

GHG overview and strategy

Speaker: Nikoloz Gamkrelidze, CEO



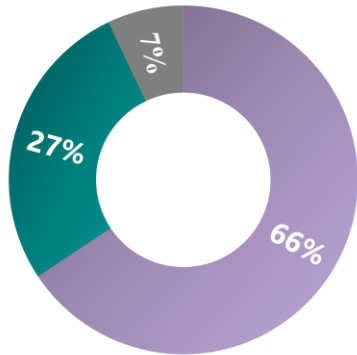
The only fully integrated healthcare provider in the region



Healthcare services				Retail pharmacy	Medical insurance
Hospitals	Clinics		Diagnostics		
17	19	15	1	309	c.174,000
Referral Hospitals	Community Clinics	Polyclinics	Mega Lab	Pharmacies	Individuals insured

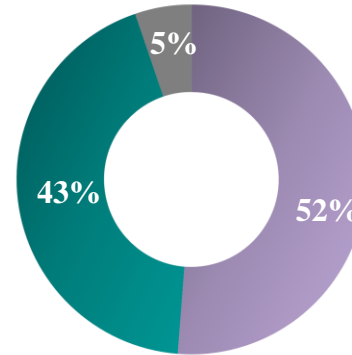
Revenue breakdown by segments

GEL 687.7 million, 9M20

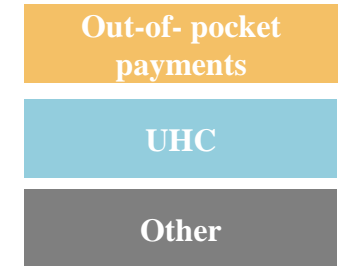
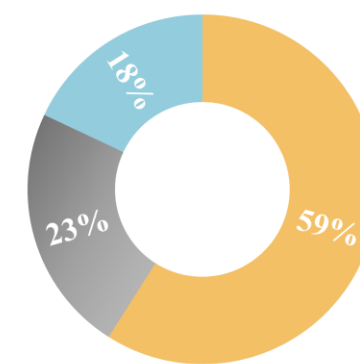


EBITDA breakdown by segments

GEL 96.2 million, 9M20



Revenue breakdown by payment sources



Note: All numbers excluding HTMC hospital, sold in August 2020.
EBITDA excluding IFRS 16 impact.



 **The Group's involvement in fighting against COVID-19**

 Healthcare services business overview

 Retail pharmacy business overview

 Medical insurance business overview

 The Group's performance against strategy



- **Supporting the Government**
- **Developing Group-wide action plan to cater for our patients' and customers' needs, as well as to ensure the health and well-being of all of our employees**



In March allocated six hospitals (c.600 beds) across the country for COVID-19 patients, out of which two of them were engaged in the programme.

In September 2020, in connection to the second wave of the virus spread, we have mobilised c.1,000 beds across the country and currently six of our hospitals are engaged in receiving patients with COVID-19, three in regions and three in Tbilisi.



The facilities were prepared with properly trained medical teams, isolated wards, and fully equipped intensive and critical care units.



Infection prevention and communicable disease emergency preparedness programmes and guidelines were established across the Group hospitals and clinics.



More than 5,000 GHG employees from our hospitals, clinics and pharmacies have been given comprehensive trainings related to COVID-19, including how to prevent the virus spread and manage patients and customers flow.

In total, 24,166 participants (men / training) attended the trainings in 30 different modules and protocols.



A number of key new services have been launched such as telemedicine and pharma home delivery service, through our new EKIMO application.



Enhanced digital channels at Clinics: our doctors provided more than 16,000 consultations through the 24-hour available hot lines and through social media gave remote consultation to more than 5,000 queries.



In April, our Diagnostics business also started to engage in testing patients for COVID-19 and as of now c.70,000 COVID-19 tests were performed.



To ensure the Group is well positioned to face the changing environment, to maintain operational stability and financial health of each business, we have taken number of specific actions:

- || Implemented a number of Groupwide cost management initiatives, such as reviewing the lease contracts terms of our pharmacies and clinics;
- || Reduced certain planned capital expenditures;
- || Secured a new USD 25 million loan facility from EBRD (signed in May 2020), to provide additional contingent liquidity; Requested grace periods on principal payments on some existing loan facilities;
- || Decided not to recommend an annual dividend to shareholders;
- || Disciplined cash management resulted in operating cash flow, excluding IFRS 16, being up 141.9% in 9M20 y-o-y.



 The Group's involvement in fighting against COVID-19

 **Healthcare services business overview**

 Retail pharmacy business overview

 Medical insurance business overview

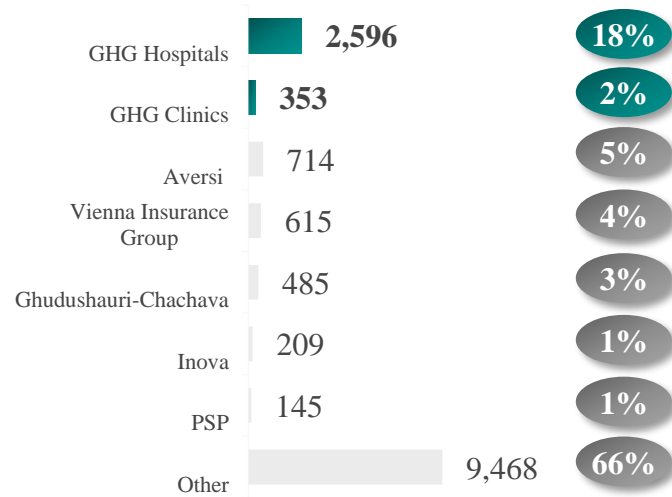
 The Group's performance against strategy



17 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.

Competitive landscape, market share by number of beds¹

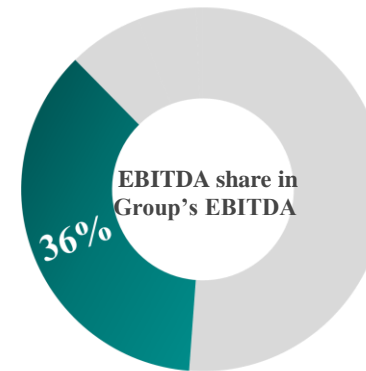
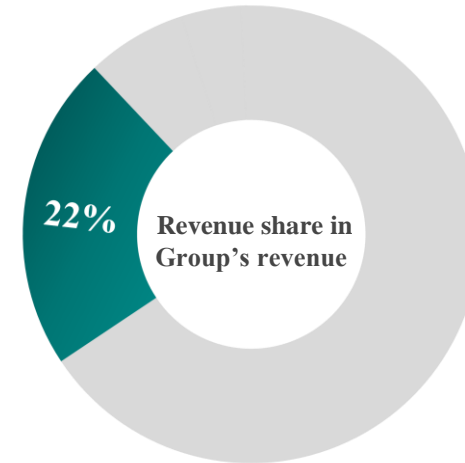


Note 1: NCDC 2018, updated by GHG to include the changes before 30 September 2020; excluding specialty beds

Highlights

	3Q20	3Q19	Change, y-o-y %	9M20	9M19	Change, y-o-y %
Revenue, gross (GEL, millions)	58.3	58.8	-1.0%	166.1	185.3	-10.4%
EBITDA, excluding IFRS 16 (GEL, millions)	15.4	14.7	4.5%	34.3	47.8	-28.3%
EBITDA margin, excluding IFRS 16 (%)	26.4%	25.0%	1.4 ppts	20.6%	25.8%	-5.2ppts

Note: All numbers excluding HTMC hospital, sold in August 2020.



9M20 highlights

2,596

Number of Hospital beds

KGEL 85.3

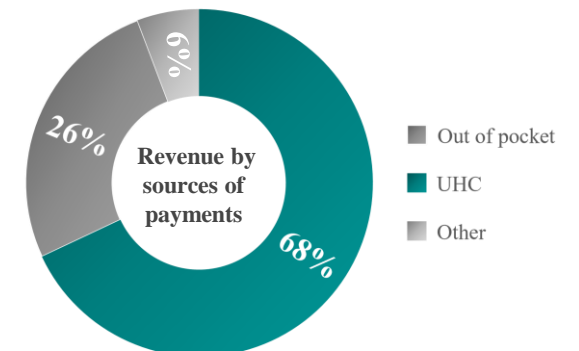
Revenue per bed, annualised

51.3%

Bed occupancy rate

5.4

Average length of stay





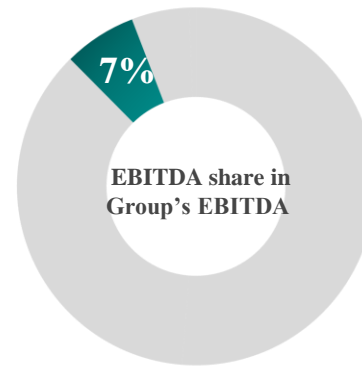
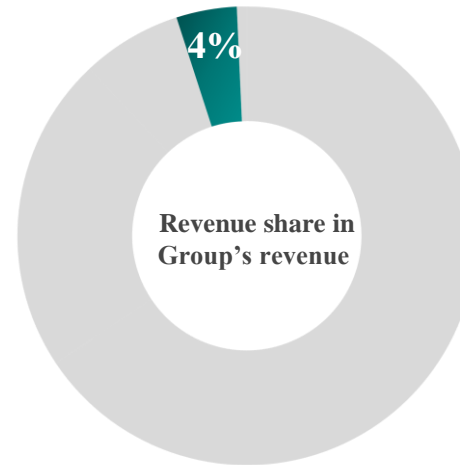
34 Clinics

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.



9M20 highlights

353

Number of community clinics beds

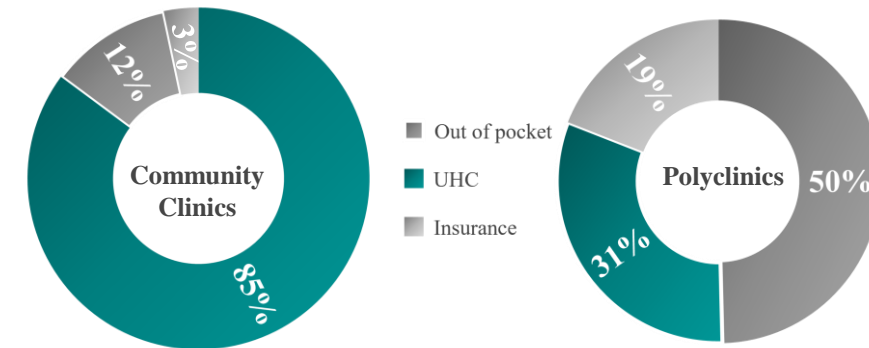
c.212,300

Number of registered patients in Tbilisi

c.500,000

Total number of registered patients

Revenue by sources of payments



Highlights

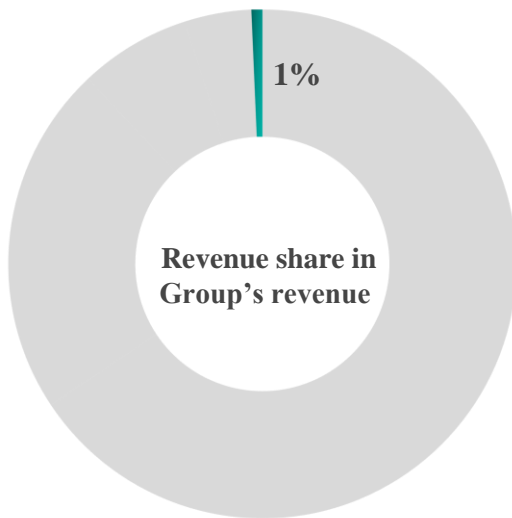
	3Q20	3Q19	Change, y-o-y %	9M20	9M19	Change, y-o-y %
Revenue, gross (GEL, millions)	11.7	10.6	10.4%	33.1	32.5	1.8%
EBITDA, excluding IFRS 16 (GEL, millions)	2.7	1.8	52.5%	6.3	5.8	9.7%
EBITDA margin, excluding IFRS 16 (%)	23.3%	16.9%	6.4 ppts	19.1%	17.7%	1.4 ppts



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”). Mega Lab is the largest diagnostics laboratory not only in Georgia but in the entire Caucasus region.

Mega Lab provides full range of accurate, high-quality diagnostics services, including basic and complex laboratory tests to the entire population of the country.



9M20 highlights

407,000

Number of patients served

974,000

Number of tests performed

2.4

Average number of tests per patient

GEL 6.9

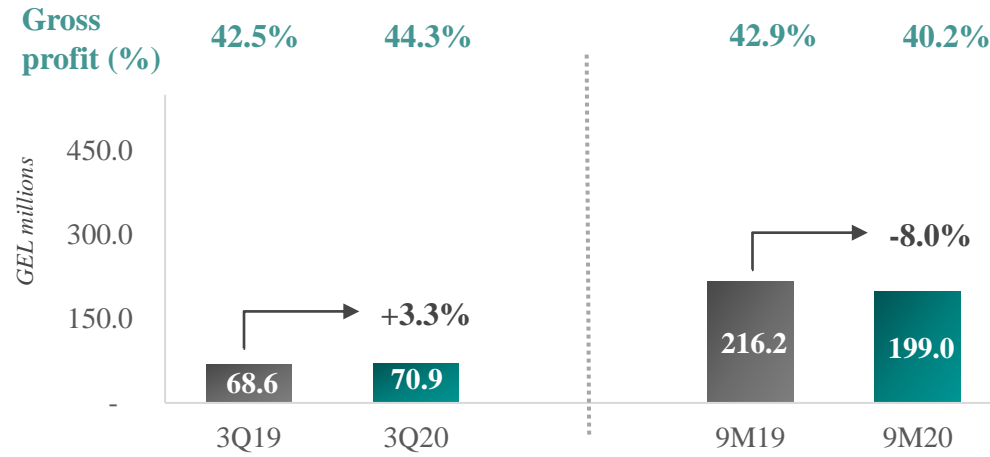
Average revenue per test

Highlights

	3Q20	3Q19	Change, y-o-y %	9M20	9M19	Change, y-o-y %
Revenue (GEL, millions)	3.3	1.1	192.2%	6.7	3.4	97.5%
Gross profit margin (%)	27.8%	30.6%	-2.8 ppts	18.9%	30.0%	-11.1 ppts
EBITDA, excluding IFRS 16 (GEL, millions)	0.7	0.0	NMF	0.6	0.1	414.8%
EBITDA margin, excluding IFRS 16 (%)	21.6%	1.6%	20.0 ppts	8.8%	3.4%	5.4 ppts

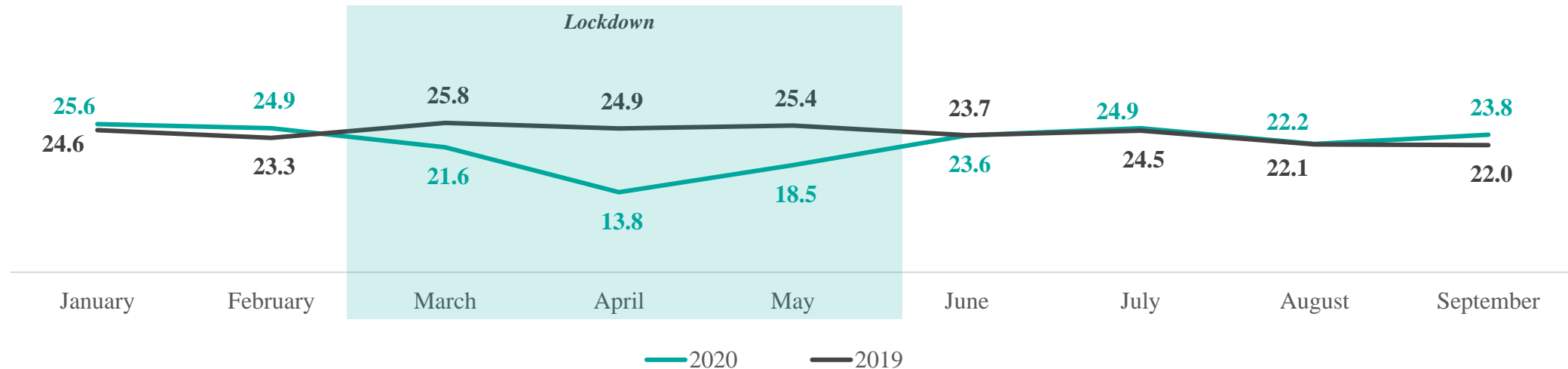


Net Revenue 3Q and 9M 2020



- Restrictions imposed related to the pandemic (lock-down, etc.), mainly in March-May period, had a major impact on healthcare services business.
- Since the beginning of June, after the Government started lifting the restrictions, we see a continuing rebound of the healthcare services business revenue.

Monthly rebounding net revenue trend



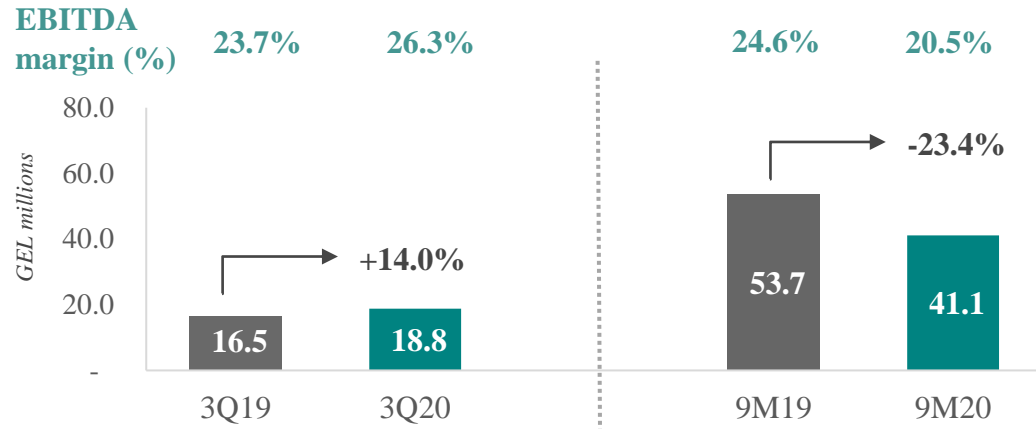
Note: All numbers excluding HTMC hospital, sold in August 2020.



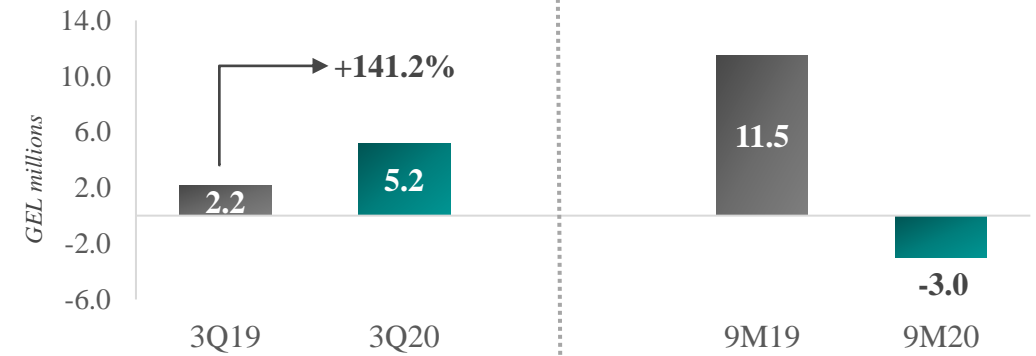
Healthcare services business financial performance, cont'd

Robust cash flow performance and decreased leverage

Rebounding EBITDA in 3Q20

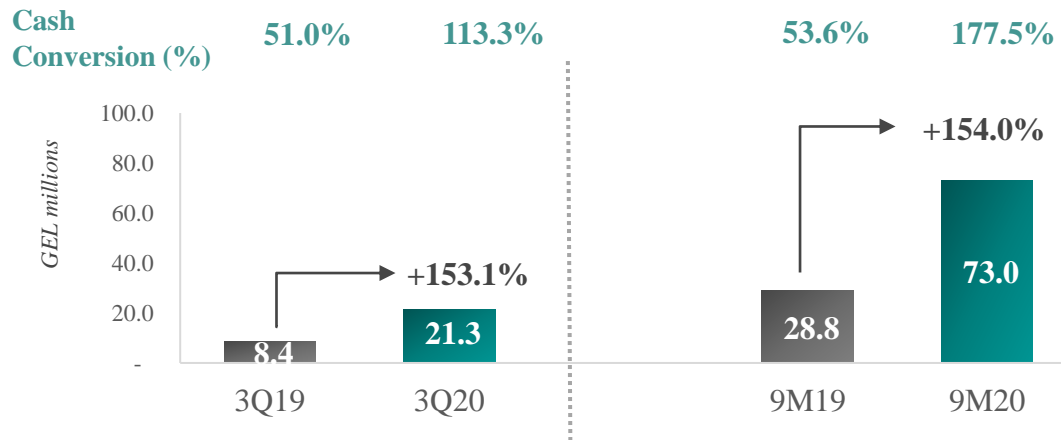


Rebounding adjusted net profit* in 3Q20

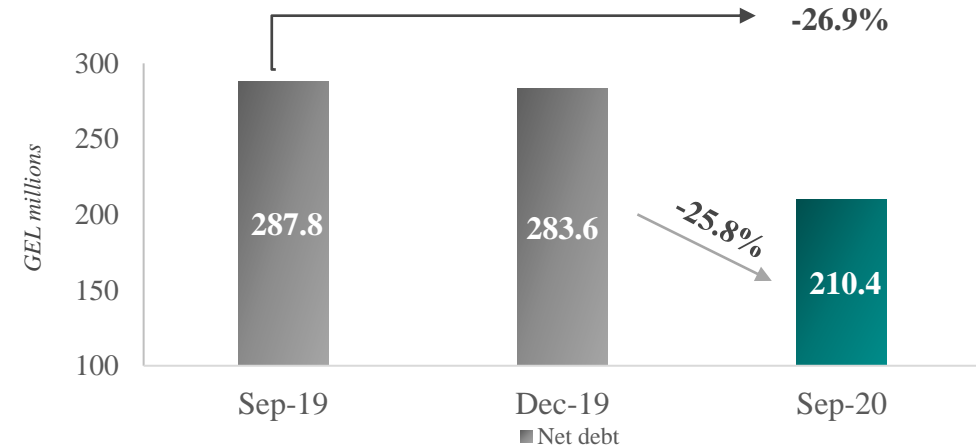


*Adjusted for net gains/losses from foreign currencies and non-recurring income/expense, excluding IFRS 16

Disciplined cash management resulted in robust operating cash flow



Decreased leverage

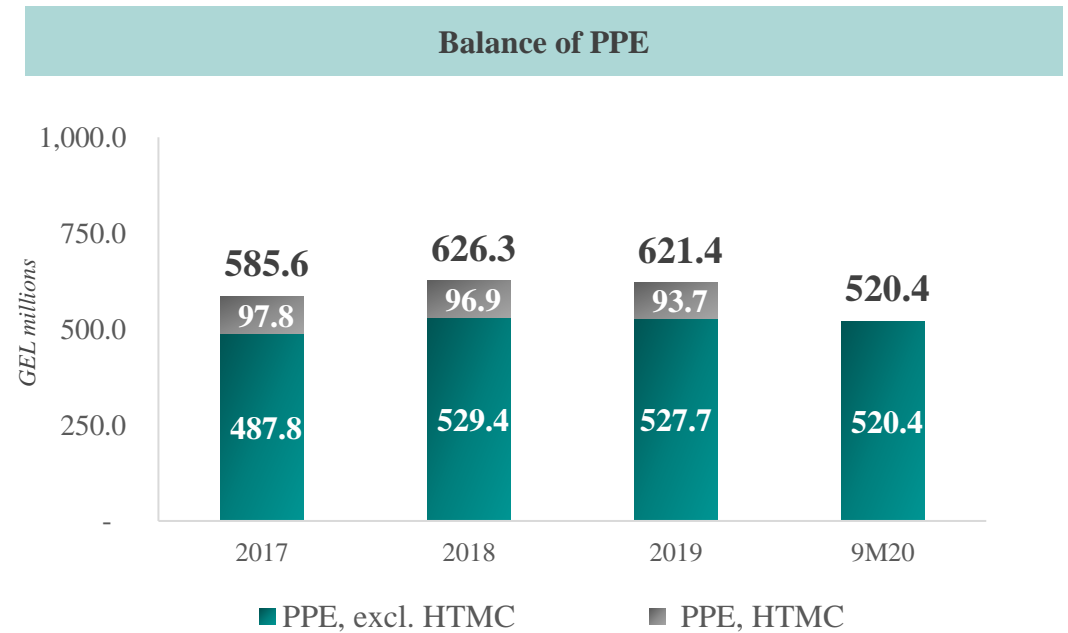
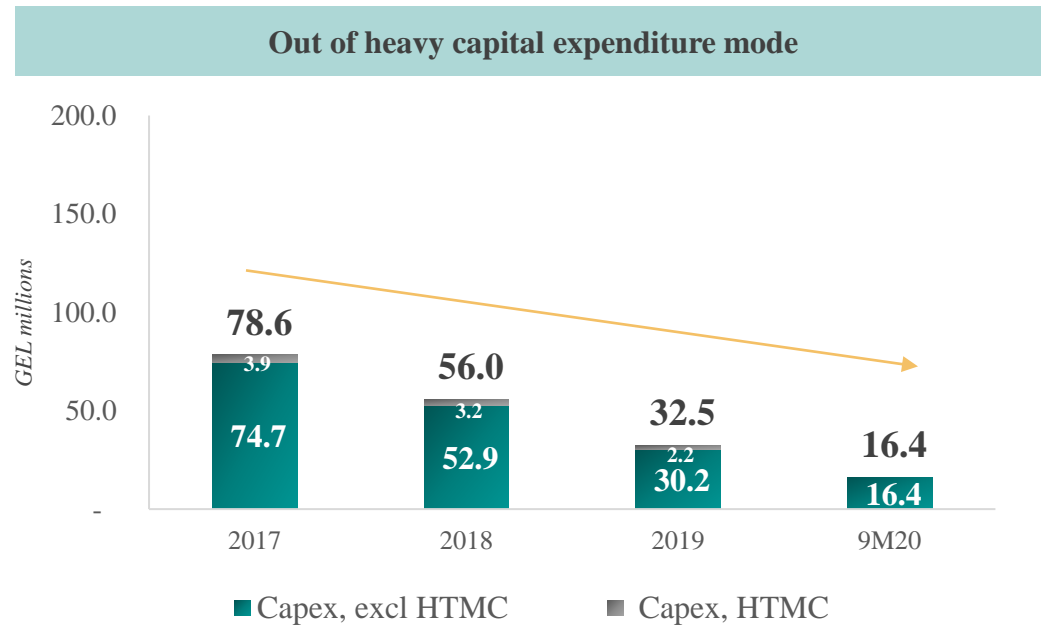


Note: All numbers excluding HTMC hospital, sold in August 2020 and IFRS 16 impact.



Healthcare services business financial performance, cont'd

Decreased capital investments





✿ The Group's involvement in fighting against COVID-19

✿ Healthcare services business overview

✿ **Retail pharmacy business overview**

✿ Medical insurance business overview

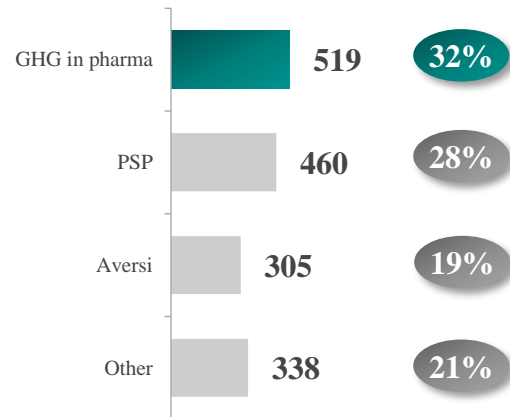
✿ The Group's performance against strategy



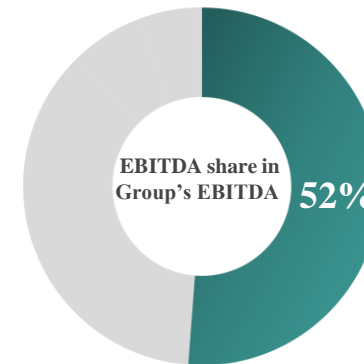
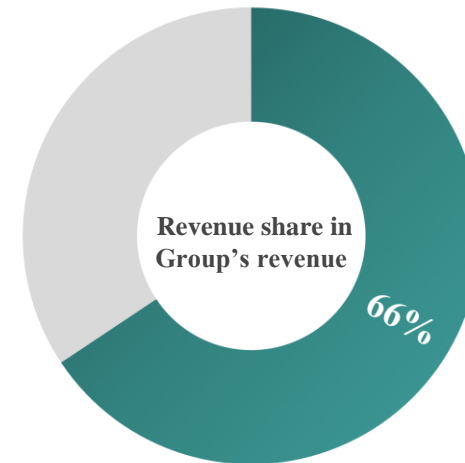
+ 305 Pharmacies countrywide | 4 in Armenia

GHG retail pharmacy 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.

Competitive landscape, market share by revenue¹



Note 1: Total market size 2018 – Frost & Sullivan analysis, revenue distribution between competitors represents managements estimates



9M20 highlights

20.4 mln

Number of bills issued

GEL 16.2

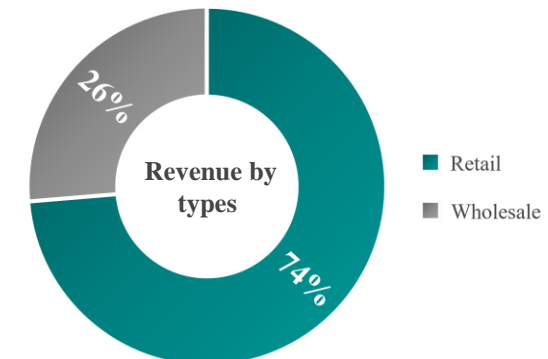
Average bill size

2.3 mln

Number of customer interaction per month

c.0.8

Loyal customers



Highlights

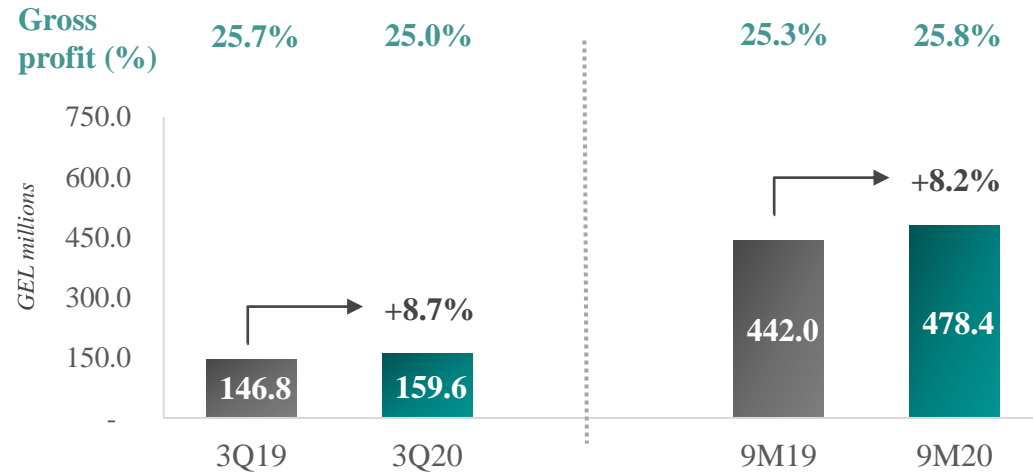
	3Q20	3Q19	Change, y-o-y %	9M20	9M19	Change, y-o-y %
Revenue (GEL, millions)	159.6	146.8	8.7%	478.4	442.0	8.2%
EBITDA, excluding IFRS 16 (GEL, millions)	16.4	15.2	8.0%	50.1	46.1	8.5%
EBITDA margin, excluding IFRS 16 (%)	10.3%	10.4%	-0.1 ppts	10.5%	10.4%	0.1 ppts



Retail pharmacy business financial performance

Despite the evolved pandemic business continues to grow

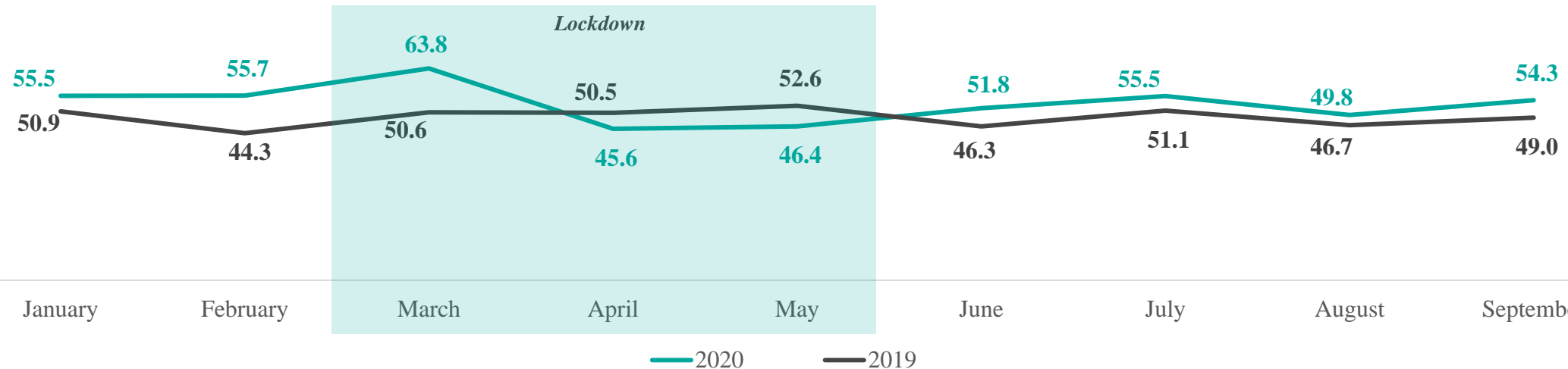
Revenue 3Q and 9M 2020



- Retail pharmacy business has been more resilient throughout the pandemic, as the pharmacies remained open throughout Georgia during the lockdown.
- The strong 1Q20 results reflect pandemic related behavioral change, as citizens started to stock up on pharmaceuticals in March ahead of the lockdown. From April the sales started to slow down.
- **Since the beginning of June, we see a continuing rebound of the retail pharmacy business revenue.**

Monthly rebounding net revenue trend

Revenue,
GEL millions

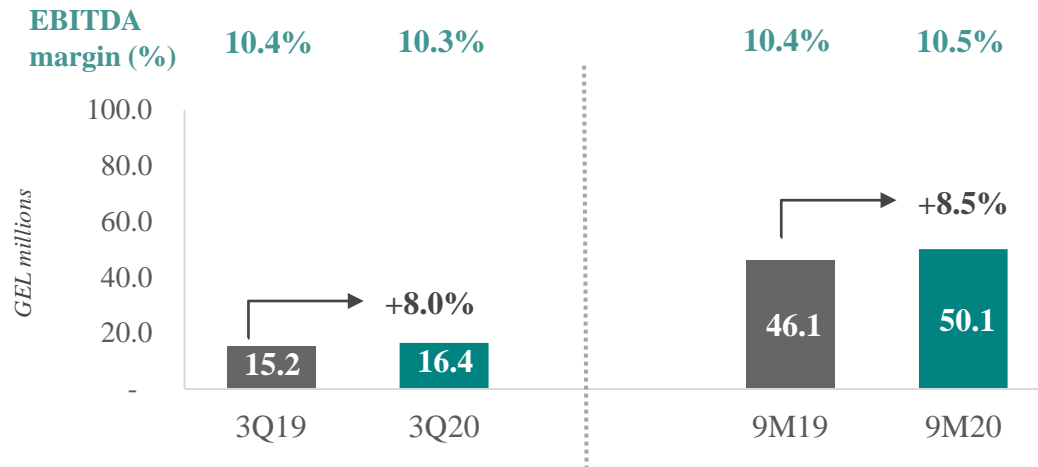




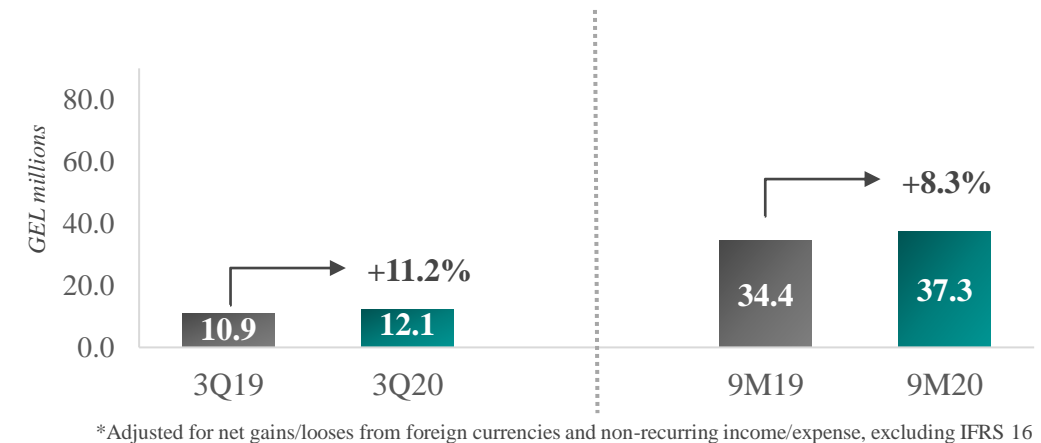
Retail pharmacy business financial performance, cont'd

Despite the evolved pandemic business continues to grow

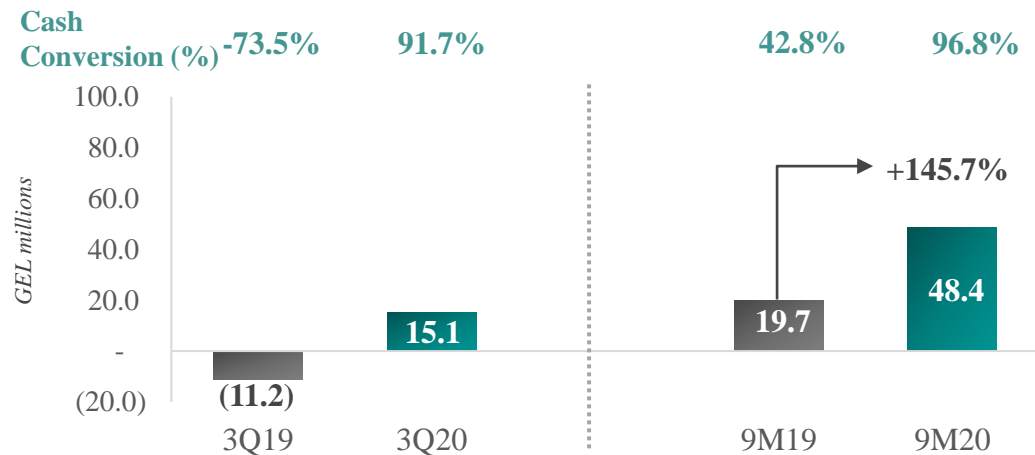
Growing EBITDA in 3Q20 and 9M20



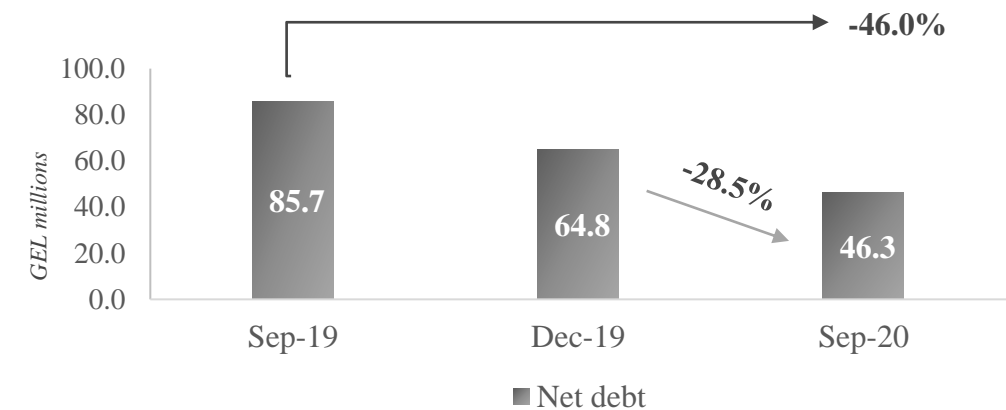
Growing adjusted net profit* in 3Q20 and 9M20



Disciplined cash management resulted in robust operating cash flow



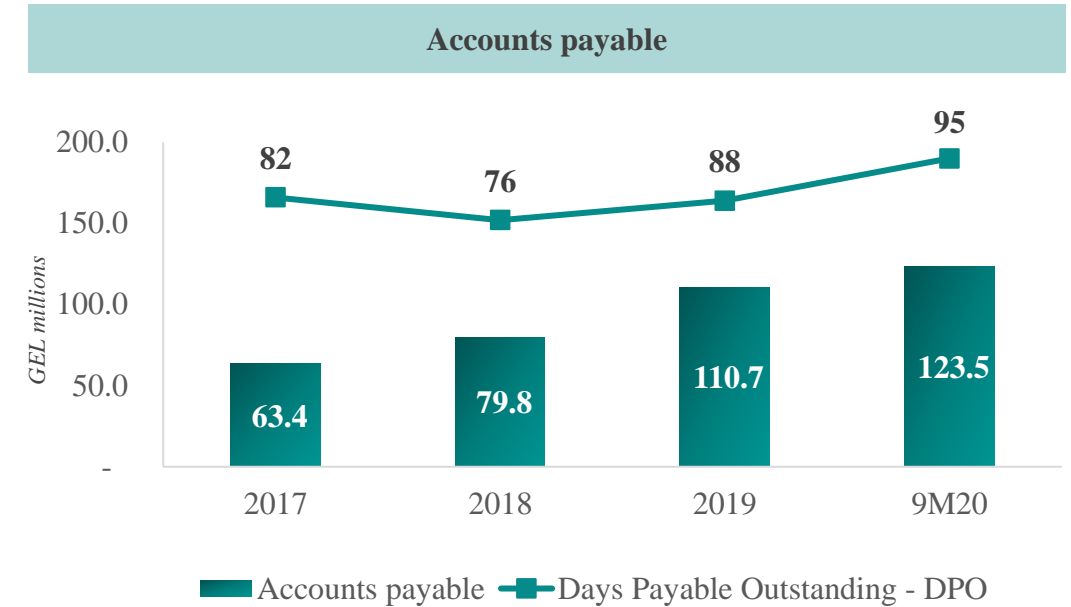
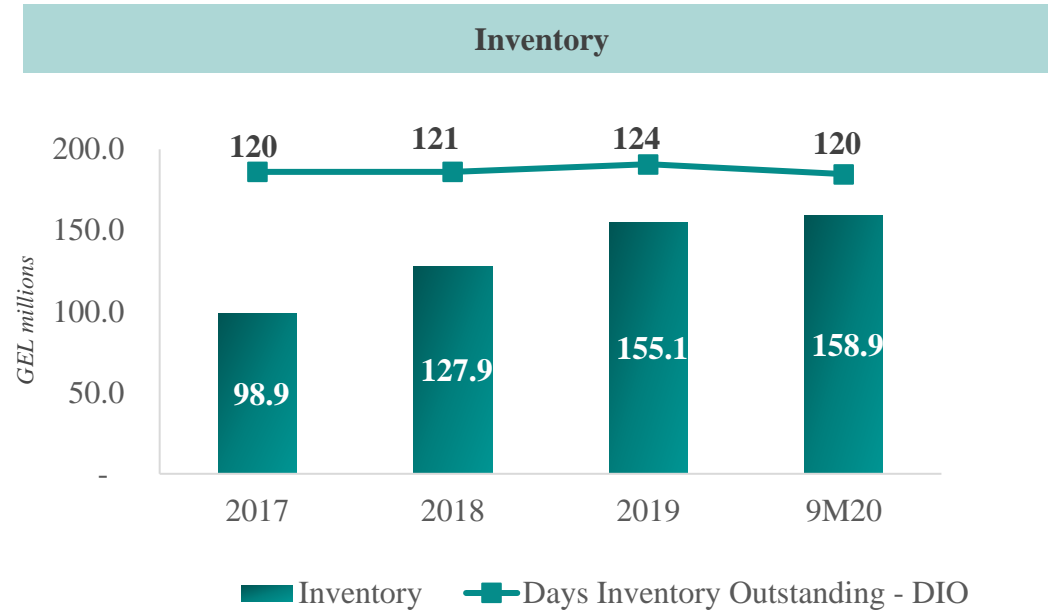
Decreased leverage





Retail pharmacy business financial performance, cont'd

Well managed inventory and payables balances during the pandemic





✿ The Group's involvement in fighting against COVID-19

✿ Healthcare services business overview

✿ Retail pharmacy business overview

✿ **Medical insurance business overview**

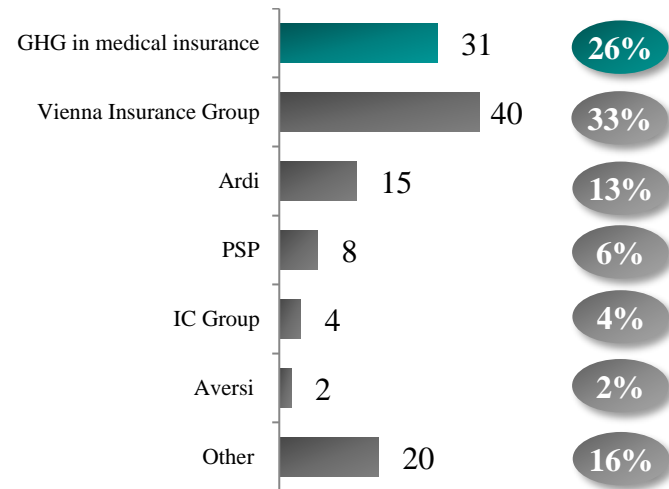
✿ The Group's performance against strategy



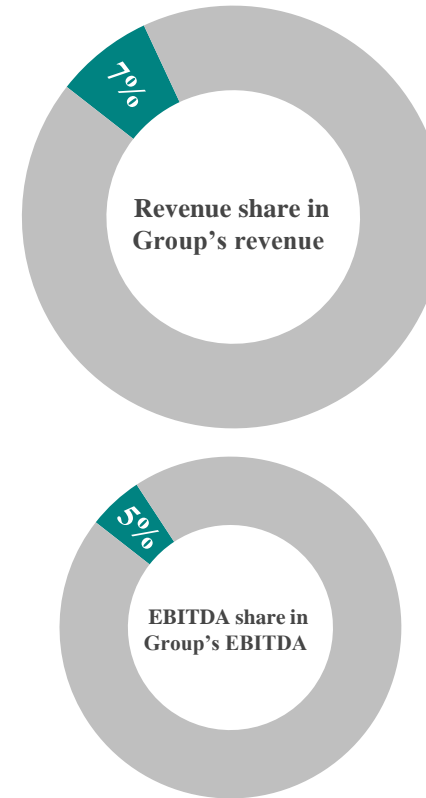
c.174,000 insured

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. Insurance products are mainly offered as corporate packages to large employers.

Competitive landscape, market share by gross premium revenue¹



Note 1: ISSG as of 30 June 2020



9M20 Highlights

c.GEL 5.0 mln

Net profit*

c.GEL 5.0 mln

Indirect contribution to the Group's gross profit

66.3%

Retention rate within the Group

73.9%

Loss ratio

72.6%

Renewal rate

c.115.0%

Solvency

* Excluding delisting costs

Highlights

	3Q20	3Q19	Change, y-o-y %	9M20	9M19	Change, y-o-y %
Revenue (GEL, millions)	16.9	19.4	-13.0%	51.5	55.8	-7.8%
EBITDA, excluding IFRS 16 (GEL, millions)	2.0	2.8	-28.4%	5.0	4.6	9.9%
Combined ratio excluding IFRS 16 (%)	89.4%	86.7%	2.7%	91.4%	92.8%	-1.4%



 The Group's involvement in fighting against COVID-19

 Healthcare services business overview

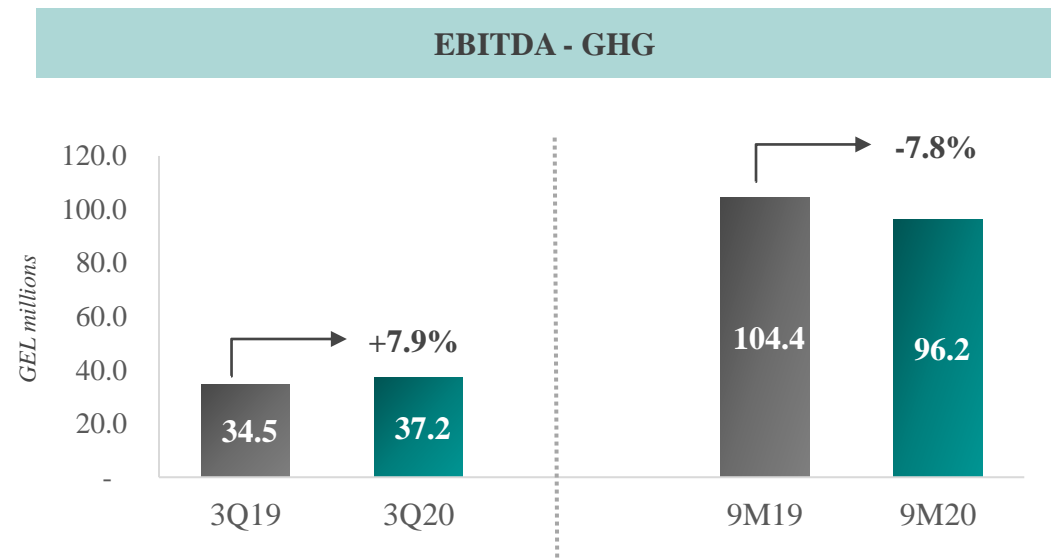
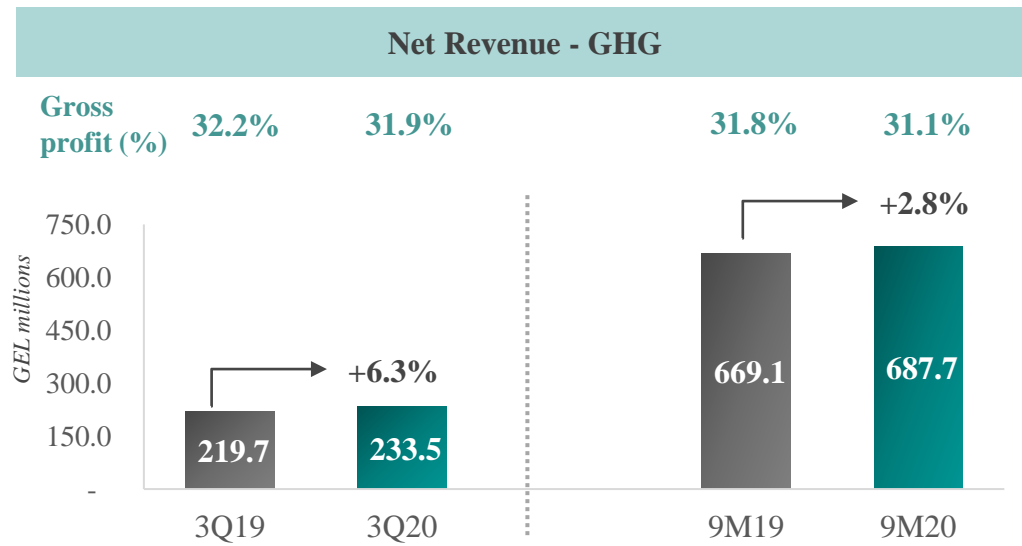
 Retail pharmacy business overview

 Medical insurance business overview

 **The Group's performance against strategy**



Despite the evolved pandemic the Group has maintained growing revenue in 2020 with positive EBITDA trend since 3rd quarter

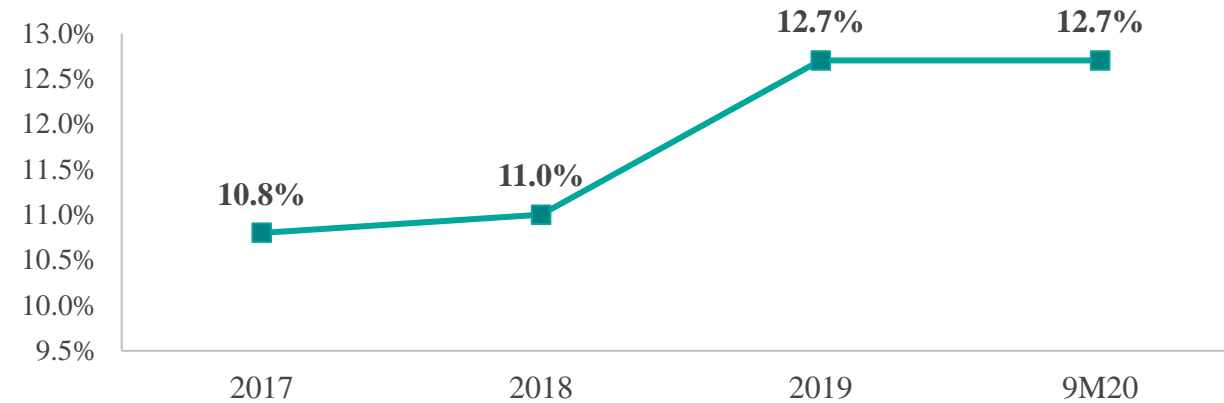


Note: All numbers excluding HTMC hospital, sold in August 2020.
EBITDA excluding IFRS impact.

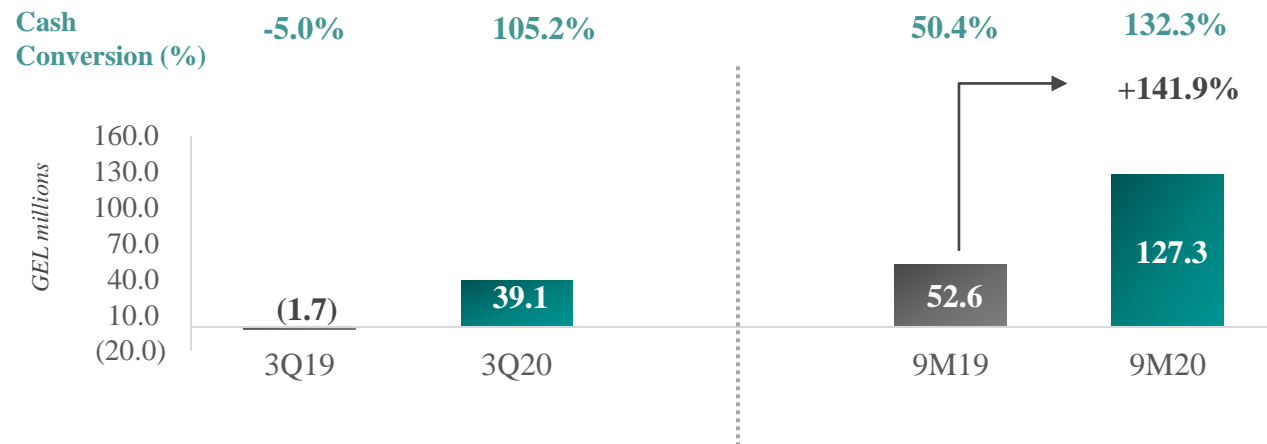


Increased ROIC and strong cash flow generation Groupwide

ROIC - GHG



Operating cash flow - GHG



Note: All numbers, apart from 2017, 2018 and 2019 years' ROICs, are presented excluding HTMC hospital, sold in August 2020. All numbers excluding IFRS 16 impact.



Three main pillars

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
- 3** Efficiency
 - › Automation of service processes
 - › 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
 - › Capital return
 - › Investing in new opportunities

Growth pipeline

- 1** Business organic growth
 - › Supportive macro environment
 - › Growing healthcare spending
 - › Low base on healthcare
 - › Increasing penetration
- 2** Growth projects - shaping new markets, such as:
 - › Medical tourism
 - › Lab retail
 - › Pharmacies in Armenia
 - › EKIMO
 - › Beauty retail
 - › Aesthetic
 - › Clinical trails
 - › Opticians retail



Optimisation

ROIC Enhancement

- Healthcare services business sold 40% equity interest in one of its lowest ROIC generating hospitals - High Technology Medical Center (HTMC), for US\$ 12 million, in line with its strategy to divest low-return generating assets. The divestment improved the healthcare services business ROIC (by 90bps in 2019).
- Healthcare services business also sold 35% shareholding in one of the lowest generating asset – 5th Clinical Hospital.

Efficiency and digitalisation

Almost completed implementation of Healthcare Information System (“HIS”) in all GHG healthcare facilities across the country

Electronic Medical Records (“EMR”)

After implementing outpatient EMR at Clinics, increasing patient throughput capacity by 42%, in 2020 inpatient EMR was also fully implemented in all of the Group’s hospitals, substituting most of the inpatient paper as well.

Inpatient Medical Ordering System

Hospitals business successfully implemented electronic ordering in all its 17 facilities, eliminating significant paperwork in inpatient departments.

Picture Archiving and Communication System (“PACS”)

All Tbilisi-based hospitals and polyclinics, both inpatient and outpatient, were successfully connected, integrating more than 100 pieces of radiology equipment.

Laboratory Information Management System (“LIMS”)

“BioLab” LIMS has been fully integrated with our inpatient and outpatient EMR, ensuring fast and high-quality cooperation between healthcare facilities and the laboratory.

Apart from increased efficiency and capacity, systems significantly decrease dependence on human factor and human errors, reinforce risk management and quality control process, overall improving patient service quality

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
- 3 Efficiency**
 - › Automation of service processes
 - › Full roll-out of HIS
- 4 Digitalisation**
 - › Fully integrated health information system will help us to manage customers on an integrated level



Cash flow generation

Strong cash flow generation and liquidity

➤ Operating cash up 141.9% y-o-y in 9M20, with 132.3% EBITDA to cash conversion ratio.

Capital allocation

Deleveraging

➤ Improved leverage profile, with net debt down 36.0% y-o-y, from GEL 360.8 million to GEL 230.8 million.

Financial Performance

1

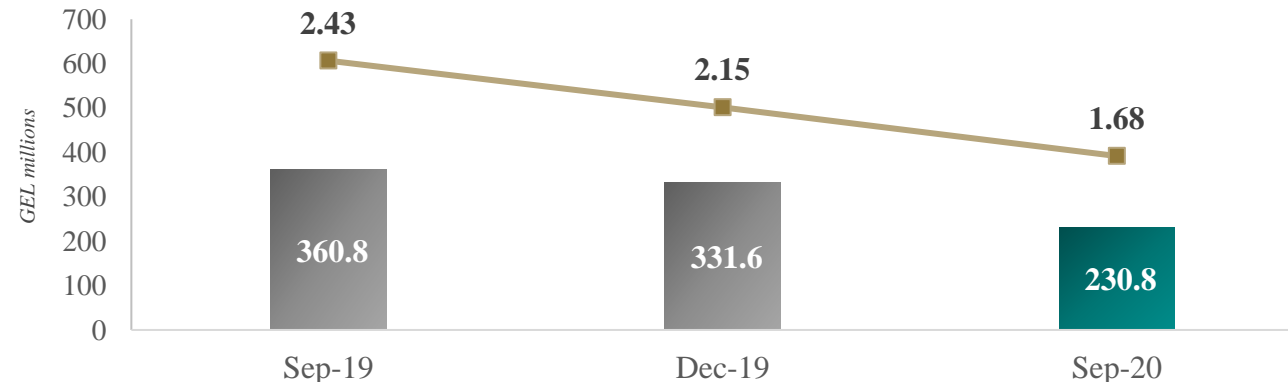
Cash flow generation

- › Higher earnings
- › Reduced capital requirements
- › Reduced cost of funding

2

Capital allocation

- › Deleveraging
- › Minority buyouts
- › Capital return
- › Investing in new opportunities



Note: All numbers, except for Sep-19 and Dec-19 net debts, are presented excluding HTMC hospital, sold in August 2020; LTM EBITDA, excluding IFRS 16 impact.



Growth pipeline

1 Business organic growth

- › Supportive macro environment
- › Growing healthcare spending
- › Low base on healthcare
- › Increasing penetration

2 Growth projects - shaping new markets, such as:

- › Medical tourism
- › Lab retail
- › Pharmacies in Armenia
- › EKIMO
- › Beauty retail
- › Aesthetic
- › Clinical trails
- › Opticians retail

Opened first Aesthetic retail branch



- Moved to Aesthetic retail direction.
- Leveraged on existing Caraps Medline brand and in June opened new branch in downtown.
- The new Caraps Medline branch is concentrated on Aesthetic Skincare and Healthy Lifestyle.



Added 2 new Pharmacies in Armenia



- In total 4 pharmacies.
- Low capital commitment, c.US\$ 50k per pharmacy.

Entered the Beauty Retail market – partnership with The Body Shop



GHG retail pharmacy business signed a franchise agreement with The Body Shop, a leading British cosmetics, skin care and perfume company, and obtained the right to operate The Body Shop in Georgia for an initial term of ten years.

Already opened three standalone flagship stores in the capital and developed the shop-in-shop model in 64 our pharmacies.



Expanded number of Clinical Trials

- The number of clinical trials reached 71 in 2020 (38 in 2018; 65 in 2019).
- Launched two new clinical trial sites, total sites reaching 14.
- Trained more than 120 medical and administrative staff engaged in clinical trials, including principal investigators, sub investigators and study coordinators.
- Started partnership with two new largest international CROs, with total number of CROs now reaching 34.



Growth pipeline

1 Business organic growth

- › Supportive macro environment
- › Growing healthcare spending
- › Low base on healthcare
- › Increasing penetration

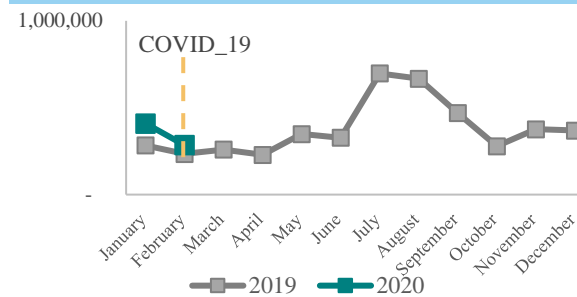
2 Growth projects - shaping new markets, such as:

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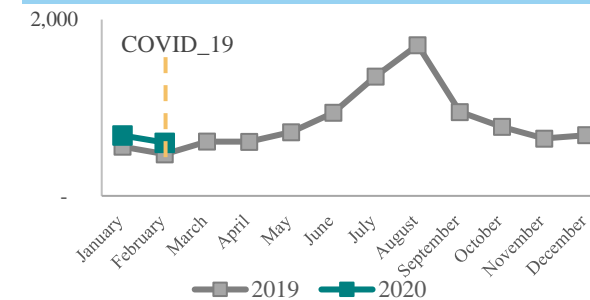
Medical Tourism

- Due to the evolved pandemic the project is currently mostly on hold and will be resumed once the global tourism starts to recover.
- Signed partnership agreement with “Bookimed” – largest medical tourism web in the Region.

Revenue form medical tourism, GEL



Number of international patients



Lab retail

- Currently 10 collection points in our pharmacies.
- C.20 blood collection points in Tbilisi by YE.





The Group launched innovative, independent and fully integrated digital healthcare platform - EKIMO

Growth pipeline

Business organic growth





- > Supportive macro environment
- > Growing healthcare spending
- > Low base on healthcare
- > Increasing penetration

Growth projects - shaping new markets, such as:

- > Medical tourism
- > Lab retail
- > Pharmacies in Armenia
- > EKIMO
- > Beauty retail
- > Aesthetic
- > Clinical trails
- > Opticians retail



- EKIMO combines all components of primary healthcare: doctors, clinics, laboratories, radiology units, retail pharmacies and medical insurance.
- The platform is open for any healthcare service provider or health product seller in the country, and it is completely free of charge for patients/customers.
- Since its launch, EKIMO has been joined by 450 doctors from 46 different clinics, half of which are independent, third-party clinics.
- EKIMO provides quick and easy access to the entire healthcare ecosystem starting from booking:

-  Appointments to doctors
-  Online payments
-  Online consultation
-  Pharma delivery etc.



Total downloads



Total doctor consultations



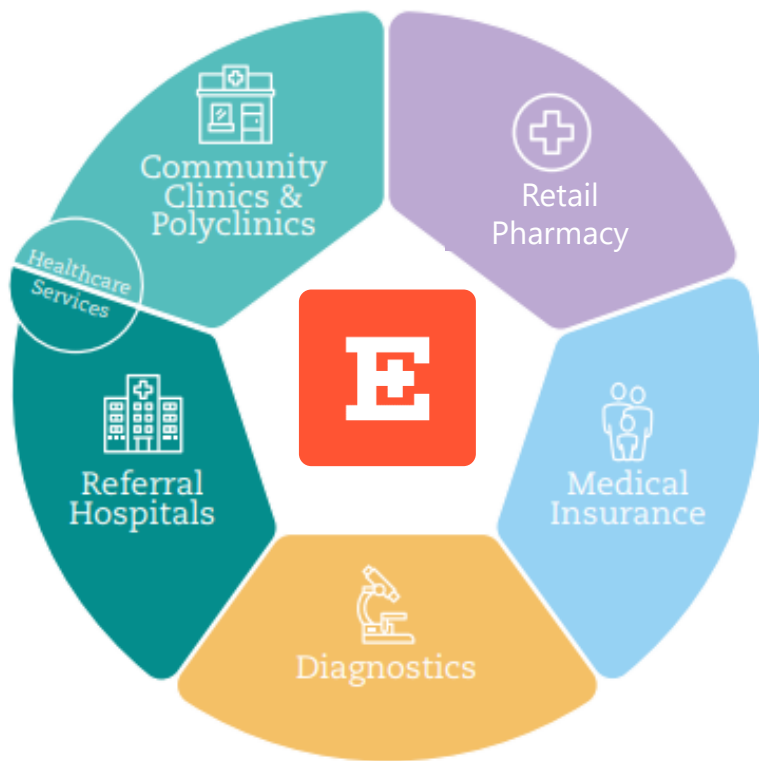
Online pharmacy sales, GEL



Pharmacy average ticket size, GEL



Integrated healthcare pathway now with solidified digital channels



The largest and the only fully integrated healthcare provider in the region



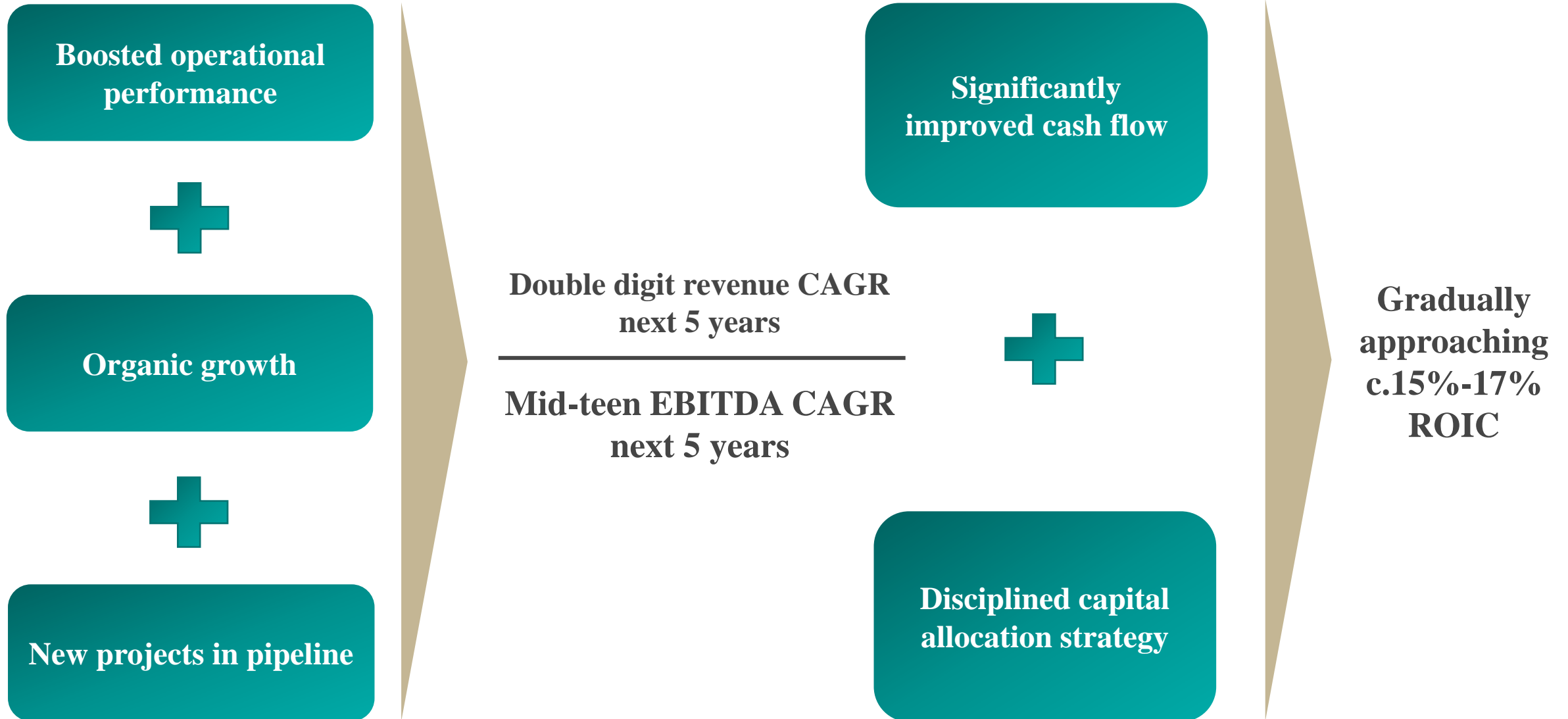
Market leader in each operating segment



Advanced technology and IT infrastructure solidifies Group's further growth opportunities on integrated level



GHG growth summary and targets remains unchanged





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