AVESTA INVESTMENT GROUP

June 2023

RSE «Toshkent»

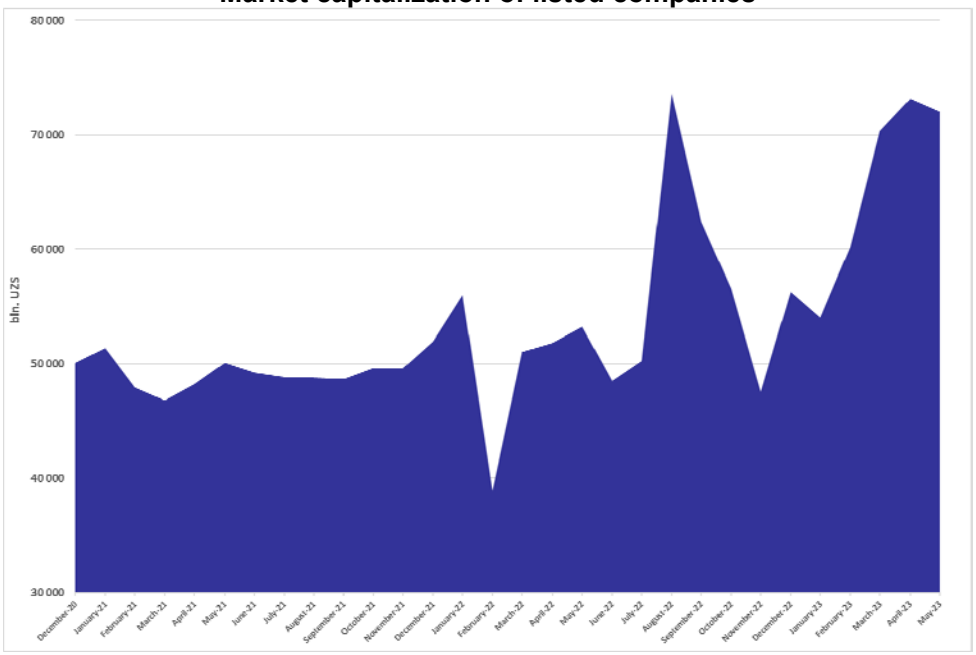
Securities market

Commentary on trading on the RSE "Toshkent": May 2023

The second quarter of 2023 in the Tashkent stock exchange goes on with a positive shift in both trading volume and number-wise activity. The trading results of May 2023 significantly exceeded the figures for the corresponding period of last year as well. In particular, the trading volume amounted to 191.3bln UZS (by 7 times more), while overall 35,835 transactions were completed over the reporting period which is by 6.3 times more than in May 2022. After three months of stable growth, the market capitalization of listed companies at RSE “Toshkent” fell by 1.5% making up about 72trln UZS with 4.57trln UZS free-float (approx. $401mln) as of the end of May 2023.

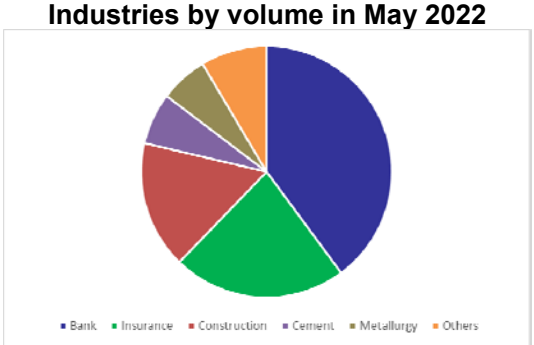
We could see that as soon the prices for the leading stocks are falling to a certain level, investors are starting to pick up the shares in significant amounts. As usual, the lack of liquidity and lack of competition among investors is stopping the price growth

Market capitalization of listed companies

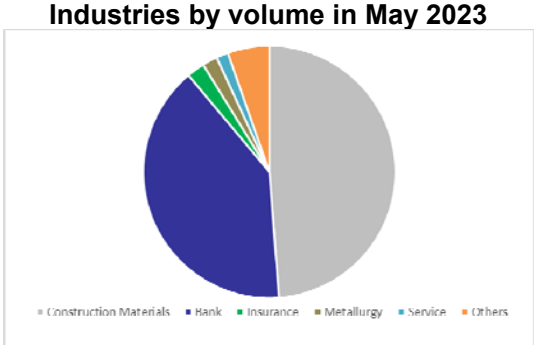


Source: RSE Toshkent, Calculations: Avesta Investment Group

Industries by volume in May 2022



Industries by volume in May 2023



Source: RSE Toshkent, Calculations: Avesta Investment Group

The structure of turnover by industries is illustrated in the graphs above: as of the end of May 2023 the banking industry (40%) has lost its lead to construction materials (49%) despite the positive growth of its share in May 2023. The share of insurance decreased remarkably - from 22.4% to 2.3%, thereby falling to 3rd place in the total turnover. The metallurgy improved its position by one place, moving up to 4th place, although its share decreased by 4% making up about 2% in May 2023.

The table below illustrates the TOP-10 entities with the highest volume of trade for May 2023. As can be seen, over 83% of total turnover was completed thanks to EQQU and IPKY transactions – 48.7% and 34.7% respectively. Next comes UNVB and UNPL with small percentages. Most of these deals were parts of the M&A and consolidation process.

Top 10 issuers with the highest trading volume for May 2023

	Sectors	Sum, UZS	Num. of deals	Avg. price, UZS	% of turnover	% of equity	Mcap (bln. UZS)	Change in May 2023, %
EQQU	Construction Materials	93 225 397 792	23	1 146 068,2	48,73%	58,42%	159,6	-14,82%
IPKY	Bank	66 429 392 959	590	25,7	34,72%	6,94%	1 807,2	-4,76%
UNVB	Bank	8 089 746 076	40	9 400,2	4,23%	4,90%	390,0	136,36%
UNPL	Insurance	4 360 030 339	253	3,5	2,28%	13,74%	28,0	-20,45%
UZMK	Metallurgy	3 518 735 944	694	8 706,5	1,84%	0,05%	5 920,5	1,38%
METQ	Telecommunications	2 654 827 065	2	3 600,0	1,39%	36,13%	7,3	0,00%
HKIL3	Leasing	2 000 000 000	1	1 000 000,0	1,05%	11,43%	17,5	0,00%
TYMK	Oil and fat industry	1 983 059 951	3	19 150,3	1,04%	10,00%	20,2	-90,38%
MATA	Service	1 632 902 310	5	15 267,6	0,85%	9,12%	17,9	32,73%
URTS	Service	1 262 587 500	989	20 358,9	0,66%	0,08%	1 566,6	3,96%
Others		6 153 889 558	33 235		3,22%			
Total	**Total**	**191 310 569 493**	**35 835**		**100,00%**			

Source: RSE Toshkent, Calculations: Avesta Investment Group

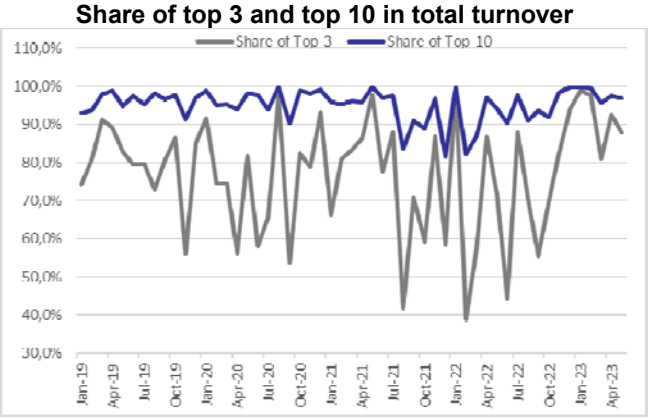
TOP-10 issuers with the highest number of deals in May 2023

	Sector	Sum, UZS	Num. of deals	Avg.price, UZS	% of deals	% of equity	Mcap (bln. UZS)	Change in May 2023, %
HMKB	Bank	1 072 964 873	6 514	118,8	18,18%	0,04%	2 867,7	23,76%
SQBN	Bank	41 976 920	3 370	10,0	9,40%	0,00%	2 474,3	-5,52%
KASU	Insurance	16 367 594	2 821	0,1	7,87%	0,01%	1 458,0	-16,67%
IPTB1	Bank	10 852 669	1 207	3,5	3,37%	0,00%	2 709,9	-14,99%
QZSM	Cement	674 397 321	1 198	3 199,9	3,34%	0,05%	1 476,8	-0,60%
IPTB	Bank	96 067 927	1 162	0,9	3,24%	0,00%	2 709,9	-1,10%
UZNGP	Oil and gas industry	41 973 290	1 077	2 068,5	3,01%	0,00%	84 973,9	-4,76%
CBSK	Service	22 629 174	1 016	1,8	2,84%	0,03%	73,4	-9,73%
URTS	Service	1 262 587 500	989	20 358,9	2,76%	0,08%	1 566,6	3,96%
HMKB1	Bank	7 406 829	925	73,7	2,58%	0,00%	2 867,7	-3,40%
Others		188 063 345 396	15 556		43,41%			
Total	**Total**	**191 310 569 493**	**35 835**		**100,00%**			

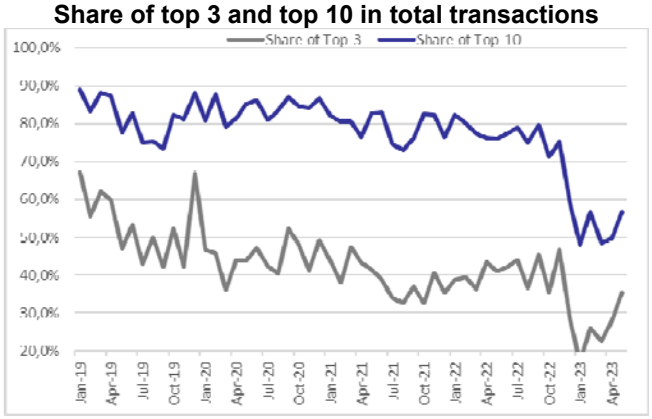
Source: RSE Toshkent, Calculations: Avesta Investment Group

The table above shows the TOP-10 securities with the highest number of deals in May 2023. As in the previous month, in May 2023 the most number of transactions, which makes up over 18% of the total number of deals, were completed by HMKB. As usual SQBN, KASU, IPTB1, QZSM are regular names in the list of TOP-10 issuers. About 35.5% of the total number of transactions comes to the TOP-3 issuers while the TOP-10's share equals to 56.6%.

Share of top 3 and top 10 in total turnover



Share of top 3 and top 10 in total transactions



Source: RSE Toshkent, Calculations: Avesta Investment Group

The charts above show the share dynamics of TOP-3 and TOP-10 entities in the volume of total turnover and total transactions in 2019-2023. As can be seen, the shares of total transactions have been decreasing as other issuers began to trade frequently while the shares in total turnover did not change much with high fluctuations due to M&A deals.

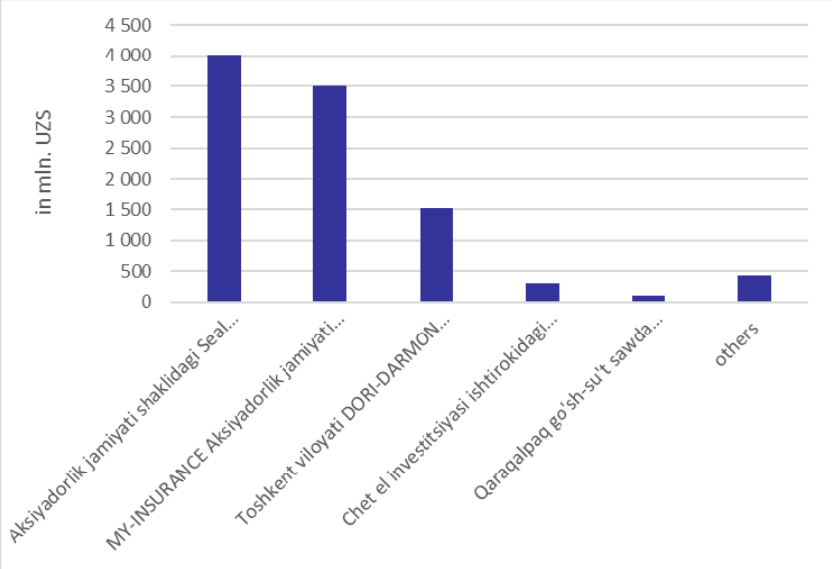
Among the other notable news through the reporting period, the following could be mentioned:

- Central Bank kept the key rate at 14%;
- Central Bank issued the license to Yangi Bank JSC, which became the fouth new bank for the last six months in Uzbekistan;
- Turnover at the Uzbekistan Currency Exchange increased in the 1Q2023 by 80.24%, including 2.4 times at the interbank money market and 54.74% growth at the spot currency market;
- Rent Agro LLC (owned by Messrs. Fazilov Xayrulla Xabibullayevich - 55.2% and Muratov Ikromjon Axmatovich – 44.8%) became the owner of 42.3% equity stake of Ipak Yuli Bank JSCB (IPKY);
- Supervisory Board of the UzAvto Motors JSC (UZMT) advised the AGM to distribute 3,538 UZS dividends per share (5.04% yield on a closing price);
- Uzmetkombinat JSC (UZMK) announced the long-awaited registration of the additional share issue to capitalize the previous 140mln EUR investments of the sovereign Uzbekistan Fund for Reconstruction and Development (UFRD). Despite the previous practice of the most of SOEs, current issue providing the pre-emptive rights issue to all shareholders owning ordinary shares of the company at the market prices.

OTC platform of the RSE “Toshkent”

Compared to May 2022, the reporting period demonstrated quite active trading in the OTC-platform. The total volume of trade in May 2023 equaled to 9.8bln UZS, which is by 19.4 times more than the same period of 2022. Total number of transactions reached 4,182 against 132 deals in May 2022. As can be seen from the graph below, the largest share of the total volume, about 41%, comes to JSC “Seal Mag”. This is followed by JSC “MY-INSURANCE”, JSC “Toshkent viloyati DORI-DARMON” and JSC “Toshkentvino kombinati” with 35.5%, 15.4% and 3% respectively.

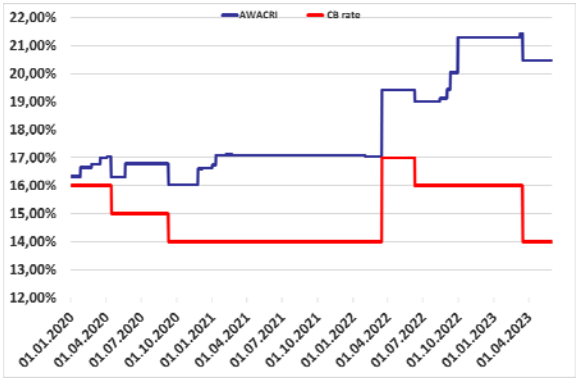
Top-5 entities by volume of transactions at OTC platform of the RSE "Toshkent" for May 2023



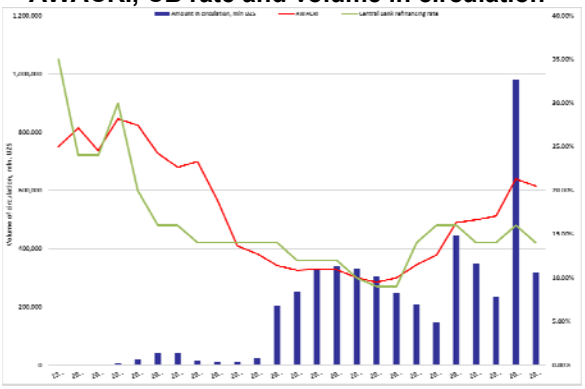
Source: OTC platform "Elsis-Savdo", Calculations: Avesta Investment Group

Debt market

AWACRI and CB rate in 2020-2023



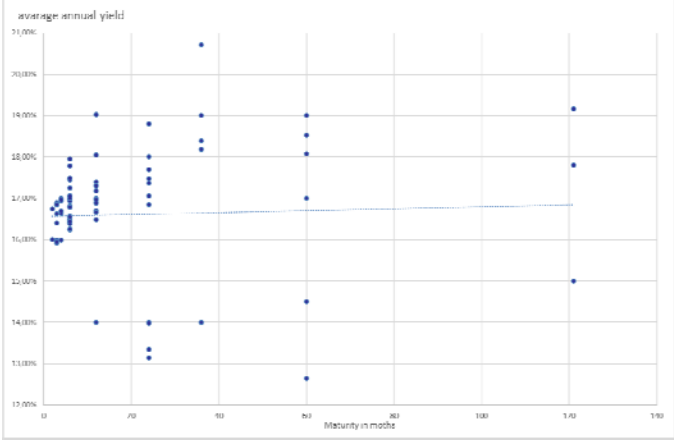
AWACRI, CB rate and volume in circulation



Source: Central Bank of the Republic of Uzbekistan, Avesta Investment Group

At the moment AWACRI exceeds the CB rate by 6.47%.

Graph of SDS placement in circulation



The total amount of placed SDS (State Debt Securities) which are in regulation (not repaid) in May 2023 reached 3.38trln UZS in 4 placements with a 16% average annual yield.

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