



Economy

Exports up 14.0% y/y in December 2018

In December 2018, exports increased 14.0% y/y to US\$ 328.6mn, imports were down 2.7% y/y to US\$ 816.6mn and the trade deficit decreased 11.4% y/y to US\$ 488.1mn, according to GeoStat. Overall in 2018, the trade deficit was up 10.7% y/y to US\$ 5.8bn as exports were up 22.9% y/y to US\$ 3.4bn and imports increased 14.9% y/y to US\$ 9.1bn.

In December 2018, cars (+38.9% y/y), copper (+5.0% y/y), ferro-alloys (+57.5% y/y), wine (+13.1% y/y) and pharmaceuticals (+22.7% y/y) were the top 5 exported commodities. A 21.7% of exports were directed to the EU (+7.0% y/y), 56.9% to the CIS (+24.5% y/y) and 21.4% to other countries (-1.7% y/y).

Petroleum (-12.5% y/y), cars (-3.2% y/y), pharmaceuticals (+7.8% y/y), gases (-23.6% y/y) and phones (+2.9% y/y) represented the top 5 imported commodities in December 2018.

NPLs at 2.7% in December 2018

In December 2018, the banking sector loan portfolio increased 17.2% y/y after growing 18.9% y/y in previous month, excluding the exchange rate effect. In unadjusted terms, loan portfolio was up 19.3% y/y and up 1.9% m/m to GEL 26.6bn (US\$ 9.9bn). Deposits were up 13.8% y/y excluding the exchange rate effect. In unadjusted terms, deposits were up 16.4% y/y and up 4.7% m/m to GEL 23.0bn (US\$ 8.6bn). Deposit dollarization stood at 63.1% (-2.5ppts y/y and -0.9ppts m/m) and loan dollarization was 56.9% (flat y/y and +0.3ppts m/m). NPLs stood at 2.7% in December 2018 (-0.1ppts y/y and m/m).

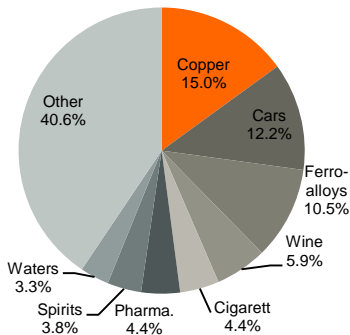
Producer price index up 3.8% y/y in December 2018

Annual PPI for industrial goods was up 3.8% in December 2018. Rising prices in manufacturing (+2.5% y/y) and supply of electricity, gas and water (+15.4% y/y) contributed the most to the overall index change.

NBG purchased US\$ 30.0mn

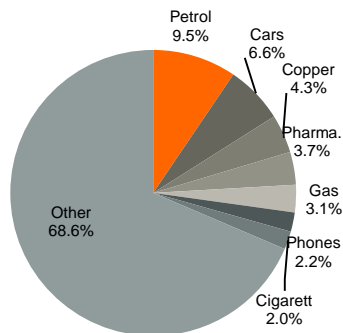
On 21 and 23 January 2019, the NBG intervened on the FX market and purchased US\$ 15.0mn and US\$ 15.0mn, respectively. The NBG purchased US\$ 85mn YTD on its 6 FX auctions.

Exports by commodities, 2018



Source: GeoStat

Imports by commodities, 2018



Key macro indicators

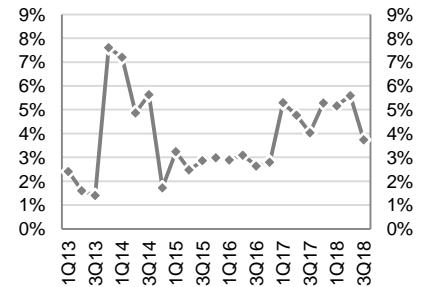
	2018E	2017	2016
GDP (% change)	4.7% ⁽¹⁾	4.8%	2.8%
GDP per capita (ppp)	11,600	10,742	10,065
GDP per capita (US\$)	4,380	4,047	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	6.7%	1.8%
Gross reserves (US\$ bn)	3.3	3.0	2.8
CAD (% of GDP)	6.5% ⁽²⁾	8.8%	13.1%
Fiscal deficit (% of GDP)	2.3%	2.9%	3.0%
Total public debt (% of GDP)	43.0%	44.8%	44.4%

Source: Official data, IMF, G&T

1) As of 11M18

2) As of 9M18

Real GDP growth, %



Source: GeoStat

International ranking, 2018-19

Ease of Doing Business # 6 (Top 10)
Economic Freedom Index # 16 (mostly free)
Global Competitiveness Index # 66

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings



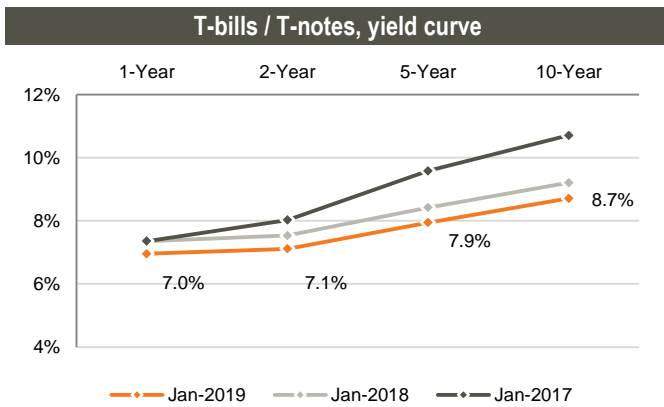
Source: Rating agencies



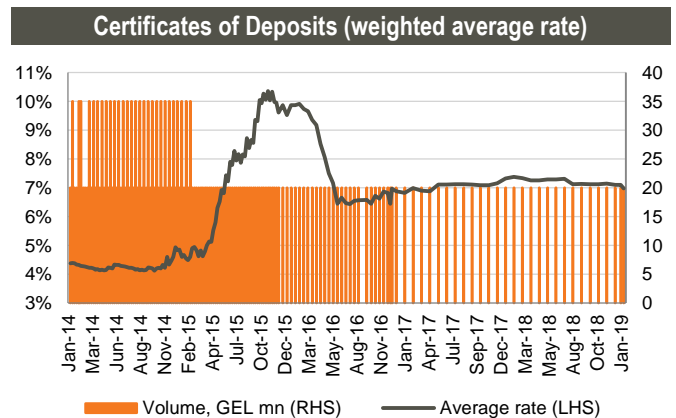
Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 900mn (US\$ 338.4mn).

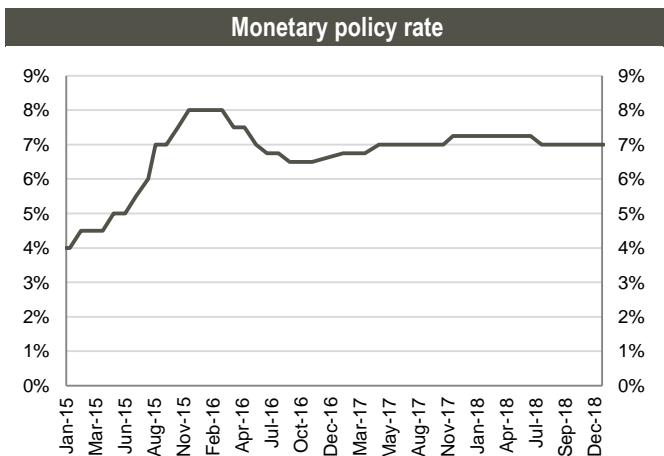
Ministry of Finance Bonds: 10-year GEL 25.0mn (US\$ 9.4mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on January 22, 2019. The weighted average yield was fixed at 8.870%. The nearest treasury securities auction is scheduled for January 29, 2019, where GEL 30.0mn nominal value 5-year Benchmark Bonds will be sold.



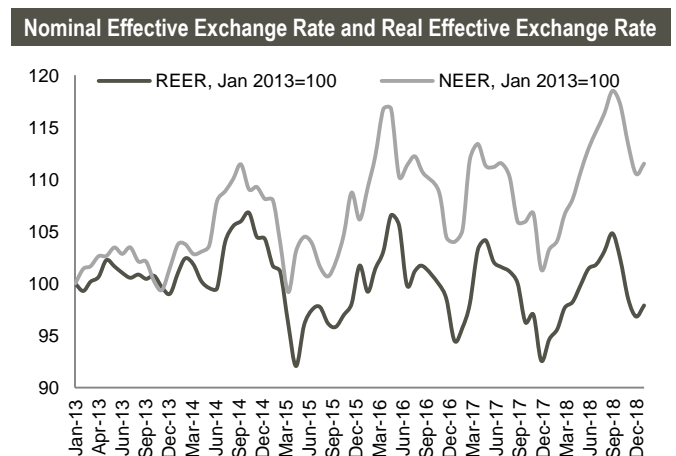
Source: NBG



Source: NBG



Source: NBG



Source: NBG

Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

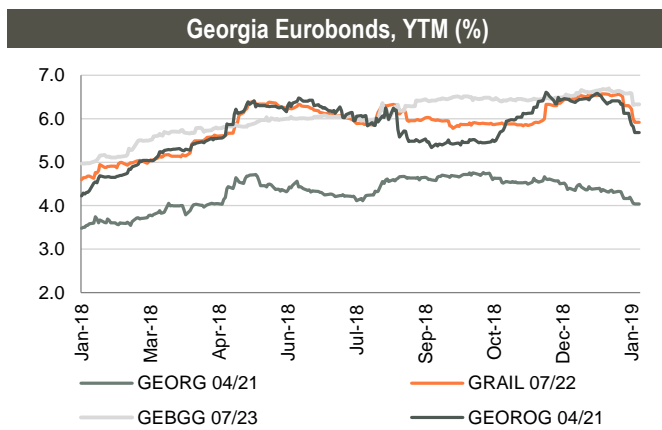


Fixed income

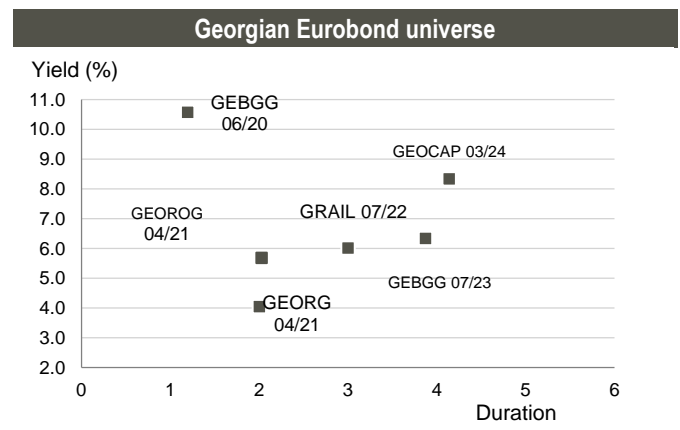
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.3% yield, trading at 98.7 (+1.0% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 99.5 (-0.3 w/w), yielding 10.6%. Georgia Capital Eurobonds (GEOCAP) were trading at 91.0 (+0.2% w/w), yielding 8.3%.

GOGC Eurobonds (GEOROG) were trading at 102.2 (+0.9% w/w), yielding 5.7%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.6 (+1.1% w/w), yielding 5.9%.

Georgian Sovereign Eurobonds (GEORG) closed at 105.9 (+0.2% w/w) at 4.0% yield to maturity.



Source: Bloomberg



Source: Bloomberg

Georgia bonds performance

Georgia Eurobonds performance								
Issuer	Amount, US\$ mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps	
Georgia	500	6.875%	04/12/2021	BB-/BB-/Ba2	105.91	4.04	131.82	
GRAIL 07/22	500	7.750%	07/11/2022	B+/B+/-	105.65	5.92	333.06	
GEOROG 04/21	250	6.750%	04/26/2021	BB-/B+/-	102.20	5.69	296.55	
GEBGG 06/20	500*	11.000%	06/01/2020	BB-/Baa2	99.50	10.56	n/a	
GEBGG 07/23	350	6.000%	07/26/2023	BB-/Baa2	98.74	6.33	366.59	
GEOCAP 03/24	300	6.125%	03/09/2024	-/B+/B2	90.96	8.33	566.46	
Georgia local bonds performance								
GWP 12/21	30*	10.50%**	06/12/2021	BB-****/-/-	n/a	n/a	n/a	
M2RE 10/19	25	7.500%	07/10/2019	-/-/-	100.98	6.00	n/a	
GLC 08/20	10	7.000%	29/08/2020	-/-/-	99.99	7.00	n/a	
GLC 06/21	5	6.500%	22/06/2021	-/-/-	98.91	7.00	n/a	
Nikora 06/19	10	9.000%	28/06/2019	-/-/-	n/a	n/a	n/a	
Silknet 08/22	34*	10.50%**	18/08/2022	B+****/-/-	n/a	n/a	n/a	
Crystal 12/19	10*	11.50%***	28/12/2019	B/-/-	100.85	11.00	n/a	

Source: Bloomberg

*GEBGG 06/20 bonds, GWP 12/21 bonds, Silknet 08/22 and Crystal 12/19 bonds are in Georgian lari

**Coupon rate 3.5% over the NBG's refinancing rate

***Coupon rate 4.5% over the NBG's refinancing rate

****Company ratings

Eastern European sovereign 10-year bond performance

Issuer	Amount, US\$ mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	105.9	4.0	131.8
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	101.8	4.4	169.8
Bulgaria	323	5.000%	19/07/2021	BBB/-/-	112.7	-0.1	n/a
Croatia	1,250	3.875%	30/05/2022	BB+/BB/Baa2	110.9	0.6	59.0
Hungary	2,654	6.375%	29/03/2021	BBB-/BBB-/Baa3	105.9	3.5	81.2
Romania	2,019	6.750%	07/02/2022	BBB-/BBB-/Baa3	107.8	4.0	130.1
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	102.1	3.2	46.4
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	100.7	5.3	257.0

Source: Bloomberg

Equities

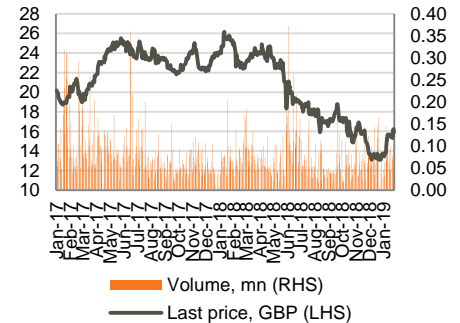
Bank of Georgia Group (BGEO LN) shares closed at GBP 15.91/share (+2.67% w/w and +21.31% m/m). More than 327k shares traded in the range of GBP 15.04 – 16.62/share. Average daily traded volume was 70k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 0.56 % w/w and gained 7.78% m/m. The volume of BGEO shares traded was at 0.66% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 11.11/share (+7.84% w/w and +11.08% m/m). More than 168k shares traded in the range of GBP 10.25 – 11.14/share. Average daily traded volume was 23k in the last 4 weeks. The volume of CGEO shares traded was at 0.44% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 14.74 (+0.82% w/w and +9.19% m/m). More than 84k shares changed hands in the range of GBP 14.22 – 15.18/share. Average daily traded volume was 24k in the last 4 weeks. The volume of TBCG shares traded was at 0.15% of its capitalization.

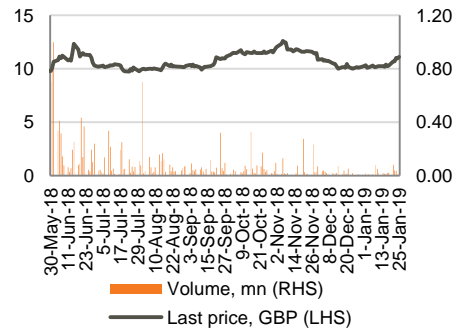
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.34/share (+14.15% w/w and +11.43% m/m). More than 60k shares were traded in the range of GBP 2.05 – 2.36/share. Average daily traded volume was 86k in the last 4 weeks. The volume of GHG shares traded was at 0.05% of its capitalization.

Bank of Georgia Group (BGEO LN)



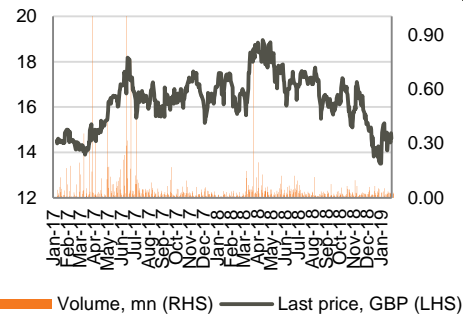
Source: Bloomberg

Georgia Capital (CGEO LN)



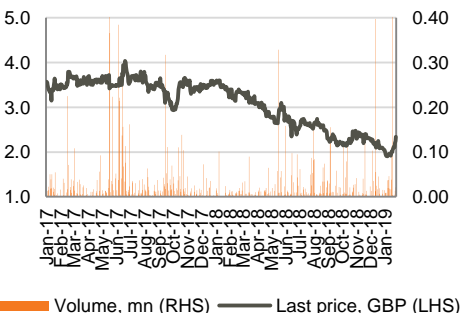
Source: Bloomberg

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

Eastern European Banks

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Bank of Georgia	BGEO 15.91*	1,030	21.3%	6.8%	-10.1%	15.6%	-37.3%
TBC	TBC 14.74*	1,053	9.2%	-6.6%	-13.3%	-3.2%	-14.1%
Halyk Bank	HSBK 10.35	3,041	1.5%	-11.9%	-13.4%	0.0%	-20.1%
VTB Bank	VTBR 1.25	8,107	10.9%	0.1%	-17.7%	12.9%	-35.8%
Vozrozhdenie	VZRZ 6.75	160	-2.4%	-4.3%	16.3%	-1.4%	-29.3%
Sberbank	SBER 13.07	70,508	21.6%	12.8%	-6.4%	19.2%	-32.3%

Source: Bloomberg
 *BGEO and TBC share prices traded and shown in GBP

Investment Management Company Peers

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Georgia Capital	CGEO 11.11*	558	11.1%	-3.1%	13.1%	8.8%	n/a
Creades	CREDA 30.21	248	9.2%	4.2%	0.9%	7.9%	-29.2%
CIE du Bois	COMB 434.49	732	4.6%	2.7%	-5.3%	0.6%	-9.2%
Tinc Comm	TINC 13.57	370	1.7%	-1.0%	-3.2%	0.4%	-14.5%
Edify	EDIFY 58.73	285	-2.9%	-6.9%	-17.6%	-3.2%	-19.6%

Source: Bloomberg
 *CGEO share price traded and shown in GBP

Healthcare Sector Peers

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG 2.34*	406	11.4%	-4.9%	-9.5%	14.7%	-32.2%
Mouwasat	MOUWASAT 20.42	2,042	-3.7%	-0.6%	-20.0%	-4.8%	-9.8%
Fortis	FORH 1.91	1,441	-1.0%	7.7%	-2.4%	-5.3%	-23.0%
Raffles	RFMD 0.83	1,487	2.4%	8.8%	-0.3%	2.5%	-5.4%
IHH	IHH 1.35	11,879	3.6%	17.4%	-8.2%	3.9%	-12.8%
Bangkok Chain	BCH 0.52	1,305	-5.3%	-10.3%	4.9%	2.0%	4.5%
Netcare	NTC 1.87	2,755	5.7%	12.6%	-5.4%	1.9%	-12.0%

Source: Bloomberg
 *GHG share price traded and shown in GBP

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