



Economy

Exports increased by 27.9% y/y to US\$ 448.6mn in June 2022

In June-22, exports growth came in at 27.9% y/y to US\$ 448.6mn, after a 53.7% y/y growth in previous month. Imports increased by 21.2% y/y to US\$ 1.0bn in June, after growing 47.3% y/y in previous month. As a result, the trade deficit growth slowed to 16.6% y/y to US\$ 598.4mn, after a 42.3% y/y growth in May.

The top 5 exported commodities were cars (+96.7% y/y), copper (+5.0% y/y), electricity (+290.7% y/y), wine (-6.4% y/y) and ferro-alloys (-62.1% y/y), in Jun-22. A 18.0% of exports were directed to the EU (+17.2% y/y), 49.4% to the CIS (+24.1% y/y) and 32.5% to other countries (+41.8% y/y).

The top 5 imports were petroleum (+61.9% y/y), cars (+28.8% y/y), copper (-56.3% y/y), pharmaceuticals (+10.8% y/y) and telephones (+41.9% y/y) in Jun-22.

Overall, in 1H22, trade deficit was up 35.0% y/y to US\$ 3.4bn, as exports increased by 35.6% y/y to US\$ 2.6bn, while imports were up by 35.3% y/y to US\$ 5.9bn.

Producer price index up 15.4% y/y in June 2022

Annual PPI for industrial goods was up 15.4% in Jun-22, after a 14.2% growth in previous month, according to Geostat. Price changes in manufacturing (+20.8% y/y) and electricity, gas, steam and air conditioning (-7.0% y/y) contributed most to the overall index change in June.

Residential property price index up 0.7% q/q and 4.5% y/y in 2Q22

Tbilisi residential property price index was up 0.7% q/q and 4.5% y/y (+4.2% q/q and +3.4% y/y in previous quarter), according to Geostat. On a quarterly basis, prices increased for flats (+2.2% q/q), while it decreased for detached houses (-2.4% q/q) segment. On an annual basis, prices were up by 8.2% y/y for flats and down by 3.5% y/y for detached houses.

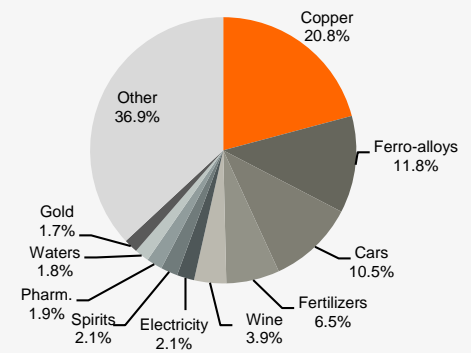
Key macro indicators

	2020	2021
Real GDP growth (% change)	-6.8%	10.4%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,015
Population (mn)	3.7	3.7
Inflation (eop)	2.4%	13.9%
Gross reserves (US\$ bn)	3.9	4.3
CAD (% of GDP)	12.5%	10.1%
Fiscal deficit (% of GDP)	9.3%	6.3%
Total public debt (% of GDP)	60.2%	49.5%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

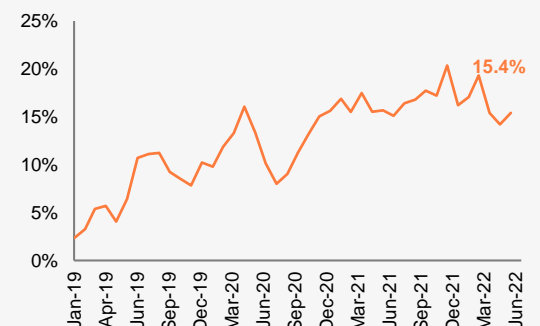
*Latest sovereign credit ratings

Georgia's exports by product, 1H22



Source: Geostat

Producer Price Index, % change y/y



Source: Geostat

Money market

Ministry of Finance T-Notes:

10-year GEL 25.0mn (US\$ 8.8mn) Benchmark bonds were sold at the auction held at NBG on July 19, 2022. Total demand was c.3.3x higher and the weighted average yield was fixed at 9.971%, down by 0.566ppts from previous auction held in April 2022.

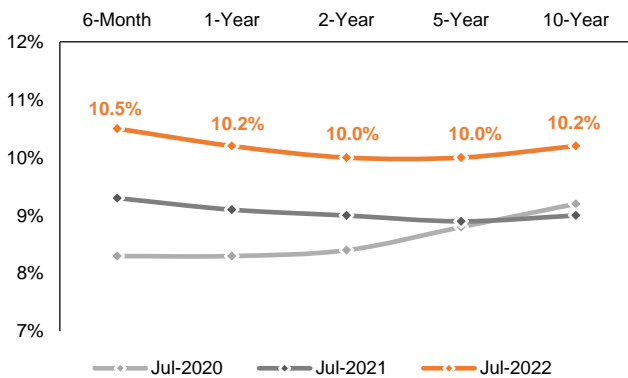
The nearest treasury security auction is scheduled for July 26, 2022, where GEL 90.0mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	140	100	120
1-year	145	150	250
2-year	500	400	1,060
5-year	494	540	3,115
10-year	75	25	1,371
Total	1,354	1,215	5,915

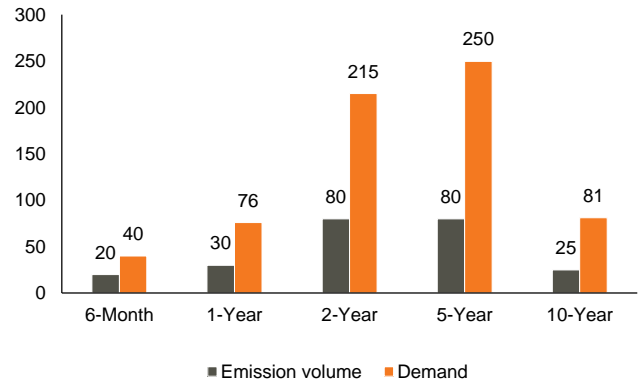
Source: MoF
*As of June 2022

T-bills / T-notes, yield curve



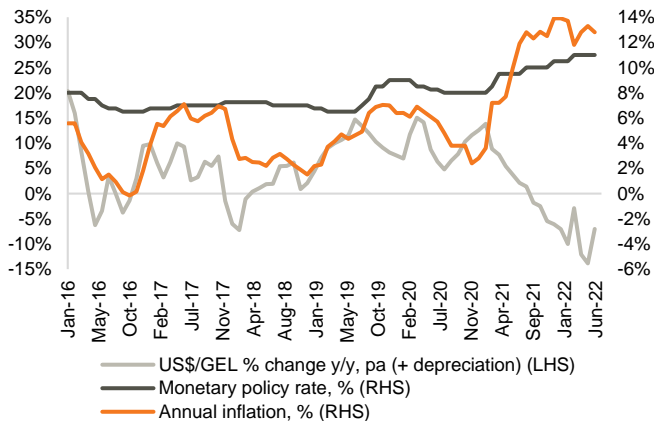
Source: NBG

Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



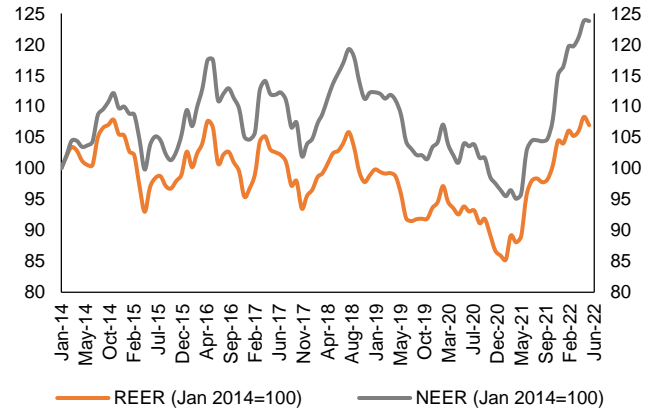
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal effective exchange rate and Real effective exchange rate



Source: NBG

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

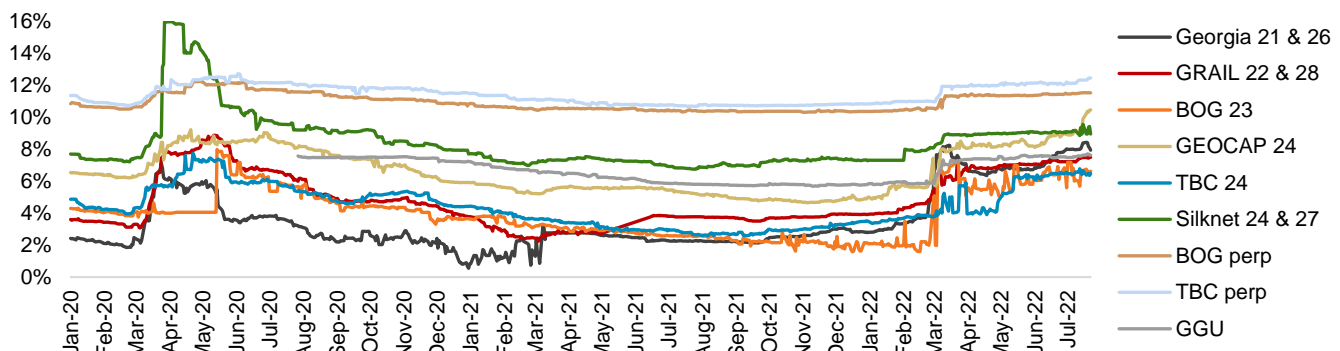
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.63% yield, trading at 99.43 (+0.08% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 93.68 (-0.78% w/w), yielding 10.46%.

Georgian Railway Eurobonds (GRAIL) traded at 83.63 (unchanged w/w), yielding 7.49%.

Georgian Sovereign Eurobonds (GEORG) closed at 83.50 (+1.65% w/w) at 7.94% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	83.50	7.94	527.56
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	83.63	7.49	490.50
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	99.43	6.63	357.35
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	99.70	11.52	836.32
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B+/B1	93.68	10.46	747.97
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	97.90	8.95	631.80
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.72	6.47	354.24
TBC PERP	USD	125	10.775%	n/a	B-/B-	95.86	12.45	1,011.38
GGU 07/25	USD	250	7.750%	Jul-25	B+*/B/-	100.32	7.63	466.47

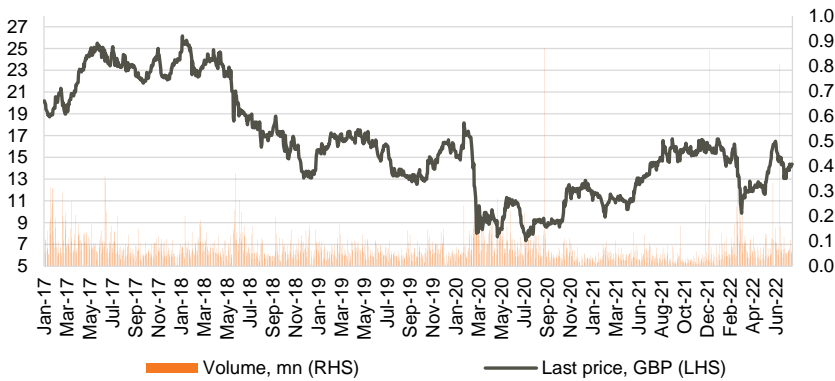
Georgian local bonds performance

Georgia Real Estate	USD	35	7.50%	Oct-22	-/-/-	99.97	7.50	n/a
KTW	USD	10	9.00%	Dec-22	-/-/-	99.78	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.88	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.90	4.83	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.45	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	99.47	7.13	n/a
Geo. Beer Company	GEL	25	14.50%	Dec-23	-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	13.60%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora Trade	GEL	35	13.96%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora	GEL	28	14.31%	Oct-22	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.89%	Mar-23	-/-/-	n/a	n/a	n/a

Source: Bloomberg

Equities

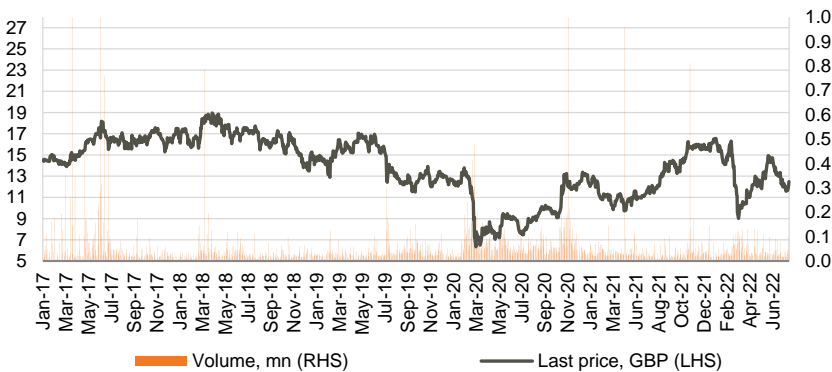
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 14.38/share (unchanged w/w and -3.88% m/m). More than 336k shares traded in the range of GBP 13.90 - 14.48/share. Average daily traded volume was 63k in the last 4 weeks. The volume of BGEO shares traded was at 0.69% of its capitalization.

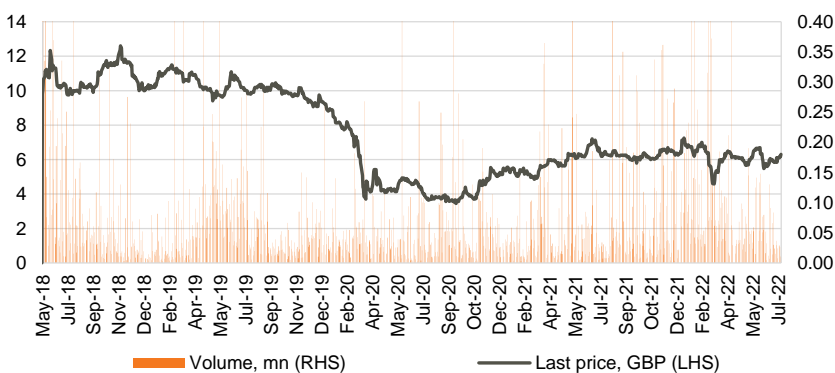
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 12.48/share (+5.58% w/w and -5.02% m/m). More than 256k shares changed hands in the range of GBP 11.32 - 12.48/share. Average daily traded volume was 33k in the last 4 weeks. The volume of TBCG shares traded was at 0.46% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 6.30/share (+3.45% w/w and +12.30% m/m). More than 104k shares traded in the range of GBP 5.96 - 6.30/share. Average daily traded volume was 35k in the last 4 weeks. The volume of CGEO shares traded was at 0.22% of its capitalization.

Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	14.38	707	-2.3%	1.0%	-13.8%	4.11x	3.32x	3.21x	0.92x	0.75x	0.68x
TBC	TBC	GBP	12.48	688	-16.0%	7.4%	-24.4%	3.62x	3.21x	2.91x	0.79x	0.63x	0.53x
Halyk Bank	HSBK	USD	8.95	2,441	-30.2%	-39.9%	-45.8%	2.30x	2.97x	2.53x	0.67x	0.64x	0.55x
Akbank	AKBNK	TRY	8.64	44,928	9.1%	67.4%	20.0%	3.58x	1.85x	2.32x	0.57x	0.50x	0.49x
Garanti	GARAN	TRY	15.10	63,420	26.6%	82.6%	34.0%	4.55x	2.50x	2.85x	0.77x	0.67x	0.65x
Isbank	ISCTR	TRY	4.93	22,185	33.1%	114.3%	52.3%	1.58x	0.80x	0.99x	0.55x	0.46x	0.46x
PKO	PKO	PLN	26.42	33,025	-44.1%	-29.4%	-41.2%	6.83x	6.38x	5.99x	0.88x	1.01x	0.89x
PEKAO	PEO	PLN	71.94	18,882	-46.4%	-21.3%	-41.0%	8.75x	6.34x	5.85x	0.80x	0.87x	0.81x
Millennium	MIL	PLN	3.61	4,374	-57.0%	-22.3%	-56.0%	na	2.55x	3.02x	0.66x	0.92x	0.70x
Mbank	MBK	PLN	211.20	8,952	-52.6%	-30.9%	-51.2%	na	3.92x	4.00x	0.66x	0.77x	0.65x
BRD	BRD	RON	12.12	8,446	-36.7%	-31.5%	-31.5%	6.43x	7.01x	6.53x	0.86x	1.12x	1.04x
Banca Transilvania	TLV	RON	2.02	12,718	-13.1%	-10.6%	-12.4%	6.39x	6.57x	6.20x	1.40x	1.41x	1.37x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	13.67x	10.45x	0.65x	0.77x	0.68x
Komercni	KOMB	CZK	635.00	120,681	-33.5%	-18.2%	-32.1%	9.66x	8.64x	8.66x	0.99x	1.06x	1.02x
Mean								5.55x	4.98x	4.68x	0.80x	0.83x	0.75x
Median								5.47x	3.62x	3.60x	0.78x	0.77x	0.68x

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		
								2021	2022F	2023F	2021	2022F	2023F
Georgia Capital	CGEO	GBP	6.30	294	-4.1%	-0.9%	-11.6%	1.78x	na	na	0.40x	na	na
Tinc Comm	TINC	EUR	13.30	484	1.5%	5.7%	-1.0%	14.87x	na	na	1.01x	na	na
Sabancı Holding	SAHOL	TRY	19.73	40,257	27.9%	119.7%	49.1%	3.23x	4.53x	4.18x	0.76x	0.71x	0.56x
Deutsche Beteiligungs	DBAN	EUR	27.00	508	-28.8%	-25.8%	-32.2%	2.68x	na	8.62x	0.71x	1.05x	0.96x
Eurazeo	RF	EUR	66.55	5,272	-11.4%	-12.3%	-13.3%	3.33x	17.73x	21.67x	0.83x	0.84x	0.76x
Carlyle Group	CG	USD	35.10	12,507	-28.5%	-24.0%	-36.1%	4.20x	8.69x	7.54x	2.36x	4.04x	3.29x
Wendel SE	MF	EUR	86.65	3,877	-13.1%	-22.3%	-17.8%	3.69x	7.99x	7.89x	1.45x	1.51x	1.32x
HgCapital Trust	HGT	GBP	3.60	1,637	-9.0%	-4.0%	-14.5%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.90	693	-5.9%	3.9%	-14.1%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	3.87	691	-2.9%	9.5%	-7.5%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	11.65	806	-12.1%	-5.3%	-19.4%	4.51x	na	na	0.76x	na	na
Symphony International Holding	SIHL	USD	0.46	237	2.4%	11.4%	11.4%	1.93x	na	na	0.48x	na	na
Mean								4.47x	9.73x	9.98x	0.97x	1.63x	1.38x
Median								3.33x	8.34x	7.89x	0.76x	1.05x	0.96x

Source: Bloomberg, S&P Capital IQ

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