



TELIANI VALLEY®

Teliani Valley Beverage Business

BGEO Investor Day

Speaker: Shota Kobelia, CEO

9 November 2017

Teliani overview

Industry overview

Performance highlights

Teliani strategy

Annex

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Industry overview

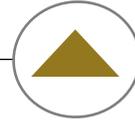
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Beverage Market

Total Beverage Market - GEL 1.8bln



Wine (bottled)

GEL 50mln



Beer

GEL 357mln



Juice

GEL 90mln

Local Market

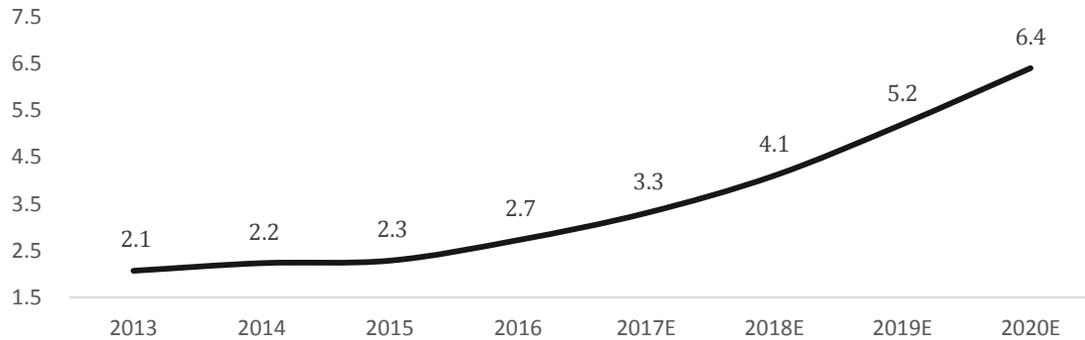
Export Market

GEL 350mln

Wine market overview

Key drivers for wine sales growth - local

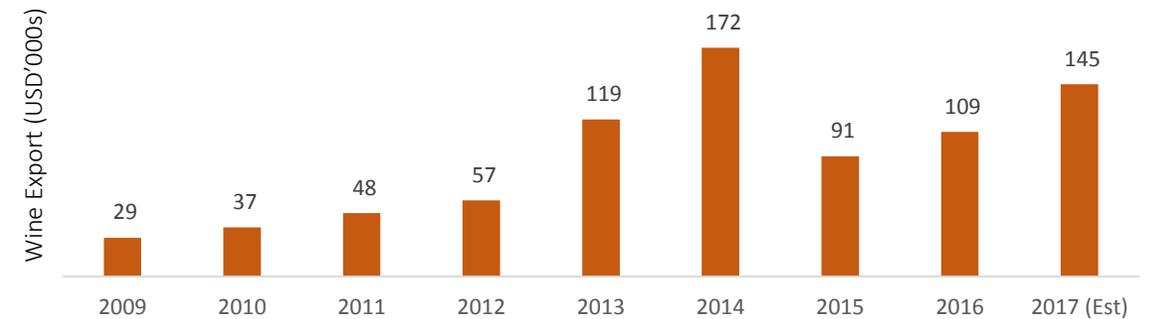
- Switch from homemade to bottled wine
- Number of tourists



* Source: Georgian National Tourist Administration

Key drivers for wine sales growth - export

- Free trade agreement signed between Georgia and EU in July 2016
- Free trade agreement signed between Georgia and China in May 2017



Source: National statistics office of Georgia

	Market	Teliani	Growth rate
Georgia		35%	
Ukraine	10%	22%	
Poland	4%	15%	c. 400%
China	10%	9%	c. 400%

Number of players on the market - 127

Beer and lemonade market overview

Highly concentrated, but sizeable market

- Beer and lemonade market is GEL 447mln;
- 74.3% of the market is concentrated within 2 major players;
- All have mix of local and foreign brands (foreign brands are produced in Georgia).

Key drivers for beer sales growth

- *Beer consumption relative to disposable income* – per capita beer consumption in Georgia is expected to increase by 54% between 2016 and 2021;
- *The size of beer consuming population* – supported by the increasing number of tourists arriving in Georgia (CAGR' 22.1% between 2007 and 2016).

GBG international brands to be introduced



2018

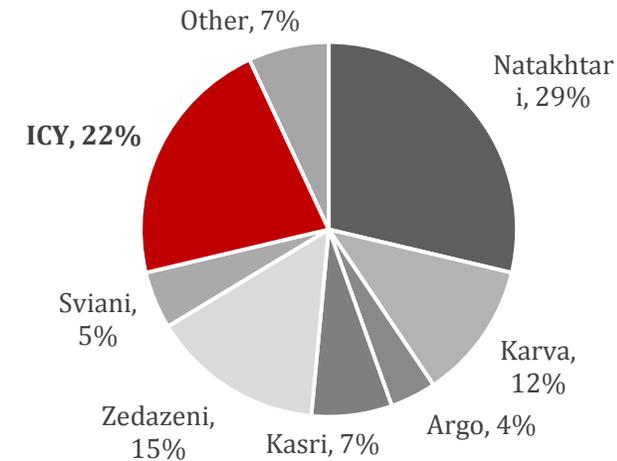


2018

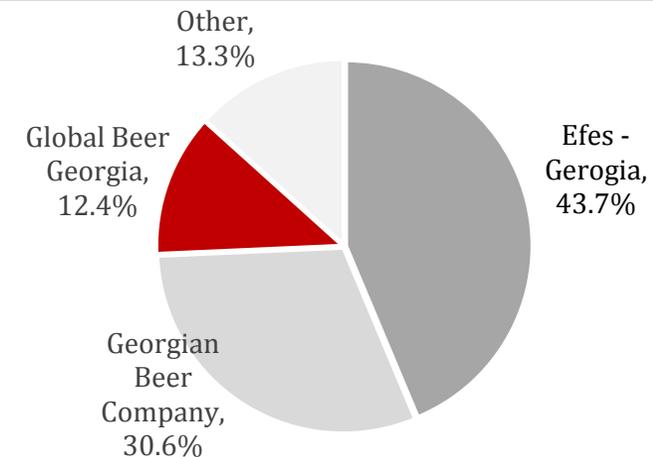


2019

Local brands beer market segmentation (Sep-17)



Domestic beer market segmentation (Sep-17)



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ICY Launch

NEW DAY - NEW STORY

Main objectives

- To build a brand awareness as a new refreshing mainstream beer
- Encourage a trial of new brand
- Create an unique brand positioning



Communication content

- Distribution
- Trade visibility
- Soap opera
- Sponsoring of National Rugby Team



Trade visibility

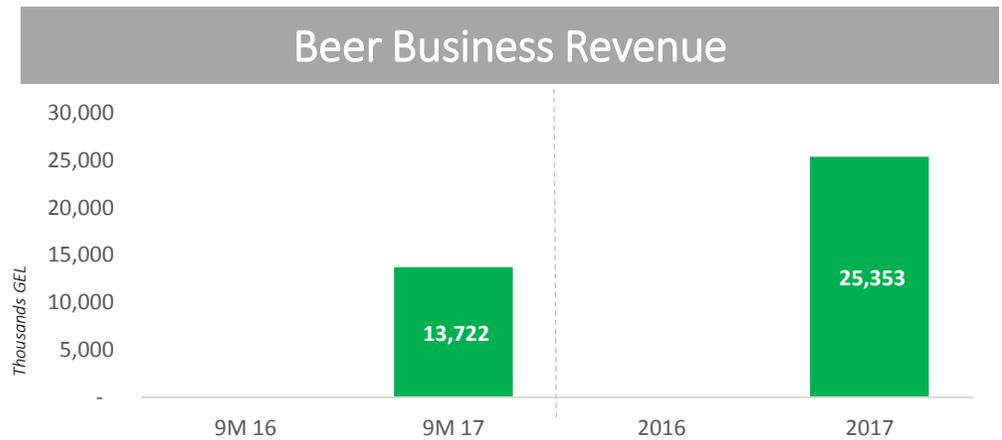
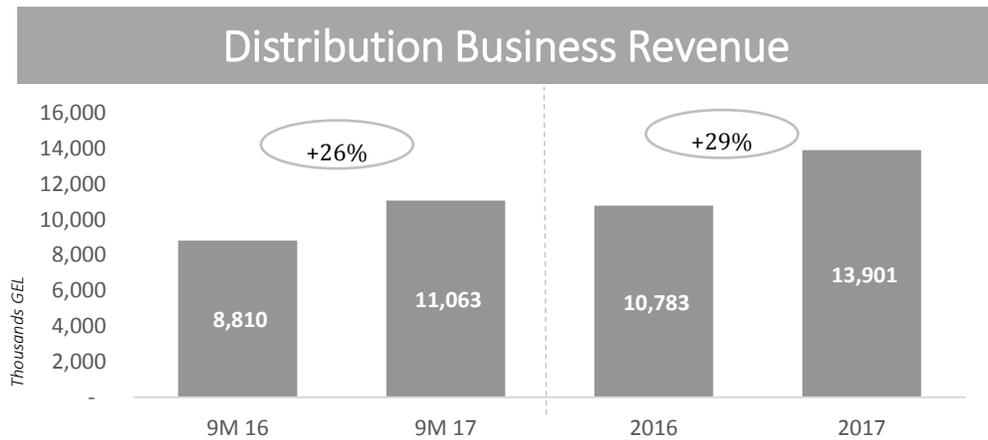
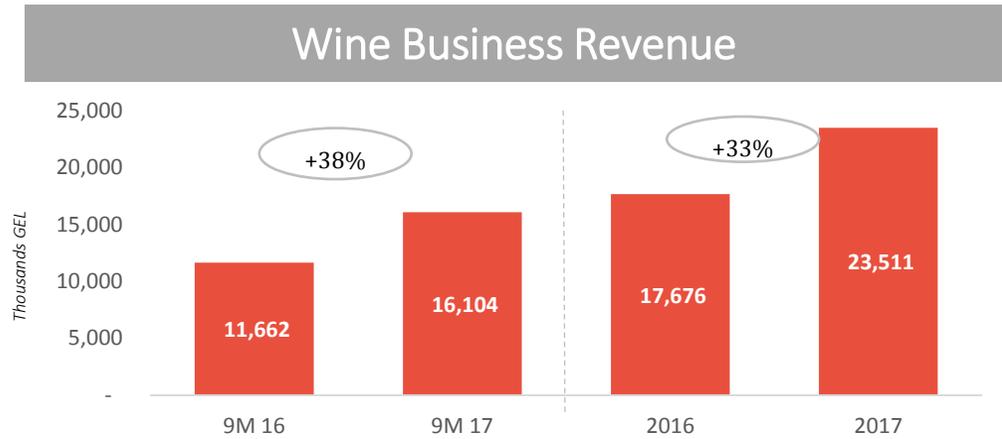
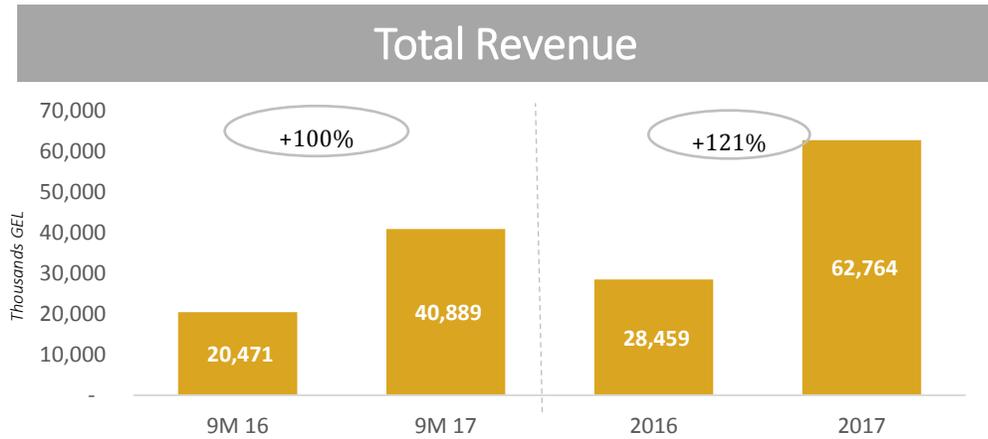
- 24% on trade
- 34% off trade
- 7,270 Fridges



Results

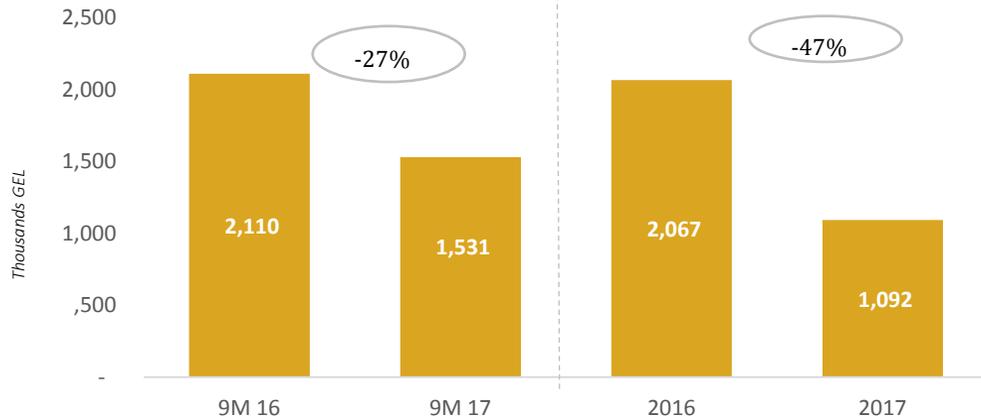
- Total awareness – 97%
- Total usage – 28%
- Equity score – 60%
- Market share among local brands – 22%

Revenue Breakdown

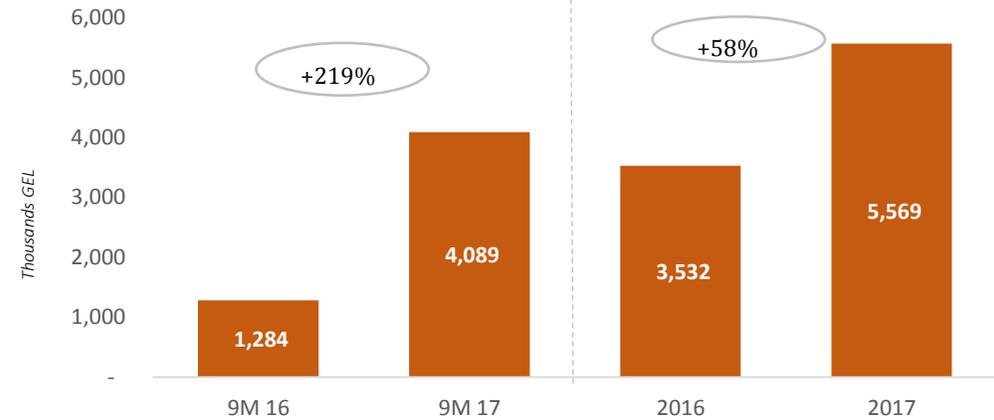


EBITDA Breakdown

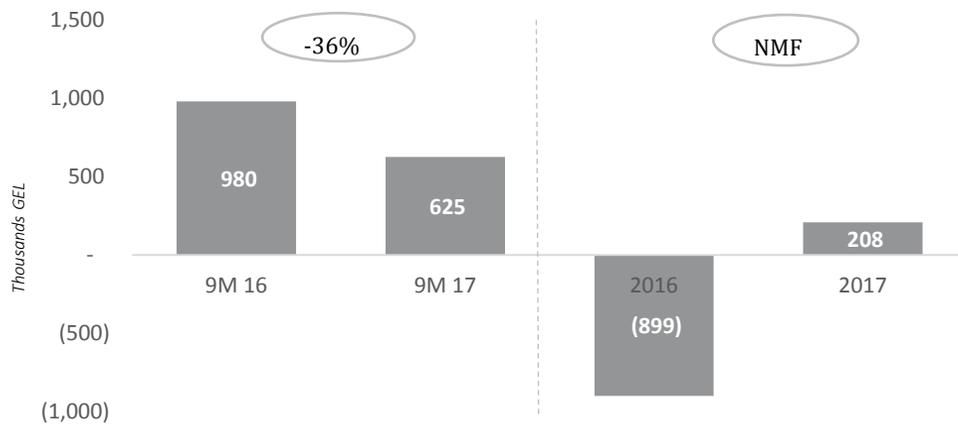
Total EBITDA



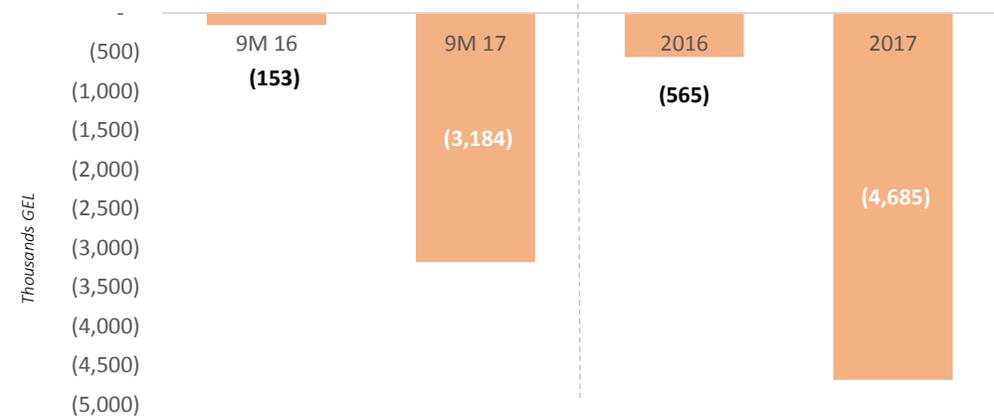
Wine Business EBITDA



Distribution Business EBITDA



Beer Business EBITDA



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Teliani Strategy

Become a leading beverages producer and distributor in Caucasus

Wine business

- Retain the leading position on the local market
- Become the leader on export markets by the end of 2019

Distribution business

- Become the largest third-party logistics company (3PL)

Beer business

- Achieve 33% market share by the end of 2020

Strategic Targets

Short term objectives

- Open a subsidiary or increase involvement with existing partners in Poland
- Open a subsidiary or increase involvement with existing partners in China
- Upgrade winery facility

- Increase the number of outlets operated
- Increase the number of distribution vehicles
- Enhance product portfolio

- Achieve 23% market share
- Brew international licensed beer - Heineken, Krusovice & Amstel
- Export local beer and lemonade brands to CIS countries

Priorities For 2018

Factory Visit

You are kindly invited to visit our beer factory in Tsilkani on November 11th at 11 am.



New day - new story! 🍷

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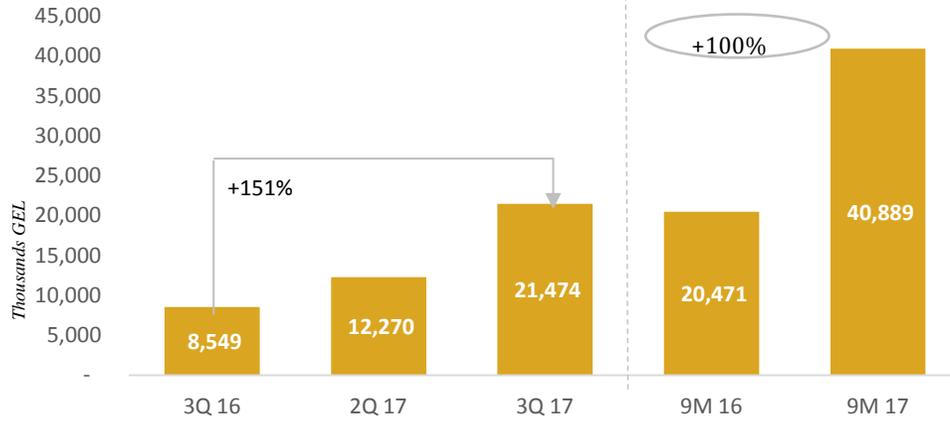
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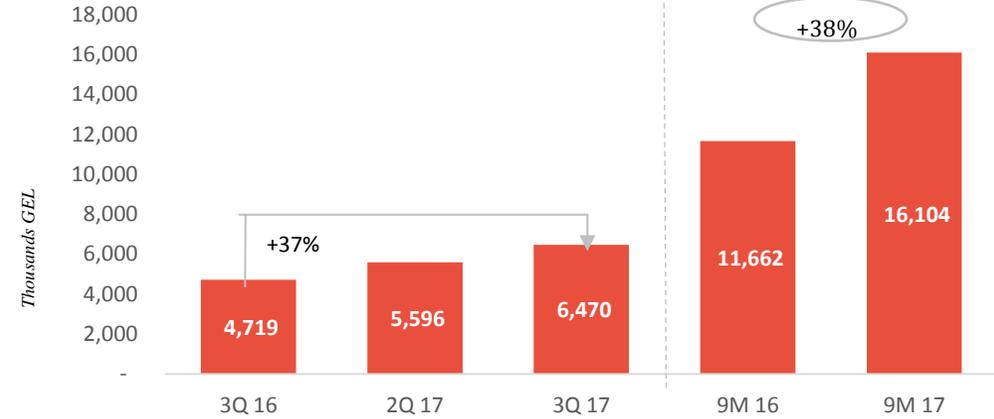
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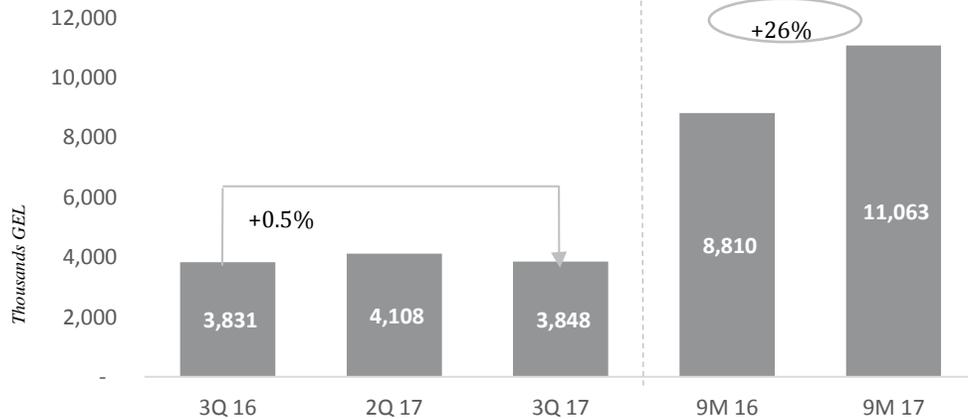
Total Revenue



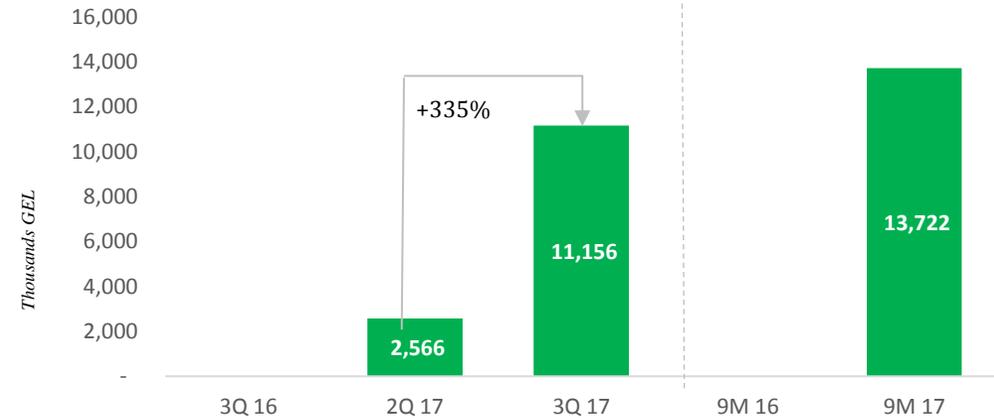
Wine Business Revenue



Distribution Business Revenue

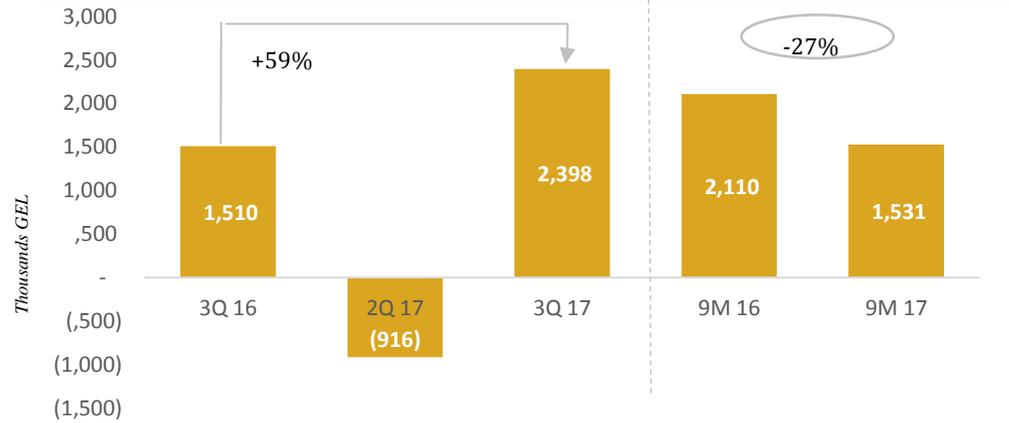


Beer Business Revenue

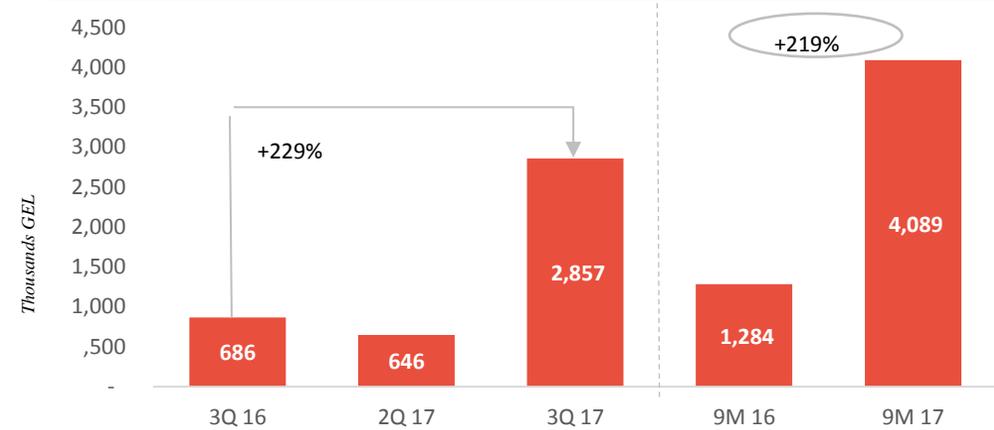


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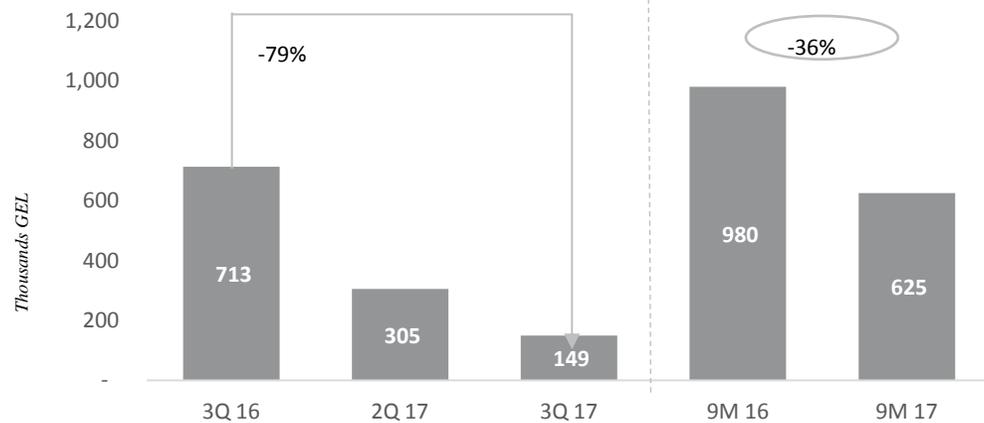
Total EBITDA



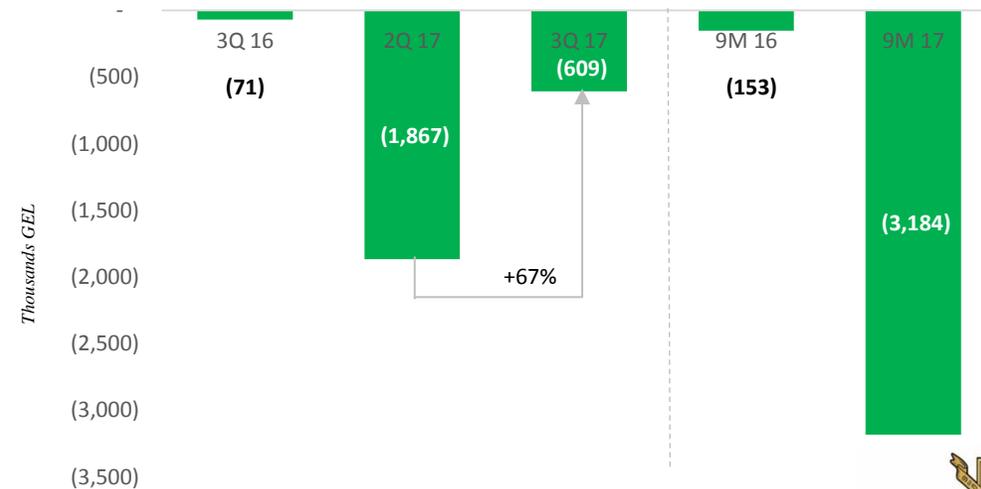
Wine Business EBITDA



Distribution Business EBITDA



Beer Business EBITDA



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