

Weekly Bulletin

9 March 2020 – 15 March 2020

Georgia

Following 15.9% YoY drop in the first nine months of 2019, FDI inflows doubled YoY to USD 347mln in Q4 2019, bringing the growth for the full-year 2019 close to 0%. FDI inflows to GDP ratio stood at an estimated 7.2% in 2019, unchanged from the previous year. A sharp jump in FDIs in Q4 2019 primarily reflects increased reinvested earnings (+7.2x YoY). Higher FDI related debt also contributed positively, while equity investments retreated slightly by 6.8% YoY over the same period.

FDI inflows from the EU was up by 278% YoY to USD 205mln in Q4 2019, accounting for around 60% of total FDI inflows of the same quarter. Contributions of other countries such as Turkey (+82.0mln USD YoY) and Israel (+14.0mln USD YoY) were also significant. As for the sectors, FDIs increased in financial, construction, energy, communication and mining sectors the most, while manufacturing sector has seen the largest drop.

Georgia's merchandise export decreased marginally by 0.5% YoY and amounted to USD 263.6mln in February 2020, according to the initial estimates of Geostat.

On the other hand, imports growth accelerated to 8.6% YoY. As a result, trade deficit worsened compared to February 2019. At the same time, over the last 12-month trade balance improved by 6.6% YoY, as exports increased by 11.0% YoY and imports were unchanged YoY.

As of February 2020, the share of non-resident holdings in government treasuries reached 15.5% in total government securities, up by 1.6 pp MoM. In absolute terms, non-residents currently hold treasuries with nominal value of GEL 623.0mln, GEL 85.9mln higher when compared to the end of January 2020. Interest rate differential between GEL and USD treasuries has increased as a result of lower USD rates. Nevertheless, elevated uncertainties related to the COVID-19 outbreak might negatively affect the appetite for the emerging market securities.

Things to watch this week:

- March 16 – Remittances, February 2020;
- March 16 – Domestic Tourism, 2019;
- March 17 – Average Monthly Nominal Earnings of Employees, Q4 of 2019;
- March 18 – Monetary Policy Committee meeting;
- March 20 – GDP, preliminary data, 2019;
- March 20 – PPI, Import & Export Prices, February 2020.

Capital Markets

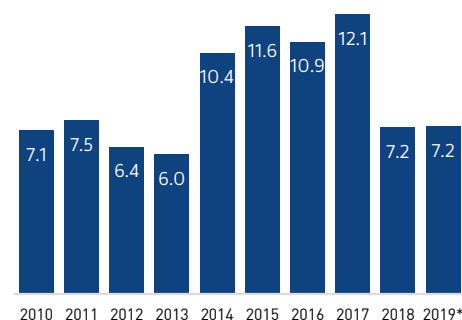
On Friday's trading session, **TBC Bank Group PLC (TBCG LN)** shares closed at GBP 11.06, down by 6.9% WoW. During the week, 936.0 thousand shares traded on the London Stock Exchange.

During the week 771.6 thousand of **Bank of Georgia Group PLC (BGEO LN)** shares traded, closing at GBP 12.30 (down by 21.4% WoW) on Friday's trading session.

Georgia Healthcare Group PLC (GHG LN) shares went down by 20.8% WoW closing at GBP 0.86 on Friday. During the week 267.4 thousand GHG shares changed hands on the LSE.

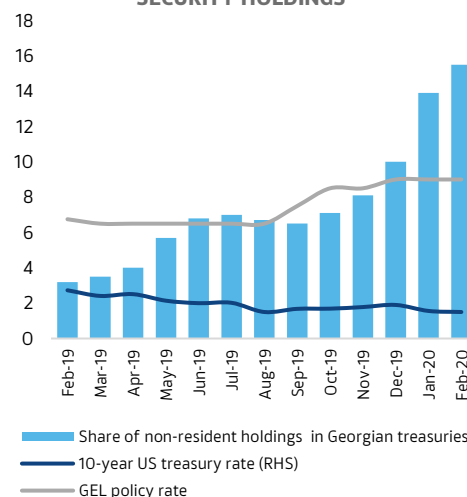
On the London Stock Exchange 213.0 thousand **Georgia Capital PLC (CGEO LN)** shares were traded at GBP 5.63 per share (down by 18.8% WoW).

FDI to GDP, %



Source: Geostat

10-YEAR US TREASURY RATES AND SHARE OF NON-RESIDENTS IN GEORGIA'S GEL TREASURY SECURITY HOLDINGS



Source: Geostat

Performance of London listed Georgian companies

Name	Ccy	Volume ('000)	M cap, mn	Price	Change			Multiples		
					1W	YTD	52W	12T P/E	12F P/E	P/B
TBC Bank Group PLC	GBP	936.0	719	11.06	-6.9%	-18.5%	-35.4%	4.06x	3.44x	0.83x
Bank of Georgia Group PLC	GBP	771.6	665	12.30	-21.4%	-32.3%	-35.7%	3.96x	3.3x	0.97x
Georgia Capital PLC	GBP	213.0	247	5.63	-18.8%	-45.8%	-52.4%	-	-	0.58x
Georgia Healthcare Group PLC	GBP	267.4	130	0.86	-20.8%	-35.0%	-60.0%	9.18x	4.68x	0.74x
FTSE 100	-	-	-	-	-14.3%	-32.2%	-29.2%	14.66x	-	1.25x
FTSE 250	-	-	-	-	-18.7%	-34.8%	-26.8%	17.24x	-	1.18x

Source: Bloomberg

Georgian eurobond performance

Name	Ccy	Coupon	Size (mn)	Yield	Yield change (BPs)			Key parameters		
					1W	YTD	52W	S&P/Fitch/ Moody's/Sco	Maturity	Z-Spread bps
Georgia Sovereign	USD	6.875	500	5.23	188.7	280.2	122.3	BB/BB/Ba2/BB	12-Apr-21	474.2
Georgian Railway	USD	7.750	500	4.98	120.6	137.7	(35.6)	B+/BB-/-/-	11-Jul-22	451.5
Georgian Oil & Gas corp	USD	6.750	250	6.68	312.3	346.8	161.5	BB-/BB-/-/-	26-Apr-21	619.5
Bank of Georgia	USD	6.000	350	4.09	2.7	(20)	(196)	-/BB-/Ba2/-	26-Jul-23	357.0
Georgia Capital	USD	6.125	300	6.97	45.5	45	(73)	B+/-/B2/-	9-Mar-24	640.2
Silknet	USD	11.000	200	8.18	10.2	46	-	-/B+/B1/-	2-Apr-24	761.6
TBC Bank	USD	5.750	300	5.69	63.1	83	-	-/BB-/Ba2/-	19-Jun-24	510.6
TBC Bank PERP	USD	10.775	125	10.31	50.4	33	-	-/B-/-/-	-	988.1
Bank of Georgia PERP	USD	11.125	100	9.72	96.5	92	-	-/B-/-/-	-	984.8

Source: Bloomberg

Sovereign eurobond performance

Name	Ccy	Coupon	Size (mn)	Yield	Yield change (BPs)			Key parameters		
					1W	YTD	52W	S&P/Fitch/ Moody's/Sco	Maturity	Z-Spread bps
Georgia	USD	6.88	500	5.23	188.7	280.2	122.3	BB/BB/Ba2/BB	12-Apr-21	474.2
Azerbaijan	USD	4.75	1250	5.51	185.2	257.4	146.9	-/BB+/Ba2u/-	18-Mar-24	494.4
Armenia	USD	3.95	500	4.78	51.3	73	-	-/BB-/Ba3/-	26-Sep-29	394.3
Turkey	USD	5.60	2,500	6.97	137.0	183	-	-/BB-/B1/BB-	14-Nov-24	636.4
Ukraine	USD	9.75	1600	11.40	292.8	495.2	197.2	B/-/-/-	1-Nov-28	1062.9
Kazakhstan	USD	5.13	2,500	2.77	34	46	(94)	BBB-/BBB/Baa3/-	21-Jul-25	212.0
Uzbekistan	USD	4.75	500	5.06	153.5	198	34	BB-/BB-/-/-	20-Feb-24	449.4
Russia	USD	4.38	3,000	3.77	66.2	83.3	(80.5)	-/BBB-/BBB	21-Mar-29	295.2
Belarus	USD	6.20	600	6.93	119.6	156.3	45.7	B/B/B3u/-	28-Feb-30	610.1
Turkey	EUR	5.20	1,500	6.05	115.5	241.6	128.6	-/BB-/B1/BB-	16-Feb-26	628.0
Ukraine	EUR	6.75	1,000	9.40	319.5	495	-	B/-/-/-	20-Jun-26	962.9
Kazakhstan	EUR	0.60	500	1.36	58.6	74	-	BBB-/-/Baa3/-	30-Sep-26	154.7
Russia	EUR	3.63	750	0.56	53.9	100.0	56.1	BBB-/BBB/Baa3/BBB	16-Sep-20	96.83

Source: Bloomberg

Local corporate bond performance

Name	Ccy	Coupon	Size (mn)	Yield	Yield change (BPs)			Key parameters		
					1W	YTD	52W	S&P/Fitch/ Moody's/Sco	Maturity	Z-Spread bps
GeoBeer NBG+400 12/2023	GEL	13.00	25	na	-	-	-	-/-/-/BB	21-Dec-23	na
Silknet NBG+350 08/2022	GEL	12.00	34	na	-	-	-	-/B+/B1/-	18-Aug-22	na
Tegeta NBG+425 04/2022	GEL	13.25	30	na	-	-	-	-/B-/-/BB-	30-Apr-22	na
Crystal NBG+400 02/2021	GEL	13.00	15	na	-	-	-	-/B-/-/-	1-Feb-21	na
Nikor Trade NBG+400 08/2021	GEL	12.50	25	na	-	-	-	-/-/-/B+	6-Aug-21	na
Nikora TIBR3M+400 10/2022	GEL	12.74	28	na	-	-	-	-/-/-/-	18-Oct-22	na
GLC 7% 08/2020	USD	7.00	10	na	-	-	-	-/B+/-/-	29-Aug-20	na
GLC 6.5% 06/2021	USD	6.50	5	na	-	-	-	-/B+/-/-	22-Jun-21	na
GLC 7.5% 08/2021	USD	7.50	10	na	-	-	-	-/B+/-/-	9-Aug-21	na
Lisi 8% 12/2021	USD	8.00	12	8.00	-	-	-	-/-/-/B+	17-Dec-21	na
M2R 7.5% 10/2022	USD	7.50	35	7.00	-	-	-	-/-/-/-	7-Oct-22	na
M2C 7.5% 12/2021	USD	7.50	30	na	-	-	-	-/-/-/-	31-Dec-21	na
GWP NBG+350 12/2021	GEL	12.50	30	na	-	-	-	-/-/-/-	6-Dec-21	na
Evex NBG+310 11/2024	GEL	11.60	50	na	-	-	-	-/-/-/-	6-Nov-24	na
SwissCap NBG+625 09/2021	GEL	15.00	10	na	-	-	-	-/B-/-/-	13-Sep-21	na

Source: Bloomberg

TBC CAPITAL RESEARCH

Tornike Kordzaia, CFA | Head of Research |
tkordzaia@tbccapital.ge | ext.6821

Givi Adeishvili | Senior Associate |
gadeishvili@tbccapital.ge | ext.8742

Andro Tvaliashvili | Associate |
atvaliahvili@tbccapital.ge | ext.6058

Luka Chigilashvili | Analyst |
lchigilashvili@tbccapital.ge | ext.6070

Daviti Zhorzholiani | Analyst |
dazhorzholiani@tbccapital.ge | ext.1295

7 Marjanishvili Str., Tbilisi 0102, Georgia
Tel: +995 32 2 272727 | +995 32 2 272733
Email: research@tbccapital.ge
Email: macro@tbcbank.com.ge
Web-page: www.tbccapital.ge
Web-page: www.tbcresearch.ge

TBC BANK ECONOMIC TEAM

Otar Nadaraia | Chief Economist |
onadaraia@tbcbank.com.ge |

Aleksandre Bluashvili | Head of Macro-Financial Analysis Division |
abluashvili@tbcbank.com.ge | ext.4188

Ana Gvilia | Intern |
agvilia@tbcbank.com.ge

Mikheil Mgebrishvili | Intern |
mmgebrishvili@tbcbank.com.ge

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