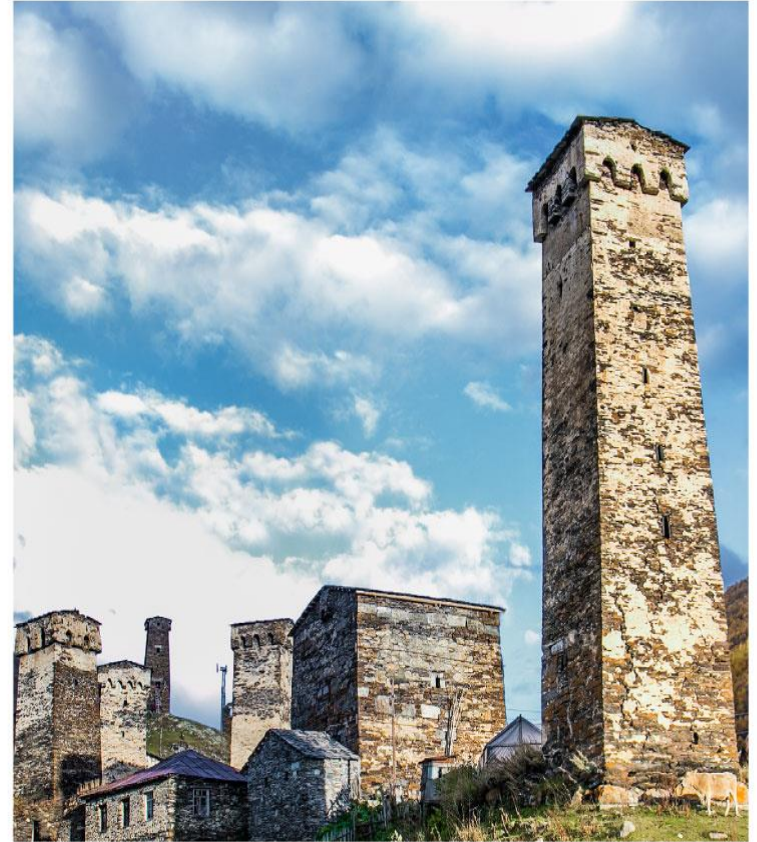




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Tourism in Georgia Monthly Market Watch

December 2021 and FY21



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Dec-21: visitors at 30% of 2019 level

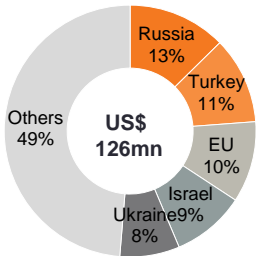
Int'l visitors (tourists and same-day) by country, persons

	Dec-19	Dec-20	Dec-21	Growth vs Dec-19
Turkey	80,701	19,698	32,628	-59.6%
Armenia	134,214	9,324	18,656	-86.1%
Russia	65,303	4,404	18,442	-71.8%
Georgia (Nonresident)	35,504	4,358	13,223	-62.8%
Israel	13,448	192	9,331	-30.6%
Azerbaijan	122,591	3,955	8,787	-92.8%
Ukraine	10,390	1,392	7,044	-32.2%
India	6,740	41	4,993	-25.9%
Saudi Arabia	994	0	4,917	394.7%
Philippines	4,156	4	4,830	16.2%
Kazakhstan	8,236	666	4,624	-43.9%
Uzbekistan	1,268	1,842	4,014	216.6%
Iran	9,149	12	3,851	-57.9%
Belarus	2,369	674	2,286	-3.5%
USA	2,006	195	1,488	-25.8%
Others	37,663	2,503	21,649	-42.5%
Total	534,732	49,260	160,763	-69.9%

Source: GNTA

- In December 2021, recovery in tourism continued and improved vs. previous months.
- Total international arrivals (tourists and same-day combined) stood at 160,763 persons – up 226.4% y/y and accounting for 30% of 2019 level. This growth was predominantly driven by 239.1% y/y increase in tourist arrivals. Same-day trips also posted growth of 144.4% y/y, but remain in low-figures due to persisting regulations of neighboring countries on a cross-border travel.
- Top country by arrivals was Turkey, followed by Armenia and Russia. Recovery was notable from Israel (69% of 2019 level) and Ukraine (68% of 2019 level) as these countries dominated recovery rates in 2H21.
- While low in numbers, arrivals from Saudi Arabia, Uzbekistan and Philippines surpassed 2019 levels boosting hopes for attracting more visitors from these countries in post pandemic.
- Tourism revenues stood at US\$ 126.1mn (up 9x y/y and accounting for 58.0% of 2019 level). Revenues are recovering faster than arrivals as in visitor mix tourists prevail and they are spending more than same-day arrivals. A 13% of Dec-21 tourism revenues were generated from Russia, followed by Turkey (11%), EU countries (10%), Israel (9%) and Ukraine (8%).
- We expect recovery in visitors and tourism revenues to accelerate in the coming months due to hopes of fading pandemic.

Int'l tourism revenue by country, Dec-21



	Revenues, US\$ mn
Dec-19	217
Dec-20	15
Dec-21	126

Source: NBG



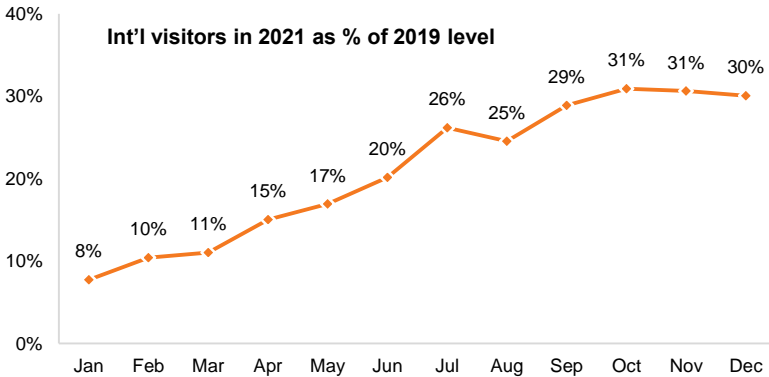
Monthly dynamics of visitors and tourism revenue

Monthly dynamics of visitors and tourism revenue

	Jan-21	21-Feb	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	2019	2020	2021
Total int'l visitors, '000 persons	34	41	56	83	105	147	231	267	227	206	167	161	7,726	1,513	1,721
vs 2019 level	7.7%	10.4%	11.0%	15.0%	16.9%	20.2%	26.2%	24.5%	28.9%	30.9%	30.7%	30.1%		19.6%	22.3%
o/w tourists, '000	29	36	51	76	97	133	214	247	210	189	151	145	5,080	1,087	1,577
vs 2019 level	9.6%	14.5%	15.6%	21.8%	22.7%	28.3%	37.4%	32.8%	38.9%	43.0%	44.7%	46.3%		21.4%	31.0%
o/w same day, '000	4	5	5	7	8	13	17	19	17	17	15	16	2,645	426	144
vs 2019 level	3.3%	3.3%	2.6%	3.3%	4.2%	5.2%	5.6%	5.8%	7.0%	7.5%	7.4%	7.3%		16.1%	5.4%
Tourism revenue, US\$ mn	10	14	30	50	74	122	205	199	162	142	111	126	3,269	542	1,245
vs 2019 level	6.3%	8.1%	12.1%	18.7%	27.3%	36.0%	51.9%	48.2%	50.8%	53.3%	55.0%	58.0%		16.6%	38.1%

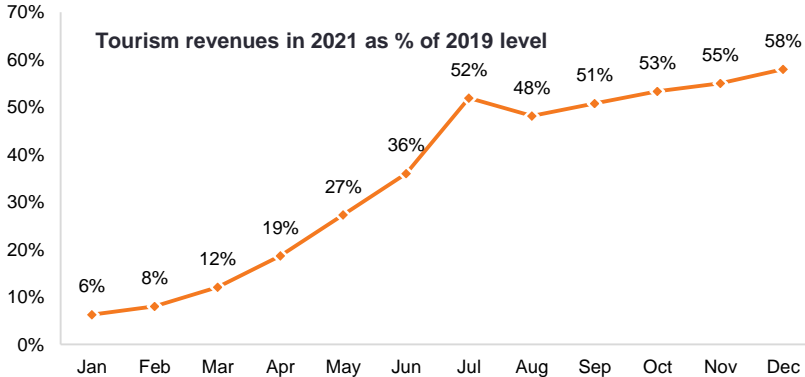
Source: GNTA, NBG
 Note: Total international visitors combine tourist (overnight stay) and same-day visits;

Recovery of int'l visitors in 2021 vs 2019



Source: GNTA, NBG
 Note: Total international visitors combine tourist (overnight stay) and same-day visits;

Recovery of int'l tourism revenue in 2021 vs 2019



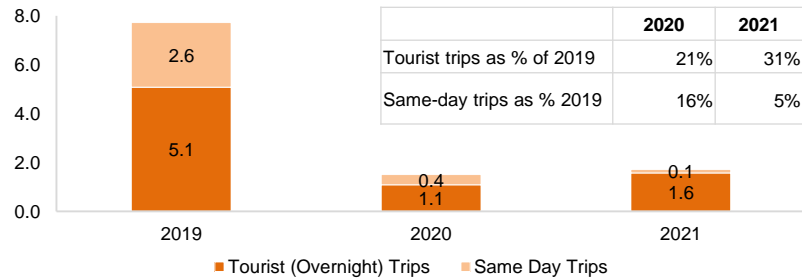
FY21: tourism revenue recovered at 38% of 2019

Int'l visitors (tourists and same-day) by country, persons

	2019	2020	2021	Growth vs 2019
Turkey	1,156,513	335,580	326,494	-71.8%
Russia	1,471,558	208,677	212,979	-85.5%
Armenia	1,365,048	260,965	164,698	-87.9%
Georgia (Nonresident)	488,841	140,351	151,559	-69.0%
Ukraine	207,667	42,414	144,901	-30.2%
Israel	205,051	25,731	100,686	-50.9%
Azerbaijan	1,526,619	295,132	82,718	-94.6%
Kazakhstan	103,611	13,779	66,787	-35.5%
Saudi Arabia	75,155	4,960	63,437	-15.6%
Belarus	66,174	14,340	53,698	-18.9%
Uzbekistan	16,785	14,410	36,384	116.8%
Poland	88,300	10,691	30,988	-64.9%
India.	54,606	8,364	24,992	-54.2%
Germany	89,051	9,338	21,194	-76.2%
USA	46,558	7,384	19,470	-58.2%
Others	764,237	121,305	220,257	-71.2%
Total	7,725,774	1,513,421	1,721,242	-77.7%

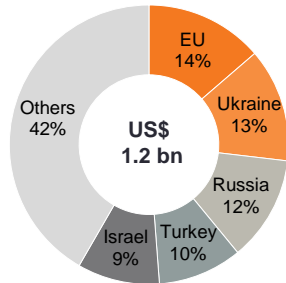
Source: GNTA

Int'l visitors (tourists and same-day) by type, persons



Source: GNTA

Int'l tourism revenue by country, 2021



Source: NBG

	Revenues, US\$ mn
2019	3,269
2020	542
2021	1,245

Total int'l visitors stood at 1.7mn persons (+13.7% y/y, 22.2% of 2019 level) and revenues at US\$ 1.2bn (+129.8% y/y, 38.1% of 2019 level) in FY21:

- From top markets, Turkey was the largest contributor to arrival growth, because of strong growth in 2H21 (after border opening since Jul-21). Turkey is followed by Russia and Armenia. Out of non-neighboring countries, notable recovery vs 2019 was observed from Ukraine (70% of 2019 level), Israel (49%), Kazakhstan (64%), Saudi Arabia (84%) and Belarus (81%). Surprisingly, visitors more than doubled from Uzbekistan, which might be next emerging source market for Georgia's tourism sector.
- Tourism revenues stood at US\$ 1.2bn or 38.1% of 2019 level – slightly above the G&T forecast of 36% recovery vs 2019. Highest revenue was sourced from EU countries (14% of total), followed by Ukraine (13%), Russia (12%), Turkey (10%) and Israel (9%).

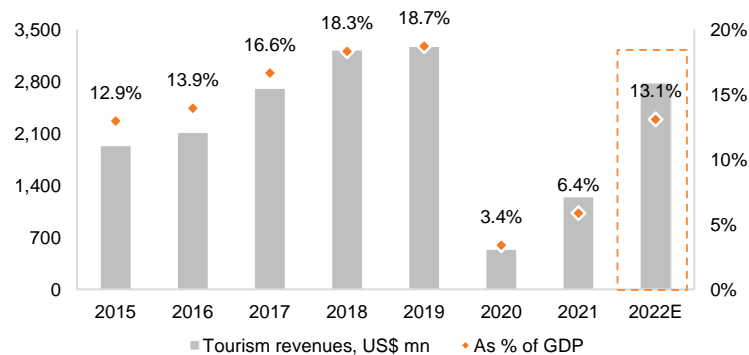
Annual dynamics and expectations for 2022

	2015	2016	2017	2018	2019	2020	2021
Tourism revenues, US\$ mn	1,936	2,111	2,704	3,222	3,269	542	1,245
<i>As % of GDP</i>	12.9%	13.9%	16.6%	18.3%	18.7%	3.4%	6.4%
International visitors, persons	5,255,999	5,392,816	6,482,830	7,203,350	7,725,774	1,513,421	1,721,242
<i>by type*:</i>							
Tourists	3,011,663	3,297,275	4,069,354	4,756,820	5,080,478	1,087,093	1,577,463
Same-day	2,244,336	2,095,541	2,413,476	2,446,530	2,645,296	426,328	143,779
<i>by country:</i>							
Turkey	1,074,065	988,312	1,007,276	1,098,555	1,156,513	335,580	326,494
Russia	763,019	849,265	1,135,057	1,404,757	1,471,558	208,677	212,979
Armenia	1,191,777	1,152,234	1,287,168	1,268,886	1,365,048	260,965	164,698
Georgia (Nonresident)	441,260	429,343	456,132	476,389	488,841	140,351	151,559
Ukraine	127,344	151,630	169,862	177,058	207,667	42,414	144,901
Israel	55,439	85,398	115,040	156,922	205,051	25,731	100,686
Azerbaijan	1,156,183	1,075,820	1,301,556	1,424,610	1,526,619	295,132	82,718
Kazakhstan	30,931	40,895	47,241	58,955	103,611	13,779	66,787
Other	415,981	619,919	963,498	1,137,218	1,200,866	190,792	470,420
Airport arrivals	737,660	998,762	1,439,689	1,788,417	1,829,341	269,193	877,158
<i>of which:</i>							
Tbilisi	597,907	786,094	1,133,811	1,402,157	1,355,626	202,632	568,149
Kutaisi	78,900	120,763	193,699	239,251	258,159	19,868	221,853
Batumi	60,853	91,905	112,179	147,009	215,556	46,693	87,156
Accommodation units	1,383	1,727	1,963	2,390	2,575	2,707	3,105
Accommodation rooms	21,511	24,640	27,907	34,608	38,915	42,214	46,819
Accommodation beds	51,517	59,236	67,660	85,314	94,438	101,286	112,820

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

Tourism revenues in Georgia



In 2022, we expect tourism revenues to recover to 80-85% of 2019 level at US\$ 2.8bn (+123.2% y/y) in our baseline scenario.

Source: NBG, Geostat, G&T Research

Georgia's tourism sector at a glance



2019

7.7 mn
INTERNATIONAL VISITORS

5.1 mn
TOURISTS

\$3.3 bn
REVENUES

18.7%
REVENUES to GDP

-6.0mn

-3.5mn

-2.1bn

-12.3ppts

2021

1.7 mn
INTERNATIONAL VISITORS

1.6 mn
TOURISTS

\$1.2 bn
REVENUES

6.4%
REVENUES to GDP

Source: GNTA, NBG, Geostat, G&T research

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