



# Weekly Market Watch

Weekly Market Watch | Georgia  
September 13, 2021

## Economy

### International arrivals up 510.5% y/y in August 2021

Total international arrivals (tourists and same-day arrivals) to Georgia increased by 510.5% y/y to 266.5k persons (accounting for 24.5% of August 2019 level) in August 2021, according to GNTA. This growth was mostly driven by 615.2% y/y growth in tourist arrivals from last year's low base, followed by a 112.5% y/y growth in same-day arrivals. The largest contribution to international visitor growth came from Russia (+809.1% y/y), followed by Ukraine (+28.5x y/y), Turkey (+113.6% y/y) and Saudi Arabia (+16,436x y/y) in August. Overall, in 8M21 total international arrivals stood at 961.6k (-27.1% y/y, 18.5% of 2019 level), of which tourist arrivals reached 883.1k (-3.9% y/y, 25.6% of 2019 level) persons. Meanwhile, we estimate tourism revenues at US\$ 752.7mn (+55.7% y/y, 33.2% of 2019 level) in 8M21.

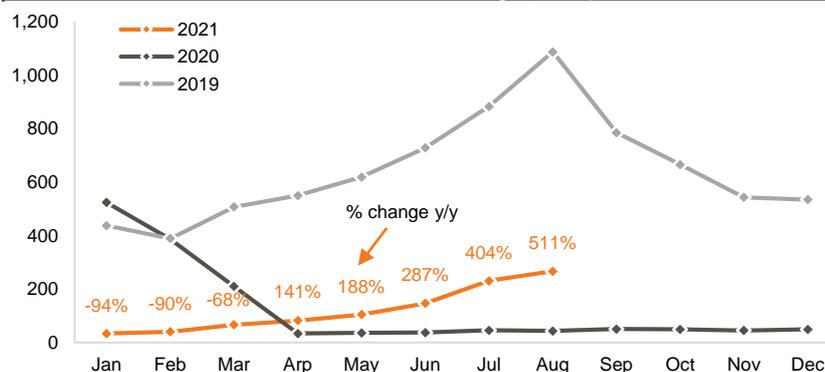
### FDI down 2.6% y/y in 2Q21

FDI decreased by 2.6% y/y to US\$ 234.2mn in 2Q21, after falling by 22.7% y/y in 1Q21, according to Geostat's preliminary figures. Based on Geostat, the drop in FDI reflected reduction in the amount of equity, transferring of ownership from non-resident to the resident units and payment of debt in several companies. The financial sector was the largest FDI recipient at US\$ 82.0mn (+3.2% y/y, 35.0% of total), followed by energy sector at US\$ 65.2mn (+107.7% y/y, 27.8% of total), manufacturing at US\$ 46.5mn (+192.8% y/y, 19.9% of total) and real estate at US\$ 19.1mn (+37.7% y/y, 8.2% of total). UK topped the list of investors with US\$ 77.2mn (+30.3% y/y), followed by Netherlands at US\$ 31.5mn (-54.2% y/y) and Czech Republic at US\$ 30.8mn (+536.1x y/y). Overall, FDI was down by 10.9% y/y to US\$ 366.4mn (4.5% of GDP) in 1H21.

### International reserves at US\$ 4.1bn in August 2021

Gross international reserves increased by 4.7% y/y to US\$ 4.1bn in August 2021 according to NBG. On a monthly basis, the reserves were up by 6.3% (+US\$ 243.9mn). Change in reserves reflected receipt of SDR 202mn (equivalent to US\$ 286mn) from the IMF under a new procedure for the distribution of SDR's and sale of US\$ 30mn on FX market by NBG in August.

International visitors to Georgia, 000' persons



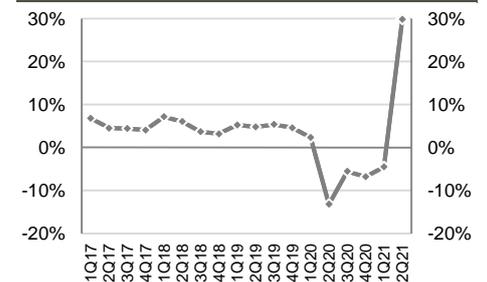
Source: GNTA

### Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.5%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

### Real GDP growth, %



Source: Geostat

### International ranking, 2019-21

- Ease of Doing Business # 7 (Top 10)
- Economic Freedom Index # 12 (mostly free)
- Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

### Georgia sovereign credit ratings

 <b>BB</b> Negative Affirmed Feb-2021	 <b>Ba2</b> Stable Affirmed May-2021	 <b>BB</b> Stable Affirmed Aug-2021
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Source: Rating agencies

# Money market

## Ministry of Finance T-Bills:

2-year GEL 20.0mn (US\$ 6.4mn) Benchmark bonds were sold at the auction held at NBG on September 7, 2021. Total demand was c.2.8x higher and the weighted average yield was fixed at 9.422%, up by 0.582ppts from previous auction held in August, 2021.

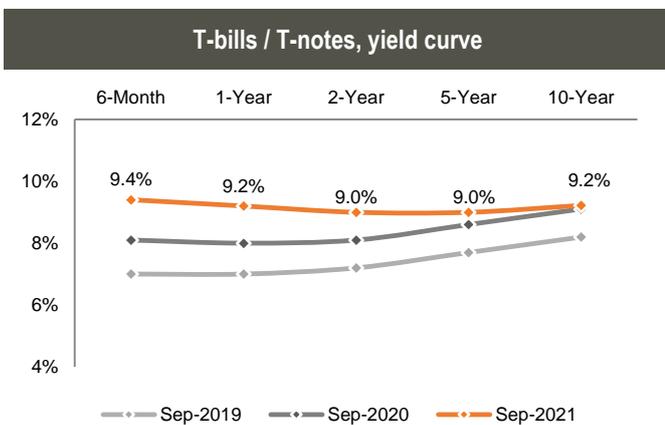
6-month GEL 15.0mn (US\$ 4.8mn) T-Bills were sold at the auction held at NBG on September 7, 2021. Total demand was c.3.3x higher and the weighted average yield was fixed at 9.480%, up by 0.095ppts from previous auction held in August, 2021.

The nearest treasury security auction is scheduled for September 14, 2021, where GEL 15.0mn nominal value 1-year T-Bills will be sold.

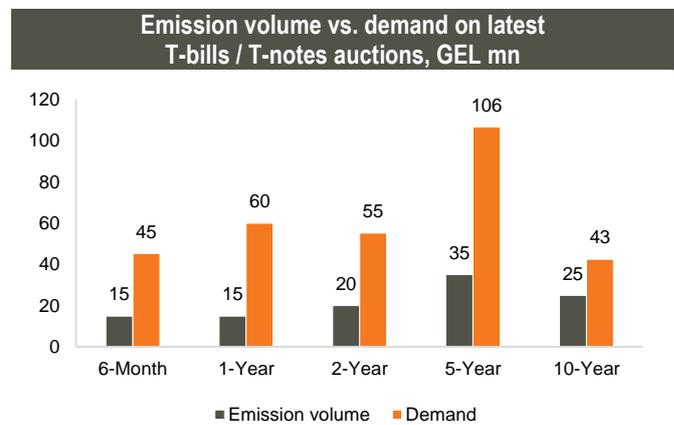
## T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	105	45	75
1-year	90	60	325
2-year	140	60	940
5-year	295	140	2,448
10-year	69	25	1,306
<b>Total</b>	<b>699</b>	<b>330</b>	<b>5,093</b>

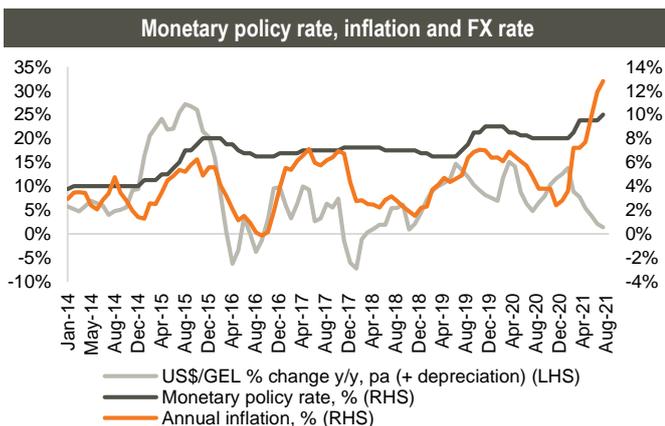
Source: MoF  
Note: \* As of 31 July 2021



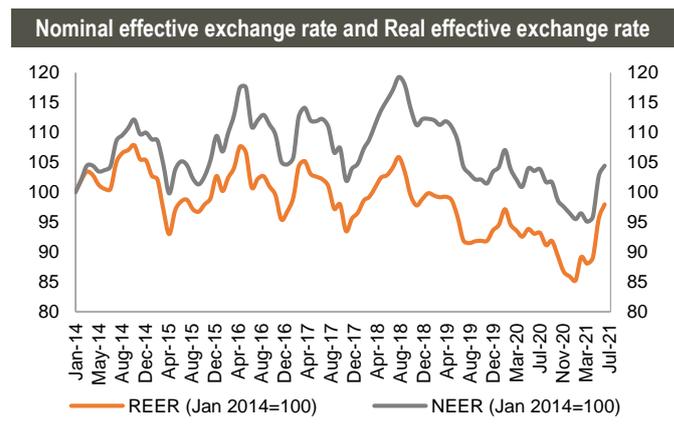
Source: NBG



Source: NBG



Source: NBG, Geostat



Source: NBG  
Note: Index growth/decline means appreciation/depreciation of exchange rate

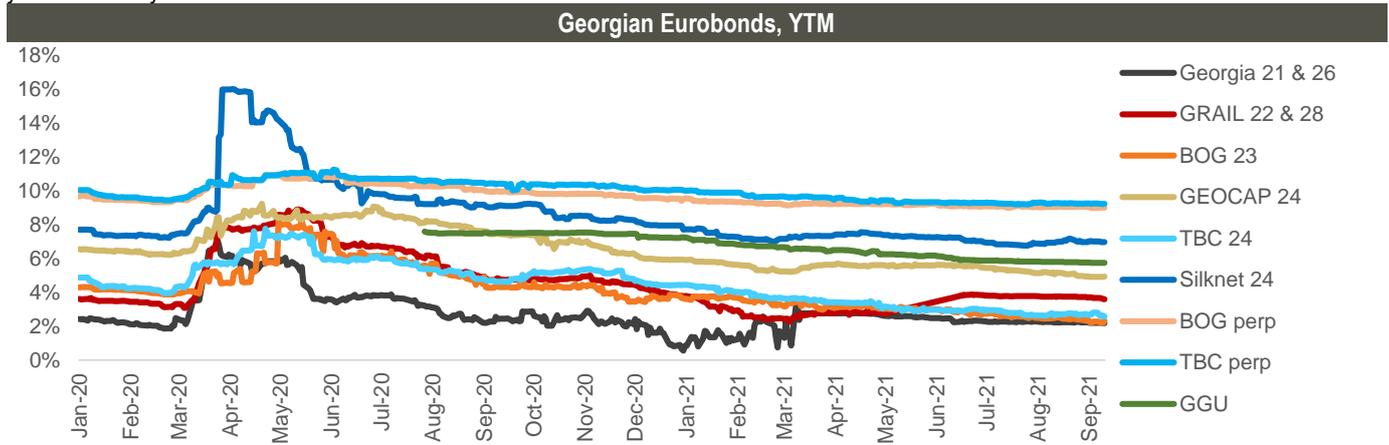


## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 2.30% yield, trading at 106.73 (-0.10% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.79 (-0.05% w/w), yielding 4.92%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 102.50 (+0.49% w/w), yielding 3.58%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 102.49 (+0.03% w/w) at 2.18% yield to maturity.



Source: Bloomberg

### Georgian bonds performance

Georgian Eurobonds performance									
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps	
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	102.49	2.18	134.03	
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	102.50	3.58	250.02	
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.73	2.30	201.10	
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.68	8.99	636.37	
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B/B2	102.79	4.92	449.79	
SILKNET 04/24	USD	200	11.000%	Apr-24	B/-B1	109.31	6.95	358.62	
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	108.42	2.57	208.77	
TBC PERP	USD	125	10.775%	n/a	B-/B-	110.47	9.22	637.35	
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.95	5.72	384.16	

Georgian local bonds performance									
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings	Mid price	Mid yield, %	Z-spread, bps	
KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a	
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B/Ba2	n/a	n/a	n/a	
M2CA 12/21	USD	30	7.50%	Dec-21	-/-/-	100.00	7.50	n/a	
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a	
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a	
GLC 07/23	USD	12	5.75%	Jul-23	-/-/-	n/a	n/a	n/a	
GLC 07/23	EUR	3	4.75%	Jul-23	-/-/-	n/a	n/a	n/a	
SILKNET 04/24	GEL	34	12.50%	Apr-24	B+/B/B1/-	n/a	n/a	n/a	
Geo. Beer Company	GEL	25	13.00%	Dec-23	-/-/-/BB-	n/a	n/a	n/a	
Lisi Lake Development	USD	12	8.00%	Dec-21	-/-/B+	n/a	n/a	n/a	
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/-/BB-	n/a	n/a	n/a	
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/-/BB	n/a	n/a	n/a	

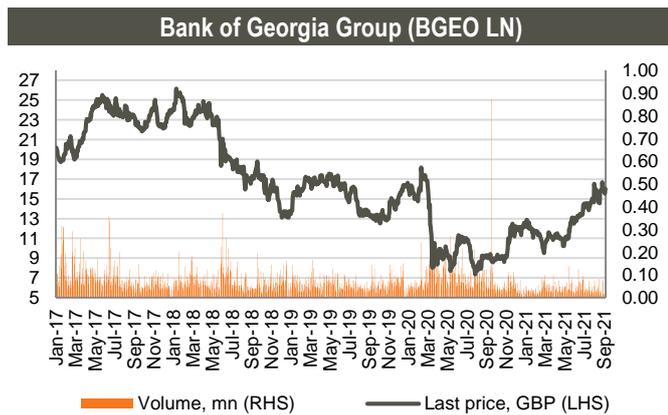
Source: Bloomberg

## Equities

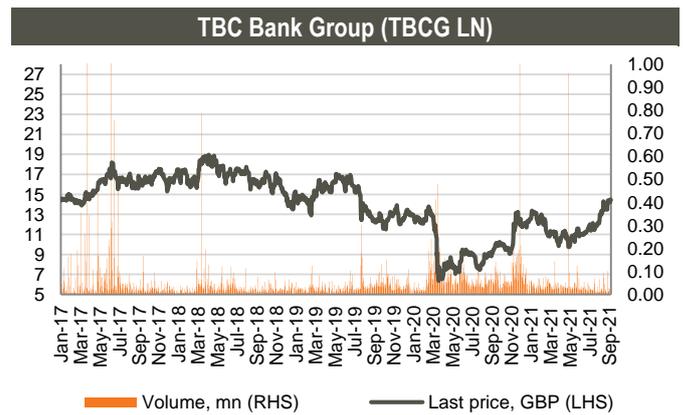
**Bank of Georgia Group (BGEO LN)** shares closed at GBP 16.00/share (+0.76% w/w and +0.38% m/m). More than 71k shares traded in the range of GBP 15.38 - 16.30/share. Average daily traded volume was 30k in the last 4 weeks. The volume of BGEO shares traded was at 0.15% of its capitalization.

**Georgia Capital (CGEO LN)** shares closed at GBP 6.15/share (-1.28% w/w and -2.54% m/m). More than 276k shares traded in the range of GBP 6.15 - 6.31/share. Average daily traded volume was 83k in the last 4 weeks. The volume of CGEO shares traded was at 0.58% of its capitalization.

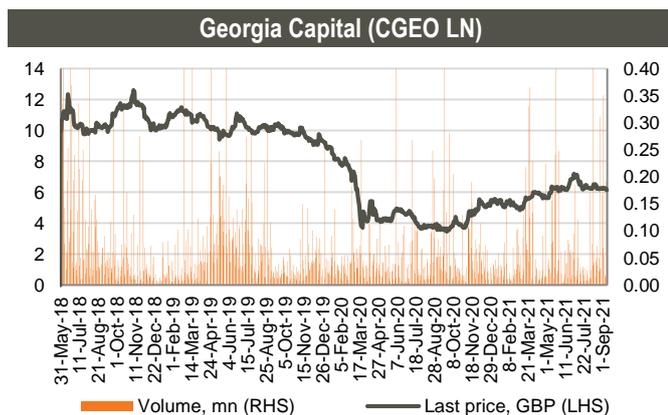
**TBC Bank Group (TBCG LN)** closed the week at GBP 14.46/share (+1.40% w/w and +10.55% m/m). More than 94k shares changed hands in the range of GBP 14.10 - 14.64/share. Average daily traded volume was 29k in the last 4 weeks. The volume of TBCG shares traded was at 0.17% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



## Equities, continued

### Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2021F	2022F	2021F	2022F
Bank of Georgia	BGEO	GBP	16.00	787	47.9%	75.2%	31.1%	5.31x	5.09x	1.08x	0.99x
TBC	TBC	GBP	14.46	798	30.3%	52.2%	15.7%	5.14x	4.88x	0.96x	0.85x
Sberbank	SBER	USD	17.78	95,927	15.8%	51.3%	22.4%	6.34x	6.10x	1.21x	1.09x
Halyk Bank	HSBK	USD	17.20	5,054	31.8%	51.5%	47.6%	4.74x	4.78x	1.22x	1.15x
VTB Bank	VTBR	USD	1.38	8,943	39.6%	55.1%	44.6%	2.74x	3.05x	0.43x	0.40x
Akbank	AKBNK	TRY	5.64	29,328	-9.0%	14.4%	-18.6%	3.44x	2.68x	0.41x	0.36x
Garanti	GARAN	TRY	9.49	39,858	3.5%	38.9%	-8.5%	3.72x	3.15x	0.55x	0.47x
Isbank	ISCTR	TRY	5.42	24,390	-7.7%	6.3%	-22.6%	2.88x	2.16x	0.32x	0.28x
PKO	PKO	PLN	43.05	53,813	31.6%	101.5%	49.9%	11.67x	10.96x	1.21x	1.16x
PEKAO	PEO	PLN	104.40	27,402	40.7%	103.2%	70.9%	14.39x	11.59x	1.04x	1.00x
Millennium	MIL	PLN	6.63	8,043	60.9%	123.2%	102.8%	9.53x	8.84x	1.11x	0.95x
Mbank	MBK	PLN	379.20	16,066	59.2%	106.5%	111.6%	12.82x	11.78x	0.97x	0.91x
BRD	BRD	RON	19.00	13,241	25.0%	52.0%	27.9%	11.60x	11.03x	1.54x	1.38x
Banca Transilvania	TLV	RON	2.73	15,664	30.6%	38.2%	33.5%	9.34x	8.70x	1.66x	1.53x
OTP	OTPD	USD	22.00	12,320	-1.8%	-3.5%	-3.5%	7.73x	7.40x	0.61x	0.54x
Komerčni	KOMB	CZK	818.00	155,460	19.6%	55.5%	24.5%	14.97x	12.92x	1.30x	1.30x
<b>Mean</b>								<b>7.90x</b>	<b>7.19x</b>	<b>0.98x</b>	<b>0.90x</b>
<b>Median</b>								<b>7.04x</b>	<b>6.75x</b>	<b>1.06x</b>	<b>0.97x</b>

Source: Bloomberg, S&P Capital IQ

### Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2021F	2022F	2021F	2022F
Georgia Capital	CGEO	GBP	6.15	295	23.0%	72.3%	13.9%	na	na	na	na
Tinc Comm	TINC	EUR	13.10	476	4.0%	-0.4%	1.2%	na	na	na	na
Sabancı Holding	SAHOL	TRY	9.81	20,016	-9.7%	24.0%	-14.4%	3.39x	2.86x	0.44x	0.36x
Deutsche Beteiligungs	DBAN	EUR	38.30	576	15.3%	29.2%	22.9%	4.59x	7.81x	1.12x	1.04x
Eurazeo	RF	EUR	85.10	6,724	39.4%	82.5%	53.3%	9.85x	12.61x	1.11x	1.01x
Carlyle Group	CG	USD	49.15	17,427	35.3%	94.4%	56.3%	15.28x	13.87x	5.56x	5.61x
<b>Mean</b>								<b>8.28x</b>	<b>9.29x</b>	<b>2.06x</b>	<b>2.00x</b>
<b>Median</b>								<b>7.22x</b>	<b>10.21x</b>	<b>1.12x</b>	<b>1.02x</b>

Source: Bloomberg, S&P Capital IQ

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