



# Investor presentation

## ***Fourth quarter and full year of 2020 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](#)*

# 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, which could 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 indicated could adversely affect our business and financial performance, which are contained in our past and future filings and reports and also the 'Principal Risks and Uncertainties' and Emerging Risks included in the 1H20 Results Announcement and Georgia Capital PLC's Annual Report and Accounts 2019. No part of this presentation 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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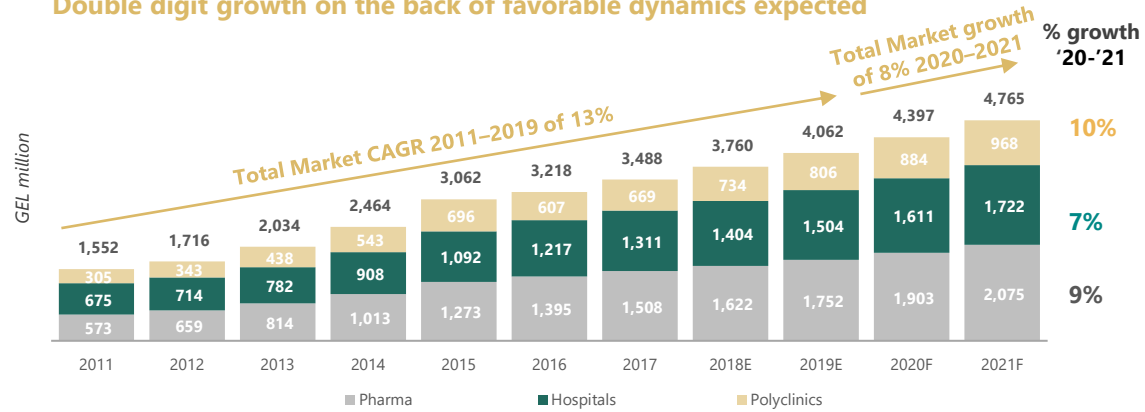
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# GEORGIAN HEALTHCARE MARKET OVERVIEW

## GROWTH IN HEALTHCARE SERVICES MARKET EXPECTED TO CONTINUE

Double digit growth on the back of favorable dynamics expected

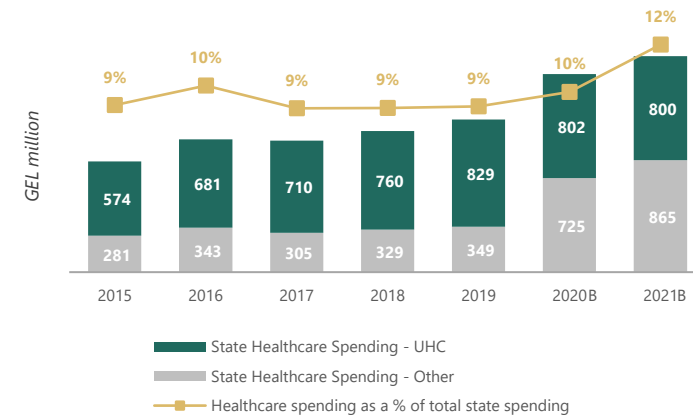


Source: Frost & Sullivan analysis 2017

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

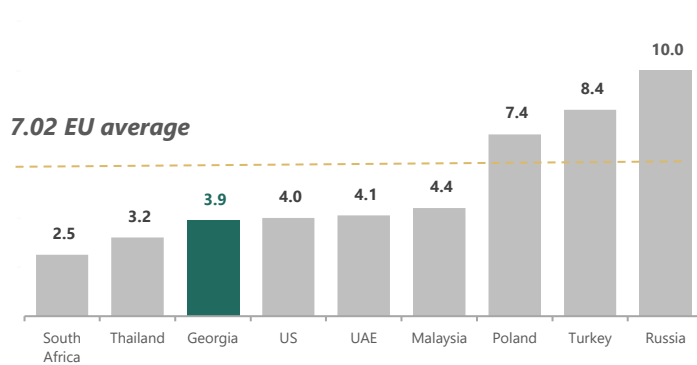


Source: Ministry of Finance of Georgia

- 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 c. 9% of the total budget;
- In 2020 increase in Other State Healthcare Spending is due to the evolved COVID-19 pandemic.

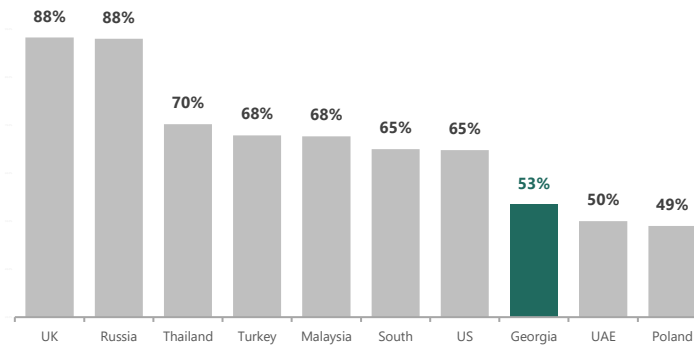
## LONG-TERM, HIGH GROWTH PROSPECTS

### Outpatient visits per capita, 2014-2016

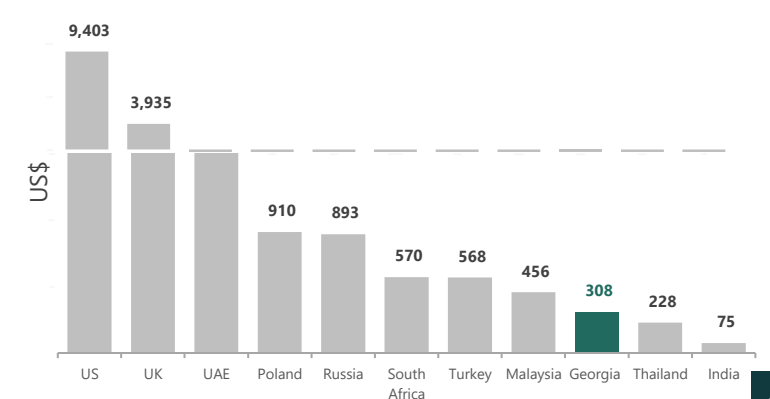


Source: Frost & Sullivan analysis 2017

### Bed occupancy rate by country, 2014-2016



### Per capita expenditures on healthcare by country, 2014-2018



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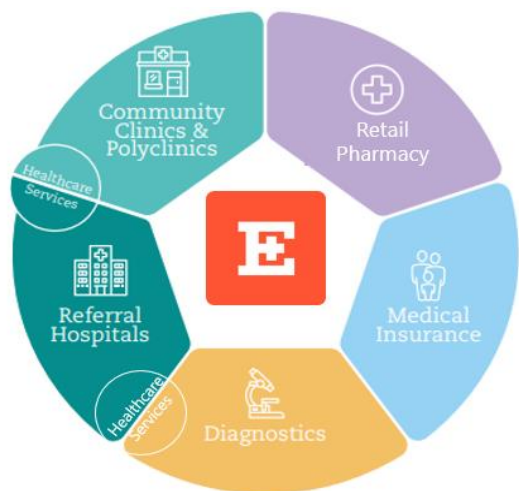
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# GHG AT A GLANCE

## 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



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

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

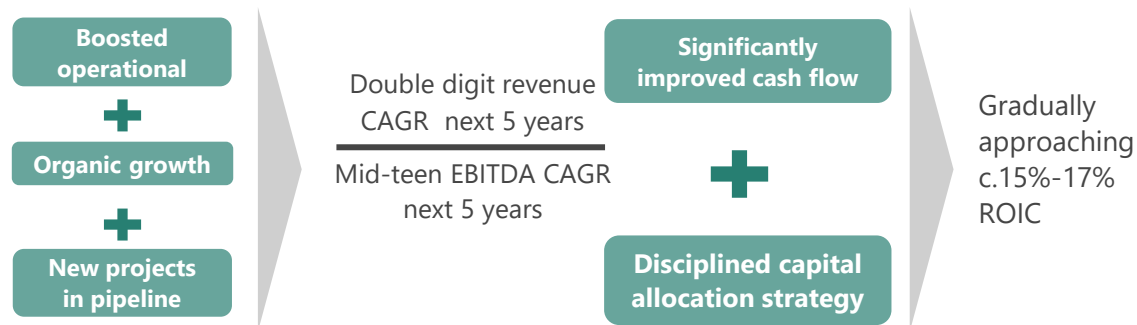
### INVESTMENT RATIONALE

- 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 December 2020. 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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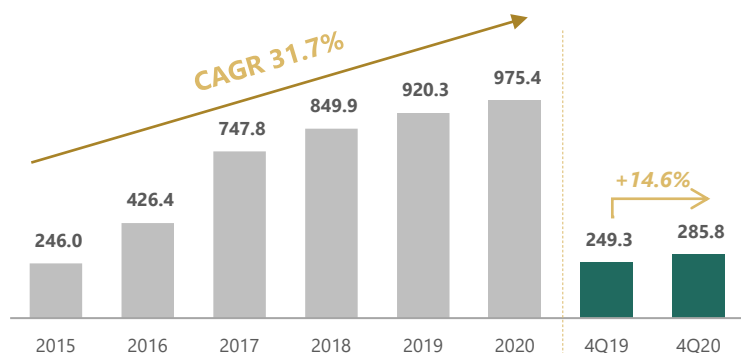
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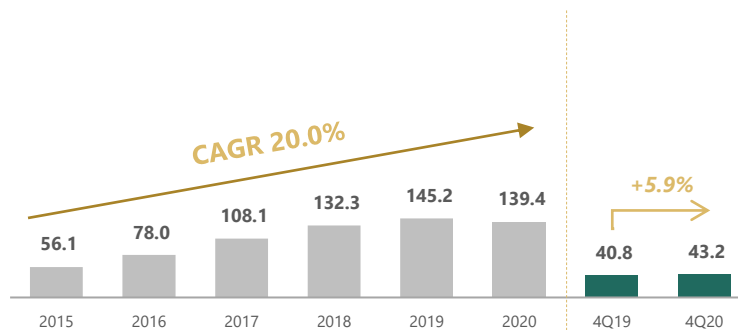


# GHG'S TRACK RECORD OF DELIVERING STRONG RESULTS

REVENUE, GROSS (GEL MILLION)

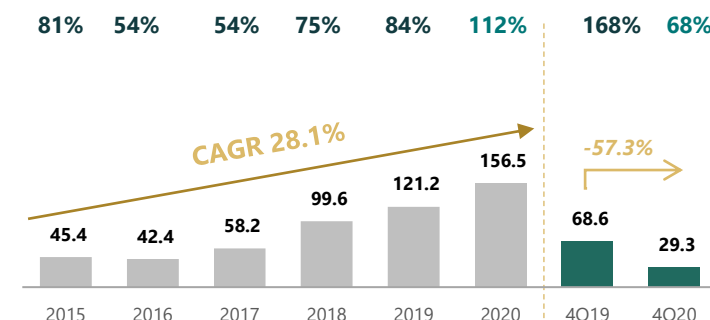


EBITDA<sup>1</sup> (GEL MILLION)

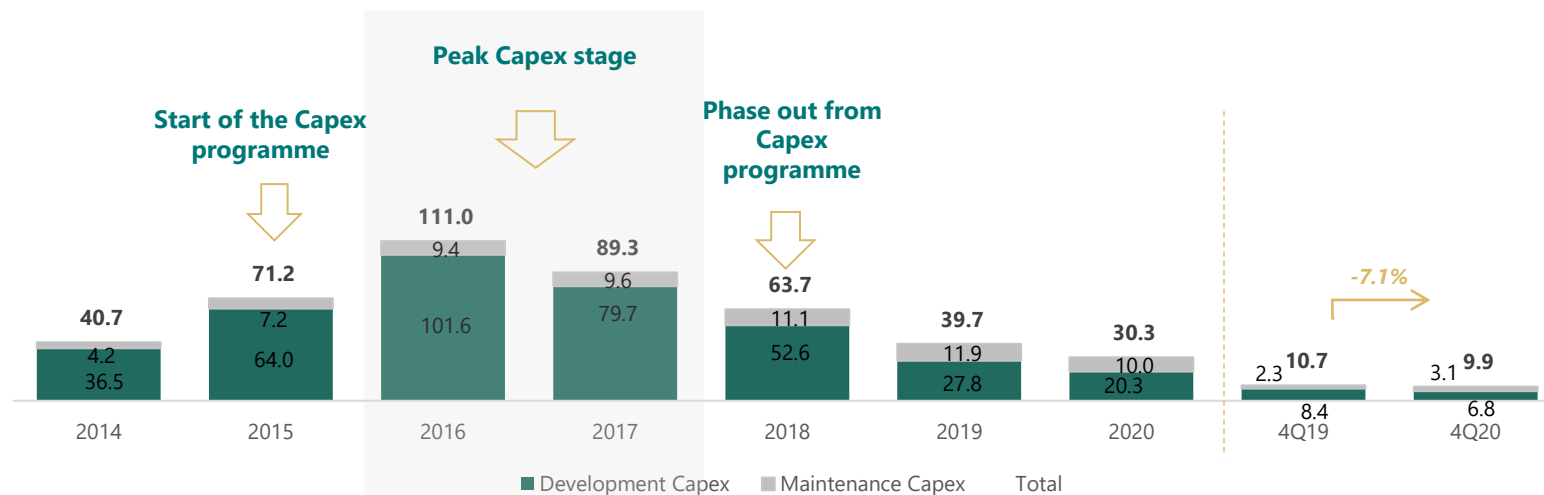


OPERATING CASH FLOW<sup>1</sup> (GEL MILLION)

EBITDA to cash conversion ratio<sup>2</sup>:

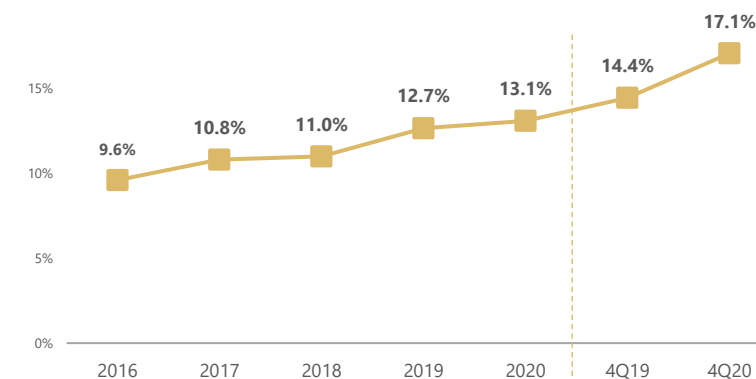


CAPEX (GEL MILLION)



ROIC (%)

Pursuing value creation and delivering strong operational performance





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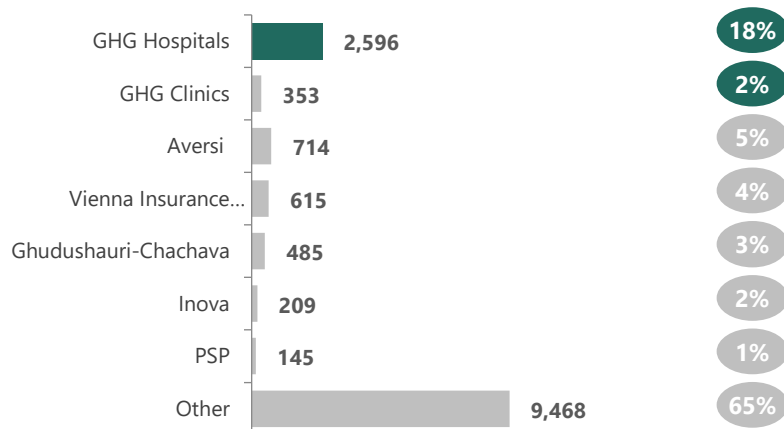
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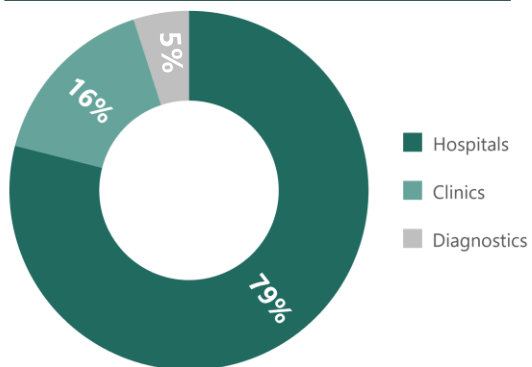
# HEALTHCARE SERVICES BUSINESS OVERVIEW

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

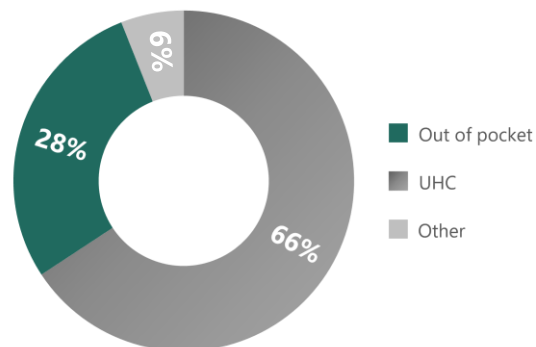
Market share by number of beds<sup>1</sup>



FY20 Revenue breakdown by segments



FY20 Revenue breakdown by payment sources



In clinics segment revenue from out of pocket payments represents 33% 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 89.5

Revenue per referral bed

### FY20 CASH FLOW HIGHLIGHTS

GEL 81.0m

+35.7% y-o-y  
Operating cash flow<sup>1</sup>

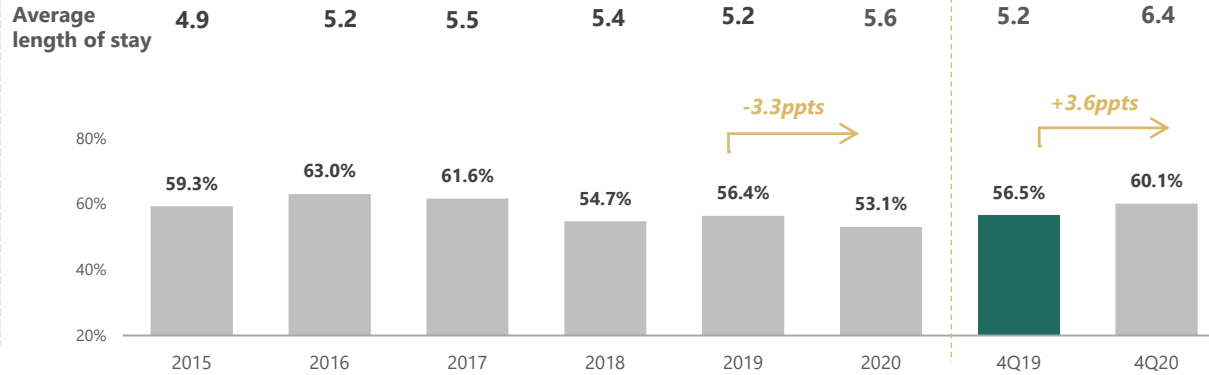
130.9%

+51.1ppts y-o-y  
EBITDA to cash conversion<sup>1</sup>

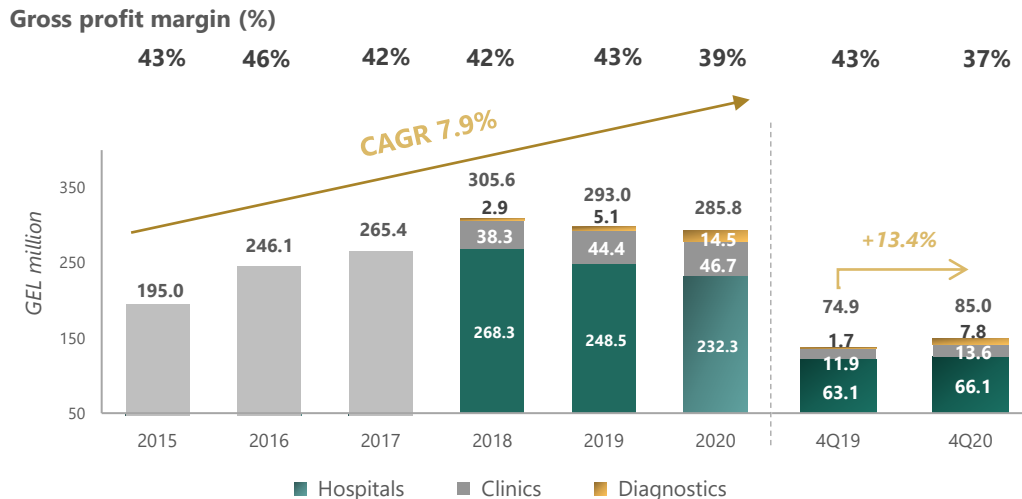
GEL 83.5m

+258.6% y-o-y  
Free cash flow<sup>1</sup>

### Bed occupancy rate



### GROSS REVENUE<sup>2</sup>



19

Number of community clinics

353

Number of community clinics beds

15

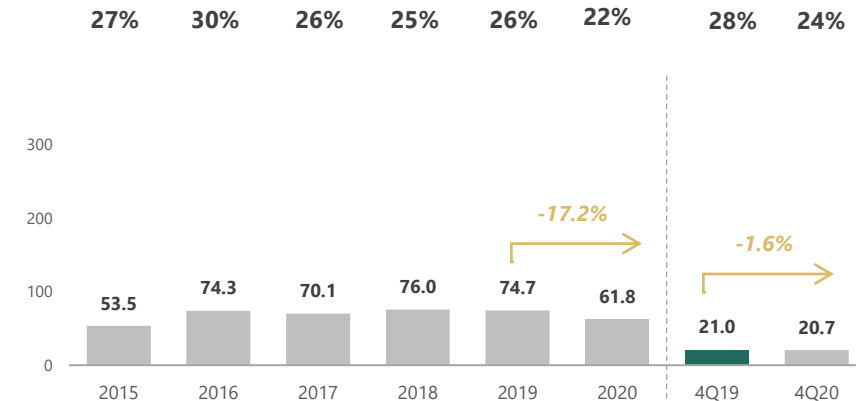
Number of polyclinics

518,000

Number of registered patients

### EBITDA<sup>1</sup>

#### EBITDA margin (%)<sup>1</sup>

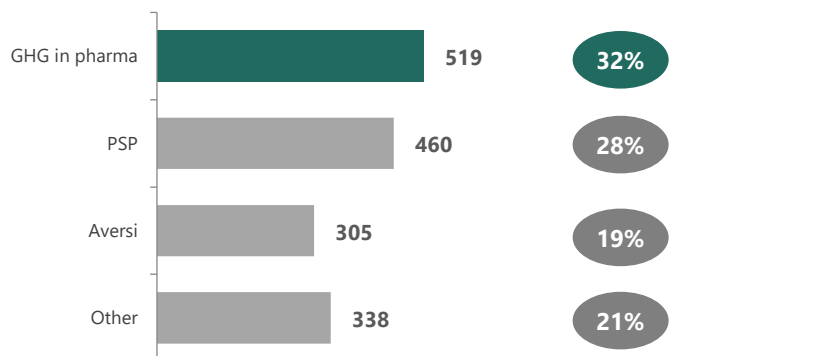




# RETAIL (PHARMACY) BUSINESS OVERVIEW

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

Market share by revenue, 2018<sup>1</sup>



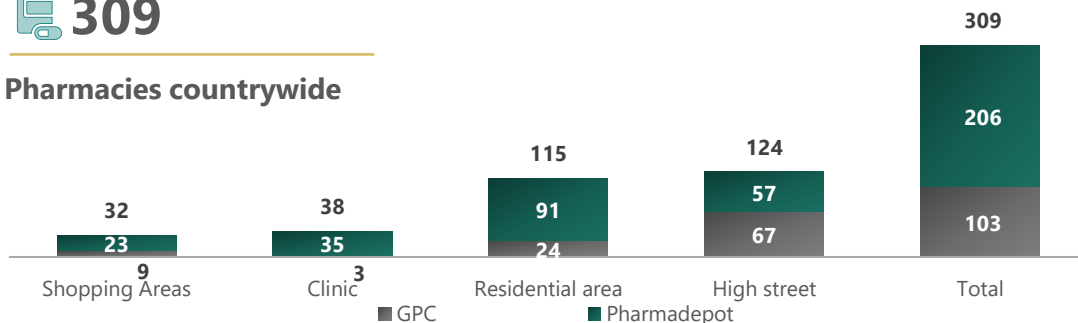
Operates under two pharmacy brands, each with a distinct positioning:

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



309

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 186.3 million in 2020 (up 29.7% y-o-y), with 31.4% gross profit margin.
- Para-pharmacy sales have the strongest margins and the share of para-pharmacy sales in retail revenue reached 34.7% in 2020 (31.0% in 2019).

## FY20 CASH FLOW HIGHLIGHTS

**GEL 66.1m**

+24.4% y-o-y  
Operating cash flow<sup>1</sup>

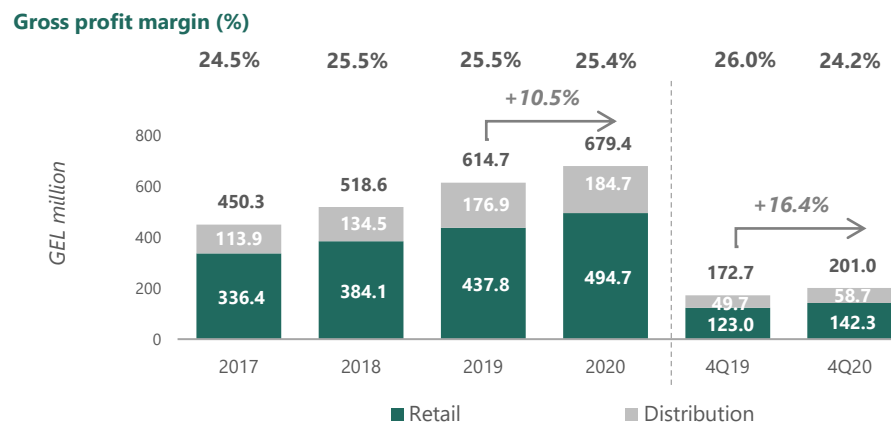
**93.9%**

+12.5ppts y-o-y  
EBITDA to cash conversion<sup>1</sup>

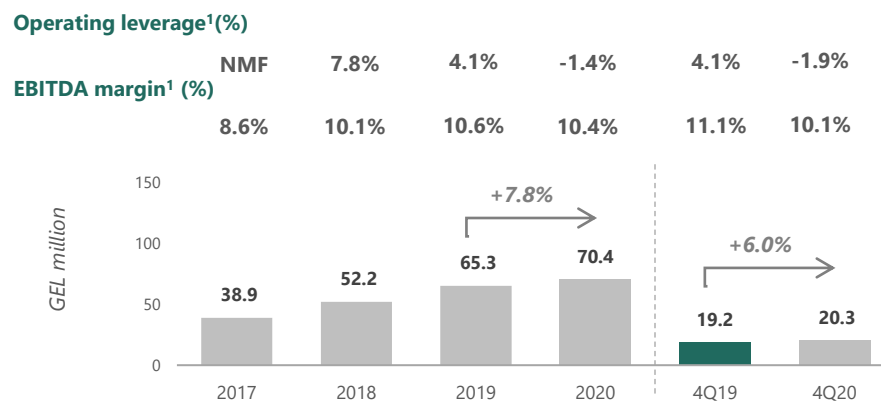
**GEL 60.8m**

+27.7% y-o-y  
Free cash flow<sup>1</sup>

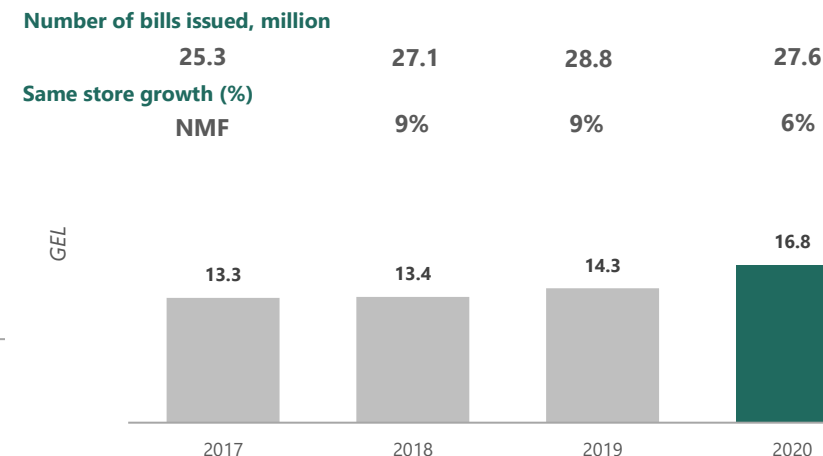
## REVENUE



## EBITDA<sup>1</sup>

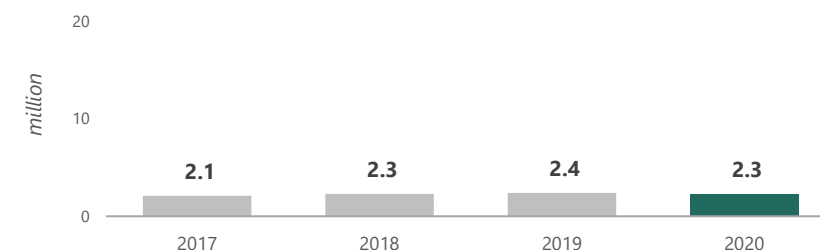


## AVERAGE BILL SIZE & NUMBER OF BILLS ISSUED



## CUSTOMER INTERACTIONS PER MONTH

**c.0.8mln**  
Loyal customers



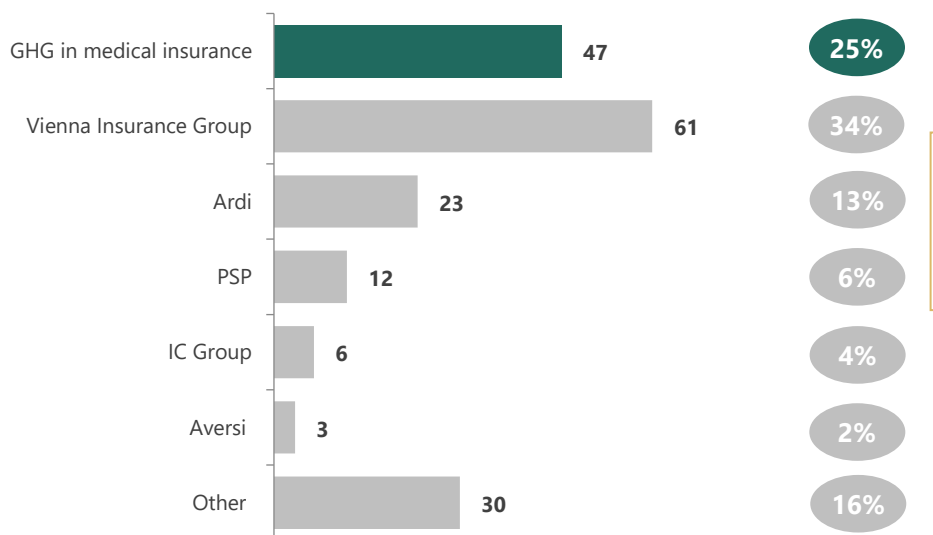


# MEDICAL INSURANCE BUSINESS OVERVIEW

**Largest medical insurer in the country** with 25.5%<sup>1</sup> 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 revenue<sup>1</sup>



**c.174,000**  
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

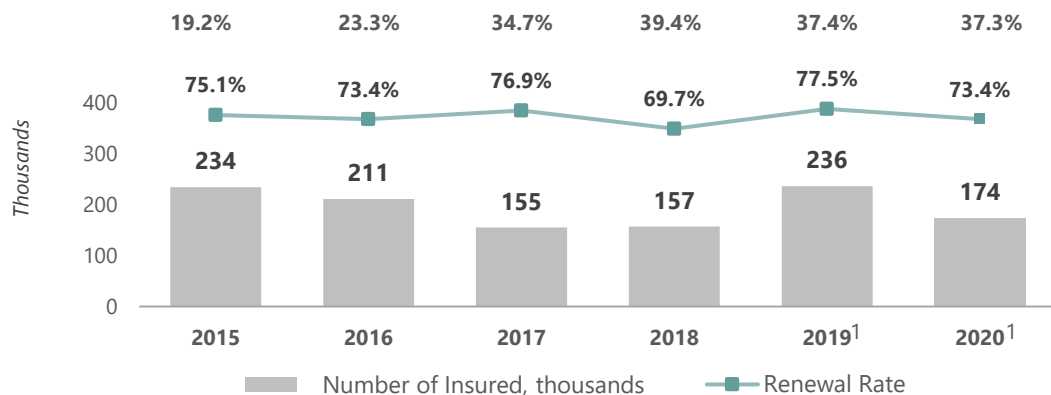
- Increase contribution to the Group segments
- Combined ratio <97%



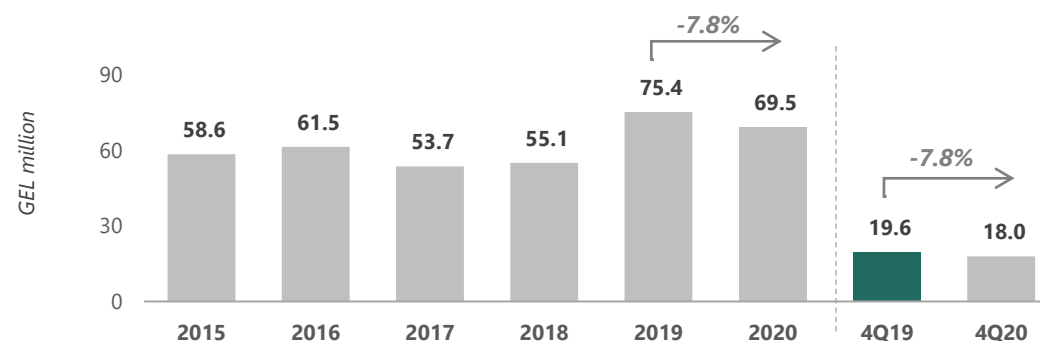
# MEDICAL INSURANCE BUSINESS OVERVIEW (CONT'D)

## NUMBER OF INSURED & RENEWAL RATE

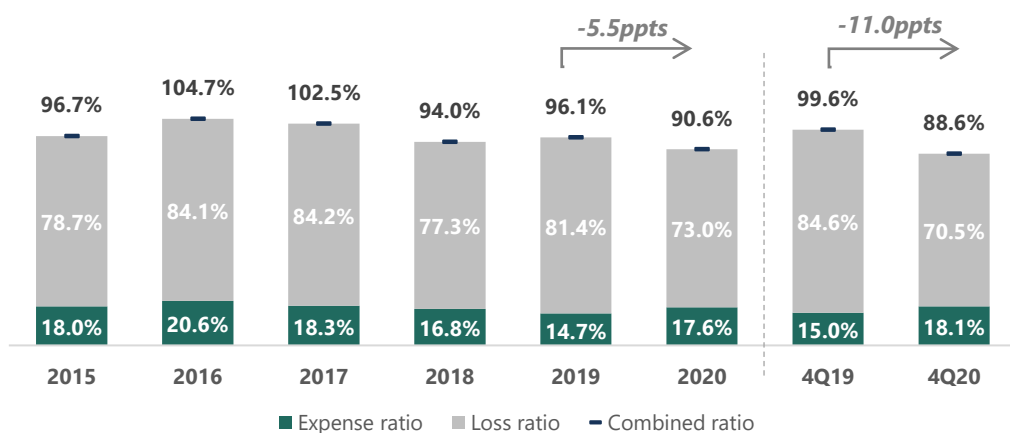
### Retention rate within the Group (%)



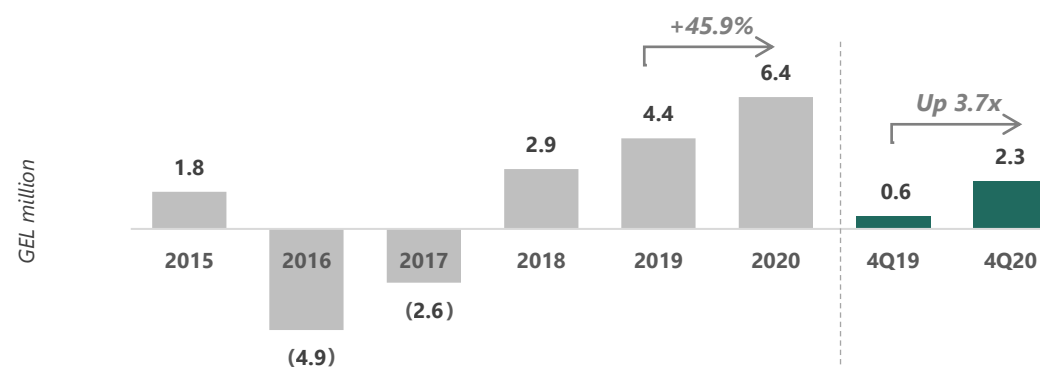
## REVENUE (NET INSURANCE PREMIUMS EARNED)



## COMBINED RATIO



## NET PROFIT



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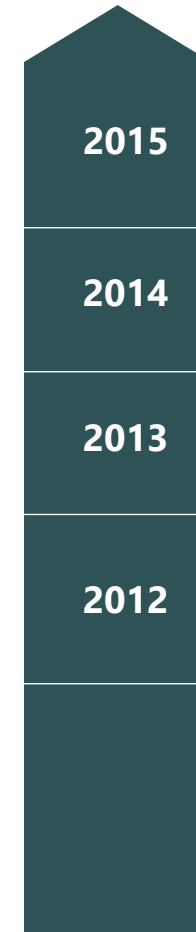
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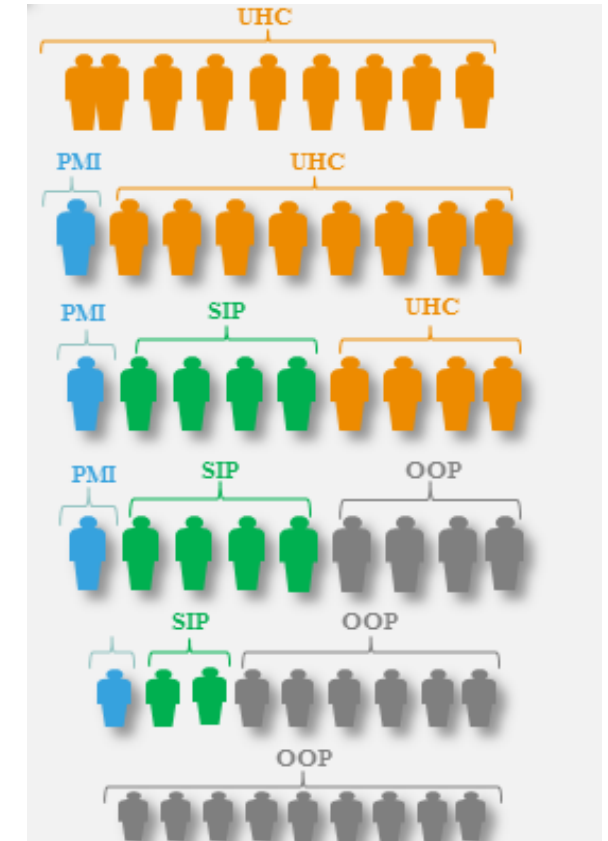


# GEORGIAN HEALTHCARE MARKET OVERVIEW

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



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