

Wine Business



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Georgia Capital Investor Day
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Georgian Wine at a Glance

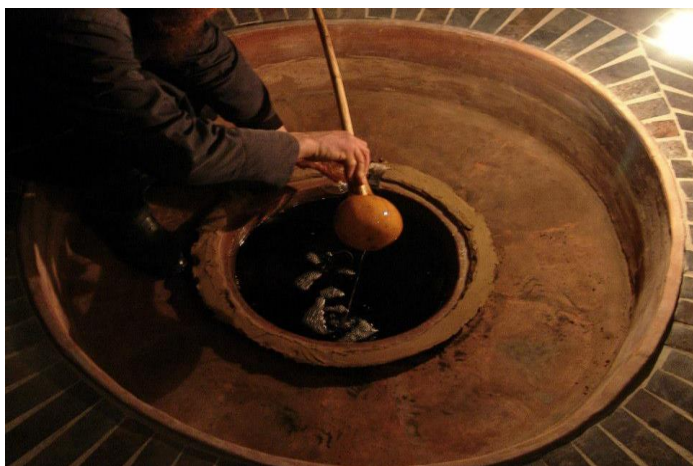
Georgia - the "Cradle of Wine"

8,000 years of wine making



Unique wine making technique

Qvevri wine



One of the largest grape varieties

500+ unique grape varieties



Paired with popular Georgian cuisine

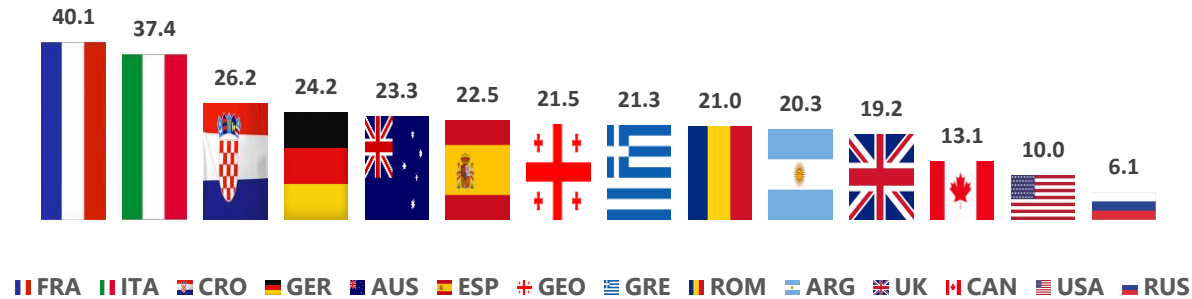
Ranked among top world cuisines



Georgian wine market overview

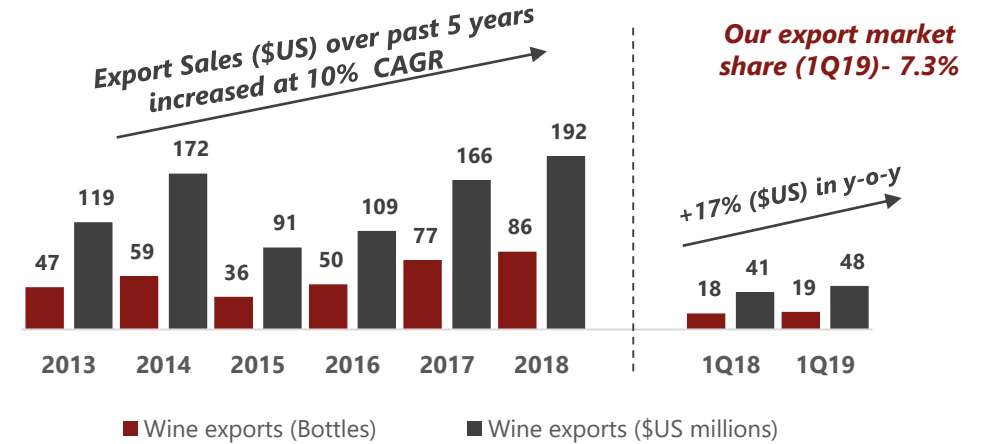
Wine Consumption Per Capita (2017, litres)

c.29% of the tourism revenues spent on food & beverages



Source: *International organization of vine and wine; National statistics office of Georgia*

Georgia's Wine Exports (\$US Millions)



Source: *LEPL Georgian National wine agency; National statistics office of Georgia*

Our performance vs Georgian wine industry

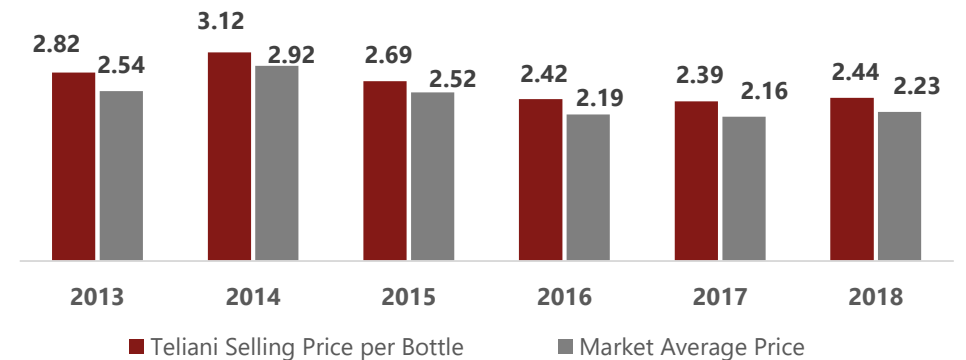
Georgian Wine Revenue, by export countries (2018, bottles)

c. 83% of the exported Georgian wine is sold in the former USSR countries



Source: *LEPL Georgian National wine agency;*

Average Selling Price per Bottle (\$US)



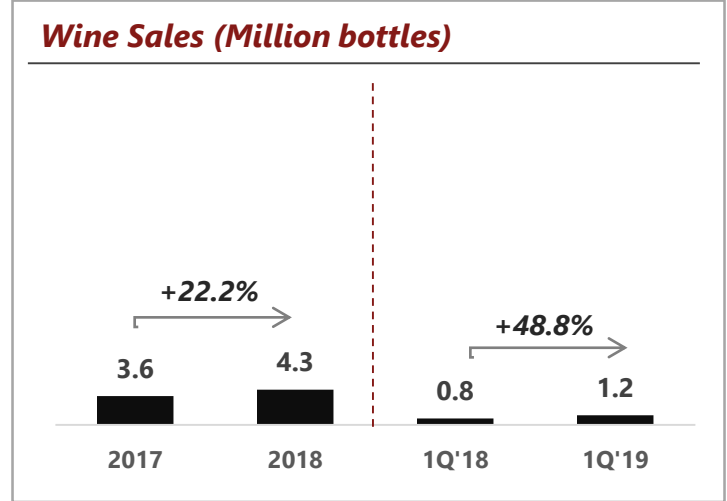
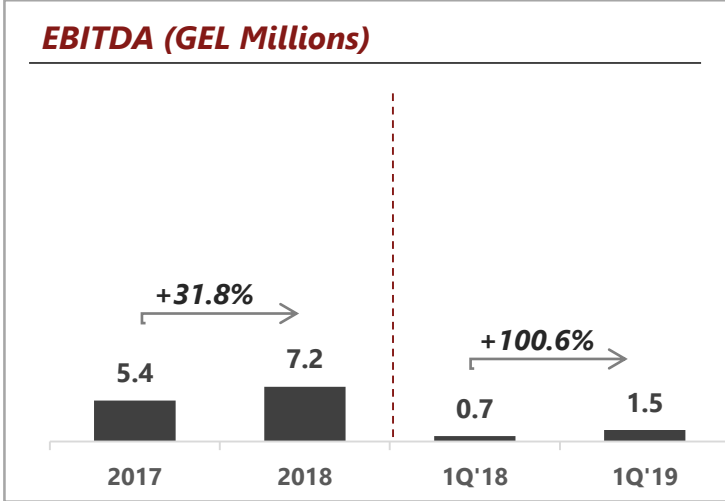
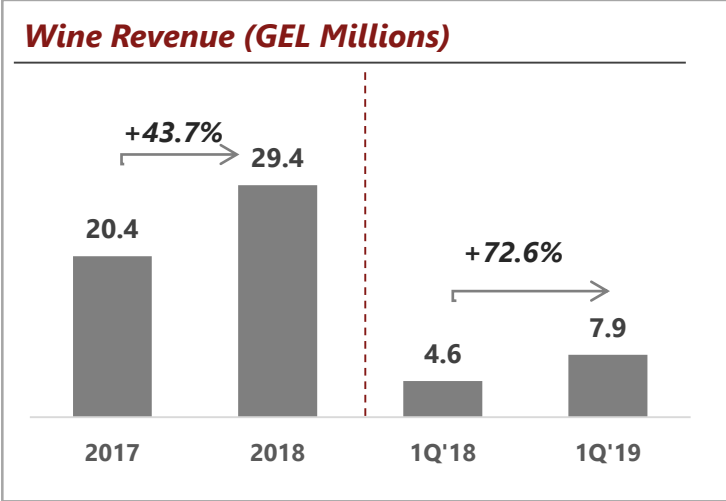
Source: *LEPL Georgian National wine agency; National statistics office of Georgia*

Wine Business at a Glance

Key highlights

- Two wineries with total capacity of 9 million bottles production per annum;
- Substantial production facility upgrade in 2019-2020;
- In top five wine producers by vineyard base (increased vineyards from 86 hectares to 451 hectares);
- In 2018 exported wine to 17 countries (72% of total revenue);
- Holding 7.3% of Georgian wine export market in 1Q'19;
- Awarded the "Best in Show Award" by Decanter - first Georgian wine to receive this award in the history.

Key financial & operational metrics



Five-year vision

Maintaining double digit growth

GEL millions, unless otherwise noted

	2018	CAGR	2023
Revenue	29	27%	95 +
EBITDA	7.2	30%	27 +
EBITDA %	24%		28% +
Net Debt	20.7	21%	54 +
ROIC	12%		15% +
<hr/>			
Bottles (millions)	4.3	21%	11 +
Vineyards (hectares)	436	18%	1,000 +
Key export markets	3		6

ROIC – Return on invested capital is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds;

EBITDA - Earnings before interest, taxes, non-recurring items, FX gain/losses and depreciation and amortization; The Group uses EBITDA as a tool to measure the Group's operational performance and the profitability of its operations.

Strategic Goals

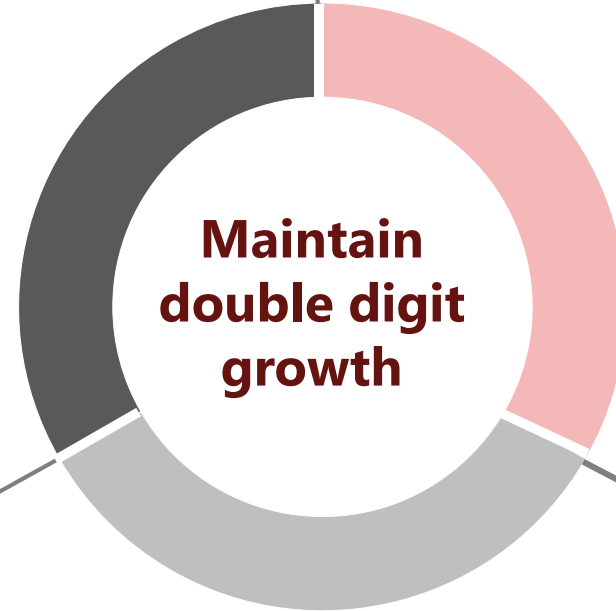
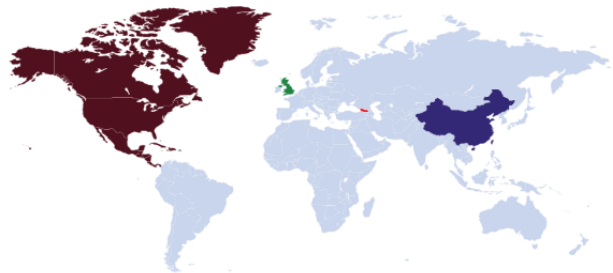


Cost optimization

- Cultivate & purchase vineyards
- Enhance own storage and production capacity
- Capitalize on scale

Diversify exports & focus on key destinations

- Maintain positions on traditional markets
- Better focus on EU, US and Asian markets
- Re-branding/optimizing wine portfolio



Maintain double digit growth

Increase premium wine segment portfolio

- Improve vineyard quality
- Co-branding with small wineries
- Opening Georgian wine shops to promote Georgian wine to sommeliers, wine resellers and HoReCa



Investing in vineyards

Future investments

Current investment:
350 hectares
ROIC¹ – 19%

ROIC¹

MOIC²

IRR

Payback period

Empty land plots

33%

c.10x

22%

c.7 years

Purchase Saperavi vineyards

18%

c.7x

21%

c.5 years



(1) Project ROIC, calculated as first net harvest income divided to total capital injections up to the first harvest;
(2) Project MOIC, calculated as total harvest income over 20 years divided to total capital injections.

Key Takeaways



Production

- *Increase vineyard base to 1 000+ ha*
- *Upgrade production facility*
- *Portfolio premiumization*

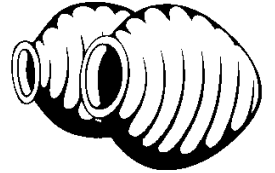


Export

- *Maintain positions in traditional markets*
- *Entering untapped strategic markets*
- *Become top trader of Georgian artisan wines*

Promoting Georgian wine

- *Opening Georgian wine shops*
- *Partnership with artisan wine makers*
- *Capitalizing on growing tourism*



Creating value

- *Revenue growth to **GEL 95M + (c.3.3x)***
- *EBITDA growth to **GEL 27M+ (c.3.8 x)***
- *ROIC **15%+***



Questions?

Forward looking statements

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