



Weekly Market Watch

Weekly Market Watch | Georgia
May 20, 2019

Economy

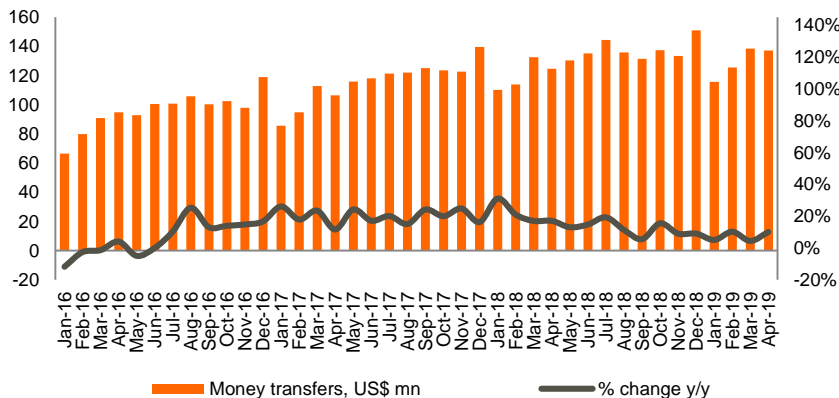
Exports up 34.2% y/y in April 2019

In April 2019, exports growth accelerated to 34.2% y/y to US\$ 307.4mn, while imports were down 0.5% y/y to US\$ 731.0mn and the trade deficit reduced 16.2% y/y to US\$ 423.6mn, according to Geostat's preliminary figures. In 4M19, trade deficit was down 14.0% to US\$ 1.6bn as exports increased by 17.9% y/y to US\$ 1.1bn and imports were down 3.1% y/y to US\$ 2.7bn. Detailed foreign trade statistics will be available on May 20, 2019.

Money transfers up 10.1% y/y in April 2019

In April 2019, money transfers increased 10.1% y/y to US\$ 137.1mn, after growing 4.5% y/y in previous month, according to NBG. From major remitting countries, money transfers were up from Italy (+25.8% y/y, 13.5% of total), Greece (+8.6% y/y, 11.9% of total), USA (+15.2% y/y, 10.7% of total), Israel (+11.5% y/y, 9.7% of total). Meanwhile remittances were down from Russia (-2.1% y/y, 25.0% of total) and Turkey (-17.9% y/y, 5.7% of total). Overall, in 4M19 money transfers were up 7.4% y/y to US\$ 516.7mn.

Money transfers



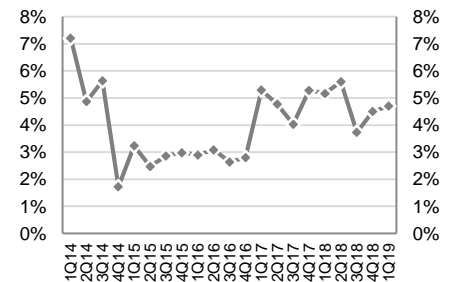
Source: NBG

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 7-day refinancing loans of GEL 380mn (US\$ 138.6mn).

Ministry of Finance Treasury Bills: 6-month GEL 20.0mn (US\$ 7.3mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on May 14, 2019. The weighted average yield was fixed at 6.509%.

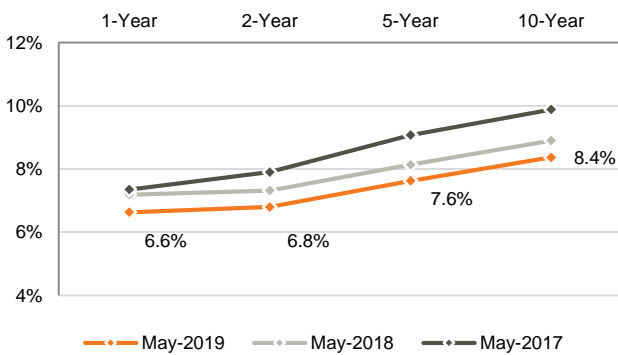
Ministry of Finance Benchmark Bonds: 2-year GEL 60.0mn (US\$ 21.9mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on May 14, 2019. The weighted average yield was fixed at 6.729%. The nearest treasury securities auction is scheduled for May 28, 2019, where GEL 50.0mn nominal value 5-year Benchmark bonds will be sold.

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

Date	Volume, GEL mn	Maturity
28-May-19	50	5 years

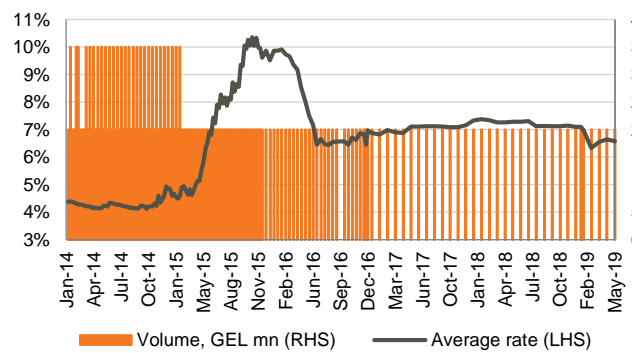
Source: MoF

T-bills / T-notes, yield curve



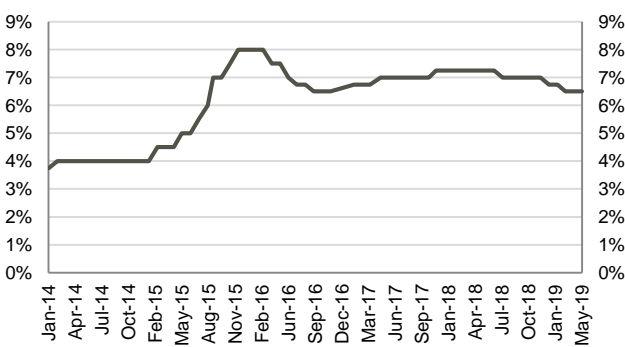
Source: NBG

Certificates of Deposits (weighted average rate)



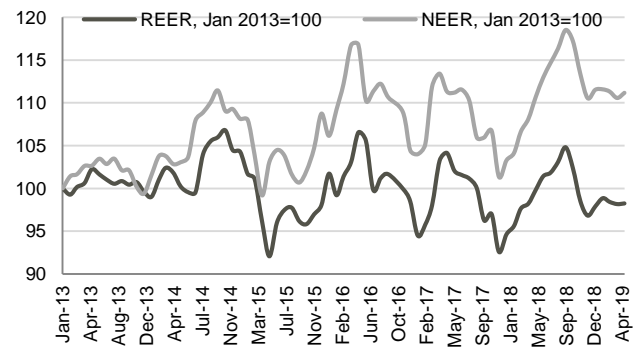
Source: NBG

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

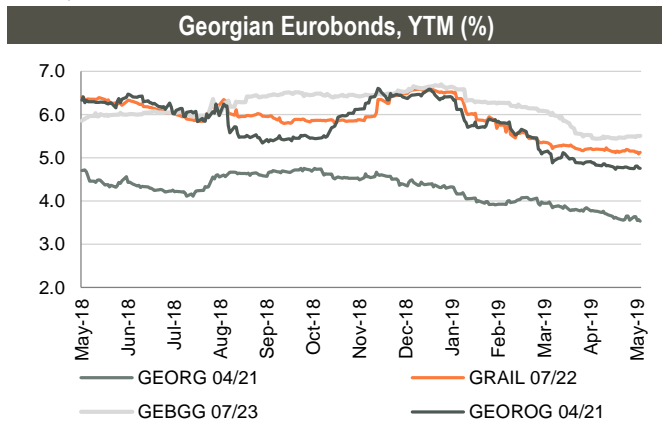


Fixed income

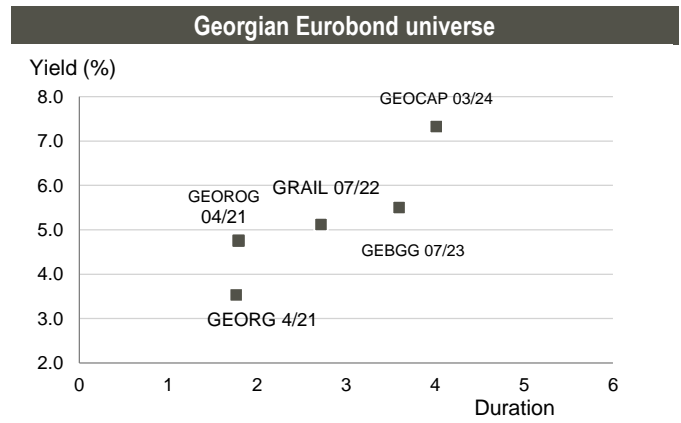
Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.51% yield, trading at 101.81 (-0.04% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 95.18 (-0.02% w/w), yielding 7.33%.

GOGC Eurobonds (GEOROG) were trading at 103.63 (-0.04% w/w), yielding 4.76%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 107.51 (+0.05% w/w), yielding 5.13%.

Georgian Sovereign Eurobonds (GEORG) closed at 106.05 (-0.02% w/w) at 3.54% 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/-	106.05	3.54	124.73	
GRAIL 07/22	US\$	500	7.750%	07/11/2022	BB-/B+/-/-	107.51	5.13	285.11	
GEOROG 04/21	US\$	250	6.750%	04/26/2021	BB/B+/-/-	103.63	4.76	245.82	
GEBGG 06/20	GEL	500	11.000%	06/01/2020	BB-/B/Ba2/-	n/a	n/a	n/a	
GEBGG 07/23	US\$	350	6.000%	07/26/2023	BB-/B/Ba2/-	101.81	5.51	328.50	
GEBGG 11 1/8 PERP	US\$	100	11.130%	n/a	B-/B+/-/-	103.27	10.64	806.33	
GEOCAP 03/24	US\$	300	6.125%	03/09/2024	-/B+/B2/-	95.18	7.33	512.28	
SILKNET 04/24	US\$	200	11.00%	04/02/2024	B+/-/-/-	101.62	10.56	835.89	

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-/B+/-/-	n/a	n/a	n/a	
M2RE 10/19	US\$	25	7.500%	07/10/2019	-/-/-/-	100.75	5.50	n/a	
M2CA 12/21	US\$	30	7.500%	31/12/2021	-/-/-/-	99.51	6.75	n/a	
GLC 08/20	US\$	10	7.000%	29/08/2020	B+/-/-/-	99.69	7.25	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	-/-/BB+	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-/B+/-/-	100.37	10.75	n/a	
Crystal 02/21	GEL	15	10.500%	01/02/2021	B-/B+/-/-	98.84	10.75	n/a	
Swiss Cap. 09/21	GEL	10	12.750%	13/09/2021	B-/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	106.05	3.54	124.73
Armenia	US\$	500	6.000%	9/30/2020	B+/-/B1	102.50	4.09	169.79
Azerbaijan	US\$	174	2.820%	9/1/2021	BB+/-/Ba2	97.85	3.82	156.26
Belarus	US\$	800	6.875%	2/28/2023	B/B/B3u	105.08	5.37	317.30
Kazakhstan	US\$	1,500	3.875%	10/14/2024	BBB/BBB-/Baa3	103.95	3.07	87.78
Russia	US\$	3,500	5.000%	4/29/2020	BBB-/BBB-/Baa3	101.95	2.88	44.44
Turkey	US\$	2,000	5.625%	3/30/2021	BB-/B/Ba3	97.94	6.82	454.99
Ukraine	US\$	1,409	7.750%	9/1/2021	B-/B-/Caa1	100.19	7.65	540.27

Source: Bloomberg



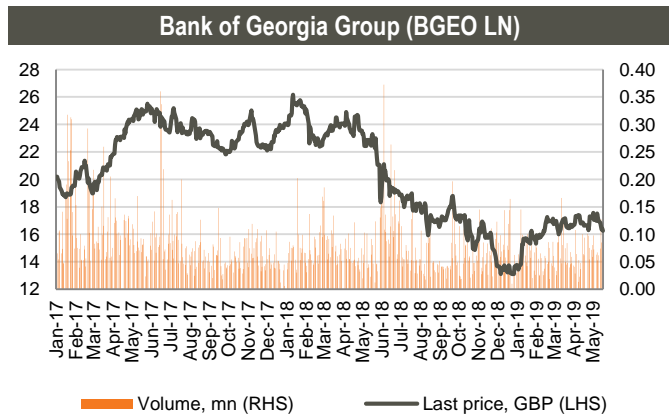
Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 16.25/share (-4.41% w/w and -2.34% m/m). More than 399k shares traded in the range of GBP 16.14 - 17.14/share. Average daily traded volume was 75k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.68% w/w and lost 1.81% m/m. The volume of BGEO shares traded was at 0.81% of its capitalization.

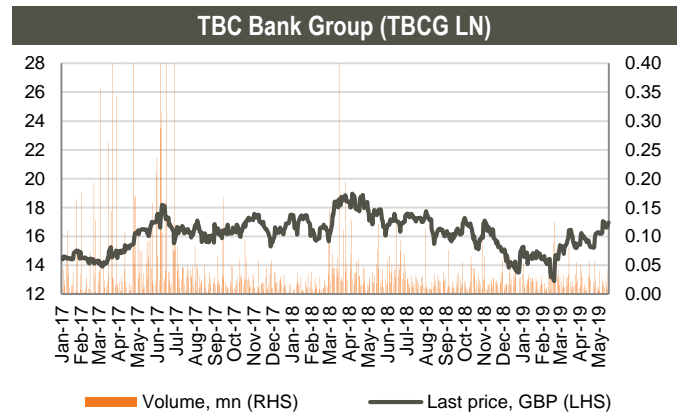
Georgia Capital (CGEO LN) shares closed at GBP 9.83/share (-1.60% w/w and -5.12% m/m). More than 903k shares traded in the range of GBP 9.27 - 10.00/share. Average daily traded volume was 156k in the last 4 weeks. The volume of CGEO shares traded was at 2.38% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 16.96/share (-0.24% w/w and +10.42% m/m). More than 118k shares changed hands in the range of GBP 16.50 - 17.20/share. Average daily traded volume was 21k in the last 4 weeks. The volume of TBCG shares traded was at 0.22% of its capitalization.

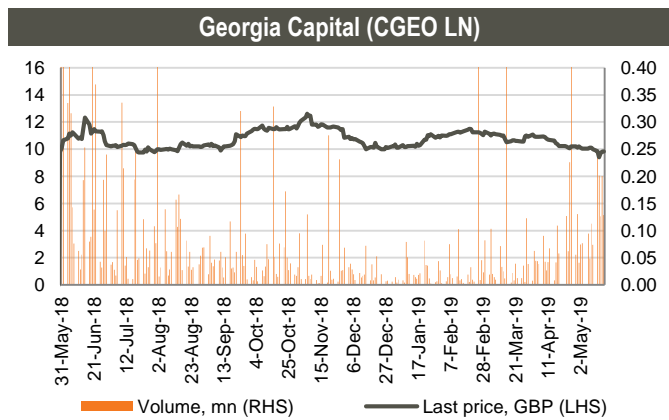
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.35/share (+5.86% w/w and +14.08% m/m). More than 252k shares were traded in the range of GBP 2.16 - 2.35/share. Average daily traded volume was 18k in the last 4 weeks. The volume of GHG shares traded was at 0.19% of its capitalization.



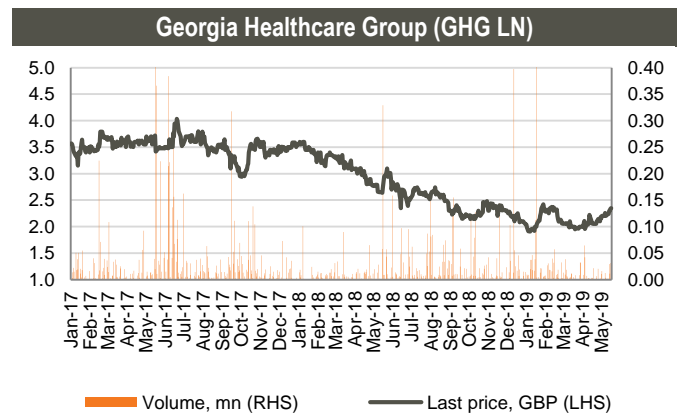
Source: Bloomberg



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	16.25	799	3.2%	-30.3%	18.0%	6.64x	5.85x	1.35x	1.14x
TBC	TBC	GBP	16.96	920	6.8%	-3.6%	11.4%	6.11x	5.92x	1.11x	1.04x
Halyk Bank	HSBK	US\$	10.95	3,218	-0.5%	-15.4%	5.8%	4.60x	4.19x	0.98x	0.86x
VTB Bank	VTBR	US\$	1.08	7,005	-19.0%	-38.4%	-2.4%	2.58x	2.58x	0.45x	0.39x
Akbank	AKBNK	TRY	5.78	30,056	-8.5%	-19.7%	-1.8%	5.70x	3.88x	0.59x	0.52x
Garanti	GARAN	TRY	7.65	32,130	-3.7%	-13.7%	-3.9%	5.18x	3.40x	0.61x	0.54x
Isbank	ISCTR	TRY	4.99	22,455	22.6%	-18.2%	10.2%	3.81x	2.94x	0.40x	0.37x
PKO	PKO	PLN	37.60	47,000	-0.8%	-7.2%	-4.7%	11.31x	10.62x	1.13x	1.07x
PEKAO	PEO	PLN	104.05	27,310	3.0%	-10.1%	-4.5%	12.03x	10.04x	1.17x	1.11x
Millennium	MIL	PLN	8.72	10,572	-4.4%	6.8%	-1.7%	13.95x	10.68x	1.15x	1.07x
Mbank	MBK	PLN	385.40	16,317	-3.2%	-12.4%	-9.1%	13.04x	11.43x	1.00x	0.94x
BRD	BRD	RON	11.20	7,805	-16.4%	-17.0%	-1.8%	7.72x	9.90x	1.01x	1.02x
Banca Transilvania	TLV	RON	2.12	10,184	-10.0%	-4.5%	5.5%	8.73x	9.02x	1.26x	1.16x
OTP	OTPD	USD	22.40	12,544	9.8%	1.8%	14.3%	10.70x	10.10x	0.85x	0.74x
Komercni	KOMB	CZK	852.00	161,922	-6.5%	-5.0%	0.6%	11.30x	11.02x	1.52x	1.44x
Mean								8.23x	7.44x	0.97x	0.89x
Median								7.72x	9.02x	1.01x	1.02x

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	9.83	374	-16.7%	n/a	-3.7%	12.85	10.66	0.76	0.71
Tinc Comm	TINC	EUR	11.90	325	0.4%	-1.7%	0.8%	n/a	n/a	n/a	n/a
Sabancı Holding	SAHOL	TRY	7.21	14,711	-5.4%	-25.5%	-4.1%	5.67x	3.44x	0.43x	0.38x
Deutsche Beteiligungs	DBAN	EUR	34.60	521	-0.7%	-3.1%	3.1%	17.94x	11.36x	1.12x	1.05x
Eurazeo	RF	EUR	64.50	4,937	3.1%	-2.6%	9.6%	11.04x	9.68x	0.91x	0.86x
Carlyle Group	CG	USD	20.93	2,280	16.5%	-6.4%	32.9%	5.35x	2.76x	2.22x	1.04x
Mean								10.57x	7.58x	1.09x	0.81x
Median								11.04x	9.68x	0.91x	0.86x

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	2.35	309	6.8%	-17.7%	15.2%	20.14x	13.55x	8.91x	6.90x
Mouwasset	MOUWASAT	SAR	85.40	8,540	13.7%	-6.7%	6.1%	20.46x	19.04x	14.97x	13.94x
Fortis	FORH	INR	126.90	95,804	-13.4%	-16.2%	-9.7%	1.62x	1.51x	6.81x	6.66x
Raffles	RFMD	SGD	1.03	1,851	-5.5%	-5.5%	-6.4%	30.52x	30.37x	19.75x	18.48x
IHH	IHH	MYR	5.46	47,880	15.2%	-10.8%	1.3%	43.61x	34.76x	16.34x	13.83x
Bangkok Chain	BCH	THB	17.30	43,142	-7.0%	4.2%	3.6%	33.92x	30.19x	19.16x	17.00x
Netcare	NTC	ZAR	20.51	29,782	-17.3%	-30.5%	-22.4%	13.63x	12.17x	7.88x	7.23x
Life Healthcare	LHC	ZAR	24.92	36,566	-1.2%	-10.6%	-5.6%	19.49x	14.86x	8.24x	7.36x
MediClinic	MDC	GBP	3.41	2,512	-0.4%	-49.2%	5.6%	12.43x	11.91x	8.47x	8.07x
Apollo Hospitals	APHS	INR	1,141.20	158,769	-7.5%	12.1%	-9.3%	56.84x	40.96x	18.21x	15.70x
KPJ Healthcare	KPJ	MYR	0.95	4,077	-14.1%	1.6%	-9.1%	21.13x	19.41x	11.02x	10.35x
NMC	NMC	GBP	24.93	5,191	-30.2%	-32.1%	-8.9%	20.12x	15.92x	13.96x	11.62x
Mean								24.49x	20.39x	12.81x	11.43x
Median								20.30x	17.48x	12.49x	10.99x

Source: Bloomberg, S&P Capital IQ



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