Enterprise Georgia LEPL

Investment proposal for travelling bags manufacturing

June 2018

Disclaimer

The study of the investment potential of manufacturing footwear, bags and accessories in Georgia is performed based on the Agreement N 32-30-I signed on 16 March 2018 –between Enterprise Georgia LEPL and KPMG Georgia LLC. As per the Terms of Reference the scope of works include:

— Phase I. Analysis of the footwear and bag manufacturing sectors in the world

— Phase II: Evaluation of the potential of Georgia

— Phase III: Investment Proposals for footwear, bag & accessories manufacturing in Georgia

— Phase IV: Benchmarking of Georgia with competitor countries and targeting for investment attraction

Our findings, observations and/or recommendations are those that we could reasonably derive from the procedures or scope of services performed. The specific procedures performed were agreed with Enterprise Georgia LEPL (the Client) and were performed by us as set forth in the Report.

Our work was carried out solely based on the publicly available research data.

We have indicated within our Report the sources of the information presented and have satisfied ourselves, so far as possible, that the information presented in our Report is consistent with other information which was made available to us in the course of our work in accordance with the terms of the Contract. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

All recommendations, provided to you with/in this Report that refer to the future have some limitations in the sense that they are based on the assumptions valid on the issuance date. These assumptions could change with time, after the date of this Report issuance, and so could lose their value.

References to 'KPMG Analysis' in this Report indicate only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the underlying data.

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Georgia’s competitive advantage in travelling bags manufacturing (1/2)

- Given Georgia’s location, infrastructure and its favorable economic and political position in the region, the country is a favorable location for investment
- Georgia benefits from zero import tax to EU for bags which otherwise amount up to 9.7%
- Georgia benefits from zero import tax to Turkey and CIS for bags which otherwise amount up to 20%

❑ ***Strategic location*** – Georgia’s strategic location is an asset to any investor. As a bridge between Europe and Asia, Georgia offers direct access to European, Gulf Cooperation Countries and CIS markets. Additionally, Georgia is the part of trans-Caspian corridor and is able to provide railway transportation to the Republic of China by the shortest route. Its three major oil and gas pipelines, Black Sea ports, well-developed railway systems, together with its international airports are playing an increasingly important role in linking the East and West

❑ ***Labor cost*** in bags manufacturing – Average gross salary per month for bags manufacturing specialist ranges between USD265 – USD625, according to the inquire of local companies in the industry

❑ ***Low electricity cost*** – Electricity costs for industrial consumers range between USD 0.0598 to USD0.0858 per kWh

❑ ***Raw Materials*** – Georgia itself may not be the producer of some of the key raw materials in sufficient volume terms, however advantageous location of Georgia gives ability to import materials from abroad easily.

❑ ***Training Centers*** – Trainings for textile specialist are available in different cities of Georgia: Tbilisi, Kutaisi, Batumi, Mestia, Akhaltsikhe, Mtskheta, Telavi, Gori, Ozurgeti, Tsalenjixa, Poti. The average length of courses is 20 month. As a result of interviews we identified that most training centers can provide special short-term training courses per investors request and some of them already have such experience. The terms and cost of training vary upon the requirements. The majority of long term trainings provided by the training centers are financed by the Government with the standard annual fee of GEL2,250 per annum

❑ ***Georgia’s preferential trade regimes***

Georgia has signed deep and comprehensive free trade area (DCFTA) which apart from other areas considers removing customs duties on imports and exports of certain goods.

In addition, Georgia has signed Free Trade Agreements with China, Turkey and CIS, resulting in beneficial customs tax rates for export of goods

Standard import tax rates for bags product that are fully eliminated vary by product and represent up to 9.7% for EU and Turkey and up to 20% for CIS countries.

To benefit from this regime, the Rule of Origin must be fulfilled, criteria of which vary per country.

— **Criteria for Certificate of Origin for EU and Turkey**

The criteria of Certificate of Origin is nearly the same for EU and Turkey and states that in case materials used in bags manufacturing are not entirely originated in Georgia, then such materials should have undergone sufficient working or processing in Georgia meaning that the final product commodity sub code should be different from the code of used materials.

— **Criteria for Certificate of Origin for CIS**

According the requirements for the Certificate of Origin for CIS in case materials used in bags manufacturing are not entirely originated in Georgia, then such materials should have undergone sufficient working or processing in Georgia, that means

1.The final product commodity sub code should be different from that of the imported materials; and

2. Total value of imported materials used in manufacturing of the product should not exceed 51% of the ex-works price of the product

Georgia's competitive advantage in travelling bags manufacturing (2/2)

- **Companies investing in Georgia benefit from support with access to finance, both equity and debt**
- **Free of charge transfer of immovable property is one of the support mechanisms for the companies investing in Georgia**
- **New profit tax rule is effective from 1 January 2017 according to which Profit taxation shifts from the moment of earning the profits to the moment of their distribution**
- **Double taxation treaties with 54 countries**
- **Special customs regime for exporters**

❑ ***Access to finance*** - Companies investing in Georgia benefit from support with access to finance, both equity and debt:

1. The state program "Produce in Georgia" aims to develop and support the entrepreneurship, as well as creation of new enterprises and increasing the export potential of the country. In addition, the program aims to encourage manufacturing industry in Georgia, and it offers support with financial resources via interest expense financing for loans received from local banks
2. JSC Partnership Fund (PF) is a state owned investment fund, main objective of which is to promote investment in Georgia by providing co-financing (equity, convertible/non-convertible loans) in projects at their initial stage of development

❑ **Infrastructural support** – In addition to the support mentioned above, Produce in Georgia also offers the following infrastructure support: Government of Georgia provides state owned immovable property free of charge to companies with investment obligations for new projects (new factory or enlargement of existing one). Investment obligation states that the enterprise should invest at least 6 times more than the market price of the property in Tbilisi and 4 times more than the market price of the property in region, see appendix 1 for the potential state owned properties to be used for bags manufacturing factory construction

❑ ***Free Industrial Zones*** – Georgia has four industrial zones, in which businesses are exempted from all tax charges, except personal income tax. If a company imports products from FIZ to other territory of Georgia, it has to pay VAT and 4% of revenue from national sales. Besides tax payments, companies registered in FIZ also benefit from: simplified procedures and transactions in any currency, exemption from majority of licenses/permits , etc

❑ ***Low tax rates and transparent tax system***

Tax rates in Georgia	
Personal Income Tax	20%
Corporate profit tax	15%
VAT	18%
Customs/Import tax	0%, 5% or 12%
Property tax	1. Land tax: GEL 0.24 per square meter non-agricultural land plot, that can be adjusted by a territorial coefficient not exceeding 1.5, determined by the local municipality 2. Other property tax: Up to 1%
Excise tax	Per type of good

Source: Georgian Tax Code

- VAT on Export/Re-export – The export/re-export of goods is exempt from VAT with a right to credit input VAT (i.e. like a zero-rated transaction)
- Inward Processing Customs Regime – If the goods of foreign origin undergoes processing in Georgia and the product obtained as a result of the processing is exported, no taxes are levied on this operation
- Foreign-source income of individuals is fully exempted
- Double taxation treaties - Georgia has approximately 54 effective Double Taxation Treaties (DTTs). The rules and procedures for the application of tax concessions set by the provisions of DTT is determined by the Minister of Finance of Georgia. According to the DTTs, the income is subject to exemption or lower rate withholding tax

Overview of raw materials for travelling bags manufacturing

Key raw materials used in manufacturing travelling bags

- ✓ Cotton
- ✓ Canvas
- ✓ Nylon
- ✓ Polyester
- ✓ Plastic
- ✓ Oil

The raw materials used in bags production can be split into two main categories such as, materials and energy commodities. The materials largely include **Textile and Plastic.**

The textile largely includes natural material such as **cotton.** Cotton production is dominated by **India, China and USA,** nevertheless **Pakistan and Brazil** also have notable production volumes. The majority of farming is performed by small-scale farmers with individual holdings, although they are sometimes supported by larger organizations. Cotton is then turned into textile (e.g. canvas) used in the production of bags and accessories.

The **energy commodities** category mainly consists of **oil** for use in the production of **synthetic polymers such as nylon and polyester**.

Plastic is widely used for manufacturing the different types of bags (carrier, traveling cases, etc.). Main manufacturers of Plastic are China, USA and Germany.

Sources: (1) Marketline, March 2018, (2) KPMG Analysis

Production inputs

Purchases of raw materials account for significant portion of the production costs of the firms operating in the industry.

Main raw material inputs used in production of bags are: plastic, nylon and polyester, silk, seashell, rattan, bamboo, water hyacinth, seagrass.

Dealers/merchants are the key suppliers of materials. Main raw material supply countries are located in Asia and Europe.

Sources: (1) Marketline, March 2018, (2) KPMG Analysis

Optimal industry capacity

In order to understand the optimal capacity of production of travelling bags in Georgia, we analyzed potential consumption of the Georgian production by following countries of the region (EU, CIS, Middle East, China, Turkey), assuming that significant part of the products will be exported to these countries. We calculated the gap between import and export in these countries, as well as the selling price for the imported travelling bags, and identified the countries which can potentially become export markets for Georgia.

Based on the analysis of the above factors, we calculated approximate share of the potential import of travelling bags by Georgia to these countries. The proportion used for both type of bags is around 50%-50%. As per conservative view point we only used around 1% of total EU share, however there is potential of a bigger share of the EU import market to be taken by Georgia in case of higher investment.

Potential production volume of travelling bags (HS codes 420212, 420292)

	Import in USD'000	Import/export gap in USD'000	Total import in tons (2016)	Estimated total import volume (thousand units, 2016)	Estimated price per unit, USD	Potential share of import from Georgia	Potential volume (thousand units)
EU	7,967,070	3,426,876	758,600	417,454	19	1.0%	4,175
Russian Federation	210,191	200,592	18,231	10,032	20	5.0%	502
Kyrgyzstan	6,766	6,751	1,928	1,061	6	-	-
Kazakhstan	18,617	18,005	2,729	1,502	12	5.0%	75
Belarus	9,328	7,665	1,272	700	13	5.0%	35
Azerbaijan	3,558	3,535	225	124	29	5.0%	6
Armenia	2,645	2,223	449	247	14	5.0%	12
Moldova	2,212	1,188	600	330	8	5.0%	17
Tajikistan	104	102	16	9	12	5.0%	0
Saudi Arabia	191,358	190,114	42,344	23,302	16	5.0%	1,165
Iran	1,970	1,777	-	-	-	-	-
China	323,305	(13,213,576)	11,750	6,466	50	-	-
Turkey	86,167	57,957	5,327	2,931	32	-	-
			843,471	**464,159**			**5,987**

Note: Information for import and export presented in tons were transferred in number of units using 1,8 kilogram
Source: ICT, KPMG Analysis

Optimal industry capacity and estimated investment

The analysis shows, there is a gap between the import and export in all of the selected countries, except for China. The gap in China is negative, which shows that the export exceeds import. Considering that China can not only support its own demand but is one of the main exporters of travelling bags, we considered that the possibility to access this market is low, therefore didn't consider China as a potential consumer of the Georgian production. In addition, we analyzed the selling price of imported products and considered that the benefits from entering Kyrgyzstan is low. Further, we assumed that since most of raw materials are expected to come from China and Turkey we think that the potential for export to these countries is low.

As for other countries/regions, the import/export gap is significant. Notwithstanding the existence of the production facilities in the most of the countries/regions, the demand exceeds supply and there is a potential for other supplier to enter these markets. As an example, the gap between the import/export in Russian is USD200.6 million. Considering the distance factor, as well as ease of access of Georgia to Russia, i.e. common border, we assumed that Georgia might potentially take up some share of the imports. We analyzed import to EU counties in total, as considering the signed DCFTA and the significant import/export gap within EU market, as well Georgia's location, we believe that Georgia has a good potential to access EU market.

As Georgia's consumption compared to the selected market is not significant, we didn't add any additional quantity to the potential volume. We estimated that potential share of import from Georgia in EU and selected countries of CIS and Middle East will be 1% to 5% of the total imports. Because the amount of import/export of travelling bags is mostly measured in tons and the data wasn't available in units, we estimated average weight of one travelling bag and calculated amounts in units. Thus, based on the calculations of import/export data, the optimal capacity of the production in Georgia would be around 5,987,000 units per year.

In order to estimate the approximate investment for a manufacturing facility with the capacity of 5,987,000 units per year, we searched for similar projects. We have identified the following investments:

- one planned project for textile manufacturing with investment amount of USD15 million, except land cost for 3,000 employees. The investment amount was adjusted for land costs to arrive at total investment amount for the calculation.
- Nike has opened USD60 million factory for 5,500 employees in Indonesia

Based on the information on the investment amount, cost of land, number of workers and units produced by one worker per year, we calculated the estimated investment at USD23.9 million. This is an approximate amount, as factors specific to Georgia and availability of technologies have not been specifically considered.

Financial projections

Key assumptions

Based on the data gathered and analyzed, we have performed high level financial calculations for the potential project on producing different kinds of travelling bags in Georgia. The more detailed description of the relevant assumptions and relevant calculations are provided further on

- Construction period was forecast to last one year
- Capacity utilization was forecast to reach 50% in the second projection period and further increase by 25% YoY reaching 100% in the 4th projection period
- The delay in the launch of the production is due to the forecasted plant construction period. The delay in reaching full forecasted capacity of the production is due to the estimated time needed for marketing the product and building brand recognition, as well as considering learning curve effect.
- During the forecasted period the maximum capacity has been estimated as the nominal capacity determined based on the analysis of the data obtained during the research, i.e. potential debottlenecking of production has not been considered.
- Maintenance capital expenditures were forecast based on initial investment and estimated useful life of the plant of 20 years. As a result, maintenance CAPEX amounted to USD1,196 thousand, further adjusted for the expected USD inflation.
- Maintenance CAPEX was assumed to be incurred starting from the 3rd projection year
- As per the Georgian tax code, the amount of taxation for profit tax is shifted from when profits are earned to when they are distributed. Therefor we calculated taxes from free cash flow
- WACC is estimated to be 12.8%. WACC was calculated using data from Damoaran and Duff&Phelps.

Construction project details	
Investment, USD'000	23,918
Capacity, units'000	5,987
Number of employee	2,639
Investment per employee, USD	9,063
Construction timeline	1
Annual maintenance CAPEX, USD'000	1,196
Domestic sales, %	-
Export sales, %	100

Source: KPMG Analysis

- Based on the data provided by Damodaran, industry average capital structure of the industry comprises of 10%-25% of debt and 75%-90% of equity. The capital structure of the project was assumed to be the same as industry average

Financial performance

We have assumed projection period of 10 years, followed by terminal period. The construction of factory is expected to be finished by the end of the first projection period, after which the plant will be commenced

Gross and EBITDA margins were forecast to amount to 49% and 8%, respectively throughout the forecast and terminal periods. EBT margin was projected to vary between 6.1% and 7.0%. The COGS and the SG&A expenses have been calculated based on the industry average margins published in CapitalIQ.

Projected statement of Profit and Loss

USD'000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Terminal period
Revenue	**-**	**51,954**	**78,944**	**107,154**	**109,190**	**110,827**	**112,601**	**114,402**	**116,233**	**118,092**	**119,982**
Growth			*52.0%*	*35.7%*	*1.9%*	*1.5%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*
COGS	-	(26,497)	(40,262)	(54,648)	(55,687)	(56,522)	(57,426)	(58,345)	(59,279)	(60,227)	(61,191)
Gross profit	**-**	**25,457**	**38,683**	**52,505**	**53,503**	**54,305**	**55,174**	**56,057**	**56,954**	**57,865**	**58,791**
Gross profit margin		*49.0%*	*49.0%*	*49.0%*	*49.0%*	*49.0%*	*49.0%*	*49.0%*	*49.0%*	*49.0%*	*49.0%*
SG&A	-	(21,301)	(32,367)	(43,933)	(44,768)	(45,439)	(46,166)	(46,905)	(47,655)	(48,418)	(49,193)
EBITDA	**-**	**4,156**	**6,316**	**8,572**	**8,735**	**8,866**	**9,008**	**9,152**	**9,299**	**9,447**	**9,599**
EBITDA margin		*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*
Financial Depreciation		(1,250)	(1,267)	(1,289)	(1,314)	(1,334)	(1,355)	(1,377)	(1,399)	(1,421)	(1,444)
EBT	**-**	**2,906**	**5,049**	**7,283**	**7,421**	**7,533**	**7,653**	**7,776**	**7,900**	**8,026**	**8,155**
EBT margin		*5.6%*	*6.4%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Corporate Income tax	-	-	(18)	(125)	(955)	(984)	(998)	(1,015)	(1,033)	(1,051)	(1,165)
Net Income	**-**	**2,590**	**4,741**	**6,895**	**6,233**	**6,347**	**6,488**	**6,630**	**6,777**	**6,928**	**6,990**
NI margin		*5.0%*	*6.0%*	*6.4%*	*5.7%*	*5.7%*	*5.8%*	*5.8%*	*5.8%*	*5.9%*	*5.8%*

Source: CapIQ, KPMG Analysis

Sales projection

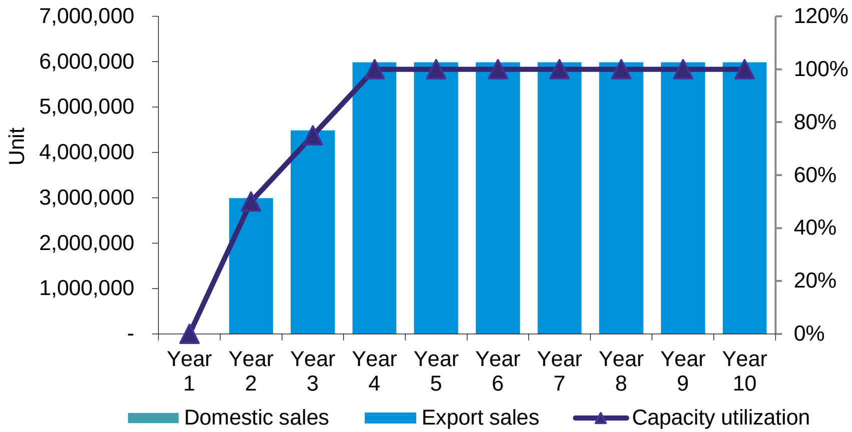
Sales volume

Production of travelling bags was projected to start in Year 2 at the level of 2,993,000 units further increasing to 5,987,000 units in Year 4. The 100% of sales volume is expected to be sold on export.

Sales price

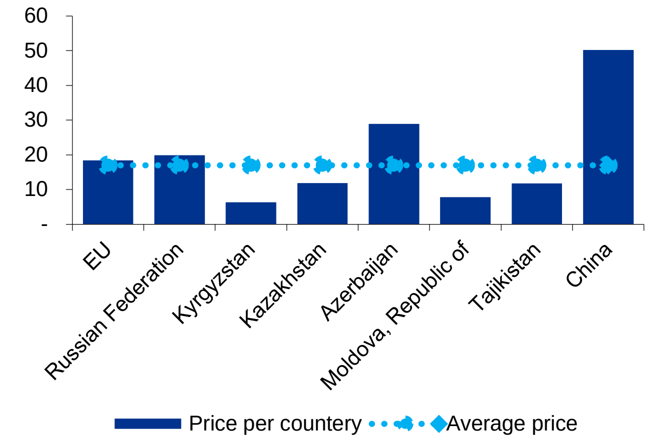
Average price for the export was estimated to be USD 17 per unit based on averages of the import countries, provided by International trade Center (ITC).

Sale volume of plant



Source: ITC, KPMG Analysis

Selling prices, USD per unit



Source: ITC, KPMG Analysis

NPV analysis

The NPV of the project is positive, amounting to 8.7 million

Discounted cash flow results

USD'000		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Terminal period
Total revenue		-	**51,954**	**78,944**	**107,154**	**109,190**	**110,827**	**112,601**	**114,402**	**116,233**	**118,092**	**119,982**
% of growth			-	*51.95%*	*35.73%*	*1.90%*	*1.50%*	*1.60%*	*1.60%*	*1.60%*	*1.60%*	*1.60%*
EBITDA		**-**	**4,156**	**6,316**	**8,572**	**8,735**	**8,866**	**9,008**	**9,152**	**9,299**	**9,447**	**9,599**
EBITDA margin			*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*
EBT		**-**	**2,906**	**5,049**	**7,283**	**7,421**	**7,533**	**7,653**	**7,776**	**7,900**	**8,026**	**8,155**
Income tax (adjusted)		**-**	**-**	(18)	(125)	(955)	(984)	(998)	(1,015)	(1,033)	(1,051)	(1,165)
NOPAT		-	**2,906**	**5,031**	**7,157**	**6,466**	**6,549**	**6,655**	**6,760**	**6,867**	**6,975**	**6,990**
Cash flow adjustments												
Depreciation		**-**	1,250	1,267	1,289	1,314	1,334	1,355	1,377	1,399	1,421	1,444
CAPEX		(23,918)	-	-	(1,289)	(1,314)	(1,334)	(1,355)	(1,377)	(1,399)	(1,421)	(1,444)
Change in working capital		-	(10,703)	(5,560)	(5,811)	(419)	(337)	(365)	(371)	(377)	(383)	(389)
FCFF		**(23,918)**	**(6,546)**	**738**	**1,346**	**6,047**	**6,211**	**6,290**	**6,389**	**6,490**	**6,592**	**6,601**
WACC	*12.84%*											
Terminal growth rate	*1.60%*											
Terminal value												**16,891**
Discount period		0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10
Discount factor		0.941	0.834	0.739	0.655	0.581	0.515	0.456	0.404	0.358	0.318	0.318
Discounted FCFF		**(22,517)**	**(5,462)**	**545**	**882**	**3,512**	**3,197**	**2,869**	**2,583**	**2,325**	**2,093**	**18,655**
Sum of discounted cash flows	(9,972)											
Terminal value	18,655											
NPV	**8,683**											

Source: CapIQ, KPMG Analysis

Key profitability factors of the project

As a result of high level calculations, the project is feasible

Key profitability factors of the project

USD'000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Terminal period
Revenue	-	51,954	78,944	107,154	109,190	110,827	112,601	114,402	116,233	118,092	119,982
EBITDA	-	4,156	6,316	8,572	8,735	8,866	9,008	9,152	9,299	9,447	9,599
Net Income	-	2,590	4,741	6,895	6,233	6,347	6,488	6,630	6,777	6,928	6,990
EBITDA margin	-	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*
Net income margin	-	*5.0%*	*6.0%*	*6.4%*	*5.7%*	*5.7%*	*5.8%*	*5.8%*	*5.8%*	*5.9%*	*5.8%*
NPV of the Project	8,683										
IRR of project	*17.1%*										
Project payback period	8.5										

Source: CapIQ, KPMG Analysis

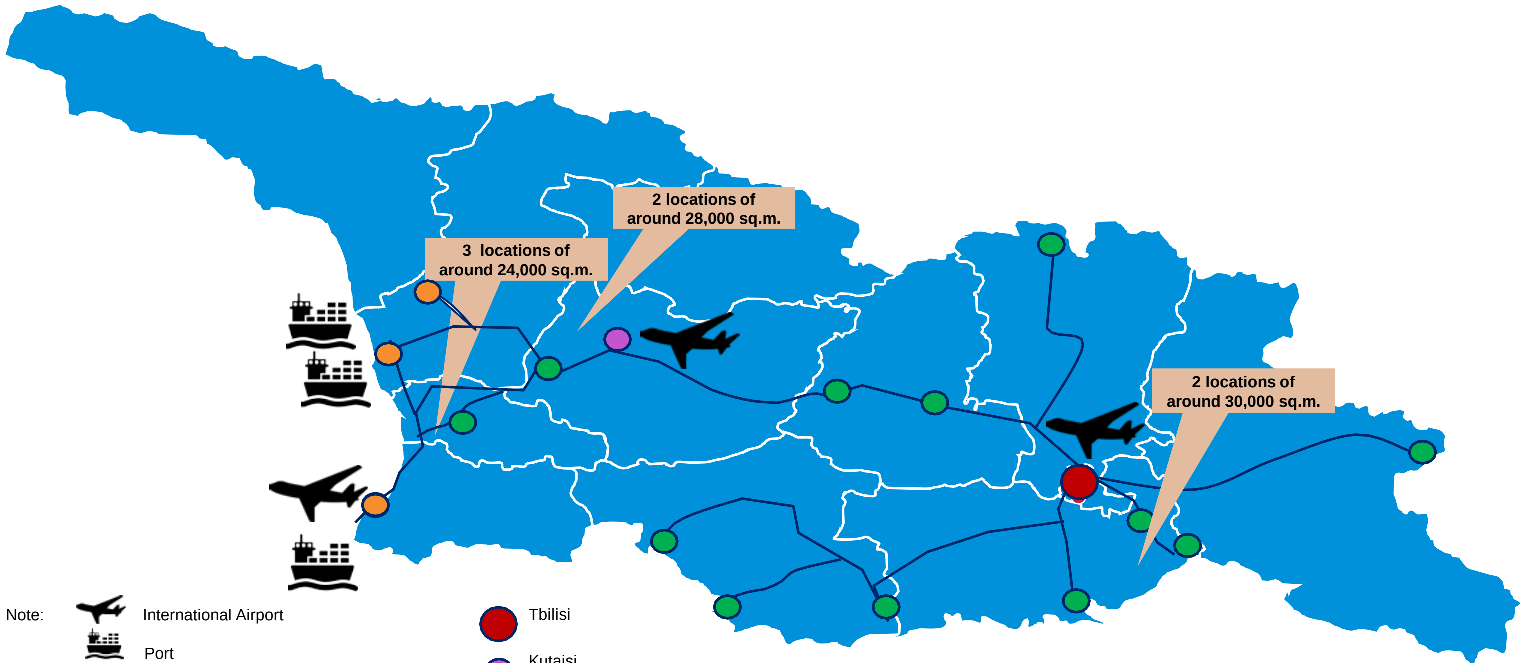
- Our assumptions and analysis has been performed based on the general economic and sector indicators. The detailed calculations for Georgia, including construction costs, labor costs, specific legal and environmental costs etc have not been considered. However, the country specific taxation has been considered, as well as the CPI and the pricing data.
- In addition, our assumptions and analysis do not incorporate support mechanisms, such as free of charge transfer of immovable property for companies investing in Georgia, that will result in decreased initial investment, increased NPV and shortened payback period.
- Per the general analysis, the results show that the project is feasible for the calculated optimal capacity and the relevant investment, as well as given costs assumptions. The NPV of the project is positive amounting to USD8.7 million, the project IRR is high amounting to 17%. The payback period is estimated to be 8.5 years.
- Considering average debt to equity ratio per industry, current market interest rates for debt and no grace period, equity IRR for investment in Bags is similar to project IRR. However equity IRR is very sensitive to the terms and size of debt. As an example, increasing portion of debt to 40% and assuming 2 years of grace period, equity IRR increases to 19%.

Appendices

Appendix 1

Location of potential land plots and building available for free of charge transfer to an investor

We have been provided with list of pre selected land plots and buildings suitable for a manufacturing factory construction in Georgia, that are available for free of charge transfer to interested investors. We have been informed by Enterprise Georgia LEPL that the list is not exhaustive and more options can be provided to interested investors as per their request. See next slide for the details of potential land plots and buildings available for free of charge transfer to an investor



Note: International Airport

Port

Tbilisi

Kutaisi

Batumi, Poti, Anaklia

Source: KPMG Analysis

Appendix 1

Details of potential land plots and building available for free of charge transfer to an investor

Potential state owned properties for free of charge transfer to an investor for construction of manufacturing factory							
Region	**Imereti**			**Guria**		**Kvemo Kartli**	
Major cities/towns in region	Kutaisi, Zestaponi, Samtredia			Lanchkhuti, Ozurgeti		Rustavi, Gardabani	
Property type	Land and ruins of buildings	Land and buildings	Land and ruins of building	Land and buildings	Land and buildings	Land	Land and buildings
Address	Sulkhan-Saba Av. 10; Kutaisi	Griboedovi St. 55A; Samtredia	Kostava St. 15; Samtredia	Muskhishvili St. 15A; Lanchkhuti	Lanchkhuti	Gamarjveba; Gardabani	Gardabani
Property code	03.05.24.891	34.08.47.065	34.08.58.214	27.06.57.190; 27.06.57.020	27.06.52.541; 27.06.52.429; 27.06.52.459	81.07.16.738	81.15.03.218
Size of Land (square meter)	15,632	5,254	6,755	14,949	8,987	5,851	23,672
Population (Thousand persons, 2017)	530			113		427	
Labor force (Thousand persons, 2016)	377*			70**		210	
Unemployed (Thousand persons, 2016)	41*			3***		18	
Population outside labor force (Thousand persons, 2016)	155*			n/a		91	
Average monthly salary in business sector (USD, 2017)	286			294		352	
Average monthly salary in industry (USD, 2016)	289			326		434	
Production value in industry (USD'000, 2016)	351			73		723	
Value added in industry (USD'000, 2016)	113			23		233	
Regional advantages	Center of Georgia; Close to Kutaisi airport; Main road crossing all major towns of region; Easy access to railway, Free Industrial Zones			Close to Poti and Batumi ports; Close to Batumi airport; Close to Turkish border		Close to Azerbaijan and Armenian border; Close to the capital - Tbilisi and Tbilisi airport	

Note: *Information about labor force and unemployment in the Imereti region is presented together with Racha-Lechkhumi, Kvemo Svaneti data;
**No public information is available for labor force specifically for Guria. The region is grouped with Samtskhe-javakheti and Mtskheta-Mtianeti and total labor force for the three regions represent 229 thousand. However, as per not formal information the labor force in Guria represents 70,000 individuals;
***As no data was available for labor force specifically for Guria, we estimated number of unemployed people based on average unemployment rate of 4.1% for the region

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