



GEORGIA
HEALTHCARE
GROUP



Investor Presentation

Third quarter and nine-month of 2019 results

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

*November 2019
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:** 23.2% market share by number of referral hospitals and community clinics beds – 3,320⁽²⁾.
- ✓ **The largest pharmaceuticals retailer and wholesaler in Georgia:** 32% market share by sales⁽³⁾, over two million client interactions per month, with c.0.8 million loyalty card members.
- ✓ **The largest medical insurer in Georgia:** 31.9% market share⁽⁴⁾ by revenue, c.230,000 insured individuals as of September 2019.
- ✓ **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 Georgia healthcare ecosystem with a cost advantage due to its 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: 16,110 full-time employees, including 3,643 physicians, 3,396 nurses and 2,945 pharmacists
- ✓ **Referral system and synergies with insurance and pharmacy and distribution businesses:**
 - Presence of patient pathway and referral synergies
 - Insurance activities provide steady revenue stream for our polyclinics and bolster hospital patient referrals
 - Around c.0.8 million loyal customers in our pharmacies with an upside to cross-sell



**GEORGIA
HEALTHCARE
GROUP**

Long-term high-growth opportunities

3

- ✓ **Low base:** Georgia with low per capita expenditure on healthcare – US\$324⁽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 4.5% annually in 2007-2018. c.9% of GDP is spent on healthcare and spending is growing at 11.5% compound annual growth rate (“CAGR”) between 2000 and 2014; 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

4

Strong management with proven track record

- ✓ **Strong business management team** – an increased market share by beds from under 1% in 2009 to 23.2% currently, by building the modern infrastructure. Entered the pharmacy and distribution market in 2016, where currently GHG holds 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⁾; 57% 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 30 September 2019, 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 June 2019; Insurance State Supervision Service Agency of Georgia (“ISSSG”)

(5) Frost and Sullivan analysis - data for 2016

(6) NCDC statistical yearbook 2018

(7) Ranked #6 in World Bank’s 2019 “Ease of Doing Business Report”, ahead of all its neighboring countries and several EU countries.

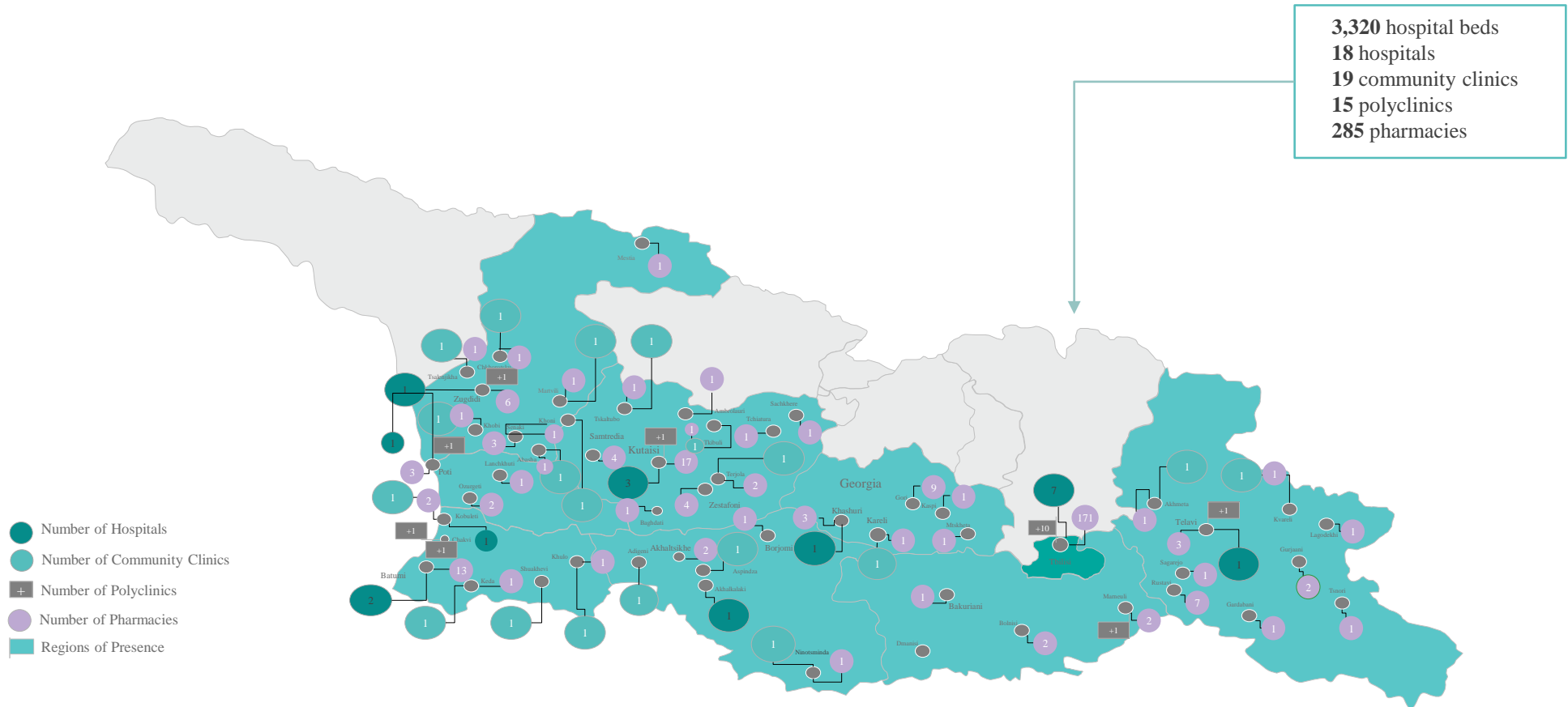
(8) Ministry of Finance, Ministry of Economy

(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

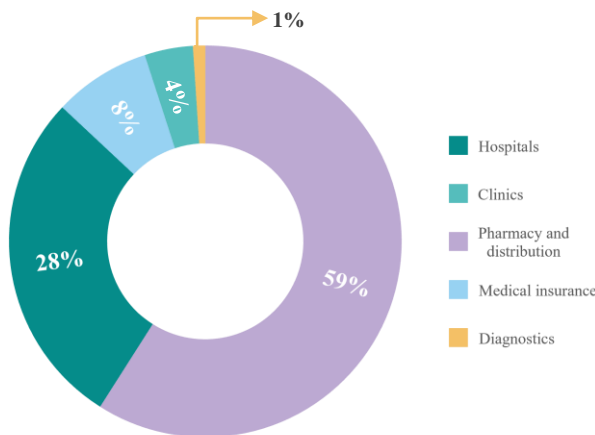




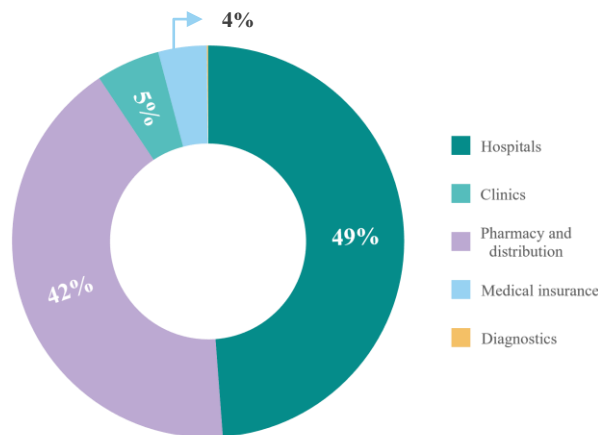
GHG businesses overview

	Hospitals	Clinics		Pharmacy and Distribution	Medical insurance	Diagnostics
Healthcare services	18 Referral Hospitals General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities	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	285 Pharmacies Wholesaler and urban-retailer, with a countrywide distribution network	c.230,000 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	23.2% by beds ⁽¹⁾ (total 3,320 beds)		c.3% by revenue	32% by revenue ⁽²⁾	31.9% by revenue ⁽³⁾	N/A
EBITDA margin⁽⁴⁾	EBITDA Margin: 25.2%		EBITDA Margin: 17.7%	EBITDA Margin: 10.4%	EBITDA Margin: 8.2%	EBITDA Margin: 3.4%

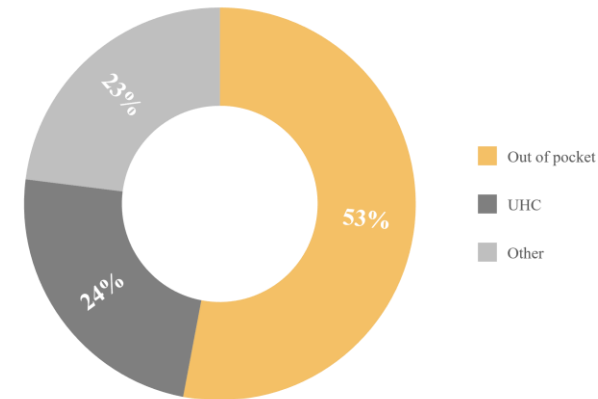
GHG revenue breakdown by segments



GHG EBITDA⁽⁴⁾ breakdown by segments



GHG revenue breakdown by payment sources



Sources

- (1) NCDC 2018, updated by GHG to include the changes before 30 September 2019; excluding specialty beds
- (2) Total Market size 2018 – Frost & Sullivan analysis, revenue distribution between competitors represents managements estimates
- (3) Market share as of 30 June 2019
- (4) Excluding IFRS 16 effect



18 Hospitals

Revenue share in Group's revenue

28%

EBITDA share in Group's EBITDA

49%



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

	3Q19	3Q18	Change, y-o-y %	9M19	9M18	Change, y-o-y %
Revenue (GEL, millions)	68.7	64.1	7.1%	217.7	196.2	10.9%
EBITDA excluding IFRS 16 (GEL, millions)	16.8	16.4	2.6%	54.8	50.9	7.7%
EBITDA margin excluding IFRS 16 (%)	24.5%	25.6%	-1.1 ppts	25.2%	26.0%	-0.8 ppts
Number of Hospital beds	2,967	2,967	-	2,967	2,967	-
Bed occupancy rate ⁽¹⁾ (%)	52.4%	58.5%	-6.1 ppts	61.2%	63.3%	-2.1 ppts
Average length of stay (days)	5.2	5.4	-0.2	5.4	5.5	-0.1
Average revenue per hospital bed (GEL, thousands)	92.6	86.5	7.1%	146.7	132.3	10.9%

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



Successful ramp-up of Caucasus Medical Centre⁽¹⁾

Positioned as hospital of choice, the Caucasus Medical Centre is already in country's top 3 largest hospitals by revenue



306

Number of beds

35.8%⁽²⁾

Occupancy rate

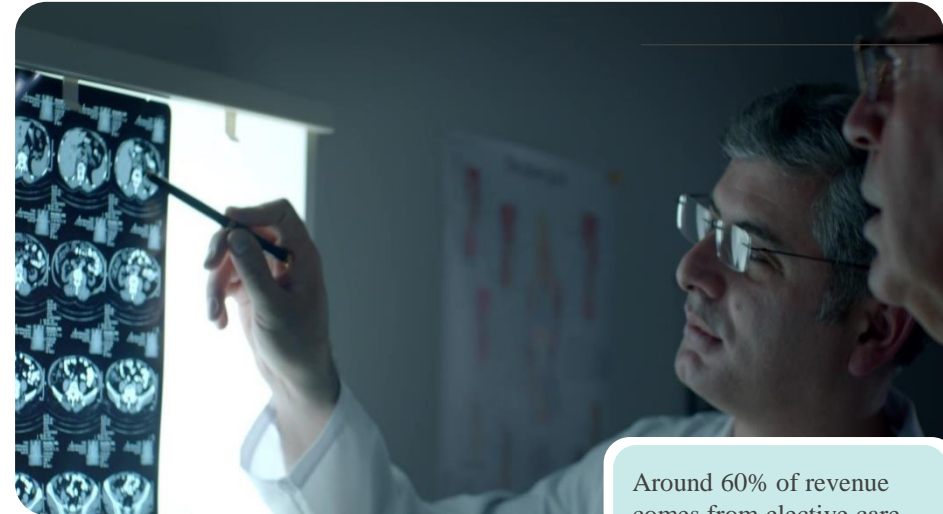
9

Number of operating rooms

1

Average number of surgeries per operating theater

- Opened in March 2018
- Double-digit EBITDA margin since 1Q19



Around 60% of revenue comes from elective care services

More than 42% of revenue is paid out-of-pocket - in line with our initial plan

(1) Formerly Regional Hospital, rebranded as Caucasus Medical Centre in October 2019

(2) Occupancy rate for 9M19



Successful ramp-up of Tbilisi Referral Hospital

The multi-profile hospital in Tbilisi, covering all types of tertiary healthcare services



332

Number of beds

46.5%⁽¹⁾

Occupancy rate

(1) Occupancy rate for 9M19

6

Number of operating rooms

2

Average number of surgeries per operating theater

- Opened in December 2017
- Double-digit EBITDA margin since 4Q18

The hospital also represents east Georgia's referral hub





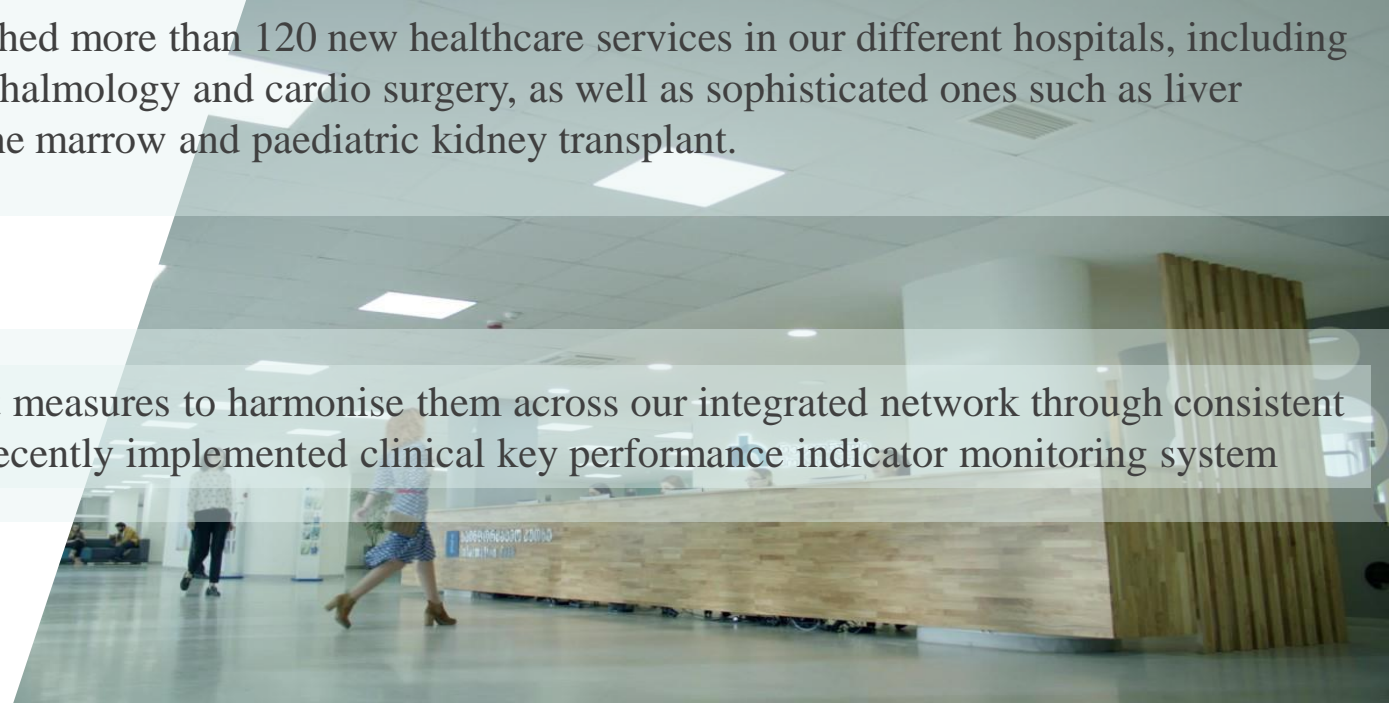
Investing in service development to cover existing service gaps in the country

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

5%

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

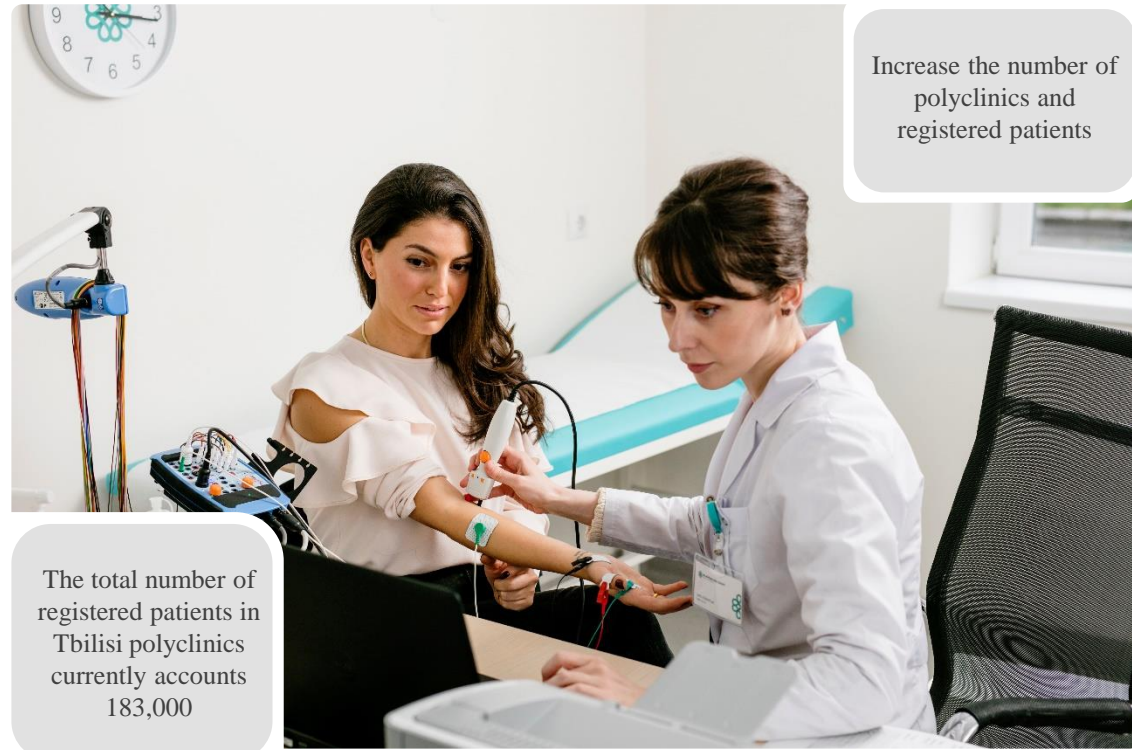
	3Q19	3Q18	Change, y-o-y %	9M19	9M18	Change, y-o-y %
Revenue, of which: (GEL, millions)	10.6	8.9	18.6%	32.5	28.3	15.0%
Community*	5.0	4.5	11.1%	15.5	14.1	9.7%
Polyclinics*	5.5	4.3	26.8%	16.7	13.7	21.9%
EBITDA excluding IFRS 16 (GEL, millions)	1.8	1.2	46.3%	5.8	4.0	45.3%
EBITDA margin excluding IFRS 16 (%)	16.9%	13.7%	3.2 ppts	17.7%	14.0%	3.7 ppts
Number of Community clinic beds	353	353	-	353	353	-
Number of registered patients in Tbilisi	c.175,000	c.126,000	49,000	c.175,000	c.126,000	49,000

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



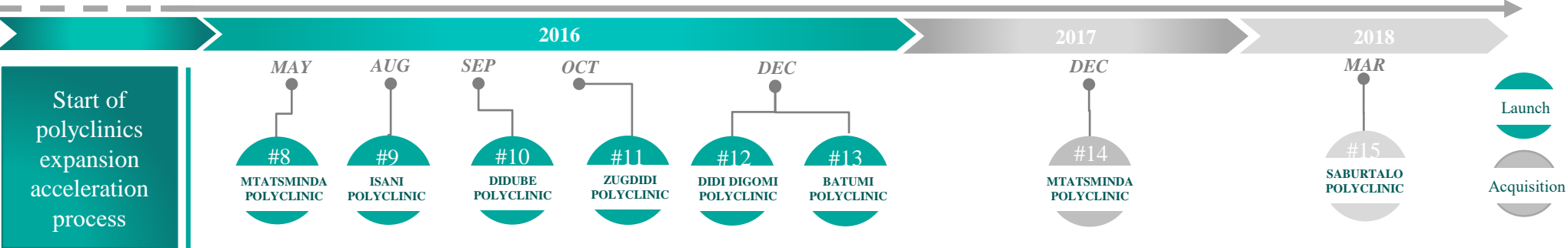
Focused growth strategy in outpatient market

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 183,000



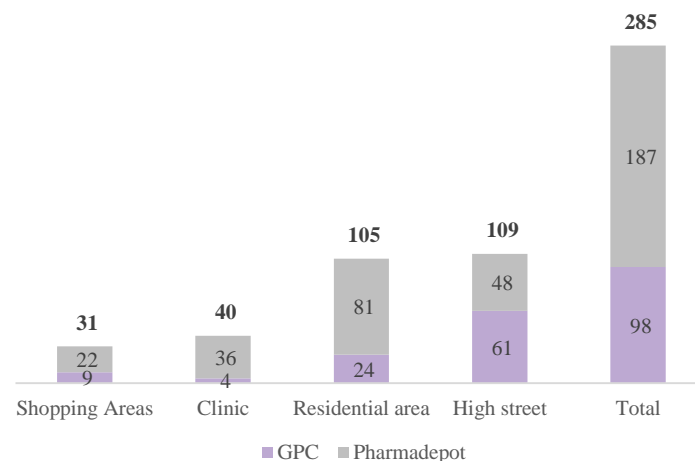


Pharmacy and distribution business overview



+ 285 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

	3Q19	3Q18	Change, y-o-y %	9M19	9M18	Change, y-o-y %
Revenue (GEL, millions)	146.8	123.3	19.0%	442.0	377.5	17.1%
EBITDA excluding IFRS 16 (GEL, millions)	15.2	12.4	22.5%	46.1	37.0	24.7%
EBITDA margin excluding IFRS 16 (%)	10.4%	10.1%	0.3 ppts	10.4%	9.8%	0.6 ppts
Number of bills issued (millions)	6.98	6.52	0.46	21.21	19.95	1.26
Average bill size (GEL)	14.2	13.2	7.7%	14.0	13.2	5.8%
Number of customer interaction per month (millions)	c.2.3	c.2.2	0.1	c.2.4	c.2.2	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 5 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.



c.230,000 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 3Q19 and 9M19, 42.6% and 41.6% of medical expense claims were retained within the Group.

Highlights

	3Q19	3Q18	Change, y-o-y %	9M19	9M18	Change, y-o-y %
Revenue (GEL, millions)	19.4	14.2	36.5%	55.8	41.2	35.3%
Loss ratio (%)	73.4%	64.8%	8.6 ppts	80.2%	77.0%	3.2 ppts
EBITDA excluding IFRS 16 (GEL, millions)	2.8	2.7	3.4%	4.6	3.4	34.1%
Combined ratio excluding IFRS 16 (%)	86.7%	82.4%	4.3 ppts	92.8%	93.1%	-0.3 ppts
Renewal rate	77.1%	76.8%	0.3 ppts	77.4%	73.3%	4.1 ppts



Diagnostics



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

	3Q19	9M19
Revenue (GEL millions)	1.1	3.4
EBITDA margin excluding IFRS 16 (%)	1.6%	3.4%
Number of patient served ('000)	87	214
Number of tests performed ('000)	196	552
Average number of tests per patient	2.3	2.6



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.
- Mega Lab started to develop a retail network and capitalise on our pharmacy and distribution business' scale - being the largest retailer in the country.



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

Laboratory tests introduced in the region for the first time, performed with the latest technologies, include:

The multi-disciplinary laboratory is equipped with the most up-to-date infrastructure and state-of-the-art equipment

Electrophoresis
Flow cytometry
PCR-genetic
PCR-microbiology

Developing Lab retail

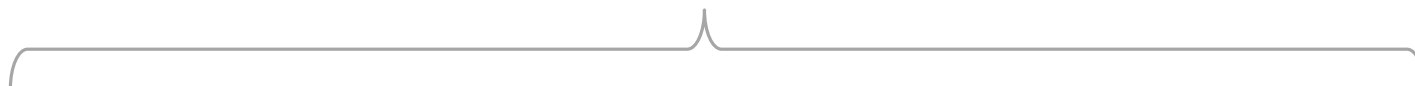
- Since June 2019, opened seven blood collection points in one of our pharmacies and plan to continue the process to arrive at c.50 blood collection points in coming years.
- The Mega Lab will also work on additional external contracts, serving healthcare facilities outside the Group.





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)

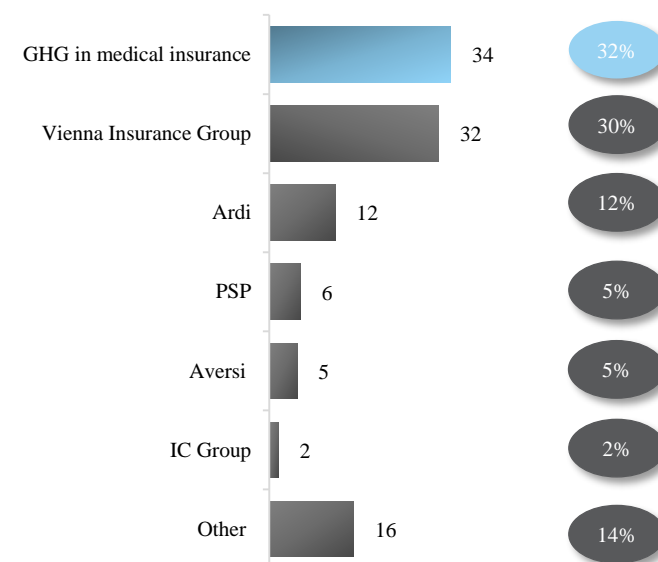
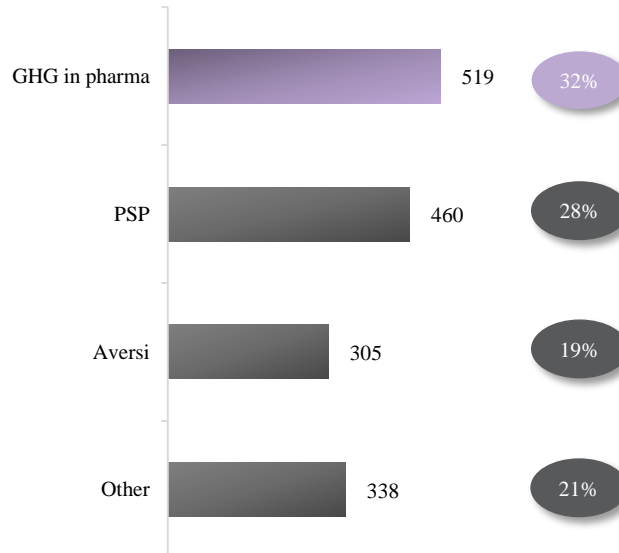
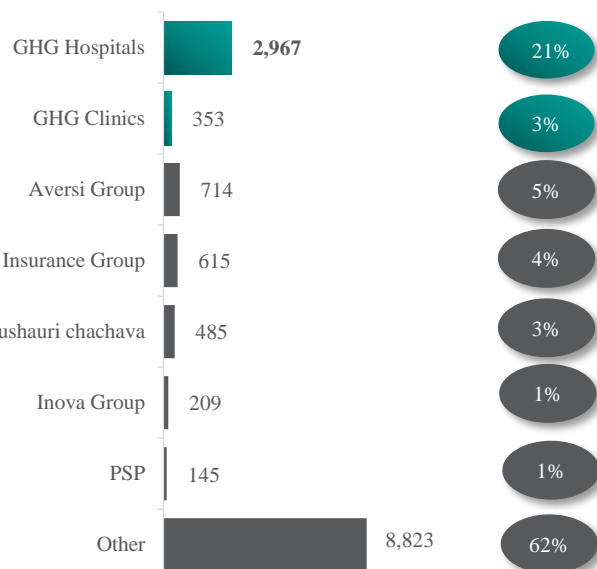
(Number of Beds as of September 2019)⁽¹⁾

Pharmacy and distribution

(Revenue, 2018 GEL millions)⁽²⁾

Medical Insurance

(Gross premium revenue 2Q19, GEL million)⁽³⁾



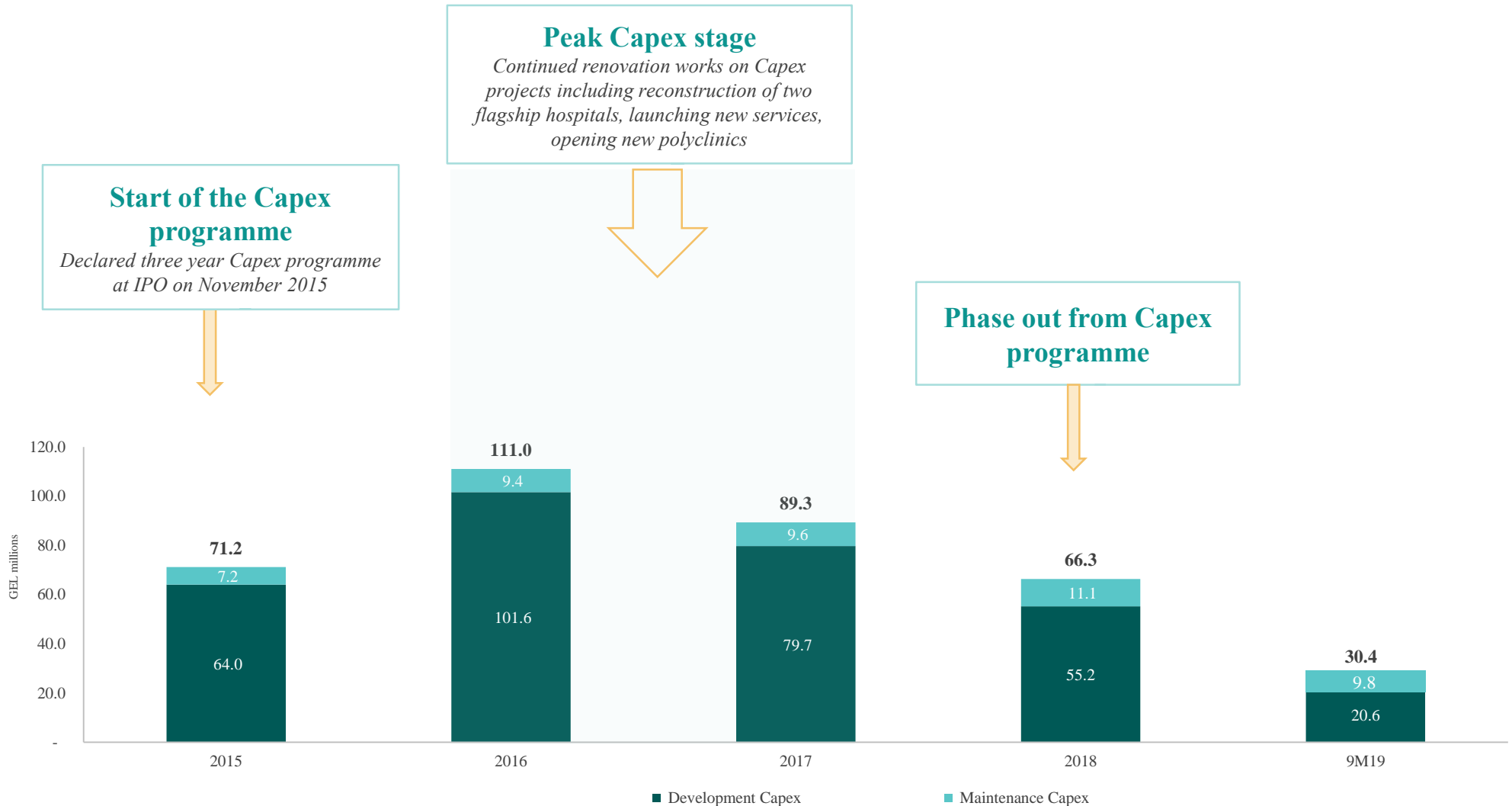
● Market share

Sources:

- (1) NCDC, data as of December 2018, updated by GHG to include changes before 30 September 2019; excluding speciality beds
- (2) Total market Frost & Sullivan analysis 2018.; revenue distribution between competitors represents managements estimates
- (3) ISSSG as of 30 June 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

 Annexes



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
 - › Decreasing cost of funding
- 3** Efficiency
 - › Service processes automatisation
 - › 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
 - › Dividend policy
 - › Investing in new opportunities

Growth pipeline

- 1** Business organic growth
 - › Supportive macro environment
 - › Growing healthcare budget
 - › 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

Hospitals

- 1 Matured hospitals organic growth in line with market
- 2 Successful ramp-up of newly-launched hospitals
- 3 Supporting growth pillars (medical tourism; clinical trials)
- 4 Forming joint ventures in synergetic businesses
- 5 Digitalisation

Polyclinic

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

Pharmacy and distribution

- 1 Expanding retail footprint
- 2 Retail margin enhancement (private label products)
- 3 New retail categories (lab service, beauty)
- 4 Growing wholesale revenue (hospital supplies)
- 5 Digital channels

Medical Insurance

- 1 Growing the number of insured clients
- 2 Enhance gross profit through introduction of “fee business” (motor CASCO distribution, motor TPL distribution)
- 3 Increasing retention rates within the Group

Diagnostics

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



Segments' medium to long term targets

Hospitals

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

Clinics

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

Pharmacy and 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 5 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

✓

- 4,500 doctors retrained in 48 programmes
- 4,900 nurses retrained in 22 programmes
- 178 ToTs developed
- 179 residents in 29 specialties
- 24 residents graduated this year out of which 23 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**

 Annexes



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 (Population of 1.1 million people)
- Currency: Lari (GEL)

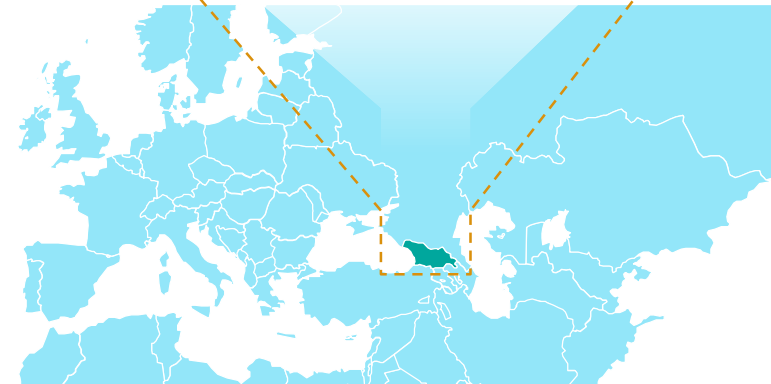


**Ease of Doing Business
Best Improvement since
2005**

- Nominal GDP⁽¹⁾: 2018 GEL 41.1bln (US\$16.2bln)
- Real GDP growth rate 2014-2018: 4.6%, 2.9%, 2.8%, 4.8%, 4.7%
- Real GDP 2007-2018 annual average growth rate: 4.5%
- GDP per capita 2018 (PPP, international dollar) per IMF: 11,485
- Inflation rate (e-o-p) 2018: 1.5%
- External public debt to GDP 2018: 34.3%

• Sovereign ratings:

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

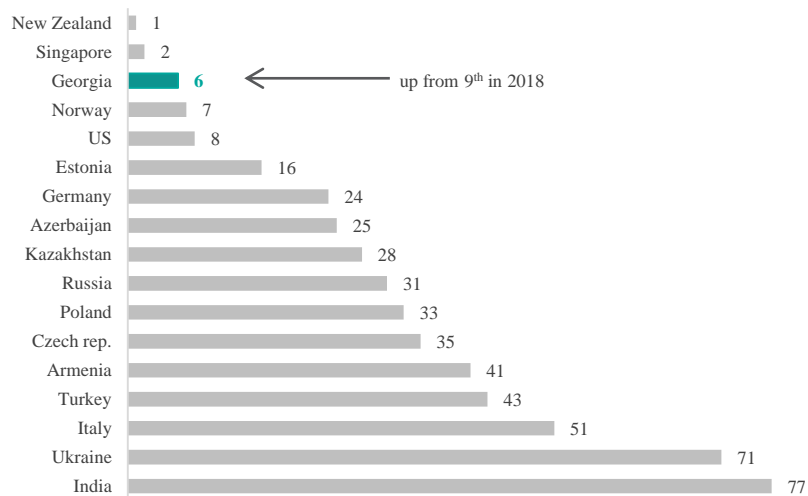


Source:
(1) GeoStat



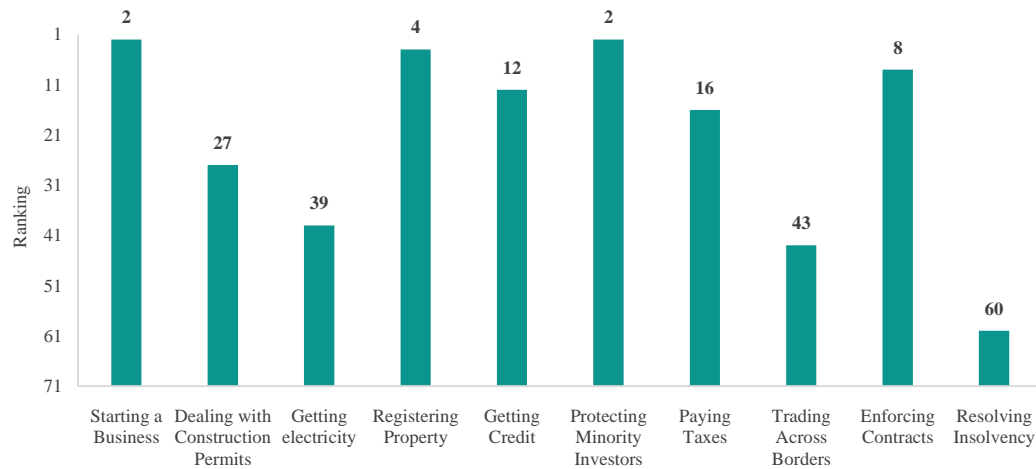
Georgia | top improver on World Bank's Ease of Doing Business Report

Ease of Doing Business | 2019

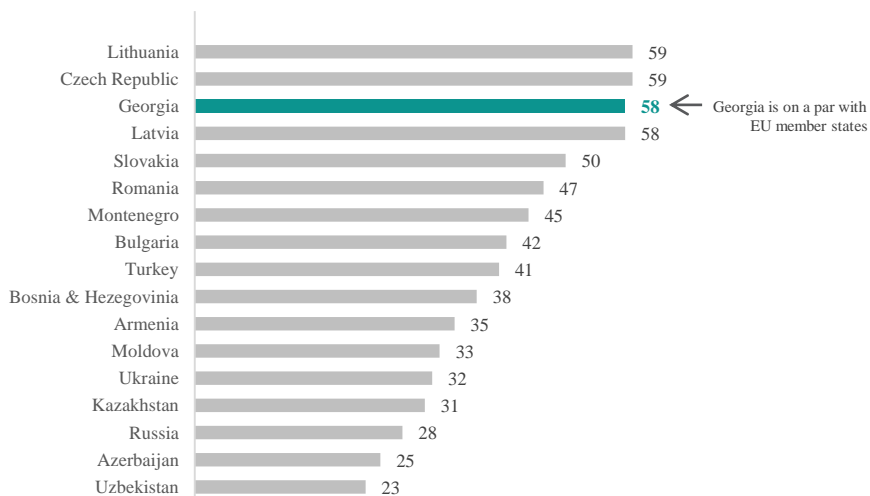


Source: WB Doing Business Report

Rankings on Doing Business Topics – Georgia

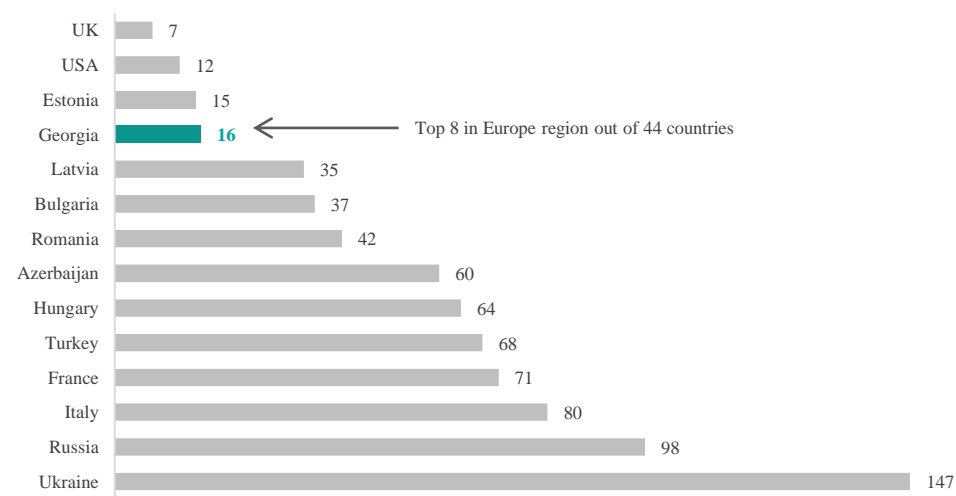


Global Corruption Barometer | TI 2018



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

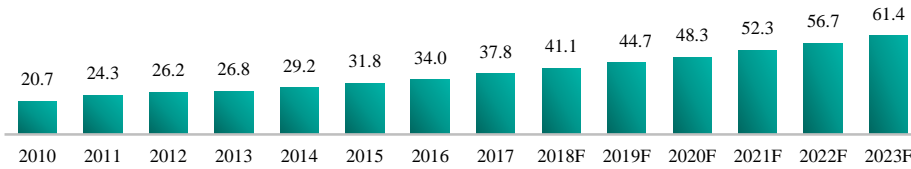
Economic Freedom Index | 2019



Source: Heritage Foundation



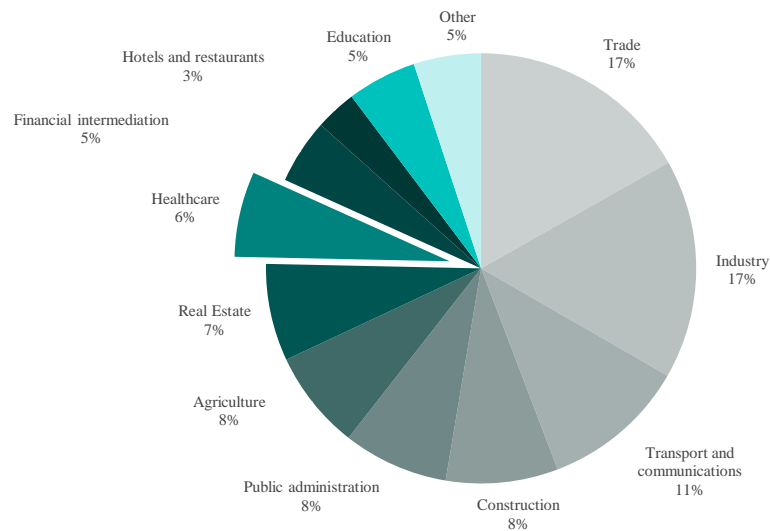
GDP Growth Expected to Continue



Sources: GeoStat, IMF

Nominal GDP, GEL bln

Diversified nominal GDP structure, 1H19



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\$ 3.2bn in 2018 and total arrivals reached 8.7mln visitors in 2018 (up 9.8% y-o-y), out of which tourist arrivals were up 17.0% y-o-y to 4.8mln visitors

Strong FDI

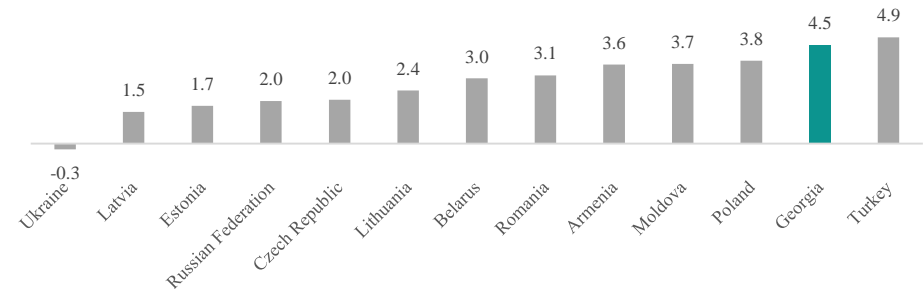
- FDI at US\$1.3 billion (7.8% of GDP) in 2018
- FDI averaged 9.8% of GDP in 2007-2018

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, % 2007-18 Average

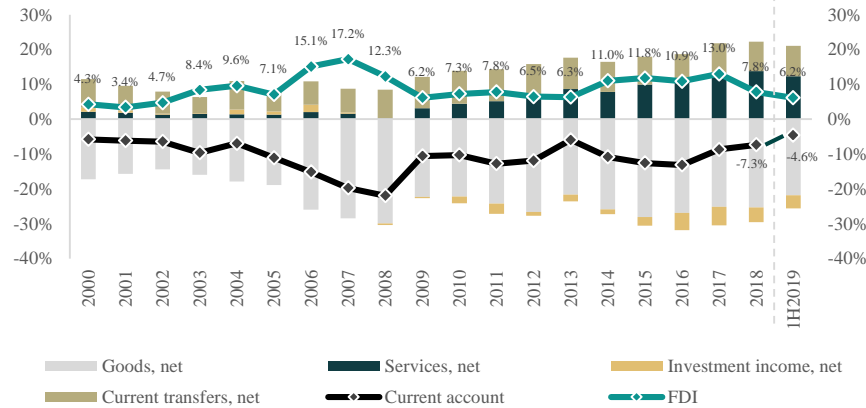


Source: IMF



Current account balance (% of nominal GDP)

Double digit shrinking in the trade deficit helped CAB to improve to a historic low in 1H19



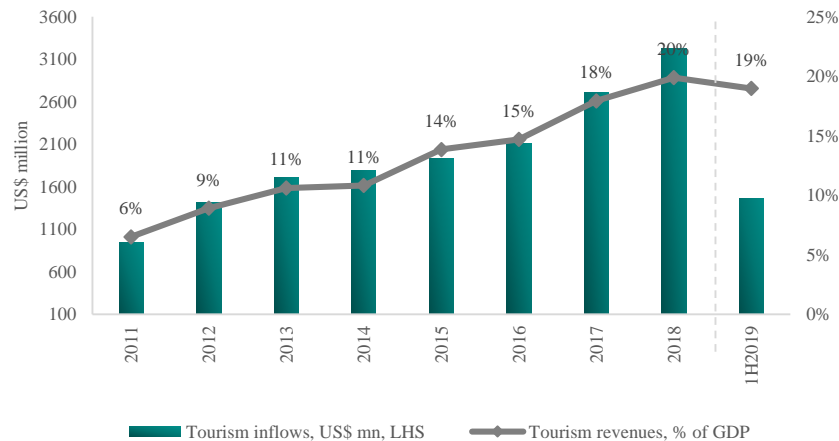
Source: NBG

Exports and Re-exports



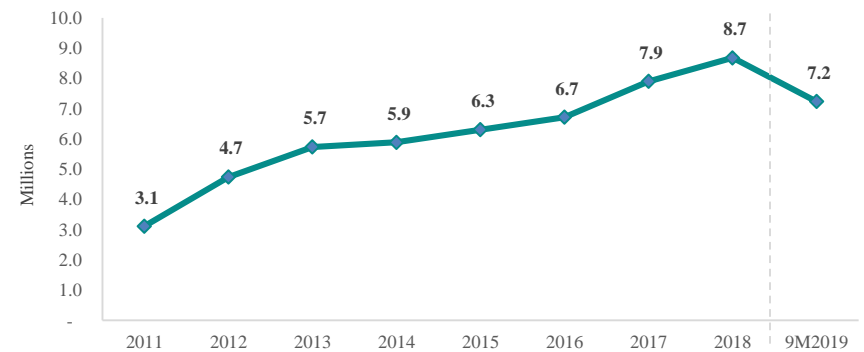
Source: NBG

Tourism revenues to GDP



Source: National Bank of Georgia, GeoStat

Number of visitors on the rise



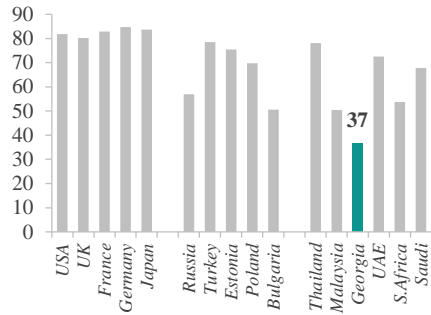
Sources: GNTA, NBG

Long-term, high growth prospects

Favorable government healthcare policy

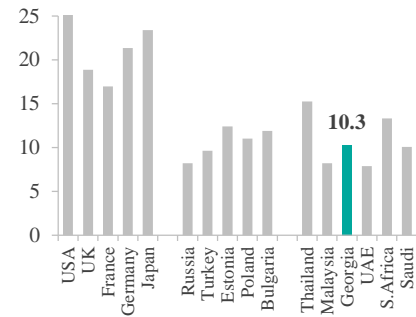
Government finances reached c.40% of total healthcare costs in 2016, from c.20% in 2012

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



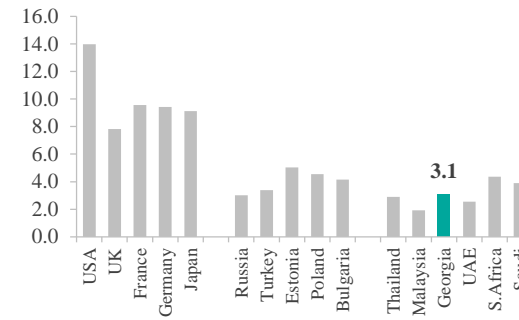
Government spending on healthcare was 6.7% of state budget in 2013, which grew up to 9%-10% in recent years

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



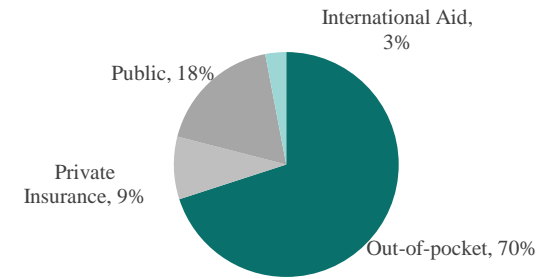
Government expenditure on healthcare as a % of GDP increased from 2% in 2013, up to 3% in 2016 year

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⁾

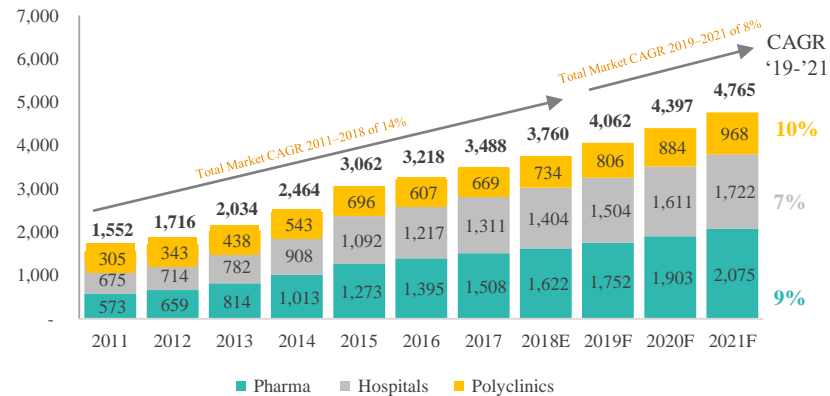
2012



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

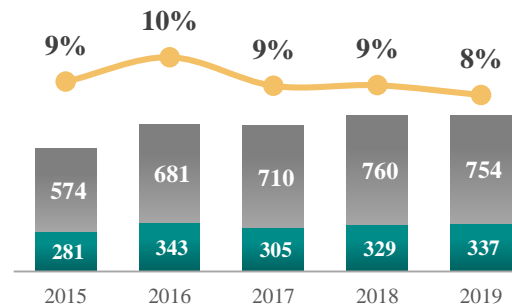
Sources:

- (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

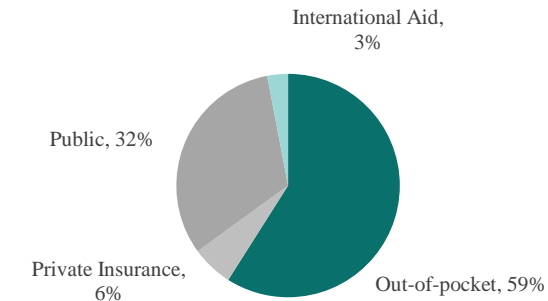
State healthcare spending dynamics⁽³⁾

GELm



State Healthcare Spending - UHC
State Healthcare Spending - Other
Healthcare spending as a % of total state spending

2014

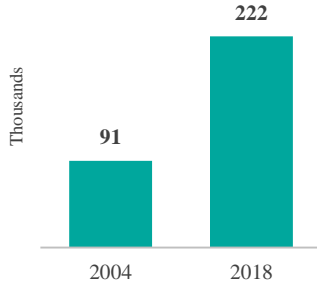


Long-term, high growth prospects

Rapidly growing healthcare market

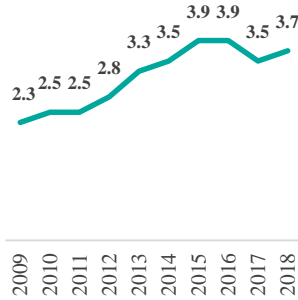
Demand Analysis

Number of Surgical Operations



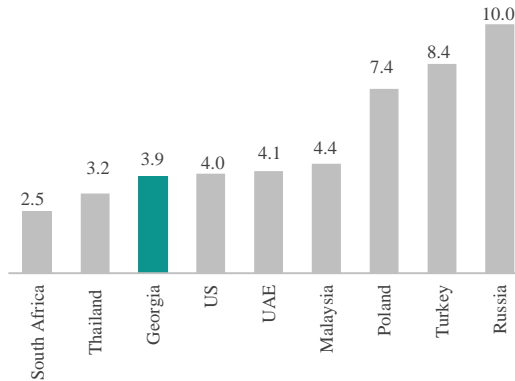
Source: NCDC

Outpatient encounters per capita



Source: NCDC

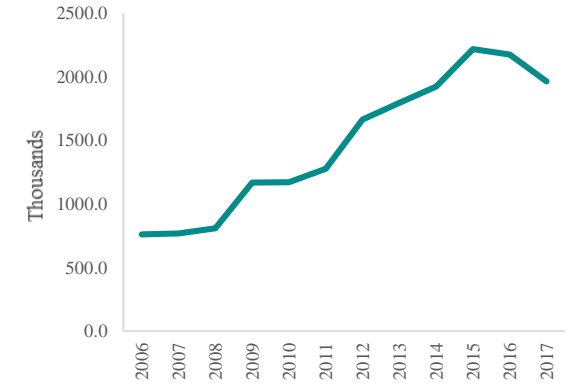
Outpatient encounters per capita, Georgia VS other countries



Source: Frost and Sullivan Analysis 2017

Increasing Overall Disease Incidence...

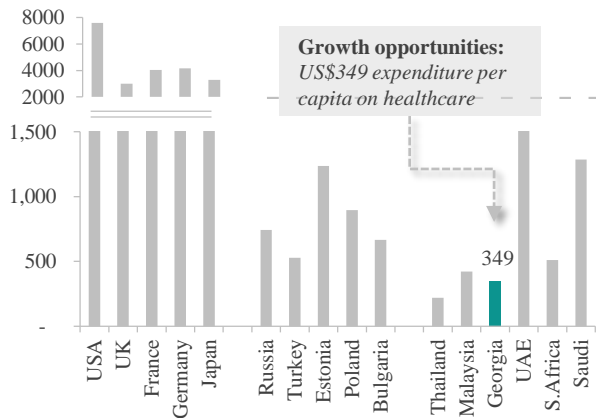
Number of Registered Patients with 1st Time Diagnosis



Source: GeoStat

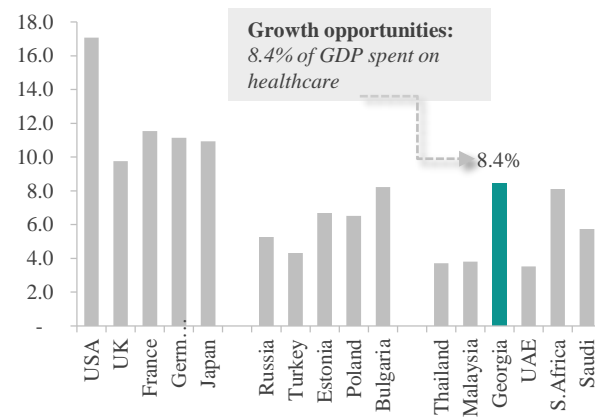
Low Expenditure on Healthcare

Per capita expenditure on healthcare, current US\$



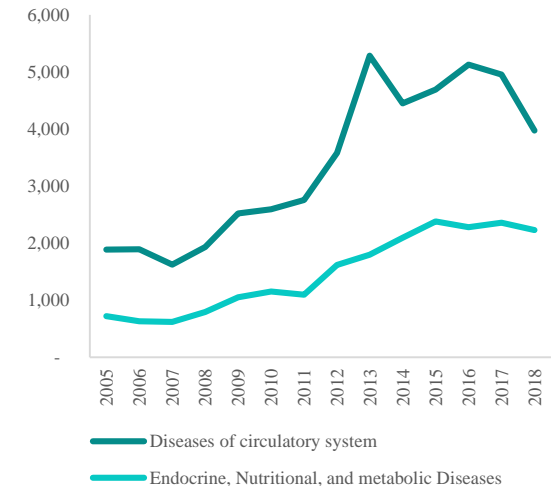
Source: World Bank 2014

Expenditure on healthcare, % of GDP



Source: World Bank 2016

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



Source: NCDC

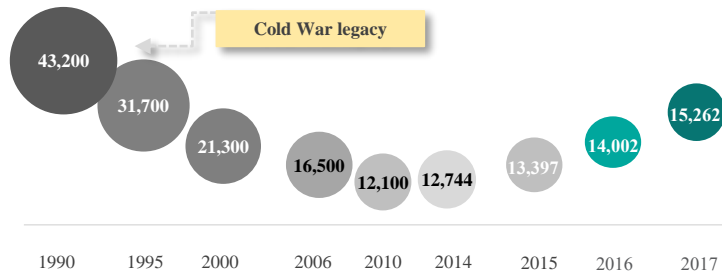


Long-term, high growth prospects

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

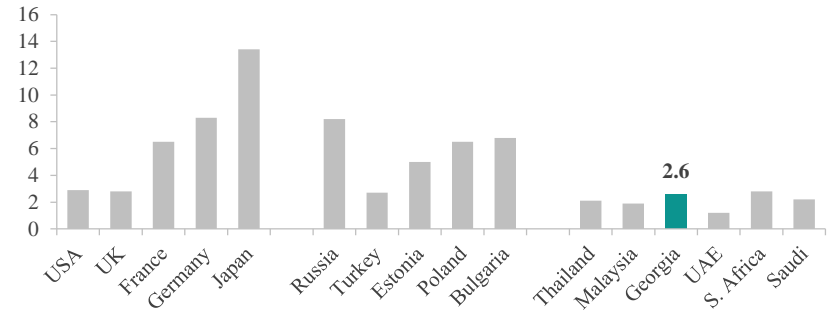
Capacity-wise Georgia stands alongside US, UK and Turkey

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



Note: (*) Target market bed capacity = Total market bed capacity of 15,262 beds – 1,910 specialty beds at penitentiary, TB and psychiatric clinics

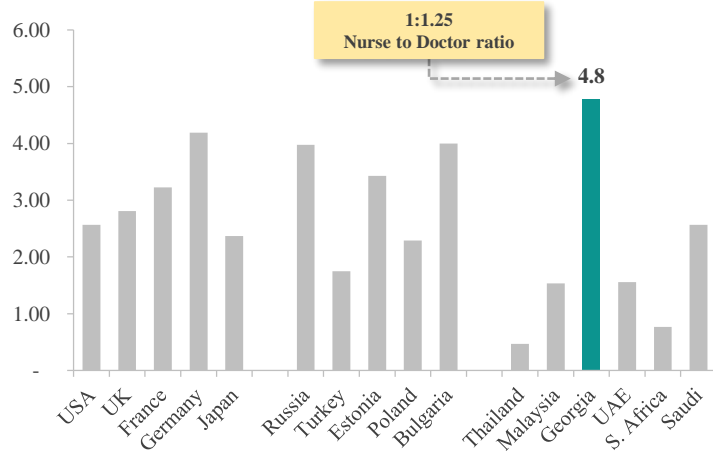
Beds per 1,000 people



Source: World Bank 2013

However, physician overcapacity yet to be addressed

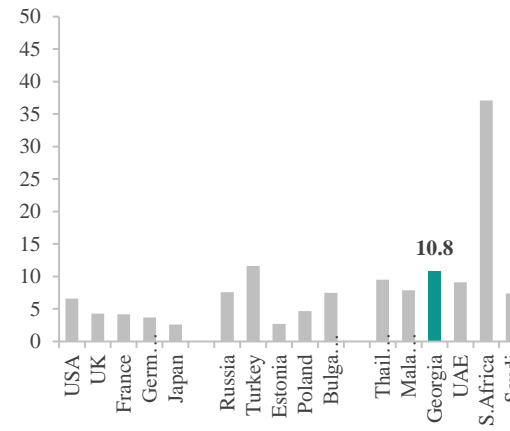
Number of physicians per 1,000 people



Source: World Bank 2015

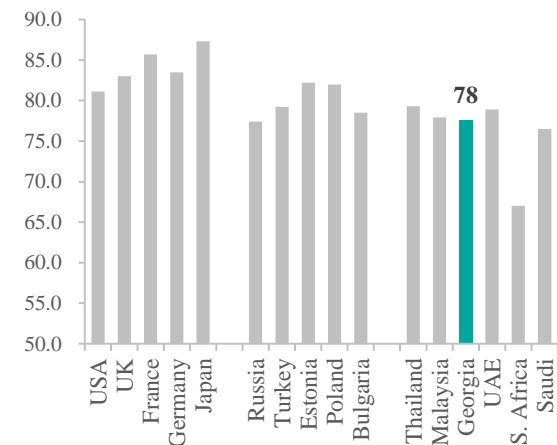
With significant room for optimisation in terms of service quality, as indicated by: Under 5 Mortality Rate... and Life Expectancy At Birth

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



Developing medical tourism

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

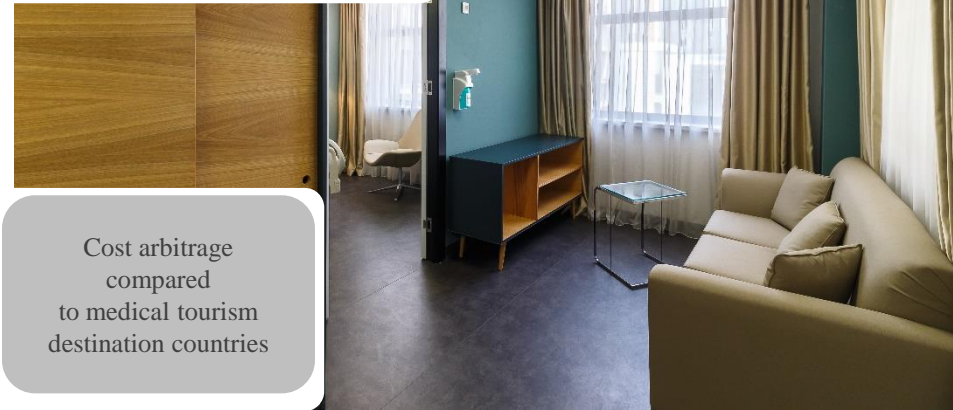
- Developing medical tourism strategy
- Developing a service structure for foreign patients
- Increasing awareness within post-Soviet countries through different marketing activities and road shows

In 2018, the number of tourists in Georgia reached 4.8 million, up 17% y-o-y



High quality of healthcare compared to top visitor countries

Active marketing campaigns and other development initiatives led to drove a 37% y-o-y increase in the number of international patients, which led to 9M19 revenue of a GEL 3.5 million (up 43% y-o-y).

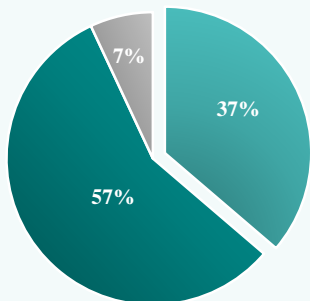


Cost arbitrage compared to medical tourism destination countries



GHG – shareholder structure and share price

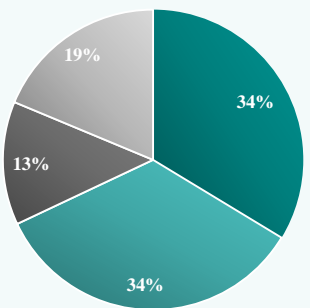
Strong support from institutional investors at IPO⁽¹⁾



Institutional Investors represent 37% of the shareholders

- Institutional investors
- Georgia Capital
- Management and other

Geographically well-diversified institutional shareholder base⁽¹⁾



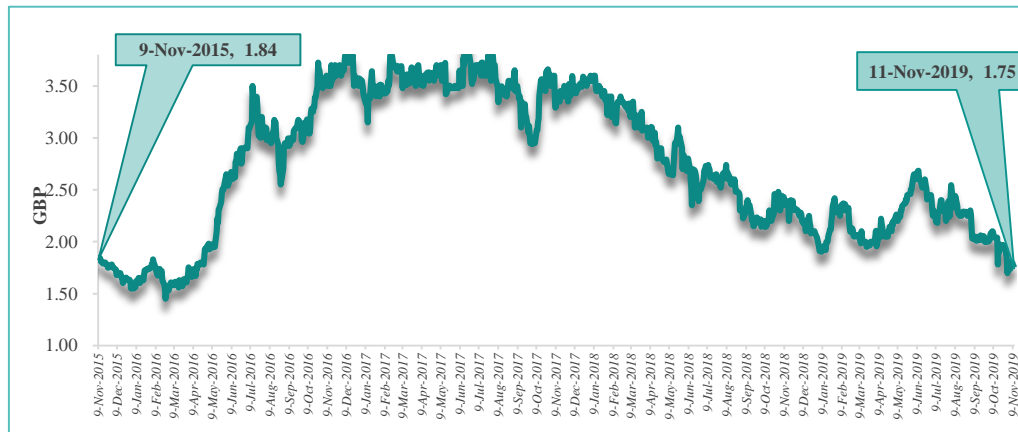
UK & Ireland – 34%
USA & Canada – 34%
Luxemburg – 13%
Other – 19%

- USA & Canada
- UK & Ireland
- Luxemburg
- Other

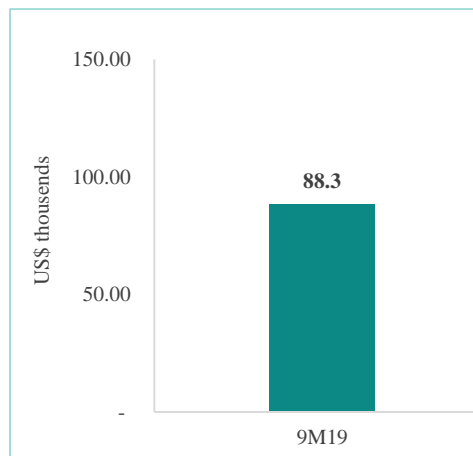
Top Investors ⁽¹⁾

Georgia Capital	56.8%
Wellington Management	6.6%
T – Rowe Price	7.2%

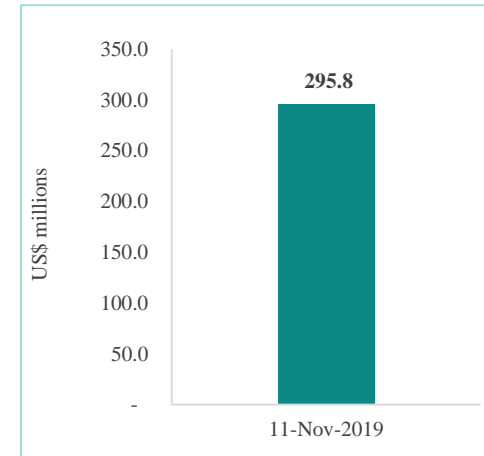
Stock Price Performance⁽²⁾



Average trading daily volume



Market Capitalisation⁽³⁾



Note:

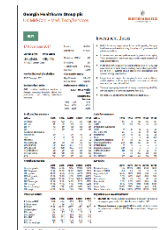
(1) As of 28 September 2019

(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 11 November 2019

(3) Source: Bloomberg; Market Capitalisation of GHG as of 11 November 2019, GBP/USD exchange rate 1.28



Consensus Target Price is 3.19 GBP



GBP 3.3

*as of 17 Feb 2019

GBP 3.34

*as of 20 May 2019

GBP 3.75

*as of 14 Aug 2019

GBP 1.85

*as of 14 Aug 2019

GBP 3.60

*as of 14 Aug 2019

GBP 3.68

*as of 22 May 2018

GBP 2.60

*as of 26 Jun 2019

GBP 3.40

*as of 18 Jan 2019



Robust corporate governance, exceptional in Georgia's healthcare sector

Board of Directors – majority independent members

The Board is composed entirely of Non-Executive, independent directors (except for the chairman and CEO) 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 Operating Officer of Ironwood Pharmaceuticals. 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 Formerly senior research analyst covering medical technology and healthcare Services sector at Jefferies; analyst in the medtech research team at Goldman Sachs.



• **Jacques Richier** | Independent Non-executive Director | Experience: Currently Chairman and CEO of Allianz France and Chairman of Allianz Worldwide Partners; Formerly CEO and Chairman at Swiss Life France.



• **Tim Elsgood** | Independent Non-executive Director | Experience: Currently Consultant Advisor to Abraaj in Tunisia and Morocco. Extensive international healthcare management experience including time in Greece, Romania, Ukraine and Russia. Former Senior VP for Business Development at Capio AB, VP for Medsi Group and CEO of Isida Hospital.



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



• **Fabian Blank** | Independent Non-Executive Director | Experience: Independent investor and senior advisor in healthcare and digital health. 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.



• **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.



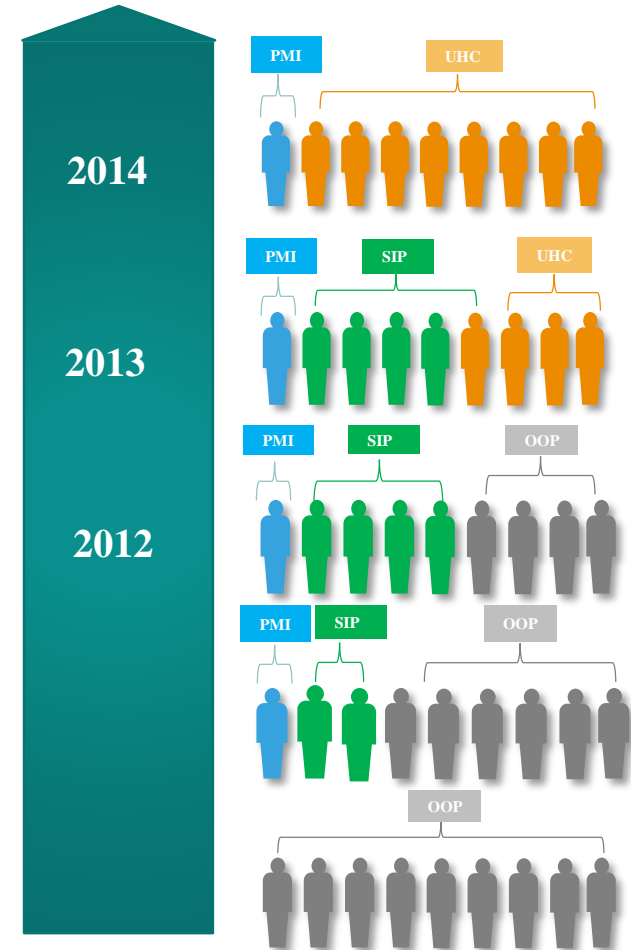
Long-term, high growth prospects

Favorable government healthcare policy

Key Principles of UHC Programme

<p>Overview</p>	<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
<p>Financing and top-up mechanism</p>	<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
<p>Beneficiaries and providers</p>	<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, 9M19

Income Statement, <i>nine-month</i> , <i>GEL thousands, unless otherwise noted</i>	Hospitals			Clinics			Pharmacy and distribution			Medical insurance			Diagnostics			Eliminations		GHG		Change, Y-o-Y
	9M19	9M18	Change, Y-o-Y	9M19	9M18	Change, Y-o-Y	9M19	9M18	Change, Y-o-Y	9M19	9M18	Change, Y-o-Y	9M19	9M18	Change, Y-o-Y	9M19	9M18	9M19	9M18	
Revenue, gross	217,686	196,224	10.9%	32,536	28,296	15.0%	441,993	377,532	17.1%	55,802	41,242	35.3%	3,412	2,056	66.0%	(48,079)	(22,944)	703,350	622,406	13.0%
Corrections & rebates	(1,783)	(2,024)	-11.9%	(280)	(428)	-34.6%	-	-	-	-	-	-	-	-	-	-	-	(2,063)	(2,452)	-15.9%
Revenue, net	215,903	194,200	11.2%	32,256	27,868	15.7%	441,993	377,532	17.1%	55,802	41,242	35.3%	3,412	2,056	66.0%	(48,079)	(22,944)	701,287	619,954	13.1%
Costs of services	(126,039)	(112,435)	12.1%	(18,173)	(15,928)	14.1%	(330,059)	(282,586)	16.8%	(46,884)	(33,799)	38.7%	(2,387)	(1,611)	48.2%	47,028	21,627	(476,514)	(424,732)	12.2%
Cost of salaries and other employee benefits	(76,250)	(69,360)	9.9%	(11,443)	(10,240)	11.7%	-	-	-	-	-	-	(800)	(693)	15.4%	4,564	2,898	(83,929)	(77,395)	8.4%
Cost of materials and supplies	(36,497)	(31,602)	15.5%	(1,997)	(1,864)	7.1%	-	-	-	-	-	-	(1,281)	(901)	42.2%	4,587	8,174	(35,188)	(26,193)	34.3%
Cost of medical service providers	(3,101)	(2,849)	8.8%	(3,185)	(2,462)	29.4%	-	-	-	-	-	-	(82)	-	NMF	3,576	2,964	(2,792)	(2,347)	19.0%
Cost of utilities and other	(10,191)	(8,624)	18.2%	(1,548)	(1,362)	13.7%	-	-	-	-	-	-	(224)	(17)	NMF	711	361	(11,252)	(9,642)	16.7%
Net insurance claims incurred	-	-	-	-	-	-	-	-	-	(44,768)	(31,741)	41.0%	-	-	-	10,377	7,230	(34,391)	(24,511)	40.3%
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	-	(2,116)	(2,058)	2.8%	-	-	-	-	-	(2,116)	(2,058)	2.8%
Cost of pharma – wholesale	-	-	-	-	-	-	(106,388)	(80,103)	32.8%	-	-	-	-	-	-	23,213	-	(83,175)	(80,103)	3.8%
Cost of pharma - retail	-	-	-	-	-	-	(223,671)	(202,483)	10.5%	-	-	-	-	-	-	-	-	(223,671)	(202,483)	10.5%
Gross profit	89,864	81,765	9.9%	14,083	11,940	17.9%	111,934	94,946	17.9%	8,918	7,443	19.8%	1,025	445	130.3%	(1,051)	(1,317)	224,773	195,222	15.1%
Salaries and other employee benefits	(23,591)	(21,174)	11.4%	(5,452)	(4,917)	10.9%	(37,995)	(33,727)	12.7%	(3,717)	(3,221)	15.4%	(755)	(163)	NMF	515	912	(70,995)	(62,290)	14.0%
General and administrative expenses	(10,820)	(10,305)	5.0%	(3,450)	(2,923)	18.0%	(30,331)	(25,404)	19.4%	(1,323)	(1,024)	29.2%	(268)	(199)	34.7%	552	420	(45,640)	(39,435)	15.7%
Impairment of receivables	(3,163)	(3,493)	-9.4%	(109)	(60)	81.7%	(180)	(27)	NMF	(342)	(259)	32.0%	(4)	-	NMF	657	404	(3,141)	(3,435)	-8.6%
Other operating income	2,551	4,150	-38.5%	693	(71)	NMF	2,690	1,191	125.9%	1,027	463	121.8%	117	(7)	NMF	(672)	(421)	6,406	5,305	20.8%
EBITDA excluding IFRS 16	54,841	50,943	7.7%	5,765	3,969	45.3%	46,118	36,979	24.7%	4,563	3,402	34.1%	115	76	51.3%	1	(2)	111,403	95,367	16.8%
EBITDA margin excluding IFRS 16	25.2%	26.0%		17.7%	14.0%		10.4%	9.8%		8.2%	8.2%		3.4%	3.7%		-	-	-	-	
IFRS 16 impact on EBITDA	421	-	NMF	1,063	-	NMF	13,760	-	NMF	287	-	NMF	14	-	NMF	-	-	15,545	-	
EBITDA as per financial statements	55,262	50,943	8.5%	6,828	3,969	72.0%	59,878	36,979	61.9%	4,850	3,402	42.6%	129	76	69.7%	1	(2)	126,948	95,367	33.1%
<i>Depreciation and amortization excluding IFRS 16</i>	(20,037)	(18,944)	5.8%	(3,879)	(3,859)	0.5%	(2,214)	(1,724)	28.4%	(568)	(575)	-1.2%	(167)	(148)	12.8%	-	-	(26,865)	(25,250)	6.4%
Depreciation and amortization	(20,614)	(18,944)	8.8%	(5,068)	(3,859)	31.3%	(14,020)	(1,724)	NMF	(828)	(575)	44.0%	(180)	(148)	21.6%	-	-	(40,710)	(25,520)	61.2%
<i>Net interest income (expense) excluding IFRS 16</i>	(19,774)	(16,861)	17.3%	(2,981)	(2,961)	0.7%	(8,910)	(8,551)	4.2%	513	(84)	NMF	(96)	(71)	35.2%	-	-	(31,248)	(28,528)	9.5%
Net interest income (expense)	(19,898)	(16,861)	18.0%	(3,370)	(2,961)	13.8%	(12,511)	(8,551)	46.3%	472	(84)	NMF	(97)	(71)	36.6%	-	-	(35,404)	(28,528)	24.1%
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	(1,341)	(111)	NMF	(72)	(11)	NMF	(3,927)	(1,358)	189.2%	78	150	NMF	(24)	1	NMF	-	-	(5,286)	(1,329)	297.7%
Net gains/(losses) from foreign currencies	(1,803)	(111)	NMF	(1,101)	(11)	NMF	(8,798)	(1,358)	NMF	2	150	-98.7%	(24)	1	NMF	-	-	(11,724)	(1,329)	NMF
Net non-recurring income/(expense)	(536)	(1,126)	-52.4%	(69)	276	NMF	(98)	(837)	-88.3%	-	-	-	(5)	(27)	-81.5%	(1)	-	(710)	(1,714)	-58.6%
Profit before income tax expense	12,410	13,901	-10.7%	(2,780)	(2,586)	7.5%	24,451	24,509	-0.2%	4,496	2,893	NMF	(177)	(169)	4.7%	-	(2)	38,400	38,546	-0.4%
Income tax benefit/(expense)	-	(74)	NMF	-	-	-	(564)	-	NMF	(708)	(431)	NMF	-	-	-	-	-	(1,272)	(505)	151.9%
Profit for the period excluding IFRS 16	13,152	13,827	-4.9%	(1,236)	(2,586)	-52.2%	30,405	24,509	24.1%	3,878	2,462	57.5%	(177)	(169)	4.7%	-	(2)	46,022	38,041	21.0%
Attributable to:																				
- <i>shareholders of the Company</i>	9,416	11,011	-14.5%	(1,296)	(2,529)	-48.7%	18,321	13,734	33.4%	3,878	2,462	NMF	(177)	(169)	4.7%	-	(2)	30,142	24,507	23.0%
- <i>non-controlling interests</i>	3,736	2,816	32.7%	60	(57)	NMF	12,084	10,775	12.2%	-	-	-	-	-	-	-	-	15,880	13,534	17.3%
Profit for the period	12,410	13,827	-10.2%	(2,780)	(2,586)	7.5%	23,887	24,509	-2.5%	3,788	2,462	53.9%	(177)	(169)	4.7%	-	(2)	37,128	38,041	-2.4%
Attributable to:																				
- <i>shareholders of the Company</i>	8,674	11,011	-21.2%	(2,840)	(2,529)	12.3%	13,954	13,734	1.6%	3,788	2,462	53.9%	(177)	(169)	4.7%	(1)	(2)	23,399	24,507	-4.5%
- <i>non-controlling interests</i>	3,736	2,816	32.7%	60	(57)	NMF	9,933	10,775	-7.8%	-	-	-	-	-	-	-	-	13,729	13,534	1.4%

Sources: GHG Internal Reporting

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

GHG – Income statement, 3Q19 (1/2)

Income Statement, Quarterly

GEL thousands, unless otherwise noted

	Hospitals					Clinics					Pharmacy and distribution					Medical insurance				
	3Q19	3Q18	Change, Y-o-Y	2Q19	Change, Q-o-Q	3Q19	3Q18	Change, Y-o-Y	2Q19	Change, Q-o-Q	3Q19	3Q18	Change, Y-o-Y	2Q19	Change, Q-o-Q	3Q19	3Q18	Change, Y-o-Y	2Q19	Change, Q-o-Q
Revenue, gross	68,694	64,144	7.1%	74,218	-7.4%	10,552	8,899	18.6%	10,877	-3.0%	146,800	123,341	19.0%	149,414	-1.7%	19,436	14,237	36.5%	18,873	3.0%
Corrections & rebates	(789)	(562)	40.4%	(532)	48.3%	(110)	(110)	0.0%	(73)	50.7%	-	-	-	-	-	-	-	-	-	-
Revenue, net	67,905	63,582	6.8%	73,686	-7.8%	10,442	8,789	18.8%	10,804	-3.4%	146,800	123,341	19.0%	149,414	-1.7%	19,436	14,237	36.5%	18,873	3.0%
Costs of services	(40,378)	(37,077)	8.9%	(42,640)	-5.3%	(5,706)	(4,984)	14.5%	(6,223)	-8.3%	(109,115)	(91,174)	19.7%	(113,463)	-3.8%	(14,968)	(10,007)	49.6%	(16,233)	-7.8%
Cost of salaries and other employee benefits	(24,820)	(23,291)	6.6%	(26,189)	-5.2%	(3,811)	(3,229)	18.0%	(3,789)	0.6%	-	-	-	-	-	-	-	-	-	-
Cost of materials and supplies	(11,197)	(9,909)	13.0%	(12,281)	-8.8%	(599)	(594)	0.8%	(721)	-16.9%	-	-	-	-	-	-	-	-	-	-
Cost of medical service providers	(994)	(1,089)	-8.7%	(1,095)	-9.2%	(938)	(850)	10.4%	(1,183)	-20.7%	-	-	-	-	-	-	-	-	-	-
Cost of utilities and other	(3,367)	(2,788)	20.8%	(3,075)	9.5%	(358)	(311)	15.1%	(530)	-32.5%	-	-	-	-	-	-	-	-	-	-
Net insurance claims incurred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,267)	(9,229)	54.6%	(15,587)	-8.5%
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(701)	(778)	-9.9%	(646)	8.5%	
Cost of pharma – wholesale	-	-	-	-	-	-	-	-	-	-	(35,174)	(26,800)	31.2%	(37,097)	-5.2%	-	-	-	-	-
Cost of pharma - retail	-	-	-	-	-	-	-	-	-	-	(73,941)	(64,374)	14.9%	(76,366)	-3.2%	-	-	-	-	-
Gross profit	27,527	26,505	3.9%	31,046	-11.3%	4,736	3,805	24.5%	4,581	3.4%	37,685	32,167	17.2%	35,951	4.8%	4,468	4,230	5.6%	2,640	69.2%
Salaries and other employee benefits	(7,482)	(7,109)	5.2%	(8,157)	-8.3%	(1,913)	(1,627)	17.6%	(1,783)	7.3%	(12,751)	(11,234)	13.5%	(12,580)	1.4%	(1,611)	(1,375)	17.2%	(1,189)	35.5%
General and administrative expenses	(3,532)	(3,219)	9.7%	(3,861)	-8.5%	(1,276)	(966)	32.1%	(1,092)	16.9%	(10,537)	(8,681)	21.4%	(9,885)	6.6%	(414)	(342)	21.1%	(469)	-11.7%
Impairment of receivables	(898)	(1,036)	-13.3%	(1,128)	-20.4%	(19)	(16)	18.8%	(15)	26.7%	(1)	(2)	-50.0%	(121)	-99.2%	(125)	(100)	25.0%	(114)	9.6%
Other operating income	1,224	1,272	-3.8%	940	30.2%	254	22	NMF	216	17.6%	814	168	NMF	1,982	-58.9%	460	273	68.5%	355	29.6%
EBITDA excluding IFRS 16	16,839	16,413	2.6%	18,840	-10.6%	1,782	1,218	46.3%	1,907	-6.6%	15,210	12,418	22.5%	15,347	-0.9%	2,778	2,686	3.4%	1,223	127.1%
EBITDA margin excluding IFRS 16	24.5%	25.6%		25.4%		16.9%	13.7%		17.5%		10.4%	10.1%		10.3%		14.3%	18.9%		6.5%	
IFRS 16 impact on EBITDA	122	-	NMF	120		308	-	NMF	301		4,619	-	NMF	4,739	-2.5%	106	-	NMF	96	10.4%
EBITDA as per financial statements	16,961	16,413	3.3%	18,960	-10.5%	2,090	1,218	71.6%	2,208	-5.3%	19,829	12,418	59.7%	20,086	-1.3%	2,884	2,686	7.4%	1,319	118.7%
Depreciation and amortization excluding IFRS 16	(6,793)	(6,602)	2.9%	(6,728)	1.0%	(1,394)	(1,245)	12.0%	(1,257)	10.9%	(788)	(600)	31.3%	(738)	6.8%	(188)	(184)	2.2%	(191)	-1.6%
Depreciation and amortization	(7,015)	(6,602)	6.3%	(6,920)	1.4%	(1,778)	(1,245)	42.8%	(1,664)	6.8%	(4,780)	(600)	NMF	(4,702)	1.7%	(280)	(184)	52.2%	(279)	0.4%
Net interest income (expense) excluding IFRS 16	(6,606)	(6,305)	4.8%	(6,586)	0.3%	(1,026)	(1,007)	1.9%	(998)	2.8%	(3,018)	(3,036)	-0.6%	(2,943)	2.5%	200	41	NMF	186	7.5%
Net interest income (expense)	(6,665)	(6,305)	5.7%	(6,620)	0.7%	(1,158)	(1,007)	15.0%	(1,126)	2.8%	(4,318)	(3,036)	42.2%	(4,141)	4.3%	186	41	353.7%	173	7.5%
Net gains/(losses) from foreign currencies excluding IFRS 16	(196)	(150)	30.7%	(1,052)	NMF	(10)	(4)	150.0%	(35)	-71.5%	(839)	(3,487)	-75.9%	(3,294)	-74.5%	7	62	-88.7%	8	-12.5%
Net gains/(losses) from foreign currencies	(251)	(150)	67.3%	(1,437)	NMF	(206)	(4)	NMF	(834)	-75.3%	(2,252)	(3,487)	-35.4%	(6,519)	-65.5%	(16)	62	NMF	(41)	-61.0%
Net non-recurring income/(expense)	(144)	-	NMF	(288)	-49.9%	(2)	-	NMF	(15)	-85.1%	(36)	(52)	-30.8%	(68)	-47.1%	-	-	-	-	-
Profit before income tax expense	2,885	3,356	-14.0%	3,695	-21.9%	(1,054)	(1,038)	1.6%	(1,431)	-26.3%	8,443	5,243	61.0%	4,656	81.3%	2,774	2,605	6.5%	1,172	136.7%
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	-	-	(495)	-	NMF	(69)	NMF	(420)	(388)	8.2%	(203)	106.9%
Profit for the period excluding IFRS 16	3,099	3,356	-7.6%	4,186	-26.0%	(650)	(1,038)	-37.4%	(398)	63.2%	10,034	5,243	91.4%	8,235	21.8%	2,377	2,217	7.2%	1,023	132.4%
Attributable to:																				
- shareholders of the Company	2,134	2,755	-22.5%	2,927	-27.1%	(676)	(1,027)	-34.2%	(412)	63.9%	6,159	2,500	146.3%	4,770	29.1%	2,377	2,217	7.2%	1,023	132.4%
- non-controlling interests	965	601	60.6%	1,259	-23.4%	26	(11)	NMF	14	85.7%	3,875	2,743	41.3%	3,465	11.8%	-	-	-	-	-
Profit for the period	2,885	3,356	-14.0%	3,695	-21.9%	(1,054)	(1,038)	1.6%	(1,431)	-26.3%	7,948	5,243	51.6%	4,587	73.3%	2,354	2,217	6.2%	969	142.9%
Attributable to:																				
- shareholders of the Company	1,920	2,755	-30.3%	2,436	-21.2%	(1,080)	(1,027)	5.2%	(1,445)	-25.3%	4,761	2,500	90.4%	2,326	104.7%	2,354	2,217	6.2%	969	142.9%
- non-controlling interests	965	601	60.6%	1,259	-23.4%	26	(11)	NMF	14	85.7%	3,187	2,743	16.2%	2,261	41.0%	-	-	-	-	-

Sources: GHG Internal Reporting

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

GHG – Income statement, 3Q19 (2/2)

Income Statement, <i>Quarterly</i>	Diagnostics			Eliminations			GHG						
	3Q19	3Q18	Change, Y-o-Y	2Q19	Change, Q-o-Q	3Q19	3Q18	2Q19	3Q19	3Q18	Y-o-Y	2Q19	Change, Q-o-Q
<i>GEL thousands, unless otherwise noted</i>													
Revenue, gross	1,127	678	66.2%	1,131	-0.4%	(16,131)	(8,373)	(16,853)	230,478	202,926	13.6%	237,660	-3.0%
Corrections & rebates	-	-	-	-	-	-	-	-	(899)	(672)	33.8%	(605)	48.6%
Revenue, net	1,127	678	66.2%	1,131	-0.4%	(16,131)	(8,373)	(16,853)	229,579	202,254	13.5%	237,055	-3.2%
Costs of services	(782)	(534)	46.4%	(774)	1.0%	16,095	7,891	16,170	(154,854)	(135,884)	14.0%	(163,163)	-5.1%
Cost of salaries and other employee benefits	(251)	(215)	16.7%	(260)	-3.5%	1,486	883	1,660	(27,396)	(25,851)	6.0%	(28,578)	-4.1%
Cost of materials and supplies	(460)	(315)	46.0%	(428)	7.5%	1,545	3,448	1,366	(10,711)	(7,371)	45.3%	(12,064)	-11.2%
Cost of medical service providers	(36)	-	NMF	(45)	-20.0%	1,045	1,075	1,253	(923)	(864)	6.8%	(1,070)	-13.8%
Cost of utilities and other	(35)	(4)	NMF	(41)	-14.6%	288	101	203	(3,472)	(3,001)	15.7%	(3,443)	0.8%
Net insurance claims incurred	-	-	-	-	-	3,316	2,384	3,775	(10,951)	(6,845)	60.0%	(11,812)	-7.3%
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	(701)	(778)	-9.9%	(646)	8.5%
Cost of pharma – wholesale	-	-	-	-	-	8,415	-	7,913	(26,759)	(26,800)	-0.2%	(29,184)	-8.3%
Cost of pharma – retail	-	-	-	-	-	-	-	-	(73,941)	(64,374)	14.9%	(76,366)	-3.2%
Gross profit	345	144	139.6%	357	-3.4%	(36)	(482)	(683)	74,725	66,370	12.6%	73,892	1.1%
Salaries and other employee benefits	(240)	(73)	228.8%	(281)	-14.5%	319	360	67	(23,678)	(21,056)	12.5%	(23,922)	-1.0%
General and administrative expenses	(108)	(67)	61.2%	(76)	41.7%	324	42	93	(15,543)	(13,233)	17.5%	(15,290)	1.7%
Impairment of receivables	-	-	-	-	-	214	120	238	(829)	(1,034)	-19.8%	(1,140)	-27.3%
Other operating income	21	(3)	NMF	49	-57.1%	(821)	(40)	284	1,952	1,691	15.4%	3,826	-49.0%
EBITDA excluding IFRS 16	18	1	NMF	49	-63.3%	-	-	(1)	36,627	32,738	11.9%	37,365	-2.0%
EBITDA margin excluding IFRS 16	1.6%	0.1%		4.3%		-	-	-	15.9%	16.1%		15.7%	
IFRS 16 impact on EBITDA	3	-	NMF	5	-40.0%	-	-	-	5,158	-	NMF	5,261	-2.0%
EBITDA as per financial statements	21	1	NMF	54	-61.1%	-	-	(1)	41,785	32,738	27.6%	42,626	-2.0%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(48)</i>	<i>(57)</i>	<i>-15.8%</i>	<i>(60)</i>	<i>-20.1%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(9,211)</i>	<i>(8,687)</i>	<i>6.0%</i>	<i>(8,975)</i>	<i>2.6%</i>
Depreciation and amortization	(48)	(57)	-15.8%	(67)	-28.5%	-	-	-	(13,901)	(8,687)	60.0%	(13,633)	2.0%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(96)</i>	<i>(71)</i>	<i>35.2%</i>	<i>-</i>	<i>NMF</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(10,546)</i>	<i>(10,377)</i>	<i>1.6%</i>	<i>(10,341)</i>	<i>2.0%</i>
Net interest income (expense)	(96)	(71)	35.2%	(1)	NMF	-	-	-	(12,051)	(10,377)	16.1%	(11,715)	2.9%
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(4)</i>	<i>-</i>	<i>NMF</i>	<i>(14)</i>	<i>-72.2%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(1,042)</i>	<i>(3,579)</i>	<i>-70.9%</i>	<i>(4,388)</i>	<i>-76.3%</i>
Net gains/(losses) from foreign currencies	(4)	-	NMF	(14)	-72.2%	-	-	-	(2,729)	(3,579)	-23.7%	(8,846)	-69.1%
Net non-recurring income/(expense)	-	-	-	-	-	-	-	-	(183)	(52)	251.1%	(371)	-50.8%
Profit before income tax expense	(127)	(127)	-	(29)	NMF	-	-	(1)	12,921	10,043	28.7%	8,062	60.3%
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	(915)	(388)	135.8%	(272)	236.4%
Profit for the period excluding IFRS 16	(130)	(127)	2.4%	(26)	NMF	-	-	(1)	14,730	9,655	52.6%	13,019	13.1%
Attributable to:													
- shareholders of the Company	(130)	(127)	2.4%	(26)	NMF	-	-	(1)	9,864	6,320	56.1%	8,281	19.1%
- non-controlling interests	-	-	-	-	-	-	-	-	4,866	3,335	45.9%	4,738	2.7%
Profit for the period	(127)	(127)	-	(29)	NMF	-	-	(1)	12,006	9,655	24.4%	7,790	54.1%
Attributable to:													
- shareholders of the Company	(127)	(127)	-	(29)	NMF	-	-	(1)	7,828	6,320	23.9%	4,256	83.9%
- non-controlling interests	-	-	-	-	-	-	-	-	4,178	3,335	25.3%	3,534	18.2%

Sources: GHG Internal Reporting

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

GEL thousands; unless otherwise noted

	<u>Hospitals</u>					<u>Clinics</u>					<u>Pharmacy and distribution</u>				
	30-Sep -19	30-Sep-18	Change, Y-o-Y	30-Jun-19	Change, Q-o-Q	30-Sep -19	30-Sep-18	Change, Y-o-Y	30-Jun-19	Change, Q-o-Q	30-Sep -19	30-Sep-18	Change, Y-o-Y	30-Jun-19	Change, Q-o-Q
Assets:															
Cash and bank deposits	3,961	7,595	-47.8%	2,907	36.3%	157	1,607	-90.2%	283	-44.5%	5,868	10,626	-44.8%	9,702	-39.5%
Property and equipment, of which	528,828	525,549	0.6%	525,783	0.6%	113,652	102,320	11.1%	113,333	0.3%	102,099	28,549	257.6%	99,506	2.6%
IFRS 16 impact	3,776	-		1,929		7,913	-		8,297		69,921	-		68,902	
Inventory	16,834	15,071	11.7%	16,113	4.5%	1,318	1,022	29.0%	1,106	19.2%	140,619	98,840	42.3%	138,813	1.3%
Liabilities:															
Borrowed Funds	251,130	247,543	1.4%	250,563	0.2%	36,320	33,196	9.4%	35,687	1.8%	94,254	96,988	-2.8%	79,489	18.6%
Accounts payable	32,187	28,095	14.6%	30,436	5.8%	6,489	3,740	73.5%	5,637	15.1%	82,783	52,014	59.2%	100,349	-17.5%
Finance lease liabilities, of which	3,913	-	NMF	1,984	97.2%	8,889	8,560	3.8%	9,045	-1.7%	76,716	-	NMF	74,066	3.6%
IFRS 16 impact	3,913	-		1,984		213	-		369		76,716	-		74,066	

GEL thousands; unless otherwise noted

	<u>Medical Insurance</u>					<u>Diagnostics</u>					<u>Eliminations</u>			<u>GHG</u>				
	30-Sep -19	30-Sep-18	Change, Y-o-Y	30-Jun-19	Change, Q-o-Q	30-Sep -19	30-Sep-18	Change, Y-o-Y	30-Jun-19	Change, Q-o-Q	30-Sep -19	30-Sep-18	30-June-19	30-Sep -19	30-Sep-18	Change, Y-o-Y	30-Jun-19	Change, Q-o-Q
Assets																		
Cash and bank deposits	14,604	11,971	22.0%	14,228	2.6%	110	101	8.9%	87	26.4%	-	-	-	24,700	31,900	-22.6%	27,207	-9.2%
Property and equipment, of which	15,777	15,022	5.0%	15,939	-1.0%	14,459	14,310	1.0%	14,531	-0.5%	-	-	-	774,815	685,750	13.0%	769,092	0.7%
IFRS 16 impact	687	-		780		-	-		-		-	-	-	82,297	-		79,908	
Inventory	-	-	-	-	-	1,350	731	84.7%	1,100	22.7%	-	-	-	160,121	115,664	38.4%	157,132	1.9%
Liabilities:																		
Borrowed Funds	4,916	6,957	-29.3%	5,651	-13.0%	3,507	-	NMF	-	NMF	(2,640)	-	(2,495)	387,487	384,684	0.7%	368,895	5.0%
Accounts payable	-	-	-	-	-	1,540	992	55.2%	1,014	51.9%	(23,477)	(8,032)	(17,652)	99,522	76,809	29.6%	119,784	-16.9%
Finance lease liabilities, of which	777	-	NMF	847	-8.3%	-	-	-	-	-	-	-	-	90,295	8,560	NMF	85,942	5.1%
IFRS 16 impact	777	-		847		-	-		-		-	-	-	81,619	-		77,266	

Selected ratios and KPIs	3Q19	3Q18	2Q19	9M19	9M18		3Q19	3Q18	2Q19	9M19	9M18
GHG						Pharmacy and distribution					
EPS, GEL <i>excluding IFRS 16</i>	0.08	0.05	0.06	0.23	0.19	EBITDA margin <i>excluding IFRS 16</i>	10.4%	10.1%	10.3%	10.4%	9.8%
EPS adjusted, GEL <i>excluding IFRS 16</i>	0.08	0.07	0.09	0.27	0.21	Number of bills issued	6.98mln	6.52mln	7.07mln	21.21mln	19.95mln
ROIC (%)	11.7%	10.6%	12.3%	12.1%	10.5%	Average bill size	14.2	13.2	14.2	14.0	13.2
ROIC adjusted (%)	14.2%	14.0%	14.4%	14.3%	13.8%	Revenue from wholesale as a percentage of total revenue from pharma	28.4%	26.2%	29.0%	28.8%	26.0%
Group rent expenditure	6,301	4,866	6,118	18,315	14,344	Revenue from retail as a percentage of total revenue from pharma	71.6%	73.8%	71.0%	71.2%	74.0%
<i>of which, pharmacy and distribution business</i>	5,775	3,868	5,555	16,655	12,397	Revenue from para-pharmacy as a percentage of retail revenue from pharma	32.1%	32.2%	31.4%	30.9%	30.3%
Group capex (maintenance)	2,698	2,601	3,878	9,760	7,041	Number of pharmacies	285	267	279	285	267
Group capex (growth)	7,031	5,498	7,282	20,634	41,558	Medical insurance					
Number of employees	16,110	15,643	16,173	16,110	15,643	Loss ratio	73.4%	64.8%	82.6%	80.2%	77.0%
Number of physicians	3,643	3,592	3,645	3,643	3,592	Expense ratio <i>excluding IFRS 16, of which Commission ratio</i>	13.3%	17.6%	11.9%	12.6%	16.2%
Number of nurses	3,396	3,313	3,425	3,396	3,313	<i>Commission ratio</i>	3.6%	5.5%	3.4%	3.8%	5.0%
Nurse to doctor ratio, referral hospitals	0.93	0.92	0.94	0.93	0.92	Combined ratio <i>excluding IFRS 16</i>	86.7%	82.4%	94.5%	92.8%	93.1%
Number of pharmacists	2,945	2,859	2,971	2,945	2,859	Renewal rate	77.1%	76.8%	81.3%	77.4%	73.3%
Total number of shares	131,681,820	131,681,820	131,681,820	131,681,820	131,681,820	Diagnostics					
Less: Treasury shares	(2,446,583)	(2,763,916)	(2,452,449)	(2,446,583)	(2,763,916)	EBITDA margin <i>excluding IFRS 16 impact</i>	1.6%	0.1%	4.3%	3.4%	3.7%
Shares outstanding	129,235,237	128,917,904	128,904,076	129,235,237	128,917,904	Number of patients served ('000)	87	N/A	60	214	N/A
<i>Of which:</i>						Number of tests performed ('000)	196	N/A	184	552	N/A
Total free float	54,116,734	53,799,401	54,154,256	54,116,734	53,799,401	Average revenue per test GEL	5.8	N/A	6.1	6.2	N/A
Shares held by Georgia Capital PLC	75,118,503	75,118,503	75,118,503	75,118,503	75,118,503	Average number of tests per patient	2.3	N/A	3.1	2.6	N/A
Hospitals											
EBITDA margin <i>excluding IFRS 16</i>	24.5%	25.6%	25.4%	25.2%	26.0%						
Direct salary rate (direct salary as % of revenue)	36.1%	36.3%	35.3%	35.0%	35.3%						
Materials rate (direct materials as % of revenue)	16.3%	15.4%	16.5%	16.8%	16.1%						
Administrative salary rate (administrative salaries as % of revenue)	10.9%	11.1%	11.0%	10.8%	10.8%						
SG&A rate (SG&A expenses as % of revenue)	5.1%	5.0%	5.2%	5.0%	5.3%						
Number of hospitals	18	18	18	18	18						
Number of hospital beds	2,967	2,967	2,967	2,967	2,967						
Hospitals bed occupancy rate ²¹	49.1%	46.9%	59.6%	56.9%	50.6%						
Hospitals bed occupancy rate, excluding Tbilisi Referral Hospital and Regional Hospital beds	52.4%	58.5%	64.1%	61.2%	63.3%						
Regional Hospital bed occupancy rate ²¹	33.3%	21.9%	38.6%	35.8%	16.7%						
Tbilisi Referral Hospital bed occupancy rate ²¹	40.7%	35.2%	46.9%	46.5%	34.3%						
Average length of stay (days) ²¹	5.2	5.4	5.4	5.4	5.5						
Clinics											
EBITDA margin <i>excluding IFRS 16</i>	16.9%	13.7%	17.5%	17.7%	14.0%						
EBITDA margin of polyclinics <i>excluding IFRS 16</i>	16.1%	15.4%	16.3%	15.8%	15.1%						
Direct salary rate (direct salary as % of revenue)	36.1%	36.3%	34.8%	35.2%	36.2%						
Materials rate (direct materials as % of revenue)	5.7%	6.7%	6.6%	6.1%	6.6%						
Number of community clinics	19	19	19	19	19						
Number of community clinics beds	353	353	353	353	353						
Number of polyclinics	15	16	16	15	16						

Sources: GHG Internal Reporting

- (1) Adjusted for non-recurring items and foreign currency losses
- (2) Return on invested capital is adjusted to exclude newly launched hospitals and polyclinics that are in roll-out phase
- (3) 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 2018 and in the 2Q19 and 1H19 results announcement. 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