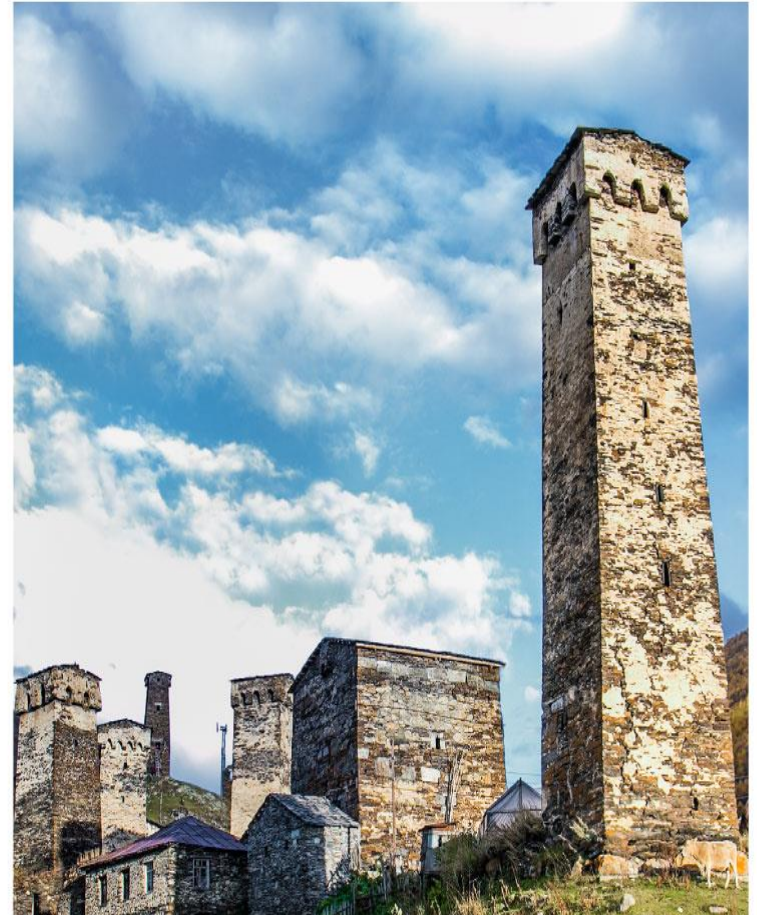




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# Tourism in Georgia Monthly Market Watch

February 2019



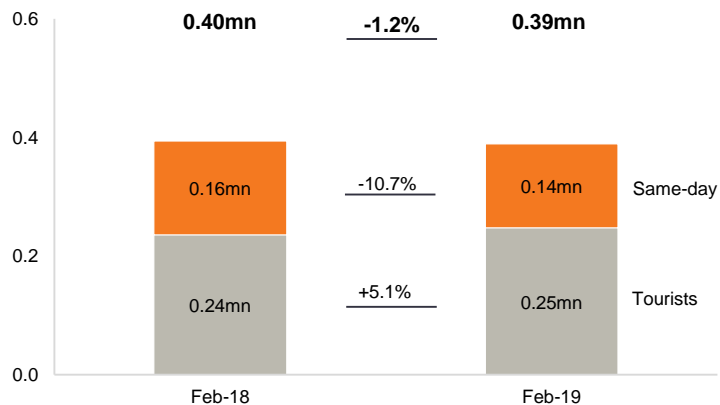
# Feb-19: Tourist arrivals up 5.1% y/y

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

	Feb-18	Feb-19	Growth y/y
Azerbaijan	83,507	83,511	0.0%
Armenia	78,501	70,078	-10.7%
Russia	60,766	69,675	14.7%
Turkey	76,836	61,594	-19.8%
Georgia (Nonresident)	33,643	34,810	3.5%
Ukraine	8,950	10,122	13.1%
Iran	14,643	7,549	-48.4%
Israel	2,397	7,153	198.4%
India	2,782	3,527	26.8%
Philippines	2,930	3,252	11.0%
Others	29,150	37,947	30.2%
<b>Total</b>	<b>394,105</b>	<b>389,218</b>	<b>-1.2%</b>

Source: GNTA

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



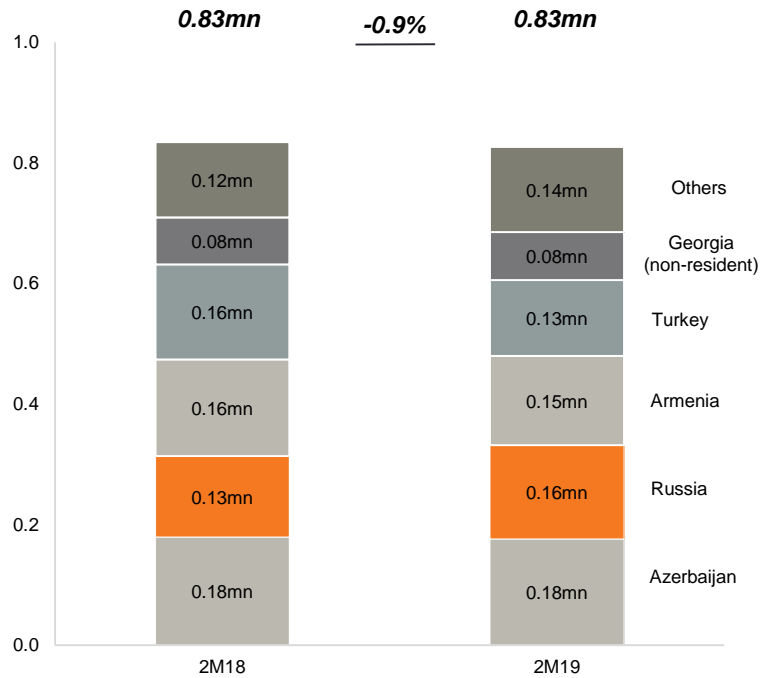
Source: GNTA

- Tourist arrivals increased 5.1% y/y in Feb-19, after growing 5.9% y/y in previous month. Same-day arrivals continued to decline, down 10.7% y/y in Feb-19, after 13.1% y/y drop in previous month. As a result, total international visitors to Georgia were down 1.2% y/y to 0.4mn persons in Feb-19
- Russia was the largest source of visitor growth, followed by Israel
- Visitors from the EU were up 29.0% y/y to over 16k visitors, with Germany and Poland driving growth
- From non-traditional markets visitors were pronounced from India, China and Philippines
- From major source markets, visitors from Turkey continued to fall for a 6<sup>th</sup> consecutive month, mostly reflected in reduced same-day arrival numbers
- Arrivals from Iran almost halved (down since Jun-18 with the exception of Nov-18), partly explaining 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



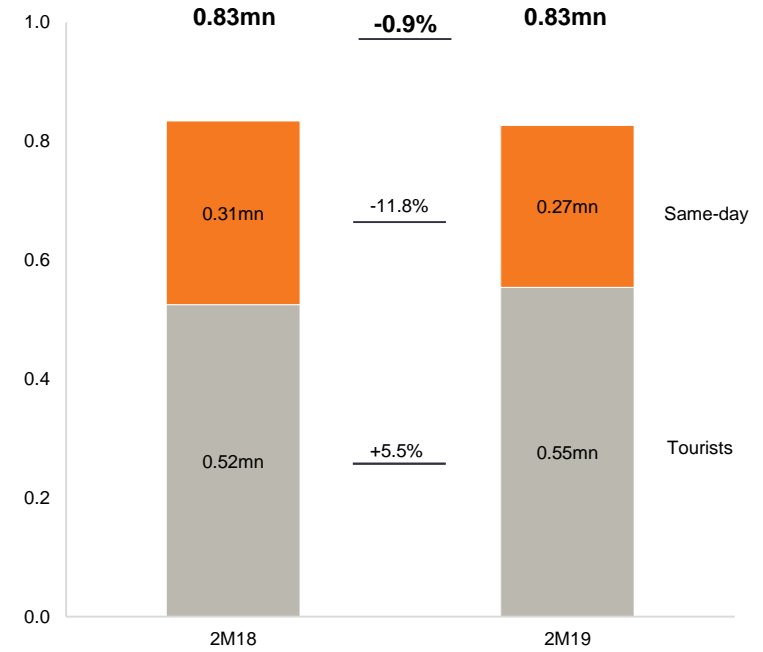
# 2M19: Tourist arrivals up 5.5% y/y

## 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 0.83 mn (-0.9% y/y) persons in 2M19:

- From top market, Russia was the largest contributor to arrival growth, followed by Israel
- Visitors from EU increased 32.4% y/y to over 32k persons
- Tourist trips increased 5.5% y/y in 2M19, but was not sufficient to fully compensate fall in same-day arrivals
- Tourists accounted for 67.0% of total arrivals, up 4.1ppts y/y

# Monthly dynamics of visitors and revenues

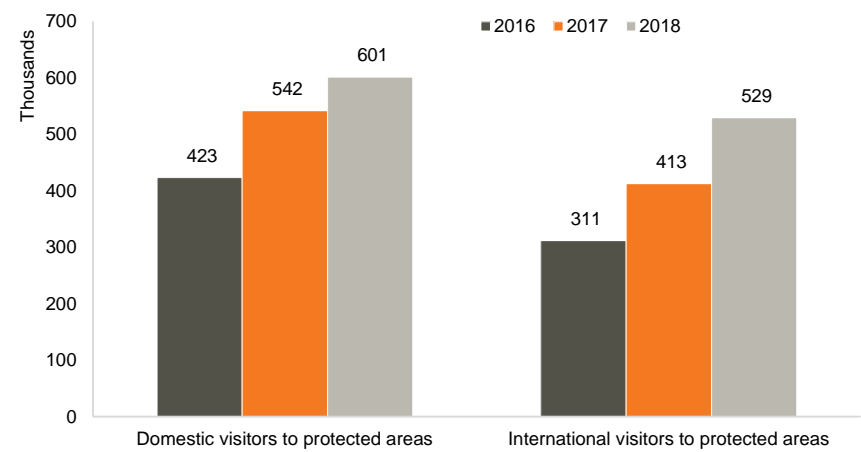
	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	2016	2017	2018
Total int'l visitors, '000	440	394	485	530	542	607	846	1,041	764	611	485	460	437	389	5,393	6,483	7,203
y/y growth	21.6%	24.4%	14.6%	18.7%	9.0%	14.2%	10.7%	10.7%	5.7%	8.5%	5.8%	0.2%	-0.6%	-1.2%	2.6%	20.2%	11.1%
o/w tourists, '000	289	236	315	335	360	400	565	737	536	407	307	270	306	248	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%	9.5%	23.4%	16.9%
Tourism revenues, US\$ mn	157	162	232	239	246	325	433	443	335	246	185	200	165	171	2,111	2,704	3,203
y/y growth	24.8%	30.2%	31.9%	33.3%	25.2%	27.8%	14.5%	12.4%	9.2%	14.0%	10.2%	7.2%	5.0%	5.6%	13.0%	28.1%	18.4%
Per visitor spending, US\$	356.0	410.6	479.0	450.8	453.5	536.1	511.5	425.6	438.9	402.5	382.0	434.8	376.2	438.8	391.4	417.2	445.0
y/y growth	2.6%	4.7%	15.1%	12.3%	14.9%	11.9%	3.4%	1.6%	3.2%	5.1%	4.2%	6.9%	5.7%	6.9%	10.1%	6.6%	6.7%

Source: GNTA, NBG, G&T research

Note: Total international visitors combine tourist (overnight stay) and same-day visits

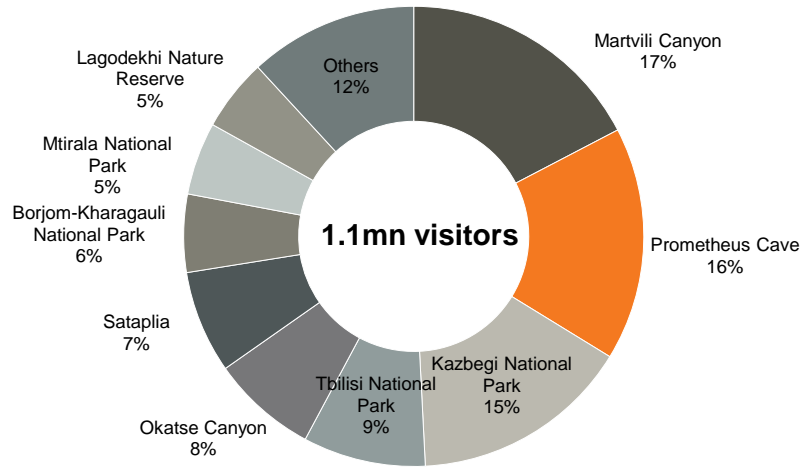
# Georgia's protected areas popularity on the rise

International visitors contributed 12.2ppts to total growth of 18.4% y/y in 2018



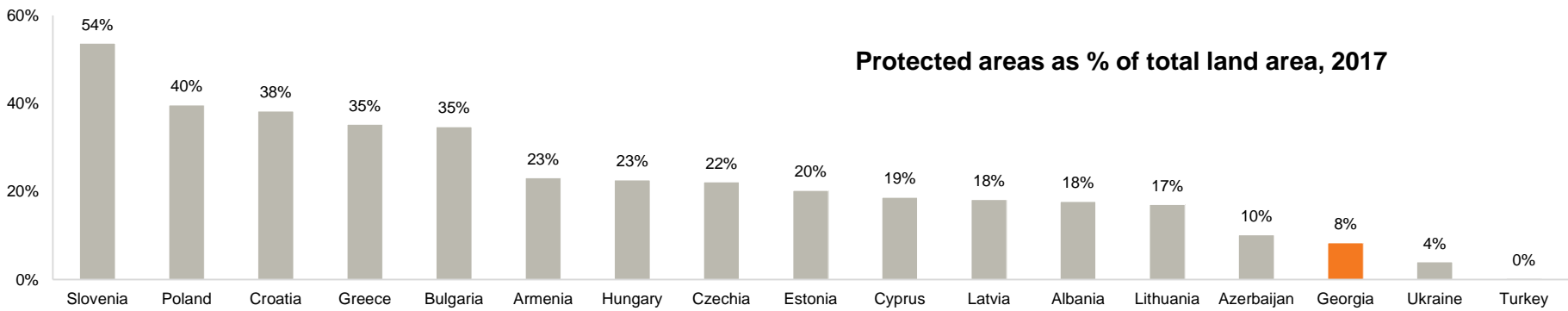
Source: APA

Martvili Canyon continued to attract most visitors in 2018



Source: APA

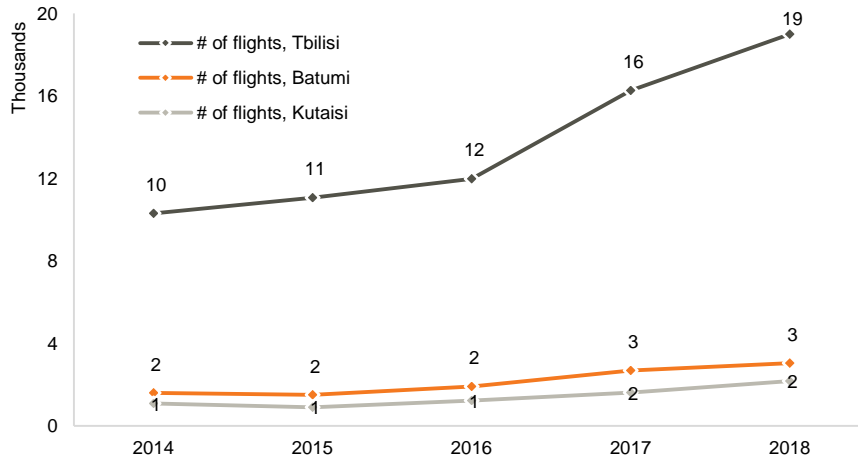
Untapped potential in ecotourism, as Georgia still significantly behind peer countries



Source: WB

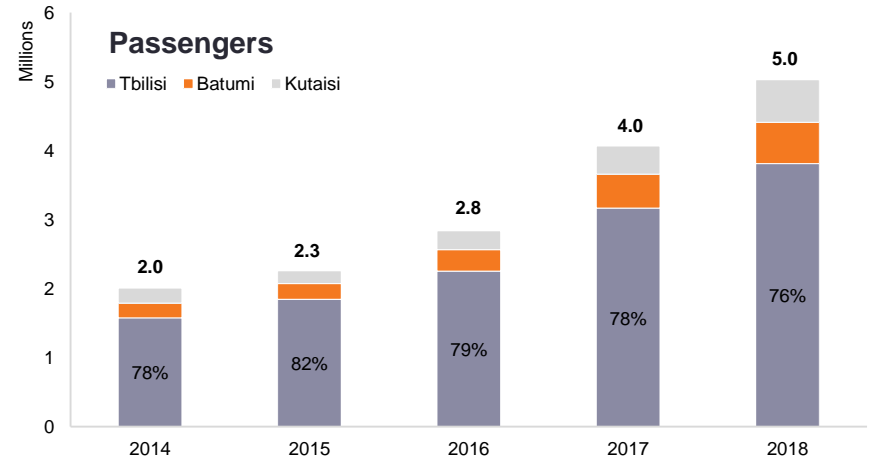
# Air connectivity key in driving visitor growth

## Int'l flights from Georgia nearly doubled over 2014-18



Source: GCAA

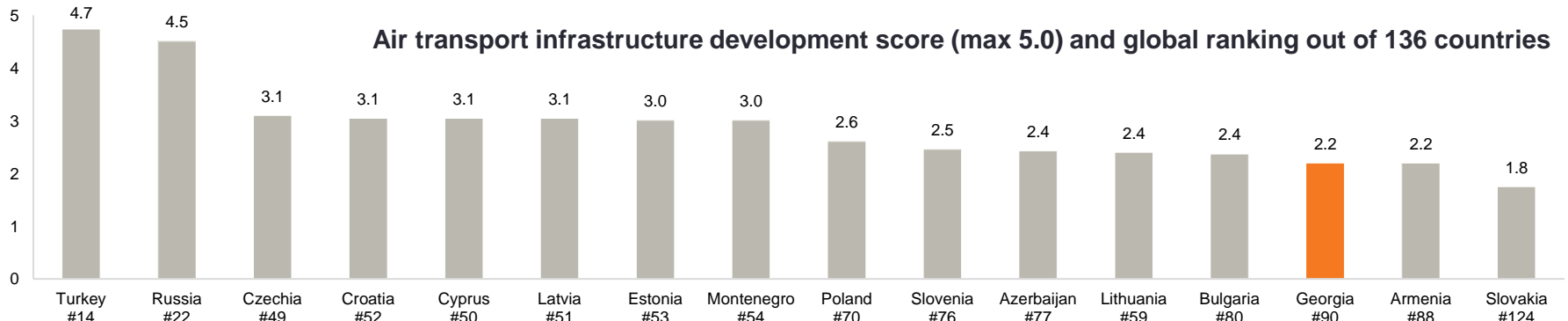
## Tbilisi Int'l Airport served 76% (3.8mn) of total 5.0mn passengers in 2018



Source: GCAA

## Georgia needs to enhance its air transport infrastructure further, as it ranks poorly vs peers (90<sup>th</sup> out of 136 countries)

Air transport infrastructure development score (max 5.0) and global ranking out of 136 countries



Source: WEF Travel & Tourism Competitiveness index 2017



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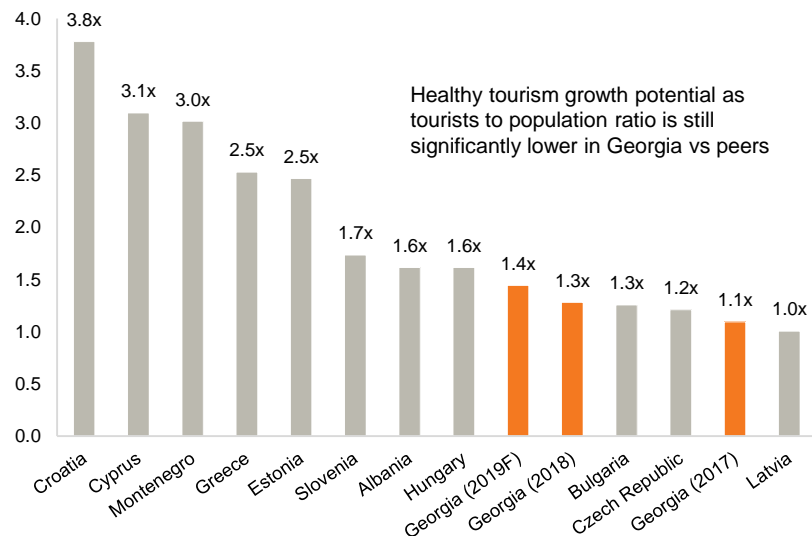


# Expectations for 2019

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

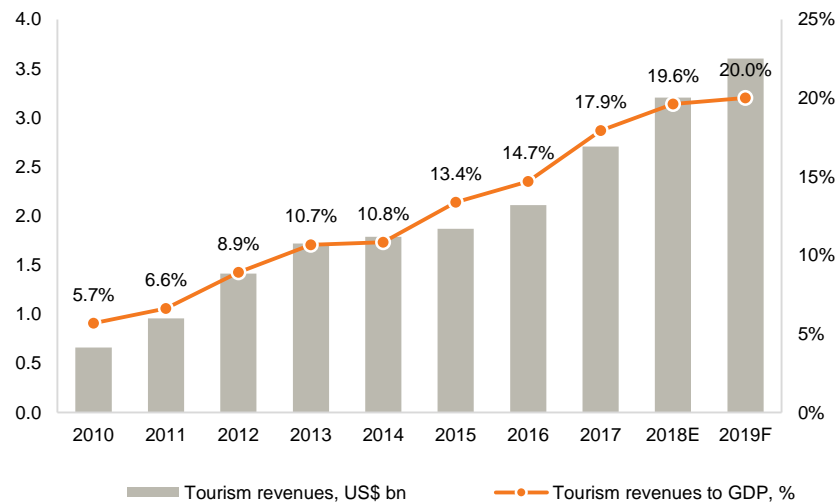
- We forecast tourism revenues at US\$ 3.6bn (+12.3% y/y) in 2019

## 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	2M19
<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>3,203*</b>	<b>335</b>
<i>As % of GDP</i>	10.7%	10.8%	13.4%	14.7%	17.9%	19.6%	
<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>826,436</b>
<i>by type**:</i>							
Tourists	2,884,295	2,938,892	3,011,663	3,297,275	4,069,354	4,756,820	553,644
Same-day	2,070,153	2,065,439	2,244,336	2,095,541	2,413,476	2,446,530	272,792
<i>by country:</i>							
Azerbaijan	940,129	1,103,408	1,156,183	1,075,820	1,301,556	1,424,610	175,852
Russia	606,668	651,282	763,019	849,265	1,135,057	1,404,757	155,597
Armenia	1,049,911	1,065,970	1,191,777	1,152,234	1,287,168	1,268,886	148,046
Turkey	1,292,275	1,136,703	1,074,065	988,312	1,007,276	1,098,555	125,943
Georgia (Nonresident)	499,132	482,038	441,260	429,343	456,132	476,389	79,351
Iran	67,944	33,803	22,019	129,933	282,549	291,070	20,575
Ukraine	115,281	131,951	127,344	151,630	169,862	177,058	15,973
Israel	36,683	38,646	55,439	85,398	115,040	156,922	14,370
Other	346,425	360,530	424,893	530,881	728,190	905,103	90,729
<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>221,104</b>
<i>of which:</i>							
Tbilisi	460,587	489,803	597,907	786,094	1,133,811	1,402,157	187,101
Kutaisi	67,983	82,693	60,853	91,905	112,179	147,009	22,003
Batumi	56,031	67,423	78,900	120,763	193,699	239,251	12,000
<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>2,390</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>34,608</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>85,314</b>

Source: GNTA, GCAA, NBG

\*Preliminary figure

\*\*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



# Georgia's tourism sector at a glance

#5yearschallenge



2018

**7.2 mn**  
INTERNATIONAL VISITORS

**4.8 mn**  
TOURISTS

**\$3.2 bn**  
REVENUES

**19.6%**  
REVENUES to GDP

↑  
+2.2mn

↑  
+1.9mn

↑  
+1.4bn

↑  
+8.8ppts

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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