



Economy

NBG cut the key rate by 50bps to 10.5%

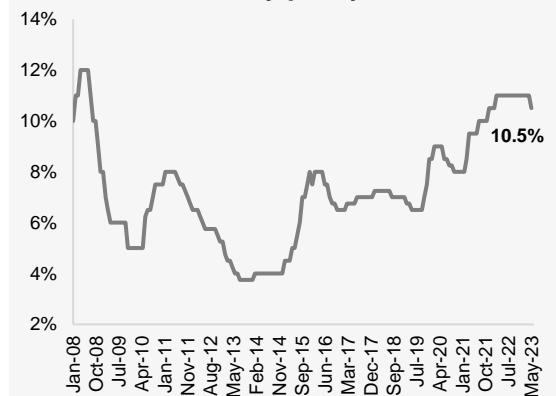
The NBG cut its key rate by 50bps to 10.5% on 10 May 2023 meeting, marking the first rate cut since May 2020. The decision was prompted by a significant deceleration of annual inflation, which dropped to 2.7% in April 2023 from 9.4% in January 2023. The NBG attributed the decline in inflation to a decrease in imported inflation, driven by falling global commodity prices and international shipping costs, which returned to pre-pandemic levels, along with the significant appreciation of the GEL. The NBG also sees a slowdown in domestic inflation and expresses optimism about the decreasing trend to continue through the end of 2023. According to the NBG's current forecast, average annual inflation expected at 2.8% in 2023. Additionally, the NBG revised Georgia's economic growth forecast to 5.0% for 2023, up from the previously projected 4.0%. The regulator also signaled that it would continue to reduce the monetary policy rate but only at a slow pace, due to risks from geopolitical tensions. The next committee meeting is scheduled for 21 June 2023.

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

Monetary policy rate



Source: NBG



Money market

Ministry of Finance T-Bills:

1-year GEL 20.0mn (US\$ 8.1mn) T-Bills were sold at the auction held at NBG on May 8, 2023. Total demand was 1.7x higher and the weighted average yield was fixed at 9.566%, down by 0.201ppts from previous auction held in Apr-23.

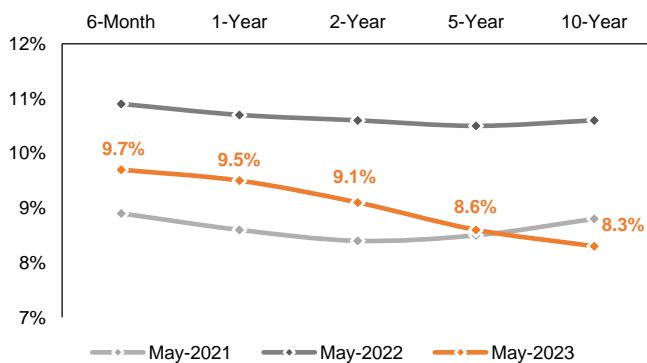
The nearest treasury security auction is scheduled for May 16, 2023, where GEL 60.0mn nominal value 10-year Benchmark bonds will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	100	140	420
1-year	100	140	
2-year	213	280	
5-year	384	720	6,424
10-year	240	780	
Total	1,037	2,060	6,844

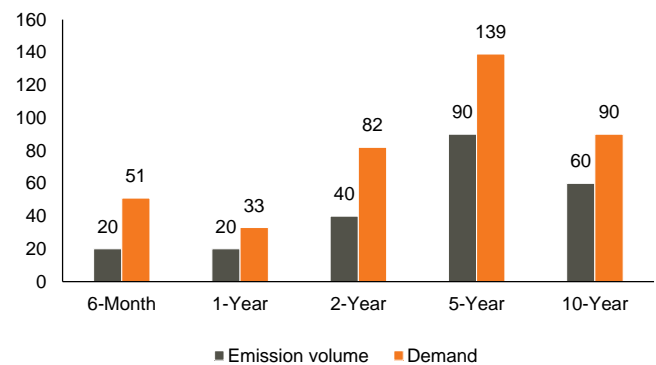
Source: MoF
*As of March 2023

T-bills / T-notes, yield curve



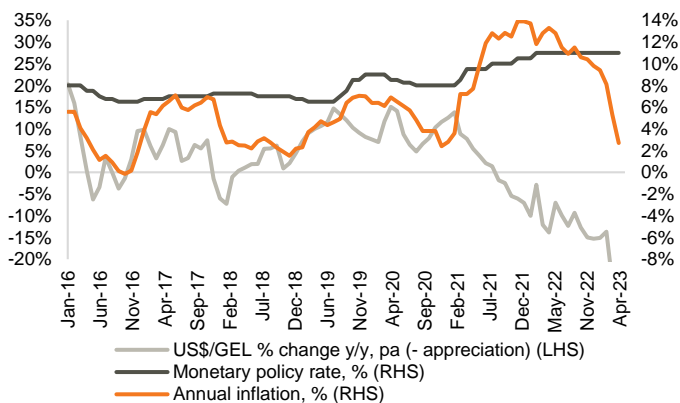
Source: NBG

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



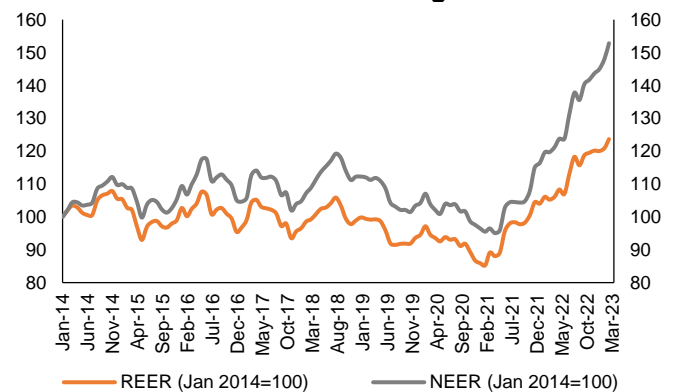
Source: NBG

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



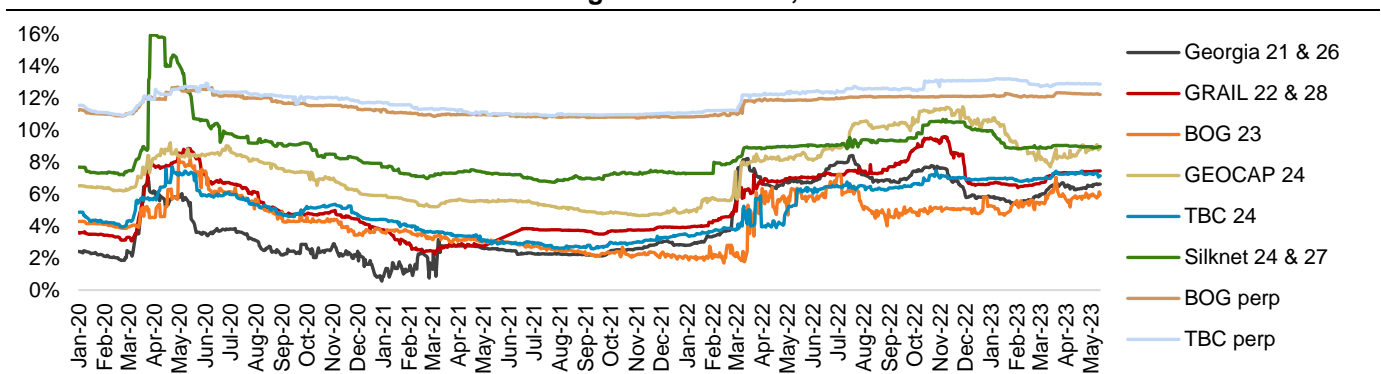
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.98% yield, trading at 99.98 (-0.02% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 97.85 (+0.04% w/w), yielding 8.90%.

Georgian Railway Eurobonds (GRAIL) traded at 85.58 (+0.01% w/w), yielding 7.46%.

Georgian Sovereign Eurobonds (GEORG) closed at 89.81 (-0.02% w/w) at 6.63% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	89.81	6.63	305.22
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/	85.58	7.46	416.99
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	99.98	5.98	n/a
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/	99.00	12.25	747.91
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	97.85	8.90	400.59
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	98.10	8.98	551.68
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.54	7.15	252.63
TBC PERP	USD	125	10.775%	n/a	B-/	95.97	12.89	967.97

Georgian local bonds performance

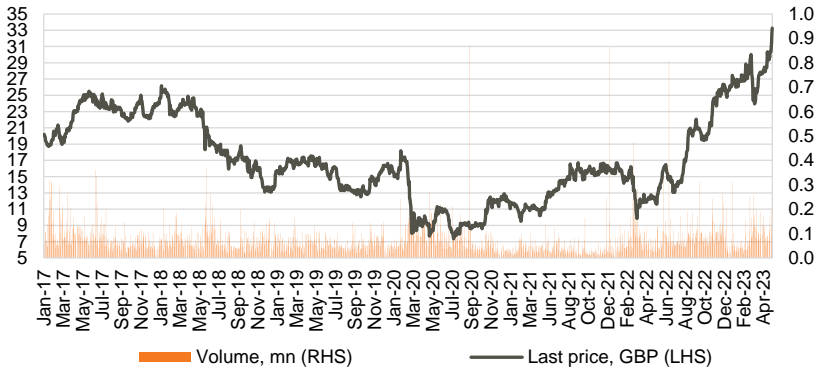
GLC	USD	12	5.75%	Jul-23	-/-/-	99.94	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-24	-/-/B+	99.59	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/B+	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	98.23	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	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 33.25/share (+9.56% w/w and +19.18% m/m). More than 690k shares traded in the range of GBP 30.00 - 33.45/share. Average daily traded volume was 111k in the last 4 weeks. The volume of BGEO shares traded was at 1.49% of its capitalization.

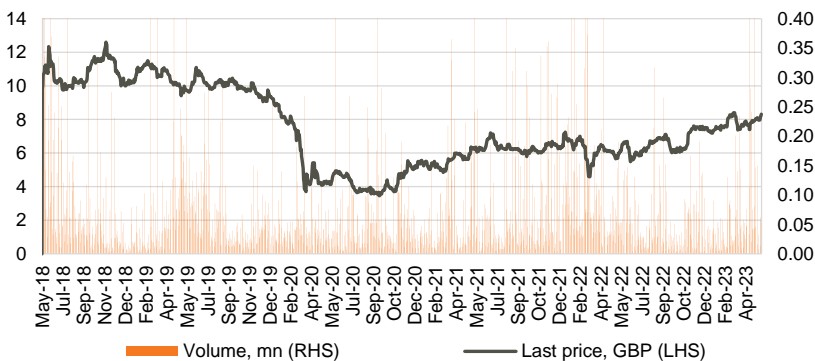
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 23.35/share (-3.71% w/w and +4.71% m/m). More than 215k shares changed hands in the range of GBP 22.85 - 24.60/share. Average daily traded volume was 65k in the last 4 weeks. The volume of TBCG shares traded was at 0.39% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 8.31/share (+4.40% w/w and +12.30% m/m). More than 146k shares traded in the range of GBP 7.95 - 8.33/share. Average daily traded volume was 117k in the last 4 weeks. The volume of CGEO shares traded was at 0.33% 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	33.25	1,546	36.3%	161.8%	27.6%	2.74x	5.11x	4.65x	0.90x	1.05x	0.90x
TBC	TBC	GBP	23.35	1,284	7.6%	81.6%	2.9%	4.10x	4.32x	3.78x	1.04x	0.97x	0.83x
Halyk Bank	HSBK	USD	13.86	3,780	34.6%	49.2%	24.9%	2.69x	2.86x	2.66x	0.78x	0.73x	0.61x
Akbank	AKBNK	TRY	19.29	100,308	28.8%	133.3%	-1.3%	1.40x	3.37x	3.23x	0.55x	0.76x	0.67x
Garanti	GARAN	TRY	33.10	139,020	35.4%	121.0%	10.2%	1.91x	4.69x	3.80x	0.73x	1.07x	0.88x
Isbank	ISCTR	TRY	13.97	139,700	52.2%	204.4%	9.4%	0.84x	4.16x	3.69x	0.60x	0.90x	0.73x
PKO	PKO	PLN	31.35	39,188	13.6%	8.3%	3.5%	10.98x	6.18x	6.45x	1.03x	1.01x	0.93x
PEKAO	PEO	PLN	95.88	25,166	16.9%	16.6%	10.8%	na	5.11x	6.15x	na	0.95x	0.90x
Millennium	MIL	PLN	4.85	5,878	-3.7%	10.6%	5.8%	na	2.46x	2.64x	1.04x	0.99x	0.88x
Mbank	MBK	PLN	350.10	14,856	9.4%	34.8%	18.3%	na	4.92x	5.62x	1.10x	1.04x	0.87x
BRD	BRD	RON	12.00	8,363	-6.0%	-25.1%	-7.7%	6.81x	6.05x	6.02x	1.31x	1.06x	1.03x
Banca Transilvania	TLV	RON	19.33	13,679	-1.0%	-4.7%	-3.0%	na	6.18x	5.80x	1.60x	1.27x	1.15x
Komerční	KOMB	CZK	663.50	126,098	-14.1%	-7.1%	1.3%	8.36x	9.13x	8.27x	1.21x	0.96x	0.92x
Mean								4.42x	4.96x	4.83x	0.99x	0.98x	0.87x
Median								2.74x	4.92x	4.65x	1.04x	0.99x	0.88x

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	8.31	366	15.3%	42.5%	13.8%	na	na	na	0.38x	na	na
Tinc Comm	TINC	EUR	11.90	433	-4.0%	-11.7%	-4.8%	18.33x	na	na	0.99x	na	na
Sabancı Holding	SAHOL	TRY	42.32	86,350	16.9%	123.3%	-6.1%	1.77x	3.43x	2.77x	0.77x	0.81x	0.60x
Deutsche Beteiligungs	DBAN	EUR	29.25	550	5.2%	7.3%	4.8%	na	6.22x	5.62x	1.00x	0.88x	0.79x
Eurazeo	RF	EUR	64.15	5,082	5.3%	-7.7%	10.4%	8.89x	9.77x	9.16x	0.78x	0.68x	0.62x
Carlyle Group	CG	USD	27.03	9,788	-10.4%	-24.0%	-9.4%	8.50x	8.78x	6.47x	1.70x	1.57x	1.28x
Wendel SE	MF	EUR	100.00	4,441	15.9%	12.2%	14.7%	6.63x	8.50x	8.38x	na	1.43x	1.29x
HgCapital Trust	HGT	GBP	3.64	1,664	-4.3%	-2.5%	3.7%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.60	680	-4.3%	11.0%	-2.5%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.74	841	14.1%	15.5%	12.9%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	9.73	673	18.4%	-14.6%	15.3%	na	na	na	0.65x	na	na
Symphony International Holding	SIHL	USD	0.43	221	-1.1%	-15.5%	-3.8%	na	na	na	0.47x	na	na
Mean								8.82x	7.34x	6.48x	0.84x	1.08x	0.92x
Median								8.50x	8.50x	6.47x	0.78x	0.88x	0.79x

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