

Analytical note on the results of the work of Almalyk MMC JSC for 9 months of 2018

Fulfilling the most important priorities of the social and economic development program, the staff of “Almalyk MMC” JSC in 9 months of 2018 ensured the production of marketable products:

- in current prices – 100.5 %,
- in comparable prices - 100.6 %.

The growth rate of commodity output in comparable prices to the corresponding period of 2017 was 101.3 %.

Copper ore mined for 98.7 % of target, copper products output was 102.8%, including 99.6 % of own raw materials, 93.8 % of metal zinc, including of raw 101.5 % of own raw materials, 93.5 % of sulphuric acid, 109.9 % of molybdenum trioxide, 91.1% of tungsten trioxide, 101.4 % of fine gold, and 105.0 % of refined silver, 102.3% of portland cement.

Copper raw materials processed for 97.9 % of the target, a growth rate is 102.8%.

In 9 months of 2018, the company exported 106.3 % of its products.

Pursuant to the Decree of the President of the Republic of Uzbekistan dated 03.02.2018 No. IIII-3507 “On approval of list of investment and infrastructure projects for 2018” for “Almalyk MMC” JSC 6 investment projects are being implemented, aimed at increasing of mining and processing capacities with capital investments forecast of 1774.2 bln. UZ Soums, actually disbursed 1934.5 bln. UZ Soums, including:

at the expense of own funds - 413.5 bln. UZ Soums;

at the expense of Fund for Reconstruction and Development funds - 1074.3 bln. UZ Soums;

loans from commercial banks - 446.7 bln. UZ Soums.

including by project:

No.	Name	Forecast, bln. UZ Soums	Actually, bln. UZ Soums	Performance %
1.	Construction of underground mine at the “Samarchuk” site on the basis of the operating field “Kyzyl-Alma”	39,4	29,9	76,0
2.	Construction of cement plant in Sherabad region of Surkhandarya area	1020,0	994,3	97,5
3.	Development of the “Yoshlik I” deposit	514,5	687,2	133,6
4.	Development of the “Yoshlik II” deposit	11,5	13,3	115,4

No.	Name	Forecast, bln. UZ Soums	Actually, bln. UZ Soums	Performance %
5	Construction of underground mine at the “Mejdurechie” site on the basis of the operating field “Kyzyl-Alma”		0.3	
6.	Development of Uch-Kulach deposit by open-pit method	0.1	0.3	155.9
7.	Expansion of production capacity for the treatment of raw materials (Kalmakyr, Sary-Cheku, UPJT, UAT, MOF)	188.7	209.2	110.9
	Total	1774.2	1934.5	109.0

According to the Decree of the President of the Republic of Uzbekistan dated 26.12.2016 No. IIII-2698 “On measures for further implementation of promising projects for localization of production of finished products, components and materials for 2017-2019”, in 2018 “Almalyk MMC” JSC is implementing 36 projects for a total amount of 29.0 bln. UZ Soums.

During the 9 months of 2018 localized production amounted to 63.5 bln. UZ Soums or 286.1 % of the forecast.

According to the Decree of the President of the Republic of Uzbekistan from 11.02.2015 No. IIII-2298 “On the program of localization of production of finished goods of component parts and materials for 2015-2019” it is provided for fulfillment of target parameters of import reduction due to localization of production and expansion of interindustry industrial cooperation for 2018 projected to 24,5 million US dollars.

For 9 months of 2018, performance was 18.5 million USD, or 100.7%.

According to the Decree of the President of the Republic of Uzbekistan No. IIII-2692 dated December 22, 2016 “On additional measures for accelerated renovation of physically worn-out and obsolete equipment, as well as reduction of production costs of industrial enterprises”, 284 units of technological equipment worth 7741.6 thousand US dollars are subject to replacement and modernization in 2018.

In 9 months of 2018, 34 items of equipment for 856.2 thousand USD were replaced and rehabilitated.

A set of organizational and technical measures has been developed to reduce production costs in 2018, providing for a reduction in the cost of production by 273.7 bln. UZ Soums or 7.5 %.

Expected result from implementation of complex of measures on reduction of production costs for 9 months of 2018 amounted to 179.4 bln. UZ Soums or 6.9 % of the target, against 176.8 bln. UZ Soums or 6.8% of the target, including production costs - 206.4 bln. UZ Soums or 7.9% of the target against 146.7 bln. UZ Soums or 5.6 % of the target.

According to the New Job Creation Program, 820 new jobs are planned for 2018, including 590 jobs for the investment program and 230 jobs for industry development.

In the first 9 months of 2018, 692 new jobs were created, including 536 jobs under the investment program and 156 jobs under industry development.

The Company took measures to improve its management, strengthen its financial and economic position and monitor the reduction of accounts receivable and payable.

The expected accounts receivable as of 01.10.2018 will be 387.4 billion UZ Soums, with no overdue arrears, accounts payable - 605.0 billion UZ Soums.

There are no arrears to the budget or salaries.

“Almalyk MMC” JSC has developed and approved measures to reduce fuel and energy resources in 2018, through the implementation of which the expected savings in fuel and energy resources for 9 months of 2018 will amount to:

- electricity - 98.2 million kWh;

- fuel - 26.0 million m³;

“Almalyk MMC” JSC carries out activities to expand the use of alternative energy sources. For 2018, the introduction of solar installations in the number of 60 units in the boarding house “Oltin-Oлма” is envisaged, which will save 0.2 mln.sq.m per year. An expansion of the biogas plant to process cattle waste is planned for 2018-2019.

Under the technical training programme, 3296 workers were trained to improve their skills, 1517 were retrained and learned a second profession, and 1345 managers and specialists were upgraded and retrained, including 432 by separation from production.

According to the decision of the Protocol Meeting of the Presidium of the Cabinet of Ministers of the Republic of Uzbekistan No. 20a dated 13.04.2015 7 vocational colleges are assigned for “Almalyk MMC” JSC:

Almalyk Professional College of Mining and Metallurgy;

Almalyk Professional Mining College;

Angren Professional College of Chemical Industry;

Pap Professional College of Mining and Service;

Gallyaara Industrial Professional College “Lalmikor”;

Denau Professional Industrial College of Mining;

Chirchik Professional College of Industry

And also the plant cooperates with three universities to train specialists on a fee contract basis, including:

- Almalyk branch of Tashkent State Technical University;

- Navoi State Mining Institute;
- National Research Technological University “Moscow Institute of Steel and Alloys”.

During the 9 months of 2018, 3,095 vocational college students and 1,178 university students completed industrial and pre-graduation internships at the plant’s divisions.

During the reporting period 2228 college graduates and 576 university graduates were employed.

Taking into account investment projects, expansion and modernization of existing technological processes the mill is preparing the need for training in educational institutions in the required professions and specialties.

According to the Decree of the President of the Republic of Uzbekistan No. IIII-2569 dated 01.08.2016 “On measures for further development and implementation of information and communication technologies in the real sector of the economy in 2016-2018” approved a list of priority projects for the implementation of information and communication systems and software products, which includes six projects of “Almalyk MMC” JSC with a total estimated cost of 18.8 billion UZ Soums. During the period of implementation of the Decree 4.1 billion UZS were actually utilized. Whereof, two projects are scheduled for implementation in 2018, with a deadline in the fourth quarter:

1. Implementation of process automation system for cement plant in Sherabad district of Surkhandarya region. Assessed value: 11.6 bln. UZ Soums

The system will allow to control the process of cement production, by means of data output of all process equipment to the plant control room as mnemonic diagrams, to control the whole technological process from the operator’s workstation, as well as to reduce energy costs (gas, electric power) with increase of product quality. Installation and commissioning of automation systems of technological equipment is completed. Work on the acceptance of the plant as a whole is in progress.

2. Implementation of an automation system at the “Samarchuk” underground mine. Assessed value: 3.4 bln. UZ Soums

The automation system will make it possible to automatically monitor the parameters of the main process equipment and provide emergency protection. Due to the general contractor’s failure to fulfill its obligations, namely sinking the shaft (the work has not been done for more than 19 months), as well as the discrepancy between the design and actual mining and geological conditions, Almalyk MMC JSC is preparing all necessary documents to make appropriate changes to the resolution of the President of the Republic of Uzbekistan, with a change in the timing of the project in April 2021.

Since the beginning of the year, 69 people have upgraded their minimum ICT literacy skills, the cost amounted to 596.9 thousand UZ Soums.

Work is underway to upgrade the existing wireless data network. Permits were obtained for temporary operation of radioelectronic means. Remote subdivisions, such as the Lime Plant and the Explosives Plant, are connected to the corporate data network. The

upgrade will increase the bandwidth of the data network between remote units located in inaccessible mountainous areas to 60 Mbit/s. The sanitary passports of the radio facility have been obtained. Work is underway to establish a working commission for the commissioning of radio equipment.

New Huawei RH2288 v3 server equipment for the AMMC proxy server was put into operation.

In execution of the Decree of the President of the Republic of Uzbekistan dated January 22, 2018 No. VII-5308 “About the State program on realization of Strategy of actions on five priority directions of development of the Republic of Uzbekistan in 2017-2021” in the “Year of support of active business, innovative ideas and technologies” “Almalyk MMC” JSC had developed and approved 39 measures for the amount of 12.2 billion UZ Soums.

For 9 months of 2018, activities for 9.1 bln.UZ Soums were carried out.

In order to saturate the domestic market, the plant produced consumer goods worth 16.0 billion UZ Soums (excluding VAT) or 96.3 % of the target, the growth rate was 97.6 %.

In order to meet the needs of employees of the plant and saturation of the city market with meat and dairy products in the 9 months of 2018 produced:

meat products - 46 tons;

dairy products - 1526 tons;

fruits - 45 tons;

agricultural products (potato, onion, melons and gourds) - 3115 tons;

In pursuance of the Decree of the President of the Republic of Uzbekistan dated April 11, 2017 No. IIII-2881 “On the personal responsibility of the State advisers to the President of the Republic of Uzbekistan, heads of the Cabinet of Ministers and its complexes, state and economic management bodies, as well as khokimiyats of all levels for the effective and efficient execution of acts and orders of the President of the Republic of Uzbekistan, as well as for strengthening executive discipline” and the Regulations on the procedure for applying of disciplinary measures to officials of the Cabinet of Ministers, heads of state and economic administration bodies, the Council of Ministers of the Republic of Karakalpakstan, khokimiyats of regions, cities and districts approved by a resolution of the Cabinet of Ministers dated 10 May 2017 No. 264, the Regulations “On the procedure for applying of disciplinary measures to officials of Almalyk MMC JSC” were approved and put into effect.

Systematic work is being carried out to critically analyse the implementation of own decisions, identify shortcomings and develop specific measures to address them.

In the 9 months of 2018, Almalyk MMC JSC registered a total of 792 acts, including 7 decrees, 32 resolutions, 2 orders, 19 protocol resolutions of the President of the Republic of Uzbekistan, 55 instructions of the Office of the President, 677 acts and instructions of

the Cabinet of Ministers, 258 instructions of the Prime Minister and his deputies, and 271 instructions of the Research and Information Department of the Cabinet of Ministers.

On the above acts of the President and the Cabinet of Ministers of the Republic of Uzbekistan (110) adopted a total of 87 own decisions, including 72 orders, 1 directive and 14 measures.

To ensure an open dialogue with citizens, thorough consideration and resolution of appeals, the Service for Control and Coordination of Work with Applications of Individuals and Legal Entities has been established at the company. A daily reception is organized.

During the 9 months of 2018 we received 3028 appeals, including 805 written, 1486 oral and 737 – electronic appeals. Action was taken on 181 applications, 31 applications were resubmitted, clarifications were given on 2690 applications, 114 applications are pending and 36 were rejected.

The nature of the applications is the provision of material assistance, employment, treatment, utilities, reinstatement, transfer to other subdivisions of the mill, as well as transportation problems and others.

Also, in light of the implementation of the stipulated tasks noted in the Address of the President of the Republic of Uzbekistan to the Oliy Majlis on December 22, 2017, the “Almalyk MMC” JSC developed an information portal “My opinion” for citizens to express and discuss their position on important issues relating to the activities of the plant. (<http://portal.agmk.uz>).

For the convenience of tracking the news of “Almalyk MMC” JSC, an official news channel in the Telegram messenger was developed and launched on the Internet.