

Analytical note on the results of the work of “Almalyk MMC” JSC for the year 2018

The corporate team of Almalyk MMC JSC has provided the output of marketable products in 2018 by carrying out the most important priorities of the socio-economic development program:

- in current prices by 106.3%,
- in comparable prices by 106.1%.

The growth rate of commercial output in comparable prices against the corresponding period of 2017 was 107.9%.

The output of copper products amounted to 107.5%, zinc metal from own raw materials - 101.6%, sulfuric acid - 95.0%, molybdenum trioxide - 107.4%, tungsten trioxide - 94.6%, refined gold - 101.3% and refined silver - 126 , 4%, Portland cement - 98.7%.

Default of sulfuric acid was due to the lack of acid extraction by the enterprises of JSC “Uzkimyosanoat”, as well as the ongoing maintenance work in sulfuric acid workshops at the copper and zinc plants became factors that failed to fulfill the forecast of sulfuric acid production for 2018.

In 2018, the shipped product for export was 112.4%.

In accordance with No.PP-3507 Resolution of the President of the Republic of Uzbekistan dated 03.02.2018 “Regarding Approval of the Lists of Investment and Infrastructure Projects for 2018”, 7 investment projects are being implemented by the Almalyk MMC JSC during the reporting period to increase production and processing of raw materials with the development of capital investments with a forecast of 2081.1 billion UZS, actually 2395.8 billion UZS have been utilized or 115.1%, including:

- at the expense of own funds - 522.1 billion UZS;
- UFRD funds - 1409.1 billion UZS;
- loans from commercial banks - 464.6 billion UZS.

According to No.PP-2698 Resolution of the President of the Republic of Uzbekistan dated 12.26.2016 “Regarding measures for the further implementation of promising projects for localizing the production of finished products, components and materials in 2017-2019”, JSC Almalyk MMC is implementing 36 projects in 2018 for a total of 29.0 billion UZS.

In 2018, the output of localized products amounted to 77.8 billion UZS or 267.0% of the forecast.

According to No.PP-2298 Resolution of the President of the Republic of Uzbekistan dated February 11, 2015 “Regarding the program for localizing the production of finished products, components and materials in 2015-2019”, the target parameters for reducing

imports through the localization of production and the expansion of cross-sectoral industrial cooperation in 2018 the year is projected at 24.5 million USD.

In 2018, the implementation amounted to \$ 27.7 million USD or 113.1%

According to No.PP-2692 Resolution of the President of the Republic of Uzbekistan dated December 22, 2016 “Regarding additional measures for accelerated updating of worn out and obsolete equipment, as well as reducing production costs of industrial enterprises” in 2018, 284 units of technological equipment are to be replaced and upgraded in the amount of 7741.6 thousand USD

In 2018, 108 units of equipment have been replaced in the amount of 2057.7 thousand USD.

A complex of organizational and technical measures was developed to reduce production costs in 2018, providing for a reduction in production costs by 273.7 billion UZS or 7.5%.

The expected result from the implementation of a set of measures to reduce production costs in 2018 totaled to 274.2 billion UZS or 7.6% against 273.7 billion UZS or 7.5% of the target, including the production cost - 295.6 billion UZS or 8.1% against 221.3 billion UZS or 6.1% of the target.

According to the Program for the creation of new jobs in 2018, it is planned to create 820 new jobs, including 590 under the investment program and 230 under the development of industry.

In 2018, 830 new jobs were created, including 596 jobs under the investment program and 234 jobs under the development of industry.

The Company carried out measures to improve management, strengthen the financial and economic situation and monitor the reduction of receivables and payables.

Account receivable as of 01.01.2019 is anticipated at 875.2 billion UZS, without incurring overdue debts, and account payable is anticipated at 2573.8 billion UZS.

There is no debt to the budget and payroll.

JSC Almalyk MMC has developed and approved measures to reduce fuel and energy resources in 2018 and due to its implementation in 2018, the saving of fuel and energy resources totaled in:

- electricity - 124.3 million kW / h;
- fuel - 31.7 million m³;

In accordance with the program for personnel technical training, 4,526 employees were trained to improve performance skills, 2,262 employees passed retraining and mastering the second profession, 1,745 persons passed advanced training and retraining for managers and specialists, including 559 persons - off job training.

7 professional colleges are assigned to JSC Almalyk MMC according to No. 20a Resolution of the Meeting of the Presidium of the Cabinet of Ministers of the Republic of Uzbekistan dated 13.04.2015.:

1. Almalyk Mining and Metallurgical Professional College;
2. Almalyk Mining Professional College;
3. Angren Professional College of Chemical Industry;
4. Pap Professional College of Mining Metallurgy and Service;
5. Gallaaral Industrial Vocational College "Lalmikor";
6. Denau Mining Industrial Professional College;
7. Chirchik Industrial Vocational College.

A branch of the Russian Federal State Autonomous Educational Institution of Higher Education - the "National Research Technological University "MISiS" was opened in Almalyk according to No. PP-3153 Resolution of the President of the Republic of Uzbekistan dated July 27, 2017 "Regarding measures to improve the training of engineering and technical personnel for the production and industrial sector of the Tashkent region".

As well as, the plant cooperates with three universities on the training of specialists under paid-contract basis, including:

- Almalyk Branch of the Tashkent State Technical University;
- Navoi State Mining Institute;
- National Research Technological University "MISiS".

In 2018, 3095 students of vocational colleges and 1.178 students of higher educational institutions completed on-the-job training and pre-diploma practice in the workshops of the Plant.

2804 college graduates and 754 university graduates have been employed during the reporting period.

The plant's need for training at the educational institutions for necessary jobs and specialties is being developed taking into account investment projects, expansion and modernization of existing technological processes.

The following types of work for the implementation and development of information and communication technologies have been carried out in accordance with the plans and activities of the information technology service of the Management of Production Automation in 2018:

As a part of the implementation of measures under No.PP-2569 Resolution of the President of the Republic of Uzbekistan dated 01.08.2016 "Regarding measures on the further implementation of information and communication technologies in the real sector of economy" the list of priority projects for the implementation of information and communication systems and software products in the real economy in 2016-2018 that includes 6 projects of JSC Almalyk MMC has been approved.

The implementation of 5 projects was completed, including 1 project in 2018 “Implementation of the information system for automation of technological processes of the Cement Production Plant in Sherabad district of the Surkhandarya region”. The actual cost of the implemented project is 40,998.9 million UZS. The plant automation system is controlled from a single call center. The system allows to carry out the following functions:

- minimize the human factor influence on the technological process;
- ensure the reduction of emergency downtime and repair costs due to detailed monitoring of the operating parameters of the process equipment and its components;
- optimization and coordination of the process flow which shall result in reduction of specific consumption of gas and electricity, operational exchange;
- increase of labor efficiency due to reduction of duplicated functions.

As a part of the implementation of measures under No.PP-2569 Resolution of the President of the Republic of Uzbekistan dated 01.08.2016 "Regarding measures for the further implementation of information and communication technologies in the real sector of the economy in 2016-2018" the Project “Automation system at the "Samarchuk" underground mine was not implemented, postponed to the IV quarter of 2019 according to the revised network schedule approved by the Deputy Prime Minister of the Republic of Uzbekistan.

In compliance with No.UP-5308 Decree of the President of the Republic of Uzbekistan dated January 22, 2018 “Regarding the State Program for the Implementation of the Action Strategy for the Five Priority Development Areas of the Republic of Uzbekistan in 2017–2021”, 39 events have been developed and approved by JSC Almalyk MMC in the “Year of Support for Active Entrepreneurship, Innovative Ideas and Technologies”.

In 2018 events and measure have been implemented in the amount of 10.1 billion UZS.

In order to meet the needs of employees of the plant and to saturate the city’s market with meat and dairy agricultural products in 2018, the company has produced as follows:

- meat products - 71 tons;
- dairy products - 1526 tons;
- fruits - 272 tons;
- agricultural products (potatoes, onions, melons) - 4774 tons.

Regulations on the procedure for application of disciplinary measures to the officials was developed and implemented by JSC Almalyk MMC in compliance with No.PP-2881 Resolution of the President of the Republic of Uzbekistan dated April 11, 2017 “Regarding personal responsibility of 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 local Administration of all levels for effective and efficient execution of acts and instructions of the President of the Republic of Uzbekistan, as well as for strengthening

executive discipline" and the Regulations on the procedure for application of disciplinary measures to the officials of the Cabinet of Ministers, heads of state and economic management bodies, the Council of Ministers of the Republic of Karakalpakstan, local Administration of the regions, cities and districts approved by No. 264 Resolution of the Cabinet of Ministers dated 10 May 2017.

In accordance with No.PP-3962 Resolution of the President of the Republic of Uzbekistan dated October 5, 2018 "Regarding measures to further strengthen performance discipline in the state bodies and organizations," the systematic work is being conducted to critically analyze the execution of instructions and to ensure that information on the progress of its execution is entered into the "Ijro system..gov.uz"

In 2018, JSC Almalyk MMC registered a total of 1,133 acts, including 9 decrees, 42 resolutions, 3 orders, 20 protocol instructions of the President of the Republic of Uzbekistan, 109 instructions of the President Administration, 873 acts and instructions of the Cabinet of Ministers of the Republic of Uzbekistan, 77 letters from the National Agency for Project Management.

According to the above acts of the President and the Cabinet of Ministers of the Republic of Uzbekistan, a total of 103 own decisions were taken, including 83 orders, 5 decisions of the Board, 2 orders and 13 events.

A Service for the Control and Coordination of Work with Individuals and Legal Entities has been established and daily reception has been arranged to ensure an open dialogue with citizens, careful consideration and resolution of appeals at the plant.

In 2018, 3,647 appeals were received, including 1,026 written applications, 1,707 oral, and 914 were electronic. Measures were taken under 141 applications, 44 applications were resubmitted, explanations were given for 3286, 72 applications are under consideration and 31 are rejected.

The nature of the applications is financial assistance, employment, medical treatment, utilities, reinstatement and transfer to other departments of the plant, as well as transportation problems and others.

JSC Almalyk MMC has developed the information portal "My Opinion" (<http://portal.agmk.uz>) to express and discuss with citizens its position on important issues related to the plant's activities in the light of the implementation of the agreed targets specified in the Message of the President of the Republic of Uzbekistan to the Oliy Majlis of the Republic of Uzbekistan dated December 22, 2017.

The official news channel in the Telegram Messenger was developed and launched in the Internet for the convenience of tracking the news of JSC Almalyk MMC.

In compliance with No. 593 Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 28, 2018 "Regarding measures to improve the efficiency of management of JSC Almalyk MMC, a Trust Manager of the state share in the Authorized Fund of the plant has been engaged by FE SFI Management Group LLC.

According to this document, an audit was conducted at JSC Almalyk MMC by SFI Management Group LLC with the involvement of foreign scientists and experts from metallurgists and miners.

According to the results of activities, No. 3954 Resolution of the President of the Republic of Uzbekistan dated September 30, 2018 “Regarding Measures for the Reconstruction and Stabilization of Production Capacity of JSC Almalyk MMC” was adopted. According to the resolution, the work is underway to increase the efficiency of production of the copper concentration plant, the copper smelting and zinc plants, the Angren Mining Department and other main plants.

By implementation of this Program JSC "Almalyk MMC" will be able to significantly increase the production of non-ferrous and precious metals, as well as other types of products.