

**Approved  
by the Supervisory Board of  
JSC "UZENERGOENGINEERING"  
Minutes No. 8  
dated November 26, 2021.  
Chairman of the Supervisory Board  
F.M. Kurbonov**

**Development strategy of JSC  
"UZENERGOENGINEERING" for 2022-2026.**

## **General Provisions**

In order to effectively organize the work of the management bodies of JSC "O'ZENERGOINJINIRING" and comply with the recommendations of the Corporate Governance Code, a long-term development strategy of the Company has been developed.

According to the Corporate Governance Code, approved at the General Meeting of Shareholders in 2016, the strategic objectives of JSC "ZENERGOINJINIRING" are:

- ensuring financial stability;
- increasing labor productivity;
- production of competitive products for residents, as well as its export to non-residents of the Republic of Uzbekistan;
- modernization, technical and technological re-equipment of the material and technical base.

The development strategy of JSC "O'ZENERGOINJINIRING" is a plan according to which the process of achieving production goals is carried out, the implementation of all established plans and wishes for the development of the Company. Thanks to the promotion tools, with the help of the strategy, it becomes possible to adapt the business structure to the environment of market conditions.

Based on the industry specifics, analysis of the competitive environment, ensuring export orientation and implementation of state programs for the development of the energy industry, spheres and regions, in order to determine the development strategy and tasks of the Company for the future, this development strategy of the Company has been developed for a period of 5 years.

### **1 Analysis of the current situation in the development of JSC "O'ZENERGOINJINIRING"**

1.1 JSC "O'ZENERGOINJINIRING" is part of the structure of JSC "National Electric Grids of Uzbekistan", and is one of the leading specialized organizations for the design of power supply and electrification facilities for all consumers located in rural areas, cities and regional centers, including small and medium-sized enterprises, water facilities and communal complexes located on the territory of the Republic of Uzbekistan.

The main activity of the Company is the production of services that meet the requirements of consumers and the satisfaction of their demand for design and survey work in various fields of activity, ensuring the introduction of advanced technologies and scientific achievements into production. Including:

- participation in the development and implementation of the foundations of national and sectoral programs, directive government documents that determine the development of electrical networks of the Republic of Uzbekistan;

- forecasting and optimization of energy balances of sectors of the economy;
- development of issues of strategy for the future development and formation of a system for the distribution of electricity and power supply of the Republic of Uzbekistan.

**JSC "O'ZENERGOINJINIRING" carries out the following activities:**

- design of power lines and substations with a voltage of 0.4-500 kV;
- design of relay protection, system automation, telemechanics, communication facilities and other devices that ensure the normal functioning of electrical networks;
- design of construction and maintenance facilities, residential buildings and social facilities;
- development of normative-methodical and standard documentation;
- information, consulting, engineering and other services according to the profile of the Company;
- carrying out engineering and geodetic surveys and engineering and geological surveys (including drilling);
- performance of consulting and expert work in the field of energy and related branches of industrial production by orders of legal entities and individuals, including foreign ones;
- development of all stages of design documentation (feasibility study, feasibility study, RD, RP, working drawings);
- preparation of tender documents;
- carrying out architectural supervision;
- development and implementation of a design regulatory framework in the field of energy construction;
- adaptation of project documentation on the territory of the Republic of Uzbekistan;
- marketing, commercial and intermediary activities, the provision of paid services to enterprises, organizations and individuals;
- strengthening, development of the material and technical base of the Company;
- carrying out production and economic activities that do not contradict the current legislation and the relevant goals of the Company;
- to carry out foreign economic activity in accordance with the established procedure;
- Carrying out rental activities, leasing of movable and immovable property;
- is competent to engage in other types of activities not prohibited by the current legislation of the Republic of Uzbekistan in order to generate additional profit for the enterprise.

**1.2 Achieved results of JSC "O'ZENERGOINJINIRING":**

In recent years, JSC "ZENERGOINJINIRING" in spite of fierce competition has achieved positive results of activity, as proof of that generalizing indicators of

economic efficiency - profit and profitability, which are, in principle, the main goal of the company and the criterion of production efficiency.

<b>Indicator</b>	<b>2016г.</b>	<b>2017г.</b>	<b>2018г.</b>	<b>2019г.</b>	<b>2020г.</b>	<b>9 months 2021г.</b>
Sales revenue, million soums	12189,5	17811,5	32493,6	35321,2	25060,9	22 408,7
Production cost, million soums	5009,5	9807,2	16194,2	20887,1	16035,8	15 782,2
Period expenses, million soums	3460,5	4711,3	6852,3	8518,7	6590,2	5 088,6
Net profit, million soums	1604,4	4502,7	9282,9	2175,9	2333,4	1 379,0
Product profitability, %	13,2	25,3	27,5	26,0	14,6	8,7

## **2. Forecast of the dynamics of the volume of forthcoming works for 5 years**

Taking into account the forecasts for the development of the electric power industry in general and JSC "National Electric Grids of Uzbekistan" in particular, as well as taking into account the forecasts of an increase in demand for electricity, JSC "O'ZENERGOINJINIRING" has in its plans for the next 5 years to develop steadily and achieve the following indicators :

<b>Indicator</b>	<b>2022г.</b>	<b>2023г.</b>	<b>2024г.</b>	<b>2025г.</b>	<b>2026г.</b>
Sales revenue, million soums	20 125,0	22 750,0	25 375,0	28 000,0	30 625,0
Production cost, million soums	13 181,9	14 901,3	16 620,6	18 340,0	20 059,4
Period expenses, million soums	4 628,8	5 232,5	5 836,3	6 440,0	7 043,8
Net profit, million soums	1974,9	2 231,5	2 488,1	2 744,7	3 001,2
Product profitability, %	15,0	15,0	15,0	15,0	15,0

**3. Main goals and objectives of the Development Strategy of JSC "O'ZENERGOINJINIRING" for the next 5 years and the possibility of achieving them:**

Components business	Goals, strategy
Market	Increase the volume of design and survey work by at least 37% until 2026 by expanding ties in the domestic market, cooperation with JSC National Electric Grids of Uzbekistan, JSC Regional Electric Networks, JSC Thermal Electric Networks, companies engaged in the construction of facilities for key".
	Strengthening marketing activities
Finance	Improve the equity-to-debt ratio.
	Deepening integration relationships with customers, financing organizations, business partners
Production	To improve the quality of work through the widespread use of modern computer programs, the use of the latest equipment during engineering and survey work.
	Achieving a competitive advantage by improving the quality of work and reducing the timing of design and survey work.
People (staff)	Improve the qualifications of workers by organizing training in special courses, internships for specialists.
	Recruiting highly qualified personnel.
Price policy	ntain an affordable and competitive level of cost of work, corresponding to the quality and requirements of buyers (customers)
	Receive a profit by 2026 in the amount of 3,001.2 million soums or an increase of 2.2 times compared to 9 months of 2021.
Achieving a competitive advantage	Improve the quality of work, reduce costs through the widespread use of modern computer programs, the use of the latest equipment in engineering and survey work.

**4. International experience and potential barriers to development of JSC "O'ZENERGOINJINIRING"**

**4.1 International experience in the design of electrical networks.**

Recently, in the design of electrical networks, according to the experience of foreign countries, more and more modern energy-efficient technologies are used, such as lightweight wires and supports of overhead lines with a higher capacity, cable lines 110-500 kV, the use of electrical equipment with less losses of electricity,

construction of digital substations. JSC "O`ZENERGOINJINIRING" is currently mastering the above technologies and is ready to apply them in its projects.

#### **4.2 Potential barriers and risks of JSC "O`ZENERGOINJINIRING"**

Potential barriers in the development of the activities of JSC "O`ZENERGOINJINIRING" today are:

- high competition in the market for design products;
- a high degree of individualization of projects;
- a high probability of the appearance of new, previously not performed work;
- high requirements for the qualifications of personnel, their high cost;
- lack of orders for power grid facilities with a voltage of 0.4-10 kV.

Potential risks in the activities of JSC "O`ZENERGOINJINIRING" today are:

- delay on the part of the customer in the issuance of the necessary initial data for the design;

- insufficient information on the initial data for the project;

- changes in technical solutions, technical conditions, assignments for the development of a working project at the stage of completion of the design, which leads to an increase in the terms of the project;

- untimely receipt by the GUI of approvals and initial data from interested organizations;

- lack of timely financing from the customer for the total amount of the contract;

- the need for systematic technical re-equipment with modern equipment for carrying out survey work;

- loss of information in the event of a computer failure, virus infection;

- shortage of specialists with the required qualifications;

- staff turnover.

#### **5. The main directions of development of JSC O`ZENERGOINJINIRING"**

1 Improving the quality of enterprise management:

1.1 Improvement and improvement of the ISO 9001 quality management system;

1.2 Implementation of corporate governance;

1.3 Training for mid-level management positions.

2 Mastering new types of design work:

2.1 Design of digital substations;

2.2 Design of cable lines 110-220 kV;

2.3 Designing the SCADA system;

2.4 Designing an automated process control system for substations 220-500 kV;

2.5 Designing an SDTU system using FOCL;

2.6 Designing facilities for renewable energy sources.

3. Carrying out technical re-equipment of production

- 3.1 Purchase of additional modern equipment for prospecting parties of the survey department;
- 3.2 Purchase of office and duplicating equipment;
- 3.3 Purchase of a server for data storage;
- 3.4 Purchase of modern copying and binding equipment with automated functions;
- 3.5 Timely purchase of consumables for registration and release of design and estimate documentation;
- 3.6 Purchase of vehicles;
- 3.7 Creation of favorable and comfortable working conditions for personnel.
4. Introduction of advanced applied computer programs in the performance of design and survey work.
5. Obtaining information on catalog data of factories - manufacturers of equipment used in substation projects, as well as obtaining information on software and regulatory documentation.
6. Acceleration of the turnover of information materials for the technical archive, project office and technical library.
7. Increase in the volume of design and survey work, obtaining net profit.
8. Study and implementation of advanced techniques in the field of personnel management.
9. Повышение уровня профессиональных знаний руководителей и специалистов.

**Achievement of the assigned tasks requires the following actions from the staff and management of JSC "O'ZENERGOINJINIRING":**

- mobilize to achieve specific results, positively accept everything new, which will help the further development of the organization;
- young specialists to adopt the rich experience of senior employees of our organization and strive to acquire new knowledge and skills;
- to ensure the fulfillment of all the requirements of legislation, normative and technical documentation, as well as the requirements of the ISO 9001 standard;
- to understand that the ability to achieve the assigned tasks depends on the correct interaction between the divisions of the entire organization;
- continuous tracking and participation in electronic trading.

**At the same time, the management of JSC "O'ZENERGOINJINIRING" should:**

- to provide the employees of the organization with all the necessary resources to fulfill the assigned tasks;
- to create decent social conditions for the work of employees;
- constantly motivate staff for their contribution to the achievement of the set goals and objectives;
- allocate resources for staff development and training;
- annually analyze the functioning of the quality management system and, based on the results of the analysis, constantly increase its efficiency, set new goals and objectives aimed at improving the activity.