

BUSINESS – PLAN
UZBEKISTAN TEMIR YULLARI
JOINT STOCK COMPANY
for 2019

Tashkent – 2018.

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1. GLOSSARY

ADB	Asian Development Bank
ACS	Automated Control System
FOCL	Fiber Optic Communication Line
SS	Superstructure
RCS	Railroad Car Shed
FL	Fuel and Lubricants
AS	Artificial Structures
PRC	People's Republic of China
MWRS	Motorwagon Rolling Stock
ITT	International Railway Transit Tariff
ETMT	Experimental Track Maintenance Train
TW	Track Workshops
TMT	Track Maintenance Trains
WSS	Washing and Steaming Station
WMD	Wagon Maintenance Depot
SD	Shelter Distances
RRH	Regional Railway Hub
RWT-14	Rail-welding train №14
CIW	Construction and Installation Work
CIS	Commonwealth of Independent States
STMT	Specialized Track Maintenance Train
TSS	Traction Substation
MPD	Motive-power Depot
FS	Feasibility Study
UzRDF	Reconstruction and Development Fund of the Republic of Uzbekistan
EMT	Energy-mounting train №1
JICA	Japanese International Cooperation Agency
HLO-1, HLO-2	Heavy Locomotive Overhaul
OPEC	Organization of Petroleum Exporting Countries

JICA	Japanese International Cooperation Agency
KfW	German state bank
KFAED	Kuwait Fund for Arab Economic Development
IBRD	International Bank for Reconstruction and Development
UzPSB JSCB	Uzpromstroybank Joint Stock Commercial Bank

2. SUMMARY

2.1. BRIEF REVIEW

Uzbekistan Temir Yullari State Joint-Stock Company was established on November 7, 1994 by Decree of the President of the Republic of Uzbekistan No. UP-982 on the basis of line units, enterprises and organizations of the railway transport system located in the territory of the Republic of Uzbekistan.

By the decree of the President of the Republic of Uzbekistan No. 4720 dated April 24, 2014 "On measures to introduce modern methods of corporate governance in joint-stock companies" the company was transformed into an open joint-stock company or Uzbekistan Temir Yullari JSC, hereinafter referred to as UTY JSC, where 100% of the shares belong to the state.

The following items have been identified as the main objectives of the industry:

- creation of a unified railway transport network;
- continuation of the electrification of the main sections of railways;
- development of railway transport infrastructure, including the modernization of railway lines, as well as the transition to a fiber-optic telecommunication system;
- development of own rolling stock maintenance depot;
- rolling stock restoration and renewal;
- search for alternative transport corridors providing access to the world market and increasing the export potential of the republic.

For the years of independence Uzbekistan has done a lot of work on the formation of new steel highways. The Navoi – Uchkuduk – Sultanuizdag - Nukus railroad was laid in the Kyzylkum sands, and a combined rail-road bridge across the Amu Darya River was erected.

In November 2010, the construction of the Khairaton-Mazar-i-Sharif railway in Afghanistan was completed. As part of this project, a new railway line was laid, the Khairaton railway station was modernized, including crossing loops and a new freight yard were built at Naibabad station. The total length of the line was 106 km, of which 75 km were main tracks.

In 2016 UTY JSC implemented such projects as: “Construction of the electrified Angren-Pap railway line” and “Electrification of the Samarkand-Bukhara section with the organization of high-speed running of passenger trains”. With the launch of the new railway lines, the total length of the main railway lines of UTY JSC was 4,842.4 km.

In 2016, the construction of the Angren-Pap electrified railway passing through the Kamchik mountain pass with a length of 123.2 km, including 19.2 km of the tunnel, was completed.

Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 269 dated September 17, 2015 “On additional measures for the implementation of the project of “Construction of the electrified Angren-Pap railway line with electrification of the Pap-Kokand-Andijan section” approved the inclusion of electrification of the Pap-Kokand-Andijan section (186 km) in the project of "Construction of the electrified Angren-Pap railway”.

In 2017, the electrification of the Karshi-Termez section with a length of 325 km was completed, as well as the construction of Bukhara-Misken new railway section with

a length of 357.3 km, in addition, 2 electric trains were purchased.

In 2018, a new 33.8 km long Urgench-Khiva railway line was opened, and the construction of a new railway station was completed in Khiva. The electrification of the new Karshi-Kitab section, the length of which was 124 km, was completed.

The total length of railway tracks in the republic is 5,167.8 km, including 2,713.4 km of electrified lines.

2.2. MISSION, BUSINESS PLAN PURPOSE

The business plan is developed to guide and be used in the work of employees of the company, as well as potential foreign investors.

The business plan was developed on the basis of industry development parameters defined in Decree of the President of the Republic of Uzbekistan No. UP-4707 dated March 4, 2015 “On the program of measures for ensuring structural reforms, modernization and diversification of production for 2015-2019”, Resolutions of the President of the Republic of Uzbekistan №PP-1623 dated 04.10.2011 “On the program of priority measures to expand production and development of new types of competitive products”, No. PP-2313 dated 06.03.2015 “On the program for the development and modernization of engineering and communications as well as road and transport infrastructure”.

One of the objectives of the business plan is to consolidate information on the forecast parameters and the industry development plans for 2018 for use by concerned parties (potential investors, such as ADB, JICA, UzRDF, and others).

In order to meet the needs of shippers in the carriage of goods and passengers by rail, it is necessary to take measures to provide the necessary rolling stock of the company.

To achieve this goal the following priorities have been defined:

- formation of an accessible and sustainable transport system as an infrastructure basis for ensuring transport integrity, independence, security of the country, socio-economic growth and providing conditions for the realization of transportation needs;
- reconstruction, improvement and development of the railway infrastructure;
- increasing production capacity for the repair and construction of rolling stock to meet the rolling stock industry needs of the republic;
- development of measures to increase the throughput and carrying capacity of the railway, as well as increasing the speed and level of service of passenger rail transport;
- development of a program of measures to improve the safety of train traffic on the railway;
- introduction of modern mechanisms for organizing transportation.

3. ROLLING STOCK AND INFRASTRUCTURE

By Decree of the President of the Republic of Uzbekistan No. UP-4707 dated March 4, 2015 “On the program of measures for ensuring structural reforms,

modernization and diversification of production for 2015-2019” and No. PP-2313 dated 06.03.2015 “On the program for the development and modernization of engineering and communications and road and transport infrastructure for 2015-2019” the main directions, approaches and mechanisms were identified in the field of further development and improvement of the railway network, increasing the production capacity of the industry, meeting the needs of enterprises and the population of the republic in the transportation of goods and passenger traffic.

3.1. LOCOMOTIVES

A locomotive at the head of the train is a symbol of the railway and the basis of its operation. Railway transport owes locomotives for its further development.

Locomotives are transport vehicles designed to create a thrust force, under the action of which trains with passengers and goods move along rail tracks. The main types of locomotives operated on the railways of the republic are electric locomotives and diesel locomotives.

In order to ensure a continuous and safe transportation process, projects are being implemented to update and modernize rolling stock, both at the expense of the company's own funds and with the involvement of credit funds from international financial institutions.

The management of locomotive operation is one of the important divisions of the company and has a powerful fleet of traction forces - diesel locomotives and electric locomotives; they provide all types of freight, passenger and suburban transportation, shunting (table 1).

Table 1 - Operational Locomotive Fleet

Locomotive type	Operational fleet for 2018	Operational fleet for 2019. (forecast)
Mainline electric locomotives	92	98
Mainline diesel locomotives	88	82
Electric multiply units	18	21
Shunting locomotives (TEM2/ diesel-electric shunter and CHME3/Czechoslovakian diesel-electric shunter)	167	172
TOTAL	365	373

Locomotive is the main transport, without which the transportation process is impossible. One of the priority directions of UTY JSC development is the modernization, renovation and replenishment of the locomotive fleet.

To ensure the sustainable operation of the company, in eight depots, a preventive maintenance system and routine maintenance of locomotives and MWRS are carried out, and the Uztemiryulmashtamir UE plant carries out major repairs and restoration with the extension of the service life of locomotives.

In 2018, it is expected to perform a major overhaul of locomotives in the volumes of CWR, KRP-29 sections.

In 2019, it is envisaged to perform a major overhaul of locomotives in the volume of CWR, KRP-26 sections.

3.2. WAGONS

3.2.1. Freight wagons

Wagons for various purposes constitute a wagon fleet, which is one of the most important parts of the rolling stock of the railway. Wagons of various types are used for the transportation of goods and passengers.

A freight wagon is a rolling stock unit that is classified into the following types: covered trucks, platforms, tanks, low-sided cars, and others. For the implementation of the transportation process, UTY JSC has a fleet of freight wagons in the amount of 20.28 thousand freight cars, taking into account refrigerator vans.

The freight wagon fleet includes universal wagons in which goods of a wide range are transported, and specialized ones - for the transportation of one type of goods only.

Universal wagons include covered trucks with doors in the side walls of the body and loading hatches in the roof; low-sided cars with unloading hatches in the floor for unloading bulk cargo and with the doors with two leaves; platforms; tanks of general purpose with a boiler of different diameters; refrigerator vans.

The specialized freight wagons include covered trucks for transporting livestock, cars, cold-rolled steel, flour; covered hopper cars are for transportation of cement, grain, mineral fertilizers; open hopper cars are for transportation of hot pellets and chilled coke; platforms are for transportation of containers, passenger cars, rails with a length of 25 meters; tanks are for transportation of viscous goods, milk, alcohol, wine products, acids, high-pressure liquefied gases, cement, soda ash, alumina, etc. In addition, specialized freight cars include conveyors and wagons of industrial vehicles.

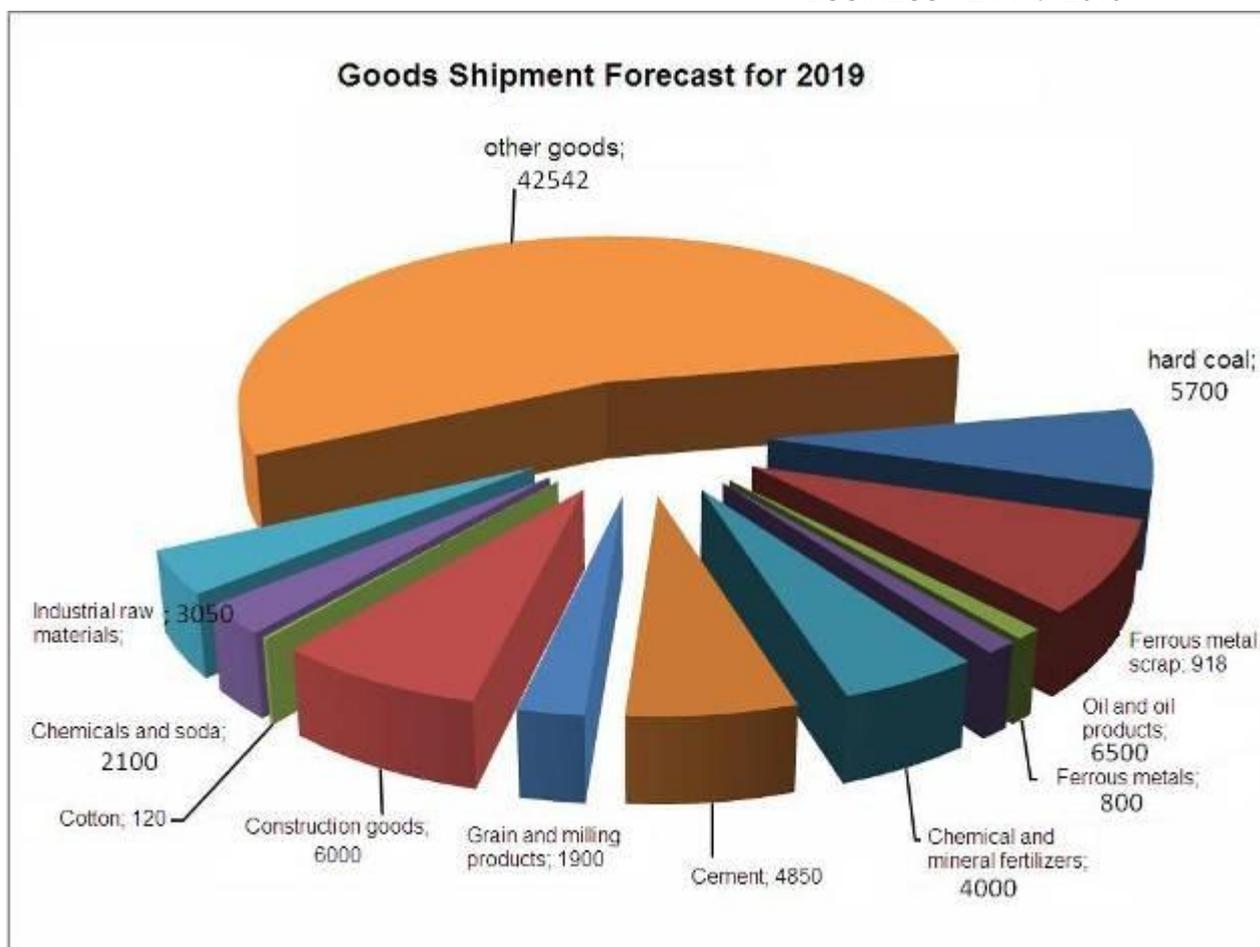
In order to fully and qualitatively meet the needs of the industry and the population of the republic for the transportation of goods, ensure the safety of goods and their timely delivery, the level of organization and management of the transportation process is crucial.

The volume of work on the shipment (loading) of goods in tons is determined on the basis of applications of shippers.

Dynamics of the volume of shipment of goods is presented in table 2.

Table 2. – Shipment of goods

Indicators	2015.	2016.	2017.	2018.	Forecast for 2019
Shipment of goods, million tons	67,21	67,58	67,9	68,2	78,48
Growth rate, %	102,3	100,0	100,5	100,1	115,0



To meet the needs of shippers in wagons, the company's plants, in accordance with Decree of the President of the Republic of Uzbekistan No. UP-4707 dated 04.03.2015 "On the program of measures to ensure structural transformation, modernization and diversification of production for 2015-2019" and Resolutions No. PP-2298 February dated 11, 2016 "On the Program for localization of the manufacture of finished products, components and materials based on industrial cooperation for 2015-2019" continue the work on renewal of the rolling stock through construction (manufacture) of new freight wagons at the company's plants ("Foundry and Mechanical Plant" Subsidiary Company – covered trucks and low-sided cars; "Andijan Mechanical Plant" Subsidiary Company - covered trucks and tank cars for the transportation of petroleum products). In 2019 the plants of the company are supposed to construct (manufacture) 1,200 freight wagons (table 4).

Description	2018	2019
Covered trucks	70	
Low-sided cars	650	700
Tanks for transportation of oil products	50	100
Tanks for liquefied gas		
Bitumen tank trucks		
Cement hoppers	110	200
Mineral hoppers	120	200
TOTAL	1000	1200

3.2.3. Passenger wagons

A passenger wagon is a rolling stock unit intended for the carriage of passengers. The passenger wagon is the main part of the passenger wagon fleet, which also includes support wagons of the passenger wagon fleet: dining cars, baggage cars, mail cars.

Depending on the distance of transportation, passenger wagons can be:

- For long-distance destinations, designed to transport passengers over long distances (500–700 km or more). Such wagons are coupe or those with reserved accommodation. They are equipped with hard or soft sofas for sitting or lying down and on this basis are called hard or soft, respectively.
- For local traffic, designed to transport passengers over shorter distances (200-700 km), mainly during the daytime. In these wagons there are comfortable seating chairs.
- Suburban, designed to transport passengers over short distances in a relatively short time.
- Dining- cars and bar-cars are designed to provide catering for passengers along the way. Such cars have a hall, kitchen, storerooms, refrigerators for food storage, compartments for attendants and other departments.
- Mail cars are used to transport postal goods. These cars have a room for postal operations and rooms for attendants.

Baggage cars are designed to carry baggage on passenger trains. They have storage rooms with loading and unloading mechanisms and rooms for attendants.

In the passenger fleet there are also postal baggage wagons operated on the lines of railways with small passenger traffic.

Special purpose passenger wagons are laboratory cars, club cars, service cars, ambulances, etc. These cars serve for carrying out scientific and experimental work, cultural and educational and training activities, medical and sanitary needs, inspection and monitoring of the work of line units of all branches of railway transport and other tasks.

Table 5. – Fleet of passenger wagons operated

Class/type/model	Quantity, unit	Year of manufacture
Class 1: Soft	33	1979-2014
Class 2: Compartment wagons	123	1978-2015
Class 3: With reserved accommodation	237	1977-2018
Class 4: Interregional	47	1979-2018
Others (baggage, service)	37	1976-2018
Dining cars	21	1982-2018
TOTAL	498	

Weekly 84 pairs of passenger trains depart from the railway stations of the republic. The main routes are the daily high-speed Afrosiob train on such routes as Tashkent-Samarkand, Tashkent-Bukhara, Tashkent-Kitab, as well as trains running along such routes a Tashkent-Termez, Tashkent-Urgench, Tashkent-Shavat, Tashkent-Syryasiya, Tashkent-Bukhara, Tashkent-Alat, Tashkent - Kungrad, Tashkent - Andijan, Andijan-Bukhara, Andijan-Urgench, Andijan-Termez, Tashkent-Samarkand.

About 60 percent of suburban transportation is carried out in the Tashkent region: Tashkent - Khojikent (4 times a day), Tashkent - Khavast (2 times a day), Tashkent - Gulistan (once a day), Tashkent-Syrdarya (once a day), Tashkent-Bekabad (once a day). In addition, suburban transportation is carried out on the following routes: Karshi-Kitab, Karshi-Bukhara, Termez-Saryasiya, Urgench-Pitnyak, Nukus-Kyrkyz, Navoi-Buzaubai.

- Weekly, in the interstate communication 19 pairs of passenger trains run on the routes: Tashkent-Moscow - 2 times a week, Andijan-Moscow- 2 times a week, Tashkent - Ufa –2 times a week, Tashkent - Saratov - once a week, Tashkent -Novosibirsk –2 times a week, Tashkent - Volgograd - 2 times a week, Tashkent - Yekaterinburg - once a week, Samarkand-Astana - once a week, Nukus-Beineu - daily.

In order to update the passenger wagon fleet, it is expected to increase the wagon fleet by the end of 2018 by acquiring 15 new wagon units (Table 6).

Table 6. – Construction of passenger wagons

Wagon type	As expected for 2018.	Forecast for 2019.
Compartment wagons		
With reserved accommodation	5	9
Interregional	10	4
Other wagons		2
TOTAL	15	15

4. Repair of rolling stocks

To restore the technical condition of freight wagons, scheduled types of repairs and maintenance of rolling stock are carried out at a predetermined frequency, repairs are carried out by locomotive and wagon depot and plants located in all regions of the republic:

1. Locomotive depot (8 units)
2. Uztemiryulmashtamir UE
3. Wagon depot:
 - Wagon depot (6 units)
 - Wagon depot of Uzvagontamir JSC (3 units)
4. Foundry and Mechanical Plant Subsidiary Company
5. Andijan Mechanical Plant Subsidiary Company

In order to increase the efficiency of using freight wagons of the company and to meet the need for increasing traffic volumes, it is planned to implement measures to reduce the time of loading and unloading operations at the terminals and reduce the time spent by wagons in repairs.

Uzbekistan Temir Yullari JSC, in order to maintain the wagon fleet in good condition, conducts scheduled repairs at car-repair enterprises, namely: overhauls with an extension of service life by 5, 11 and 16 years.

Table 7. – Types of repair work carried out by wagon depot

Wagon depot	Types of repairs			
	Rounfhouse servicing (RS)	Overhaul	Overhaul with extension of service life (OESL)	Operating activities
Management of wagon facilities				
Tashkent	+	+	+	+
Bukhara	+	+	+	+
Karshi	+	+	+	+
Kokand	+	+	+	+

Kungrad	+	+	-	+
Termes	+	-	-	+
Uzvagontamir JSC				
Khavast	+	+	+	-
Andijan	+	+	+	-
Samarkand	+	+	+	-
Company plants				
Foundry and mechanical plant Subsidiary Company	+	+	+	-
Andijan Mechanical Plant Subsidiary Company	+	+	+	-

Maintenance of freight and passenger wagons is carried out by the wagon maintenance depots (WMD), preparing wagons for loading, for voyage, testing the trains at the relevant points, ensuring safe passage on the guarantee sections of the wagon depots.

By the end of 2018, it is expected to carry out a full renovation with the extension of the service life and modernization of freight wagons in the amount of 2,777 units.

In accordance with Decree of the President of the Republic of Uzbekistan No. UP-4707 dated March 4, 2015 “On the program of measures to ensure structural transformations, modernization and diversification of production for 2015-2019”, in 2019 it is planned to carry out full renovation with the extension of service life, modernization and re-equipment of 1994 freight cars.

In accordance with Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 24 dated 03.02.2016 “On the Complex of Measures for Strengthening the Material and Technical Base, Modernizing the Rolling Stock and Equipping with Modern Engineering and Technical Means to Ensure the Safety of Trains of the Toshkent Metro State Unitary Enterprise during the period of 2016- 2019”, the Tashkent Plant for Construction and Repair of Passenger Wagons works to modernize the wagons of the Toshkent Metro State Unitary Enterprise with the extension of the service life by 15 years. In 2018, 12 units of wagons were expected to be upgraded, the same number of wagons is provided for 2019.

Table 8. – Age structure of the inventory rolling stock of UTY JSC

Type	up to 10 years	from 10 to 20	from 20 to 30	More than 30 years	Total
Electric locomotives	26	12	33	38	109
Diesel locomotives	8	44	18	136	206
Shunting locomotives	-	-	17	179	196
Total locomotives	34	56	68	353	511

Table 9 shows the types of repair work carried out by motive-power depots.

Table 9. – Types of repair work carried out by motive-power depots

Motive-power depots and plants	Types of repair and maintenance of locomotives performed by UTY JSC								
	Maintenance			Current repairs			Overhaul		Full renovation with extension of service life
	M-2	M-3	M-4	CR-1	CR-1r	CR-3	HLO -1	HLO -2	KRP
MPD-1 Uzbekistan	+	+	+	+	+	+	+	+	-
MPD-2 Kokand	+	+	+	+	+	+	+	+	-
MPD-2 Andijan	+	+	+	+	+	+	+	+	-
MPD-5 Tinchlik	+	+	+	+	+	-	-	-	-
MPD-6 Bukhara	+	+	+	+	+	-	-	-	-
MPD-7 Kungrad	+	+	+	+	+	-	-	-	-
MPD-8 Karshi	+	+	+	+	+	-	-	-	-
MPD-9 Termez	+	+	+	+	+	-	-	-	-
MPD-10 Urgench	+	+	+	+	+	-	-	-	-
Uztemiryulma shtamir UE	-	-	-	-	-	+	+	+	+

Note: + services rendered (works), - services not rendered

By the end of 2018, it is expected to carry out a full renovation with the extension of the service life of sections of locomotives in the amount of 29 units, including electric locomotives - 15 sections, diesel locomotives - 14 sections.

In accordance with Decree of the President of the Republic of Uzbekistan No. UP-4707, dated March 4, 2015 “On the program of measures to ensure structural transformations, modernization and diversification of production for 2015-2019,” in 2019 it is planned to carry out a full renovation with the extension of service life of locomotive sections in the amount of 26 units, including electric locomotives - 6 sections, diesel locomotives - 20 sections.

5. TRACK AND TRACK FACILITIES

Track facilities is one of the main branches of railway transport, which includes a railway line with all its structures and facilities; subdivisions with production, service and technical facilities, providing current maintenance and repair of the track.

With the transition to the market economy, it became possible to use machine complexes on engineering works, ensuring higher quality of operations and preserving the subsequent long-term stability of the track. One of them is the high-performance traveling machines of the Austrian company Plasser and Theurer: ballast cleaning machines RM-80, track renewal trains Duomatic 08-32, ballast leveling machine SSR-110, track stabilizer DGS-62, rail welding machines ART-500, rail spotter EM-120. From Geismar - freight rail cars and a complex of machines for a single change of sleepers.

Due to the use of track machines for the rehabilitation and overhaul of the railway,

the efficiency of the UTY track facilities has increased. They are also used on the current track maintenance and on the construction of new lines. All these machines are self-propelled, do not require a traction unit (locomotive) in the production of engineering works.

In 2003, on the basis of RWT-14 rail welding enterprise, a process line was commissioned, which was equipped with the machines of the company Geismar (France), Pskovelectrosvar CJSC (Russia). With the launch of this line, the production of high-quality lashes increased significantly, which made it possible to accelerate the fulfillment of the planned volumes for welding and finishing the joints of rail lashes.

The main task of the track facilities department was and is to ensure the condition of the track, its structures and facilities, ensuring uninterrupted and safe movement of trains at fixed speeds. These tasks are implemented on the basis of systematic supervision and monitoring of the state of the objects of the railway facilities with the identification and prevention of the causes of their malfunctions and frustrations, the implementation of the required volumes of repair and maintenance work according to the established technological sequence.

Enterprises of the track facilities are actively involved in the construction of new railway lines and switching tracks.

In 2015, a section for organizing high-speed running of passenger trains on the Samarkand-Karshi route was put into operation.

In 2016, the new electrified railway line Angren - Pap was put into operation with a very complex topography of the mountainous area. The high-speed running of passenger trains in the electrified Samarkand-Bukhara railway line was launched.

In 2017, the electrification of the Karshi-Termez section of 325 km long, was completed, as well as the construction of a new 357.3 km Bukhara-Misken railway section; in addition, two Talgo electric trains for high-speed running of passenger trains were purchased.

In 2018, the project named "Construction of the new railway line Bukhara - Misken" was completed. The project started in 2016.

In 2018, a new 33.8 km long Urgench-Khiva railway line was opened, and the construction of a new railway station was completed in Khiva. The electrification of the new section of Karshi-Kitab, which length was 124 km, was completed.

The construction of access roads to the Kandym gas processing plant and Sherabad cement plant was completed.

By the end of 2018, it is expected to rehabilitate the 180 km track, to lay a 100 km continuous welded rail, to make average repair of 175 km, lifting repair of 170 km, replace 155 sets of switches, and 150 sets of transfer bars.

The track management includes TMT, SD and TW, the main function of which is to perform major, mid-level and lifting repairs of the track, to perform a set of sand and snow protective measures, to operate and carry out repairs to track machines and mechanisms, as well as heavy machines.

In 2019 the track facilities department will perform the following types of work:

№	Description of works	Contractors
1	Rehabilitation of the railway line (180 km), laying of a continuous welded rail (100 km), electrification of the railway section Pap - Kokand - Andijan.	ETMT-203-Tashkent, TMT-17 -Bukhara, TMT-164 Kokand, TMT-166 - Khayrabad, TMT-214 -Karshi, TMT-279 - Kungrad
2	Routine maintenance and overhaul of sand and snow protective plantings along the developed track length of the company.	Shelter distances
3	Repair of track machines and mechanisms, as well as heavy machines	Track workshops
4	A) Routine maintenance and repair of the entire length of Uzbekistan railways and adjacent artificial structures and crossings; B) Medium (160 km) and lifting (150 km) repairs of the railway track; C) Change of pointworks - 100 sets; D) Change of crossing sleepers - 100 sets.	Maintenance sections (18 units)
5.	The mechanization of engineering works and the provision of equipment with high performance characteristics of enterprises belonging to the track facilities department.	Track facilities department
6	Overhaul with the replacement of metal bridge spans.	Track facilities department

6. POWER, ALARM AND COMMUNICATION FACILITIES

6.1. Power supply

The power supply department is one of the structural divisions of UTY JSC, which main task is to ensure uninterrupted power supply to hauling operations, alarm, centralization and blocking devices, as well as consumers of the transportation process and transport infrastructure. The power supply system includes traction and transformer substations, a contact network, auto-locking power points, high- and low-voltage cable and overhead power lines, etc.

The electrification of railway sections is one of the priorities, due to the efficiency of electric traction compared to diesel operation.

Electrification of railway sections is one of the priority directions for UTY JSC.

Railway electrification is the equipment of existing and newly built railways with a set of devices ensuring the use of electricity for hauling operations. In the course of electrification, traction substations are being built and traction networks are being constructed. In parallel, the installation of lines of automatic blocking, alarm, communication, electrical interlocking, etc. is carried out.

The introduction of electric traction accelerates the transportation process. Electric traction allows increasing the carrying capacity of railway lines by 2-2.5 times. Electric locomotives have virtually no power limitations, since they receive power centrally and are able to withstand overload for a long time. An important property of electric locomotives is the ability to generate and return electrical energy to the network during regenerative braking of a train.

One of the advantages of electric traction is an environmental factor: environmental pollution with combustion products is excluded. Railway electrification qualitatively changes the operational work of the road, improves working and living conditions of railway workers, passenger services (noise decreases, speed increases, the level of comfort increases along the way, etc.).

The electrification of Uzbekistan railways began in 1971 at a constant current. In 1983, at the same time, in the sections Tashkent-Khavast and Tashkent-Khojikit, the traction of trains from constant to alternating current was transferred.

In the framework of the implementation of measures for the organization of high-speed traffic in the Tashkent-Samarkand section, the works were done on the reconstruction of the contact network for the organization of high-speed running of passenger trains.

In 2011-2013, the running of high-speed passenger trains was organized in the Tashkent-Samarkand section, within which single-track electrified sections of Yangier Novaya-Dashtabad (35 km), Gallyaaral-Bulungur (41km) and the up line of the Dashtabad-Dzhizak section (60km) at a speed of 250 km/h were built, including a down line of the Yangier novaya- Dashtabad section (35km) at a speed of 160 km/h.

In 2014:

the reconstruction of the contact network was completed as part of the organization of running of high-speed passenger trains in the Tashkent-Samarkand section (344 km);

the electrified Angren-Kol section was commissioned;

construction work was continued at the expense of own funds under the projects of

electrification of the Marakand-Karshi and Karshi-Termez sections.

In 2015:

the 140 km long electrified Marakand-Karshi railway section was commissioned;

according to the project named “Electrification of the Karshi-Termez railway sections (325 km), construction and installation work on the contact network was continued;

according the project named “Construction of the new electrified Angren-Pap railway”, the electrified section Ko' 1 — Western portal was put into operation;

according to the project named "Electrification of the Samarkand-Bukhara railway line with the organization of running of high-speed passenger trains," construction and installation works were started on the contact network.

In 2016:

the electrified Angren-Pap-Kokand-Andijan section was commissioned;

the electrified Marakand-Navoi-Bukhara section was commissioned;

construction and installation works were carried out at the expense of own funds under the project of electrification of the Karshi – Termez section.

In 2017:

the electrified Karshi-Termez section was commissioned;

construction and installation works of the first stage were completed under the project of construction of the Bukhara-Miskin railway line;

construction and assembly works of the second stage of electrification of the Pap-Kokand-Andijan section were performed.

In 2018:

construction and installation work was performed on the project of electrification of the Pap-Namangan-Andijan section.

the construction and installation works of the first stage of the Urgench-Khiva electrification project were completed.

the electrified Karshi-Kitab section commissioned.

In 2019:

construction and installation works under the project of electrification of the Pap-Namangan-Andijan section will be continued;

the construction and installation works of the second stage will be started under the project of construction of the Bukhara-Miskin railway line.

6.2. Alarm and communication department

The alarm and communication department is a structural subdivision of UTY JSC, which ensures the operability of all technical means and alarm and communication devices with unconditional traffic safety.

Train traffic safety on the railway sections is ensured by automatic blocking systems, centralized control with arrows and signals at stations, centralized traffic control. The automatic blocking system is designed to prevent (block) the entrance of a

train to the section of the track occupied by another train or within which the integrity of the rails is violated. Semi-automatic blocking systems are designed to prevent (block) a train from entering the running line between stations. The main task of centralized control of arrows and signals at stations is to create conditions for the running of trains within stations along certain non-intersecting routes. The operation of dispatching centralization systems is aimed at ensuring this order for the passage of trains along running lines and stations.

The alarm and communication department of the company ensures the technical operation of automation, remote control and communication devices in accordance with the required quality and reliability standards. The company works on the modernization of the existing alarm, centralization and blocking system.

The introduction of high-tech systems of microprocessor centralization (such as the MPC), along with the control of pointworks and signaling devices, will allow diagnosing the operation of all units, as well as monitoring the actions of operators or station duty officers.

The introduction of microprocessor-based centralized traffic control, which makes it possible to monitor the train situation in real time and the electronic axle counting system (such as ESSO) at stations and running lines, will reliably ensure train safety.

Currently, the technical equipment of UTY JSC with alarm and communication devices is characterized by the following indicators:

- 193 stations are equipped with electric interlocking devices for pointworks and signals;
- 42 stations are equipped with microprocessor-based electric interlocking devices for pointworks and signals;
- 24 stations are equipped with key interlocking devices;
- 1,476,804 km of track are equipped with running line automatic blocking devices; 2845.398 km of the track are equipped with devices of semi-automatic blocking, of which more than 1161.181 km are equipped with the devices of microprocessor-based semi-automatic blocking;
- 98.1 km of track are equipped with the devices of the electric token system;
- 2115.363 km of track are equipped with centralized traffic control devices.

In 2019, it is planned to perform the work on upgrading automatic blocking and electrical interlocking devices to new microprocessor-based interlocking systems using an electronic axle counting system at such electrified sections as Guzar-Kitab, Pap-Namangan-Andijan, Miskin-Urgench, and equip the microprocessor-based interlocking devices with MPC and electronic readout system for ESSO axles at construction sites of the Bukhara-Miskin, and Urgench - Khiva railway lines.

To provide all types of communication, as well as for the operation of dispatcher centralization devices, overhead and cable communication lines are used.

The telecommunication network is designed for:

- transferring information between train drivers and a dispatcher apparatus to ensure safe and efficient train traffic;
- data transfer between stations in order to ensure efficient commercial operations and improve the quality of services to customers;

- ensuring efficient communication between neighboring railways;

Currently, 1,565 km of fiber-optic communication lines (FOCL) have been built and commissioned in the UTY JSC system, including such sections as Keles-Bukhara (648 km), Marakand-Karshi (146 km), Karshi-Kumkurgan (281 km), Tukumachi-Angren (117 km), Angren-Pap-Kokand-Andijan (302 km). At the Keles-Bukhara, Marokand-Karshi, Tashguzar-Kumkurgan sections, transmission systems based on SDH technology were installed. The upper STM-4 level based on Keymile UMUX-1500. At the Angren-Pap-Kokand-Andijan sections, transmission systems are installed based on MO optical multiplexers and SGM flexible multiplexing systems. At the Kyzyl-Kuduk-Karauzyak and Urgench-Misken sections, the digital data transmission system IP Fone MCL, RISSA operates.

In 2019, modernization of fiber-optic communication lines at such electrification sections as Guzar-Kitab, Bukhara-Miskent is envisaged.

The FOCL introduction will make it possible to radically change the organization of the backbone and operational-technological communication on the basis of the most modern equipment, and to increase the number of data transmission channels by hundreds of times.

7. INTERNATIONAL RELATIONS

International railway organizations play a crucial role in ensuring mutual relations and cooperation between railway administrations of states in the development of the agreed upon terms for the carriage of passengers and goods, operation of rolling stock and containers, carrying out transportation work in international traffic, implementing technical policy and sharing work experience. UTY JSC is a member of several international railway organizations.

ORC is an international organization established at the meeting of ministers on June 28, 1956 in Sofia (Republic of Bulgaria). The ORC members are transport ministries and central state bodies in charge of railway transports in 27 countries.

Since July 1, 2002, UTY JSC has been a member of the Organization for Railways Cooperation.

The basis for the existence and operation of the ORC is the ORC Regulations, which has a nature of an international treaty. According to the ORC Regulations, other forms of participation in the ORC are also possible, namely as an observer for ministries or railways and as an affiliate enterprise for the firms and organizations directly related to the activities of railways.

The ORC Regulations set forth the following activities:

- development and improvement of international rail transportation, primarily in communication between Europe and Asia, including combined carriages;
- formation of a coherent transport policy in the field of international rail transportation, development of a strategy for the activities of rail transports and an ORC strategy;
- improvement of the International Transport Law (ITL), business management under the Agreement on International Passenger Traffic (AIPT), the Agreement on International Rail Freight Traffic (AIRFT) and other legal documents related to

international rail transportation;

- cooperation in solving problems related to the economic, informational, scientific, technical and environmental aspects of rail transports;
- development of measures to improve the competitiveness of rail transports in relation to other types of transport;
- cooperation in the field of operation of railways and technical issues related to the further development of international rail transportation;
- cooperation with international organizations dealing with railway transport issues, including combined transportation.

Another international railway organization of which UTY JSC is a member is the Council on Railway Transport of Commonwealth Member States.

The Council on Railway Transport of Commonwealth Member States and its executive body, which was the Council Directorate, were established by the Agreement of Government Heads of the CIS Member States on February 14, 1992 to ensure stable economic relations of the CIS Member States.

The main tasks of the Council include:

- coordination of the work of railway transports at the interstate level and the development of agreed principles for its activities;
- organization of joint operation of freight wagons and containers.

The Council considers and resolves issues related to the operational activities of railways, sharing and maintenance of freight wagons and containers, the conditions for transporting passengers and freight, ensuring the safety of trains in international traffic, developing the system of accounting and settlements for work and services performed, scientific and technical cooperation and other issues.

The primary attention of the Railway Transport Council pays to ensuring the technological unity of railways.

The development of a traffic timetable and a plan for the formation of trains in international traffic is conducted annually. Much attention is paid to the technical condition of freight wagons.

The decision was made to preserve and develop the common information space. The Information and Computing Center of Railway Administrations has been established and is functioning successfully.

On October 18, 2011, in St. Petersburg, by the decision of the Council of CIS Government Heads the "Concept of strategic development of railway transport of the Commonwealth member states until 2020" was approved. The implementation of the Concept will allow for the systematic and consistent implementation of the coordinated development of railway transport of the Commonwealth member states and will promote the organic integration of railways into the Eurasian transport system.

The members of the Council are heads of railway administrations of the CIS member states. In addition, heads of railway administrations of Bulgaria, Georgia, Latvia, Lithuania, Finland and Estonia take part in the work of the council.

8. CORRIDORS

International transport corridors are understood as a combination of the most technically equipped mainline transport communications, as a rule, various types of transport connecting different countries and providing for the transportation of passengers and goods in international traffic in the most concentrated directions.

13 international transport corridors connecting 18 countries of Europe and Asia provide access to the countries of Western Europe via a railway network of states of Eastern Europe, Russia, Kazakhstan to China and other Asian countries.

There are 2 corridors across the territory of the Republic of Uzbekistan (No. 8, No. 10), in accordance with the list of international corridors of the Organization for Railways Cooperation (ORC).

Transport corridors are, first of all, the transportation market, in which UTY JSC encounters fierce competition both on the side of railways of other countries and other types of transport.

The main objectives of the formation and development of international railway transport corridors in the territory of the Republic of Uzbekistan are the creation of favorable conditions for attracting international transport flows to national transport communications, and improving transport links within the country.

Achieving these goals will allow us to more fully and effectively meet the needs of the economy in rail transport services, as well as to expand the transit potential and increase the competitiveness of Uzbek producers and freight forwarding enterprises in the global commodity and freight markets.

9. ENVIRONMENT

Environmental protection is understood as a system of measures aimed at preserving, rational use and restoration of wildlife (flora and fauna) and inanimate (water, soil, air, climate) nature, preventing the direct and indirect negative impact of human activities on health and environment.

The main task of the nature conservation society is a gradual decrease in actual indicators of negative environmental impact to and below the established standards, improvement of technological processes and transition to resource-saving technologies, creation and updating of the regulatory framework in the field of environmental protection.

The main feature of the railways is the round-the-clock operation of the rolling stock and production facilities ensuring uninterrupted transportation of goods and passengers. In such conditions, one of the most important tasks solved in the field of environmental protection is the reduction of harmful emissions into the atmospheric air. To this end, dust and gas cleaning equipment is installed at stationary sources, while the percentage of cleaning is 85%. In addition, the company is working on the phased electrification of railways and replacement of diesel locomotives for electric locomotives.

The electrification of railways is the main event that allows annually reducing emissions of pollutants into the air from diesel locomotives by more than two thousand tons annually. At the same time, the reduction of emissions into the atmosphere is

ensured by transferring locomotives to electric traction, transfer to electric heating of trains, passenger trains, small stations due to upgrading the existing rolling stock with the complete replacement of diesel engines and acquisition of new modern locomotives.

To reduce harmful emissions into the atmosphere, the society envisages the implementation of a number of measures, including the phased replacement of high-capacity steam boilers with the transfer to more economical and modern water-heating boilers.

In 2018, according to the measures developed, the society allocated funds in the amount of UZS 290.33 million for environmental protection, of which: UZS 68.4 million for air protection, UZS 51.22 million for water resources, UZS 98.56 million for land and mineral raw materials, UZS 72.15 million for flora and fauna.

In 2019, it is projected to spend UZS 293.2 million for environmental protection measures, including: UZS 69.08 million for atmospheric air protection, UZS 51.73 million for water resources, UZS 99.54 million for land and mineral raw materials, UZS 72.87 million for flora and fauna.

10. PRODUCTS AND SERVICES

10.1. International standard ISO

Considering the importance of maintaining the quality of products and services at the level required by consumers and increasing the level of competitiveness of enterprises, the company's management pays special attention to the implementation of a quality management system in accordance with the international standard ISO 9001:2015. At present, the quality management system has been implemented at 17 enterprises of Uzbekistan Temir Yullari JSC and operates in accordance with the requirements of the above standard.

In order to further improve safety, quality and competitiveness of products, improve the technical regulation system and ensure international recognition of work under conformity assessment, as well as to expand the implementation of modern management systems, the Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution No. 298 dated October 19, 2015 "On approval of the national quality infrastructure development program for the period up to 2020". For enforcement of this Resolution and minutes of the meeting of the Presidium of the Cabinet of Ministers of the Republic of Uzbekistan No. 97-a dated December 5, 2015, a network schedule was developed and approved for the implementation of quality management systems at the enterprises of Uzbekistan Temir Yullari JSC in accordance with the international standard ISO 9001:2015, as approved by the chairman of the board A.J. Ramatov and the general director of Uzstandart Agency A. Kurbanov. According to the aforementioned network schedule, the quality management system was implemented at Sogdiana Trans Subsidiary Company, UzXCMG JV LLC and SMP-40 in accordance with the international standard ISO 9001:2015, and national and international certificates were obtained. The implementation of the quality management system in accordance with the international standard ISO 9001:2015 at Alty-arik WSS is scheduled for 2019.

10.2. Goods and passengers transportation services.

10.2.1. Freight transportation

Transportation of goods is the main function of transport, consisting in the movement of goods necessary to continue and complete the process of manufacture of industrial and agricultural products in the sphere of circulation, as well as to meet the needs of the population.

On railways of the Republic of Uzbekistan, goods are transported in accordance with the shipping rules, which are a regulatory legal act approved in accordance with the statute of the railway of the Republic of Uzbekistan, and containing conditions for transporting goods obligatory for the railway, its enterprises, consignors, consignees, owners of access roads taking into account their features in order to ensure traffic safety, the safety of goods and the rolling stock, as well as the environmental safety.

The volume of transport operations of railway transports is characterized by the indicator of its work on freight transportation - the turnover of goods.

The freight turnover characterizes the size of the transportation work, taking into account the distance of goods transportation and is defined as the sum of productions of the transported goods volume for a corresponding distance of their transportation.

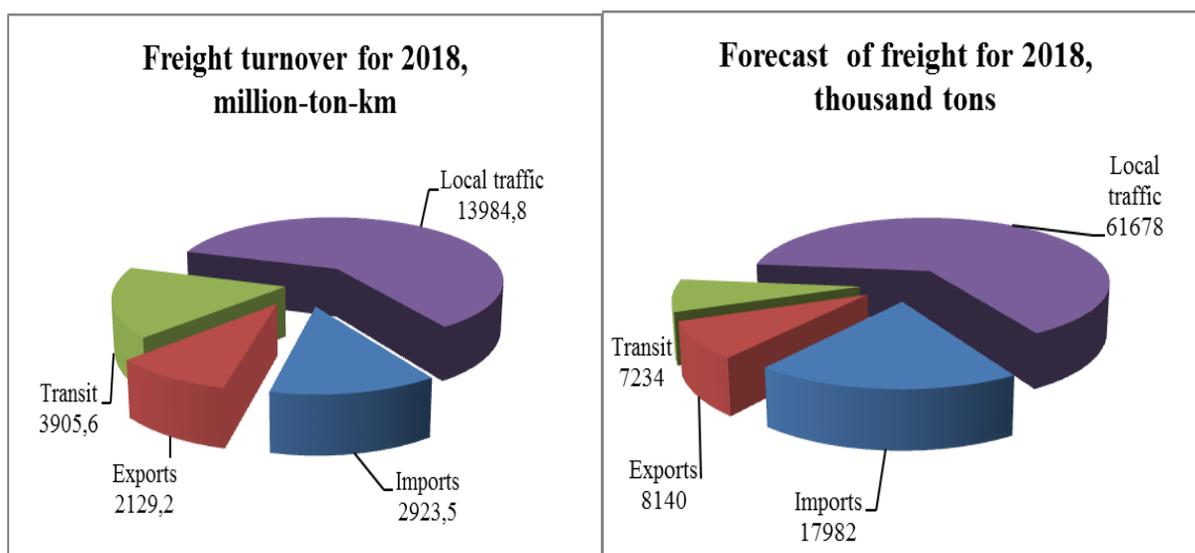
The freight turnover is calculated by the formula

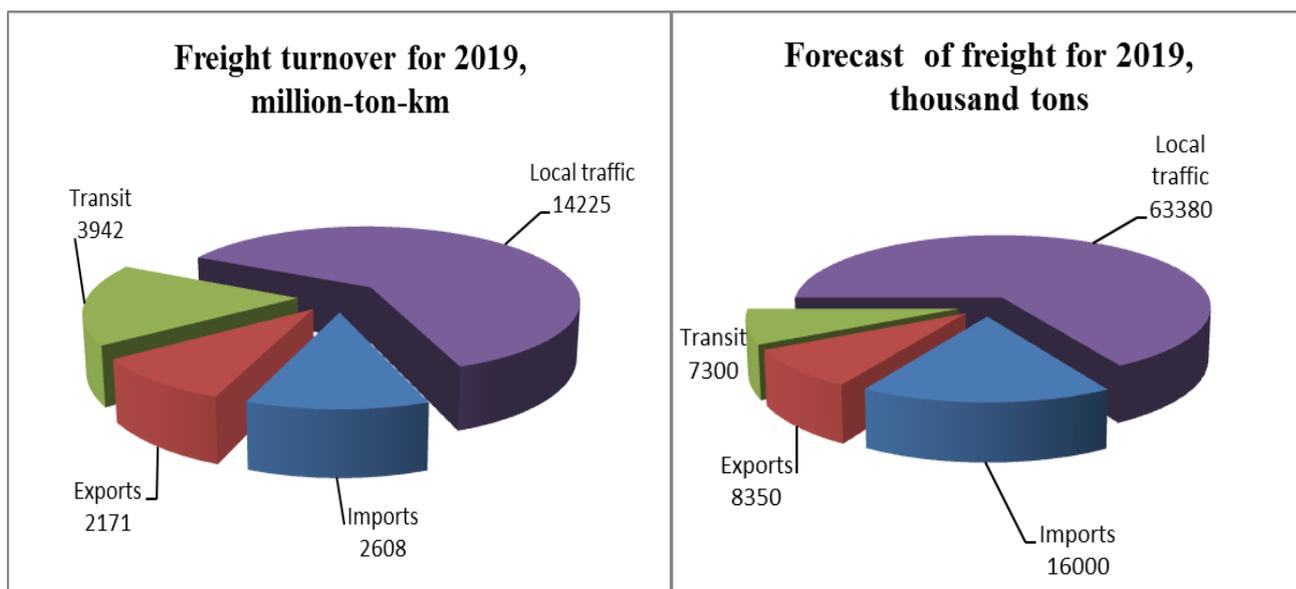
$$\sum P * L = P_1 * L_1 + P_2 * L_2 + P_3 * L_3 + \dots + P_n * L_n$$

where: P is the goods weight, L is the distance of goods transportation

Freight turnover indicators are used to determine the need for material and technical resources of the railway (required fleets of freight cars, locomotives, electricity, fuel, materials, human resources, etc.).

In 2018, the freight turnover was expected to be fulfilled for 22.9 billion tons/km, to transport 95.0 million tons of goods and ship 68.2 million tons of goods.





10.2.2. Railway freight rates

Freight charges for the carriage of goods and cargo-luggage, as well as the rules for their use are determined according to the rates. The base rates are established in price lists (tariff manual) No. 10-01 and the tariff policy of CIS railways for the carriage of goods in international traffic.

Freight rates of price list No. 10-01 contain two basic rates - for initial-final and moving operations. The latter is multiplied by the distance to determine the freight charges, published in tariff manual No. 1 in the form of calculation tables. Such a construction of tariffs provides a slow increase in the amount of the fee depending on the distance, which corresponds to the change in the cost of transportation. The freight fee is charged for the shortest distance.

The ITT rates are the basis for calculating actual rates in the CIS countries (and in the Baltic States) - a down rate is applied to the base tariff rate depending on the distance of transportation, tonnage and individual countries where goods is transported. The ITT base rate is considered expensive, and special discounts provide flexibility. Other factors take into account elements for each individual country and distance of transportation.

The ITT rates promote long-distance transportation and set relatively higher prices for short-distance transportation, reflecting a profile of related costs. This approach is considered by the company as acceptable, given that short-distance transportation is usually better served by road, and railways serve long-distance transport markets and do not compete for the regional market.

10.2.3. Unbalanced freight transportation

Along with the ongoing work on renovation and reconstruction of railway tracks, it is necessary to take measures to optimize the entire chain of freight transportation. Many experts note that the solution to this issue may be a widespread use of containers, as well as the modernization of infrastructure facilities, the locomotive fleet and the rolling stock of UTY JSC.

There are import container carriages from many countries, but very small volumes of reverse loading due to the lack of suitable export cargoes. With regard to

export carriages of goods such as cotton, the tariff structure favors transportation in covered trucks, and therefore transportation in containers is uneconomical. Such goods are usually sold on terms EXW, and there is a need to store them in port warehouses in anticipation of sale, while the final recipient is unknown, and the container cannot be loaded in Uzbekistan for through transit.

The problem of unbalanced freight transportation is complicated by the lack of balance in neighboring states. All neighboring countries have an imbalance in trade related to container carriages, with empty containers being sent back to China/Europe or returned to the seaport, implying costly long-distance rail transportation, despite the fact that there are special tariffs for the transportation of empty containers. Therefore, container operators, in particular shipping companies, are reluctant to provide containers for transportation to Uzbekistan, as this may withdraw them from circulation for some time. In this regard, the combination unbalanced freight transportation and difficulties in exercising control means that shipping companies usually do not offer an end-to-end bill of lading when transporting to or from Central Asia. Some shipping companies transfer their containers to other transport organizations that take responsibility for the return, usually secured by a financial deposit. The size of the deposit and the risks imposed are often prohibitive, and therefore containers are often unloaded. Despite non-physical barriers, up to 70,000 containers are handled per year.

10.2.4. Intermodal freight forwarding services

Most freight forwarders are unimodal. There is a large number of rail freight forwarders, among which the two main organizations serving container carriage dominate. In addition, there are motor freight forwarders, many of them have foreign connections, who deal exclusively with international road carriages. Successful intermodal transport requires an effective “partnership” between road and rail operators. This does not exist, road and rail freight forwarders are considered to be competitors, especially given the significant presence of foreign automobile companies: freight forwarders offer a limited choice.

The absence of terminal equipment and equipment does not hinder the growth of intermodal transport, taking into account that a relatively small number of containers are concentrated in Tashkent and the Fergana Valley. Many loading and unloading stations are equipped with portal gantry cranes or have access to mobile cranes that can unload or load containers. As intermodal carriages grow, larger terminals will be required, similar to the facilities at Chukursay or Tashkent-Tovarnaya stations, which will operate either on a unimodal basis or be part of logistic centers. The creation and equipping of such terminals with stacking loaders with jib lifters and large forklift trucks is an expensive undertaking, and therefore their existence requires savings from increased production. Thus, it is important to balance the supply and demand of such terminals.

10.3. Passenger transportation

The domestic passenger transportation market is very limited. Competition from the side of road transport, both in terms of long-distance bus transportation and private cars, will increase, and rail transport services will be improved with the introduction of new routes at the expense of more competitive tariffs.

Currently, four high-speed comfortable trains named Afrosiob successfully run on

the Tashkent-Samarkand-Bukhara and Tashkent-Samarkand-Karshi routes, which have opened up broad opportunities for the expansion of tourist traffic on the railway, creating decent competition with air and road transport. The electric train was developed according to the most advanced technologies by Talgo specialists in Spain.

Completion of construction of new railway sections of Bukhara-Misken and Urgench-Khiva will allow organizing high-speed traffic in the directions of Tashkent-Samarkand-Bukhara-Khiva, which will allow for convenient and quick movement of passengers and tourists to historical places within the Republic of Uzbekistan.

The Shark express train is the real “Orient Express” (“Shark” in translation from Uzbek means “Orient”). This high-speed train connects three ancient cities of Uzbekistan: Tashkent, Samarkand and Bukhara. Reaching a maximum speed of 160 km/h, the Shark train quickly and comfortably overcomes the distance between the end points (Tashkent - Bukhara, 616 km) in 6 hours and 40 minutes.

In accordance with the Complex of Priority Measures for the Further Development and Increase in Exports of Tourist Services for 2018–2021, Uzbekistan Temir Yullari JSC should carry out the work on the organization of special tourist trains along the Silk Road within the Republic of Uzbekistan and the international direction. To expand the scope of tourism services, O'ztemiryo'lyo'lovchi JSC and Uzbekistan Temir Yullari JSC annually participate in international tourism fairs, such as ITB Germany, FITUR Spain, WTM United Kingdom and others.

The study of these reserves and opportunities allows to quite clearly outline the contours of the target market of railway passenger transport, the development of which will help significantly improve the financial position of the company.

On the eve of the 25th anniversary of independence of our country, a passenger train began to run from Tashkent to Andijan. Currently, modern high-speed trains run twice a day on the route of Tashkent-Andijan-Tashkent, twice a week passenger trains run on the Andijan-Bukhara-Andijan and Andijan-Urgench-Andijan routes.

In 2018, the passenger turnover was expected to reach 4322.6 million passenger-kilometers or 100.7% of the 2017 report.

Table 11. – Passenger transportation

Indicators	2015.	2016.	2017.	2018.	2019.
Passenger turnover by rail, million pass/km	3757,7	3933,6	4236,2	4322,6	4388
Growth rate, %	100,0	103,2	108,0	100,7	101,5
Passenger turnover by metro, million pass/km			425,1	493,2	593,7
Number of passengers transported by rail, million people	20,63	20,96	21,33	22,86	22,915
Growth rate, %	103,9	101,6	102,0	105,9	100,2
Number of passengers transported by metro, million people			58,32	67,65	81,4

The passenger turnover and the number of passengers transported have a steady growth. In 2018, the passenger turnover was projected at 4,400 million passenger/km or 103.8% of the 2017 report.

The passenger turnover is defined as the sum of production of the number of transported passengers for a corresponding distance of their carriage using the formula:

$$\sum A*L = A_1*L_1 + A_2*L_2 + A_3*L_3 + \dots + A_n*L_n$$

where: A is the number of passengers, L is the distance of passenger transportation.

For 2018, the share of passenger turnover in the reduced volume of operational work was provided at a level of 16.1%, the percentage of the costs of passenger transportation of the amount of operating costs - 22.6%.

11. PERFORMANCE FOR 2018 AND FORECAST FOR 2019

11.1. In 2018, the following parameters were achieved:

- Revenues are expected in the amount of UZS 7,426 billion;
- The forecast tasks for the export of services by the end of the year are expected to be fulfilled for 400.3 million US dollars or 100.0% of the forecast of the year.

Assimilation of capital investments totaling 493.22 million US dollars, including own funds - 220.11 million US dollars, UzRDF funds - 40.23 million US dollars, foreign investments - 116.68 million US dollars, state budget funds - 61.5 million US dollars, loans from commercial banks - 27.0 million US dollars, direct investments - 27.7 million US dollars.

- The volume of industrial output is expected to be in the amount of UZS 962.0 billion or 116.6.0% of the previous year report in comparable prices;

• Pursuant to Decree of the President of the Republic of Uzbekistan No. PP-2692 dated December 22, 2016 "On Additional Measures for Accelerated Updating of Physically Worn-Out and Morally Outdated Equipment, as well as Reducing Production Costs of Industrial Enterprises", the company approved the "Complex of measures to reduce the cost of products industrial enterprises. " The reduction in production costs of the industrial enterprises of the company in comparable conditions is expected to reach at level of 2.2% of the 2017 report.

- 4433 new jobs were created, including jobs in accordance with the investment program - 1,873 jobs, according to the localization program - 73 jobs, according to the industry development program - 2,287 jobs, home work -300;

- Under the localization program (51 projects), UZS 79.81 billion will be mastered, or 100% of the forecast.

1.2. Main tasks for 2019:

№	Description	Volumes	Growth rate by 2018, %
1	Shipment of goods, million tons	78,48	115,0
2	Goods transportation, million tons	95,0	100,1
	including export shipments, million tons	8,3	100,4

	transit transportation, million tons	7,3	100,3
3	Export of goods and services, million USD	460,0	114,9
4	Creation of new jobs, units	1222	
5	Assimilation of capital investment, million USD	506,83	
6	Industrial output, billion UZS	1400,0	108,1
7	Localization of manufacture of products, items and spare parts, billion UZS	95,3	119,4

- To conduct the work of the working commission for monitoring and adoption of appropriate measures for the repayment of receivables and payables and the development of a comprehensive plan of measures aimed at reducing receivables, including overdue ones.

- Continued implementation and continuous improvement of the quality management system, according to the requirements of ISO standards.

- Until July 1, 2019, to hold a reporting general meeting of shareholders on the results of work for 2018, and also to consider the issue of net profit distribution, including dividend payments;

As part of the railway industry development program, in 2019 it is planned to implement measures for the development and modernization of railway transport in the following areas for further development:

Railway infrastructure:

- Construction of the electrified Angren-Pap railway line with electrification of the Pap-Kokand-Andijan sections;
- Electrification of 145.1 km of the Pap-Namangan-Andijan railway line;
- Modernization of 65 km of the Andijan-Savai-Khanabad railway line;
- Rehabilitation of 180 km of railway tracks, change of pointworks and crossing sleepers by 100 sets each;

Rolling stock:

- modernization and restoration of locomotives with the extension of service life in the amount of 26 units at Uztemiryulmashtamir UE;
- construction of 1200 units of freight wagons based on Foundry-Mechanical Plant Subsidiary Company and Andijan Mechanical Plant Subsidiary Company;
- restoration with the extension of service life and modernization of freight wagons in the amount of 1994 units;
- construction of 15 units of passenger wagons at the Tashkent plant for the construction and repair of passenger wagons JSC;

Improving the safety of train traffic on the railway:

- improving the system for implementing emergency response measures and improving train traffic safety;

- further equipment of railways with technical means for ensuring the safety of train traffic, introduction of automated train traffic control systems;
- modernization of technical means of emergency and recovery facilities of railway transports;

12. MARKETING STRATEGY

12.1. Freight transportation marketing strategy

The marketing strategy of UTY JSC for 2019 is determined in the following areas:

- Attracting a flow of transit cargoes to the railways of the Republic of Uzbekistan by creating specialized international transport terminals, applying the optimal tariff policy. Conducting a systematic analysis of export, import and transit carriages of goods.
- Working on the development of rail transportation related to the activities of the international intermodal logistics center established in the republic based on the airport in Navoi and the free industrial economic zone (FIEZ).
- Advertising on vehicles as a means of information about the proposed transport services is an integral part of the marketing and communication policy of the railway. In the conditions of competition between modes of transport, the need for active promotional activities on vehicles is undeniable. New types of transport services, corporate services for cargo owners and high-speed passengers, transit transport corridors, discounts and benefits for individual users, “door-to-door” cargo delivery, comfortable suburban electric trains, services at railway stations and in trains, etc. require competent, intelligible and picturesque advertising.
- Practicing international experience in freight transportation marketing, as well as taking part in such international exhibitions as Trans Uzbekistan, Trans Kazakhstan and Trans Russia, etc.
- Taking measures for the development of competition, providing access of business entities for the implementation of individual services. At the same time, the company is guided by the changes made on December 14, 2010 to article No. 4 of the Law of the Republic of Uzbekistan "On Natural Monopolies", which stipulate that government regulation of the activities of natural monopolies is established in the field of rail transportation, taking into account the use of railway infrastructure.
- Reducing the time of loading and unloading wagons, introduction of the mechanism of route shipments.

12.2. Passenger transportation marketing strategy

Passenger transportation marketing is reduced to the management system aimed at fully and effectively meeting the transport needs of the population.

- To increase the passenger turnover, the technology of implementing travel documents in passenger trains of direct mixed and domestic traffic was streamlined.
- The development of baggage transportation in the Republic of Uzbekistan to

meet the demand of small and medium-sized businesses. In accordance with the legislation of the Republic of Uzbekistan, contracts for the lease of baggage wagons with small and medium-sized businesses are being concluded.

- Improving and expanding the services provided to passengers en route and at train stations. To expand the services of high-comfort halls at the stations: Karshi, Termez, Jizzak, Urgench, Gulistan.

- Improving the quality and culture of passenger service in trains, including the provision of comfort. In order to improve the competitiveness of passenger transportation, the quality and culture of passenger service, 15 new passenger wagons will be purchased in 2019.

- Introduction of sale of travel documents through the ACS Espress-3 system of the company for international traffic, including foreign countries.

- Development of tourist transportation in accordance with the results of market research of needs of the population of the Republic of Uzbekistan, non-residents, as well as tourists who want to get acquainted with the cultural heritage and historical sights of the Republic of Uzbekistan. In this regard, a Comprehensive Action Plan for the development of tourist transport on the railways for the period up to 2020 has been developed. This plan includes:

- Organization of rapid and high-speed traffic on the railways with the presentation of more comfortable and high-quality services to tourists;

- Organization (upon requests) of special charter tourist trains by forming UTY JSC;

- Organization of running of tourist and sightseeing trains in the following directions: Bukhara-Urgench, Samarkand-Navoi-Uchkuduk-Urgench, Tashkent-Bishkek-Balykchi, Tashkent-St. Petersburg.

- Formation of the institutional framework for the regulation of tourist traffic on the railways.

13. TARGET MARKETS

13.1. Target consumers

In the republic, the largest consignors are the Uzbekneftegaz National Holding Company, Uzkurilishmaterallari JSC, Uzbekenergo JSC, Uzkimyessanoat JSC and others.

Cargo transportation by rail is carried out with the help of tanks, low-sided cars, covered trucks and others.

Goods to be shipped may not only be consolidated loads sent using universal wagons, but may be various bulk cargoes transported in open rolling stocks, oversized and dangerous goods.

Freight forwarding services of the company allow organizing high-quality rail transportation of goods throughout the country, as well as to the countries of CIS, Europe and Asia.

The range of services includes:

- provision and supply of a rolling stock;

- services for fastening/unfastening goods on a rolling stock;
- • execution of transport documents;
- protection of certain goods all the way;
- organization of delivery of dangerous and complex cargoes;
- rendering other additional services.

In 2019, the company will have to ensure an increase in traffic volumes in the most heavy traffic directions:

- 882km Keles-Galaba with destination in Afghanistan.
- 220 km Keles-Bekabad with destination in Tajikistan.
- 231 km Boldyr-Kudukli with destination in Tajikistan.

13.2. Pricing

13.2.1. Tariff policy of freight transportation

Railway transportation services are included in the state register of natural monopolies with the government regulation of prices for these services. Tariffs for railway transportation in the internal communication are agreed upon by the Ministry of Finance of the Republic of Uzbekistan. Tariffs for railway transport are fees charged for the carriage of goods, passengers, baggage and cargo-luggage. Tariffs for freight transportation in local traffic are calculated in accordance with Price List 10-01, approved by the Ministry of Finance of the Republic of Uzbekistan, for transportation in international traffic - in accordance with the Tariff Policy of railways of the CIS member states. Freight fees are the main source of income of the company.

For the carriage of goods via UTY in transit and export-import traffic, the rates of the Tariff Policy of railways of the Republic of Uzbekistan are used, which is an international agreement of an interdepartmental nature.

The tariff policy was developed in accordance with the basic principles of the formation and application of a harmonized tariff policy and the Concept for establishing a harmonized tariff policy for rail transport in the member states of the Commonwealth of Independent States.

3.2.2. Passenger transportation tariff policy.

The rates for passenger transportation are calculated in Swiss francs and agreed with the Ministry of Finance of the Republic of Uzbekistan. Comparative prices for passenger transportation (one way) are shown in Table No. 12.

Table 12 - Comparative table of prices for passenger transportation

№	Traffic	Air, Ec. class	Railway compartment	Railway accomodation	Railway SW
1	Tashkent-Astana	1369000	1125294	785479	
2	Tashkent -Moscow	1969000	2532737	1589833	3766365
3	Tashkent -Saratov		1696805	1095037	
4	Tashkent -Ufa	2063000	1539272	1030659	
5	Tashkent -Chelyabinsk		1770227	1052446	
6	Tashkent -Novosibirsk	2110000	1775901	1187371	
7	Tashkent-Yekaterinburg	2110000	1868943	1237936	
8	Tashkent -Andijan	178000	87949	71207	180684
9	Tashkent -Samarkand	160000	High-speed Afrosiyob		
			142000	105000	204000
			passenger		
			79184	57563	150214
10	Tashkent -Karshi		94413	67244	180940
11	Tashkent -Termez	329000	132616	91458	257555
12	Tashkent -Bukhara	244000	104637	73703	203338
13	Tashkent -Urgench	422000	164783	112335	321734
14	Tashkent -Nukus	460000	175765	119162	344296

*note: prices are presented as of 01.11.2018.

14. ADVERTISING STRATEGY

14.1. Promotion strategy

To promote advertising, UTY is studying the target market, analyzing publications in the media and on the Internet.

Information on the website of UTY JSC is regularly updated.

The organization of visits by company specialists to the largest regional specialized exhibitions.

Meetings are held with the main customers and freight forwarders of the company.

14.2. Means of advertising promotion.

In 2019, UTY JSC will continue to work on advertising the services and products provided by the company's enterprises, as well as to produce advertising booklets, video clips and other informational publications in the media and on television.

Studying and practicing of international experience in freight transportation marketing, as well as taking part in international conferences, seminars, round tables, meetings and exhibitions.

15. COMPANY MANAGEMENT STRUCTURE

For the years of independence, a number of government decisions were taken in the field of railway transport:

- By the Decree of the President of the Republic of Uzbekistan No. UP-982 dated November 7, 1994, the State Joint-Stock Railway Company Uzbekistan Temir Yullari was established on the basis of the Central Asian Railway.

- By Decree of the President of the Republic of Uzbekistan No. UP-2815 dated March 2, 2001, "On measures for demonopolization and corporatization of railway transport" the State Joint-Stock Railway Company Uzbekistan Temir Yullari was transformed into an open joint-stock company (OJSC).

- In accordance with Article 58 of the Law "On Joint-Stock Companies and Protection of Shareholders' Rights," the legal status of the company acquired the status of a joint-stock company - Uzbekistan Temir Yullari JSC.

Pursuant to Decree of the President of the Republic of Uzbekistan No. UP-4720 dated April 24, 2015, as well as the program of measures to fundamentally improve the corporate management system of the company, a representative of the sole shareholder, a state attorney of UTY JSC approved the organizational structure of Uzbekistan Temir Yullari JSC and it included:

- 15 unitary enterprises, including: 6 regional railway junctions (Tashkent, Kokand, Bukhara, Kungrad, Karshi, Termez), Uztemiryulmashtamir, Uzbekjeldorekspeditsiya, Trest Kuprikkurilish, "Uztemiryulkurilishmontaj", "Specialized construction train-406", "Rail welding train No. 14", "Energy mounting train No. 1", "Plant for repair of excavators and tracked vehicles" and Agro-industrial complex Sardoba.

- 8 joint-stock companies, including: Uztemiryulyulovchi, Toshkent yo'lovchi vagonlarni qurish va ta'mirlash zavodi, Yurrefrans, Uztemiryulkonteyner, O'zvagonta'mir, Granit, Tashkent Mechanical plant and Eyvalekmakhsustemirbeton.

In addition, the structure of UTY JSC also includes 33 institutions of social infrastructure.

In accordance with Decree of the President of the Republic of Uzbekistan No. PP-2638, dated October 21, 2016, "On measures for further development and improving the efficiency of Tashkent Metro activities" and order of the Chairman of the Board of UTY JSC No. 448-N, dated October 28, 2016, "On enforcement of Decree of the President of the Republic of Uzbekistan No. PP-2638 dated 10.21.2016", the Toshkent Metro unitary enterprise was introduced into the structure of Uzbekistan Temir Yullari JSC.

In accordance with Decree of the President of the Republic of Uzbekistan No. PP-3380, dated November 8, 2017, "On organizational measures for the transfer of Uzbekugol JSC and Shargunkumir JSC to UTY JSC and financial rehabilitation of coal industry enterprises" and order of the chairman of the board of the UTY JSC No. 100-N dated November 15, 2017, "On enforcement of Decree of the President of the Republic of Uzbekistan, Uzbekugol JSC and Shargunkumir JSC were introduced into the structure of UTY JSC.

Appendix 1 reflects the current structure of the executive office of Uzbekistan Temir Yullari JSC.

15.1. Corporate management

The sole shareholder of Uzbekistan Temir Yullari joint stock company is the Center for State Assets Management under the State Competition Committee of the Republic of Uzbekistan.

In accordance with the Decree of the President of the Republic of Uzbekistan No. PP-474, dated July 24, 2006, "On Approval of compositions of the boards of certain large Joint-Stock Companies with state-owned assets", the management body of the company is the Council of the Company, which serves as the General Meeting of Shareholders and the Supervisory Board. The Council of the Company consists of authorized representatives of ministries and departments and is headed by the Prime Minister of the Republic of Uzbekistan. The executive body of the company is the management board of the company.

Uzbekistan Temir Yullari JSC is a shareholder (founder) of joint-stock companies. In order to enhance the attraction of investments, improve the corporate governance system in joint-stock companies and ensure the protection of shareholders' rights, UTY JSC recommends qualified representatives of the company to the supervisory boards and executive bodies. The chairman of the company's board issues a power of attorney for the right to represent the interests of the company according to the share in the company's authorized capital.

The system of corporate management in the company and business companies where the company has shares is constantly being improved. In pursuance of the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 207, dated July 28, 2015, for UTY JSC, key performance indicators of the company's activities have been developed, which are reflected in Appendices 5 and 6.

Every year, at annual meetings of business companies, constant monitoring of the implementation of annual business plans is carried out, and annual meetings are held in business companies. Until December 1, a draft business plan for the next year is submitted for consideration at the meetings of the supervisory boards, a fundamental assessment is given to the executive body for the implementation of the business plan.

At meetings of the supervisory boards of business companies quarterly reports of the internal audit service of these companies are heard. Uzbekistan Temir Yullari JSC quarterly provides the internal audit service with reports for the UTY JSC Company Council.

In accordance with Decree of the President of the Republic of Uzbekistan No. UP-5468, dated 06.29.2018, "On the concept of improving the tax policy of the Republic of Uzbekistan", Uzbekistan Temir Yullari JSC, in terms of the dividend policy, in the financial analysis for 2019 provides for the unconditional accrual of dividends from net profit, in accordance with the law.

15.2. Personnel policy

UTY JSC has a system of personnel training at all levels: specialists with secondary and higher specialized education, mass vocational professions. The structure of the company has an institute and 3 colleges.

The tasks of the personnel department and the personnel training department are:

- analysis of the needs of the company's divisions for specialists, resolution of the issues related to the regulation of the number of employees of structural divisions of the company, in accordance with the specified scope of work and the approved

staffing table, as well as the analysis of the number of employees in terms of acceptance and relocating;

- selection of specialists of departments and divisions of the company in accordance with the required specialty and qualification in order to ensure the safety of trains, labor and integrity of the transported goods;
- carrying out purposeful work in accordance with the outlined measures provided for in the State Program in relation to education and training in the field of railway transport;
- the use of mentoring methods in training narrow specialties in order to preserve and disseminate the best practices of highly skilled workers and specialists in the divisions of the company, to teach various subtleties and skills of the profession, to preserve and transfer the established traditions of the company to young people, to ensure smooth operation of the company and divisions of the company.
- the study and analysis of the causes of personnel turnover of mass professions, the state of labor discipline. Assistance in the implementation of the state employment policy.
- the creation in the company of an effective management and staffing system, aimed at the qualitative formation and use of human potential through the selection, placement and education of personnel.
- staffing the apparatus, structural divisions, enterprises and institutions of road subordination with initiative, highly qualified specialists.
- development and approval of effective reserves for filling the leading positions of the nomenclature of the Office of the President of the Republic of Uzbekistan and the Council of the Company.

Table 13. Labor productivity indicators

Indicators	Unit of measurement	2018.	Forecast for 2019.
Presented work*	million tons/km	31545,2	31676
Number of employees	people	35342	35600
labor Productivity	Thousand tons/km / people	894	895

* - presented work is a conditional amount of work, which is equal to the sum of cargo turnover and double passenger turnover.

Table 14. Number of personnel of the company

Department	2017.	As expected for 2018.	Forecast for 2019.
Central apparatus	93	94	94
Locomotives operation department	7534	7596	7600
Power supply department	2519	2738	2900
Alarm and communication department	3441	3418	3451
Track facilities department	8900	9523	9600
Wagon facilities department	4180	4034	4200
Transportation Management Department	5906	5979	6000
Department for logistics, cargo and commercial work	1764	1765	1775
Temiryul yenilgitamin department	647	1560	1700
Others	7332	7664	7800
Total – main activities	42316	44371	45120
Industrial enterprises, contracting organizations, social sphere	19121	20132	20200
Metro	3037	3067	3300
Uzbekugol JSC		5997	6000
Shargunkumir JSC		488	500
TOTAL for the company without joint-stock companies	64474	74055	75120

The company takes measures to optimize the number of managerial personnel.

4433 new jobs were created, including jobs in accordance with the investment program - 1,873 jobs, according to the localization program - 73 jobs, according to the industry development program - 2,287 jobs, home work -300;

15.3. Social sphere

The stable operation of railway transport and the well-being of its employees are largely interrelated, and therefore the company constantly takes measures to provide employees with high-quality medical services in order to raise the standard of living and for social protection of workers.

Company employees are provided with free medical care. In the structure of society there are: an institute, 3 colleges and 16 medical institutions, a sanatorium-preventorium, 9 centers of sanitary and epidemiological supervision, which are maintained at the expense of the company.

In 2018, the company allocated UZS 197 billion for the development of the social sphere, UZS 240 billion or 121.8% of the 2018 report will be allocated in 2019, including UZS 135 billion to healthcare facilities, UZS 105 billion to educational institutions.

The health care system is designed to provide qualified medical care and prevention to employees of the company.

16. INVESTMENT PROGRAM

The investment program of UTY JSC for 2019 has been developed in accordance with the following principles and policies:

The total amount of capital investments takes into account the availability of sources of financing and financial resources of UTY JSC.

Investments are made to ensure uninterrupted operation, improve operations and increase profitability of UTY JSC.

The predicted investments should be technically, financially and economically substantiated for each project to have a financial recoupment and economic return.

The total amount of expenditures on investments for the planned period is 506.83 million US dollars.

Significant funds are planned to be allocated on the electrification of the Pap-Namangan-Andijan railway section, construction of the annular overground metro line in the city of Tashkent, construction of the second stage of the Yunusabad line of the Tashkent metro, and modernization of Shargunkumir JSC with bringing the design capacity to 900 thousand tons of coal per year.

Table 16. Investments with project splitting for 2019

Project	Amount of investments (eq. Million USD)	Percent of the total amount, %
New construction	206,43	41
Modernization and reconstruction	183,45	36
Other directions	116,95	23
Total	506,83	100

Financing of investment projects for 2019 will be carried out primarily from own sources, as shown in Table 17.

Table 17. Sources of investments

Source of investments	Amount of investments (mln.UZS)	Amount of investments (Eq. million USD)	Percent of the total amount, %
Own funds	1 518 734	182,98	36
UzRDF loans		107,67	21
International sources		72,90	14
State budget	572 700	69,00	14
Loans from commercial banks	243 024	29,28	6
Direct foreign investments		45,00	9
Total		506,83	100

Investment program of UTY JSC for 2019

№	Proponents and projects	Design capacity	Implementation period	Foreign partner/lender	Total project value	Expected balance as of 01.01.2019.	Forecast of assimilation for 2019 (million UZS)	Forecast of assimilation for 2019 (eq. mln. USD Exchange rate=UZS 8300)	Grounds for inclusion into the project
	Uzbekistan Temir Yullari JSC				3 724,86	1 484,28		506,83	
	own funds				1 395,38	434,36	1 518 734	182,98	
	UzRDF				586,39	266,59		107,67	
	direct foreign investments				183,00	155,30		45,00	
	Foreign investments against State guarantee				894,28	305,46		72,90	
	Loans of commercial banks				79,73	50,00	243 024	29,28	
	Budget funds				586,08	272,57	572 700	69,00	
1	Electrification of the Pap-Namangan-Andijan railway section	145,1 км	2017-2021 гг.	ADB	160,14	97,82		40,71	Resolution of the President of the Republic of Uzbekistan №PP-3336 dated 17.10.2017.
	own funds				80,14	45,82	97 193	11,71	
	Foreign investments against State guarantee				80,00	52,00		29,00	
2	Construction of the ring overhead metro line in Tashkent	54,8 км	2017-2021 гг.	Eximbank (PRC)	422,23	380,63		101,54	Resolution of the President of the Republic of Uzbekistan №PP-2979 dated 19.05.2017. Decree of the President of the Republic of Uzbekistan №UP-5447 dated 24.05.2018.
	Budget funds				221,73	180,13	344 782	41,54	
	UzRDF				140,00	140,00		50,00	
	Foreign investments against State guarantee				60,50	60,50		10,00	

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3	Construction of the second phase of the Yunusabad line of Tashkent metro	2,9 km	2017-2019.		103,82	47,78		32,57	Resolution of the President of the Republic of Uzbekistan №PP-2653 dated 07.11.2016.
	State budget				51,02	33,28	149 981	18,07	
	Funds of the UzRDF				52,80	14,50		14,50	
4	Construction of the Sergeli line of the Tashkent metro, including:	6,9 km	2017-2020		91,61	48,91		9,19	Resolution of the President of the Republic of Uzbekistan №PP-2664 dated 29.11.2016.
	state budget				56,51	42,82	49 966	6,02	
	UzRDF				35,10	6,09		3,17	
5	Construction of Navruz park in Tashkent	facility	2017-2019	Selena LLC	14,80	5,86		5,86	Resolution of the President of the Republic of Uzbekistan №ПП-3174 dated 07.08.2017.
	own funds				14,80	5,86	48 638	5,86	
	direct foreign investments				7,00				
6	Construction of the electrified railway line Angren-Pap with the electrification of the Pap-Kokand-Andijan section	facility	2013-2019	IBRD, Eximbank PRC	1 461,14	106,74		9,61	Resolution of the President of the Republic of Uzbekistan №PP-1985 dated 18.06.2013. Resolution of the President of the Republic of Uzbekistan №PP-2362 dated 26.06.2015. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan №PKM-296 dated 24.12.2013.
	state budget				200,25				
	own funds				473,40	86,17	63 163	7,61	
	Foreign loans against State guarantee				545,00	20,57		2,00	
	UzRDF				242,49				

7	Modernization of the Andijan-Savay-Khanabad railway section with the organization of suburban train traffic	65 km	2017-2019		18,02	16,64		12,22	Decree of the President of the Republic of Uzbekistan №R-5364 dated 11.09.2018.
	own funds				11,85	11,43	81 423	9,81	
	Budget funds				6,17	4,93	20 000	2,41	
8	Modernization of Shargunkumir JSC with bringing the design capacity to 900 thousand tons of coal per year	900 thousand tons of coal per year	2017-2020	Eximbank PRC	105,51	63,37		31,37	Resolution of the President of the Republic of Uzbekistan №PP-3054 dated 13.06.2017. Resolution of the President of the Republic of Uzbekistan №PP-2727 dated 13.01.2017.
	own funds				11,00	9,98	37 101	4,47	
	Foreign loans guaranteed by the Republic of Uzbekistan				89,78	53,39		26,90	
	Loans of commercial banks				4,73				
9	Construction of "Angrenskaya" mine	4 mln. tons of coal per year	2017-2021	Eximbank PRC	165,00	163,70		6,95	Resolution of the President of the Republic of Uzbekistan №PP-3054 dated 13.06.2017.
	own funds				25,00	23,70	16 185	1,95	
	Foreign loans guaranteed by the Republic of Uzbekistan				119,00	119,00		5,00	
	UzRDF				21,00	21,00			
10	Railway rehabilitation	960 km	2015-2019		270,20	86,83	293 571	35,37	Resolution of the President of the Republic of Uzbekistan №PP-2313 dated 06.03.2015.

11	Locomotive restoration	164 units of locomotives	2015-2019		66,10	10,06	83 498	10,06	Decree of the President of the Republic of Uzbekistan №UP-4707 dated 04.03.2015
12	Restoration with the extension of the service life, modernization and re-equipment of freight wagons	7281 units	2015-2019		10,19	16,24	84 079	10,13	Decree of the President of the Republic of Uzbekistan №UP-4707 dated 04.03.2015.
13	Construction of freight wagons	4350 units	2015-2019		353,20	123,47	599 426	72,22	Decree of the President of the Republic of Uzbekistan №UP-4707 dated 04.03.2015.
14	Updating the fleet of passenger cars	82 units	2015-2019		43,80	4,27	34 611	4,17	Decree of the President of the Republic of Uzbekistan №UP-4707 dated 04.03.2015.
15	Acquisition of equipment and technology for company divisions		2015-2019		30,70	8,11	65 653	7,91	Resolution of the President of the Republic of Uzbekistan №PP-2313 dated 06.03.2015.
16	Development of the Baysun coal deposit with production of up to 50.0 thousand tons of coal per year	50 thousand tons of coal per year	2018-2019		5,00	1,71	14 193	1,71	Minutes of the President of the Republic of Uzbekistan №1358-XX dated 27.01.2018.
17	Construction of a multidisciplinary clinic in Tashkent	object	2017-2020	UGMK Holding LLC	150,00	135,00		30,00	Resolution of the President of the Republic of Uzbekistan №PP-3874 dated 19.07.2018.
	direct investments				150,00	135,00		30,00	
18	Organization of production of high-quality alcohol products	12,7 mln. pcs.	2017-2020	Selena LLC	26,00	20,30		15,00	Resolution of the President of the Republic of Uzbekistan №PP-3874 dated 19.07.2018.
	direct investments				26,00	20,30		15,00	
19	Construction of a modern airport complex for civilian (business) aviation based on the Tashkent-Vostochny	object	2018-2020		140,00	115,00		49,28	Resolutions of the President of the Republic of Uzbekistan №PP-3104 dated 30.06.2017 and №PP-3456

	airfield (stage 1)								
	Loans of commercial banks				75,00	50,00	243 024	29,28	
	UzRDF				65,00	65,00		20,00	
20	Acquisition of rolling stock for the Tashkent metro	5 rolling stocks	2018-2020.		30,00	20,00		20,00	Minutes of the President of the Republic of Uzbekistan №13206-XX dated 02.08.2018.
	UzRDF				30,00	20,00		20,00	
21	Modernization of metro wagons with the extension of their service life for 15 years	96 units.	2016-2019.		50,40	11,41		0,96	Resolution of the Cabinet of Ministers of the Republic of Uzbekistan №PKM-24 dated 03.02.2016.
	Budget funds				50,40	11,41	8 000	0,96	

Priority investment projects for 2019 are:

- “Electrification of the Pap-Namangan-Andijan railway section” and “Modernization of the Andijan-Savai-Khanabad railway section with the organization of suburb traffics of trains”, which implementation will allow reducing the operating costs of power resources, repair and maintenance of technical equipment, increasing railway line traffic capacity, reducing the negative impact on the environment.

- “Construction of the second stage of the Yunusabad line of the Tashkent metro”, “Construction of the Sergeli line of the Tashkent metro”, “Construction of the ring overhead metro line in the city of Tashkent”, which implementation will allow developing the road and transport infrastructure of the city of Tashkent, reducing passenger traffic by vehicles, which will allow improving environmental situation in the city.

- rehabilitation of railway tracks, which will allow ensuring the safety of train traffic, reducing operating costs and improving the quality of services provided.

- construction, purchase, modernization and restoration of the rolling stock, contributing to the renewal and improvement of the company's rolling stock, reduction of operating costs, ensuring train traffic safety and improving the quality of services provided.

- in 2019, it is envisaged to carry out repair and rehabilitation of 26 locomotives, 1994 freight cars, construction of 1200 freight cars and 15 passenger cars, as well as rehabilitation of 180 km of railway tracks.

- in 2019, the commissioning of 4 projects is foreseen:

- Construction of Navruz park in Tashkent;

Construction of the second stage of the Yunusabad line of the Tashkent Metro;

Modernization of the Andijan-Savay-Khanabad railway section;

Development of the Baysun coal deposit with mining of up to 50.0 thousand tons of coal per year (stage 1).

17. CONTRACTING

The contracting activities of the company are to perform construction and installation work under the contracts concluded with the general contractor. The general contractor from the company is the Capital Construction Directorate, which concludes contracts, as a rule, with the contractors performing general construction (main) works. To perform specialized work (drilling and blasting, etc.), the general contractor engages relevant subcontractors.

In accordance with Decrees of the President of the Republic of Uzbekistan No. PP-3104, dated June 30, 2017, "On measures to implement the project of "Construction of a modern airport complex of civilian (business) aviation based on the Tashkent-Vostochny airfield" and No. PP-3456, dated January 3, 2018, "On additional measures to accelerate the implementation of the project of "Construction of a modern airport complex of civilian (business) aviation based on the Tashkent-Vostochny airfield", Uzbekistan Temir Yullari JSC conducts the implementation of the project of "Construction of a modern airport complex of civilian (business) aviation based on the Tashkent-Vostochny airfield".

The terms of reference for the development of the project FS have been developed and approved by the ONTS protocol No. 10 of April 16, 2017. The construction period is adopted for the interval of 2018-2020.

The project provides:

- arrangement of artificial runway with an elongation of up to 4.0 km;
- an apron for passenger aircrafts with parking for 20 aircrafts with taxiways;
- building for serving top officials and government delegations of the Republic of Uzbekistan and foreign countries;
- business service buildings with a capacity of 250 passengers per hour;
- checkpoint;
- guard duty buildings;
- buildings of flight support services (briefing, medical control, meteorological consultation);
- buildings for "catering" service with a dining room for 100 seats;
- an administrative building with a checkpoint;
- building for services providing operation of the airfield;
- transformer substation;
- hangar for parking and maintenance of "Boeing-787", "A-320" aircrafts and two MI-8 helicopters;
- fire station;
- light-signal equipment and radio equipment of the airfield of III category (modernization);
- III category meteorological equipment;
- cargo terminal for 50 tons of cargoes per day;

- parking of the cargo terminal for heavy Boeing-747-8 aircrafts;
- buildings for a battalion for 350 airfield security personnel;
- parking for the Ministry of Defense and TMZ JSC aircrafts;
- reconstruction of the FL warehouse from the fuel station;
- parking for cars.
- perimeter fencing, including: reinforced concrete with a helix of 3.0 meters height, a metal tracery of 4.0 meters height and metal mesh fencing with a height of 4.0 meters.

In accordance with Decree of the President of the Republic of Uzbekistan No. PP-2979, dated 19.05.17, "On measures to implement the project of "Construction of an electrified high-speed double-track ring railway in the city of Tashkent", a preliminary feasibility study (PFS) of the project is being developed.

The construction period is adopted for the interval of 2017-2021. The project provides for the transportation of more than 150.0 thousand passengers per day, for which up to 10 electric trains with the average traffic interval of 10 minutes will run in a ring mode in opposite directions of the double-track ring railway. Subject to implementing the full capacity of the rolling stock, the organized mode of running will be able to transport up to 500.0 thousand passengers per day.

In 2019, Uzbekistan Temir Yullari JSC will carry out the construction of the following infrastructure facilities:

- In accordance with Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 269 dated 17.09.2015 "On additional measures to implement the project of "Construction of a new electrified Angren-Pap railway line with the electrification of the Pap-Kokand-Andijan section" with a length of 186 km, with the inclusion of specified works into the project of "Construction of the electrified Angren-Pap railway" - 84,0 million US dollars;
 - "Electrification of the Andijan-Savai-Khanabad railway section" - 9.81 million US dollars;
 - "Electrification of the Pap-Namangan-Andijan railway line" - 11.71 million US dollars;
- Rehabilitation of railway lines - 35.37 million US dollars.

18. FINANCIAL ANALYSIS

Table 17. Profit and loss report

	Expected for 2018	Billion UZS	Forecast for 2019	Billion UZS
10	Income	7 426	Income	8021
20	From transportation (30+40)	5 783	From transportation	6 190
30	Including cargo transportation	5 393	Including cargo transportation	5 751
40	From passenger transportation	390	From passenger transportation	439
50	Operating expenses		Operating expenses	
60	Production costs	3 920	Production costs	4 523
70	Period expenses	671	Period expenses	710
80	Depreciation	1 149	Depreciation	1 599
90	Social expenses	197	Social expenses	240
100	Total (60+70+80+90)	5 937	Total	7 072
110	Income from financial activities		Income from financial activities	
120	Expenses on financial activities	508	Expenses on financial activities	508
130	Income from general business activities before tax payment (10-100 + 110-120)	981	Income from general business activities before tax payment	441
140	Income tax	108	Income tax	28
	Infrastructure tax			
150	Income from general business activities after tax payment	873	Income from general business activities after tax payment	413

The reports reflect only the main activities of the company and have been compiled in accordance with national accounting standards.

For 2019, revenue growth is foreseen, taking into account the implementation of the scope of work in the amount of UZS 595.1 billion, including UZS 406.5 billion from transportation.

Production costs are foreseen taking into account the growth of 15.4%, including 30% average wage fund growth, the growth of material costs by 22.6% (fuel and energy costs according to Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 897 dated 01.11.2018).

Depreciation with the introduction of electrification (adoption of fixed assets) and revaluation of fixed assets will increase by 39.2%.

The forecast of period expenses is taken with a slight increase of 3.6%.

According to preliminary data, the costs of maintaining the social sphere are based on the growth of the wage fund, the rise in prices for material costs, medicines and food, as well as the repair fund.

The result of financial activities in the forecast is provided on the basis of the financial report for the 9 months of 2018.

The business plan forecast in 2018 in the item “Other taxes and charges on profits” provided for an infrastructure tax of 8%, which from January 1, 2018 was combined into a single income tax of 14%.

In accordance with Decree of the President of the Republic of Uzbekistan No. UP-4707, dated March 4, 2015, “On the program of measures to ensure structural reforms, modernization and diversification of production for 2015-2019”, Resolutions of the President of the Republic of Uzbekistan No. PP-1623, dated October 04, 2011, “On the program of priority measures to expand production and master new types of competitive products”, No. PP-2313, dated March 6, 2015, “On the program of development and modernization of engineering and communication, road and transport infrastructure”, as well as a number of other government decisions, the expected profit of the company is planned to be allocated for the implementation of the most important projects for modernization, technical and technological re-equipment of production facilities, and renewal of the rolling stock.

Given the necessity to finance large investment projects, the company takes all the measures to reduce overdue receivables and prevent them in the future. For this purpose, a working commission has been set up at the company to conduct monitoring and take appropriate measures to pay off payables and get receivables, and control has been established over the timely payment of taxes and mandatory deductions according to the schedule. A set of measures to reduce receivables and payables for 2019 is given in Appendix No. 3.

The forecast parameters of income and expenditures in terms of quarters are shown in Appendix No. 2.

In pursuance of Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 207, dated July 28, 2015, “On the implementation of criteria for evaluating the performance of joint stock companies and other business entities with a state share”, key and additional key performance indicators were developed for UTY JSC (Appendix 5, 6).

19.SPONSOR ASSISTANCE

UTY JSC conducts charitable activities in the following main areas: healthcare, culture, sports, education, preservation of historical monuments, care for veterans, etc.

The social policy of the company is based on the following basic principles: targeting of the assistance provided, systematic nature of the methodology, openness in making and executing decisions, and a report on the targeted use of funds.

Appendix 2 named “Forecast parameters about incomes and expenses of Uzbekistan Temir Yullari JSC for 2019” reflects the reporting and projected expenditures allocated for charitable and sponsorship assistance. In 2018, it was projected to channel funds for charity and sponsorship in the amount of UZS 65.0 billion. Sponsorship assistance is carried out according to estimates of the costs of maintaining a boxing federation, a football club, as well as protocol instructions of the Cabinet of Ministers of the Republic of Uzbekistan. During the year, the amount of sponsorship may be adjusted.

In 2018, pursuant to Decree of the President of the Republic of Uzbekistan No. P-5155, dated December 28, 2017, “Year of support for active entrepreneurship and innovative ideas and technologies”, at UTY JSC an order was issued and a sectoral

program was developed that would drastically improve the quality and effectiveness of the ongoing democratization process and ensure the rights, freedoms and interests of railway employees.

In 2018, UTY JSC organized a visit of the medical and sanitary train named “Salomatlik” for regular in-depth medical examinations of railway employees and their family members living in remote areas of the republic with unfavorable environmental conditions. In 2018, the train made a number of trips, one of which was together with the Soglom Avlod Uchun Charity Foundation. The results of the visit were as follows: 16,599 people were examined and consulted, of them 2,275 were women, 1,161 children, 955 pensioners, and 171 disabled people. Chest photofluorograms were made for 2,014 people, ECG for 1,994 people, all types of tests were made for 4,704 people, an ultrasound scan for 3,965 people. Expenses of the train amounted to UZS 183.6 million.

Considering the importance of the country's social security and health care policy, further development and improvement of the system of medical and social assistance to pensioners, the disabled, lonely aged and other vulnerable categories of the population aimed at ensuring their full-fledged activity, in 2019 Uzbekistan Temir Yullari is planning to allocated for charity about UZS 40.0 billion, but not more than 10 percent of net profits, in accordance with Article 5 of the Law of the Republic of Uzbekistan “On Charity”.

20.SWOT-ANALYSIS

Strengths, Weaknesses, Opportunities and Threats

The analysis of strengths, weaknesses, opportunities and threats (SWOT analysis) focuses the strategy on key issues. The goal is: (i) to strengthen the strengths; (ii) to eliminate/minimize weaknesses; (iii) development of opportunities; and (iv) countering threats.

Table 18. **Local railway network**

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Reserve capacities in the system. 2. Good network coverage. 3. Experienced leadership. 	<ol style="list-style-type: none"> 1. Loss of energy due to the fragmentation of the Central Asian railways and competitive development of new lines.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Improving the efficiency of operation through investment in new roads in the region. 	<ol style="list-style-type: none"> 1. Sharp price increases for main imported materials and spare parts.

Table 19. **International railway corridors**

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Access to the extensive railway network of CIS countries. 2. A network of corridors becomes more integrated on the territory of Uzbekistan, thereby reducing costs and delays when passing the borders. 3. Improving the infrastructure of domestic rail traffic will have a positive effect on international corridors. 	<ol style="list-style-type: none"> 1. The CIS railway network was designed to serve the needs of the former USSR, which caused problems after the adoption of independence. 2. Infrastructure problems and restrictions in neighboring countries. 3. The necessity to change the gauge to reach key markets.
Opportunities	Threats
<ol style="list-style-type: none"> 1. The Angren-Pap line should attract international carriages. 2. Communication with China through the Kyrgyz Republic will generate transit/international transportation. 	<ol style="list-style-type: none"> 1. Infrastructure deterioration in the networks of neighboring countries, leading to even greater speed limits. 2. Lack of funding for the construction of railway lines from Kyrgyzstan to China due to the high cost of the project.

Table 20. **Domestic railway transportation**

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Reserve capacity for new traffic. 2. Good communication with major consignors and consignees. 	<ol style="list-style-type: none"> 1. Domestic freight rates are controlled by the Ministry of Finance. 2. Wagon facilities need modernization..
Opportunities	Threats
<ol style="list-style-type: none"> 1. Convenient location for the development of transit traffic. 2. Major investment in the construction of new lines in the region will increase the railway freight transportation market. 	<ol style="list-style-type: none"> 1. Increasing internal competition from the road freight transportation industry. 2. The road reconstruction program will improve road transport operations. 3. The development of local vehicle companies and the renewal of the fleet of vehicles will increase competition.

Table 21. **Passenger railway transportation**

Strengths	Weaknesses
<p>1. Certain reserve capacity for new services.</p> <p>2. Good coverage in the regions of the republic.</p>	<p>1. Domestic passenger transportation tariffs are controlled by the Ministry of Finance.</p> <p>2. Wagon facilities need modernization..</p> <p>3. Limited concentration of marketing research.</p>
Opportunities	Threats
<p>1. Conclusion of contracts with tourist organizations.</p>	<p>1. Loss of passenger traffic in favor of private car/air transport services.</p> <p>2. The program of reconstruction of highways and rolling stock will improve the implementation of intercity bus carriages.</p>

Table 22. **International railway cargo transportation**

Strengths	Weaknesses
<p>1. Access to an extensive railway network throughout the CIS.</p> <p>2. High competitiveness for transportation over long distances, especially for the transport of low-value goods.</p> <p>3. Wagon tracking system for locating cargo at any time.</p> <p>4. UTY JSC is an experienced operator.</p>	<p>1. Unsatisfactory service levels for value-added transportation.</p> <p>2. Service levels mainly depend on the activities of railways in other countries.</p>
Opportunities	Threats
<p>1. The growth of trade relations with China and East Asia favors railway transports.</p> <p>2. Potential growth in Afghanistan as an export/transit market.</p> <p>3. The potential of intermodal services for the maintenance of value-added transportation.</p>	<p>1. The increase in traffic carried at a high rate, at the expense of raw materials.</p> <p>2. Lack of investment in the CIS railway system, leading to a longer, less reliable transportation time.</p>

Table 23. **Intermodal services**

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Lower transport costs on major routes compared to road transport. 2. Comparable transportation time if route trains are introduced. 3. A considerable potential for expansion. 4. Reducing congestion at road border crossings. 	<ol style="list-style-type: none"> 1. Problems with maintenance and reliability make intermodal transport less attractive than automobile transport, if cost is not the main issue. 2. Most of the problems are external, and therefore difficult to resolve. 3. Lack of use of through and combined bills of lading. 4. Unimodal nature of the transport and forwarding industry.
Opportunities	Threats
<ol style="list-style-type: none"> 1. The development of door-to-door services, thus reducing overall transportation costs. 2. Financial benefits to developing Uzbek producers of export goods. 	<ol style="list-style-type: none"> 1. Shipping Companies, freight forwarders and railways do not support the concept. 2. Too many objects without the necessary critical mass to ensure viability.

BUSINESS PLAN 2019 Annex No.1

EXECUTIVE BODY STRUCTURE OF UZBEKISTON TEMIR YULLARI

BOARD CHAIRMAN

First Deputy Chairman	Chief Manager - Chief Engineer	Deputy Chairman	Deputy Chairman	Deputy Chairman	Deputy Chairman	Deputy Chairman - Manager "Toshkent metro" UE	Chairman Advisor
Economic Analysis and Forecast Department – 15 units	Department of Labor Protection, Technical and Industrial Safety 3 units.	Transportation Management Department 10 units	Investment attraction and Investment Projects Implementation Department 10 units.	Directorate of the Construction Facility for Development of "Tebinbulak" Deposit	Special Service Department 7 units	"TASHKENT Metropolitan" UE	Chairman Advisor 1 Legal Department 5
Financial Department 16	Department for Organization and Control of Industrial Activity; Strategic Development Department;	Paramilitary Security Services Department Information-Computing Centre Logistics, Freight and Commercial Work Department;	Department of Agriculture Capital Construction Department Specialized Directorate Specialized Mechanized Track Station	"Uzbekugol" JSC "Shargunkumir" JSC "Pap Logistics Center" UE "Agroindustrial complex" Sardoba UE	Personnel management and training Department 8 units		Administrative Office 3
"UZJELDORRASCHET" Centre	Railway equipment, machines and mechanisms Department; Locomotives Operation Department; Track Facilities Department; Signaling and Communication Department;	Unified Dispatch Center; Technical and Technological Control Department; Statistics and Accounting Department;	Department for Operation And Development of Sardoba Reservoir Facilities		International Cooperation and Foreign Economic Relations Department 6 units	Samarkand Vocational College of Railway Transport Kokand Vocational College of Railway Transport	UTY JSC Representative At OSJD 1 unit
"Plant for Repair of Excavators and Tracked Vehicles" Unitary Enterprise; "UZJELDORREMMASH" UE; "Foundry-Mechanical Plant " DE; "Andijan Mechanical Plant" DE; "Rail Welding Train No. 14" UE; "Tashkent Plant for Construction and Repair of Passenger Cars" UE; "Uzvagontamir" JSC; "Granit" JSC; "Eyvalek Machsus Tem Beton" JSC; "Tashkent Mechanical Plant" JSC	Power Supply Department; Nodal Division Signaling and Communication Department "Temiryulenilgita'min" Department; "Uzbekistan" Locomotive Depot	Service Center for "Afrasiob" High-Speed Electric Trains; Militarized Security Department; Information and Computing Center	"Energomontaj Train No.1" UE "Specialized Construction and Assembly Train – 406" UE "Uztemiryulkurilish-Montaj" UE "Trust" Kuprik Qurilish " UE Ugam-Chatkal Reserve UE; "Termez mahsus" kurilish " UE	Information Security and Information Development Department Information, Public Relations, and Branch Newspaper Department "Lokomotiv" Central Physical Culture and Sports Club with branches at the stations	Medical Service with Medical Institutions at Stations Central Sanitary-Epidemiological Station with Branches at the Stations Road Anti-Plague Station "Nazarbek" Sanatorium	UTY JSC Representative In Moscow 1 unit	
		Uzbekzheldorekspeditsiya " UE; "RRJ-Tashkent" UE "RRJ-Kokand" UE "RRJ-Bukhara" UE "RRJ-Kungrad" UE "RRJ-Karshi" UE "RRJ-Termez" UE "Uztemiryulyulovchi" JSC "Yulrefrans" JSC Uztemiryulkonteyner JSC »		Tashkent Institute of Railway Engineers Tashkent Professional College of Railway Transport	Corporate Relationship Management Board of Management Department		

- Central Board

- Department without separate legal identity

Maximum number of management staff – 94 units

BUSINESS PLAN 2019 Annex No.2

Forecast of financial parameters of Uzbekistan Temir Yollari JSC for 2019

Indicator Name	Unit of measure	Year			Including								
		Forecast 2018	Expected 2018	Forecast 2019	Quarter 1			Half a year			9 months		
					Forecast 2018	Expected 2018	Forecast 2019	Forecast 2018	Expected 2018	Forecast 2019	Forecast 2018	Expected 2018	Forecast 2019
Revenue (total revenues)	bln.UZS	5926	7426	8021	1422	2061	1963	2907	3665	3807	4216	5450	5724
including from transportations from auxiliary	bln.UZS	5031	5783	6190	1211	1607	1523	2474	2897	3066	3758	4228	4614
Ancillary Activities	bln.UZS	895	1643	1831	211	454	480	433	768	741	458	1222	1110
Operating expenses	bln.UZS	4845	5937	7072	1001	1395	1579	2123	2706	3167	3257	4249	5042
Production costs	bln.UZS	3168	3920	4523	639	919	991	1356	1744	2001	2062	2739	3249
Period expenses	bln.UZS	658	671	710	132	178	164	295	348	297	465	561	461
Depreciation	bln.UZS	884	1149	1159	200	261	364	402	538	749	630	828	1152
Social expenses	bln.UZS	135	197	240	30	37	60	70	76	120	100	121	180
Total	bln.UZS												
Financial expenses	bln.UZS												
Result from financial activities	bln.UZS	-270	-508	-508	-68	-170	-170	-136	-357	-357	-225	-508	-261
Profit before tax	bln.UZS	811	981	441	353	496	214	648	602	283	734	693	421
Income tax	bln.UZS	48	108	28	19	30	21	36	34	31	42	43	34
Other taxes and fees on profits	bln.UZS	60			27			49			55		
Net profit	bln.UZS	703	873	413	307	466	193	563	568	252	637	650	387

Note: the forecast "result from financial activities for 2019" provides for the amount of interest payments and fees for loans received

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**Measures to reduce receivables and payables for 2019
UTY JSC**

No.	Event name	Implementation Period
1	Creation of a Working Committee to reduce accounts receivable and payable under the chairmanship of the first deputy board of the company	January 2019
2	Quarterly hearing on the status of t receivables and payables, the development of specific measures to pay off debts	Quarterly, after the reporting period
3	Act in accordance with Articles 235-244 of the Civil Code of the Republic of Uzbekistan (offsets, schemes and submission of claims, statements of claim)	Monthly
4	Development of interdepartmental debt repayment schedules	Quarterly
5	Conducting seminars among employees of the company to ensure the safety of goods transported, the correctness of charges and fines for railway services rendered	First quarter 2019
6	Conducting seminars on the organization and conduct of contractual work, familiarization with innovations in the legislation of the Republic of Uzbekistan and local regulatory acts of the company.	January-February 2019

Schedule of repayment of foreign loans at JSC Uzbekistan Railways in 2019

No.	Project Name	Loan value	Total	Repayment type	January	February	March	April	May	June	July	August	September	October	November	December	
	For the whole of UTY JSC		49.368	Principal	3,743	0,525	4,460	2,383	4,564	3,068	15,409	0,525	4,676	2,383	4,564	3,068	
			37.764	Interest	7,998	1,159	4,039	0,432	3,549	1,011	8,257	2,423	3,969	0,608	3,488	0,832	
			87.132	Total	11,740	1,684	8,499	2,814	8,113	4,079	23,666	2,948	8,646	2,991	8,052	3,900	
1	Improving railway passenger traffic	6.097 bln. Japanese Yen	2.642	Principal					1,321						1,321		
			0.513	Interest						0.265						0.248	
			3.155	Total						1.586						1.569	
2	Reconstruction of railways	62.61 mln.USD	4.572	Principal			2.230						2.342				
			1.751	Interest			0.912							0.839			
			6.323	Total			3.142							3.181			
3	Modernization of railways	70 mln.USD	4.231	Principal			2.063						2.168				
			1.306	Interest			0.672							0.634			
			5.537	Total			2.735							2.802			
4	Modernization of railways	5 mln.USD	0.333	Principal			0.167						0.167				
			0.025	Interest			0.014							0.011			
			0.359	Total			0.180							0.178			
5	Construction of a new railway Tashguzar – Kumkurgan	16.359 bln. Japanese Yen	4.765	Principal				2.383							2.383		
			0.491	Interest				0.247								0.244	
			5.256	Total				2.630								2.626	
6	Electrification of the railway section Tukumachi-Angren	24.99 Mln.Euro	0.978	Principal						0.489						0.489	
			0.189	Interest							0.095						0.094
			1.167	Total							0.584						0.582
7	Electrification of the railway section Tukumachi-Angren	6.2 mln. Kuwaiti dinar	1.454	Principal					0.727						0.727		
			0.277	Interest						0.144						0.133	
			1.731	Total						0.871						0.860	
8	Renewal of the passenger locomotive fleet of UTY JSC. Purchase of pass. electric locomotives	70.11 mln USD	4.674	Principal	2.337						2.337						
			1.093	Interest	0.564							0.529					
			5.767	Total	2.901								2.866				

9	Purchase of 2 high speed passenger trains TALGO 250	19.0 mln. Euro		Principal												
			0.184	Interest												
			0.184	Total					0.092							0.092
10	Reconstruction of foundry department at "LMZ" Daughter Enterprise	48.798 mln.USD		Principal					0.092						0.092	
			0.789	Interest	0.398					0.391						
			0.789	Total	0.398						0.391					
11	Renewal of the Locomotive Fleet, UTY JSC. Purchase of 11 electric freight locomotives	42.17 mln USD	2.811	Principal	1.406						1.406					
			0.850	Interest	0.436						0.413					
			3.611	Total	1.842							1.819				
12	Electrification of the railway section Marakand-Karshi	100 mln.USD	5.031	Principal				2.516						2.5		
			3.038	Interest					1.541						1.4	
			8.069	Total					4.057							4.0
13	Electrification of the railway section Karshi-Termez	18.067 bln. Japanese Yen		Principal												
			1.661	Interest			0.815					0.846				
			1.661	Total			0.815					0.846				
14	Construction of a new electrified railway Angren-Pap	131 mln USD		Principal												
			2.897	Interest			1.437					1.460				
			2.897	Total			1.437					1.460				
15	Construction of a new electrified railway Angre-Pap	111.49 mln.USD		Principal												
			2.502	Interest	1.261						1.241					
			2.502	Total	1.261						1.241					
16	Construction of a new electrified railway Angren-Pap	350 mln.USD	11.667	Principal							11.667					
			7.984	Interest	4.025						3.959					
			19.561	Total	4.025						15.626					
17	Construction	160 mln.		Principal												

	of a new electrified railway Angren-Pap	USD	2.279	Interest		0.692					1.587					
			2.279	Total		0.692					1.587				БИЗНЕС ПЛАН 2019 год	
18	Renewal of the Locomotive Fleet, UTY JSC. Purchase of 11 electric freight locomotives, Phase 2	42.17 mln. USD		Principal												
			0.962	Interest	0.485					0.477						
			0.962	Total	0.485					0.477						
19	Electrification of the railway section Samarkand-Bukhara with arrangement of high speed passenger train traffic	75 mln. USD	5.159	Principal					2.580						2.580	
			2.199	Interest	0.191	0.172	0.191	0.184	0.191	0.181	0.184	0.184	0.178	0.184	0.178	0.181
			7.358	Total	0,191	0,172	0,191	0,184	0,191	2,761	0,184	0,184	0,178	0,184	0,178	2,760
20	Purchase of 2 high speed passenger trains TALGO 250	19 mln EURO		Principal												
			0.502	Interest					0.250						0.252	
			0.502	Total					0.250						0.252	
21	Construction of a railway Navoiy-Kanimeh-Misken	126.3 mln. USD		Principal												
			2.841	Interest				1.409						1.432		
			2.841	Total				1.409						1.432		
22	Electrification of the railway section Namangan-Andijan	80.0 mln. USD		Principal												
			0.828	Interest		0.231					0.597					
			0.828	Total		0.231					0.597					
23	Construction of a railway Urgench-Khiva	15.8 mln. USD		Principal												
			0.360	Interest					0.180				0.181			
			0.360	Total					0.180				0.181			
24	Construction of a railway Karshi-Kitab	18.92 mln. USD		Principal												
			0.426	Interest					0.212						0.213	
			0.426	Total					0.212						0.213	

LOANS OF "SHARGUNKUMIR" JCS

1	Modernization of JSC "Shargunkumir" with increasing production capacity to 900 tons. tons of coal (UzPSB)	89,78 mln. USD		Principal											
			1,699	Interest	0,637						1,062				
			1,699	Total	0,637						1,062				
2	Modernization of JSC "Shargunkumir" with increasing production capacity to 900 tons. tons of coal (National Bank, Republic of Uzbekistan)	4,725 mln. USD	1,050	Principal		0,525					0,525				
			0,118	Interest		0,063					0,055				
			1,168	Total		0,588					0,580				

БИЗНЕС ПЛАН 2019 год

LIST
Key Performance Indicators (including predicted values and specific weights)
“Uzbekiston Temir Yollari” JSC for 2019.

No.	Indicators	Unit of measure	Standard	For quarter I		First half of the year		For 9 months		In 2019		Notes
				Relative share	Forecast	Relative share	Forecast	Relative share	Forecast	Relative share	Forecast	
1	Earnings before Interest, Taxes and Depreciation (EBITDA)*	Bln.UZS								1.5%	1000.0	
2	Cost to income ratio (CIR - Cost Income Ratio) *	C								2.0%	0.900	
3	Return on Capital Employed (ROCE). Earnings Before Interest and Tx (EBIT) / Capital Employed (Total Assets - Current Liabilities) *)	C								2.0%	0.032	
4	Return on equity (ROE - Return On Equity (Net Income / Shareholder's Equity)) *	C								2.0%	0.060	
5	Shareholder Investment Return (TSR –Total Shareholders Return) *	C										JSC "UTY" is a natural monopoly enterprise
6	Return on assets	C	>0.05	12.0%	0.020	12.0%	0.020	12.0%	0.020	15.0%	0.014	JSC "UTY" is a natural monopoly enterprise
7	Absolute liquidity ratio	C	> 0,2	12,0%	0,140	12,0%	0,140	12,0%	0,140	15,0%	0,120	JSC "UTY" is a natural monopoly enterprise
8	Financial independence ratio	C	> 1	11,0%	6,000	11,0%	7,200	11,0%	8,000	12,0%	6,010	
9	Accounts payable turnover in days	Day		20,0%	85,000	20,0%	85,000	20,0%	90,000	17,0%	90,000	

10	Turnover of accounts receivable in days	Day		20,0%	70,000	20,0%	80,000	20,0%	90,000	17,0%	80,000	
11	Coverage ratio (solvency)	C	> 1,25	25,0%	3,000	25,0%	3,500	25,0%	3,000	16,0%	3,000	
12	Dividend yield (%)									0,5%	0,01	
13	Receivables reduction indicator (in% to the set task)	%		20,0%	70,000	20,0%	80,000	20,0%	90,000	17,0%	80,000	Based on the dynamics of growth in freight and passenger traffic, the annual increase in freight rates, depending on the exchange rate growth relative to the amount, it is not possible to calculate the receivables rate
TOTAL				100%		100%		100%		100%		

* Indexes of financial analysis (specified in paragraphs 1-5), calculated on the basis of financial statements prepared in accordance with international standards, are applied only after transition to the publication of financial statements under IFRS.

LIST
Additional Key Performance Indicators (including forecast values and specific weights)
“Uzbekistan Temir Yollari” JSC in 2019.

No.	Indicators	Unit of measure	Standard	For quarter I		First half of the year		For 9 months		In 2019		Notes
				Relative share	Forecast	Relative share	Forecast	Relative share	Forecast	Relative share	Forecast	
1	Index of depreciation of fixed assets	C	< 0,5	2,7%	0,300	2,7%	0,300	2,7%	0,310	2,1%	0,300	
2	Rate of fixed assets renewal	C								1,2%	0,150	
3	Labor productivity	Thous/UZS per empl.		12,0%	38746,0	12,0%	74490,3	12,0%	113869,7	12,0%	154731,4	
4	Capital productivity	UZS/ 1 UZS of assets value		7,1%	0,120	7,1%	0,230	7,1%	0,380	7,1%	0,600	
5	Capacity utilization rate		< 0,5	2,7%	0,300	2,7%	0,300	2,7%	0,310	2,1%	0,300	Given the specificity of the railway industry, namely, the wide branching of railway lines throughout the country, and specificity of indicators such as carriage and carrying capacity, as well as unevenness of movement of loaded cars in certain sections Railways calculation of the use of production capacity is not possible.
6	Energy efficiency (the share of costs for fuel and energy			10,0%	0,120	10,0%	0,120	10,0%	0,120	10,0%	0,120	

	resources in the structure of production costs)											БИЗНЕС ПЛАН 2019 год
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7	The cost of staff training, per employee	Thous/UZS per empl.		6,0%	3,470	6,0%	10,500	6,0%	10,700	6,8%	13,700	
8	Staff turnover rate	C	< 1	0,8%	1,000	0,8%	1,000	0,8%	1,000	0,8%	1,000	
9	Indicator of the implementation of the investment program in monetary terms	Mln.USD		7,5%	30,000	7,5%	78,000	7,5%	133,000	7,0%	187,490	
10	Indicator of fulfillment of export parameters (in% to monetary volume)	%		2,4%	100,000	2,4%	100,000	2,4%	100,000	1,5%	100,000	
11	Dispatch of cargo (million tons)	Mln.ton		21,5%	18,0	21,5%	38,0	21,5%	58,24	21,5%	78,48	
12	Dispatch of passengers (thousand people)	Thousand persons		30,0%	5,055	30,0%	11,515	30,0%	17,040	30,0%	22,410	
	TOTAL			100,0%		100%		100,0%		100%		

RAILWAY DIAGRAM IN THE REPUBLIC OF UZBEKISTAN



