



# Weekly Market Watch

Weekly Market Watch | Georgia  
April 12, 2021

## Economy

### International reserves at US\$ 4.1bn in March 2021

Gross international reserves increased by 20.6% y/y to US\$ 4.1bn in March 2021 according to NBG. On a monthly basis, the reserves were up by 0.6% (+US\$ 25.2mn). Notably, NBG sold US\$ 40mn in March via FX auction. Changes in reserves were attributed to the government and banking sector FX operations, and/or asset revaluation.

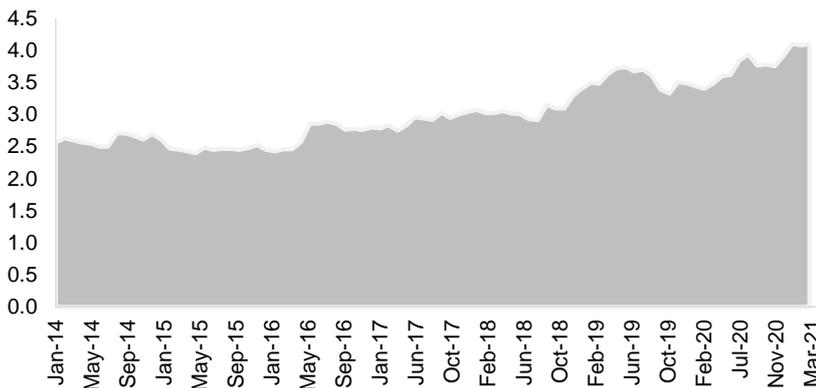
### International arrivals down 73.4% y/y in March 2021

Total international arrivals (tourists and same-day arrivals) to Georgia were down 73.4% y/y to 55.9k persons, according to GNTA, as COVID-19 pandemic weighs on international travel. Overall, in 1Q21, total international arrivals stood at 130.2k (-88.4% y/y) persons. Meanwhile, tourism revenues stood at US\$ 50.1mn (-88.3% y/y) in 1Q21, by our estimates.

### IMF forecasts 3.5% GDP growth in Georgia for 2021

Based on IMF's April 2021 World Economic Outlook, global growth is projected at 6.0%, which is stronger compared to the October 2020 projection. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in 2H21, and continued adaptation of economic activity to subdued mobility. Notably, IMF revised downwards Georgia's 2021 growth forecasts to 3.5%, from 4.3% projection in December 2020. The IMF projects 5.4% annual average real GDP growth in Georgia over 2022-26.

Gross international reserves, US\$ bn



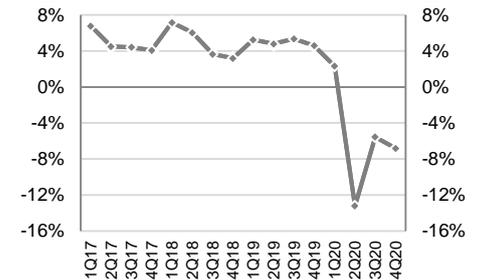
Source: NBG

### Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.3%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

### Real GDP growth, %



Source: Geostat

### International ranking, 2019-21

- Ease of Doing Business # 7 (Top 10)
- Economic Freedom Index # 12 (mostly free)
- Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

### Georgia sovereign credit ratings

 <b>BB</b> Negative Affirmed Feb-2021	 <b>Ba2</b> Stable Affirmed Aug-2020	 <b>BB</b> Negative Affirmed Feb-2021
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Source: Rating agencies



# Money market

## Ministry of Finance T-Bills:

2-year GEL 20.0mn (US\$ 5.9mn) Benchmark bonds were sold at the auction held at NBG on April 6, 2021. Total demand was c.2.3x higher and the weighted average yield was fixed at 8.542%, up by 0.555ppts from previous auction held in March, 2020. 6-month GEL 15.0mn (US\$ 4.4mn) T-Bills were sold at the auction held at NBG on April 6, 2021. Total demand was c.3.1x higher and the weighted average yield was fixed at 8.459%, up by 0.459ppts from previous auction held in March, 2020.

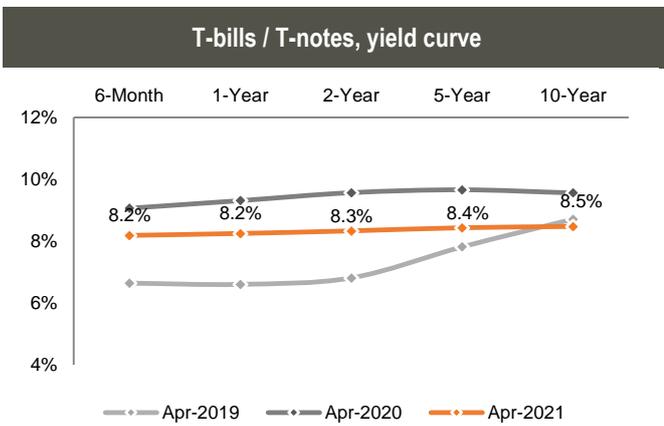
The nearest treasury security auction is scheduled for April 13, 2021, where GEL 15.0mn nominal value 1-year T-Bills will be sold.

## T-bills / T-notes in 2021

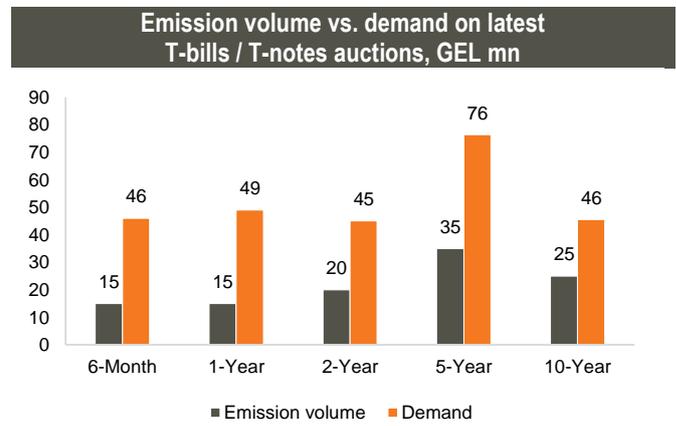
Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	45	120	95
1-year	30	135	575
2-year	60	160	1,250
5-year	113	315	2,336
10-year	25	75	1,262
<b>Total</b>	<b>273</b>	<b>805</b>	<b>5,518</b>

Source: MoF

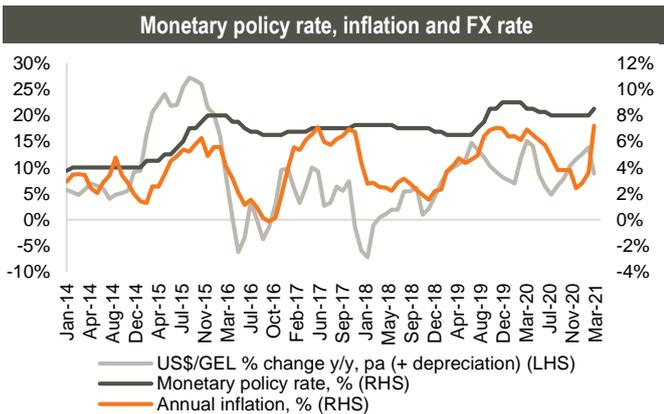
Note: \* As of 28 February 2021



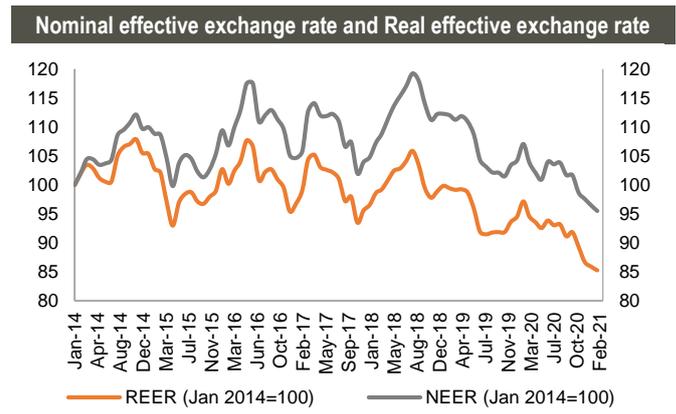
Source: NBG



Source: NBG



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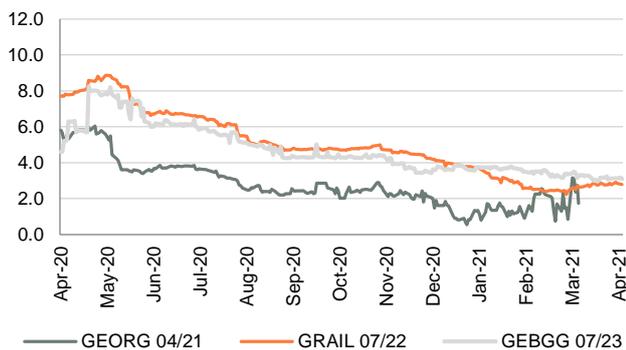
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 3.10% yield, trading at 106.35 (-0.01% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 101.31 (+0.18% w/w), yielding 5.63%.

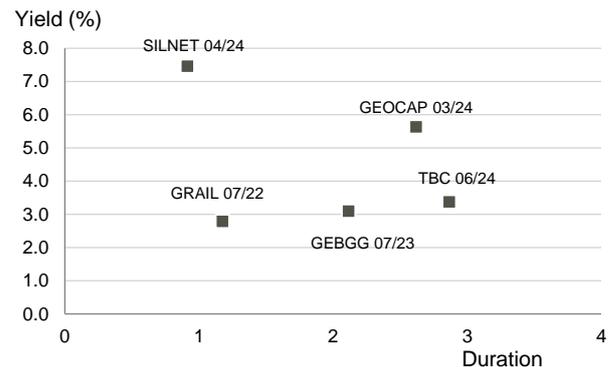
Georgian Railway Eurobonds (GRAIL) traded at a premium at 106.03 (-0.09% w/w), yielding 2.78%.

**Georgian Eurobonds, YTM (%)**



Source: Bloomberg

**Georgian Eurobond universe**



Source: Bloomberg

Note: For Silknet duration calculation call date is taken as maturity.

### 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
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	106.03	2.78	256.56
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/B2	106.35	3.10	276.27
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/B-	108.50	9.27	754.79
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-B/B2	101.31	5.63	517.43
SILKNET 04/24	US\$	200	11.000%	Apr-24	B-/B1	109.28	7.46	633.91
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B2	107.10	3.38	285.94
TBC PERP	US\$	125	10.775%	n/a	B-/B-	108.01	9.52	751.25
GGU 07/25	US\$	250	7.750%	Jul-25	B+/B/-	104.70	6.48	561.34

#### Georgian local bonds performance

KTW 12/22	US\$	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
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	-/-/-	100.00	7.50	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	-/-/-	n/a	n/a	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	-/-/-	100.00	7.50	n/a
GLC 08/22	US\$	10	7.50%	Aug-22	-/-/-	n/a	n/a	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	14.25%	Sep-21	B-/B-	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	n/a

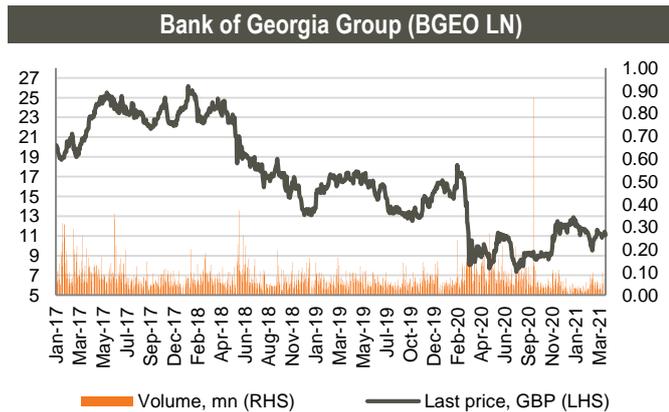
Source: Bloomberg

## Equities

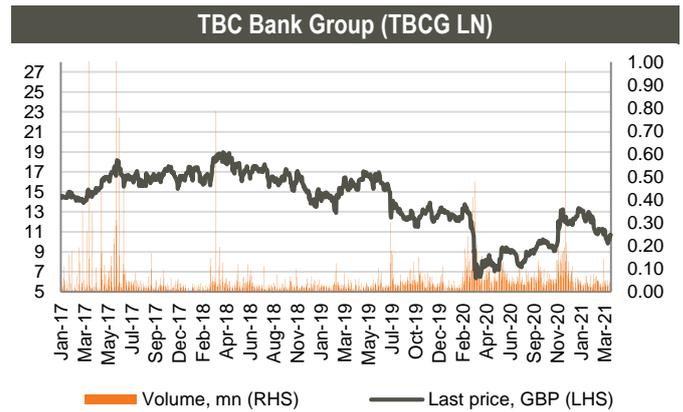
**Bank of Georgia Group (BGEO LN)** shares closed at GBP 11.06/share (-0.90% w/w and +2.60% m/m). More than 181k shares traded in the range of GBP 10.88 - 11.58/share. Average daily traded volume was 45k in the last 4 weeks. The volume of BGEO shares traded was at 0.37% of its capitalization.

**Georgia Capital (CGEO LN)** shares closed at GBP 5.95/share (-0.67% w/w and +20.93% m/m). More than 124k shares traded in the range of GBP 5.78 - 6.05/share. Average daily traded volume was 111k in the last 4 weeks. The volume of CGEO shares traded was at 0.34% of its capitalization.

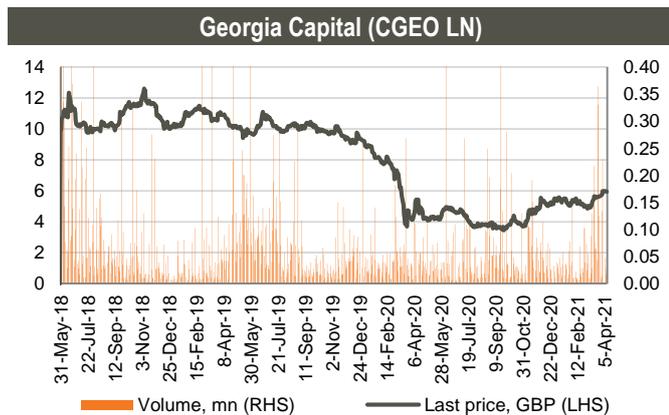
**TBC Bank Group (TBCG LN)** closed the week at GBP 10.70/share (+4.90% w/w and -3.95% m/m). More than 134k shares changed hands in the range of GBP 10.28 - 10.94/share. Average daily traded volume was 40k in the last 4 weeks. The volume of TBCG shares traded was at 0.24% of its capitalization.



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	
								2020F	2021F	2020F	2021F
Bank of Georgia	BGEO	GBP	11.06	544	20.5%	11.4%	-9.3%	8.02x	4.61x	0.97x	0.80x
TBC	TBC	GBP	10.70	589	8.3%	32.3%	-14.4%	6.36x	4.69x	0.89x	0.78x
Halyk Bank	HSBK	US\$	14.50	4,261	38.1%	48.6%	24.5%	5.82x	4.38x	1.18x	1.11x
VTB Bank	VTBR	US\$	1.10	7,102	34.6%	9.6%	14.8%	7.35x	3.10x	0.38x	0.37x
Akbank	AKBNK	TRY	4.76	24,752	-7.6%	-21.1%	-31.3%	3.77x	3.05x	0.37x	0.35x
Garanti	GARAN	TRY	6.64	27,888	-6.5%	-21.8%	-36.0%	3.78x	2.90x	0.40x	0.38x
Isbank	ISCTR	TRY	4.84	21,780	-9.0%	-3.8%	-30.9%	2.96x	2.62x	0.30x	0.29x
PKO	PKO	PLN	32.22	40,275	44.8%	42.1%	12.2%	13.92x	11.56x	0.89x	0.87x
PEKAO	PEO	PLN	72.98	19,155	38.9%	30.9%	19.4%	15.78x	11.84x	0.75x	0.73x
Millennium	MIL	PLN	3.90	4,731	41.8%	17.8%	19.3%	66.29x	9.63x	0.51x	0.55x
Mbank	MBK	PLN	216.00	9,145	27.8%	-5.7%	20.5%	36.59x	135.59x	0.53x	0.55x
BRD	BRD	RON	15.80	11,011	27.2%	31.9%	6.3%	13.51x	11.00x	1.20x	1.45x
Banca Transilvania	TLV	RON	2.41	12,570	18.3%	34.6%	7.1%	12.81x	7.76x	1.49x	1.27x
OTP	OTPD	USD	22.40	12,544	-1.8%	-1.8%	-1.8%	12.52x	10.14x	0.70x	0.63x
Komercni	KOMB	CZK	678.00	128,853	37.2%	19.8%	3.2%	15.80x	14.06x	1.11x	1.08x
<b>Mean</b>								<b>15.02x</b>	<b>15.80x</b>	<b>0.78x</b>	<b>0.75x</b>
<b>Median</b>								<b>12.52x</b>	<b>7.76x</b>	<b>0.75x</b>	<b>0.73x</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	
								2020F	2021F	2020F	2021F
Georgia Capital	CGEO	GBP	5.95	219	45.1%	9.8%	10.2%	na	na	na	na
Tinc Comm	TINC	EUR	12.88	351	-3.5%	-2.1%	-0.5%	na	na	na	na
Sabancı Holding	SAHOL	TRY	8.50	17,343	0.0%	11.7%	-25.8%	3.29x	3.09x	0.43x	0.38x
Deutsche Beteiligungs	DBAN	EUR	41.60	626	20.6%	49.9%	25.7%	na	8.31x	1.43x	1.35x
Eurazeo	RF	EUR	66.20	5,214	42.2%	51.7%	19.3%	31.25x	9.09x	0.94x	0.76x
Carlyle Group	CG	USD	37.93	4,198	41.5%	57.6%	20.6%	6.38x	5.21x	6.27x	4.22x
<b>Mean</b>								<b>13.64x</b>	<b>6.43x</b>	<b>2.27x</b>	<b>1.68x</b>
<b>Median</b>								<b>6.38x</b>	<b>6.76x</b>	<b>1.18x</b>	<b>1.05x</b>

Source: Bloomberg, S&P Capital IQ

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