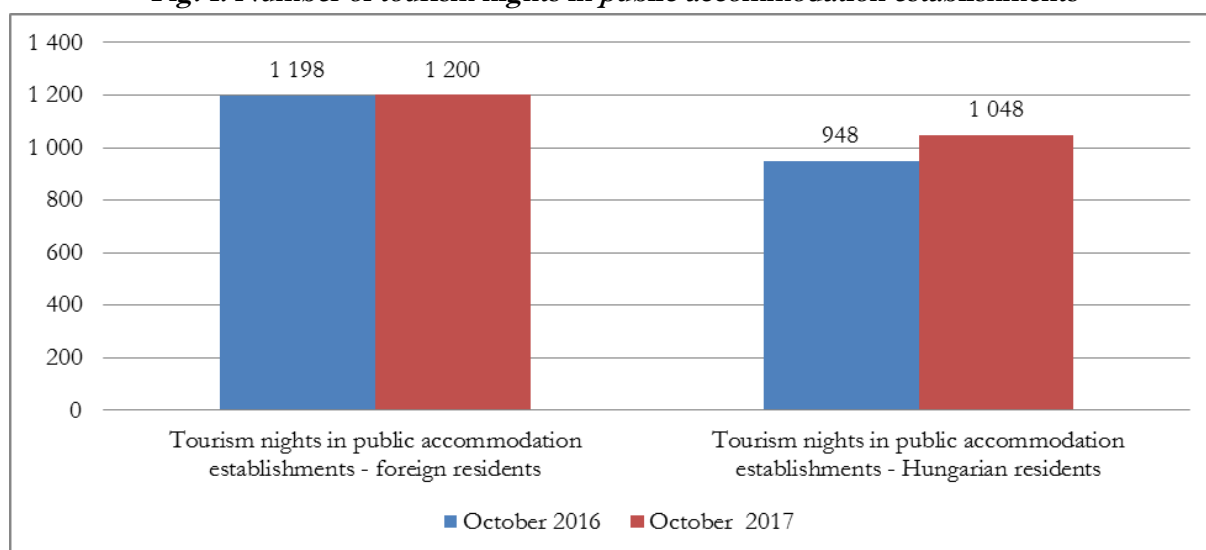


### *Tourism sector trends indicate robust current and future expansion*

According to data by the Hungarian Central Statistical Office (KSH), trends prevalent in current years have persisted and the expansion of Hungary's tourism sector has continued. The number of tourism nights by Hungarian residents has increased dynamically over the past one year, while that of foreign residents soared in the observed period. When data on the turnover and the number of nights spent at accommodation establishments are compared within the Visegrad Four, it also shows that Hungary has performed well.

The latest data compiled by the KSH show that in **October 2017** the total number of arrivals at accommodation establishments was up by 5.6 percent year-on-year; the number of tourism nights by foreign and domestic guests increased by 1.5 percent and 11 percent, respectively (Fig.1). This has caused gross revenues at accommodation establishments to rise, at current prices, by 9.5 percent year-on-year, totalling HUF 41bn. Within that, revenues rose by 7.9 percent (to HUF 24bn) from accommodation fees, by 5.1 percent from catering (to HUF 8bn) and by 19 percent (to HUF 9bn) from other services. The amount of accommodation fee revenues from foreign visitors increased by 2.0 percent and those from domestic visitors by 21 percent compared to October 2016.

*Fig. 1: Number of tourism nights in public accommodation establishments*



*Source: Hungarian Central Statistical Office (KSH)*

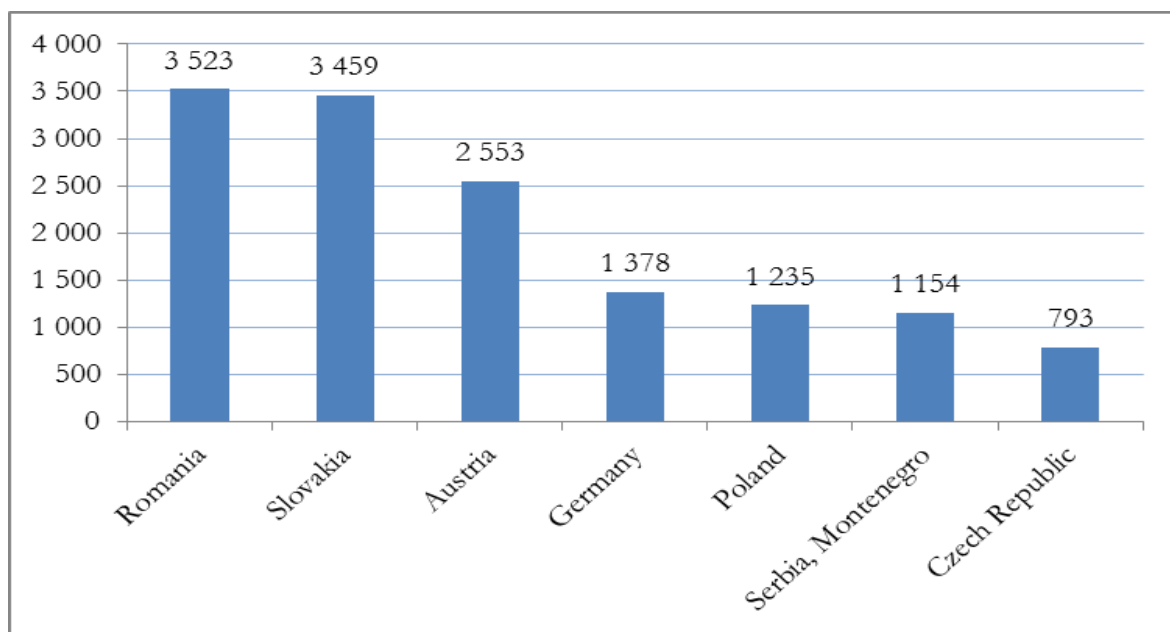


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In Q3 2017, the number of arrivals by foreign residents was 18.9 million. The number of international arrivals was up by 5.1 percent year-on-year; the number of arrivals for tourism and non-tourism purposes grew by 7.6 percent and 3.5 percent, respectively.

In terms of international arrivals, in Q3 2017 the most significant sender countries were Romania, followed by Slovakia and Austria (Fig.2.). It was Germans, however, who spent the highest number of tourism nights in the country (6.7 million).

**Fig. 2: Number of international arrivals by main sender countries (thousand)**



*Source: Hungarian Central Statistical Office (KSH)*

The **room occupancy ratio** improved by 1.4 percentage points in October 2017, to **60.7 percent**; although the number of available rooms decreased by 1.3 percent year-on-year, it was still close to 80 thousand in total. The number and volume of transactions through the Széchenyi Recreation Card (SZÉP Card) has increased at accommodation establishments: cardholders spent 18 percent more on related expenses. In the month of October 2017, HUF 1.3bn was paid with SZÉP Cards at the altogether 2691 establishments where cards can be used. Data from the period January-October 2017 also show favourable trends in the aforementioned activities. The number of tourism nights at accommodation establishments grew by 6.7 percent year-on-year, to 25.7 million. The number of tourism nights spent at accommodation establishments by foreign and domestic guests rose by 8 percent (to 13 million) and 5.4 percent (to 12.7 million),

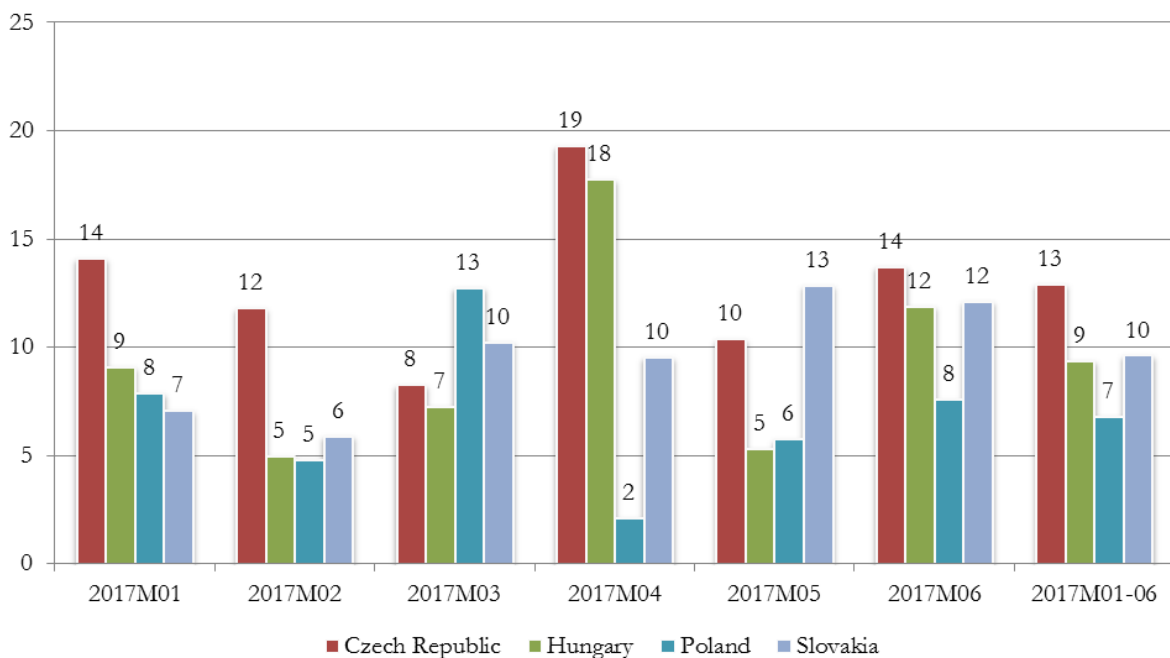


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respectively. Room occupancy ratio was up by 3.5 percentage points, to 60.5 percent. Gross revenues at accommodation establishments soared by 16 percent, to HUF 396bn. Within that figure, revenues from accommodation fees grew by 17 percent, to more than HUF 239bn.

**Hungary is also performing well from an international perspective when it comes to arrivals at tourist accommodation establishments.** In light of data available for comparison, every country within the Visegrad Four has posted growth in this regard, with the Czech Republic on top of the ranking (Fig.3).

*Fig. 3: Arrivals at tourist accommodation establishments by residents and non-residents (percentage change compared to same period in previous year)*



*Source: Eurostat*

**Hungary's tourism sector has been in a buoyant phase,** the majority of data have signalled growth over the past one year. In 2018, further dynamic expansion is to be expected, thanks mainly to the increase in domestic purchasing power and the growing variety of cultural events that attract a high size of foreign audience.