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reason of research

This study provides an overview of the transportation and warehousing industry, identifying current trends, based on the 2020 financial statements of companies of the first, second and third size categories. The report presents the average financial indicators of the industry, which forms a "benchmark" of the industry and provides information on its financial situation.



# 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 transport companies belong to the first, second and third categories. The mentioned information is based on the data of 2020, the research will consider the companies operating in the transport and warehousing industry, the total number of which is 63. The study focuses on the overview of the industry, specifically on the number of companies and financial indicators, the data is taken from the National Statistics Service of Georgia and the reporting portal.





# Research Results

The study reviews companies in the field of transportation and warehousing, whose total turnover in 2020 exceeds 1,693 million GEL, and total assets of 6,625 million GEL.



As a result of the data analysis, it was determined that the transport companies in Georgia have the following financial indicators: the average return on assets (ROA) was 21%, and the return on capital (ROE) was 44%. In addition, financial ratios of industry average liquidity and solvency were determined.





# Research Results

As a result of the research, the average data of transport agencies for 2020 was also revealed. Out of these 63 companies, 2 belong to the first category, 19 belong to the second category, 41 belong to the third category and one company has the ESDP status.





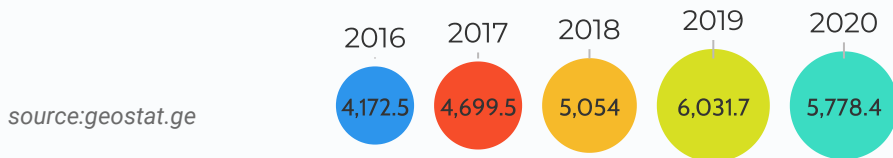
# Transportation and Warehousing - Industry Overview



The turnover of companies engaged in transport and warehousing activities in Georgia in 2020 amounted to 5,778.4 million GEL, and in the third quarter of 2021 it was 1,714.6 million. It was equal to GEL. Since 2020, the pace of development in this industry, as well as in other activities, has been significantly reduced, which was caused by the current pandemic situation. Given that a large part of the country's economy was occupied by transport and warehousing after tourism, today's results were expected. However, it is possible that after overcoming the crisis situation, the transport and warehousing industry in Georgia will continue to grow, in parallel with the return of the economy to its old standards. The turnover volume of transport and warehousing increased from year to year, and in 2020 it decreased relatively. It is important for transport and warehousing companies to implement changes and implement appropriate standards that are in line with both Georgia and the world in order to make the industry even more attractive. According to the National Statistics Service of Georgia, the turnover of transport and warehousing companies in the last five years in total and by region looks like this:

million GEL

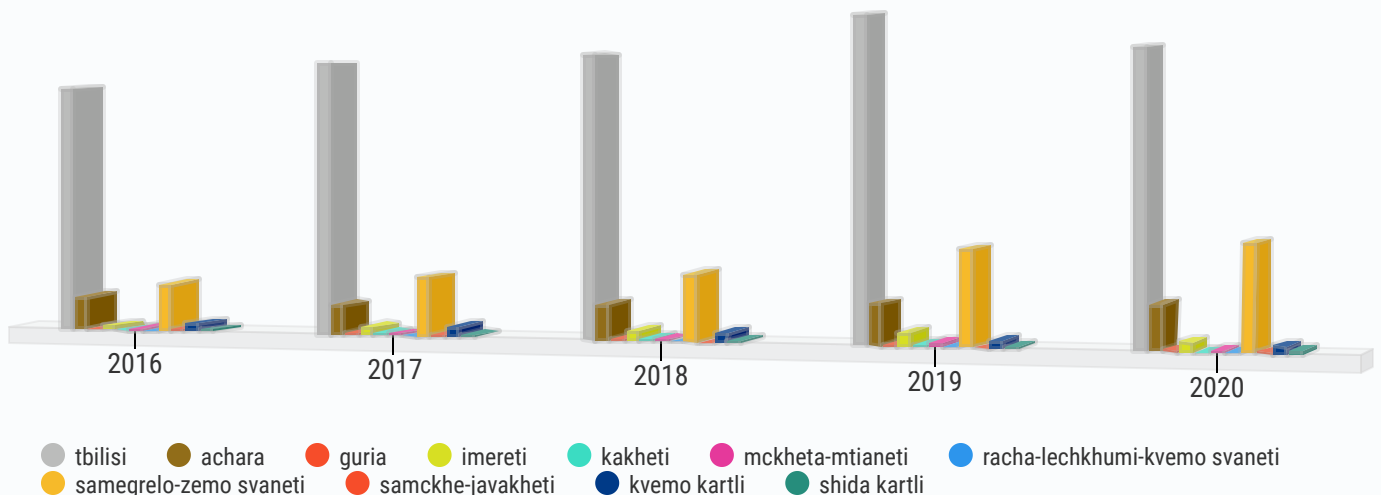
## turnover of transport and warehousing companies



source:geostat.ge

## Turnover of transport and warehousing companies by region

million GEL



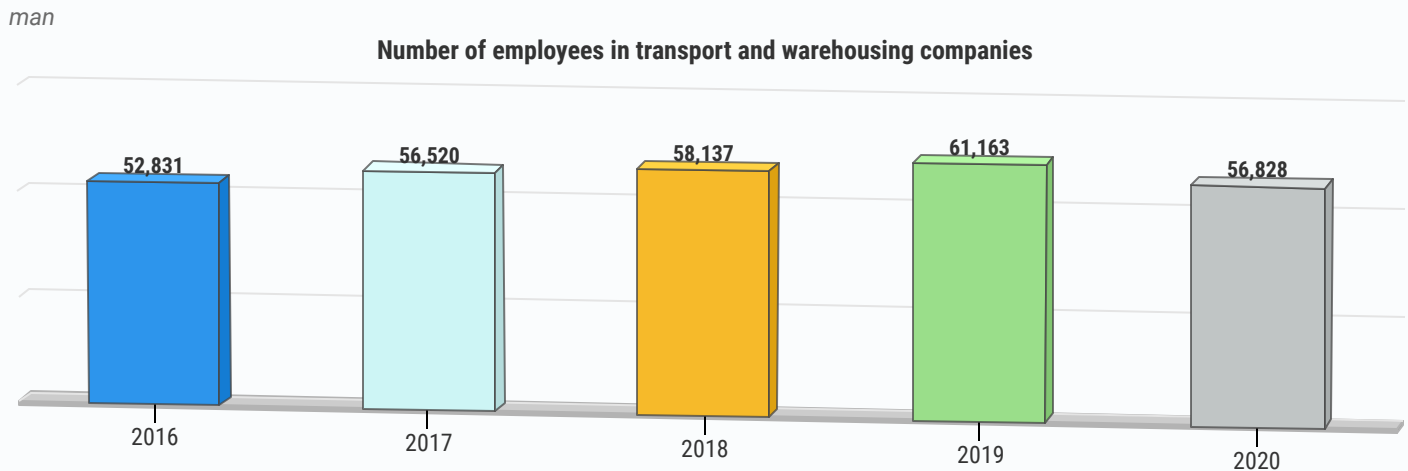
source:geostat.ge

As can be seen from the diagram, Tbilisi is the leader in terms of the volume of turnover of transport and warehousing companies, in the last five years, the maximum amount was recorded in 2019 and amounted to 3941.9 million GEL. Second and third places are occupied by Samegrelo-Zemo Svaneti and Adjara.

# Transportation and Warehousing - Industry Overview

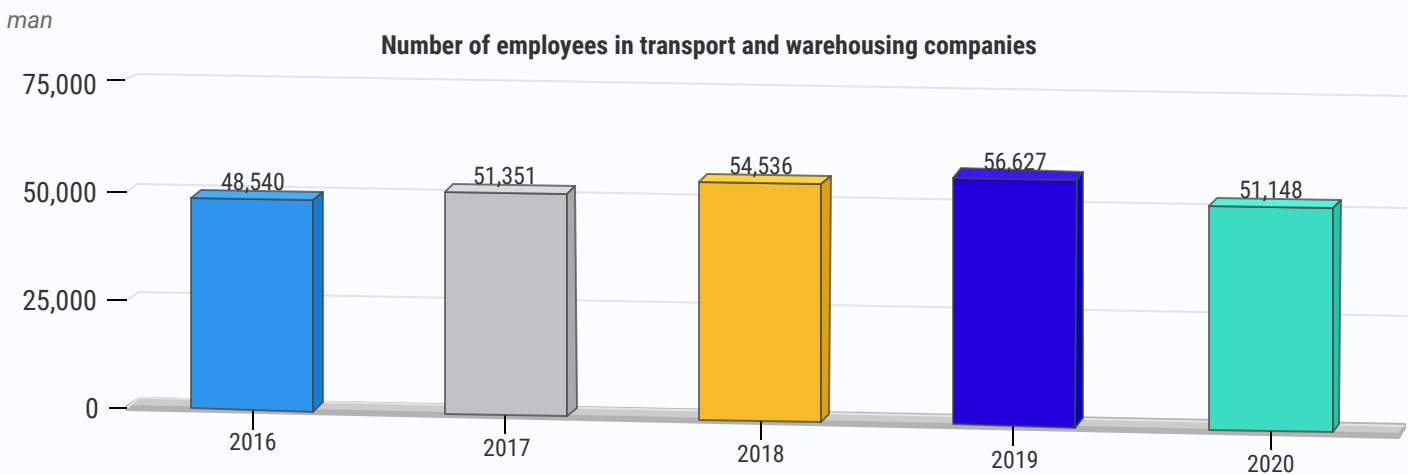


In the third quarter of 2021, the number of employees in transport and warehousing companies in Georgia amounted to 54,282 people. Last year's data looks like this:



source:geostat.ge

As can be seen from the diagram, the number of employees in transport and warehousing companies was increasing until 2019, and decreased by 4,335 people in 2020. As for the number of people hired in transport and warehousing companies, in the last five years it is as follows:



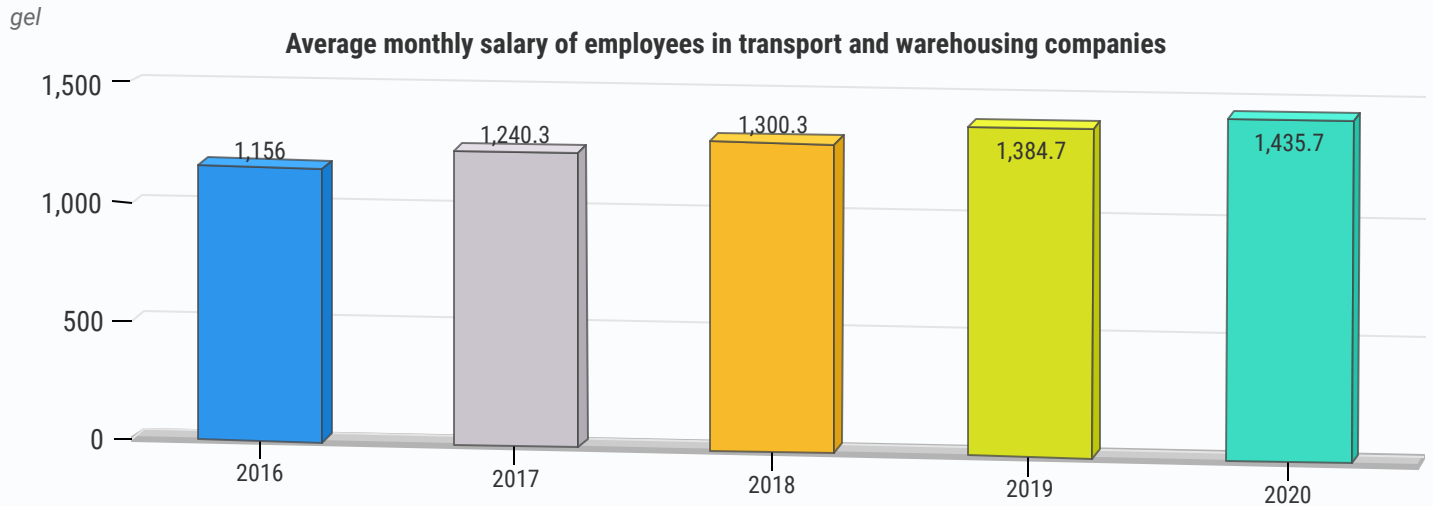
source:geostat.ge

As can be seen from the diagram, in the last five years, the maximum number of employees in the above-mentioned companies was recorded in 2019, and the minimum in 2016.



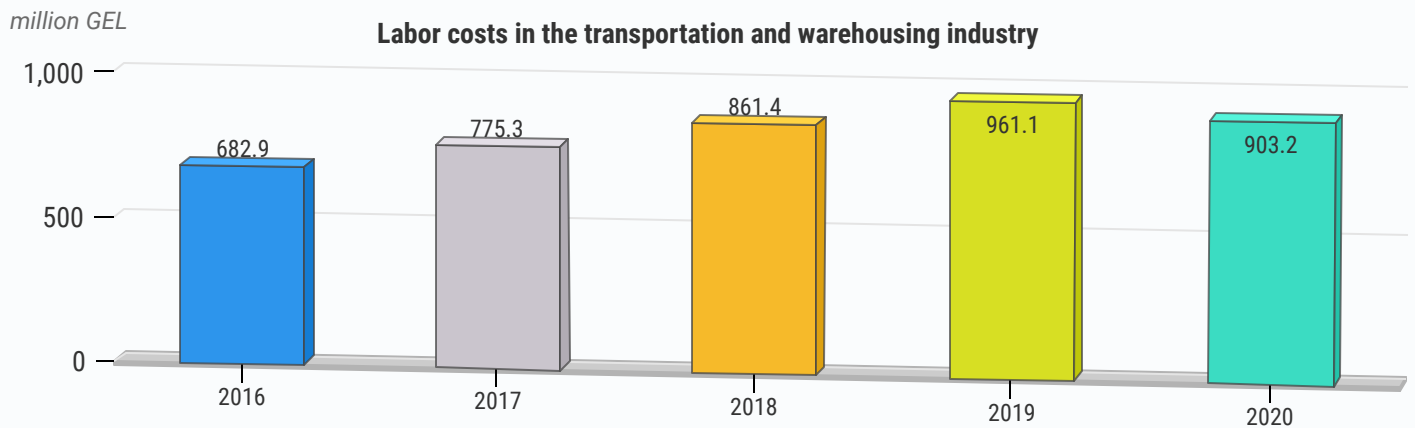
# Transportation and Warehousing - Industry Overview

According to the National Statistics Service of Georgia, the average monthly wages of employees in transport and warehousing companies in the last five years are as follows:



source:geostat.ge

As can be seen from the diagram, the average monthly salary of employees in transport and warehousing companies has been increasing over the last five years. And labor costs in the mentioned industry are as follows:



source:geostat.ge

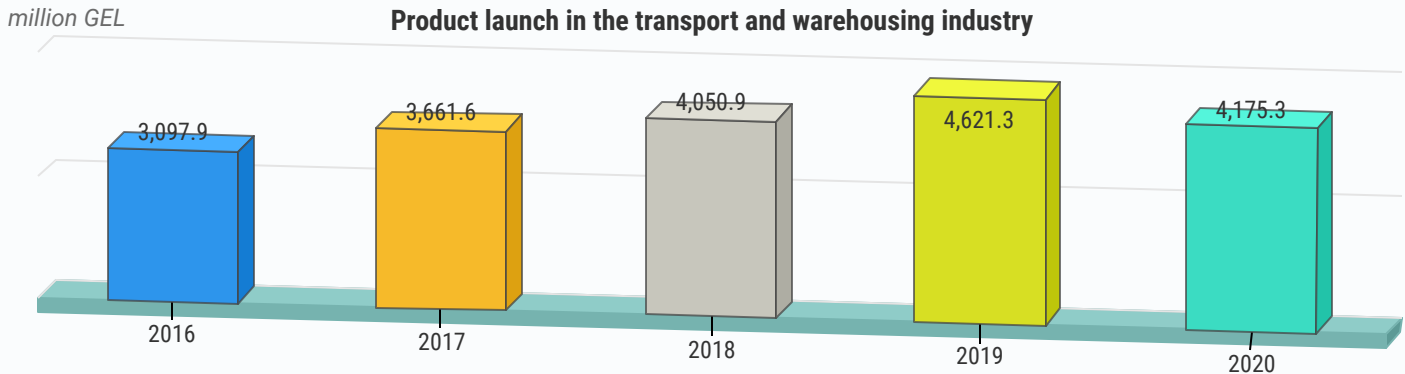
As the chart shows, labor costs in the transportation and warehousing industry have been on the rise for the past five years, with the exception of 2020, where it decreased by 6% compared to 2019 data.





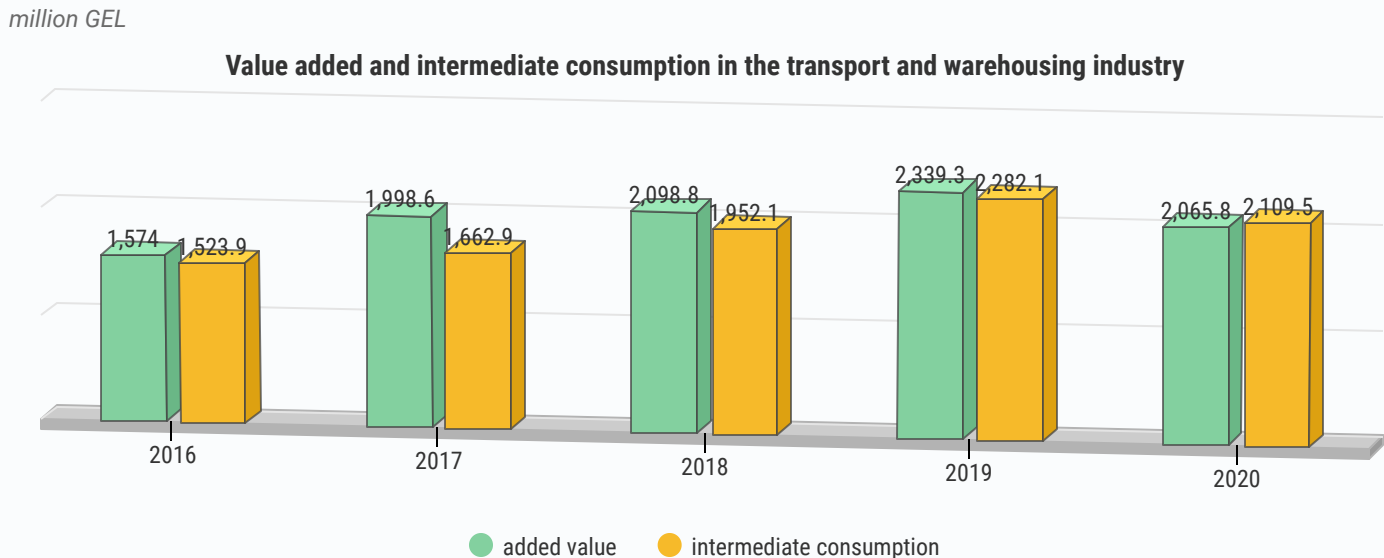
# Transportation and Warehousing - Industry Overview

According to the National Statistics Service of Georgia, the output of products in the transport and warehousing industry over the last five years looks like this:



source:geostat.ge

As can be seen from the diagram, the output of products in the transport and warehousing industry in Georgia was increasing until 2019, and in 2020 it decreased by 9.7%. As for intermediate consumption and value added, over the last five years, it is as follows:



source:geostat.ge

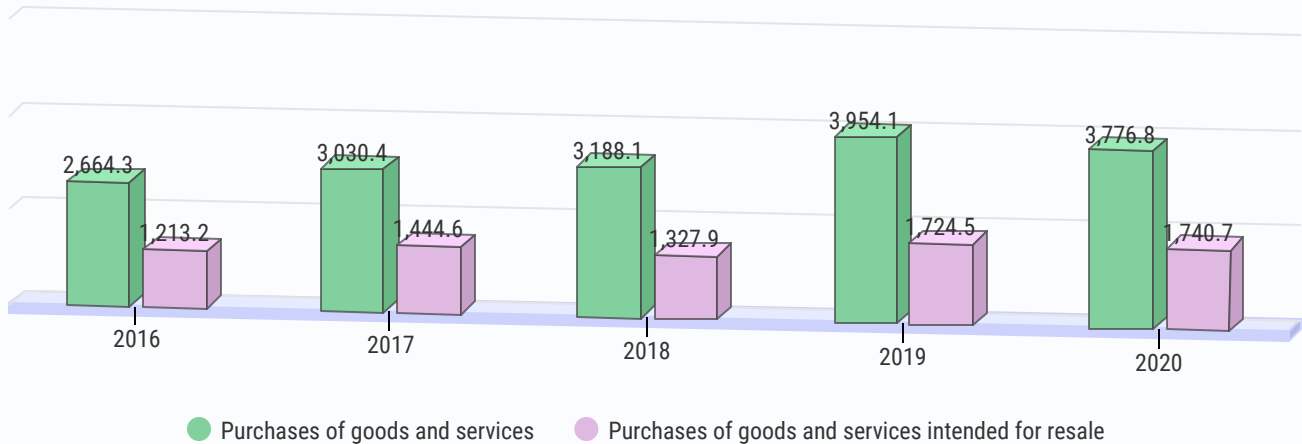
A similar trend can be observed in the case of indicators of added value and intermediate consumption.



# Transportation and Warehousing - Industry Overview

According to the National Statistics Service of Georgia, purchases of goods and services in the transport and warehousing industry and purchases of goods and services intended for resale in the last five years look like this:

million GEL **Purchases of goods and services and purchases of goods and services for resale in the transportation and warehousing industry**

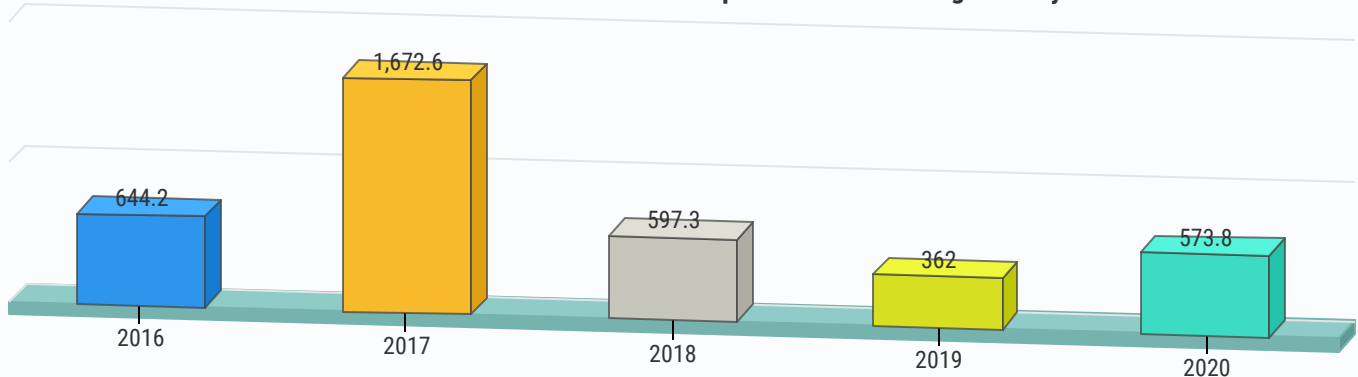


source:geostat.ge

As for investments in fixed assets in the transport and warehousing industry over the past five years, it is as follows:

million, gel

**Investments in fixed assets in the transport and warehousing industry**



source : geostat.ge

As can be seen from the diagram, the maximum number of investments in fixed assets in the transport and warehousing industry was recorded in 2017 - 1672.6 million GEL, and the minimum in 2019 - 362 million GEL.

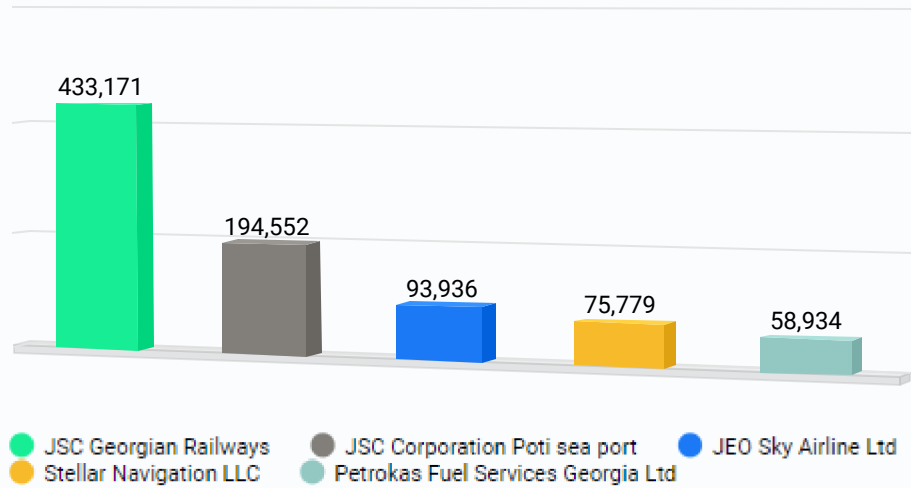


## Major Market Players (2020)

The total income of the mentioned companies represents 27% of the total income of the transport companies presented in the study.

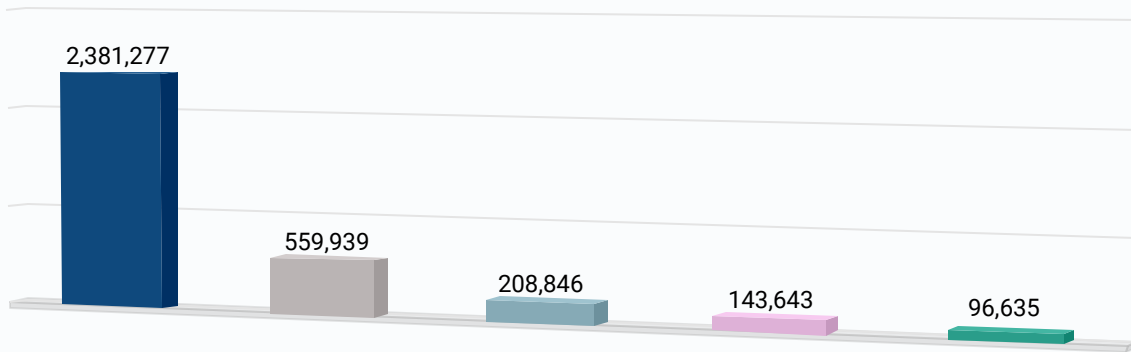
million, gel

### Top 5 Companies by Revenue (2020)



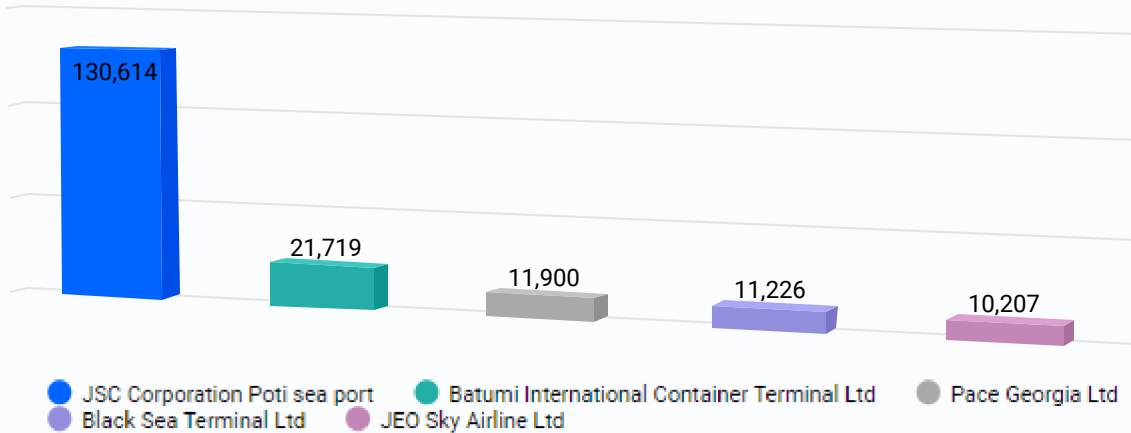
### Top 5 companies by assets (2020)

million, gel



### Profit before tax, top 5 companies (2020)

million, gel

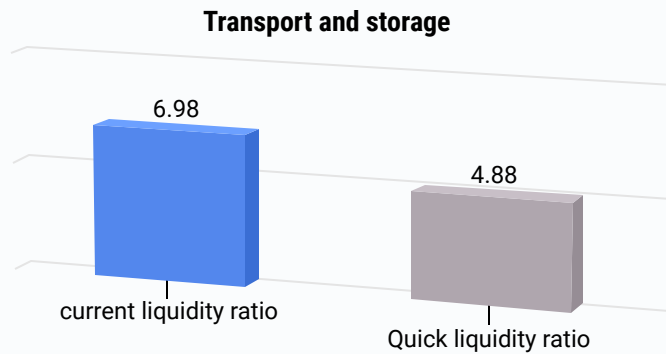




# Industry Average Financial Ratios (2020)

## Liquidity ratios

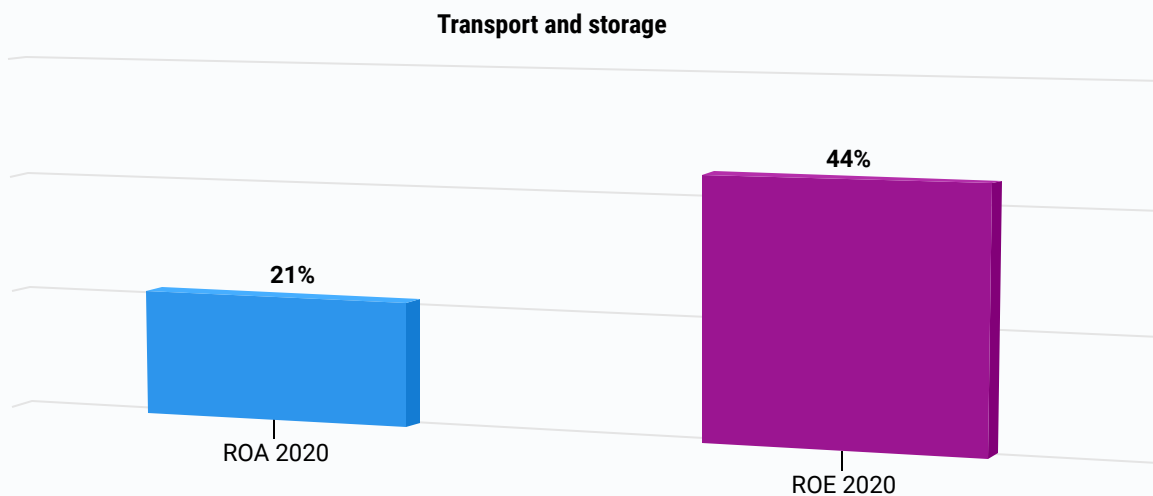
As a result of the research, the liquidity ratios of transport companies were revealed. Current and quick liquidity ratios were 6.98 and 4.88, when the liquidity ratio is greater than 1, the indicator is considered satisfactory.



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## Profitability ratios

The profitability ratios of the transport companies operating in Georgia were as follows: annual return on assets (ROA) for manufacturers is 21%, and return on capital ROE is 44%,

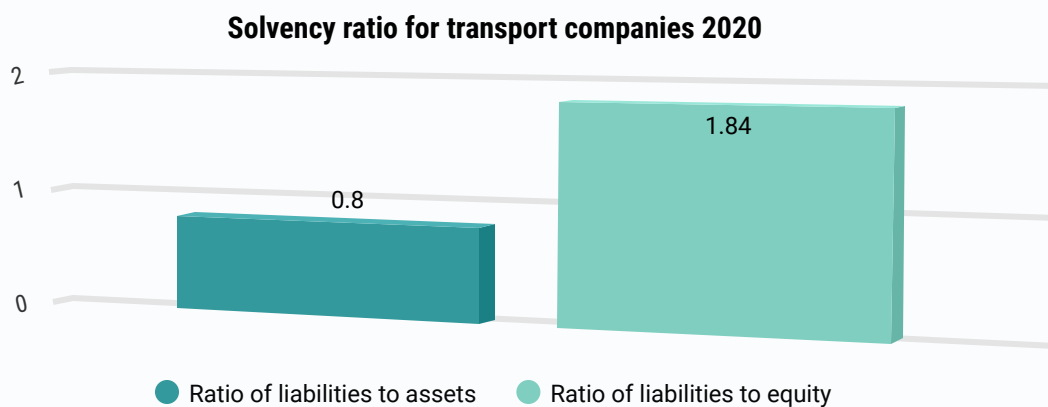




## Industry Average Financial Ratios (2020)

### Solvency ratios

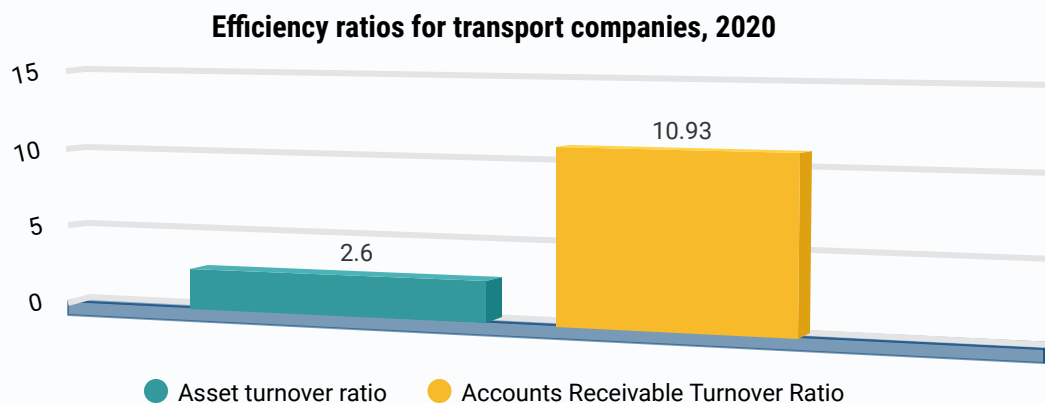
The liabilities to assets ratio shows the ratio of total assets to liabilities. It is equal to 0.8 for transport companies, and the ratio of liabilities to capital is also worth noting, which is 1.84. This ratio indicates how much liabilities exceed capital expenditures.



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### Efficiency coefficients

The asset turnover ratio in the case of transport companies is only 2.6, the higher this ratio, the more efficiently the company is able to use its assets in relation to the volume of sales, and the debt to receivable ratio was 10.93



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