



GEORGIA
HEALTHCARE
GROUP

Investor Presentation

Second quarter and half-year of 2017 results

*Investing in the growth and quality of healthcare
in Georgia*

August 2017
www.ghg.com.ge



⌘ **GHG | Overview and strategy**

⌘ GHG | Results discussion – 2Q17 and 1H17

⌘ Macroeconomic and Industry Overview

⌘ Annexes

A unique investment story supported by compelling theme

GHG's⁽¹⁾ market leading position, a unique business model with significant growth potential and highly experienced management team make it a credible investment opportunity

1

Market Leader

- ✓ **Largest healthcare service provider in Georgia:** 24.6% market share by number of beds (2,731) as of 30 June 2017⁽²⁾, which is expected to grow to c.29% as a result of full renovation and launch of two major hospital facilities: Deka and Sunstone
- ✓ **Largest pharmaceuticals retailer and wholesaler in Georgia:** 29% market share by sales⁽³⁾, over 2 million client interactions per month, with 0.5 million loyalty card members
- ✓ **2nd Largest medical insurer in Georgia:** 30.9% market share as of 31 March 2017⁽⁴⁾, c.135,000 persons insured as at 30 June 2017
- ✓ **Widest Population Coverage :** coverage of over 3/4 of Georgia's 3.7 million population⁽⁵⁾ with 35 high quality hospitals, 13 district Polyclinics and 24 express outpatient clinics and 247 pharmacies
- ✓ **Institutionalising the industry:** Strong corporate governance; standardised processes; improving safety and quality by implementing JCI benchmarked standards; own personnel training center

2

Business Model with Cost and Synergy Advantage

- ✓ **The single largest scale integrated player in the Georgia Healthcare ecosystem of GEL 3.4 billion aggregated value with cost advantage through scale:** purchasing, centralisation of administrative functions
 - Next healthcare services competitor has only 4% market share by beds
 - Largest purchaser of pharmaceutical products in Georgia
- ✓ **Better access to professional management and high calibre talent**
 - One of the largest employers in the country: 14,759 full time employees, including 3,352 physicians, 3,101 nurses and 790 pharmacists
- ✓ **Referral system & synergies with insurance and pharma business:**
 - Presence along patient pathway, and referral synergies
 - Insurance activities provide steady revenue stream for our Polyclinics and bolster hospital patient referrals
 - 0.5 million loyal customers at pharma business with upside to cross-sell



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Long-term High-growth Opportunities

3

- ✓ **Very low base:** healthcare services spending per capita only US\$217, outpatient encounters only 4.0 per capita annually⁽⁷⁾, GHG revenue per hospital bed only US\$37,800⁽⁶⁾
- ✓ **Supported by attractive macro:**⁽⁸⁾ Georgia – one of the fastest growing countries in Eastern Europe, open and easy⁽⁹⁾ emerging market to do business, with real GDP growth averaged 4.9% annually during 2006-16. Only 5.8% of GDP spent on healthcare services and spending at healthcare services growing at 9% CAGR 2008-2013; government spending nearly doubled between 2011-15⁽¹⁰⁾
- ✓ **Implying long-term, high-growth expansion** that is driven by:
 - Universal Healthcare Program (UHC)
 - Pick-up in Polyclinics (outpatient clinics)
 - Even small investments in medical equipment expected to increase market, due to historical underinvestment

4

Strong Management with Proven Track Record

- ✓ **Strong business management team – increased market share by beds from under 1% in 2009 to 24.6% currently, with built-in additional development capacity**
- ✓ **Robust corporate governance:** exceptional in Georgia's healthcare sector, as it is the only Premium listed company from healthcare sector (LSE:GHG LN)⁽¹²⁾; 57% shareholder is BGEO Group PLC – listed on the premium segment of the main market of the London Stock Exchange (LSE:BGEO), part of FTSE 250 index. The rest of shares are owned by Institutional Investors and Management as part of (ESOP)
- ✓ **In-depth knowledge of the local market**

Sources:

(1) Georgia Healthcare Group established in Georgia and in UK

(2) Market share by number of beds. Source: National Center for Disease Control ("NCDC"). Data as of December 2015, updated by GHG to include changes before 30 June 2017.

(3) Market share is based on 2015 revenue figures and for competitors represents management estimates

(4) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia

(5) Geostat.ge, data as of 2015. Coverage refers to geographic areas served by GHG facilities

(6) GHG internal reporting 2Q17

(7) NCDC statistical yearbook 2015

(8) Euromonitor, World Bank's 2012 "Ease of Doing Business Report", other public information.

(9) Ranked #24 (of 189 countries) in World Bank's 2016 "Ease of Doing Business Report", ahead of all its neighboring countries and several EU countries.

(10) Ministry of Finance, Ministry of Economy

(11) Frost & Sullivan 2015

(12) GHG Group PLC successfully completed its IPO of ordinary shares at the Premium Segment of LSE on 12 November, 2015

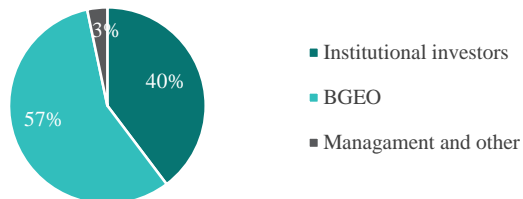


GHG – shareholder structure and share price

Investors

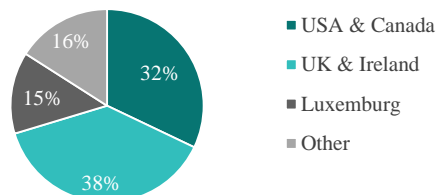
Strong support from institutional investors at IPO⁽¹⁾

Institutional Investors represent 40% of the shareholders



Geographically well-diversified institutional shareholder base⁽¹⁾

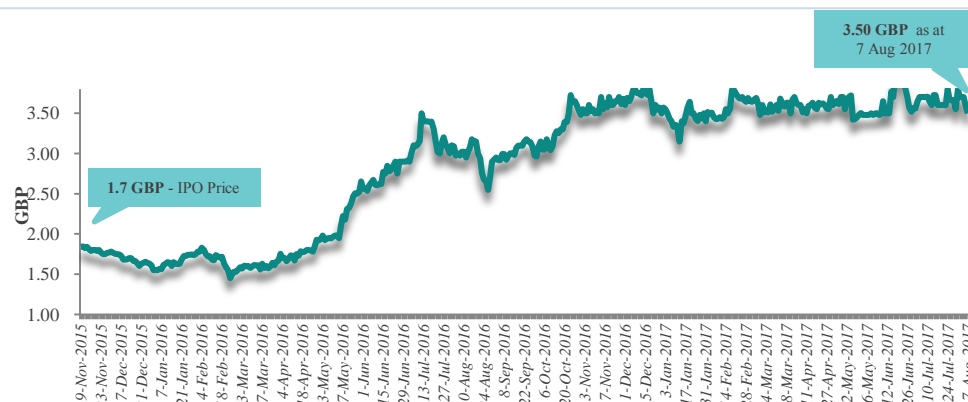
UK & Ireland – 38%
USA & Canada – 32%
Luxemburg – 14%
Other – 16%



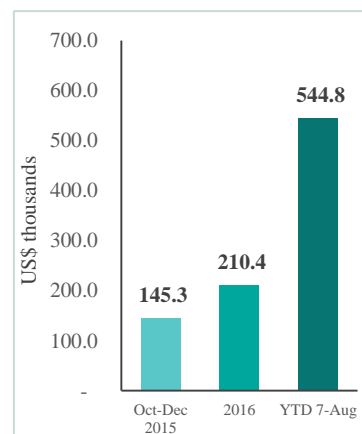
Top Investors ⁽¹⁾

BGE0	57.0%
Wellington Management	6.9%
T – Rowe Price	6.1%

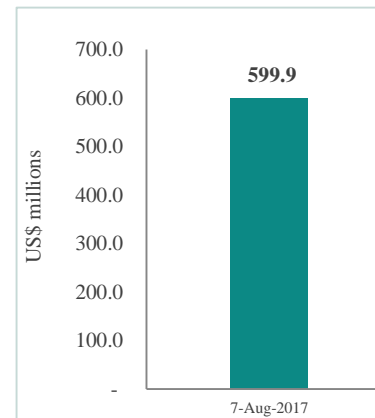
Stock Price Performance⁽²⁾



Average trading daily volume



Market Capitalisation⁽³⁾



Note: (1) As of 30 June 2017

(2) Share price change calculated from the closing prices of GHG LN, starting from trading date 9 November 2015 to the price of GHG LN as of 7 August 2017

(3) Source: Bloomberg; Market Capitalisation of GHG as of 7 August 2017, GBP/USD exchange rate 1.30

Georgia Healthcare Group

Key Segments	Healthcare services			Pharma	Medical insurance
	Hospitals		Polyclinics (outpatient clinics)	Pharma	Medical Insurance
	Referral Hospitals	Community Hospitals			
Key Services	General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities	Basic outpatient and inpatient services in regional towns and municipalities	Outpatient diagnostic and treatment services in Tbilisi and major regional cities	Wholesaler and urban-retailer, with a countrywide distribution network	Range of private insurance products purchased by individuals and employers
Market Size ⁽¹⁾	GEL 1.2bln (2015)		GEL 0.9bln (2015)	GEL 1.3bln (2015)	GEL 0.17bln (2015)
Market Share	20% by revenue ⁽²⁾ 24.6% by beds (2,731), which is expected to grow to c.29% as a result of renovation and full launch of hospital facilities (additional c.400 beds);		1.5% by revenue ⁽²⁾	29% by revenue ⁽³⁾	31% by revenue
Selected Operating Data 1H17	 15 hospitals 2,266 beds	 20 hospitals 465 beds	ten clusters with 13 district Polyclinics 24 express outpatient clinic	247 pharmacies in major cities	135,000 individuals insured
Financials 1H17	Gross Revenue	 GEL 113.8 mln 2012-1H17 CAGR 49%	 GEL 10.5 mln 2012-1H17 CAGR 15%	 GEL 7.3 mln 2012-1H17 CAGR 32%	 GEL 222.3 mln 2012-1H17 CAGR 15%
	EBITDA	 GEL 34.0 mln 2012-1H17 CAGR 51%	 GEL 1.1 mln 2012-1H17 CAGR 32%	 GEL 17.6 mln	 GEL -1.2 mln
		EBITDA Margin: 27.1%	EBITDA Margin: 15.2%	EBITDA Margin: 7.9%	EBITDA Margin: -4.5%

Sources:

(1) Frost & Sullivan analysis, 2015

(2) For hospitals and Polyclinics 2016 market shares represents management estimates

(3) Market share for pharma business is for 2015 year and is based on 2015 year's revenue figures. For competitors it represent management estimates

(4) Net of intercompany eliminations



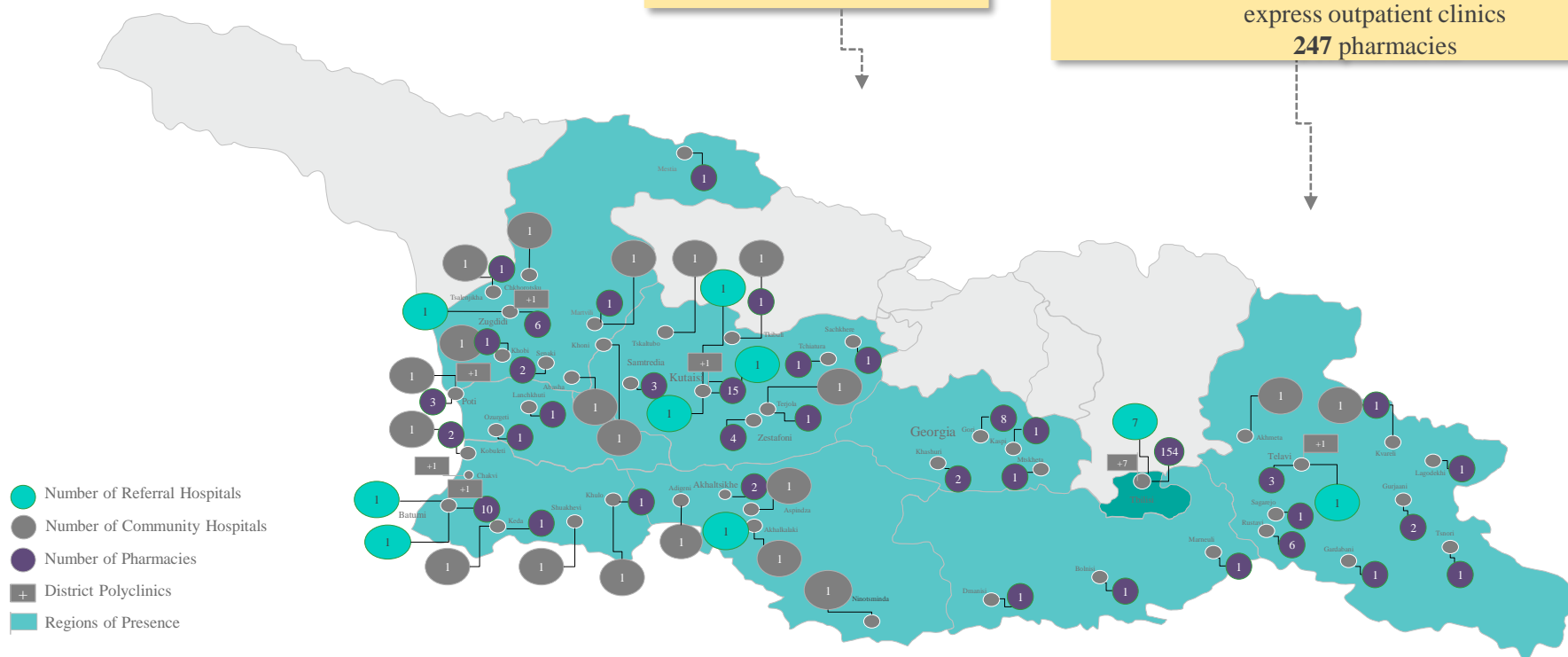
Broad geographic coverage and diversified healthcare services and pharmacy network covering 3/4 of Georgia's population

Extensive Geographic Coverage⁽¹⁾

Network of healthcare facilities and pharmacies

3/4 of population covered

2,731 hospital beds
15 referral hospitals
20 community hospitals
10 Polyclinic clusters with 13 district Polyclinic and 24 express outpatient clinics
247 pharmacies





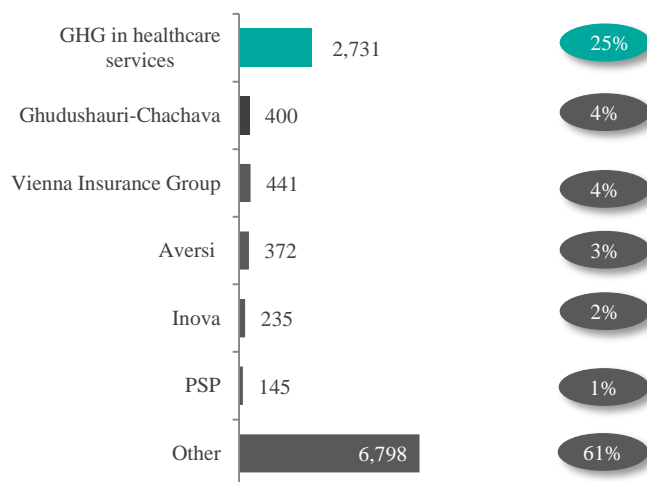
Clear market leader (2/2) in a fragmented competitive landscape

*Leader in Georgia with clear and established #1 market positions in healthcare services and pharma markets,
2nd largest in medical insurance market*



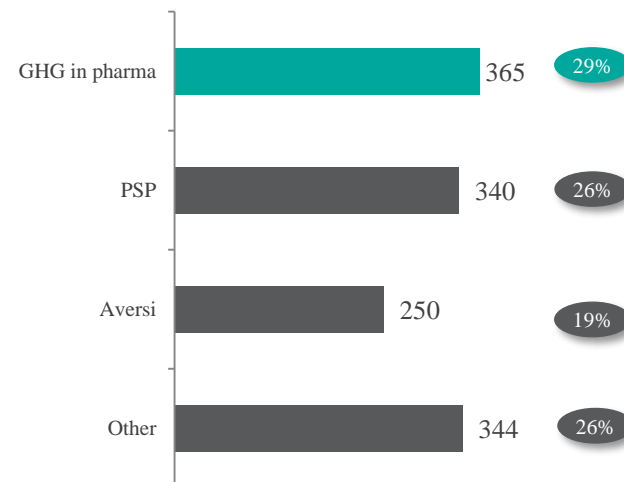
Healthcare services (Hospitals)

(Number of Beds as of June 2017)⁽¹⁾



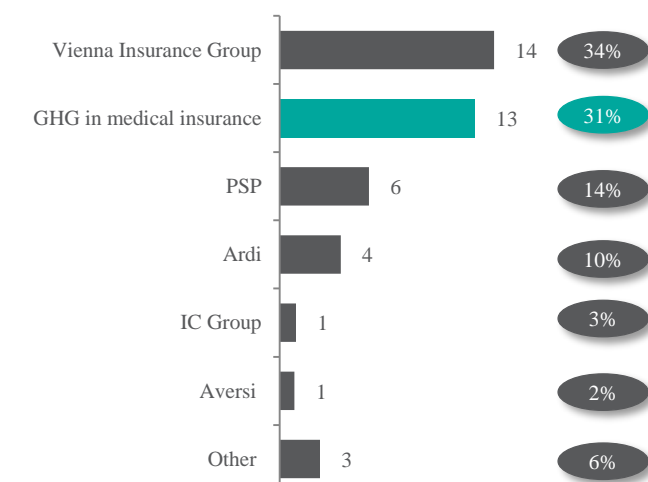
Pharma

(Revenue, GEL millions in 2015)⁽²⁾



Medical Insurance

(Gross premium revenue, GEL millions as of 31 Mar 2017)⁽³⁾



Market share

Sources:

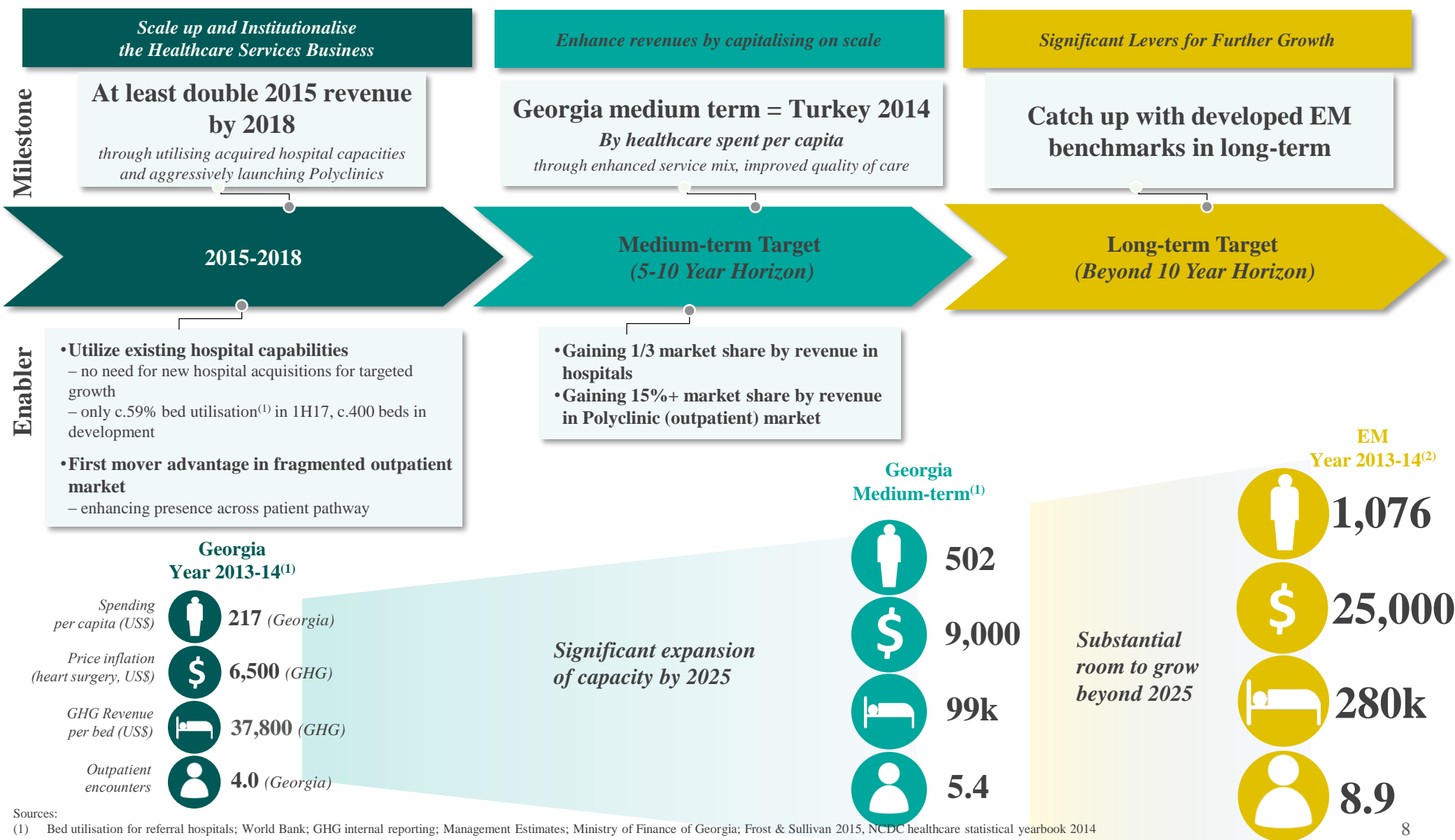
(1) NCDC, data as of December 2015, updated by GHG to include changes before 30 June 2017

(2) Market share for pharma business is for 2015 year and is based on 2015 year's revenue figures. For competitors it represent management estimates

(3) Insurance State Supervision Service Agency of Georgia as of 31 March 2017



Healthcare services - long-term, high-growth story





Long-term, high-growth prospects
Accelerated revenue market share growth

Segment	Hospitals	Polyclinics	Pharma	Insurance
Market (2015)	GEL 1.2bln	GEL 0.9bln	GEL 1.3bln	GEL 0.17bln
Market shares	by revenue by beds	by revenue	by revenue	by revenue
In 2015	18% 27%	<1%	-	38%
Now	20% 23%	1.5%	29%	35%
YE2018	25% 28%	5%	30%+	30%+
Long-term	30%+	15%+	30%+	30%+



Focused growth strategy through 2018

Segment	Hospitals	Polyclinics	Pharma	Insurance
Market share Targets 2018	25% 28% by revenue by beds	5% by revenue	30%+ by revenue	30%+ by revenue
P&L targets	<ul style="list-style-type: none">▪ Doubling 2015 revenue by 2018▪ With 30% EBITDA margin		8.0%+ EBITDA margin	<ul style="list-style-type: none">▪ Combined ratio <97%▪ Claims retained within GHG >50%
Key focus areas in medium-term	<ol style="list-style-type: none">1 Enhancing footprint in Tbilisi2 Filling service gaps3 Strengthening existing services in elective care	<ol style="list-style-type: none">1 Accelerated footprint growth2 Aggressive sales growth through various channels (pharma, insurance, corporates, state programs)	<ol style="list-style-type: none">1 Enhancing retail margin (private label & contract manufacturing)2 Growing loyalty customers3 Growing wholesale revenue4 Cross-selling to Polyclinics	<ol style="list-style-type: none">1 Portfolio re-pricing and cost-efficiencies2 Redirecting more patients to GHG Polyclinics & pharmacies



Focused growth strategy in healthcare services business

Capacity in place for accelerated hospital revenue growth

Increasing footprint in capital with 320-bed first class Deka hospital and 332- bed first class Sunstone hospital

Before



After



Deka highlights

In August 2016 we opened Deka's diagnostic centre. Full renovation and launch of the hospital is planned by the end of 2017.

Target population:

- Medium and high income patient
- Opportunity for medical tourism

Project details:

- 320 Bed hospital
- 35,000 Sq. meter
- Targeting JCI Accreditation

High technology services:

- Cardio Surgery; Angio surgery; Neurovascular surgery; Laparoscopic Surgery; ICU; ER;

Sunstone highlights

First phase was launched in April 2017, with 220 newly renovated beds; The full lunch is planned by the end of 2017 in line with the increasing expected demand.

Target population:

- East Part of Tbilisi (350K Population)
- Capturing referrals from East Georgia (350K Population)

Project details:

- 332 Bed hospital
- 35,000 Sq. meter
- 11 Operating Rooms

High technology services:

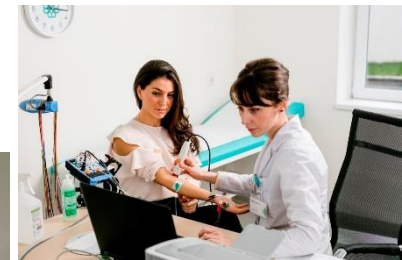
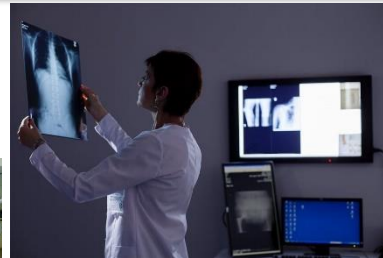
- Full scale of general hospital Elective services; ICU; Delivery; Neonatal ICU; Transplantology





Investing in and developing high quality elective care services in Georgia

Our strategy is to further develop new, high-quality medical services in Georgia, particularly focusing on elective care, to cover existing service gaps.
In 2017 we aim to launch more than 60 new services in 14 our different hospitals



Launched 60 new services

2016

- In vitro Fertilization
- Kids Cardio Surgery
- Oncology Centre

Launched 21 new services

- Bone Marrow Transplant
- Dialysis
- Cancer screening Programme

More than 30 services in the pipeline

2017

- Paediatric Kidney Transplantation
- Paediatric Oncology
- Paediatric Neuro Surgery

Also some basic services that are not presented in some of our hospitals, in Tbilisi and mainly in regions, such as: neonatology, diagnostics, ophthalmology, mammography and breast surgery, gynaecology, cardio-surgery, traumatology, angio-surgery, maternity, intensive care and reproductive services.

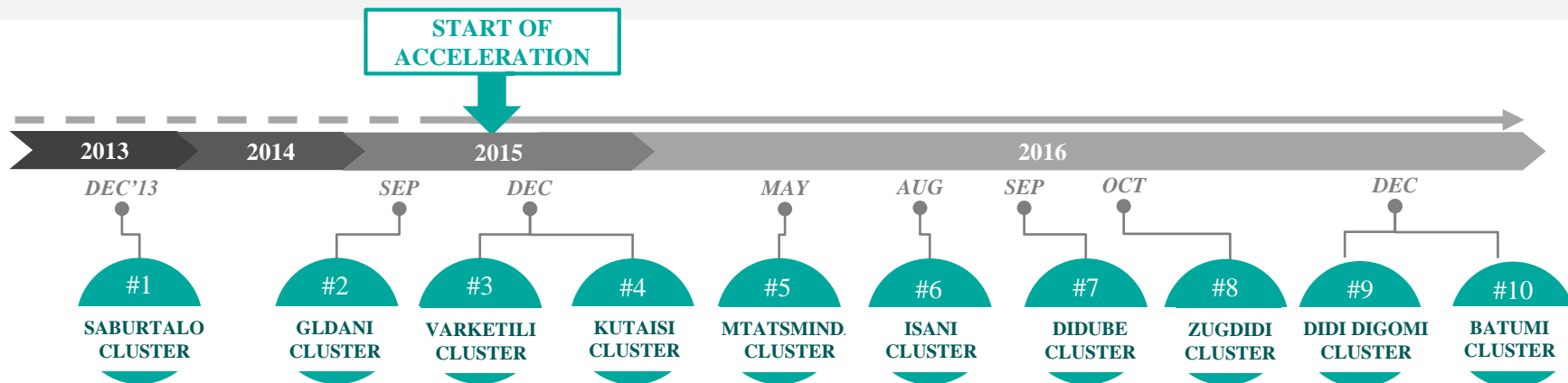


Focused growth strategy in outpatient market

Rebranding strategy and rapid launch of Polyclinics (outpatient clinics)

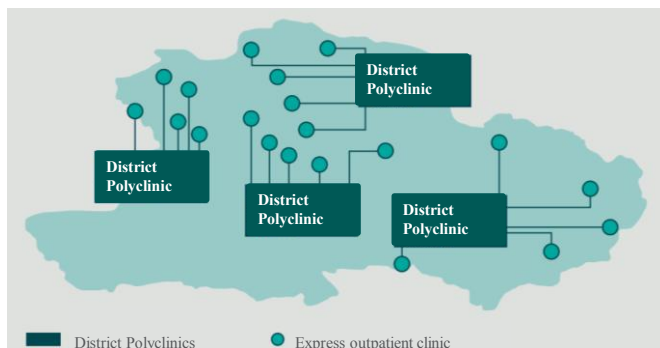
New initiatives resulted in 39% increase in the average number of patients visiting our Polyclinics, over the last two months

- ❖ **We have rebrand our ambulatory clinics into Polyclinics** - the word “Polyclinic” is very well known within the population, awareness is high and remains the preferable description for the outpatient clinic customers – and started active marketing campaigns to promote our brand-new Polyclinics
- ❖ **First mover advantage in a fragmented market** - accelerated launch strategy 2015-2016 December



ORGANISED IN CLUSTERS

Each cluster includes a district Polyclinic, located centrally in a particular district of the city, and three to five smaller express outpatient clinics, located in other areas of the same district.



Large scale
(district)
Polyclinic

Area: 1800-2500 sq/m
Offering: Full scale services
Working hours: 10:00-20:00, 6 days a week
Investment: GEL 2.0mln
Revenue: GEL 3.5mln (annual run rate)

Express
outpatient
clinic

Area: 20-200 sq/m
Offering: Basic services
Working hours: 09:00-21:00, 7 days a week
Investment: GEL 300 thousand
Revenue: GEL 0.1mln (annual run rate)



Focused growth strategy

GHG setting new standard among competition in outpatient business

Competition



Mitskevich polyclinic, Tbilisi, September 2015

Reception



Joen clinic, Tbilisi, September 2015

Doctor's office



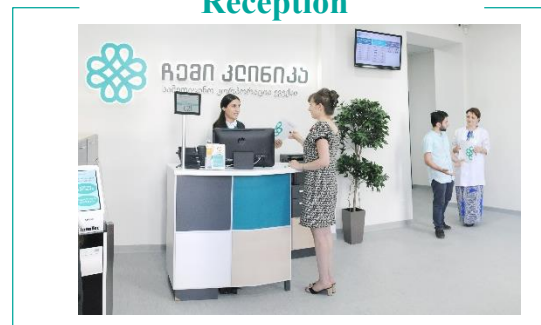
9th polyclinic, Tbilisi, September 2015

GHG Polyclinic



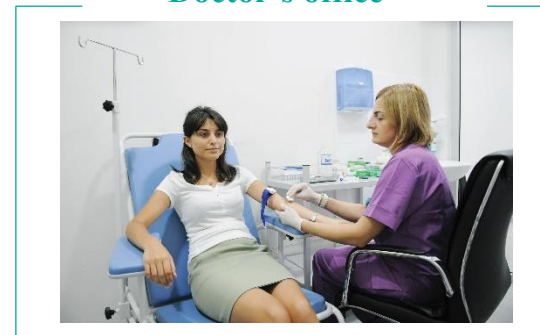
Express outpatient clinic, Tbilisi, December 2014

Reception



Express outpatient clinic, Tbilisi, December 2014

Doctor's office



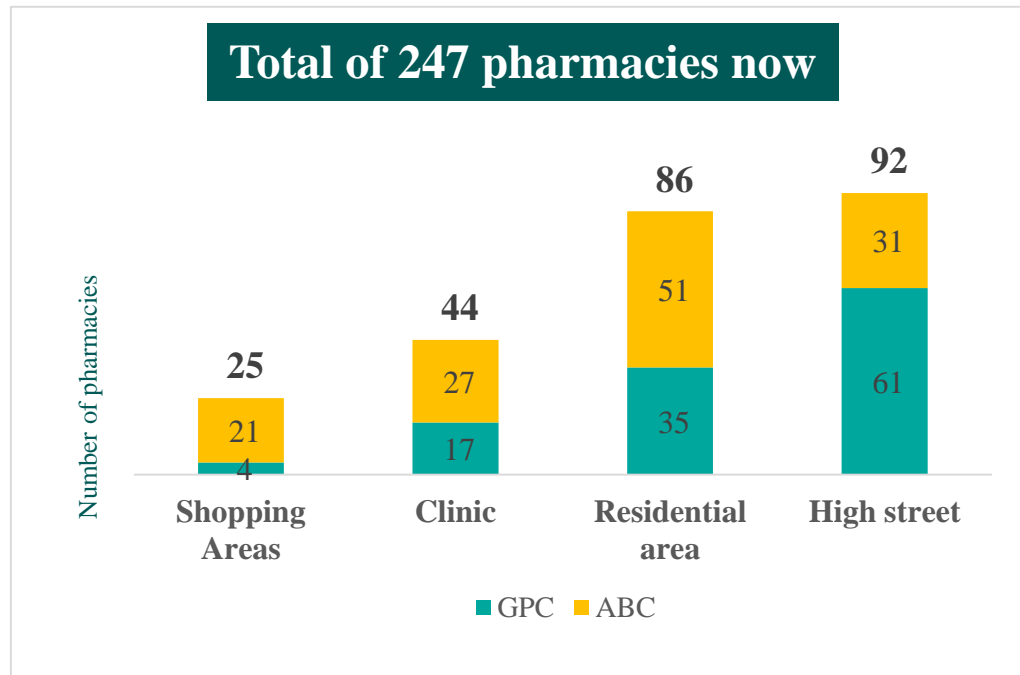
Express outpatient clinic, Tbilisi, December 2014



Expanding retail footprint in pharma business

GPC & ABC retail footprints complement each other

While GPC is a well established retailer with significant presence on high street, ABC is better represented in residential areas

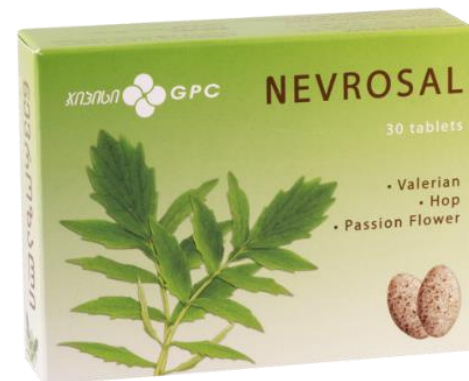
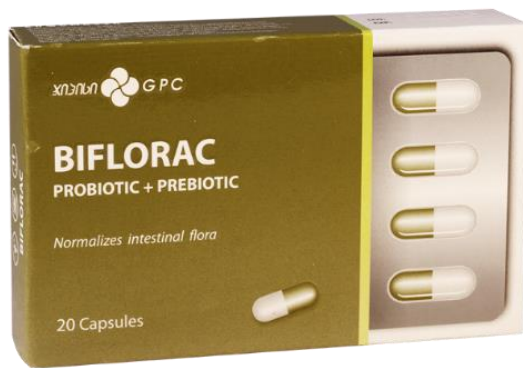


**Heading to 300
pharmacies in 2018**



Enhancing retail margin in pharma business

One of the top priorities in our pharma business is to increase the revenue share of products for which we are the sole distributors in the Country as well as contract manufactured products



18 contract manufactured (private labeled pharmaceutical) products are presented in our pharmacies, out of which five products were added during the 1H17. In 1H17 the sale from these products was GEL 1.4 million.



Our main challenges

X

**Lack of doctors & Nurses:
quality and new generation**

X

Quality of basic medical care

X

Service gaps

What we achieved



- 3500 doc's /4000 nurses retrained
- 80 ToTs developed
- 243 residents in 20 specialties



**Quality control framework
development initiated**



Over 10 new services introduced

**Over 50 service departments
expanded or established at new
locations**

Goal



**Complete first round of staff
retraining by 2020**



**Complete quality management
framework implementation.**

**Receive JCI accreditation on 4 of
our locations by 2020**



Continue to launch new services

Capture patient flow export.



⌘ GHG | Overview and strategy

⌘ **GHG | Results discussion**

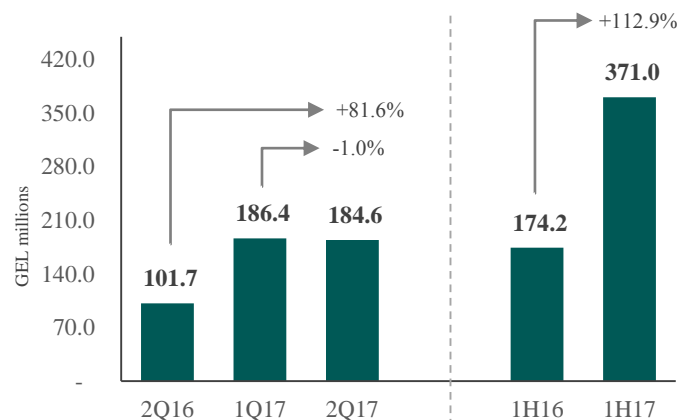
⌘ Macroeconomic and Industry Overview

⌘ Annexes



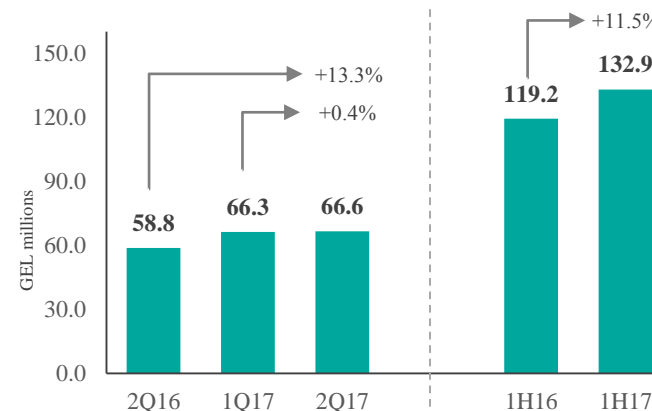
GHG y-o-y revenue growth was driven by consolidating the pharma business

Revenue – GHG*



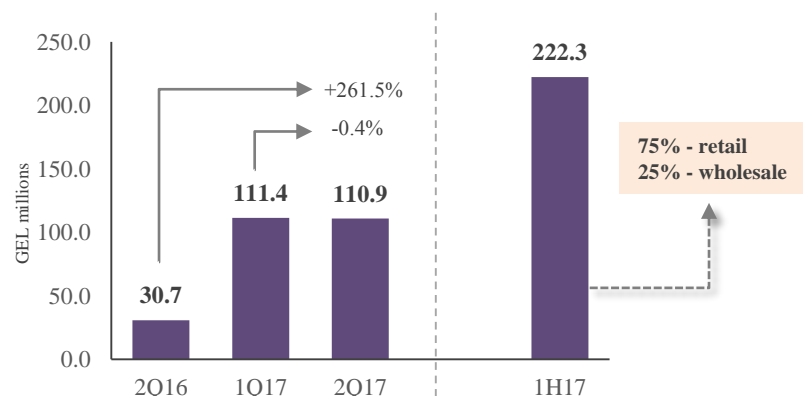
* Gross revenue including corrections and rebates and is net of intercompany eliminations

Revenue – Healthcare services business



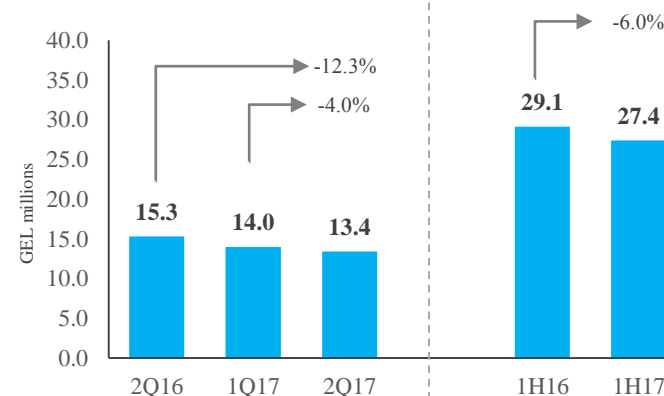
* Gross revenue including corrections and rebates

Revenue – Pharma business*



* 1Q17 and 2Q17 results fully reflect our combined pharma business - GPC and Pharmadepot, acquired in and consolidated from May 2016 and January 2017 respectively. While 2Q17 only includes GPC two months results (May -June)

Revenue – Medical insurance business

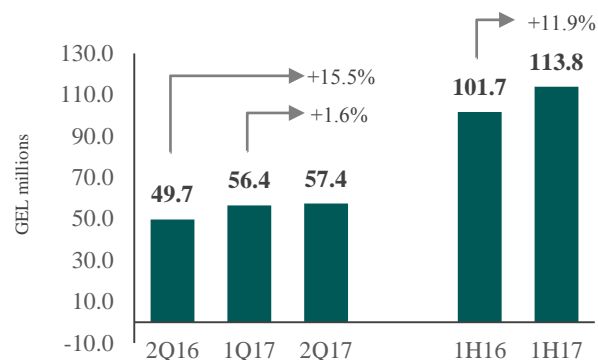




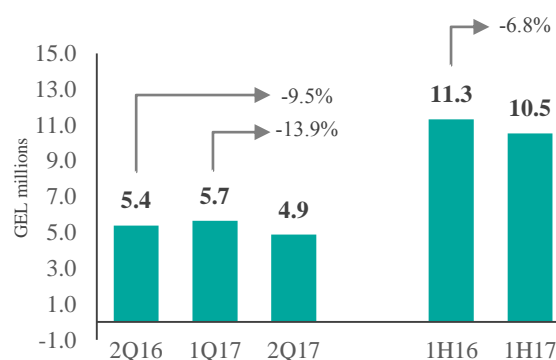
In healthcare services business we made a strong progress towards diversifying our revenue stream by payment sources, out –of-pocket revenue up 32.8% y-o-y

Healthcare services revenue breakdown by segments

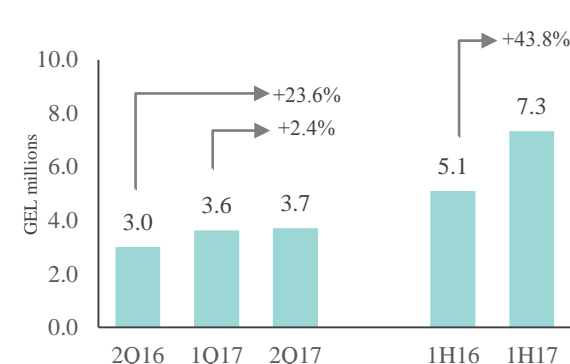
Referral hospitals



Community hospitals

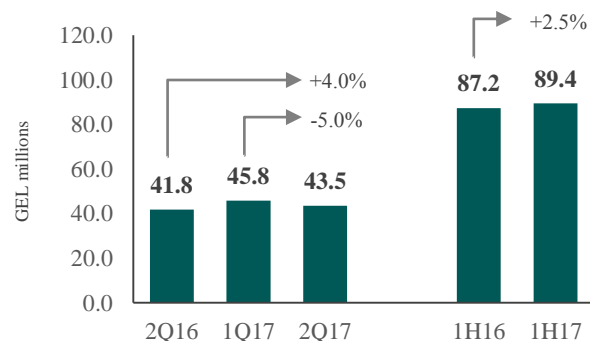


Polyclinics

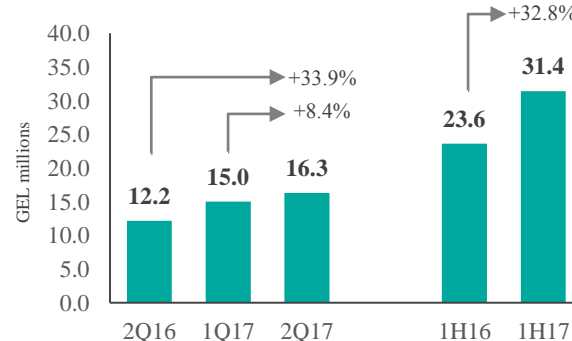


Healthcare services revenue breakdown by source of payments

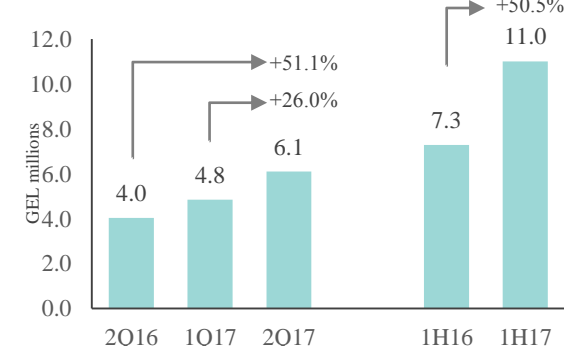
Government-funded



Out-of-pocket



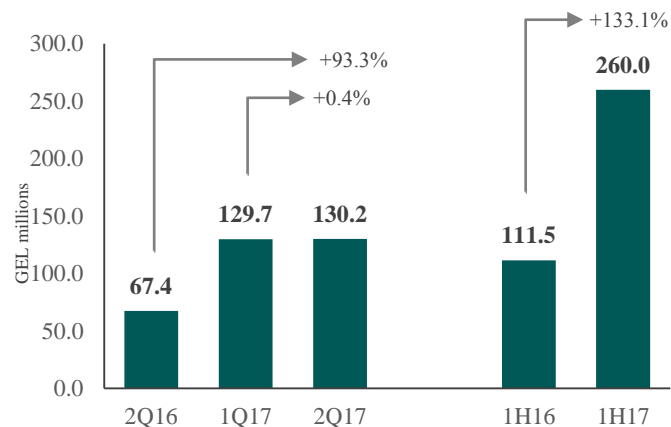
Medical insurance





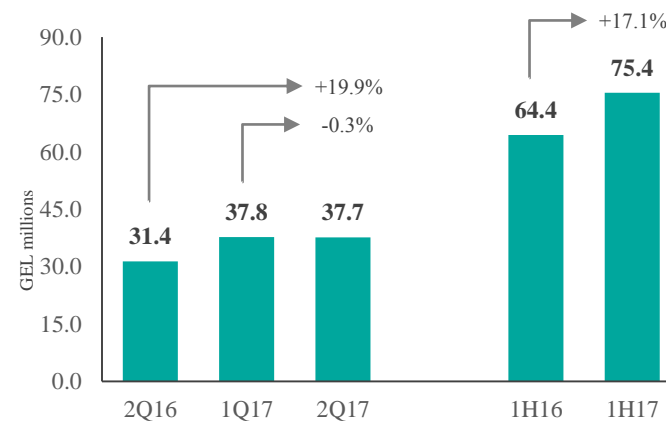
GHG cost of services growth follows the pharma acquisition

Cost of services – GHG*

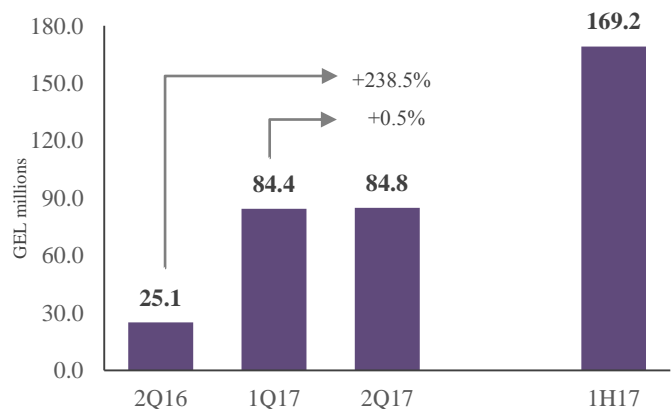


* Net of intercompany eliminations

Cost of services – Healthcare services business

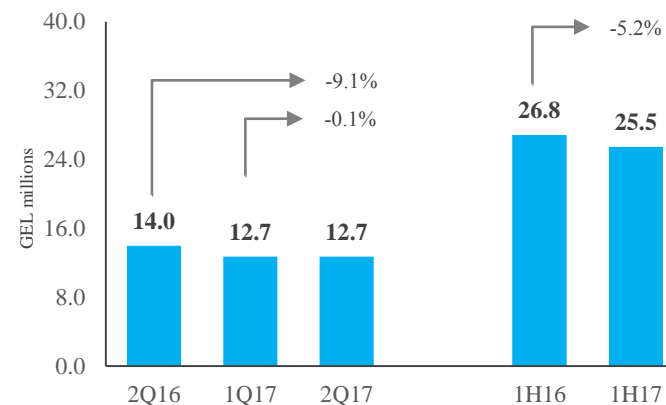


Cost of services – Pharma business*



* 1Q17 and 2Q17 results fully reflect our combined pharma business - GPC and Pharmadepot, acquired in and consolidated from May 2016 and January 2017 respectively. While 2Q17 only includes GPC two months results (May -June)

Cost of services – Medical insurance business

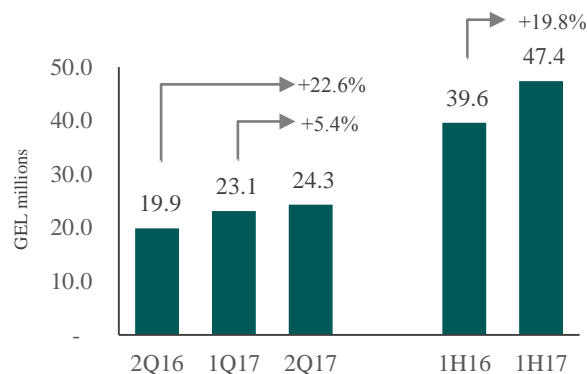




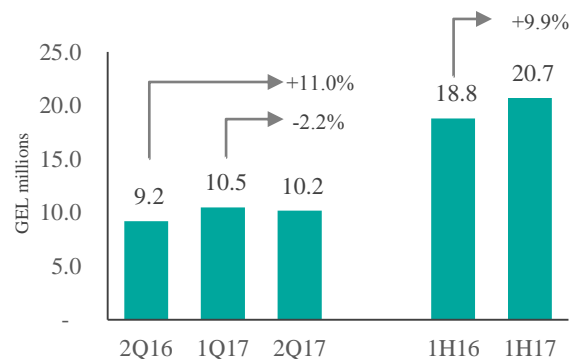
Cost of services in healthcare services business favourably lagged behind the growth in respective revenues

Healthcare services cost of services breakdown

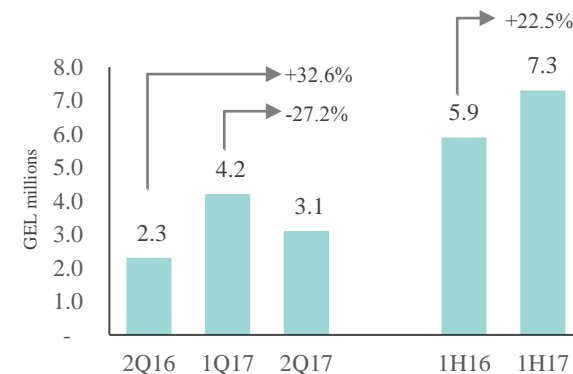
Cost of salaries and other employee benefits



Cost of materials and supplies



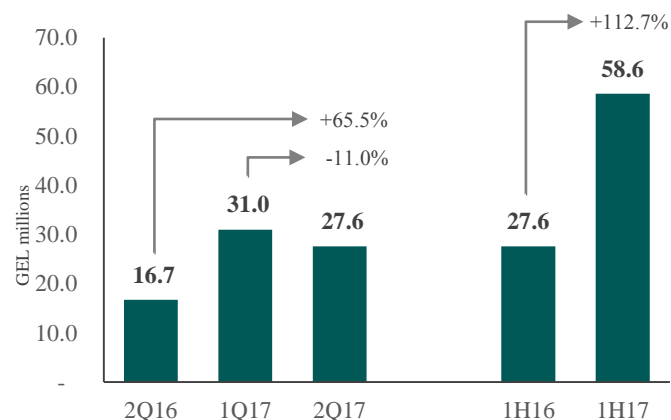
Cost of utilities, providers and other





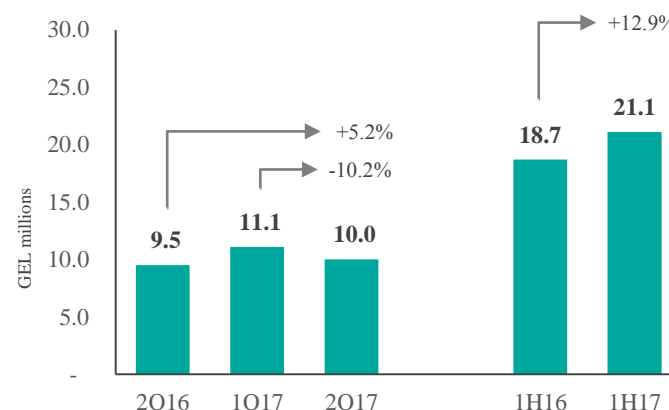
GHG posted positive operating leverage of 6.8 ppts q-o-q

Operating expense – GHG

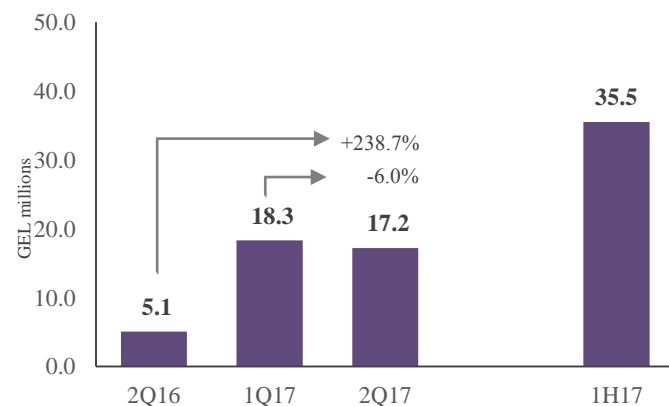


* Net of intercompany eliminations

Operating expense – Healthcare services business

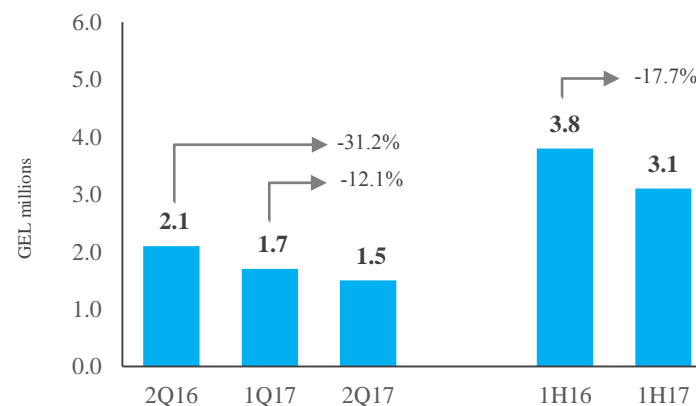


Operating expense – Pharma business*



* 1Q17 and 2Q17 results fully reflect our combined pharma business - GPC and Pharmadepot, acquired in and consolidated from May 2016 and January 2017 respectively. While 2Q17 only includes GPC two months results (May -June)

Operating expense – Medical insurance business

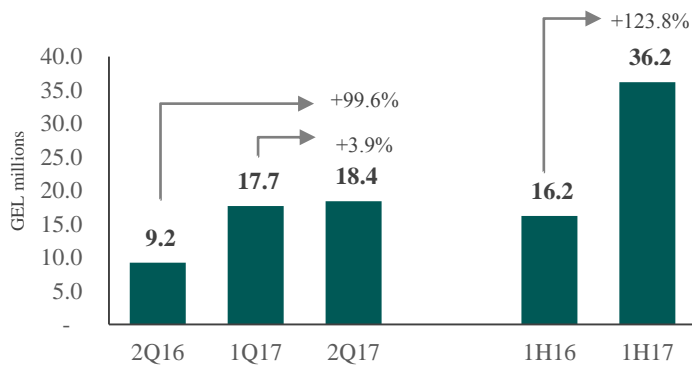




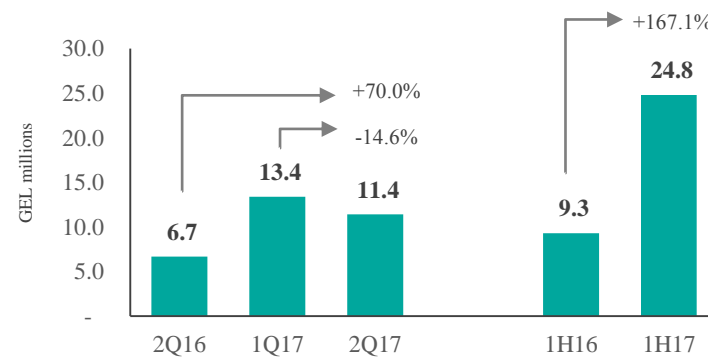
The main operating cost drivers of GHG are the salaries and other employee benefits and the G&A

GHG – salaries and other employee benefits and the G&A breakdown

Salaries and other employee benefits



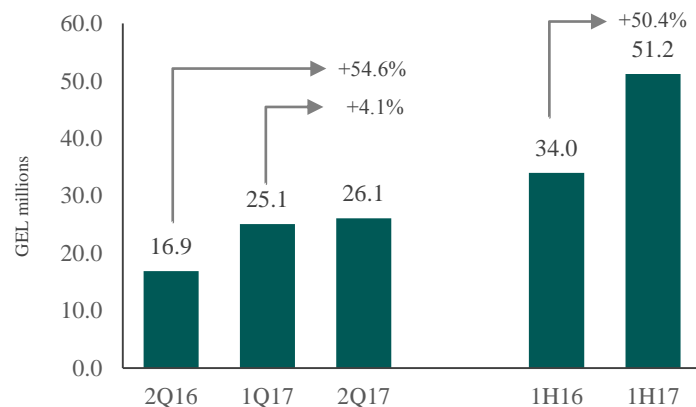
General and administrative expenses



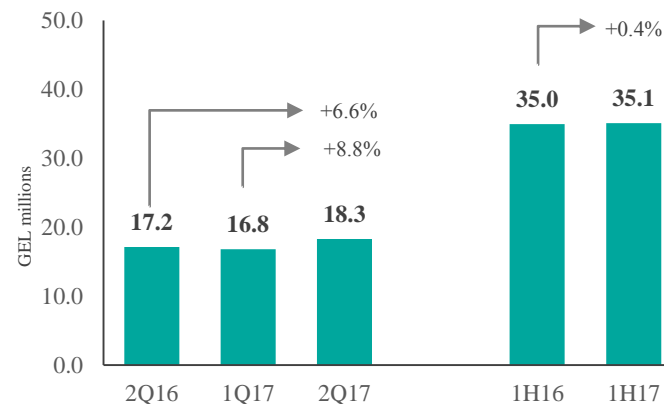


EBITDA - GHG reported record half year EBITDA of GEL 51.2 million

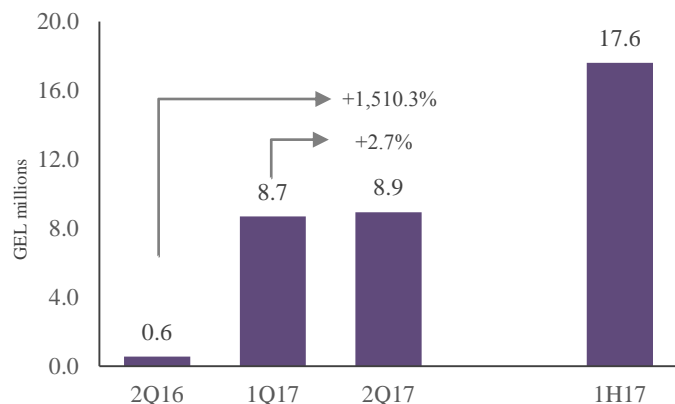
EBITDA – GHG*



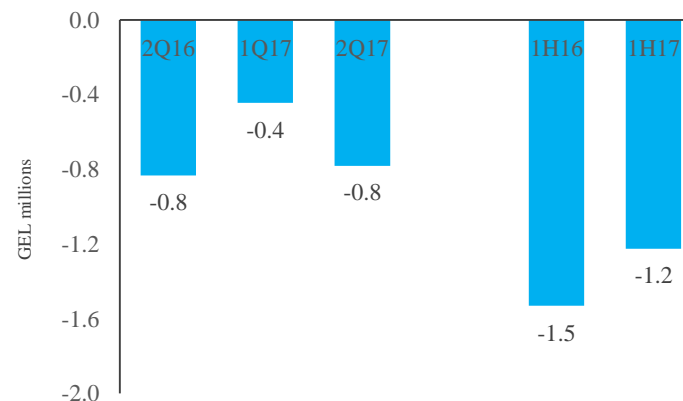
EBITDA – Healthcare services business



EBITDA – Pharma business*



EBITDA – Medical insurance business

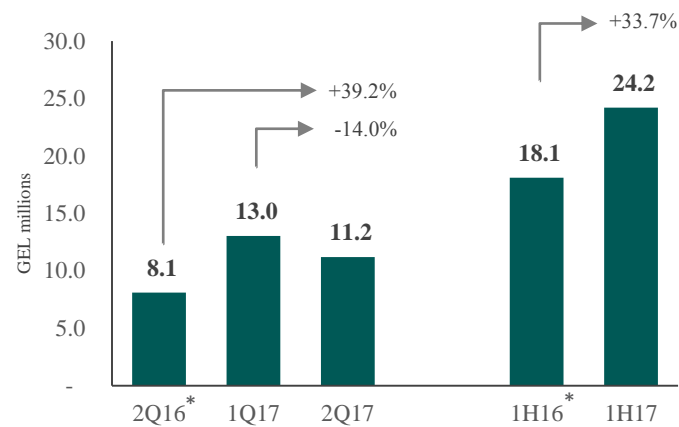


* 1Q17 and 2Q17 results fully reflect our combined pharma business - GPC and Pharmadepot, acquired in and consolidated from May 2016 and January 2017 respectively. While 2Q17 only includes GPC two months results (May -June)

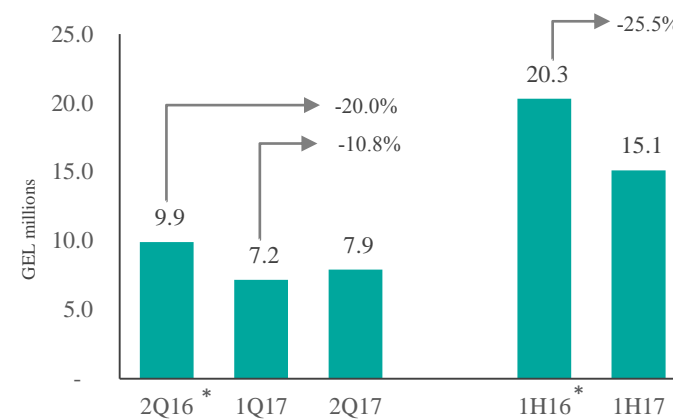


Profit - GHG reported half year profit of GEL 24.2 million

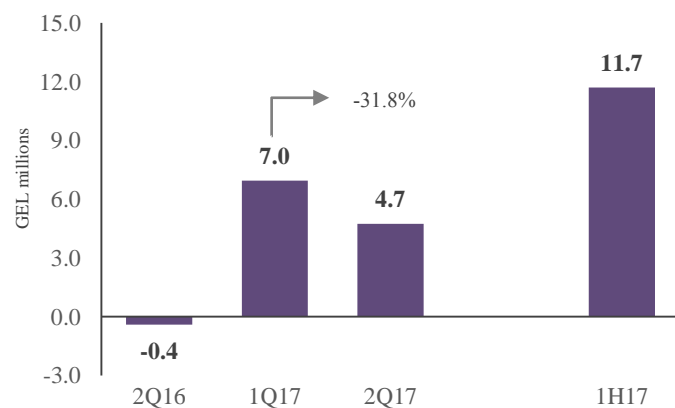
Profit – GHG*



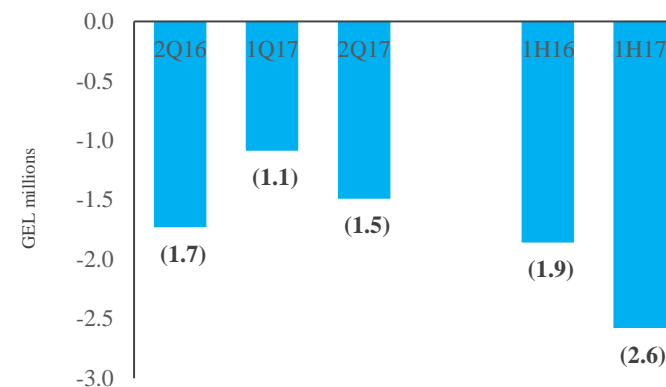
Profit – Healthcare services business



Profit – Pharma business*



Profit – Medical insurance business



Source: GHG Internal Reporting

*2Q16 and 1H16 net profits are normalised and adjusted for one-off non-recurring gain due to deferred tax adjustments (in the amount of GEL 29.3 million for GHG, which fully resulted from the Group's healthcare services business) and adjusted for one-off currency translation loss in June ("translation loss") (in the amount of GEL 2.1 million), which resulted from settlement of the US Dollar denominated payable for the acquisition of GPC, the Group's pharma business.



Capex – Key driver for our 2016-2018 strategy

Capex 2014-1Q17

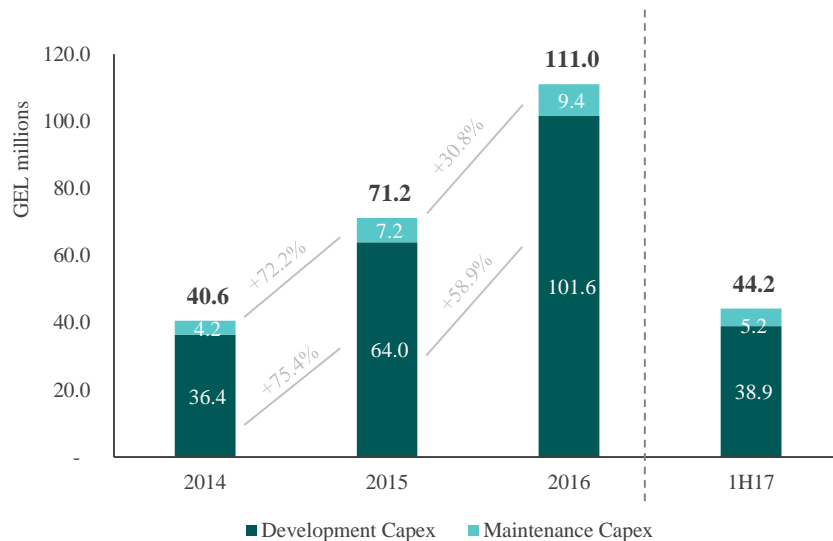
Maintenance capex as % of healthcare service revenue

2.8%

3.7%

3.8%

3.9%



Capex 2016-2018 Strategy and performance

- Our key strategic pillar for Doubling 2015 Revenue in 2018 is the development capex, including 2 hospital renovations, Polyclinics roll-out and some other new projects to fill service gaps.
- **During 1H17 we spent a total of GEL 44.2 million on capital expenditures, from which:**
 - Development Capex was 38.9 million
 - Maintenance Capex was GEL 5.2 million
- These expenditures already include commencement of the flagship projects of DEKA and Sunstone.



⌘ GHG | Overview and strategy

⌘ GHG | Results discussion

⌘ **Macroeconomic and Industry Overview**

⌘ Annexes



Long-term, high growth prospects

Georgia / rapidly developing reform driven economy

- Area: 69,700 km
- Population (2017): 3.7 million people
- Life expectancy: 77 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi (Population of 1.1 million people)
- Currency: Lari (GEL)



Ease of Doing
Business
Best Improvement
since 2005

- Nominal GDP: 2016 GEL 33.9bln (US\$14.3bln)
- Real GDP growth rate 2012-2016: 6.4%, 3.4%, 4.6%, 2.9%, 2.7%
- Real GDP 2006-2016 annual average growth rate: 4.9%
- GDP per capita 2016 (PPP) per IMF: US\$10,044
- Inflation rate (e-o-p) 2016: 1.8%
- External public debt to GDP 2016: 35.2%

• Sovereign ratings:

S&P	BB-/B/Stable, affirmed in May 2017
Moody's	Ba3/NP/Positive, affirmed in June 2017
Fitch	BB-/B/Stable, affirmed in March 2017

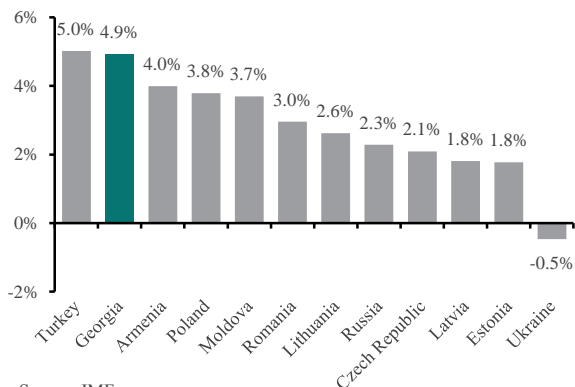




Long-term, high growth prospects *Georgia / strong economic performance*

Georgian Economy Grew Faster than DM and Most of EM Countries...

Real GDP growth, % 2006-16 Average



Source: IMF

...Fueled by Liberal Reforms...



Georgia is the top improver on the World Bank's Ease of Doing Business report since 2005, rising from 113th in 2005 to 16th in 2017

- ✓ Georgia has implemented one of the most radical market and government reforms and programme of economic liberalisation in the former Soviet countries
- ✓ Massive privatisation lead to reduction of the public sector and its influence on the country's economy
- ✓ Significant improvement in the business environment resulted in annual FDI inflow to average 10% of GDP during 2005-2016

...Which Removed Excessive Administrative Burden from Business

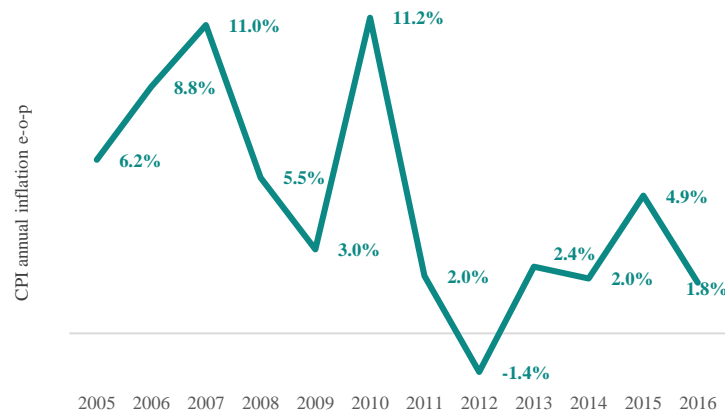
- ✓ Significant reduction of bureaucracy
- ✓ Overall, c.70% of business-related licenses and c.90% of permits were abolished
- ✓ One-stop shops for all business-related administrative procedures commenced operations
- ✓ Taxation was simplified with the total number of taxes reduced from 21 to 6
- ✓ Main import tariffs and fees were substantially abolished

Prudent Fiscal Policy

"Economic Liberty Act" as of
January 2014

- ✓ Consolidated budget spending capped at 30% of GDP
- ✓ Consolidated budget deficit capped at 3% of GDP
- ✓ Guideline to keep the budget debt below 60% of GDP
- ✓ Any new national tax or increase of upper rates of existing taxes must be approved by referendum, except for temporary measures

Monetary Policy Aims to Maintain Price Stability

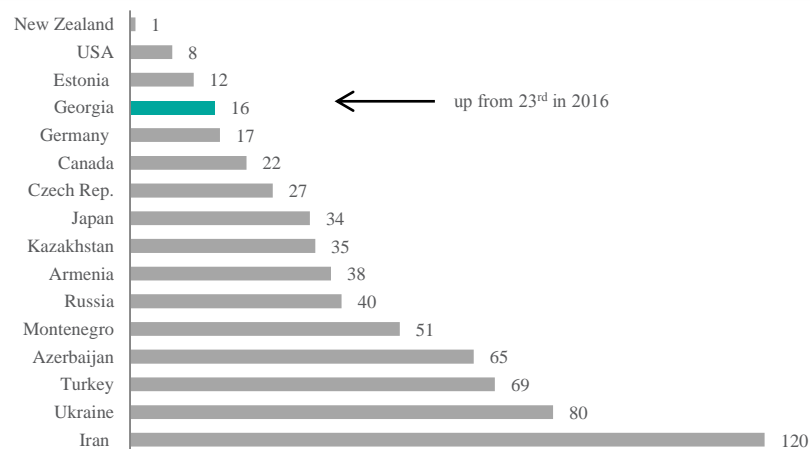




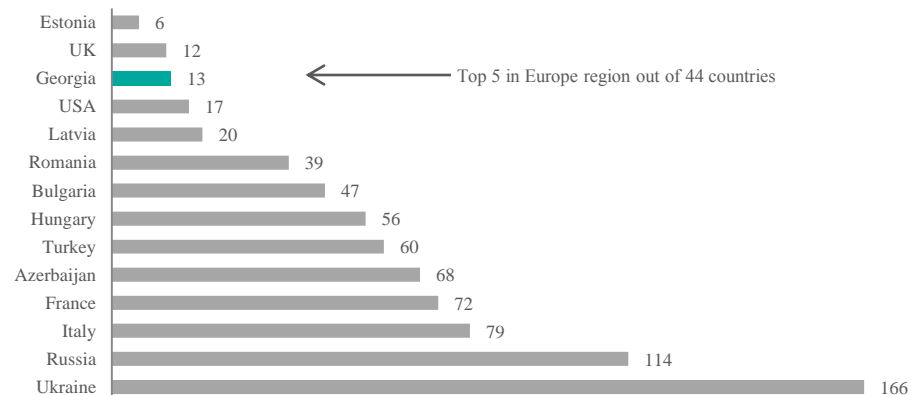
Long-term, high growth prospects

Georgia | top improver on World Bank's Ease of Doing Business Report

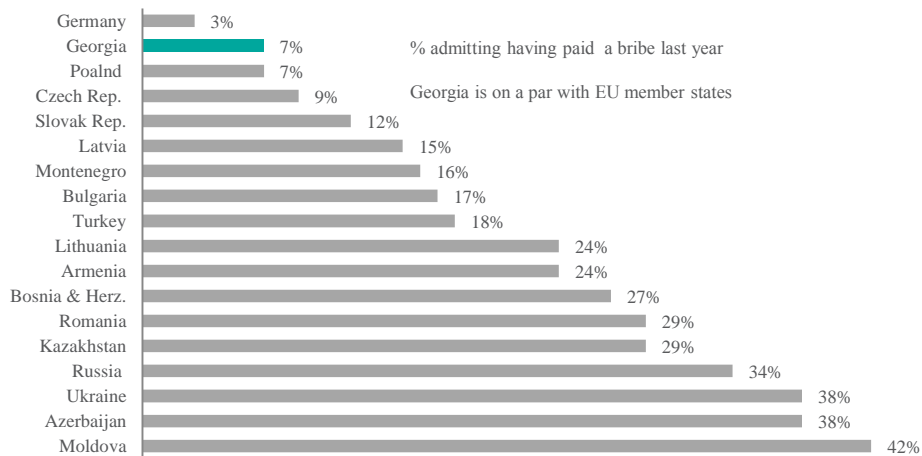
Ease of Doing Business | 2017 (WB-IFC Doing Business Report)



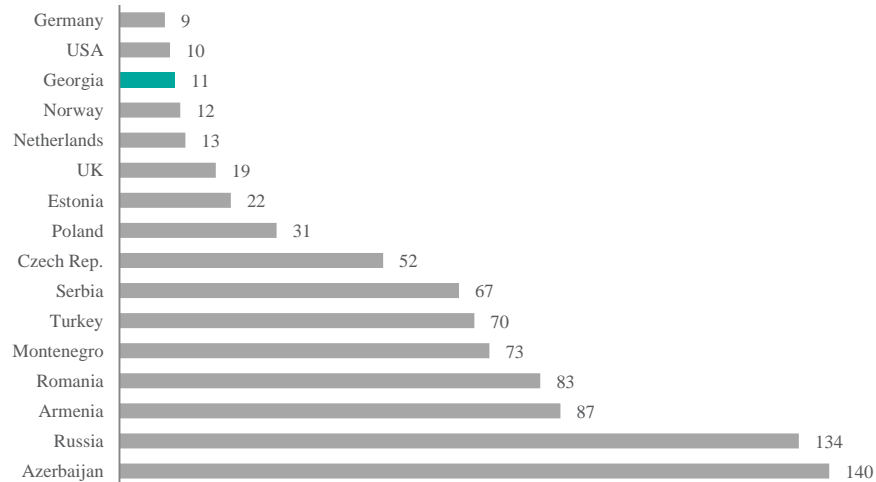
Economic Freedom Index | 2017 (Heritage Foundation)



Global Corruption Barometer | TI 2016



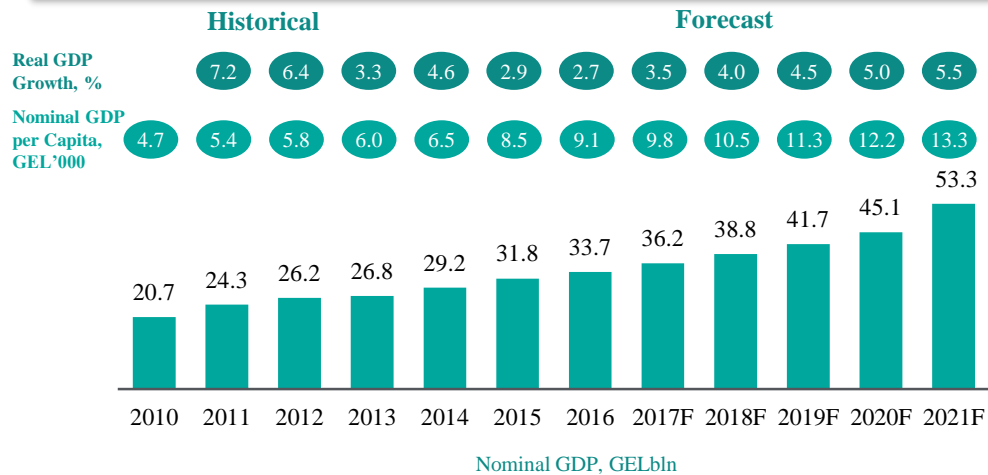
Business Bribery Risk, 2014 | Trace International



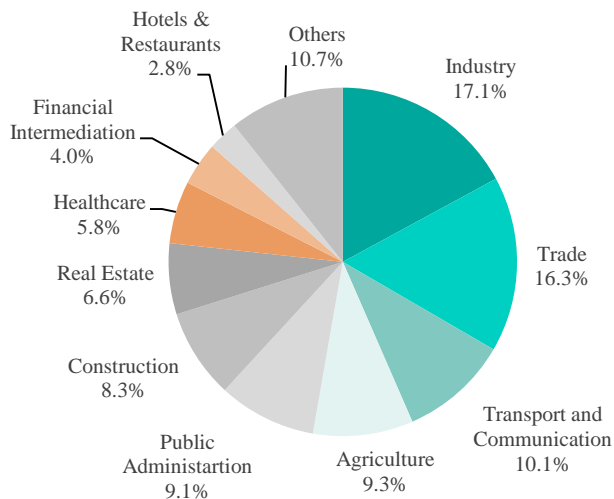


Long-term, high growth prospects Georgia | *positive economic outlook*

GDP Growth Expected to Continue



GDP composition, FY 2016



Clear Strategy to Achieve Long Term Growth

Liberal Reforms and Prudent Policy

- Top performer globally in WB Doing Business over the past 12 years
- Liberty Act (effective January 2014) ensures a credible fiscal and monetary framework
- Public expenditure/GDP capped at 30%; Fiscal deficit/GDP capped at 3%; Public debt/GDP capped at 60%
- Business friendly environment and low tax regime (attested by favourable international rankings)

Regional Logistics and Tourism Hub

- Tourism revenues on the rise: tourism inflows stood at 15.1% of GDP in 2016 and arrivals reached 6.4mln visitors in 2016 (up 7.6% y-o-y)
- Regional energy transit corridor accounting for 1.6% of world's oil and gas transit volumes

Strong FDI

- Productivity gains accounted for 66% of the annual average 5.6% growth over 1999-2012, according to the World Bank
- FDI at US\$1.6bln (11.5% of GDP) in 2016 (up 5.2% y-o-y)
- FDI averaged 9.8% of GDP in 2007-2016

Support from International Community

- Georgia and the EU signed an Association Agreement in June 2014
- Discussions commenced with the USA to drive inward investments and exports
- Strong political support from NATO, EU, US, UN and member of WTO since 2000
- Substantial support from DFIs, the US and EU
- Diversified trade structure across countries and products

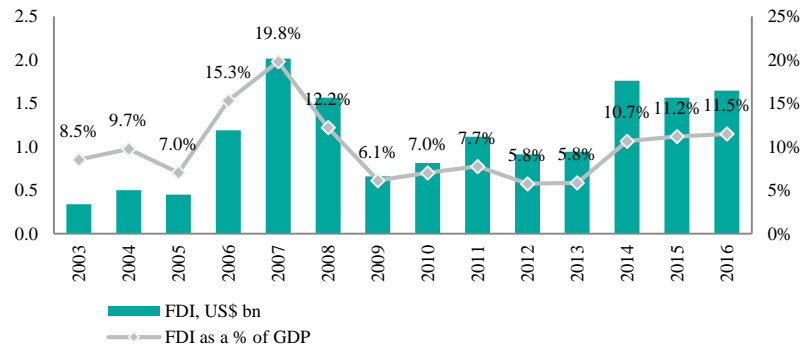
Cheap Electricity

- Only 20% of hydropower capacity utilized; 120 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development
- Significantly boosted transmission capacity in recent years

Diversified sources of capital flow

Strong foreign investor interest

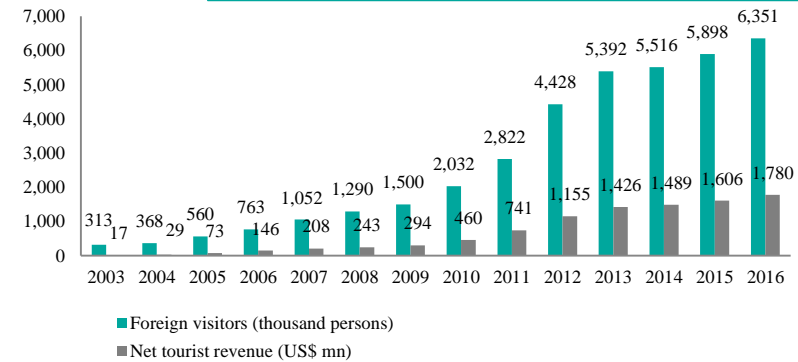
FDI stood at US\$403.3 million, up 3.7% y-o-y in 2016



Sources: Geostat

Tourist arrivals and revenues on the rise

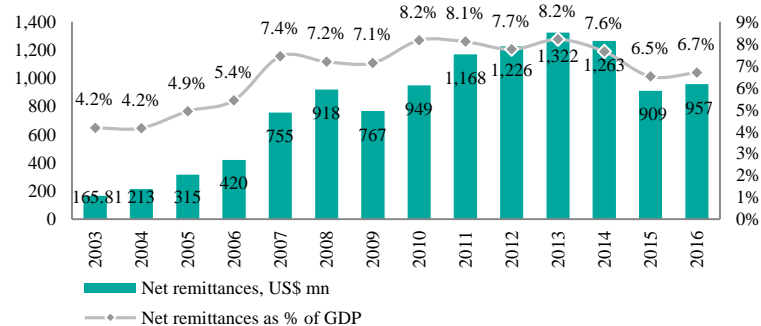
3.0 million visitors in 1H17, up 13.4% y-o-y
Tourism revenues up 23.3% y-o-y to US\$434.6 million in 1Q17



Sources: Georgian National Tourism Agency, National Bank of Georgia

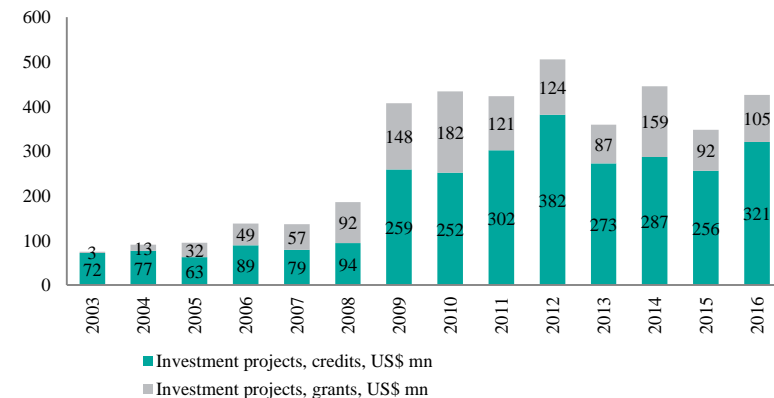
Net remittances

Remittances reached US\$629.0 million in 1H17, up 19.7% y/y



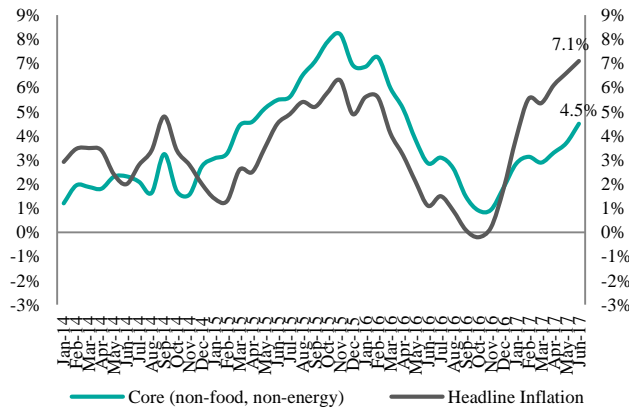
Source: National Bank of Georgia

Public donor funding



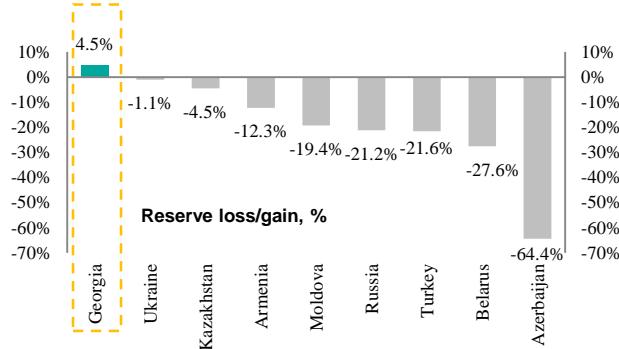
Source: Ministry of Finance of Georgia

Annual inflation



Sources: Geostat

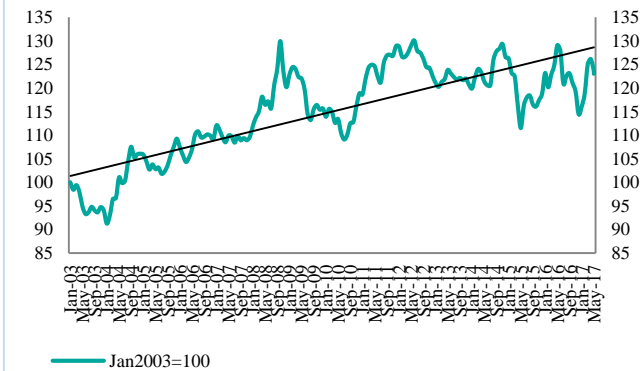
Georgia used less reserves to support GEL



Source: IMF

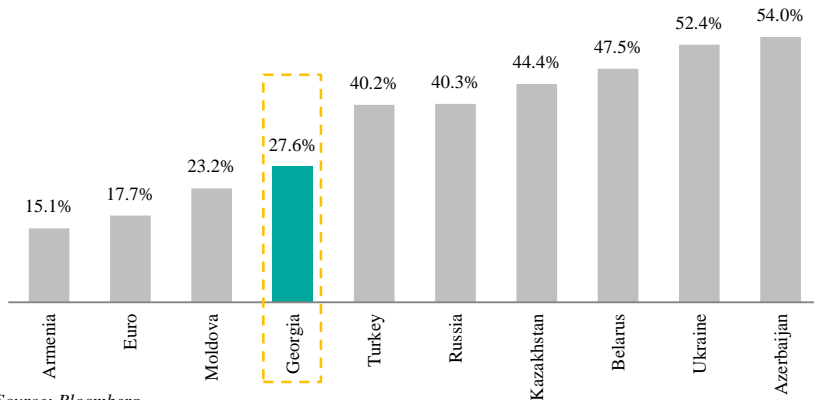
Note: Mar-2017 vs Aug-2014; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

Real effective exchange rate (REER)



Sources: NBG

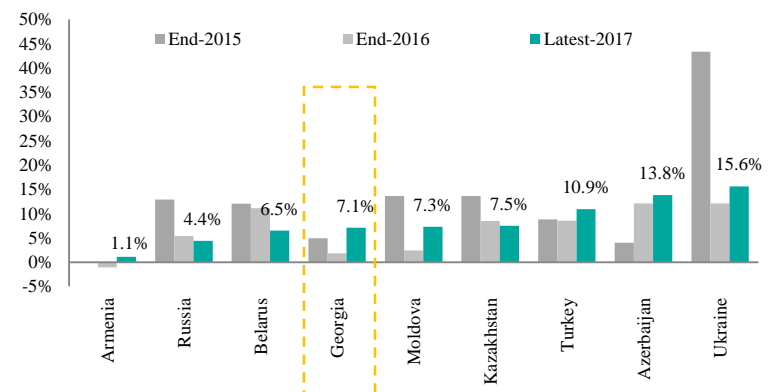
Currency weakening vs. US\$



Source: Bloomberg,

Note: US\$ per unit of national currency, period 1-Aug-2014 – 13-Jul-2017

Inflation increased due to one-offs in Georgia



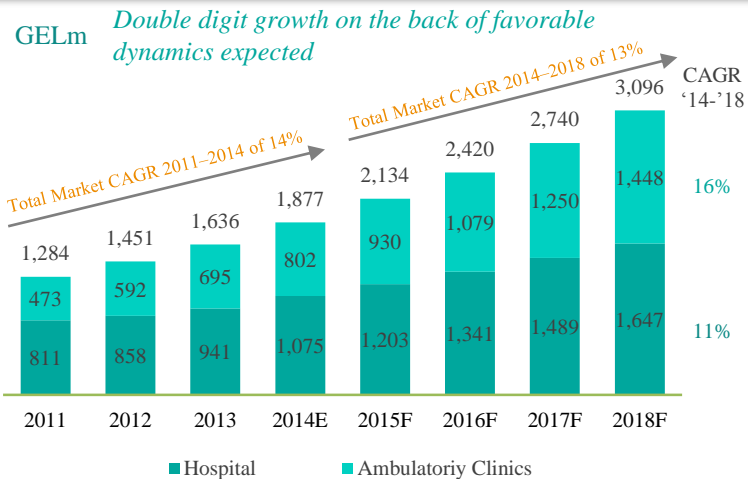
Source: National Statistics Offices



Long-term, high growth prospects

Rapidly Growing Healthcare Services Market

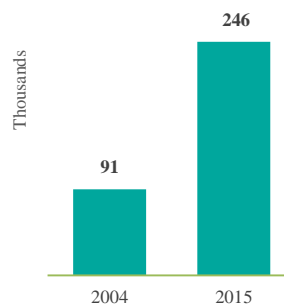
High Growth in Healthcare Services Market Expected to Continue



Source: Frost & Sullivan analysis.

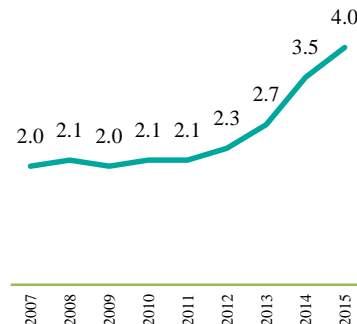
Demand Analysis

Number of Surgical Operations



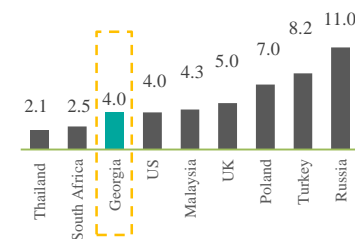
Source: NCDC

Outpatient encounters per capita,



Source: NCDC

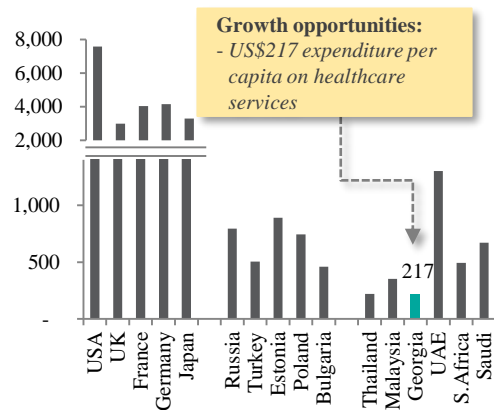
Outpatient encounters per capita, Georgia VS other countries



Source: NCDC

Low Expenditure on Health Services

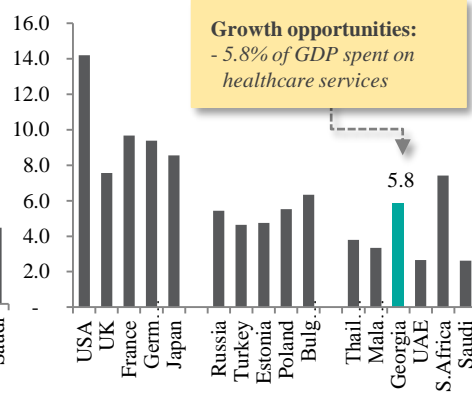
Per capita expenditure on healthcare services, current US\$



Source: World Bank 2013

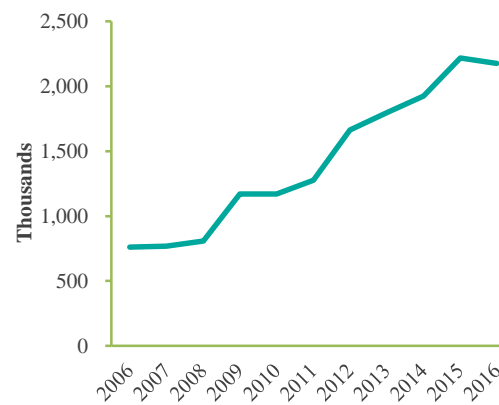
Note: Healthcare services expenditure for other countries is pro-forma, based on assumption that pharmaceuticals is 17% of total spending

Expenditure on healthcare services, % of GDP



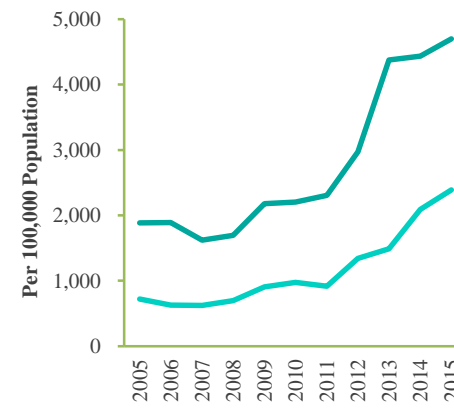
Increasing Overall Disease Incidence...

Number of Registered Patients with 1st Time Diagnosis



Source: Geostat

... Including a Growing Incidence of Lifestyle Diseases



— Diseases of the Circulatory System

— Endocrine, Nutritional and Metabolic Diseases

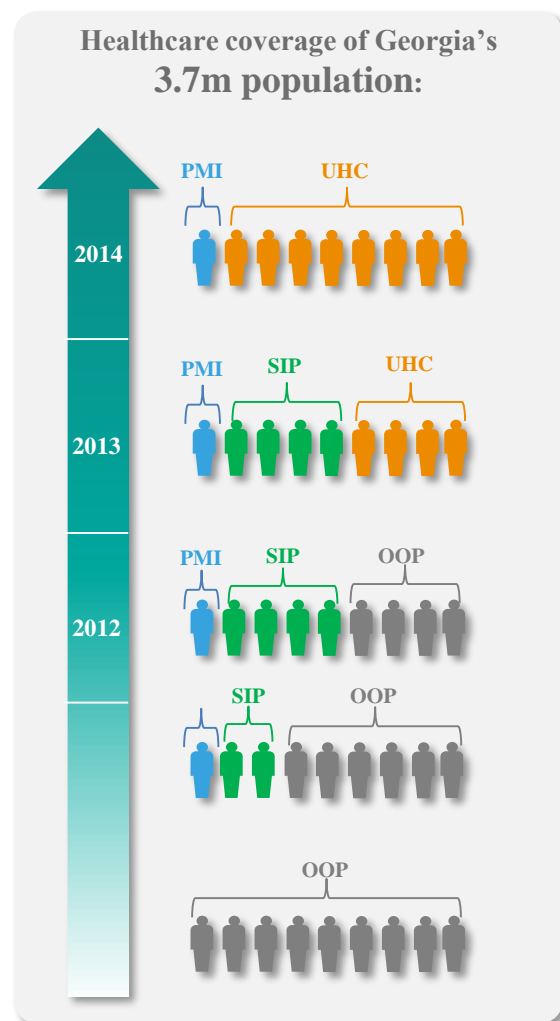
Source: NCDC



Long-term, high growth prospects

Favorable government healthcare policy

Expanding medical insurance coverage and creating opportunities for private participation (via top-ups) has been the key impact of the Universal Health Care reform



Source: Ministry of Health of Georgia

● OOP – out-of-pocket ● UHC – Universal Healthcare Program ● PMI – Private Medical Insurance

● SIP – State Insurance Program

PMI, UHC, SIP include co-payments

Key Principles of UHC Programme

Overview

- 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

- UHC is fully financed by the government
- UHC doesn't reimburse 100% of costs in most cases, leaving substantial room for top-up coverage including in the form of private medical insurance policies

Beneficiaries and Providers

- 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



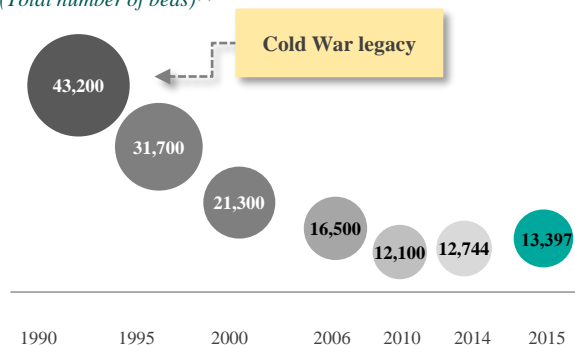
Long-term, high growth prospects

Favorable government healthcare policy – 90% of hospital capacity is private

Infrastructure renewed, although significant opportunity remains to improve service quality

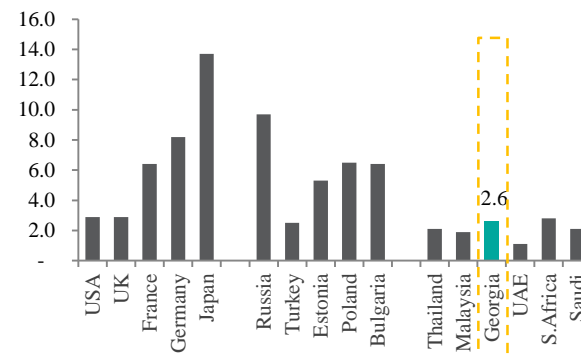
Capacity-wise Georgia stands alongside US, UK and Turkey

Optimising bed capacity over the years
(Total number of beds)⁽¹⁾



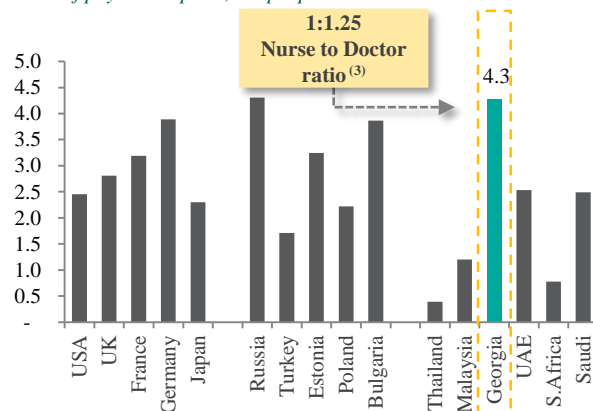
Note: (*) Target market bed capacity = Total market bed capacity of 13,397 beds – 2,275 specialty beds at penitentiary, TB and psychiatric clinics

Beds per 1,000 people⁽²⁾



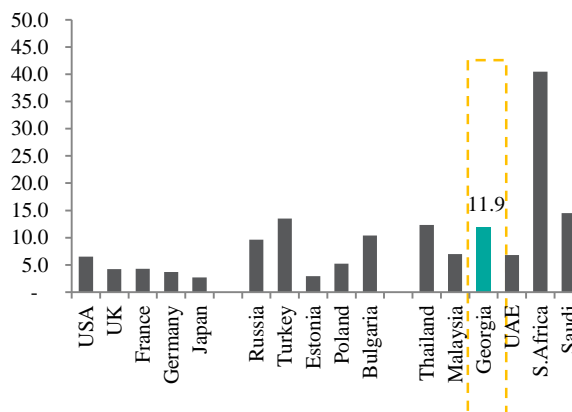
However, physician overcapacity yet to be addressed

Number of physicians per 1,000 people⁽²⁾

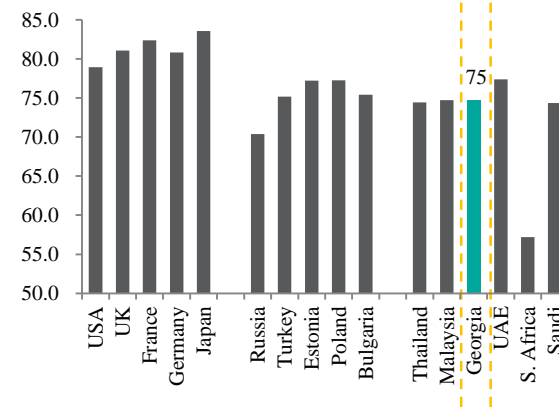


With significant room for optimisation in terms of service quality, as indicated by: Under 5 Mortality Rate... ... And Life Expectancy At Birth

Under 5 mortality per 1,000 live births⁽²⁾



Total (years)⁽²⁾



Source:

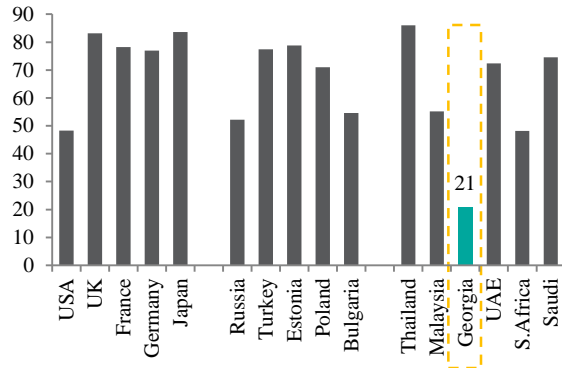
- (1) Geostat 2014, NCDC 2015
- (2) World Bank | 2012, 2013, 2014, 2015
- (3) NCDC 2015

Long-term, high growth prospects

Favorable government healthcare policy

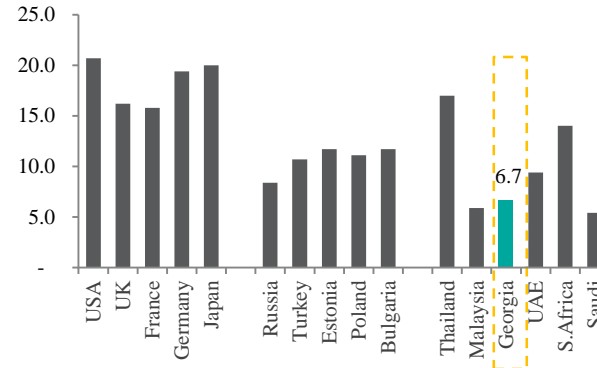
Government finances reached c.30% of total healthcare costs in 2015, from c.20% in 2013

General government expenditure on health as a percentage of total expenditure on health in 2014⁽¹⁾



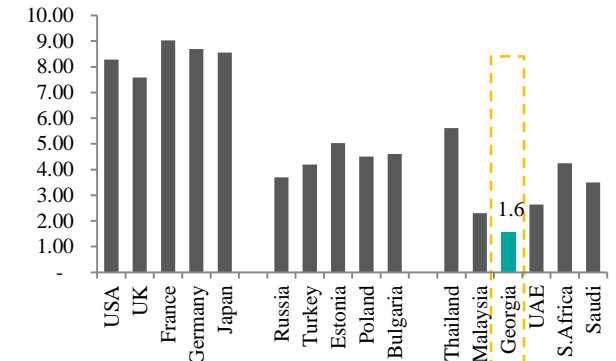
Government spending on healthcare was only 6.7% of state budget in 2013, which is expected to grow up to 10.4% in 2016 year.

General government expenditure on health as a percentage of total government expenditure in 2013⁽¹⁾



Government expenditure on healthcare as a % of GDP increased from c.2% in 2013, up to c.2.7% in 2015 year⁽⁴⁾

Government expenditure on health as % of GDP in 2013⁽¹⁾

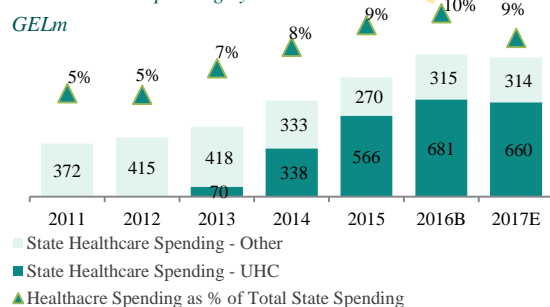


And catching up gradually – State financing of healthcare increasing for the last several years

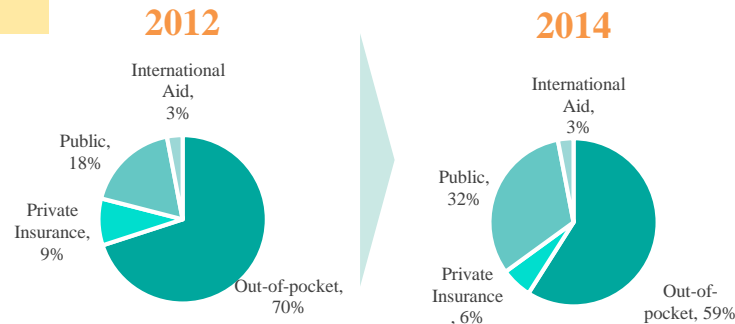
2016 UHC spending was initially planned at GEL 570mln. By the end of 2016 state has adjusted initial budget of 2016 UHC spending and increased from GEL 570mln to GEL 681mln;

State healthcare spending dynamics⁽²⁾

GELm

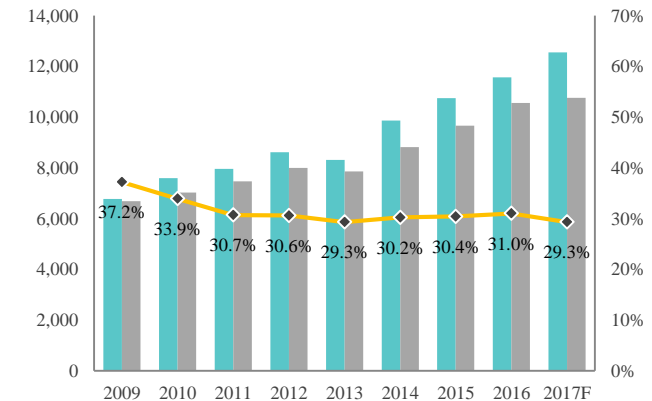


High private spending and growing public sector participation on the back of UHC implementation⁽³⁾



With total government expenditure c.30% as a percentage of GDP

Total government expenditures⁽²⁾



Sources:

(1) World Health Organisation and World Bank, 2013 data

(2) Ministry of Finance of Georgia;

(3) Global health expenditure database – World Health Organisation, Frost & Sullivan analysis

(4) GHG Internal reporting

■ Total budget receipt, GEL mln
■ Expenditures (Capital + Current), GEL mln
—●— Expenditures (Capital + Current) as % of GDP



⌘ GHG | Overview and strategy

⌘ GHG | Results discussion

⌘ Macroeconomic and Industry Overview

⌘ **Annexes**

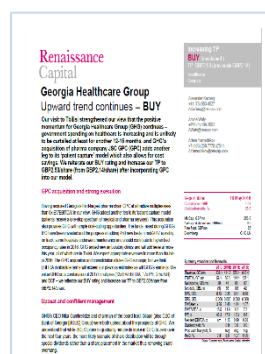


Consensus Target Price is 4.06 GBP



GBP 4.20

*as of 21 February 2017



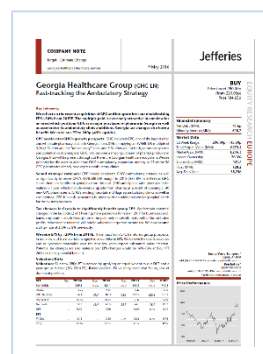
GBP 3.91

*as of 14 May 2017



GBP 4.20

*as of 8 May 2017



GBP 3.95

*as of 30 March 2017



GBP 4.00

*as of 8 May 2017



GBP 4.07

*as of 3 July 2017



Robust corporate governance, exceptional in Georgia's healthcare sector

Board of Directors – majority independent members

The Board is composed entirely of Non-Executive, independent directors (except for the chairman and CEO) and meets quarterly to define the strategy and how to move forward for which management is responsible to execute.



- **Irakli Gilauri** | Chairman of the board | Experience: currently BGEO CEO; formerly EBRD banker; MS in banking from Cass Business School, London; BBS from University of Limerick, Ireland



- **David Morrison** | Senior Independent Non-executive Director | Experience: senior partner at Sullivan & Cromwell LLP prior to retirement; currently also BGEO board member



- **Neil Janin** | Independent Non-executive Director | Experience: formerly was director at McKinsey & Company in Paris and held previous roles as Co-Chairman of the commission of the French Institute of Directors (IFA); Chase Manhattan Bank (now JP Morgan Chase) in New York and Paris; and Procter & Gamble in Toronto; currently also BGEO Chairman



- **Ingeborg Oie** | Independent Non-executive Director | Experience: Currently a VP of investor relations at Smith & Nephew plc, formerly senior research analyst covering medical technology and healthcare Services sector at Jefferies; analyst in the medtech research team at Goldman Sachs



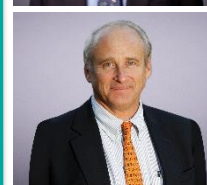
- **Jacques Richier** | Independent Non-executive Director | Experience: Currently Chairman and CEO of Allianz France and Chairman of Allianz Worldwide Partners; formerly CEO and Chairman at Swiss Life France



- **Tim Elsigood** | Independent Non-executive Director | Experience: Currently Consultant Advisor to Abraaj in Tunisia and Morocco. Extensive international healthcare management experience including time in Greece, Romania, Ukraine and Russia. Former Senior VP for Business Development at Capio AB, VP for Medsi Group and CEO of Isida Hospital.



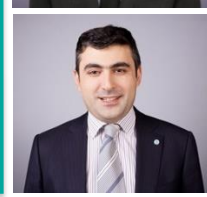
- **Mike Anderson** | Independent Non-executive Director | Experience: Formerly a Medical Director at Chelsea and Westminster hospital, currently medical director for North West London Reconfiguration Programme and physician at Chelsea and Westminster Hospital



- **William Huyett** | Independent Non-executive Director | Experience: (effective 18 June 2017). Currently Director Emeritus of McKinsey and Company, Inc. During his 28-year career there, he served clients in health care and other technology-intensive industries. Prior to joining McKinsey, Mr. Huyett held a variety of line management positions in the automation industry with Rockwell/Allen-Bradley.



- **Paul Goldfinch** | Independent Non-executive Director | Experience: (effective 1 January 2017). Currently the Group CFO of 4Finance. Formerly CFO of the Corporate and Investment Division of Sberbank. Mr Goldfinch spent 18 years at UBS AG, where as a Managing Director, he held a number of senior roles



- **Nikoloz Gamkrelidze** | Director, CEO at GHG | Experience: previously BGEO Group CFO, CEO of Aldagi BCI and JSC My Family Clinic; World Bank Health Development Project; Masters degree in International Health Management from Imperial College London, Tanaka Business School

Non-BGEO members

Non-BGEO members

Committees

- **Audit committee** – recommending the financial statements to our Board, and matters such as the risk of fraud, external auditors, annual external audit, financial and non-financial risk
- **Nomination committee** – review the structure, size and composition (including the skills, knowledge, experience and diversity) of our Board. To oversee appointments to and the succession of the Board.
- **Remuneration committee** – determine and make recommendations to our Board regarding the framework or broad policy for the remuneration
- **Clinical quality and safety committee** – monitoring our non-financial risks, including clinical performance, health and safety and facilities



Robust corporate governance *exceptional in Georgia's healthcare sector*

Management



✿ **Nikoloz Gamkrelidze** | Director, CEO at GHG; formerly Deputy CEO (Finance) of BGEO Group PLC and CEO of Insurance Company Aldagi



✿ **Irakli Gogia** | Deputy CEO, Finance and Operations; formerly Deputy CEO at JSC Insurance Company Aldagi, CFO at Liberty Consumer, 4 years of experience at Ernst & Young and Deloitte & Touche



✿ **David Vakhtangishvili** | Deputy CEO, Chief Risk Officer; formerly CFO of JSC Bank of Georgia, 9 years experience at Andersen and Ernst & Young



✿ **Giorgi Mindiashvili** | Deputy CEO, Commercial; formerly CFO of JSC Insurance Company Aldagi, formerly Supervisory Board member of JSC My Family Clinic



✿ **Giorgi Gordadze** | Head of Polyclinics Business (outpatient clinics); (effective May 2017), formerly Commercial Director at GPC, 20 years experience in pharmaceuticals business



✿ **Givi Giorgadze** | CEO, Medical insurance; Since seven years experience in banking sector, formerly Director of Corporate Sales at Insurance Company BCI



✿ **Gregory ("Gia") Khurtsidze** | Deputy CEO, Clinical; two years experience as Clinical Director of the National Center of Internal Medicine at New Hospital in Tbilisi, worked as a physician and held administrative roles at various leading healthcare institutions in the USA



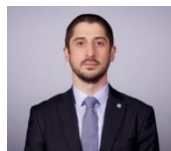
✿ **Enrico Beridze** | CEO GEPHA; (effective 1 January 2017). 15 years experience in pharmaceuticals field, formerly CEO of ABC Pharmacia



✿ **Mikheil Abramidze** | Head of Operations at GEPHA; (effective 1 January 2017). 15 years experience in pharmaceuticals field, formerly COO of ABC Pharmacia



✿ **Nino Kortua** | Chief Legal Officer; 14 years experience in insurance field as a lawyer, formerly head of Aldagi Legal Department



✿ **Otar Lortkipanidze** | IT Director; 10 years experience in IT field. Formerly head of IT department at Georgia water and Power



✿ **Medea Chkhaidze** | Chief HR Officer; 10 years experience in human resource management, formerly Head of Personnel Management Division at Aldagi Insurance Company



✿ **Nino Chichua** | Chief Marketing and Communications Officer; 13 years experience in Marketing, formerly CEO at Public Service Hall (LEPL)



✿ **Manana Khurtsilava** | Chief of Internal Audit; 8 years experience in internal control/internal audit. Formerly head of the internal audit department of Insurance Company Aldagi.



Polyclinics competition – setting new standards

Outpatient market is highly fragmented with very few players having high standards of service and up-to-date technology

Players	Notable fact
GHG	30 clinics in Tbilisi Small (120-200 m ²) and large (1800-2500 m ²) format Multiprofile CT scan available in large clinics
Tatisvli	2 clinics in Tbilisi Medium format (c.1000 m ²) Multiprofile CT scan available in one
Cito	1 Clinic in Tbilisi Medium Format Multiprofile CT scan not available
Curatsio	1 Clinic in Tbilisi 1 in Western Georgia Medium Format Multiprofile CT scan available only in Tbilisi
Polyclinics	442 small Polyclinics Small formats Multiprofile Soviet style Privatized, with no development CT Scan generally not available

GHG Polyclinics (outpatient clinic)



Estimated GEL 100 million annual market of old Soviet Style Polyclinics to be tapped in the coming years





OUTPATIENT CARE

Outpatient encounters in Georgia are low at 4.0 a year, compared to the CIS average of 8.9 and European Region countries of 7.5, according to WHO



LABORATORY SERVICES

- Number of lab tests are still sent to the laboratories abroad.
- Pathology service is outdated and 30 years behind European level



CANCER

- Very low reported incidence levels
- Malignant neoplasms incidence rate in Georgia is 140.3, compared to 543.7 in EU, and the detection of over 30% of malignant neoplasms occur at stage IV



MATERNITY CARE

- Highest number of caesarean among the former Soviet Union republics – 41.4% of the total number of all deliveries in 2014.
- Maternal mortality ratio per live births three-times higher in Georgia than in the European Region.

EMERGENCY CARE

- Emergency units simply did not exist in Georgia until several years ago.
- hospitals had to staff emergency units with over 15 different specialists, which decreased the quality and efficiency of the ER



NEONATOLOGY

neonatal mortality was 60-80% of under five mortality during previous years, well above the 43% global average.



PEDIATRICS

- Biggest share in medical services import is The culture of regular visits to the doctor at an early pediatric age - as a favorable heritage from Soviet-times



PEDIATRIC CARDIO SURGERY

For almost 15 years, there was only one center in Georgia that provided cardiology and cardiosurgery services for children.



CARDIOLOGY

- hospitalization rate per 100,000 population that was 1,647 in 2014, which is two-fold less than in CIS and European Union countries.
- cardiovascular diseases represent 16.5% of deaths



CRITICAL CARE

- The lack of quality of care in a number of areas in the Georgian healthcare system puts strain on critical care units



Quality standards and accreditation

Quality Standards

- Reputation for high clinical standards
- Recruiting high-calibre and experienced physicians and providing them with ongoing professional development in the latest global best practices
- Developed internal quality requirements: the healthcare services Quality Standards (EQS)
 - Benchmark based on JCI and EU standards and adoption of global best practices
 - Focus on evidence based quality care such as infection control, medication safety, facility safety and quality of medical service
 - Audited on regular basis
 - Implemented across all facilities by end of 2015
- Accreditations received by GHG include:
 - ISO 9001:2008 - Accredited to GHG's key referral hospitals in Tbilisi, Kutaisi and Batumi
 - First and only Georgian healthcare company working towards JCI accreditation
- Adopted infection control procedures in partnership with outside consultants including JCI Consultancy, CDC Atlanta, Emory University and the WHO

Staff training and education

- Training facility opened in 2014 in Kutaisi
- Partnerships including with Partners for International Development and the Tbilisi State Medical University
- Teaching up-to-date guidelines and protocols as well as clinical complications
- Training courses include emergency medicine, nursing care, obstetrics and gynaecology, IT and ICU
- Can serve over 150 students per day
- Modern infrastructure and practical/simulation skills labs
- In 2015 healthcare services business launched residency programme line with our strategy to develop a new generation of doctors. Currently we have accreditation for 23 specialties with the total number of slots for admission of 240 residents. To incentivise and support top talent's enrollment in our residency programme, we offer grants, student loans and employment after graduating from our residency programme
- Healthcare services signed MOU with Tvildiani Medical university and established mutual nurse collage. More than 200 nurses will graduate collage per year
- Healthcare services learning Center (ELC) also developed external nurse courses in 4 regions (Adjara, Samegrelo, Imereti and Samtskhe-Javakheti) of Georgia, where more than 200 new nurses from external institutions started their trainings





GHG consolidated - Income Statement

<i>GEL thousands; unless otherwise noted</i>	2Q17	2Q16	Change, Y-o-Y	1Q17	Change, Q-o-Q	1H17	1H16	Change, Y-o-Y
Revenue, gross	184,601	101,673	81.6%	186,447	-1.0%	371,048	174,249	112.9%
Corrections & rebates	(660)	(724)	-8.8%	(623)	5.9%	(1,283)	(1,134)	13.1%
Revenue, net	183,941	100,949	82.2%	185,824	-1.0%	369,765	173,115	113.6%
Revenue from healthcare services	65,940	58,055	13.6%	65,725	0.3%	131,665	118,096	11.5%
Revenue from pharma	110,942	30,691	NMF	111,399	-0.4%	222,341	30,691	NMF
Net insurance premiums earned	13,410	15,298	-12.3%	13,965	-4.0%	27,375	29,128	-6.0%
Eliminations	(6,351)	(3,095)	105.2%	(5,265)	20.6%	(11,616)	(4,800)	142.0%
Costs of services	(130,247)	(67,395)	93.3%	(129,746)	0.4%	(259,993)	(111,546)	133.1%
Cost of healthcare services	(37,652)	(31,399)	19.9%	(37,777)	-0.3%	(75,429)	(64,397)	17.1%
Cost of pharma	(84,822)	(25,059)	NMF	(84,408)	0.5%	(169,230)	(25,059)	NMF
Cost of insurance services	(12,718)	(13,989)	-9.1%	(12,734)	-0.1%	(25,452)	(26,836)	-5.2%
Eliminations	4,945	3,052	62.0%	5,173	-4.4%	10,118	4,746	113.2%
Gross profit	53,694	33,554	60.0%	56,078	-4.3%	109,772	61,569	78.3%
Salaries and other employee benefits	(18,424)	(9,229)	99.6%	(17,728)	3.9%	(36,152)	(16,152)	123.8%
General and administrative expenses	(11,400)	(6,705)	70.0%	(13,352)	-14.6%	(24,752)	(9,268)	167.1%
Impairment of receivables	(1,003)	(1,236)	-18.9%	(1,121)	-10.5%	(2,124)	(2,216)	-4.2%
Other operating income	3,229	497	549.7%	1,182	173.2%	4,411	78	NMF
EBITDA	26,096	16,882	54.6%	25,059	4.1%	51,155	34,011	50.4%
Depreciation and amortisation	(6,481)	(4,581)	41.5%	(5,872)	10.4%	(12,353)	(9,046)	36.6%
Net interest expense	(7,828)	(3,469)	125.7%	(7,119)	10.0%	(14,947)	(5,125)	191.6%
Net gains/(losses) from foreign currencies	986	(1,964)	-150.2%	2,778	-64.5%	3,764	(2,224)	NMF
Net non-recurring income/(expense)	(1,478)	(586)	152.2%	(1,792)	-17.5%	(3,270)	(816)	NMF
Profit before income tax expense	11,295	6,282	79.8%	13,054	-13.5%	24,349	16,800	44.9%
Income tax benefit/(expense)	(88)	26,920	-100.3%	(19)	NMF	(107)	28,425	NMF
<i>of which: Deferred tax adjustments</i>	-	27,113	-	-	-	-	29,311	-
Profit for the period	11,207	33,202	-66.2%	13,035	-14.0%	24,242	45,225	-46.4%
Attributable to:								
- shareholders of the Company	6,172	27,755	-77.8%	8,832	-30.1%	15,004	37,676	-60.2%
- non-controlling interests	5,035	5,447	-7.6%	4,203	19.8%	9,238	7,549	22.4%
<i>of which: Deferred tax adjustments</i>	-	4,705	-	-	-	-	5,057	-



GHG consolidated - Balance Sheet

<i>GEL thousands; unless otherwise noted</i>	30-Jun-17	30-Jun-16	Change, Y-o-Y	31-Mar-17	Change, Q-o-Q
Total assets, of which:	1,065,527	814,089	30.9%	1,109,533	-4.0%
Cash and bank deposits	37,052	26,395	40.4%	100,229	-63.0%
Receivables from healthcare services	96,784	70,398	37.5%	90,142	7.4%
Receivables from sale of pharmaceuticals	15,550	6,110	154.5%	15,499	0.3%
Insurance premiums receivable	26,936	34,275	-21.4%	29,773	-9.5%
Property and equipment	612,159	501,739	22.0%	608,429	0.6%
Goodwill and other intangible assets	124,490	64,733	92.3%	118,781	4.8%
Inventory	107,169	42,470	152.3%	96,750	10.8%
Prepayments	25,350	49,074	-48.3%	35,799	-29.2%
Other assets	20,037	18,895	6.0%	14,131	41.8%
Total liabilities, of which:	530,879	306,861	73.0%	588,612	-9.8%
Borrowed funds	280,483	141,257	98.6%	321,091	-12.6%
Accounts payable	87,691	52,582	66.8%	94,125	-6.8%
Insurance contract liabilities	26,429	32,941	-19.8%	28,013	-5.7%
Other liabilities	136,276	80,081	70.2%	145,383	-6.3%
Total shareholders' equity attributable to:	534,648	507,228	5.4%	520,921	2.6%
Shareholders of the Company	471,491	455,824	3.4%	463,369	1.8%
Non-controlling interest	63,157	51,404	22.9%	57,552	9.7%



Healthcare service business - Income Statement

<i>GEL thousands; unless otherwise noted</i>	2Q17	2Q16	Change, Y-o-Y	1Q17	Change, Q-o-Q	1H17	1H16	Change, Y-o-Y
Healthcare service revenue, gross	66,600	58,779	13.3%	66,348	0.4%	132,948	119,230	11.5%
Corrections & rebates	(660)	(724)	-8.8%	(623)	5.9%	(1,283)	(1,134)	13.1%
Healthcare services revenue, net	65,940	58,055	13.6%	65,725	0.3%	131,665	118,096	11.5%
Costs of healthcare services	(37,652)	(31,399)	19.9%	(37,777)	-0.3%	(75,429)	(64,397)	17.1%
Gross profit	28,288	26,656	6.1%	27,948	1.2%	56,236	53,699	4.7%
Salaries and other employee benefits	(7,996)	(5,254)	52.2%	(7,179)	11.4%	(15,175)	(11,369)	33.5%
General and administrative expenses	(4,154)	(3,517)	18.1%	(4,082)	1.8%	(8,236)	(5,479)	50.3%
Impairment of receivables	(1,033)	(1,120)	-7.8%	(980)	5.4%	(2,013)	(1,978)	1.8%
Other operating income	3,190	395	NMF	1,112	186.9%	4,302	115	NMF
EBITDA	18,295	17,160	6.6%	16,819	8.8%	35,114	34,988	0.4%
EBITDA margin	27.5%	29.2%		25.3%		26.4%	29.3%	
Depreciation and amortisation	(5,774)	(4,121)	40.1%	(4,939)	16.9%	(10,713)	(8,382)	27.8%
Net interest income (expense)	(4,435)	(2,999)	47.9%	(4,116)	7.8%	(8,551)	(5,258)	62.6%
Net gains/(losses) from foreign currencies	1,118	(1,711)	NMF	695	60.9%	1,813	(2,122)	NMF
Net non-recurring income/(expense)	(1,255)	387	NMF	(1,276)	-1.6%	(2,531)	157	NMF
Profit before income tax expense	7,949	8,716	-8.8%	7,183	10.7%	15,132	19,383	-21.9%
Income tax benefit/(expense)	-	26,619	NMF	(11)	-100.0%	(11)	28,105	NMF
<i>of which: Deferred tax adjustments</i>	-	27,113		-		-	29,311	
Profit for the period	7,949	35,335	-77.5%	7,172	10.8%	15,121	47,488	-68.2%
Attributable to:								
- shareholders of the Company	5,636	29,888	-81.1%	5,764	-2.2%	11,400	39,939	-71.5%
- non-controlling interests	2,313	5,447	-57.5%	1,408	64.3%	3,721	7,549	-50.7%
<i>of which: Deferred tax adjustments</i>	-	4,705		-		-	5,057	



Healthcare services business - Revenue breakdowns

Healthcare services business revenue by types of healthcare facilities

(GEL thousands, unless otherwise noted)

	2Q17	2Q16	Change, Y-o-Y	1Q17	Change, Q-o-Q	1H17	1H16	Change, Y-o-Y
Healthcare services revenue, net	65,940	58,055	13.6%	65,725	0.3%	131,665	118,096	11.5%
Referral hospitals	57,358	49,667	15.5%	56,446	1.6%	113,804	101,693	11.9%
Community hospitals	4,876	5,389	-9.5%	5,661	-13.9%	10,537	11,309	-6.8%
Polyclinics (outpatient clinics)	3,706	2,999	23.6%	3,618	2.4%	7,324	5,094	43.8%

Healthcare services business revenue by source of payment

(GEL thousands, unless otherwise noted)

	2Q17	2Q16	Change, Y-o-Y	1Q17	Change, Q-o-Q	1H17	1H16	Change, Y-o-Y
Healthcare services revenue, net	65,940	58,055	13.6%	65,725	0.3%	131,665	118,096	11.5%
Government-funded healthcare programmes	43,527	41,835	4.0%	45,831	-5.0%	89,358	87,212	2.5%
Out-of-pocket payments by patients	16,308	12,179	33.9%	15,048	8.4%	31,356	23,605	32.8%
Private medical insurance companies, of which	6,105	4,041	51.1%	4,846	26.0%	10,951	7,279	50.5%
GHG medical insurance	2,710	3,052	-11.2%	2,693	0.6%	5,403	4,746	13.8%
 Share of Government financing in revenue from healthcare services	 66.0%	 72.1%		 69.7%		 67.9%	 73.8%	



Pharma business - Income Statement

<i>GEL thousands; unless otherwise noted</i>	2Q17	1Q17	Change, Q-o-Q	1H17	May- June 2016
Pharma revenue	110,942	111,399	-0.4%	222,341	30,691
Costs of pharma	(84,822)	(84,408)	0.5%	(169,230)	(25,059)
Gross profit	26,120	26,991	-3.2%	53,111	5,632
Salaries and other employee benefits	(9,684)	(9,616)	0.7%	(19,300)	(2,690)
General and administrative expenses	(7,229)	(8,762)	-17.5%	(15,991)	(2,480)
Impairment of receivables	(103)	(28)	267.9%	(131)	-
Other operating income	(183)	101	NMF	(82)	92
EBITDA	8,921	8,686	2.7%	17,607	554
EBITDA margin	8.0%	7.8%		7.9%	1.8%
Depreciation and amortisation	(465)	(711)	-34.6%	(1,176)	(258)
Net interest income (expense)	(3,187)	(2,793)	14.1%	(5,980)	(427)
Net gains/(losses) from foreign currencies	(180)	2,095	NMF	1,915	(272)
Net non-recurring income/(expense)	(566)	(316)	79.1%	(882)	-
Profit before income tax expense	4,523	6,961	-35.0%	11,484	(403)
Income tax benefit/(expense)	222	(8)	NMF	214	NMF
<i>Deferred tax adjustments</i>	-	-	-	-	-
Profit for the period	4,745	6,953	-31.8%	11,698	(403)



Medical insurance business - Income Statement

<i>GEL thousands; unless otherwise noted</i>	2Q17	2Q16	Change, Y-o-Y	1Q17	Change, Q-o-Q	1H17	1H16	Change, Y-o-Y
Net insurance premiums earned	13,410	15,298	-12.3%	13,965	-4.0%	27,375	29,128	-6.0%
Cost of insurance services	(12,718)	(13,989)	-9.1%	(12,734)	-0.1%	(25,452)	(26,836)	-5.2%
Gross profit	692	1,309	-47.1%	1,231	-43.8%	1,923	2,292	-16.1%
Salaries and other employee benefits	(972)	(1,328)	-26.8%	(1,048)	-7.3%	(2,020)	(2,147)	-5.9%
General and administrative expenses	(366)	(708)	-48.3%	(507)	-27.8%	(873)	(1,309)	-33.3%
Impairment of receivables	(117)	(116)	0.9%	(113)	3.5%	(230)	(238)	-3.4%
Other operating income	(18)	10	NMF	(7)	NMF	(25)	(129)	-80.6%
EBITDA	(781)	(832)	-6.1%	(444)	75.9%	(1,225)	(1,531)	-20.0%
EBITDA margin	-5.8%	-5.4%		-3.2%		-4.5%	-5.3%	
Depreciation and amortisation	(242)	(202)	19.8%	(222)	9.0%	(464)	(406)	14.3%
Net interest income (expense)	(206)	(43)	NMF	(210)	-1.9%	(416)	560	-174.3%
Net gains/(losses) from foreign currencies	48	19	152.6%	(12)	NMF	36	170	-78.8%
Net non-recurring income/(expense)	2	(973)	NMF	(200)	-101.0%	(198)	(973)	-79.7%
Profit before income tax expense	(1,179)	(2,031)	-41.9%	(1,088)	8.4%	(2,267)	(2,180)	4.0%
Income tax benefit/(expense)	(310)	301	NMF	-	NMF	(310)	320	NMF
<i>Deferred tax adjustments</i>	-	-	-	-	-	-	-	-
(Loss) / Profit for the period	(1,489)	(1,730)	-13.9%	(1,088)	36.9%	(2,577)	(1,860)	38.5%

GHG – Income statement, *half-year*

Income Statement, <i>half-year</i>	Healthcare services			Pharma		Medical insurance			Eliminations		GHG		
	1H17	1H16	Change, Y-o-Y	1H17	(May-June) 1H16 ¹	1H17	1H16	Change, Y-o-Y	1H17	1H16	1H17	1H16	Change, Y-o-Y
<i>GEL thousands; unless otherwise noted</i>													
Revenue, gross	132,948	119,230	11.5%	222,341	30,691	27,375	29,128	-6.0%	(11,616)	(4,800)	371,048	174,249	112.9%
Corrections & rebates	(1,283)	(1,134)	13.1%	-	-	-	-	-	-	-	(1,283)	(1,134)	13.1%
Revenue, net	131,665	118,096	11.5%	222,341	30,691	27,375	29,128	-6.0%	(11,616)	(4,800)	369,765	173,115	113.6%
Costs of services	(75,429)	(64,397)	17.1%	(169,230)	(25,059)	(25,452)	(26,836)	-5.2%	10,118	4,746	(259,993)	(111,546)	133.1%
Cost of salaries and other employee benefits	(47,438)	(39,609)	19.8%	-	-	-	-	-	1,784	1,659	(45,654)	(37,950)	20.3%
Cost of materials and supplies	(20,707)	(18,841)	9.9%	-	-	-	-	-	2,945	789	(17,762)	(18,052)	-1.6%
Cost of medical service providers	(806)	(829)	-2.8%	-	-	-	-	-	31	35	(775)	(794)	-2.4%
Cost of utilities and other	(6,478)	(5,118)	26.6%	-	-	-	-	-	244	214	(6,234)	(4,904)	27.1%
Net insurance claims incurred	-	-	-	-	-	(23,748)	(24,956)	-4.8%	5,114	2,049	(18,634)	(22,907)	-18.7%
Agents, brokers and employee commissions	-	-	-	-	-	(1,704)	(1,880)	-9.4%	-	-	(1,704)	(1,880)	-9.4%
Cost of pharma - wholesale	-	-	-	(45,485)	(6,545)	-	-	-	-	-	(45,485)	(6,545)	NMF
Cost of pharma - retail	-	-	-	(123,745)	(18,514)	-	-	-	-	-	(123,745)	(18,514)	NMF
Gross profit	56,236	53,699	4.7%	53,111	5,632	1,923	2,292	-16.1%	(1,498)	(54)	109,772	61,569	78.3%
Salaries and other employee benefits	(15,175)	(11,369)	33.5%	(19,300)	(2,690)	(2,020)	(2,147)	-5.9%	343	54	(36,152)	(16,152)	123.8%
General and administrative expenses	(8,236)	(5,479)	50.3%	(15,991)	(2,480)	(873)	(1,309)	-33.3%	348	-	(24,752)	(9,268)	167.1%
Impairment of receivables	(2,013)	(1,978)	1.8%	(131)	-	(230)	(238)	-3.4%	250	-	(2,124)	(2,216)	-4.2%
Other operating income	4,302	115	NMF	(82)	92	(25)	(129)	-80.6%	216	-	4,411	78	NMF
EBITDA	35,114	34,988	0.4%	17,607	554	(1,225)	(1,531)	-20.0%	(341)	-	51,155	34,011	50.4%
EBITDA margin	26.4%	29.3%		7.9%	1.8%	-4.5%	-5.3%		-	-	13.8%	19.5%	
Depreciation and amortisation	(10,713)	(8,382)	27.8%	(1,176)	(258)	(464)	(406)	14.3%	-	-	(12,353)	(9,046)	36.6%
Net interest income (expense)	(8,551)	(5,258)	62.6%	(5,980)	(427)	(416)	560	NMF	-	-	(14,947)	(5,125)	191.6%
Net gains/(losses) from foreign currencies	1,813	(2,122)	NMF	1,915	(272)	36	170	-78.8%	-	-	3,764	(2,224)	NMF
Net non-recurring income/(expense)	(2,531)	157	NMF	(882)	-	(198)	(973)	-79.7%	341	-	(3,270)	(816)	NMF
Profit before income tax expense	15,132	19,383	-21.9%	11,484	(403)	(2,267)	(2,180)	4.0%	-	-	24,349	16,800	44.9%
Income tax benefit/(expense)	(11)	28,105	NMF	214	-	(310)	320	NMF	-	-	(107)	28,425	NMF
of which: Deferred tax adjustments	-	29,311		-	-	-	-		-	-	29,311	-	
Profit for the period	15,121	47,488	-68.2%	11,698	(403)	(2,577)	(1,860)	38.5%	-	-	24,242	45,225	-46.4%
Attributable to:													
- shareholders of the Company	11,400	39,939	-71.5%	6,181	(403)	(2,577)	(1,860)	38.5%	-	-	15,004	37,676	-60.2%
- non-controlling interests	3,721	7,549	-50.7%	5,517	-	-	-	-	-	-	9,238	7,549	22.4%
of which: Deferred tax adjustments	-	5,057		-	-	-	-		-	-	5,057	-	

Sources: GHG Internal Reporting

(1) 1H16 includes only May-June GPC's results

GHG – Income statement, quarterly

Income Statement, <i>Quarterly</i>	Healthcare services					Pharma					Medical insurance					Eliminations			GHG				
<i>GEL thousands; unless otherwise noted</i>	2Q17	2Q16	Change, Y-o-Y	1Q17	Change, Q-o-Q	2Q17	2Q16 ¹	Change, Y-o-Y	1Q17	Change, Q-o-Q	2Q17	2Q16	Change, Y-o-Y	1Q17	Change, Q-o-Q	2Q17	2Q16	1Q17	2Q17	2Q16	Change, Y-o-Y	1Q17	Change, Q-o-Q
Revenue, gross	66,600	58,779	13.3%	66,348	0.4%	110,942	30,691	261.5%	111,399	-0.4%	13,410	15,298	-12.3%	13,965	-4.0%	(6,351)	(3,095)	(5,265)	184,601	101,673	81.6%	186,447	-1.0%
Corrections & rebates	(660)	(724)	-8.8%	(623)	5.9%	-	-	-	-	-	-	-	-	-	-	-	-	-	(660)	(724)	-8.8%	(623)	5.9%
Revenue, net	65,940	58,055	13.6%	65,725	0.3%	110,942	30,691	261.5%	111,399	-0.4%	13,410	15,298	-12.3%	13,965	-4.0%	(6,351)	(3,095)	(5,265)	183,941	100,949	82.2%	185,824	-1.0%
Costs of services	(37,652)	(31,399)	19.9%	(37,777)	-0.3%	(84,822)	(25,059)	238.5%	(84,408)	0.5%	(12,718)	(13,989)	-9.1%	(12,734)	-0.1%	4,945	3,052	5,173	(130,247)	(67,395)	93.3%	(129,746)	0.4%
Cost of salaries and other employee benefits	(24,343)	(19,857)	22.6%	(23,095)	5.4%	-	-	-	-	-	-	-	-	-	-	929	1,094	855	(23,414)	(18,763)	24.8%	(22,240)	5.3%
Cost of materials and supplies	(10,240)	(9,228)	11.0%	(10,467)	-2.2%	-	-	-	-	-	-	-	-	-	-	1,582	514	1,363	(8,658)	(8,714)	-0.6%	(9,104)	-4.9%
Cost of medical service providers	(434)	(401)	8.2%	(372)	16.7%	-	-	-	-	-	-	-	-	-	-	17	23	14	(417)	(378)	10.3%	(358)	16.5%
Cost of utilities and other	(2,635)	(1,913)	37.7%	(3,843)	-31.4%	-	-	-	-	-	-	-	-	-	-	102	122	142	(2,533)	(1,791)	41.4%	(3,701)	-31.6%
Net insurance claims incurred	-	-	-	-	-	-	-	-	-	-	(11,936)	(13,003)	-8.2%	(11,812)	1.0%	2,315	1,299	2,799	(9,621)	(11,704)	-17.8%	(9,013)	6.7%
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	-	-	(782)	(986)	-20.7%	(922)	-15.2%	-	-	-	(782)	(986)	-20.7%	(922)	-15.2%
Cost of pharma - wholesale	-	-	-	-	-	(22,989)	(6,545)	251.2%	(22,496)	-	-	-	-	-	-	-	-	-	(22,989)	(6,545)	251.2%	(22,496)	2.2%
Cost of pharma - retail	-	-	-	-	-	(61,833)	(18,514)	234.0%	(61,912)	-	-	-	-	-	-	-	-	-	(61,833)	(18,514)	234.0%	(61,912)	-0.1%
Gross profit	28,288	26,656	6.1%	27,948	1.2%	26,120	5,632	363.8%	26,991	-3.2%	692	1,309	-47.1%	1,231	-43.8%	(1,406)	(43)	(92)	53,694	33,554	60.0%	56,078	-4.3%
Salaries and other employee benefits	(7,996)	(5,254)	52.2%	(7,179)	11.4%	(9,684)	(2,690)	260.0%	(9,616)	0.7%	(972)	(1,328)	-26.8%	(1,048)	-7.3%	227	43	116	(18,424)	(9,229)	99.6%	(17,728)	3.9%
General and administrative expenses	(4,154)	(3,517)	18.1%	(4,082)	1.8%	(7,229)	(2,480)	191.5%	(8,762)	-17.5%	(366)	(708)	-48.3%	(507)	-27.8%	348	-	-	(11,400)	(6,705)	70.0%	(13,352)	-14.6%
Impairment of other receivables	(1,033)	(1,120)	-7.8%	(980)	5.4%	(103)	-	-	(28)	267.9%	(117)	(116)	0.9%	(113)	3.5%	250	-	-	(1,003)	(1,236)	-18.9%	(1,121)	-10.5%
Other operating income	3,190	395	NMF	1,112	186.9%	(183)	92	-298.9%	101	-281.2%	(18)	10	NMF	(7)	NMF	240	-	(24)	3,229	497	NMF	1,182	173.2%
EBITDA	18,295	17,160	6.6%	16,819	8.8%	8,921	554	NMF	8,686	2.7%	(781)	(832)	-6.1%	(444)	75.9%	(341)	-	-	26,096	16,882	54.6%	25,059	4.1%
EBITDA margin	27.5%	29.2%	-	25.3%	-	8.0%	1.8%	-	7.8%	-	-5.8%	-5.4%	-	-3.2%	-	-	-	-	14.1%	16.6%	-	13.4%	-
Depreciation and amortisation	(5,774)	(4,121)	40.1%	(4,939)	16.9%	(465)	(258)	80.2%	(711)	-34.6%	(242)	(202)	19.8%	(222)	9.0%	-	-	-	(6,481)	(4,581)	41.5%	(5,872)	10.4%
Net interest income (expense)	(4,435)	(2,999)	47.9%	(4,116)	7.8%	(3,187)	(427)	NMF	(2,793)	14.1%	(206)	(43)	NMF	(210)	NMF	-	-	-	(7,828)	(3,469)	125.7%	(7,119)	10.0%
Net gains/(losses) from foreign currencies	1,118	(1,711)	NMF	695	60.9%	(180)	(272)	-33.8%	2,095	-108.6%	48	19	152.6%	(12)	NMF	-	-	-	986	(1,964)	NMF	2,778	-64.5%
Net non-recurring income/(expense)	(1,255)	387	NMF	(1,276)	-1.6%	(566)	-	NMF	(316)	NMF	2	(973)	NMF	(200)	-	341	-	-	(1,478)	(586)	NMF	(1,792)	-17.5%
Profit before income tax expense	7,949	8,716	-8.8%	7,183	10.7%	4,523	(403)	NMF	6,961	-35.0%	(1,179)	(2,031)	-41.9%	(1,088)	8.4%	-	-	-	11,295	6,282	79.8%	13,054	-13.5%
Income tax benefit/(expense)	-	26,619	NMF	(11)	NMF	222	-	-	(8)	NMF	(310)	301	NMF	-	NMF	-	-	-	(88)	26,920	NMF	(19)	NMF
of which: Deferred tax adjustments	-	27,113	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,113	NMF	-	-
Profit for the period	7,949	35,335	-77.5%	7,172	10.8%	4,745	(403)	NMF	6,953	-31.8%	(1,489)	(1,730)	-13.9%	(1,088)	36.9%	-	-	-	11,207	33,202	-66.2%	13,035	-14.0%
Attributable to:																							
- shareholders of the Company	5,636	29,888	-81.1%	5,764	-2.2%	2,024	(403)	NMF	4,157	-51.3%	(1,489)	(1,730)	-13.9%	(1,088)	36.9%	-	-	-	6,172	27,755	-77.8%	8,832	-30.1%
- non-controlling interests	2,313	5,447	-57.5%	1,408	64.3%	2,721	-	-	2,796	-2.7%	-	-	-	-	-	-	-	-	5,035	5,447	-7.6%	4,203	19.8%
of which: Deferred tax adjustments	-	4,705	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,705	-	-	-

Sources: GHG Internal Reporting

(1) 2Q16 includes only May-June GPC's results

Selected Balance Sheet items

	<u>Healthcare services</u>					<u>Pharma</u>					<u>Medical insurance</u>				
	30-Jun-17	30-Jun-16	Change, Y-o-Y	31-Mar-17	Change, Q-o-Q	30-Jun-17	30-Jun-16	Change, Y-o-Y	31-Mar-17	Change, Q-o-Q	30-Jun-17	30-Jun-16	Change, Y-o-Y	31-Mar-17	Change, Q-o-Q
<i>GEL thousands; unless otherwise noted</i>															
Assets:															
Cash and bank deposits	21,741	12,551	73.2%	82,893	-73.8%	5,548	1,853	199.4%	6,924	-19.9%	9,763	11,991	-18.6%	10,412	-6.2%
Property and equipment	582,437	488,105	19.3%	579,505	0.5%	23,746	7,950	192.5%	22,922	1.5%	5,976	5,684	5.1%	6,002	-0.4%
Inventory	14,787	8,552	72.9%	14,282	3.5%	92,167	33,692	173.6%	82,256	12.0%	215	226	-4.9%	212	1.4%
Liabilities:															
Borrowed Funds	189,600	120,897	56.8%	228,596	-17.1%	81,764	18,020	353.7%	83,463	-100.0%	9,120	11,942	-23.6%	9,032	1.0%
Accounts payable	34,616	25,156	37.6%	41,844	-17.3%	58,015	31,122	86.4%	63,440	0.0%	-	-	-	-	-

Selected Balance Sheet items

	<u>Consolidation and eliminations</u>			<u>GHG</u>				
	30-Jun-17	30-Jun-16	31-Mar-17	30-Jun-17	30-Jun-16	Change, Y-o-Y	31-Mar-17	Change, Q-o-Q
<i>GEL thousands; unless otherwise noted</i>								
Assets								
Cash and bank deposits	-	-	-	37,052	26,395	40.4%	100,229	-63.0%
Property and equipment	-	-	-	612,159	501,739	22.0%	608,429	0.6%
Inventory	-	-	-	107,169	42,470	152.3%	96,750	10.8%
Liabilities:								
Borrowed Funds	-	(9,602)	-	280,483	141,257	98.6%	321,091	-12.6%
Accounts payable	(4,939)	(3,696)	(11,159)	87,691	52,582	66.8%	94,125	-6.8%



Selected ratios and KPIs

Selected ratios and KPIs

	2Q17	2Q16	1Q17	1H17	1H16
GHG					
EPS, GEL	0.05	0.08 ¹	0.07	0.12	0.15 ¹
ROAE	5.3%	25.1%	7.4%	6.3%	17.2%
ROAE, normalised ²	9.7%	12.8%	13.4%	11.4%	14.2%
Group rent expenditure	4,728	2,266	5,019	9,747	2,670
<i>of which, Pharma</i>	<i>4,216</i>	<i>1,642</i>	<i>4,485</i>	<i>8,701</i>	<i>1,642</i>
Group capex (maintenance)	2,586	2,053	2,630	5,216	4,590
Group capex (growth)	21,071	29,895	17,866	38,937	44,252
Number of employees	14,759	11,884	14,593	14,759	11,884
Number of physicians	3,352	2,954	3,278	3,352	2,954
Number of nurses	3,101	2,795	2,980	3,101	2,795
Nurse to doctor ratio, referral hospitals	0.95	0.95	0.93	0.95	0.95
Total number of shares	131,681,820	131,681,820	131,681,820	131,681,820	131,681,820
Less: Treasury shares	(3,452,534)	(3,500,000)	(3,452,534)	(3,452,534)	(3,500,000)
Shares outstanding	128,229,286	128,181,820	128,229,286	128,229,286	128,181,820
<i>Of which:</i>					
Total free float	53,110,783	42,550,000	42,610,783	43,610,783	42,550,000
Shares held by BGEO GROUP PLC	75,118,503	85,631,820	84,618,503	84,618,503	85,631,820
Healthcare services					
EBITDA margin of healthcare services	27.5%	29.2%	25.3%	26.4%	29.3%
Direct salary rate (direct salary as % of revenue)	36.6%	33.8%	34.8%	35.7%	33.2%
Materials rate (direct materials as % of revenue)	15.4%	15.7%	15.8%	15.6%	15.8%
Administrative salary rate (administrative salaries as % of revenue)	12.0%	8.9%	10.8%	11.4%	9.5%
SG&A rate (SG&A expenses as % of revenue)	6.2%	6.0%	6.2%	6.2%	5.0%
Number of hospitals	35	47	35	35	47
Number of Polyclinics	13	7	13	13	7
Number of express outpatient clinics	24	28	28	24	28
Number of beds	2,731	2,467	2,557	2,731	2,467
Number of referral hospital beds	2,266	2,005	2,092	2,266	2,005
Bed occupancy rate	55.6% ⁴	57.6%	60.5%	58.8% ⁴	59.3%
<i>Bed occupancy rate, referral hospitals</i>	<i>62.2%</i>	<i>64.9%</i>	<i>68.1%</i>	<i>65.6%</i>	<i>65.8%</i>
<i>Bed occupancy rate, community hospitals</i>	<i>23.5%</i>	<i>23.9%</i>	<i>24.0%</i>	<i>23.9%</i>	<i>22.4%</i>
Average length of stay (days)	5.3 ⁵	5.1	5.4	5.4 ⁵	4.9
<i>Average length of stay (days), referral hospitals</i>	<i>5.5</i>	<i>5.3</i>	<i>5.6</i>	<i>5.6</i>	<i>5.1</i>
<i>Average length of stay (days), community hospitals</i>	<i>4.0</i>	<i>3.9</i>	<i>3.9</i>	<i>3.9</i>	<i>3.4</i>

Selected ratios and KPIs

	2Q17	2Q16	1Q17	1H17	1H16
Pharma					
EBITDA margin	8.0%	1.8%	7.8%	7.9%	1.8%
Number of bills issued	6.29mln	1.92mln	6.39mln	12.70mln	1.92mln
Average bill size	13.3	13.0	13.4	13.3	13.0
Revenue from wholesale as a percentage of total revenue from pharma	26%	25%	27%	25%	25%
Revenue from retail as a percentage of total revenue from pharma	74%	75%	73%	75%	75%
Revenue from para-pharmacy as a percentage of retail revenue from pharma	28.2%	31.0%	30.9%	28.4%	31.0%
Number of pharmacies	247	118	245	247	118
Medical insurance					
Loss ratio	89.0%	85.0%	84.6%	86.8%	85.7%
Expense ratio, <i>of which</i>	18.6%	21.8%	20.2%	19.4%	21.0%
<i>Commission ratio</i>	<i>5.8%</i>	<i>6.4%</i>	<i>6.6%</i>	<i>6.2%</i>	<i>6.5%</i>
Combined ratio	107.6%	106.8%	104.8%	106.2%	106.6%
Renewal rate	73.4%	75.7%	77.3%	75.3%	75.7%

Sources: GHG Internal Reporting

(1) Comparison on a normalised basis – 2Q16 and 1H16 Earnings per share (EPS) is calculated as adjusted net profit - 2Q16 and 1H16 net profit was normalised and adjusted for one-off non-recurring gain due to deferred tax adjustments (in the amount of GEL 29.3 million for GHG, which fully resulted from the Group's healthcare services business) and adjusted for one-off currency translation loss in June ("translation loss") (in the amount of GEL 2.1 million), which resulted from settlement of the US Dollar denominated payable for the acquisition of GPC, the Group's pharma business - divided by weighted average number of shares outstanding during the same period.

(2) Normalised ROAE is calculated as net profit for the period attributable to shareholders, net of non-recurring items, divided by average equity attributable to shareholders for the same period net of unutilised portion of IPO proceeds.

(3) Bed occupancy rate, excluding Sunstone hospital was 59.0% and 61.6% in 2Q17 and 1H17 respectively

(4) Referral hospital bed occupancy rate, excluding Sunstone hospital was 67.1% and 69.7% in 2Q17 and 1H17 respectively



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; clinical and medical risk; concentration of revenue and the Universal Healthcare Programme; exchange rate fluctuations, including depreciation of the Georgian Lari; information technology and operational risk; macroeconomic 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 presentation 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 2016 and in the 2Q and 1H results announcement. No part of this presentation 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 presentation should be construed as a profit forecast.