



## Economy

### Tourism revenues hit record high monthly figure in Jul-22

The tourist arrivals recovery jumped to 80.6% in Jul-22, up from 64.1% recovery in previous month (relative to pre-COVID levels). Same-day arrivals also climbed in July, recovering at 44.3% of Jul-19 level, up from a 33.3% in Jun-22. That said, 597.9 thousand international visitors (up 158.9% y/y, tourists and same-day arrivals combined) traveled to Georgia in Jul-22, with most visitors from Russia (26.2% of total), followed by Armenia (17.4% of total), and Turkey (16.1% of total). Notably, arrivals from Saudi Arabia, Belarus, Kazakhstan, India and Uzbekistan surpassed Jul-19 levels. Most visitors traveled to Georgia via land (68.6% of total), followed by air (30.4% of total).

Notably, tourism revenues hit record high monthly figure US\$ 476.1mn in Jul-22, surpassing 2019 level by 20.4%. Overall, in 7M22 tourist arrivals stood at 1.7mn persons (+162.5% y/y, 61.9% of 7M19 level) and tourism revenues reached US\$ 1.6bn (+220.5% y/y, 87.4% of 7M19 level). Considering strong revenues of recent months, we expect full recovery of tourism in 2022 compared to pre-pandemic levels.

### International reserves at US\$ 4.2bn in Jul-22

Gross international reserves increased by 7.3% y/y to US\$ 4.2bn in Jul-22 according to NBG. On a monthly basis, the reserves were up by 6.0% (+US\$ 234.3mn). Notably, NBG purchased US\$ 110mn through BMatch platform in Jul-22. Other changes in reserves were attributed to the government and banking sector FX operations, and/or asset revaluation.

### NBG buys US\$ 40.0mn

Last week, NBG intervened in the FX market and purchased US\$ 40.0mn through FX auctions. The NBG is a net buyer of US\$ 211.6mn year-to-date, while GEL appreciated by 12.3% vs. USD in the same period.

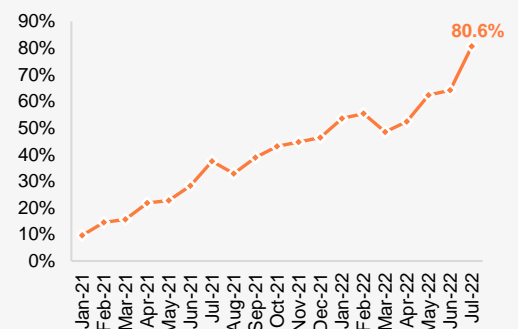
### Key macro indicators

	2020	2021
Real GDP growth (% change)	-6.8%	10.4%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,015
Population (mn)	3.7	3.7
Inflation (eop)	2.4%	13.9%
Gross reserves (US\$ bn)	3.9	4.3
CAD (% of GDP)	12.5%	10.1%
Fiscal deficit (% of GDP)	9.3%	6.3%
Total public debt (% of GDP)	60.2%	49.5%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

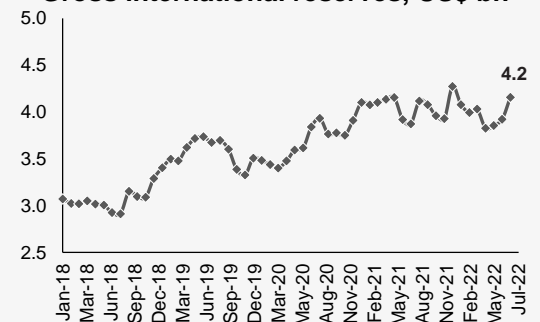
\*Latest sovereign credit ratings

### Tourist arrivals, as % of 2019 level



Source: GNTA

### Gross international reserves, US\$ bn



Source: NBG

# Money market

## Ministry of Finance T-Bills:

1-year GEL 30.0mn (US\$ 11.1mn) T-Bills were sold at the auction held at NBG on August 9, 2022. Total demand was 1.9x higher and the weighted average yield was fixed at 9.918%, down by 0.164ppts from previous auction held in Jul-22.

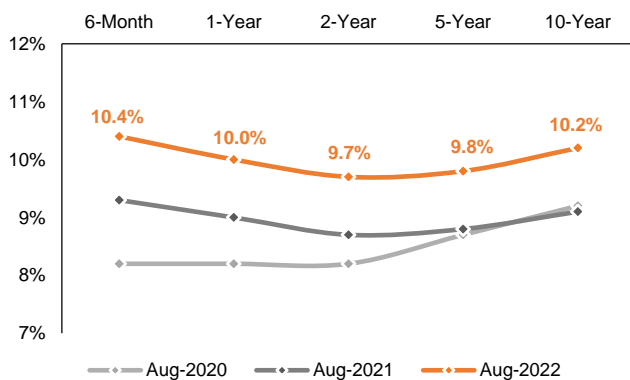
The nearest treasury security auction is scheduled for August 23, 2022, where GEL 90.0mn nominal value 5-year Benchmark bonds will be sold.

## T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	160	80	120
1-year	175	120	250
2-year	580	320	1,060
5-year	585	450	3,115
10-year	75	25	1,371
<b>Total</b>	<b>1,575</b>	<b>995</b>	<b>5,915</b>

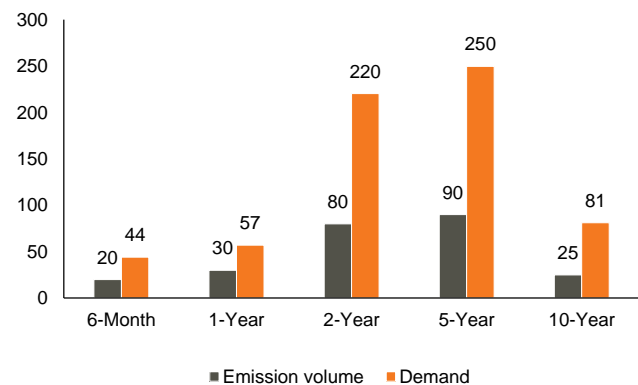
Source: MoF  
\*As of June 2022

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



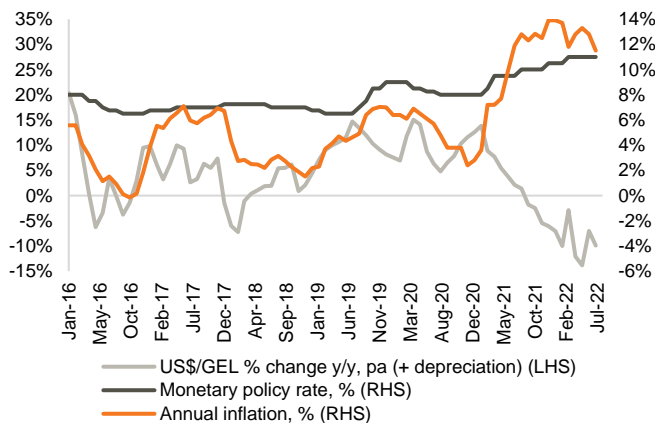
Source: NBG

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



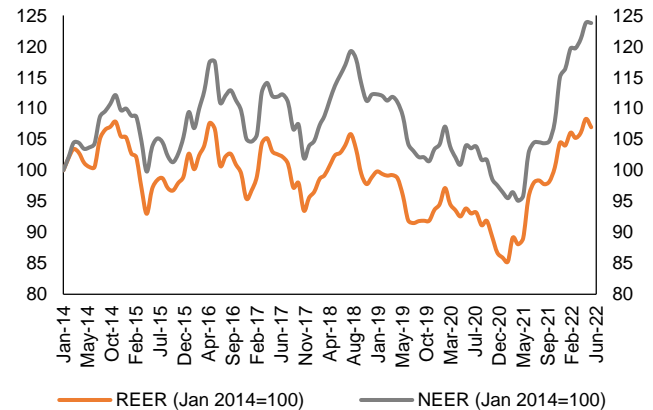
Source: NBG

## 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

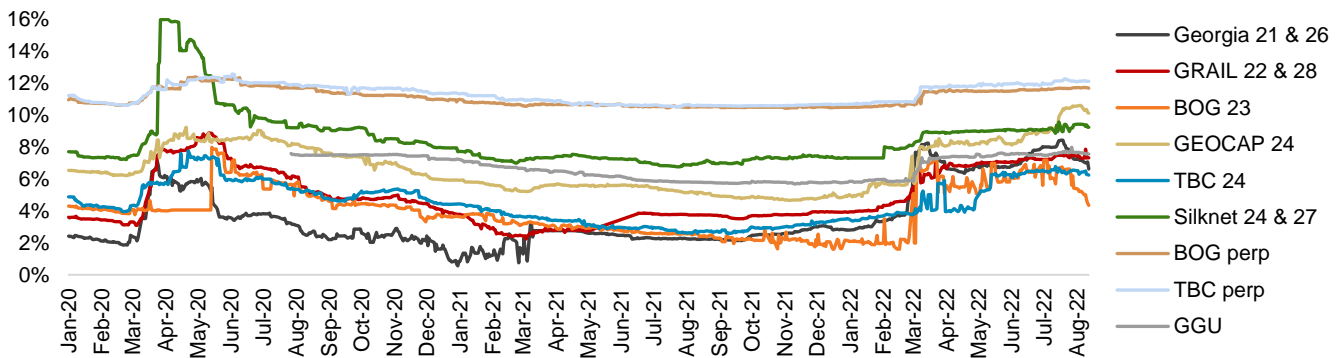
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 4.34% yield, trading at 101.55 (+0.83% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 94.36 (+0.75% w/w), yielding 10.11%.

Georgian Railway Eurobonds (GRAIL) traded at 84.49 (-0.09% w/w), yielding 7.31%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 87.55 (+1.95% w/w) at 6.61% 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	87.55	6.61	370.61
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	84.49	7.31	459.33
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	101.55	4.34	96.63
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.55	11.67	807.82
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	94.36	10.11	674.09
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	96.94	9.23	638.57
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	99.16	6.23	292.61
TBC PERP	USD	125	10.775%	n/a	B-/-/-	97.16	12.10	907.13
GGU 07/25	USD	250	7.750%	Jul-25	B+*/B/-	100.51	7.55	417.52

### Georgian local bonds performance

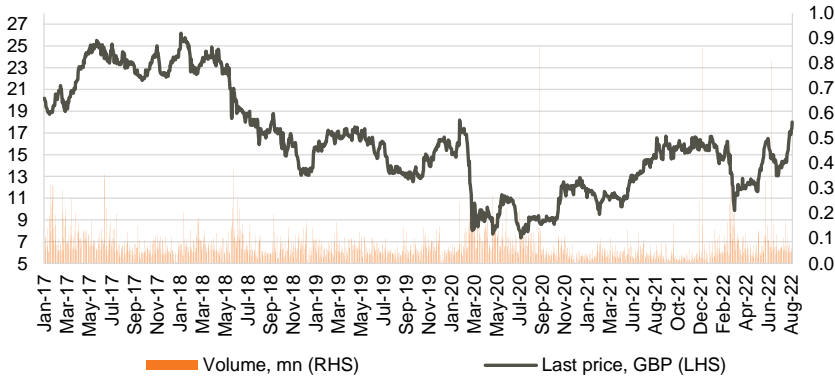
Georgia Real Estate	USD	35	7.50%	Oct-22	-/-/-	99.97	7.50	n/a
KTW	USD	10	9.00%	Dec-22	-/-/-	99.81	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.88	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.90	4.83	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.46	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	99.48	7.13	n/a
Geo. Beer Company	GEL	25	14.50%	Dec-23	-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	13.60%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora Trade	GEL	35	13.96%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora	GEL	28	14.31%	Oct-22	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.89%	Mar-23	-/-/-	n/a	n/a	n/a

Source: Bloomberg



## Equities

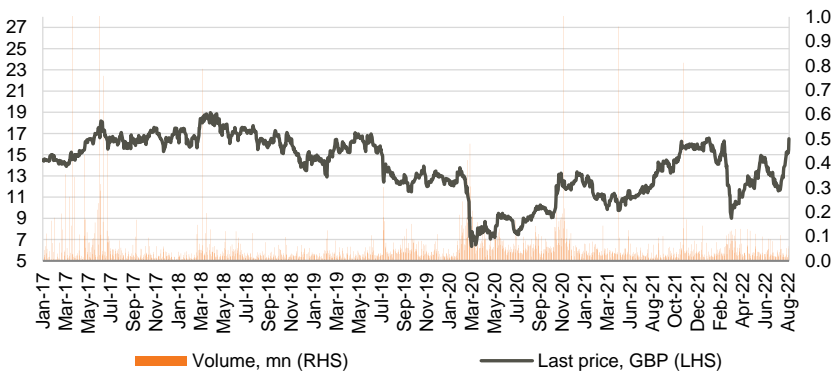
### Bank of Georgia Group (BGEO LN)



**Bank of Georgia Group (BGEO LN)** shares closed at GBP 18.00/share (+5.26% w/w and +28.02% m/m). More than 273k shares traded in the range of GBP 16.52 - 18.14/share. Average daily traded volume was 68k in the last 4 weeks. The volume of BGEO shares traded was at 0.56% of its capitalization.

Source: Bloomberg

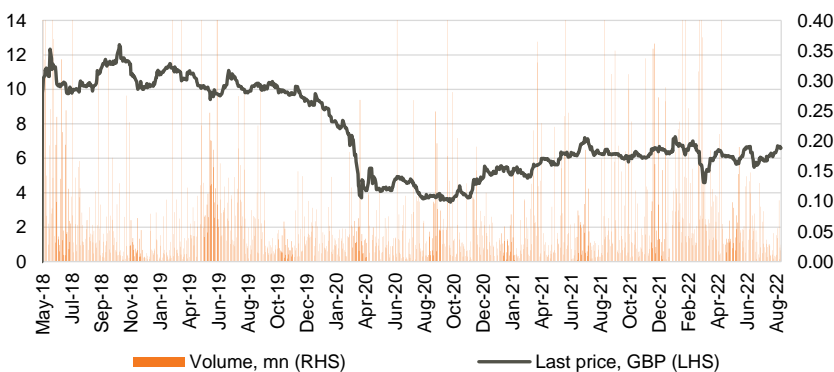
### TBC Bank Group (TBCG LN)



**TBC Bank Group (TBCG LN)** closed the week at GBP 16.50/share (+8.27% w/w and +36.82% m/m). More than 161k shares changed hands in the range of GBP 14.78 - 16.50/share. Average daily traded volume was 33k in the last 4 weeks. The volume of TBCG shares traded was at 0.29% of its capitalization.

Source: Bloomberg

### Georgia Capital (CGEO LN)



**Georgia Capital (CGEO LN)** shares closed at GBP 6.60/share (-1.79% w/w and +12.82% m/m). More than 175k shares traded in the range of GBP 6.46 - 6.70/share. Average daily traded volume was 27k in the last 4 weeks. The volume of CGEO shares traded was at 0.38% of its capitalization.

Source: Bloomberg

## Equities, continued

### Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	18.00	885	13.9%	12.9%	7.9%	5.14x	4.01x	3.88x	1.15x	0.92x	0.83x
TBC	TBC	GBP	16.50	910	3.1%	26.7%	0.0%	4.78x	4.01x	3.66x	1.04x	0.81x	0.68x
Halyk Bank	HSBK	USD	9.75	2,659	-31.9%	-39.1%	-40.9%	2.50x	3.23x	2.79x	0.73x	0.70x	0.60x
Akbank	AKBNK	TRY	10.00	52,000	23.2%	82.1%	38.9%	4.14x	1.47x	2.48x	0.66x	0.54x	0.55x
Garanti	GARAN	TRY	17.75	74,550	48.7%	91.1%	57.5%	5.35x	2.32x	3.21x	0.90x	0.78x	0.73x
Isbank	ISCTR	TRY	5.96	26,820	50.0%	143.5%	84.2%	1.91x	0.72x	1.06x	0.66x	0.65x	0.53x
PKO	PKO	PLN	25.35	31,688	-46.8%	-36.1%	-43.6%	6.55x	6.31x	5.70x	0.85x	0.96x	0.84x
PEKAO	PEO	PLN	74.02	19,428	-44.4%	-28.2%	-39.3%	9.00x	10.65x	5.90x	0.82x	0.94x	0.83x
Millennium	MIL	PLN	4.05	4,913	-54.2%	-26.9%	-50.6%	na	12.04x	3.26x	0.74x	1.18x	0.86x
Mbank	MBK	PLN	251.20	10,647	-47.2%	-22.0%	-42.0%	na	3.60x	4.40x	0.78x	0.89x	0.81x
BRD	BRD	RON	14.70	10,244	-31.0%	-21.8%	-16.9%	7.80x	8.40x	7.82x	1.04x	1.33x	1.26x
Banca Transilvania	TLV	RON	2.12	13,380	-12.5%	-12.4%	-7.9%	6.72x	6.61x	6.28x	1.48x	1.49x	1.41x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	12.61x	10.38x	0.65x	0.75x	0.67x
Komercni	KOMB	CZK	644.00	122,392	-34.9%	-23.0%	-31.1%	9.80x	8.49x	8.79x	1.00x	1.07x	1.02x
<b>Mean</b>								<b>6.04x</b>	<b>6.03x</b>	<b>4.97x</b>	<b>0.89x</b>	<b>0.93x</b>	<b>0.83x</b>
<b>Median</b>								<b>5.95x</b>	<b>5.16x</b>	<b>4.14x</b>	<b>0.83x</b>	<b>0.91x</b>	<b>0.82x</b>

Source: Bloomberg, S&amp;P Capital IQ

### Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2021	2022F	2023F	2021	2022F	2023F
Georgia Capital	CGEO	GBP	6.60	308	-3.1%	1.4%	-7.4%	1.87x	na	na	0.42x	na	na
Tinc Comm	TINC	EUR	13.40	487	0.6%	5.7%	-0.3%	14.99x	na	na	1.02x	na	na
Sabanci Holding	SAHOL	TRY	23.68	48,317	52.6%	138.2%	79.0%	3.88x	5.49x	5.07x	0.91x	0.86x	0.68x
Deutsche Beteiligungs	DBAN	EUR	28.70	540	-22.7%	-24.9%	-28.0%	2.85x	na	9.17x	0.76x	1.11x	1.02x
Eurazeo	RF	EUR	65.35	5,177	-7.6%	-25.8%	-14.9%	3.27x	na'	na	0.81x	0.79x	0.74x
Carlyle Group	CG	USD	34.45	12,275	-27.0%	-29.4%	-37.2%	4.13x	8.33x	7.45x	2.32x	2.72x	2.24x
Wendel SE	MF	EUR	84.70	3,790	-10.4%	-31.6%	-19.6%	3.61x	7.73x	7.63x	1.42x	1.46x	1.28x
HgCapital Trust	HGT	GBP	4.03	1,833	-6.4%	-0.2%	-4.3%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.65	683	-8.5%	1.0%	-15.4%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.19	748	-2.3%	18.9%	0.1%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	11.45	792	-10.2%	-15.2%	-20.8%	4.43x	na	na	0.75x	na	na
Symphony International Holding	SIHL	USD	0.45	233	12.1%	9.4%	9.7%	1.90x	na	na	0.48x	na	na
<b>Mean</b>								<b>4.55x</b>	<b>7.18x</b>	<b>7.33x</b>	<b>0.99x</b>	<b>1.39x</b>	<b>1.19x</b>
<b>Median</b>								<b>3.61x</b>	<b>7.73x</b>	<b>7.54x</b>	<b>0.81x</b>	<b>1.11x</b>	<b>1.02x</b>

Source: Bloomberg, S&amp;P Capital IQ

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### **Galt & Taggart**

**Address:** 3 A. Pushkini Street, Tbilisi 0105, Georgia

**Tel:** + (995) 32 2401 111

**Email:** [research@gt.ge](mailto:research@gt.ge)