



Economy

Goods trade accelerated in Dec-22

In Dec-22, exports growth accelerated, up by 32.5% y/y to a record high US\$ 555.8mn, after a 14.1% y/y growth in previous month. Imports growth also accelerated, up by 31.2% y/y and reached a record high US\$ 1.4bn in December, after growing by 22.2% y/y in November. As a result, the trade deficit, increased by 30.3% y/y to US\$ 822.7mn, after a 27.9% y/y growth in November. Overall, in 2022, trade deficit was up by 34.1% y/y to US\$ 7.9bn, as exports increased by 31.8% y/y to US\$ 5.6bn, while imports were up by 33.2% y/y to US\$ 13.5bn. The wider goods trade deficit was largely offset by tourism revenues and remittances, improving the current account balance in 2022.

Key macro indicators

	2020	2021
Real GDP growth (% change)	-6.8%	10.5%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,023
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%	10.4%
Fiscal deficit (% of GDP)	9.3%	6.1%
Total public debt (% of GDP)	60.2%	49.7%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

*Latest sovereign credit ratings



Source: Geostat



Source: Geostat

Money market

Ministry of Finance T-Bills:

2-year GEL 40.0mn (US\$ 14.8mn) Benchmark bonds were sold at the auction held at NBG on January 10, 2023. Total demand was c.1.8x higher and the weighted average yield was fixed at 8.834%, down by 0.174ppts from previous auction held in Dec-22.

6-month GEL 20.0mn (US\$ 7.4mn) T-Bills were sold at the auction held at NBG on January 10, 2023. Total demand was 2.3x higher and the weighted average yield was fixed at 9.590%, down by 0.251ppts from previous auction held in Dec-22.

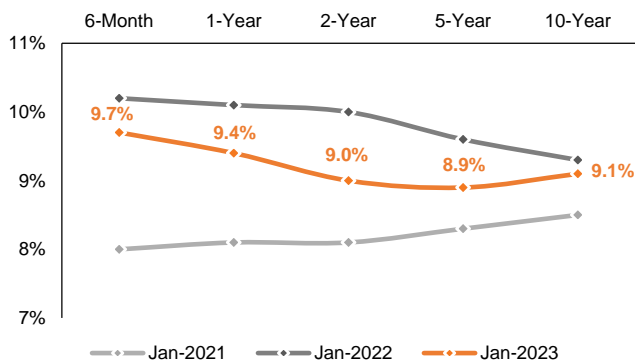
The nearest treasury security auction is scheduled for January 17, 2023, where GEL 20.0mn nominal value 1-year T-Bills will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	20	220	120
1-year	0	240	295
2-year	43	440	1,117
5-year	0	1,080	3,500
10-year	0	720	1,496
Total	63	2,700	6,528

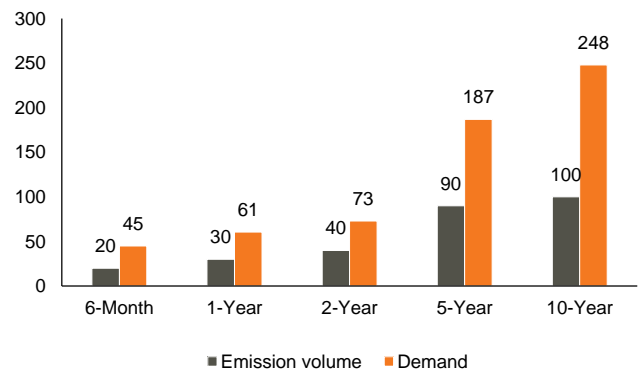
Source: MoF
*As of November 2022

T-bills / T-notes, yield curve



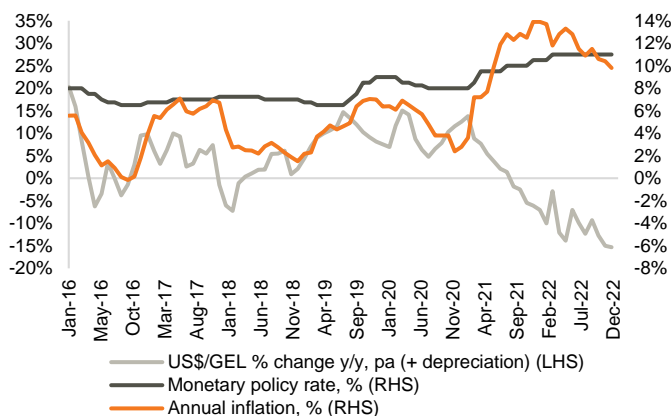
Source: NBG

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



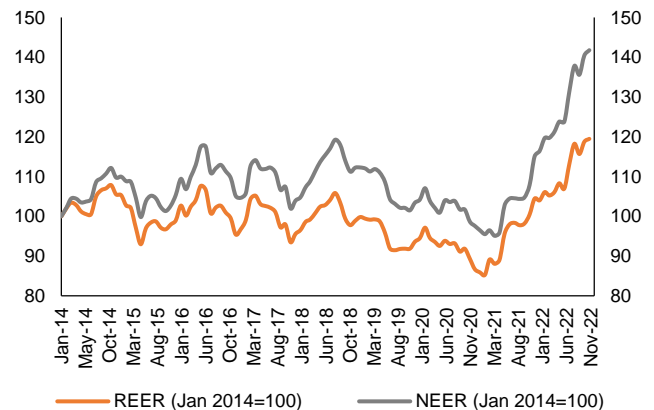
Source: NBG

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

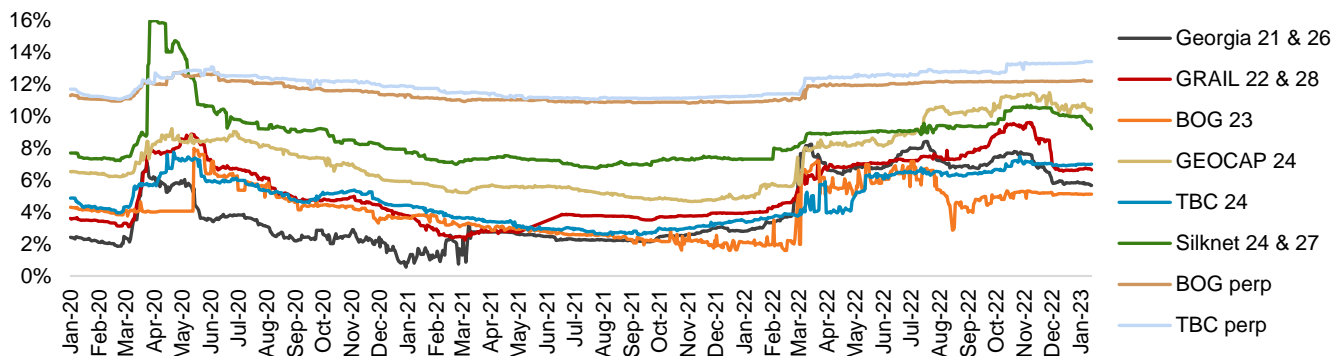
Fixed income

Corporate Eurobonds: Georgia Capital Eurobonds (GEOCAP) were trading at 95.46 (+0.28% w/w), yielding 10.43%.

Georgian Railway Eurobonds (GRAIL) traded at 88.16 (+0.57% w/w), yielding 6.64%.

Georgian Sovereign Eurobonds (GEORG) closed at 91.41 (+0.30% w/w) at 5.67% 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	91.41	5.67	201.94
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/-	88.16	6.64	331.75
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/-/Ba2	n/a	n/a	31.02
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.51	12.20	690.22
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	95.46	10.43	569.74
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	97.23	9.21	567.95
TBC 06/24	USD	300	5.750%	Jun-24	BB-/-/Ba2	98.33	7.00	240.53
TBC PERP	USD	125	10.775%	n/a	B-/-/-	93.05	13.41	1,111.82

Georgian local bonds performance

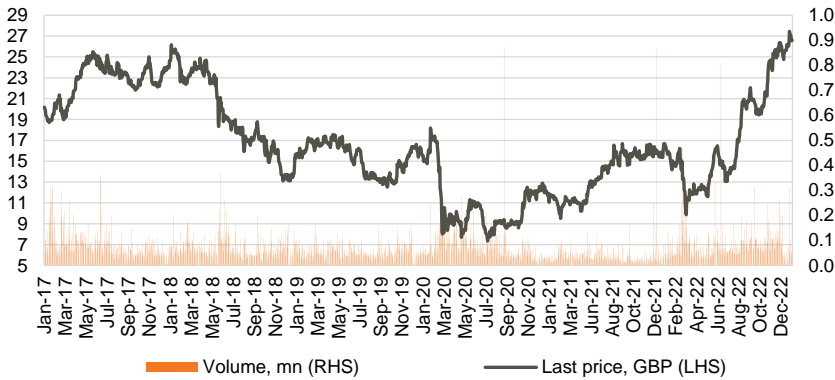
GLC	USD	12	5.75%	Jul-23	-/-/-	99.90	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.49	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	97.35	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.77	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.73	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

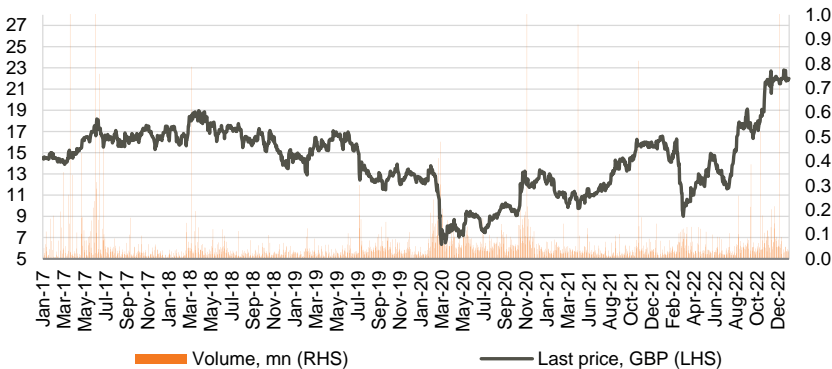
Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 26.60/share (-2.21% w/w and +2.31% m/m). More than 271k shares traded in the range of GBP 25.95 - 27.35/share. Average daily traded volume was 61k in the last 4 weeks. The volume of BGEO shares traded was at 0.55% of its capitalization.

Source: Bloomberg

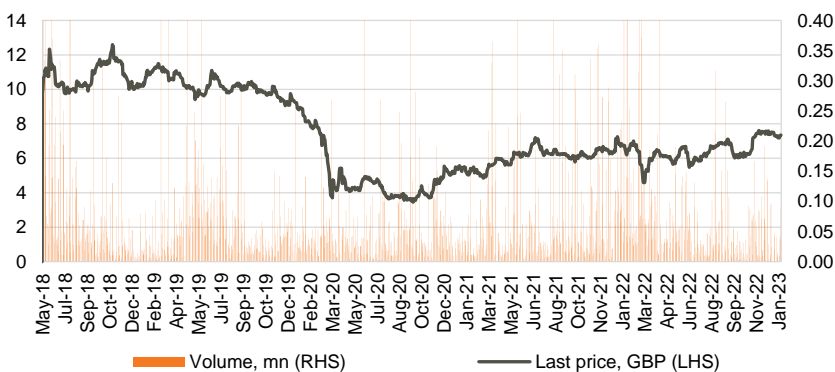
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 22.00/share (-0.23% w/w and +0.46% m/m). More than 163k shares changed hands in the range of GBP 21.50 - 22.30/share. Average daily traded volume was 41k in the last 4 weeks. The volume of TBCG shares traded was at 0.30% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 7.35/share (+2.08% w/w and -2.00% m/m). More than 214k shares traded in the range of GBP 7.09 - 7.40/share. Average daily traded volume was 31k in the last 4 weeks. The volume of CGEO shares traded was at 0.46% 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	26.60	1,308	88.4%	67.1%	2.1%	4.58x	3.32x	4.49x	1.06x	1.04x	0.87x
TBC	TBC	GBP	22.00	1,213	86.4%	38.4%	-3.1%	4.75x	4.19x	3.95x	1.04x	0.94x	0.80x
Halyk Bank	HSBK	USD	10.98	2,994	22.0%	-23.5%	-1.1%	2.60x	2.90x	2.93x	0.76x	0.74x	0.62x
Akbank	AKBNK	TRY	16.55	86,060	107.9%	118.9%	-15.3%	6.04x	1.53x	2.17x	0.96x	0.68x	0.54x
Garanti	GARAN	TRY	24.16	101,472	72.6%	103.4%	-19.6%	7.12x	1.89x	2.41x	1.20x	0.76x	0.59x
Isbank	ISCTR	TRY	10.80	48,600	142.2%	203.8%	-15.4%	2.87x	0.95x	1.08x	0.99x	0.49x	0.46x
PKO	PKO	PLN	35.32	44,150	34.3%	-29.0%	16.6%	6.63x	12.20x	6.94x	0.86x	1.27x	1.11x
PEKAO	PEO	PLN	101.00	26,509	33.6%	-26.0%	16.8%	9.22x	8.26x	6.56x	0.84x	1.14x	1.00x
Millennium	MIL	PLN	5.50	6,672	56.0%	-38.9%	20.1%	na	2.70x	3.20x	0.81x	1.41x	1.13x
Mbank	MBK	PLN	343.60	14,563	65.2%	-31.1%	16.1%	na	8.59x	5.71x	0.83x	1.17x	1.00x
BRD	BRD	RON	13.78	9,603	16.2%	-25.6%	6.0%	6.06x	7.47x	6.62x	0.81x	1.50x	1.16x
Banca Transilvania	TLV	RON	21.10	133,172	4.7%	-12.4%	5.9%	na	na	na	1.24x	1.45x	1.28x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	8.75x	8.67x	0.65x	0.66x	0.58x
Komerčni	KOMB	CZK	706.50	134,270	12.1%	-28.9%	7.9%	11.10x	8.13x	8.70x	1.14x	1.11x	1.03x
Mean								6.34x	5.45x	4.88x	0.94x	1.03x	0.87x
Median								6.06x	4.19x	4.49x	0.91x	1.07x	0.93x

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	7.35	343	20.3%	7.3%	0.7%	1.80x	4.04x	3.04x	0.41x	na	na
Tinc Comm	TINC	EUR	12.54	456	-5.7%	-5.1%	0.3%	13.85x	na	na	0.94x	na	na
Sabancı Holding	SAHOL	TRY	39.54	80,678	115.5%	161.0%	-12.3%	5.61x	2.15x	3.24x	1.31x	0.77x	0.70x
Deutsche Beteiligungs	DBAN	EUR	29.45	554	17.8%	-24.1%	5.6%	2.57x	na	7.35x	0.68x	1.12x	0.88x
Eurazeo	RF	EUR	63.55	5,035	2.1%	-20.2%	9.4%	2.91x	14.52x	10.01x	0.72x	0.72x	0.68x
Carlyle Group	CG	USD	33.06	11,780	5.9%	-36.3%	10.8%	3.34x	7.62x	8.09x	1.87x	2.72x	2.19x
Wendel SE	MF	EUR	95.90	4,291	17.7%	-8.7%	10.0%	3.45x	8.07x	7.87x	1.35x	1.53x	1.32x
HgCapital Trust	HGT	GBP	3.77	1,716	20.6%	-11.8%	7.6%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	16.10	702	12.2%	-14.8%	0.6%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.30	768	8.7%	0.0%	2.5%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	8.40	581	-29.3%	-41.3%	-0.5%	3.10x	na	na	0.52x	na	na
Symphony International Holding	SIHL	USD	0.44	223	-6.5%	1.2%	-2.9%	1.78x	na	na	0.45x	na	na
Mean								4.27x	7.28x	6.60x	0.92x	1.37x	1.15x
Median								3.10x	7.62x	7.61x	0.72x	1.12x	0.88x

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