

Weekly Market Watch

Weekly Market Watch | Georgia
February 17, 2020

Economy

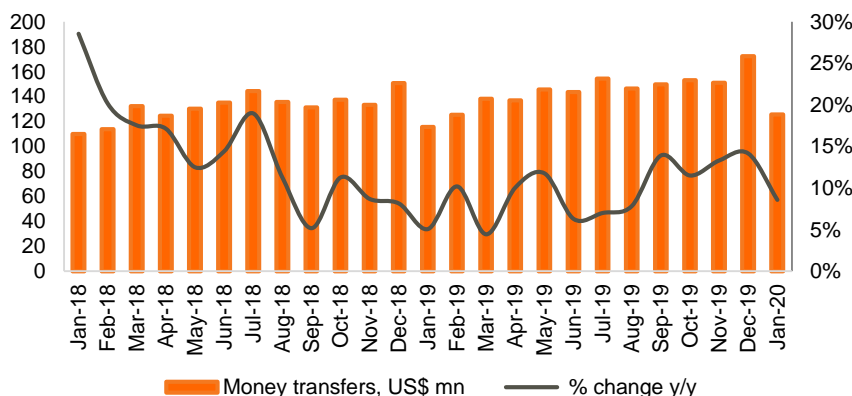
Exports up 10.0% y/y in January 2020

In January 2020, exports up 10.0% y/y to US\$ 262.6mn and imports up 3.9% y/y to US\$ 619.7mn. As a result, the trade deficit was flat y/y to US\$ 357.1mn according to Geostat's preliminary figures. Detailed foreign trade statistics will be available on February 19, 2020.

Money transfers up 8.6% y/y in January 2020

In January 2020, money transfers increased by 8.6% y/y to US\$ 125.6mn after growing 14.2% y/y in previous month, according to NBG. Money transfers were up from Italy (+20.1% y/y, 16.8% of total), Greece (+11.2% y/y, 11.8% of total), USA (+10.2% y/y, 10.8% of total) and Israel (+6.1% y/y, 10.4% of total). Meanwhile, remittances were down from Russia (-5.2% y/y, 20.8% of total) and Turkey (-3.7% y/y, 5.3% of total).

Money Transfers



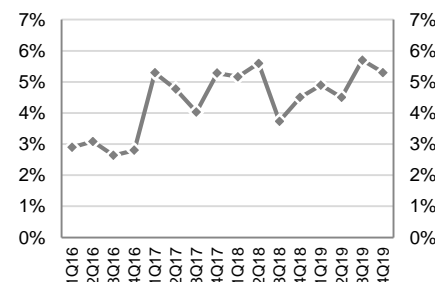
Source: NBG

Key macro indicators

	2017	2018	2019E
GDP (% change)	4.8%	4.8%	5.2%
GDP per capita (ppp)	11,485	12,417	13,443
GDP per capita (US\$)	4,359	4,722	4,716
Population (mn)	3.7	3.7	3.7
Inflation (eop)	6.7%	1.5%	7.0%
Gross reserves (US\$ bn)	3.0	3.3	3.5
CAD (% of GDP)	8.1%	6.8%	4.0%
Fiscal deficit (% of GDP)	2.7%	2.3%	2.4%
Total public debt (% of GDP)	39.4%	38.9%	40.3%

Source: Official data, Galt & Taggart

Real GDP growth, %



Source: Geostat

International ranking, 2019-20

Ease of Doing Business # 7 (Top 10)

Economic Freedom Index # 16 (mostly free)

Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB Stable Upgraded Oct-2019	 Ba2 Stable Affirmed Sep-2019	 BB Stable Affirmed Aug-2019
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Source: Rating agencies



Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1.8bn (US\$ 627.5mn).

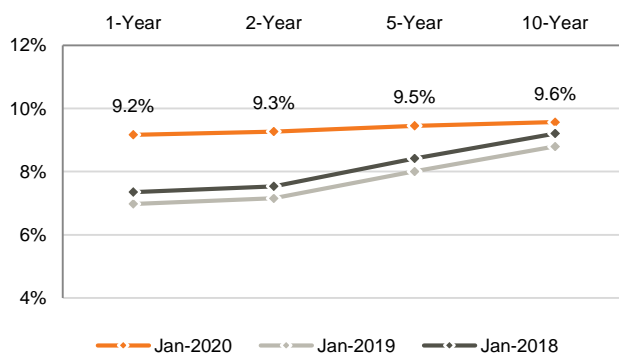
Ministry of Finance T-Bills: 1-Year GEL 50.0mn (US\$ 17.4mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on February 11, 2020. The weighted average yield was fixed at 8.890%. The nearest treasury security auction is scheduled for February 25, 2020, where GEL 80.0mn nominal value 5-year Benchmark Bonds will be sold.

T-bills / T-notes, Feb-20 emission calendar

Date	Volume, GEL mn	Maturity
25-Feb-20	80	5 year

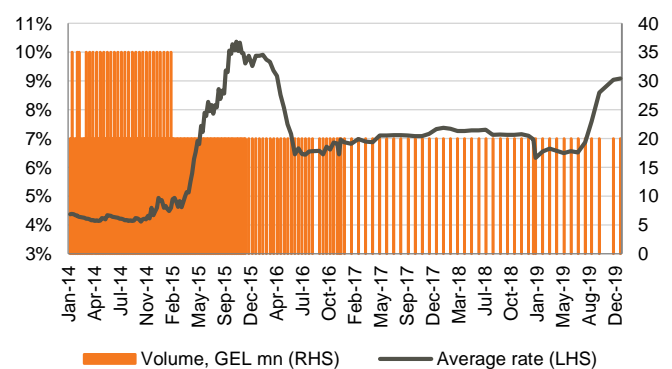
Source: MoF

T-bills / T-notes, yield curve



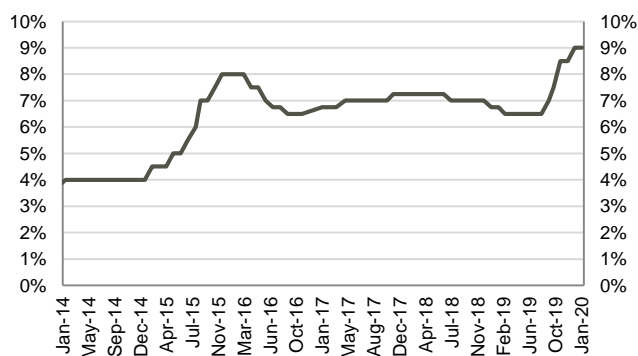
Source: NBG

Certificates of Deposits (weighted average rate)



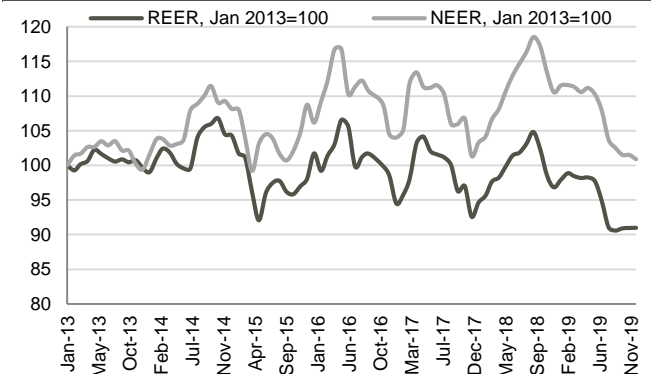
Source: NBG

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



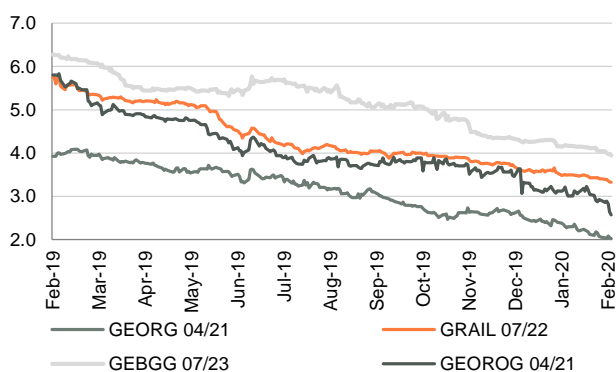
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 3.94% yield, trading at 106.55 (+0.28% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 99.61 (+0.42% w/w), yielding 6.23%.

GOGC Eurobonds (GEOROG) were trading at 104.85 (+0.31% w/w), yielding 2.57%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 110.11 (+0.10% w/w), yielding 3.32%.

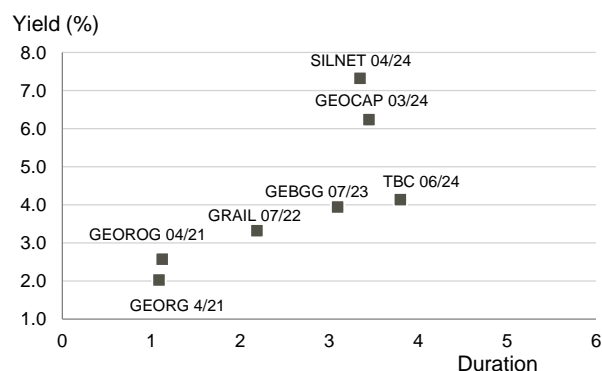
Georgian Sovereign Eurobonds (GEORG) closed at 105.47 (-0.05% w/w) at 2.02% yield to maturity.

Georgian Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



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%	Apr-21	BB-/BB-/Ba2	105.47	2.02	46.39
GRAIL 07/22	US\$	500	7.750%	Jul-22	BB-/B+/-	110.11	3.32	187.26
GEOROG 04/21	US\$	250	6.750%	Apr-21	BB-/B+/-	104.85	2.57	101.92
GEBGG 06/20	GEL	500	11.000%	Jun-20	BB-/B-/Ba2	n/a	n/a	n/a
GEBGG 07/23	US\$	350	6.000%	Jul-23	BB-/B-/Ba2	106.55	3.94	252.71
GEBGG 11 1/8 PERP	US\$	100	11.125%	n/a	B-/B-/	108.54	9.65	730.48
GEOCAP 03/24	US\$	300	6.125%	Mar-24	-/B+/B2	99.61	6.23	482.14
SILKNET 04/24	US\$	200	11.000%	Apr-24	B+/-/B1	112.86	7.32	536.21
TBC 06/24	US\$	300	5.750%	Jun-24	BB-/B-/Ba2	106.36	4.13	271.64
TBC PERP	US\$	125	10.775%	n/a	B-/B-/	108.43	9.80	710.07

Georgian local bonds performance

GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B-/	n/a	n/a	n/a
M2CA 12/21	US\$	30	7.50%	Dec-21	-/-/-	102.65	6.00	n/a
M2RE 10/22	US\$	35	7.50%	Oct-22	-/-/-	100.59	7.25	n/a
GLC 08/20	US\$	10	7.00%	Aug-20	B+/-/-	101.05	5.00	n/a
GLC 06/21	US\$	5	6.50%	Jun-21	B+/-/-	100.32	6.25	n/a
GLC 08/21	US\$	10	7.50%	Aug-21	B+/-/-	100.70	7.00	n/a
CRYSTAL 02/21	GEL	15	13.00%	Feb-21	B-/B-/	100.00	13.00	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	US\$	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	13.25%	Sep-21	B-/B-/	100.00	13.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	n/a

Source: Bloomberg



Fixed income, continued

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%	Apr-21	BB/BB/Baa2	105.47	2.02	46.39
Armenia	US\$	500	6.000%	Sep-20	BB-/-/Ba3	102.07	2.58	93.67
Azerbaijan	US\$	174	2.820%	Sep-21	BB+/-/Ba2	100.20	2.69	117.84
Belarus	US\$	800	6.875%	Feb-23	B/B/B3	108.26	3.95	252.70
Kazakhstan	US\$	1,500	3.875%	Oct-24	BBB/BBB-/Baa3	108.14	2.03	61.87
Russia	US\$	3,500	5.000%	Apr-20	BBB/BBB-/Baa3	100.72	1.26	-43.77
Turkey	US\$	2,000	5.625%	Mar-21	BB-/-/B1	102.74	3.10	154.14
Ukraine	US\$	1,409	7.750%	Sep-21	B/B/Caa1	106.77	3.19	168.33

Source: Bloomberg

Equities

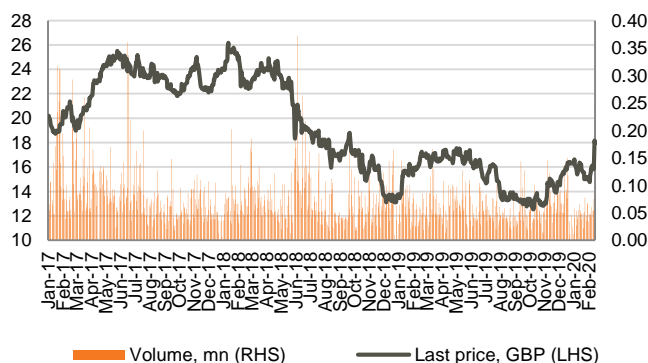
Bank of Georgia Group (BGEO LN) shares closed at GBP 17.93/share (+11.50% w/w and +10.00% m/m). More than 505k shares traded in the range of GBP 15.74 - 18.45/share. Average daily traded volume was 62k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 1.35% w/w and 0.16% m/m. The volume of BGEO shares traded was at 1.03% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 8.16/share (+5.70% w/w and -8.21% m/m). More than 180k shares traded in the range of GBP 7.60 - 8.22/share. Average daily traded volume was 35k in the last 4 weeks. The volume of CGEO shares traded was at 0.49% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 13.32/share (+6.56% w/w and +5.71% m/m). More than 214k shares changed hands in the range of GBP 12.22 - 13.52/share. Average daily traded volume was 25k in the last 4 weeks. The volume of TBCG shares traded was at 0.39% of its capitalization.

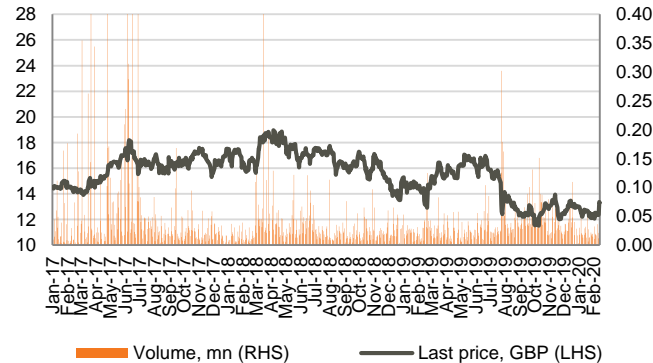
Georgia Healthcare Group (GHG LN) shares closed at GBP 1.28/share (+4.07% w/w and +2.81% m/m). More than 595k shares were traded in the range of GBP 1.23 - 1.30/share. Average daily traded volume was 84k in the last 4 weeks. The volume of GHG shares traded was at 0.45% of its capitalization.

Bank of Georgia Group (BGEO LN)



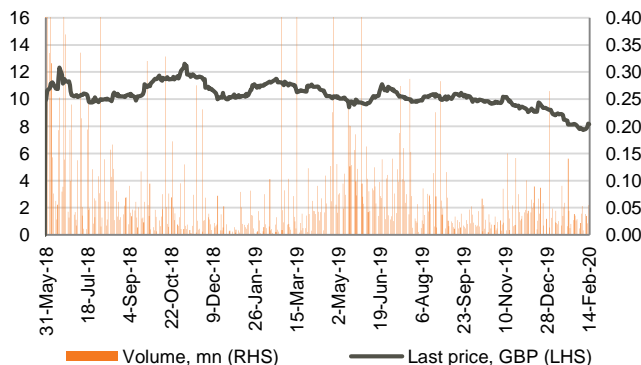
Source: Bloomberg

TBC Bank Group (TBCG LN)



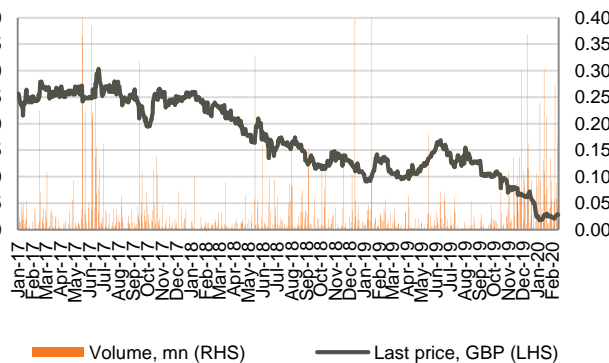
Source: Bloomberg

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



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	17.93	882	32.5%	8.9%	10.3%	7.23x	6.94x	1.59x	1.30x
TBC	TBC	GBP	13.32	733	0.8%	-1.0%	2.5%	5.42x	5.16x	1.05x	0.91x
Halyk Bank	HSBK	US\$	15.15	4,452	11.0%	35.3%	13.5%	5.32x	5.23x	1.27x	1.13x
VTB Bank	VTBR	US\$	1.50	9,707	26.2%	25.8%	2.4%	3.71x	3.59x	0.60x	0.46x
Akbank	AKBNK	TRY	8.10	42,120	6.6%	21.1%	-0.1%	7.66x	5.29x	0.79x	0.69x
Garanti	GARAN	TRY	11.52	48,384	17.9%	30.0%	3.4%	7.34x	5.38x	0.87x	0.80x
Isbank	ISCTR	TRY	6.99	31,455	21.4%	25.3%	9.0%	5.29x	3.79x	0.55x	0.50x
PKO	PKO	PLN	35.79	44,738	-6.4%	-7.9%	3.9%	10.21x	10.03x	1.04x	1.04x
PEKAO	PEO	PLN	101.05	26,523	4.2%	-7.6%	0.6%	11.71x	10.23x	1.10x	1.09x
Millennium	MIL	PLN	5.81	7,042	-16.9%	-31.9%	-0.8%	9.22x	7.64x	0.75x	0.72x
Mbank	MBK	PLN	372.80	15,783	20.3%	-13.7%	-4.3%	12.24x	11.31x	0.93x	0.90x
BRD	BRD	RON	16.10	11,220	21.1%	37.6%	1.6%	7.03x	9.59x	1.36x	1.45x
Banca Transilvania	TLV	RON	2.56	13,353	9.9%	49.9%	-1.3%	6.99x	8.87x	1.44x	1.50x
OTP	OTPD	USD	22.80	12,768	7.5%	14.6%	7.5%	9.39x	9.69x	0.81x	0.75x
Komercni	KOMB	CZK	787.50	149,664	-6.0%	-15.9%	-5.1%	9.78x	10.73x	1.40x	1.36x
Mean								7.90x	7.56x	1.04x	0.97x
Median								7.34x	7.64x	1.04x	0.91x

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	8.16	300	-20.3%	-27.5%	-11.5%	11.44x	8.99x	0.81x	0.77x
Tinc Comm	TINC	EUR	14.35	391	16.1%	25.0%	7.5%	n/a	n/a	n/a	n/a
Sabanci Holding	SAHOL	TRY	9.98	20,363	10.3%	11.1%	4.6%	5.25x	3.91x	0.61x	0.55x
Deutsche Beteiligungs	DBAN	EUR	40.65	612	29.9%	16.5%	3.0%	14.51x	18.51x	1.30x	1.29x
Eurazeo	RF	EUR	65.60	5,167	11.9%	8.5%	7.5%	15.46x	12.76x	0.93x	0.92x
Carlyle Group	CG	USD	32.13	3,556	49.7%	72.1%	0.2%	18.55x	13.69x	1.99x	2.72x
Mean								13.04x	11.57x	1.13x	1.25x
Median								14.51x	12.76x	0.93x	0.92x

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	1.28	169	-43.6%	-45.8%	4.1%	13.88x	9.64x	6.02x	5.36x
Mouwasat	MOUWASAT	SAR	84.40	8,440	-4.1%	11.1%	-4.1%	21.79x	19.24x	15.17x	13.68x
Fortis	FORH	INR	156.10	117,849	22.2%	16.0%	18.3%	1.94x	1.77x	6.58x	6.61x
Raffles	RFMD	SGD	1.05	1,919	4.0%	-4.5%	5.0%	31.44x	31.64x	19.88x	19.50x
IHH	IHH	MYR	5.81	50,977	2.7%	0.7%	6.2%	56.77x	45.35x	16.48x	14.98x
Bangkok Chain	BCH	THB	15.40	38,404	4.1%	-9.9%	-9.9%	31.22x	28.20x	17.24x	16.04x
Netcare	NTC	ZAR	20.00	29,037	31.6%	-20.4%	2.8%	13.44x	14.55x	8.02x	7.62x
Life Healthcare	LHC	ZAR	25.70	37,711	18.6%	-2.2%	4.3%	22.00x	16.03x	8.76x	7.77x
Mediclinic	MDC	GBP	3.92	2,887	26.5%	22.9%	-4.9%	14.66x	15.17x	9.36x	8.88x
Apollo Hospitals	APHS	INR	1,704.40	237,125	25.3%	47.9%	18.2%	83.52x	65.15x	25.36x	16.74x
KPJ Healthcare	KPJ	MYR	0.98	4,178	8.3%	-8.0%	3.2%	22.25x	21.08x	10.27x	9.98x
NMC	NMC	GBP	7.75	1,618	-57.0%	-71.9%	-56.1%	6.63x	4.90x	6.97x	5.55x
Mean								26.63x	22.73x	12.51x	11.06x
Median								21.90x	17.63x	9.81x	9.43x

Source: Bloomberg, S&P Capital IQ

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