

Analytical note on the results of the work of Almalyk MMC JSC for 1 half-year of year 2019

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Fulfilling the most important priorities of the social and economic development program, the staff of “Almalyk MMC” JSC in 1st half-year of 2019 ensured the production of marketable products:

- in current prices – 106.3 %,
- in comparable prices - 106.2 %.

The growth rate of commodity output in comparable prices to the corresponding period of 2018 was 128.7 %.

Copper ore mined for 100.7 % of target, copper products output was 106.0 %, including 100.6 % of own raw materials, 114.2 % of metal zinc, including 100.6 % of own raw materials, 101.5 of sulphuric acid, 73.6 % of molybdenum trioxide, 91.0 % of tungsten trioxide, 104.2 % of fine gold, and 121.8 % of refined silver, 100.5% of portland cement.

In the first half-year of 2019, the company exported 107.3 % of its products.

In accordance with the Decree of the President of the Republic of Uzbekistan dated 19.12.2018 No. IIII-4067 “On measures to implement the Investment Program of the Republic of Uzbekistan for 2019” for “Almalyk MMC” JSC 6 investment projects are being implemented aimed at increasing the capacity for production and processing of raw materials with the development of capital investments for the amount of 1 532.2 bln. UZ Soums, of which the implementation of the project “Development of Uch-Kulach Field” (8.4 bln. UZ Soums) was suspended in accordance with the Decree of the President of the Republic of Uzbekistan No. IIII-4077 dated 25.12.2018, and total amount of capital investments for 2019 made up 1,523.8 bln. UZ Soums:

including:

at the expense of own funds - 747.0 bln. UZ Soums;

at the expense of Fund for Reconstruction and Development funds - 736.2 bln. UZ Soums;

loans from commercial banks - 40.7 bln. UZ Soums.

Investments worth 956.3 bln.UZ Soums (187.9 %) were actually disbursed in 1st quarter of 2019:

at the expense of own funds - 334.3 bln. UZ Soums;

at the expense of Fund for Reconstruction and Development funds - 588.9 bln. UZ Soums;

loans from commercial banks - 33.0 bln. UZ Soums.

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”, “Almalyk MMC” JSC is implementing 59 projects for a total amount of 48.3 bln. UZ Soums.

During the first quarter of 2019 localized production amounted to 37.1 bln. UZ Soums or 189.1 % 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 2019 in the amount of 29,6 million US dollars.

In 1st quarter 2019, the performance amounted to 14.8 mln.USD or 100.4 % of the forecast.

A set of organizational and technical measures has been developed to reduce production costs in 2019, providing for a reduction in the cost of production by 154.2 bln. UZ Soums or 3.1%.

The expected result of implementing the complex of measures to reduce production costs in 1st half-year of 2019 will make up 76.1 bln. UZ Soums or 3.3 %, including production cost - 109.9 bln. UZ Soums or 4.7 %. The task is 102.8% complete.

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”, 222 units of technological equipment worth 14911.6 thousand US dollars are subject to replacement and modernization in 2019.

In 1st quarter of 2019, 26 items of equipment for 251.6 thousand USD were replaced.

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

There are no arrears to the budget or salaries.

“Almalyk MMC” JSC has developed and approved measures to reduce fuel and energy resources in 2019, through the implementation of which the expected savings in fuel and energy resources for 1st half-year of 2019 will amount to:

- electricity - 27.4 million kWh;
- fuel - 8.4 million m³;

Savings on fuel and energy resources will totally amount to 14.1 bln. UZ Soums.

Under the technical training programme, 3056 workers were trained to improve their skills, 1330 were retrained and learned a second profession, and 985 managers and specialists were upgraded and retrained, including 277 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 6 vocational colleges are assigned for “Almalyk MMC” JSC.

From the beginning of year, 801 students are undergoing on-the-job training at the plant’s units:

From the Almalyk Mining Vocational College - 761 stuents, from the Chirchik Industrial Vocational College - 40 students.

1696 students of professional colleges are at on-the-job training at the Company’s structural units.

The total number of graduates of affiliated vocational colleges for the 2018-19 academic year is 3859.

“Almalyk MMC” JSC cooperates with ten universities in the Republic of Uzbekistan and the Russian Federation to train specialists on a contract basis, including in the Republic of Uzbekistan:

- Almalyk branch of Tashkent State Technical University;
- Navoi State Mining Institute.

in the Russian Federation:

- National Research Technological University “Moscow Institute of Steel and Alloys”.

Training of specialists with higher education in educational institutions of the Republic of Uzbekistan and the Russian Federation on a contract basis in the number of 364 people, including:

- Almalyk branch of the Tashkent State Technical University has 204 students, including 82 correspondence students, 120 evening students and 2 full-time students;

- Navoi State Mining Institute - 20 students;

- In the 2018-2019 academic year, National Research Technological University “Moscow Institute of Steel and Alloys” trains 145 students, 111 students in Bachelor’s degree programs, 20 students in Master’s degree programs, including 14 students in correspondence courses, 9 students are trained in the Almalyk branch of National Research Technological University “Moscow Institute of Steel and Alloys” at the expense of the plant.

During the reporting period 588 college graduates and 163 university graduates were employed.

“Almalyk MMC” has JSC developed and approved 37 measures worth 69.3 bln. UZ Soums to implement the State program “Year of active investment and social development” in five priority areas of development.

For the first quarter of 2019, activities for 5.6 bln.UZ Soums were carried out.

For the purpose of timely execution of orders of higher authorities, improvement of the system of control over execution discipline, a service for control over execution of orders of higher organizations (Order No. 322 dated April 26, 2017) was established within the Executive Office of “Almalyk MMC” JSC and the procedure for systematic and critical analysis of the execution discipline was established.

Throughout the period, work was carried out to introduce a system of reporting and monitoring of the implementation of documents within the established time frame, and to study the progress of laws, acts of the President and Government decisions implemented in the field. According to the plan of work of the company, protocols with the preparation of analytical reports are being prepared.

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

In January-June of 2019 “Almalyk MMC” JSC registered a total of 431 acts, including 40 acts and instructions of the President of the Republic of Uzbekistan (11 decrees, 19 orders, 1 instruction, 9 protocol orders), 63 orders of the Presidential Administration, 328 acts and instructions of the Cabinet of Ministers (31 orders, 14 orders, 34 protocols, 138 instructions of the Prime Minister, their deputies and advisers, and 111 instructions of the Cabinet of Ministers Secretariats).

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 first quarter of 2019 we received 1784 appeals, including 588 written, 814 oral and 392 – electronic appeals. Measures were taken on 584 applications, explanations were given on 1076 applications, 86 applications are under consideration, and 48 applications 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.