



GEORGIA
HEALTHCARE
GROUP

Investor Presentation

First quarter of 2020 results

**Investing in the growth and quality of healthcare
in Georgia**

May 2020
ghg.com.ge



 **GHG | Overview**

 GHG | Strategy

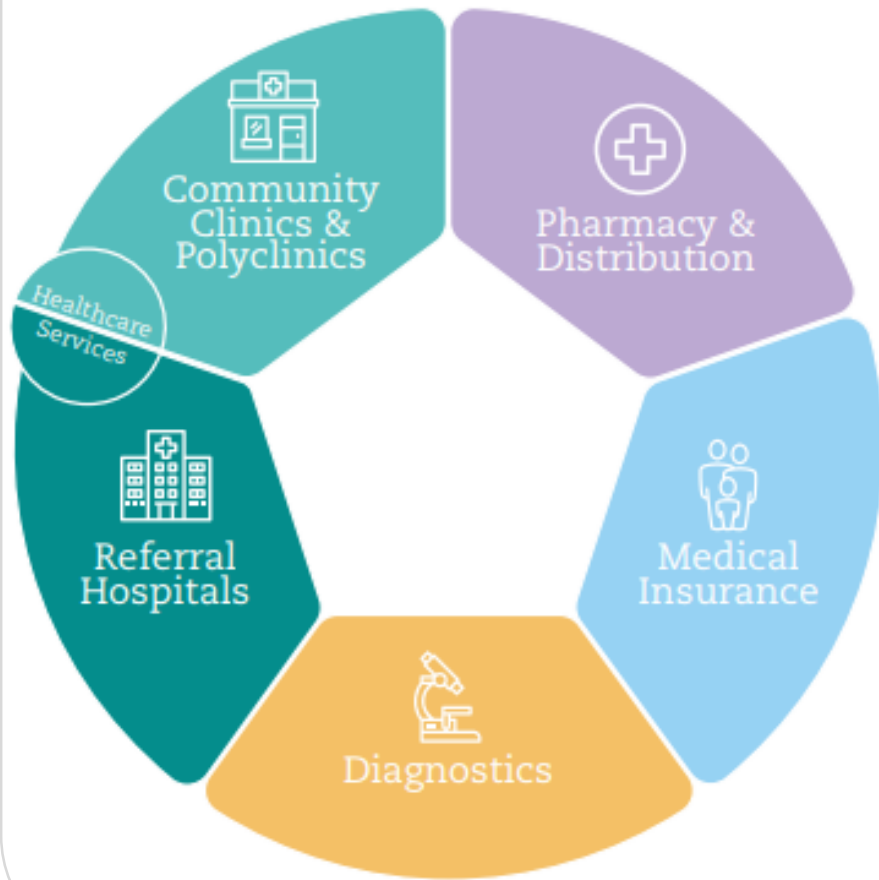
 Macroeconomic and industry overview

 Annexes



The only fully integrated healthcare provider in the region

Our presence





A unique investment story supported by compelling theme

GHG's⁽¹⁾ market leading position, a unique business model with significant growth potential and highly experienced management team make it a credible investment opportunity

1

Market leader

- ✓ **The largest healthcare service provider in Georgia:** more than 23% market share by number of referral hospitals and community clinics beds – 3,320⁽²⁾.
- ✓ **The largest pharmaceuticals retailer and wholesaler in Georgia:** c.32% market share by sales⁽³⁾, c.2.6 million client interactions per month, with c.0.8 million loyalty card members. The business also has a small presence in Armenia.
- ✓ **The largest medical insurer in Georgia:** c.32% market share⁽⁴⁾ by revenue, c.178,000 insured individuals as of March 2020.
- ✓ **The largest diagnostics laboratory in Georgia, as well as in the entire Caucasus region (“Mega Lab”):** opened in December 2018.
- ✓ **Institutionalising the industry:** strong corporate governance; standardised processes; improving safety and quality by progressive implementation of the Joint Commission International (“JCI”) benchmarked standards; own personnel training centre.

2

Business model with cost and synergy advantages

- ✓ **The single largest integrated company in the Georgian healthcare ecosystem with a cost advantage due to the scale of operation:**
 - The largest purchaser of pharmaceutical products in Georgia
 - The next largest healthcare services competitor has only 5% market share by beds
- ✓ **Better access to professional management and high-calibre talent:**
 - One of the largest employers in the country: c.15,800 full-time employees, including c.3,600 physicians, c.3,400 nurses and c.2,900 pharmacists
- ✓ **Referral system and synergies with Medical insurance and Pharmacy and distribution businesses:**
 - Presence of patient pathway and referral synergies
 - Insurance activities providing a steady revenue stream for our polyclinics and pharmacies
 - Around 0.8 million loyal customers in our Pharmacy and distribution business, with an advantage of cross-selling



**GEORGIA
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Long-term high-growth opportunities

3

- ✓ **Low base:** Georgia with low per capita expenditure on healthcare – US\$308⁽⁵⁾, and with only 3.7 outpatient encounters per capita annually⁽⁶⁾, has the vast potential for further increase.
- ✓ **Supported by attractive macro environment:** Georgia – one of the fastest-growing countries in Eastern Europe, is an open and easy emerging market to do business⁽⁷⁾, with real GDP growth averaged 4.7% annually in 2011-2019. c.8% of GDP is spent on healthcare and spending growth is estimated at 12% compound annual growth rate (“CAGR”) between 2011 and 2020; Government spending more than doubled between 2011 and 2018⁽⁸⁾.
- ✓ **Implying long-term, high-growth expansion that is driven by:**
 - Universal Healthcare Program (UHC)
 - Pick-up in polyclinics, outpatient market
 - Adding new services
 - Developing medical tourism
 - Developing new markets (beauty, aesthetics, lab retail)

4

Strong management with proven track record

- ✓ **Strong business management team** – an increased market share by beds from under 1% in 2009 to 23% currently, by building the modern infrastructure. Entered the pharmacy and distribution market in 2016, where currently GHG holds c.32% market share based on revenues.
- ✓ **Robust corporate governance:** exceptional in Georgia’s healthcare sector, as it is the only Premium Listed company in the Georgian healthcare industry (LSE: GHG LN)⁽⁹⁾; 71% of our shares are owned by Georgia Capital PLC (LSE: CGEO LN) – a UK listed holding company of a diversified group of companies following completion of its demerger from BGEO Group PLC on 29 May 2018. The rest of the shares are owned by institutional investors and by our management as part of the Employee Stock Ownership Plan (“ESOP”).
- ✓ **In-depth knowledge of the local market.**

Sources:

(1) Georgia Healthcare Group established in Georgia and in UK

(2) National Center for Disease Control (“NCDC”). Data as of December 2018, updated by GHG to include the changes before 31 March 2020, excluding specialty beds

(3) Total Market size 2018 – Frost & Sullivan analysis; Revenue distribution between competitors represents managements estimates

(4) Market share by gross revenue as of December 2019; Insurance State Supervision Service Agency of Georgia (“ISSSG”)

(5) World Bank

(6) NCDC statistical yearbook 2018

(7) Ranked number seven in World Bank’s 2020 “Ease of Doing Business Report”, ahead of all its neighboring countries and several EU countries.

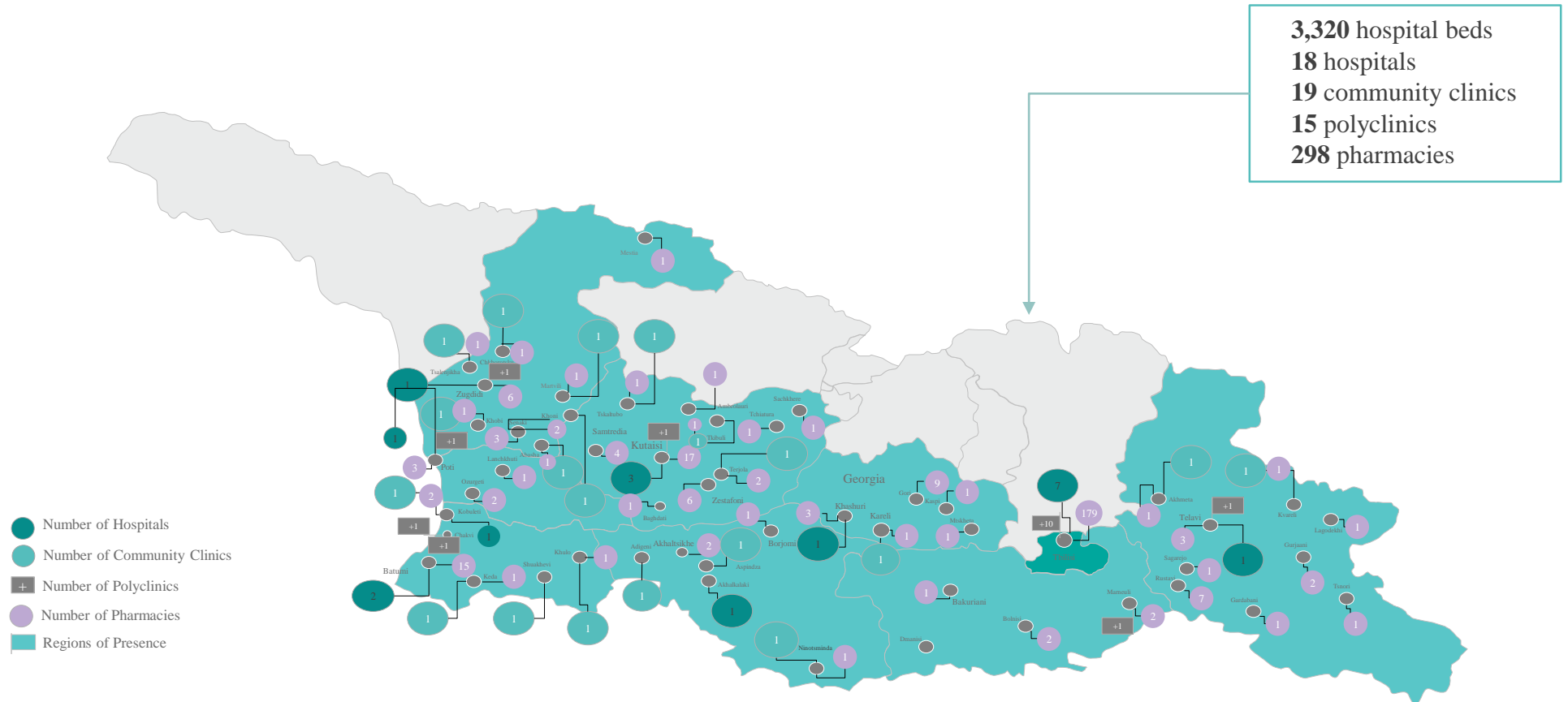
(8) Ministry of Finance, Ministry of Economy

(9) GHG Group PLC successfully completed its IPO of ordinary shares on the Premium Segment of the LSE on 12 November 2015.



Extensive Geographic Coverage

Broad geographic coverage and diversified healthcare services and pharmacy network covering 3/4 of Georgia's population





We developed a significant Group-wide action plan to address the outside demand, our customers and patients' needs, as well as to ensure the performance and well-being of our employees at an organisational level.

Our Hospitals business announced immediate readiness to allocate six of our hospitals (c.600 beds) across the country for COVID-19 patients. In May, two of them officially started to engage and receive the patients.

Safety measures implemented Group-wide include:

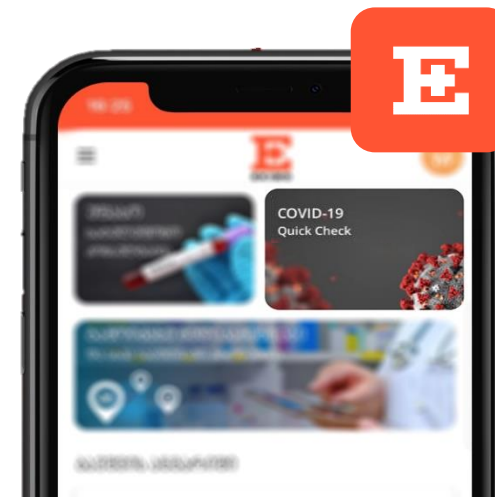
- Established infection prevention and communicable disease emergency preparedness programmes and guidelines relating to hospital admission across the Group.
- Employees at our hospitals, clinics and pharmacies have been given comprehensive training, including how to manage patients and customers flow.
- Personal protection equipment has been procured and made available in our healthcare facilities and pharmacies, with appropriate instructions.
- Call centres have been briefed about prescreening of patients. Educational materials have been distributed and are widely accessible in our facilities and online.



Our Clinics business started enhancing its digital channels through social media. The business hot line is also available for doctors' online consultation where so far we had c.1,700 customers.

Launched telemedicine and pharma home delivery service, through our new EKIMO application. More than 450 doctors of different specialties from 46 branded clinics available for phone consultations.

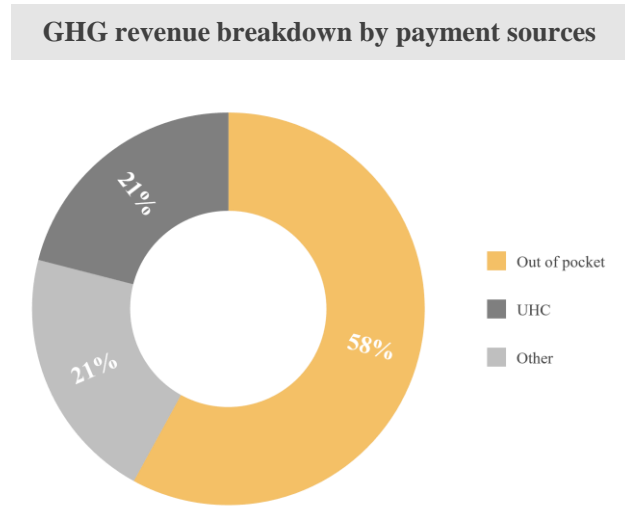
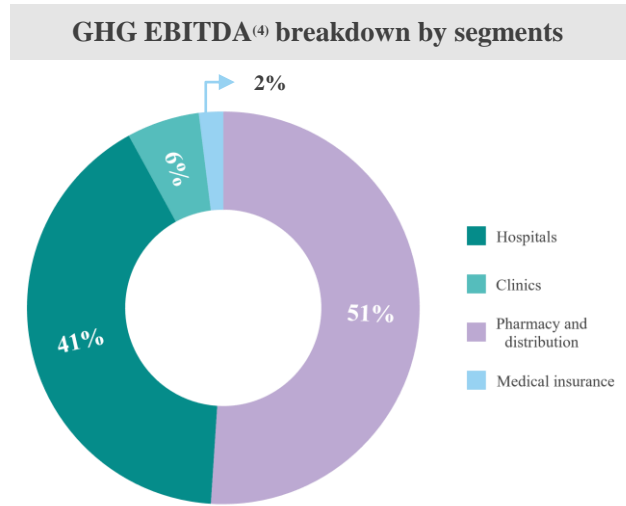
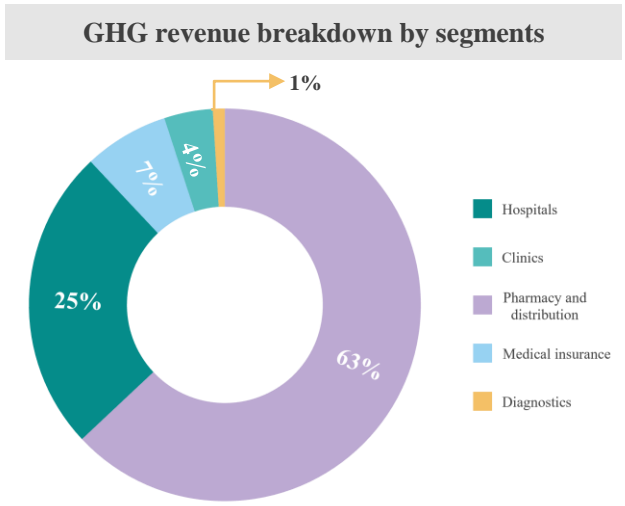
Mega Lab is one of the few facilities in Georgia that was assessed to satisfy the strict criteria for COVID-19 testing within the scope of the Georgian state testing programme and started to engage in testing patients for COVID-19 in April.





GHG businesses overview

Healthcare services	Hospitals 18 Referral Hospitals General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities	Clinics 19 Community Clinics Outpatient and basic inpatient services in regional towns and municipalities		15 Polyclinics Outpatient diagnostic and treatment services in Tbilisi and major regional cities	298 Pharmacies Wholesaler and urban-retailer, with a countrywide distribution network	C.178,000 Individuals insured Range of private insurance products purchased by individuals and employers	1 Mega Lab Full range of diagnostics services, including basic and complex laboratory tests
	Market share	23% by beds ⁽¹⁾ (total 3,320 beds)	c.3% by revenue	c.32% by revenue ⁽²⁾	c.32% by revenue ⁽³⁾	N/A	
1Q20 EBITDA margin ⁽⁴⁾	EBITDA Margin: 20.8%	EBITDA Margin: 19.6%	EBITDA Margin: 10.6%	EBITDA Margin: 4.1%	EBITDA Margin: -8.8%		



Sources
 (1) NCDC 2018, updated by GHG to include the changes before 31 March 2020; excluding specialty beds
 (2) Total market size 2018 – Frost & Sullivan analysis, revenue distribution between competitors represents managements estimates
 (3) Market share as of 31 December 2019
 (4) Excluding IFRS 16 effect



18 Hospitals

Revenue share in Group's revenue

25%

EBITDA share in Group's EBITDA

41%



Referral Hospitals

Referral hospitals are located in Tbilisi and major regional cities and provide secondary or tertiary level outpatient and inpatient diagnostic, surgical and treatment services. Our referral hospitals serve as hubs for patients within a given region.

Highlights

	1Q20	1Q19	Change, y-o-y %
Revenue (GEL, millions)	70.8	74.8	-5.3%
EBITDA excluding IFRS 16 (GEL, millions)	14.7	19.2	-23.0%
EBITDA margin excluding IFRS 16 (%)	20.8%	25.6%	-4.8 ppts
Number of Hospital beds	2,967	2,967	-
Bed occupancy rate ⁽¹⁾ (%)	63.7%	67.2%	-3.5 ppts
Average length of stay (days)	5.4	5.4	-
Average revenue per hospital bed (GEL, thousands)	95.5	100.8	-5.3%

(1) Adjusted to exclude the Tbilisi Referral Hospital and Caucasus Medical Centre; the calculation also excludes emergency beds



Investing in service development to cover existing service gaps in the country

Retaining Georgian citizens that used to seek treatment overseas

Service export to foreign patients



In last three years we have launched more than 120 new healthcare services in our different hospitals, including some basic services such as ophthalmology and cardio surgery, as well as sophisticated ones such as liver transplant, transplantation of bone marrow and paediatric kidney transplant.

Developed quality management measures to harmonise them across our integrated network through consistent protocols, procedures and our recently implemented clinical key performance indicator monitoring system





34 Clinics

Revenue share in Group's revenue

4%

EBITDA share in Group's EBITDA

6%



19 Community Clinics

Community clinics are located in regional towns and municipalities and provide outpatient and inpatient diagnostic, basic surgical and treatment services to the local population.

15 Polyclinics

Polyclinics are located in Tbilisi and major regional cities and provide basic and full-scale outpatient diagnostic and treatment services, representing the first point of customer interaction.

Highlights

	1Q20	1Q19	Change, y-o-y %
Revenue, of which: (GEL, millions)	12.1	11.1	9.3%
Polyclinics*	5.8	5.6	4.3%
Community*	6.2	5.4	14.3%
EBITDA excluding IFRS 16 (GEL, millions)	2.4	2.1	14.9%
EBITDA margin excluding IFRS 16 (%)	19.6%	18.7%	0.9 ppts
Number of Community clinic beds	353	353	-
Number of registered patients in Tbilisi	c.199,000	c.160,000	c.39,000

* Does not reconcile to gross revenue due to corrections and rebates



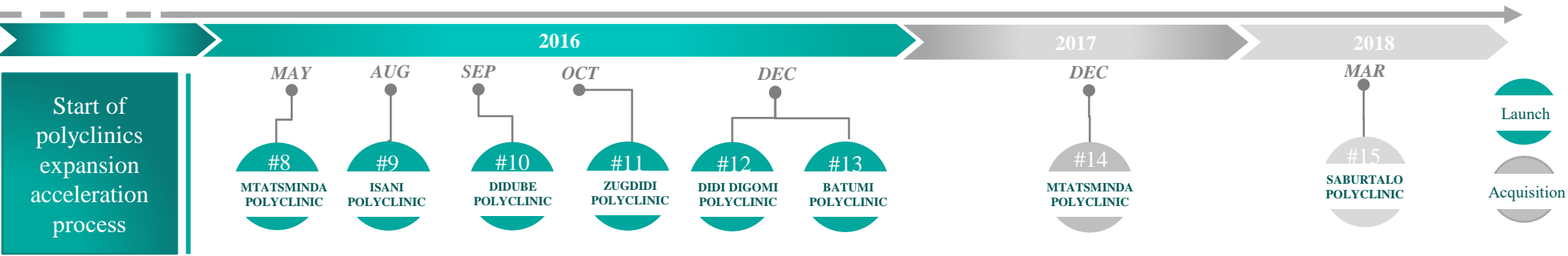
Focused growth strategy in outpatient market

In December 2018, we entered the Georgian dental market and we now have dental clinics in eight polyclinics in Tbilisi and other large cities in the regions.



Increase the number of polyclinics and registered patients

The total number of registered patients in Tbilisi polyclinics currently accounts c.199,000



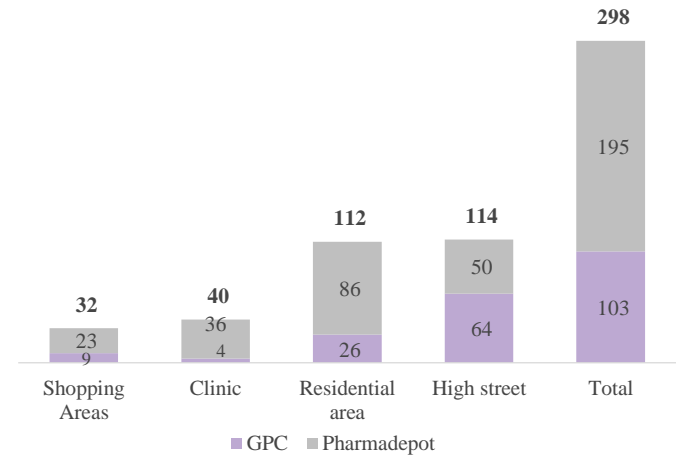


Pharmacy and distribution business overview



+ 298 pharmacies countrywide

GHG pharmacy and distribution business, country's largest retailer in terms of both, revenue and number of bills issued, operates under two pharmacy brands, each with a distinct positioning: GPC for the high-end customer segment and Pharmadepot for the mass retail segment.



Highlights

	1Q20	1Q19	Change, y-o-y %
Revenue (GEL, millions)	175.0	145.8	20.1%
EBITDA excluding IFRS 16 (GEL, millions)	18.6	15.6	19.4%
EBITDA margin excluding IFRS 16 (%)	10.6%	10.7%	-0.1 ppts
Number of bills issued (millions)	7.67	7.16	7.1%
Average bill size (GEL)	15.7	13.7	15.0%
Number of customer interaction per month (millions)	2.6	2.4	0.2



Top priority in pharmacy and distribution business remains to increase profitability by exercising more supplier synergies and growth of private label products

- Currently 37 private label medicines are presented in our pharmacies.
- c.GEL 6 million annualised revenue.
- In the first half of 2019, private label personal care products were introduced in our pharmacies under the brand name “Attirance”.
- We offer a wide range of personal care products and significantly enhancing our position as market leader in this segment.



Entering the beauty retail market – *partnership with The Body Shop*

Partnering with the internationally recognized brand, capitalising on its knowledge and experience will increase our pharmacy and distribution business brand awareness and the number of its loyal customers, further contributing to our business growth



Our pharmacy and distribution business has signed a franchise agreement with The Body Shop, a leading British cosmetics, skin care and perfume company, according to which the business has obtained the right to operate The Body Shop in Georgia for an initial term of 10 years.

Currently we operate two stores in capital.

Developed 40 The Body Shop stands in our high-end retail pharmacy chain – GPC, the number of which will increase up to c.50 by the end of 2020.





c.178,000 insured clients



Medical insurance

Offering a broad range of comprehensive private medical insurance policies that customers can opt for instead of relying on the coverage provided under the UHC and other state funded healthcare programmes to the Georgian population, with a wide distribution network.

Our products are mainly offered as corporate packages to large employers.

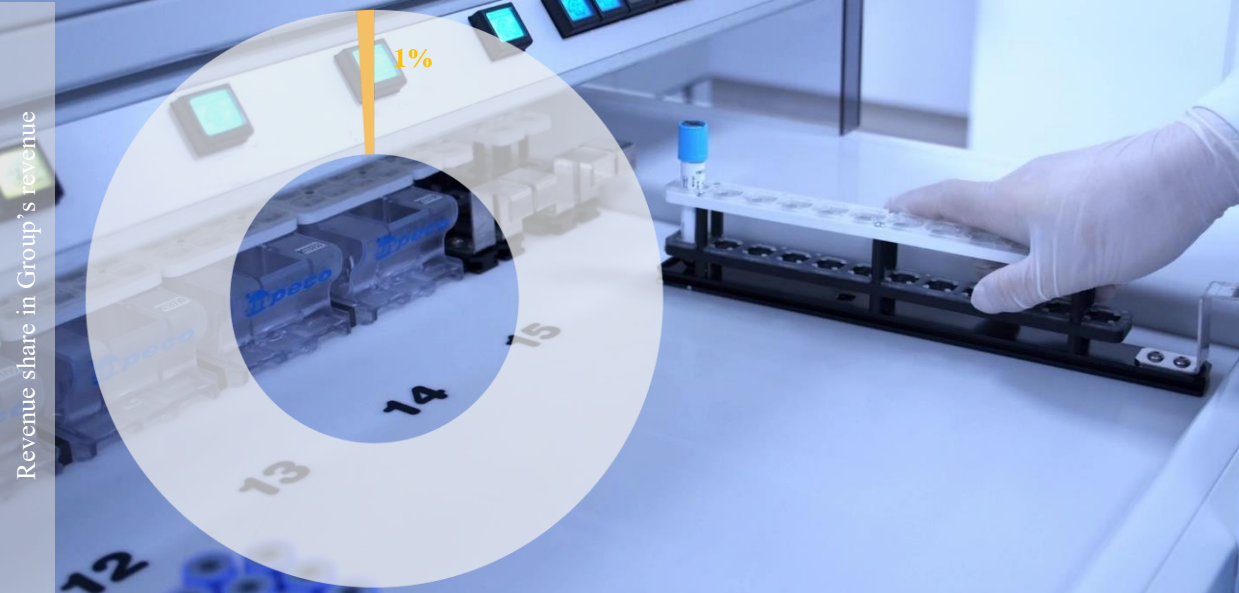
In 1Q20 43.9% of medical expense claims were retained within the Group.

Highlights

	1Q20	1Q19	Change, y-o-y %
Revenue (GEL, millions)	18.1	17.5	3.3%
Loss ratio (%)	79.8%	85.3%	-5.5 ppts
EBITDA excluding IFRS 16 (GEL, millions)	0.7	0.6	33.3%
Combined ratio excluding IFRS 16 (%)	96.9%	97.9%	-1.0 ppts
Renewal rate	65.3%	74.4%	-9.1 ppts



Diagnostics



Revenue share in Group's revenue

Mega Lab

In December 2018, we added diagnostics business under GHG, an important new business line for the Group, by opening Mega Laboratory.

Mega Lab provides full range of accurate, high-quality diagnostics services, including basic and complex laboratory tests to the entire population of the country.

Basic tests performed at Mega Lab include:

- Biochemistry
- Haematology
- Haemostasis
- Hormone testing
- Cardiac marker
- Tumour marker
- Immunology
- PCR-parasitology

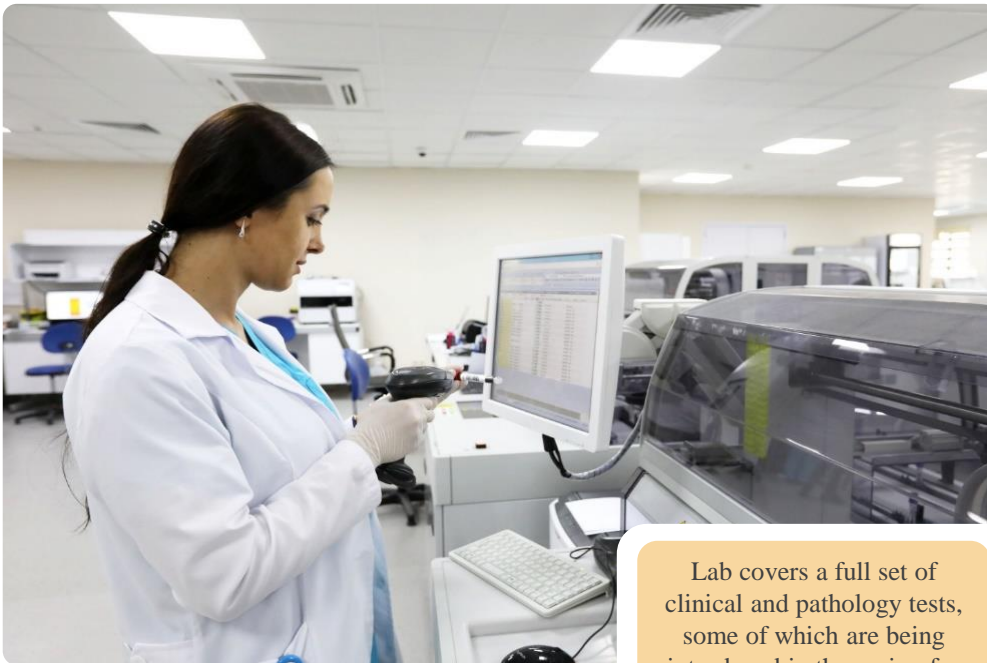
Highlights

	1Q20	1Q19	Change, y-o-y %
Revenue (<i>GEL</i> millions)	1.7	1.2	44.4%
Gross profit margin (%)	3.1%	28.0%	-24.9 ppts
EBITDA excluding <i>IFRS 16</i> (<i>GEL</i> , millions)	(0.1)	0.0	<i>NMF</i>
EBITDA margin excluding <i>IFRS 16</i> (%)	-8.8%	4.2%	<i>NMF</i>
Number of patient served ('000)	139	67	107.5%
Number of tests performed ('000)	325	172	88.7%
Average number of tests per patient	2.3	2.6	-11.5%



Launch of the largest laboratory in the region – Mega Lab

High-capacity automated systems enables GHG to provide accurate, high quality results for the country's whole population.



Lab covers a full set of clinical and pathology tests, some of which are being introduced in the region for the first time

- The process of centralising Group's internal lab demand is now complete.
- Test results are distributed electronically to each hospital and polyclinic within the Group through the internal Laboratory Information Management System ("LIMS"), enabling us to be more efficient and provide a reliable service to our patients.
- Started to develop a retail network and capitalise on our pharmacy and distribution business' scale.



Digital Transformation

Taking Healthcare Beyond Buildings

Successful implementation of almost all elements of the Healthcare Information System (“HIS”) in all its healthcare facilities across the country:

Electronic Medical Records (“EMR”),

By full implementation of outpatient EMR, Clinics business has successfully removed 100% of papers in all its 15 polyclinics and 19 community clinics in the country.

Inpatient Medical Ordering System

Hospitals business successfully implemented electronic ordering in all its 18 facilities, eliminating significant paperwork in inpatient departments.

Picture Archiving and Communication System (“PACS”)

All Tbilisi-based hospitals and polyclinics, both inpatient and outpatient, were successfully connected, integrating more than 100 pieces of radiology equipment.

Laboratory Information Management System (“LIMS”)

“BioLab” LIMS has been fully integrated with our inpatient and outpatient EMR, ensuring fast and high-quality cooperation between healthcare facilities and the laboratory.



Increased level of cooperation among doctors and clinics in the entire network, and a significant overall improvement of the healthcare services quality

Core benefits seen from successful implementation of HIS

- › Increase in the outpatient (c.40%) and inpatient business throughput
- › Elimination of human errors and elimination of the loss of medical data or medical documents
- › Real-time record of the results of clinical and administrative work
- › Reduction of the time required for a comprehensive clinical review
- › Reduction of the cost (penalties and charges) related to clinical and regulatory risks
- › Daily financial and operating reports introduced in both inpatient and outpatient businesses
- › Development and effective implementation of clinical quality control functions in each and every hospital



A fully integrated digital healthcare platform

EKIMO – Health at your hand

Innovative, independent and fully integrated digital healthcare platform combining all components of primary healthcare doctors, clinics, laboratories, radiology units, retail pharmacies and medical insurance.

The platform is open for any healthcare service provider or health product seller in the country, and it is completely free of charge for patients/customers.

Since its launch, EKIMO has been joined by 450 doctors from 46 different clinics, half of which are independent, third-party clinics.

EKIMO Partner network



450
Doctors



46
Clinics



300+
Pharmacies





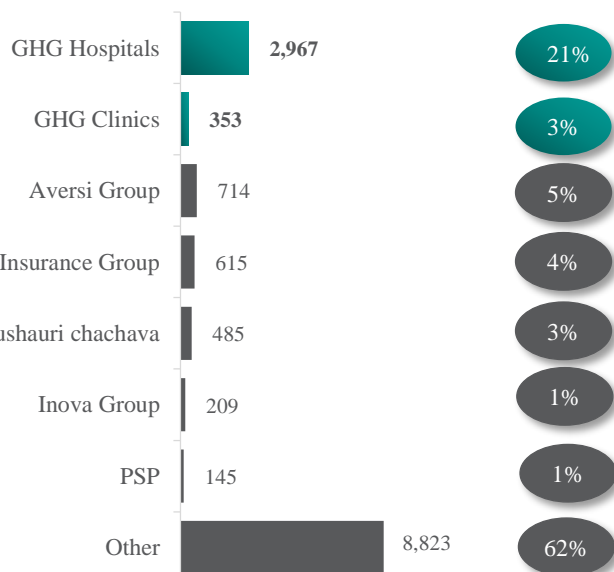
GHG segments are clear market leaders in a fragmented competitive landscape

Leader in Georgia with clear and established #1 market positions in healthcare services, pharma and medical insurance markets



Healthcare services (Hospitals and Clinics)

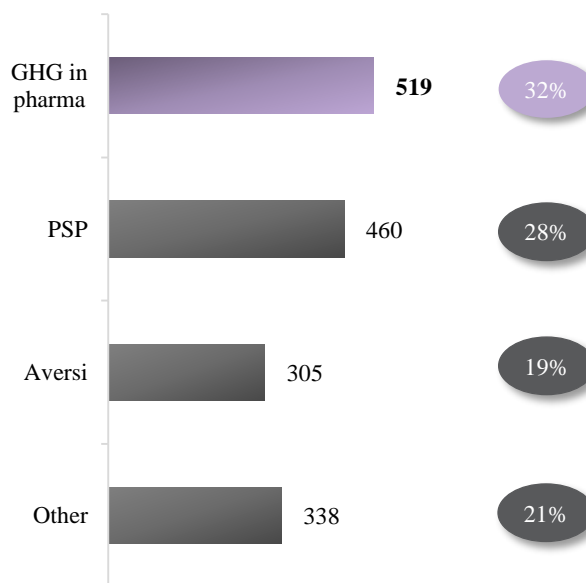
(Number of Beds as of March 2020)⁽¹⁾



● Market share

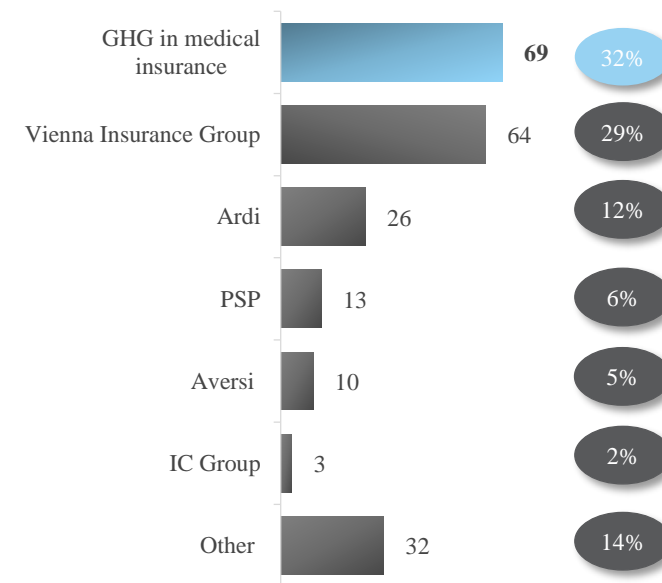
Pharmacy and distribution

(Revenue, 2018 GEL millions)⁽²⁾



Medical Insurance

(Gross premium revenue 4Q19, GEL million)⁽³⁾

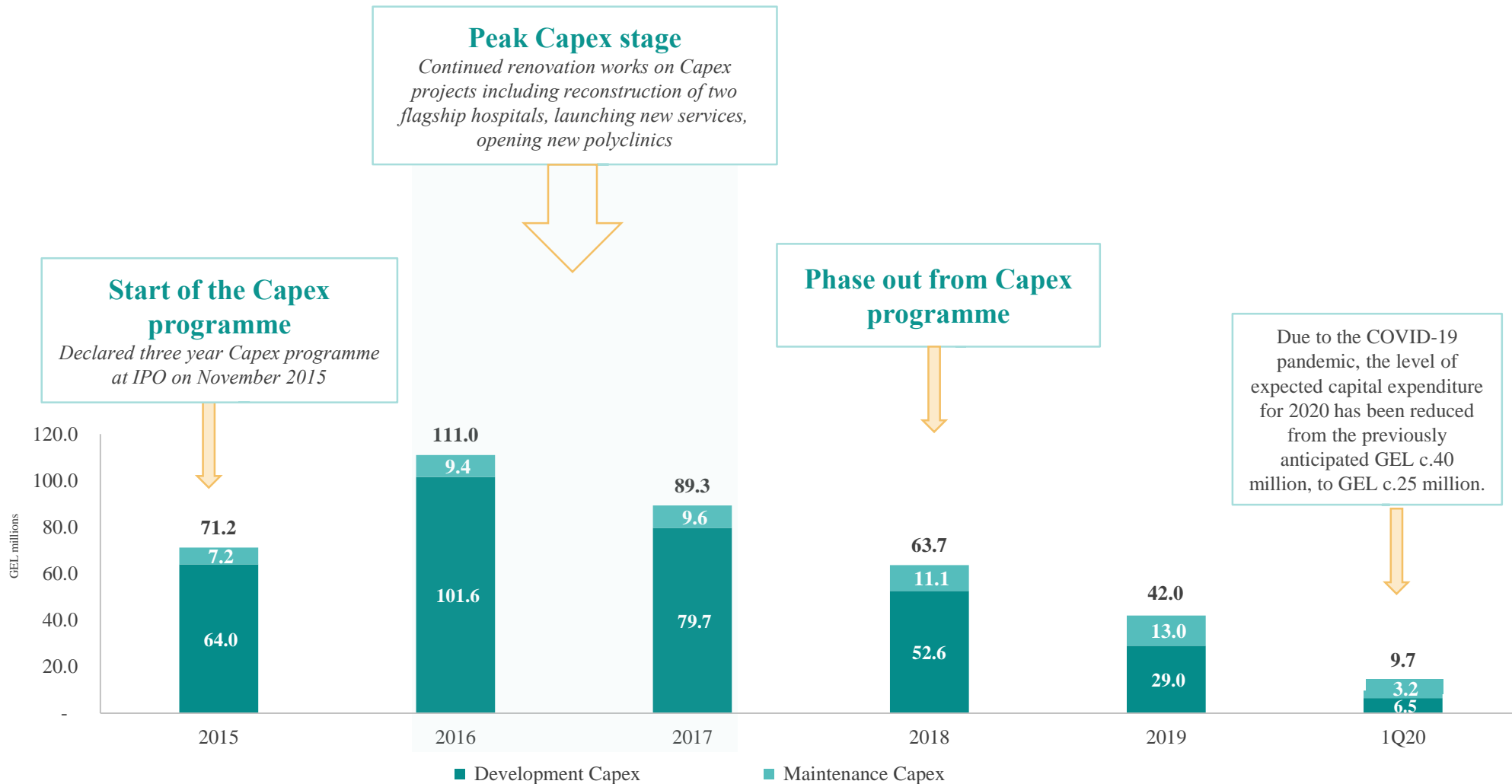


Sources:

- (1) NCDC, data as of December 2018, updated by GHG to include changes before 31 March 2020; excluding speciality beds
- (2) Total market Frost & Sullivan analysis 2018; revenue distribution between competitors represents managements estimates
- (3) ISSSG as of 31 December 2019



From a capital expenditure perspective, we have now completed the vast majority of our major development projects





 GHG | Overview

 **GHG | Strategy**

 Macroeconomic and industry overview

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Manage customers on an integrated level

- › GHG serves around three million unique customers across its business lines annually
- › Customer integration within all of our segments accounts for only c.6%



Focusing on:

➤ **Operational performance**

➤ **Financial performance:**

- › Cash flow generation
- › Capital allocation
- › ROIC

➤ **Growth pipeline**



Operational Performance

- 1** Utilisation
 - › Bed occupancy rate at c.60.0% currently, still room to grow
- 2** Optimisation
 - › Disposal of unused assets
 - › Disposal / transforming low ROIC assets
- 3** Efficiency
 - › Automation of service processes
 - › Full roll-out of HIS
- 4** Digitalisation
 - › Fully integrated health information system will help us to manage customers on an integrated level

Financial performance

- 1** Cash flow generation
 - › Higher earnings
 - › Reduced capital requirements
 - › Reduced cost of funding
- 2** Capital allocation
 - › Deleveraging
 - › Minority buyouts
 - › Capital return
 - › Investing in new opportunities

Growth pipeline

- 1** Business organic growth
 - › Supportive macro environment
 - › Growing healthcare spending
 - › Low base on healthcare
 - › Increasing penetration
- 2** Growth projects - shaping new markets, such as:
 - › Medical tourism
 - › Lab retail
 - › Aesthetic
 - › Clinical trails

Businesses major growth drivers

Referral hospitals

- 1 Organic growth of matured hospitals in line with the market
- 2 Successful ramp-up of newly-launched hospitals
- 3 Supporting growth pillars (such as medical tourism and clinical trials)
- 4 Forming joint ventures in synergetic businesses
- 5 Digitalisation

Clinics & Polyclinics

- 1 Increase number of registered patients
- 2 Increasing Group referrals
- 3 Adding new services (such as dental and aesthetic)
- 4 Digitalisation

Pharmacy & distribution

- 1 Expanding retail footprint
- 2 Enhancing retail margin (private label products)
- 3 New retail categories (such as lab service and beauty)
- 4 Growing wholesale revenue (such as hospital supplies)
- 5 Digital channels

Medical Insurance

- 1 Growing the number of insured clients
- 2 Enhancing gross profit through the introduction of "fee business" (such as motor Casco distribution, motor Third Party Liability distribution)
- 3 Increasing retention rates within the Group

Diagnostics

- 1 Building an effective logistics system for Group's healthcare facilities
- 2 Develop retail network
- 3 Attracting B2B clients
- 4 Digital Channels

GHG and its business medium to long-term Profit and Loss Statement targets

Referral hospitals

- Double digit revenue CAGR
- Gradually improving to 28-30% EBITDA margin

Clinics & polyclinics

- Double digit revenue CAGR – 20%+
- Gradually improving to 25% EBITDA margin

Pharmacy & Distribution

- Double digit revenue CAGR
- 9%+ EBITDA margin

Medical Insurance

- Increase contribution to the Group segments
- Combined ratio <97%

GHG medium to long-term targets

Double digit revenue CAGR next five years

Mid-teen EBITDA CAGR next 5 years

Gradually approaching ROIC c.15-17%



Our main challenges

X

Lack of doctors & nurses: quality and new generation

X

Quality of basic medical care

X

Lack of services

What we achieved

✓

- 2,623 doctors retrained in 15 programmes
- 3,208 nurses retrained in 10 programmes
- 122 ToTs developed
- 237 residents in 29 specialties
- 44 residents graduated this year out of which 30 are employed in our healthcare facilities
- 90% of nursing school programme graduates are employed in our healthcare facilities
- Our curriculum was adopted by Ministry of Education and is mandatory for other nursing schools in Georgia

✓

- 2016-2019 - implementation of quality management framework
- Local quality teams - operational
- KPI's - defined
- Infectious control - Antibiotic Stewardship Program being implemented
- Training activities- ongoing

✓

- More than 120 new services were launched over last two years

Goal

Complete first round of staff retraining by 2020

Complete quality management framework implementation.

Receive JCI accreditation on some of our major referral hospitals in coming years

Continue to launch new services

Capture patient flow export.



 GHG | Overview

 GHG | Strategy

 **Macroeconomic and industry overview**

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Georgia | rapidly developing reform driven economy

- Area: 69,700 km
- Population (2018): 3.7 million people
- Life expectancy: 73.5 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency: Lari (GEL)

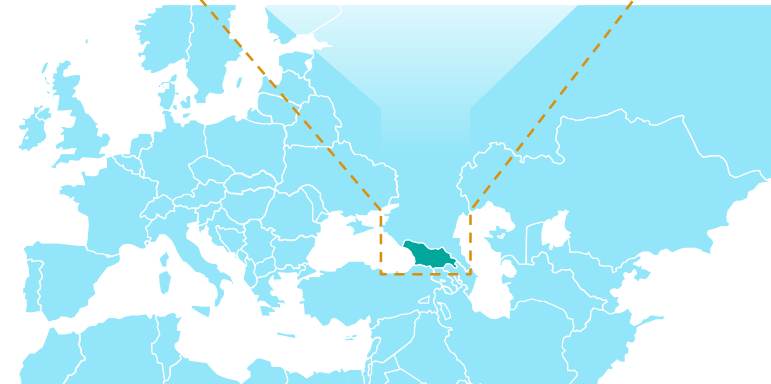


**Ease of Doing Business
Best Improvement since
2005**

- Nominal GDP⁽¹⁾: 2019 GEL 50 billion (US\$17.7 billion)
- Real GDP growth rate 2019: 5.1%
- Real GDP 2010-2019 annual average growth rate: 4.8%
- GDP per capita 2019 (PPP, international dollar) per IMF: 12,227
- Annual Inflation 2019: 4.9%
- External public debt to GDP 2019: 32.4%

• Sovereign ratings:

S&P	BB/Stable, affirmed / upgraded in October 2019
Moody's	Ba2/ Stable, affirmed / upgraded in September 2019
Fitch	BB/ Negative, affirmed / upgraded in April 2020

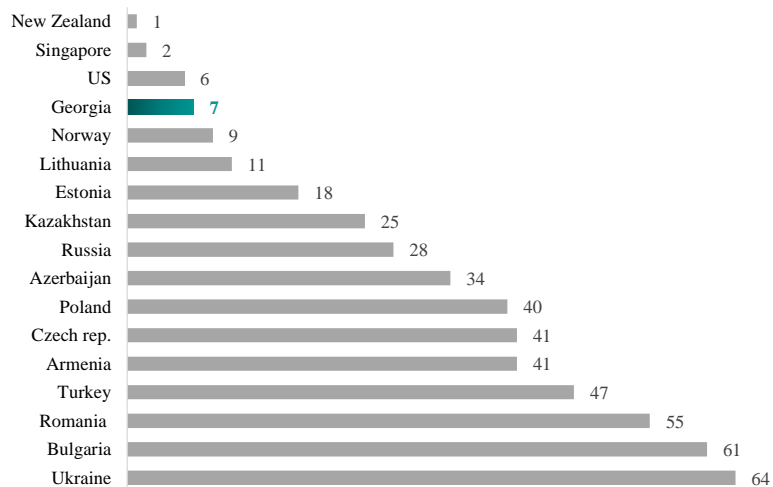


Source:
(1) GeoStat



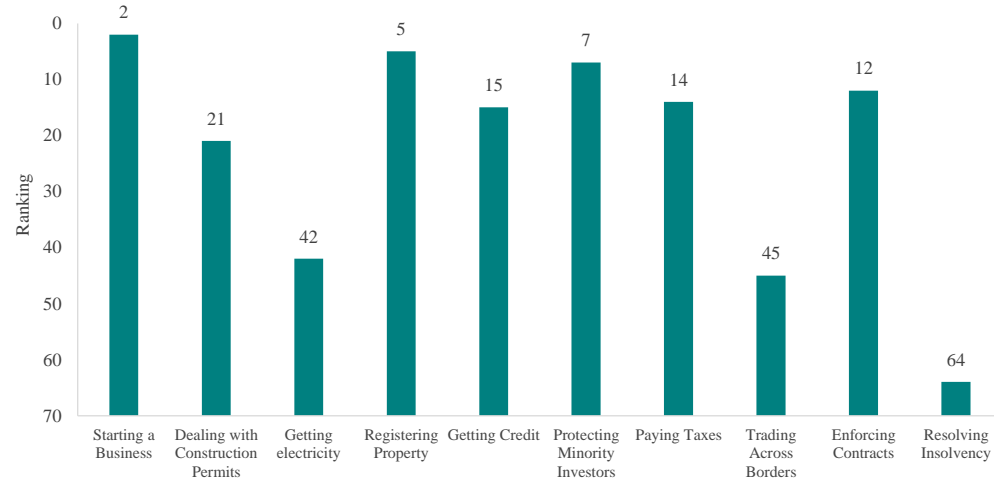
Georgia | top improver on World Bank's Ease of Doing Business Report

Ease of Doing Business | 2020

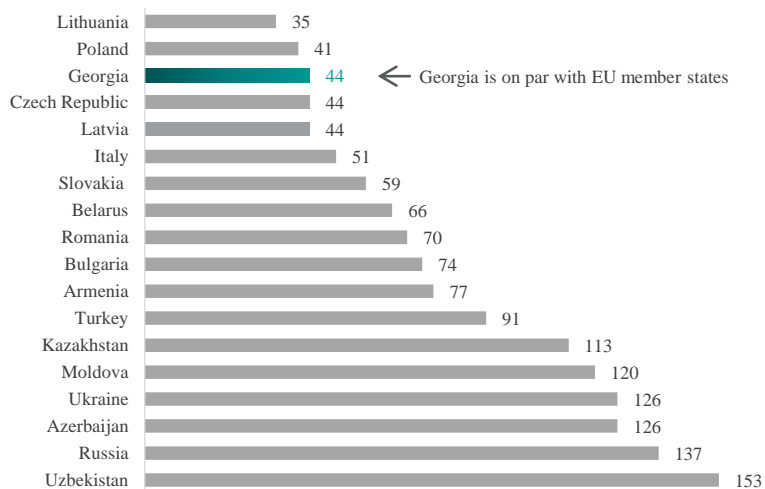


Source: WB Doing Business Report

Rankings on Doing Business Topics – Georgia

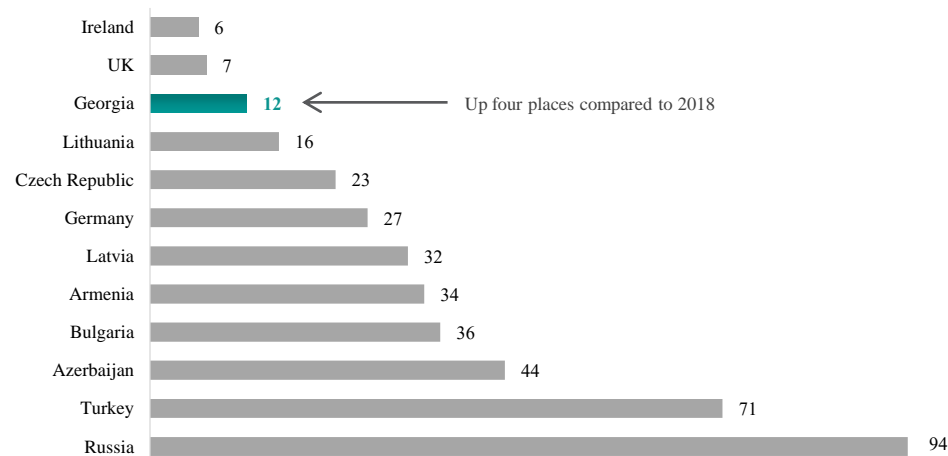


Global Corruption Barometer | TI 2019



Source: Transparency International, Heritage Foundation, World Bank, Trace International.

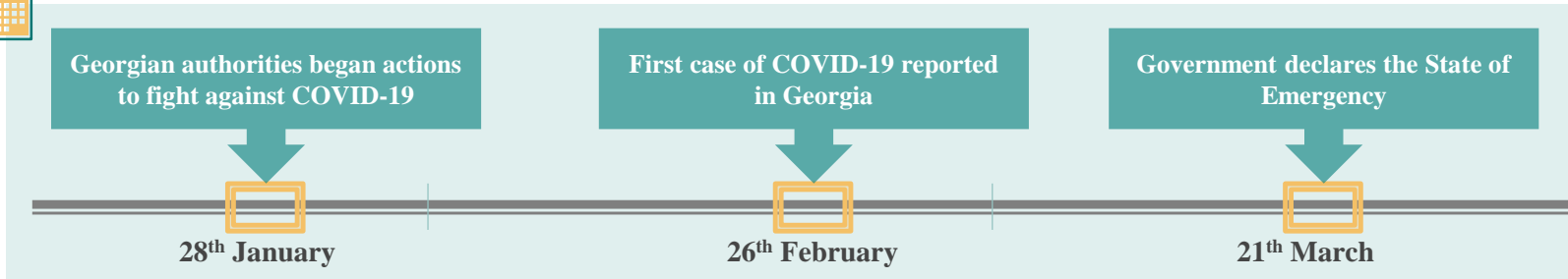
Economic Freedom Index | 2020



Source: Heritage Foundation



COVID-19 Statistics (as of 18:00, May 18)

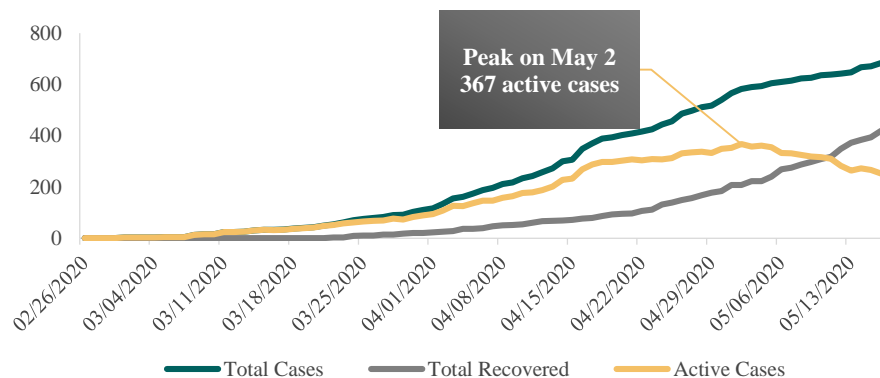


701
Reported Cases ¹
432
Recovered ¹
12
Fatalities ¹

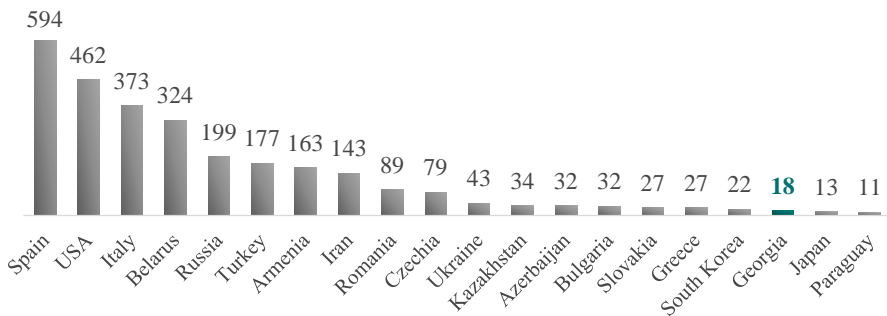
Georgia: COVID-19 response

- Border checks began on February 27 and schools were closed on February 29;
- Travel restrictions for neighbouring countries were imposed on March 5, followed by mandatory self-isolation/quarantine since March 9;
- All borders were closed on March 18 and state of emergency was declared on March 21, now ending on May 22;
- Schools were closed and social distancing measures were in place when only three cases were confirmed;
- Intracity movement was banned by the end of March;
- All economic activity was halted, with only a fraction resuming operation after special licenses;
- Gradual relaxing of measures (including total ban on cars) announced from April 27, with a six stage exit plan underway.

COVID-19 case dynamics in Georgia

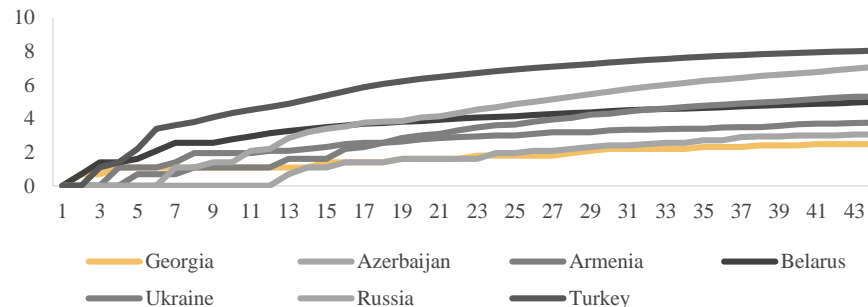


COVID-19 cases per 100,000 persons



(1) Data as of May 15 2020

COVID-19 deaths since first death (log scale vs days)





Government Economic Plan

Stage 1

- Subsidies for utility bills, basic product prices and construction materials;
- Tax deferrals for tourism companies and car importers;
- Loan co-financing for small hotels and loan restructuring opportunities for all businesses;

Stage 2

- GEL 200 transfers for 6 months to people who lost jobs (hired employees) and one-off transfers to the self-employed;
- Income tax exemptions for hired employees with salaries of up to 1,500;
- Average GEL 600 social aid in six months;
- Pension indexation from January 2021.

Private sector support:

- VAT returns;
- Long term funds for banks;
- Extra funding for supporting business;
- Special support package for the tourism and agriculture sectors, to be followed by construction and education; Tourism: Loan co-financing, income tax deferral and property tax exemption in 2020; Agriculture: Subsidies for intermediate products, fuels and irrigation; loan and insurance co-financing; direct grants to farmers. All farmers urged to register lands till 2021, as aid package is directly tied to proof of ownership.

Total budget GEL 3.5 billion



GEL 1.03 bln

Social Aid



GEL 2.1 bln

Economic Support And Business Aid

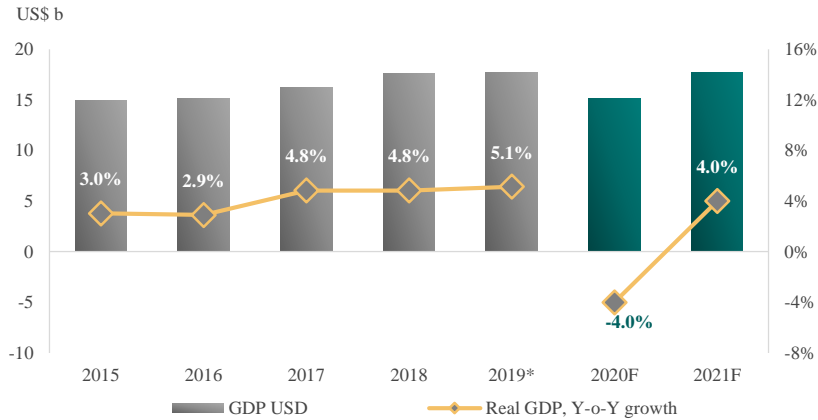


GEL 0.35 bln

Anti-pandemic Measures

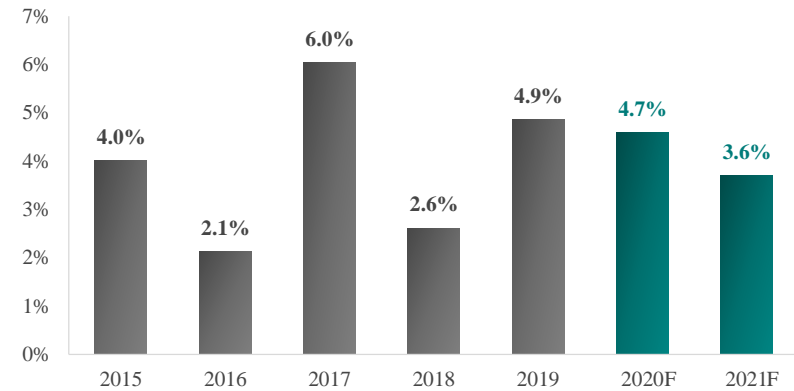


Gross Domestic Product



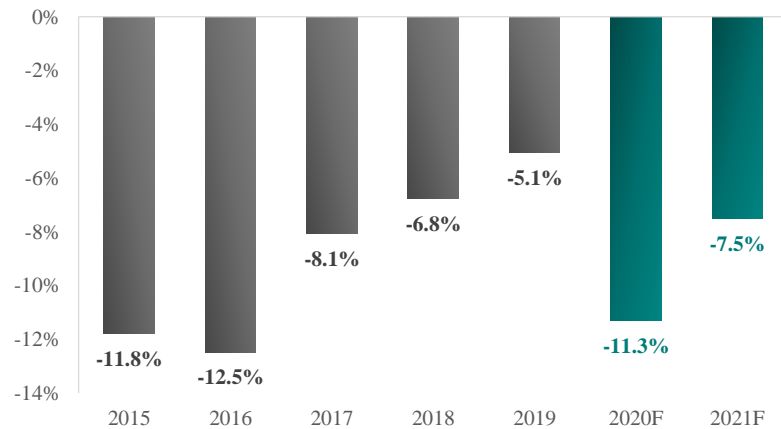
Source: IMF

Consumer Price Inflation



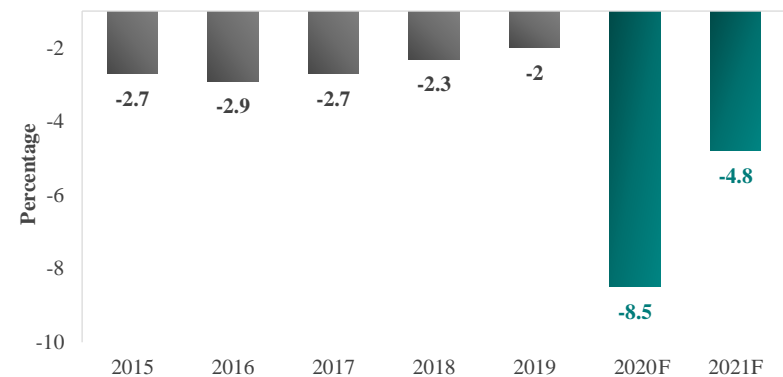
Source: IMF

Current Account Balance



Source: IMF

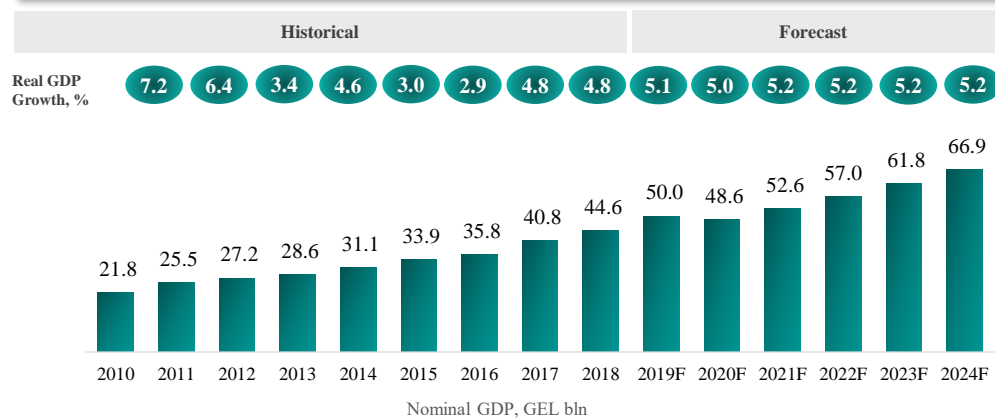
Fiscal Deficit, % of GDP (GFSM 1986, IMF Modified)



Source: IMF

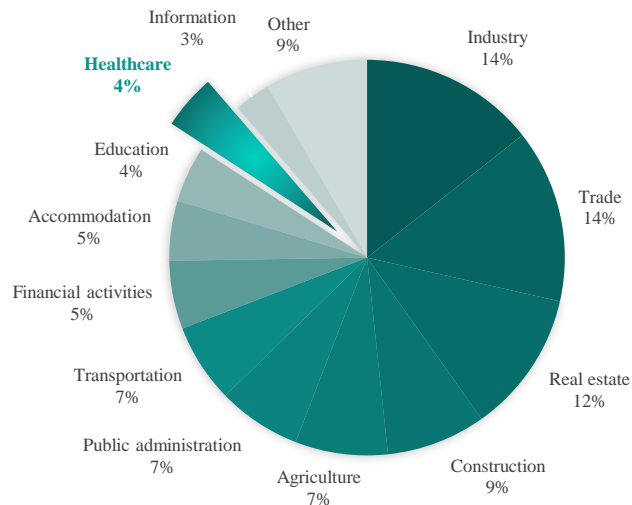


GDP Growth Expected to Continue



Sources: GeoStat, IMF

Diversified nominal GDP structure, 2019



Sources: GeoStat

Clear Strategy to Achieve Long Term Growth

Liberal Reforms and Prudent Policy

- Liberty Act (effective January 2014) ensures a credible fiscal and monetary framework.
- Fiscal deficit/GDP capped at 3%; Public debt/GDP capped at 60%
- Business friendly environment and low tax regime (attested by favourable international rankings).

Regional Logistics and Tourism Hub

- Access to a market of 2.8bn customers without customs duties: Free trade agreements with EU, China, Hong Kong, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland; FTA with India and Israel under consideration.
- Tourism revenues on the rise: tourism inflows stood at US\$ 3.3 billion in 2019 and total arrivals reached 9.4 million visitors in 2019 (up 7.8% y-o-y), out of which tourist arrivals were up 6.8% y-o-y to 5.1 million.

Strong FDI

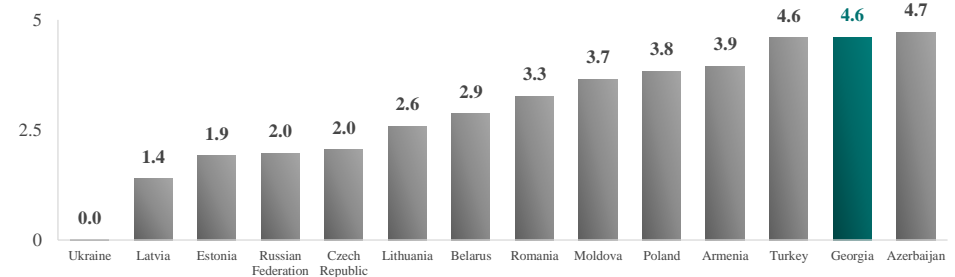
- FDI at US\$1.3 billion (7.2% of GDP) in 2019.
- FDI averaged 8.5% of GDP in 2010-2019.

Support from International Community

- Visa-free travel to the EU is another major success in Georgian foreign policy. Georgian passport holders were granted free entrance to the EU countries from 28 March 2017
- Discussions commenced with the USA to drive inward investments and exports
- Strong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs, the US and EU

One of the fastest developing economies in the region.....

Real GDP growth, % 2010-2019 Average

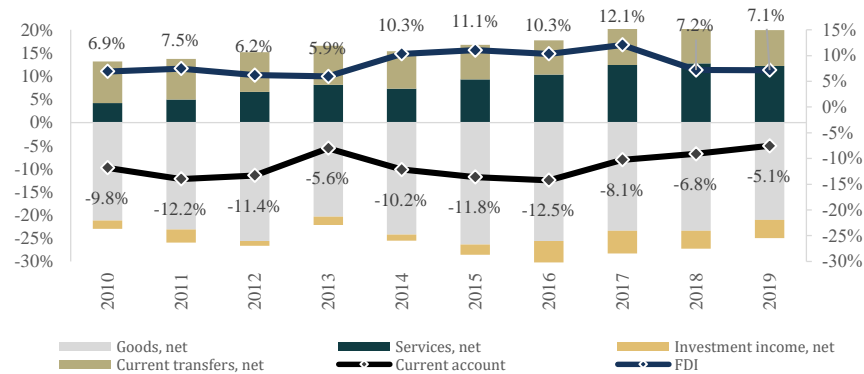


Source: IMF



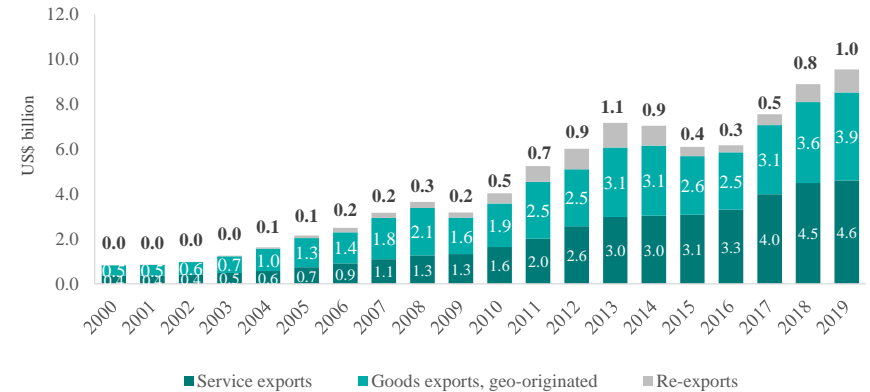
Current account balance (% of nominal GDP)

Double digit shrinking in the trade deficit helped current account balance (CAB) to improve to a historic low of 5.1% in 2019, providing a strong position to withstand the pandemic, with IMF expecting CAB to widen to around 11% of GDP in 2020



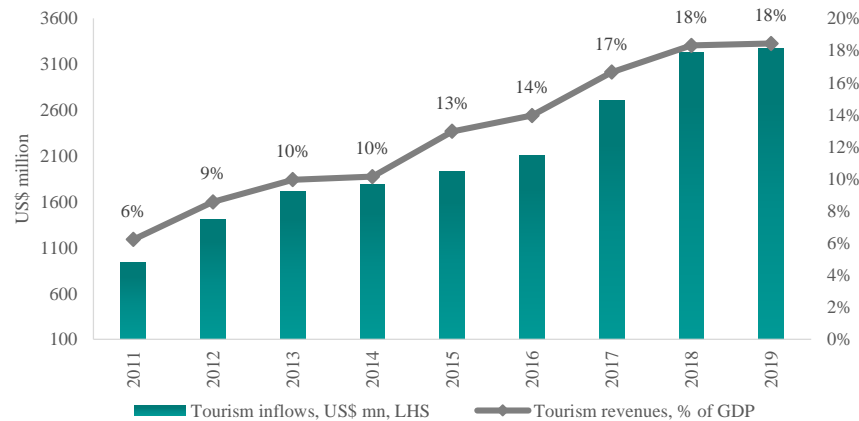
Source: NBG

Exports and Re-exports



Source: NBG

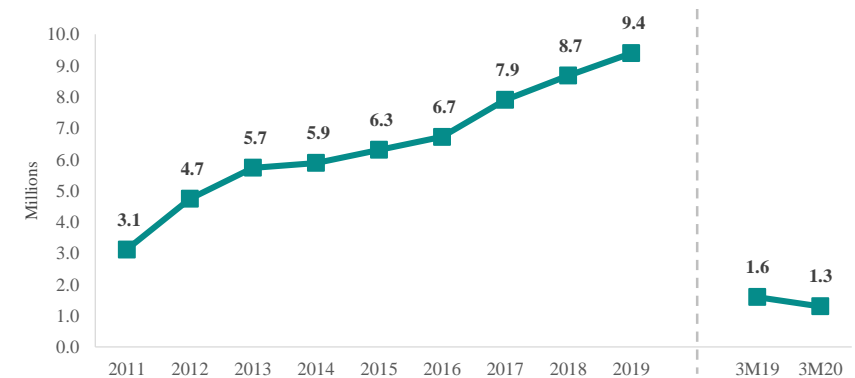
Tourism revenues to GDP



Source: National Bank of Georgia, GeoStat

Number of visitors on the rise

Tourism revenues fell by 70% in March, while 1Q20 was down by 26%



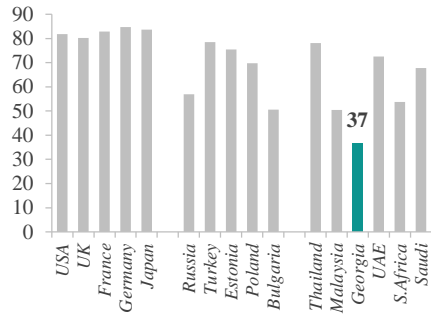
Sources: GNTA, NBG

Long-term, high growth prospects

Favorable government healthcare policy

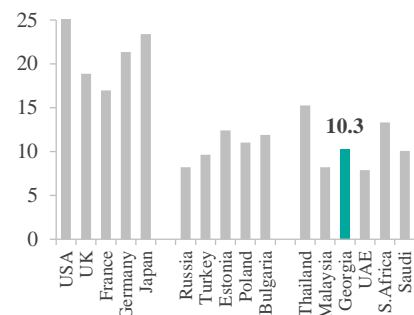
Government finances reached c.40% of total healthcare costs in 2016, from c.20% in 2012

General government expenditure on health as a percentage of total expenditure on health in 2016⁽²⁾



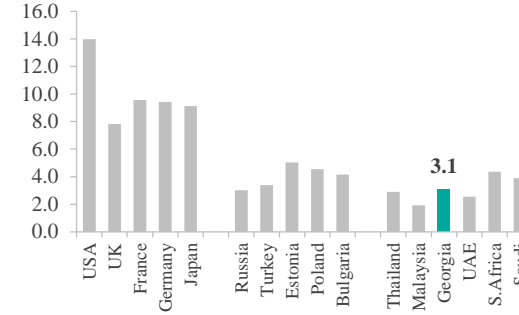
Government spending on healthcare was 6.7% of state budget in 2013, which grew up to 9%-10% in recent years

General government expenditure on health as a percentage of total government expenditure in 2016⁽²⁾



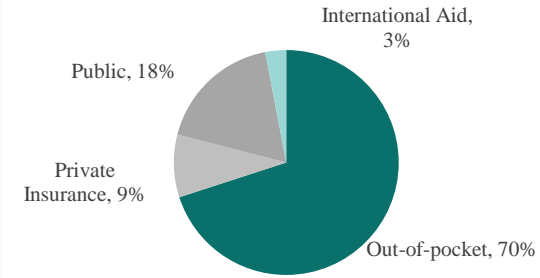
Government expenditure on healthcare as a % of GDP increased from 2% in 2013, up to 3% in 2016 year

Government expenditure on health as % of GDP in 2016⁽²⁾



High private spending and growing public sector participation on the back of UHC implementation⁽⁴⁾

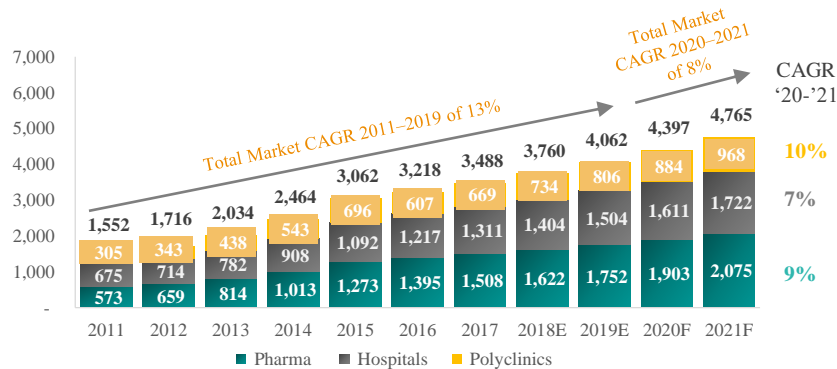
2012



Growth in Healthcare Services Market Expected to Continue¹

Double digit growth on the back of favorable dynamics expected

GELm



Hospitals market includes revenue of c.10% from specialty beds, which is non-addressable market for GHG
Polyclinics market excludes dental and aesthetic services

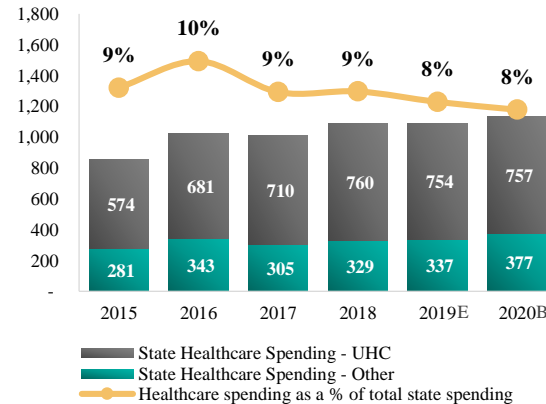
Sources:

- (1) Frost & Sullivan analysis 2017
- (2) World Bank
- (3) Ministry of Finance of Georgia
- (4) Global health expenditure database – World Health Organisation, Frost & Sullivan analysis

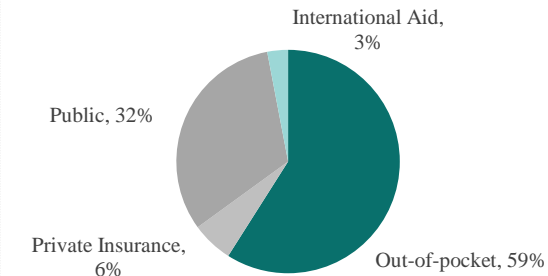
State financing of healthcare increasing for the last several years

State healthcare spending dynamics⁽³⁾

GELm



2014



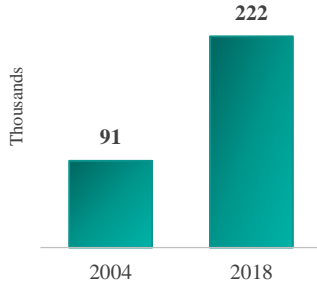


Long-term, high growth prospects

Rapidly growing healthcare market

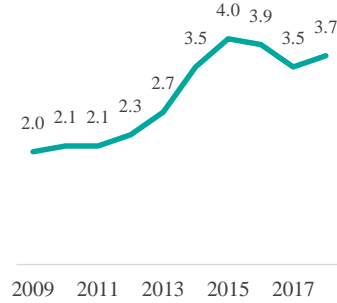
Demand Analysis

Number of Surgical Operations



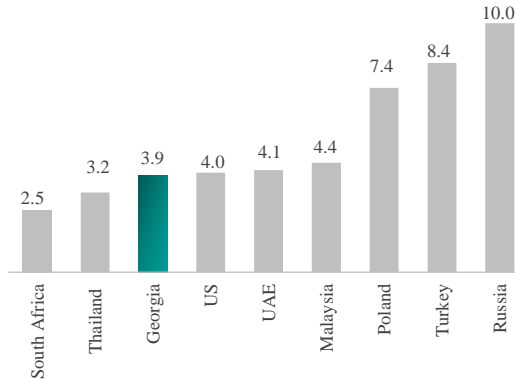
Source: NCDC

Outpatient encounters per capita



Source: NCDC

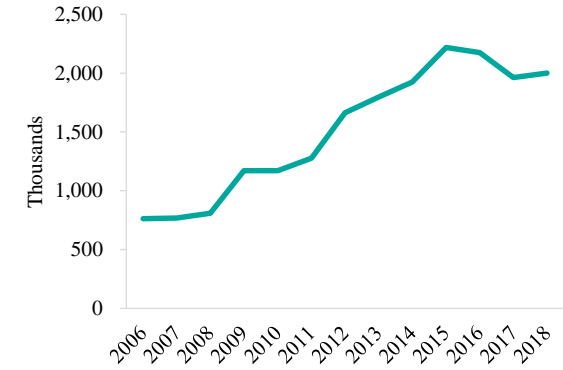
Outpatient encounters per capita, Georgia VS other countries



Source: Frost and Sullivan Analysis 2017

Increasing Overall Disease Incidence...

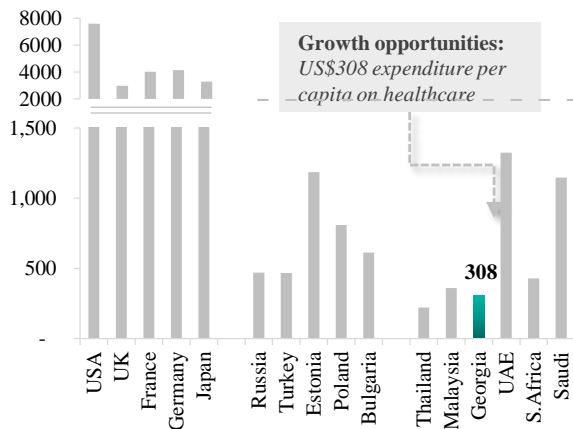
Number of Registered Patients with 1st Time Diagnosis



Source: GeoStat

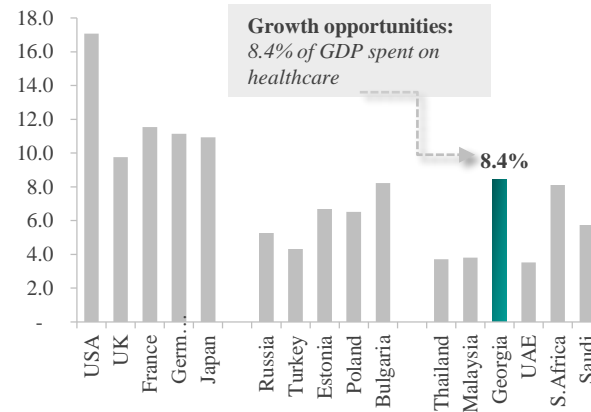
Low Expenditure on Healthcare

Per capita expenditure on healthcare, current US\$



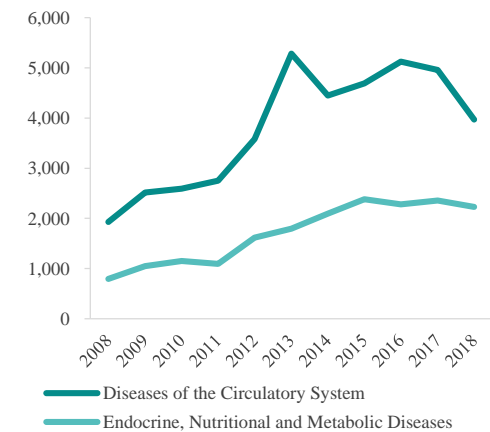
Source: World Bank

Expenditure on healthcare, % of GDP



Source: World Bank

... Including a Growing Incidence of Lifestyle Diseases Per 100,000 Population



Source: NCDC

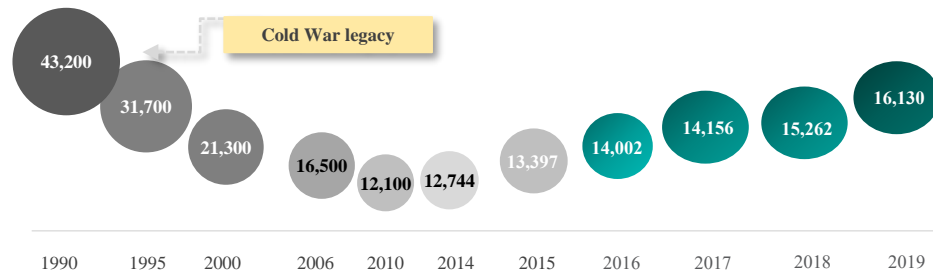


Long-term, high growth prospects

Favorable government healthcare policy – 90% of hospital capacity is private

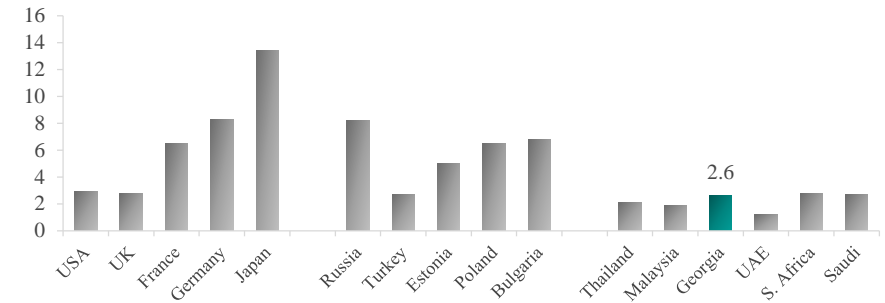
Capacity-wise Georgia stands alongside US, UK and Turkey

Optimising bed capacity over the years (Total number of beds)



Note: (*) Target market bed capacity = Total market bed capacity of 16,130 beds – 1,545 specialty beds at penitentiary, TB and psychiatric clinics

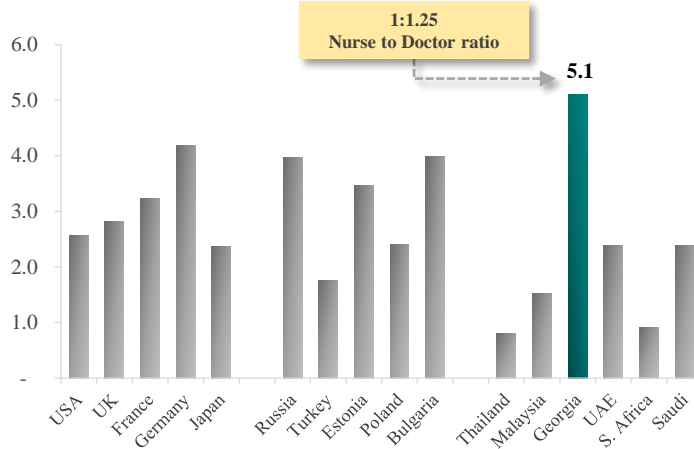
Beds per 1,000 people



Source: World Bank 2015

However, physician overcapacity yet to be addressed

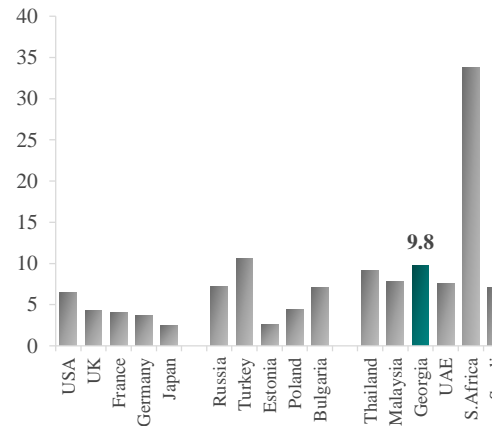
Number of physicians per 1,000 people



Source: World Bank 2015

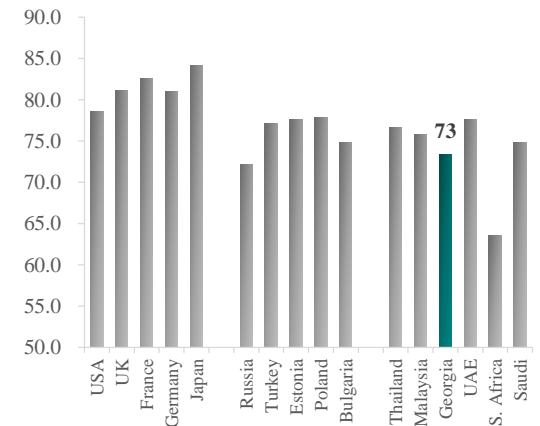
With significant room for optimisation in terms of service quality, as indicated by: Under 5 Mortality Rate... and Life Expectancy At Birth

Under 5 mortality per 1,000 live births



Source: World Bank 2017

Life expectancy at birth, total (years)



Source: World Bank 2017



 GHG | Overview

 GHG | Strategy

 Macroeconomic and industry overview

 Annexes



The increasing number of international arrivals in Georgia represents a natural base for developing medical tourism in the country

What we have done

- Upgraded infrastructure
- Upgraded quality in healthcare facilities
- Added new services to close existing service gaps in the country
- Preventing local patients from travelling abroad

What we are doing

- Developing medical tourism strategy
- Developing a service structure for foreign patients
- Increasing awareness within post-Soviet countries through different marketing activities and road shows



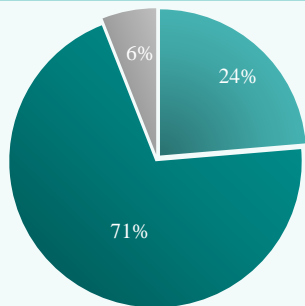
High quality of healthcare compared to top visitor countries





GHG – shareholder structure and share price

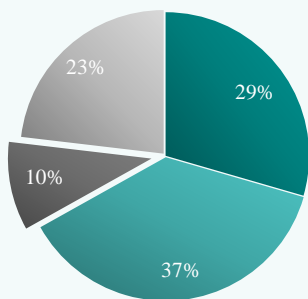
Strong support from institutional investors at IPO⁽¹⁾



Institutional Investors represent 24% of the shareholders

■ Institutional investors
■ Georgia Capital
■ Management and other

Geographically well-diversified institutional shareholder base⁽¹⁾



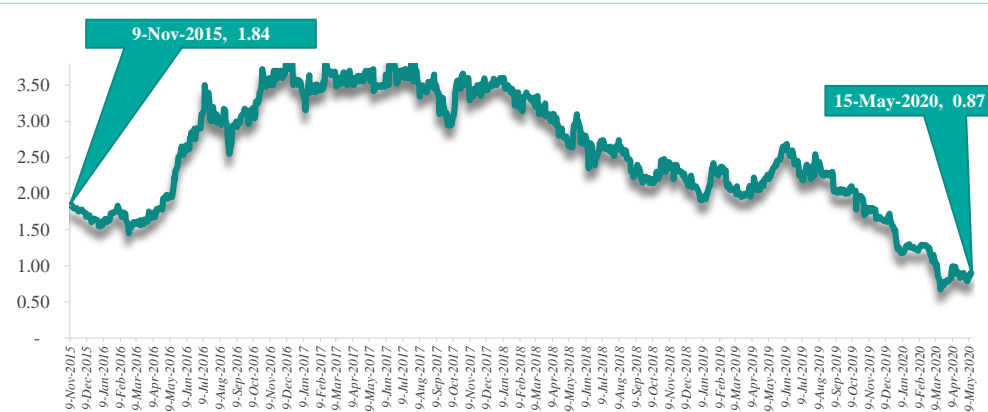
UK & Ireland – 37%
USA – 29%
Luxembourg – 10%
Other – 23%

■ USA
■ UK & Ireland
■ Luxembourg
■ Other

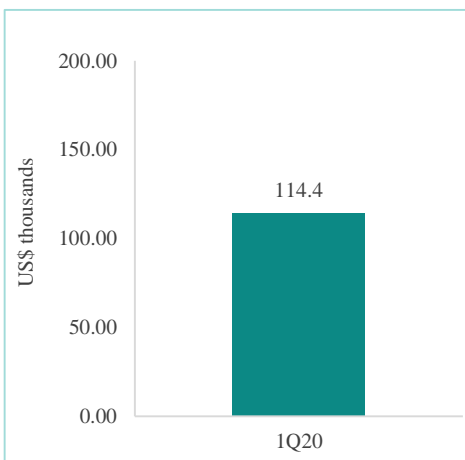
Top Investors ⁽¹⁾

Georgia Capital	70.6%
T – Rowe Price	3.8%
Wellington Management	3.5%

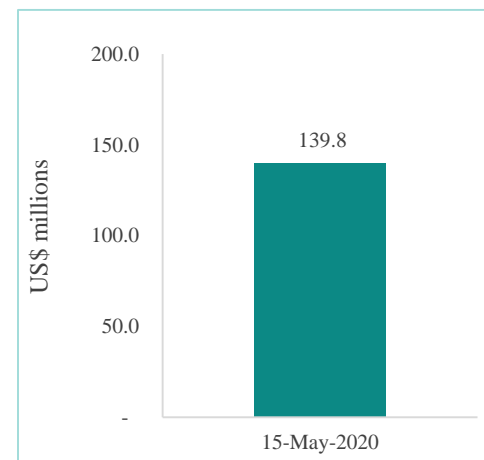
Stock Price Performance⁽²⁾



Average trading daily volume



Market Capitalisation⁽³⁾



Note:

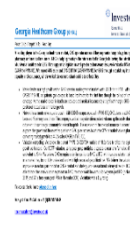
(1) As of 31 March 2020

(2) Share price change calculated from the closing prices of GHG LN, starting from trading date 9 November 2015 to the price of GHG LN as of 15 May 2020

(3) Source: Bloomberg; Market Capitalisation of GHG as of 15 May 2020, GBP/USD exchange rate 1.22



Consensus Target Price is 2.57 GBP



GBP 2.60

*as of 14 Nov 2019

GBP 3.34

*as of 20 May 2019

GBP 3.40

*as of 14 Nov 2019

GBP 1.85

*as of 13 Nov 2019

GBP 3.00

*as of 24 Feb 2020

GBP 2.28

*as of 24 Feb 2020

GBP 1.50

*as of 27 Feb 2020



Robust corporate governance, exceptional in Georgia's healthcare sector

Board of Directors – majority independent members

The Board is composed of nine Directors, six of whom are independent Non-Executive Directors and meets quarterly to define the strategy and how to move forward for which management is responsible to execute.



❖ **William Huyett** | Independent Non-executive Chairman | Experience: Currently Chief Financial Officer of Cycleron Therapeutics. Prior to that Director Emeritus of McKinsey and Company, Inc. Currently also Georgia Capital board member.



❖ **David Morrison** | Senior Independent Non-executive Director | Experience: senior partner at Sullivan & Cromwell LLP prior to retirement; currently also Georgia Capital board member.



❖ **Irakli Gilauri** | Non-Executive Director | Experience: currently Chairman and CEO of Georgia Capital PLC; formerly CEO of BGEO Group PLC; MS in banking from Cass Business School, London; BBS from University of Limerick, Ireland.



❖ **Ingeborg Oie** | Independent Non-executive Director | Experience: Chief Financial Officer of CMR Surgical; Formerly finance director at Smith & Nephew for Canada; prior to that Head of Investor Relations. Prior to joining Smith & Nephew in 2014, senior research analyst and managing director at Jefferies, covering the Medical Device and Healthcare Services sectors in Europe, the Middle East and Africa.



❖ **Jacques Richier** | Independent Non-executive Director | Experience: From 2014 until 2016, served as Executive Chairman and from 2016 to 2018 served as Chairman of the Supervisory Board of Allianz WorldWide Partners.



❖ **Tim Elsgood** | Independent Non-executive Director | Experience: Over 35 years of international healthcare management experience in over 15 countries across the world. During 2019, managed a healthcare facility in Abu Dhabi, on behalf of the Avivo Group. He was, until January 2019, an Independent Director of Avivo Group. Until 2016, he was a Consultant Advisor to Abraaj in Egypt, Tunisia and Morocco. Formerly, Vice President for Medsi Group in Russia. Prior to this, Mr Elsgood worked in Kiev, Ukraine, where he was CEO of Isida Hospital.



❖ **Mike Anderson** | Independent Non-executive Director | Experience: Formerly a medical director for North West London Reconfiguration Programme; prior to that Medical Director at Chelsea and Westminster hospital, currently physician at Chelsea and Westminster Hospital.



❖ **Fabian Blank** | Independent Non-Executive Director | Experience: Independent investor and senior advisor in healthcare and digital health. As an Advisory Board member, works with a US and an Israeli start-up developing artificial intelligence and software based solutions in the areas of diagnostics and neurological diseases, respectively. As an independent senior management and board-level adviser, works with healthcare providers and payors, medical technology companies, and private equity firms looking at growth opportunities in healthcare including digital transformation, innovation/disruption, and M&A. Former Co-owner and CEO of a mid-sized rehab clinic group focused on post acute treatment in orthopedics and cardiology. Previously Partner at McKinsey & Company, Inc., focused on growth topics in tech and healthcare. In February 2020 was appointed as an Independent Director of Enzo Biochem, Inc.



❖ **Nikoloz Gamkrelidze** | Director, CEO at GHG | Experience: previously BGEO Group CFO, CEO of Aldagi BCI and JSC My Family Clinic; World Bank Health Development Project; Masters degree in International Health Management from Imperial College London, Tanaka Business School.

Committees

- ❖ **Audit committee** – recommending the financial statements to our Board, and matters such as the risk of fraud, external auditors, annual external audit, financial and non-financial risk
- ❖ **Nomination committee** – review the structure, size and composition (including the skills, knowledge, experience and diversity) of our Board. To oversee appointments to and the succession of the Board.
- ❖ **Remuneration committee** – determine and make recommendations to our Board regarding the framework or broad policy for the remuneration
- ❖ **Clinical quality and safety committee** – monitoring our non-financial risks, including clinical performance, health and safety and facilities



Management



❖ **Nikoloz Gamkrelidze** | Director, CEO at GHG; formerly Deputy CEO (Finance) of BGEO Group PLC and CEO of Insurance Company Aldagi



❖ **Irakli Gogia** | Deputy CEO, Finance and Operations; formerly Deputy CEO at JSC Insurance Company Aldagi, CFO at Liberty Consumer, 4 years of experience at Ernst & Young and Deloitte & Touche



❖ **David Vakhtangishvili** | Deputy CEO, Chief Risk Officer; formerly CFO of JSC Bank of Georgia, 9 years experience at Andersen and Ernst & Young



❖ **Giorgi Mindiashvili** | Chief Operating Officer, Hospitals; prior to this role, Deputy CEO, Commercial; formerly CFO of JSC Insurance Company Aldagi, formerly Supervisory Board member of JSC My Family Clinic



❖ **Giorgi Gordadze** | Chief Operating Officer, Clinics; prior to this role, Head of Polyclinics Business (outpatient clinics); (effective May 2017), formerly Commercial Director at GPC, 20 years experience in pharmaceuticals business



❖ **Givi Giorgadze** | Chief Operating Officer, Medical Insurance; Since seven years experience in banking sector, formerly Director of Corporate Sales at Insurance Company BCI



❖ **Gregory ("Gia") Khurtsidze** | Deputy CEO, Clinical; two years experience as Clinical Director of the National Center of Internal Medicine at New Hospital in Tbilisi, worked as a physician and held administrative roles at various leading healthcare institutions in the USA



❖ **Enrico Beridze** | Head of Business Development and Strategic Marketing (effective January 2019); prior to this role, CEO GEPHA; 15 years experience in pharmaceuticals field, formerly CEO of ABC Pharmacia



❖ **Mikheil Abramidze** | Chief Operating Officer, Pharmacy and Distribution; (effective January 2019). 15 years experience in pharmaceuticals field, formerly COO of ABC Pharmacia



❖ **Mikheil Dolidze** | Chief Operating Officer, Diagnostics (effective December 2018); formerly Deputy Minister of Health, Labour and Social Affairs of Georgia from 2010 to 2012. 18 years of experience in the healthcare management and held various managerial positions



❖ **Nino Kortua** | Chief Legal Officer; 14 years experience in insurance field as a lawyer, formerly head of Aldagi Legal Department



❖ **Medea Chkhaidze** | Chief HR Officer; 10 years experience in human resource management, formerly Head of Personnel Management Division at Aldagi Insurance Company



❖ **Nino Chichua** | Chief Quality Officer; 13 years experience in Marketing, formerly CEO at Public Service Hall (LEPL)



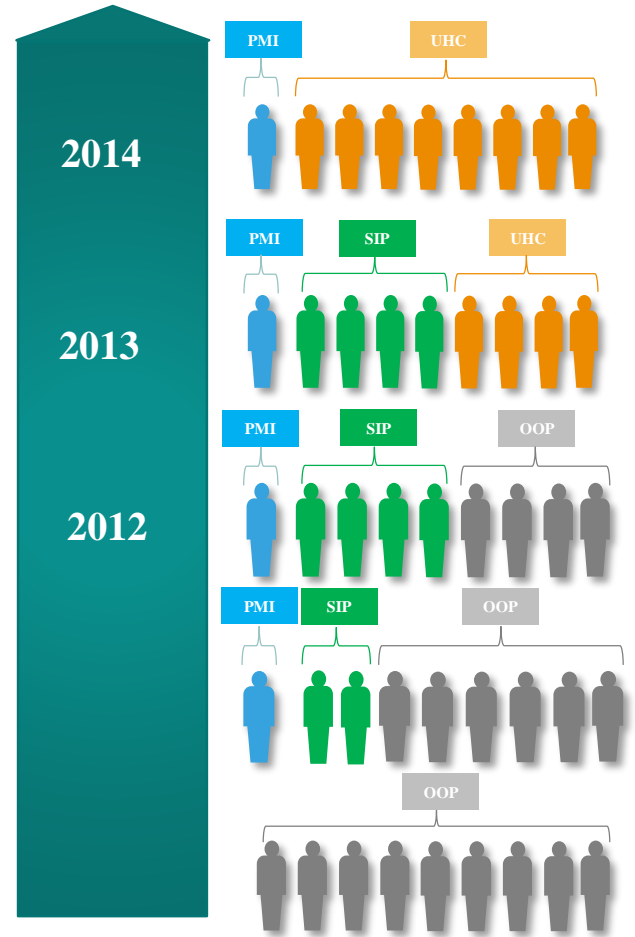
❖ **Manana Khurtsilava** | Chief of Internal Audit; 8 years experience in internal control/internal audit. Formerly head of the internal audit department of Insurance Company Aldagi.



Key Principles of UHC Programme

<h4>Overview</h4>	<ul style="list-style-type: none"> UHC was introduced in February, 2013 and replaced most of the previously existing state-funded medical insurance plans The main goal is to provide basic healthcare coverage to the entire population
<h4>Financing and top-up mechanism</h4>	<ul style="list-style-type: none"> UHC is fully financed by the government UHC doesn't reimburse 100% of costs in most cases, leaving substantial room for out-of-pocket payments by patients
<h4>Beneficiaries and providers</h4>	<ul style="list-style-type: none"> UHC beneficiaries may select any healthcare provider enrolled in the programme Actual prices charged to patients by healthcare providers are not regulated by the state Any provider, whether private or public, is eligible to participate in the programme

Healthcare coverage of Georgia's 3.7m population:



- OOP – out-of-pocket
- UHC – Universal Healthcare Program
- PMI – Private Medical Insurance
- SIP – State Insurance Program
- PMI, UHC, SIP include co-payments

GHG – Income statement, 1Q20 (1/2)

Income Statement, Quarterly

GEL thousands, unless otherwise noted	Hospitals					Clinics					Pharmacy and distribution					Medical insurance				
	1Q20	1Q19	Change, Y-o-Y	4Q19	Change, Q-o-Q	1Q20	1Q19	Change, Y-o-Y	4Q19	Change, Q-o-Q	1Q20	1Q19	Change, Y-o-Y	4Q19	Change, Q-o-Q	1Q20	1Q19	Change, Y-o-Y	4Q19	Change, Q-o-Q
Revenue, gross	70,819	74,774	-5.3%	73,553	-3.7%	12,140	11,107	9.3%	11,877	2.2%	175,029	145,779	20.1%	172,682	1.4%	18,068	17,493	3.3%	19,556	-7.6%
Corrections & rebates	(849)	(462)	83.8%	(423)	100.7%	(108)	(97)	11.3%	(34)	217.6%	-	-	-	-	-	-	-	-	-	-
Revenue, net	69,970	74,312	-5.8%	73,130	-4.3%	12,032	11,010	9.3%	11,843	1.6%	175,029	145,779	20.1%	172,682	1.4%	18,068	17,493	3.3%	19,556	-7.6%
Costs of services	(43,748)	(43,021)	1.7%	(43,247)	1.2%	(6,772)	(6,244)	8.5%	(6,018)	12.5%	(129,744)	(107,481)	20.7%	(127,761)	1.6%	(15,065)	(15,683)	-3.9%	(17,225)	-12.5%
Cost of salaries and other employee benefits	(25,082)	(25,241)	-0.6%	(25,969)	-3.4%	(4,111)	(3,843)	7.0%	(3,979)	3.3%	-	-	-	-	-	-	-	-	-	-
Cost of materials and supplies	(13,595)	(13,019)	4.4%	(13,010)	4.5%	(747)	(677)	10.3%	(698)	7.0%	-	-	-	-	-	-	-	-	-	-
Cost of medical service providers	(1,363)	(1,012)	34.7%	(1,164)	17.1%	(1,008)	(1,064)	-5.3%	(901)	11.9%	-	-	-	-	-	-	-	-	-	-
Cost of utilities and other	(3,708)	(3,749)	-1.1%	(3,104)	19.5%	(906)	(660)	37.3%	(440)	105.9%	-	-	-	-	-	-	-	-	-	-
Net insurance claims incurred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,420)	(14,914)	-3.3%	(16,540)	-12.8%	
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(645)	(769)	-16.1%	(685)	-5.8%	
Cost of pharma – wholesale	-	-	-	-	-	-	-	-	-	(38,459)	(34,117)	12.7%	(42,219)	-8.9%	-	-	-	-	-	-
Cost of pharma - retail	-	-	-	-	-	-	-	-	-	(91,285)	(73,364)	24.4%	(85,542)	6.7%	-	-	-	-	-	-
Gross profit	26,222	31,291	-16.2%	29,883	-12.3%	5,260	4,766	10.4%	5,825	-9.7%	45,285	38,298	18.2%	44,921	0.8%	3,003	1,810	65.9%	2,331	28.8%
Salaries and other employee benefits	(8,290)	(7,952)	4.3%	(7,769)	6.7%	(1,962)	(1,756)	11.7%	(1,863)	5.3%	(14,779)	(12,664)	16.7%	(13,167)	12.2%	(1,227)	(917)	33.8%	(1,359)	-9.7%
General and administrative expenses	(3,043)	(3,248)	-6.3%	(3,192)	-4.7%	(935)	(628)	48.9%	(885)	5.6%	(6,579)	(5,507)	19.5%	(6,716)	-2.0%	(517)	(355)	45.6%	(427)	21.1%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(3,168)</i>	<i>(3,427)</i>	<i>-7.6%</i>	<i>(3,349)</i>	<i>-5.4%</i>	<i>(1,251)</i>	<i>(1,082)</i>	<i>15.6%</i>	<i>(1,220)</i>	<i>2.5%</i>	<i>(12,024)</i>	<i>(9,909)</i>	<i>21.3%</i>	<i>(11,893)</i>	<i>1.1%</i>	<i>(627)</i>	<i>(440)</i>	<i>42.5%</i>	<i>(533)</i>	<i>17.6%</i>
Impairment of receivables	(1,153)	(1,137)	1.4%	(989)	16.6%	(20)	(75)	-73.3%	(21)	-4.8%	(1)	(58)	-98.3%	(290)	-99.7%	(310)	(103)	201.0%	(139)	123.0%
Other operating income	1,137	387	193.8%	2,077	-45.3%	358	223	60.5%	364	-1.6%	105	(106)	NMF	(386)	NMF	(90)	212	NMF	350	NMF
EBITDA	14,873	19,341	-23.1%	20,010	-25.7%	2,701	2,530	6.8%	3,420	-21.0%	24,031	19,963	20.4%	24,362	-1.4%	859	647	32.8%	756	13.6%
EBITDA excluding IFRS 16	14,748	19,162	-23.0%	19,853	-25.7%	2,385	2,076	14.9%	3,085	-22.7%	18,586	15,561	19.4%	19,185	-3.1%	749	562	33.3%	650	15.2%
EBITDA margin excluding IFRS 16	20.8%	25.6%		27.0%		19.6%	18.7%		26.0%		10.6%	10.7%		11.1%		4.1%	3.2%		3.3%	
Depreciation and amortization	(7,330)	(6,679)	9.7%	(7,224)	1.5%	(1,787)	(1,626)	9.9%	(1,790)	-0.2%	(5,073)	(4,538)	11.8%	(4,942)	2.7%	(281)	(269)	4.5%	(278)	1.1%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(7,152)</i>	<i>(6,516)</i>	<i>9.8%</i>	<i>(6,998)</i>	<i>2.2%</i>	<i>(1,425)</i>	<i>(1,228)</i>	<i>16.0%</i>	<i>(1,428)</i>	<i>-0.2%</i>	<i>(923)</i>	<i>(688)</i>	<i>34.2%</i>	<i>(860)</i>	<i>7.3%</i>	<i>(189)</i>	<i>(189)</i>	<i>0.0%</i>	<i>(187)</i>	<i>1.1%</i>
Net interest income (expense)	(7,293)	(6,613)	10.3%	(7,302)	-0.1%	(1,300)	(1,086)	19.7%	(1,196)	8.7%	(4,279)	(4,052)	5.6%	(4,242)	0.9%	361	113	219.5%	265	36.2%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(7,255)</i>	<i>(6,582)</i>	<i>10.2%</i>	<i>(7,226)</i>	<i>0.4%</i>	<i>(1,176)</i>	<i>(957)</i>	<i>22.9%</i>	<i>(1,076)</i>	<i>9.3%</i>	<i>(2,936)</i>	<i>(2,949)</i>	<i>-0.4%</i>	<i>(2,892)</i>	<i>1.5%</i>	<i>376</i>	<i>127</i>	<i>196.1%</i>	<i>277</i>	<i>35.7%</i>
Net gains/(losses) from foreign currencies	(4,251)	(115)	NMF	728	NMF	(825)	(61)	NMF	83	NMF	(16,749)	(27)	NMF	2,505	NMF	(73)	59	NMF	21	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(4,067)</i>	<i>(93)</i>	<i>NMF</i>	<i>627</i>	<i>NMF</i>	<i>25</i>	<i>(27)</i>	<i>NMF</i>	<i>(102)</i>	<i>NMF</i>	<i>(9,440)</i>	<i>206</i>	<i>NMF</i>	<i>951</i>	<i>NMF</i>	<i>6</i>	<i>63</i>	<i>-90.5%</i>	<i>2</i>	<i>200.0%</i>
Net non-recurring income/(expense)	(633)	(104)	NMF	(282)	124.5%	(77)	(52)	48.1%	(31)	151.2%	(57)	6	NMF	(33)	72.7%	-	-	-	-	-
Profit before income tax expense	(4,634)	5,830	NMF	5,930	NMF	(1,288)	(295)	NMF	487	NMF	(2,127)	11,352	NMF	17,650	NMF	866	550	57.5%	764	13.4%
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	-	-	(945)	-	NMF	(166)	NMF	(205)	(85)	141.2%	(148)	38.5%
Profit for the period	(4,634)	5,830	NMF	5,930	NMF	(1,288)	(295)	NMF	487	NMF	(3,072)	11,352	NMF	17,484	NMF	661	465	42.2%	616	7.3%
Attributable to:																				
- shareholders of the Company	(5,041)	4,317	NMF	4,705	NMF	(1,327)	(315)	NMF	455	NMF	(3,621)	6,867	NMF	11,074	NMF	661	465	42.2%	616	7.3%
- non-controlling interests	407	1,513	-73.1%	1,225	-66.8%	39	20	92.0%	32	21.9%	549	4,485	-87.8%	6,410	-91.4%	-	-	-	-	-
Profit for the period, excluding IFRS 16	(4,359)	5,867	NMF	5,974	NMF	(268)	(188)	42.6%	449	NMF	4,285	12,136	-64.7%	16,185	-73.5%	737	478	54.2%	594	24.1%
Attributable to:																				
- shareholders of the Company	(4,766)	4,354	NMF	4,749	NMF	(307)	(208)	47.4%	417	NMF	1,308	7,392	-82.3%	10,204	-87.2%	737	478	54.2%	594	24.1%
- non-controlling interests	407	1,513	-73.1%	1,225	-66.8%	39	20	92.0%	32	21.9%	2,977	4,744	-37.2%	5,981	-50.2%	-	-	-	-	-

GHG – Income statement, 1Q20 (2/2)

Income Statement, Quarterly

GEL thousands, unless otherwise noted	Diagnostics					Eliminations					GHG				
	1Q20	1Q19	Change, Y-o-Y	4Q19	Change, Q-o-Q	1Q20	1Q19	4Q19	1Q20	1Q19	Change, Y-o-Y	4Q19	Change, Q-o-Q		
Revenue, gross	1,666	1,154	44.4%	1,659	0.4%	(17,669)	(15,095)	(19,597)	260,053	235,211	10.6%	259,730	0.1%		
Corrections & rebates	-	-	-	-	-	-	-	-	(957)	(559)	71.2%	(457)	109.4%		
Revenue, net	1,666	1,154	44.4%	1,659	0.4%	(17,669)	(15,095)	(19,597)	259,096	234,652	10.4%	259,273	-0.1%		
Costs of services	(1,614)	(831)	94.2%	(1,431)	12.8%	17,240	14,763	19,204	(179,703)	(158,497)	13.4%	(176,479)	1.8%		
Cost of salaries and other employee benefits	(403)	(289)	39.4%	(485)	-16.9%	1,108	1,418	2,040	(28,488)	(27,955)	1.9%	(28,393)	0.3%		
Cost of materials and supplies	(1,068)	(393)	171.8%	(838)	27.4%	1,056	1,676	1,544	(14,354)	(12,413)	15.6%	(13,002)	10.4%		
Cost of medical service providers	(10)	(1)	NMF	(33)	-69.7%	1,616	1,278	1,611	(765)	(799)	-4.3%	(487)	57.0%		
Cost of utilities and other	(133)	(148)	-10.1%	(75)	77.3%	308	220	423	(4,439)	(4,337)	2.4%	(3,196)	38.9%		
Net insurance claims incurred	-	-	-	-	-	3,204	3,286	3,793	(11,216)	(11,628)	-3.5%	(12,747)	-12.0%		
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	(645)	(769)	-16.1%	(685)	-5.8%		
Cost of pharma – wholesale	-	-	-	-	-	9,948	6,885	9,793	(28,511)	(27,232)	4.7%	(32,426)	-12.1%		
Cost of pharma – retail	-	-	-	-	-	-	-	-	(91,285)	(73,364)	24.4%	(85,542)	6.7%		
Gross profit	52	323	-83.9%	228	-77.2%	(429)	(332)	(393)	79,393	76,155	4.3%	82,794	-4.1%		
Salaries and other employee benefits	(159)	(234)	-32.1%	(202)	-21.3%	951	129	848	(25,466)	(23,395)	8.9%	(23,512)	8.3%		
General and administrative expenses	(92)	(78)	17.9%	(51)	80.4%	(497)	135	(454)	(11,663)	(9,682)	20.5%	(11,725)	-0.5%		
<i>General and administrative expenses excluding IFRS 16</i>	<i>(92)</i>	<i>(84)</i>	<i>9.5%</i>	<i>(51)</i>	<i>80.4%</i>	<i>(497)</i>	<i>135</i>	<i>(454)</i>	<i>(17,659)</i>	<i>(14,808)</i>	<i>19.3%</i>	<i>(17,500)</i>	<i>0.9%</i>		
Impairment of receivables	-	(4)	NMF	19	NMF	169	205	239	(1,315)	(1,172)	12.2%	(1,181)	11.3%		
Other operating income	53	47	12.8%	53	0.0%	(238)	(135)	(240)	1,325	629	110.7%	2,218	-40.3%		
EBITDA	(146)	54	NMF	47	NMF	(44)	2	-	42,274	42,535	-0.6%	48,594	-13.0%		
EBITDA excluding IFRS 16	(146)	48	NMF	47	NMF	(44)	2	-	36,278	37,409	-3.0%	42,819	-15.3%		
EBITDA margin excluding IFRS 16	-8.8%	4.2%		2.8%					14.0%	15.9%		16.5%			
Depreciation and amortization	(29)	(65)	-55.4%	(27)	7.4%	1	-	-	(14,499)	(13,177)	10.0%	(14,261)	1.7%		
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(29)</i>	<i>(59)</i>	<i>-50.8%</i>	<i>(27)</i>	<i>7.4%</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>(9,717)</i>	<i>(8,679)</i>	<i>12.0%</i>	<i>(9,500)</i>	<i>2.3%</i>		
Net interest income (expense)	(115)	-	NMF	(103)	11.7%	-	-	(5)	(12,626)	(11,638)	8.5%	(12,583)	0.3%		
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(115)</i>	<i>-</i>	<i>NMF</i>	<i>(103)</i>	<i>11.7%</i>	<i>-</i>	<i>-</i>	<i>(5)</i>	<i>(11,106)</i>	<i>(10,362)</i>	<i>7.2%</i>	<i>(11,025)</i>	<i>0.7%</i>		
Net gains/(losses) from foreign currencies	(3)	(6)	-50.0%	(5)	-40.0%	-	-	-	(21,901)	(148)	NMF	3,332	NMF		
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(3)</i>	<i>(6)</i>	<i>-50.0%</i>	<i>(5)</i>	<i>-40.0%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(13,479)</i>	<i>145</i>	<i>NMF</i>	<i>1,473</i>	<i>NMF</i>		
Net non-recurring income/(expense)	-	(5)	NMF	-	-	-	(1)	-	(767)	(155)	NMF	(345)	122.2%		
Profit before income tax expense	(293)	(22)	NMF	(88)	233.0%	(43)	1	(5)	(7,519)	17,417	NMF	24,737	NMF		
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	(1,150)	(85)	NMF	(314)	266.2%		
Profit for the period	(293)	(22)	NMF	(88)	233.0%	(43)	1	(5)	(8,669)	17,332	NMF	24,423	NMF		
Attributable to:															
- shareholders of the Company	(293)	(22)	NMF	(88)	233.0%	(43)	1	(5)	(9,664)	11,310	NMF	16,756	NMF		
- non-controlling interests	-	-	-	-	-	-	-	-	995	6,022	-83.5%	7,667	-87.0%		
Profit for the period, excluding IFRS 16	(293)	(22)	NMF	(88)	233.0%	(43)	1	(5)	59	18,273	-99.7%	23,108	-99.7%		
Attributable to:															
- shareholders of the Company	(293)	(22)	NMF	(88)	233.0%	(43)	1	(5)	(3,364)	11,995	NMF	15,869	NMF		
- non-controlling interests	-	-	-	-	-	-	-	-	3,423	6,277	-45.5%	7,238	-52.7%		

Sources: GHG Internal Reporting

(1) Represents IFRS 16 impact on General and administrative expenses

<i>GEL thousands; unless otherwise noted</i>	1Q20	1Q19	Change, Y-o-Y
EBITDA	36,278	37,409	-3.0%
Net cash flows from operating activities	43,192	26,235	64.6%
<hr/>			
EBITDA to Cash Conversion	119%	70%	
<hr/>			
Net cash used in investing activities, of which:	(16,334)	(15,149)	7.8%
<i>Purchase of PPE and intangibles</i>	(9,743)	(9,505)	2.5%
Net cash flows from financing activities	7,910	(30,381)	NMF
Effect of exchange rate changes	134	(71)	NMF
Net increase (decrease) in cash and cash equivalents	34,902	(19,366)	NMF
<hr/>			
Cash at period, beginning	18,417	36,154	-49.1%
Cash at period, ending	53,319	16,788	217.6%
<hr/>			
Bank deposits, beginning	13,588	11,807	15.1%
Bank deposits, ending	14,846	10,807	37.4%
<hr/>			
Cash and bank deposits, beginning	32,005	47,961	-33.3%
Cash and cash deposits, ending	68,165	27,596	147.0%

GEL thousands; unless otherwise noted

	<u>Hospitals</u>					<u>Clinics</u>					<u>Pharmacy and distribution</u>				
	31-Mar -20	31-Mar-19	Change, Y-o-Y	31-Dec-19	Change, Q-o-Q	31-Mar -20	31-Mar-19	Change, Y-o-Y	31-Dec-19	Change, Q-o-Q	31-Mar -20	31-Mar-19	Change, Y-o-Y	31-Dec-19	Change, Q-o-Q
Assets:															
Cash and bank deposits	19,732	7,536	161.8%	6,850	188.1%	1,384	616	124.7%	724	91.2%	26,833	7,268	269.2%	7,774	245.2%
Property and equipment ⁵	505,990	515,542	-1.9%	508,906	-0.6%	98,407	97,495	0.9%	98,065	0.3%	35,302	32,010	10.3%	35,161	0.4%
Inventory	18,931	17,439	8.6%	16,461	15.0%	1,553	1,035	50.0%	1,270	22.3%	157,699	127,512	23.7%	155,075	1.7%
Liabilities:															
Borrowed Funds	247,412	246,565	0.3%	247,770	-0.1%	47,083	41,085	14.6%	45,837	2.7%	105,692	91,734	15.2%	84,712	24.8%
Accounts payable	45,672	47,451	-3.7%	44,337	3.0%	8,005	3,499	128.8%	7,232	10.7%	120,379	81,055	48.5%	110,690	8.8%
Lease liabilities, of which	2,911	1,994	46.0%	4,054	-28.2%	8,880	8,615	3.1%	8,372	6.1%	85,035	66,702	27.5%	77,700	9.4%
<i>IFRS 16 impact</i>	<i>2,911</i>	<i>1,994</i>		<i>4,054</i>		<i>204</i>	<i>(60)</i>		<i>(304)</i>		<i>85,035</i>	<i>66,702</i>		<i>77,700</i>	

GEL thousands; unless otherwise noted

	<u>Medical Insurance</u>					<u>Diagnostics</u>					<u>Eliminations</u>			<u>GHG</u>				
	31-Mar -20	31-Mar-19	Change, Y-o-Y	31-Dec-19	Change, Q-o-Q	31-Mar -20	31-Mar-19	Change, Y-o-Y	31-Dec-19	Change, Q-o-Q	31-Mar -20	31-Mar-19	31-Dec-19	31-Mar -20	31-Mar-19	Change, Y-o-Y	31-Dec-19	Change, Q-o-Q
Assets																		
Cash and bank deposits	20,098	12,124	65.8%	16,583	21.2%	118	52	126.9%	74	59.5%	-	-	-	68,165	27,596	147.0%	32,005	113.0%
Property and equipment	14,985	15,226	-1.6%	15,054	-0.5%	14,476	14,406	0.5%	14,472	0.0%	-	-	-	669,160	674,678	-0.8%	671,658	-0.4%
Inventory	198	-	NMF	-	NMF	1,480	512	189.1%	1,656	-10.6%	-	-	-	179,861	146,499	22.8%	174,462	3.1%
Liabilities:																		
Borrowed Funds	9,191	5,939	54.8%	7,450	23.4%	4,726	-	NMF	3,876	21.9%	(19,399)	(11,578)	(26,060)	394,705	373,745	5.6%	363,585	8.6%
Accounts payable	270	-	NMF	-	NMF	2,751	937	193.6%	2,810	-2.1%	(42,034)	(28,940)	(36,369)	135,043	104,001	29.8%	128,700	4.9%
Lease liabilities, of which	857	823	4.1%	665	28.9%	-	10	NMF	-	-	-	-	-	97,683	78,145	25.0%	90,791	7.6%
<i>IFRS 16 impact</i>	<i>857</i>	<i>823</i>		<i>665</i>		<i>-</i>	<i>10</i>		<i>-</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>89,007</i>	<i>69,469</i>		<i>82,115</i>	

Sources: GHG Internal Reporting

(1) All prior period PPE balances are restated for changing accounting policy with respect to PPE, transitioning from revaluation model to cost model as well as for reclassifying assets, emerging from adoption of IFRS 16, from "PPE" to "Right of use assets" caption. For more information please refer to page 11 in this report

Selected ratios and KPIs

Selected ratios and KPIs	1Q20	1Q19	4Q19		1Q20	1Q19	4Q19
GHG							
EPS, GEL excluding IFRS 16	-0.03	0.09	0.12	Pharmacy and distribution			
EPS adjusted ¹ , GEL excluding IFRS 16	0.07	0.09	0.12	EBITDA margin excluding IFRS 16	10.6%	10.7%	11.1%
ROIC (%)	11.8%	12.3%	14.4%	Number of bills issued	7.67mln	7.16mln	7.63mln
Group rent expenditure	6,487	5,896	6,793	Average bill size	15.7	13.7	15.1
<i>of which, pharmacy and distribution business</i>	<i>6,148</i>	<i>5,325</i>	<i>6,315</i>	Revenue from wholesale as a percentage of total revenue from pharma	26.5%	28.9%	28.8%
Group capex (maintenance)	3,218	3,184	3,200	Revenue from retail as a percentage of total revenue from pharma	73.5%	71.1%	71.2%
Group capex (growth)	6,525	6,321	8,384	Revenue from para-pharmacy as a percentage of retail revenue from pharma	30.1%	29.3%	30.2%
				Number of pharmacies	298	276	296
Number of employees	15,842	16,092	15,874	Medical insurance			
Number of physicians	3,584	3,635	3,567	Loss ratio	79.8%	85.3%	84.6%
Number of nurses	3,381	3,404	3,355	Expense ratio excluding IFRS 16, of which	17.1%	12.6%	13.1%
Nurse to doctor ratio, referral hospitals	0.94	0.94	0.94	<i>Commission ratio</i>	<i>3.6%</i>	<i>4.4%</i>	<i>3.5%</i>
Number of pharmacists	2,898	2,971	2,882	Combined ratio excluding IFRS 16	96.9%	97.9%	97.6%
				Renewal rate	65.3%	74.4%	77.7%
Total number of shares	131,681,820	131,681,820	131,681,820	Diagnostics			
Less: Treasury shares	(2,211,449)	(2,777,744)	(2,411,652)	EBITDA margin excluding IFRS 16 impact	-8.8%	4.2%	2.8%
Shares outstanding	129,470,371	128,904,076	129,270,168	Number of patients served ('000)	139	67	130
<i>Of which:</i>				Number of tests performed ('000)	325	172	290
Total free float	36,458,957	54,154,256	36,258,754	Average revenue per test GEL	5.1	6.7	5.7
Shares held by Georgia Capital PLC	93,011,414	74,749,820	93,011,414	Average number of tests per patient	2.3	2.6	2.2
Hospitals							
EBITDA margin excluding IFRS 16	20.8%	25.6%	27.0%				
Direct salary rate (direct salary as % of revenue)	35.4%	33.8%	35.3%				
Materials rate (direct materials as % of revenue)	19.2%	17.4%	17.7%				
Administrative salary rate (administrative salaries as % of revenue)	11.7%	10.6%	10.6%				
SG&A rate (SG&A expenses as % of revenue)	4.5%	4.6%	4.6%				
Number of hospitals	18	18	18				
Number of hospital beds	2,967	2,967	2,967				
Hospitals bed occupancy rate ²	60.5%	62.3%	57.6%				
Hospitals bed occupancy rate, excluding Tbilisi Referral							
Hospital and Caucasus Medical Centre beds ²	63.7%	67.2%	61.8%				
Caucasus Medical Centre bed occupancy rate ²	41.0%	35.6%	37.9%				
Tbilisi Referral Hospital bed occupancy rate ²	55.9%	52.2%	45.8%				
Average length of stay (days) ²	5.4	5.4	5.4				
Clinics							
EBITDA margin excluding IFRS 16	19.6%	18.7%	26.0%				
EBITDA margin of polyclinics excluding IFRS 16	13.7%	14.6%	26.5%				
Direct salary rate (direct salary as % of revenue)	33.9%	34.6%	33.5%				
Materials rate (direct materials as % of revenue)	6.2%	6.1%	5.9%				
Number of community clinics	19	19	19				
Number of community clinics beds	353	353	353				
Number of polyclinics	15	16	15				

Sources: GHG Internal Reporting

(1) Adjusted to exclude losses from foreign currencies and non-recurring expenses

(2) Excluding emergency beds



Forward looking statements

This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Georgia Healthcare Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: business integration risk; compliance risk; recruitment and retention of skilled medical practitioners risk; clinical risk; concentration of revenue and the Universal Healthcare Programme; currency and macroeconomic; information technology and operational risk; regional tensions and political risk; and other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports, including the “Principal Risks and Uncertainties” included in Georgia Healthcare Group PLC’s Annual Report and Accounts 2019. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Healthcare Group PLC or any other entity, and must not be relied upon in any way in connection with any investment decision. Georgia Healthcare Group PLC undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast.