

Investment in the leading premium school in Georgia - British-Georgian Academy

Georgia Capital PLC (the “**Group**” or “**Georgia Capital**”) announces that it has signed a share purchase agreement (“SPA”) to acquire a 70% equity interest in British-Georgian Academy LLC (“BGA” or the “School”), subject to regulatory approvals.

- The transaction values BGA’s enterprise value at 6.4x EV / EBITDA 2020.
- The acquisition allows Georgia Capital to secure one of the strongest private school brands in Georgia and an excellent management team with a proven track record.
- The acquisition of BGA is in line with Georgia Capital’s strategy to capitalise on the fast-growing private school education market.
- BGA’s existing owners will continue to lead the business and grow the school’s maximum capacity from its existing 750 learners, to approximately 3,350 learners by 2021.

BGA, a well-established and highly regarded private school, provides a premium quality education to approximately 750 learners from Preschool to 12th grade. The School provides Georgian and Cambridge International Education programmes through best-in-class facilities which are fully-owned. BGA is a Georgian family-owned business, which was founded in 2006 by its current shareholders, Natia Janashia and David Tsetskhladze, who have successfully turned a mid-level school with low access to capital, into the leading primary/secondary educational institution in the country. BGA’s existing capacity is fully utilized with only c. 50% of 1st grade applicants currently being accepted.

Education business strategy

Georgia Capital believes in the long-term potential of private education and expects that the private school market in Georgia will double in size over the next five years. The private school education market in Georgia is currently very fragmented, with no single player having more than 2% market share. To unlock the full potential of this large and growing market, the Group intends to create a diversified business model combining premium, mid-level and affordable school segments. Premium schools will form excellence centers for the education business, while also contributing approximately one third of revenues in the overall business by 2025.

BGA will represent the premium school in the Group’s portfolio. Following the acquisition, BGA will expand the existing campus and add one new campus in Tbilisi in order to grow the maximum capacity to approximately 3,350 learners by 2021. The Group expects that GEL 88 million capital expenditure will be required to finance the expansion, of which, approximately GEL 66 million will be equity capital contributed by shareholders on a pro-rata basis (Georgia Capital’s share in contribution will be GEL 46 million) and the rest will be debt-financed.

Irakli Gilauri, Georgia Capital Chairman and CEO commented: “I am very pleased to announce our first investment in the attractive private education business. BGA is a well-established business with a strong management team, strong dollar-linked cash flow generation and 40%+ EBITDA margin. I would like to welcome Natia and David and their existing management team and look forward to working with them to develop a network of flagship premium schools in Georgia over the next few years. Looking ahead, we are both confident and excited at the opportunities this partnership will bring to Georgia Capital.”

Natia Janashia, BGA shareholder and director commented: “The partnership between BGA and Georgia Capital will give us the opportunity to expand and further develop our state-of-the-art school and facilities. This will allow us to offer an even wider variety of high-quality learning experiences for more learners. We are looking forward to working with Georgia Capital that brings its financial strengths and expertise enabling us to successfully grow our business together.”

For more information about BGA, please visit their websites at www.bist.ge ; www.bga.ge.

Based on BGA's unaudited management accounts for the financial year ending 31 December 2018, BGA generated a net profit of GEL 3.1 million, while the gross assets of the business were GEL 17 million at 31 December 2018. The total cash consideration for the acquisition of the 70% equity stake is US\$ 10.1 million, payable upon completion.

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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