



Economy

Exports growth slowed to 9.2% y/y in Oct-22

In Oct-22, exports growth slowed to 9.2% y/y to US\$ 448.8mn, after a 40.0% y/y growth in previous month. Meanwhile, Imports growth accelerated to 19.9% y/y to US\$ 1.1bn in October, after 14.5% y/y growth in September. As a result, the trade deficit increased by 28.3% y/y to US\$ 673.9mn, after 1.9% y/y reduction in September. Overall, in 10M22, trade deficit was up by 32.7% y/y to US\$ 6.1bn, as exports increased by 34.0% y/y to US\$ 4.5bn, while imports were up by 33.2% y/y to US\$ 10.7bn.

Money transfers up 142.9% y/y in Oct-22

Money transfers accelerated further, up by 142.9% y/y to US\$ 502.0mn in Oct-22, according to NBG, after a 84.6% y/y growth in previous month. From major remitting countries, money transfers increased from Russia (+725.6% y/y, accounting for 59.6% of total, part of these funds related to migration), followed by Italy (+8.1% y/y, 7.1% of total), USA (+26.5% y/y, 6.0% of total), Israel (+7.5% y/y, 3.3% of total), Kyrgyzstan (+163.7% y/y, 3.2% of total) and Germany (+42.1% y/y, 3.1% of total). Meanwhile, transfers continued to reduce from Greece (-0.3% y/y, 3.8% of total). Overall, in 10M22 remittances increased by 73.4% y/y to US\$ 3.3bn.

Tourism revenues: In Oct-22, tourism revenues recovered at 126.4% of Oct-19 level amounting to US\$ 337.3mn (+137.1% y/y), according to the NBG's preliminary estimate. Overall, tourism revenues reached US\$ 2.9bn in 10M22 (+183.2% y/y, 100.2% of 10M19 level).

Unemployment rate reduced to 15.6% in 3Q22

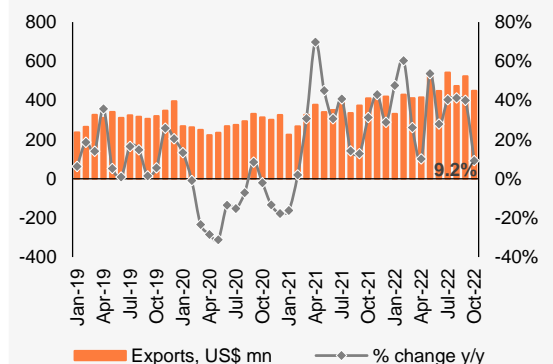
Unemployment rate reduced by 3.9ppts y/y and by 2.6ppts q/q to 15.6% (lowest level in 5 years) in 3Q22, amid strong economic growth. In 3Q22, out of employed persons hired labor accounted for 67.3% of total (-1.1ppts q/q) and self-employed persons stood at 32.7% of total (+1.1ppts q/q). Notably, labor force participation rate was strong and surpassed pre-pandemic level of 2019 reaching 53.5% (+2.0ppts q/q) in 3Q22.

Key macro indicators

	2020	2021
Real GDP growth (% change)	-6.8%	10.5%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,023
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%	10.4%
Fiscal deficit (% of GDP)	9.3%	6.1%
Total public debt (% of GDP)	60.2%	49.7%
Fitch/S&P/Moody's*	BB/BB/Ba2	

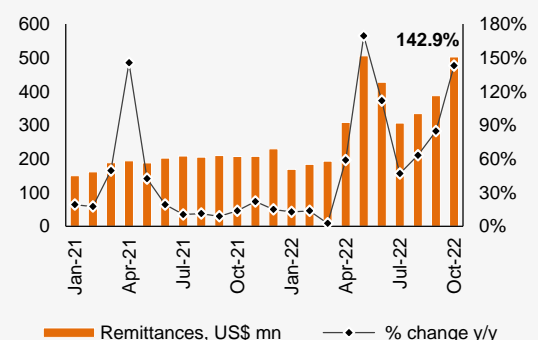
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Goods exports



Source: Geostat

Remittances in Georgia



Source: NBG

Money market

Ministry of Finance T-Bills:

10-year GEL 100.0mn (US\$ 36.8mn) Benchmark bonds were sold at the auction held at NBG on November 15, 2022. Total demand was 1.5x higher and the weighted average yield was fixed at 9.014%, down by 0.332ppts from previous auction held in Oct-22.

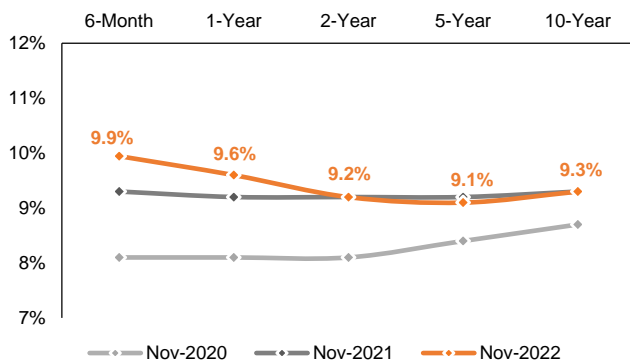
The nearest treasury security auction is scheduled for November 22, 2022, where GEL 90.0mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	220	20	120
1-year	265	30	295
2-year	820	80	1,380
5-year	882	180	3,402
10-year	200	100	1,396
Total	2,387	410	6,593

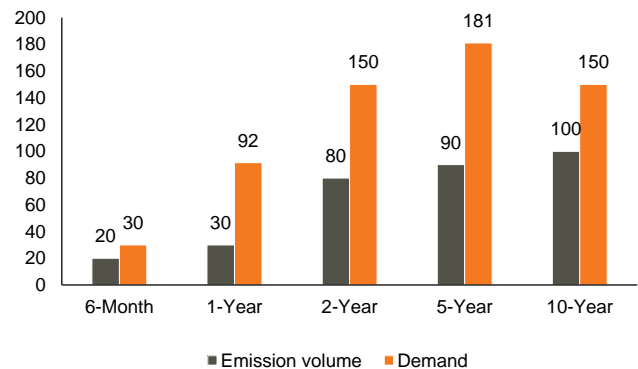
Source: MoF
*As of October 2022

T-bills / T-notes, yield curve



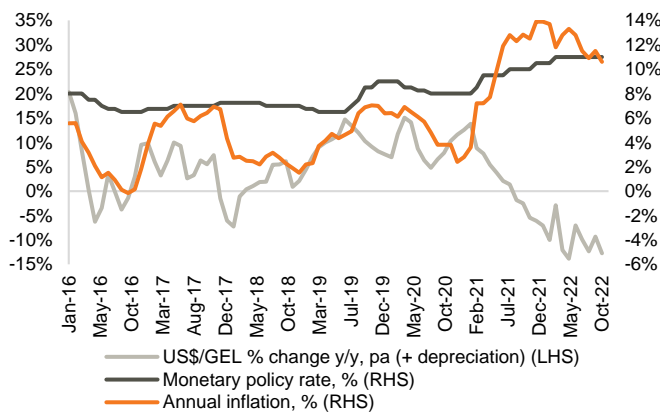
Source: NBG

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



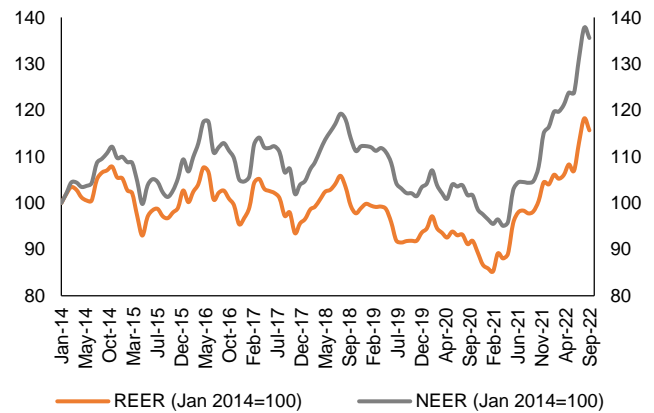
Source: NBG

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

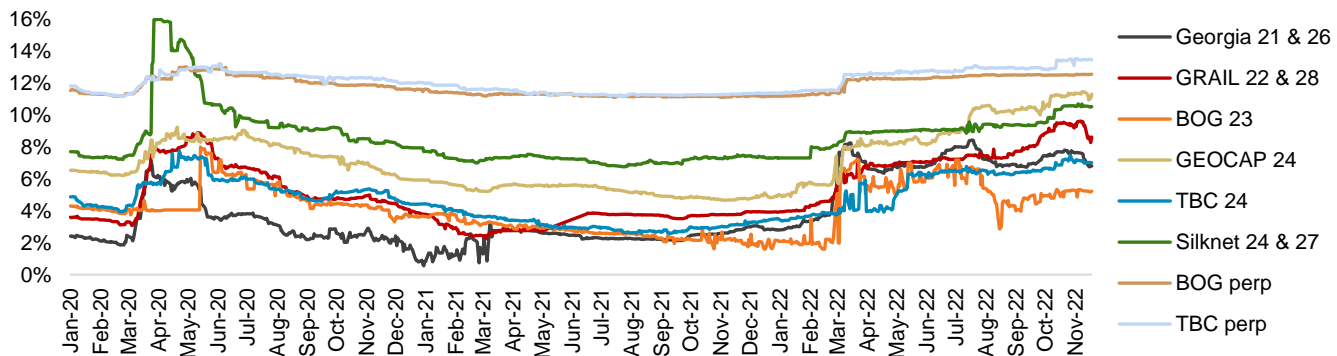
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.22% yield, trading at 100.54 (+0.03% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 93.90 (+0.25% w/w), yielding 11.29%.

Georgian Railway Eurobonds (GRAIL) traded at 79.96 (+3.50% w/w), yielding 8.60%.

Georgian Sovereign Eurobonds (GEORG) closed at 87.84 (+1.31% w/w) at 6.80% 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	87.84	6.80	278.81
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	79.96	8.60	488.77
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	100.54	5.22	45.34
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.35	12.54	688.00
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B+/B1	93.90	11.29	652.36
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	92.88	10.51	660.56
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.15	7.01	230.96
TBC PERP	USD	125	10.775%	n/a	B-/-/-	93.89	13.43	1,004.02

Georgian local bonds performance

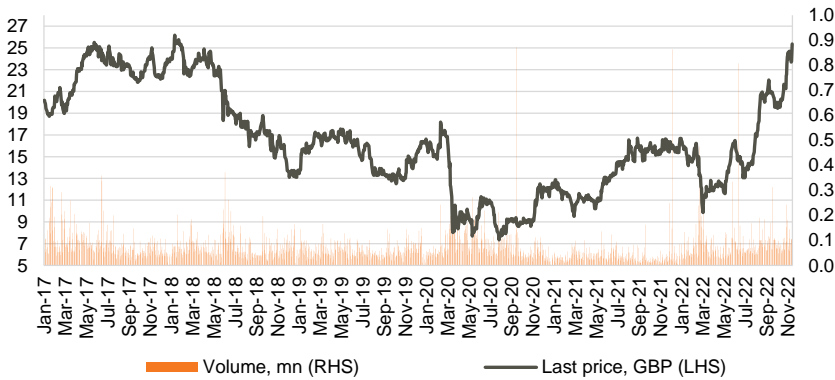
KTW	USD	10	9.00%	Dec-22	-/-/-	99.88	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.90	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.49	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	97.35	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.77	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.73	8.65	n/a
Geo. Beer Company	GEL	25	15.50%	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	13.62%	Nov-24	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.37%	Mar-23	-/-/-	n/a	n/a	n/a
Geo Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	n/a	n/a	-/-/-

Source: Bloomberg



Equities

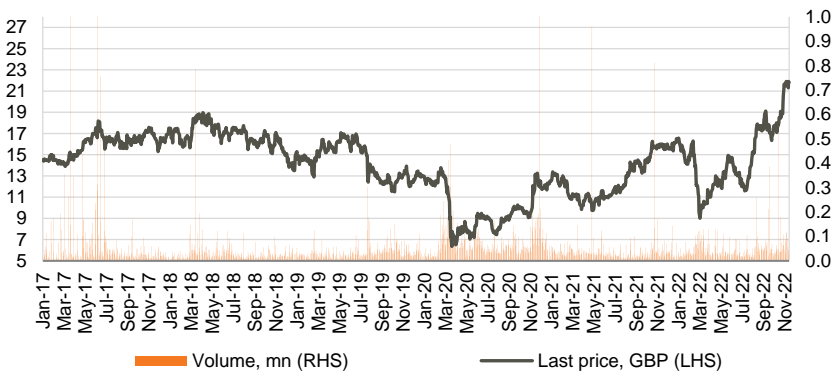
Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 25.35/share (+3.89% w/w and +25.50% m/m). More than 512k shares traded in the range of GBP 23.20 - 25.85/share. Average daily traded volume was 108k in the last 4 weeks. The volume of BGEO shares traded was at 1.04% of its capitalization.

Source: Bloomberg

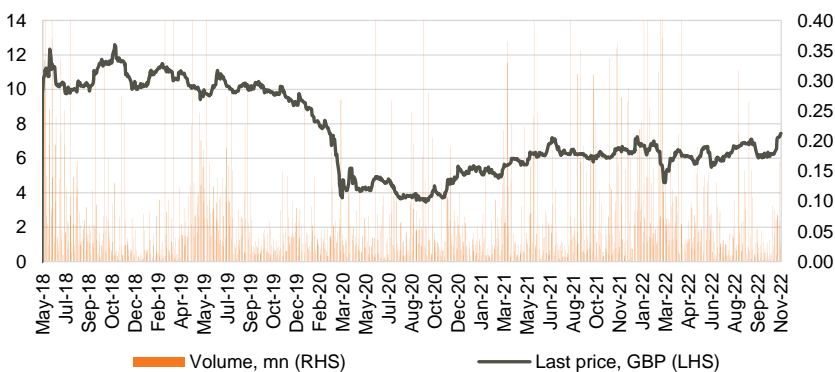
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 21.80/share (+0.46% w/w and +22.47% m/m). More than 265k shares changed hands in the range of GBP 21.00 - 22.15/share. Average daily traded volume was 69k in the last 4 weeks. The volume of TBCG shares traded was at 0.48% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 7.45/share (+3.33% w/w and +19.20% m/m). More than 350k shares traded in the range of GBP 7.20 - 7.50/share. Average daily traded volume was 49k in the last 4 weeks. The volume of CGEO shares traded was at 0.75% of its capitalization.

Source: Bloomberg

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	25.35	1,246	85.0%	54.8%	52.0%	4.58x	4.48x	4.51x	1.06x	1.06x	0.89x
TBC	TBC	GBP	21.80	1,202	62.4%	36.3%	32.1%	4.75x	4.40x	4.01x	1.04x	0.92x	0.79x
Halyk Bank	HSBK	USD	10.40	2,836	5.6%	-40.3%	-37.0%	2.60x	2.81x	3.11x	0.76x	0.68x	0.57x
Akbank	AKBNK	TRY	16.25	84,500	100.4%	124.1%	125.7%	6.04x	1.50x	2.25x	0.96x	0.59x	0.53x
Garanti	GARAN	TRY	25.38	106,596	62.2%	107.4%	125.2%	7.12x	1.88x	2.67x	1.20x	0.73x	0.62x
Isbank	ISCTR	TRY	9.55	42,975	113.5%	194.3%	195.1%	2.87x	0.80x	1.02x	0.99x	0.63x	0.50x
PKO	PKO	PLN	28.06	35,075	-11.5%	-37.5%	-37.5%	6.63x	8.93x	5.83x	0.86x	1.02x	0.88x
PEKAO	PEO	PLN	83.80	21,995	-8.6%	-31.2%	-31.3%	9.22x	6.75x	5.88x	0.84x	0.94x	0.84x
Millennium	MIL	PLN	4.86	5,898	2.1%	-38.6%	-40.7%	na	2.29x	3.13x	0.81x	1.17x	0.80x
Mbank	MBK	PLN	320.20	13,572	18.6%	-35.9%	-26.1%	na	na	8.87x	0.83x	1.16x	0.95x
BRD	BRD	RON	13.26	9,241	-3.4%	-29.1%	-25.1%	6.06x	7.09x	6.55x	0.81x	1.42x	1.11x
Banca Transilvania	TLV	RON	20.15	127,176	-2.8%	-13.1%	-12.4%	na	na	na	1.24x	1.36x	1.22x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	12.19x	11.21x	0.65x	0.74x	0.67x
Komerčni	KOMB	CZK	749.00	142,347	3.1%	-18.4%	-19.9%	11.10x	8.54x	9.43x	1.14x	1.14x	1.09x
Mean								6.34x	5.14x	5.27x	0.94x	0.97x	0.82x
Median								6.06x	4.44x	4.51x	0.91x	0.98x	0.82x

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	7.45	347	24.2%	13.7%	4.5%	1.80x	4.02x	3.05x	0.41x	na	na
Tinc Comm	TINC	EUR	12.22	444	-9.2%	-8.5%	-9.1%	13.85x	na	na	0.94x	na	na
Sabancı Holding	SAHOL	TRY	36.40	74,271	87.0%	161.3%	175.1%	5.61x	3.67x	3.33x	1.31x	0.86x	0.65x
Deutsche Beteiligungs	DBAN	EUR	26.90	506	-7.6%	-32.4%	-32.5%	2.57x	na	7.84x	0.68x	0.98x	0.84x
Eurazeo	RF	EUR	60.35	4,781	-16.0%	-22.9%	-21.4%	2.91x	na	na	0.72x	0.62x	0.64x
Carlyle Group	CG	USD	28.38	10,111	-21.7%	-52.2%	-48.3%	3.34x	6.51x	6.90x	1.87x	2.34x	1.73x
Wendel SE	MF	EUR	87.70	3,924	-4.1%	-21.5%	-16.8%	3.45x	7.28x	7.19x	1.35x	1.38x	1.20x
HgCapital Trust	HGT	GBP	3.65	1,662	-5.7%	-13.5%	-13.2%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.90	693	3.9%	-12.2%	-14.1%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.16	743	1.8%	8.3%	-0.6%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	8.76	606	-20.2%	-35.8%	-39.4%	3.10x	na	na	0.52x	na	na
Symphony International Holding	SIHL	USD	0.46	235	-11.9%	0.7%	10.6%	1.78x	na	na	0.45x	na	na
Mean								4.27x	5.37x	5.66x	0.92x	1.23x	1.01x
Median								3.10x	5.27x	6.90x	0.72x	0.98x	0.84x

Source: Bloomberg, S&P Capital IQ

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