

GEORGIA - PROMISING MARKET FOR INVESTMENTS



MINISTRY OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA



Georgia - Winning Combination



located on the crossroad of Europe and Asia



Free Trade Agreement access to 2.3 bln markets

EU, China (Including Hong Kong), Turkey, Ukraine, CIS & EFTA



flat-rate, low taxes

0% corporate profit tax on reinvested profit



One of the easiest places to do business in the world (World Bank; Heritage Foundation; TI; etc.)



Modern and fast-developing infrastructure



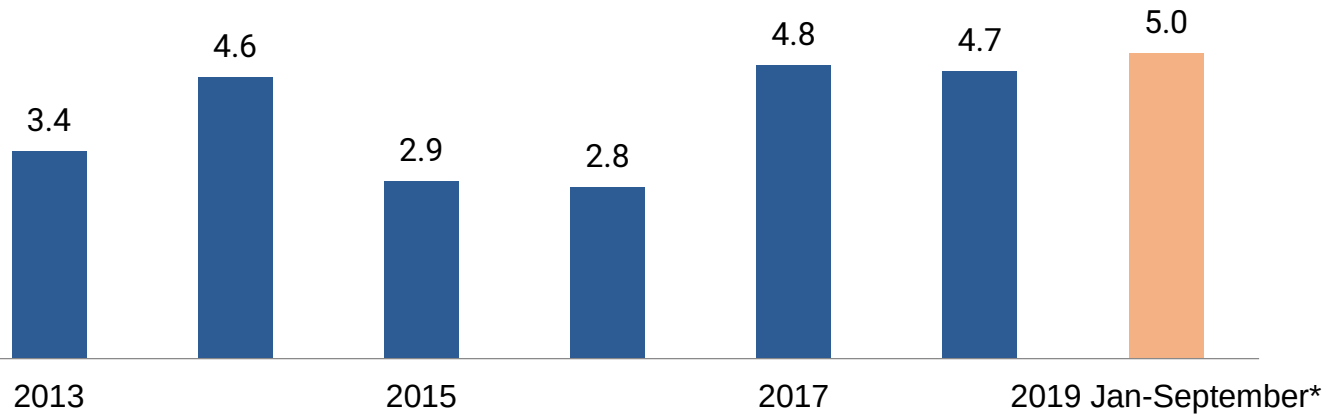
Skilled and competitively priced labor force



Stable, effective and well developed banking sector (The Banker; Global Finance; etc.)

Economic Growth

Economic Growth (%)



4.7 %

Economic growth in 2018

4.9 %

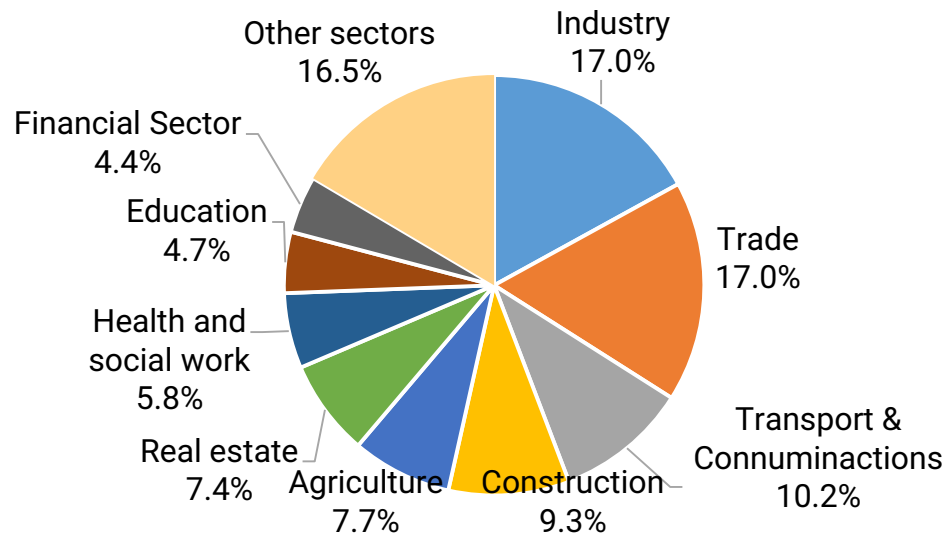
Average real GDP growth projection in 2019-2024, according to IMF



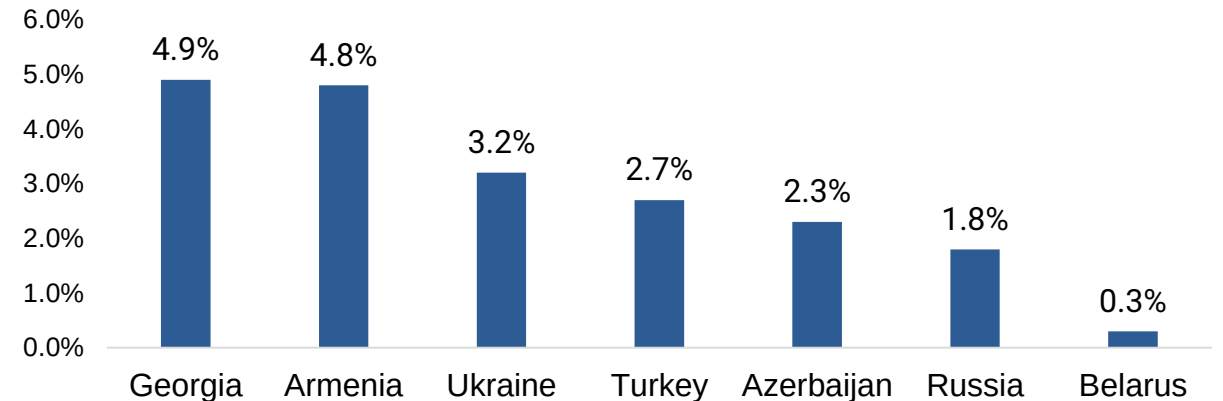
2014-2018 the strongest growth occurred in:

- Financial services (10.5%)
- Hotels & Restaurants (9.6%)
- Construction (9.4%)

GDP by Sectors - 2018



Economic growth projections 2019-2024 (IMF)



Rapidly Improving Governance & Sovereign Credit Rankings



FitchRatings

BB Stable



STANDARD & POOR'S

BB stable

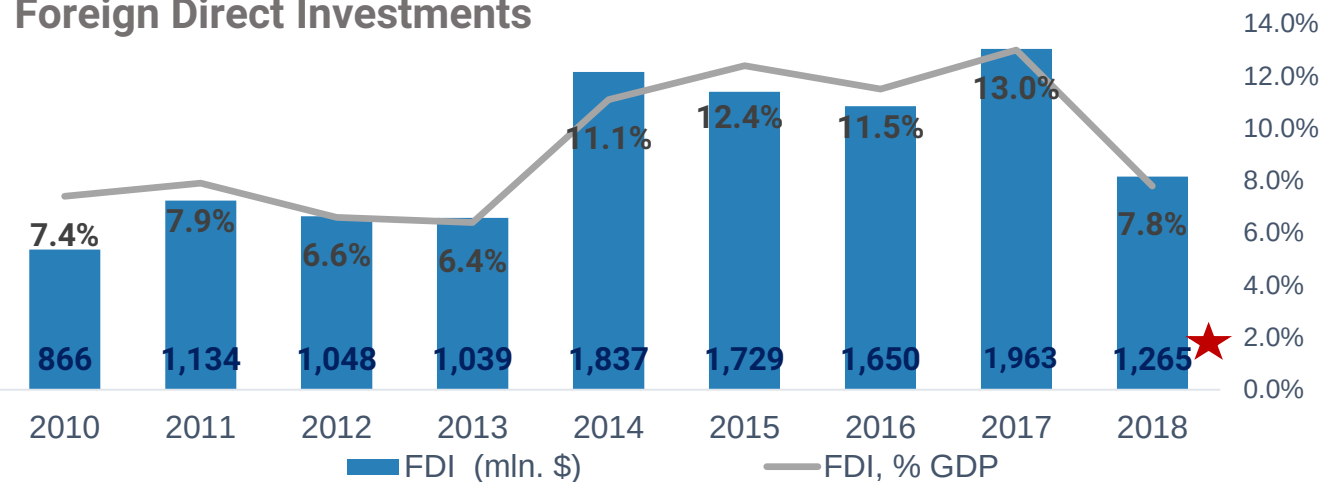


Moody's
INVESTORS SERVICE

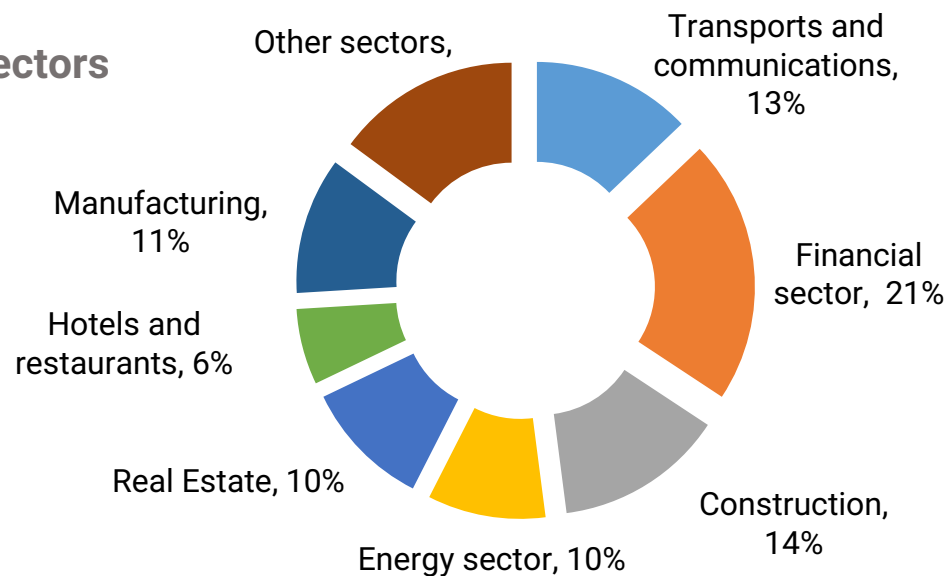
Ba2 Stable

Foreign Direct Investments

Foreign Direct Investments



FDI By Economic Sectors – 2018



Top Investor Countries 2018



USA
\$103 mln



Azerbaijan
\$246 mln



Netherlands
\$208 mln



EU
\$590 mln



United Kingdom
\$179 mln

★ In 2017, BP successfully completed Shah Deniz Stage 2 project

In 2017 FDI in Georgia amounted to \$1,962.6mln reaching all time record high

In 2018 FDI amounted to \$1,265.2 mln

January-June, 2019 FDI amounted to \$473.2 mln

Tax Incentives

No

Corporate Profit tax on retained profit

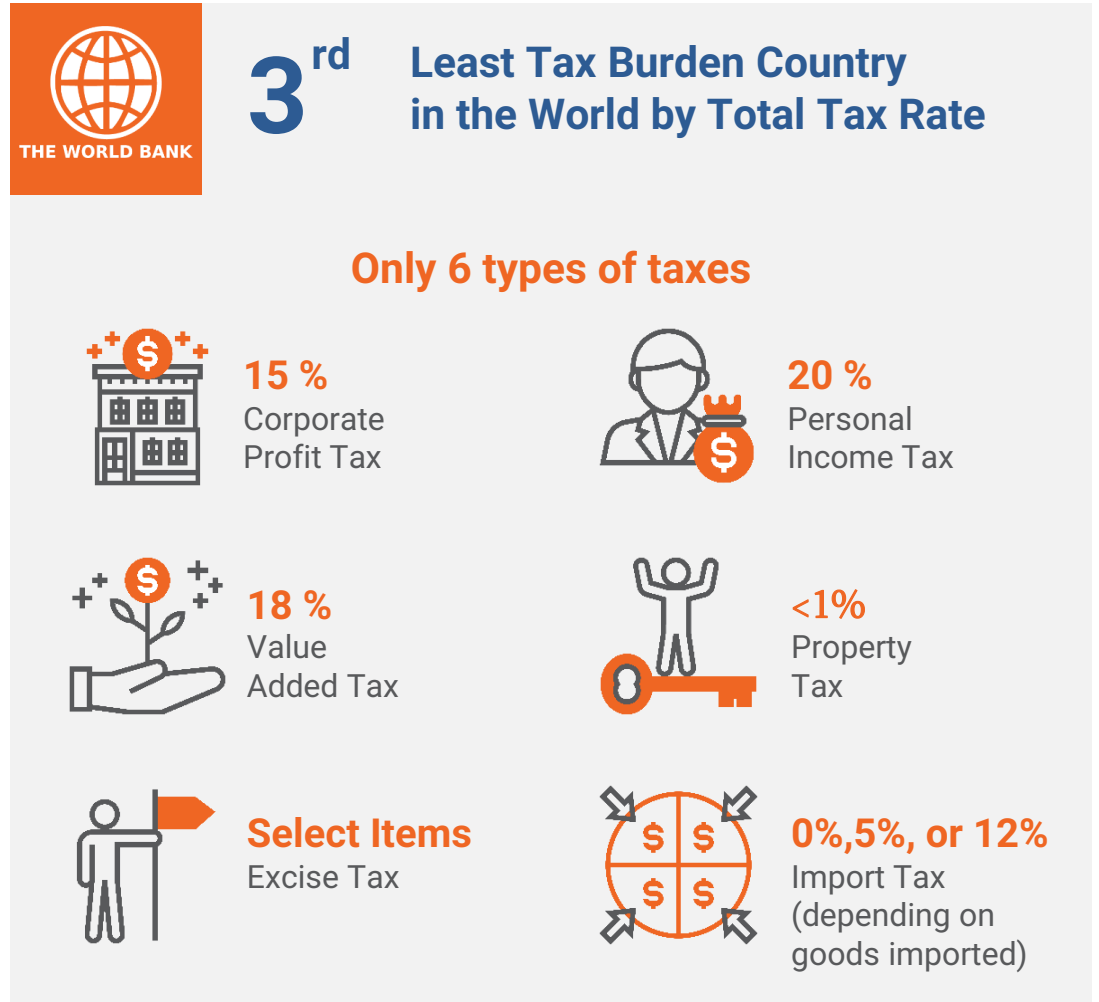
Capital gain Tax

Wealth Tax

Inheritance tax

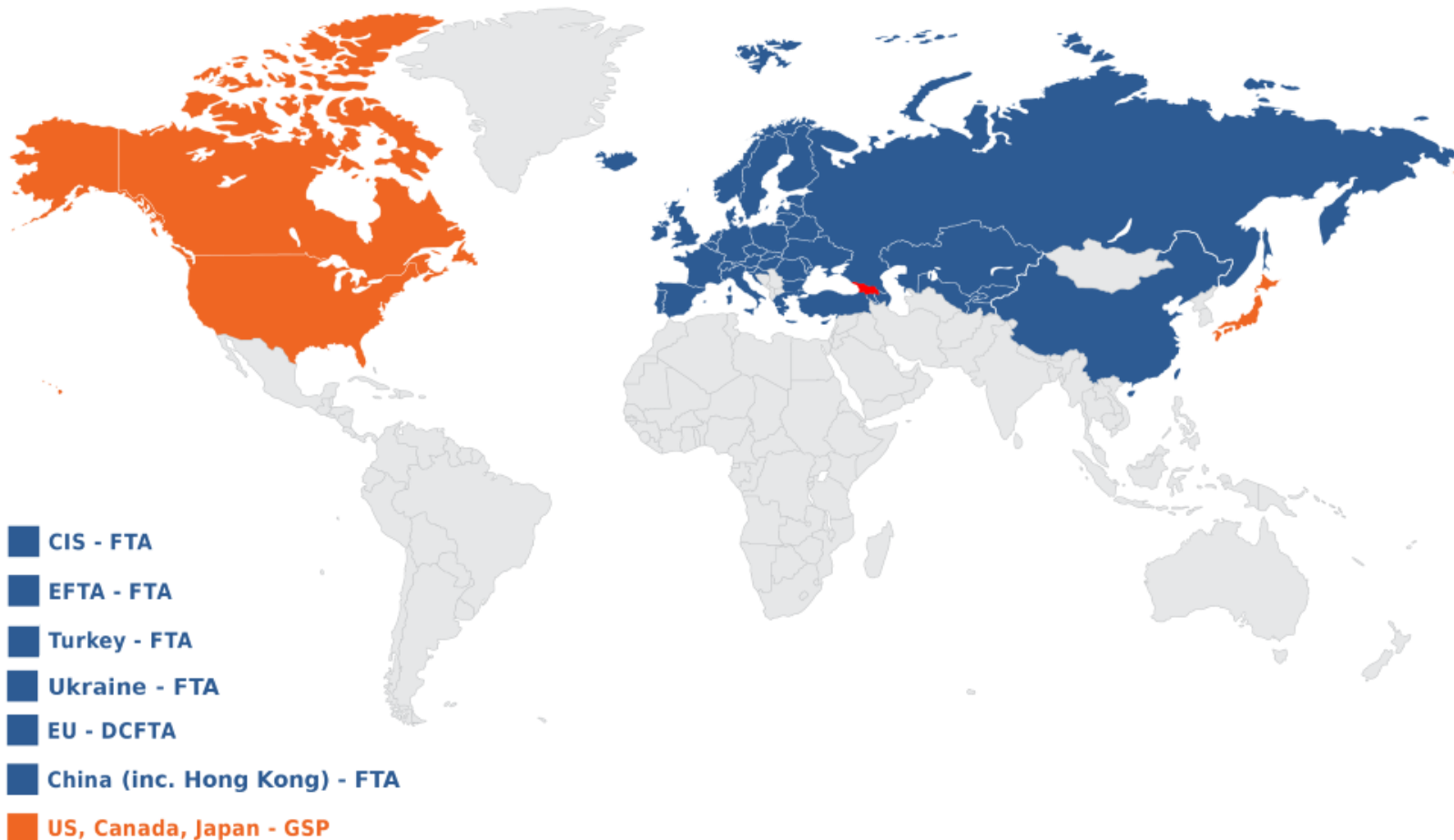
Restrictions on currency conversion or capital/profit repatriation

- Dividend - 5%
- Double Taxation avoidance with 56 countries



Regional Hub for Doing Business

FREE TRADE AGREEMENT ACCESS WITH 2.3 BLN MARKET



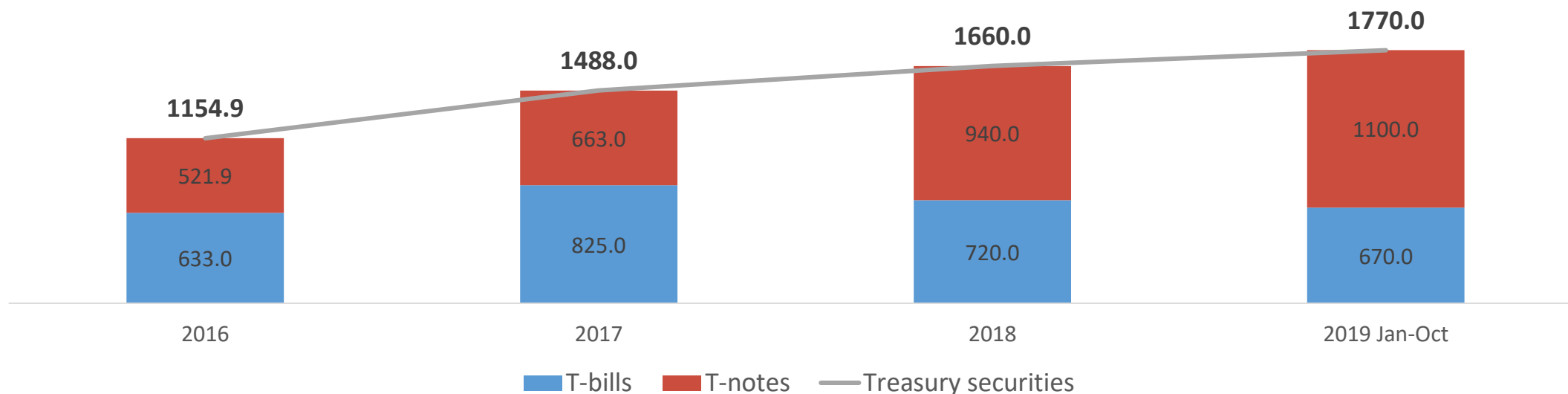
- ✓ Simple, service oriented customs policy & administration
- ✓ No tariff barriers or quantitative restrictions



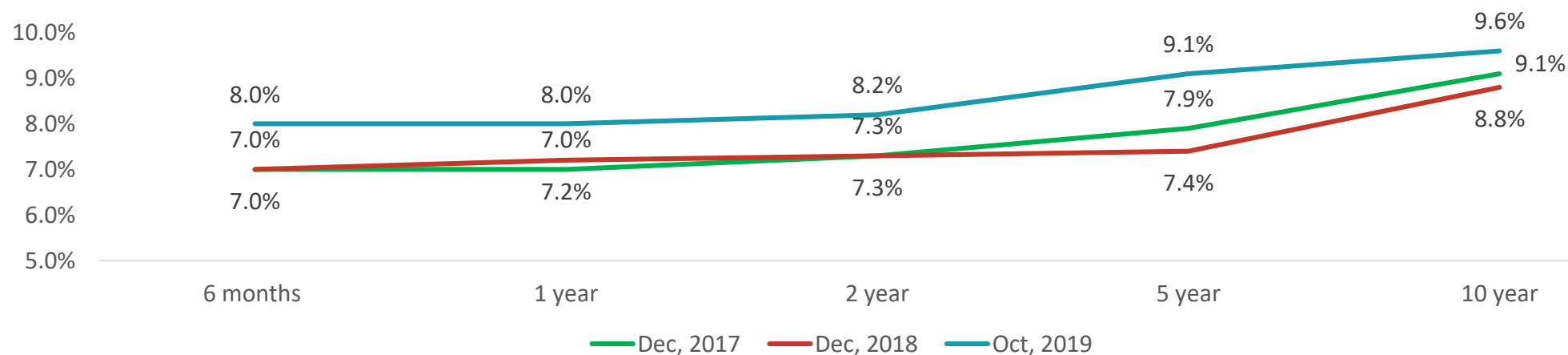
Most Favored Nation (MFN) since 2000

Public securities market – Increasing confidence

Treasury securities- Emission, mln.GEL



TREASURY YIELD CURVES



Structural Reforms

Pension Reform

Introduction of private pension system (Pillar 2 and Pillar 3)

- Encouragement of savings and Investments
- Development of long-term financial resources
- Boosting capital market development

Public-Private Partnership

Introduction of transparent and efficient PPP framework Adequate risk allocation

- Enhance cooperation between state and private sector
- Support investments and increase investors confidence
- Increase efficiency of public spending

Capital Market Development

Boosting stock exchange activities Development of local bond market

- Improve access to long-term financial resources
- Foster investment in the economy
- Increase resilience of the financial system against shocks

Insolvency Reform

Properly functioning insolvency system in line with best international practice

- Increase access to the loans
- Support viable firms to rehabilitate

Investment Sectors



LOGISTICS

ENERGY

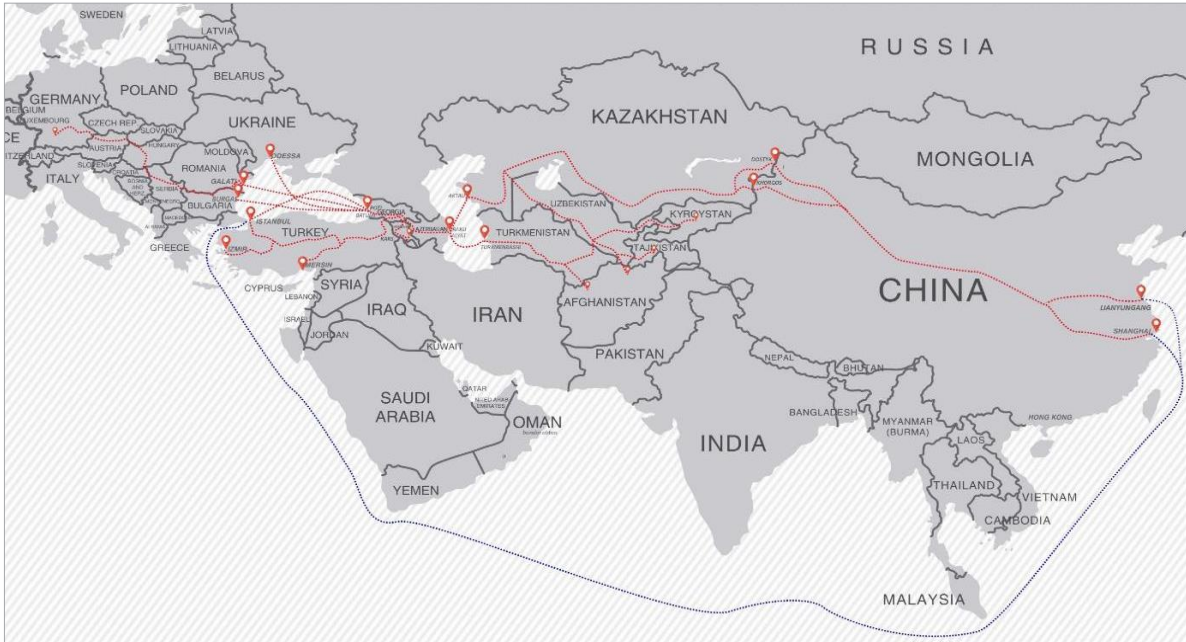
MANUFACTURING

**HOSPITALITY &
REAL ESTATE**

**BUSINESS PROCESS
OUTSOURCING**

**BANKING AND
FINANCIAL SERVICES**

Transport and Logistics Sector



⚙️ 10-15 days from China to Europe via Georgian alternative route

⚙️ Strategic location within Belt and Road initiative

“Georgia has strategic Geographical hub location, key position in Caucasus region, transparent tax and customs regulation” Gebrüder Weiss, logistic company

Sea Port

- 🚢 Poti Sea Port (APM Terminals)
- 🚢 Batumi Sea Port (BIH)
- 🚢 Kulevi Terminal (SOCAR)
- 🚢 Supsa Terminal (BP)
- 🚢 Anaklia port (under construction)

International Airports

- ✈️ Tbilisi International Airport (TAV)
- ✈️ Batumi International Airport (TAV)
- ✈️ Kutaisi International Airport (UAG)

Roads and Railway

- 🚂 Georgian Railway - Total Length: 2,084 km
- 🚛 Road - Total Length: 20,329 km

Energy Sector



International Companies Presented in Georgia



“Georgia has one of the largest untapped hydro potentials in Europe, making the country an attractive destination” Clean Energy Group

Leading country in terms of water resources per capita (only 20% utilized)

Total energy generation in 2018: 12,148.6 mln KWH

- ⊗ Hydro Power Plants : 82%
- ⊗ Thermal power plant: 17%
- ⊗ Wind energy: up to 1%

Manufacturing Sector



International Companies Presented in Georgia

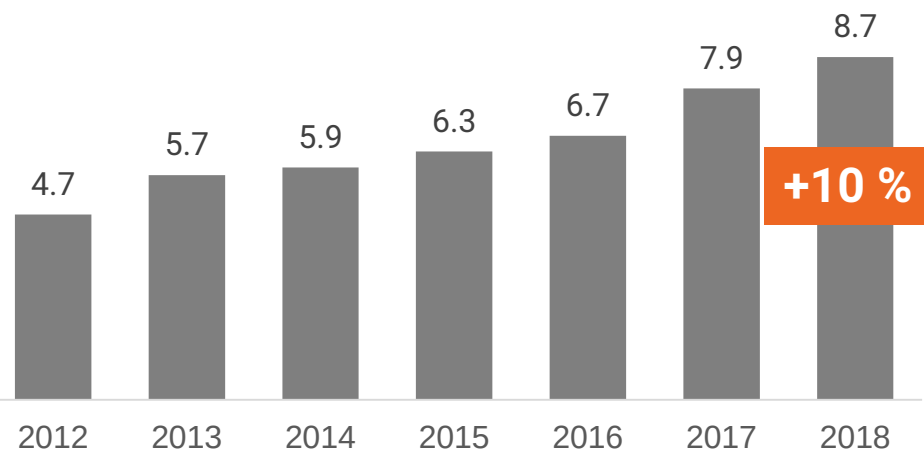


- ⚙️ Competitive monthly salary – 370 \$
- ⚙️ Benefit of Free Trade Agreements with 2.3 billion market
- ⚙️ Competitive price of energy -1 kWh is ~6 ¢, 30-110 kV high voltage electricity
- ⚙️ 4 active Free Industrial Zones - No taxes except Personal Income Tax (20%)

- ⚙️ *“A highly qualified, technology-driven workforce and strong manufacturing capabilities are attracting high-tech businesses to Georgia” Elbit Systems, Manufacturing of Aircraft Composites, Boeing airlines contractor*
- ⚙️ *“HeidelbergCement invests in Georgia because of its transparent and simple tax system, stable macro-economic environment and favorable geographic location” Heidelberg Cement*
- ⚙️ *“Georgia has transparent business climate, growing economy, acceptable labor cost and simple legislation” Henkel, Adhesives Factory*

Hospitality & Real Estate

International Traveler Trips (mln)



- ⚙ **Rapidly growing tourism industry, 19% y-o-y increase of revenue in 2018 (\$3,3 Bln)**
- ⚙ **“International upscale brands enjoy occupancy rate of 72% in Tbilisi” Based on Colliers International**



Business Process Outsourcing (BPO)



German, US, Estonian and other foreign companies already provide BPO service from Georgia

arvato
BERTELSMANN


BASE⁴


Netex
Consulting

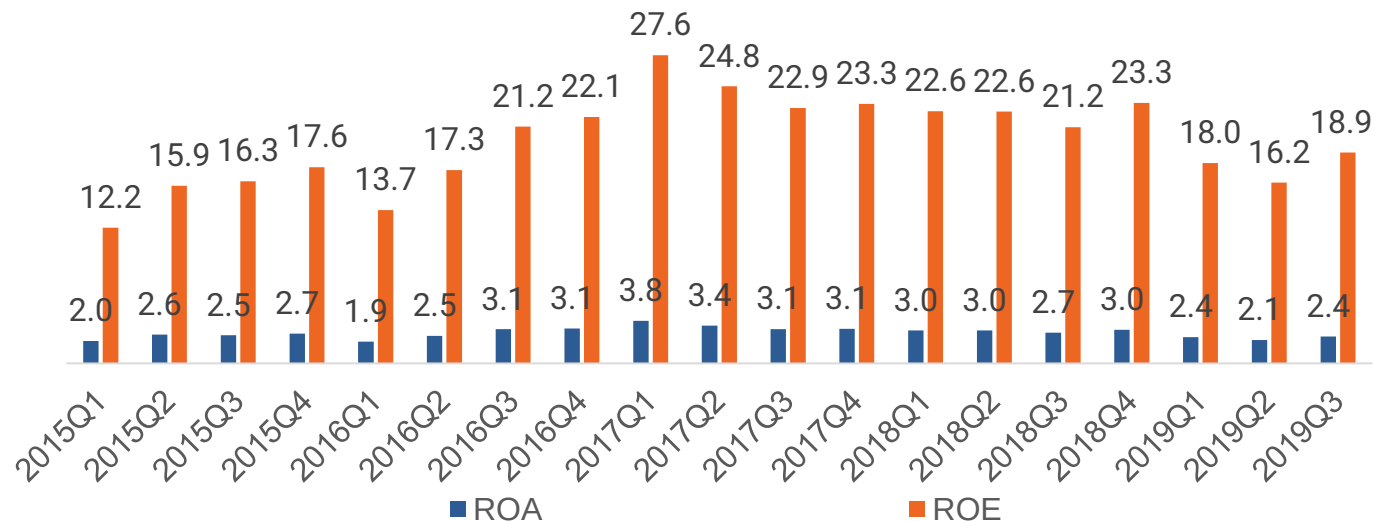

FSP GLOBAL

- ⊗ Competitive monthly salary – \$500
- ⊗ Time proximity and cultural flexibilities (GMT+4)
- ⊗ Language skills to serve English, German and Russian speaking countries
- ⊗ 75 higher educational institutions
- ⊗ 125 professional education centers
- ⊗ Lowest utility cost (including high speed internet) in the wide region, approximately \$2.5 per sq. m.
- ⊗ The most active directions: CRM, HRO, F&A, ITO, Architecture and Design services

“Georgia was very welcoming due to its ease of opening a firm and finding quality team members. Georgia has an unique place with limitless potential” Base4, architecture & engineering service outsourcing

Sound and Well Capitalized Banking Sector

Profitability of Banking Sector



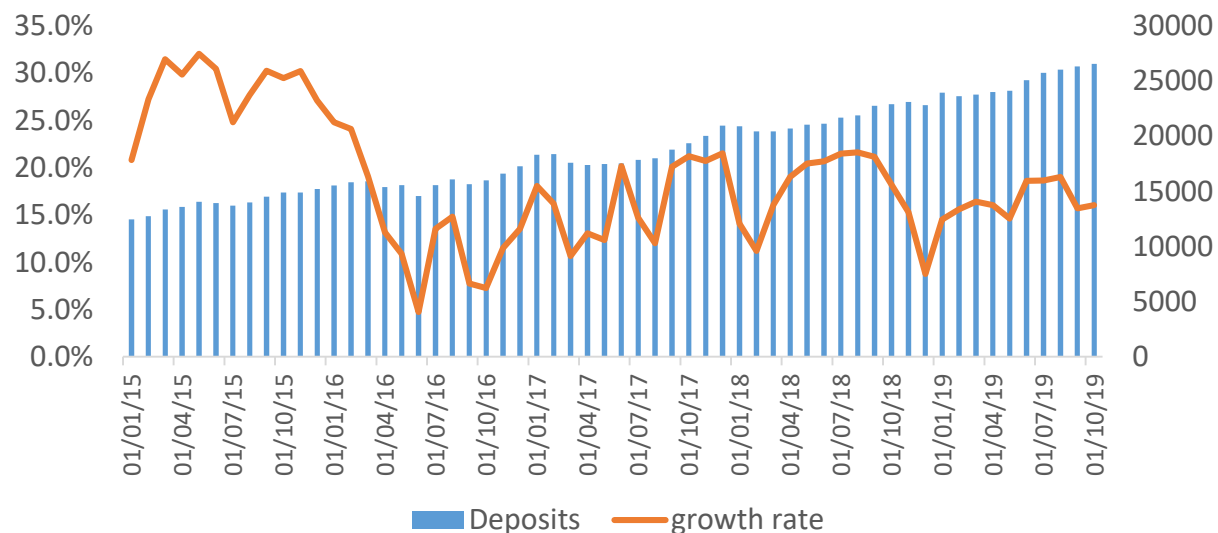
Basel III supervisory capital – 19.0% of Risk Weighted Assets

NPL's based on IMF methodology represent only 2.6 percent of total credit portfolio.

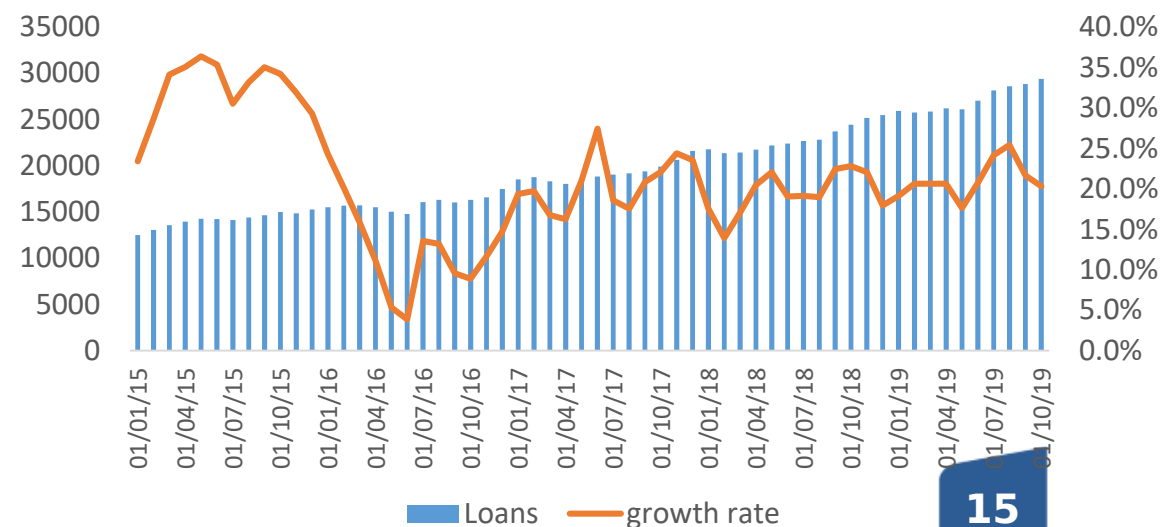
NPL's have remained on low levels for many years in spite of severe external shock that hit the economy and exchange rate depreciation.

Two largest banks (Bank of Georgia; TBC Bank) are listed on London Stock Exchange (FTSE 250 Index).

Deposits – mln.GEL



Loans – mln.GEL



Support Tools

Produce in Georgia:

- ⊗ 10% Interest Rate Co-financing (2 years)
- ⊗ 70% Collateral Guarantee
- ⊗ Free Land for Manufacturing (investment obligation)

Host in Georgia:

- ⊗ Co-financing of Franchising Fee/Management Contract (hotels)
- ⊗ 10% Interest Rate Co-financing (2 years)

Film in Georgia:

- ⊗ 20%- 25% cash rebate

CO-INVESTMENT OPPORTUNITIES:

State-owned investment fund: Partnership Fund

Thank You!