



Investor presentation: 1H19 results

Investment portfolio overview

10 x = 10 y

Forward looking statements



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1. 1H19 results discussion | Investment portfolio

Late stage

- *Water Utility*
- *Housing Development*
- *P&C Insurance*

Early stage

- *Renewable Energy*
- *Hospitality & Commercial Real Estate*
- *Beverages*

Pipeline

- *Auto Service*

2. Appendices

Water utility business financial highlights

Income statement

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Revenue from water supply to legal entities	43,337	42,151	2.8%
Revenue from water supply to individuals	19,507	19,602	-0.5%
Revenue from electric power sales	8,240	4,722	74.5%
Revenue from technical support	1,607	1,303	23.3%
Other income	1,850	2,055	-10.0%
Revenue	74,541	69,833	6.7%
Salaries and benefits	(9,937)	(9,477)	4.9%
Electricity and transmission costs	(8,380)	(9,361)	-10.5%
Other operating expenses	(11,350)	(10,742)	5.7%
Operating expenses	(29,667)	(29,580)	0.3%
Provisions for doubtful trade receivables	(4,508)	(3,022)	49.2%
EBITDA	40,366	37,231	8.4%
<i>EBITDA Margin</i>	54%	53%	
Depreciation and amortization	(16,018)	(12,085)	32.5%
EBIT	24,348	25,146	-3.2%
<i>EBIT Margin</i>	33%	36%	
Net interest expense	(10,498)	(7,253)	44.7%
Net non-recurring expenses	(2,389)	(5,484)	-56.4%
Foreign exchange (loss) gain	(9,497)	4,391	NMF
EBT	1,964	16,800	-88.3%
Profit	1,964	16,800	-88.3%

Statement of cash flow

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Cash received from customers	74,034	66,031	12.1%
Cash paid to suppliers	(16,745)	(18,096)	-7.5%
Cash paid to employees	(9,103)	(9,246)	-1.5%
Interest received	592	235	NMF
Taxes paid	(4,056)	(8,332)	-51.3%
Cash flow from operating activities before maintenance capex	44,722	30,592	46.2%
Maintenance capex	(11,093)	(12,444)	-10.9%
Operating cash flow	33,629	18,148	85.3%
Purchase of PPE and intangible assets	(27,883)	(77,070)	-63.8%
Proceeds from PPE and investment property sale	75	1,458	-94.9%
CAPEX VAT	3,653	8,193	-55.4%
Restricted cash in Bank	329	3,509	-90.6%
Total cash used in investing activities	(23,826)	(63,910)	-62.7%
Proceeds from borrowings	29,830	27,522	8.4%
Repayment of borrowings	(9,169)	(297)	NMF
Interest paid	(11,785)	(9,718)	21.3%
Contributions under share-based payment plan	(1,777)	(779)	NMF
Total cash flow from financing activities	7,099	16,728	-57.6%
Effect of exchange rates changes on cash	80	(2,454)	NMF
Total cash (outflow)/inflow	16,982	(31,488)	NMF
Cash, beginning balance	13,713	61,963	-77.9%
Cash, ending balance	30,695	30,475	0.7%

Water utility business financial highlights (cont'd)

Balance sheet			
<i>GEL thousands, unless otherwise noted</i>	Jun-19	Dec-18	Change
Inventories	4,010	3,913	2.5%
Trade and other receivables	23,436	19,657	19.2%
Prepaid taxes other than income tax	565	1,465	-61.4%
Prepayments	2,350	1,647	-42.7%
Other current assets	565	436	29.6%
Cash and cash equivalents	30,695	13,713	NMF
Total current assets	61,621	40,831	50.9%
Property, plant and equipment	614,714	586,207	4.9%
Investment Property	11,032	9,865	11.8%
Intangible assets	1,741	1,299	34.0%
Other non-current assets	1,334	1,065	25.3%
Total non-current assets	628,821	598,436	5.1%
Total assets	690,442	639,267	8.0%
Current borrowings	28,411	20,170	40.9%
Trade and other payables	36,439	24,310	49.9%
Other current liabilities	1,374	1,353	1.6%
Total current liabilities	66,224	45,833	44.5%
Long term borrowings	323,114	300,076	7.7%
Deferred income	26,198	22,872	14.5%
Total non-current liabilities	349,334	322,948	8.2%
Total liabilities	415,558	368,781	12.7%
Total equity	274,884	270,486	1.6%
Total liabilities and equity	690,442	639,267	8.0%

Water utility business overview

At a glance



Natural monopoly in water utility servicing c. 1.4m population



Hydros linked to utility – 152MW

Zhinvali
130MW

Tetrikhevi
12MW

Saguramo
4.4MW

Pshavela
2.9MW¹

Bodorna
2.5MW

EBITDA 1H19: GEL 40.4 million
Revenue 1H19: GEL 74.5 million

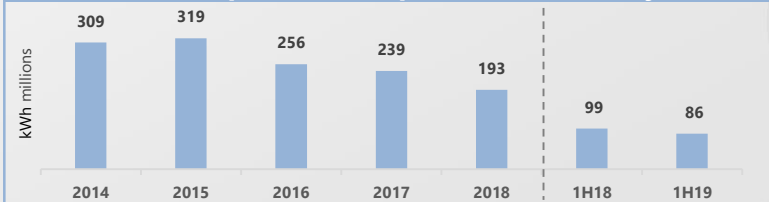
Key facts

- **Electricity market deregulation**, effective from 1 May 2019, had an immediate impact on electricity sales prices and is anticipated to positively affect revenue streams from electricity sales going forward
- GWP, a wholly owned subsidiary of GGU, operating the water utility business in Tbilisi, had its **credit rating of BB- reaffirmed with stable outlook by Fitch in May 2019**
- **Regulated WACC of 15.99% set for a 3-year regulatory period (2018-2020)**, up from previous 13.54% in 2017
- **New WSS tariffs set by GNERC for a 3-year regulatory period (2018-2020) on the back of new tariff setting methodology**

GEL millions, unless otherwise noted

Key Highlights	1H19	1H18	change
LTM revenue	153.8	144.3	6.6%
LTM EBITDA	86.5	78.7	9.9%
LTM development capex ²	99.3	154.9	-35.9%
LTM maintenance capex ²	21.2	21.4	-1.2%
LTM FCF	(10.5)	(88.2)	-88.1%
LTM Cash from operations	95.7	71.6	33.6%
Net debt	320.8	234.9	36.6%

Consumption of self-produced electricity³



1H19 highlights

- 6.7% growth in revenues to GEL 74.5 million primarily due to increased electricity sales
 - Energy revenue up 74.5%, reflecting 55% increase in electricity price on the back of electricity market deregulation
- Positive operating leverage of 6.4ppts drove 8.4% growth in EBITDA to GEL 40.4 million
- Outstanding collection rates and positive operating leverage drive operating cash flow up 85% to GEL 33.6 million
- Development capex substantially decreased y-o-y by 64% to GEL 28 million in 1H19. Last year's elevated capex was mainly due to privatisation obligations
- In May 2019 privatisation conditions confirmed and GGU obtained clean title on Water Utility assets

(1) Under operating lease.

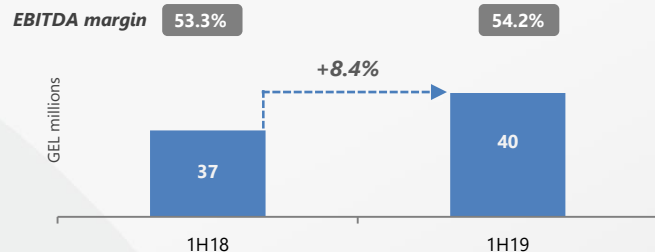
(2) Capex figures are stated including VAT.

(3) The graph shows self-produced electricity consumption, excluding purchases; previous presentations presented total own consumption, including purchased electricity.

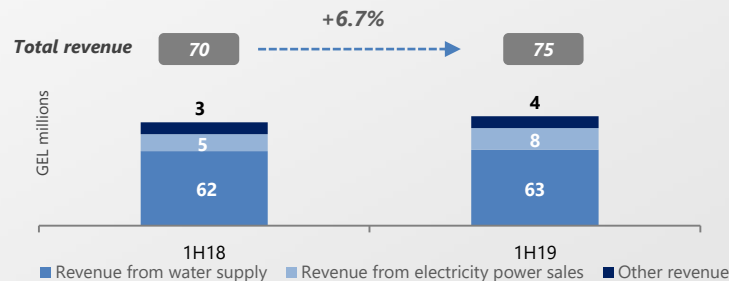
Water utility business performance highlights

Financial highlights

EBITDA



Revenue composition

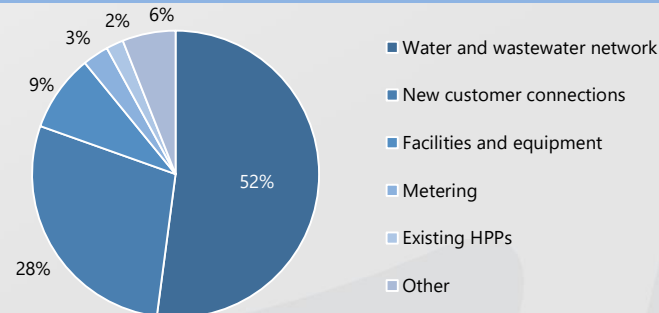


Operating highlights

Selected operating metrics

Thousands except for connections	1H18	1H19	change
Water sales (m³)	86,547	87,288	1.0%
Electricity generation (kwh)	184,028	168,527	-8.4%
Consumption of self-produced electricity (kwh)	99,300	86,284	-13.1%
Number of new connections	2,183	2,312	6.9%

1H19 capex breakdown (GEL 39 million)



Utility market overview

Largely privatized utility sector with high barriers to entry

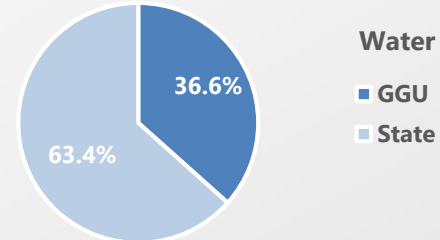
- Utilities sectoral output increasing at a robust growth rate (on average 9.5% in the last 10 years)
- Bulk of sector players are natural monopolies and the barriers to entry are high
- Large part of the industry is privatized, except for the fraction of WSS utilities and irrigation
- Reforms are in progress in utilities sector to approximate the sector with EU energy regulations in accordance to Georgia's undertaking under the Association Agreement with the EU
- Georgian National Energy and Water Supply Regulatory Commission (GNERC) is an independent body that regulates the utilities market

GGU - only profitable player on Georgia's WSS market

- Largely depreciated water and sanitation infrastructure with average water losses at c. 70% (c. 3 times higher than on average in most of the European countries¹)
- Average collection rates from households in Georgia - c. 50%
- GGU's average collection rates - around 96%
- Water utilities other than GGU heavily subsidized by state with frequent interruptions and poor service quality

(1) The European Federation of National Water Services, 2017.

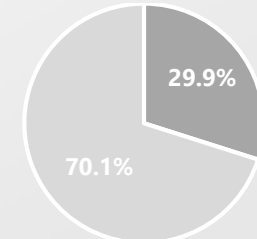
Coverage by population



Water

■ GGU

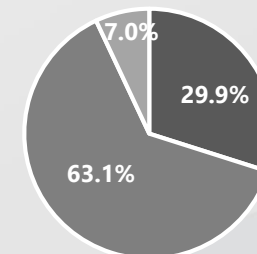
■ State



Electricity (privatized)

■ Telasi (Tbilisi)

■ Energo-Pro (Regions)



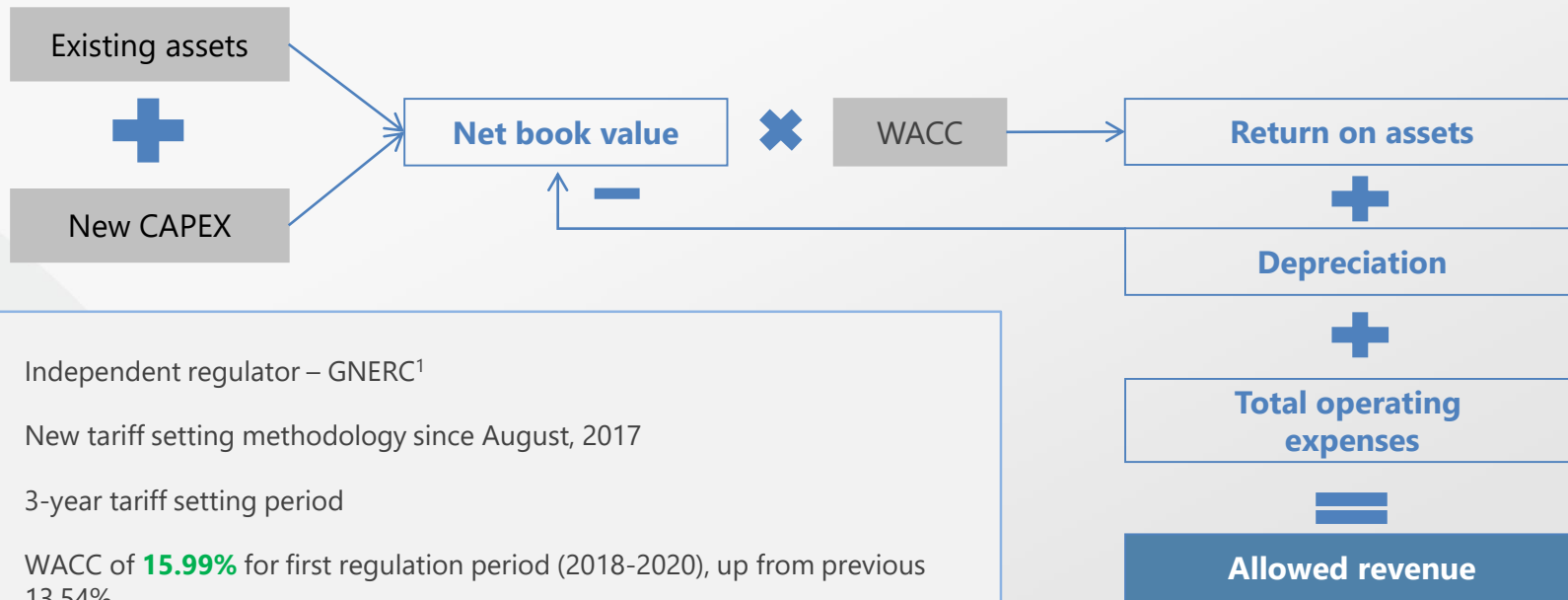
Natural Gas (privatized)

■ KazTransGas (Tbilisi)

■ Socar Group

■ Other

Utility market overview (cont'd)



- Independent regulator – GNERC¹
- New tariff setting methodology since August, 2017
- 3-year tariff setting period
- WACC of **15.99%** for first regulation period (2018-2020), up from previous 13.54%
- The WSS tariffs in Tbilisi have increased by 23.8% for residential customers and decreased by 0.4% for legal entities, serving as a first step towards gradually unifying WSS tariffs

(1) Georgian National Energy and Water Supply Regulatory Commission (GNERC) is an independent body that regulates the utilities market.

Water utility business strategy

Medium-term outlook

Numbers are given in GEL million

	2018	CAGR over 2018-2023	2023
Revenue	149	+7.4%	212
<i>Revenue, water</i>	140	+4.6%	175
<i>Revenue, energy</i>	9	+32.7%	37
EBITDA	83	+11.3%	142
Net debt	307	+8.9%	470
Capex	119 ¹	-7.9%	79

(1) 2018 Capex excludes one-offs (rehabilitation of wastewater treatment plant and construction of Bodorna HPP) in the amount of c. GEL 52m.

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Pipeline

- *Auto Service*

2. Appendices

Housing development business financial highlights

Income statement

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Gross profit from apartments sale	1,998	9,993	-80.0%
Gross profit from construction management	2,459	1,080	NMF
Other income	289	110	NMF
Gross Real Estate Profit	4,746	11,183	-57.6%
Revaluation of commercial property ¹	-	2,311	NMF
Operating expenses	(6,847)	(4,742)	44.4%
EBITDA	(2,101)	8,752	NMF
Profit before non-recurring items	(7,472)	4,831	NMF
Net non-recurring items	-	(4,443)	NMF
Income tax expense	(376)	-	NMF
Profit	(7,848)	388	NMF

(1) Value created on commercial property.

Statement of cash flow

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Proceeds from sales of apartments	14,902	37,138	-59.9%
<i>Outflows for development</i>	(15,213)	(45,293)	-66.4%
Net proceeds from construction services	4,074	(2,619)	NMF
Cash paid for operating expenses	(13,385)	(7,349)	82.1%
Income tax paid	(7,080)	-	NMF
Net cash flows from operating activities	(16,703)	(18,124)	-7.8%
Capital expenditure on investment property and PPE	(2,980)	(7,136)	-58.2%
Loans issued	(1,289)	(25)	NMF
Net cash flows used in investing activities	(4,269)	(7,161)	-40.4%
Net Intersegment loans received	19,526	28,925	-32.5%
Contributions under share-based payment plan	(988)	(1,281)	-22.9%
Proceeds from borrowings	-	41,614	NMF
Repayment of borrowings	-	(42,464)	NMF
Interest paid	(3,550)	(4,554)	-22.0%
Net cash flows from financing activities	14,988	22,240	-32.6%
Exchange (losses)/gains on cash equivalents	(726)	(3,171)	-77.1%
Total cash outflow¹	(6,710)	(6,215)	7.9%
Cash, beginning balance	10,467	20,059	-47.8%
Cash, ending balance	3,757	13,844	-72.9%

(1) Net cash flow includes amounts due from credit institutions.

Housing development business financial highlights (cont'd)



Balance sheet

<i>GEL thousands, unless otherwise noted</i>	Jun-19	Dec-18	Change
Cash and cash equivalents	3,335	8,833	-62.2%
Amounts due from credit institutions	422	1,634	-74.2%
Investment securities	1,305	512	NMF
Accounts receivable and other loans	13,114	6,063	NMF
Prepayments	34,480	33,976	1.5%
Inventories	93,730	102,923	-8.9%
Investment property	38,346	52,603	-27.1%
<i>Land bank</i>	9,359	8,722	7.3%
<i>Commercial real estate</i>	28,987	43,881	-33.9%
Property and equipment	11,027	8,232	34.0%
Other assets	32,657	33,833	-3.5%
Total assets	228,416	248,609	-8.1%
Amounts due to credit institutions	50,647	46,069	9.9%
Debt securities issued	72,797	67,697	7.5%
Deferred income	21,249	23,295	-8.8%
Other liabilities	49,109	46,175	6.4%
Total liabilities	193,802	183,236	5.8%
Total equity	34,614	65,373	-47.1%
Total liabilities and equity	228,416	248,609	-8.1%

m² – a leading player on Georgian real estate market

Housing Development – Market of US\$ 1.6 bln¹

1 Affordable housing

Fully Develop land bank with total value of US\$ 20.2mln and c.3,000 apartments

10

Completed projects

2,855 apartments, 99.0% sold with US\$ 244.4mln sales value and US\$ 32.9mln land value unlocked

2

On-going projects

407 apartments, 29.7% sold with US\$ 10.0mln sales value and US\$ 4.5mln land value unlocked

2 Franchise m²

Develop third-party land plots under m² brand name

Largest Franchise Deal Signed

2,500 apartments to be delivered in 4-5 years; Expected m² fees:

- Construction Fee: **10%** of construction costs
- Sales & Marketing Fee: **2.5%** sales commissions
- Incentive Fee: **30%** in overall profit of a project

3 Construction Management

Earn construction management fees from third-party deals and bring construction works in-house

2

Signed third party deals

Saburtalo City Mall and Radisson Tsinandali

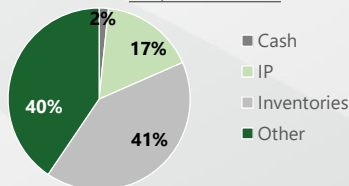
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In-house projects

Hospitality business's pipeline hotel

Asset base at 30 June 2019 | Housing development business

US\$ 80 million



US\$ 3.8mln in cash and US\$ 37.4mln in kind dividends distributed over 7 years



(1) Transactions volume of residential flats in Tbilisi in 2018.

The largest ever in-house residential project - Digomi

Digomi, the only in-house project in the pipeline of Housing Development in line with its asset-light strategy

- The project will be developed in three stages and the construction and development of 168,000 sq.m. residential and 84,000 sq.m. commercial spaces will continue for approximately four years.
- **Pre-sales started for the first stage from February 2019**
 - pre-sold 6,430 sq.m. with US\$ 6.5 million sales value as of 14 August 2019, representing approximately 29% of the total available space.
- **Construction permit received at the end of June 2019**
- Construction works commenced in July 2019.
- Revenue from pre-sales has not been recognised yet as **revenue recognition will start in 3Q19 and will be reflected in financials as construction works progress.**



**US\$ 37mln
Profit**

**237k sq.m
Buildable
area**

**3,000
Apartments**

**Over 30k sq.m
Recreational
area**

**Shared
amenities for
the
neighbourhood**

**US\$ 18.7mln
Land Value**

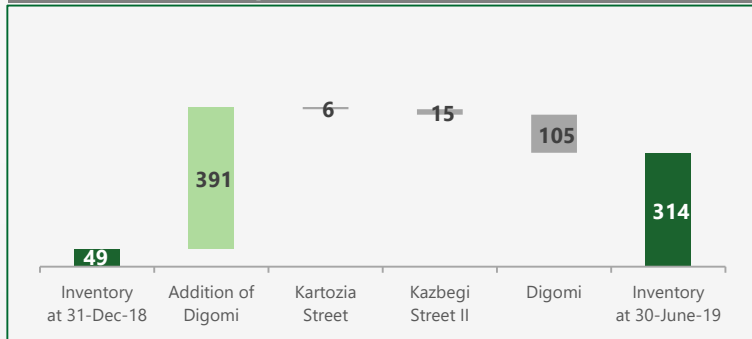
Housing development business performance highlights

Strong sales performance

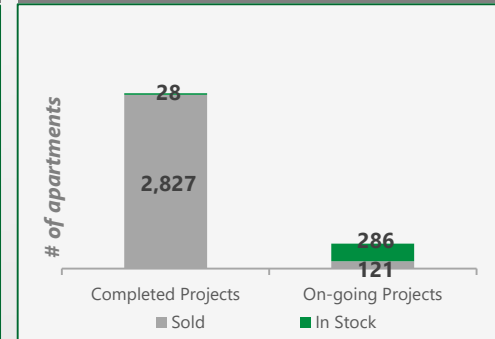
Key highlights

<i>GEL millions, unless otherwise noted</i>	1H19	1H18	Change
LTM Revenue	114.4 ¹	120.5	-5.1%
LTM Gross real estate profit	14.9 ¹	23.4	-36.2%
LTM EBITDA	4.5 ¹	16.1	-72.3%
LTM Development Capex	9.5	11.3	-15.9%
LTM Maintenance Capex	-	-	NMF
LTM FCF	(19.5)	(11.1)	76.7%
LTM Cash from operations	(8.7)	0.3	NMF
Net debt	139.2	92.5	50.6%

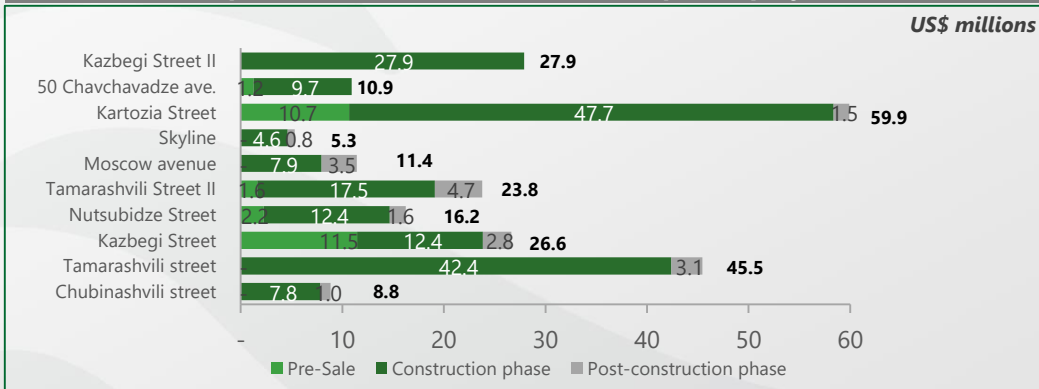
1H19 apartments sales track record



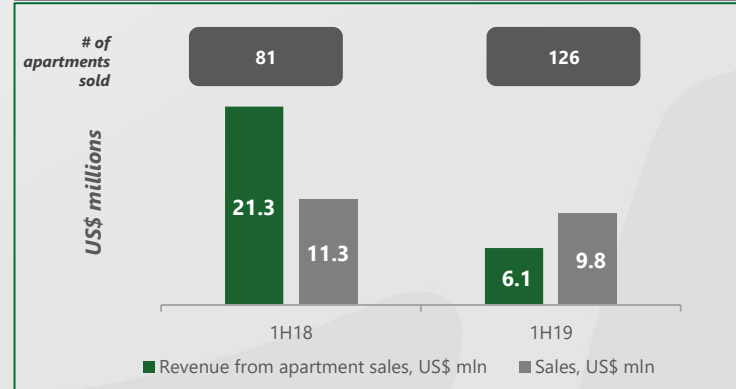
90.4% of apartments are sold-out



Apartment sales track record in completed projects



Revenue and sales from residential segment¹



(1) Revenue from pre-sales of Digomi project has not been recognised yet in line with IFRS requirements as construction permit was received at the end of June 2019.

Affordable housing track record



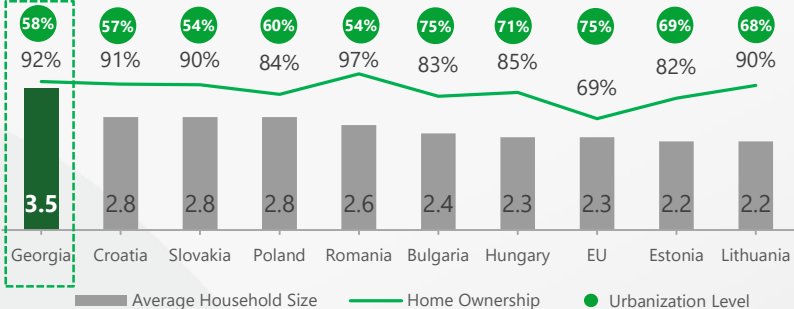
Operating/Financial data for completed and on-going projects as of 30 June 2019

#	Project name	Total Sq.m. (Net Sellable Area)	# of apartments	Sq.m. of apartments sold	# of apartments sold	# of apartments sold as % of total	# of apartments available for sale	sq.m. available for sale	# of apartments transferred to IP	Sq.m. of apartments transferred to IP	Construction start date	Construction completion date	Construction progress	Total Sales (US\$ mln)	Recognised revenue (US\$ mln)	Deferred revenue (US\$ mln)	Deferred revenue expected to be recognised as revenue in 2019	Land value unlocked (US\$ mln)	Realised & Expected IRR
Completed projects		218,349	2,855	214,337	2,827	99.0%	28	4,012	20	3,183				244.4	243.4	1.0	1.0	32.9	
1	Chubinashvili street	9,366	123	9,366	123	100.0%	-	-	-	-	Sep-10	Aug-12	100%	9.9	9.9	-	-	0.9	47%
2	Tamarashvili street	40,717	525	40,717	525	100.0%	-	-	-	-	May-12	Jun-14	100%	48.9	48.9	-	-	5.4	46%
3	Kazbegi Street	21,937	295	21,937	295	100.0%	-	-	-	-	Dec-13	Feb-16	100%	27.2	27.2	-	-	3.6	165%
4	Nutsubidze Street	15,757	221	15,757	221	100.0%	-	-	-	-	Dec-13	Sep-15	100%	17.4	17.4	-	-	2.2	58%
5	Tamarashvili Street II	21,023	266	21,023	266	100.0%	-	-	4	476	Jul-14	Jun-16	100%	24.3	24.3	-	-	2.7	71%
6	Moscow avenue	15,053	238	15,053	238	100.0%	-	-	-	-	Sep-14	Jun-16	100%	12.3	12.3	-	-	1.6	31%
7	Skyline	2,614	12	2,614	12	100.0%	-	-	7	1,375	Dec-15	Dec-17	100%	5.4	5.4	-	-	3.1	329%
8	Kartozia Street	58,443	801	58,267	800	99.9%	1	176	-	-	Nov-15	Nov-18	100%	60.2	60.0	0.2	0.2	5.8	37%
9	50 Chavchavadze ave.	6,550	77	6,550	77	100.0%	-	-	5	741	Oct-16	Nov-18	100%	10.9	10.9	-	-	3.3	27%
10	Kazbegi Street II	26,889	297	23,053	270	90.9%	27	3,836	4	591	Jun-16	Jun-19	100%	27.8	27.0	0.8	0.8	4.3	43%
On-going projects		24,417	407	8,198	121	29.7%	286	16,218	-	-				10.0	2.7	7.3	3.2	3.3	
11	10 Melikishvili ave.	2,527	16	2,527	16	100.0%	-	-	-	-	Sep-17	Sep-19	44%	4.2	2.7	1.5	1.5	0.8	101%
12	Digomi	21,889	391	5,671	105	26.9%	286	16,218	-	-	Jul-19	Sep-21	0%	5.8	-	5.8	1.7	2.5	112%
Total		242,766	3,262	222,536	2,948	90.4%	314	20,230	20	3,183				254.5	246.1	8.4	4.2	36.2	

Housing development business - market opportunity

Household size further reduction driving demand for housing market

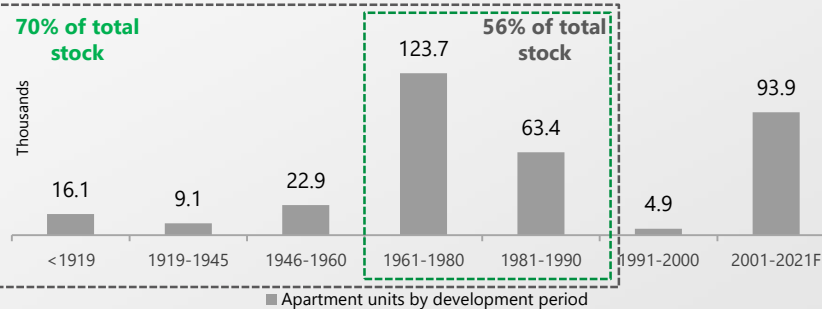
Source: Eurostat, TBC Capital



Average household size has already dropped from 3.7 individuals in 2008 to 3.5 in 2018 in Georgia. The trend is expected to continue, which will generate additional demand for housing.

Most of the housing stock needs replacement

Source: TBC Capital

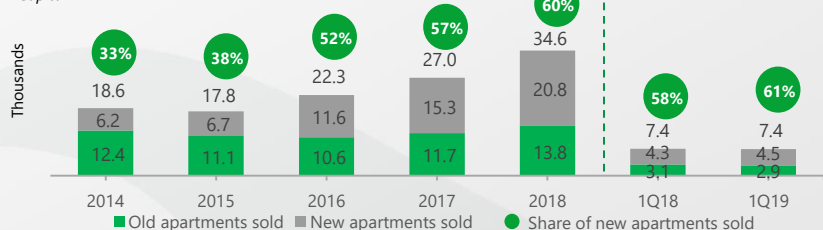


Around 187,000 units (56%) of the apartments were built between 1961 and 1991 and are out of their usable lifecycle

28% increase in the number of transactions in Tbilisi in 2018

Source: Colliers International, TBC Capital

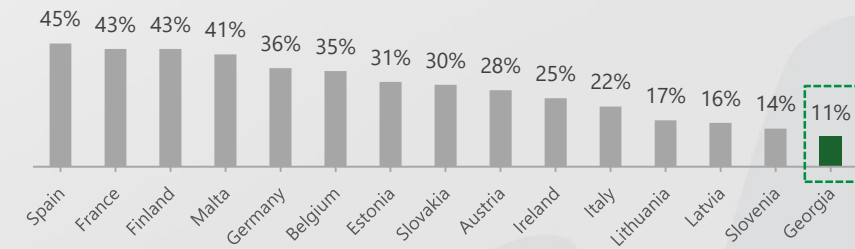
CAGR – 16.8%



In 2018 the number of residential unit transactions peaked at 34,600 units with record growth and the share of new apartment sales has been increasing each year.

Significant room for further growth in mortgages

Source: IMF, Central banks

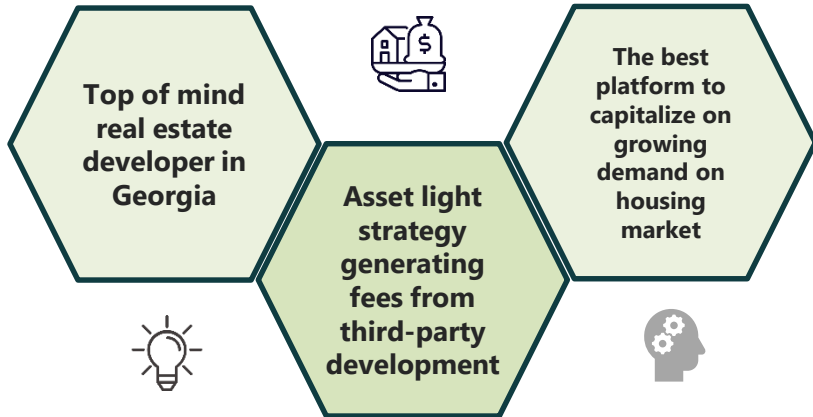


Significant lower mortgage loan rates have created a favorable environment for growth opportunity in residential property demand, as the ratio of mortgage loans to GDP was 11% in 2017.

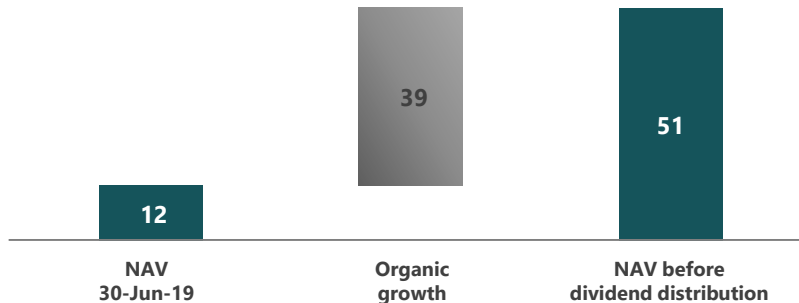
Housing development strategy

... 2018

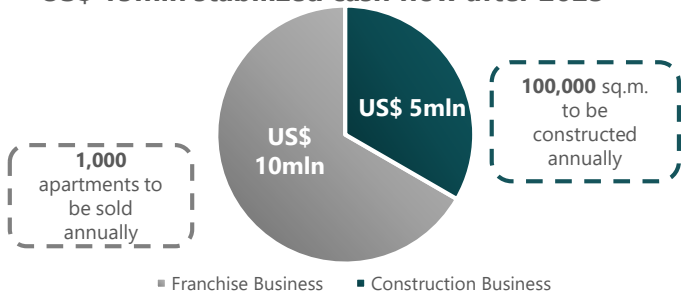
... 2023



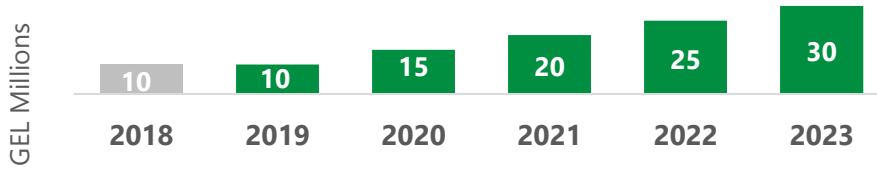
US\$ 50mIn NAV available for dividend distribution



US\$ 15mIn stabilized cash flow after 2023



Projected dividend distribution



1. 1H19 results discussion | Investment portfolio

Late stage

- *Water Utility*
- *Housing Development*
- *P&C Insurance*

Early stage

- *Renewable Energy*
- *Hospitality & Commercial Real Estate*
- *Beverages*

Pipeline

- *Auto Service*

2. Appendices

P&C insurance business financial highlights

Income statement

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Gross premium written	52,739	45,885	14.9%
Earned premiums, gross	46,512	42,551	9.3%
Earned premiums, net	36,288	31,451	15.4%
Insurance claims expenses, gross	(21,353)	(13,982)	52.7%
Insurance claims expenses, net	(15,111)	(12,503)	20.9%
Acquisition costs, net	(5,736)	(3,807)	50.7%
Net underwriting profit	15,440	15,141	2.0%
Investment income	2,282	1,725	32.3%
Net Fee and commission income	57	290	-80.3%
Net investment profit	2,339	2,014	16.1%
Salaries and employee benefits	(5,391)	(4,618)	16.7%
Selling and G&A expenses	(1,965)	(1,836)	7.0%
Depreciation & Amortization	(994)	(475)	NMF
Impairment charges	(289)	(658)	-56.1%
Net other operating income	377	432	-12.7%
Operating profit	9,518	10,000	-4.8%
Foreign exchange gain / (loss)	339	(346)	NMF
Interest expense	(70)	-	NMF
Non-recurring expenses	-	(628)	NMF
Pre-tax Profit	9,787	9,025	8.4%
Income tax expense	(1,479)	(1,349)	9.6%
Net profit	8,308	7,676	8.2%

Statement of Cash Flow

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Insurance premium received	39,225	38,127	2.9%
Reinsurance premium paid	(4,044)	(7,327)	-44.8%
Insurance benefits and claims paid	(13,682)	(17,279)	-20.8%
Reinsurance claims received	5,096	7,351	-30.7%
Acquisition costs paid	(4,355)	(3,089)	41.0%
Salaries and benefits paid	(6,775)	(7,328)	-7.5%
Interest received	1,888	1,373	37.5%
Net other operating expenses paid	(1,342)	(1,617)	-17.0%
Net cash flows from operating activities before income tax	16,011	10,211	56.8%
Income tax paid	(1,343)	(706)	90.3%
Net cash flows from operating activities	14,667	9,505	54.3%
Purchase of property and equipment	(637)	(605)	5.3%
Purchase of intangible assets	(838)	(863)	-2.9%
Loan Issued	(19,902)	-	NMF
Proceeds from repayment of issued loans	21,166	3	NMF
Proceeds from / (Placement of) bank deposits	(9,512)	872	NMF
Purchase of available-for-sale assets/ Deposits	(1,784)	(237)	NMF
Net cash flows from used in investing activities	(11,507)	(830)	NMF
Dividend Paid	(8,000)	(10,000)	-20.0%
Purchase of treasury shares	(927)	-	NMF
Repayment of lease liabilities	(915)	-	NMF
Interest paid on lease liabilities	(39)	-	NMF
Net cash flows from financing activities	(9,881)	(10,000)	-1.2%
Effect of exchange rates changes on cash and cash equivalents	(14)	(121)	-88.4%
Total cash outflow	(6,735)	(1,446)	NMF
Cash and cash equivalents, beginning	11,103	4,185	NMF
Cash and cash equivalents, ending	4,368	2,739	59.4%

P&C insurance business financial highlights



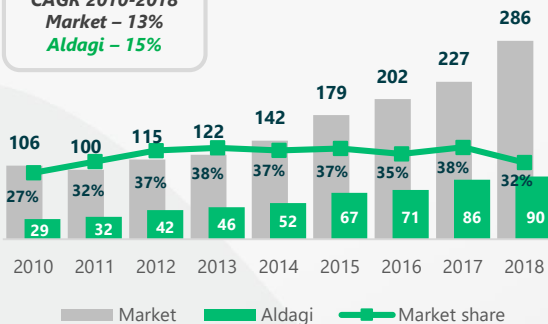
Balance Sheet

<i>GEL thousands, unless otherwise noted</i>	Jun-19	Dec-18	Change
Cash and cash equivalents	4,365	11,104	-60.7%
Amounts due from credit institutions	33,644	23,456	43.4%
Investment securities	7,225	4,408	63.9%
Insurance premiums receivable, net	42,821	31,442	36.2%
Ceded share of technical provisions	25,083	16,928	48.2%
PPE and intangible assets, net	13,147	9,594	37.0%
Goodwill	13,062	13,062	NMF
Deferred acquisition costs	3,572	3,324	7.5%
Pension Fund Assets	6,334	18,931	-66.5%
Other Assets	12,436	13,462	-7.6%
Total assets	161,689	145,710	11.0%
Gross technical provisions	59,450	45,663	30.2%
Other Insurance liabilities	27,103	16,101	68.3%
Current income tax liabilities	720	588	22.5%
Pension benefit obligations	6,335	18,932	-66.5%
Other Liabilities	12,117	8,287	46.2%
Total liabilities	105,724	89,572	18.0%
Total equity	55,965	56,138	-0.3%
Total liabilities and equity	161,689	145,710	11.0%

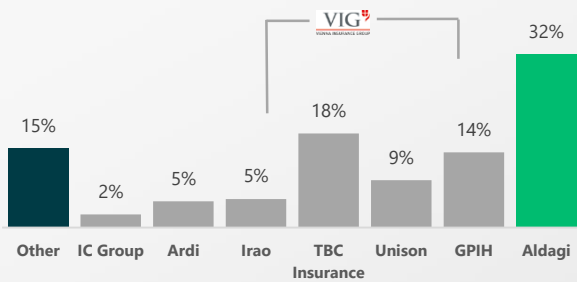
P&C insurance market overview

Market & Aldagi Revenue (GEL millions)

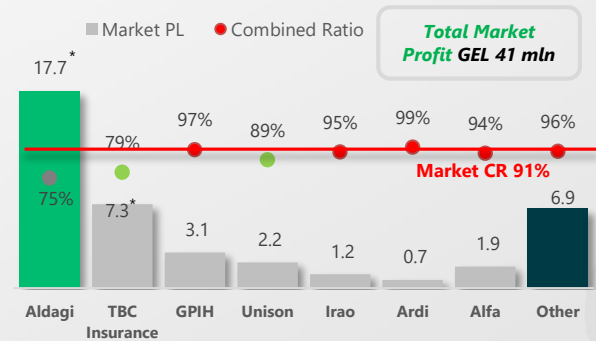
CAGR 2010-2018
 Market - 13%
 Aldagi - 15%



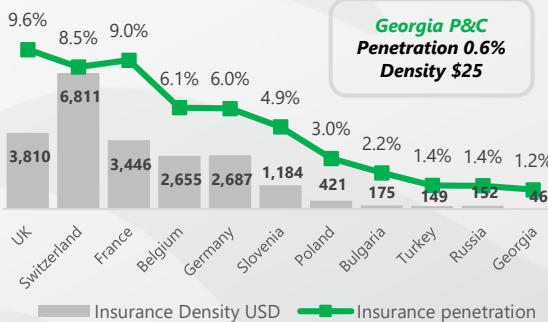
Market Share YE18 (earned premium, gross)



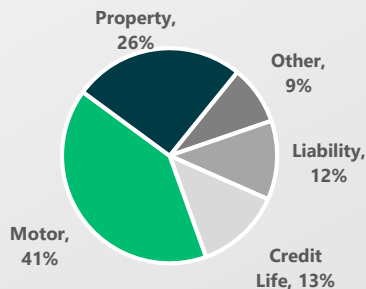
Market PL & Combined Ratio YE18



Insurance Penetration & Density



Market Composition by product lines



Highlights

- 17 insurance companies operating in Georgia
- Aldagi is undisputed leader in P&C market
- Aldagi had 116% solvency ratio** as of 30.06.2019
- Outperforming market growth by 2% (2010-2018)
- Aldagi's share in total market profit 43%

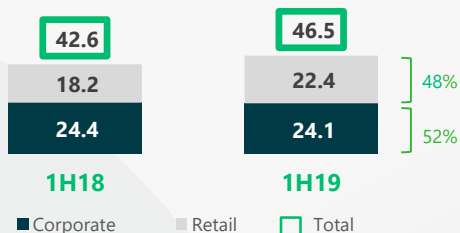
Source: Insurance State Supervision Service of Georgia, Swiss Re Institute
 * Aldagi and TBC Insurance net profits and combined ratios are based on IFRS amounts.
 ** Solvency ratio - regulatory capital divided by required solvency capital (greater of 18% of premium written and 26% of claims paid).

P&C insurance business performance highlights

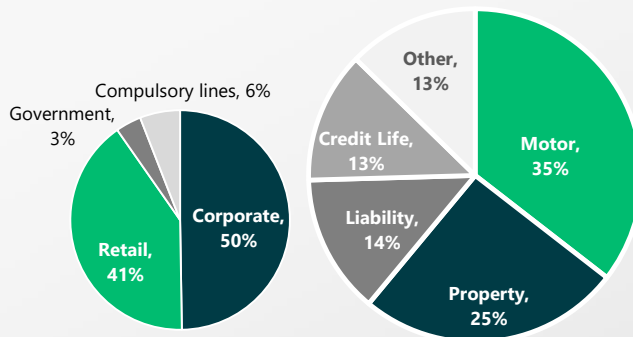
Earned Premium, gross (GEL millions)

+9.3% y-o-y

GEL 46.5 mln



Earned Premium, gross | Composition



Profit (GEL millions)

flat y-o-y

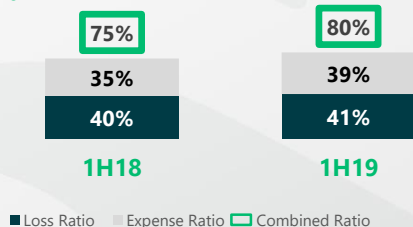
GEL 8.3mln



Combined Ratio

+5 ppt y-o-y

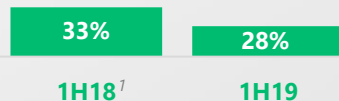
80%



ROAE

-5 ppt y-o-y

28%



Key highlights (GEL mln)

	1H19	1H18	change
FCF	3.2	8.7	-64%
Cash from operations	14.7	9.5	+54%

1H19

Retail segment growth (premiums earned)	23%	
Retail Segment Concentration in portfolio	48% (+5 ppt y-o-y)	
Retail profit growth	6%	
Market Share	32% (-6 ppt y-o-y)	
Renewal Ratio	Corporate	89%
	Retail	64%

Stable dividend payout within 50% -60% range

P&C insurance business overview

Well-diversified business model

Key Segments		Motor ⁽²⁾	Property ⁽³⁾	Credit life ⁽⁴⁾	Liability ⁽⁵⁾	Other ⁽⁶⁾
Market size (YE18) ⁽¹⁾		GEL 116mln	GEL 75mln	GEL 36mln	GEL 34mln	GEL 24mln
Aldagi market share ⁽¹⁾		29%	36%	29%	40%	23%
# of Clients		Corporate – 1,347 Retail – 22,558	Corporate – 1,032 Retail – 11,407	Retail - 3 channels	Corporate – 1,002 Retail – 1,023	Corporate – 1,093 Retail – 19,999
Financials 1H19	Earned premiums, gross	GEL 46.5 mln	GEL 11.9mln	GEL 6.3mln	GEL 5.9mln	GEL 5.9mln
	Earned premiums, net	GEL 36.3 mln	GEL 6.4mln	GEL 6.3mln	GEL 3.7mln	GEL 3.5mln
	Underwriting profit, net	GEL 15.4 mln	GEL 3.4mln	GEL 2.7mln	GEL 2.6mln	GEL 2.5mln
	Net profit	GEL 8.3 mln	GEL 2.2mln	GEL 2.0mln	GEL 1.7mln	GEL 1.6mln
Loss ratio: 42%		Corporate – 68% Retail – 54%	Corporate – 24% Retail – 15%	Retail – 47%	Corporate – 15% Retail – 16%	Corporate – 14% Retail – 20%
Combined ratio: 80%		Corporate – 100% Retail – 93%	Corporate – 68% Retail – 72%	Retail – 73%	Corporate – 69% Retail – 44%	Corporate – 58% Retail – 71%

(1) Sources: Insurance State Supervision Service of Georgia. Market shares by earned premium gross.



(2) Motor own damage, motor third party liability insurance.

(3) Contractor's all risks insurance (CAR), Commercial property, Household Property, Machinery breakdowns insurance.

(4) Loan-linked life insurance.

(5) Financial risk, employer's liability, professional indemnity, General third party liability insurance (GTPIL), Freight Forwarders' liability (FLL), Household GTPIL, Product liability insurance.

(6) Cargo, Contractor's Plant And Machinery insurance (CPM), Livestock, Bankers blanket bond insurance (BBB), Directors and officers liability Insurance (D&O), Agro insurance.

 Corporate
 Retail

P&C insurance business strategy



2018

Growth Drivers

2023

Combined ratio

75%

Market share

32%

ROAE

34%*

Dividend payout

70%

Retail concentration

45%

- Compulsory lines
- Synergies with auto service business
- Improved perception of insurance
- Simplicity through digital approaches

<80%

30%+

30%+

60%+

60%+

*Adjusted for non-recurring items

1. 1H19 results discussion | Investment portfolio

Late stage

- *Water Utility*
- *Housing Development*
- *P&C Insurance*

Early stage

- *Renewable Energy*
- *Hospitality & Commercial Real Estate*
- *Beverages*

Pipeline

- *Auto Service*

2. Appendices

Renewable energy financial highlights

Income statement

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Total Revenue	2,395	-	NMF
Salaries and benefits	(219)	(134)	63.4%
Electricity and transmission costs	(20)	-	NMF
Other operating expenses	(671)	(269)	NMF
Total Operating Expenses	(910)	(403)	NMF
EBITDA	1,485	(404)	NMF
EBIT	587	(564)	NMF
Net interest expense	(1,498)	46	NMF
Non-recurring expenses	(151)	338	NMF
Foreign exchange (losses) gains	16	(236)	NMF
Profit before income tax	(1,046)	(416)	NMF
Net Profit	(1,046)	(416)	NMF
Attributable to:			
– shareholders of the Group	(680)	(270)	NMF
– non-controlling interests	(366)	(146)	NMF

Statement of cash flow

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Cash received from customers	639	-	NMF
Cash paid to suppliers	(349)	(171)	NMF
Cash paid to employees	(237)	(244)	-2.9%
Interest received	111	46	NMF
Taxes paid	(753)	-	NMF
Cash flow from operating activities	(589)	(369)	59.6%
Purchase of PPE and intangible assets	(21,754)	(20,565)	5.8%
VAT return	3,210	963	NMF
Restricted cash in Bank	(577)	-	NMF
Total cash flow used in investing activities	(19,121)	(19,602)	-2.5%
Proceeds from borrowings	28,176	18,276	54.2%
Capital increase	2,415	5,441	-55.6%
Total cash flow used in financing activities	30,591	23,717	29.0%
Exchange (losses)/gains on cash equivalents	1,623	(693)	NMF
Total cash inflow	12,504	3,053	NMF
Cash, beginning balance	8,388	8,298	1.1%
Cash, ending balance	20,892	11,351	84.1%

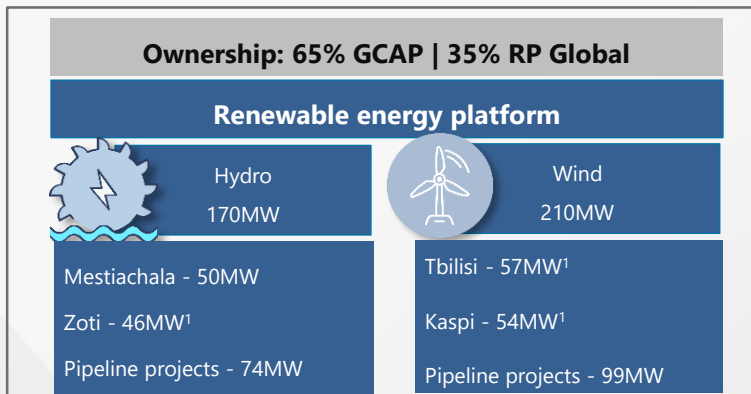
Renewable energy financial highlights (cont'd)



Balance sheet			
<i>GEL thousands, unless otherwise noted</i>	Jun-19	Dec-18	Change
Total current assets	27,007	11,895	NMF
Property, plant and equipment	141,708	114,645	23.6%
Other non-current assets	44,398	42,764	3.8%
Total non-current assets	186,106	157,409	18.2%
Total assets	213,113	169,304	25.9%
Total current liabilities	7,573	6,658	13.7%
Long term borrowings	101,803	66,458	53.2%
Other non-current liabilities	1,753	2,029	-13.6%
Total non-current liabilities	103,556	68,487	51.2%
Total liabilities	111,129	75,145	47.9%
Total equity attributable to GCAP	66,290	61,203	8.3%
Non-controlling interest	35,694	32,956	8.3%
Total equity	101,984	94,159	8.3%
Total liabilities and equity	213,113	169,304	25.9%

Renewable energy business overview

At a glance



EBITDA 1H19: GEL 1.5m²

Key facts

- Investing in additional capacity for electricity generation **with the goal to establish a renewable energy platform**
- Cheap to develop** – Up to US\$1.5m/ln for 1MW hydro and up to US\$1.4m/ln for wind development in Georgia
- Strategic partnership with RP Global (Austria) – Independent Power Producer **with 30 years experience of developing, building, owning and operating renewable power plants globally**

GEL millions, unless otherwise noted

Key highlights	1H19	1H18	change
<i>LTM revenue</i>	2.4	n/a	NMF
<i>LTM EBITDA</i>	1.1	(1.1)	NMF
<i>LTM Capex</i>	69.4	86.5	-19.7%
<i>LTM FCF</i>	(62.7)	(65.8)	-4.7%
<i>LTM Cash from operations</i>	(0.9)	(0.9)	NMF
<i>Net debt</i>	86.1	71.4	20.6%

Medium-term targeted installed capacity: 380 MW

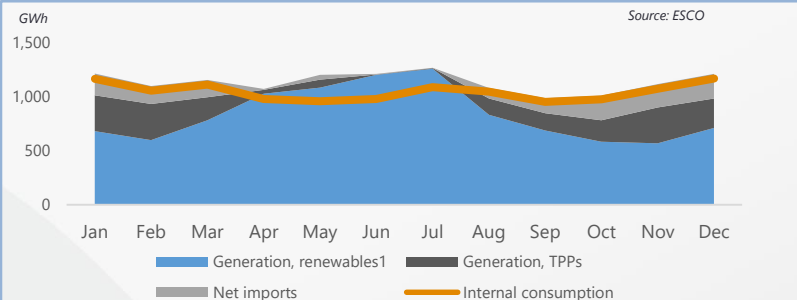
- Successfully commissioned first greenfield project of Mestiachala HPPs** on time and within the budget in 2Q19
- The Mestiachala HPPs started selling electricity since April 2019 and generated 28.2 GWh until 30 June 2019, resulting in EBITDA of GEL 2.0m²
- GRPC is currently investing in construction and development of an extensive **pipeline of renewable energy projects**
- 46 MW Zoti HPPs and 111 MW wind projects (Kaspi and Tbilisi)** are at the development stage with expected COD in 2021, while other pipeline projects are at various development stages

(1) Under development.

(2) EBITDA of GEL 2.0m attributable to Mestiachala HPPs is offset by costs associated to other projects at development stage.

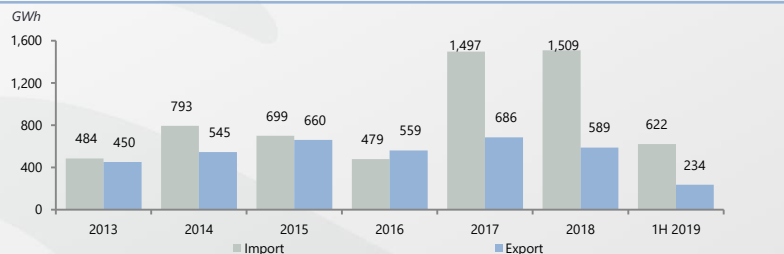
Electricity market overview

Electricity supply and consumption, 2018



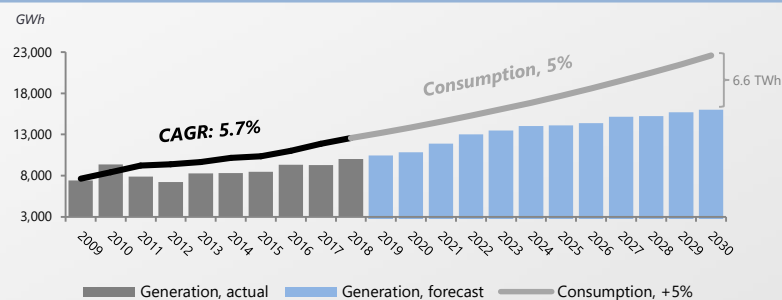
- Electricity deficit during August-April
- 16.8% of total consumption produced by gas-fired TPPs, 12.0% - imported (2018 data)

Import-export dynamics



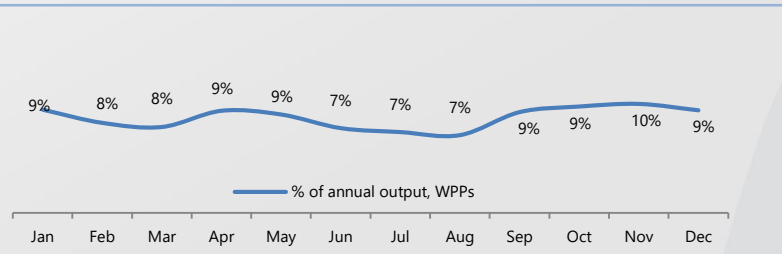
- Import's share in domestic consumption has tripled in 2017-2018 compared to 2016, as the y-o-y growth in consumption is almost entirely supplied for by imports
- Amount of imported electricity in 1H19 increased by 5.1% y-o-y

Actual and forecasted consumption



- Growth of internal consumption: 7.7% in 2017, 6.1% in 2018 and 8.6% y-o-y growth in Jun-19
- Consumption growth forecasted at minimum 5.0% CAGR in coming 15 years
- Anticipated deficit of at least 6.6 TWh by 2030

Distribution of windfarms annual generation¹



- Compared to HPPs, wind power plants (WPPs) have more even distribution throughout the year, adding more portion of output to domestic supply deficit
- Merchant risk is c. 30% in May-August, as opposed to 48% on average in run-of-river HPPs

(1) Based on preliminary measurement of GGU windfarm locations.

Electricity market deregulation

Electricity market deregulation rationale



Increasing demand on electricity and rising prices led to moving big industrial customers to free market, keeping subsidized electricity prices (Enguri & Vardnili HPPs) for residential customers

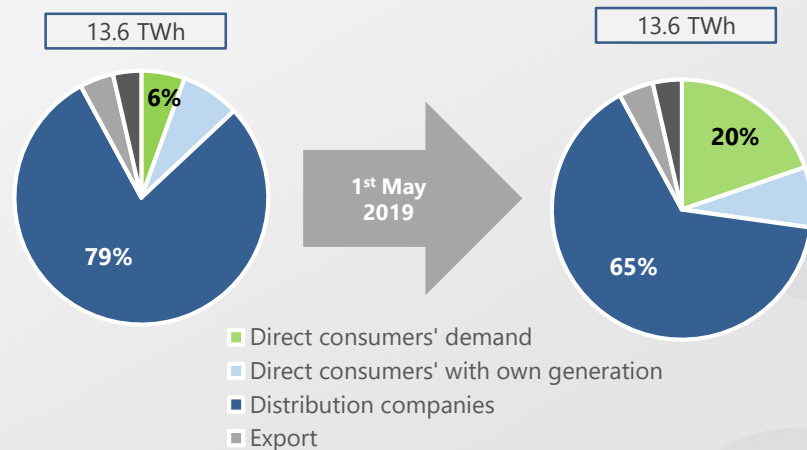


Gradual deregulation of the market also a part of the DCFTA agreement with EU



Further deregulation expected, leading to hourly trading

Effect of new consumers on the market



Deregulation in May 2019 enabled the company to immediately increase the selling price per KWh by at least 1.5x

Renewable energy projects overview

HPPs – total capacity 170 MW

WPPs – total capacity 210 MW

	Mestiachala	Zoti	Bakhvi	Racha	Tbilisi	Kaspi	Phase 2
Total capacity, MW	50	46	36	38	57	54	99
Cost per MW, US\$ millions	1.2	1.3	1.3	1.5	1.2	1.4	1.4
Net generation, GWh	171	170	127	165	172	211	341
Target leverage	70%	70%	70%	70%	75%	75%	75%
Commissioning date	1H19	2H21	1H22	1H23	2H21	2H21	1H23
ROIC ¹ \$, 2025	12.1%	12.1%	11.1%	11.7%	12.6%	14.3%	12.4%



Total Investment for 380MW

Up to GEL 1.4bn

Debt portion

Up to GEL 1.0bn

Equity portion

Up to GEL 370m

Already injected equity

GEL 81m

Run-rate annual
dividend capacity
GEL 50m+

1. 1H19 results discussion | Investment portfolio

Late stage

- *Water Utility*
- *Housing Development*
- *P&C Insurance*

Early stage

- *Renewable Energy*
- ***Hospitality & Commercial Real Estate***
- *Beverages*

Pipeline

- *Auto Service*

2. Appendices

Hospitality & Commercial real estate business financial highlights

Income statement

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Gross profit from operating leases	2,791	1,901	46.8%
Gross profit from hospitality services	697	457	52.5%
Other income	-	50	NMF
Gross Real Estate Profit	3,488	2,408	44.9%
Revaluation on commercial property ¹	7,892	-	NMF
Operating expenses	(1,860)	(557)	NMF
NOI	9,521	1,851	NMF
Net interest expense	(3,440)	(949)	NMF
Profit before non-recurring items	5,880	777	NMF
Net non-recurring items	-	(1,187)	NMF
Profit before income tax	5,880	(410)	NMF
Profit	5,880	(410)	NMF

Statement of cash flow

<i>GEL thousands, unless otherwise noted</i>	1H19	1H18	Change
Net proceeds from rent generating assets	1,925	2,124	-9.4%
Net proceeds from hospitality services	822	539	52.5%
Other operating expenses paid	(2,423)	(1,056)	NMF
Net cash flows from operating activities	324	1,607	-79.8%
Acquisition of investment property	(10,574)	(36,760)	-71.2%
Capital expenditure on investment property	(18,741)	(14,197)	32.0%
VAT return	(9,787)	-	NMF
Loans issued	(58)	(715)	-91.9%
Acquisition of subsidiaries	(13,874)	-	NMF
Net cash flows used in investing activities	(53,034)	(51,672)	2.6%
Proceeds from preferred stock issued	6,833	-	NMF
Proceeds from debt securities issued	59,964	-	NMF
Contributions under share-based payment plan	(172)	(81)	NMF
Proceeds from borrowings	67,941	91,031	-25.4%
Repayment of borrowings	(75,681)	(17,191)	NMF
Net intragroup loans (repaid)/ received	(19,526)	(27,465)	-28.9%
Interest paid	(7,792)	(1,625)	NMF
Net cash flows from financing activities	31,567	44,669	-29.3%
Effect of exchange rate changes on cash and cash equivalents	(126)	(200)	-37.0%
Total cash inflow/(outflow) ¹	(21,269)	(5,596)	NMF
Cash, beginning balance	28,616	14,806	93.3%
Cash, ending balance	7,347	9,210	-20.2%

(1) Net cash flow includes amounts due from credit institutions.

Hospitality & Commercial real estate business financial highlights (cont'd)

Balance sheet			
<i>GEL thousands, unless otherwise noted</i>	Jun-19	Dec-18	Change
Cash and cash equivalents ¹	7,347	28,614	-74.3%
Prepayments	29,903	15,713	90.3%
Investment property	294,758	225,343	30.8%
<i>Land bank</i>	55,606	37,459	48.4%
<i>Commercial real estate</i>	239,152	187,884	27.3%
Property and equipment	401	172	NMF
Other assets	42,230	24,991	69.0%
Total assets	374,639	294,833	27.1%
Borrowings	102,203	104,557	-2.3%
Debt securities issued	86,257	19,609	NMF
Other liabilities	1,980	10,829	-81.7%
Total liabilities	190,440	134,995	41.1%
Total equity attributable to shareholders of the Group	184,199	149,077	23.6%
Non-controlling interest	-	10,761	NMF
Total equity	184,199	159,838	15.2%
Total liabilities and equity	374,639	294,833	27.1%

(1) Net cash flow includes amounts due from credit institutions.

Targeting to spin-off yielding properties as a listed REIT managed by m²

Amber Group¹ – Market of US\$ 6.7bln²

1

Rent-earning assets

Grow Portfolio of rent-earning assets through residential developments/opportunistic acquisitions

8.6%

Yield

87%

Occupancy

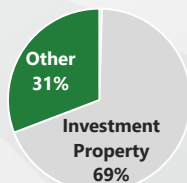
Portfolio composition

As a property manager, m² makes opportunistic investments and manages a well diversified portfolio of yielding assets:

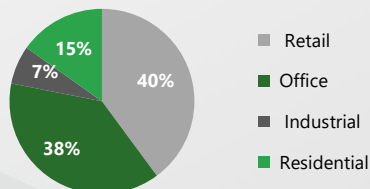
- m² retains commercial space (ground floor) at its own residential developments, constituting **up to 60%**³ of total yielding portfolio
- m² acquired opportunistically the commercial space, constituting **over 40%** of total yielding portfolio

Asset base at 30 June 2019

US\$ 54 million

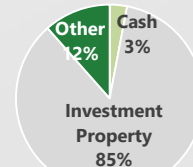


Commercial portfolio breakdown at 30 June 2019³



Asset base at 30 June 2019

US\$ 77 million



2

Hotels

Develop hotels with combined room-count of more than **1,000 keys in three years**

152 Operational Rooms

3-star Ramada Encore Kazbegi in Tbilisi, opened in Feb'18

518 Rooms under construction

4-star Ramada Melikishvili in Tbilisi: 125 rooms; Kempinski in Tbilisi: 99 rooms; Hotel on ski resort Gudauri: 121 rooms; Ramada in Kutaisi: 121 rooms; Seti Square Hotel in Mestia, Svaneti: 52 rooms;

552 Rooms under design

Hotel in Telavi: 130 rooms, Kakheti, Wine & Spa: 60 rooms; Hotel in Mestia, Svaneti: 140 rooms; Hotel in Shovi, Racha: 92 rooms; Hotel in Zugdidi: 130 rooms;

(1) Hospitality & Commercial real estate business has been renamed Amber Group in Jun-19.

(2) Gross tourism inflows (US\$ 2.7bln) and retail trade volume (US\$ 4.0bln) in 2017.

(3) The breakdown is on m² Real Estate level as all rent-generating assets will be transferred to Amber Group after construction completion.

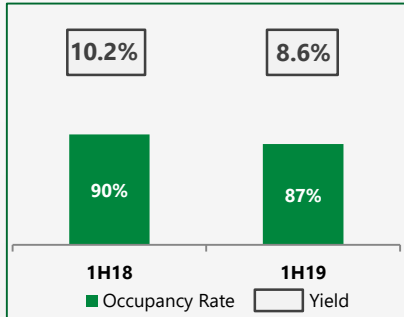
Hospitality & Commercial real estate business performance highlights

Strong Performance

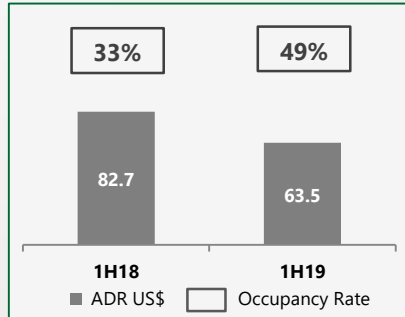
Key highlights

<i>All amounts in GEL millions</i>	1H19	1H18	Change
LTM Revenue	49.7	6.6	NMF
LTM NOI	39.2	3.9	NMF
LTM Development Capex	73.2	75.2	-2.6%
LTM Maintenance Capex	-	-	NMF
LTM FCF	(70.1)	(72.2)	-3.0%
LTM Cash from operations	4.4	3.0	48.4%
Net debt	161.6	78.2	NMF

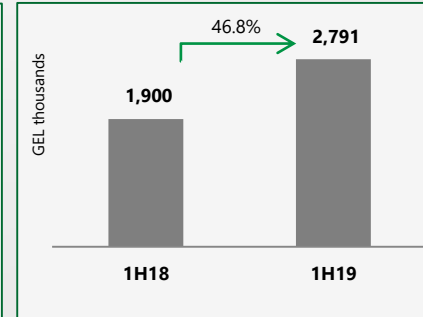
Key performance metrics | yielding business



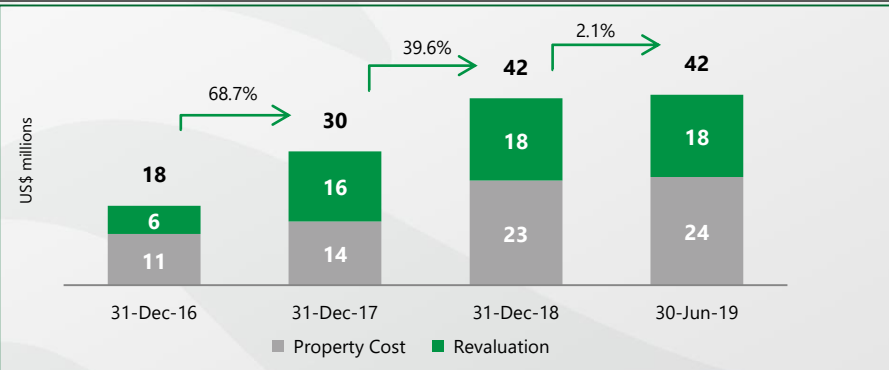
Ramada Encore on Kazbegi ave. performance



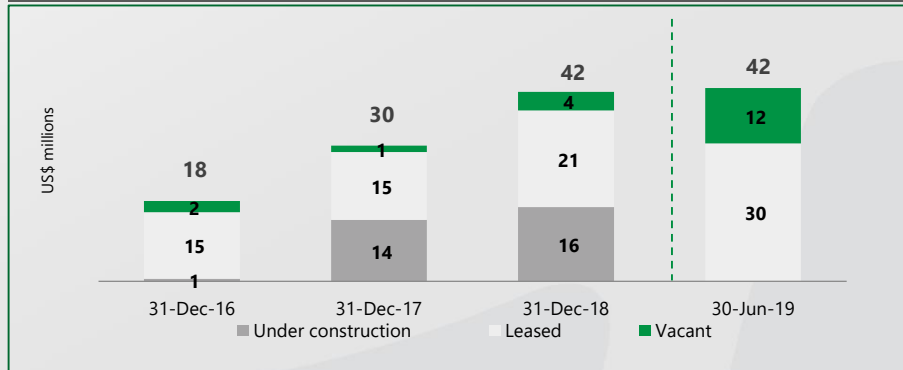
NOI from operating leases



Yielding portfolio growth



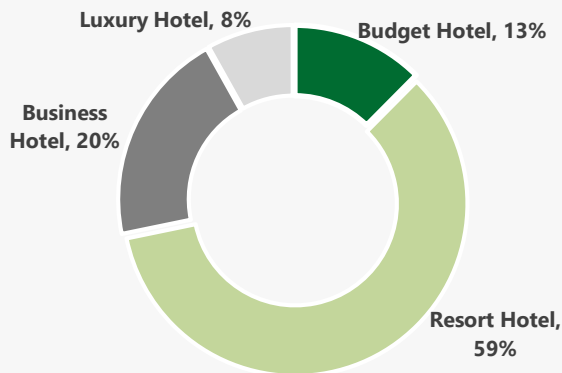
Yielding portfolio composition*



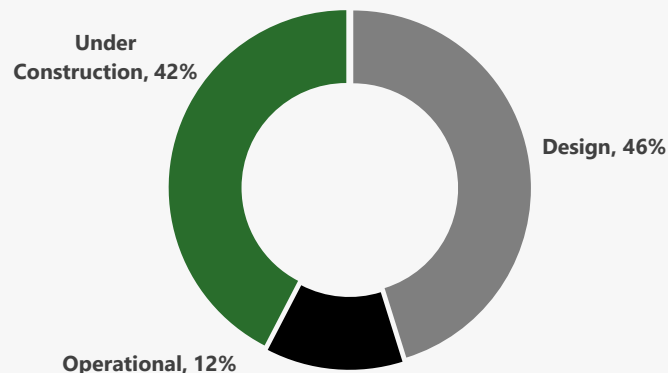
*The breakdown is on m2 Real Estate level as all rent-generating assets will be transferred to Amber Group after construction completion.

Hospitality business overview

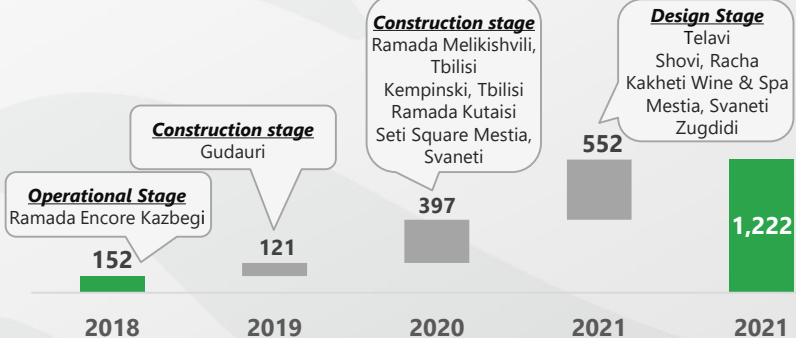
Hotel rooms by types | operational, construction, design stages



Hotel rooms by types | operational, construction, design stages



Rooms operational by years



Target return on invested capital (ROIC)¹

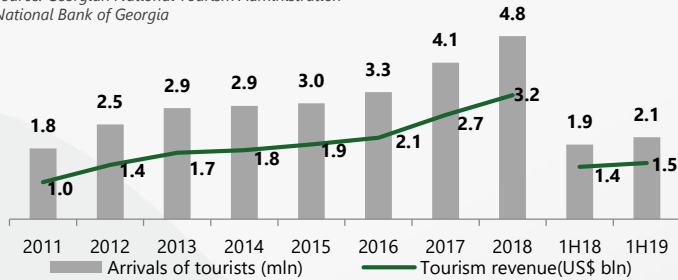
Hotel	Location	Rooms	Target opening date	Current Stage	Total Cost US\$ mln	Target ROIC
Ramada Encore Kazbegi, Tbilisi	Capital city	152	Q1-2018	Operational	12.1	15.0%
Gudauri	Region	121	Q4-2019	Construction	13.3	12.0%
Ramada Melikishvili, Tbilisi	Capital city	125	Q1-2020	Construction	13.0	14.9%
Kempinski, Tbilisi	Capital city	99	Q3-2020	Construction	28.1	12.5%
Seti Square in Mestia, Svaneti	Region	52	Q4-2020	Construction	5.9	16.3%
Ramada Kutaisi	Region	121	Q4-2020	Construction	9.5	17.5%
Kakheti Wine & Spa	Region	60	Q3-2021	Design	7.5	17.3%
Shovi, Racha	Region	92	Q3-2021	Design	5.7	15.8%
Mestia, Svaneti	Region	140	Q4-2021	Design	10.1	15.8%
Telavi	Region	130	Q4-2021	Design	12.7	13.4%
Zugdidi	Region	130	Q4-2021	Design	14.1	12.0%
Total		1,222			132.0	

(1) Return on invested capital per each hotel equals stabilized adjusted net operating income divided by total investment excl. VAT.

Hospitality & Commercial market overview

16% CAGR of tourist arrival over the last three years

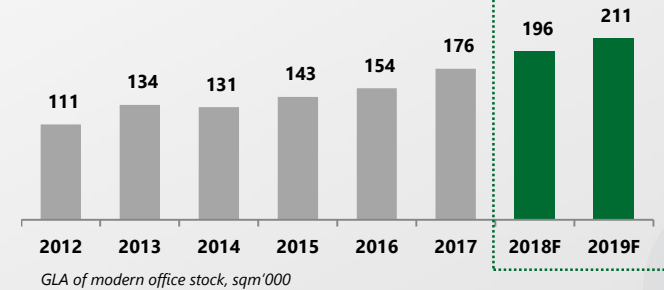
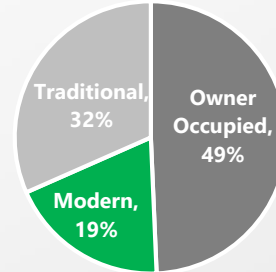
Source: Georgian National Tourism Administration
National Bank of Georgia



Record number of tourists visiting Georgia every year: 4.8 million visitors in 2018, up 16.9% y-o-y and generating 16% CAGR over the last 3 years.

Leasable modern office stock has grown over the past few years, although it remains scarce

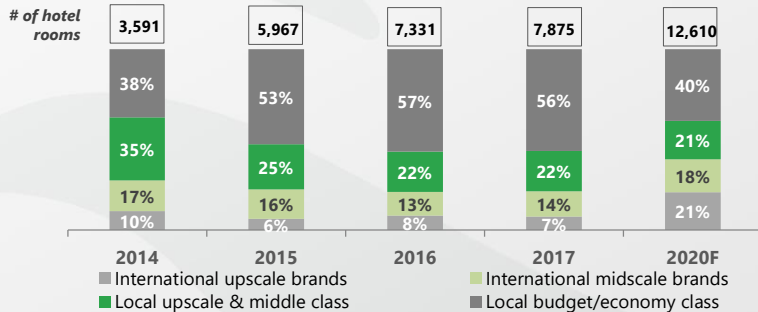
Source: Colliers International



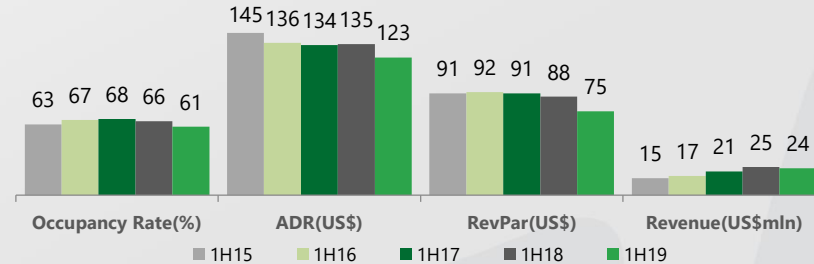
Georgian office stock's significant portion is non-refurbished, soviet-era stock (traditional). Although Tbilisi's modern office stock is growing, the city remains far behind comparable cities.

Hotel market is expected to expand significantly

Source: Colliers International



Source: STR

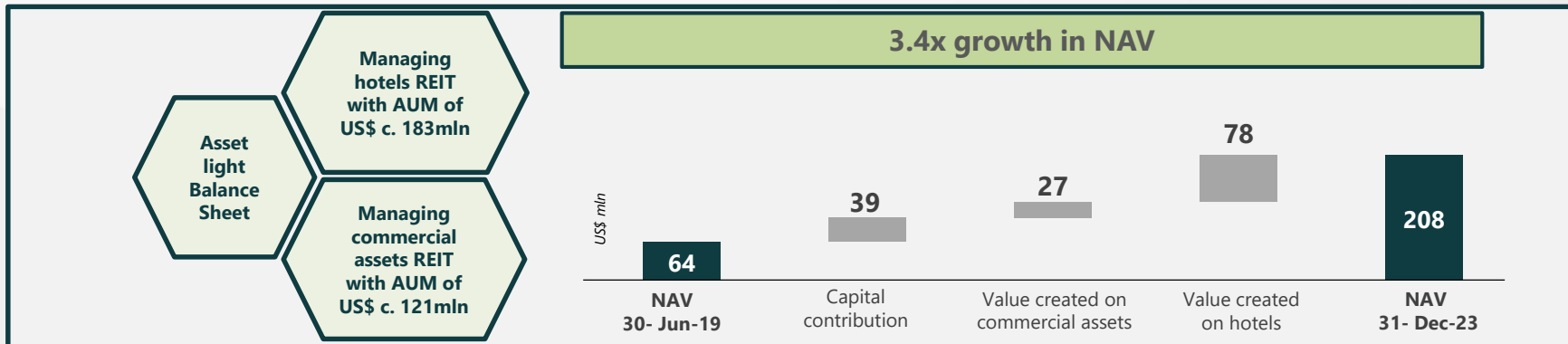


Since 2014 the number of hotel rooms has more than doubled and during the next few years the Georgian hotel market is expected to expand significantly with international brands increasing presence across Georgia.

Hospitality & Commercial real estate strategy

...2018

...2023



1. 1H19 results discussion | Investment portfolio

Late stage

- *Water Utility*
- *Housing Development*
- *P&C Insurance*

Early stage

- *Renewable Energy*
- *Hospitality & Commercial Real Estate*
- *Beverages*

Pipeline

- *Auto Service*

2. Appendices

Beverages financial highlights

Consolidated income statement			Income statement Wine business			Income statement Beer business					
<i>GEL '000, unless otherwise noted</i>	1H19	1H18	Change	<i>GEL '000, unless otherwise noted</i>	1H19	1H18	Change	<i>GEL '000, unless otherwise noted</i>	1H19	1H18	Change
Wine business	17,967	10,757	67.0%	Revenue	17,254	9,857	75.0%	Revenue	18,241	13,251	37.7%
Beer business	20,425	13,251	54.1%	COGS	(9,436)	(5,174)	82.4%	COGS	(13,374)	(8,803)	51.9%
Distribution business	7,834	6,458	21.3%	Gross profit	7,818	4,683	66.9%	Gross profit	4,867	4,448	9.4%
Revenue	46,226	30,466	51.7%	Gross Profit Margin	45.3%	47.5%		Gross Profit Margin	26.7%	33.6%	
Wine business	(9,306)	(5,361)	73.6%	Salaries and employee benefits	(2,140)	(1,383)	54.7%	Salaries and employee benefits	(4,630)	(3,874)	19.5%
Beer business	(14,223)	(8,803)	61.6%	Sales and marketing expenses	(208)	(197)	5.6%	Sales and marketing expenses	(2,449)	(3,540)	-30.8%
Distribution business	(6,033)	(5,045)	19.6%	General and administrative expenses	(1,274)	(748)	70.3%	General and administrative expenses	(2,484)	(2,282)	8.9%
COGS	(29,562)	(19,209)	53.9%	Distribution expenses	(679)	(544)	24.8%	Distribution expenses	(1,024)	(1,148)	-10.8%
Gross Profit	16,664	11,257	48.0%	Other operating expenses	(471)	(184)	NMF	Other operating expenses	(744)	(1,188)	-37.4%
Gross Profit Margin	36.0%	36.9%		EBITDA	3,046	1,627	87.2%	EBITDA	(6,464)	(7,584)	-14.8%
Salaries and employee benefits	(9,907)	(6,352)	56.0%	<i>EBITDA margin</i>	17.7%	16.5%		<i>EBITDA margin</i>	-35.4%	-57.2%	
Sales and marketing expenses	(2,697)	(3,794)	-28.9%	Net foreign currency (loss)/gain	(1,964)	90	NMF	Net foreign currency gain (loss)	(4,561)	4,486	NMF
General and administrative expenses	(4,205)	(3,557)	18.2%	Depreciation and amortization	(1,114)	(587)	89.8%	Depreciation and amortization	(5,358)	(4,341)	23.4%
Distribution expenses	(3,112)	(2,012)	54.7%	Non-recurring items	-	(196)	NMF	Net interest income/expense	(4,236)	(2,025)	NMF
Other operating expenses	(1,474)	(1,630)	-9.6%	Net interest income/expense	(1,960)	(931)	NMF	Loss for the period	(20,619)	(9,464)	NMF
EBITDA	(4,731)	(6,088)	-22.3%	(Loss) Profit for the period	(1,992)	3	NMF				
<i>Wine EBITDA</i>	3,046	1,627	87.2%								
<i>Beer EBITDA</i>	(6,464)	(7,584)	NMF								
<i>Distribution EBITDA</i>	(985)	276	NMF								
Net foreign currency gain (loss)	(6,525)	4,501	NMF								
Depreciation and amortization	(7,232)	(5,245)	37.9%								
Non-recurring items	-	(196)	NMF								
Net interest income/expense	(6,271)	(2,939)	NMF								
(Loss) Profit	(24,759)	(9,967)	NMF								

Beverages financial highlights (Wine business)

Statement of cash flow

<i>GEL '000, unless otherwise noted</i>	1H19	1H18	Change
Cash received from customers	19,921	11,697	70.3%
Cash paid to suppliers	(8,505)	(4,451)	91.1%
Cash paid to employees	(2,608)	(1,121)	NMF
Cash paid for operating expenses	(4,770)	(3,071)	55.3%
Taxes paid	(2,242)	(1,493)	50.2%
Net cash flows from operating activities	1,797	1,564	14.9%
Investments in Subsidiaries	-	(16,604)	NMF
Purchase of Property, Plant & Equipment	(3,844)	(98)	NMF
Cash inflow from restricted cash account	-	1,872	NMF
Net cash flows from used in investing activities	(3,844)	(14,830)	NMF
Proceeds from borrowings	18,545	18,918	-2.0%
Repayments of borrowings	(18,115)	(4,547)	NMF
Interest paid	(1,527)	(882)	73.1%
Capital increase	226	432	-47.7%
Net cash flows from financing activities	(871)	13,921	NMF
Effect of exchange rates changes on cash and cash equivalents	380	(485)	NMF
Total cash inflow	(2,538)	170	97.0%
Cash and cash equivalents, beginning	8,380	3,485	NMF
Cash and cash equivalents, ending	5,842	3,655	NMF

Balance sheet

<i>GEL '000, unless otherwise noted</i>	Jun-19	Dec-18	change
Cash and cash equivalents	5,845	8,380	-30.3%
Amounts due from financial institutions	975	930	4.8%
Accounts Receivable	12,998	12,409	4.7%
Prepayments & Other Assets	1,594	985	61.8%
Inventory	17,934	18,979	-5.5%
Intangible Assets, Net	291	333	-12.6%
Goodwill	3,136	3,136	0.0%
Property and Equipment, Net	34,702	32,233	7.7%
Total Assets	77,475	77,385	0.1%
Accounts Payable	4,687	5,894	-20.5%
Borrowings	31,745	49,857	-36.3%
Other Current Liabilities	2,491	3,658	-31.9%
Total Liabilities	38,923	59,409	-34.5%
Total equity	38,552	17,976	NMF
Total liabilities and equity	77,475	77,385	0.1%

Beverages financial highlights (Beer business)

Statement of cash flow

<i>GEL '000, unless otherwise noted</i>	1H19	1H18	Change
Proceeds from sales	21,802	18,189	19.9%
Cash outflows for inventory	(11,775)	(8,302)	41.8%
Transportation Cost	(982)	(807)	21.7%
Sales and Marketing Expenses	(4,432)	(3,556)	24.6%
Operating Expenses	(13,396)	(12,847)	4.3%
Net cash flows from operating activities	(8,783)	(7,323)	-19.9%
Cash outflows for purchase of Property, plant and equipment	(15,810)	(3,850)	NMF
Net cash flows used in investing activities	(15,810)	(3,850)	NMF
Proceeds from borrowings	88,719	1,200	NMF
Repayment of borrowings	(68,658)	(16)	NMF
Interest paid	(3,522)	(1,035)	NMF
Issue of share capital	10,143	1,358	NMF
Net cash flows from financing activities	26,683	1,507	NMF
Effect of exchange rates on cash and cash equivalents	(278)	(883)	68.5%
Total cash inflow/(outflow)	1,811	(10,549)	NMF
Cash and cash equivalents at beginning of period	1,244	13,002	-90.4%
Cash and cash equivalents at end of period	3,055	2,453	24.5%

Balance sheet

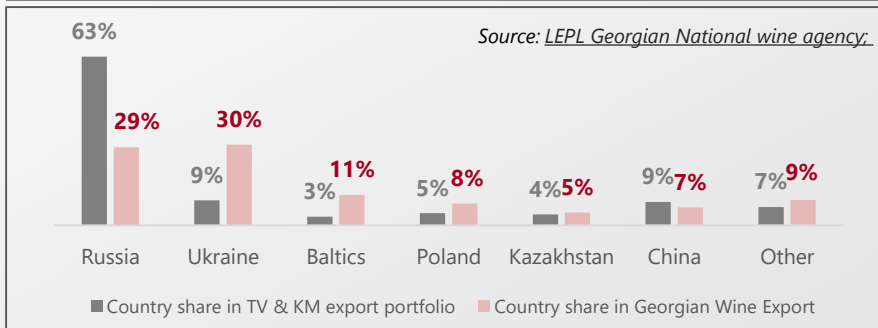
<i>GEL '000, unless otherwise noted</i>	Jun-19	Dec-18	change
Cash and cash equivalents	3,055	1,249	NMF
Amounts due from financial institutions	-	8	NMF
Accounts Receivable	8,693	2,156	NMF
Prepayments & Other Assets	5,976	4,998	19.6%
Inventory	9,817	6,618	48.3%
Intangible Assets, Net	8,696	631	NMF
Goodwill	2,226	2,226	0.0%
Property and Equipment, Net	99,589	98,267	1.3%
Total Assets	138,052	116,153	18.9%
Accounts Payable	15,160	9,530	59.1%
Borrowings	92,302	68,096	35.5%
Other Current Liabilities	4,850	2,310	NMF
Total Liabilities	112,312	79,936	40.5%
Total equity	25,740	36,217	-28.9%
Total liabilities and equity	138,052	116,153	18.9%

Wine business performance highlights

Key facts

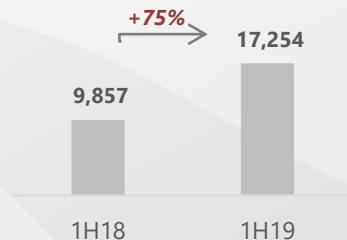
- Two wineries with total capacity of 9 million bottles production per annum;
- In top five wine producers by vineyard base (increased vineyards from 86 hectares to 451 hectares);
- In 1H19 exported wine to 17 countries (84% of total revenue);
- Holding 5% of Georgian wine export market in 1H19;
- Awarded the "Best in Show Award" by Decanter - first Georgian wine to receive this award in the history.

Georgian Wine Revenue, by export countries (1H19, bottles)

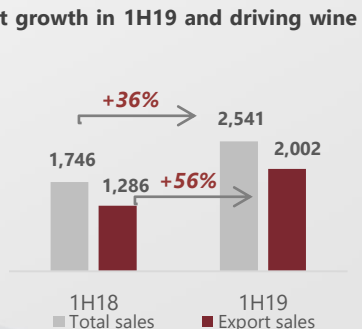


Wine Revenue (GEL '000)

- Wine export sales outperforming the strong market growth in 1H19 and driving wine revenues up 75%

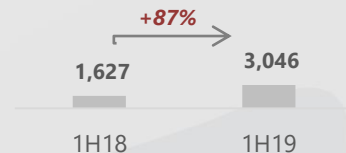


Wine Sales (Thousand bottles)



EBITDA (GEL '000)

- Outstanding topline growth coupled with positive operating leverage led to 87% growth in wine EBITDA



Beer business performance highlights

1H19 performance

HL	1H18	1H19
Beer	65,138	84,594
Lemonade	10,943	11,474
Total	76,081	96,067

+26%

Sales, GEL '000

Beer	12,260	16,973
Lemonade	991	1,268
Total	13,251	18,241

+38%

MTD Jun-19 performance

HL	Jun-18	Jun-19
Beer	19,494	31,396
Lemonade	1,329	3,072
Total	20,823	34,468

+66%

Sales, GEL '000

Beer	2,921	5,363
Lemonade	100	342
Total	3,021	5,705

+89%

1H19 developments

Focused on launching new brands within the first five months of 2019



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

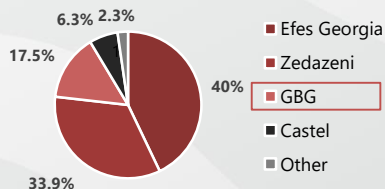


Jun-19: Received licence to produce Heineken

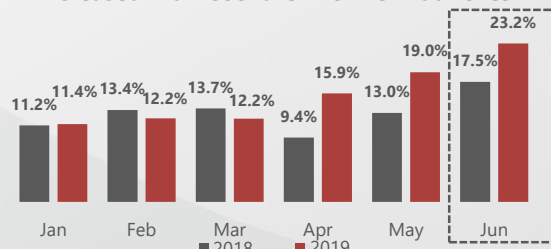
Jul-19: Heineken launch, exclusive Heineken producer in Georgia

- We expect to see the full effect of new launches from July 2019
- **Strong beer sales volumes in June and July of 2019 leading to 100% utilization brewing capacity (c. 31,000 hectolitres in June and c. 33,505 hectolitres in July) resulting in GEL 0.6 million positive EBITDA in July 2019**

Domestic market segmentation at 30-Jun-19¹



Increased market share with new launches



(1) Market share is calculated based on beer sales in liters at the end of the first half of 2019 year.

Wine business strategy

Strategic goals

Diversify exports & focus on key destinations

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



Cost optimization

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



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



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 +
ROIC¹	12%		15% +
Bottles (millions)	4.3	21%	11 +
Vineyards (hectares)	436	18%	1,000 +
Key export markets	3		6

Maintaining double digit growth

(1) Return on invested capital is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds.

Beer business strategy

Organic growth strategy		
	2018	2023
Sales Volume, HL	159,825	2.5x
Revenue, GEL mln	29.3	2.5x
EBITDA, GEL mln	(13.8)	>18
Net Debt, GEL mln	66.9	<64
ROIC ¹	-22.0%	>10%
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

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

1. 1H19 results discussion | Investment portfolio

Late stage

- *Water Utility*
- *Housing Development*
- *P&C Insurance*

Early stage

- *Renewable Energy*
- *Hospitality & Commercial Real Estate*
- *Beverages*

Pipeline

- *Auto Service*

2. Appendices

PTI business financial highlights



Income statement

<i>GEL thousands, unless otherwise noted</i>	1H19
Revenue	5,304
Gross profit	3,023
Operating expenses	(2,410)
EBITDA	613
Depreciation & amortization expenses	(1,000)
Interest expense	(2,409)
Net loss	(3,321)

Cash Flow

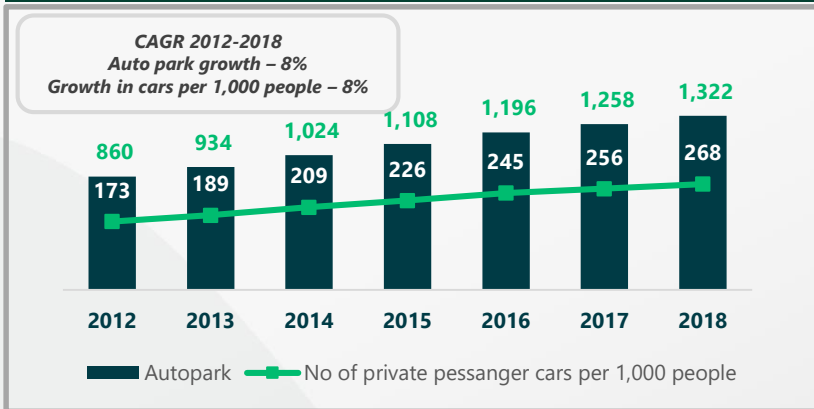
<i>GEL thousands, unless otherwise noted</i>	1H19
Net cash flows from operating activities	1,803
Net cash flows from used in investing activities	(15,492)
Net cash flows from financing activities	13,649
Cash ending balance	174

Balance Sheet

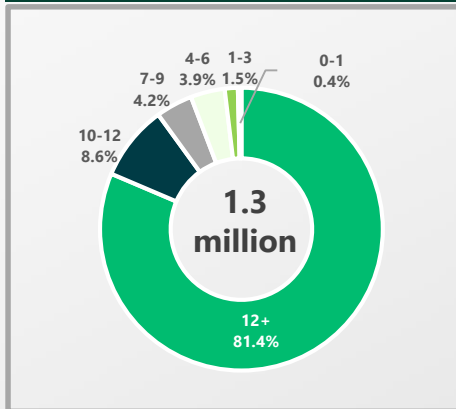
<i>GEL thousands, unless otherwise noted</i>	Jun-19	Dec-18	Change
PPE, net & Intangible assets, net	49,553	37,840	31%
Total assets	53,314	41,395	29%
Borrowings	46,726	38,095	29%
Total liabilities	52,961	42,721	24%
Total equity	353	(1,326)	NMF

PTI market overview

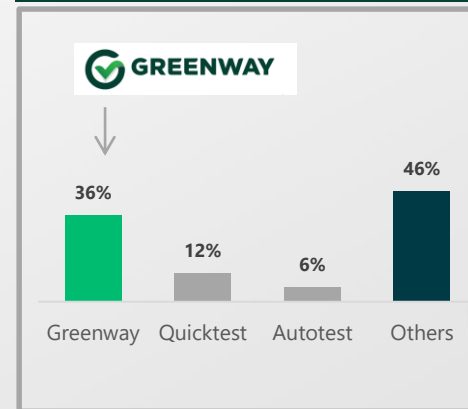
Auto park in Georgia ('000)



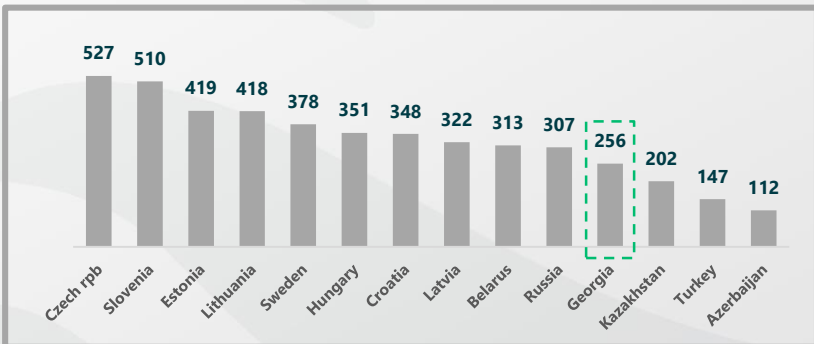
Auto park by age in years (2018 data)



Market share by inspection lines



Number of passenger cars per 1,000 people, (2017)



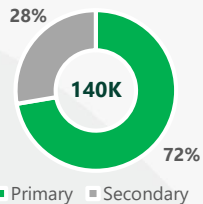
Highlights

- Georgia's auto park continues to grow steadily, with 8% CAGR during 2012-2018, vast majority of vehicles still remains outdated
- Georgia lags behind developed countries by number of private passenger cars per capita, showing room for further growth
- In July 2018, GWG won state tender to launch and operate 51 periodic technical inspection lines across Georgia with a 10-year license
- Technical inspection prices are fixed set at GEL 60 and GEL 100 for light vehicles and heavy vehicles, respectively
- Greenway Georgia is undisputed market leader in terms of inspection lines with 36% market share

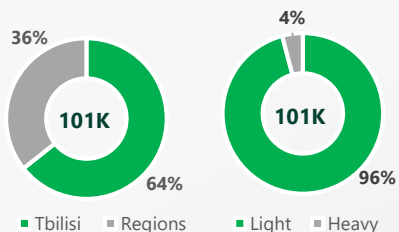
PTI business performance highlights

Number of inspection checks 1H19 ('000)

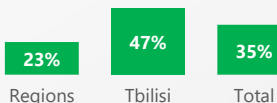
Total checks



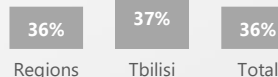
Primary checks



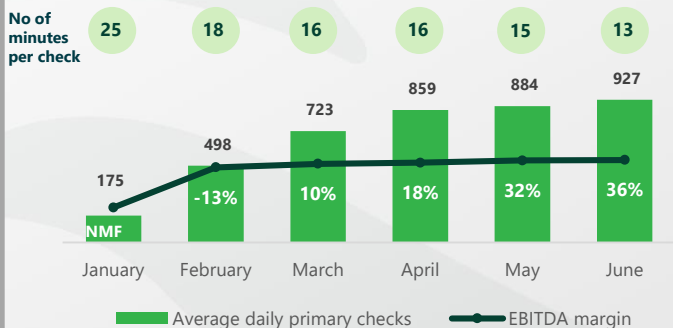
Running market share*



Occupancy rate



Positive EBITDA within 3 months from operations



51 Inspection Lines

Tbilisi
(30 lines)

10 inspection centers in most convenient places in the capital city

Regions
(21 lines)

16 inspection centers in the regions, and 3 mobile inspection stations, covering in total 17 regions

All inspection centers were constructed and put into operations within 6 months (end of February 2019)

Up to 300,000 inspections per year



* Internal estimate based on total number of vehicles and assuming 65% are active

1. 1H19 results discussion | Investment portfolio

Late stage

- *Water Utility*
- *Housing Development*
- *P&C Insurance*

Early stage

- *Renewable Energy*
- *Hospitality & Commercial Real Estate*
- *Beverages*

Pipeline

- *Auto Service*

2. Appendices

Glossary

- **Combined ratio** equals sum of the loss ratio and the expense ratio
- **EBITDA** - Earnings before interest, taxes, non-recurring items, FX gain/losses and depreciation and amortization; The Group has presented these figures in this document because management uses EBITDA as a tool to measure the Group's operational performance and the profitability of its operations. The Group considers EBITDA to be an important indicator of its representative recurring operations.
- **Expense ratio** in P&C Insurance equals sum of acquisition costs and operating expenses divided by net earned premiums
- **GCAP** refers to Georgia Capital PLC
- **Loss ratio** equals net insurance claims expense divided by net earned premiums
- **LTM** – last twelve months
- **MTD** – Month to date
- **NAV** – Net Asset Value, represents the net value of an entity and is calculated as the total value of the entity's assets minus the total value of its liabilities.
- **NMF** – Not meaningful
- **NOI** – net operating income
- **ROAE** – Return on average total equity (ROAE) equals profit for the period attributable to shareholders divided by monthly average equity attributable to shareholders of the business for the same period for P&C Insurance
- **ROIC** – return on invested capital is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds

Company information



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Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.

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Share price information

Shareholders can access both the latest and historical prices via the website

www.georgiacapital.ge

