



Weekly Market Watch

Weekly Market Watch | Georgia
January 20, 2020

Economy

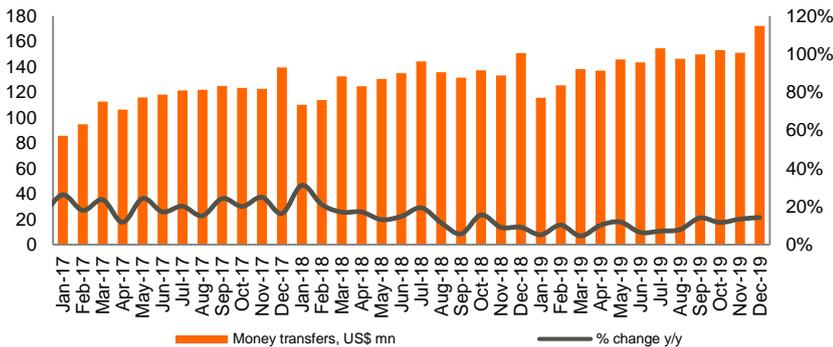
Exports up 18.7% y/y in December 2019

Trade surged in December 2019 with exports up 18.7% y/y to US\$ 390.4mn and imports up 12.9% y/y to US\$ 927.0mn. As a result, the trade deficit increased by 9.0% y/y to US\$ 536.7mn, according to Geostat's preliminary figures. For the full 2019, trade deficit was down 8.5% y/y to US\$ 5.3bn as exports increased by 12.4% y/y to US\$ 3.8bn and imports were down 0.8% y/y to US\$ 9.1bn. Detailed foreign trade statistics will be available on January 20, 2020.

Money transfers up 14.2% y/y in December 2019

Money transfers increased by 14.2% y/y to US\$ 172.3mn in December 2019, after growing 13.3% y/y in previous month, according to NBG. Money transfers were up from all major countries, in particular from Russia (+0.1% y/y, 25.4% of total), Italy (+19.3% y/y, 13.8% of total), Greece (+14.8% y/y, 11.4% of total), USA (+9.4% y/y, 9.6% of total) and Israel (+12.3% y/y, 8.4% of total). Overall, in 2019 money transfers were up 9.7% y/y to US\$ 1.7bn.

Money Transfers



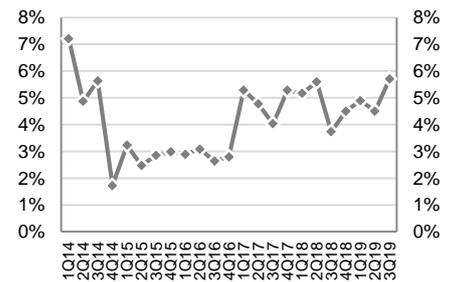
Source: NBG

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
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Source: Rating agencies

Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 2.3bn (US\$ 786.5mn).

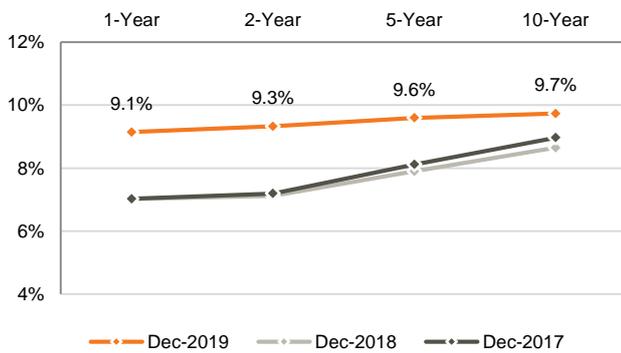
Ministry of Finance T-Bills: 1-year GEL 50.0mn (US\$ 17.3mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on January 14, 2020. The weighted average yield was fixed at 9.082%. The nearest treasury security auction is scheduled for January 21, 2020, where GEL 30.0mn nominal value 10-year Benchmark Bonds will be sold.

T-bills / T-notes, Jan-20 emission calendar

Date	Volume, GEL mn	Maturity
21-Jan-20	30	10 year
28-Jan-20	80	5 year

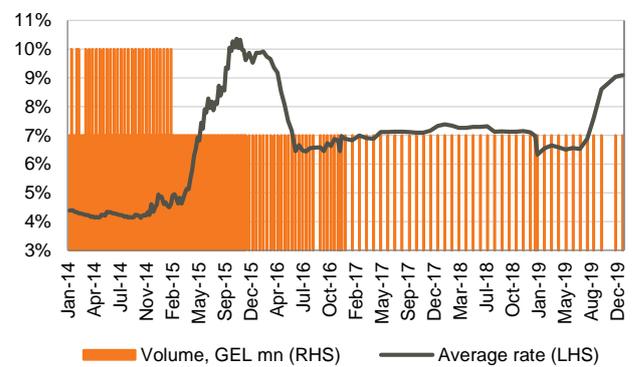
Source: MoF

T-bills / T-notes, yield curve



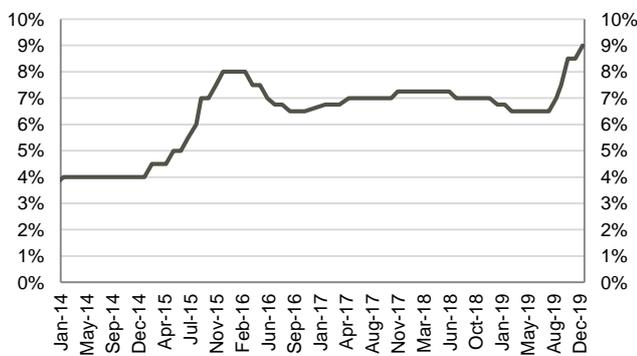
Source: NBG

Certificates of Deposits (weighted average rate)



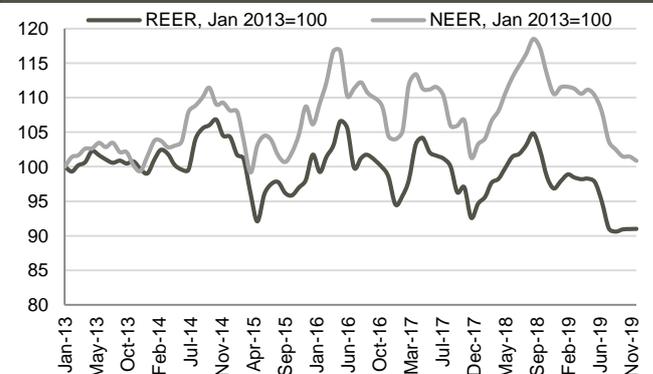
Source: NBG

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

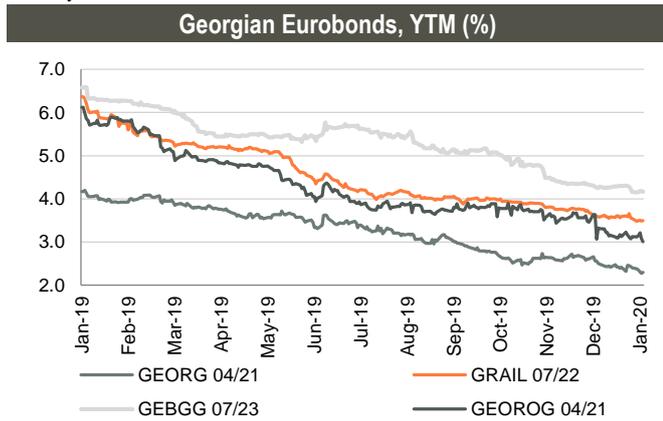


Fixed income

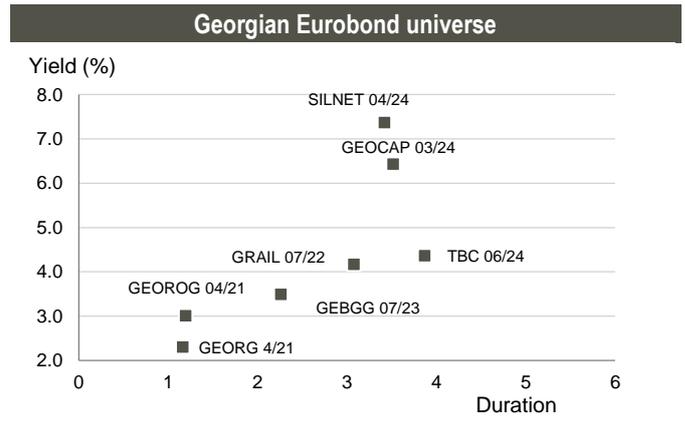
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 4.16% yield, trading at 105.94 (-0.05% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 98.88 (+0.11% w/w), yielding 6.43%.

GOGC Eurobonds (GEOROG) were trading at 104.59 (+0.07% w/w), yielding 3.01%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 109.99 (+0.03% w/w), yielding 3.49%.

Georgian Sovereign Eurobonds (GEORG) closed at 105.48 (+0.03% w/w) at 2.30% 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	105.48	2.30	60.31	
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	109.99	3.49	186.53	
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/B+/-	104.59	3.01	131.91	
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	105.94	4.16	255.04	
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	107.06	9.92	752.46	
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-/B+/B2	98.88	6.43	481.70	
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-/B1	112.88	7.37	528.67	
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B+2	105.50	4.37	274.25	
TBC PERP	US\$	125	10.775%	n/a	B-/-	106.27	10.13	745.65	

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	-/-/-	101.83	6.50	n/a	
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	101.22	7.00	n/a	
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/-	101.19	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+/-/-	100.73	7.00	n/a	
CRYSTAL 02/21	GEL	15	11.50%	Feb-21	B-/-/-	99.76	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	105.48	2.30	60.31
Armenia	US\$	500	6.000%	Sep-20	BB-/-/Ba3	102.06	2.95	118.56
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	99.89	2.89	123.00
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	108.41	3.96	234.52
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	107.85	2.12	49.23
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	100.89	1.65	-18.12
Turkey	US\$	2,000	5.625%	Mar-21	BB-/-/B1	103.20	2.87	117.18
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	107.07	3.20	154.11

Source: Bloomberg



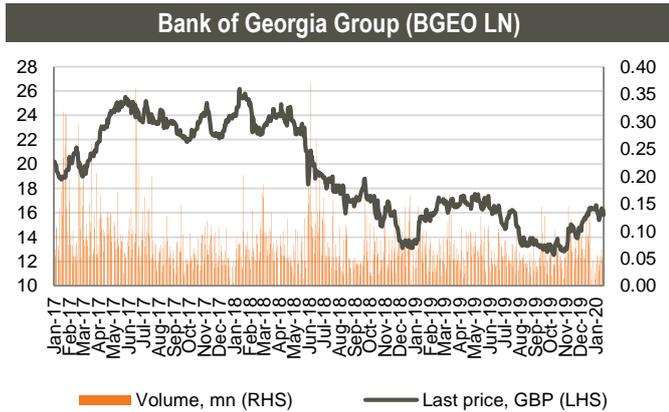
Equities

Bank of Georgia Group (B GEO LN) shares closed at GBP 15.81/share (+0.70% w/w and +0.19% m/m). More than 253k shares traded in the range of GBP 15.72 - 16.45/share. Average daily traded volume was 41k in the last 4 weeks. FTSE 250 Index, of which B GEO is a constituent, gained 1.48% w/w and 0.90% m/m. The volume of B GEO shares traded was at 0.51% of its capitalization.

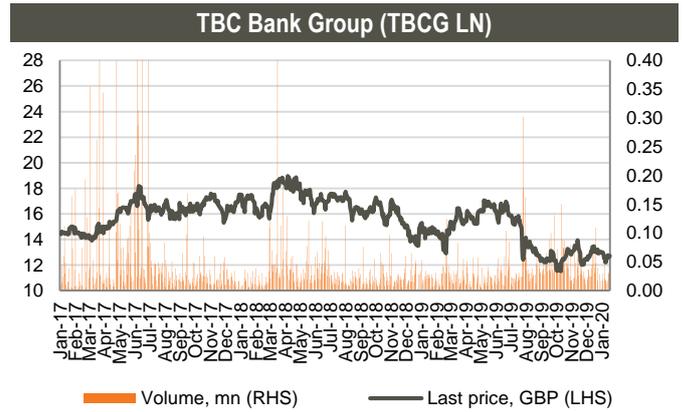
Georgia Capital (CGEO LN) shares closed at GBP 8.49/share (-4.39% w/w and -9.39% m/m). More than 252k shares traded in the range of GBP 8.42 - 9.04/share. Average daily traded volume was 50k in the last 4 weeks. The volume of CGEO shares traded was at 0.69% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 12.70/share (+2.58% w/w and -2.61% m/m). More than 111k shares changed hands in the range of GBP 12.28 - 12.80/share. Average daily traded volume was 23k in the last 4 weeks. The volume of TBCG shares traded was at 0.20% of its capitalization.

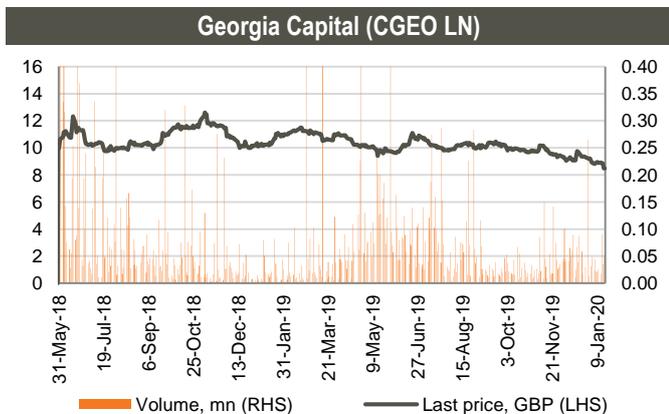
Georgia Healthcare Group (GHG LN) shares closed at GBP 1.28/share (+8.47% w/w and -21.95% m/m). More than 639k shares were traded in the range of GBP 1.19 - 1.33/share. Average daily traded volume was 85k in the last 4 weeks. The volume of GHG shares traded was at 0.49% of its capitalization.



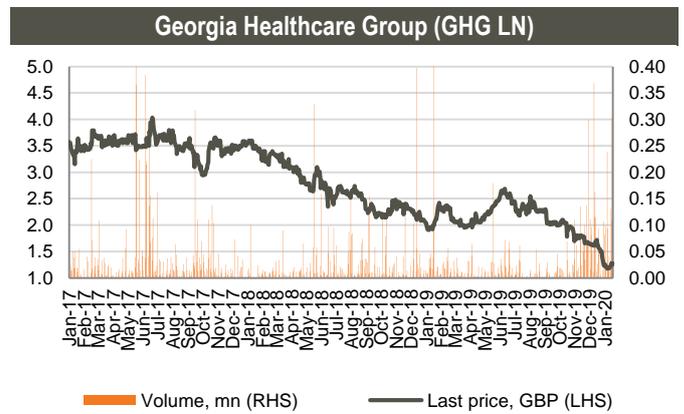
Source: Bloomberg



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	15.81	777	-2.2%	1.9%	-2.7%	6.11x	5.87x	1.46x	1.18x
TBC	TBC	GBP	12.70	699	-17.5%	-14.4%	-2.3%	5.29x	4.95x	0.98x	0.86x
Halyk Bank	HSBK	US\$	14.75	4,334	8.9%	44.6%	10.5%	5.35x	5.36x	1.28x	1.12x
VTB Bank	VTBR	US\$	1.55	10,018	14.5%	28.0%	5.7%	3.88x	3.58x	0.62x	0.46x
Akbank	AKBNK	TRY	8.82	45,864	19.4%	33.4%	8.8%	8.54x	5.76x	0.89x	0.78x
Garanti	GARAN	TRY	12.20	51,240	28.0%	31.9%	9.5%	8.00x	5.44x	0.95x	0.81x
Isbank	ISCTR	TRY	7.10	31,950	12.5%	40.9%	10.8%	5.70x	4.43x	0.58x	0.51x
PKO	PKO	PLN	35.00	43,750	-16.0%	-12.1%	1.6%	9.76x	9.48x	1.04x	1.02x
PEKAO	PEO	PLN	103.50	27,166	-1.2%	-11.2%	3.0%	11.98x	10.40x	1.15x	1.12x
Millennium	MIL	PLN	6.15	7,454	-26.3%	-33.9%	5.0%	9.56x	8.52x	0.81x	0.76x
Mbank	MBK	PLN	384.80	16,291	-2.2%	-14.6%	-1.2%	12.96x	11.69x	0.98x	0.93x
BRD	BRD	RON	15.96	11,123	17.9%	47.8%	0.8%	7.12x	9.40x	1.37x	1.42x
Banca Transilvania	TLV	RON	2.63	13,692	12.4%	59.6%	1.2%	7.25x	9.11x	1.51x	1.52x
OTP	OTPD	USD	21.20	11,872	0.0%	1.0%	0.0%	8.97x	8.95x	0.77x	0.69x
Komercni	KOMB	CZK	813.00	154,510	-9.3%	-9.3%	-2.0%	10.19x	10.93x	1.46x	1.40x
Mean								8.04x	7.59x	1.06x	0.97x
Median								8.00x	8.52x	0.98x	0.93x

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	8.49	312	-16.4%	-17.3%	-7.9%	11.87x	9.35x	0.84x	0.80x
Tinc Comm	TINC	EUR	13.60	371	9.6%	18.9%	1.9%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	10.54	21,506	16.0%	24.6%	10.5%	5.77x	4.67x	0.67x	0.57x
Deutsche Beteiligungs	DBAN	EUR	41.20	620	30.6%	30.0%	4.4%	15.06x	19.05x	1.35x	1.30x
Eurazeo	RF	EUR	62.10	4,891	2.6%	2.1%	1.8%	14.88x	12.46x	0.92x	0.87x
Carlyle Group	CG	USD	33.28	3,683	40.6%	84.5%	3.7%	19.22x	13.22x	1.96x	1.56x
Mean								13.36x	11.75x	1.15x	1.02x
Median								14.88x	12.46x	0.92x	0.87x

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	-46.7%	-36.0%	4.1%	12.95x	9.39x	6.02x	5.16x
Mouwasset	MOUWASAT	SAR	85.70	8,570	-4.7%	10.0%	-2.6%	22.11x	19.39x	15.13x	13.58x
Fortis	FORH	INR	141.65	106,940	8.7%	3.7%	7.4%	1.76x	1.58x	6.33x	6.45x
Raffles	RFMD	SGD	1.03	1,883	-1.0%	-10.4%	3.0%	31.47x	31.28x	19.97x	19.16x
IHH	IHH	MYR	5.63	49,398	-2.4%	-1.2%	2.9%	56.83x	43.09x	16.25x	14.53x
Bangkok Chain	BCH	THB	15.90	39,651	6.7%	3.2%	-7.0%	32.55x	29.36x	17.97x	16.62x
Netcare	NTC	ZAR	20.96	30,431	21.4%	-20.9%	7.7%	14.51x	13.80x	8.55x	8.07x
Life Healthcare	LHC	ZAR	25.20	36,977	10.8%	-8.4%	2.2%	22.24x	15.75x	8.83x	7.68x
MediClinic	MDC	GBP	4.10	3,023	21.7%	23.8%	-0.4%	15.30x	15.82x	9.62x	9.11x
Apollo Hospitals	APHS	INR	1,618.60	225,188	17.0%	19.6%	12.2%	79.64x	62.51x	24.32x	17.41x
KPJ Healthcare	KPJ	MYR	0.96	4,092	-2.6%	-6.4%	1.1%	22.02x	20.61x	10.30x	9.86x
NMC	NMC	GBP	15.58	3,252	-31.9%	-43.0%	-11.9%	13.57x	10.47x	9.77x	8.33x
Mean								27.08x	22.75x	12.75x	11.33x
Median								22.07x	17.61x	10.04x	9.49x

Source: Bloomberg, S&P Capital IQ



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