

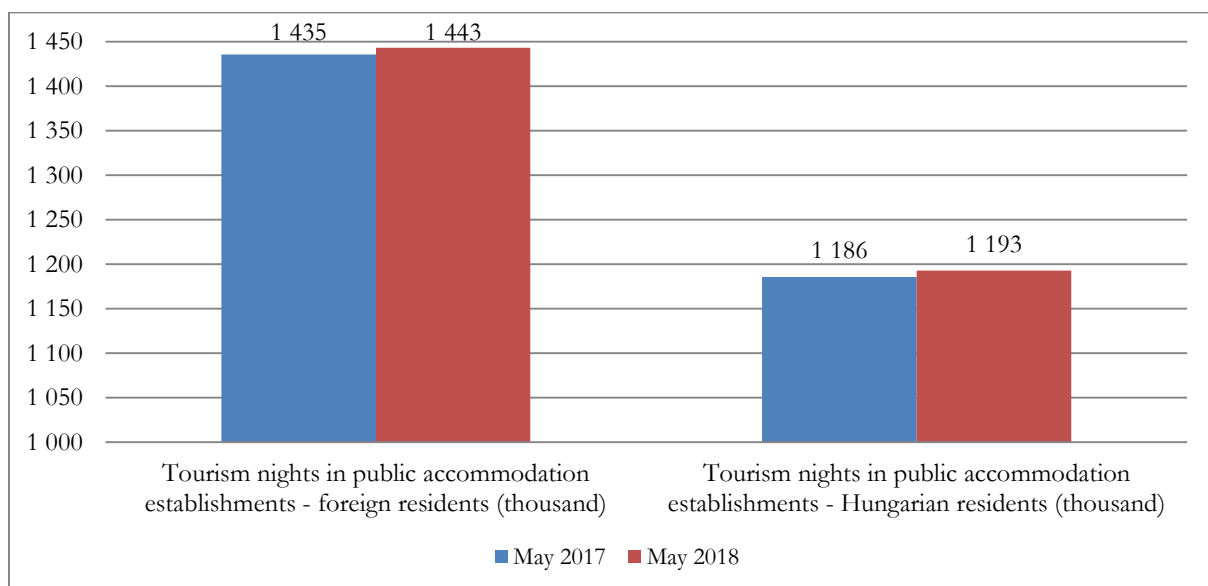


Positive trends in Hungary's tourism sector

According to the latest data published by the Hungarian Central Statistical Office (KSH), the boom observed in Hungary's tourism sector over recent years has continued. The number of tourism nights by both domestic and foreign guests grew dynamically in May 2018 compared to the corresponding period of the previous year. In Q1 2018, the number of arrivals by foreign guests for tourism purposes was also up sharply. When compared to similar data of the Visegrad Four, Hungary is one of the best performers in terms of tourism nights at public accommodation establishments.

The latest KSH data show that in May 2018 the number of tourism nights at public accommodation establishments grew by 7.5 percent year-on-year. The number of tourism nights by foreign and domestic guests increased by 7.6 percent and 7.4 percent, respectively, totalling 1.4 million and 1.2 million (Fig.1). This has caused gross revenues at public accommodation establishments to rise by 10 percent (at current prices), to a total of HUF 46bn (EUR 143.7 million). Within that, revenues from accommodation fees and catering was up by 9 percent (to HUF 27bn) and 23 percent (to 10bn) respectively, at current prices. Concurrently, revenues from other services edged down by 0.2 percent to HUF 8bn. Revenues generated by foreign and domestic guests grew by 8.1 percent and 11 percent, respectively, year-on-year.

Fig. 1: Tourism nights in public accommodation establishments (thousand)





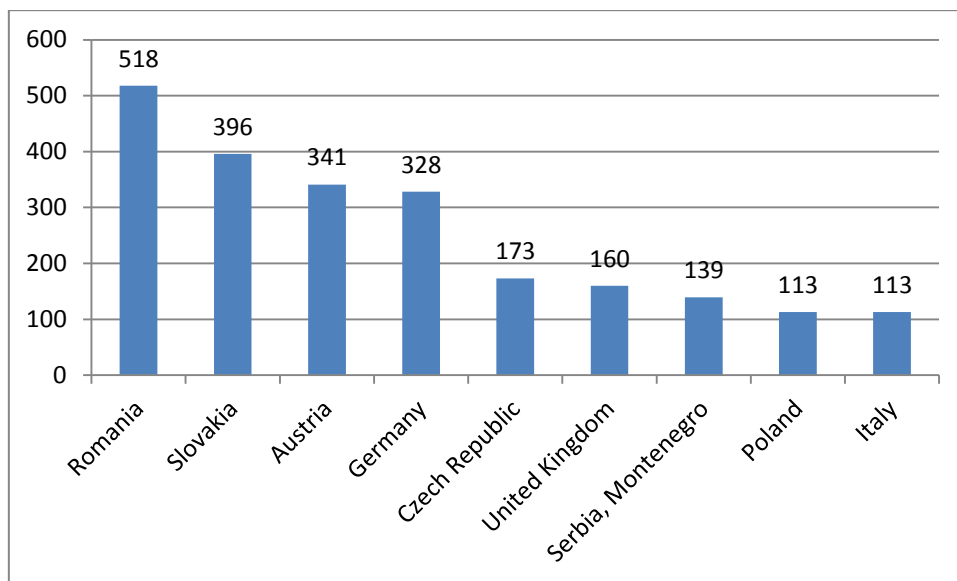
MINISTRY OF FINANCE

Source: Hungarian Central Statistical Office (KSH)

In Q1 2018, the number of international arrivals totalled 11 million. **This corresponds to an increase of 2.7 percent year-on-year. The amount spent by foreign guests was up (at current prices and in forint terms) by 11 percent** compared to the same period of the previous year.

With regard to the number of international arrivals, overnight trips for tourism purposes grew by 12 percent to 3.2 million, of which 53 percent were for recreational purposes. In Q1 2018, the number one sender country was Romania (518 thousand), followed by Slovakia (396 thousand), Austria (341 thousand) and Germany (328 thousand) (Fig.2).

Fig. 2: Number of overnight tourism trips by international guests, by sender countries, Q1 2018 (thousand)



Source: Hungarian Central Statistical Office (KSH)

The **room occupancy ratio at hotels** grew by 3.1 percentage point to 63.6 percent in the month of May, whereas the number of available rooms did not change substantially. The use of Széchenyi Recreation Card (henceforth: SZÉP Cards) continued to increase at accommodation establishments, as card holders spent 1.2 percent more for related services. In March 2018, 2130 public accommodation establishments received payments of HUF 2bn through SZÉP Cards.

The indicators analysed above also showed positive developments for the period January-May 2018. Public accommodation establishments registered tourism nights of altogether 10 million, up by 7.1 percent compared to the corresponding period of the previous year.

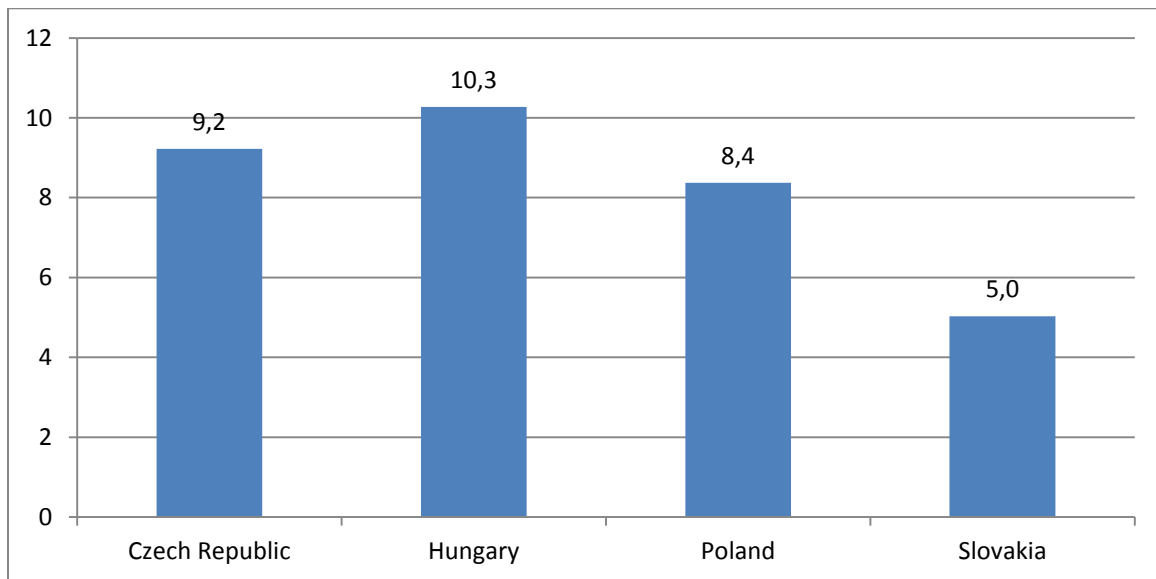


MINISTRY OF FINANCE

The number of tourism nights spent by foreign and domestic guests was up by 5.4 percent and 9.1 percent (to 5.3 million and 4.7 million), respectively, at public accommodation establishments. Hotels' room occupancy ratio improved by 2.7 percentage points, to 55.6 percent. Gross revenues at accommodation establishments increased (at current prices) by 11 percent, to HUF 171bn. Within that amount, revenues from accommodation fees were up by 10 percent, at a total of some HUF 97bn.

Hungary has also been performing well when international tourism data for public accommodation establishments are compared. In light of data available for comparison, in Q1 2018 the number of tourism nights at public accommodation establishments was higher year-on-year in every country of the region but Hungary had the best rate of growth within the V4 (Fig. 3).

*Fig. 3: Nights spent at tourist accommodation establishments of the V4
(percentage change 2018 Q1 / 2017 Q1)*



Source: Eurostat

Hungary's tourism sector has been expanding dynamically; the majority of indicators showed growth in recent years. Thanks to the increase of purchasing power of domestic customers and the growing variety of cultural events that also attract a foreign audience, the tourism sector is expected to post further growth in the second half of 2018.