



Weekly Market Watch

Weekly Market Watch | Georgia
May 13, 2019

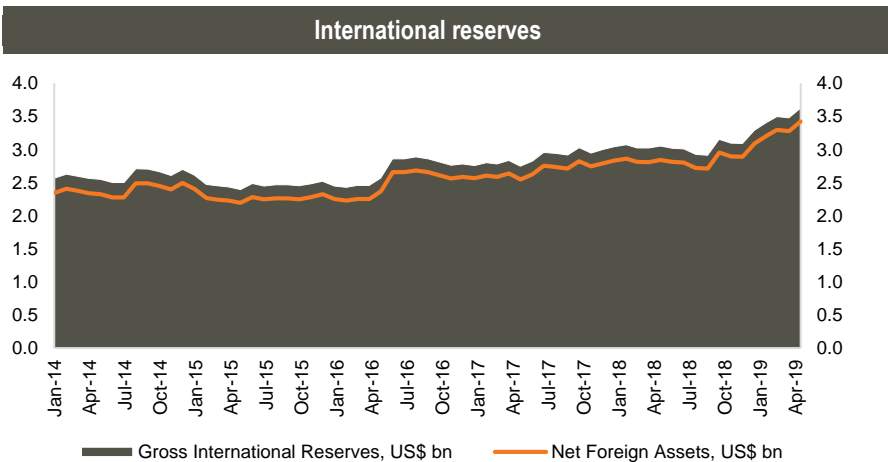
Economy

Tourist arrivals up 4.2% y/y in April 2019

Total international arrivals (tourists and same-day arrivals) to Georgia increased by 3.7% y/y to 0.55mn in April 2019, according to the Ministry of Internal Affairs. This growth was mostly driven by tourists arrivals (+4.2% y/y to 0.35mn trips, 63.4% of total), while same-day arrivals also increased by 3.0% y/y. Out of top countries, in April 2019, international visitors increased from Russia (+26.5% y/y), Azerbaijan (+0.4%), Armenia (+4.1% y/y), Israel (+11.2% y/y) and Ukraine (+3.1%). Visitors continued to decline from Turkey (-7.6% y/y, though slower reduction in last two months) and Iran (-59.4% y/y). Visitors from the EU were up 28.7% y/y to over 32,700 visitors, with Germany, Poland and UK driving growth. In 4M19, total international visitors stood at 1.9mn (+1.9% y/y), of which tourist arrivals reached 1.2mn (+4.8% y/y). Meanwhile, tourism generated US\$ 827.4mn (+4.8% y/y) in 4M19 by our estimates.

International reserves up 18.8% y/y in April 2019

Gross international reserves were up 18.8% y/y to US\$ 3.6bn in April 2019 according to NBG. On a monthly basis reserves were up 4.2%. There were no FX interventions by NBG in April. Growth in reserves were attributed to government and/or banking sector FX operations.



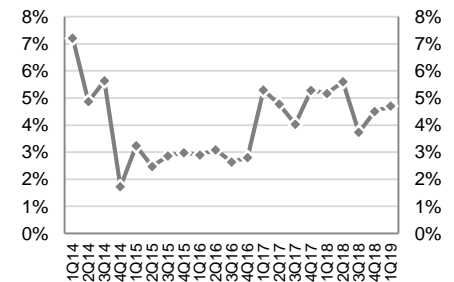
Source: NBG

Key macro indicators

	2016	2017	2018
GDP (% change)	2.8%	4.8%	4.7%
GDP per capita (ppp)	9,991	10,679	11,485
GDP per capita (US\$)	3,857	4,047	4,346
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.8%	6.7%	1.5%
Gross reserves (US\$ bn)	2.8	3.0	3.3
CAD (% of GDP)	13.1%	8.8%	7.7%
Fiscal deficit (% of GDP)	3.0%	2.9%	2.5%
Total public debt (% of GDP)	44.4%	44.8%	45.0%

Source: Official data, IMF, G&T

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 (improving trend)

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB- Positive Affirmed Apr-2019	 Ba2 Stable Affirmed Sep-2018	 BB Stable Upgraded Feb-2019
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Source: Rating agencies



Money market

Refinancing loans: National Bank of Georgia (NBG) issued 6-day refinancing loans of GEL 770mn (US\$ 281.2mn).

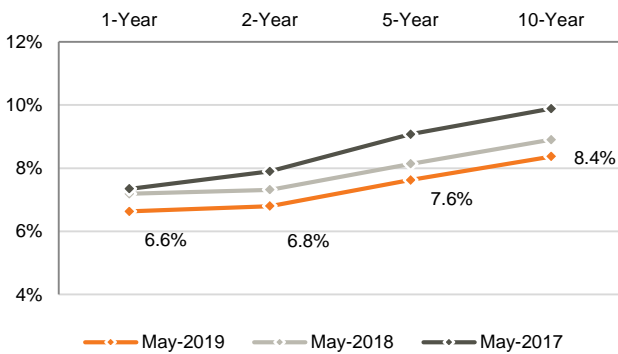
Ministry of Finance Treasury Bills: 1-year GEL 40.0mn (US\$ 14.8mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on May 7, 2019. The weighted average yield was fixed at 6.580%. The nearest treasury security auction is scheduled for May 14, 2019, where GEL 20.0mn nominal value 6-month T-Bills will be sold.

T-bills / T-notes, May-19 emission calendar

Date	Volume, GEL mn	Maturity
14-May-19	20	6 months
28-May-19	50	5 years

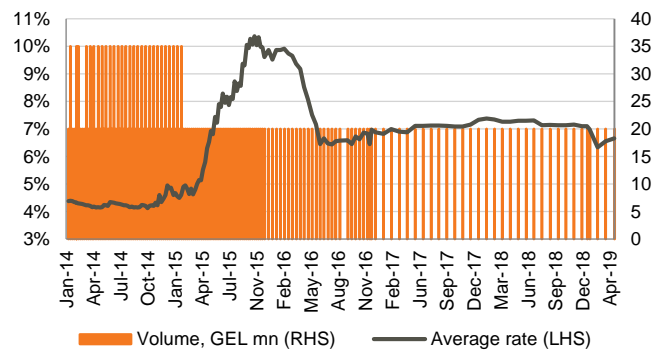
Source: MoF

T-bills / T-notes, yield curve



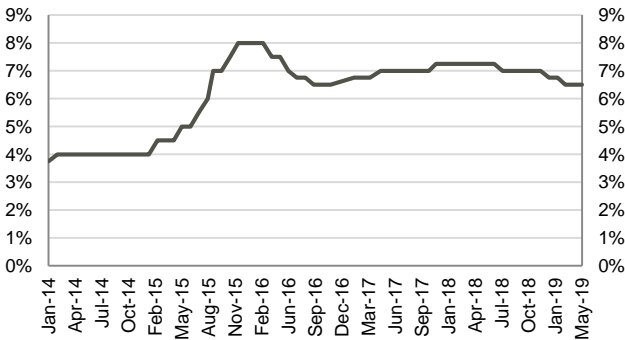
Source: NBG

Certificates of Deposits (weighted average rate)



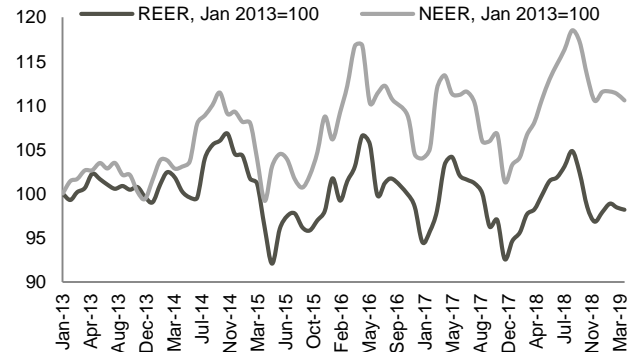
Source: NBG

Monetary policy rate



Source: NBG

Nominal Effective Exchange Rate and Real Effective Exchange Rate



Source: NBG

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

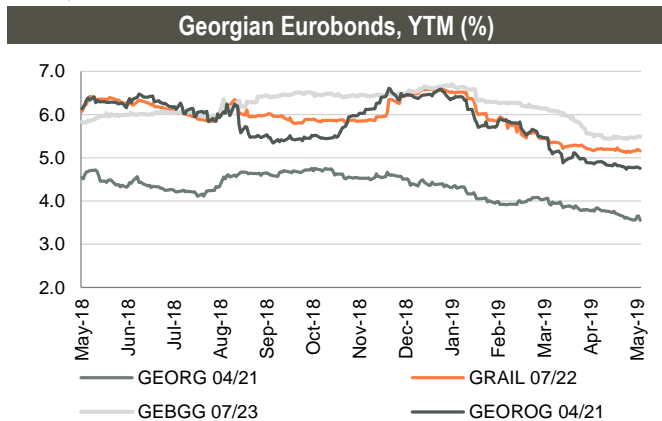


Fixed income

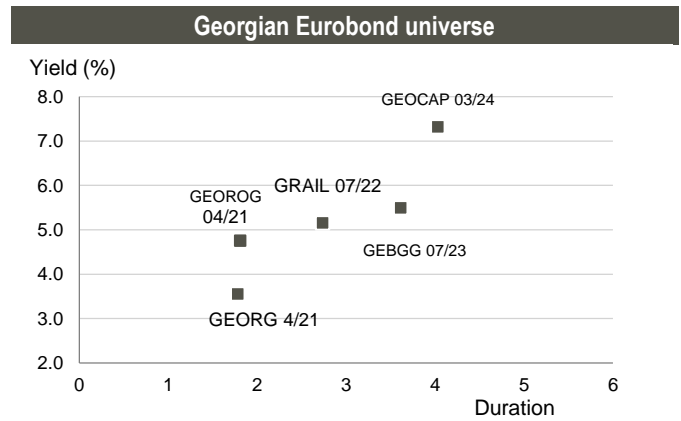
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.50% yield, trading at 101.86 (-0.10% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 95.19 (+0.14% w/w), yielding 7.32%.

GOGC Eurobonds (GEOROG) were trading at 103.67 (+0.01% w/w), yielding 4.75%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 107.45 (-0.13% w/w), yielding 5.16%.

Georgian Sovereign Eurobonds (GEORG) closed at 106.07 (unchanged w/w) at 3.56% yield to maturity.



Source: Bloomberg



Source: Bloomberg

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	
Georgia	US\$	500	6.875%	04/12/2021	BB/BB-/Ba2/-	106.07	3.56	119.14	
GRAIL 07/22	US\$	500	7.750%	07/11/2022	BB-/B+/-/-	107.45	5.16	287.30	
GEOROG 04/21	US\$	250	6.750%	04/26/2021	BB/B+/-/-	103.67	4.75	237.62	
GEBGG 06/20	GEL	500	11.000%	06/01/2020	BB-/B2/-	n/a	n/a	n/a	
GEBGG 07/23	US\$	350	6.000%	07/26/2023	BB-/B2/-	101.86	5.50	323.43	
GEBGG 11 1/8 PERP	US\$	100	11.130%	n/a	B-/-/-	103.12	10.70	801.36	
GEOCAP 03/24	US\$	300	6.125%	03/09/2024	-/B+/B2/-	95.19	7.32	506.03	
SILKNET 04/24	US\$	200	11.00%	04/02/2024	B+/-/-	101.67	10.55	827.18	

Georgian local bonds performance									
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price	Mid yield, %	Z-spread, bps	
GWP 12/21	GEL	30	10.000%	06/12/2021	BB-/-/-	n/a	n/a	n/a	
M2RE 10/19	US\$	25	7.500%	07/10/2019	-/-/-	100.79	5.50	n/a	
M2CA 12/21	US\$	30	7.500%	31/12/2021	-/-/-	101.20	7.00	n/a	
GLC 08/20	US\$	10	7.000%	29/08/2020	B+/-/-	100.30	6.75	n/a	
GLC 06/21	US\$	5	6.500%	22/06/2021	B+/-/-	98.07	7.50	n/a	
Nikora 06/19	US\$	10	9.000%	28/06/2019	-/-/B+	n/a	n/a	n/a	
Silknet 08/22	GEL	34	10.000%	18/08/2022	B+/-/-	n/a	n/a	n/a	
Crystal 12/19	GEL	10	11.000%	28/12/2019	B-/-/-	100.37	10.75	n/a	
Crystal 02/21	GEL	15	10.500%	01/02/2021	B-/-/-	99.42	10.75	n/a	
Swiss Cap. 09/21	GEL	10	12.750%	13/09/2021	B-/-/-	100.00	13.00	n/a	
Tegeta 04/22	GEL	30	10.750%	30/04/2022	-/-/BB-	n/a	n/a	n/a	

Source: Bloomberg

Eastern European sovereign 10-year bonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price	Mid yield, %	Z-spread, bps
Georgia	US\$	500	6.875%	4/12/2021	BB/BB-/Ba2	106.07	3.56	119.14
Armenia	US\$	500	6.000%	9/30/2020	B+/-/B1	102.50	4.11	171.72
Azerbaijan	US\$	174	2.820%	9/1/2021	BB+/-/Ba2	97.67	3.89	154.62
Belarus	US\$	800	6.875%	2/28/2023	B/B/B3u	104.79	5.46	318.33
Kazakhstan	US\$	1,500	3.875%	10/14/2024	BBB/BBB-/Baa3	103.79	3.11	81.80
Russia	US\$	3,500	5.000%	4/29/2020	BBB-/BBB-/Baa3	101.93	2.94	45.99
Turkey	US\$	2,000	5.625%	3/30/2021	BB-/Ba3	97.46	7.09	461.96
Ukraine	US\$	1,409	7.750%	9/1/2021	B-/B-/Caa1	99.53	7.97	562.87

Source: Bloomberg

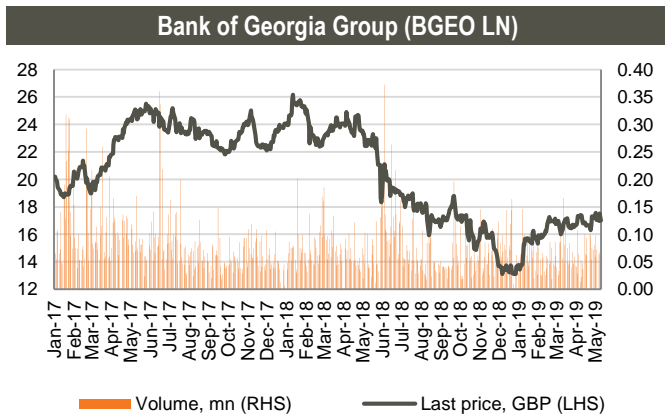
Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 17.00/share (-0.23% w/w and -2.07% m/m). More than 245k shares traded in the range of GBP 16.77 - 17.60/share. Average daily traded volume was 75k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 1.72% w/w and 0.61% m/m. The volume of BGEO shares traded was at 0.50% of its capitalization.

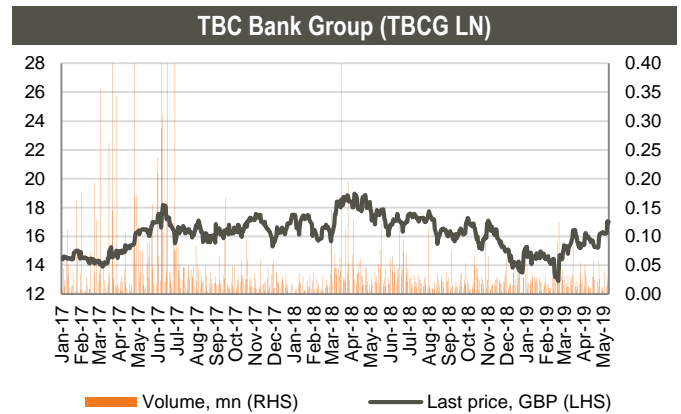
Georgia Capital (CGEO LN) shares closed at GBP 9.99/share (-0.50% w/w and -7.33% m/m). More than 329k shares traded in the range of GBP 9.97 - 10.40/share. Average daily traded volume was 125k in the last 4 weeks. The volume of CGEO shares traded was at 0.87% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 17.00/share (+5.07% w/w and +7.46% m/m). More than 69k shares changed hands in the range of GBP 16.04 - 17.32/share. Average daily traded volume was 24k in the last 4 weeks. The volume of TBCG shares traded was at 0.13% of its capitalization.

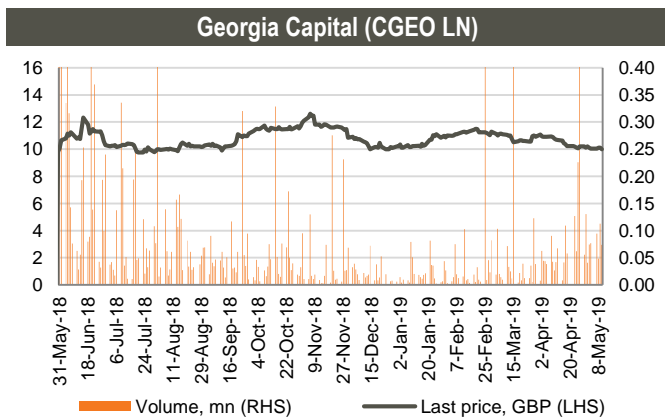
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.22/share (+0.91% w/w and +8.82% m/m). More than 18k shares were traded in the range of GBP 2.16 - 2.29/share. Average daily traded volume was 6k in the last 4 weeks. The volume of GHG shares traded was at 0.01% of its capitalization.



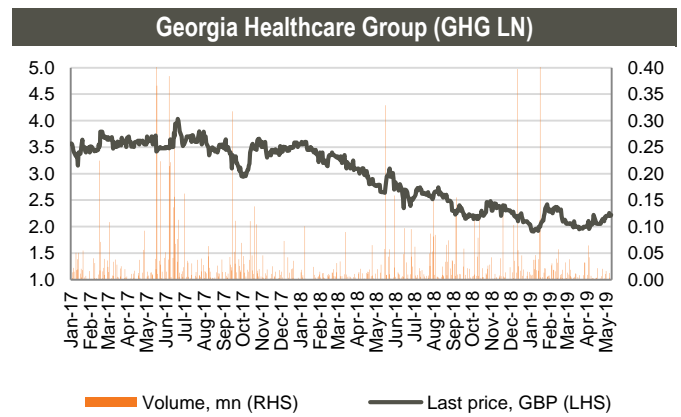
Source: Bloomberg



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		
							2019F	2020F	2019F	2020F	
Bank of Georgia	BGEO	GBP	17.00	836	1.4%	-25.4%	23.5%	7.08x	6.24x	1.42x	1.19x
TBC	TBC	GBP	17.00	922	3.3%	-3.0%	11.7%	6.25x	5.98x	1.19x	1.10x
Halyk Bank	HSBK	US\$	10.95	3,218	0.0%	-15.1%	5.8%	4.60x	4.19x	0.98x	0.86x
VTB Bank	VTBR	US\$	1.09	7,089	-13.3%	-39.9%	-1.3%	2.64x	2.64x	0.46x	0.40x
Akbank	AKBNK	TRY	5.61	29,172	-9.5%	-25.2%	-4.7%	5.62x	3.82x	0.58x	0.52x
Garanti	GARAN	TRY	7.56	31,752	-3.3%	-20.3%	-5.0%	5.27x	3.41x	0.61x	0.54x
Isbank	ISCTR	TRY	5.08	22,860	26.1%	-15.9%	12.1%	3.85x	3.05x	0.42x	0.38x
PKO	PKO	PLN	37.73	47,163	-9.6%	-10.3%	-4.4%	11.35x	10.67x	1.14x	1.08x
PEKAO	PEO	PLN	106.45	27,940	-4.1%	-8.5%	-2.3%	12.31x	10.28x	1.20x	1.14x
Millennium	MIL	PLN	9.06	10,984	-4.7%	6.9%	2.1%	13.83x	11.10x	1.20x	1.11x
Mbank	MBK	PLN	407.40	17,248	-2.3%	-9.5%	-4.0%	13.79x	12.09x	1.05x	0.99x
BRD	BRD	RON	11.66	8,126	-13.5%	-18.5%	2.3%	8.53x	10.24x	1.13x	1.10x
Banca Transilvania	TLV	RON	2.15	10,352	-9.1%	-9.4%	7.2%	9.26x	9.46x	1.33x	1.18x
OTP	OTPD	USD	22.40	12,544	14.3%	1.8%	14.3%	10.71x	9.98x	0.83x	0.73x
Komercni	KOMB	CZK	853.50	162,207	-6.5%	-3.6%	0.8%	11.32x	11.04x	1.52x	1.44x
Mean								8.43x	7.61x	1.00x	0.92x
Median								8.53x	9.46x	1.13x	1.08x

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		
							2019F	2020F	2019F	2020F	
Georgia Capital	CGEO	GBP	9.99	380	-15.3%	n/a	-2.2%	12.94x	10.74x	0.77x	0.72x
Tinc Comm	TINC	EUR	11.95	326	-2.0%	-1.2%	1.3%	21.71x	19.16x	n/a	n/a
Sabancı Holding	SAHOL	TRY	7.12	14,528	-6.3%	-28.7%	-5.3%	3.83x	3.51x	0.43x	0.38x
Deutsche Beteiligungs	DBAN	EUR	34.65	521	-4.1%	-5.1%	3.3%	15.74x	11.37x	1.13x	1.05x
Eurazeo	RF	EUR	65.55	5,017	4.3%	-1.7%	11.4%	11.22x	9.83x	0.93x	0.87x
Carlyle Group	CG	USD	20.62	2,247	3.4%	-5.2%	30.9%	5.27x	2.72x	2.18x	1.03x
Mean								11.78x	9.55x	1.09x	0.81x
Median								12.08x	10.28x	0.93x	0.87x

Source: Bloomberg, S&P Capital IQ

Healthcare sector companies

Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		EV/EBITDA		
							2019F	2020F	2019F	2020F	
GHG	GHG	GBP	2.22	292	-5.5%	-16.2%	8.8%	19.31x	13.96x	8.23x	6.83x
Mouwasat	MOUWASAT	SAR	85.90	8,590	19.3%	-5.6%	6.7%	19.96x	19.18x	14.92x	14.08x
Fortis	FORH	INR	131.90	99,579	-6.0%	-13.7%	-6.1%	1.69x	1.57x	6.82x	6.68x
Raffles	RFMD	SGD	1.03	1,851	-5.5%	-8.0%	-6.4%	30.56x	30.38x	19.75x	18.71x
IHH	IHH	MYR	5.47	47,968	12.8%	-9.6%	1.5%	43.70x	34.83x	16.37x	13.86x
Bangkok Chain	BCH	THB	17.70	44,139	-3.8%	4.1%	6.0%	34.72x	30.90x	19.15x	17.36x
Netcare	NTC	ZAR	23.24	33,746	-8.9%	-19.9%	-12.1%	14.00x	13.05x	8.31x	7.69x
Life Healthcare	LHC	ZAR	25.61	37,579	-0.9%	-10.1%	-3.0%	20.10x	15.33x	8.43x	7.53x
Mediclinic	MDC	GBP	3.44	2,536	-3.9%	-50.4%	6.7%	12.83x	12.01x	8.63x	8.12x
Apollo Hospitals	APHS	INR	1,186.55	165,079	3.3%	15.9%	-5.7%	59.36x	42.62x	18.89x	16.24x
KPJ Healthcare	KPJ	MYR	0.98	4,206	-11.4%	5.4%	-6.3%	21.76x	19.90x	11.35x	10.64x
NMC	NMC	GBP	26.38	5,493	-25.3%	-26.2%	-3.6%	21.76x	17.22x	14.90x	12.41x
Mean								24.98x	20.91x	12.98x	11.68x
Median								20.93x	18.20x	13.12x	11.52x

Source: Bloomberg, S&P Capital IQ

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