



# Investor presentation

## *Third quarter of 2022 results*

*An extract from parent company's, Georgia capital PLC, results file while for the full version they can refer to the following link: [Financial Results | Georgia Capital](#)*

# FORWARD LOOKING STATEMENTS



This announcement 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 Capital 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: impact of COVID-19; regional instability; regulatory risk across a wide range of industries; investment risk; liquidity risk; portfolio company strategic and execution risks; currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; and other key factors that could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in the 1H21 Result Announcement and in Georgia Capital PLC's Annual Report and Accounts 2020. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Capital PLC or any other entity, and must not be relied upon in any way in connection with any investment decision. Georgia Capital PLC and other entities undertake 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.

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# RETAIL (PHARMACY) BUSINESS OVERVIEW



368

Pharmacies in total

8

The Body Shop stores

2

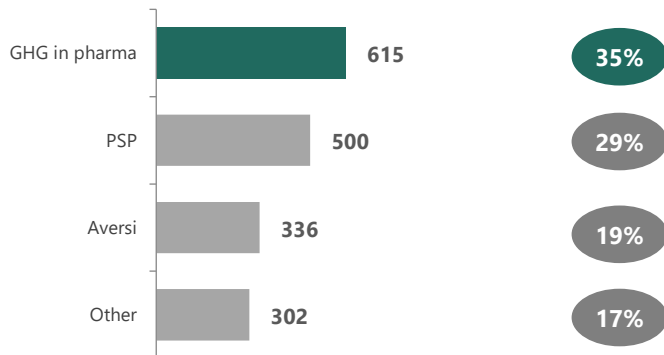
Optics – Alain Afflelou

359  
in Georgia | 9  
in Armenia

5  
in Georgia | 2  
in Armenia | 1  
in Azerbaijan

**Country's largest retailer** in terms of both, revenue and number of bills issued

Market share by revenue, 2020<sup>1</sup>



**Our retail pharmacy operates under two pharmacy brands**, each with a distinct positioning:

- > GPC for the high-end customer segment
- > Pharmadepot for the mass retail segment

## Key focus areas in medium and long-term

### Expanding retail footprint in Georgia

- > c.400 pharmacies in 5 years

### International expansion (Armenia & Azerbaijan)

- > Adding new GPC stores in Armenia (currently 2)
- > Entering Azerbaijan market

### Increase sales from E-commerce

- > Increase local sales from e-commerce (GEL 13.5 million in 9M22)
- > Launch e-commerce in Armenia & Azerbaijan

### Supporting the core

- > Expanding the mix of synergetic products and services
- > Add international franchises on different beauty and other retail products

## Next 5-year targets

- Double digit revenue & EBITDA CAGR
- 9%+ EBITDA margin

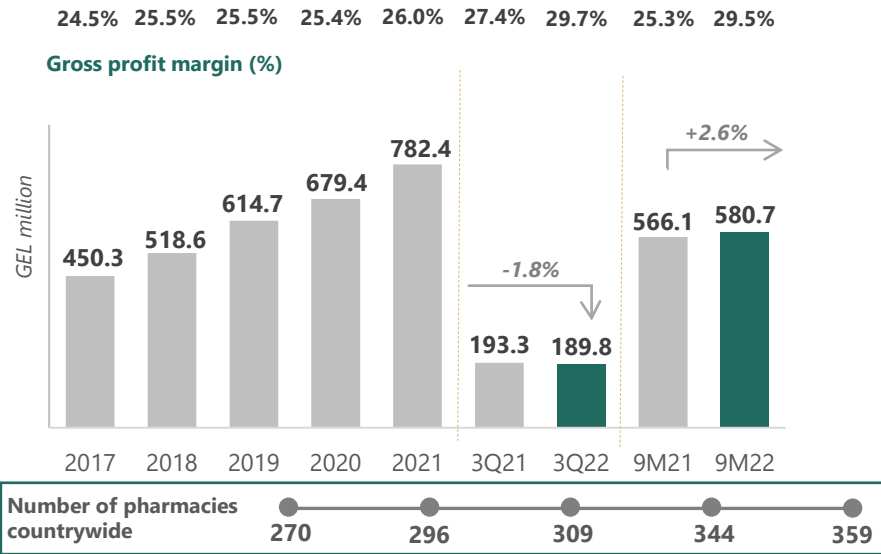


# RETAIL (PHARMACY) BUSINESS OVERVIEW (CONT'D)

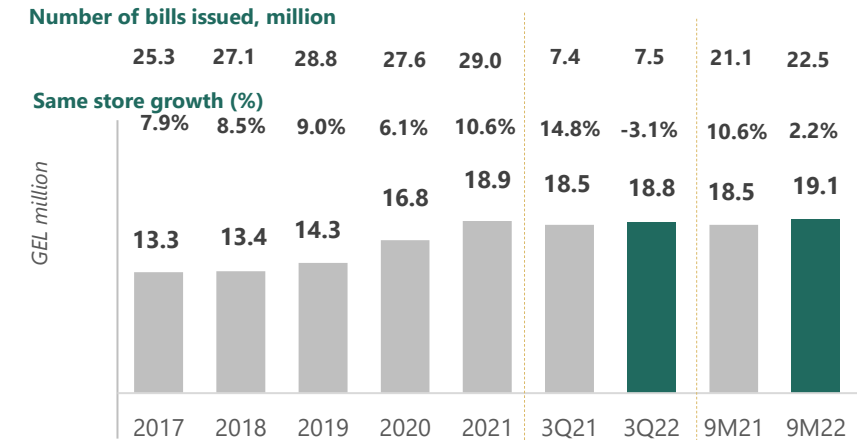
## Margin enhancement and strong growth in para-pharmacy sales:

Para-pharmacy sales have the strongest margins and the share of para-pharmacy sales in retail revenue reached 34.9% as of 9M22 (34.7% as of 9H21).

### REVENUE



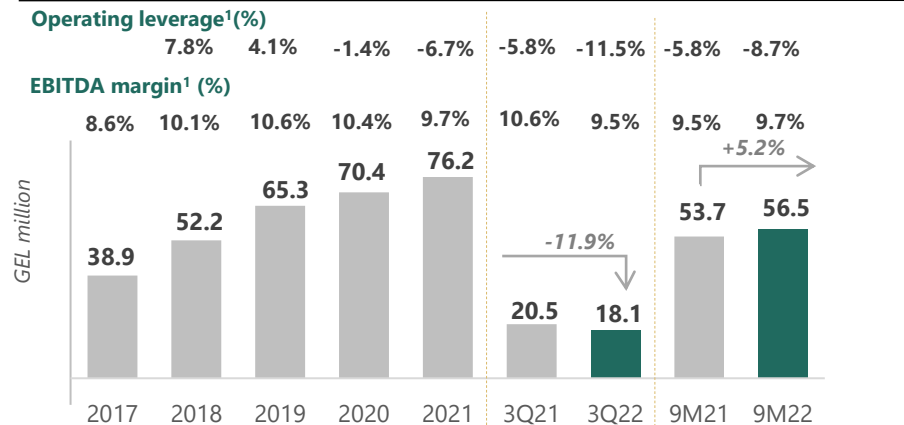
### AVERAGE BILL SIZE & NUMBER OF BILLS ISSUED



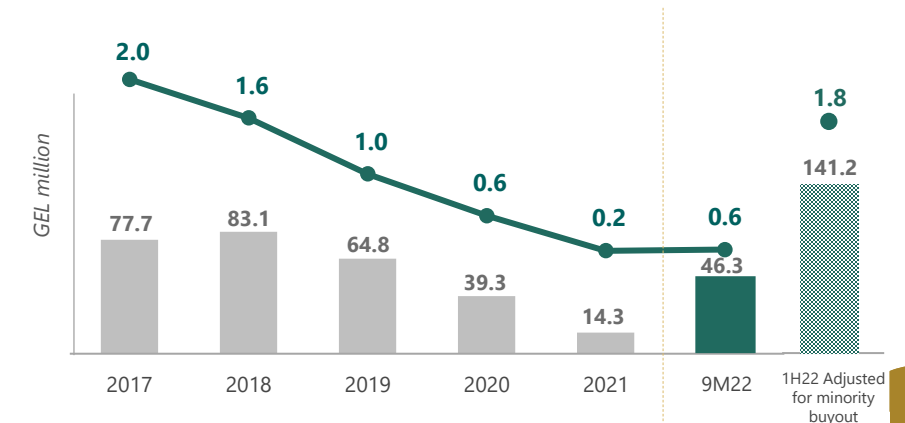
### CASH FLOW HIGHLIGHTS

	3Q22	9M22
Operating cash flow <sup>1</sup>	GEL 19.3m	GEL 54.5m
Change y-o-y	-26.4%	37.1%
EBITDA to cash conversion <sup>1</sup>	106.7%	96.4%
Change y-o-y	-21.0ppts	22.5ppts
Free cash flow <sup>1</sup>	GEL 15.8m	GEL (3.9)m
Change y-o-y	-29.4%	NMF

### EBITDA<sup>1</sup>



### NET DEBT & NET DEBT TO LTM EBITDA<sup>1</sup>

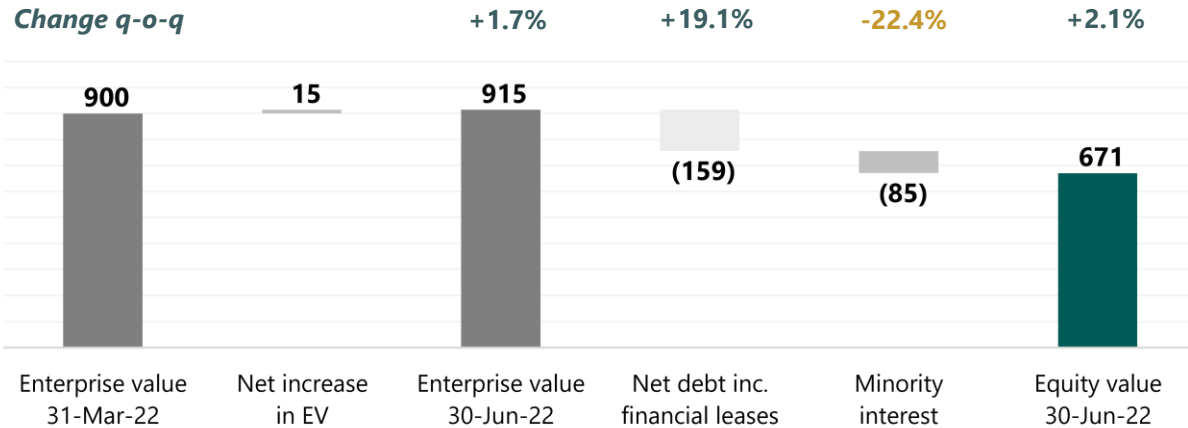




# RETAIL (PHARMACY) BUSINESS VALUATION OVERVIEW

## VALUE DEVELOPMENT OVERVIEW | 2Q22

(GEL MILLION)



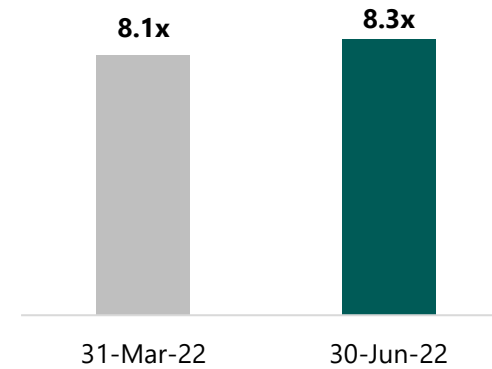
## VALUATION HIGHLIGHTS<sup>1</sup>

GEL million, unless noted otherwise

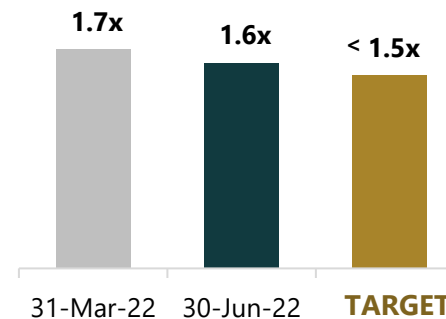
	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Enterprise value	915.3	900.2	15.1	952.3	(37.0)
LTM EBITDA	109.7	111.4	(1.7)	102.9	6.8
Implied EV/EBITDA multiple	8.3x	8.1x	0.2x	9.3x	(1.0x)
Net debt inc. lease liabilities	(159.5)	(133.9)	(25.6)	(118.4)	(41.1)
Equity value of GCAP's share	671.0	657.1	13.9	710.4	(39.4)

## IMPLIED LTM EV/EBITDA DEVELOPMENT

(incl. IFRS 16)



## ADJUSTED NET DEBT TO EBITDA<sup>2</sup>



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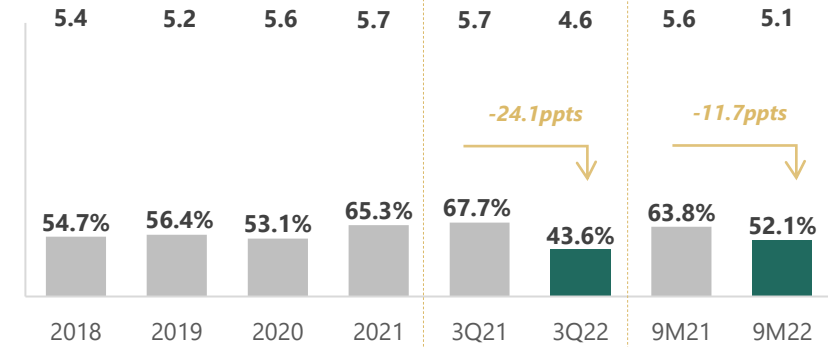
# HOSPITALS BUSINESS OVERVIEW (CONT'D)

## CASH FLOW HIGHLIGHTS<sup>1</sup>

	3Q22	9M22
Operating cash flow	GEL 3.8m	GEL 18.4m
Change y-o-y	-83.6%	-55.9%
EBITDA to cash conversion	37.9%	47.8%
Change y-o-y	-89.2ppts	-25.3ppts
Free cash flow	GEL (1.7)m	GEL 12.6m
Change y-o-y	NMF	4.7%

Average length of stay

## Bed occupancy rate



16

Number of referral hospitals

2,524

Number of referral hospital beds

KGEL 106.7

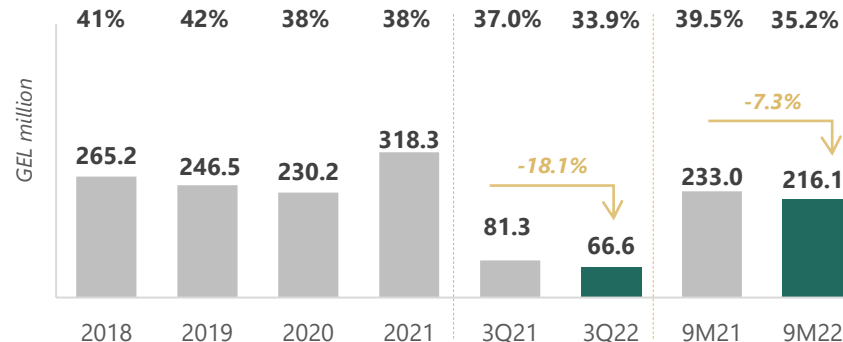
Revenue per referral bed

72

Emergency cars  
In Tbilisi and regions

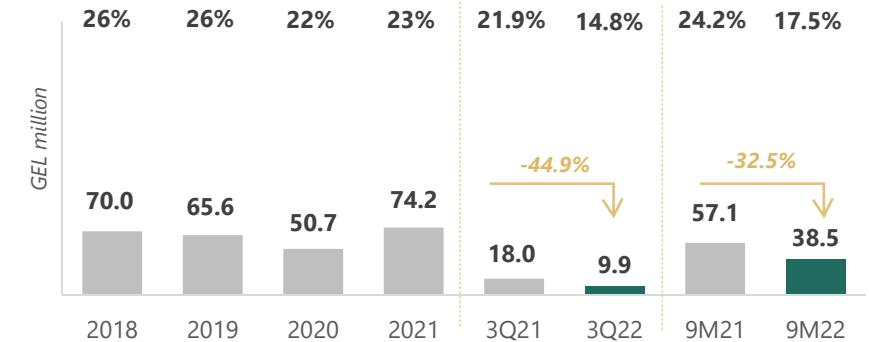
## NET REVENUE

Gross profit margin (%)



## EBITDA<sup>1</sup>

EBITDA margin (%)<sup>1</sup>

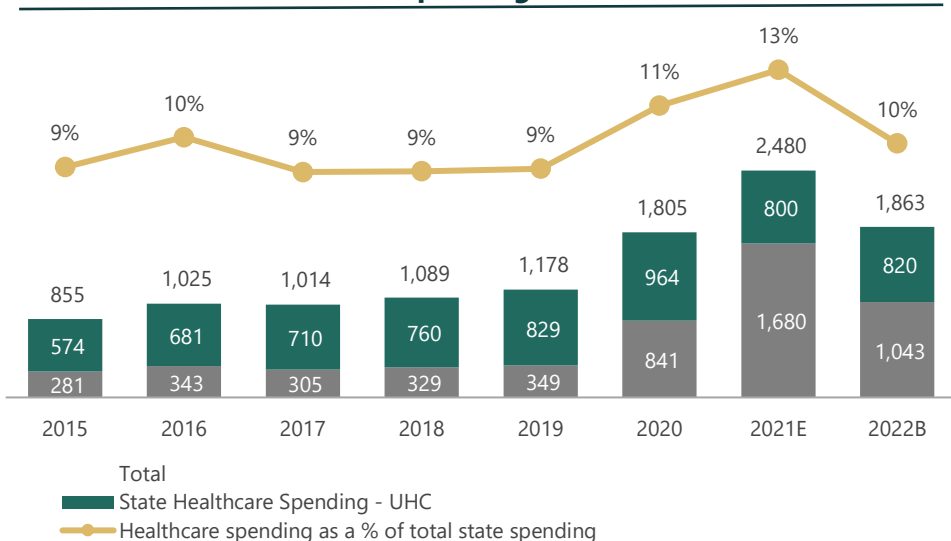






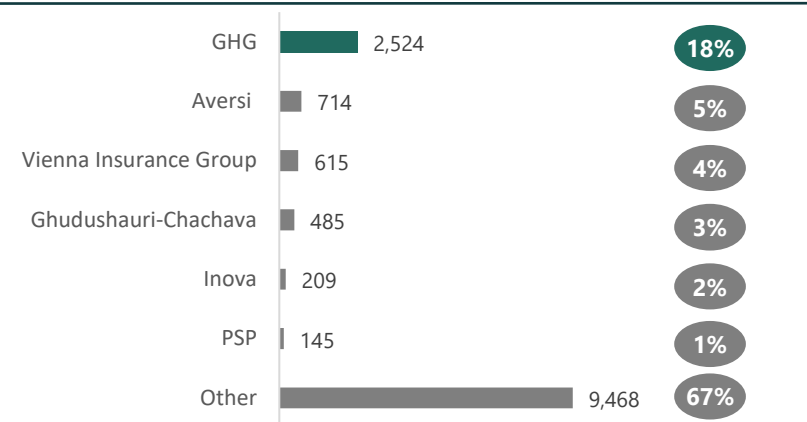
# HOSPITALS BUSINESS OVERVIEW

State healthcare spending, GEL millions



- Since 2020 Government spending increased to manage the COVID - 19 in the country
- Country's expenditure on healthcare – 3.7% of GDP in 2020 (from 2.4% in 2019)
- Government spending on healthcare accounts c.13% of total budget in 2021

Market share by number of beds<sup>1</sup>



- **The largest healthcare service provider in Georgia:** c.18% market share by number of hospital beds.
- **Covering 3/4 of Georgia's population.**

## Key focus areas in medium and long-term

- 1 Adding new services and strategic projects**  
 Ambulance, oncology centre, transplantology center, radiology hub, medical tourism clinical trials, post COVID programmes
- 2 Quality projects**  
 Nursing reform/CRM development/Quality education programmes
- 3 Improved key operational data**  
 Automatisation of clinical processes in hospitals/Digitalisation of clinical KPIs/Use of statistical methods
- 4 Digitalisation of clinical processes**  
 Inpatient/Outpatient/Clinical/Employee and customer satisfaction

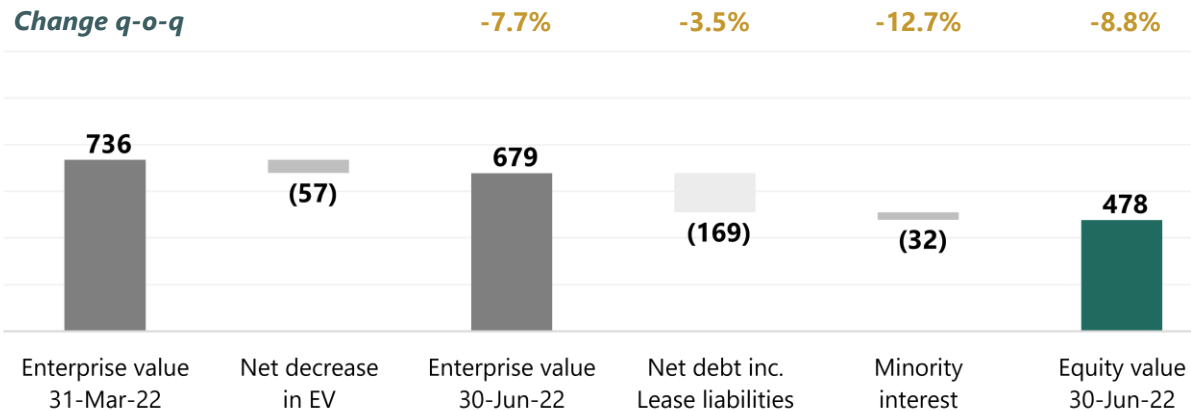
## Next 5-year targets

- EBITDA CAGR 10%+**
- EBITDA TO OPERATING CASH C.85%+**
- ROIC: C.13%+ (9.2% in 2021)**



# HOSPITALS BUSINESS VALUATION OVERVIEW

## VALUE DEVELOPMENT OVERVIEW | 2Q22 (GEL MILLION)

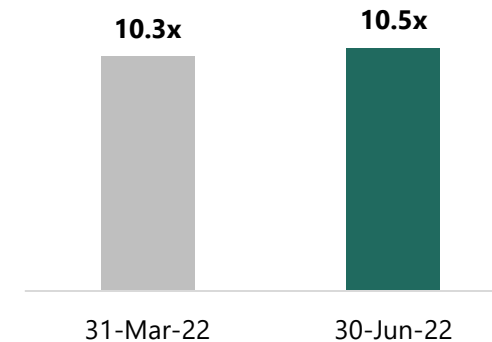


## VALUATION HIGHLIGHTS<sup>1</sup>

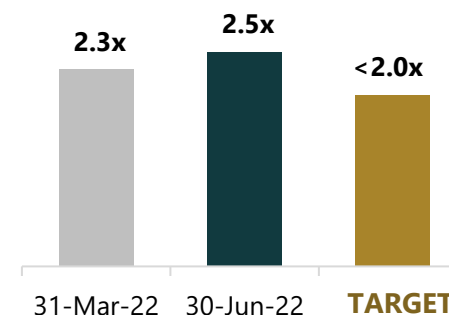
GEL million, unless noted otherwise

	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Enterprise value	678.7	735.6	(56.9)	791.5	(112.8)
LTM EBITDA	64.9	71.5	(6.6)	75.1	(10.2)
Implied EV/EBITDA multiple	10.5x	10.3x	0.2x	10.5x	-
Net debt incl. lease liabilities	(168.6)	(174.7)	6.1	(178.4)	9.8
Equity value of GCAP's share	478.0	524.3	(46.3)	573.8	(95.8)

## IMPLIED LTM EV/EBITDA DEVELOPMENT (incl. IFRS 16)



## NET DEBT TO EBITDA



Georgia Capital PLC | 1. The independent valuations of the large and investment portfolio companies are performed on a semi-annual basis. In 2Q22, Hospitals Business was valued externally by a third-party independent valuation firm.

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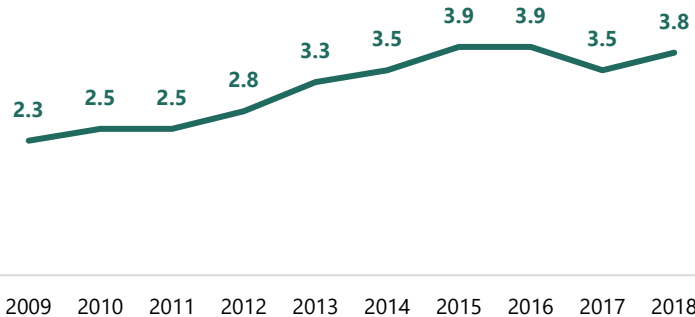
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# CLINICS & DIAGNOSTICS BUSINESS OVERVIEW

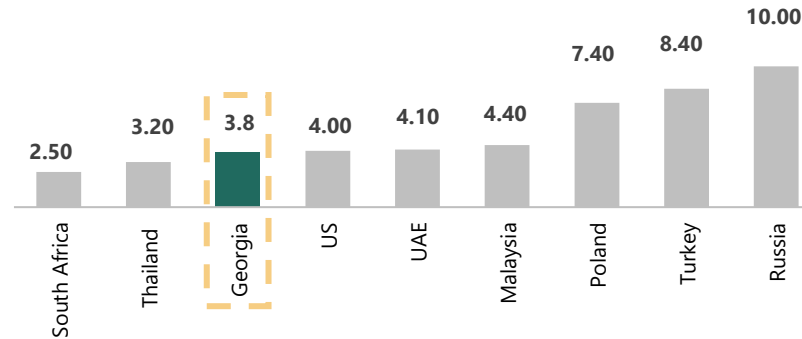
## HIGH GROWTH PROSPECTS IN THE CLINICS BUSINESS

Outpatient visits per capita, Georgia



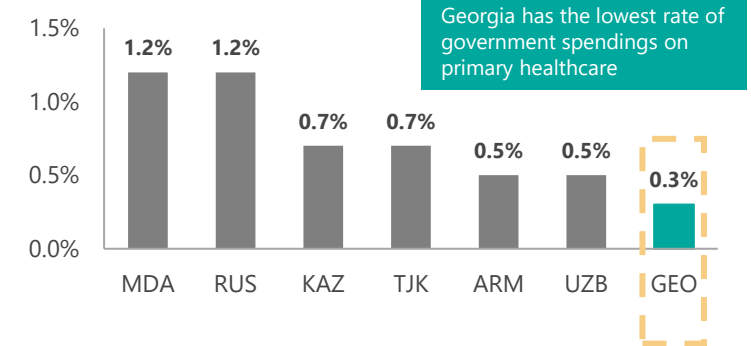
Source: NCDC statistical yearbook 2018

Outpatient encounters per capita



Source: Frost and Sullivan Analysis 2017

Government Expenses on Primary Care VS GDP



Source: WHO regional office for Europe

### MEDIUM TERM OBJECTIVES

#### Clinics & Polyclinics

- > Adding new services
- > Geographic expansion
- > Developing distance channels
- > Sustainable growth of clinical & service quality
- > Adding customer base

#### Diagnostics

- > Expansion of retail
- > Attracting B2B clients
- > Improved logistics
- > JCI and CAP accreditation
- > Digitalisation

**Combined financial targets for Clinics and Diagnostics for the next 5-years (2021-2026)**

**DOUBLE DIGIT REVENUE CAGR**

**EBITDA C.GEL 35-40 MILLION+**



# CLINICS & DIAGNOSTICS BUSINESS OVERVIEW (CONT'D)



## CLINICS

## DIAGNOSTICS (9M22)

19

### Community Clinics

Outpatient and basic inpatient services in regional towns and municipalities

21%

Market share by registered patients

353

Number of community clinics beds

17

### Polyclinics

Outpatient diagnostic and treatment services in Tbilisi and major regional cities

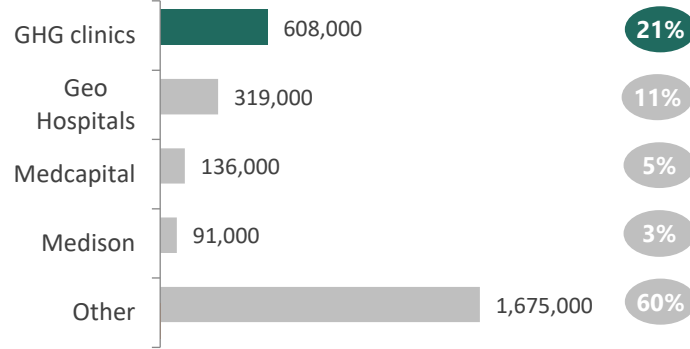
270,000

Registered patient in Tbilisi

608,000

Registered patient in Georgia

### Market share by number of registered patients



0.8 million

Number of patients served

1.8 million

Number of tests performed

29%

Retail portion in total revenue

2.4

Average number of tests per patient

GEL 9.0

Average revenue per test

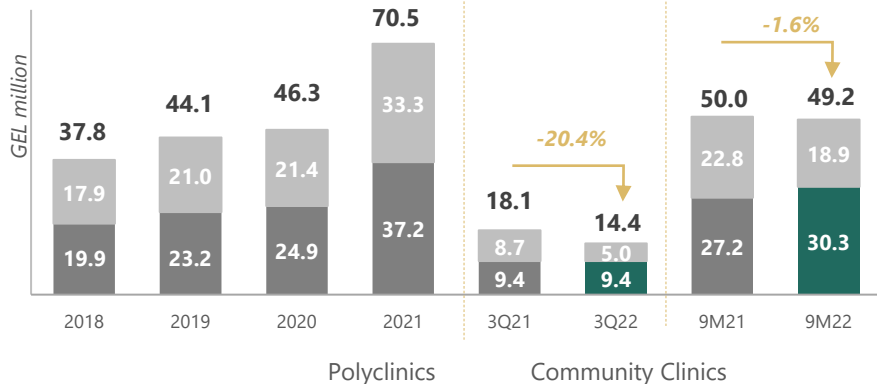
35%

COVID tests portion in total revenue

### NET REVENUE, CLINICS

Gross profit margin (%)

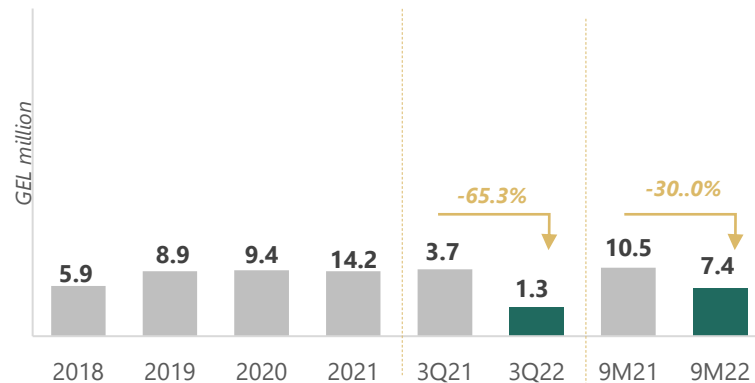
43% 45% 47% 44% 44% 42% 45% 42%



### EBITDA, CLINICS (excl. IFRS 16)

EBITDA margin (% excl. IFRS 16)

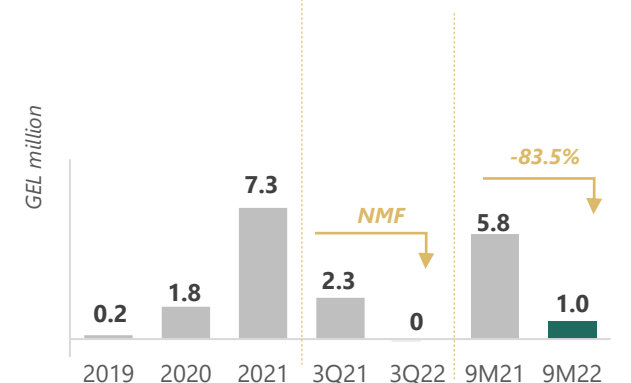
15.4% 19.9% 20.1% 19.9% 20.4% 8.9% 20.9% 14.8%



### EBITDA, DIAGNOSTICS (excl. IFRS 16)

EBITDA margin (% excl. IFRS 16)

3.2% 12.3% 23.8% 25.7% NMF 26.2% 5.9%



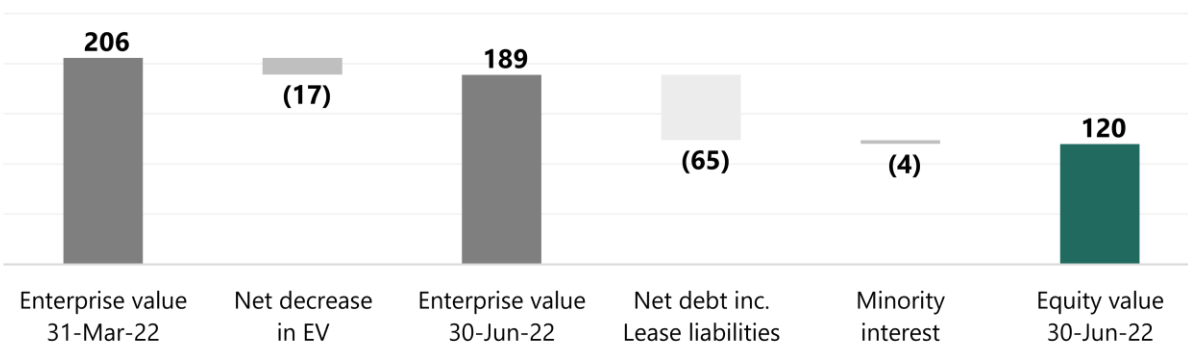


# CLINICS & DIAGNOSTICS BUSINESS VALUATION OVERVIEW

## VALUE DEVELOPMENT OVERVIEW | 2Q22

(GEL MILLION)

Change q-o-q -8.4% +23.4% -28.9% -18.9%



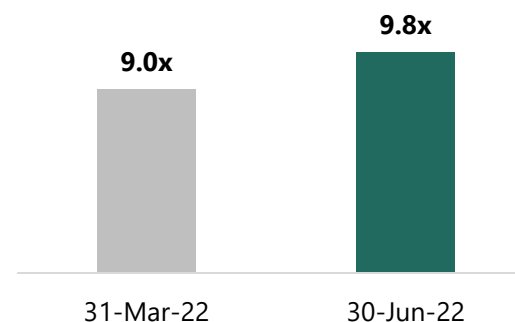
## VALUATION HIGHLIGHTS<sup>1</sup>

GEL million, unless noted otherwise

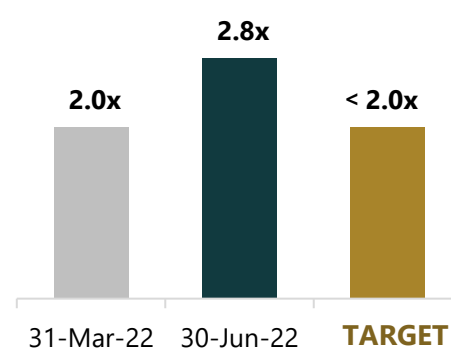
	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Enterprise value	188.8	206.1	(17.3)	211.6	(22.8)
LTM EBITDA	19.2	22.8	(3.6)	22.3	(3.1)
Implied EV/EBITDA multiple	9.8x	9.0x	0.8x	9.5x	0.3x
Net debt incl. lease liabilities	(64.8)	(52.6)	(12.2)	(48.1)	(16.7)
Equity value of GCAP's share	120.0	148.0	(28.0)	158.0	(38.0)

## IMPLIED LTM EV/EBITDA DEVELOPMENT

(incl. IFRS 16)



## NET DEBT TO EBITDA



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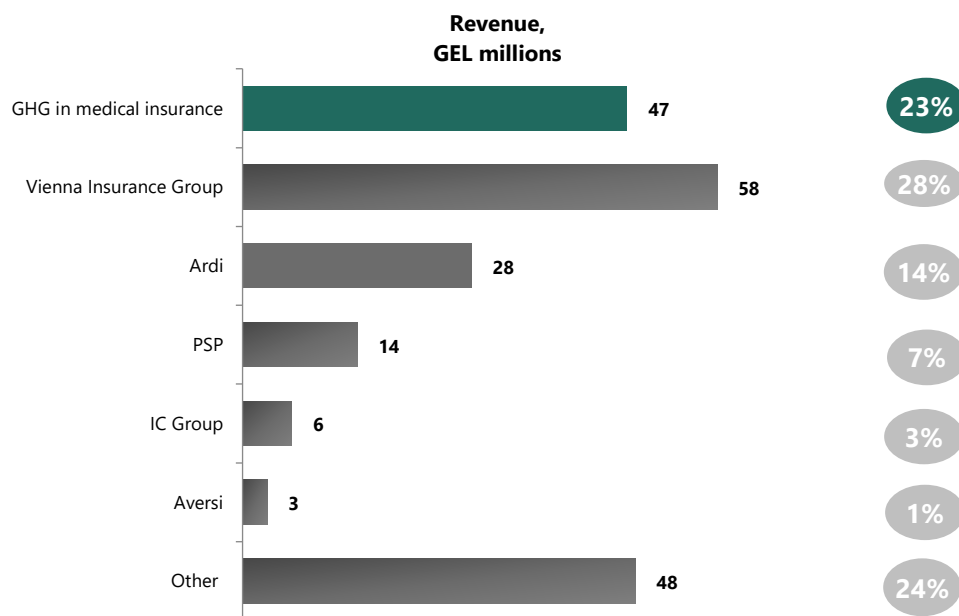
# MEDICAL INSURANCE BUSINESS OVERVIEW



**Largest medical insurer in the country** with 23%<sup>1</sup> market share Offering a variety of medical insurance products, with a wide distribution network to the Georgian population

## BUSINESSES MAJOR GROWTH DRIVERS

### Market share by gross premium revenue<sup>1</sup>



**c.160,000**  
Number of insured clients

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

### Medium to long-term targets

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



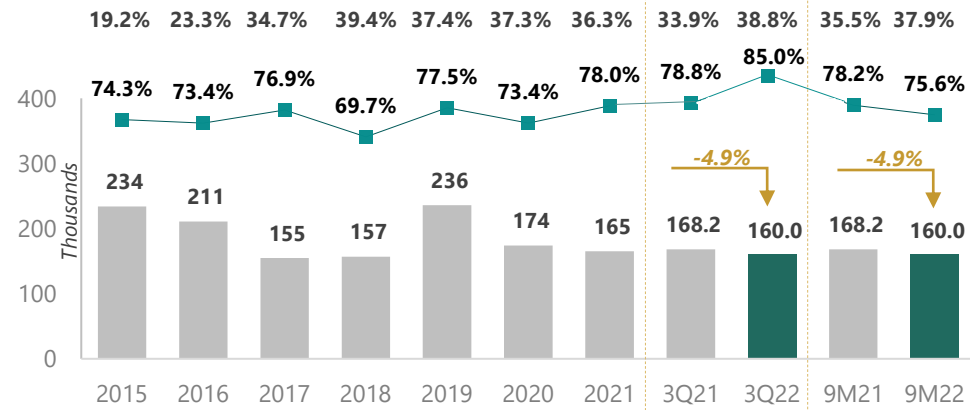


# MEDICAL INSURANCE BUSINESS OVERVIEW (CONT'D)

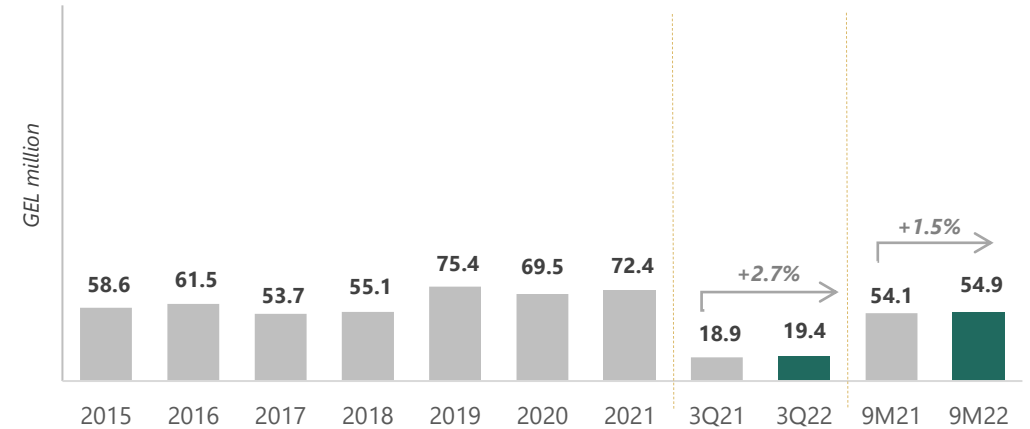


## NUMBER OF INSURED & RENEWAL RATE

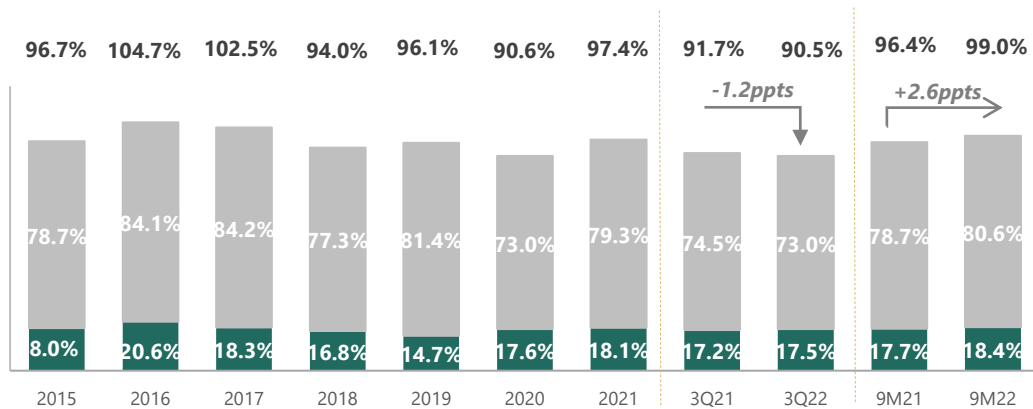
Retention rate within the Group<sup>1</sup> (%)



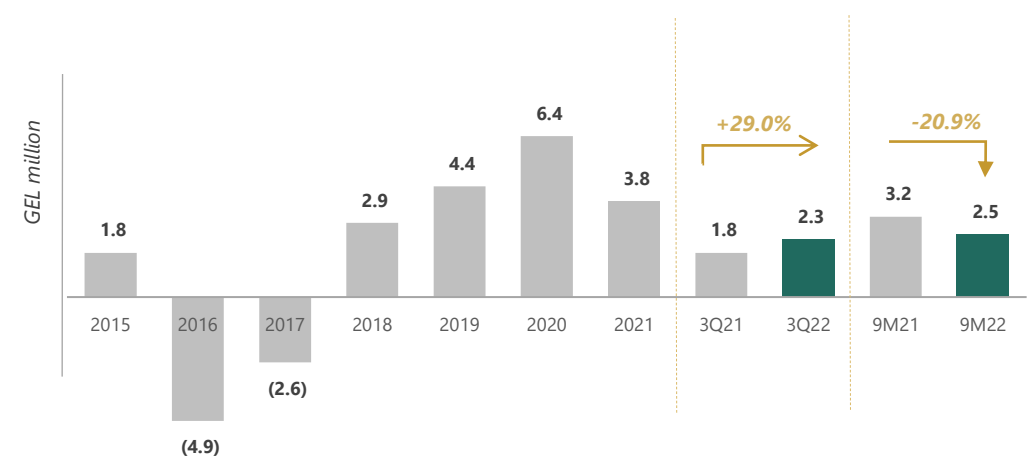
## REVENUE (NET INSURANCE PREMIUMS EARNED)



## COMBINED RATIO



## NET PROFIT



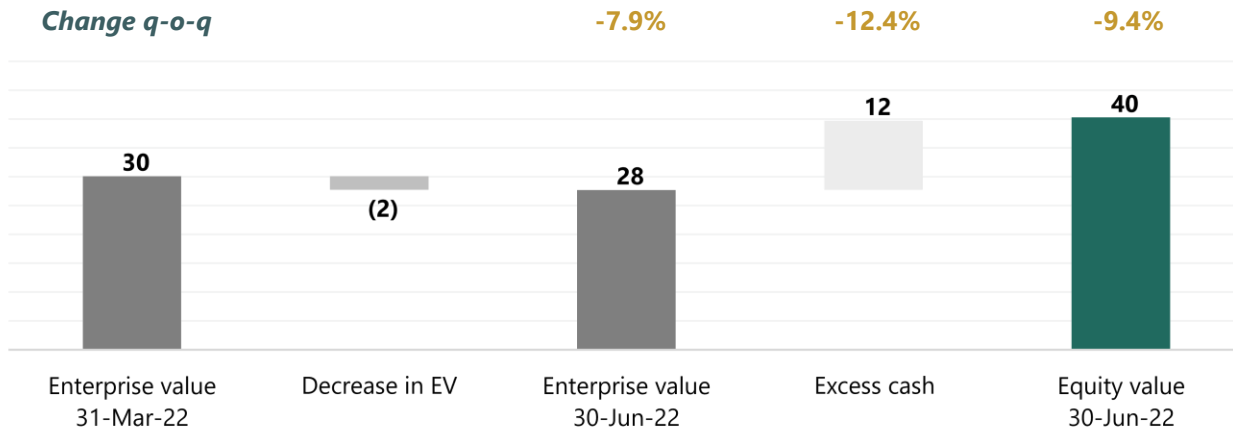
Georgia Capital PLC | 1. 2019 and 2020 numbers are adjusted to exclude HTMC hospital.



# MEDICAL INSURANCE BUSINESS VALUATION OVERVIEW

## VALUE DEVELOPMENT OVERVIEW | 2Q22 (GEL MILLION)

Change q-o-q

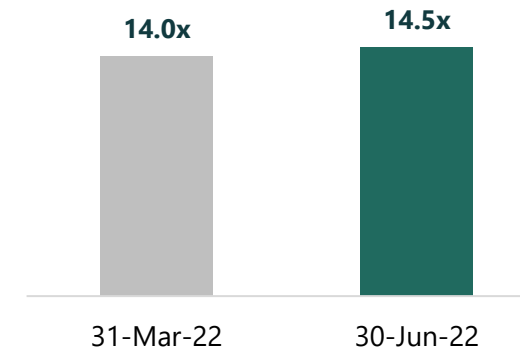


## VALUATION HIGHLIGHTS<sup>1</sup>

GEL million, unless noted otherwise

	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
LTM Net income <sup>2</sup>	2.8	3.2	(0.4)	3.8	(1.0)
Implied P/E multiple	14.5x	14.0x	0.5x	15.0x	(0.5x)
Equity value	40.3	44.5	(4.2)	56.6	(16.3)
LTM ROAE <sup>2</sup>	8.5%	9.9%	-1.4ppts	12.3%	-3.8ppts

## IMPLIED LTM P/E MULTIPLE DEVELOPMENT



## NET DEBT TO EBITDA

