

SUCCESSFUL BOND ISSUANCE BY TEGETA HOLDING CAPTURES THE INTEREST OF THE FINANCIAL MARKET



2022 proved to be another important year of success for Tegeta Holding, seeing the company carry out yet another unprecedented and wide-scale debt issuance on the financial market, with bonds worth 150 million GEL by Tegeta Holding. Along with the leading position in the automobile market, the holding has now become an innovator and leader in the securities market as well, as this was not only one of the biggest, but largest GEL denominated issuance in history.

According to the plan elaborated by Tegeta Holding, the 150 million GEL mobilized by the bond issuance will be fully directed towards refinancing of the existing short-term bank loans, significantly improving the holding's liquidity, as bonds are the one of the best alternative to bank loans and allow easier diversification of the company's financial obligations. Principal amount of the bond is repaid in three years, while the holding will pay the coupon quarterly.

Vakhtang Kacharava, Executive Director of Tegeta Holding: "It is highly significant for us that all the major actors of the financial sector of Georgia trust Tegeta. We were able to implement this important transaction with the active involvement and work of our highly qualified team. The main advantage of bonds lies in their unsecured nature. The funds that have been



freed up as a result of the realization of the bonds will be fully directed towards the development of our holding and the activation of new investment opportunities."

Why was it decided to implement an issuance of bonds not in US Dollars, but in GEL, a fact which proved to be unprecedented for the Georgian market? The decision to do so was defined by the specifics of Tegeta Holding's activities, considering that the largest part of the company's income is received in the national currency. By issuing new debt in GEL, the holding will be protected from currency risks.

According to the Head of Tegeta Holding's Strategic Planning and Investor Relations Department, Nika Maglaperidze, the future plans of the company include enhancing operation and strengthening its position in the international market, giving Tegeta the opportunity to attract financial resources in foreign currency.

The public offering of Tegeta Holding securities, and the great interest in this offer, show the high reliability and reputation of the holding. And the holding is fully aware that this trust imposes great responsibility and obligations on them.



Nika Maglaperidze, Head of the Strategic Planning and Investor Relations Department of Tegeta Holding: "With this decision, Tegeta becomes a public entity, the financial achieve-

ments and structural decisions of which will be transparent. The legislation obliges us to publish our results every six months. The success of the bond issuance is indicated by the fact that 10 financial institutions of the country, namely 10 leading commercial banks and insurance companies, expressed their trust in Tegeta Holding and became our investors by purchasing bonds.

"The bonds issued by Tegeta Holding are unsecured, which means that all the real or movable assets of the holding used to secure the bank loans before the bonds will be freed up," Maglaperidze says. "It is also important that the funds that were paid in the form of principal and interest for servicing the loans will decrease, due to the fact that the coupon rate is lower than the interest rate of the refinanced bank loans and there's no principal payments in case of bonds.

"In addition to the mentioned, the coupon interest rate has also been reduced compared to the bonds issued in 2019. This shows that the holding's risk profile has decreased, and investors' confidence has increased even more."

Tegeta Holding does not plan to stop at this achievement, and in 2023 plans the issuance of so-called "green bonds". The Tegeta team has already started working on this project and negotiations are underway with one of the IFIs to invest up to 30 million GEL in "green" securities. Attracted funds will be used for the promotion of electric and hybrid vehicles, together with the arrangement of solar panels and electric charging networks.

"The corporate culture of Tegeta Holding is oriented towards green projects. It is very important for us to contribute to the reduction of environmental pollution and the development as well as popularization of green, eco-friendly transport," Maglaperidze notes.

Tegeta Holding plans to issue green bonds in the first half of the current year. The company is an innovator in this field too, as it will be the first time when green securities denominated in GEL will be released on the Georgian market.