

Weekly Highlights

Unemployment rate reduced in 2Q24

The unemployment rate reduced by 3.1ppts y/y to a new record low level of 13.7% in 2Q24, driven by strong economic growth. During this period, the number of hired employed individuals increased by 2.1% y/y, accounting for 67.4% of total employment, while self-employed persons rose by 10.1% y/y. Notably, labor force participation rate increased by 1.3ppts y/y to 54.5 % in 2Q24, although it decreased from 55.0% in 1Q24. We forecast unemployment rate at 14.5% in 2024, down from 16.4% in 2023.

Producer price index increased by 8.2% y/y in Jul-24

Annual PPI for industrial goods rose by 8.2% in Jul-24, after increasing by 9.3% y/y in previous month. The annual growth was mainly driven by a rise in prices in the manufacturing sector (+7.4% y/y) and mining (+20.9% y/y) sectors.

IFI GEL Bonds

Issuer	Currency	Size of issue(mn)	Maturity	coupon rate	Rating (Fitch)	Coupon rate terms
ADB	GEL	30	15-Jul-24	9.51%	AAA	3m GEL CD NBG Rate + 20 bps
EBRD	GEL	92	20-Oct-26	10.28%	AAA	3m TIBR
EBRD	GEL	93	20-Jul-24	10.28%	AAA	3m TIBR

Perpetual Bonds

Georgian Issuer	Currency	Amount (mn)	First Reset Date	Current coupon	Rating (Fitch)	%	Z-Spread (bps)
TBC AT1	USD	125	3-Oct-24	10.775%	B-	12.88%	846.40
BGEO AT1	USD	100	28-Jun-24	11.125%	B-	13.45%	631.63

Domestic GEL Bonds

Issuer	Currency	Amount (mn)	Maturity	Yield	Fitch Rating	Coupon	Z-spread (bps)
Cellfire	GEL	65	Dec-23	n/a	--	TIBR6M + 3.50%	n/a
EVEK	GEL	50	Nov-24	n/a	--	Ref rate + 3.10%	n/a
Nikora trade	GEL	35	Nov-24	n/a	--	TIBR3M + 3.50%	n/a
Nikora	GEL	35	Nov-25	n/a	--	TIBR3M + 3.50%	n/a
TBC Leasing	GEL	100	Mar-26	n/a	BB	TIBR3M + 2.75%	n/a
TBC Leasing	GEL	15	Jun-26	n/a	BB	TIBR3M + 3.00%	n/a
Tegeta Motors	GEL	150	Dec-25	n/a	--	TIBR3M + 3.50%	n/a
Tegeta Motors	GEL	20	Dec-25	n/a	--	TIBR6M + 3.50%	n/a
MFO Crystal	GEL	25	Feb-25	n/a	B-	TIBR6M + 4.75%	n/a
MFO MBC	GEL	15	Dec-24	n/a	--	TIBR3M + 4.50%	n/a
MFO Rico Express	GEL	130	Mar-26	n/a	--	TIBR1D + 2.00%	n/a

Domestic FX Bonds USD

Issuer	Currency	Amount (mn)	Maturity	Yield	Fitch Rating	Coup. rate	Mid Price
Bakhvi Hydro Power	USD	1.2	Nov-27	n/a	--	9.4%	n/a
Energy Development C	USD	10	Jun-25	n/a	--	8.5%	n/a
Georgia Real Estate	USD	35	Oct-24	8.50%	--	8.5%	100
Geo. Renewable Powe	USD	80	Oct-27	7.00%	--	7.0%	100
Geosteel	USD	15	Apr-25	9.0%	--	9.0%	100
IG Development	USD	15	Jan-24	6.88%	--	6.88%	99.94
IG Development	USD	15	Jul-24	8.75%	--	8.5%	99.80
Lisi Lake Development	USD	12	Dec-24	6.75%	--	6.5%	99.72
Lisi Lake Development	USD	10	Dec-24	8.5%	--	8.5%	100
Silk Real Estate	USD	20	Apr-26	9.0%	--	9.0%	100.01
Georgia Capital	USD	150	Aug-28	8.19%	--	8.5%	101.20
Silk Real Estate	USD	20	Sep-26	8.63%	--	9.25%	101.23
Prime Concrete	USD	7.5	Sep-27	n/a	--	10.5%	n/a
Austrian-Georgian Dev	USD	15	Oct-25	n/a	--	9.0%	n/a
Tegeta Motors	USD	20	Apr-25	8.75%	--	8.5%	99.64

Eurobonds

Georgian Issuer	Currency	Amount (mn)	Maturity	Mid yield	Rating (Fitch)	Coupon rate	Z-Spread (bps)
GEO Sovereign	USD	500	Apr-26	7.63%	BB	2.75%	279.81
GEORAIL	USD	500	Jun-28	7.78%	BB-	4.00%	316.31
TBC	USD	300	Jun-24	6.78%	BB-	5.70%	128.55
Silknet	USD	300	Jan-27	8.98%	B	8.37%	423.89

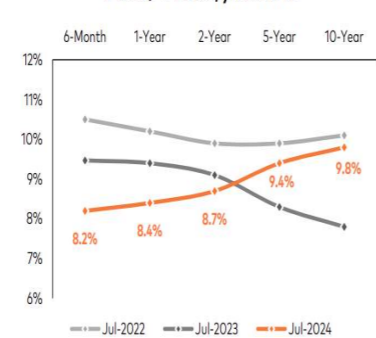
Short Term Central Bank Facilities

	O/N	6 months	2 years	Issuer
GEL	9.00%	10.50%	10.50%	NBG
USD	5.30%	5.00%	4.46%	US FED
EUR	3.90%	3.60%	2.80%	ECB

Geo Ministry of Finance T-Bills

Term	Currency	Outstanding amount	%	Remaining placements
6-month	GEL	410	9.3	200
1-year	GEL		9.1	40
2-year	GEL		8.8	80
5-year	GEL	8,203	8.5	2090
10-year	GEL		8.3	170
Total		8613		2580

T-bills / T-notes, yield curve



Source: NBG

Georgian Lari (GEL) spot FX rates



GEL Interbank Deposit Rates (TIBR)



Customer deposit rates

% p.a.	BGEO	TBC
GEL		
3 months	9.04	9.5
1 year	9.25	10
2 years	9.55	9.4
USD		
3 months	0.80	0.80
1 year	1.50	1.5
2 years	1.98	1.95
EUR		
3 months	0.00	0.3
1 year	0.40	0.4
2 years	0.60	0.6

Georgia Macro-Economic Data

Key macro indicators	2023		2024F	
	2023	2024F	2023	2024F
Real GDP growth (% change)	7.5%	7.0%	7.5%	7.0%
GDP per capita (ppp)	23,344	24,967	23,344	24,967
GDP per capita (US\$)	8,210	8,727	8,210	8,727
Population (mn)	3.7	3.7	3.7	3.7
Inflation (average)	2.5%	2.5%	2.5%	2.5%
Gross reserves (US\$ bn)	5.0	4.8	5.0	4.8
CAD (% of GDP)	4.4%	5.6%	4.4%	5.6%
Fiscal deficit (% of GDP)	2.5%	2.5%	2.5%	2.5%
Total public debt (% of GDP)	39.2%	39.0%	39.2%	39.0%
Fitch/S&P/Moody's*	BB/BB/Baa2			

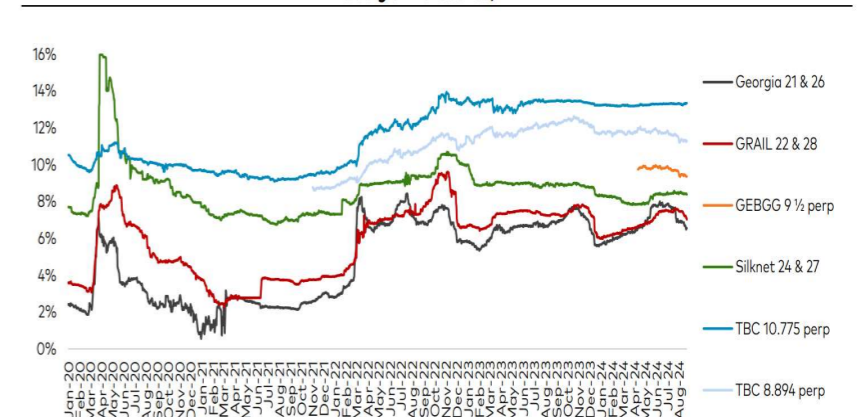
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Bond Market News

Ministry of Finance T-bills/T-notes:

6.9-year GEL 75.0mn (US\$ 27.9mn) Benchmark bonds were sold at the auction held at NBG on August 20, 2024. Total demand was 2.7x higher and the weighted average yield was fixed at 9.152%, down by 0.646ppts from previous auction held in Jul-24. The nearest treasury security auction is scheduled for August 27, 2024, where GEL 85.0mn nominal value 5-year Benchmark Bonds will be sold.

Georgian Eurobonds, YTM



Source: Bloomberg

Weekly Highlights

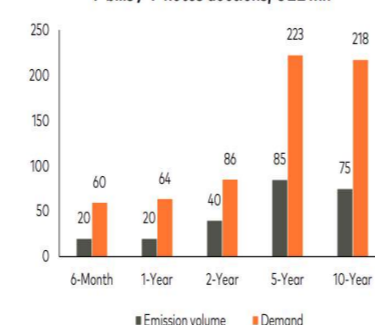
Annual inflation was 2.2% in Jun-24

In Jun-24, annual inflation reached 2.2%, up from the 2.0% print in previous month. This increase was primarily driven by a 2.8% y/y rise in domestic inflation (+2.5% y/y in May-24), followed by a 3.3% y/y increase in imported inflation (+3.8% y/y in May-24). Notably, core inflation, excluding volatile food, energy and tobacco prices, slowed to 1.4% y/y in Jun-24 from 1.7% y/y recorded in previous month. By categories, annual inflation in Jun-24 was mostly driven by price changes in transport (+11.0% y/y, +1.31ppts), food and non-alcoholic beverages (+1.9% y/y, +0.63ppts), hotels & restaurants (+7.5% y/y, +0.25ppts), alcoholic beverages & tobacco (+3.4% y/y, +0.23ppts) and education (+3.8% y/y, +0.17ppts) categories.

International reserves at US\$ 4.6bn in Jun-24

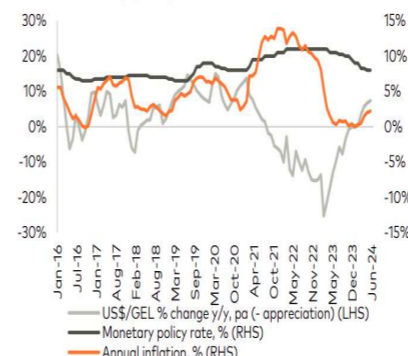
Gross international reserves decreased by 9.6% y/y to US\$ 4.6bn in Jun-24, according to NBG. On a monthly basis, the reserves were down by 0.4% (-US\$ 19.0mn). Notably, there was one FX auction in June, where NBG sold US\$ 60.0mn. Other changes in reserves were attributed to the government and/or banking sector FX operations, and likely also to NBG's FX trading via BMatch platform (information will be available on 25 July).

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



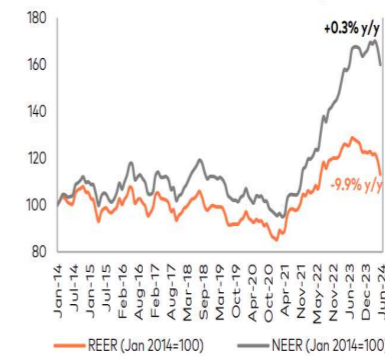
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG, Geostat

Nominal and real effective exchange rates



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

Sources: TBC Capital, Galt & Taggart, Bank of Georgia, NBG, GEOSTAT, MarketWatch, Trading Economics...

*n/a – currently not available, subject of further research

Int'l tender announced for €250m road project connecting Georgia with Armenia, Azerbaijan

The Roads Department of Georgia on Wednesday said an international tender had been announced for the construction of new roads connecting Georgia with Armenia and Azerbaijan, to be financed with a €250 million loan from the European Investment Bank.

The project involves the construction of the Rustavi-Red Bridge road section connecting to the Azerbaijan border and the Algeti-Sadakhlo road to the Armenia border, forming parts of the East-West and South-North international road corridors.

The Department said a total of 61.3 km of a four-lane concrete highway would be built, with an external lighting system, 26 bridges, and 11 traffic junctions, "all designed to meet international road safety standards".

The body added the construction of the road sections had been divided into four lots, with two tenders announced for the purpose.

Commencing in 2025, the construction works are projected to be completed in a span of 30 months, with the project being co-financed by the EIB and the Government.



Georgian Equities

A Listing

Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
GEB	Bank of Georgia JSC	Stock	27,993,660	43,308,125	GEL	43,308,125	GE1100000276

B Listing

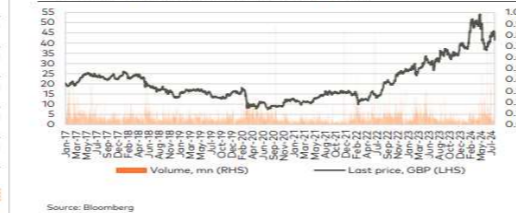
Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
GIGB	Green Insurance Georgia JSC	Stock	9,000,000	9,000,000	GEL	15,000,000	GE1100003965
MEHBB	Metro Euphoria Hotel Batumi JSC	Stock	54,476,929	54,476,929	GEL	54,476,929	GE1100003932

Admitted to Trading

Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
AEST	Telasi JSC	Stock	112,429,418	112,429,418	GEL	112,429,418	GE1100000474
BANK	Liberty Bank JSC	Stock	4,489,682,955	29,000,000,000	GEL	44,896,829.55	GE1100000300
UGB	VTB Bank Georgia JSC	Stock	209,008,277	209,008,277	GEL	209,008,277	GE1100000029

Equities overview by Galt and Taggart

Bank of Georgia Group (BGE0 LN)



Bank of Georgia Group (BGE0 LN) shares closed at GBP 41.50/share (-9.78% w/w and +2.34% m/m). More than 264k shares traded in the range of GBP 41.15 - 47.10/share. Average daily traded volume was 70k in the last 4 weeks. The volume of BGE0 shares traded was at 0.58% of its capitalization.

TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 28.05/share (-7.27% w/w and +8.72% m/m). More than 579k shares changed hands in the range of GBP 28.00 - 31.95/share. Average daily traded volume was 85k in the last 4 weeks. The volume of TBCG shares traded was at 1.05% of its capitalization.

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 9.92/share (-6.94% w/w and +0.61% m/m). More than 227k shares traded in the range of GBP 9.92 - 10.88/share. Average daily traded volume was 84k in the last 4 weeks. The volume of CGEO shares traded was at 0.53% of its capitalization.

Tbilisi Residential Market Update

Figure 1. Number of sold properties ('000 units)



Figure 2. Average asking sale price (\$/SQM)

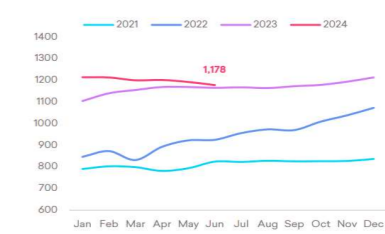


Figure 3. Average asking rent price (\$/SQM)

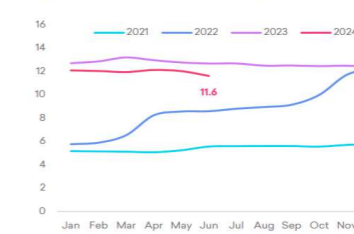
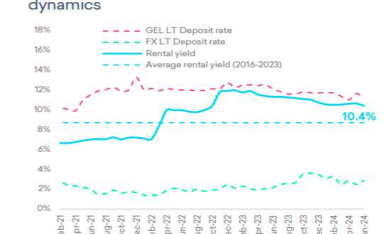


Figure 4. Rental yield and deposit rate dynamics



Source: NAPR, NBG, TBC Capital
Note: changes in sale and rent prices are calculated using NBG data, while absolute values are based on myhome data

Tegeta Holding has shifted its financial strategy by relying on bonds

Tegeta Holding, Georgia's leading automotive services company, has significantly shifted its financial strategy by heavily relying on bonds, making them a core part of its debt structure. Over the past few years, Tegeta has successfully issued multiple bonds, including green bonds, to support its sustainable initiatives. The company's bond issuance activities have raised approximately 375 million GEL by August 2024.

In particular, Tegeta's green bond issuance, fully subscribed by the Asian Development Bank (ADB), marks a milestone as the first local currency-denominated green bond in Georgia. These funds are earmarked for projects like expanding electric vehicle (EV) infrastructure, including establishing a network of 70 charging stations across the country. This move aligns with Tegeta's commitment to environmental sustainability and its broader strategy to diversify its financial resources.

Tegeta has been active in the bond market since 2019, with a total of 13 bond issuances. This includes a record-setting 150 million GEL bond issuance in 2023, the largest in the history of Georgia's corporate bonds market. The company's bond program is supported by TBC Capital and highlights Tegeta's growing influence in both the automotive and financial sectors of the region.



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Global Equity Indexes

Index	Prev. Close	Div. Yield	Performance	Date
DJIA	38,061.30	--		30-May-24
	39,291.37	--	3.13%	10-Jul-24
	39,853.87	--	1.41%	24-Jul-24
	39,091.46	--	-1.95%	6-Aug-24
	41,244.91	--	5.22%	26-Aug-24
DAX	18,482.05	--		30-May-24
	18,341.55	--	-0.77%	10-Jul-24
	18,146.85	--	-1.07%	24-Jul-24
	17,371.35	--	-4.46%	6-Aug-24
	18,698.07	--	7.10%	26-Aug-24
MSCI		Div. Yield		
		from 05/29/2020		
	3,423.68	2.85%		30-May-24
	3,583.60	2.85%	4.46%	10-Jul-24
	3,499.68	2.85%	-2.40%	24-Jul-24
	3,388.88	2.85%	-3.27%	6-Aug-24
	3,647.30	2.85%	7.09%	26-Aug-24

Georgia's hotel industry sees growth in 2023, statistics show

The hotel industry in Georgia grew last year, with 2,435 entities operating 2,488 hotels, marking a 12.4% increase from 2022. Nearly all hotels are privately owned, with the total area of hotels expanding by 16.7% to 3.72 million square meters. The number of bed-places increased by 10.1% to 107,700, and rooms grew by 9.5% to 50,100.

The industry served five million guests, up 1.2%, with 60.2% being foreigners, primarily from Russia and Israel. Employment also rose to 26,495 people, with 54.3% being women. Source: www.agenda.ge

Commodity price dynamics report

Index	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)
Grains						
ICOM	US\$/bu	392.00	-6.00	-1.52%	Dec 2024	2:19 PM
WICOM	US\$/bu	535.00	+10.00	+1.87%	Dec 2024	2:19 PM
OICOM	US\$/bu	315.00	+4.75	+1.51%	Dec 2024	2:14 PM
RICOM	US\$/bwt	15.17	-0.11	-0.72%	Nov 2024	2:19 PM
SICOM	US\$/bu	387.75	+7.00	+1.81%	Nov 2024	2:19 PM
SMICOM	US\$/T	312.40	+4.20	+1.35%	Dec 2024	2:19 PM
BOICOM	US\$/b	40.43	-0.32	-0.79%	Dec 2024	2:19 PM
RICOM	CAD/MT	899.00	+9.30	+1.04%	Nov 2024	2:19 PM
Softs						
COICOM	USD/MT	7,822.00	-88.00	-1.12%	Dec 2024	1:29 PM
ROICOM	US\$/lb	255.25	+5.80	+2.29%	Dec 2024	1:29 PM
SBIICOM	US\$/lb	19.80	-0.56	-2.82%	Oct 2024	10:59 PM
JORICOM	US\$/lb	445.25	-8.80	-1.97%	Nov 2024	1:59 PM
CIICOM	US\$/lb	89.98	-0.28	-0.31%	Dec 2024	2:19 PM
OLICOM					N/A	
Wool (ASX)					N/A	
LBIICOM	USD/1000 board feet				N/A	
ORICOM	US\$/kg	193.20	+1.25	+0.65%	Nov 2024	5:59 AM
ELICOM	US\$/gal	2.16	0.00	0.00%	Sep 2024	8/26/2024
Livestock						
LIICOM	US\$/lb	179.18	-2.20	-1.24%	Oct 2024	2:04 PM
FOICOM	US\$/lb	227.75	-0.28	-0.12%	Oct 2024	2:04 PM
LHIICOM	US\$/lb	82.20	+1.80	+2.24%	Oct 2024	2:04 PM

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