

## Economy

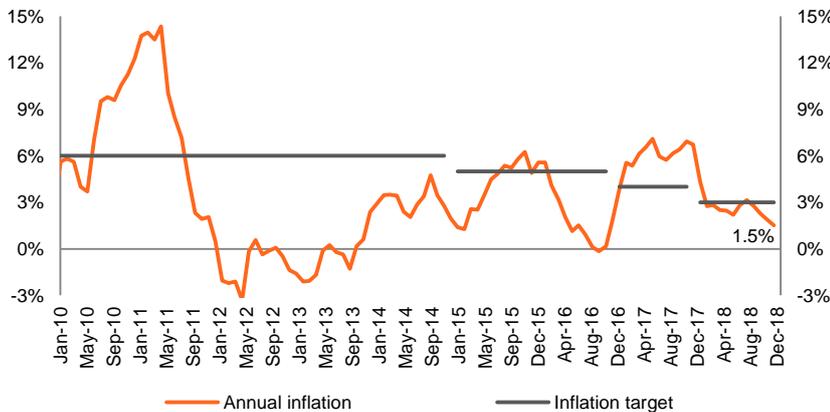
### Real GDP growth was 5.6% y/y in December 2018

Georgia's economy expanded 5.6% y/y in December 2018 bringing 4Q18 real GDP growth at 4.8% y/y, according to Geostat's rapid estimates. Overall, real GDP growth averaged 4.8% y/y in 2018. In December 2018, the growth was recorded in manufacturing, construction, hotels and restaurants and real estate operations sectors, while growth was down in electricity, gas and water supply, transport and financial intermediation sectors. Monthly rapid estimates are based on VAT turnover, fiscal and monetary statistics. The quarterly real GDP growth figures will be updated in March 2019.

### NBG reduces its policy rate by 0.25ppts to 6.75%

At its meeting on 30 January 2019, NBG's monetary policy committee decided to reduce its policy rate by 0.25ppts to 6.75%, quoting a weak inflationary pressure. The NBG noted that inflation remained close to the target level of 3% throughout 2018, with inflation rate at 1.5% in December 2018. The central bank expects the annual inflation rate to remain close the target rate of 3.0% during 2019 and sees room to reduce the monetary rate further in 2019; According to NBG, the speed of normalization will depend on how fast the output gap will close on one hand, and how strongly the increased regional macroeconomic risks will be transmitted to Georgian economy, on the other. The next committee meeting is scheduled for 13 March 2019.

### Annual CPI inflation



Source: GeoStat, NBG

### Key macro indicators

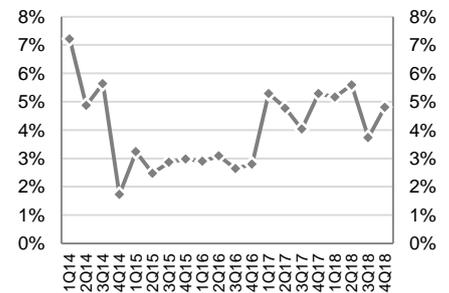
	2018	2017	2016
GDP (% change)	4.8%	4.8%	2.8%
GDP per capita (ppp)	11,600 <sup>(2)</sup>	10,742	10,065
GDP per capita (US\$)	4,363 <sup>(2)</sup>	4,047	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	6.7%	1.8%
Gross reserves (US\$ bn)	3.3	3.0	2.8
CAD (% of GDP)	6.5% <sup>(1)</sup>	8.8%	13.1%
Fiscal deficit (% of GDP)	2.3% <sup>(2)</sup>	2.9%	3.0%
Total public debt (% of GDP)	44.8% <sup>(2)</sup>	44.8%	44.4%

Source: Official data, IMF

1) As of 9M18

2) Preliminary estimate

### Real GDP growth, %



Source: GeoStat

Note: Rapid estimate for 4Q17

### International ranking, 2018-19

Ease of Doing Business # 6 (Top 10)  
Economic Freedom Index # 16 (mostly free)  
Global Competitiveness Index # 66

Source: World Bank, Heritage Foundation and World Economic Forum

### Georgia sovereign credit ratings

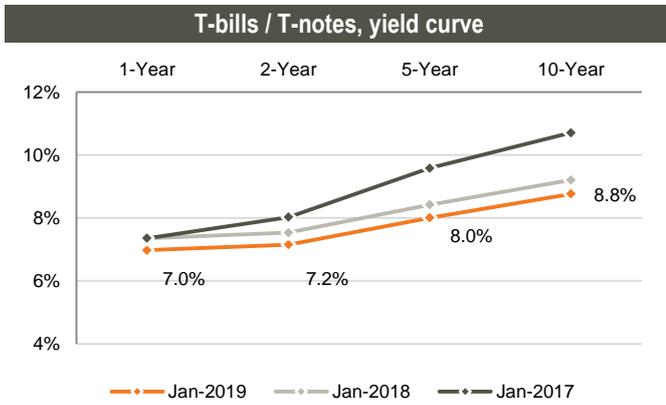
 <b>BB-</b> Stable Affirmed May-2018	 <b>Ba2</b> Stable Affirmed Sep-2018	 <b>BB-</b> Positive Affirmed Aug-2018
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Source: Rating agencies

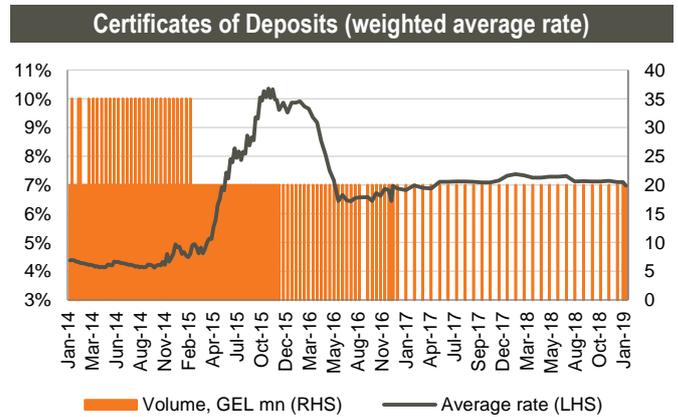


# Money market

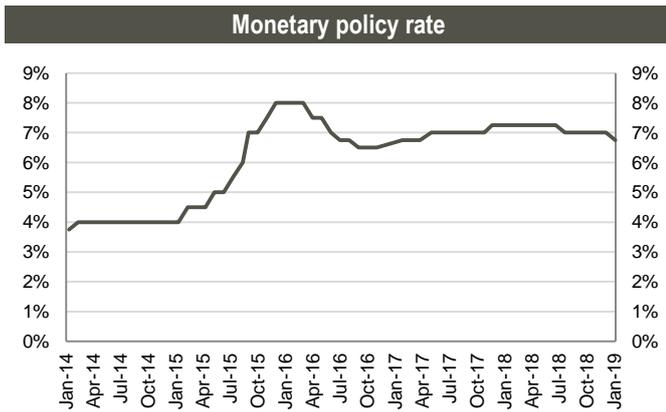
**Ministry of Finance Benchmark Bonds:** 5-year GEL 30.0mn (US\$ 11.29mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on January 29, 2019. The weighted average yield was fixed at 7.540%. The nearest treasury securities auction is scheduled for February 5, 2019, where GEL 40.0mn nominal value 1-year T-Bills will be sold.



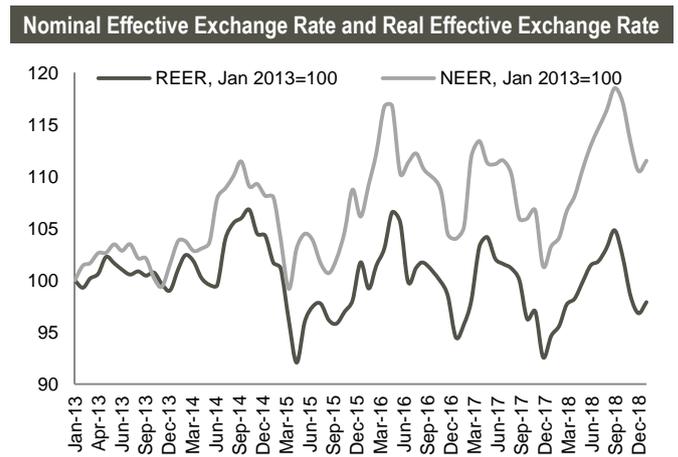
Source: NBG



Source: NBG



Source: NBG



Source: NBG

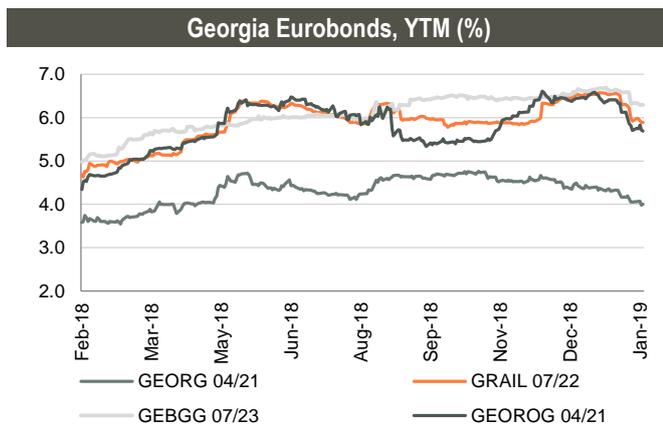
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

## Fixed income

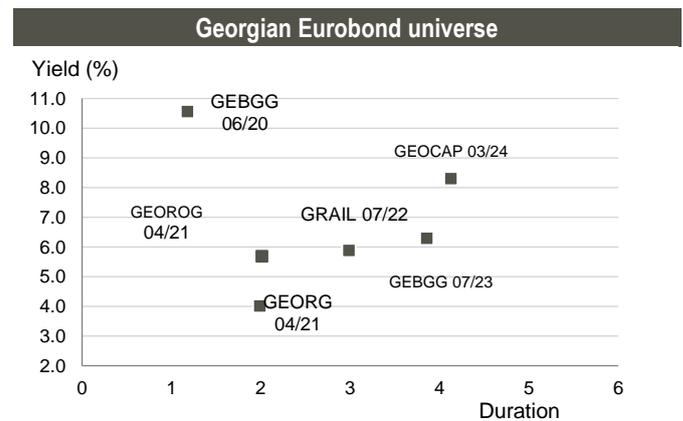
**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 6.3% yield, trading at 98.9 (+0.1% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 99.5 (-1.0 w/w), yielding 10.6%. Georgia Capital Eurobonds (GEOCAP) were trading at 91.1 (+0.2% w/w), yielding 8.3%.

GOGC Eurobonds (GEOROG) were trading at 102.2 (unchanged w/w), yielding 5.7%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.7 (+0.1% w/w), yielding 5.9%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 105.9 (+0.1% w/w) at 4.0% yield to maturity.



Source: Bloomberg



Source: Bloomberg

### Georgia bonds performance

#### Georgia Eurobonds performance

Issuer	Amount, US\$ mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	04/12/2021	BB-/BB-/Ba2	105.9	4.00	136.08
GRAIL 07/22	500	7.750%	07/11/2022	B+/B+/-	105.7	5.87	327.53
GEOROG 04/21	250	6.750%	04/26/2021	BB-/B+/-	102.17	5.69	305.09
GEBGG 06/20	500*	11.000%	06/01/2020	BB-/B2	99.5	10.56	n/a
GEBGG 07/23	350	6.000%	07/26/2023	BB-/B2	98.88	6.29	369.84
GEOCAP 03/24	300	6.125%	03/09/2024	-B+/B2	91.10	8.30	570.29

#### Georgia local bonds performance

GWP 12/21	30*	10.50%**	06/12/2021	BB-****/-/-	n/a	n/a	n/a
M2RE 10/19	25	7.500%	07/10/2019	-/-/-	100.97	6.00	n/a
GLC 08/20	10	7.000%	29/08/2020	-/-/-	100.00	7.00	n/a
GLC 06/21	5	6.500%	22/06/2021	-/-/-	98.92	7.00	n/a
Nikora 06/19	10	9.000%	28/06/2019	-/-/-	n/a	n/a	n/a
Silknet 08/22	34*	10.50%**	18/08/2022	B+****/-/-	n/a	n/a	n/a
Crystal 12/19	10*	11.50%***	28/12/2019	B/-/-	100.84	11.00	n/a

Source: Bloomberg

\*GEBGG 06/20 bonds, GWP 12/21 bonds, Silknet 08/22 and Crystal 12/19 bonds are in Georgian lari

\*\*Coupon rate 3.5% over the NBG's refinancing rate

\*\*\*Coupon rate 4.5% over the NBG's refinancing rate

\*\*\*\*Company ratings

### Eastern European sovereign 10-year bond performance

Issuer	Amount, US\$ mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	105.9	4.0	136.1
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	101.9	4.3	174.1
Bulgaria	323	5.000%	19/07/2021	BBB/-/-	112.6	-0.1	n/a
Croatia	1,250	3.875%	30/05/2022	BB+/BB/Ba2	110.6	0.6	65.8
Hungary	2,654	6.375%	29/03/2021	BBB-/BBB-/Baa3	106.2	3.4	71.9
Romania	2,019	6.750%	07/02/2022	BBB-/BBB-/Baa3	108.3	3.8	118.0
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	102.2	3.2	49.4
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	101.1	5.1	243.8

Source: Bloomberg

# Equities

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 15.94/share (+0.14% w/w and +15.73% m/m). More than 289k shares traded in the range of GBP 15.25 – 16.00/share. Average daily traded volume was 73k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.86 % w/w and 7.44% m/m. The volume of BGEO shares traded was at 0.59% of its capitalization.

**Georgia Capital (CGEO LN)** shares closed at GBP 11.00/share (-0.99% w/w and +7.72% m/m). More than 84k shares traded in the range of GBP 10.80 – 11.13/share. Average daily traded volume was 25k in the last 4 weeks. The volume of CGEO shares traded was at 0.22% of its capitalization.

**TBC Bank Group (TBCG LN)** closed the week at GBP 14.52 (-1.49% w/w and -4.60% m/m). More than 90k shares changed hands in the range of GBP 14.26 – 14.92/share. Average daily traded volume was 21k in the last 4 weeks. The volume of TBCG shares traded was at 0.17% of its capitalization.

**Georgia Healthcare Group (GHG LN)** shares closed at GBP 2.28/share (-2.56% w/w and +11.76% m/m). More than 27k shares were traded in the range of GBP 2.26 – 2.43/share. Average daily traded volume was 84k in the last 4 weeks. The volume of GHG shares traded was at 0.02% of its capitalization.

## Eastern European Banks

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Bank of Georgia	BGEO	15.94*	1,026	15.7%	0.1%	-11.5%	15.7%	-36.5%
TBC	TBC	14.52*	1,031	-4.6%	-13.9%	-18.2%	-4.6%	-10.5%
Halyk Bank	HSBK	10.85	3,188	4.8%	-5.2%	-5.7%	4.8%	-13.9%
VTB Bank	VTBR	1.30	8,405	17.1%	2.5%	-18.2%	17.1%	-32.3%
Vozrozhdenie	VZRZ	6.83	162	-0.4%	-2.5%	18.5%	-0.4%	-22.0%
Sberbank	SBER	13.50	72,856	23.2%	14.8%	-2.3%	23.2%	-33.0%

Source: Bloomberg  
 \*BGEO and TBC share prices traded and shown in GBP

## Investment Management Company Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Georgia Capital	CGEO	11.00*	549	7.7%	-7.9%	10.1%	7.7%	n/a
Creades	CREDA	30.67	251	9.6%	1.0%	0.9%	9.6%	-29.8%
CIE du Bois	COMB	447.64	754	3.7%	5.2%	-3.4%	3.7%	-4.6%
Tinc Comm	TINC	13.66	373	1.1%	-1.9%	-4.0%	1.1%	-13.5%
Edify	EDIFY	58.54	284	-3.6%	-7.6%	-17.1%	-3.6%	-22.5%

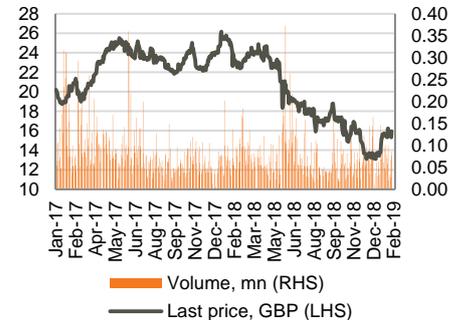
Source: Bloomberg  
 \*CGEO share price traded and shown in GBP

## Healthcare Sector Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG	2.28*	393	11.8%	-0.9%	-13.0%	11.8%	-32.9%
Mouwasat	MOUWASAT	20.13	2,013	-5.5%	0.7%	-16.3%	-6.2%	-13.7%
Fortis	FORH	1.89	1,429	-5.7%	-1.7%	-11.4%	-6.1%	-8.7%
Raffles	RFMD	0.82	1,478	1.9%	7.8%	2.8%	1.9%	-2.1%
IHH	IHH	1.37	11,989	4.9%	14.3%	-7.7%	4.9%	-11.3%
Bangkok Chain	BCH	0.52	1,292	1.0%	-12.1%	3.5%	1.0%	-4.0%
Netcare	NTC	1.86	2,740	1.3%	7.5%	-10.8%	1.3%	-14.7%

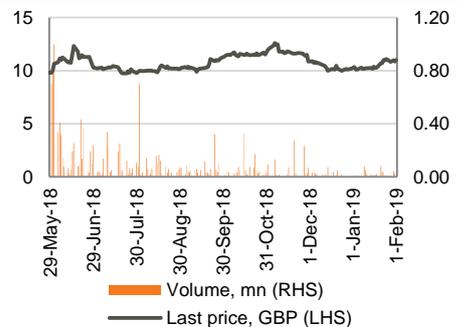
Source: Bloomberg  
 \*GHG share price traded and shown in GBP

## Bank of Georgia Group (BGEO LN)



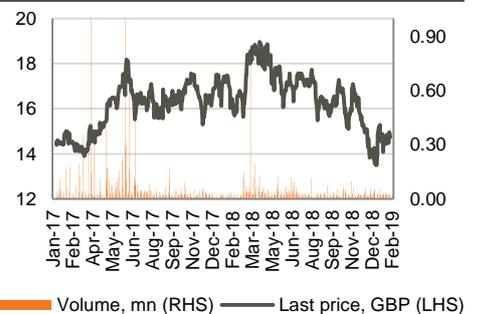
Source: Bloomberg

## Georgia Capital (CGEO LN)



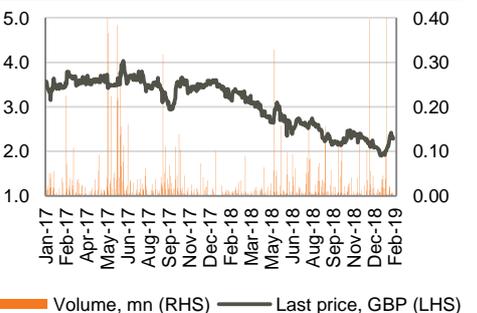
Source: Bloomberg

## TBC Bank Group (TBCG LN)



Source: Bloomberg

## Georgia Healthcare Group (GHG LN)



Source: Bloomberg

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