

# Joint-Stock Company “UZQISHLOQELEKTQURILISH”



Founded	1996
Name of Company	Joint-Stock Company “Uzqishloqelextrqurilish”, JSC “UzQEQ”, RSE: UQEQ UzRuralElectricConstruction
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## General overview

The main activity of Uzqishloqelextrqurilish JSC is the construction of power lines (PL) - overhead lines (OHL), cable lines (CL), step-down electrical substations (SS), as well as the construction of networks with a voltage of 0.4-6-10-35-110 and 220 kV. To ensure the construction of overhead lines and substations, Uzqishloqelextrqurilish JSC has two reinforced concrete plants: EKM LLC, in Surkhandarya region, with a capacity of 10 thousand cubic meters per year and Kamashi Ich LLC, located in the city of Kamashi, Kashkadarya region, with a capacity of 4 thousand cubic meters per year. These plants provide an opportunity to equip overhead lines and substations with reinforced concrete products.

The production of metal structures and the completion of the power grids under construction with other necessary products is carried out at LLC "Samarkand subsidiary industrial enterprise" of JSC Uzqishloqelextrqurilish. With a significant amount of work, all or some other departments could be promptly involved in process.

The main customers of the company are JSC " National electrical power networks" and JSC "Regional electrical power networks". The company employs 805 people.

### *Potential projects*

According to Ministry of Energy, by 2030 to ensure a stable supply of electricity, it is expected:

- to build 2.7 thousand km of 220-500 kV power transmission lines with the simultaneous construction of 9 new substations, which in total costs \$2.4 billion.
- the reconstruction and modernization of 39.6 thousand units of existing transformer substations and 140.9 thousand km of power transmission lines in distribution networks with a voltage of 110/35/10 / 0.4 kV is required for a total amount of \$9.9 billion.

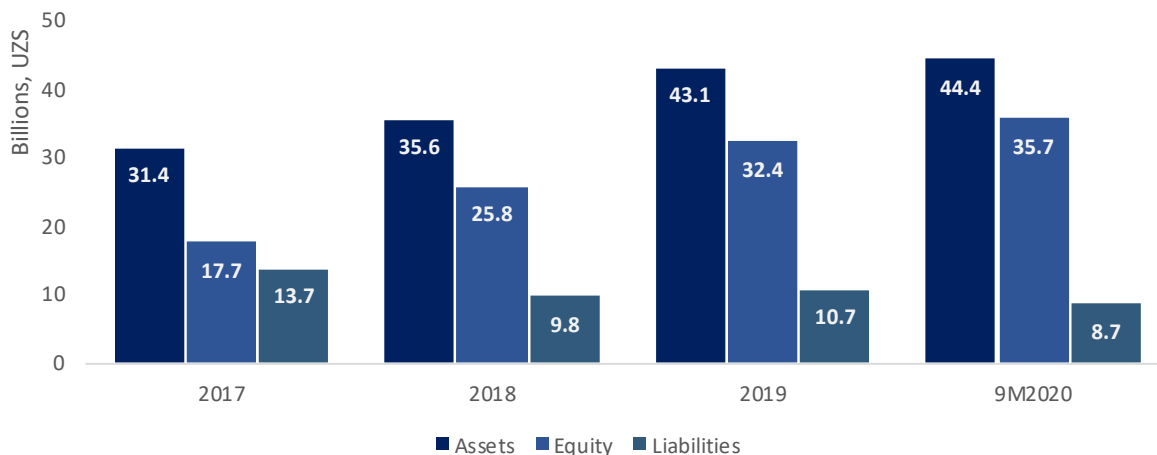
In addition, in the investment program for 2020-2022, the government expects to complete projects totaling \$1.55 billion.

Taking into account the existing experience of the company and completed projects over the past years, it can be assumed that the company will continue cooperation with JSC "National electrical power networks" and JSC "Regional electrical power networks".

Moreover, ADB and Afghanistan sign agreement to finance construction of power line from Uzbekistan, which is planned to be carried out by Uzbek contractors. The total cost of the project is \$150 million.

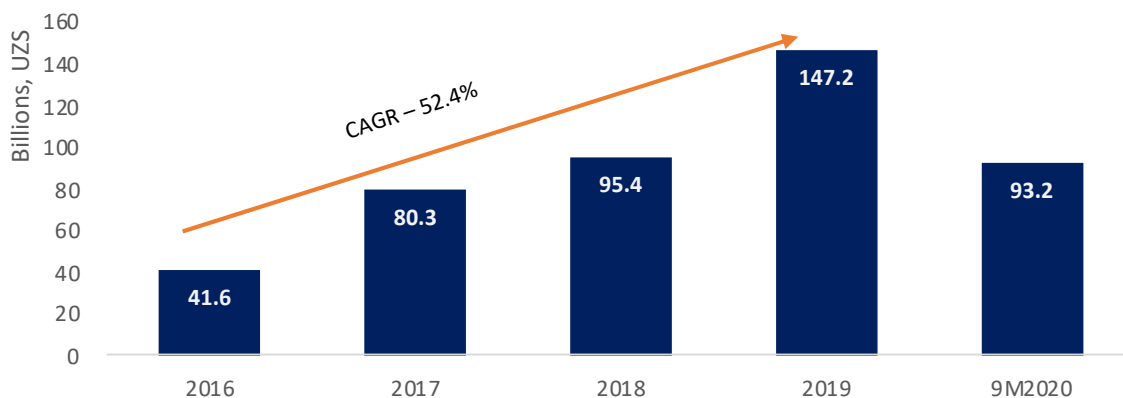
### Financial results

In 2019FY, the company's total assets and equity increased by 21.1% and 25.6%, while in 9 months of 2020 - by 7.7% and 25.6% y-o-y, respectively. The 5-year CAGR equals to 8.8% and 28.8%, respectively.



In 2019, revenue increased by 54.3%, while in 9M2020 decreased by 14.2%. Similarly, net profit in 2019 increased 2.1 times, while in 9M2020 it decreased by 22.7% YoY. CAGR for 5 years amounted to 24.5%, while for last 3 years – 61.5%. Decrease in sales and profit connected with quarantine measures and limitation of interregional transportation.

### Revenues



	2014	2015	2016	2017	2018	2019	9M2020
<b>Financial indicators (ths. UZS)</b>							
Total assets	28,245,253	29,416,515	27,801,675	31,357,445	35,603,197	43,118,053	44,404,232
Shareholders equity	9,154,588	10,495,697	13,612,548	17,672,510	25,807,037	32,418,539	35,705,964
Monetary assets	578,932	367,543	529,642	2,321,736	1,316,584	4,036,058	1,831,815
Accounts payable	17,983,523	15,792,712	11,221,085	13,555,615	7,553,703	9,994,389	8,225,589
Sales	65,714,459	55,092,473	41,566,625	80,262,694	95,382,393	147,177,196	93,197,717
Gross profit	11,854,267	10,792,400	9,711,034	17,795,169	16,123,314	28,306,350	15,437,278
Net profit	2,408,377	1,775,431	1,707,236	5,603,883	3,427,914	7,190,123	3,859,675
<b>Financial indicators (ths. USD)</b>							
Total assets	\$11,660.03	\$10,468.59	\$8,603.39	\$3,861.72	\$4,269.20	\$4,535.13	\$4,302.23
Shareholders equity	\$3,779.14	\$3,735.15	\$4,212.48	\$2,176.40	\$3,094.54	\$3,409.76	\$3,459.47
Monetary assets	\$238.99	\$130.80	\$163.90	\$285.93	\$157.87	\$424.51	\$177.48
Accounts payable	\$7,423.85	\$5,620.22	\$3,472.43	\$1,669.40	\$905.77	\$1,051.20	\$796.96
Sales	\$28,388.18	\$21,408.69	\$14,000.66	\$15,614.36	\$11,820.77	\$16,627.64	\$9,362.86
Gross profit	\$5,120.96	\$4,193.88	\$3,270.92	\$3,461.88	\$1,998.17	\$3,197.97	\$1,550.86
Net profit	\$1,040.40	\$689.92	\$575.04	\$1,090.18	\$424.82	\$812.32	\$387.75
<b>Charter capital</b>							
Nominal value	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Number of shares	386,720	386,720	966,800	966,800	1,353,400	1,353,520	1,353,520
<b>Ratios</b>							
Return on Assets, ROA, %	8.53%	6.04%	6.14%	17.87%	9.63%	16.68%	8.69%
Return on Equity, ROE, %	26.31%	16.92%	12.54%	31.71%	13.28%	22.18%	10.81%
Return on Sales, ROS, %	3.66%	3.22%	4.11%	6.98%	3.59%	4.89%	4.14%
Equity/liabilities	0.48	0.55	0.96	1.29	2.63	3.03	4.10
Equity/assets	0.32	0.36	0.49	0.56	0.72	0.75	0.80
ROIC, %	622.77%	459.10%	176.59%	579.63%	253.28%	531.22%	285.16%
Effective price, UZS	5,000	5,000	5,000	5,000	5,000	5,000	5,000
EPS, UZS	6,228	4,591	1,766	5,796	2,533	5,312	4,475
BPS, UZS	23,672	27,140	14,080	18,279	19,068	23,951	26,380
SPS, UZS	169,928	142,461	42,994	83,019	70,476	108,737	68,856
P/E	0.80	1.09	2.83	0.86	1.97	0.94	1.12
P/B	0.21	0.18	0.36	0.27	0.26	0.21	0.19
P/S	0.03	0.04	0.12	0.06	0.07	0.05	0.07
<b>Exchange rate of UZS to USD (UZS) – CB RU</b>							
Average weekly FX rate (UZS to USD)	2,314.85	2,573.37	2,968.90	5,140.31	8,069.05	8,851.36	9,953.98
FX rate, end of period (UZS to USD)	2,422.40	2,809.98	3,231.48	8,120.07	8,339.55	9,507.56	10,321.21

## Equity

The authorized capital of Uzqishloqelektrqurilish JSC divided into 1,353,520 shares with par-value of 5,000 UZS and are distributed as of June 11, 2019 between legal entities (46.27%) and individuals (53.73%). The State Assets Management Agency owns 34.45% of the authorized capital, which is expected to be privatized under The Decree of the President of the Republic of Uzbekistan dated October 27, 2020 "On measures to accelerate the reform of state enterprises and the privatization of state property".

## Dividend payments

Year	2014	2015	2016	2017	2018	2019
Ordinary	-	170	165	-	202	300
Sum, UZS	-	65,742,400	159,522,000	-	273,386,800	406,056,000
% of net profit	-	3.7%	9.3%	-	8.0%	5.6%
Number of ordinary shares	386,720	386,720	966,800	966,800	1,353,400	1,353,520
Net Profit	2,408,377	1,775,431	1,707,236	5,603,883	3,427,914	7,190,123

## Equity Valuation

According to our conservative estimates, the equity value per share is about 47,664 UZS. Estimates were made using the DCF method. In valuation, the following assumptions were made:

- the state investment program is assessed as a common market;
- current approximate market share (5.1%) will steadily decrease to 3% in 2023 – such decrease calculations introduced to keep very conservative approach in calculations where it is possible;
- Gross margin is projected at 19% for the projected years;
- WACC is estimated at 20%.

As mentioned above, the estimate was made in accordance with a conservative approach, in which market share of company will decrease. The optimistic forecast is that company will at least remain market share at 5.1%, where the value of equity per share will be 79,849 UZS.

## Contacts

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