

## Completion of capital framework review and announcement of the Group's first dividend

### Completion of Capital Framework Review

In November 2018, the Board of Georgia Healthcare Group PLC (the “Group”) announced a review of the company’s expected cash generation, considering the performance potential of its businesses, its growth opportunities and risks. The objective of the review was to ensure that the company maintains a capital structure and dividend policy that is consistent with sustainable value creation. This review has now been finalised.

In addition to providing greater access to affordable high-quality healthcare, the Group is pursuing attractive new growth opportunities. It is building markets in areas such as medical tourism, outpatient services, the provision of dental services, aesthetics, and laboratory diagnostics. When combined with the organic growth in our existing businesses, the higher utilisation of the recently-launched new hospitals and polyclinic network, and the expansion of our pharmacy and distribution business, we are targeting a double-digit compound annual growth rate in revenues over the next few years.

The Board and the management also expect the Group to deliver an improved return on invested capital in each business and to generate substantially increased free cash flow. This reflects both higher earnings and reduced investment requirements over the next few years, following the completion of our significant three-year investment programme. Our capital allocation framework considers the likely capital required over the next few years to finance our growth and maintain our assets. Accordingly, management and the Board have decided the following:

- To recommend to shareholders at the 2019 Annual General Meeting, a final dividend of GEL 0.053 per share, to be paid in respect of the 2018 financial year. This represents a payout of 20% of 2018 earnings.
- To adopt a new dividend policy reflecting our intent that 20%-30% of annual profit attributable to shareholders will be distributed as dividends. For a detailed formal statement of the Group's new dividend policy, see below.
- To target managing the Group balance sheet, on an ongoing basis, at an average less than 2.0 times net debt to EBITDA from the end of 2020.

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#### About Georgia Healthcare Group PLC

Georgia Healthcare Group PLC is a UK incorporated holding company of the largest healthcare services provider in the fast-growing, predominantly privately-owned, Georgian healthcare services market. GHG’s leadership position is underpinned by offering the most comprehensive range of inpatient and outpatient services targeting the mass market segment through its vertically integrated network of 37 hospitals and 16 district polyclinics. GHG is the single largest market participant, accounting for 25% of total hospital bed capacity in the country, as of 31 December 2018. GHG is also the largest pharmaceuticals retailer and wholesaler in Georgia, with approximately 30% market share by revenue. GHG is the second largest provider of medical insurance in Georgia with a 27% market share based on net insurance premiums earned and approximately c.230,000 insurance customers as of now. GHG employed a total of c.15,900 people as at 31 December 2018, including c.3,600 physicians and 3,300 pharmacists.

For further information, please visit [ghg.com.ge](http://ghg.com.ge) or contact:

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## Group Dividend Policy

Beginning with 2019 earnings and until further notice, the Group intends to pay a dividend of 20%-30% of annual profit attributable to shareholders.

### **Nikoloz Gamkrelidze, the Group CEO commented:**

“In addition to market growth, over the next few years we expect to benefit from recent investments and the increased utilisation of our new and existing hospitals as these translate into good growth and improved margins. The Group’s strong balance sheet and increasing operating cash flows, with improved earnings and lower investment capital expenditure requirements, will enable us to gradually reduce the business leverage and further improve our returns on invested capital. Against this backdrop, we are pleased to announce our new dividend policy and recommend to shareholders a final dividend of GEL 0.053 per share to be paid in 2019 in respect of our 2018 earnings.”

### **Dividend timetable:**

If the final dividend amount of GEL 0.053 per share (payable in British Pounds Sterling at the prevailing rate), is approved by shareholders at the Annual General Meeting in May 2019, the following dividend timetable will apply:

Ex-Dividend Date: 27 June 2019

Record Date: 28 June 2019

Currency Conversion Date: 28 June 2019

Payment Date: 12 July 2019

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*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 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 2017 and in its Half Year 2018 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.*

*This announcement contains inside information: Following the completion of a review of its capital allocation framework, Georgia Healthcare Group PLC (the "Group") today announces the declaration of the Group's first dividend and the adoption of a new dividend policy.*

Name of authorised official of issuer responsible for making notification: Ketevan Kalandarishvili, Head of Investor Relations