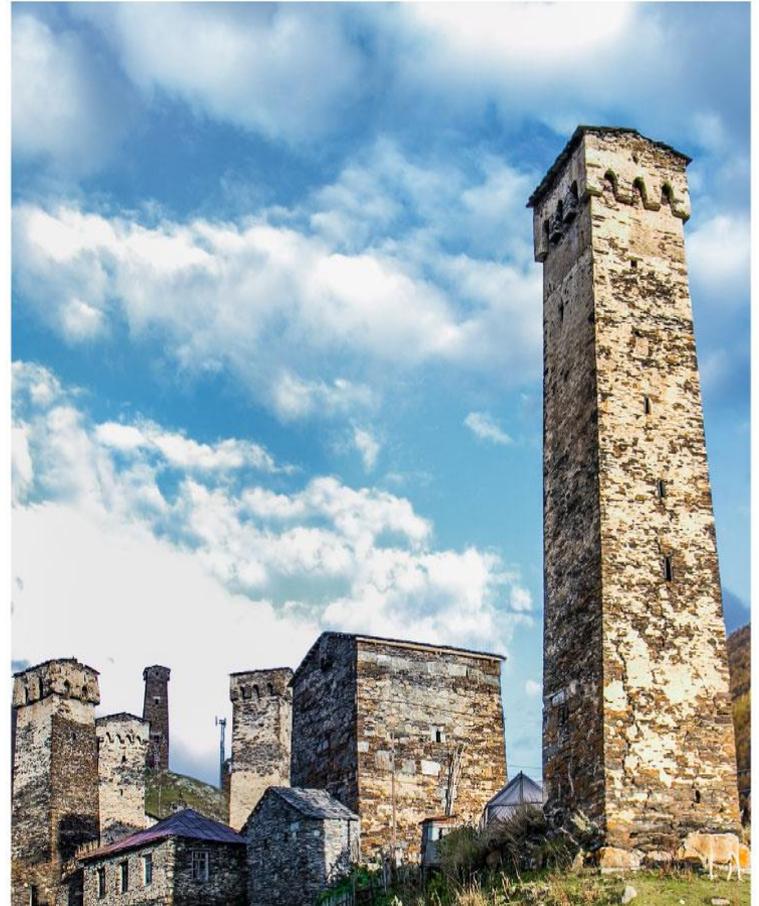




GALT & TAGGART
CREATING OPPORTUNITIES

Tourism in Georgia Monthly Market Watch

■ May 2019



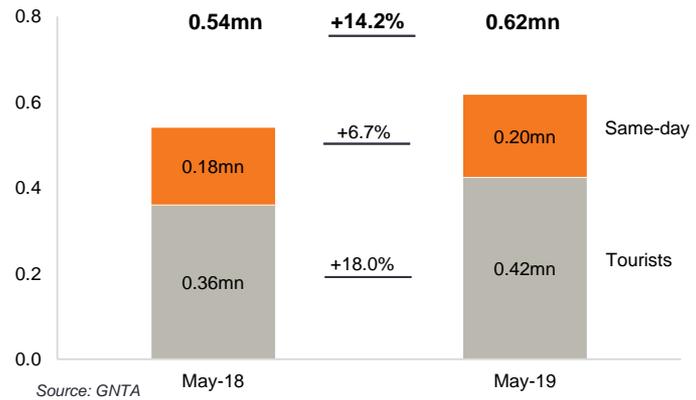
May-19: Tourist arrivals up 18.0% y/y

International visitors (tourists and same-day) by country

	May-18	May-19	Growth y/y
Russia	112,386	172,217	53.2%
Azerbaijan	102,845	105,962	3.0%
Armenia	85,394	98,572	15.4%
Turkey	83,257	71,563	-14.0%
Georgia (Nonresident)	35,411	39,753	12.3%
Israel	15,635	17,084	9.3%
Ukraine	14,329	16,864	17.7%
Poland	7,146	9,092	27.2%
Germany	6,810	8,605	26.4%
Kazakhstan	3,982	7,352	84.6%
Others	74,557	71,645	-3.9%
Total	541,752	618,709	14.2%

Source: GNTA

International visitors (tourists and same-day) by type



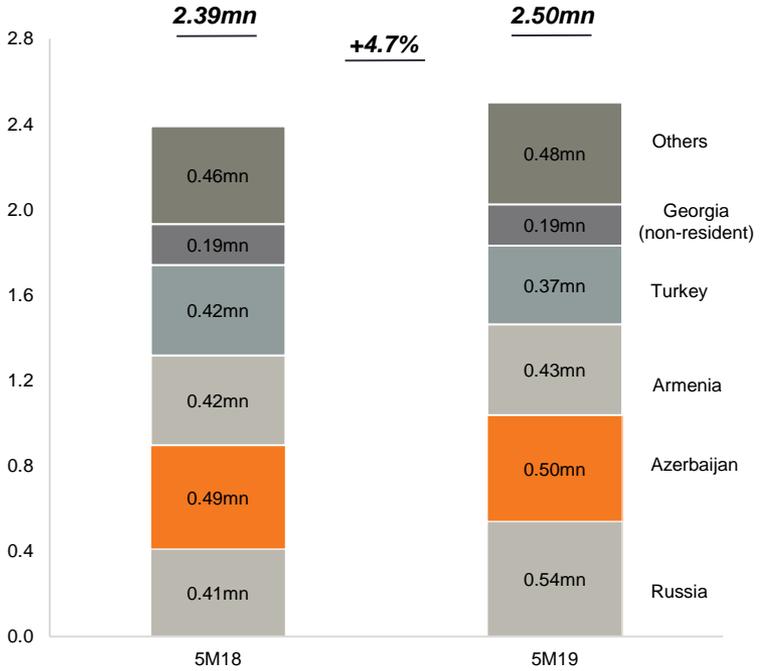
Source: GNTA

- International visitors (tourists and same-day combined) surged 14.2% y/y to 0.6mn persons in May-19 after 1.9% y/y growth in 4M19
- This growth was predominantly driven by 18.0% y/y increase in tourist arrivals, while same-day arrivals also increased 6.7% y/y
- Arrivals from Russia topped the list being the largest source of visitor growth (+53.2% y/y), followed by Armenia (+15.4% y/y) and Kazakhstan (+84.6% y/y)
- Visitors from the EU were up 19.3% y/y to over 46k visitors, with Germany and Poland driving growth
- From non-traditional markets visitors were pronounced from Israel, like in previous months
- From major source markets, visitors from Turkey continued to fall for 9th consecutive month
- Arrivals from Iran more than halved (down since Jun-18 with the exception of Nov-18)
- Tourism generated US\$ 295mn revenues in May-19 by our estimates, up 19.9% y/y
- We expect tourist arrivals to continue strong growth in 2H19, due to high season and fading effect of reduced visitors from Iran and Turkey



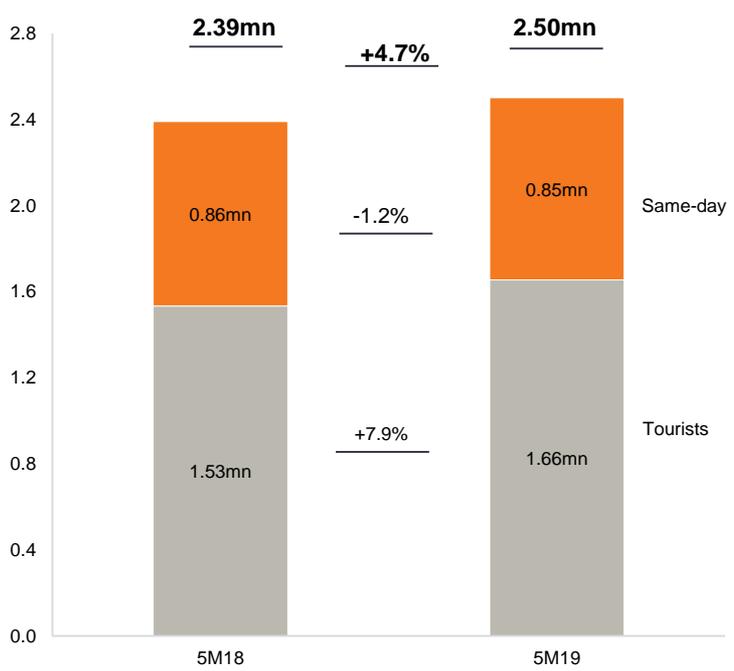
5M19: Tourist arrivals up 7.9% y/y

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 2.5 mn (+4.7% y/y) persons in 5M19:

- From top markets, Russia was the largest contributor to arrival growth, followed by Israel
- Visitors from EU increased 25.6% y/y to over 132k persons

In 5M19:

- Tourist trips increased 7.9% y/y, accounting for 66.2% of total arrivals, up 2.0ppts y/y
- Same-day arrivals fell 1.2% y/y, mostly due to drop in Turkish arrivals

Monthly dynamics of visitors and revenues

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	2016	2017	2018
Total int'l visitors, '000	440	394	485	530	542	607	846	1,041	764	611	485	460	437	389	507	550	619	5,393	6,483	7,203
y/y growth	21.6%	24.4%	14.6%	18.7%	9.0%	14.2%	10.7%	10.7%	5.7%	8.5%	5.8%	0.2%	-0.6%	-1.2%	4.6%	3.7%	14.2%	2.6%	20.2%	11.1%
o/w tourists, '000	289	236	315	335	360	400	565	737	536	407	307	270	306	248	328	349	425	3,297	4,069	4,757
y/y growth	27.5%	27.2%	24.5%	24.9%	16.1%	20.7%	15.0%	13.9%	9.1%	15.1%	14.0%	11.6%	5.9%	5.1%	4.3%	4.2%	18.0%	9.5%	23.4%	16.9%
Tourism revenues, US\$ mn	157	162	232	239	246	325	433	443	335	254	191	206	165	169	245	277	295	2,111	2,704	3,222
y/y growth	24.8%	30.2%	31.9%	33.3%	25.2%	27.8%	14.5%	12.4%	9.2%	17.8%	13.5%	10.5%	5.0%	4.4%	5.3%	16.1%	19.9%	13.0%	28.1%	19.1%
Per visitor spending, US\$	356	411	479	451	454	536	511	426	439	416	394	448	376	434	482	504	476	391.4	417.2	447.3
y/y growth	2.6%	4.7%	15.1%	12.3%	14.9%	11.9%	3.4%	1.6%	3.2%	8.5%	7.3%	10.2%	5.7%	5.8%	0.8%	11.9%	5.0%	10.1%	6.6%	7.2%

Source: GNTA, NBG, G&T research

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

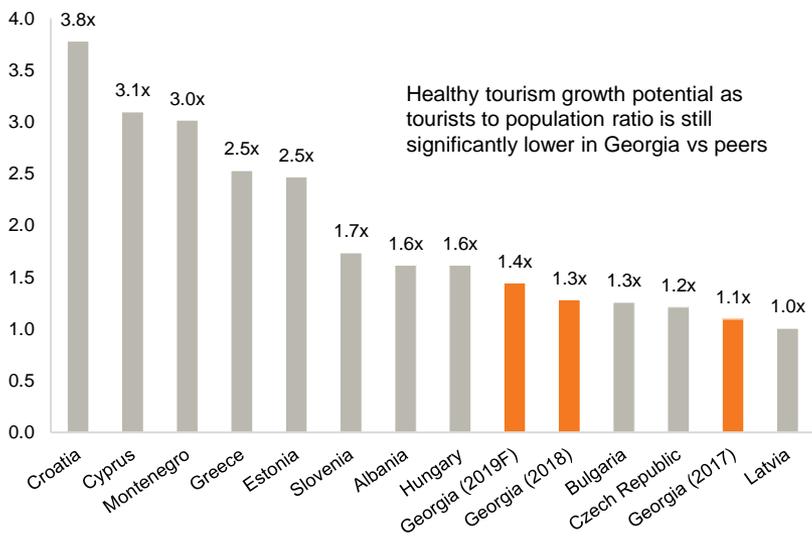


Expectations for 2019

- We forecast 5.3mn (+11.4% y/y) tourists to visit Georgia in 2019

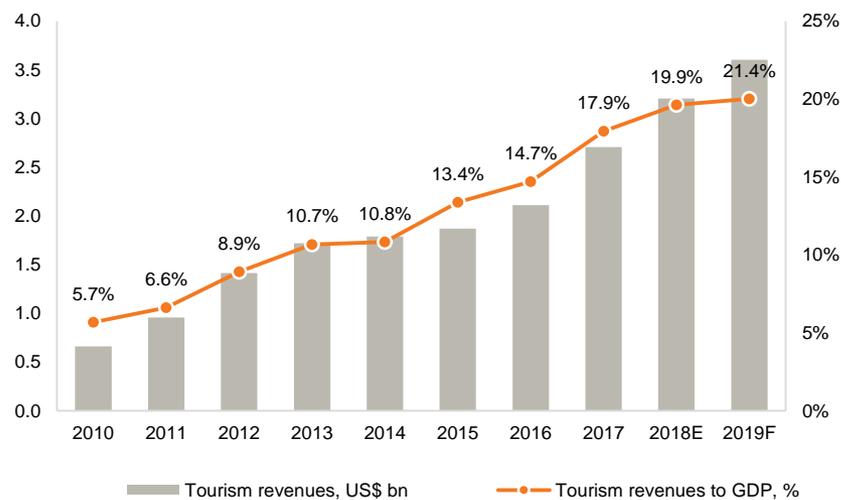
- We forecast tourism revenues at US\$ 3.6bn (+12.3% y/y) in 2019

Tourists to population ratio, 2017



Source: UNWTO, WB, G&T Research

Tourism revenues in Georgia



Source: NBG, Geostat, G&T Research

Key figures

	2013	2014	2015	2016	2017	2018	5M19
Tourism revenues, US\$ mn	1,720	1,787	1,868	2,111	2,704	3,222	1,150
<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	2,501,970
<i>by type*:</i>							
Tourists	2,884,295	2,938,892	3,011,663	3,297,275	4,069,354	4,756,820	1,655,163
Same-day	2,070,153	2,065,439	2,244,336	2,095,541	2,413,476	2,446,530	846,807
<i>by country:</i>							
Russia	606,668	651,282	763,019	849,265	1,135,057	1,404,757	539,432
Azerbaijan	940,129	1,103,408	1,156,183	1,075,820	1,301,556	1,424,610	497,937
Armenia	1,049,911	1,065,970	1,191,777	1,152,234	1,287,168	1,268,886	425,412
Turkey	1,292,275	1,136,703	1,074,065	988,312	1,007,276	1,098,555	367,818
Georgia (Nonresident)	499,132	482,038	441,260	429,343	456,132	476,389	193,331
Ukraine	115,281	131,951	127,344	151,630	169,862	177,058	62,500
Israel	36,683	38,646	55,439	85,398	115,040	156,922	56,422
Iran	67,944	33,803	22,019	129,933	282,549	291,070	48,117
Other	346,425	360,530	424,893	530,881	728,190	905,103	311,001
Airport arrivals	584,601	639,919	737,660	998,762	1,439,689	1,788,417	681,968
<i>of which:</i>							
Tbilisi	460,587	489,803	597,907	786,094	1,133,811	1,402,157	560,864
Kutaisi	67,983	82,693	60,853	91,905	112,179	147,009	65,095
Batumi	56,031	67,423	78,900	120,763	193,699	239,251	56,009
Accommodation units	875	1004	1,383	1,727	1,963	2,390	3,002
Accommodation rooms	14,491	16,547	21,511	24,640	27,907	34,608	35,311
Accommodation beds	34,194	39,055	51,517	59,236	67,660	85,314	86,732

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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