



GALT & TAGGART
CREATING OPPORTUNITIES

FMCG Sector in Georgia

February 2025



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FMCG market in Georgia: sector is growing steadily

- ● ● **The FMCG market grew by 6.8% y/y to GEL 22.7bn in 2024.** As expected, branded retail chains grew at a higher rate than other formats. Branded retail chains revenues increased by 14.9% y/y to GEL 9.2bn, while other formats grew by 1.9% y/y to GEL 13.5bn in 2024 . As a result, the share of branded chains increased from 37.6% to 40.4% over 2023-24.
- ● ● **The growth in branded chain revenue was mainly driven by geographic expansion.** In 2024, c. 500 new stores were opened by branded retail chain companies, out of which c.350 were in regions, the rest in Tbilisi. As a result, number of stores in Tbilisi and regions became equal. Revenues of branded retail chains in the regions increased by 23.6% y/y, and in Tbilisi by 9.3% y/y resulting in slight decrease in Tbilisi's share in total branded retail chains revenue from 58.9% in 2023 to 57.8% in 2024. We expect the high rate of expansion in the regions to continue in the future. According to our estimates, the most attractive regions for expansion are Adjara and Kvemo Kartli, and among the districts of Tbilisi, Saburtalo, Gldani, and Samgori.
- ● ● **Daily Group has emerged as the new market leader**, capturing a 27.5% share of the branded retail chains market and a 11.0% share of the total FMCG market. In 2024, several companies merged to form Daily Group Holding, including Foodmart Ltd (with brands Spar, Ioli, and Kalata), Daily Ltd, Gvirila Retail Ltd (brand name Gvirila), and Retail Group Ltd (Magniti). As a result, Daily Group now owns over 1,600 stores out of a total of 4,000. In 2024, Daily Group led the market with a 27.6% share of branded retail chains revenue, followed by 2-Nabiji with 17.0% and Nikora with 16.4%. The top 5 companies jointly accounted for 74.9% of the branded retail chains revenue, while the remaining 25.1% came from about 40 smaller retail chain companies. The share distribution is different in Tbilisi and the regions.
- ● ● **We expect FMCG sector revenue to grow at an average rate of 8.0% over 2025-28**, primarily driven by increased disposable income and purchasing power. Branded retail chains will continue to expand at a faster pace than other formats, supported by geographic expansion, assortment and format diversification, and other strategic developments. We forecast an average annual growth rate of 15.0% for branded retail chains over 2025-28 (compared to 23.3% growth over 2021-24), which will result in their market share increasing from 40.4% in 2025 to 52.0% by 2028.

2024 Summary

FMCG sector revenue reached GEL 22.7bn in 2024

Retailer types

Branded retail chains

40%

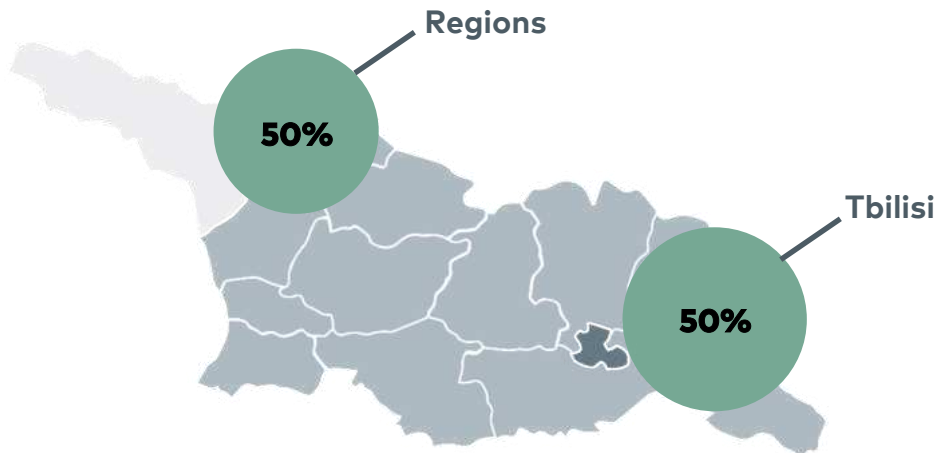
Non-branded stores

25%

Other formats

32%

Sales geography



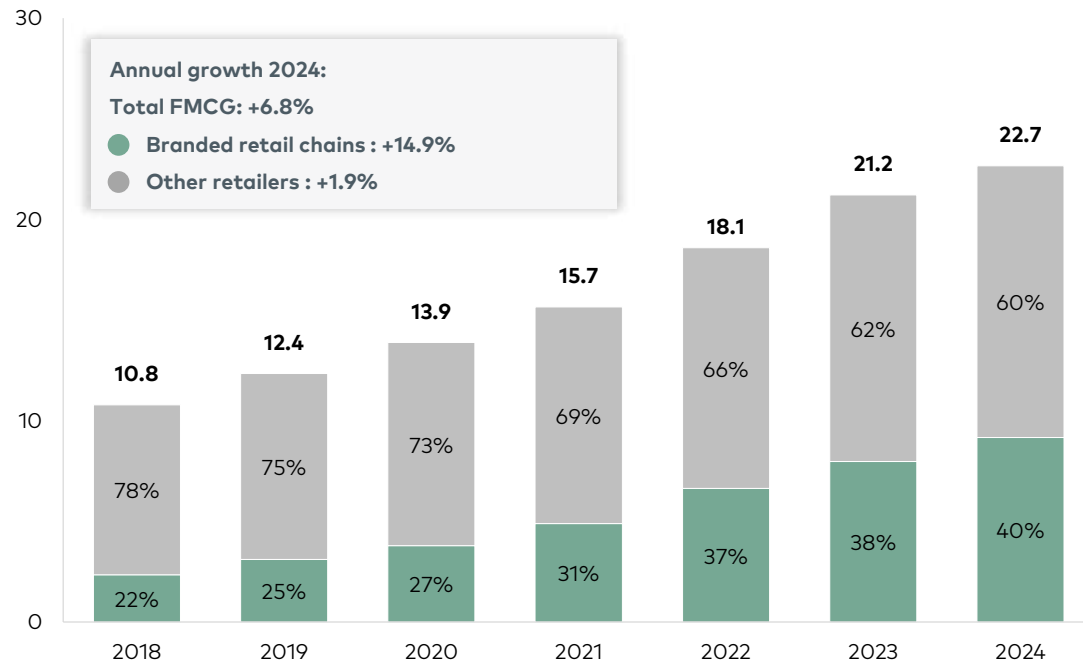
Product categories



2024 Summary – Market size

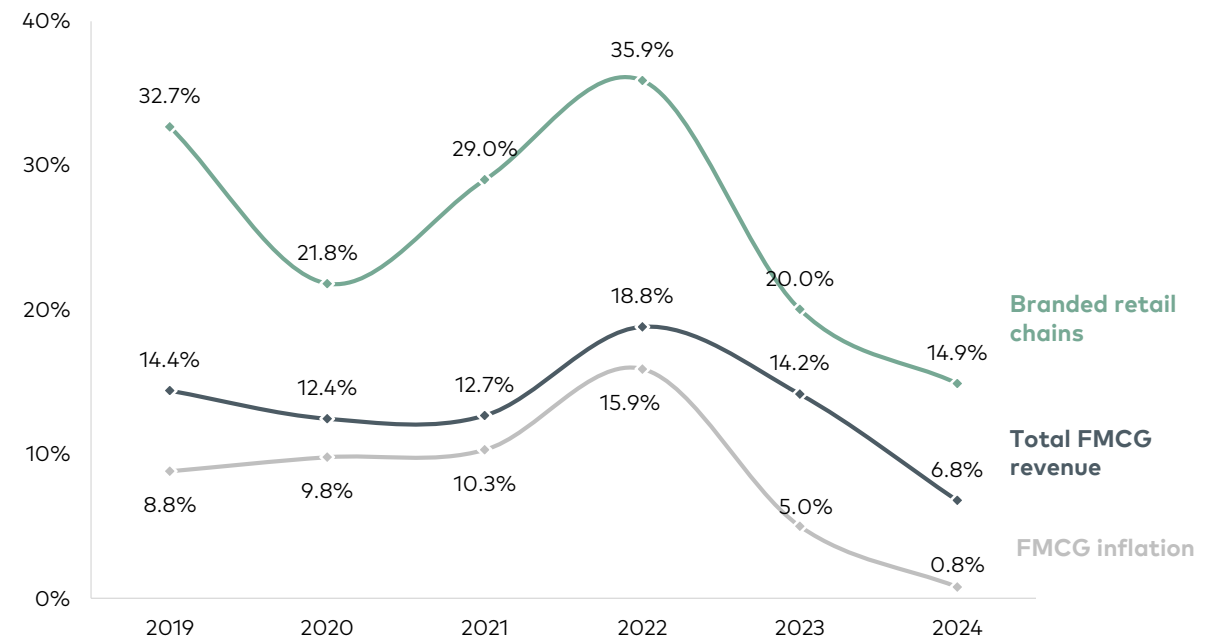
FMCG sector revenue reached GEL 22.7 bn in 2024, reflecting a 6.8% y/y growth

FMCG sector revenue by retailer type, GEL bn (incl. VAT)



FMCG sector's revenue is expected to reach GEL 22.7 bn, marking a 6.8% y/y increase in 2024. Branded retail chains currently hold 40.4% of the market share with dynamic growth expected to continue.

Annual growth of FMCG revenue, revenue of branded retail chains and FMCG inflation

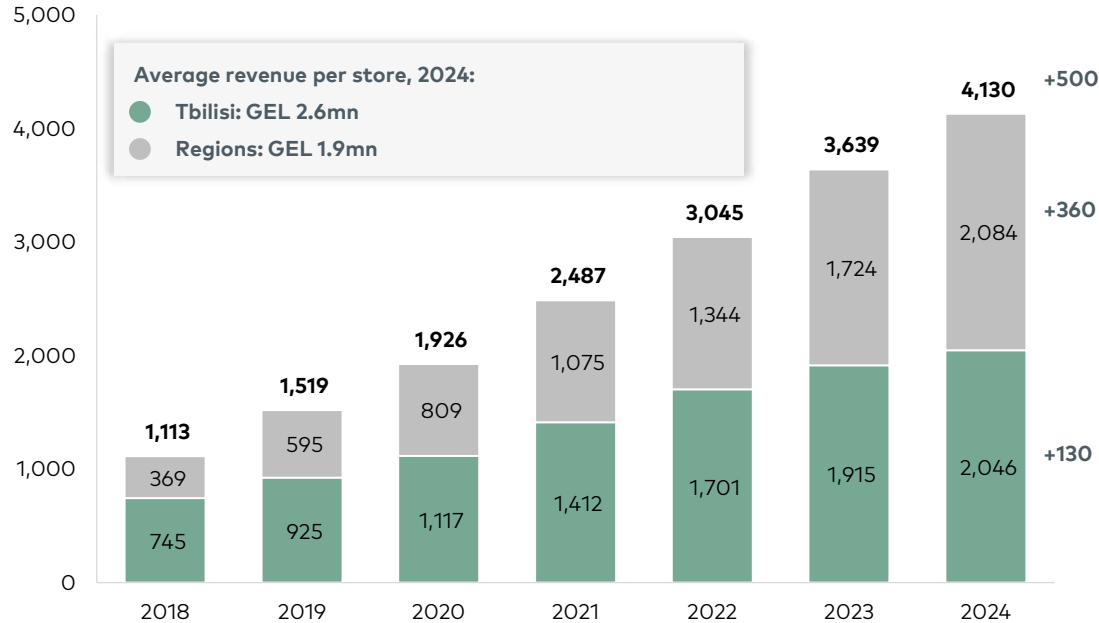


FMCG revenue growth in 2024 is primarily driven by increased demand, with minimal impact from price changes. Branded retail chains are growing at a faster pace than other formats.

2024 Summary - branded retail chains

Revenue of branded retail chains is growing faster in the regions due to geographic expansion

Number of branded stores in Tbilisi vs regions

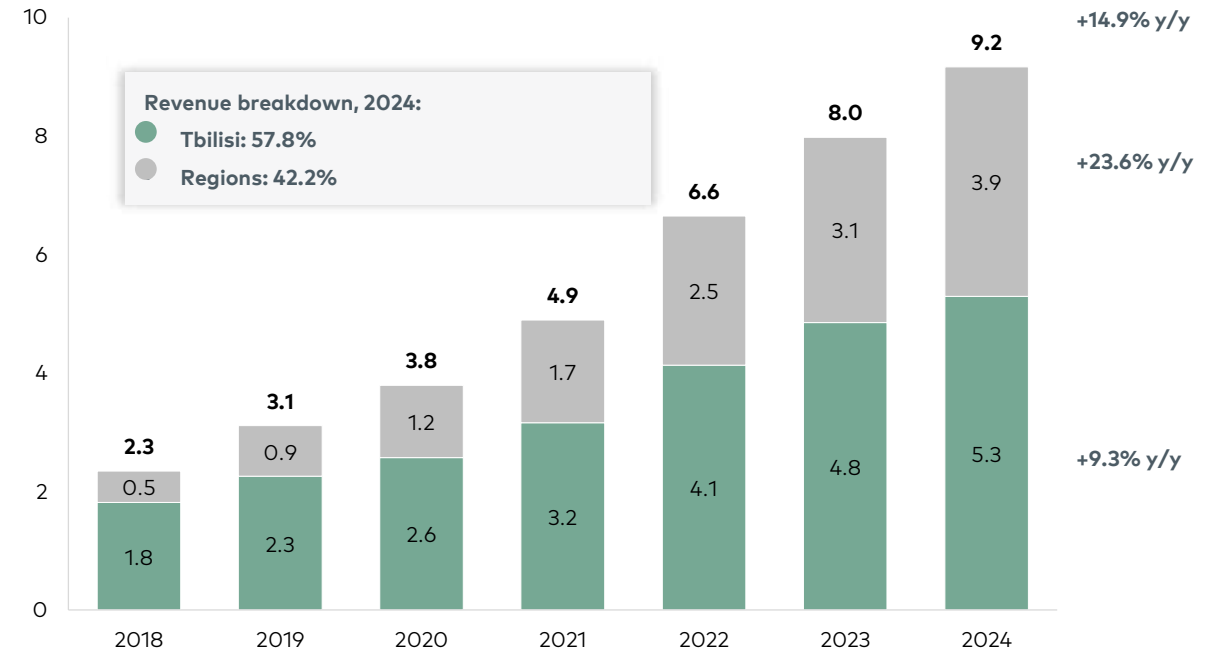


The number of branded retail stores is growing faster in the regions than in Tbilisi, although sales per store are higher in Tbilisi. This revenue disparity can be attributed to lower purchasing power, differences in consumer behavior, and a higher share of unorganized markets and self-consumption in the regions.

Source: SARAS, Company survey, Galt & Taggart

Note: 2024 data is preliminary and subject to revision

Revenue breakdown of branded retail chains, GEL bn (incl. VAT)



Revenue of branded retail chains grew by 23.6% y/y in the regions and by 9.3% y/y in Tbilisi in 2024. As a result, the share of regions in the revenue of branded retail chains increased from 41.1% in 2023 to 42.2% in 2024.

2024 Summary - branded retail chains

Daily Group became new market leader in 2024 following the merger of several companies

Revenue and store count growth of branded retail chains, 2024

Revenues
+14.9%

LFL
+1.1%

Number of stores
+500

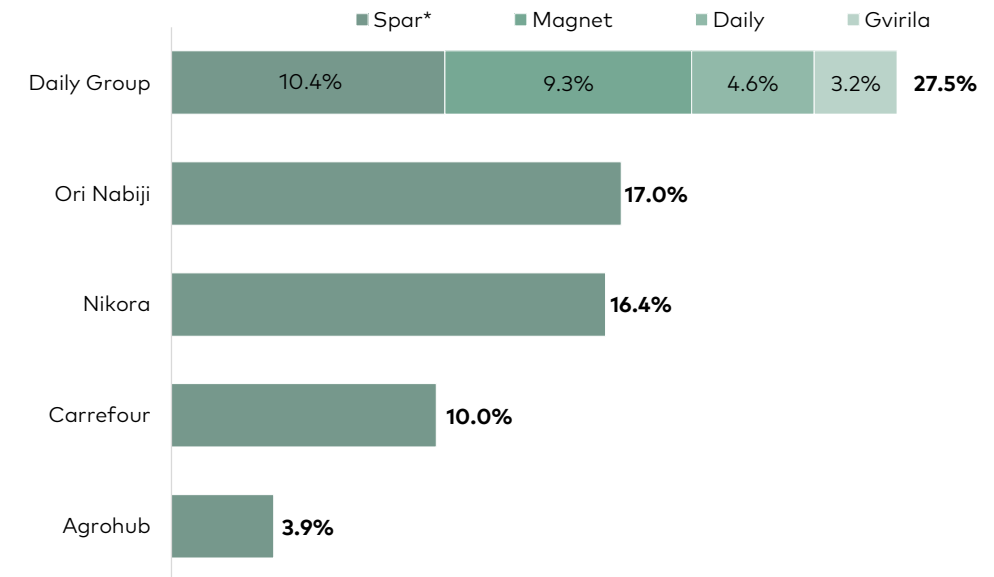
The increase in branded retail chains' revenue was largely driven by the opening of new stores in 2024. These stores partially replaced traditional format stores and unorganized trade.

Source: Company survey, Galt & Taggart

*Spar includes Foodmart and their franchises

Note: LFL (Like-for-Like) growth refers to the increase in sales from stores that were opened in the previous year.

Market share of top-5 branded retail chains by revenue, 2024

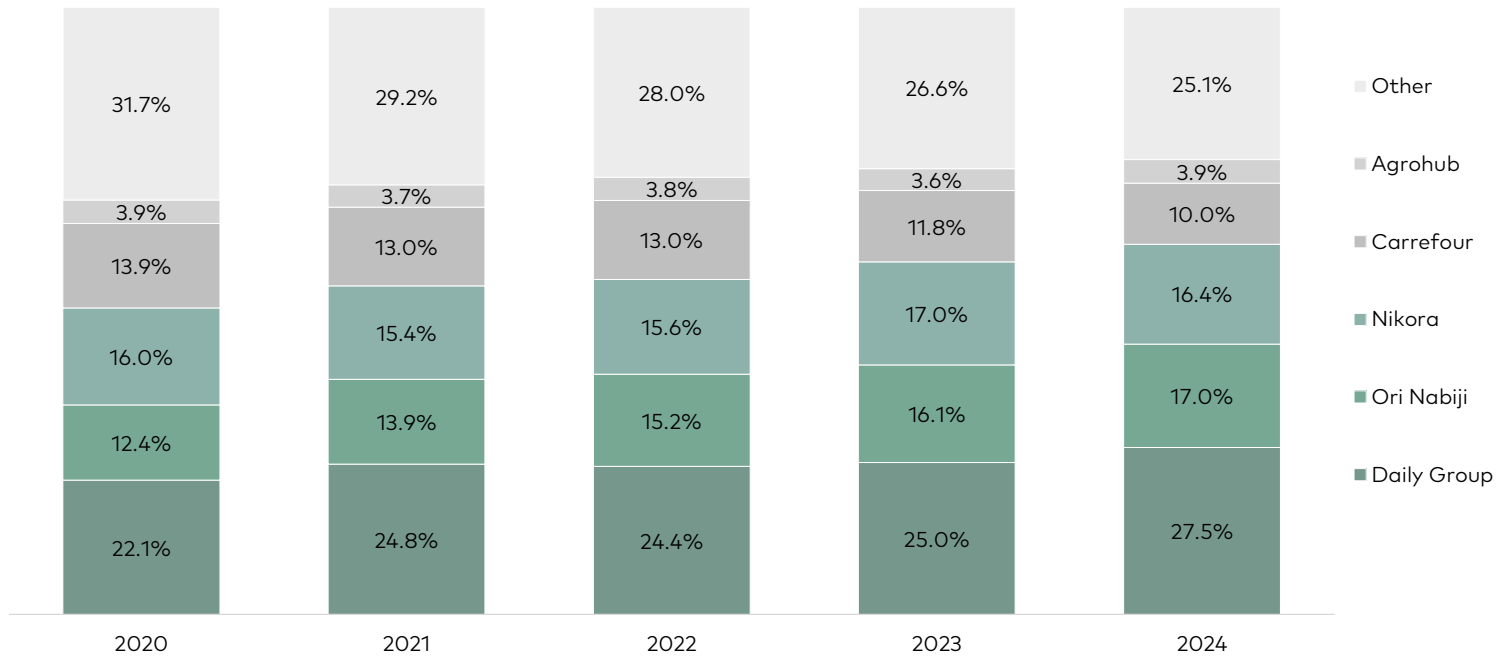


Daily Group became new market leader in 2024 following the merger of several companies with a 27.5% share of the branded retail chain market and an 11.0% share of total FMCG.

2024 Summary - branded retail chains

The top 5 companies jointly hold a **74.9%** share of the branded retail chain market

Market share of top-5 branded retail chains by revenue



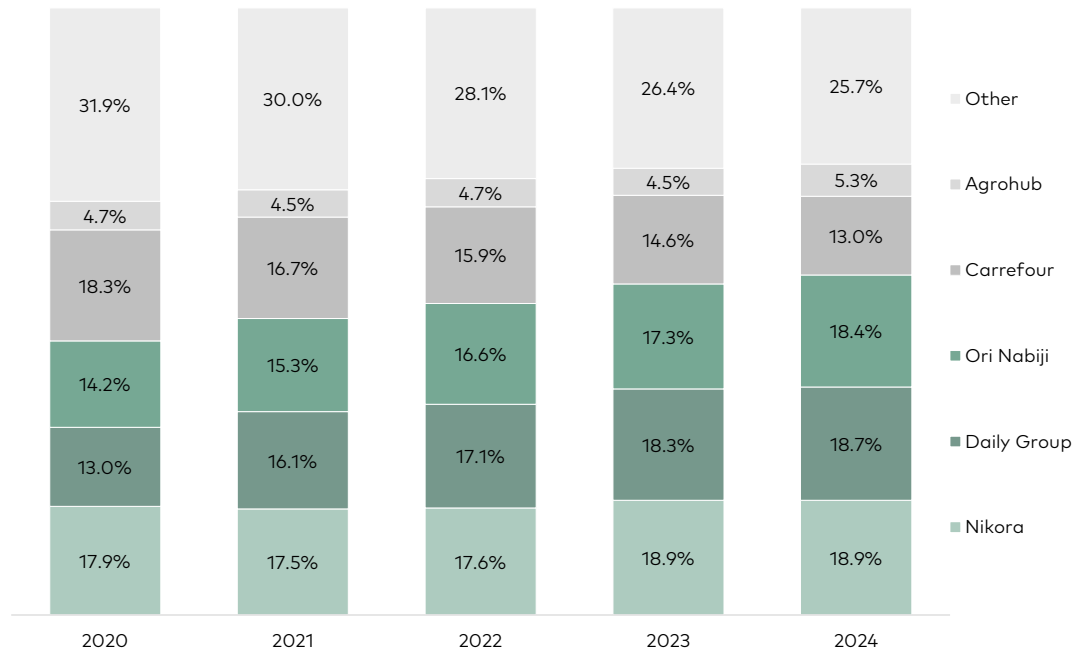
Market share of top companies		
	2020	2024
Top-5	68.3%	74.9%
Top-10	83.6%	85.2%
Top-20	94.4%	94.6%
Others	5.6%	5.4%

The joint market share of the top 5 companies in the branded retail chain market grew from 68.3% to 74.9% over 2020-24.

2024 Summary - branded retail chains

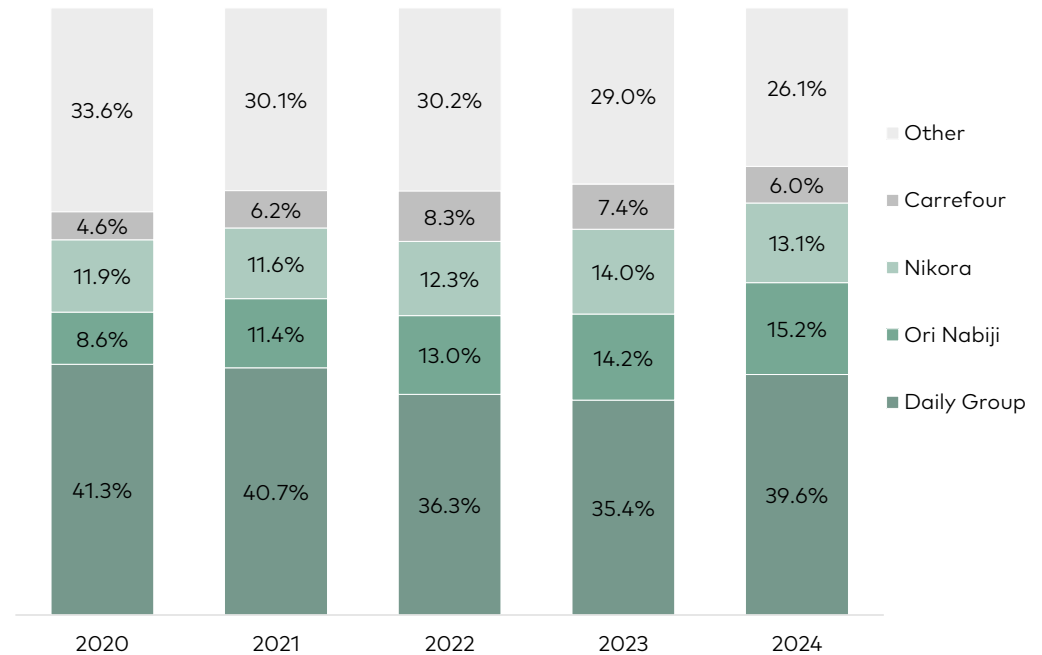
Distribution of market share is different in Tbilisi and other regions

Market share of top-5 branded retail chains by revenue in Tbilisi



Nikora is the market leader in Tbilisi, with a 18.9% share of branded retail store sales revenue in 2024.

Market share of top-5 branded retail chains by revenue in the regions



Daily Group is the market leader in regions, with a 39.6% share of branded retail store sales revenue in 2024.

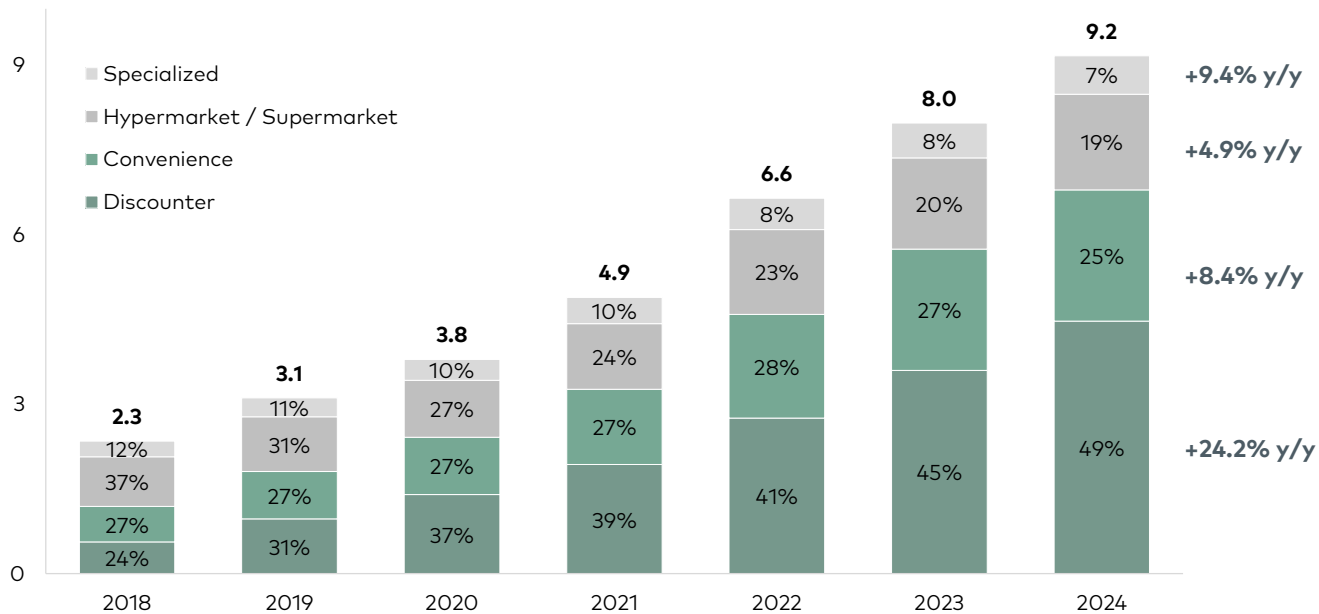
Source: Company survey, Galt & Taggart

*Spar includes Foodmart and Franchise

2024 Summary - branded retail chains

The market share of discounter stores is growing the fastest, while the share of hypermarkets is decreasing

Revenue breakdown of branded retail chains by store formats, GEL bn (incl. VAT)

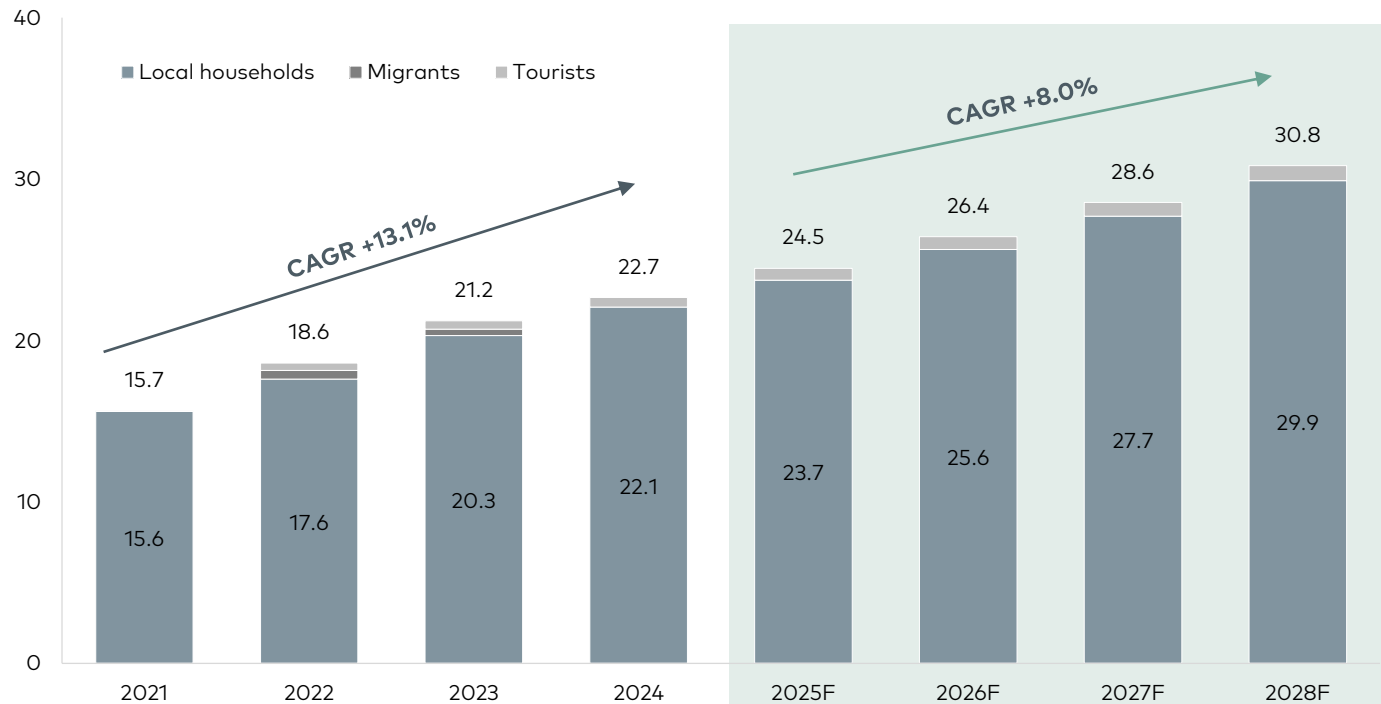


Discounters have the highest market share, in line with global trends. The rapid growth of discounters has been further accelerated by high inflation in recent years.

Growth outlook for 2025-28

FMCG sector revenue is expected to grow at an average annual growth rate of 8.0% over 2025-28

FMCG sector revenue by consumer group, GEL bn (incl. VAT)



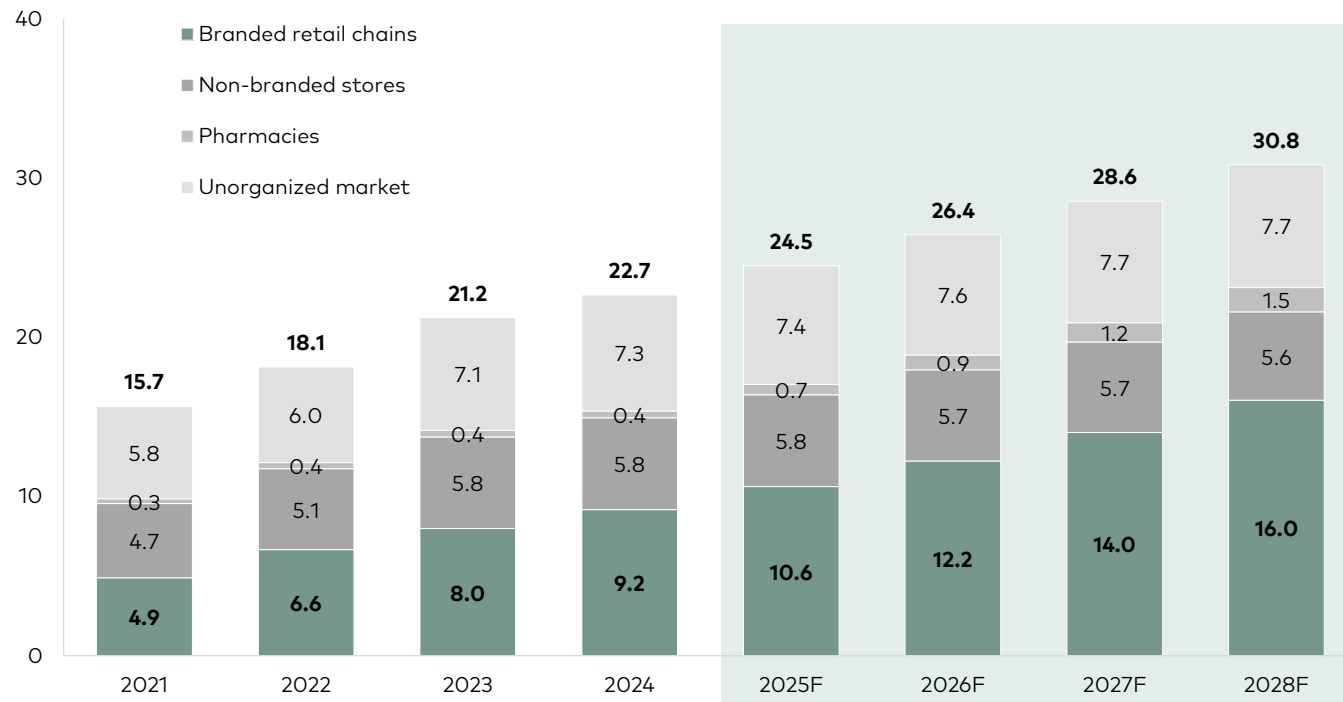
- ● ● FMCG sector revenue expected to grow at an average growth rate of 8.0% over 2025-28 and reach GEL 30.8bn by 2028
- ● ● The main growth driver will be increase in purchasing power of the population.

The FMCG sector grew mainly due to the increased consumption of local population, although tourism recovery and migrant influx had a significant contribution in 2022-23

Growth outlook for 2025-28

Over half of FMCG market revenue is expected to come from branded retail stores by 2028

FMCG sector revenue by retailer type, GEL bn (incl. VAT)



Market share breakdown

	2021	2024	2025F	2028F
Branded retail chains	31.3%	40.4%	43.3%	52.0%
Other retailers	68.7%	59.6%	56.7%	48.0%

The share of branded retail chains increased from 31.3% in 2021 to 40.4% in 2024. The revenue of branded retail chains is expected to grow by 15.0% CAGR over 2025-28 (CAGR was at 23.3% over 2021-24) due to geographic expansion and strategic development, lifting the market share to 52.0% by 2028.

Source: Geostat, SARAS, Company Survey, Galt & Taggart

Revenue growth strategy of branded retail chains for 2025-28

Regional expansion

the most attractive regions for expansion are Adjara and Kvemo Kartli, and among the districts of Tbilisi, Saburtalo, Gldani, and Samgori.

Branded stores

2024

4,000+

2028

6,000+

Assortment

To gain additional market share and optimize costs, it is important to:

- Expand product assortment
- Develop private label
- Develop data analysis and personalize

Sales channels

For the attraction of new consumers it is important to diversify sales channels:

- Diversify formats
- Increase E-Commerce sales

Annex 1: Regional expansion

Tbilisi accounted for half of the FMCG market revenues in 2024

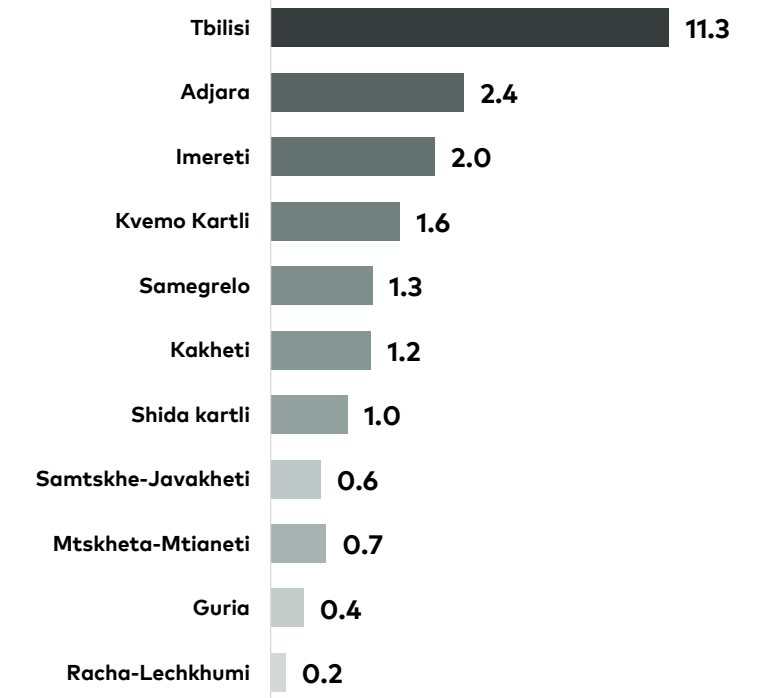
FMCG market size by region in 2024, % share of total



The FMCG market in Tbilisi reached GEL 11.3bn in 2024 (49.9% of total), while the market size in other regions stood at GEL 11.4bn. Tbilisi's significant share is attributed to its population size, high purchasing power, and density.

Source: Geostat, Galt & Taggart

FMCG market size by region in 2024, GEL bn (incl. VAT)



Annex 2: Regional expansion

Adjara, Kvemo Kartli and Tbilisi are the most attractive for further expansion of branded retail chains

Assessment of expansion potential by region, most attractive = 10



Assessment criteria

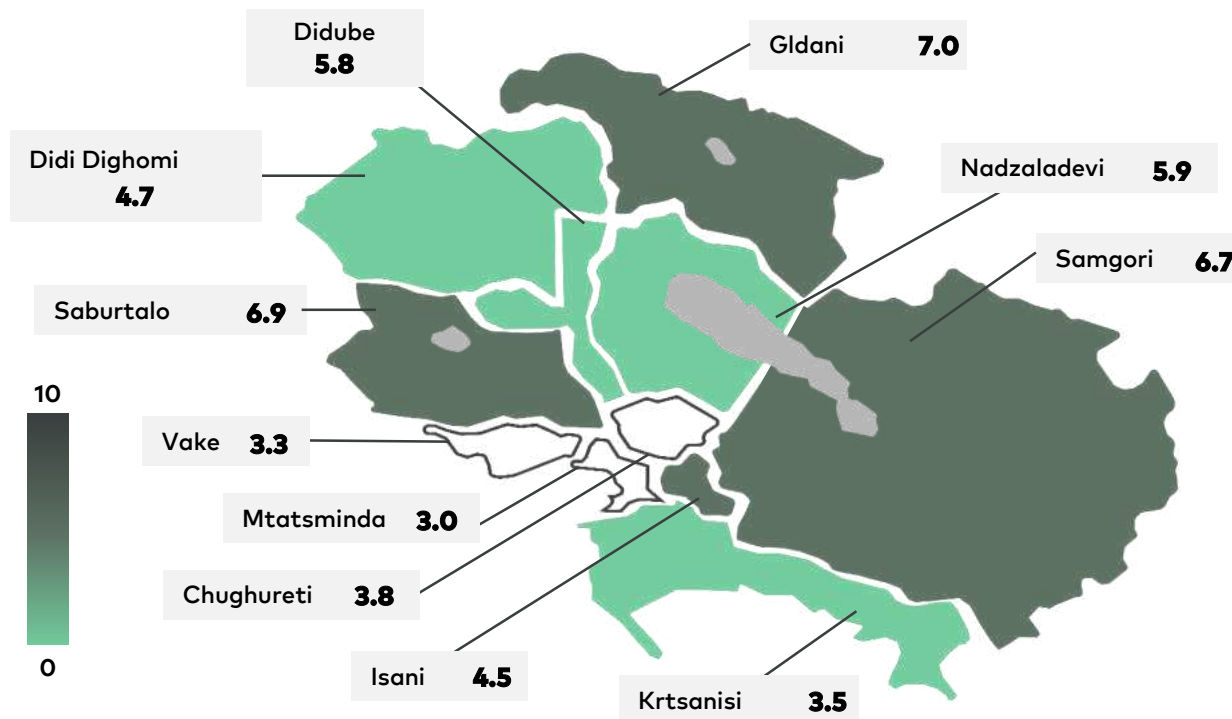
- GDP per capita
- Regional FMCG market size
- Population
- Population change over 2013-24
- Population density
- Urbanization
- Branded stores per 1,000 inhabitants
- The share of branded retail chains

Adjara, Kvemo Kartli and Tbilisi are the most attractive regions for future branded retail chain expansion. In contrast, highland regions and Guria are relatively less attractive for expansion. Despite the change in the values of assessment criteria, the ranking of attractiveness did not change over 2023-24.

Annex 3: Regional expansion

Saburtalo, Gldani and Samgori are the most attractive districts for further expansion of branded retail chains

Assessment of expansion potential by districts in Tbilisi, most attractive = 10



Assessment criteria

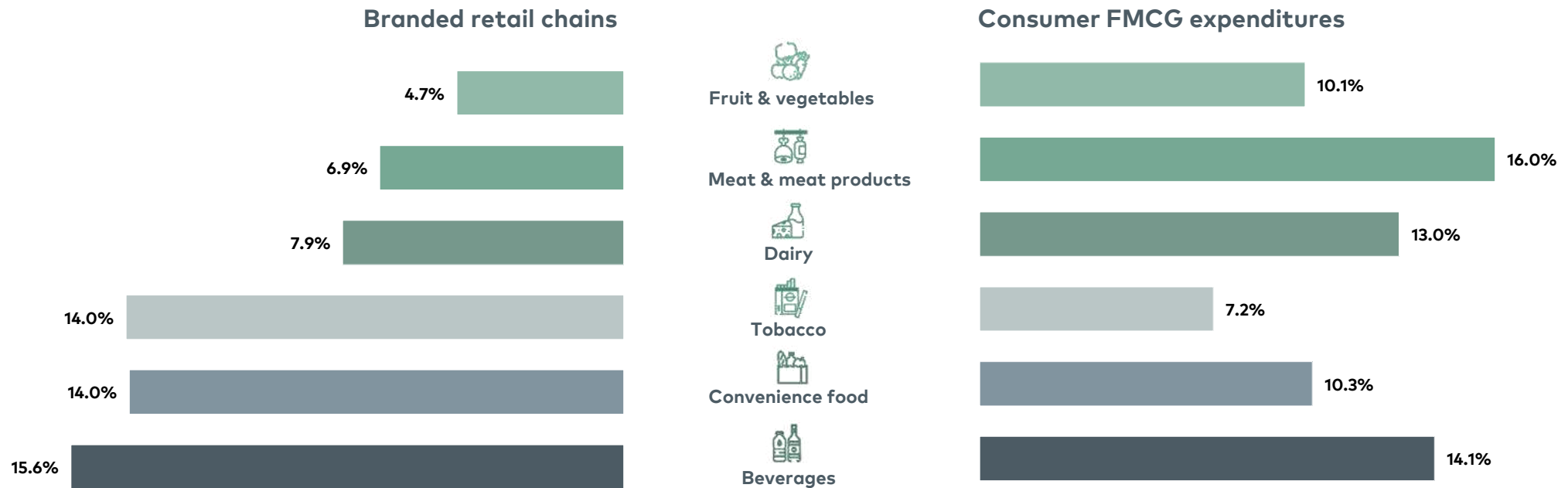
- Population
- Population change over 2024-28
- Purchasing power
- Non-brand stores with GEL 1mn+ turnover
- Branded stores per 1,000 inhabitants
- Non-brand stores with GEL 1mn+ turnover

Saburtalo, Gldani and Samgori are the most attractive districts for the future development of branded retail chains due to population size, population growth, and the substantial presence of large non-branded stores.

Annex 4: Assortment

Consumer expenditures on agricultural products is high, while branded retail chains have limited supply

Share of select product categories in branded retail chain sales vs consumer FMCG expenditures, 2024

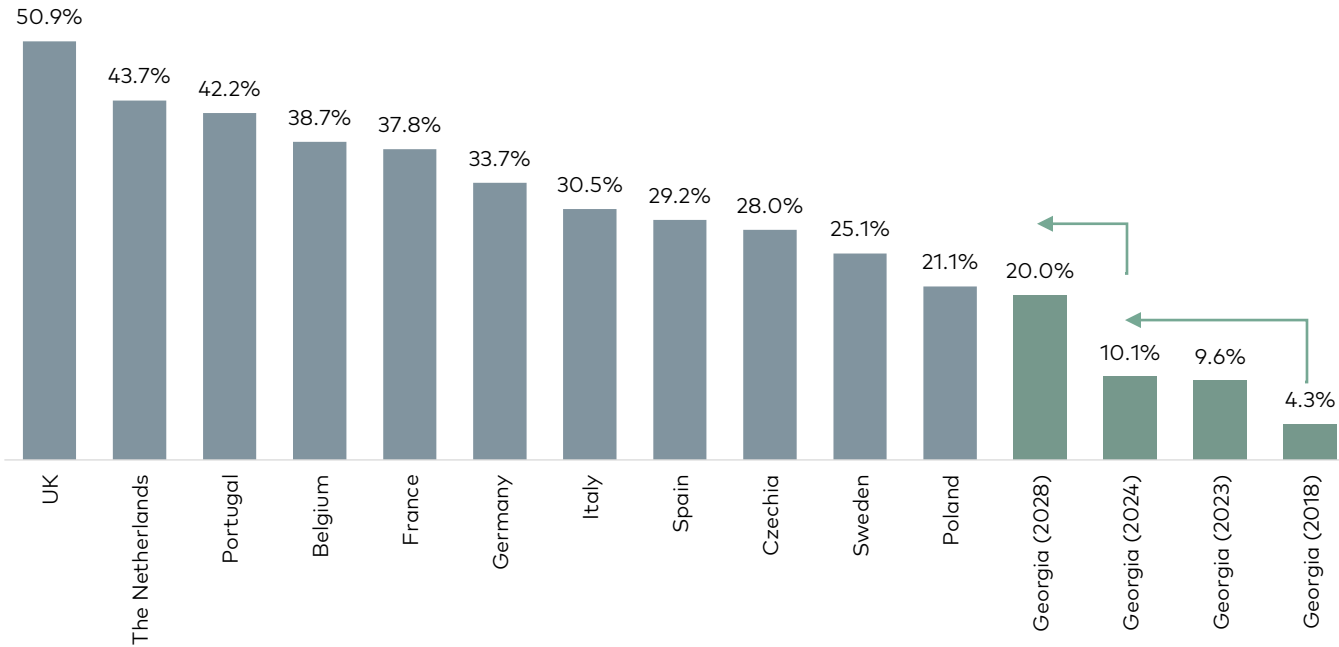


Meat and dairy products, fruits and vegetables account for 39.1% of consumer FMCG expenditures, while the combined share of these categories in the revenues of branded retail chains is only 19.5%, indicating substantial untapped potential.

Annex 5: Assortment

Vertical integration will help companies to optimize costs and profitability

Share of private label in FMCG sales, 2022

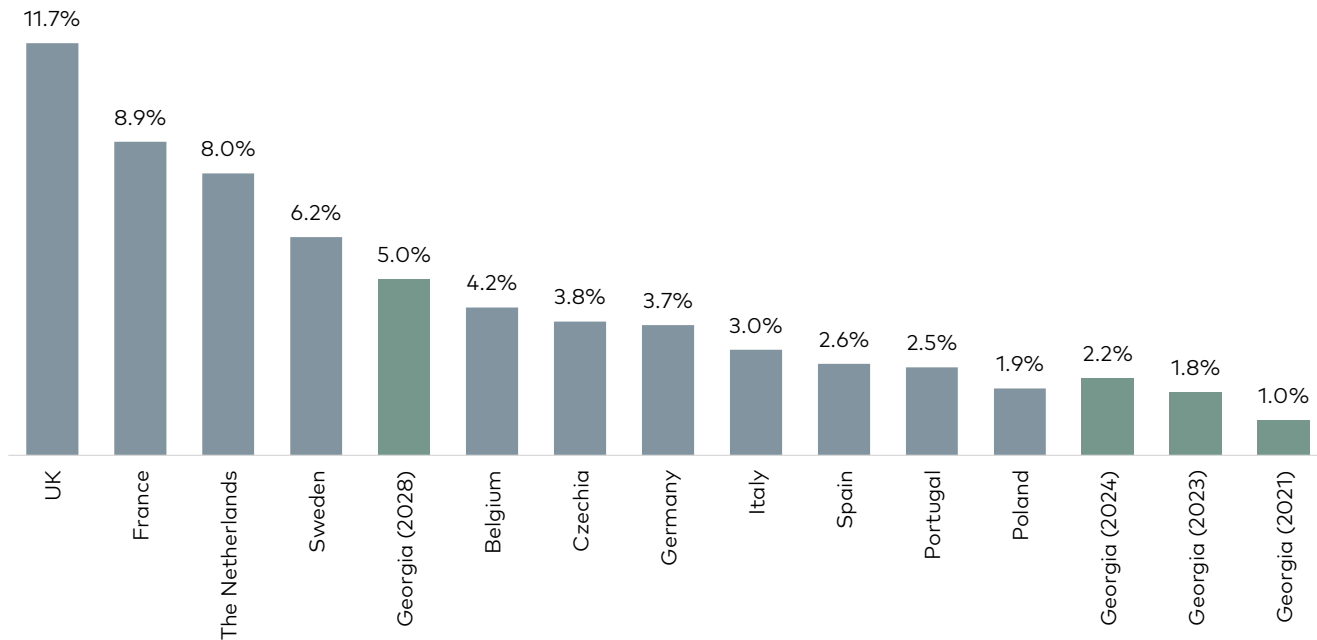


The share of private label in Georgian FMCG sales is low, expected to increase to c. 20% by 2028.

Annex 6: Sales channels

The use of e-commerce in Georgia is low but rising

Share of e-commerce in FMCG sales, 2022



Share of e-commerce in retail sales remain low in Georgia and significant growth is not expect by 2028.



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