## Offering Summary

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th><strong>Georgia Healthcare Group</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Selling Shareholder</strong></td>
<td>Bank of Georgia Holdings plc, through its wholly owned intermediate holding company</td>
</tr>
<tr>
<td><strong>Ticker / Listing</strong></td>
<td>GHG / Premium listing on the London Stock Exchange (LSE)</td>
</tr>
</tbody>
</table>
| **Price Range** | • Price range of 215p to 315p per share  
• Expected market capitalisation of $397m to $535m (£257m to £347m) |
| **Offering Size** | • Primary of $100m  
• Secondary of up to $50m |
| **Over-Allotment Option** | Up to 10% (100% secondary) |
| **Use of Proceeds** | GHG intend to use the net proceeds of the Global Offering to finance principally current expansion plans, partial repayment of existing debt and partial payment of the purchase price for GHG’s acquisition of GNCO LLC (HTMC hospital) |
| **Offer Structure** | - International private placement to institutional investors outside the US pursuant to Reg. S  
- 144A private placement to US QIBs  
- No retail offering |
| **Lock-ups** | - 180 days for the Company, Selling Shareholder, CEO and Chairman |
| **Joint Sponsors and Bookrunners** | Citigroup, Jefferies |
| **Co-Manager** | Numis, Renaissance Capital and Galt & Taggart |
| **Expected Pricing** | Early November |
A Unique Investment Story Supported by Compelling Themes

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

Market Leader

- Largest market share in Georgia with revenue upside: 22.1% market share by number of beds (2,220), which grew to 26.6% following HTMC acquisition in August 2015 (450 beds) and is expected to grow to c.30.0% as a result of the renovation of recently acquired hospital facilities, scheduled for completion in 2016 and 2017 (additional c.500 beds)(2);
  - Lower revenue market shares: inpatient 17.6% and outpatient under 1% in 1H15 (9,10,11);
  - Mainly a hospital service provider: hospitals contributed 97% to healthcare service revenues as of 1H15
  - 2 new acquisitions not reflected in 1H15 results: Deka balance sheet was consolidated as of 30 June 2015 and HTMC will be consolidated starting in 3Q15
- Largest medical insurer: c.250,000 persons insured and 38.1% market share(3);
- Widest population coverage: coverage of over 3/4 of Georgia's 4.5mln population with 41 high quality hospitals and ambulatory clinics (including HTMC acquired in Aug 2015)(4,5);
- Institutionalising the industry: Strong corporate governance; standardised processes; improving safety and quality by implementing JCI benchmarked standards; own personnel training centre.

Long-term High-growth Opportunities

- Very low base: healthcare services spending per capita only US$ 217, outpatient encounters only 2.7 per capita annually(6), GHG revenue per hospital bed only US$ 40,000(4);
- Supported by attractive macro: Georgia – one of the fastest growing countries in Eastern Europe, open and easy(7) emerging market to do business, with real GDP growing at a CAGR of 5.8% between 2005-14. Only 5.7% 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;
  - Freed-up of financing from pharmaceuticals (pharma spending out of total healthcare spending is c.40% vs 17% in Europe)

Business Model with Cost and Synergy Advantage

- The single largest scale player on Georgia’s healthcare market with cost advantage through scale: purchasing, centralisation of administrative functions, training center
  - Next competitor has only 5% market share by beds and less than 3% market share by hospital revenue
- Better access to professional management and high calibre talent
  - One of the largest employers in the country: c. 8,600 full time employees, including 2,748 physicians(4)
- Referral system & synergies with insurance:
  - Presence along patient pathway, and referral synergies
  - Insurance activities provide steady revenue stream for our ambulatory clinics and bolster hospital patient referrals

Strong Management with Proven Track Record

- Strong business management team – increased market share by beds from under 1% in 2009 to 26.6% currently, with built-in additional development capacity. Acquired and integrated over 25 and built and launched over 10 hospitals between 2011-15; organic growth: 23.6% CAGR 2012-2014, 23.9% 1H15 y-o-y; 25.3% EExx EBITDA margin in 1H15(4)
- Robust corporate governance, exceptional in Georgia’s healthcare sector, as currently 100% shareholder is Bank of Georgia Holdings PLC – only entity from Georgia listed on the premium segment of the main market of the London Stock Exchange (LSE:BGEO), part of FTSE 250 index
- In-depth knowledge of the local market

Sources:
(1) Georgia Healthcare Group established in Georgia (JSC Georgia Healthcare Group) and in the UK (Georgia Healthcare Group PLC)
(2) Market share by number of beds. Source: National Center for Disease Control, data as of December 2014, updated by company to include changes before 30 June 2015, Additional development capacity at Deka and Sunstone of c.500 beds
(3) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 30 June 2015
(4) Deka internal reporting
(5) Geostat.ge, data as of 1 January 2014. Coverage refers to geographic areas served by GHG facilities
(6) NCDC
(8) Ranked 415 (of 189 countries) in World Bank’s 2015 “Ease of Doing Business Report”; ahead of all its neighbouring countries and several EU countries.
(9) Ministry of Finance, Ministry of Economy
(10) Frost & Sullivan 2015
(11) 17.4% is proforma, includes HTMC’s 450 beds, acquired in Aug’15
### Key Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referral and Specialty Hospitals</td>
<td>General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities</td>
</tr>
<tr>
<td>Community Hospitals</td>
<td>Basic outpatient and inpatient services in regional towns and municipalities</td>
</tr>
<tr>
<td>Ambulatory Clinics</td>
<td>Outpatient diagnostic and treatment services in Tbilisi and major regional cities</td>
</tr>
</tbody>
</table>

### Key Services

- **Imedi L**
  - Range of private insurance products purchased by individuals and employers

- **Medical Insurance**
  - Range of private insurance products purchased by individuals and employers

### Market Size

- **Evex**
  - GEL 1.2bln (2015E)
  - 17.6% by revenues

- **Imedi L**
  - GEL 0.9bln (2015E)
  - 0.5%

  - GEL 0.14bln (2015E)
  - 38.1%

### Market Share

- **Evex**
  - 22.1% by beds (2,220), which grew to 26.6% following HTMC acquisition in Aug 2015 (450 beds) and is expected to grow to c.30.0% as a result of renovation of recently acquired hospital facilities (additional c.500 beds);

- **Imedi L**
  - 250,000 insured

### Selected Operating Data (1H 2015)

- **Evex**
  - **GEL 1.2bln (2015E)**
    - 16 hospitals*
    - 2,209 beds*
    - *Includes HTMC
  - **GEL 0.9bln (2015E)**
    - 19 hospitals
    - 461 beds
  - **GEL 0.14bln (2015E)**
    - 6 clinics
    - 220,000+ outpatients treated

### Financials (1H 2015)

- **Revenue**
  - **Evex**
    - 67%
  - **Imedi L**
    - 23%

- **EBITDA**
  - **Evex**
    - EBITDA Margin: 25.3%
    - EBITDA Margin: 24.5%
    - EBITDA Margin: 31.0%
  - **Imedi L**
    - EBITDA Margin: 4.7%

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Source: GHG internal reporting

Note: EBITDA margins are based on gross of intercompany eliminations revenue numbers
Leader in Georgia with clear and established #1 market positions in healthcare services and medical insurance

Healthcare Services (Hospitals)\(^{(1)}\)

<table>
<thead>
<tr>
<th>Hospital</th>
<th># of Beds</th>
<th># of Hospitals</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evex</td>
<td>2,220</td>
<td>35</td>
<td>75</td>
</tr>
<tr>
<td>HTMC</td>
<td>450</td>
<td>1</td>
<td>450</td>
</tr>
<tr>
<td>Gudushauri-Chachava</td>
<td>483</td>
<td>3</td>
<td>161</td>
</tr>
<tr>
<td>Vienna Insurance Group</td>
<td>449</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Aversi</td>
<td>225</td>
<td>5</td>
<td>45</td>
</tr>
<tr>
<td>PSP</td>
<td>216</td>
<td>2</td>
<td>108</td>
</tr>
<tr>
<td>Other</td>
<td>6,012</td>
<td>160</td>
<td>37</td>
</tr>
</tbody>
</table>

Sources:

(1) Market share by number of beds. Source: NCDC, data as of December 2014, updated by company to include changes before 30 June 2015

Medical Insurance\(^{(2)}\)

<table>
<thead>
<tr>
<th>Insurance</th>
<th>Gross premium revenue, GEL mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vienna Insurance Group</td>
<td>17.3</td>
</tr>
<tr>
<td>Ardi</td>
<td>6.5</td>
</tr>
<tr>
<td>PSP</td>
<td>6.3</td>
</tr>
<tr>
<td>Alpha</td>
<td>3.9</td>
</tr>
<tr>
<td>Other</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Sources:

(2) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 30 June 2015
Extensive Geographic Coverage\(^{(1)}\)

Network of healthcare facilities

3/4 of population covered

2,670 hospital beds
41 facilities

Geographically Diversified Network

Regional market share\(^{(2)}\)
Bubble size denotes relative size based on % of population\(^{(3)}\)

- Tbilisi (Capital)
- Kakheti
- Imereti
- Samtskhe
- Adjara
- Samegrelo

- 30.2%
- 24.0%
- 24.7%
- 63.3%
- 35.2%
- 40.7%
- 55.2%

*up from 1.3% at YE2013, Tbilisi market share\(^{(1)}\)
*1.9x higher hospitalization rate in Tbilisi vs Georgian average\(^{(4)}\)
*Pro-forma market share after development of c.500 beds at Deka and Sunstone

Sources:
\(^{(1)}\) GHG internal reporting – data as of the date of this report; HTMC was acquired in August 2015, and is not included in the total number of beds
\(^{(2)}\) Market share by number of beds. Source: NCDC, data as of 2014. Market shares by beds are as of H1 2015
\(^{(3)}\) Geostat.ge, data as of 1 January 2014
\(^{(4)}\) NCDC healthcare statistical yearbook 2013
Well established hospital network allows a seamless patient treatment pathway from local doctors to multi-profile or specialised hospitals whilst the insurance business plays a feeder role in originating and directing patients.

GHG operates a highly integrated patient capture business model

### Three key pillars of business model

1. **Referral & Specialty Hospitals**
   - 16 referral & specialty hospitals provide **secondary and tertiary level** healthcare services operating 2,209 beds, of which 450 at HTMC.

2. **Community Hospitals**
   - 19 community hospitals provide **primary out- and inpatient** healthcare services operating 461 beds.

3. **Ambulatory Clinics**
   - 6 ambulatory clinics provide **primary and secondary outpatient** healthcare services.

4. **Patients**
   - 3/4 of Georgia's 4.5mln population covered (1)

5. **IMEDI**
   - 4.0 mln GEL Evex revenue driven by medical insurance division for 1H15 (2)

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**Sources:**

1. Geostat.ge, data as of 1 January 2014
2. GHG internal reporting. Note: revenues do not add up due to intercompany eliminations
Improving margins with the increasing scale of business

**GHG Revenue**

- FY2011: GEL 39.5
- FY2012: GEL 119.4
- FY2013: GEL 165.6
- FY2014: GEL 196.3
- 1H14: GEL 94.9
- 1H15: GEL 108.8

- 23.8% CAGR 2012-14
- 24.3% 1H15

**Evex Revenue**

- 23.6% CAGR 2012-14
- 23.9% 1H15 y-o-y

**IMEDI L Revenue**

- +30.0% in PHI

**Note:** Evex and Imedi L revenues do not add up to GHG revenues due to intercompany eliminations.

Source: GHG internal reporting. All amounts are for GHG, unless otherwise indicated.
Despite 1/3 market share by beds, there is significant room to catch up to 1/3 market share by revenues

**Growth In Hospital Revenue - GHG Owns It**

**Hospitals**

2015E market size: GEL 1.2bln

14.0% Market share by revenue

33.0% Long-term target

Growth opportunities:
- Low utilisation (50-60%)
- Low equipment penetration
- Fragmented supply

**First Mover Advantage In Highly-fragmented, Underpenetrated Ambulatory Segment**

**Ambulatory clinics**

2015E market size: GEL 0.9bln

0.5% Market share by revenue

17.0% Long-term target

Growth opportunities:
- Low outpatient encounters
- Fragmented supply
- New prescription policy

**Redistribution Of Funds Expected From Pharmaceuticals To Healthcare Services**

**Pharmaceuticals**

2015E market size: GEL 1.3bln

0% Market share by revenue

0% Long-term target

Optimisation opportunity: total healthcare spending on pharma of 38% in Georgia vs 16-17% in Europe

**Rooms For Growth**

GHG’s nation-wide bed capacity in place to accommodate future revenue market share growth (HTMC & Deka P&L to be consolidated starting 3Q15; Deka and Sunstone to be renovated in 2016-17)

10x price gap with developed EM benchmarks

Imedi L outpatient encounters increased to 3.9 in 2015** up from 2.2 in 2012

New prescription practice expected to drive outpatient traffic

**Revenue market share gap**

**Low revenue per bed**

Average revenue per bed, US$ thousand

**Low bed utilisation**

Utilisation & ALOS

**Price gap**

Prices, US$ thousands

**Low outpatient encounters**

Outpatient encounter per capita, annual

**High pharma spending redistribution**

Total Healthcare Spending breakdown

GEL mln

1.075, 36%

1.150, 38%

802, 26%

Sources: GHG internal reporting; Frost & Sullivan analysis, 2015; NHA, Ministry of Labor, Health and Social Affairs of Georgia; NCDC; OECD, World Health Organisation and World Bank – 2013 or most recent data
LONG-TERM, HIGH-GROWTH PROSPECTS
Rapidly Growing Healthcare Services Market

High Growth in Healthcare Services Market Expected to Continue

**GELm**

*Double digit growth on the back of favorable dynamics expected*

<table>
<thead>
<tr>
<th>Year</th>
<th>Hospital</th>
<th>Ambulatory Clinics</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,284</td>
<td>473</td>
</tr>
<tr>
<td>2012</td>
<td>1,451</td>
<td>592</td>
</tr>
<tr>
<td>2013</td>
<td>1,636</td>
<td>695</td>
</tr>
<tr>
<td>2014E</td>
<td>1,877</td>
<td>802</td>
</tr>
<tr>
<td>2015F</td>
<td>2,134</td>
<td>930</td>
</tr>
<tr>
<td>2016F</td>
<td>2,420</td>
<td>1,079</td>
</tr>
<tr>
<td>2017F</td>
<td>2,740</td>
<td>1,250</td>
</tr>
<tr>
<td>2018F</td>
<td>3,096</td>
<td>1,448</td>
</tr>
</tbody>
</table>

Total Market CAGR 2011–2014 of 14%
Total Market CAGR 2014–2018 of 13%

**CAGR '14-'18**

16%

11%

Source: Frost & Sullivan analysis.

Demand Analysis

**Number of Hospital Admissions**

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2003</td>
</tr>
<tr>
<td>2009</td>
<td>300</td>
</tr>
<tr>
<td>2010</td>
<td>320</td>
</tr>
<tr>
<td>2011</td>
<td>340</td>
</tr>
<tr>
<td>2012</td>
<td>360</td>
</tr>
<tr>
<td>2013</td>
<td>380</td>
</tr>
</tbody>
</table>

**Number of Surgical Operations**

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>83</td>
</tr>
<tr>
<td>2009</td>
<td>83</td>
</tr>
<tr>
<td>2010</td>
<td>83</td>
</tr>
<tr>
<td>2011</td>
<td>83</td>
</tr>
<tr>
<td>2012</td>
<td>83</td>
</tr>
<tr>
<td>2013</td>
<td>189</td>
</tr>
</tbody>
</table>

**Outpatient Encounters per Capita**

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2.0</td>
</tr>
<tr>
<td>2008</td>
<td>2.1</td>
</tr>
<tr>
<td>2009</td>
<td>2.0</td>
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<tr>
<td>2010</td>
<td>2.1</td>
</tr>
<tr>
<td>2011</td>
<td>2.1</td>
</tr>
<tr>
<td>2012</td>
<td>2.3</td>
</tr>
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<td>2013</td>
<td>2.7</td>
</tr>
<tr>
<td>2014</td>
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</tr>
<tr>
<td>2015</td>
<td>3.3</td>
</tr>
<tr>
<td>2016</td>
<td>3.6</td>
</tr>
<tr>
<td>2017</td>
<td>4.0</td>
</tr>
<tr>
<td>2018</td>
<td>4.4</td>
</tr>
</tbody>
</table>


Low Expenditure on Healthcare Services

**Per capita expenditure on healthcare services, current US$**

<table>
<thead>
<tr>
<th>Country</th>
<th>Per capita expenditure, US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>8,000</td>
</tr>
<tr>
<td>UK</td>
<td>8,000</td>
</tr>
<tr>
<td>France</td>
<td>8,000</td>
</tr>
<tr>
<td>Germany</td>
<td>8,000</td>
</tr>
<tr>
<td>Japan</td>
<td>8,000</td>
</tr>
<tr>
<td>Russia</td>
<td>8,000</td>
</tr>
<tr>
<td>Estonia</td>
<td>8,000</td>
</tr>
<tr>
<td>Poland</td>
<td>8,000</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>8,000</td>
</tr>
<tr>
<td>Thailand</td>
<td>8,000</td>
</tr>
<tr>
<td>Georgia</td>
<td>8,000</td>
</tr>
<tr>
<td>UAE</td>
<td>8,000</td>
</tr>
<tr>
<td>S.Africa</td>
<td>8,000</td>
</tr>
<tr>
<td>Saudi</td>
<td>8,000</td>
</tr>
</tbody>
</table>

**Expenditure on healthcare services % of GDP**

<table>
<thead>
<tr>
<th>Country</th>
<th>Expenditure % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>5.8%</td>
</tr>
<tr>
<td>UK</td>
<td>5.8%</td>
</tr>
<tr>
<td>France</td>
<td>5.8%</td>
</tr>
<tr>
<td>Germany</td>
<td>5.8%</td>
</tr>
<tr>
<td>Japan</td>
<td>5.8%</td>
</tr>
<tr>
<td>Russia</td>
<td>5.8%</td>
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<tr>
<td>Estonia</td>
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<tr>
<td>Poland</td>
<td>5.8%</td>
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<tr>
<td>Bulgaria</td>
<td>5.8%</td>
</tr>
<tr>
<td>Thailand</td>
<td>5.8%</td>
</tr>
<tr>
<td>Georgia</td>
<td>5.8%</td>
</tr>
<tr>
<td>UAE</td>
<td>5.8%</td>
</tr>
<tr>
<td>S.Africa</td>
<td>5.8%</td>
</tr>
<tr>
<td>Saudi</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

Growth opportunities:
- US$ 217 expenditure per capita on healthcare services
- 5.8% of GDP spent on healthcare services

**Increasing Overall Disease Incidence…**

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>2,000</td>
</tr>
<tr>
<td>2005</td>
<td>2,200</td>
</tr>
<tr>
<td>2006</td>
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<td>2007</td>
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<tr>
<td>2011</td>
<td>3,400</td>
</tr>
<tr>
<td>2012</td>
<td>3,600</td>
</tr>
<tr>
<td>2013</td>
<td>3,800</td>
</tr>
</tbody>
</table>

**… Including a Growing Incidence of Lifestyle Diseases**

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1,000</td>
</tr>
<tr>
<td>2005</td>
<td>1,200</td>
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<tr>
<td>2006</td>
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<tr>
<td>2012</td>
<td>2,600</td>
</tr>
<tr>
<td>2013</td>
<td>2,800</td>
</tr>
</tbody>
</table>

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

Source: Geostat.

Source: NCDC.

Source: NCDC. Frost & Sullivan analysis.

Note: Healthcare services expenditure for other countries is pro-forma, based on assumption that pharmaceuticals is 17% of total spending.
Expanding medical insurance coverage and creating opportunities for private participation (via top-ups) has been the key impact of the Universal Health Care reform.

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

Healthcare coverage of Georgia’s 4.5m population:

- PMI, SIP, and UHC are the key components of the healthcare system in Georgia.
- OOP represents out-of-pocket payments.
- PMI stands for Private Medical Insurance.
- SIP stands for State Insurance Program.
- UHC stands for Universal Healthcare Program.
- OOP = 0.5 million people

Source: Ministry of Health of Georgia
64% of beds are renovated in Georgia\(^{(1)}\)

86% of GHG beds are renovated\(^{(2)}\)

36%

64%

Soviet-era legacy

Renovated beds

Soviet-era beds

Source:
(1) NCDC, data as of 2014
(2) GHG internal reporting

LONG-TERM HIGH-GROWTH PROSPECTS
Favorable Government Healthcare Policy (2/4)
LONG-TERM HIGH-GROWTH PROSPECTS
Favorable Government Healthcare Policy (3/4)

Infrastructure renewed, although significant opportunity remains to improve service quality

84% Of Hospital Capacity Is Private

However, Physician Overcapacity Yet To Be Addressed

Capacity-wise Georgia Stands Alongside US, UK And Turkey

With Significant Room For Optimisation In Terms Of Service Quality, As Indicated By:

Under 5 Mortality Rate…

… And Life Expectancy At Birth

Source:
(1) NCDC 2014
(2) Geostat 2014, NCDC 2014
LONG-TERM HIGH-GROWTH PROSPECTS

Favorable Government Healthcare Policy (4/4)

Government Finances Only C.20% Of Total Healthcare Costs

And Catching Up Gradually – State Financing Of Healthcare Increasing For The Last Several Years

High Private Spending And Growing Public Sector Participation On The Back Of UHC Implementation

With C.20% Of Government Tax Revenues Spent On Capex
**Georgia | Rapidly Developing Reform Driven Economy**

- **Area**: 69,700 km²
- **Population (2014)**: 4.5 million people
- **Life expectancy**: 74 years
- **Official language**: Georgian
- **Literacy**: 100%
- **Capital**: Tbilisi (Population of 1.1 million people)
- **Currency**: Lari (GEL)

- **Nominal GDP**: 2014 GEL 29.2bn (US$16.5bn)
- **Real GDP average 10yr growth**: 5.8%
- **GDP per capita 2014E (PPP) per IMF**: US$7,653
- **Inflation rate (e-o-p) 2014**: 2.0%
- **External public debt to GDP 2014**: 26.8%

- **Sovereign ratings**:
  - S&P: BB-/B/Stable, affirmed in November 2014
  - Moody’s: Ba3/NP/Positive, affirmed in August 2014
  - Fitch: BB-/B/Stable, affirmed in April 2015

Sources: Ministry of Finance of Georgia, Geostat, IMF, Government of Georgia Presentation (Georgia.gov.ge)
Georgian Economy Grew Faster than DM and Most of EM Countries…

Real GDP CAGR 2005-14

…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 15th in 2014

- 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

Monetary policy aims to maintain price stability with medium-term inflation target defined at 3%

CPI Growth, % Y-o-Y

Sources: Broker research, EIU Estimates as at February 2015, FactSet as at 26 February 2015.
## Ease of Doing Business | 2015 (WB-IFC Doing Business Report)

<table>
<thead>
<tr>
<th>Country</th>
<th>Ease of Doing Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>6</td>
</tr>
<tr>
<td>USA</td>
<td>7</td>
</tr>
<tr>
<td>UK</td>
<td>8</td>
</tr>
<tr>
<td>GEORGIA</td>
<td>15</td>
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<tr>
<td>Estonia</td>
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<td>Montenegro</td>
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<td>Bulgaria</td>
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<tr>
<td>Armenia</td>
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<tr>
<td>Romania</td>
<td>55</td>
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<tr>
<td>Turkey</td>
<td>62</td>
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<tr>
<td>Belarus</td>
<td>77</td>
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<tr>
<td>Russia</td>
<td>80</td>
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<tr>
<td>Kazakhstan</td>
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<tr>
<td>Azerbaijan</td>
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<tr>
<td>Serbia</td>
<td></td>
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<tr>
<td>Ukraine</td>
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</tbody>
</table>

## Economic Freedom Index | 2015 (Heritage Foundation)

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic Freedom Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>12</td>
</tr>
<tr>
<td>Estonia</td>
<td>8</td>
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<tr>
<td>UK</td>
<td>13</td>
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<tr>
<td>GEORGIA</td>
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<td>Hungary</td>
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<td>Latvia</td>
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<td>Romania</td>
<td>57</td>
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<td>Bulgaria</td>
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<tr>
<td>France</td>
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<td>Turkey</td>
<td>70</td>
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<tr>
<td>Italy</td>
<td>80</td>
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<tr>
<td>Azerbaijan</td>
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<tr>
<td>Russia</td>
<td>143</td>
</tr>
<tr>
<td>Ukraine</td>
<td>162</td>
</tr>
</tbody>
</table>

## Global Corruption Barometer | TI 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>Global Corruption Barometer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>1%</td>
</tr>
<tr>
<td>Norway</td>
<td>3%</td>
</tr>
<tr>
<td>GEORGIA</td>
<td>4%</td>
</tr>
<tr>
<td>UK</td>
<td>5%</td>
</tr>
<tr>
<td>Estonia</td>
<td>6%</td>
</tr>
<tr>
<td>US</td>
<td>7%</td>
</tr>
<tr>
<td>Romania</td>
<td>7%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>8%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td></td>
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<tr>
<td>Armenia</td>
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<td>Latvia</td>
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<td>Turkey</td>
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<td>Greece</td>
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<td>Serbia</td>
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<td>Lithuania</td>
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<tr>
<td>Kazakhstan</td>
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<tr>
<td>Ukraine</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Transparency International, Heritage Foundation, World Bank

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**GEORGIA - No 1 Reformer 2005-2012**

(UB Doing Business Report)**
GDP Growth Expected to Continue

<table>
<thead>
<tr>
<th>Historical</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth, %</td>
<td>4.1 4.7 5.4 5.8 6.0</td>
</tr>
<tr>
<td>Nominal GDP per Capita, GEL’000</td>
<td>18.0 20.7 24.3 26.2 26.8</td>
</tr>
</tbody>
</table>

Source: IMF.

GDP composition, FY 2014

- Hotels & restaurants: 2.3%
- Financial intermediation: 3.3%
- Healthcare: 5.7%
- Real estate: 6.0%
- Construction: 7.3%
- Agriculture: 9.2%
- Administration: 9.9%
- Transport and communication: 10.5%
- Manufacturing: 17.1%
- Trade: 17.4%
- Other: 11.2%

Sources: Geostat, Ministry of Finance, National Bank of Georgia Research.

Clear Strategy to Achieve Long Term Growth

- **Liberal Reforms and Prudent Policy**
  - Liberty Act, which became effective in January 2014 seeks to ensure a credible fiscal and monetary framework:
    - Government expenditure/GDP capped at 30%
    - Budget deficit/GDP capped at 3%
    - Government debt/GDP capped at 60%

- **Regional Logistics and Tourism Hub**
  - Proceeds from foreign tourism stood at US$1.8bn in 2014 up 3.9% y-o-y, 5.5m visitors in 2014 (up 2% y-o-y), 3.1m visitors in 7M15 up 4.9% y-o-y
  - Regional energy transit corridor with approx. 1.6% of world’s oil production and diversified gas supply passing through the country

- **Strong FDI**
  - Strong FDI inflows diversified across different sectors (US$ 1.27bn in 2014)
  - Net remittances of US$1.26bn in 2014 (down 4.5%)
  - FDI averaged 10% of GDP in 2005-2014

- **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; 66 hydropower stations are being built/developed
  - Net electricity exporter from 2007-2011 (net importer in 2012 and 2013 due to low precipitation)
  - Significantly boosted transmission capacity in recent years

Sources: Geostat, Ministry of Finance, National Bank of Georgia Research.
Led by a highly experienced management team, GHG has successfully acquired and integrated more than 25 companies in the hospital and insurance sectors over the past decade.

<table>
<thead>
<tr>
<th>Growth in # of Clinics(1)</th>
<th>Growth in # of Beds(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Growth</strong>(2)</td>
<td><strong>Total Growth</strong>(2)</td>
</tr>
<tr>
<td>Of which via Acquisitions</td>
<td>Of which via Acquisitions</td>
</tr>
<tr>
<td>2009: 5</td>
<td>2009: 45</td>
</tr>
<tr>
<td>2010: 6</td>
<td>2010: 145</td>
</tr>
<tr>
<td>2011: 19</td>
<td>2011: 725</td>
</tr>
<tr>
<td>2012: 29</td>
<td>2012: 1,041</td>
</tr>
<tr>
<td>2013: 32</td>
<td>2013: 1,329</td>
</tr>
<tr>
<td>2014: 39</td>
<td>2014: 2,140</td>
</tr>
<tr>
<td>2015: 41</td>
<td>2015: 2,670</td>
</tr>
</tbody>
</table>

Notes:
(1) GHG internal reporting
(2) Figures do not add to total number of beds (2,670) and total number of clinics (41) shown on other slides, as some of the clinics were consolidated or divested

Sources:
(1) GHG internal reporting
(2) Figures do not add to total number of beds (2,670) and total number of clinics (41) shown on other slides, as some of the clinics were consolidated or divested.
Our governance philosophy:

- Our Chairman and CEO positions are separate and will not be filled by a single person.
- We want our senior executives focused on our business and not involved in potential conflicts, so they are not allowed to hold equity interests in any Georgian company without express Board approval.
- We want a diverse Board both in terms of experience, geographic origin and gender.
- Board members should carry out site visits and attend an off-site meeting with Management at least once a year to better understand the business and influence strategy.
- Remuneration policy: senior officers receive remuneration based on two components:
  - Salary, which includes both a modest cash sum and deferred share compensation which vests over a five-year period; and
  - A discretionary award, payable 100% in deferred share compensation vesting over a three-year period, which is dependent on both Group performance and the executive achieving his KPIs.
The Board is composed entirely of Non-Executive, independent directors (except for the chairman) and meets quarterly to define the strategy and how to move forward for which management is responsible to execute.

Board of directors – majority independent members
8 non-executive board members
7 independent members

Irakli Gilauri | Chairman of the board | Experience: currently BGH 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 BGH 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 BGH 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 BGH 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

Tim Elsgood | Independent Non-executive Director | Experience: Former Senior VP for Business Development at Capio AB, VP for Medsi Group and CEO of Isida Hospital, Currently CEO of North Africa Holdings Group. Extensive international healthcare management experience including time in Greece, Romania, Ukraine and Russia

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

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

Nikoloz Gamkrelidze | Director, CEO at GHG | Experience: previously BGH 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

Management

Nikoloz Gamkrelidзе | Director, CEO at GHG

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

Giorgi Mindiaishvili | Deputy CEO, Commercial; formerly CFO of JSC Insurance Company Aldagi, formerly supervisory board member of JSC My Family Clinic

Nutsa Koguashvili | CEO, Imedi L; 12 years of experience in insurance, formerly deputy CEO (retail & marketing) at JSC Insurance Company Aldagi

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

Dr Ivane Bokeria | Deputy CEO, Clinical; Also the vice president of Georgian Pediatric Neurology and Neurosurgery Association. Formerly chairman and a member of Parliamentary Committee of Health Care for two parliamentary convocations

Nino Kortua | Head of legal; 14 years experience in insurance field as a laywer, formerly head of Aldagi Legal Department

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
Long-term, High-growth Story

**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**

**Enable**

- Utilize existing hospital capabilities
  - no need for new hospital acquisitions for targeted growth
  - only c.60% bed utilisation(1) in 1H15, c.500 beds in development

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

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

Georgia medium term = Turkey 2014
By healthcare spent per capita
Through enhanced service mix, improved quality of care

- Gaining 1/3 market share by revenue in hospitals
- Gaining 17% market share by revenue in outpatient

**Georgia Medium-term(1)**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending per capita</td>
<td>217 (Georgia)</td>
</tr>
<tr>
<td>Price inflation (heart surgery)</td>
<td>6,500 (GHG)</td>
</tr>
<tr>
<td>GHG Revenue per bed</td>
<td>40,000 (GHG)</td>
</tr>
<tr>
<td>Outpatient encounters</td>
<td>2.7 (Georgia)</td>
</tr>
</tbody>
</table>

**Significant expansion of capacity by 2025**

- 502
- 9,000
- 5.4
- 99k
- 8.9

**Substantial room to grow beyond 2025**

- 1,076
- 25,000
- 280k

**Significant Levers for Further Growth**

Catch up with developed EM benchmarks in long-term

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

(1) Bed utilisation for referral hospitals; World Bank; GHG internal reporting; Management Estimates; Ministry of Finance of Georgia; Frost & Sullivan 2015
(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
GHG’s strategy 2015-2018 is simple: at least doubling 2015 revenue by 2018

To achieve 1/3 market share
– no need for new hospital acquisitions to achieve targeted growth – renovations of existing facilities (Deka, Sunstone, Samtskhe clinics – c.500 beds in total)
– HTMC revenue in 2014 was GEL 38.4mln, in 1H15 was GEL 21.7mln
– although 1/3 market share by hospital beds is almost there\(^{(1)}\), by revenue it is significantly less

Rapid launch of ambulatory clinics | first mover advantage in fragmented market
– c.30 ambulatory clinics expected to be launched within 2-3 years, in highly fragmented and under-penetrated outpatient segment
– catching up on outpatient revenues. Outpatient represent c.40% of national spending on healthcare services and only under 5% share of GHG revenues with target of achieving 15% of 2018 revenues\(^{(2,3)}\); additional increase expected from increase in utilisation as Georgia has the lowest in the region average number of outpatient encounters per capita (Georgia: 2.7, CIS: 8.9, EU: 7.7\(^{(3)}\))
– new prescription policy to have a favourable impact on number of outpatient visits
– enhancing presence along the patient pathway

To invest in medical equipment, to close existing service gaps
– expand offering in Oncology, Diagnostics, Paediatric, and Transplantology
– capitalise on existing service gaps and overall lower quality of medical care in the country and on the other hand improved access to healthcare services through UHC financing. Need for improvement as evidenced by low incidence levels in these specialities (e.g. malignant neoplasms incidence rate in Georgia: 110.1, EU: 543.7), as well as c.US$100mln national spending on medical services import\(^{(4)}\)

Sources:
\(^{(1)}\) Market share by number of beds. Source: National Center for Disease Control, data as of December 2014, updated by company to include changes before 30 June 2015
\(^{(2)}\) NHA
\(^{(3)}\) Frost & Sullivan 2015
\(^{(4)}\) NCDC healthcare statistical yearbook 2013
\(^{(5)}\) GHG internal reporting
FOCUSED GROWTH STRATEGY
Capacity in place for accelerated hospital revenue growth

Recent M&As

Integration of Existing Facilities

Upgrading and modernising facilities
- Market share to reach c.30% by number of beds upon the expansion of Sunstone and Deka to full operating capacity

Invest in state-of-the-art medical equipment

Optimise staffing levels for clinical and non-clinical staff

Standardise clinical protocols across the group

Rationalise back-office support functions

Expanded Coverage in Tbilisi

Acquired 1,380 beds, with built-in additional development capacity of c.500 beds that GHG aims to develop in 2016-17

Sources:
(1) GHG internal reporting, financials are for 1H15
(2) The building is currently leased out to a number of third-party lessees

Recent acquisitions

Dec 2013
- Caraps (60 Beds)
  ✓ Specialising in plastic surgery
  ✓ New customer base in high-end customer segment.

Feb 2014
- Avante (578 Beds)
  ✓ Includes 4 mono-profile hospitals
  ✓ Largest provider for paediatric and maternity care in Georgia

Apr 2014
- Block Georgia
  ✓ Buy-out of 49% minority share of subsidiary JSC My Family Clinic (predecessor to Evex)
  ✓ Offers flexibility in executing growth strategy and an opportunity to expand regional footprint

May 2014
- Sunstone (350 Bed Capacity – 152 Operational)
  ✓ Long-established general hospital in Tbilisi
  ✓ Attractive location and previously untapped region

Sep 2014
- Traumatology (60 Beds)
  ✓ Expertise in traumatology
  ✓ Offers increased market share and bed capacity in Tbilisi

May 2015
- Deka (350 Bed Capacity – 80 Operational(2))
  ✓ Prime Tbilisi location
  ✓ Offers increased Tbilisi market share and opportunity to develop an under-utilised hospital

Aug 2015
- HTMC (450 Beds)
  ✓ Single largest hospital in Georgia
  ✓ Enables continued expansion into Tbilisi

c.30% potential capacity: 22.1% market share as of 30 June 2015, additional 4.5% market share from HTMC that was acquired in August 2015 and further development capacity of up to c.500 beds that GHG aims to develop in 2016-17, bringing overall market share to c.30%
GOAL

- Capitalise on high growth potential of ambulatory services driven by recent healthcare reform (diagnostics, prescriptions)
- Enhance ambulatory pillar as feeder for hospitals
- Enhance higher margin operations

Ambulatory clusters will be developed in all major districts of Tbilisi and in other major cities in Georgia.

Ambulatory cluster consists of:
- one **District Ambulatory Clinic**
- 3-5 **Express Ambulatory Clinics**

**Ambulatory Cluster**

**District Ambulatory Clinic specifications:**
- **Area:** 1800-2500 sq/m
- **Offering:** All paediatric and adult outpatient specialist services; clinical, biochemical and serological lab tests; imaging studies (incl. computed tomography, echocardiography, ultrasound, X-ray, endoscopy); functional diagnostics (electrocardiogram, treadmill stress test, Holter, spirometry); ob/gyn and ante-natal services; chemotherapy and day clinic services
- **Working hours:** 10:00-20:00, 6 days a week

**Express Ambulatory Clinic specifications**
- **Area:** 120-200 sq/m
- **Offering:** GP and basic specialist services; Ultrasound; blood collection services referred to District Ambulatory Clinics
- **Working hours:** 09:00-21:00, 7 days a week
- **Express ambulatory clinics, scattered on a 15-30 minute walking distance from the district ambulatory clinic, provide basic ambulatory services and refer patients to the district ambulatory clinic or the referral hospitals, where wider ranging and more sophisticated services are offered.**

Sources:
(1) GHG internal reporting, financials are for 1H15
FOCUSED GROWTH STRATEGY

GHG setting new standard among competition in ambulatory business

Source: company photos
FOCUSED GROWTH STRATEGY

Investing in medical equipment, utilizing existing service gaps
(examples of equipment not available or has supply shortage)

MRI – Capex: US$ 0.65-1.2mln
(only 18 in Georgia of which 2 owned by GHG)

Linear accelerator
Capex: US$ 2.2-3.5mln
(only 7 units in Georgia of which 5 owned by GHG)

Gamma knife
Capex: US$ 3-4mln
(None in Georgia)

PET Computer Tomography
Capex: US$ 1.1-1.6mln
(only 1 in Georgia, at GHG)

Catheterisation laboratory
Capex: US$ 0.35-0.65mln
(only 13 in Georgia of which 5 owned by GHG)

Laparoscopic columns
Capex: US$ 0.07-0.1mln

Endoscopy equipment for interventional endoscopy
Capex: US$ 0.3mln

Microwave tissue ablation system and sulis generator
Capex: US$ 0.6-0.7mln

Magellan robot
Capex: US$ 0.7-0.8mln

Arthroscope
Capex: US$ 30-60k

Endoscope for interventional endoscopy
Capex: US$ 25-28k

Choledoscope
Capex: US$ 25-28k

Muscle reinnervation system set
Capex: US$ 0.3-0.4mln

Probes for intraoperative ultrasound
Capex: US$ 15-35k

Vacuum machines
Capex: US$ 2k

Flowtron machine
Capex: US$ 4-6k

PH metry set
Capex: US$ 1-3k

Additional service gaps:
- No pathology laboratory (samples are sent abroad for testing)
- Very limited paediatric oncology services
- Very limited rehabilitation services
- No suitable IVF center
- No bone marrow transplant
- No molecular laboratory
- No suitable genetic laboratory

Sources: GHG internal reporting
Before

Medical equipment at GHG healthcare facilities

After

FOCUSED GROWTH STRATEGY
Investing in medical equipment, utilising existing service gaps

Note: pictures are from GHG healthcare facilities
1. Georgia’s Infrastructure reform
2. GHG 1H15 financial results
3. Georgia’s disease profile
4. Georgia’s population profile
5. Georgian macro
Healthcare Infrastructure Reform (1/2)

GHG healthcare facilities

Before

After

Note: pictures are from GHG healthcare facilities
Healthcare Infrastructure Reform (2/2)

Note: pictures are from GHG healthcare facilities
## Income Statement

### (GEL thousands, unless otherwise noted)

<table>
<thead>
<tr>
<th></th>
<th>1H15</th>
<th>1H14</th>
<th>Change</th>
<th>1H15</th>
<th>1H14</th>
<th>Change</th>
<th>1H15</th>
<th>1H14</th>
<th>Total</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>86,577</td>
<td>65,728</td>
<td>31.7%</td>
<td>26,365</td>
<td>42,539</td>
<td>-38.0%</td>
<td>1,417</td>
<td>13,402</td>
<td>108,755</td>
<td>94,865</td>
</tr>
<tr>
<td><strong>Costs of services</strong></td>
<td>48,462</td>
<td>38,610</td>
<td>25.5%</td>
<td>21,872</td>
<td>37,637</td>
<td>-41.9%</td>
<td>576</td>
<td>1,780</td>
<td>12,148</td>
<td>6,023</td>
</tr>
<tr>
<td>Cost of salaries and other employee benefits</td>
<td>31,022</td>
<td>25,047</td>
<td>23.9%</td>
<td>-</td>
<td>-</td>
<td></td>
<td>49</td>
<td>539</td>
<td>933</td>
<td>1,823</td>
</tr>
<tr>
<td>Cost of materials and supplies</td>
<td>7,804</td>
<td>2,362</td>
<td>-58.4%</td>
<td>-</td>
<td>-</td>
<td></td>
<td>175</td>
<td>775</td>
<td>3,559</td>
<td>2,622</td>
</tr>
<tr>
<td><strong>Net insurance claims incurred</strong></td>
<td>-</td>
<td>-</td>
<td></td>
<td>21,872</td>
<td>37,637</td>
<td>-41.9%</td>
<td>1,771</td>
<td>4,483</td>
<td>20,101</td>
<td>33,154</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>38,115</td>
<td>27,118</td>
<td>40.6%</td>
<td>4,493</td>
<td>4,902</td>
<td>-8.3%</td>
<td>163</td>
<td>111</td>
<td>42,445</td>
<td>31,909</td>
</tr>
<tr>
<td>Salaries and other employee benefits</td>
<td>10,837</td>
<td>7,320</td>
<td>48.0%</td>
<td>3,687</td>
<td>2,961</td>
<td>24.5%</td>
<td>1,263</td>
<td>1,251</td>
<td>4,950</td>
<td>4,212</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>3,687</td>
<td>2,961</td>
<td>24.5%</td>
<td>1,737</td>
<td>833</td>
<td>108.5%</td>
<td>-</td>
<td>1,846</td>
<td>1,095</td>
<td>68.6%</td>
</tr>
<tr>
<td>Impairment of healthcare services, insurance premiums and other receivables</td>
<td>491</td>
<td>(602)</td>
<td></td>
<td>-</td>
<td>50</td>
<td>86</td>
<td>-</td>
<td>541</td>
<td>(516)</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>22,345</td>
<td>15,402</td>
<td>45.1%</td>
<td>1,243</td>
<td>783</td>
<td>58.9%</td>
<td>-</td>
<td>23,588</td>
<td>16,185</td>
<td>45.7%</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>25.3%</td>
<td>23.1%</td>
<td></td>
<td>4.7%</td>
<td>1.8%</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(4,600)</td>
<td>(3,397)</td>
<td>35.4%</td>
<td>(289)</td>
<td>(310)</td>
<td>-6.9%</td>
<td>-</td>
<td>-</td>
<td>(4,889)</td>
<td>(3,707)</td>
</tr>
<tr>
<td>Net interest income (expense)</td>
<td>(10,084)</td>
<td>(6,157)</td>
<td>63.8%</td>
<td>(34)</td>
<td>295</td>
<td>142.8%</td>
<td>-</td>
<td>-</td>
<td>5,449</td>
<td>(1,783)</td>
</tr>
<tr>
<td>Net gains/(losses) from foreign currencies</td>
<td>4,880</td>
<td>(2,017)</td>
<td></td>
<td>569</td>
<td>234</td>
<td>142.8%</td>
<td>-</td>
<td>-</td>
<td>5,449</td>
<td>(1,783)</td>
</tr>
<tr>
<td>Net non-recurring income/(expense)</td>
<td>(767)</td>
<td>1,333</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>(767)</td>
<td>1,333</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit before income tax expense</strong></td>
<td>11,774</td>
<td>5,164</td>
<td>128.0%</td>
<td>1,489</td>
<td>1,002</td>
<td>48.7%</td>
<td>-</td>
<td>13,263</td>
<td>6,166</td>
<td>115.1%</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>708</td>
<td>(465)</td>
<td></td>
<td>(655)</td>
<td>(230)</td>
<td>185.1%</td>
<td>-</td>
<td>53</td>
<td>(695)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>12,482</td>
<td>4,699</td>
<td>165.6%</td>
<td>834</td>
<td>772</td>
<td>8.1%</td>
<td>-</td>
<td>13,316</td>
<td>5,471</td>
<td>143.4%</td>
</tr>
</tbody>
</table>

### Attributable to:
- shareholders of the Group
  - 11,020
  - 3,706
  - 197.3%
  - 834
  - 772
  - 8.1%
  - 11,854
  - 4,478
  - 164.7%
- non-controlling interests
  - 1,462
  - 993
  - 47.2%

**Sources:**
(1) GHG internal reporting, financials are for 1H15
### Revenue from healthcare services by payment sources

<table>
<thead>
<tr>
<th></th>
<th>1H15</th>
<th>1H14</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referral and specialty hospitals</td>
<td>75,398</td>
<td>54,343</td>
<td>38.7%</td>
</tr>
<tr>
<td>Community hospitals</td>
<td>8,660</td>
<td>6,177</td>
<td>40.2%</td>
</tr>
<tr>
<td>Ambulatory clinics</td>
<td>2,519</td>
<td>2,345</td>
<td>7.4%</td>
</tr>
<tr>
<td>Ambulance and rural primary care</td>
<td>-</td>
<td>2,862</td>
<td>-100.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>86,577</strong></td>
<td><strong>65,728</strong></td>
<td><strong>31.7%</strong></td>
</tr>
</tbody>
</table>

### Revenue from medical insurance by payment sources

<table>
<thead>
<tr>
<th></th>
<th>1H15</th>
<th>1H14</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>State funded medical insurance products</td>
<td>-</td>
<td>22,252</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Private medical insurance products</td>
<td>26,365</td>
<td>20,287</td>
<td>30.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,365</strong></td>
<td><strong>42,539</strong></td>
<td><strong>-38.0%</strong></td>
</tr>
</tbody>
</table>

### Revenue from healthcare services by business lines

<table>
<thead>
<tr>
<th></th>
<th>1H15</th>
<th>1H14</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government-funded healthcare programs</td>
<td>63,945</td>
<td>27,371</td>
<td>133.6%</td>
</tr>
<tr>
<td>Out-of-pocket payments by patients</td>
<td>17,095</td>
<td>16,819</td>
<td>1.6%</td>
</tr>
<tr>
<td>Private insurance companies, of which:</td>
<td>5,536</td>
<td>21,538</td>
<td>-74.3%</td>
</tr>
<tr>
<td><em>Imedi L health insurance</em></td>
<td>4,024</td>
<td>13,291</td>
<td>-69.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>86,577</strong></td>
<td><strong>65,728</strong></td>
<td><strong>31.7%</strong></td>
</tr>
</tbody>
</table>

### Selected Balance Sheet items

<table>
<thead>
<tr>
<th></th>
<th>1H15</th>
<th>1H14</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets, of which:</strong></td>
<td><strong>504,092</strong></td>
<td><strong>343,905</strong></td>
<td><strong>46.6%</strong></td>
</tr>
<tr>
<td>Premises and equipment, net</td>
<td><strong>320,218</strong></td>
<td><strong>226,731</strong></td>
<td><strong>41.2%</strong></td>
</tr>
<tr>
<td><strong>Total liabilities, of which:</strong></td>
<td><strong>290,367</strong></td>
<td><strong>208,947</strong></td>
<td><strong>39.0%</strong></td>
</tr>
<tr>
<td>Borrowed funds</td>
<td><strong>195,519</strong></td>
<td><strong>129,038</strong></td>
<td><strong>51.5%</strong></td>
</tr>
<tr>
<td><strong>Total shareholders' equity:</strong></td>
<td><strong>213,725</strong></td>
<td><strong>134,958</strong></td>
<td><strong>58.4%</strong></td>
</tr>
</tbody>
</table>

**Sources:**
1. GHG internal reporting. Financials are for 1H15
Georgia’s Disease Profile

Top 10 Prevalent Diseases
rate per 100,000 population, Georgia, 2013

- Acute upper respiratory infections
- Hypertensive diseases
- Endocrine, nutritional and metabolic diseases
- Diseases of the genitourinary system
- Diseases of the eye and adnexa
- Diseases of the nervous system
- Diseases of the muscular & skeletal system
- Infectious and parasitic diseases
- Ischemic heart diseases
- Diabetes mellitus

Ncds Are Estimated To Account For 91% Of All Deaths
% share in total deaths, all ages, Georgia 2013

- Diseases of the circulatory system
- Neoplasms
- Injury
- Diseases of the digestive system
- Diseases of the respiratory system
- Endocrine, nutritional and metabolic diseases
- Diseases of the nervous system
- Certain infectious and parasitic diseases
- Diseases of the genitourinary system
- Other reasons (total of 10, none more than 0.9%)

Source: NCDC Healthcare statistical yearbook 2013
Georgia’s Population Profile

Favourable Demographics

Growing Proportion Of Population Aged Over 60

15.0 16.2 18.4 18.3 19.0 19.8 21.4 23.4 23.9 24.3 24.8 25.6 27.5

Leading to an additional strain on the healthcare system and increasing demand for quality healthcare.


With Demand Driven By An Ageing Population In Increasing Need Of Healthcare

Population split by regions

- Tbilisi 28%
- Imereti 15%
- Adjara 9%
- Samegrelo 8%
- Kakheti 9%
- Samtskhe 5%
- Other 26%

Population split by age group

- Age 0-14 17%
- Age 15-24 14%
- Age 25-44 29%
- Age 45-64 26%
- Age 65+ 14%

Source: Geostat.ge, data as of 1 January 2014.
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 JSC Bank of Georgia and/or the Bank of Georgia Holdings’ plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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