



Ministry Of Economy And Sustainable
Development Of Georgia

What Georgia offers



A politically stable investment destination



No corporate profit tax on reinvested profit



Corruption - free and transparent business environment



Skilled and competitively priced labor force



Free Trade Agreements with 2.3 bln market



Stable and growing financial sector

Business Friendly Environment

Doing Business

N 16

Up from #112 in 2005

Georgia is one of the leading countries in the world in terms of starting a business, dealing with bureaucracy and the number of procedures required to launch and operate an enterprise



Economic Freedom

N 13

Up from #99 in 2005

Majority of Georgia's reforms are oriented on the development of free, open and transparent, private-sector driven market economy



Corruption Perception

N 44

Up from #130 in 2005

Alongside recognitions as the top reformer in the world, Georgia is the leader in the wider region in terms of fighting with corruption. Corruption index is lower than in number of EU states.



Security index

N 16

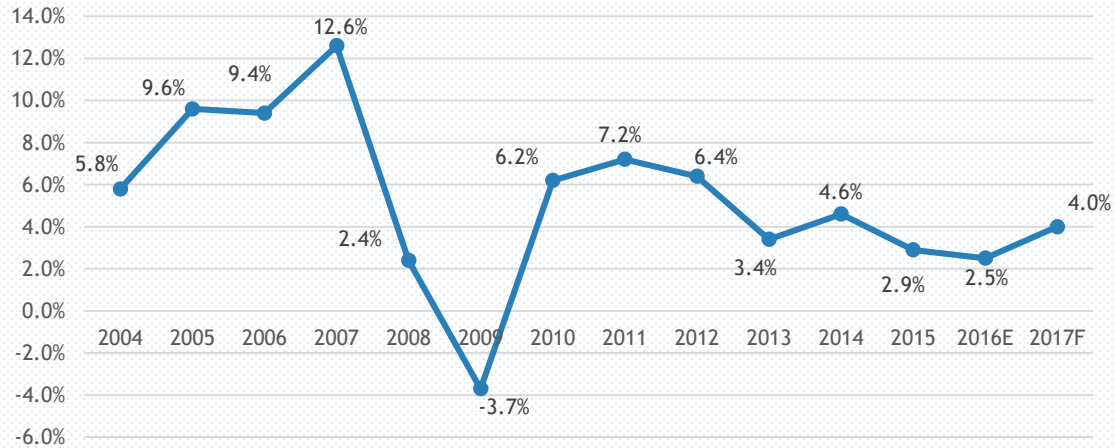
World

Georgia is named as one of the safest place in the world according to the Security index by the World Economic Forum



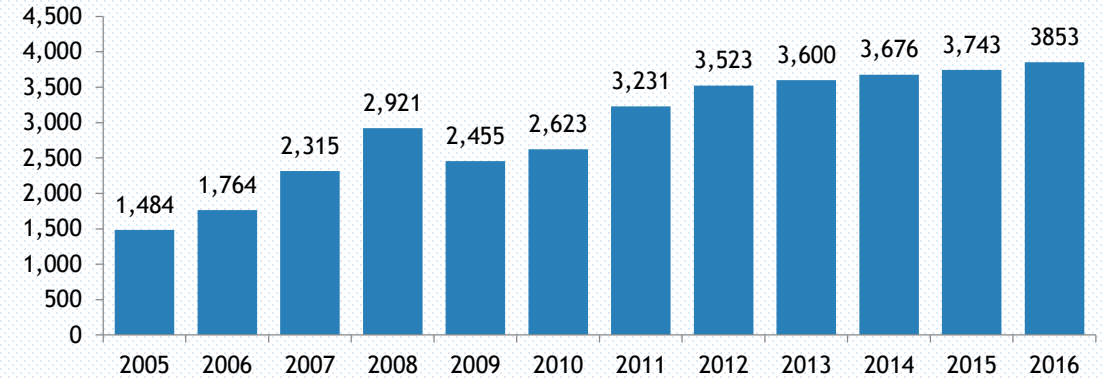
Economic Structure and Trends

Real GDP Growth Rate, y-o-y (%)



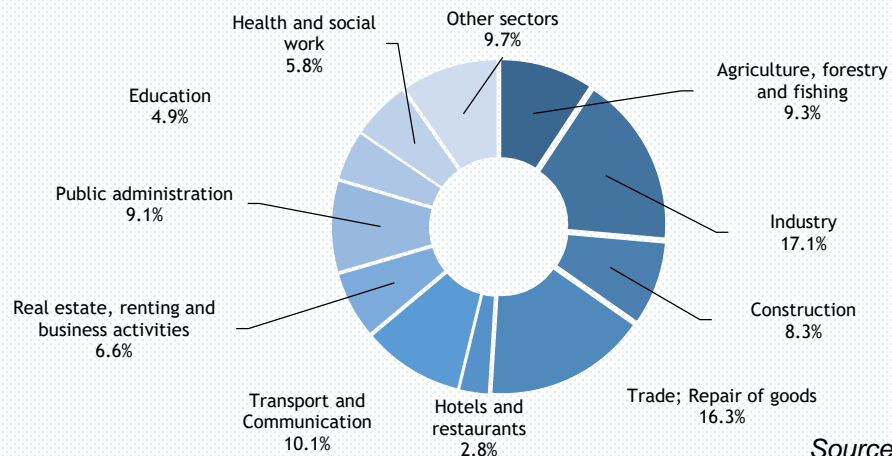
Source: Geostat, MOF, World Bank

Growing GDP per capita (USD)



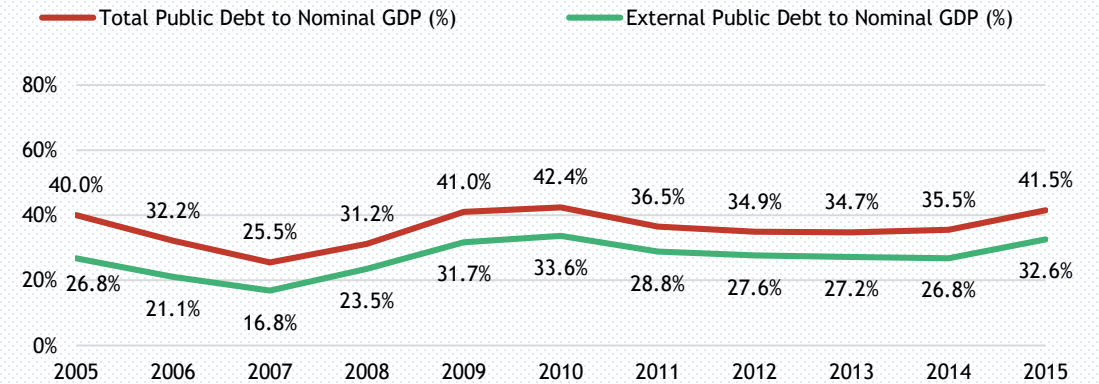
Source: Geostat, MOF

Diversified nominal GDP structure in 2016



Source: Geostat, MOF

Favorable public debt situation



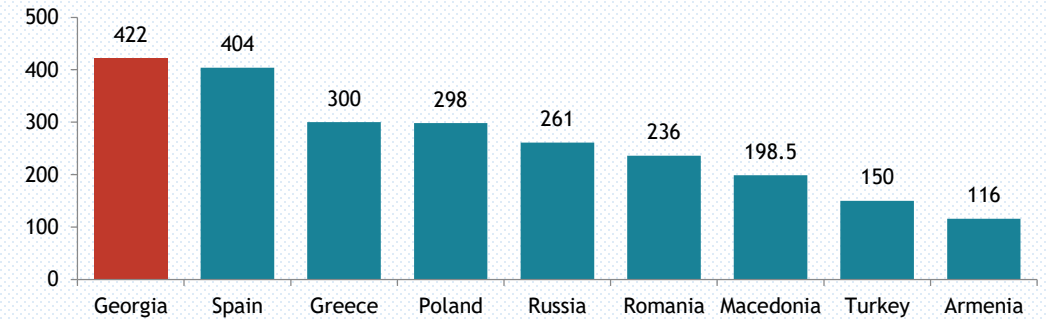
Source: Geostat, MOF

Foreign Direct Investment

➤ FDI amounted to USD 1.6 billion in 2016. Preliminary FDI number of I quarter 2017 is USD 403 million, which is 4% increase compared to same period of last year.

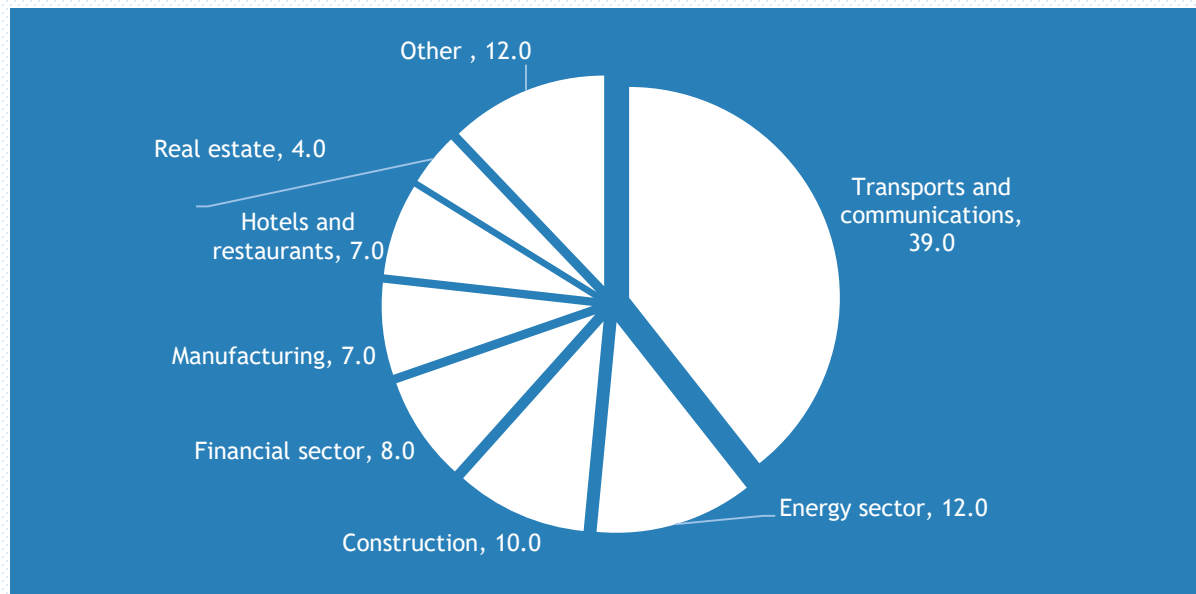
➤ Georgia has signed Bilateral Investment Treaties (BIT's) with 33 countries and is member of ICSID Convention since 1992

FDI per capita (current USD) 2016

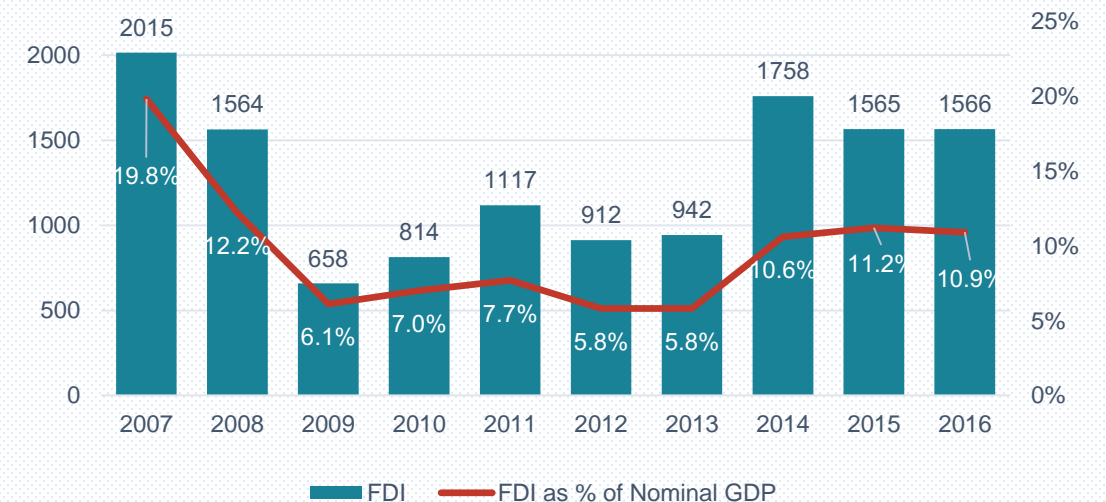


Source: Geostat, The Heritage Foundation 2016

FDI Breakdown by sectors 2016 (%)



FDI by years



VAT – 18%

Personal Income Tax – 20%

Corporate Profit Tax – 15%

Property Tax - 0%, 5%, 12%

Dividend – 5%

Only 6 flat taxes today

No payroll tax or social contribution

No wealth tax

Foreign-source income of individuals fully exempted

Double Taxation avoidance with 54 countries

No Corporate Profit tax on retained profit: From 2017 profit tax is deductible only in case of profit distribution

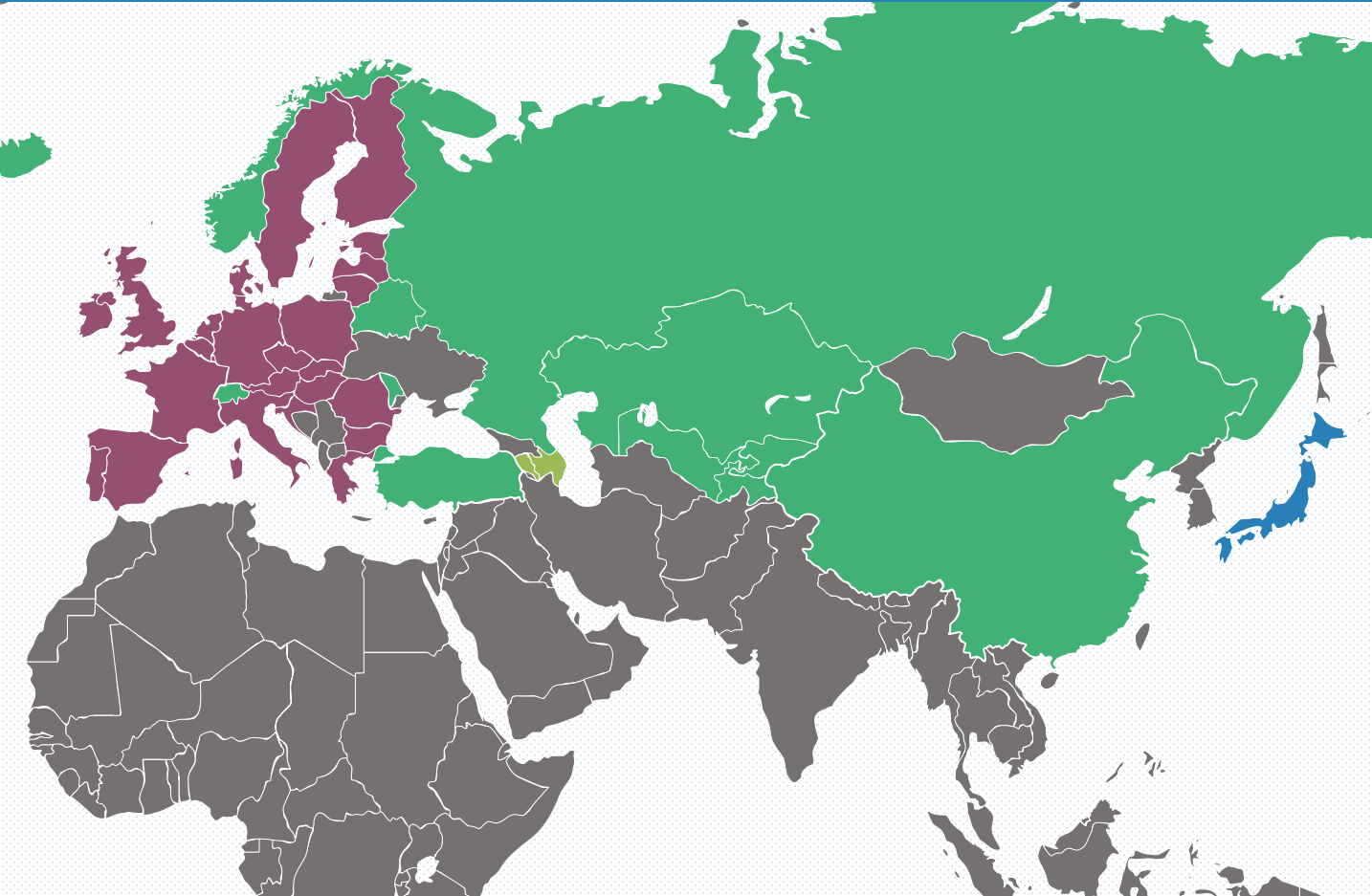
9th Least Tax Burden Country in the World

Georgia has young, skilled & competitively priced labor force

- Around 60% of young population and 40% of overall population know English
- All ILO core conventions are ratified by Georgia
- According to Heritage Foundation, Georgia ranks 25th globally on Labor Freedom Index



Regional Hub for Doing Business



Very simple and service oriented customs policy and administration

No quantitative restrictions or tariff barriers

80% of good free from import tariff

Source: Geostat.ge; * - preliminary data

CIS - FTA

EFTA - FTA

Turkey - FTA

EU - DCFTA

China - FTA

US, Canada, Japan - GSPA

Most Favored Nation (MFN) since 2000





HOSPITALITY & REAL ESTATE



REGIONAL LOGISTICS CORRIDOR



ENERGY



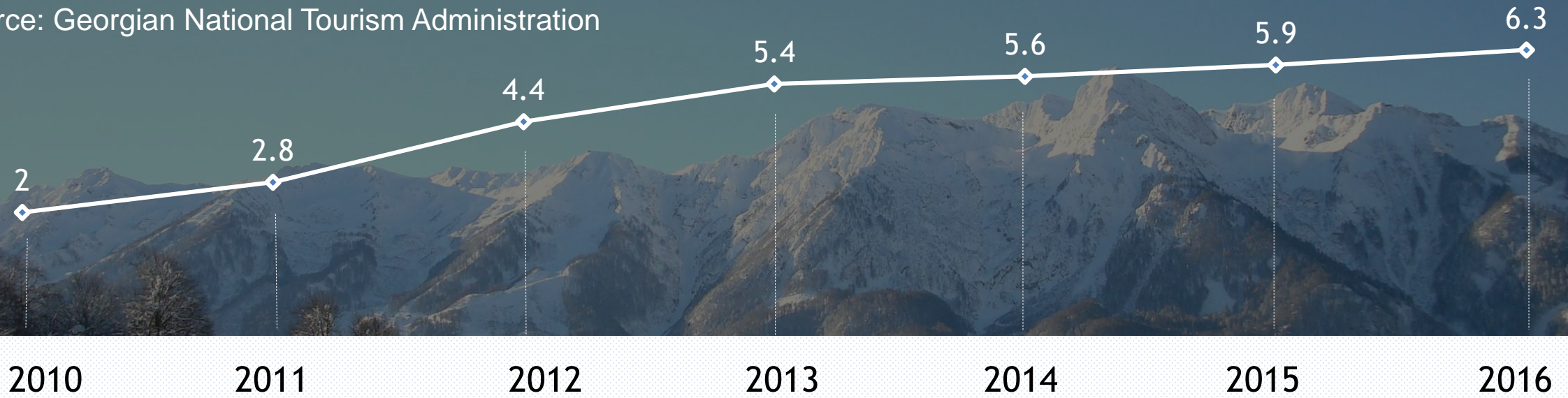
BUSINESS PROCESS
OUTSOURCING



MANUFACTURING

Hospitality & Real Estate

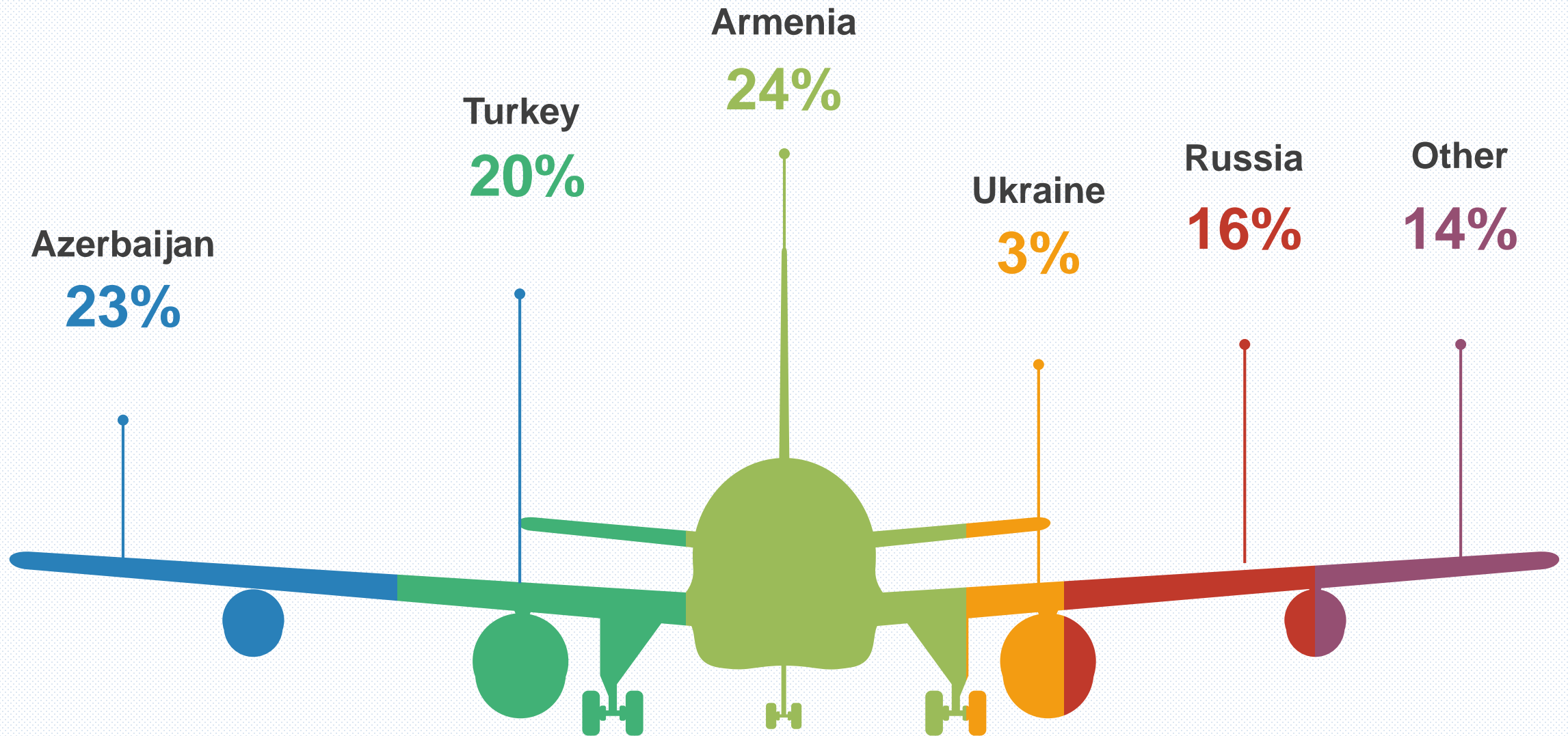
Source: Georgian National Tourism Administration



Number of international tourists' arrivals is expected to grow by 8-10%/annual during the next 2 years

Source: Colliers international

Top Countries by International Arrivals in 2015



Manufacturing Sector



Growing regional market and various import substitution opportunities

Average monthly salary in manufacturing industry amounts to USD 350 (2016)



Free Trade Agreements with 2.3 billion market - EU, Turkey, China, EFTA and CIS countries

Standard cost for 1 kWh is ~6 USD cents for 30-110 kV high voltage electricity

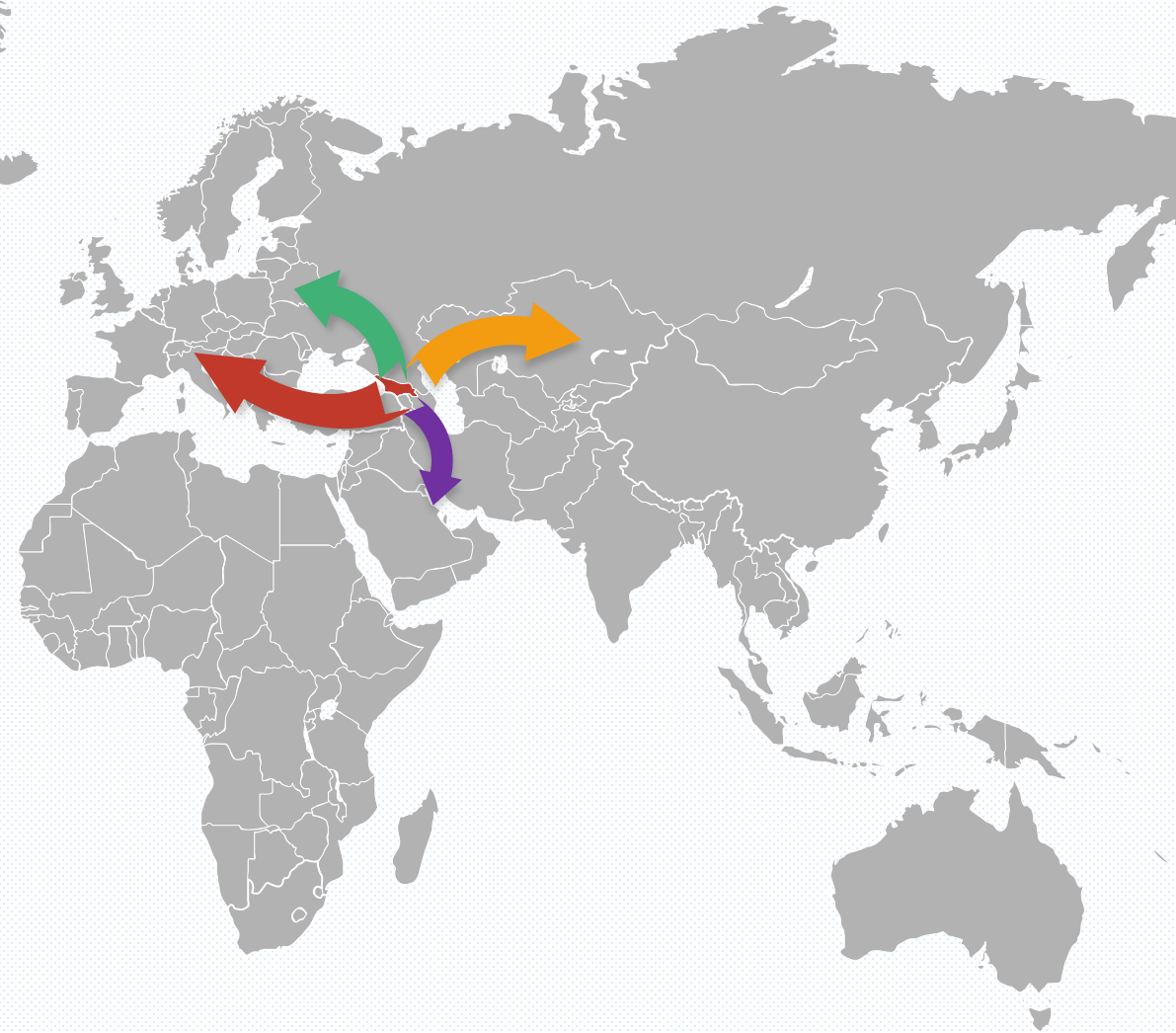


4 Free Industrial Zones (FIZ) - In FIZ, businesses are exempt from all taxes except Personal Income Tax (20%)



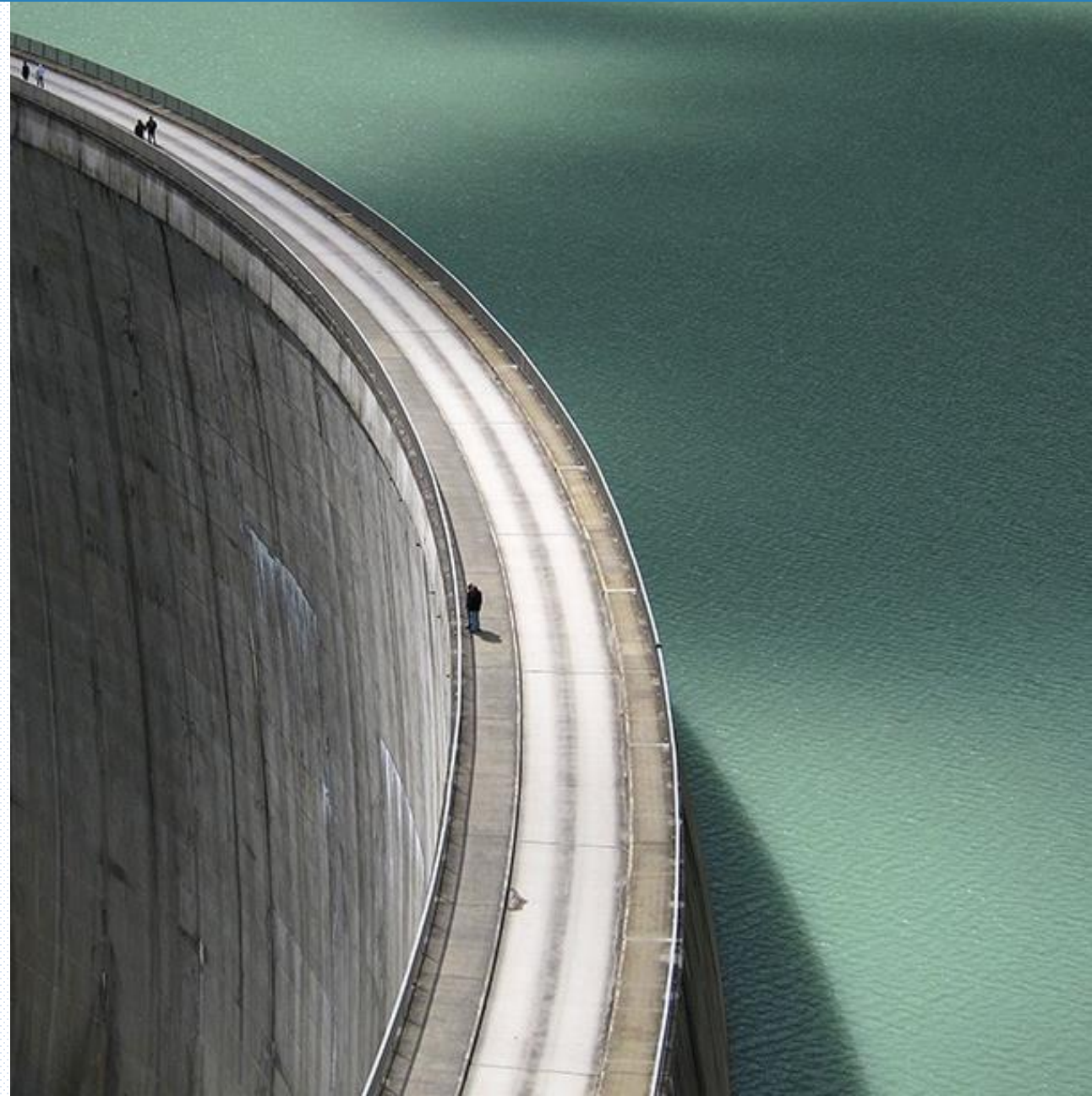
Business process outsourcing (BPO)

- Average monthly salary in 2016 for BPO sector was 340 USD
- Time proximity and cultural similarities put Georgia in a great position to serve regional target markets
- Vast majority of younger population speaks fluent English and additionally Georgia has language skills to serve German and Russian speaking countries
- 74 higher educational institutions and over 120 professional education centers ensure constant flow of high quality professionals every year
- Utilities costs (including internet) are one of the lowest in the wide region, approximately 2.5 USD per sq. m.
- No social security tax; the only tax payable based on salary is Personal Income Tax (flat 20%)
- Newly established investor companies include Arvato Bertelsmann and Base4



Hydro Power

- Among top countries in terms of water resources per capita (only 20% utilized)
- 78% of total electricity is generated from HPPs
- 300 rivers for electricity generation
- Generation and Export activities are exempted from VAT
- ~100 HPP projects open for investors



Other Renewable Sources



WIND

- Wind potential of Georgia is estimated up to 1500 MW
- High generation during winter
- Share of wind power in total generation will reach 10% by year 2025



Solar

- Big potential for solar energy development
- During the year in most regions there are 250-280 sunny days and the annual average amount of sunshine hours is over 2000

OVERVIEW OF GEORGIA'S LOGISTICS SECTOR

Why Georgia

- 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
- Georgia's existing transport economy is transit based
- Upgrading regional transport infrastructure



Sea Ports

- ⚓ Poti Sea Port (APM Terminals)
- ⚓ Batumi Sea Port (BIH)
- ⚓ Kulevi Terminal (SOCAR)
- ⚓ Supsa Terminal (BP)

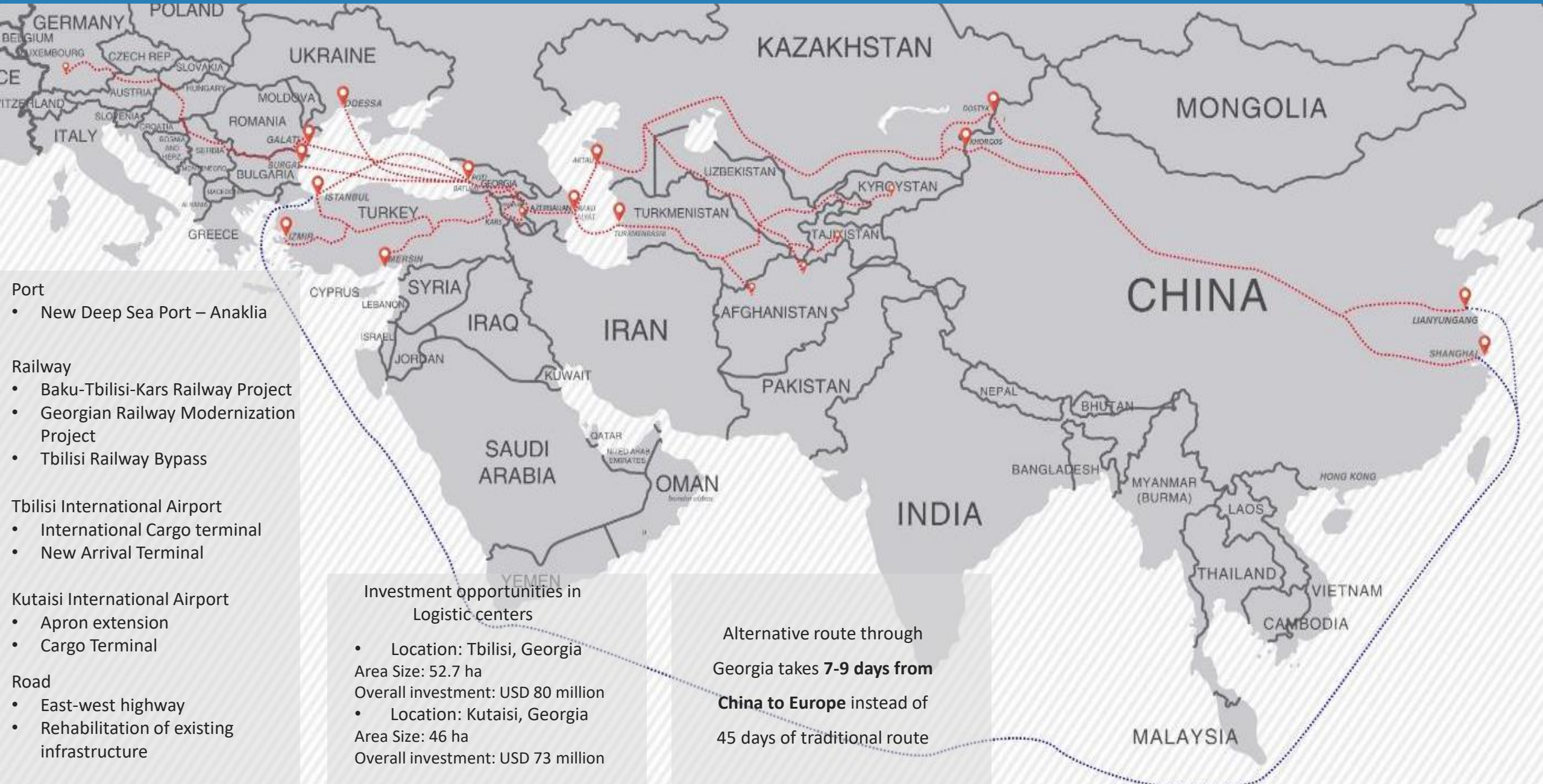
Road & Railway

- 🚂 Georgian Railway
Total Length: 2,083.9 km
- 🚗 Road
Total Length: 20,329 km

International Airports

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

Regional Logistics Corridor – Ongoing projects





Logistics Centre Tbilisi

- **First** capable **Logistics Hub** for **East Georgia** as well as **South Caucasus Region**
- **Direct** access to **Baku-Tbilisi-Kars railway line**
- **Implementation** of a **Rail-Road Container Terminal** (about 8 ha)
- Area size: about **53 ha**
- Overall investment: **USD 80 million**
- **Start** of operation in **2021**

Logistics Centre Kutaisi

- **First** capable **Logistics Hub** for **West Georgia**
- **Excellent location** adjacent to **Kutaisi International Airport**
- **Optional** further **implementation** of a **Rail-Road Container Terminal** (about 2.5 ha)
- Area size: about **46 ha**
- Overall investment: **USD 73 million**
- **Start** of operation in **2020**

Access To Finance



- State support program
- 10% Interest Rate Co-financing (2 years)
- 50% Collateral Guarantee (up to 4 years)
- Transfer of state property for 1 GEL (only for manufacturing industry)
- Co-financing of Franchising Fee/Management Contract (hotels)
- Co-financing of Technical Assistance



- State support program
- Access to finance programs:
 - Micro grants for prototyping
 - Startup Georgia (5% equity; high-tech; globally scalable projects)
 - Matching grant for R&D commercialization
- Physical space in TechPark and Technical Assistance
- Business incubation & acceleration



- 100% State Fund
- Total Assets – USD 3 billion
- Investment Options:
 - PF participation should not exceed 50% of the total investment
 - Equity Co-Investment
 - Senior and Subordinated Loans



International Funding Partners

Multiple international organizations operate in Georgia under different goals and fields of expertise





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Thank you for your attention