



Georgia Capital Investor Day

27 June 2019 | Tbilisi

Forward looking statements

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Georgia Capital Strategy & Capital allocations

Irakli Gilauri

Chairman and Chief Executive Officer, Georgia Capital

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Georgia Capital at a glance

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Georgia Capital strategy

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Capital allocations & managing investments

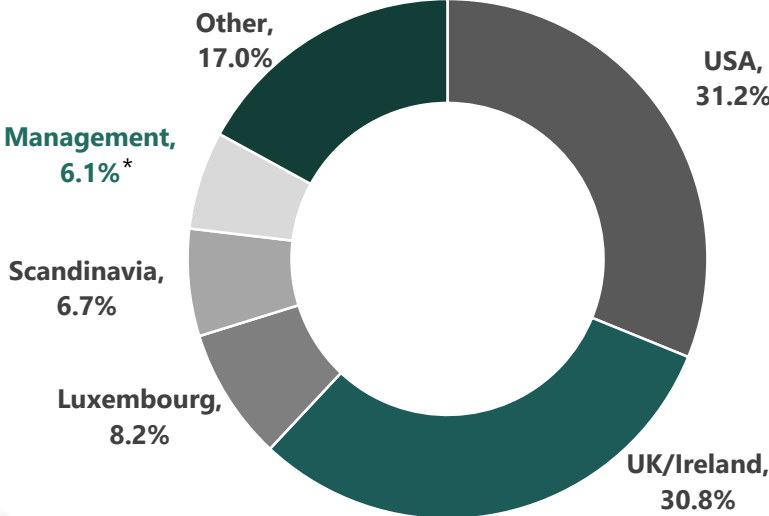
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Further value creation potential – pipeline businesses

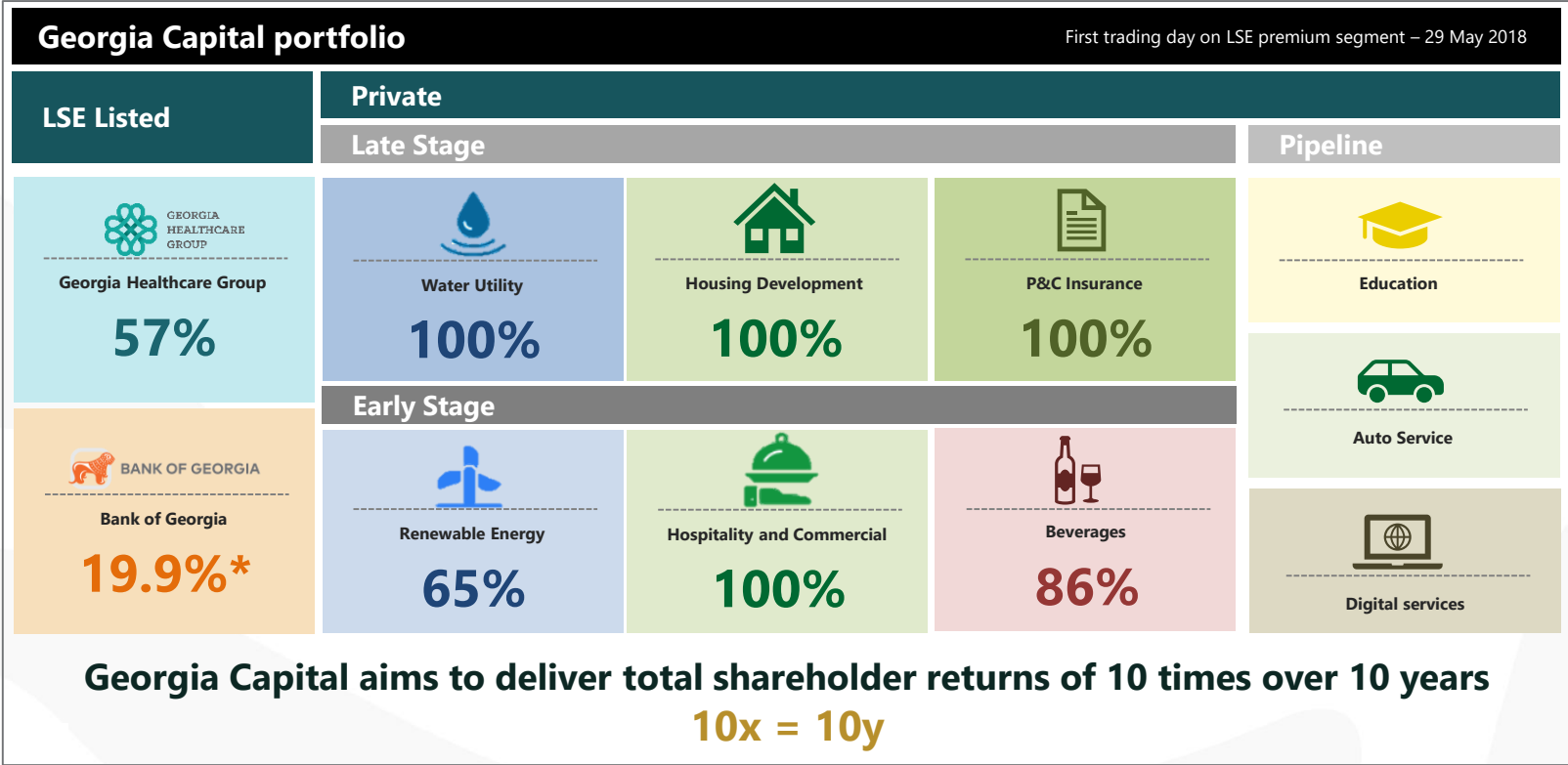
Georgia Capital (GCAP) shareholders

Listed on the premium segment of the London Stock Exchange with 100% free float and strong management buy-in

GCAP shareholders allocation by geography | 31-Mar-19



Our portfolio at a glance



* As long as Georgia Capital's stake in BoG is greater than 9.9%, it will exercise its voting rights in Bank of Georgia in accordance with the votes cast by all other shareholders on all shareholder votes.

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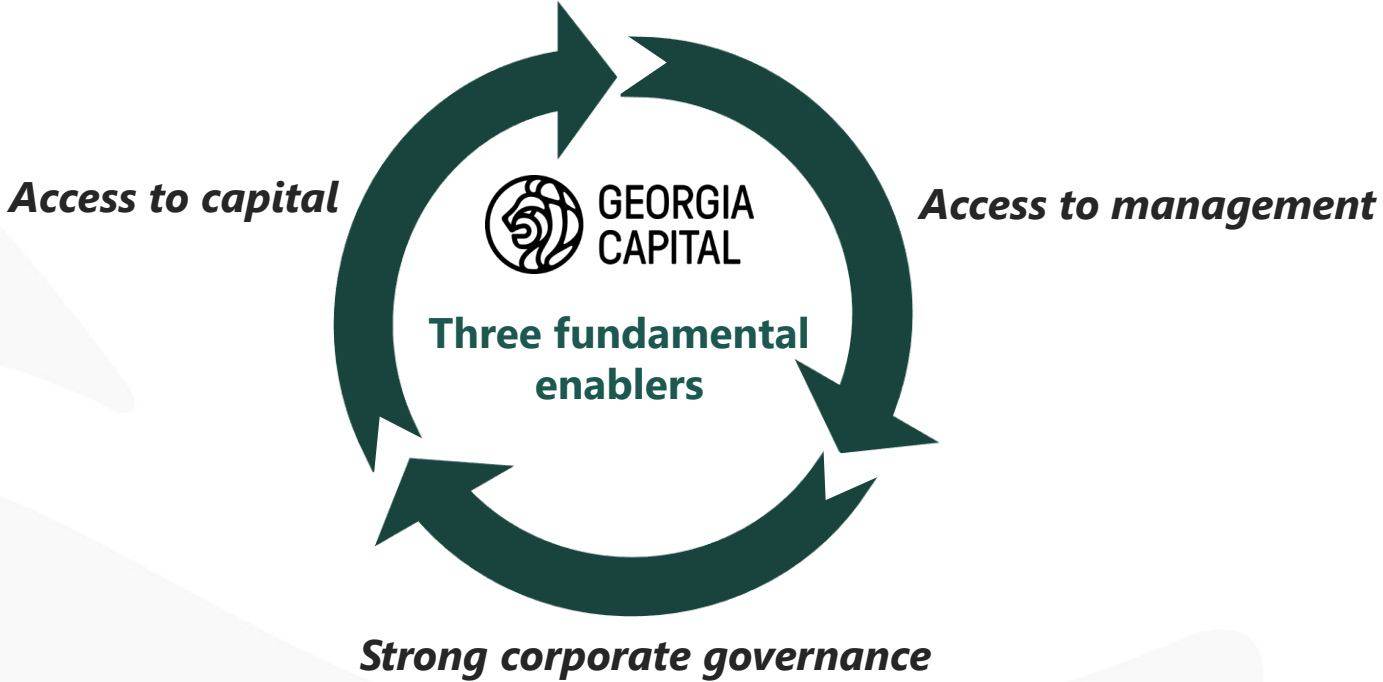
Capital allocations & managing investments

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Further value creation potential – pipeline businesses

Georgia Capital - Your ground floor investment opportunity in Georgia

Capitalizing on fast-growing economy with strong governance, management and access to capital



Strong corporate governance

How we run Georgia Capital

Strong board, composed solely of **independent directors with extensive international experience**

Approximately **25 employees** at the management company level

Highly experienced management team in each portfolio company with a **strong measure of independence**

Solid corporate governance and oversight

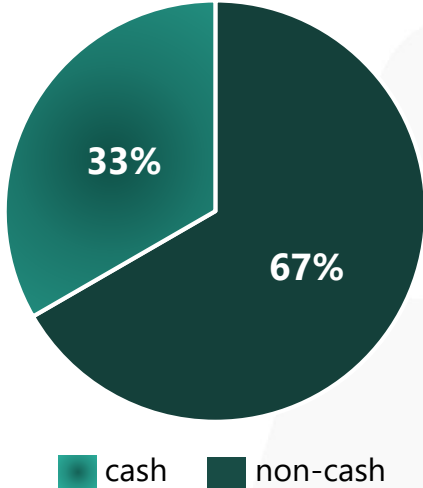
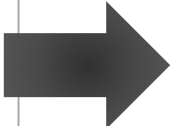
Strong corporate governance

Aligned shareholder and management interests by share compensation

Platform costs - targeted at maximum c.2% of MCAP

Key things to know

- 1 Cash preservation is a key target for GCAP: **two thirds of total operating expenses are related to share-based compensation.**
- 2 c. 1% of executives compensation is in fixed shares; with another 1% being fully discretionary, subject to achieving KPIs.
- 3 GCAP's management's compensation is paid in long-vested (6-year) shares only, with no cash component.



Access to management

Who before what



GCAP is a platform for entrepreneurs to build institutions



- If we do not have the right people then we do not invest: no matter the attractiveness of the opportunity.
- We are building an entrepreneur development program tailored for GCAP companies.

We compete with entrepreneur's desire to own his/her own venture

Access to management

Solid track record demonstrated by management

Created three listed companies from Georgia, on the premium segment of the London Stock Exchange



Acquisitions

The Georgia Capital management team, under the BGEO Group, has a track record of executing **more than 40 acquisitions** in banking, insurance, healthcare, utilities, retail, FMCG and other sectors

Total number of acquisitions

executed

40+



Capital raise

Uniquely positioned given the access to capital in a small frontier economy, where access to capital is limited:

- **c.US\$ 500 mln** raised in equity at LSE
- Issued five Eurobonds totaling **US\$ 1.5 billion**
- **US\$ 3 billion+** raised from IFIs (EBRD, IFC etc.)

Total amount of debt raised (US\$)

4.5bn+



Exit IRR

121% IRR from GHG IPO

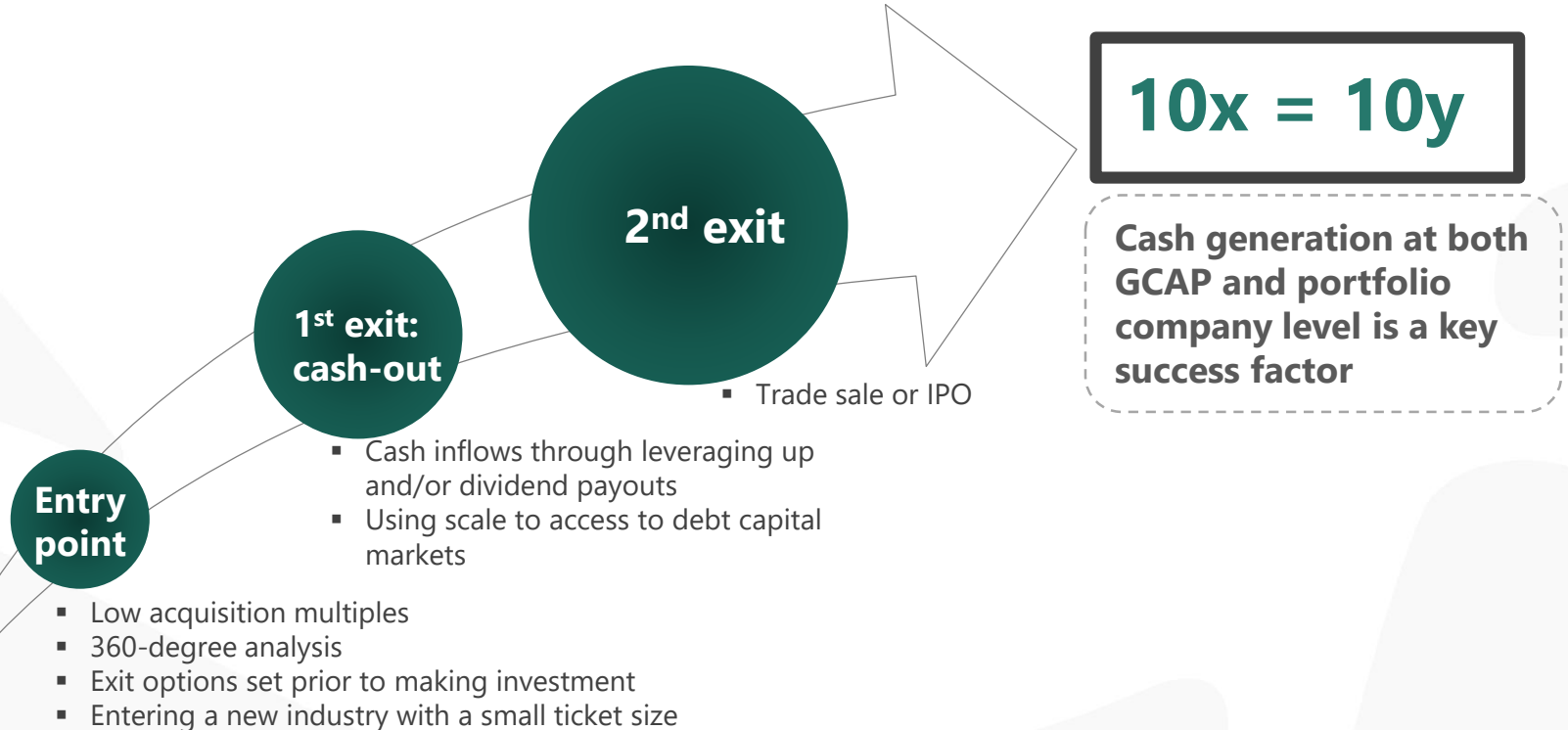
66% IRR from m² Real Estate projects

IRR from GHG IPO

121%

Our investment philosophy

We will pick well, we will manage very well and sell extremely well

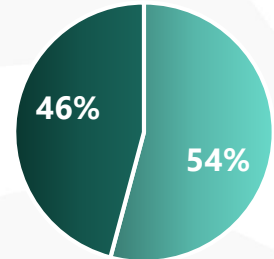


Two new strategic priorities

Over time Georgia Capital will: 1. Decrease share of listed assets to 20% and 2. manage third-party money

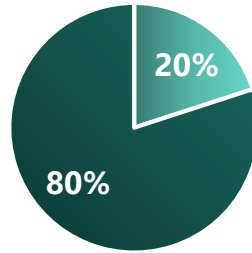
Over the next 5 years we will reshape our balance sheet

31-Mar-2019

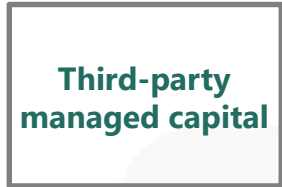


■ Private ■ Listed

In 5 years



■ Private ■ Listed



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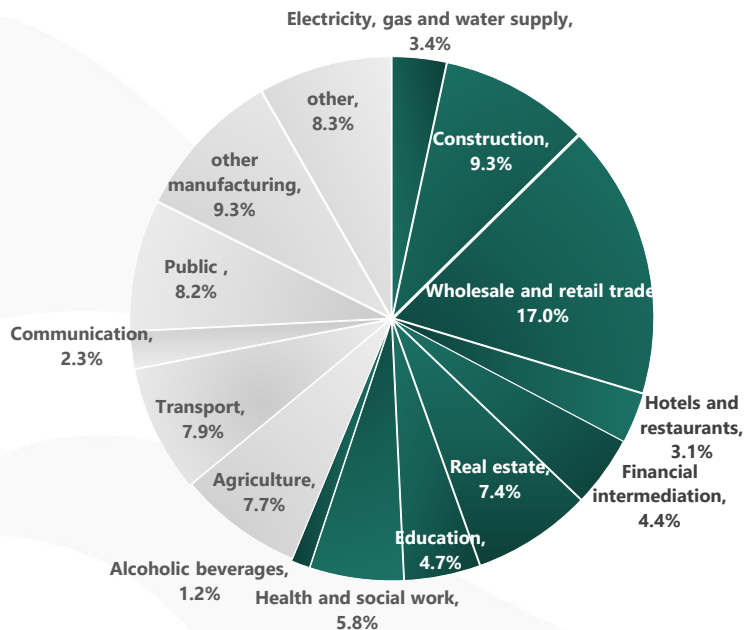
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Further value creation potential – pipeline businesses

Capital allocations

Targeting attractive service industries

High growth industries, where Georgia Capital is present as a % of GDP



Where we like to be

- High multiple, capital-light service industries
- Sectors that are expected to benefit from the continued growth and further diversification of the Georgian economy
- Consolidating fragmented or underdeveloped sectors in Georgia

Capital allocations

360-degree analysis – a strong foundation for value creation

Buying assets at affordable prices is key part of our investment philosophy

Targeting to buy assets at a higher discount to their listed peers than GCAP's fair value discount



Discounts at 31-May-2019

38%

GCAP fair value discount

23%

BoG discount to analyst average price

24%

GHG discount to analyst average price

Capital allocations

Buybacks

US\$45 million share buyback programme commenced in June 2018

- *We consider GCAP shares to be attractively priced and we are buying an asset we very well know and is accretive.*

US\$ 38.6 million

Utilized portion out of
US\$ 45mln programme

2,834,643

of shares bought back

GBP 10.48

Average price of shares
bought back

2 million shares were cancelled in June 2019 and 0.7 million shares were transferred to employee benefit trust

The cancellation reflects the Group's strong financial position and is an efficient allocation of capital

Capital allocations

Clear exit paths

	Trade sale	IPO	Fund	Promote
 Water Utility	X	X		X
 P&C Insurance	X			
 Housing Development			X	
 Renewable Energy	X	X	X	
 Hospitality & Commercial			X	
 Beverages	X			X
 Education	X	X		
 Auto Service	X			
 Digital services	X			

Exit options set prior to making an investment decision

Capital allocations

How we evaluate investment performance



ROIC, MOIC and IRR combination is the key decision making matrix

MOIC and IRR at GCAP level

Money multiples. *We want to know achievable money multiples with all acquisitions and analyze them in combination with the expected IRR.*

MOIC and IRR combination. *Targeting to have a combination of high MOIC and high IRR.*

Realised and unrealised MOICs are equally important for us.

ROIC for financing projects and reinvestment at portfolio companies' level

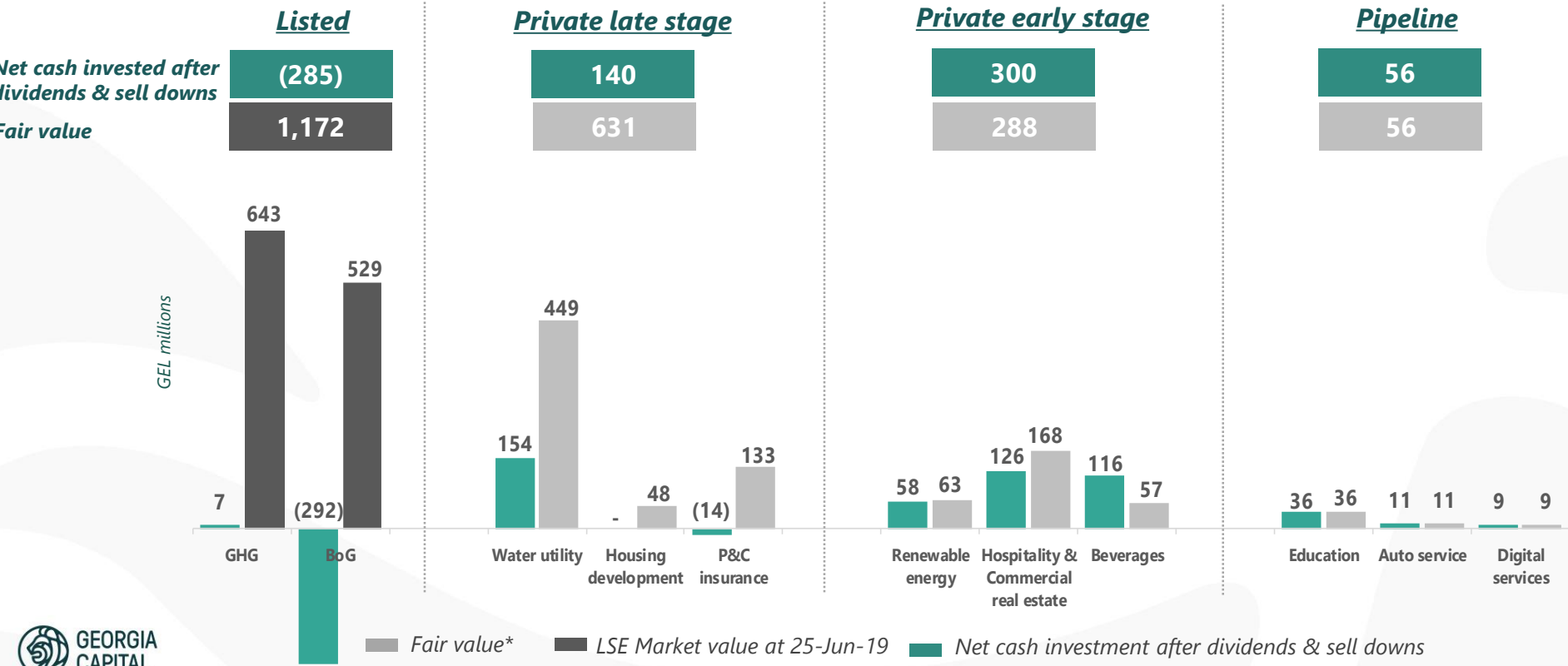
ROIC. *We measure our expected return on the total invested capital at each portfolio company level.*

Different yields will be appropriate for different industries, dollar and Lari businesses

Targeting to have a realised MOIC of 1 up to 5 years

How we demonstrate capital allocation discipline

Gross cash invested of GEL 959 million translating into GEL 2.1 billion portfolio value



*Private assets at fair value as of 31-Mar-19 and pipeline businesses at cost as of 25-Jun-19

Multiple of Invested Capital (MOIC) | 31-Mar-19

	Gross investment	Sell down & distribution	Fair Value	MOIC	MOIC realized
<i>Listed investments</i>	268	527	1,097	6.1x	2.0x
<i>Private late stage portfolio</i>	335	195	631	2.5x	0.6x
<i>Private early stage portfolio</i>	300	-	288	1.0x	-
<i>Pipeline</i>	8	-	9	1.1x	-
Total	911	722	2,025	3.0x	0.8x

Capital allocation outlook through 2023

Highly disciplined approach to unlock value through investments

Together with the available GEL 581mIn liquid funds & short-term loans, we are well-positioned to create long-term shareholder value

GEL millions		2019E ²	2020E	2021E	2022E	2023E	Total capital allocation 2019-2023	
Listed investments	BoG	(25)	(27)	(29)	(31)	(33)	+187 million dividend inflows	+543 million
	GHG	(4)	(6)	(8)	(11)	(13)		
Private investments Late stage	Water Utility	(28)	(32)	(34)	(35)	(36)	+356 million dividend inflows	dividend inflows
	Housing Development	(10)	(15)	(20)	(25)	(30)		
	P&C Insurance	(12)	(14)	(18)	(22)	(25)		
Private investments Early stage	Renewable Energy	21	80	21	37	(28)	(210) million Capital deployment	(377) million Capital deployment
	Hospitality & Commercial	30	9	-	-	-		
	Beverages	25	18	1	-	(4)		
Pipeline	Education	60	52	26	3	-	(167) million Capital deployment	Capital deployment
	Auto service	11	-	(2)	(2)	(3)		
	Digital services	9	2	2	2	2		
	Other	1	1	1	1	1		
Total¹		78	68	(60)	(83)	(169)	166 million Net capital inflows	

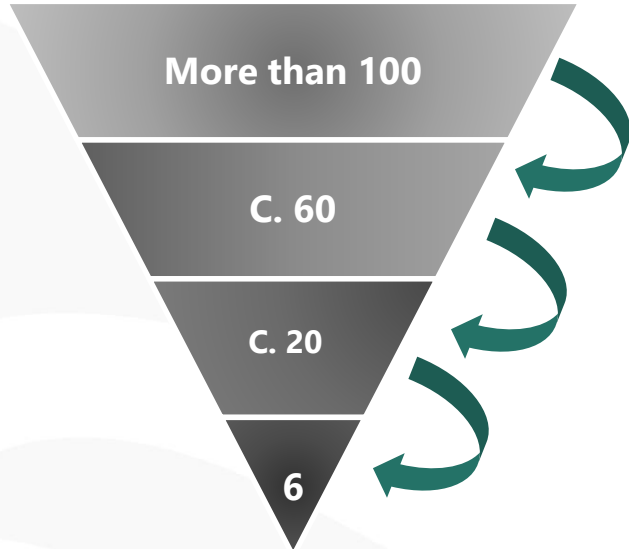


GEORGIA
CAPITAL

(1) Buybacks are not included within the capital allocations.
(2) Includes actual capital allocations in 1Q19.

Active and disciplined pursuit of new investment opportunities

Building of an investment process that allowed for screening more than 100 cases in the first year














- Total number of opportunities / deal flow
- Number of opportunities actively reviewed
- Number of bids made
- Acquisitions made

Good deal flow provides waiting room for right opportunities at attractive prices

Managing investments

Share ownership plan of management in portfolio companies

Investment stage	Pipeline			Early			Late			Listed			
	Discovery			Young Portfolio Companies			Large Portfolio Companies			Mature Portfolio Companies			
	Acquisition/ Entrance			Target to exit			Possible completion of Exit						
Sector	 Digital services			 Education	 Auto Service	 Renewable Energy	 Hospitality & Commercial	 Beverages	 Housing Development	 P&C Insurance	 Water Utility	 Georgia Healthcare Group	 Bank of Georgia Group
Portfolio Company Development Focus	<ul style="list-style-type: none"> ➤ Discovery stage 			<ul style="list-style-type: none"> ➤ Hands-on management approach ➤ Rapid growth organically and through M&A; ➤ Active investment stage; 			<ul style="list-style-type: none"> ➤ Strategic guidance / advisory approach ➤ Focus on efficiency improvements; ➤ Diversification of revenue streams; ➤ Introduction of dividend discipline; 			<ul style="list-style-type: none"> ➤ Sustainable shareholder value creation and dividend distributions 			
Institutionalisation/ Independence	Low									High			

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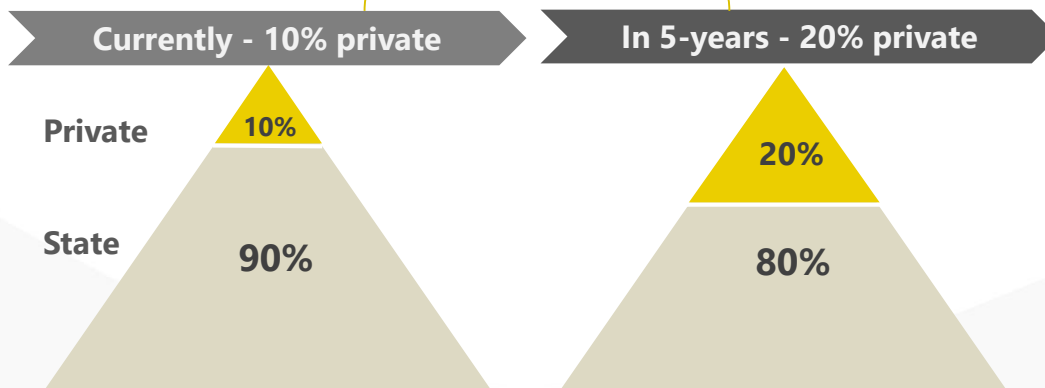
Further value creation potential – pipeline businesses

Further value creation opportunity – education business

Industry investment rationale

- *Highly fragmented private school market*
- *Large and growing market*
- *Efficiency upside*
- *High trading multiples*
- *Low base – 3.5% of GDP, compared to 5.4% of peers**

Medium term demand outlook for private high schools

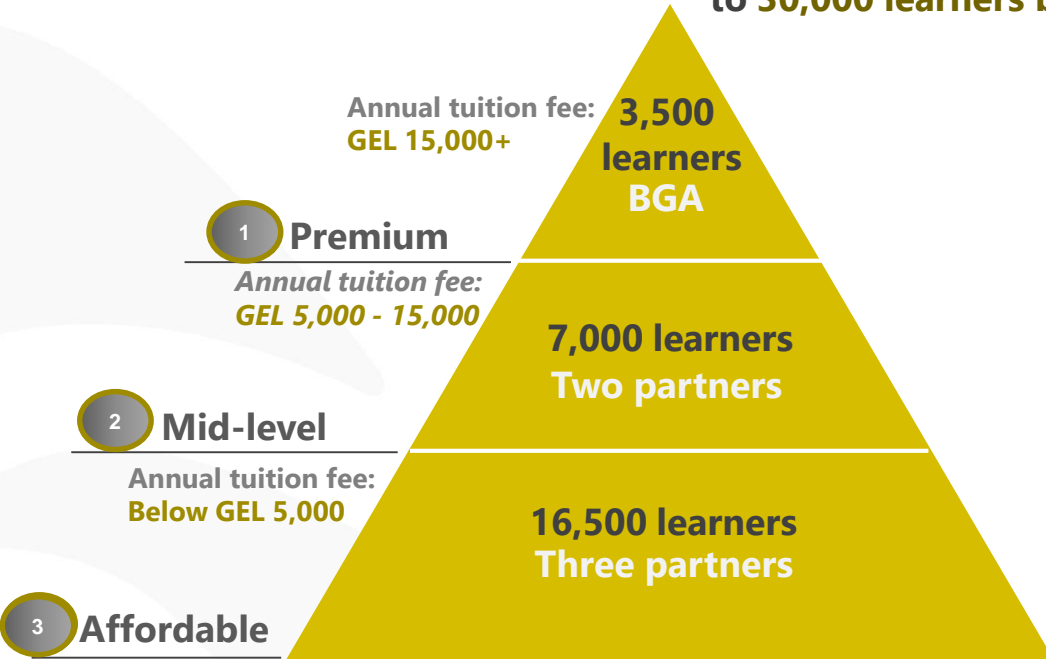


➤ *Currently c.650 learners across Georgia*

Education business strategy

Diversified business model with strategy 1-2-3

Strong platform to facilitate growth and scale to become the leading integrated education player with up to 30,000 learners by 2025



- Partnership model, with 70-90% majority stakes
- Education business holding company won't exist
- GCAP involvement will be limited to:
 - Strategy setting
 - Hiring financial director
 - Oversight of CAPEX spending

GEL 70 million+ EBITDA by 2025
GEL 185 million gross capital allocation from GCAP through 2025

Acquisition of the leading premium school in Georgia - British-Georgian Academy

Well-established business with a strong management team, strong dollar-linked cash flow generation and 40%+ EBITDA margin

One of the strongest private school brands in Georgia providing high quality education at best-in class owned facilities.

Transaction highlights

- Purchase of **70% equity stake**.
- Valued at **6.4x EV / EBITDA 2020**.

Medium-term business plan

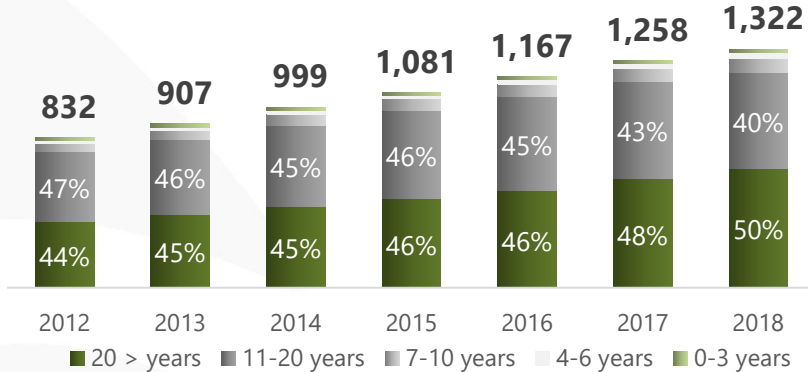
- Increase the capacity from current 750 learners to **approximately 3,500 learners** by 2021.
- **Total capital deployment of GEL 88.2 million** (25%:75% debt to equity).

<i>GEL millions</i>	2018A ¹	2019E	2020E
Revenue	12	15	16
EBITDA	4.9	6.9	7.5
EBITDA margin	40%	46%	46%
Net debt	(10)	(10)	(10)

Attractive service business – Auto service

Number of registered vehicles in Georgia ('000) – 8% CAGR 2012-2018

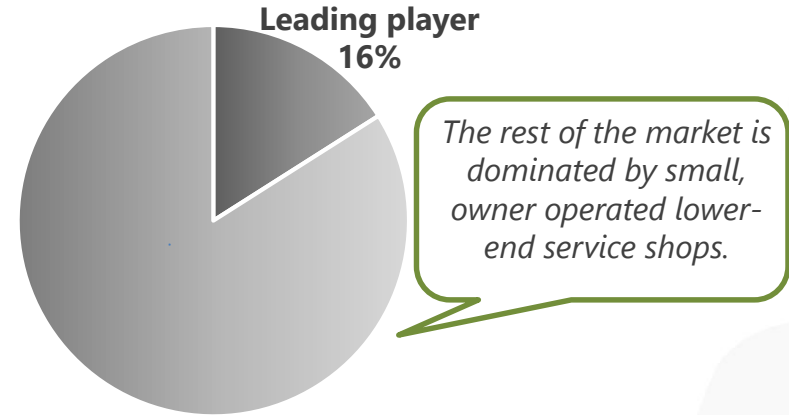
Average age of cars is high, hence spending is expected to increase due to the stricter regulatory environment



Source: MOIA

Highly fragmented auto service market

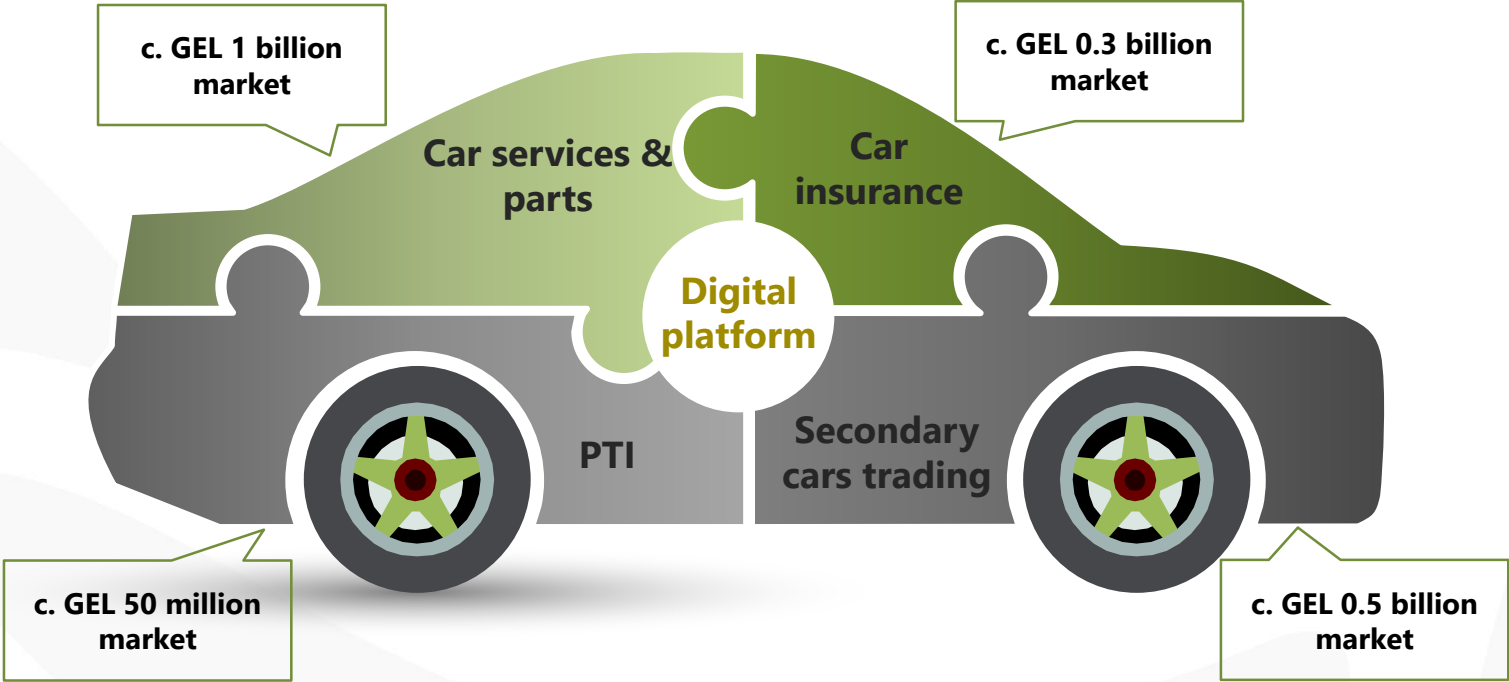
Significant room for growth in the highly fragmented auto service market in Georgia



We aim to build a diversified business model combining many different auto-related services to capitalise on the large and growing automotive services market

Auto service business strategy

Diversified business model to access c. GEL 1.8 billion market



Auto service business update

We have allocated GEL 11 million² capital to auto service business

Successfully launched the periodic technical inspection business (PTI)

PTI key operating highlights | 25 June 2019

Allocated capital	GEL 5mln
Number of inspection lines	51
Market share ¹	34%
Cars serviced	133,655

➤ **Targeting 400,000 to 450,000 vehicles annually from 2020**

Acquisition of the second largest player, Amboli, in Georgian auto service industry

Amboli transaction Highlights

Equity stake purchased	80%
Total cash consideration	GEL 3.8mln²
Enterprise Value	0.7x EV/Sales 2018
Additional equity capital injection	GEL 2mln

Acquisition of the leading Georgian digital marketing agency - Redberry

Acquisition of Redberry enables us to have a platform for investments in the digital business

About Redberry

- One of the most successful Georgian digital marketing agency
- Providing tech-based marketing solutions to large Georgian corporates and government agencies
- **50%+ revenue growth in 2018, with 25% net profit margin**
- US\$ 0.4 million cash consideration to acquire 60% equity stake

US\$ 2.8 million new capital injected for digital start-up development

1

Joint ventures with corporates - partnership model with minority stake of c. 20%.

2

Creating digital start-ups focused and applicable to Georgia (c. US\$ 0.1mln per start-up)

- Redberry has developed **app "Lunchoba"**, engaged in delivering ready-food made to the offices.

Questions?