

Georgia Capital hosts Virtual Investor Day

Georgia Capital PLC (the “Group” or “Georgia Capital”) is today hosting a Virtual Investor Day for analysts and investors. As part of the investor presentations, the Group will update investors and analysts on its strategic goals and priorities as summarised below.

Update on strategic priorities announced in 2019

In 2020, following the buy-out of minority shareholders in GHG¹, the Group achieved its previously announced strategic priority to reduce the share of listed assets in the Group’s investment portfolio to 20% - listed assets comprised c.15% of the total investment portfolio value as of 30-Sep-20.

Third-party money raising has been put on hold due to COVID-19 outbreak, however, the Group expects to resume efforts, as markets normalise.

Enhanced strategy for 2020 and onwards

The Group has introduced an enhanced strategy, where Georgia Capital will focus on larger scale investment opportunities in Georgia, which have the potential to reach at least GEL 0.5 billion equity value over the next 3-5 years and to monetise investments through exits, as investments mature. This larger size will provide improved liquidity and improved exit opportunities, to support the Group’s desire to reduce the current discount to reported NAV per share.

The group will now focus on a new breakdown of its private portfolio companies, ranking them as Large, Investment Stage, and Other portfolio companies:

- Large portfolio companies (*64% of total portfolio value at 30-Sep-20*) are companies that are close to reaching a GEL 0.5 billion+ equity value. These are growing, market leading, cyclically resistant businesses: Healthcare Services, Retail (pharmacy), Insurance (P&C and Medical) and Water Utility.
- Investment stage portfolio companies (*12% of total portfolio value at 30-Sep-20*), being Renewable Energy and Education, have the potential to reach a GEL 0.5 billion+ equity value. The Group will be investing only in these two non-cyclical businesses over the medium term, to scale up them and drive value creation going forward.
- The *remaining 9%* is spread across the five companies in the private portfolio, which the Group currently believes offer less scalable growth potential (“other portfolio companies”). Housing Development, Hospitality and Commercial Real Estate, Beverages, Auto Service and Digital Services businesses are included in the “Other” category.

Accordingly, Georgia Capital has adapted its reporting format and moved to quarterly reporting with greater focus on its large and investment stage private portfolio companies.

New strategic priorities

In line with the enhanced strategy, Georgia Capital has introduced two new strategic priorities:

- realise the value of one of the large portfolio companies, through a trade sale, over the next 18-24 months;
- divest the subscale portfolio companies over the next 2-3 years.

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

Capital allocation outlook

The Group maintains a highly disciplined capital allocation approach through 360-degree analysis to unlock value through investments and explore opportunities with high returns. Georgia Capital expects to allocate US\$ 50 million net equity capital in investment stage portfolio companies (Renewable Energy and Education) over the next 3-5 years, of which US\$ 10 million is expected to be allocated in 2021. Other than our already identified greenfield projects in the Renewable Energy and Education businesses, the Group now expects to focus on acquisitions, rather than new greenfield projects. By driving the development of these two businesses, the Group expects to realise at least 2x multiple of invested capital (“MOIC”) at each investment level, 20%+ IRR in Renewable Energy and 25%+ IRR in Education:

- Over the next 3 years, Renewable Energy will be launching pipeline projects (wind farms in Tbilisi and Kaspi, Zoti HPP and Darchi HPP), increasing its run-rate EBITDA earnings to GEL 122 million from the current GEL 45 million.
- The education business is expected to scale up to a capacity of 21,000 learners from the current 2,810 learners through expansion plans in existing schools and targeted acquisitions, by 2025. Over that time period, the run-rate EBITDA is expected to grow from the current GEL 10 million to at least GEL 50 million.

In addition, the Group will continue to consider the divestment of low ROIC and/or non-core assets across its private portfolio.

By driving the development of its defensive, high quality assets with strong and growing cash flow streams across its large and investment stage portfolio companies, Georgia Capital expects to create long-term value for its shareholders and drive NAV per share growth.

A full set of the presentation slides will be available on the Georgia Capital website at the end of the event at www.georgiacapital.ge.

Name of authorised official of issuer responsible for making notification: Nino Rekhviashvili, Head of Investor Relations and Funding

About Georgia Capital PLC

Georgia Capital is a platform for buying, building and developing businesses in Georgia with holdings in sectors that are expected to benefit from the continued growth and further diversification of the Georgian economy. The Group seeks to capture growth in the sectors in which it currently operates and drive the development of new high-growth businesses in Georgia, which it intends to add either by acquiring businesses in their early development stage or by establishing greenfield businesses, often consolidating fragmented or underdeveloped markets. Georgia Capital currently has the following portfolio businesses: (i) a healthcare services business; (ii) a water utility business; (iii) a retail (pharmacy) business, (iv) an insurance business (P&C and medical insurance); (v) a renewable energy business (hydro and wind assets) and (vi) an education business; We also hold other small private businesses across different industries in Georgia and a 19.9% equity stake in LSE premium-listed Bank of Georgia Group PLC (“BoG”), a leading universal bank in Georgia.

JSC Georgia Capital has, as of the date hereof, the following credit ratings:

S&P Global	‘B’/FC & ‘B’/LC
Moody’s	B2/CFR & B2/PDR

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