

# GESS GROUP

## GESS GROUP LTD

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Name of Representative / Contact Person: Aleksander Tsulaya

Year of company establishment	2010
Capital (USD)	550 000
Number of Employees	4
Amount of Sales in 2013 (USD)	4 117 000
Shareholder composition	Aleksander Tsulaya 33.33% Guram Metreveli 33.33% Merab Metreveli 33.33%
Main Bank	TBC Bank

### BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

The company is oriented towards the establishment and management of the plant oriented on processing corn into the following outputs:

#### PRODUCT / HS CODE

Corn Starch 110812\*\*

Corn Syrup 170230\*\*

Corn Germ (Feed additives) 110430\*\*

Corn Oil 151529\*\*

Corn Gluten Feed 230670\*\*

Corn Gluten Meal 35040090

While the company is recently established and can be considered a start-up, it has already initiated a number of activities towards the project and, coupled with the extensive experience of the involved partners, has already positioned itself advantageously to further the project.

Specifically, the company and project advantages include:

- Already prepared feasibility study for the project
- Extensive network of partners with relevant experience and pre-arranged purchase agreements with local and foreign buyers
- High demand in regional and world markets for the outputs
- Non-existing/limited production capacities in the region (existing capacities only in Turkey, but none as large as the plant proposed for the project)
- Strategic positioning of the plant from logistical perspective
- Proximity and contacts with suppliers of raw materials
- After the enactment of DCFTA (Deep and Comprehensive Trade Agreement) between Georgia and the EU in mid-2014 export possibility to the EU will significantly improve
- High level of automation minimizes risks to lack of qualified specialists.

### PRODUCT LINE/SERVICES

Planned outputs include: Corn Starch, Corn Syrup, Corn Germ, Corn Oil, Corn Gluten Feed, Corn Gluten Meal

### COMPANY HISTORY

Gess Group was founded in 2010, with the purpose of developing the project of Deep Processing Plant Corn to Gluten, Syrup, Starch and Gluten Feed and Meal. The company founders bring expertise in management and construction from various sectors. One of the founders' (Guram Metreveli) experience includes a multi-complex, industrial and residential construction company from Russia. Mr. Metreveli's portfolio as a project manager/coordinator amounted to USD 160 million during in the framework of the company.

### **BUSINESS EXPERIENCE WITH FOREIGN COMPANIES**

The company has already established active partnership agreements with various stakeholders.

General design of the project, as well the design of technological part, is "NPK Ecologia"

EKOLOGIA SPC is a young, dynamic company providing a full range of engineering services, from comprehensive design engineering to delivery of the object to the customer "turnkey". The speciality of EKOLOGIA SPC is engineering in the food industry (biotechnologies, alcohol (drinking alcohol and ethanol) and liquor enterprises, fodder, grain processing, dairy and meat industries, etc.), where the company has successful experience in implementing projects. The object of activities of the company is:

- Implementation of scientific-technical, research and development, promotional activities, and conducting patent searches;
- Development and implementation of new industries, technologies, materials, samples of new products, including modern equipment;
- Development, creation and implementation of new technologies in the food industry;
- Development and implementation of special equipment for cleaning of industrial and waste waters;
- Production and sale of scientific, industrial, agricultural products and providing relevant services;
- Development, adaptation, production and sale of software and hardware of various kinds, and providing services in the relevant field of activity;
- Providing enterprises, organizations and citizens with information and intermediary services in acquisition, sale, exchange of finished products and goods, and raw materials, spare parts, agricultural products and industrial wastes;
- Implementation of the established order of foreign activities, including export and import operations in the commercial, investment and marketing activities.
- The company has its own modern scientific and industrial base to conduct research and development in biotechnological production.

Other partners, suppliers, stakeholders include: Siemens / Vettertec / Alfa-Laval / Novozymes / Vogelbush / Novasep

### **MAIN CLIENT/PURCHASER/BUYER**

10-15% of the produce will be supplied to domestic buyers, as confirmed by already established agreements.

The rest will be supplied to buyers in Europe.

### **MARKETING ROUTE/DISTRIBUTION CHANNEL**

Transportation to domestic buyers will be done by truck.

Transportation to Europe will be done by sea, from Poti port of Georgia. The plant will be strategically positioned in the close vicinity of port to ease the access and ensure low cost of transportation of the produce from the plant to the port.

### **BUSINESS PROPOSAL**

#### **PROJECT TITLE - DEEP PROCESSING PLANT CORN TO GLUTEN, SYRUP, STARCH, FEED ADDITIVES**

##### **Background and Market Needs**

At present, manufacturing of deep processing of corn is poorly developed in Georgia, and most of the products are imported from China and Europe.

The project has great financial, social, scientific, and national significance. The biotechnological plant would produce the following products: feed additive, gluten, starch and syrup. The estimated production will allow eliminating the dependence on imports for Georgian consumers and starting the export of these products.

The project is a unique biotechnological plant that has no analogues in Georgia. The planned biotechnological plant will begin to restore the Georgia's biotechnological industry, which in the recent past used to be one of the best in the world.

##### **Description of Products**

GLUTEN – represents vegetable protein. It consists of protein of corn, which is separated from other parts of the grain (starch, fiber and fat) in the processing. Due to its high nutritional value and good physical characteristics, corn gluten is widely used in the manufacture of animal compound feed.

**CORN STARCH** – represents a white powder. It is used in food industry, packaging materials, paper, textiles, and pharmaceutical industry. Due to their technological functions, starches play the role of stabilizer, thickener and filler. They have no ability to emulsify, but have expressed WBC, which appears as a result of heat treatment during the development of gelatinization process.

**GLUCOSE-FRUCTOSE SYRUP** – enters the group of starch syrups. The Syrup does not only represent valid replacement for sugar, but also has some advantages over it (it allows reducing calorific value, improving consumer product characteristics, and it is better absorbed by a body, etc.) Raw material is starch. The main use represents substitution for sugar. Apart from saving the profile of sweet drink, the syrup almost always helps to improve consumer product quality to improve flavor and taste, to extend product shelf life.

**FEED ADDITIVE** – represents concentrated dry biomass, made from corn expeller meal and residues of starch milk. Due to rich content of proteins and vitamins, it is used as a feed additive for farm animals, birds and fish.

**CORN OIL** – represents fat vegetable oil extracted from seeds of corn. It is used for preparation of various types of dough, bakery products, sauces, for production of food for children. Relatively high temperature of smoke point allows application of corn for frying. In, it used as anti-sclerosis means.

**Marketing Strategy, Target Customers and Logistics**

The products will be marketed to the domestic market and the Caucasus region, by means of road transportation. Transportation to the buyers in Europe and Egypt will be conducted by a means of sea transportation. The Indian market is also in consideration.

**Volume**

International market for Gluten amounted to about 80 million tons in 2011, for Glucose-Fructose Syrup – 13.6 million tons in 2010, for Oil – 140 million in 2011, for Corn Starch – 7.94 million tons in 2010

**INVESTMENT AMOUNT (EUR)**

<b>Total Investment</b>	<b>EUR 91,771,002</b>
<b>Net Working Capital</b>	<b>3,432,465</b>
<b>Capital Investments</b>	<b>88,338,537</b>
Investments in Buildings and Structures	21,317,757
Investments in Equipment and other Assets	66,082,456
Deferred Expenses	938,324

The project initiator's contribution to the equity will be EUR 26.9 mln

**COMMERCIAL PARTNERSHIP OPTIONS**

Equity Co-Investment – EUR 30-40 million

Loan



## GEORGIAN BEER COMPANY JSC

Alcohol and non-alcoholic beverages Production of: Beer; Lemonade, Energy Drink

Manufacturing of Soft Drinks, Energy Drinks, and Beer. The main factors determining the competitive advantage of the company: 25 years experience in manufacturing of soft drinks and beer; Availability of mountain spring water sources; Advanced technological production lines;

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Name of Representative: Tsezar Chocheli

Contact Person: Vasilii Sulikhanishvili

Year of company establishment	2011
Capital (USD)	30.8 M
Number of Employees	1112
Amount of Sales in 2013 (USD)	75.5 M GEL
Export Figures	1.77M USD
Import Figures	5.0M EUR / 2.3M USD / 28.9M RUB
Shareholder composition	Concrete Sleeper Plant Ltd 70% Georgian Industrial Group Holding 20% PSP-Pharma 10%
Main Bank	TBC Bank

### COMPANY HISTORY

JSC "Georgian Beer Company" was established in 2011 with a clear goal: to become the leading player in Georgia's beer & beverages' industry. It started construction of the production facilities in May, 2011. Although it was a green-field project, after 7 months the test-brewing process at the new beer factory commenced. Modern, European standards production has been deployed in such a concise period due to the experience and expertise of the management team centered around the Chocheli family. A resort area, 20km west of Georgia's capital city, has been chosen for the location of the new beer & beverages' factory. The beautiful plot of land at the foot of Zedazeni mountain is an abundant source of the unique water and high quality water is crucial for the industry. The factory was nicknamed as the "Zedazeni" brewery.

The official launch of the brewery "Zedazeni" took place on April 2, 2012. The company entered the EFES-dominated competitive market with Czech-type beer "Zedazeni" and a line (5 flavors) of traditional carbonated soft drinks – lemonade "Zedazeni". Within a month in operation the brewery was awarded the ISO-9000 certificate. Despite the vigorous defensive measures from the long-established market leader, the brand "Zedazeni" has captured 18% of Georgia's beer market and up to 40% of Georgian lemonade market in the first year in business. In 2013 Zedazeni introduced 2 new beer brands: "Khevsuruli" (Georgian traditional beer) and "Koenig Pilsener" (licensed from Bitburger Group) and so far controls 32% of the market. By the way, Koenig Pilsener" is Bitburger's premium flagship and it is the first time in history that this beer is produced outside Duisburg, Germany. It was the impression that our brewery made on the top management of Bitburger Group that made possible for a year-old Georgian company to be trusted with this century and a half old standard of quality of German "Pils". Recently, Zedazeni introduced the first Georgian energy drink "Wilder" and thus entered the world's most dynamic beverage market. For our beer, as well as for lemonades, the process of collecting awards started in the very first year of existence. We have prizes from international exhibitions in Moscow and Sochi. We certainly plan to be active in this direction in the coming years.

All this was achieved with marketing costs significantly lower than industry average and fair contribution margins per each product. This success is a sure sign of superiority of both Zedazeni products and the management team over those of the competitors. In the longer run, the industry perspectives are very interesting too. The present per capita beer consumption in Georgia is a bit less than 25litres. Climate and per capita income growth along with the trend of penetration of global culture in Georgia will keep beer consumption rising in coming decades. We at "Zedazeni" expect Georgia's per capita beer consumption to exceed 40litres by 2020. 55litres. to 60litres. per capita beer consumption seems a very realistic target for Georgia given the current trends. By the way, beer consumption in Georgia in 1989 already accounted to as much as 60l. per capita. Export sales represent another promising direction. Brewery "Zedazeni" exports its products in more than 20 countries now. But organizing exports takes time and our company is less than 2 years old. That is why the potential that export sales have for our company is yet to be realized and the share of export sales is not high. The existing export sales are dynamically rising though.

Although not yet leader in terms of sales, Brewery Zedazeni is leading the industry in terms of quality, technology, dynamics and efficiency.



### **BUSINESS EXPERIENCE WITH FOREIGN COMPANIES**

From the date of establishment, JSC "Georgia Beer Company" has tight relationships with various international companies, from procurement of fixed assets to production materials.

### **LICENSED PRODUCTION**

After a few months of operation of Brewery, GBC was licensed for the production of international Beer Brand "Konig Pilsener" by the Leading German Brewery Bitburger Holding. This was the first license issued by Bitburger Holding worldwide ever.

### **AS FOR EQUIPMENT MANUFACTURERS COMPANY COOPERATES WITH:**

- KHS Gmbh –Leading German manufacturer of filling lines. GBC was granted by KHS Gmbh direct suppliers credit of 10m Euros for 5 years without financial institutions involvement.
- ZVU POTEZ A.S. (CZECH REPUBLIC) Manufacturer of Brewhouse
- MI Consulting leading Swiss Company in Beer Filtration
- Berkefeld Gmbh Leading German Company in water Filtration
- Hafmans leading Holland Company in CO2 production etc.

### **RAW MATERIALS**

**MALT SUPPLIERS** - Global Malt (Germany) / Weyermann Speciality Malts (Germany) / AVANGARD MALZ AG (Germany) / Schill Maiz GmbH & Co. KG (Germany)

**HOPS SUPPLIERS** - Simon H. Steiner, Hopfen GMBH (Germany) / Joh. Barth&Sohn GmbH & Co. KG (Germany)

**KIZILGUR SUPPLIER** - Begerow GmbH (Germany)

**YEAST SUPPLIER** - Winesteffan (Germany) / VLB (Germany)

**CIP CLEANS SUPPLIERS** - Tensid Chemie (Germany)

**SOFT DRINK AROMA SUPPLIER** - "Dohler" GmbH (Germany)

**ENERGY DRINKS AROMAS SUPPLIERS** - Esarom (Austria)

**PET PREFORMS SUPPLIER** - Retal (Italy)

### **MARKETING MATERIALS**

Sahm s.r.o. (Germany) / Rastal GmbH & Co. KG (astray supplier, Germany) / Katz GmbH & Co. KG (coaster supplier, Germany) / UBC Logistika Sp.z.o.o. (pouring machines / parasols, Poland) / UGUR (coolers, Turkey) / UTC (parasols, tables and chairs, Ukraine) / Kuhnendahl Display GmbH + Co. KG (coaster holder, Germany)

### **PACKAGING**

**GLASS CONTAINERS** - Armglass - "Saranist" Ltd (Armenia) / Forestglass (Ukraine) / Saint-Gobein Kavminsteklo (France) / Interglass (Azerbaijan) / Systempack (Germany) / Иристонстекло (Russia)



#### MARKETING ROUTE/DISTRIBUTION CHANNEL

After the establishment of GBC, the Company priority was to create Local distribution channels. Currently GBC covers 96% of Georgian outlets sale across the Country.

As for export markets, for such a short period of time GBC made his presence in 20 Countries worldwide. GBC has a goal to create an intensive distribution presence in exported Countries and introduce high quality Georgian products to the consumers. Nowadays, the export markets by countries are as follow:

United States of America / United Kingdom / Ukraine / Turkmenistan / Turkey / Tajikistan / Russian Federation / Poland / Moldova / Latvia / Kyrgyzstan / Kazakhstan / Iran / Greece / Germany / Cyprus / China / Belarus / Azerbaijan / Armenia

Only for last period (9 months of 2014) the number of export countries has been significantly increased almost by 25%.

#### BUSINESS PROPOSAL

##### PROJECT TITLE - CONSTRUCTION OF NEW MODERN CEMENT/CLINKER PLANT

After carrying out Georgian market research, the Chocheli Group came to the conclusion to invest in Cement production. According to the official data, total consumption of cement in Georgia has significantly increased since 2005 and a stable annual growth is being observed afterwards.

Based on the fact that the Georgian market is not 100%-saturated by local production, by means of constructing and operating a new enterprise, many economic benefits will be available.

According to statistical data, actual potential of the cement market, including the export (export in 2013 makes up 438 K t), reaches 1,848 K tons a year. Almost 20% of the needs (demand on local and export markets) are met by import (2013 import of cement was 363 K tons) from neighboring countries.

It cannot be said that a new production will replace the imported cement, nevertheless the possibility to gain 100% market share is quite realistic.

One more important fact: a cement plant to be constructed in Kaspi district, will also serve "MIXORI" – a Chocheli Group company. Therefore, the company will have guaranteed at least 60% of corporate sales on the account of a group company.

#### PROJECT HIGHLIGHTS

PRODUCT LINE/SERVICES - Ordinary Portland cement (the most commonly used type of cement) / Clinker

RAW MATERIALS - The major parts of the raw materials (Limestone /Clay) are being extracted locally

TOTAL VOLUME OF INVESTMENTS ('000 USD) - 25,159

TARGETED PRODUCTION CAPACITY OF THE PLANT (' 000 TONS A YEAR) IN CEMENT EQUIVALENT - 400

TOTAL NUMBER OF PEOPLE TO BE EMPLOYED - 200 (30 in administration, and 170 in the technical and production area)

PROJECT INITIATOR - Chocheli Group

PARTNER COMPANY (MAIN VENDOR OF THE EQUIPMENT) - [www.sinoma.com.cn/en/](http://www.sinoma.com.cn/en/)



**PROJECT TITLE - CONSTRUCTION OF NEW MODERN PLANT FOR PRODUCTION OF INSTANT AND R&G (ROASTED AND GROUNDED) COFFEE**

The Chocheli group's goal is to build a coffee processing plant in Georgia. The plant will be equipped with advanced technologies to ensure effective processing, packaging and storing of coffee products. The technological line will give the availability to produce both types of instant coffee (Freeze dried and Agglomerated instant coffee) as well as Roasted and Ground (R&G) coffee. It can be said that no such a plant is available on the local and regional (South Caucasus) market at present.

According to statistical data total consumption of coffee in Green Been Equivalent (GBE) in Georgia – 9,923 tons (2013), and more than half of it (5,334 tons) is R&G coffee.

For the time being, the Georgian market of R&G is mainly loaded with cheap and low-quality products. The local production is limited to the imported coffee packing making up in total 30% of total imported coffee. Under these conditions, the emergence of a new player in the market – a domestic brand with a distinct (actively advertised) pricing policy and suitable quality products, will definitely interest Georgian consumers. Considering the limited amount of product to be produced (1,133 tons in GBE), forecasted sales of R&G coffee (even for the domestic market) are well grounded.

The situation is different in the market of instant coffee. Entrance and development of export markets is an essential factor to succeed in instant coffee production.

The company will allocate the substantial budget for marketing activities in the target markets, the major part of which will be directed for branding activities (creating and developing of a new international brand).

In terms of export capacity it is planned to maximize available resources (distribution network which unites special targeted regions), and conducting an active marketing campaign, which, in general should contribute to the promotion of the product in foreign markets.

The abovementioned project assumes manufacturing of high quality products, which would be satisfactory to the most demanding local and export customers.

**PROJECT HIGHLIGHTS**

**PRODUCT LINE/SERVICES** - Freeze dried (Sublimated) Instant Coffee / Spray dried (Agglomerated) Instant Coffee - Coffee in Granules / Roasted and Ground Coffee (R&G)

**BRIEF DESCRIPTION OF THE PROCESS** - Roasted coffee beans are ground and treated with hot water. Beverage concentrate whether dried to powder (coffee powder), or frozen, and dried in vacuum to obtain a sublimate (freeze-dried coffee (other names - winterized, "freeze-Drying ") or moistened coffee powder again transforming into granules (granulated coffee.) In our case, the production of coffee powder is excluded completely.

**TOTAL VOLUME OF INVESTMENTS ('000 USD)** - 53,720

**TARGETED PRODUCTION CAPACITY ('000 TONS A YEAR, GREEN BEEN EQUIVALENT)** - 8,237

**TOTAL NUMBER OF PEOPLE TO BE EMPLOYED** - 224

**PROJECT INITIATOR** - Chocheli Group

**PARTNER COMPANY (MAIN VENDOR OF THE EQUIPMENT)** - [www.gea.com](http://www.gea.com)



## GEORGIAN INDUSTRIAL GROUP (GIG)

Year of company establishment	2005	
Capital (USD)	Saknakhshiri LLC - USD 19,645 thousand according to 31 December 2013 audited consolidated statements GIEC - USD 47,492 thousand according to 31 December 2013 audited consolidated statements	
Number of Employees	More than 3000	
Amount of Sales in 2013 (USD)	GIEC - 95,342 thousand USD (Sales revenue) As of Audited Report 31 Dec. 2013) Saknakhshiri LLC - 20,847 thousand USD (Sales revenue) As of Audited Report 31 Dec. 2013)	
Amount of Export/Import (USD)	3.2 mln USD (electricity export revenue) As of Dec 2013 Audited Reports	
Shareholder composition	Privately Owned Company	
Main Bank	JSC TBC Bank, JSC Bank of Republic, JSC Bank of Georgia	
		Garapkhuli str. 14, 0177 Tbilisi T: +995 32 221 01 87 F: +995 32 221 01 89 E: gig@gig.ge / Z_Gelenidze@gig.ge Name of Representative: Zurab Gelenidze

### BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

Georgian Industrial Group (GIG) is the largest industrial holding in Georgia with a wide business portfolio including a coal mining, energy generation and natural gas retail. GIG provides Georgia with a significant part of the hydro and thermal energy, is one of the leaders in wholesale and retail natural gas sales and is the nation's only coal producer and sole owner of economically important coal mining assets of Georgia.

Georgian International Energy Corporation (GIEC) represents the Electricity Generation and Natural Gas Trade arm of the GIG Group. Electricity is generated by a thermal power plant ("Tbilisres") and 8 hydro power plants located throughout Georgia. Electricity is sold to various private companies and to a state-established entity Electricity System Commercial Operator ("ESCO"). The thermal power plant ("TPP") has an installed capacity of 300 megawatts, while hydro power plants have an installed capacity of 49 megawatts.

The Company is engaged in barter transactions with an Armenian-based thermal power plant operator, whereby GIEC supplies electricity in exchange for natural gas. Natural gas is also purchased from major gas suppliers operating in the Caucasus region and capable of making large-volume deliveries. Major gas customers are cement factories and networks of natural gas refueling stations. The Company is also involved in the retail business of the sale of gas through its own refueling stations.

In the coal mining business GIG is represented by the Saknakhshiri LLC. The company is the sole owner of the economically important Georgian coal mining assets, which are the Tkibuli-Shaori and the Vale coalfields. Saknakhshiri is engaged in coal extraction, enrichment and selling processes. Under current extraction licenses, at the company's disposal there are 407 million tons of coal deposits. The company, having successfully managed the rehabilitation of the two coal mines: Dzidziguri and Mindeli, started operating a new coal-enrichment factory in 2009. Extraction volumes amounted to 400 thousand tons of coal in 2013. The majority of the enriched coal produced is sold under the long-term contracts (1 year or more) to the local consumers. In the long-term horizon, the company plans to increase its

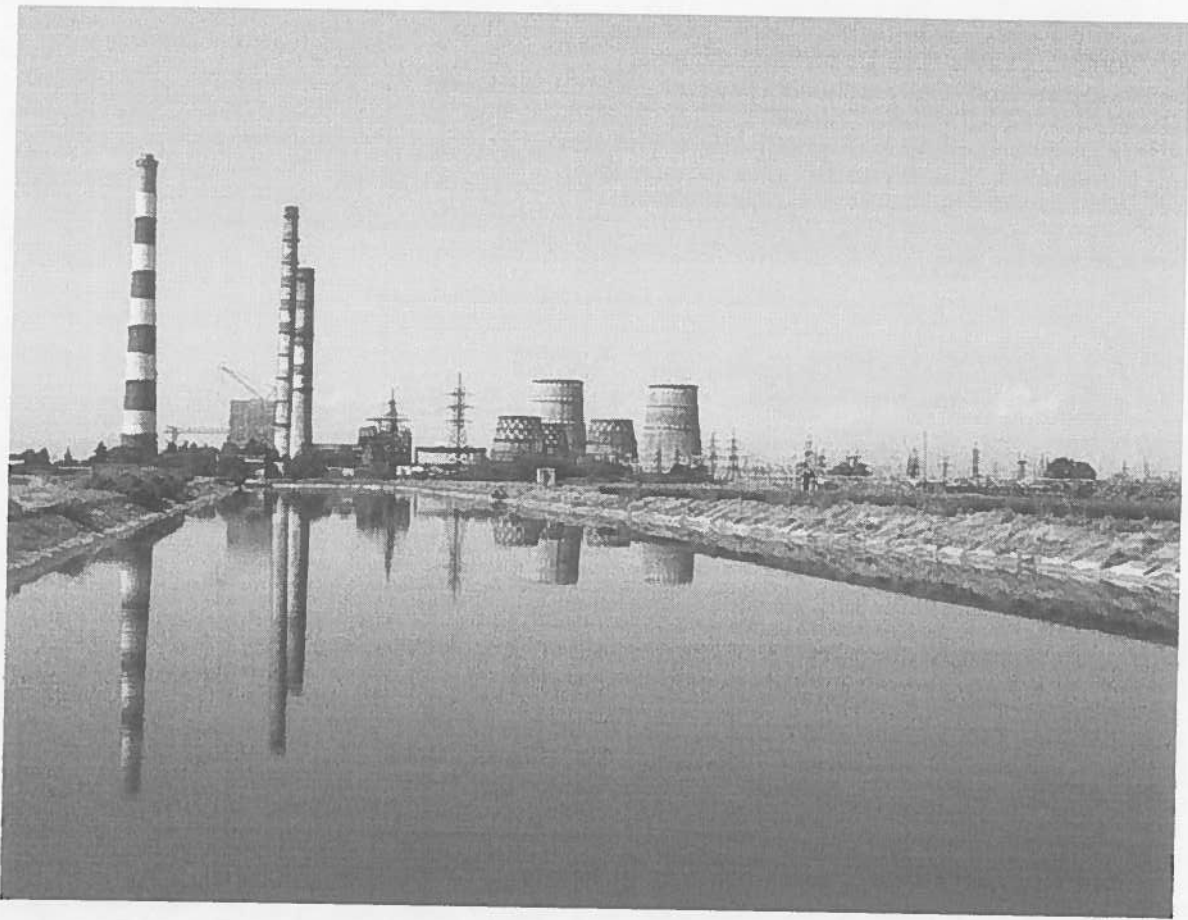
### PRODUCT LINE/SERVICES

Electricity Generation / Natural Gas Resale / Coal Mining and Enrichment

### COMPANY HISTORY

In the early 1990s right after the collapse of the Soviet Union, during full-scale deindustrialization of Georgia, the company took its initial steps. Based on experience and expertise accumulated over 20 years of business development, Georgian Industrial Group finally adopted a holding company structure in 2006. Starting from 2006 as a pure holding company Georgian Industrial Group Holding is investing in various industries, targeting value added businesses with a significant economic and social meaning for Georgia at the moment and in the long-run perspective.





**BUSINESS EXPERIENCE WITH FOREIGN COMPANIES**

The Company has sufficient experience in dealing with foreign companies in a number of business processes. Today the company has ongoing negotiations with potential partners in a variety of future energy projects.

**MAIN CLIENT AND DISTRIBUTION CHANNEL**

LLC Energo Pro Georgia, LLC ESCO, JSC Georgian Manganese, LLC Sakhnakhshiri, LLC Gas Energy, LLC Sachkheregas, LLC Air company, LLC HeidelbergCement, LLC Georgian Metal Company, LTD. Socar Petroleum Georgia.

**BUSINESS PROPOSAL**

**PROJECT TITLE - DEVELOPMENT OF COAL MINE**

Under the existing coal mining license in the Tkibuli region, the company plans to reconstruct and develop the mine, which will increase the coal extraction volume up to 2 million tons per annum. Development will require investment of around 240 mln US dollars.



**JOINT STOCK COMPANY MINA –  
KSANI GLASS CONTAINER FACTORY JSC MINA**

Glass bottles of various types and colors.

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Year of company establishment 1996

Capital (USD) 9.8 M

Number of Employees 260

Amount of Sales in 2013 (USD) 14 M

Export Figures 1.5 M

Import Figures 6 M

Shareholder composition 99.86% Anadolu Cam Sanayi A.S.

0.14% Ministry of Economy and

Sustainable Development of Georgia

TBC Bank

Main Bank

**COMPANY HISTORY**

JSC Mina, the factory dating back to 1987, was acquired by Sisecam, one of the global leaders in glass production, in 1998.

Being one of the first FDI's in Georgia, the company went through an intensive period of modernization.

Recently, in 2014, the company increased its production capacity by investing in the state of the art modern equipment and furnace to produce high quality products in various types and colors, standard and exclusive designs.

The company holds ISO 9001:2008 Quality Management Certificate and ISO 22000:2005 food Safety Certificate. Implementation of new procedures has improved production control and quality management unified system, as one of the most major goals of the company.

The company's aim is to provide world quality glass packaging to the Georgian market to add value to various sectors' success and growth, in particular, the mineral water and wine sectors.

**BUSINESS EXPERIENCE WITH FOREIGN COMPANIES**

The company intensively works with foreign companies in technical issues, besides already exporting to neighboring countries, which is expected to be increasing in the nearest future.

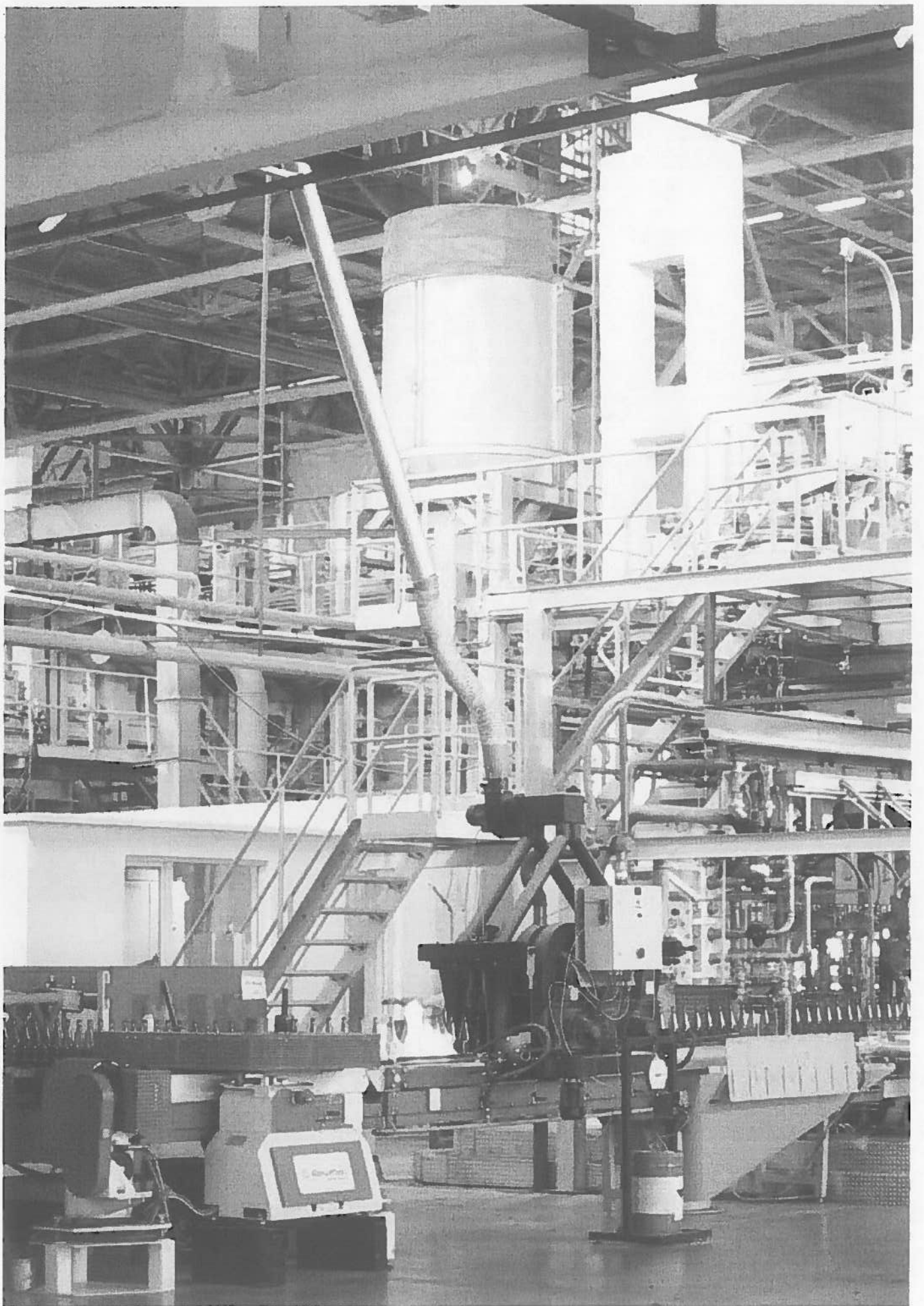
**MAIN CLIENT/PURCHASER/BUYER**

IDS Borjomi / Nabeghlavi / Natakhtari

**MARKETING ROUTE/DISTRIBUTION CHANNEL**

Company performs direct sales to clients.

JSC Mina envisages increasing its production capacity by initiating construction of the 3rd furnace as expansion within the same scope.



# RUSTAVI STEEL

## RUSTAVI STEEL LLC

The plant's main products are seamless pipes, reinforcing bars, square billets, and processed slag. Exports account for approximately 70% of sales, and the company's export markets include US, Europe, Russia, CIS and Africa. The company has a 25% share of the Georgian re-bar market.

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 Contact Person: Farooq Siddiqui

Year of company establishment	1948 The Rustavi Metallurgical Plant was established
2011 Rustavi Steel LLC acquired the assets of the plant	
Capital (USD)	140 Million USD
Number of Employees	2,100
Amount of Sales in 2013 (USD)	68 million USD
Export Figures	70% percent of sales
Shareholder composition	100% owned by Patarkatsishvili Family
Main Bank:	JSC Bank of Georgia

## COMPANY HISTORY

The Rustavi Metallurgical Plant was established in 1948, and was the only integrated seamless pipe plant in the Soviet Union, with annual output of over 1.5 million tonnes of steel, 700 thousand tones of pig iron and 500 thousand seamless pipes. The plant's main product was large diameter seamless pipe for the oil and gas industry in the Caspian oil region and Middle East markets.

After the breakup of the Soviet Union, the plant's raw material supply lines and end user markets were severely disrupted and the plant ceased operations in 1991, and remained effectively idle for the next 20 years.

From 2011, Rustavi Metallurgical Plant is in the ownership of Patarkatsishvili Family.

## BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

Extensive experience with foreign equipment and raw material suppliers, engineering companies and expert consultants.

## THE MAIN CLIENT/PURCHASER/BUYER

At the present stage export of seamless pipes is conducted to European, US and CIS markets. In future we plan to expand our export activities in the markets of Middle East, East Asia, Africa and North and South America.

Square Billet is exported in Turkey, Azerbaijan, many countries of Africa and Asia.

Re-bar is generally sold in the local market also in Azerbaijan and Armenia.

## MARKETING ROUTE/DISTRIBUTION CHANNEL

Exports account for approximately 70% of sales, and the company's export markets include US, Europe, Russia, CIS and Africa. The company has a 25% share of the Georgian re-bar market.

## DETAIL DESCRIPTION

Rustavi Steel's medium term development plan comprises investment projects for upgrading seamless pipe production and vertical integration with steel making. The company is open to discussions with potential strategic partners, banks and financial investors. The investment programme includes:

1. Modernisation of the seamless pipe mill - USD 100 million
2. Re-start of the blast furnace complex - USD 170 million
3. New steel making shop - USD 200 million
4. Other projects utilising Rustavi Steel's available land and infrastructure, e.g. cement plant, ferro-alloy production, logistics etc.

# TIA DEVELOPMENT

## TIA DEVELOPMENT CORPORATION

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Name of Representative: Giorgi Machutadze

Contact Person: Elene Khechushvili

Shareholder composition

Main Bank

Private Investors, Institutional funds

City Bank, HSBC, Bank of Georgia

### BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

TIA Development Corp. holds 20ha of lands in Tbilisi airport, including more than 6ha inside the customs fence on the airside of Tbilisi International Airport (TBS). The company plans to develop the airport infrastructure, including aircraft maintenance facility (MRO), air cargo terminal, logistics hub, aviation school, offices and airport hotel. According to the existing Master Plan and financial analysis, the total development investment exceeds USD 100m and takes three years to redevelop TBS as a leading regional air hub. Currently, the company has invested USD 22M in acquisitions, planning and site preparation for the further developments.

### PRODUCT LINE/SERVICES

Transportation Services - Development of the regional air hub.

### COMPANY HISTORY

Tippin Corporation ([www.tippin.net](http://www.tippin.net)) has more than 20 years of successful real-estate investment and development projects in Canada, Germany, Hungary, Serbia and now, Georgia.

### BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

Investment in real-estate development projects in CEE with North American Investment Funds and International Banks. Collaboration with the major hotel chains, leading architectural and project management teams.

### BUSINESS PROPOSAL

#### PROJECT TITLE - MRO (AIRCRAFT MAINTENANCE, REPAIR AND OVERHAUL) PROJECT

#### BRIEF DESCRIPTION

The price of the project – 18 000 000 USD

Source of financing – Shareholders' capital 40-45%, the bank loan - 55-60%.

Project's implementation period – 18 months.

The partners – The world's major aircraft manufacturers (Boeing, Airbus, Bombardier, Embraer), aircraft engines manufacturers (Rolls Royce, Pratt and Whitney, General Electrics) and airlines. Local banks and international financial institutions represented in Georgia have expressed their interest to take a part in this project.

# TBILISI EYE HOSPITAL

## PROJECT - TBILISI EYE HOSPITAL

Tbilisi, Tashkentli sir 25 apart #40

T: +995 599700309

E: alexander.tsintsadze@gmail.com

Name of Representative / Contact Person: Alexander Tsintsadze

Year of company establishment 2014

Capital (USD) 450,000

Number of Employees 30

Shareholder composition 50% Georgian shareholders;

50% foreign investors;

Main Bank JSC Bank of Georgia

## BUSINESS PROPOSAL

### PROJECT TITLE - PROJECT – TBILISI EYE HOSPITAL

#### Background

Statistics show that about 36% of the population in Georgia suffers from vision problems, consisting primarily of refractive anomalies and eye diseases caused by age. The market is highly underdeveloped (only 6% is being treated). However, there have been significant increases in the number of operations (50, 4%-2012, 44, 5%-2011), mainly associated with an increase in accessibility of the health services and expansion of the governmental and private health insurance system. The level of competition is low: Only 2 full service provider eye clinics operate in Georgia.

#### Proposed Project

Our intention is to set up a full service eye hospital in Tbilisi. It will be a hospital with facilities for outpatient department, pharmacy, major & minor operation theatres, laser room and a Low Vision clinic. Appropriate state of the art equipment will be provided. The hospital will be able to treat up to 100 patients in the outpatient department and perform up to 25 major surgeries per day. This hospital will service all of Georgia and parts of Azerbaijan with a total population of over 13, 5 million.

The management of the hospital will be formed from the best and most experienced eye clinic top managers.

The hospital will be a full service provider and simultaneously will provide innovative payment terms (12 month credit sales) to patients that cannot afford the premium service.

#### Team

The future CEO and one of the shareholders of the hospital, Alexander Tsintsadze, MBA, worked as Executive Director of one of the leading eye clinics in Georgia – “Akhali Mzera” ([www.eyeclinic.ge](http://www.eyeclinic.ge)) since 2009. During his management the hospital grew its sales by 270% and achieved 360% net income growth (1.8 mln GEL in 2013) all the main ratios were improved (improved annual ROE from 21% to 44%, improved annual ROA from 22% to 35%).

Leading Georgian ophthalmologists will be in the team of the future venture, which in turn will provide a constant customer flow from the first month.

#### Description

The hospital will have the following features:

1. Waiting area for 50 people.
2. 2 large diagnostic areas to assess the nature of the eye problem
3. Consultants rooms
4. Laser room
5. Pharmacy
6. Minor operating theatre.
7. 2 major operating theatres with space for 2 tables & 2 operating microscopes
8. Preparation, recovery, & doctor's changing rooms
9. Sterilization room with necessary equipment
10. Low Vision
11. Administration area, storage, generator room.

**Expected Number of Patients**

In the initial period of about 6 months we expect to diagnose about 50 patients in the outpatient department and to perform about 10 surgeries per working day. As awareness of our facility grows patient traffic is expected to increase to about 100 and surgeries to about 20 per working day.

**Construction of the Project**

The hospital will operate in rented 800 m<sup>2</sup> commercial space in the center of Tbilisi.

**Equipment & Furniture**

The necessary equipment for the hospital will be in place in 3 months after ordering and for the best available prices, as the top management of the clinic has a good network among the manufacturers of such equipment.

**Project Funding Requested, in U.S. Dollars**

1. Medical equipment	950000
2. Medical Supplies	20000
3. Commercial space repair cost	160000
4. Furniture & other PPE	50000
5. Operational Expenses (3 months)	155000
6. Marketing expenses (3 months)	60000
7. Misc expenses	15000
<b>Grand Total</b>	<b>1410000</b>

**Funding Type:**

Lease – 950000 \$

Equity provided by foreign investors\* - 230000 \$

Equity provided by Georgian shareholders – 230000 \$

\*We will repay lease obligations in 5 years and put a call option for equity in 3 years for 500 000 USD



# TRIASI

## PUBLISHING HOUSE TRIASI

Tbilisi Georgia Robaqidze ave #7  
 T: +995 23 2515206  
 E: info@triasi@gmail.com  
 Contact Person: Elizber Arsenashvili

Year of company establishment	2003
Capital (USD)	150 000 USD
Number of Employees	30
Amount of Sales in 2013 (USD)	300 000 USD
Shareholder composition	Elizber Arsenashvili 67% / Lia Meskhi 33%
Main Bank	Liberty Bank

### BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

**Time:** according to the estimations of the submitted project the annual production rate of the Company will reach \$ 8,000,000, half of this amount will be generated from the international orders. Besides, the products produced in Georgia may be delivered by instalments to the clients, which will allow them to not have any deficit in their stores.

**Quality:** the submitted project allows to create products of European standards in Georgia which is very topical today. Besides, the project will allow us to expand our relations with Georgian print shops offering them such types of services (production of hard covers, binding, folding, etc.) for which they now have to take their projects abroad. This will result in additional loading of the equipment purchased within the frames of the project and, correspondingly, in additional incomes.

**Price:** the consumables are mainly purchased from several big importers who actually regulate the prices and have high margins which, in the end, inflicts losses to medium and small print shops who send the orders abroad. Currently we are already negotiating with several foreign suppliers who are offering the above prices based on which we will be able to decrease the cost price (due to the consumables only) by about 30%.

### PRODUCT LINE/SERVICES

Publishing and Printing Design

### COMPANY HISTORY

TRIASI Publishing House was set up in 2003.

During the past 10 years the business trends of the Company consisted of publishing and printing activities. Both trends, though closely connected, have been developing quite independently.

Besides, TRIASI Publishing House carries out the publishing projects out of which the priority is given to school textbooks whereas the textbook market has proved to be highly profitable.

In particular, starting from 2005 the Publishing House has written the school textbooks in Biology for the VII- VIII- IX- X-XI-XII grades, which have successfully passed the piloting procedures within the frames of the Ilia Chavchavadze project and were granted the classification mark from the Ministry of Education.

The sales of the company have been increasing from year to year due to the number of textbooks and the increasing of their competitiveness. In parallel to the above, TRIASI Publishing House publishes popular literature and books for children.



Our foreign clients are Azerbaijan and Armenian railway owners.

Also we have many foreign suppliers and the some of them are:

a) Interpipe Ukraina; b) Methawk commerce limited; c) Metkholding; d) Oriola LP; e) Svarog Venture Capital; f) Metinvest; g) CSR China Railway; h) Lankwitzer

#### MAIN CLIENT / PURCHASER / BUYER

Publishing House Merdlani / Publishing House Bakma / Publishing House Intelct / Publishing House Logospress / Publishing House XII Century / Association BIO / International Chamber of Commerce / International Organization of Migration / Commercial Companies / Ministry of Education / Ministry of youth and sport / LTD Toyota Caucasus / End etc.

#### DISTRIBUTION CHANNEL

We have got relationship with lots of bookshops such as:

Book shop "Biblusl" - 45 shops / Book shop "Samshoblo" / Book shop "Pabuia" / Book shop "Rustaveli 16" / Book shop "Laterna" / Book shop "Books at Dadlani" / Book shop "Sagandzuri" / Book shop "Diogene" / Book shop in Bartumi / Book shop in Rustavi / Book shop in Telavi / Book shop in Zugdidi / Book shop in Kaspi / Book shop in Zestaponi

#### MARKETING ROUTE

In addition to the above data, the strategy of entering the market stipulates constant communication and discount system for clients which may be achieved by decreasing the cost price (supposedly by 30-40%) as well as the postpayment of a part of the sum (mainly, only in the amount of the supposed profit), the system of variations or the right to make corrections to the order during the production process, the possibility of constant control of the process, the flexible system of delivery of the order, etc.

#### BUSINESS PROPOSAL

TRIASI Publishing House was set up in 2003.

During the past 10 years the business trends of the Company consisted of publishing and printing activities. Both trends, though closely connected, have been developing quite independently.

The purpose of the investment project is to develop the existing contemporary book, magazine and advertisement printing facility so that the products will meet the European standards both with respect to the manufacturing process and the quality. It promotes the development of the national printing industry and overcoming the dependence on the importing of published mass media and high-quality illustrated printed products.

Publishing House Triasi can make different kinds of commercial products. Also we can print, publish and make designs of different kind of products.

Our target customers are: Georgian Publishing houses, Commercial Companies, Big Organizations and tenders.

Today Market volume is 120 Million GEL in a year.

The strategy of entering the market may be divided into 2 parts:

- i. to leave the orders taken abroad on the local market which will be achieved by improving the 3 principle indices serving as the advantages for foreign companies: time, quality, price.
- ii. to create a competitive environment on the local market.

Time: according to the estimations of the submitted project the annual productivity of the Company will reach 8,000,000 USD which makes half of the orders taken abroad. Besides, the products produced in Georgia may be delivered by instalments to the clients which will allow them to not have any deficit in their stores.

Quality: the submitted project allows to create a products of European standards in Georgia which is very topical today. Besides, the project will allow us to expand our relations with Georgian print shops offering them such types of services (production of hard covers, binding, folding, etc.) for which they now have to take their projects abroad. This will result in additional loading of the equipment purchased within the frames of the project and, correspondingly, in additional incomes. (The failure to have the mentioned production aspects in Georgia inflicts the loss to other print shops as well whereas they have, because of the inexistence of one through production stage, let the order leave the country, while with us they will be able to fulfill the order using one through production cycle).

In addition to the above data, the strategy of entering the market stipulates constant communication and discount system for clients which may be achieved by decreasing the cost price (supposedly by 30-40%) as well as the postpayment of part of the sum (mainly, only in the amount of the supposed profit), the system of variations or the right to make corrections to the order during the production process, the possibility of constant control of the process, the flexible system of delivery of the order, etc.

During the course of time several big print shops were established in Georgia which was the result of big investments and the lobbying from the government which, in the end, promoted their monopolizing of big orders (tenders). Hence, the companies increased the internal fixed costs as well as the cost price which resulted in their dependence on the tenders. Under the competitive environment they will not be able to offer better prices as compared with ours which will allow us to win the tenders and increase our share on Georgian market.

In addition, we are planning to establish a flexible sales group which will, at the first stage, return back our old clients (up to 100 companies) and to work with new clients. We have made a list of companies using the printing services both in and outside Georgia. The total amount of investments is 3,543,057.

**INVESTMENT AT PUBLISHING HOUSE TRIASI**

**Investment Layout**

Name	Function	Operational Term	Value USD
CTP	printing plate developing	10 Years	131,914
Heidelber _ 8 Color printing Machine	printing Machine	15 Years	800,000
Heidelber 52-4	printing Machine	15 Years	200,000
Folding machine	Paper Folding Device	7 Years	41,143
Paper Cutter	Paper Cutter	15 Years	30,000
Binder	bookbinder	10 Years	102,857
carving machine	Paper carving	15 Years	50,000
wire-stitcher	wire-stitcher	10 Years	68,571
sewer	book sewer	10 Years	20,000
Cutter Knife sharpener	Cutter Knife sharpening	10 Years	28,571
Zechini	Hardcover binder	10 Years	200,000
Refinancing	Bank		1,200,000
Circulating assets	purchase of materials		300,000
Premises	Expand of existing		370,000
<b>Total</b>			<b>3,543,057</b>

# TLC PROPERTY MANAGEMENT

## TLC PROPERTY MANAGEMENT LLC

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 T: +995 32 2714 385  
 E: n.tsereteli@tbilisi-logistics.ge  
 Name of Representative: Nino Tsereteli  
 Contact Person: Contact Section  
 E: g.doborjginidze@transcare.tc

Year of company establishment	2010
Capital (USD)	5 547 000
Number of Employees	22
Amount of Sales in 2013 (USD)	300 000 USD
Shareholder composition	Irakli Menanishvili
Main Bank	Procredit Bank Georgia

### BUSINESS OUTLINE AND COMPANY'S ADVANTAGE

TLC Property Management is a development company of the A-Class multimodal logistics center. In cooperation with its German partner-TransCare GmbH it develops unique third-party-logistics solution for companies acting in Georgia and Caucasus. TLC is predestinated to serve as the regional logistics hub and hinterland terminal for the Georgian Ports, with a wide choice of regular block train connections and shuttle truck services between Poti/Batumi and Azerbaijan/Armenia.

### PRODUCT LINE/SERVICES

Development of multimodal logistics center in Tbilisi

### COMPANY HISTORY

TLC Property Management LLC (TLCPM) was founded in 2011. In cooperation with its German partner TransCare GmbH TLCPM is developing A-Class multimodal logistics centre- "Tbilisi Logistics Centre" (TLC) in Tbilisi.

### BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

Cooperation with TransCare GmbH and international investors.

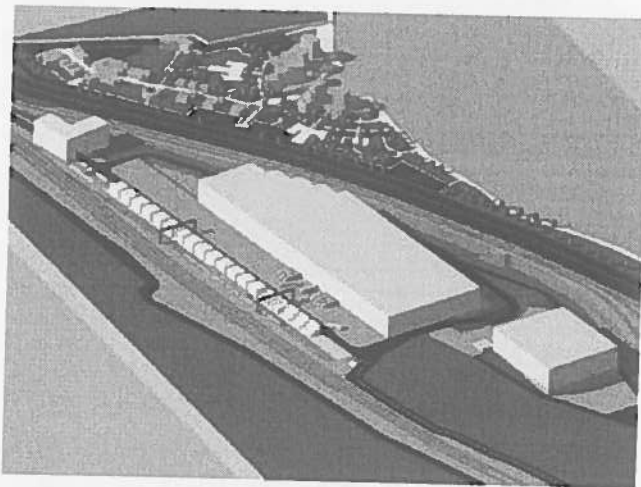
### MAIN CLIENT/PURCHASER/BUYER

Georgian and international retailers and wholesalers, manufacturers, transport and logistics service providers.

### BUSINESS PROPOSAL

#### PROJECT TITLE - TBILISI LOGISTICS CENTRE

Tbilisi Logistics Centre Project includes development of first A-Class multimodal logistics center in the Caucasus. TLC is ideally located on the outskirts of the city of Tbilisi and it provides an intermodal connection to the traffic infrastructure. This concerns its macro-location as well as its micro-location:



On the one hand TLC is well connected to the supra-regional railway and road network, and on the other hand it is close to the city centre anyhow. In a 5 km radius one third of the Tiflis inhabitants will be reached.

TLC will be located on 7 ha area and will provide following infrastructure:

- 25,000 m<sup>2</sup> storage facilities consisting of dry and temperature controlled segments of warehouse. An extension of 7,800 m<sup>2</sup> in a further step is possible;
- 16,000 m<sup>2</sup> integrated office facilities with the extension possibilities up to 3,700 m<sup>2</sup> in the future;
- Intermodal container terminal;
- Container depot;
- Truck loading zone;
- Customs zone;
- Road and rail truck system, TIR-Parking.

The total capital requirement for TLC is approximately USD 36 million. The total value of TLCPM's contribution is USD 7 million including primarily land and project development costs. TLCPM expects to finance an additional USD 22 million in the format of debt from International Financial Organizations. TLCPM and TransCare are currently seeking an equity investor to contribute the final USD 7 million.

As a start-up project, the investment to date has been used for purchase of land and initial project planning. Use of funds of the anticipated debt financing and sought equity investment will be for project development and working capital.

The project sponsors project the following investment returns:

- 10-Year total project IRR of 29.3%
- 10-Year total project NPV of USD 9.7 million
- Positive EBITDA and Net Income in Year 1
- USD 7.2 million Net Income in Year 10

# PRIVATE COMPANIES

## ENERGY PANEL

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Energy sector is attractive from the perspective of both existing natural resources and developing infrastructure, as the country possesses huge hydro resources and offers untapped potential for investment. For the last years, Georgian has become net exporter of electricity and currently utilizes only 18% of its vast hydro resources. Georgian power grid is connected to the grids of all of neighboring countries, which are faced with either a structural power deficit or expensive power generation. From 2007 to 2013 Georgian energy sector has attracted almost USD 1,3 billion. In 2013 the FDI to energy sector amounted to almost USD 200 million with a 10% growth on annual basis. Ministry of Energy of Georgia has recently approved 80 HPPs projects with a total investment volume of up to USD 1,2 billion.



## JSC ALLIANCE ENERGY

JSC Alliance Energy (AE) is a Georgian company specializing in renewable energy project development and electricity trading. AE is jointly owned by JSC Alliance Group Holding, a Georgian financial services firm, and Gross Energy Georgia, a leading Georgian engineering firm in the hydroelectric power sector. AE is focused primarily on small and medium-sized hydroelectric power plants (HPPs) with future plans to explore opportunities in the transmission and distribution of electricity, as well as opportunities in wind and solar power, and thermal power generation. AE is currently completing a HPP in Nabeghlavi, Georgia.

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Name of Representative / Contact Person: Irakli Tkebuchava

Year of company establishment	2011
Capital (USD)	571 800
Number of Employees	11
Shareholder composition	75% Alliance Group Holding 25% - Gross Energy Group
Main Bank	JSC CARTU Bank

## COMPANY HISTORY

Alliance Energy Inc. was founded in 2011 with the purpose of developing and generating hydropower, wind power, gas power, geothermal as well as carbon and energy trading. The company's initial project was the construction and implementation of a hydropower plant. Alliance Energy Inc. has currently identified 33 prospective projects for development within the next 5-7 years. The company is completing its 2MW hydropower plant on Gubazeuli river in Nabeghlavi in Western Georgia, which is expected to have an annual generation of 13.9 GWh.

Alliance Energy has the subsidiary company, Alliance Energy Trading, which is occupied with cross-border electricity trade and is a licensed electricity exporter. The company has an agreement and works in close partnership with Statkraft, which is the leading generator of renewable energy in Europe. Alliance Energy is well acquainted and has close partnership with local banks and international institutions like EBRD, IFC and others.

## BUSINESS EXPERIENCE WITH FOREIGN COMPANIES

Although Alliance Energy is a relatively new company, it has qualified staff with experience of doing business with foreign companies. Gross Energy Georgia, which is one of the owners of Alliance Energy, works in close partnership with foreign companies like Royal Haskoning DHV, Norwegian Company ECON POYRY, Austrian Company POYRY and Norwegian Company Clean Energy Invest AS.

## MAIN CLIENT/PURCHASER/BUYER

For Nabeghlavi HPP, Memorandum of Understanding has been signed with the government of Georgia in November 2011. Turbines were purchased from BFL Hydro, which is one of the leading companies in small hydro arena. JSC Healthy Water (Tskali Margebell) will be the main off-taker of the electricity generated from Nabeghlavi HPP, which is estimated to have a generation capacity of 13 million kWh.

## MARKETING ROUTE/DISTRIBUTION CHANNEL

Electricity trade is a beneficial sector due to existing high prices for this resource in neighboring Turkey. Furthermore, no additional costs will be incurred from search of distribution channels, as Alliance Energy already has a contract with Statkraft, to sell its electricity.

Georgian government has been active in creating an enabling environment for utilization of country's energy resources and particularly hydropower. As a back-up option, if the generated electricity is not sold abroad, selling it to Electricity System Commercial Operator (ESCO) locally will always be an alternative move.