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2024 Unfolded

Macro and Sector Outlook Georgia

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Highlights from 2024 Outlook

Macro Environment

2024 looks to be the year of normalized macroeconomic trends;

Economic growth, inflation, monetary policy and the GEL exchange rate are projected to get back close to their long-term averages;

Ukraine conflict, expected partial migration outflow, the EU candidacy status and the Euro/Dollar cycle – most important external factors to observe in terms of potential effect on the Georgian economy;

Real Estate

Fundamental demand drivers for residential real estate will remain positive in 2024. Price and sales of 2024 will stabilize after a significant boost since 2022. Significant increase of construction permits that took start in 2023 may impact key market parameters in 2024.

Tourism

There is considerable potential for further growth in demand, as international visits still lags behind the levels of 2019. The Israeli-Hamas conflict could potentially have an adverse impact on the tourism sector, especially in Batumi. The addition of new source markets, coupled with opening of Azerbaijani borders could balance this adverse impact.

Retail

As price levels are expected to remain steady and no one-off demand or supply effects are in sight, growth of retail trade will stabilize to moderate double-digit levels in 2024. Organized market penetration will be the key parameter to watch in the FMCG and the apparel sectors in the coming year.

Electricity

The positive balance between Georgia's electricity consumption and generation is expected to reach record high 1 TWh in 2024. Shifts in global commodity and cryptocurrency price levels will be key affecting factors on the domestic consumption. Finalization of market deregulation remains the most anticipated event in the industry.

Transportation and Logistics

Given the heightened interest in Georgia and the "Middle Corridor", a robust performance is anticipated in the transportation sector in 2024. To turn these opportunities into sustainable sources of growth and development, it will be important to overcome the challenges in the sector, namely, those related with customs procedures, digitalization and traceability.



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Content

- **Macro Environment (4)**
- **Tbilisi Residential Real Estate (5)**
- **Tbilisi Commercial Real Estate (6)**
- **Infrastructure Sector (7)**
- **Tourism Industry (8)**
- **FMCG (13)**
- **Apparel Sector (14)**
- **Electronics and Home Appliances Sector (15)**
- **Electricity Market (16)**
- **E-commerce (17)**
- **Automotive Sector (18)**
- **Transportation and Logistics (19)**
- **Healthcare Sector (20)**
- **Higher Education (22)**

Macro Environment

2023 has been a year of normalization of major macroeconomic trends. After two consecutive years of double-digit expansion, the real GDP growth is expected to moderate to around 6.7%, while the nominal growth should be 10.1% as inflation pressures also cooled down. Normalization was driven by diminishing external trade turnover, negatively affected by reduced international commodity prices, and somewhat flat migration-related inflows. At the same time, the conventional tourism was strong while FDIs seem to persist at still a high level after the record-breaking 2022. If normalization of inflows was especially evident in the second half of the year, yet strong dynamics in the first half enabled the NBG to accumulate all-time-high foreign currency reserves and the central bank cautiously eased its monetary policy stance. As for the GEL, despite some adjustments throughout the year, the exchange rate broadly stabilized around the same level observed at the end of the 2022.

2023 was also notable due to geopolitical developments and their potential impact on the Georgian economy. After the tragic

developments in Ukraine, we observe the unfortunate escalation in the middle east. While tourism inflows from Israel as such were affected negatively, there is some evidence of the positive migration-related spill-over. Furthermore, the country received the European Union membership candidate status in December, unlocking the new prospects for our future development.

When drawing the outlook for 2024 and beyond, potential effects of Ukraine conflict and its resolution prospects, expected partial migration outflow, candidacy status-related benefits and other internal or external developments remain subject of a further discussion, however, returning to the long-term trend looks to be the baseline.

[Click to view TBC Capital's publications on Georgia's macro environment.](#)

Figure 1. Major macroeconomic expectations in Georgia

	2022	2023	2024	2025
Real GDP growth, YoY, %	10.4	6.7	4.8	5.4
Inflation (end of period), YoY, %	9.8	0.4	4.1	3.0
Monetary policy rate (end of period), %	11.0	9.5	8.5	7.5
EUR/USD	1.07	1.10	1.12	1.16
USD/GEL	2.70	2.70	2.80	2.70
EUR/GEL	2.88	2.97	3.14	3.13

Source: Geostat, NBG, TBC Capital

Tbilisi Residential Real Estate

2023 can be considered a stabilizing year for the residential real estate market, after a “boom” from the second half of 2022. Migration, GEL appreciation, increase of construction costs have pushed sales prices up since February 2022, the sales growth was supported by direct and indirect impact of migration as well. As these impacts have mostly faded out, the market has started to stabilize since second half of the year.

Going forward, in 2024, we expect transactions and price of RRE to continue stabilization. Fundamental drivers, such as urbanization, reduction of household size, large size of outdated existing property, positive outlook on salary growth, high rental yield and anticipated reduction of interest rates will support the stabilized demand in 2024.

As migration impact has faded out, further appreciation of GEL is not anticipated, and

construction costs have stabilized, we do not expect any significant upward change in the price of RRE.

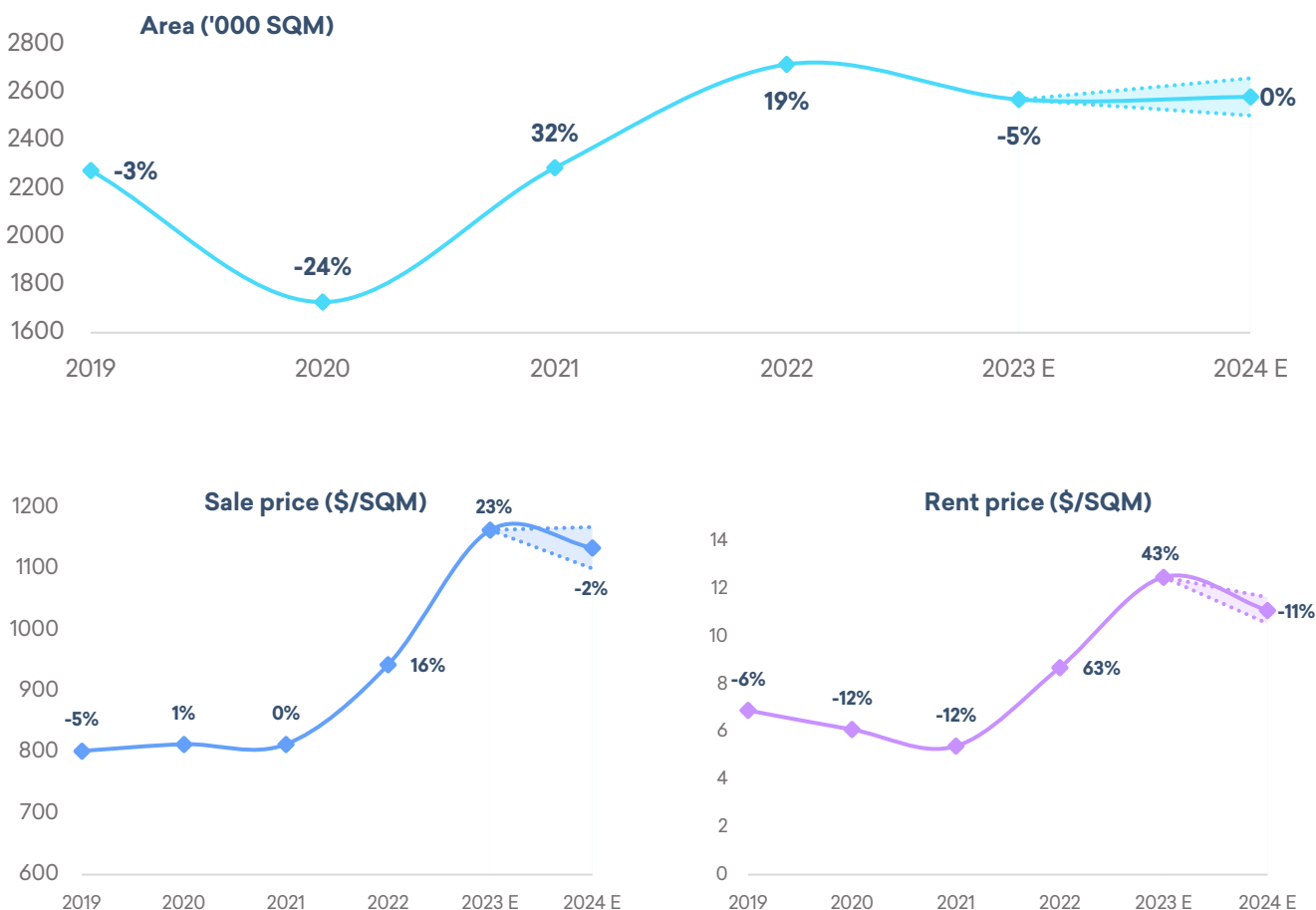
As for the rent, we expect the rent to continue its slow downward trend in 2024. Despite this downward trend, the rental yield will still remain competitive compared to other investment options, making real estate an attractive asset.

Click below for additional publications on residential real estate:

[An Overview of the Land Market in Tbilisi Suburbs](#)

[Development and Construction Sector Guide \(GEO\)](#)

Figure 2. RRE major indicators and YoY growth (%), Tbilisi



Source: NBG, NAPR, TBC Capital

Tbilisi Commercial Real Estate

In 2023, the positive tendencies continued in Tbilisi commercial real estate. Improved business activity and fostered economic growth stimulated the demand on commercial real estate, including retail and office properties.

In Tbilisi street retail, average actual rent price increased by 11.2% YoY in 2023, reaching USD 19.3 per SQM, almost the same as 2019 level (19.5 USD per SQM). We expect that rent prices in Tbilisi street retails will increase further, by 8% in 2024.

In Tbilisi shopping malls actual rent prices posted a 7.5% YoY growth in 2023. As the majority of rent agreements in shopping malls include turnover-based models, the high annual growth rate of actual rent price is explained by increase in turnover of retail sector. We expect that rent prices in Tbilisi shopping centers will increase further, by 5% in 2024.

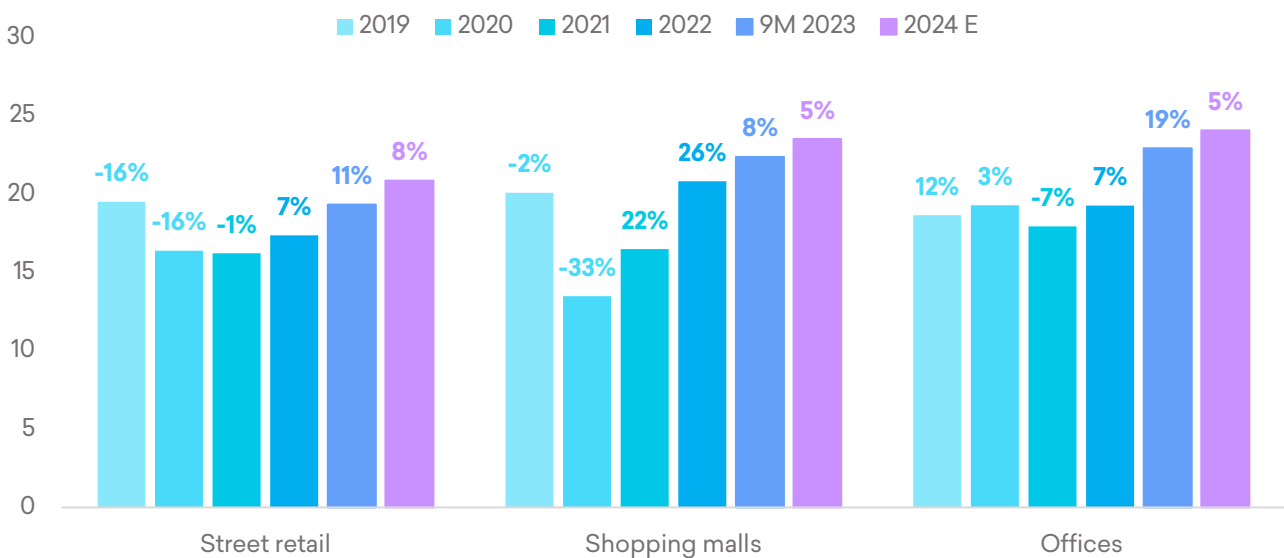
Average vacancy rate in Tbilisi shopping malls stood at 7.4% in 2023, a 2.9 pp

improvement YoY. However, vacancies varied significantly by malls reaching 35% in some of them. Looking ahead to 2024, we anticipate even greater activity in Tbilisi shopping malls and the average vacancy rate is projected to decrease further, accompanied by increased rent prices.

In Tbilisi business centers average actual rent price per SQM increased by 19% YoY to USD 22.9 in 2023. Average vacancy rate in business centers stood at 13% in 2023, 6 pp improvement from 2022. The improvement in occupancy is particularly noticeable for Class A business centers, where the vacancies dropped to 10%. We anticipate that rent prices in business centers will increase by approximately 5% in 2024. This expectation is based on the anticipated high demand for office spaces and a promising economic outlook.

[Click for more on commercial real estate.](#)

Figure 3. Average actual rent per SQM (USD) and YoY change (%), Tbilisi commercial real estate



Source: Myhome, TBC Capital (survey of large retailers, shopping malls, business centers, warehouses)

Infrastructure Sector

Public infrastructure expenditure had been consistently rising until 2020, when pandemic-related restrictions caused delays in construction projects. Starting in 2021, expenditure on infrastructure projects started to increase again.

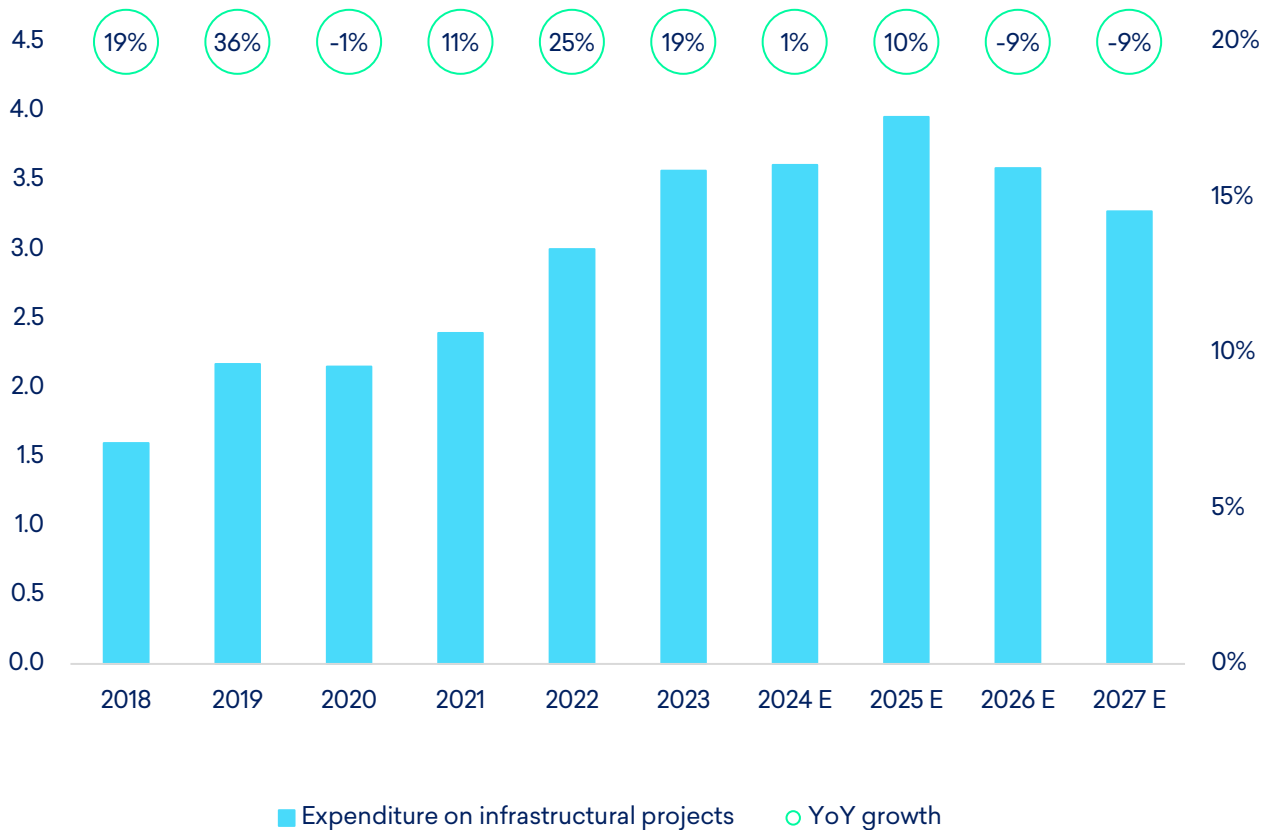
In 2023, expenditure on infrastructure increased by 19% compared to the previous year.

Projections indicate a further increase in expenditure on infrastructural projects in

both 2024 and 2025 as the most of the construction works of Tbilisi-Senaki-Leselidze highway are planned to be completed, with the entire project expected to finish by 2025. From 2025 onwards, projected infrastructure expenditures are expected to decline. Due to commitments made by the Ministry of Finance of Georgia to international organizations regarding fiscal consolidation, the budget is planned to reduce capital spending rather than current spending.

[Click for more on infrastructure sector.](#)

Figure 4. Public expenditure on infrastructure projects and growth rate (Billion GEL, YoY change)



Source: Ministry of Finance of Georgia, TBC Capital

Tourism Industry

The region's unstable geopolitical situation is clearly influencing how tourism is evolving. In 9 months of 2023 international visitor trips recovered to 81% of the levels seen in 2019. There is considerable potential for further growth in demand, primarily because the recovery still lags behind the levels observed in 2019.

Day trips rebounded at the slow pace compared to 2019. This can be attributed to the ongoing impact of the closed border with Azerbaijan, implemented as a COVID-19 containment measure.

In the first three quarters of 2023, the number of international visitor trips through air borders in Kutaisi fully recovered and surpassed the levels observed in 2019. Similarly, Tbilisi and Batumi airports also exceeded the visitor levels recorded in 2019 during the third quarter of 2023. This

suggests a positive trend in international visitor arrivals, indicating a rebound and potential growth in tourism for these locations.

In 9M, 2023 the share of neighboring countries in international visitor trips was 66%, which is lower than the 2019 figure (75%). Share of Israel might go down do to ongoing conflict with Palestine. Share of Armenia has remained relatively stable in terms of share in total visitors compared to the 2019 level. Because of the closed borders with Azerbaijan, its share remains at a low - 3% figure. Russia and Turkey continue to notably outpace their 2019 levels in 9M, 2023.

Figure 5. International Visits

International Visitor Trips	Tourist Trips (Overnight)	Same day trips
4,828,237	3,655,576	1,172,661
9M, 2023	9M, 2023	9M, 2023
81%	92%	59%
Recovery to 2019 level	Recovery to 2019 level	Recovery to 2019 level
45%	35%	85%
YoY Change	YoY Change	YoY Change

Figure 6. Recovery of flights compared to 2019

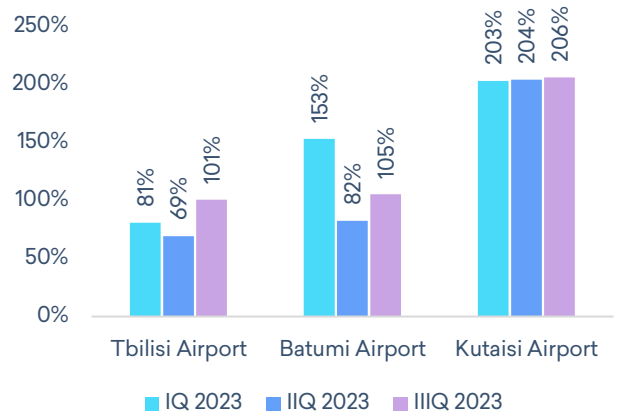
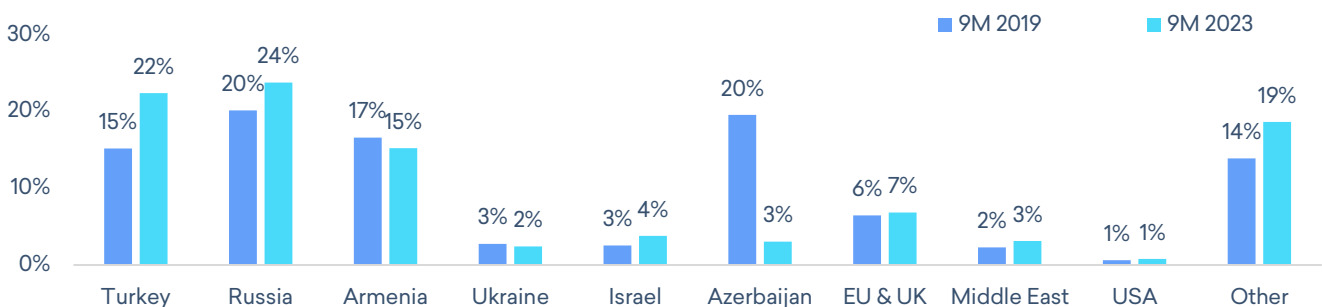


Figure 7. Share of countries in international visitor trips



Source: Georgian National Tourism Administration (GNTA)

Tourism Industry

In 2023 revenue from travelers remains high compared to 2019 level. However, compared to the 138% recovery rate in Q1 2023, the recovery of international travel receipts slowed down and amounted to 115% in the second quarter of the year and 128% in third quarter of 2023. In Q3 2023 revenues remain

Israel, accounting for 4% of total visitor trips, contributed 8% to travel receipts. Considering the ongoing developments in Israel, a decrease in the number of Israeli tourists is anticipated, which is likely to have a negative effect on the revenue generated from this particular tourist group

During the first 9M of 2023, Russia, Turkey, Israel, and the EU & the UK played a significant role in generating tourism revenues.

Figure 8. Recovery of Revenues from Travelers , relative to 2019 level

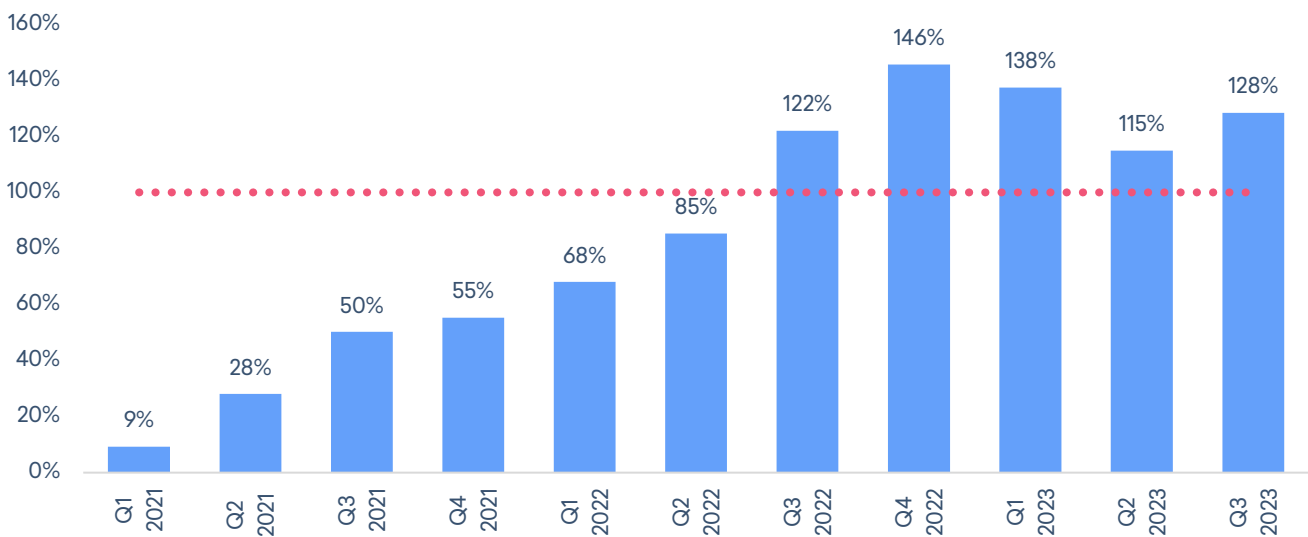
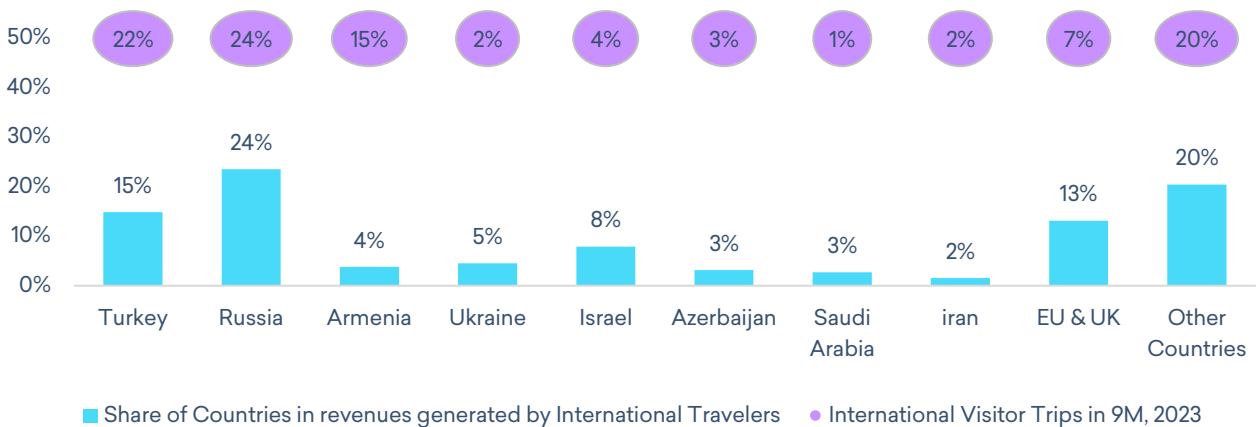


Figure 9. International Visitor Trips and International Receipts by Countries (6M, 2023)



Source: Georgian National Tourism Administration (GNTA), NBG

Tourism Industry

As of 2023, there are 3184 (excluding apart-hotels) hotels in Georgia. The largest number of small hotels with five or fewer rooms are located in the Samegrelo-Zemo Svaneti region. The regions of Shida Kartli and Racha Lechkhumi-Kvemo Svaneti have the lowest representation of large hotels.

In 2023-2025, the construction of 31 hotels is scheduled to be completed. Almost 50% of planned hotels is located in Tbilisi.

Figure 10. Accommodations by region (2023)

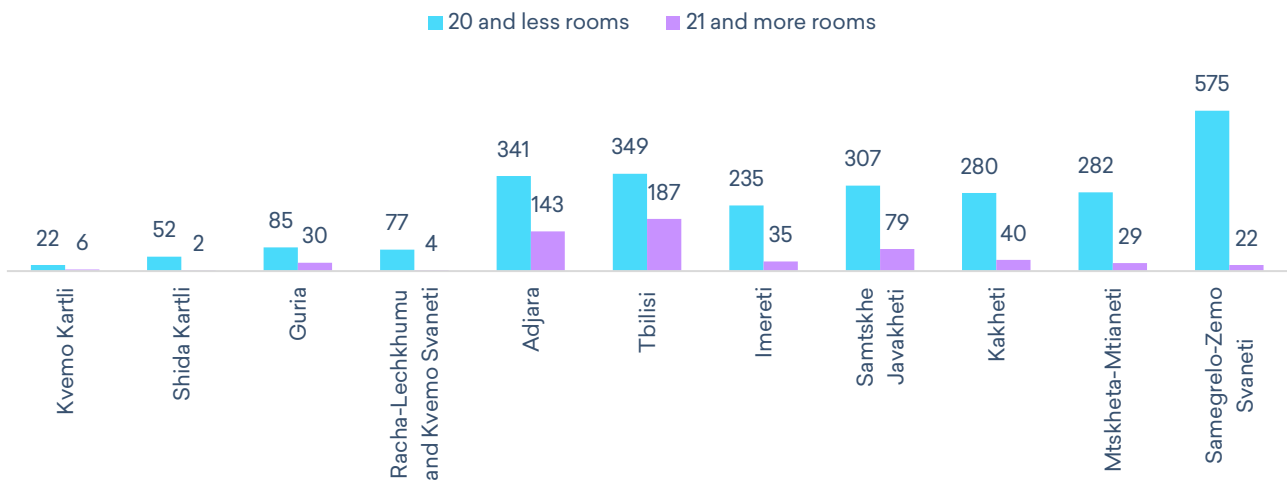
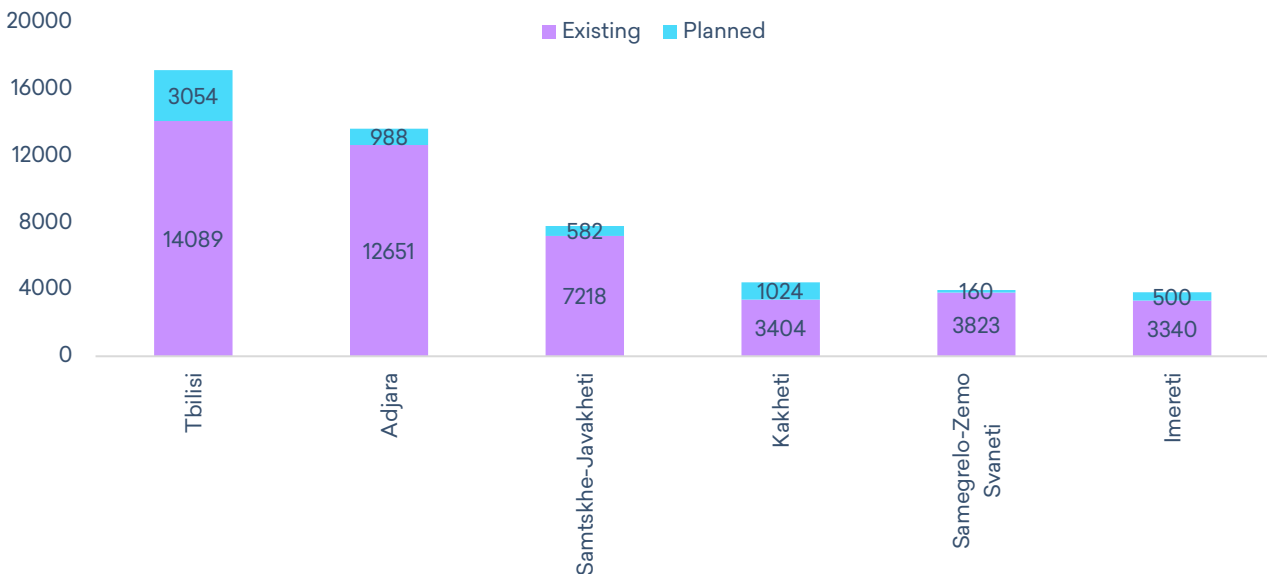


Figure 11. Existing hotels and hotels under construction and in the planning stages in 2023-2025 (number of beds)



Source: Georgian National Tourism Administration (GNTA), TBC Capital

Tourism Industry

The occupancy in high-budget hotels is at a high level, outpacing the performance of 2022. As for the prices, they were slightly elevated compared to 2022 level in summer

months, however, since than it remains at the same level as in previous year.

Figure 12. Occupancy in high-budget hotels

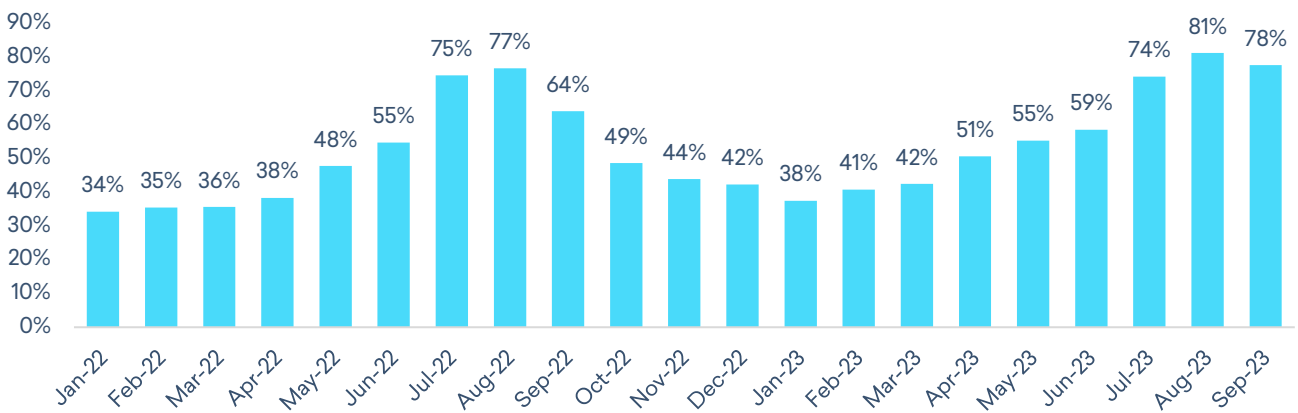
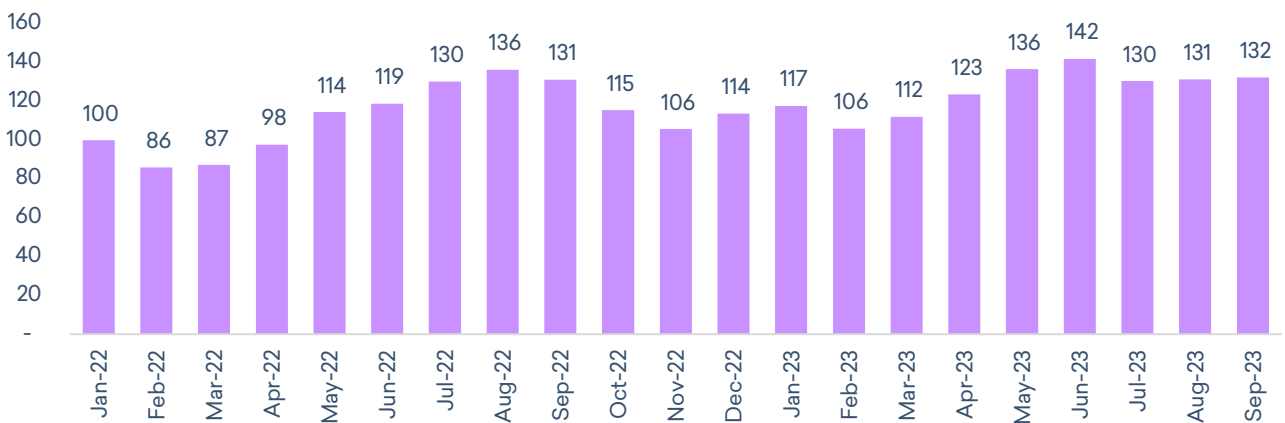


Figure 13. Average cost of a room in high-budget hotels (USD, excluding VAT)



Source: TBC Capital

Tourism Outlook

In terms of international visits, there is considerable potential for further growth in demand, primarily because the recovery still lags behind the levels observed in 2019. The Israeli-Palestinian Conflict could potentially have an adverse impact on the tourism sector. On the other hand, it is expected that international visits will continue to grow, with the anticipation that Azerbaijan will open its closed borders, and visits from Armenia will fully recover. These factors contribute to the overall positive outlook for international visits.

The expectation is that the occupancy rate will experience a moderate increase in the coming years. The main assumption underlying this projection is that the supply of hotels will increase over the next three years. As tourism figures rise, the occupancy rate is anticipated to grow, with the magnitude of this growth directly tied to the expansion of the hotel supply tourism in the coming year.

The anticipated increase in the Average Daily Rate (ADR) of hotels is contingent upon both an increase in the occupancy rate and a rise in the number of international visitors. The expectation is that the supply of hotels will grow in the coming years, leading to a moderate increase in the occupancy rate. This, in turn, is expected to contribute to a moderate growth in the Average Daily Rate, given the direct correlation between ADR and occupancy rate.

[Click for additional publications on tourism industry.](#)

Figure 14. Occupancy

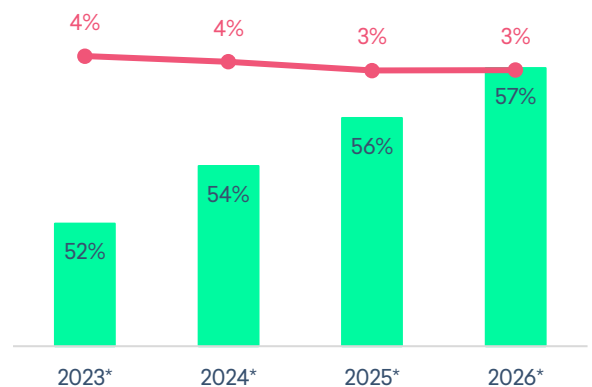


Figure 15. International Visits (mln.)

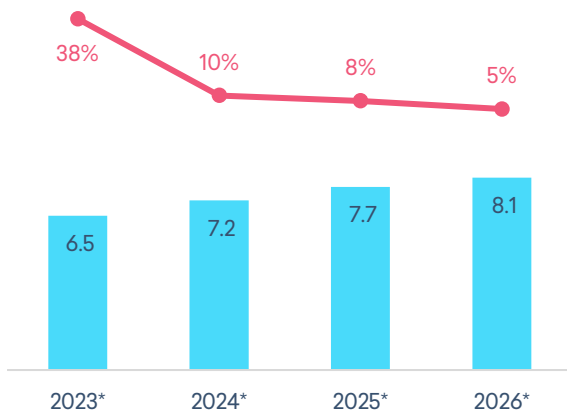
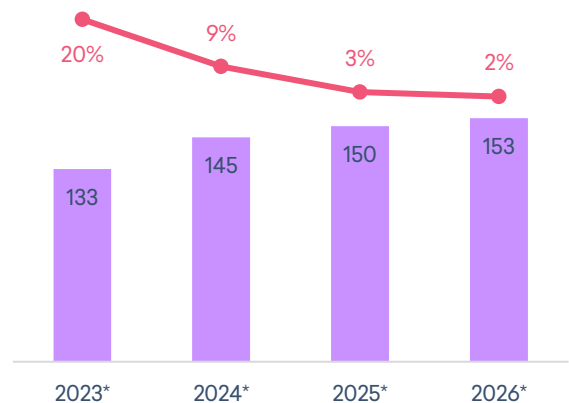


Figure 16. ADR (USD)



Source: TBC Capital

FMCG

Revenues of the Georgian organized FMCG market players grew by 25% YoY in the first nine months of 2023, which is aligned with our expectations regarding the market development.

As no one-off events have been observed in 2023, similar to the migrant inflows in the previous year, and inflation has also stabilized, the growth is mostly attributable to further expansion of the organized FMCG market in terms of increased regional penetration as well as increased presence in the capital. The growth is also backed up by increased natural demand as a result of increased wages throughout 2023.

Per our expectations the overall FMCG market, including the unorganized market, is expected to exceed GEL 22 bn in 2023, exhibiting a smaller growth compared to the organized market, which in turn will translate into increased share of the organized FMCG market.

The trend is also expected to continue in 2024, with the organized market outperforming the overall FMCG market and reaching 36% of total market turnover.

Additional publications on FMCG sector:

[FMCG Sector Overview, 2023](#)

[Organized FMCG Market - 9M 2023](#)

Figure 17. Organized FMCG market revenue, including VAT (GEL bn)

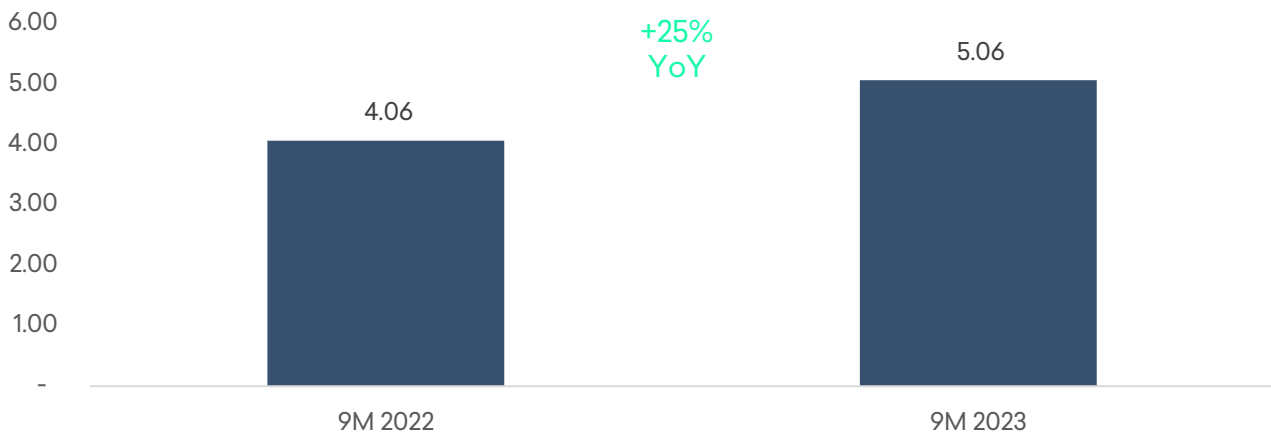
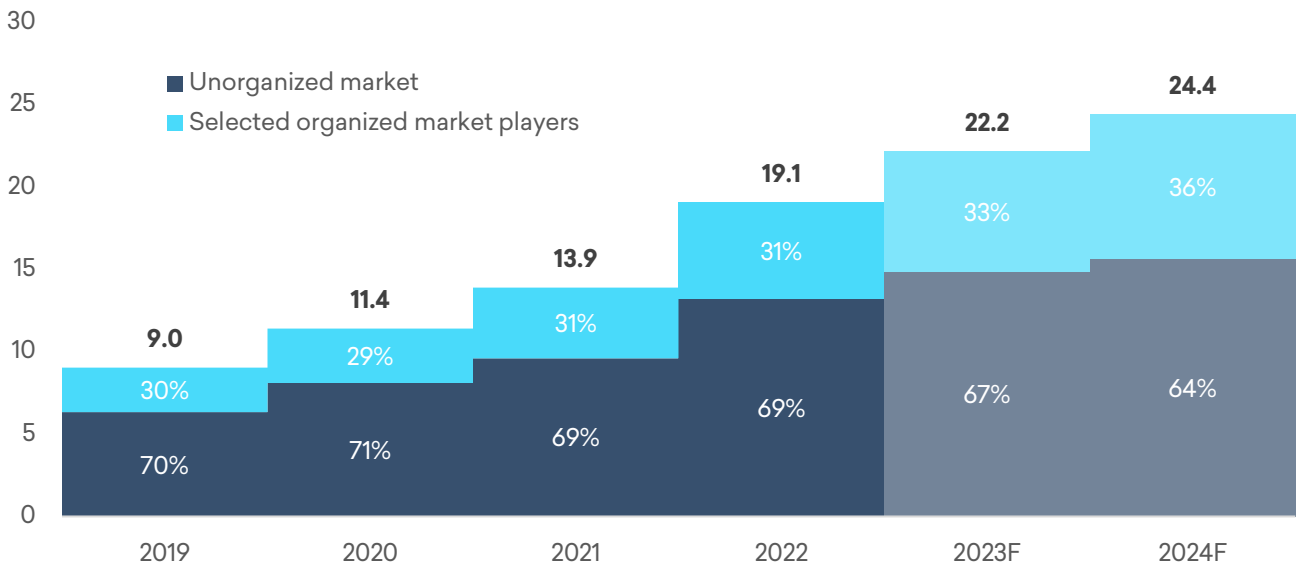


Figure 18. The Organized and Unorganized FMCG Market Revenue* (GEL bn)



Source: GeoStat, NBG, SARAS, TBC Capital, survey of selected FMCG retailers; *Including VAT

Apparel Sector

After the significant market performance of 2022 in the retail trade of apparel and footwear, driven by the post pandemic recovery as well as the addition of the previously non-existent demand in the form of migrants, the market turnover is expected to relatively stabilize but nevertheless exhibit a robust 21% YoY growth in 2023.

As for the market distribution among the organized and unorganized portions, the organized market has lost significant market share in 2022 attributable to the full

recovery of outbound tourism after the pandemic related travel bans as well as increased cross-border e-commerce. The negative effect of the latter is expected to expand further in 2023 as well 2024.

The market is expected to continue growth in 2024 due to natural demand growth and reach GEL 3 bn, given that no further one-off effects will be present.

[Click for additional publication on the sector.](#)

Figure 19. Retail trade turnover of apparel and footwear (GEL bn, including VAT)

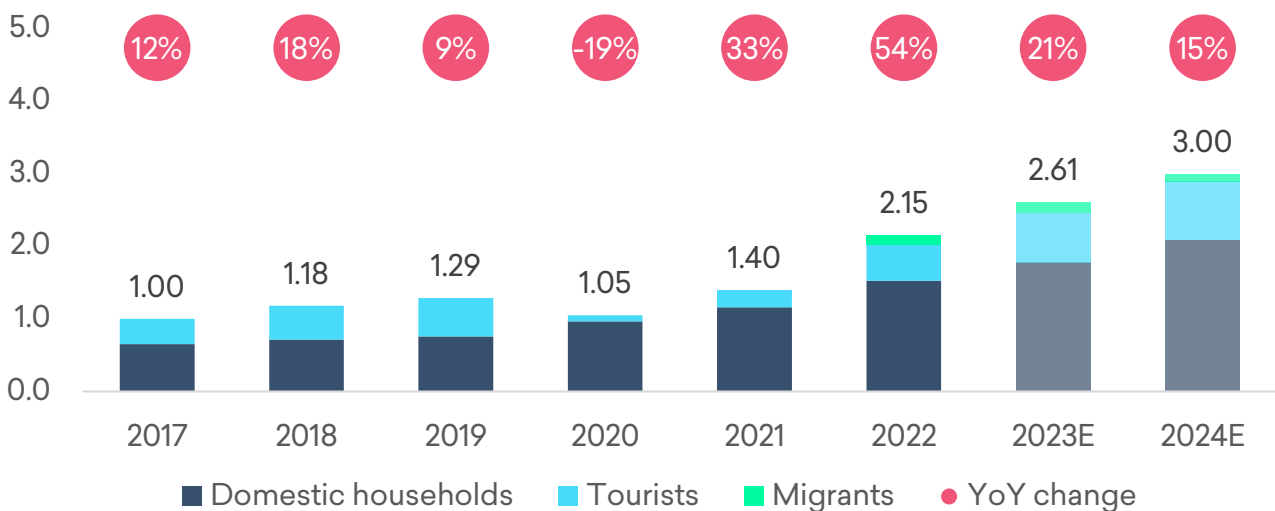
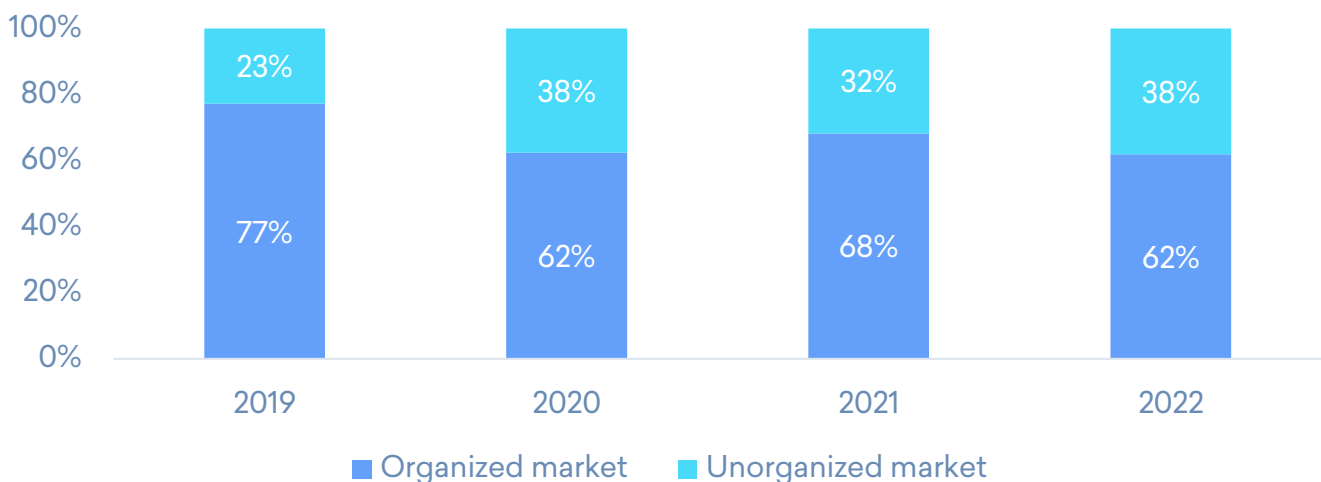


Figure 20. Organized and unorganized market breakdown of retail trade of apparel (share, %)



Source: GeoStat, GNTA, SARAS, survey of selected apparel retailers, TBC Capital

Electronics & Home Appliances Sector

In 2022 retail trade of electronics and home appliances surged by 38% YoY. The increased consumption of the domestic population, held up by a reviving economy, combined with an unprecedented surge in tourism expenditures. Notably, this surge was further amplified by a previously non-existent source: a surge in demand from Turkey, driven by internal taxation shifts in, which prompted consumers to explore alternative markets. Additionally, the sector gained the benefits of previously untapped demand from migrants, further igniting the growth.

The exponential growth rates witnessed in

2022 are expected to moderate, settling into low two-digit figures. This shift is partly influenced by the high base effect resulting from the remarkable growth rates of the previous years, as well as no further one-off demand drivers.

In contrast to the apparel sector, the retail trade of electronics and home appliances is characterized by an escalating presence of the organized market backed by the value-added proposition of warranties, a major benefit only available in the organized market.

[Click for additional publication on the sector.](#)

Figure 21. Retail trade turnover of electronics and home appliances (GEL bn, including VAT)

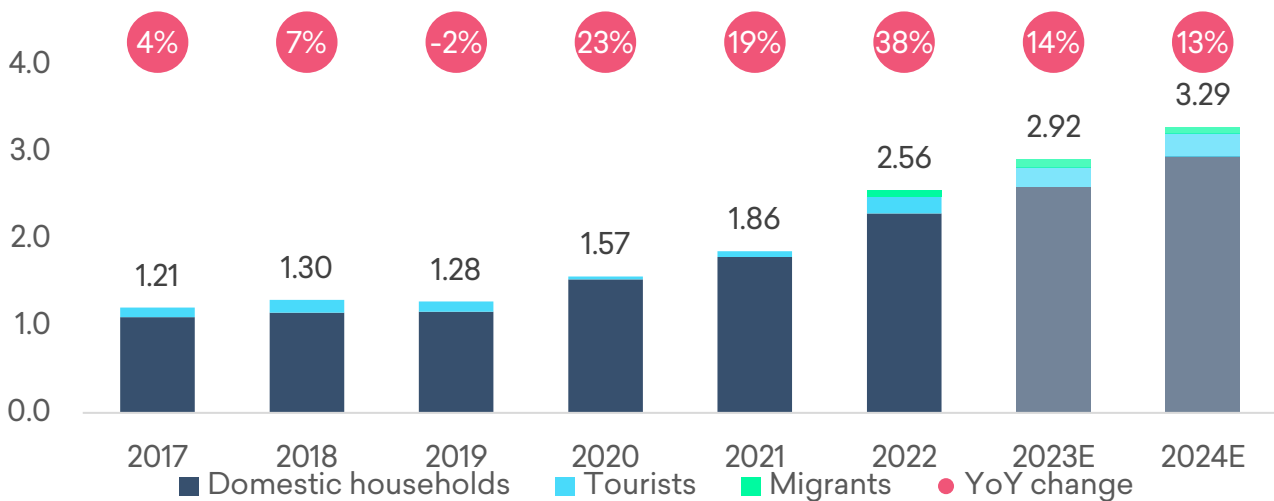
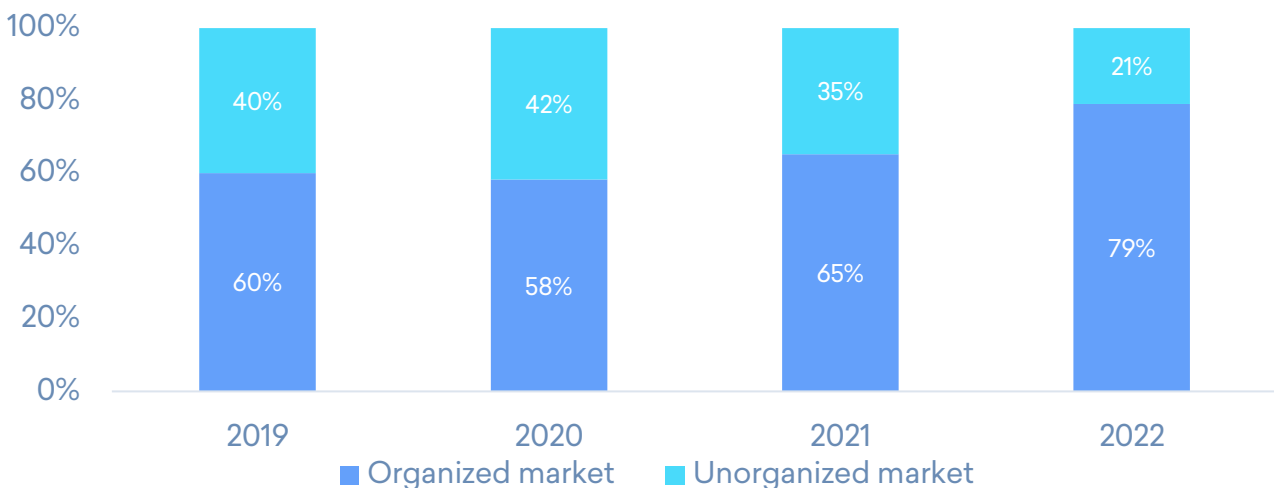


Figure 22. Organized and unorganized market breakdown of retail trade of electronics (share, %)



Source: GeoStat, GNTA, SARAS, survey of selected retailers, TBC Capital

Electricity Market

2022 marked the first year in the recent years when Georgia’s electricity generation exceeded its overall consumption on an annual basis.

Going forward, we expect the consumption to stabilize around c. 5% annual growth rate in the medium term period, in line with the expected economic growth. The relatively stabilized growth in domestic demand will result in the total consumption to exceed an unprecedented 15.4 TWh by 2026.

With the GSE numbers for expected generation in the medium term assuming the on time integration of all ongoing projects into the grid, a notable increase in

the positive balance will be observed in the coming years, considering our outlook of expected electricity consumption.

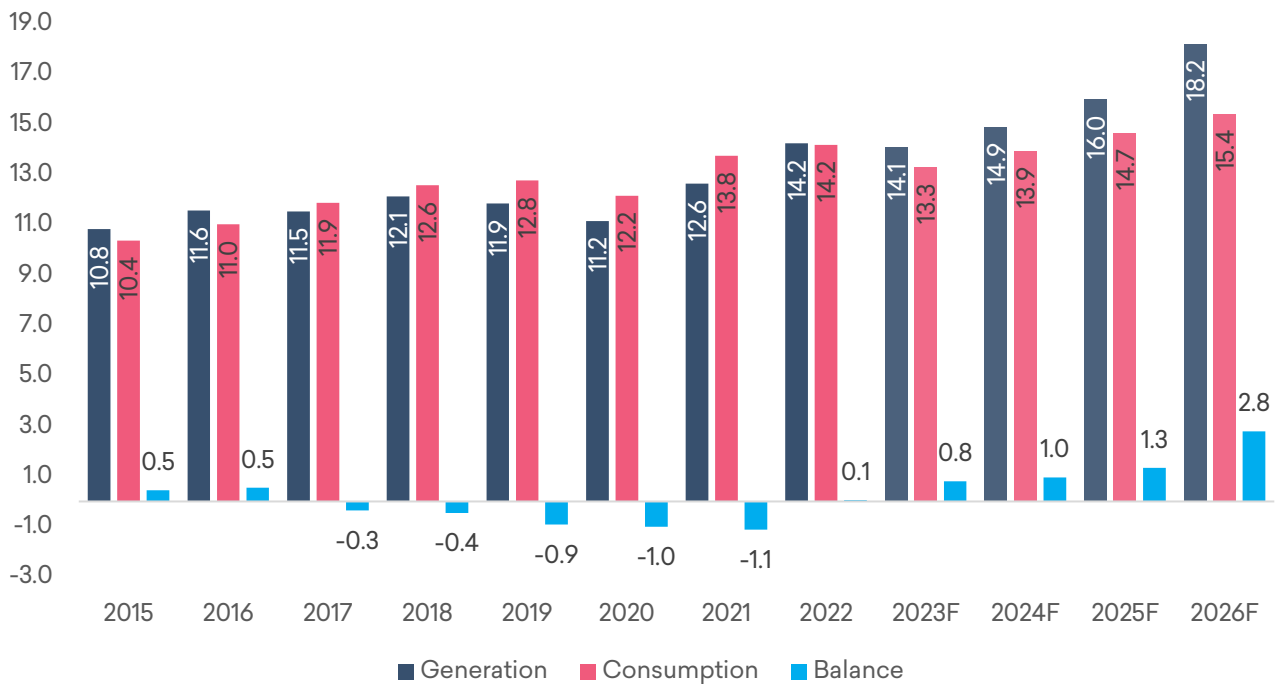
According to the GSE, if all projects are operational on schedule, the total installed capacity of Georgian power plants would reach 5,870 MW, a 28% increase in the medium term compared to the current state.

Click for additional publications on the sector:

[Electricity Market Overview](#)

[Georgian Renewables: Levelized Cost of Electricity](#)

Figure 23. Electricity consumption and generation in Georgia, TWh



Source: GNERC, GSE, TBC Capital

E-Commerce

E-commerce market in Georgia has been rapidly expanding. Estimated e-commerce market size amounted to over GEL 1,300 million in 2022, recording an 82% YoY growth

The main driver of the robust growth is changing consumer behavior, increased convenience, and expanded product offerings. High growth rates could also signify that new businesses are entering the e-commerce market and gaining traction more quickly than before.

While the e-commerce market in Georgia is increasing in size, share of local businesses

in the overall transactions remains small compared to the cross-border purchases. This shows that there are still products and services which are unavailable in the local market and customers choose to make purchases on the foreign websites due to convenience and price difference.

Going forward, the e-commerce market volume is expected to sustain strong two-digit growth regardless the high base effect.

[Click for additional publication on E-commerce in Georgia.](#)

Figure 24. Estimated Georgian E-Commerce Market Size (GEL mln)

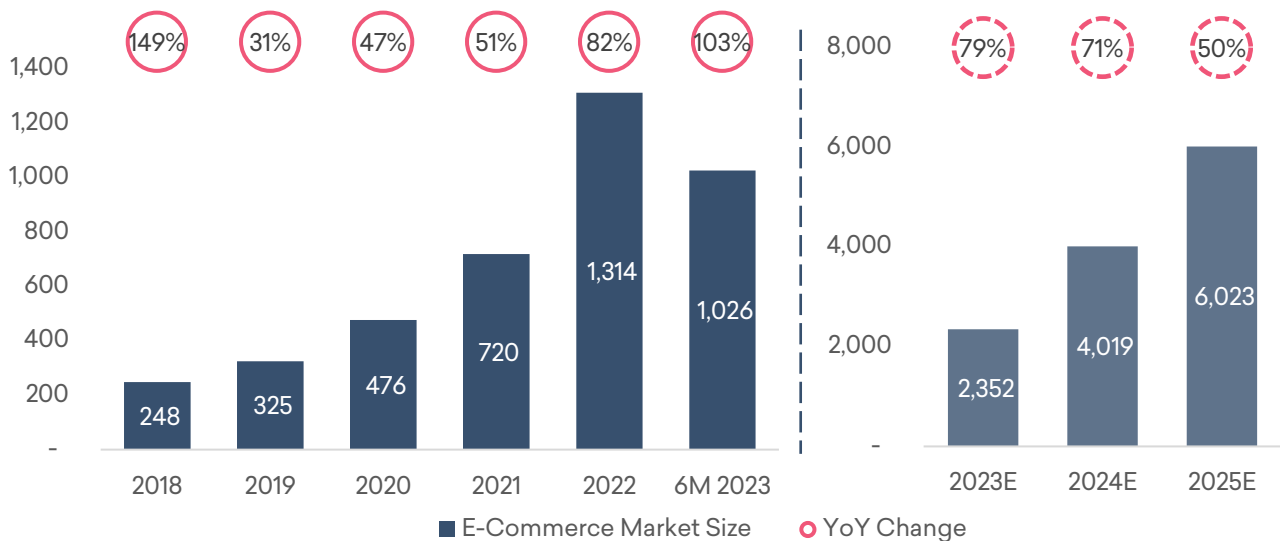
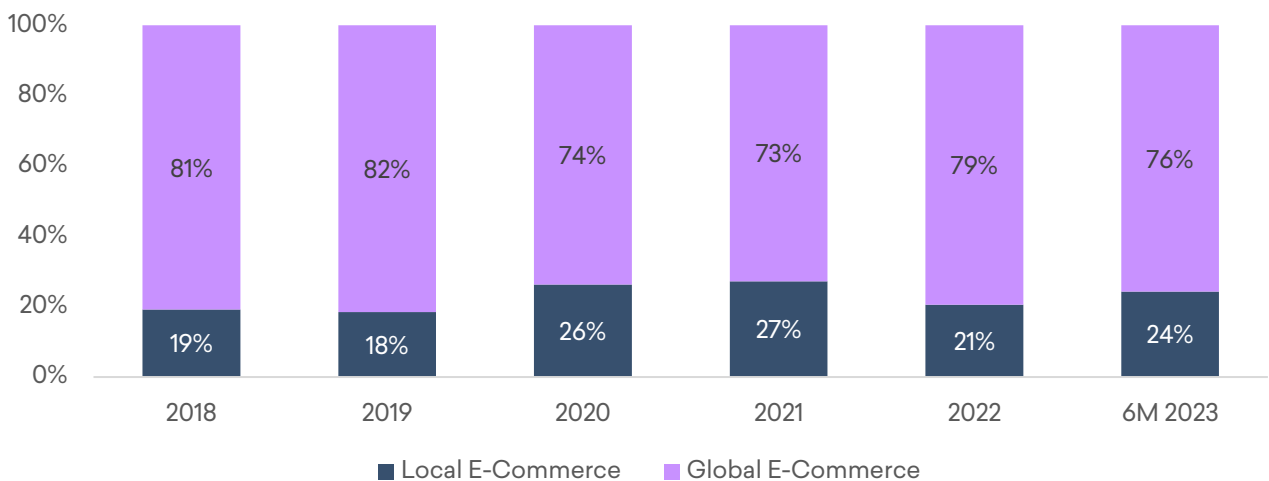


Figure 25. E-Commerce Market Distribution Between Local and Global Transactions



Source: NBG, TBC Bank's Channels, TBC Capital

Automotive Sector

2023 has been an exceptional year for the Georgian automotive industry as indicated by the robust performance of one of the key performance indicators of the sector, external trade.

Import of vehicles in USD terms has doubled in the first nine months of 2023 compared to the comparable period of the previous year. In terms of re-export of vehicles, the growth has been more impressive, amounting to 163% YoY.

The effect of the impressive performance of external trade of vehicles has been successfully reflected on the market

turnover, having grown by 73% YoY in the first half of 2023. As no indication of slowdown is evident, we expect the second half of the year to continue strong performance and maintain mid double digit growth on an annual basis.

Going forward, a minor slowdown is expected in the market turnover in 2024 due to domestic market regulations (limiting the maximum age of imported vehicles for domestic use to 10 years starting from January 2024).

[Click for additional publication on automotive sector.](#)

Figure 26. External Trade of Light Vehicles, Trucks and Special Equipment (USD mln)

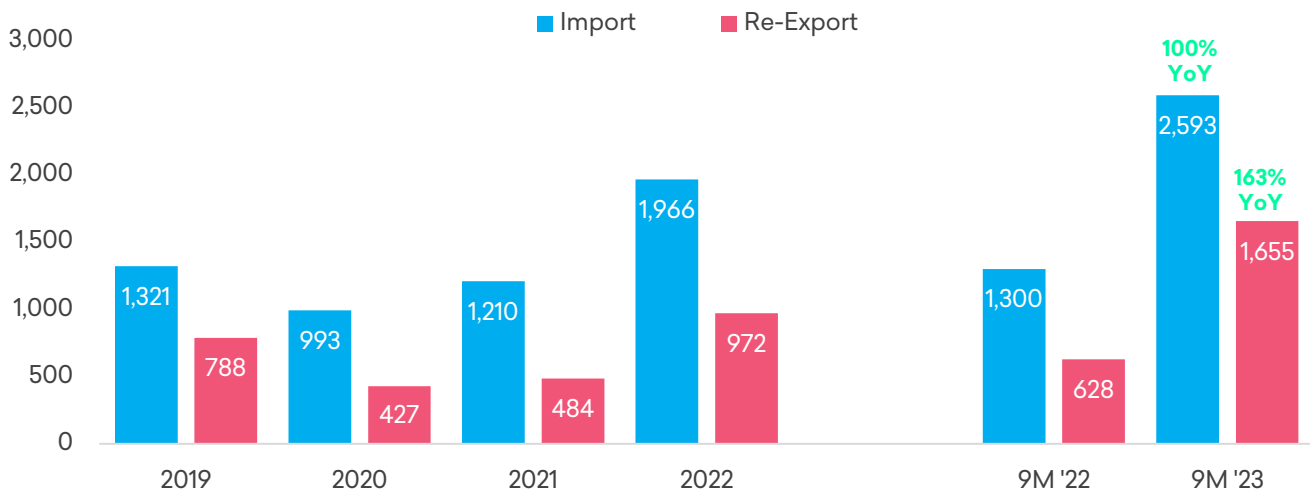
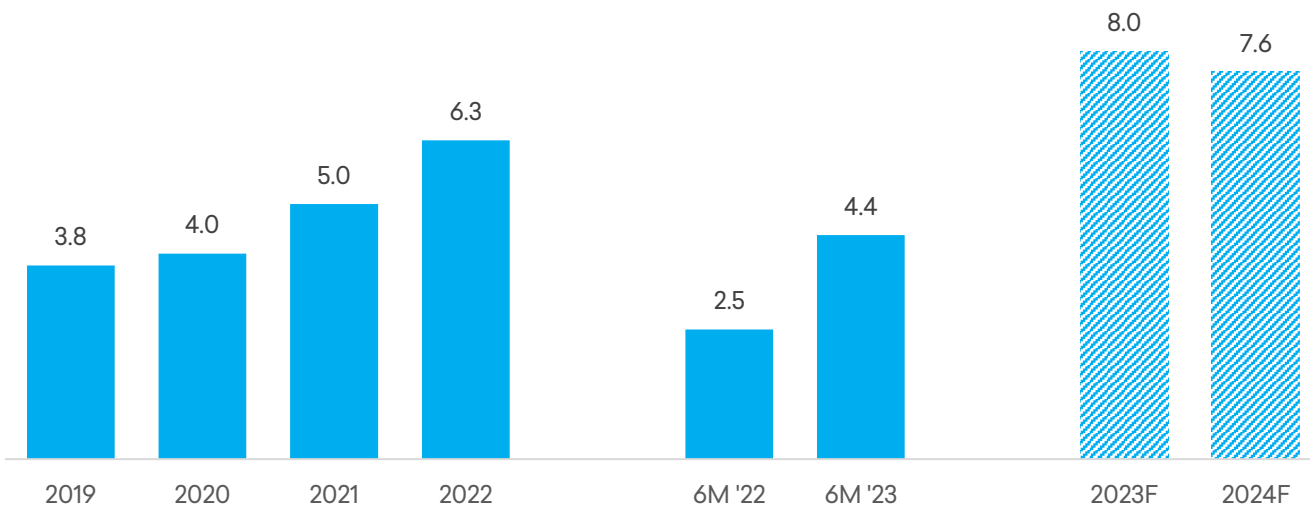


Figure 27. Turnover of Trade of Cars & Spare Parts and Service (GEL bn)



Source: GeoStat, TBC Capital

Transportation and Logistics

One of the main demand factors for logistical services is international trade. The volume of transported cargo has shown an upward trend in recent years. In the first nine months of 2023, around 22 million tons of cargo, excluding domestically sourced and destined cargo, were transported to, from, and through Georgia, reflecting a 4% year-on-year increase.

Cargo transit, constituting 57% of total cargo transportation volumes (excluding local cargo), serves as a crucial driver of demand for transportation services in Georgia. Fueled by recent geopolitical developments, there has been an increased interest in Georgia as a transit country, leading to a surge in transit demand in 2022 (19.1% YoY) from "northern routes" and accelerated Russia-Turkey trade. This trend persisted in the first nine months of 2023, with transited cargo increasing by 4% YoY.

Ports and marine terminals play a vital role in cargo transportation in Georgia. In the first nine months of 2023, the total freight volume transported through Georgia's ports and terminals amounted to 10.6 mln tons, marking an 8% decrease compared to the same period in 2022. General cargo constituted the majority at 44% of the total cargo in these facilities, followed by liquid bulk at 32%, and dry bulk at 24%.

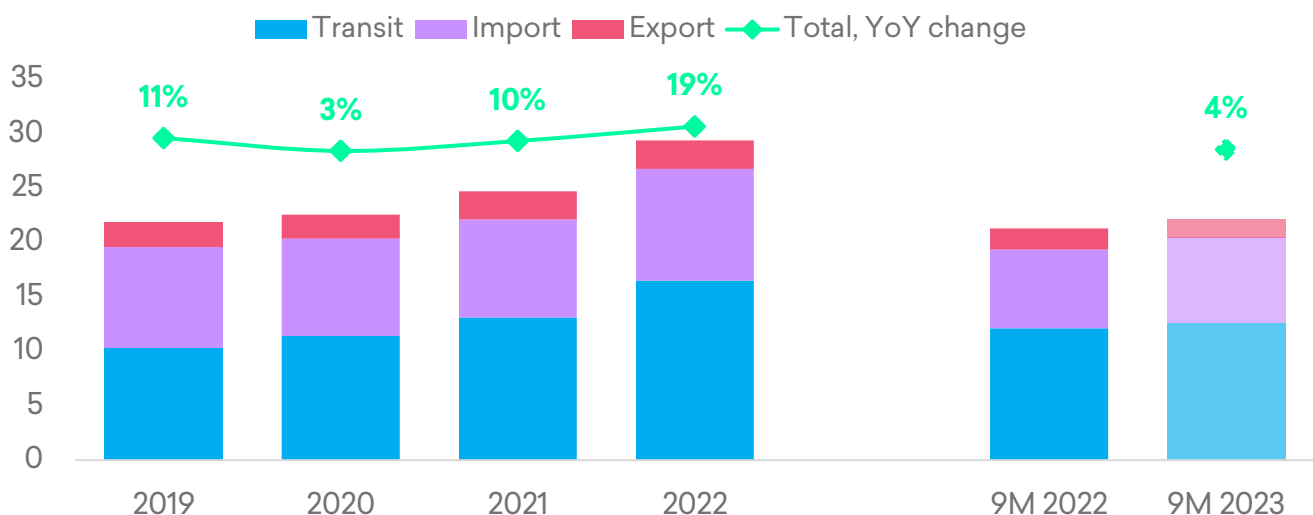
During the first nine months of 2023, Georgian Railway (GR), the primary railway operator in Georgia, transported a total of 10.3 million tons of cargo, representing a 6% decrease compared to the same period in 2022. The year 2022 saw notable robust with a noteworthy 21.8% YoY increase, driven by the positive impact of sanctions against Russia and increased cargo transit through Russia, boosting demand for GR services.

Continuing the historic tendency, road cargo remained a major part of the total cargo transportation in Georgia. The road cargo transportation, excluding cargo with domestic origin and destination points, saw a major 19% YoY growth in 2022 and was responsible for transporting a new record level of 12.9 mln tons of cargo. Regardless a relatively high base year of 2022, a significant further growth was observed in transported road cargo at 14% YoY in 9m 2023.

Given the heightened interest in Georgia and the "Middle Corridor", a robust performance is anticipated in the transportation sector in 2024. It is expected that transited cargo will experience further growth, attracting increased volumes of cargo from "northern" routes.

[Click for additional publication on transportation and logistics.](#)

Figure 28. Transported cargo excluding local transportation (Mln tons), Georgia



Source: MOESD, RS, GR, Geostat, TBC Capital

Healthcare Sector

Healthcare is a growing and rapidly developing sector in Georgia. From 2013 to 2022, the output of the healthcare sector exhibited a consistent upward trend. Preliminary data for 2022 shows that the sector's output reached 2.4 billion GEL, which is 2.6 times higher than the corresponding indicator in 2013. Throughout this period, the sector achieved a Compound Annual Growth Rate (CAGR) of 10%.

Georgian healthcare sector is well diversified in terms of number of participants and their market share, leading to high levels of competition. Financially, the health sector has shown positive performance, with total revenue increasing from 1.2 billion GEL in 2018 to 1.8 billion GEL in 2021. The COVID-19 pandemic had a significant impact on clinic revenues and expenses in 2020, putting pressure on revenues and costs and pushed down NI margin to as low as 3%, however, in 2021, with the increase in funding for the management of the pandemic, the EBITDA margin in the healthcare sector increased to 25%, and the profit margin increased to 17%. Healthcare expenditure in Georgia experienced a consistent increase from

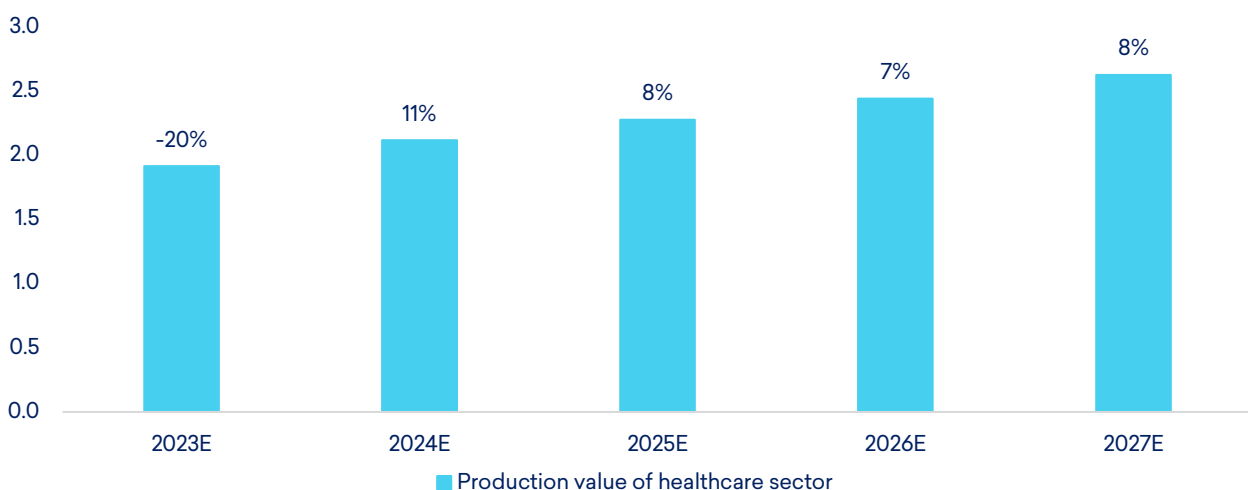
2013 to 2022. In 2022, total healthcare expenditure amounted to 4.1 billion GEL, a 72% increase compared to 2013.

The pandemic contributed to higher healthcare costs in 2020 and 2021, but with the end of the pandemic in 2022, Covid-19-related expenses decreased compared to the previous year.

With the expansion of the state's universal healthcare program from 2013 to 2022, the share of out-of-pocket costs in total healthcare expenditure decreased from 65% (2013) to 43% (2022). Additionally, the share of private health insurance in total expenditure decreased from 14% to 7%, while the corresponding share of government expenditure increased from 20% to 50%.

The largest share of government healthcare expenditure (on average 57%) is allocated to the universal health insurance program. Government of Georgia also implements targeted programs, with organ transplantation (bone marrow and liver transplantation) being added in 2022, offering future development prospects

Figure 29. The estimated production value of healthcare sector (GEL Bn)



Source: Geostat, TBC Capital

Healthcare Sector

The demand for healthcare services is influenced by the population size, which has been declining over the past decade. However, in 2022, the influx of migrants to Georgia increased due to the Russia-Ukraine war. Despite this, emigration of the young population and a decline in birth rates continue to have a negative impact on the demand for healthcare services.

As for the supply side, from 2013 to 2021, the number of healthcare service providers and beds in Georgia increased. However, the average bed occupancy rate remained low at 50%, indicating inefficient utilization of resources. Although the number of medical personnel also increased during this period, the nurse-doctor ratio in Georgia is low (0.98), suggesting potential strain on nursing resources and potential negative effects on patient treatment and monitoring.

The study identified the following future perspectives of the healthcare sector:

Hospital mergers: Market competition and recent or planned regulations present opportunities for consolidation.

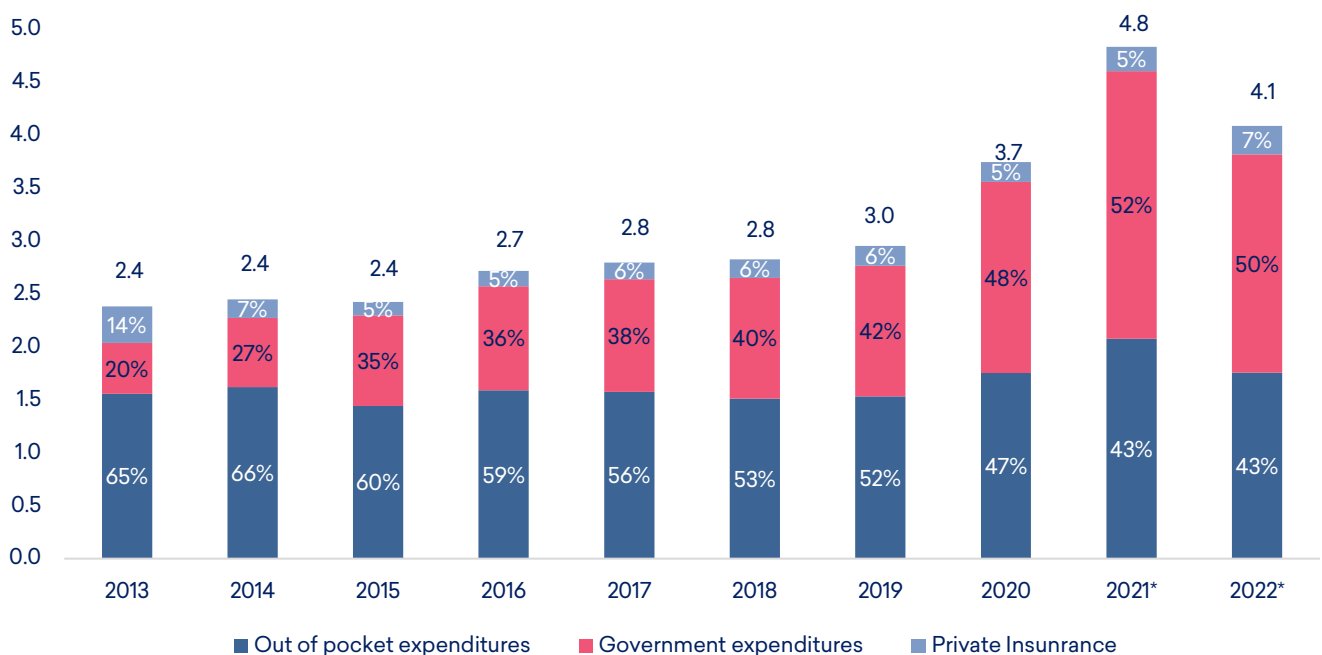
Through the consolidation of resources and services, hospitals can achieve cost reduction and enhance operational efficiency.

Partnerships with universities: Collaborating with universities through equity participation enables clinics to access a skilled workforce and explore development prospects, while simultaneously providing students with valuable practical experience opportunities.

Development of medical tourism: Georgia has a potential to foster medical tourism and attract patients from neighboring countries (Armenia, Azerbaijan), Central Asia (Kazakhstan, Uzbekistan, etc.), and the Persian Gulf countries.

Areas with high growth potential: The healthcare sector in Georgia holds great promise in several areas, including organ transplantation, stroke management, and post-operative rehabilitation. Additionally, there is significant potential for growth in plastic surgery, dentistry, hair transplantation, and aesthetic medicine, which are not covered by the DRG system [Click for additional publication on healthcare sector.](#)

Figure 30. Healthcare expenditure by categories, GEL Bn



Source: Ministry of Finance of Georgia, TBC Capital

Higher Education

The overall Georgian educational market has experienced continuous growth in recent years, with the exception in 2020 (worth to mention that it was pandemic year) due to reduced government spending. In 2022 education market decreased by 3% compared to previous year, which is attributed to decreased government spending. From 2016 to 2022, the total growth of the education sector reached 53%. Nominal figures increased from GEL 1,206 million in 2016 to GEL 2,317 million in 2021. Total private sector revenues has increasing trend, starting from 2016, reaching 620 mln. GEL in 2022.

Higher education institutes have maintained a relatively stable share in the total

education market over the past years, fluctuating between 17% and 19%.

The comprehensive market analysis reveals the significant role of public spending in the total education market, whereas the higher education market indicates a more balanced contribution from both the private and public sectors.

Higher Education Market has increasing trend and is expected to grow by 9%-10% in coming years.

For additional publications on education, see:

[Higher education in Georgia](#)
[General Education Sector in Georgia](#)

Figure 31. . Public Spending and Total Private Sector Revenues for Total Education Market (mln, GEL)

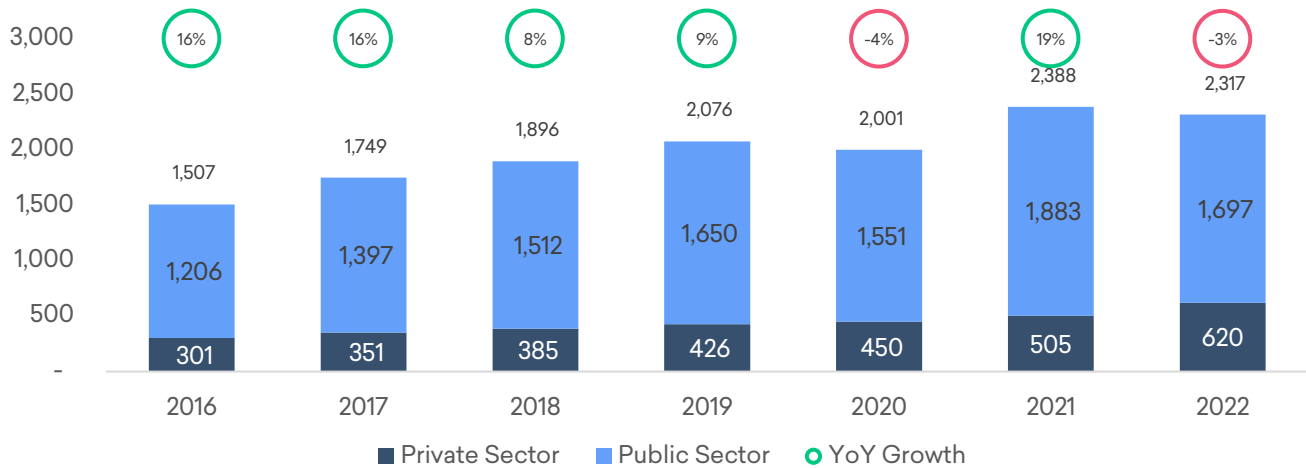
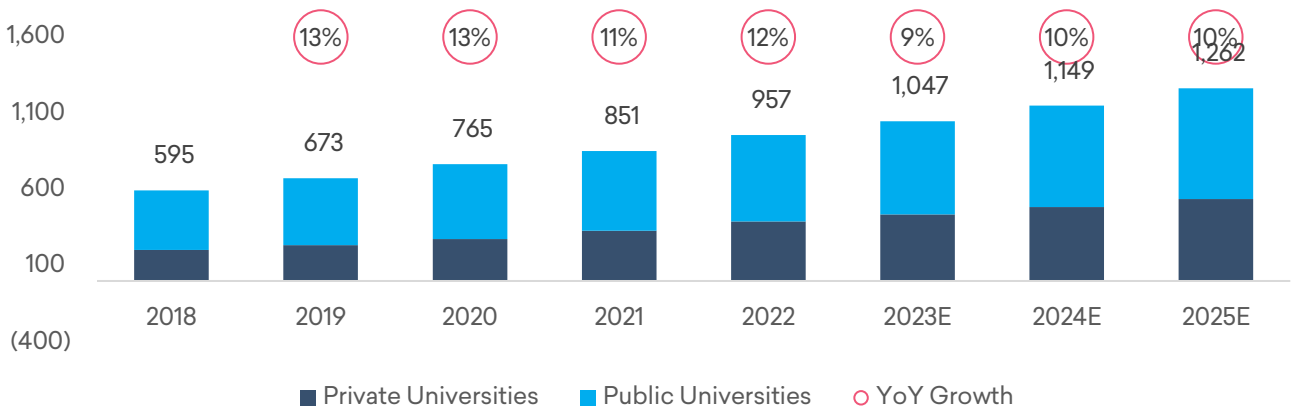


Figure 32. Forecast of the Market Size for Higher Education Market (mln, GEL)*



Source: Ministry of Finance (MoF), Geostat, TBC Capital

*Forecasts will be revised after financial information of 2021 becomes available for all private universities

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