



Weekly Market Watch

Weekly Market Watch | Georgia
August 19, 2019

Economy

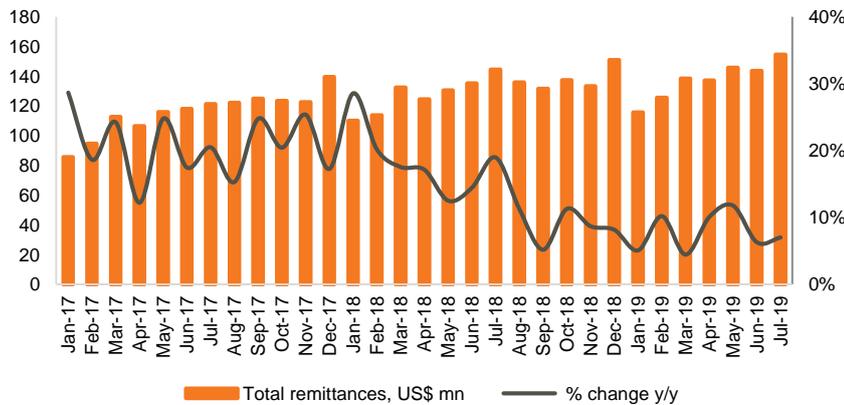
Money transfers up 7.0% y/y in July 2019

In July 2019, money transfers increased 7.0% y/y to US\$ 154.5mn, after growing 6.3% y/y in the previous month, according to NBG. From major remitting countries, money transfers were up from Italy (+26.5% y/y, 13.5% of total), Greece (+13.3% y/y, 11.0% of total), USA (+6.7% y/y, 10.3% of total) and Israel (+7.3% y/y, 9.3% of total). Meanwhile, remittances continued to decline from Russia (-9.4% y/y, 25.2% of total) and Turkey (-14.8% y/y, 5.6% of total). Overall, in 7M19 money transfers were up 7.8% y/y to US\$ 960.6mn.

Trade deficit was down 16.1% y/y in July 2019

In July 2019, exports grew by 17.5% y/y to US\$ 326.8mn, imports were down 4.4% y/y to US\$ 762.0mn and the trade deficit decreased by 16.1% y/y to US\$ 435.3mn, according to Geostat's preliminary figures. In 7M19, trade deficit was down 14.2% to US\$ 2.9bn as exports increased 12.4% y/y to US\$ 2.1bn and imports were down 4.7% y/y to US\$ 5.0bn. Detailed foreign trade statistics will be available on August 19, 2019.

Money transfers



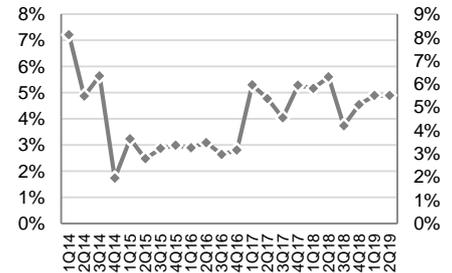
Source: NBG

Key macro indicators

	2016	2017	2018
GDP (% change)	2.8%	4.8%	4.7%
GDP per capita (ppp)	9,991	10,679	11,485
GDP per capita (US\$)	3,857	4,047	4,346
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)	13.1%	8.8%	7.7%
Fiscal deficit (% of GDP)	3.0%	2.9%	2.5%
Total public debt (% of GDP)	44.4%	44.8%	45.0%

Source: Official data, IMF, G&T

Real GDP growth, %



Source: Geostat

International ranking, 2018-19

- Ease of Doing Business # 6 (Top 10)
- Economic Freedom Index # 16 (mostly free)
- Global Competitiveness Index # 66 (improving trend)

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB- Positive Affirmed Apr-2019	 Ba2 Stable Affirmed Mar-2019	 BB Stable Affirmed Aug-2019
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Source: Rating agencies

Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1.8bn (US\$ 631.8mn).

Ministry of Finance Benchmark Bonds: 2-year GEL 60.0mn (US\$ 20.6mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on August 13, 2019. The weighted average yield was fixed at 6.743%. The nearest treasury security auction is scheduled for August 27, 2019, where GEL 50mn nominal value 5-year Benchmark bonds will be sold.

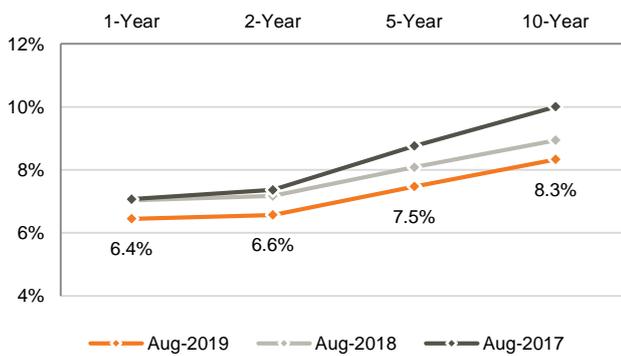
Ministry of Finance Treasury Bills: 6-month GEL 20.0mn (US\$ 6.9mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on August 13, 2019. The weighted average yield was fixed at 6.572%.

T-bills / T-notes, Aug-19 emission calendar

Date	Volume, GEL mn	Maturity
27-Aug-19	50	5 year

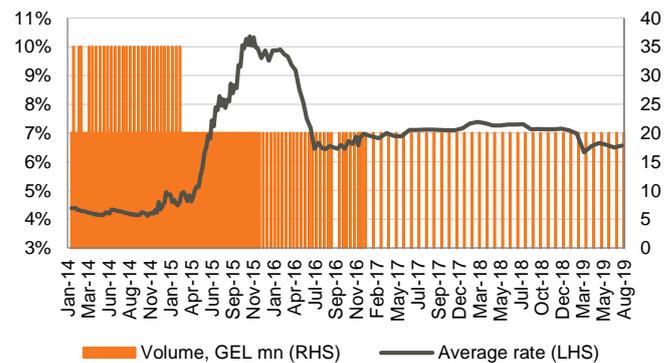
Source: MoF

T-bills / T-notes, yield curve



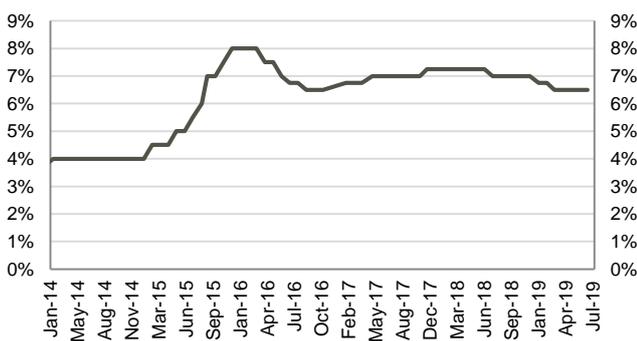
Source: NBG

Certificates of Deposits (weighted average rate)



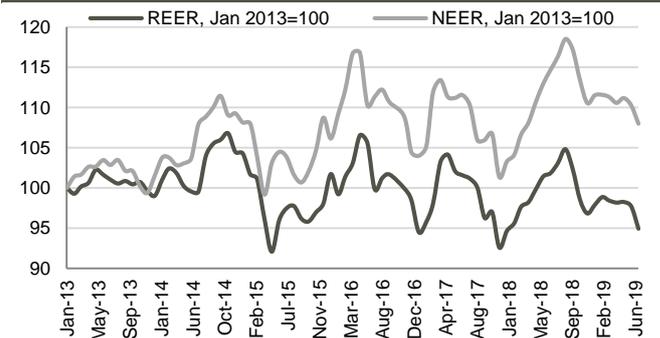
Source: NBG

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



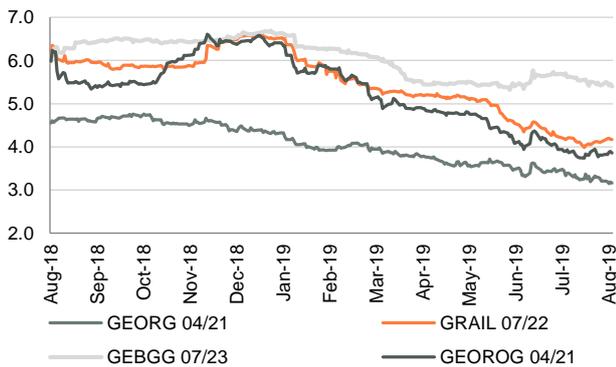
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.40% yield, trading at 102.11 (+0.07% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 94.91 (-0.24% w/w), yielding 7.46%.

GOGC Eurobonds (GEOROG) were trading at 104.67 (-0.13% w/w), yielding 3.86%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 109.66 (-0.19% w/w), yielding 4.17%.

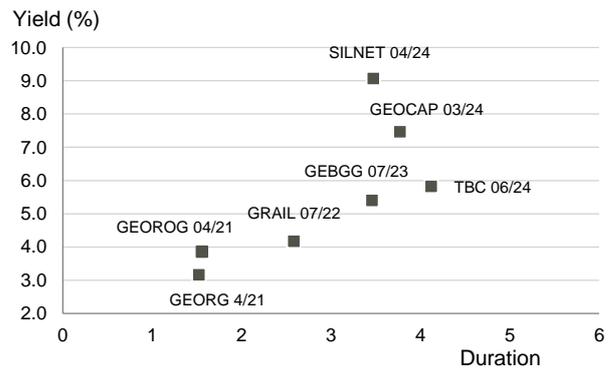
Georgian Sovereign Eurobonds (GEORG) closed at 105.90 (+0.01% w/w) at 3.16% yield to maturity.

Georgian Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



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	105.90	3.16	161.01
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	109.66	4.17	268.62
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB-/B+/-	104.67	3.86	223.87
GEBGG 06/20	GEL	500	11.000%	Jun-20	BB-/B+/-	n/a	n/a	n/a
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/B+/-	102.11	5.40	398.20
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	103.55	10.12	875.80
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-/B+/B2	94.91	7.46	605.77
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-/B1	107.13	9.07	766.09
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B+/-	99.69	5.82	443.09
TBC PERP	US\$	125	10.775%	n/a	B-/-	101.98	10.40	884.50

Georgian local bonds performance

GWP 12/21	GEL	30	10.00%	Dec-21	BB-/B+/-	n/a	n/a	n/a
M2RE 10/19	US\$	25	7.50%	Oct-19	-/-/-	100.33	5.00	n/a
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-	101.08	7.00	n/a
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/B+	99.75	7.25	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	B+/-/B+	98.29	7.50	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	B+/-/B+	100.00	7.50	n/a
CRYSTAL 12/19	GEL	10	11.00%	Dec-19	B-/-	100.09	10.75	n/a
CRYSTAL 02/21	GEL	15	10.50%	Feb-21	B-/-	99.66	10.75	n/a
Nikora Trade 08/21	GEL	25	10.50%	Aug-21	-/-/B+	n/a	n/a	n/a
SILKNET 08/22	GEL	34	10.00%	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	12.75%	Sep-21	B-/-/-	100.00	13.00	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	105.90	3.16	161.01
Armenia	US\$	500	6.000%	Sep-20	B+/-/B1	102.64	3.56	192.15
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	99.22	3.22	172.57
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	105.87	5.04	364.22
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	106.25	2.57	117.94
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	102.07	1.97	4.95
Turkey	US\$	2,000	5.625%	Mar-21	BB-/B1	101.77	4.47	293.48
Ukraine	US\$	1,409	7.750%	Sep-21	B-/B-/Caa1	103.80	5.74	420.60

Source: Bloomberg



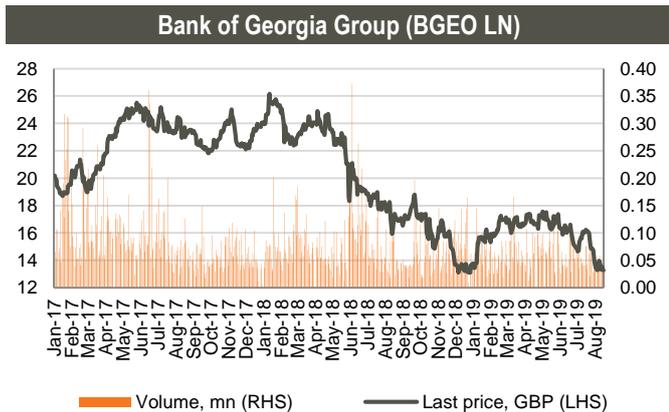
Equities

Bank of Georgia Group (BGE0 LN) shares closed at GBP 13.28/share (-4.53% w/w and -18.18% m/m). More than 198k shares traded in the range of GBP 13.09 - 14.09/share. Average daily traded volume was 48k in the last 4 weeks. FTSE 250 Index, of which BGE0 is a constituent, lost -1.42% w/w and -4.24% m/m. The volume of BGE0 shares traded was at 0.40% of its capitalization.

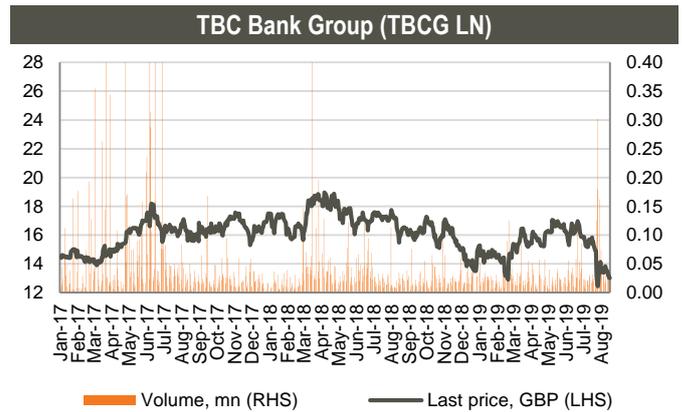
Georgia Capital (CGEO LN) shares closed at GBP 10.30/share (+0.98% w/w and +1.58% m/m). More than 320k shares traded in the range of GBP 9.96 - 10.48/share. Average daily traded volume was 60k in the last 4 weeks. The volume of CGEO shares traded was at 0.84% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 13.00/share (-4.55% w/w and -17.83% m/m). More than 144k shares changed hands in the range of GBP 12.52 - 13.76/share. Average daily traded volume was 65k in the last 4 weeks. The volume of TBCG shares traded was at 0.27% of its capitalization.

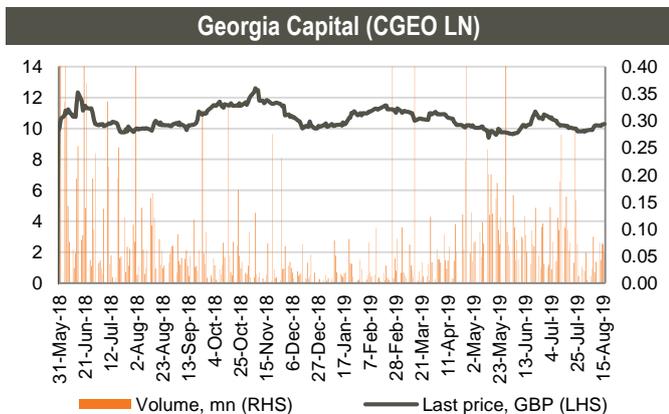
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.25/share (-7.79% w/w and -4.26% m/m). More than 78k shares were traded in the range of GBP 2.19 - 2.39/share. Average daily traded volume was 7k in the last 4 weeks. The volume of GHG shares traded was at 0.06% of its capitalization.



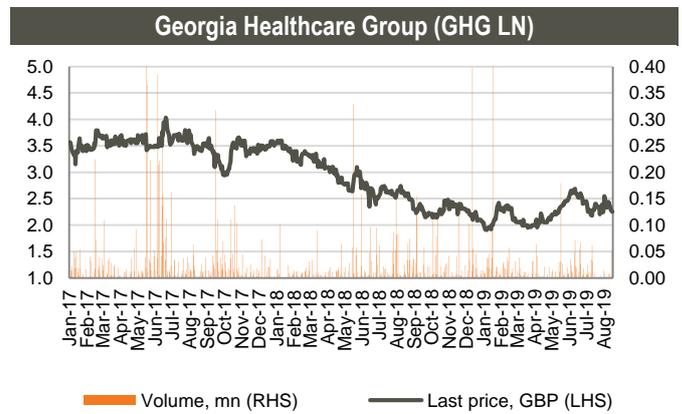
Source: Bloomberg



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	13.28	653	-20.9%	-23.2%	-3.6%	5.25x	4.63x	1.09x	0.93x
TBC	TBC	GBP	13.00	705	-1.2%	-18.3%	-14.6%	5.13x	4.67x	0.95x	0.83x
Halyk Bank	HSBK	US\$	13.15	3,864	20.6%	19.5%	27.1%	5.12x	4.78x	1.14x	1.02x
VTB Bank	VTBR	US\$	1.15	7,472	-5.3%	-14.1%	4.1%	4.09x	2.94x	0.49x	0.42x
Akbank	AKBNK	TRY	6.93	36,036	3.1%	43.7%	17.8%	6.15x	4.82x	0.70x	0.62x
Garanti	GARAN	TRY	8.93	37,506	0.7%	55.3%	12.2%	5.63x	4.24x	0.69x	0.63x
Isbank	ISCTR	TRY	5.35	24,075	-7.6%	40.1%	18.1%	3.81x	3.29x	0.43x	0.39x
PKO	PKO	PLN	38.91	48,638	-1.3%	-3.5%	-1.4%	10.89x	10.69x	1.18x	1.12x
PEKAO	PEO	PLN	98.00	25,722	-11.2%	-14.1%	-10.1%	11.24x	9.69x	1.10x	1.06x
Millennium	MIL	PLN	6.83	8,285	-22.7%	-22.8%	-23.0%	10.10x	8.30x	0.92x	0.84x
Mbank	MBK	PLN	303.20	12,837	-31.2%	-24.0%	-28.5%	10.46x	9.18x	0.78x	0.74x
BRD	BRD	RON	13.32	9,283	15.6%	-3.9%	16.8%	8.44x	8.71x	1.19x	1.20x
Banca Transilvania	TLV	RON	2.32	11,171	37.5%	6.7%	25.3%	7.99x	8.52x	1.45x	1.37x
OTP	OTPD	USD	21.20	11,872	6.5%	19.8%	8.2%	9.24x	9.30x	0.78x	0.69x
Komercni	KOMB	CZK	835.00	158,691	-11.5%	-10.9%	-1.4%	10.77x	10.87x	1.51x	1.40x
Mean								7.62x	6.98x	0.96x	0.88x
Median								7.99x	8.30x	0.95x	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		
							2019F	2020F	2019F	2020F	
Georgia Capital	CGEO	GBP	10.30	391	-8.9%	-0.7%	0.9%	14.16x	11.10x	0.70x	0.75x
Tinc Comm	TINC	EUR	12.60	344	5.4%	4.1%	6.8%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	8.59	17,527	-6.5%	24.5%	14.2%	4.30x	3.50x	0.51x	0.45x
Deutsche Beteiligungs	DBAN	EUR	30.90	465	-11.1%	-18.1%	-7.9%	23.23x	11.26x	1.03x	0.98x
Eurazeo	RF	EUR	59.05	4,520	-2.9%	-4.6%	0.3%	12.29x	10.93x	0.83x	0.79x
Carlyle Group	CG	USD	21.71	2,365	17.6%	-7.4%	37.8%	5.75x	3.27x	2.25x	1.69x
Mean								11.94x	8.01x	1.06x	0.93x
Median								12.29x	10.93x	0.83x	0.79x

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	2.25	296	-3.0%	-11.8%	10.3%	19.79x	14.00x	8.52x	7.03x
Mouwasset	MOUWASAT	SAR	88.00	8,800	15.8%	0.0%	9.3%	22.45x	19.25x	15.95x	14.04x
Fortis	FORH	INR	125.45	94,709	-7.0%	-15.5%	-10.7%	1.59x	1.44x	6.73x	6.71x
Raffles	RFMD	SGD	1.01	1,815	-9.0%	-5.6%	-8.2%	30.64x	29.88x	19.58x	18.29x
IHH	IHH	MYR	5.69	49,897	1.4%	4.8%	5.6%	45.95x	37.89x	17.45x	14.95x
Bangkok Chain	BCH	THB	14.90	37,157	-12.9%	-15.8%	-10.8%	30.52x	27.03x	16.86x	15.13x
Netcare	NTC	ZAR	15.12	21,955	-39.8%	-44.8%	-42.8%	9.93x	9.63x	6.28x	6.04x
Life Healthcare	LHC	ZAR	21.60	31,695	-17.4%	-9.5%	-18.2%	17.72x	13.55x	7.59x	6.87x
Mediclinic	MDC	GBP	3.04	2,244	-2.9%	-35.3%	-5.6%	10.61x	11.70x	7.74x	7.57x
Apollo Hospitals	APHS	INR	1,470.60	204,597	28.7%	28.9%	16.9%	72.28x	56.62x	22.35x	17.47x
KPJ Healthcare	KPJ	MYR	0.89	3,818	-16.5%	-22.4%	-14.9%	20.12x	18.67x	9.89x	9.53x
NMC	NMC	GBP	18.51	3,854	-33.3%	-54.4%	-32.3%	14.40x	11.39x	9.41x	7.98x
Mean								24.67x	20.92x	12.36x	10.97x
Median								19.95x	16.34x	9.65x	8.75x

Source: Bloomberg, S&P Capital IQ

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