



# 2H19 and FY19 results call presentation

**10 x = 10 y**

# Forward looking statements



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This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Georgia Capital PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, which could include, among other things: regional instability, regulatory risk across a wide range of industries, investment risk, portfolio company strategic and execution risks, currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk and other key factors that indicated could adversely affect our business and financial performance, which are contained in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in Georgia Capital PLC's Annual Report and Accounts 2018 and in Georgia Capital PLC's 1H19 results announcement. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Capital PLC or any other entity, and must not be relied upon in any way in connection with any investment decision. Georgia Capital PLC and other entities undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.

# Content

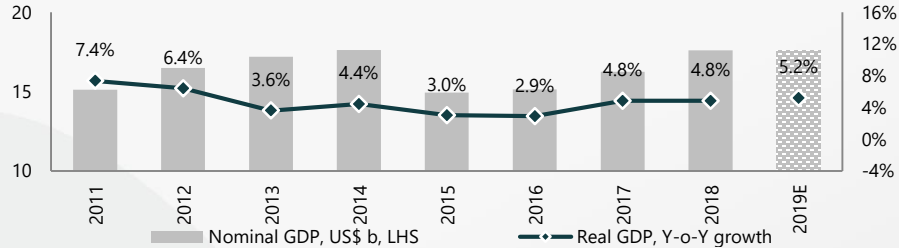


- 1. Macro developments in 2019**
2. Georgia Capital NAV developments
3. Portfolio overview

# Macro developments in 2019 | Diversified resilient economy

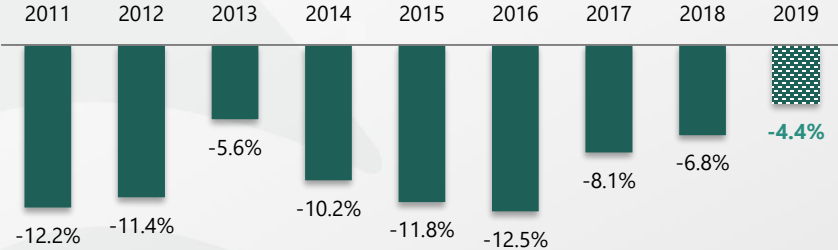
## Gross domestic product

Source: Geostat, internal estimates  
US\$ billion



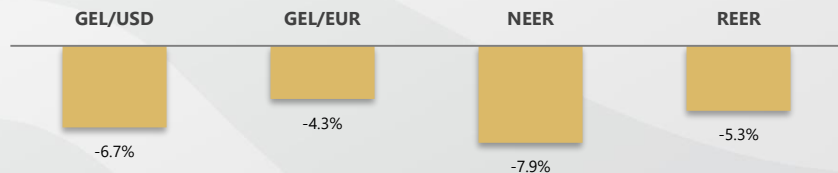
## Current account balance (% of nominal GDP)

Source: NBG



## GEL depreciation, 31-Dec-19, y/y

Source: NBG



**Real GDP growth exceeded expectations** in 2019 supported by strong domestic and external demand.



**Current Account deficit hit record low 4.4% of GDP** (NBG's preliminary estimate), driven by double digit shrinking in the trade deficit and strong FX inflows.



**GEL depreciated** moderately in 1H19 due to reduced interest rate differential between local and foreign currency interest rates, followed by travel ban driven depreciation expectations, which headed currency to weaken significantly.



**Inflation deviated from the target** to 7% by the end of 2019 due to NEER depreciation, increased excise tax and strong domestic demand; inflation is expected to converge to 3% target by the end of 2020.



**NBG hiked the rate by 250 bps** to 9% to curb the inflation and depreciation expectations; Policy will remain tightened until the pressure on the prices persists.



**Tourism revenues increased despite the travel ban** to US\$ 3.3 billion (1.4% y/y). EU travelers contributed most with 20% y/y growth;



**Official reserve assets amounted to US\$ 3.5 billion** at the end of 2019, up 6.6% y/y.



**Public investments reached a historic high of GEL 3.6 billion** (32% y/y), while overall fiscal balance is expected to be around -2.5% of GDP in 2019, in line with the fiscal rule.



**Fitch and S&P upgraded the sovereign credit rating of Georgia from "BB-" to "BB" in 2019.** Resilience to negative shocks, robust growth and improved external balance sheet were the major drivers of the reduced country risk premium.

# Content



1. Macro developments in 2019
- 2. Georgia Capital NAV developments**
3. Portfolio overview

# FY19 performance highlights<sup>1</sup>

## Georgia Capital performance

<i>GEL thousands</i>	<b>FY19</b>
<b>Total portfolio value creation</b>	<b>134,371</b>
<i>of which, listed businesses</i>	<i>(33,937)</i>
<i>of which, private businesses</i>	<i>168,308</i>
<b>Investments</b>	<b>357,557</b>
<b>Share buybacks</b>	<b>124,781</b>
<b>Dividend income</b>	<b>122,219</b>
<b>Management fee expense ratio</b>	<b>1.8%</b>
<b>Net income</b>	<b>71,551</b>

## Georgia Capital NAV overview

<i>GEL thousands, except per share information</i>	<b>31-Dec-19</b>	<b>31-Dec-18</b>	<b>Change <i>(y-o-y)</i></b>
<b>NAV per share, GEL</b>	<b>46.84</b>	<b>44.32</b>	<b>5.7%</b>
<b>Net Asset Value (NAV)</b>	<b>1,753,868</b>	<b>1,688,221</b>	<b>3.9%</b>
<b>Total portfolio value</b>	<b>2,253,083</b>	<b>1,883,374</b>	<b>19.6%</b>
<b>Liquid assets &amp; loans issued</b>	<b>363,773</b>	<b>605,130</b>	<b>-39.9%</b>
<b>Net debt</b>	<b>(493,565)</b>	<b>(196,915)</b>	<b>NMF</b>

## NAV per share (GEL) decomposition<sup>2</sup>

	<b>Share in portfolio value at 31-Dec-18</b>	<b>31-Dec-18</b>	<b>Movement in 2019</b>	<b>31-Dec-19</b>	<b>Change%</b>	<b>Weighted change%</b>
NAV per share GEL, Listed	52%	23.01	(1.94)	21.07	-8.4%	-4.4%
NAV per share GEL, Private	48%	21.31	4.46	25.77	20.9%	10.1%
<b>NAV per share GEL, Total</b>	<b>100%</b>	<b>44.32</b>	<b>2.52</b>	<b>46.84</b>		<b>5.7%</b>

(1) Performance highlights are derived from Georgia Capital's management accounts. Please refer to 2H19 & FY19 results announcement, where we describe background and methodology for our management accounts.  
 (2) NAV per share allocation between listed and private assets is calculated based on respective share in total portfolio value. 3.4 million shares issued for GHG acquisition are fully allocated to listed assets.

# Value creation in 2019

Private Portfolio Businesses	Operating Performance	Greenfields	Multiple Change and FX	Value Creation
<i>GEL thousands</i>	(1)	(2)	(3)	(1)+(2)+(3)
<b>Listed</b>				<b>(33,937)</b>
GHG				(199,127)
BoG				165,190
<b>Private</b>	<b>109,745</b>	<b>34,961</b>	<b>23,602</b>	<b>168,308</b>
<b>Late Stage</b>	<b>136,926</b>	-	<b>20,083</b>	<b>157,009</b>
Water Utility	78,954	-	(4,001)	74,953
Housing Development	35,624	-	-	35,624
P&C Insurance	22,348	-	24,084	46,432
<b>Early Stage</b>	<b>(27,181)</b>	<b>18,564</b>	<b>3,519</b>	<b>(5,098)</b>
Renewable Energy	-	-	-	-
Hospitality & Commercial Real Estate	(8,646)	18,564	-	9,918
Beverages	(18,535)	-	3,519	(15,016)
<i>of which, wine</i>	<i>(4,617)</i>	-	<i>3,519</i>	<i>(1,098)</i>
<i>of which, beer</i>	<i>(13,918)</i>	-	-	<i>(13,918)</i>
<b>Pipeline</b>	-	<b>16,397</b>	-	<b>16,397</b>
Education	-	-	-	-
Auto Service	-	17,056	-	17,056
Digital Services	-	-	-	-
Other	-	(659)	-	(659)
<b>Total Portfolio</b>	<b>109,745</b>	<b>34,961</b>	<b>23,602</b>	<b>134,371</b>

# Capital allocations in 2019

GEL, millions		Investments	Buybacks	Dividends	Total
<b>Listed portfolio</b>	BOG	-	-	(25)	(25)
	GHG	113	-	(4)	109
<b>Private late stage portfolio</b>	Water Utility	-	-	(22)	(22)
	Housing Development	-	-	(59)	(59)
	P&C Insurance	-	-	(12)	(12)
<b>Private early stage portfolio</b>	Renewable Energy	46	-	-	46
	Hospitality & Commercial RE	87	-	-	87
	Beverages	41	-	-	41
	Of which, wine	16	-	-	16
	Of which, beer	25	-	-	25
<b>Pipeline portfolio</b>	Education	49	-	-	49
	Auto Service	10	-	-	10
	Digital Services	9	-	-	9
	Other	2	-	-	2
<b>Buybacks</b>	GCAP	-	125	-	125
	<b>Total</b>	<b>358</b>	<b>125</b>	<b>(122)</b>	<b>360</b>

- **FY19 dividend income of GEL 122 million from portfolio businesses, up from GEL 73 million in 2018**
- **Consolidated IFRS operating cash flow\* of GEL 229 million in 2019 (up by 39.8% y-o-y)**

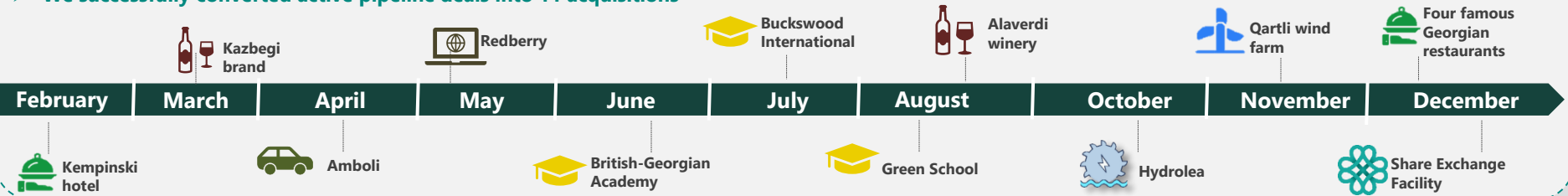
## Investment highlights

- **GHG:** Acquisition of 13.6% holding in GHG as part of Share Exchange Facility
- **Renewable Energy:** Acquisition of Hydrolea HPPs and Qartli WPPs
- **Hospitality & Commercial RE:** GEL 37.2 million cash capital for development of pipeline hotels and finished commercial properties valued at GEL 49.3 million
- **Wine business:** Acquisition of Alaverdi winery
- **Beer business:** Acquisition of prominent beverages brand Kazbegi and working capital financing.
- **Education:** Investment in high quality partnerships with three top schools with excellent management teams: BGA, Buckwood and Green school
- **Auto Service:** Acquisition of Amboli and launch of PTI business
- **Digital Services:** Acquisition of Redberry

## Buyback highlights

- **3.5 million shares were bought back** for total cash consideration of GEL 125 million (US\$ 43.8 million), of which:
  - 2.1 million shares were bought under the US\$ 45 million share buyback programme
  - 1.4 million shares for the management trust.
  - 2.7 million shares were cancelled and 0.7 shares were transferred to management trust

## We successfully converted active pipeline deals into 11 acquisitions



**Remaining strong liquidity position, with available GEL 364 million liquid funds & short term loans, after significant year of capital allocations**



# Total portfolio growth in 2019

- **Total portfolio value increased by 19.6% to GEL 2.3 billion**
- **Our private portfolio businesses generated GEL 168 million value (18.6% growth in value during 2019)**

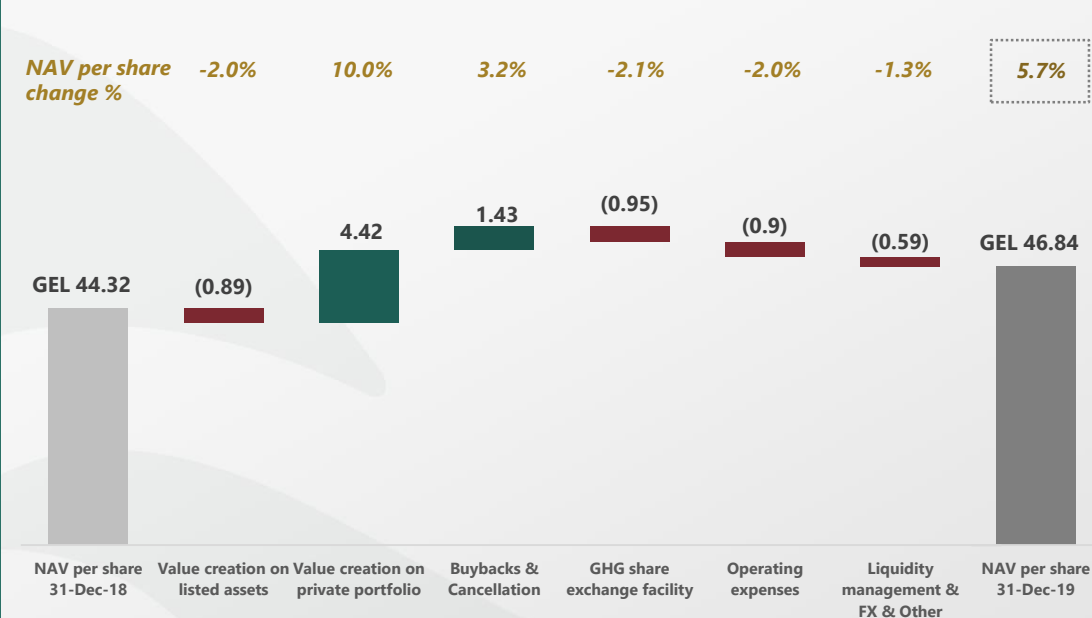
<i>GEL thousands unless otherwise noted</i>	Dec-18	1. Value creation	2a. Investments	2b. Buybacks	2c. Dividends	3. Operating expenses	4. Liquidity management/ FX /Other	Dec-19	Change %
<b>Listed Portfolio Companies</b>									
GHG <sup>1</sup>	520,332	(199,127)	112,856	-	(3,982)	-	-	430,079	-17.3%
BoG <sup>1</sup>	457,495	165,190	-	-	(24,950)	-	-	597,735	30.7%
<b>Total Listed Portfolio Value</b>	<b>977,827</b>	<b>(33,937)</b>	<b>112,856</b>	-	<b>(28,932)</b>	-	-	<b>1,027,814</b>	<b>5.1%</b>
<b>Listed Portfolio Value change</b>		<b>-3.5%</b>	<b>11.5%</b>	-	<b>-3.0%</b>	-	-	<b>5.1%</b>	
<b>Private Portfolio Companies</b>									
<b>Late Stage</b>	<b>628,326</b>	<b>157,009</b>	<b>698</b>	-	<b>(93,287)</b>	-	-	<b>692,746</b>	<b>10.3%</b>
Water Utility	431,017	74,953	-	-	(22,000)	-	-	483,970	12.3%
Housing Development	66,785	35,624	698	-	(59,254)	-	-	43,853	-34.3%
P&C Insurance	130,524	46,432	-	-	(12,033)	-	-	164,923	26.4%
<b>Early Stage</b>	<b>271,288</b>	<b>(5,098)</b>	<b>173,287</b>	-	-	-	-	<b>439,477</b>	<b>62.0%</b>
Renewable Energy	61,182	-	45,618	-	-	-	-	106,800	74.6%
Hospitality and Commercial RE	149,079	9,918	86,561	-	-	-	-	245,558	64.7%
Beverages	61,027	(15,016)	41,108	-	-	-	-	87,119	42.8%
Of which, wine	56,771	(1,098)	16,369	-	-	-	-	72,042	26.9%
Of which, beer	4,256	(13,918)	24,739	-	-	-	-	15,077	NMF
<b>Pipeline</b>	<b>5,933</b>	<b>16,397</b>	<b>70,716</b>	-	-	-	-	<b>93,046</b>	<b>NMF</b>
Education	7,071	-	49,279	-	-	-	-	56,350	NMF
Auto Service	(1,326)	17,056	10,027	-	-	-	-	25,757	NMF
Digital Services	-	-	8,790	-	-	-	-	8,790	NMF
Other	188	(659)	2,620	-	-	-	-	2,149	NMF
<b>Total Private Portfolio Value</b>	<b>905,547</b>	<b>168,308</b>	<b>244,701</b>	-	<b>(93,287)</b>	-	-	<b>1,225,269</b>	<b>35.3%</b>
<b>Private Portfolio Value change</b>		<b>18.6%</b>	<b>27.0%</b>	-	<b>-10.3%</b>	-	-	<b>35.3%</b>	
<b>Total Portfolio Value</b>	<b>1,883,374</b>	<b>134,371</b>	<b>357,557</b>	-	<b>(122,219)</b>	-	-	<b>2,253,083</b>	<b>19.6%</b>
<b>Total Portfolio Value change</b>		<b>7.1%</b>	<b>19.0%</b>	-	<b>-6.5%</b>	-	-	<b>19.6%</b>	

(1) Number of shares owned in GHG and BoG were 93,011,414 (Dec-18: 75,118,503) and 9,784,716 (Dec-18: 9,784,716) as of 31-Dec-19, respectively.

# NAV per share (GEL) growth in 2019

## NAV per share up 5.7% to GEL 46.84 during 2019

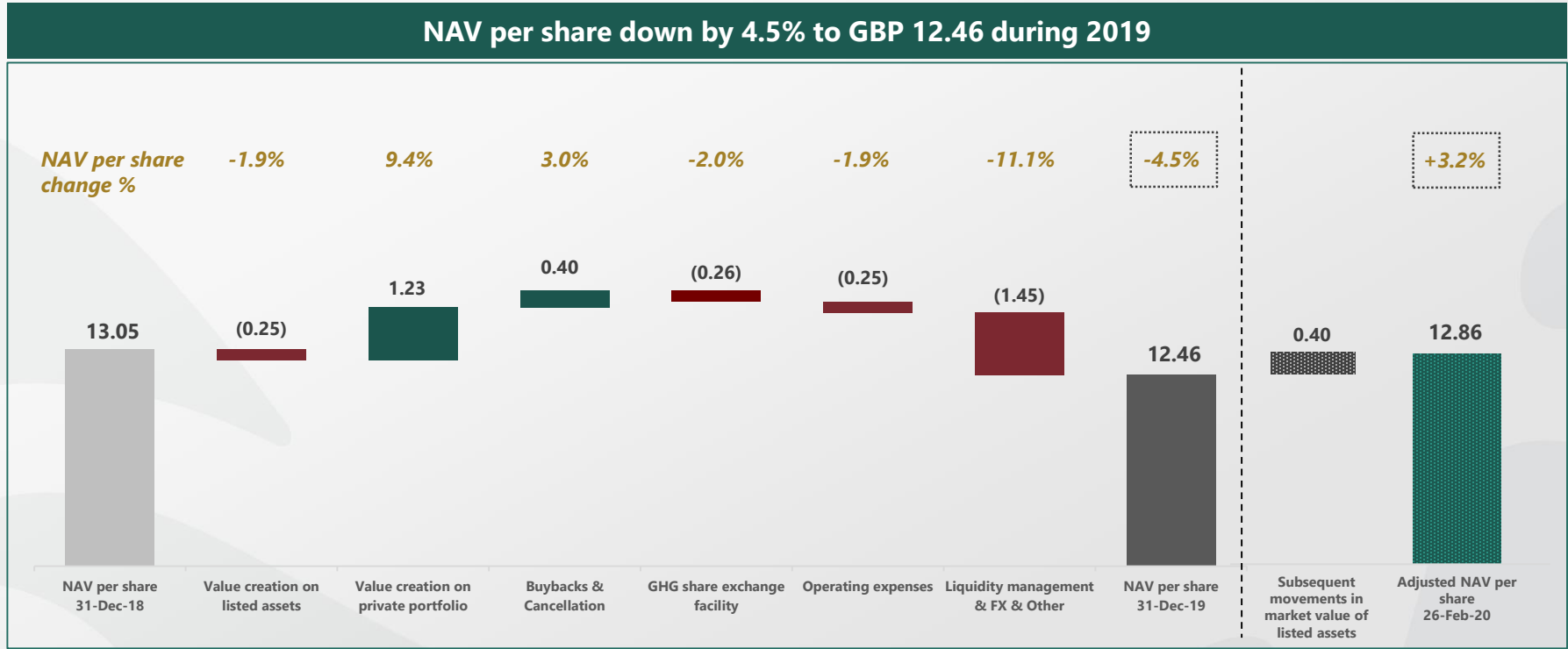
GEL unless otherwise noted



- **NAV per share up 5.7% to GEL 46.84 on the back of 3.9% growth in NAV and 1.7% decrease in number of shares outstanding**
- The private businesses led to 10.1% growth in NAV per share, which was offset by 4.4% negative impact from listed businesses
- **Value creation from listed assets:** GEL 165 million value creation from BOG, offset by GEL 199 million decrease in the value of our holding in GHG **(-2.0% impact on NAV per share during 2019)**
- **Value creation in private portfolio:** GEL 168 million value creation in private portfolio **(10% growth in NAV per share during 2019)**, of which, value creation excluding multiple change at GEL 145 million
- **Share exchange facility:** Acquisition of a 13.6% equity stake in GHG in exchange for 3.4 million CGEO share issuance valued at GEL 113 million **(-2.1% impact on NAV per share)**
  - Our holding in GHG increased from 57% to 70.6% on 18 December 2019 following the completion of a Share Exchange Facility whereby GCAP exchanged one share in GHG for 0.192 shares in GCAP.<sup>1</sup>
- **Buybacks & Cancellation:** 3.5 million CGEO shares worth GEL 125 million bought back in 2019, while 2.7 million shares were cancelled **(3.2% growth in NAV per share)**
- **Platform costs:** FY19 management platform related costs **(-2.0% impact on NAV per share)**.
  - Management expense fee ratio at 1.8%, below our targeted 2% of MCAP.
- **FY19 net interest, FX and other costs (-1.3% impact on NAV per share).**

(1) Further details of the transaction are available at the following link:  
<https://georgiacapital.ge/ir/ghg-shares>

# NAV per share (GBP) movement in 2019



# Content



1. Macro developments in 2019
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# Portfolio overview | 31 December 2019

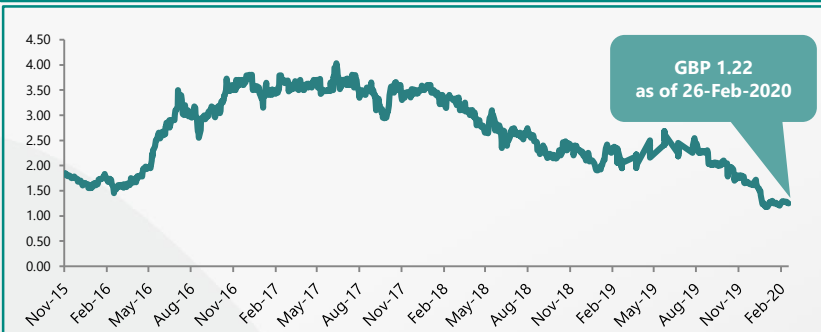
<i>GEL thousands unless otherwise noted</i>	Ownership %	Valuation Method	Multiples		Fair Values		
			Dec-19	Dec-18	Dec-19	Dec-18	Change
<b>Listed Portfolio Companies</b>					<b>1,027,814</b>	<b>977,827</b>	<b>5.1%</b>
<i>GHG</i>	70.6%	Public markets			430,079	520,332	-17.3%
<i>BoG</i>	19.9%	Public markets			597,735	457,495	30.7%
<b>Private Portfolio Companies</b>					<b>1,225,269</b>	<b>905,547</b>	<b>35.3%</b>
<b>Late Stage</b>					<b>692,746</b>	<b>628,326</b>	<b>10.3%</b>
<i>Water Utility</i>	100%	EV/EBITDA LTM	8.8	8.8	483,970	431,017	12.3%
<i>Housing Development</i>	100%	Discounted Cash Flows			43,853	66,785	-34.3%
<i>P&amp;C Insurance</i>	100%	P/E (LTM)	9.0	7.4	164,923	130,524	26.4%
<b>Early Stage</b>					<b>439,477</b>	<b>271,288</b>	<b>62.0%</b>
<i>Renewable Energy</i>	65%-100% <sup>2</sup>	At acquisition price			106,800	61,182	74.6%
<i>Hospitality &amp; Commercial RE</i>	100%	NAV <sup>1</sup>			245,558	149,079	64.7%
<i>Beverages</i>	87%				87,119	61,027	42.8%
<i>Of which, wine</i>		EV/EBITDA (LTM)	10.0	9.1	72,042	56,771	26.9%
<i>Of which, beer</i>		EV/Sales (LTM)	2.2	2.2	15,077	4,256	NMF
<b>Pipeline</b>					<b>93,046</b>	<b>5,933</b>	<b>NMF</b>
<i>Education</i>	70%-90%	At acquisition price			56,350	7,071	NMF
<i>Auto Service</i>	100%	EV/EBITDA	10.4		25,757	(1,326)	NMF
<i>Digital Services</i>	60%	At acquisition price			8,790	-	NMF
<i>Other</i>		At cost			2,149	188	NMF
<b>Total Portfolio Value</b>					<b>2,253,083</b>	<b>1,883,374</b>	<b>19.6%</b>

(1) NAV for the hospitality & commercial real estate business refers to IFRS 13 FV measurement methodology.

(2) Following the buyout of the 34.4% minority shareholder in GRPC on 25 February 2020, Georgia Capital's renewable energy business consists of its wholly-owned subsidiary GRPC (with 50MW Mestiachala HPPs) and wholly-owned Hydrolea HPPs and Qartli wind farm (with 41MW installed capacity in aggregate).

# Listed businesses overview

## Stock price performance



## Selected metrics

GEL millions	2019	2018	Change
<b>Revenue, gross</b>	963	850	13.3%
<b>EBITDA excluding IFRS 16</b>	154	132	16.6%
<b>Net Profit excluding IFRS 16</b>	69	53	29.8%
<b>ROIC adjusted (%)</b>	14.9%	13.9%	+1.0ppts
<b>Cash flow from operating activities</b>	125	100	25.9%
<b>Development capex</b>	29	53	-44.8%
<b>Free cash flow</b>	77	14	NMF

➤ Following the completion of its 3-year investment programme in 2018, the continued double-digit growth in EBITDA and operating cash flow enabled GHG to generate significant amounts of free cash flow totaling GEL 77 million in 2019, up from GEL 14 million in 2018.

## Stock price performance



## Selected metrics

GEL millions	2019	2018	Change
<b>Loan portfolio</b>	11,931	9,398	27.0%
<b>ROAE</b>	26.1% <sup>1</sup>	26.4% <sup>2</sup>	-0.3ppts
<b>NIM</b>	5.6%	6.5%	-0.9ppts
<b>NPL coverage</b>	80.9%	90.5%	-9.6ppts
<b>Cost/income</b>	37.8%	36.7%	+1.1ppts
<b>Net profit</b>	500	379	32.0%

➤ BoG delivered excellent customer lending growth, strong profitability and a 32.0% increase in net profit to GEL 500 million

(1) Adjusted for demerger related expenses, one-off impact of re-measurement of deferred tax balance and termination costs of the former CEO.

(2) ROAE adjusted for termination costs of the former CEO and executive management.

# Water utility business overview

## Valuation highlights | 31 December 2019

<i>GEL millions, unless otherwise noted</i>	31-Dec-19	31-Dec-18	Change
<b>LTM EBITDA</b>	<b>95</b>	<b>83</b>	<b>14.0%</b>
<b>Multiple applied</b>	<b>8.8</b>	<b>8.8</b>	<b>NMF</b>
<b>Enterprise value</b>	<b>837</b>	<b>738</b>	<b>13.5%</b>
<b>Net debt</b>	<b>(353)</b>	<b>(307)</b>	<b>15.1%</b>
<b>Equity fair value</b>	<b>484</b>	<b>431</b>	<b>12.3%</b>
<b>LTM ROIC<sup>1</sup></b>	<b>12.5%</b>	<b>13.7%</b>	<b>-1.2ppt</b>

## Key points

- 9.6% growth in FY19 revenues primarily driven by increased electricity sales
- FY19 energy revenue more than doubled y-o-y, reflecting 64.4% increase in the average electricity sales price
- Positive operating leverage of 9.0 ppts in 2019 drove 14.0% growth in EBITDA
- Outstanding collection rates and positive operating leverage drive FY19 operating cash flow up 21.3%
- Development capex down significantly by 49.2% and FCF was positive at GEL 16.8 million in 2019

## Selected metrics

Financial metrics			
<i>GEL millions, unless otherwise noted</i>	2019	2018	Change
<b>Revenue</b>	<b>163.5</b>	<b>149.1</b>	<b>9.6%</b>
Of which, utility revenue	133.3	131.8	1.1%
Of which, energy revenue	20.2	9.1	NMF
Of which, other revenue	10.0	8.3	20.5%
<b>EBITDA</b>	<b>95.1</b>	<b>83.4</b>	<b>14.0%</b>
<b>Cash flow from operations</b>	<b>99.0</b>	<b>81.6</b>	<b>21.3%</b>
<b>Development capex (net of VAT)</b>	<b>67.9</b>	<b>133.7</b>	<b>-49.2%</b>
<b>FCF</b>	<b>16.8</b>	<b>(66.0)</b>	<b>NMF</b>

## Operating metrics

<i>millions except for connections</i>	2019	2018	Change
<b>Water Utility</b>			
Water sales (m <sup>3</sup> )	178.4	179.8	-0.8%
Self-produced electricity consumption (kwh)	174.0	193.2	-9.9%
New connections	5,439	5,015	8.5%
<b>Energy</b>			
Electricity generation (kwh)	351.6	323.8	8.6%
Energy sales (kwh)	177.6	130.6	35.9%
Electricity purchases (kwh)	37.7	43.9	-14.1%

- **Over the last four years the business reduced self-produced electricity consumption by 45.5% from 319 million kwh in 2015 to 174 million kwh in 2019 (down by 9.9% y-o-y in 2019).**

(1) ROIC is calculated as EBITDA less depreciation, plus divided by average amount of total equity and borrowed fund.

# Housing development business overview

## Valuation highlights | 31 December 2019

<i>GEL millions, unless otherwise noted</i>	31-Dec-19	31-Dec-18	Change
<b>Enterprise value</b>	<b>205</b>	<b>174</b>	<b>17.7%</b>
<b>Net debt</b>	<b>(161)</b>	<b>(107)</b>	<b>50.0%</b>
<b>Equity fair value</b>	<b>44</b>	<b>67</b>	<b>-34.3%</b>
<b>Dividends (lifetime)</b>	<b>152</b>	<b>93</b>	<b>63.6%</b>

## Selected metrics

<i>GEL millions, unless otherwise noted</i>	Financial metrics							
	Annually			Semi-annually				
	2019	2018	Change	2H19	1H19	Change	2H18	Change
Apartments sales revenue	55.4	95.0	<b>-41.7%</b>	38.8	16.6	<b>NMF</b>	42.7	<b>-9.0%</b>
Construction revenue	60.1	36.4	<b>65.2%</b>	38.4	21.6	<b>77.6%</b>	28.8	<b>33.2%</b>
EBITDA	(3.5)	16.0	<b>NMF</b>	(1.4)	(2.1)	<b>35.0%</b>	6.8	<b>NMF</b>

## Digomi project stage I update | 31 December 2019

Sq.m. of apartments sold	<b>16,980</b>
Sq.m. sold as % of total available space	<b>77%</b>
IFRS revenue recognition %	<b>32%</b>
Total sales value	<b>US\$ 18 million</b>
<i>Cash received</i>	<b>US\$ 8 million</b>

## Key points

- **The largest in-house residential project Digomi is gaining momentum**
  - Construction permit received at the end of June 2019, driving significant growth in 2H19 gross profit
  - Sales progress on the first stage reached 77% of total saleable area
  - Apartment pre-sales for the second stage started in December 2019
- **GEL 59.3 million dividend was distributed in 2019**
- A masterplan brief was approved for the largest franchise deal - c. 2,500 apartments to be delivered in 5 years



# P&C Insurance business overview

## Valuation highlights | 31 December 2019

<i>GEL millions, unless otherwise noted</i>	31-Dec-19	31-Dec-18	Change
LTM net income	18	18 <sup>3</sup>	3.3%
Multiple applied <sup>2</sup>	9.0	7.4	22.3%
Equity FV	165	131	26.4%
LTM ROAE	30.4%	34.4% <sup>3</sup>	-4.0ppts

## Key Points

- Border third-party liability insurance and organic business growth drive revenue up 11.6% y-o-y
- GEL 12 million dividend was paid out on the back of strong operating cash flow generation

## Selected metrics

### Financial metrics

<i>GEL millions, unless otherwise noted</i>	2019	2018	change (y-o-y)
Earned premiums, net	75.3	67.5	11.6%
Net income	18.3	17.7 <sup>3</sup>	3.3%
Combined ratio	82.1%	75.5%	6.6ppts
Expense ratio	40.6%	37.3%	3.3ppts
Loss ratio	41.6%	38.2%	3.4ppts
ROAE	30.4%	34.4% <sup>3</sup>	-4.0ppts

### Operating metrics

	2019	2018	change (y-o-y)
Corporate insurance policies written <sup>1</sup>	91,361	60,227	51.7%
Retail insurance policies written	171,509	150,246	14.2%

(1) Excluding credit life insurance.

(2) Multiples improved significantly across all peer group multiples.

(3) Adjusted for non-recurring items..

# Renewable energy business overview

## Valuation highlights | 31 December 2019

GEL millions, unless otherwise noted	31-Dec-19	31-Dec-18	Change
<b>At acquisition price (GCAP share)</b>	<b>107</b>	<b>61</b>	<b>74.6%</b>
<b>GCAP ownership<sup>2</sup></b>	<b>65%-100%</b>	<b>65%</b>	<b>NMF</b>

## Renewable energy platform



**Hydro: 210 MW**  
Of which operational 71MW



**Wind: 228 MW**  
Of which operational 21MW

## Selected metrics

Financial metrics				Operating metrics	
GEL millions, unless otherwise noted	2019	2018	Change		2019
<b>Revenue</b>	<b>16.2</b>	-	<b>NMF</b>	<b>Generation (Gwh)<sup>1</sup></b>	<b>62.7</b>
<i>Of which, Mestiachala</i>	14.8	-	NMF	<i>Of which, Mestiachala (Gwh)</i>	54.1
<i>Of which, Hydrolea</i>	1.4	-	NMF	<i>Of which, Hydrolea (Gwh)</i>	8.6
<b>EBITDA</b>	<b>13.1</b>	<b>(0.8)</b>	<b>NMF</b>		
<b>CAPEX</b>	<b>117.5</b>	<b>62.3</b>	<b>88.7%</b>		
<i>of which, acquisition of subsidiaries</i>	88.0	-	NMF		

## Key points

- **A year of significant growth** – increasing installed capacity to 91MW and progressing on the 350MW pipeline
  - The first hydro power plants (“HPP”), Mestiachala HPPs launched in 1H19 on time and within budget before suffering flood damage
    - The insurance company has confirmed the amount of BI reimbursement for the year 2019 for both Mestiachala HPPs and is in process of remitting the funds to the business
  - Acquisition of Hydrolea HPPs with an aggregate 20.6 MW installed capacity
  - Acquisition of 20.7 MW Qartli wind farm, the only operational wind farm in Georgia
  - Construction works commenced on 46MW Zoti HPPs in 4Q19, expected to be operational in 2H21
  - The Government approved the concept of 108MW wind power plant (“WPP”) projects, expected to be commissioned in 2H22
- **FY19 EBITDA at GEL 13.1 million with 80.9% EBITDA margin**

(1) The annual net generation capacity of Mestiachala HPPs is projected at approximately 171GWh on stabilized basis, following the recovery from flood damage. Hydrolea HPPs generation of 8.6 Gwh is since acquisition on 29 October 2019.

(2) Following the buyout of the 34.4% minority shareholder in GRPC on 25 February 2020, Georgia Capital's renewable energy business consists of its wholly-owned subsidiary GRPC (with 50MW Mestiachala HPPs) and wholly-owned Hydrolea HPPs and Qartli wind farm (with 41MW installed capacity in aggregate).

# Hospitality & Commercial RE business overview

## Valuation highlights | 31 December 2019

<i>GEL millions, unless otherwise noted</i>	31-Dec-19	31-Dec-18	Change
<b>NAV</b>	<b>246</b>	<b>149</b>	<b>64.7%</b>
<b>LTM ROIC<sup>1</sup></b>	<b>6.5%</b>	<b>16.0%</b>	<b>-9.5ppts</b>

## Key points

- **GEL 22 million revaluation gain recorded on hotels and commercial assets**
- Progressing in line with the strategy to develop more than 1,000 hotel rooms across Georgia:
  - Gudauri Lodge Hotel was opened in December 2019 - the first in-house branded hotel, adding 121 rooms
  - Kutaisi hotel construction commenced in 1Q19
  - Acquired land in Zugdidi to develop a midscale internationally branded hotel with c.130 rooms by 2022
  - Acquired land in Shovi to develop a 109-room hotel under Amber group brand by 2022
- Expansion of the commercial real estate portfolio drives gross profit from operating leases up 40.8%
- The business is on track to commission two under construction hotels in 2020: Melikishvili Ramada Hotel in 2Q20 and Kempinski Hotel in 4Q20

## Selected metrics

Financial metrics <sup>2</sup>			
<i>GEL millions, unless otherwise noted</i>	2019	2018	Change
NOI <sup>3</sup> from operating leases	6.5	4.6	<b>40.8%</b>
NOI <sup>3</sup> from hospitality services	1.8	1.9	<b>-6.1%</b>
Revaluation gain	21.7	27.6	<b>-21.5%</b>
Total net operating income	24.7	30.9	<b>-19.8%</b>
Commercial Real Estate portfolio	128.8	67.7	<b>90.3%</b>

## Operating metrics

	2019	2018	Change
Gross yield (leased portfolio)	9.5%	9.9%	<b>-0.4ppts</b>
Occupancy rate	87.1%	90.1%	<b>-3.0ppts</b>
Leased area (sq.m.)	34,212	22,331	<b>53.2%</b>

## Ramada Encore FY19 performance

RevPAR, US\$	ADR, US\$	Occupancy%
<b>33</b>	<b>62</b>	<b>53.7%</b>

(1) ROIC is calculated as NOI divided by aggregate amount of total equity and borrowed funds.

(2) Hospitality & Commercial real estate business' functional currency is US dollars.

(3) Net operating income.

# Wine business overview

## Valuation highlights | 31 December 2019

<i>GEL millions, unless otherwise noted</i>	31-Dec-19	31-Dec-18	Change
<b>GCAP ownership</b>	<b>87%</b>	<b>80%</b>	<b>+7.0ppts</b>
<b>LTM EBITDA<sup>2</sup></b>	<b>9.5</b>	<b>5.0</b>	<b>89.1%</b>
<b>Multiple applied</b>	<b>10.0</b>	<b>9.1</b>	<b>9.9%</b>
<b>Enterprise value</b>	<b>95</b>	<b>46</b>	<b>NMF</b>
<b>Net debt</b>	<b>(31)</b>	<b>(7)</b>	<b>NMF</b>
<b>Kindzmarauli at cost</b>	<b>-</b>	<b>26</b>	<b>NMF</b>
<b>Alaverdi at cost</b>	<b>16</b>	<b>-</b>	<b>NMF</b>
<b>Equity fair value</b>	<b>72</b>	<b>57</b>	<b>26.9%</b>
<b>LTM ROIC<sup>1</sup></b>	<b>6.2%</b>	<b>12.1%</b>	<b>-5.9ppts</b>

## Selected metrics

Financial metrics			
<i>GEL millions, unless otherwise noted</i>	2019	2018	Change
Revenue	42.2	29.4	<b>43.6%</b>
Gross profit margin	44.6%	47.8%	<b>-3.2ppts</b>
EBITDA	8.7	7.2	<b>22.1%</b>
Operating cash flow	<b>2.8</b>	<b>0.1</b>	<b>NMF</b>
Operating metrics			
<i>('000)</i>	2019	2018	Change
<b>Wine sales bottles</b>	<b>5,865</b>	<b>4,346</b>	<b>35.0%</b>
<i>Of which, export sales</i>	4,544	3,101	46.5%
<b>Export share (%)</b>	<b>77.5%</b>	<b>71.4%</b>	<b>+6.1ppts</b>

## Key Points

- Strong demand in the Georgia's export markets resulted in a 9% y-o-y increase in volume in 2019, with export bottles sold reaching a 14 year high of 93 million
- Export sales outperforming the strong export market growth in 2019 and driving FY19 revenues up 43.6% y-o-y
- Outstanding topline growth led to 22.1% y-o-y growth in FY19 EBITDA
- Acquisition of Alaverdi winery added 244 hectares of vineyards and tripled annual production capacity to 28.4 million wine bottles per annum
- FY19 operating cash flow at GEL 2.8 million (GEL 0.1 million in FY18), benefiting from decreased reliance on grape purchases

(1) ROIC is calculated as EBITDA less depreciation, plus divided by average amount of total equity and borrowed fund.

(2) LTM EBITDA including distribution business. LTM EBITDA is stated excluding Kindzmarauli and Alaverdi, valued at acquisition price in 2018 and 2019, respectively.

# Beer business overview

## Valuation highlights | 31 December 2019

<i>GEL millions, unless otherwise noted</i>	31-Dec-19	31-Dec-18	Change
GCAP ownership	87%	80%	+7.0ppts
LTM Revenue <sup>1</sup>	47	28	67.9%
Multiple applied	2.2	2.2	NMF
Enterprise Value	104	61	70.7%
Net debt	(86)	(64)	34.8%
Black Lion at cost	-	7	NMF
Equity fair value	15	4	NMF
LTM ROIC <sup>2</sup>	-15.5%	-22.0%	+6.5ppts

## Selected metrics

	Financial metrics							
	Annually			Semi-annually				
	2019	2018	Change	2H19	1H19	Change	2H18	Change
Revenue	43.6	29.3	48.9%	25.4	18.2	39.2%	16.1	58.1%
EBITDA	(6.5)	(13.8)	53.1%	0	(6.5)	NMF	(6.2)	NMF

	Operating metrics							
	Annually			Semi-annually				
	2019	2018	Change	2H19	1H19	Change	2H18	Change
(‘000)								
Beer sales liters	21,831	13,808	58.1%	13,371	8,459	58.1%	7,295	83.3%
Lemonade sales liters	3,282	2,174	51.0%	2,135	1,147	86.1%	1,080	97.7%

## Key Points

- Beer business launched four new brands in 1H19, followed by the launch of Heineken in July 2019
- In March 2019 the beer business acquired Georgian beverages brand, Kazbegi, which is in top five Georgian beer brands, with more than 7% market share
- Strong beer sales volumes in 3Q19, driving market share growth from 14% in 2018 to 20% in 2019
- Beer business EBITDA at break-even level in 2H19

(1) ROIC is calculated as EBITDA less depreciation, plus divided by average amount of total equity and borrowed fund.

(2) Normalised for annualization of revenues from newly launched brands. LTM revenue is stated excluding Black Lion in 2018, as Black Lion was valued at cost as of 31 December 2018.

# PTI overview

## Valuation highlights | 31 December 2019

<i>GEL millions, unless otherwise noted</i>	31-Dec-19
<b>EBITDA<sup>2</sup></b>	<b>6.7</b>
<b>Multiple applied</b>	<b>10.4</b>
<b>Enterprise Value</b>	<b>70.0</b>
<b>Net debt</b>	<b>(49)</b>
<b>PTI   Equity fair value</b>	<b>21</b>
<b>Amboli acquisition cost</b>	<b>5</b>
<b>Auto service business   Equity fair value</b>	<b>26</b>

## Selected metrics

Number of inspection lines		Market share <sup>1</sup>	
<b>51</b>		<b>36%</b>	
Financial highlights		Operating highlights	
<i>GEL thousands</i>	2019		2019
<b>Revenue</b>	<b>12,917</b>	<b>Cars serviced</b>	<b>342,275</b>
<i>Gross margin</i>	66%	<i>of which, primary</i>	246,932
<b>EBITDA</b>	<b>3,262</b>	<i>of which, secondary</i>	95,343
<i>EBITDA margin</i>	25%		

## Key points

- The business successfully launched 26 PTI centers in March 2019 and generated GEL 3.3 million EBITDA in 2019.
- Gross profit margin was 66% and EBITDA margin stood at 25% in 2019, both expected to substantially increase on a stabilized basis in 2020.
- Average time per check decreased from 25 minutes in March to 11 minutes as of 31-Dec-19

(1) Based on available inspection lines.

(2) Combination of the last six months and the next six months earnings.