TBC CAPITAL

GEORGIAN RETAIL FUEL MARKET OVERVIEW

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Summary

- Georgia imports almost all of its hydrocarbon needs including gasoline and diesel. In 2024, the country imported 918 million litres of gasoline (+7.6% annually) and 770 million litres of diesel (+9.4% annually).

- Importing gasoline and diesel will increase further as Georgia's automotive fleet keeps expanding. In the first nine months of 2025, 125.3 thousand vehicles were added to the existing fleet, of which 61% run on gasoline, 21% are gasoline-powered hybrids, and 14% run on diesel.

- Existing fleet is estimated at approximately 1.9 million vehicles, of which 64% run on gasoline, and an additional 12% are hybrid vehicles that use gasoline as their primary fuel. Diesel-powered vehicles account for 23% of the fleet.

- The main trade partners for gasoline imports in 2024 were Bulgaria (32%), Russia (26%), and Romania (24%). Russia's share declined after 2022–2023 due to export restrictions and quotas on gasoline.

- In 2024, 74% of diesel imports originated from Russia, while Azerbaijan accounted for 14% of the total diesel import.

- The average retail price in 2024 stood at GEL 3.1 per litre for gasoline and GEL 3.3 per litre for diesel.

- In 2024, the five largest retail market players generated GEL 3.3 billion in revenue, marking a 33% annual increase. Wissol remained the largest company, holding 26% of the market. The average gross profit margin among key retailers was around 10% in 2024.

- As of 2024, more than half of Georgia's filling stations, approximately 670, operated within the organized fuel market.

- In October 2025, the U.S. Department of the Treasury blacklisted state-owned Lukoil PJSC, the ultimate parent of the Georgian subsidiary.

Gasoline import on the rise

In 2024, Georgia imported 918 million liters of gasoline, representing a 7.6% increase compared to 2023. Of the total volume, regular-grade gasoline accounted for 470 million liters (51%), premium for 425 million liters (46%), and super gasoline for 23 million liters (2%).

The share of regular-grade gasoline has been on a downward trend, declining to 51% in 2024 and further to 45% in the first nine months of 2025. This shift is largely attributed to the growing import of newer vehicles, which often require or recommend premium-grade fuel to ensure optimal performance and efficiency. As the vehicle fleet becomes more modern, demand continues to shift toward premium grade.

The average import price of gasoline ranged between USD 0.60 and 0.65 per liter in 2024 and continued to decline during the first nine months of 2025. This downward trend is supported by decreasing global crude oil prices and Georgia's access to relatively low-cost refined petroleum products.

Figure 1. Gasoline import by type, million litre

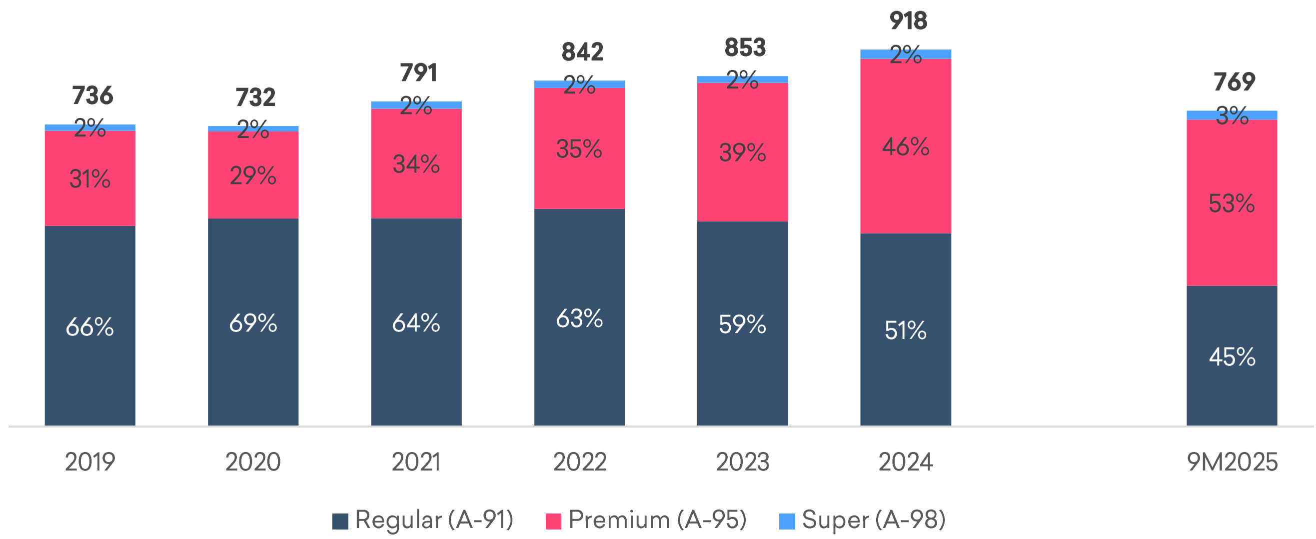
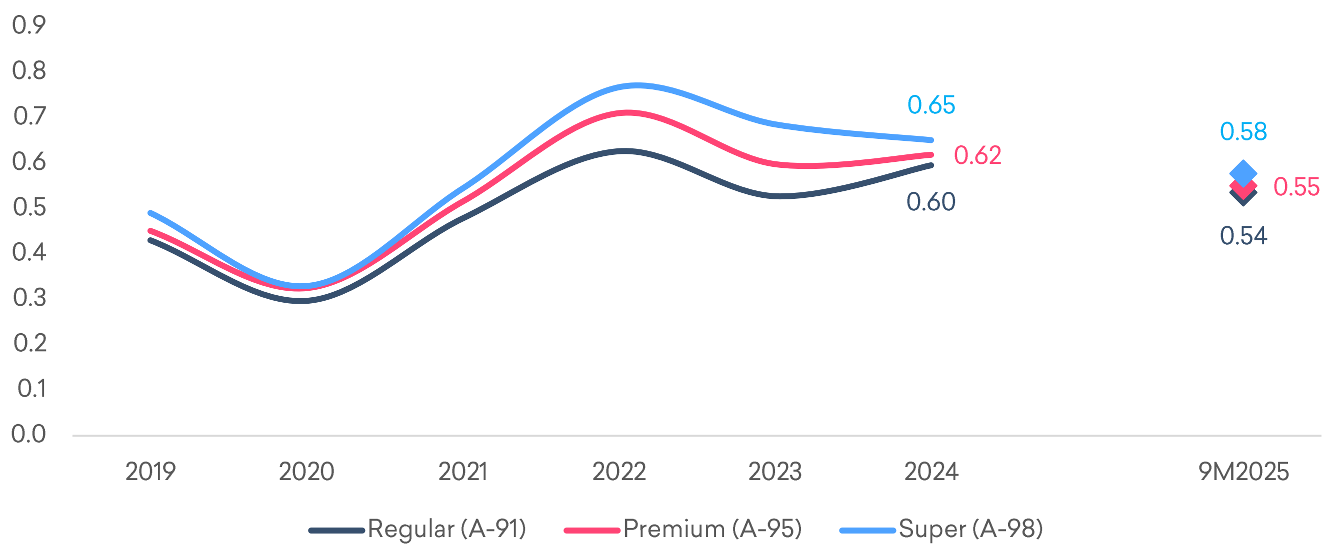


Figure 2. Average gasoline import prices by type, USD/L



Source: Geostat

Diesel imports rebound

Imports of diesel fuel remained relatively stable between 2019 and 2022 but increased significantly over the past two years. Specifically, diesel imports rose by 8.8% year-on-year in 2023 and by 9.4% in 2024, reaching an all-time high of 770 million liters.

Diesel is primarily consumed in heavy machinery, including construction trucks, agricultural equipment, shipping trailers, and distribution vehicles. Therefore, increased economic activity in these sectors is a key driver of higher diesel demand and imports.

The average import price of diesel stood at USD 0.63 per liter in 2024 and has been on a downward trend since peaking in 2022. The price spike in 2022 was largely due to the surge in global crude oil prices following Russia's invasion of Ukraine, coupled with a temporary decline in diesel supplies from Azerbaijan due to technical upgrades at refineries.

Figure 3. Diesel import, million litre

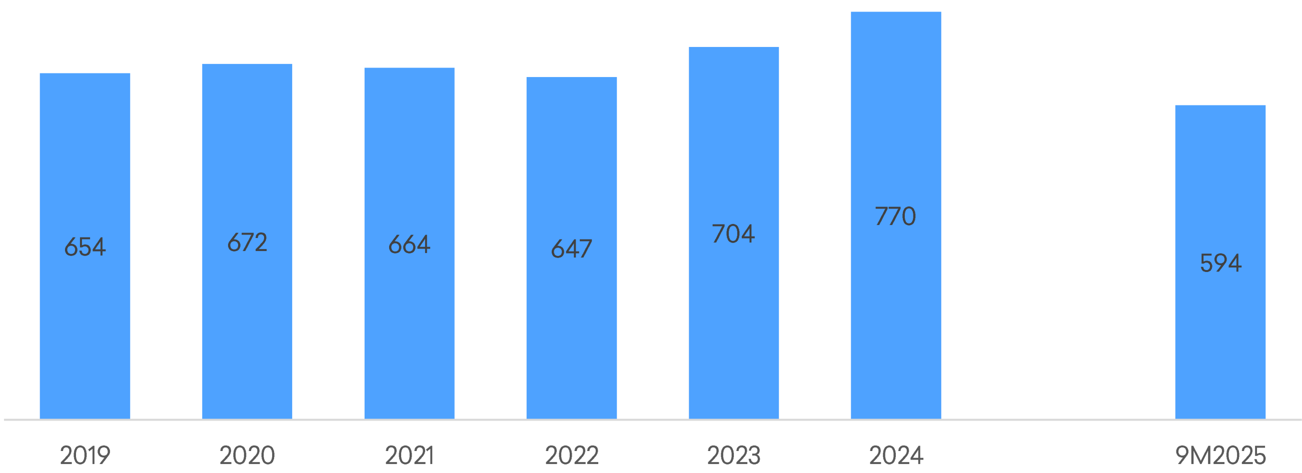
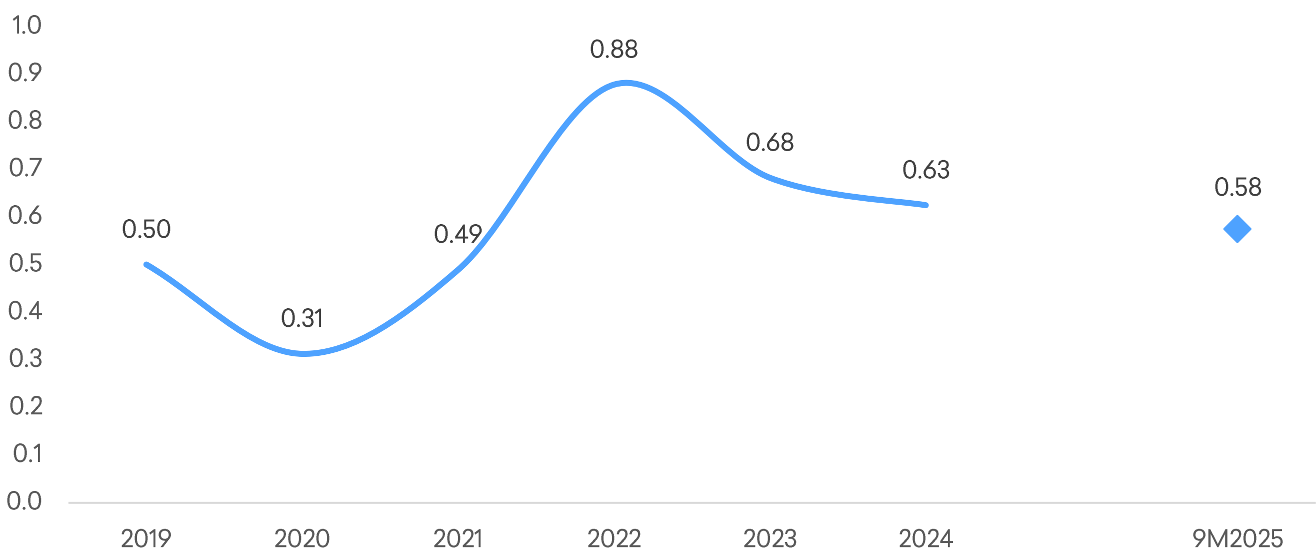


Figure 4. Average diesel import prices, USD/L



Source: Geostat

Main import partners

The trade of oil products is more diversified and access to the sea allows Georgian importers to switch suppliers more easily.

Gasoline is imported mainly from Bulgaria, Russia, and Romania, which together accounted for 82% of Georgia's total gasoline imports in 2024. Due to Russia's gasoline export ban introduced in 2024, the country's share in Georgia's imports declined significantly compared to its 2022-23 shares.

In the case of diesel, Russia supplied 74% of total diesel imports in 2024, a market position that has been strengthening since 2022. However, ongoing export restrictions on gasoline and diesel from Russia may affect future market share dynamics.

Figure 5. Main source countries for imported gasoline

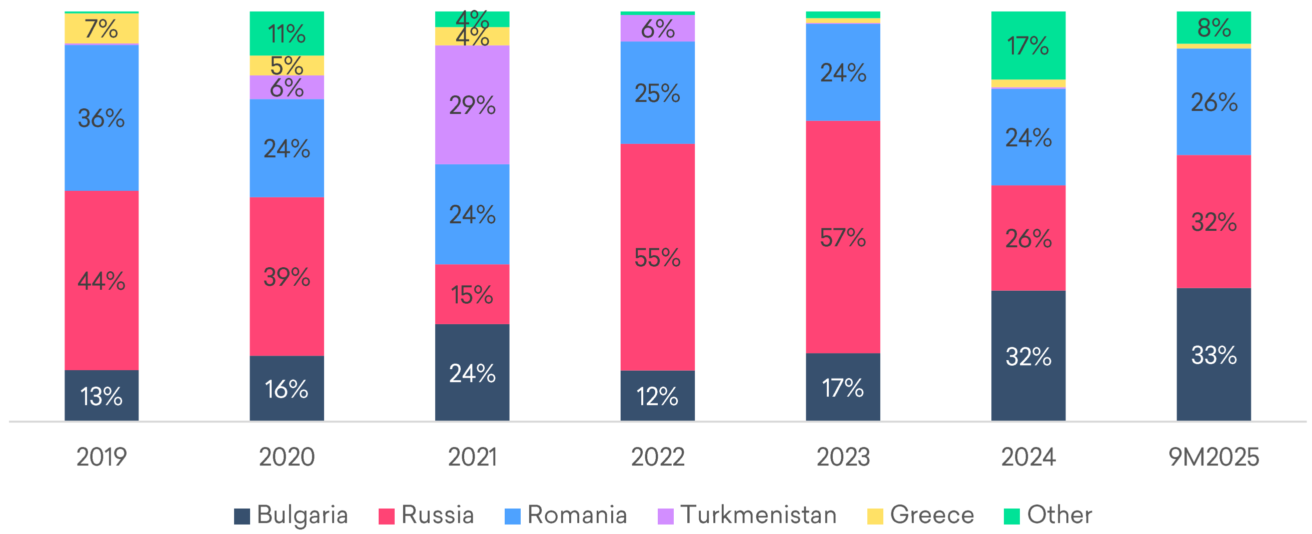
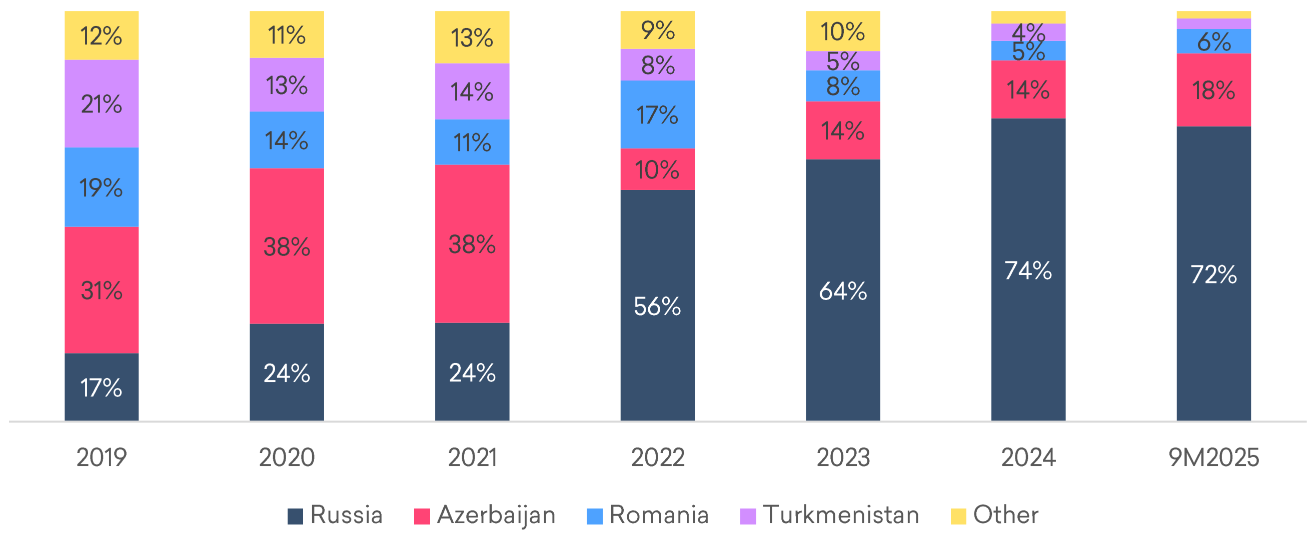


Figure 6. Main source countries for imported diesel



Source: Geostat

Retail fuel prices remain elevated

Fuel prices in Georgia are highly correlated to global oil prices. Fuel prices experienced a notable decline during the COVID-19 lockdown, largely due to a sharp reduction in consumer demand as mobility restrictions were introduced.

A contrasting trend emerged in early 2022. Amid the Russian invasion of Ukraine, global oil markets reacted sharply to fears of supply disruptions, resulting in substantial price spikes. This geopolitical shock drove international fuel prices, and consequently, Georgian retail fuel prices, to higher levels.

Between 2019 and 2021, Georgian prices of diesel and gasoline generally moved in parallel, reflecting similar market dynamics and demand patterns. However, February 2022 marked a turning point as prices surged. Since then, fuel prices have remained elevated, with diesel showing a particularly pronounced increase compared to 2019 levels.

Figure 7. Indexed price change on gasoline and diesel, Dec-18 = 100

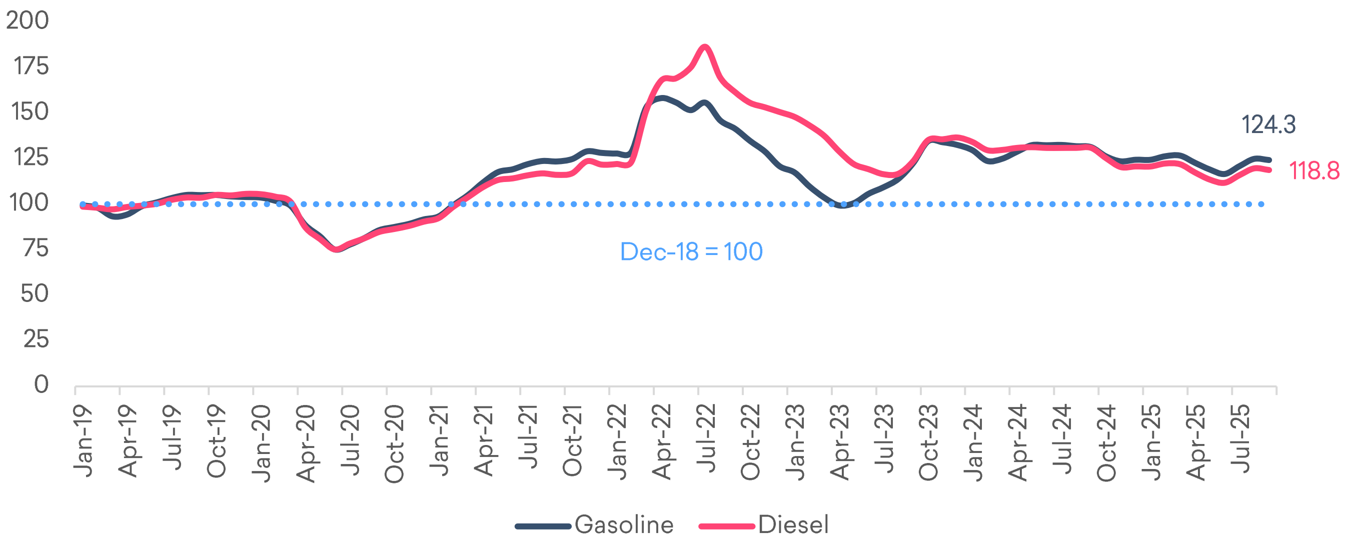
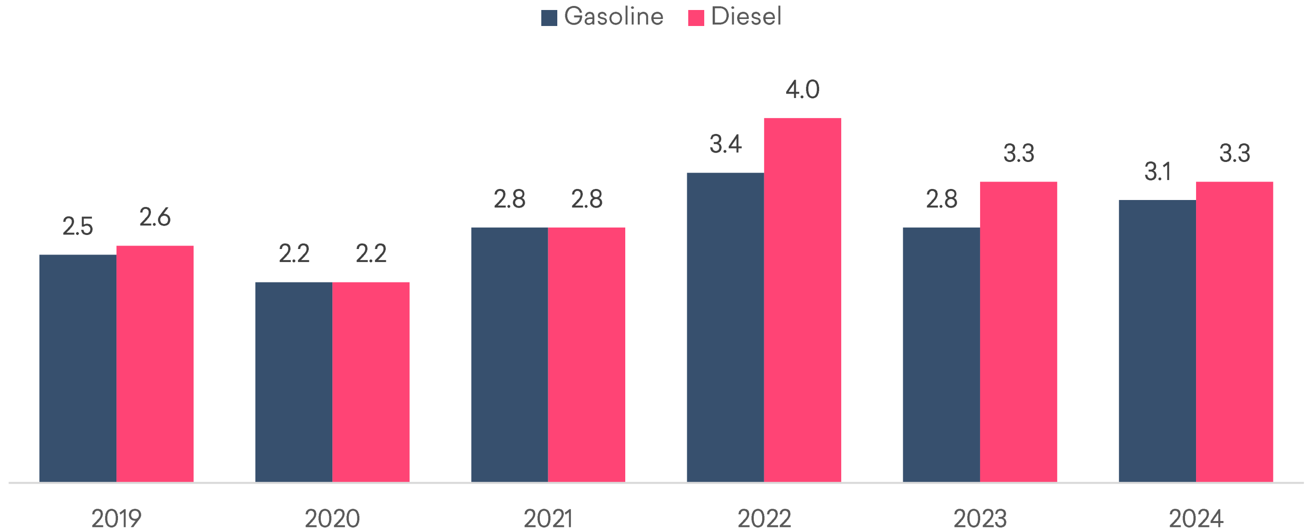


Figure 8. Annual average prices on gasoline and diesel, GEL/L



Source: Geostat, TBC Capital

Price determinants for fuel

Several key factors influence crude oil markets which can be narrowed down to **supply** (OPEC and non-OPEC), **demand** (OECD and non-OECD), **inventories** and **expectations**.

Increasing supply, ceteris paribus, lowers prices on crude and vice versa, however, magnitude of the impact varies.

- OPEC actively manages oil production by setting targets for its member countries. Producing about 35% of global crude, OPEC wields significant influence over prices. It also holds nearly all of the world's spare production capacity, providing a buffer that indicates the market's ability to respond to crises and moderates price volatility. In contrast, non-OPEC producers operate independently, making production decisions based on economic factors and market conditions, primarily to maximize shareholder value. Non-OPEC supply is generally more responsive to market dynamics but has limited spare capacity, making OPEC's role critical in stabilizing global oil prices.
- Global oil demand is strongly driven by non-OECD countries, **where rapid economic and population growth, industrialization, and rising vehicle ownership have fueled increasing consumption**. Non-OECD economies rely heavily on energy-intensive manufacturing and expanding transport networks, making it a key factor in global oil prices. In contrast, OECD countries show slower or declining demand due to efficiency improvements, fuel taxes, and larger service sectors. Energy policies such as efficiency standards and **transport electrification** in developed countries also influence consumption patterns.
- Petroleum inventories serve as a link between current market conditions and expectations about future supply and demand. When traders and producers anticipate stronger future demand or tighter supply, futures prices typically rise relative to spot prices, encouraging inventory build-ups to take advantage of expected higher prices. Conversely, when current demand increases or production falls unexpectedly, pushing spot prices higher, companies draw inventories.

Georgia, as a fuel-importing country, is a price taker in the global oil market. The country does not yet import crude oil for domestic refining, instead Georgia imports refined products. As a result, retail fuel prices in Georgia are highly correlated with international benchmarks.

The final retail price for fuel in Georgian filling stations is determined by several key components:

- **Refined product wholesale price:** Retailers purchase refined products in bulk using a pricing formula agreed between the importer and the foreign supplier. While each supplier may have a slightly different formula, the major component is typically based on international benchmarks such as Platts.
- **Exchange rate:** the contract is made in foreign currency.
- **Net profit margin:** This represents the retailer's profit, which is added on top of the costs to determine the retail price.
- **Other retail costs:** Retailers include additional costs such as distribution, transportation, salaries, and other operational expenses in the final fuel price.
- **Taxes:** Excise duties are applied per ton of fuel. **For gasoline, the excise is GEL 500 per ton (approximately GEL 0.39 per Litre), while for diesel it is GEL 400 per ton (GEL 0.34/L).** On the other hand, VAT is applied to the total price after margins and excise, increasing the final retail price by 18%.

Source: TBC Capital

Georgian automotive fleet keeps expanding

As of September 2025, Georgia's automotive fleet reached 1.9 million vehicles, with gasoline-powered vehicles holding the largest share. Specifically, 64% of the total fleet runs on gasoline, while diesel-powered vehicles account for 23%. Hybrid vehicles represent 12% of the fleet; however, the majority of these hybrids primarily rely on gasoline.

Fully electric vehicles constitute only 1% of the total fleet.

Data indicates rapid growth in first registrations since 2019, followed by a slight decline in 2024. Over this period, a strong shift toward gasoline-powered vehicles has emerged. In 2019, gasoline vehicles accounted for 39% of first registrations, followed by diesel at 30% and hybrids at 29%. By 2024, the share of gasoline vehicles had risen significantly to 56%, and this upward trend continued into the first nine months of 2025, when gasoline-powered vehicles constituted 61% of newly registered vehicles.

Figure 9. First registered vehicles by fuel type, '000 units

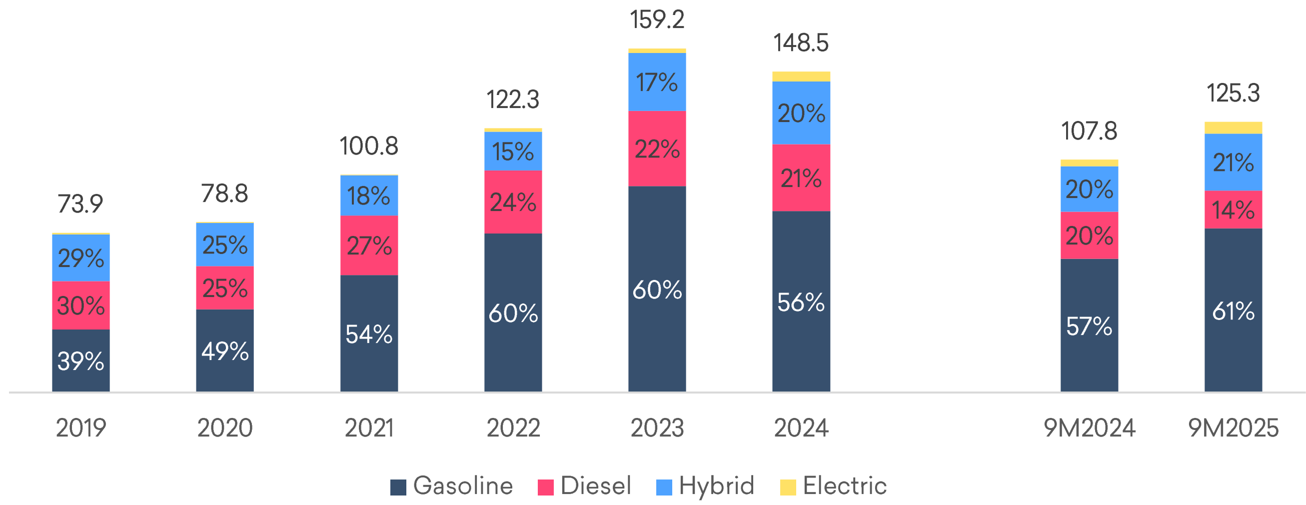
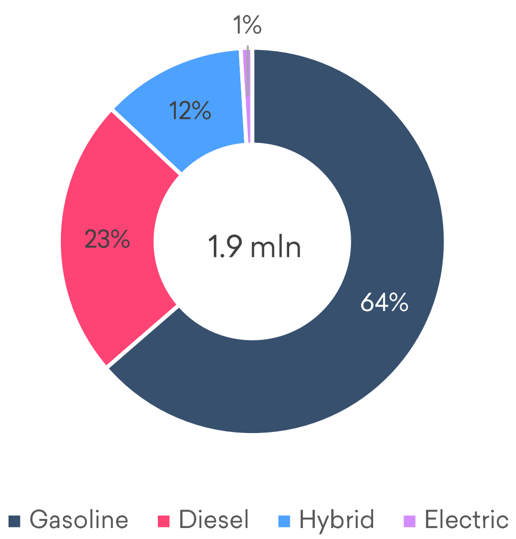


Figure 10. Georgian automotive fleet by fuel type (as of Sept-2025)



Source: Ministry of Internal Affair, TBC Capital

Key retail market players

In 2024, the combined revenue from gasoline and diesel sales for the five major retailers amounted to GEL 3.3 billion, representing a 33% annual increase. All companies in the sample recorded YoY revenue growth, driven by both higher prices, particularly for gasoline, and an increase in the volume of units sold.

Within the organized market, Wissol holds the largest, 26% of the market share and has been gradually strengthening its position since 2022.

Lukoil holds 23% market share based on revenue, however, a significant portion of Lukoil's income comes from wholesale trade of gasoline and diesel. Recent sanctions on Lukoil PJSC, the ultimate owner of Georgian subsidiary, will force the company to sell its assets to continue operations.

The average gross profit margin reached 10% in 2024, marking an annual increase by 1 percentage point.

Figure 11. Revenue form gasoline and diesel sales, '000 GEL

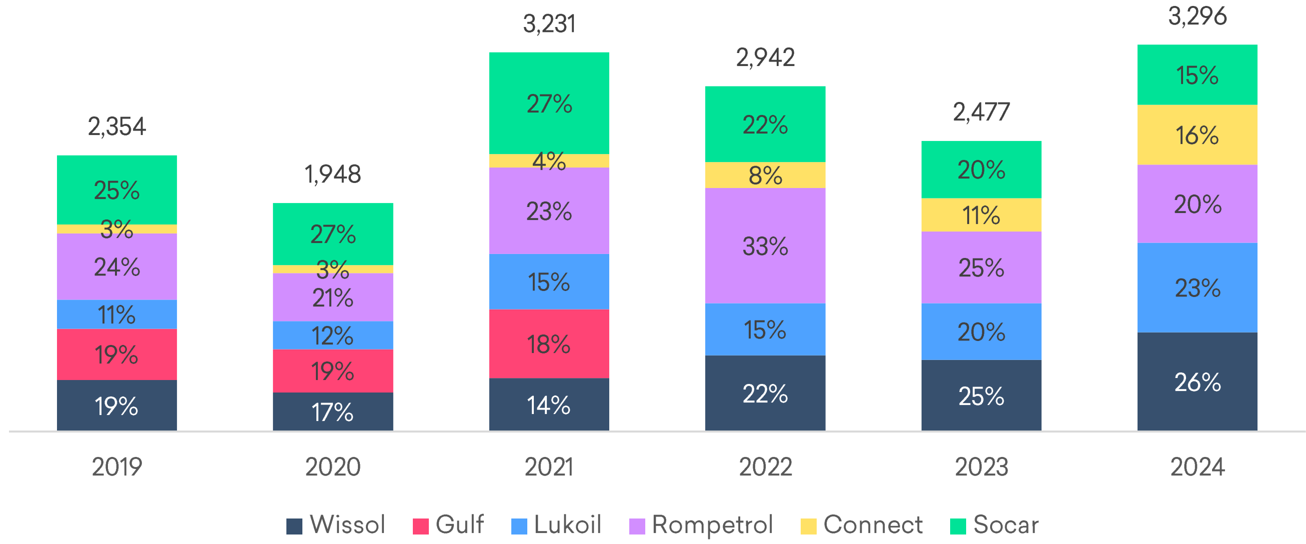
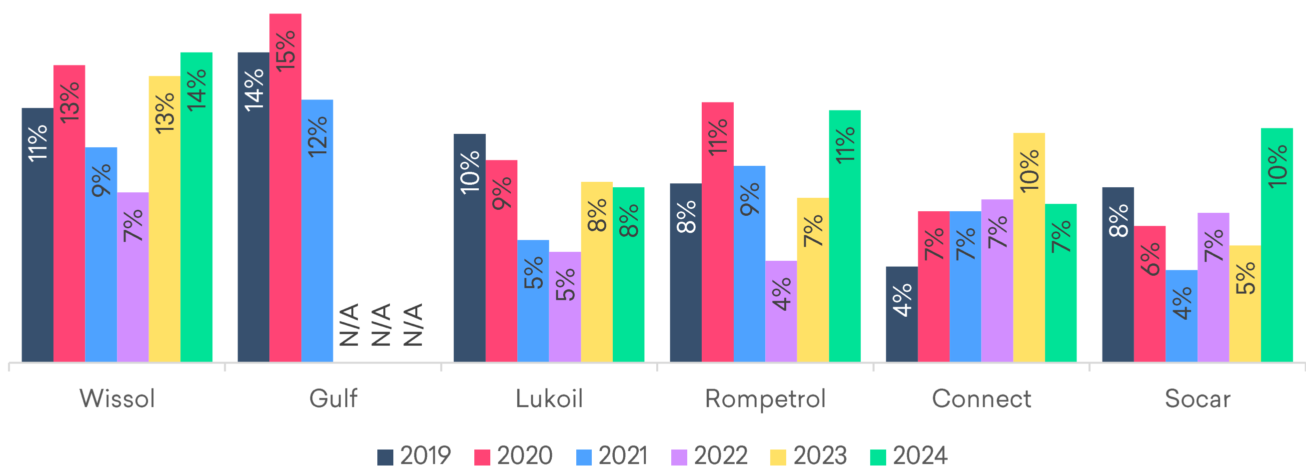


Figure 12. Gross profit margins of major fuel providers (excl. natural gas and convenience stores), %



Source: SARAS, TBC Capital; Note: figures for LLC Sun Petroleum Georgia (Gulf) are not available from 2022.

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