



Georgian Railway successfully issued US\$ 500mn 4.00% 7-year green Eurobonds

Georgia | Fixed Income
June 18, 2021

On 17 June 2021, Georgian Railway successfully priced a US\$ 500mn, 7-year Eurobond, with coupon rate at 4.0%. Strong investor demand led to 8.4x oversubscription as orders reached US\$ 4.2bn. 2 International Financial Institutions participated in the deal as anchor investors. After the book building, the yield on the Eurobond was set at 4.00%, representing c. 100bps spread over extrapolated GEORGIA 26 sovereign Eurobond yield (comparable 7-year). GR achieved green bond framework for the new placement, with S&P Global Ratings providing [Full Alignment Opinion](#). Notably, proceeds of the new bond will be used to refinance its US\$ 500mn, 7.75% Eurobond maturing in 2022 (the company offered a 107.5% price on the tender, which included 2.25% early redemption premium).

The transaction records several milestones for the company, namely:

- Securing the financing at the lowest coupon and yield in history of the company;
- The coupon rate on the new Eurobond is almost half of the 2012 Notes (4.0% vs. 7.75%);
- The lowest yield among Georgian corporate Eurobonds;
- Due to strong investor interest, during the book building the yield tightened by c. 100bps from initial price target (4.875%-5.000%);
- GRAIL's spread vs. sovereign has averaged 130bps in 2019 and 220bps in 2020, making the pricing (100bps spread) of the new Eurobond a huge success.

International investment banks J. P. Morgan Securities, Citi and Renaissance Capital participated in the Eurobond issuance process, along with local investment banks Galt & Taggart and TBC Capital.

Eva Bochorishvili - Head of Research
| evabochorishvili@gt.ge | +995 32 2401 111 ext. 8036

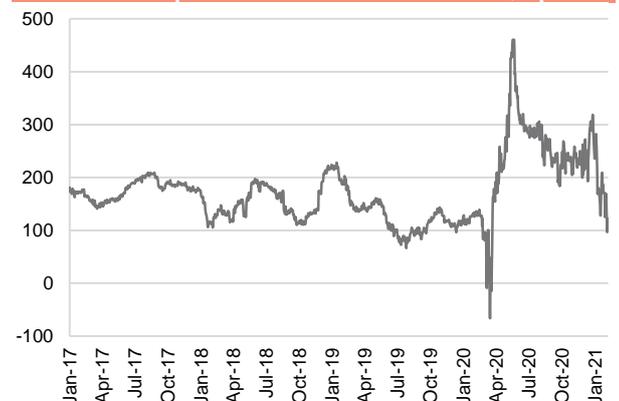
Ana Nachkebia - Senior Analyst
| ananachkebia@gt.ge | +995 32 2401 111 ext. 8137

Transaction details

Issuer:	Georgian Railway
Issue Ratings:	BB- (Fitch) / /B+ (S&P)
Status	Senior unsecured
Format	RegS/144A
Issue Size	US\$ 500mn
Settlement Date	17 June 2021
Maturity Date	17 June 2028
Coupon	4.000%
Yield	4.000%
Issue price	100%
Use of proceeds	Refinancing of US\$ 500mn 7.75% Notes due 2022
Listing/Law	London Stock Exchange/ English Law

Source: Bloomberg, Galt & Taggart Research

GRAIL 22 spread over GEORGIA 21 & 26, bps



Source: Bloomberg

Georgian Railway's credit ratings



Disclaimer

This document is the property of and has been prepared by JSC Galt & Taggart ("Galt & Taggart"), a member of Bank of Georgia Group plc ("Group") solely for informational purposes and independently of the respective companies mentioned herein. This document does not constitute or form part of, and should not be construed as, an offer or solicitation or invitation of an offer to buy, sell or subscribe for any securities or assets and nothing contained herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions.

Galt & Taggart is authorized to perform professional activities on the Georgian market. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Galt & Taggart to inform themselves about and to observe any and all restrictions applicable to them. This document is not directed to, or intended for distribution, directly or indirectly, to, or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Investments (or any short-term transactions) in emerging markets involve significant risk and volatility and may not be suitable for everyone. The recipients of this document must make their own investment decisions as they believe appropriate based on their specific objectives and financial situation. When doing so, such recipients should be sure to make their own assessment of the risks inherent in emerging market investments, including potential political and economic instability, other political risks including without limitation changes to laws and tariffs, and nationalization of assets, and currency exchange risk.

No representation, warranty or undertaking, express or implied, is or will be made by Galt & Taggart or any other member of the Group or their respective directors, employees, affiliates, advisers or agents or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this document and the information contained herein (and whether any information has been omitted from this document) and no reliance should be placed on it. This document should not be considered as a complete description of the markets, industries and/or companies referred to herein. Nothing contained in this document is, is to be construed as, or shall be relied on as legal, investment, business or tax advice, whether relating to the past or the future, by Galt & Taggart any other member of the Group or any of their respective directors, employees, affiliates, advisers or agents in any respect. Recipients are required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. To the extent permitted by law, Galt & Taggart, any other member of the Group and their respective directors, employees, affiliates, advisers and agents disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this document or its contents or otherwise arising in connection with this document, or for any act, or failure to act, by any party, on the basis of this document.

The information in this document is subject to verification, completion and change without notice and Galt & Taggart is not under any obligation to update or keep current the information contained herein. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the information since the date hereof or the date upon which this document has been most recently updated, or that the information contained in this document is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No representation or warranty, expressed or implied, is made by Galt & Taggart or any other member of the Group, or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information.

The information provided and opinions expressed in this document are based on the information available as of the issue date and are solely those of Galt & Taggart as part of its internal research coverage. Opinions, forecasts and estimates contained herein are based on information obtained from third party sources believed to be reliable and in good faith, and may change without notice. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Accordingly, undue reliance should not be placed on any such data contained in this document. Neither Galt & Taggart, any other member of the Group, nor their respective directors, employees, affiliates, advisers or agents make any representation or warranty, express or implied, of this document's usefulness in predicting the future performance, or in estimating the current or future value, of any security or asset.

Galt & Taggart does, and seeks to do, and any other member of the Group may or seek to do business with companies covered in its research. As a result, investors should be aware of a potential conflict of interest that may affect the objectivity of the information contained in this document.

Unauthorized copying, distribution, publication or retransmission of all or any part of this document by any medium or in any form for any purpose is strictly prohibited.

The recipients of this document are responsible for protecting against viruses and other destructive items. Receipt of the electronic transmission is at risk of the recipient and it is his/her responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Galt & Taggart

Address: 79 D. Agmashenebeli Avenue, Tbilisi 0102, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge