KAPDEPO
INVESTMENT BANK

ANALYTICAL OVERVIEW
OF THE ISSUER



photo: Spot

BEYOND STAGNATION

“Uztelecom”

www.kapdepo.uz

October, 2026

Issuer overview

Uzbektelecom (under the UZTELECOM brand) is a telecommunications operator in the Republic of Uzbekistan. The Company provides fixed-line and mobile communications, internet, television, data center, video surveillance, cybersecurity, and other digital services throughout the country. It operates the country's largest backbone telecommunications network, with a total length of approximately 300,000 km. In 2024, the Company's fiber-optic networks covered more than 98% of populated localities in Uzbekistan.

In 2025, the Company's market shares in mobile and fixed broadband subscribers amounted to approximately 30% and 87%, respectively. The Company holds a strategic position that enables it to benefit from the economics of fiber-optic networks and 5G technology. It can optimize network economics by serving multiple market segments, including wholesale, consumer, small and medium-sized businesses, and government organizations. The Company benefits from significant market scale, stable profitability, and increasingly well-invested infrastructure.

International Credit Ratings

Fitch Ratings

the rating was affirmed on June 11th, 2026

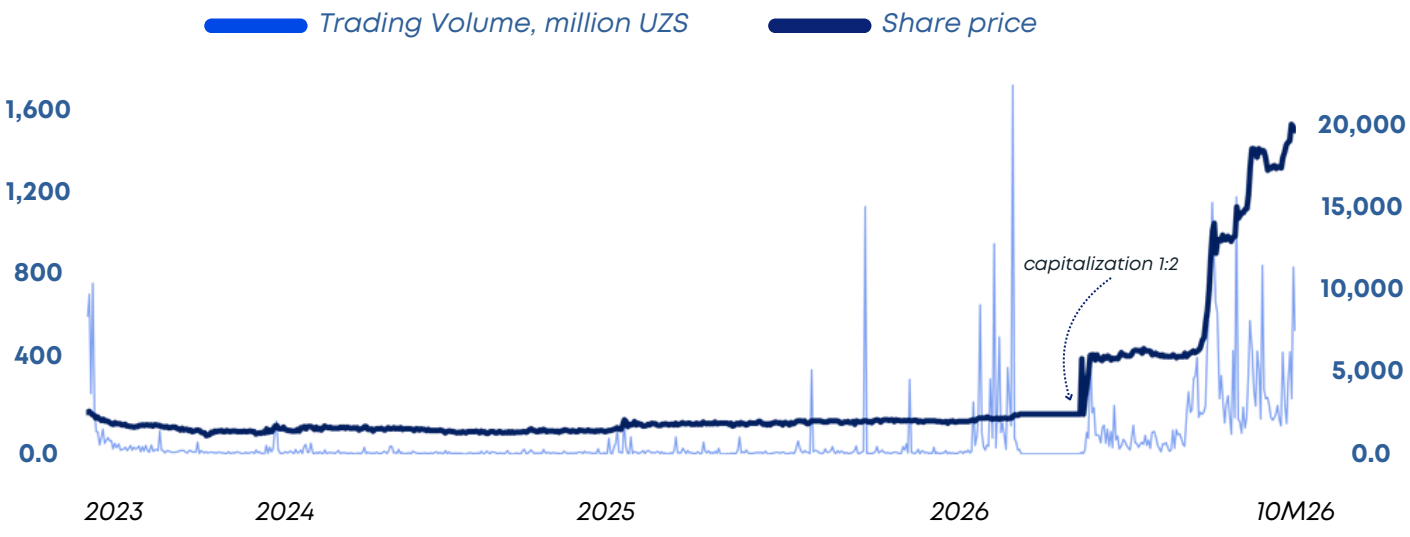
"BB" **Outlook — "Positive"**

Long-Term Issuer Default Ratings (IDRs) in Foreign and Local Currency

Shareholder Capital Structure as of May 1, 2026:

Ministry of Economy and Finance of the Republic of Uzbekistan	62.174%
National Investment Fund of the Republic of Uzbekistan	30%
UzSAMA	2.033%
Legal Entities and Individuals (Ordinary Shares)	2.303%
Legal Entities and Individuals (Preferred Shares)	3.49%

Trading Volume and Share Price Performance Since December 2023:



KAPDEPO INVESTMENT BANK

Financial results (NAS)

UZTELECOM

In bn UZS	2023	2024	2025	2Q2026
Total Assets	10,407	13,060	13,530	17,281
Long-Term Investments	474	635	653	2,578
Accounts Receivable	1,096	1,290	1,529	1,605
Cash and Cash Equivalents	12	40	28	17
Total Equity	2,444	2,487	3,030	3,282
Share Capital	319.7	326	326	326
Retained Earnings	28	41	590	1,487
Total Liabilities	7,963	10,573	10,499	13,999
Long-Term Loans	3,457	5,841	5,628	7,708
Long-Term Borrowings	0	0	0	0
Short-Term Loans	0	0	0	0
Short-Term Borrowings	188	0	0	0
Revenue	7,850	8,964	10,512	5,766
Cost of Services	5,207	6,340	6,729	3,411
Gross Profit	2,643	2,624	3,783	2,355
Operating Expenses	1,648	2,302	2,591	1,209
Financial Income	367	1,065	963	463
Interest Income	0.4	16	47	33
Financial Expenses	1,520	1,455	1,652	665
Interest Expenses	370	472	564	267
Profit Before Tax	41.3	98.4	742	1,034
Net Profit	25.4	41.6	590.9	896.0
Share Price as of the Record Date	0	4,200	5,600	6,300
Dividends Paid During the Year	0	46.55	76.3	372.6
Dividend Payout Ratio	0	50%	50%	50%

In April 2026, the company capitalized its profits through a 1:2 bonus issue (two additional shares for each existing share). As a result, the share price was adjusted downward by a factor of three to UZS 2,400.

Multiplicators	Book price	EPS	ROA	ROE	P/E	P/B
2Q2026, TTM	4,011.4	1,804.8	8.5%	45.0%	11.1	5.0

KAPDEPO INVESTMENT BANK

Forecast

From an investor's perspective, Uztelecom is a strategically important company whose role in the development of Uzbekistan's digital infrastructure is expected to remain significant and strengthen in the coming years.

With strong positions in fixed-line and mobile telecommunications, Uztelecom has a broad customer base and a stable source of revenue. At the same time, the Company's future prospects largely depend on infrastructure development, including network modernization, expansion of fiber-optic coverage, and the deployment of 4G/5G technologies. These investments are expected to improve service quality, reach new users, and increase revenue from subscriber services.

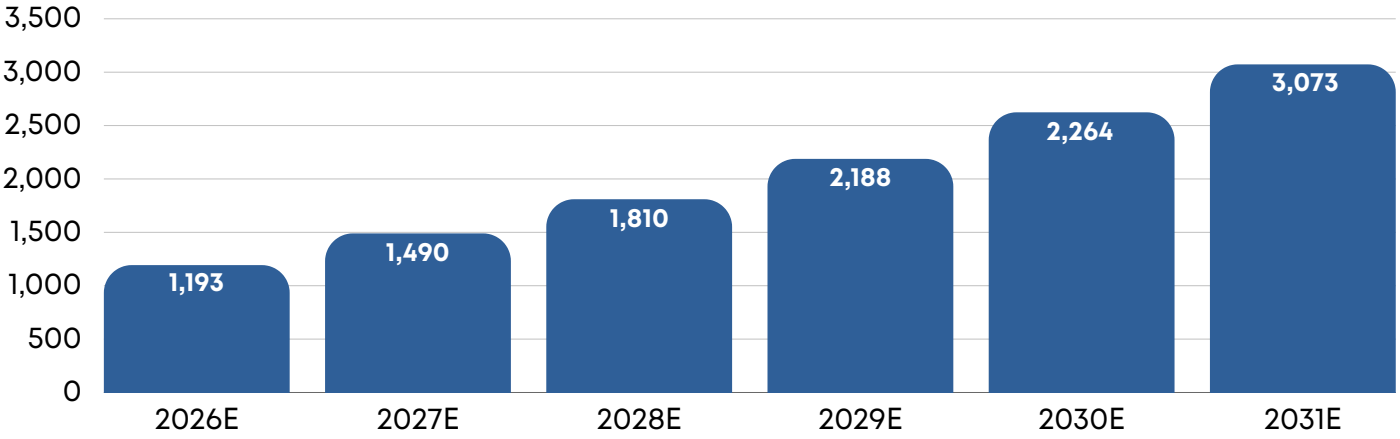
Fair value per share
≈ 23,580 UZS

Current share price (mid October 2026):
20,000 UZS. Upside potential **+17.9%**

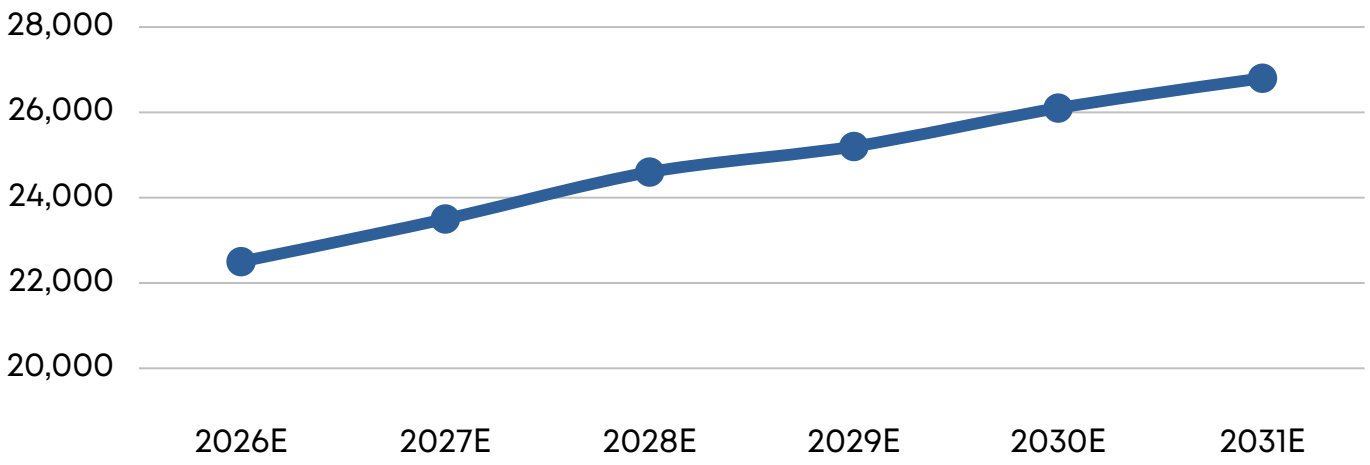
Investment attractiveness:
Moderately undervalued
Investment Horizon: 1–2 Years.

Uztelecom's growth will largely be driven by the company's transformation during its tenure in the Fund's portfolio.

Net Profit Growth Dynamics and Future Forecast (bn UZS)



Ordinary Shares Price Dynamics and Future Forecast (UZS)



Forecast

In the coming years, Uztelecom's development will depend primarily on its ability to expand its network, improve service quality, and generate returns on its investments. Demand for mobile internet and data transmission is growing, prompting the Company to develop mobile communications, fixed broadband, and data storage and processing infrastructure. These initiatives are expected to help attract new subscribers and strengthen its position among both individual and corporate customers.

According to its 2026–2028 business plan, the Company aims to increase its mobile subscriber base from 9.4 million to 13.4 million and its fixed broadband subscriber base from 2.6 million to 3.5 million. Achieving these targets will require network expansion and modernization of existing equipment. In particular, the Company plans to improve service quality and increase network capacity to accommodate growing demand.

The Company plans to allocate $492.03 million to its investment program in 2026–2028. Of this amount, $387.93 million is expected to be raised through foreign loans, while the remaining $104.10 million will be financed from internal funds. Most of the investment will be directed toward developing mobile and fixed-line telecommunications. Plans include modernizing 2,669 existing base stations, including 726 equipped with 5G technology, and constructing an additional 2,792 3G and 4G stations. The Company also intends to expand its fixed broadband network and increase data transmission capacity.

Another investment area involves the construction of data storage and processing centers in Tashkent, Bukhara, and the Fergana region, with a combined capacity of 100 PB. This infrastructure will enable the Company to offer additional data storage and processing services to businesses and government organizations. However, the financial results will depend on demand for these services and how quickly the Company can attract customers and utilize its new capacity. Therefore, Uztelecom must not only implement its investment program but also ensure that these investments generate additional revenue and justify the associated costs.

The business plan also envisages steady growth in core operating revenue, from 11.8 tn UZS in 2026 to 13.4 tn UZS in 2027 and 15.4 tn UZS in 2028. This represents annual growth rates of 12%, 14%, and 15%, respectively. At the same time, the revenue mix is gradually shifting toward mobile communications and data transmission.

Conclusion

Over the next few years, a significant portion of cash flow will be allocated to investments. At the same time, we expect capital expenditures as a share of revenue to decline from 20% to 15%, driven by sales growth. In our view, as the business expands, investments should account for a smaller proportion of the Company's revenue.

According to our DCF model, the fair value of one ordinary share is approximately 23,580 UZS. At the current market price of 20,000 UZS, this implies an upside potential of around 18%. The P/E ratio is approximately 11.1x at the current share price and 13.1x at fair value.

The key question for investors is how quickly infrastructure investments will begin to translate into improved financial performance. Growth in the subscriber base and data consumption creates the conditions for revenue expansion, but does not in itself guarantee a corresponding increase in profit and cash flow. To achieve this, the Company must maintain sufficient utilization of its new capacity, control operating expenses, and ensure an adequate return on invested capital.

Deviations from the business plan could affect the share valuation in several ways. Slower subscriber or revenue growth would constrain EBITDA growth, while capital expenditures exceeding planned levels could delay the expansion of free cash flow. Currency risk is another factor: depreciation of the Uzbek soum could increase the cost of servicing foreign-currency borrowings and negatively affect net profit.

Ultimately, the upside potential of the shares will depend not only on business expansion but also on the effective execution of the investment program. To justify our estimated fair value, the Company will need to translate operational growth into higher cash flow and a gradual improvement in its debt metrics.

KAPDEPO
INVESTMENT BANK



+998 55-511-02-02
www.kapdepo.uz
info@kapdepo.com
@Kapdepo
Kapdepo

This report has been prepared by Kamronbek Yo'ldoshev, Analyst at KAPITAL-DEPOZIT LLC. The Company declares that all opinions expressed in this report with respect to any security or company represent the personal views of the analyst regarding the relevant company or security. Each analyst and/or persons associated with the analyst may have interacted with traders and other employees for the purpose of gathering, developing, and interpreting market information. Neither the analysts, the company, nor its directors or employees shall be liable for any losses arising from the use of this report or its contents, or otherwise in connection with this report.

Each analyst and/or persons associated with the analyst may have acted upon the information contained in this report or the underlying research on which it is based prior to its publication. The information contained herein should not be relied upon by any recipient or any other person as the sole basis for making investment decisions regarding any securities.

This report does not constitute a valuation of the Company's business, assets, or securities. No part of the compensation received by the analyst has been, is, or will be directly or indirectly related to any specific recommendation or opinion expressed in this report. Analysts are compensated based on the performance of activities and services intended to benefit the clients of KAPITAL-DEPOZIT LLC. Like all employees of KAPITAL-DEPOZIT LLC, analysts' compensation is also linked to the overall profitability of the company, including revenues generated by its other business activities. Analysts, their affiliated entities, or other related parties are or may become members of the underwriting syndicate for securities offered by the company. Analysts may also participate in future public offerings of the Company's securities.

Any views or opinions expressed in this report are current only as of the date of publication. If the publication date is no longer current, the views and content may not reflect the analyst's latest opinion. The information contained herein is not intended to provide a complete account of all relevant financial or commercial developments and should not be relied upon as such.

KAPITAL-DEPOZIT LLC operates in the securities market of the Republic of Uzbekistan under the following licenses issued to professional participants of the securities market: Broker and Depository Activities License No. 1196 dated April 27, 2015; Investment Advisory License No. 1197 dated April 27, 2015; and Investment Asset Trust Management License No. 1296 dated December 29, 2017.