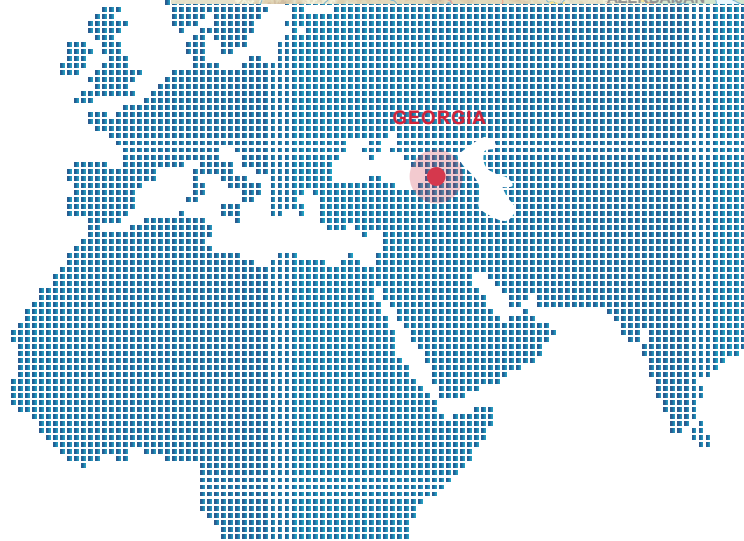




INVESTMENT CLIMATE & OPPORTUNITIES IN GEORGIA

GEORGIAN NATIONAL INVESTMENT AGENCY
2016

GEORGIA - COUNTRY OVERVIEW



Area:	69,700 sq km	GDP 2015 (E) :	USD 14 billions
Population:	3.7 mln	GDP real growth rate 2015 (E):	2.8%
Life expectancy:	75 years	GDP CAGR 2010-2015 (GEL) (E):	4.9%
Official language:	Georgian	GDP per capita 2015:	USD 3743
Literacy:	100%	Inflation rate 2015:	4%
Capital:	Tbilisi	Total Public Debt to Nominal GDP (%) 2014 :	35.5%
Currency (code):	Lari (GEL)		

ADVANTAGES OF INVESTMENT CLIMATE IN GEORGIA

- A politically stable investment destination
- Efficient, pro-business and corruption-free government
- Enlargement of market size by Free Trade Agreements
- Competitive cost of labor and energy
- Entry gate in the region
- Solid sovereign balance sheet
- Stable banking sector
- 16th most secured country in the world
(Global Competitiveness Index -2015/2016)

FitchRatings

BB- Stable

**STANDARD
& POOR'S**

BB- Stable

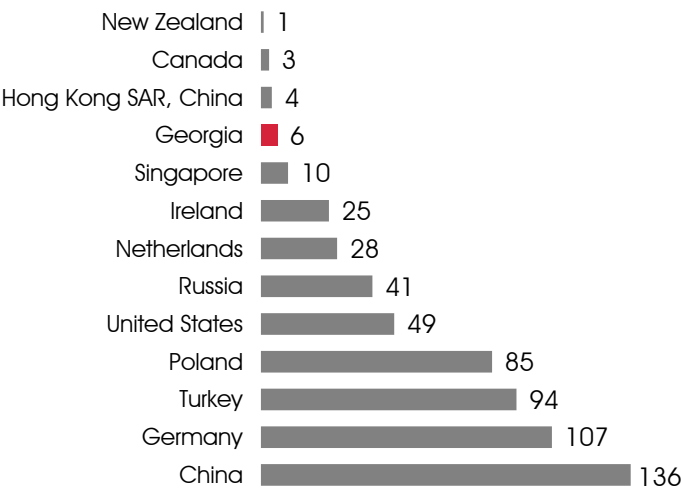
MOODY'S
INVESTORS SERVICE

Ba3 Stable

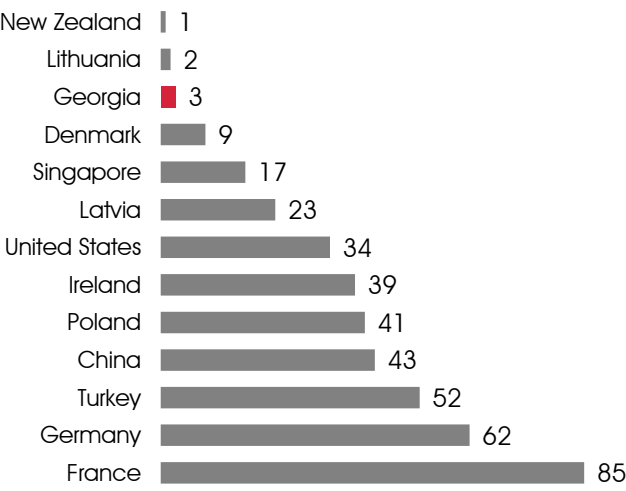
DOING BUSINESS IN GEORGIA

Country’s impressive progress in improving business climate has been well documented in a number of international indices

STARTING A BUSINESS



REGISTERING A PROPERTY

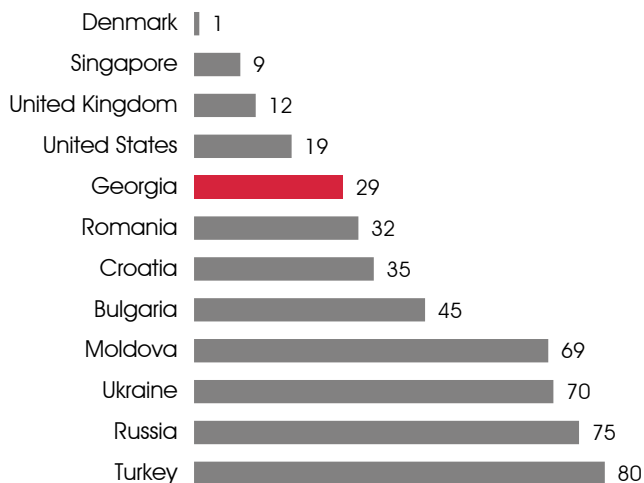


Source: *World Bank, Ease of Doing Business 2016*
(Rank out of 189 countries)

BUSINESS CLIMATE IN GEORGIA

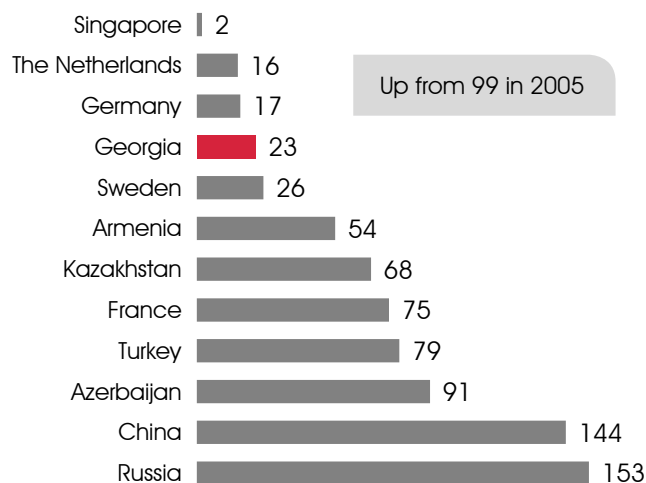
Liberal and free market oriented economic policy strengthened by the rule of law

RULE OF LAW INDEX



Source: *The World Justice Project, Rule of Law Index 2015*
(Rank out of 102 countries)

INDEX OF ECONOMIC FREEDOM

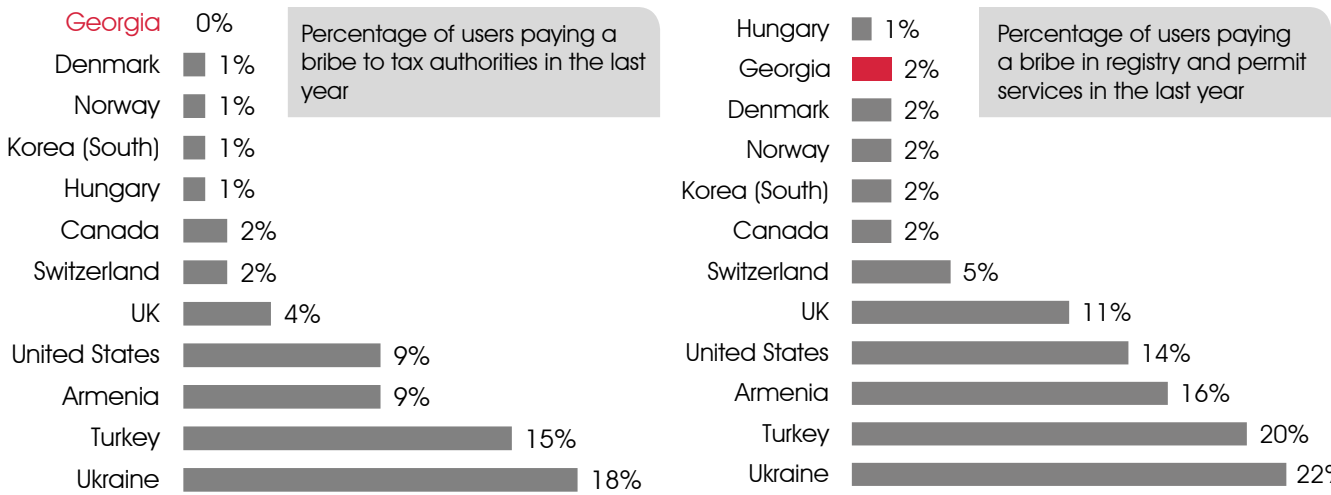


Source: *The Heritage Foundation, Index Of Economic Freedom 2016* (Rank out of 178 countries)

CORRUPTION FREE COUNTRY

Georgia is considered as an essentially corruption-free investment destination

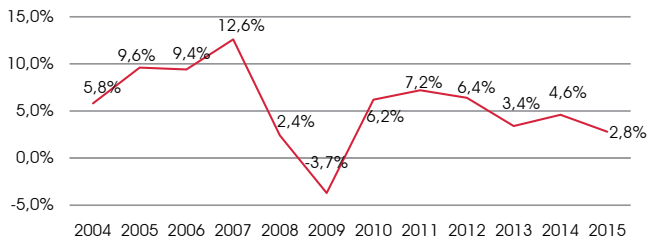
GLOBAL CORRUPTION BAROMETER



Source: *Transparency International, Global Corruption Barometer 2013 (Latest report)*

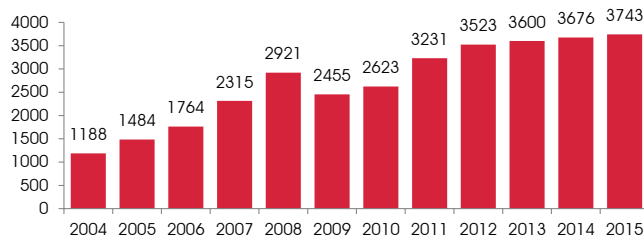
ECONOMIC STRUCTURE AND TRENDS

REAL GDP GROWTH RATE, Y-O-Y (%)



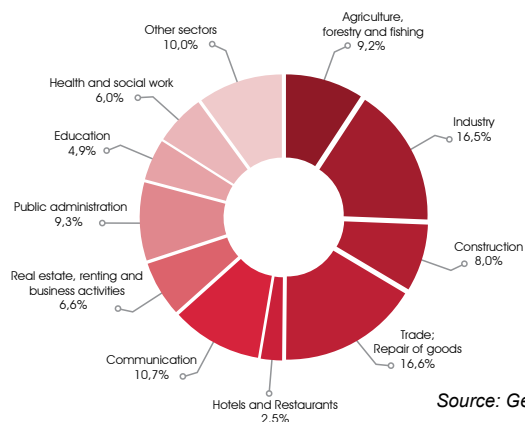
Source: Geostat, MOF

GROWING GDP PER CAPITA (USD)



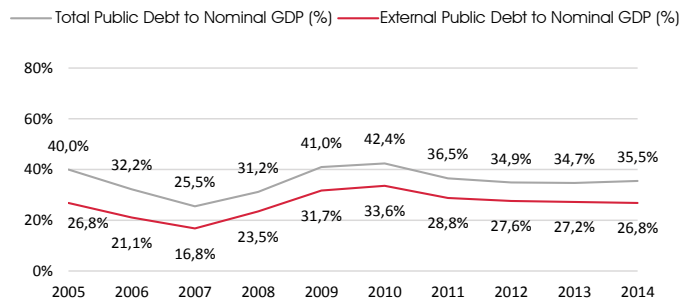
Source: Geostat, MOF

DIVERSIFIED NOMINAL GDP IN 2015



Source: Geostat, MOF

FAVORABLE PUBLIC DEBT SITUATION

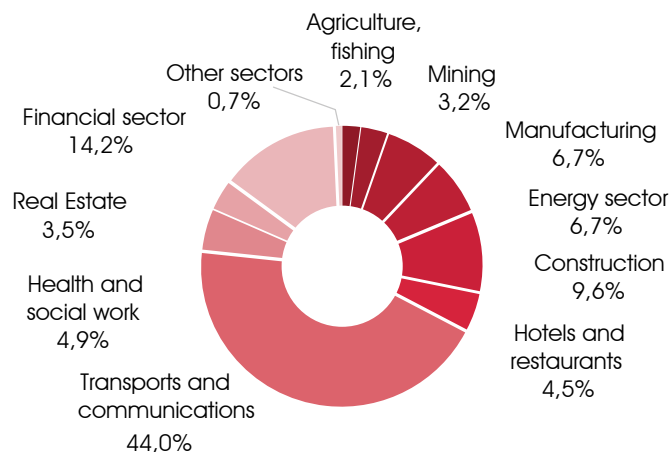


Source: Geostat, MOF

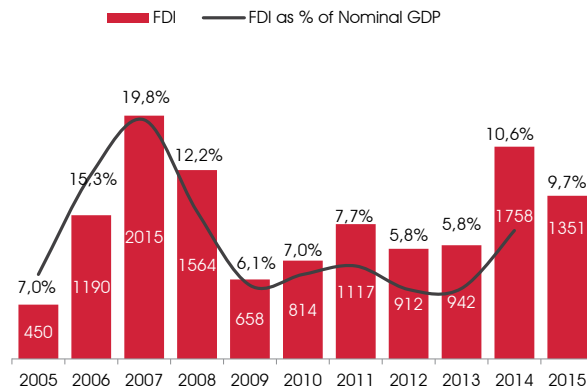
FOREIGN DIRECT INVESTMENT

- Georgia has signed Bilateral Investment Treaties (BIT's) with 32 countries and is member of ICSID Convention since 1992
- FDI amounted to USD 1758 millions in 2014 , which is 87% increase compared to last year. Preliminary number of 2015 FDI is USD 1351 millions

FDI BREAKDOWN BY SECTORS 2015



FDI BY YEARS



PREFERENTIAL TRADE REGIMES

- Free Trade Agreement (FTA) with Turkey and CIS countries (Russia, Ukraine, Kazakhstan etc.)
- Deep and Comprehensive Free Trade Agreement (DCFTA) with EU was signed on June 27, 2014
- Generalized System of Preferences (GSP) agreement with USA, Norway, Switzerland, Canada, Japan
- Member of WTO
- Very simple and service oriented customs policy and administration – customs clearance in 15 minutes
- 80% of goods are free from import tariffs
- No quantitative restrictions



TAXATION IS SIMPLE, LOW, EFFICIENT AND FAIR

Number of Taxes	6
Corporate Profit Tax	15%
Personal Income Tax	20%
VAT	18%
Customs/Import Tax	0%, 5% or 12%
Excise Tax	Depends on goods
Propoerty Tax	Up to 1%

- No payroll tax or social security tax
- No capital gains tax
- No wealth tax and inheritance tax
- Personal income tax for interest, dividend, royalty – 5%
- Foreign-source income of individuals fully exempted
- Accelerated depreciation on capital assets
- Loss carry forward for corporate profit tax purposes (10 years)
- No restrictions on currency convertibility or repatriation of capital & profit
- Double taxation avoidance treaties with 52 countries

GEORGIA HAS YOUNG, SKILLED & COMPETITIVELY PRICED LABOR FORCE

UNEMPLOYMENT RATE

12.4%

Down from 16.3 in 2010

YOUNG LABOR

50%

*of unemployed population
are in the 20-34 age
category*

AVERAGE MONTHLY SALARY IN 2015

410USD

*including white and blue
collar workers*

LABOR FREEDOM INDEX

**26th
Globally**

*Source:
Heritage Foundation*

- All ILO core conventions are ratified by Georgia.
- Vocational Education Training Centers around Georgia provide professional courses in different types of practical subjects and most of the course's fees are financed by the Government of Georgia.

- Georgia has 72 higher educational institutions and over 100 professional education centers
- Georgia has literacy rate of 99.8 % and 92 % of population with at least secondary education.

TRANSPORT NETWORK IN GEORGIA

Poti seaport

- 15 berths, 8-11m draft
- Container(325k TEU) oil products (2 mln.t) / bulk (6.8 mln. t/year)
- APM terminals
- New ICT

Batumi seaport

- 11 berths, 1 offshore, 9-12m draft
- Oil/products (15mln. t/year), bulk (2mln. t/year), containers(100k TEU)
- JSC KazTransOil

Kulevi oil terminal

- Crude oil, petroleum, and lubricants (5mln. t/year capacity)
- State Oil Company of Azerbaijan

Supsa oil terminal

- Crude oil and petroleum, capacity 8mln t/year
- Offshore loading facilities

New Deep-sea port

- 18-20m natural draft
- First three phase: Dry bulk (40mln tons)
- Up to USD 1.5 bln investment volume

Railway:

- Infrastructure: 1 326 km (94% electrified);modernization in progress (capacity: 30mln t/year)
- Main line Length: 527 km (100% electrified)
- New railway line Baku-Tbilisi-Kars (BTK) linked to Turkish railway networks: 180 km (capacity: 5-15 mln. t/year)

Main Road Network:

- 1 603 km international roads (21 301 km all roads)
- 150 km new Highway constructed

Tbilisi international airport

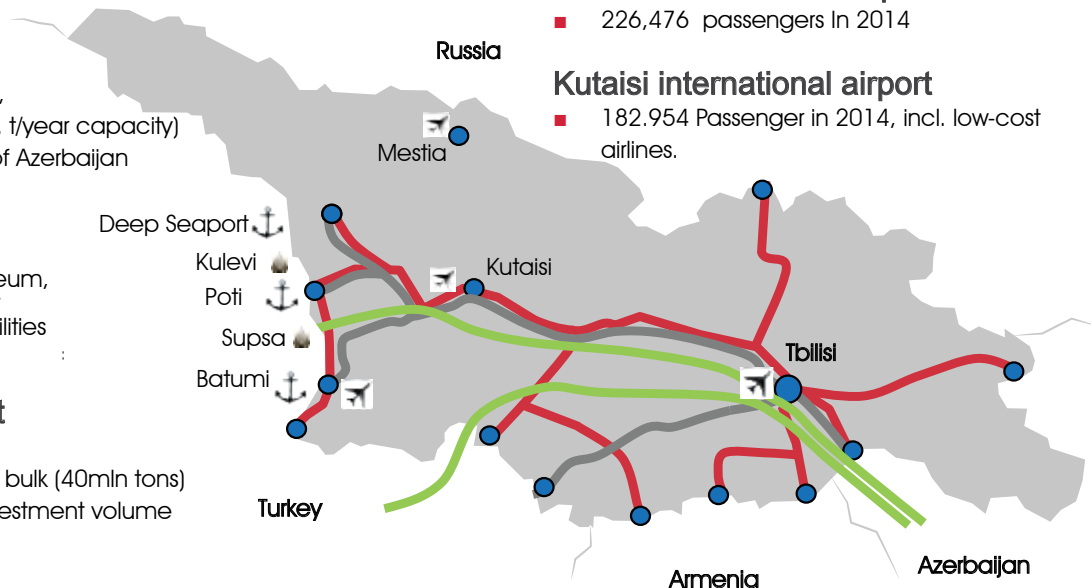
- 1,847,111 passengers in 2015/capacity: 3 million passengers
- Serving 35 destinations

Batumi international airport

- 226,476 passengers In 2014

Kutaisi international airport

- 182.954 Passenger in 2014, incl. low-cost airlines.



Oil/Gas Pipelines

- Baku-Supsa (7 mln t/year)
- Baku-Ceyhan (45mln t/year)

INCENTIVES

FREE TOURISM ZONES

Georgia has two unique Free Tourism Zones in Anaklia and Kobuleti

Government offer:

- Free Land
- Profit and Property Tax Exemptions for 15 Years
- Free Casino License for Hotel with over 80 Rooms

FREE INDUSTRIAL ZONES

- Four Free Industrial Zones (FIZs) operate in Poti (port city), Kutaisi (third largest city) and Tbilisi (capital)
- If a company produces goods for export in FIZ, it is exempt from all taxes except Personal Income Tax (20%), which is paid from employees' salaries

PRODUCE IN GEORGIA

Mission: supporting of manufacture and agriculture industries

Government offer:

- Subsidies for loan interest payment
- Free lands/buildings for factory construction

AGRICULTURE AND FOOD PROCESSING INCENTIVES

Mission: supporting development of new agriculture projects

Government offer:

- Subsidies for loan interest payment
- Grants for food processing factories

ACCESS TO FINANCE

PARTNERSHIP FUND

- 100% state owned investment fund
- Operating fields: Energy; Hospitality & Real Estate, Manufacturing, Agribusiness
- Finances up to 49% of equity in new investment projects
- Pre-defined exit strategy

GEORGIAN ENERGY DEVELOPMENT FUND

- 100% state owned Joint Stock Company
- Mission: realization of country's alternative energy projects
- Finances up to 30% equity in energy projects
- Exit option after commissioning

GEORGIAN CO-INVESTMENT FUND

- USD 6 billion private equity fund
- Investment sectors: Energy & Infrastructure, Hospitality & Real Estate, Manufacturing, Agriculture, Logistics
- Minimum Project Size: USD 5 M
- GCF equity stake in projects: 25%-100%

INTERNATIONAL FINANCIAL ORGANIZATIONS

- European Bank of Reconstruction and Development (EBRD)
- International Finance Corporation (IFC)
- Asian Development Bank (ADB)
- European Investment Bank (EIB)



INVESTMENT OPPORTUNITIES IN GEORGIA



ENERGY



AGRICULTURE & FOOD



HOSPITALITY & REAL ESTATE



REGIONAL LOGISTICS CORRIDOR



MANUFACTURING



BUSINESS PROCESS OUTSOURCING

OVERVIEW OF GEORGIA'S ENERGY SECTOR

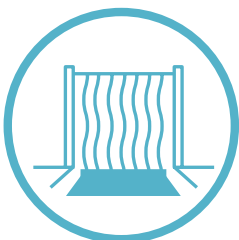


CURRENT MARKET AND STRONG DEMAND GROWTH PROSPECTS

- In 2015 electricity generation reached 10.8 TWh, of which hydropower accounted for 78% and thermal - 22%
- Domestic Demand growth, which is expected to grow in line with GDP, requires an extension of power generation by around 65% until 2025
- Georgia is surrounded by countries with a projected structural power deficit or expensive power generation, opening up attractive export opportunities

HUGE UNTAPPED POTENTIAL

- 75% of economically viable hydropower potential not yet exploited (Approximately 25TWh)
- Over 60 potential HPP projects (<100MW) on the Pre-feasibility Study Level with Financial and Technical projection are available for investors
- In addition to hydro, there is considerable generation potential from wind, solar and other renewable sources



LIBERALIZED AND DEREGULATED MARKET

- Renewable projects are based on Build-Own-Operate (BOO) principle
- No tariff set for the newly built Renewable energy Plants - investor is free to choose the market and negotiate the price
- New and simplified rules for development of renewable energy projects

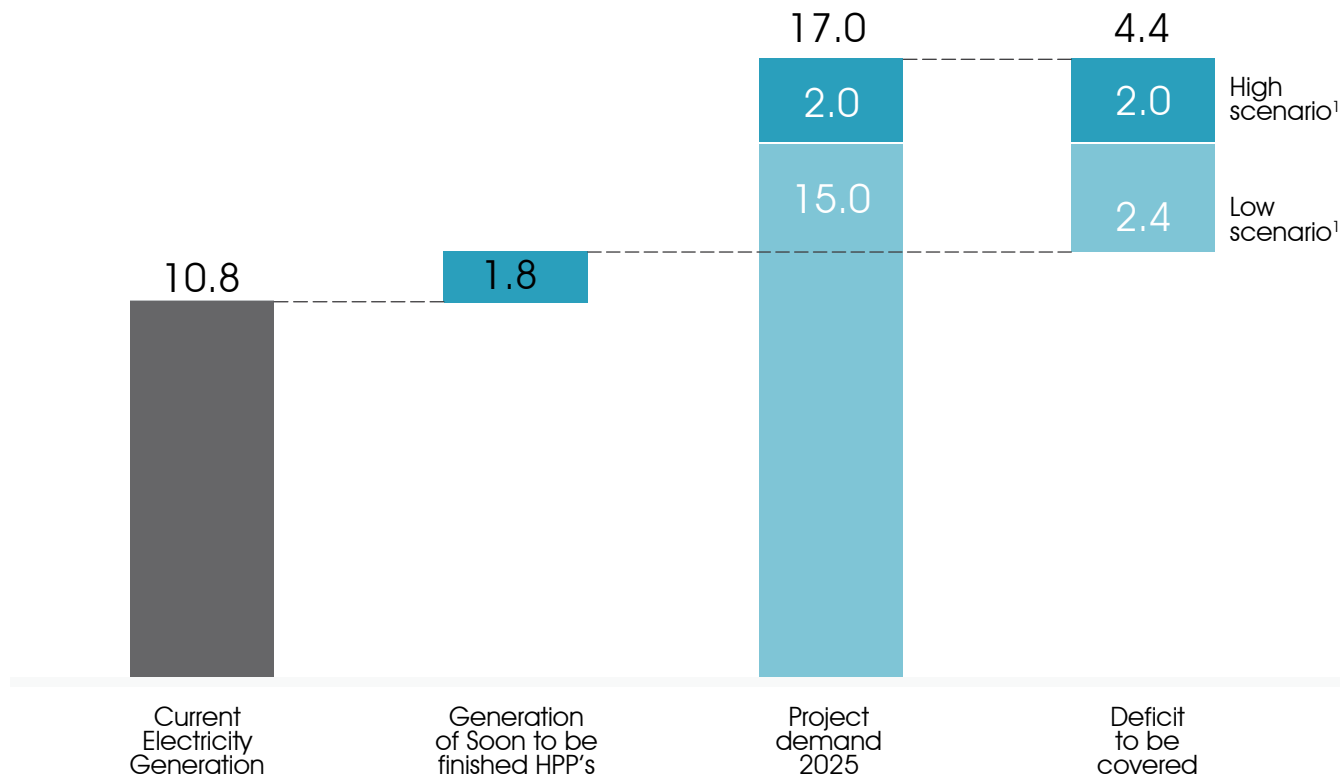


SOME LARGE PROJECTS ARE ALREADY UNDERWAY AND EVEN MORE ARE COMING

- 17 HPP Projects Under construction - installed capacity of 820 MW (7 HPPs started in 2015)
- Construction of 14 HPP Projects will commence in 2016 - installed capacity of up to 1,900 MW
- 26 HPP Projects are under feasibility studies with construction liabilities - installed capacity of up to 1010 MW

DOMESTIC DEMAND GROWTH REQUIRES AN EXTENSION OF POWER GENERATION

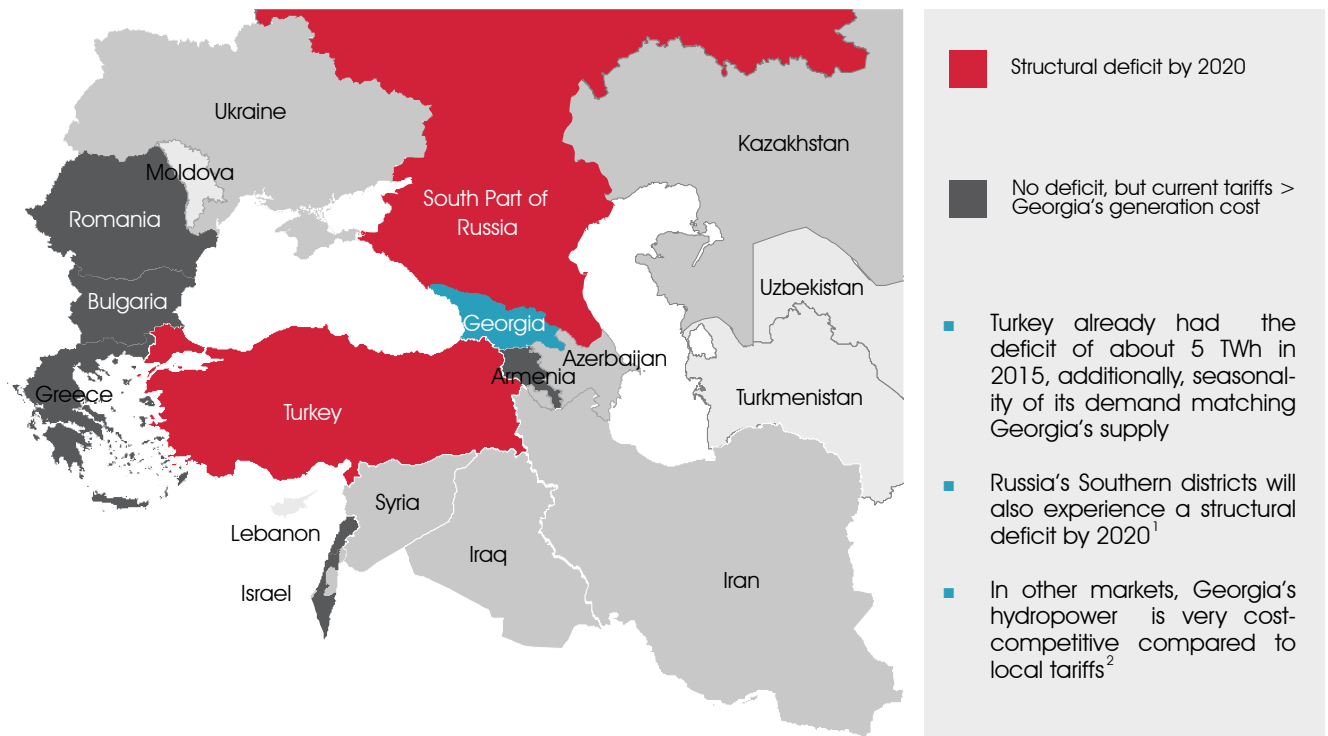
DOMESTIC DEMAND AND SUPPLY PROJECTIONS



- Georgia's demand for electricity is increasing in line with expected GDP growth, requiring more HPP generation capacity
- Even after completing HPPs that are under development, demand will be higher than supply

¹ High scenario assumes 5% CAGR of demand, low scenario assumes 3.5%

GEORGIA IS SURROUNDED BY COUNTRIES WITH A STRUCTURAL POWER DEFICIT OR EXPENSIVE POWER GENERATION



1 Assuming current consumption and supply pattern

2 This does not even include countries with heavily subsidized electricity generation (e.g. Azerbaijan, Kazakhstan)

INVESTMENT OPPORTUNITIES

HYDRO POWER

- Georgia is one of the top countries in terms of water resources per capita
- Today 78% of total electricity is generated from Hydro Power Plants
- Georgia could produce additional 25 TWh annually with hydro resources alone.
- There are over 60 potential HPP projects on the Pre-feasibility Study Level with Financial and Technical projection ready for investors
- New HPPs have priority access to transmission line to Turkey
- Generation and Export activities are exempted from VAT
- HPPs smaller than 13 MW don't need generation license
- HPPs smaller than 2 MW don't need the Environmental Impact Permit



OTHER RENEWABLE SOURCES

WIND

- Wind potential of Georgia is estimated at 4 TWh
- Wind power is very important because of higher generation during winter.
- It's estimated that share of wind power in total generation will reach 10% by year 2025.



GEOTHERMAL

- Georgian geothermal water reserves reach 250 mln. m3 per year.
- There are more than 250 natural and artificial water channels where the average temperature of geothermal waters ranges from 30 to 110 C

SOLAR

- In most regions of the country there are 250-280 sunny days in a year, which is approximately 6,000-6,780 hours per year

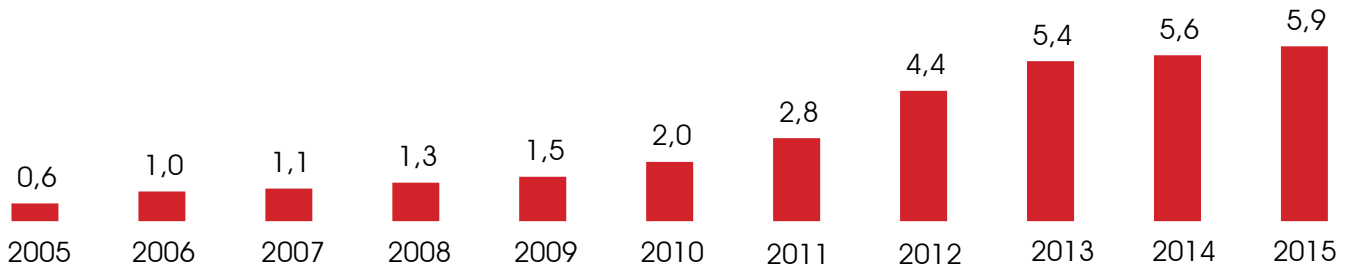


WHY TO INVEST IN HOSPITALITY & REAL ESTATE IN GEORGIA

- Continuous Increase of International Visitors – 23% average annual growth of international visitors for last five years
- Unique Nature and Culture
- Various Type of Resorts and Investment Opportunities
- No Real Estate Ownership Restrictions
- Governmental Incentives Available
- Visa Free Regime with 94 Countries
- 16th most secured country in the world
(Source: Global Competitiveness Index -2015/2016)



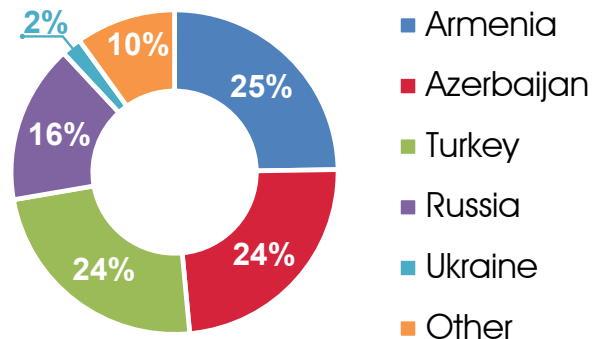
NUMBER OF INTERNATIONAL VISITORS HAS BEEN GROWING RAPIDLY



Source: Georgian National Tourism Administration


- Georgia has proved to be a highly desirable location for the hospitality and real estate sector
- Average duration of stay - 5 nights, average spend - USD 650
- Number of international tourists' arrivals is expected to grow by 8-10% during the next five years (Source: Colliers international)

Top Countries by International Arrivals in 2015



HOSPITALITY & REAL ESTATE INVESTMENT OPPORTUNITIES

- Home to more than 12,000 historical and cultural monuments including several UNESCO World Heritage Sites
- 8 national parks and 84 different categories of protected areas

"SUN-BEACH" RESORTS	WINTER SKI RESORTS	FOUR SEASON RESORTS	MEDICAL & WELLNESS RESORTS	GAMBLING
				
Mixed and all inclusive sea-side resorts	Winter resorts with wide range of activities including free ride and heli-skiing	Majestic landscapes allow four season tourism activities	Unique water and mud resources provides opportunities for SPA resort development	Development of large-scale integrated casino complex
<ul style="list-style-type: none">■ Batumi■ Gonio■ Anaklia■ Kobuleti■ Other Black Sea locations	<ul style="list-style-type: none">■ Mestia■ Bakuriani■ Gudauri■ Goderdzi	<ul style="list-style-type: none">■ Mestia■ Bakuriani■ Goderdzi■ Kazbegi, etc.	<ul style="list-style-type: none">■ Tskhaltubo■ Akhtala■ Borjomi■ Abastumani, etc.	<ul style="list-style-type: none">■ Batumi■ Anaklia■ Tbilisi■ Tskaltubo■ Bakuriani■ Sighnaghi■ Kobuleti, etc.

OVERVIEW OF GEORGIA'S MANUFACTURING SECTOR

- Growing regional market - Companies operating in Georgia can benefit from the growing regional market and various regional import substitution opportunities
- Access to 900 million markets without Customs Duty - Georgia has Free Trade Agreements (FTA) with Turkey and post-soviet countries, and Deep and Comprehensive Free Trade Agreement (DCFTA) with EU
- Competitive labor costs - the average monthly salary in manufacturing industry was 355 USD (2015) including white and blue-collar workers
- Low utility costs - currently up to 80% of power is generated via hydropower plants, leading to cheaper energy cost. Standard cost for 1 kwh is 6 USD cents for 30-110 kV high voltage electricity
- 4 Free Industrial Zones (FIZ) - In FIZ, businesses are exempt from all taxes except Personal Income Tax (20%), which is paid from employees' salaries



OPPORTUNITIES:

- Large import overhang on goods that are not usually traded extensively between the countries, provides regional import substitution potential in food processing, paints and coatings, construction materials, washing and polishing preparations, household goods etc.
- Georgia's current advantages in terms of handling large transshipment flows, business stability, low cost of power generation, existing raw materials and intermediate products provide opportunities for large industrial projects, such as production of iron, aluminum and steel products.

SEVERAL HIGHLY ATTRACTIVE REGIONAL PRODUCTION OPPORTUNITIES



CHEMICALS

- Paints, varnishes and other coatings
- Washing, cleaning and polishing preparations
- Nitrogen fertilizers
- Perfumery and cosmetics



PLASTICS

- Packaging materials
- Tubes, pipes and hoses
- Other articles of plastics



CONSTRUCTION MATERIALS

- Articles of stone, plaster, cement, asbestos, concrete and similar materials
- Glass fibres and articles thereof



OTHER SECTORS

- Ceramic products - tiles, sanitary ware, refractory bricks
- Glass - windows and glassware
- Furniture

OPPORTUNITIES ARISING FROM GEORGIA'S TRANS-SHIPMENT FLOWS AND RESOURCES

OPPORTUNITIES

CURRENT ADVANTAGES TO BE LEVERAGED

POTENTIAL FOR GEORGIA



STEEL PRODUCTION

- Georgia mines Manganese ore
- Georgia produces ferro alloys, largely for export (USD 195 mln)
- Large imports of iron and steel products to Georgia (USD 290 mln) and neighboring countries

- Vertical integration of value chain by adding production of iron and steel and related end products
- Regional import substitution



ALUMINIUM PRODUCTION

- Large transshipment flows of raw materials (alumina) and aluminium cross Georgia to/from Tajikistan (largest aluminium plant in Central Asia)
- A lot of water resources and low cost of hydropower generation

- Value chain integration
- Production of aluminum
- Production of aluminum products (cans and other packaging materials, construction materials, wires and cables)



COPPER

- Georgia and Armenia export copper ores, copper waste and scrap
- Trade deficit of copper products (alloys and final products e.g. wire, tubes, pipes) amounts to USD ~50 mln in the South Caucasus countries

- Production of copper alloys and end products (regional import substitution)

WHY TO INVEST IN AGRICULTURE AND FOOD PROCESSING



MARKET SIZE

- Rapidly growing local and regional demand
- Strong preference of consumers toward Georgian products
- DCFTA (Deep and Comprehensive Free Trade Agreement) with EU
- FTA with Turkey and CIS countries



ADVANTAGES

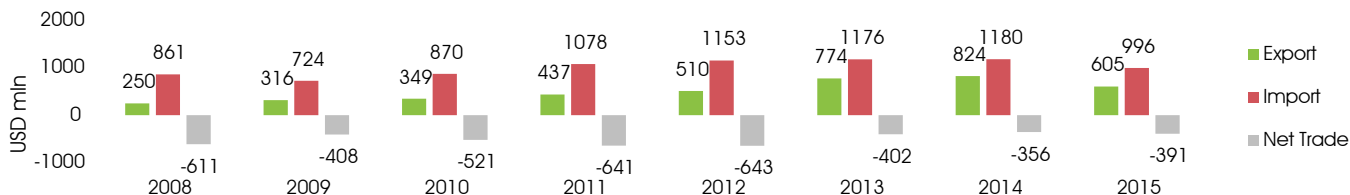
- Ecological clean environment
- 22 microclimates varying from cool and dry to warm and humid
- Longer than normal harvesting season and a wide range of growing conditions
- Large quantity of renewable water
- Pure, rich and pesticide-free soil
- Cheap labor and low utility costs



SUPPORT FROM THE GOVERNMENT

- Financial support
- Technical support
- Infrastructural support

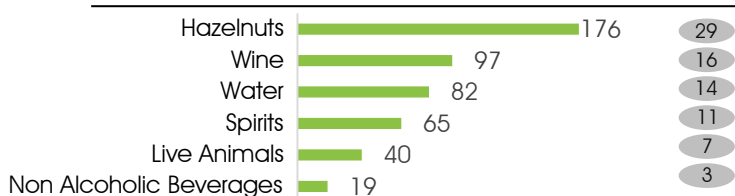
TRADE OF PRIMARY AND SECONDARY AGRICULTURAL PRODUCTS



TOP EXPORTS

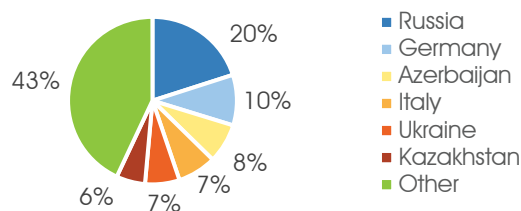
2015, USD millions

Percent



EXPORTS BY COUNTRY

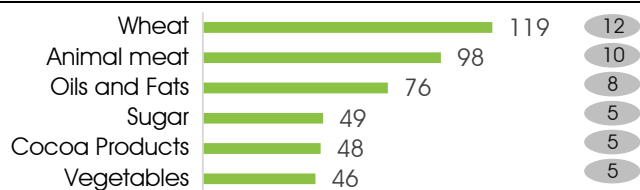
2015, percentage



TOP IMPORTS

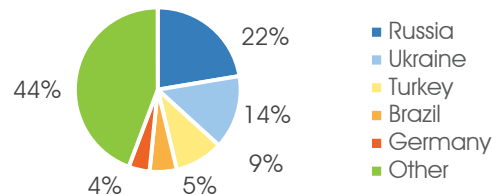
2015, USD millions

Percent



IMPORTS BY COUNTRY

2015, percentage



INVESTMENT OPPORTUNITIES

HIGH-TECH GREENHOUSE FARMING

- High seasonality of local production
- Up to 100% increase of prices during off seasons for vegetables, lasting 6-7 month
- Available suitable areas and ready projects for energy-efficient farming

WINE AND SPIRITS

- 8 000 years of continuous wine making tradition
- 525 indigenous grape varieties
- Experience and knowledge in wine, brandy and vodka production
- In 2015 export of wine and spirits was USD 97 and 65 millions respectively

DAIRY PRODUCTS

- High and growing demand on milk and other dairy products
- Georgian producers can only supply around 85% of local demand
- Import of dairy products reached 42 million USD in 2015
- Delicious taste of Georgian dairy products

FISH FARMING, AQUACULTURE

- Aquaculture developing opportunities on a black sea shore
- Aquaculture developing opportunities in numerous inland lakes and reservoirs
- Import of fish in 2015 was 34 million USD

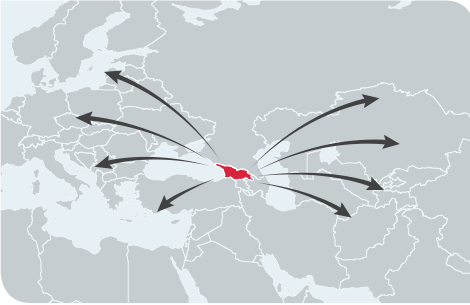
FRESH AND MINERAL WATERS

- High quality and a good taste
- Already established brands, popular in CIS and other countries
- In 2015 export reached 81 million USD
- Opportunities to obtain license of springs from the Government

LIVESTOCK AND POULTRY FARMING

- Demand on meat consumption has an increasing trend
- High percentage of consumed meat is an imported product
- Import of fresh and frozen meat reached 98 million USD in 2015
- Capacity to build modern farms

OVERVIEW OF GEORGIA'S LOGISTICS SECTOR



TRANS-CAUCASIAN ROUTE

- Attractive gateway between Europe and Central Asia
- Leveraging its location, Georgia's transport economy can benefit from large addressable transit flows, growing economies and landlocked resources
- Ports are cost-competitive vs. alternative routes
- FDI inflows in the transport and communication sector have primarily targeted transport infrastructure
- Around 60% of all types of overland international freight throughput are transits



TRANSPORT INFRASTRUCTURE

- Rapidly developing road infrastructure
- Deep-sea port with natural drafts for Panamax vessel
- Direct connection with European and Central Asian railway networks (Baku-Tbilisi-Kars project)



OPPORTUNITIES

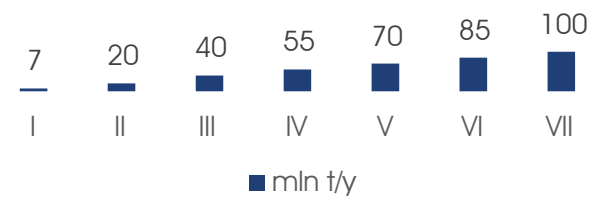
- Containerization and logistical centers
- Warehousing and storage facilities

MAJOR ONGOING PROJECTS

DEVELOPMENT OF DEEP-SEA PORT

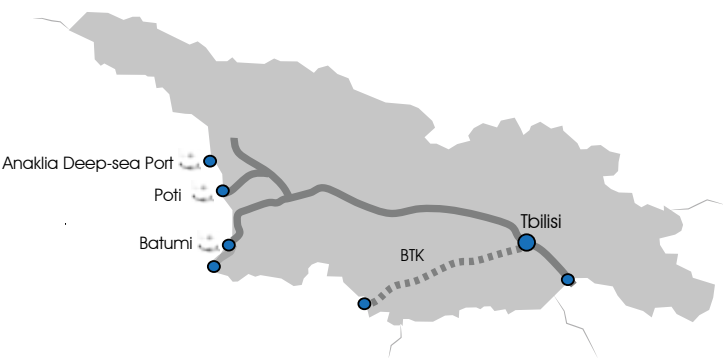
- Government of Georgia plans to develop the infrastructure of new deep sea port, which has a 18-20 m natural draft and possibility to receive the fifth-generation vessels such as Panamax
- Port will be focused on containers and bulk/mixed cargoes
- The project is considered as strategically important for Georgia and has full support from the state.
- 12 companies have participated in the announced competition on the construction of Anaklia port.
- On February 8, 2016 LTD Anaklia Development Consortium was selected by the Governmental Commission as a winner.

ANAKLIA DEEP SEA PORT DEVELOPMENT PHASES



DEVELOPMENT OF BAKU-TBILISI-KARS RAILWAY (BTK)

- The new railway line BTK (USD 775 millions) from the Caspian Sea to Europe via Turkey is expected to be completed by the end of 2016
- The new corridor will transport both, goods and passengers, between Central Asia and Europe
- The project is expected to increase cargo transportation capacity by 5 million tons to 15 million tons
- Georgian Railway has been granted the right to operate the Georgian portion of the new line
- Trade between China and Turkey amounted to USD 27 billion in 2015, and it is expected to triple by the 2020.



GEORGIA'S EXISTING TRANSPORT ECONOMY IS ALREADY TRANSIT BASED – CROSS-BORDER SHIPMENTS ROAD/RAIL AND PIPELINES HAVE TRANSIT RATIOS OF ~65% AND ~95% (2014)

MODAL SPLIT

TRANSPORT VOLUME BY PURPOSE MILLION TONS

TRANSSHIPMENT RATIO & COMMODITY FLOWS %

■ Transit ■ Import ■ Export



68%

- Containers
- General cargo flows, such as manufactured goods, food



89%

- Oil (KZ) and oil products
- Grain (Central Asia)
- Metals and minerals (Central Asia)
- Containers



94.6%

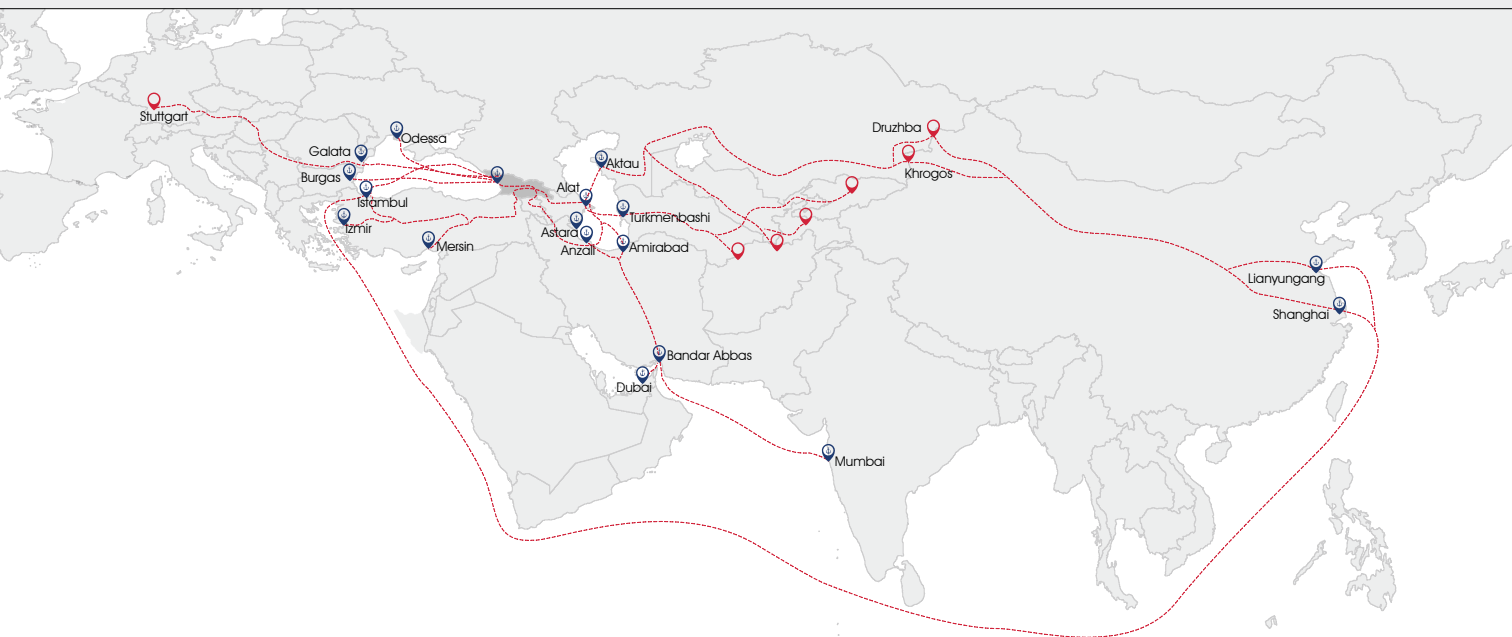
- Oil &
- Gas (8 Bln m³) from KZ and AZ (BTC, WREP(Supsa), SCP, NS)

SILK ROAD

IN 2015 GEORGIA BECAME A FOUNDING MEMBER OF THE ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB)

THE PARTIES HAVE AGREED TO TAKE ALL MEASURES IN 2015 ON THE ORGANIZATION OF
CONTAINER SERVICE FROM CHINA TO THE BLACK SEA THROUGH CENTRAL ASIA AND
CAUCASIAN CORRIDOR

**A SINGLE TARIFF ACROSS THE TRANS CASPIAN-BLACK SEA INTERNATIONAL TRANSPORT ROUTES
TRANSIT TIME 11 DAYS IN COMPARISON WITH 45 DAYS VIA THE SEA ROUTE**



**AZERBAIJAN, IRAN, GEORGIA AND UKRAINE ELABORATED
NEW TARIFF POLICY FOR THE DEVELOPMENT OF PERSIAN
GULF – BLACK SEA CORRIDOR**

BUSINESS PROCESS OUTSOURCING (BPO) IN GEORGIA



YOUNG, ENERGETIC AND COMPETITIVELY PRICED LABOR FORCE

- 50 % of the unemployed population are in the 20-34 age category
- Average monthly salary in 2015 for BPO sector was 250 USD
- During last 5 years 127,950 students graduated from Higher education programs
- According to BPO Sector Research prepared by KPMG, there is about 9 thousand (0.5% of population) readily employable talent pool for BPO sector



EDUCATION

- Georgia has literacy rate of 99.8 % and 92 % of population with at least secondary education
- Georgia has 72 higher educational institutions and over 100 professional education centers, which ensure constant flow of high quality professionals every year
- Economics and Business, Juridical Sciences and medicine are the most popular faculties
- Georgia provides vocational education training and most of the course's fees are financed by the state



TIME PROXIMITY AND CULTURAL SIMILARITIES WITH TARGET MARKETS

- Strategically located where the two continents meet (GMT+4), Georgia is well positioned to service any countries from Europe to Central Asia
- As a former Soviet Union country Georgia has unique perspective and language skills to service Russian speaking countries
- Vast majority of younger population speaks fluent English (German is the 3rd most frequent foreign language)



ATTRACTIVE INVESTMENT OPPORTUNITIES

- Based on competitive advantages, functions like F&A, CRM and many more could be outsourced from Georgia, giving investors high returns on investment
- With good quality of life, availability of high class offices and good infrastructure (utilities, internet, telecom, etc.), Tbilisi could be ideal destination for BPO centers

DEVELOPED INFRASTRUCTURE AND FAVORABLE BUSINESS ENVIRONMENT

FAVORABLE LABOR AND TAX LEGISLATION

- No minimum wage regulations - compensation for labor depends on the agreement between employee and employer
- No social security or insurance tax – The only tax payable based on the salary is personal income tax, which is flat 20%.
- Georgia provides a profit tax exemption to legal entities of a “virtual zone” (engaged in export of IT services)
- No working permits are required
- Citizens of 94 countries can stay in Georgia without visa during whole 1 year, which helps attracting professionals from other countries in the wider region.
- Georgia has one of the most liberal labor codes, not only in the region, but globally. Georgia ranks 26th in Labor Freedom Index (Source: The Heritage Foundation, Index Of Economic Freedom 2016)



INFRASTRUCTURE & BUSINESS COSTS

- High class, modern office spaces are available in all major cities of Georgia, with almost 1 mln. sq.m. of office stock
- High speed broadband and mobile internet is available throughout whole country , Georgia ranks 33th in the world in terms of kb/s per user and 35th in terms of affordability (approximate cost of broadband 6 mbps internet is 17 USD per sq.m.)
- Utilities costs are one of the lowest in the wide region, approximately 2.5 USD per sq. m.



INVESTMENT OPPORTUNITIES

CONSIDERING COUNTRY'S COMPETITIVE ADVANTAGES, KPMG IT&BPO SECTOR RESEARCH HAS REVEALED 6 SUB-SECTORS WITH HIGHEST POTENTIAL:

FINANCE AND ACCOUNTING SERVICES (F&A)

- Fresh talent in is expected to come from Economics and business faculty which is the top faculty in Georgia, showing 38% growth in the last 2 years
- Quality of fresh F&A talent with basic skills is assessed as high by business representatives
- EBIT margin in Georgia, for companies providing F&A services, is estimated at 16% (EBIT margin for similar companies in Europe ranges from 4% to 9%)

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

- CRM in Georgia is the most developed among the BPO segments with a number of relatively large call centers
- Fresh talent in CRM is expected to come mostly from Humanities/Arts faculty which is in top 5 faculties in Georgia showing 77% growth in last 2 years
- EBIT margin in Georgia, for companies providing CRM services, is estimated at 16% (EBIT margin for similar companies in Europe ranges from 4% to 9%)

IT INFRASTRUCTURE MANAGEMENT

- Significantly lower energy costs compared to CIS and CEE. Price in the range of USD 0.05 to USD 0.06 per kw/h
- Already one big Company on the market (Bitfury)
- EBIT margin in Georgia, for companies providing IT infrastructure services, is estimated at 12% (EBIT margin for similar companies in Europe ranges from 6% to 8%)

HUMAN RESOURCES (HR)

- HR market in Georgia is relatively developed with companies servicing both local and international markets
- Experienced HR specialists are available in the BPO and other industries
- EBIT margin in Georgia, for companies providing HR services, is estimated at 16% (EBIT margin for similar companies in Europe ranges from 4% to 9%)

INDUSTRY SPECIFIC (TELECOM, MANUFACTURING)

- Experienced talent is available in telecom industry which is in the top 3 industries in Georgia
- Fresh talent in Manufacturing BPO is expected to come from Engineering, manufacturing and construction faculty, which grew by 56% in the last 2 years
- EBIT margin in Georgia, for companies providing Telecom and Manufacturing services, is estimated at 12% and 19 % respectively (EBIT margin for similar companies in Europe ranges from 4% to 9% and 6% to 14% respectively)

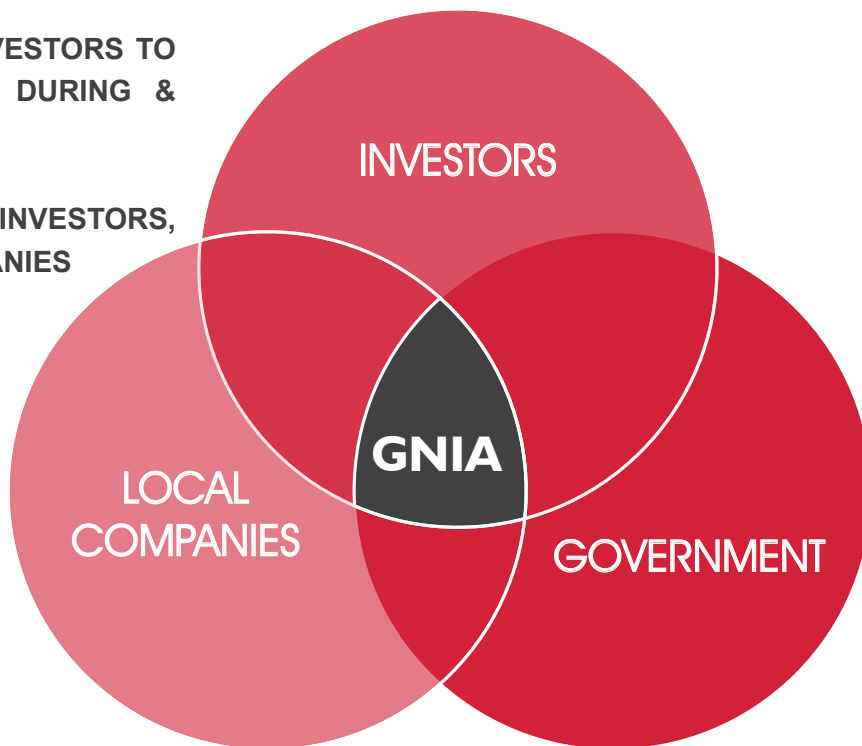
*Financial calculations are based on
KPMG study on Georgian BPO sector.
For full report, please contact us*

GEORGIAN NATIONAL INVESTMENT AGENCY

○ THE INVESTMENT PROMOTION AGENCY
UNDER THE DIRECT SUPERVISION OF THE
PRIME MINISTER OF GEORGIA

○ “ONE-STOP-SHOP” FOR INVESTORS TO
SUPPORT COMPANIES BEFORE, DURING &
AFTER INVESTMENT PROCESS

○ MODERATOR BETWEEN INVESTORS,
GOVERNMENT AND LOCAL COMPANIES



Mission: Attracting and Facilitating Investments

OUR SERVICES

INFORMATION

GENERAL DATA, STATISTICS, SECTOR RESEARCHES

COMMUNICATION

ACCESS TO GOVERNMENT AT ALL LEVELS/LOCAL PARTNERS

ORGANIZATION

ORGANIZATION OF SITE VISITS & ACCOMPANYING OF INVESTORS

AFTERCARE

LEGAL ADVISING & SUPPORTING SERVICES

INVEST IN GEORGIA

GEORGIAN NATIONAL INVESTMENT AGENCY



Georgian National Investment Agency

7 Bambis Rigi, Business Center Mantashevi, II floor 0105 Tbilisi, Georgia

Tel: +995 32 2 473 696

E-mail: enquiry@investingeorgia.org

GEORGIAN NATIONAL INVESTMENT AGENCY 2016

E-mail: enquiry@investingeorgia.org

Tel: +995 322 473 696

WWW.INVESTINGEORGIA.ORG

