



Ice Cream Production Industry Benchmark Survey

Prepared based on 2018 data





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Reason of research

The present study serves to identify trends in the ice cream industry based on the first, second and third size category companies' financial statements for 2018.

The report presents the average financial indicators of the sector, which forms the "benchmark" of the sector and provides information on its financial situation.





Methodology

The data used in the study are taken from the website of the Reporting Portal, where the annual financial reports are published following the legislation of Georgia.

These companies belong to the first, second, and third size categories, of which only 2 companies are audited.

This information is based on the data of 2018, the focus is on the leading companies in the market, the number of which is 7.

The study focuses on market research on ice cream products, specifically ice cream production and export-import data from the International Trade Center website.





Research Results

The study reviews ice cream companies with a total turnover of more than GEL 101 million, total assets of GEL 103 million, and total profits before tax of GEL 8 million.

The study identified industry-leading companies in terms of revenue, assets, and profits.

The analysis of the data showed that Georgian companies have the following financial indicators in the ice cream industry: the average profit on assets (ROA) is 5%, and the profit on capital (ROE) is 8%.

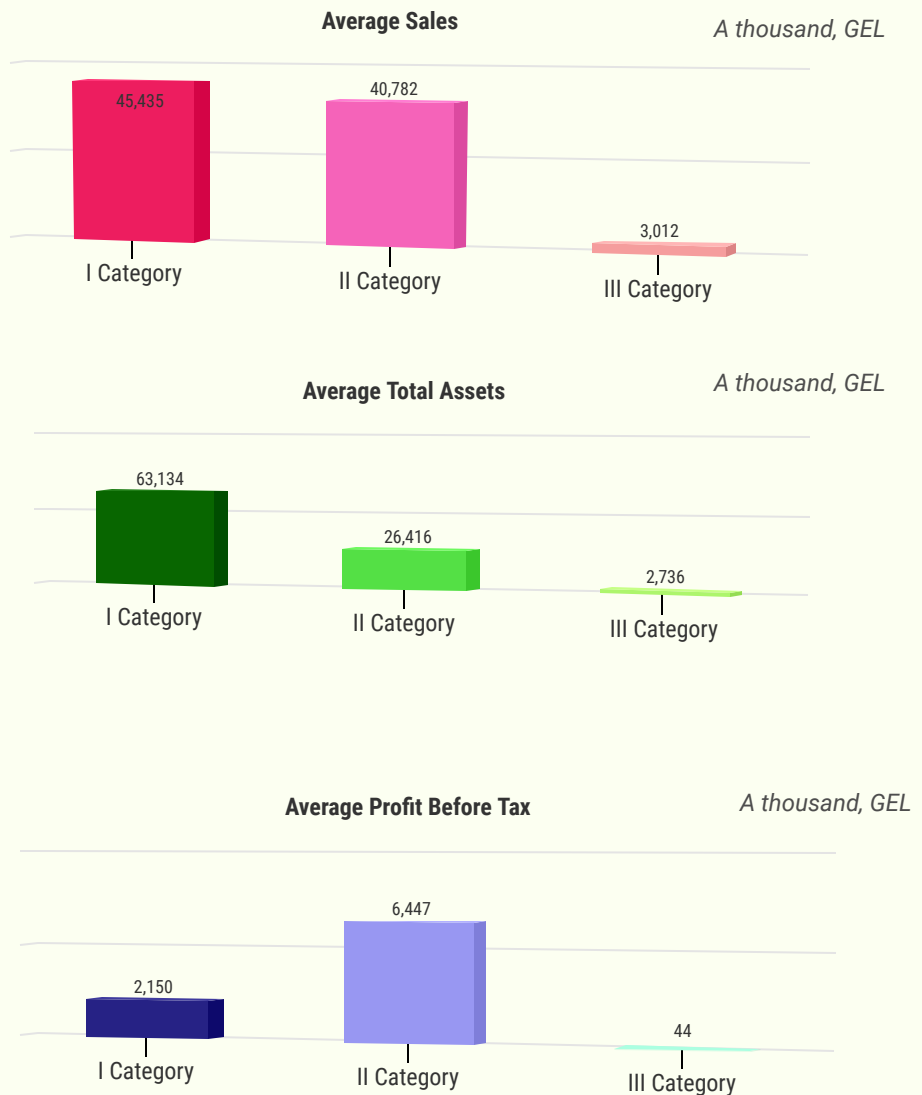
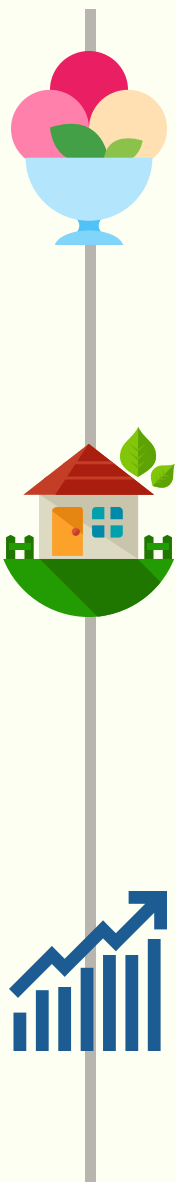
Besides, the financial ratios of the industry's average liquidity, efficiency, and solvency were determined.





Research Results

The study also revealed the average data for 2018 companies by category. One of the 7 companies in this category is the first category, in the second category we have one company, and the other five companies are united in the third category.





An Overview of The Ice Cream Market

The ice cream market in Georgia is gradually growing and developing, as evidenced by the emerging new ice cream companies in the market, although the country has the potential to produce much more and higher quality ice cream that meets the requirements of the country. Therefore, the number of ice cream companies and, consequently, the volume of production will increase.

According to the reporting portal's website in 2018, the number of ice cream companies was 7. The geographical area of these companies mainly includes Eastern Georgia. Below on the map of Georgia, the location of the ice cream companies is indicated:



- 4 Bros. Ltd.
- Barambo Ltd.
- Mkinvari Ltd.
- Cartu Universal Ltd.
- Aisi Ltd.
- Leader XXI Ltd.
- Pino Ltd.



An Overview of The Ice Cream Market

According to the International Trade Center, the total value of ice cream imported in 2019 has increased compared to previous years, indicating an increase in demand or an increase in the price of products.

The total value of ice cream imported in 2018 amounted to 2,720 thousand US dollars, while in 2019 it increased to 3,013 thousand US dollars.

The top five countries from which major ice cream is imported are 2019, Turkey, the Russian Federation, Ukraine, Armenia, and Romania. Below is a diagram of the cost of imports by country, with statistics for the last five years:



Source: International Trade Center

As can be seen from the graph, Turkey has been the main importer of ice cream for the last five years. The highest rate was recorded in 2019, the value of imports amounted to 1,302 thousand US dollars, while in 2018 it exceeded 1,000 US dollars. After Turkey, comes the Russian Federation, in 2018 377 thousand USD, and in 2019 511 thousand USD worth of ice cream was imported.

The lowest number of imports from the top countries came from Romania, where no ice cream was imported until 2018, and in 2019, the cost of importing ice cream was \$ 141 thousand.

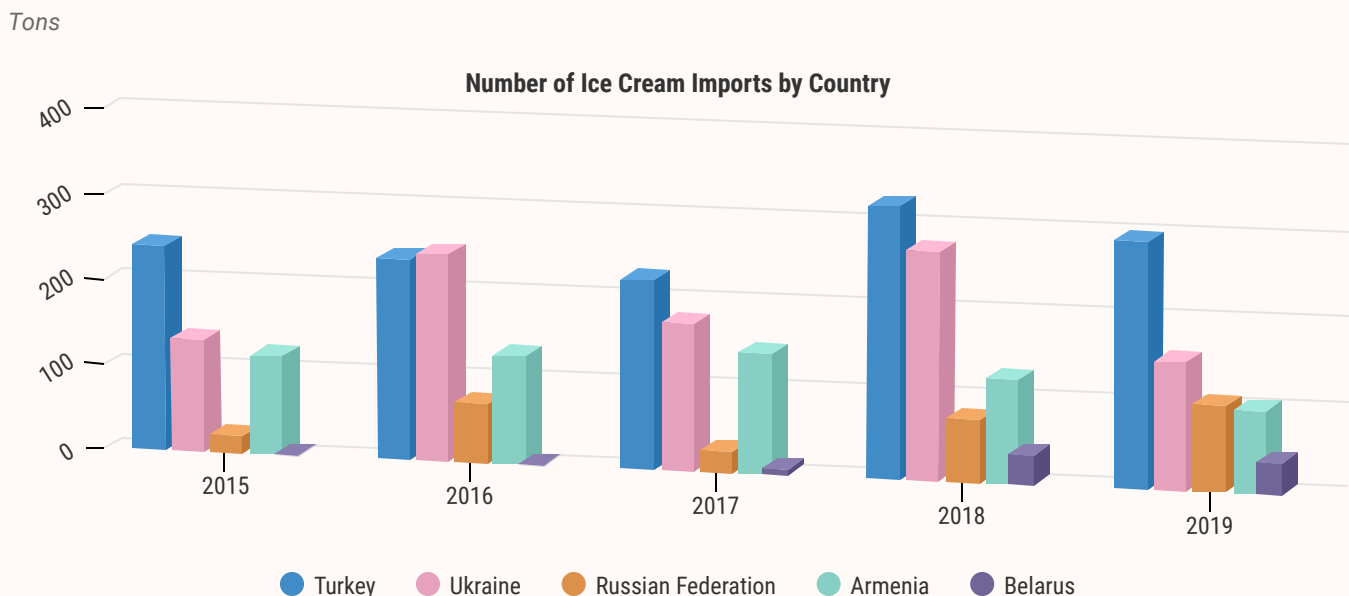


An Overview of The Ice Cream Market

According to the International Trade Center, the total amount of ice cream imported in 2019 has decreased compared to the previous year, indicating an increase in local production. The total amount of ice cream imported in 2018 was 904 tons, while in 2019 it was reduced to 755 tons.

The top five countries from which the main import of ice cream is made, according to 2019 data, are Turkey, Ukraine, the Russian Federation, Armenia, and Belarus.

Below is a diagram of the number of imports by country, with statistics for the last five years:



Source: International Trade Center

As can be seen from the graph, Turkey has been the main importer of ice cream for the last five years. The highest rate in the last five years was recorded in 2018, the number of imports amounted to 322 tons, while in 2019 it decreased to 291 tons, a similar trend is observed in Ukraine and Armenia, and in the case of Belarus and Russia in 2019 increased imports compared to the previous year and totaled 140 tons. 102 tons were imported from Russia.



An Overview of The Ice Cream Market

As for exports, quite a small amount of ice cream is exported from the country, although it is interesting where it goes and how much. According to the International Trade Center, the total value of ice cream exported in 2019 amounted to 9 thousand US dollars, and in 2018 no ice cream was exported at all.

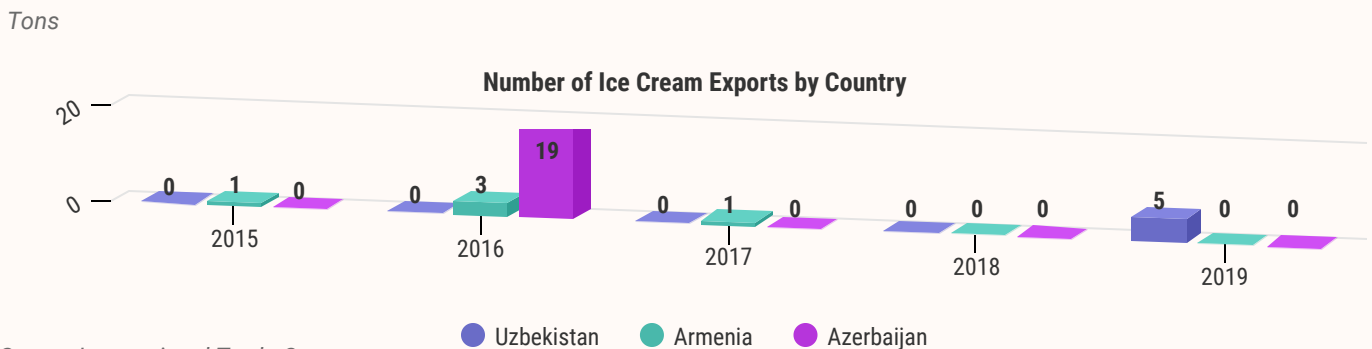
The countries where ice cream is exported by value are Uzbekistan, Azerbaijan, and Armenia. Below, in the form of a diagram, is the value of exports by country, statistics for the last five years:



Source: International Trade Center

As can be seen from the graph, the largest value export in the last five years was made in 2016, 62 thousand US dollars worth of ice cream was exported to Azerbaijan. In 2019, ice cream was exported to Uzbekistan for \$ 9,000.

As for the export of ice cream by quantity, it is as follows:



Source: International Trade Center

როგორც გრაფიკიდან ჩანს, ბოლო ხუთი წლის განმავლობაში, 2016 წელს, ყველაზე მეტი ექსპორტი დაფიქსირდა აზერბაიჯანში, 19 ტონაზე, ხოლო 2019 წელს უზბეკეთში - 5 ტონაზე.



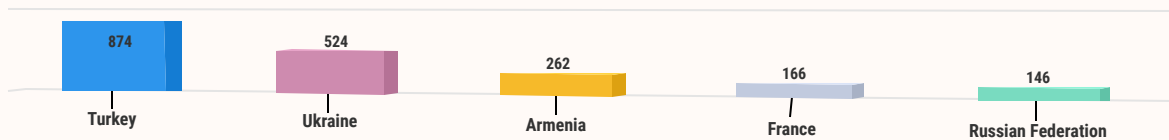
An Overview Of The Ice Cream Market

Although Turkey is the undisputed leader in importing countries, it is interesting to see how the top countries have changed in the last four years.

Below is a diagram of the top five importing countries by years:

A thousand, dollars

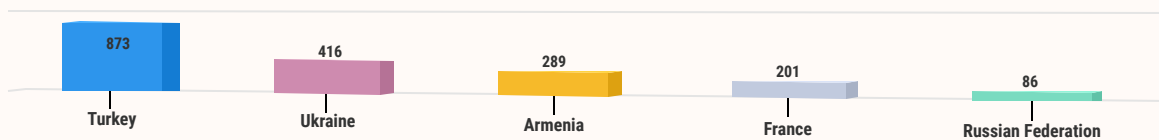
Importing Countries in 2016



Source:International Trade Center

A thousand, dollars

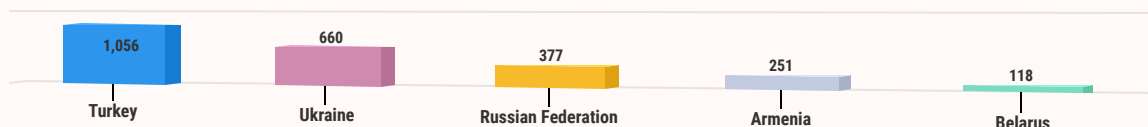
Importing Countries in 2017



Source:International Trade Center

A thousand, dollars

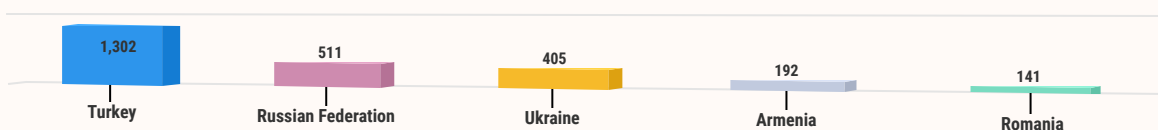
Importing Countries in 2018



Source:International Trade Center

A thousand, dollars

Importing Countries in 2019



Source:International Trade Center

As can be seen from the graph, the top importing countries are quite variable and the value of the goods imported by them.



Top 3 Ice Cream Manufacturing Company by Income (2018)

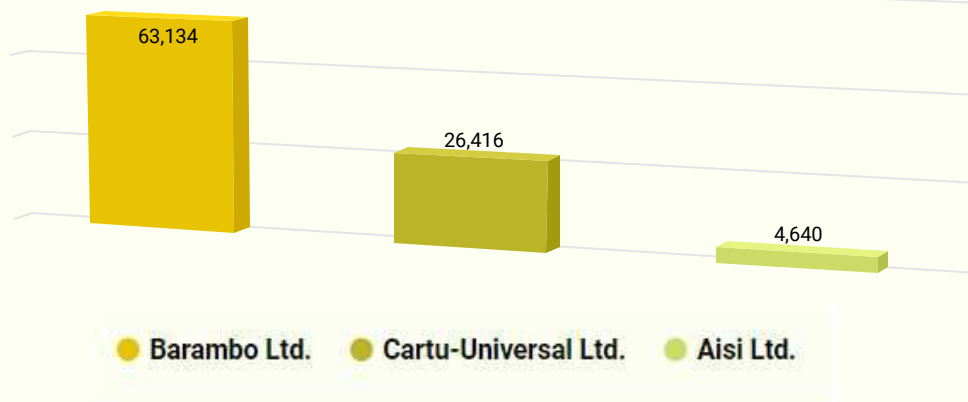
The total income of these companies represents 92% of the total income of other ice cream manufacturing companies.

A thousand, GEL



According to Total Assets, Top 3 Companies in The Ice Cream Industry (2018)

A thousand, GEL



Profit Before Tax, Top 3 Companies in The Ice Cream Industry (2018)

A thousand, GEL

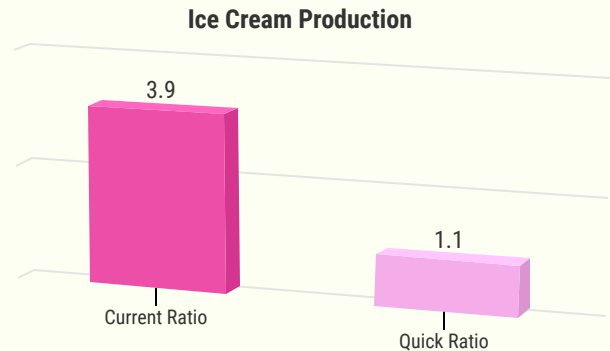




Average Financial Ratios of The Industry (2018)

Liquidity Ratios

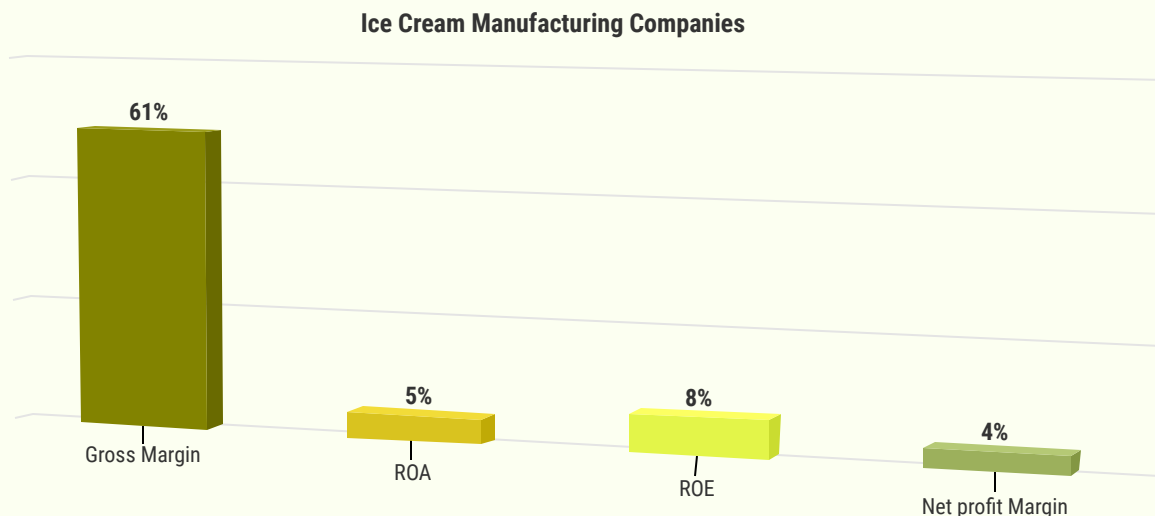
The study found the liquidity ratios of ice cream manufacturing companies. Current and quick ratios are 3.9 and 1.1, when the liquidity ratio is more than 1, the indicator is considered satisfactory.



Profit Ratios

The profit ratios of ice cream companies were as follows: the gross profit margin was 4%, the return on assets for producers (ROA) was 5%, and the return on equity (ROE) was 8%. It should be noted that the income margin ratios, which exceed 61%, this is an indicator of how much the company sells its product compared to the cost.

For the most part, it is this rate that determines the profitability of an industry. However, it is worth noting the rather high costs in the industry and its seasonal nature, which is why the profit margin is only 4%.

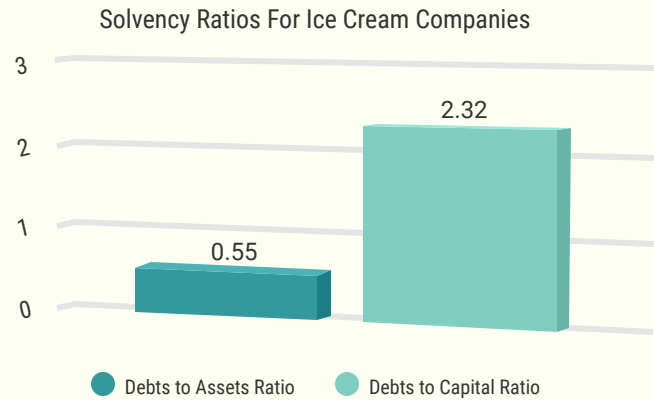




Average Financial Ratios of The Industry (2018)

Debt Ratios

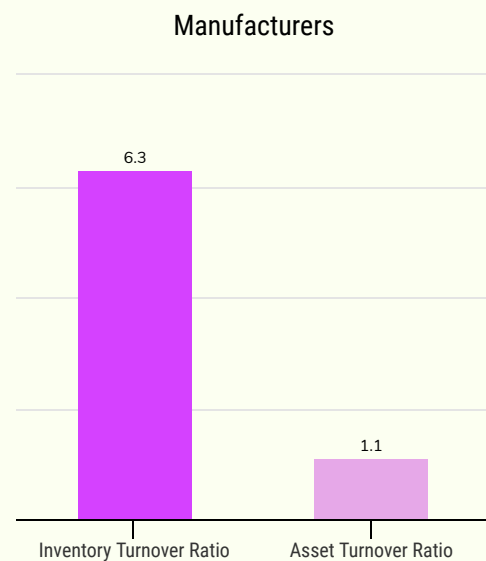
Debts to assets ratio show the total assets to liabilities. The rate of ice cream production is equal to 0.55, as well as the debts to capital ratio, which is 2.32, which indicates that the liabilities exceed capital expenditures only twice.



Efficiency Ratios

Inventory turnover ratio is equal to 6.3, for ice cream companies, which is a high rate and indicates that companies are not having a hard time selling their stocks. In general, the higher this ratio, the greater the number of sales, and the less time it takes to produce the product in stock.

The asset turnover ratio in the ice cream industry is equal to 1.1 for producers. The higher this ratio, the more efficiently the company can use its assets about sales volume.








The report was prepared by AGIC, a consulting firm that has been operating since 2007 and provides the highest quality services in the areas of auditing, accounting, business consulting and marketing.

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