



**A survey of the
restaurant
industry in
Georgia**

Prepared based on 2019 data





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კვლევის მიზანი

მოცემული კვლევა ემსახურება სარესტორნო ინდუსტრიის მიმოხილვას, არსებული ტენდენციების გამოვლენას, პირველი, მეორე და მესამე ზომითი კატეგორიის დაწესებულებების 2019 წლის ფინანსური ანგარიშგებების საფუძველზე.

რეპორტში წარმოდგენილია დარგის საშუალო ფინანსური მაჩვენებლები, რომელიც აყალიბებს დარგის "ბენჩმარკს" და იძლევა ინფორმაციას მის ფინანსურ მდგომარეობაზე.



Methodology

The data used in the study were taken from the website of the reporting portal, where annual financial statements are published in accordance with the legislation of Georgia. These restaurants belong to companies of the first, second and third size categories. The mentioned information is based on the data of 2019, the research will consider restaurants, the number of which is 42 in total. The research focuses on the review of restaurants, specifically their number, financial indicators, the data is taken from the National Statistics Service of Georgia.





Research Results

The study reviews restaurants with a total turnover exceeding 247 million GEL and total assets of 468 million GEL. It should be noted that some of the companies also own other businesses related to the hotel industry, which are not separated in the financial statements.



As a result of the data analysis, it was determined that restaurants in Georgia have the following financial indicators: the average return on assets (ROA) was 3%, and the return on capital (ROE) was 29%. In addition, financial ratios of industry average liquidity and solvency were determined.





Research Results

As a result of the research, the average data of restaurants in 2019 was also revealed. Out of these 42 restaurants, 1 belongs to the first category, 5 to the second category, and 36 to the third.

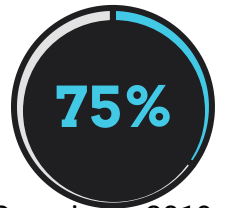




Restaurant Industry Review

The number of restaurants and restaurant-type establishments in Georgia was steadily increasing until 2019, and in 2020, the pace of development decreased significantly, which was caused by the current pandemic situation. However, it is expected that after overcoming the crisis situation, the restaurant industry in Georgia will continue to grow, in parallel with the return of tourism to the old signs, because tasting local cuisine and wine is leading among the activities most often carried out by tourists.

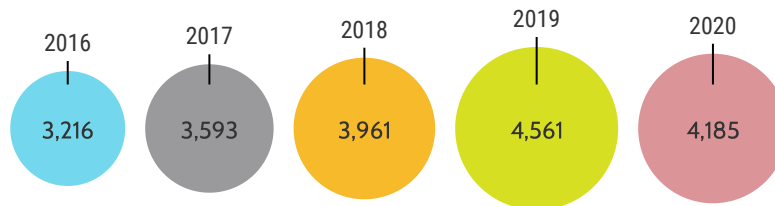
According to the administration, in 2019, this figure was 74.8% (5,408,635). Considering all this, the turnover of the industry is increasing from year to year, with the exception of 2020. Step by step, restaurants are making changes and introducing appropriate standards that meet the requirements of both Georgia and the world, which



Makes the field even more attractive. According to the National Statistical Service of Georgia, in 2019, the number of enterprises engaged in the activities of restaurants and mobile food services amounted to 4,561 units, and in 2020 it decreased by 376 units. Below are the last five data:

Number of restaurants and enterprises engaged in mobile food service activities

unit



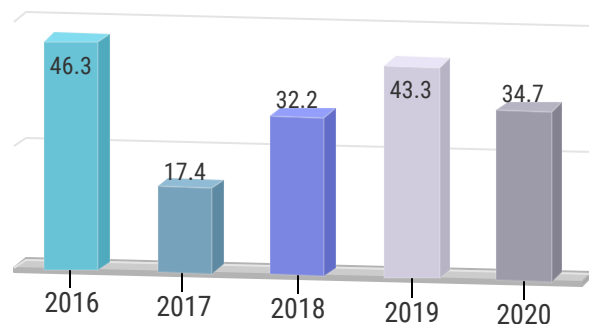
source:geostat.ge

According to the data, the number of restaurants has been steadily increasing for the last five years, except for 2020, it is important to note here that as of December 1, 2021, the number of restaurants has increased to 4,790 units, which is quite a good indicator.

According to the National Statistics Service of Georgia, in 2019, the investments of food supply enterprises in fixed assets amounted to 43.3 million GEL, and in 2020, 34.7 million GEL. reduced to GEL, below are the official data of GEOstat for the last five years:

Investments in fixed assets of food service enterprises

million GEL



source:geostat.ge

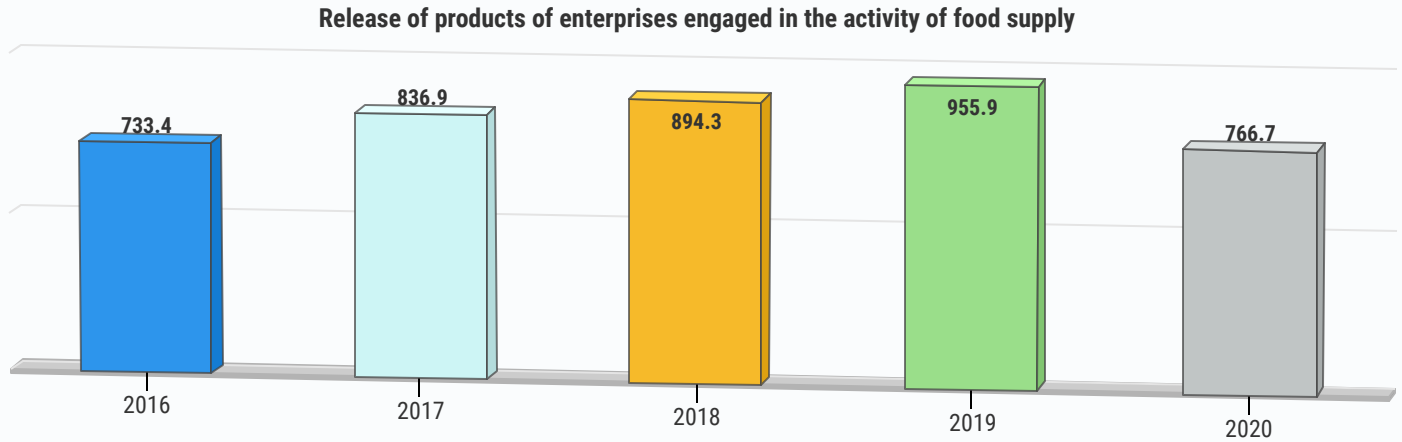
As can be seen from the diagram, in the last five years, the maximum investment in fixed assets was made in 2016 and amounted to 46.3 million. Lari.

Restaurant Industry Review



Production of food supply enterprises in Georgia during the last five years is as follows:

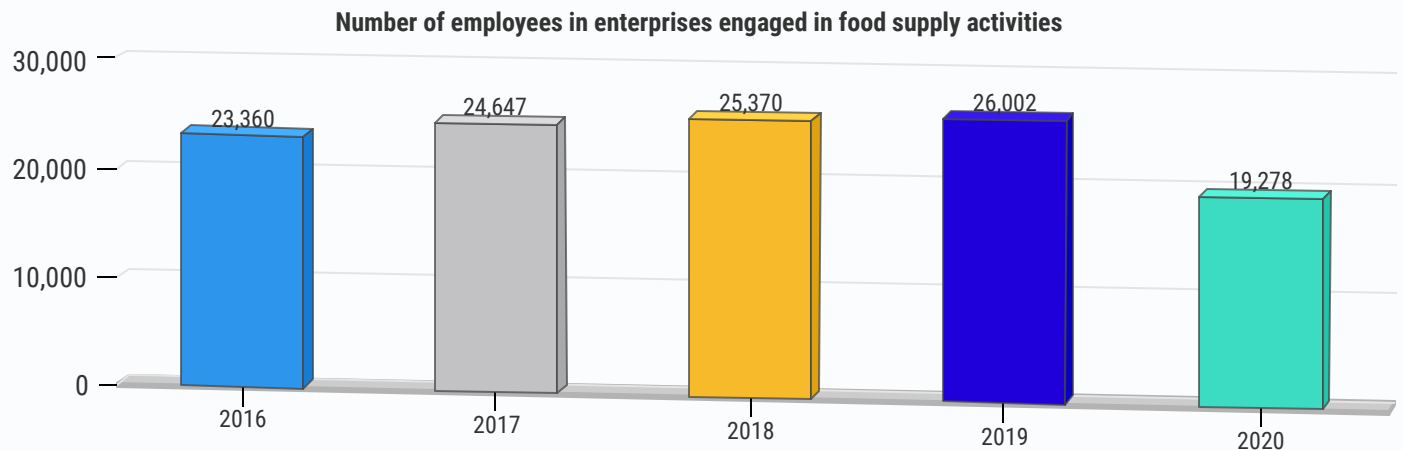
million GEL



source:geostat.ge

As can be seen from the diagram, the production output of enterprises engaged in food supply activities is steadily increasing until 2019. As for the number of employees in restaurants, in the last five years, it is as follows:

man



source:geostat.ge

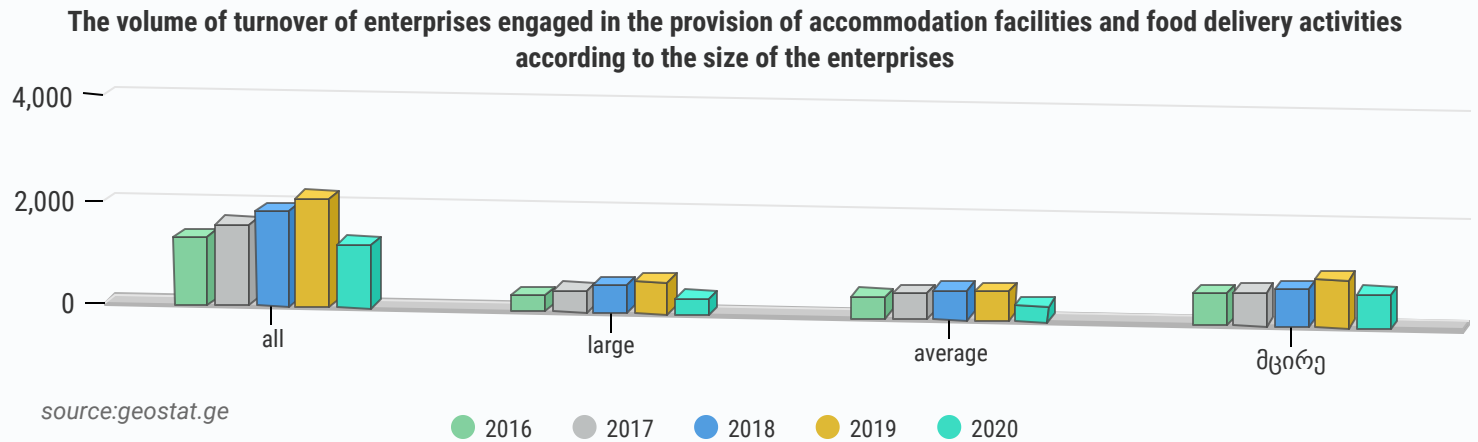
As can be seen from the diagram, the maximum number of employees in restaurants in the last five years was recorded in 2019, and the minimum in 2020.



Restaurant Industry Review

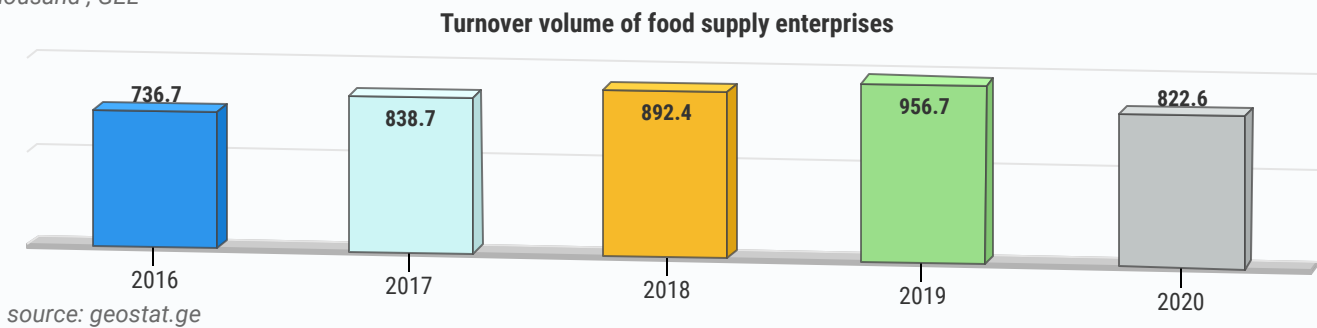
According to the National Statistics Service of Georgia, the volume of turnover of the enterprises engaged in the provision of accommodation facilities and food supply, according to the size of the enterprises, during the last five years, is as follows:

million GEL



As can be seen from the diagram, the turnover volume of enterprises engaged in the provision of accommodation facilities and food delivery activities has been steadily increasing over the past five years, except for 2020. The maximum amount was recorded in 2019 and amounted to 2089.1 million GEL, and in 2020 it was 1232.4 million GEL, which is 41% lower. If we look at the current statistics, we can say that the largest share of the turnover volume of enterprises comes from small-sized enterprises, in 2019 it amounted to 914.5 million GEL, while in the same year, the turnover volume of medium-sized enterprises was 575.2 million GEL, and in the case of large-sized enterprises, 599.3 million GEL. From this, the turnover volume of enterprises engaged in food supply activities in the last five years is as follows:

thousand , GEL



As can be seen from the diagram, the volume of turnover of enterprises engaged in food supply activities is steadily increasing until 2019.

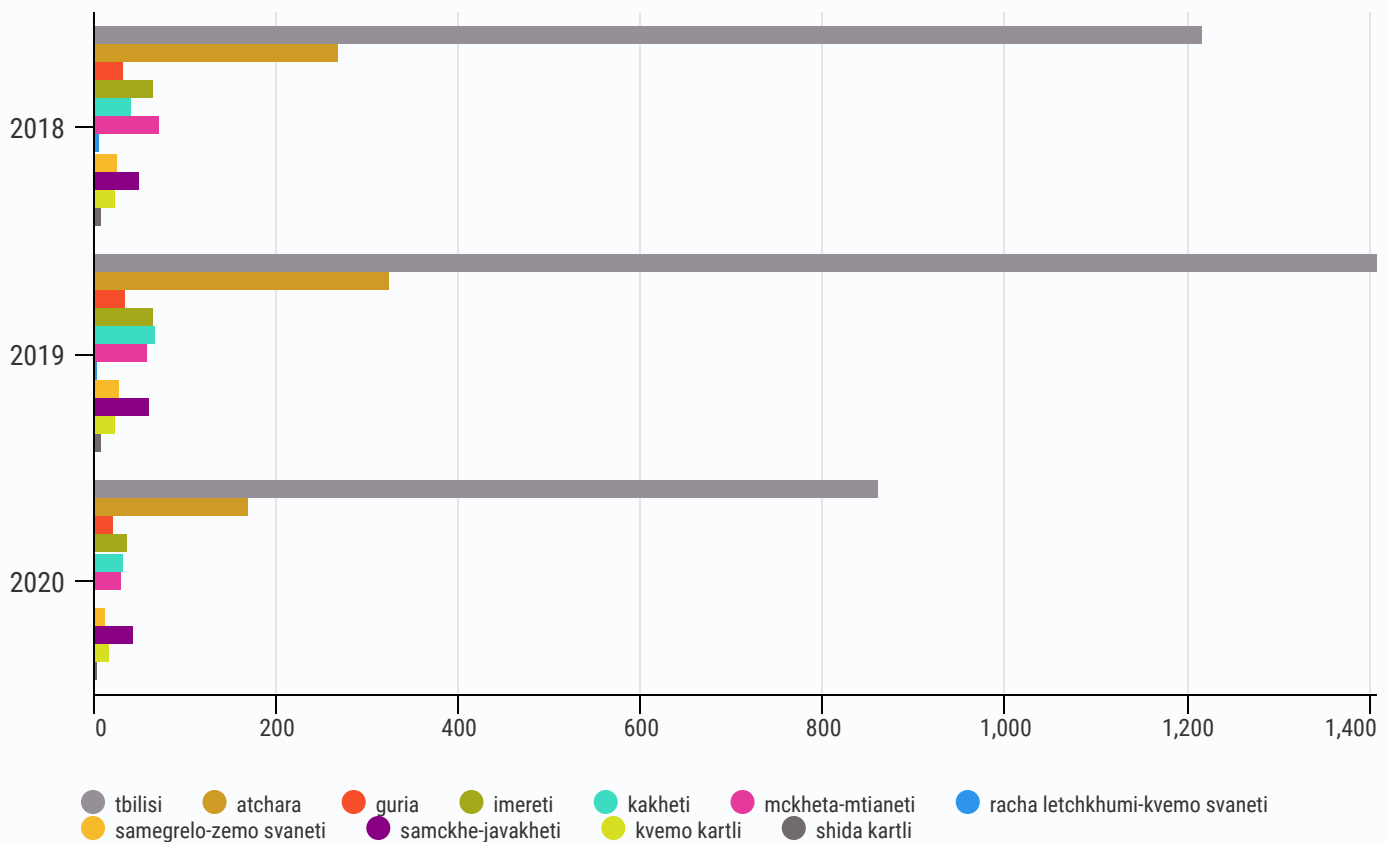


Restaurant Industry Review

According to the National Statistics Service of Georgia, the volume of turnover of enterprises engaged in the activity of providing food supply and accommodation facilities according to regions is as follows:

thausend, GEL

The volume of turnover of enterprises engaged in the activity of providing food supply and accommodation facilities by region



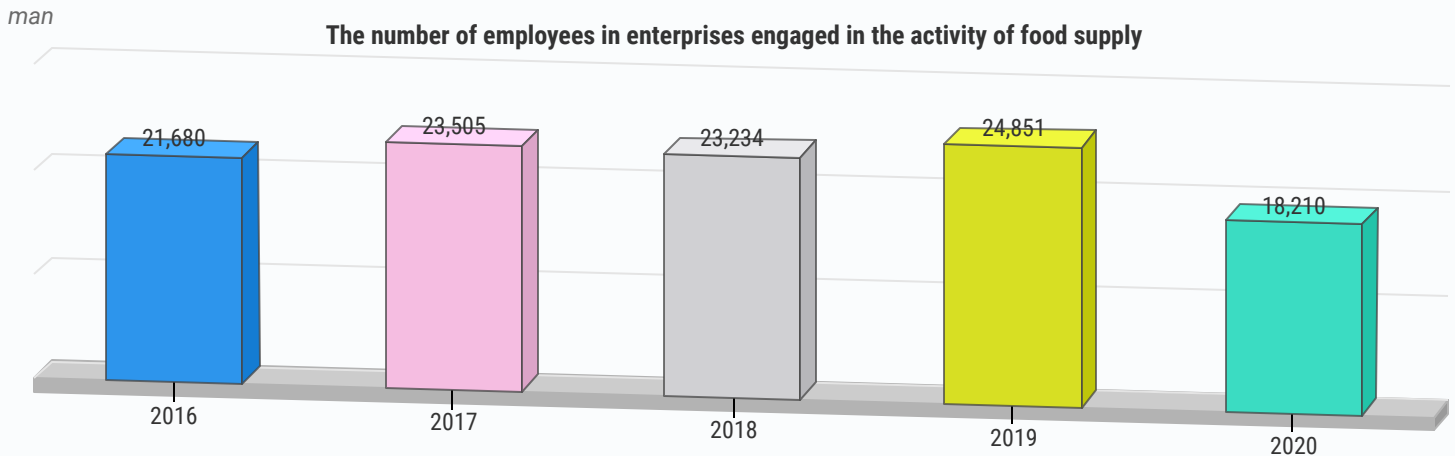
source:geostat.ge

As can be seen from the diagram, Tbilisi is the clear leader in the volume of turnover of enterprises engaged in food supply and accommodation activities in recent years, in 2019 the maximum turnover volume was 1407.3 million GEL, according to 2019 the second place is occupied by Adjara - 324.9 million GEL, and the third place by Kakheti with 68.5 million GEL. In 2019, the lowest rate was recorded in Racha-Lechkhumi and Kvemo Svaneti, 3.9 million GEL.



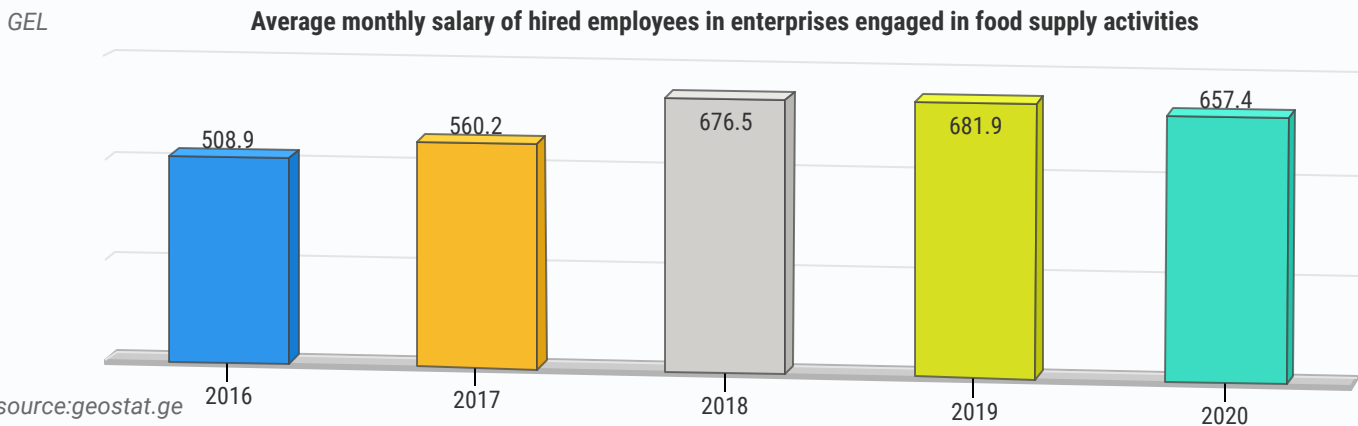
Restaurant Industry Review

According to the National Statistics Service of Georgia, the number of employees in food supply enterprises decreased significantly in 2020 and amounted to 18,210 people, which is 27% lower than the data of 2019. As for the data of the last five years, it looks like this:



source:geostat.ge

As can be seen from the diagram, the maximum number of people hired in restaurants in the last five years was recorded in 2019, and the minimum in 2020. As for the average monthly salary of the hired employees in the enterprises engaged in the provision of accommodation facilities, it is as follows:



source:geostat.ge

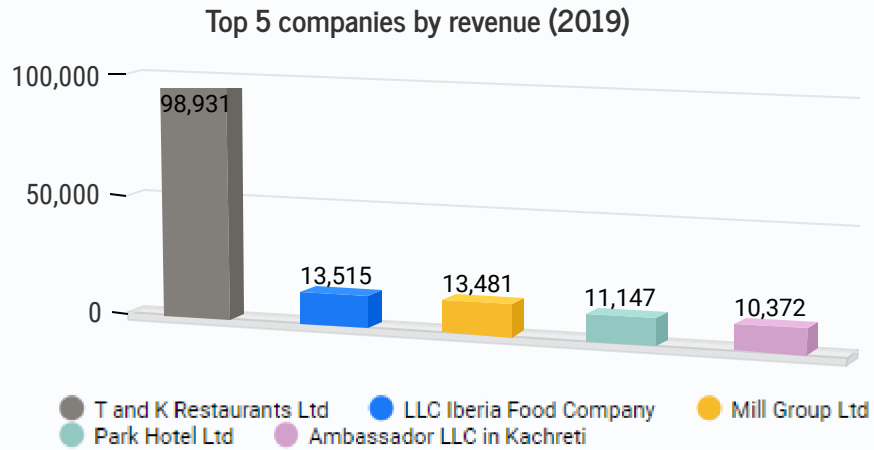
As can be seen from the chart, the average monthly wage of employees hired in food supply enterprises has been increasing over the last four years, except for 2020.



Major market players (2019)

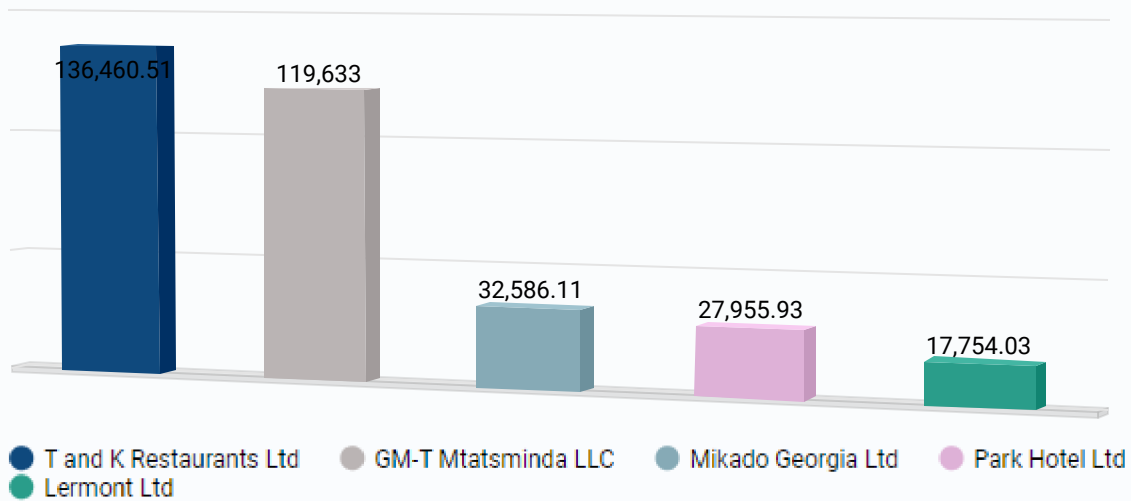
thausend.GEL

The total income of the mentioned companies represents 60% of the income of the rest of the restaurants.



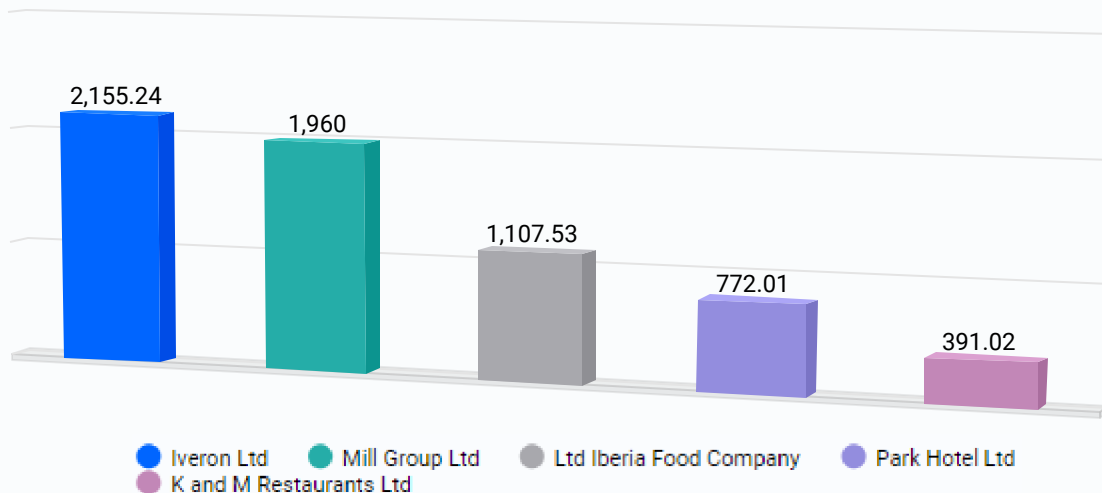
thausend,GEL

Top 5 Restaurants by Total Assets (2019)



thausend, GEL

Profit before tax, top 5 restaurants (2019)

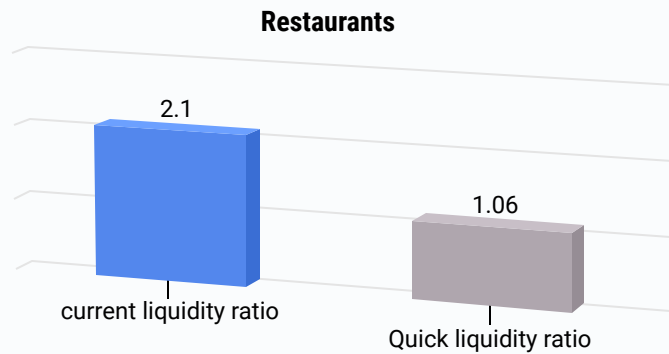




Industry Average Financial Ratios (2019)

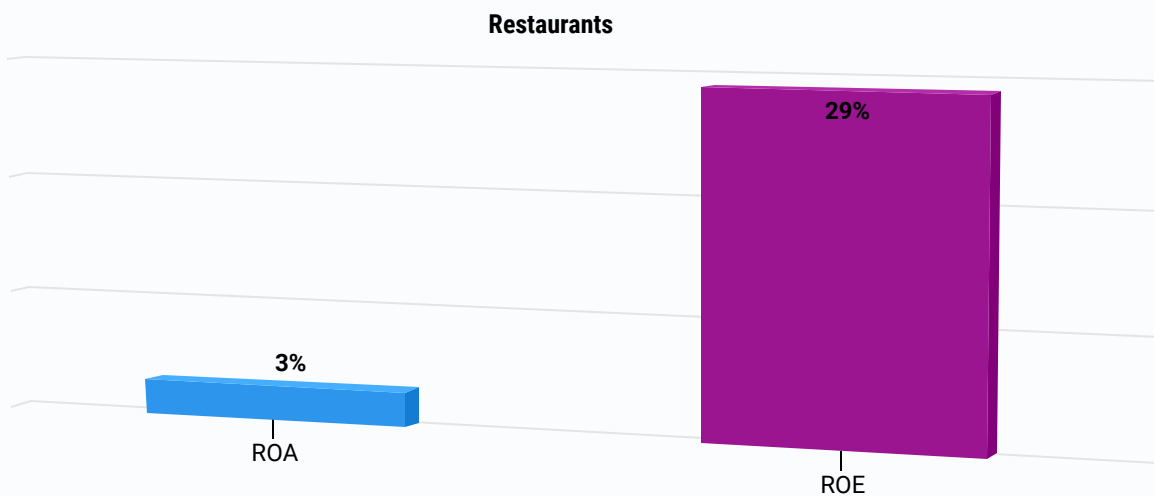
Liquidity ratios

As a result of the research, the liquidity coefficients of restaurants were revealed. Current and quick liquidity ratios were 2.1 and 1.06, when the liquidity ratio is greater than 1, the indicator is considered satisfactory.



Profitability ratios

The profitability ratios of restaurants operating in Georgia were as follows: annual return on assets (ROA) is 3%, and return on capital ROE is 29%.

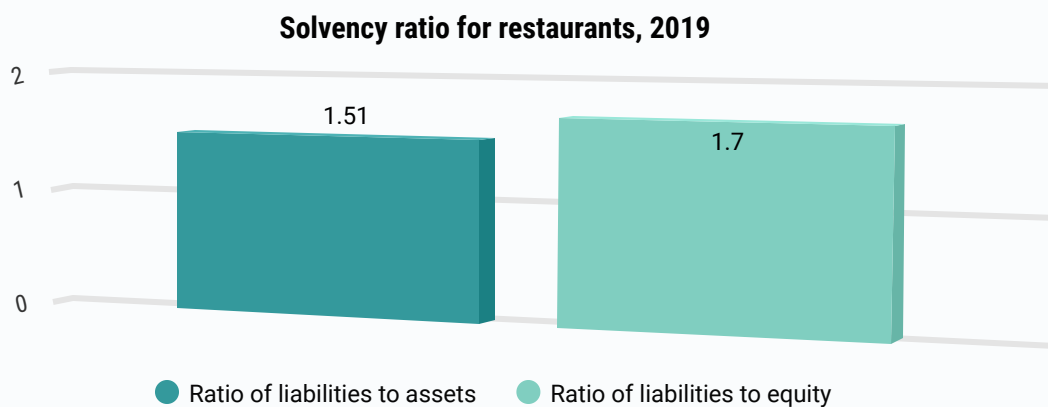




Industry average financial ratios (2019)

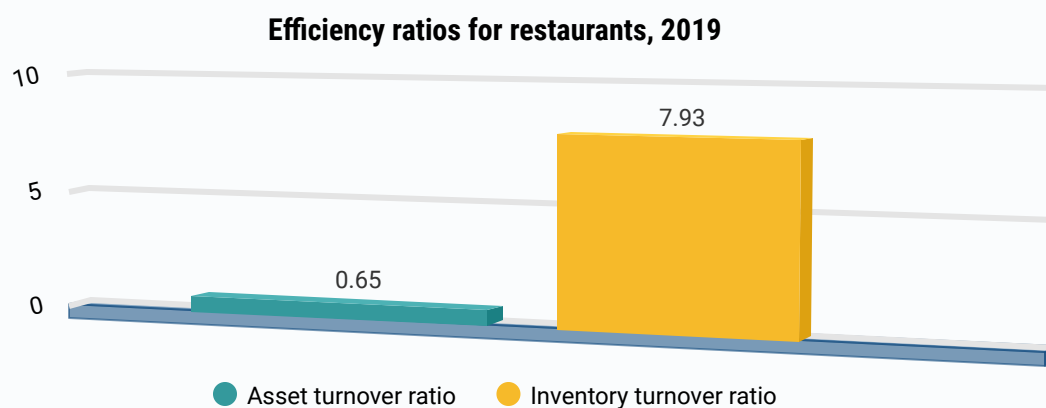
Solvency ratios

The liabilities to assets ratio shows the ratio of total assets to liabilities. For restaurants, this indicator is equal to 1.51, and it is also worth noting the ratio of liabilities to capital, which is 1.7, which indicates how much liabilities exceed capital expenditures.



Efficiency coefficients

The asset turnover ratio in the case of restaurants is only 0.65, the higher this ratio, the more efficiently the company is able to use its assets in relation to sales volume.



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