



Weekly Market Watch

Weekly Market Watch | Georgia
March 16, 2020

Economy

Exports flat in February 2020

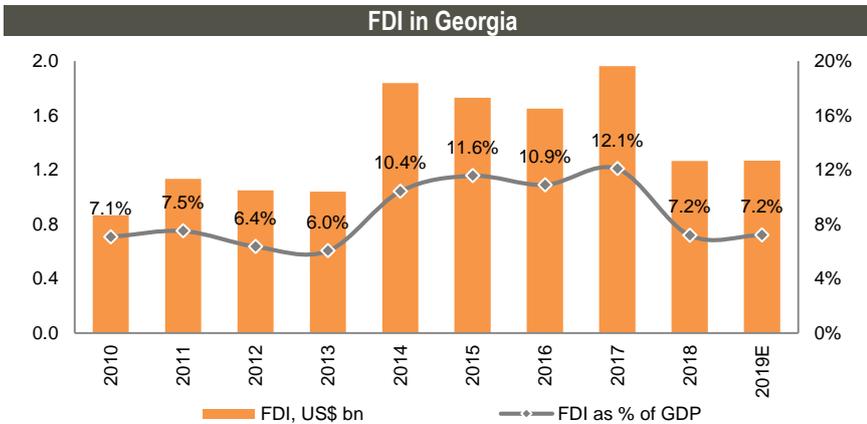
In February 2020, exports decreased by a mere 0.5% y/y to US\$ 263.6mn, imports were up 8.6% y/y to US\$ 703.7mn and the trade deficit widened by 14.8% y/y to US\$ 440.1mn according to Geostat's preliminary figures. In 2M20, trade deficit was up 8.3% to US\$ 802.5mn as exports increased by 4.5% y/y and imports were up by 6.8% y/y. Detailed foreign trade statistics will be available on March 19, 2020.

FDI doubled in 4Q19

FDI increased by 102.9% y/y to US\$ 347.0mn in 4Q19, according to Geostat's preliminary figures. As a result FDI for full 2019 reached US\$ 1.3bn up 0.2% y/y. In 2019, financial sector was the largest FDI recipient (20.6% of total), followed by energy sector (15.3% of total) and hotels & restaurants (12.4% of total). UK topped the list of investors, followed by Turkey, Ireland and USA in 2019.

NBG sold US\$ 20.0mn

On 13 March 2020, the NBG intervened on the FX market and sold US\$ 20.0mn to curb GEL depreciation pressure. This was first FX intervention in 2020.



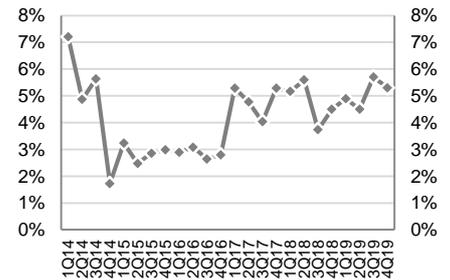
Source: Geostat, Galt & Taggart

Key macro indicators

	2017	2018	2019E
GDP (% change)	4.8%	4.8%	5.2%
GDP per capita (ppp)	11,485	12,417	13,443
GDP per capita (US\$)	4,359	4,722	4,716
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%	4.0%
Fiscal deficit (% of GDP)	2.7%	2.3%	2.4%
Total public debt (% of GDP)	39.4%	38.9%	40.3%

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

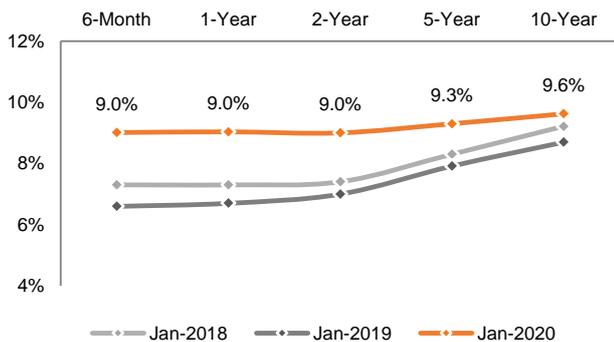
Ministry of Finance T-Bills: 1-year GEL 50.0mn (US\$ 17.9mn) T-Bills were sold at the auction held at NBG on March 10, 2020. Total demand was 2.0x higher and the weighted average yield was fixed at 8.80%, slightly down from previous auction held on February 11, 2020. The nearest treasury security auction is scheduled for March 24, 2020, where GEL 80.0mn nominal value 5-year Benchmark Bonds will be sold.

T-bills / T-notes in 2020

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	110	180	320
1-year	150	450	560
2-year	210	630	1,070
5-year	160	800	1,543
10-year	30	120	523
Total	660	2,180	4,015

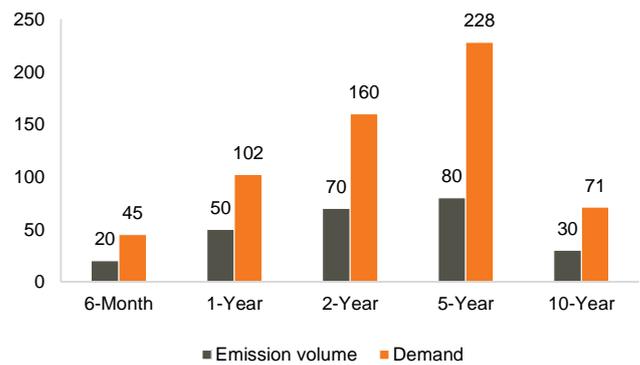
Source: MoF
Note: * As of 29 February 2020

T-bills / T-notes, yield curve



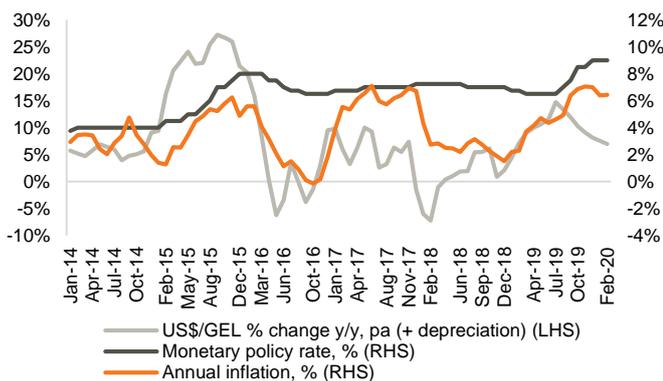
Source: NBG

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



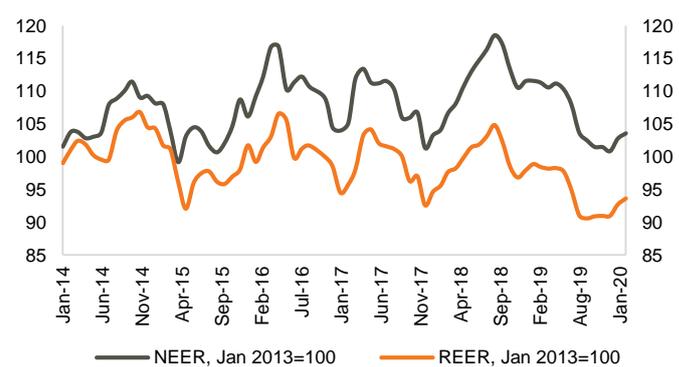
Source: NBG

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



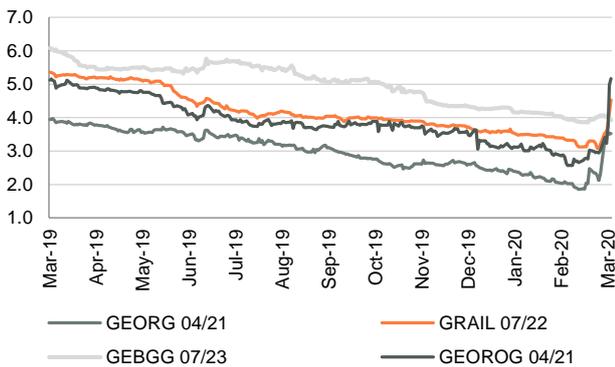
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 3.92% yield, trading at 106.48 (+0.41% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 96.73 (-2.29% w/w), yielding 7.08%.

GOGC Eurobonds (GEOROG) were trading at 101.68 (-2.33% w/w), yielding 5.17%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 107.01 (-2.85% w/w), yielding 4.53%.

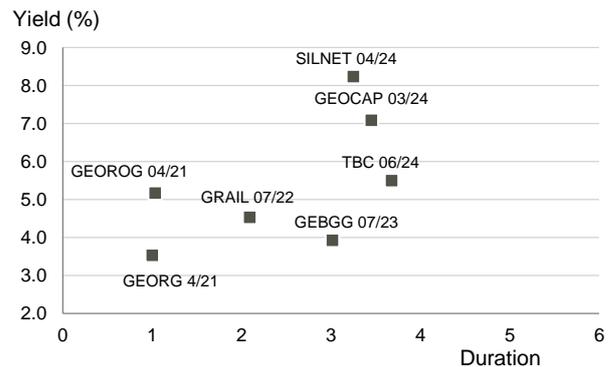
Georgian Sovereign Eurobonds (GEORG) closed at 103.48 (-1.33% w/w) at 3.52% yield to maturity.

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	103.48	3.52	314.57
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	107.01	4.53	419.64
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/BB/-	101.68	5.17	444.94
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	106.48	3.92	343.94
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	103.52	9.60	951.48
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B+/B2	96.73	7.08	662.79
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-B1	109.35	8.23	769.17
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B+2	100.95	5.49	503.80
TBC PERP	US\$	125	10.775%	n/a	B-/-	102.91	10.12	949.37

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	-/-/-	102.55	6.00	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	100.57	7.25	n/a
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/-	100.90	5.00	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	B+/-/-	101.59	6.00	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	B+/-/-	101.21	6.50	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	103.48	3.52	314.57
Armenia	US\$	500	6.000%	Sep-20	BB-/Ba3	101.05	4.00	334.76
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	99.22	3.37	292.74
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	100.27	6.77	626.18
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	105.40	2.62	197.38
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	100.22	3.04	277.23
Turkey	US\$	2,000	5.625%	Mar-21	BB-/B1	101.05	4.57	412.67
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	99.15	8.37	777.98

Source: Bloomberg

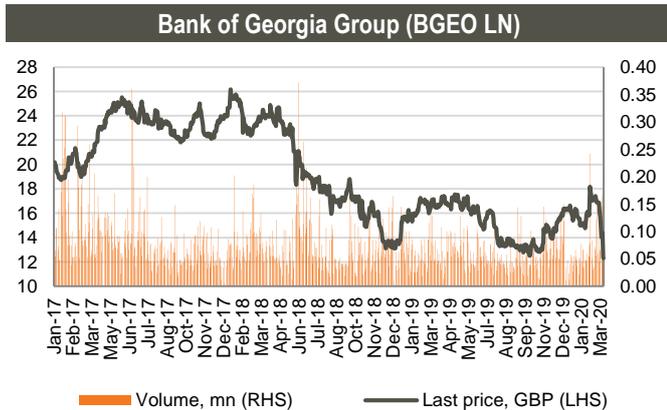
Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 12.30/share (-21.46% w/w and -32.34% m/m). More than 771k shares traded in the range of GBP 11.92 - 15.52/share. Average daily traded volume was 92k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 16.99% w/w and 28.20% m/m. The volume of BGEO shares traded was at 1.57% of its capitalization.

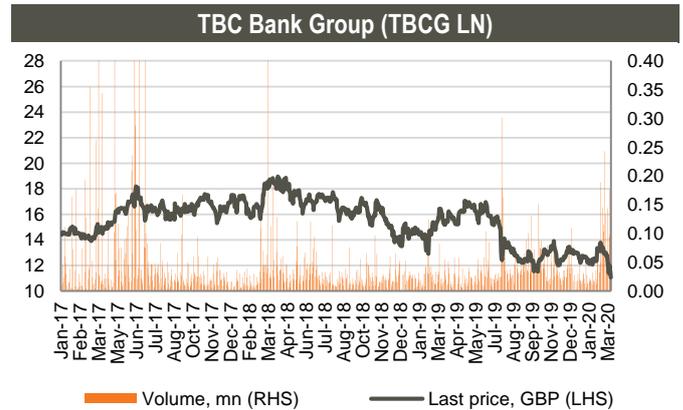
Georgia Capital (CGEO LN) shares closed at GBP 5.63/share (-20.59% w/w and -31.34% m/m). More than 213k shares traded in the range of GBP 5.48 - 6.75/share. Average daily traded volume was 49k in the last 4 weeks. The volume of CGEO shares traded was at 0.58% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 11.06/share (-10.66% w/w and -17.22% m/m). More than 935k shares changed hands in the range of GBP 10.50 - 12.36/share. Average daily traded volume was 123k in the last 4 weeks. The volume of TBCG shares traded was at 1.70% of its capitalization.

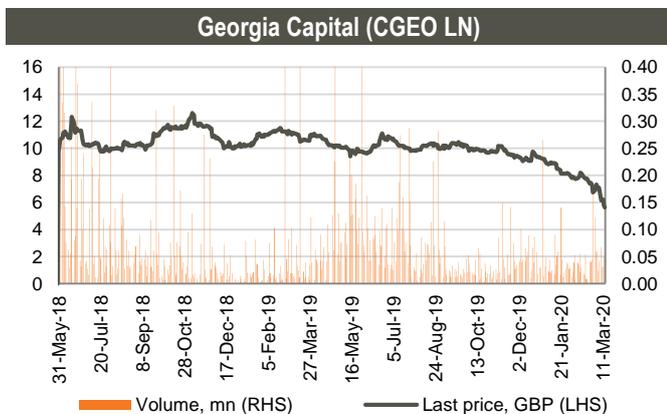
Georgia Healthcare Group (GHG LN) shares closed at GBP 0.86/share (-22.35% w/w and -32.81% m/m). More than 267k shares were traded in the range of GBP 0.86 - 1.14/share. Average daily traded volume was 73k in the last 4 weeks. The volume of GHG shares traded was at 0.20% of its capitalization.



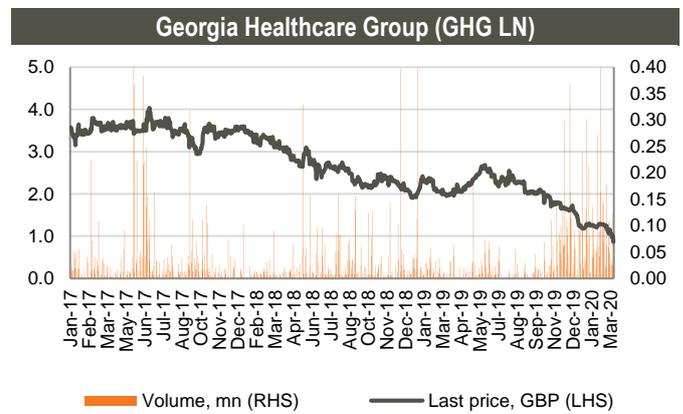
Source: Bloomberg



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	12.30	605	-7.1%	-26.9%	-24.3%	4.67x	4.15x	1.03x	0.88x
TBC	TBC	GBP	11.06	608	-11.5%	-29.8%	-14.9%	4.25x	3.62x	0.82x	0.72x
Halyk Bank	HSBK	US\$	10.50	3,085	-21.9%	-10.3%	-21.3%	3.68x	3.65x	0.88x	0.81x
VTB Bank	VTBR	US\$	0.86	5,567	-35.5%	-26.4%	-41.3%	2.12x	2.21x	0.32x	0.23x
Akbank	AKBNK	TRY	6.45	33,540	-15.8%	-2.4%	-20.5%	5.83x	4.24x	0.61x	0.54x
Garanti	GARAN	TRY	9.01	37,842	-6.5%	-1.6%	-19.1%	5.49x	4.04x	0.65x	0.60x
Isbank	ISCTR	TRY	5.49	24,705	-12.2%	-9.4%	-14.4%	3.98x	3.06x	0.42x	0.38x
PKO	PKO	PLN	23.50	29,375	-43.0%	-38.6%	-31.8%	6.67x	6.61x	0.68x	0.69x
PEKAO	PEO	PLN	63.68	16,714	-40.7%	-42.4%	-36.6%	7.31x	6.61x	0.69x	0.69x
Millennium	MIL	PLN	3.28	3,984	-49.2%	-63.9%	-43.9%	5.19x	4.34x	0.42x	0.41x
Mbank	MBK	PLN	208.40	8,823	-36.4%	-52.3%	-46.5%	6.80x	6.35x	0.52x	0.51x
BRD	BRD	RON	12.60	8,781	-7.1%	0.8%	-20.5%	5.56x	7.51x	1.07x	1.13x
Banca Transilvania	TLV	RON	1.94	10,119	-17.6%	2.5%	-25.2%	5.35x	6.73x	1.10x	1.14x
OTP	OTPD	USD	22.80	12,768	7.5%	14.6%	7.5%	9.60x	9.25x	0.82x	0.73x
Komercni	KOMB	CZK	605.00	114,980	-27.4%	-36.6%	-27.1%	7.30x	8.26x	1.04x	1.04x
Mean								5.59x	5.37x	0.74x	0.70x
Median								5.49x	4.34x	0.69x	0.69x

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	5.63	207	-45.9%	-48.8%	-38.9%	7.43x	4.77x	0.53x	na
Tinc Comm	TINC	EUR	12.50	341	-5.2%	5.7%	-6.4%	na	na	na	na
Sabancı Holding	SAHOL	TRY	8.78	17,915	-6.5%	3.1%	-8.0%	4.42x	3.45x	0.52x	0.48x
Deutsche Beteiligungs	DBAN	EUR	27.70	417	-11.9%	-15.9%	-29.8%	10.14x	12.83x	0.91x	0.88x
Eurazeo	RF	EUR	47.38	3,732	-26.8%	-26.1%	-22.3%	11.45x	9.25x	0.69x	0.54x
Carlyle Group	CG	USD	23.63	2,615	-8.4%	27.1%	-26.3%	13.64x	10.25x	1.46x	1.96x
Mean								9.42x	8.11x	0.82x	0.97x
Median								10.14x	9.25x	0.69x	0.71x

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	0.86	113	-57.8%	-57.6%	-30.1%	8.78x	6.45x	4.53x	3.98x
Mouwasat	MOUWASAT	SAR	84.00	8,400	-1.8%	8.5%	-4.5%	21.54x	19.03x	14.82x	13.32x
Fortis	FORH	INR	138.70	104,713	11.2%	-0.6%	5.2%	1.66x	1.62x	6.50x	6.59x
Raffles	RFMD	SGD	0.84	1,535	-12.5%	-22.2%	-16.0%	24.75x	26.26x	15.91x	15.67x
IHH	IHH	MYR	5.38	47,204	-4.9%	-9.0%	-1.6%	50.86x	45.57x	14.83x	14.64x
Bangkok Chain	BCH	THB	11.80	29,426	-25.3%	-28.0%	-31.0%	23.44x	22.25x	13.41x	12.55x
Netcare	NTC	ZAR	17.11	24,841	-0.6%	-32.2%	-12.1%	10.53x	12.53x	6.60x	6.83x
Life Healthcare	LHC	ZAR	21.92	32,164	-7.8%	-17.6%	-11.1%	17.20x	13.74x	7.30x	6.91x
MediClinic	MDC	GBP	3.05	2,247	-16.8%	-1.2%	-25.9%	10.73x	11.68x	7.79x	7.00x
Apollo Hospitals	APHS	INR	1,513.65	210,587	3.8%	35.4%	5.0%	71.63x	60.03x	22.17x	15.84x
KPJ Healthcare	KPJ	MYR	0.91	3,899	-0.5%	-10.8%	-3.7%	20.09x	19.19x	9.55x	9.07x
NMC	NMC	GBP	9.38	1,959	-68.1%	-64.0%	-46.9%	8.00x	5.80x	7.41x	5.92x
Mean								22.43x	20.34x	10.90x	9.86x
Median								18.64x	16.38x	8.67x	8.03x

Source: Bloomberg, S&P Capital IQ

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