Georgia Healthcare Group

A Long-term, High-growth Investment Story

GEORGIA HEALTHCARE GROUP

Investor Presentation - 1st quarter 2016 results

May 2016

Contents

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:** 26.7% market share by number of beds (2,686), 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.206,000 persons insured and 38.3% market share [(3)]
- ✓ **Widest Population Coverage:** coverage of over 3/4 of Georgia's 4.5mln population with 46 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. 9,750 full time employees, including 2,762 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

3 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 6.7% between 2006-15. 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

4 Strong Management with Proven Track Record

- ✓ **Strong business management team – increased market share by beds from under 1% in 2009 to 26.7%** currently, with built-in additional development capacity
- ✓ **Achieved our target of c.30% EBITDA margin ahead of time, delivering 29.5% healthcare services EBITDA margin in 1Q16**
- ✓ **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

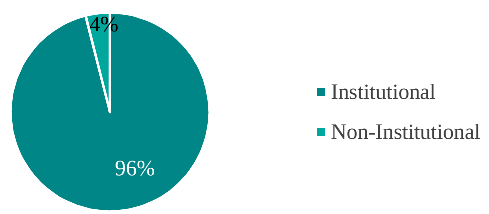
Sources:
(1) Georgia Healthcare Group established in Georgia and in UK
(2) Market share by number of beds. Source: National Center for Decease Control, data as of December 2014, updated by company to include changes before 31March 2016, Additional development capacity at Deka and Sunstone of c.500 beds
(3) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 31 December 2015
(4) GHG internal reporting 1Q16
(5) Geostat.ge, data as of 1 January 2014. Coverage refers to geographic areas served by GHG facilities
(6) NCDC statistical yearbook 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

GHG – shareholder structure and share price

Investors

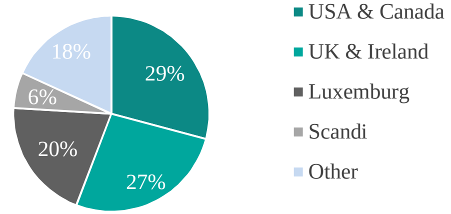
Institutional investors[1] - *strong support*

Institutional Investors represent 96% of the book



Geographically well-diversified[1]

USA & Canada – 29%
UK & Ireland– 27%
Luxemburg – 20%
Scandi – 6%
Other– 18%



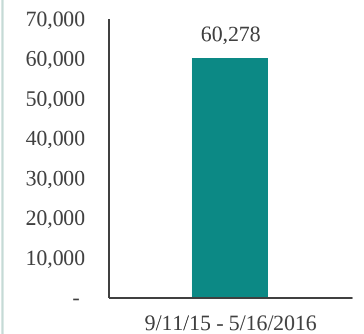
Top 4 Investors

BGEO Group	65.07%
Wellington Management	5.6%
T. Rowe Price	5.2%
LGM Investments	3.6%

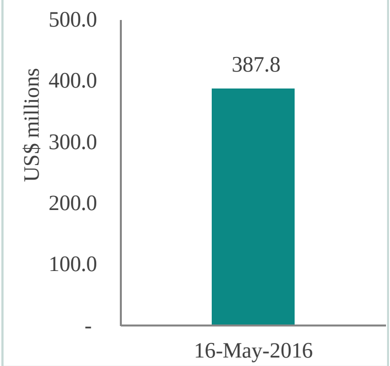
Stock trading performance

Stock Price Performance[2]

Average trading volume[3]



Market Capitalization[3]



Note: (1)As of 31 March 2016
(2)Share price change calculated from the closing pries of GHG LN, starting from trading date 9 November 2015 to the price of GHG LN as of 16 May 2016
(3) Source: Bloomberg; Market Capitalisation of GHG as of 16 May 2016, GBP/USD exchange rate 1.44061.

Segment overview

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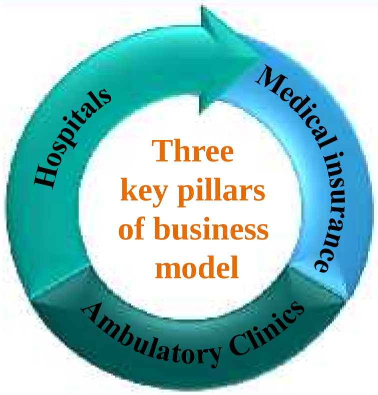
Key Segments	Healthcare services			Medical insurance
	Referral and Specialty Hospitals	Community Hospitals	Ambulatory Clinics	Medical Insurance
Key Services	General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities	Basic outpatient and inpatient services 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 0.9bln (2015)** (1)	**GEL 0.14bln (2015)** (1)
Market Share	**18% by revenue** (2) **26.7% by beds** (2,686), which is expected to grow to c.30.0% as a result of renovation of recently acquired hospital facilities (additional c.500 beds);		**1%** (2)	**38%**
Selected Operating Data 1Q16	83% *16 hospitals* *2,229 beds*	17% *20 hospitals* *457 beds*	***10*** clinics	***206,000*** insured
Financials 1Q16 – Revenue (GEL 71.3mln(3))	71% *GEL 52.0 mln* *2012-1Q16 CAGR **68%***	8% *GEL 5.9 mln* *2012-1Q16 CAGR **22%***	3% GEL 2.1 mln *2012-1Q16 CAGR **25%***	18% *GEL 12.9 mln* *2012-1Q16 CAGR **11%***
Financials 1Q16 – EBITDA (GEL 17.1mln)	90% GEL 16.1 mln *2012-1Q16 CAGR **79%***	11% GEL 1.9 mln *2012-1Q16 CAGR **41%***	3% GEL 0.6 mln *2012-1Q16 CAGR **45%***	-4% *GEL -0.7 mln*
	EBITDA Margin(4): 29.9%	**EBITDA Margin(4): 30.2%**	**EBITDA Margin(4): 28.0%**	**EBITDA Margin(4): -5.4%**

Sources:
(1) Frost & Sullivan analysis, 2015;.
(2) Market share for healthcare services are for 2015 year.

(3) Revenue net of corrections&rebates and intercompany eliminations
(4) EBITDA margins are based on gross of intercompany eliminations as well as gross of head office and management costs

Unique "Patient Capture" business model

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



GHG operates a highly integrated patient capture business model

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16 referral & specialty hospitals provide **secondary and tertiary level** healthcare services — Referral & Specialty Hospitals

operating 2,229 beds

20 community hospitals provide **primary out- and inpatient** healthcare services — Community Hospitals

operating 457 beds

10 ambulatory clinics provide **primary and secondary outpatient** healthcare services — Ambulatory Clinics

3/4 of Georgia's 4.5mln population covered[1] — **Patients**

1.7 mln GEL healthcare services revenue driven by medical insurance division for 1Q16[2] — IMEDI L Health Insurance by Aldagi

A vertically integrated care pathway

Sources:
(1) Geostat.ge, data as of 1 January 2014
(2) GHG internal reporting.

Clear market leader (1/2)

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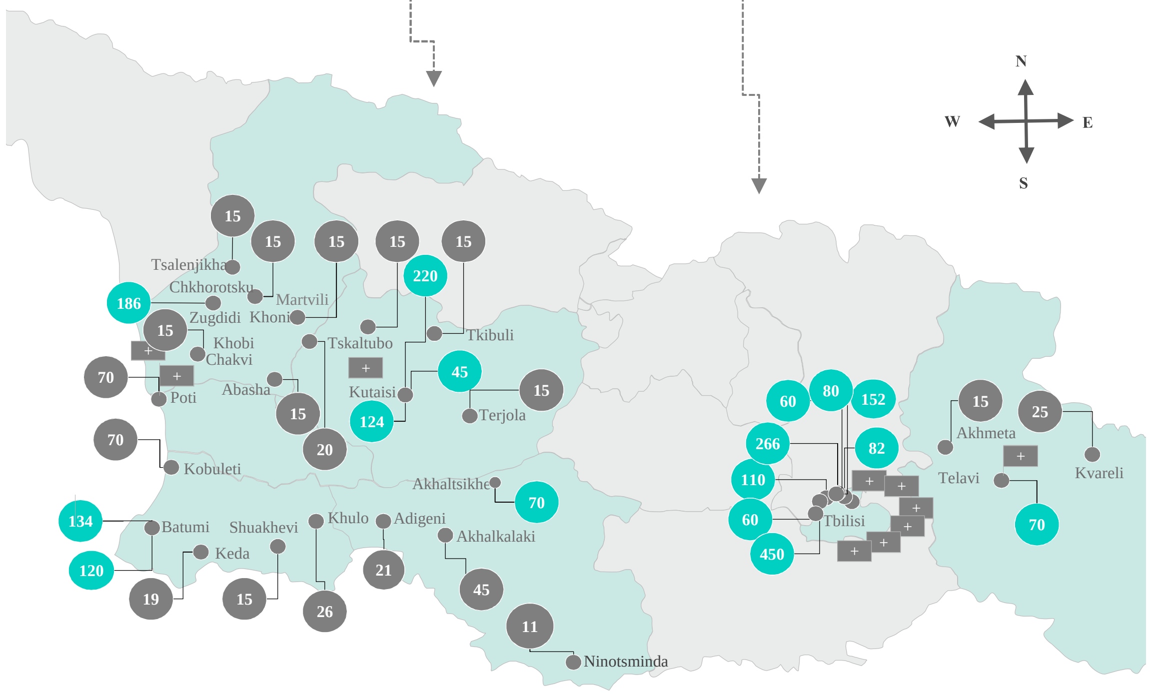
Broad geographic coverage and diversified healthcare services network covering 3/4 of Georgia's population

Extensive Geographic Coverage[1]

Network of healthcare facilities

3/4 of population covered

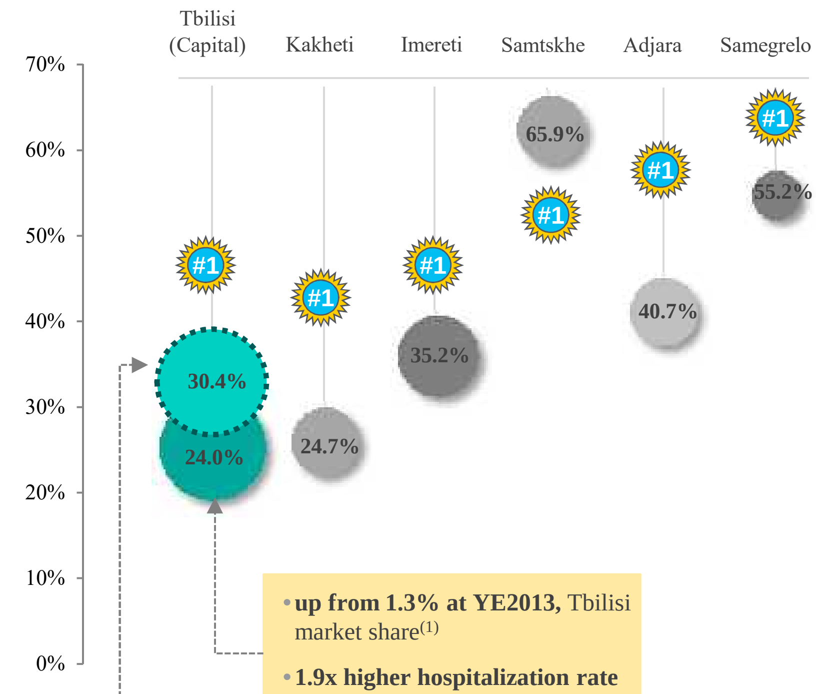
2,686 hospital beds
46 facilities



Referral and Specialty Hospitals | Community Hospitals | Ambulatory Clinics | Regions of Presence

Geographically Diversified Network

Regional market shares[2]
Bubble size denotes relative size based on % of population[3]



- **up from 1.3% at YE2013,** Tbilisi market share[1]
- **1.9x higher hospitalization rate in Tbilisi** vs Georgian average[4]

- **Pro-forma market share after development of c.500 beds at Deka and Sunstone**

Sources:
(1) GHG internal reporting
(2) Market share by number of beds. Source: NCDC, data as of 2014. Market shares by beds are as of 31 March 2016
(3) Geostat.ge, data as of 1 January 2014
(4) NCDC healthcare statistical yearbook 2013

Clear market leader (2/2)
in a fragmented competitive landscape

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

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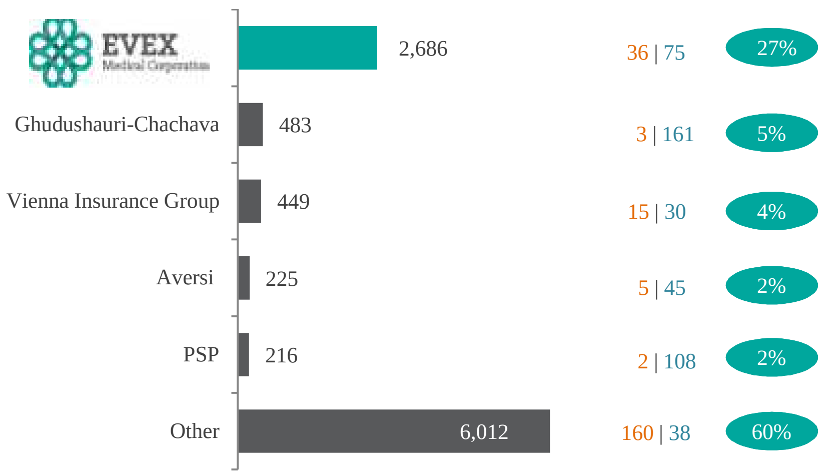
Healthcare services *(Hospitals)* (1)

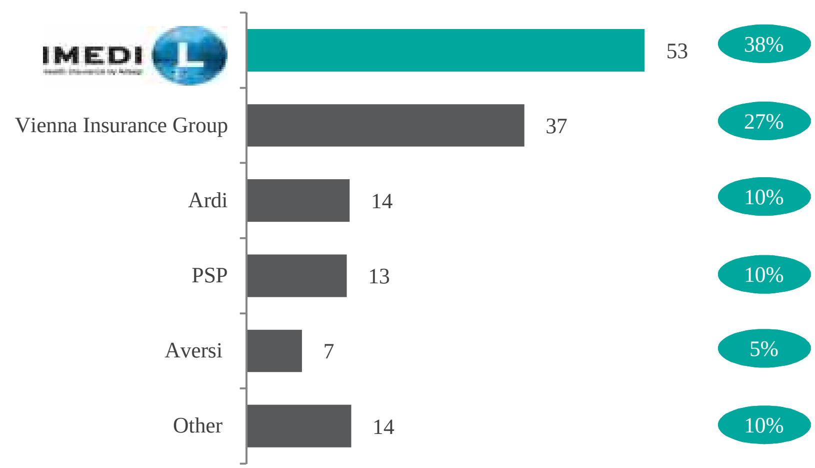
# of Beds (# of Hospitals)



Market share
X Number of hospitals
X Average number of beds at hospital

Medical Insurance(2)

Gross premium revenue, GEL mln



Sources:
(1) Market share by number of beds. Source: NCDC, data as of December 2014, updated by company to include changes before 31 March 2016
(2) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 31 December 2015

Long-term, high-growth prospects
Accelerated revenue market share growth

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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* — *Market share by revenue* → **33.0%** *Long-term target*

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

First Mover Advantage In Highly-fragmented, Underpenetrated Ambulatory Segment

Ambulatory clinics

2015 market size: **GEL 0.9bln**

1% *In 2015* — *Market share by revenue* → **17.0%** *Long-term target*

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* — *Market share by revenue* → **>15%** *Long-term target*

Growth opportunity:
- *Growing wholesale revenue*
- *Enhancing retail margin*
- *Expending pharmacy footprint*

Rooms For Growth

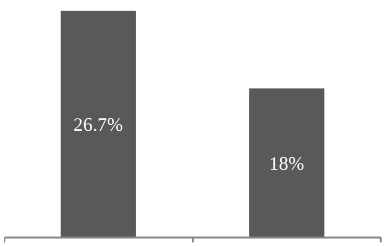
GHG's nation-wide bed capacity in place to accommodate future revenue market share growth (Sunstone to be renovated in 2016-17)

10x price gap with developed EM benchmarks

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

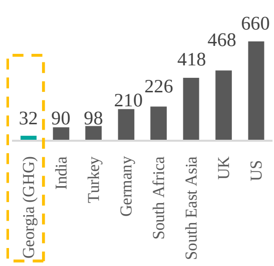
Revenue market share gap

Market shares



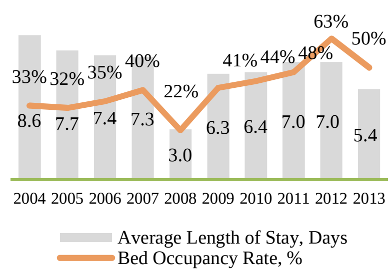
Low revenue per bed

Average revenue per bed, US$ thousand



Low bed utilisation

Utilisation & ALOS



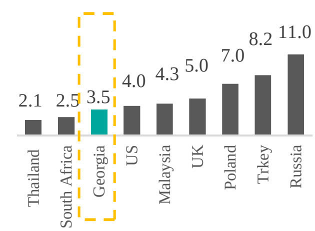
Price gap

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

Low outpatient encounters

Outpatient encounter per capita, annual



Sources: GHG internal reporting; Frost & Sullivan analysis, 2015; NHA, Ministry of Labor, Health and Social Affairs of Georgia; NCDC 2014; OECD, World Health Organisation and World Bank – 2013 or most recent data

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Long-term, high-growth story

	Scale up and Institutionalise the Healthcare Services Business	*Enhance revenues by capitalising on scale*	*Significant Levers for Further Growth*
Milestone	**At least double 2015 revenue by 2018** *through utilising acquired hospital capacities and aggressively launching ambulatory clinics*	**Georgia medium term = Turkey 2014** ***By healthcare spent per capita*** *Through enhanced service mix, improved quality of care*	**Catch up with developed EM benchmarks in long-term**
	2015-2018	**Medium-term Target** ***(5-10 Year Horizon)***	**Long-term Target** ***(Beyond 10 Year Horizon)***
Enabler	• **Utilize existing hospital capabilities** – no need for new hospital acquisitions for targeted growth – only c.60.4% bed utilisation(1) in 1Q16, c.500 beds in development • **First mover advantage in fragmented outpatient market** – enhancing presence across patient pathway	• **Gaining 1/3 market share by revenue in hospitals** • **Gaining 17% market share by revenue in outpatient**	

	Georgia Year 2013-14(1)	**Georgia Medium-term(1)**	**EM Year 2013-14(2)**
Spending per capita (US$)	217 *(Georgia)*	502	1,076
Price inflation (heart surgery, US$)	6,500 *(GHG)*	9,000	25,000
GHG Revenue per bed (US$)	32,000 *(GHG)*	99k	280k
Outpatient encounters	3.5 *(Georgia)*	5.4	8.9

Significant expansion of capacity by 2025

Substantial room to grow beyond 2025

Sources:
(1) Bed utilisation for referral hospitals; World Bank; GHG internal reporting; Management Estimates; Ministry of Finance of Georgia; Frost & Sullivan 2015, NCDC healthcare statistical yearbook 2014
(2) WHO: Average of countries: Chile, Costa Rica, Czech Republic, Estonia, Croatia, Hungary, Lithuania, Latvia, Poland, Russian Federation, Slovak Republic; BAML Global Hospital Benchmark, August 2014

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

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 3% 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

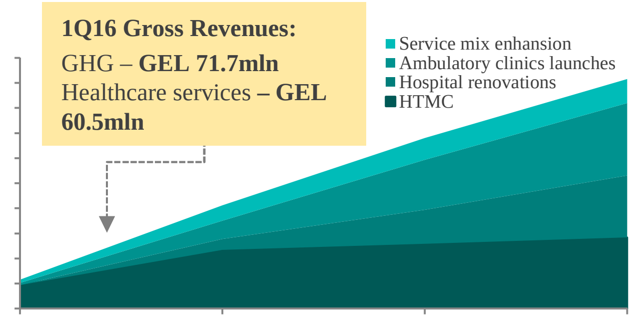
Adding high margin services

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

- **22.9% healthcare services organic growth**, CAGR 2012-1Q16
- **14.6% healthcare services organic growth**, 1Q16
- **Solid margin performance - 29.5% healthcare services EBITDA margin**, in 1Q16



Sources:
(1) Market share by number of beds. Source: National Center for Decease Control, data as of December 2014, updated by company to include changes before 31 March 2016
(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

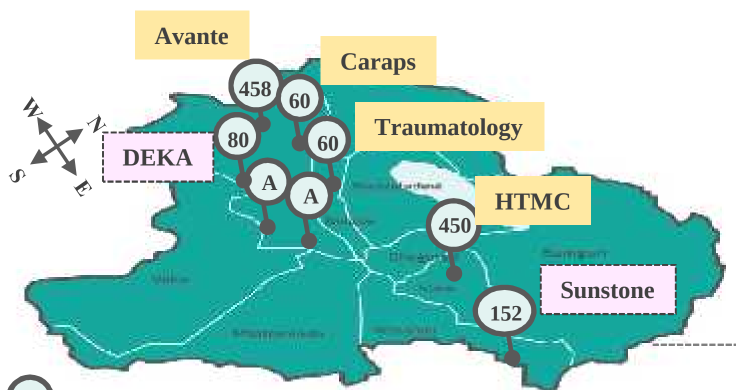
Recent M&As

c.30% potential capacity: 26.7% market share as of 31 March 2016, 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)



A Ambulatory clinic

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*

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

Integration of Existing Facilities

- Upgrading and modernizing facilities
  - Market share to reach c.30% by number of beds upon the development of Sunstone and Deka to full operating capacity
- Deka: renovation started in January 2016 and currently is in an active renovation phase, on schedule and is expected to be completed and launched in 2017.
- Sunstone: renovation started January 2016, also in an active renovation phase, on schedule and is going to be launched in 2017 as well.
- Standardising clinical protocols across the group
- Rationalising back-office support functions

Sources:
(1) GHG internal reporting.

Focused growth strategy
Rapid launch of ambulatory clinics

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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. In 2016 we plan to launch additional six new ambulatory clusters. Four clusters, out of these six, are currently under renovation and will be launched in next few months.**

for the period ended 31 March 2016 [1] :

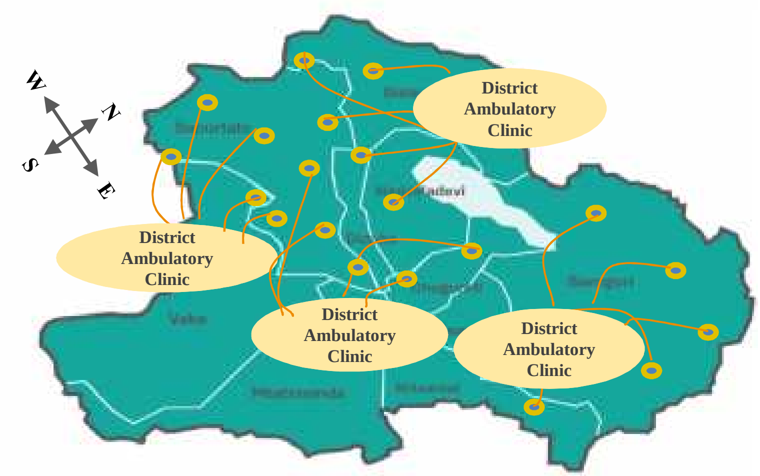
- **GEL 2.1mln revenue** from ambulatory clinics
- **28.0% EBITDA margin of ambulatory clinics**
- **3.5% share in total healthcare revenue**

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
Express Ambulatory Clinic

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,

Focused growth strategy

GHG setting new standard among competition in ambulatory business

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

Source: company photos

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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 21 in Georgia of which 5 owned by GHG)

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

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

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

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

Laparoscopic columns
Capex: US$ 0.07-0.1mln

Endoscopy equipment for interventional endoscopy ERCP
Capex: US$ 0.3mln

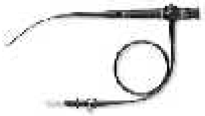
Microwave tissue ablation system and sulis generator
Capex: US$ 0.6-0.7mln

Magellan robot
Capex: US$ 0.7-0.8mln

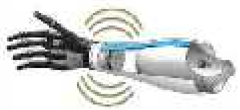
Arthroscope
Capex: US$ 30-60k

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

Choledocoscope
Capex: US$ 25-28k



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



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

Vacuum machines
Capex: US$ 2k

Flowtron machine
Capex: US$ 4-6k

PH metry set
Capex: US$ 1-3k

Additional service gaps:

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

Sources: GHG internal reporting

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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

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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

MAYO CLINIC
EMORY UNIVERSITY SCHOOL OF MEDICINE
JSI John Snow, Inc.
URC CELEBRATING 50 YEARS
RVF For the Health of Children – Rostropovich Vishnevskaya Foundation
USAID FROM THE AMERICAN PEOPLE

Equipped and Supplied by Leading International Suppliers

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B|BRAUN SHARING EXPERTISE
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Johnson & Johnson
VARIAN medical systems
GETINGE GETINGE GROUP
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Leica
sysmex
TOSHIBA
OLYMPUS Your Vision, Our Future
Dräger

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

Non-BGEO members

- **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 Westminister Hospital
- **Jacques Richie**r | 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
- **George Arveladze** | Deputy CEO, Ambulatory and Pharmaceutical Business; (effective 16 March 2016), formerly CEO of Liberty Bank, 6 years experience in banking business
- **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

Contents

Acquisition of GPC, a major pharmaceuticals retailer and wholesaler

Transaction is expected to be earnings accretive from day one

GPC overview

Established major pharmaceutical player

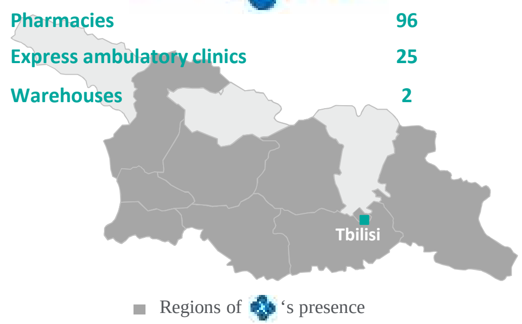
- **GPC is 3rd largest pharmaceuticals** retailer and wholesaler in Georgia, with 15% market share by sales, with about 80% of market share concentrated within four major players. Operates since 1995.
- **Established urban-retailer with solid footprint.** GPC is an urban-retailer, with a countrywide distribution network of 96 pharmacies in major cities. 25 of these pharmacies also have express ambulatory clinics. GPC operates 2 warehouses
- **Large customer base.** GPC has approximately 1 million retail customer interactions per month, with c.0.5 million loyalty card members.
- **Operates à la CVS model**, with para-pharmacies representing 32% of revenues in 2015. No other pharmaceutical player on Georgian market has similar diversification of revenues.

- In 2015, GPC had revenues of GEL 191.3 million, of which:
  - GEL 130.8 million was medical products and GEL 60.5 million was para-pharmacy
  - GEL 142.5 million was retail sales and GEL 48.8 million was wholesale

- GPC also owns a 35.0% equity stake at Temka referral hospital ("Temka") - a newly renovated multi-profile referral hospital with 150 beds, located in the south-east of Tbilisi and covering a population of 0.3 million. In 2015, Temka reported revenues of GEL 11.0 million, and EBITDA of GEL 2.5 million

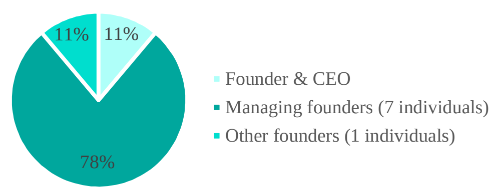
- GPC has over 1,600 employees

Large geographical footprint



Shareholders

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



Leadership

- **Mr. George Arveladze, Deputy CEO (GHG), in charge of ambulatory and pharmaceutical businesses**. Joined the Group in March 2016. He will oversee GPC operations. Prior, he served as CEO of Liberty Bank, Georgia's 3rd largest retail bank with more than 5,300 employees and over 650 branches throughout the country. His extensive experience in retail, and an excellent operational track record, will be invaluable to Georgia Healthcare Group.

- **Mr. David Kiladze, GPC's CEO, will continue to lead the business**. A visionary leader, Mr. Kiladze has led the business since its establishment in 1995. Under his leadership, GPC grew to become 3rd largest player with unique business model in Georgia, mirroring its American counterpart – CVS. Mr. Kiladze's service contract was extended for another 3 years.

Transaction overview

- GHG acquired a 100% equity stake in JSC GPC.
- In exchange for the 100% stake in GPC, total cash consideration to be paid by GHG amounted US$ 14.0 million. 85.7% of this cash consideration was paid upon the signing of a definitive sale and purchase agreement, and the remaining 14.3% will be paid on the first anniversary of the closing, subject to customary holdback provisions.
- **Of the total US$ 14 million consideration, US$ 13 million is earmarked for GPC (pharmaceutical business), implying EV/EBITDA of x5.7 (x4.5 after adjustment for unnecessary costs and x3.3 after adjustment for both, unnecessary costs and cost synergies) and US$ 1 million is earmarked for the hospital, implying x7.9 P/E**

Note: GPC 2015 figures are unaudited, derived from GPC's management accounts

Acquisition rationale

A strong strategic fit, expected to be earnings accretive from day one

GEORGIA HEALTHCARE GROUP

1 Full presence in Georgian healthcare ecosystem

- **GHG will be present in the entire Georgian healthcare ecosystem with an aggregate market value of GEL 3.4 billion**.
- GHG will tap GEL 1.3 billion Georgian pharmaceuticals market, which represents 38% of total healthcare spending of the country.
- GHG becomes the one of the largest purchaser of pharmaceutical products in Georgia, as a result of combining GPC's purchases with GHG's existing hospital purchases and medical insurance claims on pharmaceuticals.

2 Eliminating unnecessary costs

- **Unnecessary costs can be eliminated, with at least GEL 1.9 million annual running effect on EBITDA, expected within first three months of the acquisition:**
- c. GEL 1.0 million saving from on compensation of six non-executive board members / who at the same time are selling shareholders
- c. GEL 0.4 million saving from closing 4 loss making pharmacies
- c. GEL 0.5 million saving from other unnecessary operating cost eliminations

3 Cost synergies

- **Cost synergies, with at least GEL 3 million annual running effect on EBITDA, are expected to be accomplished within a year of acquisition as a result of consolidating GHG's and GPC's purchases of pharmaceuticals and medical disposables:**
- *Manufacturer cost synergy (c. GEL 2.5 million)* – saving from additional manufacturer discounts, as a result of becoming one of the largest purchasers of pharmaceuticals in Georgia
- *Captive cost synergy (c. GEL 0.5 million)* – decrease in GHG's existing cost on pharmaceuticals and medical disposables (both, healthcare services and medical insurance businesses), by redirecting part of its purchases to GPC and thus eliminating the distributor margin
  - GHG purchases from GPC amounted to only GEL 3.4 million in 2015, of which GEL 1.0 million was purchases for healthcare services business (3.4% of GHG's total healthcare services purchases of pharmaceuticals) and GEL 2.4 million was medical insurance claims on pharmaceuticals (25.8% of GHG's total medical insurance claims on pharmaceuticals)
  - In 2015, GHG spent GEL 38.4 million on pharmaceuticals and medical disposables (GEL 29.1 million from healthcare services business and GEL 9.3 million from medical insurance business) and GPC's cost of pharmaceuticals was GEL 146.7 million.

4 Revenue Synergies / accelerating ambulatory strategy

- **c. GEL 9-10 million revenue upside from pharmaceutical sales,** as a result of opening GPC's pharmacies at GHG's existing hospitals and flagship ambulatory clinics. Approximately 40 new GPC locations countrywide, which require a total capital expenditure of approximately GEL 1.2 million, and need for additional working capital is GEL 2.8 million.
- **Accelerate ambulatory launch strategy**, as 25 out of GPC's 96 pharmacies already have express ambulatory clinics, which apart from approximately GEL 2 - 2.5 million capex savings for GHG during 2016, will become feeders for GHG's existing and future outpatient clusters.
- **GPC acquisition further enhances GHG's existing "patient capture" business model** through GPC's strong customer loyalty franchise with one million monthly customer interactions and 0.5 million members of its loyalty program, which is expected to drive referrals to GHG's ambulatory clinics and drive cross-selling of our medical insurance products.

GHG – a major player in the Georgian healthcare ecosystem

GEORGIA HEALTHCARE GROUP

Georgian healthcare ecosystem – a GEL 3.4bln market

Growth In Hospital Revenue - GHG Owns It

Hospitals

2015 market size: **GEL 1.2bln[1]**

18% *In 2015* → *Market share by revenue* → **33.0%** *Long-term target*

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

First Mover Advantage In Highly-fragmented, Underpenetrated Ambulatory Segment

Ambulatory clinics

2015 market size: **GEL 0.9bln[1]**

1% *In 2015* → *Market share by revenue* → **17.0%** *Long-term target*

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

Margin enhancement and growth alongside with nominal GDP

Pharmaceuticals

2015 market size: **GEL 1.3bln[1]**

15% *In 2015* → *Market share by sales* → **>15%** *Long-term target*

Growth opportunities:
- *Growing wholesale revenue*
- *Enhancing retail margin*
- *Expanding pharmacy footprint*

Source: GHG internal reporting;
Note: (1) Frost & Sullivan analysis, 2015

Focused growth strategy for pharmaceutical business

Hospital pharmacy revenue growth and retail margin enhancement

Decrease cost of goods sold/services

- **By consolidating GHG's and GPC's purchases of pharmaceuticals and medical disposables**
- *To decrease GHG's cost of services by redirecting part of its purchases to GPC and thus shortcutting the distributor margin*
- *To decrease both GPC and GHG cost of goods sold / services by additional volume discounts from manufacturers*
- *Start hospital-bulk import, to decrease cost of pharmaceuticals for GHG. Increase in sale to other wholesale clients will be an upside*

Enhance retail margin

- **Grow share of high-margin 1). para-pharmacy sales and 2). generic drug sales**
- *GPC's current EBITDA margin is 4.0%, which we expect to grow as a result of eliminating unnecessary costs and realizing cost and revenue synergies*
- *GPC is a mid to higher-end urban retailer, with strong loyal-customer franchise which is expected to drive referrals to GHG's more profitable ambulatory clinics in line to GHG's outpatient growth strategy*

Expand pharmacy footprint

- **Enhance GPC's footprint by opening pharmacies at GHG's existing over 40 healthcare facilities, hospitals and flagship ambulatory clinics**
- *Beyond enhancing into GHG's existing facilities, we do not intend to grow retail footprint*
- *Same store sales growth is expected to be alongside nominal GDP growth*

GPC has a strong Management team, which we further strengthened

GPC Management

- **George Arveladze, *Deputy CEO GHG, in charge of the ambulatory and pharmaceutical businesses***
  Prior to joining GHG, Mr. Arveladze worked as a CEO of Liberty Bank, Georgia's 3rd largest retail bank with more than 5,300 employees and over 650 branches throughout the country, which he led since 2013 delivering c.200% net profit cumulative annual growth in 2 years, an impressive and strong performance. Prior to his appointment as CEO, Mr. Arveladze served as Deputy CEO in charge of Strategic Projects, Treasury and Private Banking (2009-2011 years) and Deputy CEO, Chief Operating Officer (2011-2013 years). Before returning to Georgia in 2009, he worked in structured product sales at BNP Paribas in London. Prior that, he worked at the National Bank of Georgia. Mr. Arveladze holds an MBA from London Business School.

- **David Kiladze, *CEO at GPC***
  Founded GPC in 1995 and has led the company as a founding shareholder CEO since then. Prior, Dr. Kiladze worked as a Physician in Paul Sabatier University, Toulouse, France (2002). He completed his M.D and Ph.D. in Paediatrics from Tbilisi State Medical University, also holds MBA from CERMA School of Management.
  Mr. Kiladze will continue to lead the business with his service contract being extended for another 3 years.

- **Vakhtang Dolidze, *CFO at GPC***
  Joined GPC as a CFO in 2008. Additionally, Mr. Dolidze serves as a Chairman of the Supervisory Board of Microfinance Organization Lazika Capital. Prior, Mr. Dolidze served as Senior Associate at Caucasus Capital Partners, a small private equity firm (2005-2008), and held progressively greater level management positions in Credit, Strategic Planning and Financial Analysis departments at TBC Bank (1998-2003). Mr. Dolidze holds an MBA from Lehigh University and master's degree in public administration from Georgian Institute of Public Administration.
  Mr. Dolidze will continue to serve as CFO, with his service contract being extended.

GEORGIA HEALTHCARE GROUP

Key financial and operating highlights of GPC

Balance sheet highlights

(Amounts in GEL'000 unless otherwise noted)	*31-Dec-15*
	GPC
Cash and cash equivalents	9,781
Account receivables	6,480
Inventories	39,600
Property, plant and equipment	7,405
Other assets	2,948
Total assets	**66,214**
Trade and other payables	37,585
Other liabilities	(45)
Borrowings	22,534
Deferres tax liabilities	576
Total liabilities	**60,651**
Total equity	**5,563**
Total liability and equity	**66,214**

Note: Borrowings include shareholder receivable of GEL 1.7mln, which will be settled from the consideration paid.

Income Statement highlights

(Amounts in GEL'000 unless otherwise noted)	*FY2015*
	GPC
Revenues	191,351
Cost of goods sold	(146,669)
Gross profit	**44,682**
Other income	731
Administrative salary	(17,272)
Rent expenses	(10,805)
General and administrative expenses	(9,276)
Impairment of receivables	(477)
EBITDA	**7,582**
Interest expense, net	(1,726)
Foreisn exchange loss, net	(2,818)
Admortisation and depreciation	(1,457)
Non-recurring income / expenses	(666)
Share of associate profit	(756)
EBT	**159**
Income tax expense	(169)
Net profit	**(10)**

Key operating highlights

- 1 million customer interactions per month at GPC pharmacies
- 0.5 million loyalty card members
- 15% market share by sales
- GEL 13.0 is average bill size
- para-pharmacy share in total revenue was 32% in 2015
- Retail sales share in total revenue was 74% in 2015
- Wholesale share in total revenue was 26% in 2015
- Over 6,700 SKUs in pharmaceuticals
- 96 pharmacies, 25 of which operate express ambulatory clinics
- 2 warehouses
- Over 1600 employees

Capital expenditures for next 2-3 years

- GPC is a cash generating business, no additional working capital needs for existing business.
- Financing required for planned expansion into GHG's existing hospitals and flagship ambulatory clinics (to be financed with additional leverage):
  - Working capital 2016: GEL 2.8 million
  - Capex 2016: GEL 1.2 million
- Maintenance capex: 0.4-0.6% of revenue

Note: GPC 2015 figures are unaudited, derived from GPC's management accounts

GEORGIA HEALTHCARE GROUP

GPC pharmacies – a la CVS business model

GPC pharmacy exterior

GPC pharmacy interior

GPC loyalty card

GEORGIA HEALTHCARE GROUP

Contents

GEORGIA HEALTHCARE GROUP

Consolidated income statement *1Q 2016*

Income Statement,	**Healthcare services**					**Medical insurance**					**Total GHG**				
GEL thousands; unless otherwise noted	1Q16	1Q15	Chang, Y-o-Y	4Q15	Change, Q-o-Q	1Q16	1Q15	Change, Y-o-Y	Q15	Change, Q-o-Q	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q
Revenue, gross	**60,451**	**42,745**	**41.4%**	**55,481**	**9.0%**	**12,936**	**12,992**	**-0.4%**	**14,532**	**-11.0%**	**71,682**	**53,875**	**33.1%**	**68,720**	**4.3%**
Corrections & rebates	(410)	(957)	-57.2%	(1,086)	-62.2%	-	-	-	-	-	(410)	(957)	-57.2%	(1,086)	-62.2%
Revenue, net	**60,041**	**41,788**	**43.7%**	**54,395**	**10.4%**	**12,936**	**12,992**	**-0.4%**	**14,532**	**-11.0%**	**71,272**	**52,918**	**34.7%**	**67,634**	**5.4%**
Cost of services	**(32,998)**	**(24,273)**	**35.9%**	**(30,007)**	**10.0%**	**(11,953)**	**(10,837)**	**10.3%**	**(12,917)**	**-7.5%**	**(43,257)**	**(33,339)**	**29.7%**	**(41,618)**	**3.9%**
Gross profit	**27,043**	**17,515**	**54.4%**	**24,388**	**10.9%**	**983**	**2,155**	**-54.4%**	**1,615**	**-39.1%**	**28,015**	**19,579**	**43.1%**	**26,016**	**7.7%**
Total operating expenses	(9,456)	(7,923)	19.3%	(8,857)	6.8%	(1,660)	(1,760)	-5.7%	(1,627)	2.0%	(11,105)	(9,592)	15.8%	(10,480)	6.0%
Other operating income	241	78	209.0%	1,008	-76.1%	(21)	47	NMF	(5)	320.0%	220	125	76.0%	986	-77.7%
EBITDA	**17,828**	**9,670**	**84.4%**	**16,539**	**7.8%**	**(699)**	**442**	**NMF**	**(17)**	**NMF**	**17,129**	**10,112**	**69.4%**	**16,522**	**3.7%**
EBITDA margin	***29.5%***	***22.6%***		***29.8%***		***-5.4%***	***3.4%***		***-0.1%***		***23.9%***	***18.8%***		***24.0%***	
Depreciation and amortisation	(4,261)	(2,186)	94.9%	(4,046)	5.3%	(204)	(136)	50.0%	(249)	-18.0%	(4,465)	(2,322)	92.3%	(4,295)	4.0%
Net interest (expense) / income	(2,259)	(4,073)	-44.5%	(5,535)	-59.2%	603	(28)	NMF	158	282.4%	(1,656)	(4,101)	-59.6%	(5,377)	-69.2%
Net (losses) / gains from foreign currencies	(411)	2,907	NMF	(1,586)	-74.1%	151	497	-69.6%	(6)	NMF	(260)	3,404	NMF	(1,592)	-83.7%
Net non-recurring (expense) / income	1,968	(211)	NMF	484	306.3%	-	-	-	(676)	NMF	1,968	(211)	NMF	(192)	NMF
Profit before income tax expense	**12,865**	**6,107**	**110.7%**	**5,856**	**119.7%**	**(149)**	**775**	**NMF**	**(790)**	**-81.1%**	**12,716**	**6,882**	**84.8%**	**5,066**	**151.0%**
Income tax (expense) / benefit	(712)	(491)	45.0%	(206)	245.1%	19	(116)	NMF	192	-90.1%	(693)	(607)	14.2%	(14)	NMF
Profit for the period	**12,153**	**5,616**	**116.4%**	**5,650**	**115.1%**	**(130)**	**659**	**NMF**	**(598)**	**-78.3%**	**12,023**	**6,275**	**91.6%**	**5,052**	**138.0%**
Attributable to:															
- shareholders of the Company	10,051	5,073	98.1%	4,421	127.3%	(130)	659	NMF	(598)	-78.3%	9,921	5,732	73.1%	3,823	159.5%
- non-controlling interests	2,102	543	287.1%	1,229	71.0%	-	-	-	-	-	2,102	543	287.1%	1,229	71.0%

Sources: GHG Internal Reporting

Note: healthcare services business and medical insurance business financials do not include interbusiness eliminations. Detailed financials, including interbusiness eliminations, are provided in annexes

GEORGIA HEALTHCARE GROUP

Balance sheet

Balance Sheet *GEL thousands; unless otherwise noted*	Healthcare services Mar-16	Healthcare services Mar-15	Healthcare services Change, Y-o-Y	Healthcare services Dec-15	Healthcare services Change, Q-o-Q	Medical insurance Mar-16	Medical insurance Mar-15	Medical insurance Change, Y-o-Y	Medical insurance Dec-15	Medical insurance Change, Q-o-Q	Total GHG Mar-16	Total GHG Mar-15	Total GHG Change, Y-o-Y	Total GHG Dec-15	Total GHG Change, Q-o-Q
Total assets, of which:	**670,861**	**365,689**	**83.5%**	**703,309**	**-4.6%**	**75,493**	**76,669**	**-1.5%**	**67,372**	**12.1%**	**737,815**	**435,124**	**69.6%**	**758,280**	**-2.7%**
Cash and bank deposits	52,408	13,378	291.7%	139,085	-62.3%	12,996	16,829	-22.8%	18,313	-29.0%	65,404	30,207	116.5%	157,398	-58.4%
Receivables from healthcare services	78,034	51,317	52.1%	71,348	9.4%	-	-	-	-	-	73,750	48,552	51.9%	65,863	12.0%
Insurance premiums receivable	-	-	-	-	-	39,042	37,412	4.4%	20,948	86.4%	39,042	37,205	4.9%	20,663	88.9%
Property and equipment	481,969	265,856	81.3%	439,131	9.8%	5,672	4,886	16.1%	5,587	1.5%	487,641	270,742	80.1%	444,718	9.7%
Goodwill and other intangible assets	19,433	6,190	213.9%	19,708	-1.4%	6,097	3,940	54.7%	6,079	0.3%	25,530	10,130	152.0%	25,787	-1.0%
Other assets	39,017	28,948	34.8%	34,037	14.6%	11,686	13,602	-14.1%	16,445	-28.9%	46,448	38,288	21.3%	43,851	5.9%
Total liabilities, of which:	**214,166**	**207,158**	**3.4%**	**247,762**	**-13.6%**	**56,192**	**58,147**	**-3.4%**	**47,937**	**17.2%**	**261,819**	**258,071**	**1.5%**	**283,299**	**-7.6%**
Borrowings	92,336	151,689	-39.1%	140,439	-34.3%	11,775	15,956	-26.2%	16,497	-28.6%	99,856	163,720	-39.0%	152,762	-34.6%
Accounts payable	36,533	13,942	162.0%	29,160	25.3%	832	-	NMF	1,016	-18.1%	37,365	13,942	168.0%	30,176	23.8%
Insurance contract liabilities	-	-	-	-	-	39,431	38,168	3.3%	22,463	75.5%	36,935	35,471	4.1%	21,351	73.0%
Other liabilities	85,297	41,527	105.4%	78,163	9.1%	4,154	4,023	3.3%	7,961	-47.8%	87,663	44,938	95.1%	79,010	11.0%
Total shareholders' equity	**456,695**	**158,531**	**188.1%**	**455,547**	**0.3%**	**19,301**	**18,522**	**4.2%**	**19,435**	**-0.7%**	**475,996**	**177,053**	**168.8%**	**474,981**	**0.2%**
Attributable to:															
Shareholders of the Company	409,504	135,428	202.4%	399,547	2.5%	19,301	18,522	4.2%	19,435	-0.7%	428,805	153,950	178.5%	418,981	2.3%
Non-controlling interest	47,191	23,103	104.3%	56,000	-15.7%	-	-	-	-	-	47,191	23,103	104.3%	56,000	-15.7%

Sources: GHG Internal Reporting

Note: healthcare services business and medical insurance business financials do not include interbusiness eliminations.

Selected ratios and KPIs

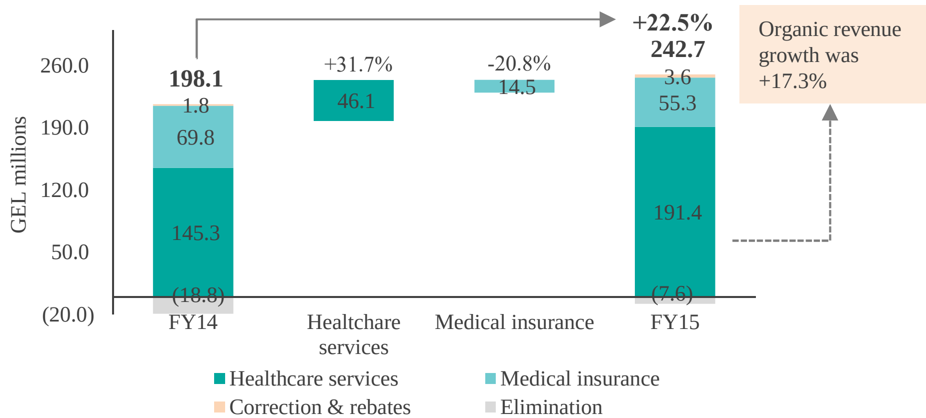
Selected ratios and KPIs	1Q16	1Q15	4Q15
GHG			
EPS, GEL	0.08	NMF[1]	NMF[1]
ROAE	9.4%	15.2%	5.0%
Adjusted ROAE	16.5%	15.2%	7.8%
Operating leverage	27.3%	-11.2%	6.6%
Healthcare services			
EBITDA margin of healthcare services	29.5%	22.6%	29.8%
Bed occupancy rate	60.4%	54.2%	51.9%
Bed occupancy rate, referral hospitals	*66.7%*	*61.4%*	59.9%
Bed occupancy rate, community hospitals	*26.6%*	*23.8%*	18.4%
Average length of stay (days)	4.9	4.6	4.7
Average length of stay (days), referral hospitals	*5.2*	*4.9*	*5.0*
Average length of stay (days), community hospitals	*3.0*	*2.9*	*2.7*
Medical insurance			
Loss ratio	92.4%	83.4%	88.9%
Expense ratio	14.7%	14.9%	13.8%
Combined ratio	107.1%	98.3%	102.7%
Renewal rate	88.5%	74.2%	92.0%

Sources: GHG Internal Reporting

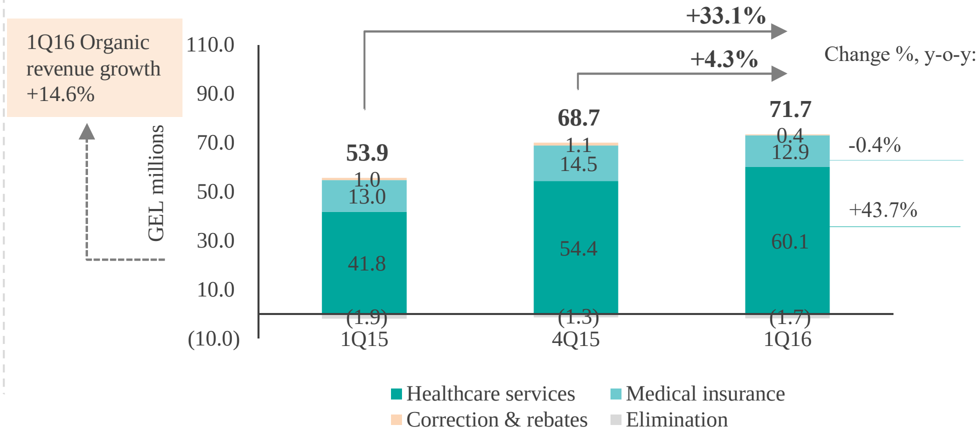
Note: 1) Due to the fact that number of outstanding shares increased significantly following GHG's IPO in November 2015, comparison of 1Q 2016 EPS to previous periods would be distorted.

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

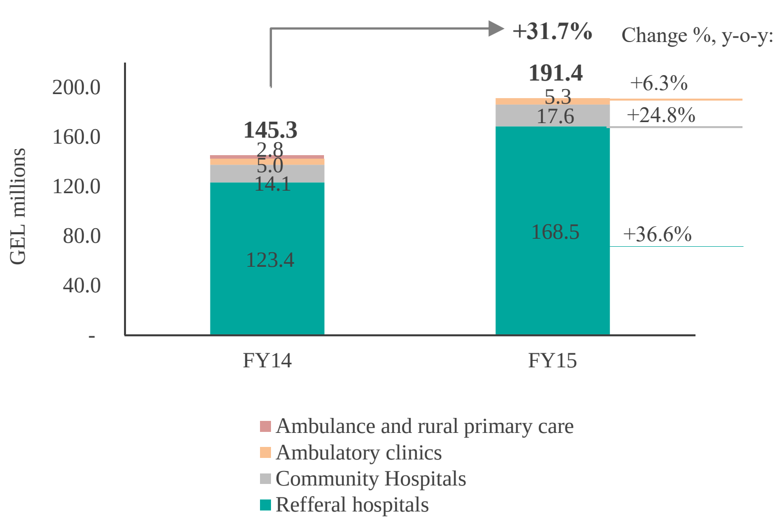
GHG – Gross revenue breakdown by segments, *full year 2015*



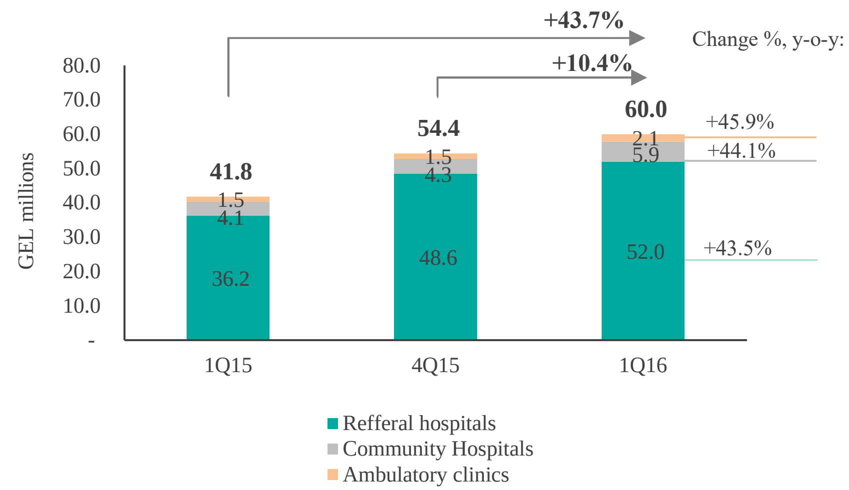
GHG – Gross revenue breakdown by segments, *quarterly*



Healthcare services – Net revenue breakdown by service lines, *full year 2015*



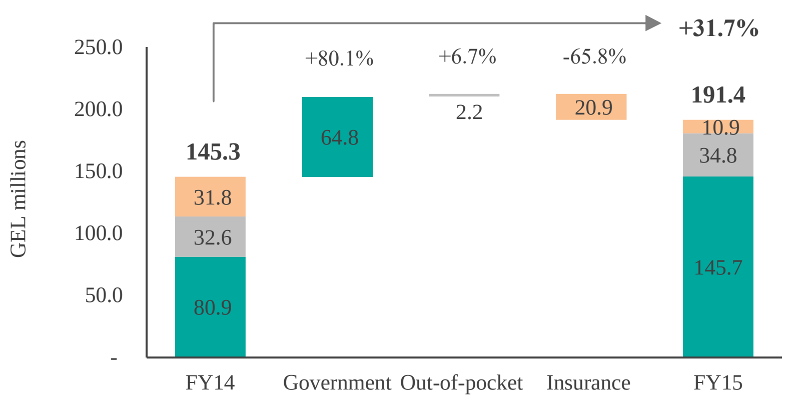
Healthcare services – Net revenue breakdown by service lines, *quarterly*



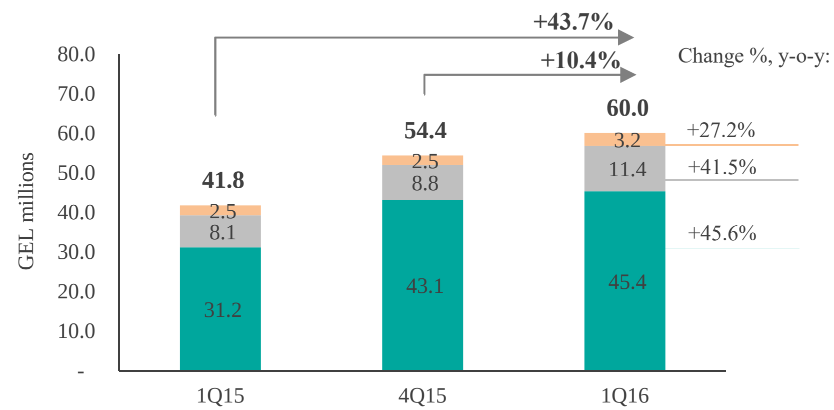
Note: GHG Internal Reporting

Healthcare services revenue growth driven by increased government spending on health

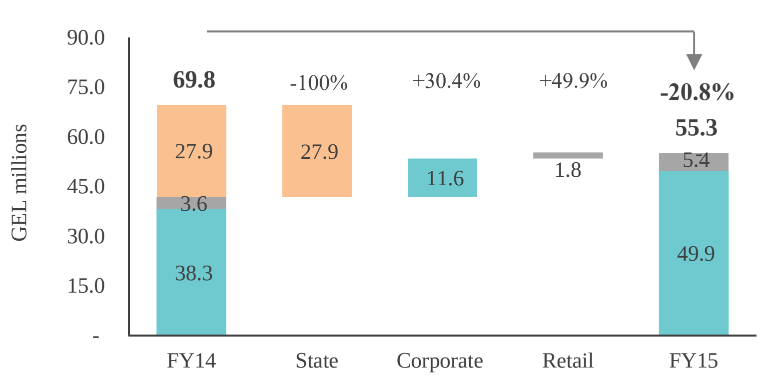
Healthcare services – Net revenue breakdown by source of payment, *full year 2015*



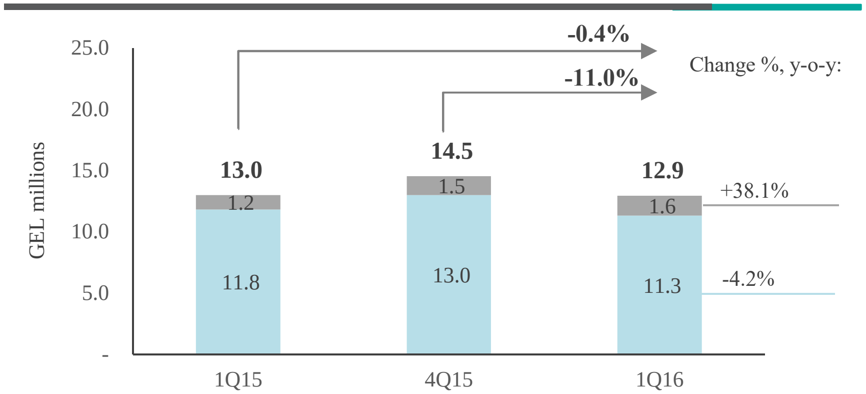
Healthcare services – Net revenue breakdown by source of payment, *quarterly*



Medical insurance – Net revenue breakdown by products, *full year 2015*



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

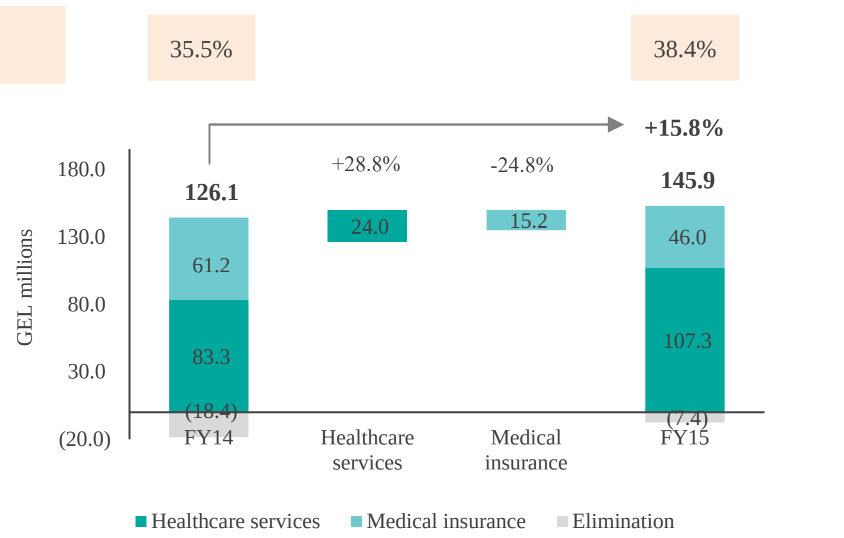


Note: GHG Internal Reporting

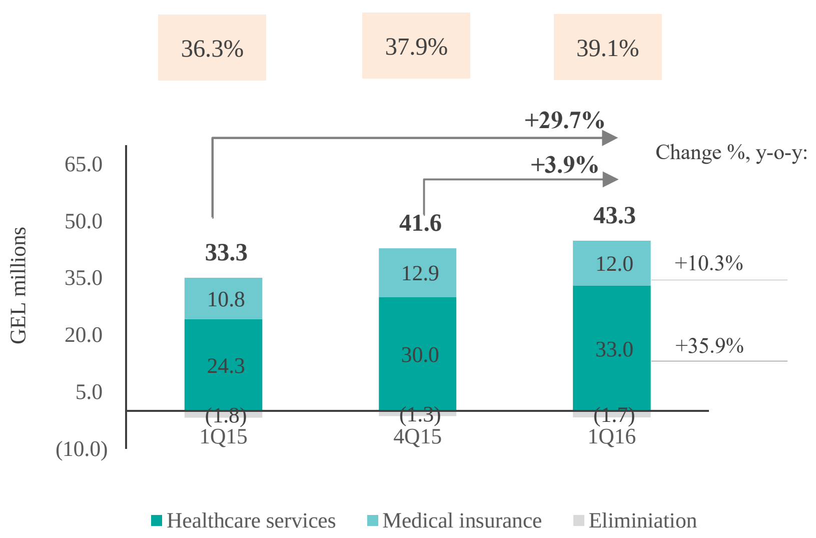
Cost of services growth follows healthcare services expansion, through increased gross margins(1/2)

Gross margin improved

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



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

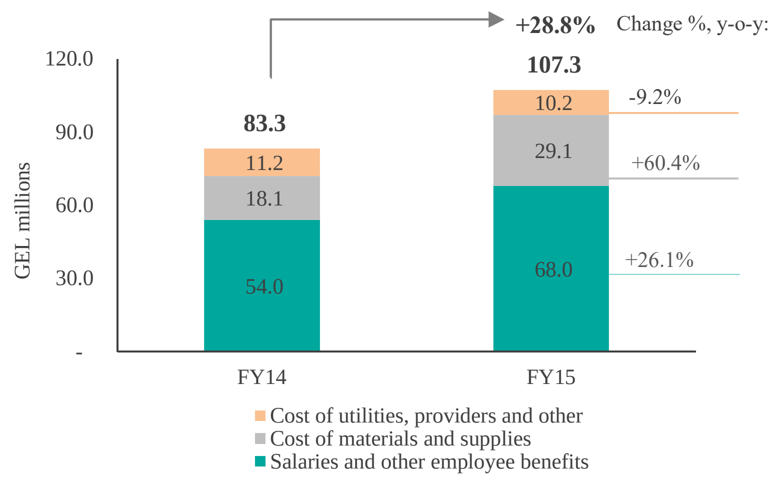


Note: GHG Internal Reporting

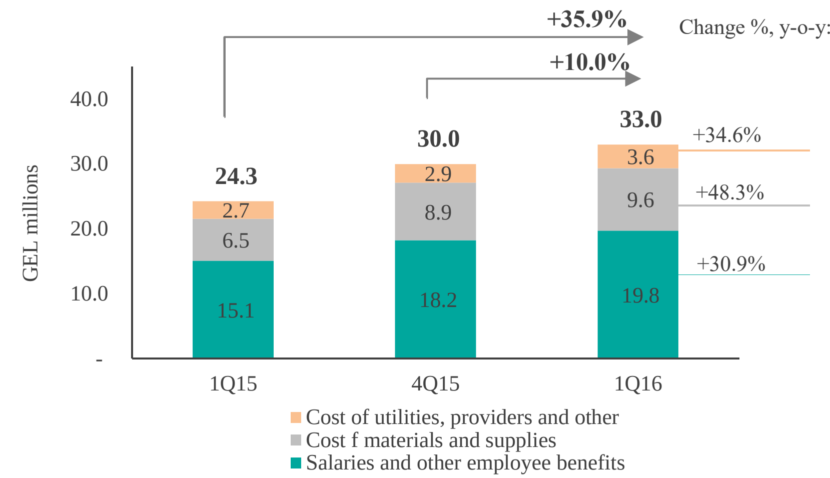
Cost of services growth follows healthcare services expansion (2/2)

GEORGIA HEALTHCARE GROUP

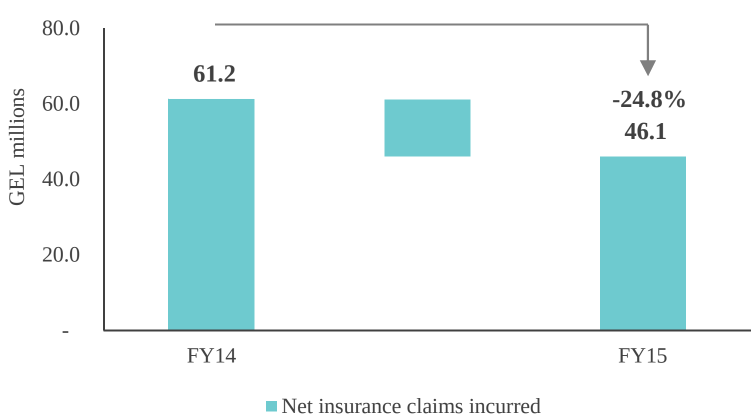
Healthcare services - cost of services breakdown, *full year 2015*



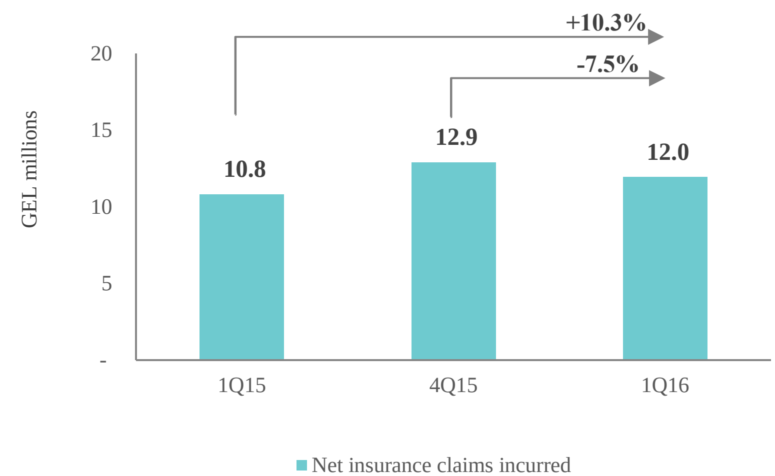
Healthcare services – cost of services breakdown, *quarterly*



Medical Insurance – Net insurance claims incurred, *full year 2015*



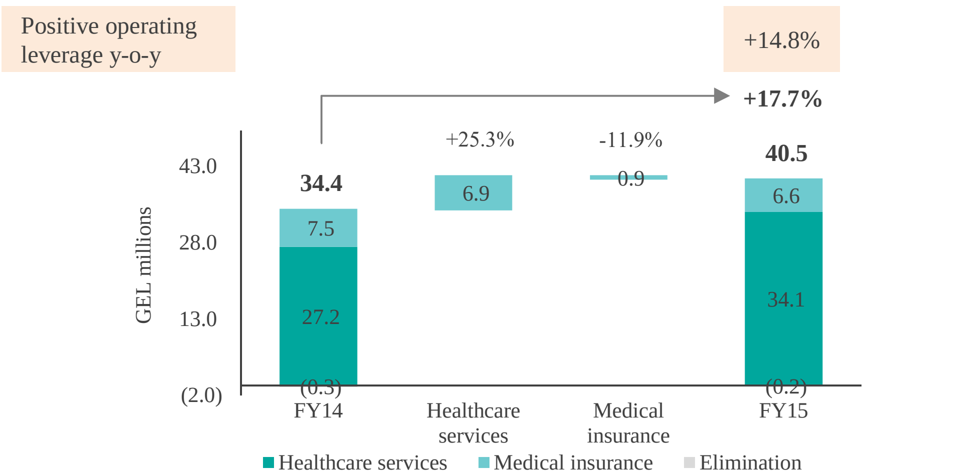
Medical Insurance – Net insurance claims incurred, *quarterly*



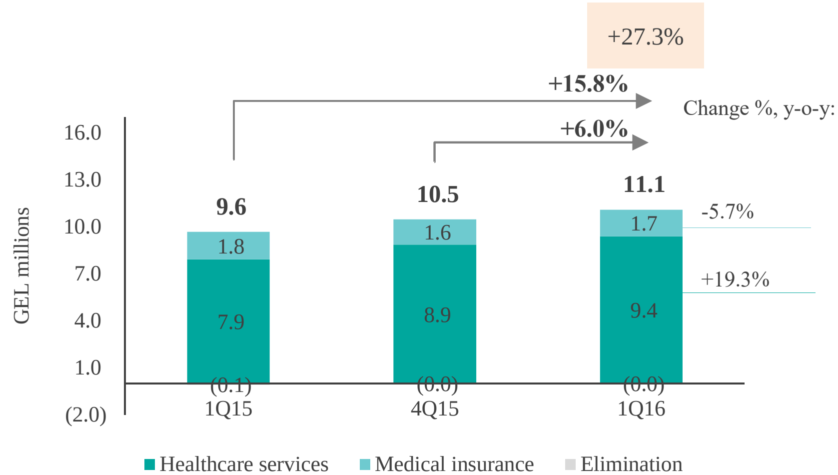
Note: GHG Internal Reporting

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

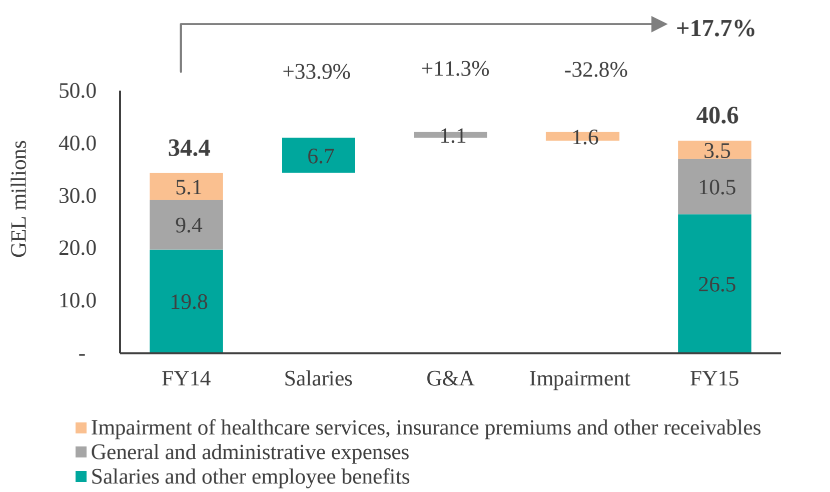
GHG – Operating expense breakdown by Segments, *full year 2015*



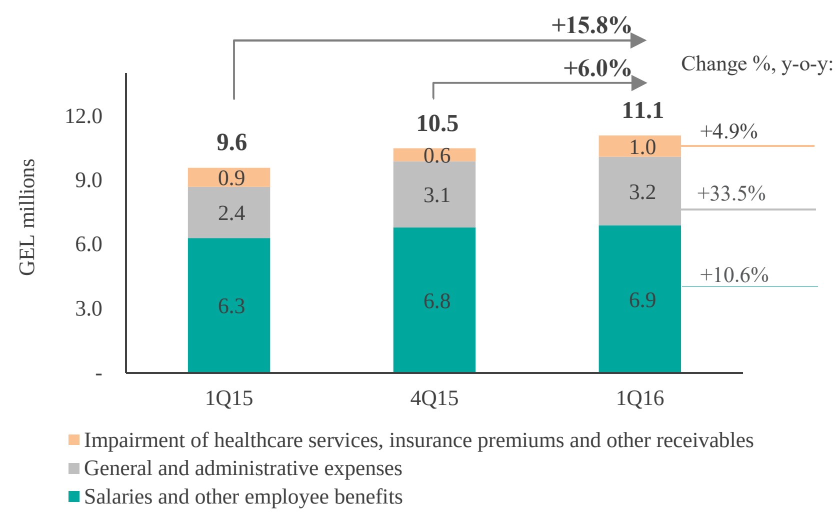
GHG – Operating expenses breakdown by segments, *quarterly*



GHG –operating expenses breakdown, *full year 2015*



GHG –operating expenses breakdown, *quarterly*

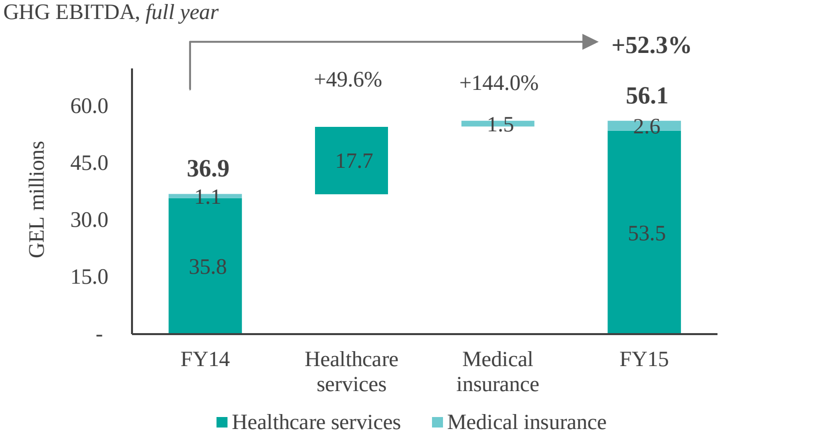


Note: GHG Internal Reporting

EBITDA and Net profit

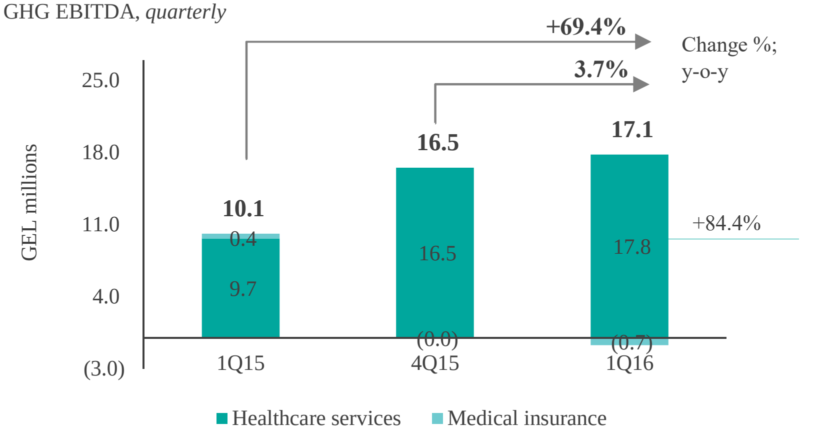
GHG – EBITDA growth primarily driven by healthcare services, 27.4% EBITDA Margin in 2015

GHG EBITDA, *full year*



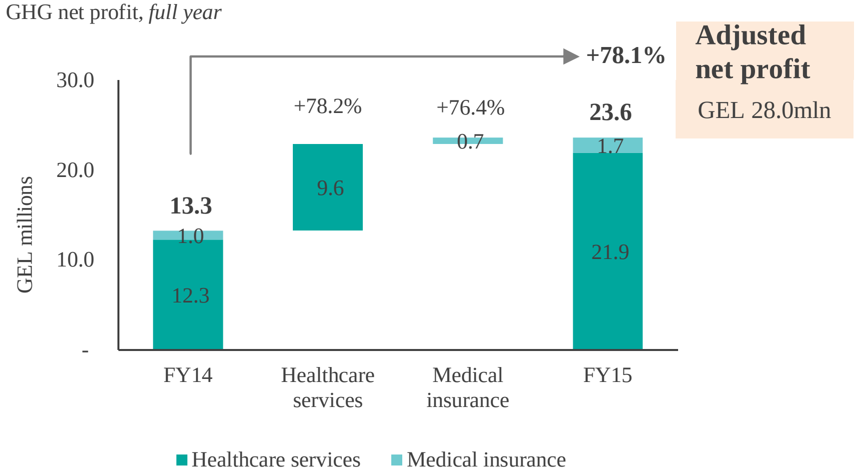
GHG – EBITDA growth driven primarily by healthcare services, reaching 29.5% EBITDA Margin in 1Q 2016

GHG EBITDA, *quarterly*



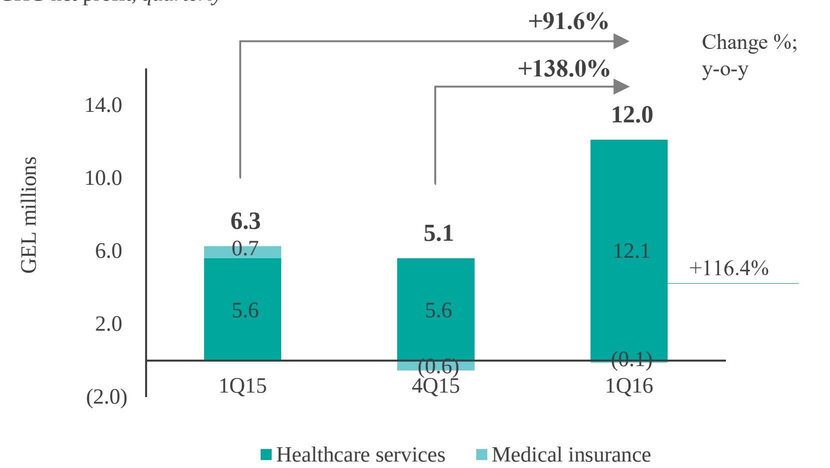
GHG – Net Profit growth primarily driven by healthcare services, 78.2% Y-o-Y

GHG net profit, *full year*



GHG – Net Profit growth primarily driven by healthcare services, 116.4% Y-o-Y

GHG net profit, *quarterly*



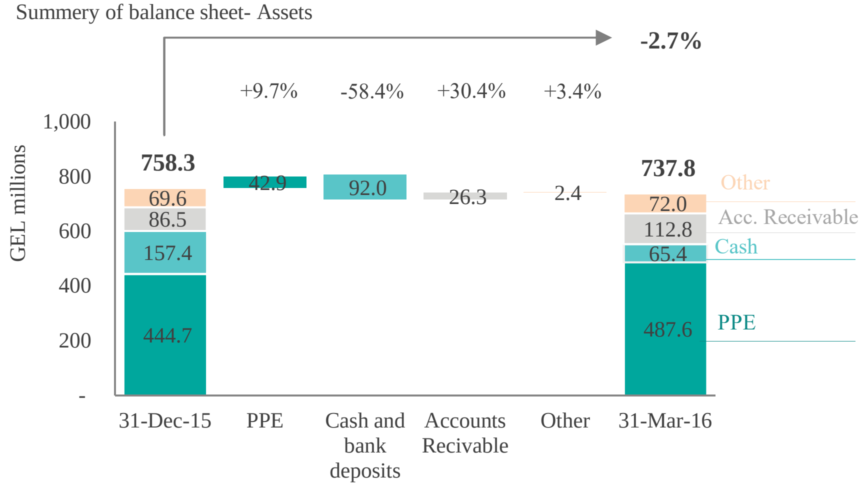
Note: GHG Internal Reporting

(1) We show adjusted net profit, to exclude the effect of the IPO. The adjusted profit includes add back for a non-recurring one-off FX loss as well as an add back of one quarter interest expense released through prepayment of debt at the end of 2015 and in January 2016

Balance sheet

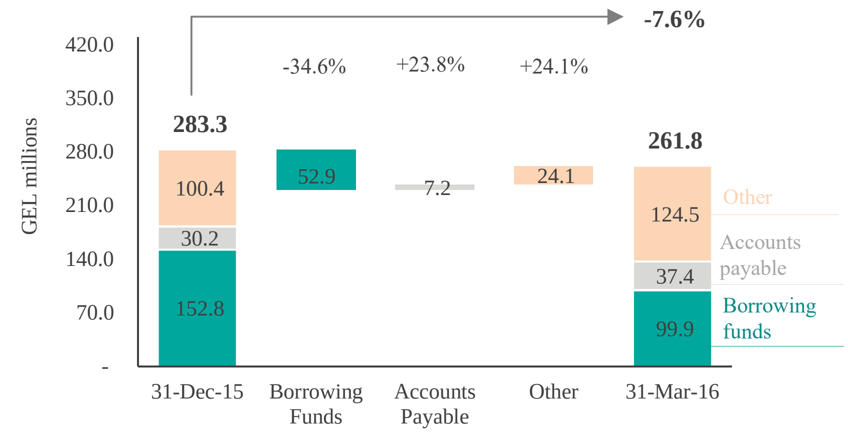
GHG – Asset growth and structure follows healthcare services expansion plan. Reduction of cash position is due to repayment of borrowings

Summery of balance sheet- Assets

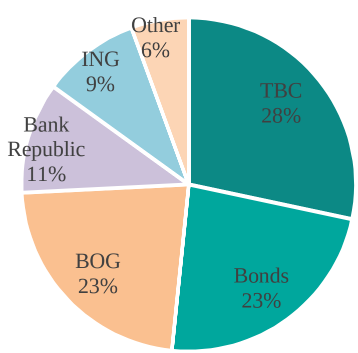


GHG –Asset growth mostly funded through IPO. Repayment of borrowings reduced total debt - improved leverage

Summery of balance sheet - Liabilities

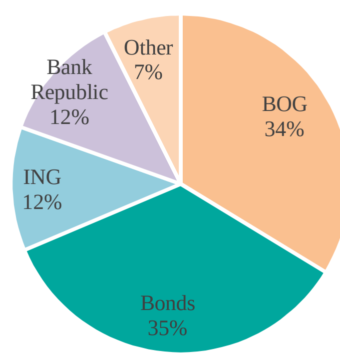


Debt structure
GEL 152.8 million
As of 31 Dec 2015



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
GEL 99.9 million
As of 31 March 2016



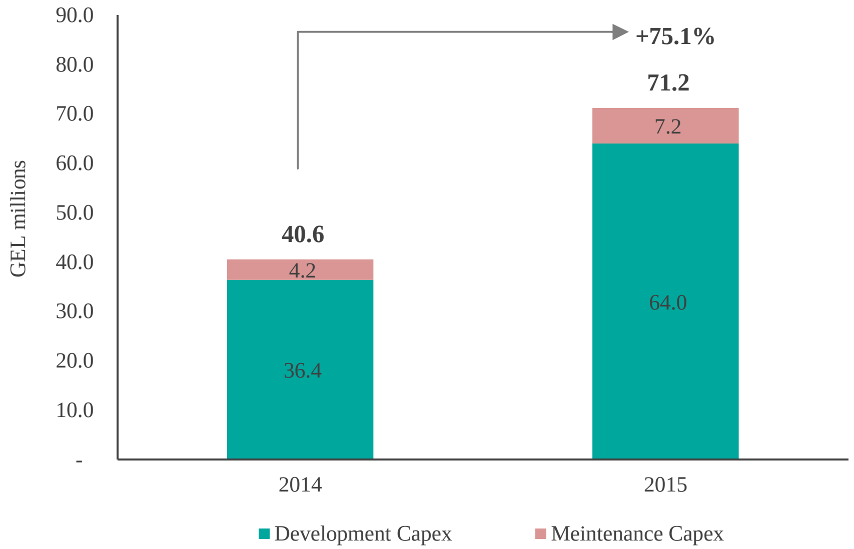
Released c.GEL 25.0mln of operating cash flow each year starting 2016

Note: GHG Internal Reporting

Capex – Key driver for our 2016-2018 strategy

Capex 2014-2015

Maintenance capex *as % of healthcare service revenue*	2.8%	3.7%



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

- **During 1Q16 we spent a total of GEL 16.9 million on capital expenditures, from which:**
  - Development Capex was GEL 14.4 million
  - Maintenance Capex was GEL 2.5 million
- These expenditures already include commencement of the flagship projects of DEKA and Sunstone in 1Q16.

Note: GHG Internal Reporting

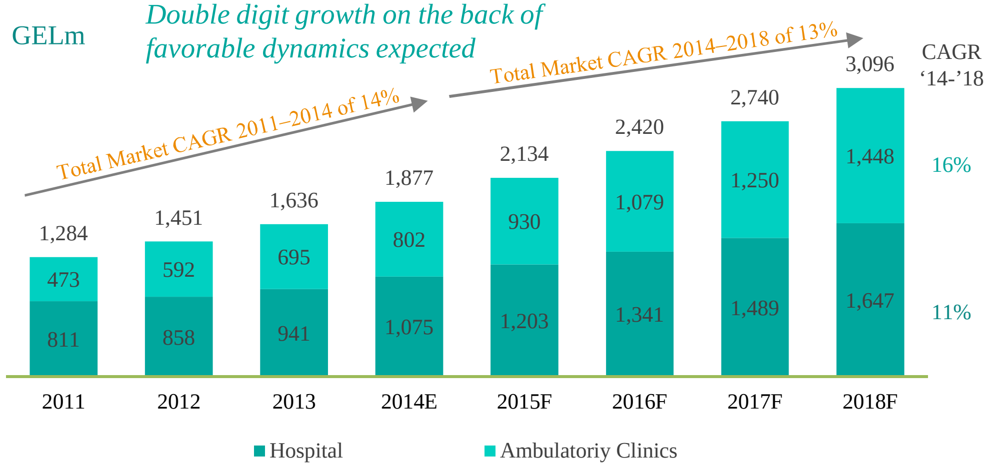
Contents

Long-term, high growth prospects
Rapidly Growing Healthcare Services Market

GEORGIA HEALTHCARE GROUP

High Growth in Healthcare Services Market Expected to Continue

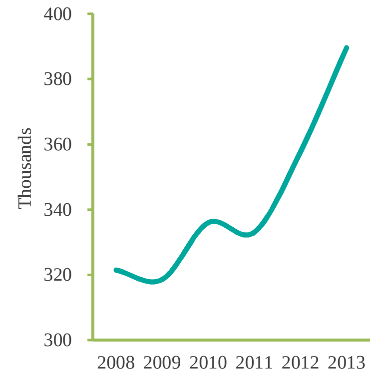
Double digit growth on the back of favorable dynamics expected



Source: Frost & Sullivan analysis.

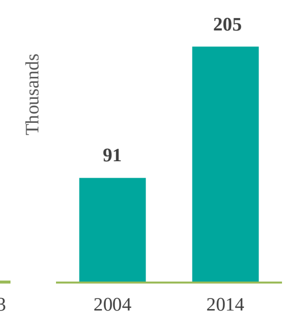
Demand Analysis

Number of Hospital Admissions



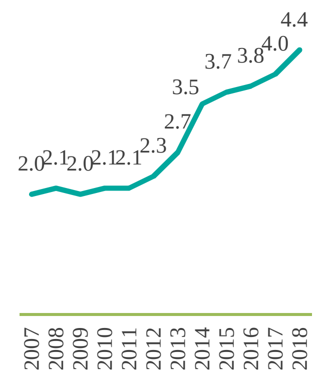
Source: NCDC.

Number of Surgical Operations



Source: NCDC.

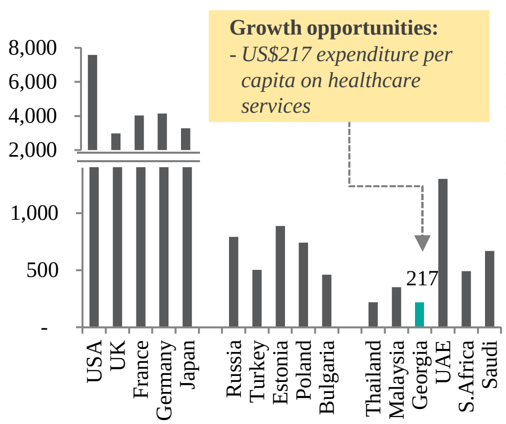
Outpatient Encounters per Capita



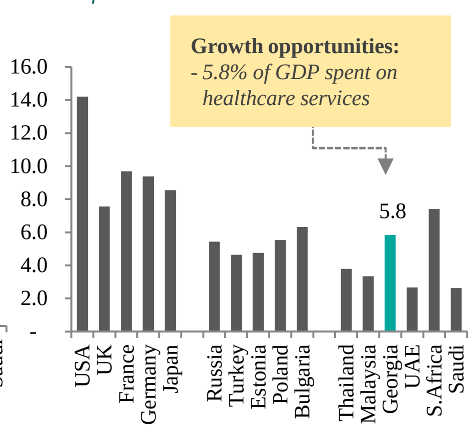
Source: NCDC, Frost & Sullivan analysis.

Low Expenditure on Healthcare Services

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



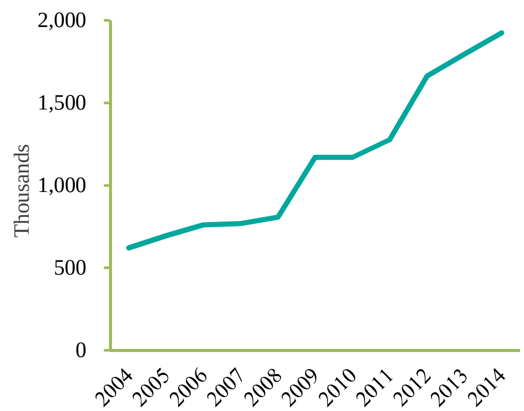
Expenditure on healthcare services % of GDP (1)



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

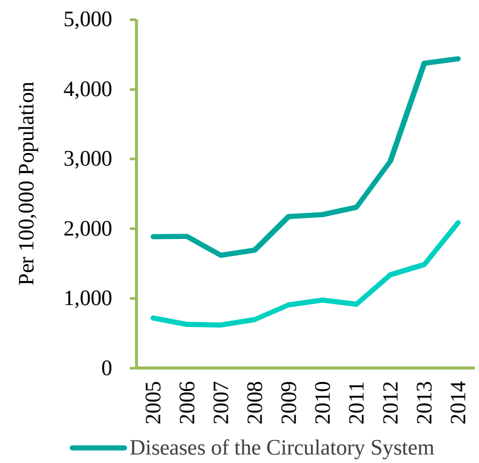
Increasing Overall Disease Incidence…

Number of Registered Patients with 1st Time Diagnosis



Source: Geostat.

… Including a Growing Incidence of Lifestyle Diseases

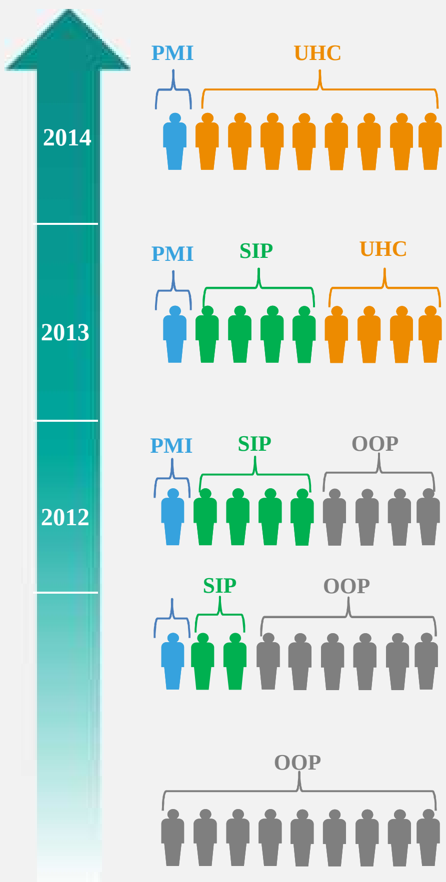


Source: NCDC.

Long-term, high growth prospects
Favorable government healthcare policy

Expanding medical insurance coverage and creating opportunities for private participation (via top-ups) has been the key impact of the Universal Health Care reform

Healthcare coverage of Georgia's 4.5m population:



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

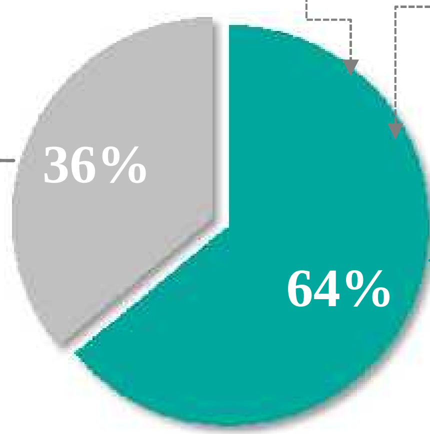
GEORGIA HEALTHCARE GROUP

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

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

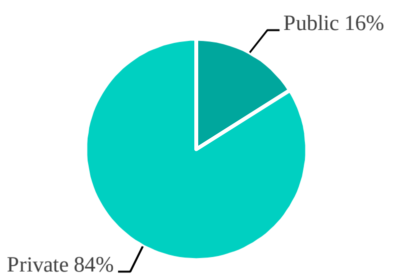
Long-term, high growth prospects
Favorable government healthcare policy

GEORGIA HEALTHCARE GROUP

Infrastructure renewed, although significant opportunity remains to improve service quality

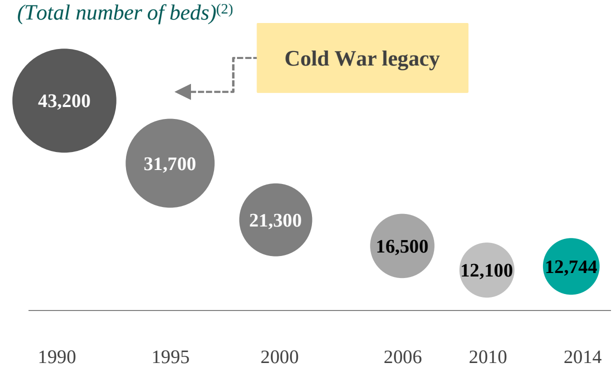
84% Of Hospital capacity is private

Total Number of Beds (2014): 10,071(1)



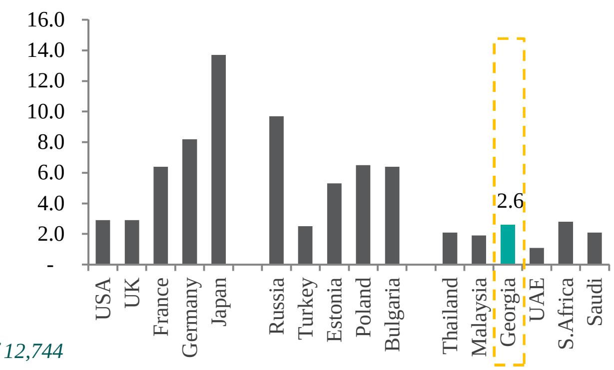
Capacity-wise Georgia stands alongside US, UK and Turkey

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



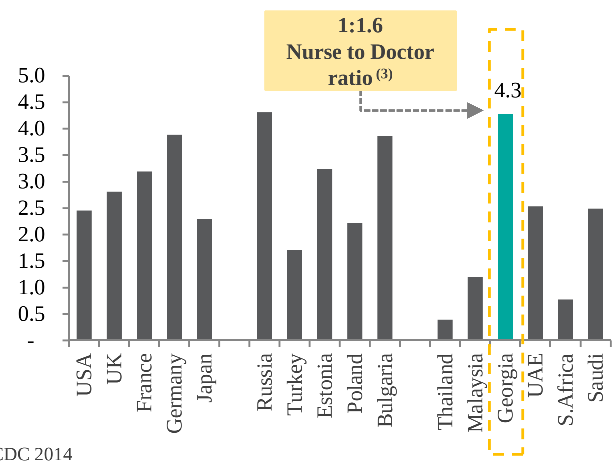
Note: (*) Target market bed capacity = Total market bed capacity of 12,744 beds - 2,689 specialty beds at penitentiary, TB and psychiatric clinics

Beds per 1,000 people(3)



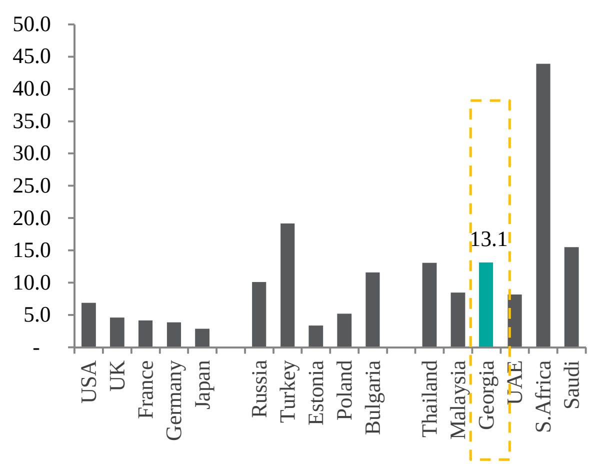
However, physician overcapacity yet to be addressed

Number of physicians per 1,000 people(3)

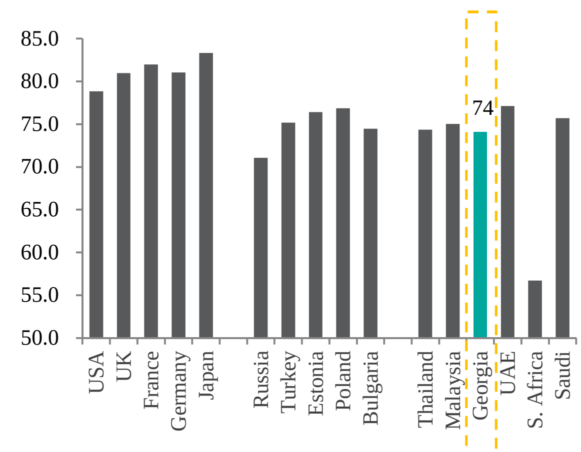


With significant room for optimisation in terms of service quality, as indicated by:
Under 5 Mortality Rate… … And Life Expectancy At Birth

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



Total (years)(3)



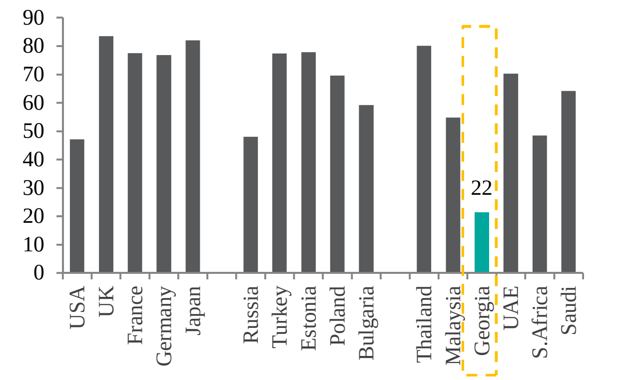
Source:
(1) NCDC 2014
(2) Geostat 2014, NCDC 2014
(3) World Bank | 2012, 2013

GEORGIA HEALTHCARE GROUP

Long-term, high growth prospects
Favorable government healthcare policy

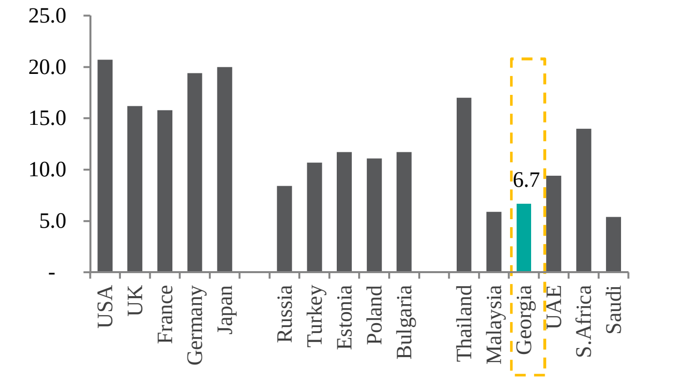
Government finances reached c.30% of total healthcare costs in 2015, from c.20% in 2013

General government expenditure on health as a percentage of total expenditure on health in 2013[1]



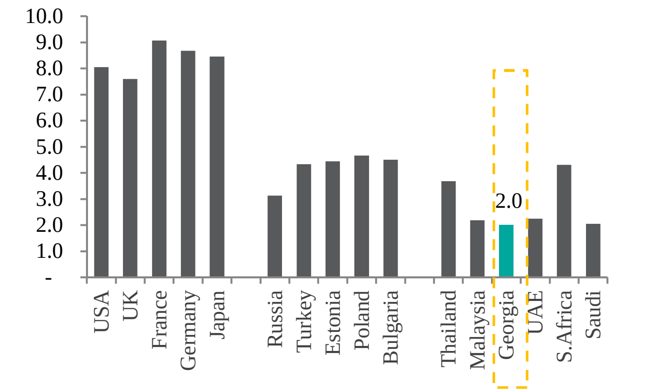
Government spending on healthcare was only 6.7% of state budget in 2013, which grew up to 9.3% in 2015 year.

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]

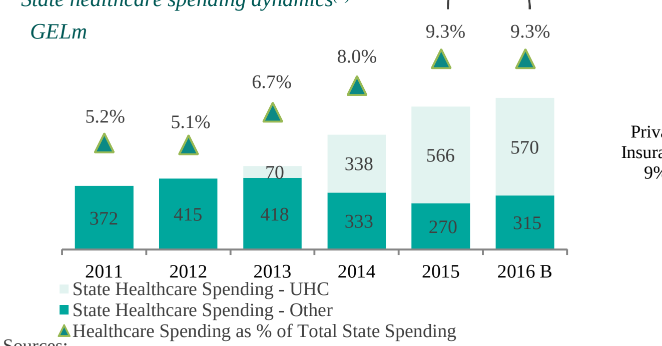


And catching up gradually – State financing of healthcare increasing for the last several years

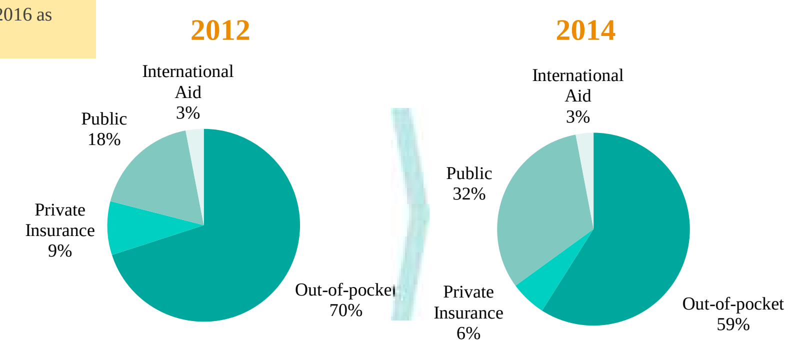
2015 UHC spending was initially planned at GEL 470mln. In 2nd half of 2015 state has adjusted initial budget of 2015 UHC spending and increased from GEL 470mln to GEL 566mln; UHC budget is expected to be adjusted and increased in 2016 as well.

State healthcare spending dynamics[2]

GELm

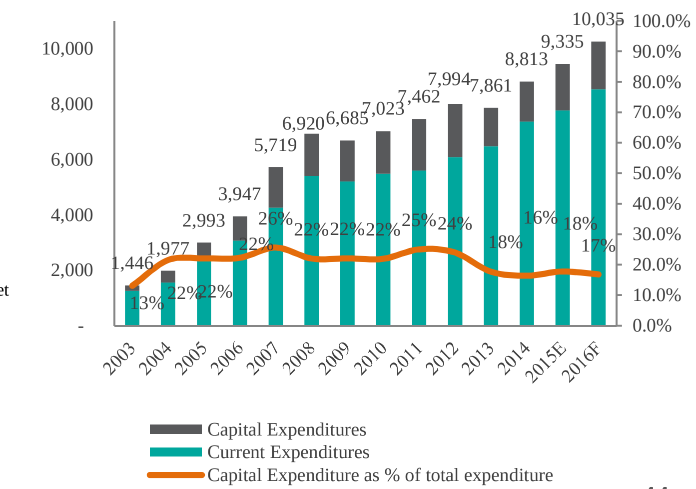


High private spending and growing public sector participation on the back of UHC implementation[3]



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

Long-term, high growth prospects
Georgia | rapidly developing reform driven economy

- Area: 69,700 km^2
- 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)

THE WORLD BANK

Top Reformer

Ease of Doing Business Best Improvement since 2005

- Nominal GDP: 2015 GEL 31.7bn (US$14.0bn)
- Real GDP average 10yr growth: 5.1%
- GDP per capita 2015E (PPP) per IMF: US$9,629
- Inflation rate (e-o-p) 2015: 4.9%
- External public debt to GDP 2015: 32.6%

- Sovereign ratings:

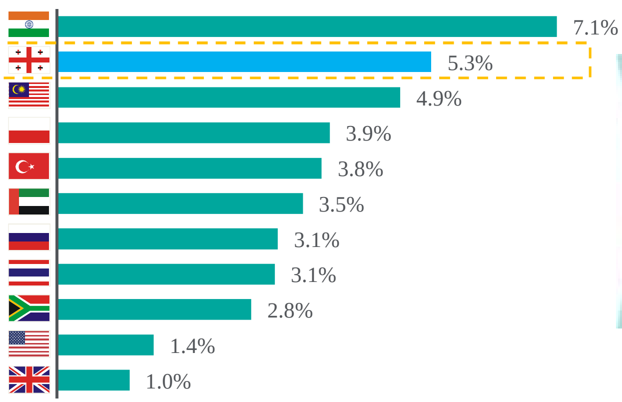
S&P	BB-/B/Stable, affirmed in November 2015
Moody's	Ba3/NP/Positive, affirmed in March 2016
Fitch	BB-/B/Stable, affirmed in October 2015

Sources: Ministry of Finance of Georgia, Geostat, IMF, Government of Georgia Presentation (Georgia.gov.ge)

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…

#1

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

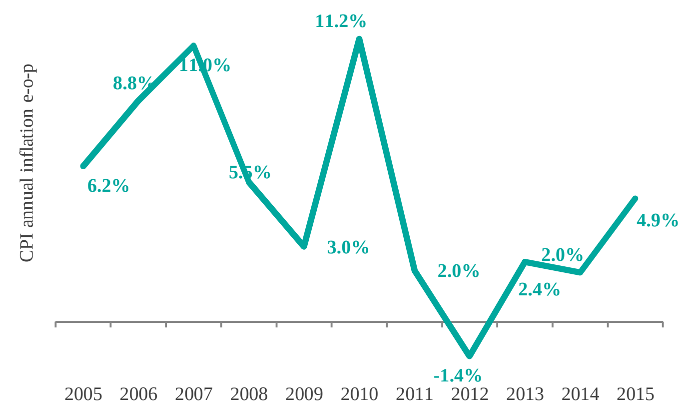
Prudent Fiscal Policy

"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

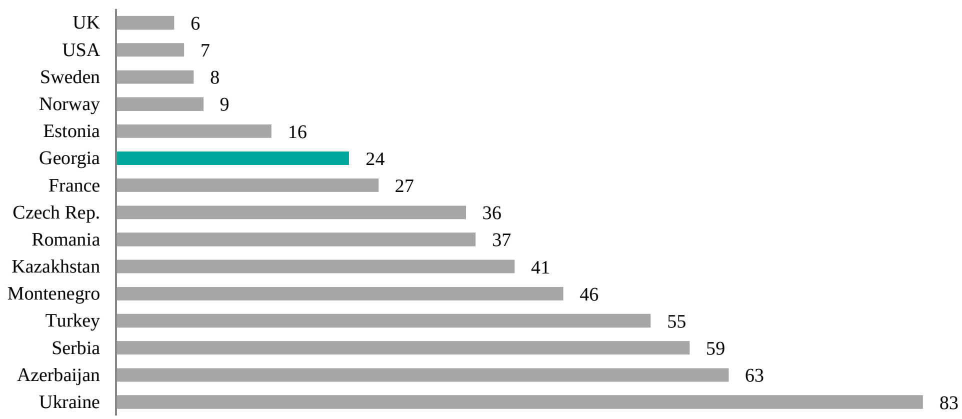


Sources: Broker research, EIU Estimates as at February 2015, FactSet as at 26 February 2015.c, Geostat 2015

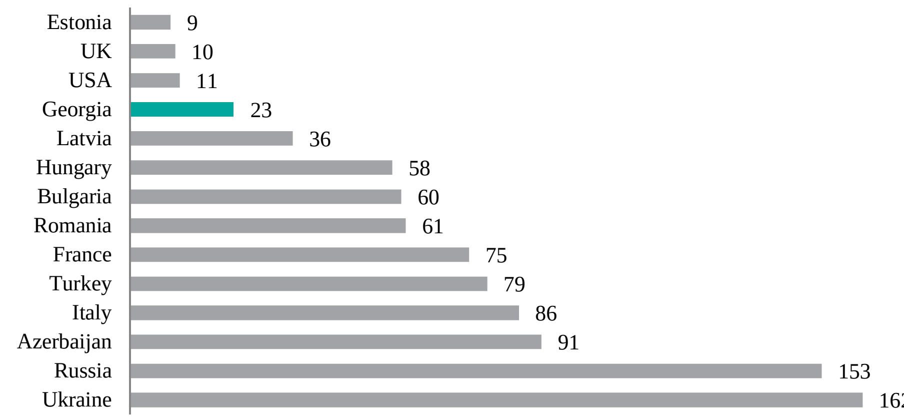
Long-term, high growth prospects

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

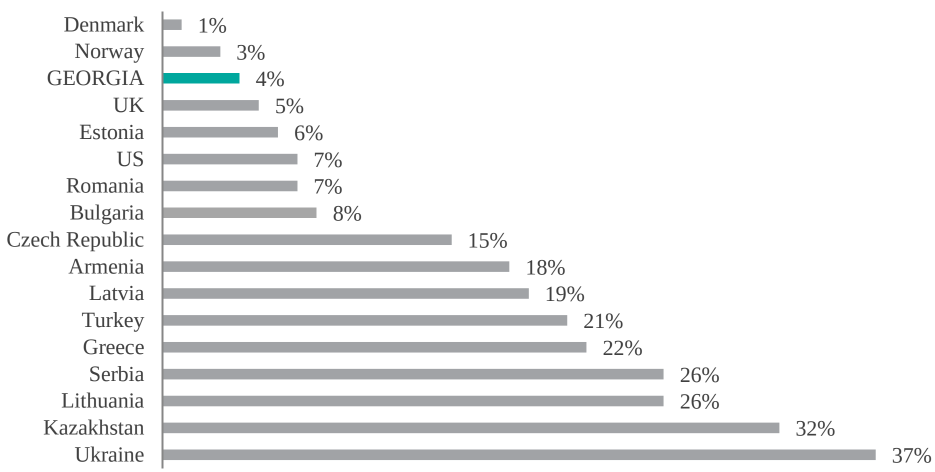
Ease of Doing Business | *2016 (WB-IFC Doing Business Report)*



Economic Freedom Index | *2016 (Heritage Foundation)*



Global Corruption Barometer | *TI 2013*



GEORGIA - No 1 Reformer 2005-2012

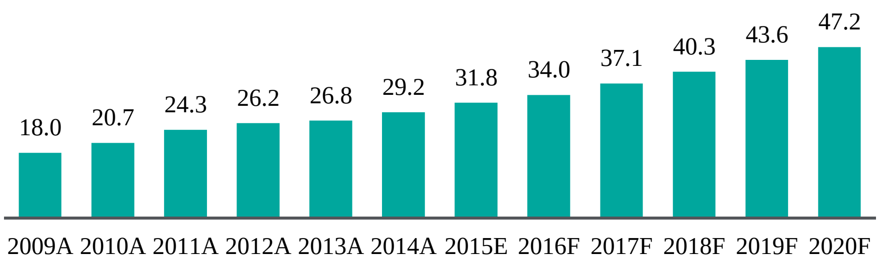
(WB Doing Business Report)

Sources: Transparency International, Heritage Foundation, World Bank

Long-term, high growth prospects
Georgia | positive economic outlook

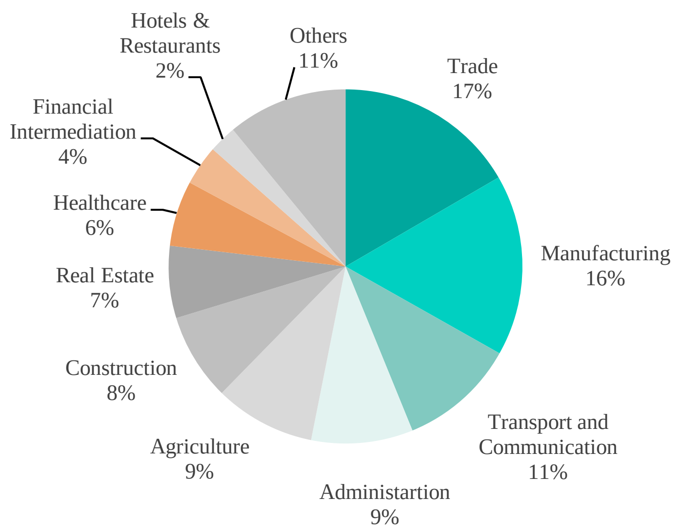
GDP Growth Expected to Continue

	2009A	2010A	2011A	2012A	2013A	2014A	2015E	2016F	2017F	2018F	2019F	2020F
	Historical							Forecast				
Real GDP Growth, %		6.2	7.2	6.4	3.4	4.6	2.8	2.5	4.5	5.0	5.0	5.0
Nominal GDP per Capita, GEL'000	4.1	4.7	5.4	5.8	6.0	6.5	8.5	9.2	10.1	11.0	11.9	12.8



Nominal GDP, GELbn

GDP composition, FY 2015



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

Clear Strategy to Achieve Long Term Growth

Liberal Reforms and Prudent Policy

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

Regional Logistics and Tourism Hub

- Proceeds from foreign tourism stood at US$1.9bn in 2015 up 8.3% 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$ 1.35bn in 2015)
- Net remittances of US$0.91bn in 2015 (down 28.0%)
- FDI averaged 10% of GDP in 2006-2015

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

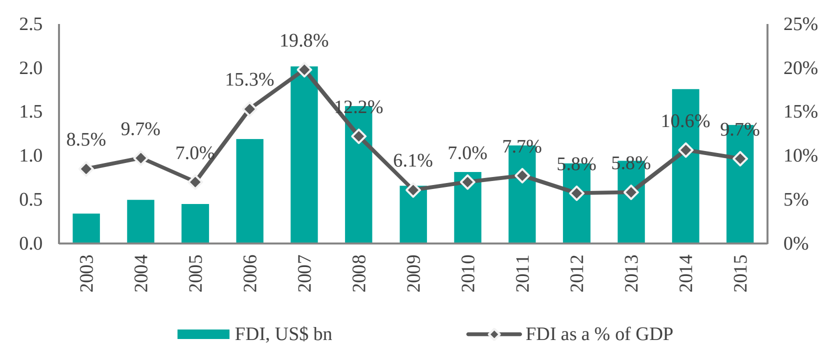
- Only 20% of hydropower capacity utilized; 88 hydropower stations are being built/developed
- Net electricity exporter from 2007-2011 (net importer in 2012 and 2013 due to low precipitation)
- Significantly boosted transmission capacity in recent years

GEORGIA HEALTHCARE GROUP

Diversified sources of capital flow

FDI inflows

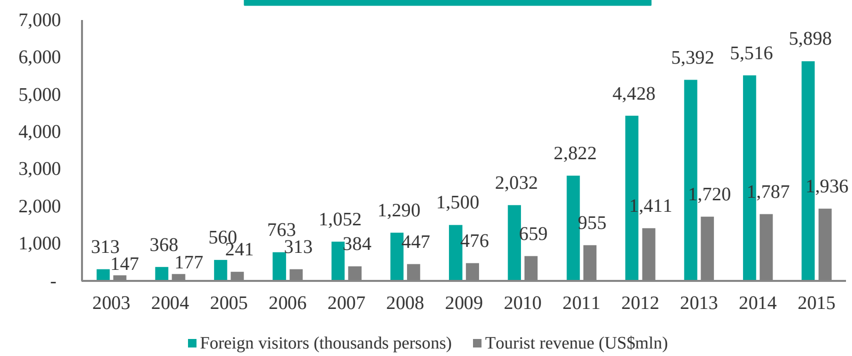
US$1.35 bln in 2015, down 23.2%



Sources: Geostat

Number of tourists

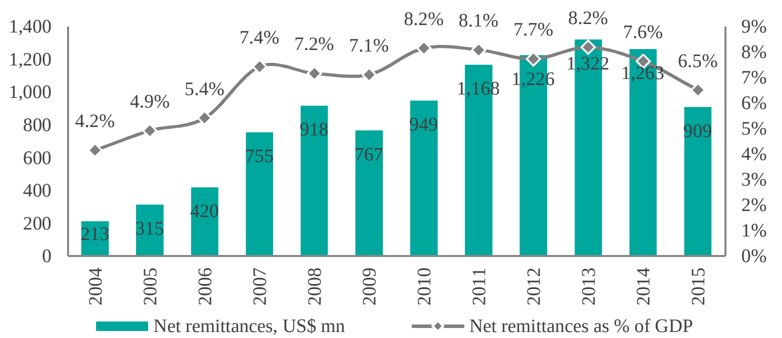
1.1 mln visitors in 1Q16, up 15%% y-o-y



Sources: Georgian National Tourism Agency, National Bank of Georgia

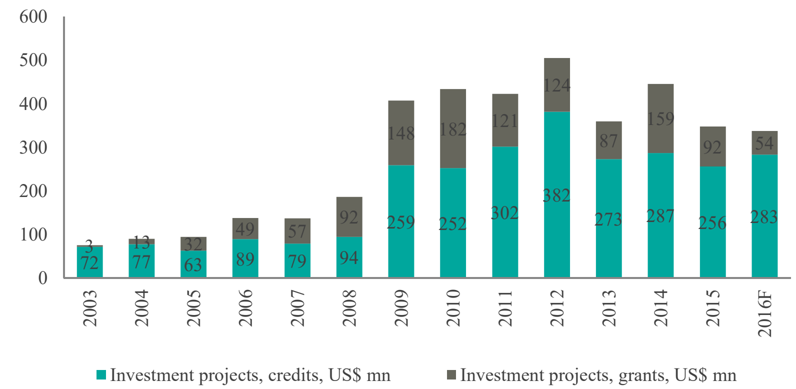
Net remittances

US$237.1 mln in 1Q16, down 4.9%



Source: National Bank of Georgia

Public donor funding

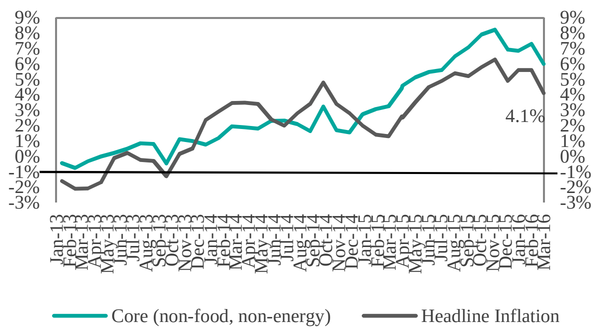


Source: Ministry of Finance of Georgia

GEORGIA HEALTHCARE GROUP

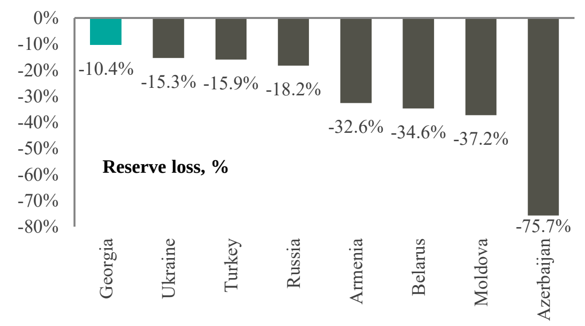
General macro

Annual inflation



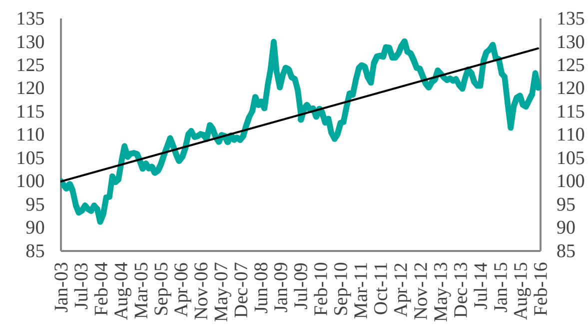
Sources: Geostat

Georgia used less reserves to support GEL



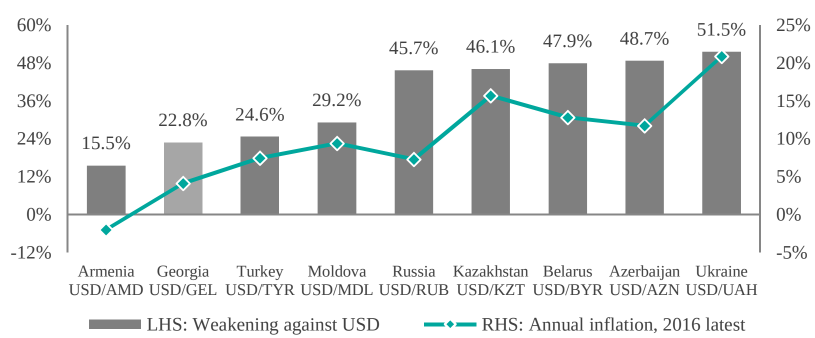
Source: IMF
Note: Feb-2016 vs Aug-2014; Armenia's reserves exclude a US$ 500mn Eurobond issued in March 2015

Real effective exchange rate (REER)



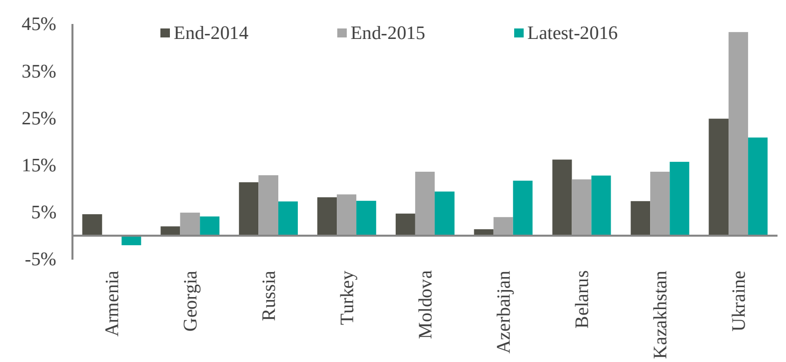
Sources: NBG

Currency weakening vs US$



Source: Bloomberg, National Statistics Offices
Note: US$ per unit of national currency, period 1-Aug-2014 – 19-Apr-2016

Inflation remains modest in Georgia



Source: Central banks

Contents

GEORGIA HEALTHCARE GROUP

Analyst coverage

Consensus Target Price is 2.48 GBP

citi

GBP 2.35

*as of 17 December 2015

Renaissance Capital

GBP 2.50

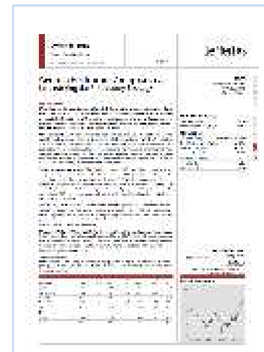
*as of 16 May 2016

Numis Corporation Plc

GBP 2.25

*as of 21 December 2015

Jefferies



GBP 2.80

*as of 9 May 2016

GEORGIA HEALTHCARE GROUP

Segment overview – healthcare services

Healthcare services is the largest provider of healthcare services in Georgia and operates a vertically integrated network of 36 hospitals and 10 ambulatory clinics

EVEX Medical Corporation

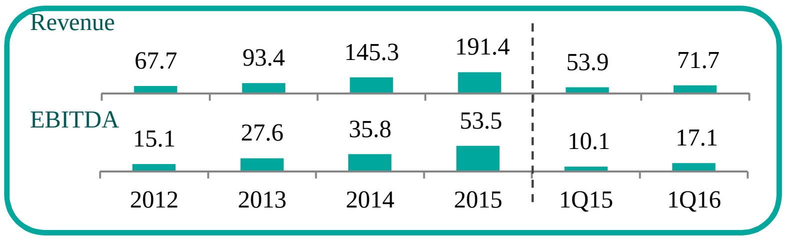
Key Highlights

- Provides a comprehensive range of inpatient and outpatient healthcare services
- 26.7% market share by number of beds, 5x the size of the nearest competitor
  - 2,686 beds in total
- 2,762 physicians and 2,706 nursing staff[1]

Medical Specialties

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

Services Provided Through

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: 20

3 Ambulatory Clinics

- Provides outpatient diagnostic and treatment services
- High margin business

# of facilities: 10

Refers patients for secondary or tertiary level treatment

Refers patients for inpatient / outpatient services

Sources:.
(1) GHG Internal Reporting.

Overview of referral hospitals

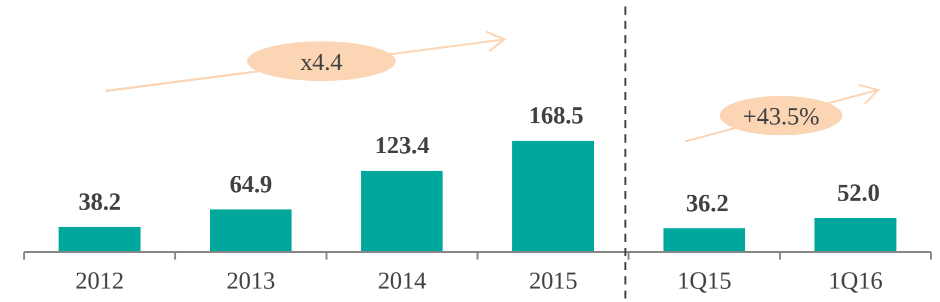
GEORGIA HEALTHCARE GROUP

Overview

- GHG owns and operates 16 referral and specialty hospitals, with a total of 2,229 beds
  - Contributed ~87.% of healthcare services revenue in 1Q16
  - 66.7% bed utilisation in 1Q16
  - Average length of stay in 1Q16- 5.2
- 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
- 6,998 employees, of which 2,002 physicians and 2,164 nurses[(1)]
  - On average 437 employees per hospital, of which 125 physicians and 135 nurses

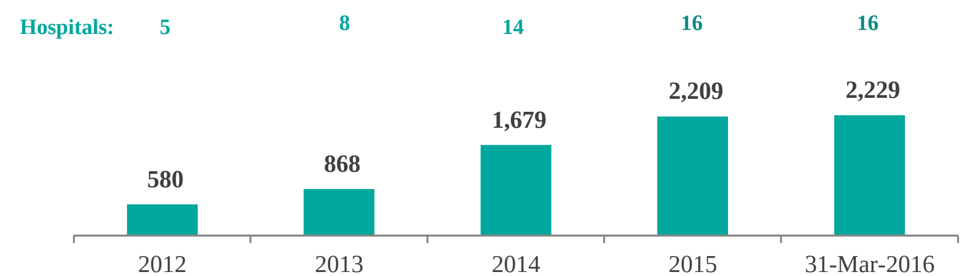
Referral Hospitals Revenue (GELm)

GEL millions

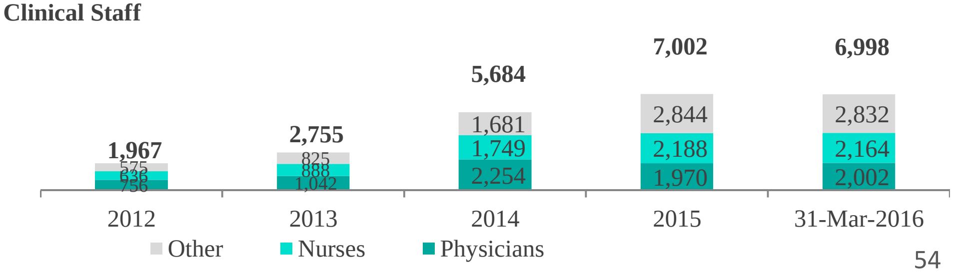


Key Performance Indicators

Facilities – Beds / Hospitals



Clinical Staff



Source: GHG Internal reporting.

GEORGIA HEALTHCARE GROUP

Referral hospitals – *selected financial and operating data*

#	Name of Referral Hospital	Number of operating beds as at 31 March 2016	Utilization % during 1Q16	Net Revenue 1Q16 *(Gel mln)*	Net Revenue 1Q15 *(Gel mln)*	Change, y-o-y
1	KNMC	220	87.2%	8.3	7.3	12.8%
2	Iashvili Paediatric Tertiary	266	73.3%	6.6	5.4	23.7%
3	Children's new[2]	110	101.2%	4.7	3.9	20.5%
4	HTMC Hospital[1]	450	71.4%	10.8	n/a	n/a
5	Batumi Regional	134	68.2%	4.1	3.6	12.9%
6	Zugdidi Regional	186	56.4%	3.5	3.3	6.7%
7	Kutaisi	124	77.2%	3.0	2.5	21.5%
8	Caraps Speciality	60	22.2%	2.1	2.5	-15.1%
9	Batumi Paediatric Regional	120	84.8%	2.4	1.9	25.1%
10	Traumatology	60	49.9%	2.0	2.2	-7.1%
11	Sunstone[2]	152	26.9%	1.1	1.3	-15.2%
12	Telavi	70	49.4%	1.1	0.8	33.2%
13	Akhaltsikhe	70	31.2%	0.7	0.6	16.8%
14	New Life	82	31.5%	0.5	0.5	2.8%
15	Saint Nikolozi Surgery and Oncology	45	17.8%	0.5	0.4	22.3%
16	Deka [1]	80	n/a	0.5	-	n/a
	Inter-hospital eliminations and other revenue			0.0	(0.0)	
	Total	**2,229**	**66.7%**	**52.0**	**36.2**	**43.5%**

Note 1: HTMC and Deka was acquired during second half of 2015

Note 2: Because of high demand, several beds were added temporarily during 1Q16, with the permit of Government, that caused the utilization over 100%.

Sources: GHG Internal Reporting

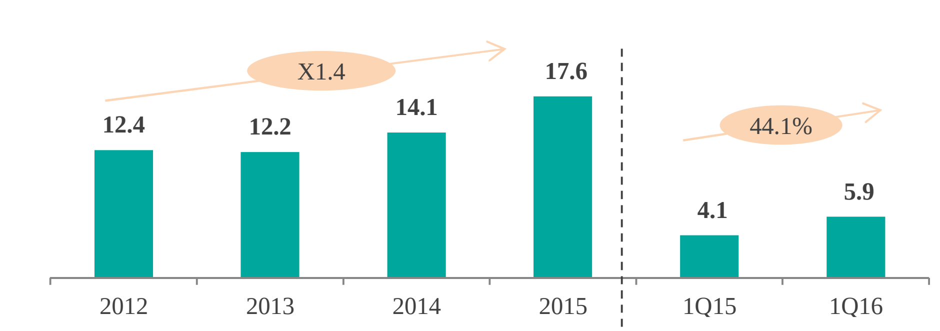
GEORGIA HEALTHCARE GROUP

Overview of community hospitals

Overview

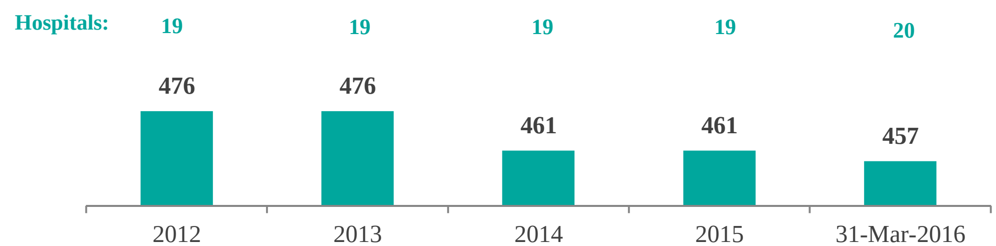
- GHG owns and operates 20 hospitals and 457 beds(1)
  - Contributed ~10% of healthcare services revenue in 1Q16
  - 26.6% bed utilisation in 1Q16
  - Average length of stay in 1Q16 – 3.0
- Located in regional towns and municipalities and offer basic outpatient and inpatient diagnostic, surgical and 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
- 1,751 employees, of which 680 physicians and 501 nurses
  - On average 92 employees per hospital, of which 36 physicians and 26 nurses

Community Hospitals Revenue (GELm)

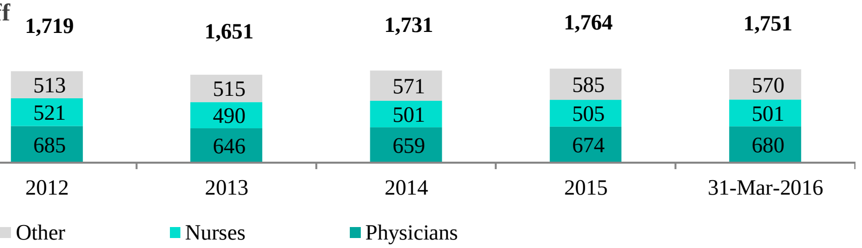


Key Performance Indicators

Facilities – Beds / Hospitals



Clinical Staff



Source: GHG Internal reporting.

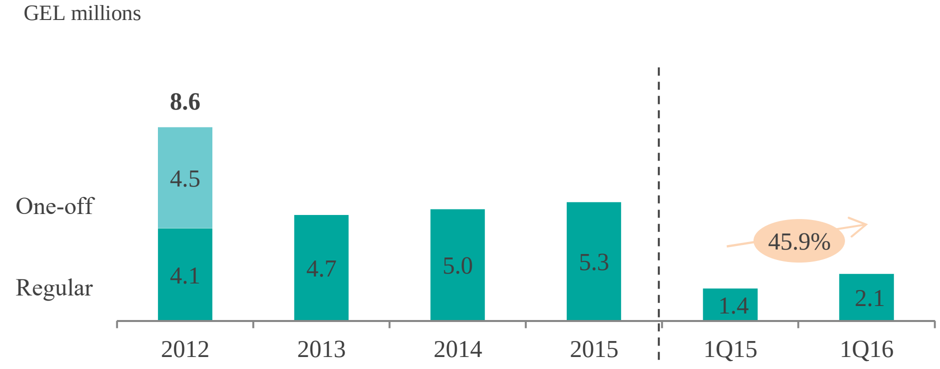
GEORGIA HEALTHCARE GROUP

Overview of ambulatory clinics

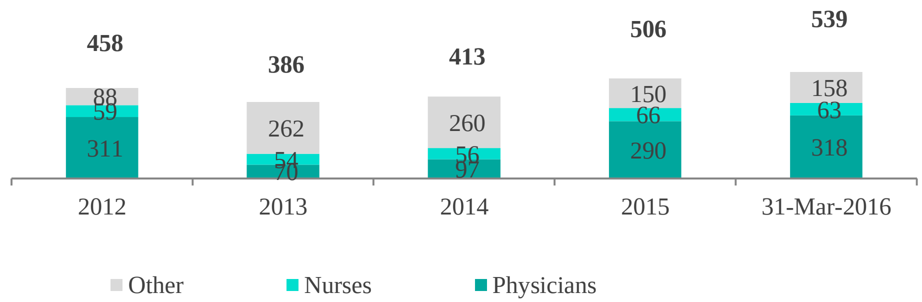
Overview

- 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 ~3% of healthcare services revenue in 1Q16
  - 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
- 539 employees, of which 318 are physicians and 63 are nurses
  - On average 54 employees per clinic

Revenue (GELm)



Clinical Staff



Source: GHG Internal reporting.

Quality standards and accreditation

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 lunched 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 (Adjaria, 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

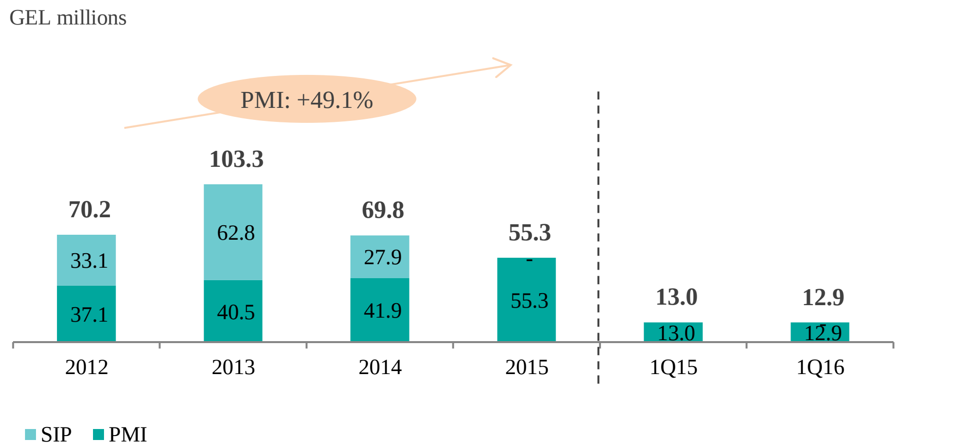
Key Services Offered

- 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

KPI	1Q16
Loss Ratio	92.4%
Expense Ratio	14.7%
Combined Ratio	107.1%
Insurance renewal rate (corporate clients)	88.5%

Net insurance premiums earned



Source: GHG Internal reporting.

GHG healthcare facilities

Before

After

Note: pictures are from GHG healthcare facilities

GEORGIA
HEALTHCARE
GROUP

Healthcare infrastructure reform

GHG healthcare facilities

Note: pictures are from GHG healthcare facilities

GEORGIA HEALTHCARE GROUP

GHG | 1Q16 financial results

Income Statement	Healthcare services					Medical insurance					Eliminations			Total				
GEL thousands; unless otherwise noted	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q	1Q16	1Q15	4Q15	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q
Revenue, gross	**60,451**	**42,745**	**41.4%**	**55,481**	**9.0%**	**12,936**	**12,992**	**-0.4%**	**14,532**	**-11.0%**	**(1,705)**	**(1,862)**	**(1,293)**	**71,682**	**53,875**	**33.1%**	**68,720**	**4.3%**
Corrections & rebates	(410)	(957)	-57.2%	(1,086)	-62.2%	-	-	-	-	-	-	-	-	(410)	(957)	-57.2%	(1,086)	-62.2%
Revenue, net	**60,041**	**41,788**	**43.7%**	**54,395**	**10.4%**	**12,936**	**12,992**	**-0.4%**	**14,532**	**-11.0%**	**(1,705)**	**(1,862)**	**(1,293)**	**71,272**	**52,918**	**34.7%**	**67,634**	**5.4%**
Cost of services	**(32,998)**	**(24,273)**	**35.9%**	**(30,007)**	**10.0%**	**(11,953)**	**(10,837)**	**10.3%**	**(12,917)**	**-7.5%**	**1,694**	**1,771**	**1,306**	**(43,257)**	**(33,339)**	**29.7%**	**(41,618)**	**3.9%**
Cost of salaries and other employee benefits	(19,752)	(15,092)	30.9%	(18,256)	8.2%	-	-	-	-	-	565	675	449	(19,187)	(14,417)	33.1%	(17,807)	7.7%
Cost of materials and supplies	(9,613)	(6,482)	48.3%	(8,871)	8.4%	-	-	-	-	-	275	290	240	(9,338)	(6,192)	50.8%	(8,631)	8.2%
Cost of medical service providers	(428)	(468)	-8.5%	(593)	-27.9%	-	-	-	-	-	12	21	13	(416)	(447)	-6.9%	(580)	-28.3%
Cost of utilities and other	(3,205)	(2,231)	43.7%	(2,287)	40.1%	-	-	-	-	-	92	100	60	(3,113)	(2,131)	46.1%	(2,227)	39.8%
Net insurance claims incurred	-	-	-	-	-	(11,953)	(10,837)	10.3%	(12,917)	-7.5%	750	685	544	(11,203)	(10,152)	10.4%	(12,373)	-9.5%
Gross profit	**27,043**	**17,515**	**54.4%**	**24,388**	**10.9%**	**983**	**2,155**	**-54.4%**	**1,615**	**-39.1%**	**(11)**	**(91)**	**13**	**28,015**	**19,579**	**43.1%**	**26,016**	**7.7%**
Salaries and other employee benefits	(6,115)	(5,314)	15.1%	(6,178)	-1.0%	(819)	(1,036)	-20.9%	(636)	28.8%	11	91	4	(6,923)	(6,259)	10.6%	(6,810)	1.7%
General and administrative expenses	(2,483)	(1,778)	39.7%	(2,219)	11.9%	(719)	(621)	15.8%	(839)	-14.3%	-	-	-	(3,202)	(2,399)	33.5%	(3,058)	4.7%
Impairment of healthcare services, insurance premiums and other receivables	(858)	(831)	3.2%	(460)	86.5%	(122)	(103)	18.4%	(152)	-19.7%	-	-	-	(980)	(934)	4.9%	(612)	60.1%
Other operating income	241	78	209.0%	1,008	-76.1%	(21)	47	NMF	(5)	320.0%	-	-	(17)	220	125	76.0%	986	-77.7%
EBITDA	**17,828**	**9,670**	**84.4%**	**16,539**	**7.8%**	**(699)**	**442**	**NMF**	**(17)**	**NMF**	**-**	**-**	**-**	**17,129**	**10,112**	**69.4%**	**16,522**	**3.7%**
EBITDA margin	***29.5%***	***22.6%***		***29.8%***		***-5.4%***	***3.4%***		***-0.1%***		-	-		***23.9%***	***18.8%***		***24.0%***	
Depreciation and amortization	(4,261)	(2,186)	94.9%	(4,046)	5.3%	(204)	(136)	50.0%	(249)	-18.0%	-	-	-	(4,465)	(2,322)	92.3%	(4,295)	4.0%
Net interest (expense) / income	(2,259)	(4,073)	-44.5%	(5,535)	-59.2%	603	(28)	NMF	158	282.4%	-	-	-	(1,656)	(4,101)	-59.6%	(5,377)	-69.2%
Net (losses) / gains from foreign currencies	(411)	2,907	NMF	(1,586)	-74.1%	151	497	-69.6%	(6)	NMF	-	-	-	(260)	3,404	NMF	(1,592)	-83.7%
Net non-recurring (expense) / income	1,968	(211)	NMF	484	306.3%	-	-	-	(676)	NMF	-	-	-	1,968	(211)	NMF	(192)	NMF
Profit before income tax expense	**12,865**	**6,107**	**110.7%**	**5,856**	**119.7%**	**(149)**	**775**	**NMF**	**(790)**	**-81.1%**	**-**	**-**	**-**	**12,716**	**6,882**	**84.8%**	**5,066**	**151.0%**
Income tax (expense) / benefit	(712)	(491)	45.0%	(206)	245.1%	19	(116)	NMF	192	-90.1%	-	-	-	(693)	(607)	14.2%	(14)	NMF
Profit for the period	**12,153**	**5,616**	**116.4%**	**5,650**	**115.1%**	**(130)**	**659**	**NMF**	**(598)**	**-78.3%**	**-**	**-**	**-**	**12,023**	**6,275**	**91.6%**	**5,052**	**138.0%**
Attributable to:																		
- shareholders of the Company	10,051	5,073	98.1%	4,421	127.3%	(130)	659	NMF	(598)	-78.3%	-	-	-	9,921	5,732	73.1%	3,823	159.5%
- non-controlling interests	2,102	543	287.1%	1,229	71.0%	-	-	-	-	-	-	-	-	2,102	543	287.1%	1,229	71.0%

Sources: GHG Internal Reporting

GHG | 1Q16 financial results

Revenue by business line

(GEL thousands, unless otherwise noted)	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q
Healthcare service revenue, *gross*	**60,451**	**42,745**	**41.4%**	**55,481**	**9.0%**
Corrections & rebates	(410)	(957)	-57.2%	(1,086)	-62.2%
Healthcare services revenue, *net*	**60,041**	**41,788**	**43.7%**	**54,395**	**10.4%**
Referral and specialty hospitals	52,026	36,244	43.5%	48,565	7.1%
Community hospitals	5,920	4,108	44.1%	4,291	38.0%
Ambulatory clinics	2,095	1,436	45.9%	1,539	36.2%
Net insurance premiums earned	**12,936**	**12,992**	**-0.4%**	**14,532**	**-11.0%**
Private medical insurance products sold to retail clients	1,599	1,158	38.1%	1,540	3.8%
Private medical insurance products sold to corporate clients	11,337	11,834	-4.2%	12,992	-12.7%
Eliminations	**(1,705)**	**(1,862)**	**-8.4%**	**(1,293)**	**31.9%**
Total revenue, *gross*	**71,682**	**53,875**	**33.1%**	**68,720**	**4.3%**

Revenue by sources of payment

(GEL thousands, unless otherwise noted)	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q
Healthcare service revenue, *gross*	**60,451**	**42,745**	**41.4%**	**55,481**	**9.0%**
Corrections & rebates	(410)	(957)	-57.2%	(1,086)	-62.2%
Healthcare services revenue, *net*	**60,041**	**41,788**	**43.7%**	**54,395**	**10.4%**
Government-funded healthcare programs	45,377	31,169	45.6%	43,130	5.2%
Out-of-pocket payments by patients	11,426	8,074	41.5%	8,811	29.7%
Private medical insurance companies	3,238	2,545	27.2%	2,454	31.9%
Net insurance premiums earned	**12,936**	**12,992**	**-0.4%**	**14,532**	**-11.0%**
Private medical insurance products	12,936	12,992	-0.4%	14,532	-11.0%
Eliminations	**(1,705)**	**(1,862)**	**-8.4%**	**(1,293)**	**31.9%**
Total revenue, *gross*	**71,682**	**53,875**	**33.1%**	**68,720**	**4.3%**

Sources: GHG Internal Reporting

Cost of services and Gross profit

(GEL thousands, unless otherwise noted)	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q
Cost of healthcare services	**(32,998)**	**(24,273)**	**35.9%**	**(30,007)**	**10.0%**
Cost of salaries and other employee benefits	(19,752)	(15,092)	30.9%	(18,256)	8.2%
Cost of materials and supplies	(9,613)	(6,482)	48.3%	(8,871)	8.4%
Cost of medical service providers	(428)	(468)	-8.5%	(593)	-27.9%
Cost of utilities and other	(3,205)	(2,231)	43.7%	(2,287)	40.1%
Net insurance claims incurred	**(11,953)**	**(10,837)**	**10.3%**	**(12,917)**	**-7.5%**
Eliminations	1,694	1,771	-4.3%	1,306	29.7%
Total cost of services	**(43,257)**	**(33,339)**	**29.7%**	**(41,617)**	**3.9%**
Gross profit	**28,015**	**19,579**	**43.1%**	**26,016**	**7.7%**
Gross margin	**39.1%**	**36.3%**		**37.9%**	

Operating expense and EBITDA

(GEL thousands, unless otherwise noted)	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q
Operating expense of healthcare service business	**(9,456)**	**(7,923)**	**19.3%**	**(8,857)**	**6.8%**
Salaries and other employee benefits	(6,115)	(5,314)	15.1%	(6,178)	-1.0%
General and administrative expenses	(2,483)	(1,778)	39.7%	(2,219)	11.9%
Impairment of healthcare services receivables	(858)	(831)	3.2%	(460)	86.5%
Operating expense of medical insurance business	**(1,660)**	**(1,760)**	**-5.7%**	**(1,627)**	**2.0%**
Eliminations	11	91	-87.9%	4	175.0%
Total operating expense	**(11,105)**	**(9,592)**	**15.8%**	**(10,480)**	**6.0%**
Other operating income	220	125	76.0%	986	-77.7%
EBITDA, *Of which:*	**17,129**	**10,112**	**69.4%**	**16,522**	**3.7%**
EBITDA of healthcare services business	*17,828*	*9,670*	*84.4%*	*16,539*	*7.8%*
EBITDA margin of healthcare service business	*29.5%*	*22.6%*		*29.8%*	

Sources: GHG Internal Reporting

Balance sheet

Balance Sheet	**Healthcare services**					**Medical insurance**					**Eliminations**			**Total**				
GEL thousands; unless otherwise noted	**Mar-16**	**Mar-15**	**Change, Y-o-Y**	**Dec-15**	**Change, Q-o-Q**	**Mar-16**	**Mar-15**	**Change, Y-o-Y**	**Dec-15**	**Change, Q-o-Q**	**Mar-16**	**Mar-15**	**Dec-15**	**Mar-16**	**Mar-15**	**Change, Y-o-Y**	**Dec-15**	**Change, Q-o-Q**
Total assets, of which:	**670,861**	**365,689**	**83.5%**	**703,309**	**-4.6%**	**75,493**	**76,669**	**-1.5%**	**67,372**	**12.1%**	**(8,539)**	**(7,234)**	**(12,400)**	**737,815**	**435,124**	**69.6%**	**758,280**	**-2.7%**
Cash and bank deposits	52,408	13,378	291.7%	139,085	-62.3%	12,996	16,829	-22.8%	18,313	-29.0%	-	-	-	65,404	30,207	116.5%	157,398	-58.4%
Receivables from healthcare services	78,034	51,317	52.1%	71,348	9.4%	-	-	-	-	-	(4,284)	(2,765)	(5,485)	73,750	48,552	51.9%	65,863	12.0%
Insurance premiums receivable	-	-	-	-	-	39,042	37,412	4.4%	20,948	86.4%	-	(207)	(285)	39,042	37,205	4.9%	20,663	88.9%
Property and equipment	481,969	265,856	81.3%	439,131	9.8%	5,672	4,886	16.1%	5,587	1.5%	-	-	-	487,641	270,742	80.1%	444,718	9.7%
Goodwill and other intangible assets	19,433	6,190	213.9%	19,708	-1.4%	6,097	3,940	54.7%	6,079	0.3%	-	-	-	25,530	10,130	152.0%	25,787	-1.0%
Other assets	39,017	28,948	34.8%	34,037	14.6%	11,686	13,602	-14.1%	16,445	-28.9%	(4,255)	(4,262)	(6,630)	46,448	38,288	21.3%	43,851	5.9%
Total liabilities, of which:	**214,166**	**207,158**	**3.4%**	**247,762**	**-13.6%**	**56,192**	**58,147**	**-3.4%**	**47,937**	**17.2%**	**(8,539)**	**(7,234)**	**(12,400)**	**261,819**	**258,071**	**1.5%**	**283,299**	**-7.6%**
Borrowings	92,336	151,689	-39.1%	140,439	-34.3%	11,775	15,956	-26.2%	16,497	-28.6%	(4,255)	(3,924)	(4,173)	99,856	163,720	-39.0%	152,762	-34.6%
Accounts payable	36,533	13,942	162.0%	29,160	25.3%	832	-	NMF	1,016	-18.1%	-	-	-	37,365	13,942	168.0%	30,176	23.8%
Insurance contract liabilities	-	-	-	-	-	39,431	38,168	3.3%	22,463	75.5%	(2,496)	(2,697)	(1,112)	36,935	35,471	4.1%	21,351	73.0%
Other liabilities	85,297	41,527	105.4%	78,163	9.1%	4,154	4,023	3.3%	7,961	-47.8%	(1,788)	(613)	(7,115)	87,663	44,938	95.1%	79,010	11.0%
Total shareholders' equity	**456,695**	**158,531**	**188.1%**	**455,547**	**0.3%**	**19,301**	**18,522**	**4.2%**	**19,435**	**-0.7%**	**-**	**-**	**-**	**475,996**	**177,053**	**168.8%**	**474,981**	**0.2%**
Attributable to:																		
Shareholders of the Company	*409,504*	*135,428*	*202.4%*	*399,547*	*2.5%*	*19,301*	*18,522*	*4.2%*	*19,435*	*-0.7%*	*-*	*-*	*-*	*428,805*	*153,950*	*178.5%*	*418,981*	*2.3%*
Non-controlling interest	*47,191*	*23,103*	*104.3%*	*56,000*	*-15.7%*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*47,191*	*23,103*	*104.3%*	*56,000*	*-15.7%*

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	1Q16	1Q15	4Q15
GHG			
EPS, GEL	0.08	NMF[1]	NMF[1]
ROAE	9.4%	15.2%	5.0%
Adjusted ROAE	16.5%	15.2%	7.8%
Operating leverage	27.3%	-11.2%	6.6%
Group rent expenditure	(405)	(336)	(527)
Group capex (maintenance)	(2,537)	(1,887)	(3,767)
Group capex (growth)	(14,357)	(13,596)	(30,489)
Number of employees	9,747	8,177	9,709
Number of physicians	2,762	2,411	2,705
Number of nurses	2,706	2,274	2,738
Nurse to doctor ratio	0.98	0.94	1.01
Total number of shares	131,681,820		
Less: Treasury shares	(3,500,000)		
Shares outstanding	128,181,820	28,334,829	
Of which:			
Total free float	42,550,000		
Primary shares issued in IPO	*38,681,820*		
Secondary shares sold to the market	*3,868,180*		
Shares held by BGEO GROUP PLC	85,631,820		
Healthcare services			
EBITDA margin of healthcare services	29.5%	22.6%	29.8%
Direct salary rate (direct salary as % of revenue)	32.7%	35.3%	32.9%
Materials rate (direct materials as % of revenue)	15.9%	15.2%	16.0%
Administrative salary rate (administrative salaries as % of revenue)	10.1%	12.4%	11.1%
SG&A rate (SG&A expenses as % of revenue)	4.1%	4.2%	4.0%
Number of hospitals	46	39	45
Number of beds	2,686	2,140	2,670
Average number of referral hospital beds	2,229	1,679	2,209
Bed occupancy rate	60.4%	54.2%	51.9%
Bed occupancy rate, referral hospitals	66.7%	*61.4%*	59.9%
Bed occupancy rate, community hospitals	26.6%	*23.8%*	18.4%
Average length of stay (days)	4.9	4.6	4.7
Average length of stay (days), referral hospitals	*5.2*	*4.9*	*5.0*
Average length of stay (days), community hospitals	*3.0*	*2.9*	*2.7*
Medical insurance			
Loss ratio	92.4%	83.4%	88.9%
Expense ratio	14.7%	14.9%	13.8%
Combined ratio	107.1%	98.3%	102.7%
Renewal rate	88.5%	74.2%	92.0%

Sources: GHG Internal Reporting

Note: 1) Due to the fact that number of outstanding shares increased significantly following GHG's IPO in November 2015, comparison of 1Q 2016 EPS to previous periods would be distorted.

Tbilisi referral hospital - Sunstone

Before

After

GEORGIA HEALTHCARE GROUP

Referral and diagnostics hospital - DEKA

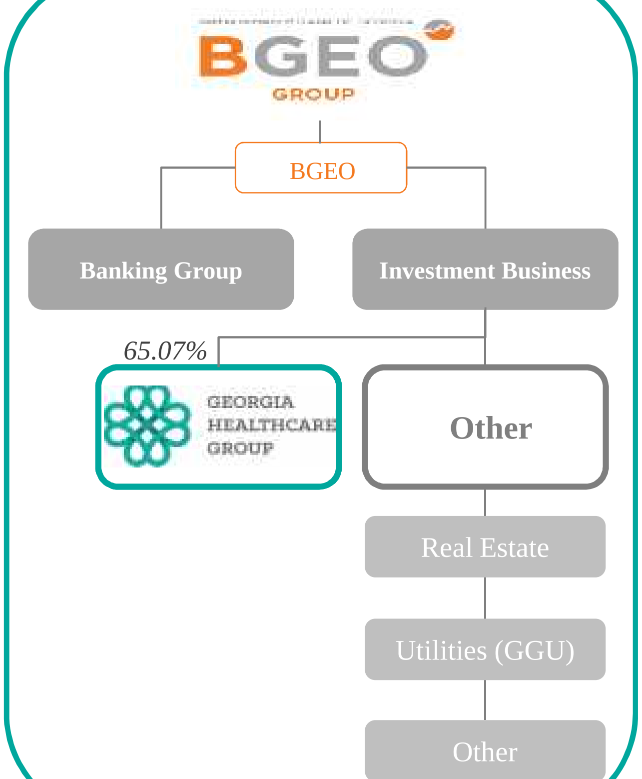
Before

After

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

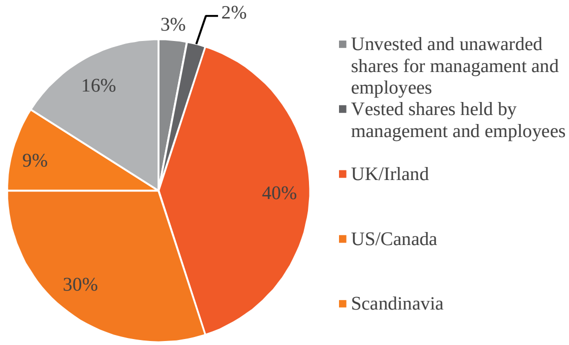
BGEO Group Structure



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.