

Financial performance overview

Speaker: David Vakhtangishvili, CFO

GHG Investor Day

Tbilisi, Georgia | 23 November 2016

www.ghg.com.ge



- **Financial performance overview**
- Cash flow and liquidity
- Balance sheet analysis
- Funding update
- Q&A

Delivering long-term KPIs

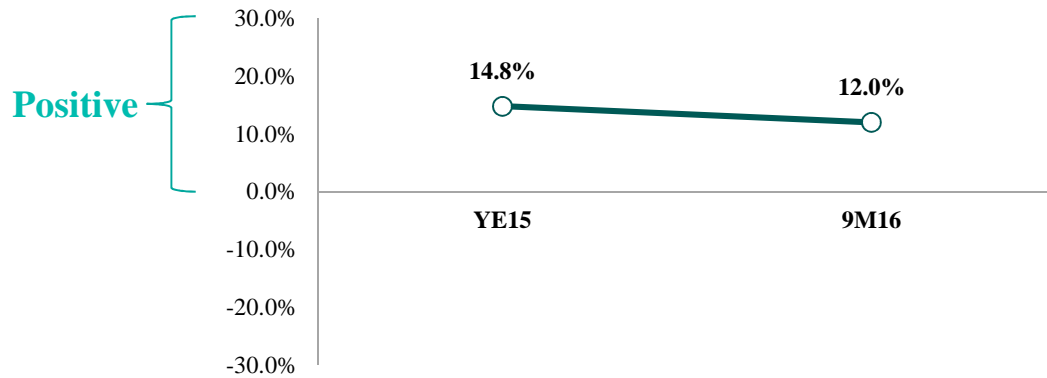
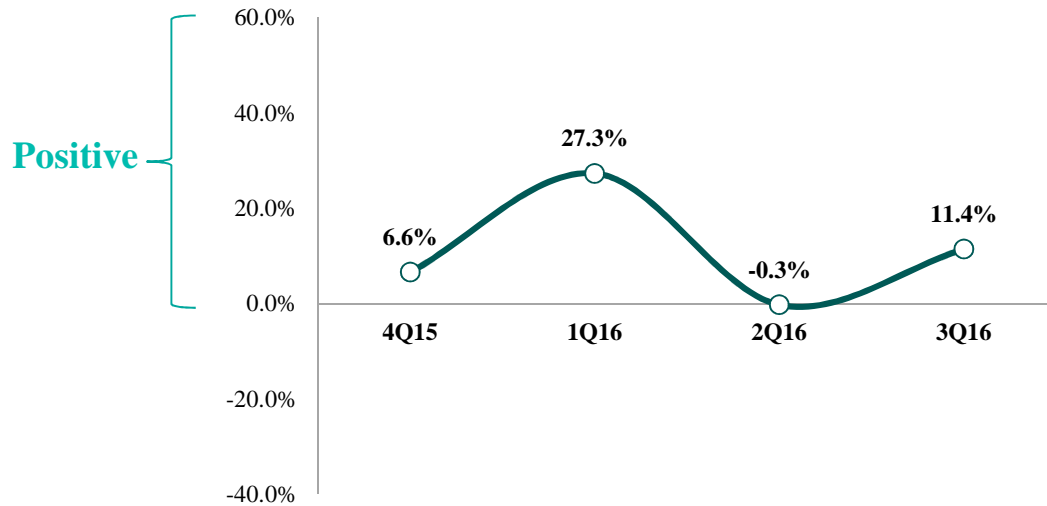
| | | BASELINE | | | |
|---|--------------------------------------|-------------|----------------|----------------|--------------|
| | | Year - 2015 | 9M16 | | |
| | | 9M15 | ↓ | ↓ | Growth y-o-y |
| <i>(GEL '000)</i> | | | | | |
| Long-term KPIs | GHG Consolidated | | | | |
| | Revenue | 173,716 | 239,065 | 288,512 | 66.1% |
| | EBITDA | 39,617 | 56,139 | 53,738 | 35.6% |
| | EBITDA margin | 22.5% | 23.1% | 18.5% | |
| | ROAE (normilised) ⁽¹⁾ | 12.9% | 11.4% | 12.4% | |
| | Healthcare services | | | | |
| ☼ Doubling 2015 revenue in 2018 (26% CAGR) | Revenue | 137,028 | 191,424 | 176,639 | 28.9% |
| | EBITDA | 36,987 | 53,526 | 52,782 | 42.7% |
| ☼ EBITDA margin c. 30% | EBITDA margin | 26.5% | 27.4% | 29.6% | |
| ☼ Increasing market share to 1/3 | Normalized ROAE | 14.7% | 13.8% | 14.0% | |
| | Organic growth of healthcare revenue | 22.0% | 17.3% | 13.4% | |
| | Pharma business (3Q16) | | | | |
| ☼ Improving margins | Gross margin, total | | | 21.5% | |
| ☼ Increasing footprint | Gross margin, retail | | | 23.8% | |
| | Gross margin, wholesale | | | 14.7% | |
| | Medical insurance | | | | |
| ☼ Decreasing loss ratio | Retention of claims within the Group | 17.0% | 16.1% | 22.6% | |
| | Loss ratio | 77.1% | 83.4% | 83.6% | |
| ☼ Maintaining market share | Combined ratio | 94.9% | 96.7% | 104.4% | |

Note: (1) Normilised ROAE is calculated as profit for the period attributable to shareholders of the Company 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 average equity attributable to shareholders of the Company for the same period net of unutilised portion of IPO proceeds.

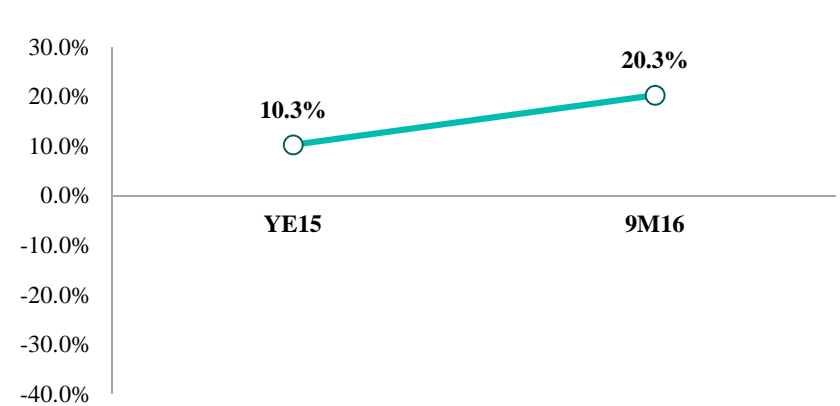
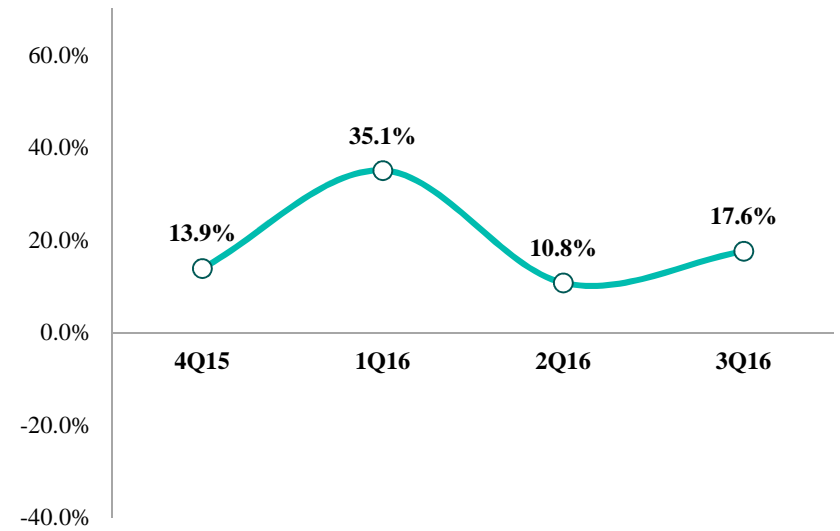
Growing at positive operating leverage

GHG CONSOLIDATED

EXCLUDING RECENTLY ACQUIRED PHARMA BUSINESS



HEALTHCARE SERVICES BUSINESS



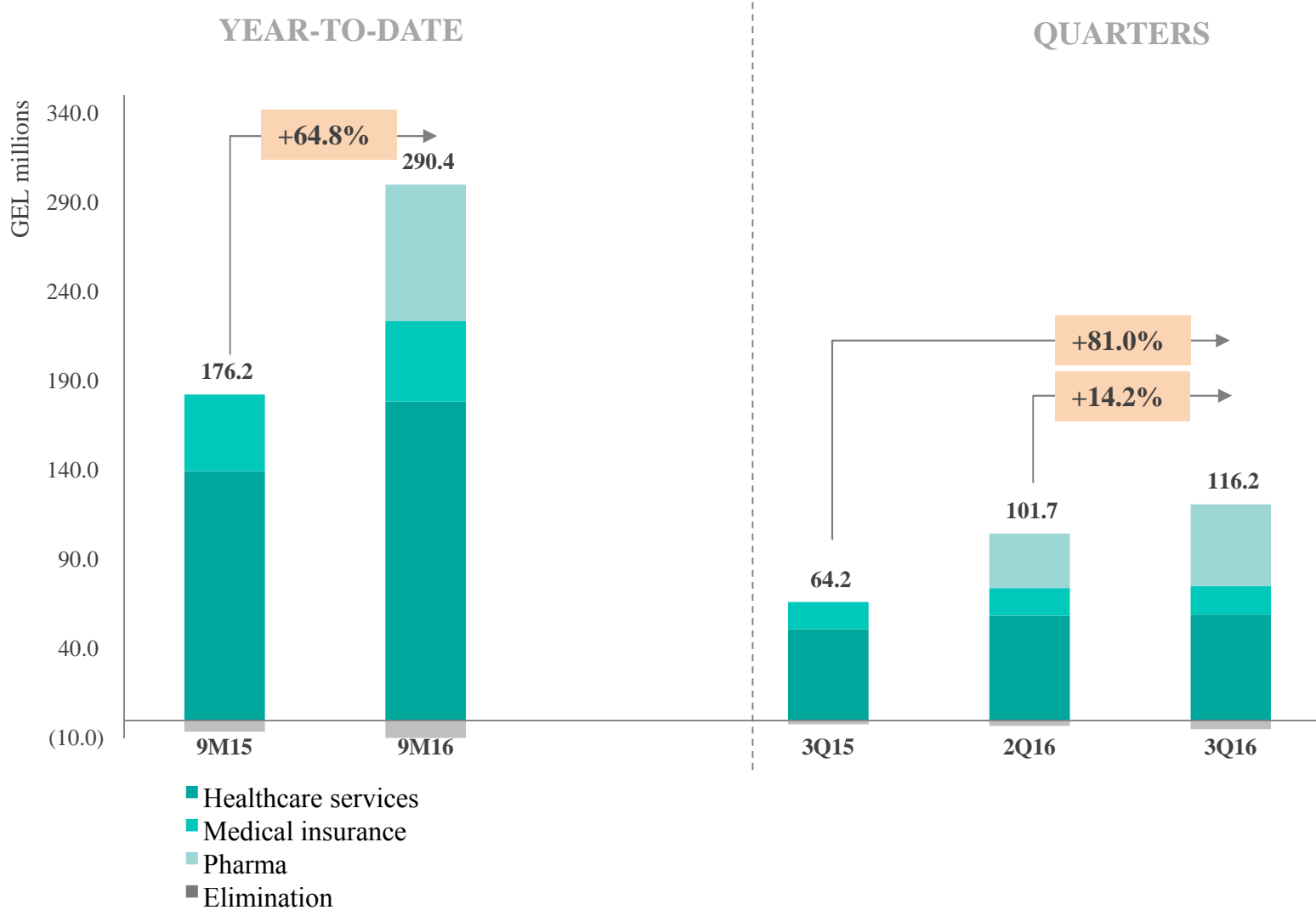
Operating leverage equals % change in gross profit less % change in operating expenses.



Revenue growing across all segments

GHG – GROSS REVENUE BREAKDOWN BY SEGMENTS

(GEL mln)





Healthcare service delivering on target of doubling 2015 revenue by 2018

HEALTHCARE SERVICES – NET REVENUE BREAKDOWN BY BUSINESS LINES

(GEL mln)

YEAR-TO-DATE

QUARTERS

GROSS MARGIN (%)

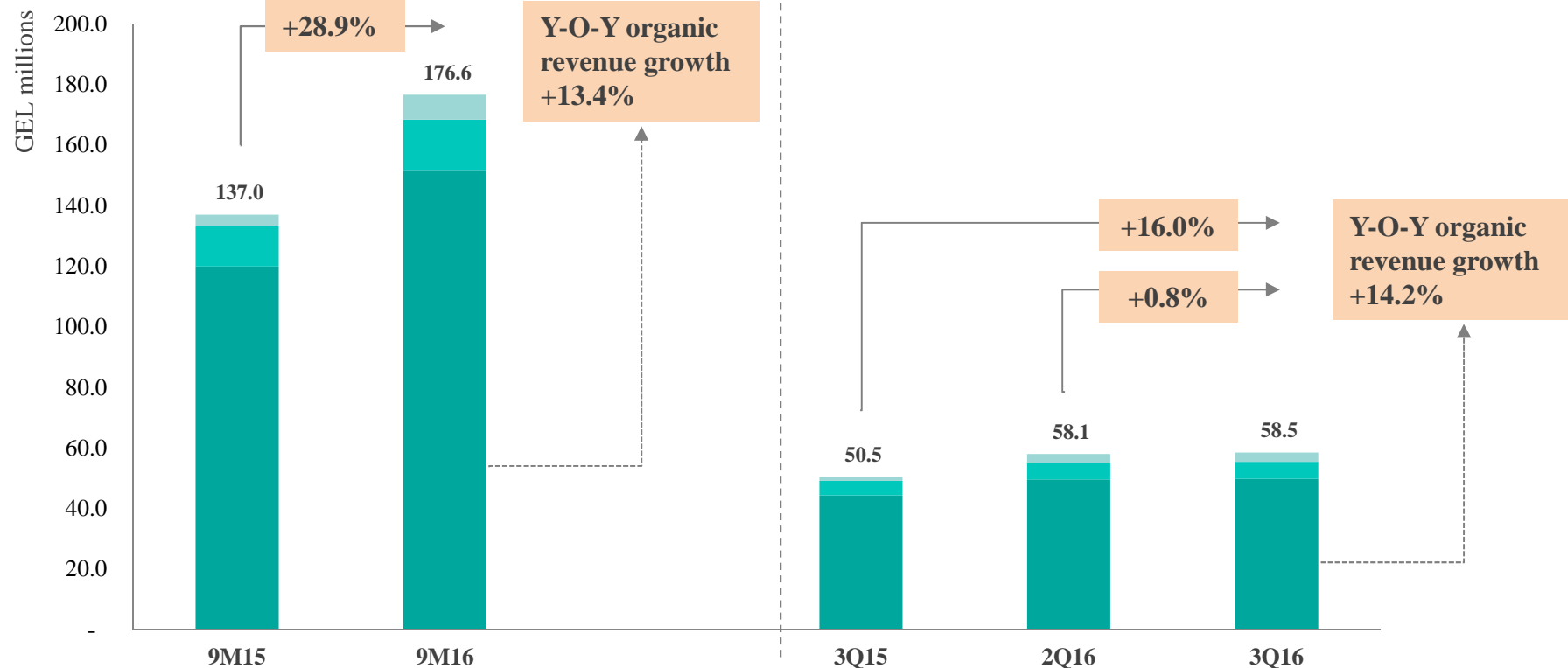
42.8%

45.4%

42.3%

45.3%

46.2%



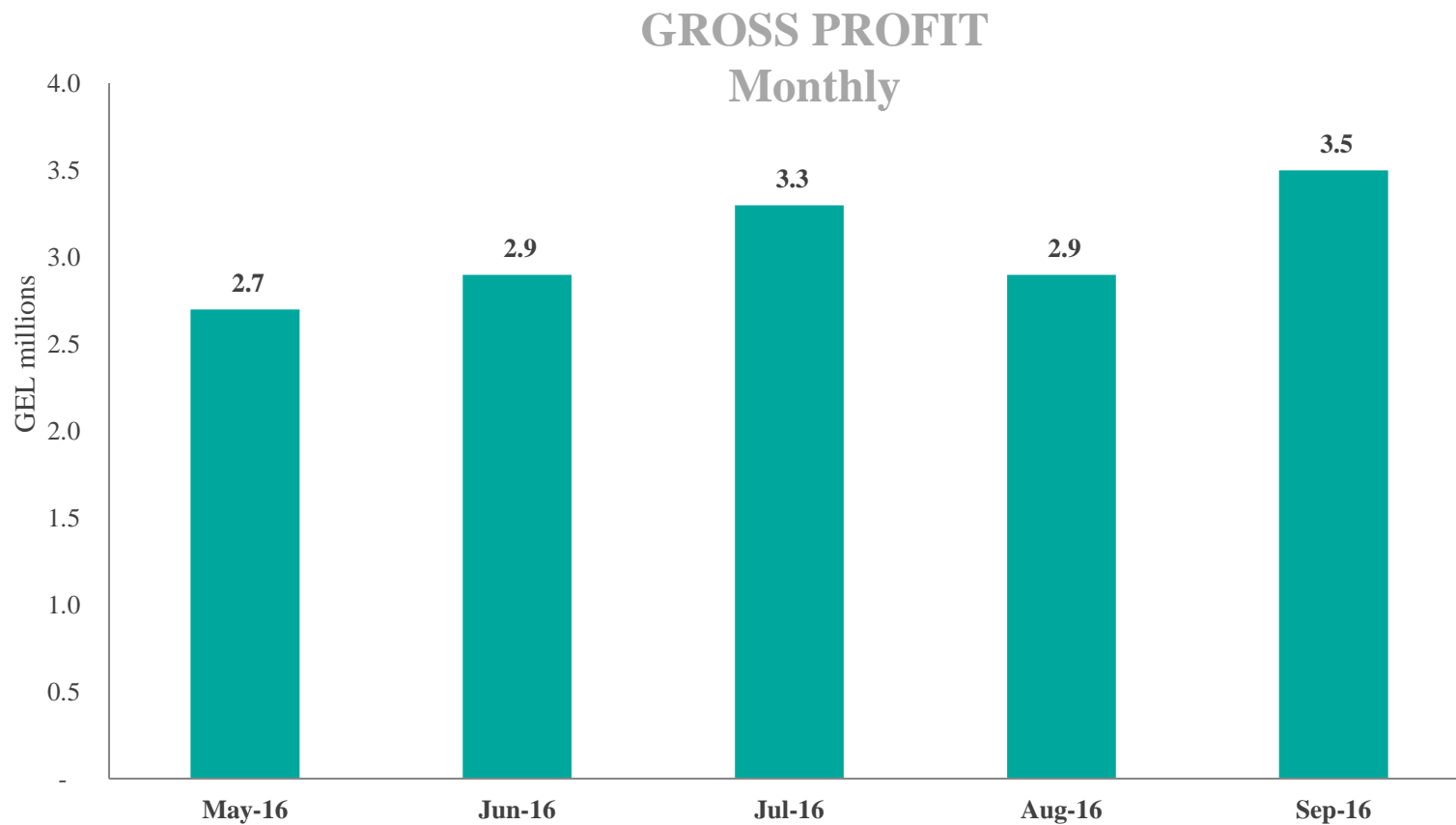
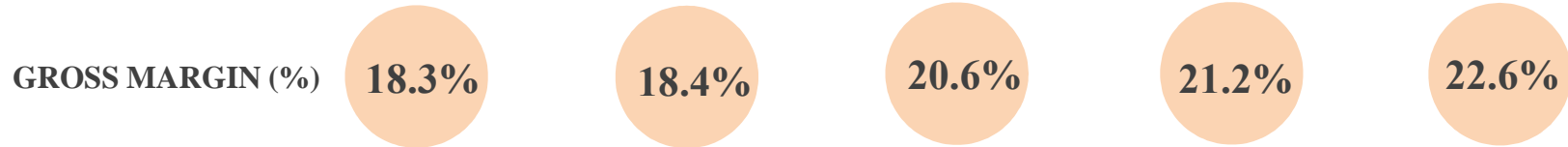
- Referral and specialty hospitals
- Community hospitals
- Ambulatory clinics



Pharma – delivering gross profit growth

PHARMA – GROSS PROFIT AND GROSS MARGIN EVOLUTION SINCE ACQUISITION

(GEL mln)



Turning around insurance performance

MEDICAL INSURANCE – NET INSURANCE PREMIUMS EARNED BREAKDOWN BY BUSINESS LINES

(GEL mln)

YEAR-TO-DATE

QUARTERS

GROSS MARGIN (%)

17.6%

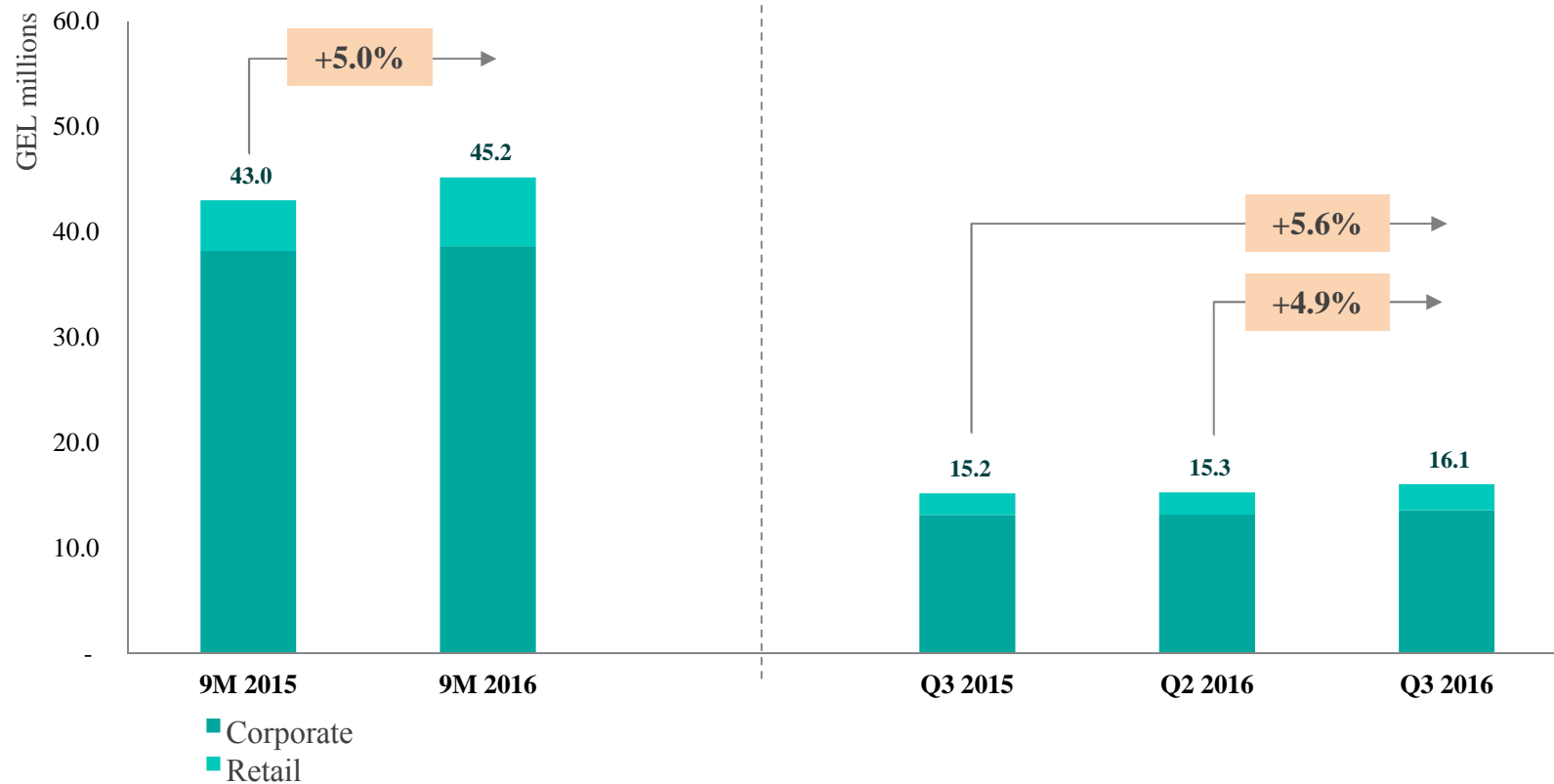
9.8%

20.2%

8.6%

13.2%

Improving
Gross
Margins





Delivering EBITDA growth

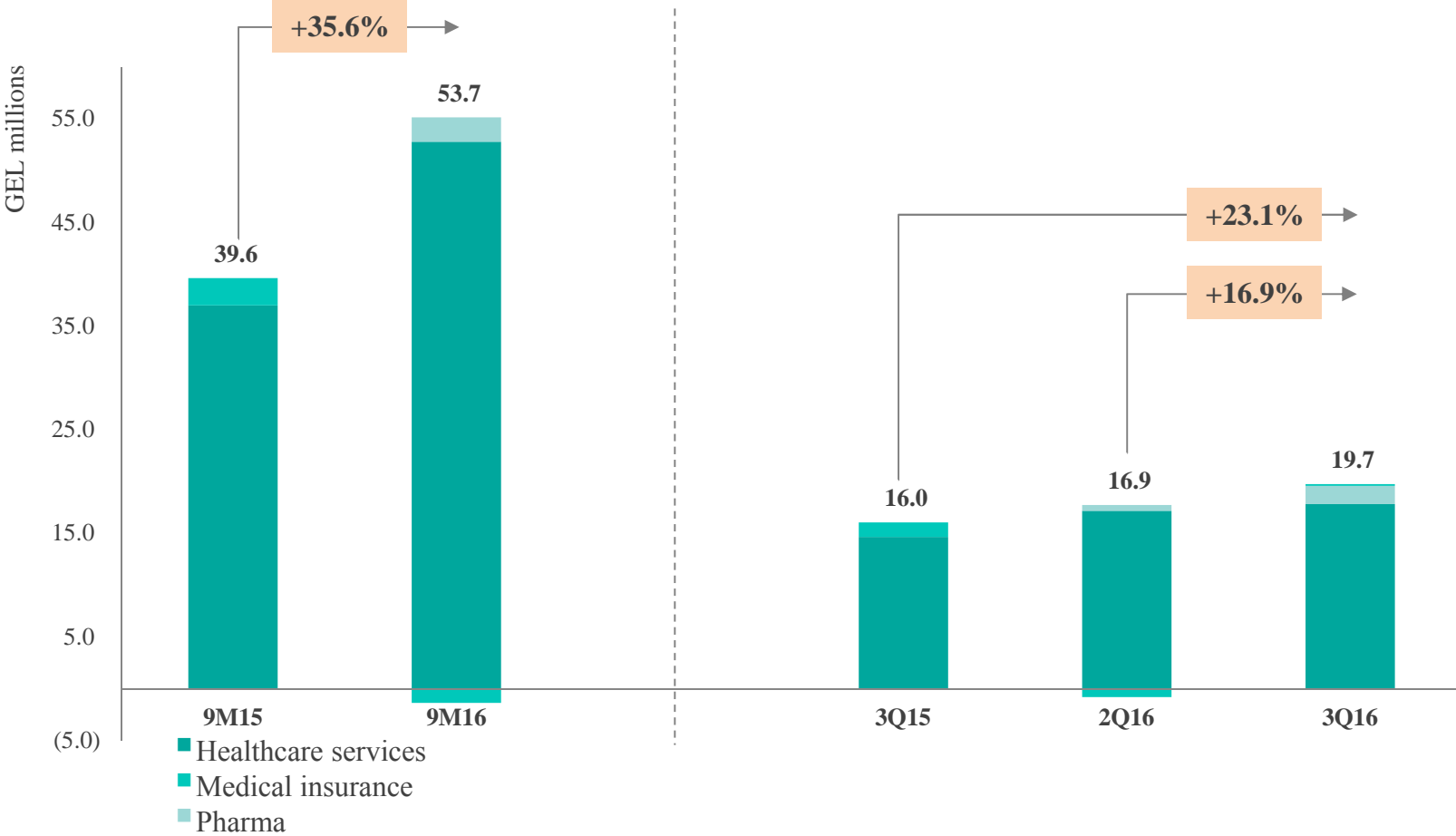
GHG – EBITDA GROWTH PRIMARILY DRIVEN BY HEALTHCARE SERVICES BUSINESS, 30% IN 9M16, CONSOLIDATED

(GEL mln)

YEAR-TO-DATE

QUARTERS

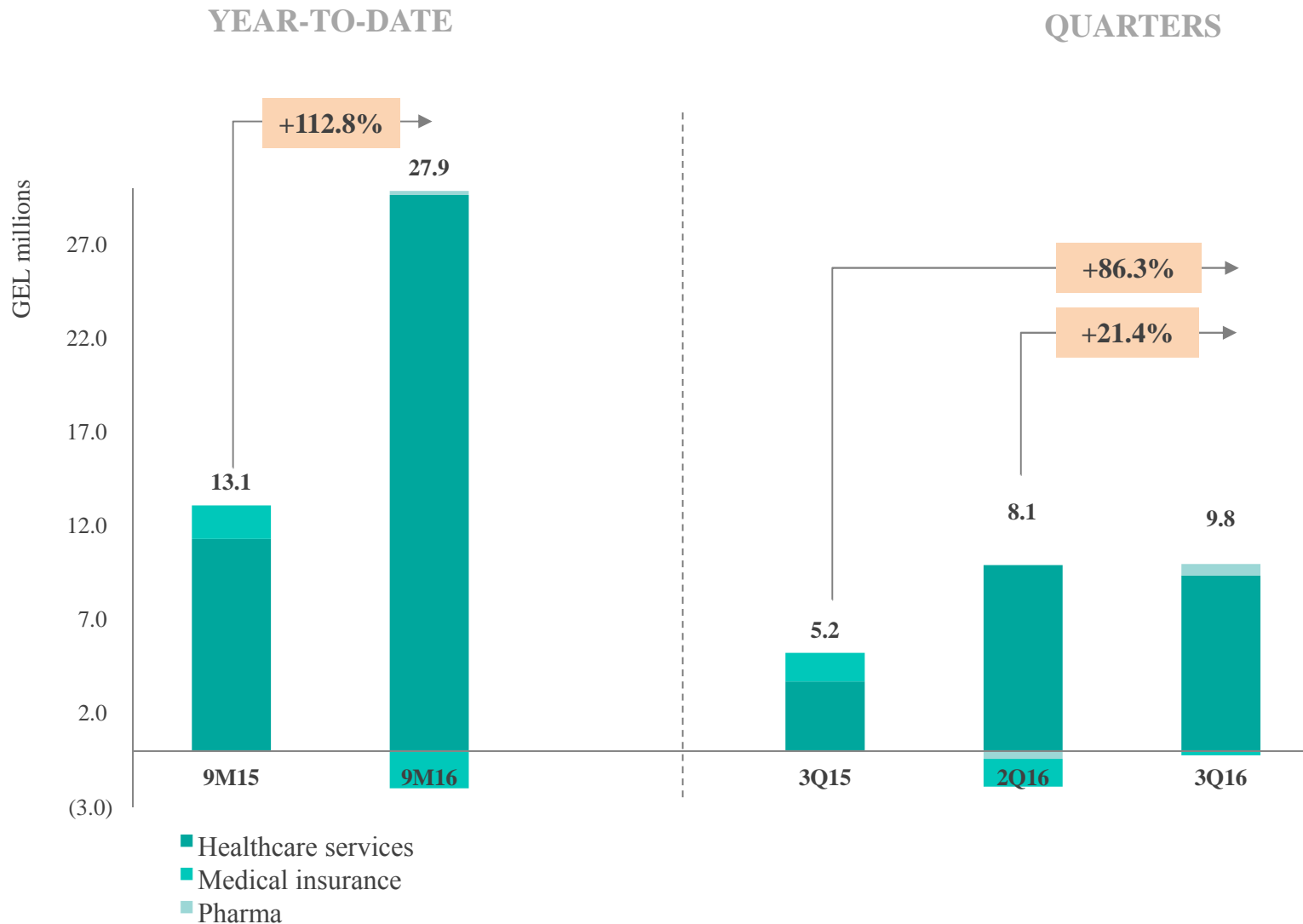
EBITDA MARGIN OF HEALTHCARE BUSINESS





Delivering net profit growth

GHG – ADJUSTED NET PROFIT GROWTH PRIMARILY DRIVEN BY HEALTHCARE BUSINESS



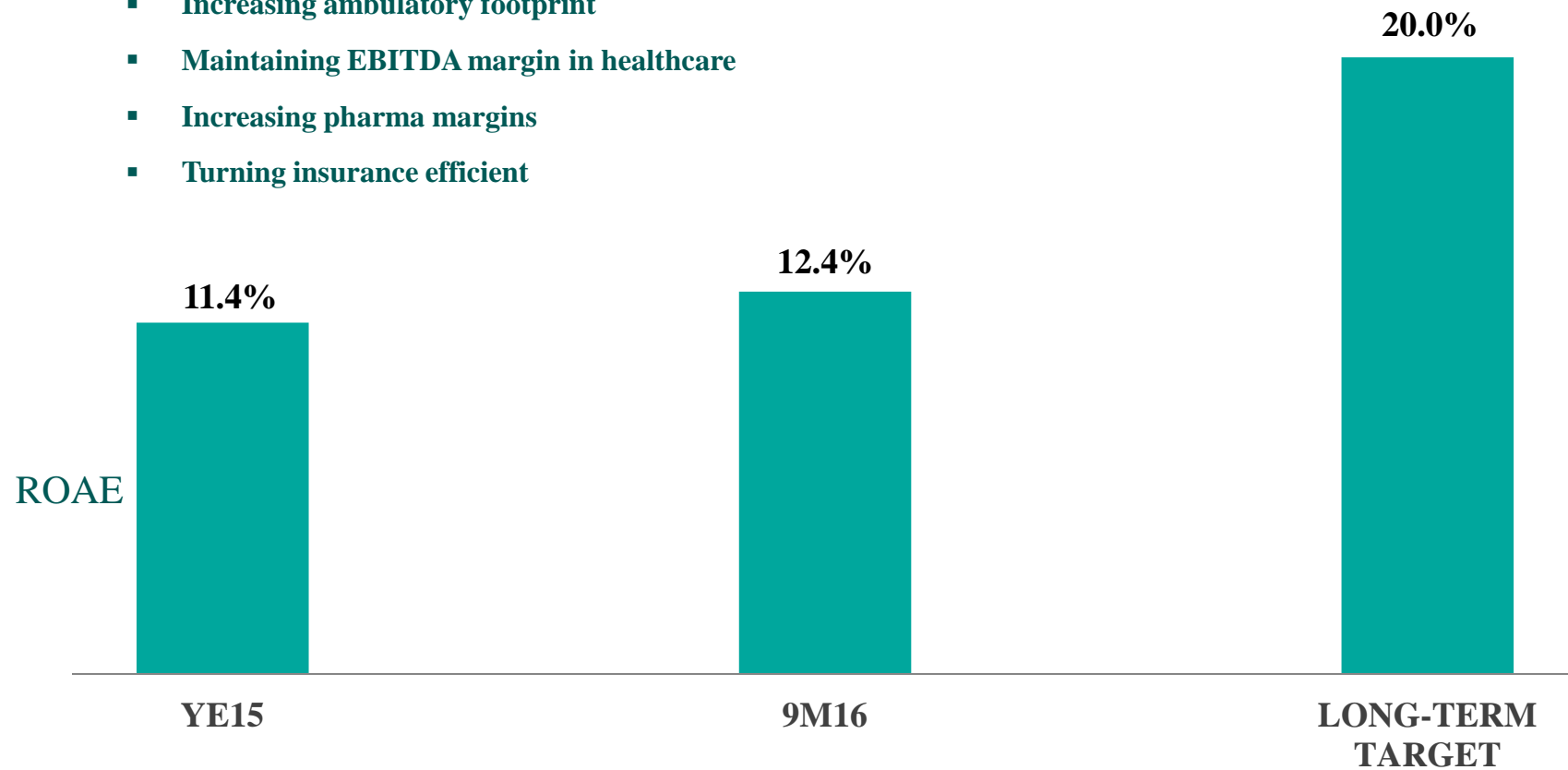
Note: Adjusted Net Profit excludes one-off Deferred Tax gain from change in legislation



ROAE growing – on the path to delivering targets

ROAE – EFFICIENT ALLOCATION OF CAPITAL

- Doubling 2015 revenue in 2018
- Increasing inter-segment synergies
- Filling services gaps
- Increasing ambulatory footprint
- Maintaining EBITDA margin in healthcare
- Increasing pharma margins
- Turning insurance efficient





- Financial performance overview
- **Cash flow and liquidity**
- Balance sheet analysis
- Funding update
- Q&A

Growing operating cash flow

WELL MANAGED REVENUE COLLECTION WITH AN UPSIDE IN SUPPLIERS' CREDIT TERMS

(GEL '000)

| Cash flows from / (used in) operating activities | 9M16 Adjusted | 9M15 Adjusted | Change Y-o-Y |
|---|------------------|------------------|-----------------|
| Total revenue received | 275,267 | 160,890 | 71% |
| Total costs paid | (238,239) | (133,138) | 79% |
| Net operating cash flows before income tax | 37,028 | 27,752 | 33% |
| Income tax paid | (1,123) | (543) | 107% |
| Net operating cash flow | 35,905 | 27,209 | 32% |
| Net investing cash flow | (139,380) | (78,710) | 77% |
| Net financing cash flow | 5,503 | 23,190 | -76% |
| Effect of exchange rates | (4,007) | 2,673 | -250% |
| Net change in cash | (101,978) | (25,639) | 298% |
| Cash and cash equivalents, beginning | 145,153 | 32,784 | 343% |
| Cash and cash equivalents, ending | 43,175 | 7,145 | 504% |

| CASH FLOW RATIOS | 9M16 | 9M15 |
|--|-------|-------|
| Consolidated Revenue to Cash Conversion | 92.3% | 89.4% |
| EBITDA to Operating Cash Conversion | 68.9% | 70.1% |
| Healthcare Services DSO | 134 | 111 |
| Healthcare Services DPO | 101 | 156 |
| Net Debt to EBITDA (On a trailing 12-month basis) | 2.09 | 3.96 |

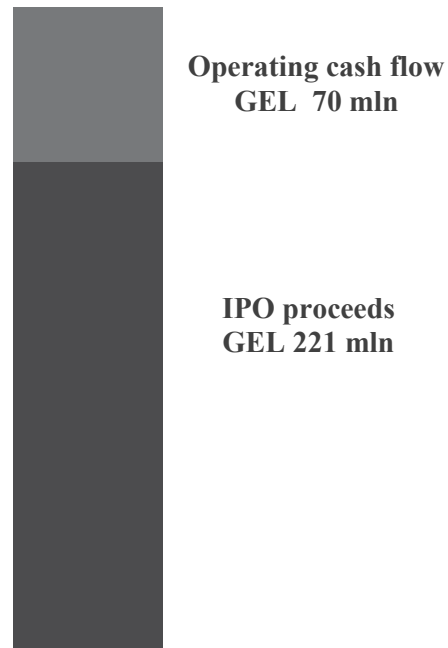
- Acceleration of suppliers in 2016 for obtaining higher discounts
- Prolongation of suppliers in 2015 for funding working capital
- Ratios are based on adjusted operating cash flow
- Assumes full 9 month consolidation of HTMC in 2015



Secured financing for three year investment plan

FINANCING 2016-2018

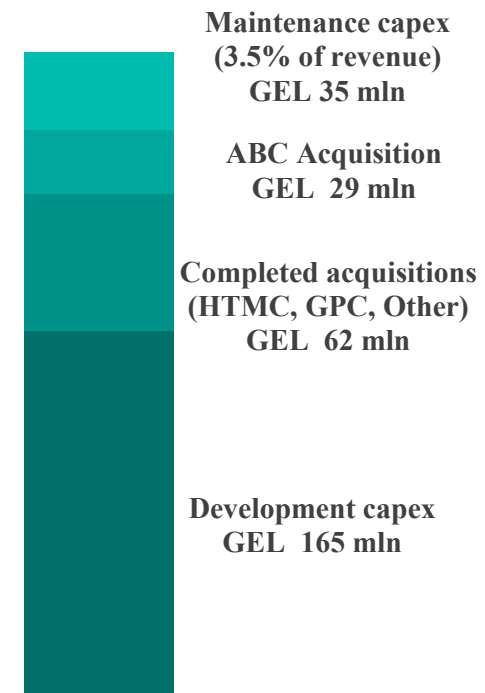
GEL 291 mln



Financing

INVESTING 2016-2018

GEL 291 mln



Investing



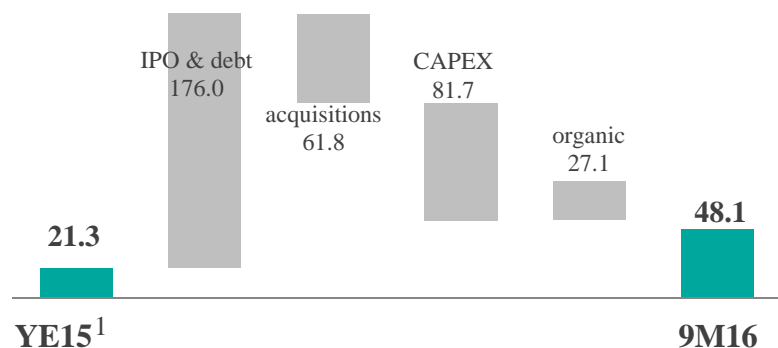
- Financial performance overview
- Cash flow and liquidity
- **Balance sheet analysis**
- Funding update
- Q&A



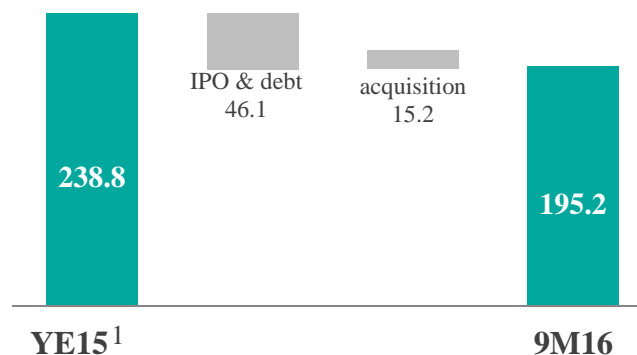
Well funded strong balance sheet growth reflects business plan and GPC acquisition

BALANCE SHEET EVOLUTION 9M16

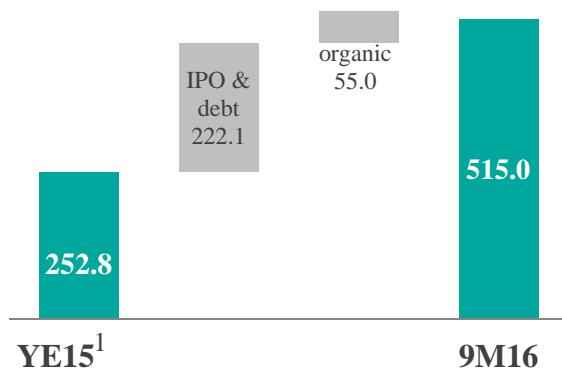
LIQUID ASSETS



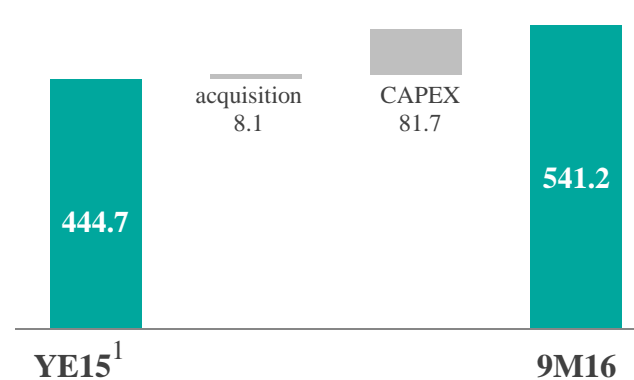
BORROWINGS



EQUITY



PPE



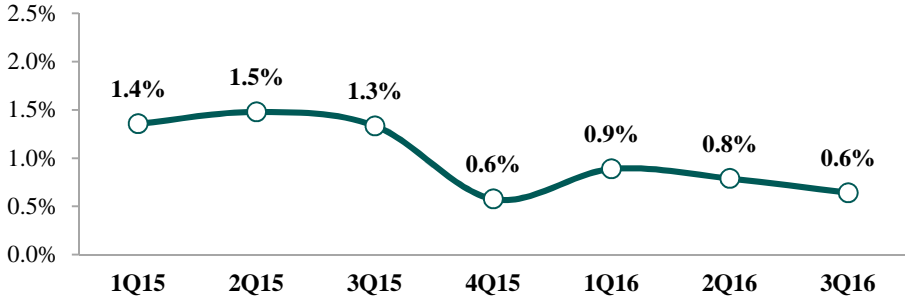
⁽¹⁾ Pro-forma: prior to IPO proceeds and debt repayment



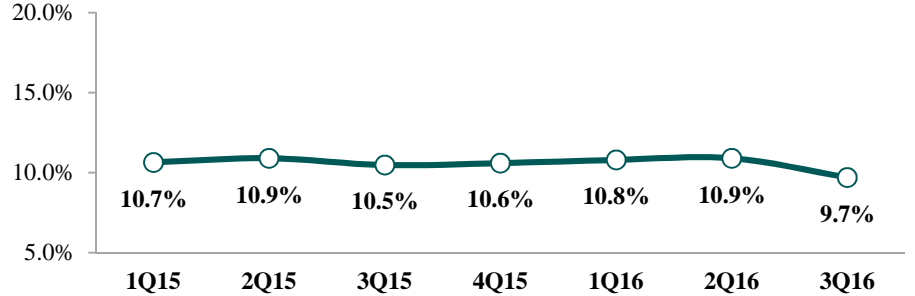
Improving quality of receivables

HEALTHCARE SERVICES BUSINESS RECEIVABLES

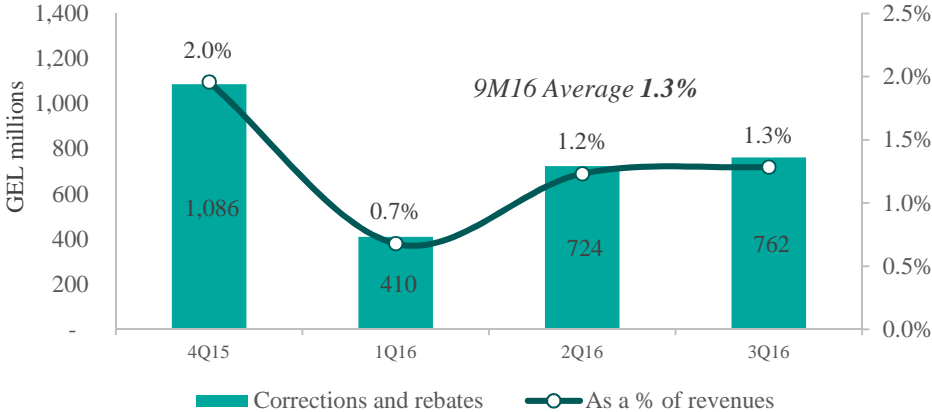
Impairment Charge Rate



Allowance as % of Gross Receivable



State Corrections and State Rebates



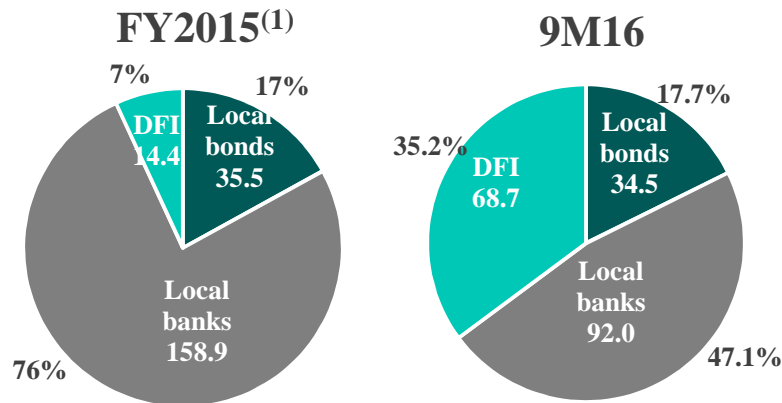


- Financial performance overview
- Cash flow and liquidity
- Balance sheet analysis
- **Funding update**
- Q&A

Decreasing funding cost, extending maturity

(GEL mln)

Debt Maturity Profile

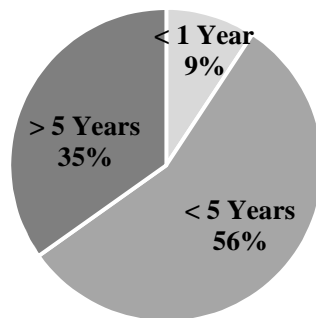


- Raised GEL 58 mln funding from DFIs
- Have committed credit lines of GEL 82 mln from DFIs
- Repaid GEL 104 mln local debt
- Excess Cash of GEL 34 mln
- (after ABC down payment of GEL 29 mln)

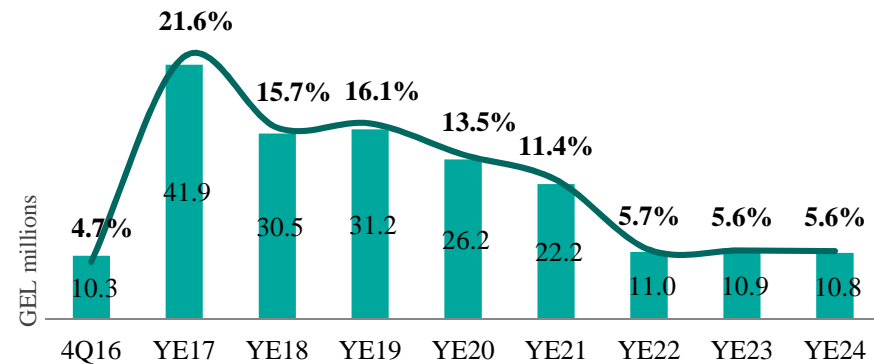
| | | |
|--------------------|-------|-------|
| Net debt to EBITDA | 3.75 | 2.09 |
| Cost of funding | 13.8% | 11.0% |

Debt Maturity Profile

Maturity Breakdown of Borrowings
(% Share in Total)



Debt Maturity Profile



⁽¹⁾ Pro-forma; prior to IPO proceeds and debt repayment

QUESTIONS?

GHG Investor Day

Tbilisi, Georgia | 23 November 2016

www.ghg.com.ge

GHG consolidated income statement

| | 9M16 | 9M15 | Change, Y-o-Y | 3Q16 | 3Q15 | Change, Y-o-Y | 2Q16 | Change, Q-o-Q |
|--|------------------|------------------|------------------|-----------------|-----------------|------------------|-----------------|------------------|
| <i>GEL '000</i> | | | | | | | | |
| Revenue, gross | 290,408 | 176,238 | 64.8% | 116,159 | 64,192 | 81.0% | 101,673 | 14.2% |
| Corrections & rebates | (1,896) | (2,522) | -24.8% | (762) | (680) | 12.1% | (724) | 5.2% |
| Revenue, net | 288,512 | 173,716 | 66.1% | 115,397 | 63,512 | 81.7% | 100,949 | 14.3% |
| Revenue from healthcare services | 176,639 | 137,028 | 28.9% | 58,542 | 50,451 | 16.0% | 58,056 | 0.8% |
| Revenue from pharma | 76,416 | - | - | 45,725 | - | - | 30,691 | 49.0% |
| Net insurance premiums earned | 45,182 | 43,010 | 5.0% | 16,054 | 15,196 | 5.6% | 15,298 | 4.9% |
| Eliminations | (9,725) | (6,322) | 53.8% | (4,925) | (2,135) | 130.6% | (3,095) | 59.1% |
| Costs of services | (188,109) | (106,603) | 76.5% | (76,563) | (38,844) | 97.1% | (67,395) | 13.6% |
| Cost of healthcare services | (95,567) | (77,283) | 23.7% | (31,170) | (28,821) | 8.1% | (31,399) | -0.7% |
| Cost of pharma | (60,974) | - | - | (35,915) | - | - | (25,059) | 43.3% |
| Cost of insurance services | (40,775) | (35,444) | 15.0% | (13,939) | (12,123) | 15.0% | (13,989) | -0.4% |
| Eliminations | 9,207 | 6,125 | 50.3% | 4,461 | 2,101 | 112.3% | 3,052 | 46.2% |
| Gross profit | 100,403 | 67,113 | 49.6% | 38,834 | 24,668 | 57.4% | 33,554 | 15.7% |
| Salaries and other employee benefits | (26,993) | (19,706) | 37.0% | (10,841) | (7,104) | 52.6% | (9,229) | 17.5% |
| General and administrative expenses | (18,383) | (7,460) | 146.4% | (8,423) | (2,510) | 235.6% | (6,758) | 24.6% |
| Impairment of receivables | (2,388) | (2,836) | -15.8% | (172) | (990) | -82.6% | (1,236) | -86.1% |
| Other operating income | 1,099 | 2,505 | -56.1% | 329 | 1,964 | -83.2% | 551 | -40.3% |
| EBITDA | 53,738 | 39,617 | 35.6% | 19,727 | 16,029 | 23.1% | 16,882 | 16.9% |
| Depreciation and amortisation | (14,261) | (8,371) | 70.4% | (5,215) | (3,482) | 49.8% | (4,581) | 13.8% |
| Net interest expense | (8,963) | (14,904) | -39.9% | (3,838) | (4,786) | -19.8% | (3,469) | 10.6% |
| Net (losses) gains from foreign currencies | (2,487) | 3,690 | -167.4% | (263) | (1,759) | -85.1% | (1,964) | -86.6% |
| Net non-recurring income/(expense) | (864) | (1,489) | -42.0% | (48) | (722) | -93.4% | (586) | -91.8% |
| Profit before income tax expense | 27,163 | 18,542 | 46.5% | 10,363 | 5,279 | 96.3% | 6,282 | 65.0% |
| Income tax benefit | 27,838 | 22 | NMF | (587) | (31) | NMF | 26,920 | -102.2% |
| <i>of which: Deferred tax adjustment</i> | <i>29,311</i> | | | <i>-</i> | <i>-</i> | | <i>27,113</i> | |
| Net profit | 55,001 | 18,564 | 196.3% | 9,776 | 5,248 | 86.3% | 33,202 | -70.6% |
| Adjusted net profit | 27,914 | 13,115 | 91.1% | 9,776 | 5,248 | 86.3% | 8,053 | 21.4% |
| EPS | 0.35 | NMF | | 0.06 | NMF | | 0.22 | |
| EBITDA margin | 18.5% | 22.5% | | 17.0% | 25.0% | | 16.6% | |

Healthcare services business delivering targets

| | Healthcare services business ⁽¹⁾ | | | | | | | |
|--|---|-----------------|------------------|-----------------|-----------------|------------------|-----------------|------------------|
| | 9M16 | 9M15 | Change, Y-o-Y | 3Q16 | 3Q15 | Change, Y-o-Y | 2Q16 | Change, Q-o-Q |
| <i>GEL '000</i> | | | | | | | | |
| Healthcare service revenue, gross | 178,535 | 139,550 | 27.9% | 59,305 | 51,131 | 16.0% | 58,779 | 0.9% |
| Corrections & rebates | (1,896) | (2,522) | -24.8% | (762) | (680) | 12.1% | (724) | 5.2% |
| Healthcare services revenue, net | 176,639 | 137,028 | 28.9% | 58,543 | 50,451 | 16.0% | 58,055 | 0.8% |
| Costs of healthcare services | (95,567) | (77,283) | 23.7% | (31,170) | (28,821) | 8.1% | (31,399) | -0.7% |
| Gross profit | 81,072 | 59,745 | 35.7% | 27,373 | 21,630 | 26.6% | 26,656 | 2.7% |
| Salaries and other employee benefits | (17,372) | (16,897) | 2.8% | (6,003) | (6,060) | -0.9% | (5,254) | 14.3% |
| General and administrative expenses | (9,708) | (5,641) | 72.1% | (3,708) | (1,954) | 89.8% | (3,517) | 5.4% |
| Impairment of receivables | (2,026) | (2,680) | -24.4% | (48) | (943) | -94.9% | (1,120) | -95.7% |
| Other operating income | 816 | 2,461 | -66.8% | 180 | 1,970 | -90.9% | 395 | -54.4% |
| EBITDA | 52,782 | 36,987 | 42.7% | 17,794 | 14,642 | 21.5% | 17,160 | 3.7% |
| Depreciation and amortisation | (12,995) | (7,927) | 63.9% | (4,613) | (3,327) | 38.7% | (4,121) | 11.9% |
| Net interest income (expense) | (8,383) | (14,817) | -43.4% | (3,125) | (4,733) | -34.0% | (2,999) | 4.2% |
| Net (losses) gains from foreign currencies | (2,217) | 2,898 | -176.5% | (95) | (1,982) | -95.2% | (1,711) | -94.4% |
| Net non-recurring income (expense) | 179 | (1,443) | -112.4% | 22 | (676) | -103.3% | 387 | -94.3% |
| Profit before income tax expense | 29,366 | 15,697 | 87.1% | 9,983 | 3,923 | 154.5% | 8,716 | 14.5% |
| Income tax benefit/(expense) | 27,493 | 512 | NMF | (612) | (196) | 212.8% | 26,619 | -102.3% |
| <i>of which: Deferred tax adjustments</i> | <i>29,311</i> | <i>-</i> | | <i>-</i> | <i>-</i> | | <i>27,113</i> | |
| Net profit | 56,859 | 16,210 | 250.8% | 9,371 | 3,728 | 151.4% | 35,335 | -73.5% |
| Adjusted net profit | 29,670 | 11,330 | 161.9% | 9,371 | 9,933 | 151.4% | 9,933 | -5.7% |
| EPS | 0.36 | NMF | | 0.06 | 0.22 | | 0.22 | |
| Operating leverage | | | 17.6% | | | 13.9% | | 4.0% |
| EBITDA margin | 29.6% | 26.5% | | 30.0% | 28.6% | | 29.2% | |

⁽¹⁾ Includes GHG Standalone Cost

Pharma – increasing efficiency

Pharma business

| <i>GEL '000</i> | YTD 2016 | 3Q16 | 2Q16 |
|--|-----------------|-----------------|-----------------|
| Pharma revenue | 76,416 | 45,725 | 30,691 |
| Costs of pharma | (60,974) | (35,915) | (25,059) |
| Gross profit | 15,442 | 9,810 | 5,632 |
| Salaries and other employee benefits | (6,796) | (4,106) | (2,690) |
| General and administrative expenses | (6,599) | (4,066) | (2,533) |
| Impairment of receivables | - | - | - |
| Other operating income | 295 | 150 | 145 |
| EBITDA | 2,342 | 1,788 | 554 |
| EBITDA margin | 3.1% | 3.9% | 1.8% |
| Depreciation and amortisation | (649) | (391) | (258) |
| Net interest income (expense) | (1,054) | (627) | (427) |
| Net gains/(losses) from foreign currencies | (349) | (77) | (272) |
| Net non-recurring income/(expense) | (71) | (71) | - |
| Profit before income tax expense | 219 | 622 | (403) |
| Income tax benefit/(expense) | - | - | - |
| Net profit | 219 | 622 | (403) |
| Adjusted net profit | 219 | 622 | (403) |
| | | | |
| EPS | 0.002 | 0.005 | (0.003) |
| EBITDA margin | 3.1% | 3.9% | 1.8% |

GPC is consolidated since 1 May 2016, therefore 2Q16 results include only the results of two months of operations



Medical insurance – inefficiency turnaround

Medical insurance business

| <i>GEL '000</i> | 9M16 | 9M15 | Change, Y-o-Y | 3Q16 | 3Q15 | Change, Y-o-Y | 2Q16 | Change, Q-o-Q |
|--|-----------------|-----------------|------------------|-----------------|-----------------|------------------|-----------------|------------------|
| Net insurance premiums earned | 45,182 | 43,010 | 5.0% | 16,054 | 15,196 | 5.6% | 15,298 | 4.9% |
| Net insurance claims incurred | (37,790) | (33,158) | 13.97% | (12,834) | (11,286) | 13.7% | (13,003) | -1.3% |
| Agents' commissions | (2,985) | (2,286) | 30.59% | (1,105) | (837) | 32.0% | (986) | 12.1% |
| Cost of insurance services | (40,775) | (35,444) | 15.0% | (13,939) | (12,123) | 15.0% | (13,989) | -0.4% |
| Gross profit | 4,407 | 7,566 | -41.8% | 2,115 | 3,073 | -31.2% | 1,309 | 61.6% |
| Salaries and other employee benefits | (3,343) | (3,006) | 11.2% | (1,196) | (1,078) | 11.0% | (1,328) | -9.9% |
| General and administrative expenses | (2,076) | (1,821) | 14.0% | (649) | (558) | 16.3% | (708) | -8.3% |
| Impairment of receivables | (362) | (156) | 132.3% | (124) | (47) | 164.9% | (116) | 6.9% |
| Other operating income | (12) | 46 | -125.8% | (1) | (4) | -71.7% | 11 | -109.1% |
| EBITDA | (1,386) | 2,630 | -152.7% | 145 | 1,387 | -89.5% | (832) | -117.4% |
| EBITDA margin | -3.1% | 6.1% | | 0.9% | 9.1% | | -5.4% | |
| Depreciation and amortisation | (617) | (444) | 39.1% | (211) | (155) | 36.4% | (202) | 4.5% |
| Net interest income (expense) | 474 | (87) | -645.4% | (86) | (53) | 62.5% | (43) | 100.0% |
| Net gains/(losses) from foreign currencies | 79 | 792 | -90.0% | (91) | 223 | -140.9% | 19 | -578.9% |
| Net non-recurring income/(expense) | (973) | (46) | NMF | - | (46) | NMF | (973) | NMF |
| Profit before income tax expense | (2,423) | 2,845 | -185.2% | (243) | 1,356 | -117.9% | (2,031) | -88.0% |
| Income tax benefit/(expense) | 345 | (491) | -170.3% | 25 | 164 | -84.8% | 301 | -91.7% |
| Net profit | (2,078) | 2,354 | -188.3% | (218) | 1,520 | -114.3% | (1,730) | -87.4% |
| Adjusted net profit | (2,078) | 2,354 | -188.3% | (218) | 1,520 | -114.3% | (1,730) | -87.4% |
| EPS | (0.016) | NMF | | (0.002) | 0.012 | -114.4% | (0.013) | -87.4% |
| EBITDA margin | -3.1% | 6.1% | | 0.9% | 9.1% | | -5.4% | |



This presentation contains forward-looking statements that are based on current beliefs or expectations, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words similar meaning. Undue reliance should not be placed on any such statement because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Georgia Healthcare Group PLC and its subsidiaries (the “GHG Group”) plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are various factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, legal, business and social environment. The forward-looking statements in this presentation speak only as of the date of this presentation. The GHG Group undertakes no obligation to revise or update any forward-looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.