

Georgian Weekly Digest

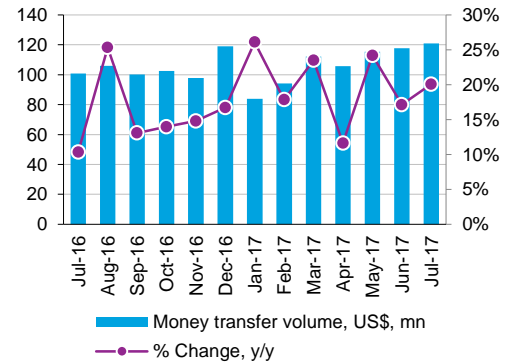
11 August 2017 - 18 August 2017

Economy

In July 2017, trade deficit shrank by 0.5% y/y to US\$ 424.2mn on the back 22.1% y/y increase in exports to US\$ 212.0mn and a 6.0% y/y increase in imports to US\$ 636.2mn.

In July 2017 money transfers were up by 20.1% y/y to US\$ 120.9mn. The increase was mainly driven by transfers from Russia (US\$ 43.1mn, up 14.3% y/y), USA (US\$ 12.7mn, up 15.6% y/y), Italy (US\$ 12.1mn, up 21.2% y/y), Israel (US\$ 10.5mn, up 112.5% y/y) and Turkey (US\$ 9.3mn, up 28.2% y/y), while transfers from Greece were down 3.0% y/y to US\$10.6.

International remittances, US\$, mn

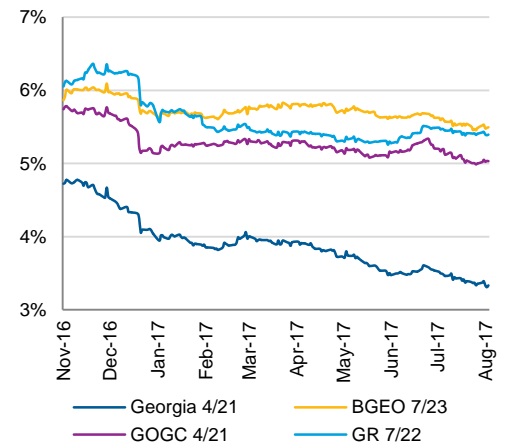


Source: NBG

Debt and Money Market

Eurobonds: during the week Georgia's Sovereign Eurobond (GEORG 4/21) price was up 0.1% w/w to 112.0 (YTM 3.3%). BGEO Group JSC (BGEO LN 7/23) price was up 0.1% w/w to 102.5 (YTM 5.5%), Georgian Oil & Gas Corporation (GEOROG 4/21) price was down 0.1% w/w to 105.7 (YTM 5.0%), while Georgian Railway (GRAIL 7/22) price was unchanged w/w at 110.0 (YTM 5.4%).

Eurobond yield performance



Source: Bloomberg

Equity Market

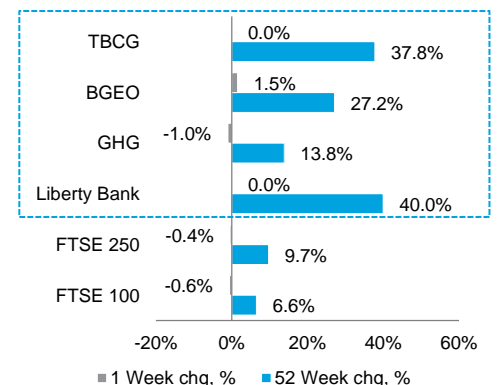
On Friday's trading session, **TBC Bank Group PLC (TBCG LN)** shares closed at GBP 15.60, unchanged w/w. During the week 104.0 thousand shares traded on the London Stock Exchange.

During the week 416.0 thousand of **BGEO Group PLC (BGEO LN)** shares traded, closing at GBP 34.43 (up by 1.5% w/w) on Friday's trading session.

Georgia Healthcare Group PLC (GHG LN) shares were down by 1.0% w/w closing at GBP 3.42 on Friday. During the week 11.5 thousand GHG shares changed hands on the LSE.

No trades were recorded on the **Georgian Stock Exchange**.

Georgian stock & index performance



Source: Bloomberg

Georgian Stock Performance

Name	Ccy	Mcap, mn	Price	Change			Multiples		
				1W	YTD	52W	12t P/E	12f P/E	P/B
TBC Bank	GBP	820	15.60	0.0%	6.7%	37.8%	7.90x	6.36x	1.60x
BGEO Group	GBP	1,347	34.43	1.5%	14.5%	27.2%	9.08x	7.69x	1.84x
Georgia Healthcare Group	GBP	450	3.42	-1.0%	-4.4%	13.8%	48.17x	16.79x	2.85x
Liberty Bank	GEL	116	0.0210	0.0%	23.5%	40.0%	3.67x	n/a	0.93x

Source: Bloomberg, TBC Capital

Georgian and Eastern European Sovereign Eurobond Price Performance

Name	Size, mn	YTM (mid)	Price (mid)	Change			Key Parameters		
				1W	YTD	52W	Dur.	S&P/Moody's/Fitch	Z-Spread, bps
Georgia 6.875% 4/2021	500	3.3%	112.0	0.1%	2.0%	0.2%	3.2	BB-/Ba3/BB-	151
BGEO Group 6.00% 7/2023	350	5.5%	102.5	0.1%	2.0%	0.1%	5.1	-/B1/BB-	348
GOGC 6.75% 4/2021	250	5.0%	105.7	-0.1%	1.0%	0.6%	3.3	B+/-/BB-	326
Georgian Railway 7.75% 7/2022	500	5.4%	110.0	0.0%	2.7%	-1.8%	4.2	B+/-/B+	347
Azerbaijan 4.75% 3/2024	1,250	4.4%	102.0	0.1%	2.3%	-2.6%	5.6	-/Ba2/BB+	241
Armenia 6% 9/2020	500	3.9%	106.0	0.2%	2.1%	1.4%	2.8	-/B1/B+	212
Belarus 8.95% 1/2018	800	2.6%	102.7	-0.1%	-1.5%	-2.5%	0.4	B-/Caa1/-	103
Kazakhstan 3.875% 10/2024	1,500	3.4%	103.0	0.1%	2.5%	-1.1%	6.2	BBB-/Baa3/BBB	138
Romania 6.75% 2/2022	2,250	2.8%	116.6	0.1%	2.2%	-3.5%	4.0	BBB-/Baa3/BBB-	97
Russia 5% 4/2020	3,500	2.6%	106.1	0.0%	-0.2%	-1.0%	2.5	BB+/Ba1/BBB-	92
Slovenia 5.5% 10/2022	823	2.5%	114.6	0.0%	3.6%	-0.4%	4.6	A+/Baa3/A-	56
Turkey 5.625% 3/2021	2,000	3.2%	109.9	-0.1%	2.2%	-1.3%	2.6	NR/Ba1/BB+	154

Source: Bloomberg

Contacts

TBC Capital

7 Marjanishvili Str., Tbilisi 0102, Georgia

Email: research@tbccapital.ge

Web-page: www.tbccapital.ge

Levan Shanidze

Co-Head, Director, TBC Capital

Email: LShanidze@tbccapital.ge

Tel: +995 32 2 272727 ext.6924

Avto Gigineishvili

Co-Head, Director, TBC Capital

Email: AGigineishvili@tbccapital.ge

Tel: +995 32 2 272727 ext.6925

Aleksandre Bluashvili

Economist, TBC Bank

Email: ablushvili@tbcbank.com.ge

Tel. +995 32 2 272727 ext.4188

Levan Gvilava

Senior Analyst, TBC Capital

Email: lg@tbccapital.ge

Tel. +995 32 2 272727 ext.1366

Visit our website at www.tbccapital.ge and subscribe to our weekly digest and research reports on Georgian economy and sectors

Disclaimer

The materials contained in this Digest have been prepared by LLC TBC Capital ("TBC Capital") solely for information purposes and have not been independently verified. No reliance should be placed on the accuracy, completeness or correctness of the information or the opinions contained in this Digest for any purposes whatsoever.

None of the TBC Capital or any of its shareholders, directors, officers, employees, affiliates, advisors and representatives accepts any liability for any loss arising from any use of this Digest or its contents or otherwise arising in connection therewith. Accordingly, no representation, warranty or undertaking, express or implied, is made or given by or on behalf of the TBC Capital or any of its shareholders, directors, officers, employees, affiliates, advisors and representatives as to the accuracy, completeness or correctness of the information or the opinions contained in this Digest. The information in this Digest is subject to verification, completion and change.

The information, statements and opinions contained in this Digest do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. Information in this Digest relating to the price, at which investments have been bought or sold in the past, or yield on such investments, cannot be relied upon as a guide to the future performance of such investments.

The information in this Digest shall not be reproduced, copied, distributed or published in whole or in part without prior written consent of TBC Capital.

The Digest may contain forward-looking statements, developments in the Georgian economic, political and legal environment, financial risk management and the impact of general business and global economic conditions. None of the future projections, expectations, estimates or prospects in this Digest should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects are based are accurate or exhaustive or, in the case of assumptions, entirely covered in this Digest. These forward-looking statements speak only as of the date they are made and subject to compliance with applicable law and regulations TBC Capital expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in the Digest to reflect actual results, changes in assumptions or changes in factors affecting those statements.