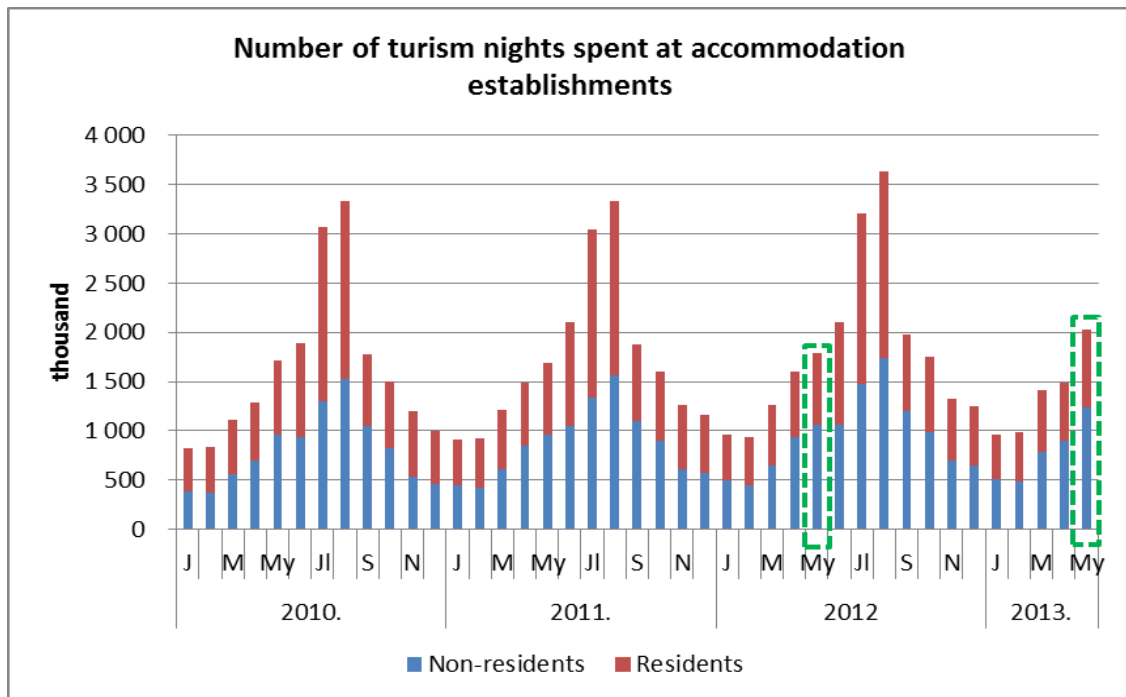




Ongoing expansion in tourism: significant increase in domestic turnover

Tourism is one of the fastest recovering sectors following the crisis; the main tourism-related indices reached their pre-crisis level again by 2011, and grew further significantly exceeding figures in 2012. In 2013 the favorable trend is continuing.

According to the latest statistics of the Hungarian Central Statistical Office (KSH), tourist traffic at accommodation establishments continued to increase in May 2013: the number of guests and tourism nights both signal higher demand in the sector. In the fifth month of the year 837 thousand guests were registered at accommodation establishments who spent altogether 2 032 thousand tourism nights in Hungary. These figures constitute an increase of 15.2 percent and 13.7 percent, respectively, compared to the corresponding period of last year.





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In May 2013, the number of foreign as well as domestic tourists increased markedly at accommodation establishments. The number of foreign guests was up by 18 percent compared to the figure of last year; the 457 thousand foreign guests registered spent 1 241 thousand nights in Hungary which is an increase of 16.4 percent in comparison to May 2012. **As far as countries of origin are concerned, the most important one is Germany: 27,5 percent of total tourism nights spent in Hungary in May is attributable to German citizens; their number increased significantly, by 4.3 percent, in comparison to May 2012.** Among the countries with substantial share in the sector (above 4 percent), in May 2013 **the number of tourism nights by Russian, Polish and British guests increased to the largest extent, by 61.3, 28.5 and 24.9 percent, respectively.**

In recent years it has been primarily the number of foreign tourists that has increased to the greatest extent, and accordingly **it is especially gratifying that in May the number of domestic guests (380 thousand) and tourism nights (791 thousand) were higher by 12.1 percent and 9.7 percent, respectively, compared to the corresponding period of last year.**

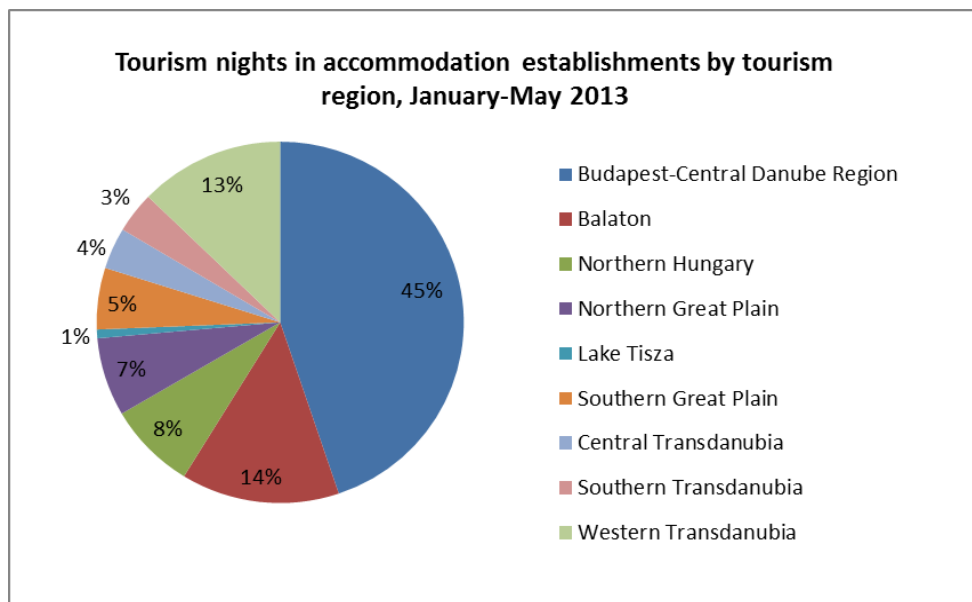
The occupancy ratio of hotels also signals improvement regarding the domestic tourism sector in May: the indicator edged up by 4.3 percentage points, to 53 percent on average, compared to the level of one year ago. The occupancy ratio of five star hotels was outstanding (73 percent). Gross sales revenues of accommodation establishments amounted to HUF 29bn in May this year with accommodation fee receipts totalling HUF 16bn within this category, while **revenues at current prices were 18 percent higher than last year. The number of people employed** by accommodation service providers at accommodation establishments **was also up** in comparison to last year's data: this figure increased by 3.4 percent to 30 thousand.

KSH statistics also signal a long-term expansion of the tourism industry. In January-May 2013, altogether 2 million 853 thousand people visited Hungarian accommodation establishments; this constitutes an increase of 7 percent compared to data of the previous year. The number of tourism nights was 6 million 888 thousand which indicates a 5.3 percent rise year-on-year.



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In January-May 2013, altogether 1.4 million domestic guests were registered, who spent 2 971 thousand tourism nights at Hungarian accommodation establishments. This signals an increase in the tourism demand of residents: the number of resident guests increased by 3.9 percent, the number of their tourism nights was up slightly by 0.5 percent, compared to January-May 2012. The number of foreign guests and their tourism nights were up by 10 percent and 9.2 percent, respectively, in comparison to the same period of 2012.



Source: KSH

Budapest and Central Danube Region, as well as Lake Balaton continue to be the most significant tourism destinations. During the first five months of this year, guests spent more than half of total tourism nights (59%) in these two main tourism regions. The Western Transdanubia region is also a popular destination. In January-May 2013, tourist traffic increased to the largest extent with regard to Budapest (11.8 percent), Northern Hungary (12.5 percent) and Lake Balaton (5.5 percent), in comparison to the corresponding period of previous year.

The spread of the SZÉP (Széchenyi Recreation) Card is primarily behind the increase in domestic tourism. The popularity of the new fringe benefit system (cafeteria) has been continuously on the rise since it was introduced in 2011. Based on information provided by accommodation establishments, in May 2013, 1,865 units accepted Széchenyi vouchers as a means of payment; service sales to domestic guests through this voucher scheme amounted to



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HUF 1 billion. In 2011 the vouchers were issued with an expiry date of 31 May 2013, which played a significant role in the enhanced use of Széchenyi vouchers. The value of SZÉP Cards redeemed during the first five months of this year was HUF 3.9bn, an increase of 40% in comparison to January-May 2012. In addition to the SZÉP Card, **the increased activity and successful marketing efforts of tourism destination management organisations (TDMs) also play a role in the increase of domestic tourism.**