

Analytical note on the results of the work of “Almalyk MMC” JSC for the year 2019

Chairman of the Board of Almalyk Mining and Metallurgical Joint-Stock Company – Khursanov Abdulla Khalmuradovich.

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

- in current prices - by 108.5 %,
- in comparable prices - by 108.4%.

The growth rate of commodity output in comparable prices to the corresponding period of 2018 was 126.8%.

Copper ore mined 100.1% of the target, cathode copper output was 111.6%, including 103.4% of own raw materials, 107.4% of metal zinc, including 100.8% of own raw materials, 101.2% of sulphuric acid, 103.3% of refined gold and 128.4% of refined silver, and 102.1% of Portland cement.

In 2019, 100.1% of products were sold for export.

In accordance with the Decree of the President of the Republic of Uzbekistan dated 19.12.2018 No. PP-4067 “On measures to implement the Investment Program of the Republic of Uzbekistan for 2019” on JSC “Almalyk MMC” 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 billion soums, of which the implementation of the project “Development of Uch-Kulach” (8.4 billion soums) was suspended in accordance with the Decree of the President of the Republic of Uzbekistan No. PP-4077 dated 25.12.2018, and total amount of capital investments for 2019 made up 1,523.9 billion soums, including:

at the expense of own funds - 747.0 billion soums;

Fund for Reconstruction and Development funds - UZS 736.2 billion;

loans from commercial banks - 40.7 billion soums.

Investments worth 1,722.9 billion soums (113%) were actually disbursed in 2019:

at the expense of own funds - 901.7 billion soums;

Fund for Reconstruction and Development funds - UZS 745.2 billion;

loans from commercial banks - 76.0 billion soums.

According to the Decree of the President of the Republic of Uzbekistan from 26.12.2016 No. PP-2698 “On measures for further implementation of promising projects for localization

of production of finished products, components and materials for 2017-2019”, JSC “Almalyk MMC” is implementing 70 projects for a total of 101.3 billion soums.

In 2019, the company produced localized products under 70 projects worth 131.4 billion soums or 129.8% of the forecast.

According to the Decree of the President of the Republic of Uzbekistan from 11.02.2015 No. PP-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 dollars.

In 2019, the performance amounted to \$30.5 million, or 103.3% of the forecast.

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

The expected result of implementing the complex of measures to reduce production costs in 2019 will make up 460.4 billion soums or 11.3%, including production cost - 661.1 billion soums or 16.3%. The task was overfulfilled by 3.6 times.

According to the Decree of the President of the Republic of Uzbekistan No. PP-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 14,911.6 thousand US dollars are subject to replacement and modernization in 2019.

In 2019, 192 items of equipment were replaced and modernized for 13,322.0 thousand USD.

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

As of January 1, 2020, expected accounts receivable will make up 841.1 billion soums, including overdue debts of 103.9 billion soums and accounts payable of 960.1 billion soums.

There are no arrears to the budget or salaries.

JSC “Almalyk MMC” has developed and approved measures to reduce fuel and energy resources for 2019, through the implementation of which the expected savings in fuel and energy resources for 2019 was:

- electricity - 55.3 million kWh;
- fuel - 22.2 million m³;

Savings on fuel and energy resources will total 35.2 billion soums.

Under the technical training programme, 5,759 workers were trained to improve their skills, 2,253 were retrained and learned a second profession, and 1,789 managers and specialists were upgraded and retrained, including 465 by separation from production.

In 2019, 2,497 students of professional colleges underwent practical training at the Company's structural units.

They held seminars on occupational and industrial safety for foremen of production training - managers of practice. Have been tested by a master of industrial training of professional colleges. Seminars on occupational health and safety were held for vocational college students starting their practical training.

Excursions for vocational college students in the structural subdivisions of the company have been organized.

At present, 2,722 students of fixed vocational colleges are in the structural units of the plant.

The distribution of vocational college graduates has been approved and 580 graduates of the Almalyk Mining and Metallurgical Vocational Colleges, 25 graduates of the Chirchik Industrial Vocational College, 27 graduates of the Denau Mining Industrial Vocational College and 28 graduates of the Angren Chemical and Technological College have been given directions for employment.

To date, 356 graduates of the Almalyk Mining and Metallurgical Vocational Colleges have been employed.

Measures for joint work with professional colleges have been developed for the academic year 2019-2020. The need for graduates of professional colleges until 2030 has been determined. Schedule of meetings (seminars) of college students with participation of the main specialists of the plant has been developed.

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

- Almalyk branch of Tashkent State Technical University 298 persons;
- Almalyk branch of NITU MISiS - 9 persons.;
- Navoi State Mining Institute - 20 persons;
- Tashkent State Technical University - 7 persons;
- Tashkent University of Information Technology - 2 persons;
- Tashkent Institute for the design, construction and operation of roads - 2 people;
- Tashkent Institute of Chemical Technology - 1 person;

- Tashkent State University of Economics - 1 person;
- National University of Uzbekistan - 1 person in the Russian Federation;
- National Research Technological University “MISiS” - 112 persons.

In accordance with the decision of the President of the Republic of Uzbekistan, employees with at least 5 years' work experience are admitted to higher education institutions for part-time and evening studies. Recommendation letters are given to 114 employees of the company.

During the reporting period 1409 college graduates and 396 university graduates were employed.

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

In 2019, measures worth 13.8 billion soums were implemented.

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 2019 “Almalyk MMC” JSC registered a total of 899 acts, including 223 acts and instructions of the President of the Republic of Uzbekistan (15 decrees, 28 orders, 2 instructions, 25 protocol orders), 153 orders of the Presidential Administration, 676 acts and instructions of the Cabinet of Ministers (54 orders, 26 orders, 67 protocols, 303 instructions of the Prime Minister, their deputies and advisers, and 226 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.

For 12 months of 2019 5162 appeals were received. As a result of the consideration of 843 applications, measures have been taken, 79 were left without consideration, in accordance

with the requirements of the legislation, 4,102 applications were clarified, 21 applications were rejected, and 82 applications are currently under consideration.

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.