investment



## Newcomers



# From „Made in Hungary” to „Invented in Hungary”

Increased focus on **making Hungary an ideal research and development location** in addition to being a manufacturing hub in Europe, supported by various programs: Irinyi reindustrialization plan, Ányos Jedlik E-mobility plan, Digital Hungary Program, Proving Ground in Zalaegerszeg, New investment incentive schemes etc.



**Automotive industry**  
E-mobility and self-driving



**Shared Services Centres**  
Centres of excellence



**Information & Communication Technology**  
On the verge of 5G



**Electronics industry**  
E-mobility and Industry 4.0

# New investment incentives

Supporting advanced technologies



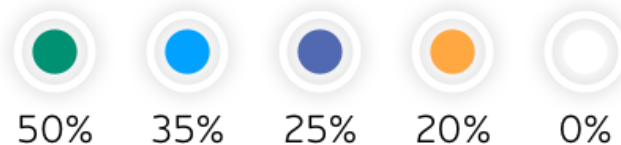
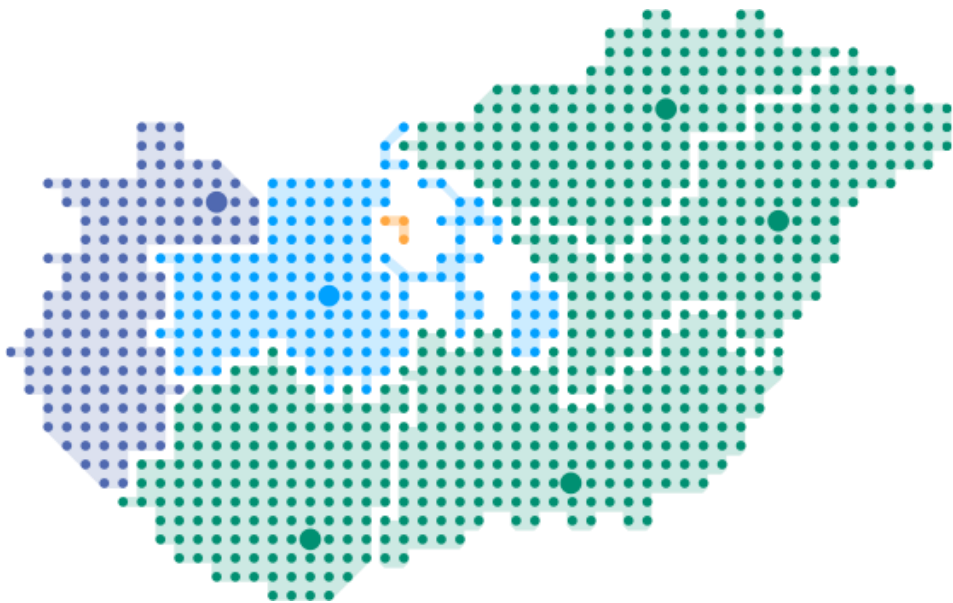
## R&D cash subsidy

- ✓ New incentive measure to support R&D activities
- ✓ Max. 25% aid intensity
- ✓ Throughout Hungary, including Budapest



## Technology-intensive investments

- ✓ New CAPEX-based subsidy to promote capacity expansions and technology-intensive investments without headcount increase
- ✓ Min. EUR 30 million investment
- ✓ Max. aid intensity:  $\frac{1}{4}$  of the applicable maximum regional aid



# Thank you for your attention!



Róbert Ésik  
*President*  
HIPA

[robert.esik@hipa.hu](mailto:robert.esik@hipa.hu)



**BUDAPEST STOCK EXCHANGE  
WELCOMES**



**UK PRIVATE INVESTORS**

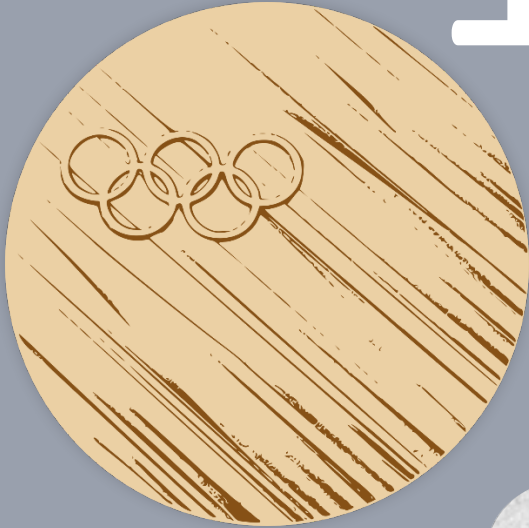


**DÁNIEL KÖRMÖCZI**  
Deputy CEO – International Relations



PyeongChang 2018

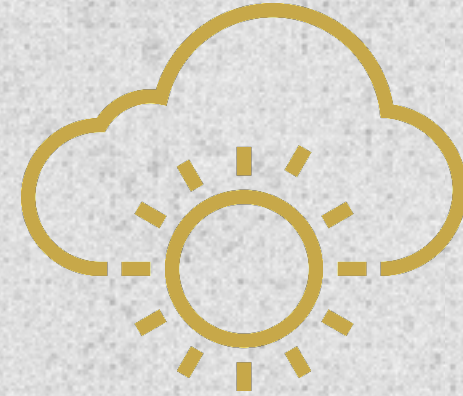




1<sup>st</sup>



# ● Turnaround story



**From 2015 Gov't  
crisis management  
brings results**

2008–2014 bad market

No interest in capital markets

Currency depreciation

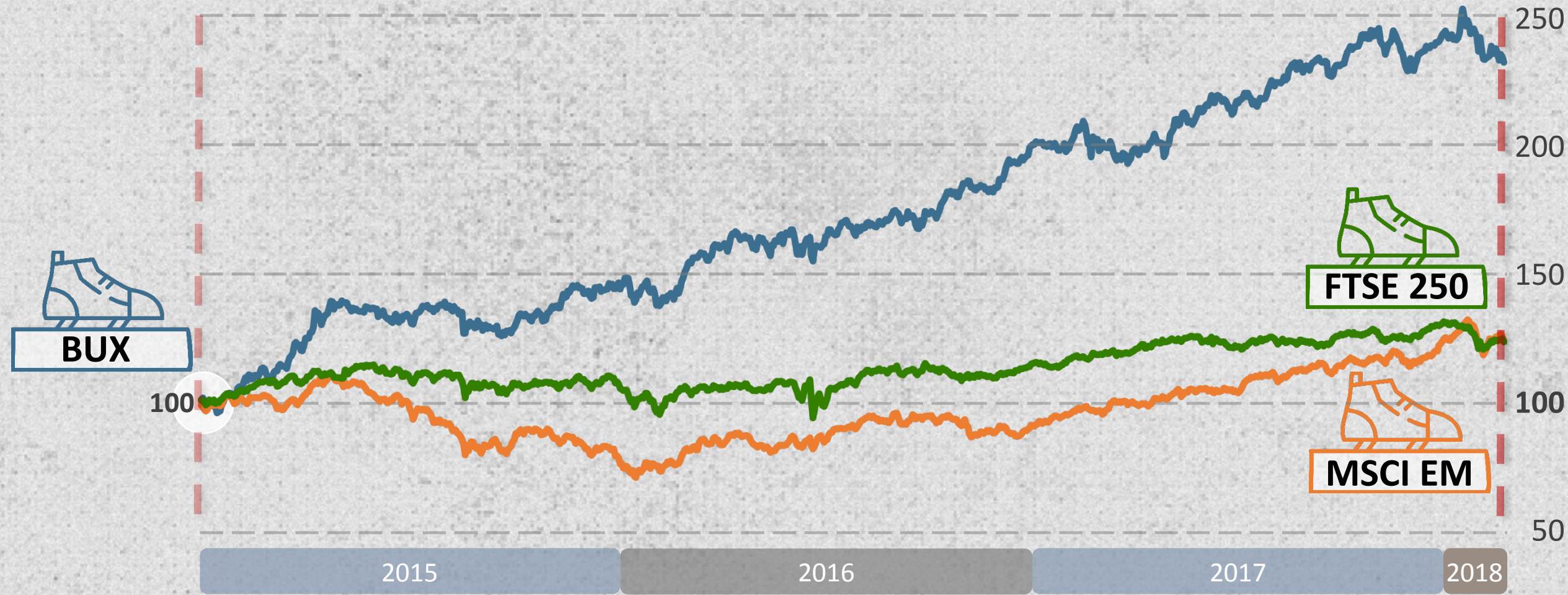
Stable environment

EU funds – stimulate growth

Stable currency vs EUR

# ● BUX Performance and Benchmarks, 2015–2018

01 January 2015 = 100



# Trading Connectivity

Trading from  
9:20-17:00

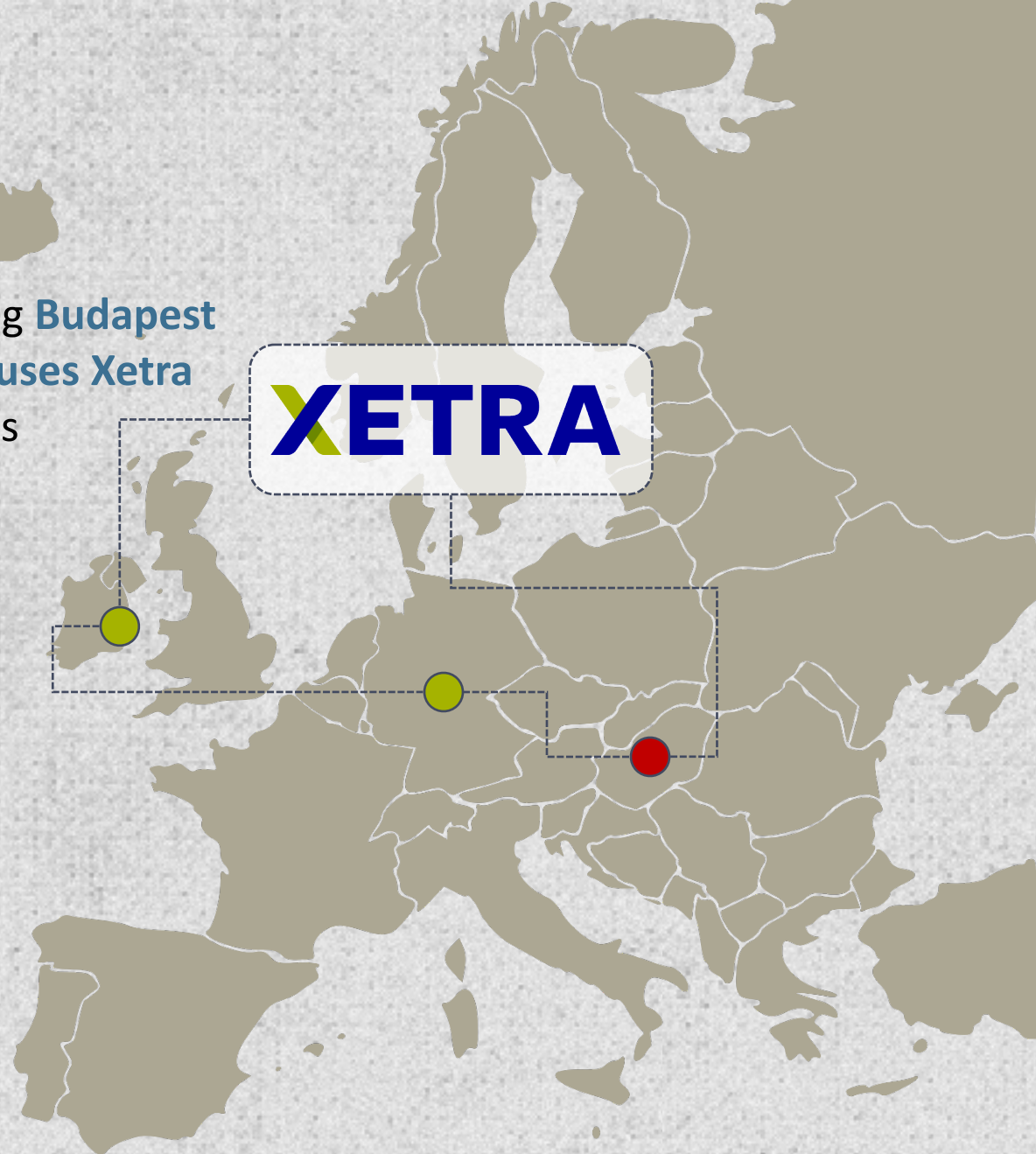


For Equity trading **Budapest Stock Exchange** uses Xetra platform same as

- Dublin
- Frankfurt

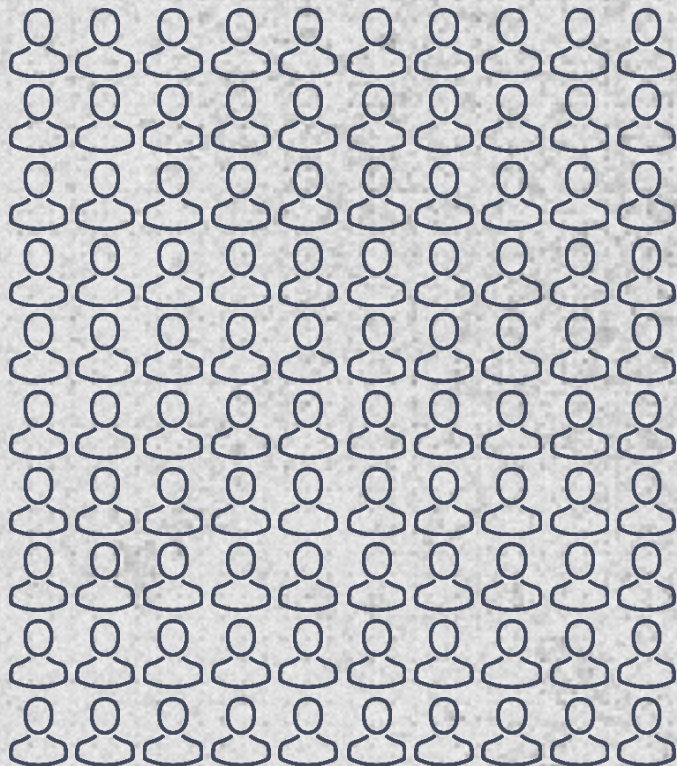


**XETRA**

The XETRA logo is displayed in a white rounded rectangle with a dashed border. The word "XETRA" is in a bold, blue, sans-serif font, with a green 'X'.

# Investor activity

Structure of turnover  
by investor groups  
*August 2017*



52%

Foreign

26%

Households

22%

Local institutions

State



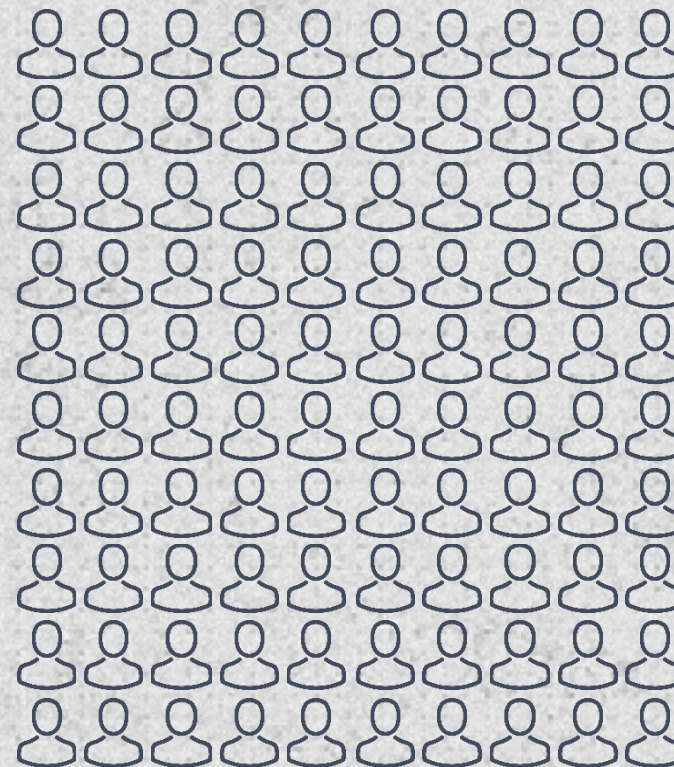
66%

6%

15%

13%

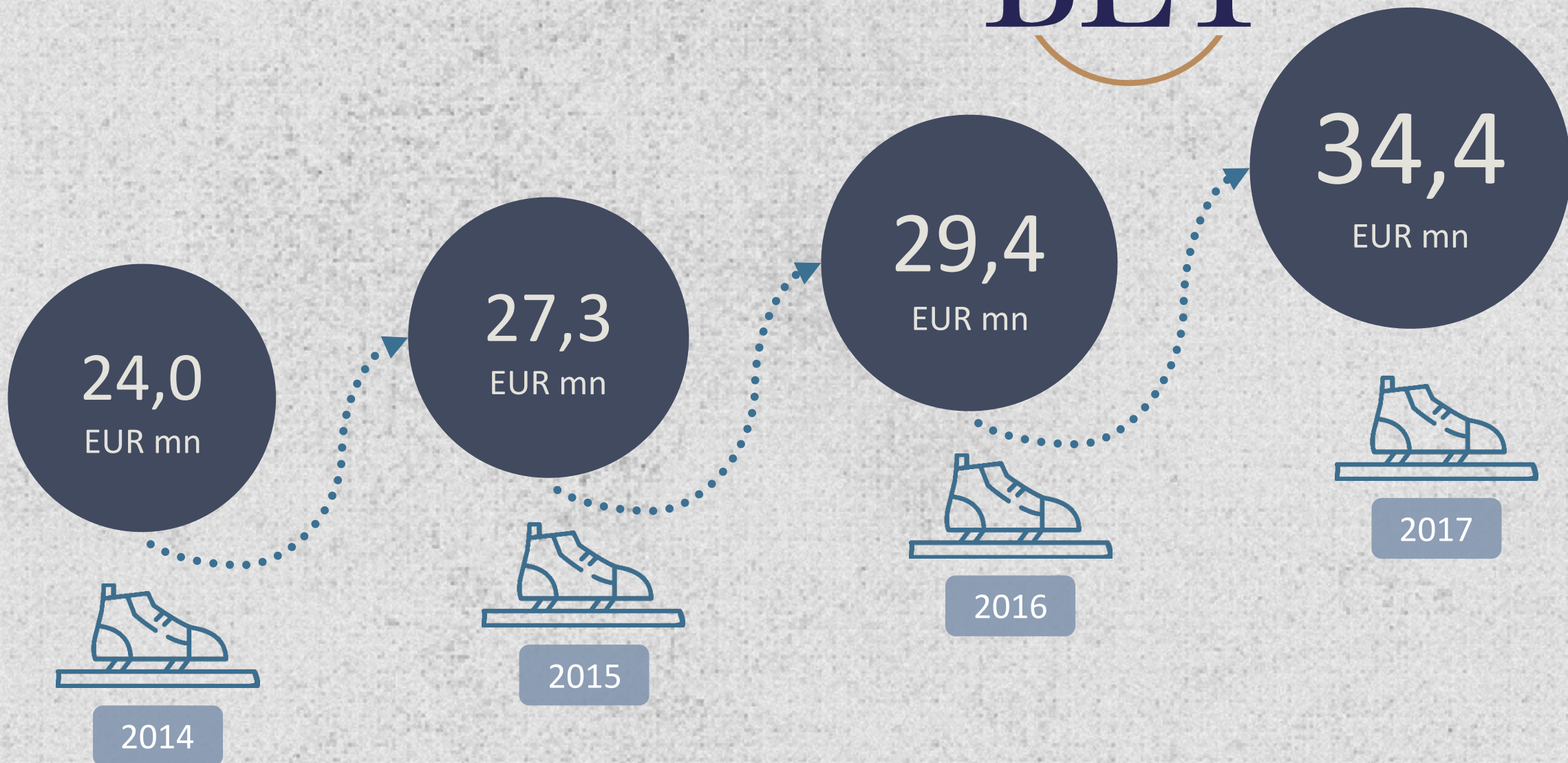
Ownership structure  
of BSE-listed shares  
*August 2017*



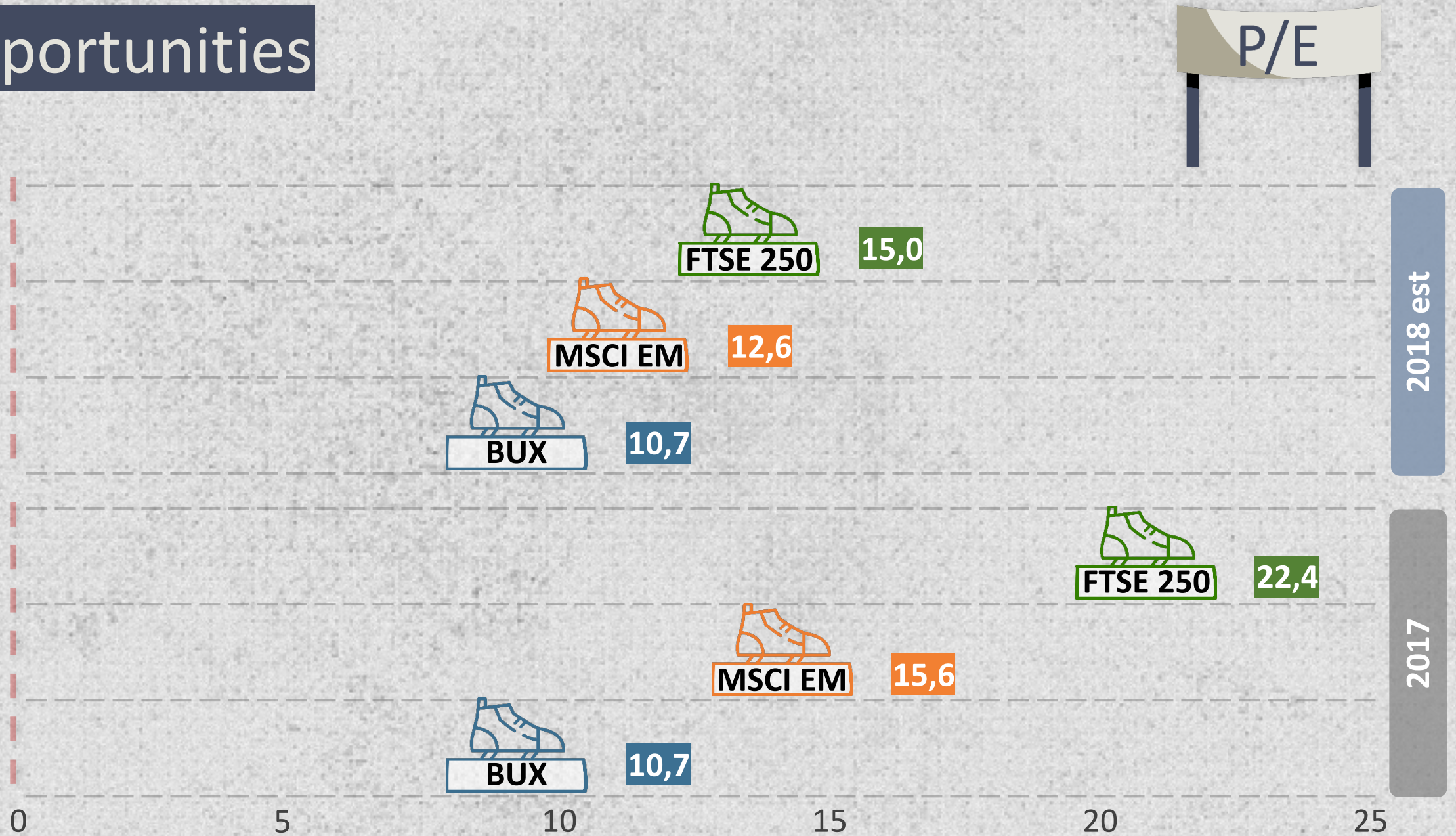
Local financial institutions **5%**  
Local nonfinancial corp. **10%**

# ● Average Daily Turnover

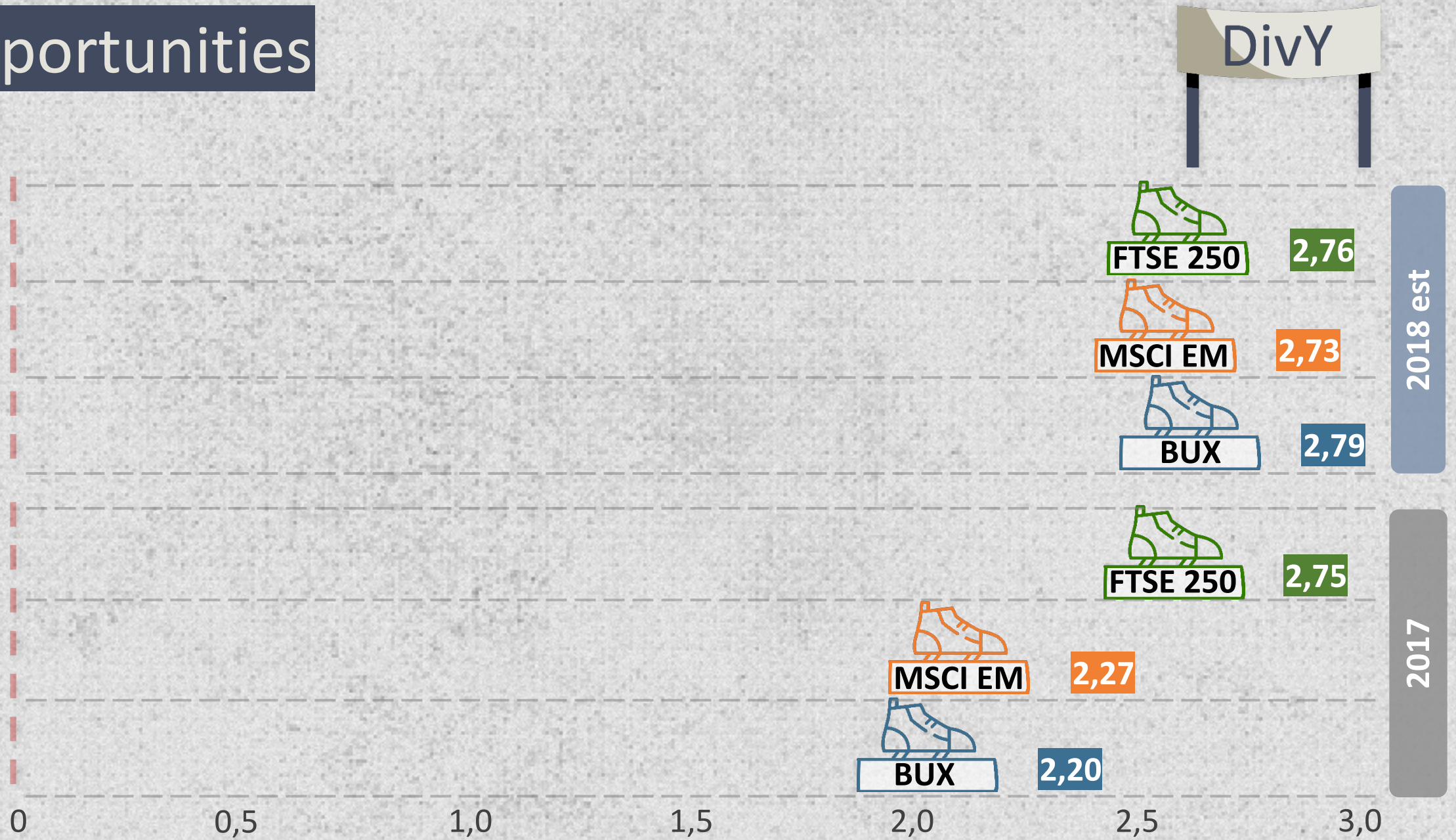
# BÉT



# ● Opportunities



# ● Opportunities



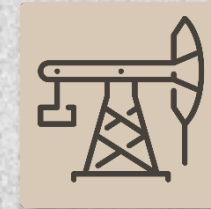
# ● Our blue chips



# BÉT



**MOL**



Oil, gas



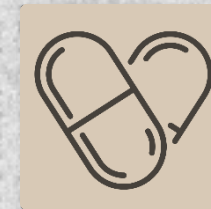
**OTP**



Banking



**RICHTER**



Pharmaceuticals



**MTELEKOM**



Telecommunications



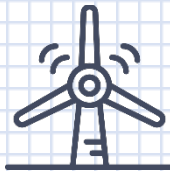


Issuer brochure

Alteo



Sector



Electric Utilities



'Smart Energy' provider



Market cap

34,6

EUR mn



Tier1 clients:



● Issuer brochure

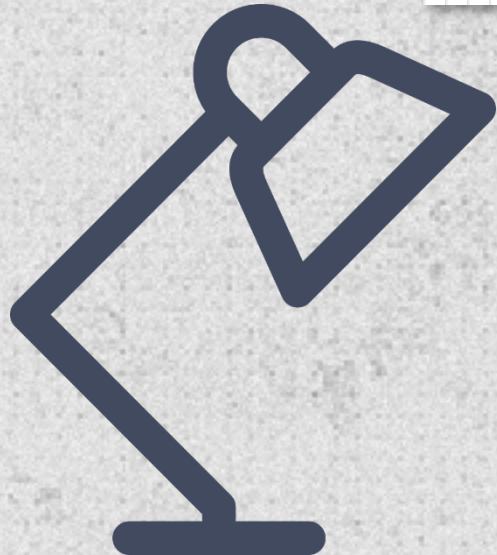
Duna House



 Sector



**Real Estate**



 Market cap

**41,5**

**EUR mn**



*Regional provider  
with offices in  
Poland and Czech  
Republic*



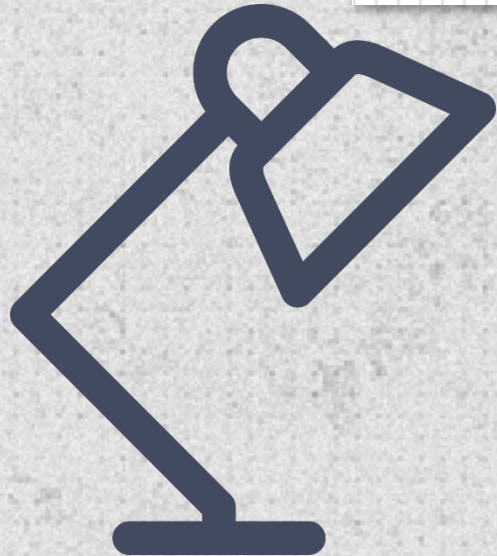


*Sector*

**FTL Transportation**



*Market leading international carrier in the European Full Truck Load market*



*Market cap*  
**287,8**  
**EUR mn**



# International retail brokerage firms access in Hungary





