



Weekly Market Watch

Weekly Market Watch | Georgia
April 19, 2021

Economy

Exports up by 30.8% y/y in March 2021

In March 2021, exports surged by 30.8% y/y to US\$ 326.3mn after a 2.9% growth in previous month. Imports also increased by 17.8% y/y to US\$ 767.9mn, recording growth for the first time since March 2020. As a result, trade deficit widened by 9.8% y/y to US\$ 441.6mn. Overall, in 1Q21, trade deficit was down 7.3% y/y to US\$ 1.1bn as exports increased by 5.3% y/y to US\$ 821mn and imports decreased by 2.4% y/y to US\$ 2.0bn.

Money transfers up by 49.5% y/y in March 2021

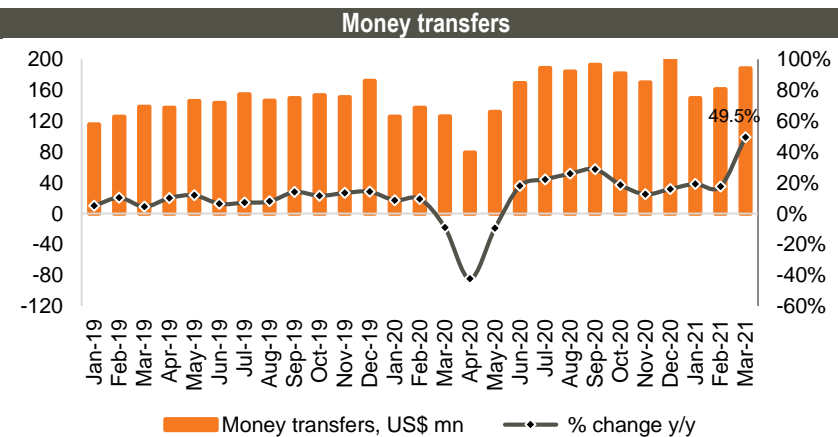
In March 2021, money transfers surged by 49.5% y/y to US\$ 188.2mn, after growing 17.5% y/y in previous month, according to NBG. From major remitting countries, money transfers increased strongly from Russia (+26.8% y/y, 17.1% of total), Italy (+76.3% y/y, 16.2% of total), USA (+59.8% y/y, 12.8% of total), Greece (+27.3% y/y, 11.0% of total) and Israel (+32.7% y/y, 8.3% of total). Overall, in 1Q21 money transfers were up 28.4% y/y to US\$ 499.3mn.

NBG sold US\$ 25.4mn

On 15 April 2021, the NBG intervened on the FX market and sold US\$ 25.4mn out of offered US\$ 40mn to limit GEL's depreciation. This was 6th FX intervention YTD for a total sale of US\$ 212.9mn through FX auctions.

Georgia successfully priced a US\$ 500mn 5-year Eurobond

On 15 April 2021, Georgia successfully priced a US\$ 500mn, 5-year Eurobond. The coupon rate for the bond was determined at 2.750%. The Eurobond was met with strong investor demand, with orders reaching US\$ 2.0bn. After the book building the yield on the Eurobond was determined at 2.875%, representing c. 207bps spread over comparable US treasury (UST 0.750% due Mar 2026). Goldman Sachs International and J.P. Morgan Securities plc acted as a Joint Global Coordinators and Joint Bookrunners on the transaction along with ICBC Standard Bank Plc (the "Joint Bookrunner") while local investment banks JSC Galt & Taggart and TBC Capital LLC acted as Co-managers.



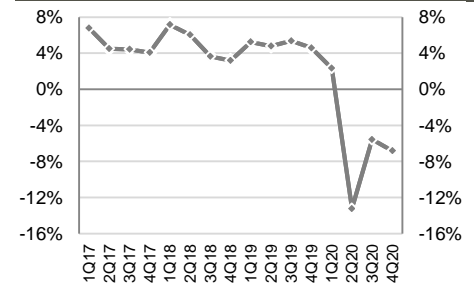
Source: NBG

Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.3%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

Real GDP growth, %



Source: Geostat

International ranking, 2019-21

- Ease of Doing Business # 7 (Top 10)
- Economic Freedom Index # 12 (mostly free)
- Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB Negative Affirmed Feb-2021	 Ba2 Stable Affirmed Aug-2020	 BB Negative Affirmed Feb-2021
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Source: Rating agencies

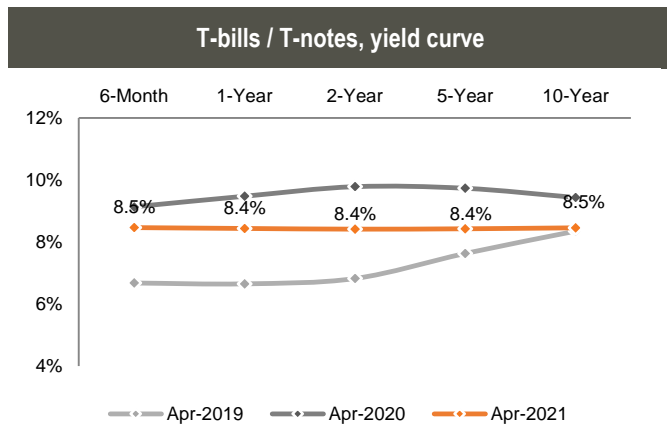
Money market

Ministry of Finance T-Bills: 1-year GEL 15.0mn (US\$ 4.4mn) T-Bills were sold at the auction held at NBG on April 13, 2021. Total demand was 4.2x higher and the weighted average yield was fixed at 8.455%, up by 0.511ppts from previous auction held in March, 2021. The nearest treasury security auction is scheduled for April 20, 2021, where GEL 25.0mn nominal value 10-year Benchmark Bonds will be sold.

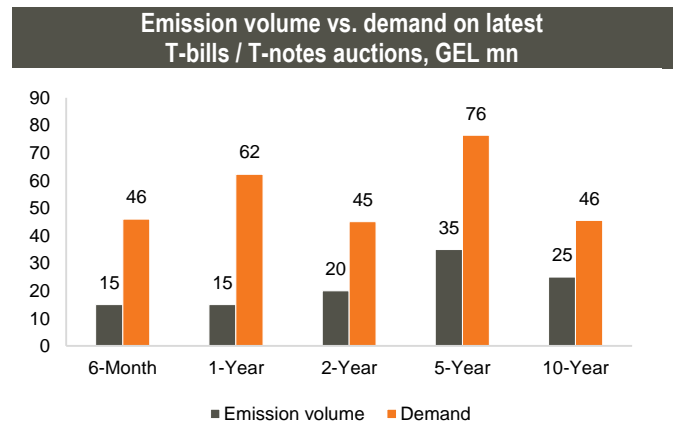
T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	45	120	90
1-year	45	120	540
2-year	60	160	1,270
5-year	113	315	2,373
10-year	25	75	1,262
Total	288	790	5,535

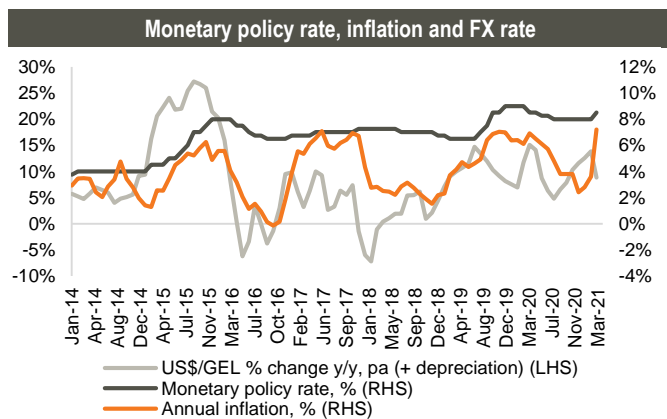
Source: MoF
Note: * As of 31 March 2021



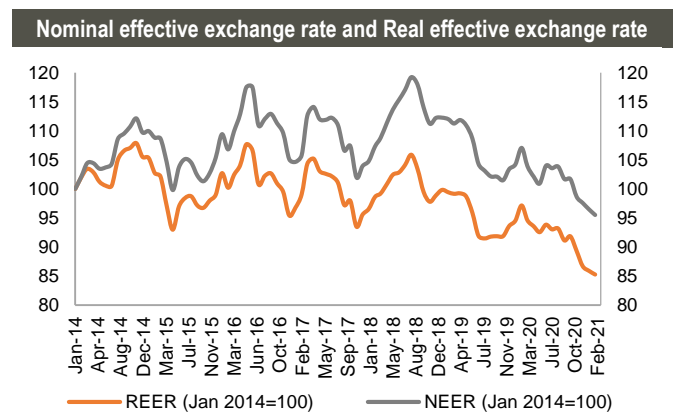
Source: NBG



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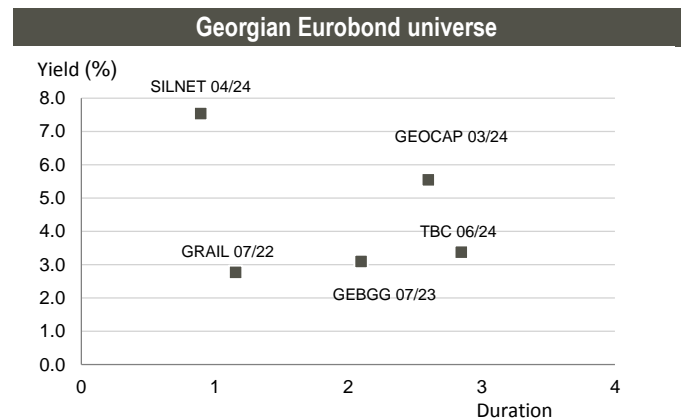
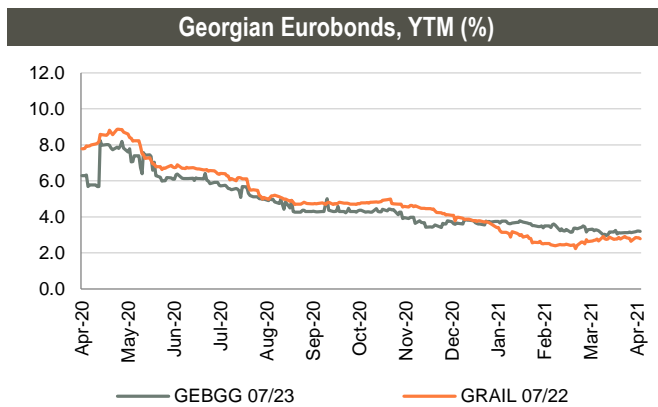


Source: NBG
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate

Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 3.09% yield, trading at 106.31 (+0.01% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 101.52 (+0.13% w/w), yielding 5.55%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.95 (-0.23% w/w), yielding 2.77%.



Source: Bloomberg

Source: Bloomberg

Note: For Silknet duration calculation call date is taken as maturity.

Georgian bonds performance

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	-/-/-	100.32	2.68	178.52
GRAIL 07/22	USD	500	7.750%	Jul-22	BB-/B+/-	105.95	2.77	255.14
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B2	106.31	3.09	277.10
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	108.71	9.20	748.96
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B/B2	101.52	5.55	511.58
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	109.01	7.53	652.66
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B2	107.06	3.38	288.80
TBC PERP	USD	125	10.775%	n/a	B-/B-	109.20	9.39	715.06
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	105.13	6.36	549.26

Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B-	n/a	n/a	n/a
M2CA 12/21	USD	30	7.50%	Dec-21	-/-/-	100.00	7.50	n/a
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 06/21	USD	5	6.50%	Jun-21	-/-/-	n/a	n/a	n/a
GLC 08/21	USD	10	7.50%	Aug-21	-/-/-	100.00	7.50	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	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
Lisi Lake Development	USD	12	8.00%	Dec-21	-/-/B+	n/a	n/a	n/a
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/BB-	n/a	n/a	n/a
Swiss Capital 09/21	GEL	10	14.25%	Sep-21	B-/B-	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	n/a

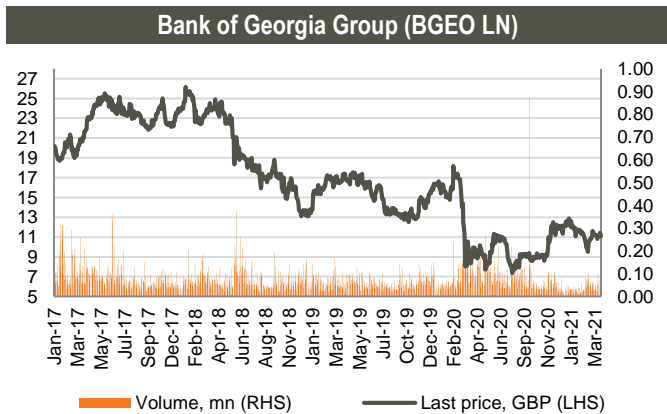
Source: Bloomberg

Equities

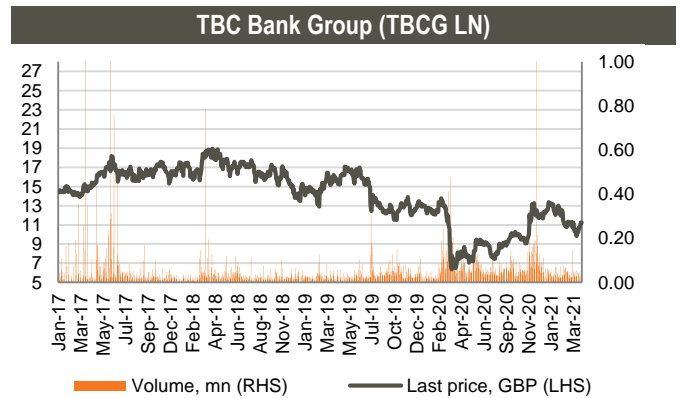
Bank of Georgia Group (BGEO LN) shares closed at GBP 11.08/share (+0.18% w/w and -4.65% m/m). More than 198k shares traded in the range of GBP 10.98 - 11.54/share. Average daily traded volume was 43k in the last 4 weeks. The volume of BGEO shares traded was at 0.40% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 5.87/share (-1.34% w/w and +3.71% m/m). More than 66k shares traded in the range of GBP 5.81 - 6.00/share. Average daily traded volume was 83k in the last 4 weeks. The volume of CGEO shares traded was at 0.14% of its capitalization.

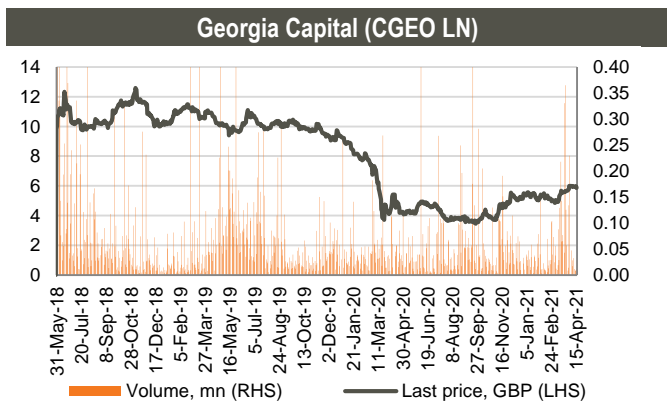
TBC Bank Group (TBCG LN) closed the week at GBP 11.22/share (+4.86% w/w and -0.71% m/m). More than 153k shares changed hands in the range of GBP 10.64 - 11.32/share. Average daily traded volume was 34k in the last 4 weeks. The volume of TBCG shares traded was at 0.28% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



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	11.08	545	24.4%	19.5%	-9.2%	8.09x	4.67x	0.97x	0.81x
TBC	TBC	GBP	11.22	619	18.6%	47.6%	-10.2%	6.73x	4.98x	0.94x	0.83x
Sberbank	SBER	USD	15.21	82,057	47.6%	50.9%	4.7%	8.26x	6.57x	1.21x	1.10x
Halyk Bank	HSBK	USD	14.64	4,302	47.3%	60.5%	25.7%	5.88x	5.08x	1.19x	1.12x
VTB Bank	VTBR	USD	1.21	7,815	56.0%	32.0%	26.3%	8.08x	3.45x	0.42x	0.40x
Akbank	AKBNK	TRY	4.97	25,844	-4.4%	-12.0%	-28.3%	3.98x	3.19x	0.39x	0.36x
Garanti	GARAN	TRY	7.28	30,576	1.4%	-11.8%	-29.8%	4.20x	3.18x	0.45x	0.42x
Isbank	ISCTR	TRY	4.91	22,095	-10.2%	1.7%	-29.9%	3.04x	2.66x	0.30x	0.29x
PKO	PKO	PLN	33.15	41,438	57.8%	50.4%	15.4%	14.37x	11.65x	0.91x	0.90x
PEKAO	PEO	PLN	76.24	20,011	57.9%	41.8%	24.8%	16.55x	12.30x	0.79x	0.76x
Millennium	MIL	PLN	3.80	4,610	51.0%	18.2%	16.2%	64.83x	9.36x	0.50x	0.53x
Mbank	MBK	PLN	208.20	8,821	40.3%	-6.4%	16.2%	35.42x	130.47x	0.51x	0.53x
BRD	BRD	RON	15.38	10,718	26.9%	33.3%	3.5%	13.23x	10.69x	1.17x	1.41x
Banca Transilvania	TLV	RON	2.41	13,828	15.9%	40.4%	7.1%	14.17x	8.53x	1.50x	1.27x
OTP	OTPD	USD	22.40	12,544	-1.8%	-1.8%	-1.8%	12.52x	10.20x	0.70x	0.64x
Komercni	KOMB	CZK	678.00	128,853	40.1%	24.4%	3.2%	15.97x	14.00x	1.13x	1.08x
Mean								14.71x	15.06x	0.82x	0.78x
Median								10.39x	7.55x	0.85x	0.78x

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	5.87	281	45.8%	22.8%	8.7%	na	na	na	na
Tinc Comm	TINC	EUR	12.60	458	-4.5%	-1.6%	-2.7%	na	na	na	na
Sabancı Holding	SAHOL	TRY	8.20	16,731	-4.2%	7.6%	-28.4%	3.21x	2.98x	0.42x	0.37x
Deutsche Beteiligungs	DBAN	EUR	34.90	525	17.5%	36.8%	12.0%	na	6.97x	1.21x	1.10x
Eurazeo	RF	EUR	68.70	5,428	56.2%	73.5%	23.8%	32.75x	9.46x	0.98x	0.87x
Carlyle Group	CG	USD	39.23	13,910	41.7%	73.0%	24.8%	21.13x	17.17x	6.48x	4.93x
Mean								19.03x	9.14x	2.27x	1.82x
Median								21.13x	8.21x	1.09x	0.98x

Source: Bloomberg, S&P Capital IQ

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