



## Economy

### Georgia's economy increased by 10.1% in 2022

Geostat revised real GDP growth slightly upwards to 9.7% in 4Q22, from the preliminary estimate of 9.5%. For the whole 2022 year, real GDP growth came in at 10.1%, unchanged from rapid estimate. In 2022, high contributions to growth came from transportation and storage (+28.4% y/y), ICT (+49.9% y/y), electricity supply (+38.9% y/y), construction (+14.8% y/y), trade (+6.1% y/y), manufacturing (+7.8% y/y), art, entertainment and recreation (+17.3% y/y), and hospitality (+16.7% y/y) sectors. Meanwhile, real estate (-4.8% y/y) and healthcare (-5.7% y/y) sectors weighed on growth. In 2022, nominal GDP increased by 19.6% y/y to GEL 71.8bn (US\$ 24.6bn). GDP per capita stood at US\$ 6,672 in 2022, up from US\$ 5,023 in 2021.

### Producer price index reduced in Feb-23

Annual PPI for industrial goods reduced by 1.0% in Feb-23, posting decline for the first time since Nov-16, according to Geostat. This decline was driven by price fall in mining (-13.4% y/y), water supply (-6.4% y/y) and electricity (-1.9% y/y) sectors.

### Trade deficit reduced by 13.9% y/y in Feb-23

In Feb-23, exports increased by 6.3% y/y to US\$ 455.9mn from last year's high base (+60.3% y/y in Feb-2022). Meanwhile, imports declined by 5.4% y/y to US\$ 963.7mn in February, after a 27.3% y/y growth in January. Consequently, the trade deficit decreased by 13.9% y/y to US\$ 507.9mn, after growing by 19.4% y/y in January.

The top 5 exported commodities were cars (+266.4% y/y), copper (-16.3% y/y), ferro-alloys (-69.8% y/y), wine (+0.6% y/y) and spirits (+30.9% y/y) in Feb-23. A 9.3% of exports were directed to the EU (-43.1% y/y), 56.0% to the CIS (+54.8% y/y) and 34.8% to other countries (-16.6% y/y).

The top 5 imports were cars (+46.1% y/y), gases (+58.1% y/y), petroleum (-15.7% y/y), pharmaceuticals (+70.0% y/y) and copper (-74.9% y/y) in Feb-23.

Overall, in 2M23, trade deficit increased by a mere 0.8% y/y to US\$ 1.1bn, as exports increased by 20.3% y/y to US\$ 914.7mn, while imports were up by 9.0% y/y to US\$ 2.0bn.

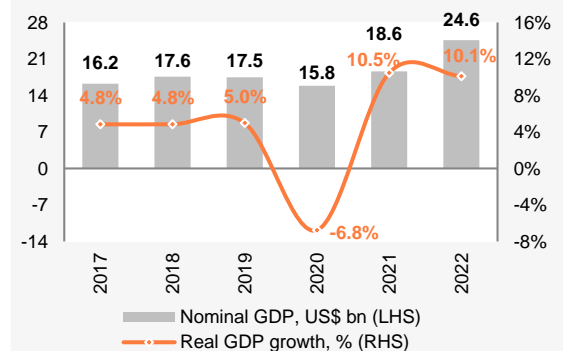
### Key macro indicators

	2021	2022E
Real GDP growth (% change)	10.5%	10.1%
GDP per capita (ppp)	16,937	19,502
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%	3.1%
Fiscal deficit (% of GDP)	6.1%	3.1%
Total public debt (% of GDP)	49.6%	39.7%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

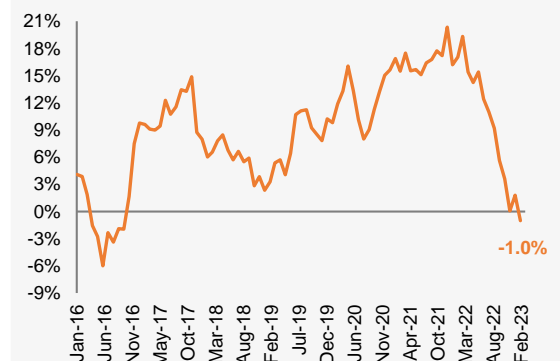
\*Latest sovereign credit ratings

### Georgia's Gross Domestic Product



Source: Geostat

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



Source: Geostat



# Money market

## Ministry of Finance T-notes:

10-year GEL 60.0mn (US\$ 23.3mn) Benchmark bonds were sold at the auction held at NBG on March 21, 2023. Total demand was 1.5x higher and the weighted average yield was fixed at 8.702%, up by 0.051ppts from previous auction held in Feb-23.

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

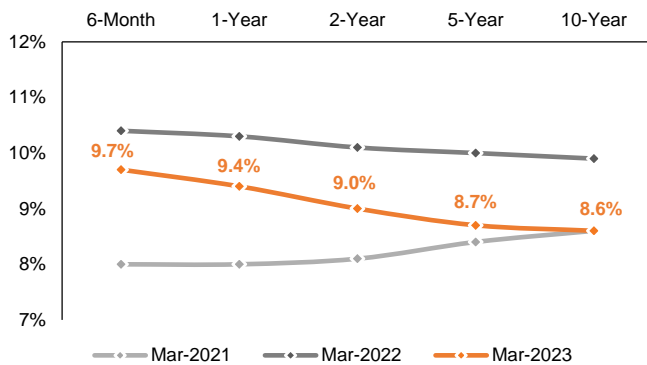
## T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	60	180	415
1-year	60	180	
2-year	129	360	6,125
5-year	198	900	
10-year	180	840	
<b>Total</b>	<b>627</b>	<b>2,460</b>	<b>6,540</b>

Source: MoF

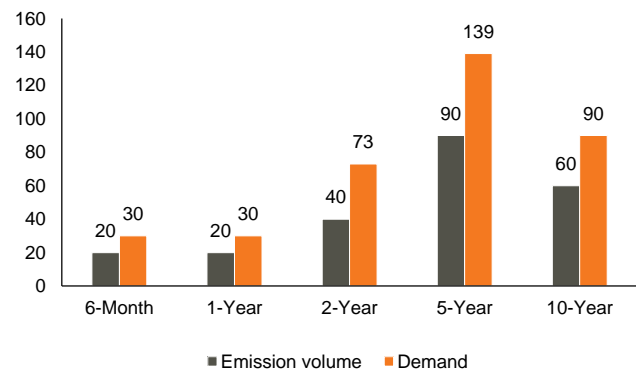
\*As of February 2023

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



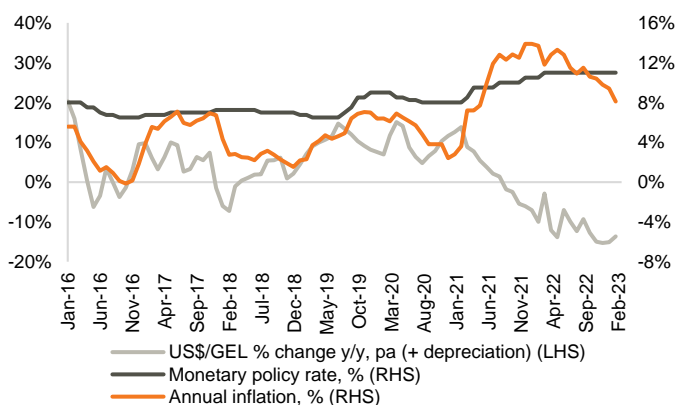
Source: NBG

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



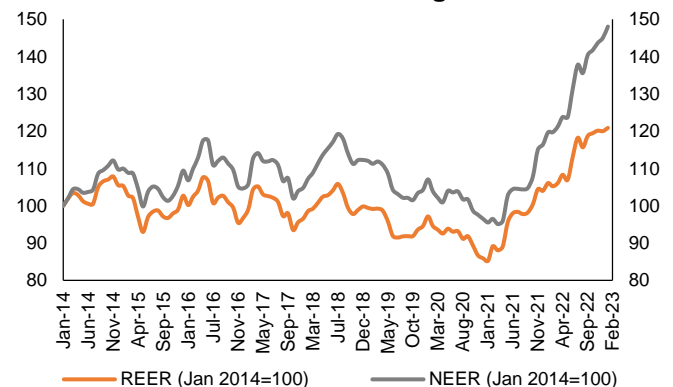
Source: NBG

## 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



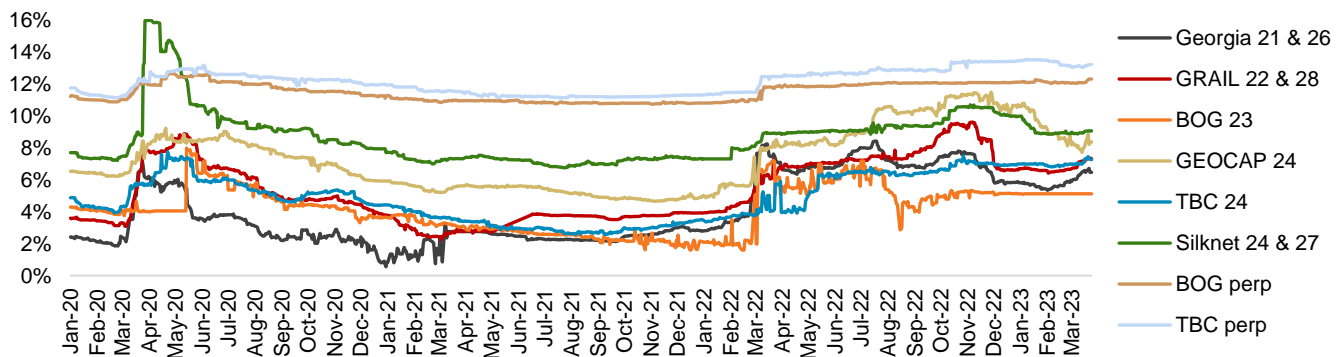
## Fixed income

**Corporate Eurobonds:** Georgia Capital Eurobonds (GEOCAP) were trading at 97.99 (-0.02% w/w), yielding 8.37%.

Georgian Railway Eurobonds (GRAIL) traded at 85.78 (-0.21% w/w), yielding 7.33%.

**Georgian Sovereign Eurobonds** (GEORG) closed at 89.82 (+0.07% w/w) at 6.46% 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	89.82	6.46	301.10
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/	85.78	7.33	413.02
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	n/a	n/a	n/a
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/	97.98	12.30	865.09
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	97.99	8.37	389.13
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/B1	97.82	9.05	569.20
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.25	7.26	301.00
TBC PERP	USD	125	10.775%	n/a	B-/	95.48	13.22	1,010.38

**Georgian local bonds performance**

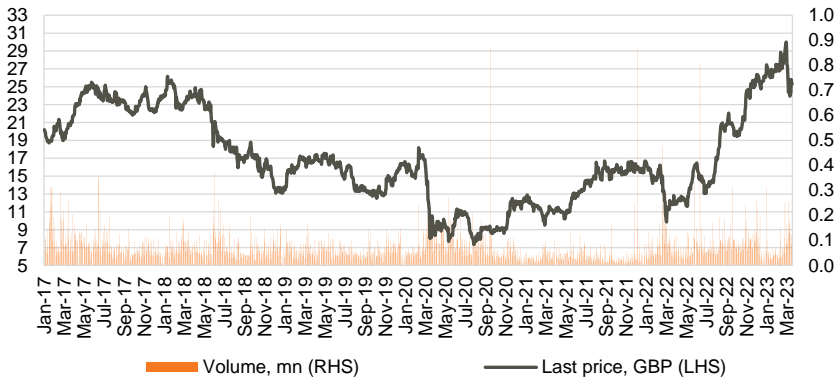
GLC	USD	12	5.75%	Jul-23	-/-/-	99.94	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.59	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	98.23	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.80	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.78	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
Geo Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	99.04	7.25	-/-/-

Source: Bloomberg



## Equities

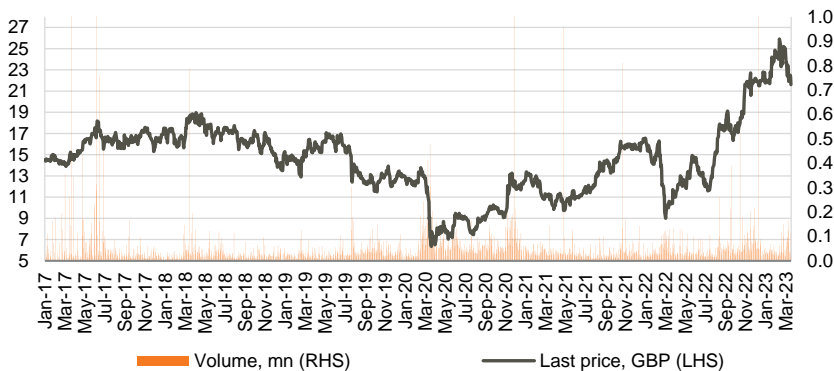
### Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 25.30/share (+5.64% w/w and -8.17% m/m). More than 611k shares traded in the range of GBP 22.30 - 26.05/share. Average daily traded volume was 126k in the last 4 weeks. The volume of BGEO shares traded was at 1.24% of its capitalization.

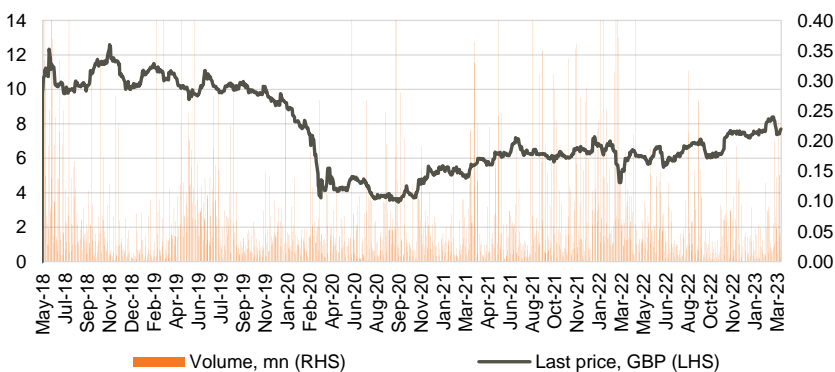
### TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 21.60/share (-1.37% w/w and -7.89% m/m). More than 238k shares changed hands in the range of GBP 20.55 - 22.90/share. Average daily traded volume was 69k in the last 4 weeks. The volume of TBCG shares traded was at 0.43% of its capitalization.

### Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 7.70/share (+3.22% w/w and -5.52% m/m). More than 262k shares traded in the range of GBP 7.30 - 7.70/share. Average daily traded volume was 62k in the last 4 weeks. The volume of CGEO shares traded was at 0.56% 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	25.30	1,244	21.9%	111.9%	-2.9%	4.58x	3.17x	3.84x	1.06x	0.99x	0.74x
TBC	TBC	GBP	21.60	1,191	26.8%	107.7%	-4.8%	4.75x	4.06x	3.67x	1.04x	0.88x	0.83x
Halyk Bank	HSBK	USD	11.38	3,103	16.1%	23.2%	2.5%	2.60x	3.01x	3.03x	0.76x	0.77x	0.65x
Akbank	AKBNK	TRY	18.00	93,600	59.6%	142.6%	-7.9%	6.04x	1.60x	2.26x	0.96x	0.72x	0.52x
Garanti	GARAN	TRY	26.92	113,064	44.7%	123.4%	-10.4%	7.12x	2.05x	2.51x	1.20x	0.84x	0.56x
Isbank	ISCTR	TRY	13.85	62,325	76.9%	253.0%	8.5%	2.87x	1.15x	1.30x	0.99x	0.66x	0.62x
PKO	PKO	PLN	26.72	33,400	17.8%	-30.8%	-11.8%	6.63x	9.49x	5.14x	0.86x	0.96x	0.83x
PEKAO	PEO	PLN	78.90	20,709	21.9%	-28.3%	-8.8%	9.22x	7.12x	5.02x	0.84x	0.91x	0.80x
Millennium	MIL	PLN	3.84	4,658	1.4%	-37.8%	-16.2%	na	1.96x	2.18x	0.81x	0.98x	0.67x
Mbank	MBK	PLN	274.20	11,622	20.1%	-19.0%	-7.4%	na	na	11.83x	0.83x	0.93x	0.70x
BRD	BRD	RON	12.00	8,363	1.7%	-29.3%	-7.7%	6.06x	6.49x	5.90x	0.81x	1.30x	1.06x
Banca Transilvania	TLV	RON	19.34	122,064	10.5%	-13.3%	-2.9%	na	na	na	1.24x	1.29x	1.22x
Komerční	KOMB	CZK	675.00	128,283	6.2%	-21.4%	3.1%	11.10x	7.80x	8.47x	1.14x	1.04x	0.96x
<b>Mean</b>								<b>6.34x</b>	<b>4.35x</b>	<b>4.60x</b>	<b>0.94x</b>	<b>0.94x</b>	<b>0.78x</b>
<b>Median</b>								<b>6.06x</b>	<b>3.17x</b>	<b>3.75x</b>	<b>0.91x</b>	<b>0.93x</b>	<b>0.74x</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	7.70	359	18.5%	31.0%	5.5%	1.80x	na	na	0.41x	na	na
Tinc Comm	TINC	EUR	12.12	441	-5.5%	-9.8%	-3.0%	13.85x	na	na	0.94x	na	na
Sabancı Holding	SAHOL	TRY	41.36	84,391	52.7%	139.4%	-8.3%	5.61x	2.24x	2.17x	1.31x	0.88x	0.67x
Deutsche Beteiligungs	DBAN	EUR	27.00	508	24.4%	-6.7%	-3.2%	2.57x	na	6.66x	0.68x	1.02x	0.80x
Eurazeo	RF	EUR	62.25	4,932	15.1%	-13.2%	7.1%	2.91x	14.16x	9.29x	0.72x	0.70x	0.67x
Carlyle Group	CG	USD	29.81	10,622	10.6%	-36.0%	-0.1%	3.34x	6.88x	7.50x	1.87x	2.56x	2.01x
Wendel SE	MF	EUR	95.50	4,273	29.8%	5.4%	9.5%	3.45x	8.00x	7.84x	1.35x	1.51x	1.31x
HgCapital Trust	HGT	GBP	3.26	1,484	-6.9%	-23.9%	-7.0%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	14.55	635	-6.1%	-14.4%	-9.1%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.57	815	17.5%	13.6%	8.8%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	9.22	638	-15.4%	-24.0%	9.2%	3.10x	na	na	0.52x	na	na
Symphony International Holding	SIHL	USD	0.47	241	-1.1%	6.6%	4.7%	1.78x	na	na	0.45x	na	na
<b>Mean</b>								<b>4.27x</b>	<b>7.82x</b>	<b>6.69x</b>	<b>0.92x</b>	<b>1.34x</b>	<b>1.09x</b>
<b>Median</b>								<b>3.10x</b>	<b>7.44x</b>	<b>7.50x</b>	<b>0.72x</b>	<b>1.02x</b>	<b>0.80x</b>

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