



TBC CAPITAL

TOURISM

6M, 2023 Overview

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TBC CAPITAL

6M, 2023 IN BRIEF

6M, 2023 vs 6M, 2019

78%



INTERNATIONAL VISITOR
TRIPS RECOVERED BY 78%

124%



INTERNATIONAL TRAVEL
RECEIPTS RECOVERED BY 124%

53%



AVERAGE OCCUPANCY RATE IN
LARGE HOTELS

\$123



ADR IN LARGE HOTELS

Recovery of International Visitor Trips



International Visitor Trips

2,529,517

6M, 2023

78%

Recovery to 2019 level

76%

YoY Change



Tourist Trips (Overnight)

1,930,483

6M, 2023

91%

Recovery to 2019 level

60%

YoY Change



Same day trips

599,034

6M, 2023

54%

Recovery to 2019 level

160%

YoY Change

In 6M, 2023, the number of international visitor trips reached more than 2.5 million, registering a significant annual growth rate of 76% compared to 6M, 2022 period. The recovery of international visitor trips compared to 2019 level reached 78%.

In the first 6 months of 2023, the number of international visitor trips through air borders recovered by 89% compared to the 6M, 2019 level. The crossing through the land border constituted a 68% share in total trips with a 75% recovery of the 2019 level.

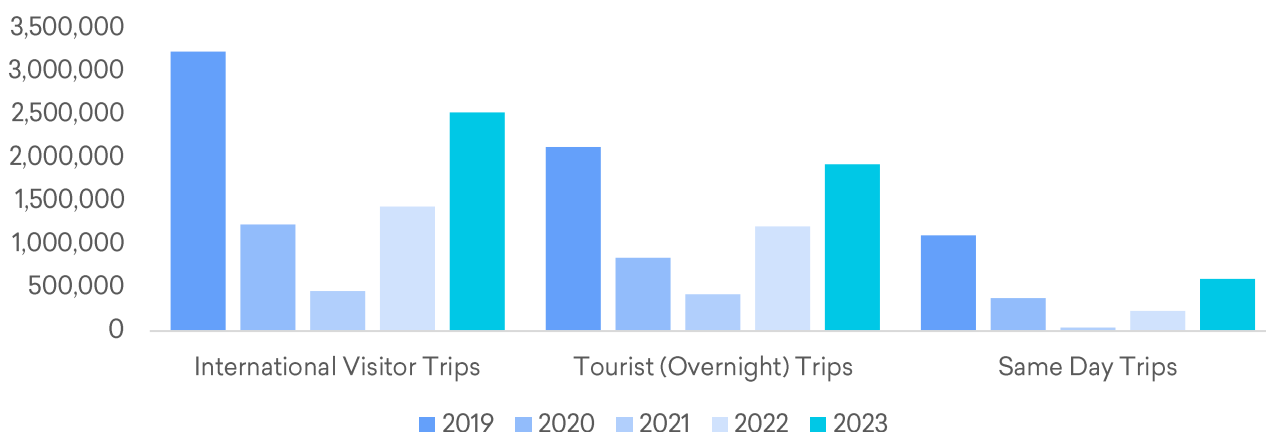
Sarpi (Turkish border) had the largest share, equal to 23%, in the total border crossings, followed by Tbilisi International Airport with

a 20% share in 6M, 2023, registering the recovery rate of 74% compared to 2019 and 28% annual growth rate compared to 2022.

The distribution of international trips by other borders is the following: Kazbegi (Russian border) – 18%, Sadakhlo (Armenian border) – 15%, Kutaisi Airport – 7%, Batumi Airport - 4%. The sum of international visitor trips from these six borders accounted for 87% of all trips.

Male visitors performed more than half of the visitor trips, with 67% share in total visitors. The half of visitor trips was attributed to visitors within the 31-50 age category.

FIGURE 1 International Visitor Trips to Georgia (6M, 2023)



Source: The Ministry of Internal Affairs of Georgia

Source Markets of Georgia in 6M, 2023

In 6M, 2023 the share of neighboring countries in international visitor trips was 65%, which is lower than the 2019 figure, which amounted to 73%. Share of Armenia has remained relatively stable in terms of share in total visitors compared to the 2019 level. Azerbaijan's share remains at a low - 3% figure. Russia and Turkey continue to notably outpace their 2019 levels in 6M, 2023.

The share of the EU+UK amounted to 6%. Poland (22%), Germany (15%), UK (8%), Latvia (6%) and France (6%) registered the highest number of international visitor trips from the region.

The Middle East accounted for 2% of all visitor trips, a slight increase from 1% in 6M, 2019. The following countries primarily represented the Middle East: Saudi Arabia (29%), Jordan (17%), Kuwait (14%), United Arab Emirates (11%) and Egypt (8%).

The strong rates of recovery posted in Q1 2023 decelerated in the second quarter. The recovery slowed down for most of the countries, with the exception of Turkey and the Middle east region. Azerbaijan continues

to register the lowest rate among the neighbors (14%). The reason behind this low recovery remains the partially closed border. The international trips from Russia recorded 73% recovery. Turkey also surpassed the pre-pandemic figure and recorded the recovery rate of 123%. Armenia recorded, slightly reduced, 72% recovery compared to previous quarter.

Israel recovery rate fell below the previous quarter's figure and amounted to 118%. Share of Ukraine in visitors remained stable at 3%, while the recovery decreased to 72%, mainly due to the migration.

As a region, the Middle East posted an improved recovery of 174% relative to 2019. International visitors from the US almost equaled the 2019 level and recovery amounted to 97% in Q2, 2023, while the recovery of the EU slowed down with 82% recovery.

Other countries which fully recovered and outperformed the number of visits registered in Q2 2023 include: Belarus (200%), Poland (109%), India (136%), and Uzbekistan (317%).

FIGURE 2 Shares of Countries in International Visitor Trips

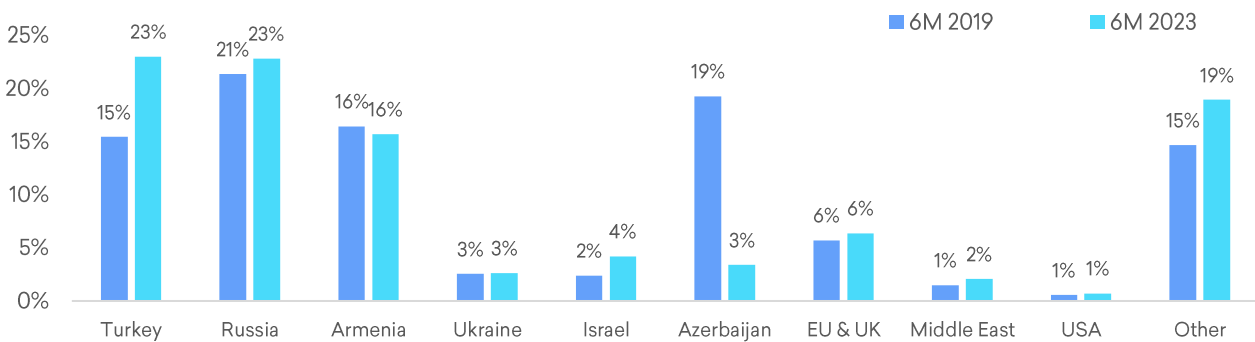
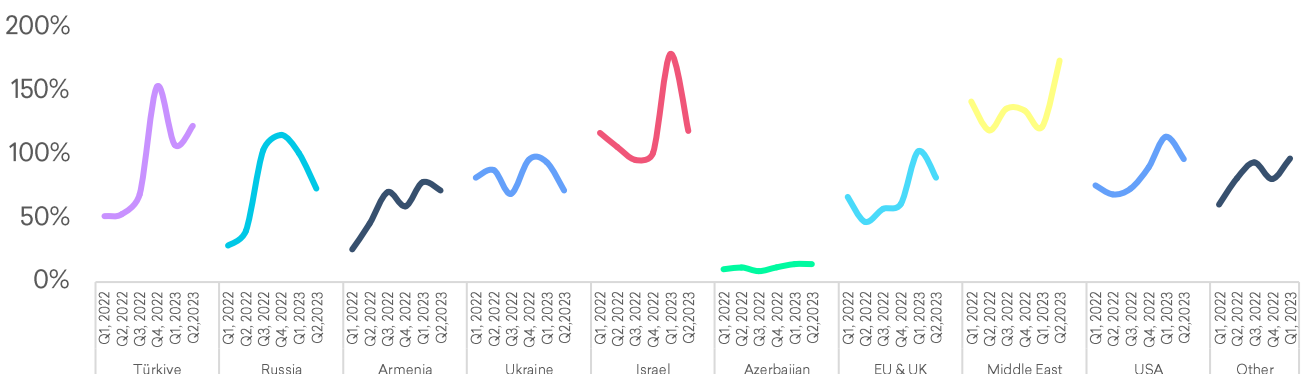


FIGURE 3 Recovery of International Visitor Trips



Source: The Ministry of Internal Affairs of Georgia

International Travel Receipts



International Travel Receipts (mln USD)

1,804

6M, 2023

124%

Recovery to 2019 level



Foreign Card Operations (mln USD)

624

6M, 2023

143%

Recovery to 2019 level



Non-Cash Spending* (mln USD)

154

6M, 2023

161%

Recovery to 2019 level

*(through TBC Bank's Channels, by non-residents)

In 6M, 2023, the international travel receipts reached 1,8 billion USD, surpassing the 2019 level by 24%. The Annual growth rate amounted to 58% compared to 6M, 2022.

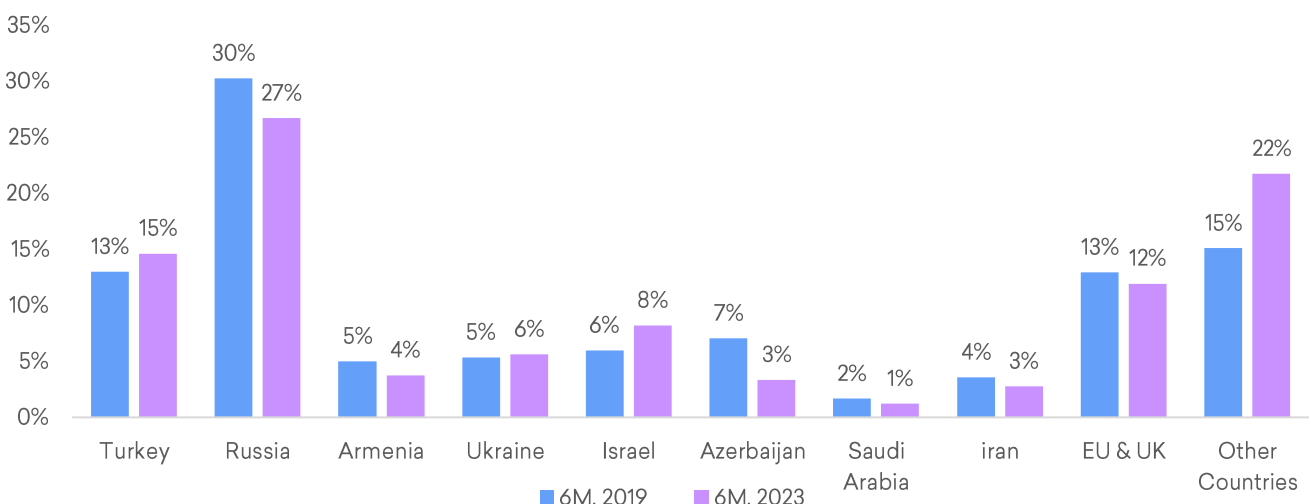
The share of neighboring countries in international travel receipts reached 49%, falling short to the pre-pandemic level by 6 pp in 6M, 2023. The decrease in the share of Russia and Azerbaijan is the main reason for the difference.

Azerbaijan, Armenia, Saudi Arabia and Iran are still behind their pre-pandemic level, while revenues generated by other countries notably surpassed the 2019 level.

The share of Ukraine marginally surpassed the pre-pandemic levels. The share of revenues received from tourists from Israel increased by 2 pp compared to 6M, 2019 and amounted to 8%.

The EU's share in international travel receipts slightly falls behind the 2019 level, amounting to 12%. In 6M 2023, the share of Saudi Arabia decreased and amounted to 1%. The share of other countries in total revenue generated by international travelers significantly increased, reaching 22%, indicating lower dependence on Georgia's key source countries compared to 6M, 2019.

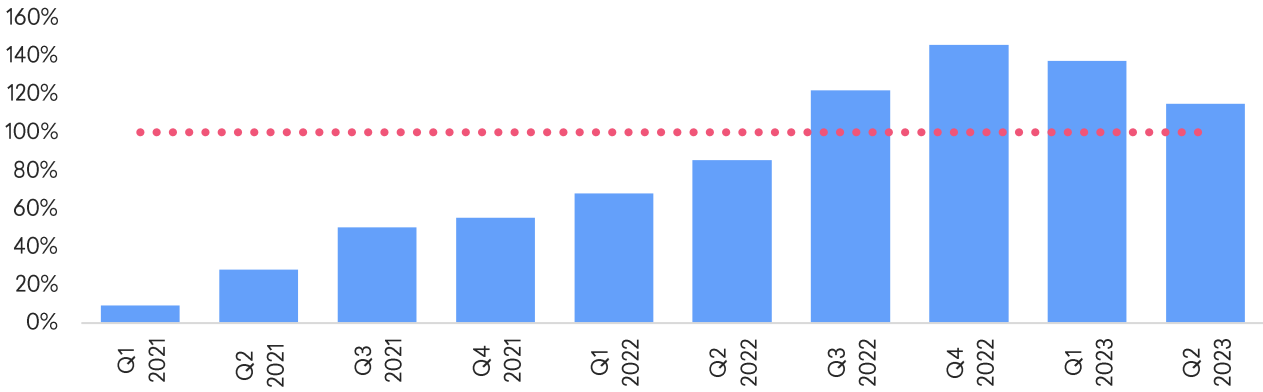
FIGURE 4 Share of Countries in Revenues Generated by International Travelers



Source: NBG

FIGURE 5

Recovery of Revenues from Travelers relative to 2019 Level



Source: The Ministry of Internal Affairs of Georgia

Compared to the 138% recovery rates Q1, 2023, in second quarter, recovery of international travel receipts slowed down and amounted 115%.

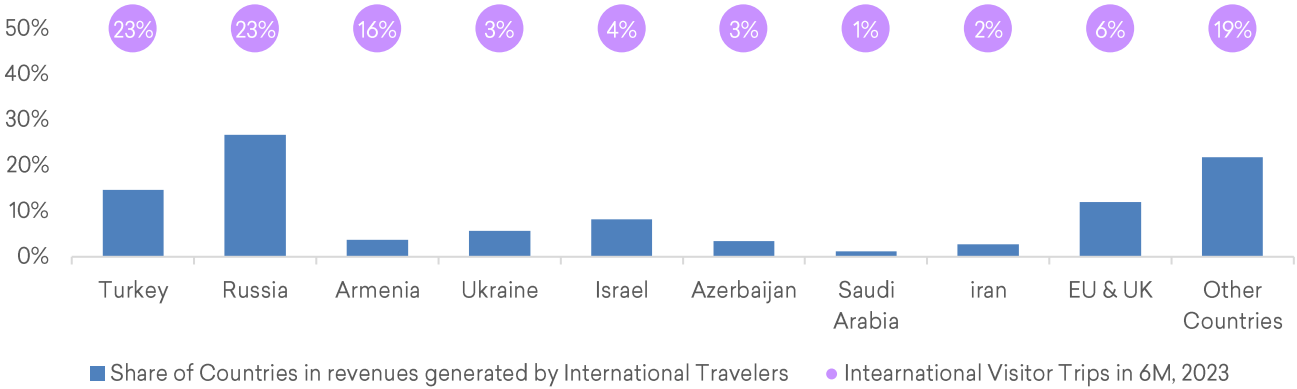
In 6M, 2023, Russia, Turkey, Israel and EU & UK were the primary sources of tourism revenues. Visitor trips translated differently in travel revenues for different countries: Armenia, holding 16% of visitor trips, contributed a moderate 4% to travel receipts. Ukraine, with 3% share in

international visitors held 7% share in revenues. EU & UK held only 6% in international visitor trips, but their share in total revenues reached 12%.

Growth of non-cash expenditure of non-residents through all channels in Georgia decreased in Q2, 2023. Recovery of Non-cash expenditure through TBC Bank's channels in Q2, 2023 slowed down compared to previous quarter and posted 52% growth compared to 2019.

FIGURE 6

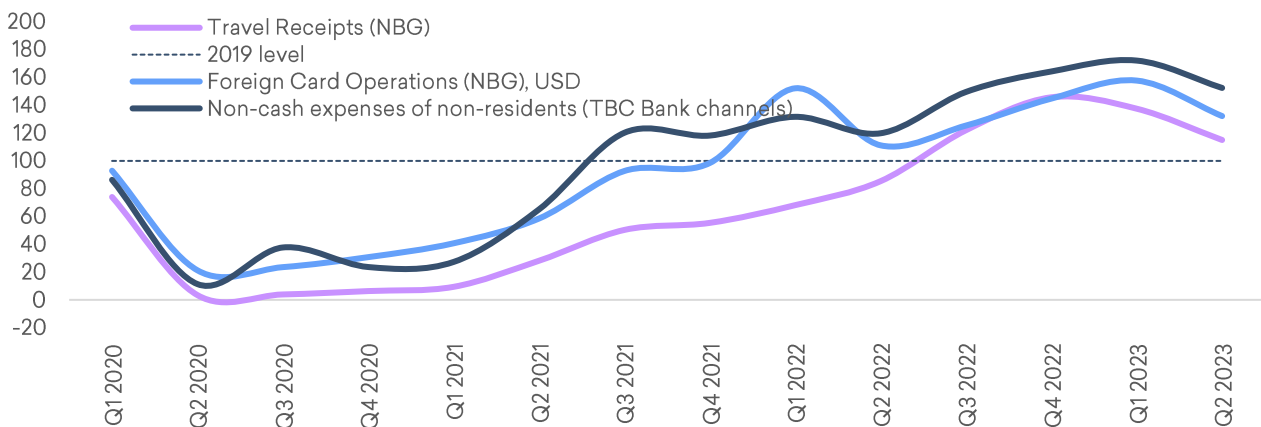
International Visitor Trips and International Travel Receipts by Countries (6M, 2023)



Source: The Ministry of Internal Affairs of Georgia, NBG

FIGURE 7

Recovery of Economic Indicators relative to 2019 Level



Source: NBG, TBC Bank

Hotels in Georgia



Average Occupancy in large hotels*

53%

6M, 2023



ADR in large* hotels

123\$

6M, 2023



RevPAR in large* hotels

65\$

6M, 2023

In 6M, 2023 the average occupancy in large hotels recorded a 2 pp decrease relative to the corresponding period in 2019, but exceeded the 6M, 2022 figure.

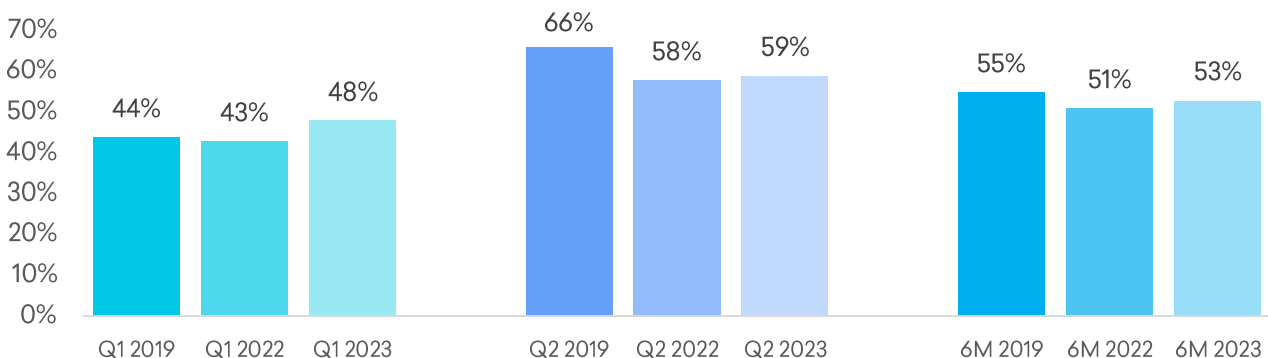
In second quarter of 2023, average occupancy posted an increase compared to the Q1, 2023 and amounted to 59%, falling behind the occupancy rates of large hotels in Q2, 2019.

Tbilisi's average occupancy rate in large hotels amounted to 67% in 6M, 2023, which is 2 pp higher than 6M, 2019 figure. The hotel occupancy in the seaside region notably

surpassed 2019 level by 13 pp, amounting to 61%. Beginning of the summer season was characterized by traditionally high occupancy in large hotels both in Tbilisi and seaside hotels in the month of June, 2023, when occupancy rates reached 83% and 81%, respectively.

In 6M, 2023, the average daily rate in large hotels fully recovered and marginally surpassed the 2019 level – recording 102% recovery rate and 23% annual growth rate compared to 6M, 2022. June, 2023 also posted high level of ADR in large hotels, amounting to 142 USD.

FIGURE 8 Average Hotel Occupancy In Large Hotels



Source: TBC Bank.

*Large hotels: more than 80 rooms;

Forecast



International Visitor Trips
Recovery to 2019

2021 Actual	2022 Actual	2023 Forecast
22%	61%	82%



International Travel Receipts
Recovery to 2019

38%	108%	140%
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Occupancy in large hotels

44%	50%	61%
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ADR in large Hotels

\$85	\$111	\$127
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 <p>INTERNATIONAL VISITOR TRIPS</p>	<p>International visitor is a non-resident traveler aged 15 or older taking a trip to Georgia outside of his/her usual environment, for less than a year. To define the “usual environment” in Georgia, travelers conducting eight or more trips are excluded from the data.</p>
 <p>TOURIST TRIPS (OVERNIGHT)</p>	<p>A visitor is classified as a tourist (or overnight visitor) if his/her trip includes an overnight stay.</p>
 <p>SAME DAY TRIPS</p>	<p>A visitor is classified as a same-day visitor (or excursionist) if his/her trip does not include an overnight stay.</p>
 <p>OCCUPANCY RATE, ADR, REVPAR</p>	<p>Occupancy rate - the ratio of rented or used space to the total amount of available space.</p> <p>ADR – The average daily rate (ADR) measures the average rental revenue earned for an occupied room per day.</p> <p>RevPAR- Revenue per Available room measures the average rental revenue earned for an available room per day.</p>

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