

Acquisition of the second largest player in Georgian auto service industry

Georgia Capital PLC (the “Group” or “Georgia Capital”) announces that the Group has signed a share purchase agreement (“SPA”) to acquire an 80% equity interest in Amboli LLC (“Amboli” or the “Company”), subject to regulatory approvals. The cash consideration for the acquisition is GEL 3.8 million. Following the closing of the transaction the Group will make additional pro rata equity capital injection of GEL 2 million to fund the growth of the business. The transaction values Amboli’s enterprise value at 0.7x EV / Sales 2018. The business is expected to have break-even EBITDA in 2019.

Amboli, the second largest player in auto services industry, is an importer, distributor, wholesaler and retailer of car consumables and spare parts, such as tires, oil, batteries and lubricants for light vehicles. With this acquisition, the Group is accessing an approximately GEL 1 billion market, covering consumables & spare parts and auto services. Amboli currently holds approximately 1% market share in a highly fragmented market, where the leading player controls approximately 28% of the market. The rest of the market is dominated by small, owner-operated lower-end service shops. Amboli’s market positioning will be in the mid-range segment, where it sees large capacity for organic growth by focusing on fast-moving consumables and spare parts.

The Georgian automotive market, covering consumables & spare parts and auto services, stands at 2% of nominal GDP and has grown at 12.7% CAGR over the last six years. The number of vehicles has also grown at 8% CAGR over the same period, while vast majority of vehicles in the country still remains largely outdated. Vehicles older than ten years represent 90% of total auto supply. These attractive growth rates combined with the expected increase in spending due to the stricter regulatory environment, make the automotive services business an attractive strategic opportunity.

Irakli Gilauri, Georgia Capital Chairman and CEO commented: “I am very pleased to announce that we are acquiring the 80% stake in Amboli. We remain committed to our investment principle of buying attractive service businesses. With this acquisition, we are buying a platform to gain access to the large and growing GEL 1 billion automotive services market in Georgia. The fragmented market provides us with an opportunity to increase our market share over the long term. I look forward to working with the management team to deliver our expected strategy and build a diversified business model combining many different auto-related services.”

Name of authorised official of issuer responsible for making notification: Nino Rekhviashvili, Head of Investor relations

About Georgia Capital PLC

Georgia Capital is the holding company of a diversified group focused on investing in 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 opening of the Georgian economy to Europe and economic development in the wider region. 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. The Group currently has four key portfolio companies: (i) GGU, a water utility and renewable energy business; (ii) m², a residential and commercial property developer; (iii) Aldagi, the foremost provider of property and casualty insurance products in Georgia; and (iv) Teliani, a leading wine and beer producer in Georgia.

In addition to its portfolio companies, the Group holds investments in two London Stock Exchange premium-listed Georgian businesses: GHG, (57% stake), the parent company of the largest and diversified healthcare provider in Georgia, which operates in the healthcare services, pharmacy and medical insurance sectors; and Bank of Georgia Group PLC, (19.9% stake), 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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