

# English Language Travel Industry Report 2017

## Key Highlights

The EFL (Teaching English as a Foreign Language) statistics for 2017 issued by the National Statistics Office (NSO) reported an improvement in the number of student arrivals and weeks, following some years in which no growth was registered. Student arrivals increased by 13.6% over 2016 to reach more than 87,000 students by the end of 2017.

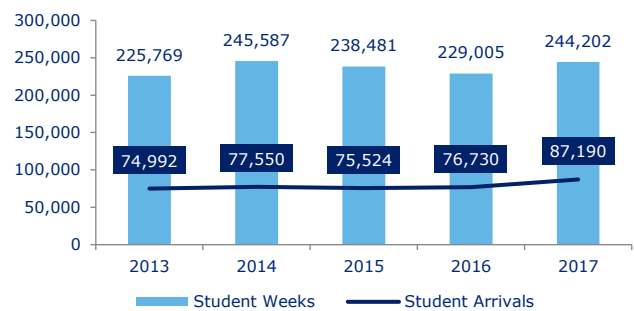
Student weeks, on the other hand, only increased by 6.6% as a result of shorter stays, in line with overall tourism trends, but also resulting from a shift in the student mix with junior students accounting for 52% of total student arrivals (vs 50% in 2016 and 48% in 2015). Consequently, the average length of stay fell to 19.6 days in 2017 from 22.1 days in 2015.

The ELT sector remains an important niche market for tourism in Malta and the economy in general, accounting for approximately 10.4% of total tourist guest nights. Deloitte estimates place indicative total expenditure by ELT students in 2017 at approximately €148 million representing 7.6% of total tourist expenditure.

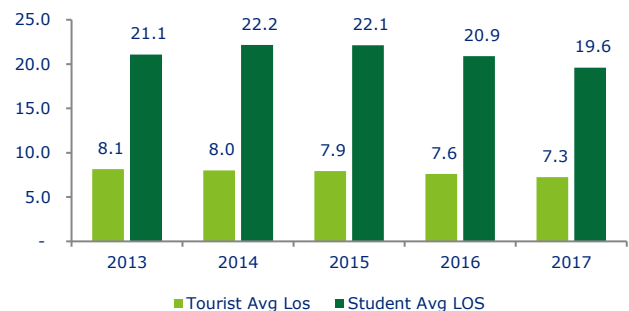
During 2017, the sector continued to attract students from markets which are not traditional tourist source markets for Malta, such as Brazil, Turkey, Colombia and Japan. In fact, the number of student weeks from non-EU/EEA countries increased by 13.7% and accounted for 48% of total student weeks for the year. The number of student weeks from EU/EEA countries increased by 0.9%, primarily as a result of an increase from the Italian market.

Language schools registered declines from the Libyan market. Russia, which is amongst the top 10 non-EU source markets, is back in positive territory after registering declining trends in the previous two years.

Student arrivals & weeks\*



Average length of stay (days)\*



\*Source: NSO

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Student week country mix				Change 17/16		
Top 25 Source markets	2016	% share	2017	% share	Weeks	%
Italy	33,564	14.7%	39,600	16.2%	6,036	18%
Brazil	14,519	6.3%	22,067	9.0%	7,548	52%
France	21,455	9.4%	21,008	8.6%	-447	-2%
Germany	20,981	9.2%	19,328	7.9%	-1,653	-8%
Turkey	17,054	7.4%	16,844	6.9%	-211	-1%
Colombia	14,725	6.4%	15,752	6.5%	1,027	7%
Japan	12,728	5.6%	14,940	6.1%	2,212	17%
Russia	11,284	4.9%	12,315	5.0%	1,031	9%
Spain	12,292	5.4%	10,811	4.4%	-1,481	-12%
South Korea	8,430	3.7%	9,582	3.9%	1,153	14%
Switzerland	5,142	2.2%	7,446	3.0%	2,305	45%
Poland	5,957	2.6%	7,134	2.9%	1,177	20%
Austria	5,437	2.4%	4,492	1.8%	-945	-17%
Czech Republic	3,107	1.4%	2,916	1.2%	-191	-6%
Libya	6,081	2.7%	2,736	1.1%	-3,345	-55%
China	1,688	0.7%	2,615	1.1%	927	55%
Ukraine	2,126	0.9%	2,393	1.0%	267	13%
Netherlands	2,739	1.2%	2,330	1.0%	-410	-15%
Venezuela	2,000	0.9%	2,293	0.9%	293	15%
Belgium	2,321	1.0%	2,159	0.9%	-162	-7%
Morocco	818	0.4%	2,060	0.8%	1,242	152%
Sweden	4,127	1.8%	1,844	0.8%	-2,283	-55%
Hungary	1,827	0.8%	1,712	0.7%	-115	-6%
Slovakia	1,758	0.8%	1,641	0.7%	-117	-7%
Iran	759	0.3%	1,451	0.6%	692	91%
Other	16,086	7.0%	16,734	6.9%	648	4%
<b>Total</b>	<b>229,005</b>		<b>244,202</b>		<b>15,197</b>	<b>6.6%</b>

The annual FELTOM survey carried out by Deloitte shows that total net revenue from this sector in 2017 increased by 4.9% when compared to the previous year. This revenue growth was mainly driven by volume rather than spend as the average turnover per student week declined by 1.7%.

Tuition revenue per student week fell by 5.6%, primarily as a result of increased discounting. Agency commissions also increased by 11% and are estimated to have reached 30% of total tuition revenue. The increase is partially attributable to the rise in tour operator bookings (84%) as opposed to direct bookings (16%).

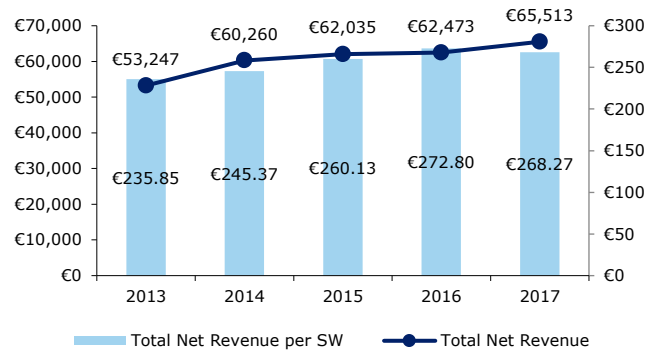
Strong growth has been reported in accommodation revenue which essentially reflects the overall increase in accommodation prices across the island. An increase of 4.7% was also reported in other ancillary revenue generated through activities. This growth is directly related to the increase in student arrivals as on a per student week basis activities revenue remained relatively flat.

The FELTOM-Deloitte survey shows that the increasing trend in direct costs per student week, reported in previous years, has been reversed during 2017 with a drop of 4.4% over 2016. Nonetheless, total direct costs remain 29% higher than they were in 2013. Accommodation costs have continued to increase, teacher payroll costs increased by 1.4% while total activity costs increased marginally by 0.3%. All other direct costs have remained fairly stable.

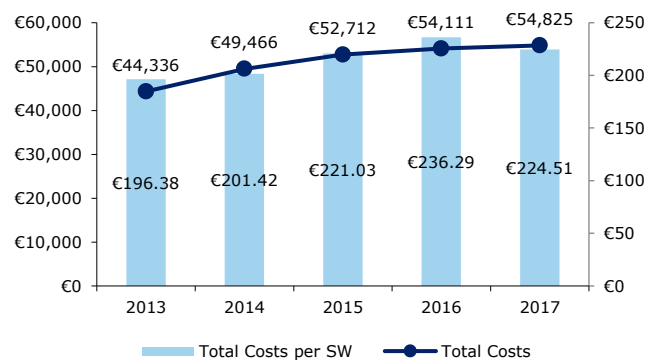
Total overhead costs have been contained at €71.2 per student week, explained by lower administration, marketing and non-teaching costs. The containment of costs is mainly the result of a 5% drop in non-teaching staff (759 in 2017 vs. 799 in 2016).

Direct contribution per student week increased by 2.3%. Total direct contribution of the ELT sector increased by 9% to reach €28 million by the end of 2017. Overall profitability of the sector is estimated to have increased to approximately €43.77 per student week, driven primarily by the increase in student numbers and controlled costs. Despite this improvement, profitability levels are still below those registered in 2014.

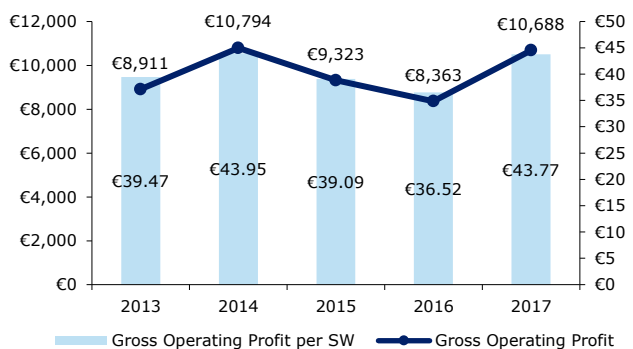
**Total revenue (€000s)**



**Total costs (€000s)**



**Gross operating profit (€000s)**



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