



Weekly Market Watch

Weekly Market Watch | Georgia
April 21, 2020

Economy

Trade deficit down 7.3% y/y in March 2020

In March 2020, exports decreased by 21.5% y/y to US\$ 251.9mn, imports fell by 13.4% y/y to US\$ 655.0mn and the trade deficit narrowed by 7.3% y/y to US\$ 403.1mn according to Geostat's preliminary figures. In 1Q20, trade deficit was up 3.6% to US\$ 1.2bn as exports decreased by 5.6% y/y and imports were down by 0.2% y/y. Detailed foreign trade statistics will be available on April 21, 2020.

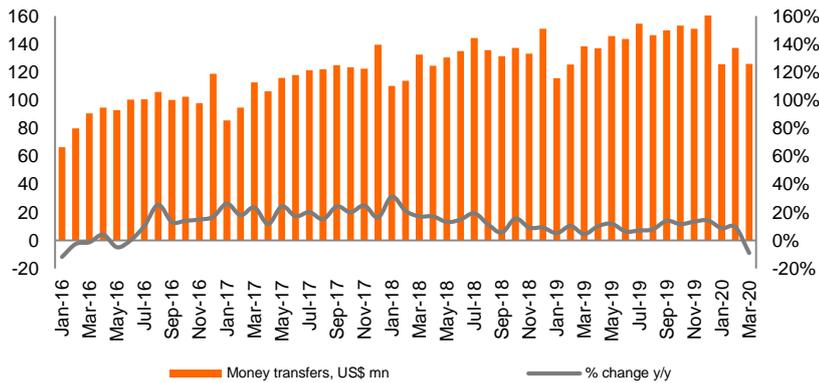
International arrivals decreased 58.6% y/y in March 2020

Total international arrivals (tourists and same-day arrivals) to Georgia decreased by 58.6% y/y to 0.21mn persons in March 2020, according to GNTA. This fall reflected both reduced same-day arrivals (-63.2% y/y) and tourist arrivals decreasing 56.1% y/y (68.7% of total). In March 2020, international visitors declined from all major countries: Azerbaijan (-62.9%), Turkey (-45.4% y/y), Russia (-66.5% y/y) and Armenia (-61.1% y/y). Visitors from the EU were down 36.7% y/y to 13,250 visitors, with Germany, UK and Italy contributing most to the decline. In 1Q20, total international arrivals stood at 1.1mn (-16.0% y/y), of which tourist arrivals reached 0.77mn (-13.2% y/y) persons. Meanwhile, we estimate tourism revenues at US\$ 443.2mn (-23.3% y/y) in 1Q20.

Money transfers decreased by 9.0% y/y in March 2020

In March 2020, money transfers declined by 9.0% y/y to US\$ 125.9mn, after growing 9.5% y/y in previous month, according to NBG. From major countries, money transfers were up from Greece (+1.8% y/y, 12.9% of total) and USA (+2.3% y/y, 12.0% of total). Meanwhile remittances were down from Russia (-28.3% y/y, 20.2% of total), Italy (-8.7% y/y, 13.7% of total) and Israel (-10.2% y/y, 9.4% of total). Overall, in 1Q20 money transfers were up 2.4% y/y to US\$ 388.8mn.

Money transfers



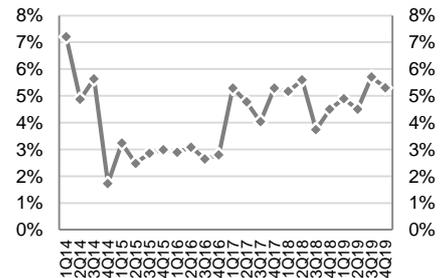
Source: NBG

Key macro indicators

	2017	2018	2019E
GDP (% change)	4.8%	4.8%	5.1%
GDP per capita (ppp)	11,485	12,417	13,559
GDP per capita (US\$)	4,359	4,722	4,763
Population (mn)	3.7	3.7	3.7
Inflation (eop)	6.7%	1.5%	7.0%
Gross reserves (US\$ bn)	3.0	3.3	3.5
CAD (% of GDP)	8.1%	6.8%	5.1%
Fiscal deficit (% of GDP)	2.7%	2.3%	2.4%
Total public debt (% of GDP)	39.4%	38.9%	39.8%

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

 BB Stable Upgraded Oct-2019	 Ba2 Stable Affirmed Sep-2019	 BB Stable Affirmed Feb-2020
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Source: Rating agencies

Money market

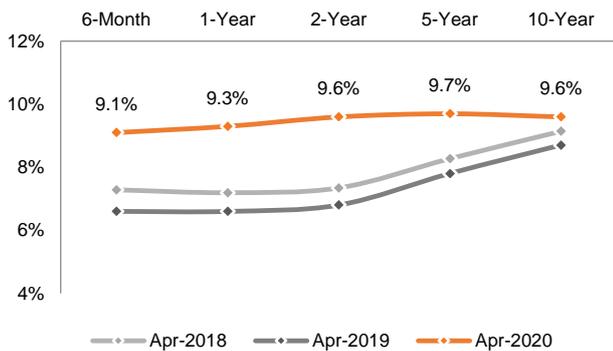
Ministry of Finance T-Bills: 1-year GEL 50.0mn (US\$ 15.9mn) T-Bills were sold at the auction held at NBG on April 14, 2020. Total demand was more than 2.0x higher and the weighted average yield was fixed at 9.392%, up 0.48ppts from previous auction held on March 10, 2020. The nearest treasury security auction is scheduled for April 21, 2020, where GEL 40.0mn nominal value 10-year T-Notes will be sold.

T-bills / T-notes in 2020

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	130	160	320
1-year	200	400	570
2-year	280	560	1,140
5-year	240	720	1,623
10-year	30	120	523
Total	880	1,960	4,175

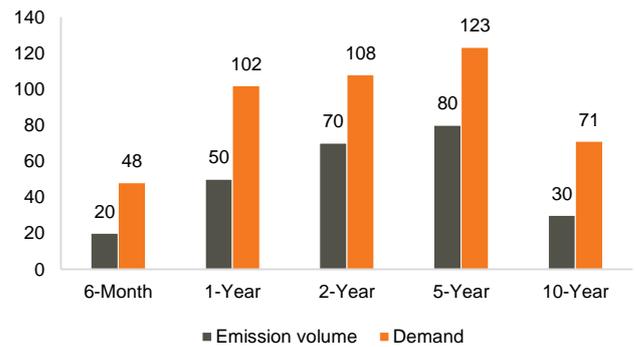
Source: MoF
Note: * As of 31 March 2020

T-bills / T-notes, yield curve



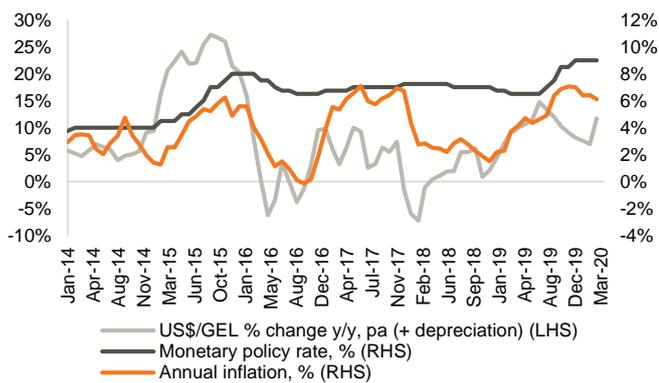
Source: NBG

Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



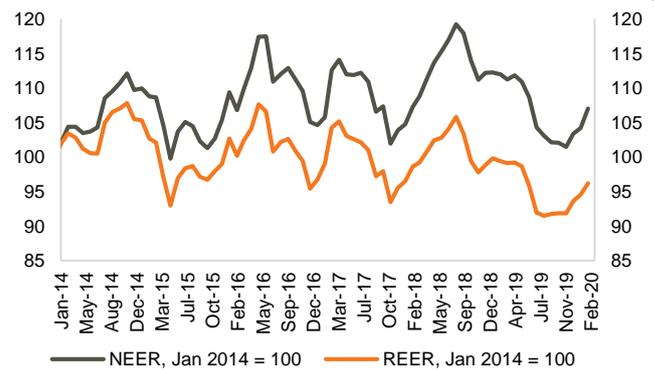
Source: NBG

Monetary policy rate, inflation and FX 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



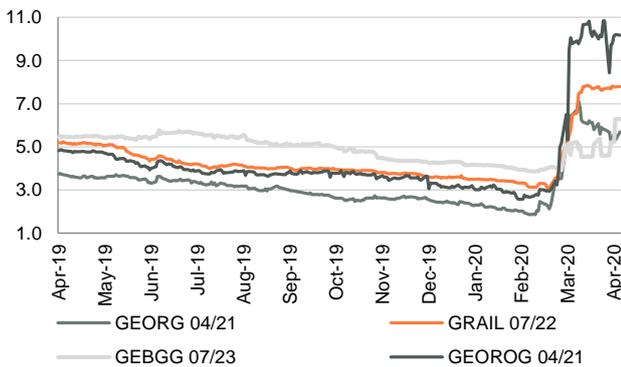
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.34% yield, trading at 99.00 (-3.26% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 92.15 (+0.99% w/w), yielding 8.54%.

GOGC Eurobonds (GEOROG) were trading at 96.95 (-0.20% w/w), yielding 10.00%. Georgian Railway Eurobonds (GRAIL) traded at 99.52 (-0.59% w/w), yielding 7.98%.

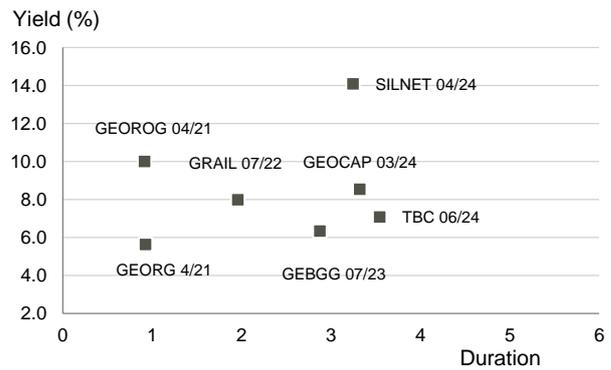
Georgian Sovereign Eurobonds (GEORG) closed at 101.16 (-0.38% w/w) at 5.63% yield to maturity.

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	101.16	5.63	510.19
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	99.52	7.98	756.02
GEORG 04/21	US\$	250	6.750%	Apr-21	BB/BB/-	96.95	10.00	948.23
GEBGG 06/20	GEL	500	11.000%	Jun-20	BB-/Ba2	n/a	n/a	n/a
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/Ba2	99.00	6.34	593.51
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	94.93	10.38	1,228.25
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B+/B2	92.15	8.54	812.09
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-B1	90.86	14.10	1,367.26
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/Ba2	95.29	7.07	664.63
TBC PERP	US\$	125	10.775%	n/a	B-/-	85.68	12.20	1,489.26

Georgian local bonds performance

GWP 12/21	GEL	30	12.50%	Dec-21	BB-/-/-	n/a	n/a	n/a
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-	98.38	8.50	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	96.67	9.00	n/a
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/-	99.99	7.00	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	B+/-/-	100.0	7.50	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	B+/-/-	98.72	8.50	n/a
CRYSTAL 02/21	GEL	15	13.00%	Feb-21	B-/-/-	100.00	13.00	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	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	13.25%	Sep-21	B-/-/-	100.00	15.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	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	101.16	5.63	510.19
Armenia	US\$	500	6.000%	Sep-20	BB-/-/Ba3	99.93	6.15	543.19
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	99.23	3.40	294.69
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	99.01	7.26	685.41
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	106.12	2.42	198.49
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	100.14	-3.19	-428.57
Turkey	US\$	2,000	5.625%	Mar-21	BB-/-/B1	99.98	5.64	511.04
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	97.90	9.42	895.98

Source: Bloomberg

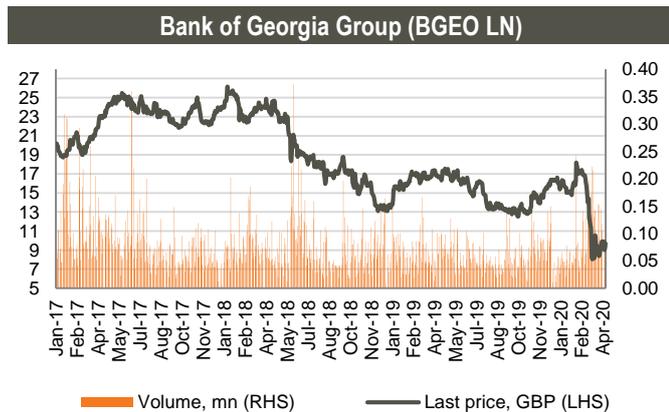
Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 9.72/share (-2.11% w/w and -1.07% m/m). More than 321k shares traded in the range of GBP 8.72 - 10.18/share. Average daily traded volume was 104k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 3.34% w/w and gained 13.89% m/m. The volume of BGEO shares traded was at 0.65% of its capitalization.

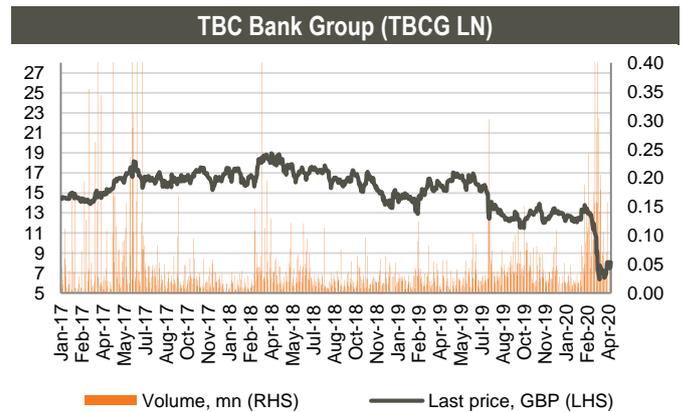
Georgia Capital (CGEO LN) shares closed at GBP 4.94/share (-8.86% w/w and +12.27% m/m). More than 194k shares traded in the range of GBP 4.33 - 5.94/share. Average daily traded volume was 42k in the last 4 weeks. The volume of CGEO shares traded was at 0.53% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 8.09/share (unchanged w/w and -9.41% m/m). More than 226k shares changed hands in the range of GBP 7.35 - 8.50/share. Average daily traded volume was 85k in the last 4 weeks. The volume of TBCG shares traded was at 0.41% of its capitalization.

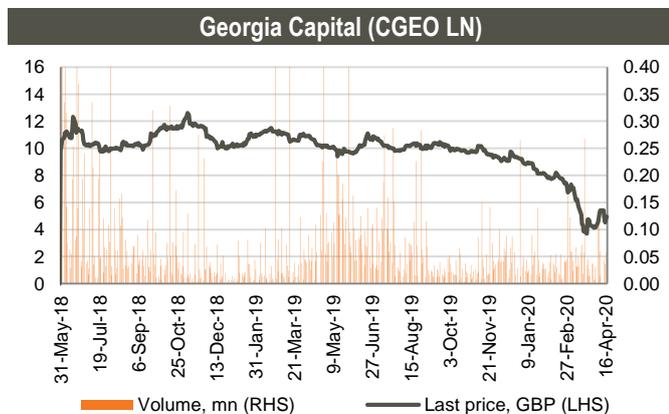
Georgia Healthcare Group (GHG LN) shares closed at GBP 0.93/share (-7.04% w/w and +28.85% m/m). More than 60k shares were traded in the range of GBP 0.87 - 1.02/share. Average daily traded volume was 33k in the last 4 weeks. The volume of GHG shares traded was at 0.05% of its capitalization.



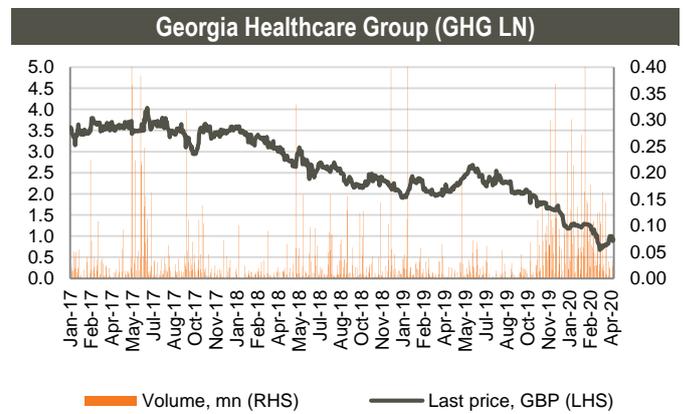
Source: Bloomberg



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	9.72	478	-27.0%	-41.6%	-40.2%	3.72x	3.52x	0.82x	0.69x
TBC	TBC	GBP	8.09	445	-35.1%	-47.3%	-37.8%	3.13x	2.84x	0.60x	0.57x
Halyk Bank	HSBK	US\$	9.14	2,686	-29.4%	-25.4%	-31.5%	3.20x	4.20x	0.77x	0.95x
VTB Bank	VTBR	US\$	0.92	5,988	-29.1%	-20.3%	-36.8%	2.28x	3.40x	0.34x	0.25x
Akbank	AKBNK	TRY	5.79	30,108	-16.1%	-11.6%	-28.6%	4.76x	4.02x	0.49x	0.49x
Garanti	GARAN	TRY	8.39	35,238	-3.7%	-3.6%	-24.7%	4.65x	4.16x	0.55x	0.56x
Isbank	ISCTR	TRY	4.95	22,275	-15.2%	-18.7%	-22.8%	3.26x	3.31x	0.34x	0.35x
PKO	PKO	PLN	21.93	27,413	-42.1%	-44.7%	-36.4%	5.87x	7.45x	0.60x	0.62x
PEKAO	PEO	PLN	54.54	14,315	-49.3%	-52.6%	-45.7%	5.91x	8.06x	0.56x	0.58x
Millennium	MIL	PLN	3.18	3,858	-50.0%	-66.8%	-45.6%	4.73x	5.83x	0.38x	0.42x
Mbank	MBK	PLN	217.80	9,221	-43.4%	-50.6%	-44.1%	6.70x	10.68x	0.51x	0.55x
BRD	BRD	RON	11.54	8,042	-19.3%	-13.8%	-27.1%	4.97x	10.97x	0.96x	1.03x
Banca Transilvania	TLV	RON	1.89	9,848	-20.8%	-4.2%	-27.2%	5.08x	10.06x	1.05x	1.13x
OTP	OTPD	USD	22.80	12,768	7.5%	0.0%	7.5%	9.60x	11.89x	0.82x	0.77x
Komercni	KOMB	CZK	535.00	101,676	-31.2%	-40.9%	-35.5%	6.01x	9.93x	0.86x	0.89x
Mean								4.93x	6.69x	0.64x	0.66x
Median								4.76x	5.83x	0.60x	0.58x

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	4.94	181	-49.6%	-52.3%	-46.4%	6.57x	4.48x	0.47x	n/a
Tinc Comm	TINC	EUR	13.00	355	-2.8%	10.9%	-2.6%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	7.78	15,874	-6.0%	-4.9%	-18.4%	3.56x	3.38x	0.42x	0.43x
Deutsche Beteiligungs	DBAN	EUR	28.45	428	-22.3%	-22.5%	-27.9%	10.16x	21.98x	0.91x	0.93x
Eurazeo	RF	EUR	42.26	3,329	-38.3%	-33.0%	-30.7%	9.97x	75.39x	0.60x	0.58x
Carlyle Group	CG	USD	22.95	2,540	-15.4%	19.1%	-28.5%	13.25x	5.59x	1.42x	2.37x
Mean								8.70x	22.17x	0.76x	1.08x
Median								9.97x	5.59x	0.60x	0.75x

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	0.93	122	-53.3%	-55.1%	-24.8%	9.51x	7.52x	4.73x	4.13x
Mouwasset	MOUWASAT	SAR	77.50	7,750	-7.7%	-8.3%	-11.9%	19.89x	17.93x	13.75x	12.12x
Fortis	FORH	INR	118.05	89,123	-13.7%	-16.4%	-10.5%	1.36x	1.33x	6.41x	6.52x
Raffles	RFMD	SGD	0.87	1,581	-15.2%	-19.9%	-13.5%	25.23x	27.22x	16.20x	16.16x
IHH	IHH	MYR	5.22	45,800	-9.1%	-5.6%	-4.6%	48.05x	45.70x	14.06x	14.70x
Bangkok Chain	BCH	THB	13.10	32,668	-18.1%	-25.1%	-23.4%	25.48x	27.14x	14.41x	14.41x
Netcare	NTC	ZAR	15.76	22,881	-14.8%	-34.6%	-19.0%	8.29x	10.45x	5.49x	6.06x
Life Healthcare	LHC	ZAR	18.29	26,838	-25.6%	-34.7%	-25.8%	12.26x	11.25x	5.80x	6.10x
Mediclinic	MDC	GBP	2.53	1,867	-34.2%	-22.7%	-38.5%	8.99x	9.86x	7.09x	6.33x
Apollo Hospitals	APHS	INR	1,374.10	191,172	-7.6%	7.8%	-4.7%	62.55x	55.92x	19.74x	14.77x
KPJ Healthcare	KPJ	MYR	0.89	3,792	-2.7%	-8.3%	-6.3%	19.03x	20.53x	9.20x	9.24x
NMC	NMC	GBP	9.38	1,959	-64.1%	-63.2%	-46.9%	9.33x	6.99x	9.96x	8.52x
Mean								20.83x	20.15x	10.57x	9.92x
Median								15.64x	14.59x	9.58x	8.88x

Source: Bloomberg, S&P Capital IQ

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