



Weekly Market Watch

Weekly Market Watch | Georgia
May 27, 2019

Economy

Exports up 34.2% y/y in April 2019

In April 2019, exports increased 34.2% y/y to US\$ 307.4mn, while imports were down 0.5% y/y to US\$ 731.0mn and the trade deficit narrowed 16.2% y/y to US\$ 423.6mn, according to Geostat. In April 2019, copper (+268.1% y/y), cars (+98.8% y/y), ferro-alloys (-26.9% y/y), pharmaceuticals (+140.4% y/y) and wine (-0.7% y/y) were the top 5 exported commodities. A 26.1% of exports was directed to the EU (+148.3% y/y), 52.2% to the CIS (+26.3% y/y) and 21.7% to other countries (-4.5% y/y).

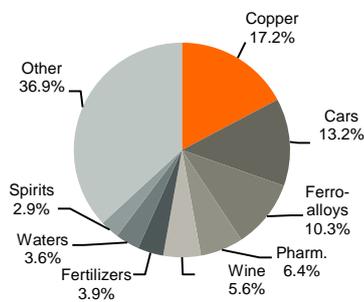
In April 2019, copper (+76.9% y/y), petroleum (-5.7% y/y), cars (+1.4% y/y), pharmaceuticals (+22.4% y/y) and gases (+32.1% y/y) represented the top 5 imported commodities.

Overall, in 4M19, the trade deficit was down 14.0% y/y at US\$ 1.6bn as exports were up 17.9% y/y to US\$ 1.1bn, while imports decreased by 3.1% y/y to US\$ 2.7bn.

Producer price index up 5.7% y/y in April 2019

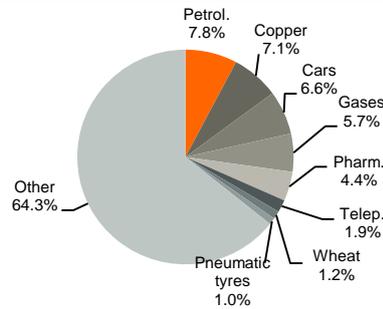
Annual PPI was up 5.7% in April 2019 after increasing 5.4% in previous month. Rising prices in manufacturing (+6.7% y/y) contributed the most to the overall index change. In this category, the price growth was impacted by price increase in food products, beverages and tobacco products (7.8% y/y), basic metals and fabricated metal products (4.9% y/y) and for pulp, paper and paper products (16.6%).

Exports by commodities, 4M19



Source: Geostat

Imports by commodities, 4M19

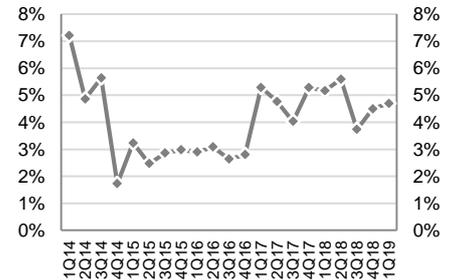


Key macro indicators

	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 730mn (US\$ 263.0mn).

There were no treasury securities auction last week.

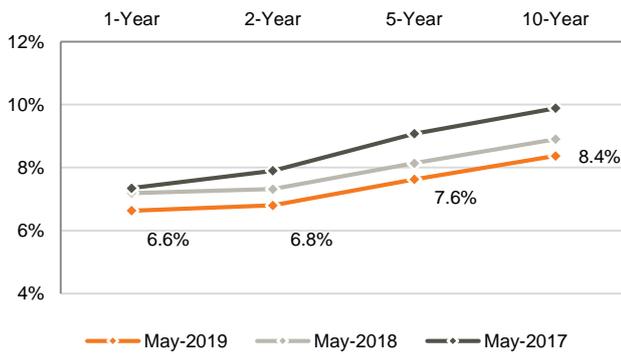
The nearest treasury securities auction is scheduled for May 28, 2019, where GEL 50.0mn nominal value 5-year Benchmark Bonds will be sold.

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

Date	Volume, GEL mn	Maturity
28-May-19	50	5 years

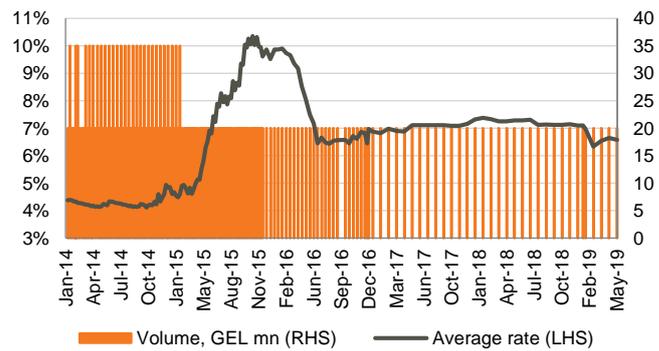
Source: MoF

T-bills / T-notes, yield curve



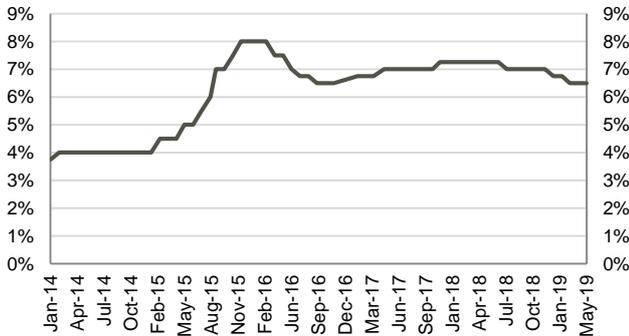
Source: NBG

Certificates of Deposits (weighted average rate)



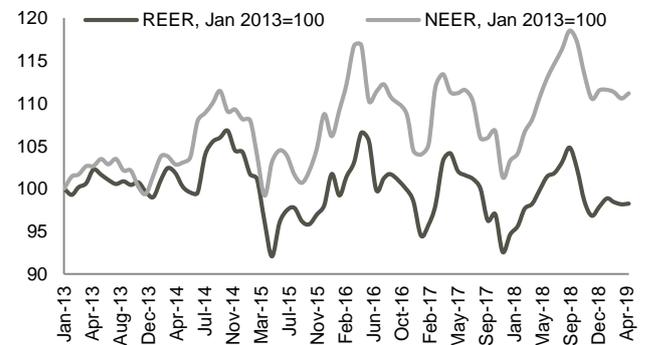
Source: NBG

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

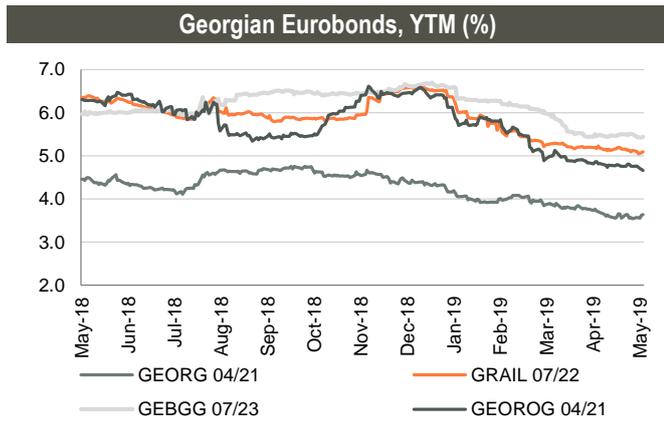


Fixed income

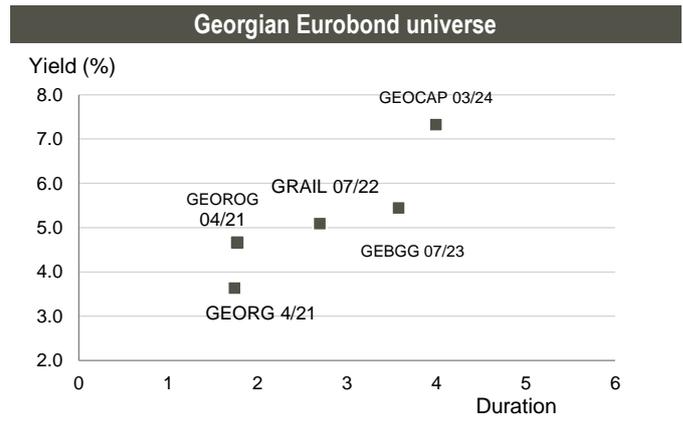
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.44% yield, trading at 102.04 (+0.22% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 95.20 (+0.03% w/w), yielding 7.33%.

GOGC Eurobonds (GEOROG) were trading at 103.77 (+0.13% w/w), yielding 4.66%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 107.56 (+0.05% w/w), yielding 5.09%.

Georgian Sovereign Eurobonds (GEORG) closed at 105.79 (-0.24% w/w) at 3.64% 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	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	04/12/2021	BB/BB-/Ba2/-	105.79	3.64	139.45
GRAIL 07/22	US\$	500	7.750%	07/11/2022	BB-/B+/-/-	107.56	5.09	296.08
GEOROG 04/21	US\$	250	6.750%	04/26/2021	BB/B+/-/-	103.77	4.66	242.21
GEBGG 06/20	GEL	500	11.000%	06/01/2020	BB-/Ba2/-	n/a	n/a	n/a
GEBGG 07/23	US\$	350	6.000%	07/26/2023	BB-/Ba2/-	102.04	5.44	332.50
GEBGG 11 1/8 PERP	US\$	100	11.130%	n/a	B-/-/-	102.87	10.64	821.21
GEOCAP 03/24	US\$	300	6.125%	03/09/2024	-/B+/B2/-	95.20	7.33	520.23
SILKNET 04/24	US\$	200	11.00%	04/02/2024	B+/-/-	103.08	10.17	803.59

Georgian local bonds performance								
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/Scope)	Mid price	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	-/-/-	100.69	5.50	n/a
M2CA 12/21	US\$	30	7.500%	31/12/2021	-/-/-	101.77	6.75	n/a
GLC 08/20	US\$	10	7.000%	29/08/2020	B+/-/-	99.70	7.25	n/a
GLC 06/21	US\$	5	6.500%	22/06/2021	B+/-/-	98.11	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/-/-	100.14	10.75	n/a
Crystal 02/21	GEL	15	10.500%	01/02/2021	B/-/-	99.04	10.75	n/a
Swiss Cap. 09/21	GEL	10	12.750%	13/09/2021	B-/-/-	100.00	13.00	n/a
Tegeta 04/22	GEL	30	10.750%	30/04/2022	-/-/BB-	n/a	n/a	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	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	4/12/2021	BB/BB-/Ba2	105.79	3.64	139.45
Armenia	US\$	500	6.000%	9/30/2020	B+/-/B1	102.46	4.09	174.05
Azerbaijan	US\$	174	2.820%	9/1/2021	BB+/-/Ba2	98.03	3.74	153.99
Belarus	US\$	800	6.875%	2/28/2023	B/B/B3u	105.19	5.33	320.25
Kazakhstan	US\$	1,500	3.875%	10/14/2024	BBB/BBB-/Baa3	103.95	3.07	93.94
Russia	US\$	3,500	5.000%	4/29/2020	BBB-/BBB-/Baa3	101.96	2.81	36.58
Turkey	US\$	2,000	5.625%	3/30/2021	BB-/Ba3	97.57	7.05	480.50
Ukraine	US\$	1,409	7.750%	9/1/2021	B-/B-/Caa1	100.18	7.65	544.66

Source: Bloomberg

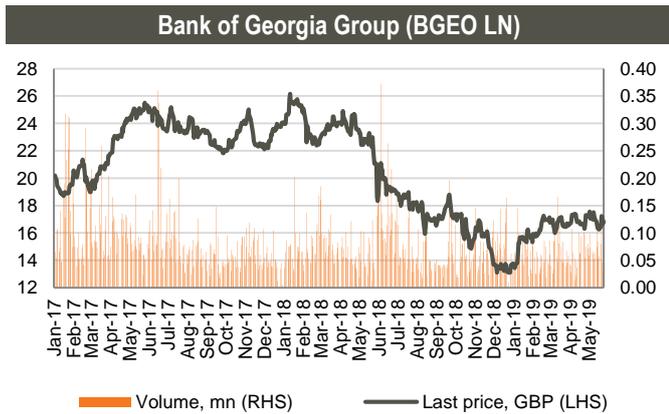
Equities

Bank of Georgia Group (BGE0 LN) shares closed at GBP 16.86/share (+3.75% w/w and +3.37% m/m). More than 286k shares traded in the range of GBP 16.00 - 17.29/share. Average daily traded volume was 69k in the last 4 weeks. FTSE 250 Index, of which BGE0 is a constituent, lost 1.90% w/w and 4.33% m/m. The volume of BGE0 shares traded was at 0.58% of its capitalization.

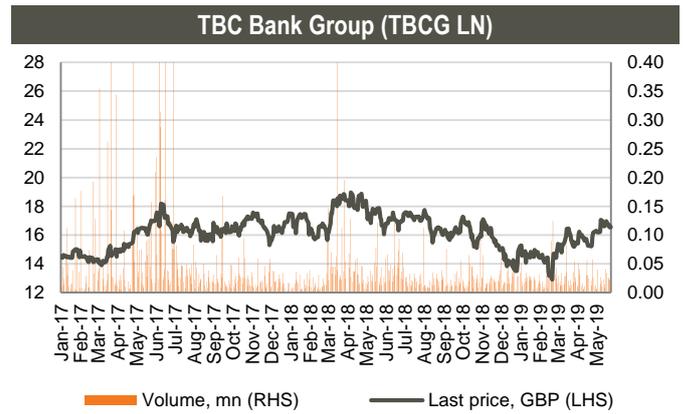
Georgia Capital (CGEO LN) shares closed at GBP 9.75/share (-0.81% w/w and -3.47% m/m). More than 634k shares traded in the range of GBP 9.48 - 10.30/share. Average daily traded volume was 118k in the last 4 weeks. The volume of CGEO shares traded was at 1.67% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 16.54/share (-2.48% w/w and +8.53% m/m). More than 102k shares changed hands in the range of GBP 16.40 - 17.00/share. Average daily traded volume was 19k in the last 4 weeks. The volume of TBCG shares traded was at 0.19% of its capitalization.

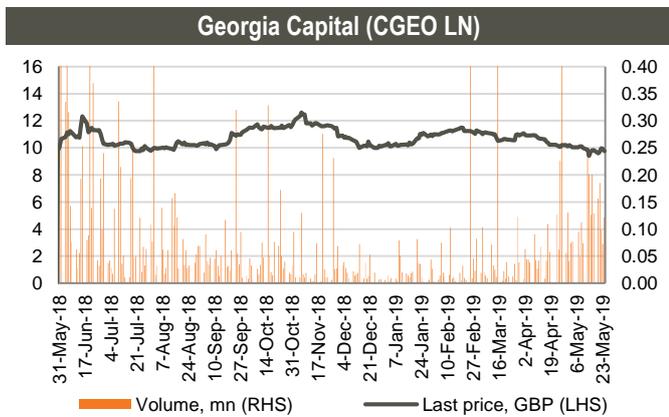
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.45/share (+4.26% w/w and +16.67% m/m). More than 42k shares were traded in the range of GBP 2.31 - 2.45/share. Average daily traded volume was 18k in the last 4 weeks. The volume of GHG shares traded was at 0.03% of its capitalization.



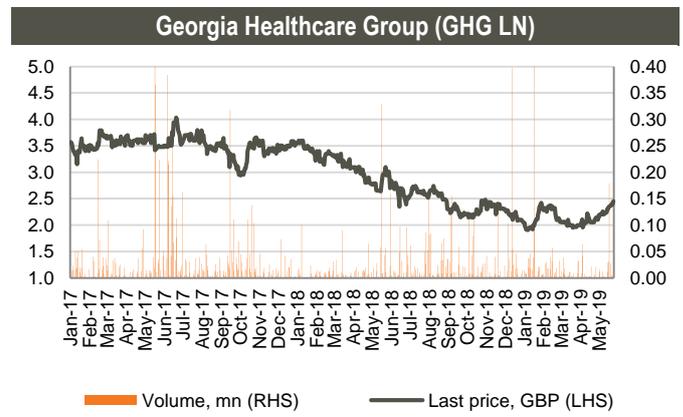
Source: Bloomberg



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	16.86	829	12.7%	-21.9%	22.4%	6.98x	6.15x	1.41x	1.19x
TBC	TBC	GBP	16.54	897	8.5%	-3.3%	8.7%	6.03x	5.85x	1.09x	1.03x
Halyk Bank	HSBK	US\$	11.60	3,409	7.4%	-7.6%	12.1%	4.23x	4.03x	0.98x	0.88x
VTB Bank	VTBR	US\$	1.13	7,329	-10.0%	-34.4%	2.1%	2.92x	2.70x	0.47x	0.41x
Akbank	AKBNK	TRY	5.71	29,692	-10.3%	-22.0%	-3.0%	5.66x	3.84x	0.58x	0.52x
Garanti	GARAN	TRY	7.50	31,500	-7.1%	-16.7%	-5.8%	5.23x	3.51x	0.60x	0.53x
Isbank	ISCTR	TRY	5.04	22,680	23.5%	-18.7%	11.3%	3.86x	3.06x	0.41x	0.37x
PKO	PKO	PLN	37.80	47,250	-5.2%	-2.9%	-4.2%	11.40x	10.65x	1.14x	1.08x
PEKAO	PEO	PLN	103.90	27,271	-0.4%	-8.7%	-4.7%	12.01x	10.03x	1.17x	1.11x
Millennium	MIL	PLN	9.20	11,160	-2.0%	10.3%	3.7%	14.73x	11.28x	1.21x	1.13x
Mbank	MBK	PLN	390.40	16,528	-2.9%	-10.7%	-8.0%	13.21x	11.58x	1.01x	0.95x
BRD	BRD	RON	10.84	7,554	-19.8%	-16.0%	-4.9%	7.48x	9.58x	0.98x	0.99x
Banca Transilvania	TLV	RON	2.16	10,377	-7.7%	-0.3%	7.5%	8.90x	9.19x	1.28x	1.18x
OTP	OTPD	USD	22.40	12,544	9.8%	14.9%	14.3%	10.64x	10.04x	0.85x	0.74x
Komercni	KOMB	CZK	856.50	162,777	-4.7%	-6.0%	1.1%	11.15x	11.00x	1.53x	1.44x
Mean								8.29x	7.50x	0.98x	0.90x
Median								7.48x	9.19x	1.01x	0.99x

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	9.75	371	-16.4%	n/a	-4.5%	12.75x	10.57x	0.75x	0.70x
Tinc Comm	TINC	EUR	11.90	325	0.8%	-1.2%	0.8%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	7.15	14,589	-5.5%	-25.9%	-4.9%	5.63x	3.42x	0.43x	0.38x
Deutsche Beteiligungs	DBAN	EUR	34.25	515	-2.0%	-2.0%	2.1%	17.63x	11.24x	1.12x	1.05x
Eurazeo	RF	EUR	63.60	4,868	1.7%	-0.6%	8.1%	10.89x	9.54x	0.91x	0.84x
Carlyle Group	CG	USD	20.29	2,211	6.9%	-7.6%	28.8%	5.19x	3.14x	2.15x	1.01x
Mean								10.42x	7.58x	1.07x	0.80x
Median								10.89x	9.54x	0.91x	0.84x

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	2.45	323	6.3%	-16.7%	20.1%	21.42x	14.59x	9.17x	7.30x
Mouwasset	MOUWASAT	SAR	83.30	8,330	12.6%	-9.9%	3.5%	20.35x	18.53x	14.77x	13.59x
Fortis	FORH	INR	125.45	94,709	-14.3%	-12.2%	-10.7%	1.62x	1.50x	6.80x	6.66x
Raffles	RFMD	SGD	1.03	1,851	-10.4%	-3.7%	-6.4%	30.53x	30.38x	19.75x	18.48x
IHH	IHH	MYR	5.31	46,565	10.6%	-14.1%	-1.5%	42.37x	33.77x	15.89x	13.44x
Bangkok Chain	BCH	THB	16.90	42,144	-7.1%	2.4%	1.2%	33.14x	29.50x	18.76x	16.64x
Netcare	NTC	ZAR	18.67	27,110	-27.2%	-37.1%	-29.4%	12.32x	11.96x	7.38x	6.96x
Life Healthcare	LHC	ZAR	23.42	34,365	-11.4%	-13.8%	-11.3%	18.95x	14.11x	7.93x	7.07x
Mediclinic	MDC	GBP	3.21	2,368	-5.8%	-47.8%	-0.4%	11.71x	11.26x	8.18x	7.81x
Apollo Hospitals	APHS	INR	1,170.50	162,846	-3.6%	21.1%	-7.0%	58.88x	41.88x	18.76x	16.00x
KPJ Healthcare	KPJ	MYR	0.93	3,991	-14.4%	-1.6%	-11.1%	20.83x	19.14x	10.75x	10.10x
NMC	NMC	GBP	24.38	5,076	-32.5%	-35.1%	-10.9%	19.67x	15.56x	13.62x	11.56x
Mean								24.32x	20.18x	12.65x	11.30x
Median								20.59x	17.04x	12.18x	10.83x

Source: Bloomberg, S&P Capital IQ

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