



Weekly Market Watch

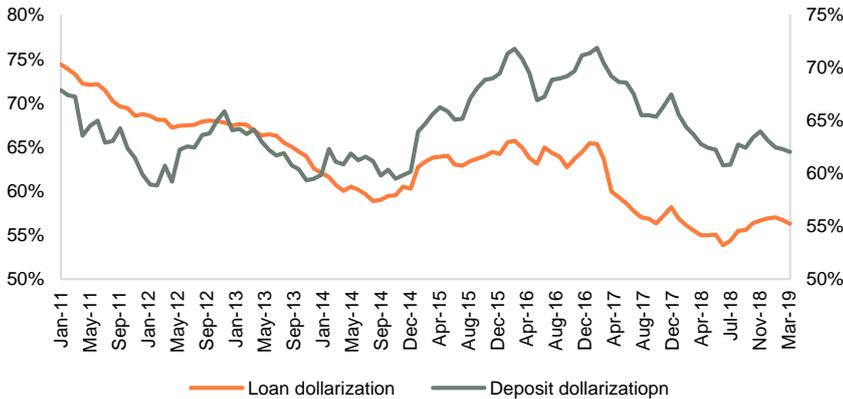
Weekly Market Watch | Georgia
Apr 30, 2019

Economy

NPLs at 3.0% in March 2019

In March 2019, the banking sector loan portfolio increased 13.7% y/y after growing 15.3% y/y in previous month, excluding the exchange rate effect. In unadjusted terms, loan portfolio was up 20.6% y/y and up 1.2% m/m to GEL 26.8bn (US\$ 9.9bn). Deposits were up 10.2% y/y excluding the exchange rate effect. In unadjusted terms, deposits were up 17.9% y/y and up 1.0% m/m to GEL 23.1bn (US\$ 8.6bn). Deposit dollarization declined to 62.0% (-0.76ppts y/y and -0.28ppts m/m) and loan dollarization stood at 56.3% (+1.32ppts y/y and -0.43ppts m/m). NPLs stood at 3.0% in March 2019 (+0.6ppts y/y and +0.1ppts m/m).

Loan and deposit dollarization



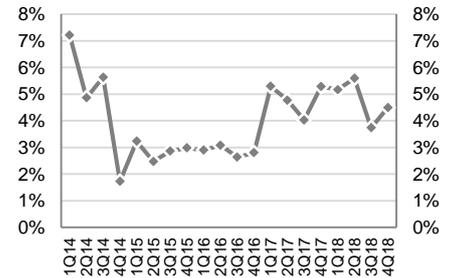
Source: NBG

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 Sep-2018	 BB Stable Upgraded Feb-2019
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Source: Rating agencies

Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 410mn (US\$ 151.9mn).

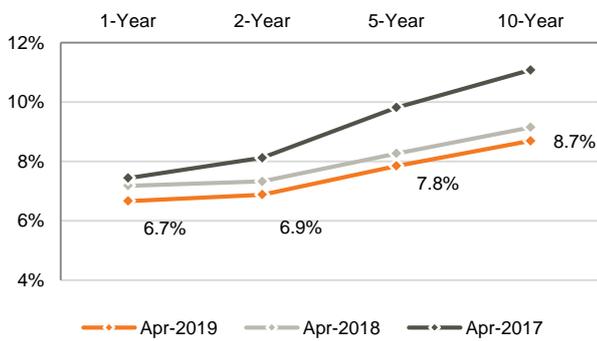
Ministry of Finance Benchmark Bonds: 5-year GEL 30.0mn (US\$ 11.2mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on April 23, 2019. The weighted average yield was fixed at 7.133%. The nearest treasury securities auction is scheduled for May 7, 2019, where GEL 40.0mn nominal value 1-year T-Bills will be sold.

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

Date	Volume, GEL mn	Maturity
7-May-19	40	1 year
14-May-19	20	6 months
28-May-19	50	5 years

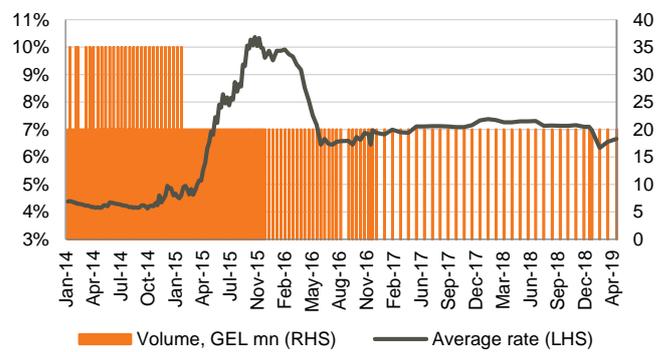
Source: MoF

T-bills / T-notes, yield curve



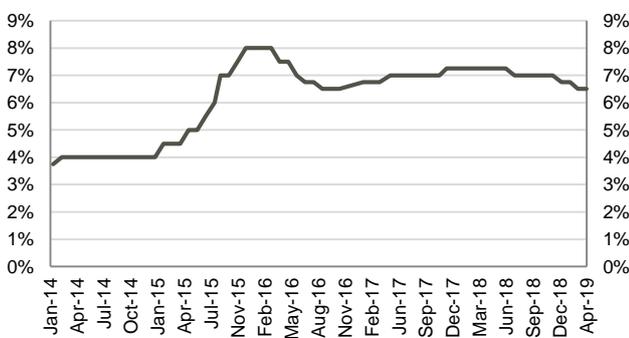
Source: NBG

Certificates of Deposits (weighted average rate)



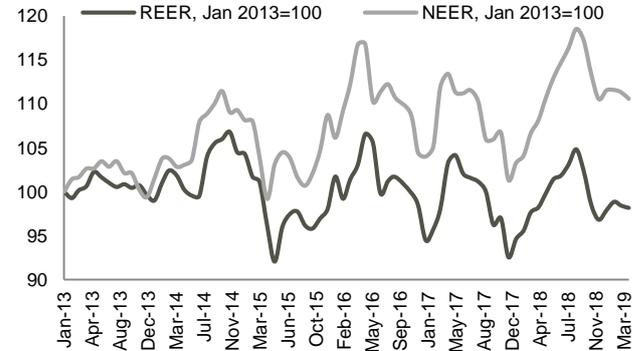
Source: NBG

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

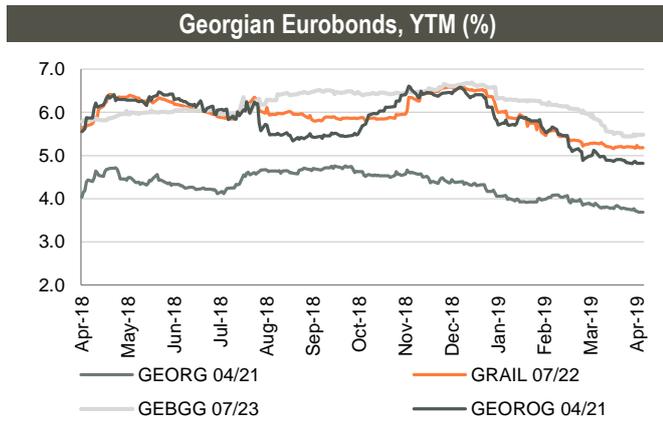


Fixed income

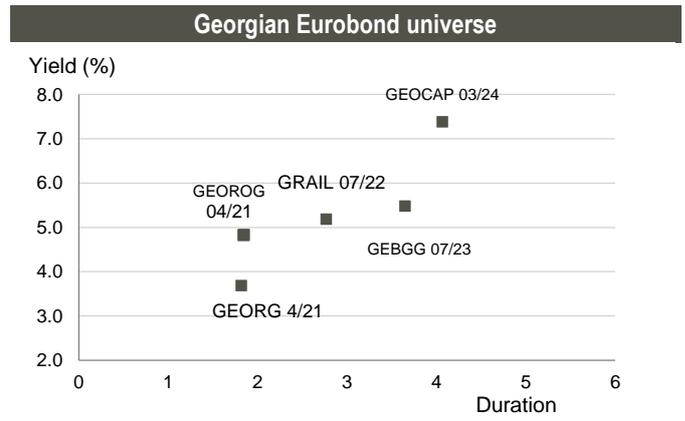
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.48% yield, trading at 101.93 (-0.2% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 94.93 (+0.4% w/w), yielding 7.38%.

GOGC Eurobonds (GEOROG) were trading at 103.62 (unchanged w/w), yielding 4.82%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 107.46 (unchanged w/w), yielding 5.18%.

Georgian Sovereign Eurobonds (GEORG) closed at 105.94 (+0.1% w/w) at 3.69% 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, US\$	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	04/12/2021	BB/BB-/Ba2/-	105.94	3.69	123.18
GRAIL 07/22	US\$	500	7.750%	07/11/2022	BB-/B+/-/-	107.46	5.18	284.11
GEOROG 04/21	US\$	250	6.750%	04/26/2021	BB/B+/-/-	103.62	4.82	236.96
GEBGG 06/20	GEL	500	11.000%	06/01/2020	BB-/B/Ba2/-	n/a	n/a	n/a
GEBGG 07/23	US\$	350	6.000%	07/26/2023	BB-/B/Ba2/-	101.93	5.48	313.73
GEBGG 11 1/8 PERP	US\$	100	11.130%	n/a	B-/-/-/-	102.96	10.74	800.68
GEOCAP 03/24	US\$	300	6.125%	03/09/2024	-/B+/B2/-	94.93	7.38	501.19
SILKNET 04/24	US\$	200	11.00%	04/02/2024	B+/-/-/-	101.27	10.66	832.93

Georgian local bonds performance								
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
GWP 12/21	GEL	30	10.000%	06/12/2021	BB-/-/-/-	n/a	n/a	n/a
M2RE 10/19	US\$	25	7.500%	07/10/2019	-/-/-/-	100.87	5.50	n/a
M2CA 12/21	US\$	30	7.500%	31/12/2021	-/-/-/-	101.22	7.00	n/a
GLC 08/20	US\$	10	7.000%	29/08/2020	B+/-/-/-	100.31	6.75	n/a
GLC 06/21	US\$	5	6.500%	22/06/2021	B+/-/-/-	98.03	7.50	n/a
Nikora 06/19	US\$	10	9.000%	28/06/2019	-/-/-/B+	n/a	n/a	n/a
Silknet 08/22	GEL	34	10.000%	18/08/2022	B+/-/-/-	n/a	n/a	n/a
Crystal 12/19	GEL	10	11.000%	28/12/2019	B/-/-/-	100.38	10.75	n/a
Crystal 02/21	GEL	15	10.500%	01/02/2021	B/-/-/-	99.41	10.75	n/a
Swiss Cap. 09/21	GEL	10	12.750%	13/09/2021	B-/-/-/-	100.00	13.00	n/a

Source: Bloomberg

Eastern European sovereign 10-year bonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	4/12/2021	BB/BB-/Ba2	105.94	3.69	123.18
Armenia	US\$	500	6.000%	9/30/2020	B+/-/B1	102.66	4.05	151.32
Azerbaijan	US\$	174	2.820%	9/1/2021	BB+/-/Ba2	97.63	3.89	150.46
Belarus	US\$	800	6.875%	2/28/2023	B/B/B3u	104.42	5.57	323.51
Kazakhstan	US\$	1,500	3.875%	10/14/2024	BBB/BBB-/Baa3	103.86	3.10	74.92
Russia	US\$	3,500	5.000%	4/29/2020	BBB-/BBB-/Baa3	101.96	2.99	41.65
Turkey	US\$	2,000	5.625%	3/30/2021	BB-/B/Ba3	98.45	6.50	399.62
Ukraine	US\$	1,409	7.750%	9/1/2021	B-/B-/Caa1	99.31	8.07	572.10

Source: Bloomberg

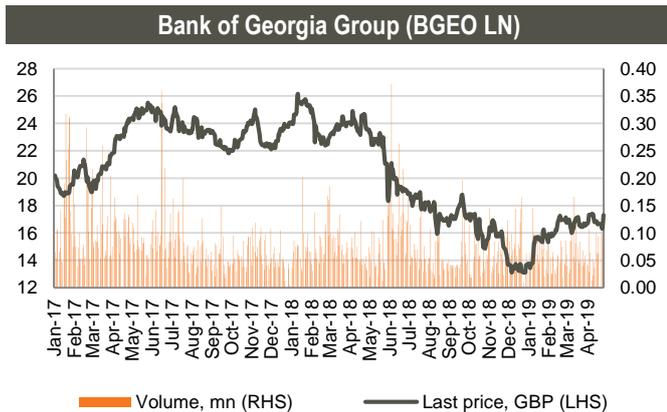
Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 17.31/share (+3.90% w/w and +4.91% m/m). More than 327k shares traded in the range of GBP 16.22 - 17.38/share. Average daily traded volume was 61k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained +0.11% w/w and +5.08% m/m. The volume of BGEO shares traded was at 0.67% of its capitalization.

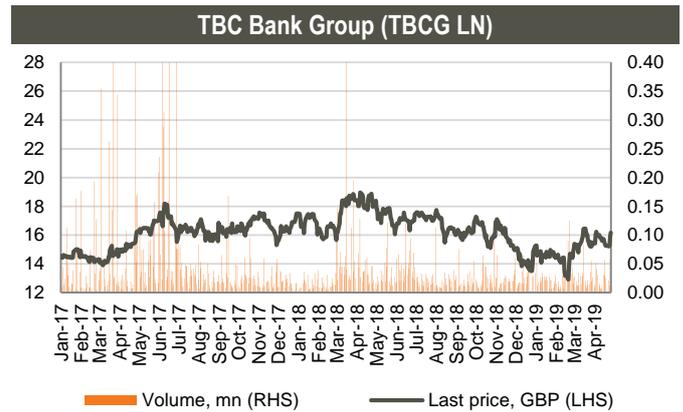
Georgia Capital (CGEO LN) shares closed at GBP 10.20/share (-0.20% w/w and -3.34% m/m). More than 120 mn shares traded in the range of GBP 10.00 - 10.30/share. Average daily traded volume was 105k in the last 4 weeks. The volume of CGEO shares traded was at 3.16% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 16.16/share (+6.04% w/w and +4.12% m/m). More than 117k shares changed hands in the range of GBP 15.08 - 16.16/share. Average daily traded volume was 25k in the last 4 weeks. The volume of TBCG shares traded was at 0.22% of its capitalization.

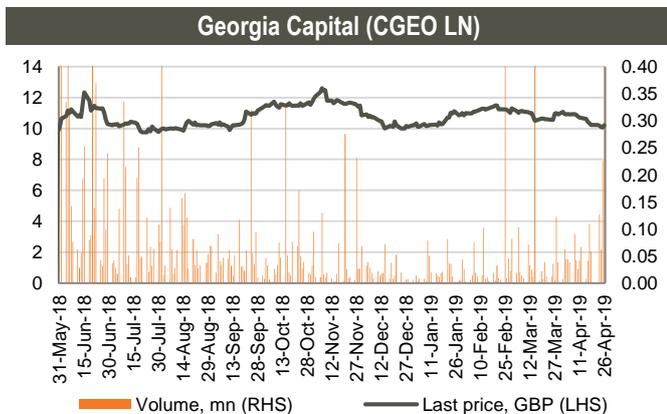
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.15/share (+4.63% w/w and +8.88% m/m). More than 28k shares were traded in the range of GBP 2.04 - 2.19/share. Average daily traded volume was 11k in the last 4 weeks. The volume of GHG shares traded was at 0.02% of its capitalization.



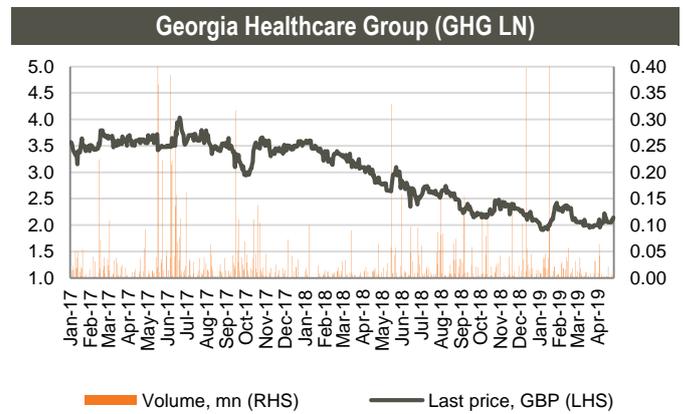
Source: Bloomberg



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	17.31	851	16.4%	-26.7%	25.7%	7.09x	5.99x	1.43x	1.20x
TBC	TBC	GBP	16.16	877	2.7%	-11.4%	6.2%	6.44x	5.58x	1.16x	1.03x
Halyk Bank	HSBK	US\$	11.65	3,423	0.4%	-4.5%	12.6%	4.90x	4.46x	1.07x	0.94x
VTB Bank	VTBR	US\$	1.12	7,264	-9.2%	-39.6%	1.2%	2.48x	2.68x	0.47x	0.41x
Akbank	AKBNK	TRY	6.21	32,292	13.3%	-17.4%	5.5%	6.09x	4.13x	0.63x	0.56x
Garanti	GARAN	TRY	8.15	34,230	17.8%	-11.1%	2.4%	5.60x	3.62x	0.65x	0.58x
Isbank	ISCTR	TRY	5.49	24,705	39.7%	-12.3%	21.2%	4.11x	3.25x	0.45x	0.40x
PKO	PKO	PLN	40.00	50,000	2.5%	-4.6%	1.3%	12.21x	11.24x	1.20x	1.15x
PEKAO	PEO	PLN	116.50	30,578	15.3%	-1.1%	6.9%	12.64x	11.16x	1.30x	1.25x
Millennium	MIL	PLN	9.74	11,809	13.9%	13.7%	9.8%	14.22x	11.89x	1.29x	1.20x
Mbank	MBK	PLN	442.20	18,721	14.9%	-1.4%	4.2%	14.76x	12.96x	1.13x	1.07x
BRD	BRD	RON	13.60	9,478	3.5%	-12.1%	19.3%	9.95x	11.94x	1.32x	1.28x
Banca Transilvania	TLV	RON	2.16	10,377	-7.7%	-11.0%	7.5%	9.87x	9.48x	1.33x	1.19x
OTP	OTPD	USD	22.80	12,768	28.1%	3.6%	16.3%	10.87x	10.40x	0.85x	0.75x
Komercni	KOMB	CZK	900.00	171,044	5.1%	-1.7%	6.3%	11.94x	11.63x	1.59x	1.51x
Mean								8.88x	8.03x	1.06x	0.97x
Median								9.87x	9.48x	1.16x	1.07x

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	10.20	388	-11.3%	n/a	-0.1%	13.21	10.96	0.78	0.74
Tinc Comm	TINC	EUR	11.90	325	-0.8%	0.0%	0.8%	21.61x	19.07x	na	na
Sabancı Holding	SAHOL	TRY	7.65	15,609	6.0%	-24.5%	1.7%	4.06x	3.71x	0.46x	0.40x
Deutsche Beteiligungs	DBAN	EUR	35.50	534	4.3%	-2.1%	5.8%	16.12x	11.64x	1.16x	1.07x
Eurazeo	RF	EUR	68.65	5,255	9.9%	-2.3%	11.1%	11.74x	10.29x	0.92x	0.87x
Carlyle Group	CG	USD	20.93	2,280	9.7%	3.6%	32.9%	4.65x	3.21x	1.17x	1.03x
Mean								11.64x	9.59x	0.93x	0.84x
Median								11.74x	10.29x	1.04x	0.95x

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	2.15	282	-10.6%	-26.0%	5.1%	18.28x	13.21x	7.89x	6.52x
Mouwasset	MOUWASAT	SAR	83.30	8,330	8.0%	-12.3%	3.5%	21.78x	19.09x	15.74x	13.99x
Fortis	FORH	INR	139.10	105,014	7.6%	-7.4%	-1.0%	1.78x	1.65x	6.92x	6.75x
Raffles	RFMD	SGD	1.07	1,923	0.0%	-7.8%	-2.7%	31.90x	31.10x	20.65x	19.37x
IHH	IHH	MYR	5.61	49,196	16.9%	-7.4%	4.1%	45.55x	36.07x	16.85x	14.32x
Bangkok Chain	BCH	THB	17.80	44,389	-8.2%	-1.1%	6.6%	34.68x	30.60x	19.16x	17.34x
Netcare	NTC	ZAR	24.03	34,893	2.9%	-20.4%	-9.1%	14.34x	13.37x	8.48x	7.86x
Life Healthcare	LHC	ZAR	26.48	38,855	11.9%	-8.7%	0.3%	20.60x	15.70x	8.59x	7.67x
MediClinic	MDC	GBP	3.49	2,571	-0.7%	-47.3%	8.1%	12.90x	12.20x	8.67x	8.22x
Apollo Hospitals	APHS	INR	1,239.20	172,404	14.4%	15.1%	-1.5%	61.90x	44.29x	19.57x	16.78x
KPJ Healthcare	KPJ	MYR	1.00	4,293	-5.2%	9.3%	-4.3%	22.21x	20.31x	11.52x	10.80x
NMC	NMC	GBP	27.48	5,722	-14.9%	-23.3%	0.4%	21.41x	17.57x	15.38x	12.69x
Mean								25.61x	21.26x	13.29x	11.86x
Median								21.59x	18.33x	13.45x	11.74x

Source: Bloomberg, S&P Capital IQ

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