



GEORGIA
HEALTHCARE
GROUP

Investor Presentation

Fourth quarter and full year of 2019 results

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

*February 2019
ghg.com.ge*



 **GHG | Overview**

 GHG | Strategy

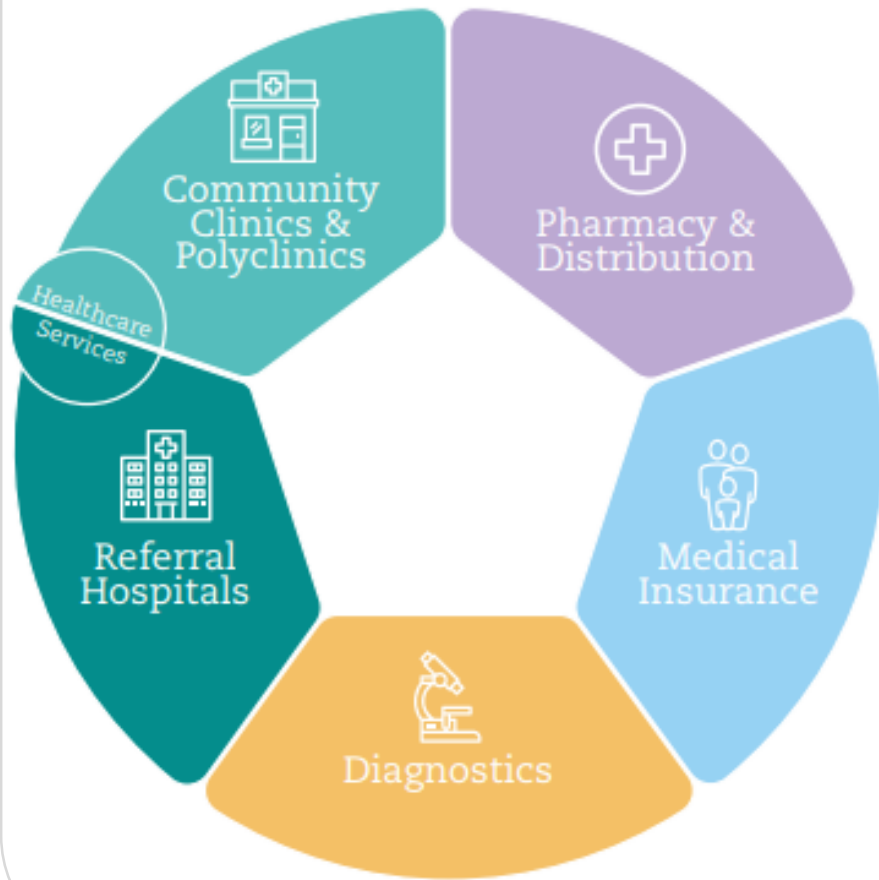
 Macroeconomic and industry overview

 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:** 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⁾, over 2.4 million client interactions per month, with c.0.8 million loyalty card members.
- ✓ **The largest medical insurer in Georgia:** c.32% market share⁽⁴⁾ by revenue, c.236,000 insured individuals as of December 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: c.15,900 full-time employees, including c.3,600 physicians, c.3,400 nurses and c.2,900 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
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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 4.5% annually in 2007-2018. 8% 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% 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 December 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 September 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

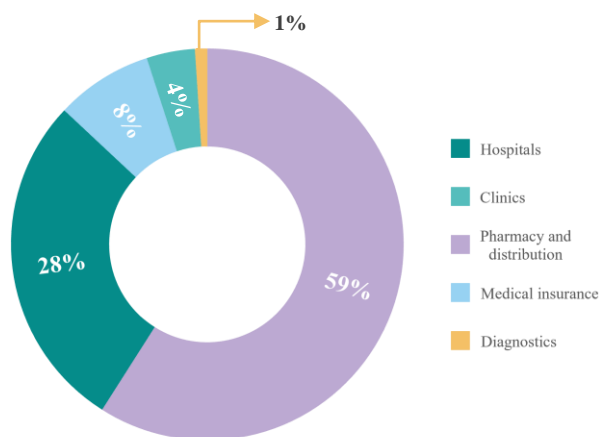
(9) GHG Group PLC successfully completed its IPO of ordinary shares on the Premium Segment of the LSE on 12 November 2015.



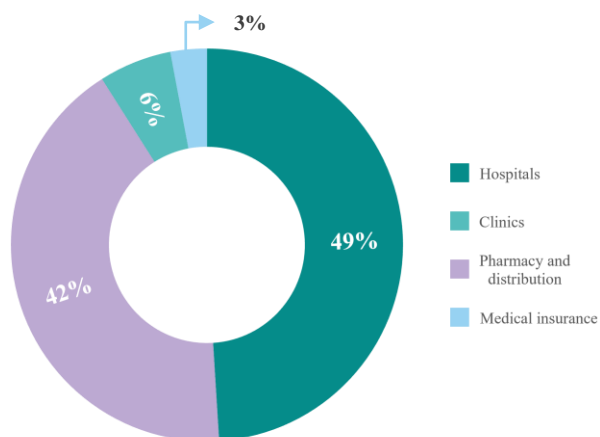
GHG businesses overview

	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	296 Pharmacies Wholesaler and urban-retailer, with a countrywide distribution network	C.236,000 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
FY19 EBITDA margin⁽⁴⁾	EBITDA Margin: 25.6%	EBITDA Margin: 19.9%		EBITDA Margin: 10.6%	EBITDA Margin: 6.9%	EBITDA Margin: 3.2%

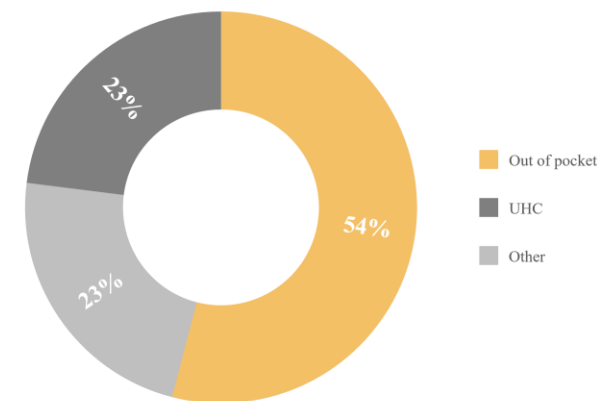
GHG revenue breakdown by segments



GHG EBITDA⁽⁴⁾ breakdown by segments



GHG revenue breakdown by payment sources



Sources

- (1) NCDC 2018, updated by GHG to include the changes before 31 December 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 September 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

	4Q19	4Q18	Change, y-o-y %	FY19	FY18	Change, y-o-y %
Revenue (GEL, millions)	73.6	72.0	2.1%	291.2	268.3	8.6%
EBITDA excluding IFRS 16 (GEL, millions)	19.9	19.0	4.2%	74.7	70.0	6.7%
EBITDA margin excluding IFRS 16 (%)	27.0%	26.4%	0.6 ppts	25.6%	26.1%	-0.5 ppts
Number of Hospital beds	2,967	2,967	-	2,967	2,967	-
Bed occupancy rate ⁽¹⁾ (%)	61.8%	60.7%	1.1 ppts	61.3%	60.8%	0.5 ppts
Average length of stay (days)	5.4	5.2	14.0%	5.4	5.4	-1.2%
Average revenue per hospital bed (GEL, thousands)	99.2	97.1	2.1%	98.2	90.4	8.6%

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



Successful ramp-up of Tbilisi Referral Hospital

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

After the renovation



Before the renovation

- Opened in December 2017
- **Double-digit EBITDA margin since 4Q18**
- The hospital also represents east Georgia's referral hub

332

Number of beds

8

Number of operating rooms

46.3%⁽²⁾

Occupancy rate

1.2

Average number of surgeries per operating theater per day

(1) Occupancy rate for FY19



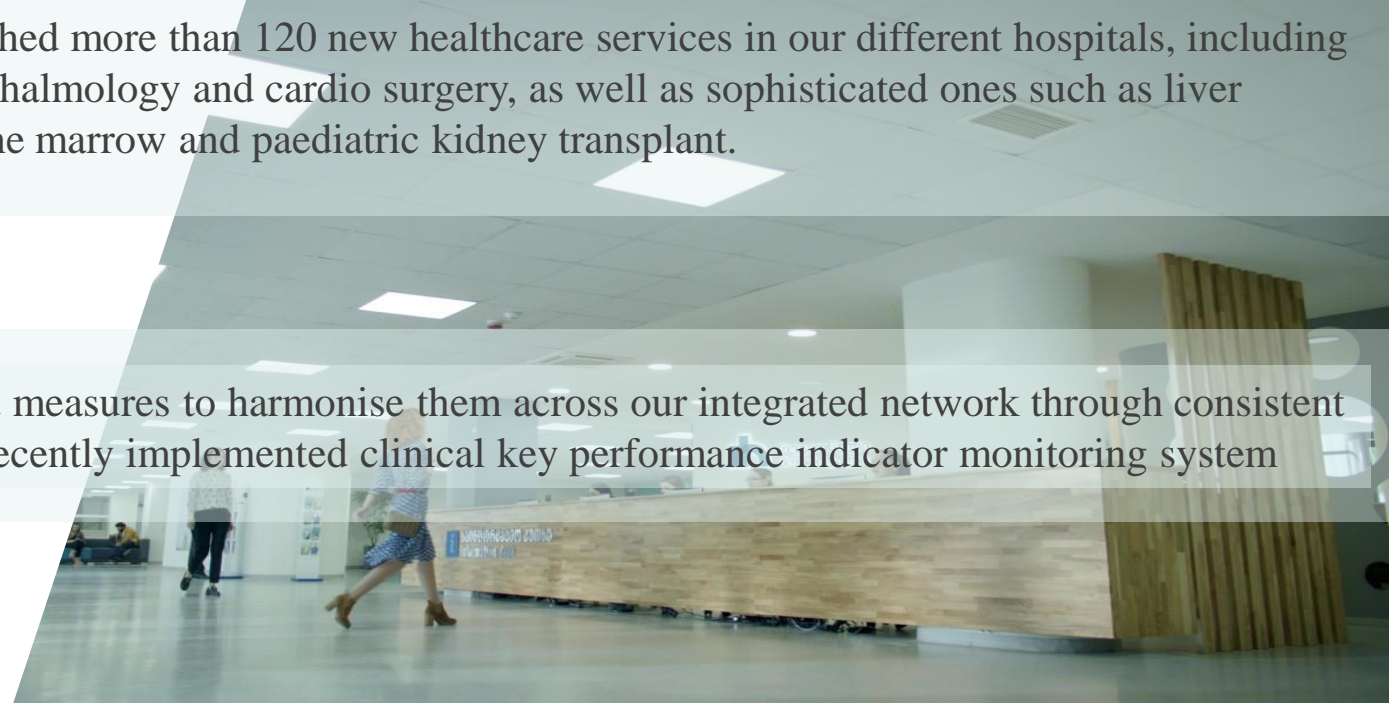
Investing in service development to cover existing service gaps in the country

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

	4Q19	4Q18	Change, y-o-y %	FY19	FY18	Change, y-o-y %
Revenue, of which: (GEL, millions)	11.9	10.0	18.5%	44.4	38.3	15.9%
Community*	5.5	4.8	14.4%	21.0	18.9	10.9%
Polyclinics*	6.4	5.1	24.4%	23.1	18.9	22.6%
EBITDA excluding IFRS 16 (GEL, millions)	3.1	1.9	60.8%	8.9	5.9	50.3%
EBITDA margin excluding IFRS 16 (%)	26.0%	19.1%	6.9 ppts	19.9%	15.4%	4.5 ppts
Number of Community clinic beds	353	353	-	353	353	-
Number of registered patients in Tbilisi	193,000	146,000	47,000	193,000	146,000	47,000

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



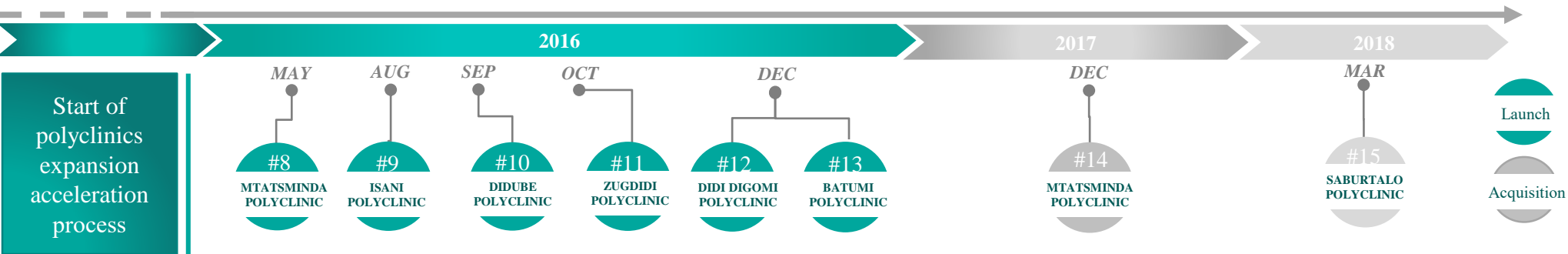
Focused growth strategy in outpatient market

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 193,000



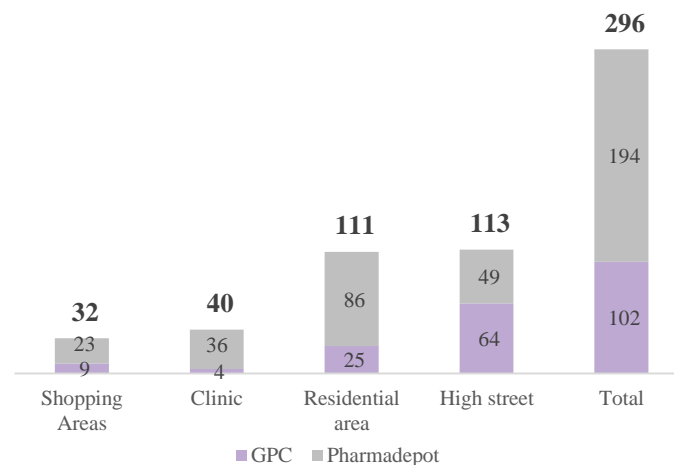


Pharmacy and distribution business overview



+ 296 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

	4Q19	4Q18	Change, y-o-y %	FY19	FY18	Change, y-o-y %
Revenue (GEL, millions)	172.7	141.0	22.4%	614.7	518.6	18.5%
EBITDA excluding IFRS 16 (GEL, millions)	19.2	15.2	25.9%	65.3	52.2	25.1%
EBITDA margin excluding IFRS 16 (%)	11.1%	10.8%	0.3 ppts	10.6%	10.1%	0.5 ppts
Number of bills issued (millions)	7.63	7.15	6.7%	28.84	27.10	6.4%
Average bill size (GEL)	15.1	13.9	8.8%	14.3	13.4	6.4%
Number of customer interaction per month (millions)	2.5	2.4	0.1	2.4	2.3	0.1



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 4 million 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.236,000 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 4Q19 and FY19, 44.8% and 42.5% of medical expense claims were retained within the Group.

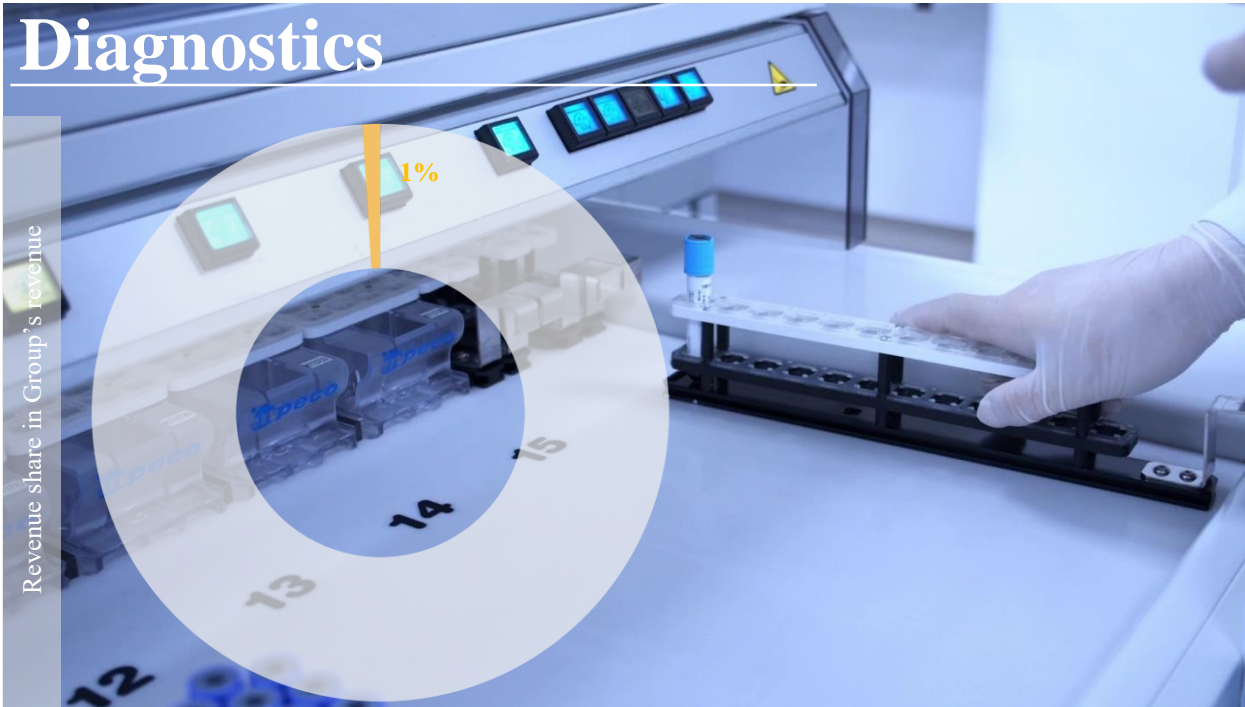
Highlights

	4Q19	4Q18	Change, y-o-y %	FY19	FY18	Change, y-o-y %
Revenue (GEL, millions)	19.6	13.9	41.0%	75.4	55.1	36.7%
Loss ratio (%)	84.6%	78.2%	6.4 ppts	81.4%	77.3%	4.1 ppts
EBITDA excluding IFRS 16 (GEL, millions)	0.7	0.6	0.2%	5.2	4.1	28.7%
Combined ratio excluding IFRS 16 (%)	97.6%	96.6%	1.0 ppts	94.1%	94.0%	0.1 ppts
Renewal rate	77.7%	65.8%	11.9 ppts	77.5%	69.7%	7.8 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

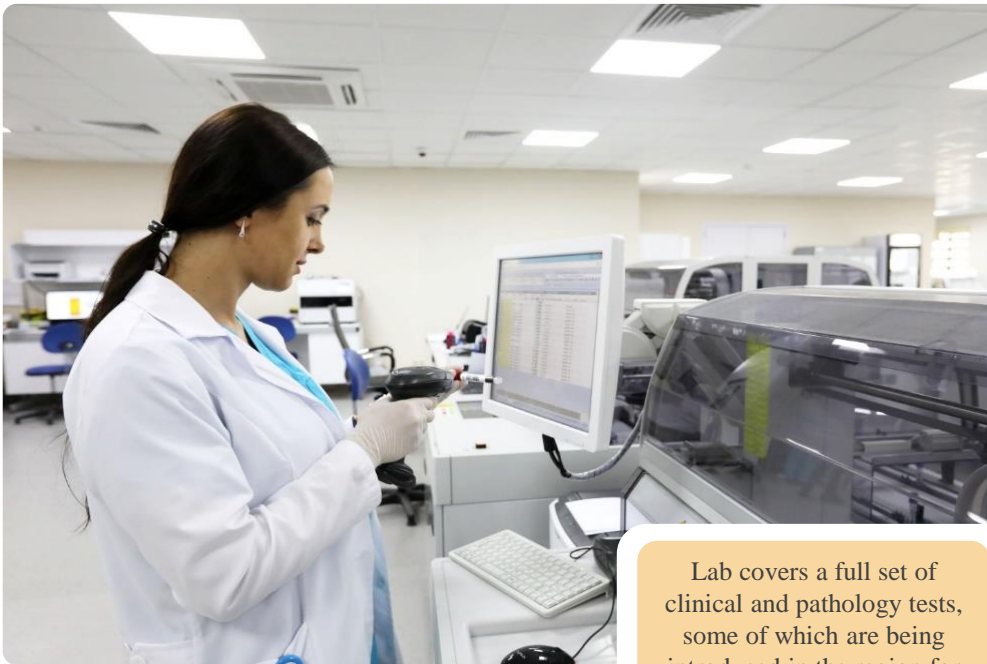
Highlights

	4Q19	FY19
Revenue (<i>GEL</i> millions)	1.7	5.1
EBITDA margin <i>excluding IFRS 16</i> (%)	2.8%	3.2%
Number of patient served ('000)	130	277
Number of tests performed ('000)	290	670
Average number of tests per patient	2.2	2.4



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.



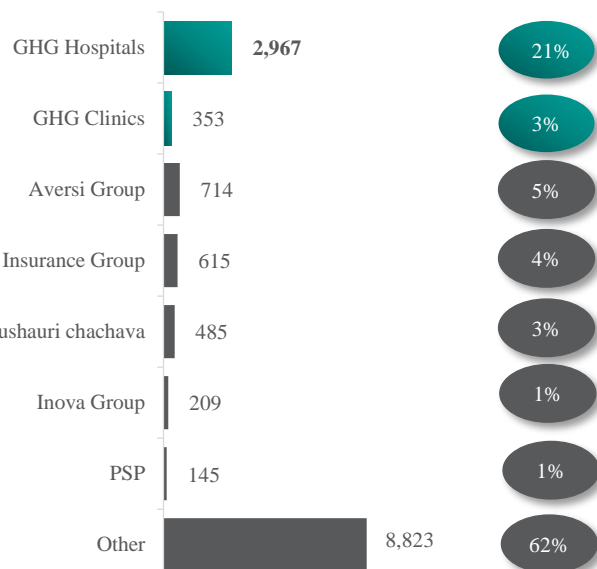
GHG segments are clear market leaders in a fragmented competitive landscape

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



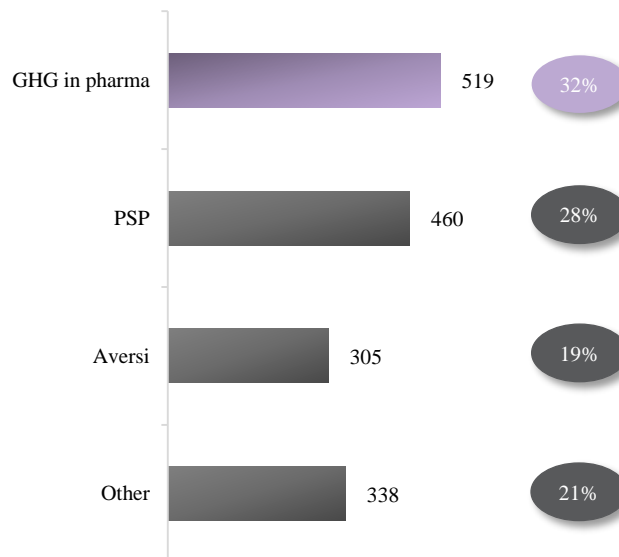
Healthcare services (Hospitals and Clinics)

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



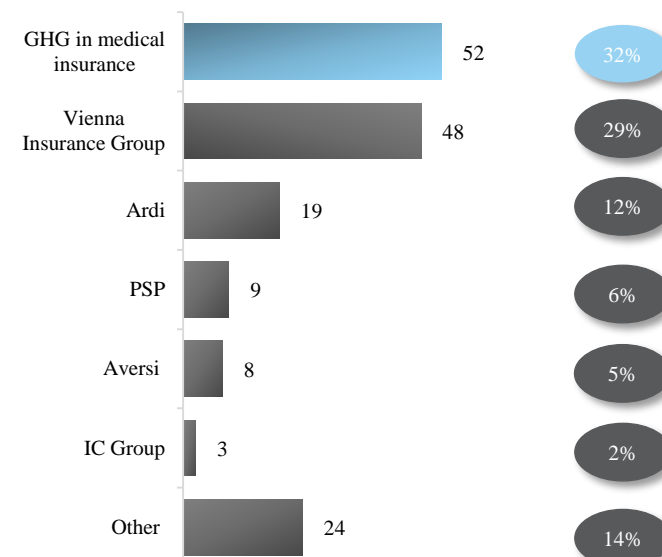
Pharmacy and distribution

(Revenue, 2018 GEL millions)⁽²⁾



Medical Insurance

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



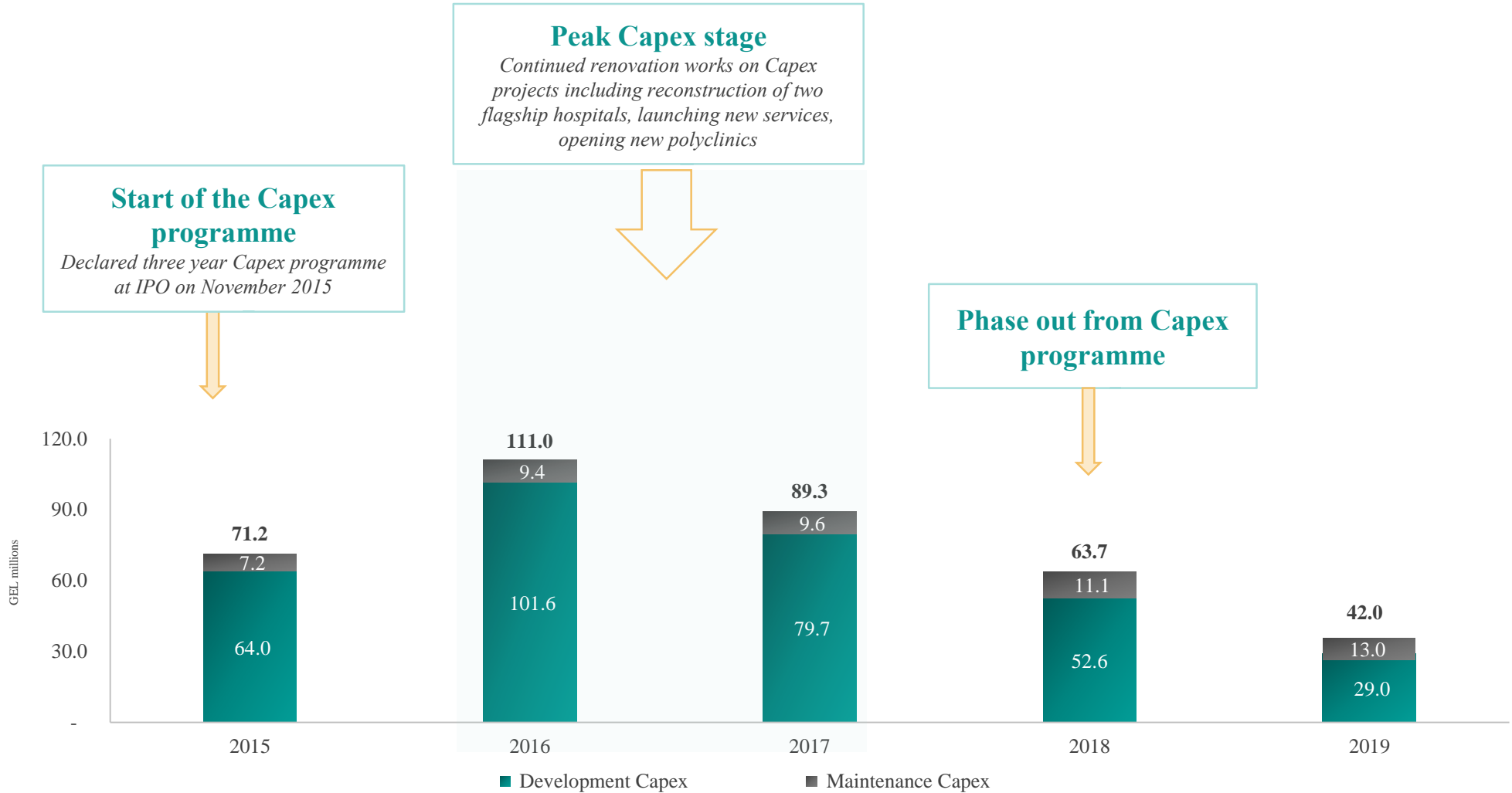
● Market share

Sources:

- (1) NCDC, data as of December 2018, updated by GHG to include changes before 31 December 2019; excluding speciality beds
- (2) Total market Frost & Sullivan analysis 2018; revenue distribution between competitors represents managements estimates
- (3) ISSSG as of 30 September 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

✓

- 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**

 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)

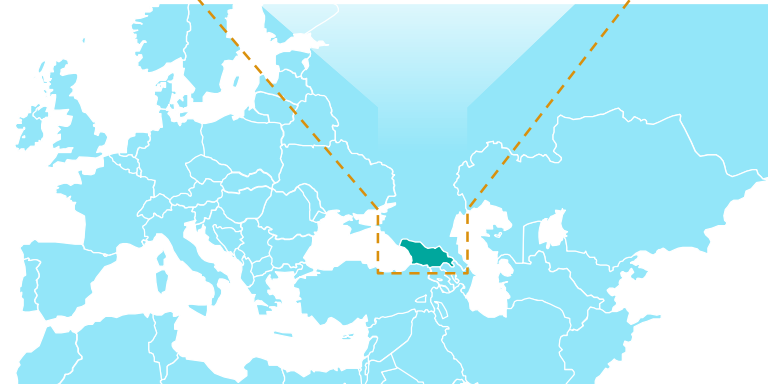


**Ease of Doing Business
Best Improvement since
2005**

- 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
- Annual Inflation 2019: 4.9%
- 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

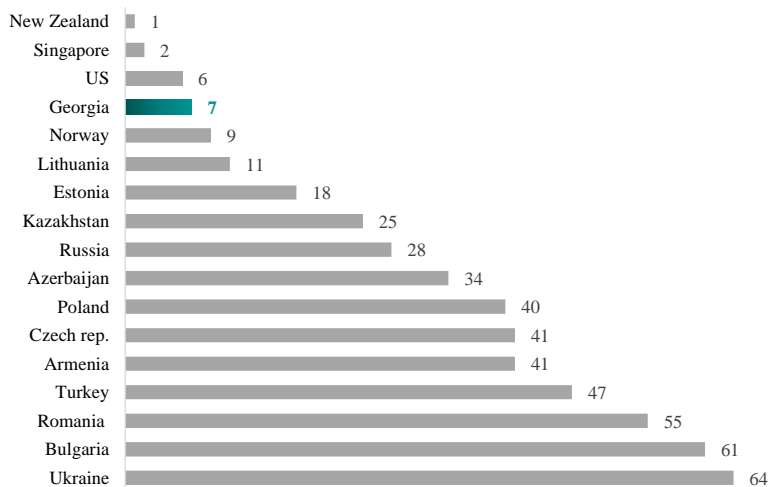


Source:
(1) GeoStat



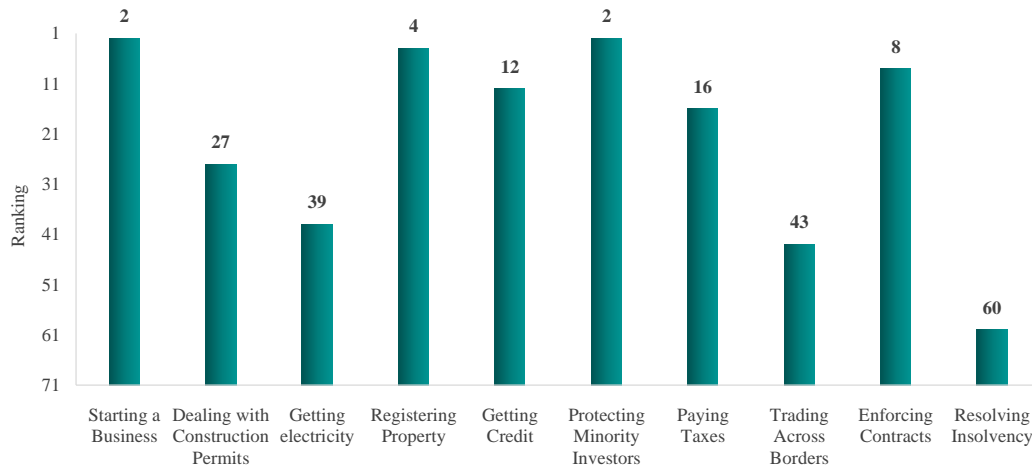
Georgia | top improver on World Bank's Ease of Doing Business Report

Ease of Doing Business | 2020

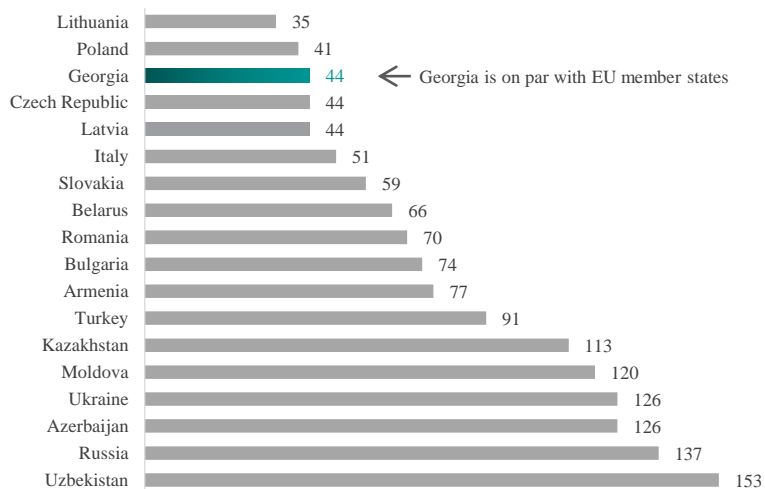


Source: WB Doing Business Report

Rankings on Doing Business Topics – Georgia

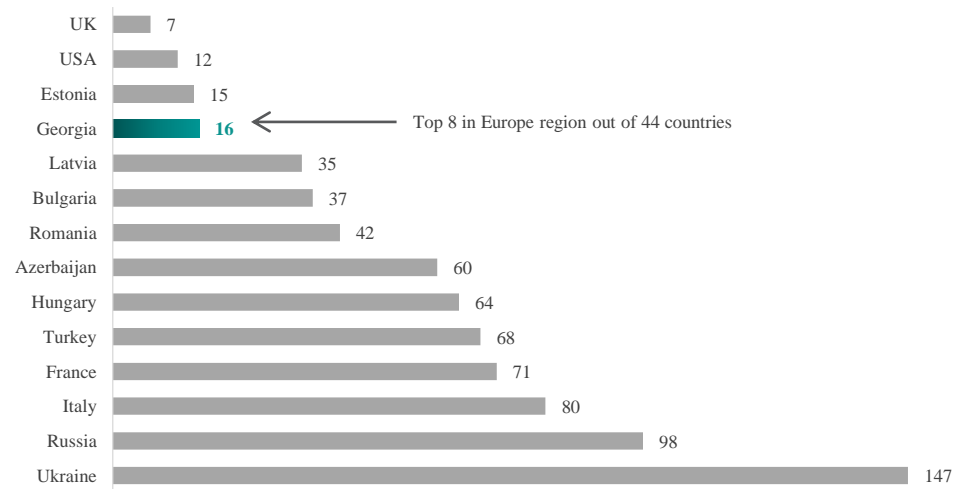


Global Corruption Barometer | TI 2019



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

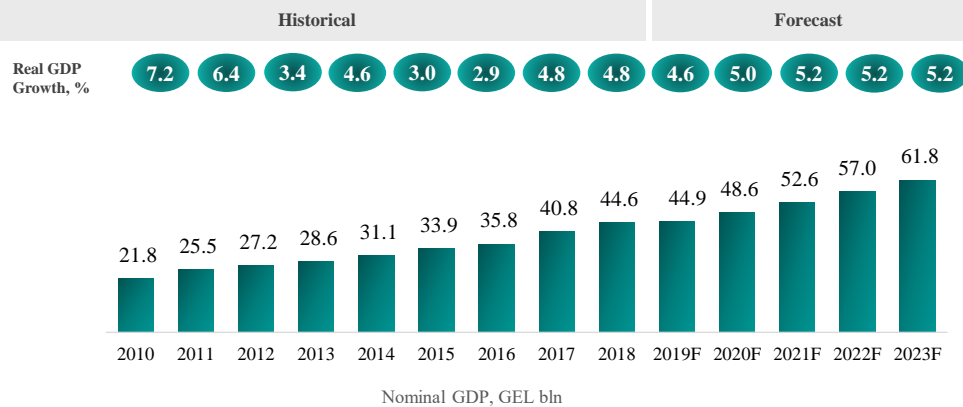
Economic Freedom Index | 2019



Source: Heritage Foundation

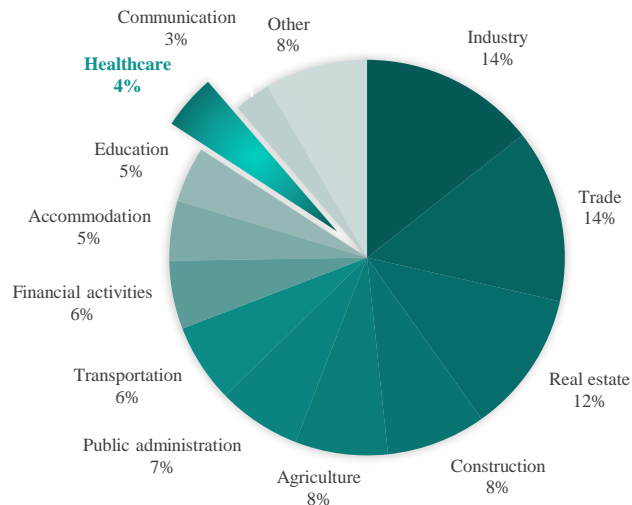


GDP Growth Expected to Continue



Sources: GeoStat, IMF

Diversified nominal GDP structure, 9M19



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

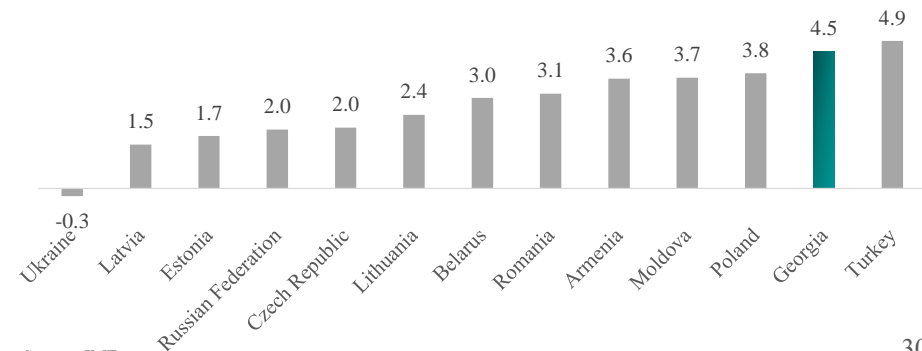
- FDI at US\$1.3 billion (7.8% of GDP) in 2018.
- FDI averaged 9.8% of GDP in 2007-2018.

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

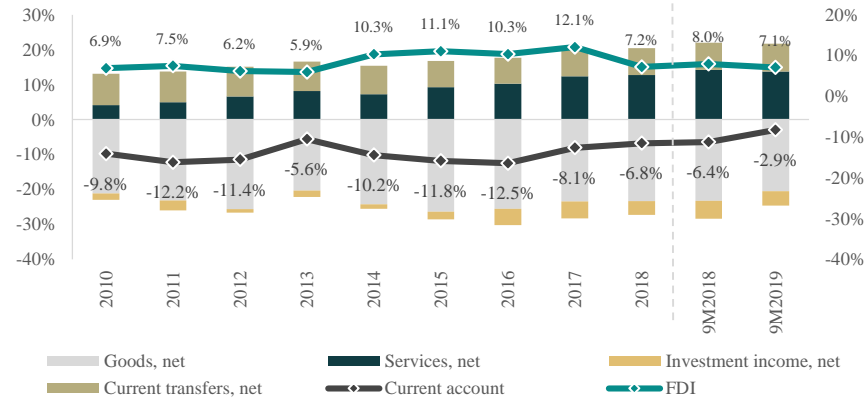


Source: IMF



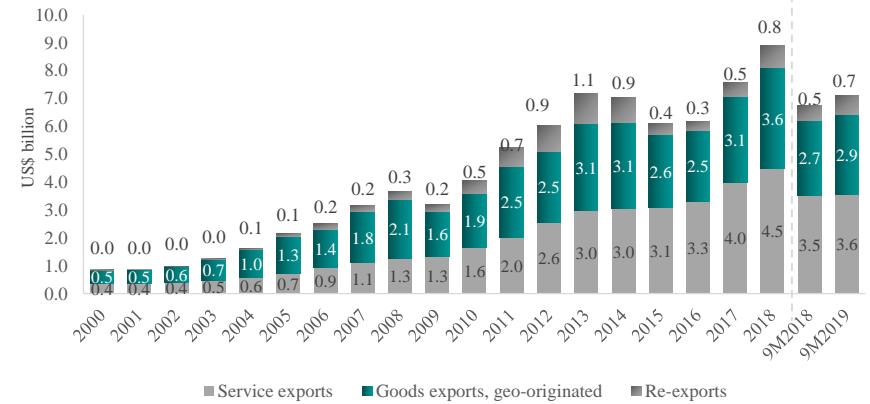
Current account balance (% of nominal GDP)

Double digit shrinking in the trade deficit helped CAB to improve to a historic low of under 3% in 9M19



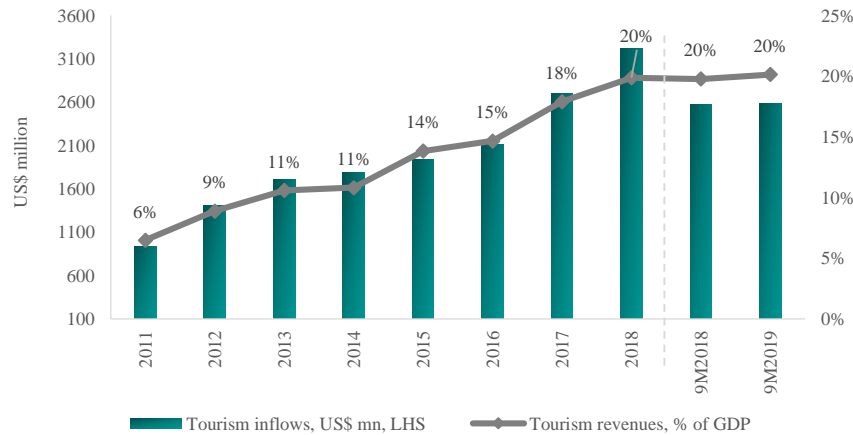
Source: NBG

Exports and Re-exports



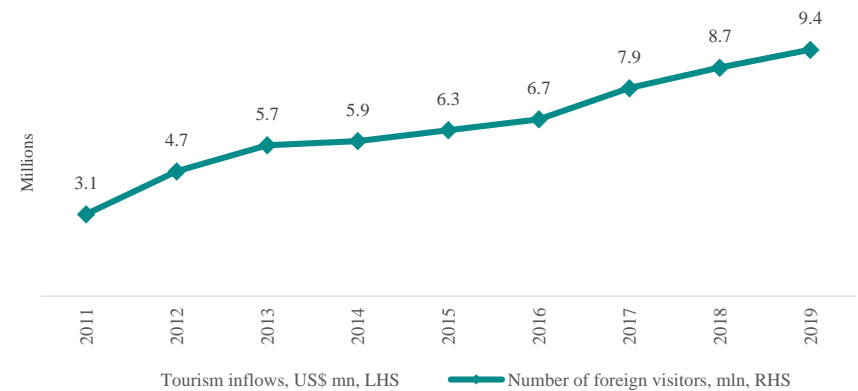
Source: NBG

Tourism revenues to GDP



Source: National Bank of Georgia, GeoStat

Number of visitors on the rise



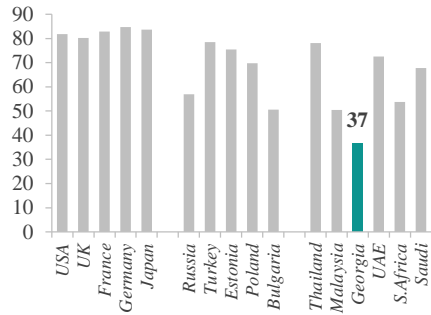
Sources: GNTA, NBG

Long-term, high growth prospects

Favorable government healthcare policy

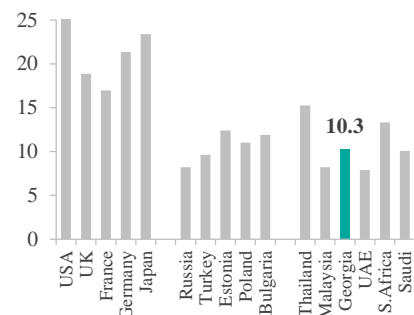
Government finances reached c.40% of total healthcare costs in 2016, from c.20% in 2012

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



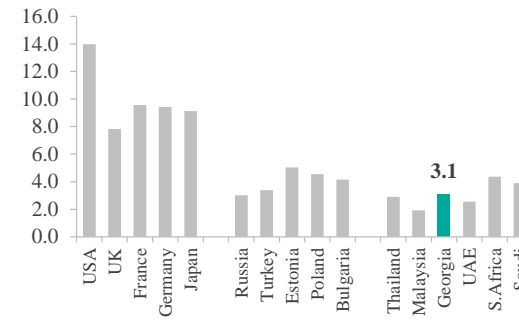
Government spending on healthcare was 6.7% of state budget in 2013, which grew up to 9%-10% in recent years

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



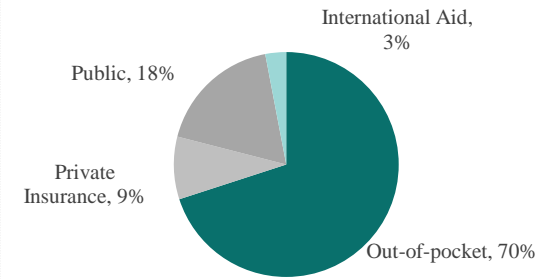
Government expenditure on healthcare as a % of GDP increased from 2% in 2013, up to 3% in 2016 year

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⁾

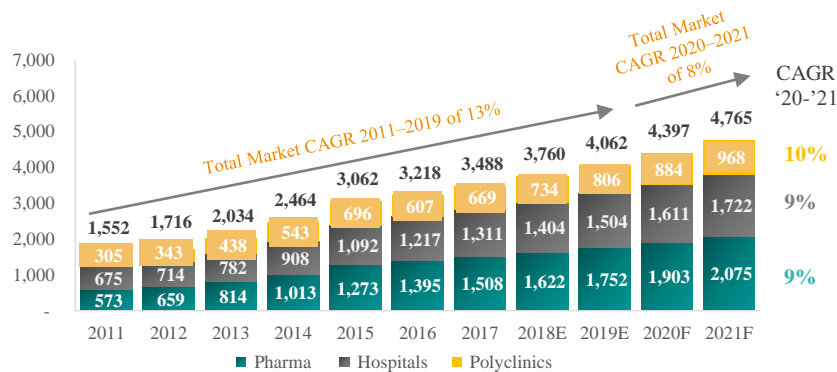
2012



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

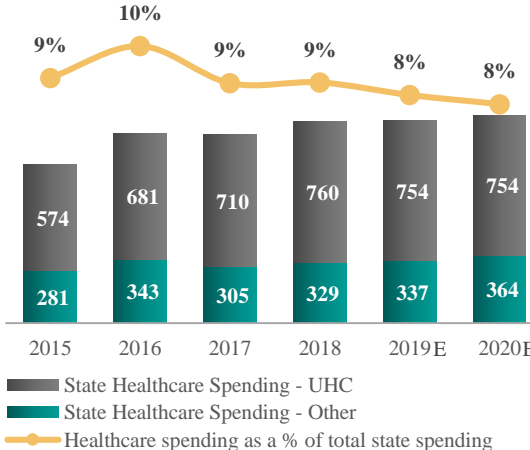
Sources:

- (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

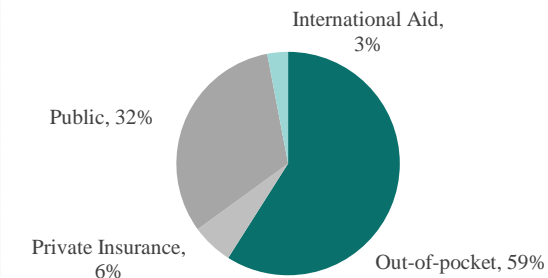
State financing of healthcare increasing for the last several years

State healthcare spending dynamics⁽³⁾

GELm



2014

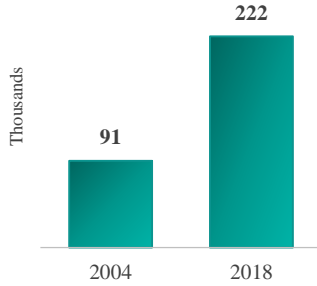


Long-term, high growth prospects

Rapidly growing healthcare market

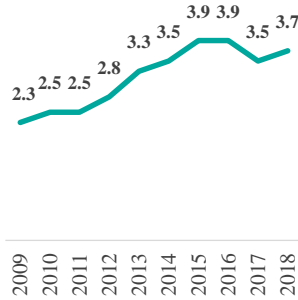
Demand Analysis

Number of Surgical Operations



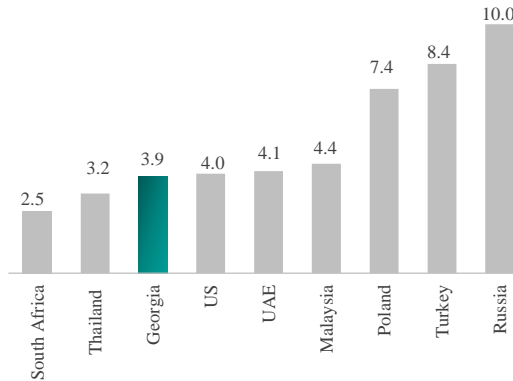
Source: NCDC

Outpatient encounters per capita



Source: NCDC

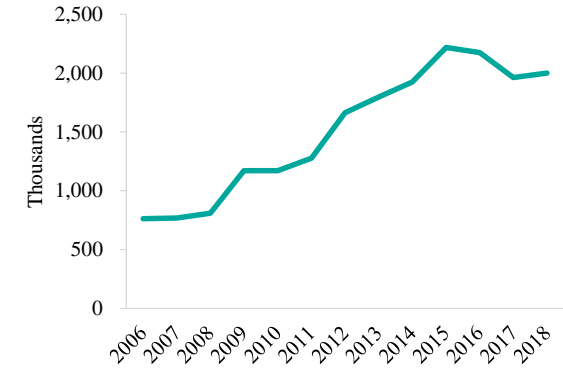
Outpatient encounters per capita, Georgia VS other countries



Source: Frost and Sullivan Analysis 2017

Increasing Overall Disease Incidence...

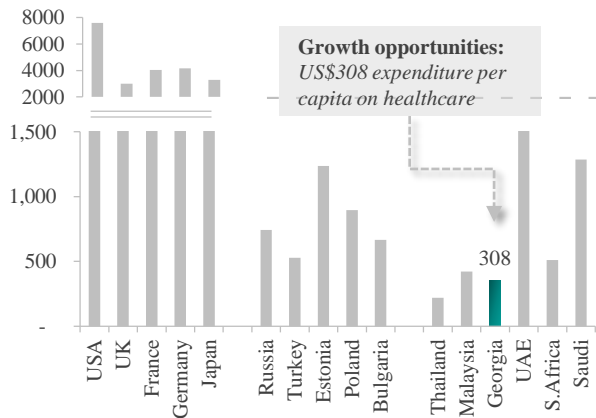
Number of Registered Patients with 1st Time Diagnosis



Source: GeoStat

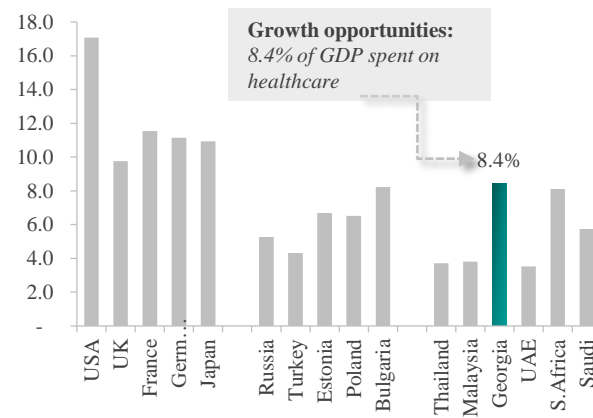
Low Expenditure on Healthcare

Per capita expenditure on healthcare, current US\$



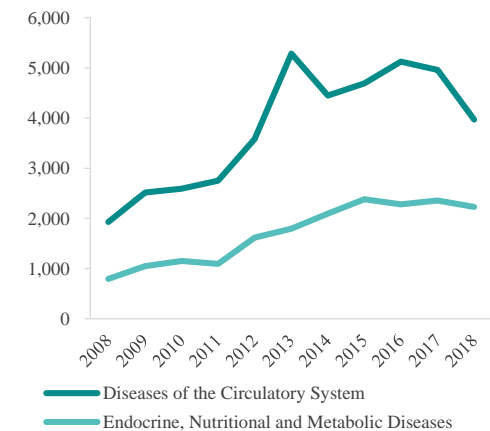
Source: World Bank

Expenditure on healthcare, % of GDP



Source: World Bank

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



Source: NCDC

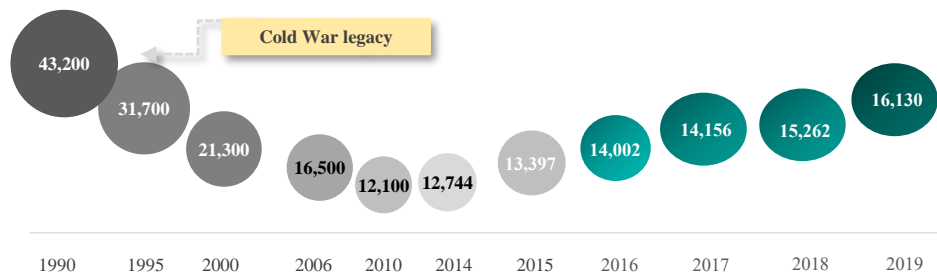


Long-term, high growth prospects

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

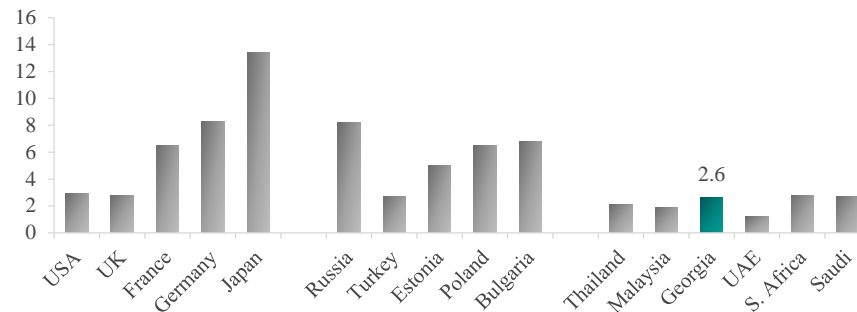
Capacity-wise Georgia stands alongside US, UK and Turkey

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

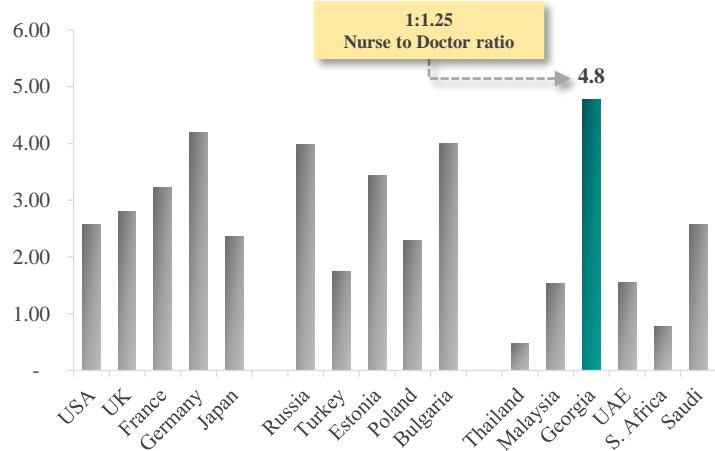
Beds per 1,000 people



Source: World Bank 2015

However, physician overcapacity yet to be addressed

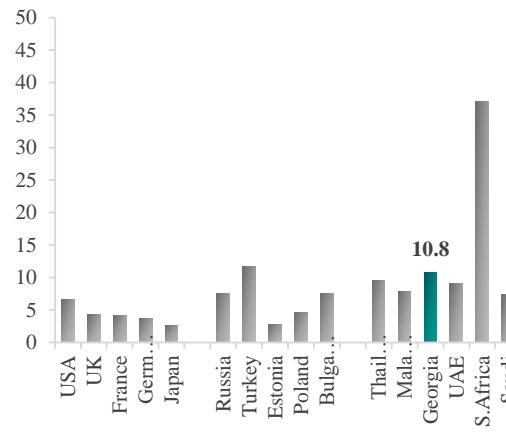
Number of physicians per 1,000 people



Source: World Bank 2015

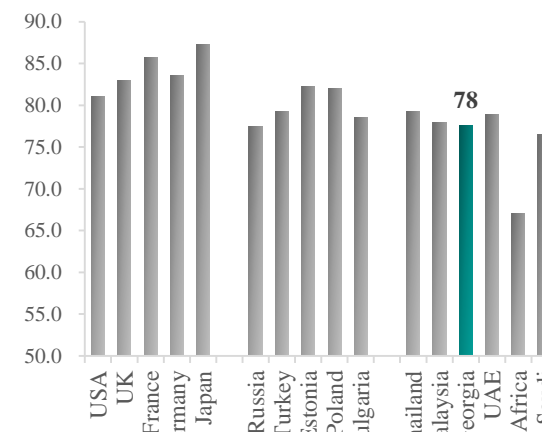
With significant room for optimisation in terms of service quality, as indicated by: Under 5 Mortality Rate... and Life Expectancy At Birth

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



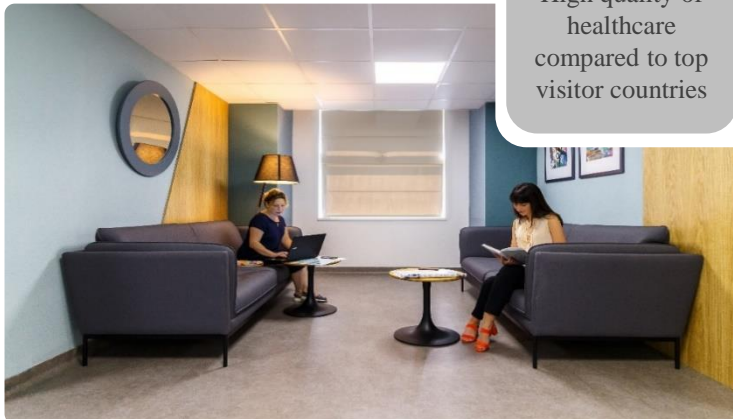
The increasing number of international arrivals in Georgia represents a natural base for developing medical tourism in the country

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

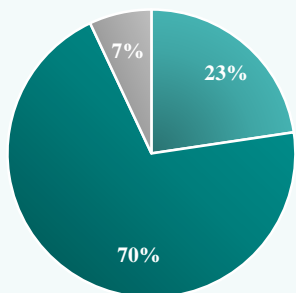
37% y-o-y increase in the number of international patients, which led to FY19 revenue of a GEL 4.5 million (up 33% y-o-y).





GHG – shareholder structure and share price

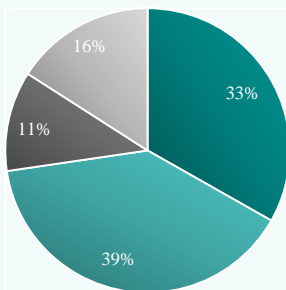
Strong support from institutional investors at IPO⁽¹⁾



Institutional Investors represent 23% of the shareholders

- Institutional investors
- Georgia Capital
- Management and other

Geographically well-diversified institutional shareholder base⁽¹⁾



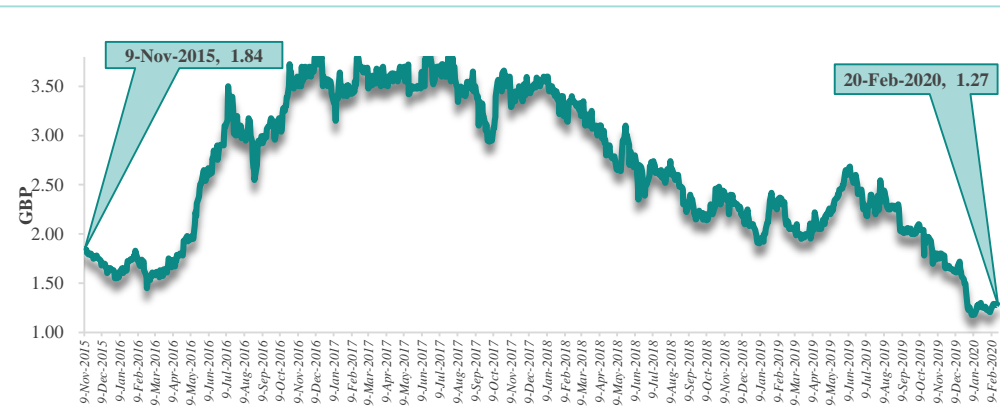
UK & Ireland – 39%
USA & Canada – 33%
Luxemburg – 11%
Other – 16%

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

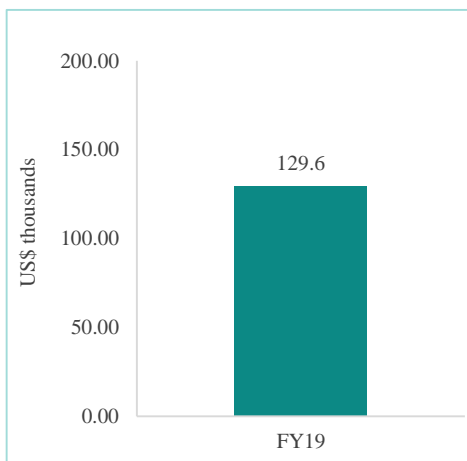
Top Investors ⁽¹⁾

Georgia Capital	70.6%
Wellington Management	4.7%
T – Rowe Price	4.1%

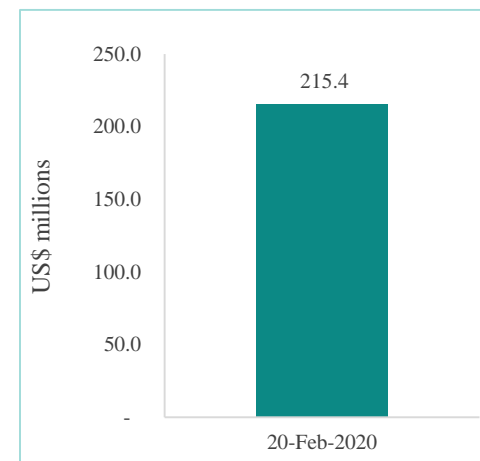
Stock Price Performance⁽²⁾



Average trading daily volume



Market Capitalisation⁽³⁾



Note:

(1) As of 31 December 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 20 February 2020

(3) Source: Bloomberg; Market Capitalisation of GHG as of 20 February 2020, GBP/USD exchange rate 1.29



Consensus Target Price is 2.81 GBP



GBP 2.6

*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 3.60

*as of 14 Aug 2019

GBP 2.28

*as of 26 Nov 2019

GBP 2.60

*as of 26 Jun 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.



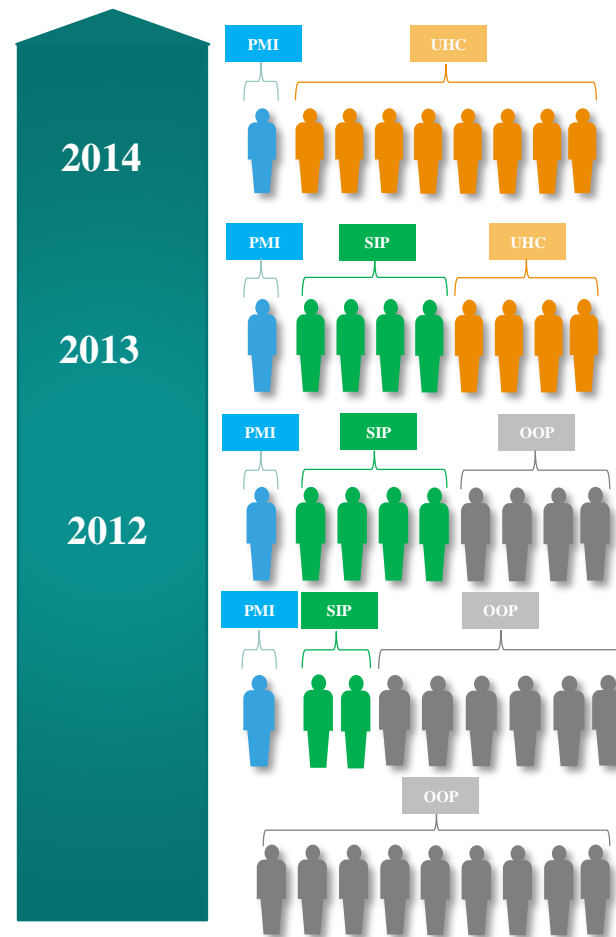
Long-term, high growth prospects

Favorable government healthcare policy

Key Principles of UHC Programme

<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, 4Q19 (1/2)

Income Statement, Quarterly

GEL thousands, unless otherwise noted	Hospitals				Clinics				Pharmacy and distribution				Medical insurance							
	4Q19	4Q18	Change, Y-o-Y	3Q19	Change, Q-o-Q	4Q19	4Q18	Change, Y-o-Y	3Q19	Change, Q-o-Q	4Q19	4Q18	Change, Y-o-Y	3Q19	Change, Q-o-Q	4Q19	4Q18	Change, Y-o-Y	3Q19	Change, Q-o-Q
Revenue, gross	73,553	72,046	2.1%	68,694	7.1%	11,877	10,026	18.5%	10,552	12.6%	172,682	141,046	22.4%	146,800	17.6%	19,556	13,870	41.0%	19,436	0.6%
Corrections & rebates	(423)	(1,035)	-59.1%	(789)	-46.4%	(34)	(123)	-72.4%	(110)	-69.1%	-	-	-	-	-	-	-	-	-	-
Revenue, net	73,130	71,011	3.0%	67,905	7.7%	11,843	9,903	19.6%	10,442	13.4%	172,682	141,046	22.4%	146,800	17.6%	19,556	13,870	41.0%	19,436	0.6%
Costs of services	(43,247)	(41,718)	3.7%	(40,378)	7.1%	(6,018)	(5,522)	9.0%	(5,706)	5.5%	(127,761)	(103,786)	23.1%	(109,115)	17.1%	(17,225)	(11,628)	48.1%	(14,968)	15.1%
Cost of salaries and other employee benefits	(25,969)	(25,248)	2.9%	(24,820)	4.6%	(3,979)	(3,682)	8.1%	(3,811)	4.4%	-	-	-	-	-	-	-	-	-	-
Cost of materials and supplies	(13,010)	(12,205)	6.6%	(11,197)	16.2%	(698)	(533)	31.0%	(599)	16.5%	-	-	-	-	-	-	-	-	-	-
Cost of medical service providers	(1,164)	(1,023)	13.8%	(994)	17.1%	(901)	(932)	-3.3%	(938)	-3.9%	-	-	-	-	-	-	-	-	-	-
Cost of utilities and other	(3,104)	(3,242)	-4.3%	(3,367)	-7.8%	(440)	(375)	17.3%	(358)	22.9%	-	-	-	-	-	-	-	-	-	-
Net insurance claims incurred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,540)	(10,843)	52.5%	(14,267)	15.9%
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(685)	(785)	-12.7%	(701)	-2.3%
Cost of pharma – wholesale	-	-	-	-	-	-	-	-	-	-	(42,219)	(30,382)	39.0%	(35,174)	20.0%	-	-	-	-	-
Cost of pharma – retail	-	-	-	-	-	-	-	-	-	-	(85,542)	(73,404)	16.5%	(73,941)	15.7%	-	-	-	-	-
Gross profit	29,883	29,293	2.0%	27,527	8.6%	5,825	4,381	33.0%	4,736	23.0%	44,921	37,260	20.6%	37,685	19.2%	2,331	2,242	4.0%	4,468	-47.8%
Salaries and other employee benefits	(7,769)	(7,148)	8.7%	(7,482)	3.8%	(1,863)	(1,706)	9.2%	(1,913)	-2.6%	(13,167)	(12,198)	7.9%	(12,751)	3.3%	(1,359)	(1,213)	12.0%	(1,611)	-15.6%
General and administrative expenses <i>excluding IFRS 16</i>	(3,349)	(3,557)	-5.8%	(3,532)	-5.2%	(1,220)	(981)	24.4%	(1,276)	-4.4%	(11,893)	(9,765)	21.8%	(10,537)	12.9%	(533)	(435)	22.5%	(414)	28.7%
Impairment of receivables	(989)	(956)	3.5%	(898)	10.1%	(21)	(79)	-73.4%	(19)	10.5%	(290)	27	NMF	(1)	NMF	(139)	(103)	35.0%	(125)	11.2%
Other operating income <i>excluding IFRS 16</i>	2,077	1,412	47.1%	1,224	69.7%	364	304	19.7%	254	43.3%	(88)	(88)	NMF	814	NMF	350	158	121.5%	460	-23.9%
EBITDA <i>excluding IFRS 16</i>	19,853	19,044	4.2%	16,839	17.9%	3,085	1,919	60.8%	1,782	73.1%	19,185	15,236	25.9%	15,210	26.1%	650	649	0.2%	2,778	-76.6%
<i>EBITDA margin <i>excluding IFRS 16</i></i>	27.0%	26.4%		24.5%	26.0%	19.1%	16.9%		11.1%	10.8%		10.4%		3.3%	4.7%			14.3%		
IFRS 16 impact on EBITDA ¹	157	-	NMF	122	335	-	NMF	308	5,177	-	NMF	4,619	12.1%	106	-	NMF	106	NMF	106	0.0%
EBITDA as per financial statements	20,010	19,044	5.1%	16,961	18.0%	3,420	1,919	78.2%	2,090	63.6%	24,362	15,236	59.9%	19,829	22.9%	756	649	16.5%	2,884	-73.8%
<i>Depreciation and amortization <i>excluding IFRS 16</i></i>	(6,998)	(6,539)	7.0%	(6,793)	3.0%	(1,428)	(1,247)	14.5%	(1,394)	2.4%	(860)	(628)	36.9%	(788)	9.1%	(187)	(184)	1.6%	(188)	-0.5%
Depreciation and amortization	(7,224)	(6,539)	10.5%	(7,015)	3.0%	(1,790)	(1,247)	43.5%	(1,778)	0.7%	(4,942)	(628)	NMF	(4,780)	3.4%	(278)	(184)	51.1%	(280)	-0.7%
<i>Net interest income (expense) <i>excluding IFRS 16</i></i>	(7,226)	(6,703)	7.8%	(6,606)	9.4%	(1,076)	(972)	10.7%	(1,026)	4.9%	(2,892)	(3,373)	-14.3%	(3,018)	-4.2%	277	105	NMF	200	38.5%
Net interest income (expense)	(7,302)	(6,703)	8.9%	(6,665)	9.6%	(1,196)	(972)	23.0%	(1,158)	3.3%	(4,242)	(3,373)	25.8%	(4,318)	-1.8%	265	105	152.4%	186	42.5%
<i>Net gains/(losses) from foreign currencies <i>excluding IFRS 16</i></i>	627	(26)	NMF	(196)	NMF	(102)	(23)	NMF	(10)	NMF	951	(1,565)	NMF	(839)	NMF	2	65	-96.9%	7	-71.4%
Net gains/(losses) from foreign currencies	728	(26)	NMF	(251)	NMF	83	(23)	NMF	(206)	NMF	2,505	(1,565)	NMF	(2,252)	NMF	21	65	-67.7%	(16)	NMF
Net non-recurring income/(expense)	(282)	(362)	-22.1%	(144)	95.4%	(31)	(96)	-68.1%	(2)	NMF	(33)	(22)	50.0%	(36)	-8.3%	-	-	-	-	-
Profit before income tax expense	5,930	5,414	9.5%	2,885	105.5%	487	(419)	NMF	(1,054)	NMF	17,650	9,648	82.9%	8,443	109.0%	764	635	20.3%	2,774	-72.5%
Income tax benefit/(expense)	-	37	NMF	-	-	-	(2)	NMF	-	-	(166)	-	NMF	(495)	-66.5%	(148)	(148)	0.0%	(420)	-64.8%
Profit for the period <i>excluding IFRS 16</i>	5,973	5,451	9.6%	3,099	92.7%	449	(421)	NMF	(650)	NMF	16,185	9,648	67.8%	10,034	61.3%	594	487	22.0%	2,377	-75.0%
Attributable to:																				
- shareholders of the Company	4,748	4,423	7.3%	2,134	122.4%	417	(459)	NMF	(676)	NMF	10,204	5,445	87.4%	6,159	65.7%	594	487	22.0%	2,377	-75.0%
- non-controlling interests	1,225	1,028	19.2%	965	26.9%	32	38	-15.7%	26	23.1%	5,981	4,203	42.3%	3,875	54.3%	-	-	-	-	-
Profit for the period	5,930	5,451	8.8%	2,885	105.5%	487	(421)	NMF	(1,054)	NMF	17,484	9,648	81.2%	7,948	120.0%	616	487	26.5%	2,354	-73.8%
Attributable to:																				
- shareholders of the Company	4,705	4,423	6.4%	1,920	145.0%	455	(459)	NMF	(1,080)	NMF	11,074	5,445	103.4%	4,761	132.6%	616	487	26.5%	2,354	73.8%
- non-controlling interests	1,225	1,028	19.2%	965	26.9%	32	38	-15.7%	26	23.1%	6,410	4,203	52.5%	3,187	101.1%	-	-	-	-	-

Sources: GHG Internal Reporting

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

GHG – Income statement, 4Q19 (2/2)

Income Statement, <i>Quarterly</i>	Diagnostics					Eliminations			GHG				
	4Q19	4Q18	Change, Y-o-Y	3Q19	Change, Q-o-Q	4Q19	4Q18	3Q19	4Q19	4Q18	Change, Y-o-Y	3Q19	Change, Q-o-Q
<i>GEL thousands, unless otherwise noted</i>													
Revenue, gross	1,659	870	90.7%	1,127	47.2%	(19,597)	(10,348)	(16,131)	259,730	227,511	14.2%	230,478	12.7%
Corrections & rebates	-	-	-	-	-	-	-	-	(457)	(1,159)	-60.6%	(899)	-49.2%
Revenue, net	1,659	870	90.7%	1,127	47.2%	(19,597)	(10,348)	(16,131)	259,273	226,352	14.5%	229,579	12.9%
Costs of services	(1,431)	(780)	83.5%	(782)	83.0%	19,204	10,458	16,095	(176,479)	(152,974)	15.4%	(154,854)	14.0%
Cost of salaries and other employee benefits	(485)	(256)	89.5%	(251)	93.2%	2,040	1,140	1,486	(28,393)	(28,044)	1.2%	(27,396)	3.6%
Cost of materials and supplies	(838)	(398)	110.6%	(460)	82.2%	1,544	5,318	1,545	(13,002)	(7,818)	66.3%	(10,711)	21.4%
Cost of medical service providers	(33)	(1)	NMF	(36)	-8.3%	1,611	1,078	1,045	(487)	(879)	-44.6%	(923)	-47.2%
Cost of utilities and other	(75)	(125)	-40.0%	(35)	114.3%	423	134	288	(3,196)	(3,607)	-11.4%	(3,472)	-7.9%
Net insurance claims incurred	-	-	-	-	-	3,793	2,568	3,316	(12,747)	(8,275)	54.0%	(10,951)	16.4%
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	(685)	(785)	-12.7%	(701)	-2.3%
Cost of pharma – wholesale	-	-	-	-	-	9,793	220	8,415	(32,426)	(30,162)	7.5%	(26,759)	21.2%
Cost of pharma – retail	-	-	-	-	-	-	-	-	(85,542)	(73,404)	16.5%	(73,941)	15.7%
Gross profit	228	90	153.3%	345	-33.9%	(393)	110	(36)	82,794	73,378	12.8%	74,725	10.8%
Salaries and other employee benefits	(202)	(70)	188.6%	(240)	-15.8%	848	115	319	(23,512)	(22,221)	5.8%	(23,678)	-0.7%
General and administrative expenses <i>excluding IFRS 16</i>	(51)	(114)	-55.3%	(108)	-52.8%	(454)	(149)	324	(17,500)	(15,001)	16.7%	(15,543)	12.6%
Impairment of receivables	19	(44)	NMF	-	NMF	239	142	214	(1,181)	(1,013)	16.6%	(829)	42.5%
Other operating income <i>excluding IFRS 16</i>	53	195	-72.8%	21	152.4%	(240)	(219)	(821)	2,218	1,762	25.9%	1,952	13.6%
EBITDA <i>excluding IFRS 16</i>	47	57	-17.5%	18	161.1%	-	-	-	42,819	36,905	16.0%	36,627	16.9%
<i>EBITDA margin <i>excluding IFRS 16</i></i>	<i>2.8%</i>	<i>6.6%</i>		<i>1.6%</i>					<i>16.5%</i>	<i>16.2%</i>		<i>15.9%</i>	
IFRS 16 impact on EBITDA ¹	-	-	-	3	NMF	-	-	-	5,775	-	NMF	5,158	12.0%
EBITDA as per financial statements	47	57	-17.5%	21	123.8%	-	-	-	48,594	36,905	31.7%	41,785	16.3%
<i>Depreciation and amortization <i>excluding IFRS 16</i></i>	<i>(27)</i>	<i>(35)</i>	<i>-22.9%</i>	<i>(48)</i>	<i>-43.8%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(9,500)</i>	<i>(8,634)</i>	<i>10.0%</i>	<i>(9,211)</i>	<i>3.1%</i>
Depreciation and amortization	(27)	(35)	-22.9%	(48)	-43.8%	-	-	-	(14,261)	(8,634)	65.2%	(13,901)	2.6%
<i>Net interest income (expense) <i>excluding IFRS 16</i></i>	<i>(103)</i>	<i>-</i>	<i>NMF</i>	<i>(96)</i>	<i>7.3%</i>	<i>(5)</i>	<i>-</i>	<i>-</i>	<i>(11,025)</i>	<i>(10,943)</i>	<i>0.7%</i>	<i>(10,546)</i>	<i>4.5%</i>
Net interest income (expense)	(103)	-	NMF	(96)	7.3%	(5)	-	-	(12,583)	(10,943)	15.0%	(12,051)	4.4%
<i>Net gains/(losses) from foreign currencies <i>excluding IFRS 16</i></i>	<i>(5)</i>	<i>(2)</i>	<i>150.0%</i>	<i>(4)</i>	<i>25.0%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,473</i>	<i>(1,550)</i>	<i>NMF</i>	<i>(1,042)</i>	<i>NMF</i>
Net gains/(losses) from foreign currencies	(5)	(2)	150.0%	(4)	25.0%	-	-	-	3,332	(1,550)	NMF	(2,729)	NMF
Net non-recurring income/(expense)	-	7	NMF	-	-	-	-	-	(345)	(473)	-27.0%	(183)	89.1%
Profit before income tax expense	(88)	27	NMF	(127)	-30.7%	(5)	-	-	24,737	15,305	61.6%	12,921	91.4%
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	(314)	(111)	182.9%	(915)	-65.7%
Profit for the period <i>excluding IFRS 16</i>	(88)	27	NMF	(130)	-32.3%	(5)	-	-	23,108	15,194	52.1%	14,730	56.9%
Attributable to:													
- shareholders of the Company	(88)	14	NMF	(130)	-32.3%	(5)	-	-	15,869	9,925	59.9%	9,864	60.9%
- non-controlling interests	-	13	-	-	-	-	-	-	7,238	5,269	37.4%	4,866	48.7%
Profit for the period	(88)	27	NMF	(127)	-30.7%	(5)	-	-	24,423	15,194	60.7%	12,006	103.4%
Attributable to:													
- shareholders of the Company	(88)	14	NMF	(127)	-30.7%	(5)	-	-	16,756	9,925	68.8%	7,828	114.0%
- non-controlling interests	-	13	NMF	-	-	-	-	-	7,667	5,269	45.5%	4,178	83.5%

Sources: GHG Internal Reporting

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

<i>GEL thousands; unless otherwise noted</i>	FY19	FY18	Change, Y-o-Y
EBITDA	154,220	132,274	16.6%
Net cash flows from operating activities	125,201	99,580	25.7%
<hr/>			
EBITDA to Cash Conversion	81.2%	75.3%	
<hr/>			
Net cash used in investing activities, of which:	(47,947)	(85,347)	-43.8%
<i>Purchase of PPE and intangibles</i>	<i>(41,978)</i>	<i>(70,123)</i>	<i>-40.1%</i>
Net cash flows from financing activities	(93,056)	(26,917)	245.7%
Effect of exchange rate changes	(1,935)	(2)	NMF
Net increase (decrease) in cash and cash equivalents	(17,737)	(12,686)	39.8%
<hr/>			
Cash at period, beginning	36,154	48,840	-26.0%
Cash at period, ending	18,417	36,154	-49.1%
<hr/>			
Bank deposits, beginning	11,807	14,768	-20.1%
Bank deposits, ending	13,588	11,807	15.1%
<hr/>			
Cash and bank deposits, beginning	47,961	63,608	-24.6%
Cash and cash deposits, ending	32,005	47,961	-33.3%

Cash Flow, <i>Full year</i>	Year ended 31 December 2019	Year ended 31 December 2018	Change, Y-o-Y
Profit before income tax expense	70,716	53,855	31.3%
<i>Adjustments for:</i>			
Depreciation and amortisation	36,365	33,883	7.3%
Interest income	(1,628)	(1,139)	42.9%
Interest expense	43,901	39,315	11.7%
Net losses from foreign currencies	2,417	2,179	10.9%
Share-based compensation expense	5,951	5,168	15.2%
Impairment of Healthcare Services, Sales of Pharmaceuticals, Insurance Premiums and Other Receivables	4,322	4,448	-2.8%
Increase in receivables from healthcare services, net of IFRS 9 impact	(23,371)	(11,432)	104.4%
Decrease/(Increase) in receivables from sales of pharmaceuticals	2,932	(2,134)	NMF
Increase in insurance premiums receivable	(3,249)	(3,410)	-4.7%
Increase in inventories	(28,298)	(14,315)	97.7%
Increase/(decrease) in accounts payable (excluding payable for purchase of property and equipment)	23,705	(3,800)	NMF
Increase in insurance contract liabilities	2,945	1,591	85.1%
Increase in accruals for employee compensation	849	4,671	-81.8%
Changes in other assets and liabilities	(11,927)	(8,460)	41.0%
Net cash flows from operating activities before income tax	125,630	100,420	25.1%
Income tax paid	(429)	(840)	-48.9%
Net cash flows from operating activities	125,201	99,580	25.7%
Cash flows used in investing activities			
Acquisition of subsidiaries, net of cash acquired	(5,224)	(16,626)	-68.6%
Acquisition of additional interest in existing subsidiaries	(877)	-	NMF
Purchase of property and equipment	(29,809)	(60,986)	-51.1%
Purchase of intangible assets	(12,169)	(10,999)	10.6%
Loans acquired	(1,172)	-	NMF
Interest income received	57	1,112	NMF
Investment in derivative financial instruments	(441)	-	NMF
Withdrawals and redemptions of amounts due from credit institutions	9,858	4,384	124.9%
Placements of amounts due from credit institutions	(12,245)	(4,094)	199.1%
Proceeds from sale of property and equipment	4,075	1,862	118.9%
Net cash used in investing activities	(47,947)	(85,347)	-43.8%
Cash flows from financing activities			
Proceeds from debt securities issued	32,250	-	NMF
Repurchase of debt securities issued	(30,300)	-	NMF
Proceeds from borrowings	113,350	83,241	36.2%
Repayment of borrowings	(150,072)	(61,818)	142.8%
Lease liabilities paid	-	(736)	NMF
Purchase of treasury shares	(3,230)	(3,055)	5.7%
Dividends paid to shareholders of the Group	(6,952)	-	NMF
Dividends paid to non-controlling interests	(8,561)	(9,801)	-12.6%
Interest expense paid	(39,541)	(34,748)	13.8%
Net cash flows from financing activities	(93,056)	(26,917)	245.7%
Effect of exchange rates changes on cash and cash equivalents	(1,935)	(2)	NMF
Net increase /(decrease) in cash and cash equivalents	(17,737)	(12,686)	39.8%
Cash and cash equivalents, beginning	36,154	48,840	-26.0%
Cash and cash equivalents, end	18,417	36,154	-49.1%

Selected Balance Sheet items

GEL thousands; unless otherwise noted

	<u>Hospitals</u>					<u>Clinics</u>					<u>Pharmacy and distribution</u>				
	31-Dec -19	31-Dec-18	Change, Y-o-Y	30-Sep-19	Change, Q-o-Q	31-Dec -19	31-Dec-18	Change, Y-o-Y	30-Sep-19	Change, Q-o-Q	31-Dec -19	31-Dec-18	Change, Y-o-Y	30-Sep-19	Change, Q-o-Q
Assets:															
Cash and bank deposits	6,850	17,704	-61.3%	3,961	72.9%	724	576	25.7%	157	361.1%	7,774	17,305	-55.1%	5,868	32.5%
Property and equipment ¹	508,906	526,156	-3.3%	515,686	-1.3%	98,065	86,284	13.7%	98,706	-0.6%	35,161	31,292	12.4%	32,178	9.3%
Inventory	16,461	16,978	-3.0%	16,834	-2.2%	1,270	829	53.2%	1,318	-3.6%	155,075	127,924	21.2%	140,619	10.3%
Liabilities:															
Borrowed Funds	247,770	249,416	-0.7%	251,130	-1.3%	38,237	34,585	10.6%	36,320	5.3%	84,712	100,423	-15.6%	94,254	-10.1%
Accounts payable	44,337	43,857	1.1%	40,812	8.6%	7,232	1,986	264.1%	6,489	11.5%	110,690	79,772	38.8%	82,783	33.7%
Finance lease liabilities, of which	4,054	-	NMF	3,913	3.6%	8,372	8,676	-3.5%	8,889	-5.8%	77,700	-	NMF	76,716	1.3%
<i>IFRS 16 impact</i>	<i>4,054</i>	<i>-</i>		<i>3,913</i>		<i>(304)</i>	<i>-</i>		<i>213</i>		<i>77,700</i>	<i>-</i>		<i>76,716</i>	

GEL thousands; unless otherwise noted

	<u>Medical Insurance</u>					<u>Diagnostics</u>					<u>Eliminations</u>			<u>GHG</u>					
	31-Dec -19	31-Dec-18	Change, Y-o-Y	30-Sep-19	Change, Q-o-Q	31-Dec -19	31-Dec-18	Change, Y-o-Y	30-Sep-19	Change, Q-o-Q	31-Dec -19	31-Dec-18	30-Sep-19	31-Dec -19	31-Dec-18	Change, Y-o-Y	30-Sep-19	Change, Q-o-Q	
Assets																			
Cash and bank deposits	16,583	12,363	34.1%	14,604	13.6%	74	13	469.2%	110	-32.7%	-	-	-	32,005	47,961	-33.3%	24,700	29.6%	
Property and equipment ¹	15,054	15,214	-1.1%	15,090	-0.2%	14,472	13,895	4.2%	14,459	0.1%	-	-	-	671,658	672,841	-0.2%	676,119	-0.7%	
Inventory	-	-	-	-	-	1,656	433	282.4%	1,350	22.7%	-	-	-	174,462	146,164	19.4%	160,121	9.0%	
Liabilities:																			
Borrowed Funds	7,450	5,966	24.9%	4,916	51.5%	3,876	-	NMF	3,507	10.5%	(18,460)	-	(2,640)	363,585	390,390	-6.9%	387,487	-6.2%	
Accounts payable	-	-	-	-	-	2,810	1,222	130.0%	1,540	82.5%	(36,369)	(21,745)	(32,102)	128,700	105,092	22.5%	99,522	29.3%	
Finance lease liabilities, of which	665	-	NMF	777	-14.4%	-	-	-	-	-	-	-	-	90,791	8,676	NMF	90,295	0.5%	
<i>IFRS 16 impact</i>	<i>665</i>	<i>-</i>		<i>777</i>		<i>-</i>	<i>-</i>		<i>-</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>82,115</i>	<i>-</i>		<i>81,619</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	4Q19	4Q18	3Q19	FY19	FY18		4Q19	4Q18	3Q19	FY19	FY18
GHG						Pharmacy and distribution					
EPS, GEL <i>excluding IFRS 16</i>	0.12	0.08	0.08	0.36	0.27	EBITDA margin <i>excluding IFRS 16</i>	11.1%	10.8%	10.4%	10.6%	10.1%
ROIC (%)	14.4%	12.0%	11.7%	12.7%	11.0%	Number of bills issued	7.63mln	7.15mln	6.98mln	28.84mln	27.10mln
ROIC adjusted ¹ (%)	16.6%	14.3%	14.2%	14.9%	13.9%	Average bill size	15.1	13.9	14.2	14.3	13.4
Group rent expenditure	6,793	5,144	6,301	25,108	19,488	Revenue from wholesale as a percentage of total revenue from pharma	28.8%	25.8%	28.4%	28.8%	25.9%
<i>of which, pharmacy and distribution business</i>	6,315	4,442	5,775	22,970	16,839	Revenue from retail as a percentage of total revenue from pharma	71.2%	74.2%	71.6%	71.2%	74.1%
Group capex (maintenance)	3,200	4,050	2,698	12,960	11,091	Revenue from para-pharmacy as a percentage of retail revenue from pharma	30.2%	30.1%	32.1%	31.0%	29.6%
Group capex (growth)	8,384	11,003	7,031	29,018	52,561	Number of pharmacies	296	270	285	296	270
Number of employees	15,874	15,922	16,110	15,874	15,922	Medical insurance					
Number of physicians	3,567	3,603	3,643	3,567	3,603	Loss ratio	84.6%	78.2%	73.4%	81.4%	77.3%
Number of nurses	3,355	3,342	3,396	3,355	3,342	Expense ratio <i>excluding IFRS 16, of which Commission ratio</i>	13.1%	18.5%	13.3%	12.7%	16.8%
Nurse to doctor ratio, referral hospitals	0.94	0.93	0.93	0.94	0.93	Combined ratio <i>excluding IFRS 16</i>	97.6%	96.6%	86.7%	94.1%	94.0%
Number of pharmacists	2,882	2,847	2,945	2,882	2,847	Renewal rate	77.7%	65.8%	77.1%	77.5%	69.7%
Total number of shares	131,681,820	131,681,820	131,681,820	131,681,820	131,681,820	Diagnostics					
Less: Treasury shares	(2,411,652)	(2,937,273)	(2,446,583)	(2,411,652)	(2,937,273)	EBITDA margin <i>excluding IFRS 16 impact</i>	2.8%	6.6%	1.6%	3.2%	4.5%
Shares outstanding	129,270,168	128,744,547	128,904,076	129,270,168	128,744,547	Number of patients served ('000)	130	N/A	87	277	N/A
<i>Of which:</i>						Number of tests performed ('000)	290	N/A	196	670	N/A
Total free float	36,258,754	53,994,727	54,154,256	36,258,754	53,994,727	Average revenue per test GEL	5.7	N/A	5.8	7.6	N/A
Shares held by Georgia Capital PLC	93,011,414	74,749,820	75,118,503	93,011,414	74,749,820	Average number of tests per patient	2.2	N/A	2.3	2.4	N/A
Hospitals											
EBITDA margin <i>excluding IFRS 16</i>	27.0%	26.4%	24.5%	25.6%	26.1%						
Direct salary rate (direct salary as % of revenue)	35.3%	35.0%	36.1%	35.1%	35.3%						
Materials rate (direct materials as % of revenue)	17.7%	16.9%	16.3%	17.0%	16.3%						
Administrative salary rate (administrative salaries as % of revenue)	10.6%	9.9%	10.9%	10.8%	10.6%						
SG&A rate (SG&A expenses as % of revenue)	4.6%	4.9%	5.1%	4.9%	5.2%						
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 ²	57.6%	56.3%	49.1%	57.1%	54.7%						
Hospitals bed occupancy rate, excluding Tbilisi Referral Hospital and Caucasus Medical Centre beds ²	61.8%	60.7%	52.4%	61.3%	60.8%						
Caucasus Medical Centre bed occupancy rate ²	37.9%	32.7%	33.3%	36.3%	21.6%						
Tbilisi Referral Hospital bed occupancy rate ²	45.8%	46.5%	40.7%	46.3%	37.4%						
Average length of stay (days) ²	5.4	5.2	5.2	5.4	5.4						
Clinics											
EBITDA margin <i>excluding IFRS 16</i>	26.0%	19.1%	16.9%	19.9%	15.4%						
EBITDA margin of polyclinics <i>excluding IFRS 16</i>	26.5%	17.3%	16.1%	18.8%	15.7%						
Direct salary rate (direct salary as % of revenue)	30.6%	36.7%	36.1%	34.0%	36.3%						
Materials rate (direct materials as % of revenue)	5.9%	5.3%	5.7%	6.1%	6.3%						
Number of community clinics	19	19	19	19	19						
Number of community clinics beds	353	353	353	353	353						
Number of polyclinics	15	16	15	15	16						

Sources: GHG Internal Reporting

(1) Return on invested capital is adjusted to exclude newly launched hospitals and polyclinics that are in roll-out phase

(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 2018 and in its Half Year 2019 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.