



GEORGIA
HEALTHCARE
GROUP

Investor Presentation

Fourth quarter and full year of 2016 results

February 2017
www.ghg.com.ge



 **GHG | Overview and strategy**

 GHG | Results discussion

 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:** 23.4% market share by number of beds (2,557), which is expected to grow to c.29% as a result of renovation of two major hospital facilities, scheduled for completion in 2017 (additional c.600 beds)⁽²⁾
- ✓ **Largest pharmaceuticals retailer and wholesaler in Georgia:** After acquisition of ABC pharmacy, in January 2017, we have merged it with our existing pharma business GPC. The combined pharma business has 29% market share by sales, over 2 million client interactions per month, with 0.5 million loyalty card members. We will start consolidating ABC's financial results starting from January 1st, 2017.
- ✓ **Largest medical insurer in Georgia:** c.211,000 persons insured and 35.1% market share⁽³⁾
- ✓ **Widest Population Coverage:** coverage of over 3/4 of Georgia's 3.7 million population⁽⁴⁾ with 35 high quality hospitals, 13 district and 28 express ambulatory clinics and 118 pharmacies⁽⁵⁾
- ✓ **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, training center
 - 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: c. 12,811 full time employees, including 3,218 physicians, 2,869 nurses and 721 pharmacists⁽⁵⁾.
- ✓ **Referral system & synergies with insurance and pharma business:**
 - Presence along patient pathway, and referral synergies
 - Insurance activities provide steady revenue stream for our ambulatory clinics and bolster hospital patient referrals
 - 0.5 million loyal customers at pharma business with upside to cross-sell

Sources:

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

(2) Market share by number of beds. Source: National Center for Disease Control, data as of December 2015, updated by company to include changes before 31 December 2016, Additional development capacity at Deka and Sunstone of c.600 beds

(3) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 30 September 2016

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

(5) GHG internal reporting 4Q16

Long-term High-growth Opportunities

- ✓ **Very low base:** healthcare services spending per capita only US\$217, outpatient encounters only 4.0 per capita annually⁽⁶⁾, GHG revenue per hospital bed only US\$ 34,000⁽⁴⁾
- ✓ **Supported by attractive macro:**⁽⁷⁾ Georgia – one of the fastest growing countries in Eastern Europe, open and easy⁽⁸⁾ emerging market to do business, with real GDP growing at a CAGR of 6.7% between 2006-15. 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⁽⁹⁾
- ✓ **Implying long-term, high-growth expansion** that is driven by:
 - Universal Healthcare Program (UHC) covering Georgia's population driving utilisation of basic healthcare services nationwide, primarily inpatient (inpatient market was GEL 1,075mln in 2014)
 - Pick-up in ambulatory growth (outpatient market was only GEL 802mln in 2014) driven by newly introduced prescription policy and improved quality in supply⁽¹⁰⁾
 - Even small investments in medical equipment expected to increase market, due to historical underinvestment

Strong Management with Proven Track Record

- ✓ **Strong business management team – increased market share by beds from under 1% in 2009 to 23.4% currently, with built-in additional development capacity**
- ✓ **Achieved our target of c.30% EBITDA margin ahead of time, delivering 31.9% healthcare services EBITDA margin in 4Q16**
- ✓ **Robust corporate governance:** exceptional in Georgia's healthcare sector, as it is the only Premium listed company from healthcare sector (LSE:GHG LN)⁽¹¹⁾; 65% 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**

(6) NCDC statistical yearbook 2015

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

(8) 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.

(9) Ministry of Finance, Ministry of Economy

(10) Frost & Sullivan 2015

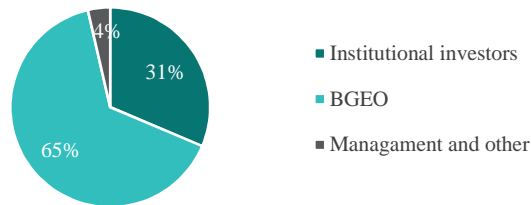
(11) GHG Group PLC successfully completed its IPO of ordinary shares at the Premium Segment of LSE on 12 November, 2015

GHG – shareholder structure and share price

Investors

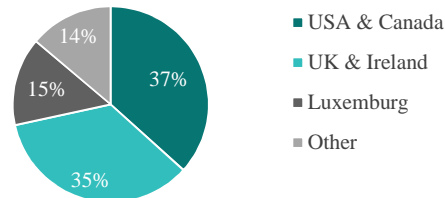
Strong support from institutional investors at IPO⁽¹⁾

Institutional Investors represent 31% of the shareholders



Geographically well-diversified institutional shareholder base⁽¹⁾

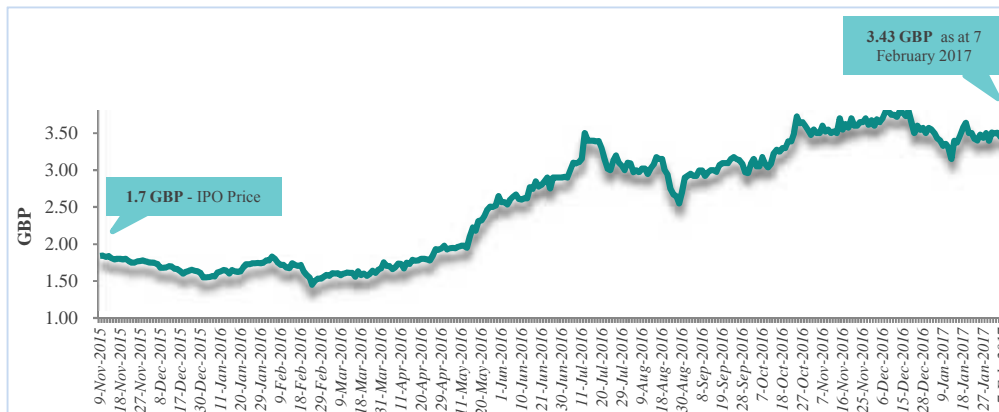
USA & Canada – 37%
UK & Ireland – 35%
Luxemburg – 15%
Other – 13%



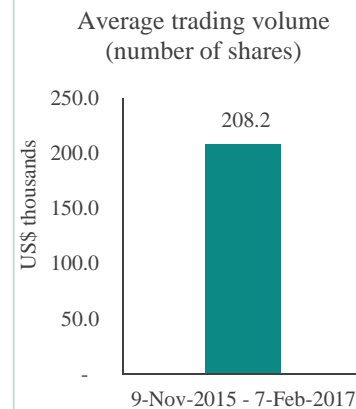
Top Investors ⁽¹⁾

BGE0	65.0%
Wellington Management	6.6%
T – Row Price	5.2%

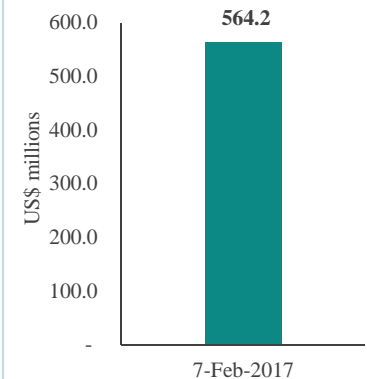
Stock Price Performance⁽²⁾



Average trading daily volume



Market Capitalisation⁽³⁾

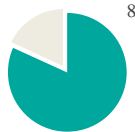
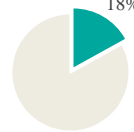

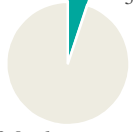



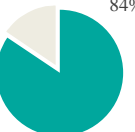
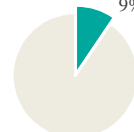
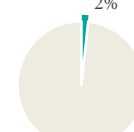
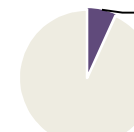



Stock trading performance

Note: (1) As of 31 December 2016
(2) Share price change calculated from the closing price of GHG LN, starting from trading date 9 November 2015 to the price of GHG LN as of 7 February 2017
(3) Source: Bloomberg; Market Capitalisation of GHG as of 7 February 2017, GBP/USD exchange rate 1.2509.

Segment overview

Georgia Healthcare Group

Key Segments	Healthcare services			Pharma	Medical insurance
	Referral Hospitals	Community Hospitals	Ambulatory Clinics	Pharma	Medical Insurance
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 1.3bln (2015)	GEL 0.17bln (2015)
Market Share	20% by revenue 23.4% by beds (2,557), which is expected to grow to c.29% as a result of renovation of recently acquired hospital facilities (additional c.600 beds);			29% by revenue ⁽²⁾	35% by revenue
Selected Operating Data 2016	 <p>82%</p> <p>15 hospitals 2,092 beds</p>	 <p>18%</p> <p>20 hospitals 465 beds</p>	<p><i>ten clusters with</i> 13 district ambulatory clinics 28 express ambulatory clinics</p>	243 pharmacies in major cities ⁽³⁾	211,000 individuals insured
Financials 2016	Gross Revenue	GEL 426.4mln ⁽⁴⁾			
	EBITDA	GEL 78.0mln			
	 <p>48%</p> <p>GEL 211.8 mln</p> <p>2012-2016 CAGR 53%</p>	 <p>5%</p> <p>GEL 22.8 mln</p> <p>2012-2016 CAGR 16%</p>	 <p>2%</p> <p>GEL 11.6 mln</p> <p>2012-2016 CAGR 30%</p>	 <p>31%</p> <p>GEL 133.0 mln</p> <p>2012-2016 CAGR 15%</p>	 <p>14%</p> <p>GEL 61.5 mln</p> <p>2012-2016 CAGR 15%</p>
	 <p>84%</p> <p>GEL 65.7 mln</p> <p>2012-2016 CAGR 61%</p>	 <p>9%</p> <p>GEL 6.8 mln</p> <p>2012-2016 CAGR 33%</p>	 <p>2%</p> <p>GEL 1.8 mln</p> <p>2012-2016 CAGR 36%</p>	 <p>7%</p> <p>GEL 5.7 mln</p>	 <p>-2%</p> <p>GEL -2.0 mln</p>
	EBITDA Margin: 30.9%	EBITDA Margin: 29.9%	EBITDA Margin: 15.1%	EBITDA Margin: 4.3%	EBITDA Margin: -3.3%

Sources:

(1) Frost & Sullivan analysis, 2015

(2) Market share for pharma business is for 2015 year, including ABC's market share

(3) Including ABC's pharmacies

(4) Revenue net of intercompany eliminations

Clear market leader (1/2)

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

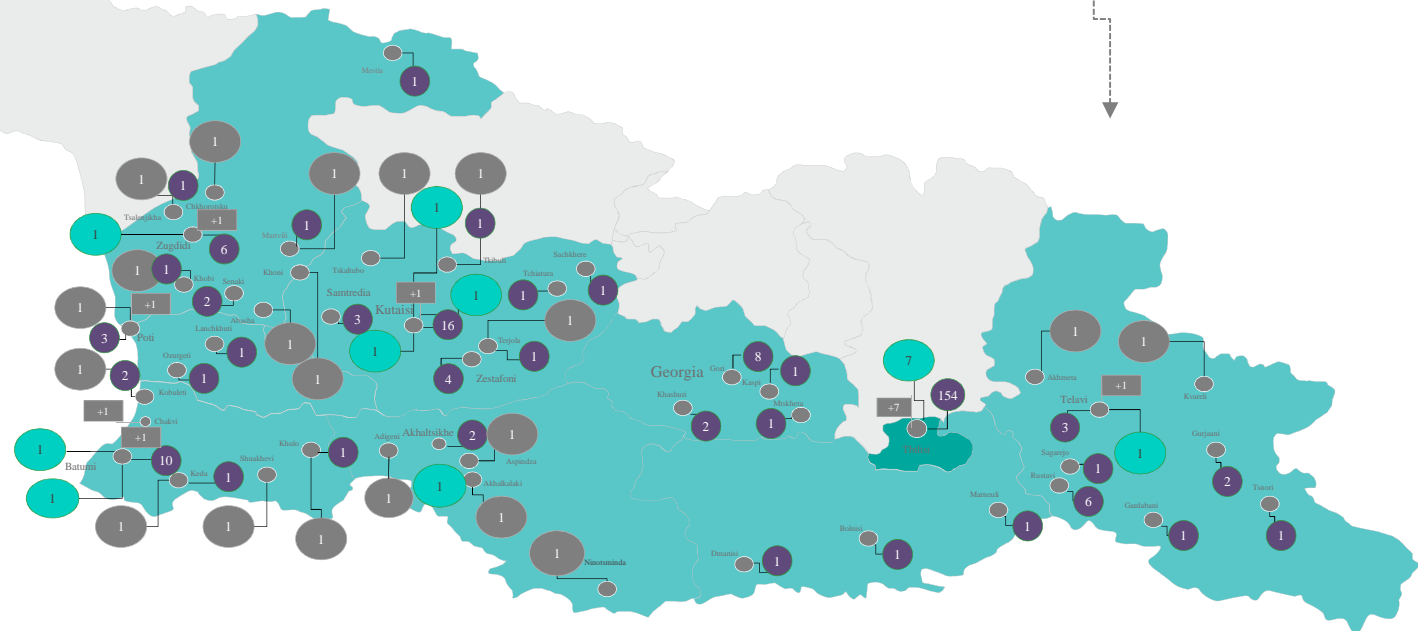
Extensive Geographic Coverage⁽¹⁾

Network of healthcare facilities and pharmacies

3/4 of population covered

2,557 hospital beds
15 referral hospitals
20 community hospitals
10 ambulatory clusters with 13 district ambulatory clinic
and 28 express ambulatory clinics
243 pharmacies⁽¹⁾

- Number of Referral Hospitals
- Number of Community Hospitals
- Number of Pharmacies
- District Ambulatory Clinics
- Regions of Presence



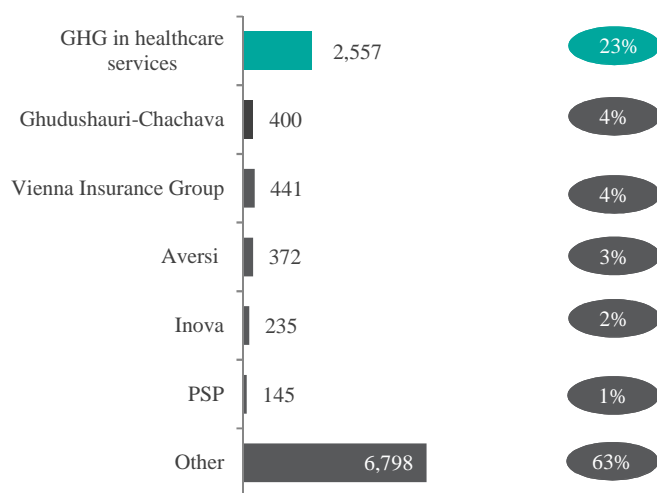
Clear market leader (2/2) in a fragmented competitive landscape

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



Healthcare services (Hospitals)

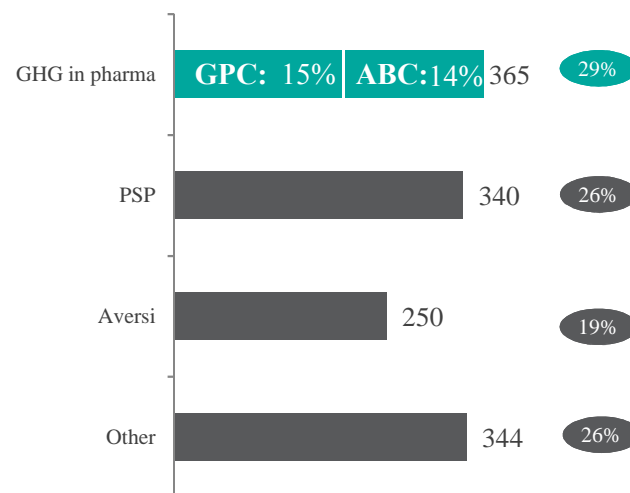
(Number of Beds as of December 2016)⁽¹⁾



Market share

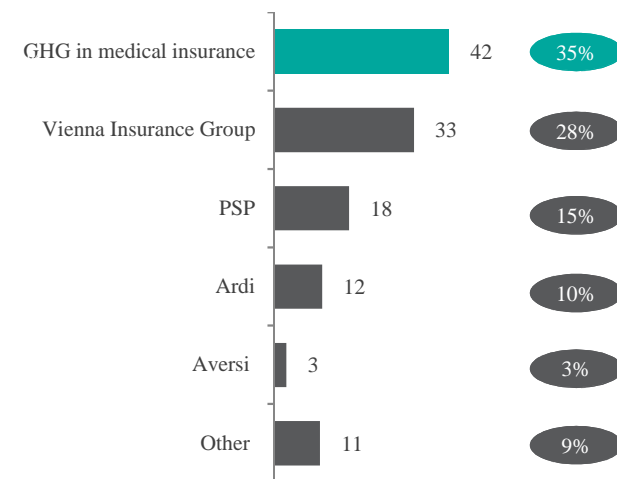
Pharma

(Revenue, GEL millions in 2015)⁽²⁾



Medical Insurance

(Gross premium revenue, GEL millions as of 30 Sep 2016)⁽³⁾



Sources:

(1) Market share by number of beds. Source: NCDC, data as of December 2015, updated by company to include changes before 31 December 2016

(2) Pharma business revenues for competitors are for 2015 year and represents Management estimate

(3) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 30 September 2016

Healthcare services - long-term, high-growth story

Milestone

Scale up and Institutionalise the Healthcare Services Business

At least double 2015 revenue by 2018

through utilising acquired hospital capacities and aggressively launching ambulatory clinics

2015-2018

Enhance revenues by capitalising on scale

Georgia medium term = Turkey 2014

By healthcare spent per capita

Through enhanced service mix, improved quality of care

**Medium-term Target
(5-10 Year Horizon)**

Significant Levers for Further Growth

Catch up with developed EM benchmarks in long-term

**Long-term Target
(Beyond 10 Year Horizon)**

Enabler

- **Utilize existing hospital capabilities**
 - no need for new hospital acquisitions for targeted growth
 - only c.56% bed utilisation⁽¹⁾ in 2016, c.600 beds in development

- **First mover advantage in fragmented outpatient market**
 - enhancing presence across patient pathway

- **Gaining 1/3 market share by revenue in hospitals**
- **Gaining 15%+ market share by revenue in outpatient**

**Georgia
Year 2013-14⁽¹⁾**

Spending per capita (US\$)  **217 (Georgia)**

Price inflation (heart surgery, US\$)  **6,500 (GHG)**

GHG Revenue per bed (US\$)  **34,000 (GHG)**

Outpatient encounters  **4.0 (Georgia)**


Significant expansion of capacity by 2025

**Georgia
Medium-term⁽¹⁾**

 **502**

 **9,000**

 **99k**

 **5.4**

Substantial room to grow beyond 2025

**EM
Year 2013-14⁽²⁾**

 **1,076**

 **25,000**

 **280k**

 **8.9**

Sources:

(1) Bed utilisation for referral hospitals; World Bank; GHG internal reporting; Management Estimates; Ministry of Finance of Georgia; Frost & Sullivan 2015, NCDC healthcare statistical yearbook 2014

(2) WHO: Average of countries: Chile, Costa Rica, Czech Republic, Estonia, Croatia, Hungary, Lithuania, Latvia, Poland, Russian Federation, Slovak Republic; BAML Global Hospital Benchmark, August 2014



Long-term, high-growth prospects

Accelerated revenue market share growth

Segment	Hospitals	Ambulatory	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%	15%	35%
YE2018	25% 28%	5%	30%+	30%+
Long-term	30%+	15%+	30%+	30%+



Focused growth strategy through 2018

Segment	Hospitals	Ambulatory	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 Tbilisi 2 Filling service gaps 3 Strengthening existing services in elective care 	<ol style="list-style-type: none"> 1 Accelerated footprint growth 2 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 customers 3 Growing wholesale revenue 4 Growing wholesale revenue 5 Cross-selling to ambulatory clinics 	<ol style="list-style-type: none"> 1 Portfolio re-pricing and cost-efficiencies 2 Redirecting more patients to GHG ambulatory clinics & pharmacies

Hospitals – Strategy through 2018

		2016	2018
1	Expanding footprint mainly in capital	market share (referral beds) 17% (2,092)	26% (2,733)
2	Grow urgent treatments	market share (market) 32% (GEL 440mln)	39%
3	Grow elective surgery and increase participation in vertical programs	market share (market) Elective: 15% (GEL 198mln)	28%
		Vertical: 17% (GEL 71mln)	28%
4	Filling service gaps	64 services implemented	120+ services to be implemented
5	Impact of new regulations	20 “quasi” ICU clinics appeared on market in capital	for ICU services government might contract only referral hospitals



Focused growth strategy

Capacity in place for accelerated hospital revenue growth

Increasing footprint in capital
with 320-bed first class Deka hospital and 334- bed first class Sunstone hospital
Both hospitals renovations are on schedule

Before



After



Deka highlights

Target population:

- Medium and high income patient
- Opportunity for medical tourism

Project details:

- 320 Bed Flagship hospital will be opened in Tbilisi next year
- 35,000 Sq. meter
- Targeting JCI Accreditation
- Launch date: Sep 2017**

High technology services:

- Cardio Surgery; Angio surgery; Neurovascular surgery; Laparoscopic Surgery; ICU; ER; Full Diagnostic Services (Opened in Aug 2016)

Sunstone highlights

Target population:

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

Project details:






- 334 Bed hospital
- 35,000 Sq. meter
- 11 Operating Rooms
- Launch Date: Feb 2017**

High technology services:

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



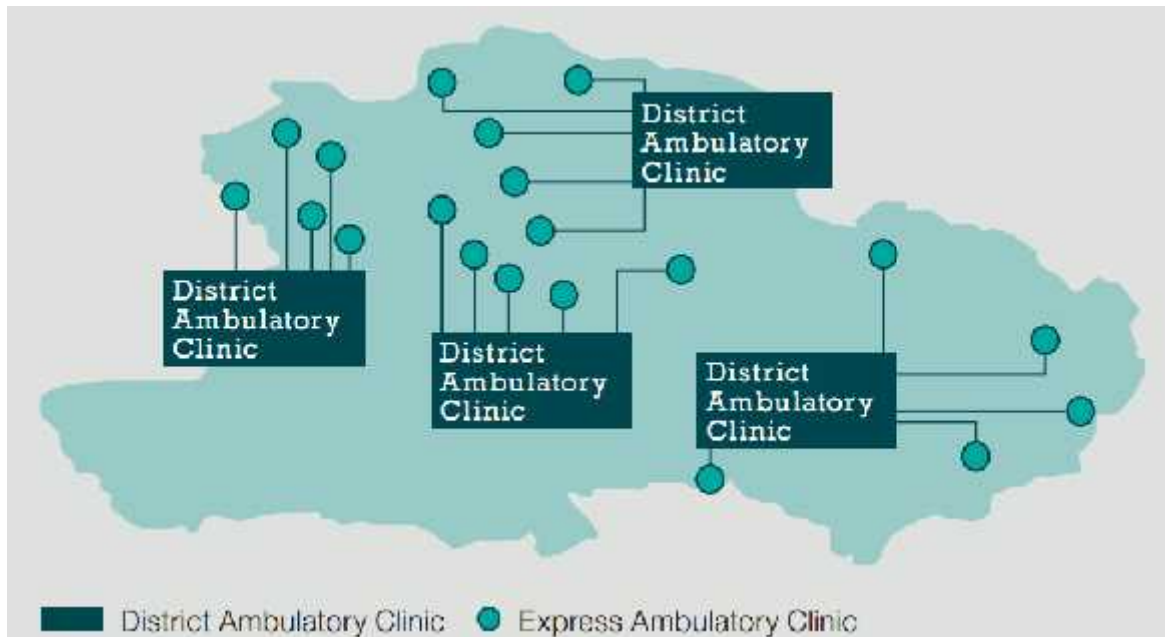
Ambulatory - Strategy through 2018

		2016	2018
1 Accelerated launch		10 Clusters	c.25 Clusters
2 Increased revenue / decreasing dependency		48% revenue from medical insurance & co-payments	20% revenue from medical insurance & co-payments
3 Sales to corporates		None	1/5 share in outpatient revenue
4 Pharma cross-sell		1,000 unique patients per month	22,000 unique patients per month
5 State programs		1.5% share in eligible state programs	20% share in eligible state programs
Share in GHG healthcare business revenue		4.8%	15%

Focused growth strategy

Rapid launch of ambulatory clinics

Ambulatory clusters in TBILISI



ORGANISED IN CLUSTERS

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

Large scale
ambulatory
clinic

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
clinic

Area: 20-200 sq/m

Offering: Basic services

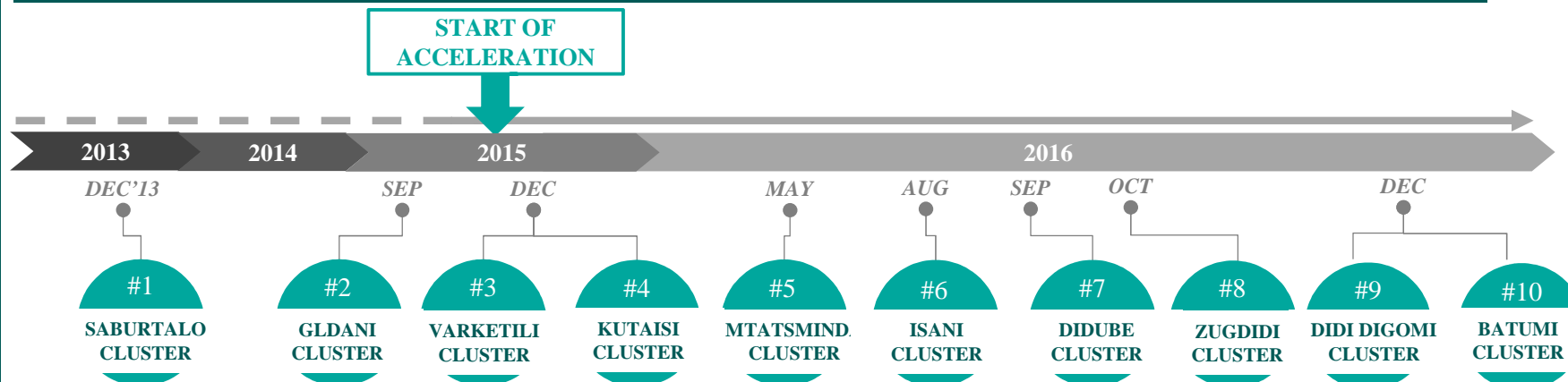
Working hours: 09:00-21:00, 7 days a week

Investment: GEL 300 thousand

Revenue: GEL 0.1mln (annual run rate)

First mover advantage in a fragmented market

Accelerated
ambulatory
launch strategy
2015-2016 Sep





Focused growth strategy

GHG setting new standard among competition in ambulatory business

Competition



Mitskevich polyclinic, Tbilisi, September 2015

Reception



Joen clinic, Tbilisi, September 2015

Doctor's office



9th polyclinic, Tbilisi, September 2015

GHG ambulatory clinics



Express ambulatory clinic, Tbilisi, December 2014

Reception



Express ambulatory clinic, Tbilisi, December 2014





Doctor's office



Express ambulatory clinic, Tbilisi, December 2014

Pharma - Strategy through 2018

Improving combined EBITDA margin from 4.3% in 2016 to at least 8.3% in YE2018, while slightly increasing market share to 1/3

		2016	2018
1 Enhancing retail margin		Share of “GPC” products in pharma revenue <3%	15%+
2 Increasing customer loyalty		c. 500K Loyalty Cardholders	c. 1 mln
3 Growing wholesale revenue		GEL 36.9 mln revenue	<ul style="list-style-type: none"> ▪ 20-25% growth in sales to drugstores ▪ Double hospital sales
4 Expanding retail footprint		243 pharmacies ⁽¹⁾	300+
EBITDA margin		4.3%-GPC, 8.4%-ABC	8.0%+
Market share		29%	30%+

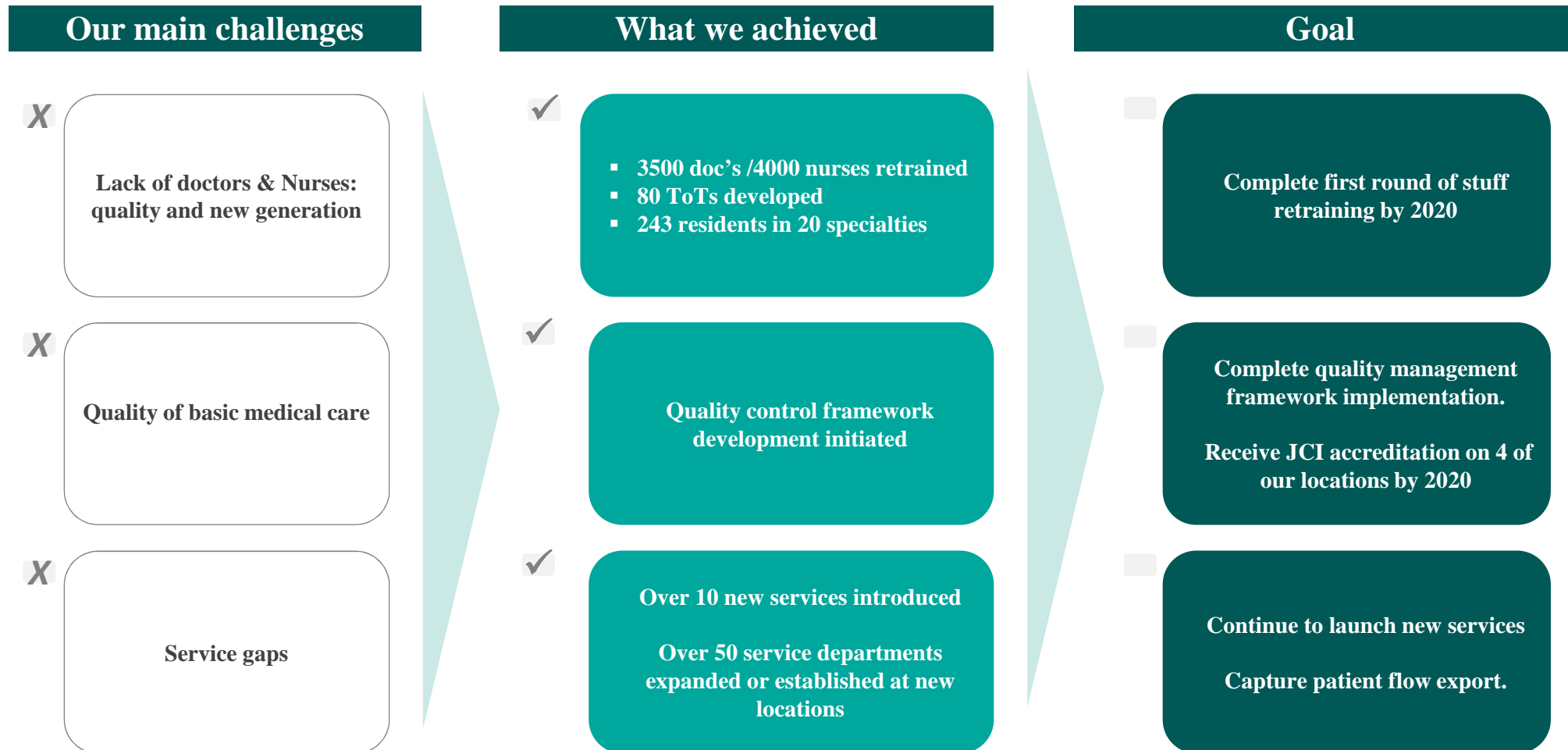
(1) Including ABC's pharmacies



Medical insurance - Strategy through 2018

		2016	2018
1 Group synergies	Total claims retained within the Group	23.3%	>50%
2 Portfolio repricing	Loss ratio	82.3% ⁽¹⁾	<75%
3 Cost efficiency	Expense ratio	20.6%	<14%
4 Value creation	Combined ratio	102.9% ⁽¹⁾	<97%

(1) Combined ratio and loss ratio excluding MOD





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



✚ **Allan Hirst** | Independent Non-executive Director | Experience: Held various senior roles over his 25 year career at Citibank, including President and Managing Director of Citibank Russia; former BGEO board member for seven years



✚ **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

Non-BGEO members



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



✚ **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



✚ **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

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

Note : Senior Executive Compensation Policy applies to top executives and envisages long-term deferred and discretionary awards of securities and no cash bonuses to be paid to such executives

Non-BGEO members



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



✦ **David Vakhtangishvili** | Deputy CEO, Finance; formerly CFO of JSC Bank of Georgia, 9 years experience at Andersen and Ernst & Young



✦ **Giorgi Mindiashvili** | Deputy CEO, Hospital business; formerly CFO of JSC Insurance Company Aldagi, formerly supervisory board member of JSC My Family Clinic



✦ **George Arveladze** | Deputy CEO, Ambulatory and Pharma Business; (effective 16 March 2016), formerly CEO of Liberty Bank, 12 years experience in banking business



✦ **Givi Giorgadze** | CEO, Medical insurance (effective 1 July 2016); 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



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



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



✦ **Otar Lortkipanidze** | Chief IT Officer; 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 Communication 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.



 GHG | Overview and strategy

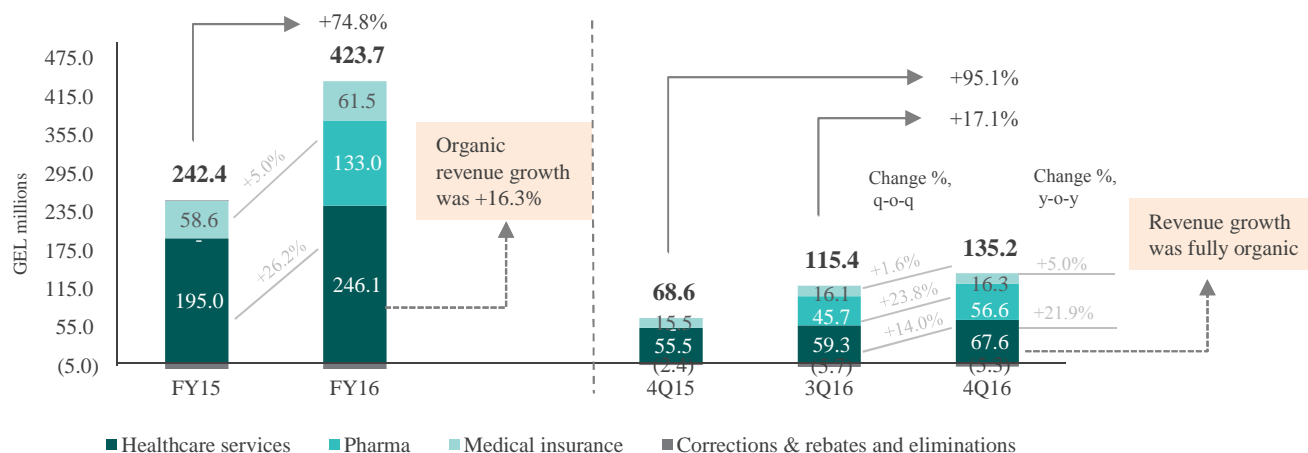
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 Macroeconomic and Industry Overview

 Annexes

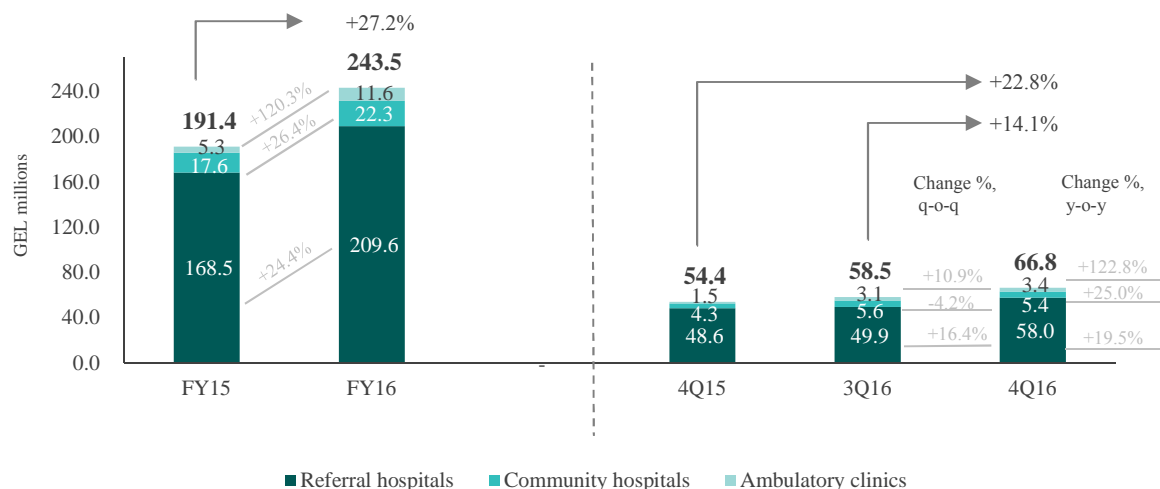
Revenue growth driven by all business lines, primarily by the consolidation of pharma business as well as by revenue from healthcare services

GHG – Gross revenue breakdown by segments



Note: Pharma business financials are included since 1st of May 2016, as GHG completed the acquisition of the pharma business in May 2016 and started consolidation afterwards.

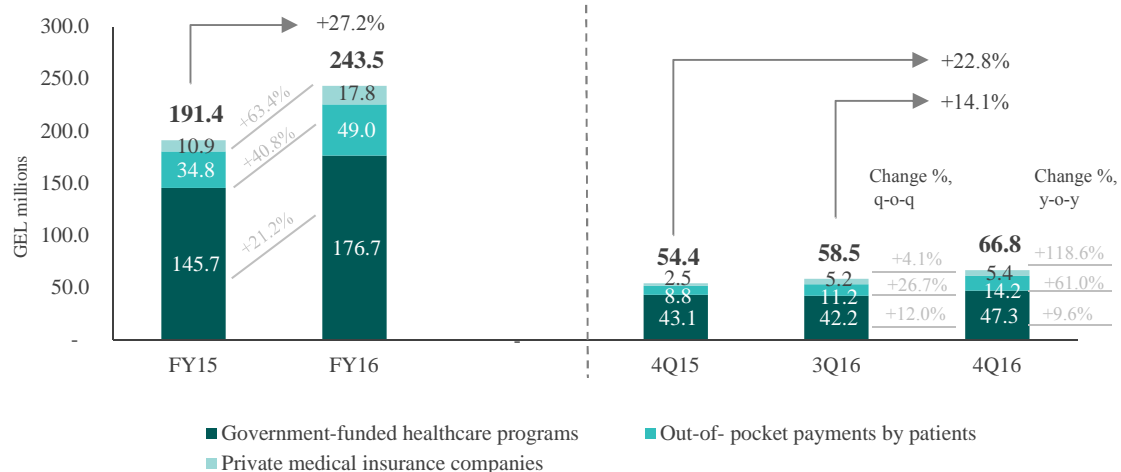
Healthcare services – Net revenue breakdown by service lines



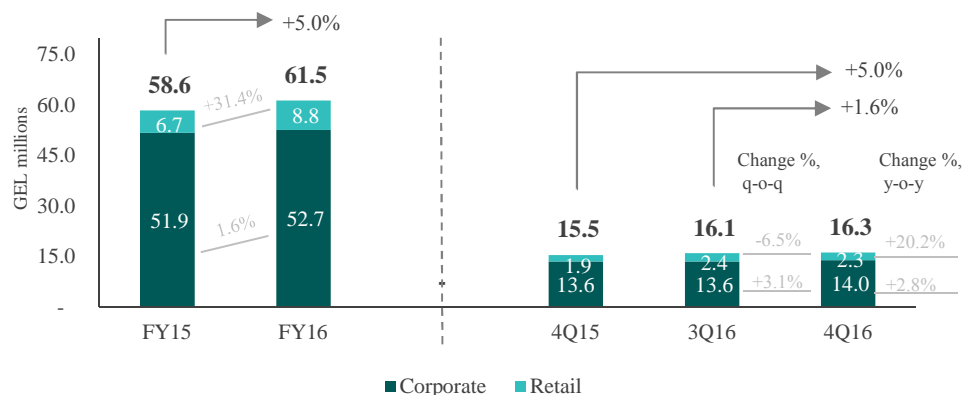
Note: GHG Internal Reporting

All sources of our Net healthcare services revenue grew y-o-y, with UHC contributing the most volume-wise

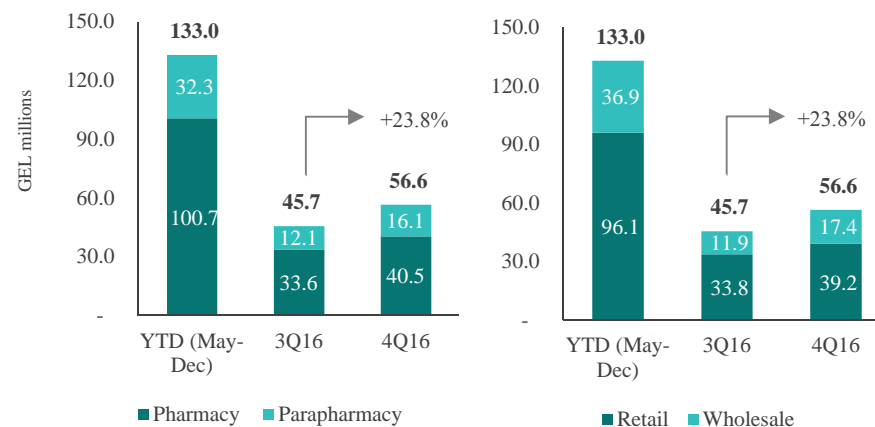
Healthcare services – Net revenue breakdown by source of payments



Medical insurance – Net revenue breakdown by products

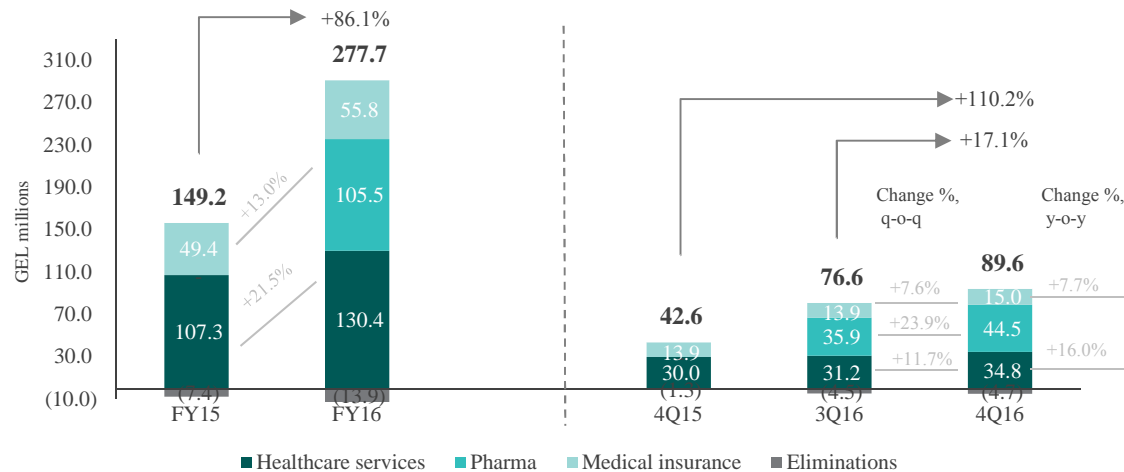


Pharma – revenue breakdown by: product type sales channel

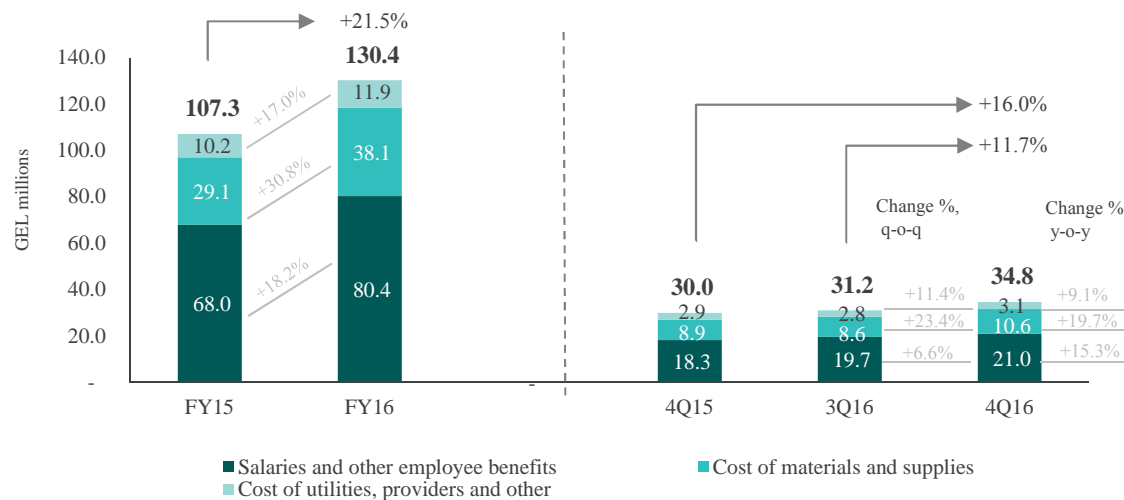


Cost of services - growth follows healthcare services expansion as well as pharma acquisition

GHG – Cost of services breakdown by segments



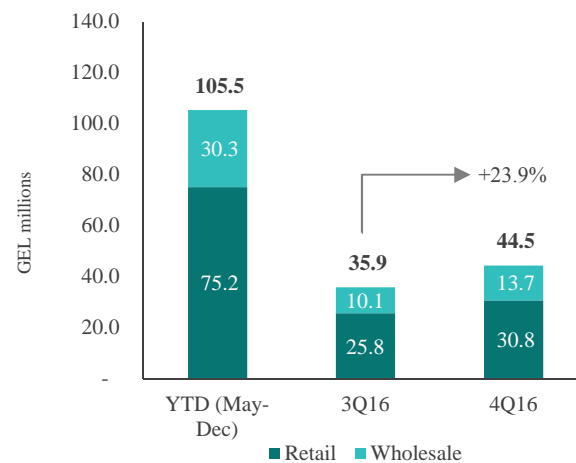
Healthcare services - cost of services breakdown



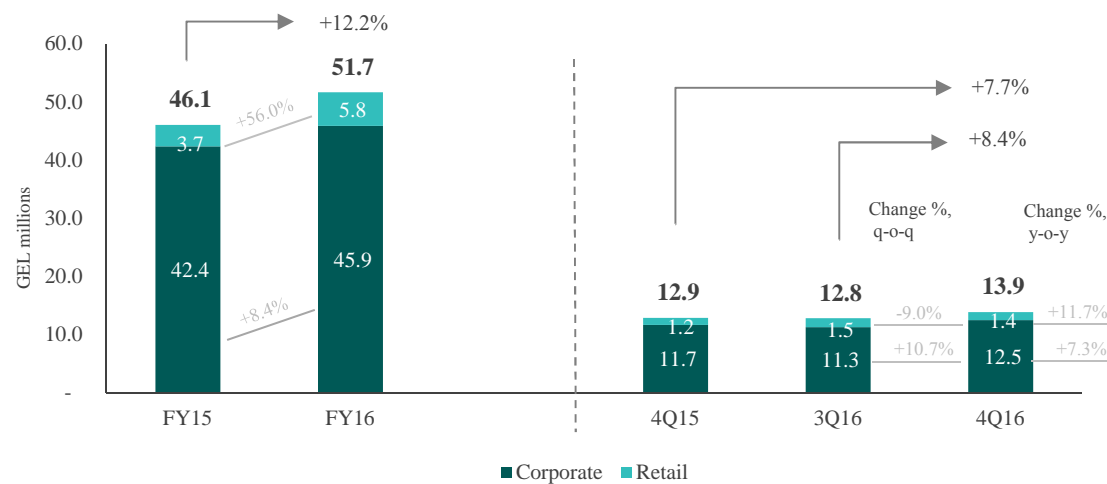
Note: GHG Internal Reporting

Cost of services - Pharma and Medical insurance business

Pharmaceuticals - cost of services breakdown



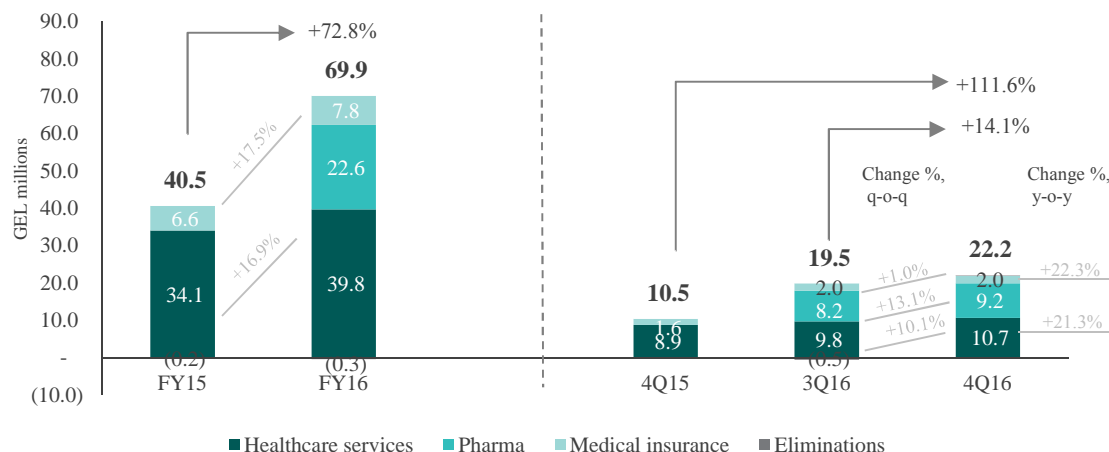
Medical insurance – net insurance claims breakdown



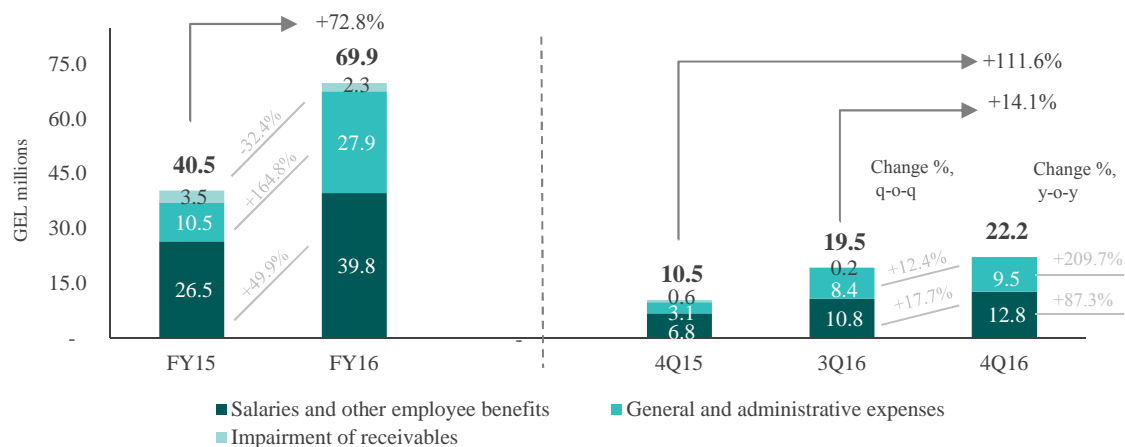
Note: GHG Internal Reporting

Operating expenses followed the growth of healthcare services as well as pharma acquisition

GHG – Operating expense breakdown by Segments



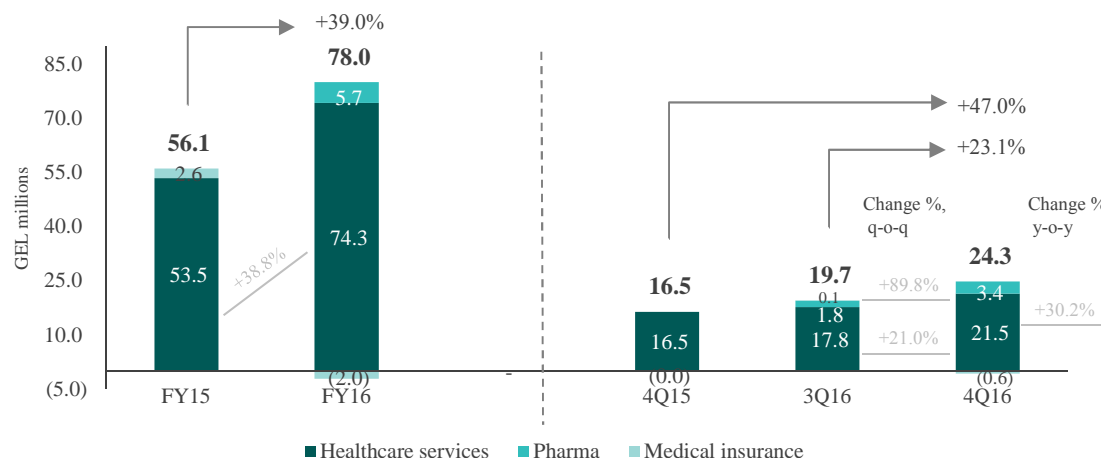
GHG – Operating expense breakdown types



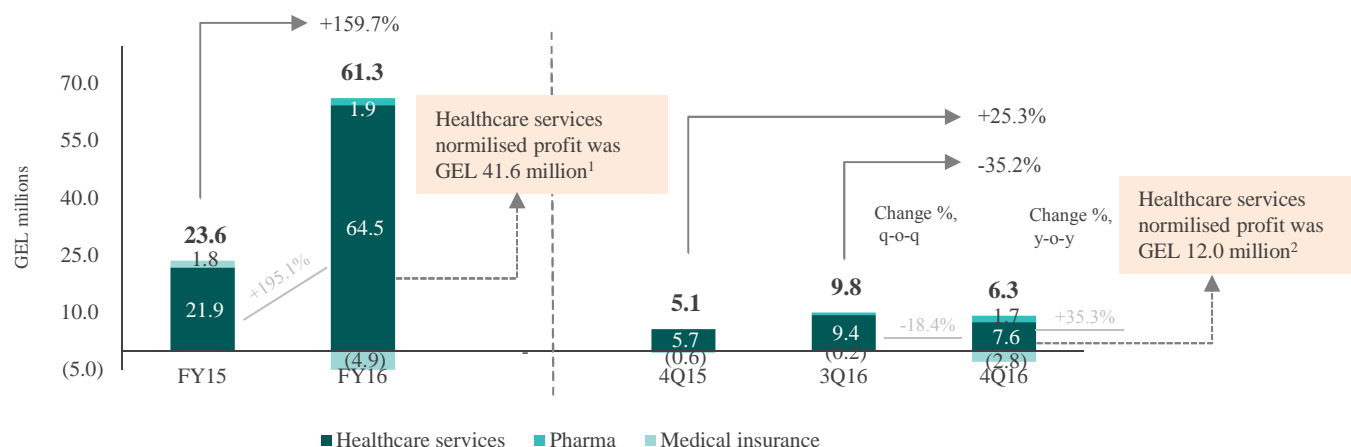
Note: GHG Internal Reporting

EBITDA and Net profit

GHG – EBITDA growth primarily driven by healthcare services, 31.9% and 30.2% EBITDA Margin in 4Q16 and FY16 respectively



GHG – Net Profit growth primarily driven by healthcare services, 195.1% Y-o-Y



Note: GHG Internal Reporting

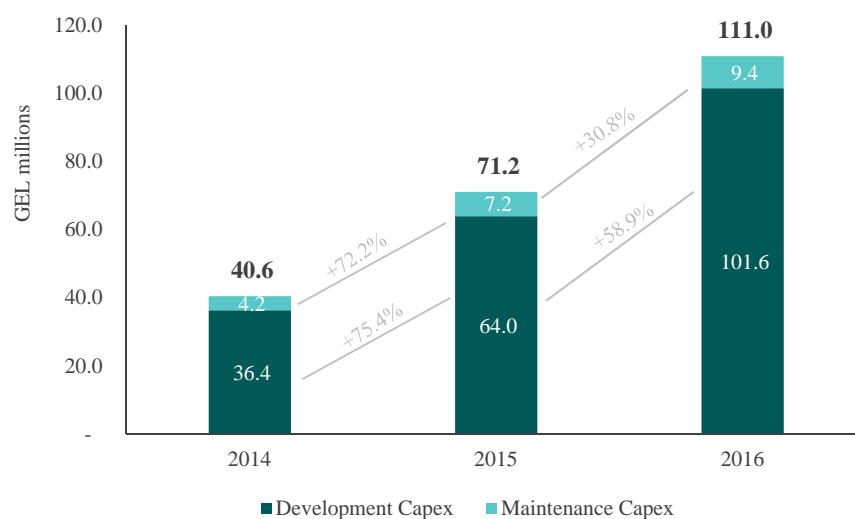
(1) Normalised net profit for the full year 2016, is the net profit adjusted for one-off non-recurring gain due to deferred tax adjustments (in the amount of GEL 24.0 million for GHG, which resulted from the Group's healthcare services – positive GEL 25.0 million, medical insurance business – negative GEL 0.8 million and pharma business – negative GEL 0.2 million) and adjusted for one-off currency translation loss in June ("translation loss") (in the amount of GEL 2.1 million).

(2) Normalised net profit for the fourth quarter 2016, is the net profit adjusted for one-off non-recurring gain due to deferred tax adjustments (in the amount of GEL 5.3 million for GHG, which resulted from the Group's healthcare services – GEL 4.3 million, medical insurance business – GEL 0.8 million and pharma business – GEL 0.2 million).

Capex – Key driver for our 2016-2018 strategy

Capex 2014-2016

Maintenance capex as % of healthcare service revenue	2.8%	3.7%	3.8%
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Capex 2016-2018 Strategy and performance

- Our key strategic pillar for Doubling 2015 Revenue in 2018 is the development capex, including 2 hospital renovations, outpatient clinics roll-out and some other new projects to fill service gaps.

- **During 2016 we spent a total of GEL 111.0 million on capital expenditures, from which:**
 - Development Capex was GEL 101.6 million
 - Maintenance Capex was GEL 9.4 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 km²
- Population (2015): 3.7 million people
- Life expectancy: 77 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi (Population of 1.1 million people)
- Currency: Lari (GEL)

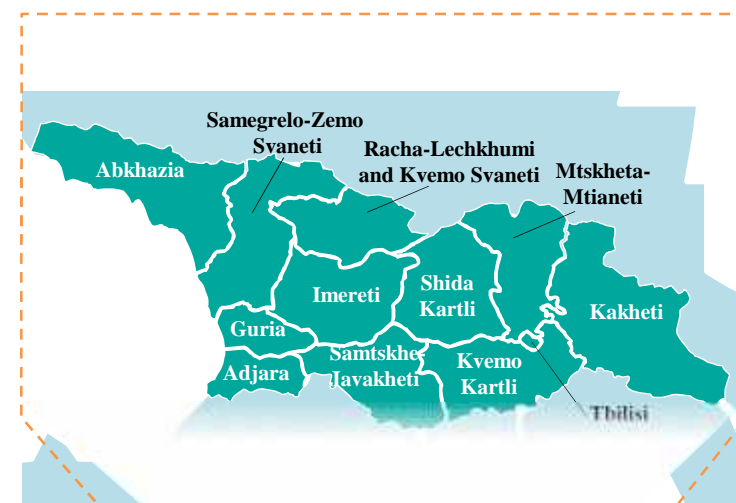


Ease of Doing
Business
Best Improvement
since 2005

- Nominal GDP: 2015 GEL 31.8bn (US\$14.0bn)
- Real GDP average 10yr growth: 5.1%
- GDP per capita 2015 (PPP) per IMF: US\$9,591
- Inflation rate (e-o-p) 2016: 1.8%
- External public debt to GDP 2015: 32.5%

Sovereign ratings:

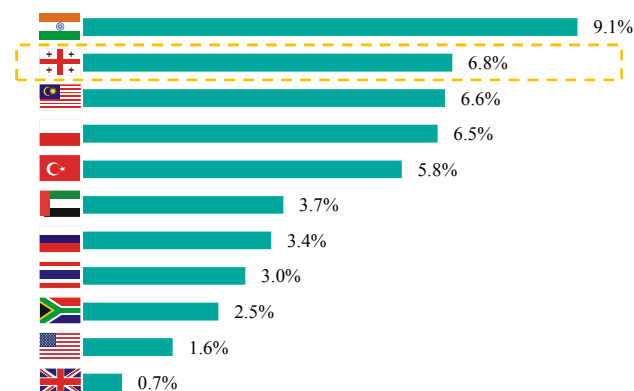
S&P	BB-/B/Stable, affirmed in November 2016
Moody's	Ba3/NP/Positive, affirmed in March 2016
Fitch	BB-/B/Stable, affirmed in September 2016



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

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

Real GDP CAGR 2006-15



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 24th in 2016

- Georgia has implemented one of the most radical market and government reforms and programme of economic liberalisation in the former Soviet Union states
- 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 net FDI inflow at average rate of 10% of GDP since 2005

...Which Removed Excessive Administrative Burden from Business

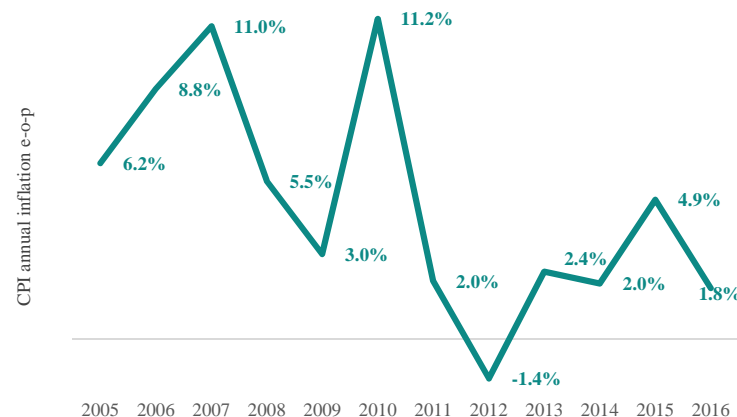
- ✓ Significant reduction of bureaucracy
- ✓ Overall, c.70% of business-related licenses and c.90% of permits were abolished
- ✓ One-stop shops for all business-related administrative procedures commenced operations
- ✓ Taxation was simplified with the total number of taxes reduced from 21 to 6
- ✓ Main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

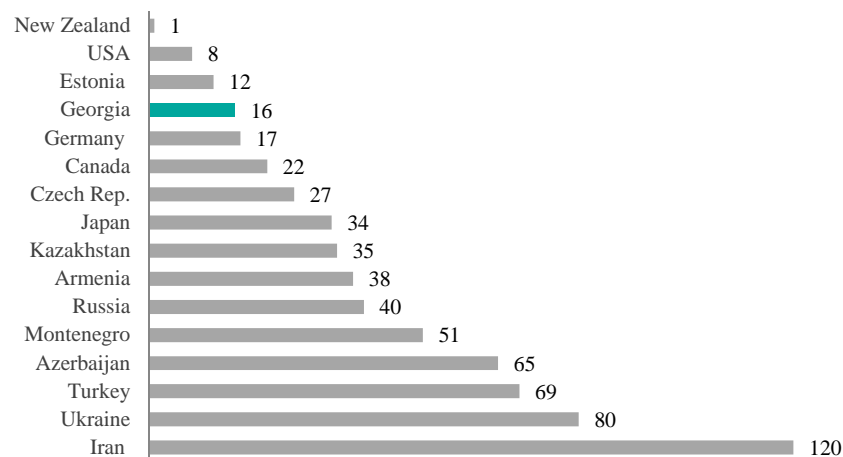




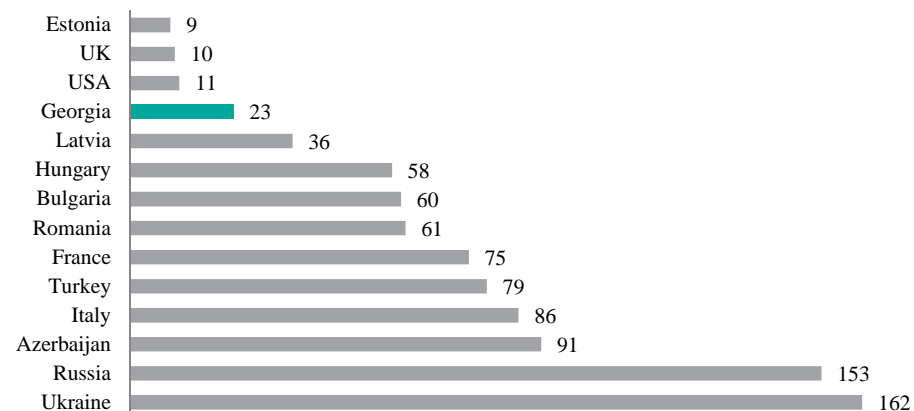
Long-term, high growth prospects

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

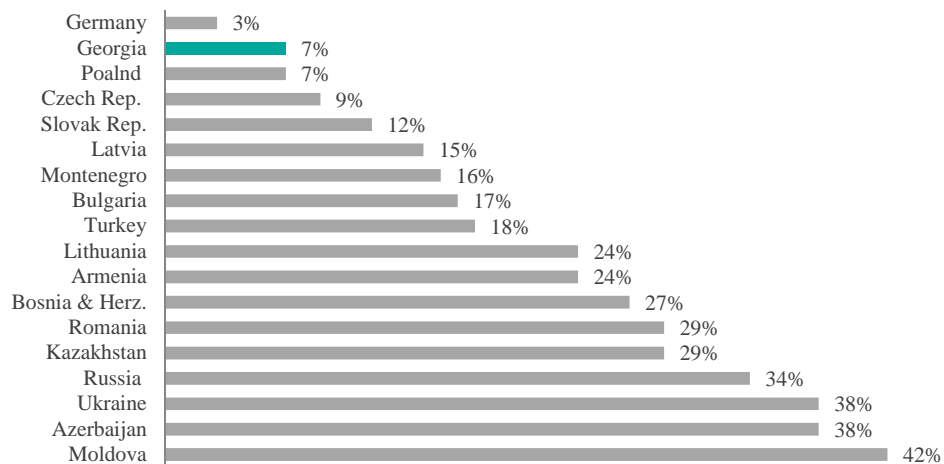
Ease of Doing Business | 2017 (WB-IFC Doing Business Report)



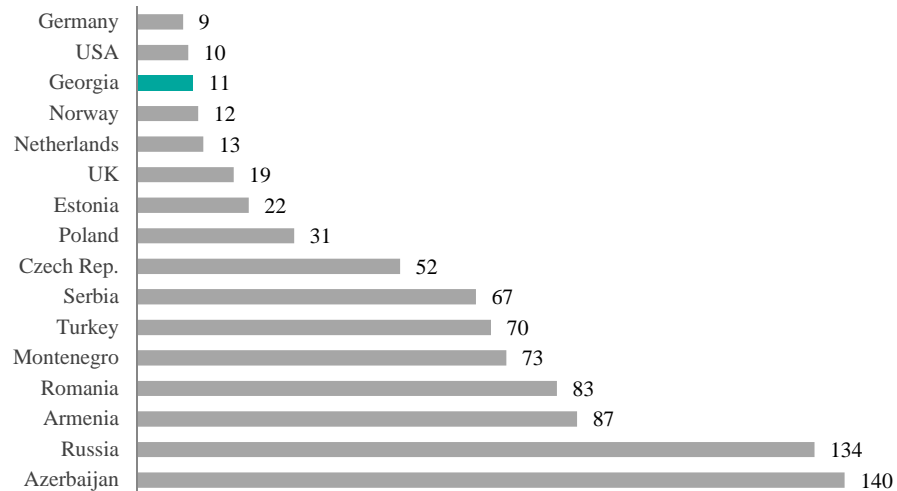
Economic Freedom Index | 2016 (Heritage Foundation)



Global Corruption Barometer | TI 2016



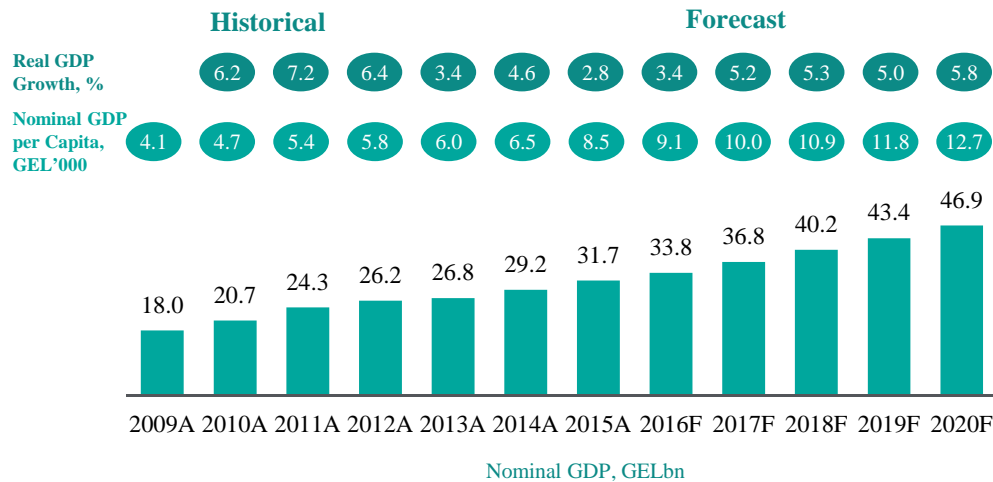
Business Bribery Risk, 2014 | Trace International



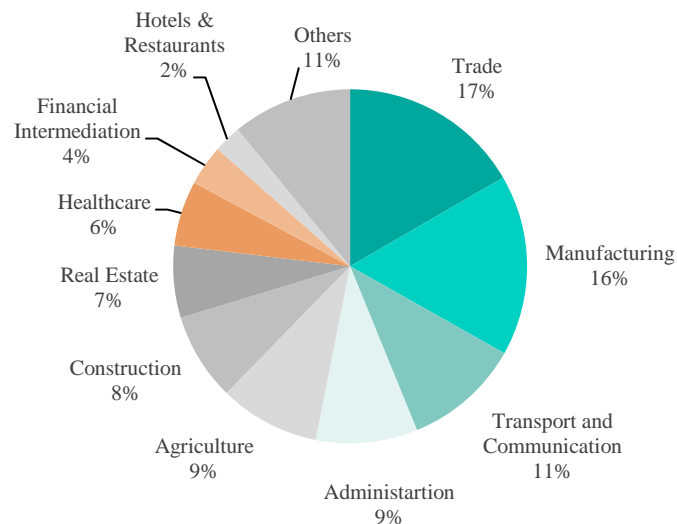
Long-term, high growth prospects

Georgia | positive economic outlook

GDP Growth Expected to Continue



GDP composition, FY 2015



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 16.1% of GDP in 9M16 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\$ 1,565mln (11.2% of GDP) in 2015 (down 11.0% y-o-y), FDI at US\$ 1,298mln in 9M16 (up 4.9% y/y)
- FDI averaged 10.2% of GDP in 2006-2015

Support from International Community

- Georgia and the EU signed an Association Agreement in June 2014 and Georgia's parliament ratified the agreement in July 2014. The deal includes a DCFTA, which is the major vehicle for Georgia's economic integration with the EU
- 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
- Limited dependence on Russia which accounts for c.10% of exports and c.7% of imports

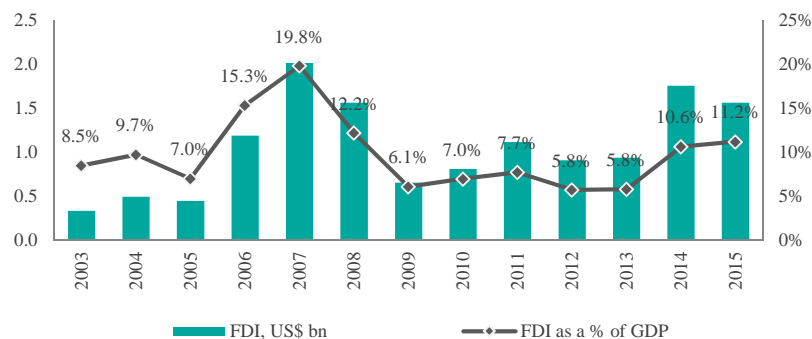
Cheap Electricity

- 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

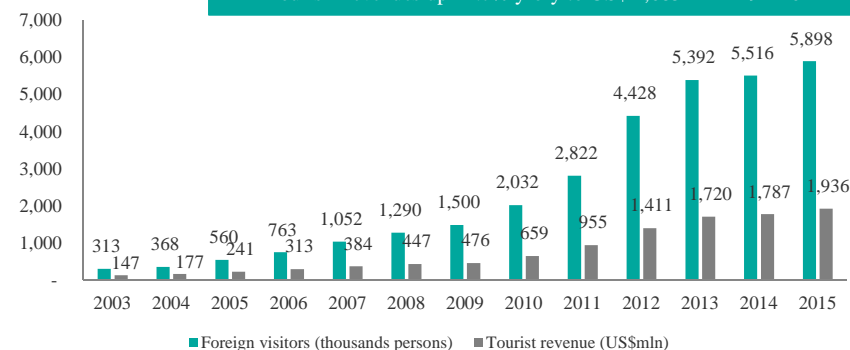
FDI stood at US\$ 1,298mln, up 4.9% y-o-y in 9M16



Sources: Geostat

Number of tourists

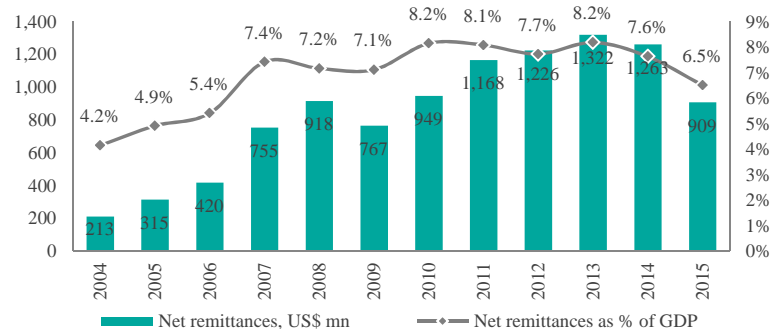
6.4mln visitors in 2016, up 7.6% y-o-y
Tourism revenues up 11.7% y-o-y to US\$ 1,685 mln in 9M16



Sources: Georgian National Tourism Agency, National Bank of Georgia

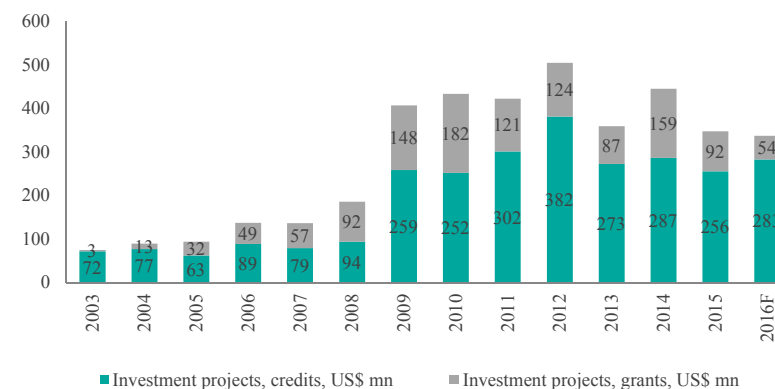
Net remittances

US\$ 957.2mln in 2016, up 5.3% y-o-y



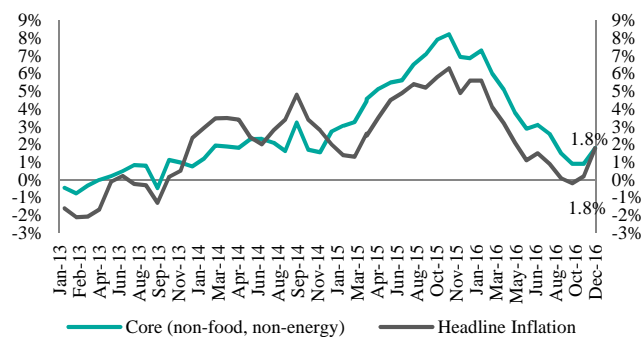
Source: National Bank of Georgia

Public donor funding



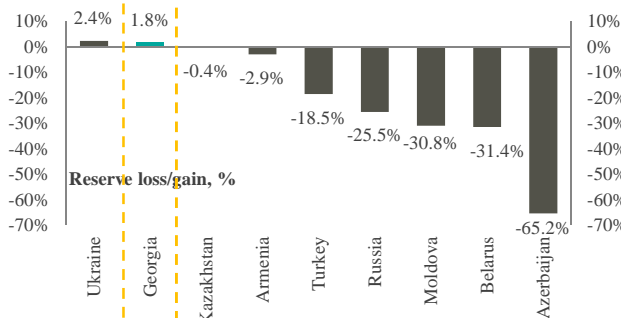
Source: Ministry of Finance of Georgia

Annual inflation



Sources: Geostat

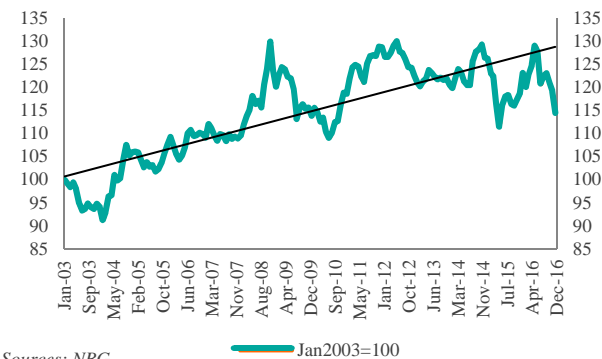
Georgia used less reserves to support GEL



Source: IMF

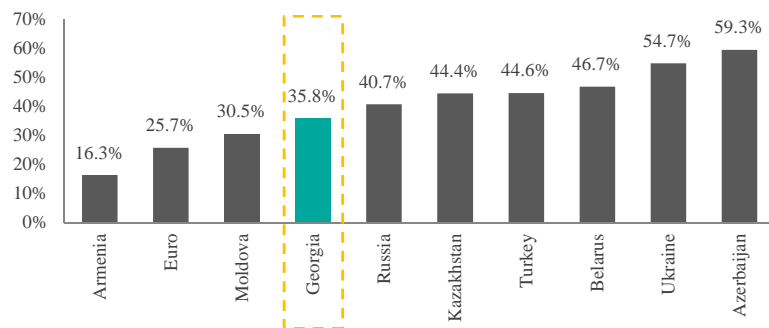
Note: Dec-2016 vs Aug-2014; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

Real effective exchange rate (REER)



Sources: NBG

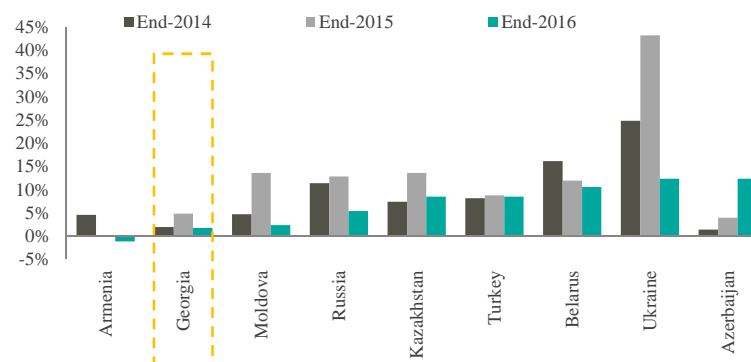
Currency weakening vs. US\$



Source: Bloomberg,

Note: US\$ per unit of national currency, period 1-Aug-2014 – 26-Jan-2017

Inflation remains low in Georgia

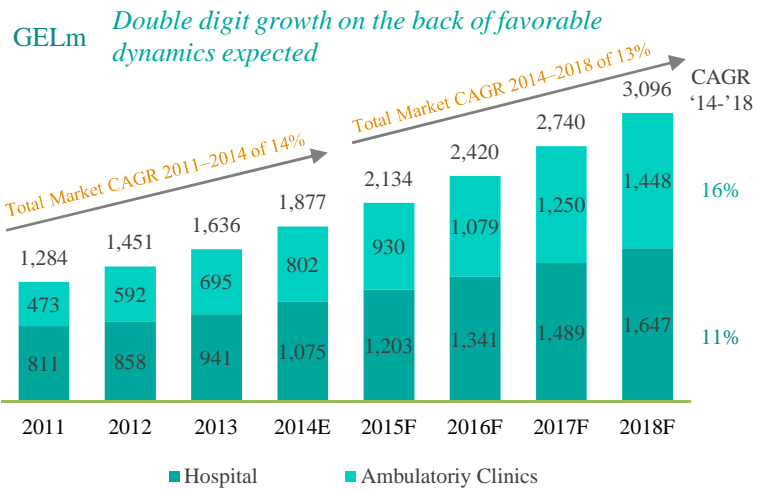


Source: National Statistics Offices

Long-term, high growth prospects

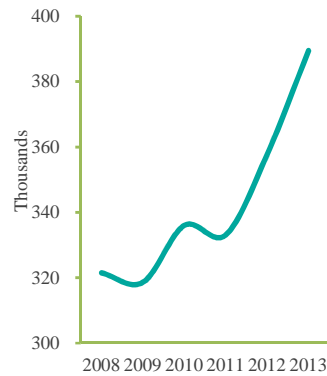
Rapidly Growing Healthcare Services Market

High Growth in Healthcare Services Market Expected to Continue

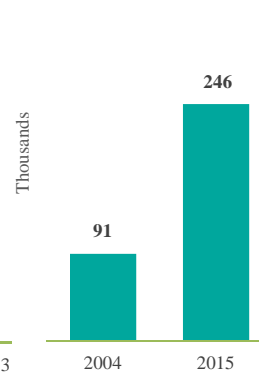


Demand Analysis

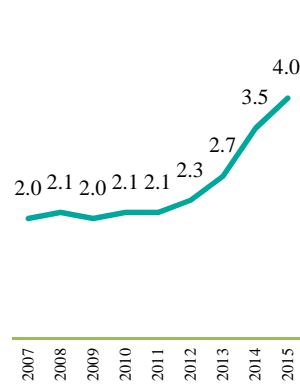
Number of Hospital Admissions



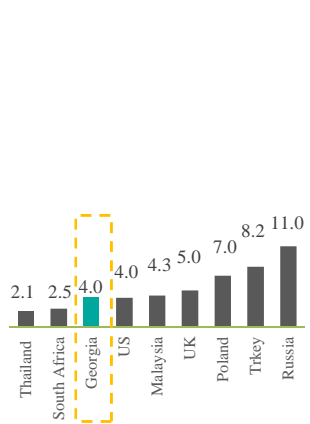
Number of Surgical Operations



Outpatient encounters per capita,

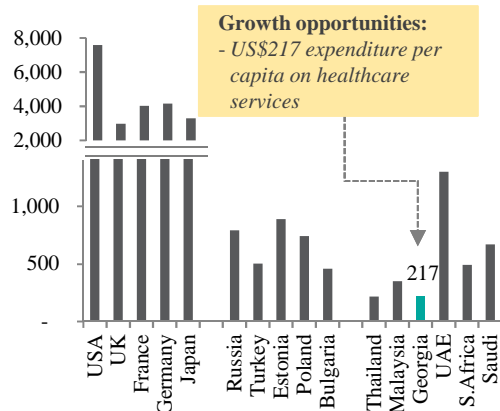


Outpatient encounters per capita, Georgia VS other countries

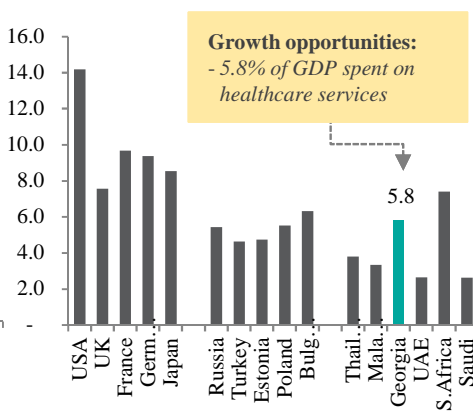


Low Expenditure on Health Services

Per capita expenditure on healthcare services, current US\$⁽¹⁾



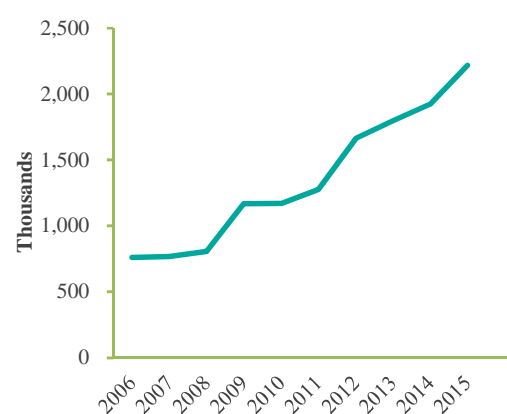
Expenditure on healthcare services, % of GDP⁽¹⁾



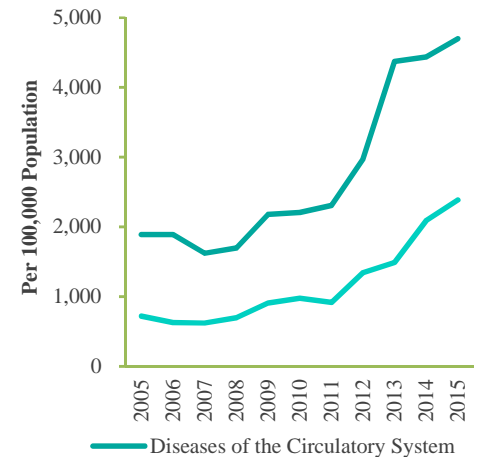
Note: Healthcare services expenditure for other countries is pro-forma, based on assumption that pharmaceuticals is 17% of total spending

Increasing Overall Disease Incidence...

Number of Registered Patients with 1st Time Diagnosis



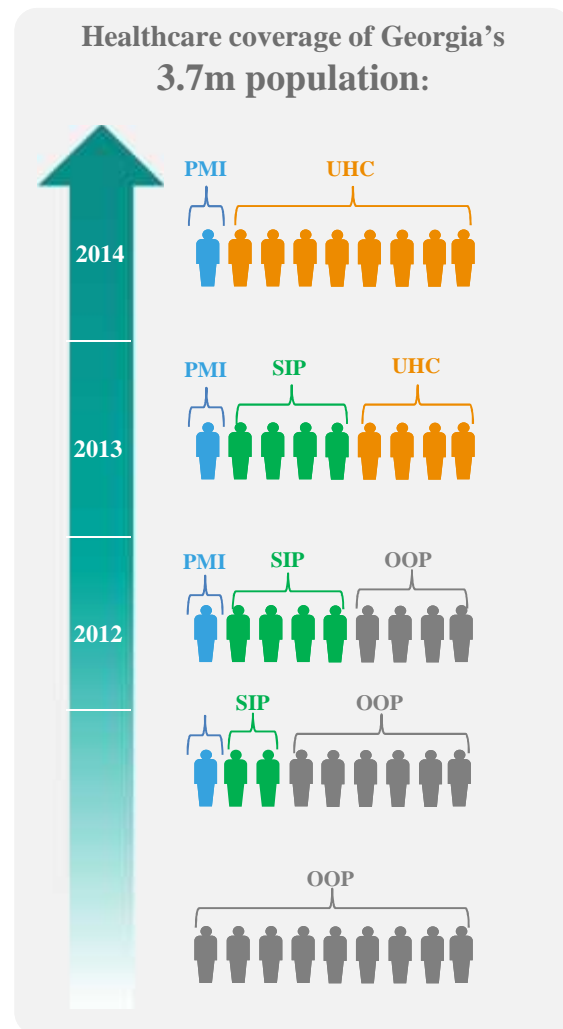
... Including a Growing Incidence of Lifestyle Diseases



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

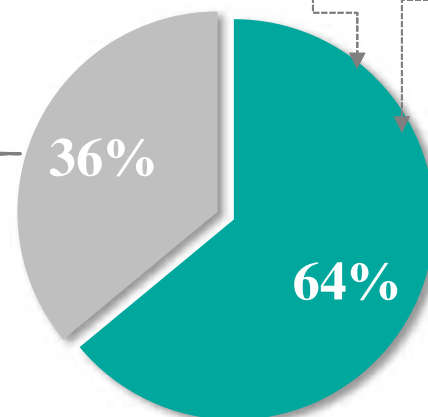
Favorable government healthcare policy

Soviet-era legacy



64% of beds are renovated in Georgia⁽¹⁾

86% of GHG beds are renovated⁽²⁾



■ Renovated beds
■ Soviet-era beds

Renovated



Source:

(1) NCDC, data as of 2014

(2) GHG internal reporting

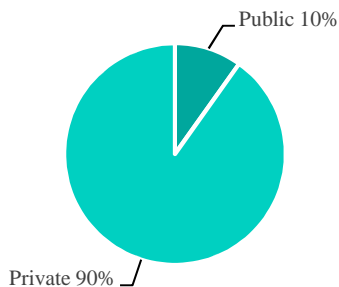
Long-term, high growth prospects

Favorable government healthcare policy

Infrastructure renewed, although significant opportunity remains to improve service quality

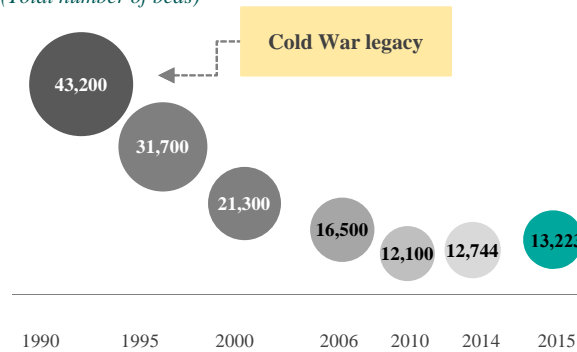
84% Of Hospital capacity is private

Total Number of Beds (2015): 10,948⁽¹⁾



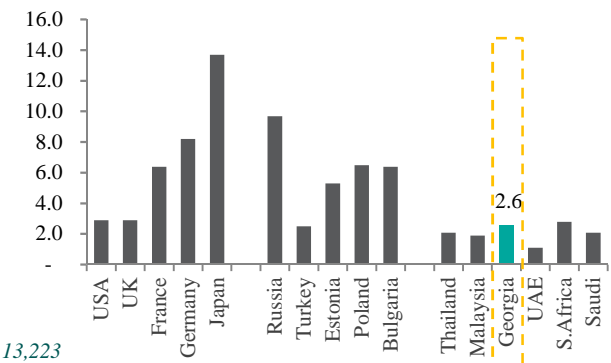
Capacity-wise Georgia stands alongside US, UK and Turkey

Optimising bed capacity over the years
(Total number of beds)⁽²⁾



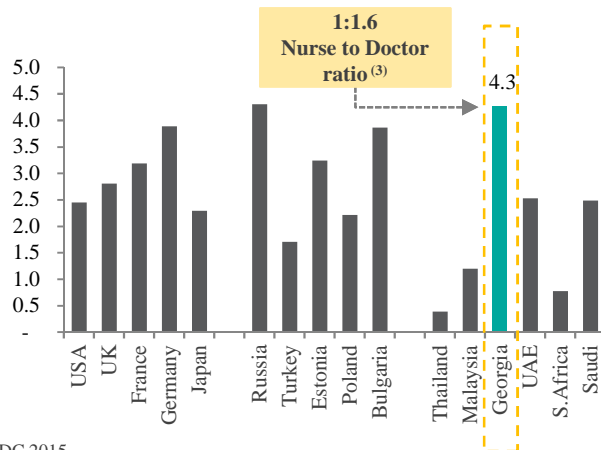
Note: (*) Target market bed capacity = Total market bed capacity of 13,223 beds – 2,275 specialty beds at penitentiary, TB and psychiatric clinics

Beds per 1,000 people⁽³⁾



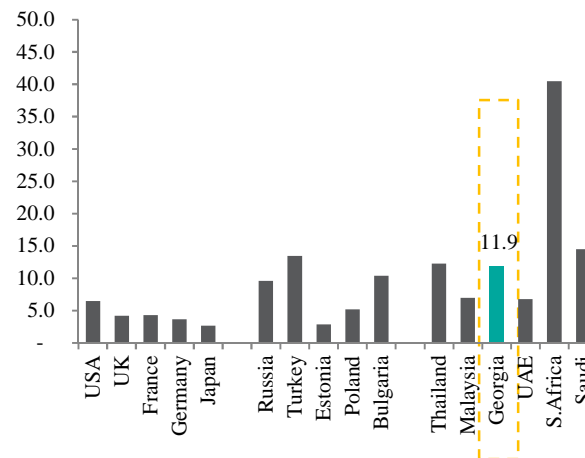
However, physician overcapacity yet to be addressed

Number of physicians per 1,000 people⁽³⁾

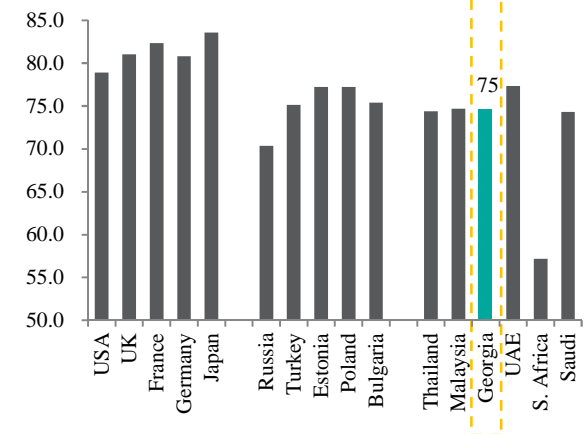


With significant room for optimisation in terms of service quality, as indicated by: Under 5 Mortality Rate... ... And Life Expectancy At Birth

Under 5 mortality per 1,000 live births⁽³⁾



Total (years)⁽³⁾



Source:

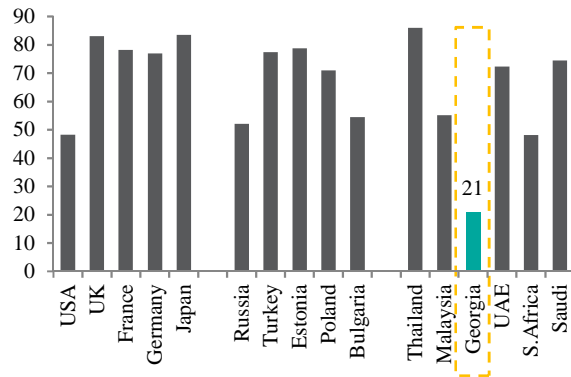
- (1) NCDC 2015
- (2) Geostat 2014, NCDC 2015
- (3) World Bank | 2012, 2013, 2014, 2015

Long-term, high growth prospects

Favorable government healthcare policy

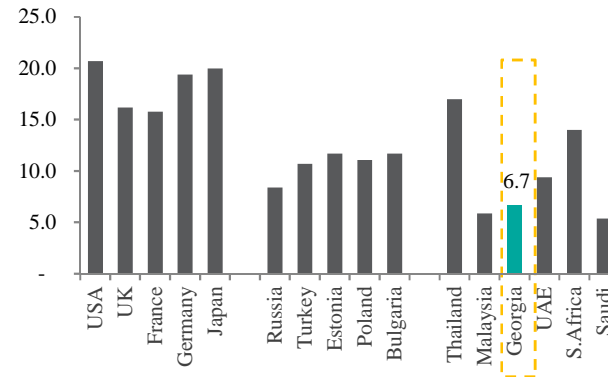
Government finances reached c.30% of total healthcare costs in 2015, from c.20% in 2013

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



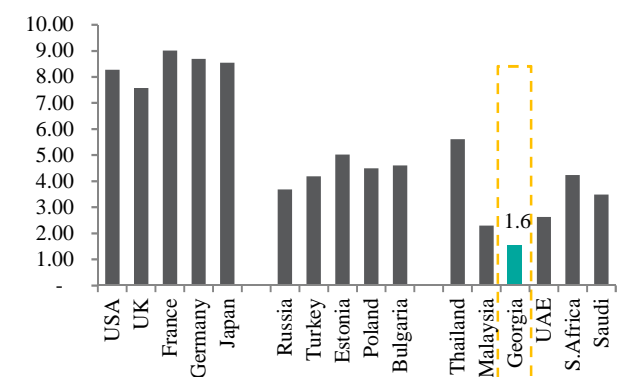
Government spending on healthcare was only 6.7% of state budget in 2013, which is expected to grow up to 10.4% in 2016 year.

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⁾

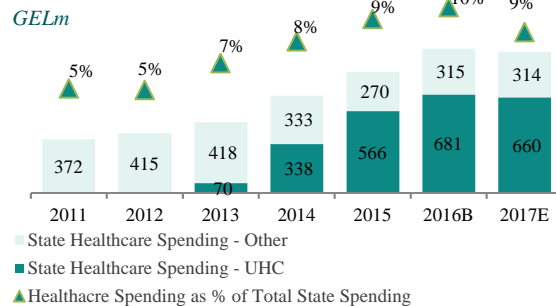
Government expenditure on health as % of GDP in 2013⁽¹⁾



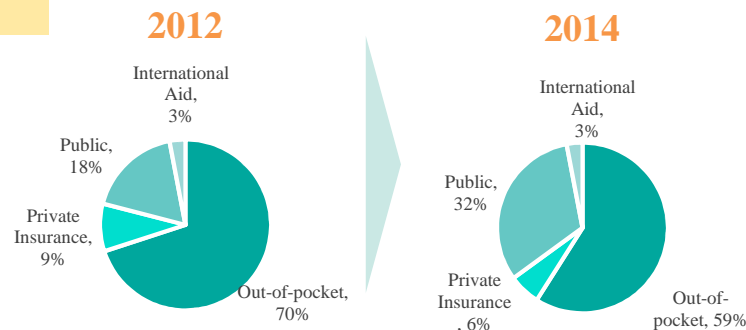
And catching up gradually – State financing of healthcare increasing for the last several years

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⁾

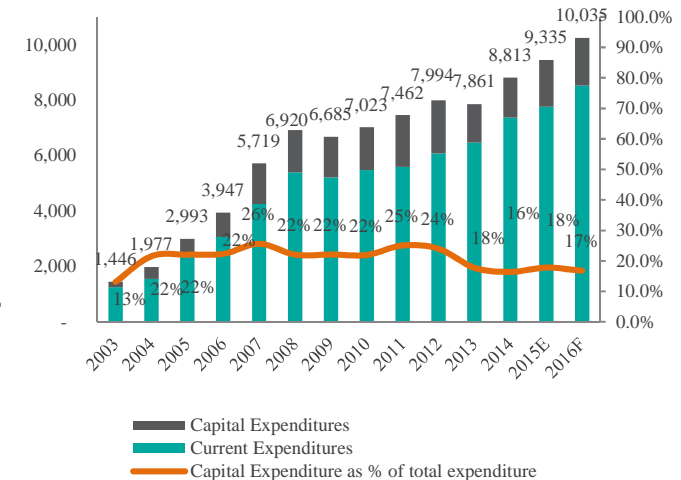


High private spending and growing public sector participation on the back of UHC implementation⁽³⁾



With C.20% of government tax revenues spent on capex

Total government budget, breakdown by operating and capital 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



 GHG | Overview and strategy

 GHG | Results discussion

 Macroeconomic and Industry Overview

 **Annexes**



Consensus Target Price is 4.04 GBP



GBP 4.20

*as of 22 November 2016



GBP 3.67

*as of 15 December 2016



GBP 4.20

*as of 22 November 2016



GBP 4.20

*as of 22 November 2016



GBP 3.95

*as of 21 November 2016

Ambulatory 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
Tatisvili	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 not available

GHG outpatient clinic



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

IRS





Service gaps in Georgia



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 – 39% 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 the Company 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

- New 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 programs, where we have 13 specialties with 166 residency quotas. Currently are waiting accreditation in seven additional specialties (general surgery, orthopedic surgery, neurosurgery, pediatric general surgery, oncology, radiation oncology, cardiac surgery). Since the launch of residency programs at the end of 2015, we have 58 residents involved in 12 specialties.
- Healthcare services signed MOU with Tvildiani Medical university and established mutual nurse college. More than 200 nurses will graduate college 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
- In 2015 healthcare services financed and organized specialization program abroad for 6 persons to launch the first Oncology center in the western of Georgia
- In 2015 healthcare services also financed Emergency retraining program for 20 doctors from the different regions of Georgia



GHG consolidated - Income Statement

<i>GEL thousands; unless otherwise noted</i>	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	FY16	FY15	Change, Y-o-Y
Revenue, gross	136,031	69,730	95.1%	116,159	17.1%	426,439	245,969	73.4%
Corrections & rebates	(790)	(1,086)	-27.3%	(762)	3.7%	(2,686)	(3,608)	-25.6%
Revenue, net	135,241	68,644	97.0%	115,397	17.2%	423,753	242,361	74.8%
Revenue from healthcare services	66,814	54,395	22.8%	58,542	14.1%	243,453	191,424	27.2%
Revenue from pharma	56,586	-	-	45,725	23.8%	133,002	-	-
Net insurance premiums earned	16,312	15,542	5.0%	16,054	1.6%	61,494	58,552	5.0%
Eliminations	(4,473)	(1,293)	245.9%	(4,925)	-9.2%	(14,196)	(7,615)	86.4%
Costs of services	(89,626)	(42,629)	110.2%	(76,563)	17.1%	(277,735)	(149,232)	86.1%
Cost of healthcare services	(34,802)	(30,008)	16.0%	(31,170)	11.7%	(130,369)	(107,291)	21.5%
Cost of pharma	(44,498)	-	-	(35,915)	23.9%	(105,472)	-	-
Cost of insurance services	(14,997)	(13,928)	7.7%	(13,939)	7.6%	(55,772)	(49,372)	13.0%
Eliminations	4,671	1,306	257.6%	4,461	4.7%	13,878	7,431	86.8%
Gross profit	45,615	26,015	75.3%	38,834	17.5%	146,018	93,129	56.8%
Salaries and other employee benefits	(12,757)	(6,810)	87.3%	(10,841)	17.7%	(39,750)	(26,515)	49.9%
General and administrative expenses	(9,470)	(3,058)	209.7%	(8,423)	12.4%	(27,853)	(10,517)	164.8%
Impairment of receivables	56	(612)	NMF	(172)	NMF	(2,332)	(3,448)	-32.4%
Other operating income	845	986	-14.3%	329	156.8%	1,944	3,490	-44.3%
EBITDA	24,289	16,522	47.0%	19,727	23.1%	78,027	56,139	39.0%
Depreciation and amortisation	(5,316)	(4,295)	23.8%	(5,215)	1.9%	(19,577)	(12,666)	54.6%
Net interest expense	(4,773)	(5,377)	-11.2%	(3,838)	24.4%	(13,736)	(20,282)	-32.3%
Net gains/(losses) from foreign currencies	(3,170)	(1,592)	99.1%	(263)	NMF	(5,657)	2,098	NMF
Net non-recurring income/(expense)	1,982	(192)	NMF	(48)	NMF	1,118	(1,682)	NMF
Profit before income tax expense	13,012	5,066	156.9%	10,363	25.6%	40,175	23,608	70.2%
Income tax benefit	(6,682)	(14)	NMF	(587)	NMF	21,156	9	NMF
<i>of which: Deferred tax adjustments</i>	<i>(5,319)</i>	<i>-</i>		<i>-</i>		<i>23,992</i>		
Profit for the period	6,330	5,052	25.3%	9,776	-35.2%	61,331	23,617	159.7%
Attributable to:								
- shareholders of the Company	5,401	3,823	41.3%	7,125	-24.2%	50,202	19,651	155.5%
- non-controlling interests	929	1,229	-24.4%	2,651	-65.0%	11,129	3,966	180.6%
<i>of which: Deferred tax adjustments</i>	<i>(516)</i>	<i>-</i>		<i>-</i>		<i>4,541</i>	<i>-</i>	



GHG consolidated - Balance Sheet

<i>GEL thousands; unless otherwise noted</i>	31-Dec-16	31-Dec-15	Change, Y-o-Y	30-Sep-16	Change, Q-o-Q
Total assets, of which:	912,563	758,280	20.3%	876,940	4.1%
Cash and bank deposits	47,115	157,398	-70.1%	48,067	-2.0%
Receivables from healthcare services	81,927	65,863	24.4%	73,895	10.9%
Receivables from sale of pharmaceuticals	5,105	-	-	8,757	-41.7%
Insurance premiums receivable	24,207	20,663	17.2%	31,147	-22.3%
Property and equipment	574,972	444,718	29.3%	541,206	6.2%
Goodwill and other intangible assets	70,339	25,787	172.8%	65,053	8.1%
Inventory	54,920	11,056	396.7%	49,490	11.0%
Prepayments	30,518	9,117	234.7%	40,451	-24.6%
Other assets	23,460	23,678	-0.9%	18,874	24.3%
Total liabilities, of which:	370,531	283,299	30.8%	361,976	2.4%
Borrowed Funds	223,581	152,762	46.4%	195,188	14.5%
Accounts payable	64,367	35,471	81.5%	54,179	18.8%
Insurance contract liabilities	26,787	21,351	25.5%	31,067	-13.8%
Other liabilities	55,796	73,715	-24.3%	81,542	-31.6%
Total shareholders' equity attributable to:	542,032	474,981	14.1%	514,964	5.3%
Shareholders of the Company	485,888	418,981	16.0%	460,848	5.4%
Non-controlling interest	56,144	56,000	0.3%	54,116	3.7%

GHG consolidated - Cash Flow

	FY16, Adjusted	Adjustments	FY16, Actual	FY15, Actual	Change, Y-o-Y (FY16 adjusted to FY15 actual)
Cash flows from / (used in) operating activities					
Healthcare services revenue received	210,099	-	210,099	167,043	26%
Cost of healthcare services paid	(135,585)	633	(136,218)	(98,750)	37%
Pharma revenue received	118,671	-	118,671	-	-
Cost of pharma paid	(94,979)	4,616	(99,595)	-	-
Net insurance premiums received	59,963	-	59,963	56,828	6%
Net insurance claims paid	(38,042)	-	(38,042)	(36,695)	4%
Salaries and other employee benefits paid	(40,328)	-	(40,328)	(25,827)	56%
General and administrative expenses paid	(23,601)	2,461	(26,062)	(12,301)	92%
Other	(3,529)	-	(3,529)	(3,998)	-12%
Net cash flows from / (used in) operating activities before income tax	52,669	7,710	44,959	46,300	14%
Income tax paid	(1,602)	1,000	(2,602)	(932)	72%
Net cash flows from operating activities	51,067	8,710	42,357	45,368	13%
Cash flows from / (used in) investing activities					
Acquisition of subsidiaries, net of cash acquired	(50,058)	-	(50,058)	(48,085)	4%
Acquisition of additional interest in existing subsidiaries	(2,472)	-	(2,472)	(6,384)	-61%
Purchase of property and equipment	(111,035)	-	(111,035)	(69,607)	60%
Other investing activities	(13,352)	-	(13,352)	4,094	-426%
Net cash from / (used in) investing activities	(176,917)	-	(176,917)	(119,982)	47%
Cash flows from / (used in) financing activities					
Proceeds from IPO	-	-	-	233,975	-100%
IPO related transaction cost	(2,520)	-	(2,520)	(12,096)	-79%
Proceeds from debt securities issued	-	-	-	34,247	-100%
Redemption of debt securities issued	(3,497)	-	(3,497)	-	100%
Proceeds from borrowings	133,332	-	133,332	40,612	228%
Repayment of borrowings	(91,551)	-	(91,551)	(95,839)	-4%
Interest expense paid	(19,292)	-	(19,292)	(24,555)	-21%
Other financing activities	(2,333)	-	(2,333)	6,932	-134%
Net cash flows from / (used in) financing activities	14,139	-	14,139	183,276	-92%
Effect of exchange rates changes on cash and cash equivalents	(1,493)	-	(1,493)	3,707	-140%
Net increase in cash and cash equivalents	(113,204)	8,710	(121,914)	112,369	-201%
Cash and cash equivalents excluding bank deposits, beginning	145,153	-	145,153	32,784	343%
Cash and cash equivalents excluding bank deposits, ending	31,949	8,710	23,239	145,153	-78%
Bank deposits, beginning	12,245	-	12,245	13,954	-12%
Bank deposits, ending	23,876	-	23,876	12,245	95%
Cash and Bank deposits, beginning	157,398	-	157,398	46,738	237%
Cash and Bank deposits, ending	55,825	8,710	47,115	157,398	-65%

Note: Statement of Cash Flows adjusted for the effect of : a) accelerated payments to our core suppliers for the healthcare services and pharma businesses
b) accelerated payments of aged general and administrative expenses c) temporary funding to HTMC for the one-off tax settlement

Healthcare service business - Income Statement

<i>GEL thousands; unless otherwise noted</i>	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	FY16	FY15	Change, Y-o-Y
Healthcare service revenue, gross	67,604	55,481	21.9%	59,305	14.0%	246,139	195,032	26.2%
Corrections & rebates	(790)	(1,086)	-27.3%	(762)	3.7%	(2,686)	(3,608)	-25.6%
Healthcare services revenue, net	66,814	54,395	22.8%	58,543	14.1%	243,453	191,424	27.2%
Costs of healthcare services	(34,802)	(30,007)	16.0%	(31,170)	11.7%	(130,369)	(107,291)	21.5%
Gross profit	32,012	24,388	31.3%	27,373	16.9%	113,084	84,133	34.4%
Salaries and other employee benefits	(6,676)	(6,178)	8.1%	(6,003)	11.2%	(24,048)	(23,075)	4.2%
General and administrative expenses	(4,212)	(2,219)	89.8%	(3,708)	13.6%	(13,920)	(7,860)	77.1%
Impairment of receivables	145	(460)	NMF	(48)	NMF	(1,881)	(3,140)	-40.1%
Other operating income	269	1,008	-73.3%	180	49.4%	1,085	3,468	-68.7%
EBITDA	21,538	16,539	30.2%	17,794	21.0%	74,320	53,526	38.8%
EBITDA margin	31.9%	29.8%		30.0%		30.2%	27.4%	
Depreciation and amortisation	(5,292)	(4,046)	30.8%	(4,613)	14.7%	(18,287)	(11,973)	52.7%
Net interest income (expense)	(3,815)	(5,535)	-31.1%	(3,125)	22.1%	(12,198)	(20,352)	-40.1%
Net gains/(losses) from foreign currencies	(2,053)	(1,586)	29.5%	(95)	NMF	(4,270)	1,312	NMF
Net non-recurring income/(expense)	2,704	484	458.3%	22	NMF	2,883	(960)	NMF
Profit before income tax expense	13,082	5,856	123.4%	9,983	31.0%	42,448	21,553	96.9%
Income tax benefit/(expense)	(5,439)	(206)	NMF	(612)	788.7%	22,054	307	NMF
<i>of which: Deferred tax adjustments</i>	<i>(4,321)</i>	<i>-</i>		<i>-</i>		<i>24,990</i>	<i>-</i>	
Profit for the period	7,643	5,650	35.3%	9,371	-18.4%	64,502	21,860	195.1%
Attributable to:								
- shareholders of the Company	6,714	4,421	51.9%	6,721	-0.1%	53,374	17,894	198.3%
- non-controlling interests	929	1,229	-24.4%	2,650	-64.9%	11,128	3,966	180.6%
<i>of which: Deferred tax adjustments</i>	<i>(516)</i>	<i>-</i>		<i>-</i>		<i>4,541</i>	<i>-</i>	



Healthcare services business - Revenue breakdowns

Healthcare services business revenue by types of healthcare facilities

(GEL thousands, unless otherwise noted)

	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	FY16	FY15	Change, Y-o-Y
Healthcare services revenue, net	66,814	54,395	22.8%	58,543	14.1%	243,453	191,424	27.2%
Referral hospitals	58,020	48,565	19.5%	49,850	16.4%	209,563	168,527	24.4%
Community hospitals	5,363	4,291	25.0%	5,601	-4.2%	22,273	17,623	26.4%
Ambulatory clinics	3,430	1,540	122.8%	3,092	10.9%	11,616	5,274	120.3%

Healthcare services business revenue by source of payment

(GEL thousands, unless otherwise noted)

	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	FY16	FY15	Change, Y-o-Y
Healthcare services revenue, net	66,814	54,395	22.8%	58,543	14.1%	243,453	191,424	27.2%
Government-funded healthcare programs	47,262	43,130	9.6%	42,194	12.0%	176,668	145,732	21.2%
Out-of-pocket payments by patients	14,189	8,813	61.0%	11,197	26.7%	48,991	34,802	40.8%
Private medical insurance companies, of which	5,363	2,454	118.6%	5,152	4.1%	17,794	10,890	63.4%
GHG medical insurance	3,614	1,306	176.7%	3,574	1.1%	10,453	7,431	40.7%



Pharma business - Income Statement

<i>GEL thousands; unless otherwise noted</i>	4Q16	3Q16	Change, Q-o-Q	YTD 2016
Pharma revenue	56,586	45,725	23.8%	133,002
Costs of pharma	(44,498)	(35,915)	23.9%	(105,472)
Gross profit	12,088	9,810	23.2%	27,530
Salaries and other employee benefits	(4,561)	(4,106)	11.1%	(11,357)
General and administrative expenses	(4,678)	(4,066)	15.1%	(11,277)
Other operating income	545	150	263.3%	840
EBITDA	3,394	1,788	89.8%	5,736
EBITDA margin	6.0%	3.9%		4.3%
Depreciation and amortisation	202	(391)	-151.7%	(447)
Net interest income (expense)	(548)	(627)	-12.6%	(1,602)
Net gains/(losses) from foreign currencies	(928)	(77)	NMF	(1,277)
Net non-recurring income/(expense)	(17)	(71)	-76.1%	(88)
Profit before income tax expense	2,103	622	238.1%	2,322
Income tax benefit/(expense)	(398)	-	-	(398)
Deferred tax adjustments	(200)	-	-	(200)
Profit for the period	1,705	622	174.1%	1,924
Attributable to:				
- shareholders of the Company	1,705	622	174.1%	1,924
- non-controlling interests	-	-		-

Medical insurance business - Income Statement

<i>GEL thousands; unless otherwise noted</i>	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	FY16	FY15	Change, Y-o-Y
Net insurance premiums earned	16,312	15,542	5.0%	16,054	1.6%	61,494	58,552	5.0%
Cost of insurance services	(14,997)	(13,928)	7.7%	(13,939)	7.6%	(55,772)	(49,372)	13.0%
Gross profit	1,315	1,615	-18.6%	2,115	-37.8%	5,722	9,180	-37.7%
Salaries and other employee benefits	(1,320)	(636)	107.6%	(1,196)	10.4%	(4,663)	(3,642)	28.0%
General and administrative expenses	(580)	(839)	-30.9%	(649)	-10.6%	(2,656)	(2,660)	-0.2%
Impairment of receivables	(89)	(152)	-41.4%	(124)	-28.2%	(451)	(308)	46.2%
Other operating income	31	(5)	NMF	(1)	NMF	19	43	-55.8%
EBITDA	(643)	(17)	NMF	145	NMF	(2,029)	2,613	-177.6%
EBITDA margin	-3.9%	-0.1%		0.9%		-3.3%	4.5%	
Depreciation and amortisation	(226)	(249)	-9.2%	(211)	7.1%	(843)	(692)	21.7%
Net interest income (expense)	(242)	158	-253.5%	(86)	181.4%	232	71	227.8%
Net gains/(losses) from foreign currencies	(189)	(6)	2895.5%	(91)	107.7%	(110)	785	-114.0%
Net non-recurring income/(expense)	(704)	(676)	NMF	-	NMF	(1,677)	(722)	NMF
Profit before income tax expense	(2,004)	(790)	153.7%	(243)	724.7%	(4,427)	2,055	-315.4%
Income tax benefit/(expense)	(845)	192	-541.0%	25	NMF	(500)	(298)	67.7%
Deferred tax adjustments	(798)	-	-	-	-	(798)	-	-
Profit for the period	(2,849)	(598)	376.4%	(218)	NMF	(4,927)	1,757	-380.4%
Attributable to:								
- shareholders of the Company	(2,849)	(598)	376.4%	(218)	NMF	(4,927)	1,757	-380.4%
- non-controlling interests	-	-		-		-	-	



Medical insurance business - Revenue and COGS breakdowns

Medical insurance business revenue by types of clients

<i>(GEL thousands, unless otherwise noted)</i>	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	FY16	FY15	Change, Y-o-Y
Net insurance premiums earned	16,312	15,542	5.0%	16,054	1.6%	61,494	58,552	5.0%
Medical insurance products sold to retail clients	2,280	1,896	20.2%	2,438	-6.5%	8,796	6,693	31.4%
Medical insurance products sold to corporate clients	14,032	13,645	2.8%	13,616	3.1%	52,698	51,858	1.6%

Cost of insurance services, medical insurance business

<i>(GEL thousands, unless otherwise noted)</i>	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	FY16	FY15	Change, Y-o-Y
Cost of insurance services	(14,997)	(13,928)	7.7%	(13,939)	7.6%	(55,772)	(49,372)	13.0%
Net insurance claims incurred:	(13,911)	(12,918)	7.7%	(12,834)	8.4%	(51,701)	(46,076)	12.2%
Medical insurance products sold to retail clients	(1,376)	(1,232)	11.7%	(1,512)	-9.0%	(5,773)	(3,700)	56.0%
Medical insurance products sold to corporate clients	(12,535)	(11,686)	7.3%	(11,322)	10.7%	(45,928)	(42,376)	8.4%
Agents, brokers and employee commissions	(1,086)	(1,010)	7.5%	(1,105)	-1.7%	(4,071)	(3,296)	23.5%
Gross profit	1,315	1,614	-18.5%	2,115	-37.8%	5,722	9,180	-37.7%
<i>Loss ratio</i>	<i>85.3%</i>	<i>83.1%</i>		<i>79.9%</i>		<i>84.1%</i>	<i>78.7%</i>	

GHG - Income statement, FY16

Income Statement, <i>Full year</i>		Healthcare services			Pharma		Medical insurance			Eliminations		GHG		
<i>GEL thousands; unless otherwise noted</i>		FY16	FY15	Change, Y-o-Y	YTD16		FY16	FY15	Change, Y-o-Y	FY16	FY15	FY16	FY15	Change, Y-o-Y
Revenue, gross		246,139	195,032	26.2%	133,002		61,494	58,552	5.0%	(14,196)	(7,615)	426,439	245,969	73.4%
Corrections & rebates		(2,686)	(3,608)	-25.6%	-		-	-	-	-	-	(2,686)	(3,608)	-25.6%
Revenue, net		243,453	191,424	27.2%	133,002		61,494	58,552	5.0%	(14,196)	(7,615)	423,753	242,361	74.8%
Costs of services		(130,369)	(107,291)	21.5%	(105,472)		(55,772)	(49,372)	13.0%	13,878	7,431	(277,735)	(149,232)	86.1%
Cost of salaries and other employee benefits		(80,397)	(68,014)	18.2%	-		-	-	-	4,762	2,685	(75,635)	(65,329)	15.8%
Cost of materials and supplies		(38,059)	(29,097)	30.8%	-		-	-	-	2,254	1,149	(35,805)	(27,949)	28.1%
Cost of medical service providers		(1,842)	(2,423)	-24.0%	-		-	-	-	109	96	(1,733)	(2,328)	-25.6%
Cost of utilities and other		(10,071)	(7,757)	29.8%	-		-	-	-	596	306	(9,475)	(7,451)	27.2%
Net insurance claims incurred		-	-	-	-		(51,701)	(46,076)	12.2%	6,157	3,195	(45,544)	(42,881)	6.2%
Agents, brokers and employee commissions		-	-	-	-		(4,071)	(3,296)	23.5%	-	-	(4,071)	(3,296)	23.5%
Cost of pharma - wholesale		-	-	-	(30,332)		-	-	-	-	-	(30,332)	-	-
Cost of pharma - retail		-	-	-	(75,140)		-	-	-	-	-	(75,140)	-	-
Gross profit		113,084	84,133	34.4%	27,530		5,722	9,180	-37.7%	(318)	(184)	146,018	93,129	56.8%
Salaries and other employee benefits		(24,048)	(23,075)	4.2%	(11,357)		(4,663)	(3,642)	28.0%	318	202	(39,750)	(26,515)	49.9%
General and administrative expenses		(13,920)	(7,860)	77.1%	(11,277)		(2,656)	(2,660)	-0.2%	-	3	(27,853)	(10,517)	164.8%
Impairment of receivables		(1,881)	(3,140)	-40.1%	-		(451)	(308)	46.2%	-	-	(2,332)	(3,448)	-32.4%
Other operating income		1,085	3,468	-68.7%	840		19	43	NMF	-	(21)	1,944	3,490	-44.3%
EBITDA		74,320	53,526	38.8%	5,736		(2,029)	2,613	NMF	-	-	78,027	56,139	39.0%
EBITDA margin		30.2%	27.4%		4.3%		-3.3%	4.5%		-	-	18.3%	22.8%	
Depreciation and amortisation		(18,287)	(11,973)	52.7%	(447)		(843)	(692)	21.7%	-	-	(19,577)	(12,666)	54.6%
Net interest income (expense)		(12,198)	(20,352)	-40.1%	(1,602)		232	71	NMF	(168)	-	(13,736)	(20,282)	-32.3%
Net gains/(losses) from foreign currencies		(4,270)	1,312	NMF	(1,277)		(110)	785	-114.0%	-	-	(5,657)	2,098	NMF
Net non-recurring income/(expense)		2,883	(960)	NMF	(88)		(1,677)	(722)	NMF	-	-	1,118	(1,682)	NMF
Profit before income tax expense		42,448	21,553	96.9%	2,322		(4,427)	2,055	NMF	(168)	-	40,175	23,608	70.2%
Income tax benefit/(expense)		22,054	307	NMF	(398)		(500)	(298)	NMF	-	-	21,156	9	NMF
<i>of which: Deferred tax adjustments</i>		<i>24,990</i>	<i>-</i>	<i>-</i>	<i>(200)</i>		<i>(798)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>23,992</i>	<i>-</i>	<i>-</i>
Profit for the period		64,502	21,860	195.1%	1,924		(4,927)	1,757	NMF	(168)	-	61,331	23,617	159.7%
Attributable to:														
- shareholders of the Company		53,374	17,894	198.3%	1,924		(4,927)	1,757	NMF	(168)	-	50,203	19,651	155.5%
- non-controlling interests		11,128	3,966	180.6%	-		-	-	-	-	-	11,128	3,966	180.6%
<i>of which: Deferred tax adjustments</i>		<i>4,541</i>	<i>-</i>	<i>-</i>	<i>-</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>4,541</i>	<i>-</i>	<i>-</i>

GHG – Income statement, quarterly

Income Statement, <i>Quarterly</i>	Healthcare services					Pharma			Medical insurance					Eliminations			GHG				
<i>GEL thousands; unless otherwise noted</i>	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	4Q16	3Q16	Change, Q-o-Q	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	4Q16	4Q15	3Q16	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q
Revenue, gross	67,604	55,481	21.9%	59,305	14.0%	56,586	45,725	23.8%	16,312	15,542	5.0%	16,054	1.6%	(4,471)	(1,293)	(4,925)	136,031	69,730	95.1%	116,159	17.1%
Corrections & rebates	(790)	(1,086)	-27.3%	(762)	3.7%	-	-	-	-	-	-	-	-	-	-	-	(790)	(1,086)	-27.3%	(762)	3.7%
Revenue, net	66,814	54,395	22.8%	58,543	14.1%	56,586	45,725	23.8%	16,312	15,542	5.0%	16,054	1.6%	(4,471)	(1,293)	(4,925)	135,241	68,644	97.0%	115,397	17.2%
Costs of services	(34,802)	(30,007)	16.0%	(31,170)	11.7%	(44,498)	(35,915)	23.9%	(14,997)	(13,928)	7.7%	(13,939)	7.6%	4,671	1,306	4,461	(89,626)	(42,629)	110.2%	(76,563)	17.1%
Cost of salaries and other employee benefits	(21,042)	(18,256)	15.3%	(19,746)	6.6%	-	-	-	-	-	-	-	-	1,534	449	1,569	(19,508)	(17,807)	9.6%	(18,177)	7.3%
Cost of materials and supplies	(10,616)	(8,871)	19.7%	(8,602)	23.4%	-	-	-	-	-	-	-	-	761	240	704	(9,855)	(8,632)	14.2%	(7,898)	24.8%
Cost of medical service providers	(550)	(593)	-7.3%	(463)	18.8%	-	-	-	-	-	-	-	-	39	13	35	(511)	(580)	-11.9%	(428)	19.4%
Cost of utilities and other	(2,594)	(2,287)	13.4%	(2,359)	10.0%	-	-	-	-	-	-	-	-	189	60	193	(2,405)	(2,227)	8.0%	(2,166)	11.0%
Net insurance claims incurred	-	-	-	-	-	-	-	-	(13,911)	(12,918)	7.7%	(12,834)	8.4%	2,148	544	1,960	(11,763)	(12,374)	-4.9%	(10,874)	8.2%
Agents, brokers and employee commissions	-	-	-	-	-	-	-	-	(1,086)	(1,010)	7.5%	(1,105)	-1.7%	-	-	-	(1,086)	(1,010)	7.5%	(1,105)	-1.7%
Cost of pharma - wholesale	-	-	-	-	-	(13,700)	(10,086)	35.8%	-	-	-	-	-	-	-	-	(13,700)	-	-	(10,086)	-
Cost of pharma - retail	-	-	-	-	-	(30,797)	(25,829)	19.2%	-	-	-	-	-	-	-	-	(30,797)	-	-	(25,829)	-
Gross profit	32,012	24,389	31.3%	27,373	16.9%	12,088	9,810	23.2%	1,315	1,615	-18.6%	2,115	-37.8%	200	13	(464)	45,615	26,016	75.3%	38,834	17.5%
Salaries and other employee benefits	(6,676)	(6,178)	8.1%	(6,003)	11.2%	(4,561)	(4,106)	11.1%	(1,320)	(636)	107.6%	(1,196)	10.4%	(200)	4	464	(12,757)	(6,810)	87.3%	(10,841)	17.7%
General and administrative expenses	(4,212)	(2,219)	89.8%	(3,708)	13.6%	(4,678)	(4,066)	15.1%	(580)	(839)	-30.9%	(649)	-10.6%	-	-	-	(9,470)	(3,058)	209.7%	(8,423)	12.4%
Impairment of other receivables	145	(460)	NMF	(48)	NMF	-	-	-	(89)	(152)	-41.4%	(124)	-28.2%	-	-	-	56	(612)	-109.1%	(172)	NMF
Other operating income	269	1,008	-73.3%	180	49.4%	545	150	263.3%	31	(5)	NMF	(1)	NMF	-	(17)	-	845	986	-14.3%	329	156.8%
EBITDA	21,538	16,540	30.2%	17,794	21.0%	3,394	1,788	89.8%	(643)	(17)	NMF	145	-543.4%	-	-	-	24,289	16,522	47.0%	19,727	23.1%
EBITDA margin	31.9%	29.8%		30.0%		6.0%	3.9%		-3.9%	-0.1%		0.9%		-	-	-	17.9%	23.7%		17.0%	
Depreciation and amortisation	(5,292)	(4,046)	30.8%	(4,613)	14.7%	202	(391)	-151.7%	(226)	(249)	-9.2%	(211)	7.1%	-	-	-	(5,316)	(4,295)	23.8%	(5,215)	1.9%
Net interest income (expense)	(3,815)	(5,535)	-31.1%	(3,125)	22.1%	(548)	(627)	-12.6%	(242)	158	-253.5%	(86)	NMF	(168)	-	-	(4,773)	(5,377)	-11.2%	(3,838)	24.4%
Net gains/(losses) from foreign currencies	(2,053)	(1,586)	NMF	(95)	NMF	(928)	(77)	NMF	(189)	(6)	NMF	(91)	NMF	-	-	-	(3,170)	(1,592)	NMF	(263)	NMF
Net non-recurring income/(expense)	2,704	484	NMF	22	NMF	(17)	(71)	-76.1%	(704)	(676)	-	-	-	-	-	-	1,982	(192)	NMF	(49)	NMF
Profit before income tax expense	13,082	5,856	123.4%	9,983	31.0%	2,103	622	238.1%	(2,004)	(790)	NMF	(243)	724.7%	(168)	-	-	13,012	5,066	156.9%	10,362	25.6%
Income tax benefit/(expense)	(5,439)	(206)	NMF	(612)	NMF	(398)	-	-	(845)	192	NMF	25	NMF	-	-	-	(6,682)	(14)	NMF	(587)	NMF
of which: Deferred tax adjustments	(4,321)	-	-	-	-	(200)	-	-	(798)	-	-	-	-	-	-	-	(5,319)	-	-	-	-
Profit for the period	7,643	5,650	35.3%	9,371	-18.4%	1,705	622	174.1%	(2,849)	(598)	NMF	(218)	NMF	(168)	-	-	6,330	5,052	25.3%	9,775	-35.2%
Attributable to:																					
- shareholders of the Company	6,714	4,421	51.9%	6,721	-0.1%	1,705	622	174.1%	(2,849)	(598)	NMF	(218)	NMF	(168)	-	-	5,401	3,823	41.3%	7,125	-24.2%
- non-controlling interests	929	1,229	-24.4%	2,650	-64.9%	-	-	-	-	-	-	-	-	-	-	-	929	1,229	-24.4%	2,650	-64.9%
of which: Deferred tax adjustments	(516)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(516)	-	-	-	-

Balance sheet

Balance Sheet

	<u>Healthcare services</u>					<u>Pharma</u>			<u>Medical insurance</u>				
<i>GEL thousands; unless otherwise noted</i>	31-Dec-16	31-Dec-15	Change, Y-o-Y	30-Sep-16	Change, Q-o-Q	31-Dec-16	30-Sep-16	Change, Q-o-Q	31-Dec-16	31-Dec-15	Change, Y-o-Y	30-Sep-16	Change, Q-o-Q
Total assets, of which:	767,249	703,309	9.1%	738,935	3.8%	63,479	59,917	5.9%	61,667	67,371	-8.5%	67,643	-8.8%
Cash and bank deposits	30,242	139,085	-78.3%	34,699	-12.8%	2,498	1,109	125.2%	14,375	18,313	-21.5%	12,259	17.3%
Receivables from healthcare services	86,590	71,348	21.4%	81,766	5.9%	-	-	-	-	-	-	-	-
Receivables from sale of pharmaceuticals	-	-	-	-	-	6,497	10,538	-38.3%	-	-	-	-	-
Insurance premiums receivable	-	-	-	-	-	-	-	-	25,588	20,948	22.2%	31,852	-19.7%
Property and equipment	560,407	439,131	27.6%	527,358	6.3%	9,003	8,155	10.4%	5,562	5,587	-0.4%	5,693	-2.3%
Goodwill and other intangible assets	34,516	19,708	75.1%	28,415	21.5%	783	823	-4.9%	6,015	6,079	-1.1%	6,057	-0.7%
Inventory	14,712	10,791	36.3%	12,889	14.1%	40,004	36,439	9.8%	204	265	-23.0%	162	25.9%
Prepayments	25,373	6,119	314.7%	38,256	-33.7%	1,741	346	403.2%	4,825	2,998	60.9%	3,121	54.6%
Other assets	15,409	17,127	-10.0%	15,553	-0.9%	2,953	2,507	17.8%	5,098	13,181	-61.3%	8,499	-40.0%
Total liabilities, of which:	271,142	247,762	9.4%	271,726	-0.2%	59,972	58,273	2.9%	48,274	47,937	0.7%	51,291	-5.9%
Borrowed Funds	192,145	140,439	36.8%	172,568	11.3%	19,613	20,022	-2.0%	11,823	16,497	-28.3%	10,144	16.6%
Accounts payable	33,969	34,455	-1.4%	24,709	37.5%	34,193	33,224	2.9%	-	1,016	-	-	-
Insurance contract liabilities	-	-	-	-	-	-	-	-	31,391	22,463	39.7%	33,917	-7.4%
Other liabilities	45,028	72,868	-38.2%	74,450	-39.5%	6,166	5,027	22.7%	5,060	7,961	-36.4%	7,230	-30.0%
Total shareholders' equity attributable to:	496,107	455,547	8.9%	467,209	6.2%	3,507	1,644	113.3%	13,393	19,434	-31.1%	16,352	-18.1%
Shareholders of the Company	439,963	399,547	10.1%	413,093	6.5%	3,507	1,644	113.3%	13,393	19,434	-31.1%	16,352	-18.1%
Non-controlling interest	56,144	56,000	0.3%	54,116	3.7%	-	-	-	-	-	-	-	-

Consolidation and Eliminations

GHG

<i>GEL thousands; unless otherwise noted</i>	31-Dec-16	31-Dec-15	30-Sep-16	31-Dec-16	31-Dec-15	Change, Y-o-Y	30-Sep-16	Change, Q-o-Q
Total assets, of which:	20,168	(12,400)	10,445	912,563	758,280	20.3%	876,940	4.1%
Cash and bank deposits	-	-	-	47,115	157,398	-70.1%	48,067	-2.0%
Receivables from healthcare services	(4,663)	(5,485)	(7,871)	81,927	65,863	24.4%	73,895	10.9%
Receivables from sale of pharmaceuticals	(1,392)	-	(1,781)	5,105	-	-	8,757	-
Insurance premiums receivable	(1,381)	(285)	(705)	24,207	20,663	17.2%	31,147	-22.3%
Property and equipment	-	-	-	574,972	444,718	29.3%	541,206	6.2%
Goodwill and other intangible assets	29,025	-	29,758	70,339	25,787	172.8%	65,053	8.1%
Inventory	-	-	-	54,920	11,056	396.7%	49,490	11.0%
Prepayments	(1,421)	-	(1,272)	30,518	9,117	234.7%	40,451	-24.6%
Other assets	-	(6,630)	(7,685)	23,460	23,678	-0.9%	18,874	24.3%
Total liabilities, of which:	(8,857)	(12,400)	(19,314)	370,531	283,299	30.8%	361,976	2.4%
Borrowed Funds	-	(4,173)	(7,546)	223,581	152,762	46.4%	195,188	14.5%
Accounts payable	(3,795)	-	(3,754)	64,367	35,471	81.5%	54,179	18.8%
Insurance contract liabilities	(4,604)	(1,112)	(2,850)	26,787	21,351	25.5%	31,067	-13.8%
Other liabilities	(458)	(7,115)	(5,165)	55,796	73,715	-24.3%	81,542	-31.6%
Total shareholders' equity attributable to:	29,025	-	29,759	542,032	474,981	14.1%	514,964	5.3%
Shareholders of the Company	29,025	-	29,759	485,888	418,981	16.0%	460,848	5.4%
Non-controlling interest	-	-	-	56,144	56,000	0.3%	54,116	3.7%



Selected ratios and KPIs

Selected ratios and KPIs	4Q16	4Q15	3Q16	FY16	FY15
GHG					
EPS, GEL	0.04	0.03	0.06	0.39	0.15
EPS normalised, GEL	0.08	0.03	0.06	0.24	0.15
ROAE	6.6%	5.0%	10.3%	8.1%	6.9%
ROAE, normalized	12.5%	7.8%	12.0%	11.5%	11.4%
Group rent expenditure	3,530	527	3,586	9,382	1,672
of which, Pharma	2,729	-	2,596	6,966	-
Group capex (maintenance)	2,471	1,469	2,375	9,436	7,214
Group capex (growth)	27,036	30,489	30,311	101,599	63,941
Number of employees	12,811	9,709	12,478	12,811	9,709
Number of physicians	3,218	2,705	3,140	3,218	2,705
Number of nurses	2,869	2,738	2,840	2,869	2,738
Nurse to doctor ratio, referral hospitals	0.93	0.93	0.93	0.93	0.93
Total number of shares				131,681,820	131,681,820
Less: Treasury shares				(3,727,835)	(3,500,000)
Shares outstanding				127,953,985	128,181,820
Of which:					
Total free float				42,550,000	
Shares held by BGEO GROUP PLC				85,631,820	
Healthcare services					
EBITDA margin of healthcare services	31.9%	29.8%	30.0%	30.2%	27.4%
Direct salary rate (direct salary as % of revenue)	31.1%	32.9%	33.3%	32.7%	34.9%
Materials rate (direct materials as % of revenue)	15.7%	16.0%	14.5%	15.5%	14.9%
Administrative salary rate (administrative salaries as % of revenue)	9.9%	11.1%	10.1%	9.9%	11.1%
SG&A rate (SG&A expenses as % of revenue)	6.2%	4.0%	6.3%	5.7%	4.0%
Number of hospitals	35	35	35	35	35
Number of district ambulatory clinics	13	7	11	13	7
Number of express ambulatory clinics	28	-	28	28	-
Number of beds	2,557	2,670	2,474	2,557	2,670
Number of referral hospital beds	2,092	2,209	2,012	2,092	2,209
Bed occupancy rate	57.6%	51.9%	56.8%	55.7%	51.7%
Bed occupancy rate, referral hospitals	65.3%	59.9%	63.7%	63.0%	59.3%
Bed occupancy rate, community hospitals	21.1%	18.4%	24.5%	22.9%	19.3%
Average length of stay (days)	5.0	4.7	4.9	5.0	4.6
Average length of stay (days), referral hospitals	5.2	5.0	5.1	5.2	4.9
Average length of stay (days), community hospitals	3.3	2.7	3.4	3.4	2.8
Pharma					
EBITDA margin	6.0%	-	3.9%	4.3%	-
Days sales outstanding	16	-	21.0	16	-
Number of bills issued	3,11million	-	2,84million	7,87million	-
Average bill size	13.4	-	13.0	13.7	-
Revenue from wholesale as a percentage of total revenue from pharma	31%	-	26%	28%	-
Revenue from retail as a percentage of total revenue from pharma	69%	-	74%	72%	-
Revenue from para-pharmacy as a percentage of retail revenue from pharma	31.5%	-	35.2%	33.1%	-
Number of pharmacies	118	-	110	118	-
Medical insurance					
Loss ratio	85.3%	83.1%	79.9%	84.1%	78.7%
Expense ratio, of which	20.0%	18.6%	20.5%	20.6%	18.0%
Commission ratio	6.7%	6.5%	6.9%	6.6%	5.6%
Combined ratio	105.3%	101.7%	100.4%	104.7%	96.7%
Renewal rate	75.6%	76.0%	78.1%	73.4%	74.3%

Sources: GHG Internal Reporting



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