



# Beer business

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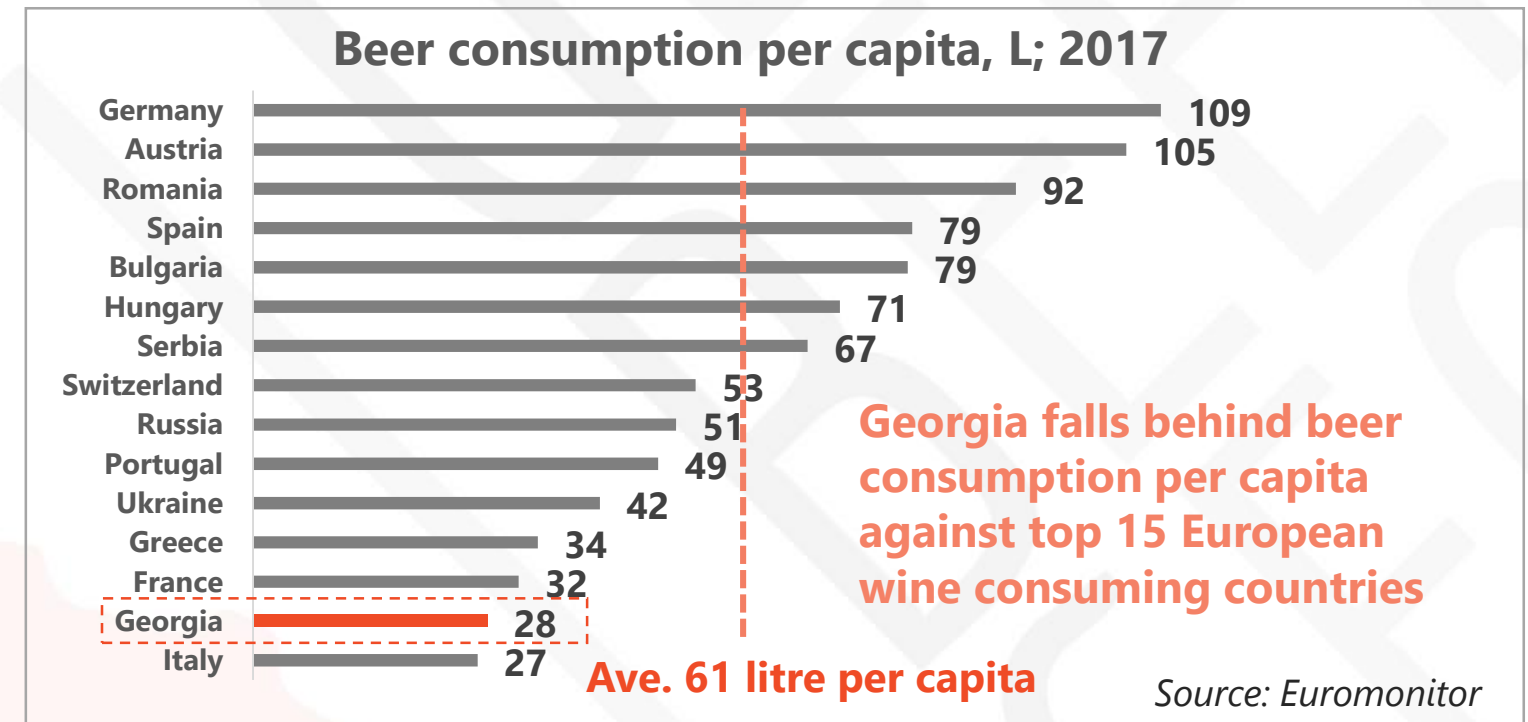
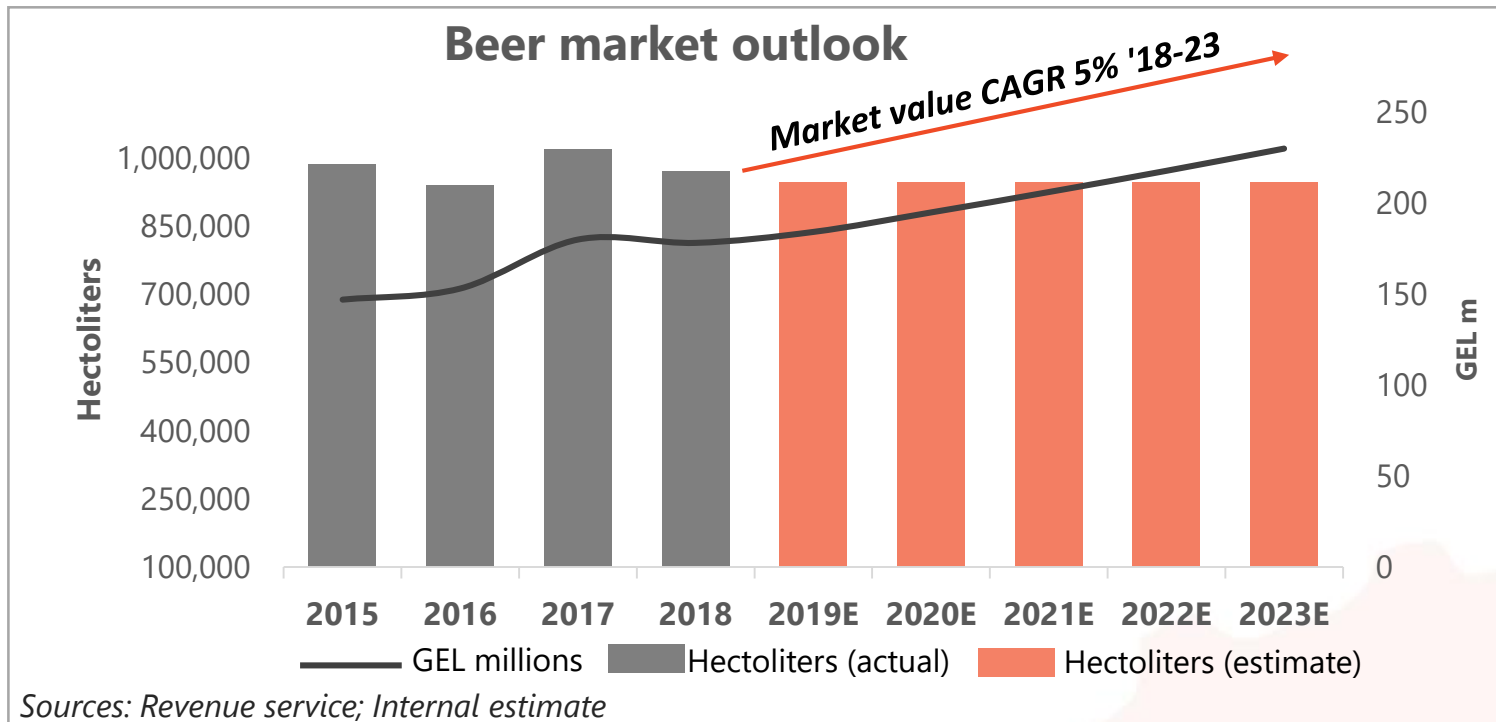
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**3. Strategy and operating performance**

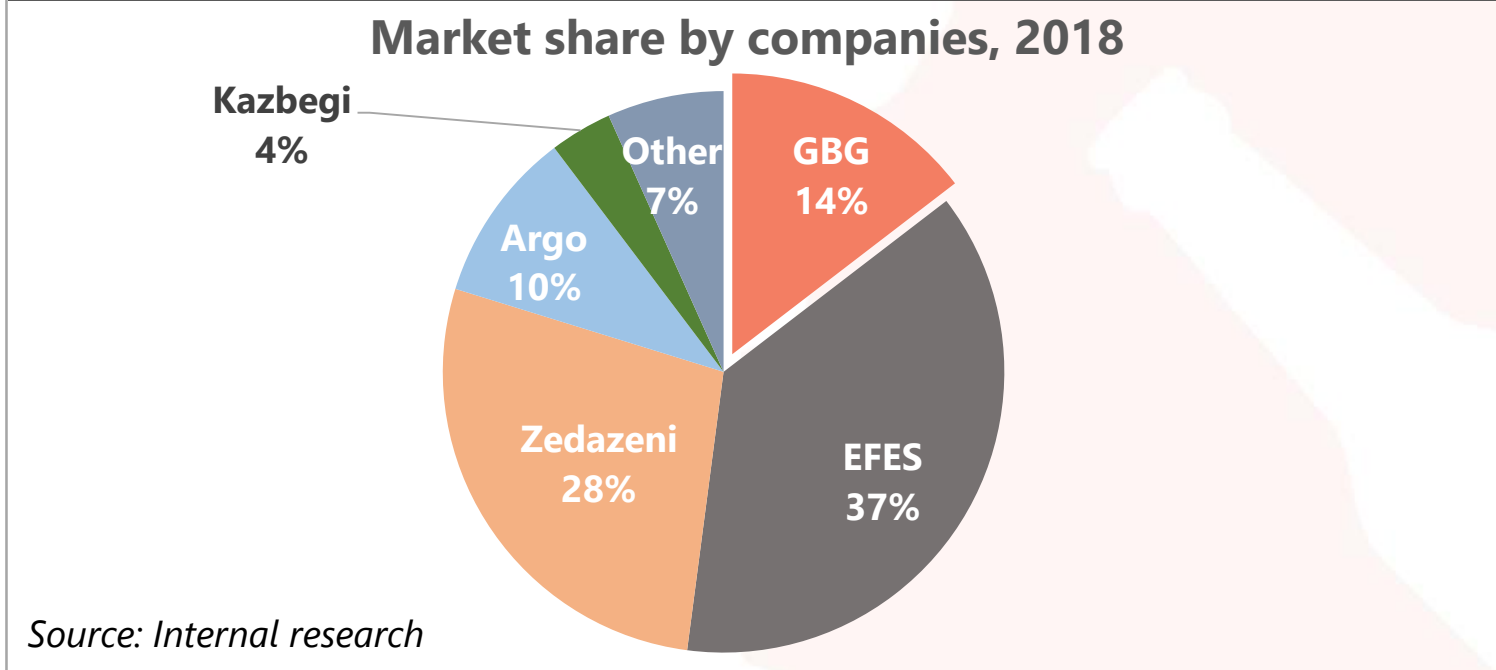
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# Beer market overview

**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**



## Highly competitive market with five players in 2018



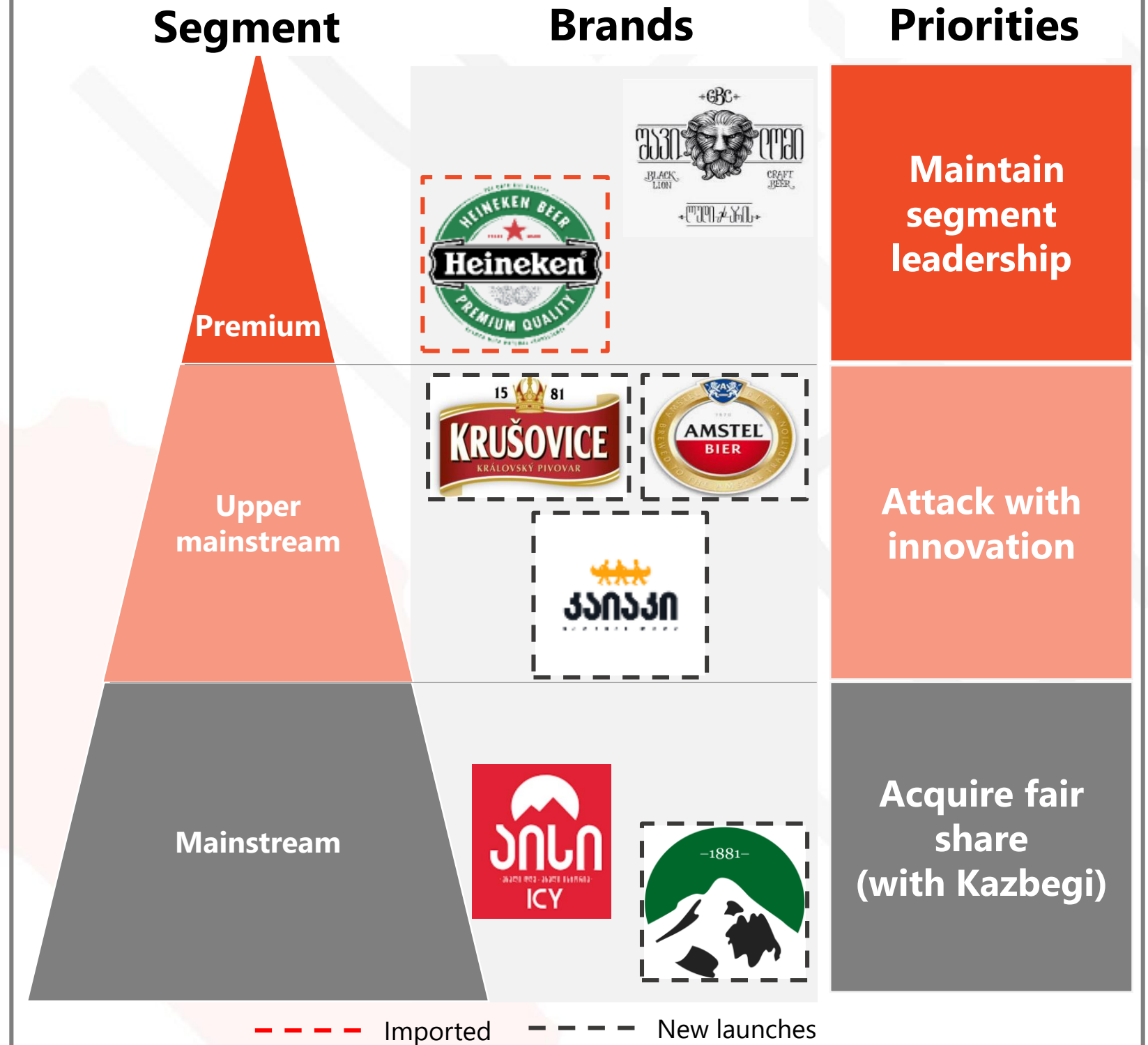
## Strong export market for carbonated soft drinks (CSD)

- ### 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.

## Key facts

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**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



# 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
<b>Total</b>	<b>76,081</b>	<b>97,354</b>
→ <b>+28%</b>		

## June\* performance

HL	Jun-18	Jun-19
Beer	19,494	32,418
Lemonade	1,329	3,377
<b>Total</b>	<b>20,823</b>	<b>35,795</b>
→ <b>+72%</b>		

## 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**

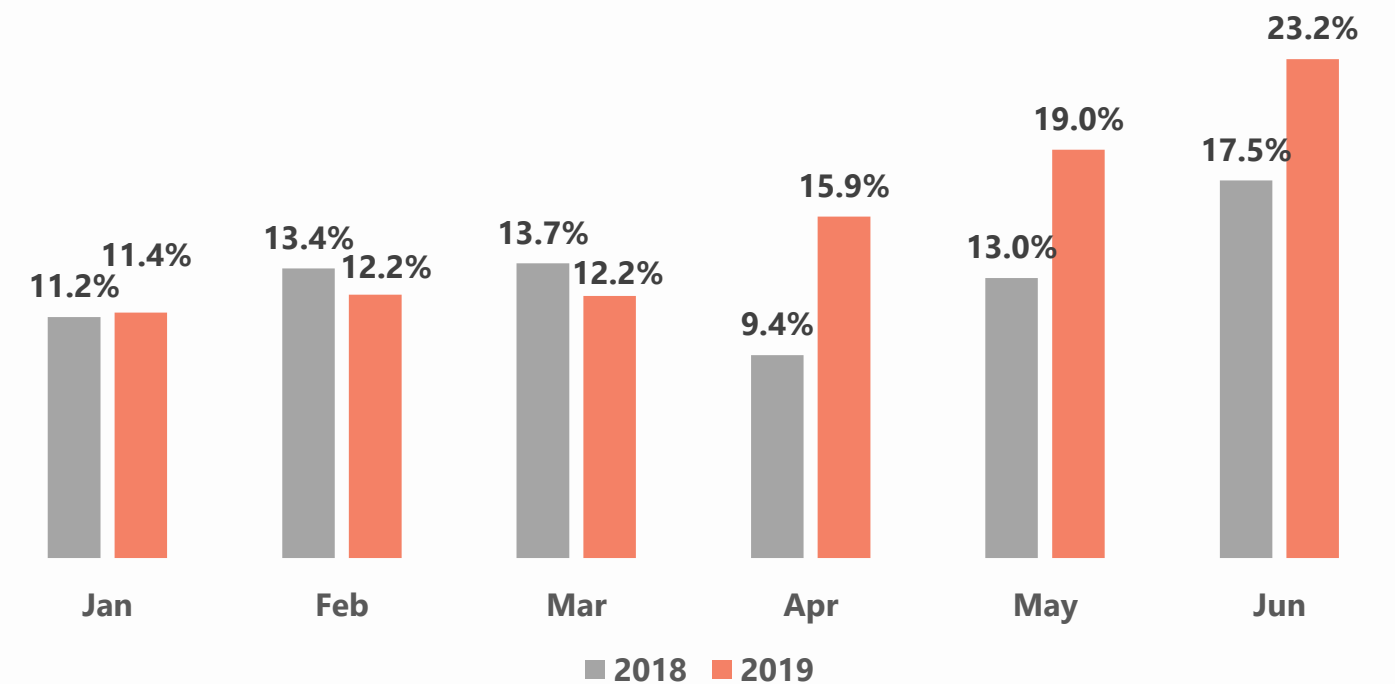
## Sales, GEL '000

Beer	13,858	23,227
Lemonade	1,123	1,577
<b>Total</b>	<b>14,981</b>	<b>24,805</b>
→ <b>+66%</b>		

## Sales, GEL '000

Beer	4,088	8,818
Lemonade	132	453
<b>Total</b>	<b>4,220</b>	<b>9,271</b>
→ <b>+120%</b>		

## GBG beer volume share trend | 2018-2019



# Five-year organic growth strategy

	2018A	2023E	Growth Strategy Drivers
1 Sales Volume, HL	159,825	2.5x	1 Increase footprint in HORECA
2 Revenue, GEL mln	29.3	2.5x	2 Enhancing recently launched Kazbegi lemonade
3 EBITDA, GEL mln	(13.8)	>18	3 Enhancing coverage of newly launched upper-mainstream brands
4 Net Debt, GEL mln	66.9	<64	4 Increasing export sales in CIS countries
5 ROIC*	-22.0%	>10%	5 Development of non-beer brands
6 Market Share	14%	>30%	

\*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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