



## Economy

### Goods exports growth accelerated in Jun-23

In Jun-23, goods exports growth accelerated, up by 22.5% y/y to US\$ 549.6mn, after a 3.6% y/y growth in previous month. Goods imports also experienced an uptick, rising by 10.0% to US\$ 1.2bn in June, after growing by 3.4% y/y in May. Consequently, the trade deficit expanded by 1.5% y/y to US\$ 666.1mn, after a 3.2% y/y growth in May.

The top 5 exported commodities were cars (+148.5% y/y), copper (-61.9% y/y), ferro-alloys (+45.6% y/y), wine (+12.8% y/y) and electricity (-25.2% y/y) in Jun-23. A 8.1% of exports were directed to the EU (-45.2% y/y), 68.3% to the CIS (+68.8% y/y) and 23.7% to other countries (-10.7% y/y).

The top 5 imports were cars (+3.4% y/y), petroleum (-16.0% y/y), pharmaceuticals (+21.3% y/y), telephones (+37.0% y/y) and tobacco (+87.5% y/y) in Jun-23.

Overall, in 1H23, trade deficit increased by 21.2% y/y to US\$ 4.2bn, as exports increased by 19.3% y/y to US\$ 3.1bn, while imports were up by 20.4% y/y to US\$ 7.2bn.

### Producer price index decreased by 6.0% y/y in Jun-23

Annual PPI for industrial goods decreased by 6.0% in Jun-23, after falling by 5.8% in previous month, according to Geostat. This decline was mainly driven by price reduction in manufacturing sector (-5.8% y/y), followed by mining (-8.1% y/y).

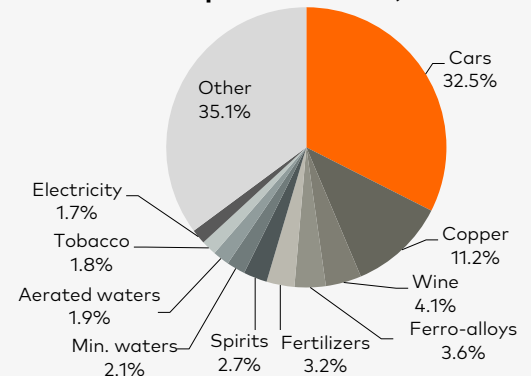
### Key macro indicators

	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%	4.0%
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

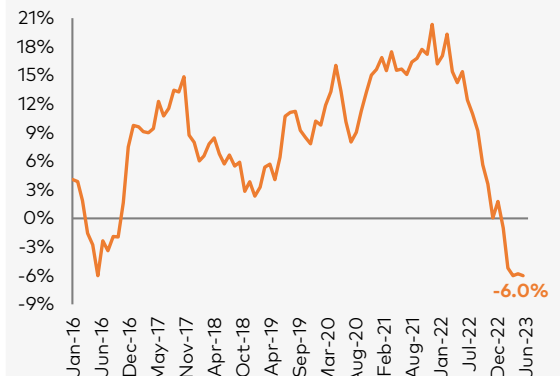
\*Latest sovereign credit ratings

### Goods exports structure, 1H23



Source: Geostat

### Producer Price Index, % change y/y



Source: Geostat



## Money market

### Ministry of Finance T-bills/T-notes:

10-year GEL 60.0mn (US\$ 23.3mn) Benchmark bonds were sold at the auction held at NBG on July 18, 2023. Total demand was 2.3x higher and the weighted average yield was fixed at 8.121%, down by 0.068ppts (on the same volume) from previous auction held in Jun-23.

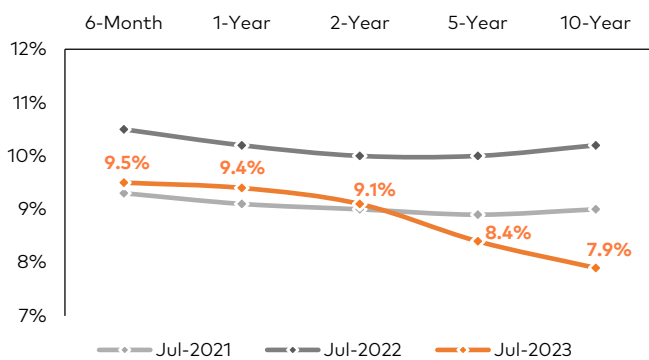
The nearest treasury security auction is scheduled for July 25, 2023, where GEL 90.0mn nominal value 5-year Benchmark Bonds will be sold.

### T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	140	100	420
1-year	140	100	
2-year	299	200	
5-year	575	540	7,021
10-year	445	575	
<b>Total</b>	<b>1,599</b>	<b>1,515</b>	<b>7,441</b>

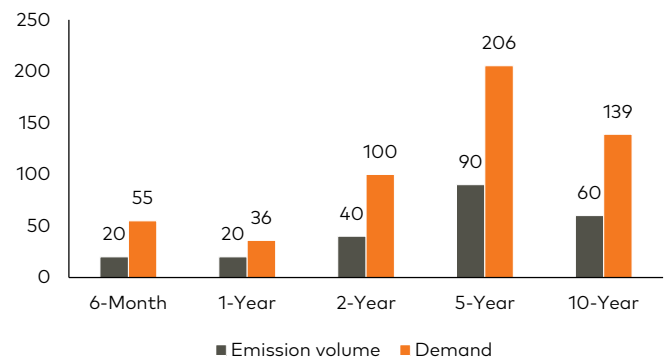
Source: MoF  
\*As of June 2023

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



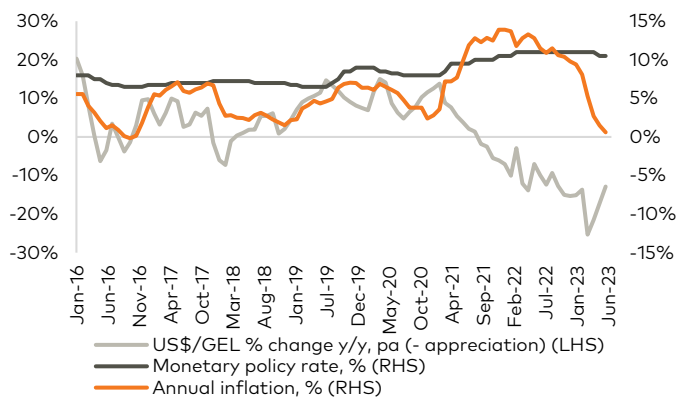
Source: NBG

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



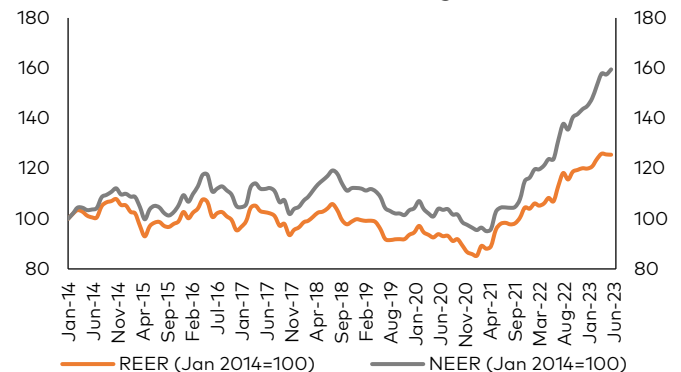
Source: NBG

### 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



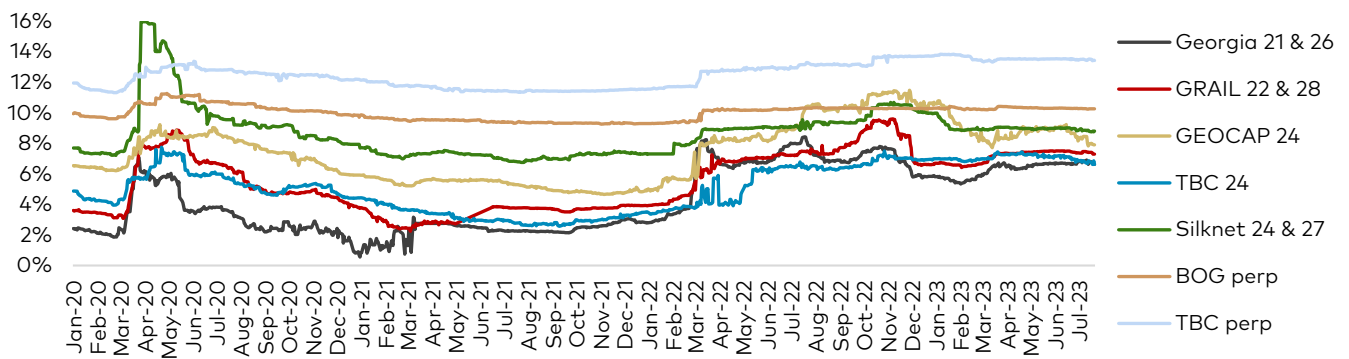
## Fixed income

**Corporate Eurobonds:** Georgia Capital Eurobonds (GEOCAP) were trading at 98.93 (+0.07% w/w), yielding 7.91%.

Georgian Railway Eurobonds (GRAIL) traded at 86.64 (+0.57% w/w), yielding 7.29%.

**Georgian Sovereign Eurobonds** (GEORG) closed at 90.42 (+0.47% 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/Mood y/Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	90.42	6.63	222.20
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/-	86.64	7.29	337.76
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.16	10.27	667.99
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	98.93	7.91	240.40
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	98.74	8.80	458.57
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	99.25	6.62	119.34
TBC PERP	USD	125	10.775%	n/a	B-/-/-	96.95	13.43	835.93

Source: Bloomberg



## Fixed income

### Georgian local bonds performance

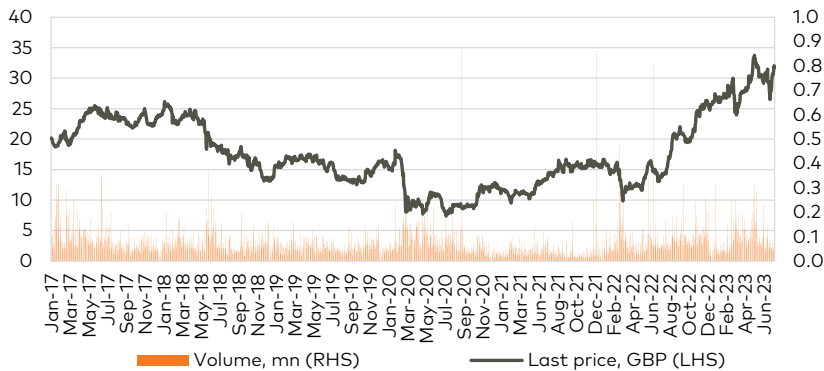
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-27	-/-/-/-	n/a	n/a	n/a
Energy Development Georgia	USD	10	8.50%	Jun-25	-/-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	Ref rate + 3.10%	Nov-24	-/-/-/BB	n/a	n/a	n/a
Geo. Beer Company	GEL	25	Ref rate + 4.00%	Dec-23	-/-/-/BB-	n/a	n/a	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-/-	99.98	8.50	n/a
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-/-	99.99	7.00	n/a
Geosteel	USD	15	9.00%	Apr-25	-/-/-/-	100.00	9.00	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-/-	100.06	6.63	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-/-	99.75	8.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-24	-/-/-/B+	99.65	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-/B+	100.00	8.50	n/a
MFO Crystal	GEL	25	TIBR6M + 4.75%	Feb-25	B/-/-/-	n/a	n/a	n/a
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-24	-/-/-/B+	n/a	n/a	n/a
MFO Rico Express	GEL	130	TIBR1D + 2.00%	Mar-26	-/-/-/B+	n/a	n/a	n/a
Nikora	GEL	35	TIBR3M + 3.50%	Nov-25	-/-/-/B+	n/a	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-24	-/-/-/B+	n/a	n/a	n/a
SRG Real Estate	USD	20	9.00%	Apr-26	-/-/-/-	100.01	9.00	n/a
TBC Leasing	GEL	100	TIBR3M + 3.00%	Mar-26	BB/-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-26	BB/-/-/-	n/a	n/a	n/a
Tegeta Motors	GEL	150	TIBR3M + 3.50%	Dec-25	-/-/-/BB-	n/a	n/a	n/a
Tegeta Motors	USD	20	8.50%	Apr-25	-/-/-/BB-	99.58	8.75	n/a
Tegeta Motors	EUR	5	7.00%	Apr-25	-/-/-/BB-	99.58	7.25	n/a
Tegeta Motors	GEL	20	TIBR6M + 3.50%	Dec-25	-/-/-/BB-	n/a	n/a	n/a

Source: Bloomberg



## Equities

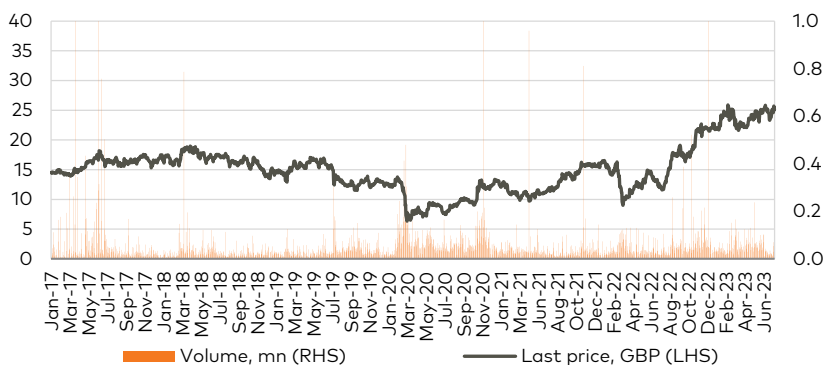
### Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 31.75/share (+3.42% w/w and +2.75% m/m). More than 234k shares traded in the range of GBP 30.30 - 32.45/share. Average daily traded volume was 66k in the last 4 weeks. The volume of BGEO shares traded was at 0.51% of its capitalization.

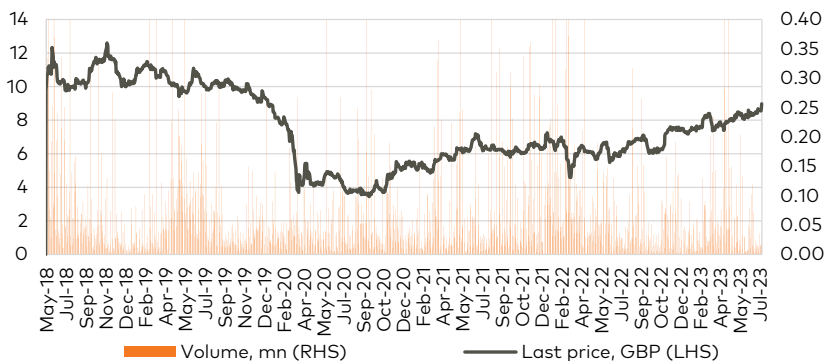
### TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 25.10/share (-0.40% w/w and -2.90% m/m). More than 245k shares changed hands in the range of GBP 24.55 - 25.70/share. Average daily traded volume was 28k in the last 4 weeks. The volume of TBCG shares traded was at 0.45% of its capitalization.

### Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 8.98/share (+4.54% w/w and +8.85% m/m). More than 97k shares traded in the range of GBP 8.50 - 8.98/share. Average daily traded volume was 24k in the last 4 weeks. The volume of CGEO shares traded was at 0.22% 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	31.75	1,458	17.8%	121.4%	21.9%	2.74x	4.65x	4.35x	0.90x	0.95x	0.82x
TBC	TBC	GBP	25.10	1,384	10.1%	106.8%	10.6%	4.10x	4.70x	4.11x	1.04x	1.05x	0.90x
Halyk Bank	HSBK	USD	14.58	3,976	36.3%	64.7%	31.4%	2.69x	2.84x	2.54x	0.78x	0.76x	0.64x
Akbank	AKBNK	TRY	23.96	124,592	28.1%	179.3%	22.6%	1.40x	5.79x	5.25x	0.55x	1.38x	1.15x
Garanti	GARAN	TRY	36.74	154,308	36.6%	143.3%	22.3%	1.91x	6.95x	6.14x	0.73x	1.63x	1.34x
Isbank	ISCTR	TRY	14.07	140,700	14.5%	187.7%	10.2%	0.84x	5.52x	4.94x	0.60x	1.25x	1.01x
PKO	PKO	PLN	39.43	49,288	16.4%	48.3%	30.2%	10.98x	7.43x	7.56x	1.03x	1.16x	1.07x
PEKAO	PEO	PLN	112.70	29,580	18.1%	46.4%	30.3%	na	5.84x	6.72x	na	1.07x	1.01x
Millennium	MIL	PLN	6.61	8,012	25.5%	84.0%	44.2%	na	2.75x	3.64x	1.04x	1.18x	1.05x
Mbank	MBK	PLN	454.70	19,309	37.7%	112.5%	53.6%	na	4.34x	5.84x	1.10x	1.11x	1.03x
BRD	BRD	RON	13.80	9,617	1.0%	14.2%	6.2%	6.81x	6.51x	6.98x	1.31x	1.19x	1.15x
Banca Transilvania	TLV	RON	20.70	16,532	14.0%	17.6%	17.3%	na	7.17x	6.86x	1.60x	1.47x	1.31x
Komerční	KOMB	CZK	710.00	134,935	0.7%	11.3%	8.4%	8.36x	8.90x	9.05x	1.21x	1.05x	1.00x
<b>Mean</b>								<b>4.42x</b>	<b>5.64x</b>	<b>5.69x</b>	<b>0.99x</b>	<b>1.17x</b>	<b>1.04x</b>
<b>Median</b>								<b>2.74x</b>	<b>5.79x</b>	<b>5.84x</b>	<b>1.04x</b>	<b>1.16x</b>	<b>1.03x</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		
								2022	2023F	2024F	2022	2023F	2024F
Georgia Capital	CGEO	GBP	8.98	394	19.7%	45.3%	23.0%	na	na	na	0.38x	na	na
Tinc Comm	TINC	EUR	12.55	456	0.1%	-5.2%	0.4%	18.33x	na	na	0.99x	na	na
Sabancı Holding	SAHOL	TRY	52.40	106,917	20.2%	172.3%	16.2%	1.77x	6.22x	5.31x	0.77x	1.21x	1.01x
Deutsche Beteiligungs	DBAN	EUR	30.35	571	1.5%	13.7%	8.8%	na	5.39x	5.48x	1.00x	0.87x	0.77x
Eurazeo	RF	EUR	61.35	4,860	-4.4%	-6.8%	5.6%	8.89x	9.64x	8.17x	0.78x	0.63x	0.57x
Carlyle Group	CG	USD	35.07	12,699	3.6%	0.0%	17.5%	8.50x	11.98x	8.47x	1.70x	3.36x	2.35x
Wendel SE	MF	EUR	93.00	4,130	-3.2%	7.6%	6.7%	6.63x	7.70x	7.59x	na	1.30x	1.17x
HgCapital Trust	HGT	GBP	3.78	1,730	2.2%	5.0%	7.8%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.50	676	-3.1%	-3.4%	-3.1%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.45	791	-2.4%	15.3%	6.1%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	10.33	714	19.8%	-12.1%	22.3%	na	na	na	0.65x	na	na
Symphony International Holding	SIHL	USD	0.40	204	-5.7%	-13.9%	-11.4%	na	na	na	0.47x	na	na
<b>Mean</b>								<b>8.82x</b>	<b>8.19x</b>	<b>7.01x</b>	<b>0.84x</b>	<b>1.47x</b>	<b>1.17x</b>
<b>Median</b>								<b>8.50x</b>	<b>7.70x</b>	<b>7.59x</b>	<b>0.78x</b>	<b>1.21x</b>	<b>1.01x</b>

Source: Bloomberg, S&P Capital IQ

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