



Economy

FDI in Georgia stood at US\$ 496.6mn in 1Q23

FDI in Georgia stood at US\$ 496.6mn (or 7.9% of GDP) down by 13.7% y/y, according to Geostat's preliminary figures. This reduction is explained by last year's high base effect. Notably, equity component increased by 17.0% y/y to US\$ 300.2mn, accounting for 60.5% of total FDI, marking the highest level observed since 4Q17. Meanwhile, reinvestments were down 39.5% y/y to US\$ 189.6mn (38.2% of total FDI) in 1Q23.

The manufacturing sector was the largest FDI recipient at US\$ 226.3mn (up 5.7x y/y, 45.6% of total, related to the transaction of JSC Rustavi Azot), followed by trade at US\$ 90.7mn (up 4.0x y/y, 18.3% of total), transportation and storage at US\$ 43.3mn (up 98.2% y/y, 8.7% of total), ICT at US\$ 42.3mn (up 142.9% y/y, 8.5% of total) and electricity supply at US\$ 39.2mn (up 9.9% y/y, 7.9% of total). The Netherlands topped the list of investors with US\$ 239.6mn (48.2% of total FDI), followed by Japan (US\$ 63.2mn, 12.7% of total), USA (US\$ 54.7mn, 11.0% of total) and Türkiye (US\$ 47.0mn, 9.5% of total).

International reserves at US\$ 5.0bn in May-23

Gross international reserves increased by 29.8% y/y to US\$ 5.0bn in May-23, according to NBG. Meanwhile, on a monthly basis, the reserves were down by 2.5% (-US\$ 128.1mn). Changes in reserves were attributed to the government and banking sector FX operations.

Tourism revenues estimated at US\$ 304mn in May-23

According to our estimates, tourism revenues increased by 17.6% y/y, reaching US\$ 304.0mn in May-23. Overall, tourism revenues reached US\$ 1,350mn (+60.5% y/y) in 5M23, based on our estimate.

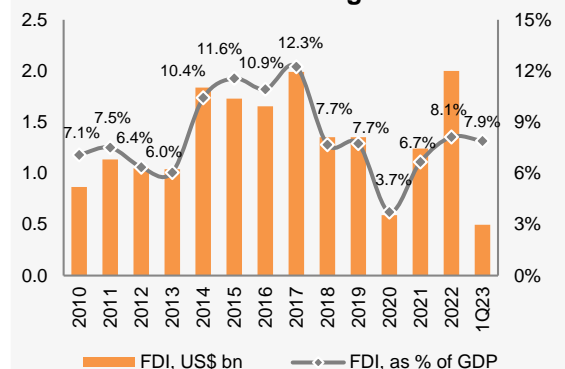
Key macro indicators

	2021	2022
Real GDP growth (% change)	10.5%	10.1%
GDP per capita (ppp)	16,997	20,244
GDP per capita (US\$)	5,023	6,672
Population (mn)	3.7	3.7
Inflation (eop)	13.9%	9.8%
Gross reserves (US\$ bn)	4.3	4.9
CAD (% of GDP)	10.4%	4.1%
Fiscal deficit (% of GDP)	6.1%	3.1%
Total public debt (% of GDP)	49.7%	39.8%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

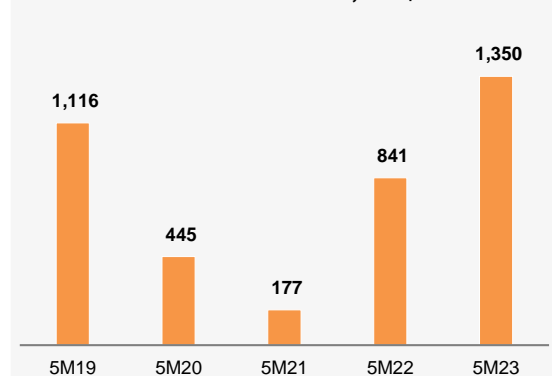
*Latest sovereign credit ratings

FDI in Georgia



Source: Geostat, Galt & Taggart

Tourism revenues, US\$ mn



Source: NBG, Galt & Taggart

Money market

Ministry of Finance T-bills / T-notes:

2-year GEL 40.0mn (US\$ 15.3mn) Benchmark bonds were sold at the auction held at NBG on June 6, 2023. Total demand was c.1.7x higher and the weighted average yield was fixed at 8.661%, up by 0.006ppts from previous auction held in May-23.

6-month GEL 20.0mn (US\$ 7.6mn) T-Bills were sold at the auction held at NBG on June 6, 2023. Total demand was 2.0x higher and the weighted average yield was fixed at 9.488%, unchanged from previous auction held in May-23.

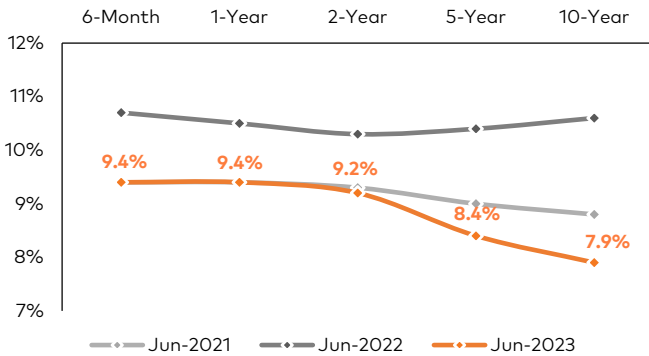
The nearest treasury security auction is scheduled for June 13, 2023, where GEL 20.0mn nominal value 1-year T-bills will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	120	120	420
1-year	100	140	
2-year	256	240	
5-year	483	630	6,624
10-year	300	720	
Total	1,259	1,850	7,044

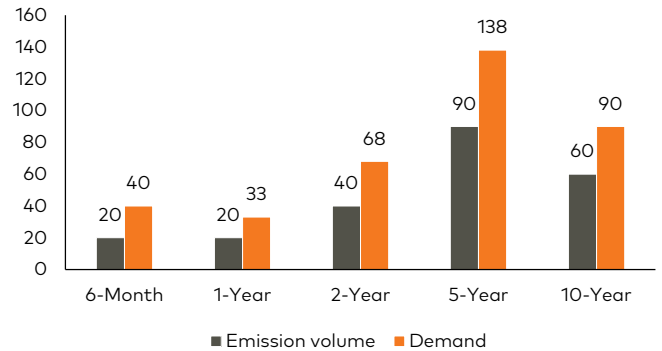
Source: MoF
*As of April 2023

T-bills / T-notes, yield curve



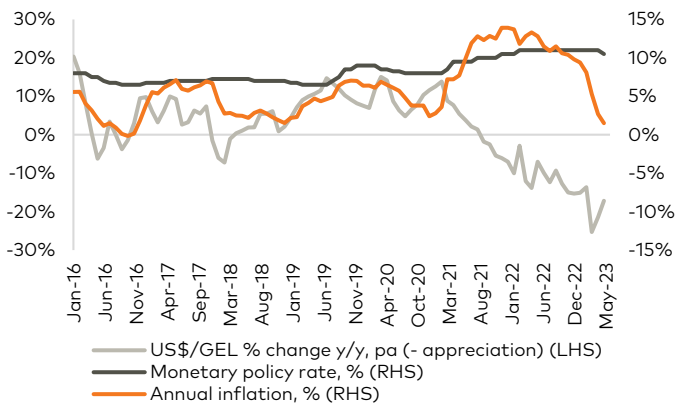
Source: NBG

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



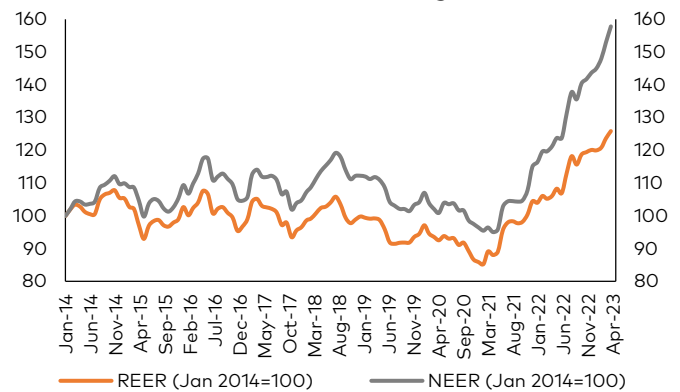
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal effective exchange rate and Real effective exchange rate



Source: NBG

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

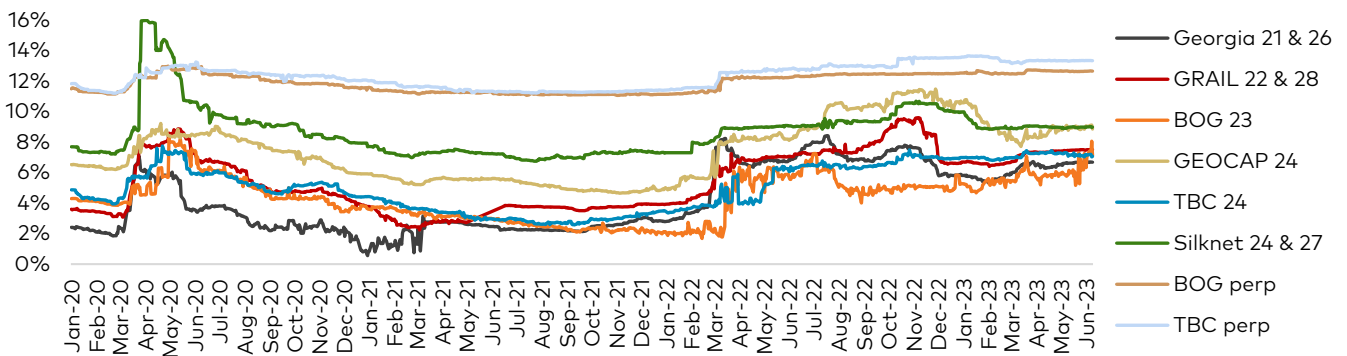
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 7.12% yield, trading at 99.85 (+0.01% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 98.07 (+0.18% w/w), yielding 8.86%.

Georgian Railway Eurobonds (GRAIL) traded at 85.58 (+0.04% w/w), yielding 7.50%.

Georgian Sovereign Eurobonds (GEORG) closed at 89.90 (+0.14% w/w) at 6.69% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Mood y/Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	89.90	6.69	256.20
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/-	85.58	7.50	378.09
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	99.85	7.12	n/a
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	98.93	12.65	709.86
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	98.07	8.86	356.26
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	98.13	8.98	501.32
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.74	7.06	190.24
TBC PERP	USD	125	10.775%	n/a	B-/-/-	95.97	13.34	927.56

Georgian local bonds performance

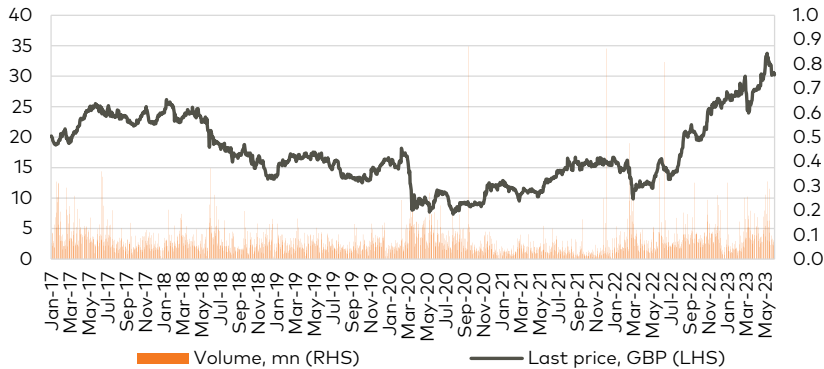
GLC	USD	12	5.75%	Jul-23	-/-/-	99.94	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-24	-/-/B+	99.59	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/B+	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	98.23	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.80	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.78	8.65	n/a
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	99.04	7.25	n/a
SRG Real Estate	USD	20	9.00%	Apr-26	-/-/-	n/a	n/a	n/a
Geosteel	USD	15	9.00%	Apr-25	-/-/-	n/a	n/a	n/a
Tegeta Motors	USD	20	8.50%	Apr-25	-/-/BB-	n/a	n/a	n/a
Tegeta Motors	EUR	5	7.00%	Apr-25	-/-/BB-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	15.00%	Dec-23	-/-/BB-	n/a	n/a	n/a
Evex Hospitals	GEL	50	14.10%	Nov-24	-/-/BB	n/a	n/a	n/a
Nikora Trade	GEL	35	14.50%	Nov-24	-/-/B+	n/a	n/a	n/a
TBC Leasing	GEL	58.4	14.25%	Mar-26	BB-/ -/-	n/a	n/a	n/a

Source: Bloomberg



Equities

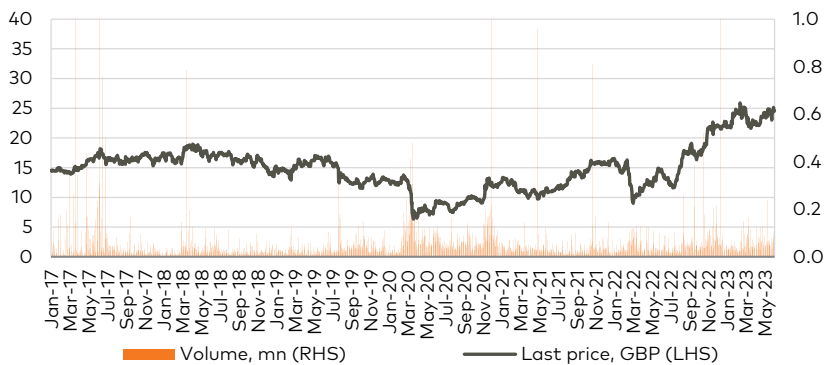
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 30.20/share (-0.82% w/w and -2.27% m/m). More than 338k shares traded in the range of GBP 29.75 - 31.20/share. Average daily traded volume was 116k in the last 4 weeks. The volume of BGEO shares traded was at 0.73% of its capitalization.

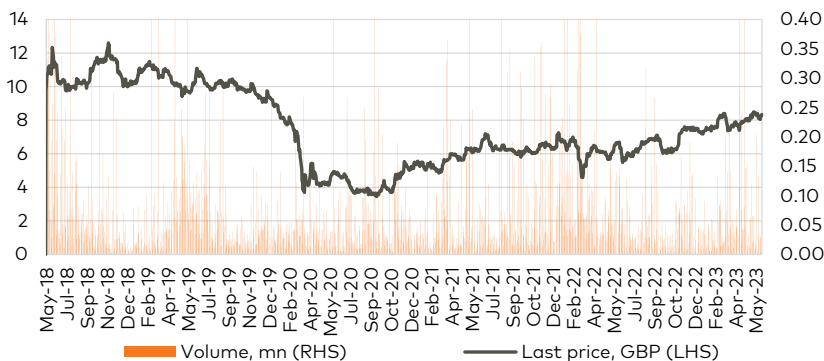
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 24.55/share (+1.24% w/w and +1.03% m/m). More than 341k shares changed hands in the range of GBP 24.35 - 25.20/share. Average daily traded volume was 69k in the last 4 weeks. The volume of TBCG shares traded was at 0.62% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 8.34/share (+2.33% w/w and +4.25% m/m). More than 73k shares traded in the range of GBP 7.99 - 8.44/share. Average daily traded volume was 42k in the last 4 weeks. The volume of CGEO shares traded was at 0.17% of its capitalization.

Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2022	2023F	2024F	2022	2023F	2024F
Bank of Georgia	BGEO	GBP	30.20	1,404	14.6%	91.4%	15.9%	2.74x	4.23x	3.91x	0.90x	0.86x	0.74x
TBC	TBC	GBP	24.55	1,350	12.1%	71.0%	8.1%	4.10x	4.31x	3.77x	1.04x	0.97x	0.83x
Halyk Bank	HSBK	USD	12.76	3,480	13.3%	22.7%	15.0%	2.69x	2.48x	2.22x	0.78x	0.67x	0.56x
Akbank	AKBNK	TRY	18.46	95,992	10.7%	120.5%	-5.6%	1.40x	2.26x	2.17x	0.55x	0.50x	0.45x
Garanti	GARAN	TRY	30.00	126,000	11.6%	96.1%	-0.1%	1.91x	2.87x	2.44x	0.73x	0.67x	0.56x
Isbank	ISCTR	TRY	13.45	134,500	27.2%	186.8%	5.3%	0.84x	2.72x	2.51x	0.60x	0.60x	0.49x
PKO	PKO	PLN	35.79	44,738	25.2%	20.4%	18.2%	10.98x	6.54x	7.16x	1.03x	1.05x	1.01x
PEKAO	PEO	PLN	108.70	28,530	31.5%	24.3%	25.7%	na	5.56x	6.66x	na	1.04x	0.98x
Millennium	MIL	PLN	4.70	5,701	5.9%	4.8%	2.6%	na	1.98x	2.57x	1.04x	0.89x	0.75x
Mbank	MBK	PLN	397.70	16,876	41.4%	55.2%	34.4%	na	3.66x	5.41x	1.10x	0.97x	0.90x
BRD	BRD	RON	12.88	8,976	-5.7%	-10.6%	-0.9%	6.81x	5.99x	6.41x	1.31x	1.09x	1.06x
Banca Transilvania	TLV	RON	19.21	13,594	-10.0%	-12.4%	-3.6%	na	5.81x	5.56x	1.60x	1.19x	1.06x
Komerčni	KOMB	CZK	665.00	126,383	1.9%	-7.6%	1.5%	8.36x	8.29x	8.42x	1.21x	0.97x	0.93x
Mean								4.42x	4.36x	4.55x	0.99x	0.88x	0.79x
Median								2.74x	4.23x	3.91x	1.04x	0.97x	0.83x

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		
								2022	2023F	2024F	2022	2023F	2024F
Georgia Capital	CGEO	GBP	8.34	368	10.0%	24.7%	14.2%	na	na	na	0.38x	na	na
Tinc Comm	TINC	EUR	12.10	440	-0.8%	-8.5%	-3.2%	18.33x	na	na	0.99x	na	na
Sabancı Holding	SAHOL	TRY	43.60	88,962	8.7%	118.0%	-3.3%	1.77x	3.46x	2.33x	0.77x	0.51x	0.43x
Deutsche Beteiligungs	DBAN	EUR	29.25	550	0.9%	1.7%	4.8%	na	5.46x	5.22x	1.00x	0.83x	0.74x
Eurazeo	RF	EUR	65.55	5,193	8.8%	-7.1%	12.8%	8.89x	10.57x	8.88x	0.78x	0.66x	0.61x
Carlyle Group	CG	USD	29.83	10,800	0.9%	-21.0%	-0.1%	8.50x	10.36x	7.32x	1.70x	1.92x	1.46x
Wendel SE	MF	EUR	100.80	4,476	12.4%	7.9%	15.6%	6.63x	8.21x	8.09x	na	1.39x	1.24x
HgCapital Trust	HGT	GBP	4.12	1,886	18.1%	7.9%	17.5%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	16.00	698	-0.9%	15.9%	0.0%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.65	826	11.2%	17.1%	10.8%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	10.40	719	20.6%	-7.1%	23.2%	na	na	na	0.65x	na	na
Symphony International Holding	SIHL	USD	0.47	241	7.8%	-13.8%	4.9%	na	na	na	0.47x	na	na
Mean								8.82x	7.61x	6.37x	0.84x	1.06x	0.89x
Median								8.50x	8.21x	7.32x	0.78x	0.83x	0.74x

Source: Bloomberg, S&P Capital IQ

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Galt & Taggart

Address: 3 A. Pushkin Street, Tbilisi 0105, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge