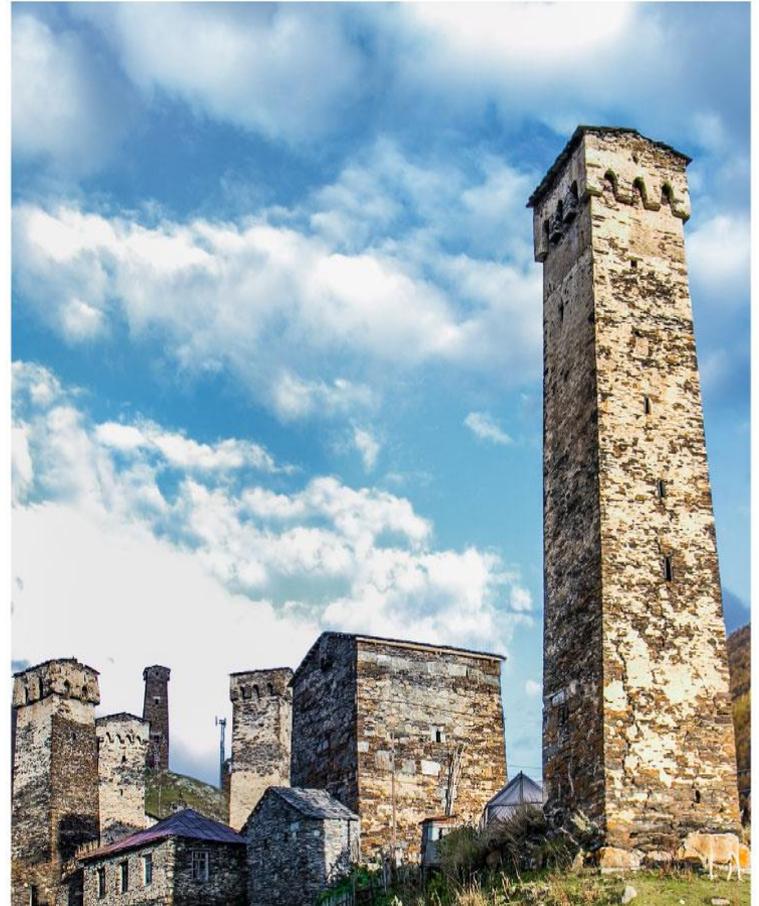




GALT & TAGGART
CREATING OPPORTUNITIES

Tourism in Georgia Monthly Market Watch

■ April 2019



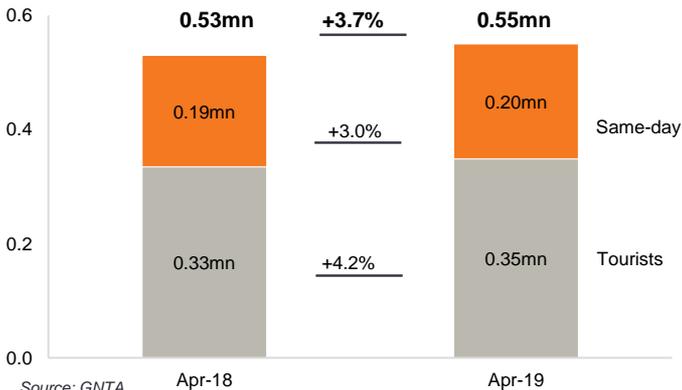
April-19: Tourist arrivals up 4.2% y/y

International visitors (tourists and same-day) by country

	April-18	April-19	Growth y/y
Russia	89,430	113,138	26.5%
Azerbaijan	98,637	99,073	0.4%
Turkey	102,905	95,063	-7.6%
Armenia	90,638	94,391	4.1%
Georgia (Nonresident)	40,307	35,809	-11.2%
Israel	12,903	14,343	11.2%
Ukraine	11,630	11,991	3.1%
Iran	25,874	10,505	-59.4%
Germany	3,952	5,670	43.5%
Kazakhstan	2,973	5,621	89.1%
Others	50,643	64,157	26.7%
Total	529,892	549,761	3.7%

Source: GNTA

International visitors (tourists and same-day) by type

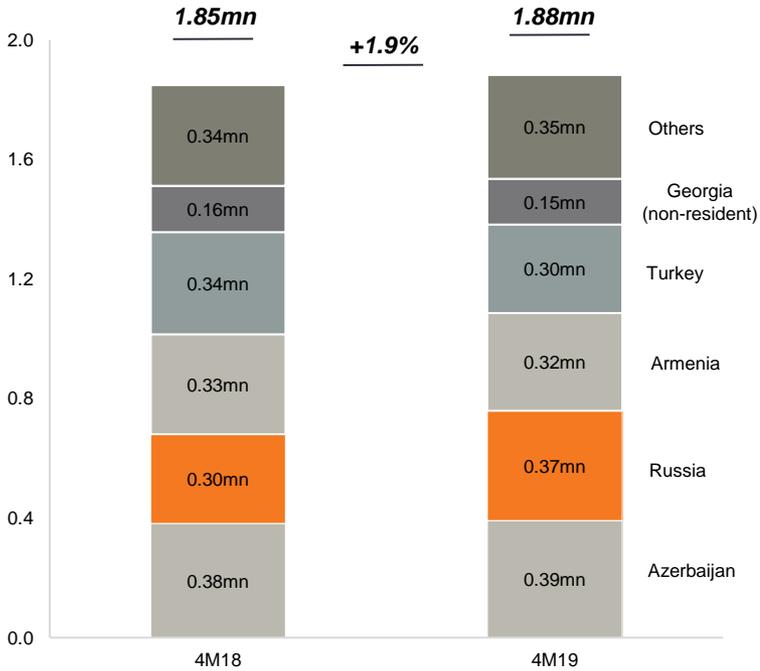


- Total international visitors (tourists and same-day combined) to Georgia were up 3.7% y/y to 0.5mn persons in April-19 after growing 4.6% y/y in previous month
- This growth was driven by 4.2% y/y increase in tourist arrivals and 3.0% y/y growth in same-day arrivals
- Russia was the largest source of visitor growth, followed by Armenia and Kazakhstan
- Visitors from the EU were up 28.7% y/y to almost 33k visitors, with Germany and Poland driving growth
- From non-traditional markets visitors were pronounced from Israel
- From major source markets, visitors from Turkey continued to fall for 8th consecutive month, but with much slower reduction in last two months
- Arrivals from Iran more than halved (down since Jun-18 with the exception of Nov-18), and is the major reason behind slowdown in tourist growth figures
- We expect tourist arrival growth to accelerate from 2H19, due to high season and fading effect of reduced visitors from Iran and Turkey



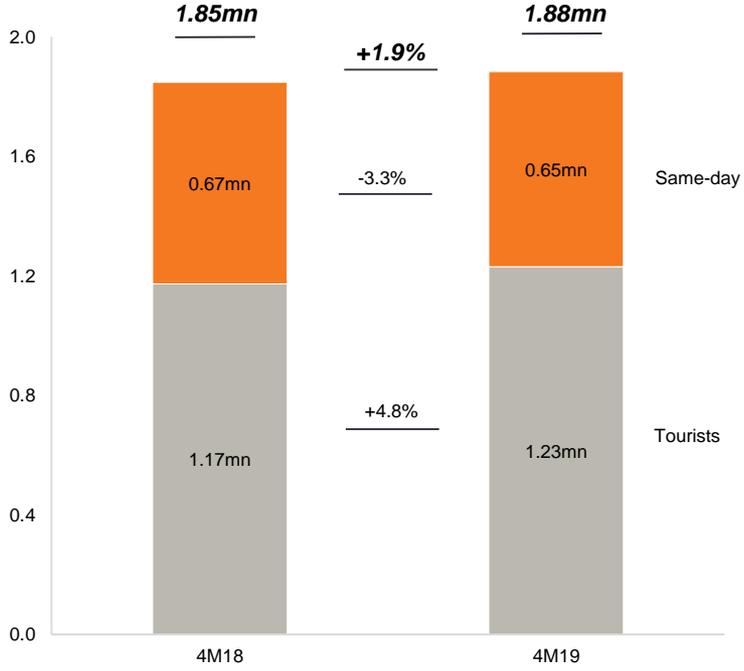
4M19: Tourist arrivals up 4.8% y/y

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 1.88 mn (+1.9% y/y) persons in 4M19:

- From top markets, Russia was the largest contributor to arrival growth, followed by Israel
- Visitors from EU increased 29.3% y/y to over 86k persons

In 4M19:

- Tourist trips increased 4.8% y/y, accounting for 65.3% of total arrivals, up 1.8ppts y/y
- Same-day arrivals fell 3.3% 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	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	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%	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	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%	9.5%	23.4%	16.9%
Tourism revenues, US\$ mn	157	162	232	239	246	325	433	443	335	254	191	206	165	169	241	252	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%	4.6%	3.9%	5.7%	13.0%	28.1%	19.1%
Per visitor spending, US\$	356.0	410.6	479.0	450.8	453.5	536.1	511.5	425.6	438.9	415.6	393.6	448.1	376.2	438.8	475.8	459.1	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%	6.9%	-0.7%	1.8%	10.1%	6.6%	7.2%

Source: GNTA, NBG, G&T research

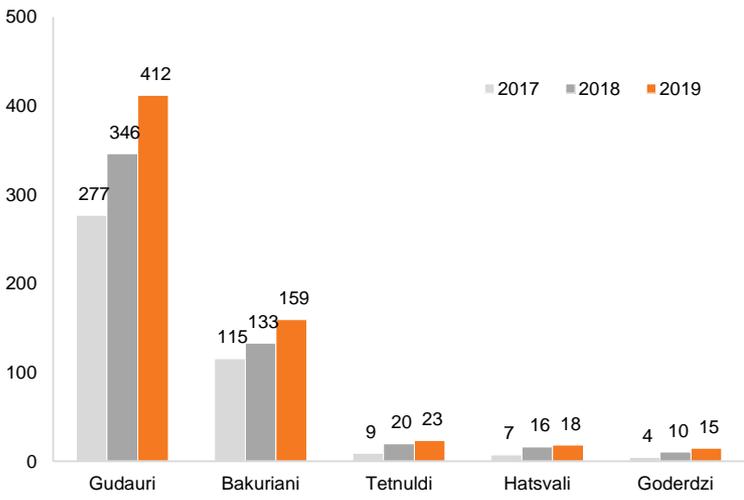
Note: Total international visitors combine tourist (overnight stay) and same-day visits; Tourist revenue monthly statistics subject to revisions

Visitors to winter resorts up 19.5% y/y in 2018-19

Gudauri and Bakuriani are most popular among visitors

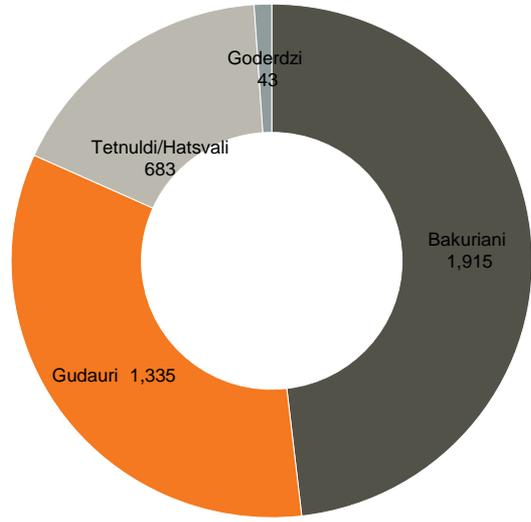
Lack of accommodation is evident in Gudauri and Goderdzi

Visitors at winter resorts, '000 persons



Source: MRDC
Note: 2019 means 2018-2019 skiing season

Accommodation rooms by resort



Source: GNTA

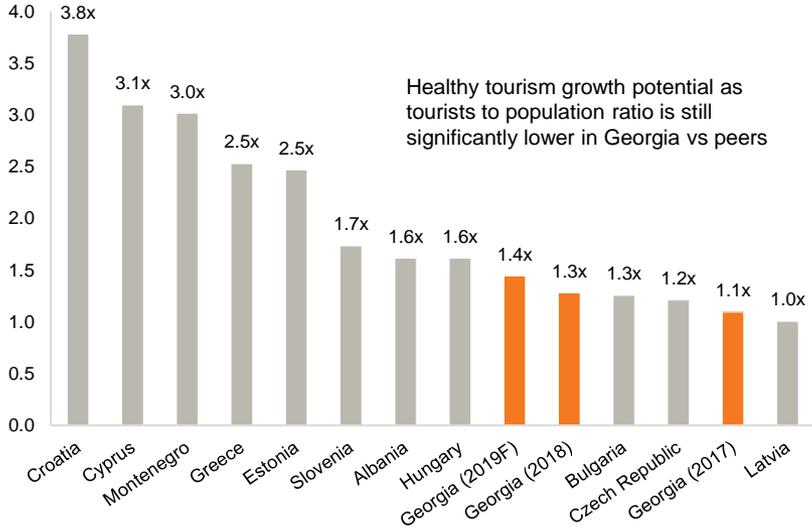


Expectations for 2019

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

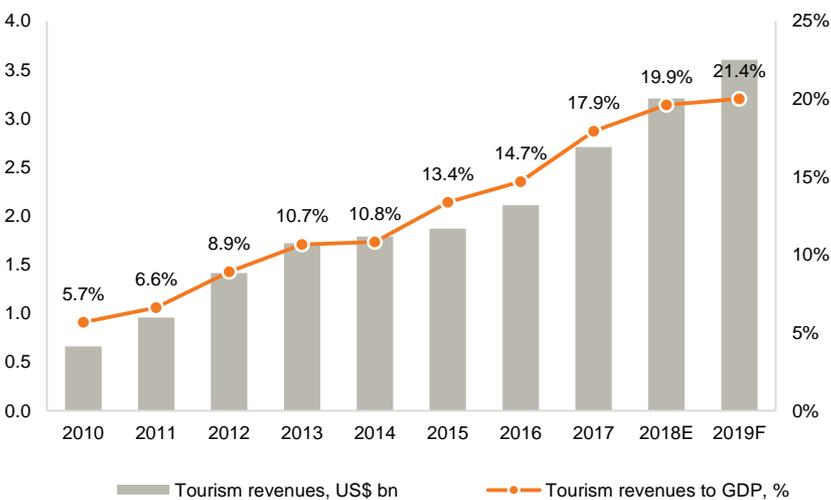
- We forecast tourism revenues at US\$ 3.6bn (+12.3% y/y) in 2019

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	4M19
Tourism revenues, US\$ mn	1,720	1,787	1,868	2,111	2,704	3,222	827
<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	1,883,261
<i>by type*:</i>							
Tourists	2,884,295	2,938,892	3,011,663	3,297,275	4,069,354	4,756,820	1,230,649
Same-day	2,070,153	2,065,439	2,244,336	2,095,541	2,413,476	2,446,530	652,612
<i>by country:</i>							
Azerbaijan	940,129	1,103,408	1,156,183	1,075,820	1,301,556	1,424,610	391,975
Russia	606,668	651,282	763,019	849,265	1,135,057	1,404,757	367,215
Armenia	1,049,911	1,065,970	1,191,777	1,152,234	1,287,168	1,268,886	326,840
Turkey	1,292,275	1,136,703	1,074,065	988,312	1,007,276	1,098,555	296,255
Georgia (Nonresident)	499,132	482,038	441,260	429,343	456,132	476,389	153,578
Ukraine	115,281	131,951	127,344	151,630	169,862	177,058	45,636
Iran	67,944	33,803	22,019	129,933	282,549	291,070	40,959
Israel	36,683	38,646	55,439	85,398	115,040	156,922	39,338
Other	346,425	360,530	424,893	530,881	728,190	905,103	221,465
Airport arrivals	584,601	639,919	737,660	998,762	1,439,689	1,788,417	506,073
<i>of which:</i>							
Tbilisi	460,587	489,803	597,907	786,094	1,133,811	1,402,157	423,430
Kutaisi	67,983	82,693	60,853	91,905	112,179	147,009	47,249
Batumi	56,031	67,423	78,900	120,763	193,699	239,251	35,394
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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