



GEORGIA
HEALTHCARE
GROUP

Investor Presentation

First quarter of 2018 results

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

May 2018
ghg.com.ge



❁ **GHG | Overview and strategy**

❁ GHG | Results discussion – 1Q18

❁ Macroeconomic and Industry Overview

❁ Annexes

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:** 26.4% market share by number of beds (3,320)²
- ✓ **The largest pharmaceuticals retailer and wholesaler in Georgia:** 30% market share by sales⁽³⁾, over 2 million client interactions per month, with 0.5 million loyalty card members
- ✓ **The 2nd largest medical insurer in Georgia:** 27.9% market share⁽⁴⁾, c.159,000 individuals insured as at March 2018
- ✓ **The widest population coverage:** coverage of over 3/4 of Georgia's 3.7 million population⁽⁵⁾ with 37 high quality hospitals, 17 district polyclinics, 24 express outpatient clinics, and 256 pharmacies
- ✓ **Institutionalising the industry:** strong corporate governance; standardised processes; improving safety and quality by implementing the Joint Commission International ("JCI") benchmarked standards; own personnel training center

2 Business model with cost and synergy advantages

- ✓ **The single largest integrated player in the Georgia healthcare ecosystem of GEL 3.5 billion aggregate value with a cost advantage due to its scale of operation:** purchasing, centralisation of administrative functions
 - The next largest healthcare services competitor has only 5% market share by beds
 - The largest purchaser of pharmaceutical products in Georgia
- ✓ **Better access to professional management and high calibre talent**
 - One of the largest employers in the country: 15,491 full time employees, including 3,553 physicians, 3,305 nurses and 867 pharmacists
- ✓ **Referral system & synergies with insurance and pharma business:**
 - Presence of patient pathway, and referral synergies
 - Insurance activities provide steady revenue stream for our polyclinics and bolster hospital patient referrals
 - 0.5 million loyal customers in our pharma business with an upside to cross-sell

3 Long-term high-growth opportunities

- ✓ **Low base:** only US\$325 healthcare spending per capita⁽⁶⁾, only 3.9 outpatient encounters per capita annually⁽⁷⁾, only US\$43,000 revenue per referral hospital bed for GHG⁽⁸⁾
- ✓ **Supported by attractive macro:**⁽⁹⁾ Georgia – one of the fastest growing countries in Eastern Europe, open and easy emerging market to do business⁽¹⁰⁾, with real GDP growth averaged 4.5% annually in 2007-17. Only 8.7% of GDP is spent on healthcare and spending growing at 11.5% CAGR 2000-2014⁽⁶⁾; government spending more than doubled between 2011-17⁽¹¹⁾
- ✓ **Implying long-term, high-growth expansion** that is driven by:
 - Universal Healthcare Program (UHC)
 - Pick-up in polyclinics (outpatient market)
 - Close service gaps
 - Potential to develop medical tourism

GEORGIA HEALTHCARE GROUP

4 Strong management with proven track record

- ✓ **Strong business management team – an increased market share by beds from under 1% in 2009 to 26.4% currently**
- ✓ **Robust corporate governance:** exceptional in Georgia's healthcare sector, as it is the only Premium Listed company in the Georgian corporate industry (LSE:GHG LN)⁽¹²⁾; 57% shareholder is BGEO Group PLC – listed on the Premium segment of the Main Market of the London Stock Exchange (LSE:BGEO), part of the FTSE 250 index. The rest of the shares are owned by institutional investors and management as part of 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 2016, updated by GHG to include the changes before 31 March 2018
- (3) Market size Frost and Sullivan analysis
- (4) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia ("ISSSG") as of 31 December 2017
- (5) Geostat.ge, data as of 2015. The coverage refers to the geographic areas served by GHG facilities
- (6) Frost and Sullivan analysis

(7) NCDC statistical yearbook 2016

(8) GHG internal reporting. Revenue per referral hospital bed excludes data of newly launched Tbilisi Referral Hospital and Regional Hospital

(9) Euromonitor, World Bank's 2012 "Ease of Doing Business Report", other public information.

(10) Ranked #9 in World Bank's 2018 "Ease of Doing Business Report", ahead of all its neighboring countries and several EU countries.

(11) Ministry of Finance, Ministry of Economy

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

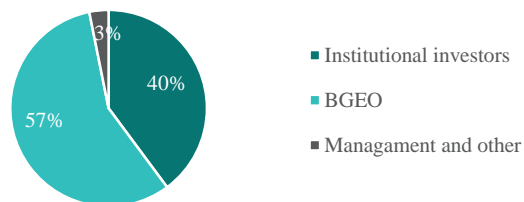


GHG – shareholder structure and share price

Investors

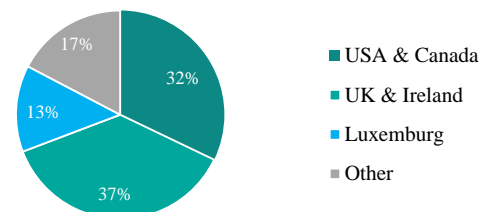
Strong support from institutional investors at IPO⁽¹⁾

Institutional Investors represent 40% of the shareholders



Geographically well-diversified institutional shareholder base⁽¹⁾

UK & Ireland – 37%
USA & Canada – 32%
Luxemburg – 13%
Other – 17%

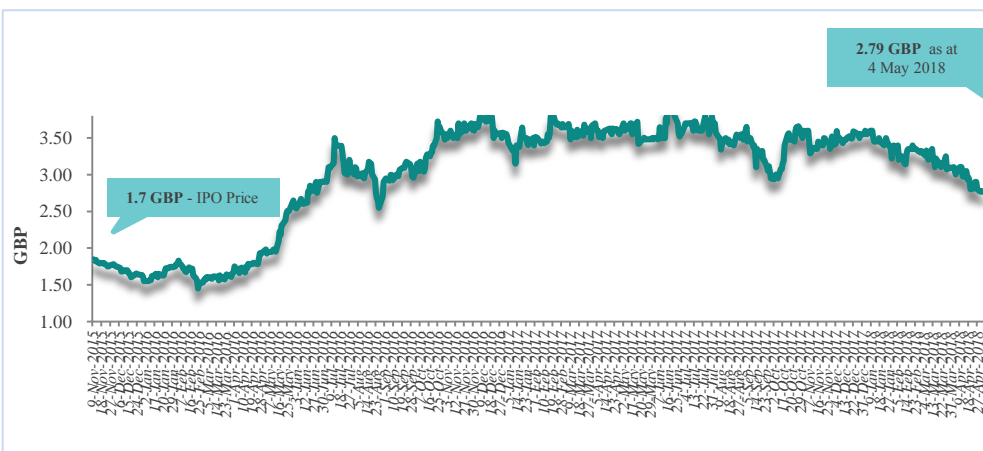


Top Investors ⁽¹⁾

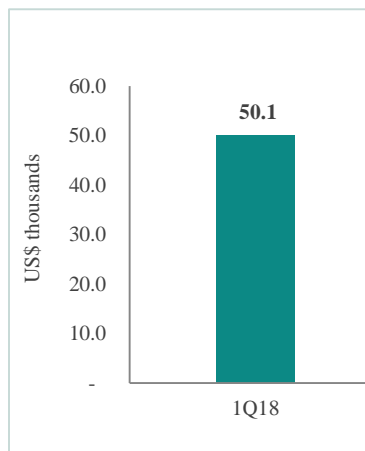
BGE0	57.0%
Wellington Management	7.4%
T – Rowe Price	6.2%

Stock trading performance

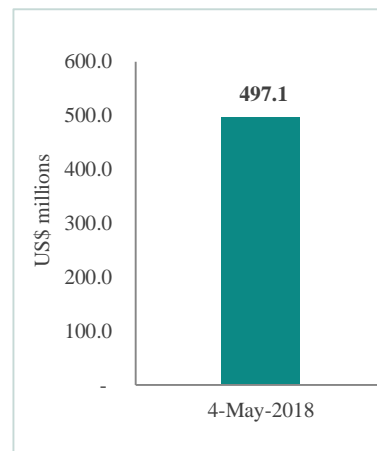
Stock Price Performance⁽²⁾



Average trading daily volume



Market Capitalisation⁽³⁾



Note: (1) As of 29 March 2018

(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 4 May 2018

(3) Source: Bloomberg; Market Capitalisation of GHG as of 4 May 2018, GBP/USD exchange rate 1.3531

Georgia Healthcare Group

Key Segments	Healthcare services			Pharma	Medical insurance	
	Hospitals		Polyclinics <i>(outpatient clinics)</i>	Pharma	Medical Insurance	
	Referral Hospitals	Community Hospitals				
Key Services	General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities	Basic outpatient and inpatient services in regional towns and municipalities	Outpatient diagnostic and treatment services in Tbilisi and major regional cities	Wholesaler and urban-retailer, with a countrywide distribution network	Range of private insurance products purchased by individuals and employers	
Market Size 2017	GEL 1.2bln addressable ⁽¹⁾			GEL 0.7bln ⁽²⁾	GEL 1.5bln ⁽²⁾	GEL 0.2bln ⁽³⁾
Market Share	21% by revenue 26.4% by beds (total 3,320 beds)			2% by revenue	30% by revenue	28% by revenue
Selected Operating Data 1Q18	<p>85% 16 hospitals 2,825 beds</p>	<p>15% 21 hospitals 495 beds</p>	17 district polyclinics 24 express outpatient clinic	256 pharmacies in major cities	c.159,000 individuals insured as at March, 2018	
Financials 1Q18	Gross Revenue GEL 207.7 mln ⁽⁴⁾ <p>29% 2012-1Q18 CAGR 43% GEL 61.7mln</p>	<p>3% 2012-1Q18 CAGR 14% GEL 6,2 mln</p>	<p>2% 2012-1Q18 CAGR 36% GEL 5.0 mln</p>	<p>60% 2012-1Q18 CAGR 36% GEL 126.9 mln</p>	<p>6% 2012-1Q18 CAGR 36% GEL 13.3 mln</p>	
	EBITDA GEL 31.4 mln ⁽⁴⁾ <p>57% 2012-1Q18 CAGR 47% GEL 17.9mln</p>	<p>2% 2012-1Q18 CAGR 30% GEL 0.7mln</p>	<p>40% 2012-1Q18 CAGR 30% GEL 12.6 mln</p>	<p>1% 2012-1Q18 CAGR 30% GEL 0.2 mln</p>		
	EBITDA Margin: 26.2%			EBITDA Margin: 13.5%	EBITDA Margin: 10.0%	EBITDA Margin: 1.5%

Sources:

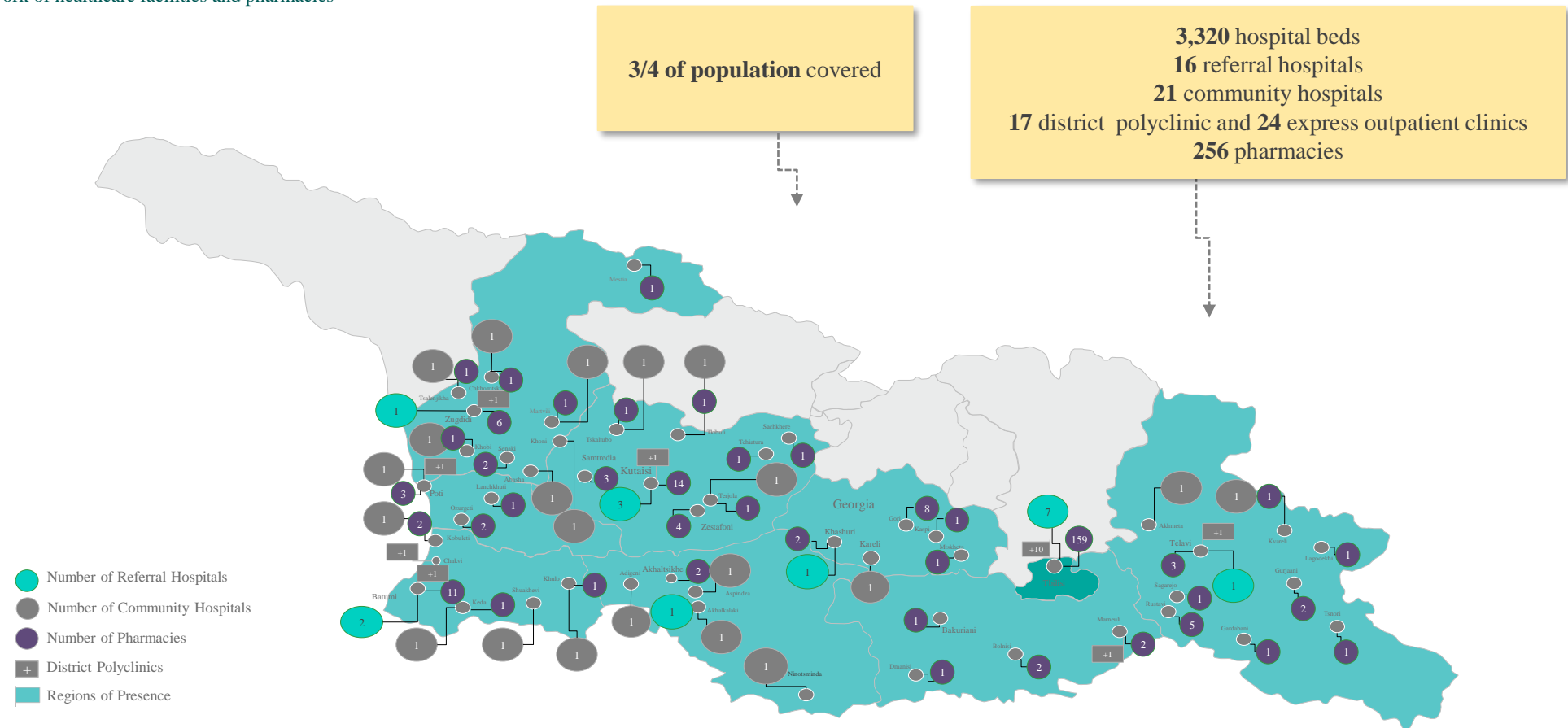
- (1) Frost & Sullivan analysis, 2017. Market adjusted by the company to exclude the revenue from specialty beds - addressable market
 (2) Frost & Sullivan analysis 2017. Polyclinics market excludes revenue from dental and aesthetic services

- (3) ISSSG, as of 31 December 2017
 (4) Net of intercompany eliminations

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

Extensive Geographic Coverage⁽¹⁾

Network of healthcare facilities and pharmacies





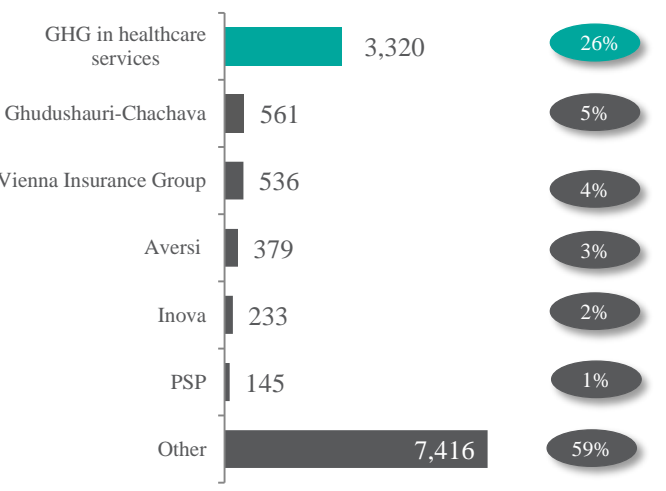
Clear market leader (2/2) in a fragmented competitive landscape

*Leader in Georgia with clear and established #1 market positions in healthcare services and pharma markets,
2nd largest in medical insurance market*



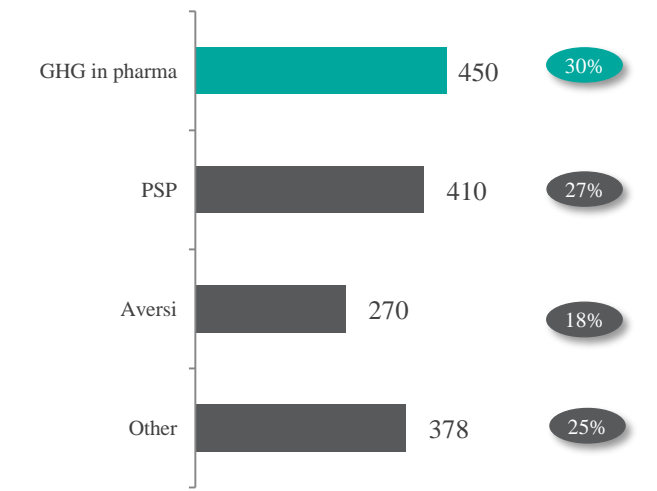
Healthcare services (Hospitals)

(Number of Beds as of March 2018)⁽¹⁾



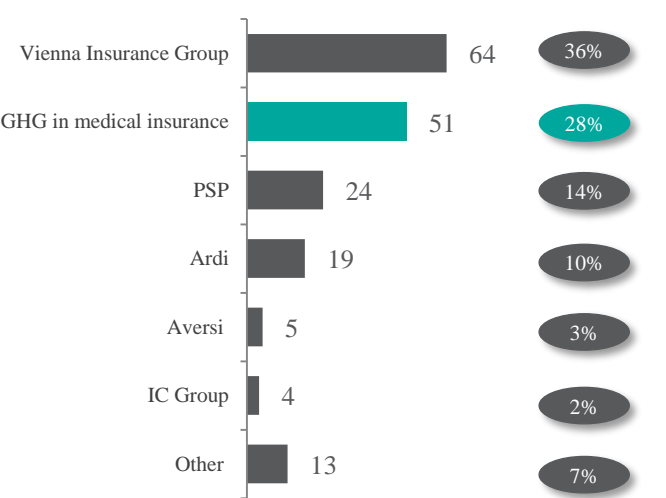
Pharma

(Revenue, GEL millions in 2017)⁽²⁾



Medical Insurance

(Gross premium revenue, GEL millions as of 31 Dec 2017)⁽³⁾



Market share

Sources:
 (1) NCDC, data as of December 2016, updated by GHG to include changes before 31 March 2018; excluding speciality beds
 (2) Total market Frost & Sullivan analysis 2017. Revenue distribution between competitors represents managements estimates.
 (3) Insurance State Supervision Service Agency of Georgia as of 31 December 2017



Long-term, high-growth prospects

Accelerated revenue market share growth

Segment	Hospitals	Polyclinics	Pharma	Insurance
Market Addressable (2017)	GEL 1.2bln	GEL 0.7bln	GEL 1.5bln	GEL 0.2bln
Market shares	by revenue by beds	by revenue	by revenue	by revenue
2017	21% 25%	2%	30%	29%
YE2018	c.25% 28%	c.5%	30%+	30%+
Long-term	30%+	c.15%+	30%+	30%+



Focused growth strategy through 2018

Segment	Hospitals	Polyclinics	Pharma	Insurance
Market share Targets 2018	25% 28% by revenue by beds	c.5% by revenue	30%+ by revenue	30%+ by revenue
Medium to long term P&L targets	gradually improving to c.30% EBITDA margin		8.0%+ EBITDA margin	<ul style="list-style-type: none">Combined ratio <97%Claims retained within GHG >50%
Key focus areas in medium-term	<ol style="list-style-type: none">1 Enhancing footprint in Tbilisi2 Strengthening existing services in elective care (Investing in key doctors)3 Filling service gaps (Mental health, Home care, etc.)4 Developing fee business line5 Enhancing digital channels	<ol style="list-style-type: none">1 Accelerated footprint growth2 Increasing number of registered customers3 Sales growth through various channels (new services, corporates, state)4 Enhancing digital channels	<ol style="list-style-type: none">1 Enhancing retails footprint2 Enhancing retail margin (synergies; private label)3 Growing wholesale revenue4 Enhancing digital channels and customers loyalty	<ol style="list-style-type: none">1 Portfolio re-pricing and cost-efficiencies2 Redirecting more patients to GHG Polyclinics & pharmacies



Focused growth strategy in healthcare services business

Increasing footprint in capital with 332-bed first class Tbilisi Referral Hospital

Opened in April 2017 and added additional capacity in December 2017 – continued to improve the occupancy rate to reach 43% in 1Q18

Before Renovation

January 2016



After Renovation

October 2017



Highlights

Target population:

- East Part of Tbilisi (350K Population)
- Capturing referrals from East Georgia (350K Population)

Project details:

- 332 Bed hospital
- 2.7 hectares
- 11 Operating Rooms

Services offered:

Full spectrum of inpatient and outpatient services, including:

- Cardio surgery
- Vascular surgery
- Neurosurgery
- General surgery
- Nephrology (including Dialysis)
- Gynaecology
- Obstetrics
- Orthopaedics
- Paediatrics
- Multi segmented Intensive Care Unit (“ICU”)
- Emergency (“ER”)
- Rehabilitation
- Diagnostics

Services to be launched soon:

- Psychiatry unit
- Palliative medicine
- Pain centre
- Transplantology



Focused growth strategy in healthcare services business

Increasing footprint in capital with 306-bed flagship Deka Hospital

The 306-bed Regional Hospital was fully renovated and opened at the end of February 2018. It now serves as one of the Group's flagship hospitals, and we intend for it to become the hospital of choice for high-quality elective medical care countrywide.

Before Renovation
January 2016



After Renovation
October 2017



Highlights

Target population:

- Medium and high income patient
- Opportunity for medical tourism

Project details:

- 306 Bed hospital
- 2.4 hectares
- Targeting JCI Accreditation

Services offered:

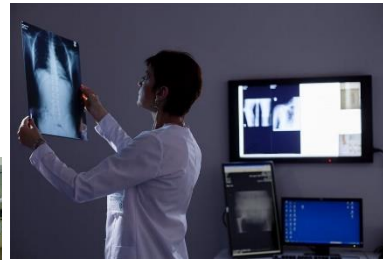
Full spectrum of inpatient and outpatient services, including:

- Cardio surgery
- Vascular surgery
- Neurosurgery
- General surgery
- Minimal invasive surgical centre
- Gynaecology
- Orthopaedics
- Ophthalmology
- Urology
- Oncology
- Haematology
- ICU
- ER
- Telemedicine
- Diagnostics



Investing in and developing high quality elective care services

Developing new, high-quality medical services, particularly focusing on elective care, to cover existing service gaps in Georgia. In 1Q18 we launched three new services and the process will continue throughout the year



Launched 60 new services

Launched 54 new services

In 1Q18 launched three new services

2016

2017

2018

Including:

- In vitro Fertilization
- Kids Cardio Surgery
- Oncology Centre

Including:

- Bone Marrow Transplant
- Children's Oncology
- Onco surgery

Including:

- Urology
- Oncological gynaecology
- Surgical gynaecology

Pipeline:

- Bariatric Surgery
- Mental Health
- Home care

Also some basic services that are not presented in some of our regional hospitals, such as: neonatology, diagnostics, ophthalmology, mammography and breast surgery, gynaecology, cardio-surgery, traumatology, angio-surgery, maternity

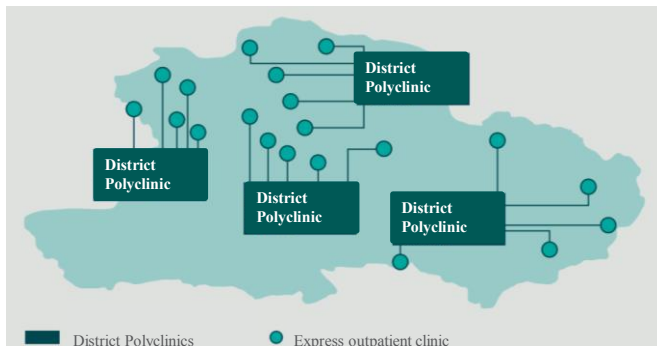
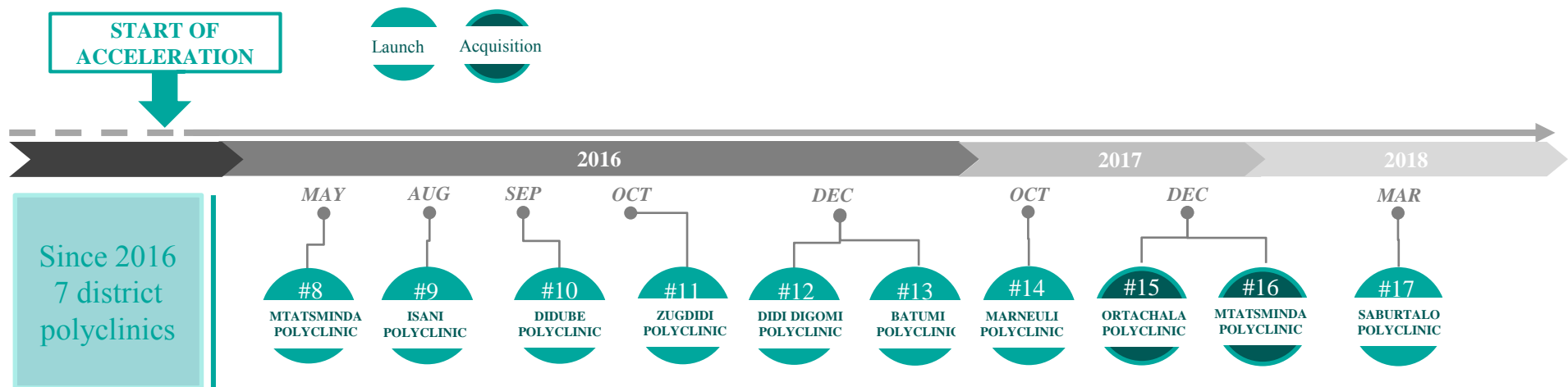


Focused growth strategy in outpatient market

Increase in the number of polyclinics in our network (*outpatient clinics*)

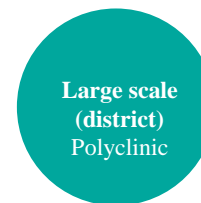
Through the acquisition of polyclinics and various campaigns, we have increased the number of registered patients to c.108,000. We plan to further grow our polyclinic business both organically and through further acquisitions. Our target is to reach c.200,000 registered patients by early 2019.

Number of polyclinics



ORGANISED IN CLUSTERS

Each cluster includes a district Polyclinic, located centrally in a particular district of the city, and three to five smaller express outpatient clinics, located in other areas of the same district.



Area: 1800-2500 sq/m
Offering: Full scale services
Working hours: 10:00-20:00, 6 days a week
Investment: GEL 2.0mln



Area: 20-200 sq/m
Offering: Basic services
Working hours: 09:00-21:00, 7 days a week
Investment: GEL 300 thousand



GHG setting new standard among competition in outpatient business

Competition



Mitskevich polyclinic, Tbilisi, September 2015

GHG Polyclinic



Express outpatient clinic, Tbilisi, December 2014

Reception



Joen clinic, Tbilisi, September 2015

Reception



Express outpatient clinic, Tbilisi, December 2014

Doctor's office



9th polyclinic, Tbilisi, September 2015

Doctor's office



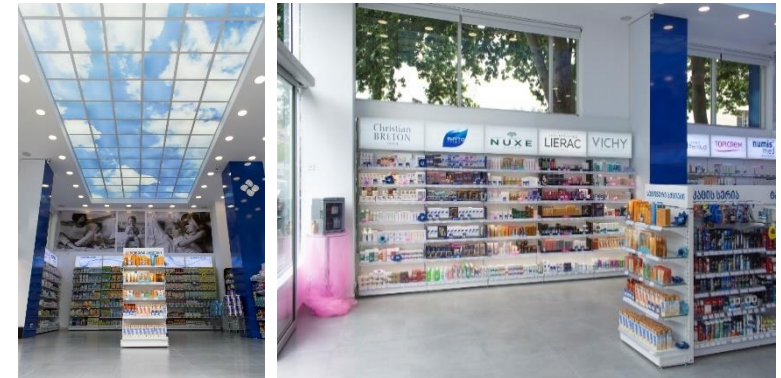
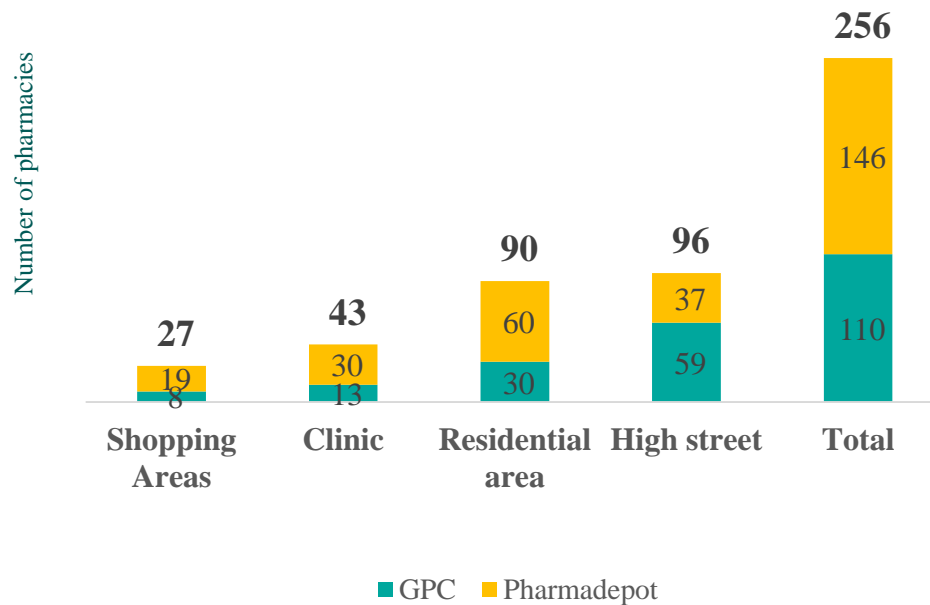
Express outpatient clinic, Tbilisi, December 2014



GPC & Pharmadepot retail footprints complement each other

While GPC is a well established retailer with significant presence on high street, Pharmadepot is better represented in residential areas

Total of 256 pharmacies now

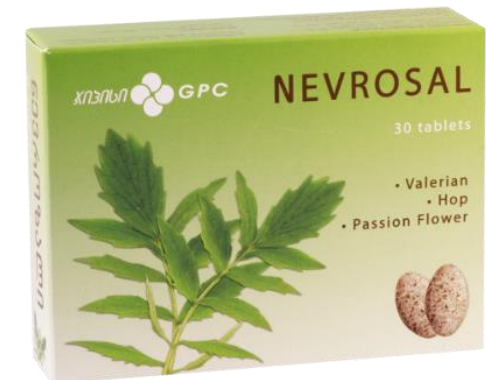


New concept GPC pharmacy store opened in 2017

**Heading to 300
pharmacies over two
years**



One of the top priorities in our pharma business is to increase profitability by increasing revenue share of private label products



Currently 35 private label medicines are presented in our pharmacies



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



- 5,150 doc's /5,150 nurses retrained
- 85 ToTs developed
- 263 residents in 24 specialties
- 2 Major hospitals constructed



Quality control framework up and
running



More than 1000 new services were
launched over last two years

Up to 50 new services in 2018
pipeline

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 and strategy

⌘ **GHG | Results discussion – 1Q18**

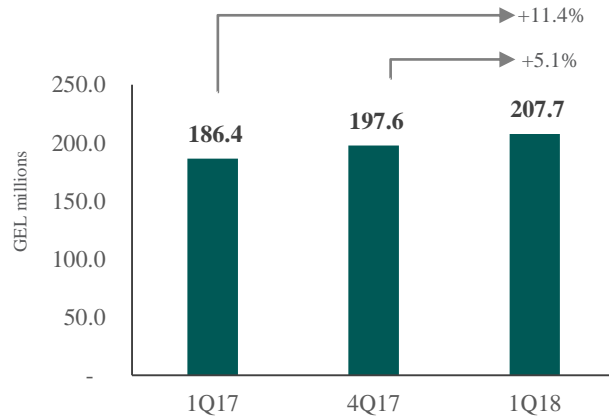
⌘ Macroeconomic and Industry Overview

⌘ Annexes



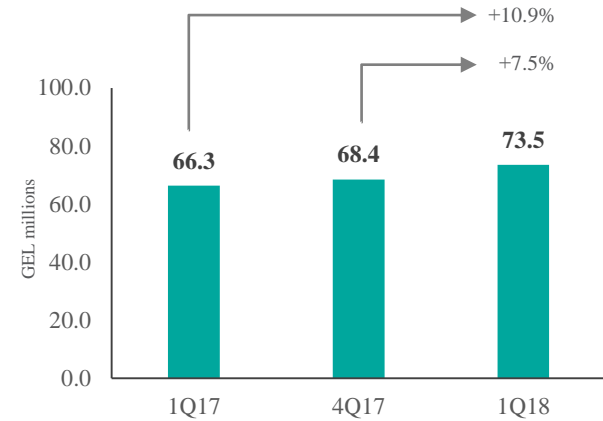
GHG y-o-y revenue growth was mainly organic and was driven by double-digit growth in both the pharmacy and healthcare services businesses

Revenue – GHG



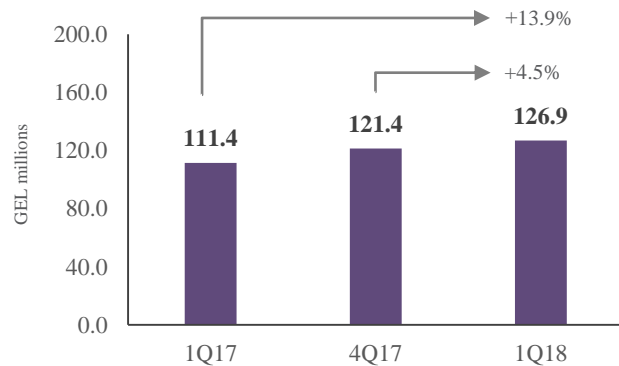
* Gross revenue including corrections and rebates and is net of intercompany eliminations

Revenue – Healthcare services business

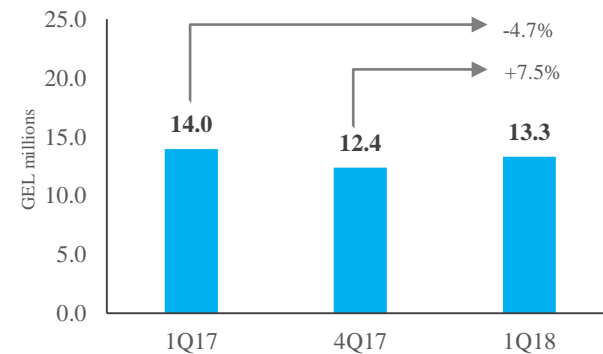


* Gross revenue including corrections and rebates

Revenue – Pharma business



Revenue – Medical insurance business





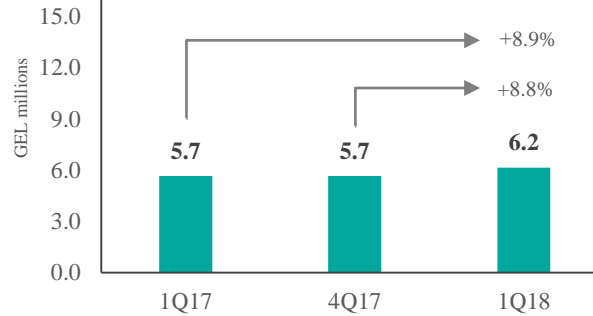
Strong business performance resulted in revenue growth from all payment sources, including from Government-funded healthcare programmes

Healthcare services revenue breakdown by segments

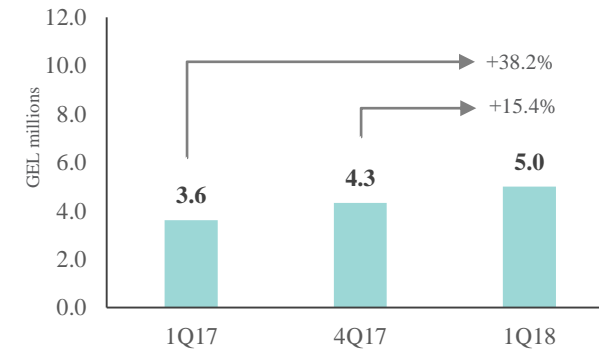
Referral hospitals



Community hospitals

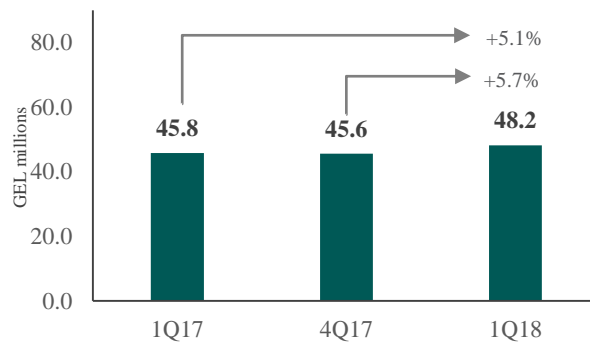


Polyclinics

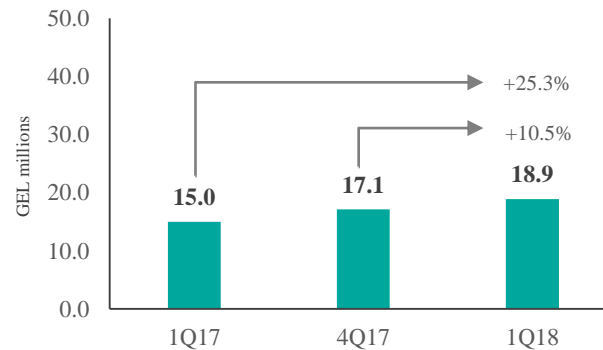


Healthcare services revenue breakdown by source of payments

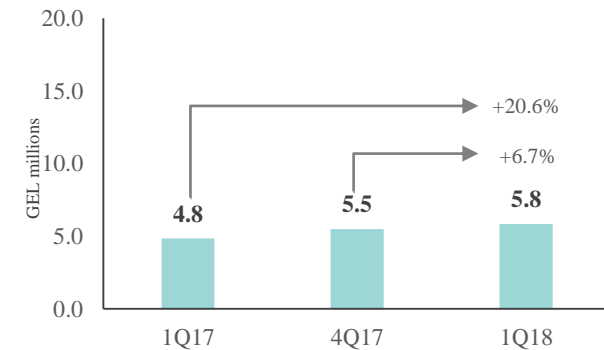
Government-funded



Out-of-pocket



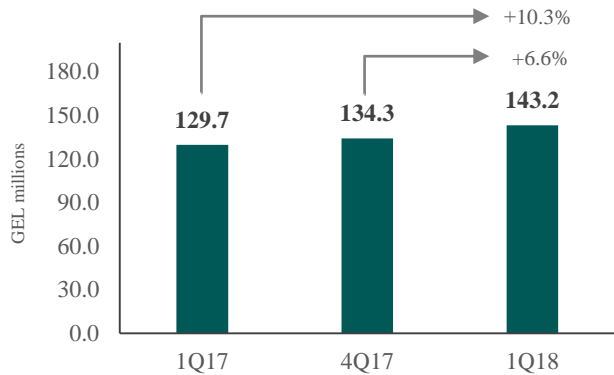
Medical insurance





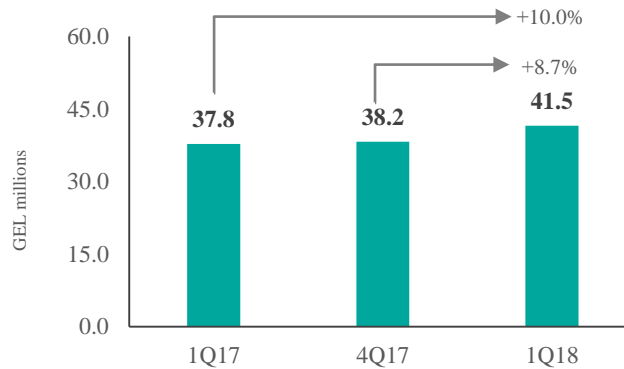
GHG cost of services breakdown by segments

Cost of services – GHG*

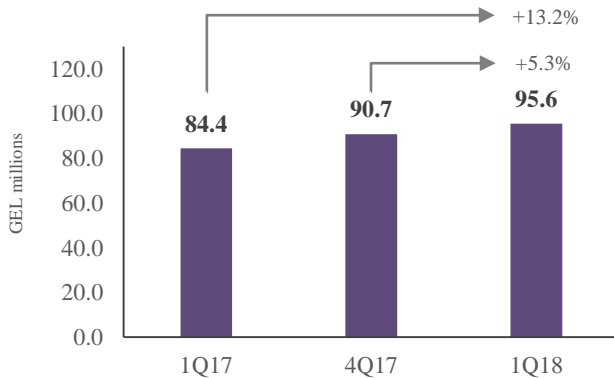


* Net of intercompany eliminations

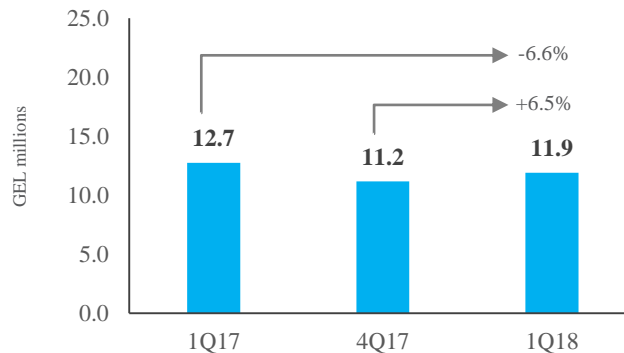
Cost of services – Healthcare services business



Cost of services – Pharma business



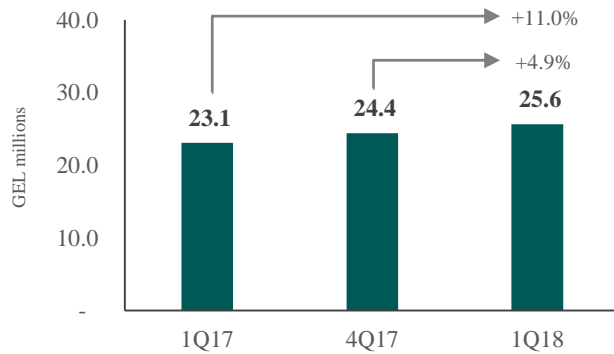
Cost of services – Medical insurance business



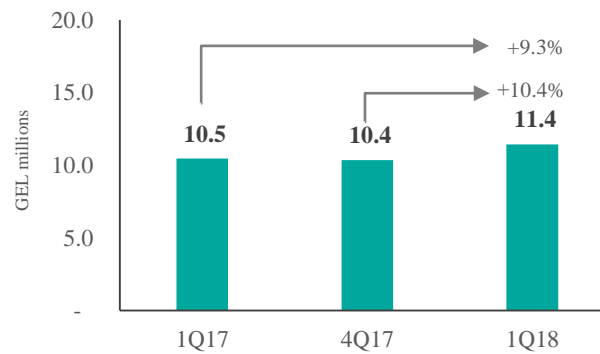


Healthcare services cost of services breakdown

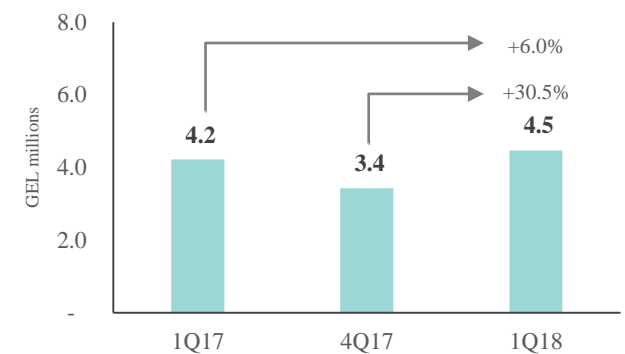
Cost of salaries and other employee benefits



Cost of materials and supplies



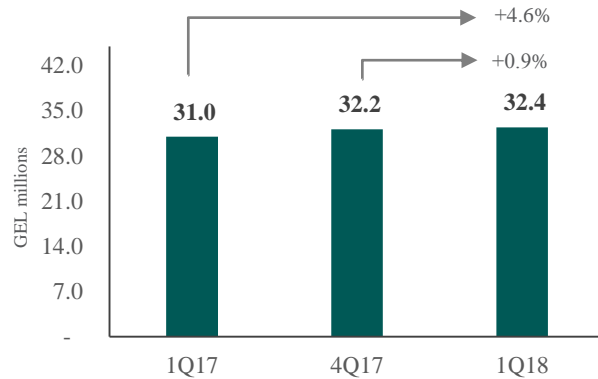
Cost of utilities, providers and other



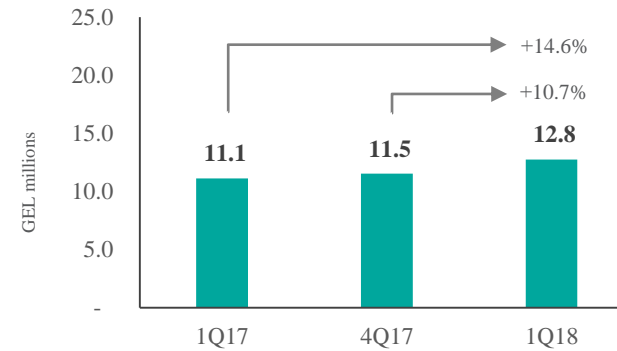


GHG operating expenses breakdown by segments

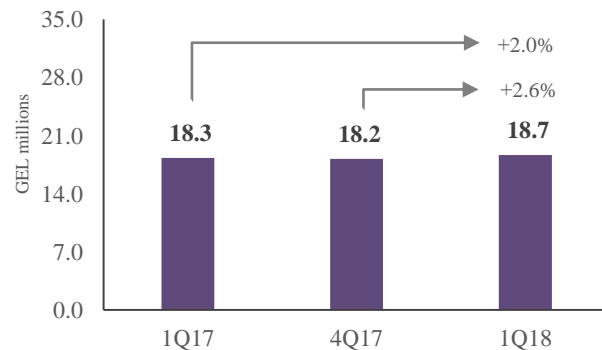
Operating expense – GHG



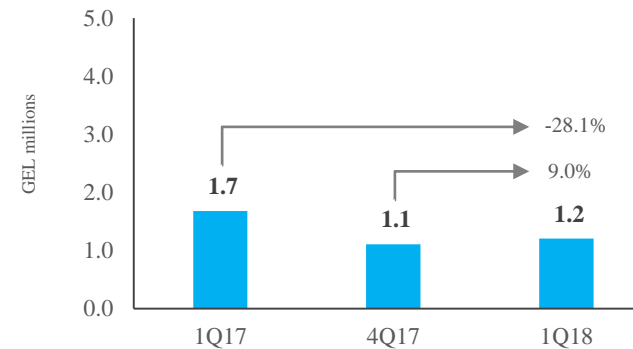
Operating expense – Healthcare services business



Operating expense – Pharma business



Operating expense – Medical insurance business

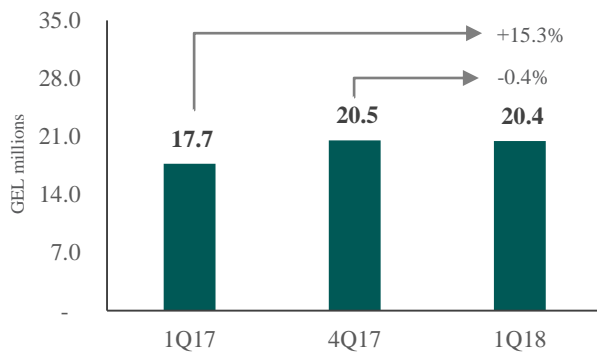




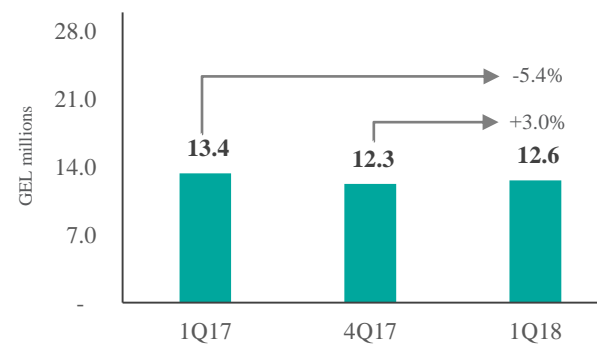
The main operating cost drivers of GHG are the salaries and other employee benefits and the G&A

GHG – salaries and other employee benefits and the G&A breakdown

Salaries and other employee benefits



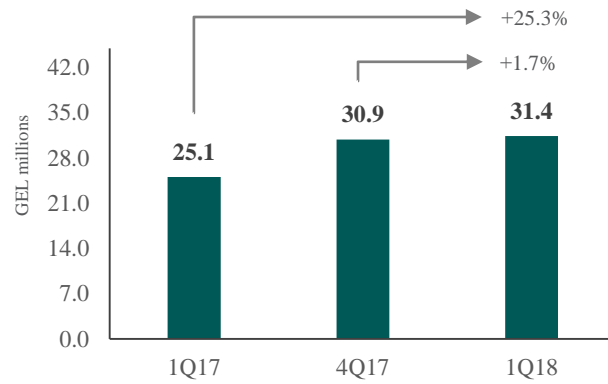
General and administrative expenses



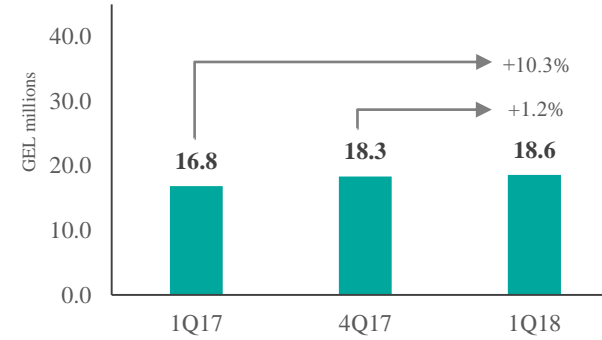


GHG reported 1Q18 EBITDA of GEL 31.4 million

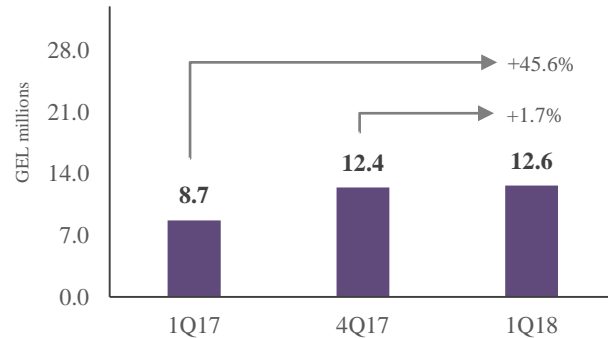
EBITDA – GHG*



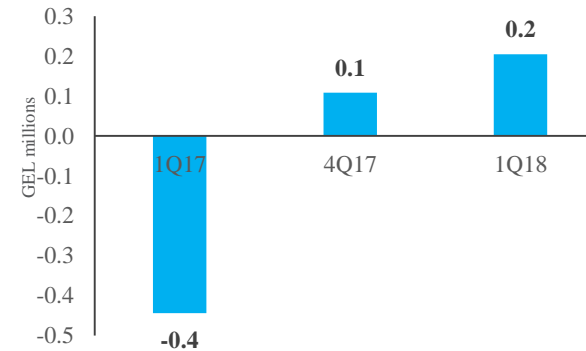
EBITDA – Healthcare services business



EBITDA – Pharma business



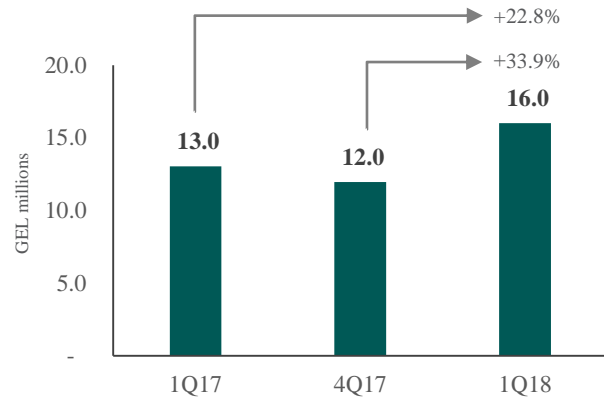
EBITDA – Medical insurance business



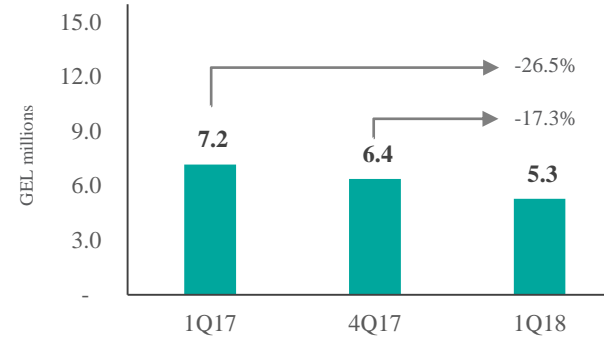


GHG reported 1Q18 net profit of GEL 16.0 million

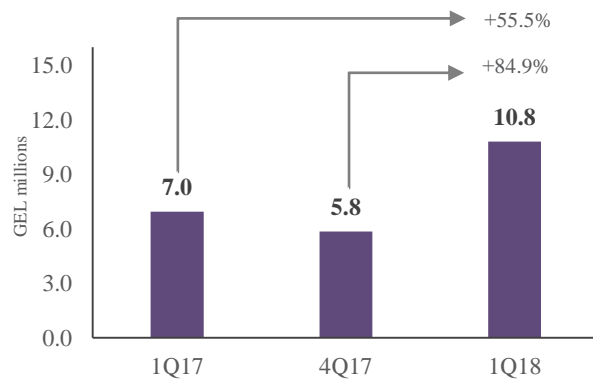
Net profit – GHG



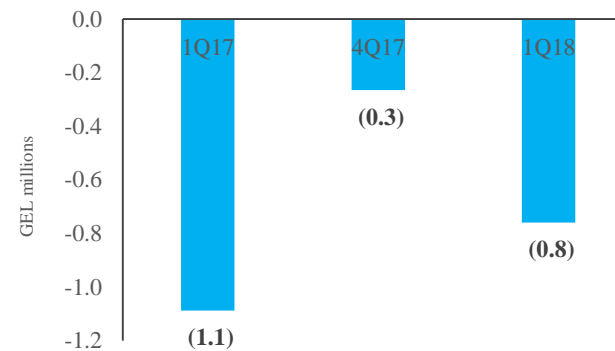
Net profit – Healthcare services business



Net profit – Pharma business



Net profit – Medical insurance business





Capex – Key driver for our 2016-2018 strategy

Capex 2014-1Q18

Maintenance capex as % of healthcare service revenue

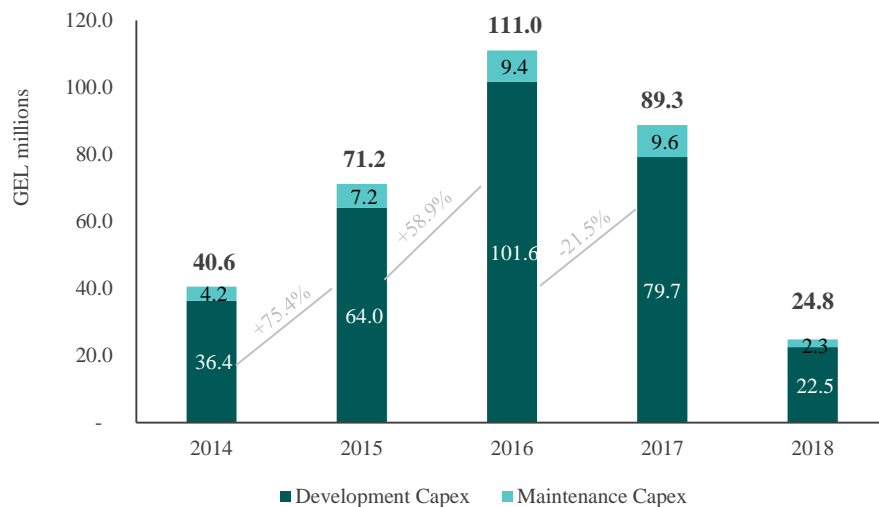
2.8%

3.7%

3.8%

3.6%

3.1%



Capex 2016-2018 Strategy and performance

- In 1Q18 we continued to invest in the development of our healthcare facilities, primarily to finalise the renovation works on our Regional Hospital (formerly Deka). We spent a total of:
 - Development Capex - 22.5 million
 - Maintenance Capex - GEL 2.3 million
- From a capital expenditure perspective, we have now completed the vast majority of our major development projects - the only significant project left is Mega Lab, the first and largest laboratory in Georgia as well as in the Caucasus region, which will become operational over the next 6 months.



⌘ GHG | Overview and strategy

⌘ GHG | Results discussion – 1Q18

⌘ **Macroeconomic and Industry Overview**

⌘ Annexes



Long-term, high growth prospects

Georgia / rapidly developing reform driven economy

- Area: 69,700 km
- Population (2017): 3.7 million people
- Life expectancy: 77 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: 2017 GEL 38.0bln (US\$15.2bln)
- Real GDP growth rate 2014-2017: 4.6%, 2.9%, 2.8%, 5.0%
- Real GDP 2007-2017 annual average growth rate: 4.5%
- GDP per capita 2017 (PPP) per IMF: US\$10,747
- Inflation rate (e-o-p) 2017: 6.7%
- External public debt to GDP 2017: 35.4%

- Sovereign ratings:

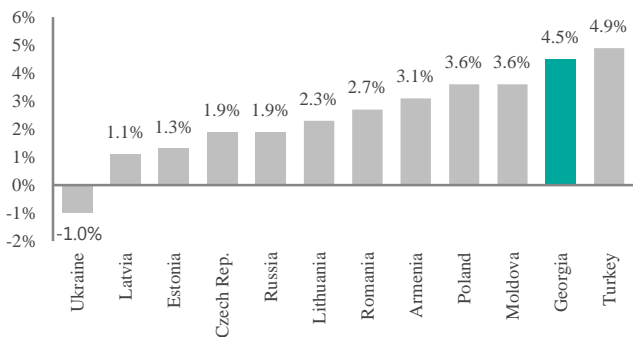
S&P	BB-/Stable, affirmed in May 2017
Moody's	Ba2/ Stable, affirmed in September 2017
Fitch	BB-/Positive, affirmed in March 2018



Long-term, high growth prospects Georgia / strong economic performance

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

Real GDP growth, % 2007-17F Average



...Fueled by Liberal Reforms...



Georgia is the top improver on the World Bank's Ease of Doing Business report since 2005, rising from 113th in 2005 to 16th in 2017

- Georgia has implemented one of the most radical market and government reforms and programme of economic liberalisation in the former Soviet countries
- Massive privatisation lead to reduction of the public sector and its influence on the country's economy
- Significant improvement in the business environment resulted in annual FDI inflow to average 10% of GDP during 2005-2016

...Which Removed Excessive Administrative Burden from Business

- ✓ Significant reduction of bureaucracy
- ✓ Overall, c.70% of business-related licenses and c.90% of permits were abolished
- ✓ One-stop shops for all business-related administrative procedures commenced operations
- ✓ Taxation was simplified with the total number of taxes reduced from 21 to 6
- ✓ Main import tariffs and fees were substantially abolished

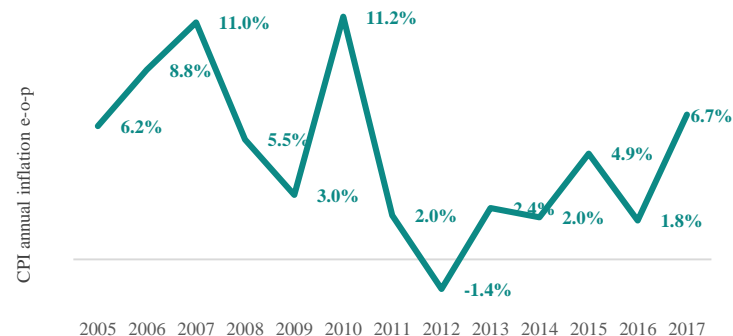
Source: IMF

Prudent Fiscal Policy

"Economic Liberty Act" as of January 2014

- ✓ Consolidated budget spending capped at 30% of GDP
- ✓ Consolidated budget deficit capped at 3% of GDP
- ✓ Guideline to keep the budget debt below 60% of GDP
- ✓ Any new national tax or increase of upper rates of existing taxes must be approved by referendum, except for temporary measures

Monetary Policy Aims to Maintain Price Stability

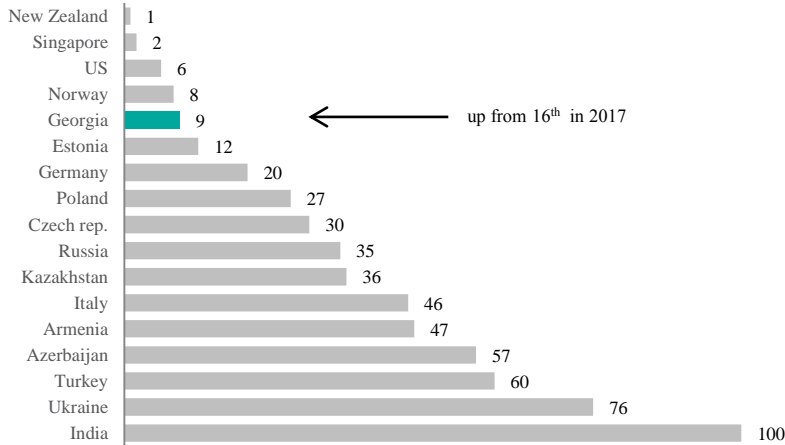




Long-term, high growth prospects

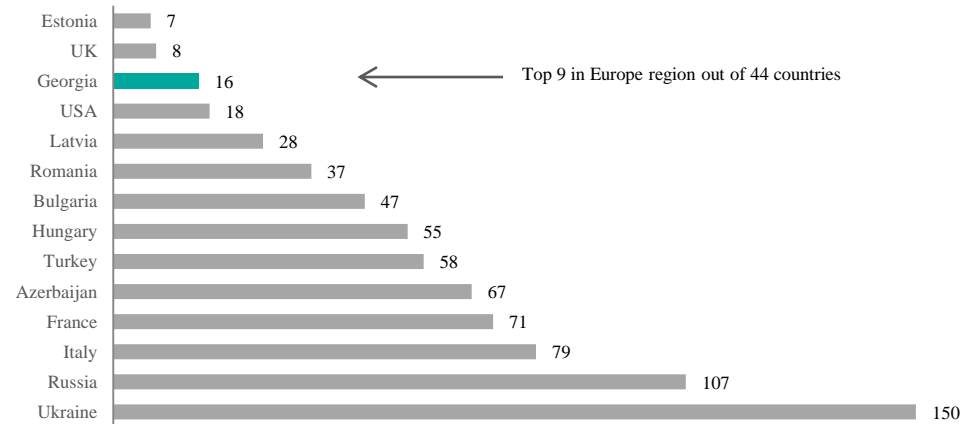
Georgia | top improver on World Bank's Ease of Doing Business Report

Ease of Doing Business | 2018



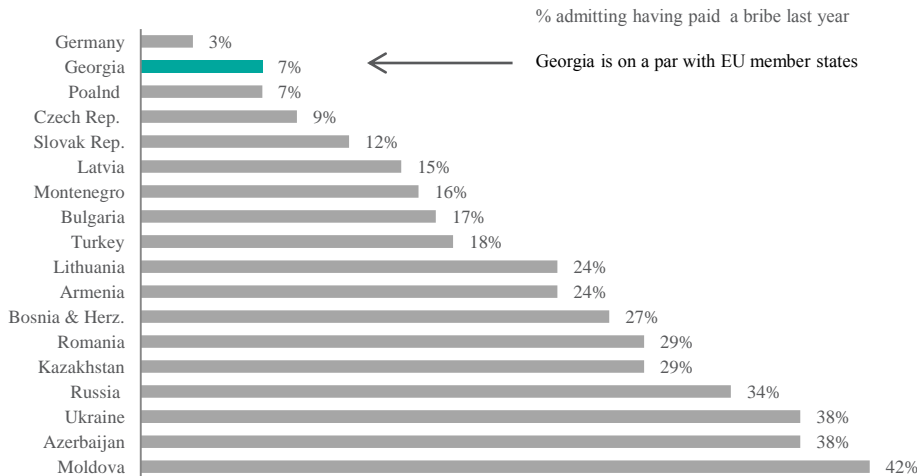
Source: WB-IFC Doing Business Report

Economic Freedom Index | 2018



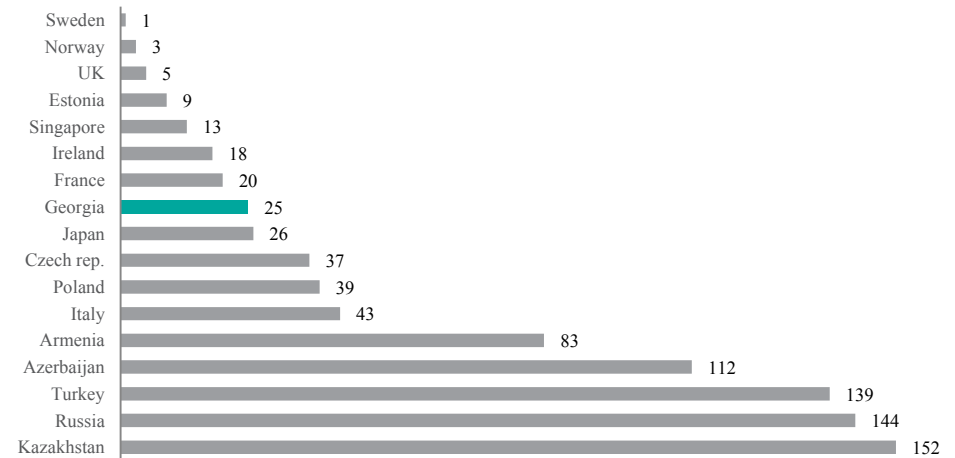
Source: Heritage Foundation

Global Corruption Barometer | 2017



Source: Transparency International

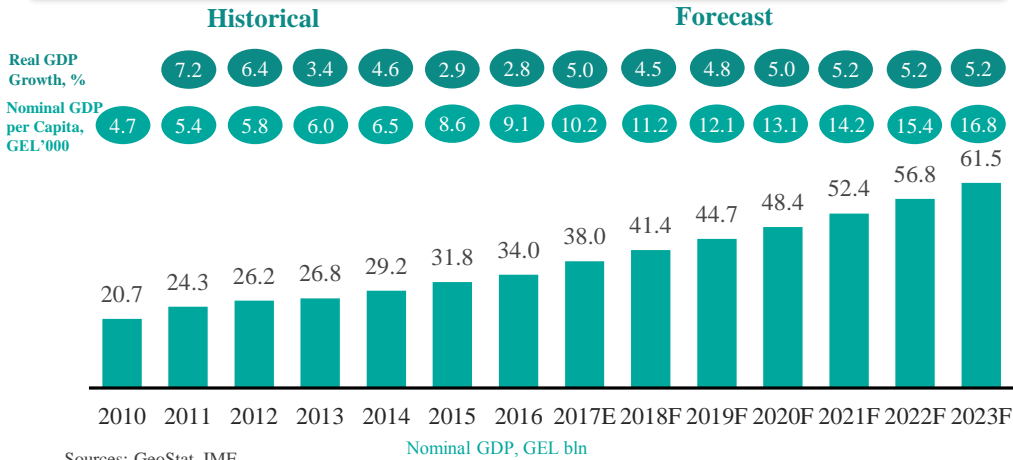
Business Bribery Risk | 2017



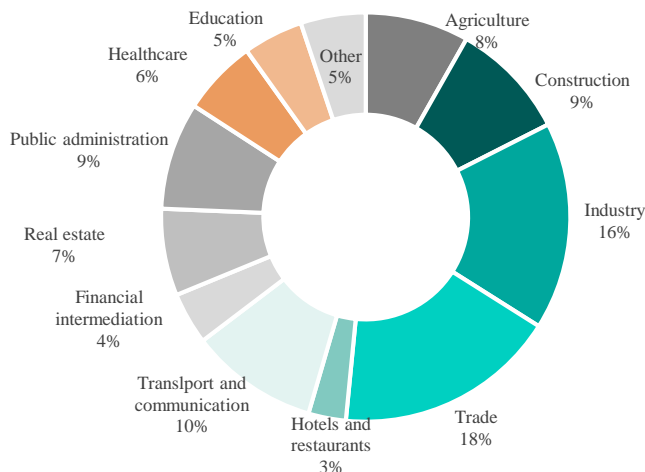
Source: Trace International

Long-term, high growth prospects Georgia | positive economic outlook

GDP Growth Expected to Continue



Diversified nominal GDP structure, 2017



Clear Strategy to Achieve Long Term Growth

Liberal Reforms and Prudent Policy

- Liberty Act (effective January 2014) ensures a credible fiscal and monetary framework
- Public expenditure/GDP capped at 30%; 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 2.8 billion customers without customs duties: Free trade agreements with EU, China, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland; FTA with Hong Kong to be signed shortly; FTA with India under consideration
- Tourism revenues on the rise: tourism inflows stood at 18.1% of GDP in 2017 and total arrivals reached 7.6mln visitors in 2017 (up 18.8% y-o-y), out of which tourist arrivals were up 27.9% y-o-y to 3.5mln visitors.

Strong FDI

- FDI at US\$1.9 billion (12.3% of GDP) in 2017, up 16.2% y-o-y
- FDI averaged 10.0% of GDP in 2007-2017

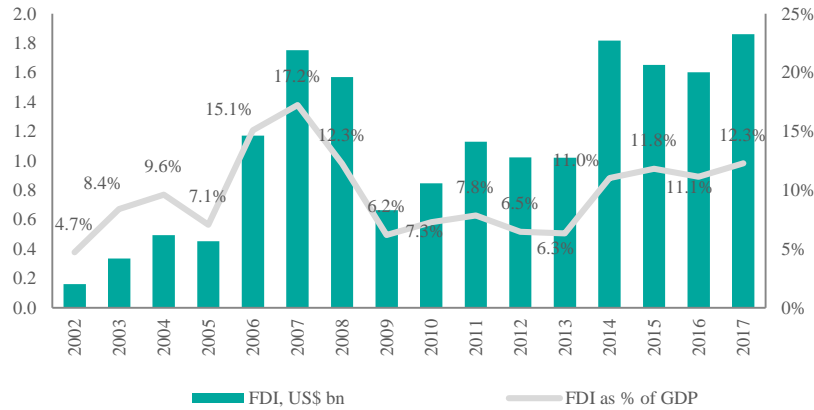
Support from International Community

- 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

Cheap Electricity

- Only 20% of hydropower capacity utilized; 145 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development
- Significantly boosted transmission capacity in recent years

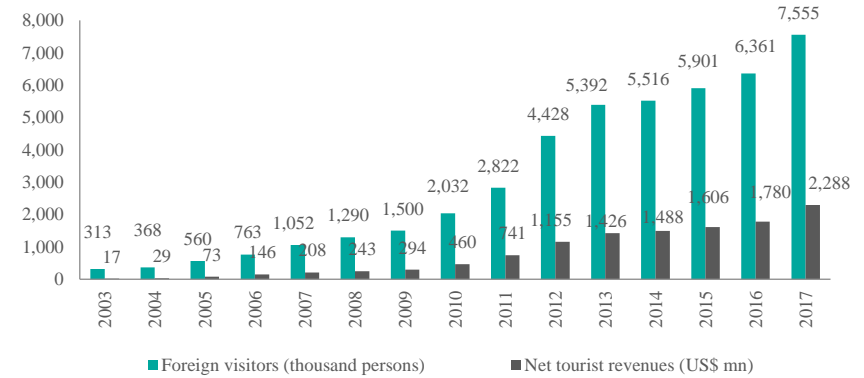
Strong foreign investor interest



Sources: Geostat

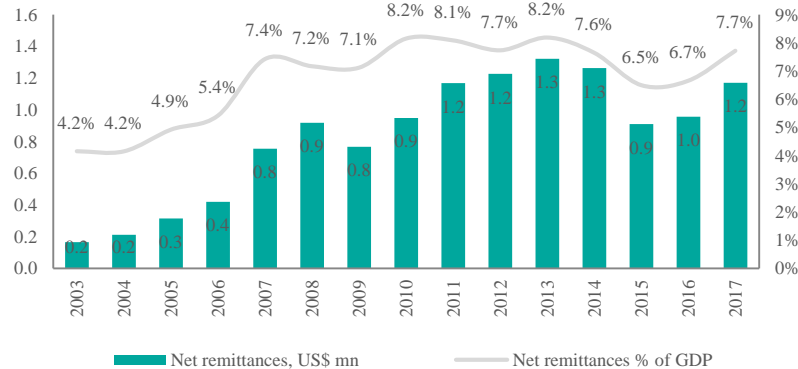
Tourist arrivals and revenues on the rise

1.5 mln visitors in 1Q18, up 15.6% y-o-y
Tourism inflows up 29.1% y-o-y to US\$561 million in 1Q18



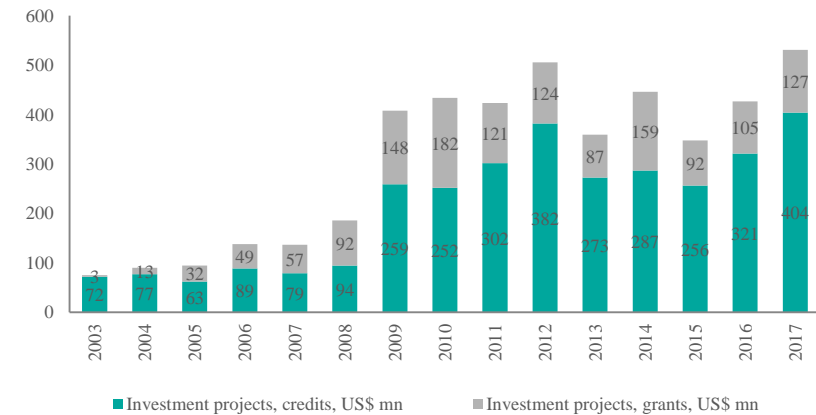
Sources: Georgian National Tourism Agency, National Bank of Georgia

Remittances - steady source of external funding



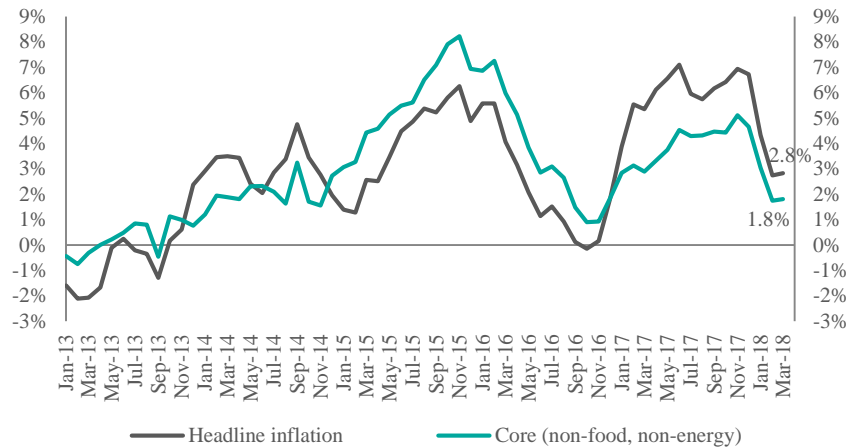
Source: National Bank of Georgia

Public donor funding



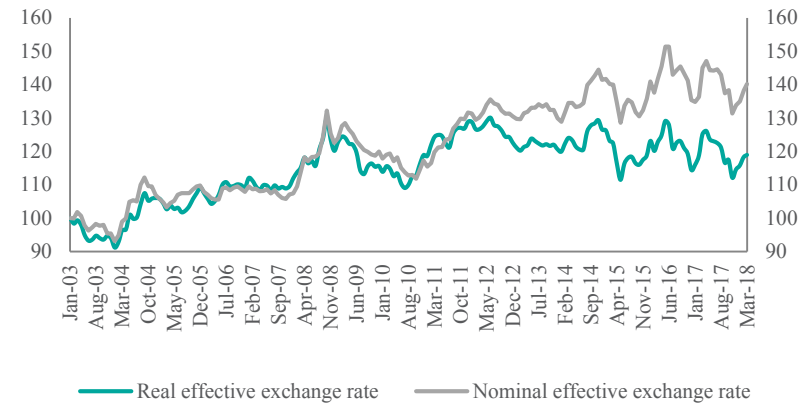
Source: Ministry of Finance of Georgia

Annual inflation



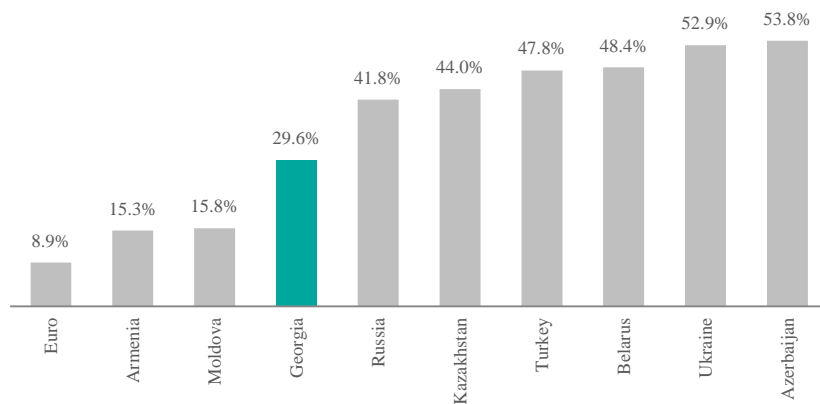
Sources: GeoStat

Nominal and Real effective exchange rate (Jan2003=100)



Sources: NBG

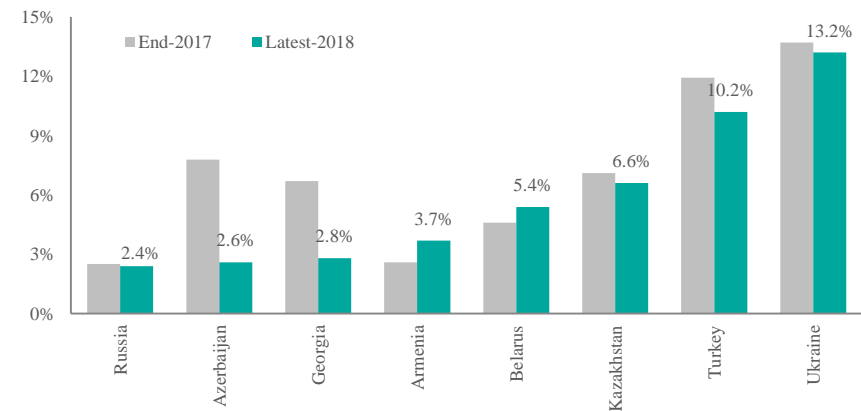
Currency weakening vs. US\$



Source: Bloomberg

Note: US\$ per unit of national currency, period 1-Aug-2014 – 24-Apr-2018

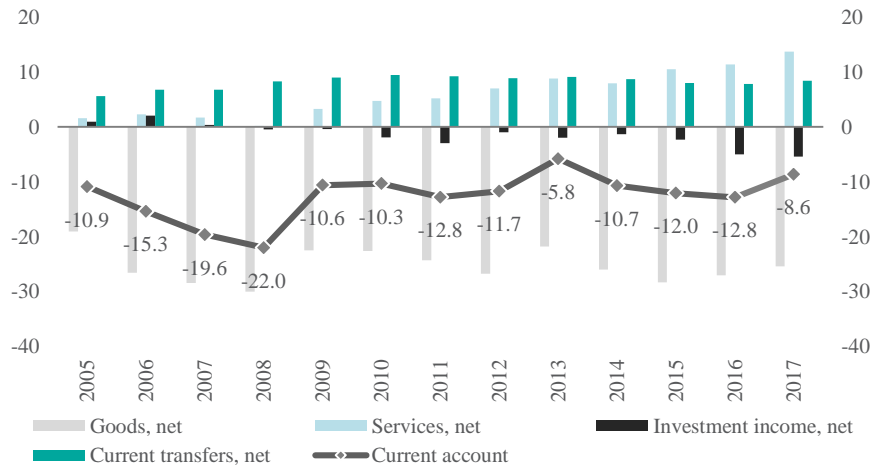
Inflation is close to the target in Georgia



Source: National Statistics Offices

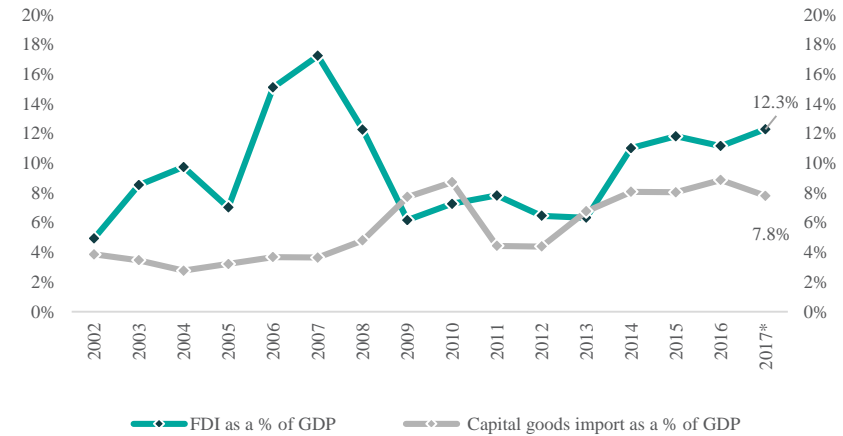
Current account deficit supported by FDI

Current account balance (% of nominal GDP)



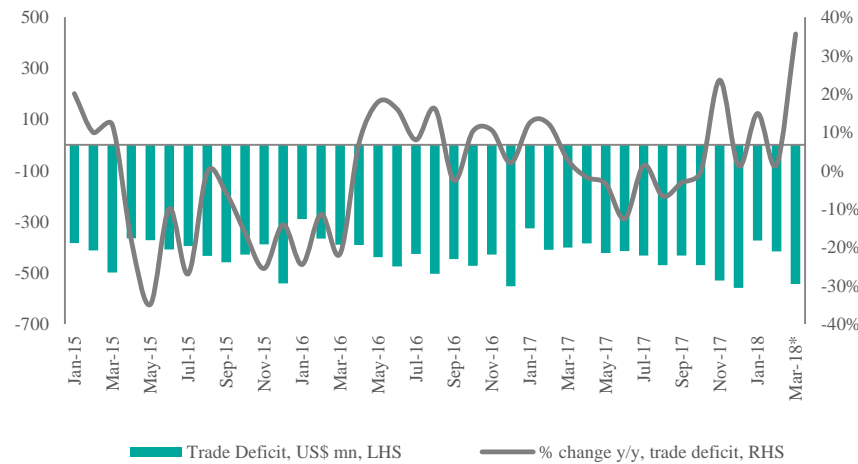
Sources: NBG

FDI and capital goods import



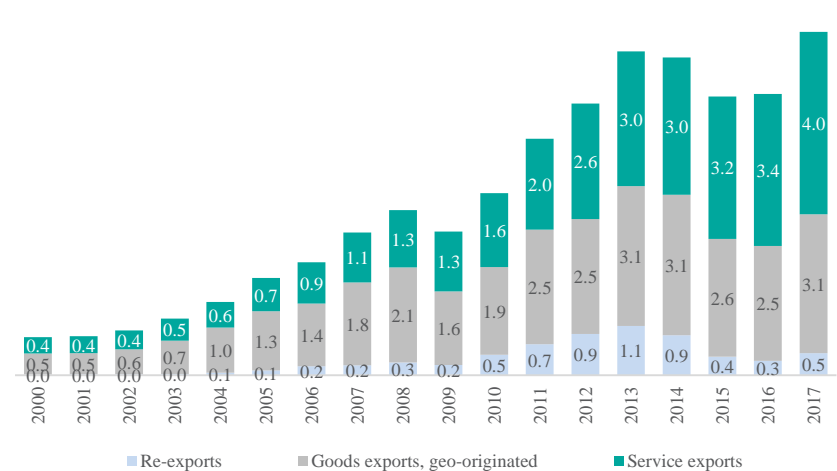
Sources: GeoStat

Goods' Trade Deficit



Sources: GeoStat

Exports of goods and services, US\$ bln

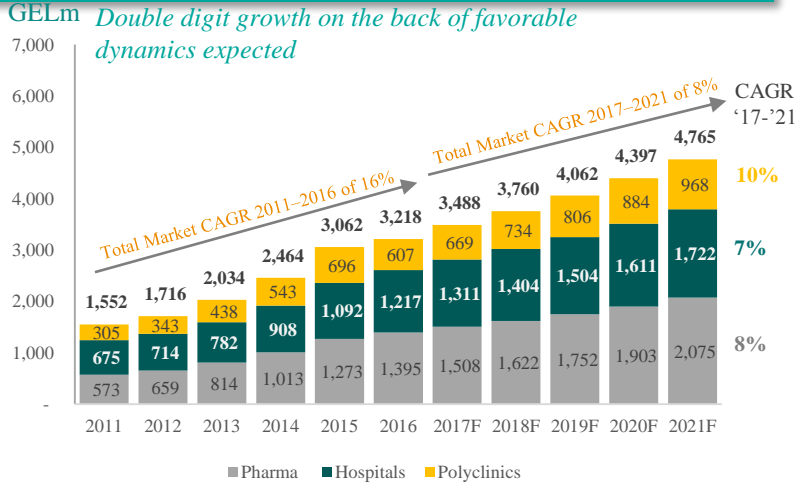


Sources: NBG

Long-term, high growth prospects

Rapidly growing healthcare market

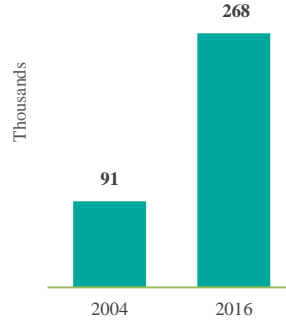
Growth in Healthcare Services Market Expected to Continue



Source: Frost & Sullivan analysis 2017;
Hospitals market includes revenue of c.10% from specialty beds, which is non-addressable market for GHG

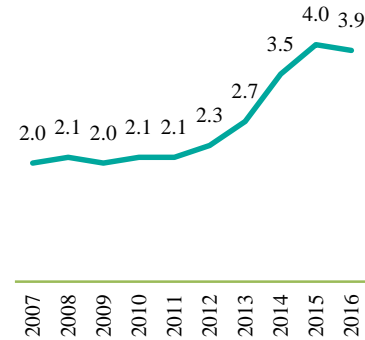
Demand Analysis

Number of Surgical Operations



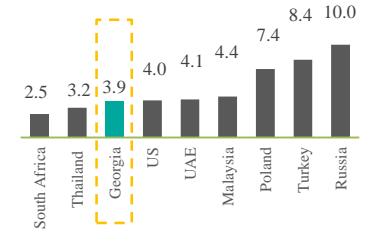
Source: NCDC

Outpatient encounters per capita,



Source: NCDC

Outpatient encounters per capita, Georgia VS other countries

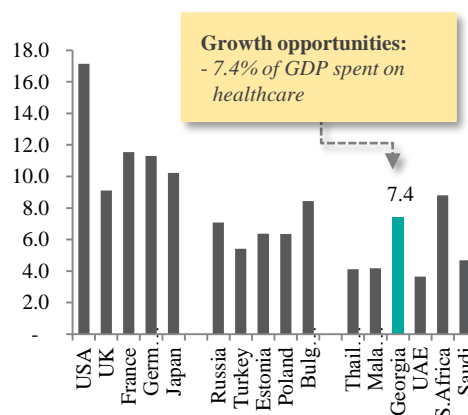
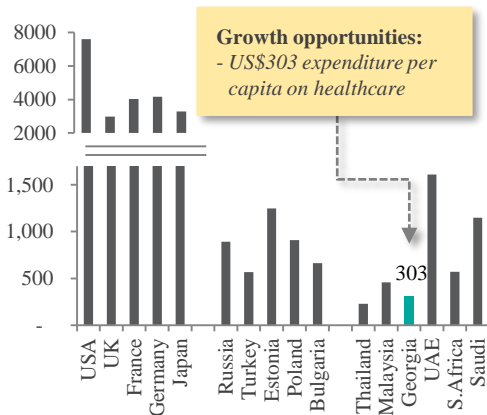


Source: Frost and Sullivan Analysis 2017

Low Expenditure on Healthcare

Per capita expenditure on healthcare, current US\$

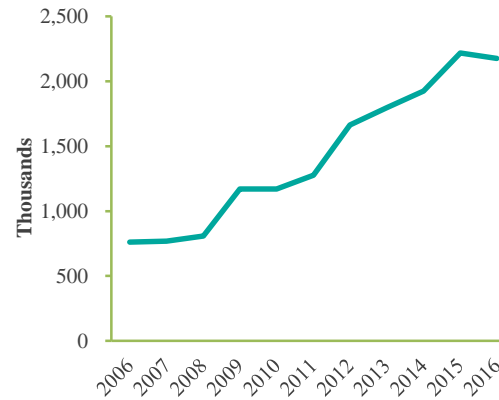
Expenditure on healthcare, % of GDP



Source: World Bank 2014

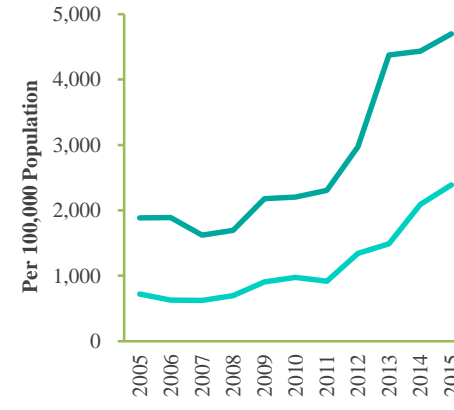
Increasing Overall Disease Incidence...

Number of Registered Patients with 1st Time Diagnosis



Source: Geostat

... Including a Growing Incidence of Lifestyle Diseases



— Diseases of the Circulatory System

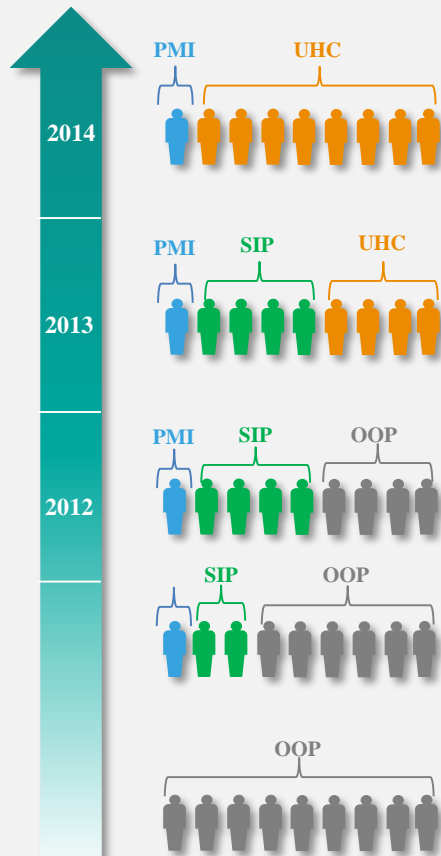
— Endocrine, Nutritional and Metabolic Diseases

Source: NCDC

Long-term, high growth prospects

Favorable government healthcare policy

Healthcare coverage of Georgia's 3.7m population:



Source: Ministry of Health of Georgia

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

Key Principles of UHC Programme

Overview

- 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

Financing and top-up mechanism

- 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

Beneficiaries and Providers

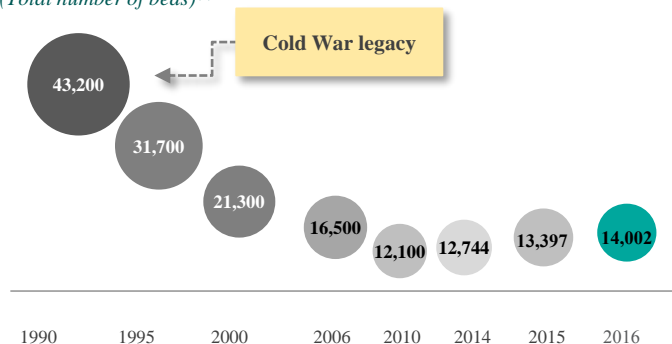
- UHC beneficiaries may select any healthcare provider enrolled in the programme
- Actual prices charged to patients by healthcare providers are not regulated by the state
- Any provider, whether private or public, is eligible to participate in the programme



Infrastructure renewed, although significant opportunity remains to improve service quality

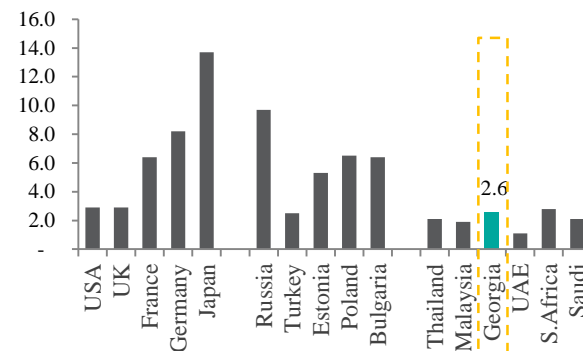
Capacity-wise Georgia stands alongside US, UK and Turkey

Optimising bed capacity over the years
(Total number of beds)⁽¹⁾



Note: (*) Target market bed capacity = Total market bed capacity of 14,002 beds – 1,872 specialty beds at penitentiary, TB and psychiatric clinics

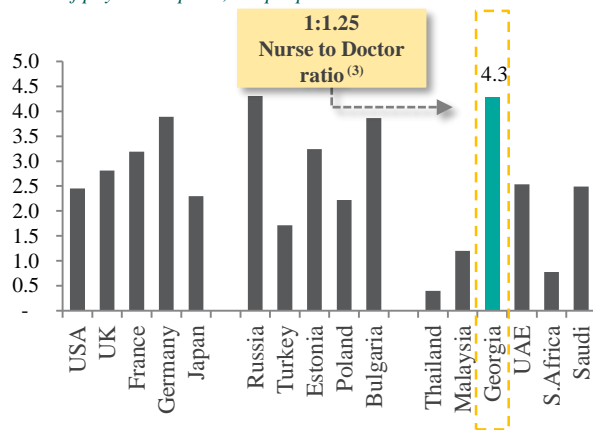
Beds per 1,000 people⁽²⁾



Source: World Bank 2012

However, physician overcapacity yet to be addressed

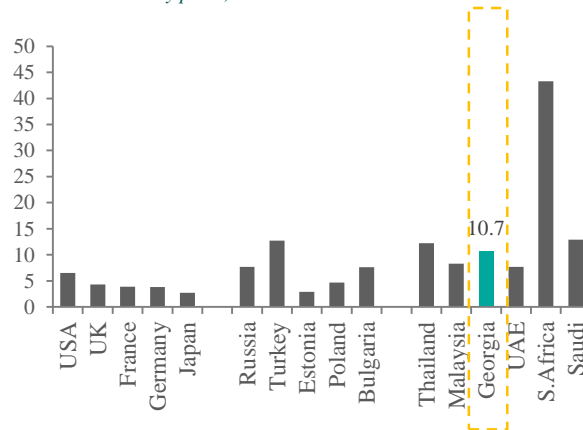
Number of physicians per 1,000 people



Source: World Bank 2013

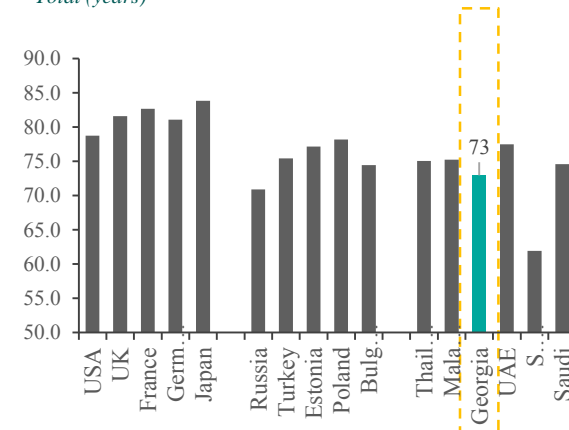
With significant room for optimisation in terms of service quality, as indicated by: Under 5 Mortality Rate... .. And Life Expectancy At Birth

Under 5 mortality per 1,000 live births



Source: World Bank 2016

Total (years)



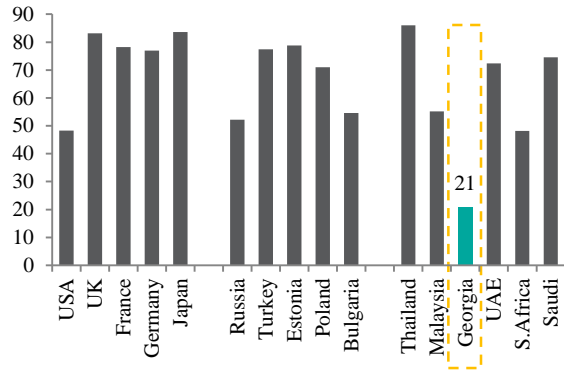
Source: World Bank 2015

Long-term, high growth prospects

Favorable government healthcare policy

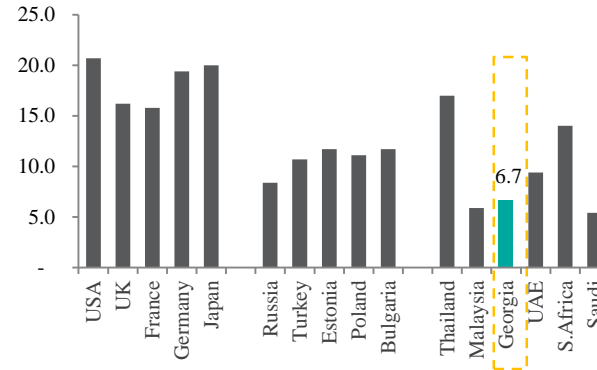
Government finances reached c.30% of total healthcare costs in 2015, from c.20% in 2013

General government expenditure on health as a percentage of total expenditure on health in 2014⁽¹⁾



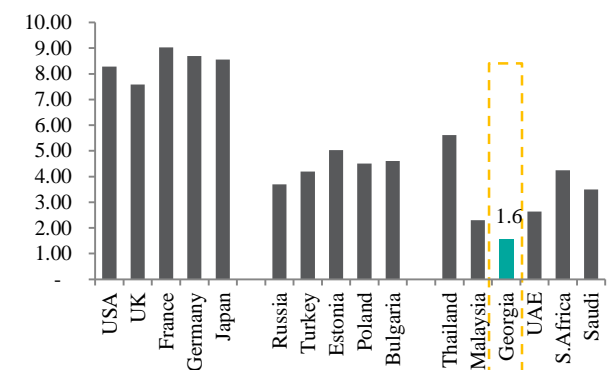
Government spending on healthcare was only 6.7% of state budget in 2013, which grew up to 9% in recent years

General government expenditure on health as a percentage of total government expenditure in 2013⁽¹⁾



Government expenditure on healthcare as a % of GDP increased from c.2% in 2013, up to c.3% in 2016 year⁽⁴⁾

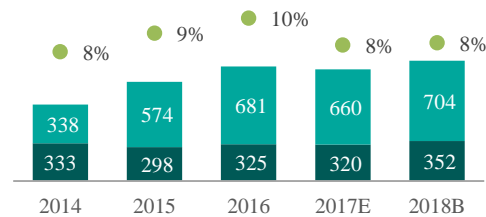
Government expenditure on health as % of GDP in 2013⁽¹⁾



State financing of healthcare increasing for the last several years

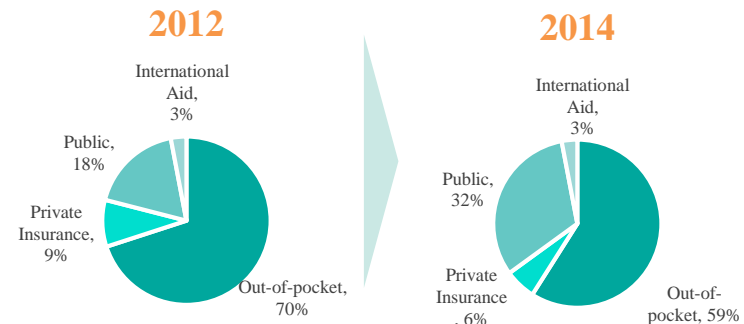
State healthcare spending dynamics⁽²⁾

GELm



■ State healthcare spending - UHC
 ■ State healthcare spending - Other
 ● Healthcare spending as a % of total state spending

High private spending and growing public sector participation on the back of UHC implementation⁽³⁾



Sources:

(1) World Health Organisation and World Bank, 2013 data

(2) Ministry of Finance of Georgia;

(3) Global health expenditure database – World Health Organisation, Frost & Sullivan analysis

(4) GHG Internal reporting



⌘ GHG | Overview and strategy

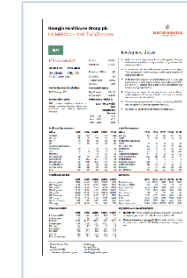
⌘ GHG | Results discussion – 1Q18

⌘ Macroeconomic and Industry Overview

⌘ **Annexes**



Consensus Target Price is 3.93 GBP



GBP 4.00

*as of 7 Sep 2017

GBP 3.70

*as of 4 May 2018

GBP 4.00

*as of 8 Nov 2017

GBP 3.85

*as of 13 Mar 2018

GBP 3.95

*as of 1 Feb 2018

GBP 4.07

*as of 3 July 2017

GBP 3.80

*as of 14 Nov 2017

GBP 4.15

*as of 17 Nov 2017



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.



❁ **Irakli Gilauri** | Chairman of the board | Experience: currently BGEO CEO; formerly EBRD banker; MS in banking from Cass Business School, London; BBS from University of Limerick, Ireland



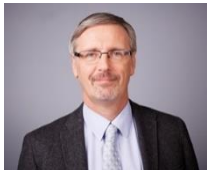
❁ **David Morrison** | Senior Independent Non-executive Director | Experience: senior partner at Sullivan & Cromwell LLP prior to retirement; currently also BGEO board member



❁ **Ingeborg Oie** | Independent Non-executive Director | Experience: Currently a VP of investor relations at Smith & Nephew plc, 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 Elsigood** | Independent Non-executive Director | Experience: Currently Consultant Advisor to Abraj 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



❁ **William Huyett** | Independent Non-executive Director (effective 18 June 2017) | Experience: Currently Director Emeritus of McKinsey and Company, Inc. During his 28-year career there, he served clients in health care and other technology-intensive industries. Prior to joining McKinsey, Mr. Huyett held a variety of line management positions in the automation industry with Rockwell/Allen-Bradley.



❁ **Caroline Brown** | Advisor to the Board (effective 24 February 2018) | Experience: Currently serves as an independent Non-Executive Director, and audit chair on the boards of several London quoted companies. She is a director of Luceco PLC, Earthport PLC, Hydrodec Group PLC, LB-Shell PLC and Gray's Inn Mansion Limited. She has chaired audit committees of listed companies for the past 15 years and is a Fellow of the Chartered Institute of Management Accountants.



❁ **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



Robust corporate governance *exceptional in Georgia's healthcare sector*

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** | Deputy CEO, Commercial; formerly CFO of JSC Insurance Company Aldagi, formerly Supervisory Board member of JSC My Family Clinic



✿ **Giorgi Gordadze** | Head of Polyclinics Business (outpatient clinics); (effective May 2017), formerly Commercial Director at GPC, 20 years experience in pharmaceuticals business



✿ **Givi Giorgadze** | CEO, 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



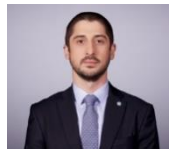
✿ **Enrico Beridze** | CEO GEPHA; (effective 1 January 2017). 15 years experience in pharmaceuticals field, formerly CEO of ABC Pharmacia



✿ **Mikheil Abramidze** | Head of Operations at GEPHA; (effective 1 January 2017). 15 years experience in pharmaceuticals field, formerly COO of ABC Pharmacia



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



✿ **Otar Lortkipanidze** | IT Director; 10 years experience in IT field. Formerly head of IT department at Georgia water and Power



✿ **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 Marketing and Communications 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.



Competition – setting new standards

Outpatient market is still highly fragmented with very few players having high standards of service and up-to-date technology

GHG	14 district clinics, 7 in Tbilisi 7 in Regions Small (120-200 m ²), Medium (c.1000 m ²) and Large (1800-2500 m ²) Format Multiprofile
Tatisvli	2 clinics in Tbilisi Medium format Multiprofile
Cito	1 Clinic in Tbilisi Medium Format Multiprofile
Curatsio	1 Clinic in Tbilisi 1 in Western Georgia Medium Format Multiprofile
Medison	3 Clinics in Tbilisi Medium and Large Format Multiprofile
Medalpha (Aversi)	1 Clinic in Tbilisi Medium Format Multiprofile
Medcapital (Aversi; PSP)	4 Clinics in Tbilisi Medium Format Multiprofile
Polyclinics	c.450 small Polyclinics Small formats Multiprofile Soviet style Privatized, with no development CT Scan not available

GHG Polyclinic



Soviet-era polyclinics





GHG consolidated - Income Statement

<i>GEL thousands; unless otherwise noted</i>	1Q18	1Q17	Change, Y-o-Y
Revenue, gross	207,689	186,447	11.4%
Corrections & rebates	(693)	(623)	11.2%
Revenue, net	206,996	185,824	11.4%
Revenue from healthcare services	72,855	65,725	10.8%
Revenue from pharma	126,868	111,399	13.9%
Net insurance premiums earned	13,302	13,965	-4.7%
Eliminations	(6,029)	(5,265)	14.5%
Costs of services	(143,153)	(129,746)	10.3%
Cost of healthcare services	(41,547)	(37,777)	10.0%
Cost of pharma	(95,550)	(84,408)	13.2%
Cost of insurance services	(11,894)	(12,734)	-6.6%
Eliminations	5,840	5,173	12.9%
Gross profit	63,843	56,078	13.8%
Salaries and other employee benefits	(20,439)	(17,728)	15.3%
General and administrative expenses	(12,637)	(13,352)	-5.4%
Impairment of receivables	(1,188)	(1,121)	6.0%
Other operating income	1,820	1,182	54.0%
EBITDA	31,399	25,059	25.3%
Depreciation and amortisation	(7,715)	(5,872)	31.4%
Net interest expense	(8,563)	(7,119)	20.3%
Net gains/(losses) from foreign currencies	1,899	2,778	-31.6%
Net non-recurring income/(expense)	(1,006)	(1,792)	-43.9%
Profit before income tax expense	16,014	13,054	22.7%
Income tax benefit/(expense)	(2)	(19)	-89.5%
Profit for the period	16,012	13,035	22.8%
<i>Attributable to:</i>			
- shareholders of the Company	10,542	8,832	19.4%
- non-controlling interests	5,470	4,203	30.1%



GHG consolidated - Balance Sheet

<i>GEL thousands; unless otherwise noted</i>	31-Mar-18	31-Dec-17	Change, Q-o-Q
Total assets, of which:	1,181,113	1,167,800	1.1%
Cash and bank deposits	45,667	63,608	-28.2%
Receivables from healthcare services	97,520	100,944	-3.4%
Receivables from sale of pharmaceuticals	19,873	19,798	0.4%
Insurance premiums receivable	33,561	20,233	65.9%
Property and equipment	662,026	642,859	3.0%
Goodwill and other intangible assets	144,196	143,674	0.4%
Inventory	109,836	118,811	-7.6%
Prepayments	37,710	30,354	24.2%
Other assets	30,724	27,519	11.6%
Total liabilities, of which:	628,301	619,400	1.4%
Borrowed funds	367,921	360,503	2.1%
Accounts payable	86,492	92,925	-6.9%
Insurance contract liabilities	31,940	20,953	52.4%
Other liabilities	141,948	145,019	-2.1%
Total shareholders' equity attributable to:	552,812	548,400	0.8%
<i>Shareholders of the Company</i>	<i>487,013</i>	<i>483,684</i>	<i>0.7%</i>
<i>Non-controlling interest</i>	<i>65,799</i>	<i>64,716</i>	<i>1.7%</i>



Healthcare service business - Income Statement

	1Q18	1Q17	Change, Y-o-Y
<i>GEL thousands; unless otherwise noted</i>			
Healthcare service revenue, gross	73,548	66,348	10.9%
Corrections & rebates	(693)	(623)	11.2%
Healthcare services revenue, net	72,855	65,725	10.8%
Costs of healthcare services	(41,547)	(37,777)	10.0%
Gross profit	31,308	27,948	12.0%
Salaries and other employee benefits	(8,519)	(7,179)	18.7%
General and administrative expenses	(4,285)	(4,082)	5.0%
Impairment of receivables	(1,202)	(980)	22.7%
Other operating income	1,250	1,112	12.4%
EBITDA	18,552	16,819	10.3%
EBITDA margin	25.2%	25.3%	
Depreciation and amortisation	(6,963)	(4,939)	41.0%
Net interest income (expense)	(5,692)	(4,116)	38.3%
Net gains/(losses) from foreign currencies	(25)	695	NMF
Net non-recurring income/(expense)	(595)	(1,276)	-53.4%
Profit before income tax expense	5,277	7,183	-26.5%
Income tax benefit/(expense)	(2)	(11)	-81.8%
Profit for the period	5,275	7,172	-26.5%
Attributable to:			
- shareholders of the Company	3,885	5,764	-32.6%
- non-controlling interests	1,390	1,408	-1.3%



Healthcare services business - Revenue breakdowns

Healthcare services business revenue by types of healthcare facilities

<i>(GEL thousands, unless otherwise noted)</i>	1Q18	1Q17	Change, Y-o-Y
Healthcare services revenue, net	72,855	65,725	10.8%
Referral hospitals	61,689	56,446	9.3%
Clinics:	11,166	9,279	20.3%
<i>Community</i>	<i>6,165</i>	<i>5,661</i>	<i>8.9%</i>
<i>Polyclinics</i>	<i>5,001</i>	<i>3,618</i>	<i>38.2%</i>

Healthcare services business revenue by source of payment

<i>(GEL thousands, unless otherwise noted)</i>	1Q18	1Q17	Change, Y-o-Y
Healthcare services revenue, net	72,855	65,725	10.8%
Government-funded healthcare programmes	48,150	45,831	5.1%
Out-of-pocket payments by patients	18,860	15,048	25.3%
Private medical insurance companies, <i>of which</i>	5,845	4,846	20.6%
<i>GHG medical insurance</i>	<i>2,655</i>	<i>2,401</i>	<i>10.6%</i>



Pharmacy chain and distribution business- Income Statement

<i>GEL thousands; unless otherwise noted</i>	1Q18	1Q17	Change, Y-o-Y
Pharma revenue	126,868	111,399	13.9%
Costs of pharma	(95,550)	(84,408)	13.2%
Gross profit	31,318	26,991	16.0%
Salaries and other employee benefits	(11,194)	(9,616)	16.4%
General and administrative expenses	(8,250)	(8,762)	-5.8%
Impairment of receivables	(20)	(28)	-28.6%
Other operating income	790	101	NMF
EBITDA	12,644	8,686	45.6%
EBITDA margin	10.0%	7.8%	
Depreciation and amortisation	(548)	(711)	-22.9%
Net interest income (expense)	(2,757)	(2,793)	-1.3%
Net gains/(losses) from foreign currencies	1,886	2,095	-10.0%
Net non-recurring income/(expense)	(411)	(316)	30.1%
Profit before income tax expense	10,814	6,961	55.4%
Income tax benefit/(expense)	-	(8)	NMF
Profit for the period	10,814	6,953	55.5%



Medical insurance business - Income Statement

<i>GEL thousands; unless otherwise noted</i>	1Q18	1Q17	Change, Y-o-Y
Net insurance premiums earned	13,302	13,965	-4.7%
Cost of insurance services	(11,894)	(12,734)	-6.6%
Gross profit	1,408	1,231	14.4%
Salaries and other employee benefits	(783)	(1,048)	-25.3%
General and administrative expenses	(350)	(507)	-31.0%
Impairment of receivables	(98)	(113)	-13.3%
Other operating income	27	(7)	NMF
EBITDA	204	(444)	NMF
EBITDA margin	1.5%	-3.2%	
Depreciation and amortisation	(204)	(222)	-8.1%
Net interest income (expense)	(114)	(210)	NMF
Net gains/(losses) from foreign currencies	38	(12)	NMF
Net non-recurring income/(expense)	-	(200)	-100.0%
Profit before income tax expense	(76)	(1,088)	-93.0%
Income tax benefit/(expense)	-	-	-
Profit / (Loss) for the period	(76)	(1,088)	-93.0%

GHG – Income statement, 1Q18

Income Statement, <i>Quarterly</i>	Healthcare services					Pharma					Medical insurance					Eliminations			GHG					
	1Q18	1Q17	Change, Y-o-Y	4Q17	Change, Q-o-Q	1Q18	1Q17	Change, Y-o-Y	4Q17	Change, Q-o-Q	1Q18	1Q17	Change, Y-o-Y	4Q17	Change, Q-o-Q	1Q18	1Q17	4Q17	1Q18	1Q17	Change, Y-o-Y	4Q17	Change, Q-o-Q	
<i>GEL thousands; unless otherwise noted</i>																								
Revenue, gross	73,548	66,348	10.9%	68,444	7.5%[↓]	126,868	111,399	13.9%	121,367	4.5%[↓]	13,302	13,965	-4.7%	12,376	7.5%[↓]	(6,029)	(5,265)	(4,549)	207,689	186,447	11.4%	197,637	5.1%	
Corrections & rebates	(693)	(623)	11.2%	(349)	98.6%	-	-	-	-	-	-	-	-	-	-	-	-	-	(693)	(623)	11.2%	(349)	98.6%	
Revenue, net	72,855	65,725	10.8%	68,094	7.0%[↓]	126,868	111,399	13.9%	121,367	4.5%[↓]	13,302	13,965	-4.7%	12,376	7.5%[↓]	(6,029)	(5,265)	(4,549)	206,996	185,824	11.4%	197,288	4.9%	
Costs of services	(41,547)	(37,777)	10.0%	(38,227)	8.7%[↓]	(95,550)	(84,408)	13.2%	(90,743)	5.3%[↓]	(11,894)	(12,734)	-6.6%	(11,163)	6.5%[↓]	5,840	5,173	5,882	(143,153)	(129,746)	10.3%	(134,252)	6.6%	
Cost of salaries and other employee benefits	(25,639)	(23,095)	11.0%	(24,440)	4.9%	-	-	-	-	-	-	-	-	-	938	855	329	(24,702)	(22,240)	11.1%	(24,111)	2.5%		
Cost of materials and supplies	(11,441)	(10,467)	9.3%	(10,363)	10.4%	-	-	-	-	-	-	-	-	-	2,104	1,363	2,006	(9,337)	(9,104)	2.6%	(8,357)	11.7%		
Cost of medical service providers	(761)	(372)	104.6%	(463)	64.4%	-	-	-	-	-	-	-	-	-	28	14	13	(733)	(358)	104.7%	(450)	62.9%		
Cost of utilities and other	(3,706)	(3,843)	-3.6%	(2,961)	25.2%	-	-	-	-	-	-	-	-	-	137	142	665	(3,570)	(3,701)	-3.5%	(2,296)	55.5%		
Net insurance claims incurred	-	-	-	-	-	-	-	-	-	(11,218)	(11,812)	-5.0%	(10,299)	8.9%	2,633	2,799	2,119	(8,585)	(9,013)	-4.7%	(8,180)	5.0%		
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	-	(676)	(922)	-26.7%	(864)	-21.8%	-	-	-	(676)	(922)	-26.7%	(864)	-21.8%		
Cost of pharma - wholesale	-	-	-	-	-	(26,097)	(22,496)	16.0%	(25,244)	3.4%	-	-	-	-	-	-	750	(26,097)	(22,496)	16.0%	(24,494)	6.5%		
Cost of pharma - retail	-	-	-	-	-	(69,453)	(61,912)	12.2%	(65,499)	6.0%	-	-	-	-	-	-	-	(69,453)	(61,912)	12.2%	(65,499)	6.0%		
Gross profit	31,308	27,948	12.0%	29,867	4.8%[↓]	31,318	26,991	16.0%	30,624	2.3%[↓]	1,408	1,231	14.4%	1,213	16.1%[↓]	(189)	(92)	1,333	63,843	56,078	13.8%	63,036	1.3%	
Salaries and other employee benefits	(8,519)	(7,179)	18.7%	(7,942)	7.3%	(11,194)	(9,616)	16.4%	(11,029)	1.5%	(783)	(1,048)	-25.3%	(747)	4.8%	57	116	(801)	(20,439)	(17,728)	15.3%	(20,519)	-0.4%	
General and administrative expenses	(4,285)	(4,082)	5.0%	(4,085)	4.9%	(8,250)	(8,762)	-5.8%	(7,997)	3.2%	(350)	(507)	-31.0%	(394)	-11.2%	248	-	210	(12,637)	(13,352)	-5.4%	(12,266)	3.0%	
Impairment of other receivables	(1,202)	(980)	22.7%	(1,115)	7.8%	(20)	(28)	-28.6%	(5)	NMF	(98)	(113)	-13.3%	(111)	-11.7%	132	-	97	(1,188)	(1,121)	6.0%	(1,133)	4.9%	
Other operating income	1,250	1,112	12.4%	1,616	-22.6%	790	101	NMF	837	NMF	27	(7)	NMF	147	NMF	(247)	(24)	(839)	1,820	1,182	54.0%	1,761	3.4%	
EBITDA	18,552	16,819	10.3%	18,341	1.2%[↓]	12,644	8,686	45.6%	12,430	1.7%[↓]	204	(444)	NMF	108	88.9%[↓]	-	-	-	31,399	25,059	25.3%	30,879	1.7%	
EBITDA margin	25.2%	25.3%		26.8%		10.0%	7.8%		10.2%		1.5%	-3.2%		0.9%					15.1%	13.4%		15.6%		
Depreciation and amortisation	(6,963)	(4,939)	41.0%	(6,295)	10.6%	(548)	(711)	-22.9%	(459)	19.4%	(204)	(222)	-8.1%	(212)	-3.8%	-	-	-	(7,715)	(5,872)	31.4%	(6,967)	10.7%	
Net interest income (expense)	(5,692)	(4,116)	38.3%	(5,185)	9.8%	(2,757)	(2,793)	-1.3%	(2,941)	-6.3%	(114)	(210)	NMF	(177)	NMF	-	-	-	(8,563)	(7,119)	20.3%	(8,303)	3.1%	
Net gains/(losses) from foreign currencies	(25)	695	NMF	30	NMF	1,886	2,095	-10.0%	(2,871)	NMF	38	(12)	NMF	16	137.5%	-	-	-	1,899	2,778	-31.6%	(2,825)	NMF	
Net non-recurring income/(expense)	(595)	(1,276)	-53.4%	(513)	16.0%	(411)	(316)	30.1%	(125)	228.8%	-	(200)	-100.0%	-	NMF	-	-	-	(1,006)	(1,792)	-43.9%	(638)	57.7%	
Profit before income tax expense	5,277	7,183	-26.5%	6,378	-17.3%[↓]	10,814	6,961	55.4%	6,034	79.2%[↓]	(76)	(1,088)	-93.0%	(265)	-71.3%[↓]	-	-	-	16,014	13,054	22.7%	12,146	31.8%	
Income tax benefit/(expense)	(2)	(11)	-81.8%	-	NMF	-	(8)	NMF	(187)	NMF	-	-	-	-	-	-	-	-	(2)	(19)	-89.5%	(187)	-98.9%	
Profit for the period	5,275	7,172	-26.5%	6,378	-17.3%[↓]	10,814	6,953	55.5%	5,847	84.9%[↓]	(76)	(1,088)	-93.0%	(265)	-71.3%[↓]	-	-	-	16,012	13,035	22.8%	11,959	33.9%	
Attributable to:																								
- shareholders of the Company	3,885	5,764	-32.6%	5,278	-26.4%	6,734	4,157	62.0%	2,774	142.8%	(76)	(1,088)	-93.0%	(265)	-71.3%	-	-	-	10,542	8,832	19.4%	7,785	35.4%	
- non-controlling interests	1,390	1,408	-1.3%	1,100	26.4%	4,080	2,796	45.9%	3,073	32.8%	-	-	-	-	-	-	-	-	5,470	4,203	30.1%	4,174	31.0%	

Selected Balance Sheet items

GEL thousands; unless otherwise noted	<u>Healthcare services</u>					<u>Pharma</u>					<u>Medical insurance</u>				
	31-Mar-18	31-Mar-17	Change, Y-o-Y	31-Dec-17	Change, Q-o-Q	31-Mar-18	31-Mar-17	Change, Y-o-Y	31-Dec-17	Change, Q-o-Q	31-Mar-18	31-Mar-17	Change, Y-o-Y	31-Dec-17	Change, Q-o-Q
Assets:															
Cash and bank deposits	32,157	82,893	-61.2%	43,081	-25.4%	4,423	6,924	-36.1%	10,464	-57.7%	9,087	10,412	-12.7%	10,063	-9.7%
Property and equipment	622,284	579,505	7.4%	610,810	1.9%	27,389	22,922	19.5%	26,212	4.5%	15,081	6,002	151.3%	5,837	158.4%
Inventory	19,373	14,282	35.6%	19,873	-2.5%	90,463	82,256	10.0%	98,938	-8.6%	-	212	NMF	-	-
Liabilities:															
Borrowed Funds	276,848	228,596	21.1%	262,772	5.4%	82,475	83,463	-1.2%	88,145	-6.4%	8,598	9,032	-4.8%	9,586	-10.3%
Accounts payable	34,727	41,844	-17.0%	53,458	-35.0%	55,956	63,440	-11.8%	63,387	-11.7%	-	-	-	-	-

Selected Balance Sheet items

GEL thousands; unless otherwise noted	<u>Consolidation and eliminations</u>			<u>GHG</u>				
	31-Mar-18	31-Mar-17	31-Dec-17	31-Mar-18	31-Mar-17	Change, Y-o-Y	31-Dec-17	Change, Q-o-Q
Assets								
Cash and bank deposits	-	-	-	45,667	100,229	-54.4%	63,608	-28.2%
Property and equipment	(2,728)	-	-	662,026	608,429	8.8%	642,859	3.0%
Inventory	-	-	-	109,836	96,750	13.5%	118,811	-7.6%
Liabilities:								
Borrowed Funds	-	-	-	367,921	321,091	14.6%	360,503	2.1%
Accounts payable	(4,191)	(11,159)	(23,920)	86,492	94,125	-8.1%	92,925	-6.9%

Selected ratios and KPIs

Selected ratios and KPIs

	1Q18	1Q17	4Q17
GHG			
Normalised EPS, GEL	0.08	0.07	0.06
ROIC (%)	10.6%	10.3%	11.0%
ROIC adjusted ¹ (%)	13.5%	13.0%	14.0%
Group rent expenditure	4,724	5,019	4,302
<i>of which, Pharma</i>	<i>4,055</i>	<i>4,485</i>	<i>4,174</i>
Group capex (maintenance)	2,295	2,630	2,081
Group capex (growth)	22,505	17,866	15,679
Number of employees	15,491	14,593	15,078
Number of physicians	3,553	3,278	3,496
Number of nurses	3,305	2,980	3,205
Nurse to doctor ratio, referral hospitals	0.93	0.93	0.92
Total number of shares	131,681,820	131,681,820	131,681,820
Less: Treasury shares	(2,800,166)	(3,452,534)	(3,379,629)
Shares outstanding	128,881,654	128,229,286	128,302,191
<i>Of which:</i>			
Total free float	53,763,151	43,610,783	53,183,688
Shares held by BGEO GROUP PLC	75,118,503	84,618,503	75,118,503
Healthcare services			
EBITDA margin of healthcare services	25.2%	25.3%	26.8%
Direct salary rate (direct salary as % of revenue)	34.9%	34.8%	35.7%
Materials rate (direct materials as % of revenue)	15.6%	15.8%	15.1%
Administrative salary rate (administrative salaries as % of revenue)	11.6%	10.8%	11.6%
SG&A rate (SG&A expenses as % of revenue)	5.8%	6.2%	6.0%
Number of hospitals	37	35	37
Number of polyclinics	17	13	16
Number of express outpatient clinics	24	24	24
Number of beds	3,320	2,731	3,014
Number of referral hospital beds	2,825	2,266	2,519
Bed occupancy rate, referral hospitals ²	65.7%	68.1%	60.4%
Average length of stay (days), referral hospitals ³	5.6	5.6	5.5

Pharma

	1Q18	1Q17	4Q17
EBITDA margin	10.0%	7.8%	10.2%
Number of bills issued	6.70mln	6.39mln	6.57mln
Average bill size	13.9	13.4	13.6
Revenue from wholesale as a percentage of total revenue from pharma	25.1%	26.8%	25.3%
Revenue from retail as a percentage of total revenue from pharma	74.9%	73.2%	74.7%
Revenue from para-pharmacy as a percentage of retail revenue from pharma	28.8%	30.9%	30.2%
Number of pharmacies	256	245	255
Medical insurance			
Loss ratio	84.3%	84.6%	83.2%
Expense ratio, <i>of which</i>	15.7%	20.2%	17.6%
<i>Commission ratio</i>	<i>5.1%</i>	<i>6.6%</i>	<i>7.0%</i>
Combined ratio	100.0%	104.8%	100.8%
Renewal rate	70.6%	77.3%	71.8%

(1) Return on invested capital is adjusted to exclude newly launched Regional Hospital and Tbilisi Referral Hospital

(2) Excluding emergency beds and beds of Regional Hospital, launched by the end of February 2018. Occupancy rate excluding beds of Tbilisi referral Hospital was 68.4% in 1Q18

(3) Excludes data for the emergency department and beds of Regional Hospital, launched by the end of February 2018



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