



Uzmetkombinat JSC

September 2024

Uzmetkombinat is the largest steel producer in the Republic of Uzbekistan

Company overview



THE COMPANY founded on June 27, 1942 (a date of the beginning of a plant construction). Then in accordance with the decree of Cabinet of Ministers of the Republic of Uzbekistan № 159 dated from March 24, 1994 JSC Uzmetkombinat went through a merger with Uzbek Metallurgical Plant, Shirinsky machine factory and Vtorchermet. **The Government of the Republic of Uzbekistan exercises full control over the Company** (state and quasi-state share ~93%) and **supports its major investment projects.**



The Group is **the largest steel producer in the Republic of Uzbekistan**. Most of the national construction sector relies on the Group for ferrous metal. **The Group's domestic sales account for more than a third of ferrous metal consumption** in the Republic of Uzbekistan.



The Group's **total production capacity exceeded 1 mln ton of ferrous metal a year**, with the current corporate strategy aimed at **further expansion and product line diversification.**



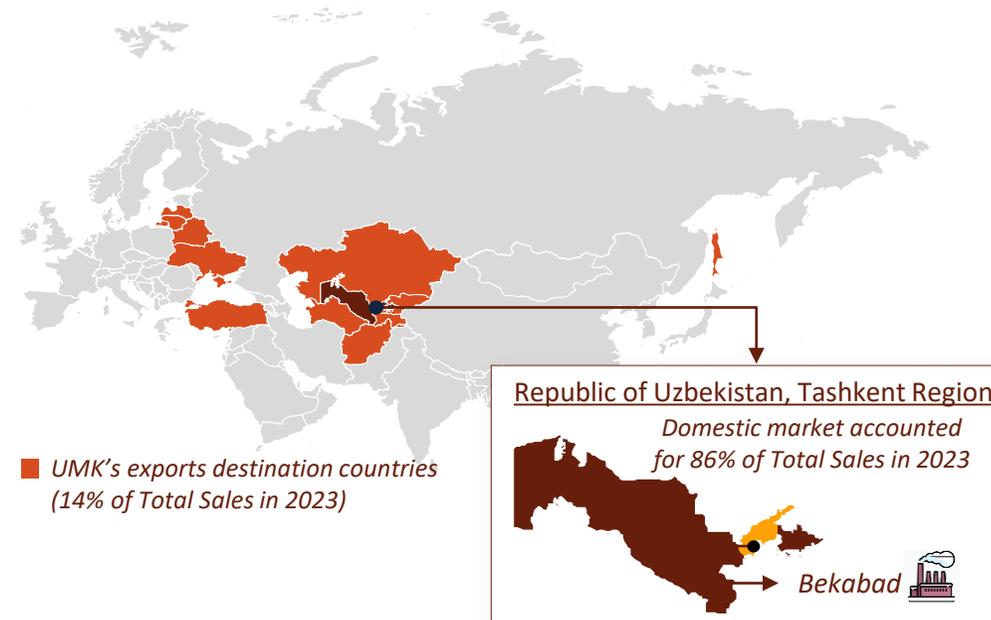
Further development and modernization of the steel industry is one of the **key national priorities** for the Government of the Republic of Uzbekistan and JSC Uzmetkombinat benefits from such a **favorable regulatory environment.**



For more information, please visit our website at:
<https://www.uzbeksteel.uz/>

Geographic presence

Robust growth of steel consumption within the Republic of Uzbekistan determines the Group's focus on the domestic market.



JSC Uzmetkombinat is a **town-forming enterprise**: the Group makes a significant contribution to the further development of **the town of Bekabad** (total population of 100,000 people), where the Group's assets are located. The Group **provides more than 10,000 workplaces.**

Uzmetkombinat: Strongly positioned today

Strongly Positioned Today



#1 STEEL PRODUCER IN UZBEKISTAN

Satisfying about a third of total local demand



LOW-COST MANUFACTURER WITH STRONG COST ADVANTAGES

\$536/t production cost with extensive collection, processing and delivery capabilities of scrap material



ATTRACTIVE REGULATORY BASE

Uzbek Government's strategic goal is to further develop local steel industry to ensure higher share of locally produced steel



ANNUAL PRODUCTION OF >1 mn tons

Electric arc furnaces and diverse network of local scrap purchases and sales of the final product



INVESTING TO DOUBLE CAPACITY (2021 - 2025)

Construction of a new cast and rolling complex to produce hot rolled steel (from 2025) and to diversify product mix



OPERATING AT FULL CAPACITY UTILIZATION

Optimizing costs through production modernization and product diversification

An Ambitious Strategy for Future of Capacity Expansion Through Sustainable Investment

DOUBLE PRODUCTION

01

Strengthen dominance in domestic steel products by more than doubling annual production capacity to >2.5mn tons in 2026+

DIVERSIFICATION

02

Introduce casting and rolling technology to manufacture flat steel products, diversifying current production away from long products

ROBUST MARGIN

03

Committed to remaining one of the lowest cost steel producers globally through a perpetual cost optimization program, helping to maintain robust margins through market cycles

ESG

04

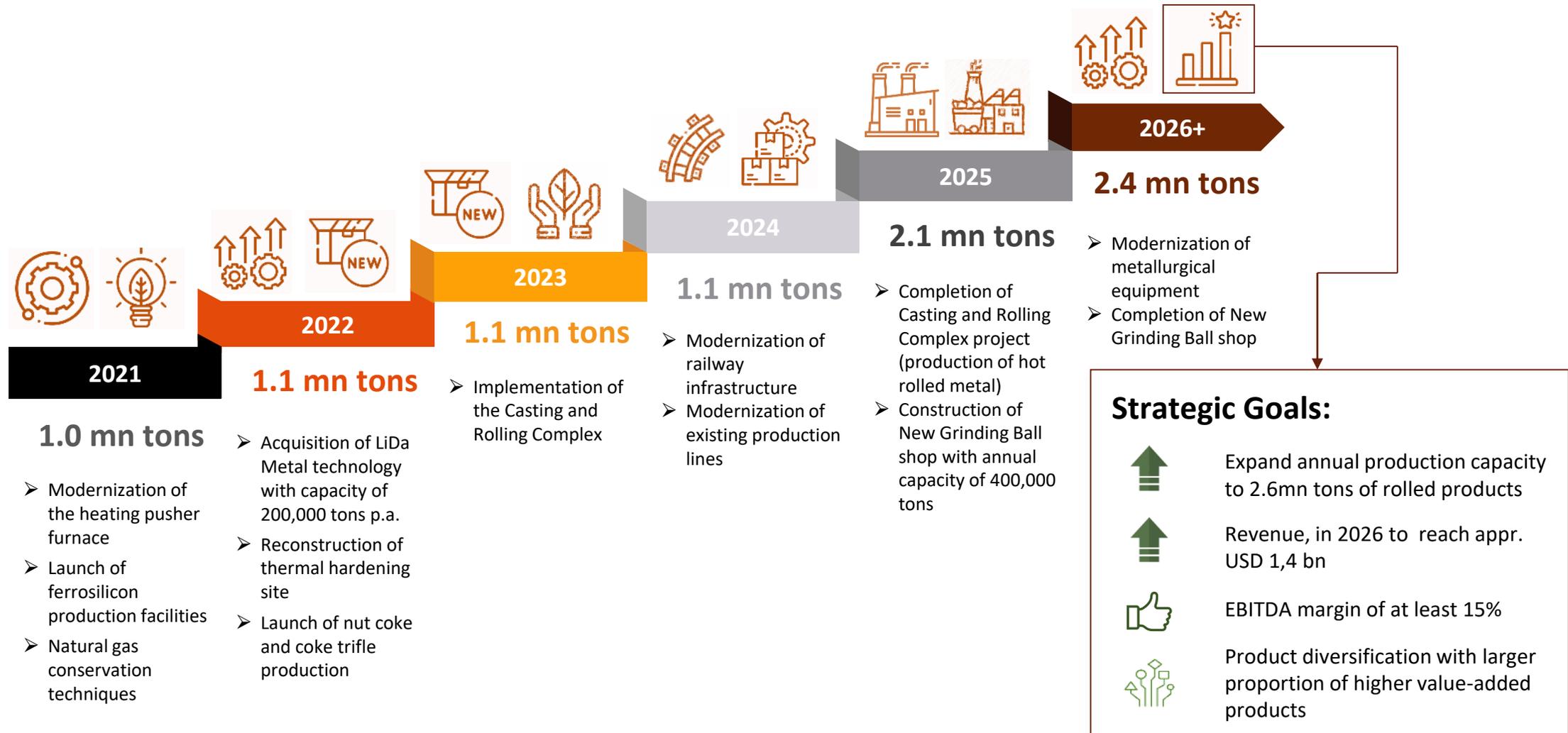
Dedicated to sustainable business principles and ESG initiatives, particularly in the realm of social investment

SHAREHOLDER RETURNS

05

Become Uzbekistan's leading publicly-listed company, with a clear focus on delivering solid total shareholder returns

Vision 2026+ for Growing Production Capacity



* UzMK also considers other projects that will enhance operational efficiency

Project Overview

UzMK is implementing a major investment project "**Construction of Casting and Rolling complex**", which will allow the production of import-substituting **hot-rolled coils** in the Republic of Uzbekistan.



Project Capacity: 1,04 mn. tons



Project Cost: EUR 774 mn. including VAT



Commissioning: 2025



Employment: 1 253 people



TOTAL COMPLETED WORKS – 79%
including:



Construction works – 74%



Equipment supply – 91%.



Equipment installation – 81%



Key milestones: Transformation activities

Current Results

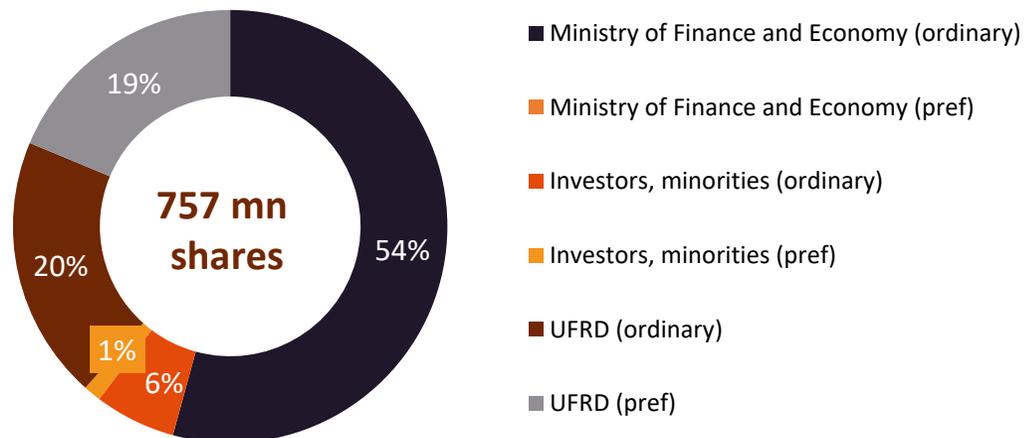
- The inaugural local bonds issue with oversubscription of 9.5x
- Majority of non-core assets has been transferred to respective government organizations.
- Credit rating from Fitch (“BB-”)
- GHG emissions has been calculated for 2021-2022. 2023 results are on the way.
- ESG rating score of “C” by CDP (*Feb 2024*)
- Syndicated loan provided by Citibank has been successfully extended for an additional year with full consent of participating Lenders
- Increasing the corporate transparency with the introduction of regular financial disclosure and Investor Calls. The fifth year of IFRS results publication
- Building relationships with local and foreign investment communities. Focus on reducing cost of production and enhancing operational efficiency

Our Immediate Plans And Outlook For 2024-2025

- Expansion of UzMK’s production capacity - the 2025 target is to launch "Construction of Casting and Rolling complex" project
- Corporate governance remains a strategic focus, including plans to appoint independent directors to the Supervisory Board
- Cost optimization by implementing energy-saving measures and renegotiating supplier contracts
- Audit of GHG emission calculations
- 2022-2023 Annual and Sustainable Reports publication
- USD-denominated local bonds placement
- Additional share issue on the local market (FPO) of around 5% of share capital
- The development of long-term ferrous metallurgy strategy of the Republic of Uzbekistan

Current Shareholder Structure and FPO/IPO Plans

Shareholder Structure*



Commentary

- UzMK has issued additional ordinary and preferred shares in exchange for EUR 140 mn UFRD's capital injection to provide financing for Casting and Rolling complex project
- The minority shareholders have received and exercised their preemptive rights.
- The company plans **an FPO (5% of shares) on the Uzbek Stock Exchange "Toshkent" in 4Q2024**. The deal size is expected to be around USD 20 mn.
- The Free-float will constitute less than 25% of shares (current at the level of 7,37% of shares), **the government of Republic of Uzbekistan will retain full control over the Company.**

Advancing Transparency Efforts to Date



Key Accomplishments in 2022-2023:

- Securing an First Time Rating from Fitch Ratings
- Introduction of regular financial disclosure and Investor Calls
- Signing of the memorandum of understanding with EBRD as a confirmation of future cooperation in advancing the Company's decarbonization strategy



Work to be carried out in 2024:

- Affirming BB- credit rating from Fitch Rating (*completed*)
- Obtaining first-time ESG rating (*Score of C from CDP*)
- Appointing independent directors to the Supervisory Board (*ongoing*)
- Compiling a Sustainability Report (*ongoing*)
- Development of a new corporate website according to international standards (*ongoing*)

* As of July 1, 2024, UFRD - Fund for Reconstruction and Development of Uzbekistan

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