



Enterprise Georgia LEPL

Investment proposal for leather
footwear 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 manufacturing leather footwear (1/3)

— Given Georgia's location, infrastructure and its favorable economic and political position in the region, the country is a favorable location for investment

- ❑ **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 footwear manufacturing – Average gross salary per month for footwear manufacturing specialists ranges between USD155 – USD420, according to the inquiry 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. We identified 5 leather manufacturer companies operating in Georgia. The raw materials for leather production are purchased locally, while end product is mainly exported to Turkey and Italy.
- ❑ **Training Centers** – Trainings for the footwear specialists are available in Tbilisi and Kutaisi (total of 3 centers). The average length of courses is 16 months. In addition, there are training centers for textile specialists in different cities of Georgia with average length of course of 20 months. 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 competitive advantage in manufacturing leather footwear (2/3)

- 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 footwear 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

Georgia's competitive advantage in manufacturing leather footwear (3/3)

- Georgia benefits from zero import tax to EU for footwear which otherwise amount up to 17%
- Georgia benefits from zero import tax to Turkey and CIS for footwear which otherwise amount up to 30%

□ 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 footwear product that are fully eliminated vary by product and represent up to 17% for EU and Turkey and up to 30% 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

— 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 footwear 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.

Despite the above, there is one exemption that footwear (group 64) should be manufactured from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406 (parts of footwear).

— CIS

According to the requirements for the Certificate of Origin for CIS in case materials used in footwear 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

Overview of raw materials for leather footwear

Key raw materials used in manufacturing leather footwear

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

The raw materials used in footwear production can be split into two main categories such as, materials and energy commodities. The materials largely include natural materials such as **cotton and leather**.

Three leading producers are **China, Brazil, and Italy**, which have earned reputations as countries that supply key quantities of **leather**. **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 footwear.

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

Rubber is a key constituent of footwear and is produced both by natural means, i.e. from rubber trees, and also synthetically by chemicals companies.

Plastic is widely used for manufacturing the different types of footwear. Main manufacturers of Plastic are China, USA and Germany.

Sources: (1) Marketline, *Global footwear report, 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 the footwear sector include production materials (e.g. leather, rubber, plastic compounds, foam, leather, and canvas, accessory materials (e.g. precious metals and stones) and packing materials.

We have identified 5 leather manufacturer companies operating in Georgia. The raw materials for leather production are purchased locally, while end product is mainly exported to Turkey and Italy. However, the production may not be sufficient in volume terms

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



Sources: (1) Marketline, *Global footwear report, March 2018*, (2) KPMG Analysis

Optimal industry capacity

In order to understand the optimal capacity of production of footwear 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 leather footwear, 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 leather footwear by Georgia to these countries. 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 leather footwear (HS codes 640399)								
	Import in USD'000	Import/export gap in USD'000	Estimated total import		Estimated price per unit, USD	Potential share of import from Georgia	Potential volume (thousand units)	
			Total import in tons (2016)	volume (thousand units, 2016)				
EU	12,188,942	890,335	379,136	636,840	19	1.2%		6,687
Russian Federation	588,850	557,625	19,698	33,087	18	5.0%		1,448
Kyrgyzstan	5,286	5,256	1,273	2,138	2	-		-
Kazakhstan	35,325	24,731	4,037	6,781	5	-		-
Belarus	53,244	40,870	1,800	3,023	18	5.0%		132
Azerbaijan	7,964	7,926	213	358	22	5.0%		16
Armenia	5,508	5,141	155	260	21	5.0%		11
Moldova	4,613	(3,598)	224	376	12	-		-
Tajikistan	1,197	1,195	187	314	4	-		-
Uzbekistan	2,474	2,357	22	37	67	5.0%		2
Saudi Arabia	60,897	59,789	2,049	3,442	18	5.0%		151
Iran	357	(29)	-	-	-	-		-
China	869,633	(4,775,092)	19,686	33,067	26	-		-
Turkey	162,195	39,422	4,694	7,885	21	-		-
			433,174	727,608				8,446

Note: Information for import and export presented in tons were transferred in number of units using 0.68 kilogram

Source: ICT, KPMG Analysis

Optimal industry capacity and estimated investment

The analysis shows, there is a gap between the import and export in most of the selected countries, except for China, Iran and Moldova. The gap in these countries is negative, which shows that the export exceeds import. We considered that the possibility to access these market is low, therefore didn't consider China, Iran and Moldova as a potential consumers of the Georgian production. In addition, we analyzed the selling price of imported products and considered that the benefits from entering the following markets is low: Kyrgyzstan, Kazakhstan and Tajikistan. 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 USD557.6 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 the 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, Turkey and selected countries of CIS and Middle East will be 1% to 5% of the total imports as shown on previous slide. Because the amount of import/export of leather footwear is mostly measured in tons and the data wasn't available in units, we estimated average weight of one pair of sports and textile upper footwear and calculated amounts in pairs. Thus, based on the calculations of import/export data, the optimal capacity of the production in Georgia would be around 8,446,000 pairs per year.

In order to estimate the approximate investment for a manufacturing facility with the capacity of 8,446,000 pairs 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 amount of pairs produced by one worker per year, we calculated the estimated investment at USD33.7 million. This is an approximate amount, as in Georgia are not many similar investment projects to be compared to. 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 leather footwear in Georgia. The more detailed description of the 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 USD1,687 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. Therefore 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	33,743
Capacity, units'000	8,446
Number of employee	3,723
Investment per employee, USD	9,063
Construction timeline	1
Annual maintenance CAPEX, USD'000	1,687
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 39.7% and 7.5%, respectively throughout the forecast and terminal periods. EBT margin was projected to vary between 5.6% and 6.6%. 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	-	93,203	141,622	192,228	195,880	198,818	201,999	205,231	208,515	211,851	215,241
<i>Growth</i>			52.0%	35.7%	1.9%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
COGS	-	(56,248)	(85,469)	(116,009)	(118,214)	(119,987)	(121,907)	(123,857)	(125,839)	(127,852)	(129,898)
Gross profit	-	36,955	56,153	76,218	77,666	78,831	80,093	81,374	82,676	83,999	85,343
<i>Gross profit margin</i>		39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%
SG&A	-	(29,965)	(45,531)	(61,801)	(62,975)	(63,920)	(64,943)	(65,982)	(67,038)	(68,110)	(69,200)
EBITDA	-	6,990	10,622	14,417	14,691	14,911	15,150	15,392	15,639	15,889	16,143
<i>EBITDA margin</i>		7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Financial Depreciation		(1,764)	(1,787)	(1,819)	(1,854)	(1,881)	(1,911)	(1,942)	(1,973)	(2,005)	(2,037)
EBT	-	5,226	8,835	12,598	12,837	13,030	13,238	13,450	13,665	13,884	14,106
<i>EBT margin</i>		5.6%	6.2%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
Corporate Income tax	-	-	-	-	(1,636)	(1,695)	(1,716)	(1,746)	(1,776)	(1,806)	(1,972)
Net Income	-	4,781	8,425	12,227	10,872	11,051	11,287	11,521	11,763	12,012	12,134
<i>NI margin</i>		5.1%	5.9%	6.4%	5.6%	5.6%	5.6%	5.6%	5.6%	5.7%	5.6%

Source: CapitalIQ, KPMG Analysis

Sales projection

Sales volume

Production of footwear was projected to start in Year 2 at the level of 4,223,000 units further increasing to 8,446,000 units in Year 4. The 100% of sales volume is expected to be sold on export.

Sales price

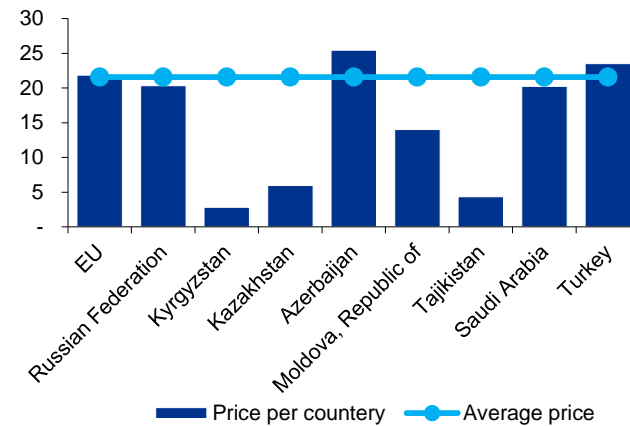
Average price for the export was estimated to be USD22 per unit based on averages of the import countries, provided by International trade Center (ICT).

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 8.1 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	-	93,203	141,622	192,228	195,880	198,818	201,999	205,231	208,515	211,851	215,241
<i>% of growth</i>		-	51.95%	35.73%	1.90%	1.50%	1.60%	1.60%	1.60%	1.60%	1.60%
EBITDA	-	6,990	10,622	14,417	14,691	14,911	15,150	15,392	15,639	15,889	16,143
<i>EBITDA margin</i>		7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
EBT	-	5,226	8,835	12,598	12,837	13,030	13,238	13,450	13,665	13,884	14,106
Income tax (adjusted)	-	-	-	-	(1,636)	(1,695)	(1,716)	(1,746)	(1,776)	(1,806)	(1,972)
NOPAT	-	5,226	8,835	12,598	11,202	11,335	11,522	11,705	11,890	12,078	12,134
Cash flow adjustments											
Depreciation	-	1,764	1,787	1,819	1,854	1,881	1,911	1,942	1,973	2,005	2,037
CAPEX	(33,743)	-	-	(1,819)	(1,854)	(1,881)	(1,911)	(1,942)	(1,973)	(2,005)	(2,037)
Change in working capital	-	(26,423)	(13,727)	(14,347)	(1,035)	(833)	(902)	(916)	(931)	(946)	(961)
FCFF	(33,743)	(19,433)	-3,105	-1,749	10,166	10,502	10,621	10,788	10,959	11,132	11,174
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	(31,766)	(16,213)	(2,296)	(1,146)	5,904	5,405	4,845	4,361	3,926	3,535	31,579
Sum of discounted cash flows	(23,444)										
Terminal value	31,579										
NPV	8,135										

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	-	93,203	141,622	192,228	195,880	198,818	201,999	205,231	208,515	211,851	215,241
EBITDA	-	6,990	10,622	14,417	14,691	14,911	15,150	15,392	15,639	15,889	16,143
Net Income	-	4,781	8,425	12,227	10,872	11,051	11,287	11,521	11,763	12,012	12,134
EBITDA margin	-	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Net income margin	-	5.1%	5.9%	6.4%	5.6%	5.6%	5.6%	5.6%	5.6%	5.7%	5.6%
NPV of the Project	8,135										
IRR of project	15.2%										
Project payback period	9										

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 USD8.1 million, the IRR is high amounting to 15.2%. The payback period is estimated to be 9 years.
- Considering average debt to equity ratio per industry, current market interest rates for debt and no grace period, equity IRR for investment in leather footwear is similar to project IRR. However equity IRR is 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 16%.

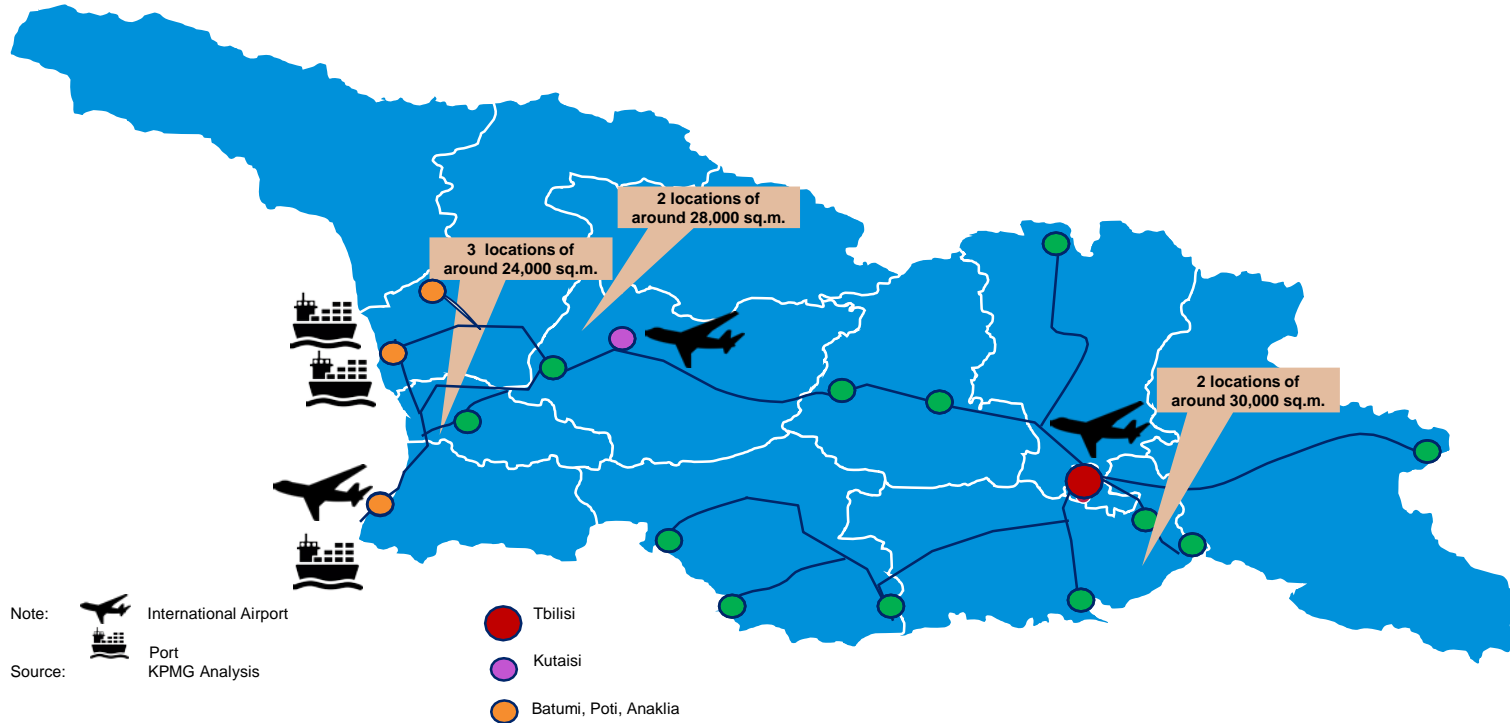


Appendices

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



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 labour 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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