

ANALYSIS OF IPO PRACTICES IN OUR COUNTRY

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Abstract

This article examines the distinctive characteristics of Initial Public Offering (IPO) practices in attracting capital from international financial markets, with a focus on organizing effective capital mobilization and efficient utilization. The characteristics of IPO operations, the timeline of Uzbek companies entering IPOs, and the processes involved in utilizing raised capital have been studied. Scientific conclusions and proposals are presented.

Keywords: Securities, capital, IPO, SPO.

Introduction

In recent years, Uzbekistan has defined specific goals and plans for the privatization of state assets, the increased attraction of foreign investments, and the development of the securities market. The Development Strategy for 2022–2026 highlights the following priorities: increasing financial resources within the economy by growing stock market turnover from USD 200 million to USD 7 billion over five years, offering shares of major enterprises and banks through IPO/SPO, and encouraging foreign investor participation. [1]

Since transitioning to a market economy, Uzbekistan has sought to foster economic growth by developing financial markets, attracting investments, and privatizing enterprises. International IPO (Initial Public Offering) practices play a crucial role in this process. Through IPOs, companies can offer their shares to global investors, facilitating not only capital inflow but also transparency, openness, and improved corporate governance.

Materials

Local economist I. Butikov has analyzed the development and economic significance of Uzbekistan's securities market. He asserts that a developed securities market enables efficient capital allocation, risk insurance, and access to global markets. He recommends enhancing market infrastructure and legal frameworks to develop the securities market further. [2]

The listing of a company's securities on a stock exchange allows them to be traded freely, improves their liquidity, and can maximize market value. IPOs enable companies to cover operational costs and implement large-scale projects through long-term external financing. The



transparency required during the IPO process allows for an objective assessment of the company's financial health. [3]

According to J. Ataniyazov, listing on a stock exchange is the first step in issuing securities through IPOs.[4]

The IPO process allows companies to:

- Raise financial capital;
- Enhance company reputation;
- Increase investment attractiveness;
- Improve corporate governance.

International IPO practices typically occur through major global stock exchanges like the London Stock Exchange, NASDAQ, or the New York Stock Exchange. Companies undergo audits, disclose financial reports transparently, and present investors with a prospectus (a detailed document about the offering).

- Uzbek companies participating in international IPOs benefit from:
- New capital inflows via foreign investors;
- Improved investor confidence through international ratings;
- Market valuation of company shares, increasing company value;
- Enhanced corporate governance;
- Compliance with international standards.

However, several challenges remain:

- Lack of financial transparency;
- Accounting and audit reports not aligned with international standards;
- Inadequate legal guarantees for investors;
- Low financial literacy among the population.

Analysis

To successfully implement IPOs, it is crucial to prepare companies both technically and financially, conducting international audits, employing marketing specialists, and engaging with investors. The Government of Uzbekistan is collaborating with foreign investment banks in this direction. [5]

Table 1. IPO and SPO Activities of Uzbek Companies (2018–2023)

Year	Company Name	Type of Offering	Share Percentage (%)	Funds raised (billion UZS)	Placement details
2018	Kvarts	IPO	10	7.5	First IPO in Uzbekistan; 54% of shares placed
2019	Kvarts	SPO	—	16	101.4% of shares placed
2020	Jizzakh Plastics	IPO	25	1.35	34.8% of shares placed
2023	UzAuto Motors	IPO	1	56.89	29.1% of shares were placed; 5% were planned to be placed
2023	Uzbektelecom	IPO	2	33.25	100% of shares placed
2023	Uzbekinvest	IPO	5	14.11	100% of shares placed

Kvarts was the first company to conduct an initial public offering (IPO) in Uzbekistan, raising 7.5 billion UZS by selling 10% of its state-owned shares. Between 2018 and 2023, several major companies conducted IPOs. UzAuto Motors, for example, initially planned to offer 5%, but due to high demand, 29.1% was sold, raising 56.89 billion UZS. Uzbektelecom raised 33.25 billion UZS, followed by Uzbekinvest and Jizzakh Plastics.

Table 2. Companies Scheduled for IPOs (2025–2028) [6]

Company Name	State Share to be Sold (%)	Type	Start Date
Navoi Mining and Metallurgical Company (NMMC)	10–15%	IPO	2nd half of 2025
Uzbekistan National Investment Fund	25%	IPO	1st half of 2026
Navoiuran State Enterprise	10–15%	IPO	2nd half of 2026
Uzbekistan Airways	15–20%	IPO	2nd half of 2026
Almalyk Mining and Metallurgical Complex (AMMC)	10–15%	IPO	1st half of 2027
National Electric Grids of Uzbekistan JSC	10–20%	IPO	1st half of 2027
Uzbektelecom JSC	10–15%	SPO	2nd half of 2027
Uzbekhydroenergo JSC	15–20%	IPO	2nd half of 2027
Regional Electric Grids JSC	20–25%	IPO	1st half of 2028
Uztransgaz JSC	15–20%	IPO	1st half of 2028
Uzbekistan Airports JSC	15–20%	IPO	1st half of 2028
Hududgazta'minot JSC	15–20%	IPO	2nd half of 2028

According to a Presidential Decree, shares of 29 state-owned major enterprises are scheduled to be offered through public sales with the assistance of international consultants. Additionally, IPO and/or SPO offerings of shares in 12 central state-owned enterprises will be conducted in local and global markets, with clearly defined share percentages and timelines.

Recommendations for Advancing IPO Practices in Uzbekistan:

Strengthen legal frameworks to protect investor rights and establish clear market regulations.

Utilize international audit services and incorporate their evaluations.

Digitize the stock market and expand online trading platforms to encourage small investors.

Enable citizens and legal entities to acquire shares in large enterprises through IPOs.

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