



GEORGIAN MACRO OVERVIEW

1Q21 results

18 May 2021

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CONTENTS

01 COVID-19 UPDATE | GEORGIA

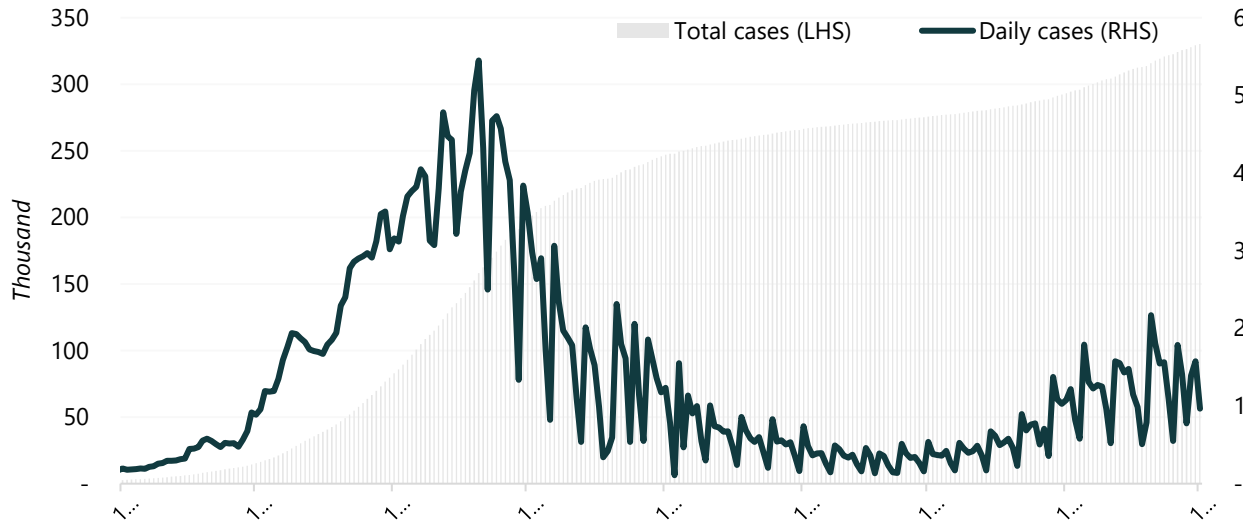
02 1Q21 GEORGIAN MACRO OVERVIEW



COVID-19 STATISTICS



COVID-19 CASES: DYNAMICS IN GEORGIA



NUMBER OF TOTAL CASES - 330,375

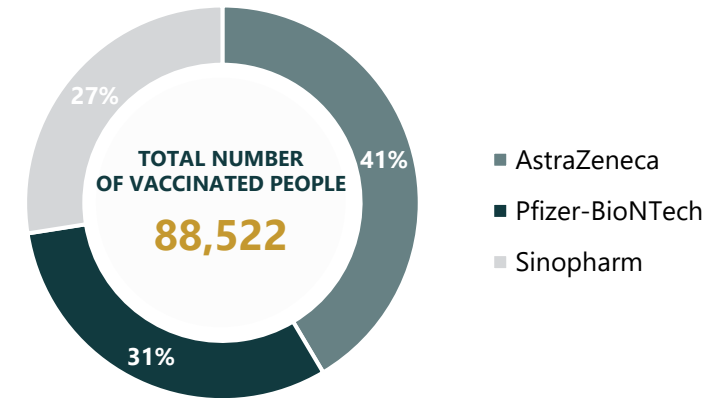
7-DAY POSITIVE RATE - 3.09%

STATISTICS AS OF:

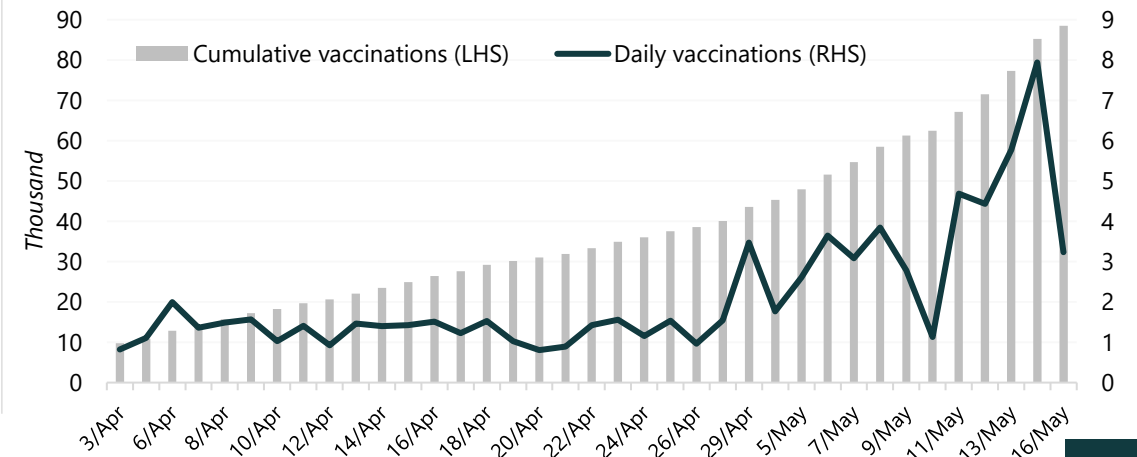
	4-DEC-20 PEAK PERIOD OF THE SECOND LOCKDOWN	16-MAY-21 NOW	% CHANGE
ACTIVE CASES	27,370	17,086	-38%
DAILY CASES	5,450	968	-82%
AVERAGE DAILY TESTS ¹	13,720	29,928	+118%

➤ ECONOMY NEARING FULL REOPENING, AS THE COUNTRY-WIDE NIGHT-TIME CURFEW IS THE ONLY REMAINING MAJOR RESTRICTION, WHICH WAS SHORTENED TO 11PM TO 5AM ON 17 MAY 2021

3.1% OF TOTAL ADULT POPULATION HAS BEEN VACCINATED AS AT 16-MAY-21



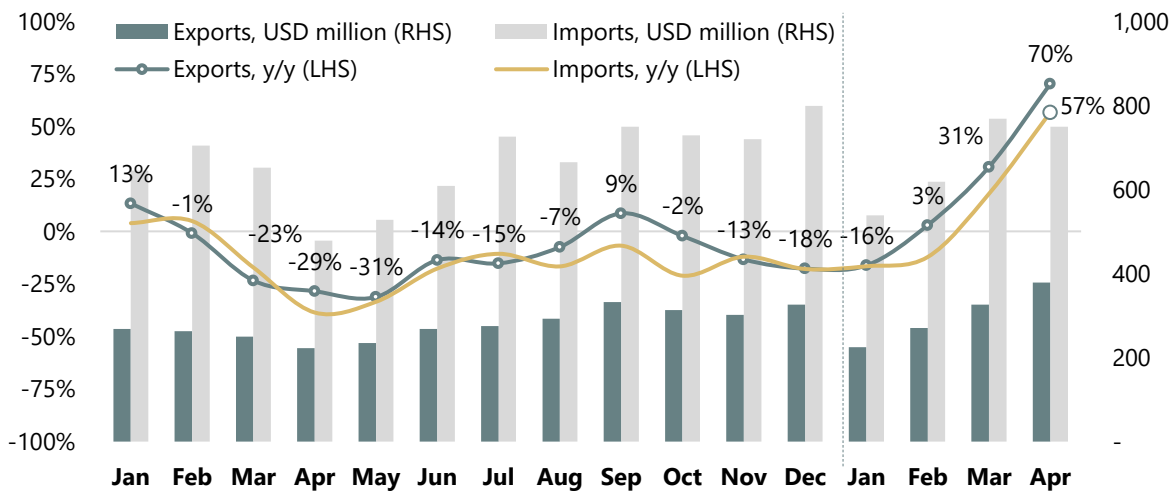
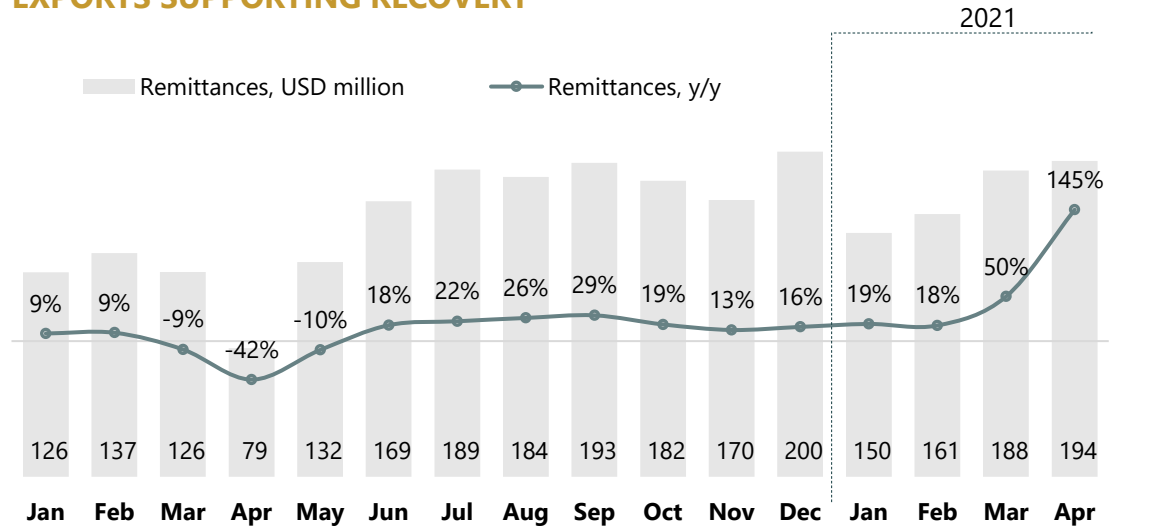
- ACCORDING TO THE GOVERNMENT PLAN, GEORGIA TARGETS TO VACCINATE AT LEAST 60% OF THE ADULT POPULATION IN 2021
- 4 MILLION DOSES OF VACCINE IS REQUIRED FOR REACHING THE TARGET, WHERE 1.5 MILLION IS GUARANTEED THROUGH THE COVAX PLATFORM IN 2021, WHILE DISCUSSIONS ARE ONGOING WITH VACCINE PRODUCERS FOR THE REST



MACROECONOMIC INDICATORS IN 2021

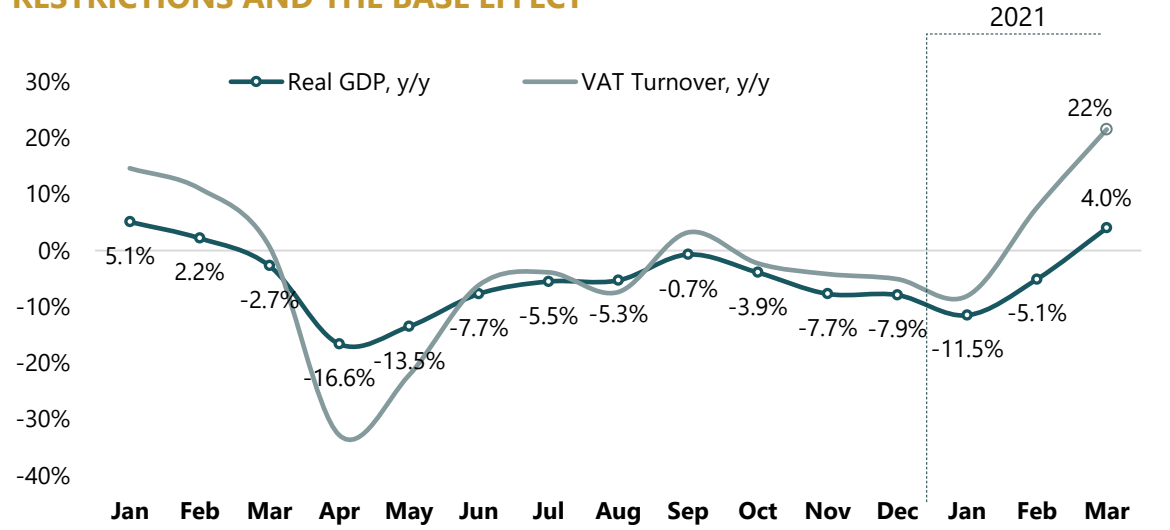


RECORD HIGH REMITTANCES AND REBOUNING MERCHANDISE EXPORTS SUPPORTING RECOVERY

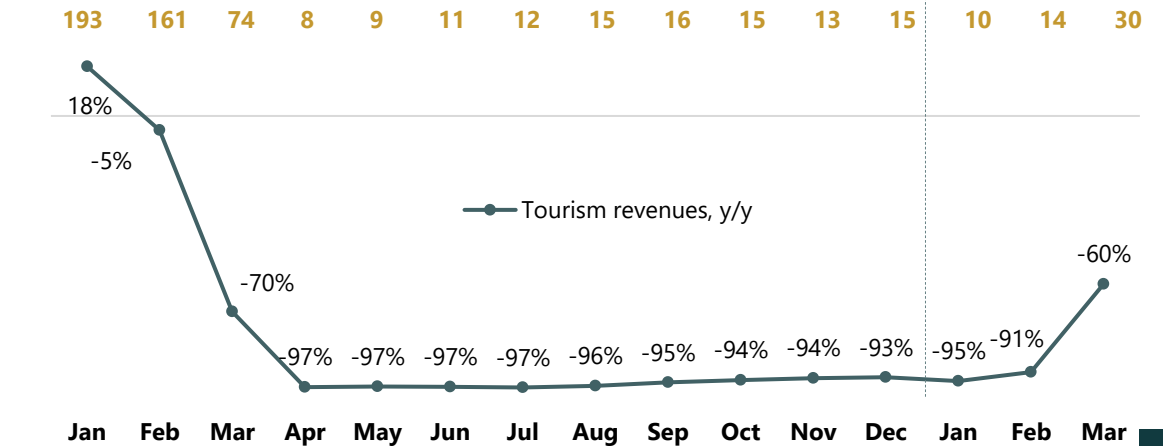


Georgia Capital PLC | Source: NBG, Geostat, Geostat's rapid estimates.

REAL GDP GREW BY 4% IN MARCH 2021 ON THE BACK OF LIGHTER RESTRICTIONS AND THE BASE EFFECT

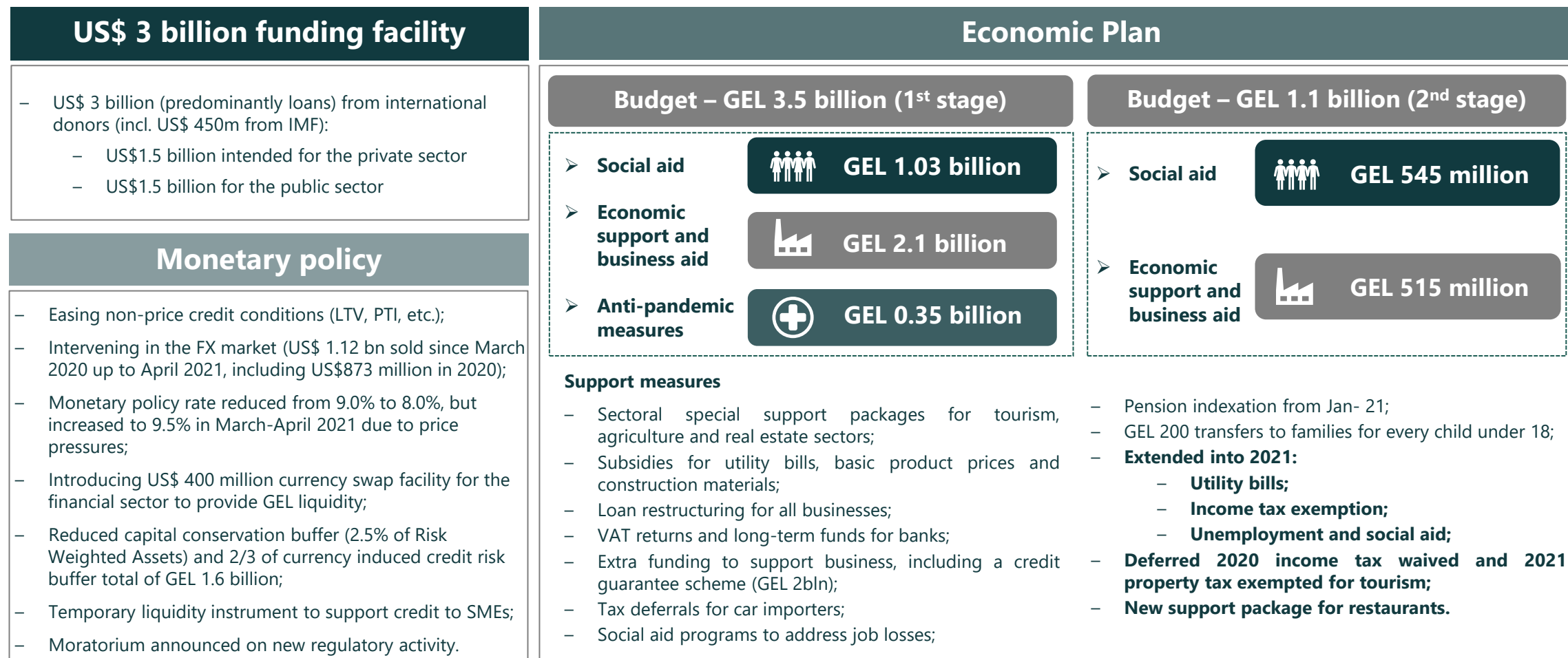


Tourism revenue (USD million)



GOVERNMENT MEASURES

ACCUMULATED BUFFERS AND INTERNATIONAL SUPPORT HAVE ALLOWED THE GOVERNMENT TO LAUNCH SIZEABLE MEASURES

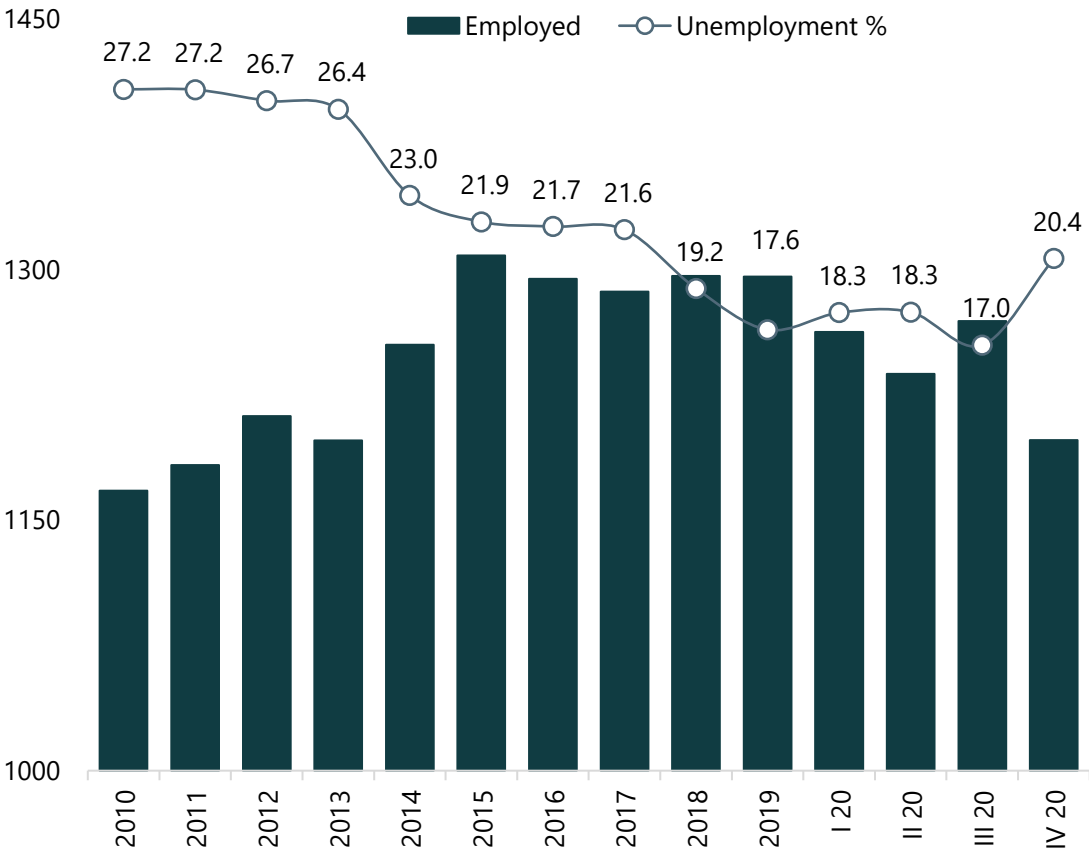


PRUDENT PRE-CRISIS FISCAL PRACTICE ENSURED A STRONG POSITION TO BORROW TO FIGHT THE PANDEMIC, WITH PUBLIC DEBT RISING TO C.60% OF GDP BY THE END OF 2020 (41% AT THE END OF 2019)

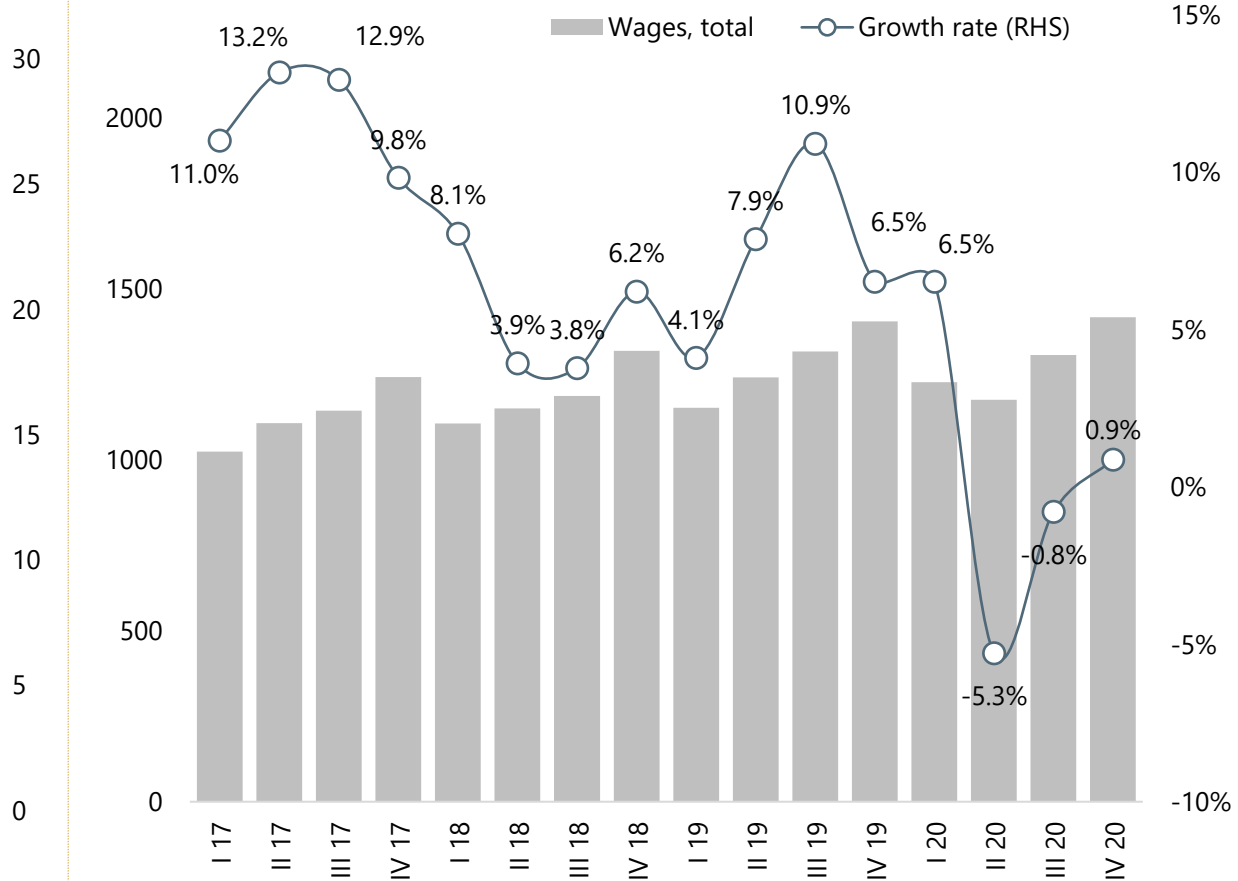
LABOR MARKET DYNAMICS



IN 2020 THE UNEMPLOYMENT RATE INCREASED TO 20.4% DUE TO 2ND SET OF RESTRICTIONS



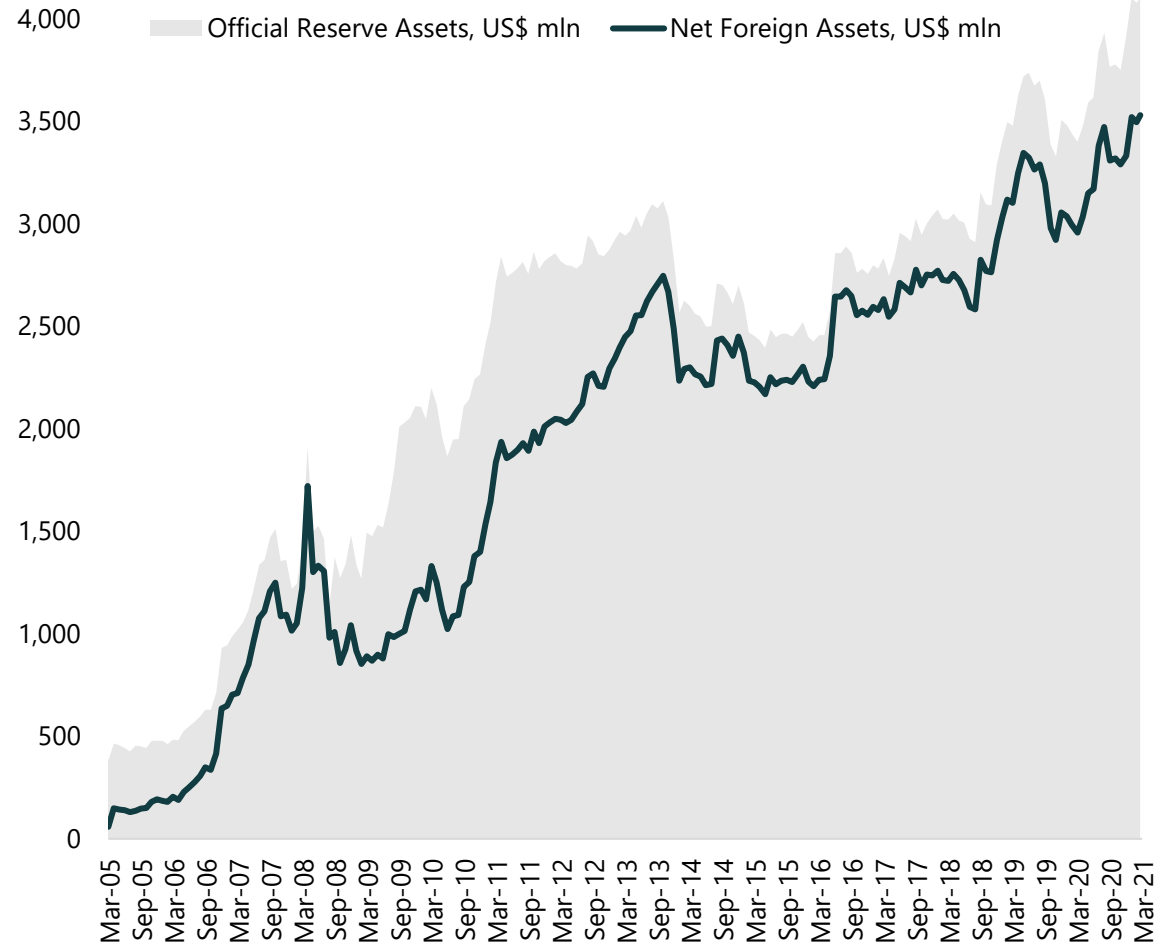
NOMINAL WAGES IN THE BUSINESS SECTOR GREW BY 0.9% IN 4Q20, FOLLOWING A SHARP DECLINE IN 2Q20



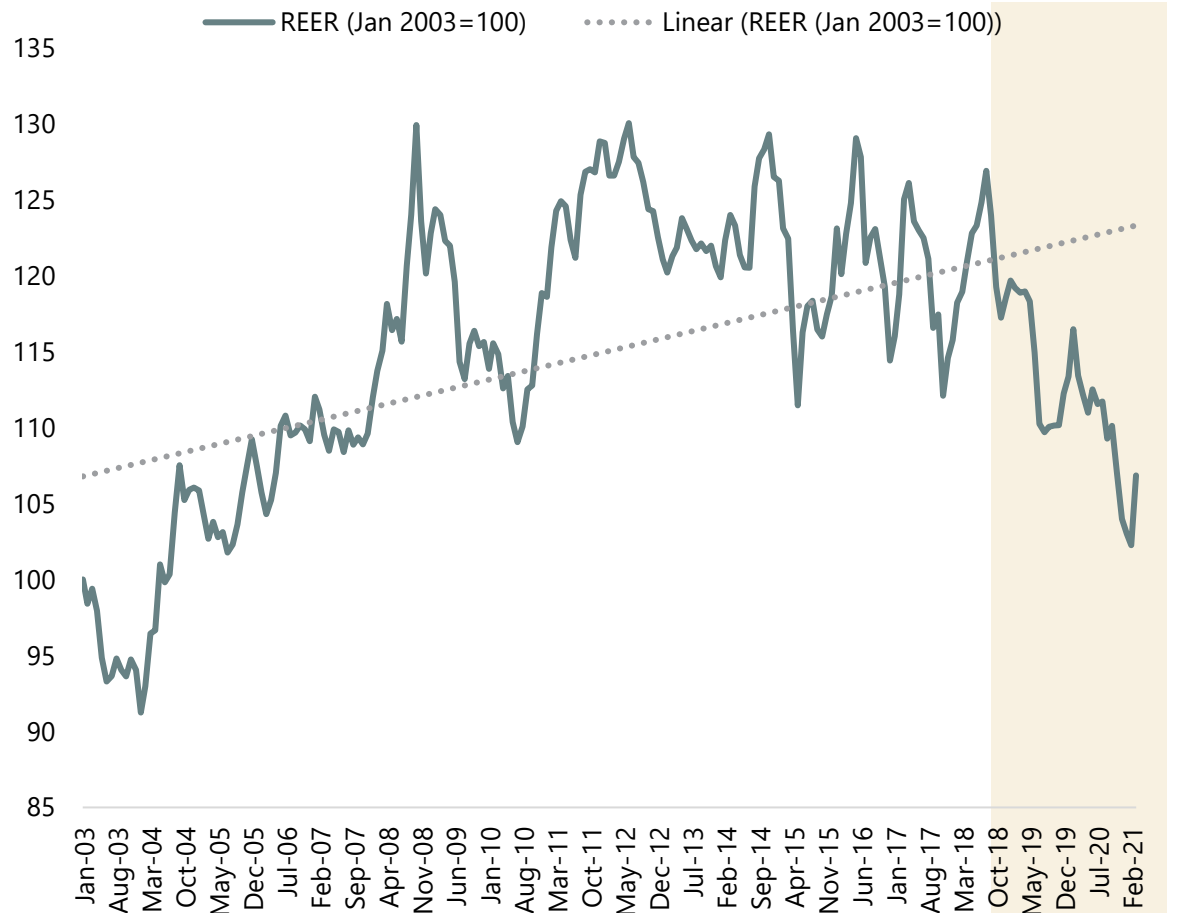
EXCHANGE RATE PERFORMANCE



OFFICIAL RESERVE ASSETS REACHED A HISTORIC HIGH OF US\$ 4.1 BILLION BY THE END OF MARCH 2021, UP 20.6% Y-O-Y



THE REAL EFFECTIVE EXCHANGE RATE HAS DEVIATED FROM THE LONG-TERM TREND FOR MORE THAN TWO YEARS



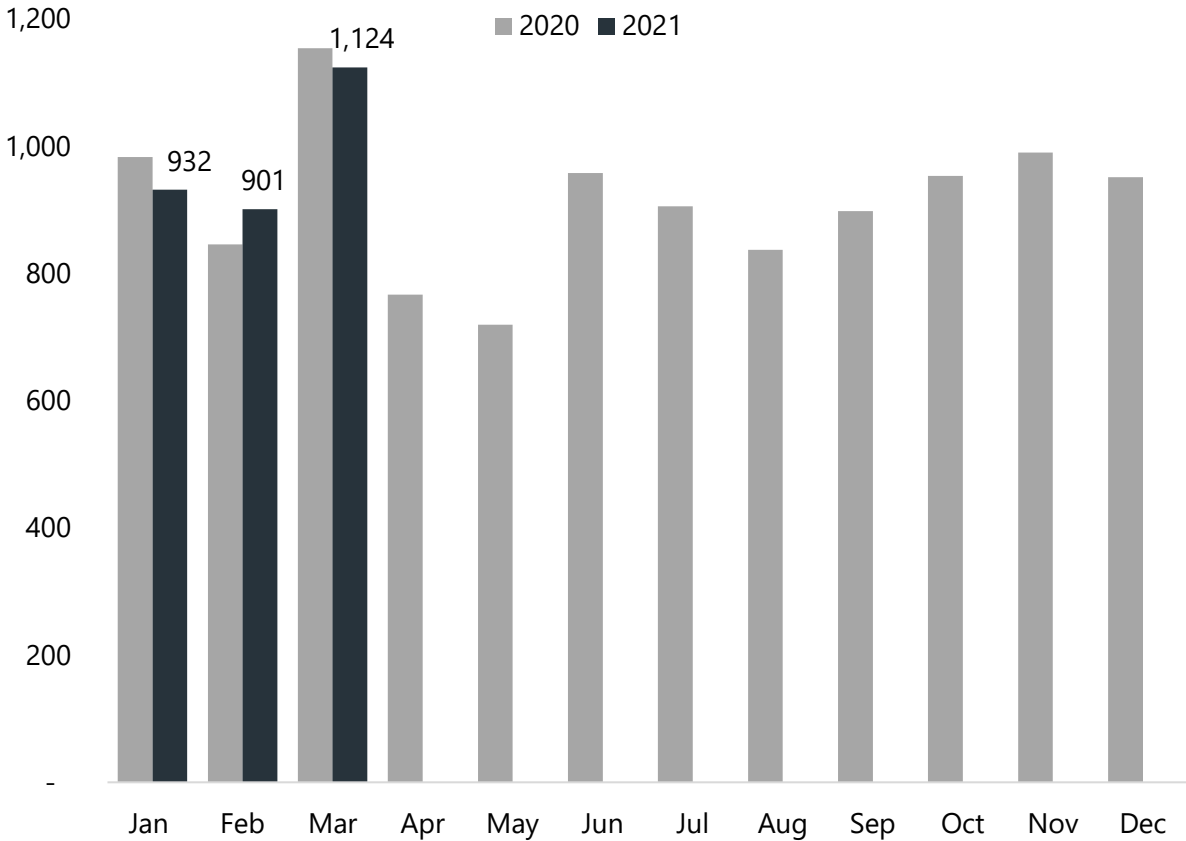
FISCAL EXPENSES REMAIN SUBSTANTIAL AS REVENUE PLANS MET



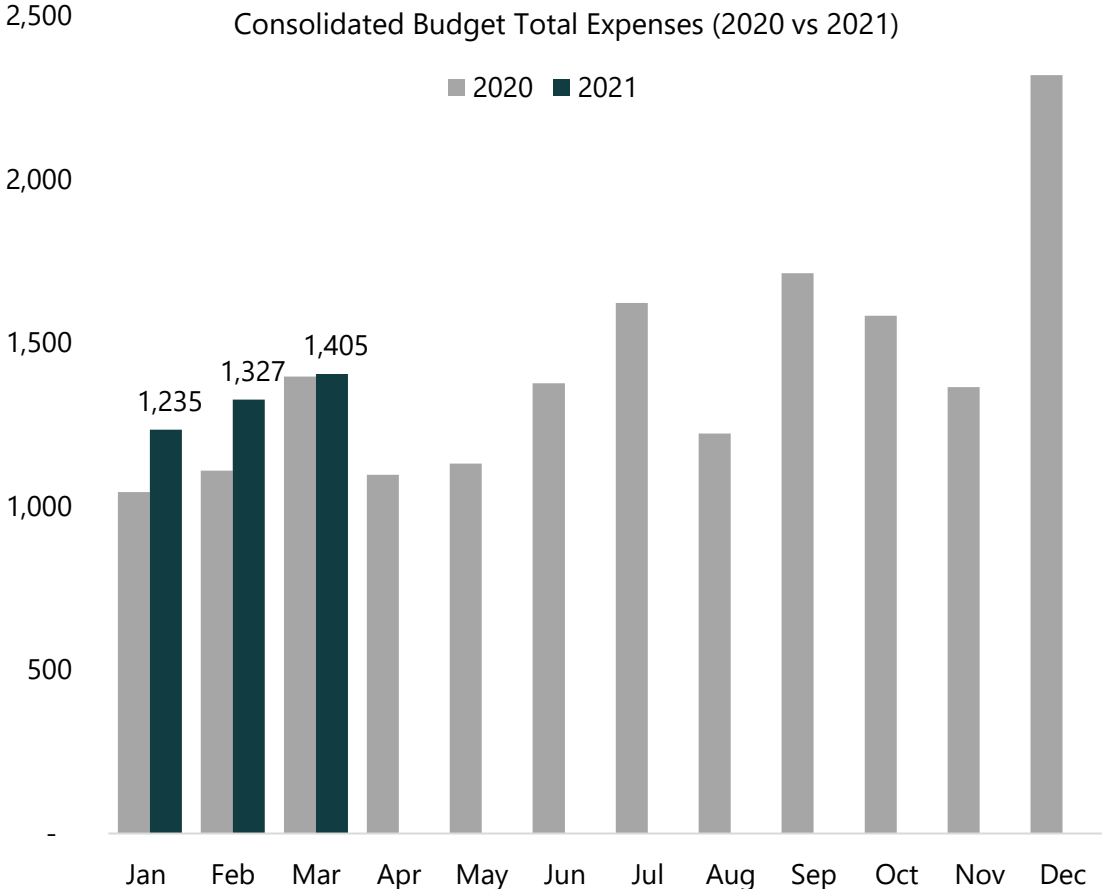
THE TAX REVENUE PLAN WAS MET IN 1Q21, WITH REVENUES AMOUNTING TO 100.3% OF THE PLAN

TOTAL EXPENSES (CURRENT + CAPITAL) GREW BY 14% Y-O-Y IN 1Q21, WHILE CAPITAL EXPENSES AMOUNTING TO 106% OF THE PLAN

Consolidated Budget Tax Revenues (2020 vs 2021)



Consolidated Budget Total Expenses (2020 vs 2021)



CONTENTS

01 COVID-19 UPDATE | GEORGIA

02 1Q21 GEORGIAN MACRO OVERVIEW



SOVEREIGN RATINGS WITH FAVOURABLE MACRO FUNDAMENTALS



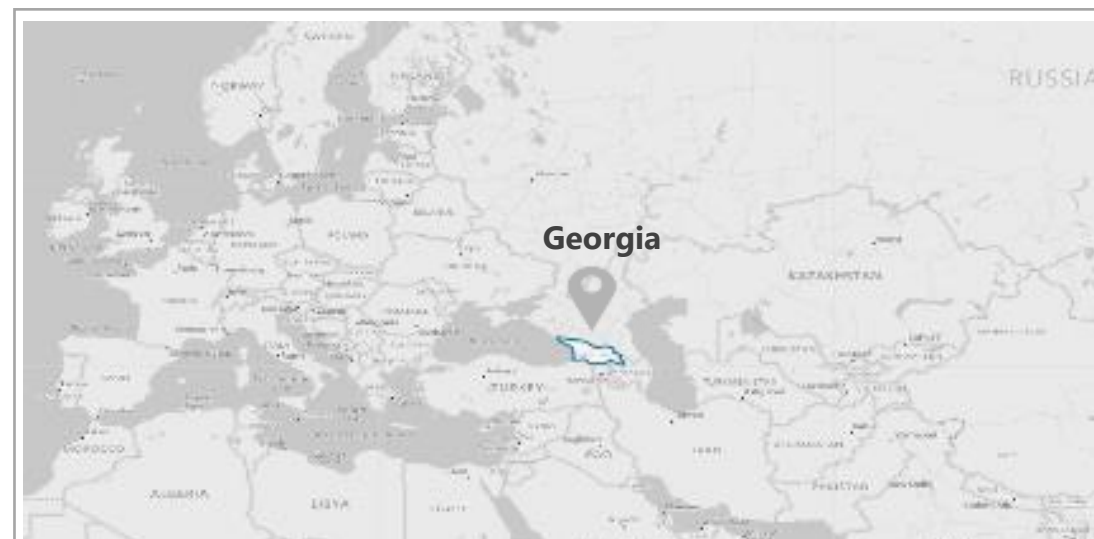
Key Ratings Highlights

Rating Agency	Rating	Outlook	Affirmed
MOODY'S	Ba2	Stable	April 2021
S&P Global	BB	Negative	February 2021
Fitch Ratings	BB	Negative	February 2021

Georgia is favorably placed among peers

Country	Country Rating	Fitch Rating Outlook
Armenia	B+	Stable
Azerbaijan	BB+	Negative
Belarus	B	Negative
Czech Republic	AA-	Stable
Georgia	BB	Negative
Kazakhstan	BBB	Stable
Turkey	BB-	Negative
Ukraine	B	Stable

General Facts



- Area: 69,700 sq. km
- Population (2020): 3.7 million
- Capital: Tbilisi;
- Life expectancy: 73.5 years
- Official language: Georgian
- Literacy: 100%
- Currency (code): Lari (GEL)

Economy

- Nominal GDP (Geostat) 2020: GEL 49 billion (US\$15.9 billion)
- Real GDP growth rate 2020: -6.2%
- Real GDP 2011-2020 annual average growth rate: 3.6%
- GDP per capita 2020 (PPP, international dollar) IMF: 14,920
- Annual inflation 2020: 5.2%
- External public debt to GDP 2020: 47.5%

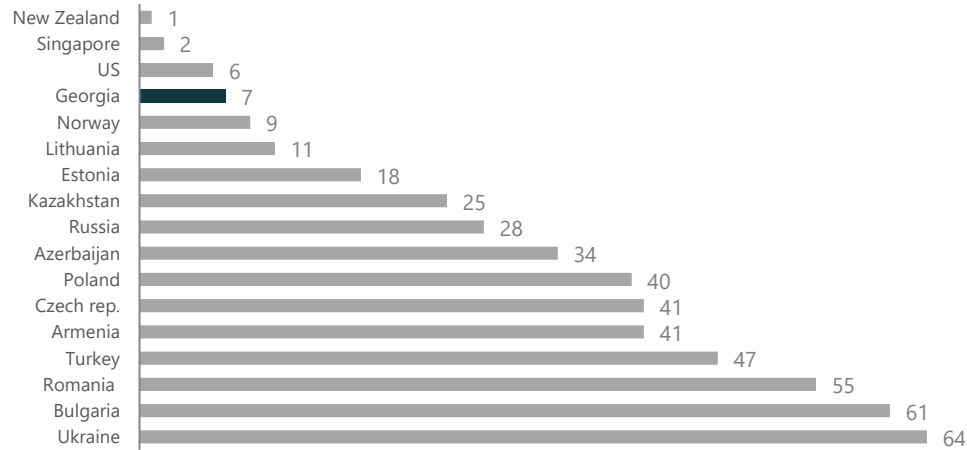
GEORGIA'S KEY ECONOMIC DRIVERS



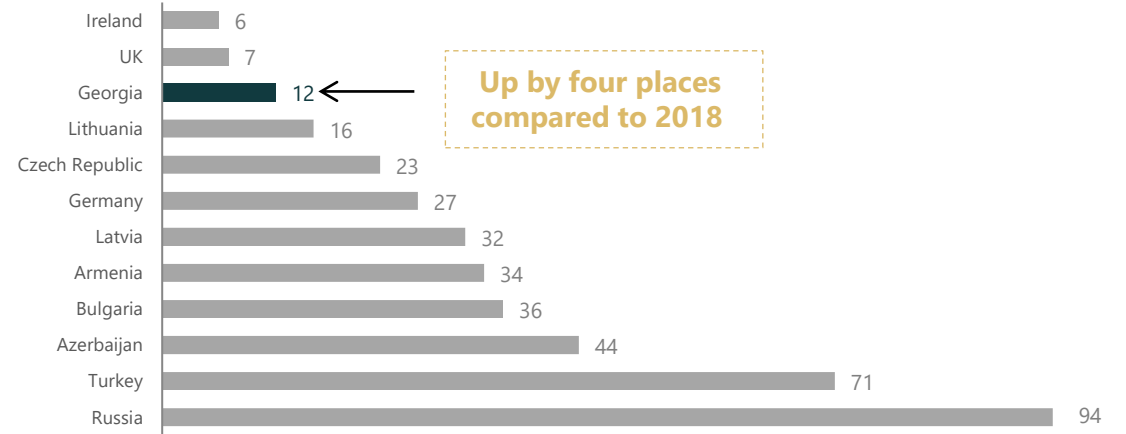
<p>Liberal economic policy</p>	<p>Top performer globally in WB Doing Business over the past 12 years</p> <ul style="list-style-type: none"> Liberty Act (effective January 2014) ensures a credible fiscal framework; Fiscal deficit/GDP capped at 3%; Public debt/GDP capped at 60%. Following the emergency clause activation after the COVID-19 shock, the fiscal framework will return within the rule bounds in three years, as specified in the Liberty Act; Business friendly environment and low tax regime (attested by favourable international rankings);
<p>Regional logistics and tourism hub</p>	<p>A natural transport and logistics hub, connecting land-locked energy rich countries in the east and European markets in the west</p> <ul style="list-style-type: none"> Access to a market of 2.8 billion customers without customs duties: Free trade agreements with EU, China, Hong Kong, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland; FTA with Israel and India under consideration. Tourism inflows fell sharply to US\$ 542 million in 2020 from US\$ 3.2 billion in 2019 due to COVID-19, but tourism is expected to bounce back once the pandemic is brought under control; Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes.
<p>Strong FDI</p>	<p>An influx of foreign investors on the back of the economic reforms have boosted productivity and accelerated growth</p> <ul style="list-style-type: none"> FDI stood at US\$ 617 million (3.9% of GDP) in 2020 (FDI was lowered by a one-off transfer of ownership worth US\$ 340.5 million). FDI averaged 8.1% of GDP in 2010-2020.
<p>Support from international community</p>	<p>Georgia and the EU signed an Association Agreement and DCFTA in June 2014</p> <ul style="list-style-type: none"> Visa-free travel to the EU is another major success in Georgian foreign policy. Georgian passport holders were granted free visa entrance to the EU countries from 28 March 2017. Discussions commenced with the USA to drive inward investments and exports. Strong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs, the US and EU.
<p>Electricity transit hub potential</p>	<p>Developed, stable and competitively priced energy sector</p> <ul style="list-style-type: none"> Only 20% of hydropower capacity utilized; 155 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development. Georgia imports natural gas mainly from Azerbaijan. Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgraded. Additional 2,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe.
<p>Political environment stabilised</p>	<ul style="list-style-type: none"> Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU. New constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the Presidency. Continued economic relationship with Russia, although economic dependence is relatively low. Russia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians – Russia announced the easing of visa procedures for Georgian's citizens effective December 23, 2015. Direct flights between the two countries resumed in January 2010. However, they have been banned again since July 2019 following the decision from Russia. Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia. In 2020, Russia accounted for 13% of Georgia's exports and 11% of imports.

INSTITUTIONAL ORIENTED REFORMS

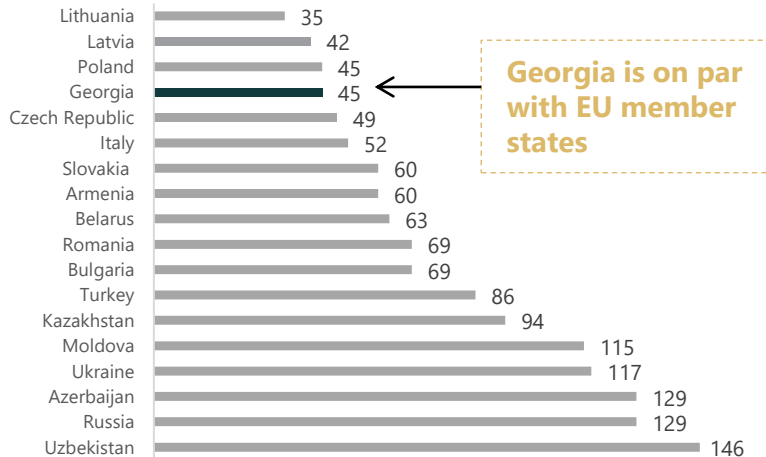
Ease of Doing Business | 2020 (WB Doing Business Report)



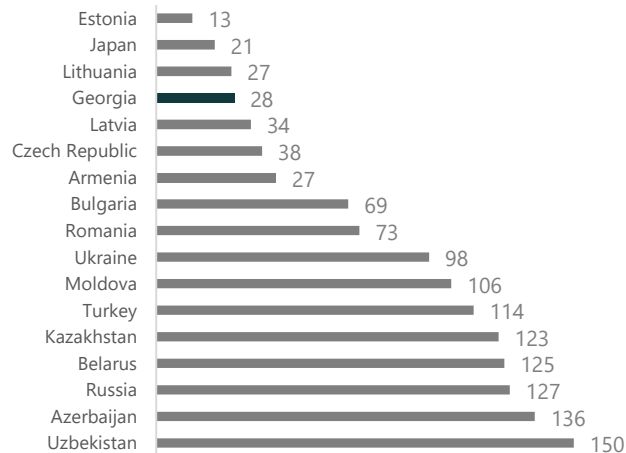
Economic Freedom Index | 2020 (Heritage Foundation)



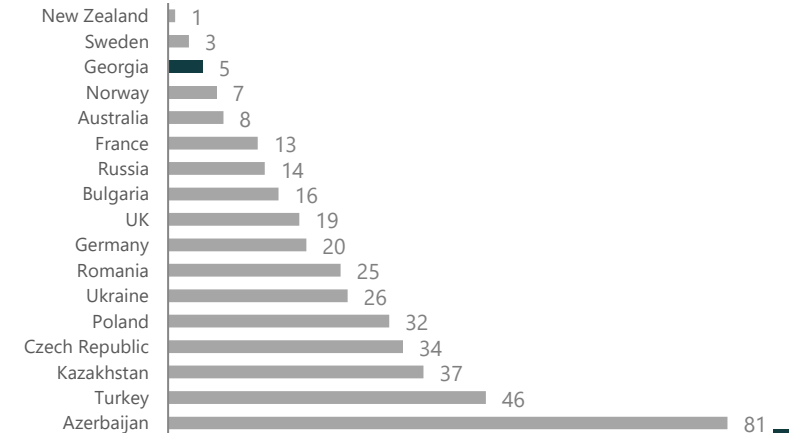
Corruption Perception Index | 2020 (TI)



Business Bribery Risk, 2020 | Trace International



Open Budget Index, 2019 | International Budget Partnership

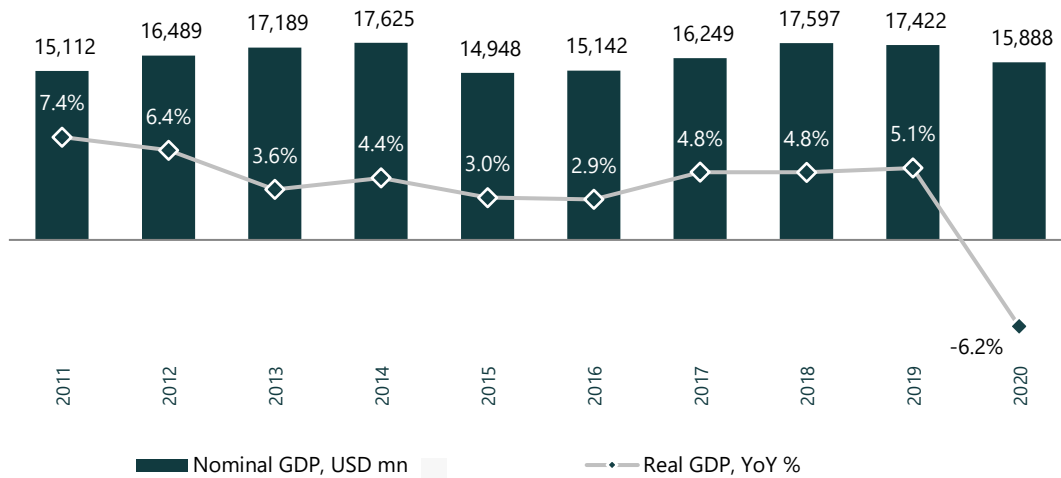


ECONOMY HIT HARD, BUT EXPECTED TO BOUNCE BACK FAST



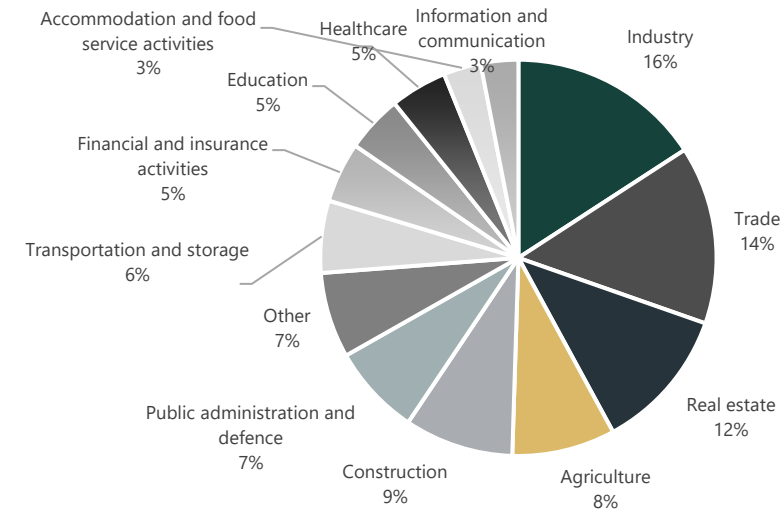
Gross domestic product

According to preliminary estimates, real GDP fell by 6.2% in 2020



Source: Geostat

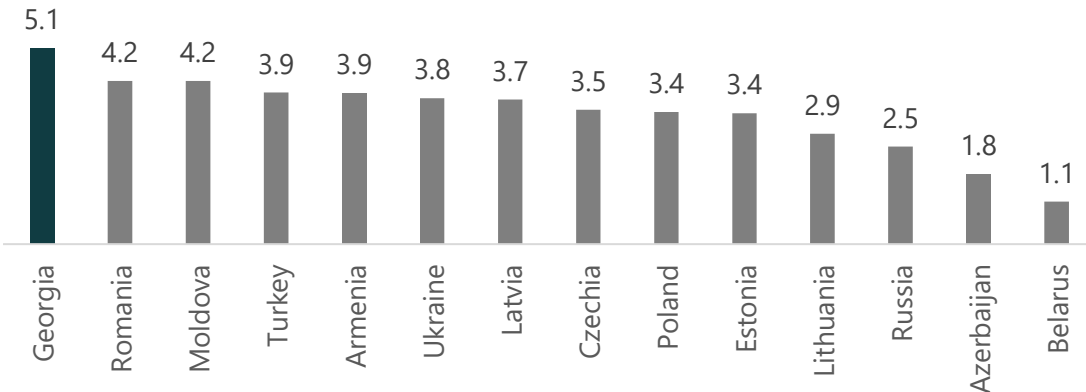
Diversified nominal GDP structure, 2020



Source: Geostat

Medium-term growth to remain high

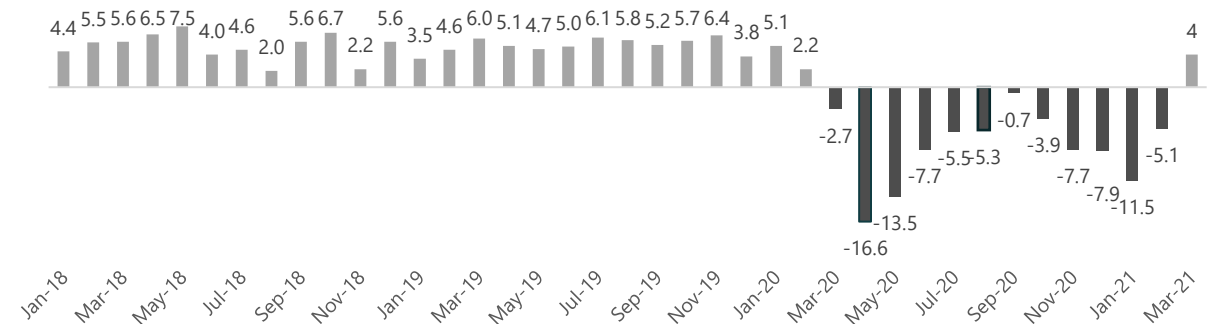
Comparative real GDP growth rates, % (2021-2026 average) | IMF



Source: IMF, WEO (April 2021)

Monthly Economic Activity Estimate, y-o-y growth

Economic activity estimate turned positive in March for the first time since February 2020



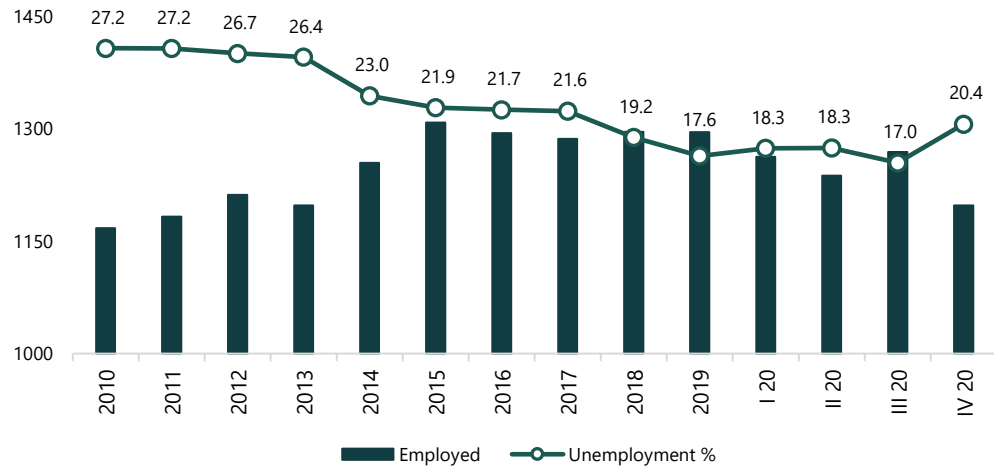
Source: Geostat

SIGNS OF RECOVERY IN THE LABOUR MARKET



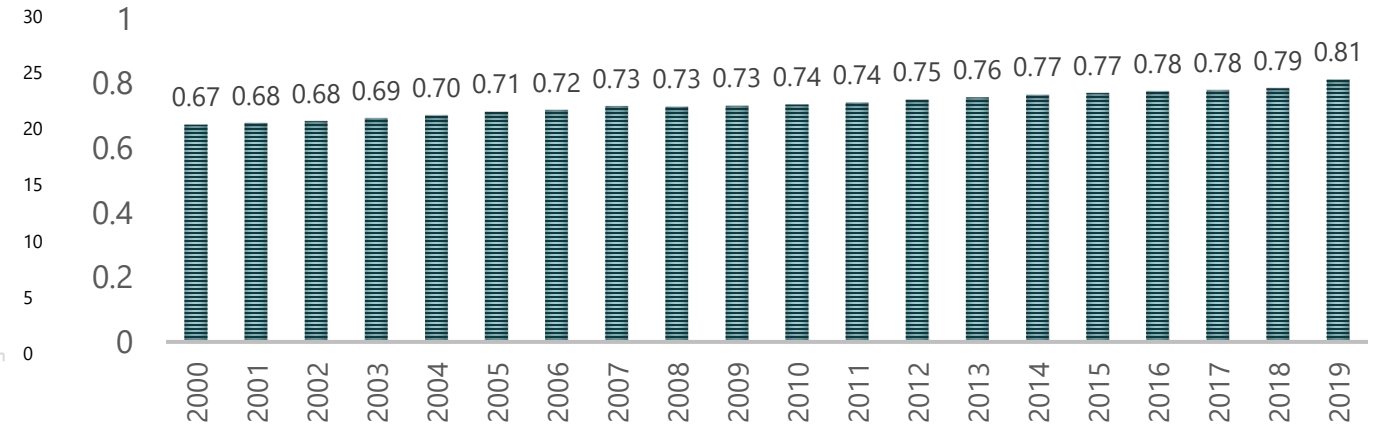
New unemployment rate (updated methodology) equal to 20.4% in 4Q20, up by 3.8 pp y-o-y

Sources: GeoStat



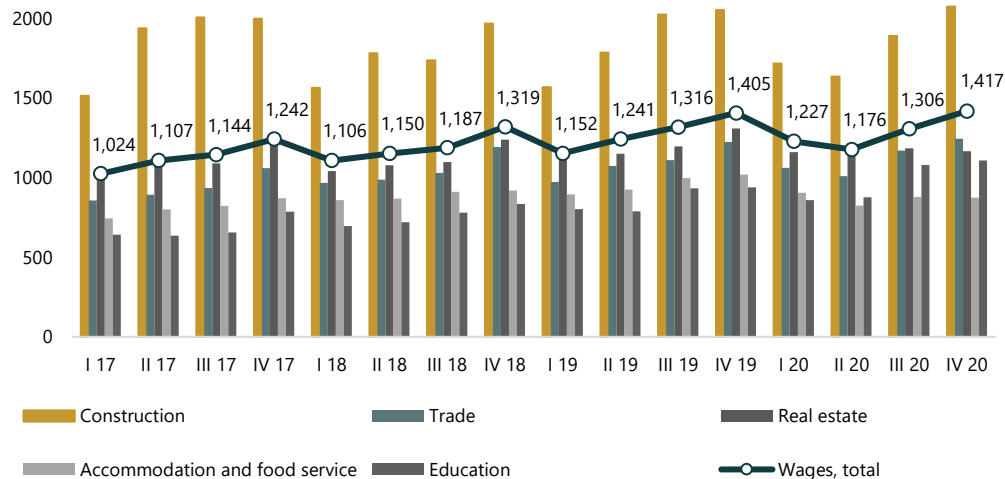
UNDP Human Development Index

Sources: UNDP



Average monthly nominal earnings in business sector

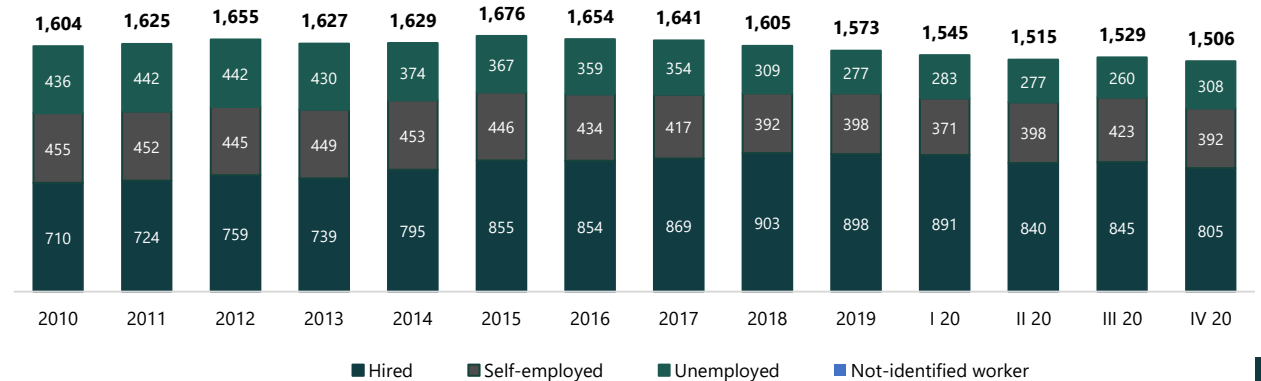
Sources: GeoStat



Labor force decomposition

Sources: GeoStat

Number of hired workers fell by 40,000 q-o-q and by 75,000 y-o-y in 4Q20, while the number of unemployed increased by 48,000 q-o-q and by 53,000 y-o-y, on the back of restrictions



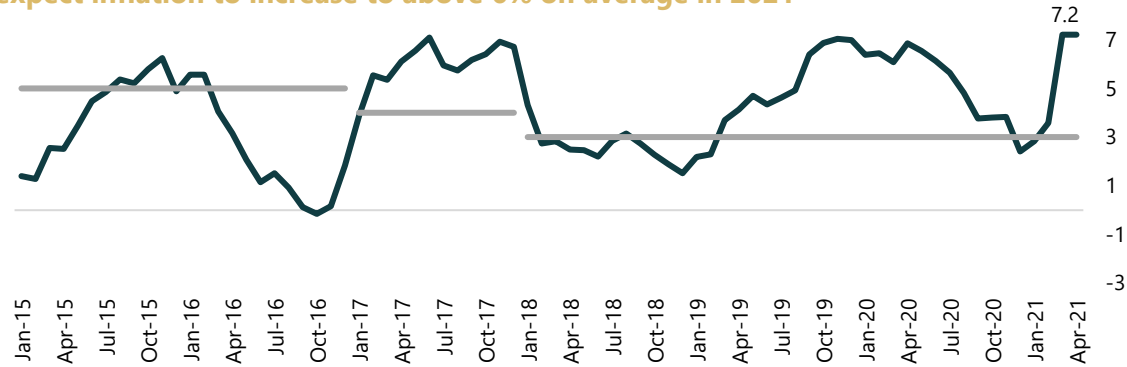
INFLATION TO STAY ABOVE TARGET IN 2021



Inflation y-o-y vs. inflation target

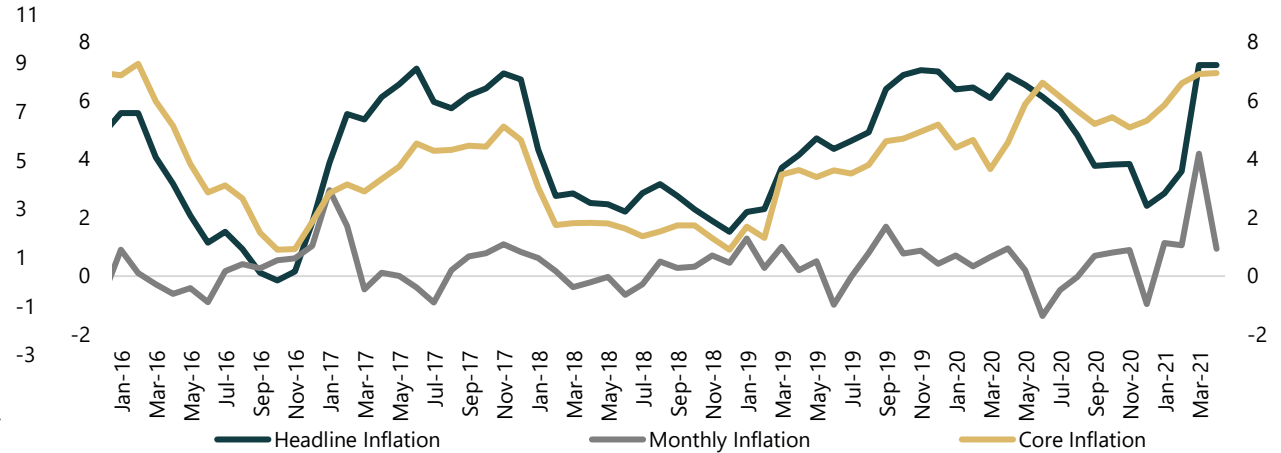
Sources: NBG, GeoStat

Inflation was under the 3% target in December-February reflecting a one-off impact of government-subsidised utilities, subtracted from price changes. We expect inflation to increase to above 6% on average in 2021



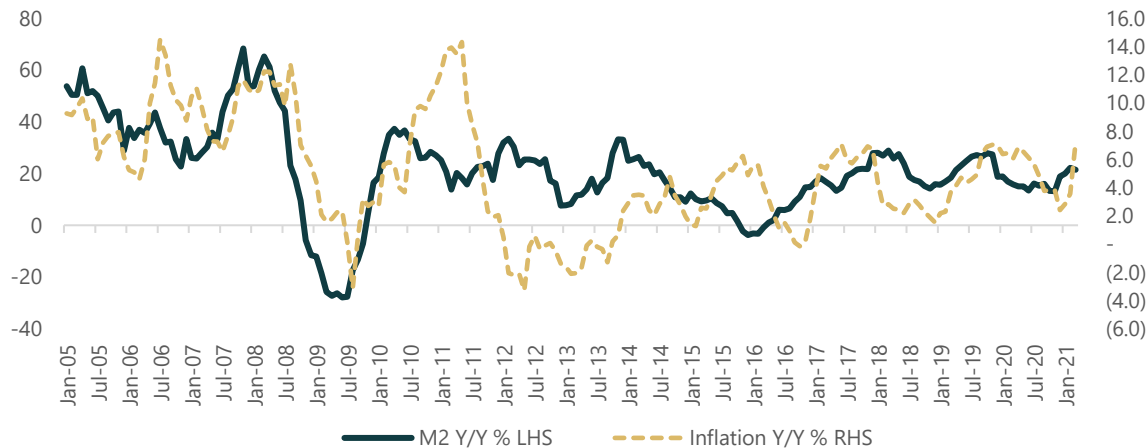
Price Indices

Source: GeoStat



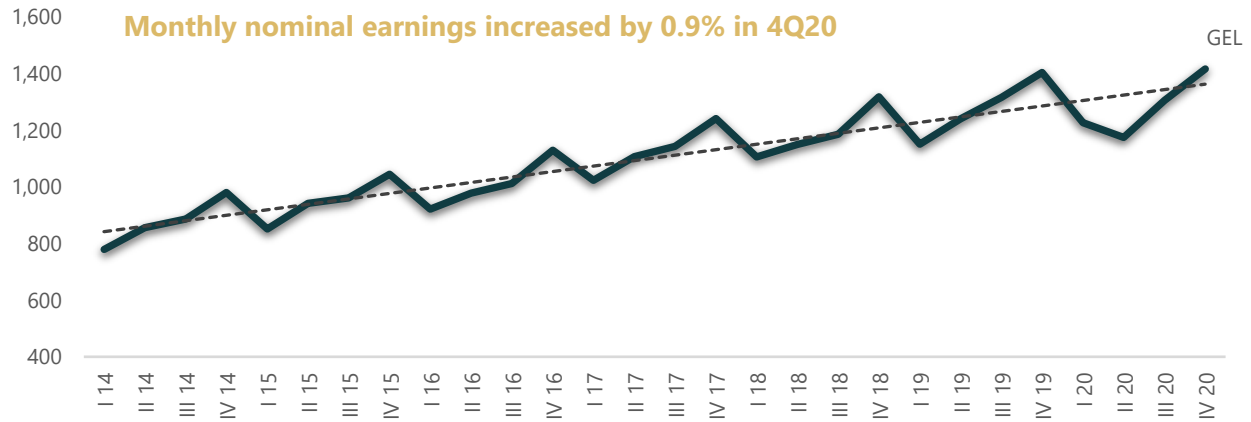
M2 vs. inflation, y-o-y, %

Sources: Geostat, NBG



Average monthly nominal earnings

Source: Geostat

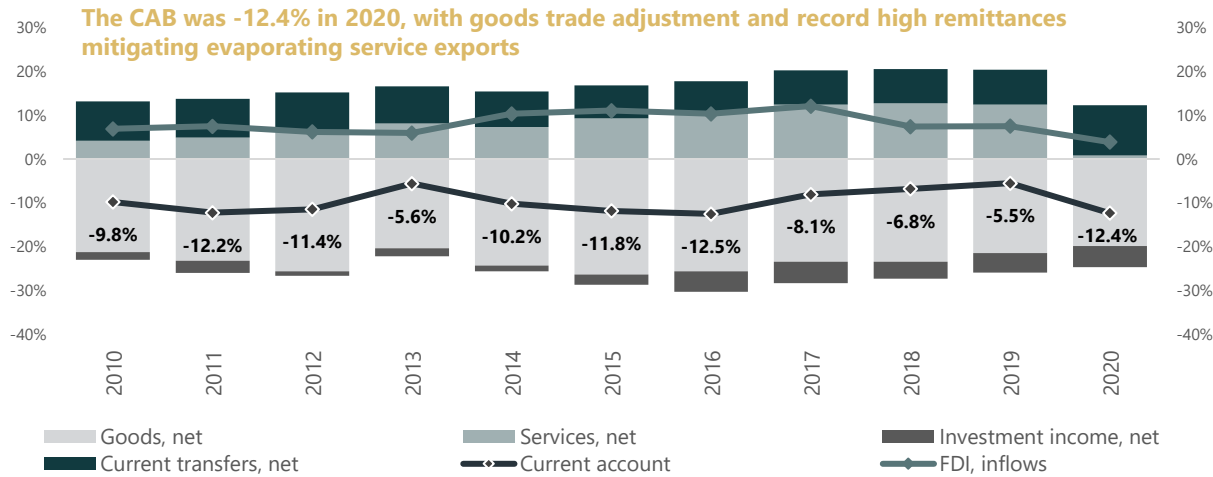


CURRENT ACCOUNT BALANCE ADJUSTING AFTER RECORD LOWS



Current account balance (% of nominal GDP)

Sources: NBG



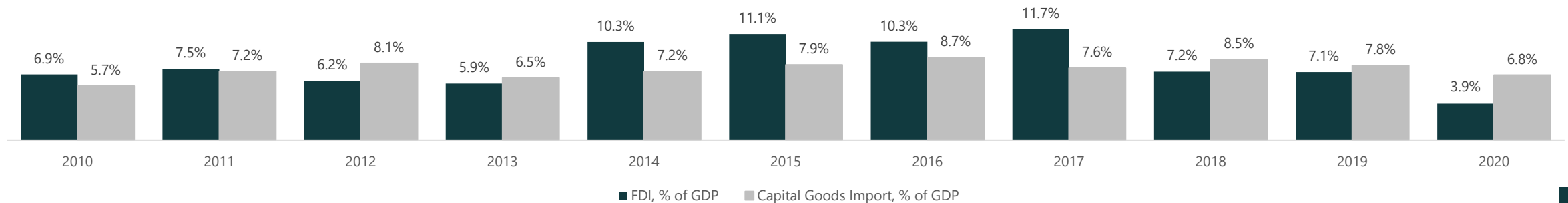
Exports and Re-exports, US\$ billion

Source: NBG



FDI and capital goods import

Source: GeoStat

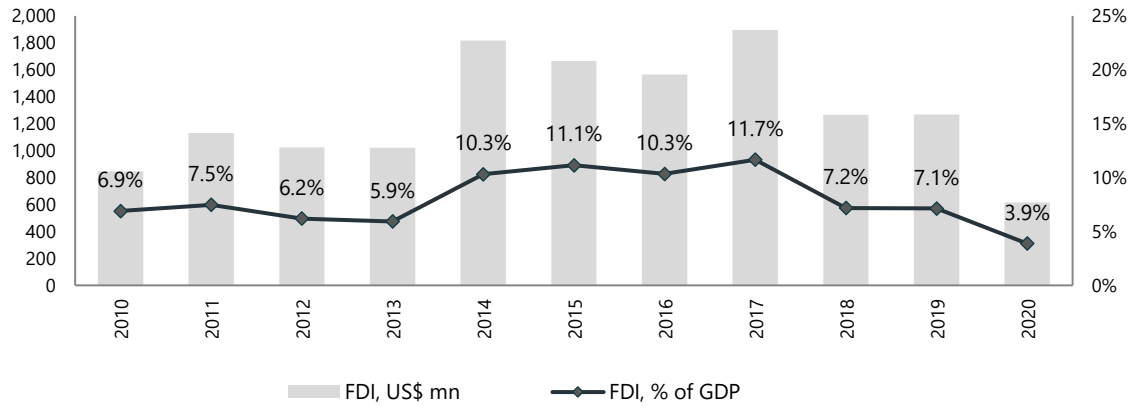


RECORD HIGH REMITTANCES AND REBOUNDED MERCHANDISE EXPORTS MITIGATING DECREASED TOURISM REVENUES



Foreign investor interest remains resilient, notwithstanding the one-off fall in FDI due to ownership transfers

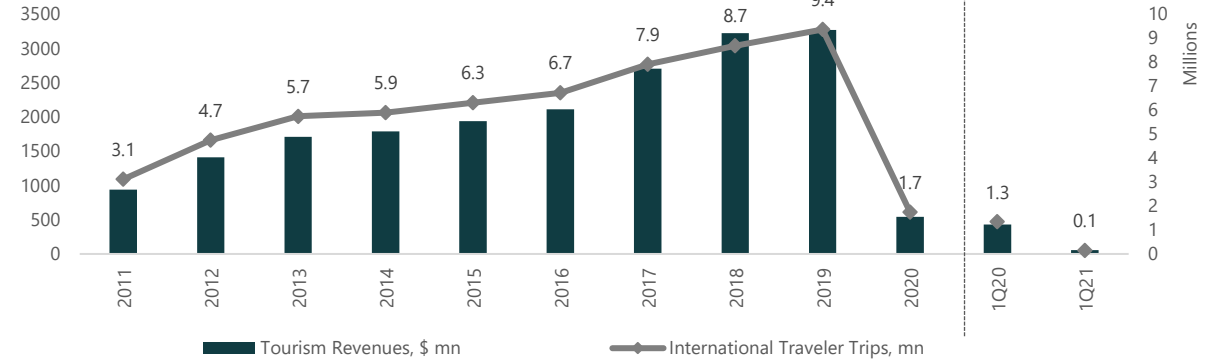
Sources: GeoStat



Visitors and tourism revenues

Sources: GNTA, NBG

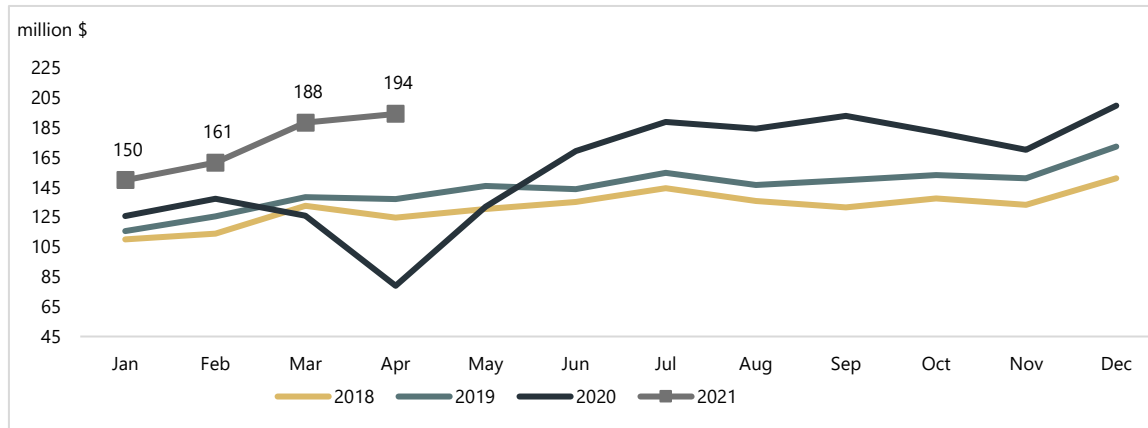
Tourism revenues fell by 87% in 1Q21, although March showed first signs of recovery, with the fall amounting to 60%



Remittances at record high levels

Source: NBG

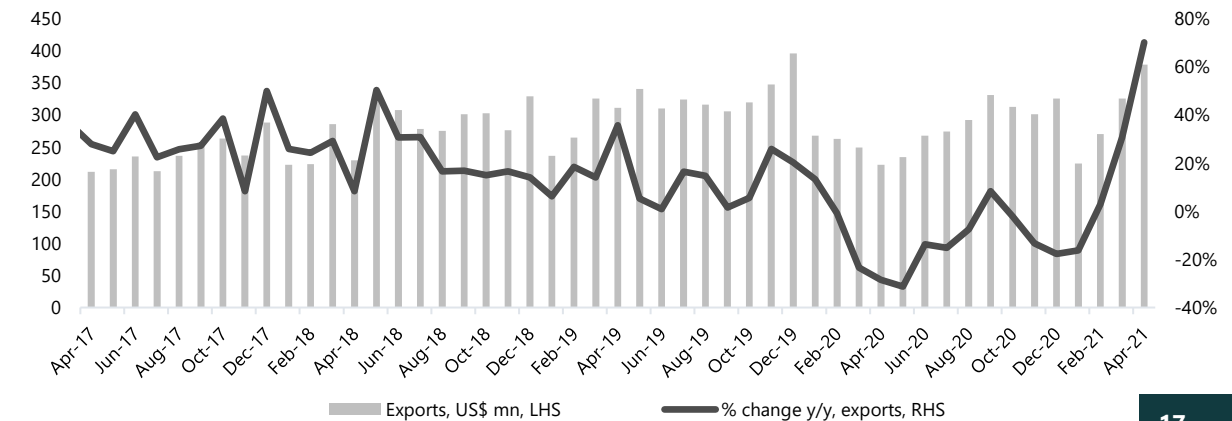
Remittance inflows continued growing at record levels, with 1Q21 growth totaling 28.4% y-o-y, while April growth reached 145% due to the base effect



Merchandise exports

Source: Geostat

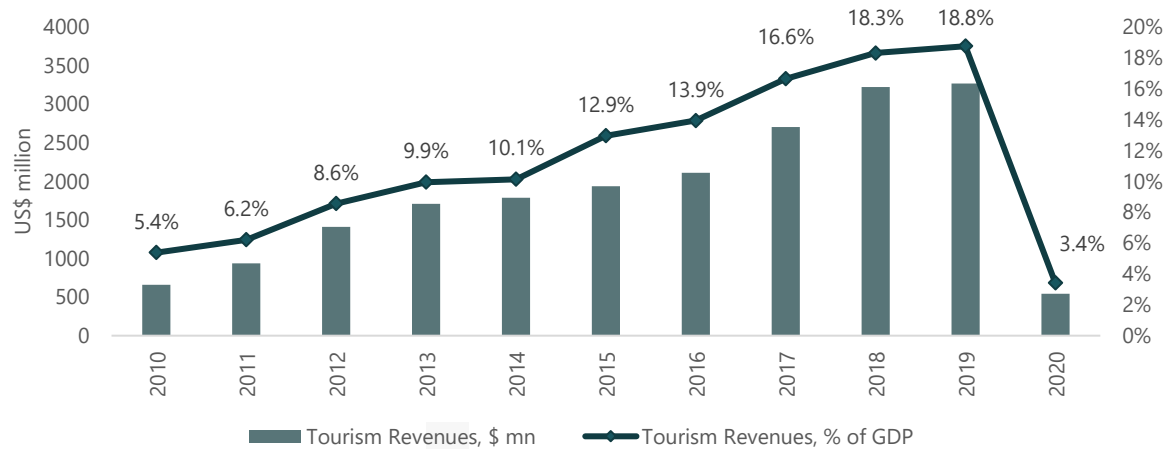
Goods exports grew by 5.2% y-o-y in 1Q21, while growth reached 70% in April 2021



TOURISM SECTOR

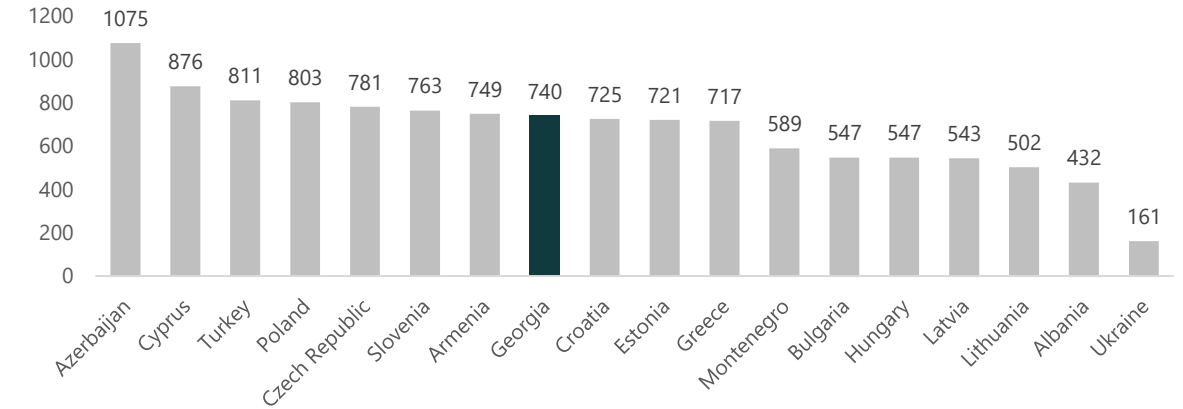
Tourism revenues to GDP

Sources: NBG, Geostat



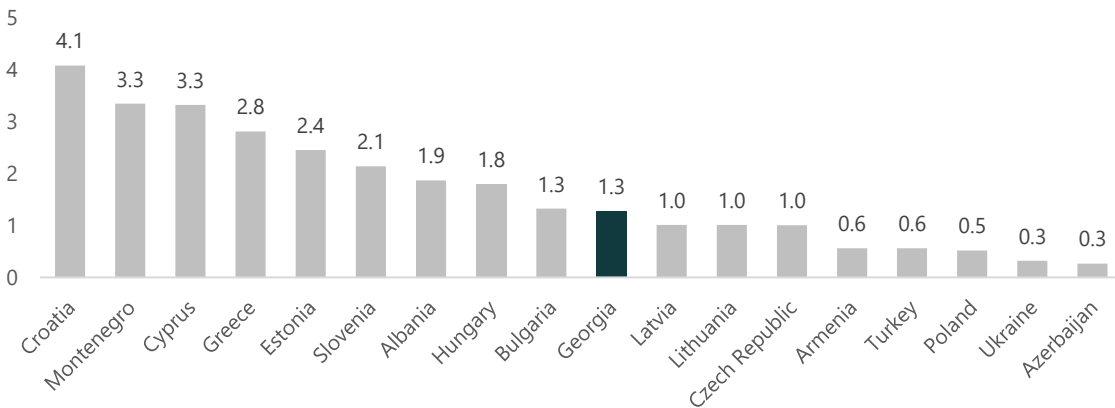
Spending per arrival, 2018

Source: WDI



Arrivals to country's population, 2018

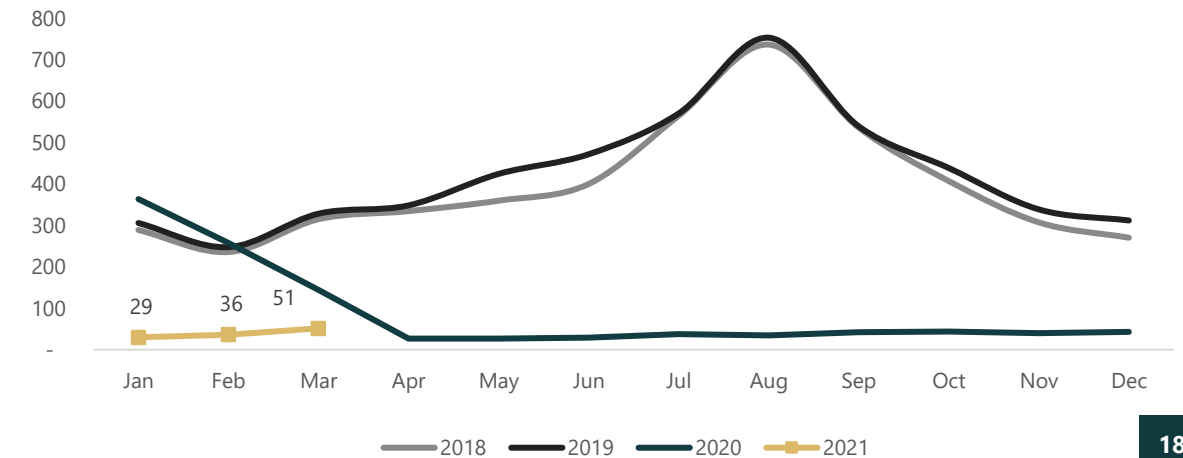
Source: WDI



Number of Tourists (overnight visitors)

Source: GNTA

The number of tourists fell by 85% in 1Q21, although the fall was 64% in March



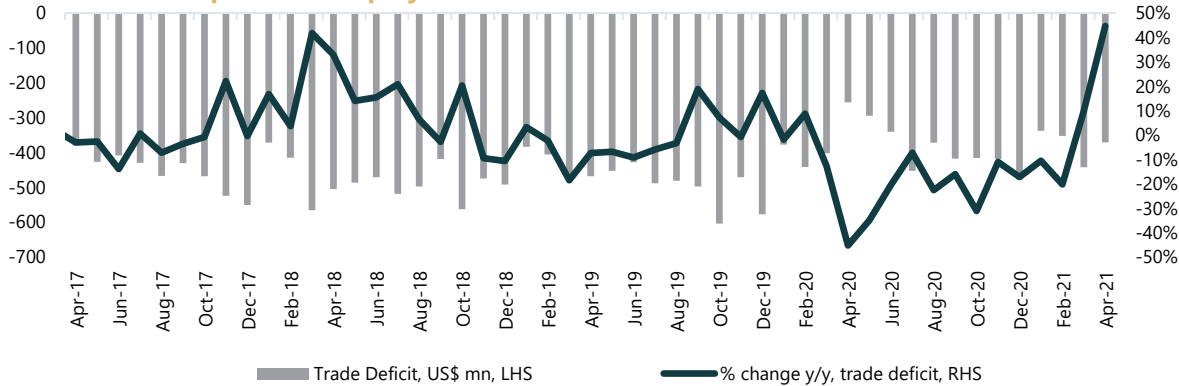
DIVERSIFIED FOREIGN TRADE



Goods' Trade Deficit

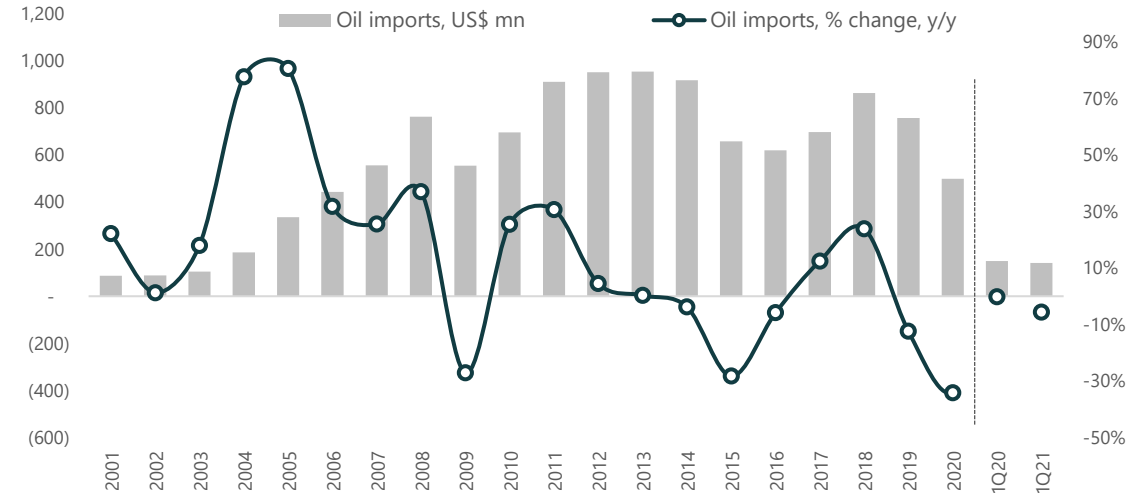
Source: GeoStat

In 1Q21, the trade deficit fell by 7.3% y-o-y, as exports grew by 5.2% while imports were cut by 2.4%. In April, the deficit grew by 45% y-o-y, with exports were up by 70% and imports were up by 57%



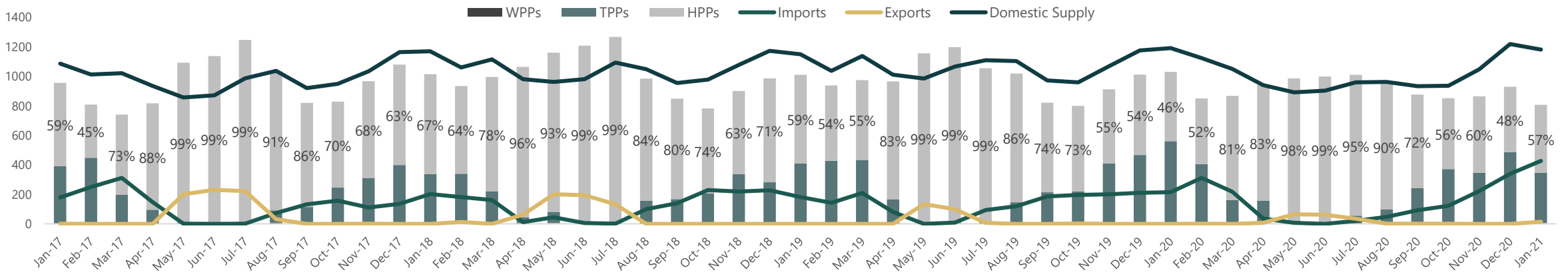
Oil imports

Source: GeoStat



Electricity generation and trade, GWH

Source: ESCO

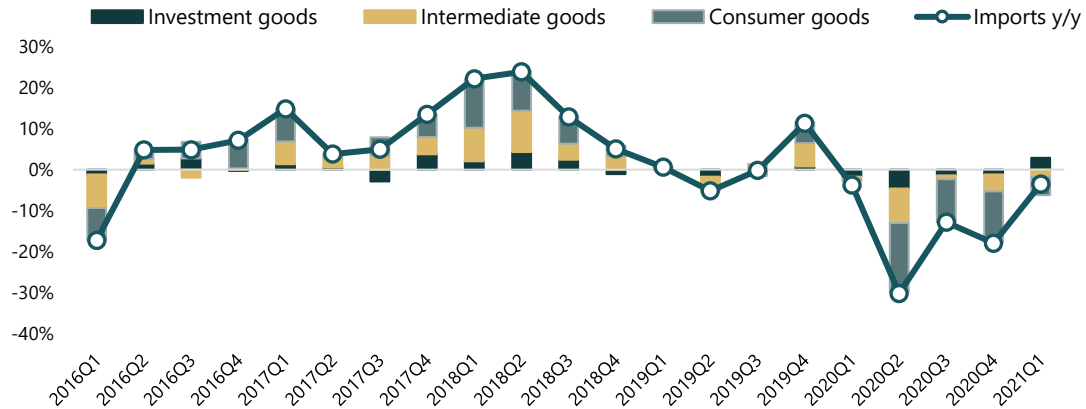


DIVERSIFIED FOREIGN TRADE

Imports of Goods, contribution to growth

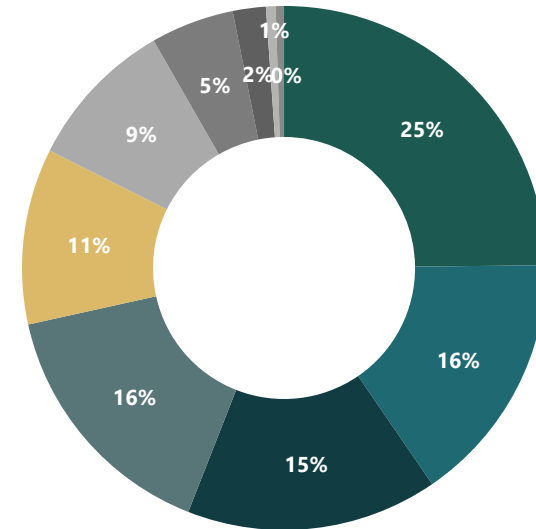
Source: NBG

Import of investment goods increased in 1Q21, while intermediate and consumer goods continued to shrink



Foreign Demand, 1Q21

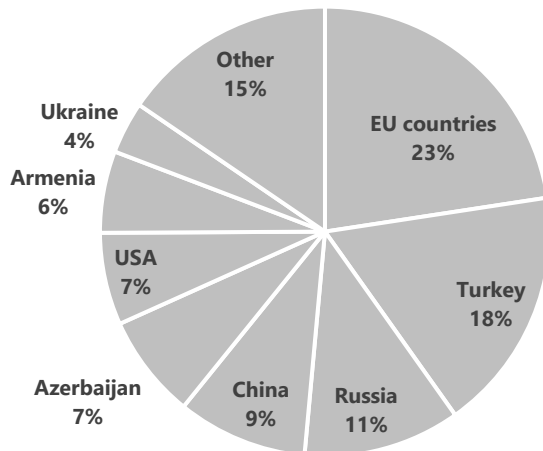
Source: Geostat



- Crude materials, except fuels
- Machinery and transport equipment
- Beverages and tobacco
- Manufactured goods
- Food and live animals
- Chemicals and related products
- Miscellaneous manufactured articles
- Commodities not classified elsewhere
- Animal and vegetable oils, fats and waxes
- Mineral fuels, lubricants

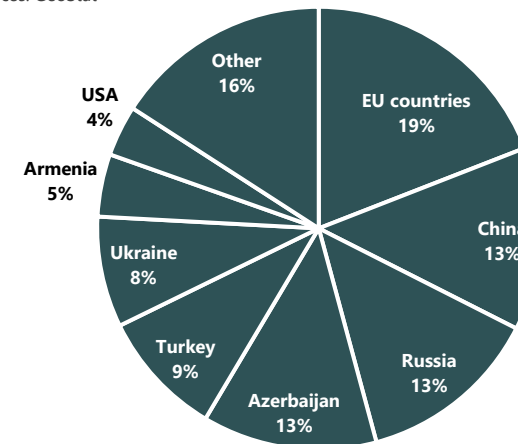
Import countries, 1Q21

Sources: GeoStat



Export countries, 1Q21

Sources: GeoStat

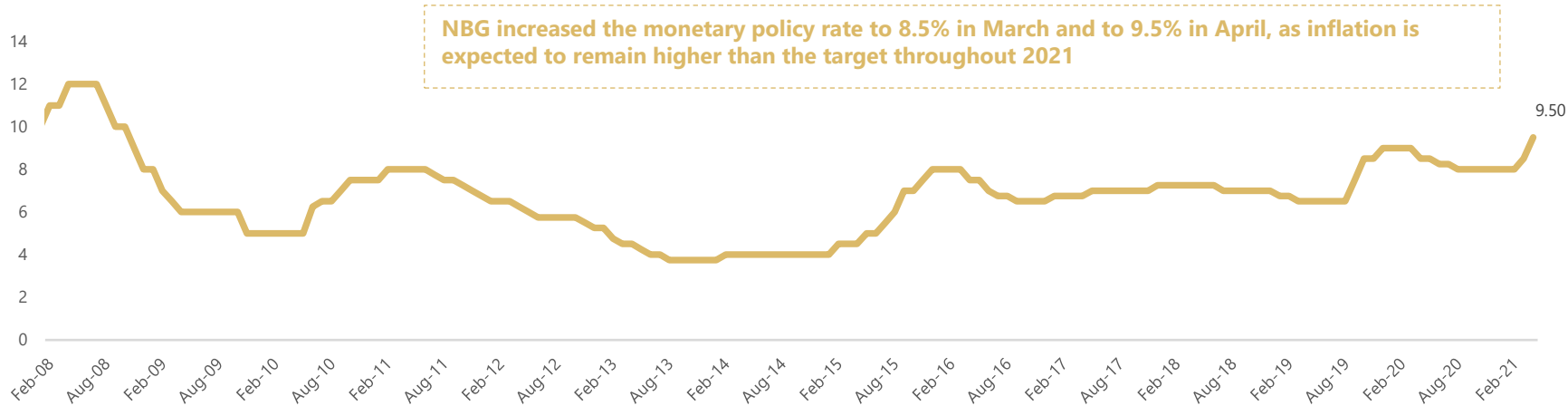


China was the single largest destination country for Georgian exports in 2020 with a 14.3% share, and continues to be a leading export market in 2021

PRUDENT MONETARY POLICY ENSURES MACRO-FINANCIAL STABILITY

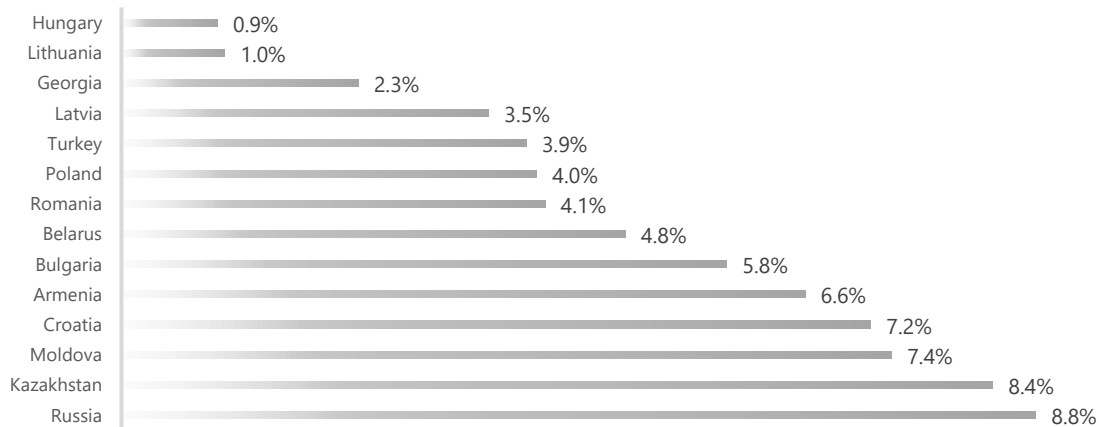
Monetary policy rate

Sources: NBG



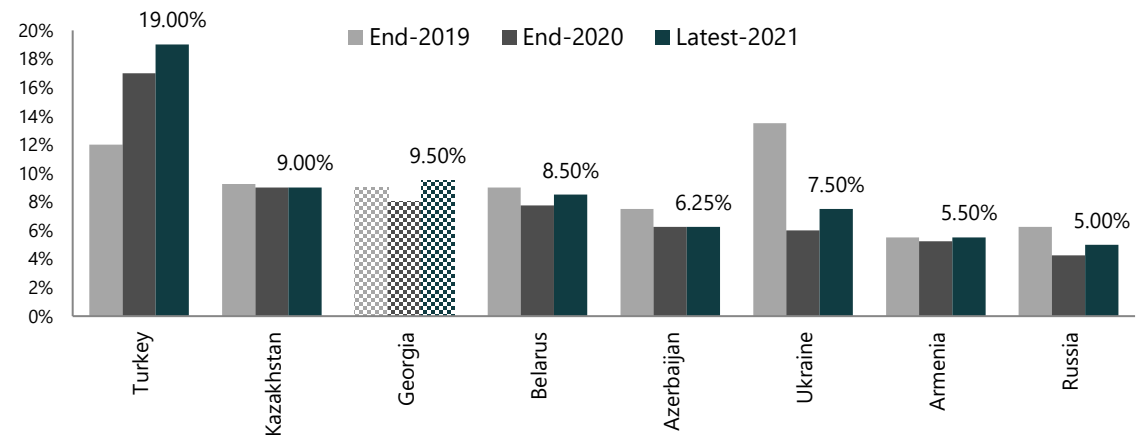
Nonperforming loans to total gross loans, latest 2021

Sources: IMF



Monetary policy rate vs peers

Sources: Central banks



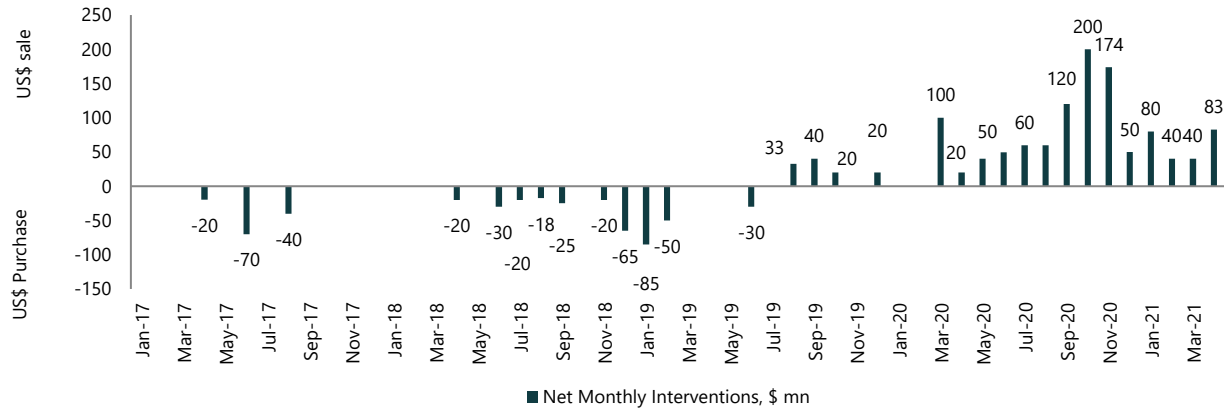
FLOATING EXCHANGE RATE - POLICY PRIORITY



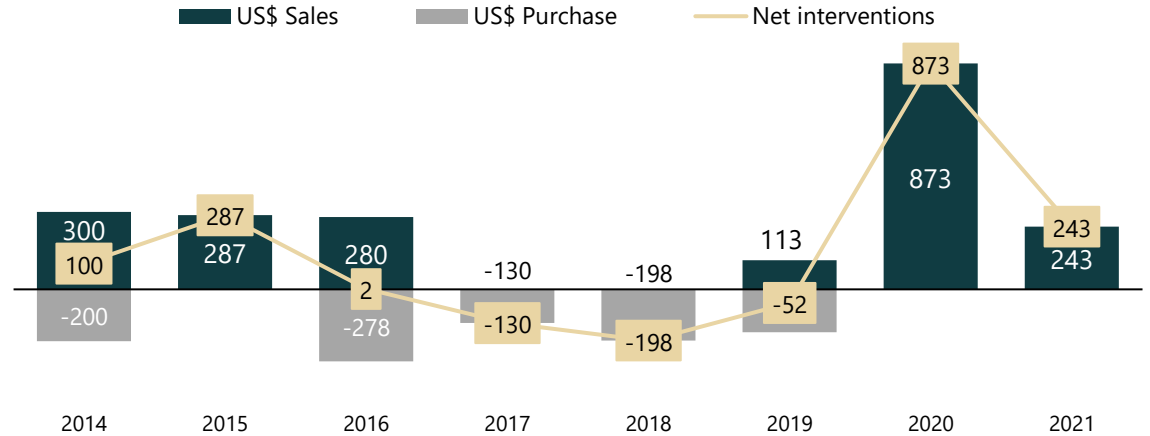
Central Bank's interventions

Sources: NBG

NBG maintains a declaration of active intervention policy to provide liquidity

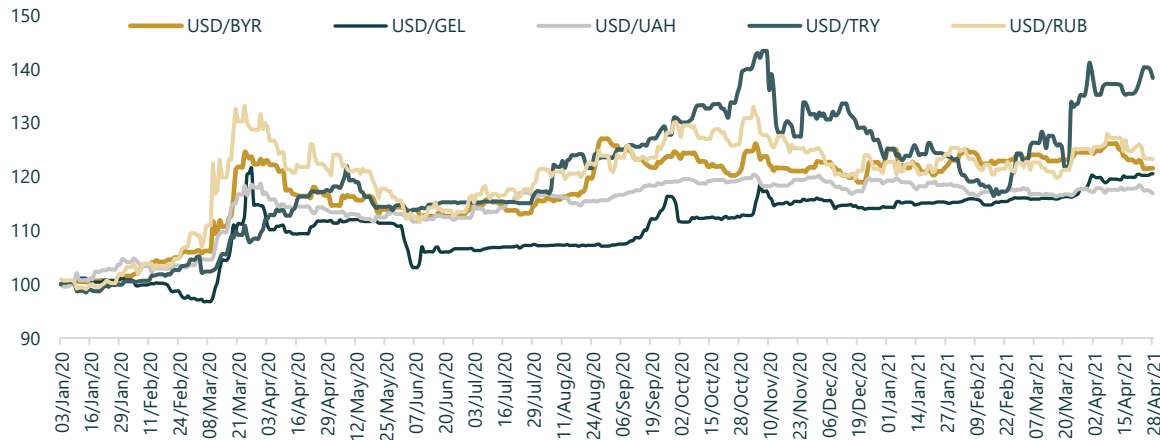


NBG has sold \$1.12 billion since March 2020 up to April 2021 on the foreign exchange market



Exchange rate indices (1 January=100)

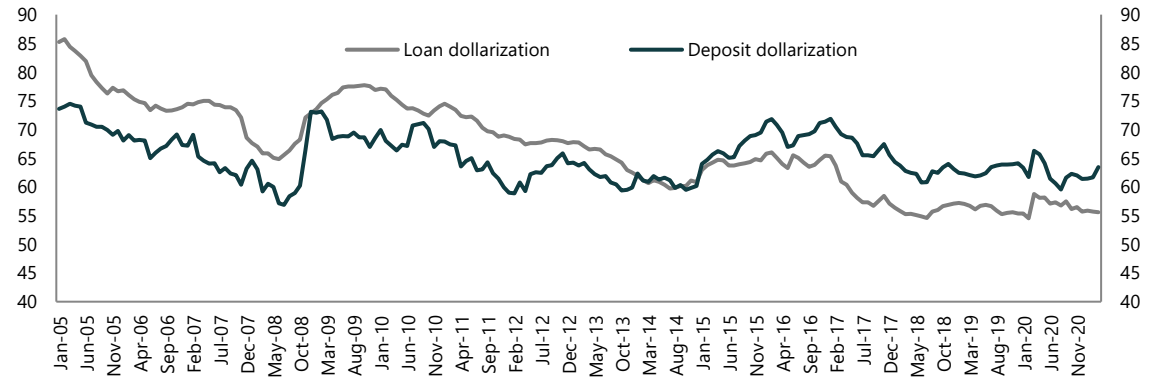
Sources: NBG



Dollarization ratios

Source: NBG

Both deposit and loan dollarization jumped in March on the back of the pandemic and GEL depreciation, but have declined since then

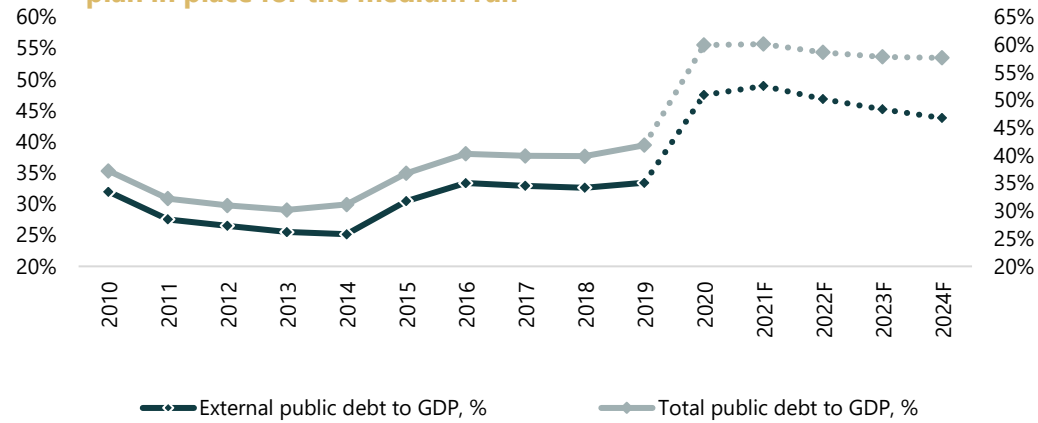


PUBLIC DEBT TO DECREASE THROUGHOUT THE MEDIUM RUN

Public debt

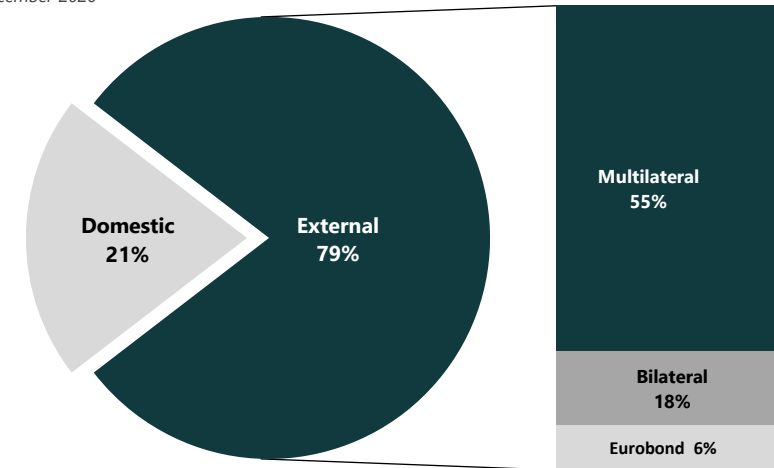
Sources: MOF

Public debt increased to 59.9% of GDP, with a consolidation plan in place for the medium run



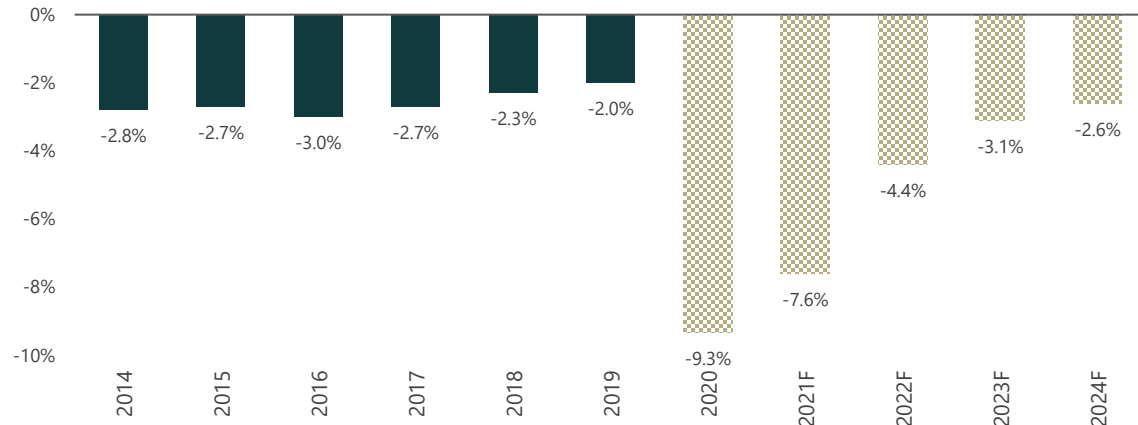
Breakdown of public debt

Source: MOF, as of 31 December 2020



Overall Balance (IMF Modified), % of GDP

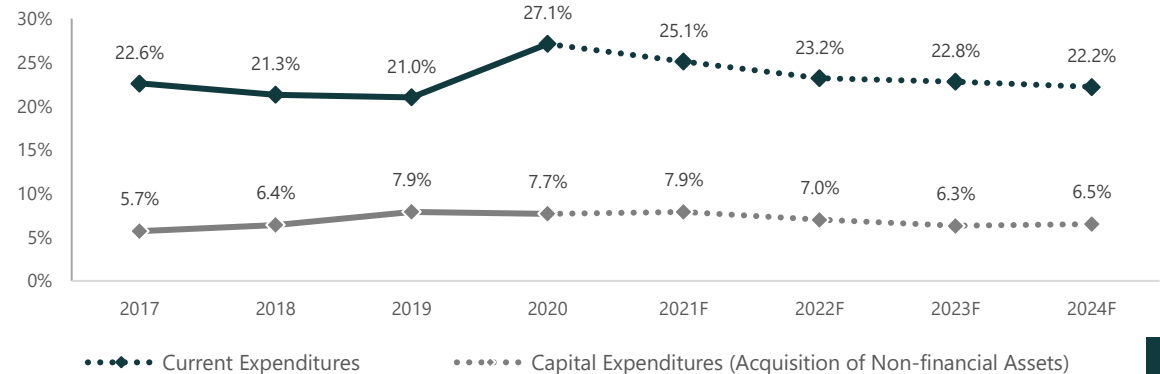
Source: MOF



Current vs Capital Expenditure, % of GDP

Source: MOF

Current expenditures jumped due to the pandemic-related expenses, while capital expenditures remained very high



FORWARD LOOKING STATEMENTS



This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Georgia Capital PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: impact of COVID-19; regional instability; regulatory risk across a wide range of industries; investment risk; liquidity risk; portfolio company strategic and execution risks; currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; and other key factors that could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in Georgia Capital PLC's Annual Report and Accounts 2020. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Capital PLC or any other entity and must not be relied upon in any way in connection with any investment decision. Georgia Capital PLC and other entities undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.

COMPANY INFORMATION

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Share price information

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