



Weekly Market Watch

Weekly Market Watch | Georgia
January 27, 2020

Economy

Exports up 18.7% y/y in December 2019

In December 2019, exports increased 18.7% y/y to US\$ 390.4mn and imports were up 12.8% y/y to US\$ 927.0mn. As a result, the trade deficit increased by 8.9% y/y to US\$ 536.7mn, according to Geostat.

In December 2019, cars (+75.4% y/y), copper (+15.6% y/y), ferro-alloys (+23.4% y/y), wine (+11.9% y/y) and spirits (+54.0% y/y) were the top 5 exported commodities. A 18.8% of exports was directed to the EU (+2.4% y/y), 53.3% to the CIS (+11.7% y/y) and 27.9% to other countries (+53.3% y/y).

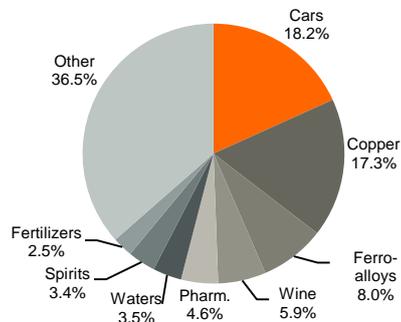
In December 2019, petroleum (+2.5% y/y), cars (+7.6% y/y), copper (+224.9% y/y), gases (+26.5% y/y) and pharmaceuticals (+8.5% y/y) represented the top 5 imported commodities.

Overall, in 2019, the trade deficit was down 8.5% y/y to US\$ 5.3bn as exports were up 12.4% y/y to US\$ 3.8bn and imports were down 0.8% y/y to US\$ 9.1bn.

Producer price index up 7.8% y/y in December 2019

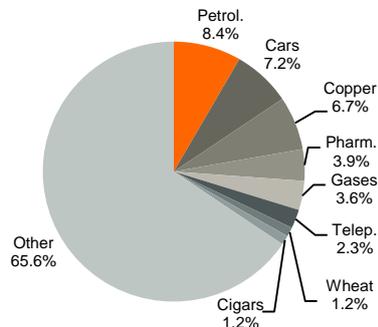
Annual PPI for industrial goods retreated to 7.8% in December 2019 from 8.5% in previous month, according to Geostat. Rising prices in manufacturing (+8.0% y/y) and products from mining and quarrying (+17.3% y/y) contributed the most to the overall index change.

Exports by commodities, 2019



Source: Geostat

Imports by commodities, 2019

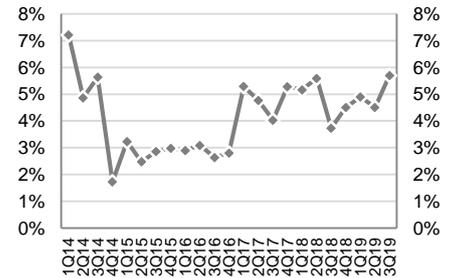


Key macro indicators

	2017	2018	2019E
GDP (% change)	4.8%	4.8%	5.3%
GDP per capita (ppp)	11,485	12,417	13,425
GDP per capita (US\$)	4,359	4,722	4,713
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%	4.1%
Fiscal deficit (% of GDP)	2.7%	2.3%	2.4%
Total public debt (% of GDP)	39.4%	38.9%	39.5%

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 2.2bn (US\$ 754.5mn).

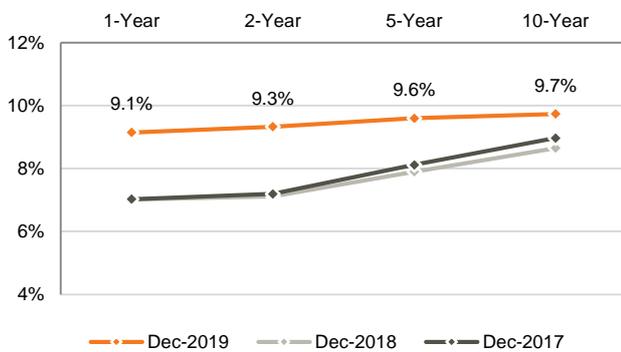
Ministry of Finance Benchmark Bonds: 10-year GEL 30.0mn (US\$ 10.4mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on January 21, 2020. The weighted average yield was fixed at 9.452%. The nearest treasury security auction is scheduled for January 28, 2020, where GEL 80.0mn nominal value 5-year Benchmark Bonds will be sold.

T-bills / T-notes, Jan-20 emission calendar

Date	Volume, GEL mn	Maturity
28-Jan-20	80	5 year

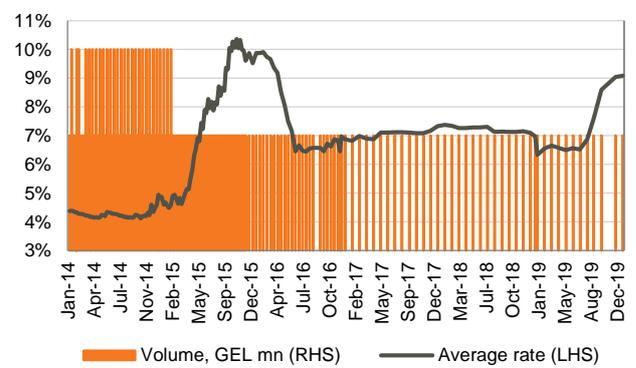
Source: MoF

T-bills / T-notes, yield curve



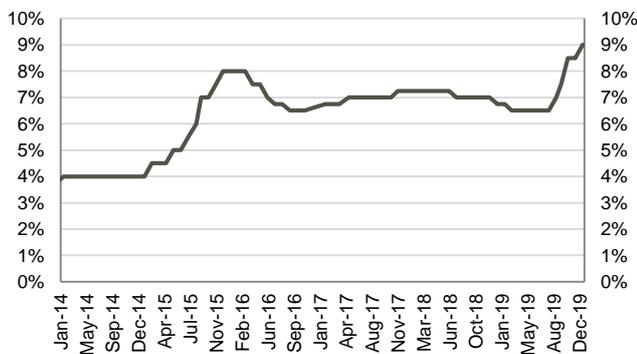
Source: NBG

Certificates of Deposits (weighted average rate)



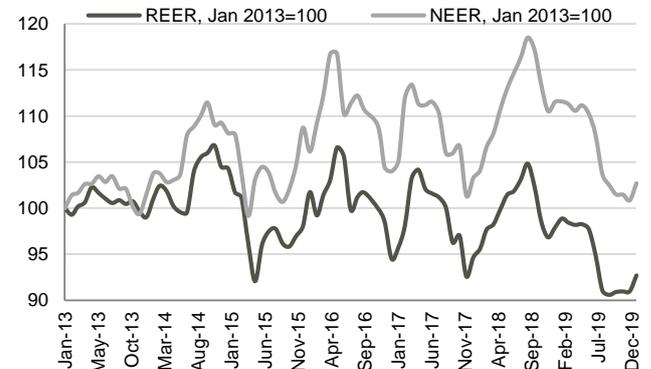
Source: NBG

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



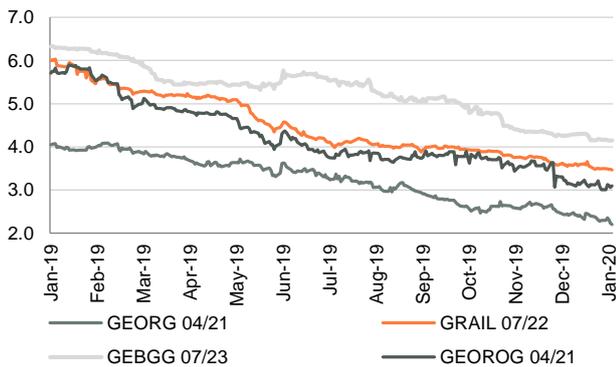
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 4.15% yield, trading at 105.95 (+0.02% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 98.86 (-0.03% w/w), yielding 6.44%.

GOGC Eurobonds (GEOROG) were trading at 104.42 (-0.16% w/w), yielding 3.10%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 109.99 (unchanged w/w), yielding 3.47%.

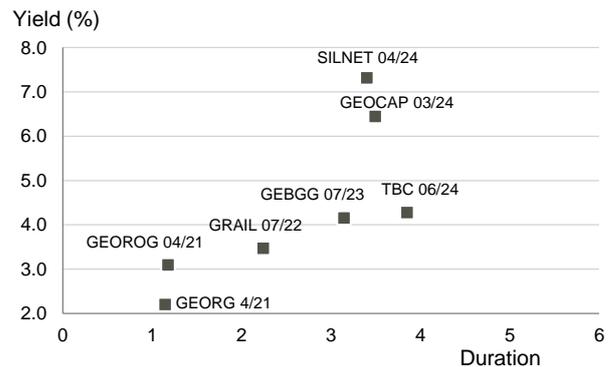
Georgian Sovereign Eurobonds (GEORG) closed at 105.53 (+0.05% w/w) at 2.20% yield to maturity.

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	105.53	2.20	51.05
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	109.99	3.47	196.49
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/B+/-	104.42	3.10	151.53
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	105.95	4.15	270.25
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	107.28	9.79	762.66
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B+/B2	98.86	6.44	499.61
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-B1	113.03	7.32	532.47
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B+2	105.84	4.28	280.11
TBC PERP	US\$	125	10.775%	n/a	B-/-	107.00	9.98	744.81

Georgian local bonds performance

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	-/-/-	101.81	6.50	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	101.21	7.00	n/a
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/-	100.86	5.50	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	B+/-/-	100.00	6.50	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	B+/-/-	100.72	7.00	n/a
CRYSTAL 02/21	GEL	15	11.50%	Feb-21	B-/-/-	99.76	12.75	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	n/a	n/a	n/a
SILKNET 04/24	GEL	34	11.00%	Apr-24	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-/-/-	100.00	13.25	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	105.53	2.20	51.05
Armenia	US\$	500	6.000%	Sep-20	BB-/-/Ba3	102.04	2.91	115.70
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	100.04	2.79	119.53
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	108.17	4.03	258.42
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	107.80	2.13	65.09
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	100.80	1.79	-15.05
Turkey	US\$	2,000	5.625%	Mar-21	BB-/-/B1	103.25	2.78	119.75
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	106.80	3.33	173.92

Source: Bloomberg

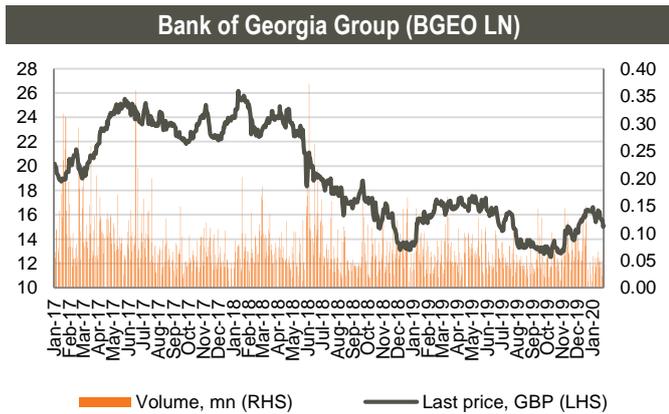
Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 15.08/share (-4.62% w/w and -7.31% m/m). More than 242k shares traded in the range of GBP 15.00 - 15.87/share. Average daily traded volume was 44k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 0.56% w/w and 0.99% m/m. The volume of BGEO shares traded was at 0.49% of its capitalization.

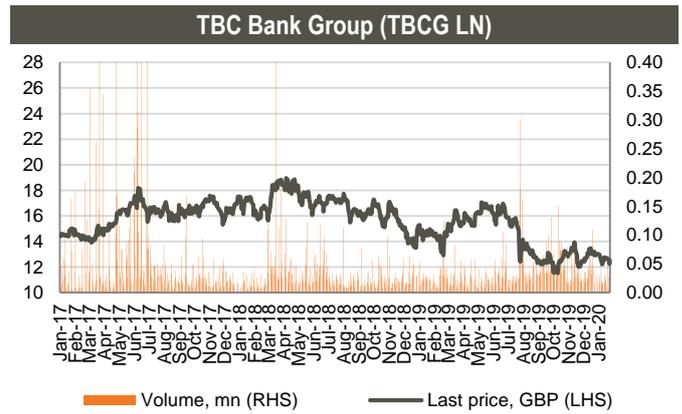
Georgia Capital (CGEO LN) shares closed at GBP 8.12/share (-4.36% w/w and -13.16% m/m). More than 233k shares traded in the range of GBP 8.05 - 8.49/share. Average daily traded volume was 52k in the last 4 weeks. The volume of CGEO shares traded was at 0.64% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 12.52/share (-1.42% w/w and -2.95% m/m). More than 108k shares changed hands in the range of GBP 12.22 - 12.88/share. Average daily traded volume was 21k in the last 4 weeks. The volume of TBCG shares traded was at 0.20% of its capitalization.

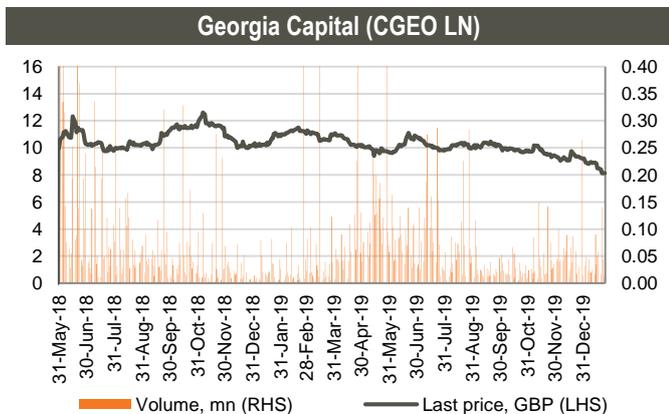
Georgia Healthcare Group (GHG LN) shares closed at GBP 1.25/share (-2.34% w/w and -16.39% m/m). More than 315k shares were traded in the range of GBP 1.25 - 1.31/share. Average daily traded volume was 88k in the last 4 weeks. The volume of GHG shares traded was at 0.24% of its capitalization.



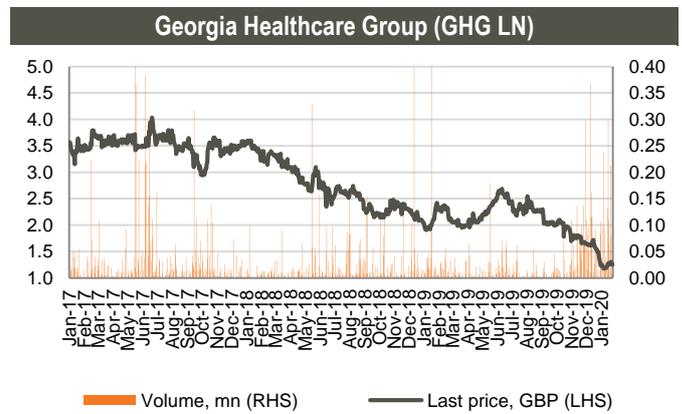
Source: Bloomberg



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	15.08	741	-0.5%	-7.2%	-7.2%	5.85x	5.58x	1.40x	1.14x
TBC	TBC	GBP	12.52	689	-4.7%	-16.0%	-3.7%	5.24x	4.91x	0.97x	0.85x
Halyk Bank	HSBK	US\$	14.40	4,231	4.7%	42.6%	7.9%	5.22x	5.23x	1.25x	1.09x
VTB Bank	VTBR	US\$	1.53	9,941	13.5%	22.7%	4.9%	3.85x	3.40x	0.61x	0.46x
Akbank	AKBNK	TRY	8.76	45,552	14.4%	34.4%	8.0%	8.42x	5.65x	0.88x	0.77x
Garanti	GARAN	TRY	11.97	50,274	20.9%	31.4%	7.5%	7.78x	5.23x	0.92x	0.80x
Isbank	ISCTR	TRY	7.33	32,985	13.8%	34.5%	14.4%	5.76x	4.49x	0.60x	0.53x
PKO	PKO	PLN	35.72	44,650	-15.5%	-14.1%	3.7%	9.99x	9.71x	1.05x	1.04x
PEKAO	PEO	PLN	100.50	26,378	-5.0%	-11.7%	0.0%	11.52x	10.10x	1.11x	1.09x
Millennium	MIL	PLN	6.04	7,327	-26.8%	-35.5%	3.2%	9.31x	8.37x	0.79x	0.74x
Mbank	MBK	PLN	379.00	16,046	1.3%	-19.3%	-2.7%	12.63x	11.51x	0.96x	0.92x
BRD	BRD	RON	16.36	11,401	23.4%	53.8%	3.3%	7.25x	9.64x	1.40x	1.46x
Banca Transilvania	TLV	RON	2.63	13,718	13.5%	62.6%	1.3%	7.22x	9.13x	1.50x	1.53x
OTP	OTPD	USD	21.20	11,872	0.0%	1.0%	0.0%	8.97x	8.99x	0.77x	0.70x
Komercni	KOMB	CZK	804.00	152,800	-11.1%	-10.9%	-3.1%	10.01x	10.78x	1.43x	1.38x
Mean								7.94x	7.52x	1.04x	0.97x
Median								7.78x	8.37x	0.97x	0.92x

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	8.12	298	-18.6%	-26.0%	-11.9%	11.41x	9.00x	0.81x	0.77x
Tinc Comm	TINC	EUR	14.10	385	14.1%	22.8%	5.6%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	10.27	20,955	7.5%	18.5%	7.7%	5.57x	4.55x	0.64x	0.55x
Deutsche Beteiligungs	DBAN	EUR	39.75	598	24.4%	16.6%	0.8%	14.45x	18.38x	1.29x	1.26x
Eurazeo	RF	EUR	62.45	4,919	3.8%	2.1%	2.4%	14.88x	12.53x	0.90x	0.88x
Carlyle Group	CG	USD	33.72	3,732	35.7%	91.3%	5.1%	19.47x	13.40x	2.09x	1.62x
Mean								13.16x	11.57x	1.15x	1.01x
Median								14.45x	12.53x	0.90x	0.88x

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	1.25	165	-45.3%	-44.4%	1.6%	13.58x	9.31x	5.97x	5.14x
Mouwasset	MOUWASAT	SAR	84.40	8,440	-4.6%	10.2%	-4.1%	21.89x	19.19x	15.17x	13.68x
Fortis	FORH	INR	153.20	115,660	20.8%	12.4%	16.1%	1.90x	1.72x	6.60x	6.57x
Raffles	RFMD	SGD	1.01	1,846	-1.0%	-9.8%	1.0%	31.16x	30.45x	19.68x	18.79x
IHH	IHH	MYR	5.79	50,801	0.7%	2.1%	5.9%	58.41x	44.45x	16.63x	14.93x
Bangkok Chain	BCH	THB	16.00	39,900	3.2%	-2.4%	-6.4%	32.81x	29.44x	18.10x	16.67x
Netcare	NTC	ZAR	20.64	29,966	19.1%	-19.9%	6.1%	14.36x	15.09x	8.48x	7.84x
Life Healthcare	LHC	ZAR	25.33	37,168	9.8%	-6.7%	2.8%	22.47x	15.88x	8.91x	7.72x
Mediclinic	MDC	GBP	3.92	2,888	14.5%	19.5%	-4.8%	14.69x	15.12x	9.37x	8.86x
Apollo Hospitals	APHS	INR	1,668.70	232,158	25.0%	26.9%	15.7%	81.82x	64.07x	24.90x	18.10x
KPJ Healthcare	KPJ	MYR	0.97	4,156	2.6%	-8.5%	2.6%	22.57x	20.98x	10.38x	9.95x
NMC	NMC	GBP	13.48	2,813	-45.6%	-49.5%	-23.7%	11.79x	9.10x	9.12x	7.75x
Mean								27.29x	22.90x	12.78x	11.33x
Median								22.18x	17.54x	9.87x	9.40x

Source: Bloomberg, S&P Capital IQ



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