



Georgia Healthcare Group hosts Investor Day in Tbilisi

Georgia Healthcare Group PLC (“**GHG**” or the “**Group**”) announces that the Group is today hosting an Investor Day for analysts and investors in Tbilisi.

As part of the presentations, GHG will update investors on its medium term strategic goals which are summarised below:

- The Group will continue to focus on building its presence throughout the Georgian healthcare ecosystem.
- The Group will also focus on enhancing its margins and achieving higher intergroup synergies through various cross-selling initiatives

In the hospitals and ambulatory clinics business:

- At least double 2015 hospital and ambulatory revenues in 2018, with an EBITDA margin of 30%
- Launch two hospitals with a total of c.650 hospital beds in 2017, and achieve a 25%+ market share of hospital revenues by 2018, and a market share in excess of 30% in the medium-to-long term (currently 20% share of revenues and 23% share of hospital beds)
- Roll out a network of ambulatory clinics to achieve a 5% market share of revenues in 2018, and a 15%+ market share of revenues in the medium-to-long term (currently 1.5%)
- The key strategic focus over the next few years, in the hospitals business, will be to enhance the Group’s footprint in Tbilisi; continue to fill the current medical services gaps in Georgia and strengthen and expand services in elective care
- In the ambulatory business, the key focus will be on developing and achieving significant sales growth through a wide variety of distribution channels – including pharmacies; insurance; corporates and state programs

In the pharmaceuticals business:

- Complete the planned integration of GPC and ABC businesses, and capture the significant synergy potential
- Achieve a 30%+ market share in 2018, whilst increasing the EBITDA margin to 8.0%+

About Georgia Healthcare Group PLC

Georgia Healthcare Group PLC is a UK incorporated holding company of the largest healthcare services provider in the fast-growing, predominantly privately-owned, Georgian healthcare services market. GHG’s leadership position is underpinned by offering the most comprehensive range of inpatient and outpatient services targeting the mass market segment through its vertically integrated network of 35 hospitals and eight ambulatory clusters (consisting of 11 district ambulatory clinics and 28 express ambulatory clinics), as at 30 September 2016. GHG is the single largest market participant, accounting for 23.0% of total hospital bed capacity in the country, as of 30 September 2016. GHG is the third largest pharmaceuticals retailer and wholesaler in Georgia, approximately 15% market share by revenue, as of 31 December 2015. GHG is also the largest provider of medical insurance in Georgia with a 35% market share based on net insurance premiums earned and approximately 208,000 insurance customers as at 30 September 2016. GHG employed a total of c.12,500 people as at 30 September 2016, including 3,140 physicians and 730 pharmacists.

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- Continue to decrease the cost of goods sold/services, by consolidating GHG's pharma and hospital purchases of pharmaceuticals and medical disposables.
- Enhance the retail margin by launching a private label and contract manufacturing initiatives, increasing the number of loyalty program users and expanding sales to hospitals.
- Extract revenue synergies with ambulatory clinics by increasingly redirecting patients from pharmacies to ambulatory clinics through various cross-selling initiatives.

In the medical insurance business:

- Reduce the combined ratio to less than 97% over the next few years (currently 104.4%).
- Improve Group synergies by seeking to retain more than 50% of medical insurance claims costs within the Group (currently 23%).

A full set of the presentation slides can be viewed on the GHG website at ghg.com.ge

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