



Medical insurance business overview and strategy

Speaker: Givi Giorgadze, COO

GHG Investor Day

Tbilisi, Georgia | June 2019



 **Medical Insurance | Overview**

 Medical Insurance | Transformation

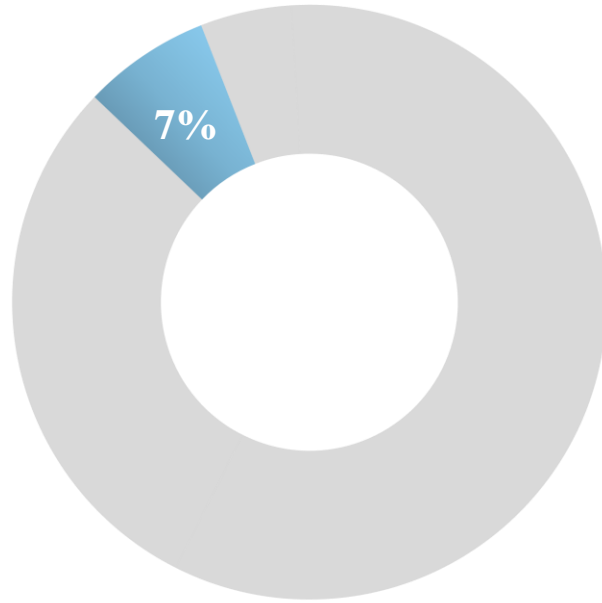
 Medical Insurance | Strategy going forward

 Q&A



Medical insurance business overview

Medical Insurance share in the Group's revenue– GEL 17.5 million in 1Q19

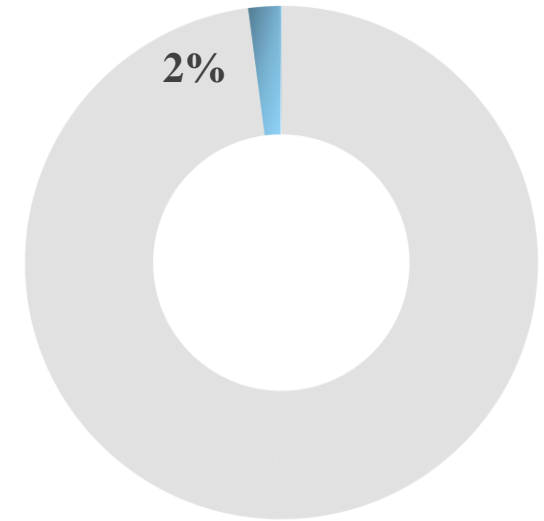


Contribution to the Group's other segments

GEL 7.7 million contribution to the Group's 1Q19 revenue⁽¹⁾

GEL 2.5 million contribution to the Group's 1Q19 gross profit

Medical Insurance share in the Group's gross profit– GEL 1.8 million in 1Q19



Highlights

	1Q19
Loss ratio (%)	85.3%
Net income (GEL, millions)	0.5
Combined ratio excluding IFRS 16 (%)	97.9%

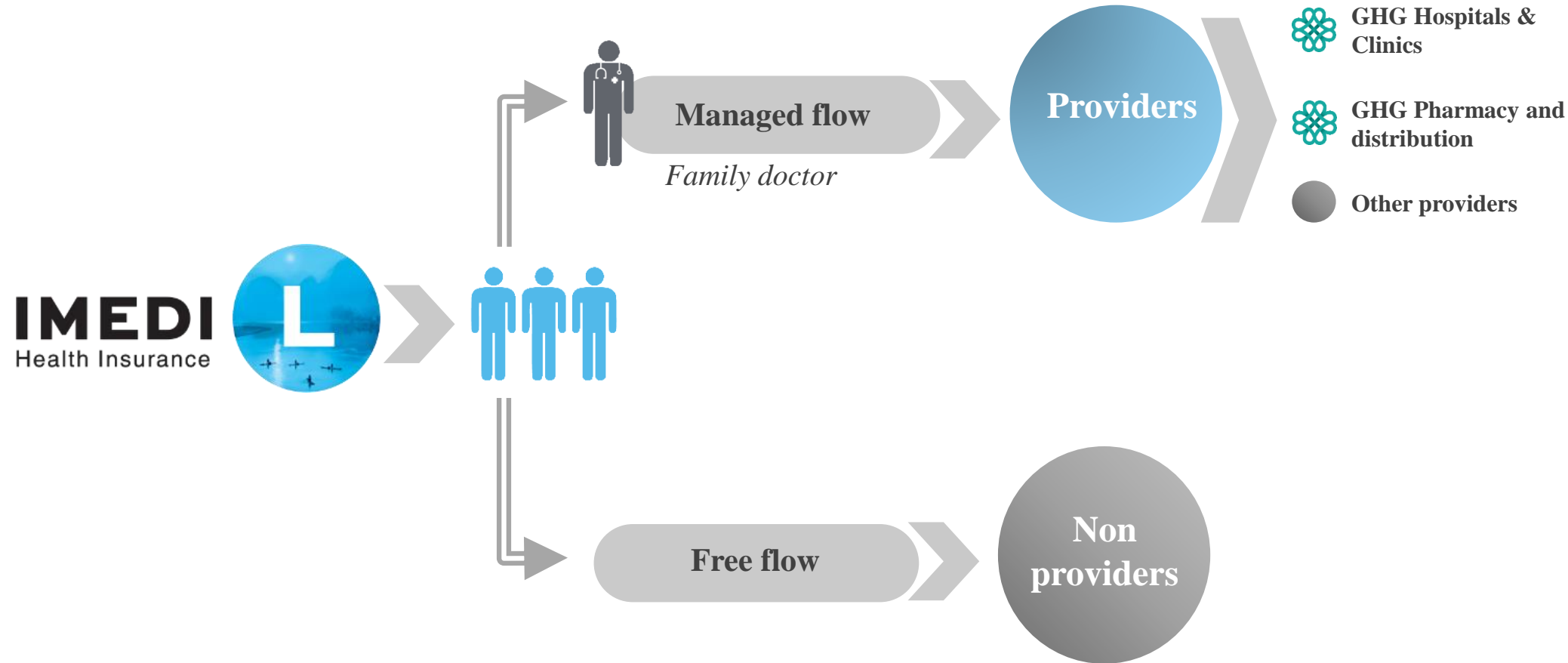


(1) Including customer co-payments



GHG medical insurance business – How it works

Patient pathway

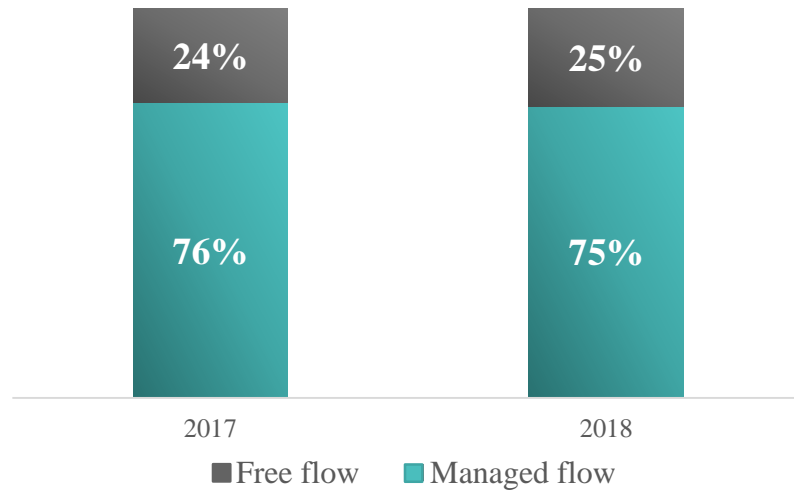




Monetising the Group synergies

Managed flow vs free flow

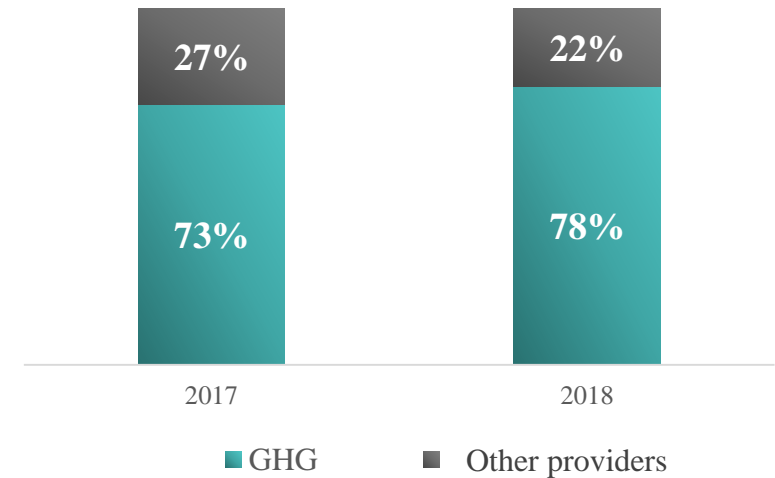
**By number of claims excluding dental*



85% / 15% (in 5 years)

GHG vs providers

**By number of claims excluding dental*



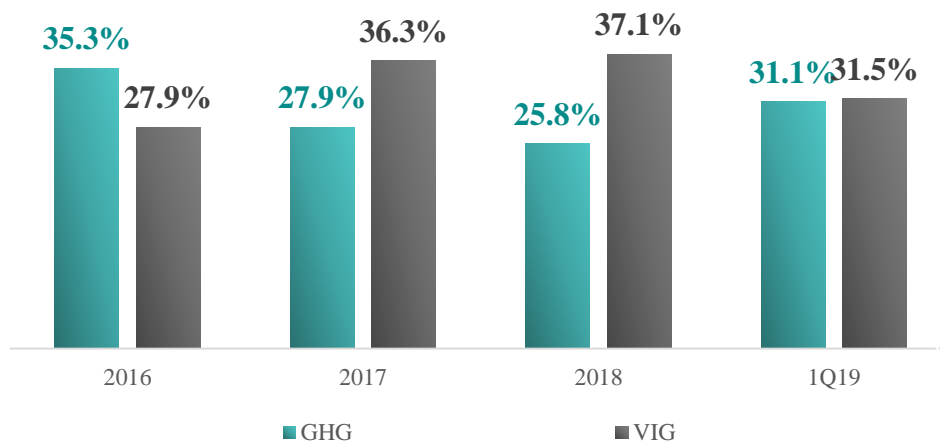
FY18 revenue to GHG other segments 23.3⁽¹⁾ million

FY18 Gross profit to GHG other segments 7.3 million

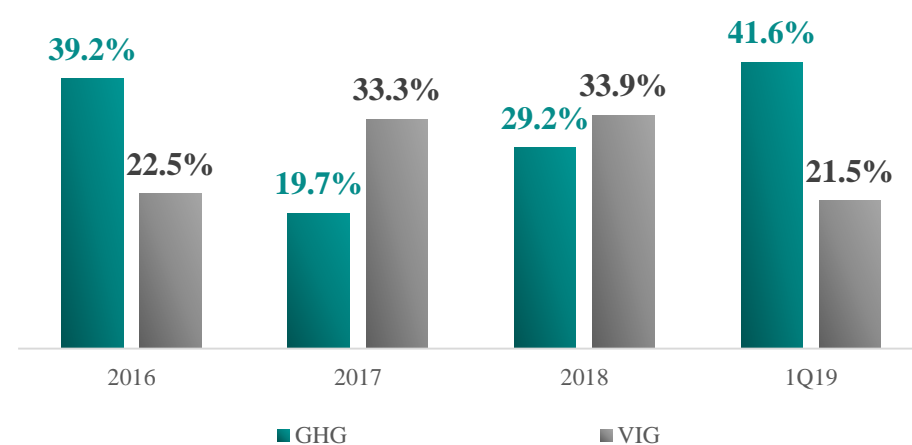
(1) Including customer co-payments



Market share by revenue – GHG vs VIG



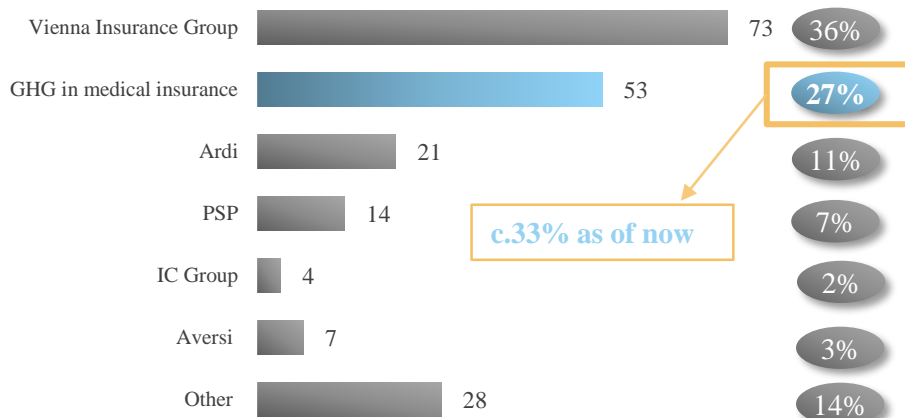
Market share by number of insured – GHG vs VIG



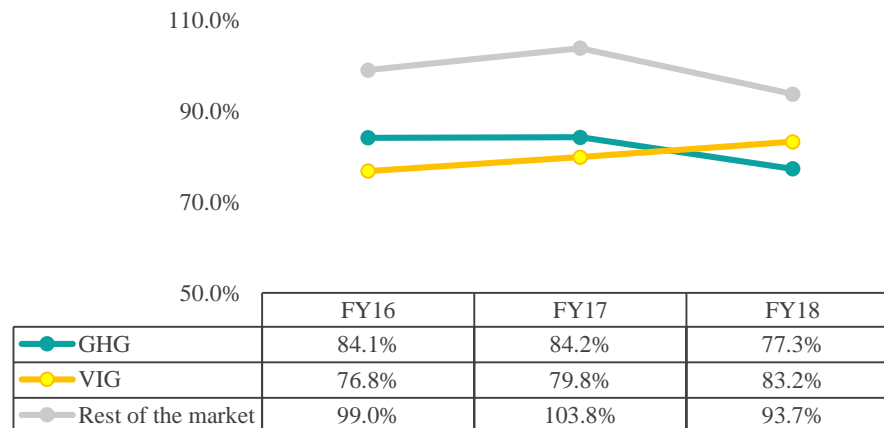
2016-19E PMI market CAGR 8%

Medical insurance market competition

(Gross premium revenue FY18, GEL million)⁽¹⁾



Loss ratio dynamics



(1) ISSSG as of 31 December 2018

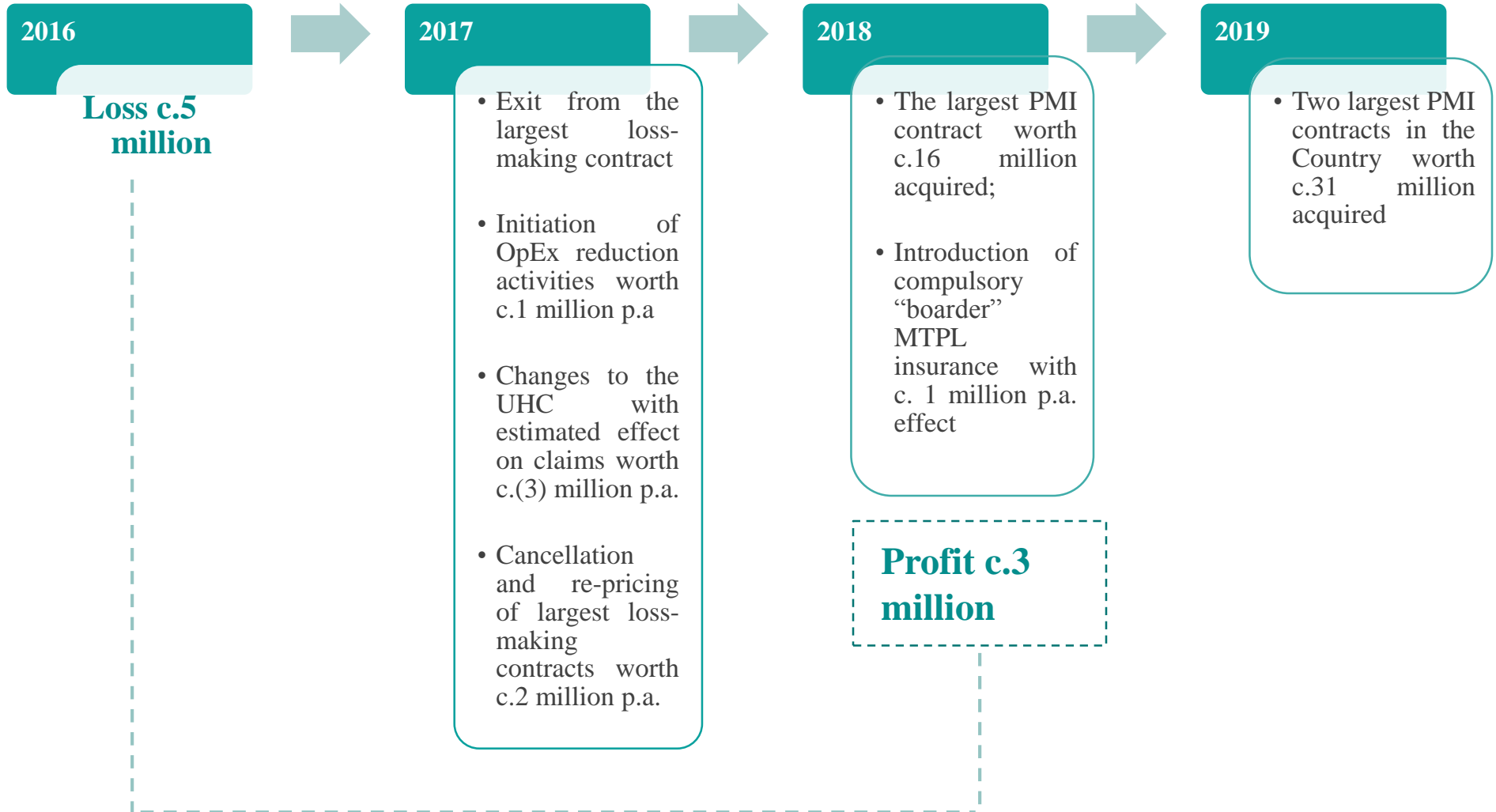


❁ Medical Insurance | Overview

❁ **Medical Insurance | Transformation**

❁ Medical Insurance | Strategy going forward

❁ Q&A





Turnaround in numbers

	2016	2017	Change; Y-o-Y 2016-2017	2018	Change; Y-o-Y 2017-2018	1Q19
<i>GEL thousands, unless otherwise noted</i>						
Revenue, net	61,494	53,710	-12.7%	55,112	2.6%	17,493
Net insurance claims	(51,701)	(45,209)	-12.6%	(42,584)	-5.8%	(14,914)
Cost of services	(55,772)	(48,583)	-12.9%	(45,427)	-6.5%	(15,683)
Gross profit / Underwriting result	5,722	5,127	-10.4%	9,685	88.9%	1,810
Gross margin	9.3%	9.5%	0.2%	17.6%	8.1%	NMF
EBITDA⁽¹⁾	(2,029)	(436)	NMF	4,051	NMF	562
Profit for the period⁽¹⁾	(4,927)	(2,602)	NMF	2,949	NMF	478
<i>Loss Ratio</i>	84.1%	84.2%		77.3%		85.3%
<i>Combined ratio⁽¹⁾</i>	104.7%	102.5%		94.0%		97.9%

(1) Excluding IFRS 16

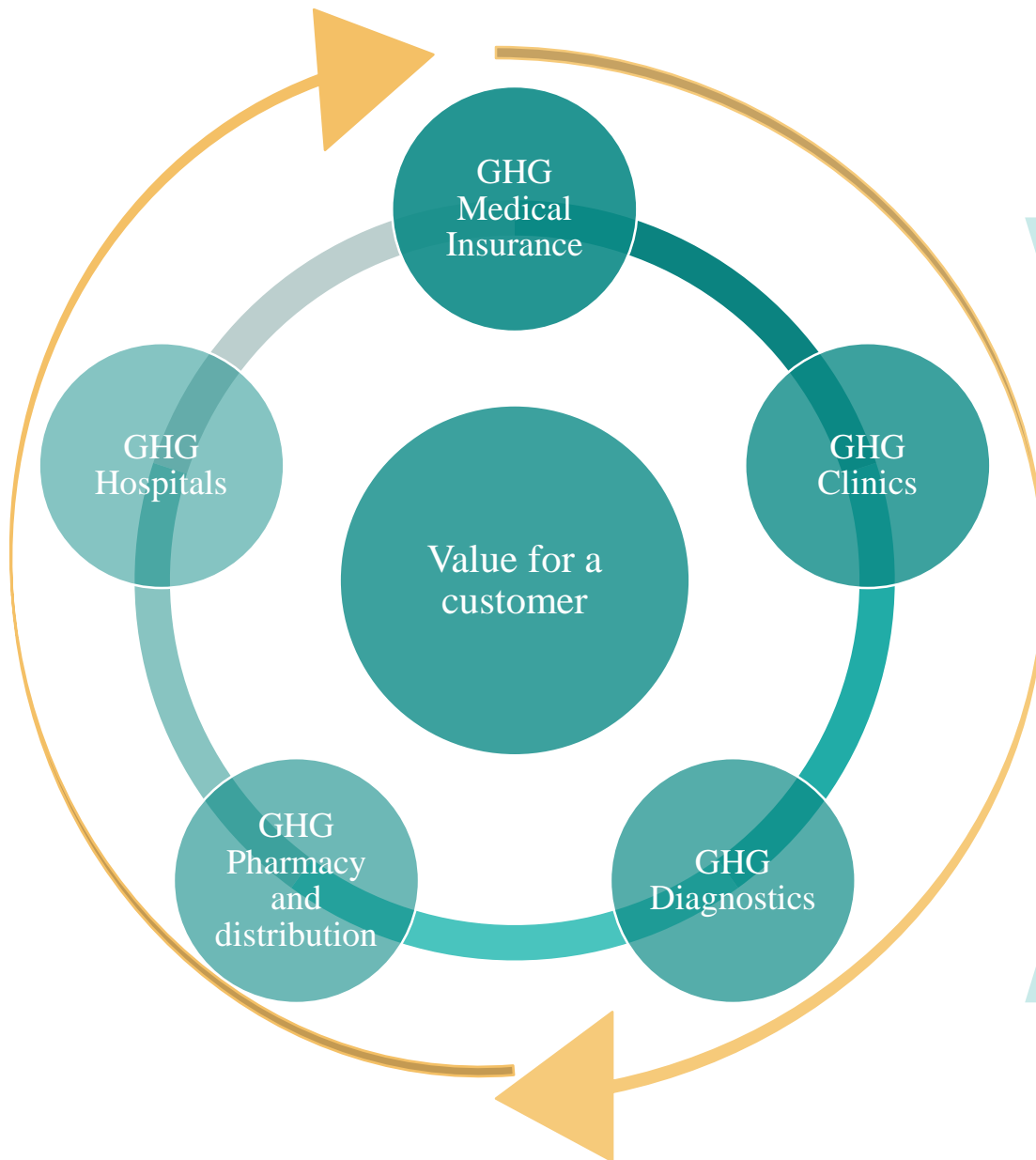


❁ Medical Insurance | Overview

❁ Medical Insurance | Transformation

❁ **Medical Insurance | Strategy going forward**

❁ Q&A



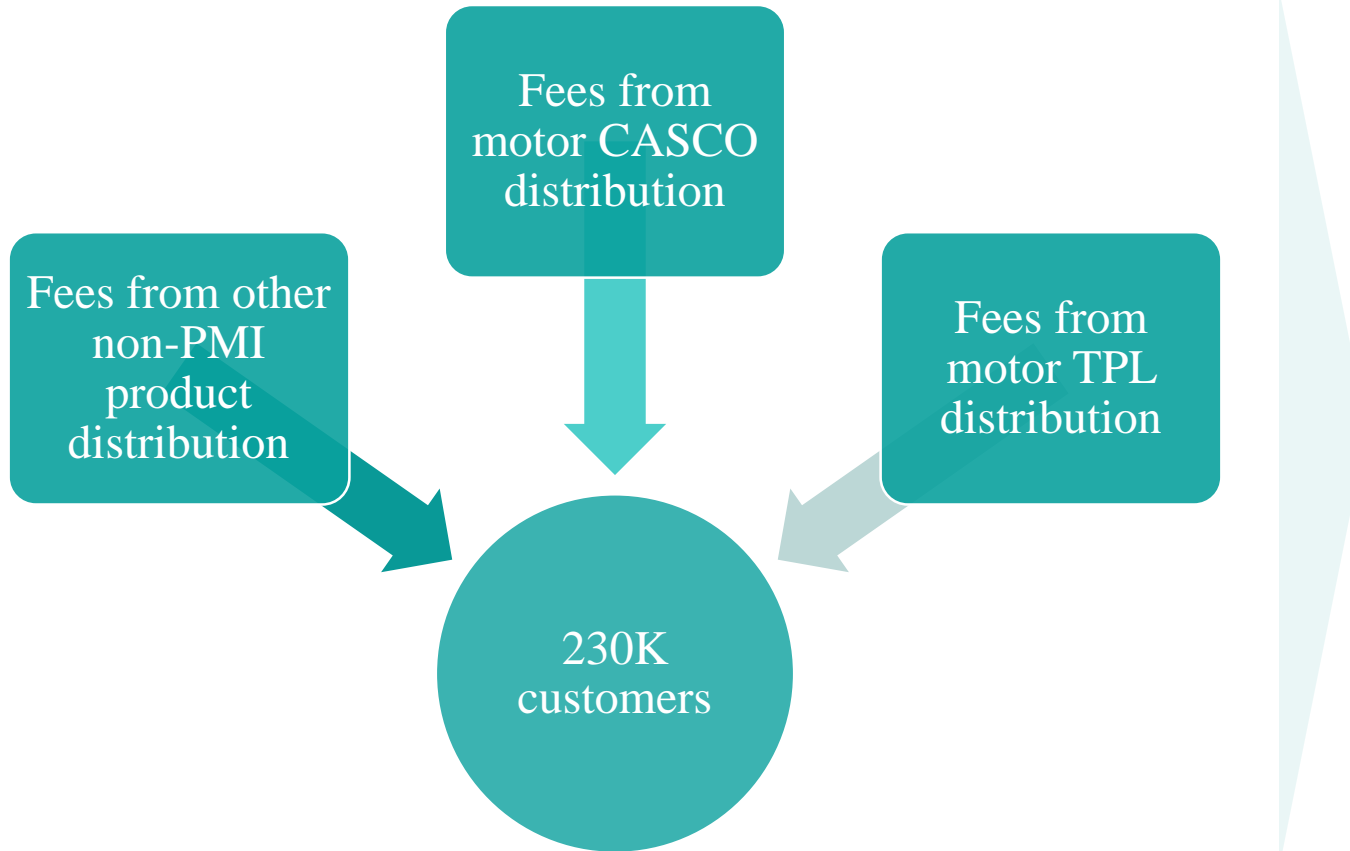
Effortless process by removal of bureaucracy through digital optimisation

Service quality control initiatives

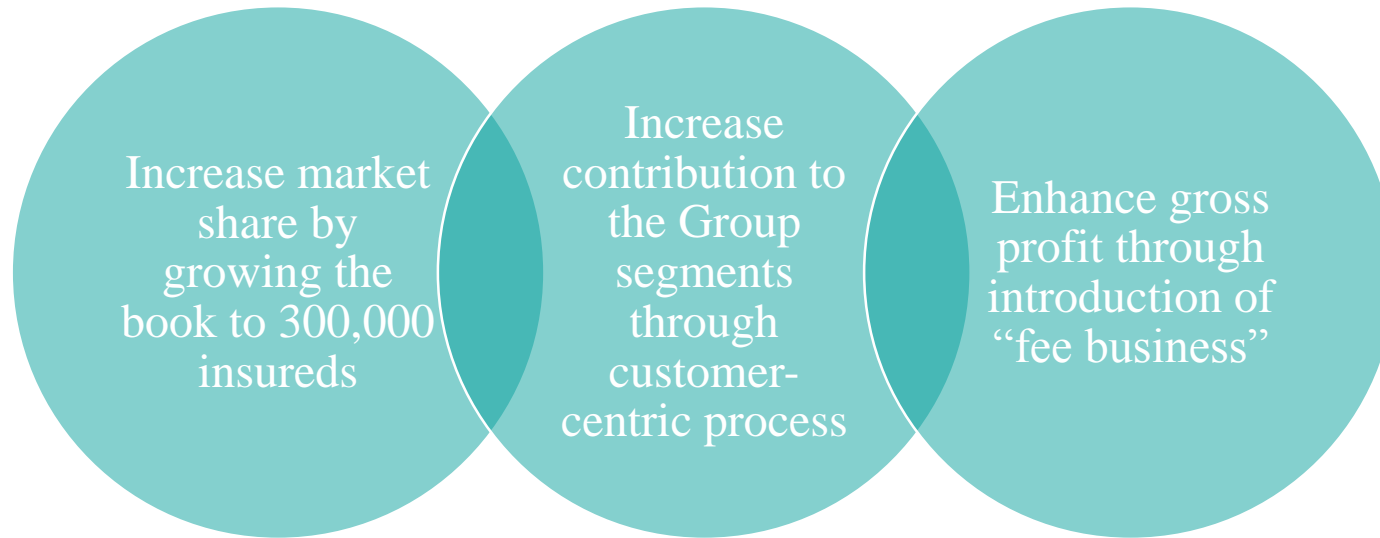
Develop a digital communication strategy with aim to continue to promote health, prevent disease and provide patient-centred care that meets insureds' needs



<i>GEL thousands, unless otherwise noted</i>	2018	2017	Change, Y-o-Y
Total non-PMI gross profit:	2,070	1,553	33%
<i>Non-PMI to total gross profit</i>	<i>21%</i>		



Enhance gross profit through implementation of fee business



**Insurance gross profit from
c.GEL 10 million**

**Insurance gross profit to GHG’s
segments from c.GEL 7 million**



**To GEL 36 million
(Total gross profit contribution to GHG)**

Questions?

GHG Investor Day
Tbilisi, Georgia | June 2019



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 Healthcare Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: business integration risk; compliance risk; recruitment and retention of skilled medical practitioners risk; clinical risk; concentration of revenue and the Universal Healthcare Programme; currency and macroeconomic; information technology and operational risk; regional tensions and political risk; and other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports, including the “Principal Risks and Uncertainties” included in Georgia Healthcare Group PLC's Annual Report and Accounts 2018. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Healthcare Group PLC or any other entity, and must not be relied upon in any way in connection with any investment decision. Georgia Healthcare Group PLC undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast