



Weekly Market Watch

Weekly Market Watch | Georgia
July 12, 2021

Economy

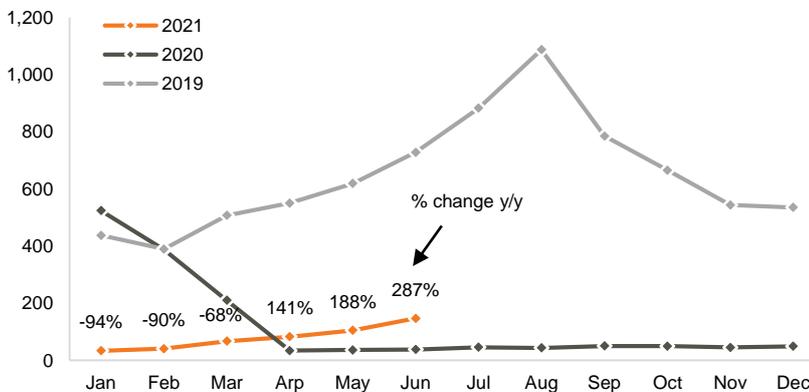
International arrivals up 286.8% y/y in June 2021

Total international arrivals (tourists and same-day arrivals) to Georgia increased by 286.8% y/y to 146.7k persons in June 2021, according to GNTA, which represents 20.2% of June 2019 level. This growth was mainly driven by 361.6% y/y growth in tourist arrivals from last year's low base. The largest contribution to international visitor growth came from Israel (+344x y/y), followed by Ukraine (+14x y/y), Turkey (+87% y/y) and Russia (+332.9% y/y) in June. Overall, in 1H21 total international arrivals stood at 464.1k (-62.2% y/y and -85.6% vs 1H19), of which tourist arrivals reached 422.4k (-50.2% y/y) persons. Meanwhile, we estimate tourism revenues at US\$ 293.6mn in 1H21, down 35.7% y/y and down 79.8% vs 1H19.

International reserves at US\$ 3.9bn in June 2021

Gross international reserves increased by 8.4% y/y to US\$ 3.9bn in June 2021 according to NBG. On a monthly basis, the reserves were down by 5.7% (-US\$ 235.1mn). Changes in reserves were attributed to the government and banking sector FX operations, and/or asset revaluation.

International visitors to Georgia, 000' persons



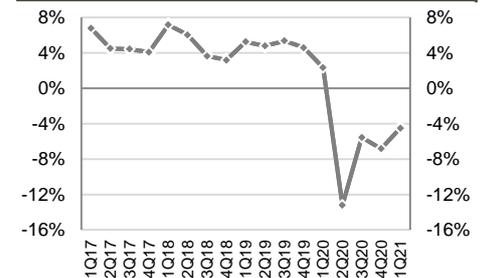
Source: GNTA

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%	12.3%
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

 BB Negative Affirmed Feb-2021	 Ba2 Stable Affirmed May-2021	 BB Negative Affirmed Feb-2021
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Source: Rating agencies

Money market

Ministry of Finance T-Bills:

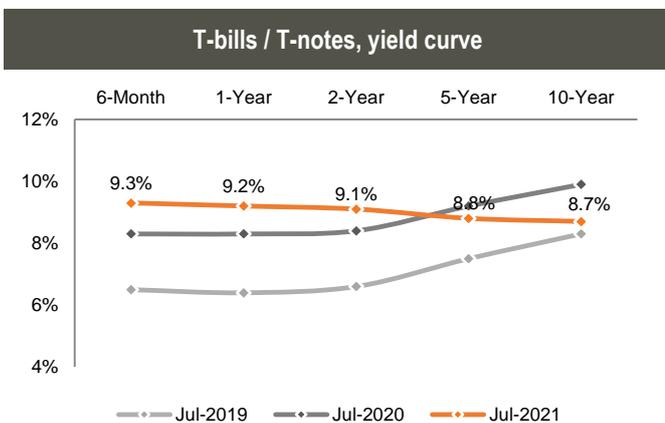
2-year GEL 20.0mn (US\$ 6.3mn) Benchmark bonds were sold at the auction held at NBG on July 6, 2021. Total demand was c.2.9x higher and the weighted average yield was fixed at 9.018%, down by 0.228ppts from previous auction held in June, 2021.

6-month GEL 15.0mn (US\$ 4.8mn) T-Bills were sold at the auction held at NBG on July 6, 2021. Total demand was c.2.1x higher and the weighted average yield was fixed at 9.365%, down by 0.045ppts from previous auction held in June, 2021. The nearest treasury security auction is scheduled for July 13, 2021, where GEL 15.0mn nominal value 1-year T-Bills will be sold.

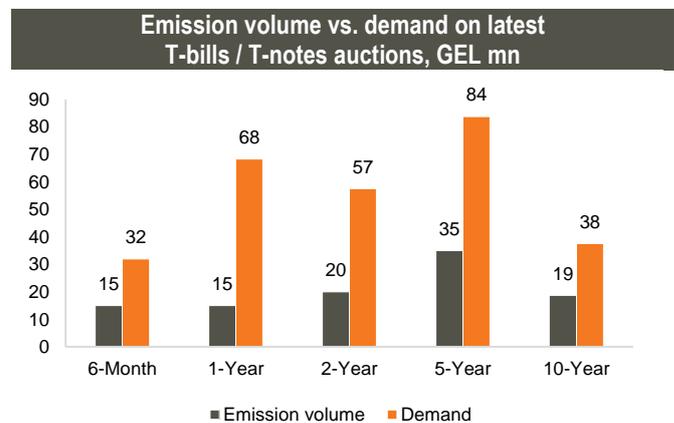
T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	75	90	65
1-year	60	105	425
2-year	100	120	1,290
5-year	221	210	2,374
10-year	44	50	1,281
Total	500	575	5,435

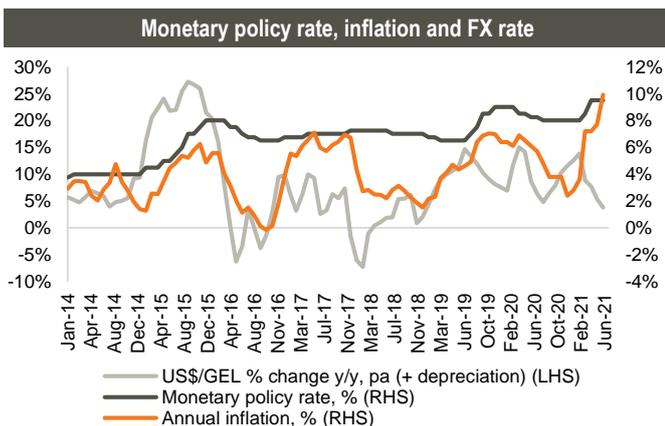
Source: MoF
Note: * As of 31 May 2021



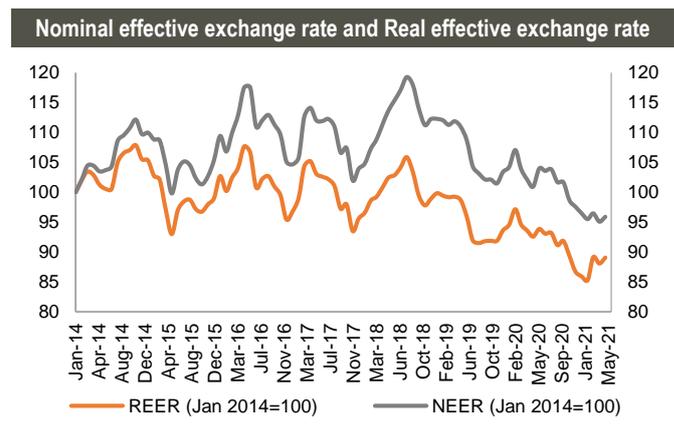
Source: NBG



Source: NBG



Source: NBG, Geostat



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



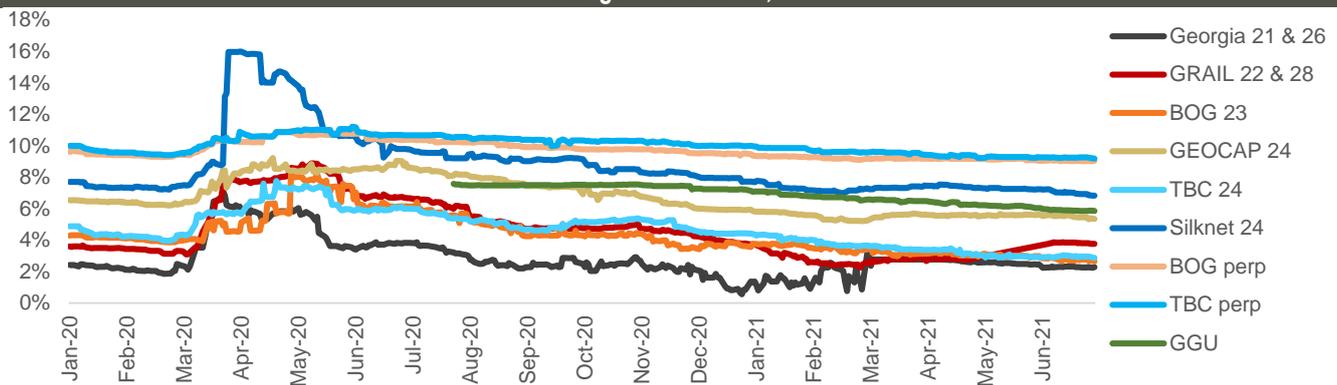
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.64% yield, trading at 106.62 (+0.20% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 101.90 (+0.23% w/w), yielding 5.34%.

Georgian Railway Eurobonds (GRAIL) traded at 101.44 (+0.24% w/w), yielding 3.76%.

Georgian Sovereign Eurobonds (GEORG) closed at 102.17 (-0.07% w/w) at 2.27% yield to maturity.

Georgian Eurobonds, YTM



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	102.17	2.27	145.22
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	101.44	3.76	271.01
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.62	2.64	234.23
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.02	9.03	682.04
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B/B2	101.90	5.34	491.78
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	110.19	6.82	392.17
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	108.07	2.86	237.85
TBC PERP	USD	125	10.775%	n/a	B-/B-	110.69	9.18	647.86
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.75	5.85	454.64

Georgian local bonds performance

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-	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 08/21	USD	10	7.50%	Aug-21	-/-/-	100.00	7.50	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	n/a	n/a	n/a
SILKNET 04/24	GEL	34	12.50%	Apr-24	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
Swiss Capital 09/21	GEL	10	14.25%	Sep-21	B-/B-	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	n/a

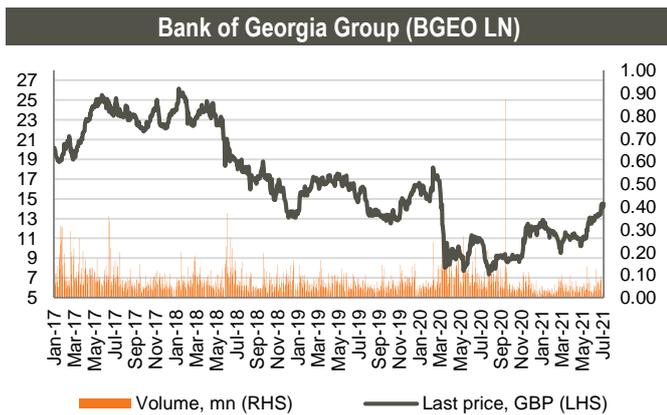
Source: Bloomberg

Equities

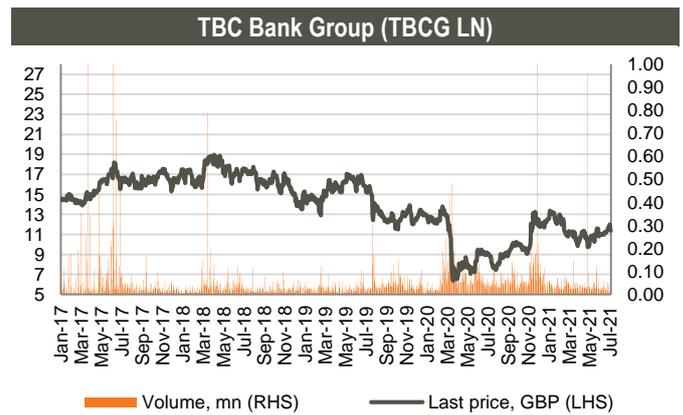
Bank of Georgia Group (BGEO LN) shares closed at GBP 14.52/share (+0.83% w/w and +11.69% m/m). More than 160k shares traded in the range of GBP 13.72 - 14.62/share. Average daily traded volume was 54k in the last 4 weeks. The volume of BGEO shares traded was at 0.33% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 6.80/share (-2.58% w/w and +10.21% m/m). More than 207k shares traded in the range of GBP 6.65 - 7.20/share. Average daily traded volume was 52k in the last 4 weeks. The volume of CGEO shares traded was at 0.43% of its capitalization.

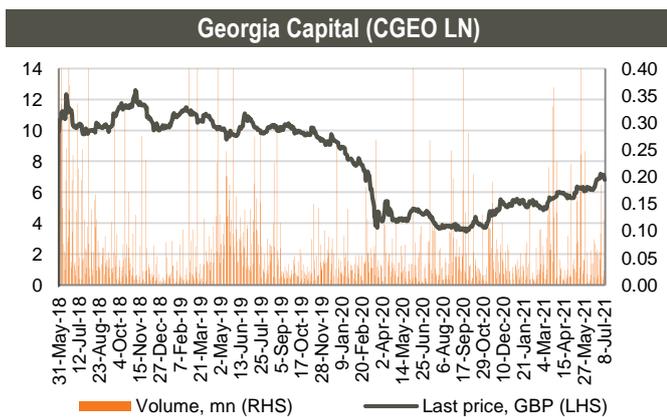
TBC Bank Group (TBCG LN) closed the week at GBP 11.36/share (-2.74% w/w and +3.65% m/m). More than 106k shares changed hands in the range of GBP 11.22 - 12.12/share. Average daily traded volume was 25k in the last 4 weeks. The volume of TBCG shares traded was at 0.19% of its capitalization.



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	14.52	714	12.7%	37.0%	19.0%	5.57x	4.70x	1.14x	0.98x
TBC	TBC	GBP	11.36	627	-14.2%	26.8%	-9.1%	4.54x	3.92x	0.79x	0.69x
Sberbank	SBER	USD	16.40	88,480	5.0%	39.8%	12.9%	6.47x	6.13x	1.14x	1.03x
Halyk Bank	HSBK	USD	15.40	4,525	24.7%	25.2%	32.2%	4.72x	4.83x	1.13x	1.08x
VTB Bank	VTBR	USD	1.30	8,398	29.1%	38.1%	35.8%	3.25x	3.22x	0.47x	0.39x
Akbank	AKBNK	TRY	5.32	27,664	-29.2%	-7.6%	-23.2%	3.88x	2.73x	0.42x	0.37x
Garanti	GARAN	TRY	8.53	35,826	-20.7%	7.8%	-17.7%	4.39x	3.05x	0.53x	0.46x
Isbank	ISCTR	TRY	5.27	23,715	-28.6%	-1.1%	-24.7%	3.05x	2.21x	0.34x	0.29x
PKO	PKO	PLN	37.46	46,825	14.7%	60.8%	30.4%	10.52x	10.09x	1.07x	1.02x
PEKAO	PEO	PLN	92.26	24,215	34.6%	67.7%	51.0%	13.51x	10.73x	0.93x	0.89x
Millennium	MIL	PLN	4.77	5,789	22.4%	59.0%	45.9%	7.36x	6.27x	0.71x	0.70x
Mbank	MBK	PLN	322.40	13,659	52.1%	41.3%	79.9%	9.80x	9.87x	0.83x	0.79x
BRD	BRD	RON	17.50	12,196	14.8%	47.8%	17.8%	11.64x	10.43x	1.26x	1.29x
Banca Transilvania	TLV	RON	2.73	15,635	19.8%	42.7%	21.1%	10.11x	9.11x	1.54x	1.45x
OTP	OTPD	USD	22.00	12,320	-3.5%	-3.5%	-3.5%	8.83x	8.13x	0.63x	0.57x
Komerčni	KOMB	CZK	772.00	146,718	8.3%	35.9%	17.5%	15.20x	12.61x	1.23x	1.22x
Mean								7.68x	6.75x	0.88x	0.83x
Median								6.92x	6.20x	0.88x	0.84x

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	6.80	326	22.3%	49.0%	25.9%	na	na	na	na
Tinc Comm	TINC	EUR	12.50	455	-2.0%	-6.0%	-3.5%	na	na	na	na
Sabancı Holding	SAHOL	TRY	9.09	18,547	-22.2%	-2.0%	-20.7%	3.53x	2.91x	0.44x	0.36x
Deutsche Beteiligungs	DBAN	EUR	33.65	506	-2.3%	25.7%	8.0%	6.71x	6.95x	1.07x	0.97x
Eurazeo	RF	EUR	73.65	5,819	29.0%	65.8%	32.7%	15.51x	13.83x	0.94x	0.86x
Carlyle Group	CG	USD	47.55	16,860	47.9%	68.8%	51.2%	19.39x	15.57x	5.28x	4.45x
Mean								11.29x	9.82x	1.93x	1.66x
Median								11.11x	10.39x	1.01x	0.91x

Source: Bloomberg, S&P Capital IQ

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