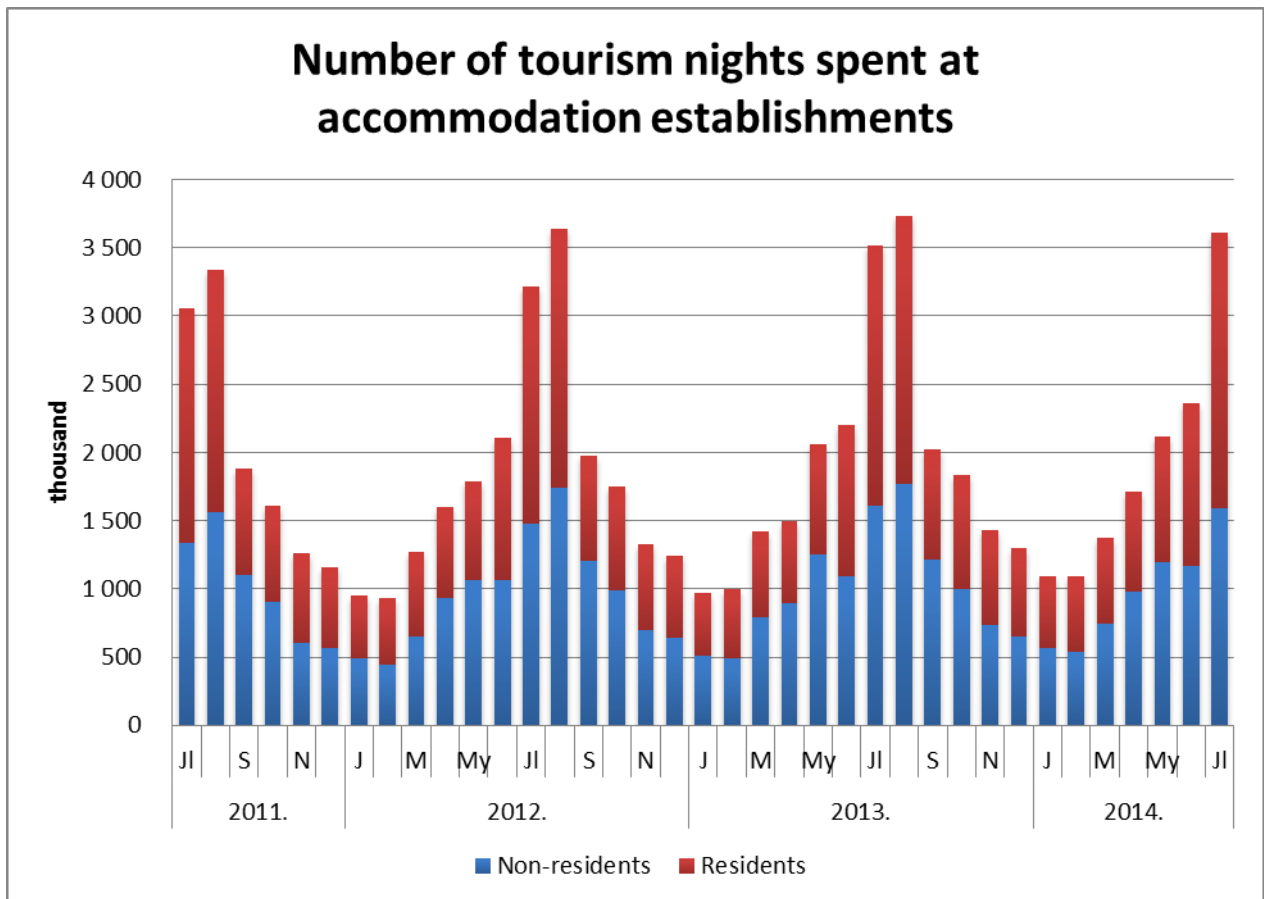




Tourism sector expected to end the year with record results beating last year's excellent performance

The tourism sector continues to deliver excellent results, as since February 2014 the number of tourism nights spent at accommodation establishments has been rising steadily. Improving domestic demand has been playing a key role in this trend. According to the report published by the Hungarian Central Statistical Office (KSH), in July 2014 the number of tourism nights by domestic guests was up by 5.5 percent while those by international guests was slightly down. As a whole, **tourism traffic at accommodation establishments was 2.6 percent higher year-on-year.** The trend of beating last year's high base data month after month is still in place.



Source: Hungarian Central Statistical Office (KSH)



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In the seventh month of 2014, the number of guests and tourism nights both continued to rise. In July, 1 million 200 thousand guests spent altogether 3 million 610 thousand tourism nights in Hungary, up by 5 percent and 2.6 percent, respectively, compared to July 2013.

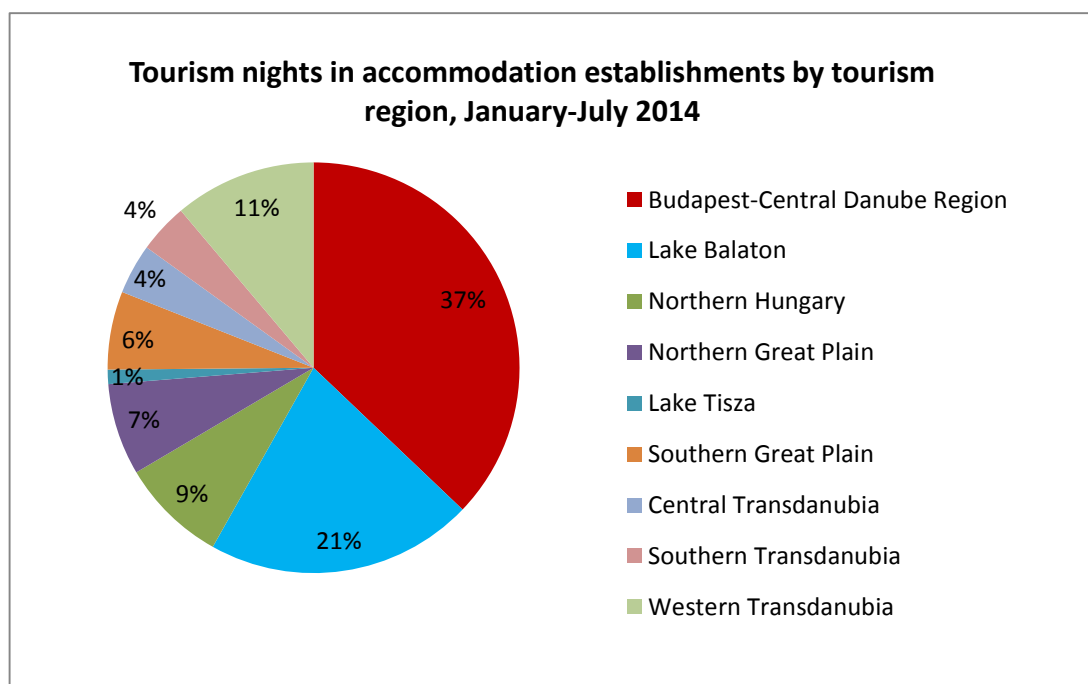
Demand by domestic guests continued to increase in the observed period. **The number of domestic guests soared to 670 thousand (+6.1 percent) in comparison to July last year and the almost 2 million tourism nights they spent in the country shows an increase of 5.5 percent year-on-year.** Tourism traffic by domestic guests recorded growth in most tourism regions, with the exception of Southern Transdanubia and Lake Tisza. **The number of international guests jumped by 3.7 percent, to 540 thousand, in July; however, the number of respective tourism nights was slightly lower (by 0.7 percent) in comparison to the corresponding period of the previous year.**

As far as the number of tourism nights by international guests is concerned in July, **the largest year-on-year increase among the top 10 countries of origin was recorded with regard to the USA (16 percent)**, but the 13 percent and 11 percent growth related to Slovakia and Poland, respectively, are also impressive. The number of guests from the United Kingdom was also higher (5.1 percent) in July, while increases regarding Austria and Russia were slightly below the trend (with 1.4 percent and 1.9 percent, respectively).

Tourism traffic from Hungary's top 10 markets in the period January-July 2014 was also promising. Germany continues to be at the top of the ranking, followed by newcomer Russia ahead of former second Austria. Almost double-digit growth (9.9 percent) was registered regarding Russia in the initial seven months of the year. **In January-July 2014, besides double-digit growth for the Czech Republic (11.6 percent) and Slovakia (17.5 percent), the 8.9 percent increase respecting the United States deserves to be highlighted.**

Up to July 2014 – in light of the number of tourism nights – Budapest and the Central Danube region continued to be the most popular tourism destinations (37 percent). The second most frequented region was Lake Balaton (20 percent), followed by Western Transdanubia (11 percent) as third on the ranking. **In comparison to the previous year, the largest increase with 15.1 percent was registered in the South Great Plain area, thanks**

mainly to the jump in domestic demand while the number of tourism nights by international guests was also higher.



Source: Hungarian Central Statistical Office (KSH)

As far as room occupancy ratios are concerned, they averaged 62 percent which constitutes an increase of 1.5 percentage points year-on-year. In the high season month of July, this indicator for five-star hotels was outstanding (73 percent).

Total gross revenues of accommodation establishments at current prices increased to HUF 36.6bn, by 7.9 percent, compared to July 2013. Within that amount, accommodation charges amounted to HUF 22.6bn, constituting an increase of 9.4 percent in comparison to July last year. Receipts at the hospitality sector were HUF 6.7bn, a gain of HUF 233 million year-on-year.

KSH statistics also show a favourable picture for the period January-July 2014 as a whole. In the observed period, some 5.25 million guests visited accommodation establishments, up by 7.3 percent compared to January-July 2013. The number of tourism nights was 13.7 million which shows an increase of 5.6 percent compared to the corresponding period of the previous year.



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On the basis of data published thus far it can be concluded that the tourism sector achieved substantial growth in the current high season following last year's high base. The introduction SZÉP Card has also proven to be a success as the one millionth card has recently been issued. The card steadily spurred domestic tourism and fuelled the economy already last year and it continued to be a catalyst this year. By now, every fourth employee has got a SZÉP Card and 80 percent of money is spent outside of Budapest which stimulates the creation of jobs. Card holders disbursed HUF 2.7bn through the device in the seventh month of the year, while the amount paid with the card at accommodations totalled HUF 9.26bn in January-July 2014, which signals a rise of some HUF 1.5bn (19 percent) year-on-year. The number of card service points also continued to increase (to 2176).