



GEORGIA
HEALTHCARE
GROUP

Investor presentation

First quarter of 2021 results

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

18 May 2021

FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Georgia Capital PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: impact of COVID-19; regional instability; regulatory risk across a wide range of industries; investment risk; liquidity risk; portfolio company strategic and execution risks; currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; and other key factors that could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in Georgia Capital PLC's Annual Report and Accounts 2020. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Capital PLC or any other entity and must not be relied upon in any way in connection with any investment decision. Georgia Capital PLC and other entities undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.

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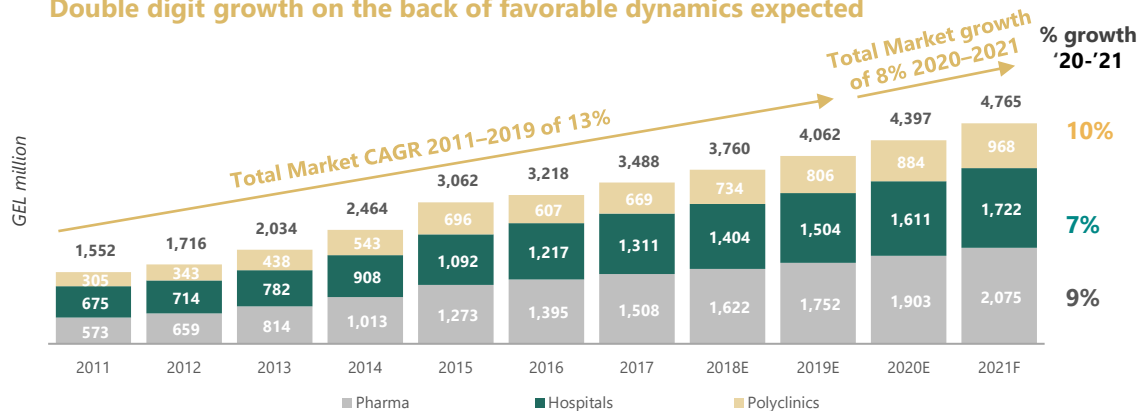
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GEORGIAN HEALTHCARE MARKET OVERVIEW

GROWTH IN HEALTHCARE SERVICES MARKET EXPECTED TO CONTINUE

Double digit growth on the back of favorable dynamics expected



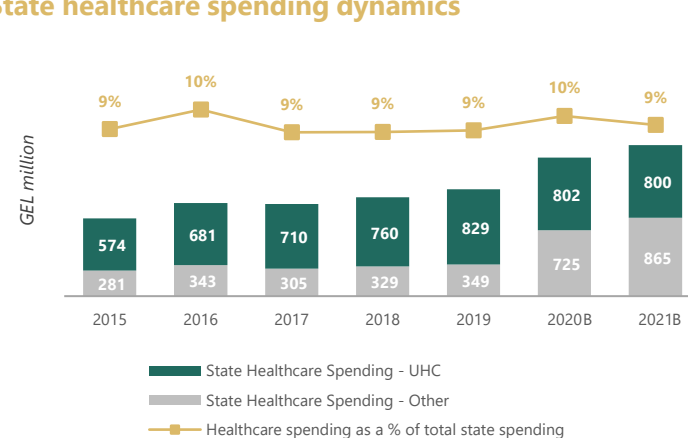
Source: Frost & Sullivan analysis 2017

Hospital's market includes revenue of c.10% from specialty beds, which is non-addressable market for GHG

Polyclinics market excludes dental and aesthetic services

STATE HEALTHCARE BUDGET IS INCREASING FOR THE LAST SEVERAL YEARS

State healthcare spending dynamics

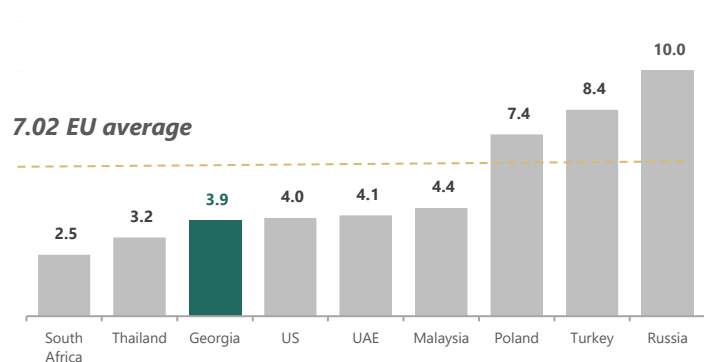


Source: Ministry of Finance of Georgia

- The country's expenditure on healthcare – c. 8% of GDP;
- c. 40% of the total healthcare expenditure is financed by the State;
- Government expenditure on healthcare as a % of GDP reached c. 3% from 1.6% in 2013;
- Government spending on healthcare accounts for 9% of the total budget;
- In 2020 increase in Other State Healthcare Spending is due to the evolved COVID-19 pandemic.

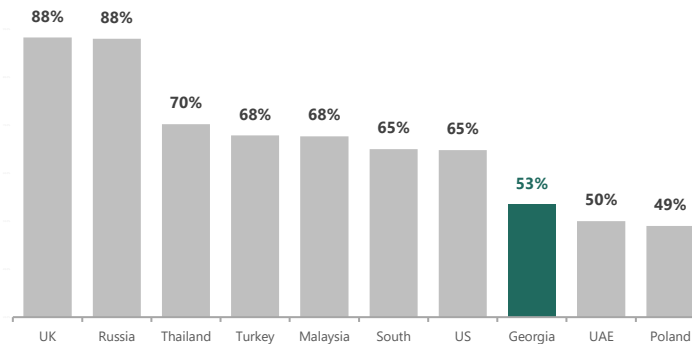
LONG-TERM, HIGH GROWTH PROSPECTS

Outpatient visits per capita, 2014-2016

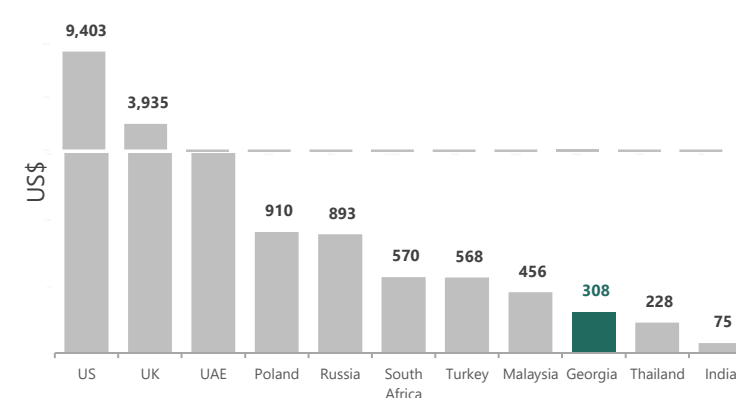


Source: Frost & Sullivan analysis 2017

Bed occupancy rate by country, 2014-2016



Per capita expenditures on healthcare by country, 2014-2018



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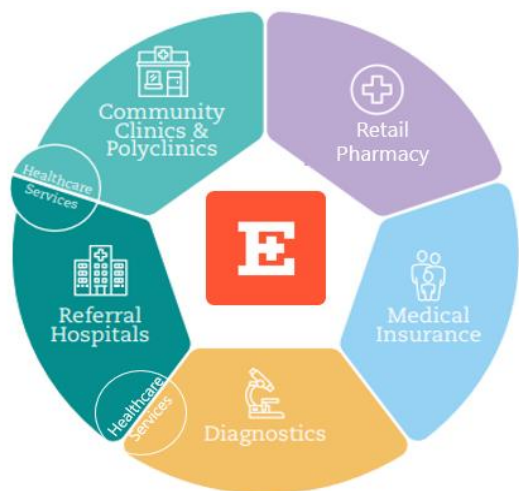


GHG AT A GLANCE

A well diversified business model with cost and synergy advantages

Georgia Healthcare Group – The only fully integrated healthcare provider in the region with solidified digital channels

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



Comprises of three businesses: Healthcare Services, Retail (pharmacy) and Medical Insurance

Market leader in each operating segment

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

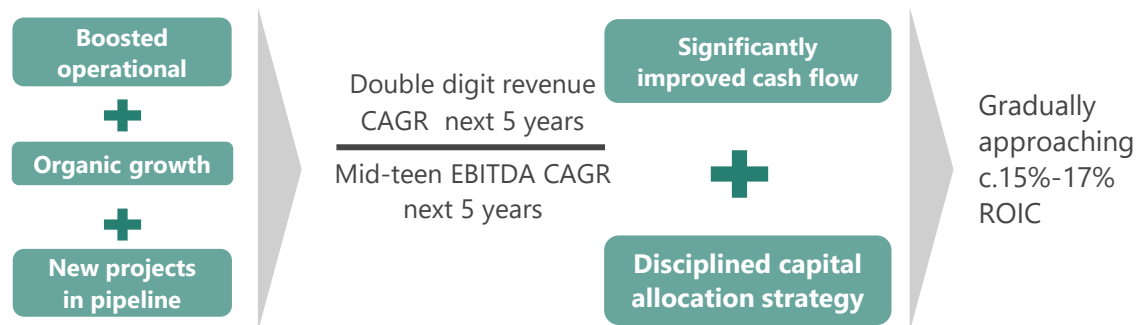
INVESTMENT RATIONALE

- Very low base: healthcare services spending per capita only US\$ 308 (EU average is US\$ 3,211).
- Growing market: healthcare spending growth estimated at 8% 2020-2021.

VALUE CREATION POTENTIAL

- The single largest integrated company in the Georgian healthcare ecosystem, with a cost advantage due to the scale of operations.
- High-growth potential driven by opportunity to develop medical tourism, pick-up in polyclinics - outpatient market, the provision of beauty, dental, aesthetics and laboratory diagnostics.
- Well positioned to take advantage of the expected long-term macroeconomic and structural growth drivers.
- ROIC enhancement and substantially increased free cash flow generation following the completion of a significant three-year investment programme in 2018.

GHG Group's medium to long term strategic targets



OWNERSHIP

- Georgia Capital owns 100% in GHG at 31 March 2021. Our holding in GHG increased from 70.6% at 31 December 2019 following the completion of a recommended share exchange offer. Further details of the transaction are available at the following link: [Offer for GHG | Georgia Capital](#)

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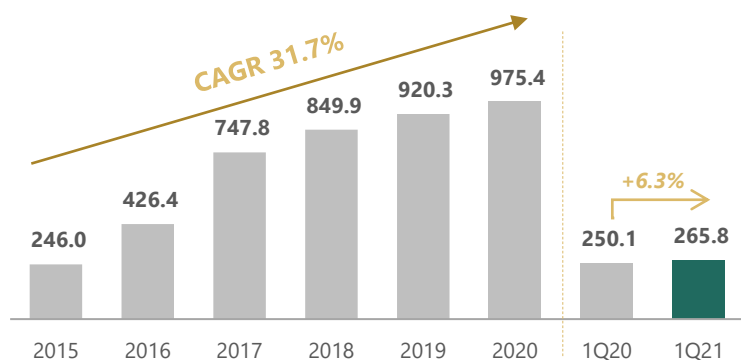
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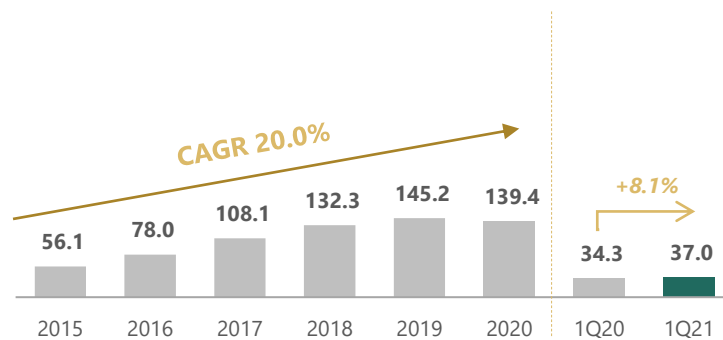


GHG'S TRACK RECORD OF DELIVERING STRONG RESULTS

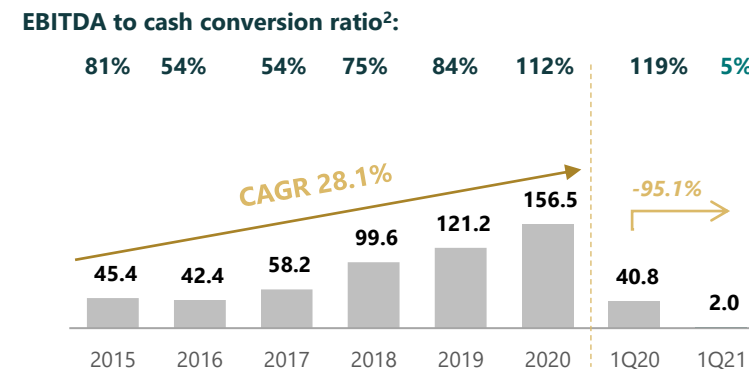
REVENUE, GROSS (GEL MILLION)



EBITDA¹ (GEL MILLION)



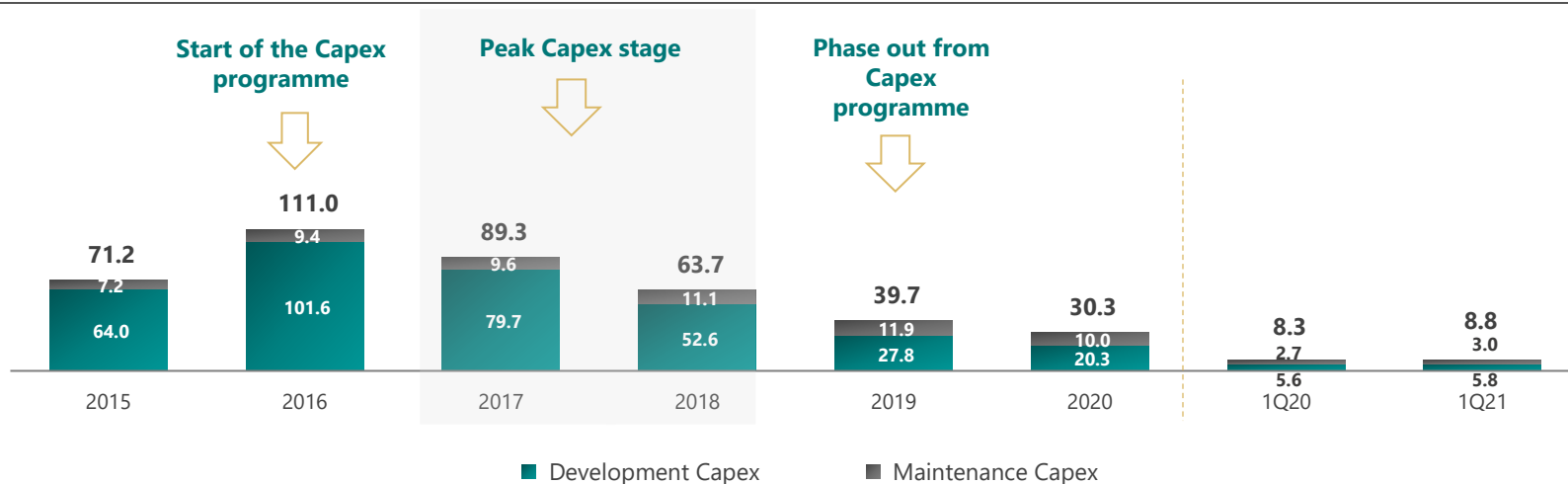
OPERATING CASH FLOW¹ (GEL MILLION)



EBITDA to cash conversion ratio²:

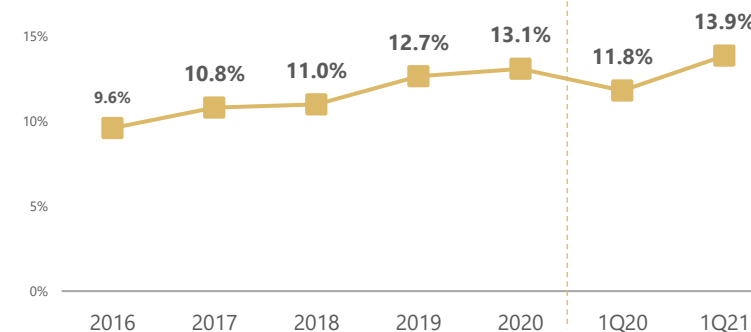
81% 54% 54% 75% 84% 112% 119% 5%

CAPEX (GEL MILLION)



ROIC (%)

Pursuing value creation and delivering strong operational performance



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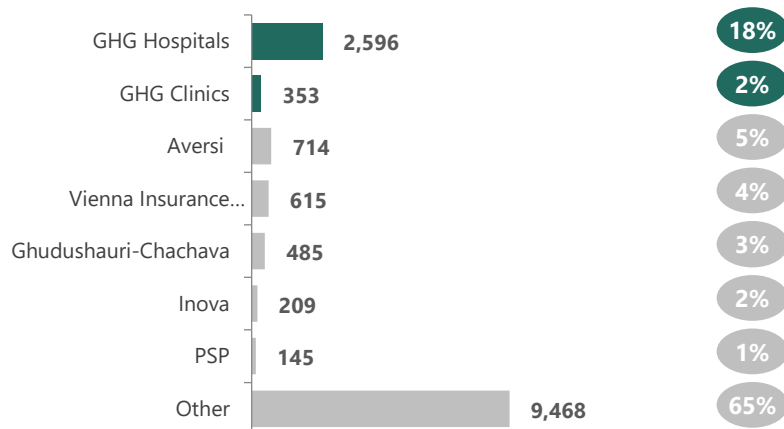
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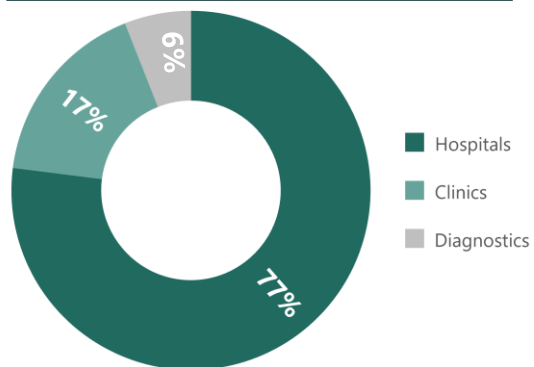
HEALTHCARE SERVICES BUSINESS OVERVIEW

The largest healthcare service provider in Georgia: c. 20% market share by number of referral hospitals and community clinics beds – 2,949

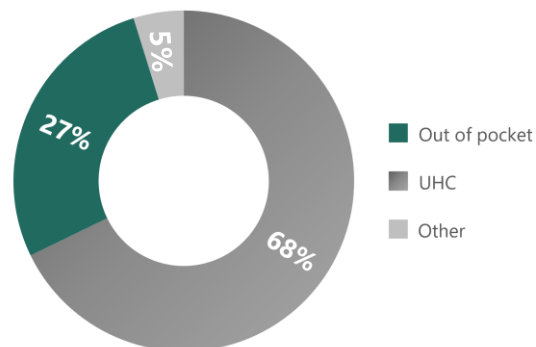
Market share by number of beds¹



1Q21 Revenue breakdown by segments



1Q21 Revenue breakdown by payment sources



In clinics segment revenue from out of pocket payments represents 35% of total

MAJOR GROWTH DRIVERS

Referral hospitals

- > Organic growth of matured hospitals in line with the market
- > Growth in launched two flagship hospitals
- > Supporting growth pillars, such as medical tourism and clinical trials
- > Forming joint ventures in synergetic businesses
- > Digitalisation

Clinics & Polyclinics

- > Increase number of registered customers
- > Increasing Group referrals
- > Adding new services, such as dental and aesthetic
- > Digitalisation

Diagnostics

- > Building an effective logistics system for Group's healthcare facilities
- > Develop retail network
- > Attracting B2B clients
- > Digital Channels

Medium to long-term targets

- Double digit revenue CAGR in Hospitals and Clinics (20%+at Clinics)
- Gradually improving EBITDA margin
 - 28-30% at Hospitals
 - 25% at Clinics



HEALTHCARE SERVICES BUSINESS OVERVIEW (CONT'D)

HOSPITALS

CLINICS

17

Number of referral hospitals

2,596

Number of referral hospital beds

KGEL 109.6

Revenue per referral bed

1Q21 CASH FLOW HIGHLIGHTS¹

GEL 4.3m

-85.9% y-o-y

Operating cash flow

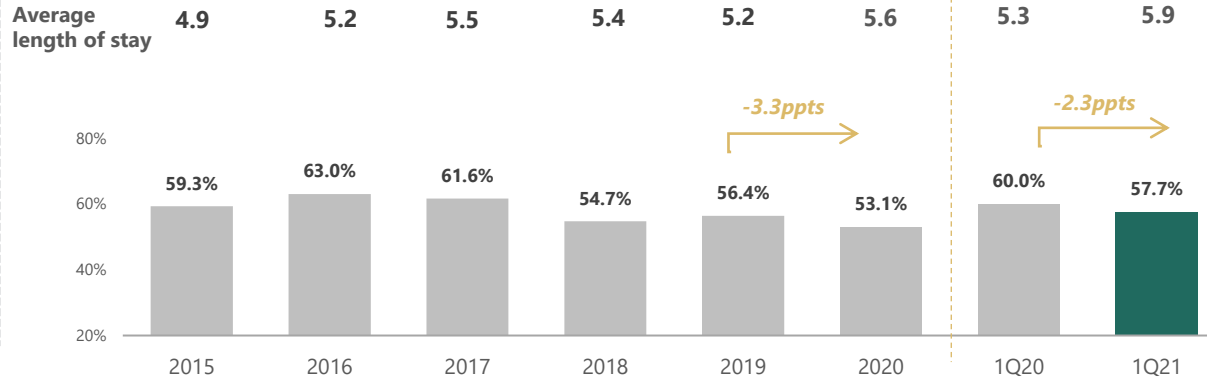
18.6%

EBITDA to cash conversion

GEL (8.1)m

Free cash flow

Bed occupancy rate



19

Number of community clinics

15

Number of polyclinics

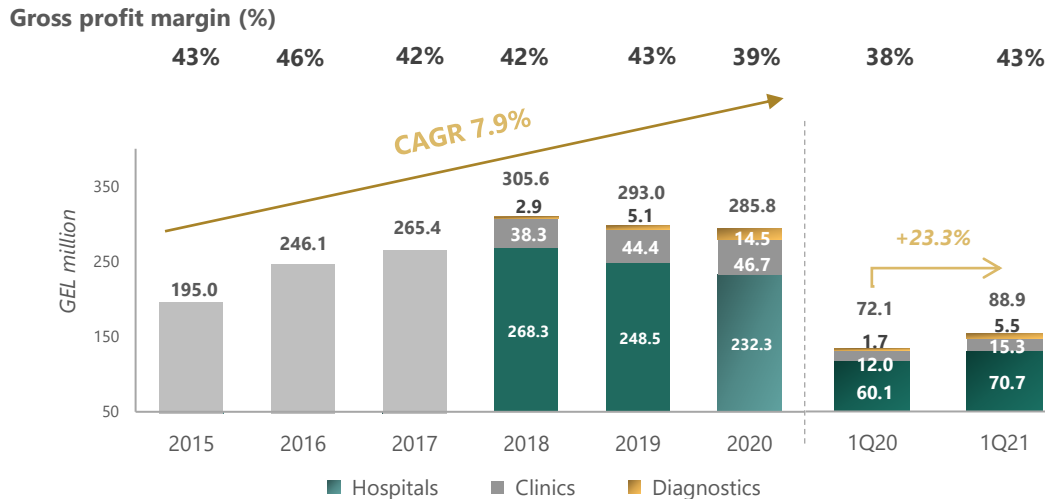
353

Number of community clinics beds

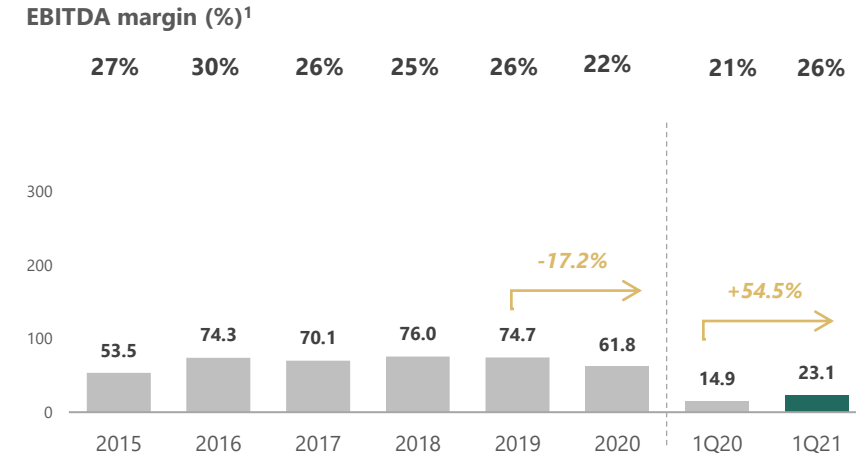
c.539,000

Number of registered patients

NET REVENUE²



EBITDA¹

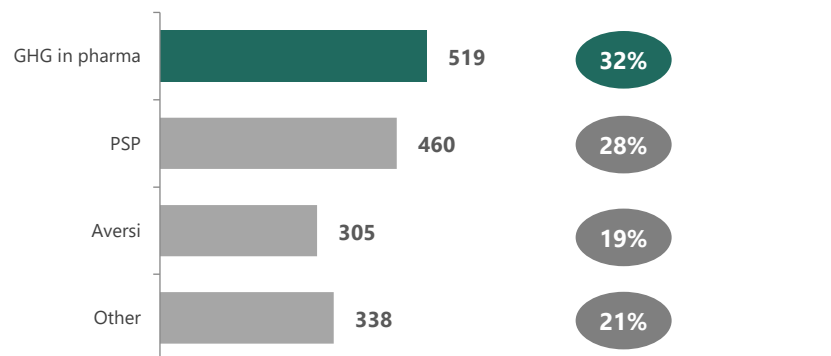




RETAIL (PHARMACY) BUSINESS OVERVIEW

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

Market share by revenue, 2018¹



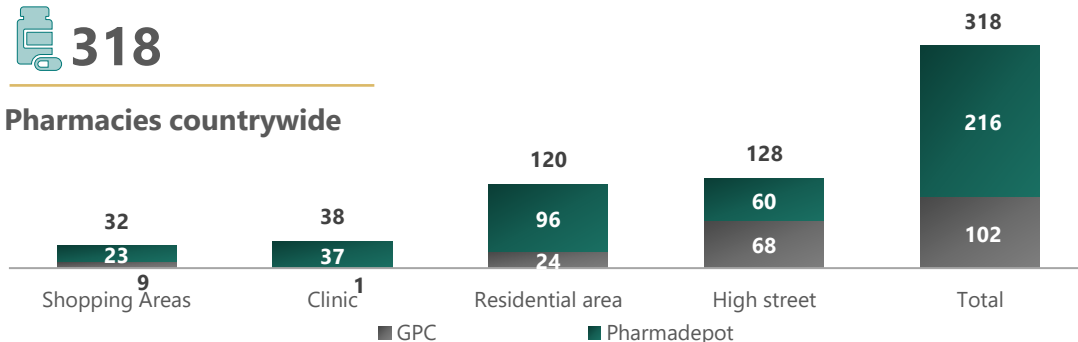
Operates under two pharmacy brands, each with a distinct positioning:

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



318

Pharmacies countrywide



BUSINESSES MAJOR GROWTH DRIVERS

- > Expanding retail footprint
- > Enhancing retail margin (private label products)
- > New retail categories such as lab service and beauty
- > Growing wholesale revenue (such as hospital supplies)
- > Digital channels

Medium to long-term targets

- Double digit revenue CAGR
- 9%+ EBITDA margin

RETAIL (PHARMACY) BUSINESS OVERVIEW (CONT'D)

Margin enhancement and strong growth in para-pharmacy sales

- Strong sales in para-pharmacy products of GEL 49.0 million in 1Q21 (up 18.0% y-o-y), with 29.4% gross profit margin.
- Para-pharmacy sales have the strongest margins and the share of para-pharmacy sales in retail revenue reached 34.8% in 1Q21 (30.1% in 1Q20).



1Q21 CASH FLOW HIGHLIGHTS

GEL -2.5m

Operating cash flow¹

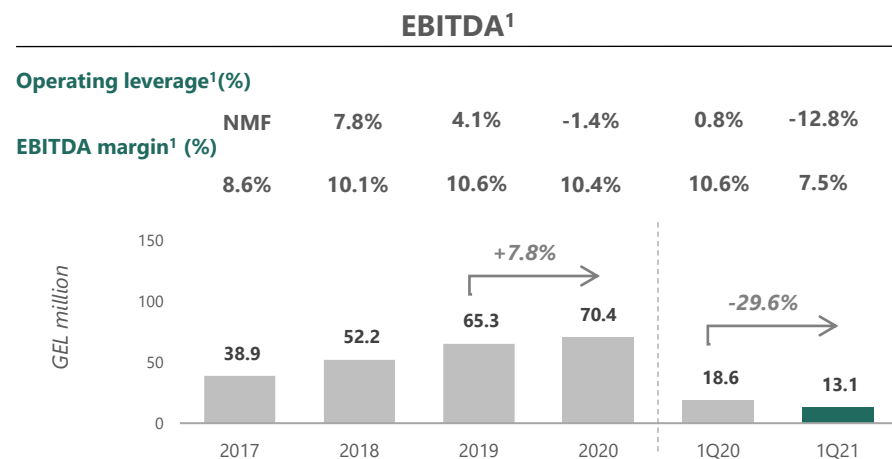
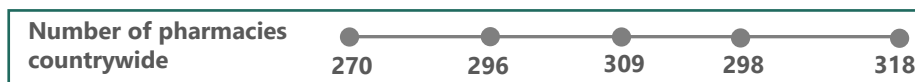
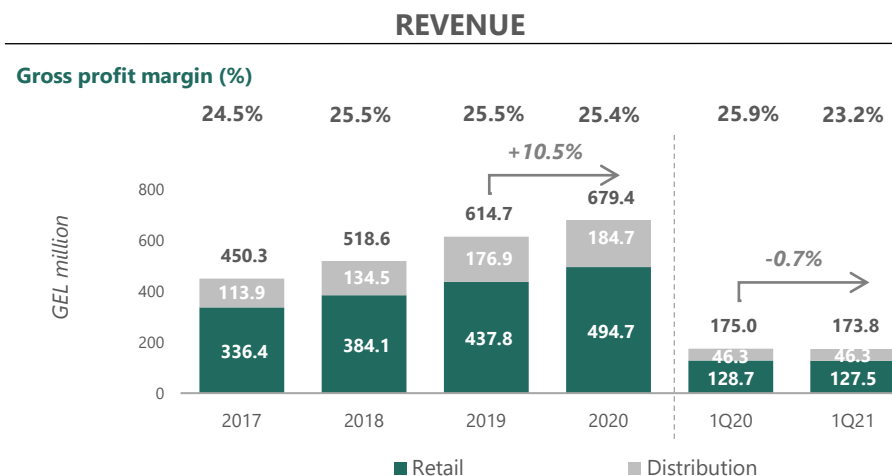
-19.3%

-68.1ppts y-o-y

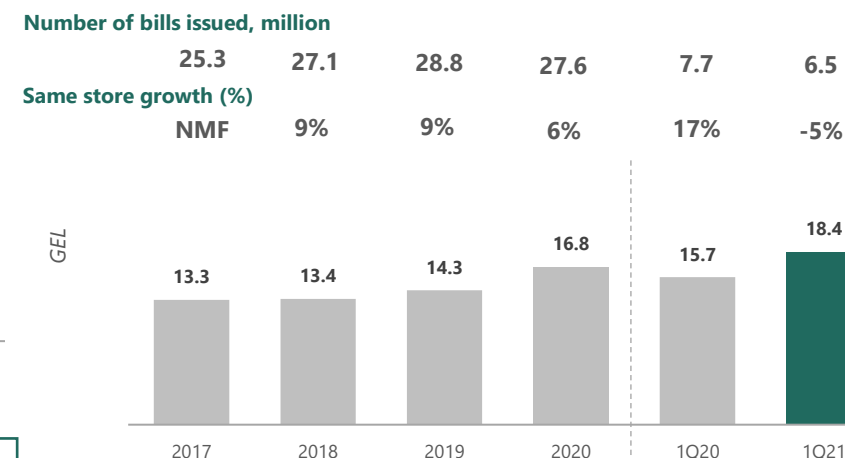
EBITDA to cash conversion¹

GEL -5.1m

Free cash flow¹

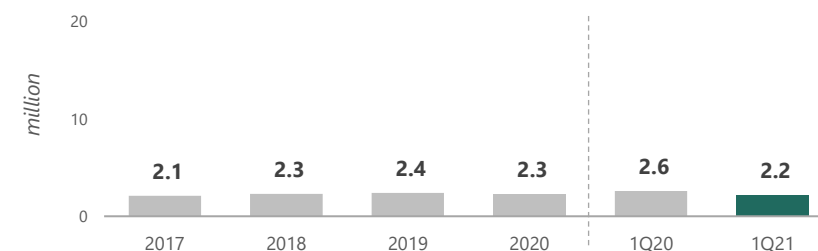


AVERAGE BILL SIZE & NUMBER OF BILLS ISSUED



CUSTOMER INTERACTIONS PER MONTH

c.0.8mln
Loyal customers



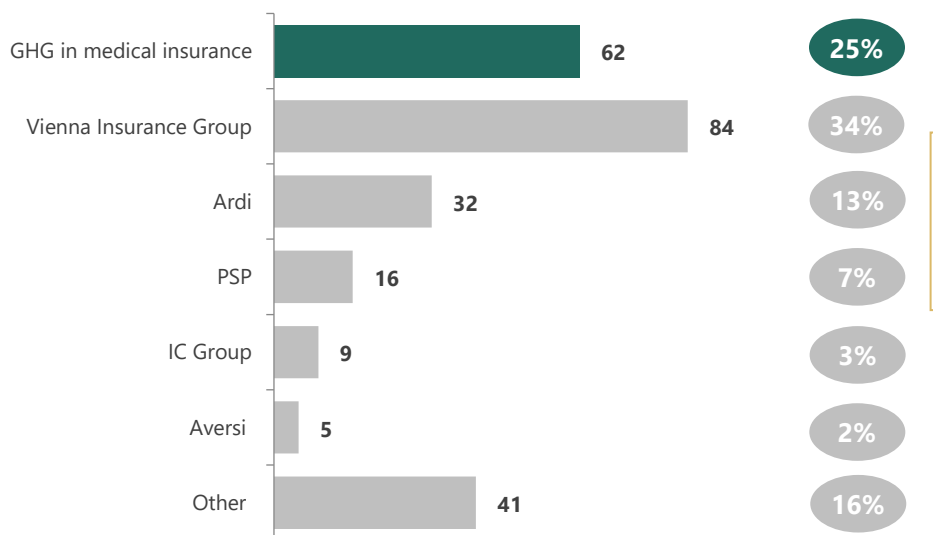


MEDICAL INSURANCE BUSINESS OVERVIEW

Largest medical insurer in the country with 25.0%¹ market share Offering a variety of medical insurance products, with a wide distribution network to the Georgian population

BUSINESSES MAJOR GROWTH DRIVERS

Market share by gross premium revenue¹



c.172,000
Number of insured clients

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

Medium to long-term targets

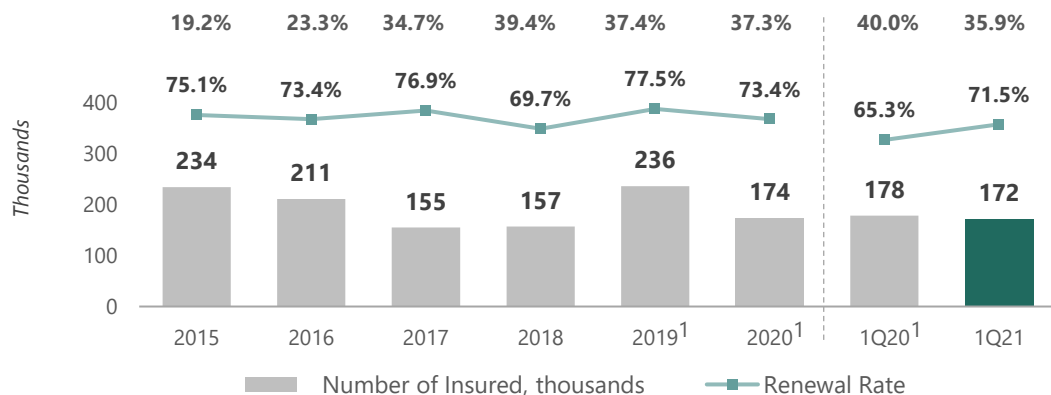
- Increase contribution to the Group segments
- Combined ratio <97%



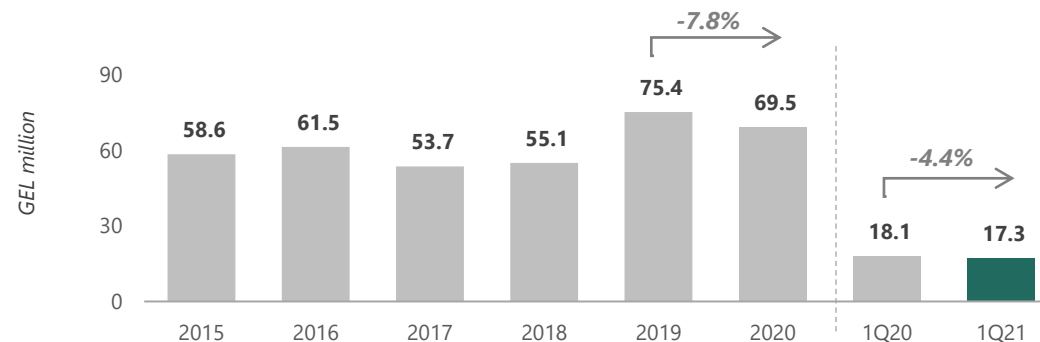
MEDICAL INSURANCE BUSINESS OVERVIEW (CONT'D)

NUMBER OF INSURED & RENEWAL RATE

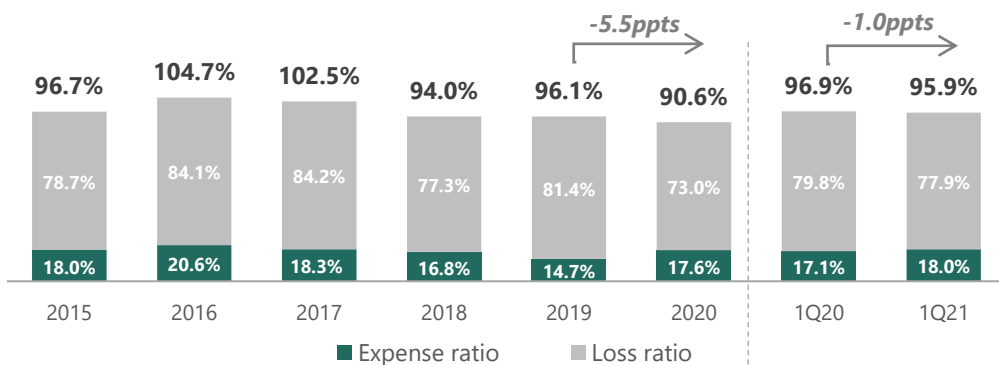
Retention rate within the Group (%)



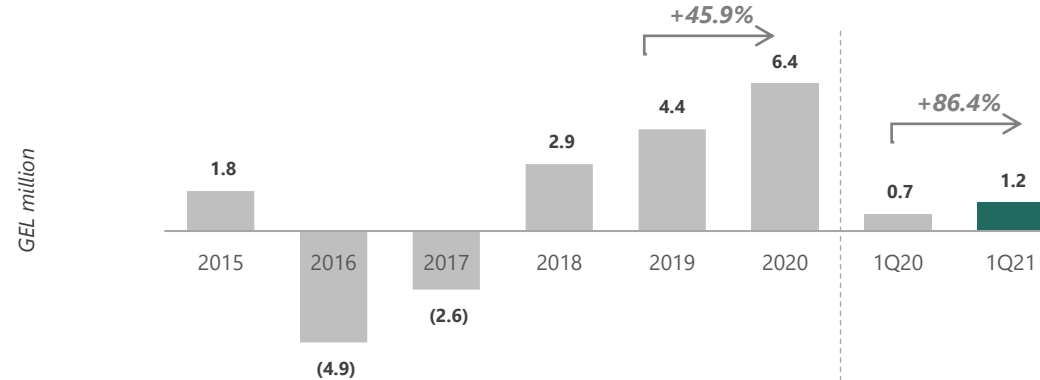
REVENUE (NET INSURANCE PREMIUMS EARNED)



COMBINED RATIO



NET PROFIT



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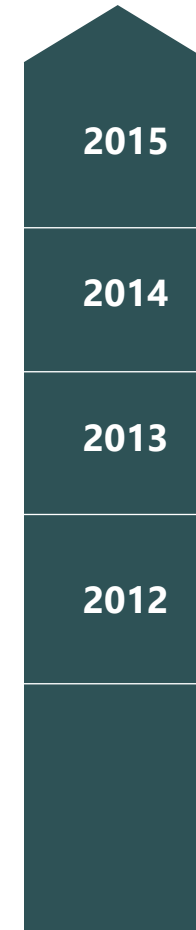
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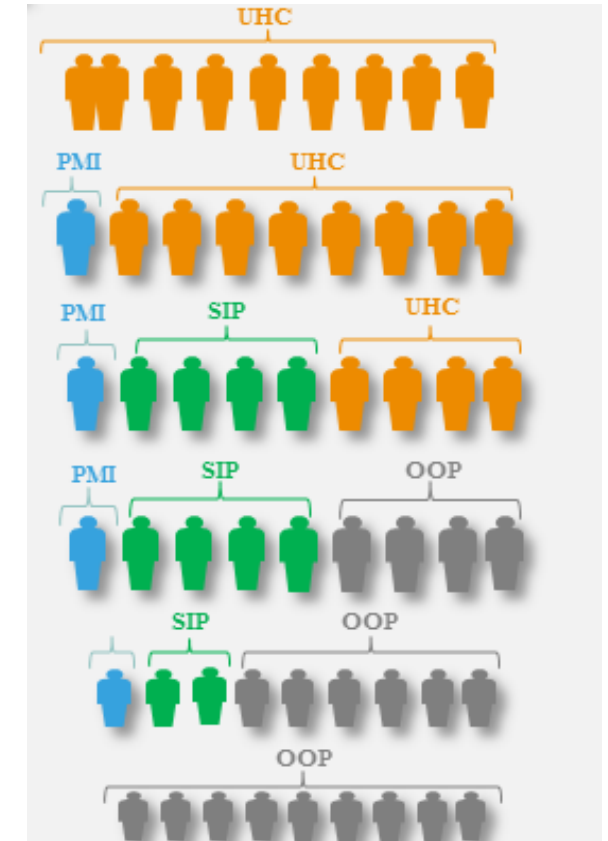
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GEORGIAN HEALTHCARE MARKET OVERVIEW

Overview	<ul style="list-style-type: none"> ▪ UHC was introduced in February 2013 and replaced most of the previously existing state-funded medical insurance plans ▪ The main goal is to provide basic healthcare coverage to the entire population
Financing and top-up mechanism	<ul style="list-style-type: none"> ▪ UHC is fully financed by the government ▪ UHC doesn't reimburse 100% of costs in most cases, leaving substantial room for out-of-pocket payments by patients
Beneficiaries and providers	<ul style="list-style-type: none"> ▪ UHC beneficiaries may select any healthcare provider enrolled in the programme ▪ Actual prices charged to patients by healthcare providers are not regulated by the state ▪ Any provider, whether private or public, is eligible to participate in the programme



Healthcare coverage of Georgia's 3.7m population:



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

Source: Ministry of Health of Georgia