



Polyclinic business overview and strategy

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GHG Investor Day

Tbilisi, Georgia | 10 November 2017



⌘ **Polyclinic business overview**

⌘ Performance in 2017

⌘ Strategy going forward

⌘ Q&A

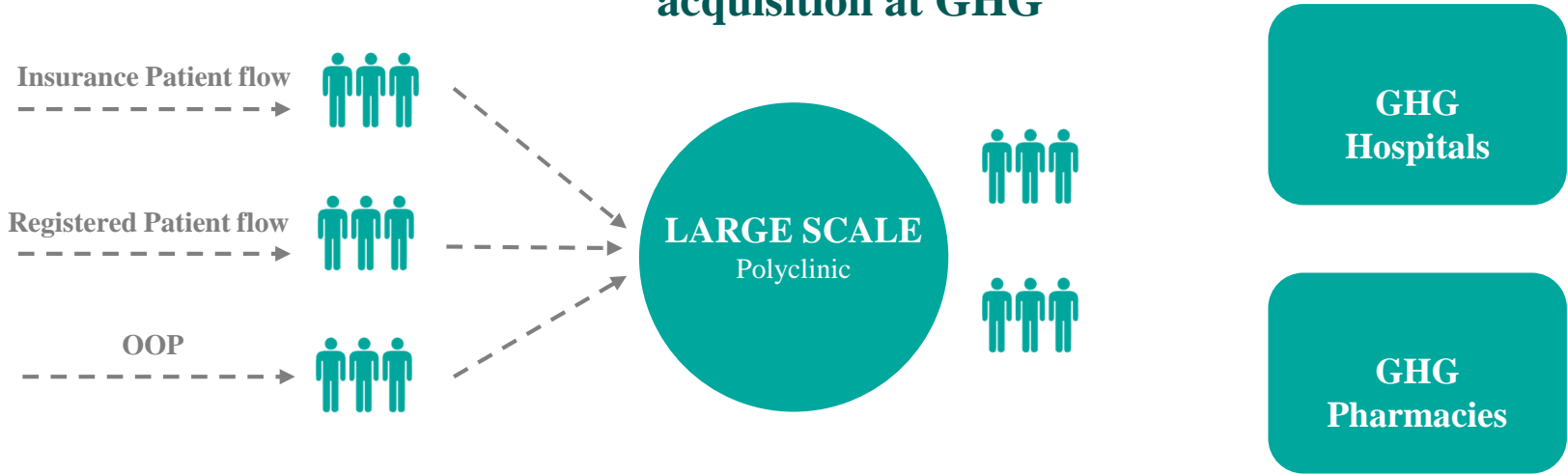


Polyclinic business – at a glance

Currently we operate with 11 Polyclinic clusters consisting of :

- 14 district Polyclinics which provide outpatient diagnostic and treatment services; and
- 24 express outpatient clinics, mostly integrated into our pharmacies and play a facilitating role for our pharma and district Polyclinic patients

The Polyclinic business is going to be the number one tool for customer acquisition at GHG



LARGE SCALE
Polyclinic

AREA: 1800-2500 sq/m
OFFERING: Full scale services
WORKING HOURS: 10:00-20:00, 6 days a week
INVESTMENT: GEL 2.0mln

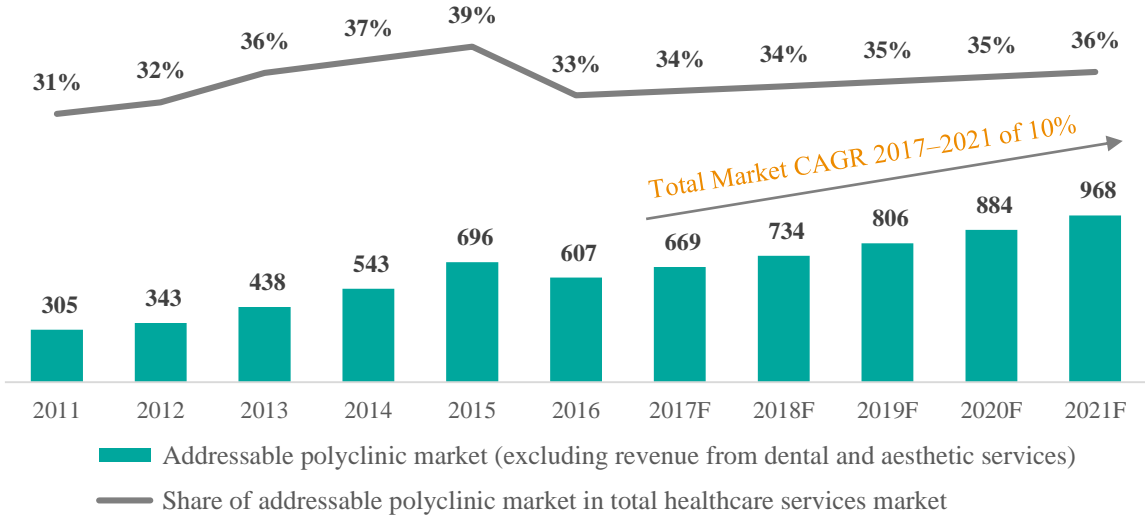


Express
Clinic

AREA: 20-200 sq/m
OFFERING: Basic services
WORKING HOURS: 09:00-21:00, 7 days a week
INVESTMENT: GEL 300 thousand

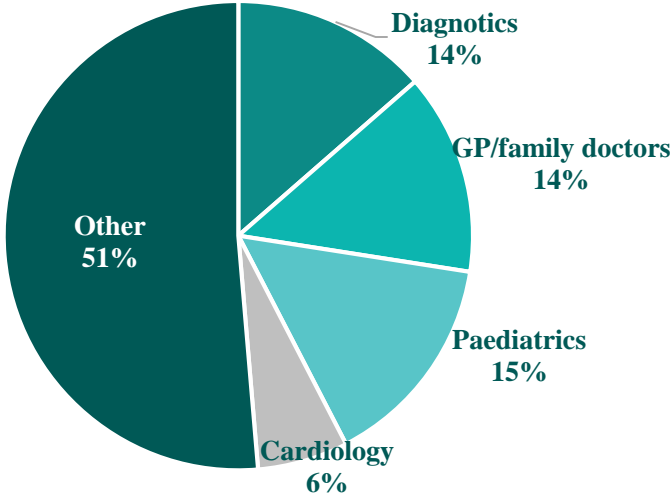
Polyclinic market growing faster than the hospitals market

Total market in Georgia
GEL, mln



Source: Frost and Sullivan analysis 2017

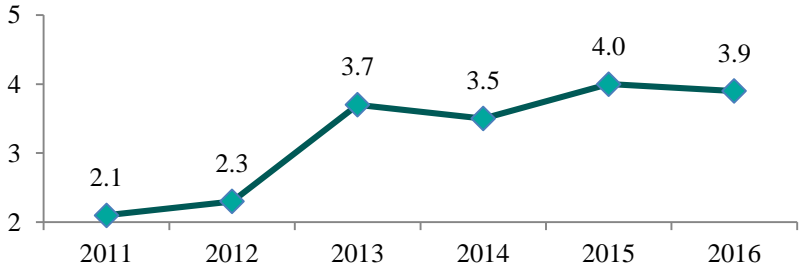
Polyclinics market structure in 2016



Source: Frost and Sullivan analysis 2017

Growing demand for outpatient services in Georgia

Outpatient encounters per capita



Source: NCDC 2016

Still low compared to European countries - above 6.0

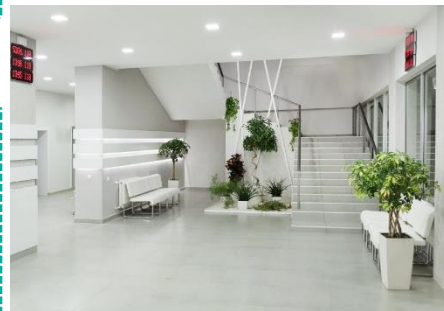


Competition – setting new standards

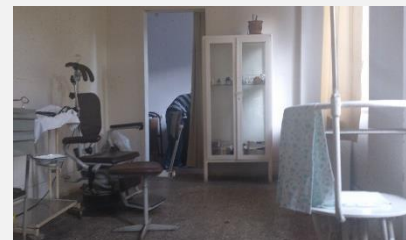
Outpatient market is still highly fragmented with very few players having high standards of service and up-to-date technology

GHG	14 district clinics, 7 in Tbilisi 7 in Regions Small (120-200 m ²), Medium (c.1000 m ²) and Large (1800-2500 m ²) Format Multiprofile
Tatisvli	2 clinics in Tbilisi Medium format Multiprofile
Cito	1 Clinic in Tbilisi Medium Format Multiprofile
Curatsio	1 Clinic in Tbilisi 1 in Western Georgia Medium Format Multiprofile
Medison	3 Clinics in Tbilisi Medium and Large Format Multiprofile
Medalpha (Aversi)	1 Clinic in Tbilisi Medium Format Multiprofile
Medcapital (Aversi; PSP)	4 Clinics in Tbilisi Medium Format Multiprofile
Polyclinics	c.450 small Polyclinics Small formats Multiprofile Soviet style Privatized, with no development CT Scan not available

GHG Polyclinic



Soviet-era polyclinics





⌘ Polyclinic business overview update

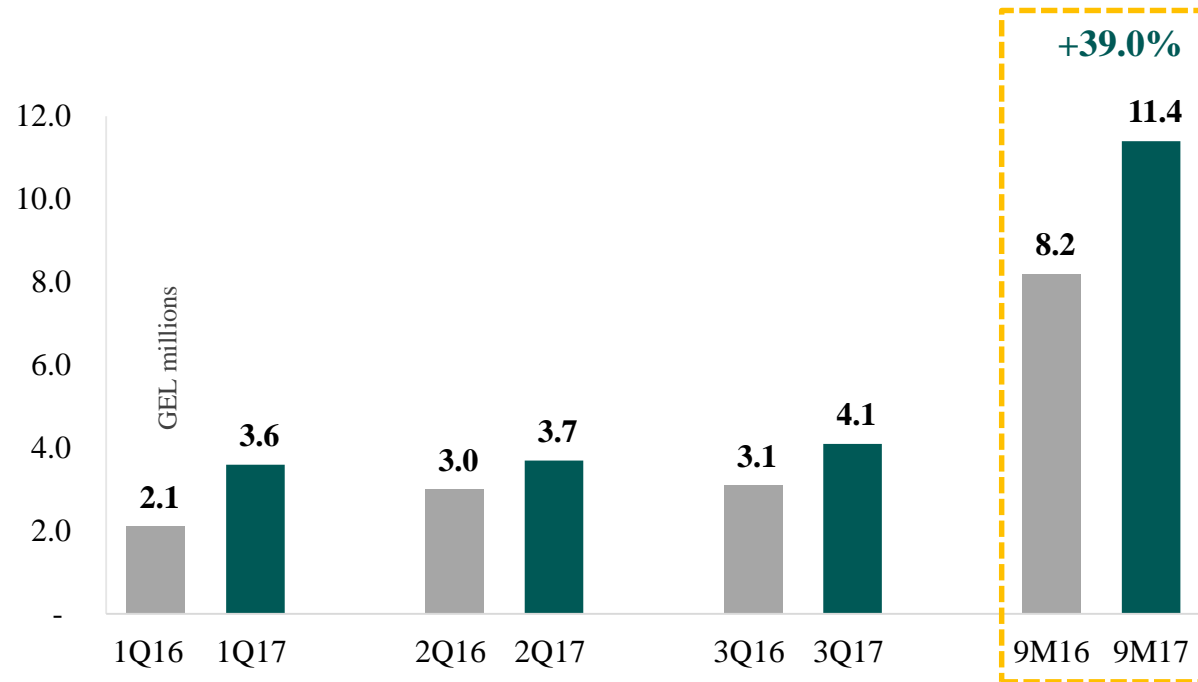
⌘ **Performance in 2017**

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Revenue



Source: GHG internal reporting



New initiatives implemented through 2017 (1/2)

With new initiatives we aim to tap the c.GEL 100 million annual market segment, currently occupied by the post-Soviet style polyclinics

Initiatives

1 Due to better patient perception, as well as a related patient acquisition initiatives we decided to rebrand our outpatient clinics, previously called “Ambulatory clinic” into “Polyclinic”

- The word Polyclinic is very well known within the population
- Awareness is high and remains the preferable description for the outpatient clinic customers
- We aim to position ourselves as the brand-new, well equipped Polyclinics with much better quality

2 Began active marketing campaigns from June: TV, radio, outdoor and social media



New initiatives implemented through 2017 (2/2)

With new initiatives we aim to tap the c.GEL 100 million annual market segment, currently occupied by the post-Soviet style polyclinics

Initiatives

3 Headhunted 69 family doctors from post-Soviet era polyclinics

4 Engaged in State programmes

State program	Budget	Status
- Antenatal	GEL 3.1 mln	√ - Done
- Diabetes	GEL 2.1 mln	√ - Done
- Vaccination	GEL 0.2 mln	√ - Done



Unique registered customer number dynamic

Since we launched our “Polyclinics” campaign in June, the average monthly number of patient visits is up 47%

Number of new registered customers on a daily basis

c. 300

Number of registered customers

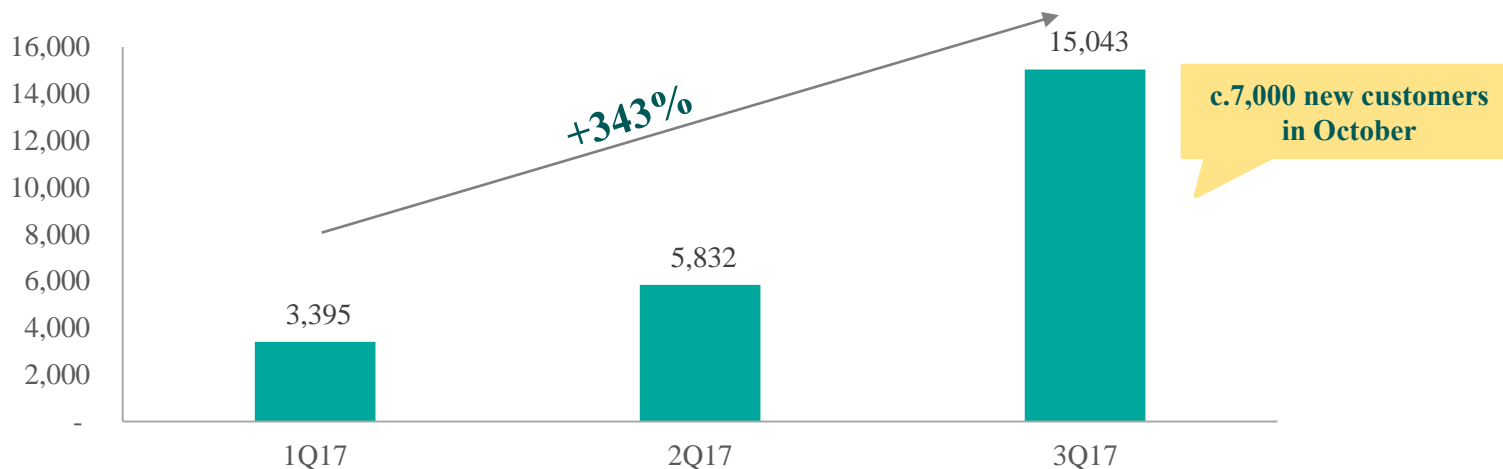
c. 37,000

Now

c.200,000

Target

New registered customers dynamic



Source: GHG internal reporting

New initiatives started from June 2017



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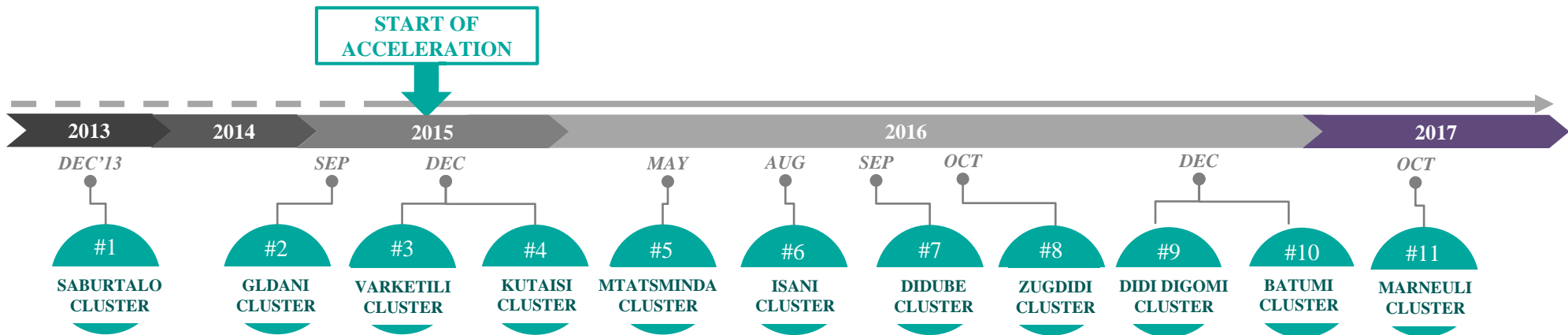


Key focus areas in medium and long term

- 1 Accelerated footprint growth
- 2 Increasing number of registered patients
- 3 Sales through various channels *(new services; corporates; Group offerings)*

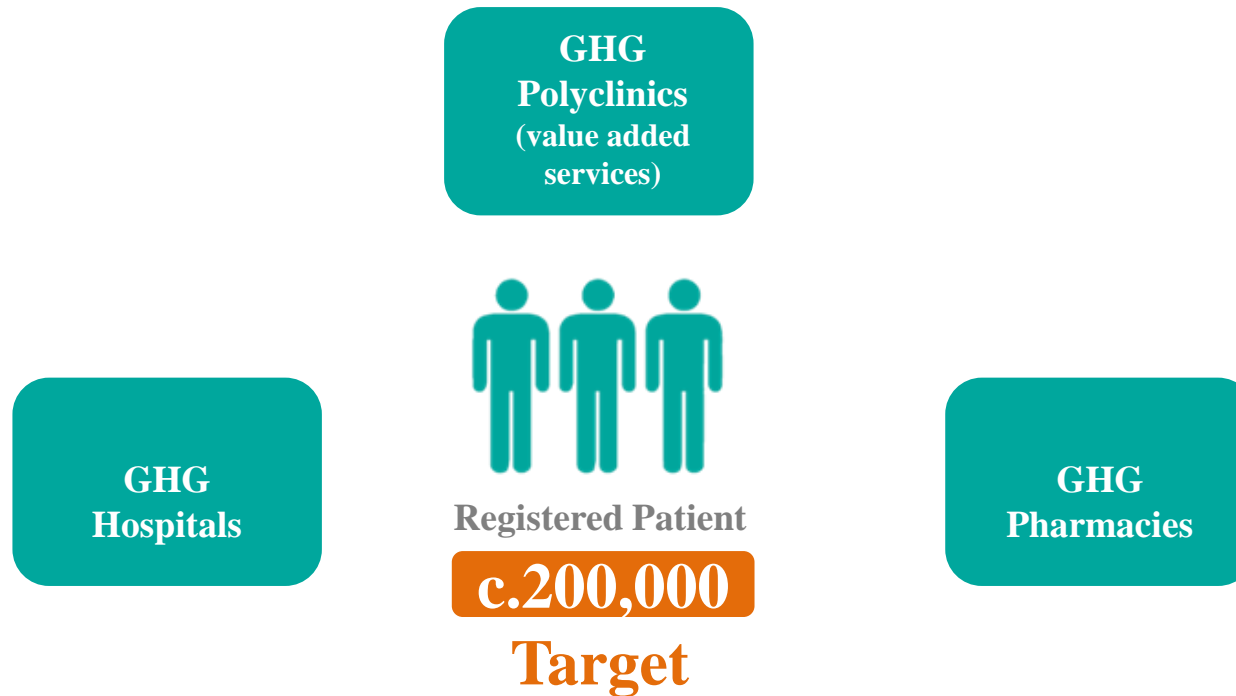
c.10 additional Polyclinics over next two years, bringing total number of clusters to more than 20

- Increasing the number of Polyclinics through new launches and strategic acquisitions
- Expansion both in Tbilisi and in Regions
- In 4Q17 couple of new Polyclinics are going to be launched/acquired





The increased number of registered customers increases the cross-sell opportunities within GHG





Adding higher value services - cross sell opportunity for targeted c.200,000 registered patients

Service:	Status
Eye surgery	√ - Done Average check size – GEL 650
Outpatient surgery	√ - Done Average check size – GEL 450
Physiotherapy / rehabilitation	√ - Done Average check size – GEL 600
Dermato-cosmetology / aesthetic	In progress
Dental	In progress
Chemotherapy	In progress



Sales through various channels

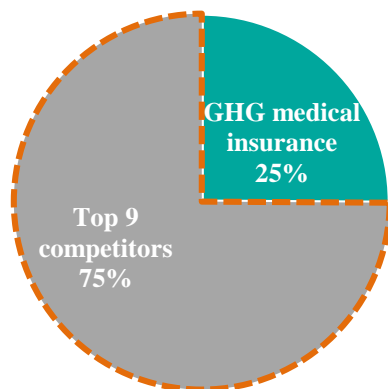
Corporates and Group offerings

To enhance sales to corporates strategy by increasing the number of contracted companies – offering incentives at our Polyclinics and enhancing marketing activities

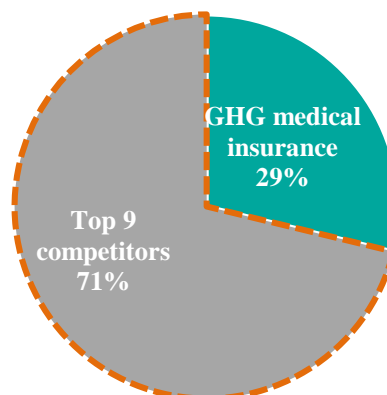
 Targeted customers	190,000 families
 Number of contracted companies	c. 60
 Number of contracted companies' employees & family members	c. 60,000
 Monthly newsletter and other marketing campaigns	From 2018

Developing new sales channels – offering incentives on GHG products to insurance companies

Number of insured %, as of 1st July 2017



Total claims, Jan-Jul'17



Target segment

Group incentives at GHG Polyclinics, GHG hospitals and GHG pharmacies for competitor insurance companies



Summary of strategy going forward

Key focus areas in medium-term and long term

- 1 Accelerated launch**
More than 20 clusters over two years
- 2 Increasing number of registered patients**
Currently c.37K registered patient, target 200K by 2018
- 3 Sales through various channels**
(new services; corporates; Group offerings; increasing share in state programmes such as: Hepatitis C, Onco programme)
- 4 Enhancing digital channels**
Customer application / web; e-prescription



Targets

Market shares

	by revenue (addressable)
Now	2%
2018	c.5%
Long-term	c.15%+

Medium to long term P&L target

Gradually improving to **c.30% EBITDA margin**

QUESTIONS?

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