

9M 2017



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**GR Today**



**Georgian  
Railway**  
EST. 1872

Economic  
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# Company Financial Highlights



## Revenue

| <u>Q3 2017</u>                        | <u>9M 2017</u>   |
|---------------------------------------|------------------|
| <b>108,967</b>                        | <b>303,297</b>   |
| -8% from Q3 2016<br>+21% from Q2 2017 | -6% from 9M 2016 |

## EBITDA

| <u>Q3 2017</u>                         | <u>9M 2017</u>    |
|--|-------------------|
| <b>49,045</b>                          | <b>125,838</b>    |
| -65% from Q3 2016<br>+59% from Q2 2017 | -43% from 9M 2016 |

## EBITDA margin

| <u>Q3 2017</u>                                     | <u>9M 2017</u>          |
|--|-------------------------|
| <b>45%</b>   | <b>42%</b>              |
| -73 points from Q3 2016<br>+11 points from Q2 2017 | -27 points from 9M 2016 |

## Adjusted EBITDA

| <u>Q3 2017</u>                         | <u>9M 2017</u>    |
|--|-------------------|
| <b>46,698</b>                          | <b>118,048</b>    |
| -25% from Q3 2016<br>+64% from Q2 2017 | -16% from 9M 2016 |

## Adjusted EBITDA margin

| <u>Q3 2017</u>                                    | <u>9M 2017</u>         |
|---|------------------------|
| <b>43%</b>  | <b>39%</b>             |
| -9 points from Q3 2016<br>+20 points from Q2 2017 | -5 points from 9M 2016 |

## Net Debt to EBITDA

| <u>30 Sep 2017</u>  | <u>31 Dec 2016</u> |
|---------------------|--------------------|
| <b>3.59</b>         | <b>3.48</b>        |
| 3.49 in 30 Jun 2017 |                    |

# Key Operating Measures

Total freight revenue per ton-km (in GEL)

Q3 2017  
**0.13**

+17% from Q3 2016  
+8% from Q2 2017

9M 2017  
**0.12**

+7% from 9M 2016

Passenger revenue per passenger-km (in GEL)

Q3 2017  
**0.05**

+15% from Q3 2016  
+65% from Q2 2017

9M 2017  
**0.04**

+10% from 9M 2016

Revenue per average number of employees (in GEL '000)

Q3 2017  
**8.79**

-6% from Q3 2016  
+23% from Q2 2017

9M 2017  
**24.34**

-5% from 9M 2016

Operating expenses per ton-km (in GEL)

Q3 2017  
**0.13**

+44% from Q3 2016  
+4% from Q2 2017

9M 2017  
**0.12**

+18% from 9M 2016

Ton-km per average number of Freight SBU employees in '000

Q3 2017  
**127.35**

-24% from Q3 2016  
+7% from Q2 2017

9M 2017  
**392.43**

-15% from 9M 2016

Pass-km per average number of Passenger SBU employees '000

Q3 2017  
**173.69**

+34% from Q3 2016  
+67% from Q2 2017

9M 2017  
**366.31**

+33% from 9M 2016

# Fitch Ratings

## **B+, Outlook Stable**

In January 2017 Fitch Ratings has downgraded Georgian Railway to 'B+' from 'BB-' and assigned a Stable Outlook. In November 2017 Fitch Ratings has affirmed the Group's rating at 'B+' with Stable Outlook.

**“High strategic importance of the company to the Georgian economy.”**

**“Close ties with the state are a key rating factor”**

**“GR's liquidity buffer ... available committed credit lines ... fully offsets medium-term refinancing and negative cash flow risks.”**

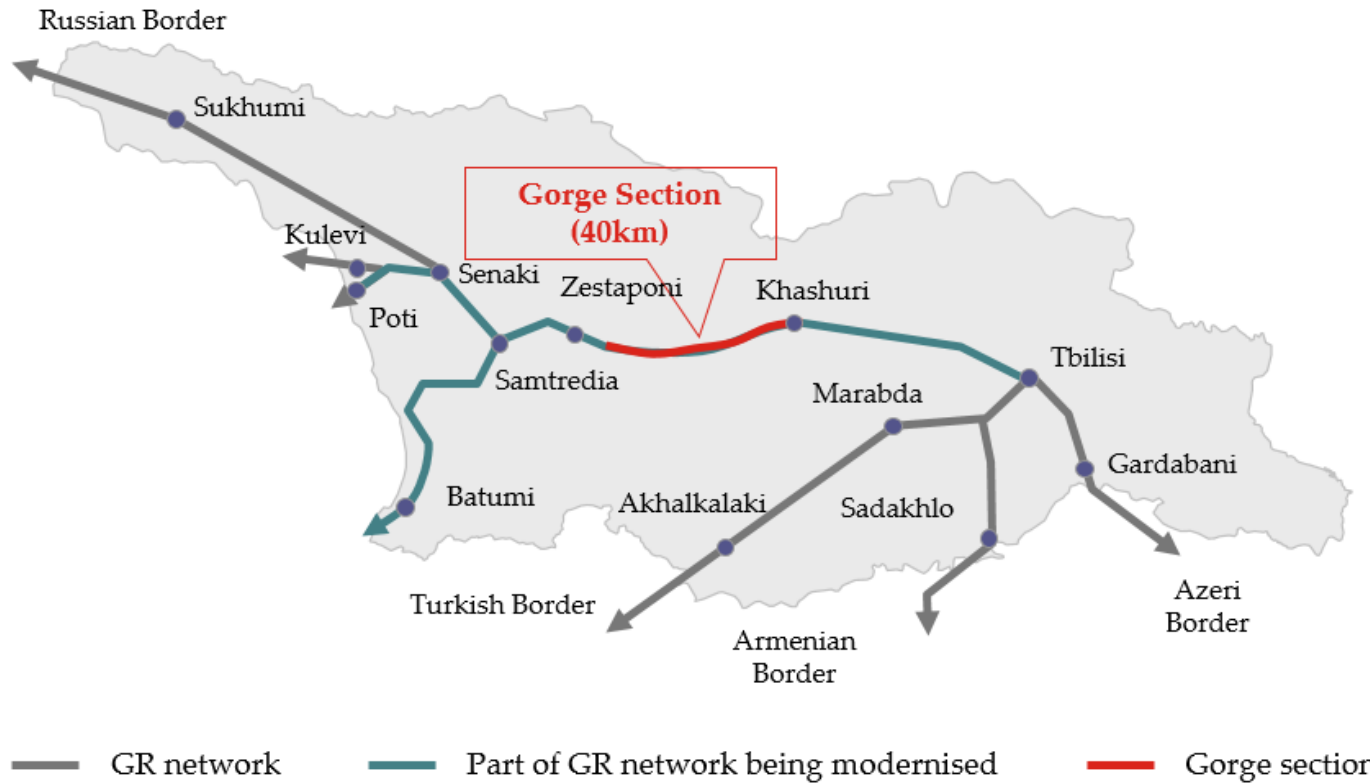
# S&P Global

## **B+, Outlook Negative**

In September 2017, S&P Global Ratings revised its outlook to negative from stable.

**“We continue to believe that there is a very high likelihood that the Georgian government, the group's ultimate parent, would provide timely and sufficient extraordinary support to the company in case of emergency.”**

**“We expect that Georgian Railway's leverage will remain high over the coming years”**



**1,443km** Operational network length

**97%** Electrified

**102** Freight stations

**32** Railroad tunnels

**1,325** Railroad bridges

## Modernization

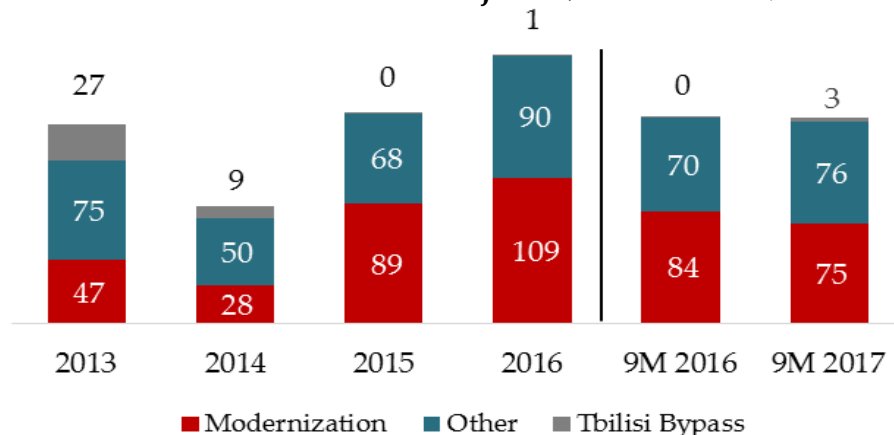
- Expected to be completed by 2019;
- Designed to increase transportation capacity of infrastructure from the current annual 27 million tons to 48 million, with the possibility of further expansion to a potential 100 million per annum;
- Supports future corridor developments: Anaklia Deep Sea port, Poti Port expansion, etc.;
- Reduced operational expenses;
- Improved operational safety;
- Increased train speeds;
- From 2010 till 1 October 2017 the Company invested GEL 652m in Modernization project.

## Tbilisi bypass

(Suspended)

- Aim - Transfer of certain GR's infrastructure from the centre of Tbilisi to the northern part of the city;
- Tbilisi Bypass project is currently suspended and is still under negotiation between the Government City Hall and Georgian Railway.

Cash Flow used in Projects (GEL million)





## Baku-Tbilisi-Kars (“BTK”)

- New corridor from the Caspian Sea to Europe via Turkey;
- Opening day – 30 October 2017;
- Will transport both goods and passengers between Central Asia and Europe;
- Expected to increase cargo transportation capacity of existing line by up to 15mtn;
- GR has been granted the right to operate the Georgian portion of the new line;
- GR expects this line to attract cargo transportation businesses which may currently use the alternative routes offered through Iran;
- If cargo switches to BTK line, profitability will increase.



**Economic  
Overview**

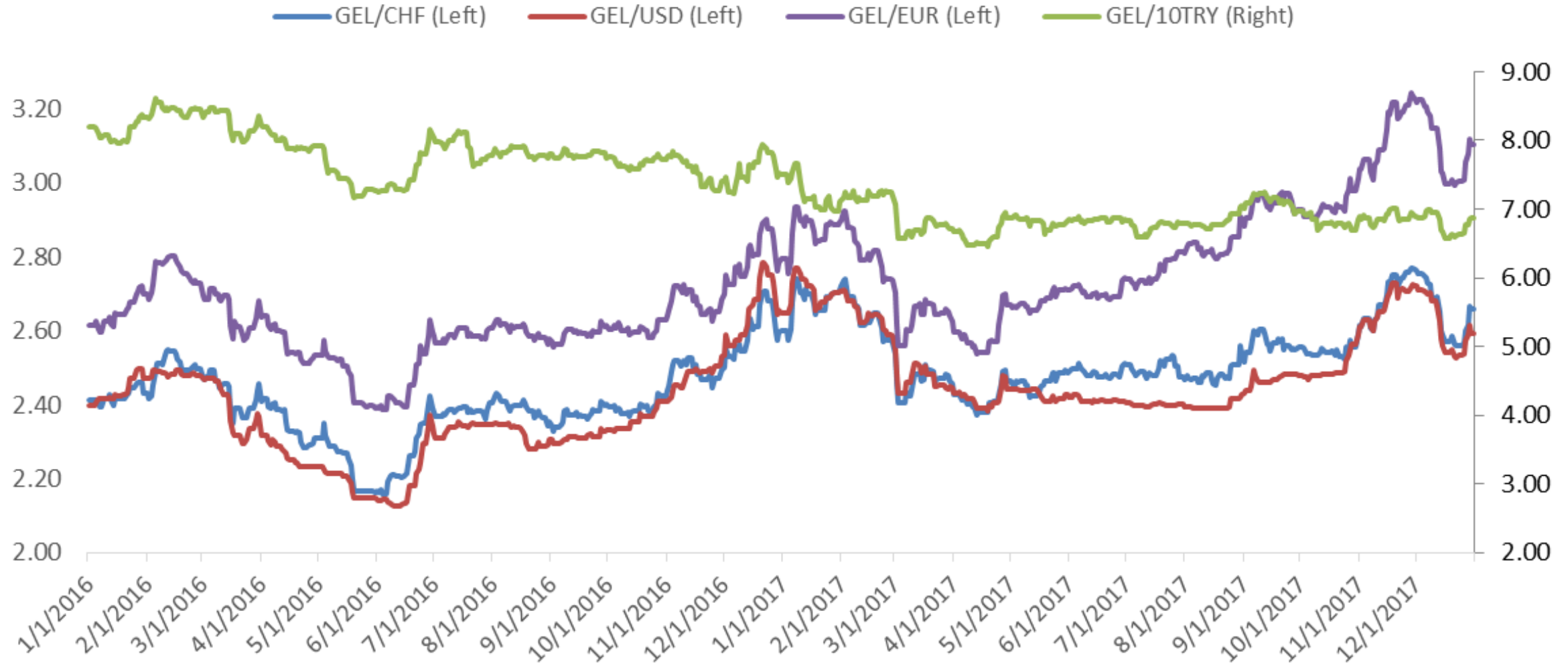
**GR Today**



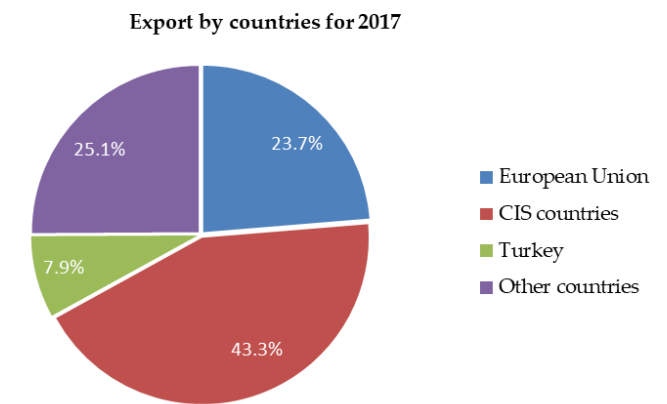
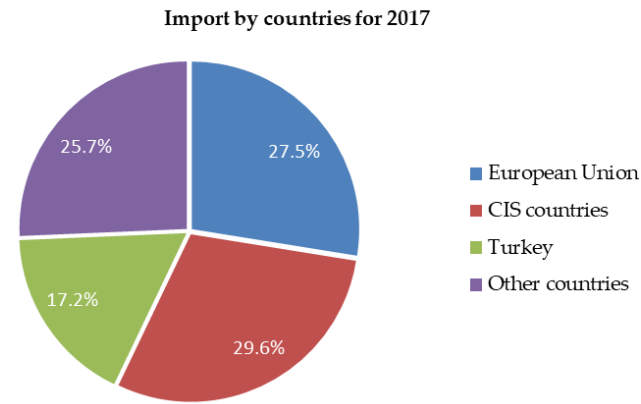
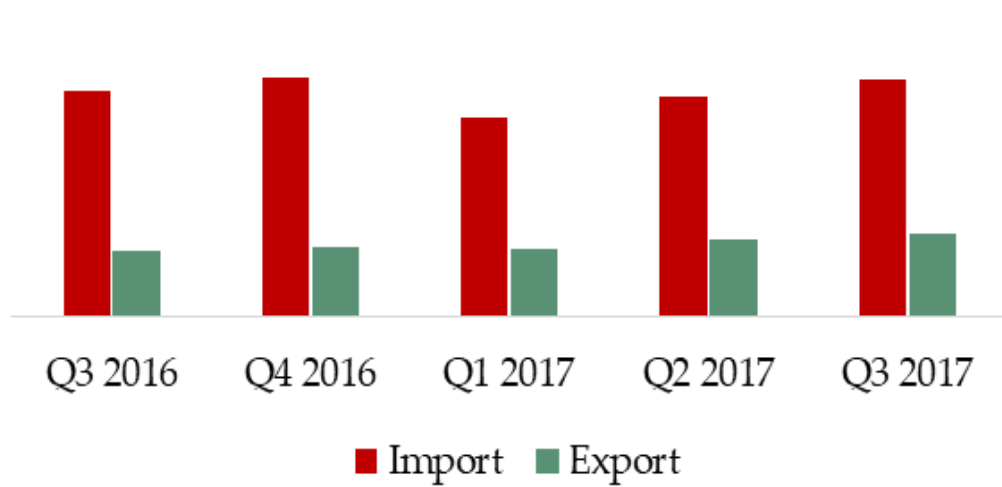
**Financial  
Results**

**Liquidity  
Position**

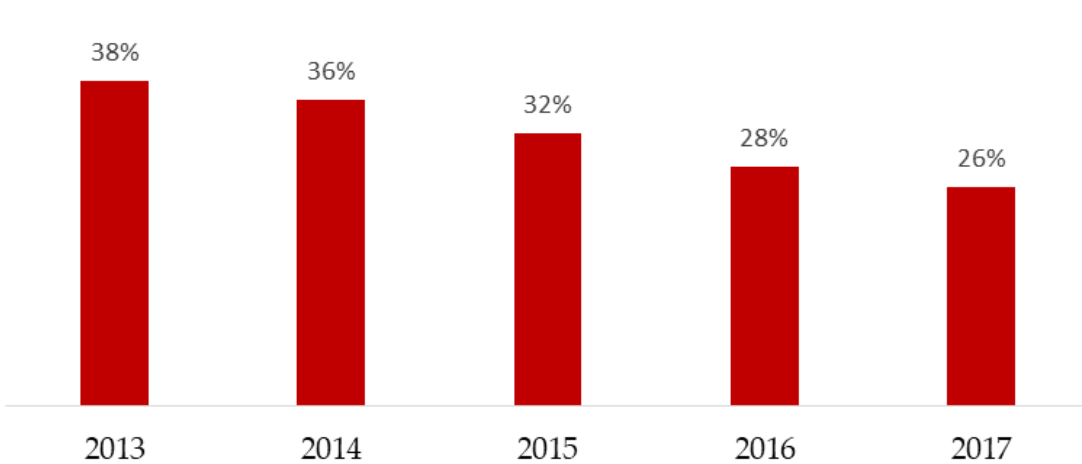
# GEL Exchange Rate



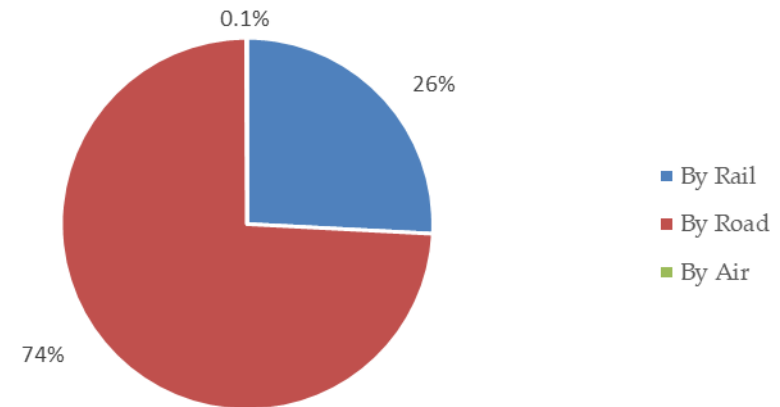
## Georgian Trade Dynamics



## Share of GR in Total Freight Transportation in Georgia



## Freight Transportation by Types for 2017



# Macroeconomic Environment in Region

## Global Commodity Prices (BLOOMBERG)

| Commodity             | Price   | % change |         |         |
|-----------------------|---------|----------|---------|---------|
|                       | Q4 2017 | Q1 2018  | Q2 2018 | Q3 2018 |
| ICE Brent (Crude oil) | 55.41   | -1.0%    | -0.6%   | -0.5%   |
| ICE Gasoil            | 513.72  | -1.8%    | -1.1%   | -0.1%   |
| UK NBP Nat Gas        | 51.74   | -3.2%    | -17.7%  | 3.0%    |
| Grain                 | 446.58  | 4.2%     | 4.0%    | 4.7%    |
| Aluminum              | 2145    | 0.9%     | 0.7%    | 0.5%    |
| Iron ores             | 62.79   | -2.9%    | -2.1%   | -1.9%   |

## Macroeconomic Measures of Partnering Countries for 2017 (IMF)

### % Change from 2016

|              | GDP   | Inflation rate | Import | Export |
|--------------|-------|----------------|--------|--------|
| Azerbaijan   | -1.0% | 12.0%          | -6.9%  | -7.1%  |
| Turkey       | 5.1%  | 10.9%          | 3.9%   | 11.4%  |
| Kazakhstan   | 3.3%  | 7.3%           | 10.1%  | 18.6%  |
| Turkmenistan | 6.5%  | 6.0%           | -3.5%  | 4.1%   |

Economic  
Overview

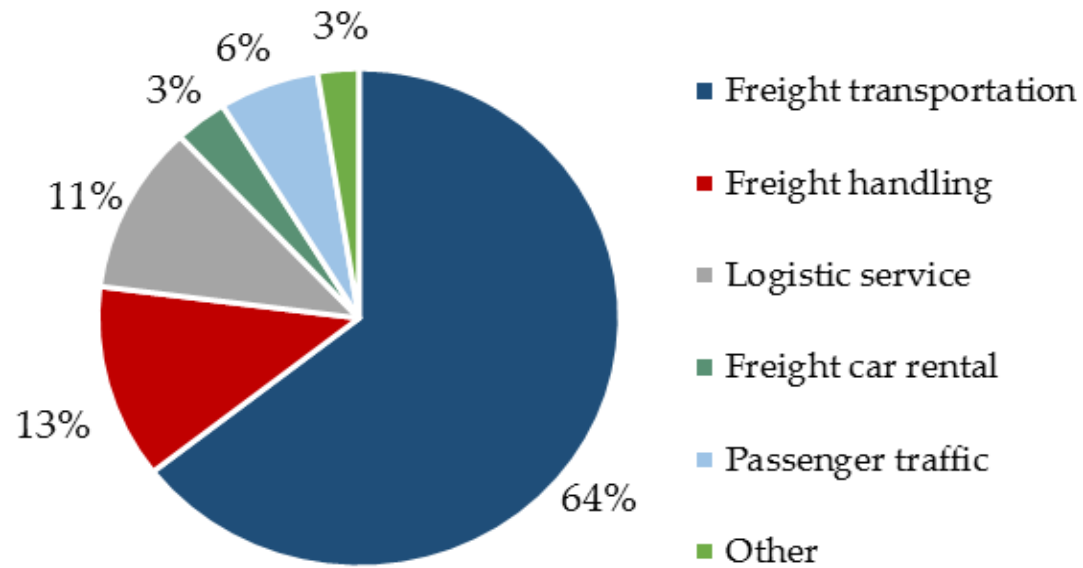
GR Today



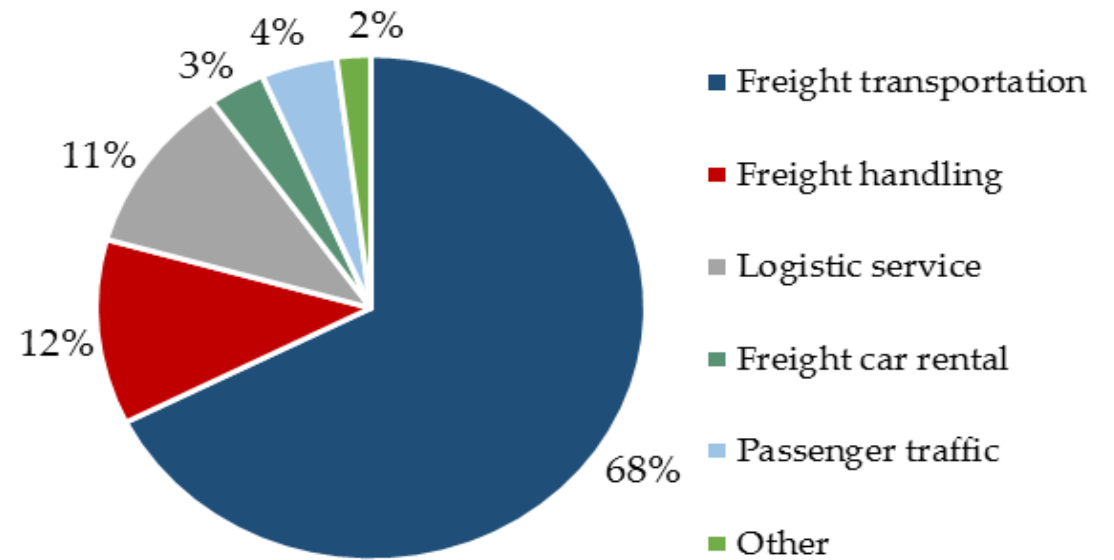
**Financial  
Results**

Liquidity  
Position

### Revenue breakdown 9M 2017



### Revenue breakdown 9M 2016



# Revenue Breakdown

| <i>GEL '000 period ended 30 September</i> | 9M 2017        | 9M 2016        | % Change       | Abs. Change    |
|---|----------------|----------------|----------------|----------------|
| Freight transportation                    | 195,474        | 218,147        | -10.40%        | -22,673        |
| Freight handling                          | 38,174         | 38,252         | -0.20%         | -78            |
| Logistical service                        | 33,203         | 34,869         | -4.80%         | -1,666         |
| Freight car rental                        | 9,910          | 10,833         | -8.50%         | -923           |
| Passenger traffic                         | 18,787         | 14,382         | 30.60%         | 4,405          |
| Other                                     | 7,749          | 6,523          | 18.80%         | 1,226          |
| <b>Revenue</b>                            | <b>303,297</b> | <b>323,006</b> | <b>-6.10%</b>  | <b>-19,709</b> |
| <b>Income from sale of fixed assets</b>   | <b>2,431</b>   | <b>77,455</b>  | <b>-96.90%</b> | <b>-75,024</b> |
| <b>Other income</b>                       | <b>11,047</b>  | <b>14,344</b>  | <b>-23.00%</b> | <b>-3,297</b>  |

- **Freight transportation:**
  - Tariffs denominated in USD;
  - The downturn in revenue caused by decreased volumes;
  - Average revenue per ton-kilometer increased by 4.6%.
- **Logistical service:**
  - Decreased logistical revenue from crude oil, transported from Turkmenistan.
- **Freight car rental:**
  - Reduced usage of the Group's tank cars by Azerbaijan and Turkmenistan;
  - Reduced usage of grain carriers by Azerbaijan.
- **Passenger transportation:**
  - Increased number of passengers on the main line and international transportation.
- **Income from sale of fixed assets;**
  - Transferred land plots to the state according to Bypass Project Memorandum;
- **Other income**
  - Continuing operations decreased by about 52%;
  - Non-continuing operations increased by 57%.



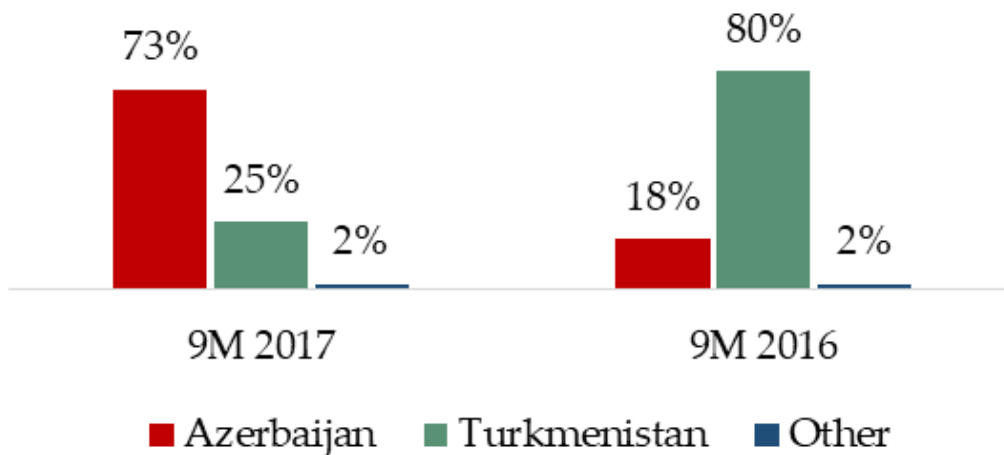
# Freight Revenue Breakdown

| <i>GEL '000 period ended 30 September</i> | 9M 2017        | 9M 2016        | % Change      | % Change at constant currency | Abs. Change    |
|---|----------------|----------------|---------------|-------------------------------|----------------|
| <b>Freight transportation</b>             | <b>195,474</b> | <b>218,147</b> | <b>-10.4%</b> | <b>-16.1%</b>                 | <b>-22,673</b> |
| <b>Liquid cargoes</b>                     | <b>84,860</b>  | <b>98,014</b>  | <b>-13.4%</b> | <b>-18.9%</b>                 | <b>-13,154</b> |
| Oil products                              | 78,536         | 76,845         | 2.2%          | -4.3%                         | 1,691          |
| Crude oil                                 | 6,324          | 21,169         | -70.1%        | -72.0%                        | -14,845        |
| <b>Dry cargoes</b>                        | <b>110,614</b> | <b>120,133</b> | <b>-7.9%</b>  | <b>-13.7%</b>                 | <b>-9,519</b>  |
| Ores                                      | 19,385         | 18,673         | 3.8%          | -2.7%                         | 712            |
| Grain                                     | 5,840          | 10,154         | -42.5%        | -46.1%                        | -4,314         |
| Ferrous metals and scrap                  | 8,125          | 17,167         | -52.7%        | -55.6%                        | -9,042         |
| Sugar                                     | 14,514         | 16,851         | -13.9%        | -19.3%                        | -2,337         |
| Chemicals and fertilizers                 | 8,723          | 6,439          | 35.5%         | 26.9%                         | 2,284          |
| Construction freight                      | 5,206          | 4,846          | 7.4%          | 0.6%                          | 360            |
| Industrial freight                        | 3,660          | 2,640          | 39.6%         | 29.9%                         | 1,020          |
| Cement                                    | 1,029          | 712            | 44.5%         | 35.4%                         | 317            |
| Other                                     | 44,131         | 42,650         | 3.5%          | -3.1%                         | 1,481          |
| Freight turnover (million ton-km)         | 2,193          | 2,560          | -14.3%        | -14.3%                        | -367           |
| Revenue / ton-km (in Tetri)               | 8.91           | 8.52           | 4.6%          | -2.0%                         | 0.39           |

9 month period ended 30 September

|  | 9M 2017 | 9M 2016 | % Change | % Change at constant currency |
|--|---------|---------|----------|-------------------------------|
| <b>Revenue (GEL'000)</b>                 | 6,324   | 21,169  | -70.1%   | -72.0%                        |
| <b>Freight volume ( ton '000)</b>        | 321     | 1,389   | -76.9%   | -76.9%                        |
| <b>Freight turnover (million ton-km)</b> | 126     | 549     | -77.1%   | -77.1%                        |
| <b>Revenue / ton-km (in Tetri)</b>       | 5.02    | 3.85    | 30.3%    | 22.1%                         |

Transportation volume by countries of origin

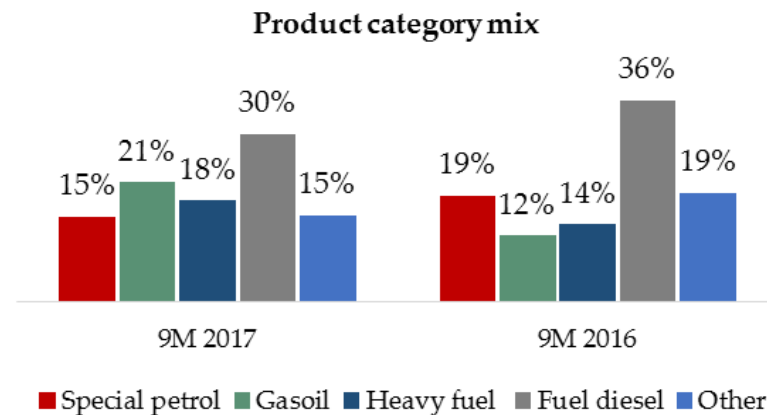
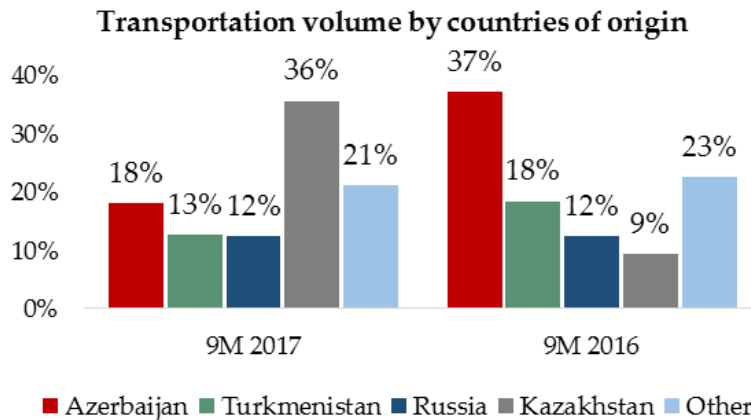


- Sharp fall (about 93 percent) in crude oil transportation volume from Turkmenistan;
- Increase in average transportation distance;
- Increase in average revenue per ton-kilometer due to the changes in transportation direction mix;

# Oil products

9 month period ended 30 September

|  | 9M 2017 | 9M 2016 | % Change | % Change at constant currency |
|--|---------|---------|----------|-------------------------------|
| <b>Revenue (GEL'000)</b>                 | 78,536  | 76,845  | 2.2%     | -4.3%                         |
| <b>Freight volume ( ton '000)</b>        | 2,970   | 2,660   | 11.6%    | 11.6%                         |
| <b>Freight turnover (million ton-km)</b> | 933     | 794     | 17.5%    | 17.5%                         |
| <b>Revenue / ton-km (in Tetri)</b>       | 8.42    | 9.68    | -13.1%   | -18.5%                        |

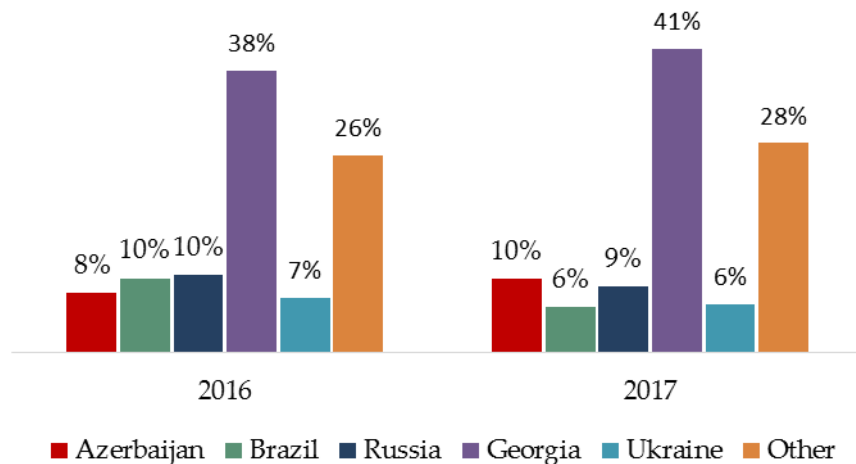


- Disproportional changes between revenue and volume were mainly caused by decrease in tariffs at the end of 2016 for some oil products, also by changes in product category and direction mixes;
- The increase in transportation volume was mainly caused by increased transportation of gasoil by 320,000 tons and heavy fuel oil by 170,000 tons.

9 month period ended 30 September

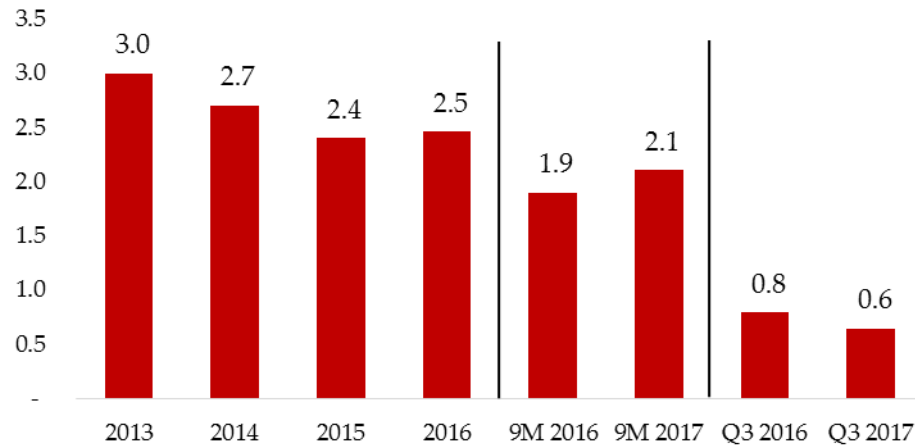
|  | 9M 2017 | 9M 2016 | % Change | % Change at constant currency |
|--|---------|---------|----------|-------------------------------|
| <b>Revenue (GEL'000)</b>                 | 110,614 | 120,133 | -7.9%    | -13.7%                        |
| <b>Freight volume ( ton '000)</b>        | 4,650   | 4,875   | -4.6%    | -4.6%                         |
| <b>Freight turnover (million ton-km)</b> | 1,134   | 1,217   | -6.8%    | -6.8%                         |
| <b>Revenue / ton-km (in Tetri)</b>       | 9.76    | 9.87    | -1.2%    | -7.4%                         |

Transportation volume by countries of origin

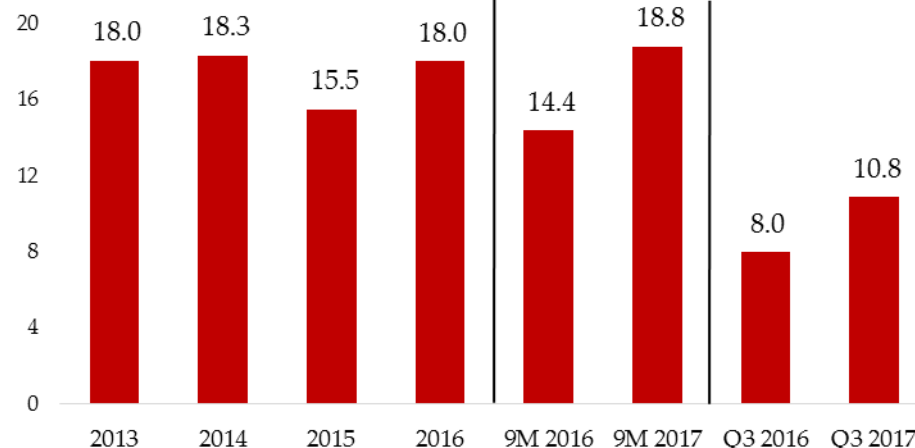


- Volume drop of dry cargo in 9M 2017 compared to the same period in 2016 mainly caused by decreased transportation of grain (-31.2%), ferrous and metal scarp (-24.2%) and sugar (-31.5%);
- Transportation of chemicals and fertilizers increased by 29.3% and cement freight by 31.1%;
- Reduced revenue per ton-km were mainly caused by reduced tariffs on ferrous and metal scrap due to ceased transportation of pipes for oil and gas pipelines to Azerbaijan.

## Passenger Transported (in million)



## Passenger Revenues (GEL million)



## Overview

- The Passenger SBU is the only provider of passenger railway transportation of Georgia;
- The medium-term aim is to achieve break even for Passenger SBU;
- Supported by GR's railway infrastructure and rolling stock base;
- Expected subsidy of passenger SBU from the state budget as per Euro directive, effective from 2018.

## Roadmap to Profitability

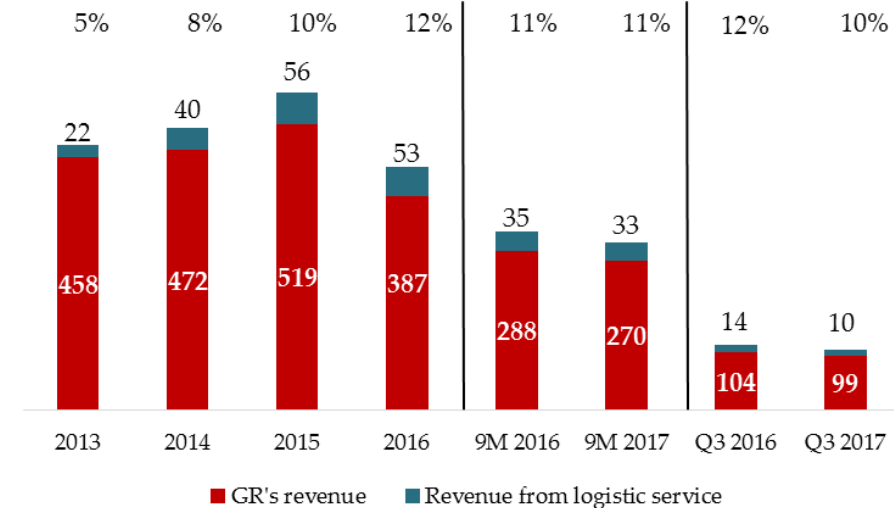
- Medium-term strategic objective to achieve break even :
  - Increasing revenue per passenger by attracting new higher paying customers willing to switch from car and minibus to rail;
  - Adjusting schedules to optimise utilisation.
- GR is increasing its service quality with higher speed and comfort:
  - In 2010, GR purchased 3 modern passenger trains for GEL 16m;
  - In 2011, the Group signed a purchase agreement for 5 modern Chinese passenger trains (with a combined capacity of 1,500 seats);
  - In 2016 GR purchased 2 modern trains from the Swiss company Stadler Bussnang AG and another 2 in the first 9 months of 2017;
  - Potential additional traffic from Baku-Tbilisi-Kars link.

## Description of GR's freight forwarders

- **GR Transit LLC** purchased by JSC Georgian Railway in April 2013. The subsidiary transports cargo mainly from Azerbaijan, Kazakhstan and Turkmenistan to western countries;
- **GR Transit Line LLC** established by Georgian Railway and started its operation in April 2014. It is a liquid cargo forwarding company, mainly working on transportation of oil products to Armenian and Azerbaijan directions;
- **GR Logistics and Terminals LLC** established in October 2009 by the Company to promote containerization of the corridor. Recently, the subsidiary also became involved in cargo forwarding (mainly dry cargo) through the corridor;
- **GR Transshipment LLC** was established in Q2 2015. The company holds liquid cargo warehouses in Batumi port, utilized to store oil products and change transportation modes. Modern infrastructure used by the subsidiary was constructed in 2013 and 2014.

## Freight forwarders margin added to GR's revenue (in GEL million)

### As a percentage of total revenue

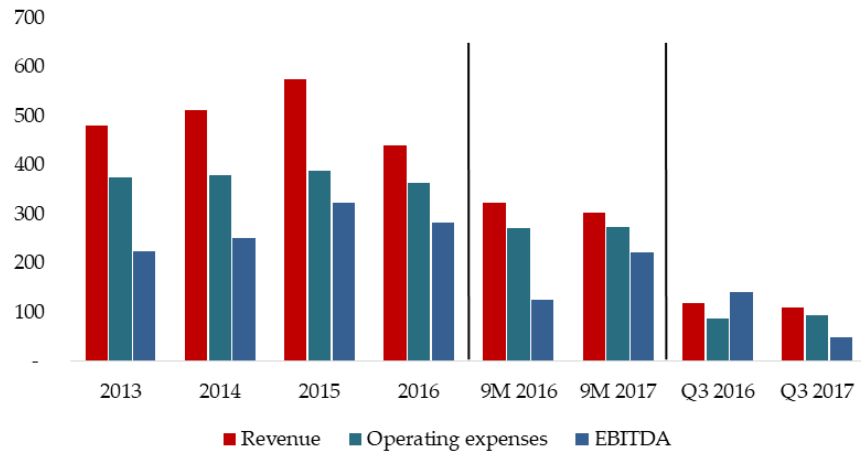


## Comment

- Subsidiaries' margin added to GR revenue is increasing since entering in freight forwarding business;
- To reach subsidiaries margin (GEL 33 million) GR's subsidiaries transported about 2.6 million tons in 9M 2017.

# Adding logistics elements to the Company

## Key performance indicators



## GR as a logistic company

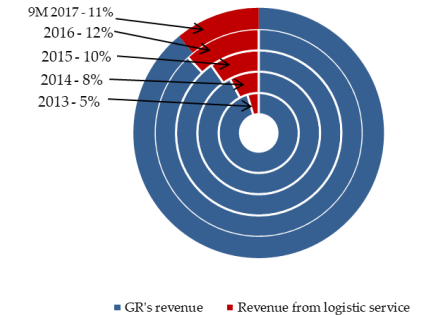
As a logistic company Georgian Railway expects to:

- Have deeper understanding of customers' industries and business processes and be able to provide better service to its customers;
- Increase its competitiveness;
- Increase its financial flexibility, growth and profitability.

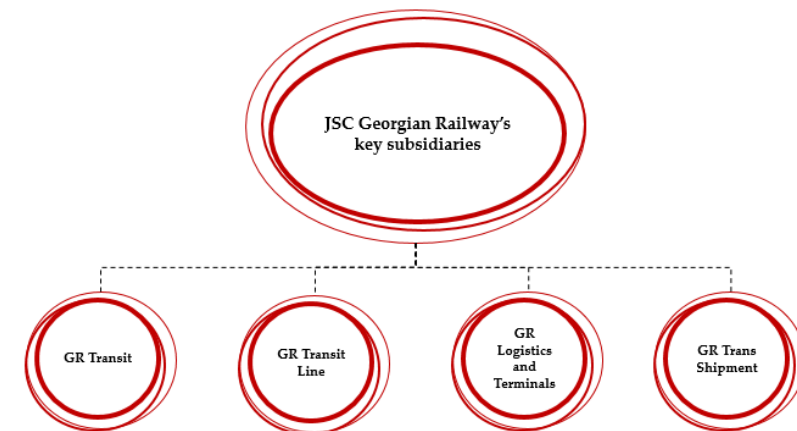
## Comments

Georgian Railway entered in freight forwarding business from April 2013 and since then was increasing its significance. GR aims to increase revenues from logistics up to 25% within 5 years.

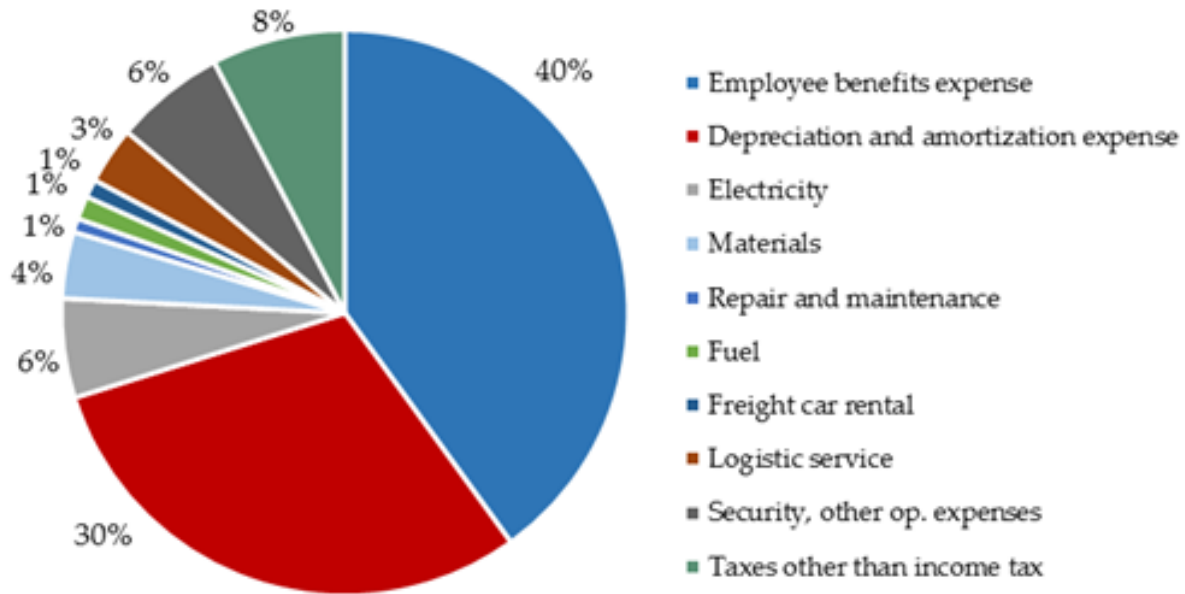
Share of revenue from logistic service in total revenue



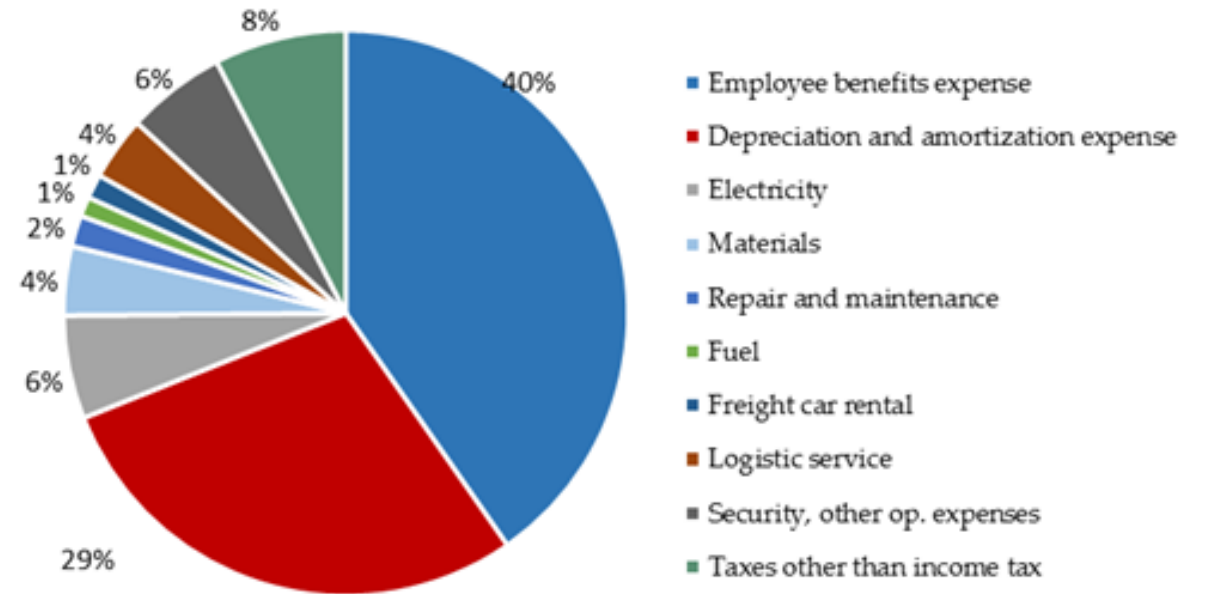
## GR's freight forwarders



Cost structure 9M 2017



Cost structure 9M 2016





# Operating Expenses

| 9 month period ended 30<br>September         | In GEL '000    |                |              |                |
|--|----------------|----------------|--------------|----------------|
|  | 9M 2017        | 9M 2016        | %<br>Change  | Abs.<br>change |
| <b>Employee benefits expense</b>             | 109,394        | 109,110        | 0.26%        | 284            |
| <b>Depreciation and amortization expense</b> | 82,273         | 77,563         | 6.07%        | 4,710          |
| <b>Electricity</b>                           | 15,504         | 15,998         | -3.09%       | -494           |
| <b>Materials</b>                             | 10,410         | 10,695         | -2.66%       | -285           |
| <b>Repair and maintenance</b>                | 2,128          | 4,788          | -55.56%      | -2,660         |
| <b>Fuel</b>                                  | 3,640          | 3,057          | 19.07%       | 583            |
| <b>Freight car rental</b>                    | 2,829          | 3,739          | -24.34%      | -910           |
| <b>Logistical service</b>                    | 8,953          | 9,861          | -9.21%       | -908           |
| <b>Security, other op. expenses</b>          | 17,230         | 15,396         | 11.91%       | 1,834          |
| <b>Taxes other than income tax</b>           | 20,849         | 20,469         | 1.86%        | 380            |
| <b>Total</b>                                 | <b>273,210</b> | <b>270,676</b> | <b>0.94%</b> | <b>2,534</b>   |

- **Employee benefits expense:**
  - N of employees – 12,356;
  - Higher cost of personal insurance;
  - Increased expenses on business trips;
  - Reduced expenses for bonus.
- **Depreciation and amortization expense:**
  - Increased depreciation of infrastructure assets;
  - Decrease of the useful life of assets.
- **Electricity:**
  - Gross ton-kilometers, decreased by 14 percent;
  - Increased tariffs of electricity on open market;
- **Materials, repair and maintenance expenses:**
  - Reduced expenditure on repair of rolling stocks and buildings.
- **Fuel:**
  - Increased repair works of infrastructure, conducted by internal workforce.
- **Freight car rental:**
  - Reduced usage of tank cars.
- **Logistical service:**
  - Reduced expenses of GR's subsidiary that mainly serves crude oil and oil products transported by the Company.
- **Taxes other than income tax:**
  - Increased property tax by 10 percent, which was mainly caused by the increased property tax on CIP and transportation equipment. Property tax will be reduced after putting the Modernization Project into operation, as railway infrastructure related assets are free of property tax and assets under the project are taxed by property tax while under Construction In Progress.

# Balance Sheet

| <i>GEL '000 period ended 30 September</i> | 30-Sep-17        | 31-Dec-16        | %<br>Change   | Abs.<br>change |
|---|------------------|------------------|---------------|----------------|
| <b>TOTAL ASSETS</b>                       | <b>3,245,725</b> | <b>3,225,683</b> | <b>0.62%</b>  | <b>20,041</b>  |
| <i>Changes are mainly due to:</i>         |                  |                  |               |                |
| Property, plant and equipment             | 2,746,757        | 2,623,594        | 4.69%         | 123,163        |
| Other non-current assets                  | 128,125          | 147,565          | -13.17%       | -19,440        |
| Trade and other receivables               | 89,840           | 99,649           | -9.84%        | -9,809         |
| Cash and cash equivalents                 | 203,319          | 277,953          | -26.85%       | -74,634        |
| <b>TOTAL LIABILITIES</b>                  | <b>1,552,132</b> | <b>1,626,407</b> | <b>-4.57%</b> | <b>-74,275</b> |
| <i>Changes are mainly due to:</i>         |                  |                  |               |                |
| Loans and borrowings (LT)                 | 1,315,651        | 1,361,602        | -3.37%        | -45,950        |
| Trade and other payables                  | 103,263          | 109,638          | -5.81%        | -6,375         |

## Significant Changes in Assets

- **PPE**
  - Construction In Progress (mostly under the Modernization Project);
  - Procurement of two new passenger trains.
- **Non-Current Assets**
  - Decrease in prepayments mostly attributable to Modernization Project and related inventory balances.
- **Trade and other receivables**
  - Driven by collection of receivables from partnering railway and appreciation of GEL against USD.
- **Cash and cash equivalents**
  - Cash outflows on investing activities;
  - Higher interest payments due to withdrawal of additional amount of loan to purchase passenger trains;
  - Repayment of current portion of the loan acquired for new passenger trains.

## Significant Changes in Liabilities

- **Loans and borrowings (LT)**
  - Decrease caused by debt revaluation as GEL has appreciated against USD, which was partly offset by withdrawal of additional amount of loan to purchase passenger trains.
- **Trade and other payables**
  - Reduction in payables for new passenger trains acquired.
  - Reduction in advances received for freight transportation.
  - Partly offset by the increase in payables for the Modernization Project.

Economic  
Overview

GR Today

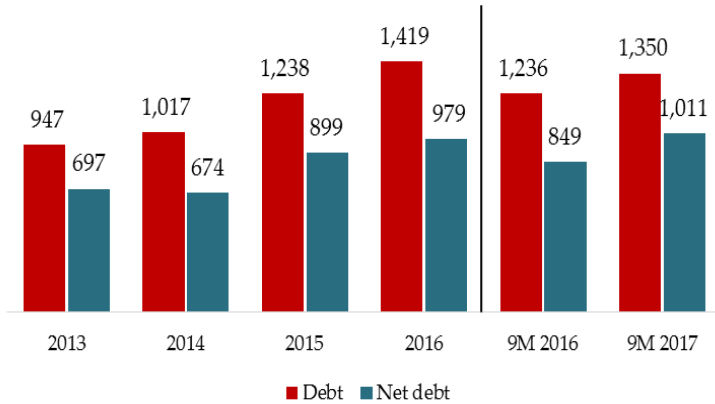


Financial  
Results

Liquidity  
Position

# Liquidity Position

Debt ( in GEL million) as for 30 September 2017



(in GEL million) 30-September-17 Amount

## Cash and Bank Deposits

Cash and Cash Equivalents 203.3

Available credit lines 136.1

## Debt

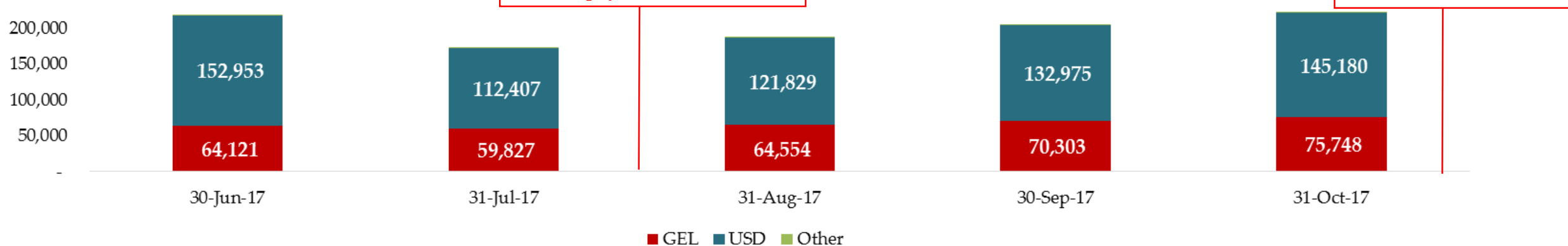
Total Indebtedness 1 350.4

**Net Debt 1011.0**

Current Net Debt Position

- GR's debt balances includes Eurobonds issued in 2012 and additional borrowing from Credit Suisse drawn in 2016 and 2017;
- Gross debt as at 30 September 2017 has decreased by 5% compared to 31 December 2016, driven by the appreciation of GEL against USD by 7%;
- Cash balances and undrawn credit facilities offset Gross debt;

Cash and cash equivalents In GEL '000



# Liquidity Position

## Cash Position as at 30 September 2017

| <i>in GEL '000</i> | <b>30-Sep-17</b> |
|--------------------|------------------|
| <b>GEL</b>         | 70,303           |
| <b>USD</b>         | 132,975          |
| <b>CHF</b>         | 10               |
| <b>EUR</b>         | 27               |
| <b>GBP</b>         | 0                |
| <b>RUB</b>         | 3                |
| <b>Total</b>       | <b>203,319</b>   |

## Undrawn Credit Lines as at 30 September 2017

| <i>in '000</i>              | <b>GEL</b>    | <b>USD</b>    | <b>GEL eqv.</b> | <b>Open.</b> | <b>Matur.</b>         |
|-----------------------------|---------------|---------------|-----------------|--------------|-----------------------|
| <b>JSC Bank of Georgia</b>  | 32,000        |               | 32,000          | 16-Jul-10    | 16-Jul-19             |
| <b>JSC VTB Bank Georgia</b> |               | 10,000        | 24,767          | 16-Jul-10    | 1-Dec-19              |
| <b>JSC TBC Bank</b>         |               | 30,000        | 74,301          | 29-Jun-16    | 6-Dec-17<br>30-Jun-19 |
| <b>JSC Bank Cartu</b>       | 5,000         |               | 5,000           | 30-Jun-16    |                       |
| <b>Total</b>                | <b>37,000</b> | <b>40,000</b> | <b>136,068</b>  |              |                       |

- USD 7 mln credit line with JSC Partnership Fund was added in 4Q 2017 with maturity date of 28-Jun-19;
- Maturity date for USD 30 mln credit line at JSC TBC Bank was extended until 30-Jun-19.

## Liquidity & Solvency Ratios

### Liquidity

Current Ratio **2.08**

Quick Ratio **1.80**

Cash Ratio **1.25**

### Solvency

Net Debt to EBITDA **3.59**

Debt to Equity **0.80**

Debt to Assets **0.42**

# Net Debt to EBITDA – Sensitivity Analysis



| 2018      | EBITDA '000 |         |         |         |         |         |
|-----------|-------------|---------|---------|---------|---------|---------|
|           |             | 150,000 | 200,000 | 250,000 | 300,000 | 350,000 |
| GEL / USD | 2.40        | 6.45    | 4.58    | 3.46    | 2.71    | 2.17    |
|           | 2.50        | 6.81    | 4.85    | 3.67    | 2.89    | 2.33    |
|           | 2.60        | 7.18    | 5.12    | 3.89    | 3.07    | 2.48    |
|           | 2.70        | 7.54    | 5.39    | 4.11    | 3.25    | 2.64    |
|           | 2.80        | 7.90    | 5.66    | 4.32    | 3.43    | 2.79    |
|           |             |         |         |         |         |         |

