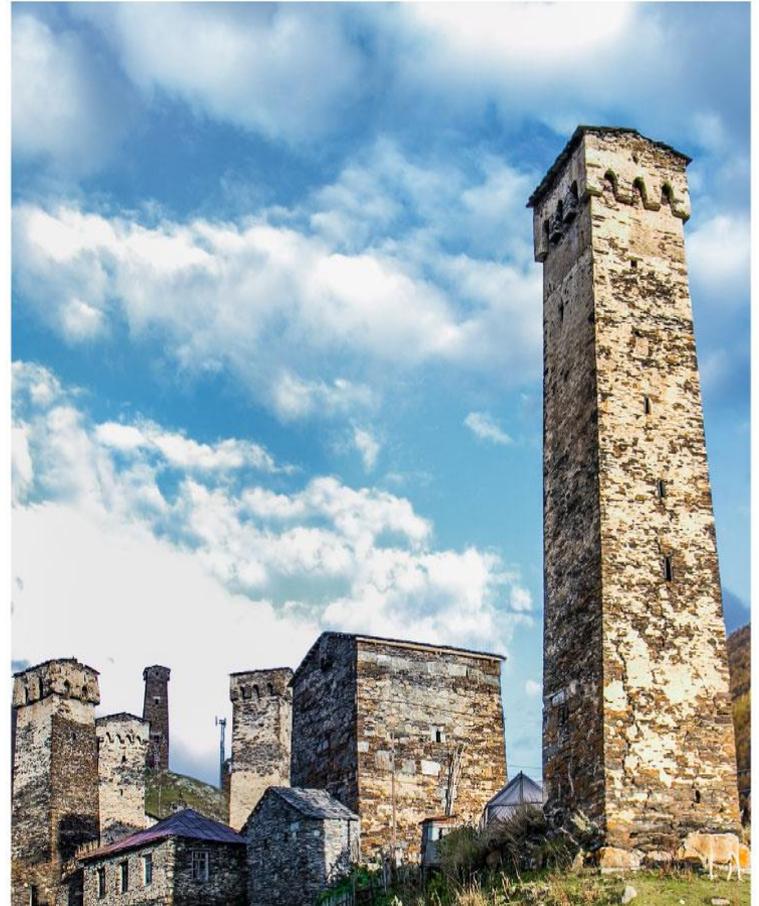




GALT & TAGGART
CREATING OPPORTUNITIES

Tourism in Georgia Monthly Market Watch

■ March 2019



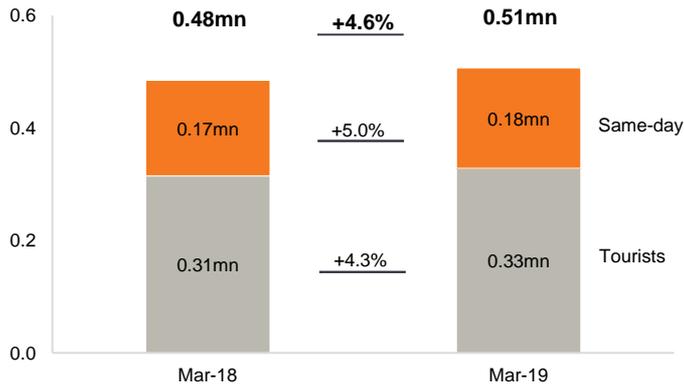
March-19: Tourist arrivals up 4.3% y/y

International visitors (tourists and same-day) by country

	March-18	March-19	Growth y/y
Azerbaijan	105,185	117,050	11.3%
Russia	74,499	98,480	32.2%
Armenia	83,418	84,403	1.2%
Turkey	81,049	75,249	-7.2%
Georgia (Nonresident)	37,156	38,418	3.4%
Iran	41,058	14,481	-64.7%
Ukraine	11,858	13,070	10.2%
Israel	6,142	10,625	73.0%
India	4,806	5,286	10.0%
Kazakhstan	3,219	4,832	50.1%
Others	36,599	45,170	23.4%
Total	484,989	507,064	4.6%

Source: GNTA

International visitors (tourists and same-day) by type



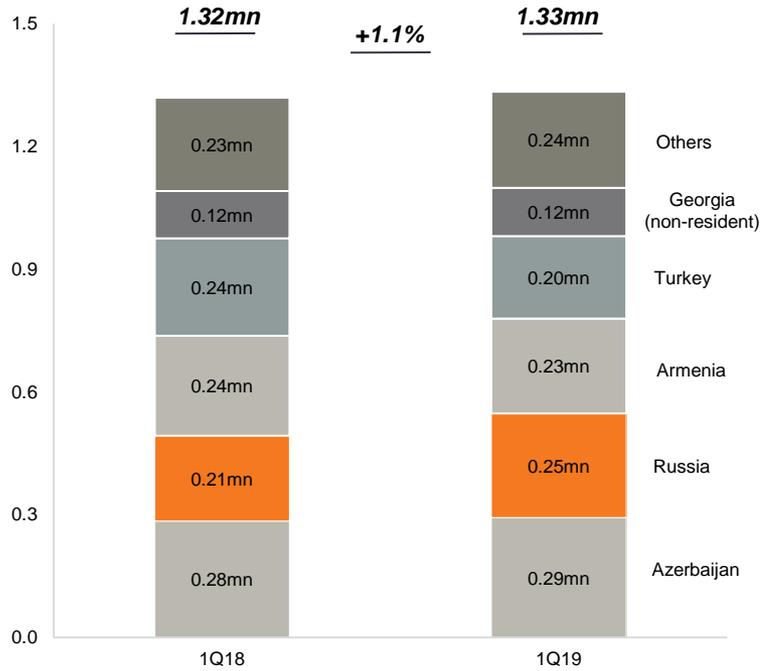
Source: GNTA

- Tourist arrivals increased 4.3% y/y in March-19, after growing 5.1% y/y in previous month. Same-day arrivals were up 5.0% y/y in March-19, after 10.7% y/y drop in previous month. As a result, total international visitors to Georgia were up 4.6% y/y to 0.5mn persons in March-19
- Russia was the largest source of visitor growth, followed by Azerbaijan and Israel
- Visitors from the EU were up 25.9% y/y to almost 21k visitors, with Germany and Poland driving growth
- From non-traditional markets visitors were pronounced from Israel and Kazakhstan
- From major source markets, visitors from Turkey continued to fall for a 7th consecutive month, but on a much slower rate compared to previous 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



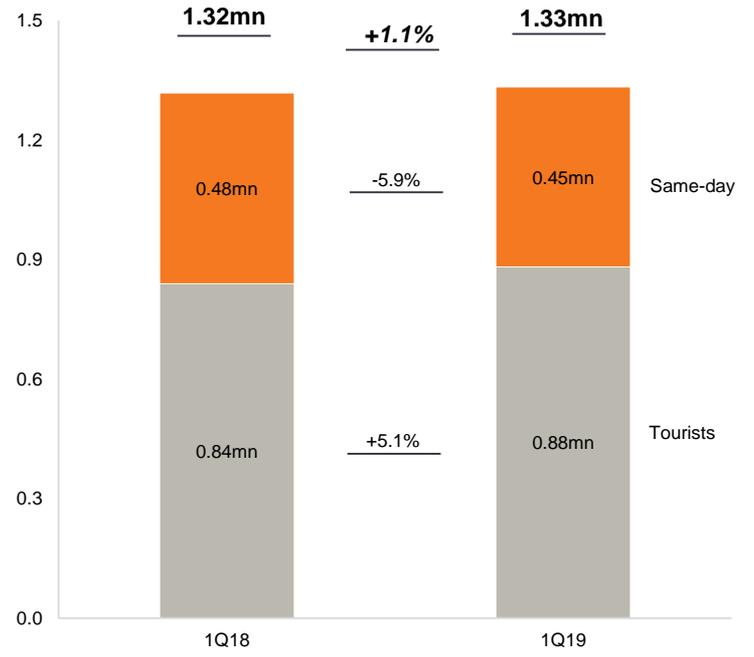
1Q19: Tourist arrivals up 5.1% y/y

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 1.33 mn (+1.1% y/y) persons in 1Q19:

- From top markets, Russia was the largest contributor to arrival growth, followed by Israel
- Visitors from EU increased 29.7% y/y to over 53k persons

In 1Q19:

- Tourist trips increased 5.1% y/y, accounting for 66.2% of total arrivals, up 2.5ppts y/y
- Same-day arrivals fell 5.9% y/y, mostly due to drop in Turkish arrivals



Monthly dynamics of visitors and revenues

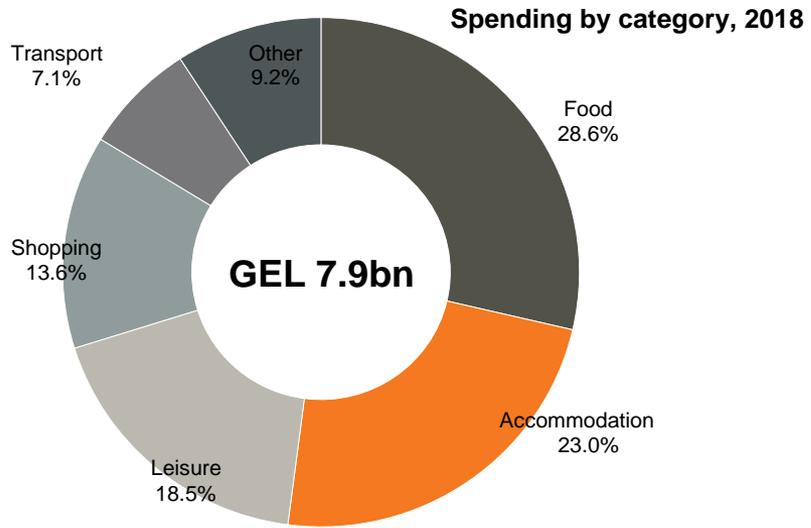
	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	2016	2017	2018
Total int'l visitors, '000	440	394	485	530	542	607	846	1,041	764	611	485	460	437	389	507	5,393	6,483	7,203
y/y growth	21.6%	24.4%	14.6%	18.7%	9.0%	14.2%	10.7%	10.7%	5.7%	8.5%	5.8%	0.2%	-0.6%	-1.2%	4.6%	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	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%	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	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%	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	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%	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

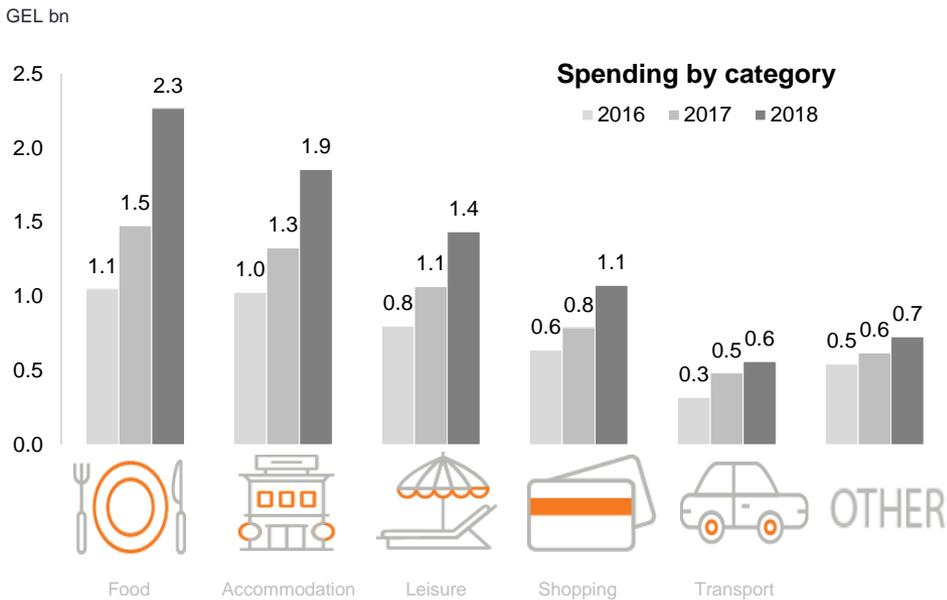
Visitors spent GEL 7.9bn in 2018, up 37.4% y/y

Food and accommodation are largest spending categories by visitors



Source: Geostat

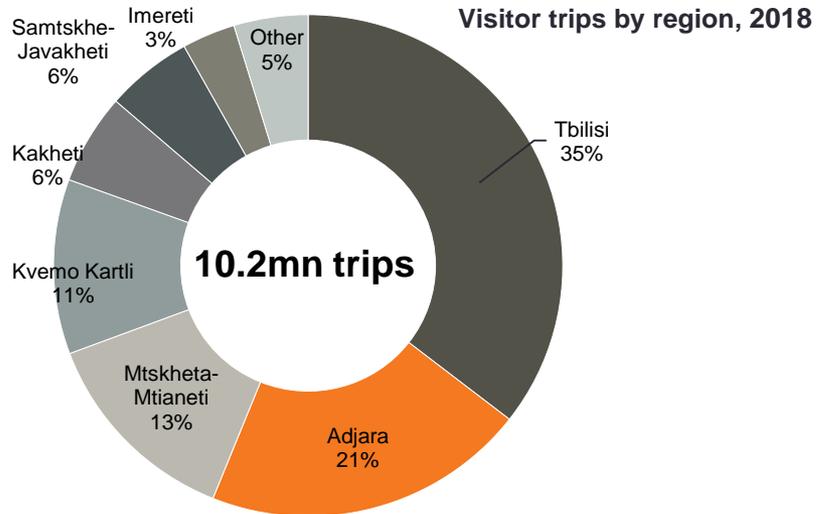
Spending was up in every category in 2018



Source: Geostat

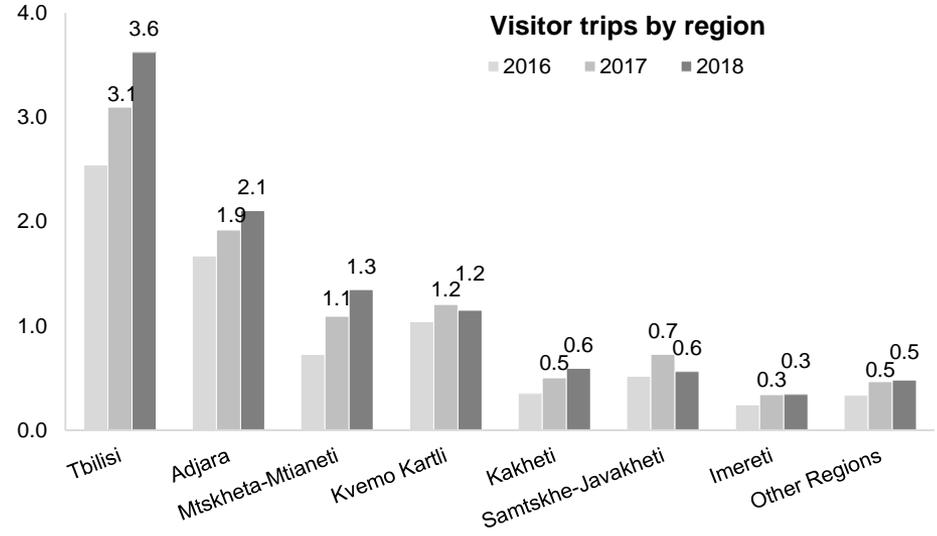
Visitors made 6.6mn trips to regions of Georgia

Tbilisi and Adjara regions attract most visitors



Source: Geostat

Tbilisi growing fast, while visitor growth in the regions slowed in 2018 vs 2017



Source: Geostat

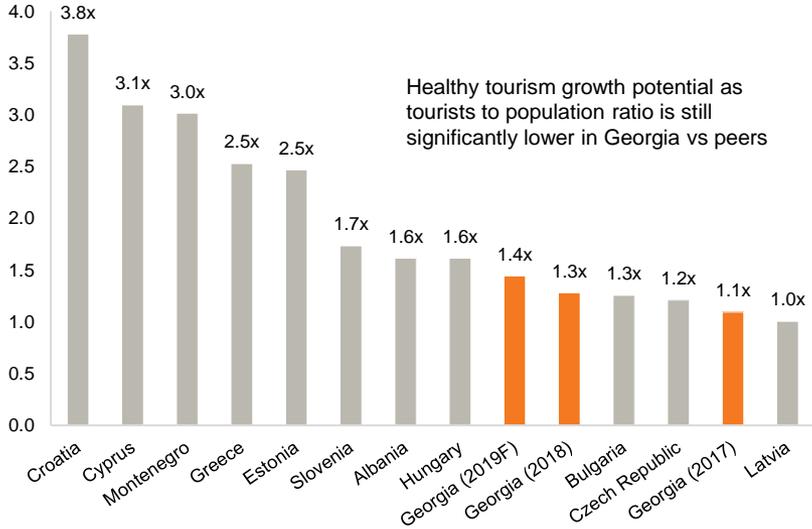


Expectations for 2019

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

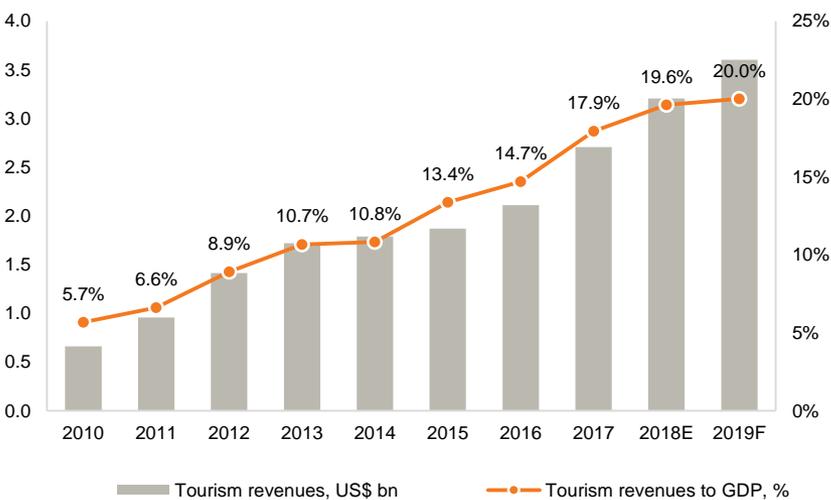
- We forecast tourism revenues at US\$ 3.6bn (+12.3% y/y) in 2019

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	1Q19
Tourism revenues, US\$ mn	1,720	1,787	1,868	2,111	2,704	3,222	575
<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	1,333,500
<i>by type*:</i>							
Tourists	2,884,295	2,938,892	3,011,663	3,297,275	4,069,354	4,756,820	882,130
Same-day	2,070,153	2,065,439	2,244,336	2,095,541	2,413,476	2,446,530	451,370
<i>by country:</i>							
Azerbaijan	940,129	1,103,408	1,156,183	1,075,820	1,301,556	1,424,610	292,902
Russia	606,668	651,282	763,019	849,265	1,135,057	1,404,757	254,077
Armenia	1,049,911	1,065,970	1,191,777	1,152,234	1,287,168	1,268,886	232,449
Turkey	1,292,275	1,136,703	1,074,065	988,312	1,007,276	1,098,555	201,192
Georgia (Nonresident)	499,132	482,038	441,260	429,343	456,132	476,389	117,769
Ukraine	115,281	131,951	127,344	151,630	169,862	177,058	33,645
Iran	67,944	33,803	22,019	129,933	282,549	291,070	30,454
Israel	36,683	38,646	55,439	85,398	115,040	156,922	24,995
Other	346,425	360,530	424,893	530,881	728,190	905,103	146,017
Airport arrivals	584,601	639,919	737,660	998,762	1,439,689	1,788,417	354,620
<i>of which:</i>							
Tbilisi	460,587	489,803	597,907	786,094	1,133,811	1,402,157	300,801
Kutaisi	67,983	82,693	60,853	91,905	112,179	147,009	32,707
Batumi	56,031	67,423	78,900	120,763	193,699	239,251	21,112
Accommodation units	875	1004	1,383	1,727	1,963	2,390	2,390
Accommodation rooms	14,491	16,547	21,511	24,640	27,907	34,608	34,608
Accommodation beds	34,194	39,055	51,517	59,236	67,660	85,314	85,314

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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