



The Bond Market of Uzbekistan

XV CIS and Baltic States Bond Congress
June 1, 2018, Astana



SILK CAPITAL: Brief Company Profile

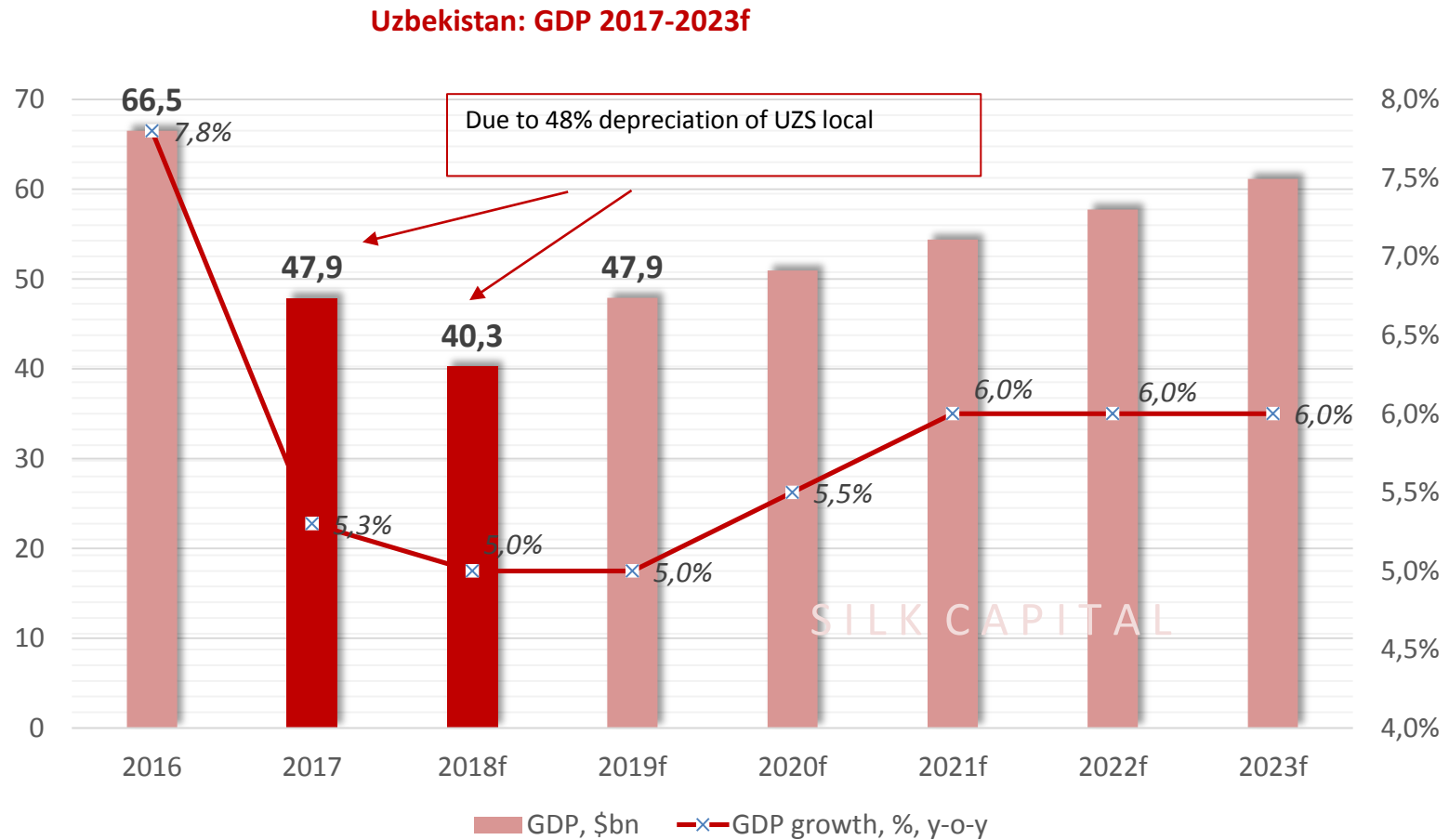
- ❖ Established in April 2017, **Silk Capital** has become the **leading investment bank** in Uzbekistan offering advisory services to its local, regional and global clients
- ❖ The Firm's team has strong **experience in frontier markets** such as Central Asia, Mongolia, Myanmar and Mozambique where it gained strong track record of providing investment and advisory services to its clients such as governments, corporates and leading foreign investors
- ❖ ***Services***
 - Investment Banking, Corporate Finance, M&A advisory
 - Brokerage, Capital Markets, Debt Financing, Islamic Financing
 - Equity, Fixed Income
 - Pre-IPO, IPOs and SPOs
 - Research
- ❖ Silk Capital is currently undertaking its **debut public offering**, soon becoming the first ever publicly listed investment bank in Uzbekistan

Uzbekistan: Snapshot



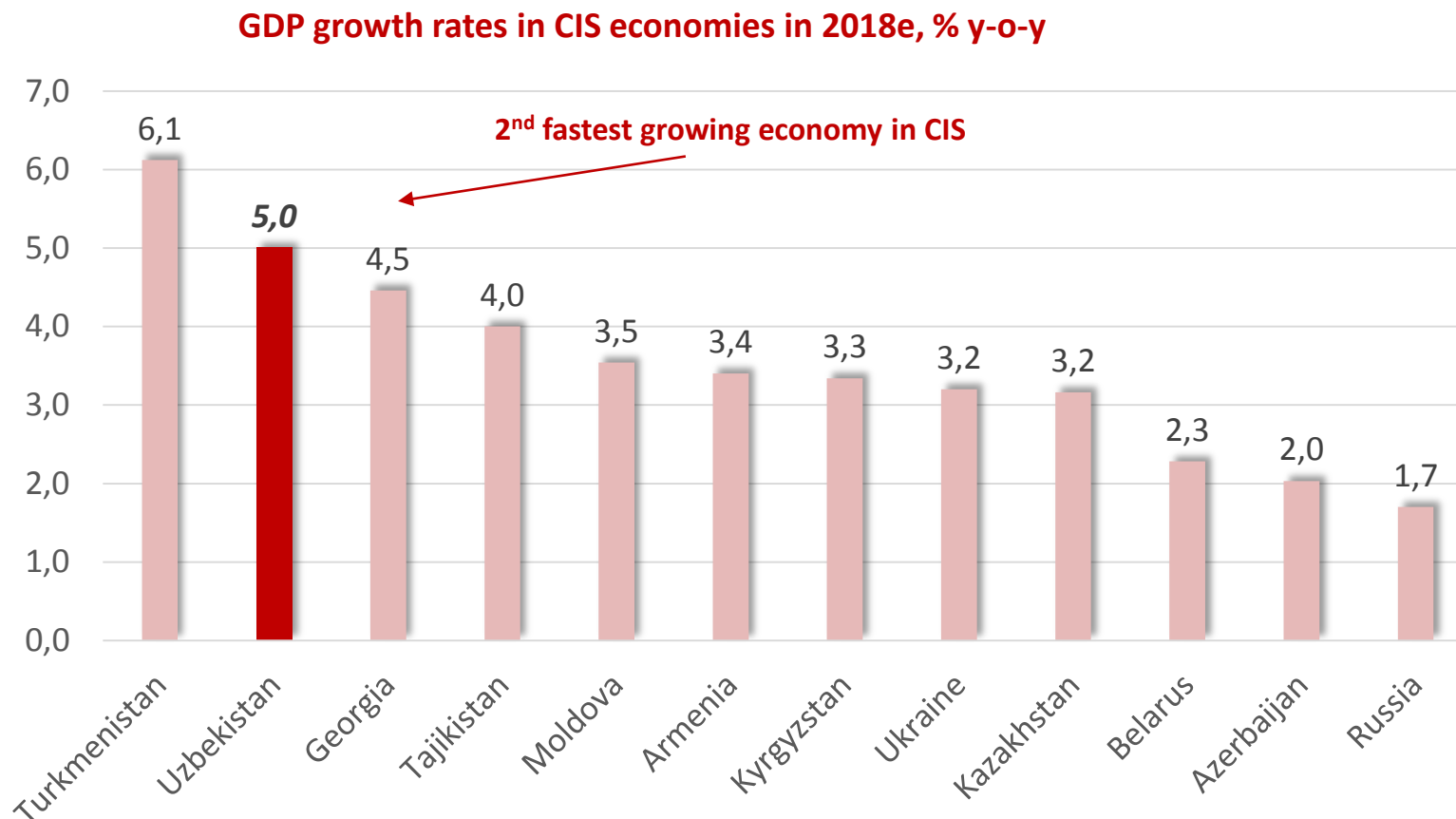
- ❖ Total area: **447,400 sq.km**
- ❖ Population **32.1 million**
- ❖ Capital: **Tashkent** city
- ❖ Political system: **Presidential**
- ❖ Currency: **Uzbek Sum, UZS**
- ❖ GDP (2017): **\$47.9 billion**
- ❖ GDP per capita (2017, PPP): **\$222.6bn**
- ❖ GDP growth (2013-17): **7.4% p.a.**
- ❖ Major resources: **natural gas, gold, copper, silver, uranium, cotton, horticulture**
- ❖ Key industries: **food, textiles, auto, natural gas, non-ferrous**
- ❖ Major trading partners: **China, Russia, Kazakhstan, S.Korea, Turkey**

Macro Picture: Uzbekistan



Source: IMF WEO April 2018

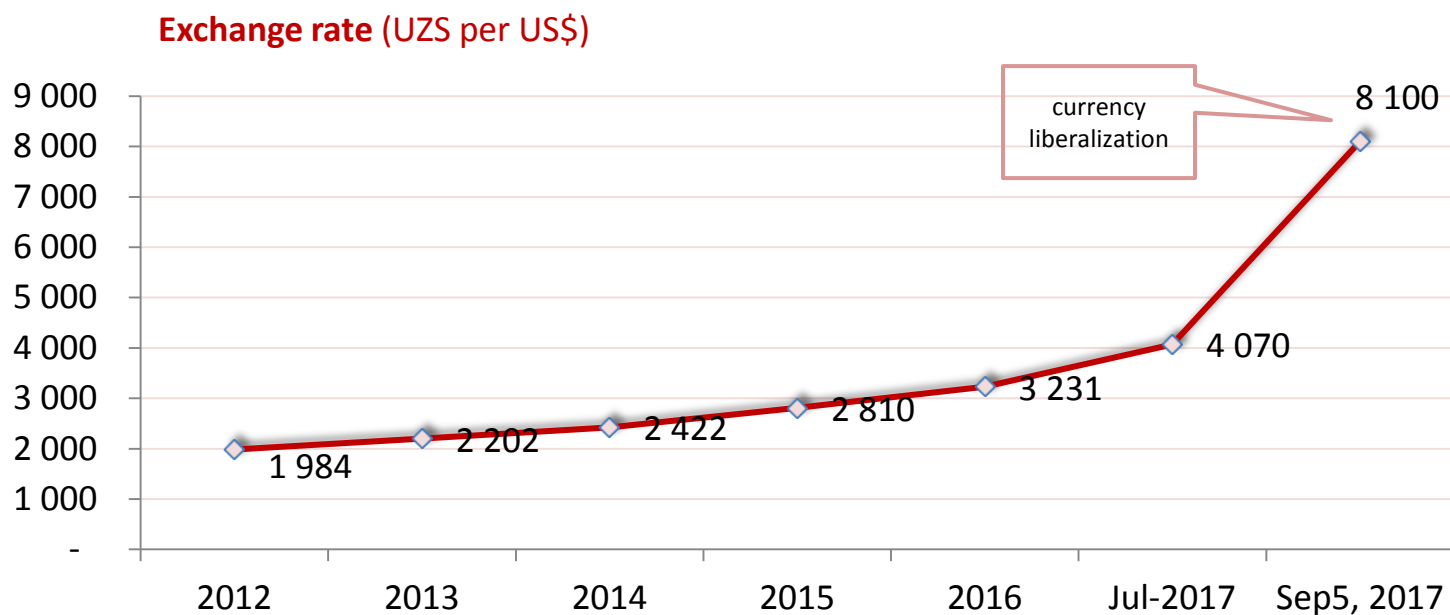
Macro Picture: CIS



Source: IMF WEO April 2018

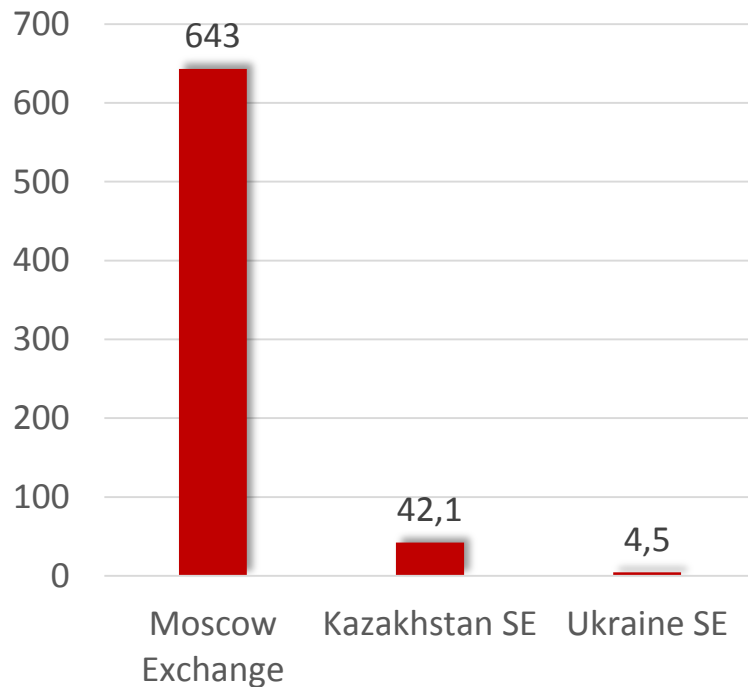
Currency Liberalization

- ❖ Central Bank of Uzbekistan **devalued national currency** Uzbek Sum (UZS) 48% to UZS 8,100 a US\$ from UZS 4,210 set starting Sep.5, 2017
- ❖ **\$28bn international reserves** (2 years of imports)
- ❖ Current **international reserves** of the country are almost 2x banking system liability in foreign currency and 11x country's foreign debt

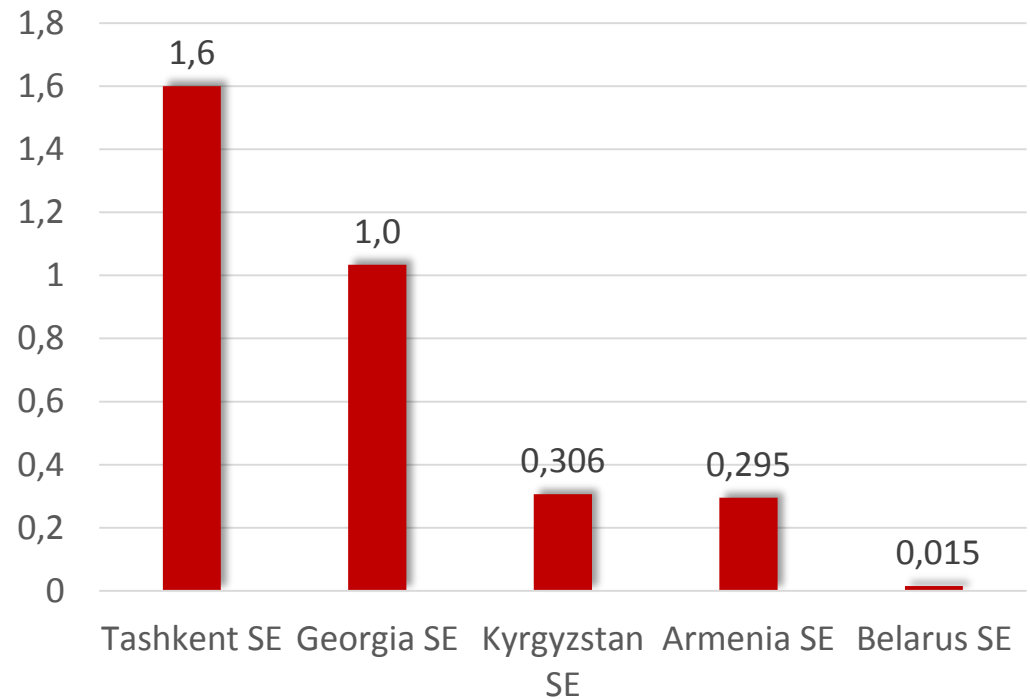


CIS Market: Equity

Marketcap in CIS (\$bn)



Marketcap in CIS (\$bn)



Source: Country Stock Exchanges, Silk Capital estimates

Tashkent Stock Exchange

❖ Small stock exchange (Tashkent SE):

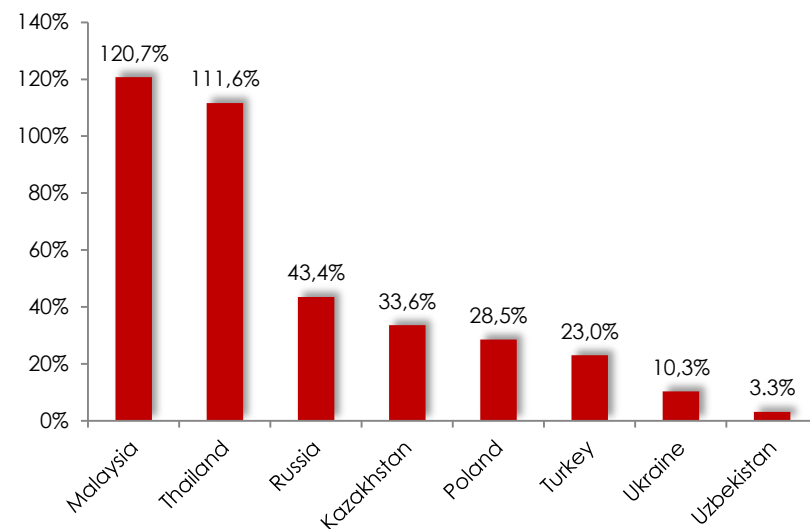
- **\$1.6bn market cap,**
- **only 3.3% of GDP, offering massive growth potential**

❖ TSE is being modernized and managed by *Korea Exchange* (25% minus 1 share)

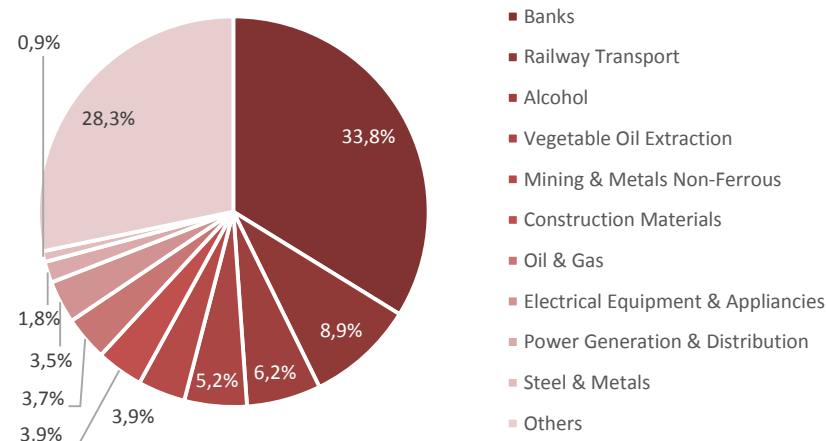
❖ Liquidity

- **\$325K daily trade**
- **166 listed companies**

Marketcap-to-GDP (% of GDP)

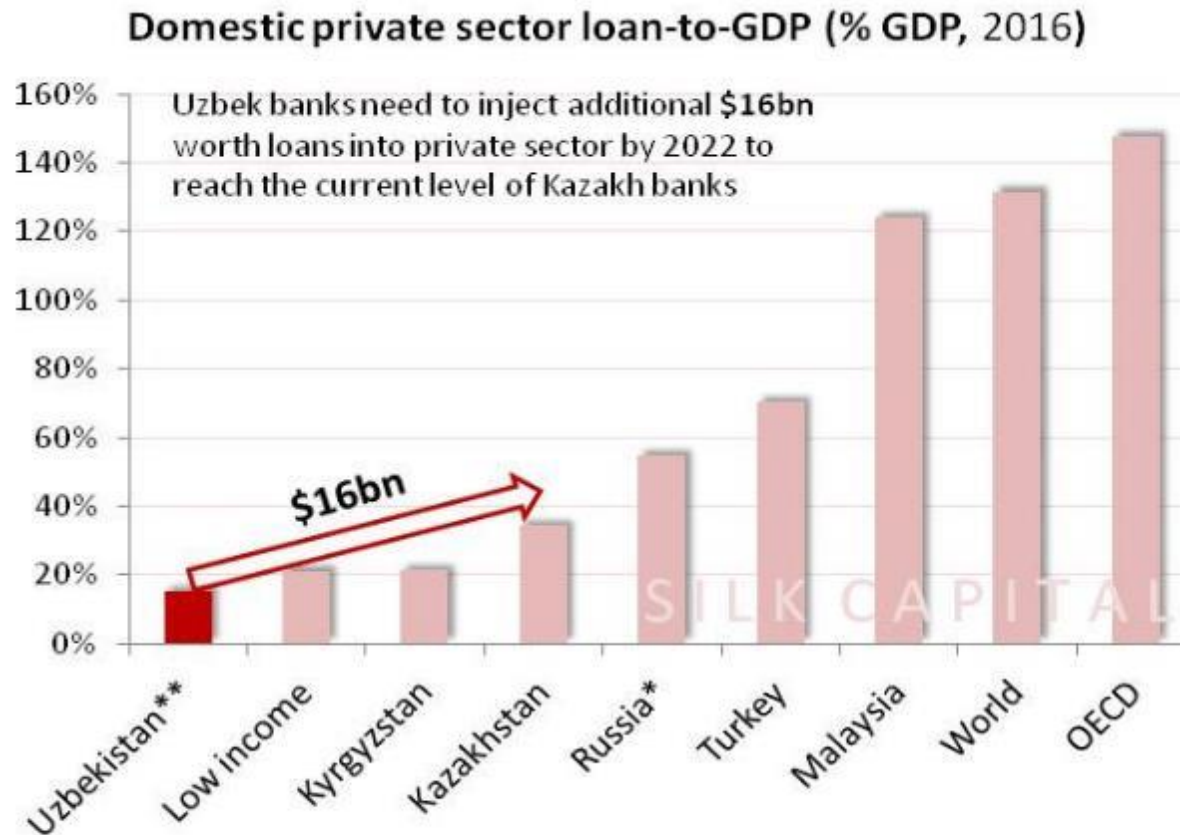


Top-10 traded shares by industry, 2017



Source: Country Stock Exchanges, Silk Capital estimates

Bank Financing: Undercapitalized



Source: World Bank, Silk Capital estimates

*2015

** 2017e, Silk Capital estimates



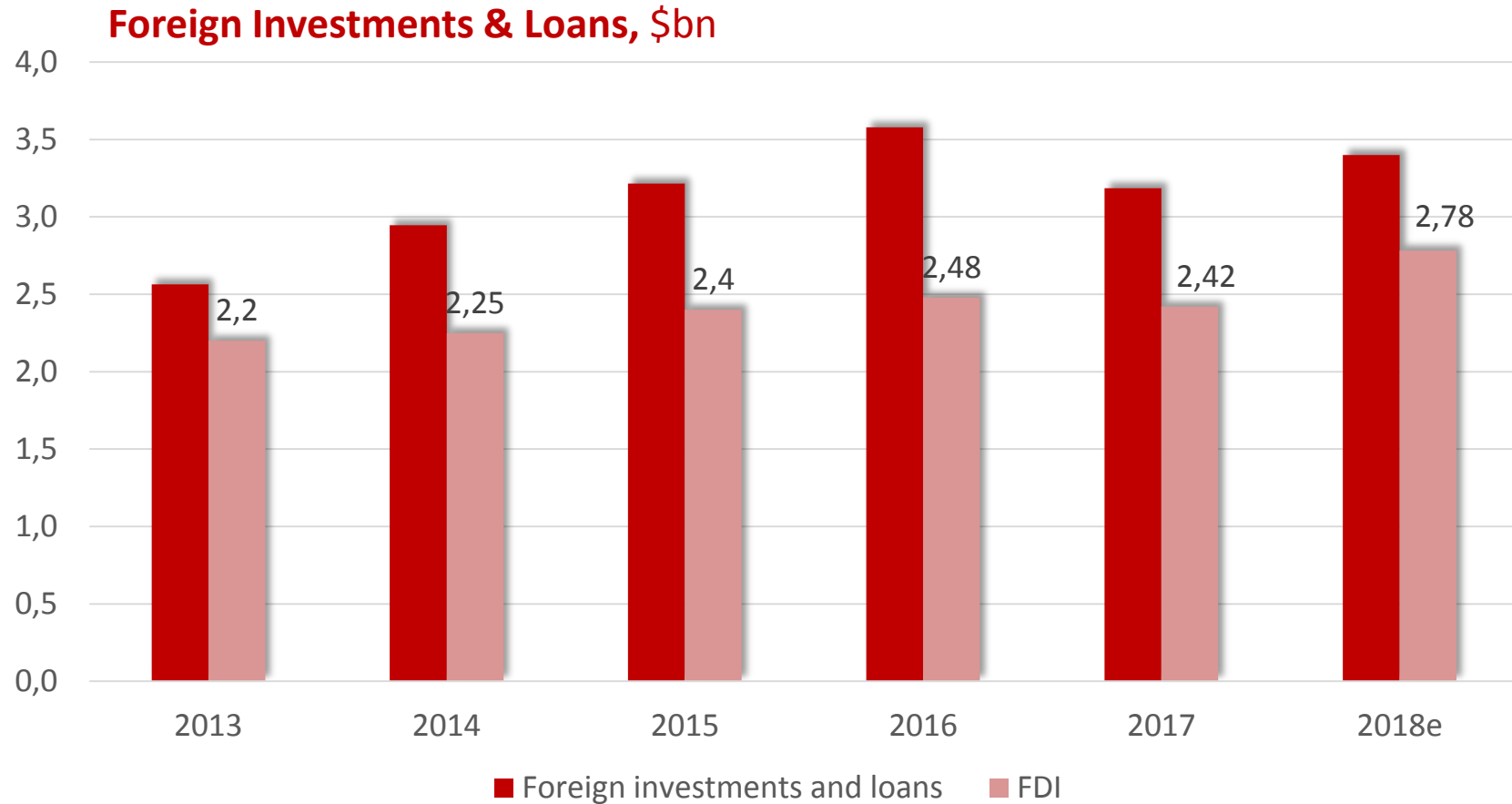
**HALYK
BANK**

\$2.85bn equity
\$27bn assets

\$2.91bn equity
\$22.4bn assets

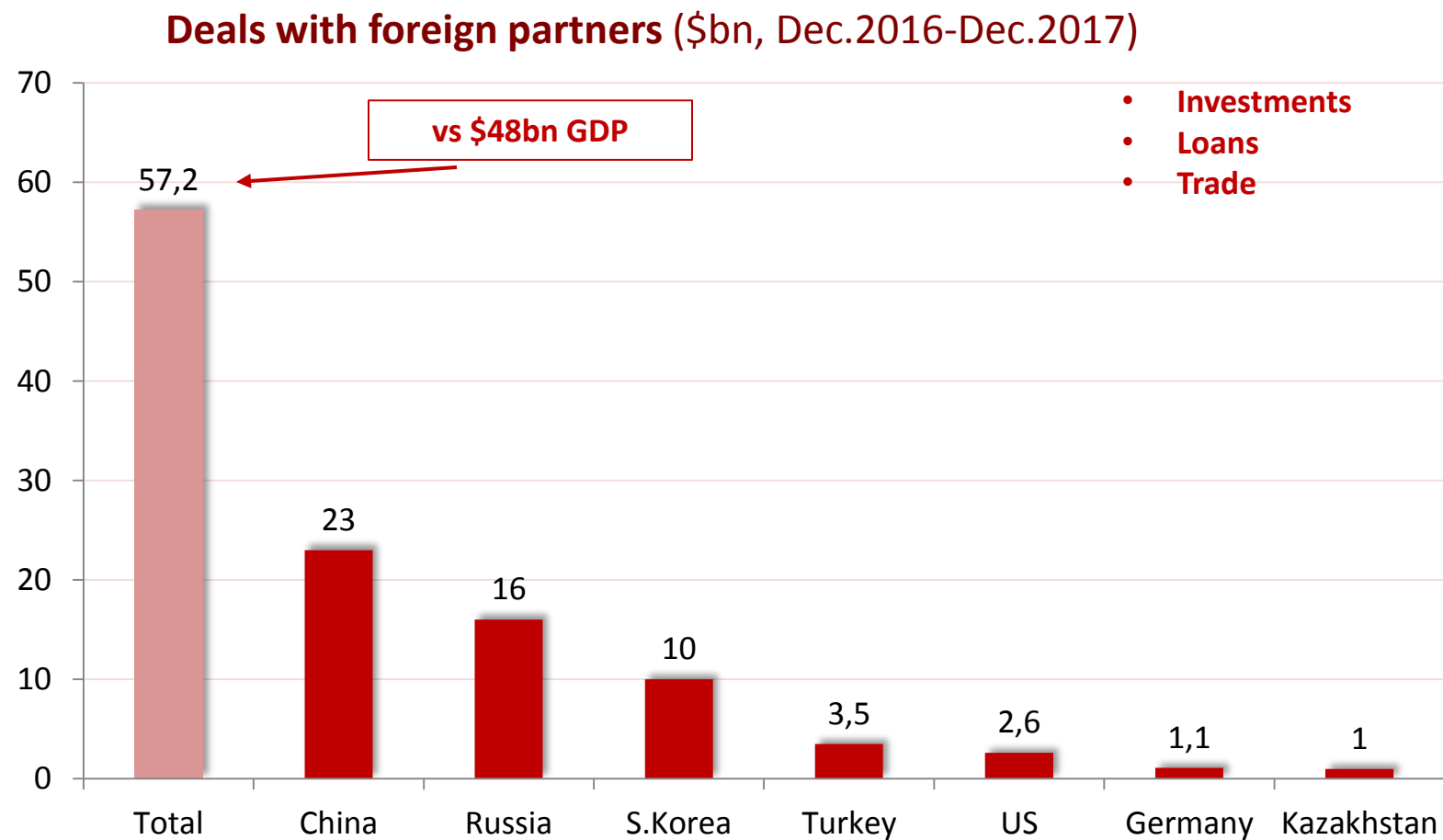


FDI: Historically Low, huge gap!



Source: State Statistics Committee, Silk Capital estimates

President's Foreign Deals in 12 months



Credit Rating & \$1bn Bond Issue

- ❖ **Sovereign credit rating** by end-2018 (CitiGroup)
- ❖ Authorities working with **McKinsey, BCG** on development strategy, investment climate
- ❖ Uzbekistan announced **\$1BN sovereign bond issue** in 2018 (Citi, others)
- ❖ Uzbekistan is currently the only **one of two remaining medium-sized frontier economies that does not have credit rating or international bond issue** (Myanmar is the other country)
- ❖ **Hamkor Bank Uzbek Sum “SamarkandBonds”**, first ever Uzbekistan sum bonds,
 - issued by triple-A rated **IFC**
 - to be listed on the **London Stock Exchange**
 - Size: **UZS 80bn (\$10mn)**
 - Terms: **2 years, 9.5% coupon rate**
 - Deal arranger: **ING Capital markets**
 - Placement: with **European asset managers dedicated to emerging markets**



Corporate UZS Bonds

❖ 9 issuers; 14 issues; \$30.4mn amount; 9-12% coupon rate

Issuer	Code	Nominal vale, UZS	Quantity	Amount, UZS	sub-total	Amount, US\$ coupon	maturity
Asaka Bank	UZ3800438663	1 000 000	30 000	30,000,000,000		3,750,000	12%
Ipak Yuli Bank	UZ3800539927	1 000 000	5 000	5,000,000,000		625,000	2015
KapitalBank	UZ3DS0247445	1 000 000	5 000	5,000,000,000		625,000	
UzAutoSanoat	UZ3800254249	1 000 000	50 000	50,000,000,000		6,250,000	9%
PromStroyBank	UZ3800537566	1 000 000	10 000	10,000,000,000			
	UZ3D00237560	100 000	60 000	6,000,000,000			
	UZ3DS0337560	100 000	170 600	17,060,000,000			
	UZ3DS0437560	100 000	100 000	10,000,000,000	43,060,000,000	5,382,500	11%
AgroBank	UZ3800218798	500 000	10 000	5,000,000,000		625,000	
TrastBank	UZ3800333482	1 000 000	2 000	2,000,000,000		250,000	
Turon Bank	UZ3800235537	1 000 000	3 000	3,000,000,000		375,000	
NBU Bank	UZ3DS0355810	1 000 000	30 000	30,000,000,000	10-year	3,750,000	12% 2020
	UZ3DS0455810	1 000 000	35 000	35,000,000,000	7-year		10.5% 2017
	UZ3DS0555810	1 000 000	35 000	35,000,000,000	100,000,000,000	12,500,000	9% 2014
Total			545 600	243,060,000,000		30,382,500	

Source: Tashkent Stock Exchange, Company reports, Silk Capital estimates

Увидимся в **13 Сентября 2018**
Международная конференция CBONDS
«Рынок капитала Республики Узбекистан»

UZBEKISTAN



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