



Weekly Market Watch

Weekly Market Watch | Georgia
December 30, 2019

Economy

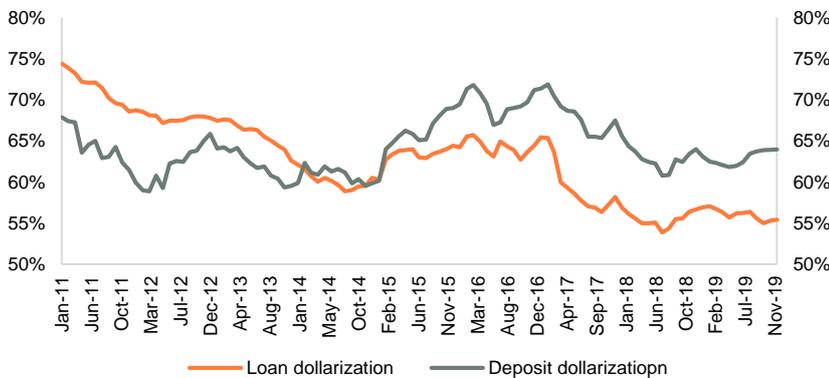
Current account was in surplus in 3Q19

Georgia's current account balance was in surplus of US\$ 16.5mn or 0.4% of GDP in 3Q19, according to NBG. From major components of CA, goods trade deficit reduced 4.8% y/y to US\$ 943.7mn (20.5% of GDP), positive balance in services was down 9.5% y/y to US\$ 845.7mn (18.4% of GDP), surplus in current transfers amounted to US\$ 348.9mn (7.6% of GDP, up 12.7% y/y), and negative income balance decreased 2.7% y/y to US\$ 234.5mn (5.1% of GDP). Net FDI, up 16.1% y/y to US\$ 356mn (7.7% of GDP) was the major funding category of the CA. Overall, CA deficit more than halved y/y in 9M19 and reached US\$ 352mn or 2.7% of GDP.

NPLs at 2.6% in November 2019

In November 2019, the banking sector loan portfolio increased 14.5% y/y after growing 14.0% y/y in previous month, excluding the exchange rate effect. In unadjusted terms, loan portfolio was up 20.2% y/y and up 2.0% m/m to GEL 31.4bn (US\$ 10.6bn). Deposits were up 14.5% y/y excluding the exchange rate effect. In unadjusted terms, deposits were up 19.4% y/y and down 0.1% m/m to GEL 26.3bn (US\$ 8.8bn). Loan dollarization stood at 55.4% (-1.24ppts y/y and +0.12ppts m/m) and deposit dollarization reached 63.9% (-0.03ppts y/y and +0.04ppts m/m). NPLs stood at 2.6% in November 2019 (-0.27ppts y/y and -0.11ppts m/m).

Loan and deposit dollarization



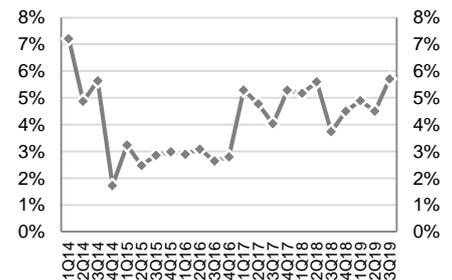
Source: NBG

Key macro indicators

	2016	2017	2018
GDP (% change)	2.9%	4.8%	4.8%
GDP per capita (ppp)	10,511	11,485	12,417
GDP per capita (US\$)	4,062	4,359	4,722
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)	12.4%	8.1%	6.8%
Fiscal deficit (% of GDP)	2.9%	2.7%	2.3%
Total public debt (% of GDP)	40.3%	39.4%	38.9%

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 Aug-2019
---	--	---

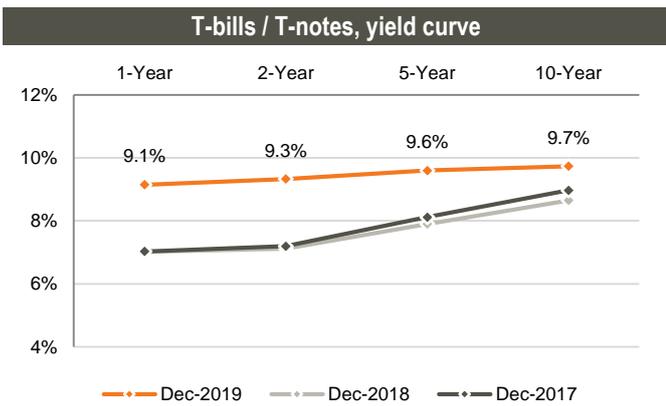
Source: Rating agencies



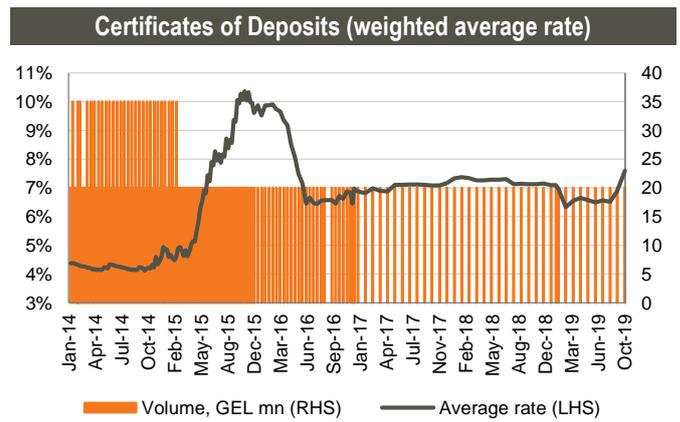
Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 2.3bn (US\$ 789.7mn).

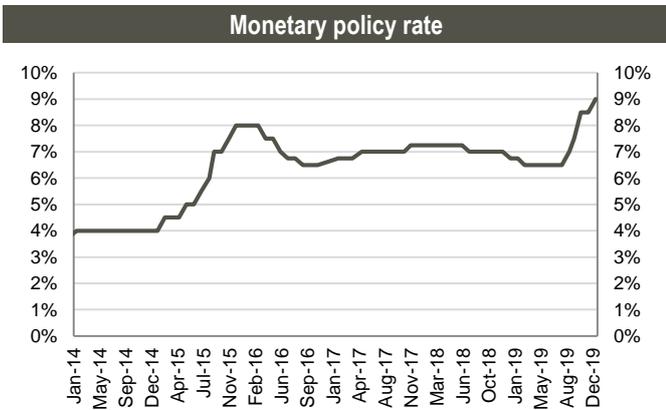
Ministry of Finance Benchmark Bonds: 5-year GEL 70.0mn (US\$ 24.3mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on December 24, 2019. The weighted average yield was fixed at 9.418%.



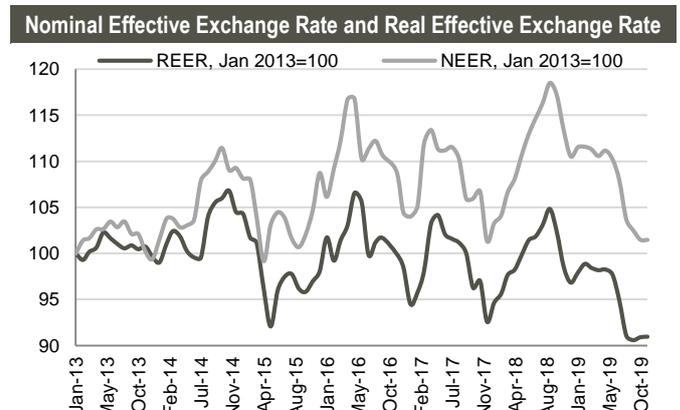
Source: NBG



Source: NBG



Source: NBG



Source: NBG

Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

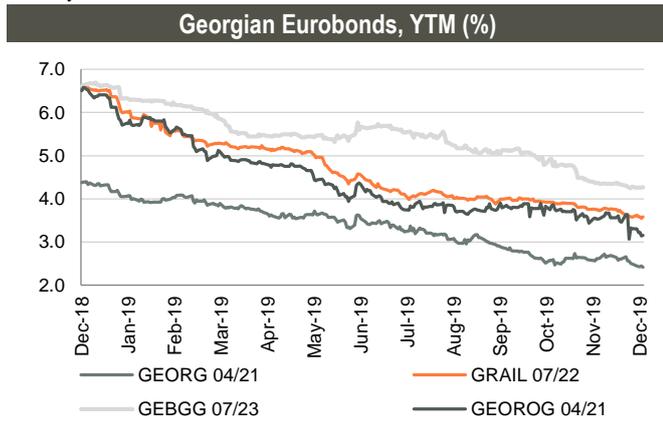


Fixed income

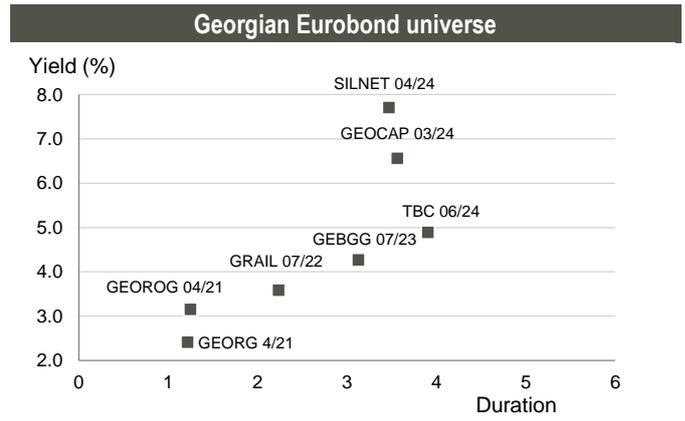
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 4.27% yield, trading at 105.69 (+0.03% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 98.41 (-0.11% w/w), yielding 6.56%.

GOGC Eurobonds (GEOROG) were trading at 104.62 (+0.15% w/w), yielding 3.15%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 110.00 (-0.08% w/w), yielding 3.58%.

Georgian Sovereign Eurobonds (GEORG) closed at 105.60 (+0.03% w/w) at 2.41% 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%	Apr-21	BB/BB/Ba2	105.60	2.41	72.46	
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	110.00	3.58	186.41	
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/B+/-	104.62	3.15	142.80	
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	105.69	4.27	259.32	
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	105.20	10.15	798.17	
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-/B+/B2	98.41	6.56	488.36	
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-/B1	111.72	7.71	588.32	
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B+2	103.42	4.89	319.62	
TBC PERP	US\$	125	10.775%	n/a	B-/-	102.61	10.52	835.29	

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	11.00%	Dec-21	BB-/-/-	n/a	n/a	n/a	
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-	100.94	7.00	n/a	
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	100.31	7.00	n/a	
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/-	101.30	5.00	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+/-/-	100.76	7.00	n/a	
CRYSTAL 02/21	GEL	15	11.50%	Feb-21	B-/-/-	99.75	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	105.60	2.41	72.46
Armenia	US\$	500	6.000%	Sep-20	BB-/-/Ba3	102.33	2.83	94.45
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	99.98	2.83	113.61
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	107.02	4.47	280.63
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	107.53	2.21	52.29
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	101.13	1.56	-33.39
Turkey	US\$	2,000	5.625%	Mar-21	BB-/-/B1	103.07	3.10	131.21
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	106.07	3.95	217.23

Source: Bloomberg



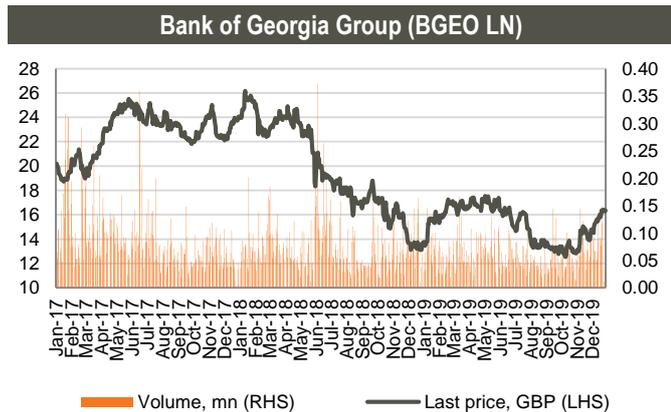
Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 16.35/share (+0.18% w/w and +14.02% m/m). More than 91k shares traded in the range of GBP 16.11 - 16.50/share. Average daily traded volume was 76k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 1.77% w/w and 5.27% m/m. The volume of BGEO shares traded was at 0.19% of its capitalization.

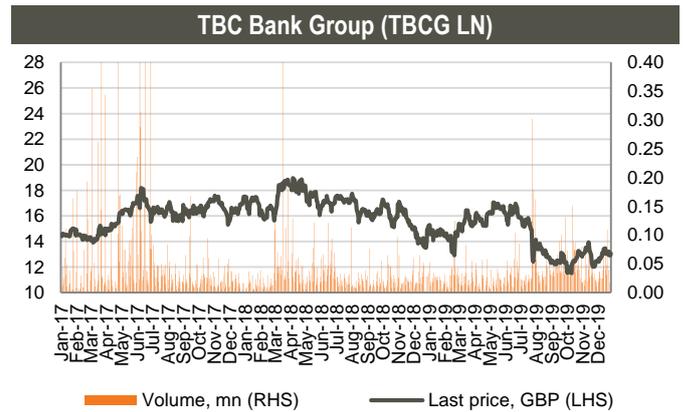
Georgia Capital (CGEO LN) shares closed at GBP 9.30/share (-3.23% w/w and -1.06% m/m). More than 105k shares traded in the range of GBP 9.26 - 9.58/share. Average daily traded volume was 51k in the last 4 weeks. The volume of CGEO shares traded was at 0.29% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 13.06/share (+0.31% w/w and +4.98% m/m). More than 85k shares changed hands in the range of GBP 12.86 - 13.28/share. Average daily traded volume was 41k in the last 4 weeks. The volume of TBCG shares traded was at 0.16% of its capitalization.

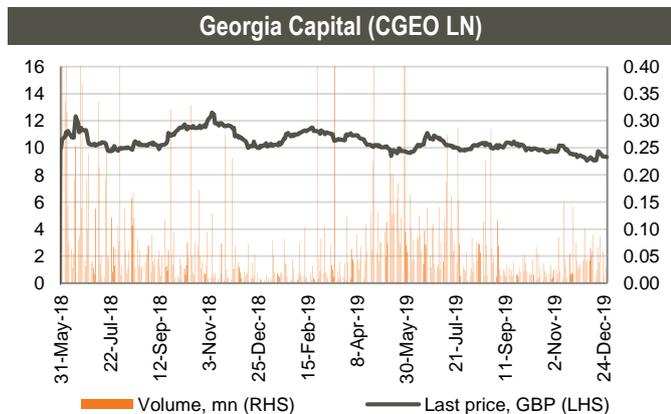
Georgia Healthcare Group (GHG LN) shares closed at GBP 1.41/share (-9.74% w/w and -15.67% m/m). More than 74k shares were traded in the range of GBP 1.41 - 1.60/share. Average daily traded volume was 78k in the last 4 weeks. The volume of GHG shares traded was at 0.15% of its capitalization.



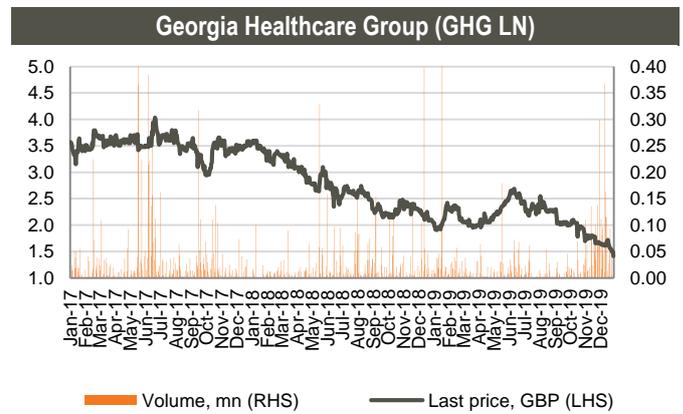
Source: Bloomberg



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	16.35	804	8.7%	24.7%	18.7%	6.35x	6.07x	1.53x	1.22x
TBC	TBC	GBP	13.06	718	-17.8%	-6.8%	-14.2%	5.47x	5.10x	1.01x	0.89x
Halyk Bank	HSBK	US\$	13.25	3,894	3.1%	32.5%	28.0%	4.97x	4.92x	1.15x	1.04x
VTB Bank	VTBR	US\$	1.47	9,520	14.1%	33.5%	32.6%	3.75x	3.57x	0.67x	0.43x
Akbank	AKBNK	TRY	8.22	42,744	23.1%	40.3%	39.7%	7.89x	5.38x	0.83x	0.72x
Garanti	GARAN	TRY	11.06	46,452	23.6%	37.1%	38.9%	7.20x	4.98x	0.85x	0.75x
Isbank	ISCTR	TRY	6.27	28,215	5.6%	42.2%	38.4%	5.01x	3.94x	0.51x	0.45x
PKO	PKO	PLN	34.54	43,175	-19.6%	-12.3%	-12.5%	9.72x	9.35x	1.03x	1.00x
PEKAO	PEO	PLN	101.15	26,549	-9.8%	-6.7%	-7.2%	11.82x	10.16x	1.13x	1.09x
Millennium	MIL	PLN	5.85	7,096	-37.7%	-33.7%	-34.0%	9.19x	8.11x	0.78x	0.72x
Mbank	MBK	PLN	388.20	16,435	-10.8%	-4.4%	-8.5%	13.19x	11.79x	1.00x	0.94x
BRD	BRD	RON	15.80	11,011	25.4%	37.6%	38.6%	7.12x	9.31x	1.37x	1.41x
Banca Transilvania	TLV	RON	2.59	13,509	18.9%	40.4%	39.9%	7.23x	8.99x	1.50x	1.50x
OTP	OTPD	USD	21.20	11,872	0.0%	8.2%	8.2%	9.05x	8.76x	0.78x	0.68x
Komercni	KOMB	CZK	830.00	157,741	-7.7%	-2.4%	-2.0%	10.45x	11.19x	1.50x	1.44x
Mean								7.89x	7.44x	1.04x	0.95x
Median								7.23x	8.11x	1.01x	0.94x

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	9.30	342	-12.3%	-8.4%	-8.9%	13.08x	10.26x	0.94x	0.88x
Tinc Comm	TINC	EUR	13.30	363	7.6%	15.8%	16.3%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	9.46	19,302	11.7%	26.1%	25.8%	5.13x	4.19x	0.59x	0.50x
Deutsche Beteiligungs	DBAN	EUR	38.25	575	14.9%	13.2%	14.0%	14.09x	18.08x	1.26x	1.21x
Eurazeo	RF	EUR	61.70	4,860	1.0%	8.0%	4.8%	14.97x	12.38x	0.91x	0.87x
Carlyle Group	CG	USD	31.22	3,455	40.8%	95.1%	98.2%	17.87x	6.84x	3.64x	2.16x
Mean								13.03x	10.35x	1.47x	1.12x
Median								14.09x	10.26x	0.94x	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	1.41	186	-41.8%	-32.7%	-30.8%	14.37x	10.37x	6.45x	5.54x
Mouwasiat	MOUWASAT	SAR	89.50	8,950	-0.4%	10.9%	11.2%	23.09x	20.25x	15.76x	14.15x
Fortis	FORH	INR	131.35	99,164	1.2%	-2.1%	-6.5%	1.64x	1.46x	6.37x	6.47x
Raffles	RFMD	SGD	1.01	1,846	-2.9%	-9.0%	-8.2%	30.91x	30.66x	19.64x	18.80x
IHH	IHH	MYR	5.76	50,538	-0.7%	5.7%	6.9%	57.22x	43.48x	16.46x	14.82x
Bangkok Chain	BCH	THB	17.00	42,394	3.7%	0.0%	1.8%	35.09x	31.18x	19.04x	17.41x
Netcare	NTC	ZAR	19.56	28,398	8.8%	-24.5%	-26.0%	13.97x	14.26x	8.28x	7.51x
Life Healthcare	LHC	ZAR	24.93	36,581	10.4%	-0.4%	-5.6%	22.69x	16.64x	8.97x	7.66x
Mediclinic	MDC	GBP	4.11	3,029	35.3%	32.0%	27.4%	15.42x	15.90x	9.66x	9.14x
Apollo Hospitals	APHS	INR	1,418.10	197,293	8.0%	14.1%	12.7%	69.51x	54.44x	21.61x	15.60x
KPJ Healthcare	KPJ	MYR	0.94	4,028	-0.5%	-9.6%	-9.6%	21.47x	19.87x	10.00x	9.77x
NMC	NMC	GBP	17.36	3,624	-27.7%	-35.6%	-36.5%	14.93x	11.51x	10.48x	8.86x
Mean								26.69x	22.50x	12.73x	11.31x
Median								22.08x	18.25x	10.24x	9.46x

Source: Bloomberg, S&P Capital IQ

Disclaimer

This document is the property of and has been prepared by JSC Galt & Taggart ("Galt & Taggart"), a member of Bank of Georgia group PLC ("Group") solely for informational purposes and independently of the respective companies mentioned herein. This document does not constitute or form part of, and should not be construed as, an offer or solicitation or invitation of an offer to buy, sell or subscribe for any securities or assets and nothing contained herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions.

Galt & Taggart is authorized to perform professional activities on the Georgian market. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Galt & Taggart to inform themselves about and to observe any and all restrictions applicable to them. This document is not directed to, or intended for distribution, directly or indirectly, to, or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Investments (or any short-term transactions) in emerging markets involve significant risk and volatility and may not be suitable for everyone. The recipients of this document must make their own investment decisions as they believe appropriate based on their specific objectives and financial situation. When doing so, such recipients should be sure to make their own assessment of the risks inherent in emerging market investments, including potential political and economic instability, other political risks including without limitation changes to laws and tariffs, and nationalization of assets, and currency exchange risk.

No representation, warranty or undertaking, express or implied, is or will be made by Galt & Taggart or any other member of the Group or their respective directors, employees, affiliates, advisers or agents or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this document and the information contained herein (and whether any information has been omitted from this document) and no reliance should be placed on it. This document should not be considered as a complete description of the markets, industries and/or companies referred to herein. Nothing contained in this document is, is to be construed as, or shall be relied on as legal, investment, business or tax advice, whether relating to the past or the future, by Galt & Taggart any other member of the Group or any of their respective directors, employees, affiliates, advisers or agents in any respect. Recipients are required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. To the extent permitted by law, Galt & Taggart, any other member of the Group and their respective directors, employees, affiliates, advisers and agents disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this document or its contents or otherwise arising in connection with this document, or for any act, or failure to act, by any party, on the basis of this document.

The information in this document is subject to verification, completion and change without notice and Galt & Taggart is not under any obligation to update or keep current the information contained herein. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the information since the date hereof or the date upon which this document has been most recently updated, or that the information contained in this document is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No representation or warranty, expressed or implied, is made by Galt & Taggart or any other member of the Group, or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information.

The information provided and opinions expressed in this document are based on the information available as of the issue date and are solely those of Galt & Taggart as part of its internal research coverage. Opinions, forecasts and estimates contained herein are based on information obtained from third party sources believed to be reliable and in good faith, and may change without notice. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Accordingly, undue reliance should not be placed on any such data contained in this document. Neither Galt & Taggart, any other member of the Group, nor their respective directors, employees, affiliates, advisers or agents make any representation or warranty, express or implied, of this document's usefulness in predicting the future performance, or in estimating the current or future value, of any security or asset.

Galt & Taggart does, and seeks to do, and any other member of the Group may or seek to do business with companies covered in its research. As a result, investors should be aware of a potential conflict of interest that may affect the objectivity of the information contained in this document.

Unauthorized copying, distribution, publication or retransmission of all or any part of this document by any medium or in any form for any purpose is strictly prohibited.

The recipients of this document are responsible for protecting against viruses and other destructive items. Receipt of the electronic transmission is at risk of the recipient and it is his/her responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Galt & Taggart

Address: 79 D. Agmashenebeli Avenue, Tbilisi 0102, Georgia

Tel: + (995) 32 2401 111

Email: gt@gt.ge