



Economy

Goods exports up by 20.4% y/y in Apr-23

In Apr-23, goods exports growth moderated, up by 20.4% y/y to US\$ 500.7mn, after a 32.9% y/y growth in previous month. Imports growth slowed to 9.8% y/y to US\$ 1.1bn in April, after growing by 36.1% y/y in March. As a result, the trade deficit increased by 2.2% y/y to US\$ 589.9mn, after a 38.6% y/y growth in March.

The top 5 exported commodities were cars (+393.8% y/y), copper (-43.5% y/y), wine (+51.6% y/y), fertilizers (-71.2% y/y) and spirits (+130.0% y/y) in Apr-23. A 15.1% of exports were directed to the EU (+14.2% y/y), 65.3% to the CIS (+105.6% y/y) and 19.5% to other countries (-48.5% y/y).

The top 5 imports were cars (+8.8% y/y), petroleum (-28.2% y/y), pharmaceuticals (+7.2% y/y), copper (-20.5% y/y) and telephones (+53.8% y/y) in Apr-23.

Overall, in 4M23, trade deficit increased by 19.4% y/y to US\$ 2.6bn, as exports increased by 23.6% y/y to US\$ 2.0bn, while imports were up by 21.2% y/y to US\$ 4.5bn.

Money transfers growth slowed y/y in Apr-23

Money transfers growth slowed to 20.0% y/y (US\$ 369.7mn) in Apr-23 after growing by 127.1% y/y in Mar-23, due to high base effect, according to NBG. From major remitting countries, money transfers increased from Russia (+20.0% y/y, -28.6% m/m, accounting for 43.2% of total), followed by Italy (+22.3% y/y, 11.1% of total), USA (+36.7% y/y, 9.3% of total), Greece (+9.4% y/y, 5.5% of total), Germany (+50.4% y/y, 4.9% of total), Israel (+4.7% y/y, 4.6% of total) and Turkey (+13.7% y/y, 2.5% of total). Meanwhile, remittance were down from Kazakhstan (-1.5% y/y, 5.3% of total) and Azerbaijan (-3.4% y/y, 1.3% of total). Overall, in 4M23 remittances increased by 90.4% y/y to US\$ 1.6bn.

Unemployment rate reduced to 18.0% in 1Q23

The unemployment rate reduced by 1.4ppts y/y to 18.0% in 4Q22, amid strong economic growth. During the same period, the number of hired employed individuals increased by 5.6% y/y, accounting for 67.9% of total employment, while self-employed persons were up 6.6% y/y and accounted for 32.1% of total. Notably, the labor force participation rate increased by 2.1ppts y/y to 52.0% in 1Q23, albeit slightly below pre-pandemic levels.

Producer price index reduced further in Apr-23

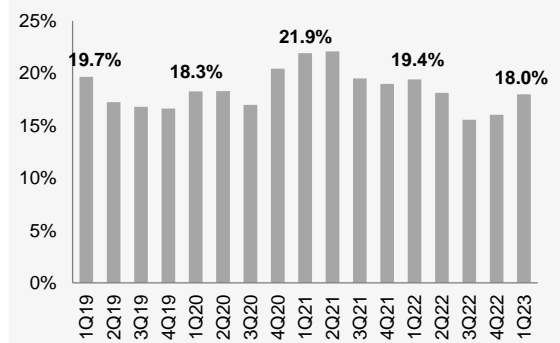
Annual PPI for industrial goods reduced by 6.0% in Apr-23, after falling by 5.2% in previous month, according to Geostat. This decline was mainly driven by price reduction in manufacturing (-4.5% y/y) and mining (-19.2% y/y) sectors.

Key macro indicators

	2021	2022
Real GDP growth (% change)	10.5%	10.1%
GDP per capita (ppp)	16,997	20,244
GDP per capita (US\$)	5,023	6,672
Population (mn)	3.7	3.7
Inflation (eop)	13.9%	9.8%
Gross reserves (US\$ bn)	4.3	4.9
CAD (% of GDP)	10.4%	4.1%
Fiscal deficit (% of GDP)	6.1%	3.1%
Total public debt (% of GDP)	49.7%	39.8%
Fitch/S&P/Moody's*	BB/BB/Baa2	

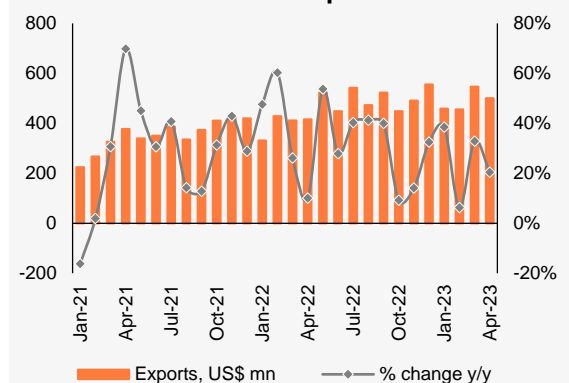
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Unemployment rate in Georgia



Source: Geostat

Goods export



Source: Geostat

Money market

Ministry of Finance T-notes:

10-year GEL 60.0mn (US\$ 23.6mn) Benchmark bonds were sold at the auction held at NBG on May 16, 2023. Total demand was 1.5x higher and the weighted average yield was fixed at 8.327%, down by 0.409ppts from previous auction held in Apr-23.

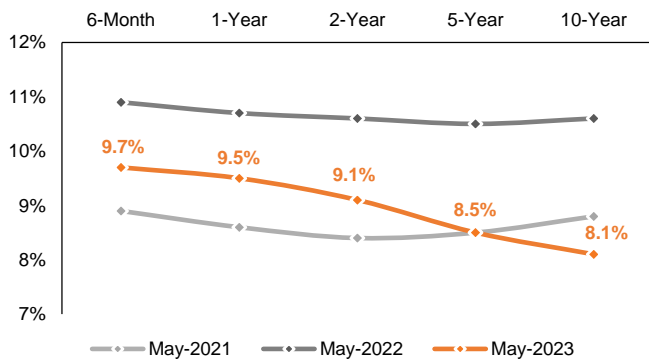
The nearest treasury security auction is scheduled for May 23, 2023, where GEL 90.0mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	100	140	420
1-year	100	140	
2-year	213	280	
5-year	384	720	6,624
10-year	300	720	
Total	1,097	2,000	7,044

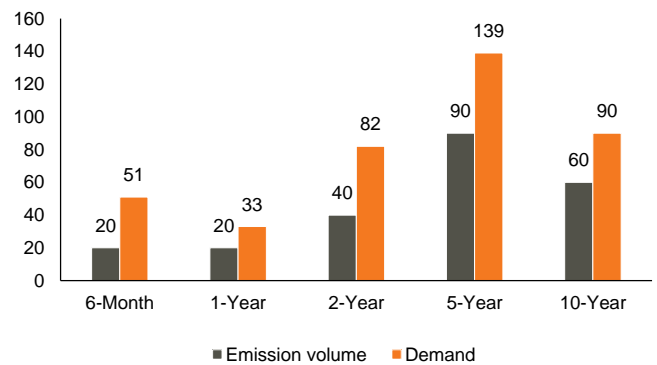
Source: MoF
*As of April 2023

T-bills / T-notes, yield curve



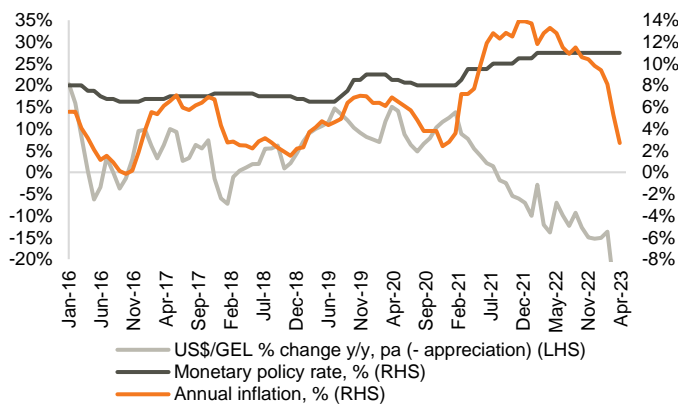
Source: NBG

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



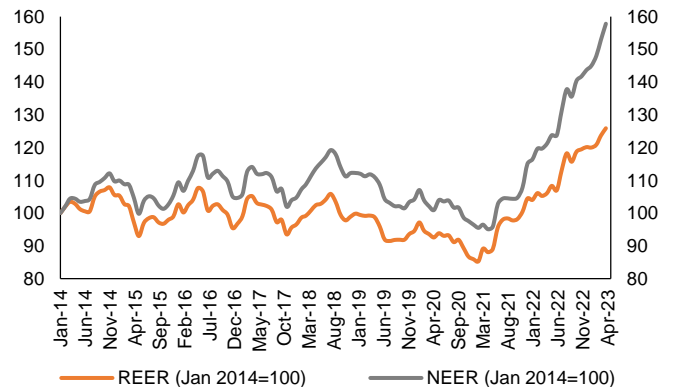
Source: NBG

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

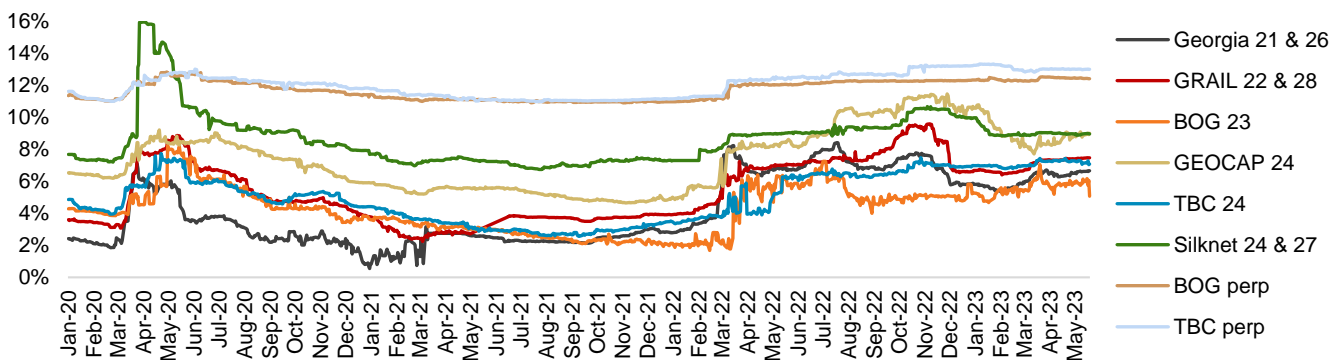
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.07% yield, trading at 100.14 (+0.16% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 97.82 (-0.03% w/w), yielding 9.01%.

Georgian Railway Eurobonds (GRAIL) traded at 85.54 (-0.05% w/w), yielding 7.48%.

Georgian Sovereign Eurobonds (GEORG) closed at 89.77 (-0.04% w/w) at 6.67% 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	89.77	6.67	286.47
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/-	85.54	7.48	397.65
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	100.14	5.07	n/a
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.12	12.42	719.00
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	97.82	9.01	397.39
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	98.14	8.97	528.62
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.63	7.09	228.70
TBC PERP	USD	125	10.775%	n/a	B-/-/-	95.88	13.02	959.54

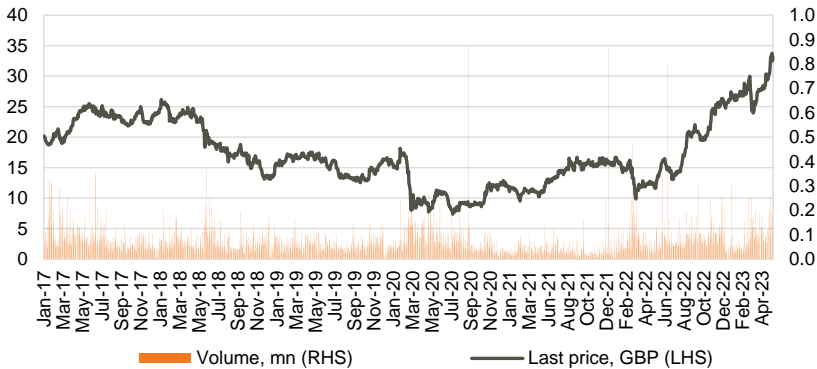
Georgian local bonds performance

GLC	USD	12	5.75%	Jul-23	-/-/-	99.94	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-24	-/-/B+	99.59	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/B+	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	98.23	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.80	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.78	8.65	n/a
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	99.04	7.25	n/a
SRG Real Estate	USD	20	9.00%	Apr-26	-/-/-	n/a	n/a	n/a
Geosteel	USD	15	9.00%	Apr-25	-/-/-	n/a	n/a	n/a
Tegeta Motors	USD	20	8.50%	Apr-25	-/-/BB-	n/a	n/a	n/a
Tegeta Motors	EUR	5	7.00%	Apr-25	-/-/BB-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	15.00%	Dec-23	-/-/BB-	n/a	n/a	n/a
Evex Hospitals	GEL	50	14.10%	Nov-24	-/-/BB	n/a	n/a	n/a
Nikora Trade	GEL	35	14.50%	Nov-24	-/-/B+	n/a	n/a	n/a
TBC Leasing	GEL	58.4	14.25%	Mar-26	BB-/B-/-	n/a	n/a	n/a

Source: Bloomberg

Equities

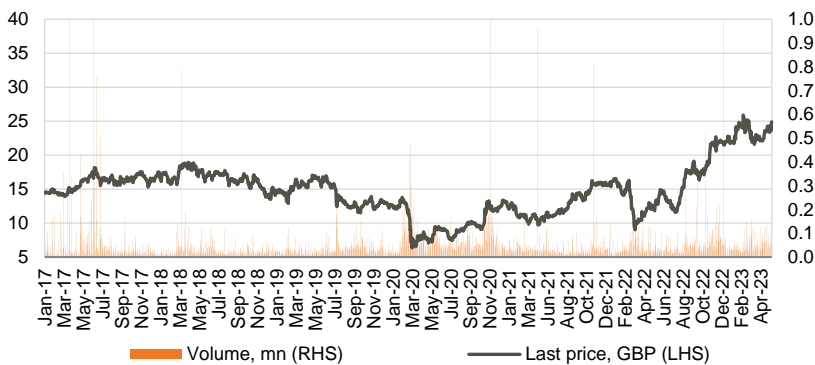
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 32.70/share (-1.65% w/w and +15.34% m/m). More than 865k shares traded in the range of GBP 30.70 - 35.50/share. Average daily traded volume was 135k in the last 4 weeks. The volume of BGEO shares traded was at 1.86% of its capitalization.

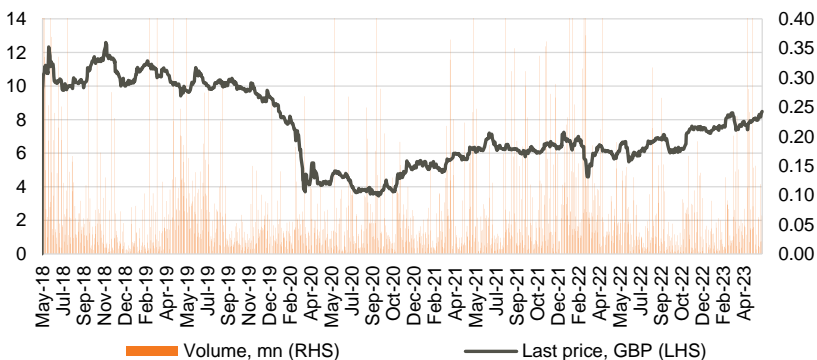
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 24.90/share (+6.64% w/w and +12.16% m/m). More than 479k shares changed hands in the range of GBP 22.75 - 24.90/share. Average daily traded volume was 73k in the last 4 weeks. The volume of TBCG shares traded was at 0.87% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 8.49/share (+2.17% w/w and +7.06% m/m). More than 290k shares traded in the range of GBP 8.10 - 8.53/share. Average daily traded volume was 109k in the last 4 weeks. The volume of CGEO shares traded was at 0.66% 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		
								2022	2023F	2024F	2022	2023F	2024F
Bank of Georgia	BGEO	GBP	32.70	1,520	29.0%	141.5%	25.5%	2.74x	4.99x	4.54x	0.90x	1.03x	0.89x
TBC	TBC	GBP	24.90	1,369	14.2%	95.1%	9.7%	4.10x	4.58x	4.01x	1.04x	1.03x	0.88x
Halyk Bank	HSBK	USD	13.96	3,807	34.2%	42.9%	25.8%	2.69x	2.83x	2.57x	0.78x	0.73x	0.62x
Akbank	AKBNK	TRY	14.98	77,896	-7.8%	84.7%	-23.4%	1.40x	2.66x	2.59x	0.55x	0.59x	0.53x
Garanti	GARAN	TRY	25.00	105,000	-1.5%	59.7%	-16.8%	1.91x	3.47x	2.95x	0.73x	0.81x	0.67x
Isbank	ISCTR	TRY	10.78	107,800	12.9%	141.0%	-15.6%	0.84x	3.16x	2.91x	0.60x	0.70x	0.57x
PKO	PKO	PLN	33.25	41,563	18.5%	8.6%	9.8%	10.98x	6.62x	6.91x	1.03x	1.01x	0.99x
PEKAO	PEO	PLN	101.60	26,667	21.2%	11.9%	17.5%	na	5.46x	6.58x	na	1.02x	0.96x
Millennium	MIL	PLN	4.82	5,852	-0.8%	6.5%	5.3%	na	2.47x	2.66x	1.04x	1.00x	0.89x
Mbank	MBK	PLN	364.90	15,484	14.0%	37.8%	23.3%	na	5.18x	5.91x	1.10x	1.10x	0.92x
BRD	BRD	RON	12.24	8,530	-7.7%	-9.2%	-5.8%	6.81x	5.59x	6.23x	1.31x	1.10x	1.06x
Banca Transilvania	TLV	RON	19.89	14,075	-1.3%	-2.8%	-0.2%	na	6.45x	6.05x	1.60x	1.33x	1.20x
Komercni	KOMB	CZK	652.50	124,007	-12.9%	-13.6%	-0.4%	8.36x	8.35x	8.41x	1.21x	0.97x	0.93x
Mean								4.42x	4.76x	4.79x	0.99x	0.96x	0.85x
Median								2.74x	4.99x	4.54x	1.04x	1.01x	0.89x

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		
								2022	2023F	2024F	2022	2023F	2024F
Georgia Capital	CGEO	GBP	8.49	374	14.0%	42.9%	16.3%	na	na	na	0.38x	na	na
Tinc Comm	TINC	EUR	12.00	436	-1.8%	-11.0%	-4.0%	18.33x	na	na	0.99x	na	na
Sabanci Holding	SAHOL	TRY	37.14	75,781	2.0%	90.8%	-17.6%	1.77x	4.27x	2.88x	0.77x	0.63x	0.53x
Deutsche Beteiligungs	DBAN	EUR	29.90	562	10.9%	4.7%	7.2%	na	5.85x	5.59x	1.00x	0.89x	0.79x
Eurazeo	RF	EUR	63.85	5,058	5.8%	-7.7%	9.9%	8.89x	10.79x	9.07x	0.78x	0.68x	0.62x
Carlyle Group	CG	USD	27.08	9,806	-4.3%	-23.1%	-9.2%	8.50x	9.40x	6.65x	1.70x	1.58x	1.29x
Wendel SE	MF	EUR	102.40	4,547	16.8%	15.6%	17.4%	6.63x	8.74x	8.62x	na	1.48x	1.33x
HgCapital Trust	HGT	GBP	3.74	1,712	2.5%	-3.6%	6.7%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.64	682	-1.6%	3.9%	-2.3%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.68	831	12.5%	17.9%	11.6%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	9.74	674	11.2%	-9.6%	15.4%	na	na	na	0.65x	na	na
Symphony International Holding	SIHL	USD	0.43	222	-5.7%	-14.5%	-3.6%	na	na	na	0.47x	na	na
Mean								8.82x	7.81x	6.56x	0.84x	1.05x	0.91x
Median								8.50x	8.74x	6.65x	0.78x	0.89x	0.79x

Source: Bloomberg, S&P Capital IQ

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