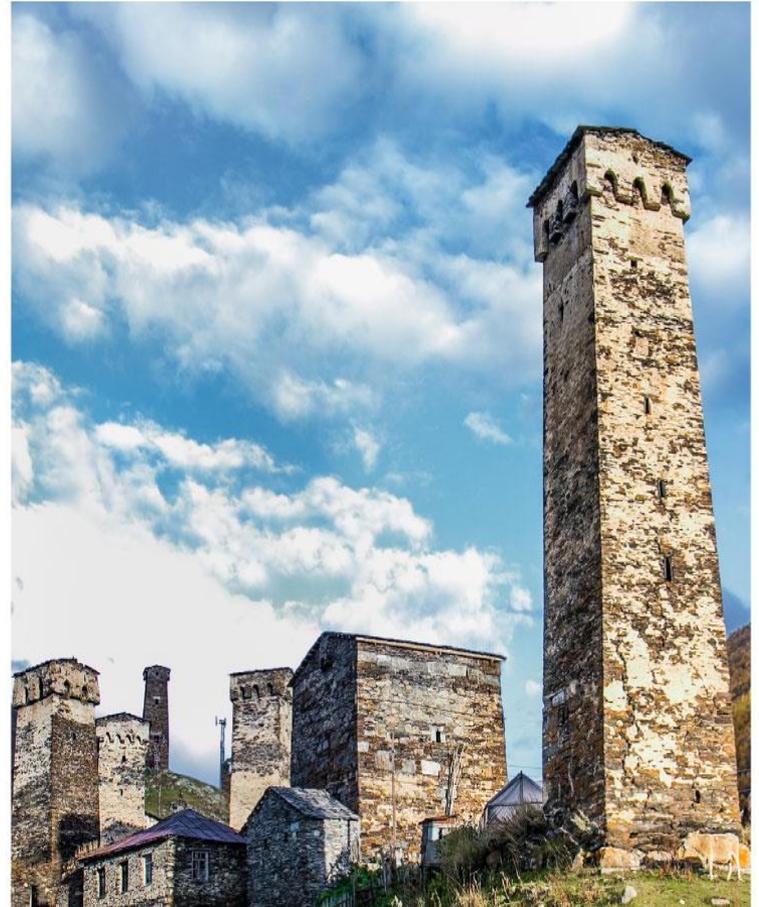




GALT & TAGGART
CREATING OPPORTUNITIES

Tourism in Georgia Monthly Market Watch

October 2019



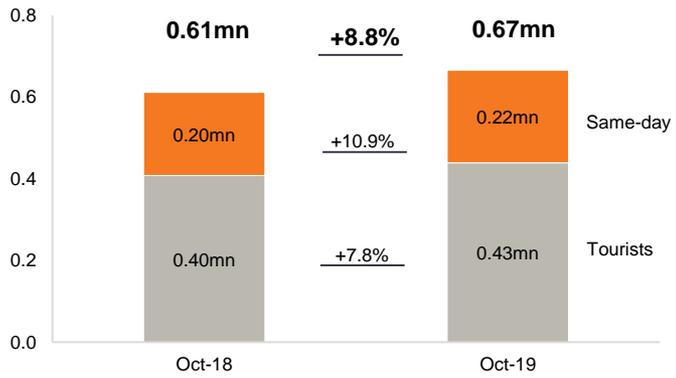
Oct-19: total arrivals up 8.8% y/y, tourists up 7.8% y/y

International visitors (tourists and same-day) by country

	Oct-18	Oct-19	Growth y/y
Armenia	107,313	120,978	12.7%
Azerbaijan	110,955	119,540	7.7%
Russia	139,366	118,252	-15.2%
Turkey	74,159	86,726	16.9%
Georgia (Nonresident)	39,925	41,390	3.7%
Israel	17,415	27,319	56.9%
Ukraine	15,875	19,452	22.5%
Iran	19,522	12,792	-34.5%
Kazakhstan	4,749	11,367	139.4%
Germany	7,792	11,187	43.6%
Others	74,081	96,052	29.7%
Total	611,152	665,055	8.8%

Source: GNTA

International visitors (tourists and same-day) by type



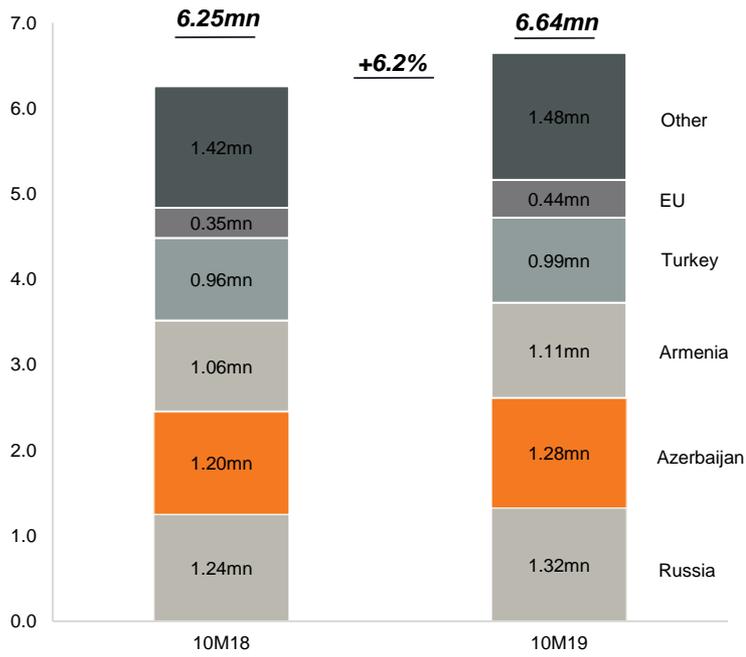
Source: GNTA

- In October 2019, total international visitor (tourists and same-day combined) growth accelerated to 8.8% y/y after subdued growth of 3.9% y/y during July-September. Out of total 0.67mn visitors, Georgia hosted 0.43mn tourists (up 7.8% y/y) and 0.22mn same-day visitors (up 10.9% y/y) in October.
- Strengthened tourist arrivals (+7.8% y/y) in October was supported by significantly increased visitors from Israel (+56.9% y/y), Kazakhstan (139.4% y/y) and EU countries (+32.2% y/y) .
- Meanwhile, arrivals from neighbors (Azerbaijan, Armenia and Turkey) also continued solid growth, reflected in elevated same-day arrivals (+10.9% y/y).
- Importantly, significantly reduced arrivals from largest source markets - Russia and Iran, were fully offset by strong arrival growth from other countries.
- In 10M19, total international arrivals stood at 6.6mn persons (up 6.2% y/y), of which tourist arrivals reached 4.4mn, up 6.0% y/y.
- In 10M19, tourism revenues reached US\$ 2.8bn (up 0.9% y/y).



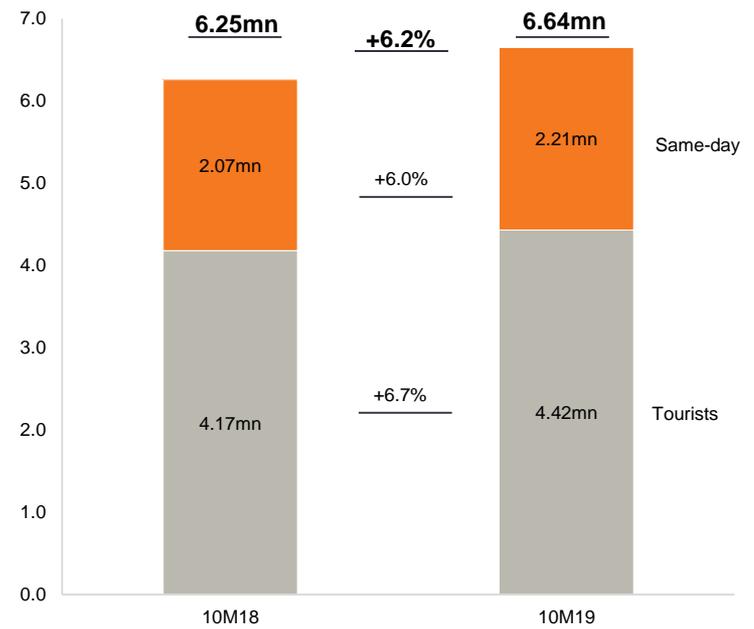
10M19: Tourist arrivals up 6.0% y/y

International visitors (tourists and same-day) by country



Source: GNTA

International visitors (tourists and same-day) by type



Source: GNTA

Total international visitors stood at 6.6mn (+6.2% y/y) persons in 10M19:

- From top markets, Russia was the largest contributor to arrival growth (due to strong growth in 1H19), followed by Azerbaijan and Armenia.
- Visitors from EU increased 25.0% y/y to over 441k persons

In 10M19:

- Tourist trips increased 6.0% y/y, accounting for 66.6% of total arrivals, down 0.2ppts y/y.
- Same-day arrivals were up 6.7% y/y, as arrivals from Turkey turned positive after falling during Sep-18 to May-19

Monthly dynamics of visitors and revenues

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	2016	2017	2018
Total int'l visitors, '000	846	1,041	764	611	485	460	437	389	507	550	619	728	882	1,087	784	665	5,393	6,483	7,203
y/y growth	10.7%	10.7%	5.7%	8.5%	5.8%	0.2%	-0.6%	-1.2%	4.6%	3.7%	14.2%	19.9%	4.3%	4.4%	2.7%	8.8%	2.6%	20.2%	11.1%
o/w tourists, '000	565	737	536	407	307	270	306	248	328	349	425	472	570	754	539	438	3,297	4,069	4,757
y/y growth	15.0%	13.9%	9.1%	15.1%	14.0%	11.6%	5.9%	5.1%	4.3%	4.2%	18.0%	18.0%	1.0%	2.3%	0.6%	7.8%	9.5%	23.4%	16.9%
Tourism revenues, US\$ mn	433	443	335	254	191	206	165	169	245	267	270	340	395	413	319	267	2,111	2,704	3,222
y/y growth	14.5%	12.4%	9.2%	17.8%	13.5%	10.5%	5.0%	4.4%	5.3%	11.8%	10.1%	4.5%	-8.6%	-6.8%	-4.9%	5.1%	13.0%	28.1%	19.1%
Per visitor spending, US\$	511	426	439	416	394	448	376	434	482	486	437	467	448	380	406	401	391.4	417.2	447.3
y/y growth	3.4%	1.6%	3.2%	8.5%	7.3%	10.2%	5.7%	5.8%	0.8%	7.8%	-3.6%	-12.8%	-12.4%	-10.7%	-7.4%	-3.5%	10.1%	6.6%	7.2%

Source: GNTA, NBG, Galt & Taggart

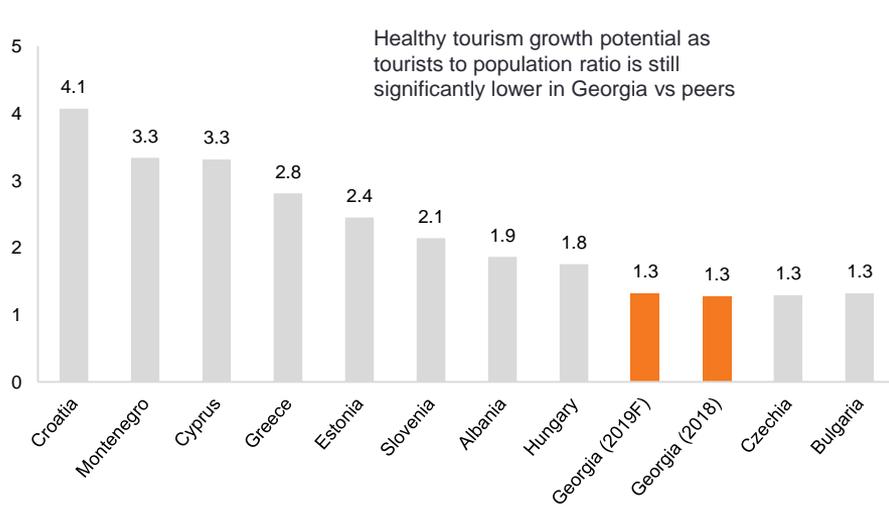
Note 1: Total international visitors combine tourist (overnight stay) and same-day visits; Tourist revenue monthly statistics subject to revisions by NBG

Expectations for 2019

- We forecast 1mn tourists to visit Georgia in 4Q19 bringing total tourist arrivals to 5mn persons (+5.2% y/y) in 2019.

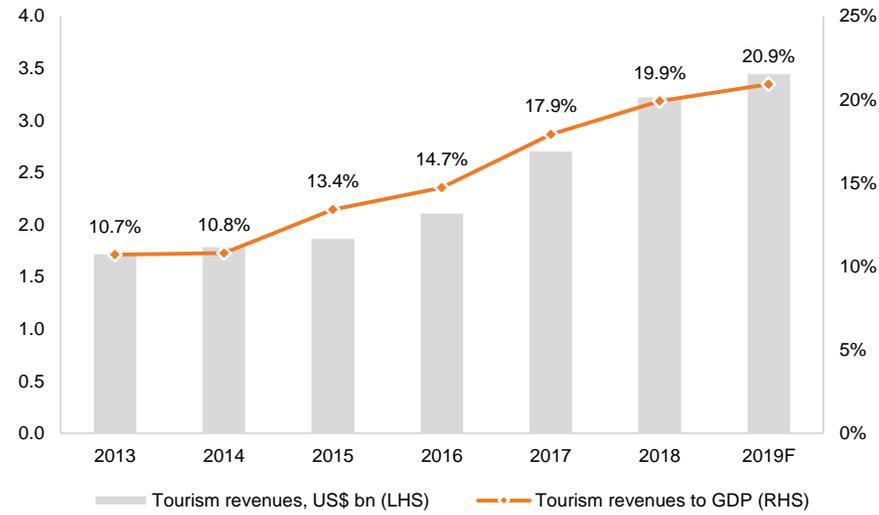
- We forecast tourism revenues at US\$ 3.3bn (+1.8% y/y) in 2019 vs. our revised forecast of US\$ 3.4bn.

Tourists to population ratio, 2018



Source: UNWTO, WB, G&T Research

Tourism revenues in Georgia



Source: NBG, Geostat, G&T Research

Key figures

	2013	2014	2015	2016	2017	2018	10M19
Tourism revenues, US\$ mn	1,720	1,787	1,868	2,111	2,704	3,222	2,849
<i>As % of GDP</i>	10.7%	10.8%	13.4%	14.7%	17.9%	19.9%	
International visitors, persons	4,954,448	5,004,331	5,255,999	5,392,816	6,482,830	7,203,350	6,647,866
<i>by type*:</i>							
Tourists	2,884,295	2,938,892	3,011,663	3,297,275	4,069,354	4,756,820	4,429,601
Same-day	2,070,153	2,065,439	2,244,336	2,095,541	2,413,476	2,446,530	2,218,265
<i>by country:</i>							
Russia	606,668	651,282	763,019	849,265	1,135,057	1,404,757	1,324,226
Azerbaijan	940,129	1,103,408	1,156,183	1,075,820	1,301,556	1,424,610	1,289,371
Armenia	1,049,911	1,065,970	1,191,777	1,152,234	1,287,168	1,268,886	1,114,122
Turkey	1,292,275	1,136,703	1,074,065	988,312	1,007,276	1,098,555	994,076
Georgia (Nonresident)	499,132	482,038	441,260	429,343	456,132	476,389	413,092
Ukraine	115,281	131,951	127,344	151,630	169,862	177,058	184,277
Israel	36,683	38,646	55,439	85,398	115,040	156,922	178,316
Iran	67,944	33,803	22,019	129,933	282,549	291,070	121,894
Other	346,425	360,530	424,893	530,881	728,190	905,103	1,028,492
Airport arrivals	584,601	639,919	737,660	998,762	1,439,689	1,788,417	1,634,350
<i>of which:</i>							
Tbilisi	460,587	489,803	597,907	786,094	1,133,811	1,402,157	1,211,128
Batumi	56,031	67,423	78,900	120,763	193,699	239,251	236,297
Kutaisi	67,983	82,693	60,853	91,905	112,179	147,009	186,925
Accommodation units	875	1004	1,383	1,727	1,963	2,390	2,474
Accommodation rooms	14,491	16,547	21,511	24,640	27,907	34,608	36,613
Accommodation beds	34,194	39,055	51,517	59,236	67,660	85,314	89,481

Source: GNTA, GCAA, NBG, G&T research

*A visitor is classified as a tourist if his/her trip includes an overnight stay, while a same-day visitor (or excursionist) trip does not include an overnight stay

Note: Tourism revenues in 2019 subject to monthly revisions



Georgia's tourism sector at a glance

#5yearschallenge



2018

7.2 mn
INTERNATIONAL VISITORS

4.8 mn
TOURISTS

\$3.2 bn
REVENUES

19.9%
REVENUES to GDP

↑
+2.2mn

↑
+1.9mn

↑
+1.4bn

↑
+9.1ppts

2014

5.0 mn
INTERNATIONAL VISITORS

2.9 mn
TOURISTS

\$1.8 bn
REVENUES

10.8%
REVENUES to GDP

Source: GNTA, NBG, Geostat, G&T research



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