



# Weekly Market Watch

Weekly Market Watch | Georgia  
November 25, 2019

## Economy

### Exports up 4.5% y/y in October 2019

In October 2019, exports increased by 4.5% y/y to US\$ 316.5mn, imports were down 2.1% y/y to US\$ 847.6mn and the trade deficit narrowed 5.7% y/y to US\$ 531.1mn, according to Geostat. In October 2019, cars (+84.3% y/y), copper (+7.2% y/y), wine (+36.1% y/y), spirits (+33.7% y/y) and mineral water (+37.8% y/y) were the top 5 exported commodities. A 20.6% of exports was directed to the EU (-2.7% y/y), 56.8% to the CIS (+17.1% y/y) and 22.7% to other countries (-13.1% y/y).

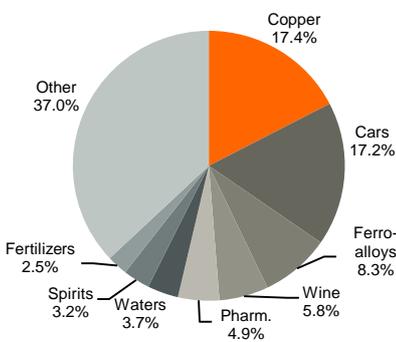
In October 2019, copper (+101.6% y/y), petroleum (-14.7% y/y), cars (-29.7% y/y), pharmaceuticals (-7.5% y/y) and phones (+59.8% y/y) represented the top 5 imported commodities.

Overall, in 10M19, the trade deficit was down 10.8% y/y to US\$ 4.3bn as exports were up 10.4% y/y to US\$ 3.0bn and imports decreased by 3.1% y/y to US\$ 7.3bn.

### Producer price index up 9.2% y/y in October 2019

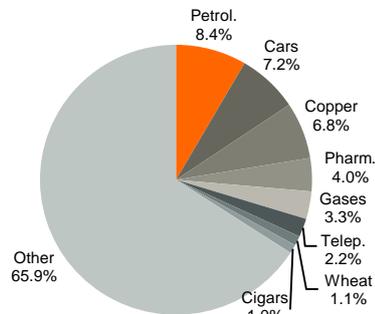
Annual PPI for industrial goods retreated to 9.2% in October 2019 from 11.2% in previous month, according to Geostat. Rising prices in manufacturing (+9.7% y/y) and products from mining and quarrying (+16.7% y/y) contributed the most to the overall index change.

Exports by commodities, 10M19



Source: Geostat

Imports by commodities, 10M19

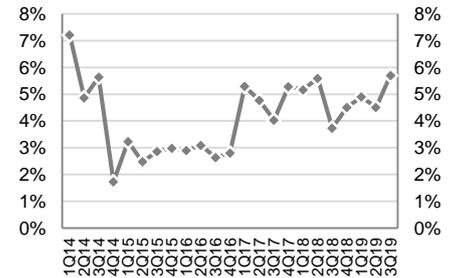


### Key macro indicators

	2016	2017	2018
GDP (% change)	2.9%	4.8%	4.8%
GDP per capita (ppp)	10,511	11,485	12,417
GDP per capita (US\$)	4,062	4,359	4,722
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.8%	6.7%	1.5%
Gross reserves (US\$ bn)	2.8	3.0	3.3
CAD (% of GDP)	12.4%	8.1%	6.8%
Fiscal deficit (% of GDP)	2.9%	2.7%	2.3%
Total public debt (% of GDP)	40.3%	39.4%	38.9%

Source: Official data, Galt & Taggart

### Real GDP growth, %



Source: Geostat

### International ranking, 2019-20

Ease of Doing Business # 7 (Top 10)  
Economic Freedom Index # 16 (mostly free)  
Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

### Georgia sovereign credit ratings



Source: Rating agencies

# Money market

**Refinancing loans:** National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 2.3bn (US\$ 772.4mn).

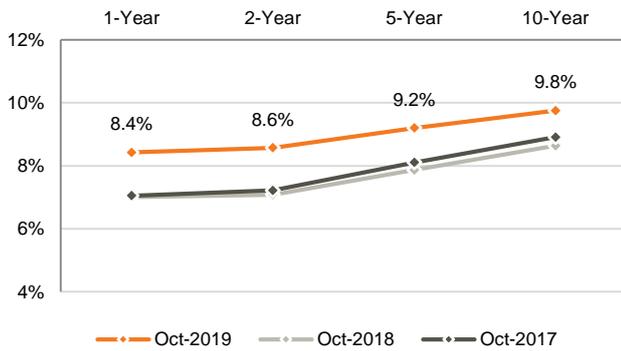
There were no treasury securities auction last week. The nearest treasury securities auction is scheduled for November 26, 2019, where GEL 70.0mn nominal value 5-year Benchmark Bonds will be sold.

### T-bills / T-notes, Nov-19 emission calendar

Date	Volume, GEL mn	Maturity
26-Nov-19	70	5 year

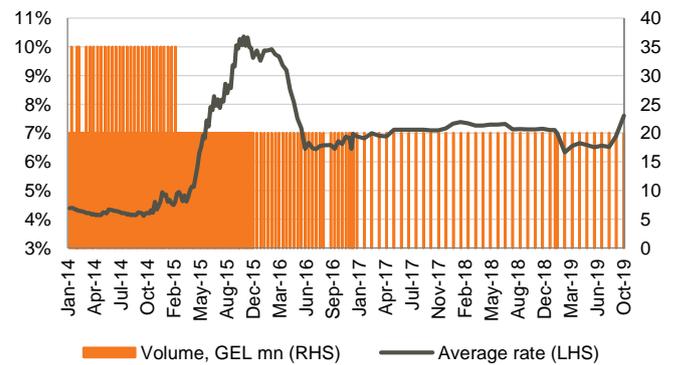
Source: MoF

### T-bills / T-notes, yield curve



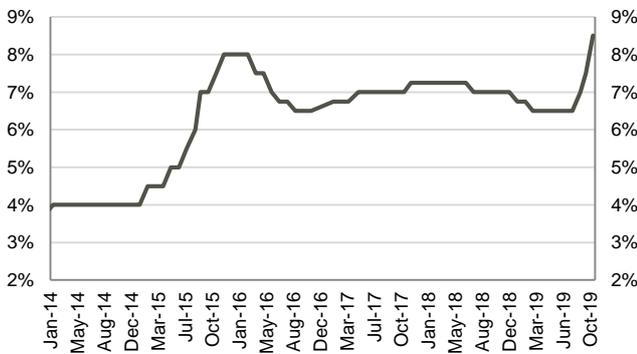
Source: NBG

### Certificates of Deposits (weighted average rate)



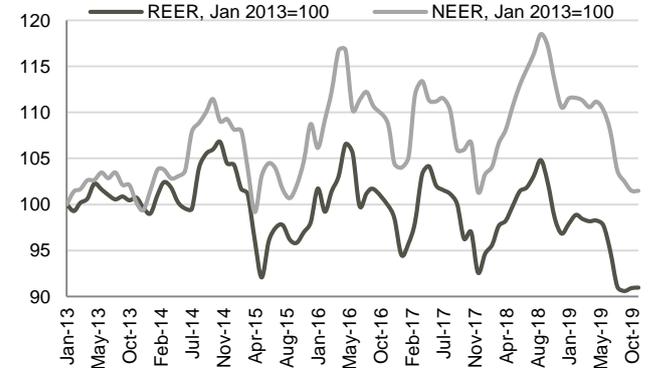
Source: NBG

### Monetary policy rate



Source: NBG

### Nominal Effective Exchange Rate and Real Effective Exchange Rate



Source: NBG

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

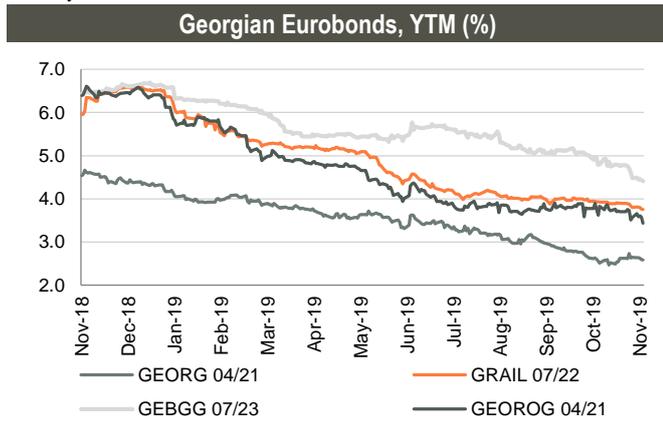


# Fixed income

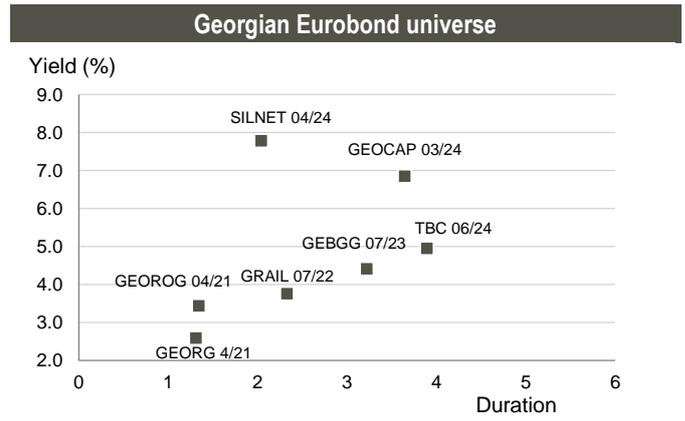
**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 4.41% yield, trading at 105.32 (+0.21% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 97.34 (+2.36% w/w), yielding 6.85%.

GOGC Eurobonds (GEOROG) were trading at 104.54 (+0.12% w/w), yielding 3.44%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 109.89 (+0.03% w/w), yielding 3.76%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 105.76 (unchanged w/w) at 2.59% yield to maturity.



Source: Bloomberg



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	
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Ba2	105.76	2.59	88.90	
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	109.89	3.76	215.71	
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/B+/-	104.54	3.44	179.73	
GEBGG 06/20	GEL	500	11.000%	Jun-20	BB-/B+2	n/a	n/a	n/a	
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/B+2	105.32	4.41	280.25	
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	104.41	10.14	831.16	
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B+/B2	97.34	6.85	546.25	
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-B1	111.66	7.78	604.12	
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B+2	103.25	4.95	332.53	
TBC PERP	US\$	125	10.775%	n/a	B-/-	102.29	10.46	855.11	

Georgian local bonds performance									
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/Scope)	Mid price	Mid yield, %	Z-spread, bps	
GWP 12/21	GEL	30	11.00%	Dec-21	BB-/-/-	n/a	n/a	n/a	
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-	100.97	7.00	n/a	
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	100.64	7.25	n/a	
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/-	101.01	5.63	n/a	
GLC 06/21	US\$	5	6.50%	Jun-21	B+/-/-	99.26	7.00	n/a	
GLC 08/21	US\$	10	7.50%	Aug-21	B+/-/-	100.61	7.25	n/a	
CRYSTAL 12/19	GEL	10	12.00%	Dec-19	B/-/-	100.12	11.75	n/a	
CRYSTAL 02/21	GEL	15	11.50%	Feb-21	B/-/-	100.83	11.75	n/a	
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	n/a	n/a	n/a	
SILKNET 08/22	GEL	34	11.00%	Aug-22	B+/-/B1/-	n/a	n/a	n/a	
Geo. Beer Company	GEL	25	10.50%	Dec-23	-/-/BB-	n/a	n/a	n/a	
Lisi Lake Development	US\$	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	14.00%	Sep-21	B-/-/-	101.55	14.00	n/a	

Source: Bloomberg



## Fixed income, continued

### Eastern European sovereign 10-year bonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	Apr-21	BB/BB/Ba2	105.76	2.59	88.90
Armenia	US\$	500	6.000%	Sep-20	B+/-/Ba3	102.58	2.88	113.49
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	99.94	2.85	121.48
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	107.17	4.48	288.66
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	106.88	2.37	79.45
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	101.36	1.78	-17.09
Turkey	US\$	2,000	5.625%	Mar-21	BB-/B1	102.94	3.37	165.31
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	104.92	4.80	315.67

Source: Bloomberg

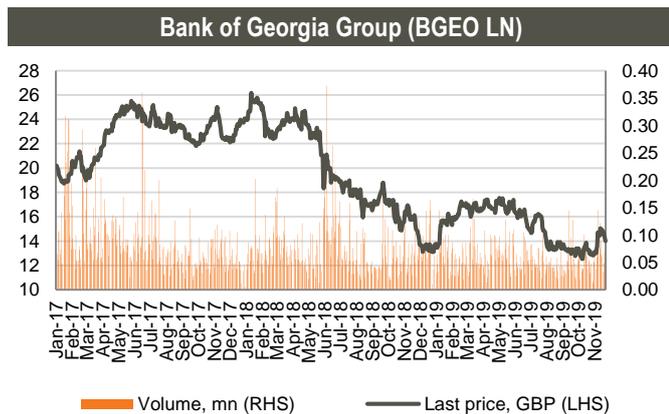
# Equities

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 14.00/share (-6.17% w/w and +7.86% m/m). More than 316k shares traded in the range of GBP 13.94 - 14.92/share. Average daily traded volume was 68k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.40% w/w and 1.51% m/m. The volume of BGEO shares traded was at 0.64% of its capitalization.

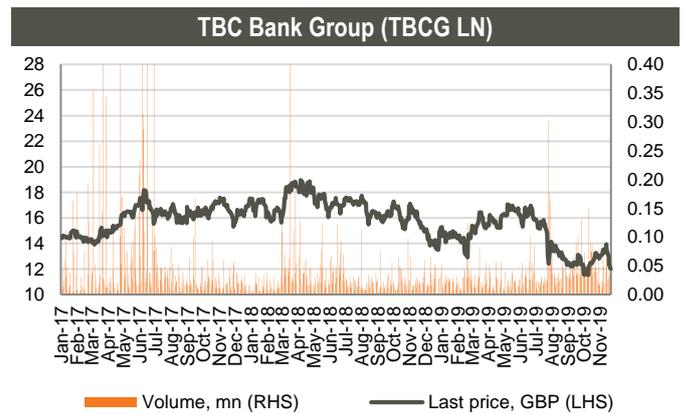
**Georgia Capital (CGEO LN)** shares closed at GBP 9.50/share (-4.04% w/w and -3.06% m/m). More than 248k shares traded in the range of GBP 9.43 - 9.93/share. Average daily traded volume was 37k in the last 4 weeks. The volume of CGEO shares traded was at 0.68% of its capitalization.

**TBC Bank Group (TBCG LN)** closed the week at GBP 12.00/share (-9.77% w/w and -6.98% m/m). More than 196k shares changed hands in the range of GBP 11.94 - 13.58/share. Average daily traded volume was 38k in the last 4 weeks. The volume of TBCG shares traded was at 0.36% of its capitalization.

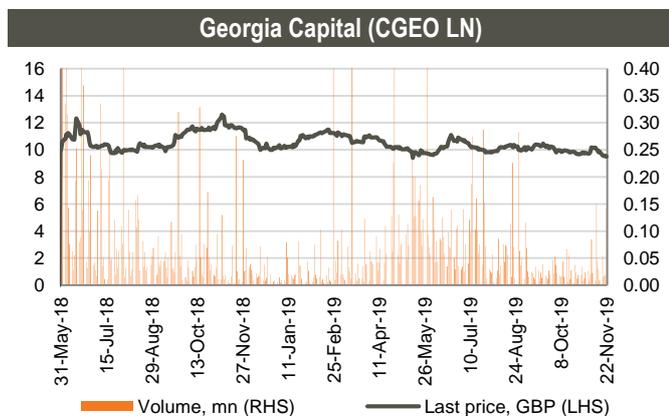
**Georgia Healthcare Group (GHG LN)** shares closed at GBP 1.65/share (-8.33% w/w and -16.24% m/m). More than 341k shares were traded in the range of GBP 1.64 - 1.86/share. Average daily traded volume was 45k in the last 4 weeks. The volume of GHG shares traded was at 0.26% of its capitalization.



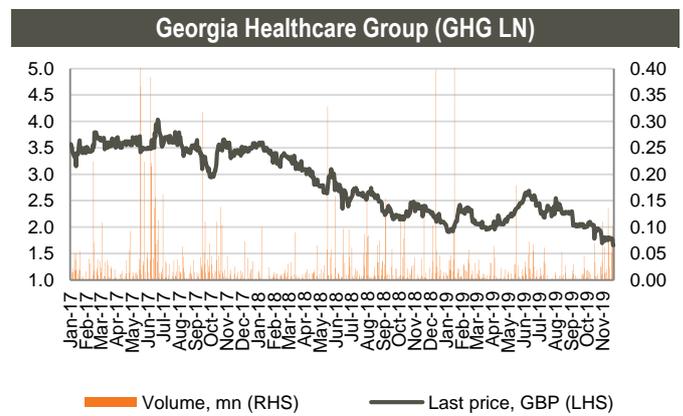
Source: Bloomberg



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		
							2019F	2020F	2019F	2020F	
Bank of Georgia	BGEO	GBP	14.00	688	-18.2%	-8.8%	1.7%	5.63x	5.39x	1.34x	1.06x
TBC	TBC	GBP	12.00	660	-27.4%	-23.1%	-21.2%	5.21x	4.85x	0.96x	0.84x
Halyk Bank	HSBK	US\$	13.55	3,982	17.8%	30.3%	30.9%	5.12x	4.97x	1.19x	1.06x
VTB Bank	VTBR	US\$	1.43	9,241	32.5%	11.2%	28.7%	3.79x	3.60x	0.58x	0.43x
Akbank	AKBNK	TRY	7.80	40,560	41.8%	24.2%	32.5%	8.05x	5.42x	0.84x	0.74x
Garanti	GARAN	TRY	10.12	42,504	43.1%	27.1%	27.1%	6.91x	4.79x	0.84x	0.75x
Isbank	ISCTR	TRY	6.23	28,035	28.5%	53.8%	37.5%	5.28x	4.27x	0.54x	0.48x
PKO	PKO	PLN	38.62	48,275	2.4%	-2.1%	-2.2%	11.08x	10.66x	1.18x	1.14x
PEKAO	PEO	PLN	104.40	27,402	0.9%	0.2%	-4.2%	12.42x	10.62x	1.19x	1.15x
Millennium	MIL	PLN	5.60	6,793	-39.5%	-40.9%	-36.9%	9.66x	7.81x	0.76x	0.70x
Mbank	MBK	PLN	389.20	16,478	-4.1%	-2.4%	-8.3%	13.47x	12.26x	1.03x	0.96x
BRD	BRD	RON	14.66	10,217	34.5%	8.8%	28.6%	8.03x	9.02x	1.39x	1.37x
Banca Transilvania	TLV	RON	2.47	12,883	26.8%	14.3%	33.4%	9.18x	9.47x	1.62x	1.51x
OTP	OTPD	USD	21.20	11,872	-5.4%	3.9%	8.2%	9.08x	9.06x	0.80x	0.70x
Komercni	KOMB	CZK	796.50	151,374	-7.0%	-11.0%	-6.0%	10.31x	10.88x	1.46x	1.41x
<b>Mean</b>								<b>8.21x</b>	<b>7.54x</b>	<b>1.05x</b>	<b>0.95x</b>
<b>Median</b>								<b>8.05x</b>	<b>7.81x</b>	<b>1.03x</b>	<b>0.96x</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		
							2019F	2020F	2019F	2020F	
Georgia Capital	CGEO	GBP	9.50	349	-4.8%	-18.5%	-7.0%	13.84x	10.85x	0.98x	0.91x
Tinc Comm	TINC	EUR	13.35	364	15.8%	17.2%	16.7%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	9.25	18,874	33.1%	22.2%	23.0%	5.09x	4.19x	0.59x	0.53x
Deutsche Beteiligungs	DBAN	EUR	40.00	602	12.5%	16.3%	19.2%	19.14x	17.68x	1.36x	1.29x
Eurazeo	RF	EUR	60.85	4,793	-5.4%	-1.4%	3.4%	13.86x	11.67x	0.89x	0.84x
Carlyle Group	CG	USD	28.59	3,164	37.6%	53.8%	81.5%	16.56x	5.66x	3.09x	1.91x
<b>Mean</b>								<b>13.70x</b>	<b>10.01x</b>	<b>1.38x</b>	<b>1.10x</b>
<b>Median</b>								<b>13.86x</b>	<b>10.85x</b>	<b>0.98x</b>	<b>0.91x</b>

Source: Bloomberg, S&P Capital IQ

### Healthcare sector companies

Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		EV/EBITDA		
							2019F	2020F	2019F	2020F	
GHG	GHG	GBP	1.65	217	-31.5%	-31.1%	-19.1%	14.82x	11.06x	7.38x	6.22x
Mouwasset	MOUWASAT	SAR	83.30	8,330	-2.0%	12.6%	3.5%	20.62x	18.52x	14.74x	13.32x
Fortis	FORH	INR	145.55	109,884	15.6%	-0.6%	3.6%	1.84x	1.67x	6.80x	6.88x
Raffles	RFMD	SGD	1.00	1,828	-1.0%	-10.7%	-9.1%	30.49x	30.67x	19.64x	18.81x
IHH	IHH	MYR	5.44	47,731	2.6%	13.1%	0.9%	47.60x	38.54x	16.46x	14.37x
Bangkok Chain	BCH	THB	16.90	42,144	0.0%	-6.1%	1.2%	33.40x	29.72x	18.30x	16.64x
Netcare	NTC	ZAR	20.61	29,922	9.3%	-17.1%	-22.0%	14.71x	13.19x	8.63x	7.96x
Life Healthcare	LHC	ZAR	25.05	36,757	6.1%	2.0%	-5.1%	22.85x	16.48x	9.02x	8.02x
Mediclinic	MDC	GBP	4.00	2,949	20.7%	17.6%	24.0%	14.98x	15.46x	9.49x	8.93x
Apollo Hospitals	APHS	INR	1,451.60	201,954	24.8%	19.5%	15.4%	71.36x	55.81x	22.10x	16.06x
KPJ Healthcare	KPJ	MYR	0.92	3,921	-2.1%	-16.8%	-12.0%	21.44x	19.86x	10.40x	9.78x
NMC	NMC	GBP	24.59	5,134	-0.6%	-31.7%	-10.1%	21.11x	16.28x	13.39x	11.37x
<b>Mean</b>								<b>26.27x</b>	<b>22.27x</b>	<b>13.03x</b>	<b>11.53x</b>
<b>Median</b>								<b>21.28x</b>	<b>17.50x</b>	<b>11.90x</b>	<b>10.58x</b>

Source: Bloomberg, S&P Capital IQ

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### **Galt & Taggart**

**Address:** 79 D. Agmashenebeli Avenue, Tbilisi 0102, Georgia

**Tel:** + (995) 32 2401 111

**Email:** gt@gt.ge