



## Economy

### Unemployment rate reduced to 16.1% in 4Q22

The unemployment rate reduced by 3.0ppts y/y to 16.1% in 4Q22, amid strong economic growth. During the same period, the number of hired employed individuals increased by 5.1% y/y, accounting for 67.7% of total employment, while self-employed persons were up 4.5% y/y and accounted for 32.2% of total. Notably, the labor force participation rate increased by 1.5ppts y/y to 52.9% in 4Q22, surpassing the pre-pandemic level.

### Tourism revenues stood at US\$ 300.0mn in Jan-23

According to our estimates, tourism revenues continued strong growth up by 163.1% y/y, reaching US\$ 300.0mn in Jan-23. Looking ahead, we remain optimistic about the industry's prospects and anticipate tourism revenues at US\$ 4.0bn (+15.0% y/y) in 2023.

### Producer price index up 1.8% y/y in Jan-23

Annual PPI for industrial goods rose by 1.8% in Jan-23 (mostly due to the last year's low base), up from 0.1% growth in previous month, according to Geostat. The price changes in manufacturing (+3.2% y/y) and mining (-9.8% y/y) sectors had the largest impact on the overall index change in January.

### Exports soared by 38.5% y/y in Jan-23

In Jan-23, exports experienced significant growth, expanding by 38.5% y/y to US\$ 459.0mn, after a 32.5% y/y growth in previous month. Imports, on the other hand, grew at a slower pace, with a 25.2% y/y increase to US\$ 1.0bn in January, compared to a 33.0% y/y rise in December.

As a result, the trade deficit grew by 15.8% y/y to US\$ 543.9mn, following the 33.3% y/y growth rate seen in December.

The top 5 exported commodities were cars (+186.6% y/y), copper (+2.7% y/y), ferro-alloys (+61.8% y/y), fertilizers (+18.1% y/y) and heavy vehicles (+US\$17.9mn y/y) in Jan-23. A 16.0% of exports were directed to the EU (-13.3% y/y), 60.3% to the CIS (+67.8% y/y) and 23.6% to other countries (+33.2% y/y).

The top 5 imports were gases (+40.3% y/y), cars (-11.0% y/y), petroleum (+13.2% y/y), copper (+2,817% y/y) and telephones (+16.4% y/y) in Jan-23.

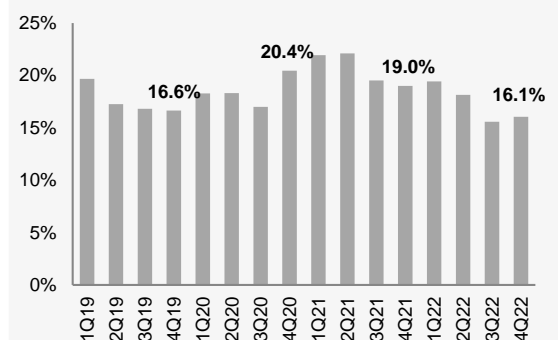
### Key macro indicators

	2021	2022E
Real GDP growth (% change)	10.5%	10.1%
GDP per capita (ppp)	16,937	19,456
GDP per capita (US\$)	5,023	6,656
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%	3.1%
Fiscal deficit (% of GDP)	6.1%	3.1%
Total public debt (% of GDP)	49.6%	39.8%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

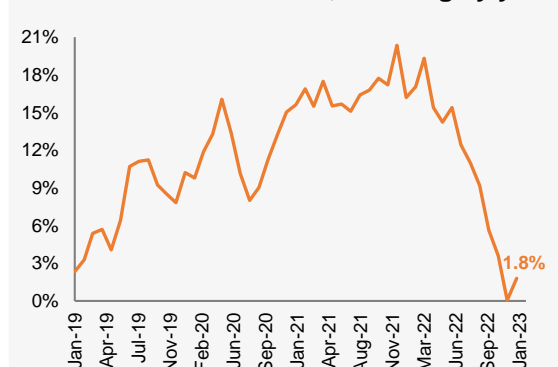
\*Latest sovereign credit ratings

### Unemployment rate in Georgia



Source: Geostat

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



Source: Geostat

# Money market

## Ministry of Finance T-Bills:

10-year GEL 60.0mn (US\$ 22.7mn) Benchmark bonds were sold at the auction held at NBG on February 21, 2023. Total demand was 1.6x higher and the weighted average yield was fixed at 8.651%, down by 0.161ppts from previous auction held in Jan-23.

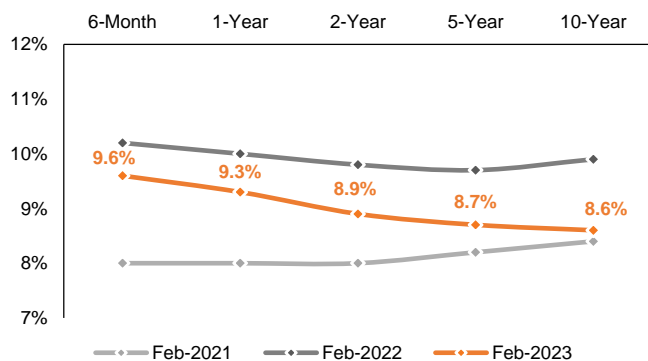
The nearest treasury security auction is scheduled for February 28, 2023, where GEL 90.0mn nominal value 5-year Benchmark bonds will be sold.

## T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	40	200	415
1-year	40	200	
2-year	83	400	6,254
5-year	99	990	
10-year	120	600	
<b>Total</b>	<b>382</b>	<b>2,390</b>	<b>6,669</b>

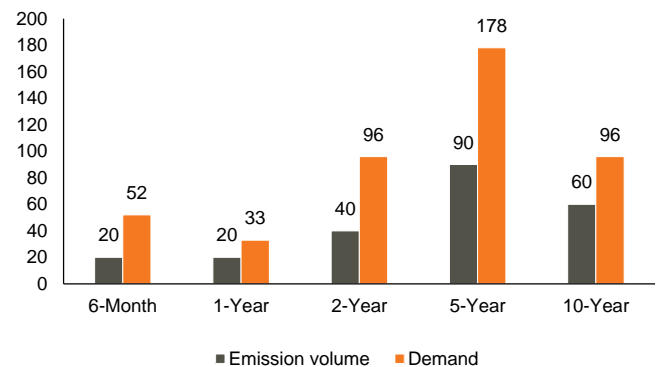
Source: MoF  
 \*As of January 2023

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



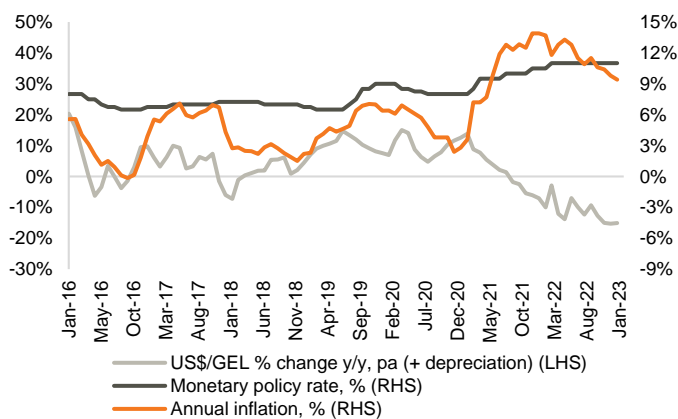
Source: NBG

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



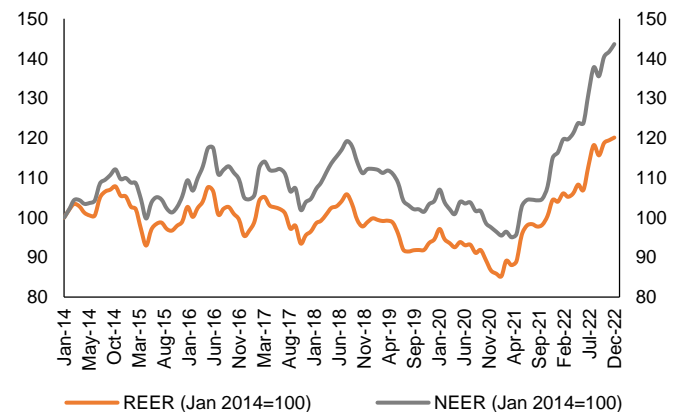
Source: NBG

## 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



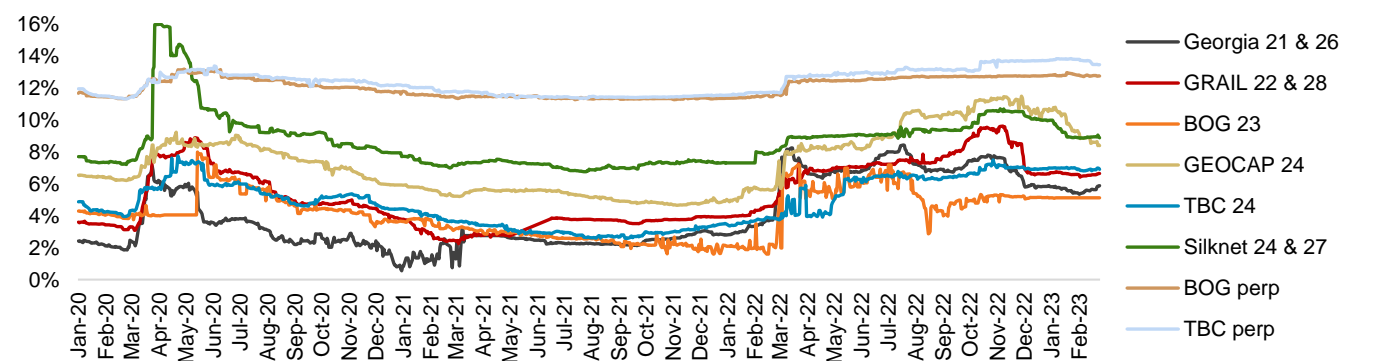
## Fixed income

**Corporate Eurobonds:** Georgia Capital Eurobonds (GEOCAP) were trading at 97.81 (+0.24% w/w), yielding 8.38%.

Georgian Railway Eurobonds (GRAIL) traded at 88.33 (-0.38% w/w), yielding 6.65%.

**Georgian Sovereign Eurobonds** (GEORG) closed at 91.11 (-0.69% w/w) at 5.88% 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	91.11	5.88	145.78
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/	88.33	6.65	264.18
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/BB-/Ba2	n/a	n/a	n/a
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/BB-/	99.87	12.74	600.16
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	97.81	8.38	308.47
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/BB-/	98.36	8.88	460.23
TBC 06/24	USD	300	5.750%	Jun-24	BB-/BB-/Ba2	98.56	6.91	169.26
TBC PERP	USD	125	10.775%	n/a	B-/BB-/	95.85	13.45	861.61

**Georgian local bonds performance**

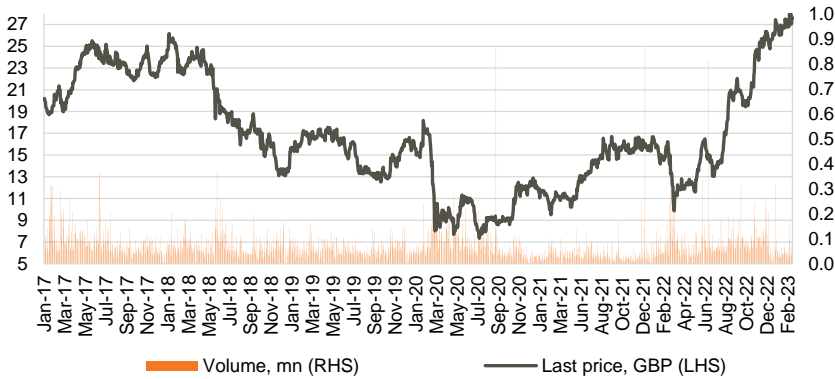
GLC	USD	12	5.75%	Jul-23	-/-/-	99.94	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.56	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	98.04	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.79	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.75	8.65	n/a
Geo. Beer Company	GEL	25	15.50%	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	13.62%	Nov-24	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.37%	Mar-23	-/-/-	n/a	n/a	n/a
Geo Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	n/a	n/a	-/-/-

Source: Bloomberg



## Equities

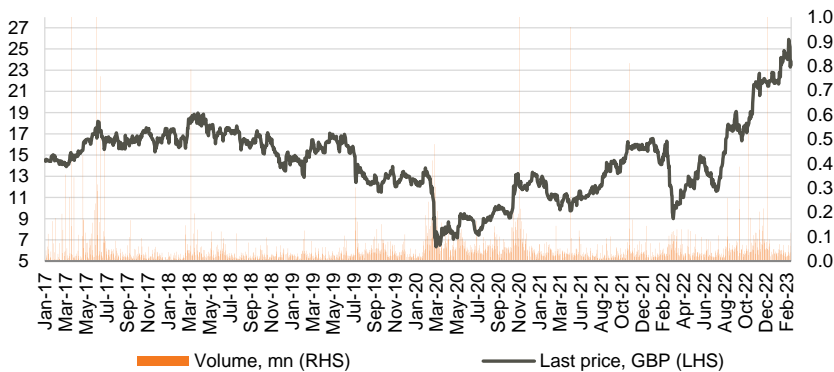
### Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 27.55/share (-4.51% w/w and +3.38% m/m). More than 241k shares traded in the range of GBP 26.70 - 29.10/share. Average daily traded volume was 52k in the last 4 weeks. The volume of BGEO shares traded was at 0.49% of its capitalization.

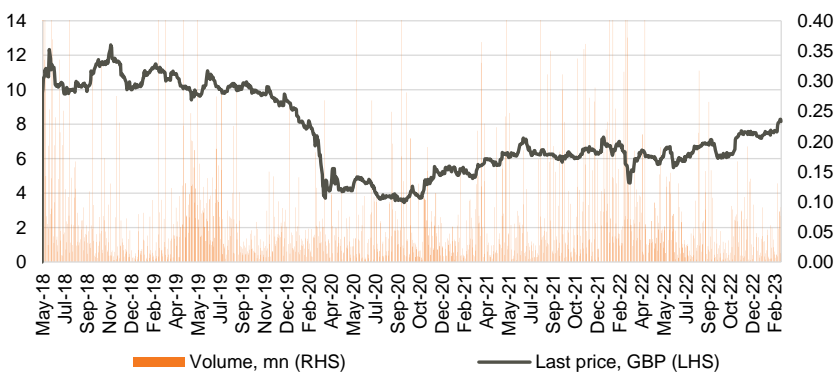
### TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 23.45/share (-9.46% w/w and -0.21% m/m). More than 268k shares changed hands in the range of GBP 21.85 - 26.00/share. Average daily traded volume was 38k in the last 4 weeks. The volume of TBCG shares traded was at 0.49% of its capitalization.

### Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 8.15/share (+0.99% w/w and +8.67% m/m). More than 349k shares traded in the range of GBP 8.02 - 8.35/share. Average daily traded volume was 41k in the last 4 weeks. The volume of CGEO shares traded was at 0.75% 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		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	27.55	1,355	31.5%	107.8%	5.8%	4.58x	3.37x	4.18x	1.06x	1.05x	0.80x
TBC	TBC	GBP	23.45	1,293	32.2%	93.8%	3.3%	4.75x	4.31x	4.01x	1.04x	0.93x	0.78x
Halyk Bank	HSBK	USD	11.42	3,114	-3.2%	-8.5%	2.9%	2.60x	3.02x	3.05x	0.76x	0.77x	0.65x
Akbank	AKBNK	TRY	15.96	82,992	44.2%	128.3%	-18.4%	6.04x	1.43x	1.99x	0.96x	0.65x	0.48x
Garanti	GARAN	TRY	22.24	93,408	-5.0%	102.0%	-26.0%	7.12x	1.71x	2.16x	1.20x	0.70x	0.54x
Isbank	ISCTR	TRY	10.81	48,645	43.6%	215.6%	-15.3%	2.87x	0.91x	1.03x	0.99x	0.52x	0.48x
PKO	PKO	PLN	30.60	38,250	30.3%	-14.9%	1.0%	6.63x	10.59x	6.11x	0.86x	1.08x	0.97x
PEKAO	PEO	PLN	88.14	23,134	31.0%	-12.9%	1.9%	9.22x	7.75x	5.72x	0.84x	0.99x	0.88x
Millennium	MIL	PLN	4.46	5,413	19.5%	-32.3%	-2.6%	na	2.22x	2.53x	0.81x	1.11x	0.90x
Mbank	MBK	PLN	317.60	13,461	39.3%	-7.9%	7.3%	na	na	13.66x	0.83x	1.05x	0.81x
BRD	BRD	RON	13.16	9,171	-5.3%	-33.9%	1.2%	6.06x	6.99x	6.22x	0.81x	1.40x	1.20x
Banca Transilvania	TLV	RON	19.64	123,957	-3.7%	-15.3%	-1.4%	na	na	na	1.24x	1.32x	1.23x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	8.58x	8.30x	0.65x	0.65x	0.56x
Komerční	KOMB	CZK	742.00	141,017	26.0%	-11.0%	13.3%	11.10x	8.43x	9.25x	1.14x	1.12x	1.05x
<b>Mean</b>								<b>6.34x</b>	<b>4.94x</b>	<b>5.25x</b>	<b>0.94x</b>	<b>0.95x</b>	<b>0.81x</b>
<b>Median</b>								<b>6.06x</b>	<b>3.84x</b>	<b>4.18x</b>	<b>0.91x</b>	<b>1.02x</b>	<b>0.80x</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		
								2021	2022F	2023F	2021	2022F	2023F
Georgia Capital	CGEO	GBP	8.15	380	19.2%	42.7%	11.6%	1.80x	na	na	0.41x	na	na
Tinc Comm	TINC	EUR	12.30	447	-8.2%	-5.8%	-1.6%	13.85x	na	na	0.94x	na	na
Sabancı Holding	SAHOL	TRY	40.60	82,840	61.8%	181.2%	-9.9%	5.61x	2.22x	3.39x	1.31x	0.87x	0.65x
Deutsche Beteiligungs	DBAN	EUR	31.30	589	10.8%	-6.4%	12.2%	2.57x	na	7.69x	0.68x	1.16x	0.92x
Eurazeo	RF	EUR	63.45	5,027	2.3%	-4.4%	9.2%	2.91x	14.15x	9.96x	0.72x	0.70x	0.68x
Carlyle Group	CG	USD	34.39	12,254	2.7%	-24.2%	15.2%	3.34x	7.93x	8.66x	1.87x	2.96x	2.32x
Wendel SE	MF	EUR	102.40	4,582	24.6%	18.1%	17.4%	3.45x	8.41x	8.37x	1.35x	1.59x	1.40x
HgCapital Trust	HGT	GBP	3.58	1,628	-1.5%	-9.4%	2.0%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	16.10	702	1.9%	6.3%	0.6%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.55	813	11.4%	21.5%	8.5%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	9.42	651	-18.8%	-26.1%	11.6%	3.10x	na	na	0.52x	na	na
Symphony International Holding	SIHL	USD	0.40	206	-11.7%	1.8%	-10.5%	1.78x	na	na	0.45x	na	na
<b>Mean</b>								<b>4.27x</b>	<b>8.18x</b>	<b>7.61x</b>	<b>0.92x</b>	<b>1.46x</b>	<b>1.19x</b>
<b>Median</b>								<b>3.10x</b>	<b>8.17x</b>	<b>8.37x</b>	<b>0.72x</b>	<b>1.16x</b>	<b>0.92x</b>

Source: Bloomberg, S&P Capital IQ

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