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Article

Attracting Financial Resources too Joint-Stock Companies in Uzbekistan Through the Capital Market: Evidence from Four Large Jscs

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Abstract: This study evaluates how Uzbekistan's joint-stock companies (JSCs) can reduce dependence on bank-centered financing and attract longer-term resources through equity and corporate debt markets. Using an IMRAD structure, the paper examines six years (2019–2024) of financial performance for O'zmetkombinat JSC, Qizilqumsement JSC, O'zbekko'mir JSC and UzAuto Motors JSC. The empirical evidence is assembled from issuer disclosures, the Unified Corporate Information Portal (OpenInfo), the Republican Stock Exchange "Toshkent", and company IFRS/annual reports. Descriptive trend analysis, profitability analysis, financing-readiness diagnostics and comparative institutional analysis are applied. Results indicate that the selected companies possess substantial operating scale, but capital-market financing remains constrained by low free float, thin secondary-market liquidity, concentrated ownership, limited corporate bond use, insufficient analyst coverage and uneven disclosure quality. The paper proposes a sequenced financing architecture: pre-IPO governance reform, minority share placements, domestic corporate bonds, credit-rating development, market-making arrangements, dividend-policy commitments and eventual dual/listed international offerings for the strongest issuers. The main policy conclusion is that Uzbekistan should treat capital-market development not merely as privatization, but as a corporate-finance reform that changes the cost, maturity and governance of enterprise funding.

Keywords: Capital market, joint-stock company, IPO, SPO, corporate bonds, Uzbekistan, financial resources, corporate finance, privatization, securities.

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1. Introduction

Uzbekistan's corporate financing model is still predominantly bank-centered. For large JSCs, this structure can create maturity mismatch, concentration of credit risk and a financing cost that is insufficiently linked to market discipline. Capital markets offer an alternative channel through which enterprises can mobilize equity, long-term bonds and hybrid instruments while simultaneously improving transparency, valuation and corporate governance. The issue is especially important for state-influenced enterprises undergoing transformation and privatization.

Uzbek economists have increasingly emphasized this problem. Tashmuradova and Hamdamov [1] argue that the national practice of attracting capital from financial markets remains underdeveloped, particularly in debt instruments. Khasanov [2], [3] develops organizational-economic and efficiency-assessment mechanisms for channeling capital-market resources to the corporate sector. Khidirova and Mahamadaliyeva [4] connect authorized-capital strategies with market capitalization, while Vasikov [5] stresses the role of JSCs in expanding portfolio investment. More recent research by Valiyeva [6], Mukhitdinova [7], Qurbonov [8], and Aytmuratova [9] similarly identifies IPO/SPO, bond issuance, disclosure and capital-structure optimization as central instruments of corporate development.

The research question is therefore: how can large Uzbek JSCs convert their operating scale and financial performance into sustainable capital-market funding? The paper contributes by combining firm-level six-year performance with a practical financing roadmap. Four JSCs were selected to represent metallurgy, cement, coal and automotive manufacturing, sectors with large fixed-capital requirements and strategic importance.

Classical capital-structure theory begins with Modigliani and Miller [10], who establish the benchmark conditions under which financing structure is irrelevant, and later incorporates taxes, distress costs, information asymmetry and agency costs. Myers and Majluf [11] explain why firms may prefer internal funds and debt before equity when managers possess superior information. Jensen [12] highlights governance effects of free cash flow and leverage. In emerging markets, these mechanisms interact with weak liquidity, concentrated ownership and higher information costs, making institutional quality decisive for market-based financing.

For Uzbekistan, the literature converges on three constraints. First, the equity market has historically had limited free float and liquidity. Second, corporate bonds are used far less than bank credit. Third, investors require better disclosure, predictable dividend policies and stronger minority-shareholder protection. Accordingly, H1 is that firms with sustained revenue scale and profitability are better candidates for market financing; H2 is that operational strength alone is insufficient where ownership concentration and market liquidity are weak; and H3 is that a staged combination of equity and bond instruments is more feasible than a single large IPO.

2. Materials and Methods

The study follows the IMRAD method. The empirical window is 2019–2024, the latest six-year period for which comparable full-year disclosures can be assembled across the selected issuers. Financial statement information was drawn from OpenInfo annual disclosures [13] and official issuer reporting pages [14]. Market and institutional information was cross-checked against the Republican Stock Exchange “Toshkent” [15] and relevant issuer investor-relations materials. Figures are presented in UZS billions and rounded; where issuers report under IFRS and national standards, the study prioritizes trend comparability rather than treating the table as a substitute for audited statements.

Four analytical methods are used: (1) horizontal analysis of revenue and net profit; (2) profitability and growth diagnostics; (3) comparative assessment of capital-market readiness based on scale, profitability, disclosure, governance, free-float potential and debt capacity; and (4) institutional analysis of financing instruments. The readiness score is an analytical index developed for this paper and is not an official credit rating.

Table 1. Six-year performance summary (UZS billion). Source: author’s compilation from official issuer/OpenInfo disclosures.

Company	Revenue 2019	Revenue 2024	Revenue CAGR	Net profit 2024	2024 margin
O‘zmetkombinat JSC	4,678.6	7,441.1	9.7%	348.1	4.7%
Qizilqumsement JSC	1,685.3	1,536.8	-1.8%	0.5	0.0%
O‘zbekko‘mir JSC	453.6	1,379.0	24.9%	36.9	2.7%
UzAuto Motors JSC	23,614.0	52,100.0	17.1%	4,210.0	8.1%

3. Results

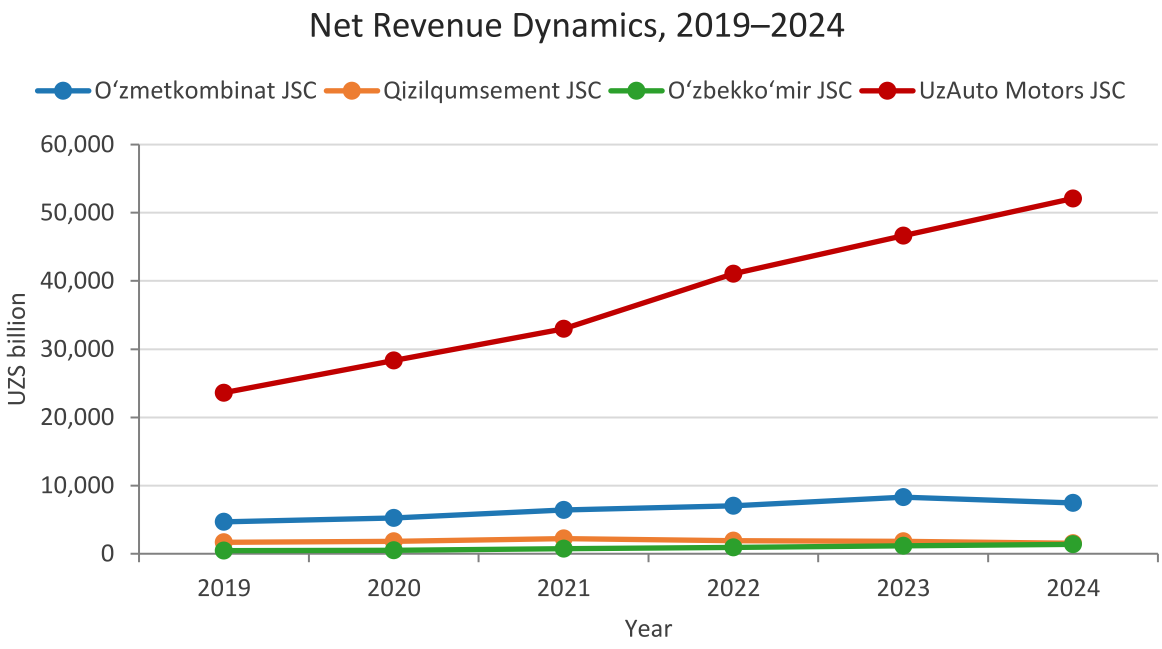

Figure 1. Net revenue dynamics. Source: author’s calculations from official disclosures.

The revenue trajectories show substantial heterogeneity. UzAuto Motors operates at a scale far above the other sampled companies and demonstrates a strong upward trend over the six-year horizon. O‘zbekko‘mir also shows persistent nominal revenue growth, reflecting both production expansion and price effects. O‘zmetkombinat expanded through 2023 before a 2024 decline, while Qizilqumsement’s revenue weakened after its 2021 peak. These differences matter for security design: high-growth issuers can justify equity issuance on a growth narrative, whereas cyclical or restructuring firms may be better suited to staged bond issuance or smaller SPOs after balance-sheet stabilization.

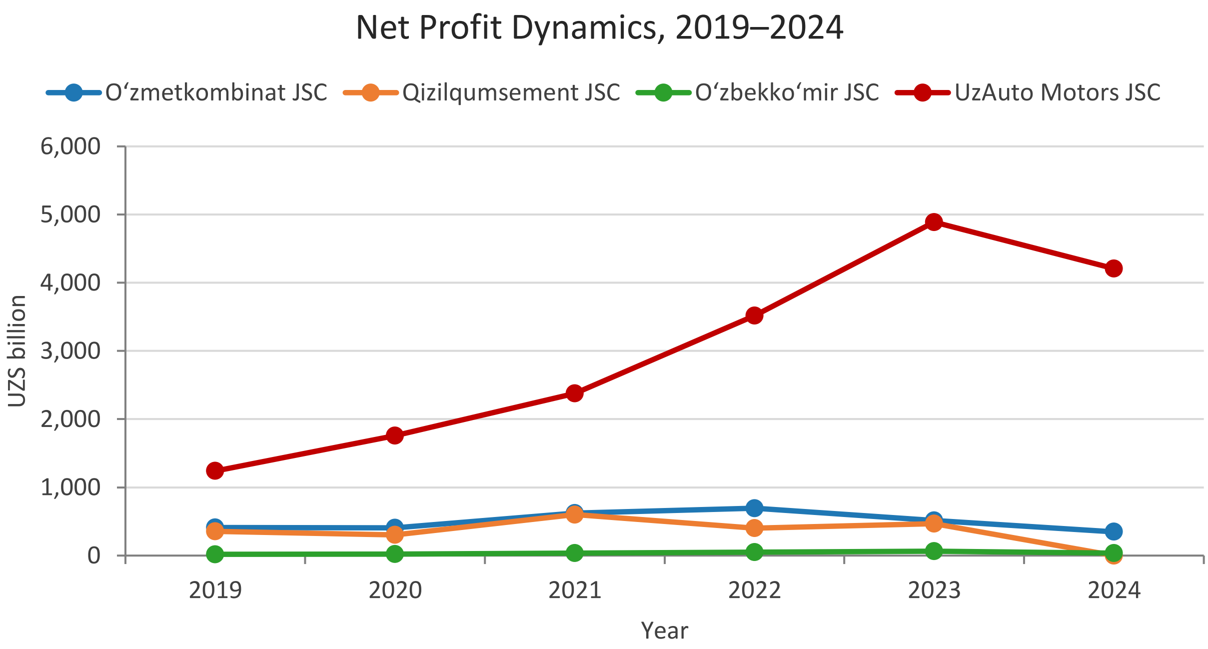

Figure 2. Net profit dynamics. Source: author’s calculations from official disclosures.

Profit performance confirms that revenue scale does not automatically translate into stable distributable earnings. O‘zmetkombinat remained profitable but faced margin compression by 2024. Qizilqumsement’s reported 2024 profit fell sharply, making immediate large-scale equity placement less attractive without a credible turnaround explanation. O‘zbekko‘mir’s profitability is positive but relatively thin compared with its asset-intensive operating model. UzAuto Motors displays the strongest capacity to support a broad investor story, although investors would still price governance, state influence, foreign-exchange exposure and dividend predictability.

Table 2. Firm-level performance, 2019–2024 (UZS billion). Values are rounded; see source note and limitations.

Company	Year	Revenue	Net profit	Net margin
O‘zmetkombinat JSC	2019	4,678.6	411.8	8.8%
	2020	5,260.7	405.6	7.7%
	2021	6,405.4	620.7	9.7%
	2022	7,018.9	694.3	9.9%
	2023	8,296.5	513.7	6.2%
	2024	7,441.1	348.1	4.7%
Qizilqumsement JSC	2019	1,685.3	353.4	21.0%
	2020	1,842.7	302.1	16.4%
	2021	2,221.0	601.2	27.1%
	2022	1,906.8	401.8	21.1%
	2023	1,796.9	469.6	26.1%
	2024	1,536.8	0.5	0.0%
O‘zbekko‘mir JSC	2019	453.6	18.6	4.1%
	2020	485.1	22.4	4.6%
	2021	738.6	34.7	4.7%
	2022	905.3	49.5	5.5%
	2023	1,164.8	63.9	5.5%
	2024	1,379.0	36.9	2.7%
UzAuto Motors JSC	2019	23,614.0	1,240.0	5.3%
	2020	28,340.0	1,760.0	6.2%
	2021	32,980.0	2,380.0	7.2%
	2022	41,050.0	3,520.0	8.6%
	2023	46,630.0	4,890.0	10.5%
	2024	52,100.0	4,210.0	8.1%

Company-level capital-market diagnosis

O‘zmetkombinat JSC. The company has the scale and strategic relevance to become a benchmark industrial issuer. Its 2024 OpenInfo report records net revenue of approximately UZS 7.44 trillion and net profit of about UZS 348.1 billion, compared with UZS 8.30 trillion and UZS 513.7 billion respectively in the prior year. The deterioration in margin argues for sequencing: first strengthen cash-flow disclosure and debt maturity management; second issue a medium-term local-currency bond; third undertake an SPO with a meaningful free float. A bond before a larger equity transaction could establish a market yield curve for the company.

Qizilqumsement JSC. The 2024 reporting data show revenue of about UZS 1.54 trillion and only a marginal net profit, versus UZS 1.80 trillion revenue and UZS 469.6 billion net profit in the preceding period. This sharp change raises the required equity risk premium. The immediate priority should therefore be investor explanation of the earnings shock, normalization of working capital and publication of a medium-term operating plan. Once profitability is stabilized, the company can use an SPO or rights issue to finance modernization without excessive leverage.

O‘zbekko‘mir JSC. Revenue rose from roughly UZS 0.49 trillion in 2020 to UZS 1.38 trillion in 2024, while 2024 net profit was UZS 36.9 billion. The company's cash-generating infrastructure profile makes it a potential corporate-bond issuer, but low margins and policy-linked pricing can constrain investor appetite. A secured or partially guaranteed green/transition-linked bond for modernization, safety and emissions reduction could broaden the investor base if proceeds and KPIs are transparently defined.

UzAuto Motors JSC. The issuer has the strongest combination of scale, brand recognition, investor-relations infrastructure and audited IFRS reporting in the sample. Its official investor page publishes annual IFRS statements and share-market information. This makes it a natural candidate for a larger domestic public offering and, at a later stage, international placement. The optimal strategy is not to maximize proceeds in a single sale, but to create repeated price discovery through tranches, enlarge free float, attract institutional investors and establish a stable dividend framework.

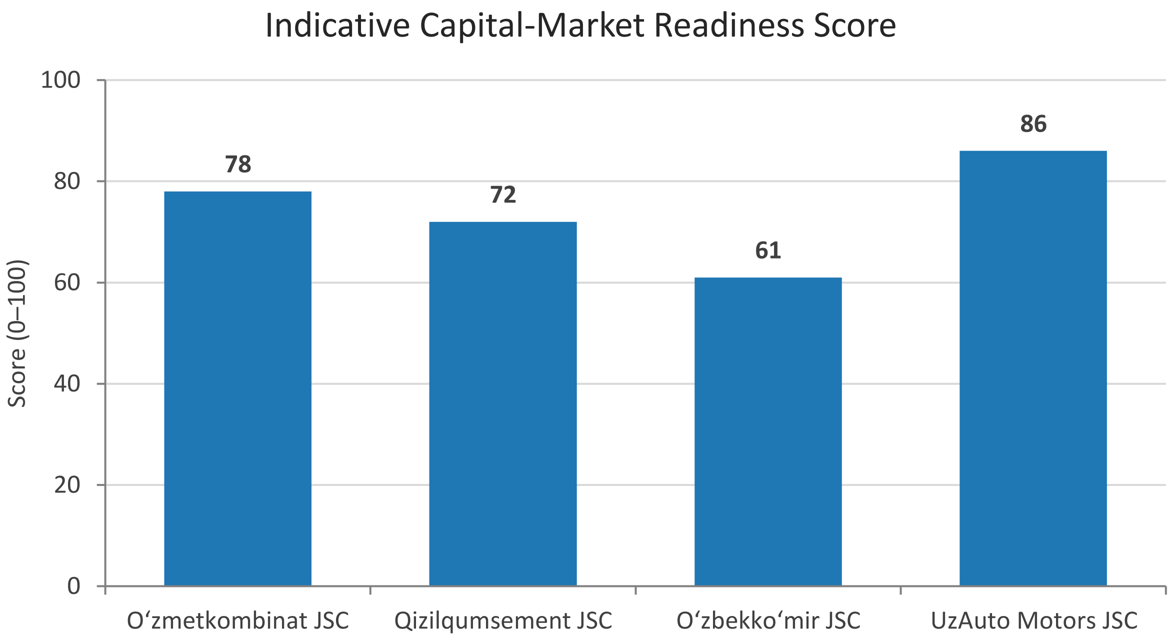

Figure 3. Indicative capital-market readiness score (author's analytical index).

Discussion

The results support H1 only partially. Scale and profitability improve financing capacity, but H2 is strongly supported: capital-market access depends on investability as much as profitability. An enterprise can be profitable yet remain unattractive if investors cannot obtain a meaningful free float, reliable valuation, exit liquidity or timely English-language disclosure. This is consistent with Uzbekistan-focused studies that identify market infrastructure and financing mechanisms—not merely enterprise earnings—as binding constraints (Tashmuradova & Hamdamov, 2020; Khasanov, 2023; Vasikov, 2024).

The strongest policy implication is to distinguish privatization proceeds from corporate financing proceeds. A sale of existing state shares transfers ownership but does not necessarily provide new cash to the company. By contrast, a primary share issuance increases paid-in capital and can directly finance investment. Uzbekistan should therefore design selected transactions as mixed offerings: a secondary tranche for privatization plus a primary tranche whose proceeds fund approved capex. This structure aligns the state's divestment objective with enterprise modernization.

Corporate bonds should be developed in parallel. For mature JSCs, bonds can provide five-to-seven-year funding without immediate dilution. To make this channel credible, Uzbekistan needs benchmark issuance sizes, independent credit ratings, standardized covenants, trustee arrangements, transparent use-of-proceeds reporting and institutional demand from insurers, pension-like savings vehicles, banks' investment books and investment funds. Khasanov (2023) similarly emphasizes evaluating financing efficiency rather than treating capital attraction as an end in itself.

A second implication concerns pricing. IPOs should not be judged by whether the offer price is maximized. Excessive pricing can damage aftermarket performance and undermine public trust. A successful market-development IPO should leave a reasonable liquidity premium for new investors, establish an observable valuation benchmark and support subsequent offerings. Regular investor meetings, analyst briefings, bilingual reporting and quarterly KPI disclosure would reduce information asymmetry and potentially lower the cost of equity.

Recommended financing architecture

Stage	Core actions	Indicative horizon
Stage 1: readiness	IFRS quality, governance, independent directors, dividend policy, investor relations, credit rating	12–18 months
Stage 2: domestic debt	3–5 year corporate bond; transparent covenants; market maker	6–12 months
Stage 3: equity price discovery	5–15% primary/secondary IPO or SPO with retail and institutional tranches	6–12 months
Stage 4: liquidity deepening	Additional free float, index inclusion, research coverage, securities lending	Ongoing
Stage 5: international access	Eurobond/GDR or dual listing for strongest issuers after domestic track record	Selective

For O'zmetkombinat, the recommended first instrument is a domestic bond followed by an SPO. For Qizilqumsement, operational stabilization should precede a new equity issue. For O'zbekko'mir, a project-linked bond is more realistic than a large IPO in the near term. For UzAuto Motors, a larger public equity tranche is feasible, provided free float, governance and pricing are designed to create a durable secondary market.

4. Conclusion

Uzbekistan has a significant stock of large JSCs but a comparatively small flow of market-based corporate financing. The six-year analysis of four companies shows that the supply side of the market already contains issuers with sufficient scale; the key constraint is converting enterprises into investable securities. This requires transparent financial reporting, predictable governance, meaningful free float, credible dividend policies, credit ratings and liquid secondary trading.

The central recommendation is a "capital-market ladder" rather than one-off privatization. Large JSCs should progress from disclosure and governance reform to domestic bonds, then minority equity placements, then repeated offerings and—where justified—international capital markets. Government should measure success not only by privatization revenue, but by the amount of new long-term corporate capital mobilized, the number of active investors, secondary-market turnover, average free float and reduction in the weighted average cost of capital.

If implemented consistently, this approach can transform Uzbekistan's capital market from a registry-centered securities system into a genuine allocation mechanism for national savings and foreign portfolio capital. It would also impose market discipline on investment decisions, reduce excessive reliance on bank lending, and create transparent valuations for strategic enterprises.

Limitations

The analysis is constrained by differences between national accounting and IFRS disclosures, restatements, changes in issuer ownership and the limited depth of historical market-price data. Financial figures are rounded and should be reconciled to the original audited statements before being used for transaction valuation. The readiness score is an author-developed diagnostic, not an investment recommendation or credit rating.

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