



Georgia Healthcare Group

A Long-term, High-growth Investment Story



GEORGIA
HEALTHCARE
GROUP

Investor Presentation - FY2015 results
February 2016



 **GHG | Overview and strategy**

 GHG | Results discussion

 Industry and Macroeconomic 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 market share in Georgia with revenue upside:** 26.6% market share by number of beds (2,670), which is expected to grow to c.30.0% as a result of renovation of recently acquired hospital facilities, scheduled for completion in 2016 and 2017 (additional c.500 beds)⁽²⁾
- ✓ **Largest medical insurer :** c.234,000 persons insured and 38.4% market share⁽³⁾
- ✓ **Widest Population Coverage:** coverage of over 3/4 of Georgia's 4.5mln population with 45 high quality hospitals and ambulatory clinics^(4,5)
- ✓ **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 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. 9,700 full time employees, including 2,705 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

Long-term High-growth Opportunities

- ✓ **Very low base:** healthcare services spending per capita only US\$ 217, outpatient encounters only 3.5 per capita annually⁽⁶⁾, GHG revenue per hospital bed only US\$ 32,000⁽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 5.3% between 2005-14. 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

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
- ✓ **Achieved our target of c.30% EBITDA margin ahead of time, delivering 29.8% EBITDA margin in 4Q15**
- ✓ **Robust corporate governance:** exceptional in Georgia's healthcare sector, as it is the only Premium listed company from healthcare sector (LSE:GHG LN)⁽¹¹⁾; 65.07% 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
- ✓ **In-depth knowledge of the local market**

Sources:

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

(2) Market share by number of beds. Source: National Center for Disease Control, data as of December 2014, updated by company to include changes before 31 December 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 September 2015

(4) GHG internal reporting

(5) Geostat.ge, data as of 1 January 2014. Coverage refers to geographic areas served by GHG facilities

(6) NCDC 2014

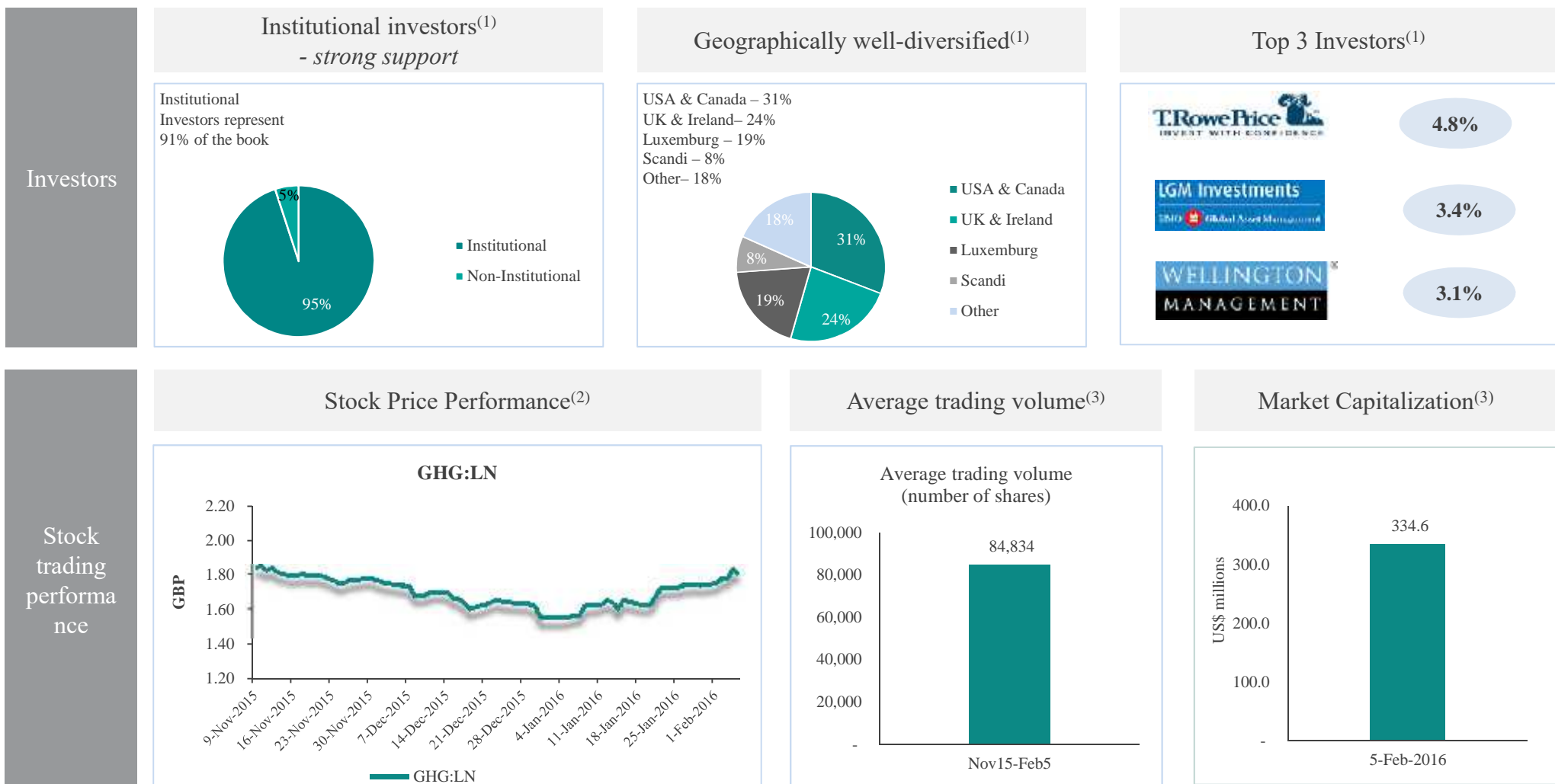
(7) Euromonitor, World Bank's 2012 "Ease of Doing Business Report", other public information.

(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





Segment overview



Key Segments	Healthcare services			Medical insurance
	Referral and Specialty Hospitals	Community Hospitals	Ambulatory Clinics	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	Range of private insurance products purchased by Individuals and employers
Market Size	GEL 1.2bln (2015) ⁽¹⁾			GEL 0.14bln (2015) ⁽¹⁾
Market Share	18% by revenues 26.6% by beds (2,670), which is expected to grow to c.30.0% as a result of renovation of recently acquired hospital facilities (additional c.500 beds);			1%
Selected Operating Data 2015	 16 hospitals 2,209 beds	 19 hospitals 461 beds	10 clinics	234,000 insured
Financials 2015	Revenue	EBITDA	Revenue	EBITDA
	GEL 239.1mln ⁽³⁾	GEL 56.1mln	GEL 239.1mln ⁽³⁾	GEL 56.1mln
	 GEL 168.5 mln 2012-2015 CAGR 64%	 GEL 17.6 mln 2012-2015 CAGR 12%	 GEL 5.3 mln 2012-2015 CAGR 9%	 GEL 55.3 mln 2012-2015 CAGR 14%
	 GEL 46.9 mln 2012-2015 CAGR 70%	 GEL 4.8 mln 2012-2015 CAGR 24%	 GEL 1.8 mln 2012-2015 CAGR 33%	 GEL 2.6 mln 2012-2015 CAGR -15%
	EBITDA Margin⁽²⁾: 28.0%	EBITDA Margin⁽²⁾: 27.7%	EBITDA Margin⁽²⁾: 30.5%	EBITDA Margin⁽²⁾: 4.7%

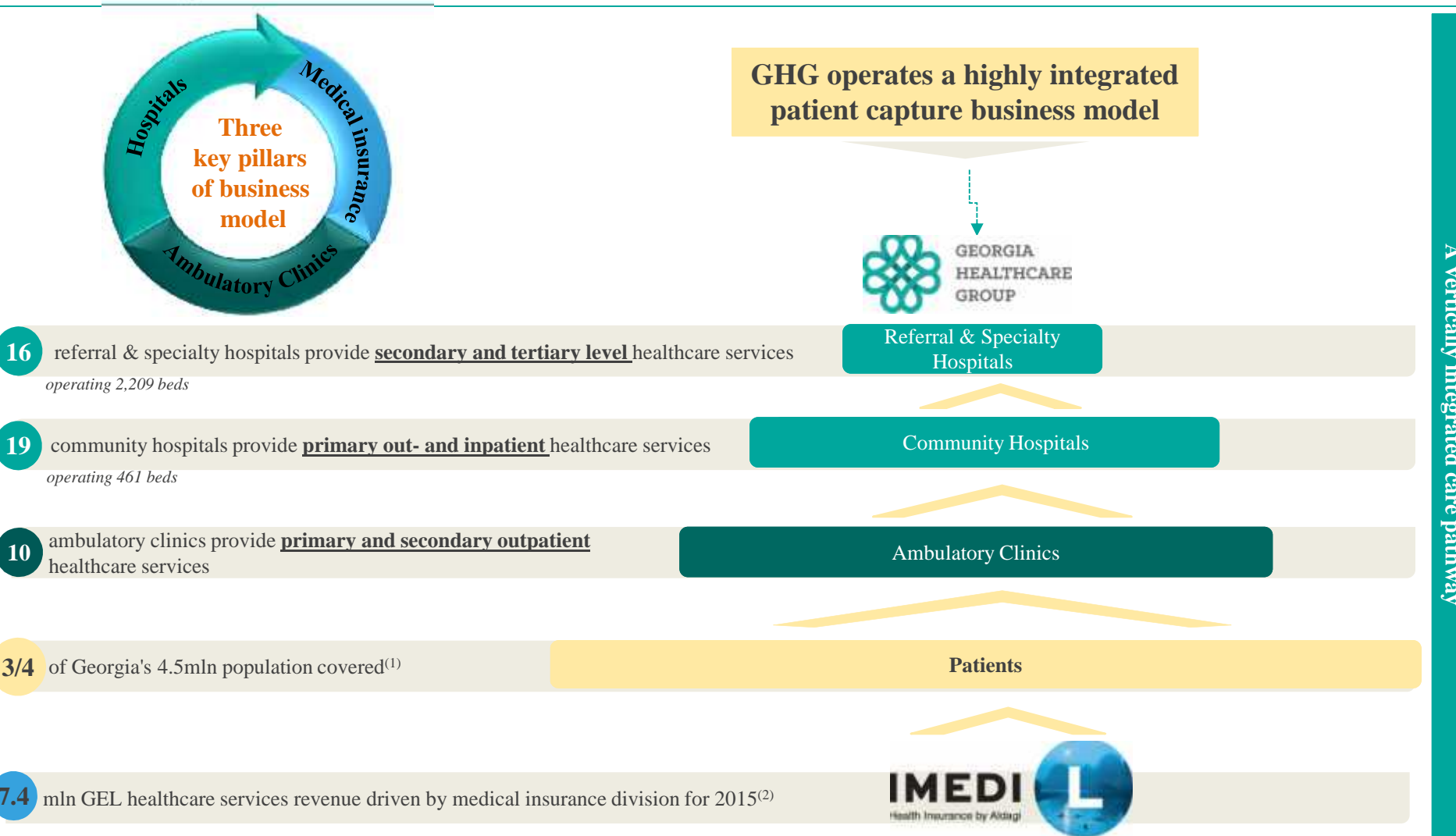
Source:

(1) Frost & Sullivan analysis, 2015

(2) EBITDA margins are based on gross of intercompany eliminations as well as gross of head office and management costs

(3) Revenue net of corrections & rebates and intercompany eliminations

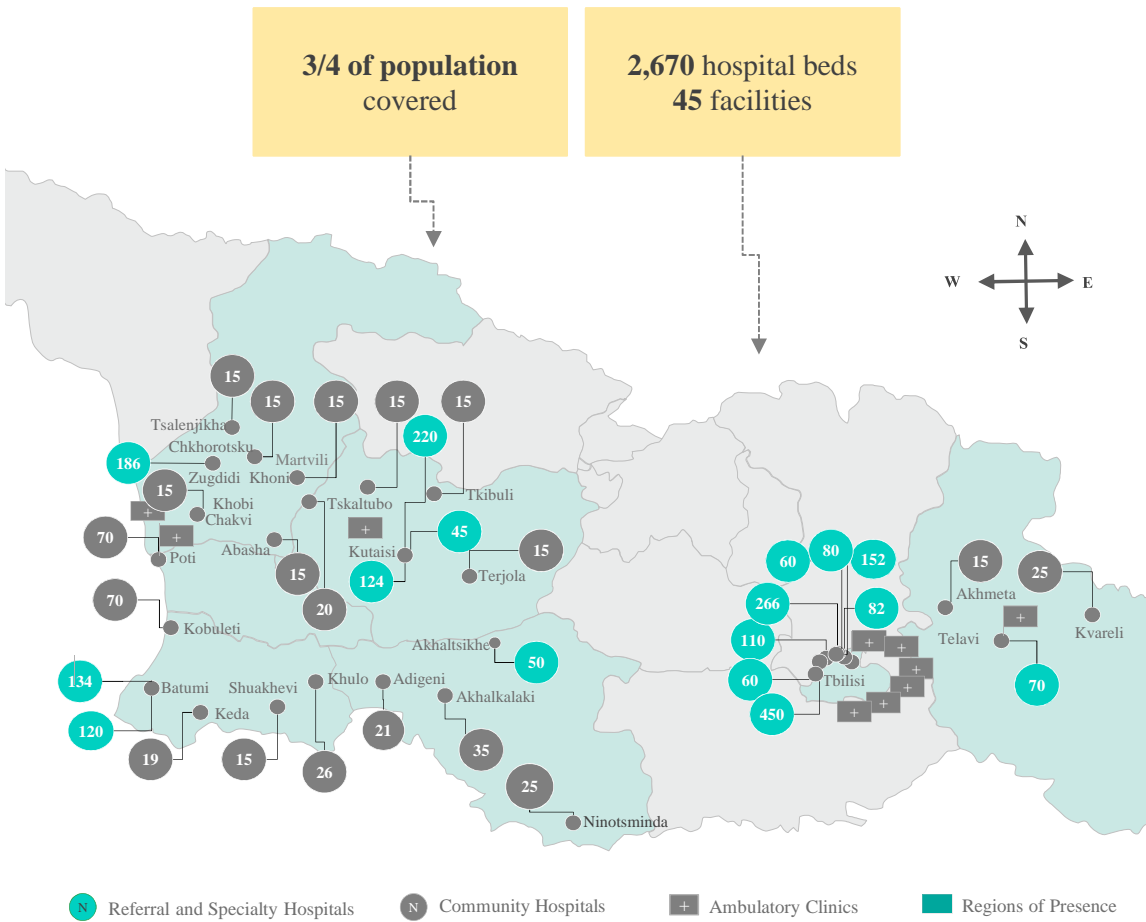
Well established hospital network allows a seamless patient treatment pathway from local doctors to multi-profile or specialised hospitals whilst the medical insurance business plays a feeder role in originating and directing patients



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

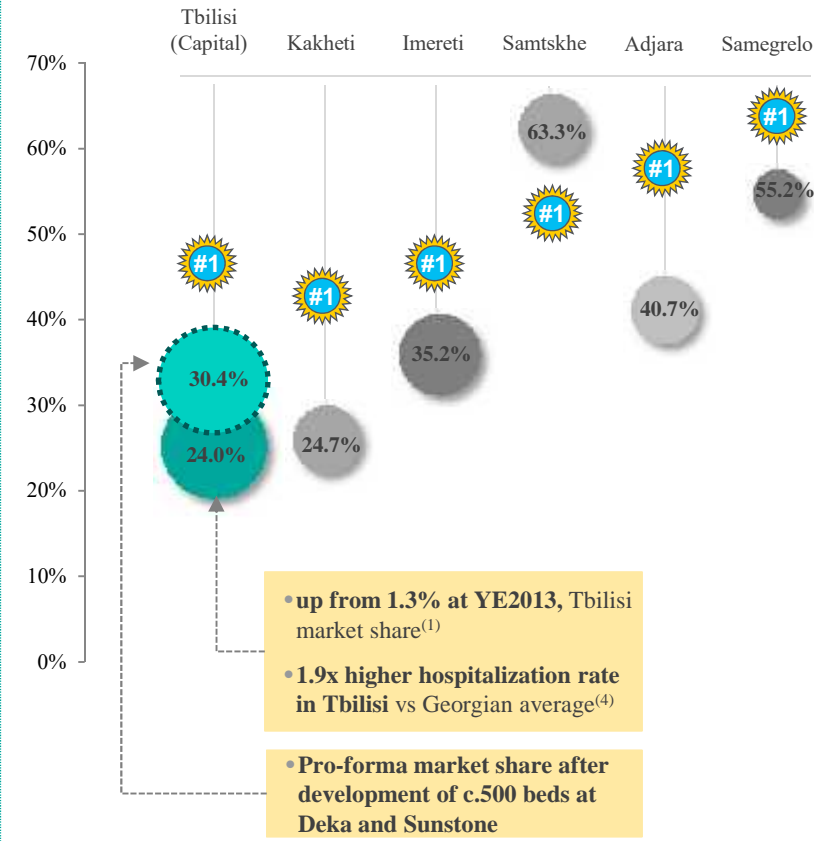
Extensive Geographic Coverage⁽¹⁾

Network of healthcare facilities



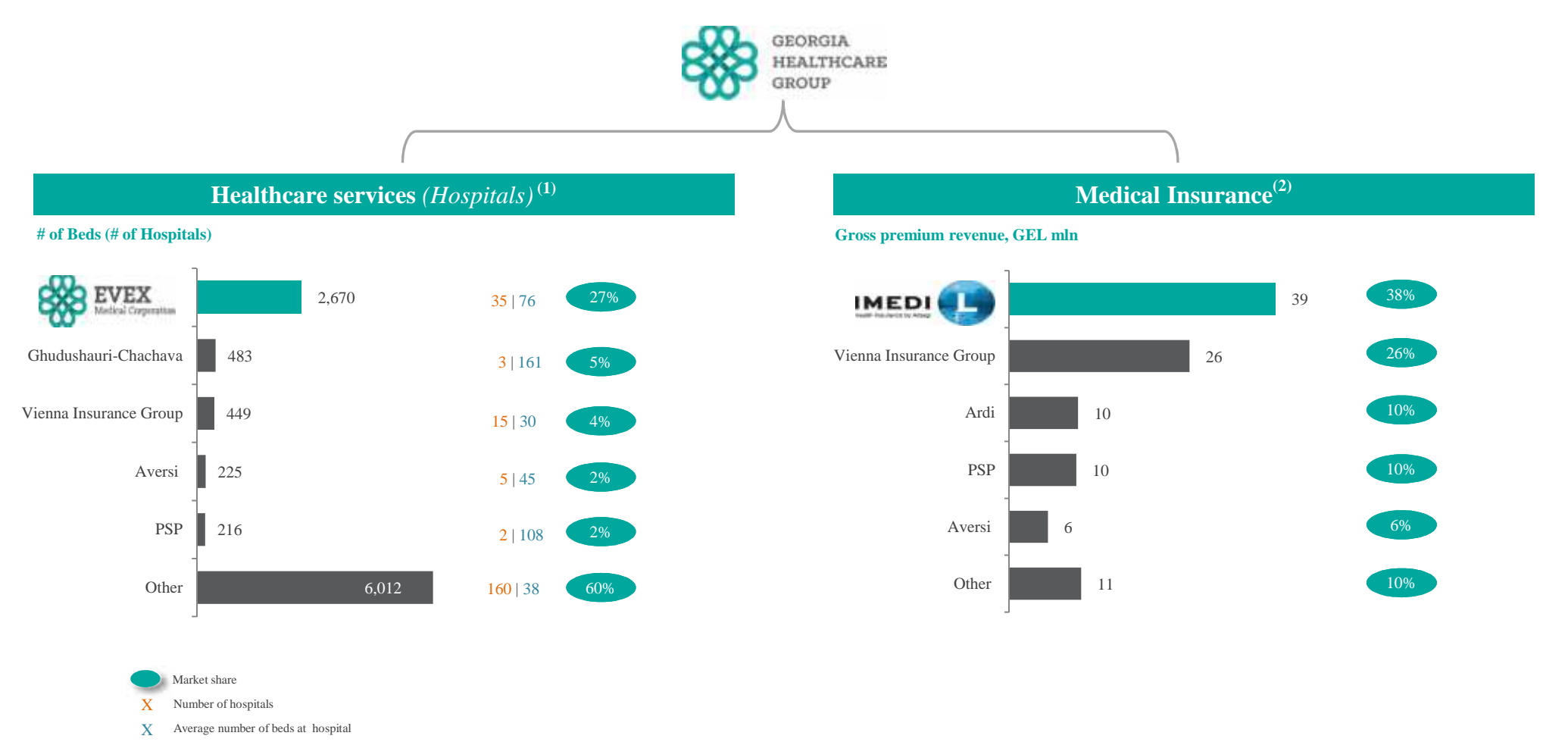
Geographically Diversified Network

Regional market shares⁽²⁾
Bubble size denotes relative size based on % of population⁽³⁾



Sources:
(1) GHG internal reporting
(2) Market share by number of beds. Source: NCDC, data as of 2014. Market shares by beds are as of 31 December 2015
(3) Geostat.ge, data as of 1 January 2014
(4) NCDC healthcare statistical yearbook 2013

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



Sources:
(1) Market share by number of beds, Source: NCDC, data as of December 2014, updated by company to include changes before 31 December 2015
(2) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 30 September 2015

Long-term, high-growth prospects

Accelerated revenue market share growth

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

2015 market size: **GEL 1.2bln**

18% *In 2015* → **33.0%** *Long-term target*

Market share by revenue

Growth opportunities:

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

First Mover Advantage In Highly-fragmented, Underpenetrated Ambulatory Segment

Ambulatory clinics

2015 market size: **GEL 0.9bln**

1% *In 2015* → **17.0%** *Long-term target*

Market share by revenue

Growth opportunities:

- Low outpatient encounters
- Fragmented supply
- New prescription policy

Margin Enhancement and Growth In Line with Nominal GDP Growth

Pharmaceuticals

2015 market size: **GEL 1.3bln**

15% *In 2015* → **>15%** *Long-term target*

Market share by revenue

Growth opportunity:

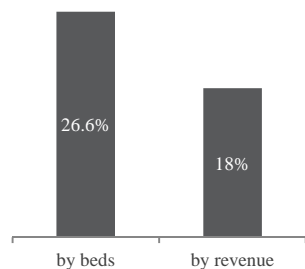
- Growing wholesale revenue
- Enhancing retail margin
- Expanding pharmacy footprint

Rooms For Growth

GHG's nation-wide bed capacity in place to accommodate future revenue market share growth (Sunstone to be renovated in 2016-17)

Revenue market share gap

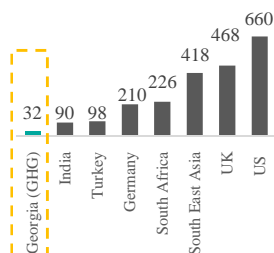
Market shares



FY2015

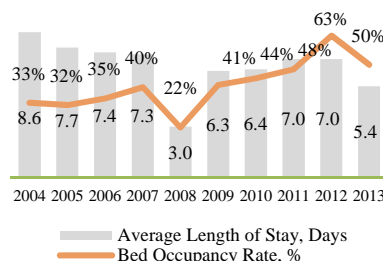
Low revenue per bed

Average revenue per bed, US\$ thousand



Low bed utilisation

Utilisation & ALOS



10x price gap with developed EM benchmarks

Price gap

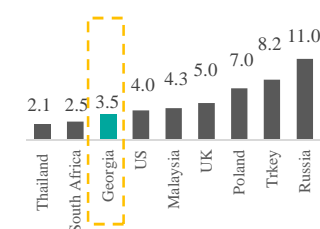
Prices

	Heart surgery	Liver transplant	Knee replacement
USA	100,000	300,000	48,000
UK	40,000	200,000	8,000
Turkey	45,625	86,700	17,500
Thailand	15,000	75,000	8,000
Singapore	15,000	140,000	25,000
India	5,000	45,000	6,000
Georgia	6,500	45,000	1,100

Outpatient encounters increased to 3.5 in 2014 up from 2.7 in 2013

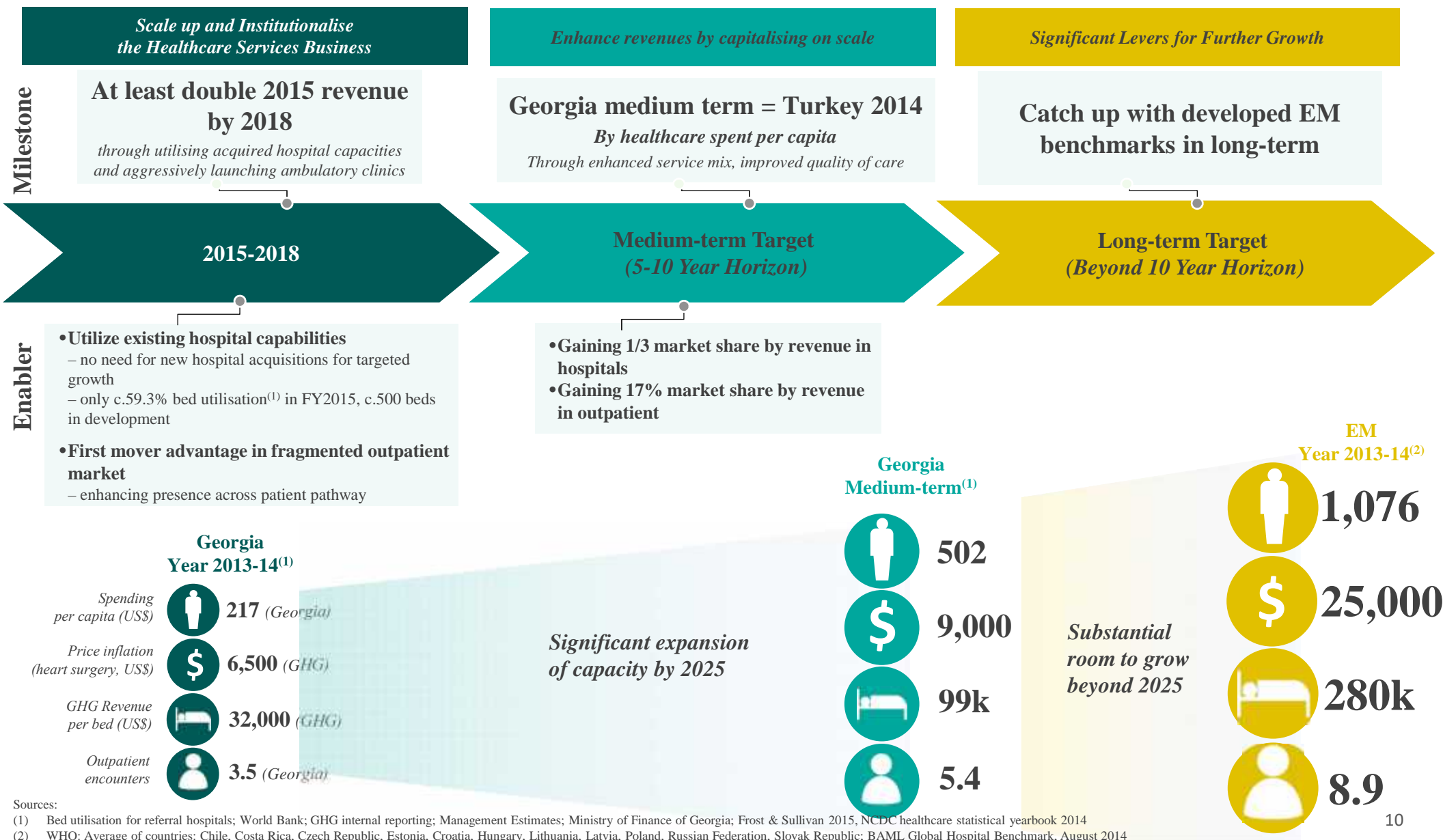
Low outpatient encounters

Outpatient encounter per capita, annual





Long-term, high-growth story



GHG's strategy 2015-2018 is simple: at least doubling 2015 revenue by 2018

Hospitals

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 FY15 was GEL 40.8mln
- although 1/3 market share by hospital beds is almost there⁽¹⁾, by revenue it is significantly less

Outpatient services

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 2% share of GHG revenues with target of achieving 15% of 2018 revenues^(3,5); additional increase expected from increase in utilisation as Georgia has the lowest in the region average number of outpatient encounters per capita (Georgia: 3.5⁽²⁾, 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

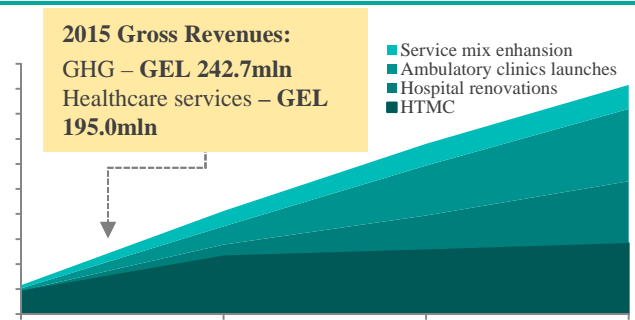
Adding high margin services

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⁾

Solid growth track record

- **23.6% healthcare services organic growth**, CAGR 2012-14
- **17.3% healthcare services organic growth**, 2015 y-o-y
- **Solid margin performance - 27.4% healthcare services EBITDA margin**, in 2015



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 31 December 2015

(2) NCDC healthcare statistical yearbook 2014

(3) Frost & Sullivan 2015 (Data 2011-2012)

(4) NCDC healthcare statistical yearbook 2013

(5) GHG internal reporting



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Focused growth strategy

Capacity in place for accelerated hospital revenue growth

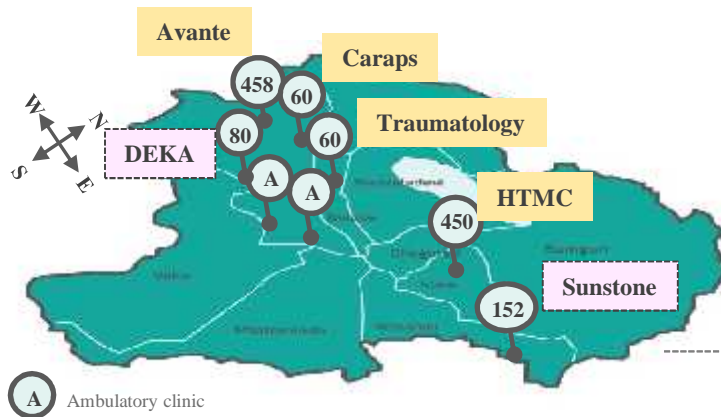
Recent M&As

c.30% potential capacity: 26.6% market share as of 31 December 2015, further development capacity of up to c.500 beds that GHG aims to develop in 2016-17, bringing overall market share to c.30%

Recent acquisitions

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⁽¹⁾



Referral hospital, no Renovation needed
Referral hospital, renovation in progress

* Avante operates 458 beds in Tbilisi and 120 beds in Batumi for total 578 beds as of the date of this presentation

Integration of Existing Facilities

- Upgrading and modernizing facilities
 - Market share to reach c.30% by number of beds upon the development of Sunstone and Dekka to full operating capacity
- Deka: renovation started in January 2016, completion expected in May of 2017
- Sunstone: renovation started January 2016, completion expected in April of 2017
- Standardising clinical protocols across the group
- Rationalising back-office support functions

After renovation finishes in 2017, Dekka will be a 310-bed-hospital, and Sunstone will be a 332-bed-hospital

Focused growth strategy

Rapid launch of ambulatory clinics

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

Concept

Ambulatory clusters are developed in all major districts of Tbilisi and in other major cities in Georgia. Our strategy of launching an additional 10-12 ambulatory clusters with a total of 20 to 30 ambulatory clinics in the next 2-3 year

- Currently we operate 10 ambulatory clinics organized in 4 ambulatory clusters, of which 3 ambulatory clusters were opened towards the end of 2015. In total 5 ambulatory clinics were added during 2015. At least 6 more ambulatory clusters are expected to be opened in 2016. as of 31 December 2015 ⁽¹⁾:
- GEL 5.3mln revenue from ambulatory clinics
- 30.5% EBITDA margin of ambulatory clinics
- 2.8% share in total healthcare revenue

Ambulatory cluster consists of:

Ambulatory Cluster

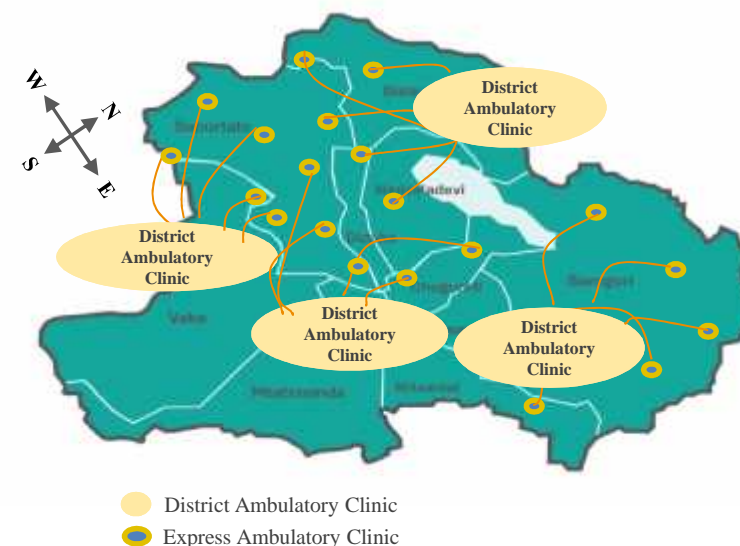
one District Ambulatory Clinic

District Ambulatory Clinic

3-5 Express Ambulatory Clinics

Express Ambulatory Clinics

Ambulatory clusters in Tbilisi



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.*

Source:

(1) GHG internal reporting, financials are for FY15

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



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 2 units in Georgia
of which 3 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 ERCP**
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



Additional service gaps:

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

Arthroscope
Capex: US\$ 30-60k



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



Choledocscope
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





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Focused growth strategy

Investing in medical equipment, utilising existing service gaps

Medical equipment at GHG healthcare facilities

Before



After



Note: pictures are from GHG healthcare facilities



Market leader with reputation for high quality care

Leading service quality focused franchise

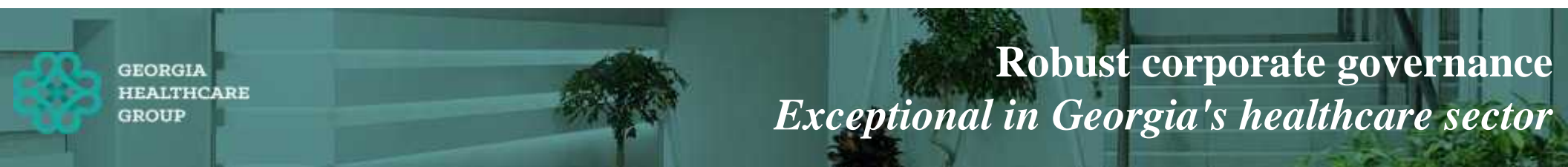
- ▶ Internally developed healthcare services Quality Standards based on **international standards of excellence**
- ▶ Developing reputation as a **centre of excellence** by delivering successful clinical outcomes
- ▶ First and only Georgian healthcare company to be **working towards JCI accreditation**
- ▶ Scale, reputation, focus on quality and in-house training **attracts the best available medical personnel**
- ▶ Plan to **expand training centre** geographically into new regions and seek **accreditation from the Georgian Ministry of Education**
- ▶ Established own **nursing training centre** in conjunction with nursing colleges

Global Collaborations with Marquee Institutions



Equipped and Supplied by Leading International Suppliers





Robust corporate governance

Exceptional in Georgia's healthcare sector

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 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
- **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 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 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

Management

- **Nikoloz Gamkrelidze** | 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 Mindiashvili** | Deputy CEO, Commercial; formerly CFO of JSC Insurance Company Aldagi, formerly supervisory board member of JSC My Family Clinic
- **Nutsa Koguashvili** | CEO, Medical insurance; 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
- **Gregory (Gia) Khurtsidze** | Deputy CEO, Clinical (effective 1 February 2016), 2 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
- **Nino Kortua** | Head of legal; 14 years experience in insurance field as a lawyer, 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

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



- ❁ GHG | Overview and strategy
- ❁ **GHG | Results discussion**
- ❁ Industry and Macroeconomic Overview
- ❁ Annexes



Consolidated income statement

Full year

Income Statement, full year

GEL thousands; unless otherwise noted

	Healthcare services			Medical insurance			Total GHG		
	FY15	FY14	Change, Y-o-Y	FY15	FY14	Change, Y-o-Y	FY15	FY14	Change, Y-o-Y
Revenue, gross	195,032	147,165	32.5%	55,256	69,759	-20.8%	242,673	198,148	22.5%
Corrections & rebates	(3,608)	(1,816)	98.7%	-	-	-	(3,608)	(1,816)	98.7%
Revenue, net	191,424	145,349	31.7%	55,256	69,759	-20.8%	239,065	196,332	21.8%
Cost of services	(107,291)	(83,298)	28.8%	(46,076)	(61,233)	-24.8%	(145,936)	(126,066)	15.8%
Gross profit	84,133	62,051	35.6%	9,180	8,526	7.7%	93,129	70,266	32.5%
Total operating expenses	(34,075)	(27,197)	25.3%	(6,610)	(7,501)	-11.9%	(40,480)	(34,387)	17.7%
Other operating income	3,468	937	270.2%	43	46	-5.5%	3,490	983	255.1%
EBITDA	53,526	35,791	49.6%	2,613	1,071	144.0%	56,139	36,862	52.3%
EBITDA margin	27.4%	24.3%					23.1%	18.6%	
Depreciation and amortization	(11,973)	(6,998)	71.1%	(692)	(632)	9.6%	(12,665)	(7,630)	66.0%
Net interest (expense) / income	(20,352)	(13,138)	54.9%	71	332	-78.7%	(20,281)	(12,806)	58.4%
Net (losses) / gains from foreign currencies	1,312	(2,820)	NMF	785	326	141.3%	2,097	(2,494)	NMF
Net non-recurring (expense) / income	(960)	578	NMF	(722)	-	NMF	(1,682)	578	NMF
Profit before income tax expense	21,553	13,413	60.7%	2,055	1,097	87.3%	23,608	14,510	62.7%
Income tax (expense) / benefit	307	(1,145)	NMF	(298)	(101)	195.1%	9	(1,246)	NMF
Profit for the period	21,860	12,268	78.2%	1,757	996	76.4%	23,617	13,264	78.1%
Attributable to:									
- shareholders of the Company	17,894	9,211	94.3%	1,757	996	76.4%	19,651	10,207	92.5%
- non-controlling interests	3,966	3,057	29.7%	-	-	-	3,966	3,057	29.7%



Consolidated income statement

Quarterly

Income Statement, quarterly

GEL thousands; unless otherwise noted

	Healthcare services					Medical insurance					Total GHG				
	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q
Revenue, gross	55,481	44,143	25.7%	51,131	8.5%	14,532	10,588	37.3%	14,359	1.2%	68,720	54,264	26.6%	63,355	8.5%
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%	-	-	-	-	-	(1,086)	(643)	68.9%	(680)	59.7%
Revenue, net	54,395	43,500	25.0%	50,451	7.8%	14,532	10,588	37.3%	14,359	1.2%	67,634	53,621	26.1%	62,675	7.9%
Cost of services	(30,007)	(23,854)	25.8%	(28,821)	4.1%	(12,917)	(10,962)	17.8%	(11,286)	14.4%	(41,618)	(34,441)	20.8%	(38,006)	9.5%
Gross profit	24,388	19,646	24.1%	21,630	12.7%	1,615	(374)	NMF	3,073	-47.5%	26,016	19,180	35.6%	24,669	5.5%
Total operating expenses	(8,856)	(9,968)	-11.2%	(8,958)	-1.1%	(1,627)	(1,717)	-5.2%	(1,683)	-3.3%	(10,480)	(11,594)	-9.6%	(10,604)	-1.2%
Other operating income	1,008	(381)	NMF	1,969	-48.8%	(5)	(70)	-92.9%	(3)	97.3%	986	(451)	NMF	1,964	-49.8%
EBITDA	16,539	9,297	77.9%	14,642	13.0%	(17)	(2,162)	-99.2%	1,387	NMF	16,522	7,135	131.6%	16,029	3.1%
EBITDA margin	29.8%	21.1%		28.6%							24.0%	13.1%		25.3%	
Depreciation and amortisation	(4,046)	(1,813)	123.2%	(3,327)	21.6%	(249)	(157)	58.5%	(155)	60.9%	(4,295)	(1,970)	118.0%	(3,482)	23.3%
Net interest (expense) / income	(5,535)	(3,633)	52.4%	(4,733)	16.9%	158	71	121.1%	(53)	NMF	(5,377)	(3,562)	51.0%	(4,786)	12.3%
Net (losses) / gains from foreign currencies	(1,586)	(166)	NMF	(1,982)	-20.0%	(6)	176	NMF	223	NMF	(1,592)	10	NMF	(1,759)	-9.5%
Net non-recurring (expense) / income	484	(791)	NMF	(677)	NMF	(676)	31	NMF	(46)	NMF	(192)	(760)	-74.6%	(723)	-74.4%
Profit before income tax expense	5,856	2,894	102.3%	3,923	49.3%	(790)	(2,041)	-61.3%	1,356	NMF	5,066	853	494.0%	5,279	-4.0%
Income tax (expense) / benefit	(206)	(290)	-28.9%	(195)	4.9%	192	381	-49.7%	164	16.6%	(14)	91	NMF	(31)	-54.8%
Profit for the period	5,650	2,604	117.0%	3,728	51.6%	(598)	(1,660)	-64.0%	1,520	NMF	5,053	944	435.2%	5,248	-3.7%
Attributable to:															
- shareholders of the Company	4,421	1,767	150.2%	2,453	80.3%	(598)	(1,660)	-64.0%	1,520	NMF	3,823	107	NMF	3,973	-3.8%
- non-controlling interests	1,229	837	46.9%	1,275	-3.6%	-	-	-	-	-	1,229	837	46.8%	1,275	-3.6%



Balance sheet

Balance Sheet		Healthcare services					Medical insurance					Total				
			Change,		Change,			Change,		Change,			Total Change,		Change,	
	Dec-15	Dec-14	Y-o-Y	Sep-15	Q-o-Q	Dec-15	Dec-14	Y-o-Y	Sep-15	Q-o-Q	Dec-15	Dec-14	Y-o-Y	Sep-15	Q-o-Q	
Total assets, of which:	703,309	355,043	98.1%	557,601	26.1%	67,372	62,910	7.1%	73,730	-8.6%	758,280	409,277	85.3%	622,021	21.9%	
Cash and bank deposits	139,085	25,586	443.6%	7,550	1742.1%	18,313	21,152	-13.4%	19,421	-5.7%	157,398	46,738	236.8%	26,971	483.6%	
Receivables from healthcare services	71,348	46,018	55.0%	67,831	5.2%	-	-	-	-	0.0%	65,863	43,265	52.2%	62,695	5.1%	
Insurance premiums receivable	-	-	-	-	-	20,948	18,794	11.5%	29,128	-28.1%	20,663	17,673	16.9%	28,971	-28.7%	
Property and equipment	439,131	259,205	69.4%	420,518	4.4%	5,587	3,733	49.7%	3,786	47.6%	444,718	262,938	69.1%	424,304	4.8%	
Goodwill and other intangible assets	19,708	6,146	220.7%	16,576	18.9%	6,079	3,977	52.9%	6,012	1.1%	25,787	10,123	154.7%	22,588	14.2%	
Other assets	34,037	18,088	88.2%	45,126	-24.6%	16,445	15,254	7.8%	15,383	6.9%	43,851	28,540	53.6%	56,492	-22.4%	
Total liabilities, of which:	247,762	200,414	23.6%	328,465	-24.6%	47,937	45,228	6.0%	53,636	-10.6%	283,299	236,966	19.6%	372,791	-24.0%	
Borrowings	140,439	151,155	-7.1%	208,785	-32.7%	16,497	16,307	1.2%	18,571	-11.2%	152,762	162,860	-6.2%	223,339	-31.6%	
Accounts payable	29,160	8,591	239.4%	27,224	7.1%	1,016	-	NMF	1,010	0.6%	30,176	8,591	251.3%	24,689	22.2%	
Insurance contract liabilities	-	-	-	-	-	22,463	20,367	10.3%	27,997	-19.8%	21,351	17,583	21.4%	26,290	-18.8%	
Other liabilities	78,163	40,668	92.2%	92,456	-15.5%	7,961	8,554	-6.9%	6,058	31.4%	79,010	47,932	64.8%	98,473	-19.8%	
Total shareholders' equity	455,547	154,629	194.6%	229,136	98.8%	19,435	17,682	9.9%	20,094	-3.3%	474,981	172,311	175.7%	249,230	90.6%	

Sources: GHG Internal Reporting
 Note: healthcare services business and medical insurance business financials do not include interbusiness eliminations.

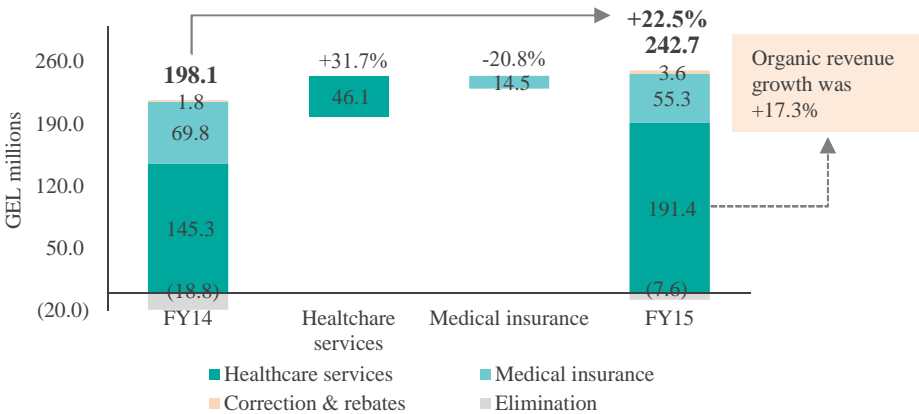


Selected ratios and KPIs	FY15	FY14	4Q15	4Q14	3Q15
GHG					
EPS, GEL	0.15	0.36	0.03	0.004	0.03
ROAE	6.9%	9.2%	5.0%	0.3%	8.3%
Adjusted ROAE	11.4%	9.2%	7.8%	0.3%	8.3%
Operating leverage	14.8%	-22.7%	6.6%	10.2%	5.5%
Healthcare services					
EBITDA margin of healthcare services	27.4%	24.3%	29.8%	21.1%	28.6%
Bed occupancy rate	51.7%	49.1%	51.9%	50.3%	47.0%
<i>Bed occupancy rate, referral hospitals</i>	59.3%	55.4%	59.9%	57.1%	53.9%
<i>Bed occupancy rate, community hospitals</i>	19.3%	22.3%	18.4%	21.5%	18.9%
Average length of stay (days)	4.6	4.6	4.7	4.7	4.6
<i>Average length of stay (days), referral hospitals</i>	4.9	4.9	5.0	4.9	4.9
<i>Average length of stay (days), community hospitals</i>	2.8	3.1	2.7	3.0	2.8
Medical insurance					
Loss ratio	83.4%	87.7%	88.9%	103.5%	78.6%
Expense ratio	13.4%	11.8%	13.8%	14.7%	12.8%
Combined ratio	96.7%	99.5%	102.7%	118.3%	91.4%
Renewal rate	92.0%	91.9%	92.0%	91.6%	91.9%

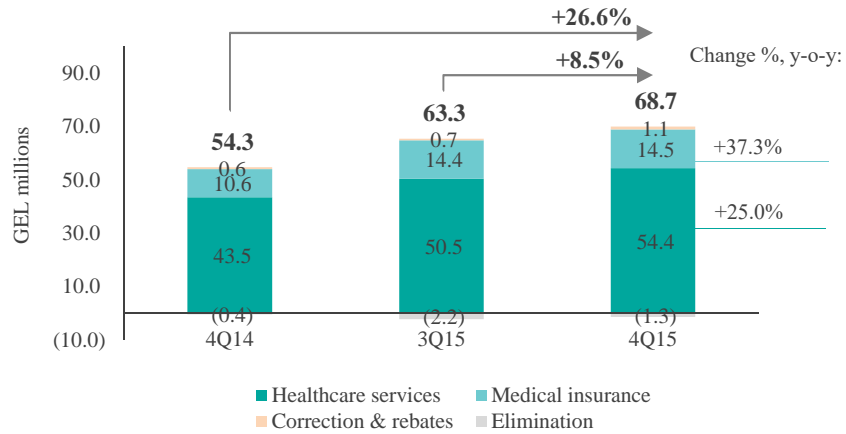


Revenue growth driven primarily by healthcare services, with referral hospitals constituting majority of the growth

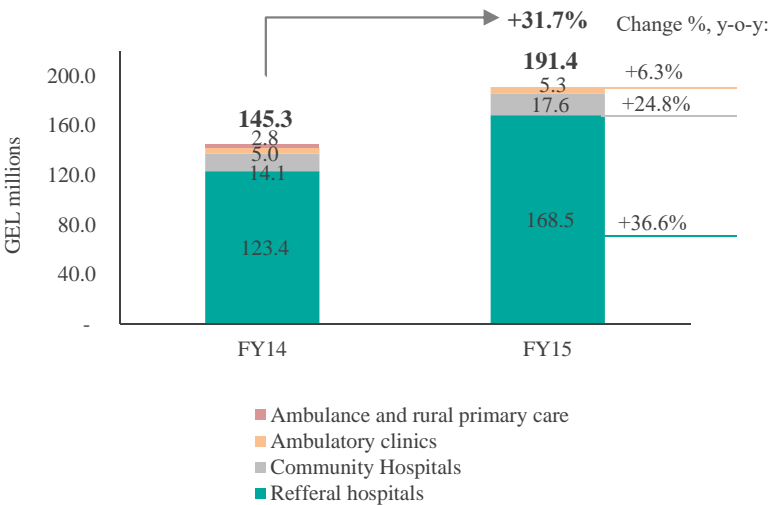
GHG – Gross revenue breakdown by segments, *full year*



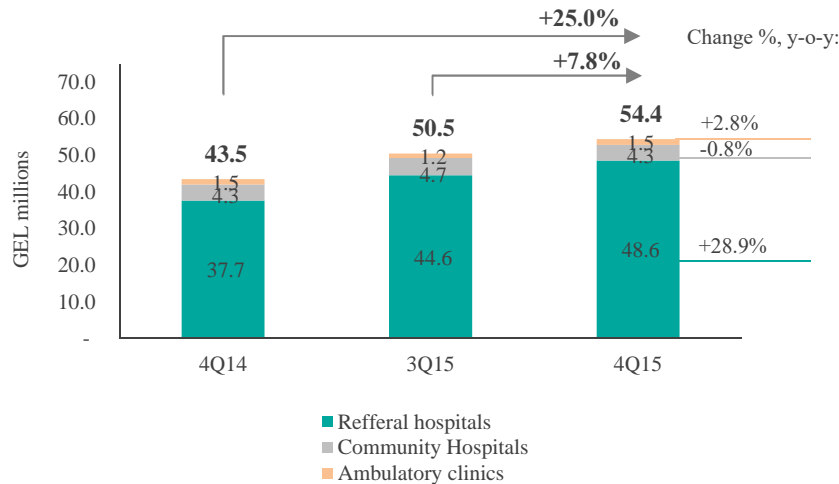
GHG – Gross revenue breakdown by segments, *quarterly*




Healthcare services – Net revenue breakdown by service lines, *full year*



Healthcare services – Net revenue breakdown by service lines, *quarterly*



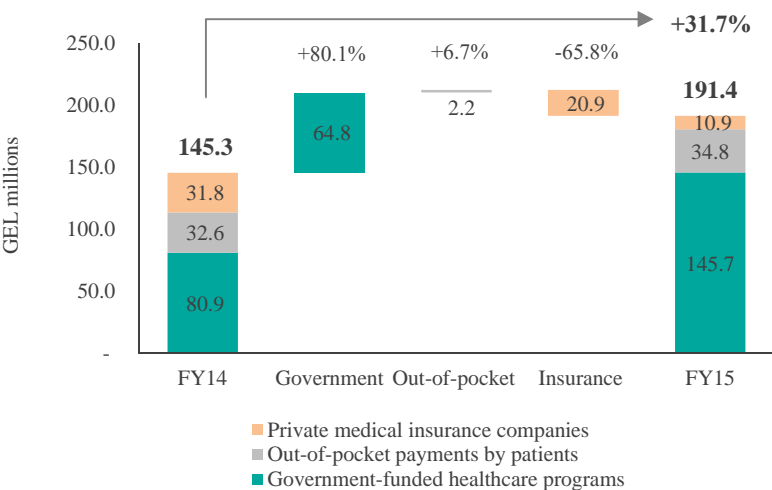
Note: GHG Internal Reporting



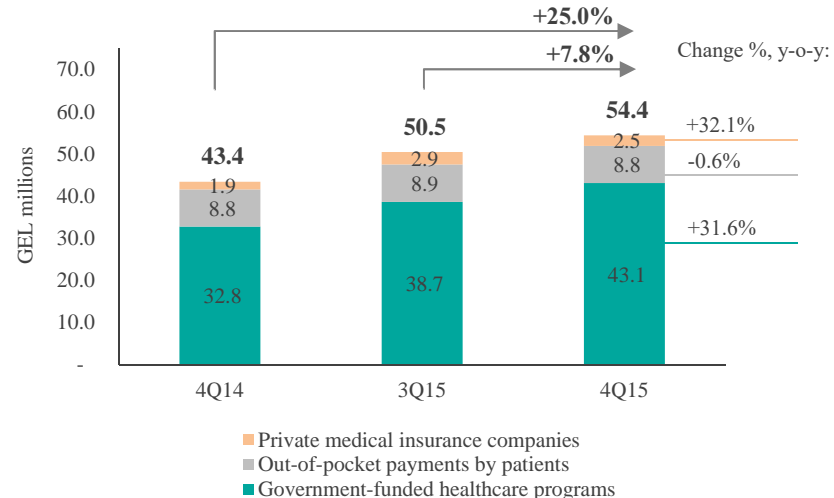
GEORGIA
HEALTHCARE
GROUP

Healthcare services revenue growth driven by increased government spending on health

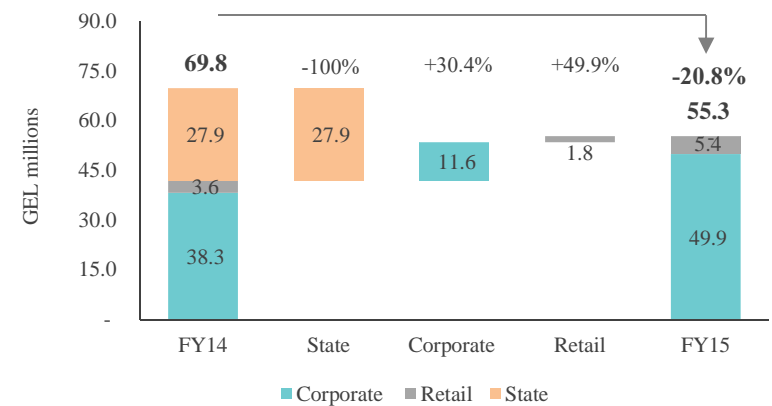
Healthcare services – Net revenue breakdown by source of payment, *full year*



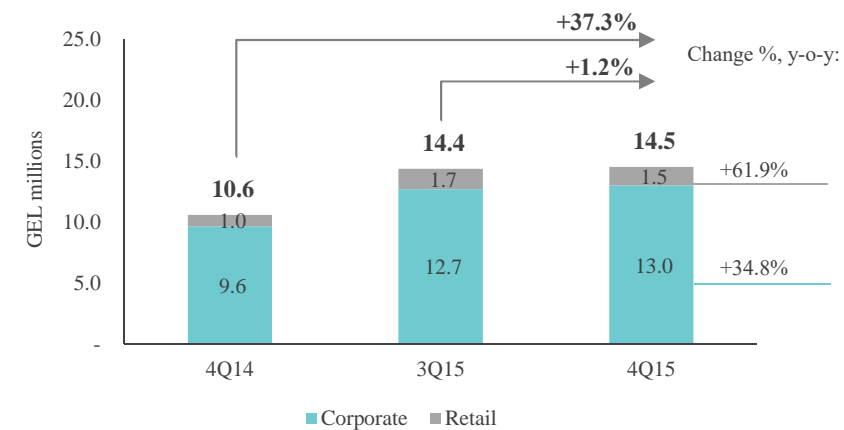
Healthcare services – Net revenue breakdown by source of payment, *quarterly*



Medical insurance – Net revenue breakdown by products, *full year*



Medical insurance – Net revenue breakdown by products, *quarterly*



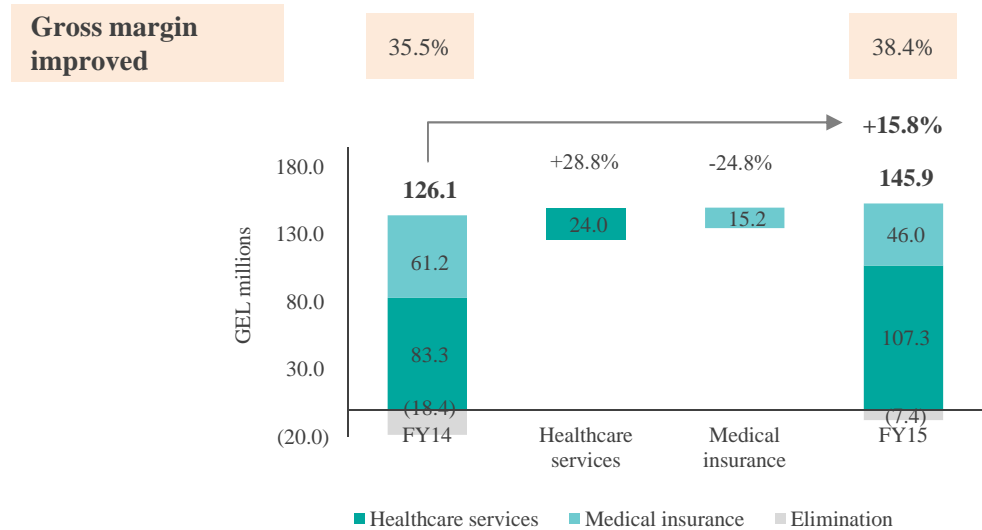
Note: GHG Internal Reporting



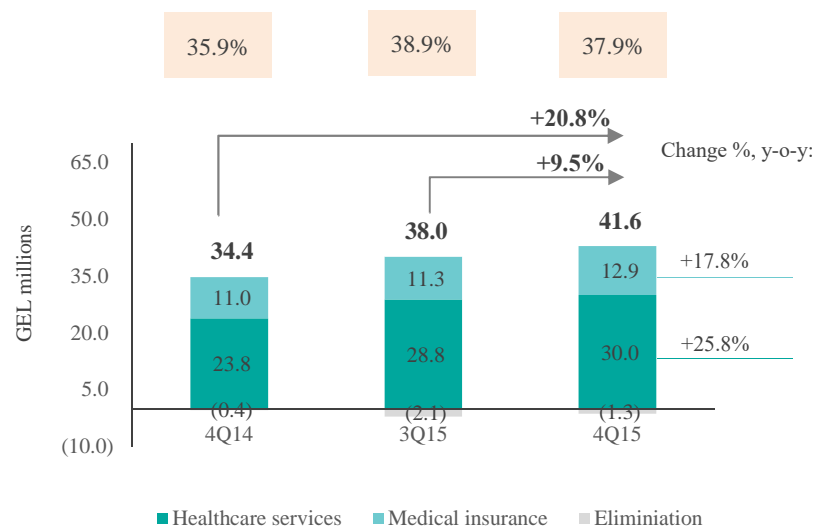
GEORGIA
HEALTHCARE
GROUP

Cost of services growth follows healthcare services expansion, through increased gross margins(1/2)

GHG – Cost of services breakdown by segments, *full year*

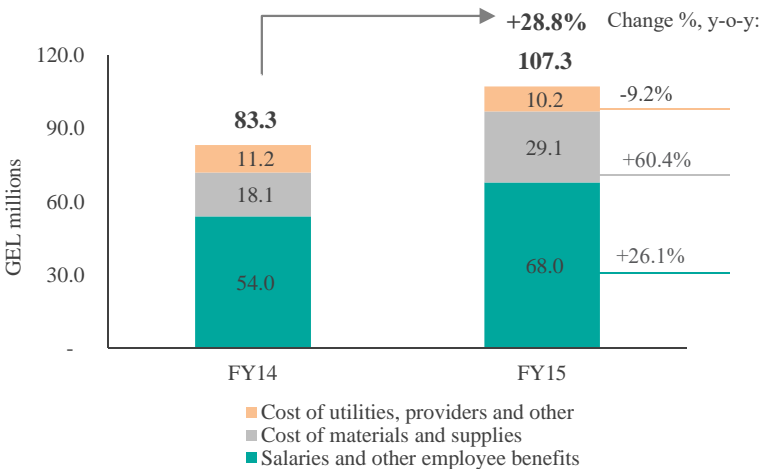


GHG – Cost of services breakdown by segments, *quarterly*

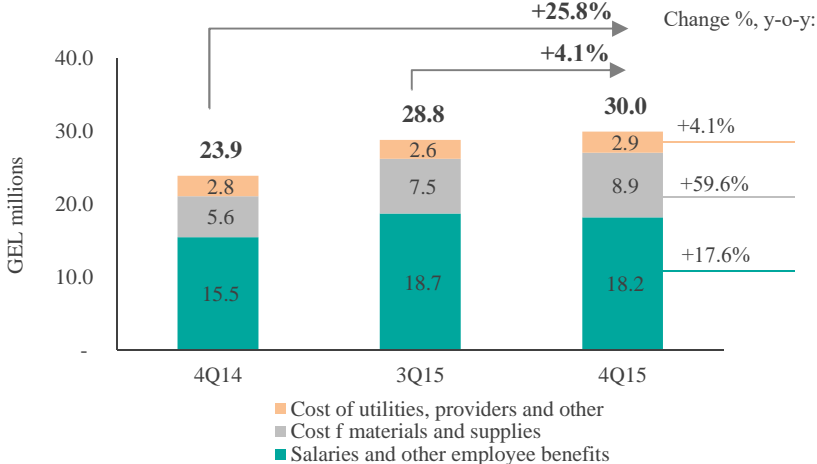


Note: GHG Internal Reporting

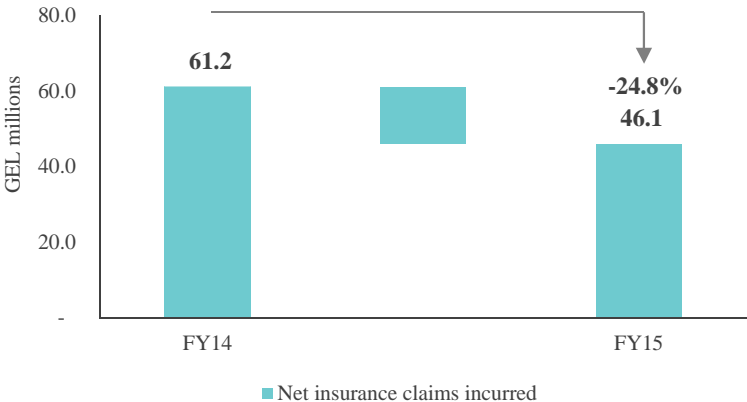
Healthcare services - cost of services breakdown, *full year*



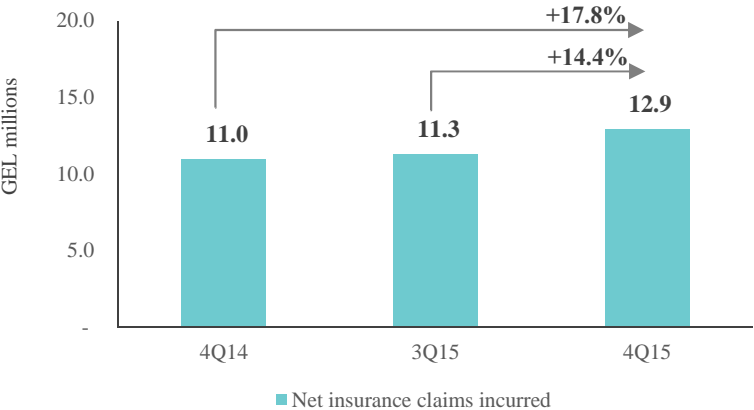
Healthcare services – cost of services breakdown, *quarterly*




Medical Insurance – Net insurance claims incurred, *full year*



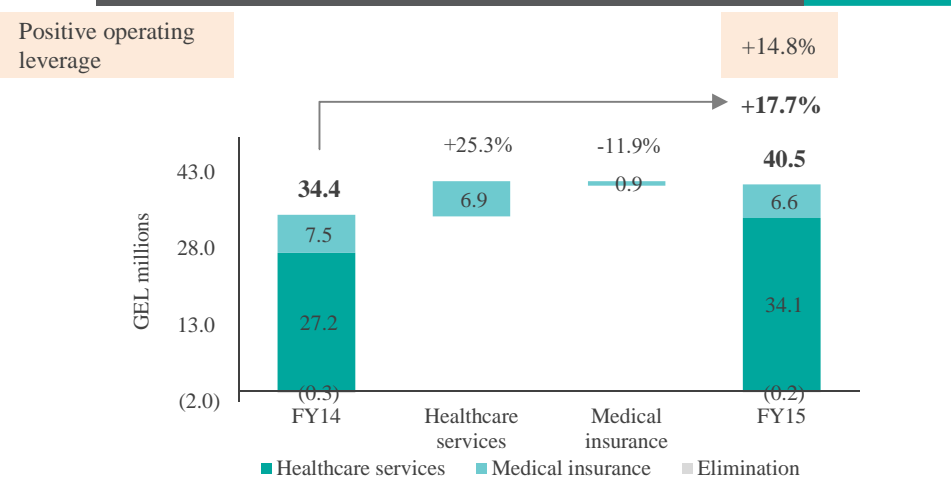
Medical Insurance – Net insurance claims incurred, *quarterly*



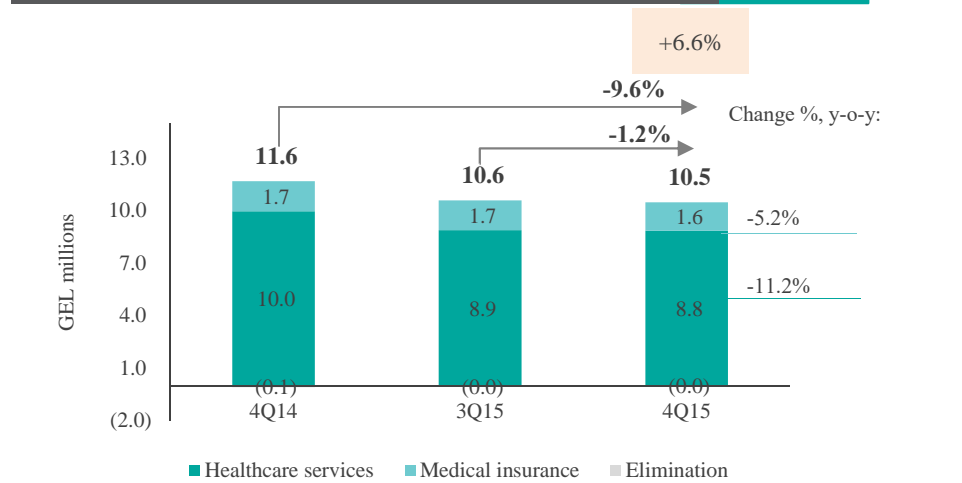


Operating expenses followed the growth of healthcare services revenue through positive operating leverage

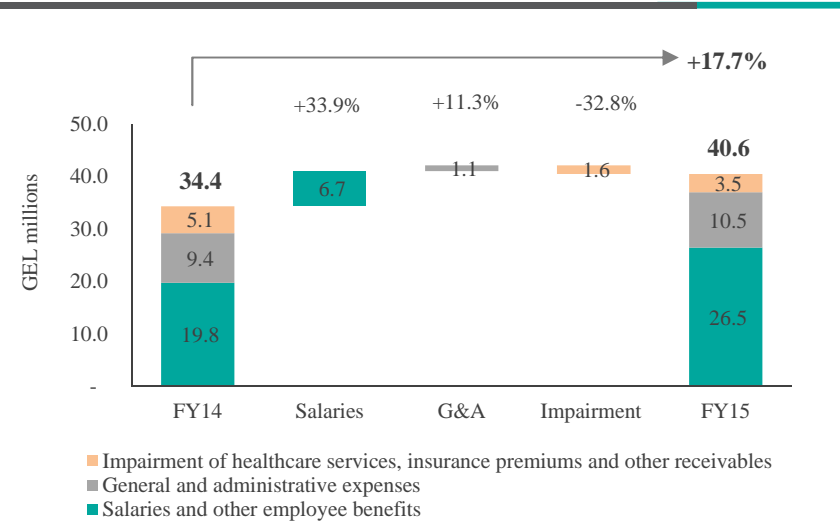
GHG – Operating expense breakdown by Segments, *full year*



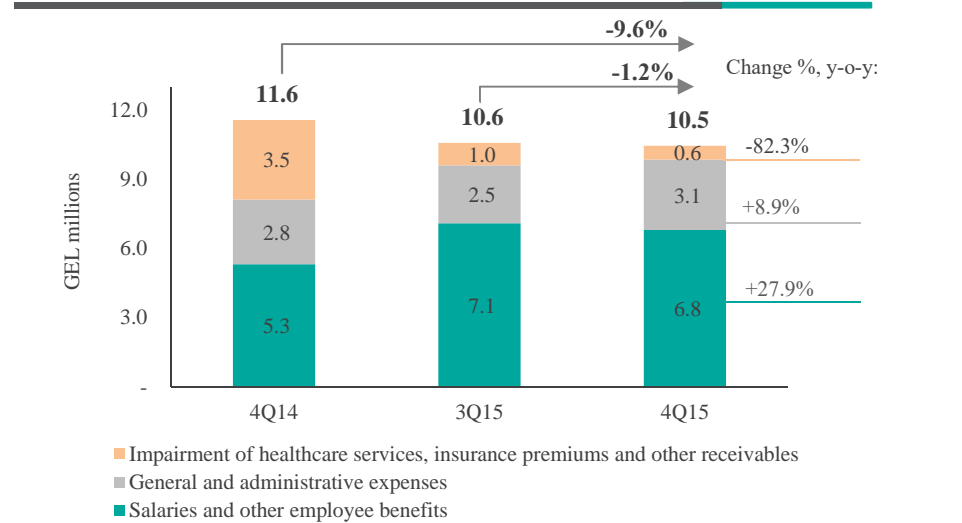
GHG – Operating expenses breakdown by segments, *quarterly*



GHG –operating expenses breakdown, *full year*



GHG –operating expenses breakdown, *quarterly*

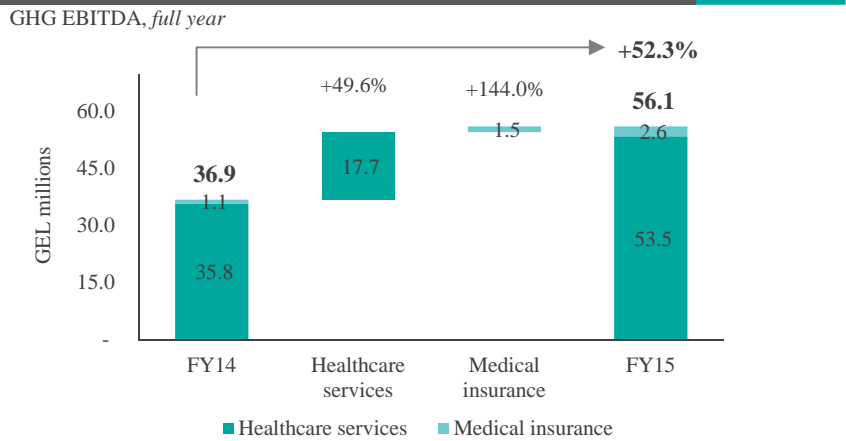


Note: GHG Internal Reporting

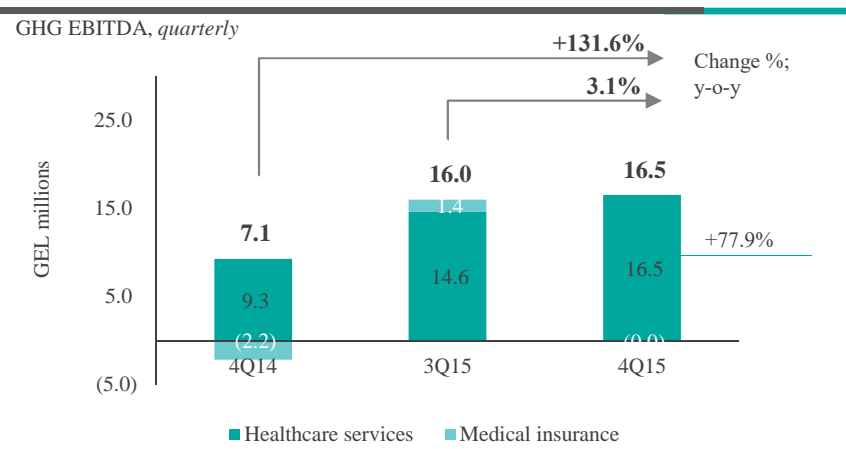


EBITDA and Net profit

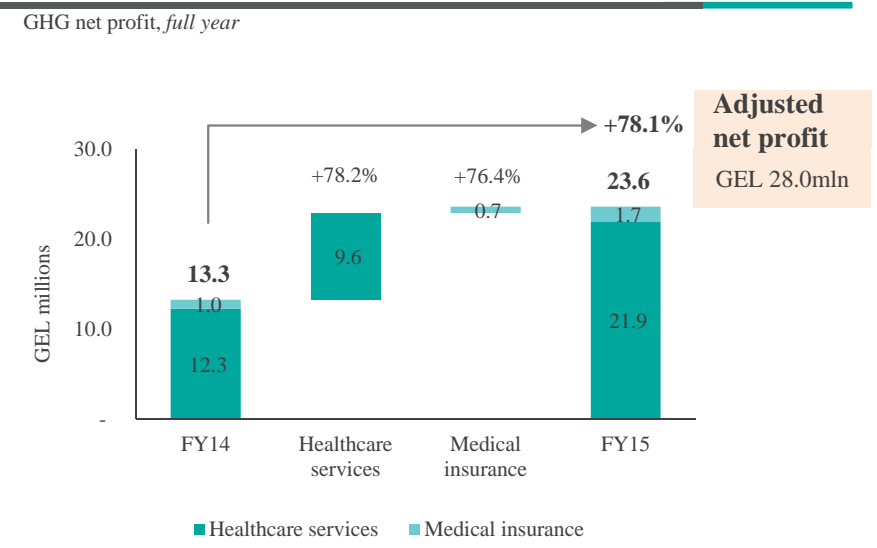
GHG – EBITDA growth primarily driven by healthcare services, reaching 27.4% EBITDA Margin in 2015



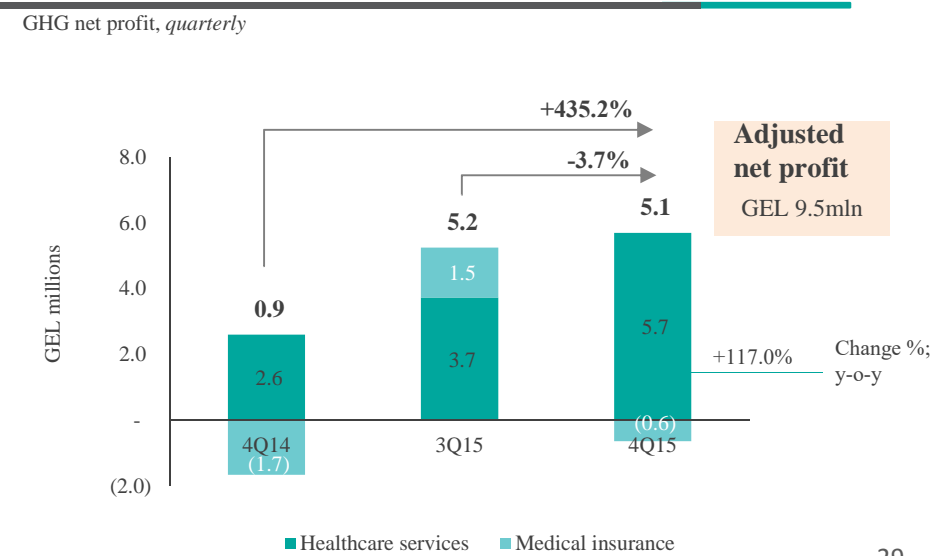
GHG – EBITDA growth driven primarily by healthcare services, reaching 29.8% EBITDA Margin in 4Q 2015



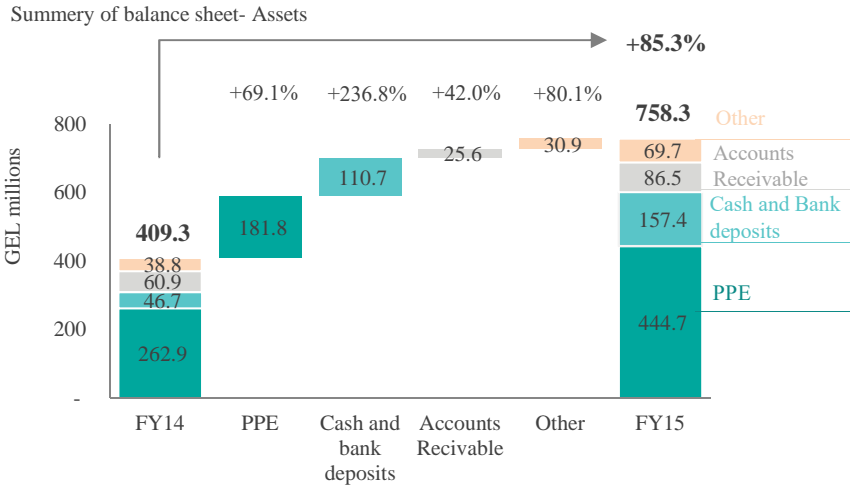
GHG – Net Profit growth primarily driven by healthcare services, 78.2% Y-o-Y



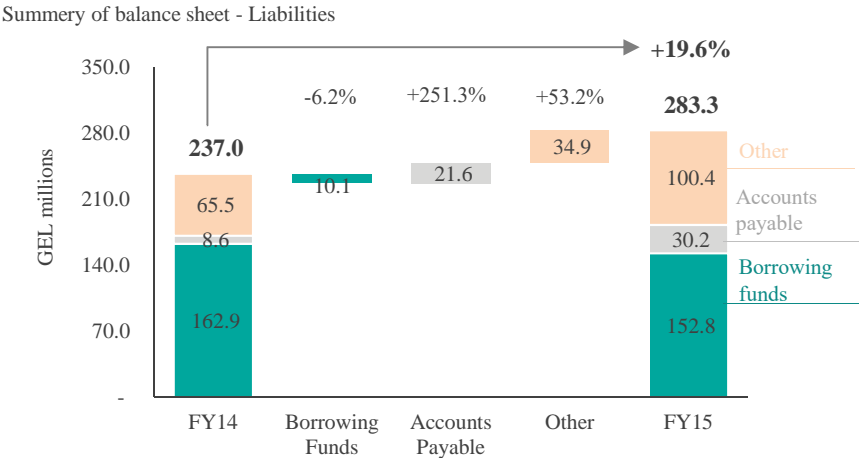
GHG – Net Profit growth primarily driven by healthcare services, 117.0% Y-o-Y



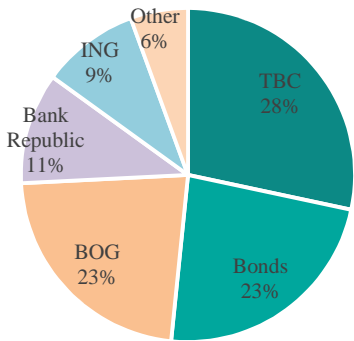
GHG – Asset growth and structure follows healthcare services expansion plan



GHG –Asset growth mostly funded through IPO, reflecting slower growth of debt- improved leverage

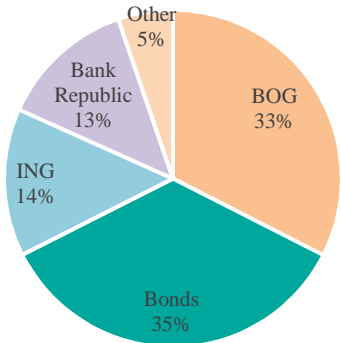


Debt structure
GEL 152.8 million
As of 31 Dec 2015



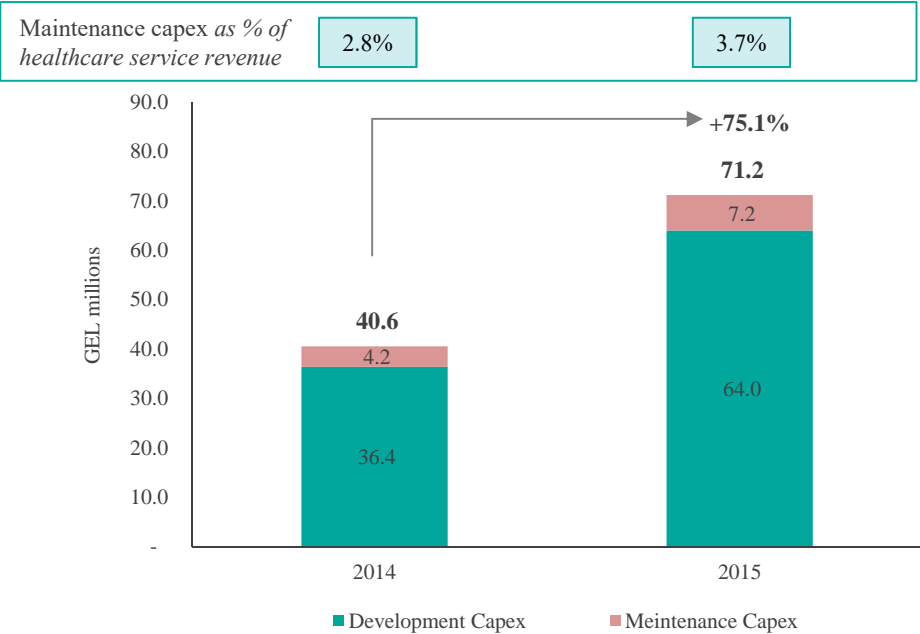
we **pre-paid GEL 104.4 million** borrowings at year end 2015/beginning of 2016 from IPO proceeds, reducing total borrowings to GEL 105.6 million as at 31 January 2016

Debt Structure - Pro Forma
GEL 105.6 million
As of 31 Jan 2016



Released c.GEL 25.0mln of operating cash flow each year starting 2016

Capex 2014-2015



Capex 2016-2018 Strategy

- 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.
- We have fully sourced our development capex financing through 2018 from the IPO proceeds raised in the end of 2015 and organic cash generation.
- 2016-2018 development capex includes:
 - US\$ 26.8 million for renovation and development of recently acquired healthcare facilities (Deka and Sunstone hospitals)
 - US\$ 38.0 million to enlarge the Group’s network of ambulatory clinics and to undertake other projects in pursuit of organic growth



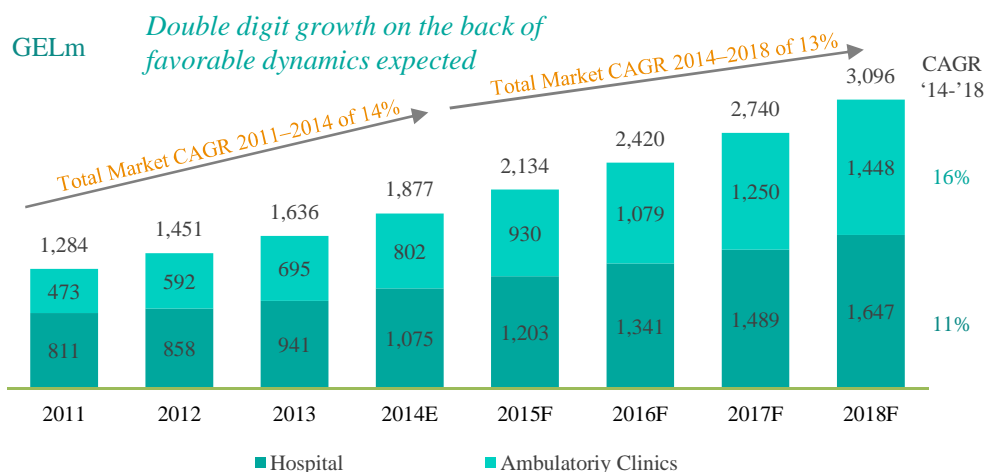
- ❁ GHG | Overview and strategy
- ❁ GHG | Results discussion
- ❁ **Industry and Macroeconomic Overview**
- ❁ Annexes



Long-term, high growth prospects

Rapidly Growing Healthcare Services Market

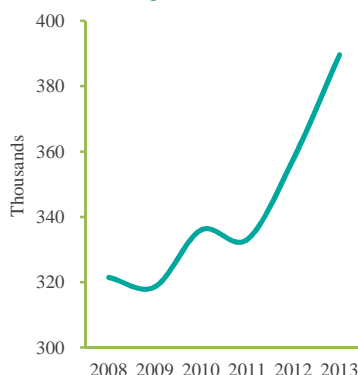
High Growth in Healthcare Services Market Expected to Continue



Source: Frost & Sullivan analysis.

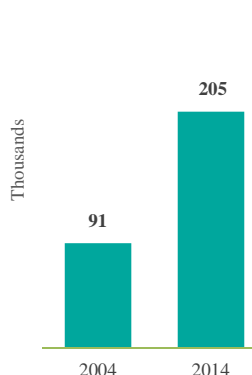
Demand Analysis

Number of Hospital Admissions



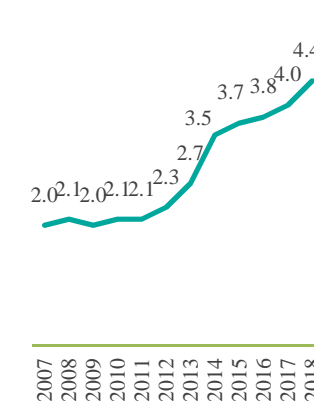
Source: NCDC.

Number of Surgical Operations



Source: NCDC.

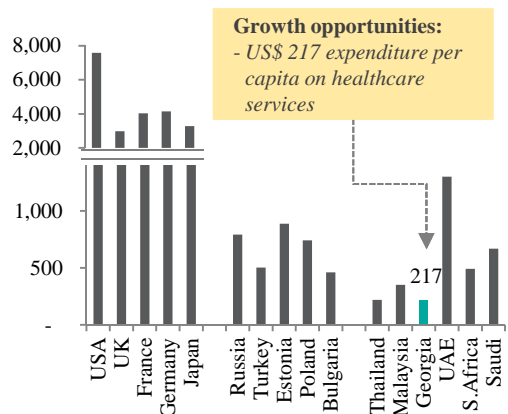
Outpatient Encounters per Capita



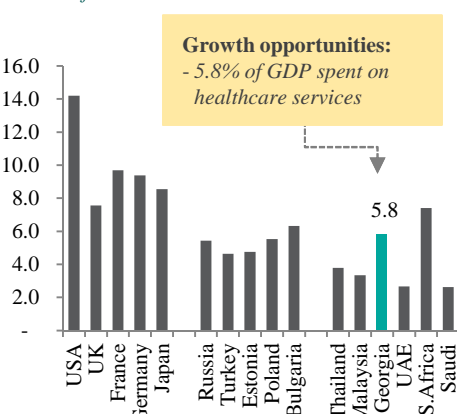
Source: NCDC, Frost & Sullivan analysis.

Low Expenditure on Healthcare Services

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



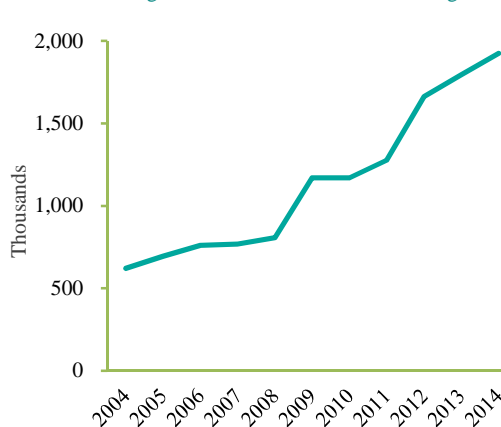
Expenditure on healthcare services % of GDP⁽¹⁾



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

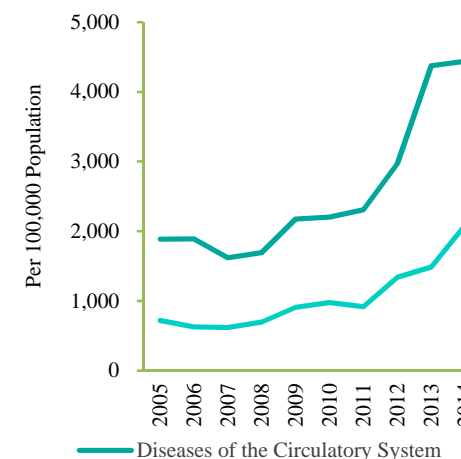
Increasing Overall Disease Incidence...

Number of Registered Patients with 1st Time Diagnosis



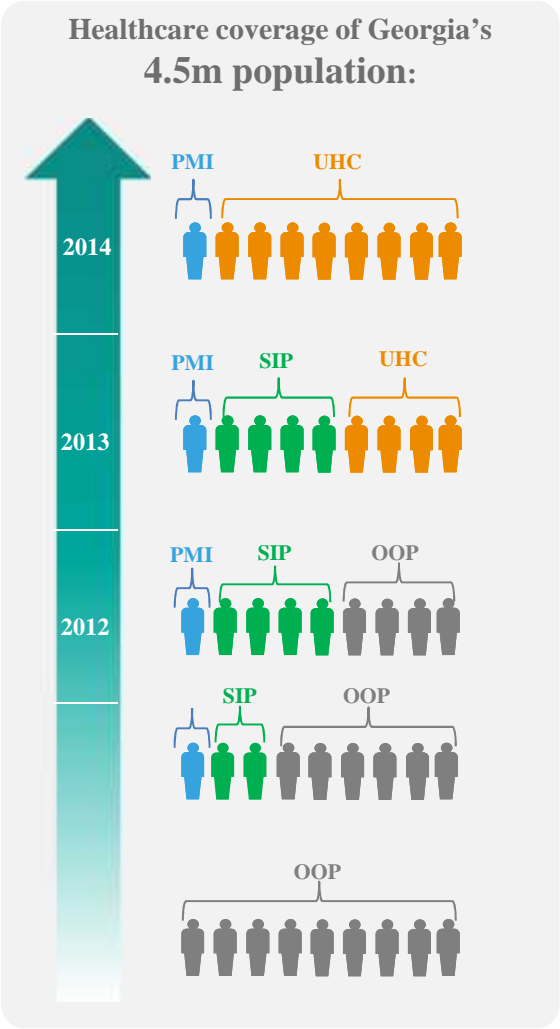
Source: Geostat.

... Including a Growing Incidence of Lifestyle Diseases



Source: NCDC.

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

Source: Ministry of Health of Georgia

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

● SIP – State Insurance Program
  = 0.5 million people

PMI, UHC, SIP include co-payments



Long-term, high growth prospects

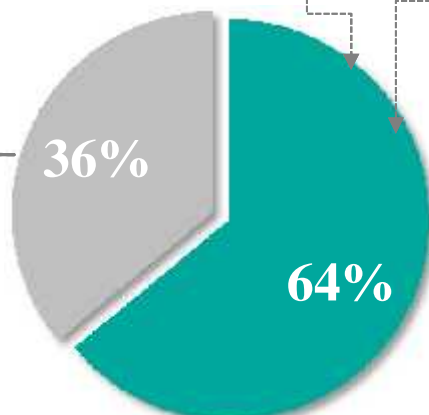
Favorable government healthcare policy

Soviet-era legacy



64% of beds are
renovated in
Georgia⁽¹⁾

86% of GHG beds
are renovated⁽²⁾



■ Renovated beds
■ Soviet-era beds

Renovated



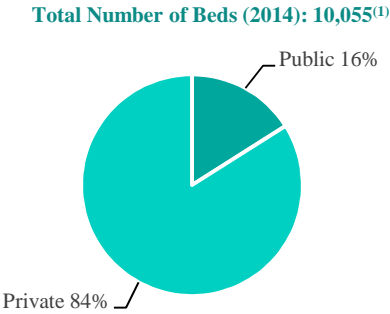
Source:

(1) NCDC, data as of 2014

(2) GHG internal reporting

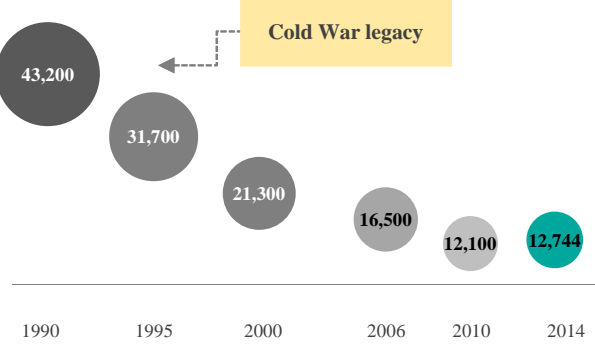
Infrastructure renewed, although significant opportunity remains to improve service quality

84% Of Hospital capacity is private

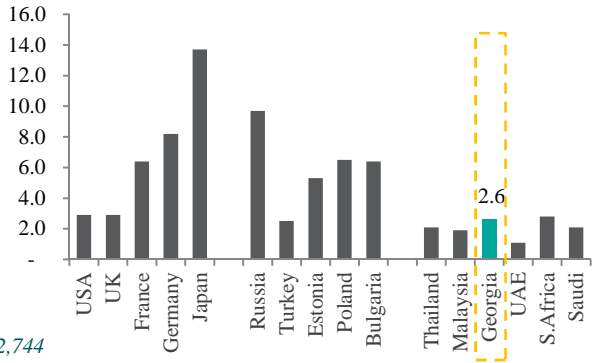


Capacity-wise Georgia stands alongside US, UK and Turkey

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



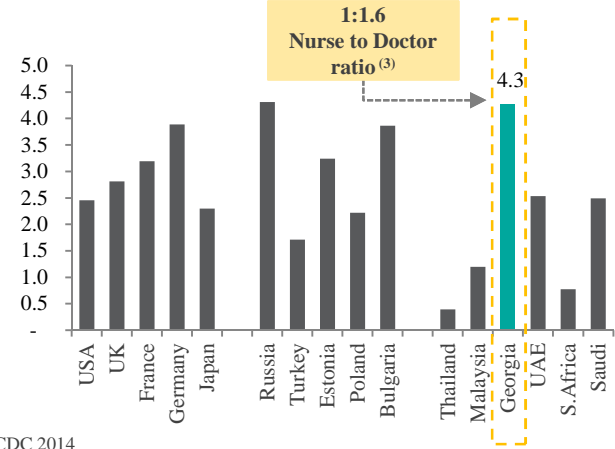
Beds per 1,000 people⁽³⁾



Note: (*) Target market bed capacity = Total market bed capacity of 12,744 beds - 2,689 specialty beds at penitentiary, TB and psychiatric clinics

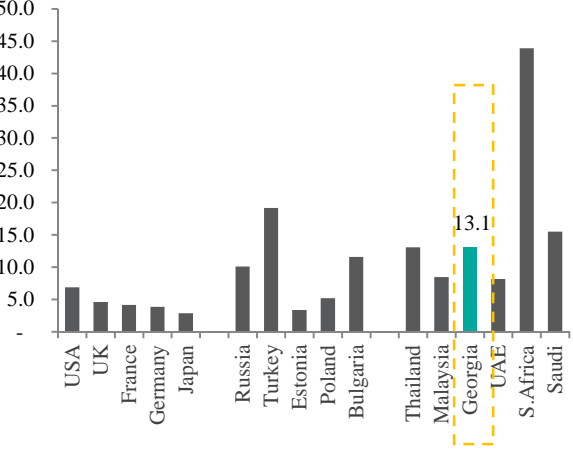
However, physician overcapacity yet to be addressed

Number of physicians per 1,000 people⁽³⁾

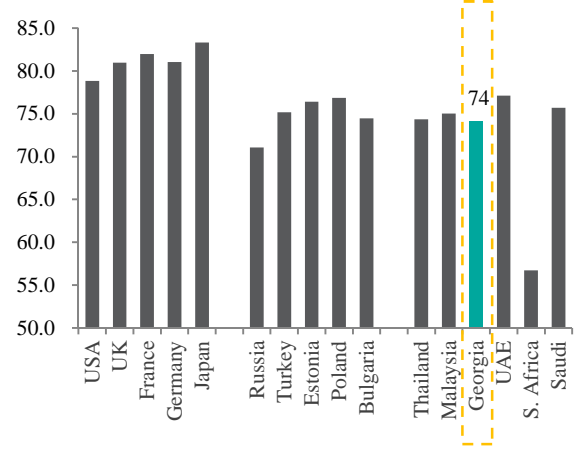


With significant room for optimisation in terms of service quality, as indicated by:
Under 5 Mortality Rate...
... And Life Expectancy At Birth

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



Total (years)⁽³⁾



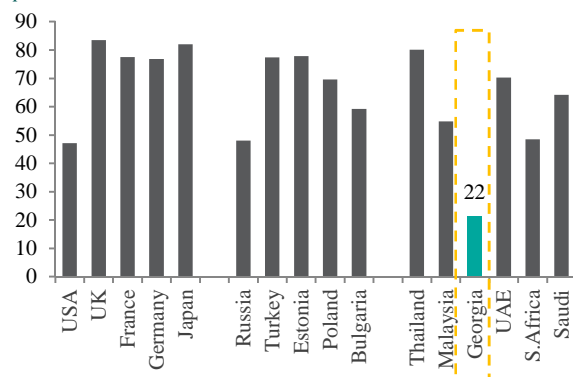
Source:
(1) NCDC 2014
(2) Geostat 2014, NCDC 2014
(3) World Bank | 2012, 2013

Long-term, high growth prospects

Favorable government healthcare policy

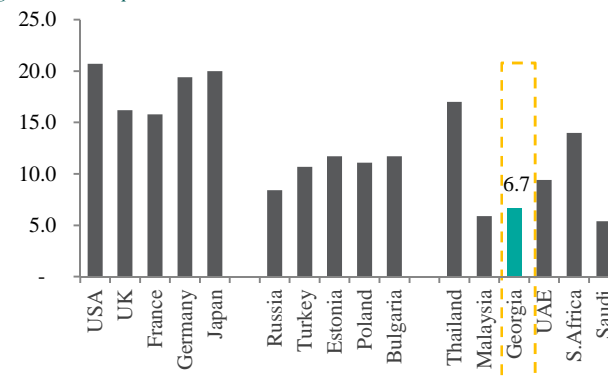
Government finances reached c.30% of total healthcare costs in 2015, from c.20% in 2013

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



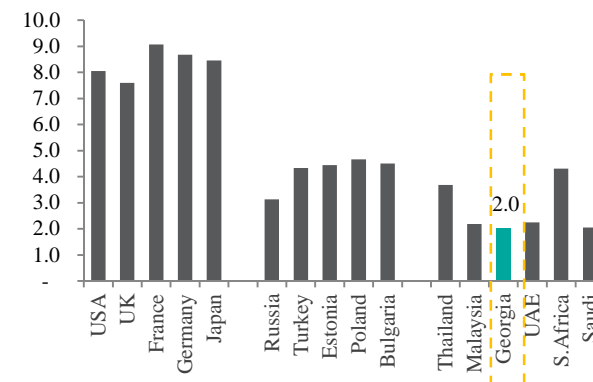
Government spending on healthcare was only 6.7% of state budget in 2013, which grew up to 9.3% in 2015 year.

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⁾

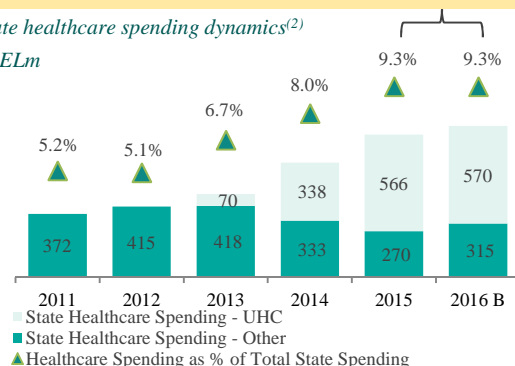


And catching up gradually – State financing of healthcare increasing for the last several years

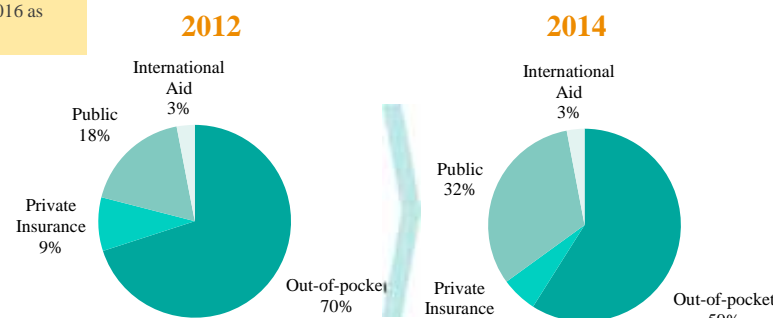
2015 UHC spending was initially planned at GEL 470mln. In 2nd half of 2015 state has adjusted initial budget of 2015 UHC spending and increased from GEL 470mln to GEL 566mln; UHC budget is expected to be adjusted and increased in 2016 as well.

State healthcare spending dynamics⁽²⁾

GELm

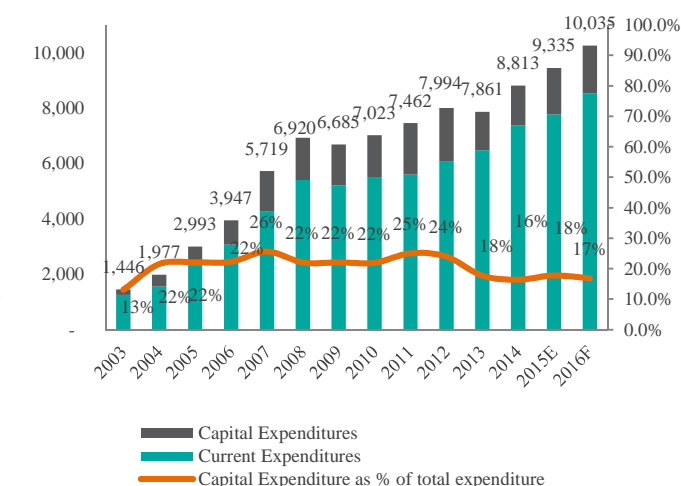


High private spending and growing public sector participation on the back of UHC implementation⁽³⁾



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

- 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)



Ease of Doing
Business
Best Improvement
since 2005

- 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) 2015: 4.9%
- External public debt to GDP 2014: 26.8%

Sovereign ratings:

S&P	BB-/B/Stable, affirmed in November 2015
Moody's	Ba3/NP/Positive, affirmed in March 2015
Fitch	BB-/B/Stable, affirmed in October 2015

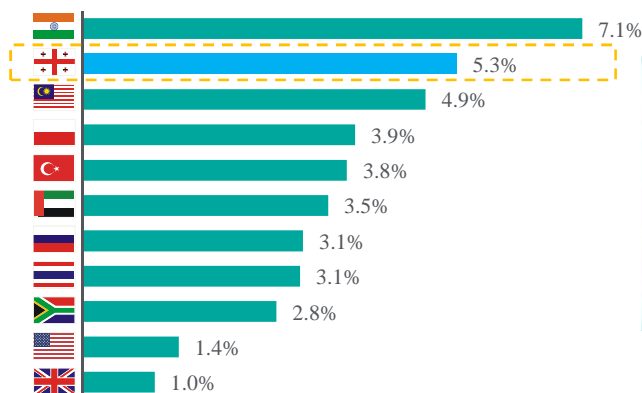




Long-term, high growth prospects *Georgia / strong economic performance*

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 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

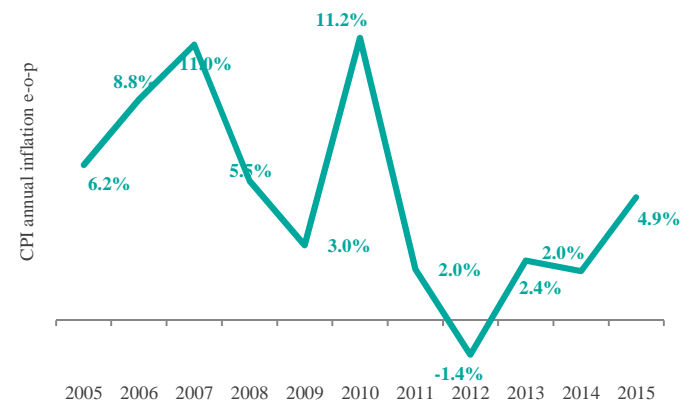
Prudent Fiscal Policy

"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

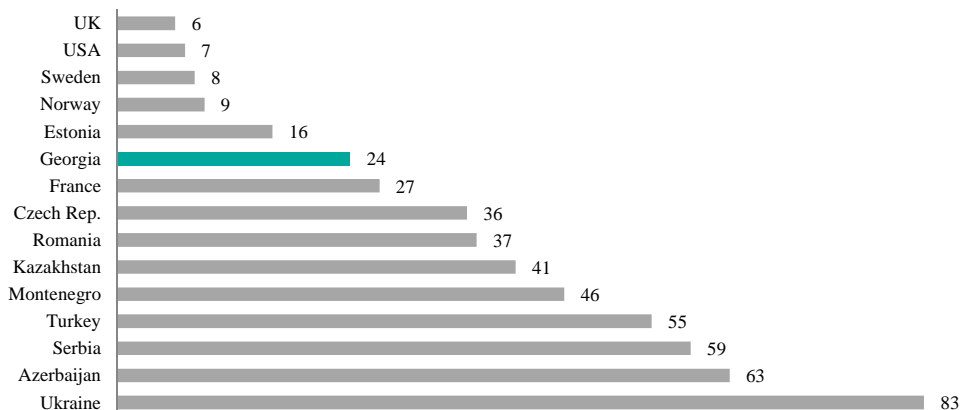
Monetary policy aims to maintain price stability with medium-term inflation target defined at 5% in 2016



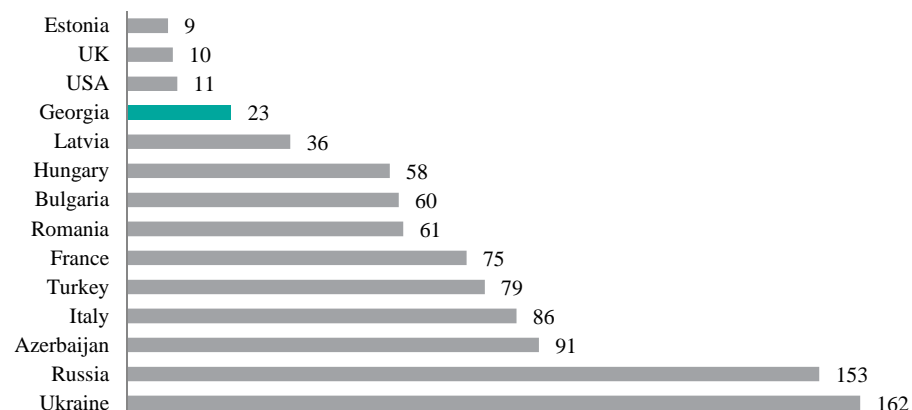
Long-term, high growth prospects

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

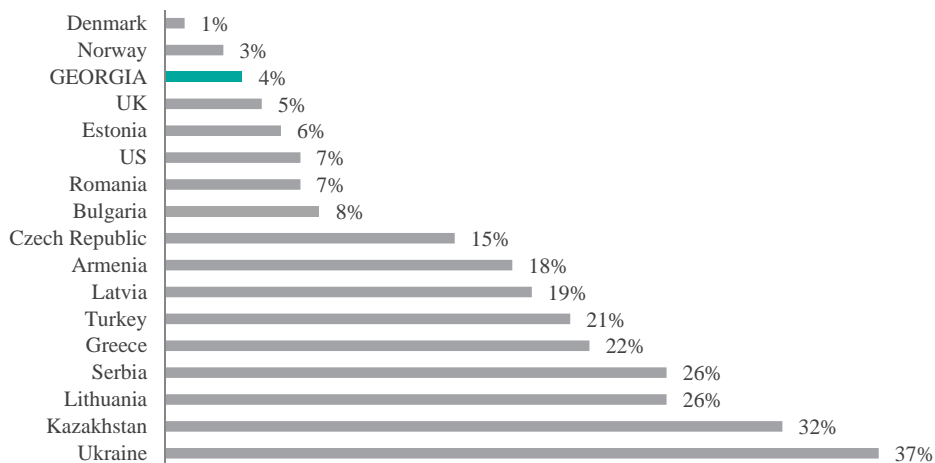
Ease of Doing Business | 2016 (WB-IFC Doing Business Report)



Economic Freedom Index | 2016 (Heritage Foundation)



Global Corruption Barometer | TI 2013



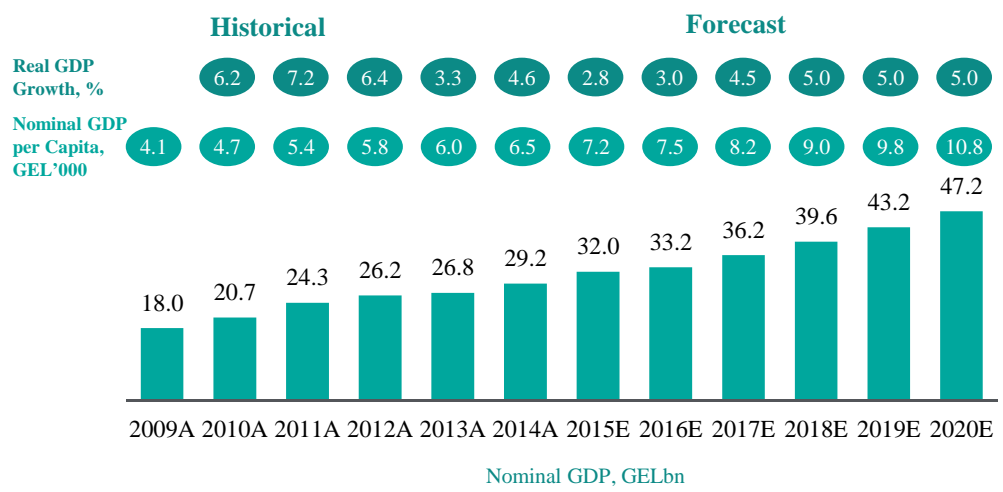
GEORGIA - No 1
Reformer 2005-2012
(WB Doing Business Report)



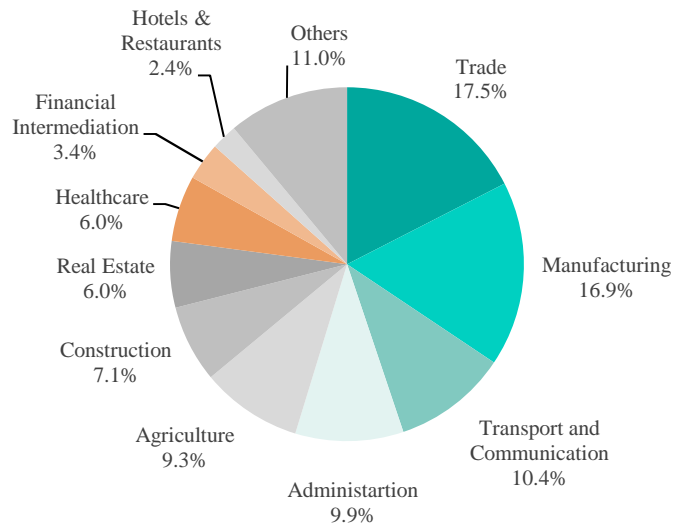
Long-term, high growth prospects

Georgia | positive economic outlook

GDP Growth Expected to Continue



GDP composition, FY 2014



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\$1.6bn in 2015 up 8.0% y-o-y, 5.9mln visitors in 2015 (up 6.9% 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\$ 1.02bn in 9M15)
- Net remittances of US\$0.91bn in 2015 (down 28.0%)
- 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

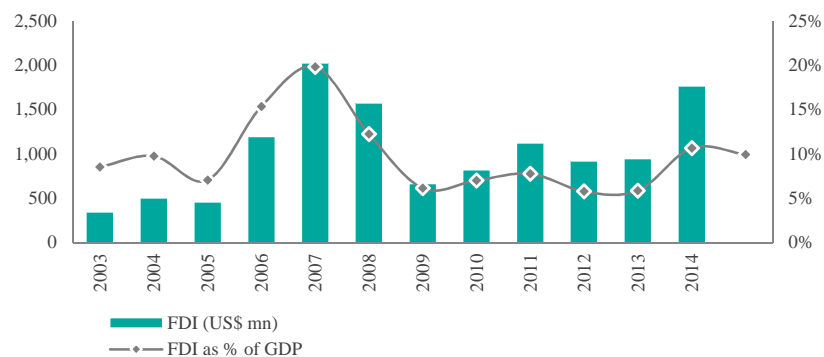
- Only 20% of hydropower capacity utilized; 66 hydropower stations are being built/developed
- Net electricity exporter from 2007-2011 (net importer in 2012 and 2013 due to low precipitation)
- Significantly boosted transmission capacity in recent years



Diversified sources of capital flow

FDI inflows

US\$1.02 bln in 9M15, down 17.3%



Sources: Geostat

Number of tourists

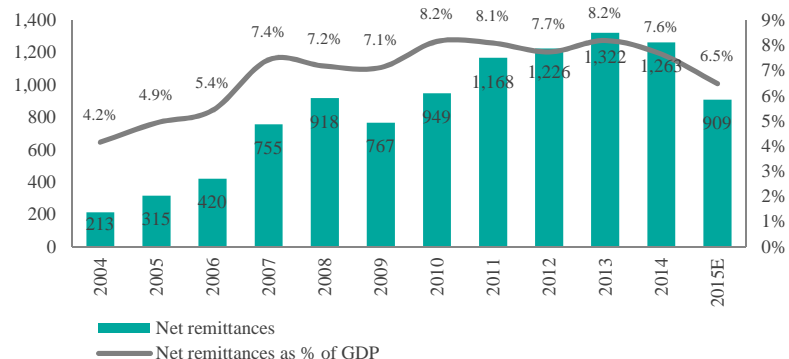
5.9mln visitors in 2015, up 6.9%



Sources: Georgian National Tourism Agency, National Bank of Georgia, Galt&Taggart Research
Note: 2015 year tourist revenue figures is an estimate.

Net remittances

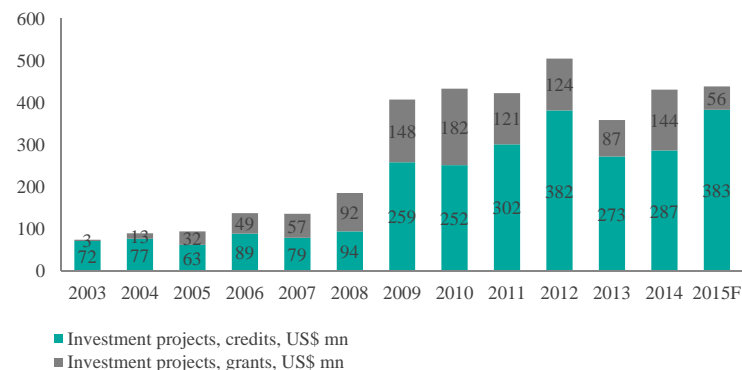
US\$1.08 bln in 2015, down 25.0%



Source: National Bank of Georgia

Public donor funding

US\$ mln

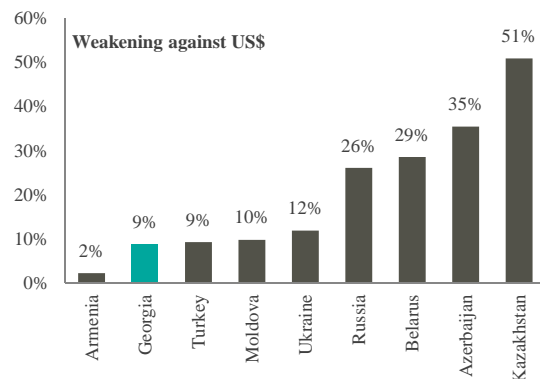


Source: National Bank of Georgia



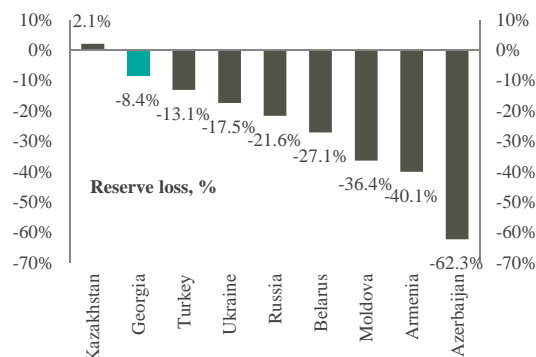
Global, regional and local factors fully affected lari in 2015

Stronger dollar, regional economic problems and domestic expectations fed into GEL moves...



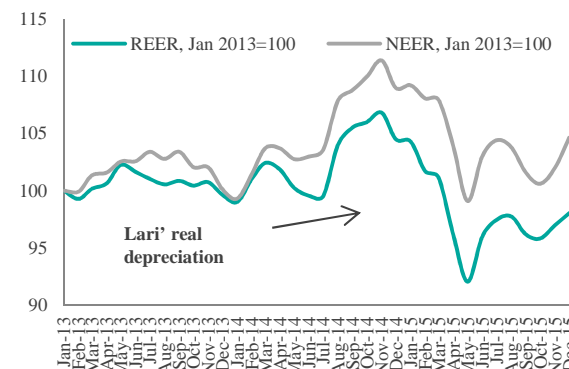
Source: Bloomberg
Note: 1 August 2015 - 25 January 2016

...and Georgia used less reserves to support GEL compared to peers



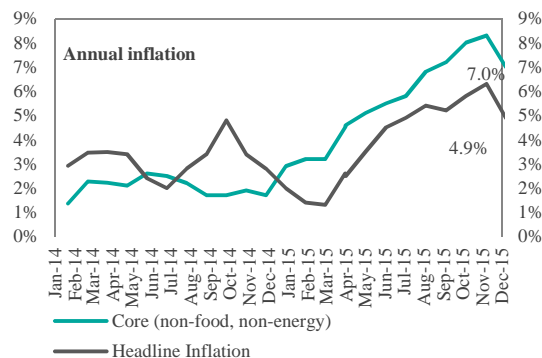
Source: IMF
Note: Nov-2015 vs Aug-2014; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

GEL remained competitive....



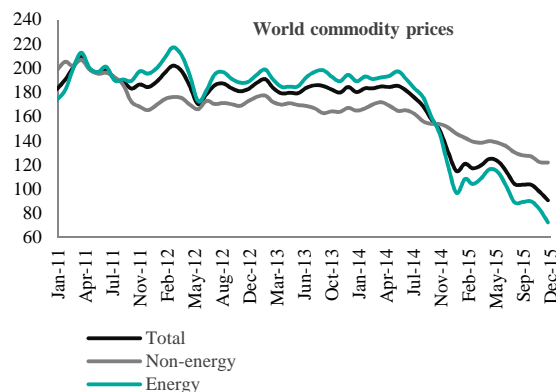
Source: NBG

Inflation remained low in Georgia, compared to neighbour countries...



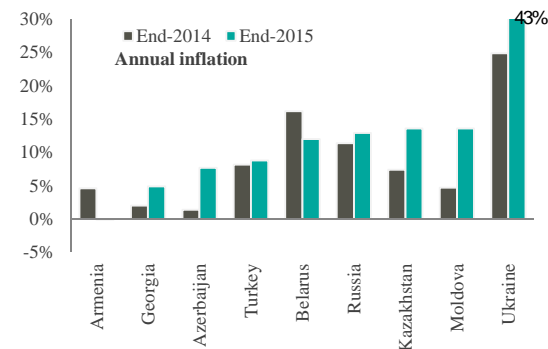
Source: GeoStat, NBG

...helped by lower world commodity prices...



Source: IMF
Note: Commodity price indices, 2005=100

...and elevated commodity prices in peers



Source: National statistics offices
Note: Latest Dec 2015



 GHG | Overview and strategy

 GHG | Results discussion

 Industry and Macroeconomic Overview

 **Annexes**

Consensus Target Price is 2.24 GBP

citi



GBP 2.35

Renaissance
Capital



GBP 2.14

Numis
Corporation Plc



GBP 2.25

Jefferies



GBP 2.20

Segment overview – healthcare services

Healthcare services is the largest provider of healthcare services in Georgia and operates a vertically integrated network of 35 hospitals and 10 ambulatory clinics

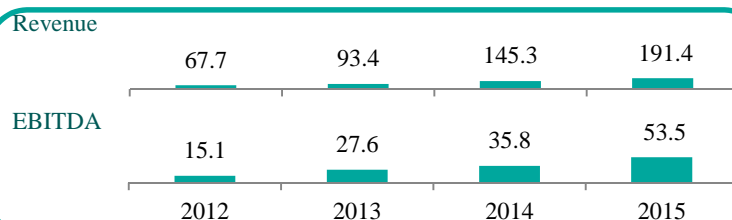
Key Highlights

- Provides a comprehensive range of inpatient and outpatient healthcare services
- 26.6% market share by number of beds, 5x the size of the nearest competitor
 - 2,670 beds in total
- 2,705 physicians and 2,738 nursing staff⁽¹⁾

Medical Specialties

- | | |
|--------------------------|------------------------------|
| ✓ Cardiology | ✓ Traumatology – orthopedics |
| ✓ Cardiovascular surgery | ✓ Gynecology |
| ✓ Dialysis | ✓ Conservative medicine |
| ✓ General Surgery | ✓ Oncology |
| ✓ Intensive care | ✓ ER – Emergency |
| ✓ Neurosurgery | ✓ Diagnostics |

Key Financials (GELm)



Hospital Development / M&A Track Record

	Developed / Greenfield	Acquisition
2008-2011	3 ambulatory	11 hospitals
2012	6 hospitals	10 hospitals
2013	4 hospitals + 1 ambulatory	3 hospitals
2014	1 ambulatory	6 hospitals
2015	5 ambulatory	2 hospitals

1 Referral and Specialty Hospitals

- Provides secondary or tertiary level outpatient and inpatient diagnostic, surgical and treatment services

of facilities: 16

2 Community Hospitals

- Provides basic outpatient and inpatient diagnostic, surgical and treatment services

of facilities: 19

3 Ambulatory Clinics

- Provides outpatient diagnostic and treatment services
- High margin business

of facilities: 10

Refers patients for inpatient / outpatient services Refers patients for secondary or tertiary level treatment

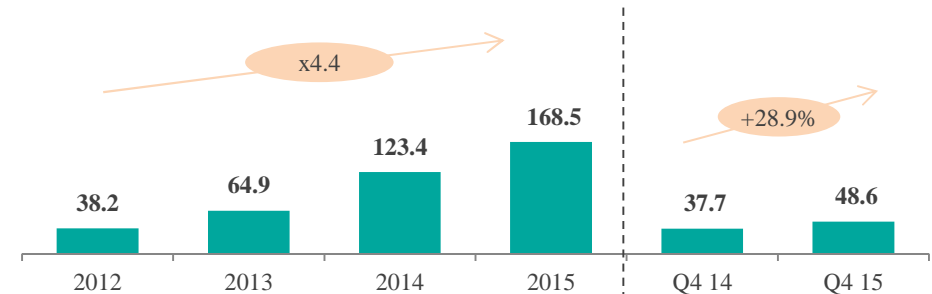


Overview

- GHG owns and operates 16 referral and specialty hospitals, with a total of 2,209 beds
 - Contributed ~88.0% of healthcare services revenue in 2015
 - 59.3% bed utilisation in 2015
 - Average length of stay in 2015 - 4.9
- Hospitals are located in Tbilisi and major regional cities and provide secondary or tertiary level outpatient and inpatient diagnostic, surgical and treatment services
 - Hospitals serve as hubs for patients within a given region
- Services are typically priced at an average 10-15% higher than community hospitals
- 7,002 employees, of which 1,799 physicians and 2,171 nurses⁽¹⁾
 - On average 438 employees per hospital, of which 112 physicians and 136 nurses

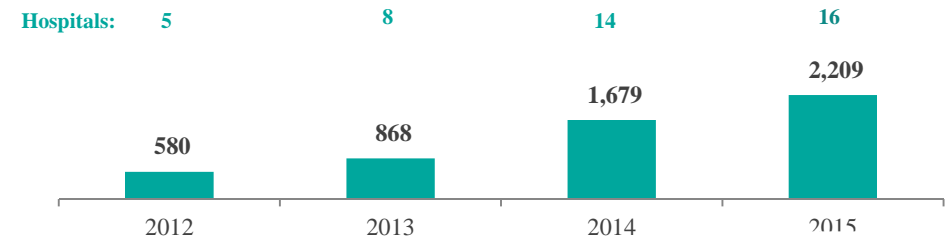
Referral Hospitals Revenue (GELm)

GEL millions

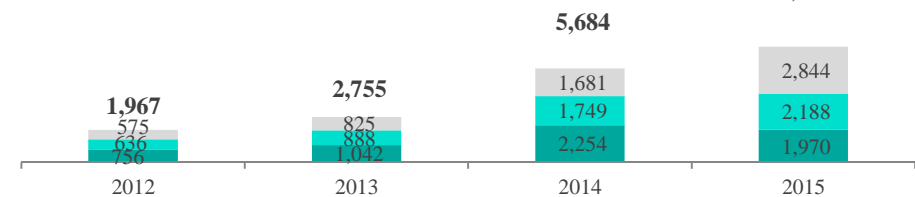


Key Performance Indicators

Facilities – Beds / Hospitals



Clinical Staff



■ Other ■ Nurses ■ Physicians



Referral hospitals – *selected financial and operating data*

#	Name of Referral Hospital	Number of operating beds at the end of 2015	Utilization % during 2015	Net Revenue 2015 (Gel mln)	Net Revenue 2014 (Gel mln)	Change, y-o-y
1	KNMC	220	79.3%	31.0	25.8	20%
2	Iashvili Paediatric Tertiary	266	74.8%	25.2	19.8	27%
3	Children's new	110	81.8%	16.8	12.2	38%
4	HTMC Hospital ¹	450	70.0%	16.7	n/a	n/a
5	Batumi Regional	134	61.9%	13.8	14.0	-2%
6	Zugdidi Regional	186	55.4%	13.5	11.2	20%
7	Kutaisi	124	61.2%	10.6	9.3	14%
8	Caraps Speciality	60	23.8%	9.9	9.8	1%
9	Batumi Paediatric Regional	120	68.8%	8.4	4.9	72%
10	Traumatology ²	60	41.9%	7.6	2.4	n/a
11	Sunstone ²	152	28.5%	5.0	2.7	85%
12	Telavi	70	39.3%	3.8	3.4	12%
13	Akhaltikhe ³	50	27.9%	2.5	2.4	3%
14	New Life	82	39.8%	2.4	2.2	9%
15	Saint Nikolozi Surgery and Oncology ³	45	18.5%	1.7	2.1	-19%
16	Deka	80	n/a	1.1	-	n/a
	Inter-hospital eliminations and other revenue			(1.5)	1.0	
	Total	2,209	59.3%	168.5	123.4	36.6%

Note 1: HTMC revenue 2015 figure is for five (5) months (Aug-Dec 2015 period) – a period since acquisition of HTMC by GHG.

Full year 2015 revenue of HTMC comprised GEL 41.9mln

Note 2: Traumatology and Sunstone revenue 2014 figures are for four (4) months (Sep-Dec 2014 period) – a period since acquisition of Traumatology and Sunstone by GHG

Note 3: Akhaltikhe and Saint Nikolozi Surgery and Oncology hospitals were under renovation during 2015

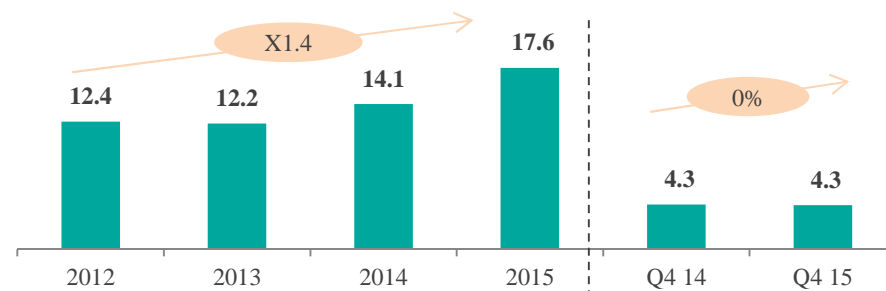


Overview

- GHG owns and operates 19 hospitals and 461 beds⁽¹⁾
 - Contributed ~9.2% of healthcare services revenue in 2015
 - 19.3% bed utilisation in 2015
 - Average length of stay in 2015 – 2.8
- Located in regional towns and municipalities and offer basic outpatient and inpatient diagnostic, surgical and treatment services to the local population
- Referral hierarchical clinical system allows for patients to benefit from the entire treatment pathway to referral hospitals for secondary or tertiary level treatment
- Services are typically priced at an average 10-15% lower than referral hospitals
- 1,764 employees, of which 616 physicians and 501 nurses
 - On average 93 employees per hospital, of which 32 physicians and 26 nurses

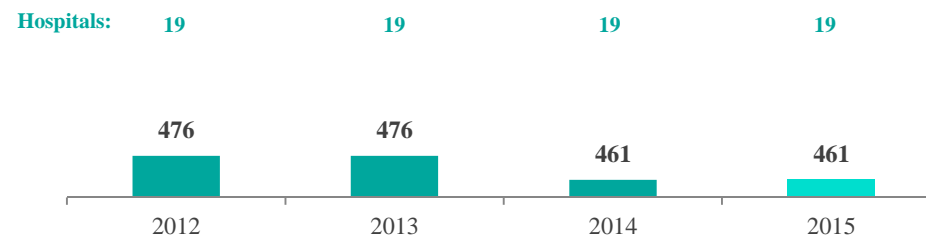
Community Hospitals Revenue (GELm)

GEL millions

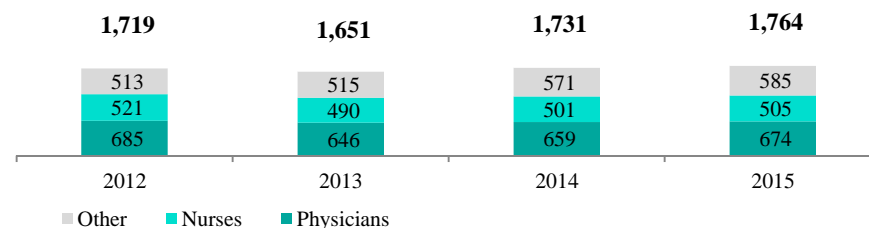


Key Performance Indicators

Facilities – Beds / Hospitals



Clinical Staff





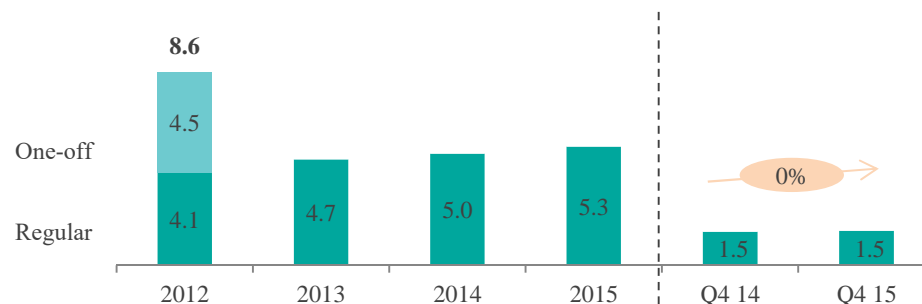
Overview of ambulatory clinics

Overview

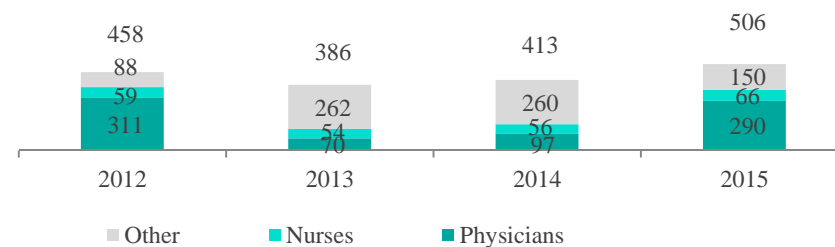
- Opened the first ambulatory clinic in 2006; since then the company has acquired and integrated 5 facilities
- Operates 10 ambulatory clinics that provide outpatient diagnostic and treatment services⁽¹⁾
 - Contributed ~2.8% of healthcare services revenue in 2015
 - Generates the highest margin and management believes this segment will become the largest source of future growth
- Clinics are located in Tbilisi and major regional cities
- Currently developing networks of clinics organised in cluster models, whereby 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
 - Serves as the first feeder into the patient treatment pathway
- Strategy of aggressive rollout with the launch of 20-30 clinics over the next 2-3 years
- 506 employees, of which 290 are physicians and 66 are nurses
 - On average 51 employees per clinic

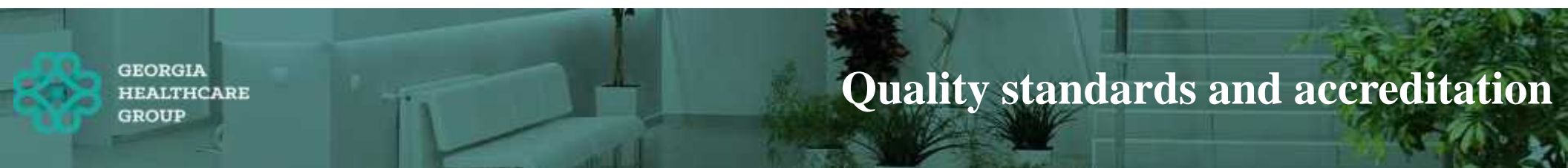
Revenue (GELm)

GEL millions



Clinical Staff





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



New Training Centre

- ✿ 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 launched residency programs in 8 medical directions/specialties: Anesthesiology and ICU; Obstetrics and Gynecology; Laboratory Medicine; Pediatrics; Neonatology; Children's Emergency Care (ICU); Children's Neurology; Children's cardio Enterology
- ✿ Healthcare services signed MOU with Tvildiani Medical university and established mutual nurse collage. More than 200 nurses will graduate collage per year.
- ✿ Healthcare services learning Center (ELC) also developed external nurse courses in 4 regions (Adjara, Samegrelo, Imereti and Samtskhe-Javakheti) of Georgia, where more than 200 new nurses from external institutions started their trainings
- ✿ 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



Overview of medical insurance

Medical insurance overview

- Medical insurance is a **significant synergistic contributor to healthcare services outpatient strategy**. It helps to easily rollout the network of new ambulatory clinics. Having the largest share in privately insured individuals market in the country, it stipulates the flow of insured patients to newly opened outpatient facilities practically from day one.
- Largest provider of medical insurance in Georgia with a 38% market share
- Customer base comprises:
 - Employers who purchase coverage for their staff
 - Self-pay individuals, principally middle and upper income Georgians
- Managed independently from healthcare services but shares some centralised functions

Key Services Offered

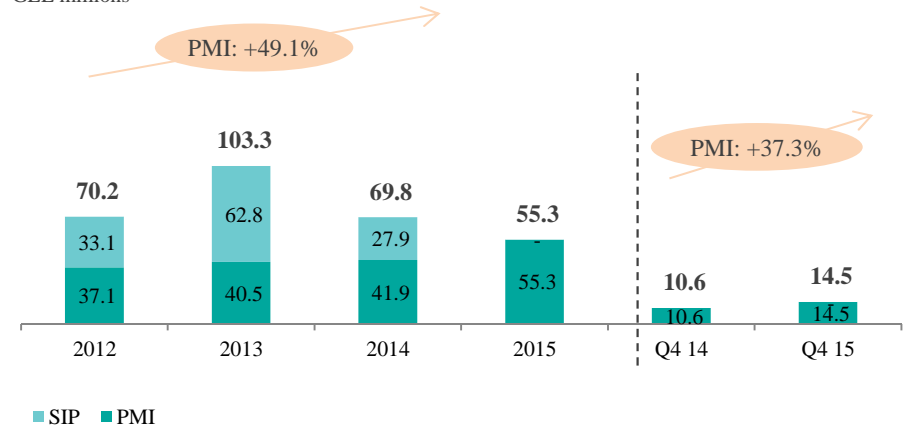
- Broad range of insurance packages to cover the costs of inpatient, outpatient, dental, pregnancy, and oncology treatment and medicine
- Different monthly premiums and coverage limits based on individual requirements
- Shift in focus to selling private medical insurance due to the impact of the introduction of the UHC on state-funded insurance
- Key part of the vertically integrated business model – medical insurance converts insurance claims into revenue for the healthcare services business

Key Performance Indicators

<u>KPI</u>	<u>FY15</u>
Loss Ratio	83.4%
Expense Ratio	13.4%
Combined Ratio	96.7%
Insurance renewal rate (corporate clients)	92.0%

Net insurance premiums earned

GEL millions





GHG healthcare facilities

Before

After





GHG healthcare facilities



Note: pictures are from GHG healthcare facilities



Income Statement, full year

GEL thousands; unless otherwise noted

	Healthcare services			Medical insurance			Eliminations		Total GHG		
	FY15	FY14	Change, Y-o-Y	FY15	FY14	Change, Y-o-Y	FY15	FY14	FY15	FY14	Change, Y-o-Y
Revenue, gross	195,032	147,165	32.5%	55,256	69,759	-20.8%	(7,615)	(18,776)	242,673	198,148	22.5%
Corrections & rebates	(3,608)	(1,816)	98.7%	-	-	-	-	-	(3,608)	(1,816)	98.7%
Revenue, net	191,424	145,349	31.7%	55,256	69,759	-20.8%	(7,615)	(18,776)	239,065	196,332	21.8%
Cost of services	(107,291)	(83,298)	28.8%	(46,076)	(61,233)	-24.8%	7,431	18,465	(145,936)	(126,066)	15.8%
Cost of salaries and other employee benefits	(68,014)	(53,949)	26.1%	-	-	-	2,685	7,445	(65,329)	(46,504)	40.5%
Cost of materials and supplies	(29,097)	(18,139)	60.4%	-	-	-	1,149	2,503	(27,948)	(15,636)	78.7%
Cost of medical service providers	(2,423)	(4,517)	-46.3%	-	-	-	96	623	(2,327)	(3,894)	-40.2%
Cost of utilities and other	(7,757)	(6,693)	15.9%	-	-	-	306	924	(7,451)	(5,769)	29.2%
Net insurance claims incurred	-	-	-	(46,076)	(61,233)	-24.8%	3,195	6,970	(42,881)	(54,263)	-21.0%
Gross profit	84,133	62,051	35.6%	9,180	8,526	7.7%	(184)	(311)	93,129	70,266	32.5%
Salaries and other employee benefits	(23,075)	(16,055)	43.7%	(3,642)	(4,060)	-10.3%	202	311	(26,515)	(19,804)	33.9%
General and administrative expenses	(7,860)	(6,933)	13.4%	(2,660)	(2,516)	5.7%	3	-	(10,517)	(9,449)	11.3%
Impairment of healthcare services, insurance premiums and other receivables	(3,140)	(4,209)	-25.4%	(308)	(925)	-66.7%	-	-	(3,448)	(5,134)	-32.8%
Other operating income	3,468	937	270.2%	43	46	-5.5%	(21)	-	3,490	983	255.0%
EBITDA	53,526	35,791	49.6%	2,613	1,071	144.0%	-	-	56,139	36,862	52.3%
EBITDA margin	27.4%	24.3%		4.7%	1.5%				23.1%	18.6%	
Depreciation and amortisation	(11,973)	(6,998)	71.1%	(692)	(632)	9.6%	-	-	(12,665)	(7,630)	66.0%
Net interest (expense) / income	(20,352)	(13,138)	54.9%	71	332	-78.7%	-	-	(20,281)	(12,806)	58.4%
Net (losses) / gains from foreign currencies	1,312	(2,820)	NMF	785	326	141.3%	-	-	2,097	(2,494)	NMF
Net non-recurring (expense) / income	(960)	578	NMF	(722)	-	NMF	-	-	(1,682)	578	NMF
Profit before income tax expense	21,553	13,413	60.7%	2,055	1,097	87.3%	-	-	23,608	14,510	62.7%
Income tax (expense) / benefit	307	(1,145)	NMF	(298)	(101)	195.1%	-	-	9	(1,246)	NMF
Profit for the period	21,860	12,268	78.2%	1,757	996	76.4%	-	-	23,617	13,264	78.1%
Attributable to:											
- shareholders of the Company	17,894	9,211	94.3%	1,757	996	76.4%	-	-	19,651	10,207	92.5%
- non-controlling interests	3,966	3,057	29.7%	-	-	-	-	-	3,966	3,057	29.7%



Revenue by business line

(GEL thousands, unless otherwise noted)			
	<u>FY15</u>	<u>FY14</u>	<u>Change, Y-o-Y</u>
Revenue from healthcare service, gross	195,032	147,165	32.5%
Corrections & rebates	(3,608)	(1,816)	98.7%
Healthcare services revenue, net	191,424	145,349	31.7%
Referral and specialty hospitals	168,527	123,402	36.6%
Community hospitals	17,623	14,124	24.8%
Ambulatory clinics	5,274	4,961	6.3%
Ambulance and rural primary care	-	2,862	-100.0%
Net insurance premiums earned	55,256	69,759	-20.8%
State funded medical insurance products	-	27,910	-100.0%
Private medical insurance products sold to retail clients	5,406	3,607	49.9%
Private medical insurance products sold to corporate clients	49,850	38,242	30.4%
Eliminations	(7,615)	(18,776)	-59.4%
Total Revenue, gross	242,673	198,148	22.5%

Revenue by sources of payment

(GEL thousands, unless otherwise noted)			
	<u>FY15</u>	<u>FY14</u>	<u>Change, Y-o-Y</u>
Revenue from healthcare service, gross	195,032	147,165	32.5%
Corrections & rebates	(3,608)	(1,816)	98.7%
Healthcare services revenue, net	191,424	145,349	31.7%
Government-funded healthcare programs	145,732	80,913	80.1%
Out-of-pocket payments by patients	34,802	32,623	6.7%
Private medical insurance companies, of which:	10,890	31,813	-65.8%
medical insurance	7,431	18,465	-59.8%
Net insurance premiums earned	55,256	69,759	-20.8%
State funded medical insurance products	-	27,909	-100.0%
Private medical insurance products	55,256	41,850	32.0%
Eliminations	(7,615)	(18,776)	-59.4%
Total Revenue, gross	242,673	198,148	22.5%

Cost of services and Gross profit

(GEL thousands, unless otherwise noted)			
	<u>FY15</u>	<u>FY14</u>	<u>Change, Y-o-Y</u>
Cost of healthcare services	(107,291)	(83,298)	28.8%
Cost of salaries and other employee benefits	(68,014)	(53,949)	26.1%
Cost of materials and supplies	(29,097)	(18,139)	60.4%
Cost of medical service providers	(2,423)	(4,517)	-46.3%
Cost of utilities and other	(7,757)	(6,693)	15.9%
Net insurance claims incurred	(46,076)	(61,233)	-24.8%
Eliminations	7,431	18,465	-59.8%
Total cost of services	(145,936)	(126,066)	15.8%
Gross profit	93,129	70,266	32.5%
<i>Gross margin</i>	<i>38.4%</i>	<i>35.5%</i>	

Operating expense and EBITDA

(GEL thousands, unless otherwise noted)			
	<u>FY15</u>	<u>FY14</u>	<u>Change, Y-o-Y</u>
Operating expenses of healthcare services business	(30,607)	(26,260)	16.6%
Salaries and other employee benefits	(23,075)	(16,055)	43.7%
General and administrative expenses	(7,860)	(6,933)	13.4%
Impairment of healthcare services, insurance premiums and other receivables	(3,140)	(4,209)	-25.4%
Other operating income	3,468	937	270.2%
Operating expenses of medical insurance business	(6,567)	(7,455)	-11.9%
Eliminations	184	311	-40.7%
Total operating expenses	(36,990)	(33,404)	10.7%
EBITDA	56,139	36,862	52.3%
<i>Of which:</i>			
<i>EBITDA of healthcare services business</i>	<i>53,526</i>	<i>35,791</i>	<i>49.6%</i>
<i>EBITDA margin of healthcare services business</i>	<i>27.4%</i>	<i>24.3%</i>	



GHG | 4Q15 financial results

Income Statement, quarterly

	Healthcare services					Medical insurance					Eliminations			Total				
<i>GEL thousands; unless otherwise noted</i>	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	4Q15	4Q14	3Q15	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q
Revenue, gross	55,481	44,143	25.7%	51,131	8.5%	14,532	10,588	37.3%	14,359	1.2%	(1,293)	(467)	(2,135)	68,720	54,264	26.6%	63,355	8.5%
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%	-	-	-	-	-	-	-	-	(1,086)	(643)	68.9%	(680)	59.7%
Revenue, net	54,395	43,500	25.0%	50,451	7.8%	14,532	10,588	37.3%	14,359	1.2%	(1,293)	(467)	(2,135)	67,634	53,621	26.1%	62,675	7.9%
Cost of services	(30,007)	(23,854)	25.8%	(28,821)	4.1%	(12,917)	(10,962)	17.8%	(11,286)	14.4%	1,306	375	2,101	(41,618)	(34,441)	20.8%	(38,006)	9.5%
Cost of salaries and other employee benefits	(18,256)	(15,529)	17.6%	(18,736)	-2.6%	-	-	-	-	-	449	33	794	(17,807)	(15,496)	14.9%	(17,942)	-0.8%
Cost of materials and supplies	(8,871)	(5,557)	59.6%	(7,503)	18.2%	-	-	-	-	-	240	76	318	(8,631)	(5,481)	57.5%	(7,185)	20.1%
Cost of medical service providers	(593)	(888)	-33.2%	(848)	-30.1%	-	-	-	-	-	13	(205)	37	(580)	(1,093)	-46.9%	(811)	-28.5%
Cost of utilities and other	(2,287)	(1,880)	21.7%	(1,734)	31.9%	-	-	-	-	-	60	-	72	(2,227)	(1,880)	18.5%	(1,662)	34.0%
Net insurance claims incurred	-	-	-	-	-	(12,917)	(10,962)	17.8%	(11,286)	14.4%	544	471	880	(12,373)	(10,491)	17.9%	(10,406)	18.9%
Gross profit	24,388	19,646	24.1%	21,630	12.7%	1,615	(374)	NMF	3,073	-47.5%	13	(92)	(34)	26,016	19,180	35.6%	24,669	5.5%
Salaries and other employee benefits	(6,178)	(4,933)	25.2%	(6,060)	1.9%	(636)	(485)	31.2%	(1,078)	-41.0%	4	92	34	(6,810)	(5,326)	27.9%	(7,104)	-4.1%
General and administrative expenses	(2,219)	(2,147)	3.3%	(1,954)	13.5%	(839)	(660)	27.2%	(558)	50.3%	-	-	2	(3,058)	(2,807)	8.9%	(2,510)	21.8%
Impairment of healthcare services, insurance premiums and other receivables	(460)	(2,888)	-84.1%	(943)	-51.3%	(152)	(573)	-73.4%	(47)	225.5%	-	-	-	(612)	(3,461)	-82.3%	(990)	-38.2%
Other operating income	1,008	(381)	NMF	1,969	-48.8%	(5)	(70)	-92.9%	(3)	97.3%	(17)	-	(2)	986	(451)	NMF	1,964	-49.8%
EBITDA	16,539	9,297	77.9%	14,642	13.0%	(17)	(2,162)	-99.2%	1,387	NMF	-	-	-	16,522	7,135	131.6%	16,029	3.1%
EBITDA margin	29.8%	21.1%		28.6%		-0.1%	-20.4%		9.7%					24.0%	13.1%		25.3%	
Depreciation and amortization	(4,046)	(1,813)	123.2%	(3,327)	21.6%	(249)	(157)	58.5%	(155)	60.9%	-	-	-	(4,295)	(1,970)	118.0%	(3,482)	23.3%
Net interest (expense) / income	(5,535)	(3,633)	52.4%	(4,733)	16.9%	158	71	121.1%	(53)	NMF	-	-	-	(5,377)	(3,562)	51.0%	(4,786)	12.3%
Net (losses) / gains from foreign currencies	(1,586)	(166)	NMF	(1,982)	-20.0%	(6)	176	NMF	223	NMF	-	-	-	(1,592)	10	NMF	(1,759)	-9.5%
Net non-recurring (expense) / income	484	(791)	NMF	(677)	NMF	(676)	31	NMF	(46)	NMF	-	-	-	(192)	(760)	-74.7%	(723)	-73.4%
Profit before income tax expense	5,856	2,894	102.3%	3,923	49.3%	(790)	(2,041)	-61.3%	1,356	NMF	-	-	-	5,066	853	493.9%	5,279	-4.0%
Income tax (expense) / benefit	(206)	(290)	-28.9%	(195)	6.0%	192	381	-49.7%	164	16.6%	-	-	-	(14)	91	NMF	(31)	-54.8%
Profit for the period	5,650	2,604	117.0%	3,728	51.6%	(598)	(1,660)	-64.0%	1,520	NMF	-	-	-	5,052	944	435.2%	5,248	-3.7%
Attributable to:																		
- shareholders of the Company	4,421	1,767	150.2%	2,453	80.3%	(598)	(1,660)	-64.0%	1,520	NMF	-	-	-	3,823	107	NMF	3,973	-3.8%
- non-controlling interests	1,229	837	46.9%	1,275	-3.6%	-	-	-	-	-	-	-	-	1,229	837	46.8%	1,275	-3.6%



Revenue by business line

<i>(GEL thousands, unless otherwise noted)</i>	<u>4Q15</u>	<u>4Q14</u>	<u>Change, Y-o-Y</u>	<u>3Q15</u>	<u>Change, Q-o-Q</u>
Healthcare services revenue, gross	55,481	44,143	25.7%	51,131	8.5%
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%
Healthcare services revenue, net	54,395	43,500	25.0%	50,451	7.8%
Referral and specialty hospitals	48,565	37,676	28.9%	44,564	9.0%
Community hospitals	4,291	4,327	-0.8%	4,672	-8.2%
Ambulatory clinics	1,539	1,497	2.8%	1,215	26.7%
Net insurance premiums earned	14,532	10,588	37.3%	14,359	1.2%
Private medical insurance products sold to retail clients	1,540	951	61.9%	1,657	-7.1%
Private medical insurance products sold to corporate clients	12,992	9,637	34.8%	12,702	2.3%
Eliminations	(1,293)	(467)	176.8%	(2,135)	-39.4%
Total revenue, gross	68,720	54,264	26.6%	63,355	8.5%

Revenue by sources of payment

<i>(GEL thousands, unless otherwise noted)</i>	<u>4Q15</u>	<u>4Q14</u>	<u>Change, Y-o-Y</u>	<u>3Q15</u>	<u>Change, Q-o-Q</u>
Healthcare services revenue, gross	55,481	44,143	25.7%	51,131	8.5%
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%
Healthcare services revenue, net	54,395	43,500	25.0%	50,451	7.8%
Government-funded healthcare programs	43,130	32,776	31.6%	38,656	11.6%
Out-of-pocket payments by patients	8,811	8,866	-0.6%	8,894	-0.9%
Private medical insurance companies, of which:	2,454	1,858	32.1%	2,901	-15.4%
medical insurance	1,306	375	248.2%	2,101	-37.8%
Net insurance premiums earned	14,532	10,588	37.3%	14,359	1.2%
Private medical insurance products	14,532	10,588	37.3%	14,359	1.2%
Eliminations	(1,293)	(467)	176.8%	(2,135)	-39.4%
Total revenue, gross	68,720	54,264	26.6%	63,355	8.5%



Cost of services and Gross profit

(GEL thousands, unless otherwise noted)

	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q
Costs of healthcare service	(30,007)	(23,854)	25.8%	(28,821)	4.1%
Cost of salaries and other employee benefits	(18,256)	(15,529)	17.6%	(18,736)	-2.6%
Cost of materials and supplies	(8,871)	(5,557)	59.6%	(7,503)	18.2%
Cost of medical service providers	(593)	(888)	-33.2%	(848)	-30.1%
Cost of utilities and other	(2,287)	(1,880)	21.7%	(1,734)	31.9%
Net insurance claims incurred	(12,917)	(10,962)	17.8%	(11,286)	14.4%
Eliminations	1,306	375	248.2%	2,101	-37.8%
Total cost of services	(41,618)	(34,441)	20.8%	(38,006)	9.5%
Gross profit	26,016	19,180	35.6%	24,669	5.5%

Operating expense and EBITDA

(GEL thousands, unless otherwise noted)

	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q
Operating expense of healthcare service business	(7,849)	(10,349)	-24.2%	(6,988)	12.3%
Salaries and other employee benefits	(6,178)	(4,933)	25.2%	(6,060)	1.9%
General and administrative expenses	(2,219)	(2,147)	3.3%	(1,954)	13.5%
Impairment of healthcare services, insurance premiums and other receivables	(460)	(2,888)	-84.1%	(943)	-51.3%
Other operating income	1,008	(381)	NMF	1,969	-48.8%
Operating expense of medical insurance business	(1,632)	(1,788)	-8.7%	(1,685)	-3.1%
Eliminations	(13)	92	NMF	34	NMF
Total operating expense	(9,494)	(12,045)	-21.2%	(8,640)	9.9%
EBITDA, Of which:	16,522	7,135	131.6%	16,029	3.1%
EBITDA of healthcare services business	16,539	9,297	77.9%	14,642	13.0%
EBITDA margin of healthcare service business	29.8%	21.1%		28.6%	



Balance sheet

Balance Sheet		Healthcare services					Medical insurance					Total				
			Change,		Change,			Change,		Change,			Change,		Change,	
	Dec-15	Dec-14	Y-o-Y	Sep-15	Q-o-Q	Dec-15	Dec-14	Y-o-Y	Sep-15	Q-o-Q	Dec-15	Dec-14	Y-o-Y	Sep-15	Q-o-Q	
Total assets, of which:	703,309	355,043	98.1%	557,601	26.1%	67,372	62,910	7.1%	73,730	-8.6%	758,280	409,277	85.3%	622,021	21.9%	
Cash and bank deposits	139,085	25,586	443.6%	7,550	1742.1%	18,313	21,152	-13.4%	19,421	-5.7%	157,398	46,738	236.8%	26,971	483.6%	
Receivables from healthcare services	71,348	46,018	55.0%	67,831	5.2%	-	-	-	-	-	65,863	43,265	52.2%	62,695	5.1%	
Insurance premiums receivable	-	-	-	-	-	20,948	18,794	11.5%	29,128	-28.1%	20,663	17,673	16.9%	28,971	-28.7%	
Property and equipment	439,131	259,205	69.4%	420,518	4.4%	5,587	3,733	49.7%	3,786	47.6%	444,718	262,938	69.1%	424,304	4.8%	
Goodwill and other intangible assets	19,708	6,146	220.7%	16,576	18.9%	6,079	3,977	52.9%	6,012	1.1%	25,787	10,123	154.7%	22,588	14.2%	
Other assets	34,037	18,088	88.2%	45,126	-24.6%	16,445	15,254	7.8%	15,383	6.9%	43,851	28,540	53.6%	56,492	-22.4%	
Total liabilities, of which:	247,762	200,414	23.6%	328,465	-24.6%	47,937	45,228	6.0%	53,636	-10.6%	283,299	236,966	19.6%	372,791	-24.0%	
Borrowings	140,439	151,155	-7.1%	208,785	-32.7%	16,497	16,307	1.2%	18,571	-11.2%	152,762	162,860	-6.2%	223,339	-31.6%	
Accounts payable	29,160	8,591	239.4%	27,224	7.1%	1,016	-	-	1,010	0.6%	30,176	8,591	251.3%	24,689	22.2%	
Insurance contract liabilities	-	-	-	-	-	22,463	20,367	10.3%	27,997	-19.8%	21,351	17,583	21.4%	26,290	-18.8%	
Other liabilities	78,163	40,668	92.2%	92,456	-15.5%	7,961	8,554	-6.9%	6,058	31.4%	79,010	47,932	64.8%	98,473	-19.8%	
Total shareholders' equity	455,547	154,629	194.6%	229,136	98.8%	19,435	17,682	9.9%	20,094	-3.3%	474,981	172,311	175.7%	249,230	90.6%	

Sources: GHG Internal Reporting
 Note: healthcare services business and medical insurance business financials do not include interbusiness eliminations.



Selected ratios and KPIs

Selected ratios and KPIs	FY15	FY14	4Q15	4Q14	3Q15
GHG					
EPS, GEL	0.15	0.36	0.03	0.004	0.03
ROAE	6.9%	9.2%	5.0%	0.3%	8.3%
Adjusted ROAE	11.4%	9.2%	7.8%	0.3%	8.3%
Operating leverage	14.8%	-22.7%	6.6%	10.2%	5.5%
Group rent expenditure(8)	(1,672)	(2,353)	(527)	(736)	(455)
Group capex (maintenance) (9)	(7,214)	(4,190)	(3,767)	(927)	(778)
Group capex (growth)(10)	(63,941)	(36,451)	(30,489)	(19,038)	(10,542)
Total number of shares	131,181,820				
Less: Treasury shares	(3,500,000)				
Shares outstanding	128,181,820	28,334,829			
<i>Of which:</i>					
Total free float	42,550,000				
<i>Primary shares issued in IPO</i>	38,681,820				
<i>Secondary shares sold to the market</i>	3,868,180				
Shares held by BGEO	85,631,820				
Healthcare services					
EBITDA margin of healthcare services	27.4%	24.3%	29.8%	21.1%	28.6%
Direct salary rate (direct salary as % of revenue)	34.9%	36.7%	32.9%	35.2%	36.6%
Materials rate (direct materials as % of revenue)	14.9%	12.3%	16.0%	12.6%	14.7%
Administrative salary rate (administrative salaries as % of revenue)	11.8%	10.9%	11.1%	11.2%	11.9%
SG&A rate (SG&A expenses as % of revenue)	4.0%	4.7%	4.0%	4.9%	3.8%
Number of hospitals ⁽¹¹⁾	45	39	45	39	42
Number of beds	2,670	2,140	2,670	2,140	2,670
Average number of referral hospital beds	2,209	1,679	2,209	1,679	2,209
Bed occupancy rate	51.7%	49.1%	51.9%	50.3%	47.0%
<i>Bed occupancy rate, referral hospitals</i>	59.3%	55.4%	59.9%	57.1%	53.9%
<i>Bed occupancy rate, community hospitals</i>	19.3%	22.3%	18.4%	21.5%	18.9%
Average length of stay (days)	4.6	4.6	4.7	4.7	4.6
<i>Average length of stay (days), referral hospitals</i>	4.9	4.9	5.0	4.9	4.9
<i>Average length of stay (days), community hospitals</i>	2.8	3.1	2.7	3.0	2.8
Medical insurance					
Loss ratio	83.4%	87.7%	88.9%	103.5%	78.6%
Expense ratio	13.4%	11.8%	13.8%	14.7%	12.8%
Combined ratio	96.7%	99.5%	102.7%	118.3%	91.4%
Renewal rate	92.0%	91.9%	92.0%	91.6%	91.9%
Number of employees	9,709	8,050			
Number of physicians	2,705	2,394			
Number of nurses	2,738	2,264			
Nurse to doctor ratio	1.01 : 1	0.95 : 1			



Before



After



Before



After



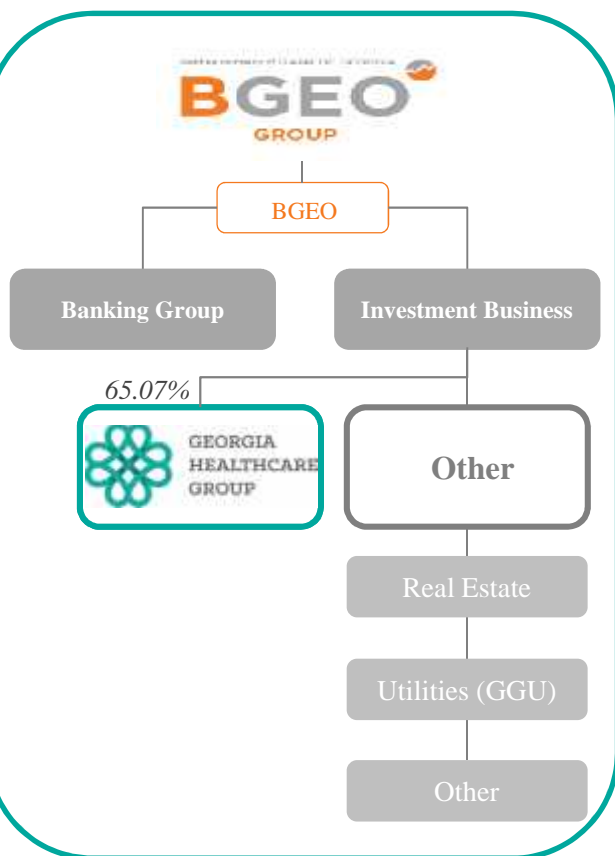


GEORGIA
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GROUP

Premium LSE listed parent group, with c.95% institutional shareholder base and strong track record for growth

65.07% Subsidiary of BGEO Group, holding company of Bank of Georgia - the leading bank in Georgia by total assets, total loans and client deposits

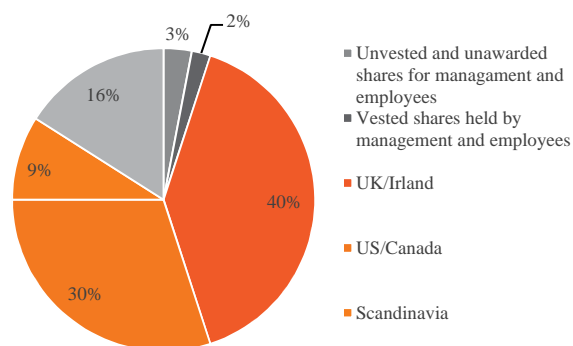
BGEO Group Structure



Diversified 95% Institutional Shareholder Base

Included in **FTSE 250** and
FTSE All-share Index Funds

As of 31 DEC 2015, BGEO's shareholder structure was as follows:



GHG Governance Is Lift & Drop Of BGEO Governance

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 do 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 two-year period, which is dependent on both Group performance and the executive achieving his KPIs.



Disclaimer

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.