



Georgia Capital Investor Day

27 June 2019 | Tbilisi

Forward looking statements

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Investment appraisal process

Ekaterina Shavgulidze

Chief Investment Officer, Georgia Capital

Our goal is to build a

BELIEVABLE INVESTMENT THESIS

Neither a pitch, not a conservative case

that will lead to

capital allocation decisions



How we get our hands really really dirty



OUR INVESTMENT APPRAISAL ENGINE

1

PEOPLE



2

PROCESS



Deal team



Combines...



Core investment team
(from GCAP or portfolio company)



Sector experts
(inhouse or invited)



In-house due diligence team



1 Learning the business inside out

Through...



Key people



Site-visits



Company data



Public data



Media coverage



Sector analysts



Product sampling



Experiencing customer journey



Customers



Suppliers



Competition



Regulator



Global trends & peers



Local context

Etc...



We ask questions
We sit back and listen
We analyse and challenge what we hear



1. Learning the business inside out

2

First who, then what

We look for...



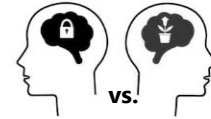
Key people



A team who
lift each other



Track record



Growth mindset



Vision



1. Learning the business inside out

2. First who, then what

3 Business strategy (5-10 years)

Outlook for...



Management ownership of the strategy



Market drivers



Regulatory framework



Competitive play



Opportunity



Strategic priorities



1. Learning the business inside out
2. First who, then what
3. Business strategy (5-10 years)

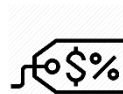
4

How do we make money

To quantify value creation potential we...



Look at cash flows before exit



Estimate CoE and WACC



Run DCF



Cross check with peer trading multiples



Look at MOIC, IRR, ROIC to measure value creation



1. Learning the business inside out
2. First who, then what
3. Business strategy (5-10 years)
4. How do we make money

5

Picking well and cost-efficiently

Which we
achieve by...



Direct contact
with targets
(no bankers)



Only bidders



No external
accountants, no
external legal advisors
(in-house due
diligence team)



1. Learning the business inside out
2. First who, then what
3. Business strategy (5-10 years)
4. How do we make money
5. Picking well and cost-efficiently

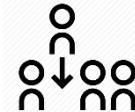
6

Smooth transition into investee

As a result of...



Board participation



Deal lead becomes business partner and joins investee board



Accounting, tax and legal teams ensure investee runs according to GCAP standards



Capex monitoring, where possible

Questions?