

# Wine Business



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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**

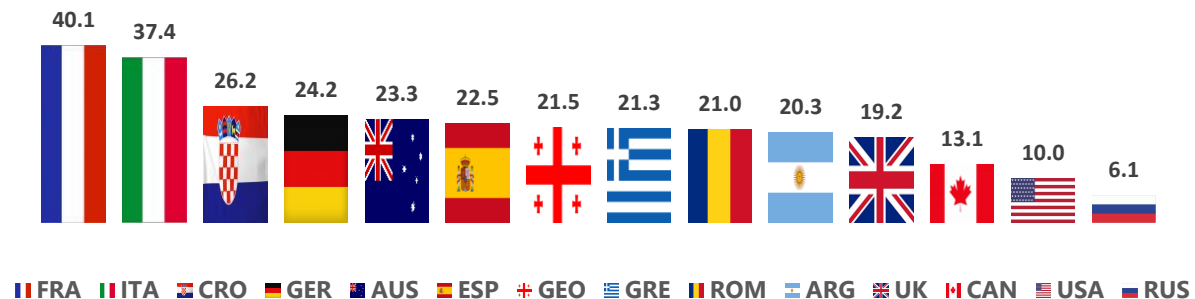
*Ranked among top world cuisines*



# Georgian wine market overview

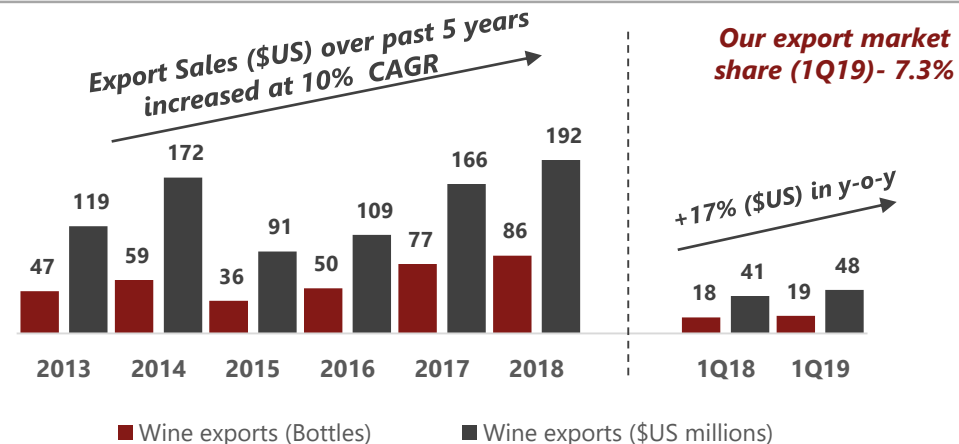
## Wine Consumption Per Capita (2017, litres)

*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*

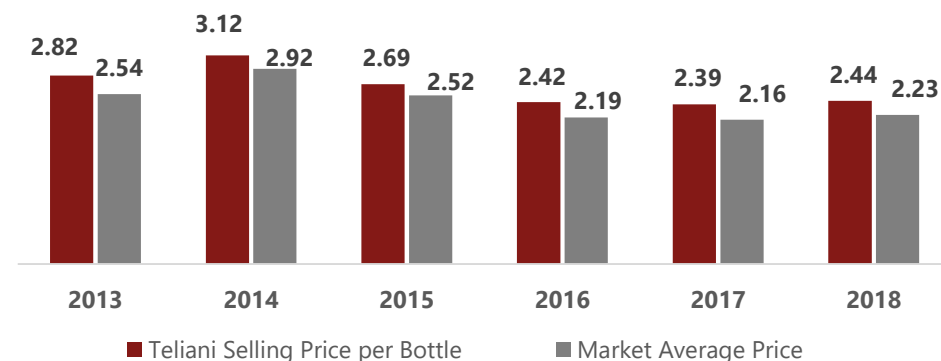
## Our performance vs Georgian wine industry

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

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



### Average Selling Price per Bottle (\$US)



Source: *LEPL Georgian National wine agency;*

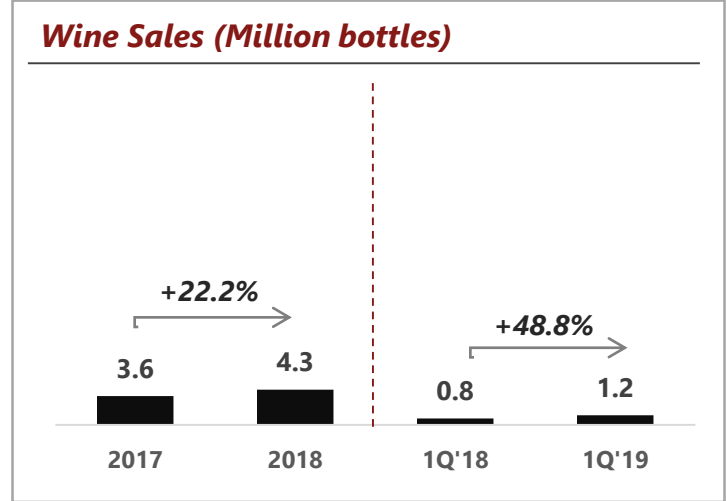
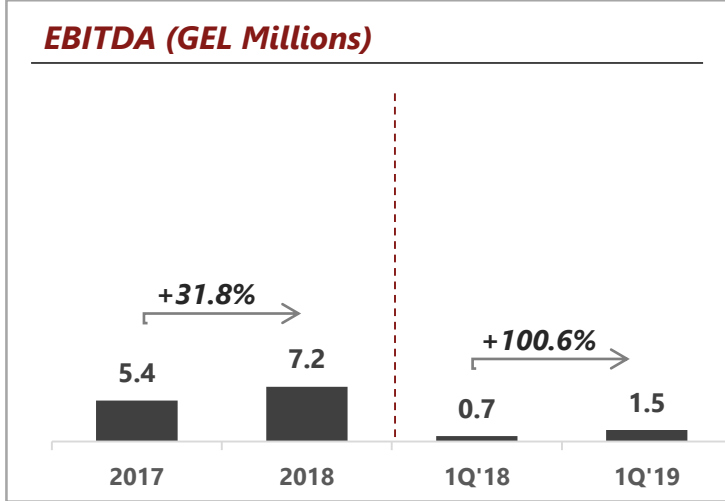
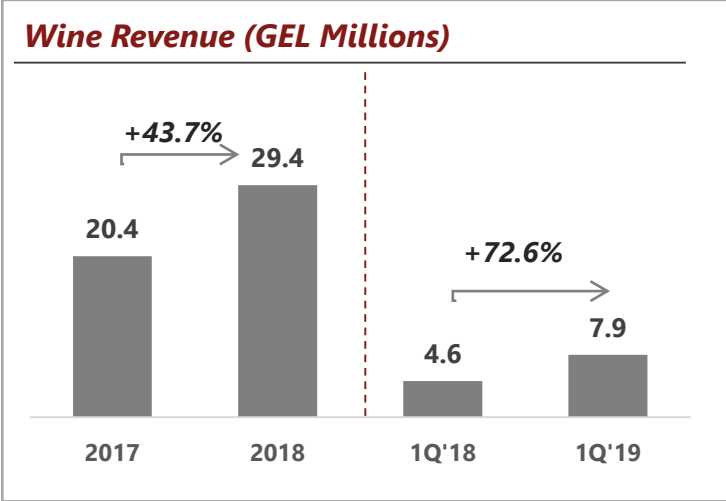
Source: *LEPL Georgian National wine agency; National statistics office of Georgia*

# 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

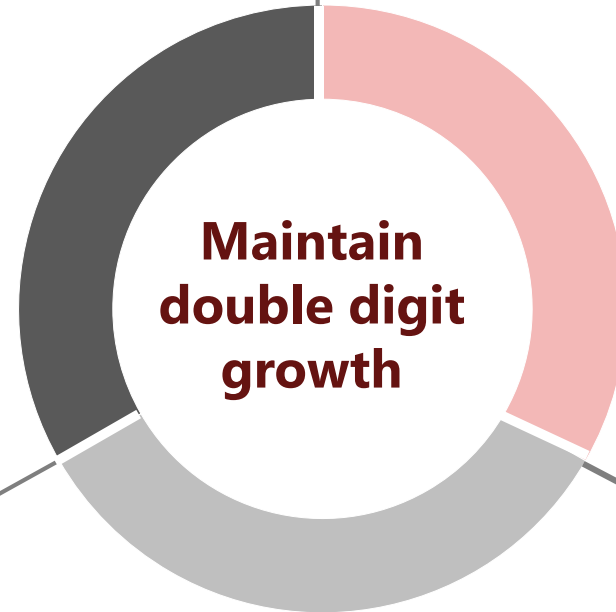
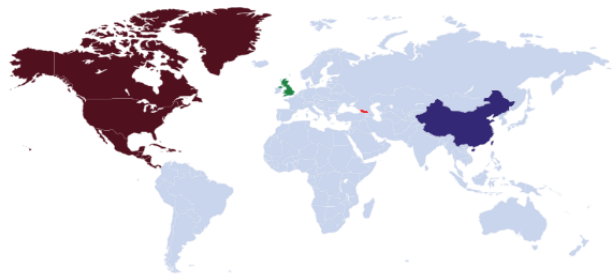


## Cost optimization

- 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*  
*ROIC<sup>1</sup> – 19%*

**ROIC<sup>1</sup>**

**MOIC<sup>2</sup>**

**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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