

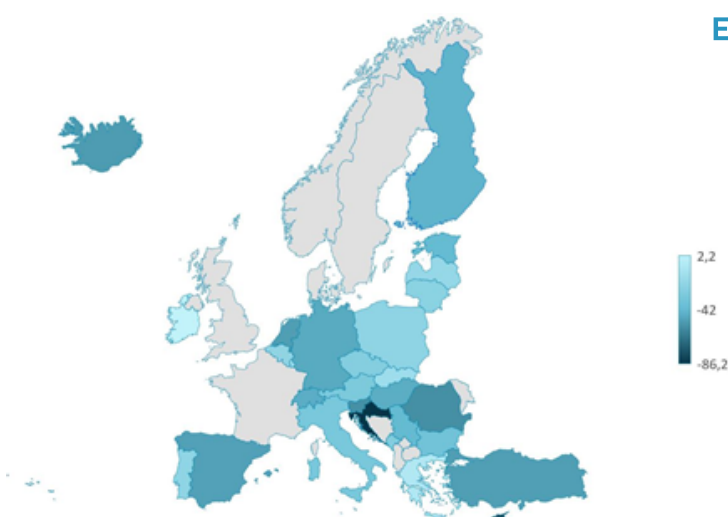
COVID-19 HAS WREAKED HAVOC ON EUROPEAN TRAVEL DEMAND

The impact of the global health crisis is becoming clear with European tourism growth expected to remain below 2019 levels until 2023. During the first four months of the year, Europe saw a dramatic 44% decline in international tourist arrivals compared to the same period in 2019, a decrease in line with global performance[1]. Tourism job losses in Europe in 2020 could be monumental, ranging between 14.2 million to 29.5 million[2]. Uncertainty still dominates and the duration of pandemic restrictions will be key to determine the losses in the sector.

1 - UNWTO World Tourism Barometer

2 - World Travel and Tourism Council (WTTTC)

EIGHT OUT OF SIXTEEN DESTINATIONS REPORTING ARRIVALS TO APRIL/MAY REGISTERED FALLS IN EXCESS OF 50%



Source: TourMIS *date varies (Jan-May) by destination

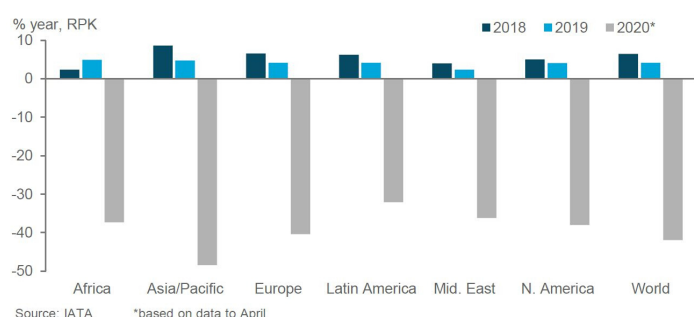
Croatia	-86%
Cyprus	-78%
Romania	-56%
Slovenia	-56%
Iceland	-52%
Netherlands	-51%
Turkey	-51%
Spain	-51%

Industry Performance



- Year-to-date global RPKs have fallen 41.9%. Europe has experienced a 40.4% decline in RPK on the same months in 2019.
- IATA estimates net losses in Europe at \$21.5 billion with a negative net margin of 22.1%.
- Air passenger growth in Europe was down 51.8% in March, but – in line with other regions – April saw an almost universal wipe-out (down 98.1% in Europe).
- For the period January to May 2020, bookings for international air travel to Europe were down 88.6% on the previous year.

Annual International Air Passenger Growth

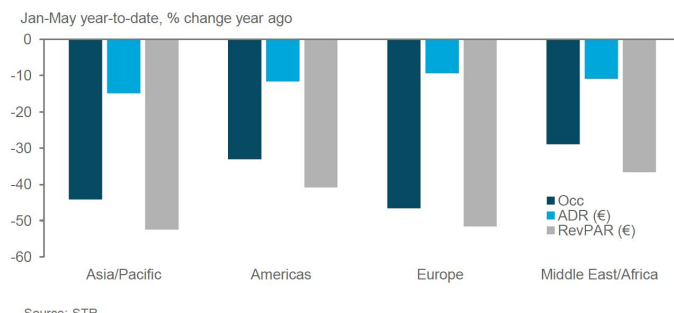


Source: IATA *based on data to April



- Hotel performance indicators showed sharp contractions across the world over the first five months of 2020.
- Most of the impact on RevPAR has been driven by very marked declines in occupancy rather than the reduction of room rates.
- For Europe as a whole, occupancy has fallen 46.6%. ADR has fallen much less: by 9.3%. In terms of RevPAR, a 51.6% decline was experienced.

Global Hotel Performance



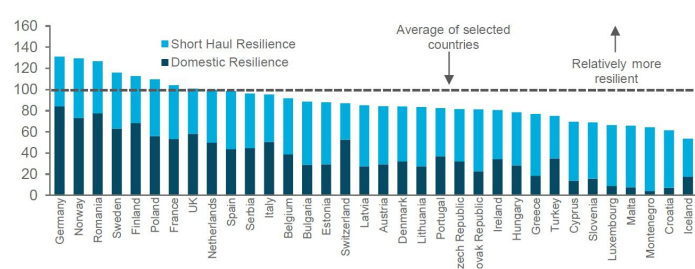
Source: STR

Special Feature: Domestic & Short-Haul Travel



- The recovery of tourism in coming years will vary across European destinations depending on the mix of travellers from different source markets.
- An aggregate Travel Resilience Index, which applies equal weight to the Short-haul and Domestic Resilience Indices can provide an indication of the overall resilience of a destination.

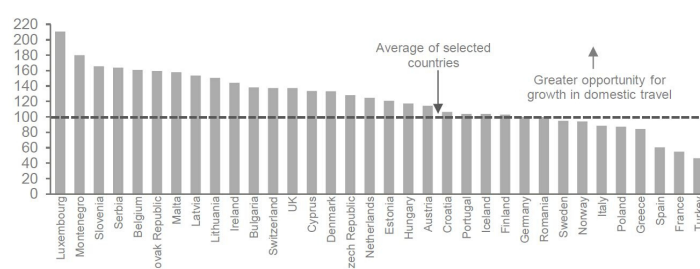
Travel Resilience Index



*2019 data; overnight travel only
Source: Tourism Economics

- A Domestic Opportunity Index can be thought of as 'staycation' opportunity, in terms of residents choosing to travel within their home country instead of taking a holiday abroad.

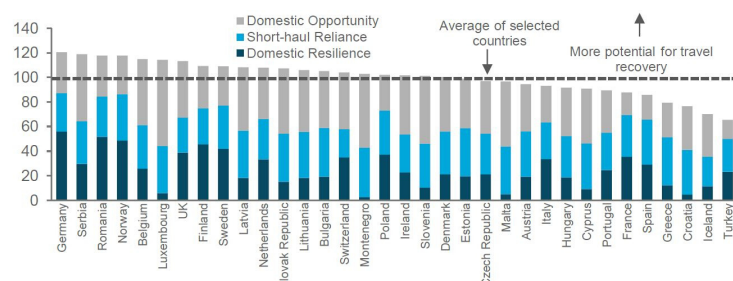
Domestic Opportunity Index



*Departures as a share of domestic travel and departures combined; 2019 data; overnight travel only
Source: Tourism Economics

- The combined Travel Potential Index points to destinations which may be in the best position to see a more swift and stable recovery in tourism. The index applies equal weighting to the short-haul resilience, domestic resilience and domestic opportunity components.

Combined Travel Potential Index



*2019 data; overnight travel only
Source: Tourism Economics

COVID-19 Significantly Influenced Demand in Key Overseas Markets



Only Czech Republic (+7%) and Poland (+4%) reported growth in overnights from Canada, despite declines in arrivals

Croatia (-95%), Iceland (-72%), Slovenia (-67%), Cyprus (-67%) and Hungary (-66%) saw the biggest declines in Canadian arrivals.

The only growth in Japanese overnights was reported in Slovakia (+27%), despite a decline in arrivals (-24%)

Croatia (-88%), Slovenia (-70%), Estonia (-58%), Montenegro (-56%) and Switzerland (-55%) reported the largest declines in Japanese arrivals. Stringency of lockdown seems only to have played a minor role with Sweden faring only marginally better than neighbouring Norway and Denmark.



Cyprus (-86%) and Croatia (-81%) saw the largest declines of Russian arrivals

Only Montenegro (+11%) and Latvia (+4%) saw growth in Russian tourist arrivals based on data to March. Iceland (-61%), Romania (-60%), Turkey (-55%) and Slovenia (-48%) reported some of the strongest declines in arrivals.



No destination has recorded any form of tourism growth from China

Latvia (-110%) reported the strongest declines in Chinese arrivals, followed by Croatia (-89%), Romania (-79%), Turkey (-76%) and Cyprus (-73%). Luxembourg (-21%) and Portugal (-38%) saw the smallest declines.

Baltic destinations saw the strongest performance from the US, with Lithuania (+20%) and Latvia (+18%) reporting increased arrivals to March

Croatia (-93%), Cyprus (-70%), Slovenia (-70%) and Iceland (-67%) observed the strongest declines in American tourist arrivals. Hungary (-61%), Romania (-61%) and Spain (-56%) all had significant declines in arrivals.



With a stringent lockdown regime, the reporting period is a key explanatory factor for Indian outbound travel trends

Slovakia (+6%) and Latvia (+2%) – both reporting to March – managed the only increase in nights, while arrivals fell 13.5% and 18.1% respectively. Croatia (-94%), Switzerland (-71%), Austria (-71%) and Iceland (-69%) had the steepest declines.



FOR DETAILED RESULTS, PLEASE HAVE A LOOK AT

THE FULL REPORT

Data Sources: TourMIS, Tourism Economics, STR Global, IATA, ForwardKeys

