



Georgia-focused investment company

Investor Presentation: 3Q18 trading update

10 x = 10 y

Forward looking statements



Disclaimer

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, certain of which are beyond our control, include, among other things: currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; regional tensions and instability; regulatory risk across a wide range of industries; investment strategy risk; investment risk and liquidity risk and other key factors that indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in Georgia Capital PLC's 1H18 results announcement and in BGEO Group PLC's Annual Report and Accounts 2017. 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



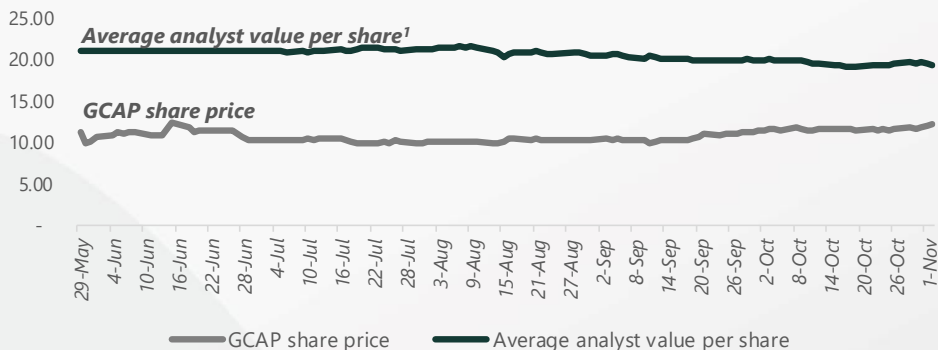
1. 3Q18 trading update | Georgia Capital

2. Portfolio overview

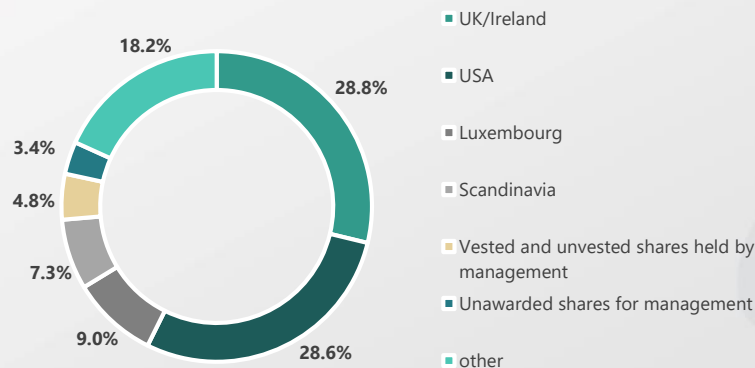
3. Georgian Macro Overview

CGEO:LN overview

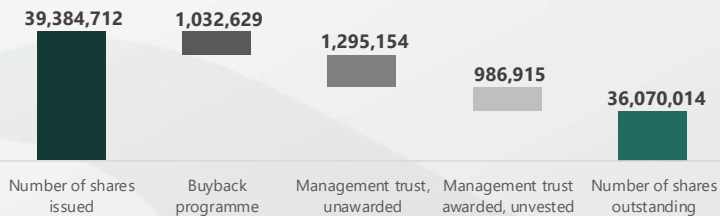
Historical GCAP share price vs. Average analyst value per share



GCAP shareholders allocation by geography



Outstanding shares 30-Sep-18



As of 2 November 2018

Average daily trading volume – 1.6 GBP (million)

Market Capitalization – 462.6 GBP (million)

GCAP top shareholders | 28-Sep-2018

Rank	Shareholder name	Ownership
1.	M&G Investment Management Ltd	6.10%
2.	Schroder Investment Management	5.33%
3.	LGM Investments Ltd	3.81%
4.	Norges Bank Investment Management	3.36%
5.	Dimensional Fund Advisors (DFA)	3.12%

(1) Average of analysts value per share is calculated as follows: average of analysts' portfolio valuation in GEL adjusted to include net debt as at 30-Sep-18, divided by outstanding shares as at 30-Sep-18 and converted to GBP per share price applying GBP/GEL exchange rate as at 30-Sep-2018

Georgia Capital portfolio



Investment company focused on investing in and developing businesses in Georgia

Listed	Private			Pipeline
Bank of Georgia (Banking) 19.9%	Late stage			Education
	Water utility (managed by GGU) 100%	Housing development (managed by m²) 100%	P&C insurance (managed by Aldagi) 100%	
GHG (Healthcare) 57%	Early stage			
	Renewable energy (managed by GGU) 65%	Hospitality & Commercial real estate (managed by m²) 100%	Beverages (managed by Georgia Beverages) 80%	

Georgia Capital aims to deliver total shareholder returns of 10-times over 10-years

10x = 10y

NAV statement | 30-Sep-2018



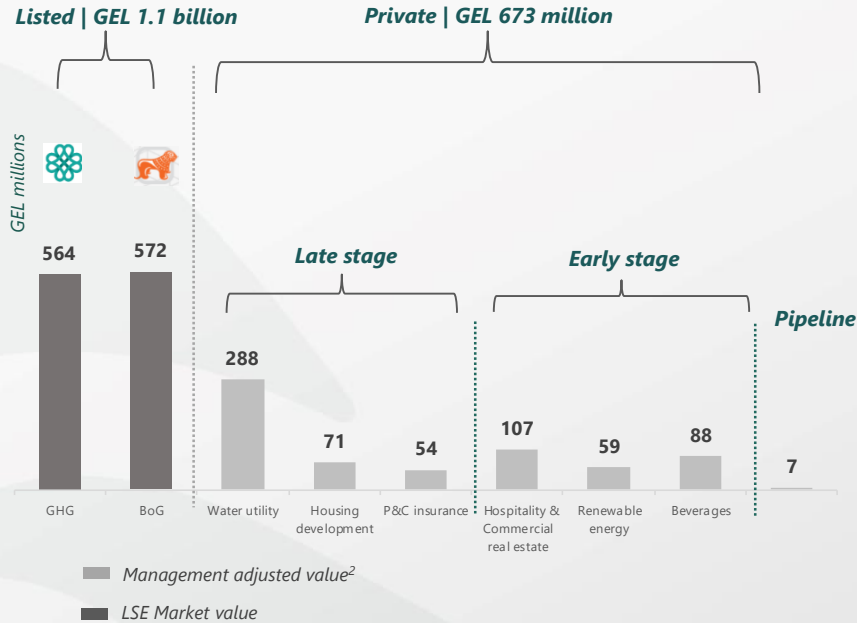
Net Asset Value breakdown

	Ownership %	Management Adjusted Value		Change	Change %
		30-Sep-18	30-Jun-18		
GEL thousand unless otherwise noted					
Listed Equity Investments		1,135,561	1,202,571	(67,010)	-5.6%
GHG (75,118,503 shares at market)	57.0%	564,035	608,502	(44,467)	-7.3%
BoG (9,784,716 shares at market)	19.9%	571,526	594,069	(22,543)	-3.8%
Private Investments		673,132	623,209	49,923	8.0%
Late stage portfolio		413,144	399,718	13,426	3.4%
Water Utility (at book)	100.0%	288,237	282,319	5,918	2.1%
Housing Development (at book)	100.0%	71,350	68,530	2,820	4.1%
P&C Insurance (at book)	100.0%	53,557	48,869	4,688	9.6%
Early stage portfolio		253,403	217,232	36,171	16.7%
Renewable energy (at book)	65.0%	58,897	53,572	5,325	9.9%
Hospitality & Commercial (at book)	100.0%	106,856	78,700	28,156	35.8%
Beverages (at book)	80.0%	87,650	84,960	2,690	3.2%
Pipeline		6,585	6,259	326	5.2%
Education (at cost)	100.0%	6,738	6,177	561	9.1%
Other (at book)	100.0%	(153)	82	(236)	NMF
Total Portfolio Value		1,808,693	1,825,780	(17,087)	-0.9%
Net Debt		(198,077)	(128,771)	(69,306)	53.8%
Of which, cash and liquid funds		283,726	352,002	(68,276)	-19.4%
Of which, loans issued		289,121	252,488	36,633	14.5%
Of which, gross Debt		(770,924)	(733,261)	(37,663)	5.1%
Net other assets/ (liabilities)		(2,884)	(9,839)	6,955	-70.7%
Net Asset Value		1,607,732¹	1,687,170	(79,438)	-4.7%
Shares outstanding		36,070,014	36,912,664	(842,650)	-2.3%
Net Asset Value per share (GEL)		44.6¹	45.7	-1.1	-2.4%
Net Asset Value per share (GBP)		13.1¹	14.1	-1.0	-7.1%

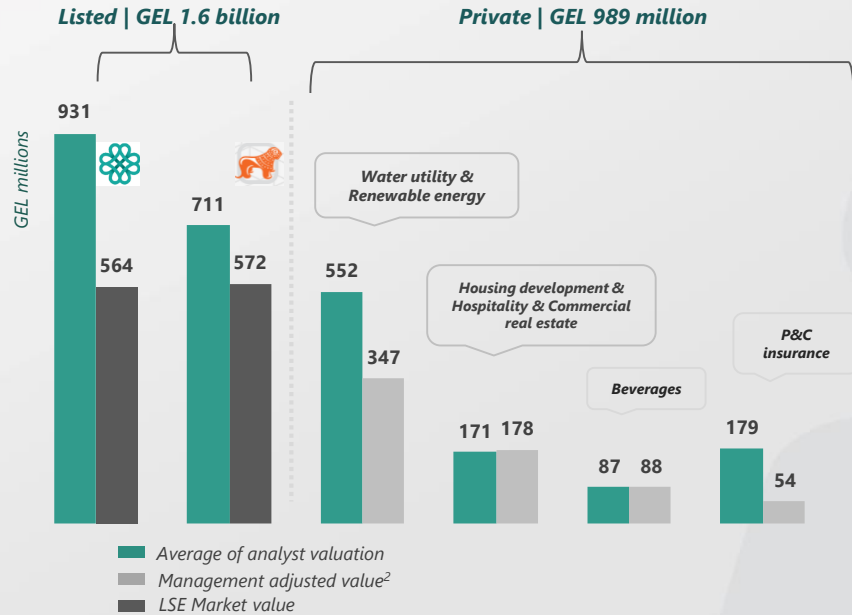
(1) Excluding impact from foreign exchange movements Net Asset Value would be GEL 1,620,542 and Net Asset Value per share would be GEL 44.9 or GBP 13.2

Key portfolio highlights | 30-Sep-2018

Portfolio value | GEL 1.8 billion



Average of analyst valuation¹ | GEL 2.6 billion



(1) Analysts covering Georgia capital : Wood & Co (Report date: 31-May-2018); Investec (Report date: 29-May-2018); Renaissance Capital (Report date: 31-May-2018);

(2) For the definition please refer to slide 34

Liquidity and cash management at Georgia Capital (stand-alone)

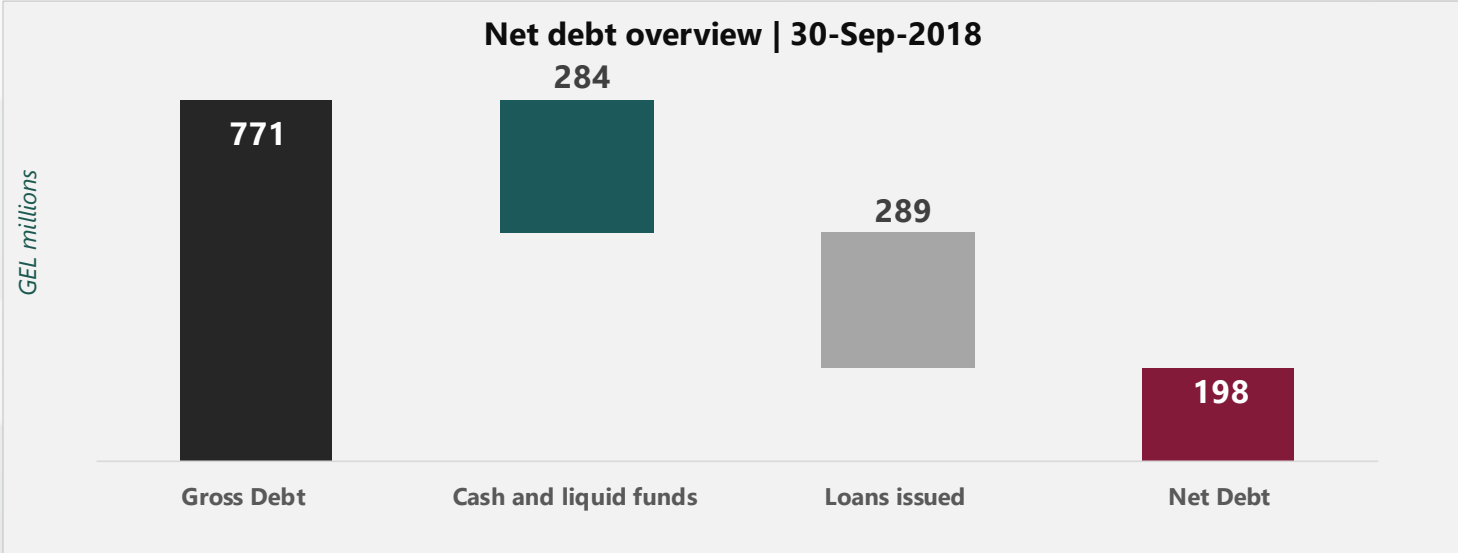


GEL 284 million
Liquid assets | 30-Sep-2018

- ▶ Cash at bank of **GEL 90 million**
- ▶ Internationally listed debt securities of **GEL 154 million**
- ▶ Locally listed debt securities of **GEL 40 million**

GEL 198 million¹
Net debt | 30-Sep-2018

- ▶ Georgia Capital issued inaugural US\$ 300 million international corporate bonds in March 2018



Portfolio over net debt
9.1x

Listed assets over net debt
5.7x

(1) Net debt adjusted for market value of shares bought back under share buyback programme was GEL 39 million lower at 30-Sep-2018: **GEL 159 million**

Capital allocation outlook through 2022

Highly disciplined approach to unlock value through investments



GEL millions		2018 ¹	2019	2020	2021	2022	
Listed investments	BoG	(24)	(26)	(27)	(29)	(31)	+137 million dividend inflows
	GHG	-	-	-	-	-	
Private investments Late stage	Water utility	(28)	(30)	(32)	(34)	(35)	+306 million dividend inflows
	Housing development	-	(10)	(15)	(20)	(25)	
	P&C insurance	(10)	(12)	(15)	(18)	(22)	
Private investments Early stage	Renewable energy	8	101	20	78	(19)	(327) million Capital deployment
	Hospitality & Commercial	33	30	9	-	-	
	Beverages	49	18	-	-	-	
Pipeline	Education	34	42	42	28	-	(146) million Capital deployment
Total²		62	113	(18)	5	(132)	+30 million Net capital inflows



Together with the available GEL 573 million liquid funds and short-term loans, we are well-positioned to support the value creation across our private portfolio businesses and take advantage of new opportunities as and when they arise

(1) Includes actual net capital allocations of GEL 36 million in 9M18, comprising of GEL 10 million dividend inflows from P&C insurance business, 24 million dividend inflows from Bank of Georgia and capital deployment of GEL 70 million in education, renewable energy, hospitality & commercial real estate and beverages businesses

(2) Buybacks are not included within the capital allocations

Content



1. 3Q18 trading update | Georgia Capital

2. **Portfolio overview**

3. Georgian Macro Overview

Further value creation opportunity – education business

Industry investment rationale

LARGE AND GROWING MARKET

- Growing private school market
- Government expected to double spending over the next 5 years
- Low base – 3% of GDP, compared to 6% of peers (2016 data)
- Government incentivized to support private schools development

EFFICIENCY UPSIDE

- Inefficient government spending
- Fragmented – 2,321 schools in total, only 10% is private
- Undersupplied private school market
- 83% of teachers teach only 1 subject – 56% for peers

ACCESS IS HIGH, BUT QUALITY IS POOR

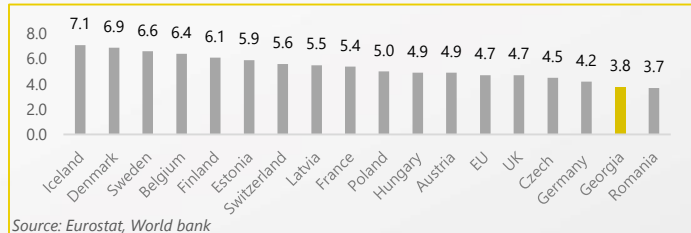
- Compulsory education lasts 9 years from age 6 to 14 years, literacy level - 99.8%
- Low supply of quality educators
- Poor international pupils assessment results – 60th among 72 countries

HIGH TRADING MULTIPLES

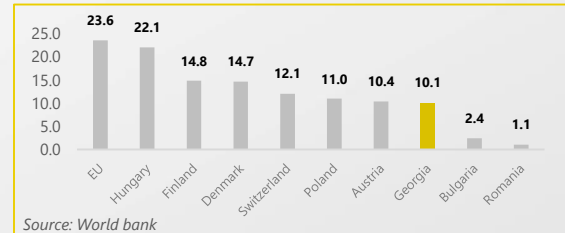
- Due to its high quality revenue and high demand for good quality affordable education schools are trading at a very high multiples

Market opportunity

Government spending on education as GDP % (2016)



Secondary private school enrollment % (2016)



Medium term demand outlook for private high schools

currently- 10% private in 5-years - 20% private

Private 10%

State 90%

Private 20%

State 80%

We aim to introduce a chain of affordable high schools to capitalise on scale advantage in Georgia

We expect to deploy GEL 140 million equity capital and by 2025 we are aiming to **reach 30,000 pupils**

Water utility business overview

Key facts

Investment rationale

- Natural monopoly in Tbilisi and surrounding district
- Utilities sector represents ~3% of total Georgian economic output and is consistently growing at a sustainable rate (CAGR 8.2% in 2006 – 2017)
- Stable cash collection rates

Value creation potential

- EU harmonization reforms in progress in utilities sector in accordance with Georgia's undertaking under the Association Agreement with the EU
- On the back of high GDP growth combined with rapid tourism growth, we expect disproportionately high demand levels from legal entities, in particular, by hotels and restaurants
- Upside opportunity from pursuing cost efficiencies by targeting decrease in consumption of own electricity in order to free up energy for third party electricity sales
- Growing dividend payment capacity

Value realisation outlook

- IPO together with the renewable energy business

Financial metrics (GEL million)

	Annual				
	2015	2016	2017	9M17	9M18
Total revenue	119	127	135	99.1	109.5
Of which, utility revenue	105	109	119	88.2	97.7
Of which, energy revenue	9	10	10	6.9	6.7
Of which, other revenue	5	8	6	4.1	5.0
Total EBITDA	62	69	73	53.3	60.2

Selected operating metrics

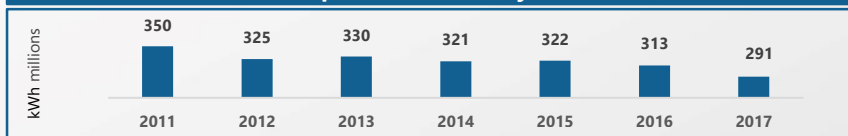
	9M17	9M18	change(y-o-y)
Water sales (m³)	129,046,838	131,842,895	+2.2%
Electricity generation (kwh thousand)	256,236	259,941	+1.4%
Electricity consumption (kwh thousand)	221,568	182,486	-17.6%
New connections	1,325	3,672	NMF

Return on invested capital¹

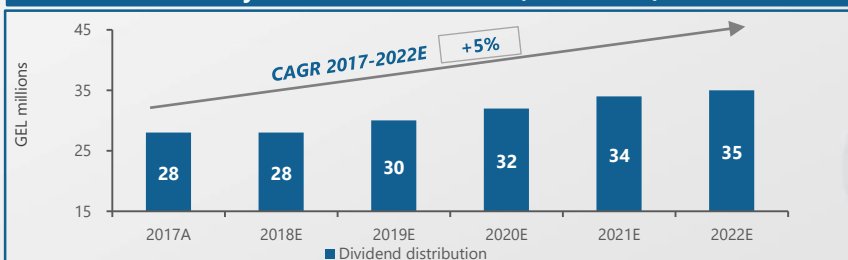
	1H17	1H18
ROIC	11.0%	9.8%

¹ ROIC is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds

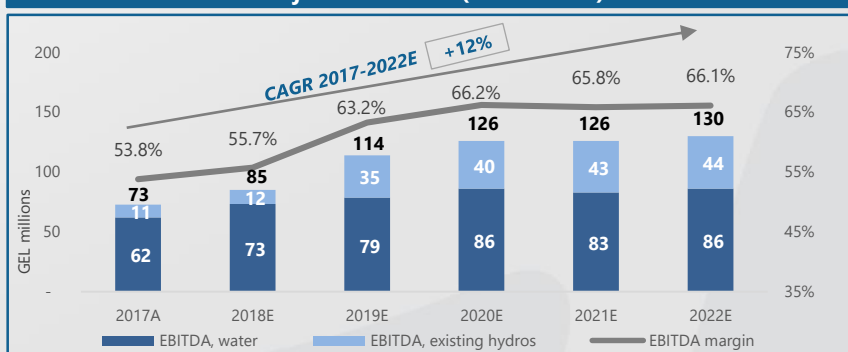
Own consumption of electricity (KWh million)



Projected dividends record (GEL million)



Projected EBITDA (GEL million)²



² EBITDA projections are based on energy market deregulation effective from 1.1.2019 and standard water inflows at Zhinvali HPP

Housing development business overview



Key facts

Investment rationale

- Shortage of housing from Soviet era combined with Georgian tradition of multi generations living under one roof, average household size is significantly higher at 3.3 compared to Eastern or Western Europe
- Most of the housing stock dates back to Soviet era and is amortised
- In line with the economic growth, urbanisation levels are increasing from current low level

Value creation potential

Asset light strategy

- Unlock land value by developing housing projects
- Development of third-party land – franchise m² brand name. Undisputed market leading platform of 3,600 apartments to be delivered in 4-5 year
- Earn Construction management fees from third-party projects and bring construction works in-house

Value realisation outlook

- Cash out by transformation into real estate asset manager

Financial metrics (GEL million)²

Annual

	2015	2016	2017	9M17	9M18
Gross revenue from apartments sales	45	96	93	62	77
EBITDA	18	11	22	20	5

Selected operating metrics

	9M17	9M18	change (y-o-y)
Number of apartments sold	464	122	-73.7%
Apartments in stock	381	95	-75.1%
On-going projects	5	4	NMF

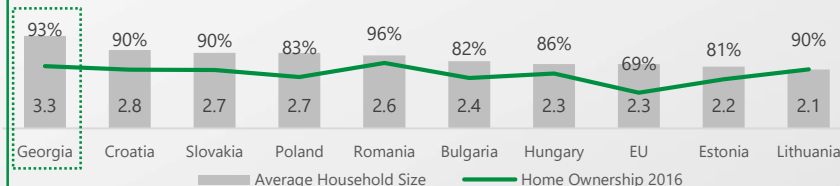
Return on invested capital¹

	1H17	1H18
ROIC	19.5%	5.2%

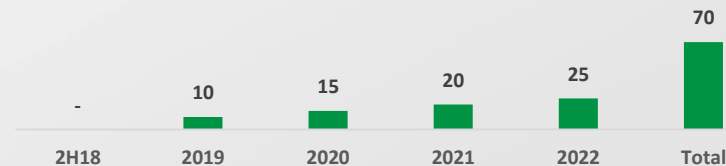
¹ ROIC is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds

Market opportunity

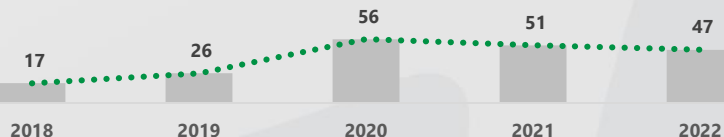
Average household size and home ownership



Projected dividends through 2022 (GEL million)



Projected EBITDA³ (GEL million)



² Housing development business' functional currency is US dollars

³ EBITDA projections are based on pipeline projects commencing in 4Q18

P&C insurance business overview



Key facts

Investment rationale

- Significantly underpenetrated insurance market in Georgia
- Market leader with a powerful distribution network of point of sale and sales agents

Value creation potential

- Compulsory border TPL effective from 1 March 2018
- Local TPL expected to kick in from 2020 and provide potential to access untapped retail casco insurance market with only 4% existing penetration
- First mover advantage on underpenetrated SME segment
- Growing dividend payout capacity

Value realisation outlook

- Trade sale or IPO

Financial metrics (GEL million)

	Annual				
	2015	2016	2017	9M17	9M18
Earned premiums, gross	68	71	86	46	50
Net income	12 ¹	14	16	12	13 ²
Combined ratio	79%	73%	75%	74%	75%
Loss ratio	43%	35%	40%	39%	39%

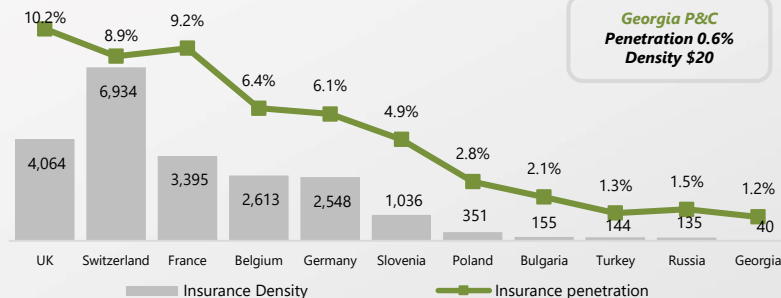
Selected operating metrics

	9M17	9M18	change (y-o-y)
Active corporate clients	2,217	2,978	+34.3%
Active retail clients	49,344	85,251	+72.8%
Corporate insurance policies written ³	42,962	36,764	-14.4%
Retail insurance policies written	75,387	110,498	+46.6%

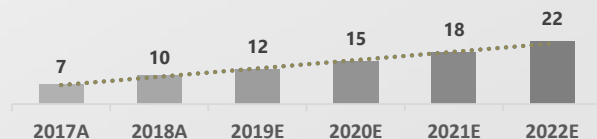
Return on average equity

	1H17	1H18
ROAE ²	38.3%	32.7%

Market opportunity



Projected dividends distribution through 2022 (GEL million)



Best combined ratio on the market



(1) Excluding one-off FX contract with GEL 8 million loss

(2) Adjusted for non-recurrings

(3) Excluding credit life insurance

Renewable energy business overview



Key facts

Investment rationale

- Underdeveloped energy market with potential for significant growth - Low per capita power usage
- Cheap to develop – up to US\$1.5 million for 1MW hydro and up to US\$1.3 million for wind development

Value creation potential

- Opportunity to establish a renewable energy platform with 500MW operating capacity over the medium-term (500MW target includes existing energy assets of water utility business)
- Energy consumption has grown at c. 6% CAGR in last 10 years. We expect energy consumption to grow at CAGR 5%, translating into doubling of the consumption over the next 10 years
- Stable dividend provider capacity

Value realisation outlook

- IPO together with the water utility business

Financial metrics (GEL million)

	Annual				
	2015	2016	2017	9M17	9M18
Development Capex	NMF	NMF	77	46	41

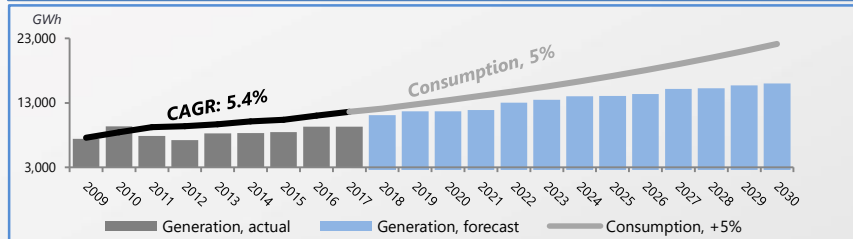
Project pipeline

Project	MWs	Start of construction	Commissioning	Target ROIC	Generation capacity (GWh) ²
Mestiachala HPPs	50	1H17	1H19	13.2%	171
Zoti HPPs	46	2H19	1H21	12.9%	164
Bakhvi 2 HPP	36	2H19	1H22	13.5%	127
Racha HPPs	38	1H21	1H23	14.7%	165
Wind Tbilisi	48	1H19	1H20	13.3%	146
Wind Kaspi	54	1H19	1H20	14.1%	215
Wind (other)	98	1H21	1H22	12.5%	306
Solar	30	1H20	1H21	10.1%	64
Total	400				1,358

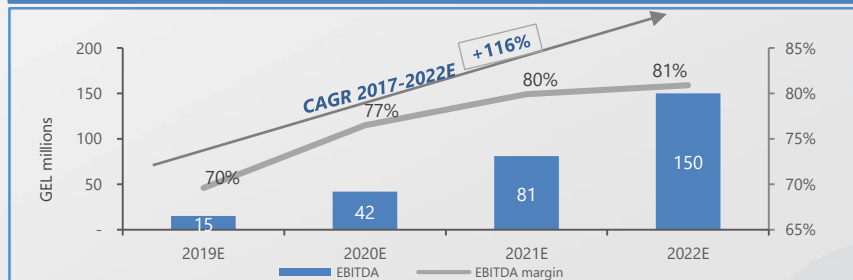
Return on invested capital¹

	1H17	1H18
ROIC	-18.9%	-1.3%

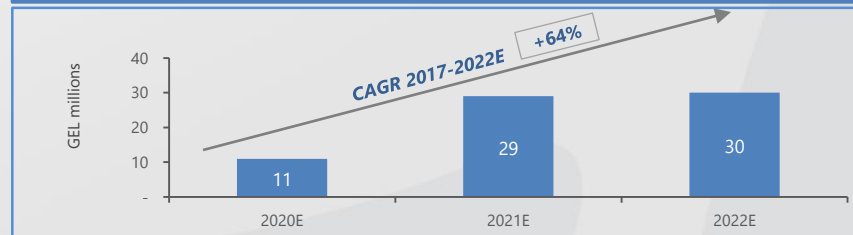
Market opportunity



Projected EBITDA (GEL million)



Projected dividends distribution (GEL million)



¹ ROIC is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds

² Generation capacity refers to target net annual generation

Hospitality and commercial real estate business overview

Key facts

Investment rationale

- Record number of tourists visiting Georgia every year: 3.8 million visitors in 9M18, up 18% y-o-y; Tourism inflows up 21% y-o-y

Value creation potential

- Grow Portfolio of rent-earning assets through residential developments/opportunistic acquisitions
- Reach 1,000 hotel rooms over the next 3 years. Currently approximately 942 rooms of which 152 are operational and c. 790 are in the pipeline

Value realisation outlook

- We aim to spin-off yielding properties as a listed REIT managed by m²

Financial metrics (GEL million)²

	2016 YTD	2017 YTD	9M17	9M18
Gross profit from operating leases	2.6	3.0	2.2	3.1
Gross profit from hospitality services	-	-	-	1.5
EBITDA	2.4	3.4	3.4	3.8
Commercial real estate portfolio	41.6	77.2	72.3	101.7

Target return on invested capital (ROIC)

Hotel	Rooms	Hotel opening date	Current Stage	Target ROIC
Ramada Encore Kazbegi	152	Q1-2018	Operational	18.0%
Gudauri	134	Q1-2019	Construction	12.8%
Ramada Melikishvili	125	Q3-2019	Construction	15.7%
Gergeti Hotel	100	Q1-2020	Construction	13.7%
Ramada Encore Kutaisi	121	Q3-2020	Design	17.5%
Telavi	130	Q1-2021	Design	13.4%
Javakishvili, Tbilisi	120	Q2-2021	Design	13.8%
Kakheti Wine & Spa	60	Q3-2021	Design	17.3%

Selected operating metrics

	9M17	9M18	change (y-o-y)
Yield	8.9%	10.0%	+1.1 ppt
Occupancy rate	86.6%	90.5%	+3.9 ppt
Leased area (sq.m.)	19,032	23,318	+4,286 sq. m.

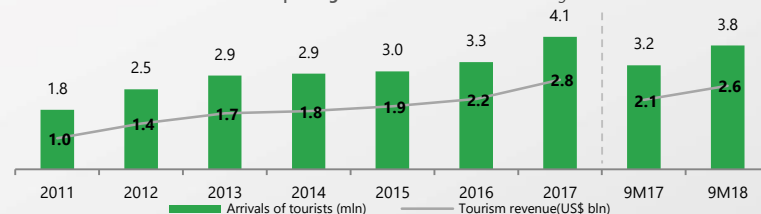
Return on invested capital¹

	1H17	1H18
ROIC	3.9%	3.4%

Market opportunity

Arrivals of tourists and tourism revenue | Georgia

Source: Georgian National Tourism Administration

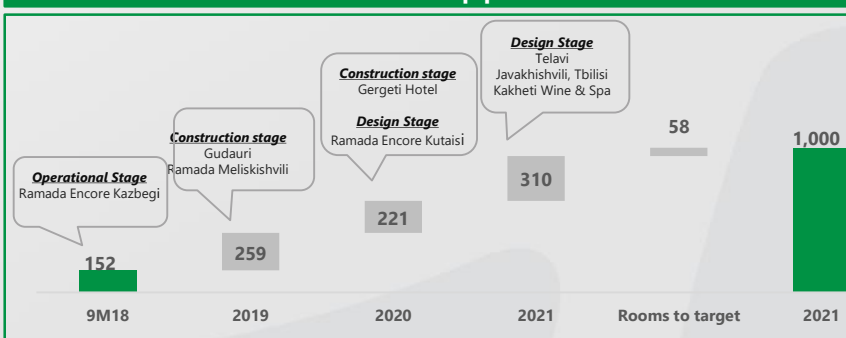


Projected EBITDA (GEL million)³



³ EBITDA projections include hotel revaluation gains

Hotel rooms pipeline



(1) ROIC is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds

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

Beverages business overview

Key facts

Investment rationale

- High growth sector, which has doubled during the last 5 years to GEL 1.9 billion market
- Beer consumption per capital at one of the lowest levels in the wider region at 27 liters per capita
- Georgia's favorable trade regimes (free trade agreements with EU and China) provide potential for export growth

Value creation potential

- Best-in-class distribution network platform
- 10-year special right from Heineken to produce and sell beer in Georgia, Armenia and Azerbaijan
- Grow vineyard base to 1,000 hectares, from current 436 hectares, over the next three years

Value realization outlook

- Trade sale either of the whole business or parts

Financial metrics (GEL million)

	Annual				
	2015	2016	2017	9M17	9M18
Revenue (wine)	18	18	22	14.7	18.6
Revenue (beer)	N/A	N/A	18	13.2	24.0
EBITDA (wine)	2	3	6	3.7	3.0
EBITDA (beer)	N/A	N/A	(5)	(2.7)	(9.7)

Selected operating metrics

	9M17	9M18	Change (y-o-y)
Wine sales (bottles)	3,470,564	3,679,760	+6.0%
Beer sales (liters)	6,749,108	11,673,491	+73.0%

Return on invested capital¹

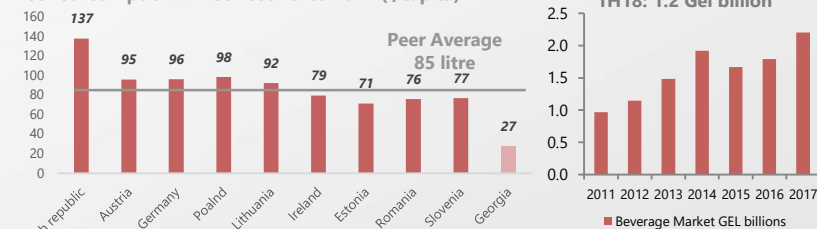
	1H17	1H18
ROIC	-5.7%	-15.4%

¹ ROIC is calculated as EBITDA less depreciation, plus divided by aggregate amount of total equity and borrowed funds

Market opportunity

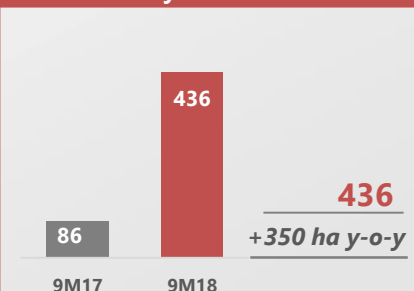
Low consumption per capita compared to peers

Beer consumption in Peer Countries 2017 (l/capita)

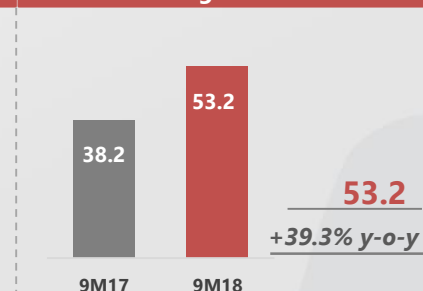


Source: Statista

Vineyard hectares



Beverages revenue



Content



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Sovereign ratings with stable outlook and favourable macro fundamentals



Key Ratings Highlights

Rating Agency	Rating	Outlook	Affirmed
MOODY'S	Ba2	Stable	September 2018
S&P Global	BB-	Stable	May 2018
FitchRatings	BB-	Positive	August 2018

Georgia is favorably placed among peers

Country	Country Rating	Fitch Rating Outlook
Armenia	B+	Positive
Azerbaijan	BB+	Stable
Belarus	B	Stable
Czech Republic	AA-	Stable
Georgia	BB-	Positive
Kazakhstan	BBB	Stable
Turkey	BB	Negative
Ukraine	B-	Stable

General Facts



Economy

- Nominal GDP (Geostat, preliminary) 2017: GEL 38.0 bln (US\$15.2 bln)
- Real GDP growth rate 2013-2017: 3.4%, 4.6%, 2.9%, 2.8%, 5.0%
- Real GDP 2007-17 annual average growth rate: 4.5%
- GDP per capita 2017 (PPP) per IMF: US\$ 10,741
- Annual inflation (e-o-p) 2017: 6.7%
- External public debt to GDP 2017: 35.0%

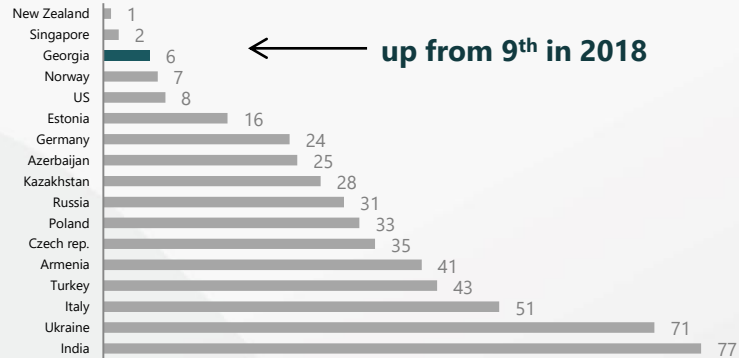
Georgia's key economic drivers



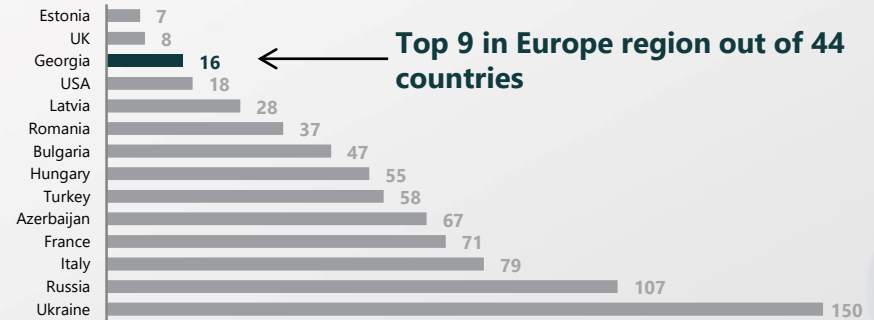
Liberal economic policy	<p>Top performer globally in WB Doing Business over the past 12 years</p> <ul style="list-style-type: none">Liberty Act (effective January 2014) ensures a credible fiscal and monetary framework:Public expenditure/GDP capped at 30%; Fiscal deficit/GDP capped at 3%; Public debt/GDP capped at 60%Business friendly environment and low tax regime (attested by favourable international rankings)
Regional logistics and tourism hub	<p>A natural transport and logistics hub, connecting land-locked energy rich countries in the east and European markets in the west</p> <ul style="list-style-type: none">Access to a market of 2.8bn customers without customs duties: Free trade agreements with EU, China, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland; FTA with Hong Kong was signed in June 2018. FTA with India under consideration.Tourism revenues on the rise: tourism inflows stood at 18.1% of GDP in 2017 and arrivals reached 7.9 million visitors in 2017 (up 18% y-o-y), out of which tourist arrivals were up 23% y-o-y to 4.1 million visitors.Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes
Strong FDI	<p>An influx of foreign investors on the back of the economic reforms have boosted productivity and accelerated growth</p> <ul style="list-style-type: none">FDI stood at US\$ 1.9bln (12.5% of GDP) in 2017, up 21% y-o-yFDI averaged 10.0% of GDP in 2007-2017
Support from international community	<p>Georgia and the EU signed an Association Agreement and DCFTA in June 2014</p> <ul style="list-style-type: none">Visa-free travel to the EU is another major success in Georgian foreign policy. Georgian passport holders were granted free visa entrance to the EU countries from 28 March 2017Discussions commenced with the USA to drive inward investments and exportsStrong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs, the US and EU
Electricity transit hub potential	<p>Developed, stable and competitively priced energy sector</p> <ul style="list-style-type: none">Only 20% of hydropower capacity utilized; 145 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or developmentGeorgia imports natural gas mainly from AzerbaijanSignificantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgradedAdditional 2,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe
Political environment stabilised	<ul style="list-style-type: none">Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EUNew constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the PresidencyContinued economic relationship with Russia, although economic dependence is relatively lowRussia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians – Russia announced the easing of visa procedures for Georgians citizens effective December 23, 2015Direct flights between the two countries resumed in January 2010Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with RussiaIn 2017, Russia accounted for 14.5% of Georgia's exports and 10.0% of imports; just 3.5% of cumulative FDI over 2003-2017

Institutional oriented reforms

Ease of Doing Business | 2019 (WB Doing Business Report)

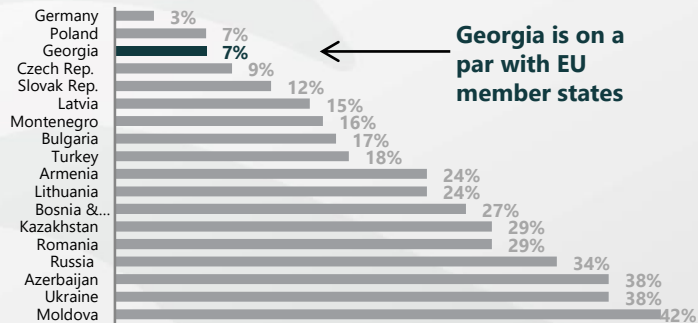


Economic Freedom Index | 2018 (Heritage Foundation)

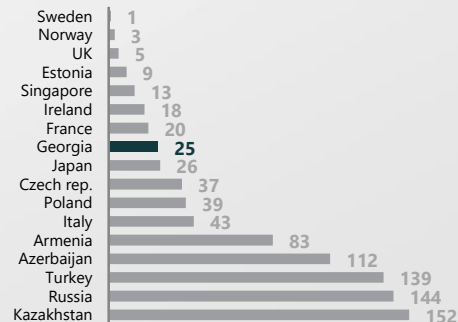


Global Corruption Barometer | TI 2017

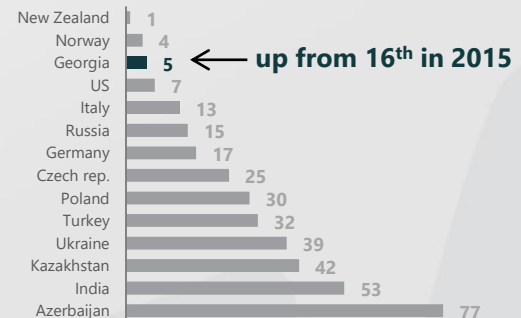
% admitting having paid a bribe last year



Business Bribery Risk, 2017 | Trace International



Open Budget Index, 2017 | International Budget Partnership

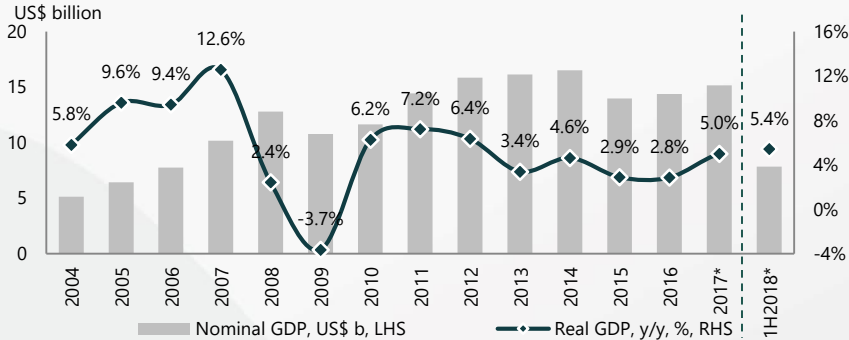


Sources: Transparency International, Heritage Foundation, World Bank, Trace International

Diversified resilient economy

Gross domestic product

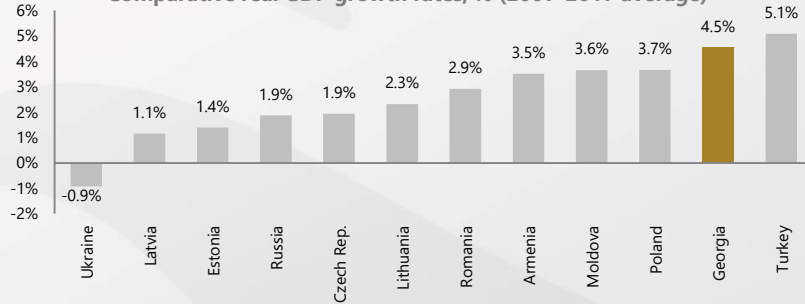
Source: Geostat



One of the Fastest Developing Economies in the Region (2007-2017 average)

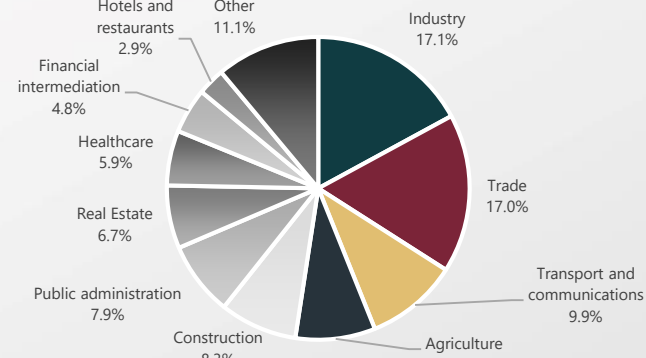
Sources: IMF

Comparative real GDP growth rates, % (2007-2017 average)



Diversified nominal GDP structure, 2018 Q2

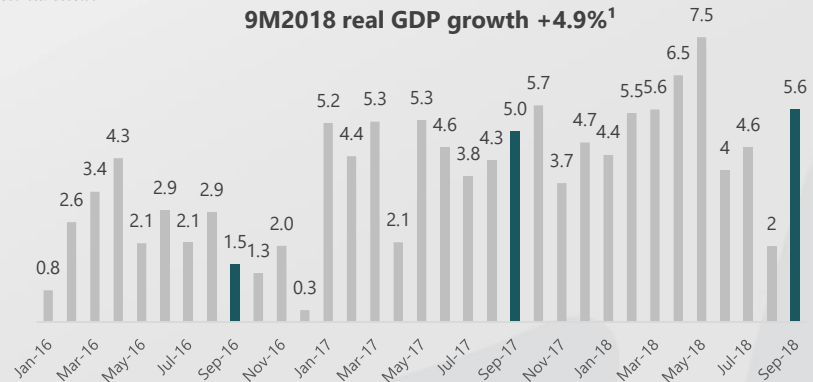
Source: Geostat



Monthly Economic Activity Estimate, y/y growth

Sources: GeoStat

9M2018 real GDP growth +4.9%¹

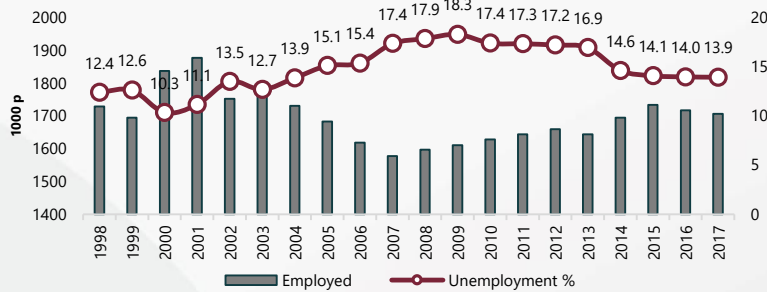


¹ preliminary data

Room for further job creation

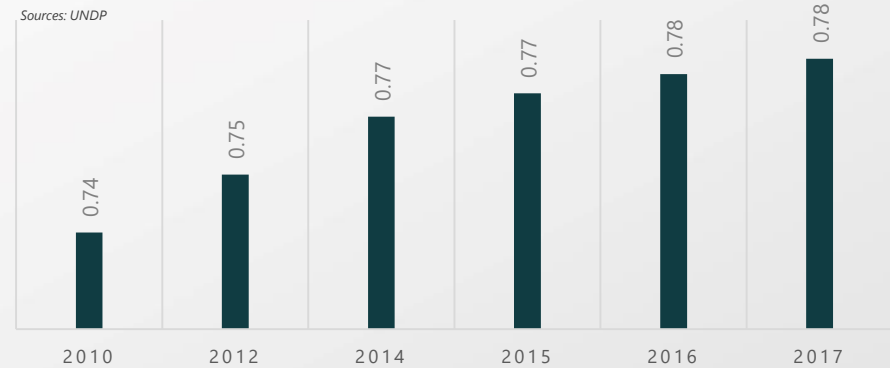
Unemployment rate down 0.1ppts y/y to 13.9% in 2017

Sources: GeoStat



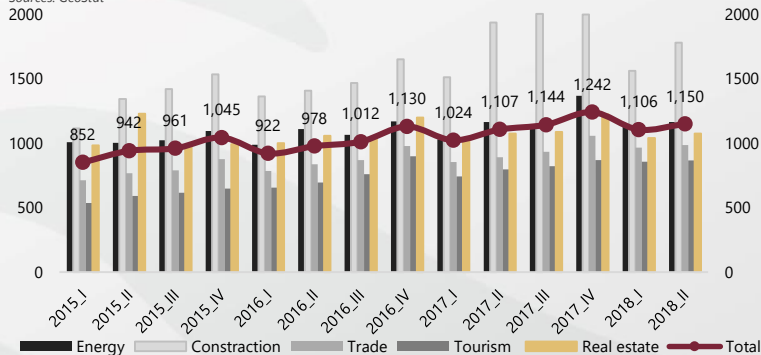
UNDP Human Development Index

Sources: UNDP



Average monthly nominal earnings in business sector

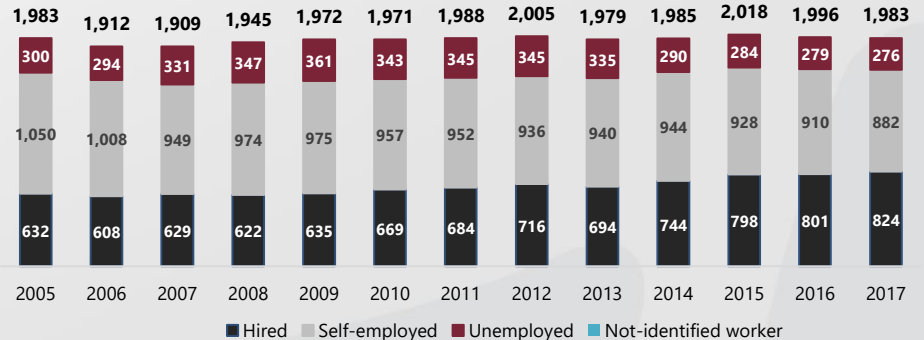
Sources: GeoStat
2000



Labor force decomposition 2017

Sources: GeoStat

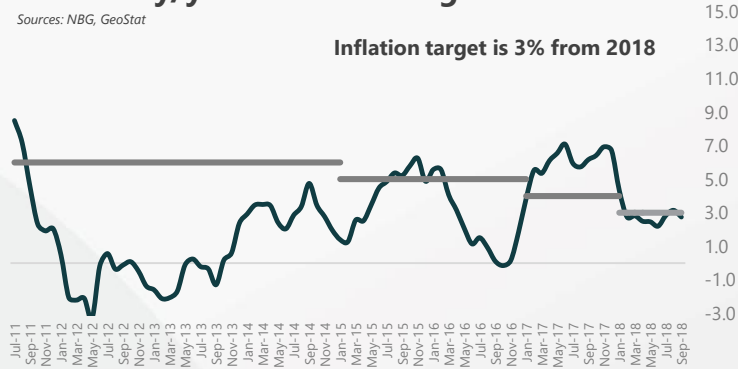
Hired workers accounted 48% in total employment in 2017



Inflation targeting since 2009

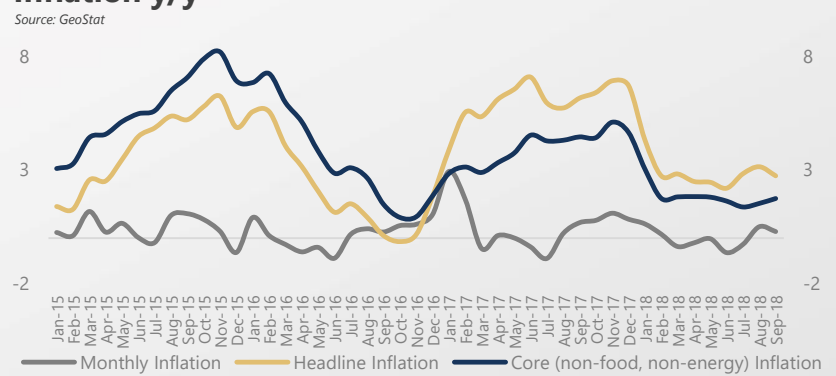
Inflation y/y vs. inflation target

Sources: NBG, GeoStat



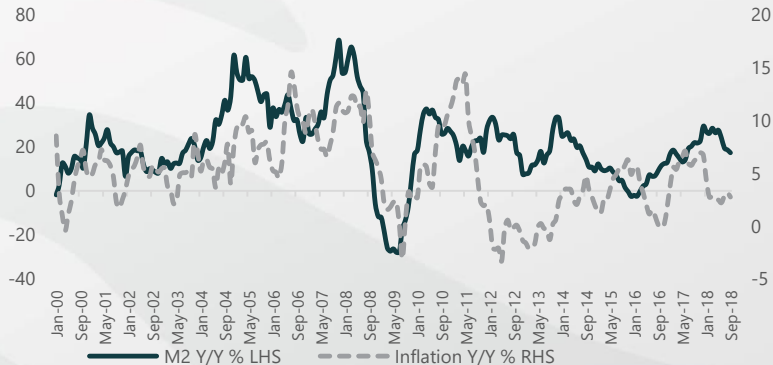
Inflation y/y

Source: GeoStat



M2 vs. inflation, y-o-y, %

Sources: Geostat, NBG



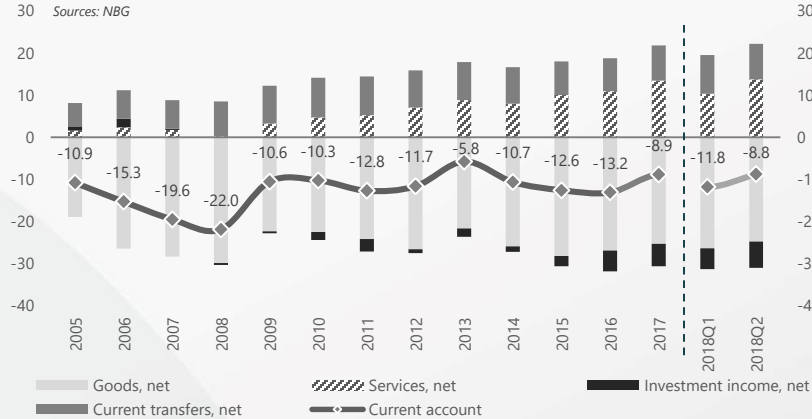
Average monthly nominal earnings

Source: Geostat



Current account deficit supported by FDI

Current account balance (% of nominal GDP)



Exports and Re-exports, US\$ bln



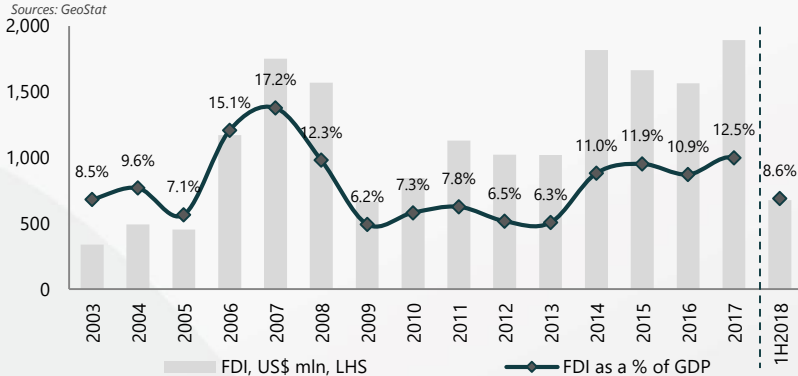
FDI and capital goods import

Source: GeoStat

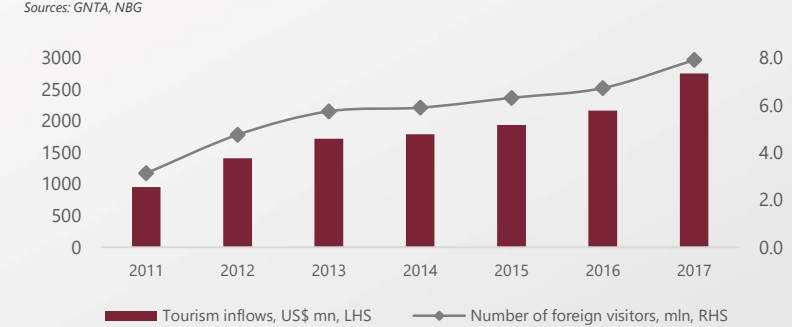


Diversified sources of capital

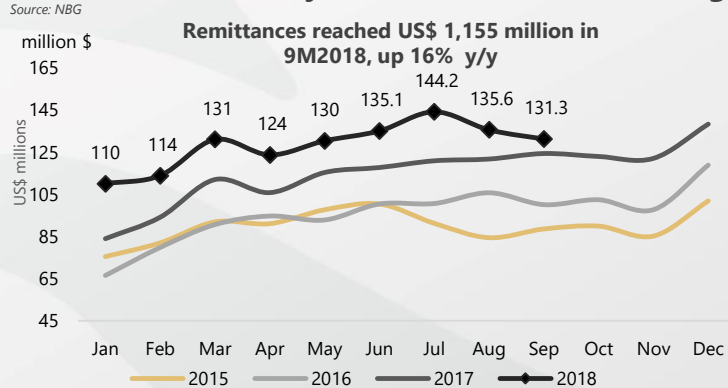
Strong foreign investor interest



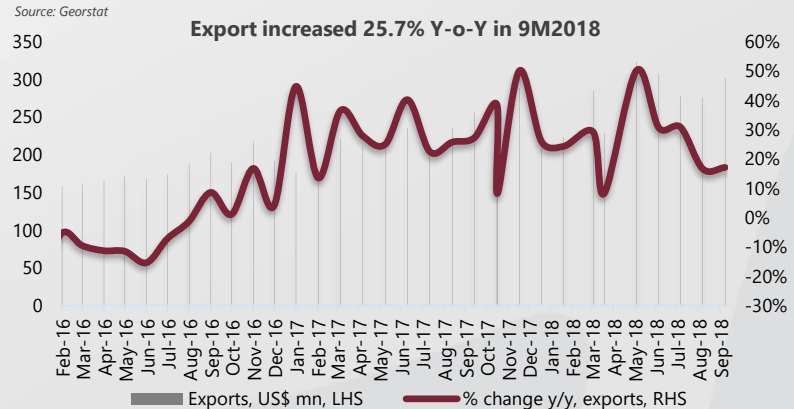
Visitors and tourism revenues on the rise



Remittances - steady source of external funding



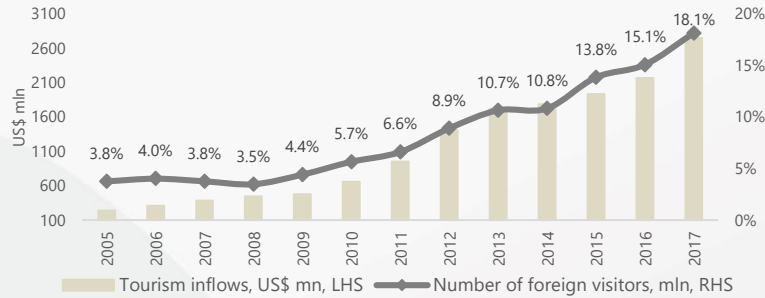
Export continues to support economic growth



Tourism sector on the rise

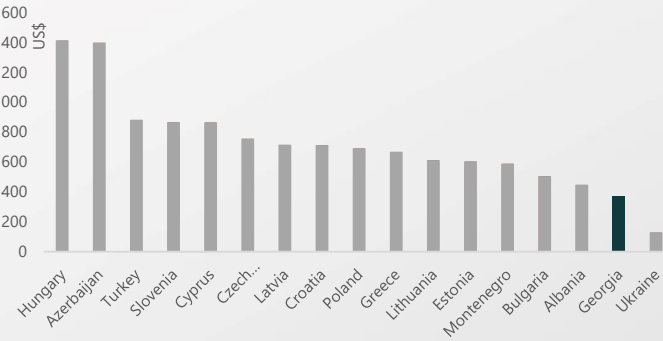
Tourism revenues to GDP

Sources: NBG



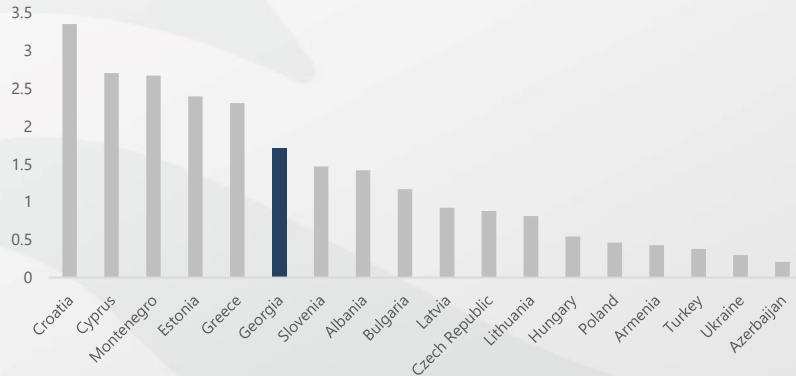
Spending per arrival, 2016

Source: WDI



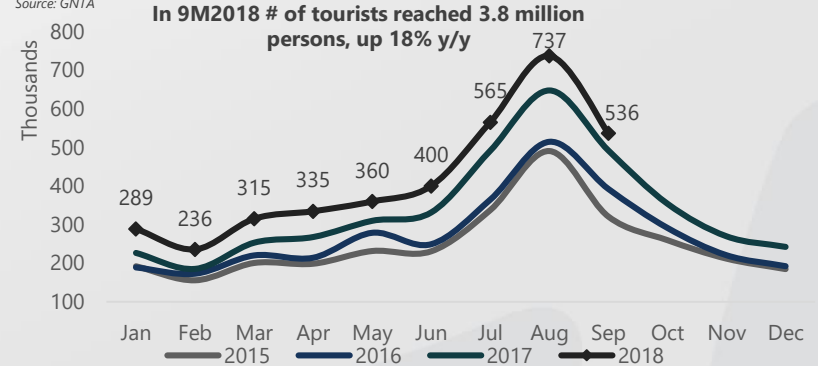
Arrivals to country's population, 2016

Source: WDI



Number of Tourists (overnight visitors)

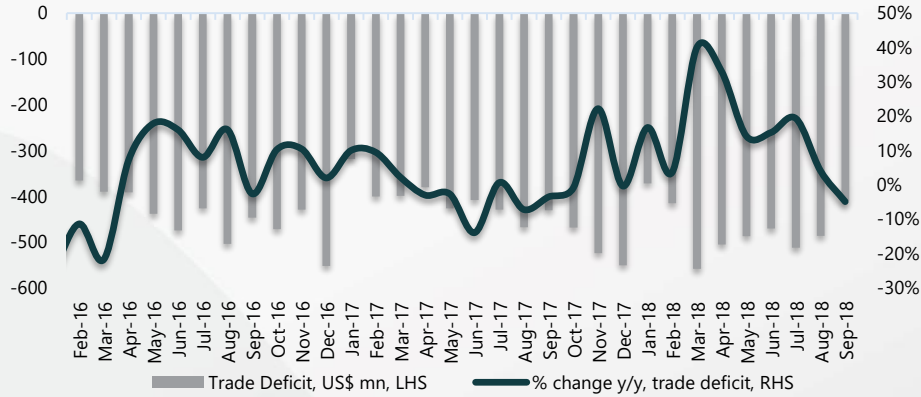
Source: GNTA



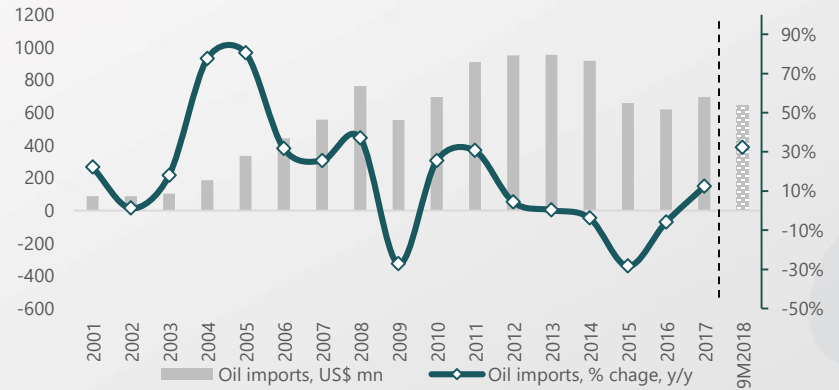
Diversified foreign trade

Goods' Trade Deficit

Source: GeoStat

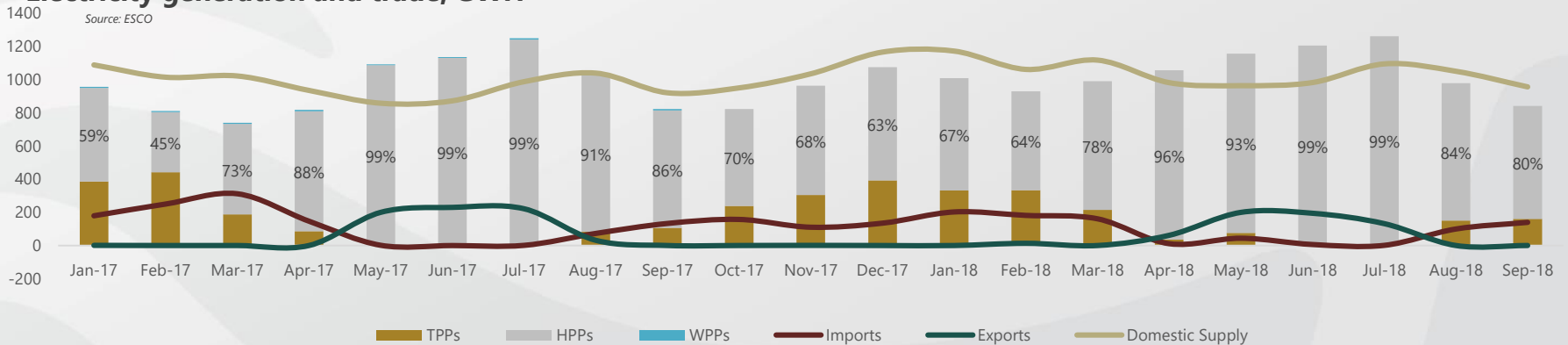


Oil imports



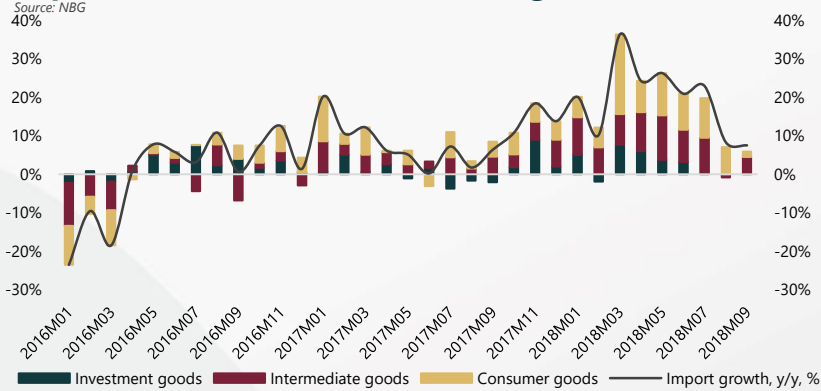
Electricity generation and trade, GWH

Source: ESCO



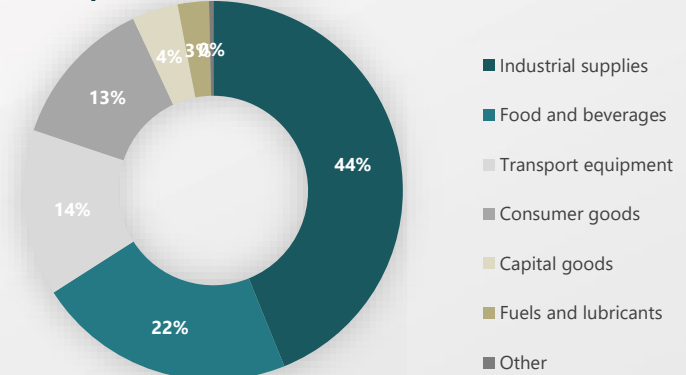
Diversified foreign trade

Imports of Goods, contribution to growth



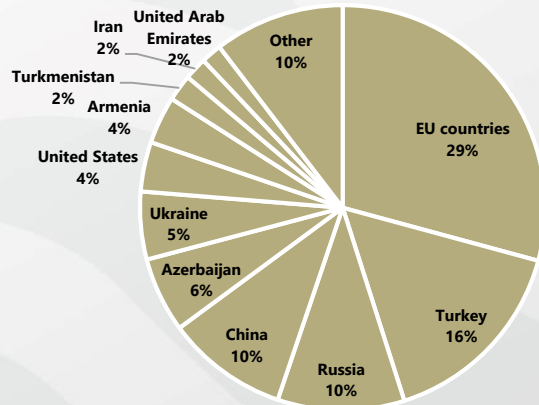
Foreign Demand, 9M2018

Source: Geostat



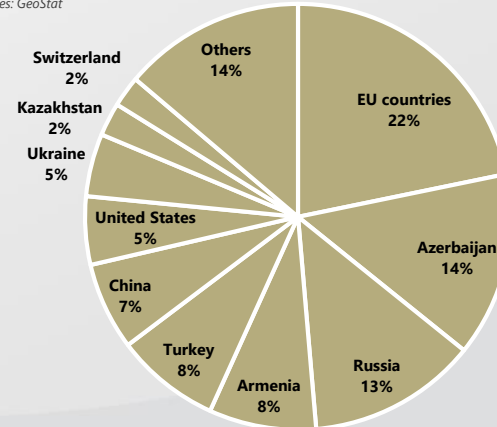
Importing countries, 9M2018

Sources: GeoStat



Exporting countries, 9M2018

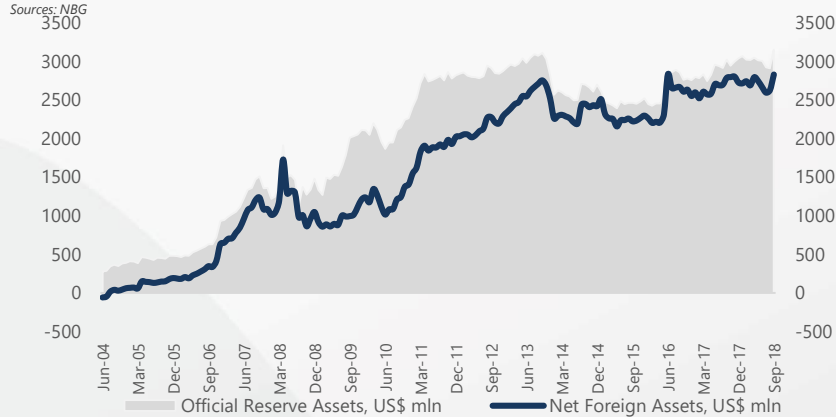
Sources: GeoStat



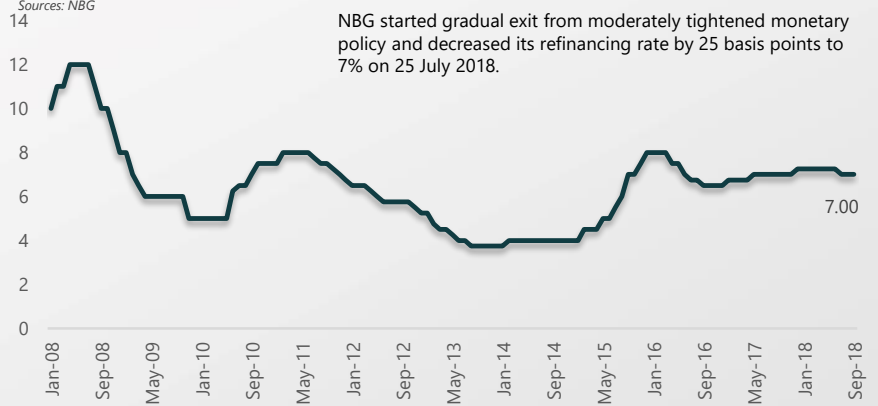
Prudent monetary policy ensures macro-financial stability



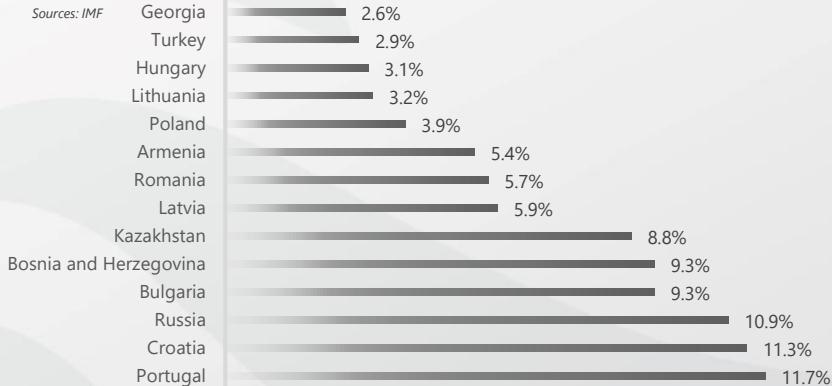
International reserves



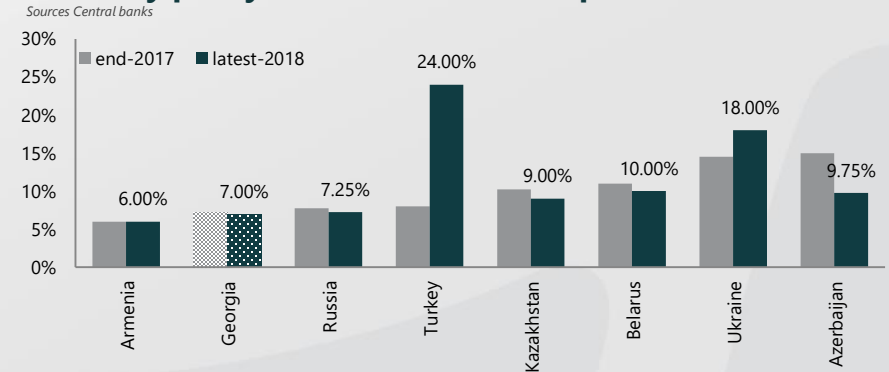
Monetary policy rate



Nonperforming loans to total gross loans, latest 2018

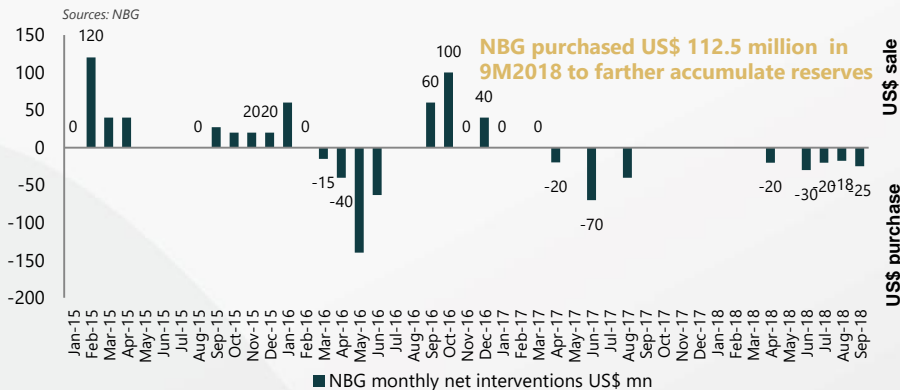


Monetary policy rate remains low vs. peers

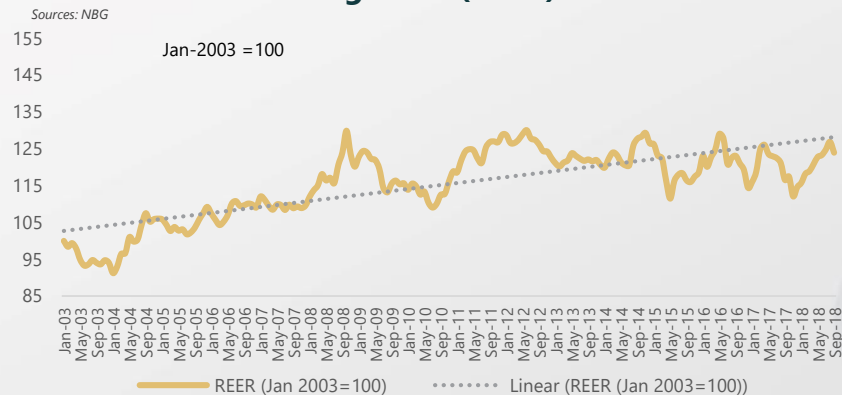


Floating exchange rate - policy priority

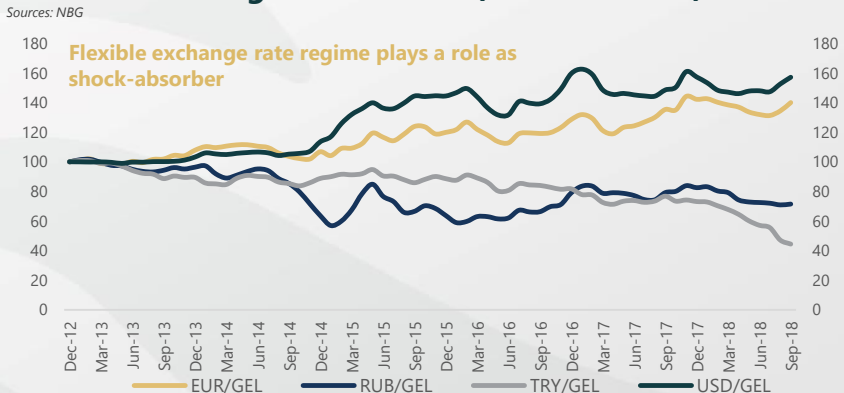
Central Bank's interventions



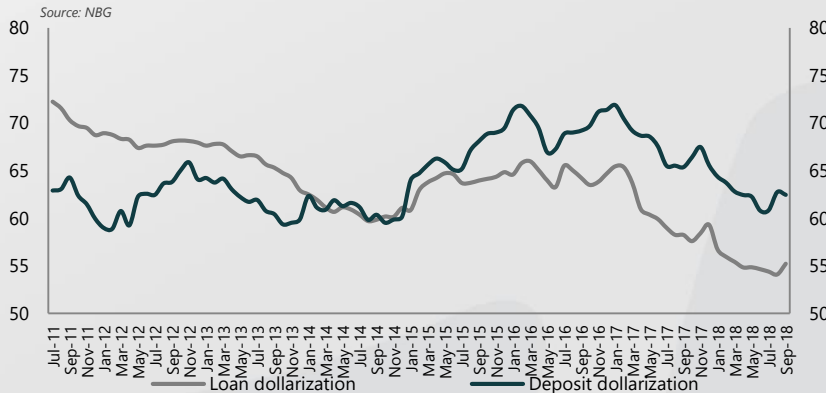
Real effective exchange rate (REER)



Bilateral exchange rate indices (Dec2012=100)



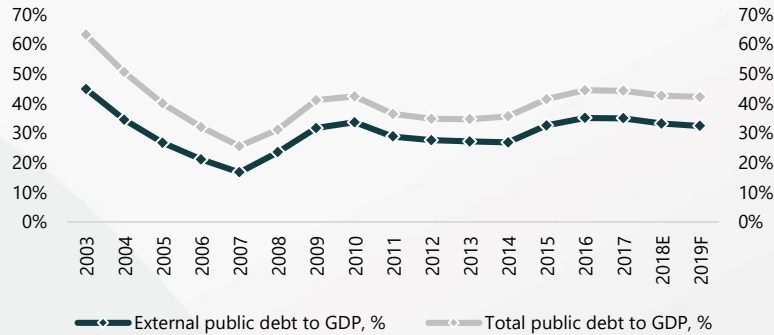
Dollarization ratios



Low public debt

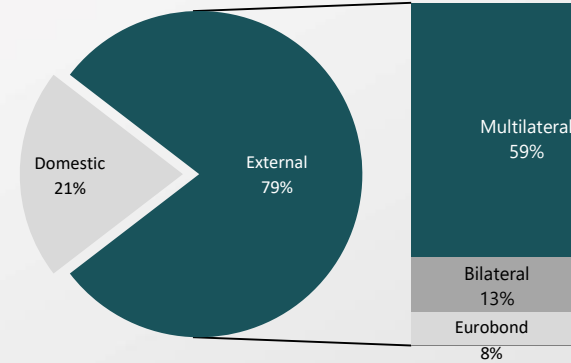
Public debt as % of GDP is capped at 60%

Sources: MOF



Breakdown of public debt

Source: MOF, as of 31 December 2017



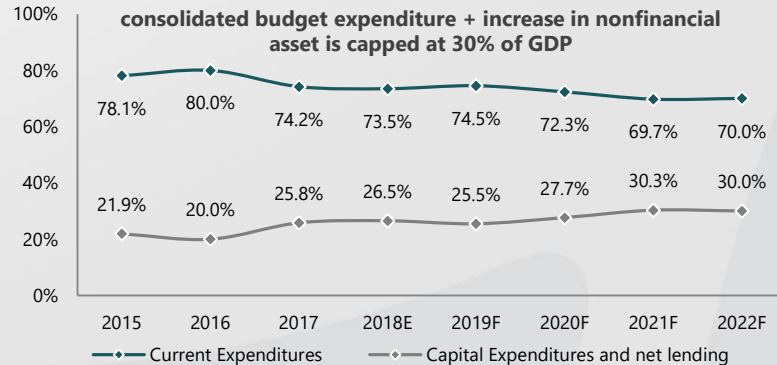
Fiscal deficit

Source: MOF
Note: Modified deficit (IMF programme)



Current vs Capital Expenditure

Source: MOF



Growth-oriented government reforms (2018-2020)

1 Structural Reforms

- **Small government concept**
 - Optimization of government units and decrease bureaucracy expenses to get small, efficient and flexible government
 - Compensation of employees as a% of GDP will decrease and remain close to 3.9% of GDP
- **Tax Reform**
 - Favorable tax rates for SME development
 - Special tax regimes for regional offices of multinational companies
 - Enhancing easiness of tax compliance
- **Capital Market Reform**
 - Boosting stock exchange activities
 - Developing of local bond market
- **Pension Reform**
 - Introduction of private pension system
- **PPP Reform**
 - Introduction of transparent and efficient PPP framework
- **Public Investment Management Framework**
 - Improved efficiency of state projects
- **Law of Georgia on Entrepreneurs**
 - New law will be drafted reflecting requirements of Association Agreement between EU and Georgia
- **Responsible Lending**
 - Regulatory actions to support responsible lending
 - Decrease household over indebtedness
- **Association Agreement Agenda**

2 Promoting Transit & Tourism Hub

- **Roads**
 - Plan to finish all spinal projects by 2020 – East-West Highway, other supporting infrastructure
- **Rail**
 - Baku – Tbilisi Kars new railroad line
 - Railway modernization and integration in international transport systems
- **Maritime**
 - Anaklia deep water Black Sea port
 - Strategic location
 - Capable of accommodating Panamax type cargo vessels
 - High capacity – up to 100 million tons turnover annually
 - **Up to USD 2.5 bln** for the project completion;

3 Education

- **General Education Reform**
 - Maximising quality of teaching in secondary schools
- **Fundamental Reform of Higher Education**
 - Based on the comprehensive research of the labour market needs
- **Improvement of Vocational Education**
 - Increase involvement of the private sector in the professional education

Glossary

- **GCAP** refers to the aggregation of standalone Georgia Capital PLC and standalone JSC Georgia Capital accounts
- **Georgia Capital** and “the Group” refer to Georgia Capital PLC and its portfolio companies as a whole
- **NMF** – Not meaningful
- **NAV** – net asset value
- **EBITDA** - Earnings before interest, taxes, non-recurring items, FX gain/losses and depreciation and amortization; The Group has presented these figures in this document because management uses EBITDA as a tool to measure the Group’s operational performance and the profitability of its operations. The Company considers EBITDA to be an important indicator of its representative recurring operations
- **ROIC** – return on invested capital is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds
- **Loss ratio** equals net insurance claims expense divided by net earned premiums
- **Expense ratio** equals sum of acquisition costs and operating expenses divided by net earned premiums
- **Combined ratio** equals sum of the loss ratio and the expense ratio
- **ROAE** – Return on average total equity (ROAE) equals profit for the period attributable to shareholders of P&C insurance business divided by monthly average equity attributable to shareholders of P&C business for the same period
- **Net investment** - gross investments less capital returns
- **Management adjusted value** - Private portfolio companies are carried at their book values, which represents the sum of a) their respective IFRS standalone total shareholders’ equities attributable to Georgia Capital, unless the Group has an arm’s length sale transaction with portfolio company’s equity securities to an unrelated third-party; b) attributable IFRS goodwill and c) the carrying value of shareholder advances that represent preferred stock or mezzanine loan type investments in portfolio companies

Georgia Capital PLC company information



Registered Address

84 Brook Street
London W1K 5EH
United Kingdom

www.georgiacapital.ge

Registered under number 10852406 in England and Wales

Stock Listing

London Stock Exchange PLC's Main Market for listed securities

Ticker: "CGEO.LN"

Contact Information

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25 Churchill Place
Canary Wharf
London E14 5EY
United Kingdom

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.

Investor Centre Web Address - www.investorcentre.co.uk

Investor Centre Shareholder Helpline - + 44 (0)370 702 0176

Share price information

Shareholders can access both the latest and historical prices via the website

www.georgiacapital.ge

