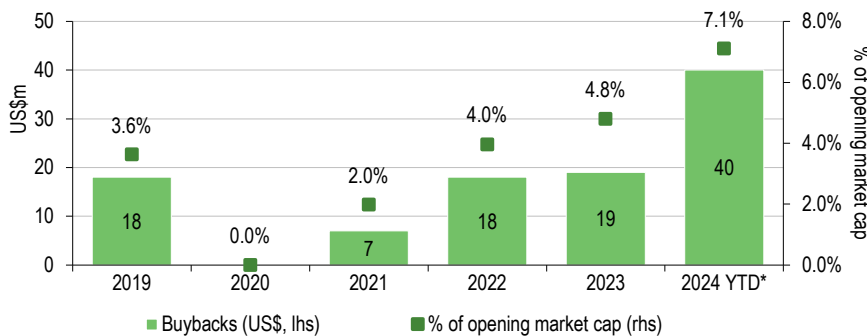


# Georgia Capital

Business as usual despite political turmoil

Georgia Capital's (GCAP's) net asset value (NAV) per share decreased by 12.8% quarter-on-quarter in Q224 in Georgian lari (down 16.5% in sterling terms). This was mostly due to the widening of bond yields and credit spreads amid the latest political turmoil in Georgia. The de-rating of Bank of Georgia's (BoG's) shares had a 7.1pp impact on GCAP's NAV, while higher discount rates applied to value the private portfolio companies contributed a further 7.5pp drag. Meanwhile, portfolio companies continue their expansion and dividend distributions, with GEL105m collected by GCAP to 12 August 2024, and management reiterated its dividend income outlook of GEL180–190m in FY24 (c 5% yield on the opening portfolio value). GCAP has recently increased its share buyback programme, with US\$16.7m remaining to be repurchased as of 30 August 2024.

## GCAP's share buybacks



Source: Georgia Capital, LSEG Data & Analytics, Edison Investment Research.  
Note: \*Includes current buyback programme.

## Georgian economy remains strong

The Georgian economy is continuing its solid momentum, with July 2024 GDP growth of 13.0% y-o-y (H124: 9.0%; 2023: 7.5%). The International Monetary Fund (IMF) expects Georgia to maintain a robust growth rate in the medium term, expecting 5.7% growth in 2024 (whereas local brokers Galt & Taggart and TBC Capital expect 8.0% and 7.0%, respectively). While the recent legislative movements of the ruling party may affect the international perception of Georgia's investment attractiveness (and, in turn, foreign direct investment volume), we note that the vast majority of the Georgian population is pro-European, which could be one of the decisive factors in the parliamentary elections in October 2024.

## A quality play on the local economy

GCAP provides diversified exposure to Georgia, mostly through market-leading businesses in sectors such as healthcare, pharmacy, financials, renewable energy and education. GCAP shares may be appealing to investors who appreciate the underlying strength of the Georgian economy and the strong market position of GCAP's portfolio companies. While GCAP shares trade at a slightly narrower discount than the long-term average, we note that political uncertainty has already been reflected in portfolio valuation at end-June 2024. Simultaneously, management expects strong operational results in H224, as already seen in July.

**NOT INTENDED FOR PERSONS IN THE EEA**

Investment companies  
Private equity

3 September 2024

**Price** 1,028p  
**Market cap** £420m  
**NAV\*** £884m

NAV per share\* 2,210p  
Discount to NAV 53.5%  
Yield N/A  
Ordinary shares outstanding\* 40.0m  
Code/ISIN CGEO/GB00BF4HYV08  
Primary exchange LSE Standard  
AIC sector N/A  
52-week high/low 1,374p 837p  
NAV high/low 2,648p 2,210p

\*As at end-June 2024.

## Gearing

Net gearing at 30 June 2024 4.0%

## Fund objective

Georgia Capital focuses on scalable private equity opportunities in Georgia. These opportunities have the potential to reach an equity value of at least GEL300m over the next three to five years and the company can monetise investments through exits as investments mature.

## Bull points

- The majority of the portfolio is exposed to resilient and well-established businesses.
- Successful disposal of the water utility business in 2022 reinforces confidence in GCAP's exit capabilities and portfolio valuations.
- Regular dividend income from several portfolio companies.

## Bear points

- Recent political developments result in higher investment risk in Georgia.
- High discount to NAV and a focus on deleveraging limits GCAP's activity in terms of new investments.
- GCAP has just started building its track record of investment realisations.

## Analysts

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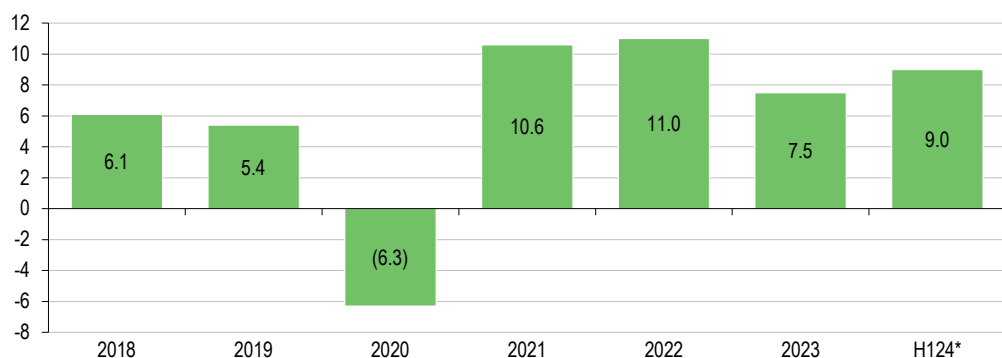
**Georgia Capital is a research client of Edison Investment Research Limited**

## Strong economy but with social unrest

### The economy remains strong...

Georgia continues on its solid growth path, with 13.0% GDP growth in July 2024 (H124: 9.0%; 2023: 7.5%). This is supported by, among other factors, the influx of labour from both Ukraine and Russia following the war in Ukraine and an increase in exports of information and communications technology services. The IMF expects Georgia's strong growth to continue, with 5.7% and 5.2% estimated for 2024 and 2025, visibly ahead of its regional peers (except for Armenia, which is forecast to show 6.0% GDP growth in 2024). Growth is expected to be below the 2023 level, as foreign currency inflows moderated after the initial period following the outbreak of war in Ukraine. Meanwhile, local brokers Galt & Taggart and TBC Capital expect 8.0% and 7.0% GDP growth respectively, which is supported by strong H124 numbers. The main long-term growth drivers are structural changes, as the economy is moving up the value chain and is freeing up the agriculture labour force. According to the IMF, this has been responsible for around two-thirds of Georgia's GDP growth since 2010 and is expected to continue.

**Exhibit 1: Georgia – real GDP growth (%)**



Source: National Statistics Office of Georgia. Note: \*Preliminary figure.

Inflation decelerated in 2023 to below the 3% target, reaching 1.8% in July 2024. In turn, the National Bank of Georgia (NBG) has been gradually lowering its monetary policy rate. The most recent cut in May 2024 was 0.25pp to 8.0% (from a peak of 11.0%), still slightly above pre-COVID-19 levels (6.5% in mid-2019). According to the NBG's current projections, inflation should converge to the target by early 2025.

### ...but the political landscape is uncertain

In April 2024 local policymakers introduced a law on 'transparency of foreign influence' (dubbed the 'foreign agents act') that requires all non-governmental organisations and media outlets receiving more than 20% of funding from abroad to register as an agent of foreign influence, and they are subject to more scrupulous oversight by the government bodies. The introduction of the law was met with large social protests locally, as well as an international backlash, with the US imposing visa restrictions on individuals deemed to be responsible or complicit with the current changes, and the European Union (EU) stating that the bill is incompatible with its values, effectively postponing a potential Georgian accession to the union. Notwithstanding ongoing protests in the country's capital, the ruling party put the bill into force in early June by overturning a veto from Georgia's pro-European president.

## Elections in October will determine the path forward

Georgia will hold parliamentary elections in October 2024. While Georgian Dream, the ruling party since 2012, currently leads the polls with 34.4% of voters' support (as at June 2024), it is worth noting that this represents a significant decrease from the 48% of votes the party received in the 2020 elections. In the context of recent legislative movements from the ruling party, we note that Georgian society is strongly 'pro-European', with the vast majority of Georgians declaring support for EU membership. We believe that any political faction willing to form a government post-October will need to align its programme with the path towards EU membership. Georgian Dream has confirmed its intention for Georgia to join the EU by 2030.

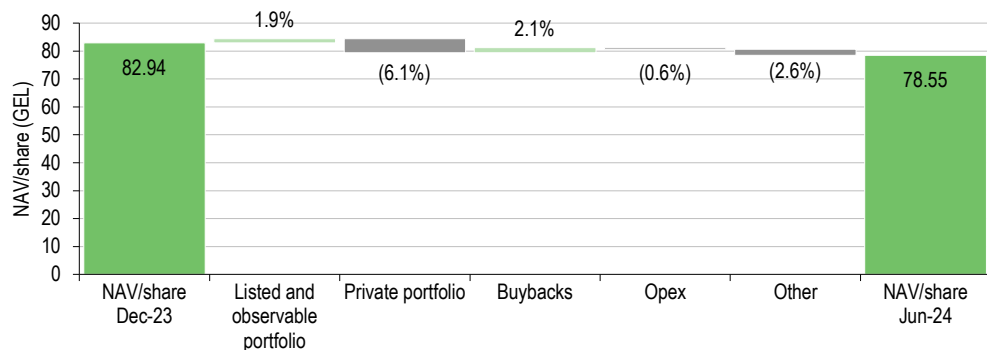
That said, we believe further legislative changes or political decisions, which the West might consider misaligned with its values, could limit the perceived investment attractiveness of Georgia for foreign capital in the long run. Georgia's economy attracts sizeable amounts of foreign direct investment (FDI), which represented 5.2% of GDP in 2023 after a 23% decrease year-on-year. This places Georgia among countries relatively reliant on FDI, as the 2022 global average stood at 1.7%, compared to Georgia's 8.4%. It is also important to note that FDI inflows come predominantly from Western countries, with the combined EU, UK and US share at 80% on average over the past five years.

## GCAP's NAV was fairly resilient

In H124 GCAP's NAV per share decreased by 5.3% since end-2023 to GEL78.55. The performance of GCAP in H124 was a story of two halves. Georgia has a good macroeconomic outlook but political uncertainty dampened the valuations in Q224, wiping off the gains of Q124 despite the continued operational progress of portfolio companies. As at end-June 2024, 92% of GCAP's portfolio was valued externally – 36% (shares of BoG) by market price, 4% (water utility) by value of the put option and 52% by external valuer Kroll. The operating performance of private companies added approximately 3.4pp to NAV accretion, which was fully offset by higher discount rates and lower market multiples applied to valuation models, arriving at negative 9.5pp.

GCAP continues to perform NAV-accretive buybacks (adding 2.2pp to NAV performance) and successfully limited its ongoing expenses following the debt refinancing described in our [September 2023 note](#) (with interest expense declining by 34% y-o-y). On the other hand, the Georgian lari's 4.3% depreciation against the US dollar resulted in an additional 0.5pp NAV depreciation due to the revaluation of GCAP's dollar-denominated debt.

**Exhibit 2: GCAP's NAV per share development in H124**



Source: GCAP

## Deleveraging close to target level

GCAP's net capital commitment ratio (see our [May 2022 note](#) for methodology details) amounted to 18.9% at end-June 2024 (up 1.5pp y-o-y). The recent increase (the ratio was 4.1pp over Q224) was fully attributable to a decrease in portfolio value, and, taking into account developments after the reporting date (the collection of dividends, currency movements and a slight increase in BoG's share price), the ratio stood at 15.5% on 12 August 2024. Nominal net capital commitments stood at GEL661.7m (GEL607.4m including dividends collected after the reporting date) and include: GEL350.6m of net debt (GEL296.3m including collected dividends, flat versus end-2023 as inflows were used mostly for share buybacks); GEL127.7m of planned investments in renewable energy and education businesses (flat versus end-2023); and a GEL140.5m contingency buffer. The net capital commitment ratio has been steadily decreasing from more than 40% in 2019, and GCAP aims to reduce the amount of net debt to close to zero over the medium term. GCAP's financial ratios are currently well above the covenants included in its outstanding debt and its rating was confirmed by S&P as 'BB-' in late April 2024.

## GCAP announces GEL300m in future buybacks

GCAP performs NAV-accretive buybacks and repurchased GEL50.0m worth of shares in H124 (1.4m shares), resulting in a 2.2pp NAV accretion. This comprised GEL45m (US\$16.5m) spent under GCAP's US\$15m share buyback and cancellation programmes and GEL4.7m of tax-regulated statutory buyback for the management trust. In Q124, GCAP completed its US\$15m programme and commenced a new US\$25m programme, which was increased after the reporting date by an additional US\$15m following the receipt of dividend income and net capital commitment (NCC) improvement as described above. In May 2024 the company announced its intention to set aside GEL300m (US\$110m) for share repurchases until end 2026, of which US\$40m is in the ongoing programme. As of 30 August 2024, GCAP had bought back 1.8m shares from the programme (US\$23.3m or GEL64.2m), implying the remaining US\$16.7m represents 3.0% of its current market capitalisation.

On top of this, GCAP may exercise its put option on its remaining 20% stake in the water utility business in either H125 or H126 with expected realisation proceeds of c US\$50–55m. GCAP sold its majority stake in this business to FCC Aqualia (see our [January 2022 note](#) for details). We also note that several of its portfolio companies are mature businesses regularly distributing dividends (including its stake in public BoG). In H124 the private portfolio generated GEL111m in net operating cash flow (more than twice the amount generated in H123), highlighting strong operating results.

All the above should cover most of the funds required for buybacks, dividends and deleveraging (assuming free cash flow in 2025 and 2026 is close to 2023 levels), and the remaining part would need to be funded from asset disposals (which would likely include some of the 'other' subscale businesses) and one-off dividends from portfolio companies.

## Continued expansion of portfolio companies

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GCAP's private portfolio companies posted solid operating results in H124, with aggregated 7.3% and 17.5% growth year-on-year in revenue and EBITDA, respectively. This was a combination of organic and inorganic growth, and it was affected by one-off items (see detailed descriptions of businesses below). BoG also reported strong results with 106.9% y-o-y growth in net profit and a 30.1% annualised adjusted return on average equity (see below for details). GCAP received GEL50.3m in dividends and buybacks from its portfolio in H124, and a further GEL54.3m was collected after the reporting date, arriving at GEL104.6m in the year to 12 August 2024. Management has reiterated its expectations of GEL180–190m in 2024 (excluding one-off

distributions) compared to the GEL180m received in 2023 (GEL236m including one-off income). The main dividend payers in H124 were BoG, pharmacy and P&C insurance. GCAP's expected dividend income in 2024 implies a c 5% yield on the opening portfolio value.

### Meanwhile political uncertainty is weighing on valuations in Georgia...

The political turmoil has taken its toll on the perceived investment risk in Georgia despite the solid economic developments to date. This is reflected in the yield on Georgian 10-year government bonds increasing to 9.08% in the recent auction (13 August 2024), compared to bonds issued in January 2024 at an 8.35% yield. We believe this was the reason behind the de-rating of BoG's and GCAP's shares, starting in April. This was followed by a partial rebound as protests eased, and we believe investors focused more on strong macro and corporate earnings. GCAP's ['live' estimate of NAV per share](#), which takes into account BoG's current valuation (up 13% since end-June), stands at GEL82.47, implying a 5.0% NAV increase since end-June 2024. Simultaneously, GCAP shares have risen 4.9% since end-June 2024, bringing the discount to NAV to 56%, based on the 'live' NAV.

**Exhibit 3: GCAP's discount to NAV\* over five years (%)**



Source: GCAP, LSEG Data & Analytics. Note: \*Last reported quarterly NAV.

### ...which affects GCAP's portfolio valuations

The political uncertainty has added c 1.0–2.0pp to the discount rates applied to value GCAP's private portfolio, which had a negative impact on the valuations of all private portfolio companies (except for P&C insurance with a flat P/E multiple versus end-2023). The overall effect of value change on the portfolio was negative at 3.8% in H124, with a mixed impact from portfolio companies, as the effect of lower valuation multiples was partially, or fully, offset by their operating performances (except for the hospitals business, which was burdened by regulatory adjustments, see below). Similarly, BoG's valuation has contracted based on a forward P/E ratio, from 4.5x at end-December 2023 to 4.0x at end-June 2024, based on LSEG Data & Analytics consensus estimates.

**Exhibit 4: GCAP's portfolio companies' valuation changes**

	Share in portfolio at end-June 2024	Value creation in H124 (%)	Value creation in H124 (GELm)	o/w operating performance	o/w multiple change and FX
BoG	36%	5.7%	69.9	N/A	N/A
Pharmacy	18%	(12.0%)	(85.4)	21.6	(107.0)
P&C insurance	8%	6.7%	19.1	17.8	1.3
Renewable energy	7%	(9.1%)	(24.2)	13.7	(37.9)
Hospitals	7%	(30.2%)	(104.0)	(48.5)	(55.5)
Education	6%	2.0%	3.8	48.9	(45.0)
Water utility	4%	(2.5%)	(4.0)	N/A	N/A
Clinics and diagnostics	3%	(2.8%)	(3.1)	47.2	(50.3)
Medical insurance	3%	3.9%	3.6	4.3	(0.7)
Other	8%	(5.7%)	(16.3)	11.1	(27.4)
<b>Total portfolio</b>	<b>100%</b>	<b>(3.8%)</b>	<b>(140.6)</b>	<b>116.0</b>	<b>(322.5)</b>

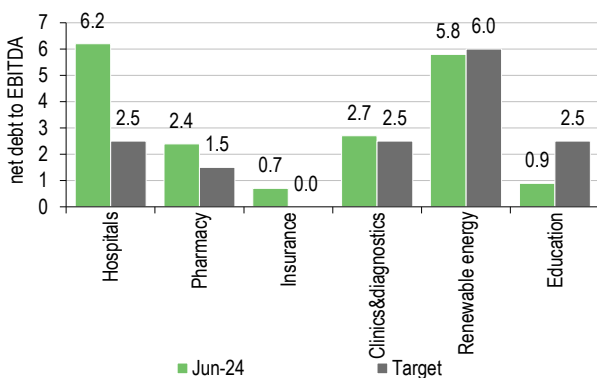
Source: GCAP, Edison Investment Research

## Refinancings at portfolio companies

In Q224 GCAP successfully completed the extension of debt maturities across several private portfolio companies, reducing the amount of debt to be repaid until end-2025 from 57% of the total to 32% (while the total debt outstanding increased by 15% q-o-q, mostly due to currency movements). Most notably the housing development business successfully issued US\$25m of bonds on the local market, with a two-year maturity and a fixed 8.5% coupon. The proceeds were used to repay the US\$35m bond maturing in Q324, with the remaining US\$10m financed by a short-term bank loan. The maturity profiles of the pharmacy and hospitals businesses were also significantly improved through maturity extensions of their existing credits.

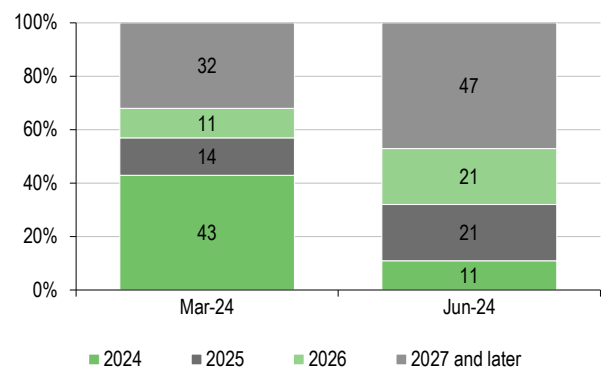
GCAP has defined target leverage levels of each portfolio company within its broad deleveraging plan. As at end-June 2024, the pharmacy and insurance businesses are above their targets, although they still bear the costs of expansion and ramp up of their results. On the other hand, GCAP intends to lever up the education business as it sees opportunities for consolidating the market. The sole exception is hospitals, as the business is currently focusing on operational improvements. The net debt to EBITDA ratio of hospitals stood at 6.2x at end-June 2024, up from 5.3x at end-2023, visibly higher than GCAP's target for the business of 2.5x.

**Exhibit 5: Private companies' leverage versus target**



Source: GCAP

**Exhibit 6: Private portfolio debt by remaining maturity**

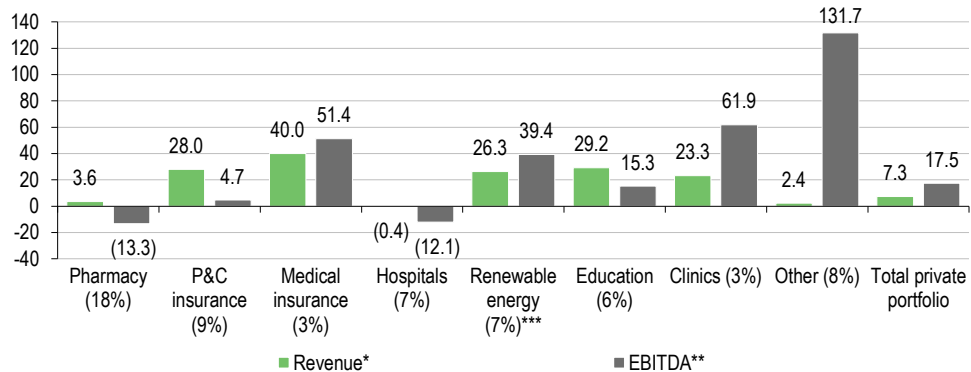


Source: GCAP

## BoG acquires one of the largest Armenian banks

BoG has recently successfully expanded its presence beyond Georgia through the acquisition of Ameriabank, the largest bank in Armenia by total loans. Its consolidation was the main driver of the 23% increase in BoG's total assets at end-H124 (on a per-share basis) compared to end-2023. The results of the Armenian operations on the income statement were not fully reflected in H124, given consolidation in Q224. In Q224 they represented 27% of the net interest income of BoG and 8% of its net income. This was the main driver of BoG's 38% y-o-y increase in net interest income in H124. Excluding Armenia, growth in net interest income stood at a solid 16% y-o-y, on the back of the benign macroeconomic environment. BoG's profitability remains solid, with an annualised return on average equity (adjusted for one-offs and expected credit loss on Ameriabank consolidation) of 30.1% in H124 and 29.9% in 2023.

**Exhibit 7: GCAP's private portfolio companies' operational results (H124 y-o-y % change)**



Source: GCAP, BoG, Edison Investment Research. Note: Share of portfolio value indicated on X-axis labels. \*Net revenue for pharmacy, hospitals and clinics. \*\*EBITDA excludes IFRS 16 effect for pharmacy, hospitals and clinics; pre-tax profit for P&C insurance and medical insurance. \*\*\*Change in operating currency (US\$) terms.

### Pharmacy chain crosses 400 points of sale

The results of GCAP's pharmacy business are shaped by the costs of its expansion (through higher rent and salaries and costs of the newly opened warehouse), as the business added 46 new pharmacies and franchise stores over the last year (expanding the chain to 440 locations at end-June 2024, with 402 pharmacies in Georgia and 16 in Armenia, and 22 franchise stores including drugstores, optics and apparel). The retail business of GCAP is currently Georgia's largest retailer in terms of revenue and number of bills issued.

In H124 pharmacy revenues increased by 3.6% y-o-y, stemming from a 5.9% increase in retail sales and a 5.3% decrease in wholesale revenues. The growth was predominantly driven by chain expansion, as same-store revenues were down 2.6% y-o-y, affected by the imposed maximum selling prices of some medicines. The wholesale business was also affected by the state's approach to procuring certain medicines directly from manufacturers. As a result, the EBITDA of the business decreased by 13.3% y-o-y in H124, with a 10.2% EBITDA margin (down 1.7pp).

GCAP is currently focused on increasing sales of para-pharmacy products, characterised by higher margins, and with their 37% share in the business's revenue split, the gross profit margin in H124 improved by 1.0pp to 29.9%. GCAP targets double-digit revenue and EBITDA CAGRs for the next five years, with at least a 9% EBITDA margin. It plans to increase its e-commerce presence in Georgia, Armenia and Azerbaijan, as well as to explore other international expansion opportunities.

### New regulations are aimed at improving healthcare quality in Georgia

In H124 the hospitals business recorded a 0.4% y-o-y decrease in revenues and a 12.1% y-o-y decrease in EBITDA. The results were affected by a combination of one-off factors: the impact of new regulations (which came into force in September 2023); the exclusion of results of a regional hospital sold in Q423 (sold at a 15.2x EV/EBITDA multiple and a 43% uplift to the prior-quarter valuation); and the positive impact from the inclusion of a hospital that was closed for most of Q123 for renovation. Adjusted for one-off items, revenues were up 3.1% y-o-y and EBITDA was 6.9% lower year-on-year.

The EBITDA margin was affected by the regulations aimed at upgrading patient standards by imposing minimum space requirements for hospital beds (and simultaneously addressing the oversupply of beds in Georgia), and GCAP estimates GEL4m in additional costs per annum stemming from the regulations (as a reference, this represents 8.7% of hospitals' FY23 EBITDA). Another new regulation affecting the hospital business's costs is an increase in the wages of certain medical staff (janitors and junior nurses, on top of wage increases for doctors and nurses

introduced in 2023), which has increased the direct salary rate to 40.4% in H124 (up 2.7pp y-o-y). On top of that, the business incurred initial renovation costs of GEL5.3m in H124 to meet the regulatory requirements (it expects to complete all regulatory-related renovation works by end 2024).

GCAP differentiates between its seven large hospitals (representing 78% of H124 EBITDA) and its 27 regional hospitals (22%) by reporting them as two separate business lines. The main rationale for the separation is that these businesses require distinct business strategies, as large hospitals have more potential for the introduction of new services and, therefore, a more diversified revenue stream than regional hospitals. The latter are now implementing a strategic restructuring, enabling the business to enhance services and extract operational efficiencies. Notwithstanding financial results, the business's operating metrics were solid, with a 4.8% y-o-y increase in admissions, as well as a higher occupancy rate: 67.5% at large and specialty hospitals (H123: 50.9%) and 63.5% at regional hospitals (H123: 50.9%). GCAP targets an EBITDA CAGR of over 10% for the next five years and to reach an EBITDA to cash conversion of 85% (H124: 25.2%), on top of deleveraging, as described earlier in the note.

### **Creating the largest local medical insurer through M&A**

GCAP's insurance business consists of property and casualty, and medical insurance businesses. P&C is the leading player in Georgia, with a c 25% market share in terms of gross premiums. It accounted for 69% of the insurance segment's pre-tax profit in H124. In Q224 GCAP's medical insurance segment finalised the acquisition of a portfolio of insurance contracts and a brand name from Ardi (the third-largest medical insurer in Georgia) for GEL26.4m (with no capital support from GCAP). Following the acquisition, GCAP's medical insurance business has become the largest market player in terms of gross premium revenue, with a 33% market share in Georgia (with Vienna Insurance Group a close second at 32%).

The insurance business revenue increased 33.6% y-o-y in H124, driven by both the P&C (up 28%) and medical (up 40%) segments. The revenue increase in the P&C segment reflects predominantly the expansion of both retail and corporate client portfolios, supported by the expansion of the loan portfolios of Georgian banks. Simultaneously, the combined ratio of P&C insurance increased by 4.3pp in H124 (to 87.9%) due to increased motor insurance claims. GCAP has taken initiatives in price segmentation to improve the ratio in the coming quarters. The increased result of the medical segment reflects predominantly the first-time consolidation of the Ardi portfolio in April, which contributed 31pp of revenue growth, with the remainder attributable to a c 10% increase in prices. The profit before tax of the combined business increased by 15.5% y-o-y, with the aggregate business growth outweighing the expansion costs and higher claims. The business's net debt to EBITDA ratio stands at 0.7x following the acquisition cost and GCAP expects no leverage in one to two years.

### **Renewable energy: A US dollar based business**

GCAP's renewable energy segment consists of two hydropower plants (HPPs), one wind farm and a pipeline of renewable energy projects in varying stages of development. The results of the renewable energy business increased materially year-on-year in H124 (see Exhibit 7), which was mostly due to a low base effect as, in H123, the 20MW Hydrolea HPP was under maintenance. Electricity sales in Georgia is a dollar business, and the 39.4% y-o-y increase in EBITDA (in US dollar terms) translated into a 47.6% y-o-y increase in Georgian lari terms due to currency weakness, as described earlier. Currently, c 48% of electricity sales are covered by long-term fixed-price power purchase agreements with government-backed entities, following contract expiries (83% at end-2023).



### **Continued expansion of the education business**

The education business recorded a 15.3% y-o-y increase in EBITDA to GEL11.4m. Revenues increased by 29.2% y-o-y (to GEL36.7m) on the back of strong new intakes and ramp up of the utilisation of new facilities opened last year. In 2023, GCAP opened a new campus in the mid-scale segment and acquired a campus in the affordable segment. As a result, the total learner capacity stands at 7,270 (with an 81% utilisation rate), compared to 5,870 (utilised at 66%) a year earlier. GCAP expects c 6,500 learners to start the 2024/25 academic year in September, implying c 90% utilisation. Further growth of the business is focused on the affordable education segment, which GCAP sees as a consolidation opportunity in Georgia. GCAP intends to ramp up the capacity to around 22,000 learners in three to five years, which includes expansion plans in existing schools, greenfield projects as well as M&A. The expansion will be financed by an equity injection from GCAP (a further US\$18m is earmarked), leveraging up the business (target net debt to EBITDA at 2.5x compared to the current 0.9x despite the ramp-up weighing on margins), as well as the business's results (the H124 operating cash flow stood at c US\$6m).

### **Active customer acquisition in clinics and diagnostics**

GCAP also owns a clinics and diagnostics business, which consists of 18 polyclinics, 14 lab retail points and a 'Mega Lab', the largest laboratory in the Caucasus region. The business reported a 62% y-o-y increase in EBITDA (to GEL7.2m) in H124, reflecting higher demand for high revenue-generating services that the company attributes to a proactive approach to customer acquisition. The total number of admissions to clinics increased by 13.4% y-o-y and the total number of tests performed in the diagnostics subsegment increased by 12.9% y-o-y.

### **'Other businesses' supported by strong wine exports**

The other 'subscale' businesses consist of auto service, beverages, housing developments and hospitality, and represented 8% of GCAP's portfolio as at end-June 2024. The combined businesses posted an EBITDA result of GEL33.3m in H124, compared to GEL14.4m in H123. The main results drivers were the real estate businesses (housing development and hospitality), which delivered GEL10.6m EBITDA (H123 loss of GEL4.1m) on the back of the remeasurement of the cost to completion for ongoing residential projects, as well as an EBITDA improvement from the hospitality business. The beverages business reported a 21% increase in EBITDA to GEL17.9m, mostly due to strong wine exports in Q124. In turn, the beverages business was able to distribute GEL4.6m in dividends to GCAP.

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