



Our business and strategy

Pharma Business & new transaction (“ABC”)

Speaker: Nikoloz Gamkrelidze, CEO

GHG Investor Day

Tbilisi, Georgia | 23 November 2016

www.ghg.com.ge



- ❁ **Group overview and strategy**
- ❁ Pharma business and new transaction (ABC)
- ❁ Q&A



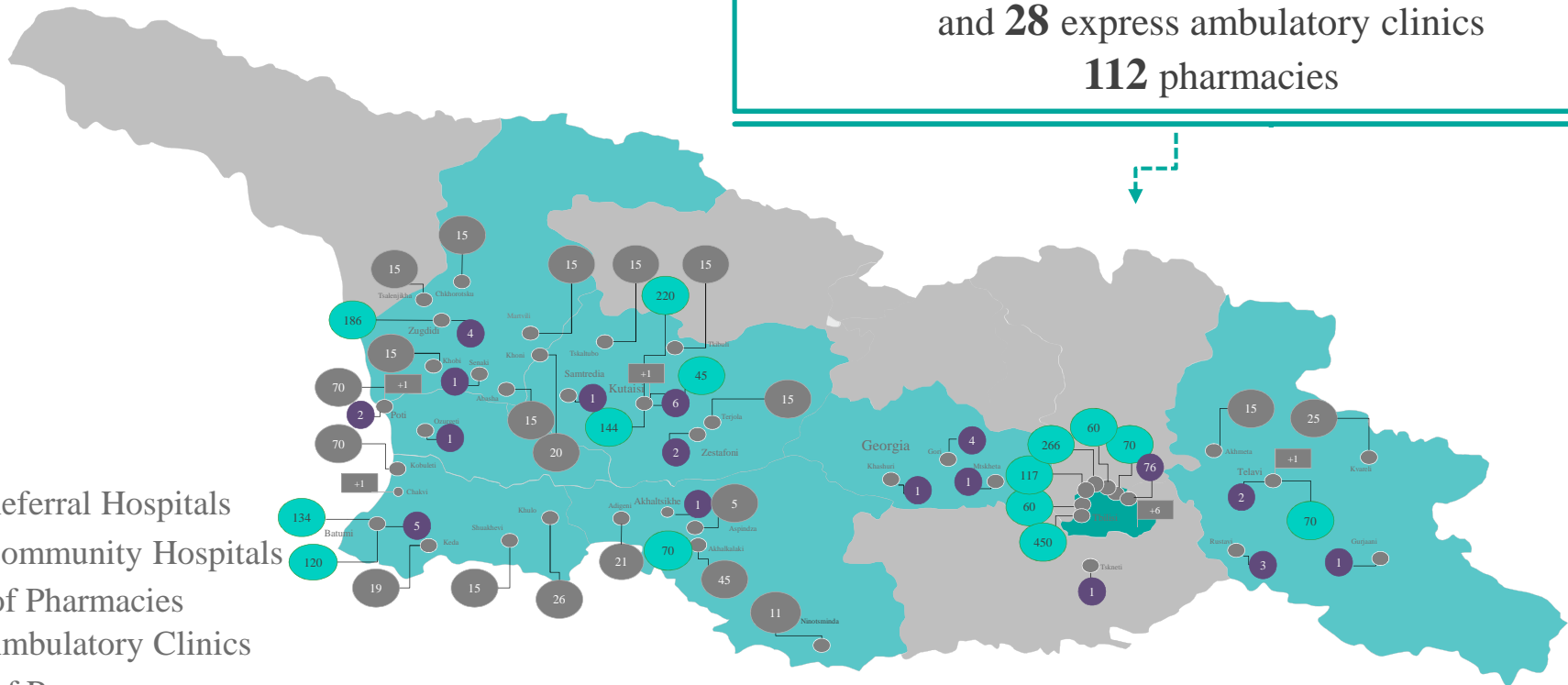
GHG has full presence in Georgian healthcare ecosystem

Segment	Hospitals	Ambulatory	Pharma	Insurance	
Market (2015)	GEL 1.2bln	GEL 0.9bln	GEL 1.3bln	GEL 0.17bln	
Market shares	BY REVENUE BEDs	BY REVENUE	BY REVENUE	BY REVENUE	
	In 2015	<1%	-	38%	
	Now	1.5%	15%	35%	
	YE2018	25% 28%	5%	30%+	30%+
	Long-term	30%+	15%+	30%+	30%+



Covering 3/4 of Georgia's population

2,474 hospital beds
15 referral hospitals
20 community hospitals
8 ambulatory clusters with **11** district ambulatory clinic
and **28** express ambulatory clinics
112 pharmacies



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

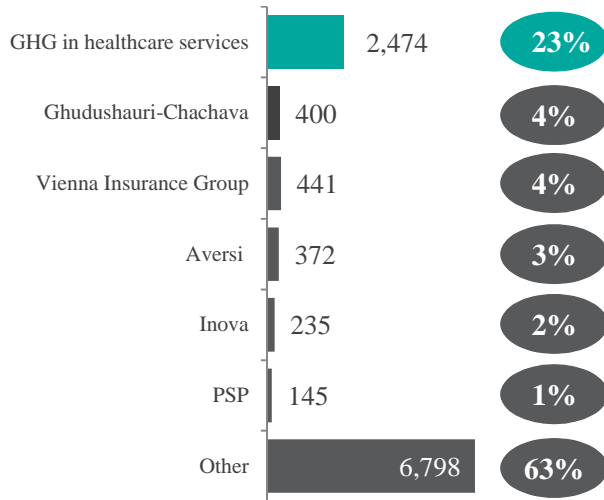
Sources:
(1) GHG internal reporting



GHG – clear leader in Georgian healthcare ecosystem

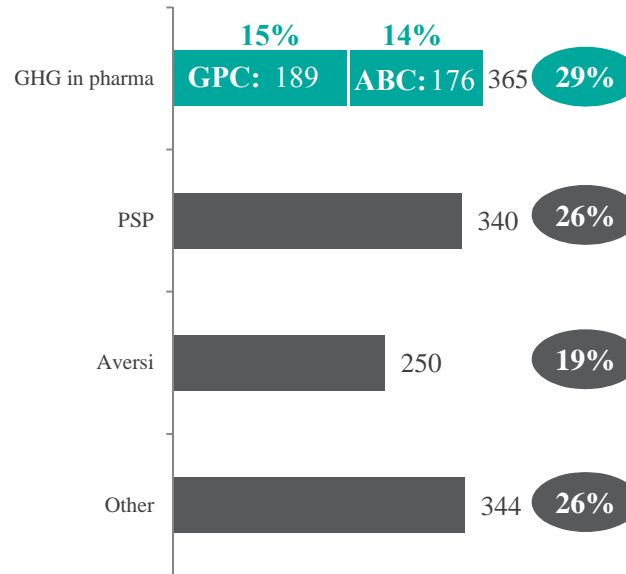
Hospitals

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



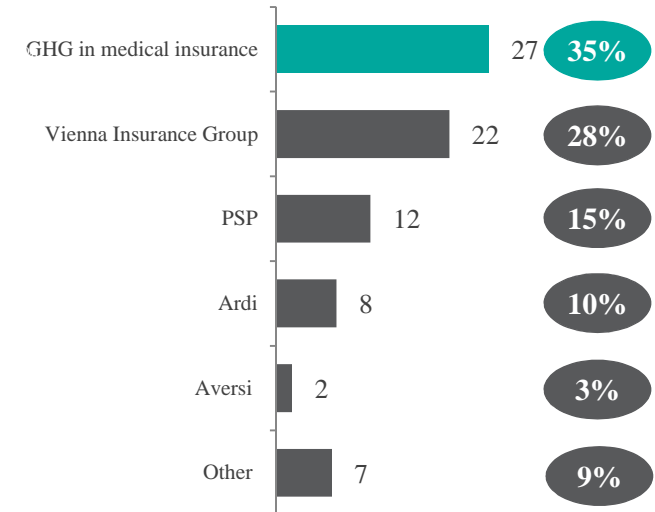
Pharma

(Revenue, GEL millions in 2015)⁽²⁾



Medical Insurance

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



● Market share

Sources:

(1) NCDC, data as of December 2015, updated by company to include changes before 30 September 2016

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

(3) Insurance State Supervision Service Agency of Georgia as of 30 June 2016

GHG is the single largest scale integrated player in the Georgian healthcare ecosystem



Healthcare services business

Referral hospitals operating with 2,012 beds providing secondary and tertiary level healthcare services

Community hospitals operating with 462 beds providing primary out- and inpatient healthcare services

8 ambulatory clusters providing primary outpatient services

Pharma

112 pharmacies 16 of which are located in our healthcare facilities

122 pharmacies

Medical insurance

GEL 8.3 million healthcare services revenue driven by medical insurance; **208,000 individuals insured**



GHG has full presence in Georgian healthcare ecosystem

Segment	Hospitals	Ambulatory	Pharma	Insurance
Market share Targets 2018 <small>(BY REVENUE)</small>	25%+	5%	30%+	30%+
P&L targets	<ul style="list-style-type: none">▪ Doubling 2015 revenue by 2018▪ With 30% EBITDA margin		8.0%+ EBITDA margin	<ul style="list-style-type: none">▪ Combined ratio <97%▪ Claims retained within GHG >50%



GHG has full presence in Georgian healthcare ecosystem

Segment	Hospitals	Ambulatory	Pharma	Insurance
Key focus areas in medium-term	<ul style="list-style-type: none">1 Enhancing footprint in Tbilisi2 Filling service gaps3 Strengthening existing services in elective care	<ul style="list-style-type: none">1 Accelerated footprint growth2 Aggressive sales growth through various channels (pharma, insurance, corporates, state programs)	<ul style="list-style-type: none">1 Enhancing retail margin (private label & contract manufacturing)2 Growing loyalty customers3 Growing wholesale revenue4 Cross-selling to ambulatory clinics	<ul style="list-style-type: none">1 Portfolio re-pricing and cost-efficiencies2 Redirecting more patients to GHG ambulatory clinics & pharmacies



Progress toward our strategic goals in 2016

Segment	Hospitals	Ambulatory	Pharma	Insurance
Market shares (now)	20%	1.5%	15%	35%
Progress toward our strategic goals in 2016	<ul style="list-style-type: none">▪ Renovations are on track for Deka & Sunstone (budget & schedule)▪ Launched 51 new services with target annual revenue of GEL 18.6mln	<ul style="list-style-type: none">▪ Launched 6 clusters▪ 2 more to be launched in 4Q16	<ul style="list-style-type: none">▪ Entered pharma segment by purchasing 3rd & 4th players▪ Successful GPC integration: synergies above initial guidance	<ul style="list-style-type: none">▪ Increased claims retained within the group from 17% to 22.6%▪ Turning the corner in profitability

Delivering long-term KPIs

<i>(GEL thousands)</i>	CURRENT	9M15	GROWTH	BASELINE
	(9M-2016)		y-o-y	(YEAR-2015)
	↓			↓
GHG CONSOLIDATED				
Revenue	288,512	173,716	66.1%	239,065
EBITDA	53,738	39,617	35.6%	56,139
ROAE (normilised) ⁽¹⁾	12.4%	12.9%		11.4%
HEALTHCARE SERVICES				
Revenue	176,639	137,028	28.9%	191,424
EBITDA margin	29.6%	26.5%		27.4%
PHARMA				
	3Q16	Before M&A		
Gross margin, total	21.5%	18.4%		
Gross margin, retail	23.8%	18.8%		
EBITDA margin	3.9%	1.8%		
MEDICAL INSURANCE				
Retention of claims within the Group	22.6%	17.0%		16.1%
Combined ratio	104.4%	94.9%		96.7%

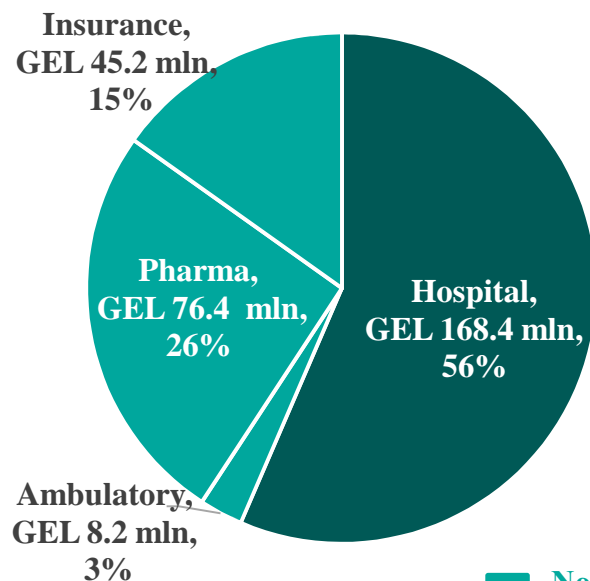
Note: (1) Normilised ROAE is calculated as profit for the period attributable to shareholders of the Company adjusted for one-off non-recurring gain due to deferred tax adjustments (in the amount of GEL 29.3 million for GHG, which fully resulted from the Group's healthcare services business) and adjusted for one-off currency translation loss in June ("translation loss") (in the amount of GEL 2.1 million), which resulted from settlement of the US Dollar denominated payable for the acquisition of GPC, the Group's pharma business, divided by average equity attributable to shareholders of the Company for the same period net of unutilised portion of IPO proceeds.

Delivering strategy through diversified business model

REVENUE

Current

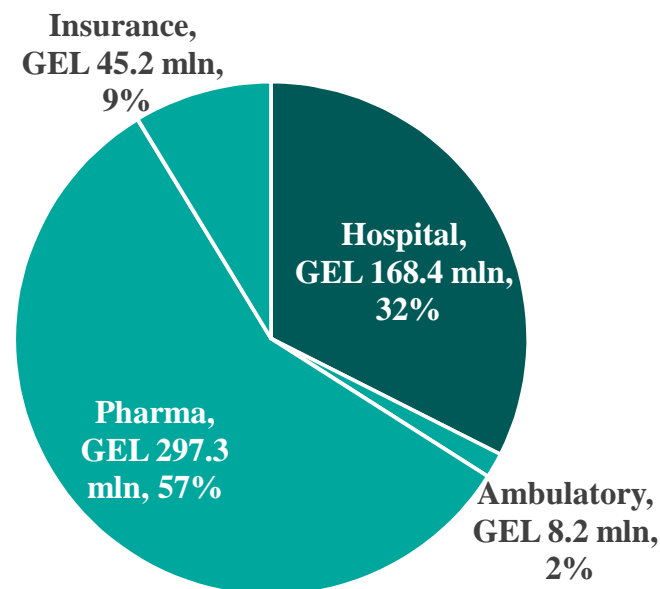
GEL 288.5 mln ⁽¹⁾
(9M16)



■ No, or very low revenue from state
■ Higher revenue from state

Adding ABC

GEL 509.4 mln ⁽¹⁾
(9M16, proforma)



Note (1): Inter business eliminations for the consolidation purposes, in 9M16 and in proforma 9M16 is GEL 9.7 mln

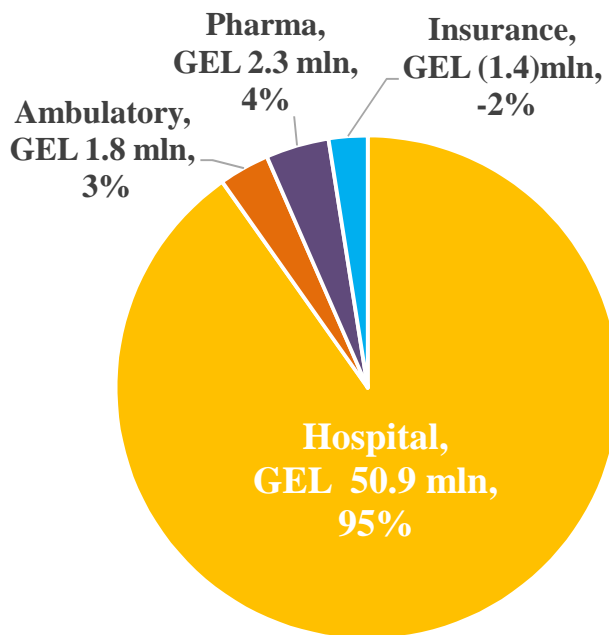


Delivering strategy through diversified business model

EBITDA

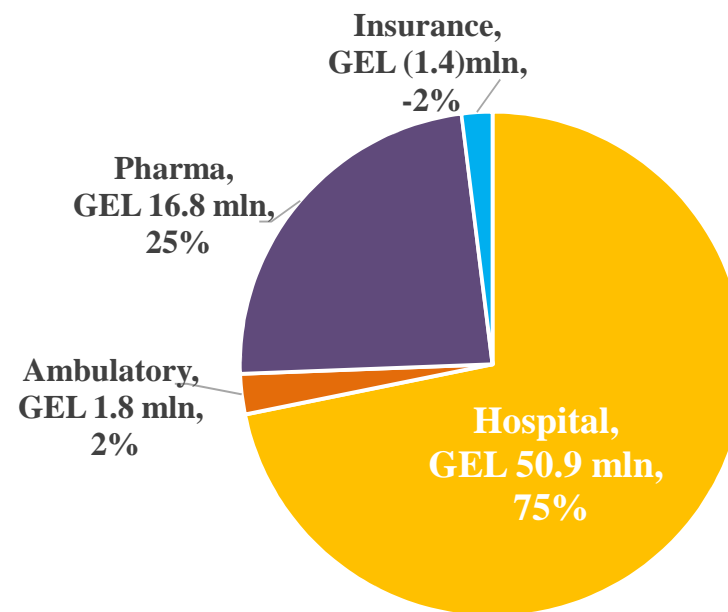
Current

GEL 53.7 mln
(9M16)



Adding ABC

GEL 68.1 mln
(9M16, proforma)





Robust corporate governance *exceptional in Georgia's healthcare sector*

BOARD OF DIRECTORS – MAJORITY INDEPENDENT MEMBERS

The Board is composed entirely of Non-Executive, independent directors (except for the chairman and CEO) and meets quarterly to define the strategy and how to move forward for which management is responsible to execute.



❁ **Irakli Gilauri** | Chairman of the board | Experience: currently BGEO CEO; formerly EBRD banker; MS in banking from Cass Business School, London; BBS from University of Limerick, Ireland



❁ **David Morrison** | Senior Independent Non-executive Director | Experience: senior partner at Sullivan & Cromwell LLP prior to retirement; currently also BGEO board member



❁ **Neil Janin** | Independent Non-executive Director | Experience: formerly was director at McKinsey & Company in Paris and held previous roles as Co-Chairman of the commission of the French Institute of Directors (IFA); Chase Manhattan Bank (now JP Morgan Chase) in New York and Paris; and Procter & Gamble in Toronto; currently also BGEO Chairman



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



❁ **Ingeborg Oie** | Independent Non-executive Director | Experience: Currently a VP of investor relations at Smith & Nephew plc, formerly senior research analyst covering medical technology and healthcare Services sector at Jefferies; analyst in the medtech research team at Goldman Sachs



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



❁ **Mike Anderson** | Independent Non-executive Director | Experience: 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

Non-BGEO members

Non-BGEO members



Robust corporate governance *exceptional in Georgia's healthcare sector*

MANAGEMENT



❁ **Nikoloz Gamkrelidze** | Director, CEO at GHG; formerly Deputy CEO (Finance) of BGEO Group PLC and CEO of Insurance Company Aldagi



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



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



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



❁ **Givi Giorgadze** | CEO, Medical insurance (effective 1 July 2016); Since seven years experience in banking sector, formerly Director of Corporate Sales at Insurance Company BCI.



❁ **Gregory (Gia) Khurtsidze** | Deputy CEO, Clinical; two years experience as Clinical Director of the National Center of Internal Medicine at New Hospital in Tbilisi, worked as a physician and held administrative roles at various leading healthcare institutions in the USA



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



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



❁ **Otar Lortkipanidze** | IT Director; 10 years experience in IT field. Formerly head of IT department at Georgia water and Power



❁ **Medea Chkhaidze** | HR Director; 10 years experience in human resource management, formerly Head of Personnel Management Division at Aldagi Insurance Company



❁ **Nino Chichua** | Marketing and Communications Director; 13 years experience in Marketing, formerly CEO at Public Service Hall (LEPL)



❁ **Manana Khurtsilava** | Head of Internal Audit; 8 years experience in internal control/internal audit. Formerly head of the internal audit department of Insurance Company Aldagi.



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Largest pharma player in Georgia

	GPC	NEW ABC	COMBINED
SCALE	3rd player 15% market share 112 pharmacies 1mln customer interactions per month 0.5mln loyalty customers	4th player 14% 122 1mln -	1st player 29% 234 2mln 0.5mln
FINANCIALS	GEL 189.4mln revenue 2015 GEL 8.0mln EBITDA 2015 4.2% EBITDA margin <i>Revenue breakdown:</i> 31% parapharmacy of total 75% retail of total	GEL 176.7mln GEL 11.1mln 6.3% 20% 67%	GEL 366.1mln GEL 19.1mln 5.2% 26.1% 70.7%

Note: Combined figures are pro-forma



Opportunistic entry into a strategic segment

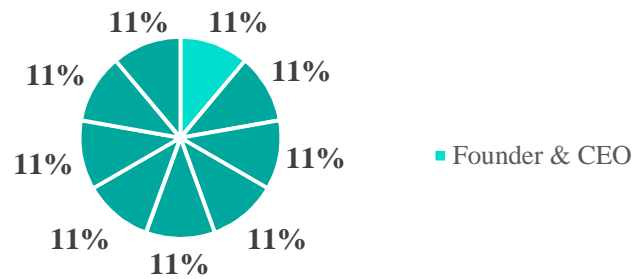
GPC

NEW

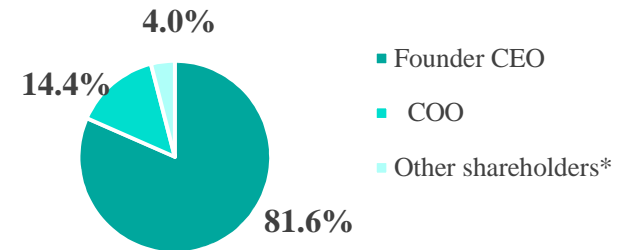
ABC

**Selling
shareholders**

GPC was owned by 9 individuals, each with 11% stake



ABC was owned by 6 individuals (“Selling Shareholders”)



*4 individuals on managerial positions with 1% stake each, received as part of ESOP



Transaction overview

GPC	NEW ABC
<p>Merger multiple:</p> <ul style="list-style-type: none">▪ EV of GEL 63.6mln▪ x6.0 EV/EBITDA <p>Purchase multiple:</p> <ul style="list-style-type: none">▪ EV of GEL 43.5mln▪ x5.7 EV/EBITDA	<p>Merger multiple:</p> <ul style="list-style-type: none">▪ EV of GEL 89.0mln▪ x5.1 <p>Consideration:</p> <ul style="list-style-type: none">▪ US\$ 12mln payable upon closing, US\$ 5mln in 1 year, US\$ 2mln, each year for following 4 years<ul style="list-style-type: none">▪ 33% of the cash proceeds to be used to purchase GHG shares on the market▪ Shares will be subject to a lock-up agreement▪ 33% of combined business▪ Minority buy-out: put/call options at 4.5x and 6.0x EV/EBITDA, respectively (put capped at US\$ 85mln)

Merging the two

- GHG will merge ABC with its existing pharma business, GPC, and the name of the merged company will be JSC Georgian Pharmacy (“GEPHA”).
- **GHG WILL OWN A 67% EQUITY STAKE IN COMBINED PHARMA.** The remaining 33% minority stake will be owned by ABC’s existing two individual shareholders.



GHG pharma – combining the two

WE WILL RUN THE COMBINED ENTITY UNDER TWO BRANDS

Both companies have different strengths, and the merger will enable us to capitalize on the strengths of each and become the number 1 player in the pharma market with c. 30% market share

GPC

GPC STRENGTHS



- Sophisticated CRM and data-analytics software
- Better revenue and margin in Parapharmacy
- Strong customer loyalty in central regions of Tbilisi
- Average check size is 9% higher
- Better revenue on barter sales

NEW

ABC

ABC STRENGTHS



- Disciplined Management with good execution skills
- Better revenue and margin in Oncology products
- Strong customer loyalty in Suburbs and regions
- Better rental cost per m2, better cancellation terms
- Better revenue and margin on sales to drugstores, state and export

Pharma competition – highly concentrated

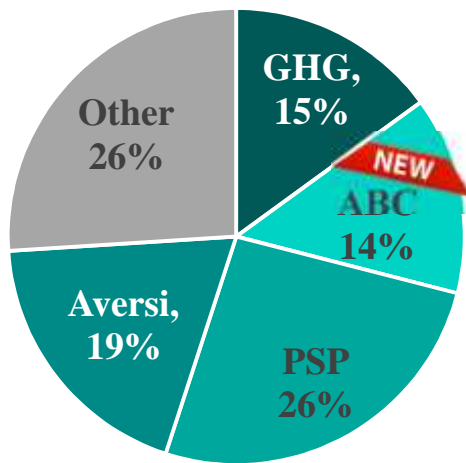
4 players with 74%

CONCENTRATED WITH 4 MAJOR PHARMA PLAYERS

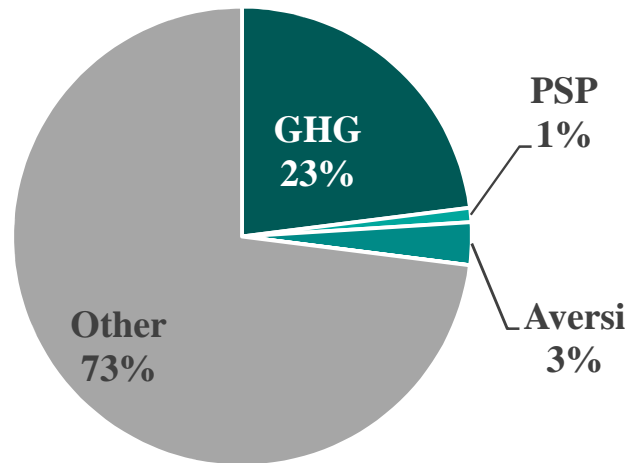
ONLY GHG HAS STRONG PRESENCE IN HEALTHCARE SERVICES

ONLY TWO PHARMA PLAYERS HAVE PRESENCE IN MEDICAL INSURANCE

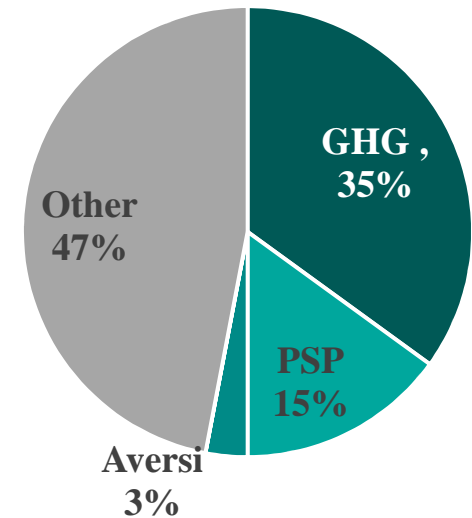
PHARMA MARKET SHARE



HOSPITAL MARKET SHARE



INSURANCE MARKET SHARE



GHG is present in the entire Georgian healthcare ecosystem

GPC integration – Outperforming initial guidance on synergies

With run-rate annualized EBITDA at GEL 10 million, implied EV/EBITDA is x 4.5 – in-line with the initially estimated EV/EBITDA of x4.5 after achieving cost savings from manufacturer discounts and eliminating unnecessary costs

GUIDANCE

CURRENT STANDING

1
Eliminating unnecessary costs

GEL 1.9mln
Eliminate at least GEL 1.9 million unnecessary costs

GEL 2.1 million
unnecessary costs eliminated
Additional savings of GEL 1.2 million expected
Bringing total annualised savings to GEL 3.3 million

2
Cost synergies

GEL 3mln
At least GEL 3 million cost saving from consolidated purchasing of pharma and healthcare services

GEL 2.3 million
synergies achieved
Additional savings of GEL 1.1 million in COGS expected
Bringing total annualised effect to GEL 3.4 million

Total anticipated: GEL 4.9mln

Total expected: GEL 6.7mln

3
Revenue Synergies / accelerating ambulatory strategy

- c. GEL 9-10 million revenue upside from pharmaceutical sales
- Accelerate ambulatory launch strategy
- GPC acquisition further enhances GHG's existing "patient capture" business model

- 16 new pharmacies opened in 2016
- 25 Express clinics, rebranded into GHG ambulatories
- c.2 thousand GPC loyalty cardholders have already used products and services at GHG ambulatory clinics since the launch in September 2016



GPC – delivering gross margin improvement

INCREASING GROSS MARGIN ACROSS SALES CHANNELS THROUGH BETTER TERMS

GPC gross margin increased to 22.6% in September



- Initially, we had a significant downward pressure on Retail Gross Margin as GPC entered into price war with others
- We have gradually renegotiated discount terms with a number of large suppliers
- As a result, the Gross Profit Margin in retail improved from 18.6% in May to 25.1% in September
- Yet, further margin improvement expected through:
 - Further negotiations with suppliers
 - Diversifying product mix into higher margin products
 - Increasing share in para-pharmacy

ABC acquisition rationale & synergies

- 1** **NEW**
Strengthen position in Georgian healthcare ecosystem
 - The transaction further underpins GHG's expansion strategy and its aim to be the leading integrated player in the Georgian healthcare ecosystem with an aggregate market value of GEL 3.4 billion
- 2** **NEW**
Eliminating unnecessary Administrative costs
 - Unnecessary cost eliminations with c. GEL 3.9 million annualised effect on EBITDA are expected within a year following the acquisition
- 3** **NEW**
Procurement synergies
 - Achieving procurement synergies, with approximately GEL 7.9 million, (which is c.2% of combined pharma business cost of goods sold) annual running effect on EBITDA, are expected to be accomplished within a year of the acquisition as a result of consolidating purchases of pharmaceuticals and medical disposables
- 4** **NEW**
Extract revenue synergies with ambulatories
 - By redirecting patients from pharmacies to ambulatory clinics, GHG's combined pharma business will have over 2.0 million client interactions a month, with a strong loyalty customer franchise which GHG plans to leverage to redirect the flow to ambulatory clinics



GEORGE ARVELADZE, deputy CEO GHG and chairman of GHG pharma

- **IN CHARGE OF AMBULATORY AND PHARMACEUTICAL BUSINESSES, CHAIRMAN OF GEPHA.**
- Joined the Group in March 2016, will continue to be the chairman of the combined pharma businesses of the Group.

ENRICO BERIDZE, CEO of GHG pharma

- Mr Beridze’s service contract was extended for another 6 years (till 31 December 2022).
- Founded ABC in 1999 and has led the company as a managing shareholder CEO since then. Mr. Beridze completed Department of Biochemistry at Moscow State University, and General Course of Management and Marketing at Georgia State University, Atlanta.

MIKHEIL ABRAMIDZE, head of operations at GHG pharma

- Mr Abramidze’s service contract was extended for another 6 years (till 31 December 2022).
- Co-founded ABC in 1999 and has led the company as a managing COO since then. Prior, Dr. Abramidze worked as Doctor Gastroenterologist at #1 Central Hospital. He has completed “AIETY” Highest Medical School.

The fact that the Managing Shareholders will be holding significant numbers of GHG shares as part of the Transaction structure is intended to ensure that they have the overall interest of the Group.

DAVID KILADZE, pharma business advisor to GHG CEO

- The CEO of GHG’s pharma business prior to the new transaction. Will become the pharma business board member and the pharma business advisor to the Group CEO.



Pharma strategy (combined business) for medium term

IMPROVING COMBINED EBITDA MARGIN TO AT LEAST 8.0% by YE2018
(now in 3Q16: 3.9% at GPC, 8.4% at ABC), while slightly increasing market share to over 30%



1 ENHANCING RETAIL MARGIN



2 INCREASING CUSTOMER LOYALTY



3 GROWING WHOLESALE REVENUE

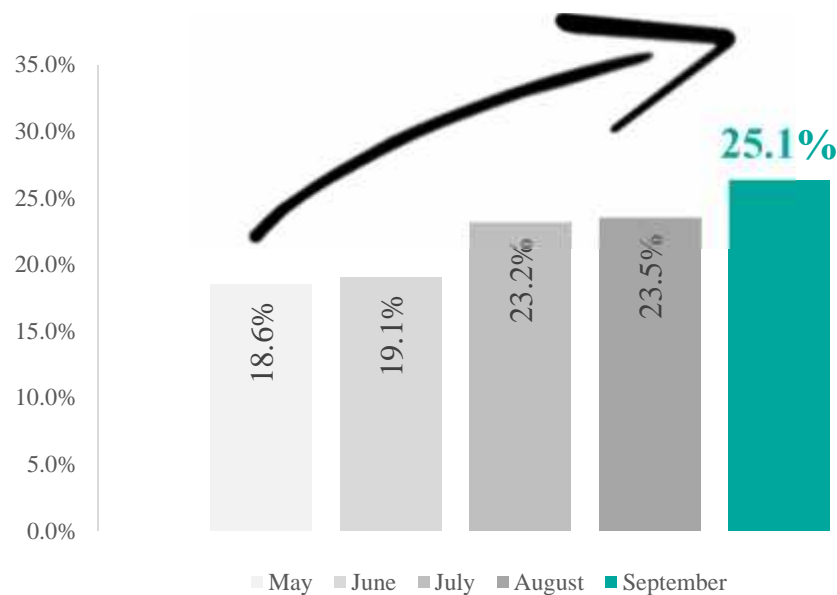


4 EXPANDING RETAIL FOOTPRINT



1 Enhancing retail margin

RETAIL MARGIN NOW



Medium-term PRIORITIES

- Grow share of **GPC** products in pharma revenue from c.3% currently to over 15%
 - **Generics** – 25 products to be added by 1Q17, and another 62 in the pipeline to be introduced until YE2017
 - **Private Label** – talking to 3 potential partners in Italy and France. First line to be introduced by YE2017
 - **Contract manufacturing** – 12 new products under negotiation to be introduced in Q1 2017

GEL 1 million substitution of general sales by “GPC” product sales improves the Gross Profit margin in retail by 0.20%

2 Increasing customer loyalty

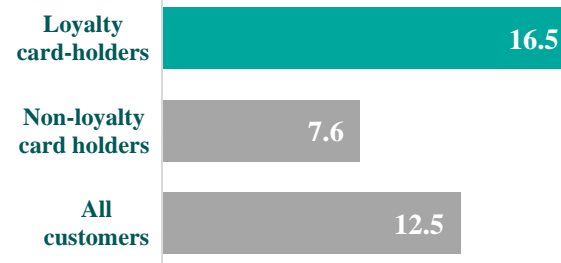
Increasing loyalty significantly boosts average bill and overall revenue

CLIENT INTERACTIONS (GPC)

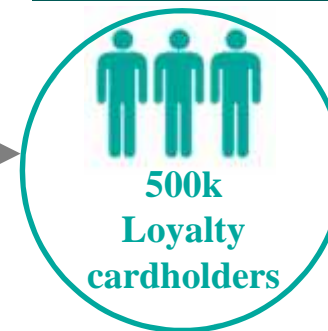
1 MILLION
client interactions
per month

BILL SIZE

(Average bill size in GEL)



LOYALTY CARD MEMBERS



LOYALTY CARD



Priorities

- INCREASE LOYALTY CUSTOMERS TO 1MLN
- INCREASING USABILITY OF THE LOYALTY
- RESHAPING THE MOBILE APP



3 Growing wholesale revenue

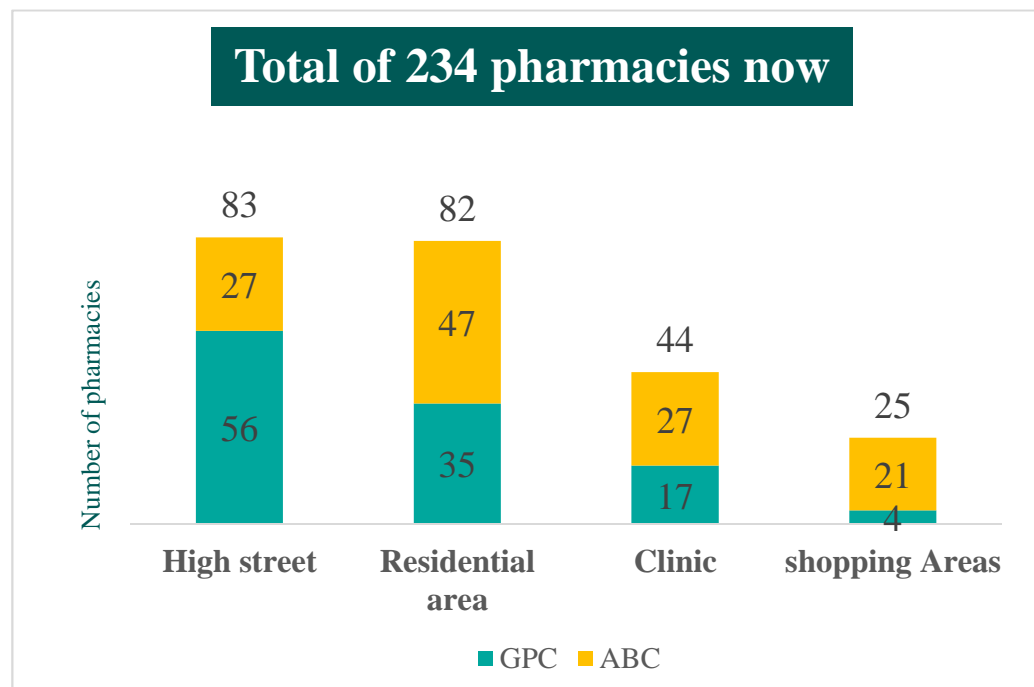
Source of revenue	Current (1H16)	2018 target
Drugstores	GEL 34.8mln	20-25% revenue growth in two years
Hospitals	GEL 7.7mln	Double current sales



4 Expanding retail footprint

GPC & ABC RETAIL FOOTPRINTS COMPLEMENT EACH OTHER





While GPC is a well established retailer with significant presence on high street, ABC is better represented in residential areas

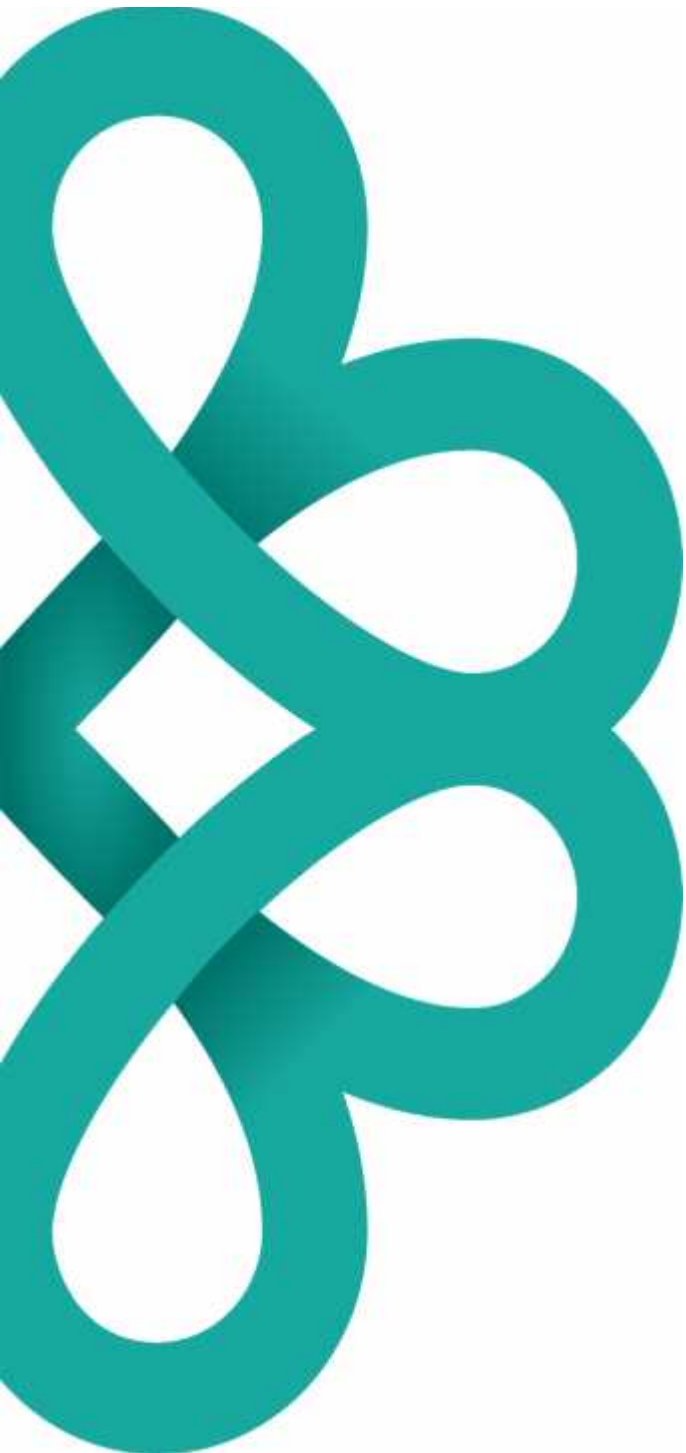


Heading to 300 pharmacies in 2018

Strategy through 2018

IMPROVING COMBINED EBITDA MARGIN FROM 6.3% IN 3Q16 TO AT LEAST 8.3% IN YE2018, WHILE SLIGHTLY INCREASING MARKET SHARE TO 1/3

		3Q 2016	2018
1 ENHANCING RETAIL MARGIN		Share of “GPC” products in pharma revenue <3%	15%+
2 INCREASING CUSTOMER LOYALTY		c. 500K Loyalty Cardholders	c. 1 mln
3 GROWING WHOLESALE REVENUE		GEL 27.6mln revenue	<ul style="list-style-type: none"> ▪ 20-25% growth in sales to drugstores ▪ Double hospital sales
4 EXPANDING RETAIL FOOTPRINT		234 pharmacies	300+
EBITDA MARGIN		3.9%-GPC, 8.4%-ABC	8.0%+
MARKET SHARE		29%	30%+



GEORGIA
HEALTHCARE
GROUP

QUESTIONS?

GHG Investor Day

Tbilisi, Georgia | 23 November 2016

www.ghg.com.ge



Wrap-up

Speaker: Nikoloz Gamkrelidze, CEO

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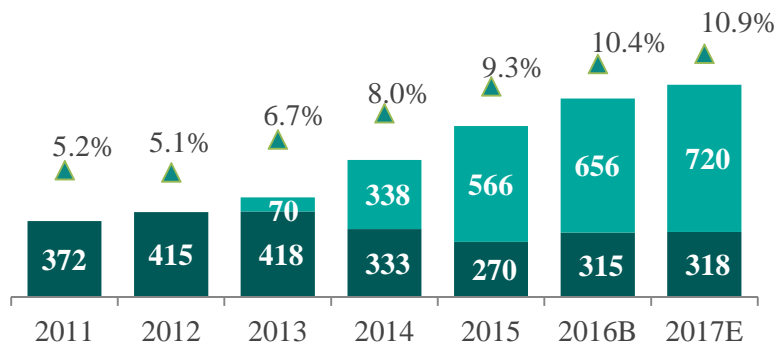
Tbilisi, Georgia | 23 November 2016

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Favorable government healthcare policy

STATE FINANCING OF HEALTHCARE INCREASING FOR THE LAST SEVERAL YEARS

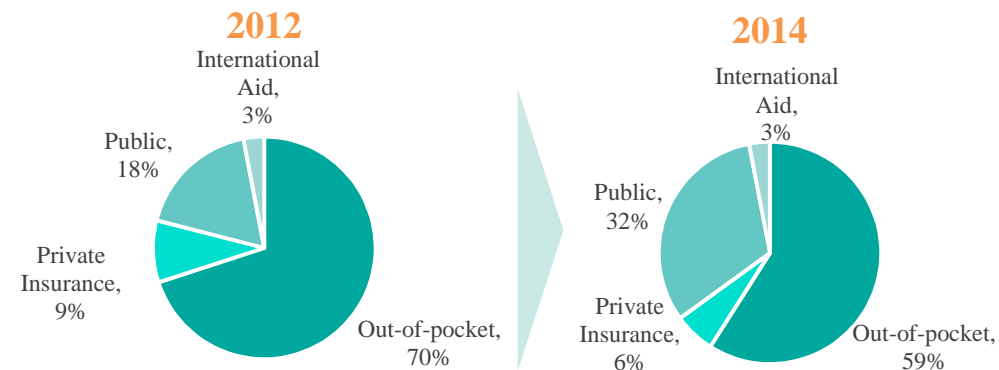
(GEL millions)



- State Healthcare Spending - UHC
- State Healthcare Spending - Other
- ▲ Healthcare Spending as % of Total State Spending

Ministry of Finance of Georgia;
management estimates for 2017 UHC budget

HIGH PRIVATE SPENDING AND GROWING PUBLIC SECTOR PARTICIPATION ON THE BACK OF UHC IMPLEMENTATION



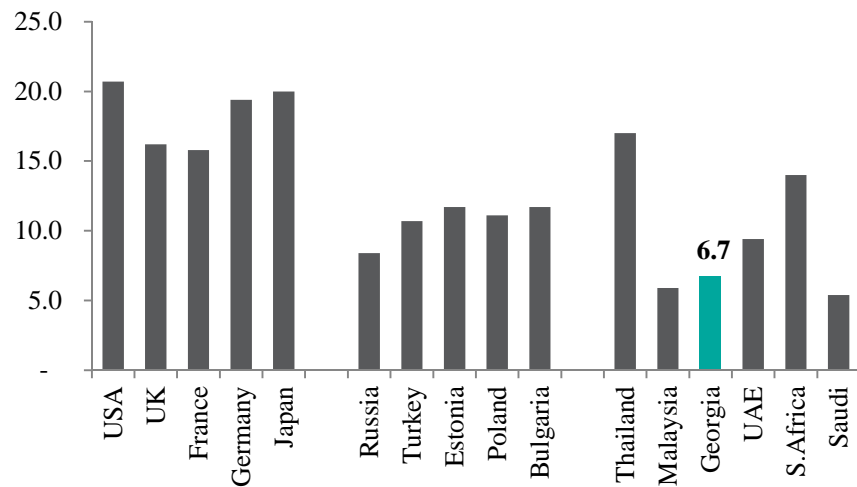
Source: Global health expenditure database – World Health Organisation
Frost & Sullivan analysis



Favorable government healthcare policy

GOVERNMENT SPENDING ON HEALTHCARE WAS ONLY 6.7% OF STATE BUDGET IN 2013, WHICH IS EXPECTED TO GROW UP TO 10.4% IN 2016 YEAR

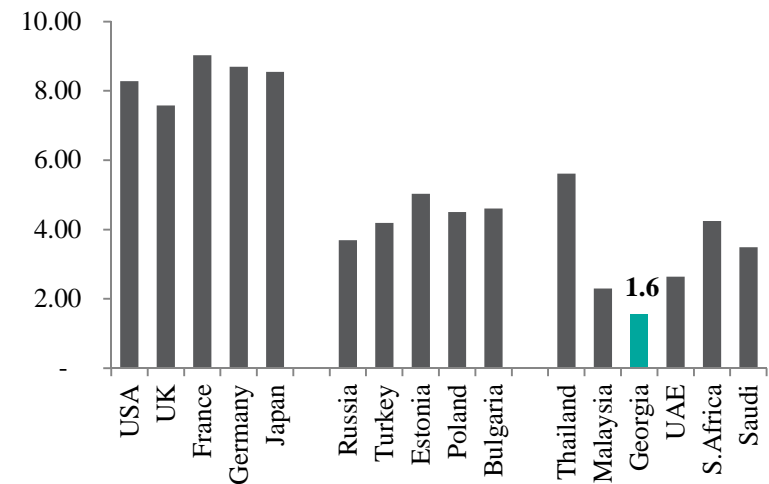
General government expenditure on health as a percentage of total government expenditure in 2013



Sources: World Health Organisation and World Bank, 2013 data

GOVERNMENT EXPENDITURE ON HEALTHCARE AS A % OF GDP INCREASED FROM c.2% IN 2013, UP TO c.2.7% IN 2015 YEAR

Government expenditure on health as % of GDP in 2013



Sources: World Health Organisation and World Bank, 2013 data

Financial highlights

ABC and GPC financial highlights

ABC and GPC financial highlights (GEL millions)	ABC		GHG Pharma (GPC)	
	2015	1H16	2015	1H16
Revenue	176.7	106.5	189.4	97.6
<i>of which:</i>				
<i>(A): Breakdown by product lines:</i>				
Pharmaceutical products	141.7	83.6	128.9	72
Para-pharmacy	35	22.9	60.5	25.6
<i>(B): Breakdown by sales channels:</i>				
Retail	118.1	74.8	140.6	72.9
Wholesale	58.6	31.7	48.9	24.7
Gross profit	37.6	23.4	43.6	18.9
Gross margin	21.3%	22.0%	23.0%	19.3%
EBITDA	11.1	8.7	8	1.8
EBITDA margin	6.3%	8.2%	4.2%	1.9%
Net profit / (loss) before tax	5.1	7.7	0.8	-0.1
Net profit / (loss) after tax	3.4	6.4	0.9	-0.2
Total gross assets	60	57.6	67.7	53.0
Net debt	2.9	2.7	-12.6	-16.2
Equity	30.9	31.9	8.1	1.0

REVENUE BREAK DOWN BY:

<i>All amounts in GEL thousand</i>	ABC		GPC	
	2015	1H16	2015	1H16
<i>Business lines:</i>				
Pharmaceutical products	141,679	83,549	128,937	72,027
Para-pharmacy	35,000	22,914	60,486	25,577
<i>Types:</i>				
Retail	118,087	74,740	140,575	72,929
Wholesale	58,592	31,723	48,848	24,675

GHG PURCHASES FROM ABC

<i>All amounts in GEL thousand</i>	2015	9M16
GHG purchases from ABC	3,891	3,503
<i>Of which:</i>		
Purchases by the healthcare services business	1,239	1,234
Medical insurance claims on pharmaceuticals	2,652	2,269

ABC & GPC financials

Income Statement	GPC	ABC
<i>All amounts in GEL thousand</i>	FY 2015	FY 2015
Revenue	189,423	176,679
Cost of goods sold	(145,812)	(139,075)
Gross profit	43,611	37,604
Rent expenses	(9,872)	(4,708)
other operating costs	(25,744)	(21,768)
EBITDA	7,995	11,128
Depreciation and amortization	(1,637)	(2,334)
Financial cost	(1,733)	(474)
Foreign exchange losses	(2,848)	(3,183)
Other income/expense	(978)	(32)
Pre-tax profit	799	5,105
Income tax expenses	144	(1,695)
Profit for the period	943	3,410
Gross margin	23%	21%
EBITDA margin	4%	6%

Key operating highlights	GPC'1H16	ABC'1H16
Customer interactions	1 million	1.1 million
Loyalty card member	0.5 million	n/a
Market share by sales	15%	14%
Average bill size	GEL 13.0	GEL 11.6
Para pharmacy share in total revenue	31%	20%
Retail sales share in total revenue	75%	67%
Wholesale share in total revenue	25%	33%
Number of pharmacies	112	122
Warehouses	2	1
Employees	Over 1,600	Over 1,500

Balance Sheets	GPC	ABC
<i>All amounts in GEL thousand</i>	30-Jun-16	30-Jun-16
Assets		
Cash and Equivalents	1,853	3,859
Accounts Receivables	6,096	4,835
Prepayments	438	2,162
Inventory	33,687	39,244
Investment in Associates and non-consolidated Subsidiaries	2,186	11
Property, Plant and equipment	7,950	7,097
Intangible assets	829	386
Total Assets	53,039	57,594
Liabilities		
Accounts Payable	29,078	22,035
Tax Paybles	(652)	-
Borrowings	18,020	1,170
Other liability	5,625	2,513
Total Liabilities	52,071	25,719
Shareholders Equity		
Share Capital	(1,126)	2
Revaluation Reserves	876	-
Retained Earnings	1,217	31,873
Total Shareholders Equity	967	31,875
Total Shareholders Equity and Liabilities	53,039	57,594

Note: ABC and GPC 2015 figures are unaudited, derived from management accounts

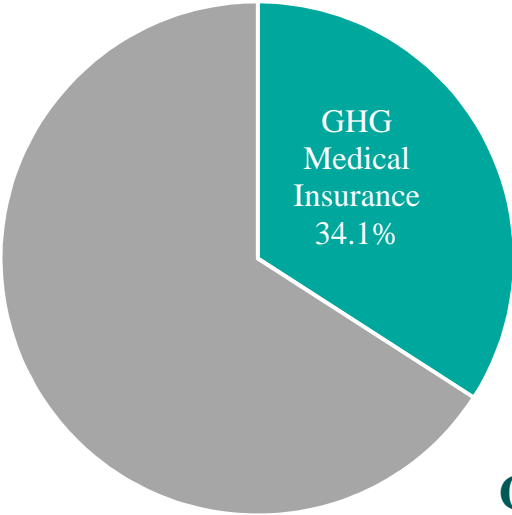
Increasing intersegment synergies

AMBULATORY CLINICS

**34.1% OF REVENUE
DRIVEN BY OUR MEDICAL INSURANCE**

Ambulatory Clinics services revenue breakdown by sources

(% Share in Outpatient Revenue)

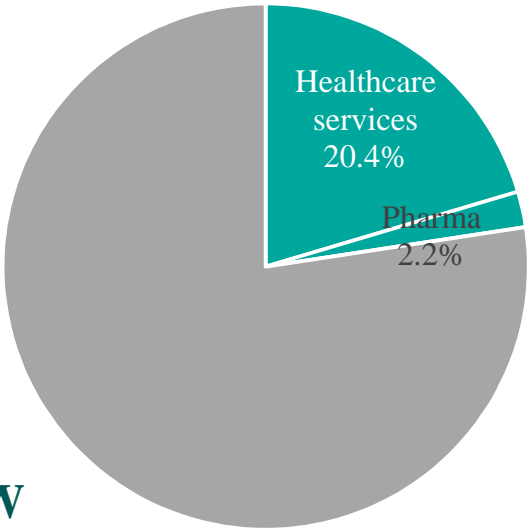


MEDICAL INSURANCE

**22.6% OF CLAIMS
RETAINED WITHIN GHG**

Medical insurance claims breakdown by providers

(% Share in Total Claims)



OPPORTUNITY TO GROW

- **Upside: only 2.2% of GHG pharma loyalty customers visit our ambulatory clinics**
- **Upside: only 11.3% of GHG pharma loyalty customers are insured by our medical insurance**
- **Upside: only 26.1% of GHG medical insurance customers visit our ambulatory clinics**



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.