
Renewable Energy Business

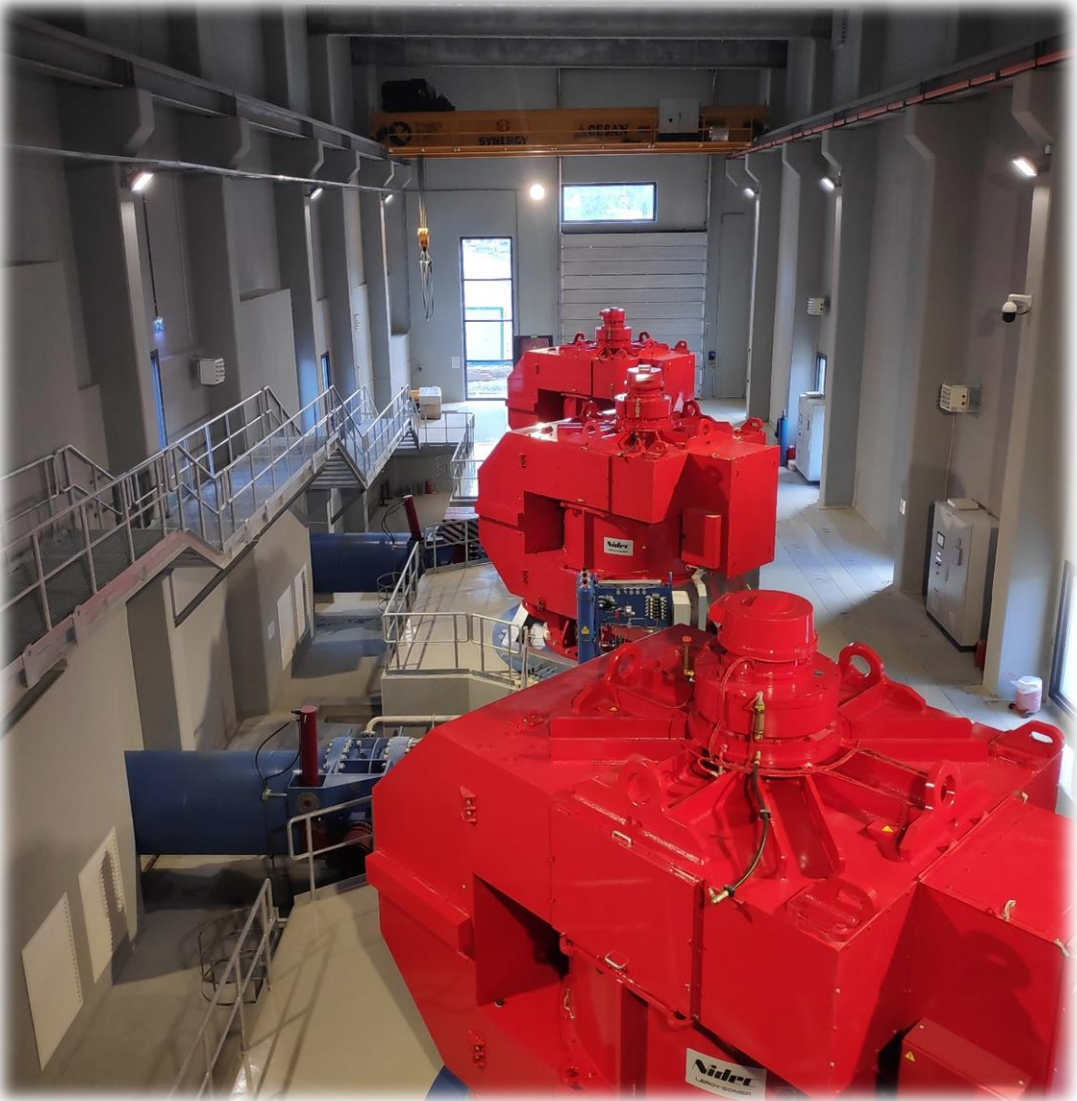
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Agenda

- **Renewable energy business overview**
- **Electricity market deregulation**
- **Market opportunity – energy trading platform**
- **Overview of renewable energy projects**
- **Renewable energy business medium-term view**
- **Key takeaways**



Renewable energy business overview



At a glance

Ownership: 65% GCAP | 35% RP Global

Renewable energy platform targeting 380MW installed capacity

Hydro	Wind
 170MW	 210MW
Mestiachala - 50MW	Tbilisi - 57MW
Zoti - 46MW	Kaspi - 54MW
Pipeline projects - 74MW	Pipeline projects - 99MW

Up to USD 1.5m per MW cost for hydro
Up to USD 1.4m per MW cost for wind

Electricity market deregulation

Rationale for deregulation



Increasing demand on electricity and rising prices led to moving big industrial customers to free market, keeping subsidized electricity prices (Enguri & Vardnili HPPs) for residential customers

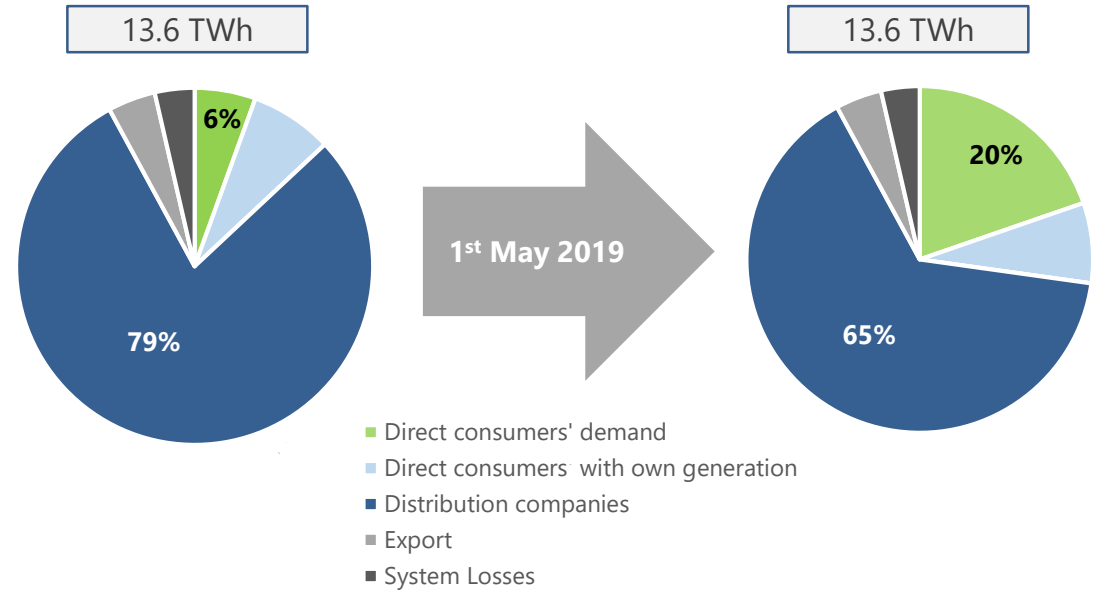


Gradual deregulation of the market also a part of the DCFTA agreement with EU



Further deregulation expected, leading to hourly trading

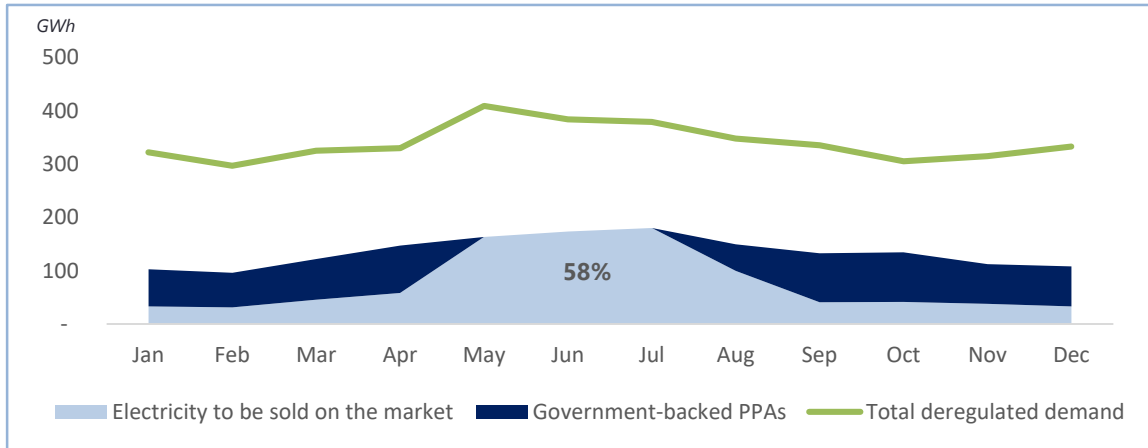
Effect of new consumers on the market



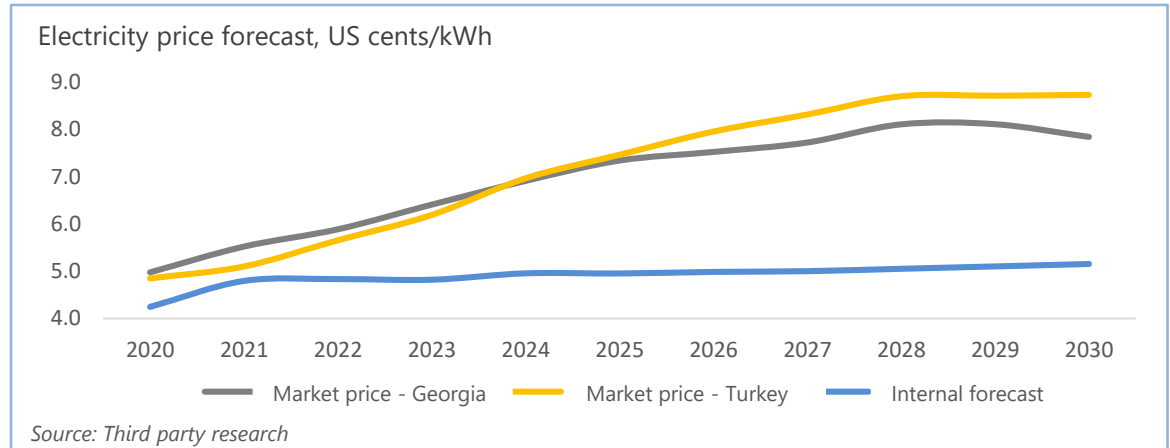
Deregulation in May 2019 enabled the company to immediately increase the selling price per KWh by at least 1.5x

Market opportunity – energy trading platform

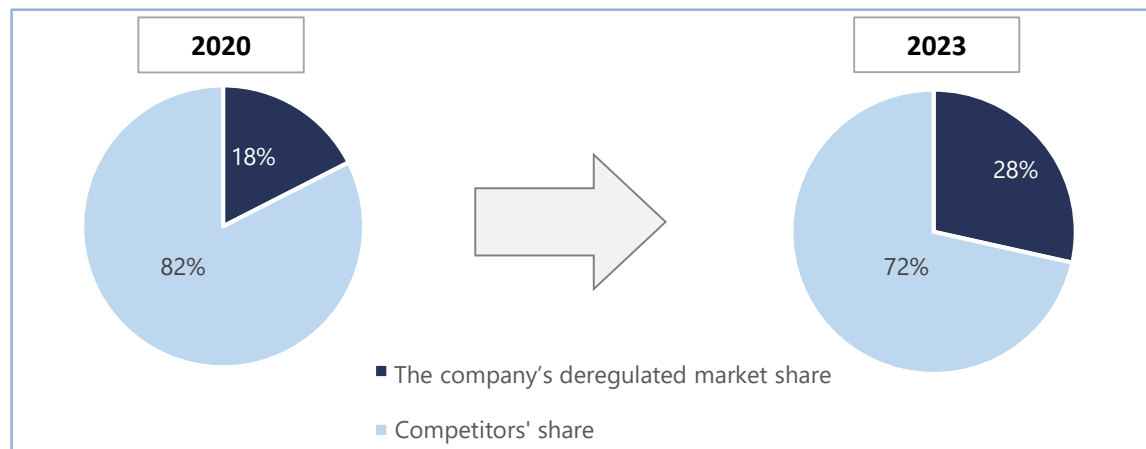
Creating value by negotiating full year deals



Taking advantage of regional markets to maximize value and hedge risks



Becoming a price setter by controlling one-third of the deregulated market



Overview of renewable energy projects

HPPs – total capacity **170 MW**

WPPs – total capacity **210 MW**

	Mestiachala	Zoti	Bakhvi	Racha	Tbilisi	Kaspi	Phase 2
Total capacity, MW	50	46	36	38	57	54	99
Cost per MW, USD m	1.2	1.3	1.3	1.5	1.2	1.4	1.4
Net generation, GWh	171	170	127	165	172	211	306
Target leverage	70%	70%	70%	70%	75%	75%	75%
Commissioning date	1H 2019	Q4 2021	1H 2022	1H 2023	Q3 2021	Q3 2021	1H 2023
ROIC ¹ \$, 2025	12.1%	12.1%	11.1%	11.7%	12.6%	14.3%	10.9%

Note 1: ROIC is calculated as: EBITDA divided by total project cost

Renewable energy business medium-term view

	2019	CAGR 2019-2025	2025
Revenue (GEL m)	16	+51.8%	196
EBITDA (GEL m)	13	+51.9%	160
Total installed capacity (MW)	50	+40.2%	380
Total net generation (GWh)	147	+44.2%	1,319
Market Tariff (USD MWh)	3.5	+5.4%	4.8

Total Investment for 380MW	Up to GEL 1.4bn	➔	Run-rate annual dividend capacity: GEL 50m+
Debt portion	Up to GEL 1.0bn		
Equity portion	Up to GEL 370m		
<i>Already injected equity</i>	<i>GEL 81m</i>		

Key takeaways



Value creation

2.6x equity value by 2025
ROIC¹ at c. 12% by 2025
Stable dividend payment capacity in medium-term



Market opportunity

Favorable market conditions - deficit in generation
More liquid market due to deregulation, creating price upside

Capitalize on scale

Opportunity to become one of the largest energy platforms, expanding rapidly through developing greenfield projects and M&As



Diversification

Diversified portfolio built by combination of hydro and wind power plants



Note 1: ROIC is calculated as: EBITDA divided by total project cost

Questions?

Forward looking statements

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