



Delivering Progress

Construction - I Quarter, 2017

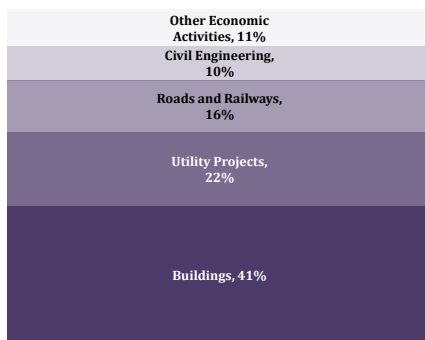
Economic Outlook and Indicators

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In the first quarter of 2017, compared to the corresponding period of 2016:

- Production value of the construction sector increased by 13%
- Total turnover of the construction sector increased by 16%
- Foreign direct investments in the construction sector increased by 188% (GEL 36.4 mln)
- The number of persons employed in the construction sector increased by 2.8% (1,600 persons)

Production Value in Construction by Kind of Economic Activity, I Q 2017

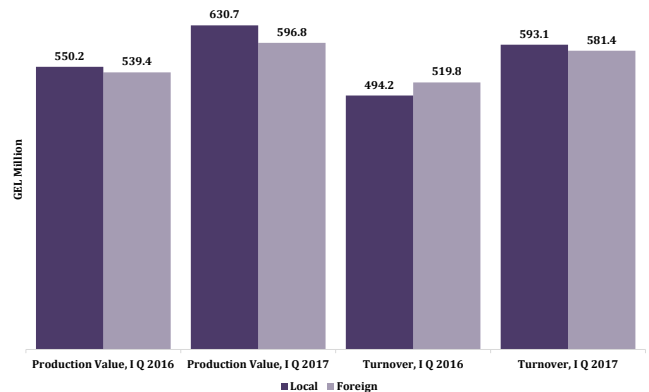


Source: National Statistics Office of Georgia

In the first quarter of 2017, compared to the corresponding period of 2016, the production value of the construction sector increased by 13% (GEL 137 mln) and amounted to GEL 1.2 bln. The composition of the production value according to economic activity is as follows: construction of residential and non-residential buildings - 41% (GEL 507.2 mln); construction of utility projects - 22% (GEL 272.6 mln); construction of roads and railways - 16% (GEL 191 mln); construction of other civil engineering projects - 10% (GEL 125.9 mln); and other kinds of economic activity - 11% (GEL 135.6 mln).

It is also important to note that in the first quarter of 2017, the construction sector's turnover increased by 16% (GEL 160 mln) compared to the first quarter of last year.

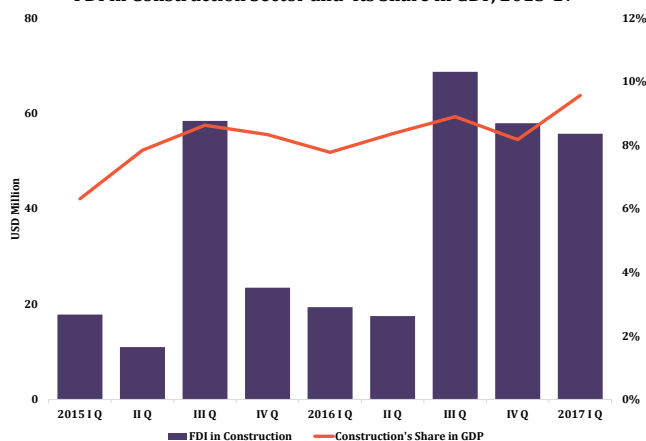
Production Value and Turnover in Construction by Kind of Economic Activity, I Q 2016-17



Source: National Statistics Office of Georgia

The composition of production value and turnover in construction according to local and foreign private ownerships makes for interesting reading. The share of local private and legal persons in total production value exceeded that of foreign persons in the first quarters of 2016 and 2017. Within business sector turnover, an exception is observed in the first quarter of 2016 where the share of local private and legal persons was 5.2% lower than that of foreign persons.

FDI in Construction Sector and Its Share in GDP, 2015-17



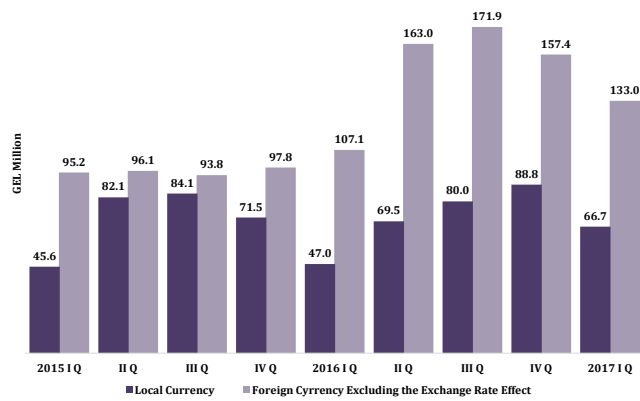
Source: National Statistics Office of Georgia

In the first quarter of 2017, 14% (USD 55.7 mln) of total foreign direct investments were in construction. The share of foreign direct investment in construction is the fourth largest among total foreign direct investment after transport and communication (35%; USD 141.1 mln), real estate (20%; USD 80.3 mln), and the financial sector (20%; USD 79.6 mln).

Compared to the first quarter of 2016, in the first quarter of 2017 foreign direct investments in construction significantly increased by 188% (USD 36.4 mln).

In the first quarter of 2017, the construction sector made up 9.6% of gross domestic product. Crucially, this value increased by 1.8 percentage points compared to the corresponding period of 2016.

Loans to the Construction Sector, 2015-17

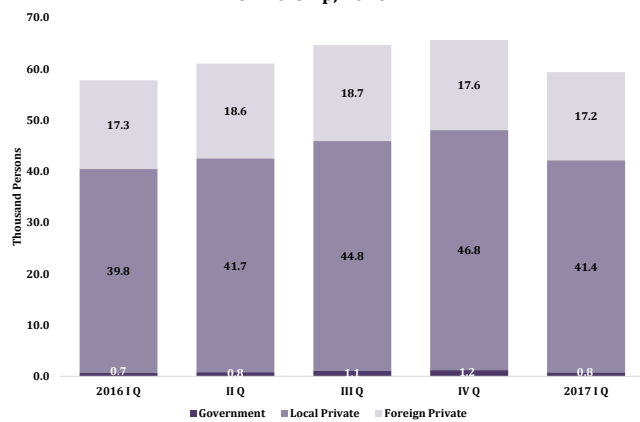


Source: National Bank of Georgia

In the first quarter of 2017, only 33% (GEL 66.7 mln) of total loans to the construction sector were in the national currency. The other 67%, which amounted to GEL 133 mln (excluding the exchange rate effect), was in foreign currencies.

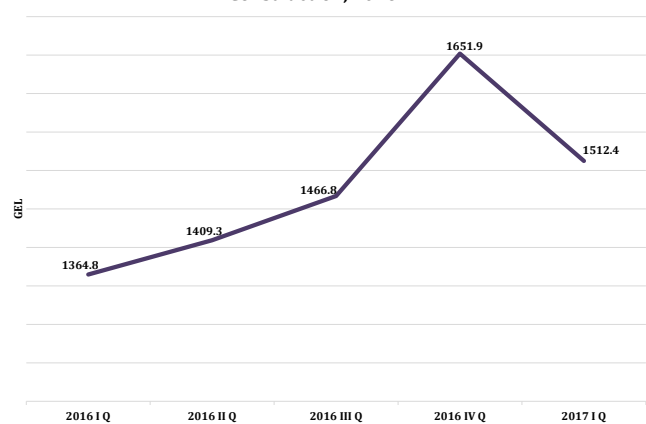
In the first quarter of 2017, loans to the construction sector in the national currency increased by 42% (GEL 19.7 mln) compared to the corresponding period of 2016, while loans in foreign currencies increased by 24% (GEL 25.9 mln).

Number of Employees in Construction by Types of Ownership, 2016-17



Source: National Statistics Office of Georgia

Average Monthly Remuneration of Employed Persons in Construction, 2016-17



The number of persons employed in the construction sector increased by 2.8% (1,600 persons) in the first quarter of 2017, compared to the corresponding period of last year, amounting to 59,400. In the business sector, construction is the fourth largest employer after wholesale and retail trade, manufacturing, and human health and social work.

In the first quarter of 2017, compared to the corresponding period of 2016, the average monthly remuneration of persons employed in the construction sector increased by 11% (GEL 148) and reached an average of GEL 1,512.4. In the business sector, the third highest average monthly remuneration was in construction.

In the first quarter of 2017, the highest average monthly remuneration in the construction sector was found in the construction of other civil engineering projects (GEL 3,910), construction of utility projects (GEL 2,114), and demolition and site preparation (GEL 1,949).

Basic Economic Indicators	III 2015	IV 2015	2015	I 2016	II 2016*	III 2016*	IV 2016*	2016*	I 2017*
Nominal GDP (mln USD)	3545.0	6682.3	13988.1	3018.8	3642.6	3767.3	3784.5	14332.8	3195.7
Per capita GDP (USD)	950.5	994.7	3766.6	811.4	979.1	1012.6	1017.2	3852.5	859.5
GDP real growth (%)	2.5%	2.9%	2.9%	2.6%	3.0%	2.3%	2.8%	2.7%	5.1%
Consumer Price Index (annual average)			4.0%					2.1%	
Foreign Direct Investment (USD)	489.0	267.9	1564.5	388.6	445.3	463.3	330.3	1645.4	403.3
Unemployment Rate (%)			12%					11.8%	
External Public Debt (mln USD)	4195	4315	4315	4396	4404	4461	4515	4515	4581
Poverty Rate (relative)			20.1%					20.6	

Source: National Statistics Office of Georgia
National Bank of Georgia
Ministry of Finance

Preliminary data*