

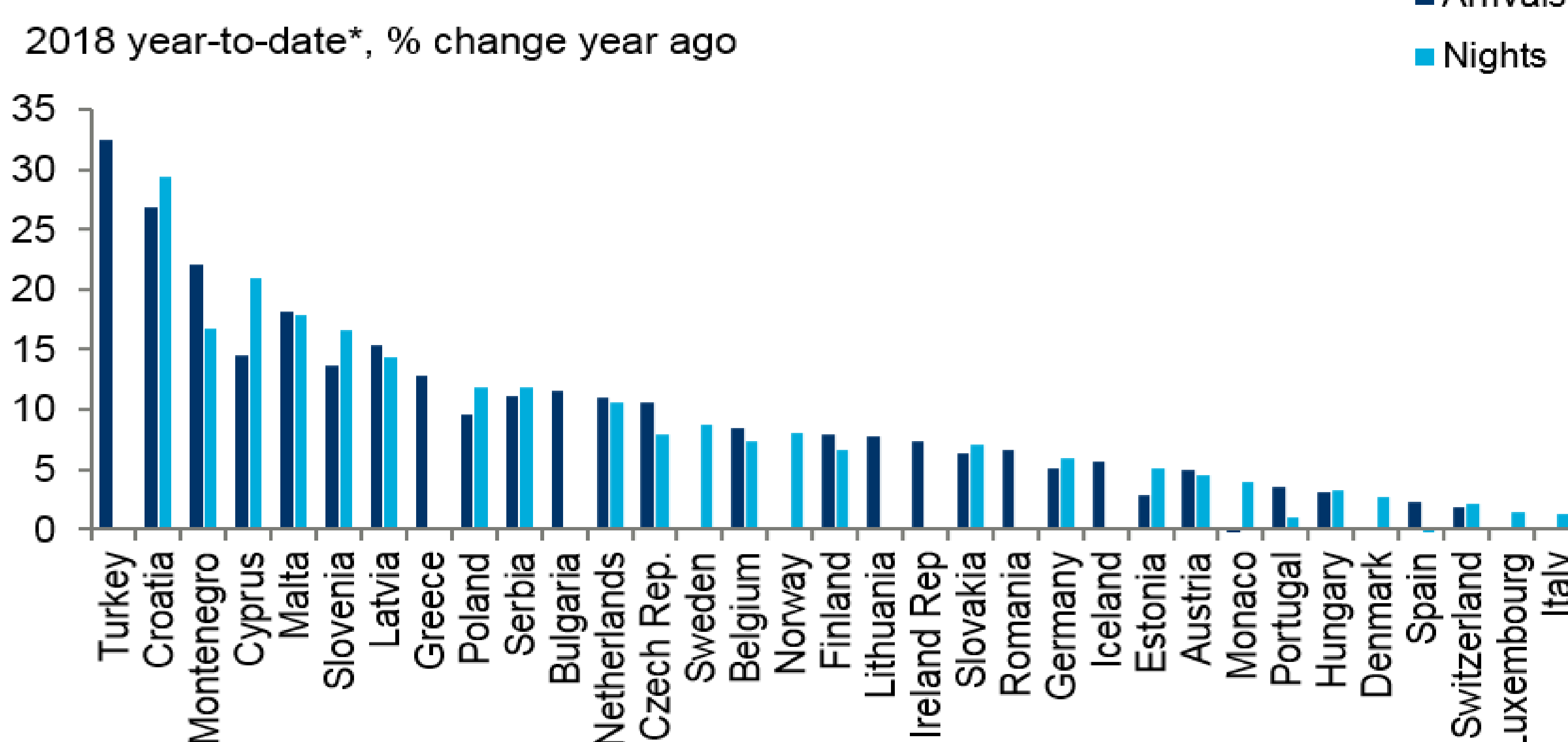
European Tourism Trends & Prospects 2018

Quarterly Report 2 / 2018

33 European Destinations reported growth either in arrivals or overnights during pre-summer peak season

Foreign visits and overnights to select destinations

(year-to-date, % change a year ago)



Growth for Top European Destinations

Large Overseas Markets Continue to underpin growth in Europe

- Turkey's recovery maintains its momentum with healthy growth in visitor arrivals (+33%) deriving from a wide range of source markets.
- Arrivals and overnights growth to Croatia (+27%) have been mainly boosted by concerted efforts to attract guests out of the summer season via digital campaigns, PR and marketing activities.
- Montenegro (+19%) has experienced a slightly slower growth compared to 2017. Its growth is supported by the launch of new flight routes linking the destination with Europe's large source markets.
- Cyprus (19%) and Malta (17%) have reported significant growth of arrivals and overnights in 2018 to date, driven by an increase in cruise traffic and some coordinated efforts to broaden the shoulders of tourism season.
- Travel to Iceland is slowing but still maintaining at a robust growth rate of 6%.



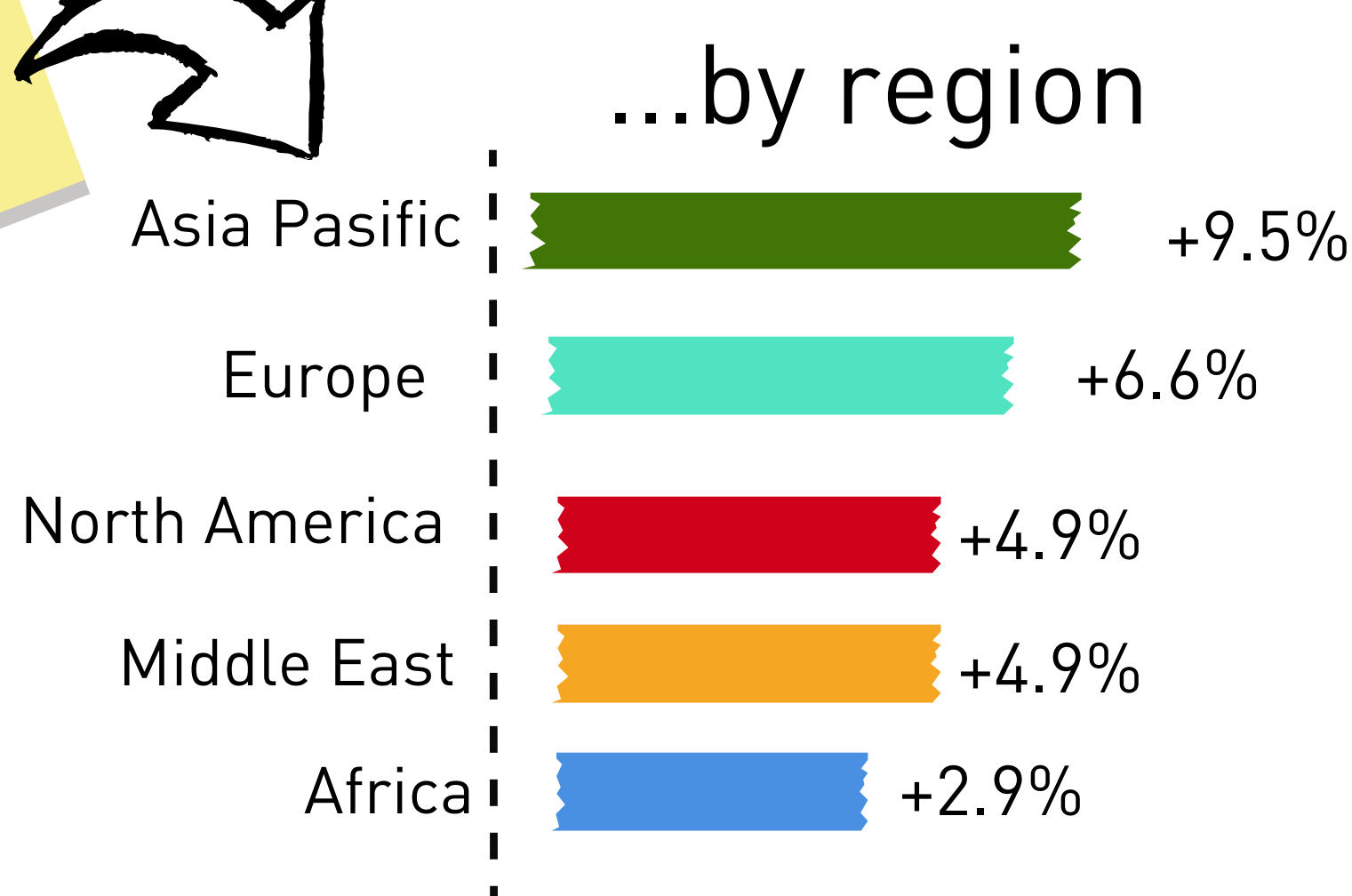
Cruise destinations have reported the strongest arrival rates from US year-to-date in 2018. Particularly, the rates of Cyprus, Montenegro and Croatia exceeded the 30% growth based on the latest available data of 2018.

Japanese visits and overnights growth has slowed down in early 2018, although Turkey, Estonia and Latvia have reported arrivals in excess of 60%.



Encouraging Industry Performance

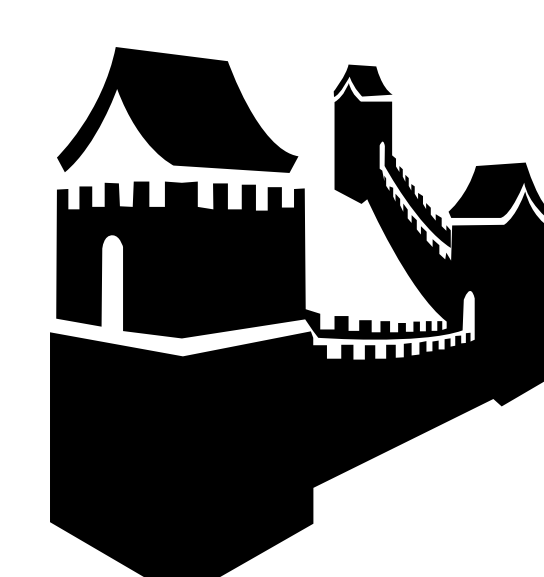
World Revenue Passenger Kilometres (RPK) grew by 7% in 2018 to date



- Asia Pacific continued to boast the strongest rate of RPK, result which has been supported by strong regional economy and connectivity expansion.
- European RPK growth slowed moderately in year-to-date-data to 6,6% as the upward trend in demand continues.
- North America continues to pick from level of growth seen in 2016 and 2017, while the Middle East is the next slowest growing global region.

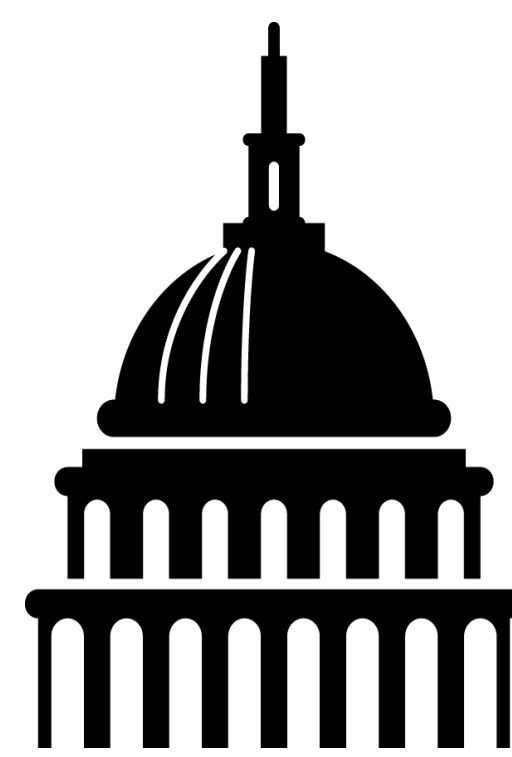


Accommodation occupancy rate is +1.3% up in Europe in 2018 to date compared to the same period in 2017 and an 0.2% increase in ADR, yielded RevPav growth of 1,5%.



The EU-China Tourism Year aims to reinforce growth and joint investment in tourism. China has reported higher arrival rates for Southern and Central European destinations rather than others. Serbia, Montenegro, Cyprus, Turkey and Croatia are benefitting from a combination of cruise and land tours of Chinese visitors, who try to include most into their Europe trip.

21 European destinations have increased visits and overnights of Indian travellers. Growth has been encouraged by Air India's expanded network and flight frequency changes, plus the initiative of 'Wow's (Icelandic low cost carrier) to use India as a hub between Asia and Europe.



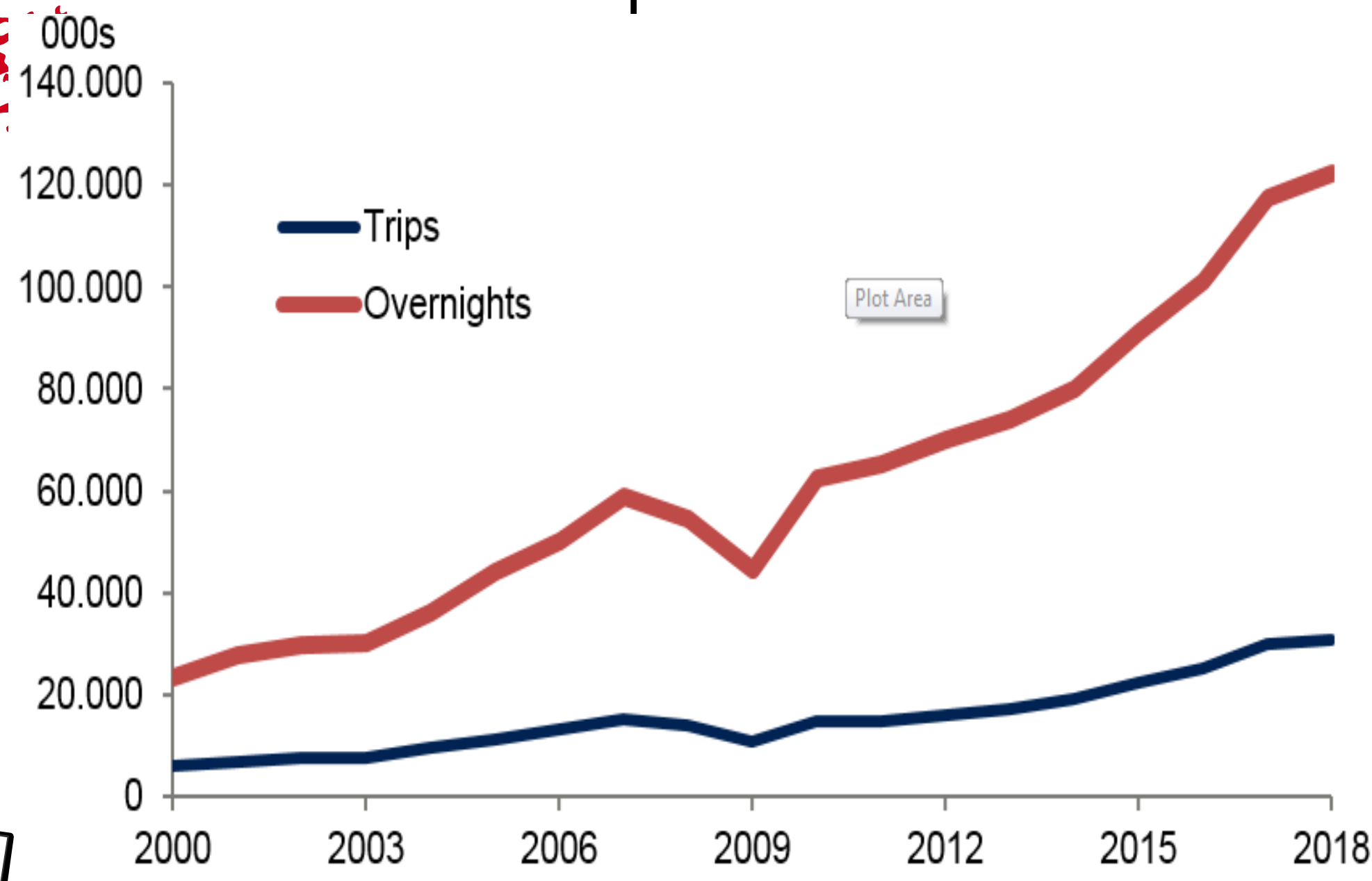
23 European destinations saw growth in visits and overnights from Canada, according to the latest available 2018 data. The arrivals growth has brought massive benefits to the local economies of many Mediterranean destinations, who are directing efforts towards the pursuit of cruise visitors.

Russia has reported 63,9 % growth in arrivals based on data to April. This growth indicates a new peak season, which should far surpass the prior. Russian tourists preferred to visit more Turkey (64%), Iceland (45%) and Portugal (42%)



Special Focus: South Korean Outbound Travel

6 Times as many outbound trips in Europe from South Korea expected in 2018...

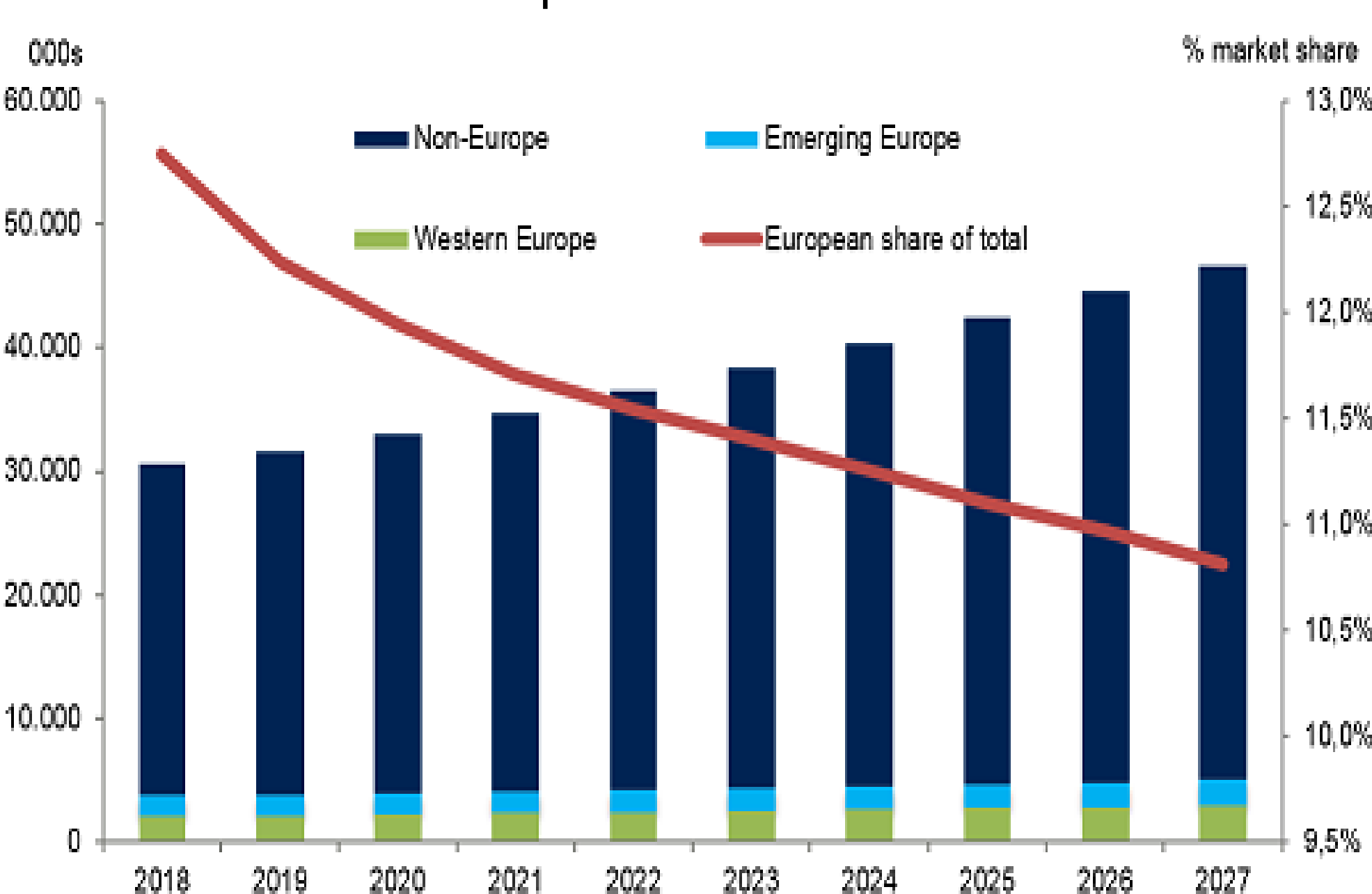


Europe's share of outbound visits from South Korea has been relatively constant in the range of 12-13% for the period 2000-2018, but peaked in 2014 at 14,7%

Sources: TourMIS *date varies (Jan- May) by destination
Tourism Economics
European Tourism Trends & Prospects Q2/2018
IATA
STR

Long-term Prospects...

Outbound Travel from South Korea: Europe vs Elsewhere



Despite a falling share of outbound trips from South Korea, Europe will see a significant increase in absolute terms with a 1.1 million South Korean visits expected in 2027.