



გაპ

მეტი ვიდრე უბრალოდ წყალი
MORE THAN JUST WATER



Disclaimer

This presentation contains forward-looking statements that are based on current beliefs or expectations, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words similar meaning. Undue reliance should not be placed on any such statement because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and LLC Georgian Water and Power's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are various factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, legal, business and social environment. The forward-looking statements in this presentation speak only as of the date of this presentation. LLC Georgian Water and Power undertake no obligation to revise or update any forward-looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Content

- 💧 Key features of the bond
- 💧 Company overview
- 💧 Ownership structure
- 💧 Privatization
- 💧 Market overview
- 💧 Use of proceeds
- 💧 Historical financial information



Content

- 💧 Key features of the bond
- 💧 Company overview
- 💧 Ownership structure
- 💧 Privatization
- 💧 Market overview
- 💧 Use of proceeds
- 💧 Historical financial information



Key features of the bond

Issuer	LTD Georgian Water and Power
Bonds	Unsecured and unsubordinated obligation
Issue size	GEL 5,000,000
Duration	2 years
Placement date	August 2015
Coupon*	12%-14%
Coupon payment	Semi Annual
Listing	GSE's official list

** 5% income tax applies in most cases*

Content

- 💧 Key features of the bond
- 💧 Company overview
- 💧 Ownership structure
- 💧 Privatization
- 💧 Market overview
- 💧 Use of proceeds
- 💧 Historical financial information



Company overview

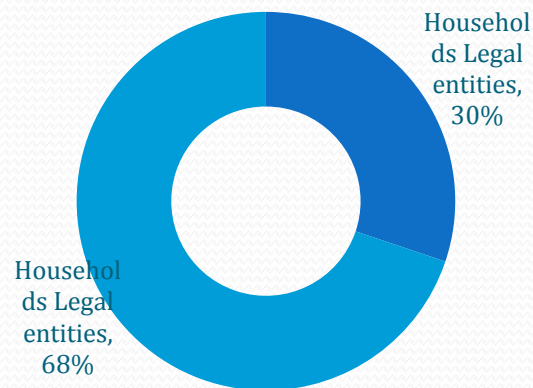
- GWP, a wholly owned subsidiary of Georgian Global Utility Ltd (GGU), supplies water and provides wastewater services to 1.2 million people (approximately 1/3 of Georgia's total population) in Tbilisi.
- GWP is the biggest revenue contributor to GGU (c. 90%)
- GGU was founded through privatization process in 2008. Rustavtskalkanali (Rustavi Water), Mtskhetatskalkanali (Mtskheta Water), Saktskalkanal and Tbilisi Water (Tbilisi Water) were acquired by GGU (formerly Multiplex Energy Ltd)
- GWP's Three core activities are:
 - **Supply of potable water** – The Company has a monopolistic position in water supply in Tbilisi and its surroundings
 - **Generation of Electric power** – The Company operates 3 HPPs (2 of them owned) with total installed capacity of 143MW (Jinvali HPP 130MW, Tetrikhevi HPP 12MW and Pshavela HPP 1MW). Generated power is primarily used by GGU's water business. The excess amount of generated power is sold to the third party clients every year
 - **Wastewater collection and processing** – The Company collects and processes wastewater via Gardabani wastewater treatment facility

Company overview, cont'd

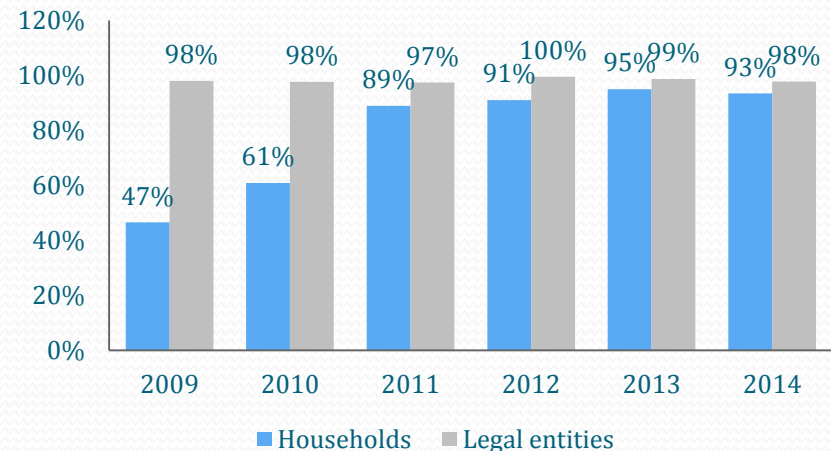
Customer pool includes both legal entities and population:

- Legal entities: Metered clients. Meters are read on a cyclical basis. Collection rate is close to 100%
- Population: Significant portion of this client base remains non-metered. Non-metered customers are billed based on the number of individuals formally registered by the civil register and by application of the relevant tariff fixed per capita per month. Collection rates have been improved significantly (+42%) in 2009-2011. This improvement was notably due to new legislation allowing the electricity distribution company to disconnect power supply to customers who are overdue in their water supply payments.

Water Sales Split per Group of Clients 2014 (in %)

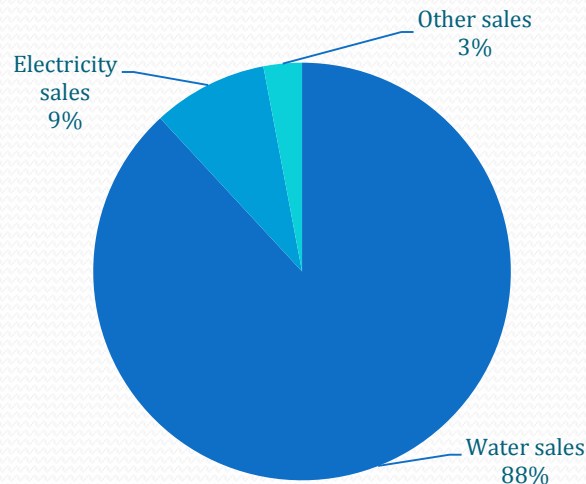


Collection rates 2009-2014



Company overview, cont'd

The Company's total revenue reached c. GEL 102 mln in 2014 and major portion was attributable to water sales.



Power Sales – c. GEL 8.7 mln in 2014

- Average electricity generation of 450 m kWh
- Large portion of generated power is used for water delivery to consumers (about 280 m Kw/h per year). All additional power generated by the Group is sold to external customers

Water Sales – c. GEL 90.3 mln in 2014

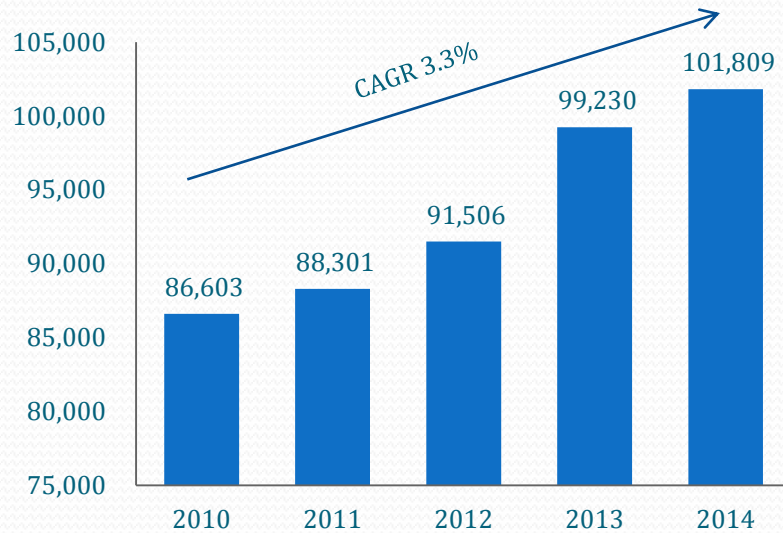
- Water is sourced from Zhinvali reservoir (90%) and Mukhrani/Natakhtari (10%) aquifer. Water is used to serve Tbilisi.

Other Sales – c. GEL 2.9 mln in 2014

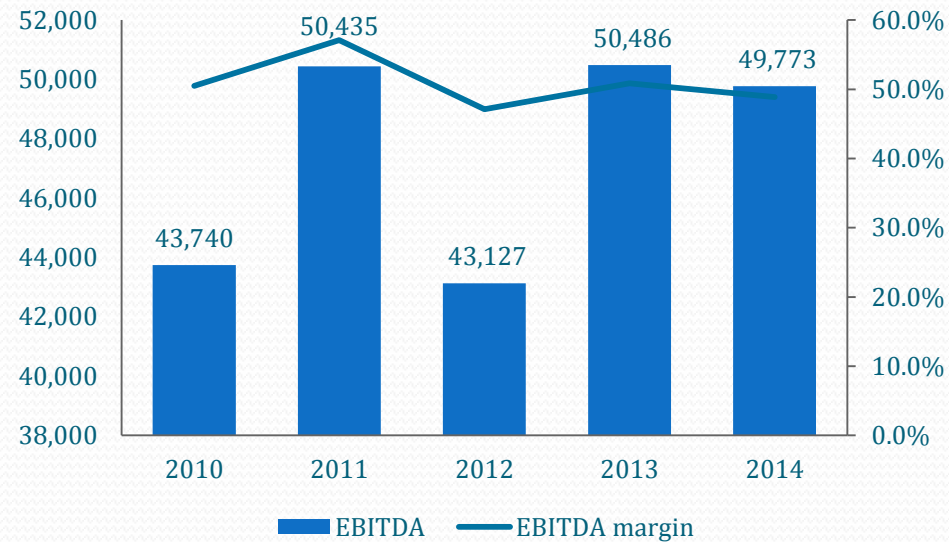
- Revenue from technical support
- Revenue from installation of water meters
- Other Sales include income from reconstruction of the network (paid by municipality), income from rent and disposal of non-core PP&E

Company overview

Revenue for last 5 years (thsd)



EBITDA and EBITDA margin for last 5 years (thsd)



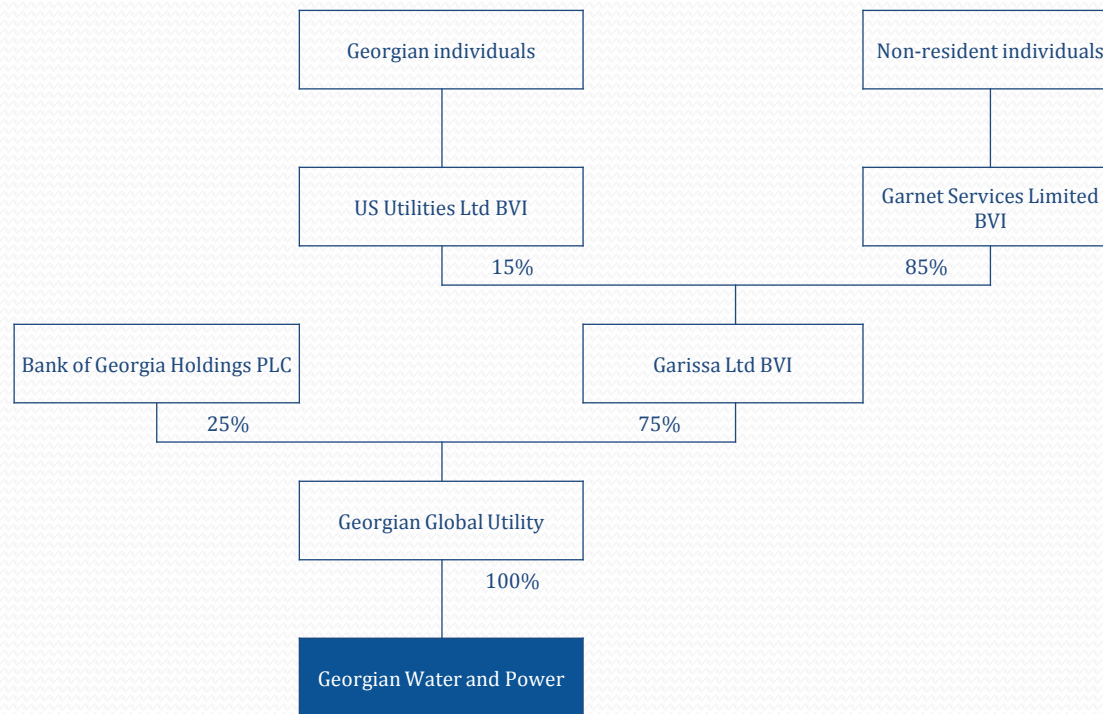
Content

- 💧 Key features of the bond
- 💧 Company overview
- 💧 Ownership structure
- 💧 Privatization
- 💧 Market overview
- 💧 Use of proceeds
- 💧 Historical financial information



Ownership structure

GWP is 100% owned by Georgian Global Utility. Ultimately 63.75% of shares of the GWP are controlled by non-resident individuals, 11.25% - by Georgian individuals and 25% of shares were recently acquired by the Bank of Georgia Holding PLC (December 2014).



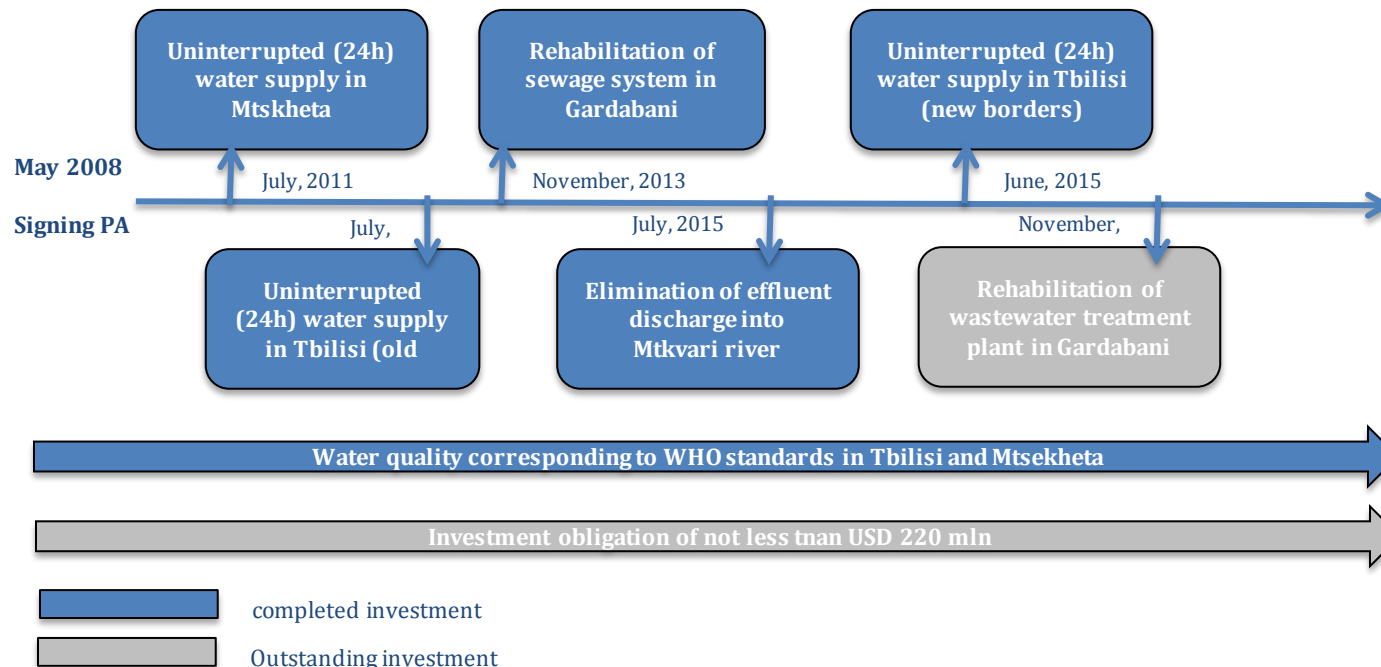
Content

- 💧 Key features of the bond
- 💧 Company overview
- 💧 Ownership structure
- 💧 Privatization
- 💧 Market overview
- 💧 Use of proceeds
- 💧 Historical financial information



Privatization – contractual obligations

In 2008, the Government of Georgia, Ministry of Economic Development of Georgia and the Government of Tbilisi sold 100% shares in Rustavtskalkanali, Mtskhetatskalkanali, Saktskalkanal and Tbilisi Water. These companies were acquired by Georgian Global Utilities Ltd BVI (formerly Multiplex Energy Ltd)



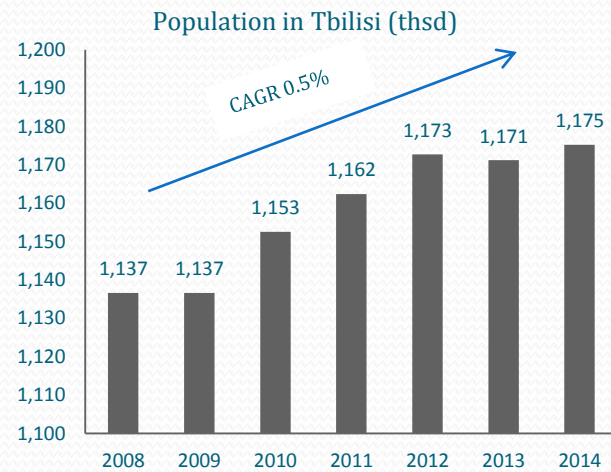
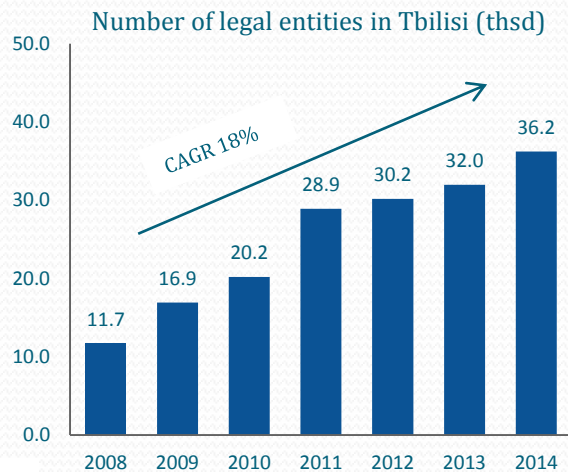
Content

- 💧 Key features of the bond
- 💧 Company overview
- 💧 Ownership structure
- 💧 Privatization
- 💧 Market overview
- 💧 Use of proceeds
- 💧 Historical financial information



Market overview, cont'd

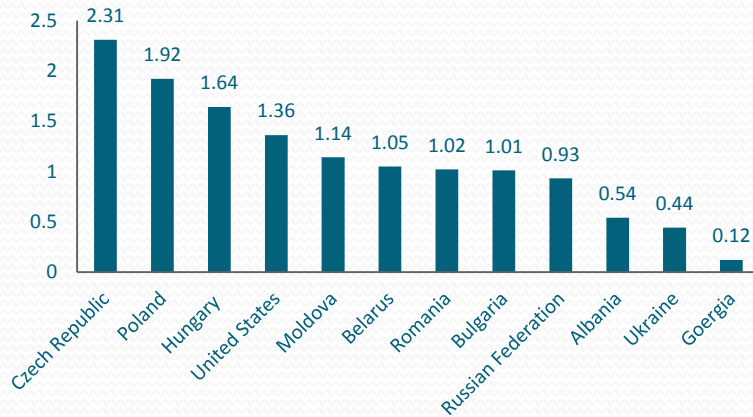
- A significant portion of the Georgian population lacks access to a functional WSS system. According to a survey from ADB, only 57% of the surveyed households are connected to water supply networks, 33% of the households have home water supply from alternative sources, and 10% of the households do not have water supply at home and obtain water from surface waters. Only about 40% of the surveyed households are connected to a functional central sewage system;
- As GGU serves 30% of total population of Georgia, out of which 87% is served by GWP (26% of total population), The Group and The Company itself hold leading positions in the sector;
- Businesses and population is mainly concentrated in capital city of Tbilisi, serving area of The Company and their number gradually increases from year to year.



Source: Geostat

Market overview

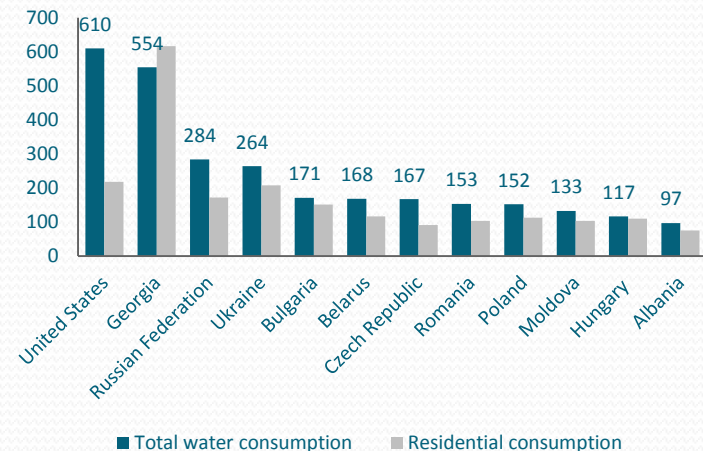
Average revenue WSS (US\$/m3 water sold)



- Compared to our peer countries, like Albania, Moldova etc. our water tariff is the lowest and water consumption highest, second after United States;
- Such figures indicate potential for growth of service tariff and room for consumption improvement.

- In developed countries, where WSS service is available for almost 100% of population and is in a good condition, operates without significant interruptions, tariff is high;
- Reason to high service tariff is high maintenance capital expenditures and heavy investments associated with introduction of new technologies for proper and up to date operations.

Water consumption (l/person/day)



Content

- 💧 Key features of the bond
- 💧 Company overview
- 💧 Ownership structure
- 💧 Privatization
- 💧 Market overview
- 💧 Use of proceeds
- 💧 Historical financial information



Use of proceeds

Net proceeds from Bonds issuance intend to support two main goals of GWP

As business is capital intensive, net proceeds from bonds will facilitate proper and on time capital investments

As previously source of financing of capital investments or any other initiatives of GWP were net cash generated by The Company or commercial Bank loans, net proceeds from bonds will facilitate diversification of funding base of The Company.

Content

- 💧 Key features of the bond
- 💧 Company overview
- 💧 Ownership structure
- 💧 Privatization
- 💧 Market overview
- 💧 Use of proceeds
- 💧 Historical financial information



Historical financial information

Statement of Profit or loss and Comprehensive Income

	2014	2013	2012
Revenue	101,968	99,230	91,506
Other income	5,595	5,029	3,411
Provision of trade receivables	(1,127)	(1,517)	(2,032)
Salaries and benefits	(23,395)	(20,711)	(21,448)
Depreciation and amortisation	(16,998)	(17,567)	(16,887)
Electricity and transmission costs	(8,673)	(8,829)	(9,943)
Raw materials, fuel and other consumables	(5,036)	(4,740)	(3,891)
General and administrative expenses	(2,594)	(2,179)	(2,662)
Infrastructure assets maintenance expenditure	(3,523)	(2,329)	(2,063)
Disposal of construction in progress items	-	(2,043)	
Other operating expenses	(14,535)	(11,425)	(9,751)
Operating profit	31,682	32,919	26,240
Finance income	667	950	1,805
Finance costs	(5,836)	(2,105)	(1,148)
Profit before income tax	26,513	31,764	26,897
Income tax expense	(5,509)	(7,191)	(6,739)
Profit for the year	21,004	24,573	20,158
Other comprehensive income for the year	-	-	
Total comprehensive income for the year	21,004	24,573	20,158

Historical financial information

Statement of Financial position

Amounts expressed in thousands of Georgian Lari)

	31-Dec-14	31-Dec-13	31-Dec-12
ASSETS			
Non-current assets			
Property, plant and equipment	244,027	226,886	226,945
Non-current trade receivables	571	1,667	2,320
Non-current loan issued	-	2,394	-
Other non-current assets	1,491	787	1,040
Deposit in bank	2,460	2,460	-
Total non-current assets	248,549	234,194	230,305
Current assets			
Inventories	11,124	11,812	8,331
Trade and other receivables	15,513	16,505	15,447
Loans Issued	1,716	1,430	8,436
Current income tax prepayments	2,213	640	1712
Restricted cash	-	1,207	-
Deposits in bank	-	-	2460
Cash and cash equivalents	9,486	16,336	3,751
Total current assets	40,052	47,930	40,137
TOTAL ASSETS	288,601	282,124	270,442

	31-Dec-14	31-Dec-13	31-Dec-12
EQUITY			
Charter capital	208,469	208,469	208,469
Accumulated deficit	-97,020	-48,252	-45,614
Revaluation reserve	58,250	59,286	59,788
TOTAL EQUITY	169,699	219,503	222,643
LIABILITIES			
Non-current liabilities			
Long term borrowings	78,573	11,788	3,916
Deferred income tax liability	20,564	18,344	16,746
Total non-current liabilities	99,137	30,132	20,662
Current liabilities			
Current borrowings	356	8,544	4,475
Trade and other payables	16,671	18,928	18,946
Provisions for liabilities and charges	2,005	4,525	1,842
Other taxes payable	733	492	1874
Total current liabilities	19,765	32,489	27,137
TOTAL LIABILITIES	118,902	62,621	47,799
TOTAL LIABILITIES AND EQUITY	288,601	282,124	270,442

Historical financial information

Capitalization and indebtedness

Amounts expressed in thousands of Georgian Lari

	As at 31 December 2014 <i>(GEL thousands)</i>
Cash and cash equivalents	9,486
<hr/>	
Indebtedness:	
Current loans and borrowings	356
Non- current loans and borrowings	78,573
Total loans and borrowings	78,929
<hr/>	
Equity:	
Charter capital	208,469
Accumulated deficit	(97,020)
Revaluation reserve	58,250
Total equity	169,699
<hr/>	
Total capitalisation	248,628
<hr/>	