



Weekly Market Watch

Weekly Market Watch | Georgia
February 24, 2020

Economy

Exports up 10.0% y/y in January 2020

In January 2020, exports increased 10.0% y/y to US\$ 262.6mn and imports were also up 4.0% y/y to US\$ 619.8mn. As a result, the trade deficit was flat y/y to US\$ 357.2mn, according to Geostat.

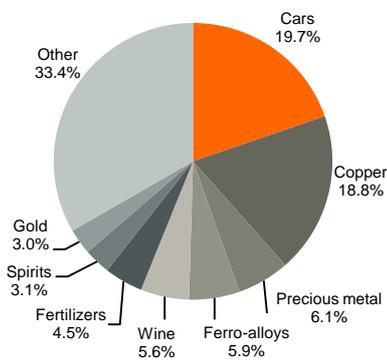
In January 2020, cars (+97.8% y/y), copper (+16.1% y/y), precious metal (+US\$ 16mn), ferro-alloys (-15.1% y/y) and wine (-6.4% y/y) were the top 5 exported commodities. A 17.1% of exports was directed to the EU (-24.7% y/y), 45.3% to the CIS (-5.0% y/y) and 37.5% to other countries (+83.7% y/y).

In January 2020, gases (+25.5% y/y), petroleum (+11.9% y/y), cars (+29.5% y/y), copper (-27.9% y/y) and phones (+39.0% y/y) represented the top 5 imported commodities.

Producer price index up 7.1% y/y in January 2020

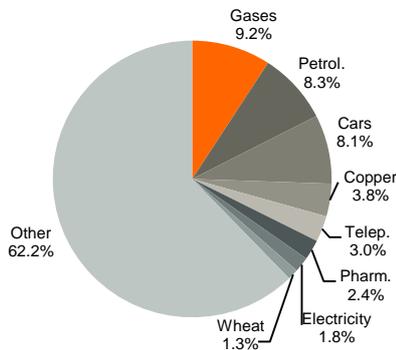
Annual PPI for industrial goods reduced to 7.1% in January 2020 from 7.8% in previous month, according to Geostat. Rising prices in manufacturing (+7.4% y/y) and mining and quarrying (+20.8% y/y) contributed the most to the overall index change.

Exports by commodities, Jan-20



Source: Geostat

Imports by commodities, Jan-20

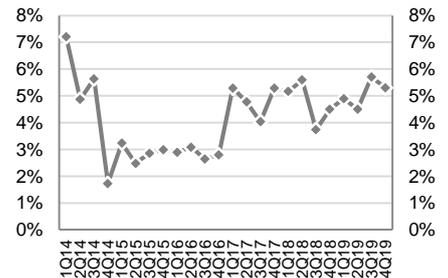


Key macro indicators

	2017	2018	2019E
GDP (% change)	4.8%	4.8%	5.2%
GDP per capita (ppp)	11,485	12,417	13,443
GDP per capita (US\$)	4,359	4,722	4,716
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%	4.0%
Fiscal deficit (% of GDP)	2.7%	2.3%	2.4%
Total public debt (% of GDP)	39.4%	38.9%	40.3%

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 Feb-2020
---	--	---

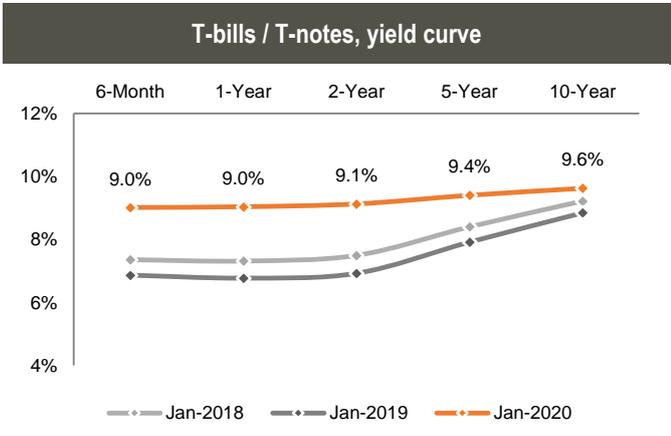
Source: Rating agencies

Money market

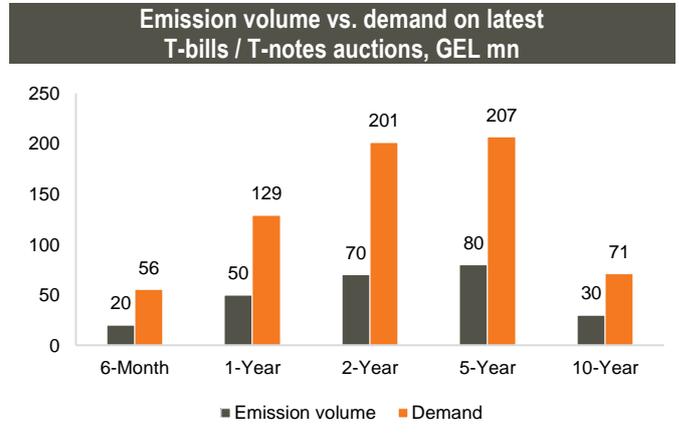
Treasury auctions: There was no treasury securities auction last week. The nearest treasury security auction is scheduled for February 25, 2020, where GEL 80.0mn nominal value 5-year Benchmark Bonds will be sold.

T-bills / T-notes in 2020		
Maturity	YTD placements, GEL mn	Remaining placements, GEL mn
6-month	90	200
1-year	100	500
2-year	140	700
5-year	80	880
10-year	30	120
Total	440	2,400

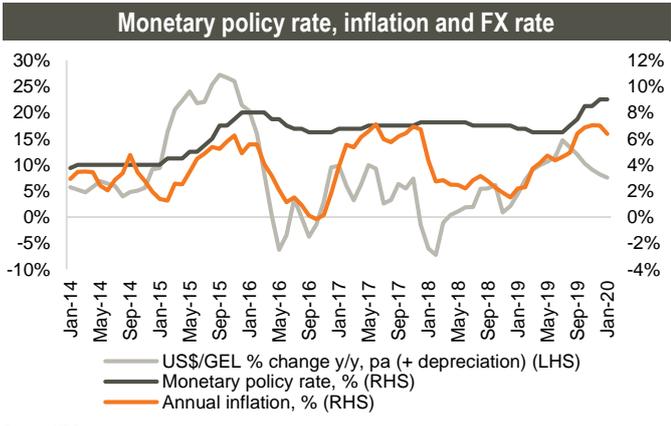
Source: MoF



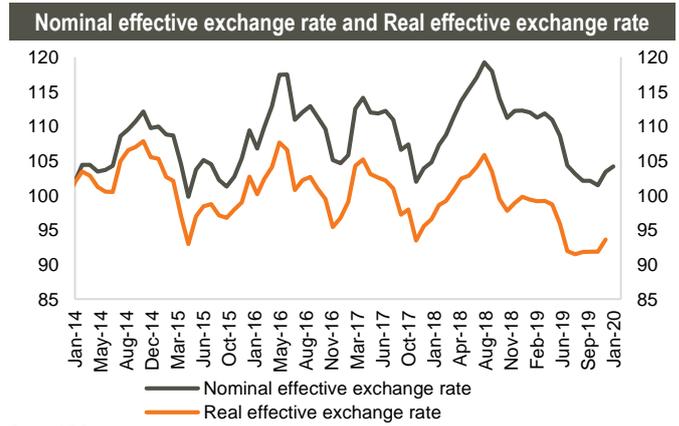
Source: NBG



Source: NBG



Source: NBG



Source: NBG

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

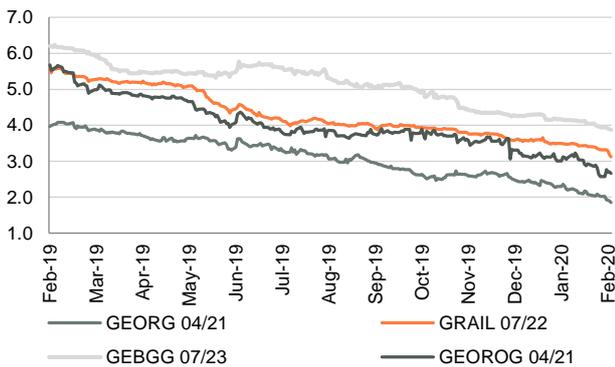
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 3.87% yield, trading at 106.75 (+0.19% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 99.62 (+0.01% w/w), yielding 6.23%.

GOGC Eurobonds (GEOROG) were trading at 104.68 (-0.16% w/w), yielding 2.66%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 110.52 (+0.37% w/w), yielding 3.12%.

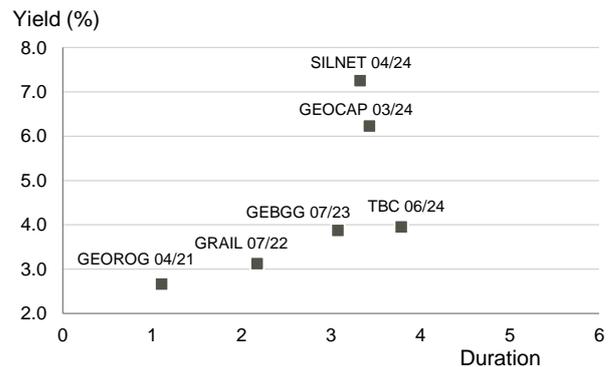
Georgian Sovereign Eurobonds (GEORG) closed at 105.59 (+0.11% w/w) at 1.86% yield to maturity.

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	105.59	1.86	45.82
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	110.52	3.12	173.67
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/B+/-	104.68	2.66	120.11
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	106.75	3.87	260.29
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	108.60	9.53	741.01
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-/B+/B2	99.62	6.23	493.10
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-/B1	113.07	7.26	550.46
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B+2	107.06	3.95	266.47
TBC PERP	US\$	125	10.775%	n/a	B-/-	108.94	9.66	715.88

Georgian local bonds performance

GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B-/-	n/a	n/a	n/a
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-	102.62	6.00	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	100.58	7.25	n/a
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/-	101.01	5.00	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	B+/-/-	100.31	6.25	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	B+/-/-	100.69	7.00	n/a
CRYSTAL 02/21	GEL	15	13.00%	Feb-21	B-/-/-	100.00	13.00	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	13.25	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	105.59	1.86	45.82
Armenia	US\$	500	6.000%	Sep-20	BB-/Ba3	101.99	2.62	86.49
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	100.29	2.62	127.07
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	108.99	3.69	232.91
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	108.37	1.98	74.29
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	100.65	1.34	-29.48
Turkey	US\$	2,000	5.625%	Mar-21	BB-/B1	102.53	3.26	183.02
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	106.68	3.20	181.53

Source: Bloomberg



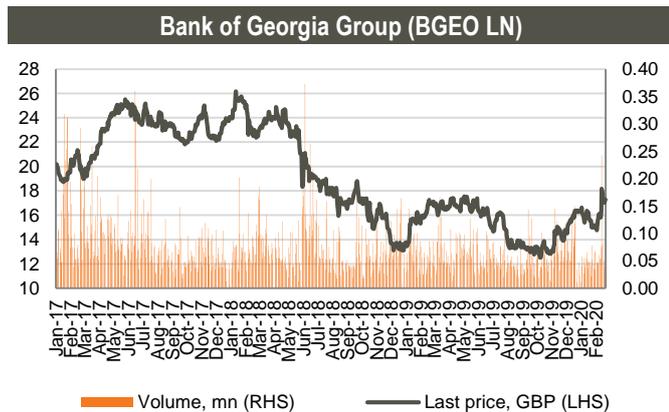
Equities

Bank of Georgia Group (B GEO LN) shares closed at GBP 17.28/share (-3.63% w/w and +11.13% m/m). More than 238k shares traded in the range of GBP 16.81 - 18.01/share. Average daily traded volume was 62k in the last 4 weeks. FTSE 250 Index, of which B GEO is a constituent, lost 0.05% w/w and gained 0.16% m/m. The volume of B GEO shares traded was at 0.48% of its capitalization.

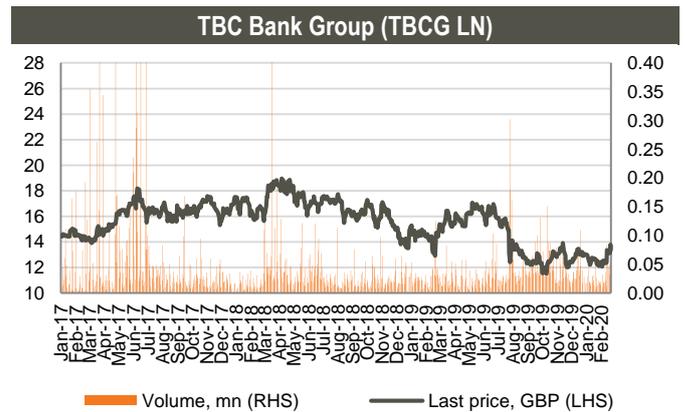
Georgia Capital (C GEO LN) shares closed at GBP 7.75/share (-5.02% w/w and -4.67% m/m). More than 107k shares traded in the range of GBP 7.60 - 8.12/share. Average daily traded volume was 29k in the last 4 weeks. The volume of C GEO shares traded was at 0.29% of its capitalization.

TBC Bank Group (T BCG LN) closed the week at GBP 13.36/share (+0.30% w/w and +6.37% m/m). More than 402k shares changed hands in the range of GBP 13.00 - 14.08/share. Average daily traded volume was 40k in the last 4 weeks. The volume of T BCG shares traded was at 0.73% of its capitalization.

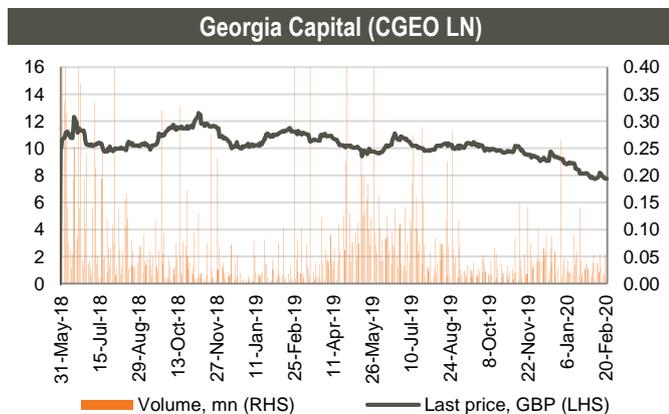
Georgia Healthcare Group (G HG LN) shares closed at GBP 1.28/share (unchanged w/w and -1.54% m/m). More than 472k shares were traded in the range of GBP 1.26 - 1.30/share. Average daily traded volume was 103k in the last 4 weeks. The volume of G HG shares traded was at 0.36% of its capitalization.



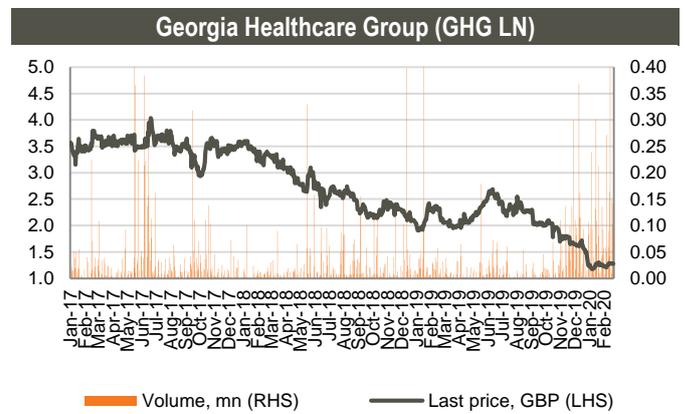
Source: Bloomberg



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	17.28	850	25.5%	1.7%	6.3%	6.98x	6.74x	1.53x	1.29x
TBC	TBC	GBP	13.36	735	4.4%	-5.4%	2.8%	5.46x	5.06x	1.05x	0.90x
Halyk Bank	HSBK	US\$	16.35	4,804	20.7%	50.0%	22.5%	5.75x	5.64x	1.37x	1.22x
VTB Bank	VTBR	US\$	1.51	9,753	27.8%	24.8%	2.9%	3.72x	3.88x	0.56x	0.47x
Akbank	AKBNK	TRY	7.69	39,988	12.6%	14.3%	-5.2%	8.28x	5.78x	0.86x	0.75x
Garanti	GARAN	TRY	11.09	46,578	25.5%	27.5%	-0.4%	8.05x	5.94x	0.96x	0.88x
Isbank	ISCTR	TRY	6.47	29,115	20.9%	15.9%	0.9%	5.58x	4.03x	0.58x	0.53x
PKO	PKO	PLN	34.41	43,013	-13.8%	-11.5%	-0.1%	10.07x	9.97x	1.03x	1.03x
PEKAO	PEO	PLN	100.85	26,470	2.7%	-10.6%	0.4%	11.94x	10.56x	1.12x	1.13x
Millennium	MIL	PLN	6.00	7,272	-15.1%	-33.9%	2.5%	9.76x	8.16x	0.79x	0.76x
Mbank	MBK	PLN	374.80	15,868	15.2%	-12.8%	-3.7%	12.61x	11.76x	0.96x	0.94x
BRD	BRD	RON	16.38	11,415	20.6%	33.6%	3.4%	7.50x	10.28x	1.45x	1.55x
Banca Transilvania	TLV	RON	2.57	13,379	9.1%	44.1%	-1.2%	7.34x	9.37x	1.51x	1.58x
OTP	OTPD	USD	22.80	12,768	7.5%	14.6%	7.5%	9.39x	9.71x	0.81x	0.75x
Komercni	KOMB	CZK	781.50	148,524	-4.5%	-17.6%	-5.8%	9.84x	10.80x	1.40x	1.38x
Mean								8.15x	7.84x	1.07x	1.01x
Median								8.05x	8.16x	1.03x	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	7.75	285	-23.9%	-31.1%	-15.9%	10.88x	8.40x	0.77x	0.74x
Tinc Comm	TINC	EUR	14.35	391	16.1%	23.4%	7.5%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	9.57	19,527	11.5%	6.2%	0.3%	5.73x	4.30x	0.67x	0.61x
Deutsche Beteiligungs	DBAN	EUR	38.65	581	20.8%	10.0%	-2.0%	14.44x	18.63x	1.29x	1.28x
Eurazeo	RF	EUR	64.90	5,112	8.0%	4.7%	6.4%	16.01x	13.19x	0.97x	0.95x
Carlyle Group	CG	USD	31.27	3,461	37.8%	71.7%	-2.5%	18.05x	13.33x	1.93x	2.65x
Mean								13.02x	11.57x	1.13x	1.24x
Median								14.44x	13.19x	0.97x	0.95x

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	1.28	169	-44.1%	-40.0%	4.1%	13.89x	9.47x	5.96x	5.06x
Mouwasset	MOUWASAT	SAR	87.80	8,780	-1.2%	16.1%	-0.2%	22.67x	20.02x	15.75x	14.21x
Fortis	FORH	INR	156.30	118,000	27.3%	15.3%	18.5%	1.95x	1.78x	6.58x	6.65x
Raffles	RFMD	SGD	1.01	1,846	0.0%	-9.8%	1.0%	31.16x	31.47x	19.72x	19.40x
IHH	IHH	MYR	5.74	50,363	1.4%	-0.9%	4.9%	56.92x	46.03x	16.52x	15.20x
Bangkok Chain	BCH	THB	15.00	37,406	-6.3%	-11.2%	-12.3%	30.25x	27.74x	16.75x	15.75x
Netcare	NTC	ZAR	19.40	28,166	27.7%	-23.2%	-0.3%	13.88x	15.11x	8.24x	7.84x
Life Healthcare	LHC	ZAR	24.67	36,199	12.1%	-9.0%	0.1%	22.50x	16.47x	8.91x	7.94x
Mediclinic	MDC	GBP	3.90	2,876	24.6%	19.9%	-5.2%	14.61x	15.19x	9.34x	8.89x
Apollo Hospitals	APHS	INR	1,800.70	250,523	22.8%	56.3%	24.9%	88.52x	71.71x	26.70x	18.59x
KPJ Healthcare	KPJ	MYR	0.98	4,199	11.4%	-8.4%	3.7%	22.70x	21.77x	10.42x	10.22x
NMC	NMC	GBP	8.55	1,785	-55.8%	-69.3%	-51.6%	7.33x	5.41x	7.30x	5.83x
Mean								27.20x	23.52x	12.68x	11.30x
Median								22.59x	18.25x	9.88x	9.55x

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