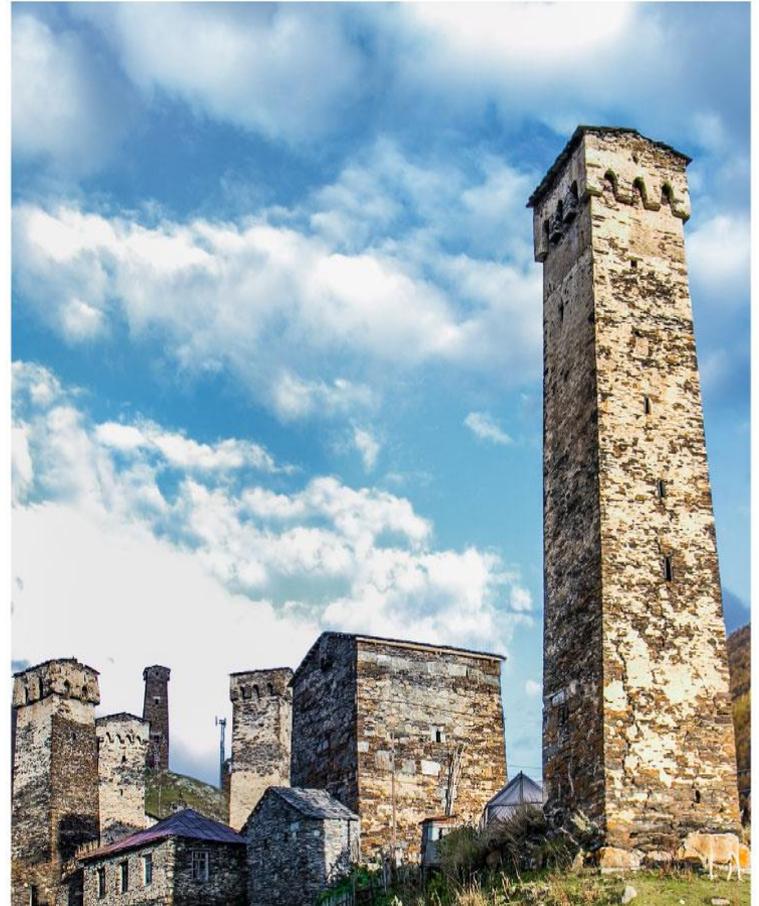




**GALT & TAGGART**  
CREATING OPPORTUNITIES

# Tourism in Georgia Monthly Market Watch

September 2019



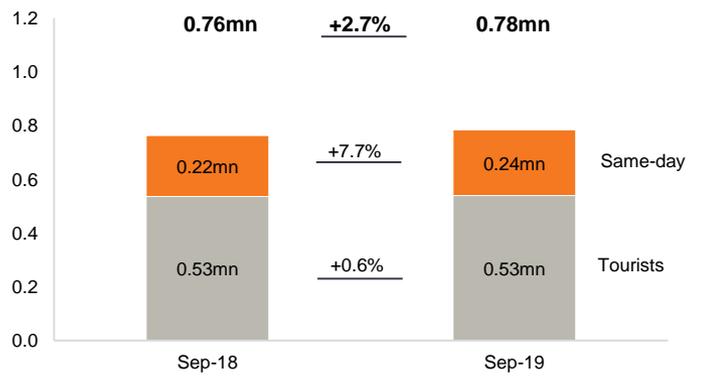
# Sep-19: total arrivals up 2.7% y/y, tourists up 0.6% y/y

## International visitors (tourists and same-day) by country

	Sep-18	Sep-19	Growth y/y
Russia	185,759	147,425	-20.6%
Azerbaijan	138,790	145,482	4.8%
Armenia	119,036	128,670	8.1%
Turkey	89,294	96,748	8.3%
Georgia (Nonresident)	47,339	48,025	1.4%
Ukraine	22,148	28,231	27.5%
Israel	20,392	26,841	31.6%
Iran	27,719	17,243	-37.8%
Germany	11,284	15,717	39.3%
Poland	11,666	14,291	22.5%
Others	90,102	115,607	28.3%
<b>Total</b>	<b>763,529</b>	<b>784,280</b>	<b>2.7%</b>

Source: GNTA

## International visitors (tourists and same-day) by type



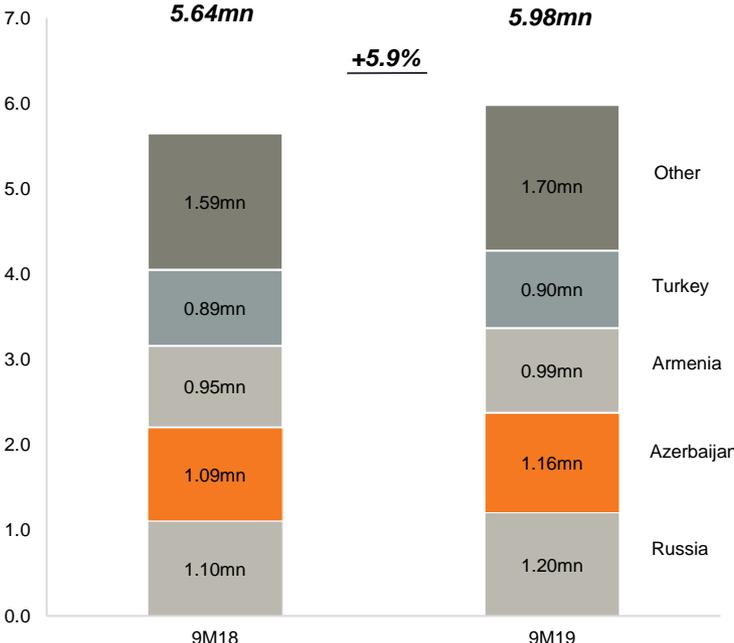
Source: GNTA

- In Sep-19, total international visitors (tourists and same-day combined) were up 2.7% y/y to 0.78mn persons. Out of total, Georgia hosted 0.53mn tourists (up 0.6% y/y) and 0.24mn same-day visitors (up 7.7% y/y) in September.
- Slow arrival growth in September like in two previous months reflected significantly reduced arrivals from largest source markets - Russia and Iran.
- Notably, due to last year's high base, arrivals from Russia reduced sharper (-20.6% y/y) in Sep-19 compared to two previous months (-7.6% y/y).
- Meanwhile, arrivals from all other neighbors (Azerbaijan, Armenia and Turkey) continued growing. Notably, arrivals from Turkey are on the rise since Jun-19 after falling from Sep-18 to May-19.
- From non-neighboring markets, visitors from EU, Ukraine, Israel, Saudi Arabia and Kazakhstan continue travelling to Georgia in rising numbers. Notably, visitors from the EU were up 26.7% y/y to over 72k visitors, with UK (+43.4% y/y) Germany (+39.3% y/y) and Poland (+22.5% y/y) driving growth.
- In 9M19, total international arrivals stood at c.6.0mn persons (up 5.9% y/y), of which tourist arrivals reached 4.0mn, up 5.8% y/y.
- Based on statements of the Russian government representatives, direct flights from Russia to Georgia might resume soon.



# 9M19: Tourist arrivals up 5.8% y/y

## International visitors (tourists and same-day) by country



Source: GNTA

## International visitors (tourists and same-day) by type



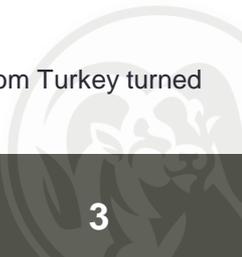
Source: GNTA

### Total international visitors stood at 5.98 mn (+5.9% y/y) persons in 9M19:

- 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 24.1% y/y to over 385k persons

### In 9M19:

- Tourist trips increased 5.8% y/y, accounting for 66.7% of total arrivals, down 0.1 ppts y/y.
- Same-day arrivals were up 6.2% y/y, as arrivals from Turkey turned positive after falling during Sep-18 to May-19



# Monthly dynamics of visitors and revenues

	Jun-18	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	2016	2017	2018
Total int'l visitors, '000	607	846	1,041	764	611	485	460	437	389	507	550	619	728	882	1,087	784	5,393	6,483	7,203
y/y growth	14.2%	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%	2.6%	20.2%	11.1%
o/w tourists, '000	400	565	737	536	407	307	270	306	248	328	349	425	472	570	754	539	3,297	4,069	4,757
y/y growth	20.7%	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%	9.5%	23.4%	16.9%
Tourism revenues, US\$ mn	325	433	443	335	254	191	206	165	169	245	267	270	340	375	396	327	2,111	2,704	3,222
y/y growth	27.8%	14.5%	12.4%	9.2%	17.8%	13.5%	10.5%	5.0%	4.4%	5.3%	11.8%	10.1%	4.5%	-13.4%	-10.6%	-2.4%	13.0%	28.1%	19.1%
Per visitor spending, US\$	536	511	426	439	416	394	448	376	434	482	486	437	467	425	365	417	391.4	417.2	447.3
y/y growth	11.9%	3.4%	1.6%	3.2%	8.5%	7.3%	10.2%	5.7%	5.8%	0.8%	7.8%	-3.6%	-12.8%	-17.0%	-14.4%	-4.9%	10.1%	6.6%	7.2%

Source: GNTA, NBG, Galt & Taggart

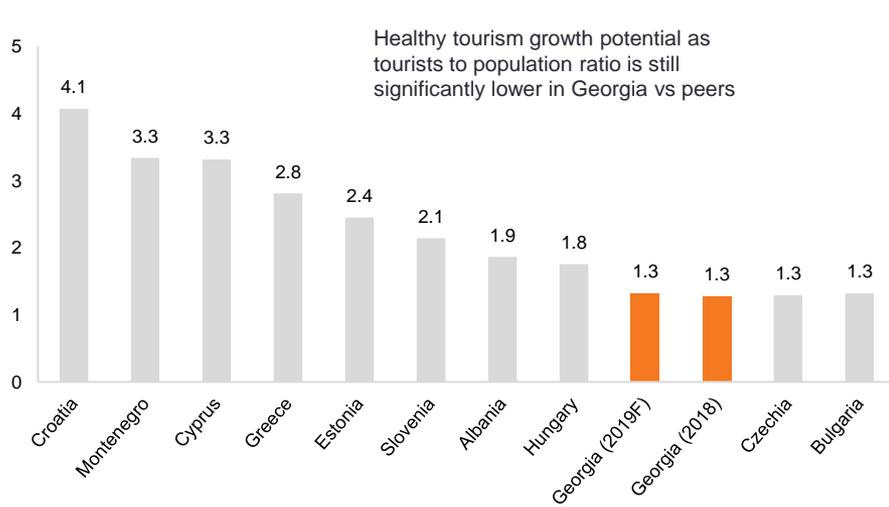
Note 1: Total international visitors combine tourist (overnight stay) and same-day visits; Tourist revenue monthly statistics subject to revisions by NBG

# 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.

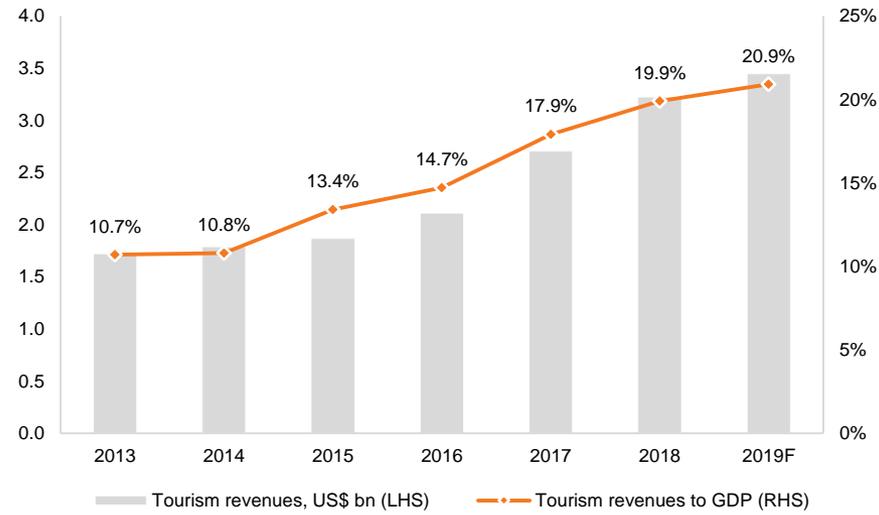
- We forecast tourism revenues at US\$ 3.4n (+4.3% y/y) in 2019 vs. our initial forecast of US\$ 3.6bn (+12.3% y/y).

## 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	9M19
<b>Tourism revenues, US\$ mn</b>	<b>1,720</b>	<b>1,787</b>	<b>1,868</b>	<b>2,111</b>	<b>2,704</b>	<b>3,222</b>	<b>2,554</b>
<i>As % of GDP</i>	10.7%	10.8%	13.4%	14.7%	17.9%	19.9%	
<b>International visitors, persons</b>	<b>4,954,448</b>	<b>5,004,331</b>	<b>5,255,999</b>	<b>5,392,816</b>	<b>6,482,830</b>	<b>7,203,350</b>	<b>5,982,811</b>
<i>by type*:</i>							
Tourists	2,884,295	2,938,892	3,011,663	3,297,275	4,069,354	4,756,820	3,990,796
Same-day	2,070,153	2,065,439	2,244,336	2,095,541	2,413,476	2,446,530	1,992,015
<i>by country:</i>							
Russia	606,668	651,282	763,019	849,265	1,135,057	1,404,757	1,205,974
Azerbaijan	940,129	1,103,408	1,156,183	1,075,820	1,301,556	1,424,610	1,169,831
Armenia	1,049,911	1,065,970	1,191,777	1,152,234	1,287,168	1,268,886	993,144
Turkey	1,292,275	1,136,703	1,074,065	988,312	1,007,276	1,098,555	907,350
Georgia (Nonresident)	499,132	482,038	441,260	429,343	456,132	476,389	371,702
Ukraine	115,281	131,951	127,344	151,630	169,862	177,058	164,825
Israel	36,683	38,646	55,439	85,398	115,040	156,922	150,997
Iran	67,944	33,803	22,019	129,933	282,549	291,070	109,102
Other	346,425	360,530	424,893	530,881	728,190	905,103	909,886
<b>Airport arrivals</b>	<b>584,601</b>	<b>639,919</b>	<b>737,660</b>	<b>998,762</b>	<b>1,439,689</b>	<b>1,788,417</b>	<b>1,473,606</b>
<i>of which:</i>							
Tbilisi	460,587	489,803	597,907	786,094	1,133,811	1,402,157	1,097,916
Batumi	56,031	67,423	78,900	120,763	193,699	239,251	214,387
Kutaisi	67,983	82,693	60,853	91,905	112,179	147,009	161,303
<b>Accommodation units</b>	<b>875</b>	<b>1004</b>	<b>1,383</b>	<b>1,727</b>	<b>1,963</b>	<b>2,390</b>	<b>2,473</b>
<b>Accommodation rooms</b>	<b>14,491</b>	<b>16,547</b>	<b>21,511</b>	<b>24,640</b>	<b>27,907</b>	<b>34,608</b>	<b>36,463</b>
<b>Accommodation beds</b>	<b>34,194</b>	<b>39,055</b>	<b>51,517</b>	<b>59,236</b>	<b>67,660</b>	<b>85,314</b>	<b>89,181</b>

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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