



Weekly Market Watch

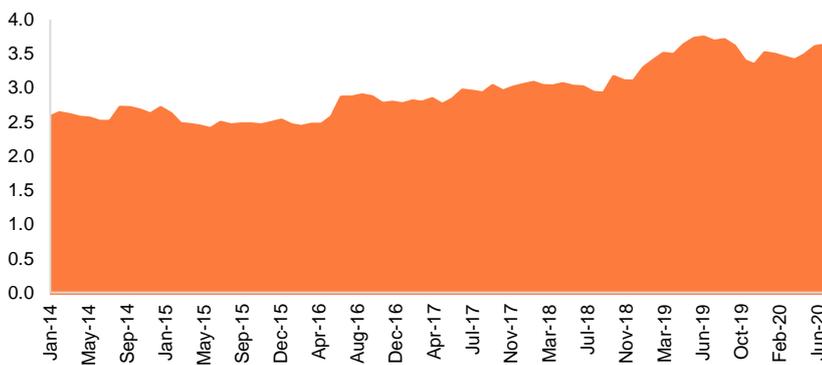
Weekly Market Watch | Georgia
July 13, 2020

Economy

International reserves down 3.2% y/y and up 0.6% m/m in June 2020

Gross international reserves decreased by 3.2% y/y to US\$ 3.6bn in June 2020 according to NBG. Meanwhile, reserves were slightly up by 0.6% (+US\$ 23mn) on a monthly basis. There were two FX interventions in June, where NBG sold US\$ 49.7mn. Other changes in reserves were related to government and banking sector FX operations and/or asset revaluation.

International reserves, \$US bn



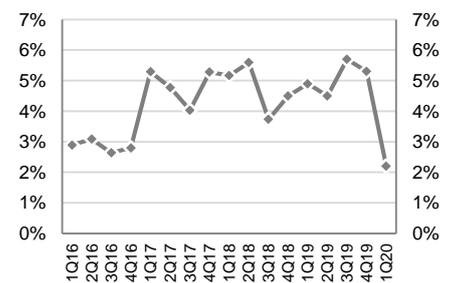
Source: NBG

Key macro indicators

	2017	2018	2019
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%	2.0%
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

<p>BB Stable Upgraded Oct-2019</p>	<p>Ba2 Stable Affirmed Mar-2020</p>	<p>BB Negative Affirmed Apr-2020</p>
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Source: Rating agencies

Money market

Ministry of Finance Benchmark Bonds: 2-year GEL 70.0mn (US\$ 22.9mn) Benchmark Bonds were sold at the auction held at NBG on July 7, 2020. Total demand was 1.9x higher and the weighted average yield was fixed at 8.371%, down 0.38ppts from previous auction held in June, 2020. The nearest treasury security auction is scheduled for July 14, 2020, where GEL 50.0mn nominal value 1-year T-Bills will be sold.

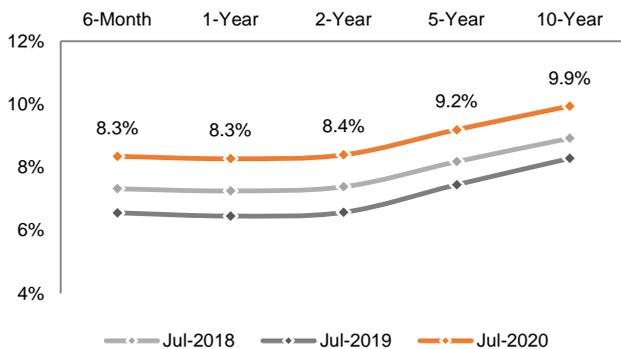
Ministry of Finance T-Bills: 6-month GEL 20.0mn (US\$ 6.6mn) T-Bills were sold at the auction held at NBG on July 7, 2020. Total demand was 2.7x higher and the weighted average yield was fixed at 8.310%, down 0.35ppts from previous auction held in June, 2020.

T-bills / T-notes in 2020

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	250	40	250
1-year	360	240	620
2-year	490	350	1,280
5-year	480	480	1,743
10-year	70	80	563
Total	1,650	1,190	4,455

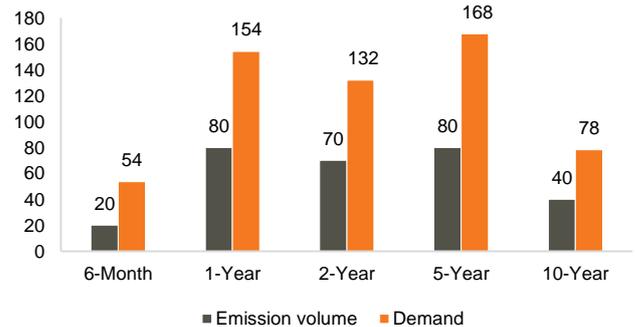
Source: MoF
Note: * As of 31 May 2020

T-bills / T-notes, yield curve



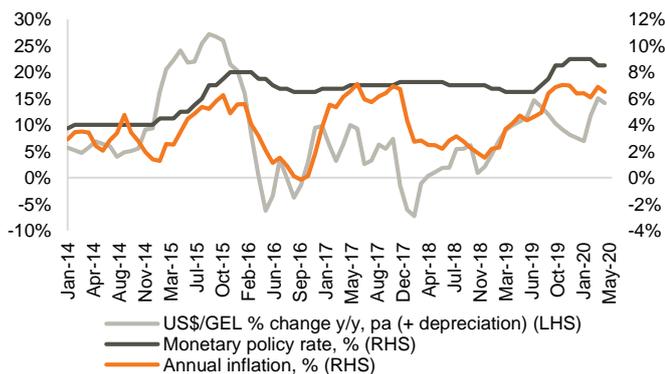
Source: NBG

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



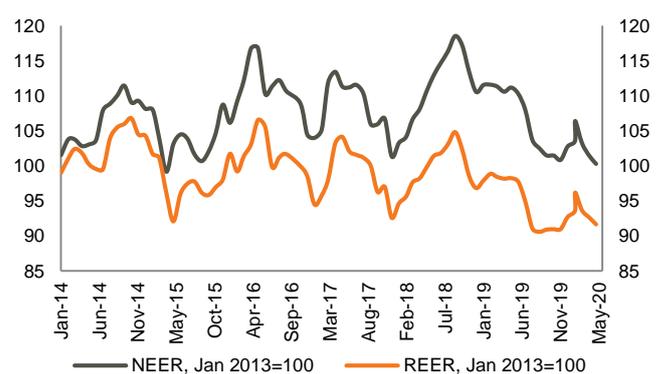
Source: NBG

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



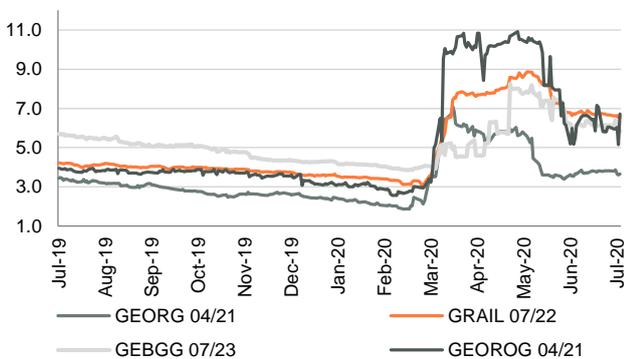
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.84% yield, trading at 100.45 (+0.81% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 92.80 (+0.55% w/w), yielding 8.45%.

GOGC Eurobonds (GEOROG) were trading at 100.01 (-0.51% w/w), yielding 6.71%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 102.15 (+0.14% w/w), yielding 6.58%.

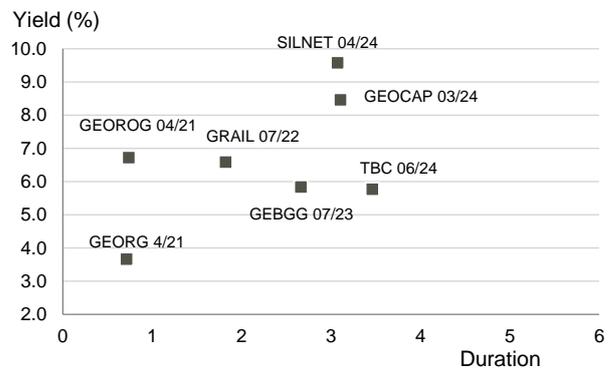
Georgian Sovereign Eurobonds (GEORG) closed at 102.33 (+0.05% w/w) at 3.66% yield to maturity.

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	102.33	3.66	339.21
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	102.15	6.58	627.70
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB-/BB-/-	100.01	6.71	644.22
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/-/Ba2	100.45	5.84	559.76
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-/-	97.41	9.97	1,169.88
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B/B2	92.80	8.45	820.41
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-/B1	104.35	9.57	930.64
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/-/Ba2	99.95	5.76	537.02
TBC PERP	US\$	125	10.775%	n/a	B-/-/-	96.17	10.28	1,166.20

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	-/-/-	100.00	7.50	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	98.97	8.00	n/a
GLC 08/20	US\$	10	7.00%	Aug-20	-/-/-	99.98	7.00	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	-/-/-	100.00	6.50	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	-/-/-	99.99	7.50	n/a
CRYSTAL 02/21	GEL	15	13.00%	Feb-21	B-/-/-	100.00	12.50	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	14.75	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	102.33	3.66	339.21
Armenia	US\$	500	6.000%	Sep-20	BB-/Ba3	99.78	6.96	661.77
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	100.11	2.72	246.92
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	100.96	6.47	626.77
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	109.31	1.60	129.93
Turkey	US\$	2,000	5.625%	Mar-21	BB-/B1	101.65	3.25	293.38
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	102.38	5.54	510.49

Source: Bloomberg

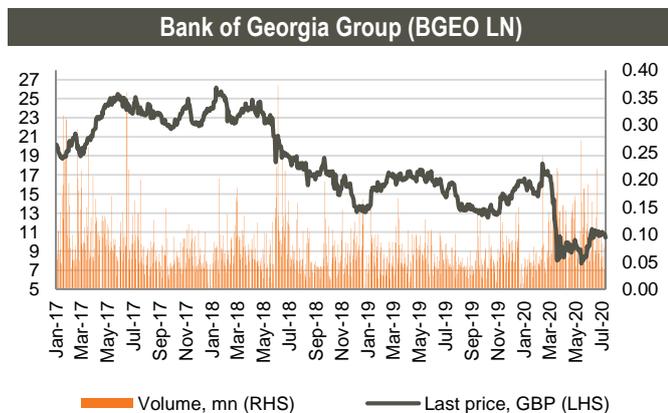
Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 10.44/share (-4.57% w/w and -3.36% m/m). More than 310k shares traded in the range of GBP 10.40 - 11.26/share. Average daily traded volume was 80k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 0.71% w/w and 2.42% m/m. The volume of BGEO shares traded was at 0.63% of its capitalization.

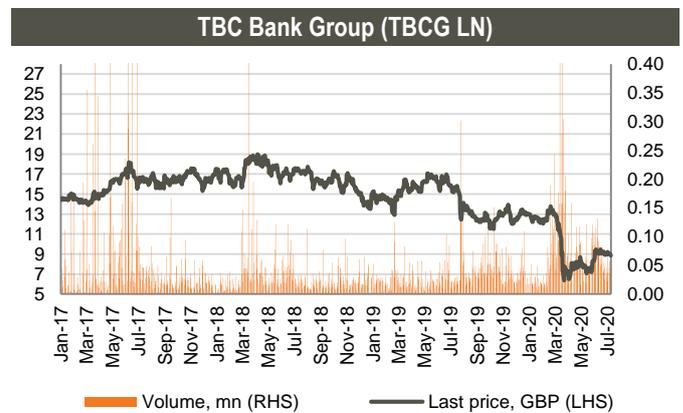
Georgia Capital (CGEO LN) shares closed at GBP 4.40/share (-8.44% w/w and -10.31% m/m). More than 471k shares traded in the range of GBP 4.40 - 4.80/share. Average daily traded volume was 46k in the last 4 weeks. The volume of CGEO shares traded was at 1.28% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 8.86/share (-1.77% w/w and -3.28% m/m). More than 221k shares changed hands in the range of GBP 8.68 - 9.46/share. Average daily traded volume was 48k in the last 4 weeks. The volume of TBCG shares traded was at 0.40% of its capitalization.

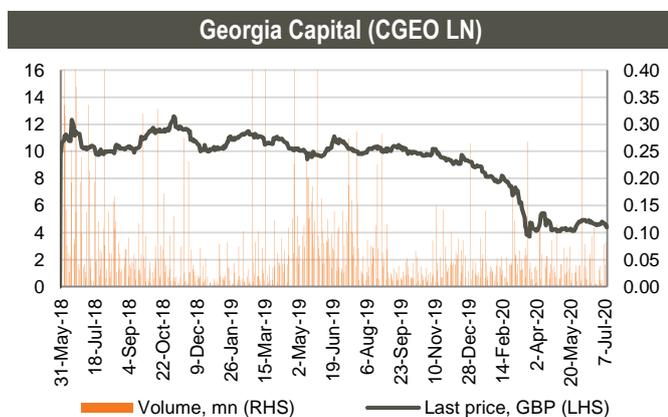
Georgia Healthcare Group (GHG LN) shares closed at GBP 0.97/share (+1.04% w/w and +9.11% m/m). More than 16k shares were traded in the range of GBP 0.94 - 1.00/share. Average daily traded volume was 42k in the last 4 weeks. The volume of GHG shares traded was at 0.01% of its capitalization.



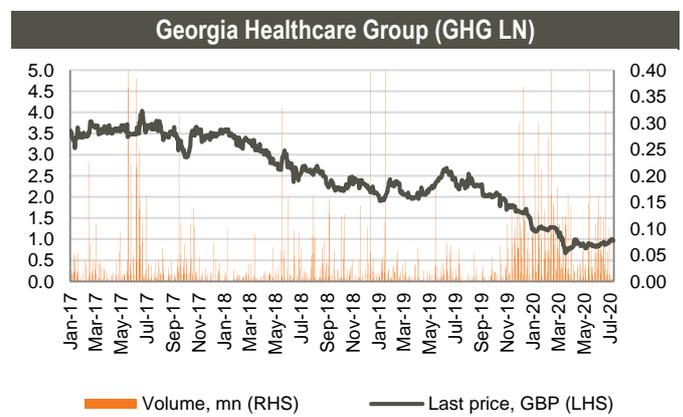
Source: Bloomberg



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		
							2019	2020F	2019	2020F	
Bank of Georgia	BGEO	GBP	10.44	513	-33.5%	-34.5%	-35.8%	4.07x	8.40x	0.89x	0.82x
TBC	TBC	GBP	8.86	487	-28.4%	-42.2%	-31.8%	3.50x	8.12x	0.67x	0.66x
Halyk Bank	HSBK	US\$	12.15	3,570	-15.3%	-11.6%	-9.0%	4.25x	5.05x	1.02x	0.97x
VTB Bank	VTBR	US\$	0.94	6,104	-38.3%	-32.0%	-35.6%	2.33x	4.81x	0.35x	0.33x
Akbank	AKBNK	TRY	5.75	29,900	-33.8%	-23.6%	-29.1%	4.80x	4.88x	0.50x	0.50x
Garanti	GARAN	TRY	7.81	32,802	-34.8%	-20.3%	-29.9%	4.39x	4.55x	0.52x	0.53x
Isbank	ISCTR	TRY	5.27	23,715	-20.8%	-18.7%	-17.8%	3.52x	4.03x	0.37x	0.38x
PKO	PKO	PLN	23.55	29,438	-32.2%	-43.4%	-31.7%	6.66x	13.00x	0.68x	0.67x
PEKAO	PEO	PLN	55.70	14,620	-46.9%	-46.8%	-44.5%	6.36x	13.72x	0.60x	0.61x
Millennium	MIL	PLN	3.02	3,666	-49.5%	-66.1%	-48.3%	4.74x	17.18x	0.39x	0.40x
Mbank	MBK	PLN	229.20	9,704	-40.3%	-43.6%	-41.1%	7.47x	19.01x	0.57x	0.58x
BRD	BRD	RON	11.50	8,014	-26.8%	-13.1%	-27.4%	5.16x	10.20x	1.00x	0.91x
Banca Transilvania	TLV	RON	2.10	10,953	-19.7%	-6.8%	-19.1%	5.89x	13.20x	1.21x	1.40x
OTP	OTPD	USD	22.80	12,768	7.5%	7.5%	7.5%	9.60x	16.91x	0.82x	0.78x
Komercni	KOMB	CZK	568.00	107,948	-31.5%	-35.9%	-31.5%	6.86x	13.58x	0.98x	0.94x
Mean								5.31x	10.44x	0.70x	0.70x
Median								4.80x	10.20x	0.67x	0.66x

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		
							2019	2020F	2019	2020F	
Georgia Capital	CGEO	GBP	4.40	161	-50.5%	-57.2%	-52.3%	5.96x	n/a	0.42x	n/a
Tinc Comm	TINC	EUR	13.10	357	-3.0%	5.2%	-1.9%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	9.10	18,568	-11.5%	-0.9%	-4.6%	4.22x	3.81x	0.49x	0.49x
Deutsche Beteiligungs	DBAN	EUR	27.90	420	-29.1%	-20.7%	-29.3%	10.39x	n/mf	0.93x	1.09x
Eurazeo	RF	EUR	45.08	3,551	-24.6%	-26.8%	-26.1%	11.08x	26.15x	0.67x	0.64x
Carlyle Group	CG	USD	28.25	3,127	-10.4%	16.4%	-11.9%	16.31x	5.72x	1.75x	4.11x
Mean								9.59x	11.89x	0.85x	1.58x
Median								10.39x	5.72x	0.67x	0.87x

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		
							2019	2020F	2019	2020F	
GHG	GHG	GBP	0.97	128	-17.8%	-55.7%	-21.1%	10.18x	7.85x	4.92x	4.97x
Mouwasset	MOUWASAT	SAR	101.00	10,100	16.8%	12.6%	14.8%	25.94x	26.91x	17.69x	17.11x
Fortis	FORH	INR	121.40	91,652	-12.0%	-5.7%	-8.0%	1.43x	1.36x	6.43x	6.65x
Raffles	RFMD	SGD	0.93	1,700	-7.0%	-11.4%	-7.0%	27.87x	34.25x	17.76x	19.88x
IHH	IHH	MYR	5.34	46,853	-4.6%	-8.1%	-2.4%	50.60x	70.02x	14.76x	17.83x
Bangkok Chain	BCH	THB	14.90	37,157	-6.3%	-8.6%	-12.9%	30.08x	31.84x	16.67x	17.09x
Netcare	NTC	ZAR	14.00	20,326	-29.4%	-18.6%	-28.1%	8.35x	17.95x	5.53x	10.12x
Life Healthcare	LHC	ZAR	17.29	25,370	-30.3%	-23.0%	-29.9%	13.15x	37.06x	6.07x	8.25x
Mediclinic	MDC	GBP	2.57	1,898	-34.8%	-20.1%	-37.5%	9.32x	10.39x	7.22x	7.10x
Apollo Hospitals	APHS	INR	1,402.45	195,116	-5.6%	6.4%	-2.7%	65.22x	58.57x	20.46x	14.65x
KPJ Healthcare	KPJ	MYR	0.82	3,514	-13.7%	-13.7%	-13.2%	18.15x	22.35x	8.91x	10.29x
NMC	NMC	GBP	9.38	1,959	-30.5%	-58.6%	-46.9%	n/a	n/a	n/a	n/a
Mean								23.66x	28.96x	11.49x	12.18x
Median								18.15x	26.91x	8.91x	10.29x

Source: Bloomberg, S&P Capital IQ

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