

Weekly Market Watch

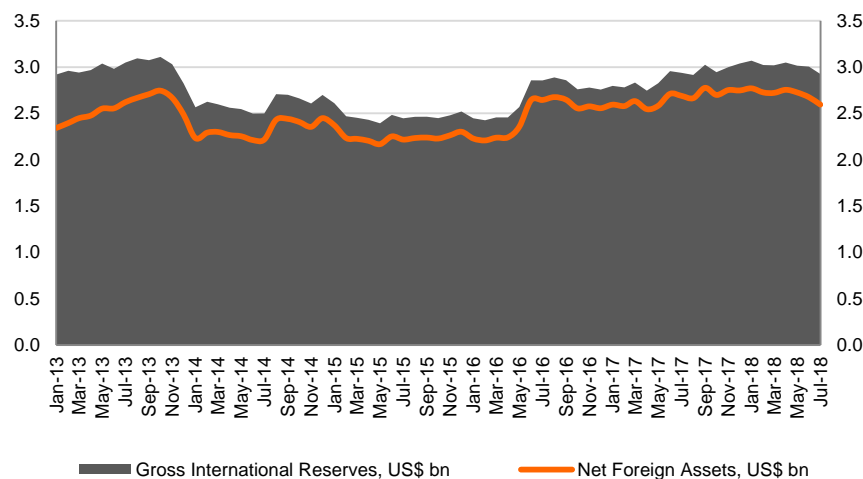
Weekly Market Watch | Georgia
Aug 13, 2018

Economy

International reserves down 0.4% y/y in July 2018

Gross international reserves were down 0.4% y/y and down 2.6% m/m to US\$ 2.9bn in July 2018, according to NBG. The NBG purchased US\$ 20mn on its 2 auctions in July, 2018. Change in reserves was attributed to government FX operations and/or asset revaluation.

International reserves



Source: NBG

Key macro indicators

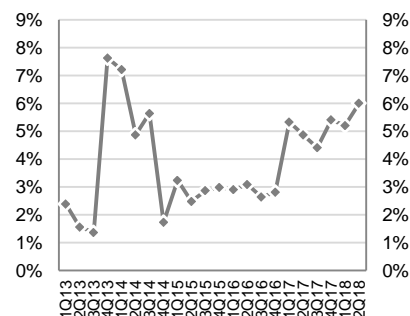
	7M18	2017	2016
GDP (% change)	5.7% ⁽¹⁾	5.0%	2.8%
GDP per capita (ppp)	...	10,747	10,053
GDP per capita (US\$)	...	4,068	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.8%	6.7%	1.8%
Gross reserves (US\$ bn)	2.9	3.0	2.8
CAD (% of GDP)	11.6% ⁽²⁾	8.9	13.2%
Fiscal deficit (% of GDP)	...	3.9%	4.1%
Total public debt (% of GDP)	...	44.6%	44.4%

Source: Official data, IMF

1) As of 1H18

2) As of 1Q18

Real GDP growth, %



Source: GeoStat

International ranking, 2017-18

Ease of Doing Business # 9 (Top 10)

Economic Freedom Index # 16 (mostly free)

Global Competitiveness Index # 67

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB- Stable Affirmed May-2017	 Ba2 Stable Upgraded Sep-2017	 BB- Positive Affirmed Mar-2018
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Source: Rating agencies



Money market

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 850mn (US\$ 344.9mn).

Certificates of deposit: NBG sold 91-day, GEL 20mn (US\$ 8.1mn) certificates of deposit, with an average yield of 7.13% (down 0.18ppts from previous issue).

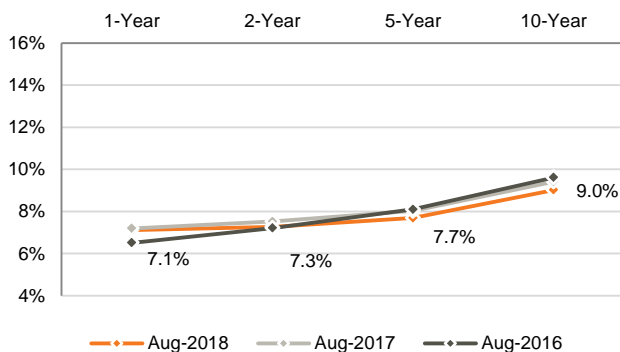
Ministry of Finance Benchmark Bonds:

2-year GEL 40.0mn (US\$ 16.3mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on August 8, 2018. The weighted average yield was fixed at 7.265%.

Ministry of Finance Treasury Bills:

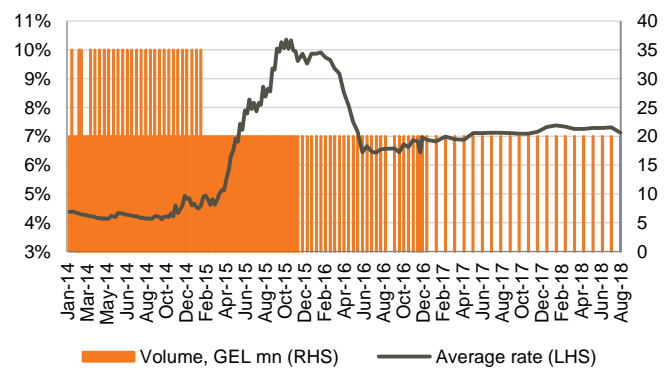
182-days GEL 20.0mn (US\$ 8.1mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on August 8, 2018. The weighted average yield was fixed at 7.133%.

T-bills / T-notes, yield curve



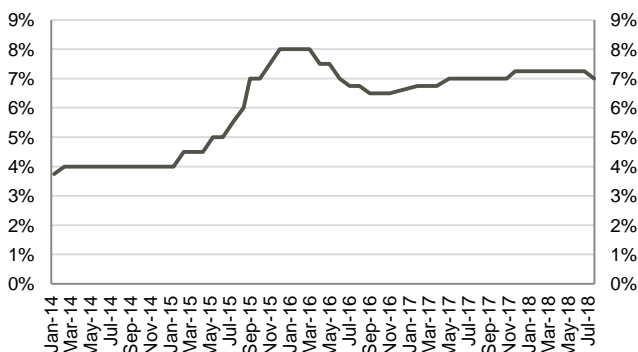
Source: NBG

Certificates of Deposits (weighted average rate)



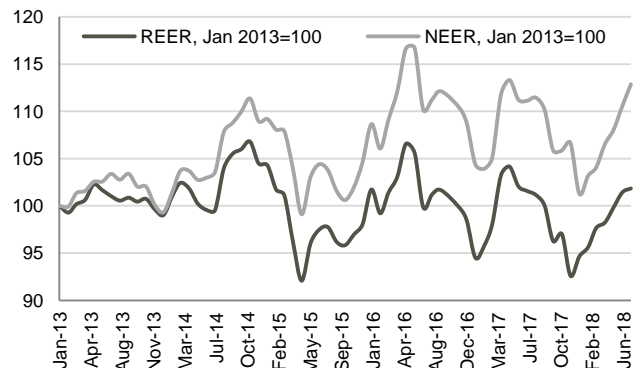
Source: NBG

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



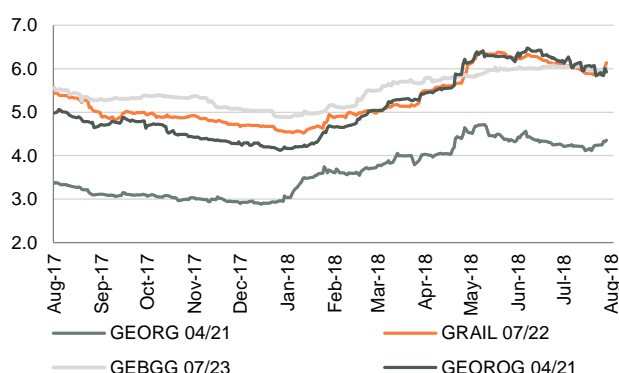
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.0% yield, trading at 99.9 (-0.1% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 94.0 (-0.3% w/w), yielding 7.5%.

GOGC Eurobonds (GEOROG) were trading at 102.0 (+0.3% w/w), yielding 5.9%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 105.5 (-1.1% w/w), yielding 6.1%.

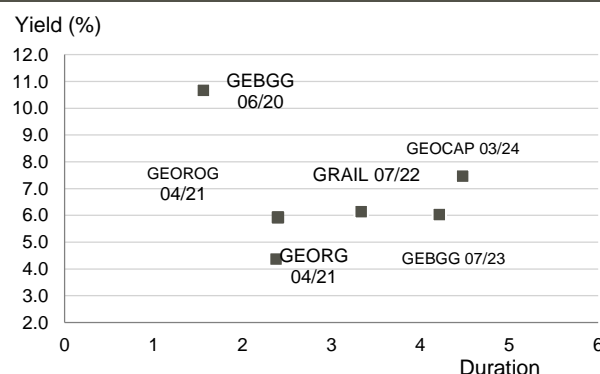
Georgian Sovereign Eurobonds (GEORG) closed at 106.3 (-0.3% w/w) at 4.4% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



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%	12/04/2021	BB-/BB-/Ba2	106.26	4.36	152.22
GRAIL 07/22	500	7.750%	18/07/2022	B+/B+/-	105.53	6.14	326.98
GEOROG 04/21	250	6.750%	18/04/2021	BB-/B+/-	102.02	5.93	309.01
GEBGG 06/20	500*	11.000%	18/06/2020	BB-/B+/-	100.50	10.67	n/a
GEBGG 07/23	350	6.000%	18/07/2023	BB-/B+/-	99.92	6.02	314.17
GEOCAP 03/24	300	6.125%	18/03/2024	-/B+/B2	94.02	7.46	457.42

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	B+/-/-	102.30	5.50	n/a
GLC 08/20	10	7.000%	29/08/2020	-/-/-	101.95	6.00	n/a
GLC 06/21	5	6.500%	22/06/2021	-/-/-	n/a	n/a	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/-/-	101.05	11.25	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	106.3	4.4	152.2
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	99.1	4.9	205.8
Bulgaria	323	5.000%	19/07/2021	BBB-/B+/-	114.6	0.0	-31.2
Croatia	1,250	3.875%	30/05/2022	BB+/BB+/Ba2	111.6	0.8	67.2
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	107.1	3.5	68.3
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	109.7	3.8	89.3
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	101.9	3.8	105.1
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	95.0	7.7	491.1

Source: Bloomberg

Equities

Bank of Georgia Group (BGEO LN) shares closed at GBP 17.10/share (-2.55% w/w and -7.83% m/m). More than 197k shares traded in the range of GBP 17.10 – 18.33/share. Average daily traded volume was 57k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.07% w/w and lost 0.97% m/m. The volume of BGEO shares traded was at 0.40% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 10.00/share (+0.51% w/w and -3.19% m/m). More than 281k shares traded in the range of GBP 9.71 – 10.20/share. Average daily traded volume was 181k in the last 4 weeks. The volume of CGEO shares traded was at 0.73% of its capitalization.

TBC Bank Group (TBCG LN) closed the week at GBP 16.50 (-5.50% w/w and -2.74% m/m). More than 53k shares changed hands in the range of GBP 16.34 – 17.58/share. Average daily traded volume was 21k in the last 4 weeks. The volume of TBCG shares traded was at 0.10% of its capitalization.

Georgia Healthcare Group (GHG LN) shares closed at GBP 2.67/share (+0.19% w/w and -2.74% m/m). More than 100k shares were traded in the range of GBP 2.59 – 2.74/share. Average daily traded volume was 30k in the last 4 weeks. The volume of GHG shares traded was at 0.08% of its capitalization.

Eastern European Banks

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Bank of Georgia	BGEO	17.102*	1,074	-7.8%	-25.0%	-26.1%	-28.9%	-27.1%
TBC	TBC	16.5*	1,143	-5.7%	-5.8%	4.6%	-5.7%	1.2%
Halyk Bank	HSBK	11.05	3,037	-6.4%	-14.3%	-9.1%	11.8%	14.6%
KKB	KKB	0.68	712	0.0%	0.0%	0.0%	0.0%	0.0%
VTB Bank	VTBR	1.31	8,496	-17.4%	-27.9%	-24.1%	-28.4%	-35.1%
Vozrozhdenie	VZRZ	5.62	134	-11.9%	3.6%	-33.6%	-35.4%	-42.6%
Sberbank	SBER	11.16	60,228	-28.0%	-27.0%	-38.4%	-34.1%	-8.5%

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	10*	491	-3.0%	N/A	N/A	N/A	N/A
Creades	CREDA	29.38	241	-6.7%	-8.4%	-25.3%	-19.4%	-13.9%
CIE du Bois	COMB	452.07	762	-2.9%	-5.1%	-1.3%	5.1%	18.1%
Tinc Comm	TINC	13.76	375	-3.5%	-4.6%	-9.5%	-8.9%	-4.4%
Edify	EDIFY	69.07	336	-3.5%	-8.0%	-8.8%	0.8%	10.0%

Source: Bloomberg

*CGEO share price traded and shown in GBP

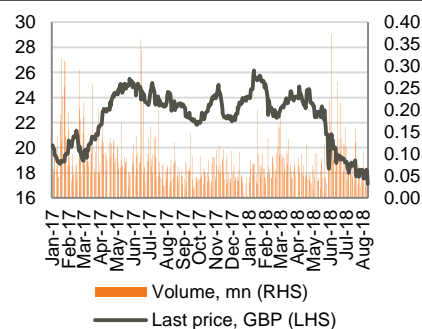
Healthcare Sector Peers

	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG	2.665*	448	-2.7%	0.6%	-18.0%	-24.9%	-21.6%
Mouwasat	MOUWASAT	24.40	2,440	-4.2%	0.6%	6.5%	20.9%	14.5%
Fortis	FORH	2.04	1,059	0.0%	-10.4%	-11.4%	-18.7%	-13.8%
Raffles	RFMD	0.79	1,415	7.9%	-5.9%	-3.7%	-6.0%	-5.0%
IHH	IHH	1.41	11,605	-3.9%	-7.2%	-6.2%	-2.4%	0.7%
Bangkok Chain	BCH	0.53	1,326	8.8%	0.0%	4.3%	6.9%	29.0%
Netcare	NTC	1.96	2,887	-8.0%	-16.7%	-6.2%	-3.3%	5.5%

Source: Bloomberg

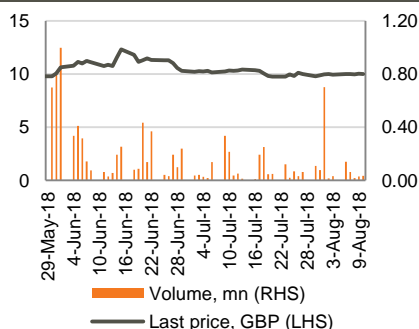
*GHG share price traded and shown in GBP

Bank of Georgia Group (BGEO LN)



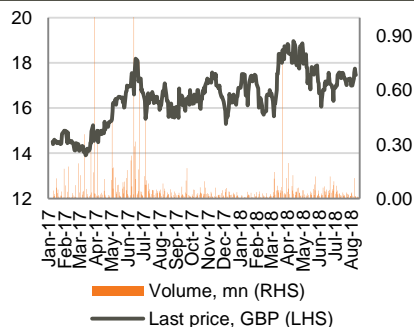
Source: Bloomberg

Georgia Capital (CGEO LN)



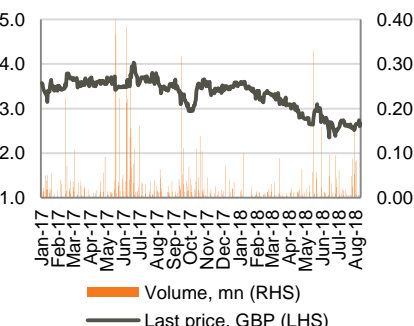
Source: Bloomberg

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

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