



## Economy

### Exports increased by 42.9% in November 2021

In November 2021, both exports and imports hit all-time high monthly figure of US\$ 430.4mn (up 42.9 y/y and up 23.8% vs. Nov-19) and US\$ 1.0bn (up 39.6% y/y and up 23.1% vs Nov-19), respectively. As a result, the trade deficit growth accelerated to 37.3% y/y to US\$ 576.9mn (up 22.5% vs. Nov-19), after a 19.8% y/y growth in previous month.

The top 5 exported commodities were copper (+60.4% y/y), cars (+51.5% y/y), ferro-alloys (+10.6% y/y), wine (+18.3% y/y) and fertilizers (+610.7% y/y) in Nov-21. A 24.2% of exports were directed to the EU (+37.0% y/y), 48.9% to the CIS (+55.4% y/y) and 26.9% to other countries (+29.0% y/y).

The top 5 imports were copper (+33.2% y/y), petroleum (+122.8% y/y), cars (+67.0% y/y), gases (+53.9% y/y) and pharmaceuticals (+28.0% y/y) in Nov-21.

Overall, in 11M21, trade deficit was up 22.9% y/y (up 0.6% vs 11M19) to US\$ 5.2bn, as exports increased by 26.7%y/y (up 12.4% vs 11M19), while imports were up by 24.5% y/y (up 5.3% vs 11M19).

### Real GDP growth at 9.1% in 3Q21

Georgia's 3Q21 real GDP growth came in at 9.1% y/y, based on Geostat, revised upwards from the rapid estimate of 9.0%. By sector, strong growth was recorded in trade (+12.3% y/y), art & recreation (+48.1% y/y), electricity & gas supply (+78.8% y/y), financial & insurance (+20.3% y/y), accommodation & food services (+49.8% y/y), transport (+29.0% y/y), healthcare (+23.8% y/y), real estate (+6.6% y/y) and manufacturing (+7.3% y/y). Meanwhile, real growth was down in construction (-29.7% y/y), education (-7.8% y/y), public administration (-3.9% y/y) and agriculture (-2.9% y/y). Cumulatively, growth was 10.5% y/y in 10M21 (down 4.1% y/y in 1Q, up 28.9% y/y in 2Q, up 9.1% y/y in 3Q and up 6.9% y/y in October). This implies that real GDP also exceed its 2019 level by 3.7% in 10M21.

### Producer price index up 17.2% y/y in November 2021

Annual PPI for industrial goods increased by 17.2% in November 2021 down from 17.7% growth in previous month, according to Geostat. Price changes in manufacturing (+20.7% y/y) and electricity, gas, steam and air conditioning (+7.0% y/y) contributed the most to the overall index change in November.

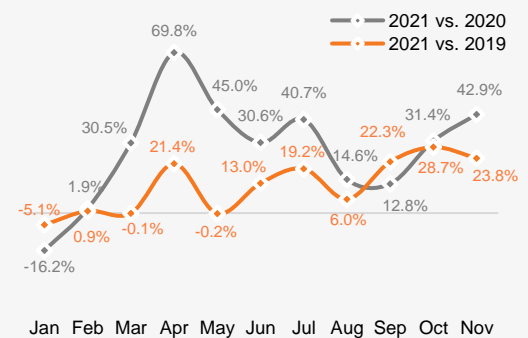
### Key macro indicators

|                             | 2019      | 2020   |
|-----------------------------|-----------|--------|
| Real GDP growth (% change)  | 5.0%      | -6.8%  |
| GDP per capita (ppp)        | 15,634    | 14,918 |
| GDP per capita (US\$)       | 4,696     | 4,256  |
| Population (mn)             | 3.7       | 3.7    |
| Inflation (eop)             | 7.0%      | 2.4%   |
| Gross reserves (US\$ bn)    | 3.5       | 3.9    |
| CAD (% of GDP)              | 5.5%      | 12.4%  |
| Fiscal deficit (% of GDP)   | 2.1%      | 9.3%   |
| Total public debt (% of DP) | 40.4%     | 60.2%  |
| Fitch/S&P/Moody's*          | BB/BB/Ba2 |        |

Source: Official data, Rating agencies, Galt & Taggart

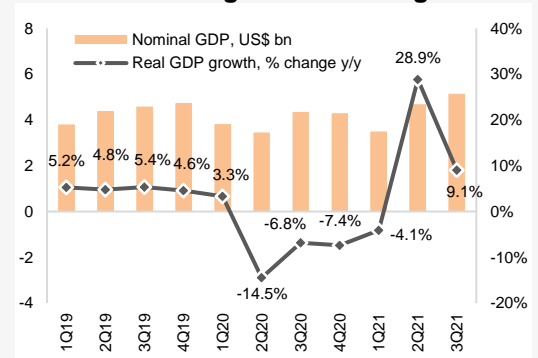
\*Latest sovereign credit ratings

### Exports growth, y/y and vs 2019



Source: Geostat

### Real GDP growth in Georgia



Source: Geostat

# Money market

**There were no treasury securities auction last week.**

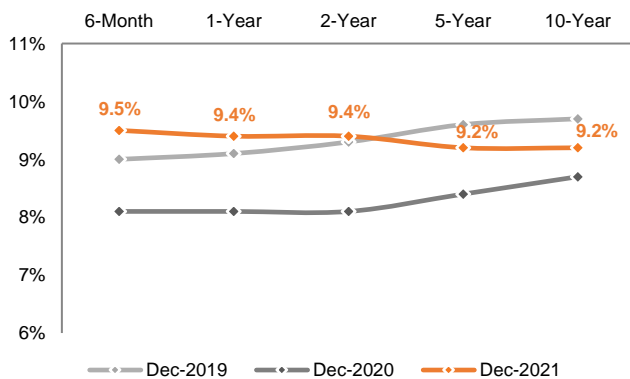
The nearest treasury security auction is scheduled for December 28, 2021, where GEL 85.0mn nominal value 5-year Benchmark bonds will be sold.

## T-bills / T-notes in 2021

| Maturity     | YTD placements, GEL mn | Remaining placements, GEL mn | Outstanding amount, GEL mn* |
|--------------|------------------------|------------------------------|-----------------------------|
| 6-month      | 165                    | 0                            | 100                         |
| 1-year       | 195                    | 0                            | 215                         |
| 2-year       | 290                    | 0                            | 1,080                       |
| 5-year       | 514                    | 85                           | 2,624                       |
| 10-year      | 94                     | 0                            | 1,331                       |
| <b>Total</b> | <b>1,258</b>           | <b>85</b>                    | <b>5,350</b>                |

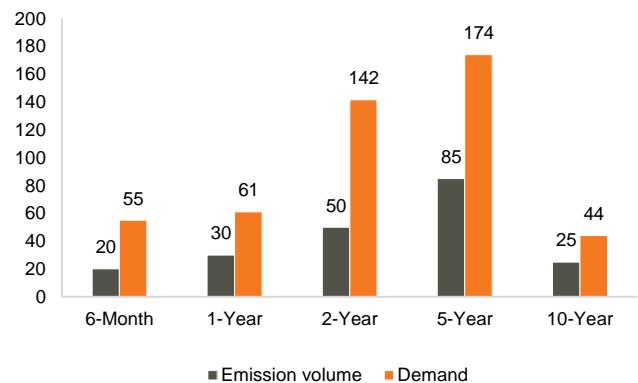
Source: MoF  
\* As of 30 November 2021

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



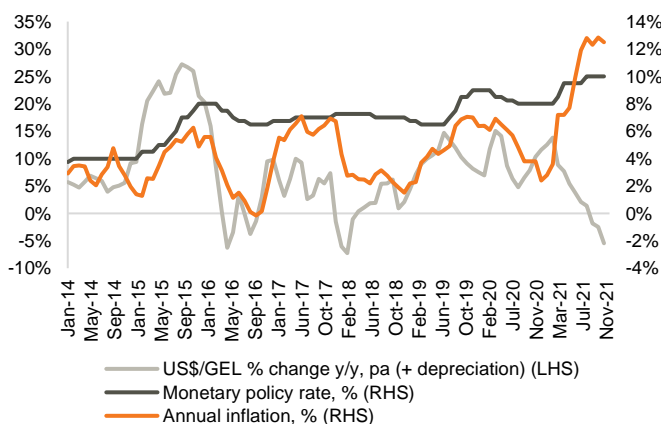
Source: NBG

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



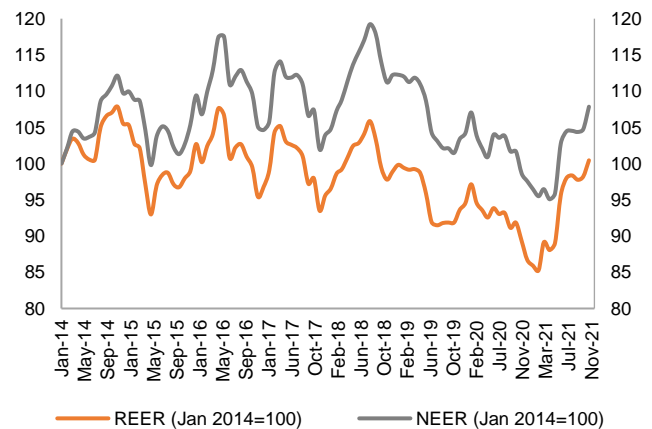
Source: NBG

## 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

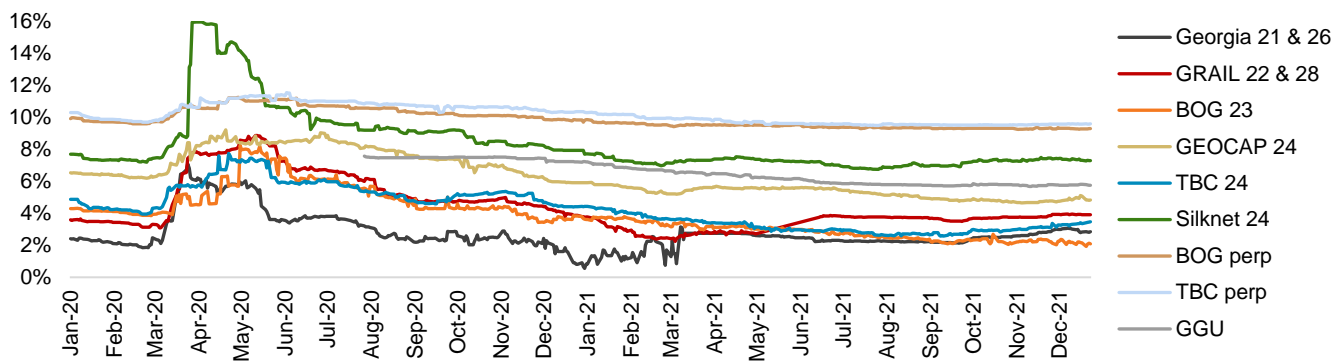
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 2.09% yield, trading at 106.04 (+0.03% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.66 (+0.47% w/w), yielding 4.83%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 100.48 (+0.04% w/w), yielding 3.92%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 99.62 (-0.07% w/w) at 2.84% 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                       | 99.62     | 2.84         | 177.43        |
| GRAIL 06/28       | USD      | 500        | 4.000%  | Jun-28        | BB-/B+/-                        | 100.48    | 3.92         | 274.63        |
| GEBGG 07/23       | USD      | 350        | 6.000%  | Jul-23        | BB-/Ba2                         | 106.04    | 2.09         | 150.25        |
| GEBGG 11 1/8 PERP | USD      | 100        | 11.125% | n/a           | B-/-/-                          | 110.74    | 9.29         | 557.75        |
| GEOCAP 03/24      | USD      | 300        | 6.125%  | Mar-24        | -B/B2                           | 102.66    | 4.83         | 405.85        |
| SILKNET 04/24     | USD      | 200        | 11.000% | Apr-24        | B-/B1                           | 107.59    | 7.29         | 266.04        |
| TBC 06/24         | USD      | 300        | 5.750%  | Jun-24        | BB-/Ba2                         | 105.36    | 3.47         | 263.28        |
| TBC PERP          | USD      | 125        | 10.775% | n/a           | B-/-/-                          | 109.69    | 9.60         | 597.96        |
| GGU 07/25         | USD      | 250        | 7.750%  | Jul-25        | B+/B/-                          | 106.37    | 5.76         | 308.07        |

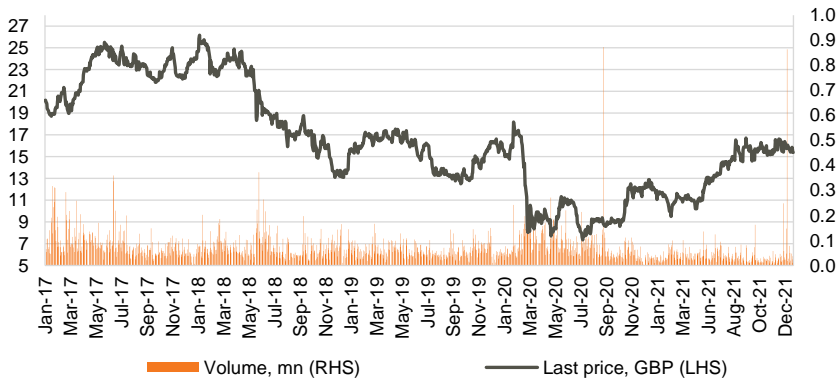
### Georgian local bonds performance

|                   |     |    |        |        |           |        |      |     |
|-------------------|-----|----|--------|--------|-----------|--------|------|-----|
| KTW 12/22         | USD | 10 | 9.00%  | Dec-22 | -/-/-     | n/a    | n/a  | n/a |
| Nikora Trade      | GEL | 35 | 13.50% | Nov-24 | -/-/-     | n/a    | n/a  | n/a |
| M2RE 10/22        | USD | 35 | 7.50%  | Oct-22 | -/-/-     | 100.43 | 7.20 | n/a |
| GLC 08/22         | USD | 10 | 7.50%  | Aug-22 | -/-/-     | n/a    | n/a  | n/a |
| GLC 07/23         | USD | 12 | 5.75%  | Jul-23 | -/-/-     | n/a    | n/a  | n/a |
| GLC 07/23         | EUR | 3  | 4.75%  | Jul-23 | -/-/-     | 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 |
| Tegeta 04/22      | GEL | 30 | 10.75% | Apr-22 | -/-/BB-   | n/a    | n/a  | n/a |
| EVEX 11/24        | GEL | 50 | 12.10% | Nov-24 | -/-/BB    | n/a    | n/a  | n/a |

Source: Bloomberg

# Equities

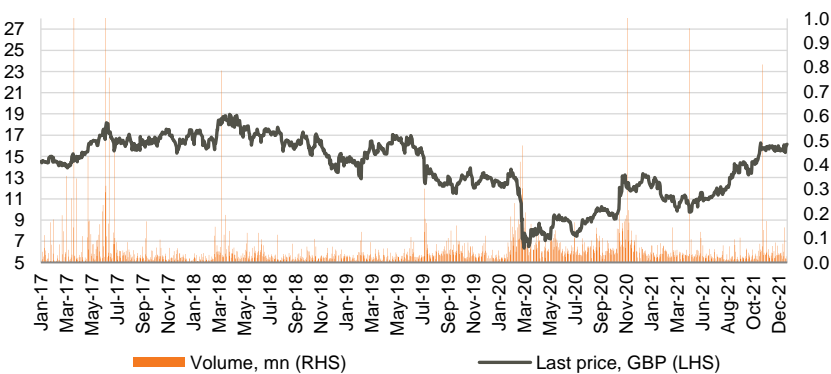
## Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 15.38/share (-0.26% w/w and -4.83% m/m). More than 127k shares traded in the range of GBP 14.98 - 15.96/share. Average daily traded volume was 90k in the last 4 weeks. The volume of BGEO shares traded was at 0.26% of its capitalization.

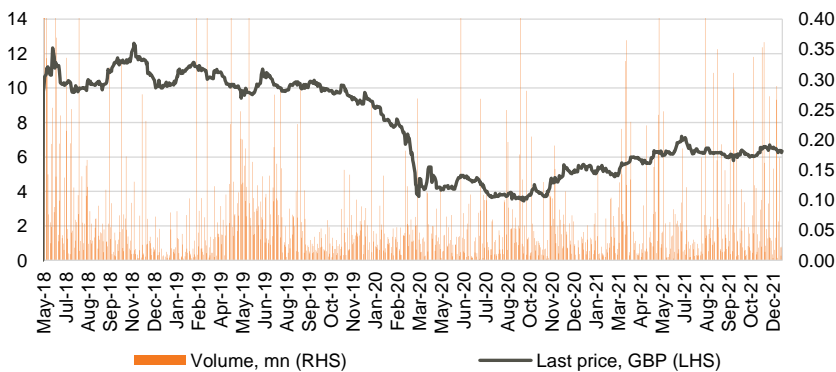
## TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 16.14/share (+0.37% w/w and +4.13% m/m). More than 75k shares changed hands in the range of GBP 15.32 - 16.30/share. Average daily traded volume was 38k in the last 4 weeks. The volume of TBCG shares traded was at 0.14% of its capitalization.

## Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 6.35/share (+1.44% w/w and -3.50% m/m). More than 242k shares traded in the range of GBP 6.26 - 6.42/share. Average daily traded volume was 80k in the last 4 weeks. The volume of CGEO shares traded was at 0.51% 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          |              |
|--------------------|--------|----------|-------------|----------|--------|---------|---------|--------------|--------------|--------------|--------------|
|                    |        |          |             |          |        |         |         | 2020F        | 2021F        | 2020F        | 2021F        |
| Bank of Georgia    | BGEO   | GBP      | 15.38       | 756      | 15.6%  | 27.1%   | 26.1%   | 4.49x        | 4.74x        | 1.01x        | 0.93x        |
| TBC                | TBC    | GBP      | 16.14       | 890      | 44.6%  | 31.9%   | 29.1%   | 5.26x        | 5.06x        | 1.05x        | 0.91x        |
| Halyk Bank         | HSBK   | US\$     | 15.90       | 85,781   | -7.6%  | 8.7%    | 9.5%    | 5.21x        | 5.05x        | 1.08x        | 0.98x        |
| Sberbank           | SBER   | USD      | 16.68       | 4,901    | 5.3%   | 45.0%   | 43.2%   | 4.81x        | 4.61x        | 1.23x        | 1.11x        |
| VTB Bank           | VTBR   | US\$     | 1.25        | 8,113    | -6.1%  | 27.6%   | 31.2%   | 2.31x        | 2.37x        | 0.37x        | 0.34x        |
| Akbank             | AKBNK  | TRY      | 7.62        | 39,624   | 41.4%  | 16.3%   | 10.0%   | 3.97x        | 3.17x        | 0.52x        | 0.46x        |
| Garanti            | GARAN  | TRY      | 11.69       | 49,098   | 40.2%  | 17.6%   | 12.7%   | 3.81x        | 3.23x        | 0.63x        | 0.54x        |
| Isbank             | ISCTR  | TRY      | 7.75        | 34,875   | 46.2%  | 16.0%   | 10.7%   | 3.49x        | 2.61x        | 0.44x        | 0.38x        |
| PKO                | PKO    | PLN      | 43.80       | 54,750   | 6.2%   | 52.5%   | 52.5%   | 11.51x       | 10.25x       | 1.29x        | 1.19x        |
| PEKAO              | PEO    | PLN      | 119.30      | 31,313   | 16.1%  | 95.3%   | 95.3%   | 14.94x       | 11.81x       | 1.21x        | 1.14x        |
| Millennium         | MIL    | PLN      | 7.88        | 9,559    | 51.2%  | 148.6%  | 141.0%  | 10.15x       | 11.41x       | 1.24x        | 1.13x        |
| Mbank              | MBK    | PLN      | 405.20      | 17,168   | 17.0%  | 127.8%  | 126.1%  | 14.74x       | 12.35x       | 1.03x        | 0.95x        |
| BRD                | BRD    | RON      | 16.82       | 11,722   | -0.2%  | 14.4%   | 13.2%   | 10.41x       | 9.67x        | 1.23x        | 1.24x        |
| Banca Transilvania | TLV    | RON      | 2.54        | 16,031   | 1.4%   | 23.1%   | 24.2%   | 8.62x        | 8.43x        | 1.48x        | 1.37x        |
| OTP                | OTPD   | USD      | 22.00       | 12,320   | 0.0%   | -3.5%   | -3.5%   | 8.23x        | 7.49x        | 0.68x        | 0.59x        |
| Komerčni           | KOMB   | CZK      | 921.00      | 175,035  | 19.8%  | 45.0%   | 40.2%   | 14.52x       | 13.21x       | 1.42x        | 1.44x        |
| <b>Mean</b>        |        |          |             |          |        |         |         | <b>7.90x</b> | <b>7.22x</b> | <b>1.00x</b> | <b>0.92x</b> |
| <b>Median</b>      |        |          |             |          |        |         |         | <b>6.74x</b> | <b>6.28x</b> | <b>1.06x</b> | <b>0.96x</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      | 6.35        | 302      | -6.9%  | 23.8%   | 17.6%   | na           | na            | na           | na           |
| Tinc Comm             | TINC   | EUR      | 13.36       | 486      | 6.0%   | 4.4%    | 3.2%    | na           | na            | na           | na           |
| Sabancı Holding       | SAHOL  | TRY      | 13.20       | 26,933   | 41.9%  | 24.8%   | 15.2%   | 4.28x        | 3.37x         | 0.57x        | 0.47x        |
| Deutsche Beteiligungs | DBAN   | EUR      | 38.70       | 728      | 14.0%  | 21.1%   | 24.2%   | 3.96x        | 10.25x        | 1.04x        | 1.03x        |
| Eurazeo               | RF     | EUR      | 74.95       | 5,938    | 2.3%   | 33.8%   | 35.0%   | 8.78x        | 9.84x         | 0.98x        | 0.89x        |
| Carlyle Group         | CG     | USD      | 55.49       | 19,669   | 19.9%  | 76.9%   | 76.5%   | 13.56x       | 13.68x        | 5.65x        | 5.05x        |
| <b>Mean</b>           |        |          |             |          |        |         |         | <b>7.64x</b> | <b>9.29x</b>  | <b>2.06x</b> | <b>1.86x</b> |
| <b>Median</b>         |        |          |             |          |        |         |         | <b>6.53x</b> | <b>10.05x</b> | <b>1.01x</b> | <b>0.96x</b> |

Source: Bloomberg, S&P Capital IQ

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