Beer business

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Georgia Capital Investor Day
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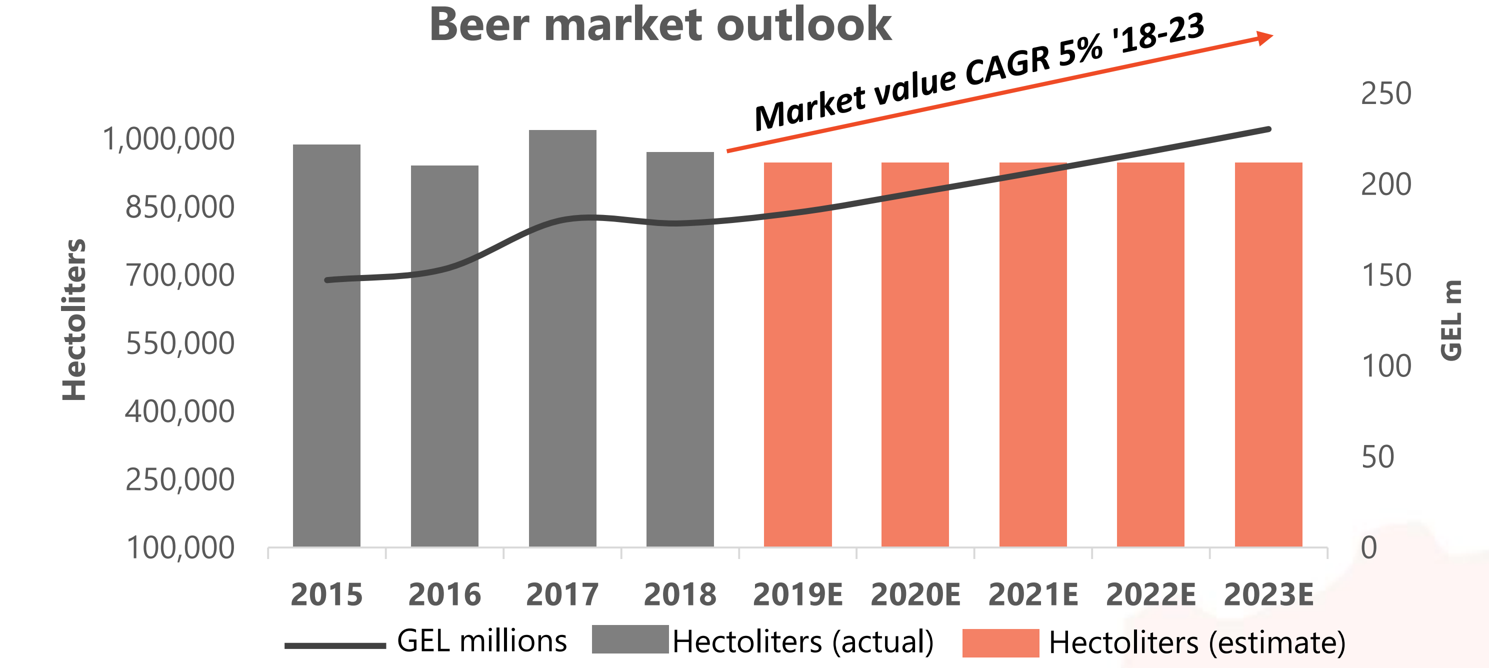
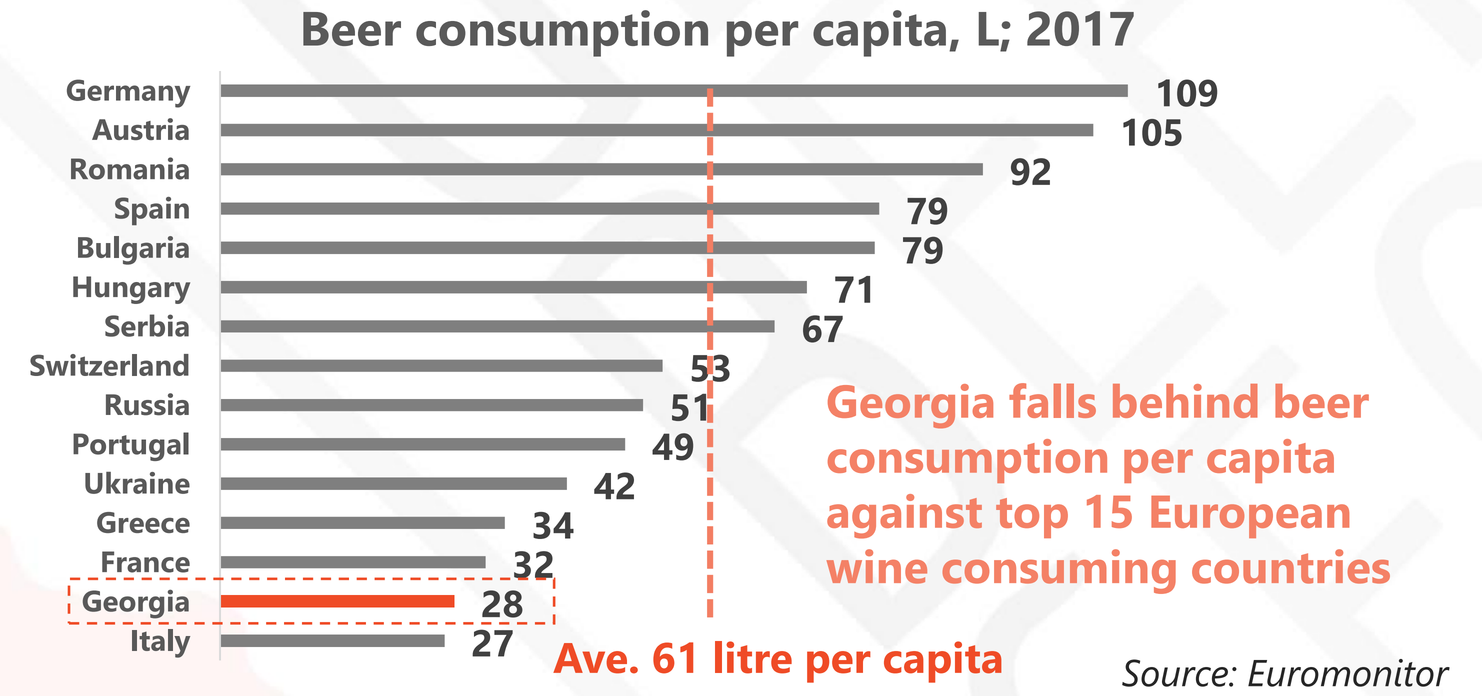
Content

Beer market overview

Beer volume market forecast is stable amid price increase expectations y-o-y; however per capita consumption relative to other countries hints room for volume growth

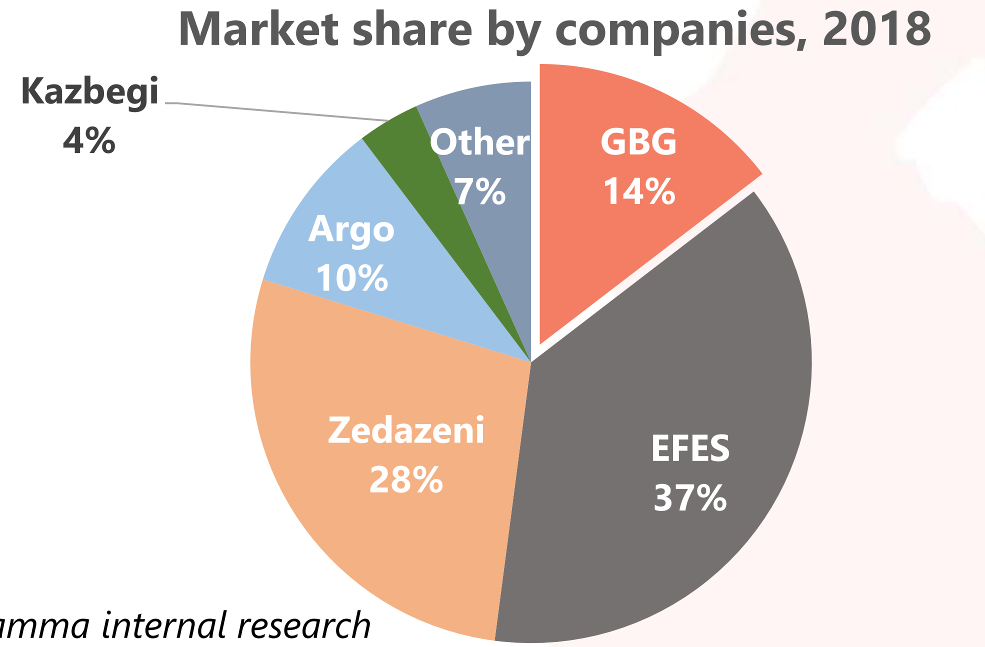


Sources: Revenue service; Internal estimate



Source: Euromonitor

Highly competitive market with five players in 2018



Source: Gamma internal research

Strong export market for carbonated soft drinks (CSD)

Growing market

- Export value of US$ 26.5mln (41.8mln litres) in 2018.
- 50%+ CAGR over 3 years; greater organic demand from CIS countries.
- 50%+ market share held by Efes.

Export in more than 25 countries

- 90% of sales concentrated between 4 countries (Azerbaijan, Russia, Armenia, Kazakhstan).
- Recently more countries have been importing Georgian CSD, showing its growing popularity.

Beer business highlights

Key facts

- **4Q17**: Brewery commences full operations
- **1Q18**: Acquisition of leading Georgian craft beer producer, Black Lion LLC
- **3Q18**: C-Level management restructuring
- **4Q18:** First Lemonade and beer export
- **Apr-19:** Acquisition of Georgia's oldest beer brand – Kazbegi; also launched Kazbegi lemonade
- **May-19:** Krusovice full scale launch
- **May-19:** Local light beer launch
- **Jun-19:** Heineken brand Amstel launch
- **Jun-19:** Received Heineken commercial brew license

Beer portfolio overview

Segment	Brands	Priorities
Premium		Maintain segment leadership
Upper mainstream		Attack with innovation
Mainstream		Acquire fair share (with Kazbegi)

Imported — New launches

Beer business strategy

Core strategy	Price increase	Sales focus on upper mainstream segment	Sales mix focus to high profitable SKUs

Hedging budgeted profitability

Core-hedging	Additional export opportunities	Vertical developments	Product diversification

Boosting market share with new launches

Half-year* performance

HL	1H18	1H19
Beer	65,139	85,575
Lemonade	10,943	11,779
Total	**76,081**	**97,354**

+28%

Sales, GEL '000		
Beer	13,858	23,227
Lemonade	1,123	1,577
Total	**14,981**	**24,805**

+66%

June* performance

HL	Jun-18	Jun-19
Beer	19,494	32,418
Lemonade	1,329	3,377
Total	**20,823**	**35,795**

+72%

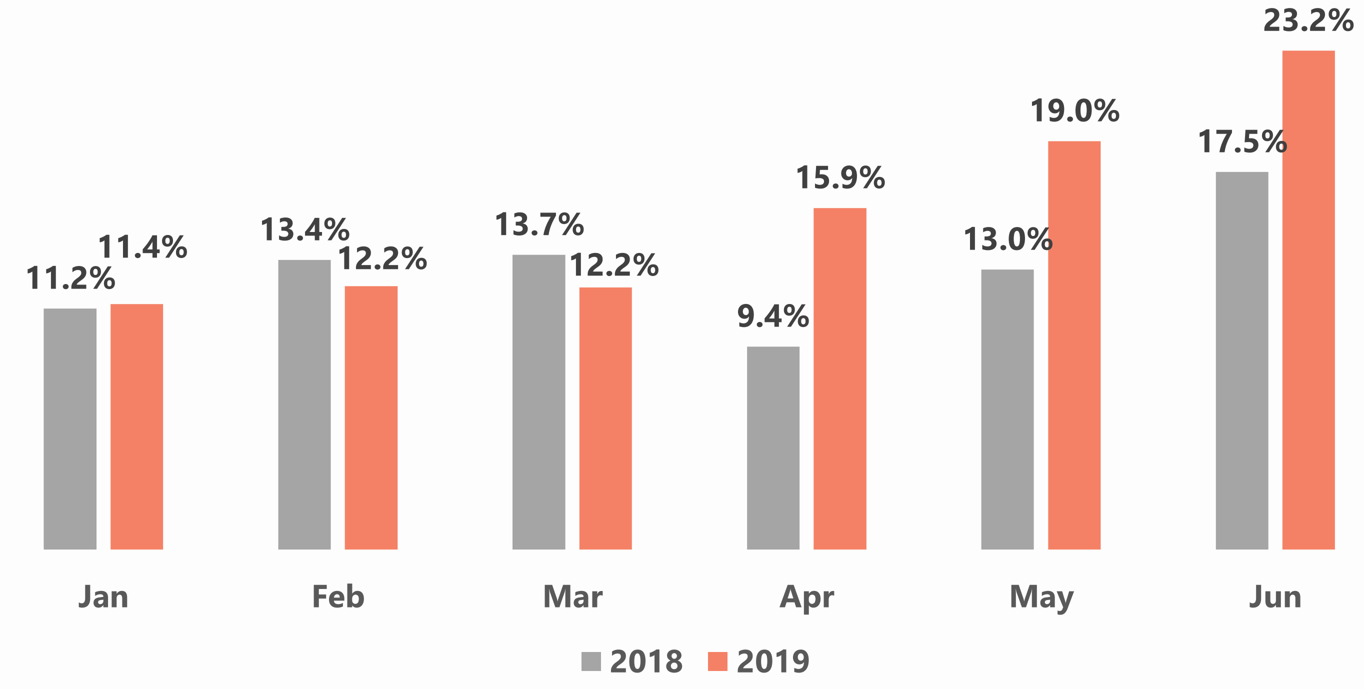
Sales, GEL '000		
Beer	4,088	8,818
Lemonade	132	453
Total	**4,220**	**9,271**

+120%

Increased market share with new launches

- Focused on launching new brands within the first five months
- We expect to see the full effect of new launches from July 2019
- June 2019 sales is close to 100% brewing capacity
- **Undisputed leader in premium and draught business**

GBG beer volume share trend | 2018-2019



* Half-year includes rolling estimate (RE) for the month June, 2019

Five-year organic growth strategy

	2018A	2023E
1 Sales Volume, HL	159,825	2.5x
2 Revenue, GEL mln	29.3	2.5x
3 EBITDA, GEL mln	(13.8)	>18
4 Net Debt, GEL mln	66.9	<64
5 ROIC*	-22.0%	>10%
6 Market Share	14%	>30%

Growth Strategy Drivers

1. Increase footprint in HORECA
2. Enhancing recently launched Kazbegi lemonade
3. Enhancing coverage of newly launched upper-mainstream brands
4. Increasing export sales in CIS countries
5. Development of non-beer brands

**ROIC is calculated as EBITDA less depreciation divided by aggregate amount of total equity and borrowed funds.*

Questions?

Forward looking statements

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