ANALYSIS OF FACTORS AFFECTING THE SHARE PRICE OF CEMENT MANUFACTURING ENTERPRISES IN THE FUND MARKET

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Abstract

This article economic indicators affecting the economic activity of the joint-stock companies "Kizilkumsement" special in cement production in our republic and the changes in the share price on the stock market were studied.

Keywords: share price, stock market, cement production, RE (earnings per share), EV/EBITDA ratio, ROCE, ROE, EPS, dividend rate.

The growth of the population of our planet and rapid urbanization lead to an increase in the need for the construction of residential and commercial buildings. This, along with significant increase in infrastructure upgrading, rehabilitation and development of mega-infrastructure projects in a number of countries, is fueling the demand for cement across the globe. Moreover, the introduction of advanced technologies in the cement manufacturing process is fueling the market growth. The increasing adoption of green cement in the construction of green and sustainable buildings to reduce harmful emissions and promote environmental health creates a positive market outlook.

In accordance with the decision of the President of the Republic of Uzbekistan No. PQ-4699 dated April 28, 2020 "On measures for the wide introduction of digital economy and electronic government", further increasing the competitiveness of the republic's economy by wide introduction of modern information technologies in economic sectors and the state management system and by expanding telecommunication networks task is defined. In accordance with these tasks, by 2023, the share of the digital economy in the country's gross domestic product will be doubled, including the introduction of a complex of information systems in production management, and the wide use of software products in financial and economic reporting. By increasing this software, it will lead to the development of

"... the export potential of the republic by actively continuing the system of supporting the activities of exporting enterprises"

Increasing profitability is important to many businesses because generating revenue allows businesses to continue to grow and compete in their industry. Increasing profitability also helps businesses obtain financing from financial institutions, investors, and shareholders. If the business is currently unprofitable, increased profitability may ultimately be profitable, ultimately allowing the business to continue. In the process of analyzing the profitability indicators of the organization, we can see the following results.

1-жадвал “Qizilqumsement” АЖ кўрсаткичлари (2022 йил 7 ойлик маълумотлари асосида тайёрланган)

№	Кўрсаткичлар	Йиллар						
		2016	2017	2018	2019	2020	2021	2022
1	Ўз капиталининг рентабеллик коэффициенти	0,014	0,092	0,07	0,48	0,24	0,84	0,32
2	Умумий тўлов қобилиятини қоплаш нисбати	3,27	5,50	7,62	11,94	14,7	4,42	4,95
3	Мутлақ ликвидлик коэффициенти	0,81	0,45	1,21	0,26	0,86	0,212	0,01
4	Жалб қилинган маблағларини ва ўз маблағларига нисбати	4,38	5,40	3,85	0,1	0,04	0,07	14,88
5	Асосий воситаларни янгилаш коэффициенти	0,13	0,45	0,25	0,22	0,09	0,072	0,07
6	Эмитентнинг ўз ва қарз маблағларининг нисбати	0,046	0,79	1,059	1,02	2,28	1,44	0,83

As we know, return on equity (ROE) is an indicator of the profitability of an organization and how efficient it is in making profits. The higher the ROE, the more effective the company's management is in generating returns on equity financing and growth. "Kyzilkumsement" joint-stock company's profitability ratio of its capital had an increasing trend compared to 2016. Taking into account that 2022 has not been completed, it can be seen that in 2021 this coefficient was equal to 0.84. The higher the value of the coefficient, the higher the profitability of business investments. If the result of the calculation is close to zero, the feasibility of investing in enterprises is very doubtful. Therefore, the organization under analysis means that it is appropriate to invest. If we focus on the indicators of the absolute liquidity ratio, taking into account that it reflects the ability of the organization to meet its short-term obligations at the expense of free cash and short-term financial investments, by 2021 this indicator was equal to 0.212. If we look at its criteria, it is set to be in the range of 1-2. Therefore, the absolute liquidity ratio of the organization showed a positive state in the following years. The ratio of the issuer's equity and debt funds is also an important indicator, and according to its criteria, a ratio greater than 1 (which indicates the superiority of debt funds over equity) is a sign of bankruptcy risk. The state of the joint-stock company according to this indicator in 2021 showed a positive situation compared to 2020, but the criterion indicated the instability of the financial situation and the presence of signs of insolvency.

Now, if we analyze the situation of the organization in the stock market, the indicators of the organization in terms of shares were as follows. The number of shares issued by the organization is 4,475,169,000, and its nominal value is 1,570 soums. Earnings per ordinary share (EPS) is calculated by dividing the net income of the organization by the number of ordinary shares in circulation. EPS measures how much money an organization earns for each share of its stock and is a widely used metric for assessing corporate value. A higher EPS indicates greater value because investors will pay more for an organization's stock if they believe it has a higher return than the organization's stock price. In 2016, this indicator of the joint-stock company was 12 soums, and in 2022 it was 1024 soums, which is 65 percent of its nominal value. This means a positive situation for the organization. Average annual prices of the organization also showed a positive trend. In 2016, the average price was 1565 soums, at the beginning of 2022 it was 5902 soums, and at the end of the year it was 3811 soums.

Today, investors emphasize that the lack of correct evaluation of the value of shares in the stock exchange has a negative impact on the competitive environment in the field. Therefore, it is determined that correct assessment of organizations on the basis of constant monitoring of changes in stock prices will increase the confidence of investors and increase the possibility of their investment in the market.

Based on the obtained analysis, the following proposals and recommendations were developed for the further improvement and development of the stock market activity of the large cement producing joint-stock company operating in our republic.

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1. In order to further improve the production activity of enterprises, it is necessary to further increase the transparency of their economic indicators for investors, customers and other users. For this, it is necessary to create investyadnya.in, like India, a large cement-producing country, where all data is entered by stock market participants.
2. It is justified to constantly increase the return on equity (ROE) indicator by enterprises. The higher the value of the coefficient, the higher the return on investment.
3. The importance of ensuring the absolute liquidity ratio in the range of 0.5-0.7 was justified. In the analyzed enterprises. In 2021, this indicator was equal to 0.212 in "Kyzilkumsement" joint-stock company. While the absolute liquidity ratio is considered a stable financial condition according to the assessment criteria, it shows the inefficiency of enterprises in the stock market.
4. It is important for companies to consistently increase earnings per share (EPS). The higher the company's EPS, the higher the price investors set for its shares. In 2022, this indicator constituted 1024 soums in the joint-stock company "Kyzilkumsement".

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