



# Weekly Market Watch

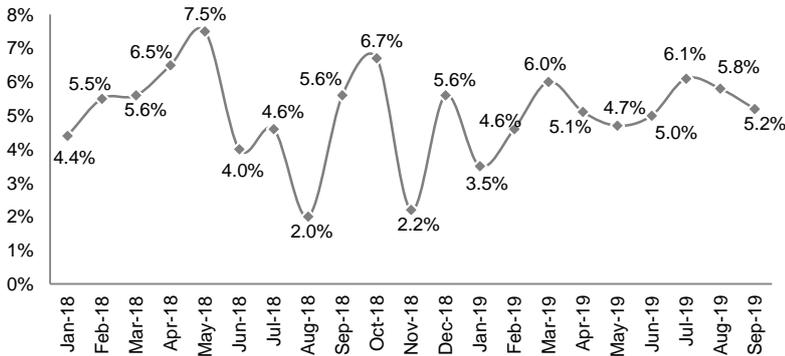
Weekly Market Watch | Georgia  
November 4, 2019

## Economy

### Real GDP growth was 5.2% y/y in September 2019

According to Geostat's rapid estimates, Georgia's economy grew by 5.2% y/y in September 2019, up from last year's high base (5.6% y/y). In September, real growth was recorded in construction, transport, trade, manufacturing and hotels and restaurants sectors. Construction activity was supported by government infrastructure spending (up 86.1% y/y) as well as expansion in residential and other construction activities from private sector, tourism-related sectors benefited from rise in international arrivals, while trade sector growth was supported by increased demand in retail (food products, beverages and tobacco) as well as wholesale trade (natural gas, etc.). Meanwhile, real growth was down in mining and other community, social and personal service activities sectors (explained by reduced production of metals and reduced activity in casinos). 3Q19 real GDP growth was strong at 5.7% y/y (6.2% in July, 5.8% in August and 5.2% in September), bringing 9M19 growth figure at 5.0% y/y. Monthly rapid estimates are based on VAT turnover, fiscal and monetary statistics.

Real GDP growth, % change y/y



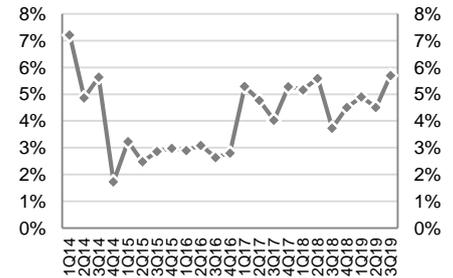
Source: Geostat  
Note: Monthly rapid estimates

### Key macro indicators

	2016	2017	2018
GDP (% change)	2.8%	4.8%	4.7%
GDP per capita (ppp)	9,978	10,663	11,429
GDP per capita (US\$)	3,857	4,047	4,346
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)	13.1%	8.7%	7.3%
Fiscal deficit (% of GDP)	3.0%	2.9%	2.5%
Total public debt (% of GDP)	42.4%	42.4%	42.2%

Source: Official data, IMF

### 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

 <b>BB</b> Stable Upgraded Oct-2019	 <b>Ba2</b> Stable Affirmed Sep-2019	 <b>BB</b> 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 2.2bn (US\$ 742.4mn).

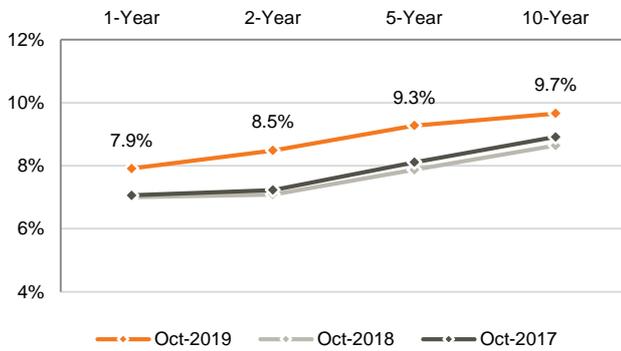
There were no treasury securities auction last week. The nearest treasury securities auction is scheduled for November 5, 2019, where GEL 60.0mn nominal value 1-year T-bills will be sold.

### T-bills / T-notes, Nov-19 emission calendar

Date	Volume, GEL mn	Maturity
5-Nov-19	60	1 year
12-Nov-19	70	6 month
12-Nov-19	70	2 year
26-Nov-19	70	5 year

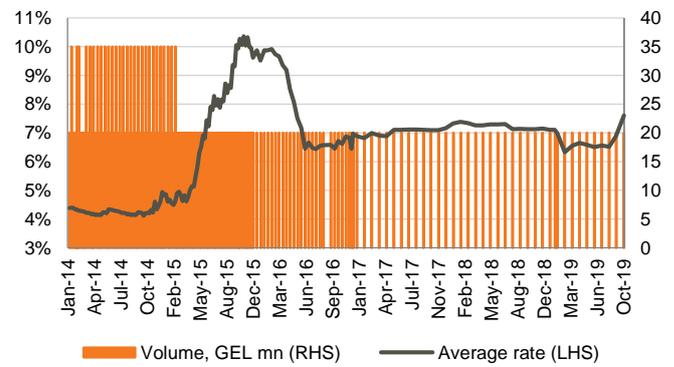
Source: MoF

### T-bills / T-notes, yield curve



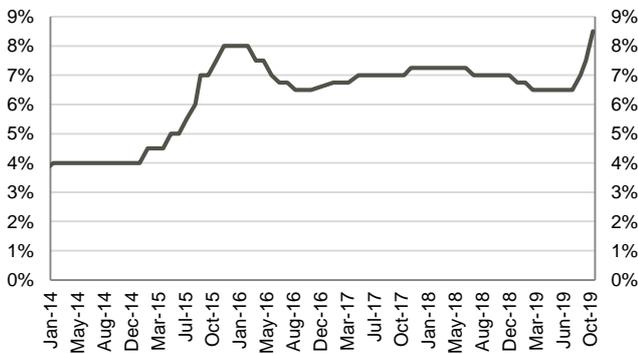
Source: NBG

### Certificates of Deposits (weighted average rate)



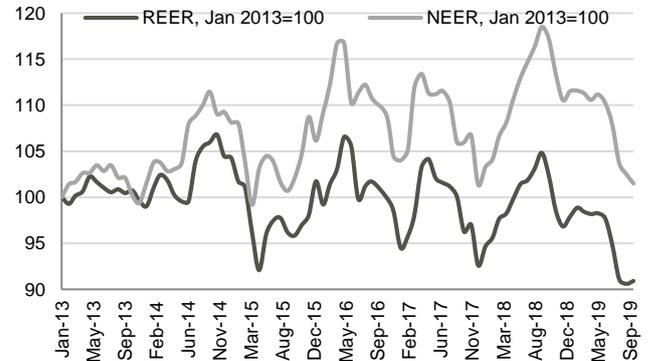
Source: NBG

### 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

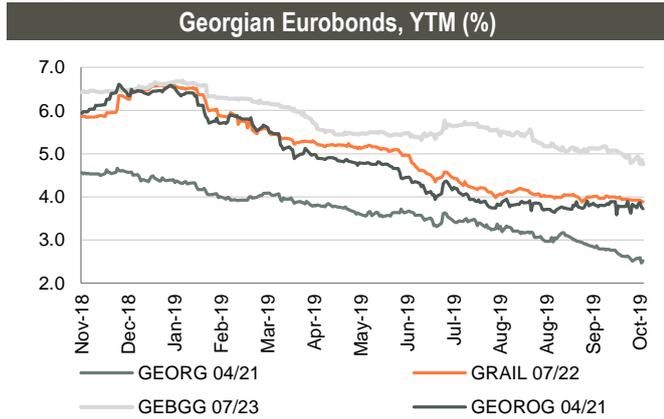


# Fixed income

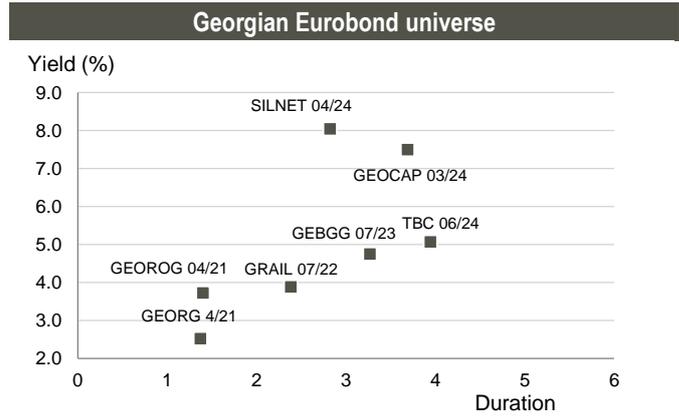
**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 4.75% yield, trading at 104.22 (+0.15% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 94.96 (+0.02% w/w), yielding 7.50%.

GOGC Eurobonds (GEOROG) were trading at 104.31 (+0.11% w/w), yielding 3.72%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 109.75 (+0.05% w/w), yielding 3.88%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 106.11 (-0.08% w/w) at 2.52% 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	106.11	2.52	67.43	
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	109.75	3.88	233.60	
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB/B+/-	104.31	3.72	207.84	
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	104.22	4.75	327.81	
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/-	103.94	10.17	849.86	
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B+/B2	94.96	7.50	597.11	
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-B1	110.79	8.04	653.46	
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B+2	102.77	5.07	356.57	
TBC PERP	US\$	125	10.775%	n/a	B-/-	101.91	10.53	868.90	
Georgian local bonds performance									
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	-/-/-	100.49	7.25	n/a	
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	99.68	7.63	n/a	
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/-	100.89	5.88	n/a	
GLC 06/21	US\$	5	6.50%	Jun-21	B+/-/-	98.85	7.25	n/a	
GLC 08/21	US\$	10	7.50%	Aug-21	B+/-/-	100.62	7.25	n/a	
CRYSTAL 12/19	GEL	10	12.00%	Dec-19	B-/-/-	100.19	11.75	n/a	
CRYSTAL 02/21	GEL	15	11.50%	Feb-21	B-/-/-	100.88	11.75	n/a	
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	n/a	n/a	n/a	
SILKNET 08/22	GEL	34	11.00%	Aug-22	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-/-/-	101.60	14.00	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	106.11	2.52	67.43
Armenia	US\$	500	6.000%	Sep-20	B+/-/B1	102.88	2.75	87.19
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	99.36	3.18	155.02
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	107.91	4.29	272.67
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	106.61	2.45	88.57
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	101.53	1.82	-4.30
Turkey	US\$	2,000	5.625%	Mar-21	BB-/B1	102.41	3.84	224.60
Ukraine	US\$	1,409	7.750%	Sep-21	B-/B-/Caa1	105.01	4.84	320.58

Source: Bloomberg

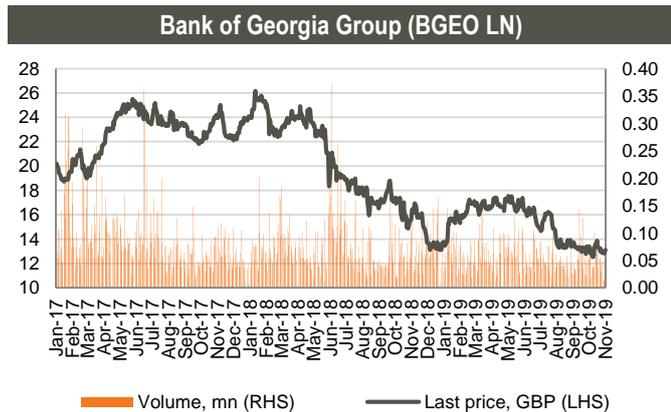
# Equities

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 13.10/share (+1.71% w/w and -2.24% m/m). More than 204k shares traded in the range of GBP 12.65 - 13.32/share. Average daily traded volume was 50k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.27% w/w and 1.44% m/m. The volume of BGEO shares traded was at 0.42% of its capitalization.

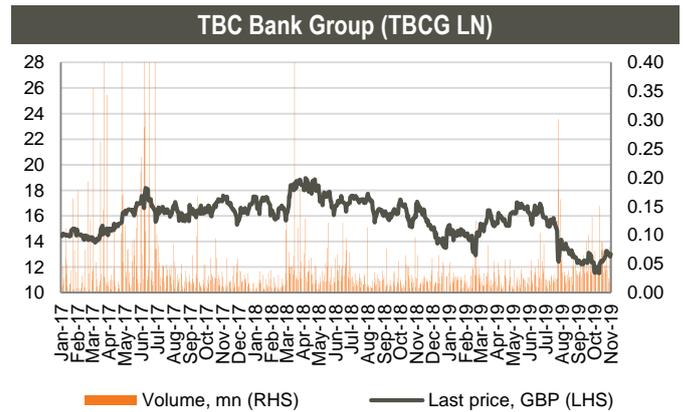
**Georgia Capital (CGEO LN)** shares closed at GBP 9.77/share (+1.14% w/w and -3.27% m/m). More than 96k shares traded in the range of GBP 9.53 - 9.92/share. Average daily traded volume was 23k in the last 4 weeks. The volume of CGEO shares traded was at 0.26% of its capitalization.

**TBC Bank Group (TBCG LN)** closed the week at GBP 13.02/share (-1.36% w/w and +12.24% m/m). More than 156k shares changed hands in the range of GBP 12.76 - 13.28/share. Average daily traded volume was 53k in the last 4 weeks. The volume of TBCG shares traded was at 0.28% of its capitalization.

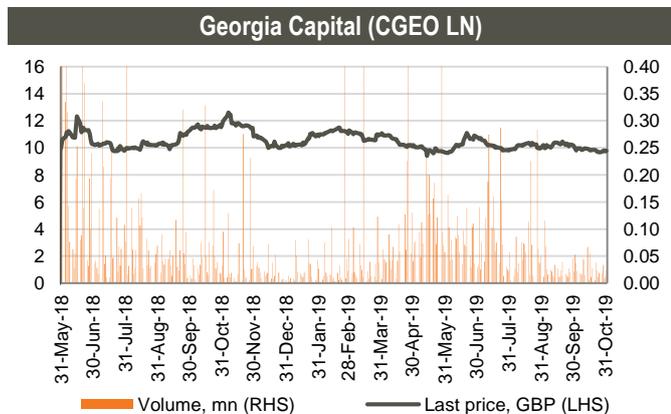
**Georgia Healthcare Group (GHG LN)** shares closed at GBP 1.80/share (-7.93% w/w and -10.45% m/m). More than 205k shares were traded in the range of GBP 1.65 - 2.00/share. Average daily traded volume was 18k in the last 4 weeks. The volume of GHG shares traded was at 0.16% of its capitalization.



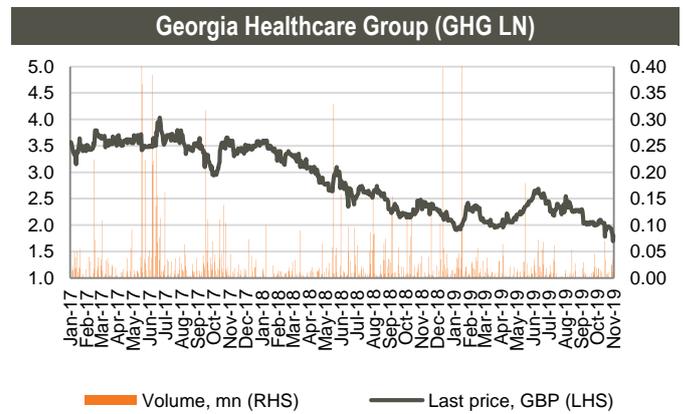
Source: Bloomberg



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	13.10	644	-24.0%	-17.7%	-4.9%	5.87x	4.99x	1.16x	0.98x
TBC	TBC	GBP	13.02	716	-20.1%	-22.8%	-14.5%	5.73x	5.16x	1.04x	0.90x
Halyk Bank	HSBK	US\$	13.25	3,894	8.6%	15.7%	28.0%	5.01x	4.85x	1.09x	1.04x
VTB Bank	VTBR	US\$	1.35	8,748	22.2%	6.7%	21.8%	3.57x	3.32x	0.55x	0.41x
Akbank	AKBNK	TRY	6.95	36,140	13.6%	16.2%	18.1%	6.74x	4.62x	0.69x	0.62x
Garanti	GARAN	TRY	9.28	38,976	13.6%	23.7%	16.6%	5.76x	4.10x	0.71x	0.64x
Isbank	ISCTR	TRY	5.86	26,370	9.3%	39.2%	29.4%	4.45x	3.63x	0.47x	0.42x
PKO	PKO	PLN	38.12	47,650	-2.9%	-4.5%	-3.4%	10.75x	10.42x	1.15x	1.10x
PEKAO	PEO	PLN	107.80	28,294	-5.2%	3.0%	-1.1%	12.50x	10.64x	1.21x	1.16x
Millennium	MIL	PLN	6.15	7,454	-36.3%	-30.4%	-30.7%	10.40x	8.36x	0.82x	0.75x
Mbank	MBK	PLN	381.80	16,164	-13.8%	2.1%	-10.0%	13.01x	11.81x	0.98x	0.92x
BRD	BRD	RON	14.24	9,924	4.4%	8.2%	24.9%	7.55x	8.57x	1.25x	1.23x
Banca Transilvania	TLV	RON	2.42	12,596	18.6%	11.8%	30.5%	8.75x	8.97x	1.50x	1.39x
OTP	OTPD	USD	21.20	11,872	-7.0%	20.5%	8.2%	9.26x	9.12x	0.79x	0.68x
Komercni	KOMB	CZK	783.00	148,809	-9.6%	-10.5%	-7.6%	10.05x	10.40x	1.41x	1.33x
<b>Mean</b>								<b>7.96x</b>	<b>7.26x</b>	<b>0.99x</b>	<b>0.90x</b>
<b>Median</b>								<b>7.55x</b>	<b>8.36x</b>	<b>1.04x</b>	<b>0.92x</b>

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	9.77	359	-4.2%	-18.2%	-4.3%	14.02x	10.99x	0.99x	0.92x
Tinc Comm	TINC	EUR	13.80	376	15.5%	13.1%	16.9%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	8.35	17,037	8.4%	12.5%	11.0%	4.27x	3.52x	0.49x	0.44x
Deutsche Beteiligungs	DBAN	EUR	36.65	551	3.5%	1.5%	9.2%	18.63x	15.76x	1.24x	1.15x
Eurazeo	RF	EUR	62.80	4,946	-5.7%	2.0%	6.7%	13.22x	12.16x	0.90x	0.85x
Carlyle Group	CG	USD	27.99	3,098	36.5%	34.1%	77.7%	9.17x	5.45x	2.89x	2.25x
<b>Mean</b>								<b>11.86x</b>	<b>9.58x</b>	<b>1.30x</b>	<b>1.12x</b>
<b>Median</b>								<b>13.22x</b>	<b>10.99x</b>	<b>0.99x</b>	<b>0.92x</b>

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	1.80	237	-16.7%	-21.7%	-11.8%	18.78x	12.10x	7.38x	6.21x
Mouwasset	MOUWASAT	SAR	82.00	8,200	-4.7%	9.3%	1.9%	21.60x	18.11x	15.14x	13.11x
Fortis	FORH	INR	150.85	113,885	8.9%	7.2%	7.4%	1.89x	1.71x	6.70x	6.76x
Raffles	RFMD	SGD	1.00	1,828	-7.4%	-4.8%	-9.1%	30.35x	30.04x	19.71x	18.45x
IHH	IHH	MYR	5.62	49,310	1.1%	12.4%	4.3%	48.01x	38.87x	16.60x	14.49x
Bangkok Chain	BCH	THB	16.60	41,396	-8.8%	-14.4%	-0.6%	33.61x	30.40x	18.70x	16.98x
Netcare	NTC	ZAR	17.23	25,015	-28.1%	-31.2%	-34.8%	11.47x	11.00x	7.05x	6.68x
Life Healthcare	LHC	ZAR	23.95	35,143	-8.1%	-5.8%	-9.3%	20.16x	15.45x	8.29x	7.51x
Mediclinic	MDC	GBP	3.69	2,720	7.7%	-5.3%	14.4%	13.69x	14.21x	8.97x	8.37x
Apollo Hospitals	APHS	INR	1,460.00	203,123	20.0%	24.5%	16.0%	72.11x	54.56x	22.30x	16.57x
KPJ Healthcare	KPJ	MYR	0.93	3,985	-5.1%	-9.7%	-10.6%	21.28x	19.71x	10.34x	9.73x
NMC	NMC	GBP	22.25	4,645	-22.5%	-35.8%	-18.7%	18.93x	14.60x	12.36x	10.47x
<b>Mean</b>								<b>25.99x</b>	<b>21.73x</b>	<b>12.80x</b>	<b>11.28x</b>
<b>Median</b>								<b>20.72x</b>	<b>16.78x</b>	<b>11.35x</b>	<b>10.10x</b>

Source: Bloomberg, S&P Capital IQ



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