



Weekly Market Watch

Weekly Market Watch | Georgia
May 18, 2020

Economy

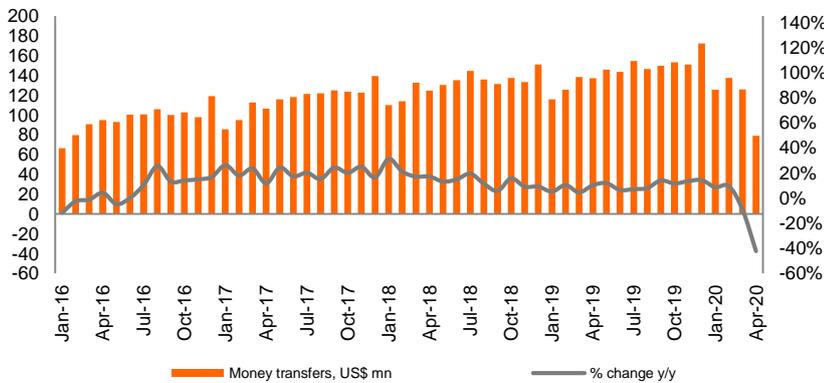
Trade deficit nearly halved in April 2020

In April 2020, exports decreased by 27.4% y/y to US\$ 223.2mn, imports fell by 38.5% y/y to US\$ 458.0mn and the trade deficit narrowed by 46.3% y/y to US\$ 234.8mn according to Geostat's preliminary figures. In 4M20, trade deficit was down 10.6% to US\$ 1.5bn as exports decreased by 11.7% y/y and imports were down 11.1% y/y. Detailed foreign trade statistics will be available on May 19, 2020.

Money transfers decreased by 42.3% y/y in April 2020

In April 2020, money transfers declined by 42.3% y/y to US\$ 79.1mn amid lockdown in donor countries, after decreasing 9.0% y/y in previous month, according to NBG. From major countries, money transfers were down from Italy (-27.5% y/y, 16.9% of total), Russia (-61.8% y/y, 16.6% of total), Greece (-37.9% y/y, 12.8% of total), USA (-33.6% y/y, 12.3% of total) and Israel (-48.4% y/y, 8.7% of total). Meanwhile remittances were up from Azerbaijan (+39.5% y/y, 3.1% of total). Overall, in 4M20 money transfers were down 9.4% y/y to US\$ 467.9mn.

Money transfers



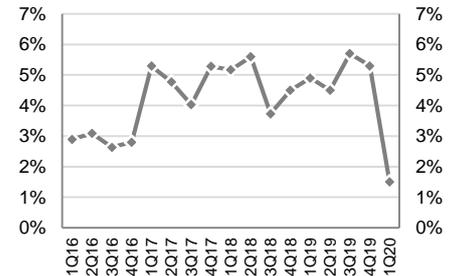
Source: NBG

Key macro indicators

	2017	2018	2019E
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%	2.4%
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

 BB Stable Upgraded Oct-2019	 Ba2 Stable Affirmed Mar-2020	 BB Negative Affirmed Apr-2020
---	--	---

Source: Rating agencies

Money market

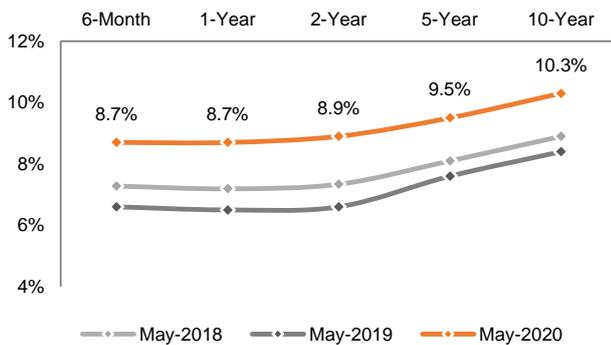
Ministry of Finance T-Bills: 1-year GEL 80.0mn (US\$ 24.9mn) T-Bills were sold at the auction held at NBG on May 11, 2020. Total demand was 1.6x higher and the weighted average yield was fixed at 8.721%, down 0.67pts from previous auction held in April, 2020. The nearest treasury security auction is scheduled for May 25, 2020, where GEL 80.0mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes in 2020

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	180	110	270
1-year	280	320	580
2-year	350	490	1,210
5-year	320	640	1,663
10-year	70	80	563
Total	1,200	1,640	4,285

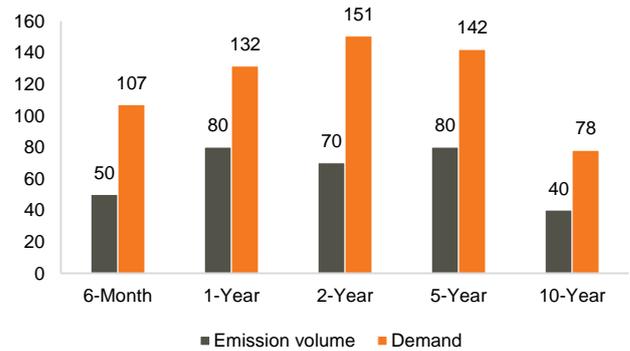
Source: MoF
Note: * As of 30 April 2020

T-bills / T-notes, yield curve



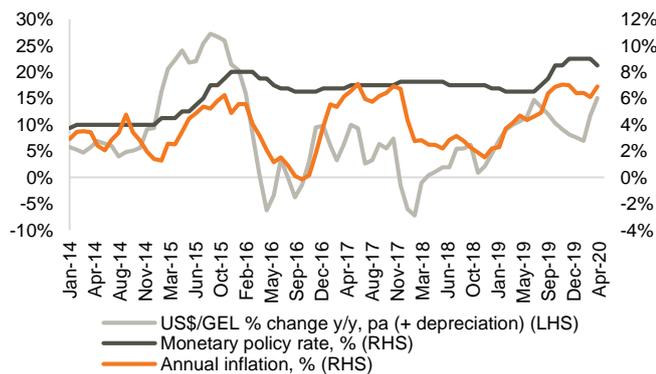
Source: NBG

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



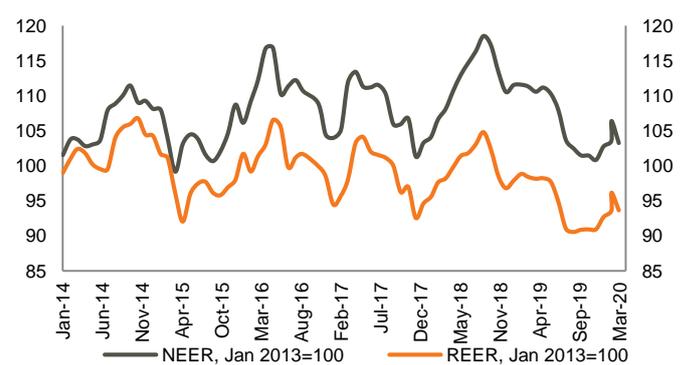
Source: NBG

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



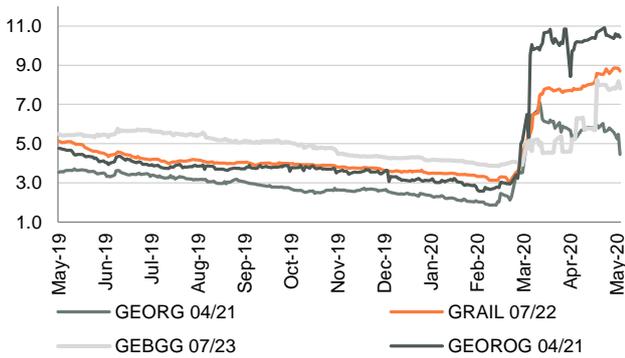
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 7.82% yield, trading at 94.95 (-0.22% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 92.40 (-0.33% w/w), yielding 8.50%.

GOGC Eurobonds (GEOROG) were trading at 96.80 (+0.11% w/w), yielding 10.42%. Georgian Railway Eurobonds (GRAIL) traded at 98.15 (-0.25% w/w), yielding 8.71%.

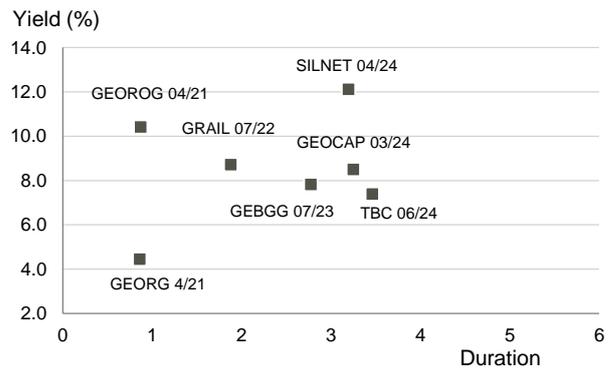
Georgian Sovereign Eurobonds (GEORG) closed at 102.11 (+1.15% w/w) at 4.45% yield to maturity.

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	102.11	4.45	404.45
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	98.15	8.71	842.96
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/BB/-	96.80	10.42	1,013.61
GEBGG 06/20	GEL	500	11.000%	Jun-20	BB-/Ba2	n/a	n/a	n/a
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/Ba2	94.95	7.82	745.20
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	94.60	10.31	1,261.72
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B/B2	92.40	8.50	830.06
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-B1	96.59	12.12	1,169.01
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/Ba2	94.33	7.38	711.29
TBC PERP	US\$	125	10.775%	n/a	B-/-	93.31	11.17	1,251.31

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	-/-/-	98.92	8.00	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	98.92	8.00	n/a
GLC 08/20	US\$	10	7.00%	Aug-20	-/-/-	99.97	7.00	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	-/-/-	98.95	7.50	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	-/-/-	99.98	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	102.11	4.45	404.45
Armenia	US\$	500	6.000%	Sep-20	BB-/Ba3	99.51	7.34	777.18
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	100.69	2.27	201.80
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	101.74	6.18	588.31
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	107.89	1.99	163.70
Turkey	US\$	2,000	5.625%	Mar-21	BB-/B1	100.93	4.51	412.29
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	101.01	6.90	652.18

Source: Bloomberg

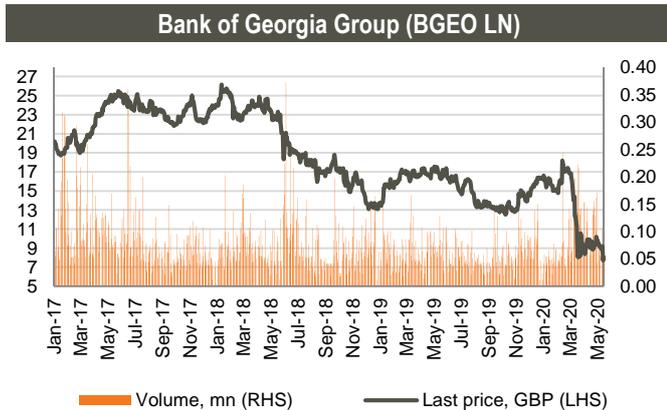
Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 8.05/share (-12.21% w/w and -10.65% m/m). More than 650k shares traded in the range of GBP 7.36 - 9.50/share. Average daily traded volume was 114k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 3.61% w/w and gained 2.04% m/m. The volume of BGEO shares traded was at 1.32% of its capitalization.

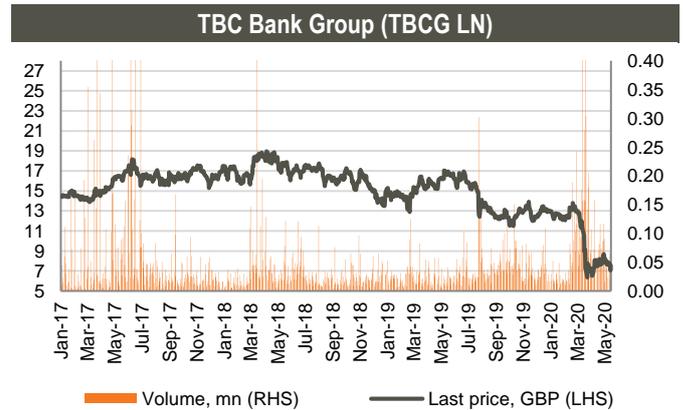
Georgia Capital (CGEO LN) shares closed at GBP 4.20/share (-2.33% w/w and -7.28% m/m). More than 201k shares traded in the range of GBP 4.03 - 4.50/share. Average daily traded volume was 38k in the last 4 weeks. The volume of CGEO shares traded was at 0.55% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 7.53/share (-4.44% w/w and +0.67% m/m). More than 312k shares changed hands in the range of GBP 6.60 - 8.15/share. Average daily traded volume was 66k in the last 4 weeks. The volume of TBCG shares traded was at 0.57% of its capitalization.

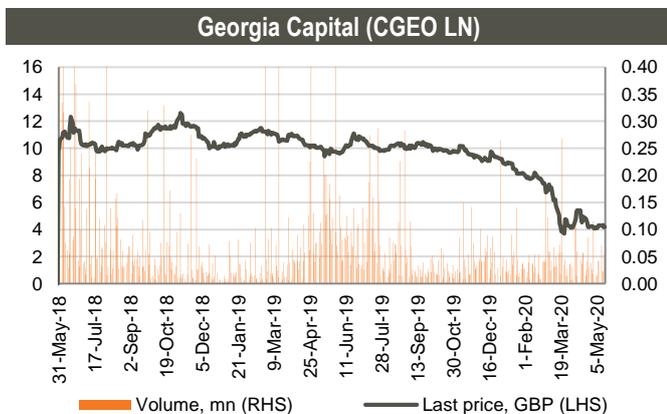
Georgia Healthcare Group (GHG LN) shares closed at GBP 0.87/share (+8.07% w/w and -1.92% m/m). More than 1.2mn shares were traded in the range of GBP 0.81 - 0.96/share. Average daily traded volume was 79k in the last 4 weeks. The volume of GHG shares traded was at 0.89% of its capitalization.



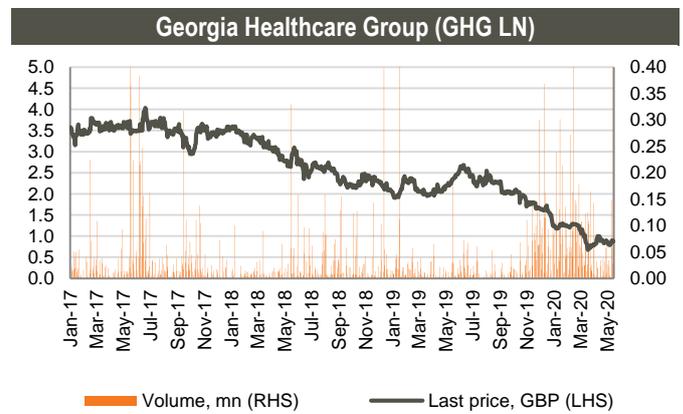
Source: Bloomberg



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	8.05	396	-46.0%	-50.8%	-50.5%	3.01x	4.38x	0.66x	0.64x
TBC	TBC	GBP	7.53	414	-43.4%	-54.7%	-42.1%	2.85x	3.95x	0.55x	0.54x
Halyk Bank	HSBK	US\$	8.52	2,504	-35.7%	-25.3%	-36.2%	2.98x	3.93x	0.71x	0.88x
VTB Bank	VTBR	US\$	0.90	5,858	-37.7%	-17.4%	-38.2%	2.23x	4.32x	0.34x	0.32x
Akbank	AKBNK	TRY	5.44	28,288	-29.2%	-5.2%	-32.9%	4.51x	4.39x	0.47x	0.46x
Garanti	GARAN	TRY	7.70	32,340	-22.6%	0.9%	-30.9%	4.31x	4.27x	0.51x	0.52x
Isbank	ISCTR	TRY	4.78	21,510	-23.8%	-5.2%	-25.4%	3.18x	3.62x	0.33x	0.34x
PKO	PKO	PLN	20.67	25,838	-45.9%	-44.4%	-40.0%	5.47x	9.61x	0.56x	0.59x
PEKAO	PEO	PLN	50.02	13,129	-51.9%	-50.9%	-50.2%	5.35x	8.79x	0.50x	0.54x
Millennium	MIL	PLN	2.69	3,263	-54.0%	-69.4%	-54.0%	3.95x	4.37x	0.32x	0.35x
Mbank	MBK	PLN	182.30	7,718	-53.1%	-53.5%	-53.2%	5.56x	15.89x	0.42x	0.45x
BRD	BRD	RON	11.12	7,750	-22.5%	-0.7%	-29.8%	4.78x	8.83x	0.92x	0.96x
Banca Transilvania	TLV	RON	1.90	9,889	-23.1%	-2.4%	-26.9%	5.09x	9.59x	1.05x	1.35x
OTP	OTPD	USD	22.80	12,768	7.5%	1.8%	7.5%	9.60x	22.74x	0.82x	0.80x
Komercni	KOMB	CZK	501.00	95,215	-36.0%	-41.3%	-39.6%	5.57x	11.54x	0.79x	0.83x
Mean								4.56x	8.01x	0.60x	0.64x
Median								4.51x	4.39x	0.55x	0.54x

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	4.20	154	-57.6%	-56.7%	-54.4%	5.46x	3.81x	0.39x	n/a
Tinc Comm	TINC	EUR	12.65	345	-7.4%	9.7%	-5.2%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	8.13	16,588	-10.4%	12.8%	-14.8%	3.75x	3.74x	0.44x	0.46x
Deutsche Beteiligungs	DBAN	EUR	26.30	396	-31.5%	-22.4%	-33.3%	9.38x	nmf	0.84x	1.03x
Eurazeo	RF	EUR	38.00	2,993	-38.8%	-39.9%	-37.7%	8.95x	nmf	0.54x	0.52x
Carlyle Group	CG	USD	23.48	2,599	-17.3%	12.7%	-26.8%	13.55x	4.80x	1.45x	3.41x
Mean								8.22x	4.11x	0.73x	1.35x
Median								8.95x	3.81x	0.54x	0.77x

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	0.87	115	-51.7%	-62.2%	-29.3%	8.75x	7.07x	4.52x	3.98x
Mouwasset	MOUWASAT	SAR	83.00	8,300	0.4%	-1.1%	-5.7%	21.28x	20.60x	14.65x	13.36x
Fortis	FORH	INR	117.25	88,519	-18.5%	-8.7%	-11.1%	1.37x	1.36x	6.42x	6.66x
Raffles	RFMD	SGD	0.91	1,663	-9.0%	-12.5%	-9.0%	26.59x	33.53x	17.00x	19.47x
IHH	IHH	MYR	5.49	48,169	2.6%	-0.5%	0.4%	51.02x	53.12x	14.88x	16.40x
Bangkok Chain	BCH	THB	13.60	33,915	-17.1%	-21.4%	-20.5%	26.79x	29.29x	15.06x	15.45x
Netcare	NTC	ZAR	14.05	20,398	-20.4%	-32.7%	-27.8%	7.57x	9.44x	5.14x	6.53x
Life Healthcare	LHC	ZAR	16.18	23,742	-33.9%	-35.7%	-34.4%	11.11x	17.79x	5.45x	6.03x
Mediclinic	MDC	GBP	2.53	1,862	-37.1%	-25.3%	-38.6%	8.77x	9.79x	7.00x	6.91x
Apollo Hospitals	APHS	INR	1,355.30	188,556	-3.0%	17.2%	-6.0%	62.72x	56.30x	19.79x	14.17x
KPJ Healthcare	KPJ	MYR	0.88	3,771	-2.8%	-7.4%	-6.9%	19.10x	20.48x	9.23x	9.23x
NMC	NMC	GBP	9.38	1,959	-60.4%	-63.7%	-46.9%	n/a	n/a	n/a	n/a
Mean								22.28x	23.52x	10.83x	10.74x
Median								19.10x	20.48x	9.23x	9.23x

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