



Catch the wave or...

Kazakhstan edition of 27th
Annual Global CEO Survey 2024



Message from the Managing Partner of PwC Kazakhstan, Azamat Konratbayev



We present the results of the 12th annual Kazakhstani edition of the survey of CEOs of the largest companies of the world conducted as part of the 27th PwC Global CEO Survey. 4,702 CEOs of private businesses from 105 countries participated in the global survey, including 60 CEOs from Kazakhstan this year.

The main focus of the current survey was on prospects of development of the Kazakhstani and global economies, viability of the companies in the next decade, threats and factors affecting business and its value, issues of climate change and technological leaps, among which we discussed in detail the areas of application of generative artificial intelligence.

In 2024, Kazakhstani businessmen were more optimistic about the projected growth of the global economy (60% of Kazakhstani CEOs believe in growth) than their peers from other countries (in total 38% of global CEOs believe that the global economy will grow). In Kazakhstan, only 18% respondents expect a decline in the global economy (last year – 37%). It should be noted that even those who believe in the growth of the global economy still think that it will be moderate.

More than half of the respondents expressed their confidence in the growth of the economy of Kazakhstan (70%), and only 13% voiced concerns about its possible decline. Such optimism among Kazakhstani CEOs is caused by the current geopolitical environment, which made the country a priority for many global markets.

In addition, due to the conflict in Ukraine, Kazakhstan received an inflow of human capital. However, it should be noted that CEOs do not expect a significant growth but rather forecast a moderate increase in GDP. Among the main business threats for the Kazakhstani business are geopolitical conflicts (51%), cyber risks (37%) and inflation (29%). Geographically, Kazakhstan and Central Asia are close to major economies, which are the main participants of the geopolitical conflicts, which causes a significant exposure to risks and a possibility of financial losses.

The global experience shows that not all businesses withstand a drastically changing market environment. Undoubtedly, the need for a business to adapt increases. More and more CEOs put a priority on large-scale steps to rethink the current business models.

In Kazakhstan, 33% of respondents noted that if their business stayed on the current path then it would not be viable in 10 years (globally – 45%). Some of the most important factors for the transformation and further development for CEOs both globally and in Kazakhstan are the development of new products and services, introduction of new technologies and establishment of new partnerships. In the next 3 years, the technological changes will become the main drivers for business capitalization, in the opinion of 78% of Kazakhstani respondents (globally – 30%). One more important factor for local businessmen will be governmental regulation – such an answer was given by 68% of respondents (globally – 47%). The businesses both globally and in Kazakhstan first of all refer to the regulatory environment (36%) as a possible barrier to further creation, delivery

and capture of the value of companies.

Generative artificial intelligence, as a technological trend having systemic consequences, is able to significantly change the conventional work of not only business but also the entire humanity. 70% of the respondents in Kazakhstan agree that the generative AI will improve the quality of their goods or services within a year (globally – 58%). To date, 44% of the respondents in Kazakhstan have already implemented the generative AI (globally – 32%), and the majority of CEOs are expecting its transformative potential within the next three years.

In the short term, CEOs expect quite positive effects for business from the generative AI, which include an increase in trust from stakeholders, an increase in efficiency of working time and an increase in revenues. Generative artificial intelligence is already able to transform business models, work processes and rebuild some industries but, in the opinion of the respondents, it carries certain risks, e.g., it significantly increases risks in the area of cyber security, dissemination of disinformation and civil liability already in the next 12 months.

Climate change is still an important part of the agenda. The companies, which take reasonable efforts in the fight against climate change, can increase their competitiveness, reduce risks and contribute to a more sustainable future. Businessmen take efforts to counteract climate change but note that the government should make this issue one of its main priorities. Based on the results of the survey, more than half of the respondents are in the process of increasing energy efficiency - 64% in Kazakhstan and 65% globally. Almost 10% of the respondents have completed this process. The introduction of environmentally friendly investments is the second priority measure, which is now undertaken by Kazakhstani (61%) and global (51%) businessmen. Investing in natural climate solutions has been planned by 48% of Kazakhstani CEOs and by 36% of CEOs globally.

For the first time in the 12 years of this survey, investment attractiveness and developed infrastructure (including digital) have become the most important governmental priorities in Kazakhstan, in the opinion of 47% of CEOs of private businesses.

Previously among the first priorities were the supremacy of law in all spheres of the government and fighting against corruption and bribery. This year, based on the results of the survey, the supremacy of law in all spheres of the government moved down to the second place in terms of priority – 39%, while the efficiency of reaching this target decreased from 10% last year to 7% in 2024. Fighting against corruption and bribery became the third priority – 35%, and the efficiency of reaching this target increased from 4% in 2023 to 11% in 2024. It is worth pointing out that the priority of an efficient tax system increased by 15% (2024: 33%, 2023: 18%), however, the efficiency of reaching this target decreased by 15% (2024: 20%, 2023: 35%)



Traditionally, CEOs of Kazakhstani businesses have expressed their interest in cooperation with the government, especially in the issues of the investment potential, an efficient tax system, developed infrastructure and efficient and adaptive personnel.

Among other issues whose solution is critical for improvement of competitiveness of the Kazakhstani economy amid the global fight for capital and markets, the business community emphasizes the need for significant improvements and investments on the part of the government in the infrastructure of Kazakhstan, especially in the area of electricity supply and transport. Many respondents noted the importance of resolving the water issue. The inefficient spending and lack of water resources in the future are some of the most significant risks for the Central Asian states and pose threats for the economy, national security and well-being of the population.

Interaction with the government and clear segregation of areas of responsibility continue to be important for Kazakhstani CEOs. The business expects from the government an efficient performance of its duties, emphasizing, among other things, ensuring the supremacy of law, building modern infrastructure, development of a balanced tax code, predictable Tenge rate and a decline in inflation.

An interesting trend noted during the survey is that many CEOs consider the Kazakhstani market to be the main market for business expansion. A number of companies, first of all technological ones, see opportunities and plan

an expansion to the markets of the near and far abroad but the level appetite is lower than in the past years, which is a consequence of geopolitical realities, favouritism and peculiarities of the local mentality. Kazakhstani businessmen believe that now is the time of forward solutions and actions, quality growth, a creative and judicious approach to doing business and risk management.

In conclusion, CEOs continue noting the importance of the issue of labour resources and human capital. On the one hand, positive factors were noted, such as an increase in the population of Kazakhstan to 20 million people, an inflow of resources from neighbouring countries and an increase in the share of youthful population, however, our respondents are concerned about a decrease in the real purchasing power of the population in recent years and an increase in social inequality.

We would like to express our gratitude to each participant of our survey who took the time for a personal and online meeting and completing the questionnaire. We hope that the result of our joint efforts will contribute to a deeper mutual understanding and cooperation between private business and the government and will allow to consider the current issues and expectations in the real sector of the economy of Kazakhstan.





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Private business in Kazakhstan

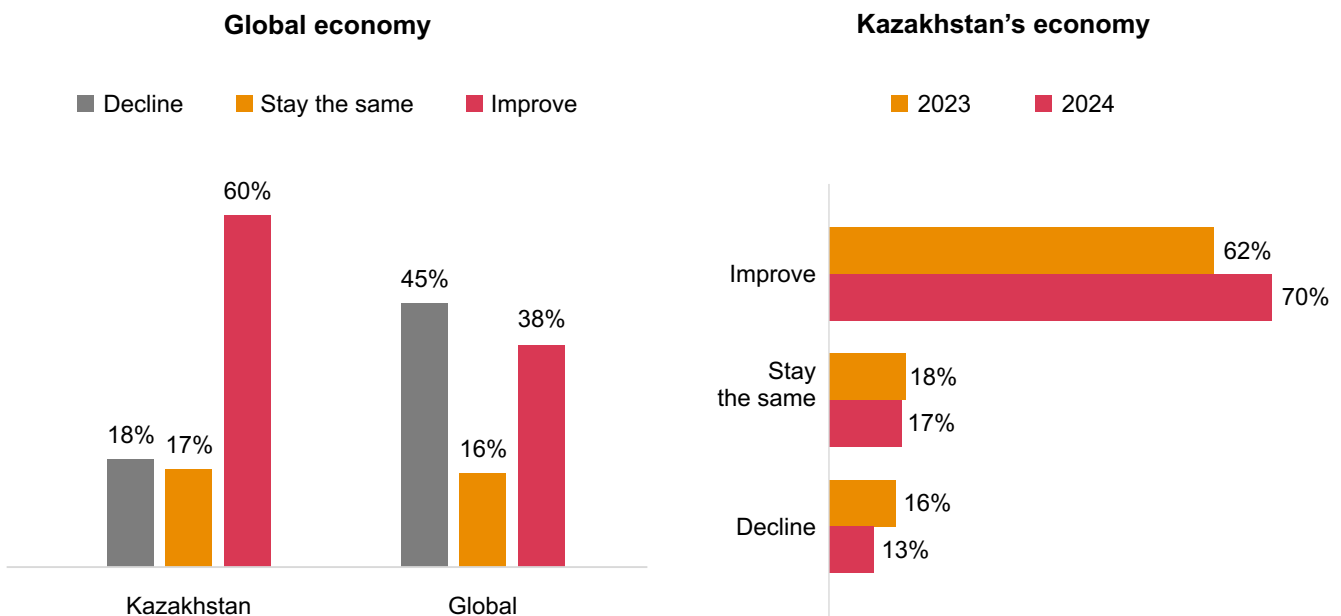
Theme

Responders on the prospects for the development of the economies in Kazakhstan and in the world

Kazakh private business leaders are more optimistic about global economic growth in 2024 (60%) than their colleagues in the world (38%). However, world leaders are less likely than a year ago to expect a slowdown in global economic growth (45% compared to 73% last year). In Kazakhstan, only 18% of respondents which is 19% less than in 2023 believe that the global economic growth is declining. Kazakh businessmen indicate that among the main reasons for growth of the global economy is reduced inflation, resources redistribution, adjustment of supply chains and rapid development of technologies. However, most respondents still hold the opinion that it's not going to grow much.

70% of respondents are confident that the Kazakhstan's economy will grow. This is 8% higher than last year, and only 13% of respondents noted a possible decrease. Such optimism among the Kazakh respondents is due to the current geopolitical situation which prioritises our country above other global markets. In addition, due to the war in Ukraine, Kazakhstan has received a much-needed human capital inflow. But it should be noted that business leaders do not expect high growth figures, but mostly note a moderate Gross Domestic Product (GDP) growth.

How do you believe economic growth will change, if at all, over the next 12 months?



“Global growth, I think, will be low. The increased cost of materials and resources terribly affected us last year, and nothing good is happening this year. The first industry that shows this is logistics which greatly suffer now. Our partner, one of the largest logistics companies in Europe, reduced its fleet and the number of staff by almost 20%. Perhaps the geopolitical situation has a little influence, but they depend on production and trade. Therefore, global growth will be very weak.

In Kazakhstan, the situation is different because in recent years, Kazakhstan has become more attractive by stepping out of the China and Russia shade. If earlier Kazakhstan tried to be a logistical link, now it will become a partner. I think the Kazakhstan economy should grow by 4-5%.”

Arminas Macevicius
STADA

“It will moderately increase both in the global economy and in the Kazakhstan economy. Now central banks’ focus is not connected with the economy growth. Currently the key issue is how to balance the moderate growth of the economy, inflation, the unemployment dynamics, and payment balance. Rapid growth causes an increased need to save money, while an increased money supply causes inflation which result in "soap bubble" effect to inevitably burst or require tough and unpopular decisions. Now, there is a sense that the time has come for the world’s authorities to adopt a more balanced approach to macroeconomic development and to view sustainable growth as a basic paradigm that can be sustained. It is undesirable to artificially boost growth, we need to do the right and consistent things.

Some countries will have the lower growth, while others will have higher rates, but sometimes difficulties may arise if growth is significant.”

Kairat Mazhibayev
RG Brands

“We expect decreased growth for the global economy due to global problems related to geopolitics, elections and redirection of energy supplies. These affects the expectations of a slowdown in the growth of the global economy. Growth in Kazakhstan will moderate. In 2023, the Kazakh economy showed a phenomenal growth 5.1%, but due to delayed implementation of the Tengizchevroil LLP future expansion project, the investments flow which was expected in 2024 is postponed to 2025, accordingly, there will be some "drawdown". Considering the budget deficit and the need for investments in the energy system and other growth projects, we think there will be 3.6% weak economic growth in 2024. We optimistically expect 2025-2026 with 5% economic growth, although oil prices are the biggest concern. Many things are being done to diversify the economy but so far, the bulk of the income comes from oil.”

Saule Zhakayeva
Citibank Kazakhstan

“Globally, we do not expect significant growth because there is a global recession. The Kazakhstan economy will be moving up in the world, and we hope that it will remain at the previous level.”

Dmitry Provkina
Sulpak

“Global growth will change due to successful global "giants" both corporate and country ones. I believe that poor countries missed their chance to participate in the world race, and those who prepared in advance (like China), well done. Large groupings of countries, such as BRICS, unite potentially interesting markets around them, which could be partners. Corporate giants with the support of these countries will carry out their part of globalization. As the practice of recent years shows, they can rearrange both the finances and the territory, so poor countries will not be easy to survive. Kazakhstan has one more interesting opportunity, but everything will depend on the ambitions, speed, and correctness of the decisions from the leaders of our country. The transition moment, I think, is another 10 years. We must overcome old technologies, old ideas and come to a new breakthrough which we will start, I think, in 2031.

Kazakhstan has ambitions, and I think that if the State notices the tendencies of certain entrepreneurs, they can get into the sphere of influence on the changes, we then have a chance. If the situation with education, corruption, healthcare does not change, and if we act as a social country only to protect the low-income people, we will not then succeed.”

Yerkin Dlimbetov
Ordamed

“I think there is too much turbulence, conflicts, and problems in trade in the world economy today, therefore, economic growth will most likely remain at the same level. Kazakhstan is largely the beneficiary of such turbulence; therefore, I think, economic growth in our country will slightly increase. Experts say 3.5-4% in their forecasts, and it's good.”

Marat Seitkulov
Caravan Resources

“Currently, it is difficult to give forecasts. I would like to be an optimist and hope that the world situation will improve. I hope everything will be fine in Kazakhstan. It should be noted that our company is growing but this is because the company’s client base is growing (rather than world economy factors) because we work with food products which is a category of goods to be always in demand. Our partners understand that IT and digitization are today's topical trend, it is necessary to transform offline into online processes. Our company will grow, but it is difficult for me to give forecasts regarding the development of the economy.”

Bolatbek Ospanov
Smart Satu

“I don't believe in the big growth of the global economy because of the geopolitical situation, but I can be wrong. As for the economy of Kazakhstan, I sincerely believe that growth will be moderate.”

Azamat Osmanov
Magnum Cash & Carry

“No global recession most likely occurs, there will be a "soft drawdown". Everyone expected a recession every quarter, but nevertheless, inflation has already decreased to the target level of 2.1% in the USA. Economic growth in quarter 3 amounted to 4.9%, so it seems that there are no signs of recession. I have spent the last one and a half month abroad, and I have not seen such economic and tourist activity for a long time: unbelievable demand for all types of service, we couldn't get into any restaurant without a reservation. Kazakhstan, I think, is also part of the global economy, and most likely, there will be a "soft drawdown" or even economic growth in Kazakhstan. In some markets there is a change of leaders, re-balancing of forces, rules of the game, but the market is growing as a whole.”

Iliyas Issatayev
Invictus Fitness



"I don't keep track of figures, but it will grow both in Kazakhstan and in the world. There will be growth in Kazakhstan based on the current dynamics. Interesting M&A transactions start to make, and the market seems to be recovering both risk appetite and investment are growing."

Askar Baitassov
abr

"The growth of the global economy, I think, will slightly increase due to global conflicts around the world. High productivity and increased energy prices will drive the growth. In Kazakhstan, the economy will also slightly increase, we are adrift."

Ilya Martinenko
Avrora Holding

"Now I see a flow of investments, capital, and people to Kazakhstan. This relates to the geopolitical situation in the region. For example, recently, our company faced a difficult situation of finding premises for a large office. As it turned out, now it is difficult to find any spaces in Almaty - the occupancy rate is at a record high. And if the demand for commercial and warehouse real estate grows (greatly), the business itself then grows. Of course, we may link this growth to many foreign specialists appeared in our country. We may look for some other reasons or accept such redistribution of flows as a fact and use it. If the market environment changes, of course, we will respond but for now it is exceedingly difficult to forecast what exactly these changes will be."

Konstantin Kulinich
Mary Kay Kazakhstan

"Global economic growth will slightly rise, Kazakhstan's economic growth will moderately increase. Although there are now local wars in different countries of the world, this acts as a catalyst for developing the process-related industries which grow faster than traditional ones. Even in Ukraine where the war is going on, the economy is growing year by year, and this is a good trend. Kazakhstan is developing, we can see it according to Satu.kz figures. We have an established resource that grows a little faster from year to year than the e-commerce market, and I don't see "black swan event". The only thing I don't like is the correlation between the tenge/ruble exchange rate although now it is not as tight as it was a year and a half ago. This is the biggest risk that the Kazakhstan economy may be exposed to."

Maxim Melnik
Satu.kz

"The global economy will slightly grow, while the Kazakhstan economy will remain at the same level. The world economy has stabilized following the restructuring of the logistics chains, redistributing of all the resources that have taken place over the past two years. There are new directions, so far not everyone understands how to live and work in these vectors, but in general stability which has been recently formed will cause a small growth of the economy of the entire world.

As for the Kazakhstan economy, in my opinion, there are two different vectors. The first vector is the real wages of the population. Nominal wages have increased by approximately 10%, while real wages fell by 5%. Inflationary pressure swallows the increased salary of the population. This strongly affects the credit system, consumption.

Therefore, I cannot say that domestic factors are positive. Despite the great interest of foreign investors to Kazakhstan, the local population feels discomfort, and this affects many areas of business and economy such as trade, logistics, tourism."

Alexei Khagai
TSPM.

"The global economy will slightly grow within a year. Supply chains are gradually improving, everything is gradually normalized, so I see reasons for optimism. Entrepreneurs know how to adapt to circumstances, and I think that the situation will be better in general. I am more optimistic about the economy of Kazakhstan. There is political stability in the country now, and I think the growth will be faster."

Nikolay Mazencev
Chocofamily Holding

"Our forecasts are based on analytical estimates and world GDP growth figures. After growth in 2023, the world economy is expected to slightly decelerate in 2024 with a projected slowdown of 2.4% from 2.7%. This is associated with several risks and uncertainties that are still relevant. It should be also noted that current growth rates remain below than they were before pandemic. Besides, we expect a moderate increase in the Kazakhstan economy within 3.1% to 5% which may be due to the geopolitical situation and changes in the foreign trade balance."

Nurlan Sadykov
Dell Technologies

"Global growth will slightly increase due to geopolitical and economic factors. The Kazakhstan economic growth will also slightly increase, primarily due to geopolitical factors such as ongoing conflict between Russia and Ukraine, the conflict in the Middle East, and these events will have some influence. I think that today we should especially focus on the production of mass products where we are very dependent on raw materials, while there is a price war in the raw material segment."

Erik Shortanbayev
Skymax Technologies

"Economic growth in the next 12 months can be affected by numerous factors, such as macroeconomic policy, financial markets, and global events. Some sectors of the economy may experience faster growth, in Kazakhstan we expect moderate growth. However, it is difficult to accurately predict changes in economic growth next year due to the uncertainty and dynamics that characterize today's world economy."

Laula Stankul
Wolt Kazakhstan

“Global economic growth will increase. That’s what statistics say. We have not had a single year when the economy is not growing, it just happens at different rates. Currently, the potential of the main monetary economy (i.e. the US economy) is not limited, they have all the leverage to stimulate their growth. Therefore, the ultimate beneficiary of everything that is happening now is the USA. There are some prerequisites for a crisis in some countries, but this will not affect the world economy. Several factors can affect the growth of Kazakhstan's economy. Firstly, they are the things that now happen in our neighbours, and many things now are going through us. Secondly, this is an open and neutral foreign policy conducted by our President. Thirdly, this is a clear message from the President to liberalize our economy and rule of law. In general, this gives reason to expect changes and plan investments. In addition, it is "tightening the nuts" in a monetary way - now it is not possible to simply withdraw money from the country, declaration is being introduced, and in general, we are slowly moving towards greater transparency. There will be growth, but slight, because there are no major structural changes yet.”

Baizhan Kanafin
Documentolog

“The global economy, I think, will significantly decrease due to external factors, such as military actions, the influence of sanctions, restrictions on trade between Europe and the CIS countries, as well as due to the deterioration of the stability in the US economy.

In Kazakhstan, the economy will also deteriorate. One of the most key factors is the global water crisis. Once the Taliban have built their channel, global climate change, drought, will begin. It would be the start for people to migrate firstly inside the Kazakhstan and then inside Central Asia.”

Marina Kuznechevskaya
FlyDubai

““Rebound” from the negative effects of the war between Russia and Ukraine, combined with the effect from political reforms of the last two years will allow the Kazakhstan economy to grow exceeding the growth rate of the global economy.”

Yana Shoibekova
Citix

“I am confident that economic growth in Kazakhstan will significantly increase. Global geopolitical changes play a key role in this process. Currently, Kazakhstan is in a comfortable diplomatic position, is not involved in the conflict and maintains friendly relations with all countries. In terms of global changes, I think that we can act as a moderator of economic relations between countries, like Switzerland.”

Valikhan Ten
Krida

“There are many different projections but all of them agree that global growth will slightly decrease in 2024. This is due to the current geopolitical context and policies of central banks in major countries. Therefore, the expectation of the delayed effect from the recession which was last year is carried over to this year. The growth of the global economy is expected to amount to two percent, which is a decrease compared to the previous figures and is close to recession. There was little bit better in Kazakhstan last year. It was a small economic miracle.

In my personal opinion, growth in Kazakhstan will be better than in the world, but it will slightly decrease compared to last year. I would say that it will remain at the previous level, and amount to 3-4 percent.”

Arman Sutbayev
Mars Kazakhstan

“There are two different frames, because if you look at global economy, generally after COVID we’re still coming back to growth. However, due to instability in different regions, we see a number of situations which are declining the speed of growth. In parallel to this, we also see a change of balance in the world economics between Europe, Southeast Asia, and, of course, Russia and China situation. It heavily impacts Kazakhstan because Kazakhstan is situated on the old Silk Way Road. This is a new crossroad between developed Europe and Southeast Asia, between Russia and Middle East. Definitely, Kazakhstan will benefit from it. Additionally, there are some challenges related to inflation, but this is, in my opinion, a temporary situation, which will be resolved, because Kazakhstan has its own resources. That is why localization of production and technology will play better role and will impact more in the future development. I was very happy to see first comments of new prime minister in the same direction, supporting localization as a future growth driver for Kazakhstan, which, I believe, will make Kazakhstan being double digit growing economy in the coming five years.”

Adam Aleksiejuk
SANTO

“I expect moderate growth in Kazakhstan, the most important thing is that it does not decline. There will not be any sudden changes, we don’t see any signs of anything happening. The ongoing conflict will likely finish in 2024. Its consequences will have an impact for a long time, although, if it ends, they will weaken. And this will also have a positive impact on Kazakhstan because more active trade between the countries will resume. In 2023, we kept ourselves from development globally because the situation was unclear due to geopolitical conflicts. We have mildly opened new outlets, and now see that perhaps things will not be as bad as we had expected.”

Yuriy Negodyuk
Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

“The global economy is expected to grow at the same or slightly lower rate in 2024 compared to 2023. This is due to geopolitical instability and a packed elections schedule in 2024. Additionally, China, the second-largest economy, is expected to experience a slowdown in growth due to a real estate crisis and the ongoing recovery from the Covid-19 pandemic, leading to an overall decrease in global demand. In my opinion, the Kazakhstan economy should maintain a moderate growth pace year on year. This is attributed to the young and growing population and the country's plan to reposition itself as the main economic platform for the Central Asia region. Furthermore, oil and gas prices remain at a convenient level to fuel investments and energize the economy. Moreover, Kazakhstan is becoming a key supplier of oil, gas, and minerals to Europe and other large economies.”

Edgard Bou-Chahine
Schneider Electric Central Asia and Caucasus

“Objective reasons for the aggressive growth of the world economy and Kazakhstan economy are not foreseen due to the continued strict monetary policy of the central banks of the world's leading economies. No one is in a hurry to lower key rates to stimulate economic growth. The countries are extremely cautious in relation to inflation, seems to be satisfied with the current growth of their economy, and do not see sense in additional stimulation. Kazakhstan is not an exception in this regard. Our country is also committed to strict monetary policies to reduce inflation, and the current economic growth (5%) is extremely satisfactory both for the government and the National Bank. We are in a balance-of-power when neither party needs more.”

Rustam Mussayev
EVRKA

“In Kazakhstan, I think, there will be moderate growth, this is obvious even in our company. In 2023, there was a lot of preparatory work done, and I expect that in 2024, major projects will be implemented. In Kazakhstan, Fluidra implements projects all over the country, and today the region is developing more actively, more state investments go there. Many projects in Astana and Almaty had to be stopped due to lack of money because the money was directed to the regions, new regional centres. In regions, perhaps, the state projects are not so large-scale, but they are. We've laid the foundation for many projects, ideas, and they should be implemented in the next year or two. The general business climate in Kazakhstan is the most favourable for investors from other countries.

If we talk about the global economy, we would like it to remain at the same level because we have not yet fully felt the consequences of what has happened over the past two years. Our global sales are down slightly. We maintained margins, but sales fell in specific sectors and certain countries.”

Mikhail Borisov
Fluidra Kazakhstan

“Both Kazakhstan and global economic growth will pick up slightly within a year. It is difficult to give a forecast on a global scale but the economic growth of Kazakhstan, in my opinion, will affect the growth of export prices, so everything will be OK with the economy.”

Doszhan Zhussupov
Cerebra

“The global economy will continue to face economic challenges and regional geopolitical risks, tightening of monetary policy to reduce inflation, volatility of resource prices - all this can lead to a slowdown in growth compared to previous periods. At its best, growth rate will remain at the level of the last which was rather difficult year. My expectations are the Kazakhstan economy will grow slightly due to rising energy prices and solid minerals exported by Kazakhstan to global markets. This contrasts with the moderate recovery of the economy in 2023 when GDP grew by 4.8%.”

Alexey Sidorov
Silkway Group

“Kazakhstan is slowly entering the middle-income trap, and if cardinal economic reforms are not introduced, we can get stuck in it like many other countries.

The launch of the Tengiz future expansion project will yield the first few million out of the planned additional 12 million, which is several billion dollars. Forecasts show that Tengiz can produce almost 1 million barrels of oil per a day after the full launch of Future Expansion Project in 2026, which is almost 1% of the daily world oil consumption. The main thing is that the KTK main export pipe is not brought for repair which is the most important economic risk for Kazakhstan. The oil services market slightly grew following the results of 2023. According to the operational data from the Ministry of Energy, oil sector purchases amounted to 6.4 trillion tenge which is 900 billion tenge more than in 2022. The Kazakh content amounted to 60.5% including 30.22% for goods, 77.9% for works and 51.5% for services. In 2025, oil and gas and petrochemical projects of more than 20 billion dollars will be launched, mainly in the Atyrau region. We are slowly but surely moving towards high redivision in the oil and gas industry, which is very pleasing.

In 2024, there will be a time out in the oil service due to the completion of large projects, as we observed in 2013-2015. Our group sees a slight decrease in the work scope for the oil service division compared to 2022, and this is OK because it's related to the completion of work on the Tengiz Future Expansion project. We decided to compensate for this by entering foreign projects, and in 2023 we registered an oilfield service subsidiary in Qatar, Centrasia Middle East Contracting and Construction. Now there is a boom in investments in the Qatar gas sector. It is planned for more than 50 billion dollars of investments in the next 7 years, which will allow to increase gas production in Qatar by two times.

According to the production companies - the Centech plant started producing for the nuclear industry, manufactured, and supplied electromechanical equipment according to high standards.

The world economy will grow by at least 1-1.5% despite fluctuations in the stock market. The world's population is growing, and more people are moving into the middle class which means more consumption.

According to our forecasts, oil prices will remain at the same level or fall slightly, one of the main reasons for this is the increased production in the USA, mainly due to shale oil. At the end of last year, USA production amounted to more than 13.3 million barrels of oil per a day, and it has been growing dynamically in the last 3 years.

On the other hand, some projects have been frozen, and it is important who will be the new president in the USA. If Trump wins, we will see an increased oil production because he is committed to an increase, unlike Biden who recently banned new contracts for the export of liquefied natural gas.”

Almas Kudaibergen
Centrasia Group

Threats affecting business

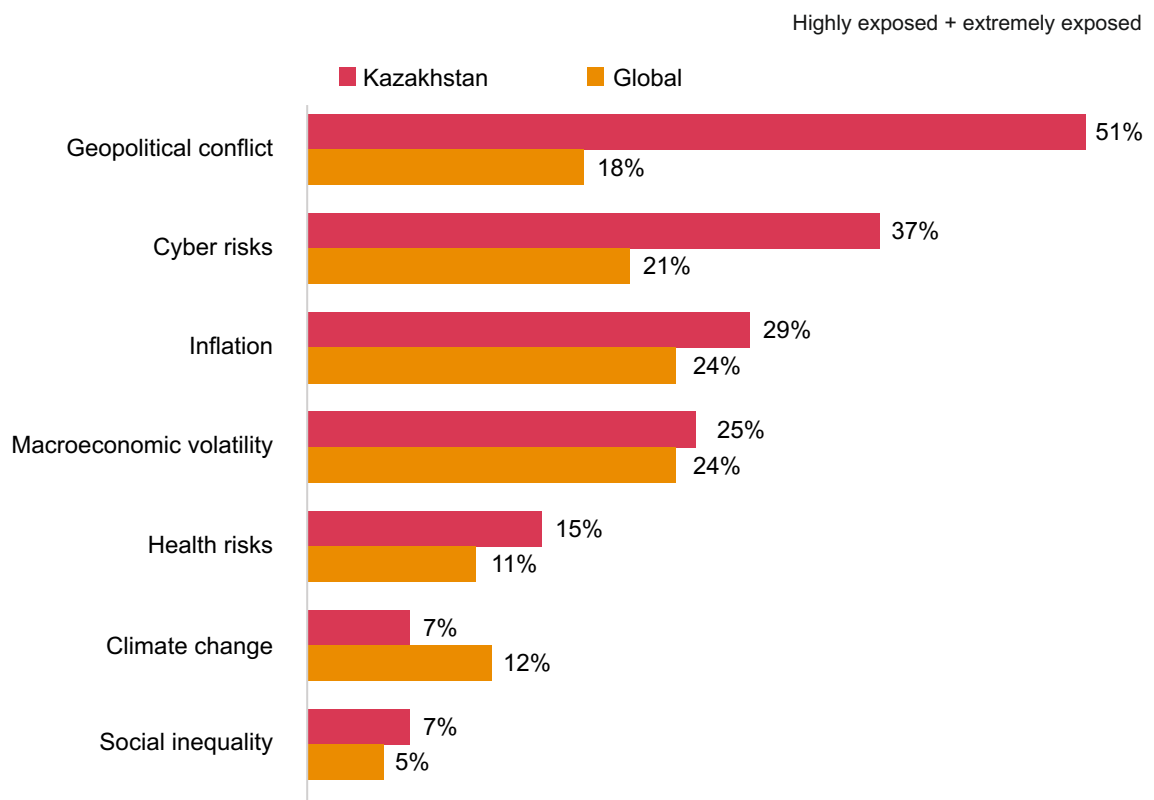
The top 3 business threats for Kazakh business continue to include geopolitical conflicts (51%), cyber risks (37%) and inflation (29%), while the world's top 3 threats include macroeconomic volatility (24%), inflation (24%) and cyber risk (21%). It should be noted that the global CEOs' opinion has changed in this survey as cyber risks have replaced geopolitical conflicts this year.

According to the analysis of respondents' answers, Kazakhstan and Central Asia are geographically located near large economies which are the main participants in geopolitical conflicts which causes a high level of exposure. However, the development of technology is the main driver of change for the rest of the world, so with the growth in demand for technology (especially GenAI) and data digitalization, cyber risks play a greater role than conflicts since many countries have already adapted or presented their plans for diversification of supplies.

It should be noted that Kazakhstan business leaders have become less worried about social inequality and mark it as high risk for business growth (5% in 2024, 19% in 2023). This result is due to the absence of social inequality (according to the comments of our respondents), and the fact that other risks prevail for business leaders. An additional factor is the government is engaged in stabilizing the situation after the 2022 January events including gradual but regular increase in the minimum wage and pensions.

In our survey, we also asked managers about climate change and its impact on business (Kazakhstan: 7% in 2024, 16% in 2023, globally: 12% in 2024, 14% in 2023) and we note that this issue is in the long-term agenda, but it does not have a big effect yet.

How exposed do you believe your company will be to the following key threats in the next 12 months?



“We operate on the consumer market, so exposure to macroeconomic volatility depends on what will happen to the country and its population. If there are any disturbances, the demand will obviously decrease in the medium and long term. If there are changes in the exchange rate, there is then a boost in sales at that moment because the population considers the purchase of equipment as an investment, but this has a short-term effect. All changes that directly concern us have already occurred. Many partners have changed their **supply chains**, and this has affected efficiency because delivery times and logistics costs have increased.

All this happened in 2022-2023, and now everything has stabilized. A probable **geopolitical conflict** between China and Taiwan will greatly change everything in our sphere because they produce a significant part of products. Probably, there will be some restrictions, sanctions, deficit - it's hard to even imagine. I hope that the world community will not allow a significant conflict.”

Dmitry Provkina
Sulpak



“Macroeconomic Volatility

70% of our portfolio consists of over-the-counter drugs, and if the purchasing power of the population decreases due to macroeconomic volatility, this will also be sensitive for us.

Climate Change

It is difficult for countries to agree to follow the sustainable development goals for some reason, and the movement of large companies in this direction is also slowing down. STADA makes a lot of efforts in this regard.

Geopolitical Conflict

Our business is healthcare, and geopolitics has a greater impact on logistics. But over the past few years, we have become flexible, and our logistics partners have also adapted. This affects constructing of business processes in the company. It is required to recalculate the time for logistics chains, other planning of stocks and costs.

Health Risk

I don't think there will be any virus that we can't defeat. COVID has created a whole new level of vaccine production and disease control.”

Arminas Macevicius

STADA

“Climate **change** is already being seen. This affects us, but, rather, in a positive way. A warm autumn means more running outside which is positively reflected in our running base. People prefer to run outside avoiding visiting the club, but this is all relative. I visited Ust-Kamenogorsk where I was simply not allowed to run outside because of air pollution due to productions. As for climate change in the future, it will already be a problem for our children. We can probably meet the challenge. We've already experienced water problems - the Almaty upper parts remain without water. But I think such situation is due to improper operation of the water supply system rather than due to the climate problem. It was necessary to anticipate this problem and properly filter the water.

I feel **social inequality** very strongly. I feel it on social networks. This became a trigger today. There is too great imbalance between the rich and the poor. In the middle segment, someone is up, someone is down, and someone simply "washes out". Our people either live from salary to salary or they are not concerned about finance for years to come. As a manager, I see that I do not have time to do business, and I don't have enough income. My wife also works, and it does help. She is a businesswoman, has two gymnastic halls for children, and I am a hired manager. It's not that I'm underpaid, it's that I'm going down as a top manager. If before I had enough money for everything and even more, now it is not enough to live as before.

We have a significant level of exposure to geopolitical conflicts because each time there are more of them. Ukraine started to fade into the background, the focus is shifting to Israel and Palestine. There may be something else, and I don't even have time to follow it.

Health risks continue to be high. This concerns the climate and mental condition because our psyche is health. One can be in perfect physical shape, but if the 'fuse' in the head blows, then health can be significantly shaken.”

Valikhan Ten

Krida

“**Inflation** has a moderate impact. Everyone is used to the fact that prices are rising, the consumer basket has increased in price over the years, and today's inflation is a given that we can't do anything about. We didn't have any significant price changes last year, and we don't expect them this year.

Geopolitical conflicts are high probability. Reality has shown that everything depends on it in one way or another. Cyber risk is a high probability. Threats arise every day, the head office constantly reminds us of concerning the risks in the field of information security, and it is only a matter of time when we face it in Kazakhstan.”

Mikhail Borisov

Fluidra Kazakhstan

“**Macroeconomic volatility** and **inflation** unfortunately impact all of us.

Climate change is something that I wish we need to have more focus. I don't think we're on the proper awareness level, but we are responsible. I live in Almaty for less than a year, and the air condition in our city gives us clear feedback. If we don't do anything with this, it's got to be worse. From the business perspective, we need to take actions and it will come. If we don't do it, we will pay for this, all of us.

Regarding **geopolitical conflict**, we are working for healthcare industry which is excluded from the sanctions. However, we are restricting investment in the lifestyle products. Actually, we are even taking out lifestyle products and focusing on life-saving products to sustain access for antibiotics, pediatric products, etc.

Cyber risks, unfortunately, are got to be only worse in our situation. And such a case is like AI. Everybody is excited about AI, people are putting confidential companies' information to AI, not being aware that just putting it there it became public. Human is always the weakest factor in this. We need to really put more and more attention to make sure that our IDs, our confidential information are properly secured.

Health risks are the core of our business. I would say, SANTO as a leader in Kazakhstan and Central Asia, not only as the pharmaceutical company. I look at us as a company, which is co-responsible together with Government for safety and healthcare system for our citizens. We just need to be ready, securing access to the life-saving drugs, and that's exactly what I believe is my organization's duty.”

Adam Aleksiejuk

SANTO

“**Macroeconomic volatility** – less susceptible. We operate in the FMCG sector - with convenience stores and manufacturers/distributors, this sector of the economy is stable and in demand under macroeconomic volatility conditions.

Inflation – we are not exposed to this risk. We have a finished product, food manufacturers and distributors operate all over the world, everyone needs automation of sales processes, and I don't see any factors that could interfere with us. In addition to our key service related to purchase order automation, we also offer up-to-date marketing and in-depth analytics services.

Geopolitical conflicts – not subject to. Our business is represented and feels confident in several countries, and what is important is that our business model is easily scalable. We can easily and quickly deploy the company's services to partners and clients from any country in the world and proactively act when launching a product. For example, when the Internet was shut down in Almaty in January 2022, Smart Satu continued to work in other countries.

Cyber risks have moderate level of exposure. Smart Satu cooperates with large companies, and it is important for us that they trust us. Service sustainability is one of the company's main priorities."

Bolatbek Ospanov
Smart Satu

"**Cyber risks** are a high level of exposure. Cerebra is deployed on the cloud, and sometimes the cloud fails due to DDoS attacks, so cybersecurity threats exist anyway. In such cases, we learn from doctors that the service does not work."

Doszhan Zhussupov
Cerebra

"**Inflation** impact is moderate. It is hardly advisable to take drastic measures to reduce inflation, for example, to reduce the money quantity, this causes additional social and economic tension.

Climate risks impact is low although the climate factor affects our business, in particular, seasonality.

Social inequality impact is low. But at the same time, we, operators in the consumer market, are the main beneficiaries of positive changes in public wealth distribution. When benefits are well distributed in society and social elevators begin to operate, this immediately has a positive effect on the FMCG sector, consumer finance, and on everything which is related to the consumer market; consumption standards immediately increase."

Kairat Mazhibayev
RG Brands

"**Macroeconomic volatility** exposure is moderate. We have an exchange-traded product, so the influence of macroeconomic factors is present.

Inflation exposure is moderate. The inflationary surge has largely passed; now, perhaps, there is stabilization, but inflation still strongly effects on prime cost, on the amount of labor costs.

Social inequality should be considered as a factor that can trigger conflicts. 2022 January events are largely a product of social inequality. I think that the level of exposure is low, although the probability clearly exists. We have passed the peak, but the problem is not solved. Moreover, social inequality is a problem all over the world, and it leads to tension in all countries.

Macroeconomic volatility exposure is moderate. All the contradictions accumulated in the past currently turn into conflicts, we could observe them in the last two years. Conflicts affect the global trade, the cost of delivery by sea containers has increased by 20-40%, and freight becomes more expensive. Geopolitical conflicts clearly affect the global economy, and in many ways hinder economic growth.

Health risks exposure is low. They exist, although I don't quite understand why they have become relevant now. Perhaps because the population has significantly grown, globalization has greatly developed, infections are too quickly spreading. We had a precedent (the COVID) which means that the likelihood of health risks still exists."

Marat Seitkulov
Caravan Resources

"The Kazakh consumer behaviour in relation to non-food products with a long life is highly dependent on the domestic mood of the consumer. When the consumer becomes restless, we see negative dynamics in sales.

Political crises, high inflation, **significant changes in foreign exchange rates** in a brief period and other political and economic phenomena negatively affect consumption. Under conditions of "restlessness," the consumer involuntarily turns on protective instincts and begins to save primarily on non-food products, i.e. begins to stretch consumption and refuses to update. In addition, we are completely dependent on imports, and with a floating exchange rate of the national currency, any macroeconomic shock is absorbed by the FX rate which makes our products more expensive. It's no secret that the Kazakh consumer spends 50% of their income on essential goods namely food. High inflation puts pressure on the remaining share of spending on non-food products because food products always win in the fight for the consumer's wallet. We are rarely subject to targeted **cyber-attacks**."

Rustam Mussayev
EVRIKA

"**Geopolitical conflicts** – low probability. Residents can afford local entertainments even in the countries that are in conflict. Kazakhstan is not involved in any conflicts, and I assess this risk as low."

Nikolay Mazencev
Chocofamily Holding

"**Climate change** has a significant impact on our company through increased demands for energy efficiency and sustainability of operations. We work actively to reduce the carbon footprint from our products and operations, introduce green technologies into production and logistics. Additionally, the increased frequency of extreme weather events requires us to improve the resilience of our infrastructure and supply chains to ensure business continuity under all conditions."

Nurlan Sadykov
Dell Technologies

"**Macroeconomic volatility** exposure is high. Since we operate in the commodity market, we are highly dependent on macroeconomic factors, primarily country-specific ones: for example, on the harvest of grains and oilseeds around the world, meat demand and supply. Last year was challenging because our neighbour, the Russian Federation, had a large surplus in poultry production for most of the year, a geographic competitive advantage, and a high grain harvest. This ultimately led to the fact that poultry meat was cheap for more than half of the year. The problem was aggravated by the currency component; there was a disparity between the Ruble and the Tenge. The depreciation of the Tenge allowed Russian products to feel comfortable in our market. Prices for grains and oilseeds fell last year both in Russia and throughout the world, and such macroeconomic factors have the greatest impact on our industry.

Social inequality exposure is moderate. The level of social inequality that exists resulted in the January event two years ago. Discontent has a cumulative effect; there comes a time when the cup of endurance runs over, and everything is out of control. Such happened in January 2022; it will take time for discontent to build up again. I don't think this will happen in 2024, but there are prerequisites that this could happen."

Serik Tolukpayev
Aitas-Group

“**Social inequality** - we pay special attention to this issue, index the prices, and adjust the level of salaries, and plan to implement a social program related to the tourism industry for next year.”

Erik Shortanbayev
Skymax Technologies

“**Climate change** impact is moderate. We equipped stores in the northern regions with equipment designed for the climatic conditions inherent to those places, while stores in the south were equipped subject to a hotter climate. Recently, summers have become hotter in northern regions, and equipment cannot withstand it because it was not designed for such hot weather.

Social inequality impact is moderate. We work in the mass market segment and make products for the wide sections of population.

Geopolitical conflicts have a significant impact largely due to the supply chain. We have opened a representative office in Türkiye, import many products directly from China, but if we talk about the products that come across in stores, the share of Russian goods is growing. The Russian business share in our turnover has also grown due to the enormous amount of M&A taking place in the regions. The Russian presence is increasing, the Russian goods are cheaper due to the Ruble exchange rate.”

Azamat Osmanov
Magnum Cash & Carry

“In Kazakhstan, we have not been subject to cyber-attacks since we have a good security system and a strong team that always monitors cyber security. I think cyber-attacks occurred, but they were unsuccessful.”

Laula Stamkul
Wolt Kazakhstan

“**Macroeconomic volatility** exposure is moderate. As we've seen in years past, revenue fell to zero during and after the January events, after the Ukraine war started. At such times, people put off fitness for a future period, so any disturbances quickly affect our revenue.

We are present in some areas in Almaty and Astana, which are less favourable, and inflation is one of the hypotheses as to why revenue fell or did not grow.

Social inequality does not affect us, it is more a matter of re-balancing the product portfolio.

Geopolitical conflicts influence through the consumer sentiment, depending on the distance to certain geopolitical events.

Health risks impact is moderate. COVID has both shut us down and made number 1 fitness priority.”

Iliyas Issatayev
Invictus Fitness

“**Cyber risks** exposure is significant. We are a significant player in the Kazakhstan market, so we are subject to cyber-attacks every day, this is about two thousand hacking attempts per a week. That's why we heavily invest in cybersecurity. If we lose someone's data, it's an image and reputation risk that we can't afford.”

Baizhan Kanafin
Documentolog

“**Macroeconomic volatility and inflation** have minimal impact on us. We expected a decline, but we did not see a decrease in purchasing power due to the banking system, instalment plans and lending.”

Marina Kuznechevskaya
FlyDubai

“We give 15% for **inflation**, our banks have learned to hold it effectively. There has been a noticeable rise in prices all over the world this year, and I have been thinking about this issue for a long time. Some food prices, in my opinion, have inadequately risen. But when assessing their cost, it should be noted that it was initially underestimated. For example, dairy butter cannot be cheap given the labor-intensive production process. In other countries, dairy butter is always more expensive, and in our country prices for some products are now starting to rise in accordance with world standards. Products such as local beer are also as examples. Prices for local beer in our country, in my opinion, are inadequately low. In world practice, beer prices are equalized, and the difference is usually not as great as here. Perhaps in the future we will face an increase in beer prices since they are currently at a low level, unlike, for example, vodka and whiskey which prices have increased significantly over the past two years. The reason we maintain relatively low beer prices may be the use of local ingredients: cheap water, our own malt and hops that grow in Tekeli. These factors reduce the prime cost of beer.

Recently it's interesting and important to note the **climate changes** that start to impact our business. Changes in weather conditions such as strong hurricanes have a serious negative impact. Almost all of our umbrellas are broken, last year we replaced them about three times.

Geopolitical conflicts also have an impact on our business. We depend on relations with China and Russia. If any conflicts arise, perhaps we will see an increase in Russian visitors to our restaurants. However, if borders are closed, our business could be negatively impacted. We are completely dependent on external geopolitical events. Examples of other restaurant chains that have successfully integrated Russian specialists show their impact on the industry. Russian chefs and specialists available affect the level and quality of offerings in such restaurants. We also see Russian chefs being actively used in other successful restaurants, raising standards, and adding a distinct taste and style. Our business has Russian specialists in the management, but only in the Astana and Almaty branches.

Cyber risks have an impact. We've recently faced a serious problem when all our servers are attacked. The attackers blocked access to our CRM system and demanded a ransom. As a result, we had to pay the money. It later turned out that the attack was fraudulent, and despite the payment, we were able to restore access to the system. We decided not to file a complaint realizing that the attackers might be located outside our country and would be difficult to track them down.

Health risks may have a moderate impact on our business. I have heard about a possible pandemic in 2025, and some regions are already now experiencing outbreaks of diseases such as measles leading to schools to switch to distance learning. Everything will depend on quarantine measures, but I am sure that we will be able to cope with this situation. We have experience in dealing with the previous pandemic (COVID-19), and such experience will certainly be useful. We do not force our employees to get vaccinated but only recommend it. Our employees have medical certificates, but they do not require to indicate an obligation to vaccinate.”

Yuriy Negodyuk
Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

“**Social inequality** - minimum exposure. Social inequality hurts emotionally and provokes instability in society. Social inequality does not hit us; we eliminate it by helping our partners to realize themselves. Because of specifics of its business model, Mary Kay can become the very social elevator for many women in terms of education, culture, age, and income. We both offer a model of individual entrepreneurship, and we are an individual entrepreneurship school. We have a big advantage: we do not require large investments - we support everyone. In Mary Kay, every woman can try to run her own business with the company and receive full support from us. This is the mission of our company. We can implement it for any scenario. Our company was created to improve the lives of women, and we do everything for this. The main thing is stability in the country. There is another key threat - **personnel shortage**, and we have felt it very acutely over the past couple of years. This is evident both in the number of vacancies and in the speed of searching for new employees. We see that the reason is external factors and instantaneous changes in the market. We respond through improving working conditions in the company, but this period is not easy for us. There were times when the market raised demand for certain categories of professionals, but now there is a feeling that everyone is in demand. We, of course, use a variety of tools to retain specialists including improved working conditions, extensive employee development programs and much more.”

Konstantin Kulinich
Mary Kay Kazakhstan

“**Macroeconomic volatility** is low exposure. We realized that our business model, our sellers are very small, small, and medium-sized businesses. These categories of entrepreneurs adapt very quickly to all macroeconomic changes. We see this in Ukraine during the war, and during upheavals in other countries, and this is the strength of our business model.

Social inequality exposure is minimum. Our Kazakh team consists mainly of women; we do not hire employees in the office without knowledge of the Kazakh language. There was a big request from sellers for consultations in Kazakh.

Geopolitical conflicts exposure is moderate. If the Ruble exchange rate falls, this will also affect the Tenge exchange rate.

Cyber risks - high exposure. We are regularly subject to DDoS attacks, but we have proven countermeasures “Downtime” can be up to 5 minutes. We have servers in other countries where we can temporarily work and have other processes that have been operated. The problem of cyber-attacks affects many companies in Kazakhstan, not just ours. The problem of cyber security is a concern of us at a sufficiently high level, and we allocate resources for regular trainings to employees and for cybersecurity testing.

Health risks - low exposure. Our “closed mindedness” plays a role, because for us, if we look through the prism of what is happening in Ukraine, the pandemic is a thing of the past. In addition, when people are quarantined and forced to stay at home, e-commerce projects tend to grow, so we can talk about either a low level of impact or even a positive one, no matter how strange it may sound.”

Maxim Melnik
Satu.kz

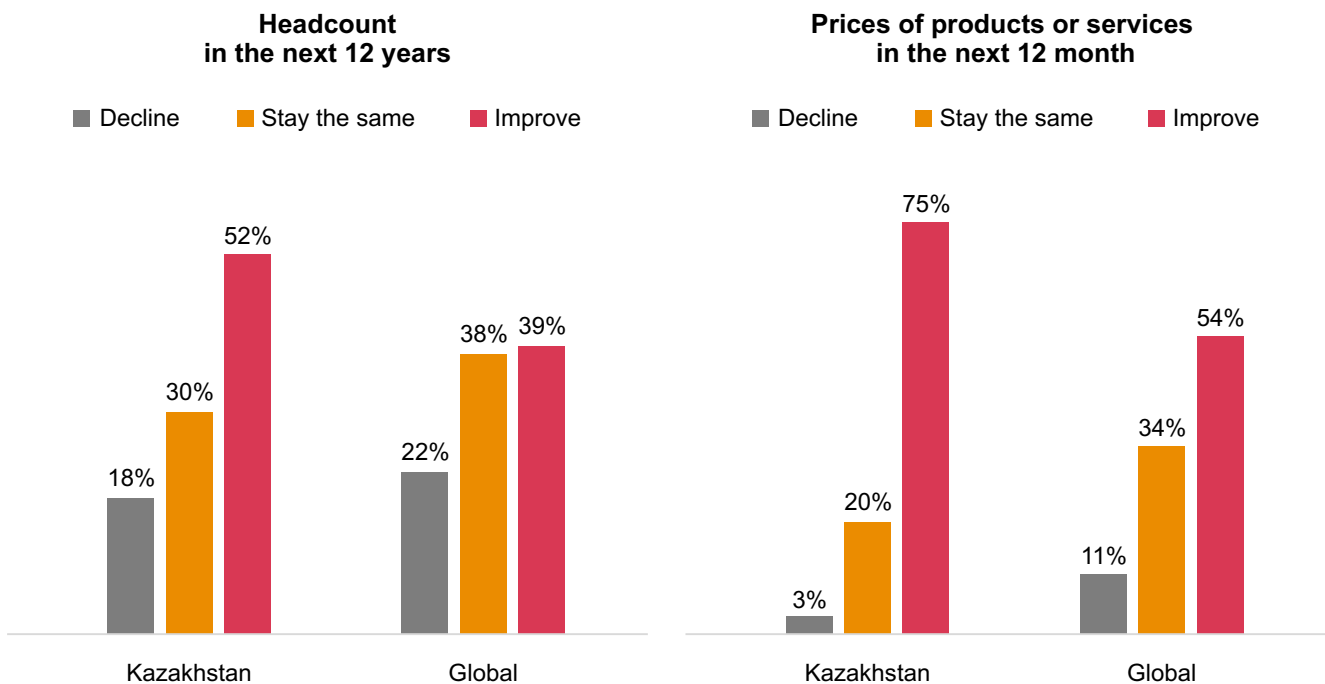


Expected changes in staffing levels and prices for goods and services

Business does not plan a significant staff reduction in the one-year perspective (only 22% of CEOs plan to reduce the number of personnel in the world, 18% in Kazakhstan). Many businessmen continue to optimize business processes but due to the growth strategy, despite the optimization and implementation of digital processes, the number of employees generally remains unchanged or increases.

According to the survey, 75% of CEOs in Kazakhstan (54% globally) expect prices for goods or services to rise in line with inflation, growth expectations are still high, while no one plans to increase margins.

To what extent will your company increase or decrease the following in the next 12 months?



“Since the end of 2020, there has been an aggressive increase in prices for all goods both food and non-food. Objectively, the life of ordinary Kazakhstanis has become more expensive in a brief period. The population’s income growth rate unfortunately does not keep pace with the growth of the expenditure. We observe both the effect of high inflation and “wage inflation” when an employee’s labour payment requirements increase even more than official inflation. To ensure a competitive level of income, staff optimization is required to free up financial resources to motivate the remaining staff. Observing our more mature and larger foreign colleagues, we understand that they have passed this way a long time ago. The new economic reality requires Kazakhstan to achieve a higher level of efficiency and return on every tenge invested.”

Rustam Mussayev
EVRIKA

“Our staff is increasing by 10-15%. I would prefer to avoid layoffs, but this is not always possible in the premium segment. If we talk about another new project, a universal and profitable strategy is an activity without a large staff. I have a potential investor, but the problem is that I simply do not have enough physical time. We have big updates including restyling of the Almaty Marathon, and we are actively developing new products.

For the Kazakh economy, we consider possible price changes. We plan to increase in 2024. Now the Almaty Akimat has increased electricity prices which affects us as service providers. Our pricing is like the manufacturing process although we provide services. We focus on basic utility prices. We plan to raise prices by 10% although the increased utilities prices were even higher.”

Valikhan Ten
Krida

“We moderately increase the number of staff while prices for goods and services will remain unchanged.”

Mikhail Lomtadze
Kaspi.kz

“We are following inflation as all players on the market. However, we need to remember that we are a company responsible for people's healthcare access. So of course, we are impacted by increase of cost – labor costs, cost of electricity and all the elements related, so we need to compensate partially. That is why I'm sure that our price increase will be below inflation.”

Adam Aleksiejuk
SANTO

“I think that the company's staff will remain at the same level. We successfully compensate for the increased scope of work associated with business development through automation and increased productivity. But prices for goods and services will slightly rise, I think by 5-10%. This will happen due to the external factors which Kazakhstan cannot influence. As you understand, the prime cost of a product consists of many components. They are the global supply chain, the dollar exchange rate which we are completely dependent, and prices for raw materials and much more. Of course, we are managing all of this, but I see that pricing is an area that will still bring surprises. Unfortunately, inflation is still high in our country. 15% last year's inflation was fully felt by the people. Our company does not approach pricing on a case-by-case basis. We maintain the same pace from year to year despite currency exchange rate fluctuations (more acute or smoother). This helps our partners gradually get used to the new reality.”

Konstantin Kulinich
Mary Kay Kazakhstan

“We have grown a lot in 2023, and we do not plan to significantly increase our staff in 2024 unless there are such partnership agreements with Sanofi as in 2023. As for prices for goods, we plan to follow inflation and the extent of the prime cost to be increased. We do not plan to significantly increase prices. There are two factors, the first is purchasing power and the competitive environment, the second is Russia. The Ruble devalued, and distributors began to worry about parallel imports. Products have begun to “flow” from country to country, and this stops us from making significant price revisions.”

Arminas Macevicius
STADA

“According to our development strategy, we plan to increase personnel by increasing projects. As for the current and established business, of course, there is constant retraining of personnel and automation of processes. In relation to the cost of our services and goods, prices will depend on rising inflation. We do not add any additional margin.”

Farrukh Makhmudov
Orbis Kazakhstan

“Our annual natural price increase is about 5-7%. In addition, over the past year we have taken many actions in our group. The results of the year have impressed us, and there is every chance that the company will continue to grow. By December 2023, the increase in rental costs in hard currency amounted to 15% compared to 2022.”

Alexei Khagai
TSPM.

“Unfortunately, we continue to optimize the number of personnel, and in the coming year the reduction in the number of personnel will amount to 5-15%. It should be noted that over the previous year we reduced the number of staff by 40% at the head office. This is due to a change in the market condition: we slowed the offline development, but the online channel is growing, and through it, we are essentially ‘eating away’ our own share. Overall, across all channels, the sales growth rates at Magnum are only increasing.

Prices for goods and services subject to inflation will increase by 5-15%.”

Azamat Osmanov
Magnum Cash & Carry

“The staff number will moderately increase because we are moving towards process management. When we systematize our processes, we have new people, new positions. Some things are being cancelled but the company is in general growing, processing more projects and requests, and the staff is growing. Prices for goods and services will moderately increase. Our pricing is greatly influenced by logistics, and now it is becoming more expensive. There are difficulties with the physical passage of cargo across all borders since we transport goods from Europe through Belarus and Russia other than through alternative routes. Every time a huge amount of documents is required, this is due to the work of people and the cost of services. We must be as prepared as possible for the fact that any issue may arise at customs and should adapt to possible changes in requirements.”

Mikhail Borisov
Fluidra Kazakhstan

“The staff number will slightly increase. We've transferred IT and sales specialists to an outsourcing arrangement and decrease the company's staff burden. The team currently has 15 employees and may have only a slight increase of around 20%.”

Bolatbek Ospanov
Smart Satu

“We are not planning significant changes, and we want to keep all employees and all stores. Prices for goods will depend on the economic situation and exchange rate since we have imported products. None of the electronics are produced in Kazakhstan. Last year, for example, Tenge exchange rate inexplicably and unexpectedly strengthened. We do not have such a concept as a “planned price increase.” Everything depends on demand, availability or shortage of goods, everything is determined by the market. If one look at the average purchase price, it has not increased. Now the price, on the contrary, is falling because the market goes down. We expect the electronics market to fall by 15% this year after sustained growth. Triggers such as COVID or withdrawing pension money to buy real estate are over now. In addition, credit sales are popular in the Kazakh market, and now the requirements for borrowers are becoming increasingly stricter so that the population does not become “overly indebted,” so the market for us is shrinking. We have about 65% credit sales are in monetary terms and about 30% in quantitative terms.”

Dmitry Provkin
Sulpak



“The price for services will not change, and the staff number grows by about 20% per year. We will transport some specialists from Kazakhstan to foreign offices, partially hire staff from local personnel and Russian-speaking specialists living in these countries.”

Doszhan Zhussupov
Cerebra

“Our staff numbers will slightly increase (within 5-15%). There are already quite a lot (about 2500 employees). We carry out reorganization, internal optimization and try to outsource some of the work. The last time we raised prices in the first half months of 2023 due to inflationary changes within the statistical error. In 2024, I think our prices for goods and services will remain at the same level. The Ruble has weakened, and there is dumping from Russia. Stagnation is observed in China, prices for goods fall, but our people are not getting richer.”

Ilya Martinenko
Avrora Holding

“Both the staff number and prices for goods and services will increase by 5-15%. One needs to understand that we provide jobs not only to people who work for us. Outsourcing and outstaffing are now actively used. These are particularly good processes for development and competitiveness of the regional market. Increasing our staff by a multiple of the company’s business growth is not correct for us. Our rule is core is more, and we transfer non-key functions to our specialized partners and their staff. Prices for goods will rise within the inflation. It is important for us how much money our employees have left after their obligatory expenses (mortgage payments, residential rent, and other obligatory payments). This is the so-called net disposable income. If people’s monthly income increases or decreases even by 20%, this, accordingly, greatly affects their quality of life, especially considering that the Kazakhs spend almost half of their earnings on food. A lot of effort must be made to retain and develop both the staff number and the income level of employees despite sudden devaluations and force majeure circumstances, such as the pandemic. So, there is a certain relationship between staff number and pricing decisions with market trends.”

Kairat Mazhibayev
RG Brands

“Staffing levels will increase slightly. As for prices for goods and services, 70% of our income depends on what prices sellers set. This is an auction model and is highly correlated with the inflation rate. Sellers set the price per click focusing on inflation.”

Maxim Melnik
Satu.kz

“The staff number will slightly increase because we are introducing new production this year. We launch the plant stage 2. It will exceed the capacity of the plant 1, and the increase in the number of personnel is an objective. Prices for goods and services will slightly increase due to inflation. Our main product is cathode copper, and the forecast for its prices is positive. We are sure that the price will rise within three years. Due to the current turbulence, the price is not rising as planned.”

Marat Seitkulov
Caravan Resources

“Staffing levels will increase slightly. We mostly recruit sales managers who help businesses grow. We have six areas, and our main recruitment is planned towards digitizing the restaurants. We are already engaged in digitization and are now forming a sales department.

We’ve already recruited part of the team and an additional part is being hired. Prices for goods and services will moderately increase due to inflation. We don’t see a significant increase because we work mainly in the commission business, and as the average check increases, we earn additional money.”

Nikolay Mazencev
Chocofamily Holding

“The growth of our workforce is driven by several key factors: increased sales volumes, the need to increase the technical competence of our partners, as well as the desire to provide a higher level of interaction with end customers during developing and implementing advanced technology solutions. In relation to these needs, we plan to attract additional resources in areas related to customer servicing and partner relations.”

Nurlan Sadykov
Dell Technologies

“The number of personnel will slightly increase within 10%. This year we have a time-out, we have been growing actively over the past 12 years, we’ve increased 12-fold. Prices for products and services will also slightly increase, within 10% due to inflation. I don’t expect big distresses but there is too much uncertainty in geopolitics, so it’s difficult to make more definite forecasts.”

Serik Tolukpayev
Aitas-Group

“The staff number will moderately increase. Our portfolio contains quite interesting projects that involve attracting investments in the development of aviation and tourism. We plan to increase the number of personnel by selecting specialists in these areas (mainly Kazakh specialists) and continue to implement the professional training policy. Perhaps we will also attract a certain number of foreign specialists for a certain period to train Kazakh personnel because one of our projects is large-scale and requires specialists with high competencies. Prices for goods and services will moderately increase. We do not produce anything ourselves and depend on the prices that European and Chinese vendors set for us. And despite that many European companies have located their factories in China, the price level for their products is steadily rising. We understand that price increases are influenced by geopolitical and economic factors because of volatility in the commodity market. Over the past two years, we have seen that production times increase, and prices goes up. For example, during this time, price increases ranged 5% to almost 100% for various items, and the cost of our company’s services slightly increased.”

Erik Shortanbayev
Skymax Technologies

“In Kazakhstan, we plan to increase the staff number by 5-15%. Next year we are going to expand our teams, but in general, despite our ambitious plans for growth and scopes, we strive to maintain efficiency and do not foresee significant increase in personnel. Regarding the prices for our services, they will remain unchanged. Since we operate within the platform, the only prices we can influence are delivery rates and service fee. The other prices are set by our partners, and we have no influence on them. We notice that every year there is inflation, and there is a tendency for prices for goods to increase by up to 15%. However, we do not plan to increase prices for our services.”

Laula Stankul
Wolt Kazakhstan

“The staff number will increase next year by more than 25% due to the growth of the network and the central office. We have already increased prices for services by approximately 15% from January 1, 2024. Before, we had not raised prices for about two years, and this was a planned increase.”

Iliyas Issatayev
Invictus Fitness

“We are an IT company, and our business model does not involve the expenditure of fixed assets. Our main capital is personnel. Business grows since the number of clients grows, and there is no need for a commensurate increase in the number of staff. We have a high average salary, create good conditions but carefully approach aggressive expansion. We have foreign specialists, have opened an office in Uzbekistan, and most likely there will be activities in relation to China and Türkiye. Our strategy is to grow our workforce and we are actively growing.”

Baizhan Kanafin
Documentolog

“The staff number will increase significantly as we open a second office and will be recruiting employees. Prices will increase by more than 25% due to an increase in fuel prices. Now fuel is purchased in China which eliminates the shortage but not solving the problem. Previously, we purchased fuel and antifreeze liquid in Russia but now they do not undergo international certification and are not covered by insurance. Unfortunately, we do not produce fuel, and the lack of fuel in Kazakhstan is an artificially created shortage.”

Marina Kuznechevskaya
FlyDubai

“The increase in staff numbers is due to active international scaling and expansion of the product line.”

Yana Shoibekova
Citix

“We are quite ambitious about our geography; this is primarily due to the growth potential. Our growth potential is determined by per capita consumption and the dynamics of the categories where we are present. Today, in our geography, the per capita consumption rate is quite low compared to countries with similar economic indicators. We anticipate growth in our categories and consider increasing investments to actively support this dynamic.”

Arman Sutbayev
Mars Kazakhstan

“Our staff number will increase. With the opening of 10 new restaurants, it will likely increase by 16-25%. However, we do not plan to increase our workforce further significantly. We focus on increasing efficiency and optimizing resources. Prices for goods and services can be increased. Our calculations always include 15% for possible cost increases. In this situation, I consider raising prices by 5-15%. Frankly, I would prefer to avoid significant increases so as not to change our position in the market. The final decision will depend on the inflation rate. If it is high, we may be forced to increase prices by 25%. We had a strange period. I have information on the market through our suppliers who supply goods to all the restaurants in the city. For some reason, we and the city had a downturn in September, October, and November as a whole. The summer was very successful, it was the best summer in all previous years, but then there was an unexpected decline (about 10%). We usually experience a downturn in the summer due to high temperatures when people choose to leave.

However, this year there was no such leaving, even in shopping centres. This may have been caused by the arrival of many tourists from Russia, as they have limited opportunities to travel to other countries due to visa restrictions. Thus, this year we have noticed a significant flow of customers, especially to Almaty.”

Yuriy Negodyuk

Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

“Tightening of financial regulation aimed at slowing the growth of consumer lending and the desire of the country’s leadership to redirect financing to lending to the economy. The implementation of the President’s instructions to reduce the consumer lending rate creates excesses in adopting of legislative decisions which will most likely lead to new restrictions on prices (interest rates) for financial services for retail consumers and a lending and related services growth slowdown.”

Alexey Sidorov
Silkway Group

“Today, our company demonstrates exceptional results in terms of key performance indicators, among which is 100% occupancy of all our real estate properties. This applies to both class A and class B buildings, and this is equally relevant both for Almaty and Astana. Such building occupancy confirms our strong position in the market and indicates high customer confidence in the quality of our services and facilities.

As for the office real estate sector, 2023 noticed and increased demand and prices which in my opinion exceeded 15% year on year.

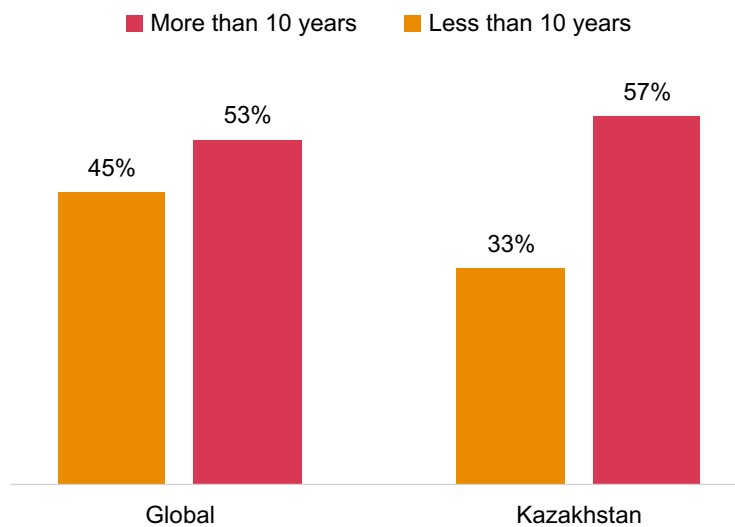
There are many tools for calculating and adjusting the lease rate, there are many factors including exchange rate differences, but in general the market has grown very strongly due to increased demand. The situation is unprecedented - the supply of space on the market has decreased due to the fact that some facilities have been managed as corporate real estate, and tenants lost their space when owner is changed. Besides, the situation with the relocation of business from Russia affected us only indirectly - many other buildings increased their average and occupancy rates due to this factor. The commercialization of some buildings has also slowed due to construction delays, and office real estate has become a scarce commodity. Based on our strategy and the current market environment, I am optimistic about the future and expect continued growth. Given that real estate is a long-term business, we predict steady growth over the next few years. There is also a disadvantage - along with a stable 5-10 percent increase in revenue, the expenditure and prime cost item also increases (utility bills, the exchange rate component when purchasing imported materials and replacement parts, inflation, and a general increase in prices for many different services required for the ideal maintenance of buildings). It is important to note that the real estate market continues to be extremely sensitive to economic and political changes. Therefore, our strategy is aimed at flexibility and adaptability to changing market conditions, which allows us to minimize risks and take advantage of emerging opportunities for growth.”

Lukasz Skowronski
Global Development

Prospects for the economic viability of businesses in Kazakhstan

As global experience shows, not all businesses can withstand dramatically changing market conditions, and we, under this paradigm, decided to ask Kazakhstan CEOs how stable their company will be if no changes are made. According to our survey, 33% of Kazakhstan respondents noted that if their business continues to operate in its current direction, it will last less than 10 years (45% of CEOs responded this way globally). Most CEOs' plans are constantly transformed and adapt to new challenges, so 57% of Kazakhstan executives and 53% of global CEOs expect their companies to remain viable for more than 10 years.

If your company continues running on its current path, for how long do you think business will be economically viable



“4 to 6 years. As experience has shown, our business depends on many components. For example, in Spain last year they faced the problem of a shortage of water resources; Barcelona fountains did not operate. Since our business is related to water, this affected the company as a whole. We are likely to face these problems in Kazakhstan, such problems become known. All geological surveys in this area were carried out back in the USSR. Today wells are drilled thoughtlessly without understanding how long the water reserves will last, what quality this water is, there are many polluted and depleted sources. Facilities are often built without realizing that there is no water to keep them functioning. Water shortage is one of the risks that can force us to transform. We are moving towards introducing technologies that will optimize the use of resources (water, electricity), but it is not entirely clear whether these actions will be sufficient in the future.”

Mikhail Borisov
Fluidra Kazakhstan

“More than 10 years. We are in the industry of producing the food that people will always consume. This is the most conservative and traditional industry.”

Serik Tolukpayev
Aitas-Group

“We are just at the beginning of our way in Kazakhstan, so 10 years is not even the limit.”

Laula Stamkul
Wolt Kazakhstan

“If we don't change anything, we will always be successful, but it doesn't happen that way. The environment is changing so quickly that change management is not even needed now, because all of life is constant change. If earlier we bring the process to perfection before launching it, now we need to launch and perfect at once, because everything can change. Our internal values and processes are built on constant change.”

Arminas Macevicius
STADA

“It is required to be transformed. We have been investing in digital products for three years in a row, and they will give us a leap.”

Askar Baitassov
abr

“We work in the field of FMCG companies, and this sector of the economy is the most viable regardless of external and internal economic factors. As long as distributors and manufacturers exist, our product will be in demand. We are operationally profitable, there is a confirmed demand for the company’s services, new clients, so I believe that our model will be viable.”

Bolatbek Ospanov
Smart Satu

“We believe that electronics retail as a format will continue to exist. Customers have a need to go to stores. Despite the fashionable trend of online sales, more than 75% of sales are still carried out directly in stores and retail outlets. We have a reputation built up over the years, clients trust us, so I think everything will be fine. Globally, the chain will narrow, there will be some kind of consolidation because the number of retail players is excessive, in my opinion. We, as an effective business, I think, will continue to operate for more than 10 years. Besides, we also do not ignore trends - we have our own strategy for online positioning. But retail will still be needed because it is almost impossible to build trust and preference in online. This is relevant both for buyers and for manufacturers because new companies need a platform where they will present their products to customers.”

Dmitry Provkin
Sulpak

“More than 10 years. On the one hand, the processing and mining business is yesterday’s business. On the other hand, copper which we deal with is an important part of the modern world economy. Everything related to electrification and green energy is tied to copper. Thanks to this, we are a part of modern economic trends, which will allow us to exist for a long time. For example, the number of electric cars is growing. They require new infrastructure, new substations need to be built, new cables need to be laid, and all of this requires copper.”

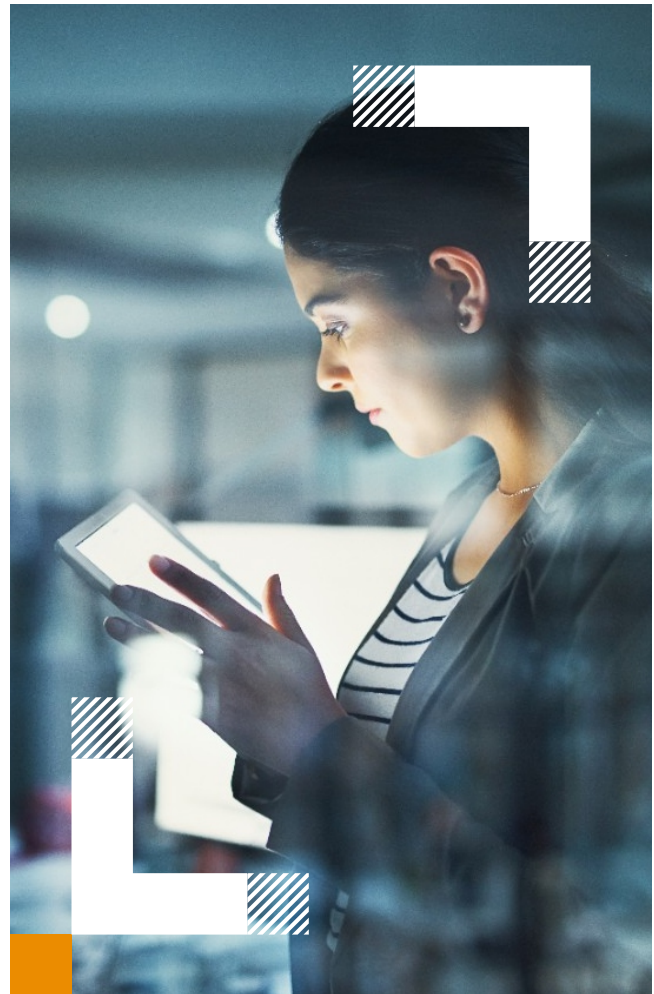
Marat Seitkulov
Caravan Resources

“Our business will be viable for more than 10 years. Firstly, our commitment to improvement is an integral part of our work process. We’ve never stopped improving our working methods. We’ve recently developed our own application which is at the testing stage and has already begun its operation. We implement it gradually, finalize its automation and have started with BAO.”

Yuriy Negodyuk
Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

“Now all online fitness service providers are either going bankrupt or falling in price. It turns out that for a higher level of service, people still want to go to specialized places. In the future, I believe there will be a niche for both indoor and outdoor physical fitness through apps. This will make fitness more accessible to distinct categories of people, and in general the percentage of people who engage in fitness will be greater. Physical fitness will always exist, I am sure, for more than 10 years.”

Iliyas Issatayev
Invictus Fitn



“Today we are in a growth phase. The categories where we are represented show positive dynamics. Interaction with key partners is improving, new supply chains are developing in our markets, and we confidently occupy leading positions in our categories.

Subject to rapidly changing context, we will continue to transform the business to address the future challenges and the desires of our consumers. And this will be reflected in our long-term business development plan.”

Arman Sutbayev
Mars Kazakhstan

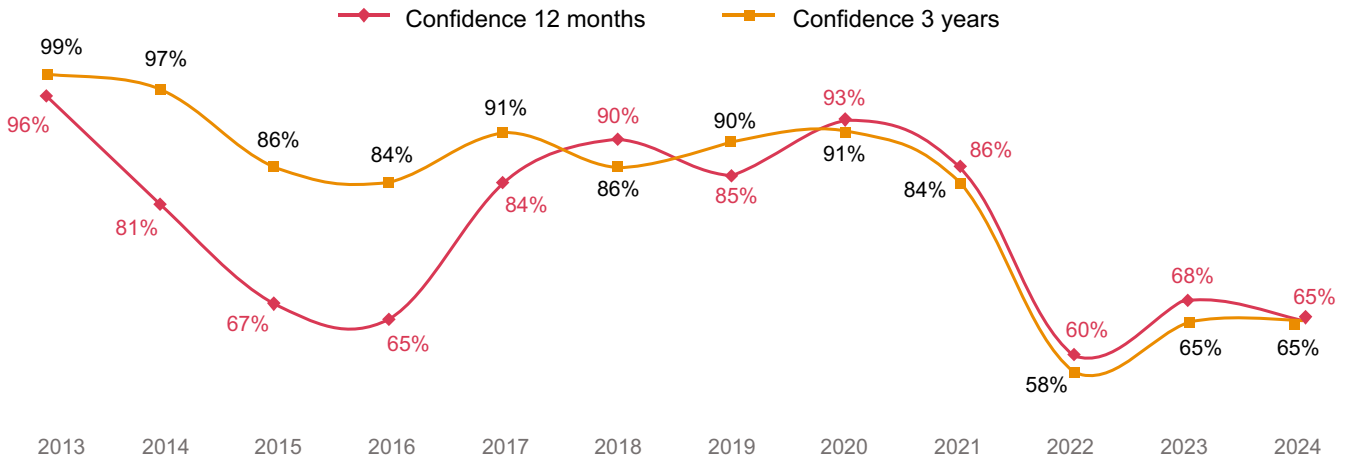
“We think our company will be viable for 7-10 years. We’ve changed our entire system: we created a new club, transformed the Almaty Marathon, and developed a new product for the Triathlon Federation. If we hadn’t done that, we would have been on par with everyone else this year. Now we feel that we have separated ourselves from all other federations and fitness clubs for the entire year ahead. We always build up something new and are not going to stop. By the end of next year, we will have another innovative product. It’s like a rule - do not stay where you are. If you want to survive, do what everyone else does. But we don’t want to be like everyone else. We strive to be a leader for everyone to follow. I always said that eventually everyone would come to this.”

Valikhan Ten
Krida

Company's revenue prospects for the next 12 months and three years

This year, we've decided to show the dynamics of the CEOs' responses to the said question over the past 12 years. Since we conducted our survey between November and February, it should be noted, that most CEOs expected robust growth in 2020 and 2021 and sharply adjusted their expectations in 2022 due to COVID-19. Over the past two years, we have seen their confidence gradually return. 65% of CEOs in Kazakhstan are sure of the growth of their business in the next one and three years

How confident are you about your company's prospects for revenue growth over: the next 12 months and 3 years



"I am sure in the next 12 months, and moderately confident in the next three years, because by this time we should finish our new project, but this doesn't mean we manage to do it."

Serik Tolukpayev
Aitas-Group

"Moderately confident. The main reasons are the threat of competition, market depletion, and obvious growth areas are running out."

Iliyas Issatayev
Invictus Fitness

"I am moderately sure in income growth in 2024. Now no one can be extremely confident due to wars and disasters. In the next three years, I am not too sure for the same reasons of instability in the world."

Marina Kuznechevskaya
FlyDubai

"I'm not sure about the one-year perspective, but I'm moderately confident about the three-year perspective. Once we reach revenue, we will quickly become profitable. The SaaS business itself is high margin."

Doszhan Zhussupov
Cerebra

"I am confident as much as possible. As I already said, we are a social elevator for people. There is social stratification in our country, there is a demand for social elevators, and we, as the largest entrepreneurship school for women, help them realize their potential. And if there is a demand for this, we are needed and will be successful."

Konstantin Kulinich
Mary Kay Kazakhstan

"I am extremely confident. I can roughly imagine what stage our company is at. We have been investing in a technical product for a long time, I see the response from our partners to the product that we provide, and it just needs to be sold, and some products are sold when partners ask for a connection."

Nikolay Mazencev
Chocofamily Holding

"I am sure in the revenue growth within a year. Over the next three years, I cannot say; the geopolitical situation is unstable, and it is not known how it will turn out. Something unexpected can happen that could greatly impact the business, and such changes could seriously impact plans and development."

Valikhan Ten
Krida

"After the 2022 January events, we were worried about internal issues, but we survived it. With the re-election of the President of the Republic of Kazakhstan K.Zh. Tokayev and the latest changes in the government, all this was levelled out, and the internal factor tended to fall by the wayside. We see an improvement in the rating agencies' forecasts for Kazakhstan - this is an important point. We are comfortable with the internal politics of Kazakhstan, and we do not see any risks in the near future. I would like to see an acceleration of economic reforms. Uncertainty comes more from geopolitics, but Kazakhstan sees all the risks, knows how to manage them."

Saule Zhakayeva
Citibank Kazakhstan



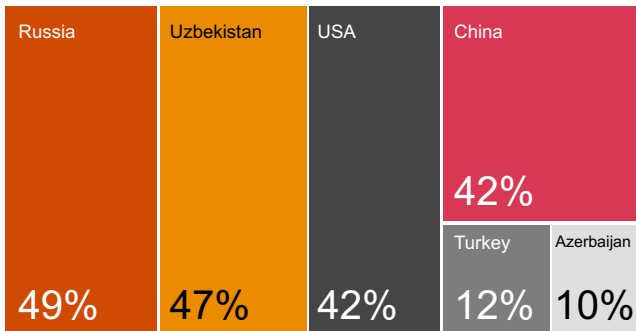
Theme

The most important countries for business development

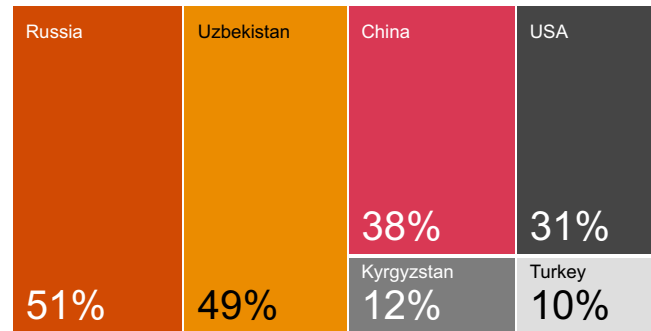
This issue within our research is one of the most striking and interesting. In dynamics we can see how the importance of certain countries changes. Based on the 2024 results, the most important countries for Kazakhstan respondents remain Russia (2024: 49%, 2023: 51%), Uzbekistan (2024: 47%, 2023: 49%), USA (2024: 42%, 2023: 31%) and China (2024: 42%, 2023: 38%). However, attention should be drawn to the growing importance of countries such as the USA and China. As for Russia, it continues to dominate gradually reducing its influence (2024: 49%, 2023: 51%, 2022: 68%). We also note that in 2017, Uzbekistan first appeared in the top countries important for the development of Kazakh business and ranks second for the last two years.

Which three countries do you consider most important for your company's prospects for revenue growth over the next 12 months?

Kazakhstan 2024



Kazakhstan 2023



“Russia, Uzbekistan, Portugal

The Russian market is critical for us, it is important to us, and we work there. It is quite large and open. We buy more than we sell in Uzbekistan. They are launching large cluster productions such as polypropylene production, and their assortment is constantly growing. When there are raw materials, they can produce, for example, plastic fittings. What used to be bought in China now can be bought in Uzbekistan in smaller quantities, and they are more flexible in communicating. As for selling, the Uzbek market is more closed, and entry into it is accompanied by opposition from the local mentality.”

Ilya Martinenko
Avrora Holding

“Uzbekistan, China, Kyrgyzstan

For well-known reasons, Russia's role has decreased. It's not just about the sales market but also about supplies from Russia. Closing and opening borders for goods, manual anti-crisis management of the economy greatly affects the sustainability of the entire supply chain, and for now we are forced to remain in the position of observers. Russia continues to be a huge market worldwide; moreover, it has a strong influence within the EAEU on the markets where we operate, and we cannot help but closely monitor the processes in Russia. Uzbekistan is now beginning to acquire growing importance in our business. This is a potentially large market; systemic liberalization of the economy starts to gain momentum in Uzbekistan.

Development factors such as continued economic growth, population consolidation, and an increasing share of the young population make the market unique throughout Central Asia, and Uzbekistan, with its approximately 40 million population, will play a significant role in the growth of the region. We occupy approximately 17% of the market in Kyrgyzstan, and the growth of this region is also very important to us.”

Kairat Mazhibayev
RG Brands

“China, USA, Uzbekistan

China is an important region for us as we do business with Chinese car manufacturers who are revolutionizing electric cars in the world. The current demand and change in customer preferences towards electric cars, including in our country, confirms it. The USA is another country where we invest and where we grow as Kazakhstan entrepreneurs. This allows us to improve our service levels and diversify our business model. Also, neighbouring Uzbekistan has become the next point of growth. We decided to open a distribution and dealer network in Uzbekistan. Subject to positive macroeconomic factors, regulation, and government support as part of attracting investments, we also consider opening a production facility in Uzbekistan.”

Farrukh Makhmudov
Orbis Kazakhstan

“Saudi Arabia, USA, Uzbekistan

We enter the US market, have created a holding company and are now transferring intellectual property there, making the Kazakh company as a “daughter” of an American company and starting activities on the US market in clinical trials and certification. If everything goes well, our project will be commercialized. There are clear algorithms for the commercialization of AI solutions in the field of medical technology in the United States. First, one needs to undergo clinical trials, certification, get insurance codes, and one can earn money within these codes.

In Saudi Arabia, we won the first place as Innovative Startup of the Year, and the local Ministry of Health invited us to “participate in the sandbox.” This allows to operate in the Saudi Arabian market without certification. We are discussing partnerships with local companies and intend to enter the Saudi Arabian market without contributions from our shareholders and other foreign shareholders; everything will be done with the money of the Saudis. We plan to open an office in Saudi Arabia in quarter 1, 2024.

In Uzbekistan, we have already received money from two venture funds, opened a company, brought our product, and are developing a business with money from Uzbek investors.”

Doszhan Zhussupov
Cerebra

“**Germany, UK, Eurasia region** (Kazakhstan, Uzbekistan, Belarus, Azerbaijan, Georgia, Moldova, Kyrgyzstan, Armenia, Mongolia, Tajikistan, Turkmenistan)

First is Germany for STADA because it is the home market, and it is very important. The second country is Great Britain, it is a big market, they left the European Union and there are many unclear issues that interfere with certainty. The third region is Eurasia. Eurasia has many small countries, but if you add Ukraine, the total population will be around 170-180 million., the market is already quite large, and this is a priority region for STADA. The pharmaceutical market in the Eurasia region has recently become a little “flat.” The large error in the data is given by the influence of the COVID vaccine, which was in high demand and artificially distorted the market. The vitamins consumption and preventative over-the-counter medications also had an impact. People got a little scared, began to care more about their health, and in the last year everything began to roll back. In addition, Kazakhstan is the end of the logistics chain, transportation to Kazakhstan is more expensive, so inflation rates over the past two years have affected prices - they have increased but not as much as the prime cost has increased. Kazakhstan has one of the highest inflation rates in the region, about 20%. Therefore, the market assessment is ambiguous - the dynamics are positive, but they are inflationary. There will be no growth without certain structural changes in the health sector.”

Arminas Macevicius
STADA

“Russia, Türkiye, China

Türkiye is greatly investing in Kazakhstan in the retail sector, warehouse construction, and is strengthening the expansion of its companies within the Republic of Kazakhstan. China which borders Kazakhstan and has huge trade ties and cash flows with our country will remain a priority over the next few years.

As for Russia, I look at the situation realistically and understand that parallel import that go through Kazakhstan to Russia will in any case affect the income of our company. Due to the increase in the flow of goods passing through Kazakhstan to Russia as parallel imports, Kazakhstan develops logistics hubs and infrastructure on which business development depends, in particular in retail, and we directly depend on this. The timely arrival of collections, the size of collections, and the availability of goods in Kazakhstan are associated with the development of parallel imports to Russia.

We still have expectations regarding Uzbekistan, but they are not as fervent as last year and are associated with real experience gained in negotiations with Uzbek colleagues. We are currently engaged in three contracts with the Uzbek side. However, Uzbekistan has a very closed business community, a shortage of professional personnel and experts, and I don't think it's quite right to fill certain niches by the Kazakh side. There are projects where the state wants to attract Kazakh investors, but at the same time, the internal business, the communication environment where Uzbekistan exists is quite different from Kazakhstan. Secrecy has been elevated to a mandatory attribute of the business environment.”

Alexei Khagai
TSPM.

“Mongolia, Uzbekistan, Kyrgyzstan

We've received another region - Mongolia entered our sphere of influence. In comparison with countries such as France and Italy, this is not such a high level in terms of sales, but in general we work with the market as deeply as possible, offer the fullest range of products and services, and each country gives us a certain increase. We may occupy a leading position in countries such as Mongolia; this market, although small, is very promising. They are already working with our products, other European and American manufacturers products, using technological products and solutions, and we can give them more interesting conditions. We have had several visits to this country, have found partners and expect that we will have growth in this region in the next 2-3 years.

We are growing in the Uzbekistan and Kyrgyzstan markets. Kyrgyzstan is a small market, but we are growing there by 30-40% annually, there are many new investment projects, government participation projects, sports and entertainment complexes are being built, the tourism sector is developing, and this is a promising market for us. We got a fairly large critical mass of clients in Kyrgyzstan. In Uzbekistan, we mostly work through our dealers, but there are projects related to the state, although there are few of them. Retail is highly developed.”

Mikhail Borisov
Fluidra Kazakhstan

“China, European Union, Korea

Now we are less dependent on Russia since many manufacturers have left the Russian market, closed factories and warehouses, and many suppliers have moved to Europe or Asia. We watch the Eurasia countries (Uzbekistan, Azerbaijan), but there is no way to enter this market - there are a lot of “gray” imports, unofficial products. There is no point in competing with unofficial sellers. Until Uzbekistan improves its customs, there's no sense to look there.”

Dmitry Provkin
Sulpak

“UAE, Uzbekistan

Uzbekistan is important in terms of geographical accessibility, and the cultural pattern is similar, so we can enter this market faster, will work with digital products there. And Dubai is important because we intend to go there with investments.”

Askar Baitassov
abr

“China, USA, Russia

In 2023, China, rather than Russia, became, for the first time in the history of Kazakhstan, its main trading partner, and the downward trend in trade with Russia continues. Now China is ahead, and we expect that there will be more contracts in CNY. As early as today, we see large contracts with the Chinese side in CNY in the banking sector, Chinese partners in several projects consider financing in CNY, and this is a notable change. Besides, there is no CNY liquidity market in Kazakhstan, so the conversion takes place through the dollar, but this is not an obstacle.”

Saule Zhakayeva
Citibank Kazakhstan

“USA, Singapore

We focus more on the US market and New York in particular. In New York, we have signed contracts and are actively launching new applications. As soon as we launch them, we will create a separate team locally and will develop more actively.”

Bolatbek Ospanov
Smart Satu

“Last year I named countries, but we had to 100% deal with Kazakhstan. Therefore, in 2024 exactly no country except Kazakhstan. Changes in the domestic market are very strong, especially in terms of industrialization, so we direct all our efforts in this field. On the other hand, this is good. Having tested all possible hypotheses, we were convinced that Kazakhstan now gives more than the rest. It is noticeable how the government has turned its face to business. One problem is foreign investors are still treated better than national ones, and this is not fair to me either from an economic or a moral point of view. We must earn a place in this world. We have a plan - by 2031 to enter the top ten countries from which medical equipment is exported, but for this purpose we first need to become a champion at home.”

Yerkin Dlimbetov
Ordamed

“Uzbekistan

Uzbekistan is a large and promising country nearby. And we must now begin to understand our presence in Uzbekistan market.”

Konstantin Kulinich
Mary Kay Kazakhstan

“Ukraine, Uzbekistan, USA

In Kazakhstan, we launched the Kazakh version of the site at the end of last year, and we already have a small percentage of purchase orders from the Kazakh-language version. In 2024-2025 we can try to launch it in Uzbekistan. In 2023, our group launched a business in Romania. The US is important for business growth prospects as all the major financial institutions are located there, Ukraine, because R&D is partially carried out there.”

Maxim Melnik
Satu.kz

“Russia, China, USA

Our business is focused on sales to the end consumer within the country. That's where our extreme dependence on the economic situation in the country comes from. The Kazakh economy is extremely dependent on its main trading partners - China and Russia. Russia - in terms of imports of consumer goods, China - in terms of demand and prices for energy resources.”

Rustam Mussayev
EVRIKA

“Kyrgyzstan, Uzbekistan

The key countries for the growth of our business in the coming year are Kazakhstan, Kyrgyzstan, and Uzbekistan. This is due to active government initiatives in digitalization and development of telecommunications infrastructure including the development of 5G networks, expanding access to broadband Internet in regions with low population density and the construction of fibre optic lines. We focus on digital transformation, AI adoption and Big Data Analytics which also contributes to increasing demand for our technological solutions.”

Nurlan Sadykov
Dell Technologies

“Russia, Uzbekistan

In terms of market access, Russia and Uzbekistan are important for us. We also took an active part in developing a new marketing strategy for Pinemelon - this is the former Arbuz. And we are looking forward to the US market.”

Serik Tolukpayev
Aitas-Group

“Uzbekistan, Georgia, Kyrgyzstan

Because we have branches in neighbouring countries - Uzbekistan, Tajikistan, Kyrgyzstan, I think that the focus will be on the large market of Uzbekistan. As for other countries, I would mention Georgia. We actively develop hotel services in Georgia, and there is a constant growth in tourism. This is facilitated by the economic situation, government support provided to small and individual entrepreneurs including the training policy to work in the hospitality industry, and funding is allocated for this, international specialists come to provide training.

In Uzbekistan, unlike Kazakhstan, the price factor plays a very important role. The choice is in favour of more budget-friendly projects, although the country is actively supported by international financial organizations because many projects are being implemented under grant programs, for example, hydrometeorology, ecology, and aviation projects. I cannot say that the Uzbekistan investment climate is open and attractive, but there are many nuances in securing and obtaining guarantees from the government for investment.”

Erik Shortanbayev
Skymax Technologies

“Finland, USA, Russia

These are the main countries that are crucial for us. Finland ranks the first since our company is a Finnish company. The next important country is the USA since our company was bought by DoorDash. And, of course, Russia plays a key role given our border location and close ties.”

Laula Stamkul
Wolt Kazakhstan

“Uzbekistan, Azerbaijan, Kyrgyzstan

For Invictus next year we see potential in Uzbekistan, we want to enter the Tashkent market. We see that the fitness market is growing there, but since we are developing through a franchise model, we will be looking for a strong partner there. We are negotiating with Kyrgyzstan, we would like to open in Bishkek, and in Baku, Azerbaijan. As an investor, I want to bring my second company to the American market.”

Iliyas Issatayev
Invictus Fitness

“China, Uzbekistan, Türkiye, and Russia

These are the main trading partners of our country. Our company is now actively promoting the product on the market that allows us to digitize the processes of concluding contracts and issuing invoices between cross-border countries. Our audience is those companies in Kazakhstan that trade with our trading partners.”.

Baizhan Kanafin
Documentolog

“Sri Lanka, Maldives, USA

Sri Lanka and the Maldives are historically developed destinations where Kazakhstanis fly with FlyDubai via Dubai. But with Emirates entering the market, US will be new destination. Our flight geography is expanding. We are also interested in cabotage flights across Kazakhstan through Uralsk, but so far, we do not have enough planes.”

Marina Kuznechevskaya
FlyDubai

“Türkiye, UAE, USA

Türkiye is the first country where we’ve tried to enter the European market. It is in Türkiye that we have already installed and launched our products - smartboards. The coming year will therefore be key year in terms of scaling and strengthening our position directly in Türkiye. We are extremely optimistic in general about the Middle East and the UAE countries. These countries for us are leaders and unique trendsetters in the region, acting as a “window” to the market of the Persian Gulf countries.

The United States is the world's largest economy and an innovation leader. Our company's products have received positive reviews from the Silicon Valley community, which were confirmed by investments from one of its most experienced and famous investors Tim Draper. This is the first such case in Central Asia. Showing ourselves and gaining a foothold in the US market is the company's strategic goal which will take us to the next level.”

Yana Shoibekova
Citix

“Russia, USA, Uzbekistan

I think the US plays a key role in our industrial development, especially in technologies. We often rely on their technological and material base. As for Uzbekistan, I continue to view this country as a strategic partner. They are making considerable progress in our industry and their progress this year is amazing. They've managed to beat Kazakhstan at the Asian Games; this is something incredible. I predicted this, but it came as a surprise to our officials. I visited Uzbekistan three times in 2023. They are gaining momentum and showing growth especially in the fitness sector, due to the influx of Russian specialists who have changed the dynamics of this market.

The problem with most Kazakh fitness clubs is that trainer positions are now filled with Ukraine and Russia representatives. I don't see this as a threat but only as an opportunity for improvement. However, if they take the top of the management, it will cause a meaningful change, at least for me. I am convinced that this trend will continue as the war continues and forces people to look for opportunities outside their own countries, and this is reflected in forming the workforce. Managers are already heading to Uzbekistan because we already have several experienced managers, but there are not enough of them in Uzbekistan. There is more freedom and can make good money.

I don't plan to open clubs in Uzbekistan yet, but I'm interested in their market, so I participate there as a speaker at events. A major fitness forum was recently held in Uzbekistan, organized by Russian managers. Nine speakers out of the ten were from Russia, and only one speaker was from Kazakhstan, that was me. No speaker from Uzbekistan attended the event.

Uzbekistan has a correct approach with which I am not heard here. In Kazakhstan, everyone is too relaxed, they just need to complete the formalities. When they say that medals are needed, what do we do? We don't want to train ourselves; we prefer to buy athletes. I always said: don't do this. Uzbekistan did something different. As I once did in Almaty in my federation, I invited foreign specialists from Ukraine and Russia, and they helped me prepare Asian champions. The Uzbeks did the same at the level of their national team. Their coaching staff includes Russian and Ukrainian specialists, physiologists, and all their athletes are champions at the Asian Games. But we only have foreigners on our team, and even they haven't achieved anything.”

Valikhan Ten
Krida



“Uzbekistan, Kyrgyzstan

One of the strategies, which I implemented as of January 1, 2024, is country focus, because many functions of our company are located in Almaty. I need to be sure that Uzbekistan, Kyrgyzstan or other smaller countries will have proper country focus and understanding of local needs. That's exactly what I believe we need in our region. We need to localize our needs and by that structure, I believe we will be winning our competition with big multinational companies, where majority of strategies are coming top down from London, New York, Paris or other HQs. Definitely, Uzbekistan is a country with big potential. After stabilizing currency issues, the population growth and GDP growth, and, of course, taking into consideration the base we're starting with and 40 million population over there, it's a number one country as an opportunity. Unfortunately, it's connected with number of risks, still the regulatory environment is very unstable over there, still many strategic directions are not confirmed with implementation of executive acts in place.”

Adam Aleksiejuk
SANTO

“UAE, Russia

Currently we do not consider expanding beyond the country despite incoming offers including Dubai. It seems to me that inside Kazakhstan, especially outside Almaty and Astana, there are interesting prospects for us - this is a kind of “blue ocean.” For example, we've recently opened a restaurant in Semipalatinsk, and it became profitable within the first month.

As for international markets, such countries like Dubai require significant investment - within three million dollars per restaurant and are associated with high financial risks. Competition is fierce, and rental issues may not always be fair. Therefore, now I see greater potential for development within the country.

Russia remains a significant country for us, as it is an important trade hub. We actively purchase Italian equipment in Russia where the main representative offices of manufacturers are still located. This applies primarily to kitchen equipment since there are no sanctions for this.

As for furniture and tableware, the latter comes from China, and due to the current geopolitical situation, this becomes a key factor. Prices for Italian equipment have increased by 30-40% over the past year, and construction costs have increased by 50%. For example, if earlier we built a restaurant for 80 million, now the cost of similar project has increased to 120 million including furniture, tableware, and other costs.”

Yuriy Negodyuk

Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

“India, USA, Saudi Arabia

India is expected to be among the top list of fast-growing economies in 2024, with potential investments and transformations in different sectors such as industry, infrastructure, energy transition, and mobility.

Saudi Arabia is also expected to experience rapid growth, with major investments in the Neom project, energy transition, mobility, and digital transformation.

The USA remains a very large market from different perspectives including market size, digital transformation, energy transition, and innovation.

All of the above factors make these markets key for our company's revenue growth, considering that we are capable of providing best-in-class digital solutions for efficiency and sustainability.”

Edgard Bou-Chahine

Schneider Electric Central Asia and Caucasus

“Russia, China, USA

Kazakhstan may be indirectly affected by geopolitical and economic instability associated with presidential elections in the Russian Federation and the United States, as well as a slowdown in economic growth in China. Dependence on its northern neighbour and the two largest economies in the world can affect domestic economic and social policies, and consequently, the income of the population.”

Alexey Sidorov

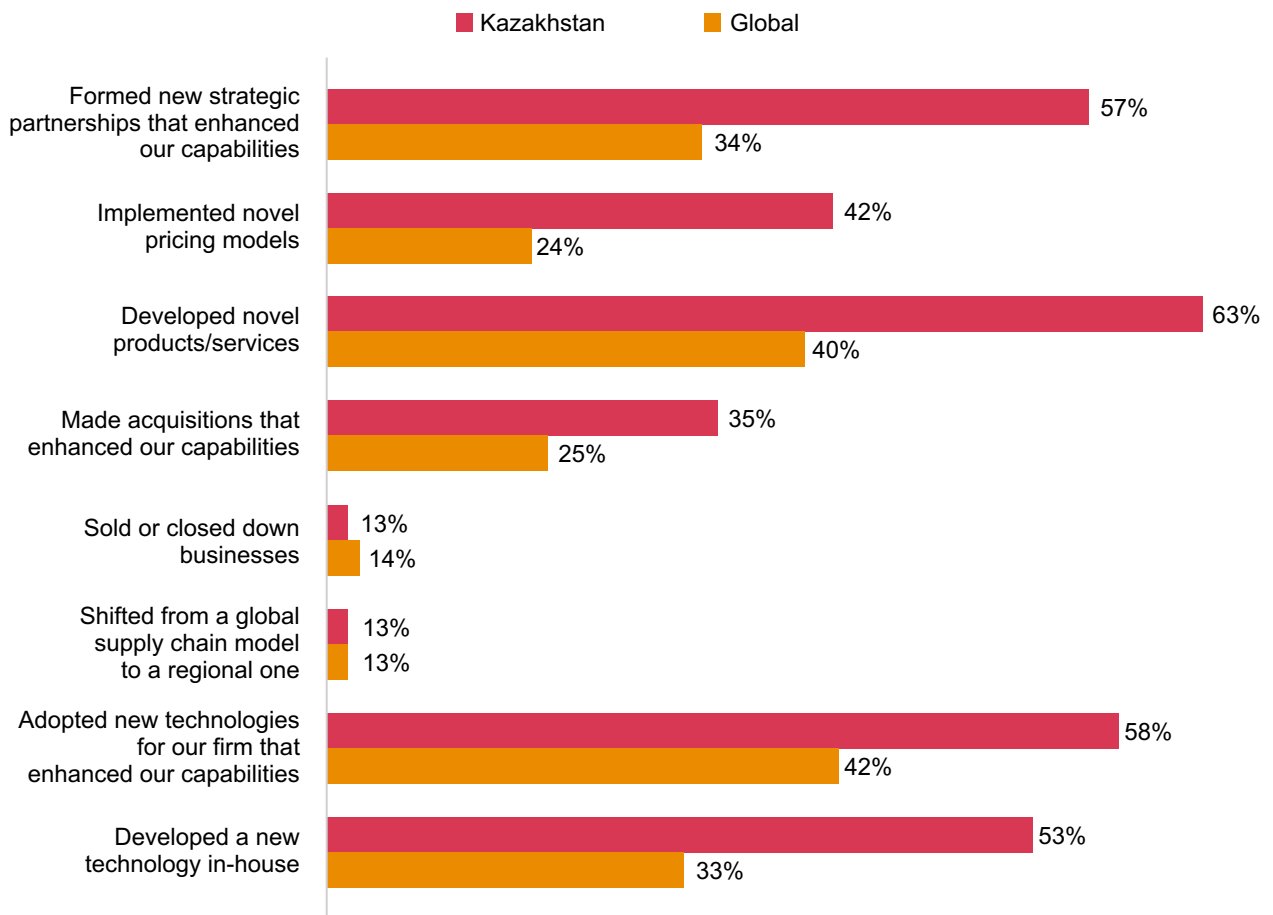
Silkway Group

Factors affecting the cost of business in Kazakhstan

To adapt the business, CEOs have taken several important steps over the past 10 years. One of the most important steps for both global executives and Kazakh CEOs was to develop new products or services, introduce modern technologies and establish new partnerships. Developing own technologies and introducing new pricing models have also been undertaken by businessmen around the world. They closed or sold enterprises to a lesser extent and transferred from a global to a regional supply model.

In the next 3 years, technological changes will become the main drivers for business capitalization (78% according to Kazakh respondents, while 30% globally). The second important factor for local businessmen will be government regulation (68%); its importance was globally noted by 47% of survey participants. Executives point to changes in customer preferences as one of the key conditions for future business viability both in Kazakhstan (66%) and globally (49%). Businessmen both in the world and in Kazakhstan primarily point to the legal base (36%) as possible barriers to the further creation, preservation, and realization of the value of their companies, Kazakhstan CEOs are concerned to the same extent about the lack of technological capabilities, problems with infrastructure and limited financial resources – 24%. It should be noted that 24% of respondents are also concerned about limited financial resources in the world.

To what extent have the following actions impacted the way your company creates, delivers and captures value over the last five years?



“Introduction of new pricing models – significant influence. The property development market has developed a pricing practice based on the developer’s business model. Since November 2022, we have launched our own project to consider two models at once. The first is a model of tenant and the brand that enters the shopping mall and relevance of the model to the one that exists in the shopping mall. We found that subject to the payback period, both parties find themselves in safer conditions, and at the same time, the tenants form a clear business model, and the landlord, the owner of the property, generates additional income. We pay significant attention to percentage of turnover, which we have been implementing over the past eight years, also has its effect. Changing the consideration focused on the financial model of the tenant gives a good result, and our pricing is now based on the financial model of the tenant.

Proprietary New Technologies have major impact. Last year we considered several areas. The first is a centralized procurement system. A procurement portal has been launched across the entire group of companies, a transparent procurement procedure has been introduced and purchases are formed based on general requests.



When purchases are combined for similar goods and services, we receive more attractive offers. We operated under a new procurement system the end of 2022 and throughout 2023.

We launched a self-learning forecasting and analytics system which we previously did manually. We completed the automation and reconciliations in various accounting systems. This has given us more accurate forecasts and a clearer system for tracking and controlling money and forecasts. The predictive analytics we talked about last year is now functioning more clearly, and this is having a positive impact on business. My main goal is to automate everything that could possibly be automated and to direct human resources to creative processes, to things that a machine either cannot do or does not provide in the quality that I want to get. I would like people to use their creativity to work for things that cannot yet be automated.”

Alexei Khegai
TSPM.

“New products and services were developed – it had a significant impact. For example, the addition of new government services and constant improvements in current services, we also expanded the food delivery business, launched a free Kaspi Cashier, Kaspi Travel tours and actively developed business credit.”

Mikhail Lomtadze
Kaspi.kz

“Businesses sold or closed - big influence. We are talking about the sale of Aviata.kz. This is our largest asset, and even the management system has changed a little since a large piece of business has left us. This influenced how we see our super application, what connections the projects have with each other. For now, we have no plans to purchase anything. We are ready to sell our iDoctor service because it does not fit into the concept of pleasure. For ourselves, we decided that Choco works is a pleasure brand, and iDoctor is about health. Therefore, we are ready to exit this business. In general, we saw the value of focus. Over the past few years, we have had several deals where we exited the business – this is the acquiring business, we sold Lensmark, closed another direction, and in general, we are focusing on one segment.

Modern technologies have been introduced for our company, which have expanded our capabilities - major impact. Generally speaking, we can trace how technology developed, how people moved from offline to online, then began to actively use mobile phones and use mobile versions of websites, then began to use applications. The way of ordering is changing; when a customer is not ready to go to a restaurant and order, he/she can place an order online. Previously, there were no such options, there were no such services abroad, but now they appear, and this experience comes here. We see that other services start to make similar products, and this also allows us to sell our product despite competition growth. In general, there is more information about such services, and if your service is better, it is easier for you to sell it, because your potential partners know about your competitors.

We see that people are less interested in coupon services in terms of discount, but they are interested in some privileges. We sold tickets for the popular musical “Julia” with privileges rather than with a discount. The user buys a ticket at full price, but at the same time receives a VIP ticket, that is, he/she enters through a separate entrance and gets access to the actors.

There is no discount but there is additional value; both partners and some clients like it better. Due to subscription programs, users begin to grow loyalty to certain services. Yandex and Glovo have subscription programs, and we are thinking about our own subscription program. This also affects user behaviour. Our main way of assessing loyalty is how often users return if they are given an additional offer - a discount, cashback, gift.”

Nikolay Mazencev
Chocofamily Holding

“As for a product, brand and communications perspective, there are minor changes to partnerships. As for business outsourcing, reforming, and developing the business, there is a significant impact. If, for example, we take nominal distributors in Uzbekistan and Kyrgyzstan, we and the market no longer had a need for their intermediary services since our brands need to work directly with the market, in the b2b2c format. But these partners have certain knowledge, skills, and assets, and now they continue to work with us but as logistics operators, and they work based on a commission fee rather than on a broker's margin, accordingly, the better and more they do, the more they earn.

New pricing models introduced - great influence. Now Kazakhstan, Uzbekistan, Kyrgyzstan, Russia greatly change their distribution channels, transform their purpose for consumers, and in each case, it is necessary to find approaches and solutions. Flexible and consumer-oriented pricing is one of the key factors for sustainable development here.

We've transferred from a global supply chain model to a regional one – moderate influence. We moved from a global model to a regional one (for example, during COVID), and made the reverse transition due to sanctions with the start of the war in Ukraine.

We've introduced modern technologies which have expanded our capabilities - major impact. When we talk about technology, we are talking about both IT and about production technologies and management technologies. For example, in connection with COVID, contactless production technologies have become relevant; on the one hand, they have made it possible to reduce the cost of production, and on the other hand, they have made it possible to make it healthier and produce significantly healthier products.”

Kairat Mazhibayev
RG Brands

“New products and services for STADA now make up about 25% of the business. This is an entry into biosimilars, oncology, and this will have a significant impact soon.”

Arminas Macevicius
STADA

“We’ve established new strategic partnerships that have expanded our capabilities - great influence. We are always open, look for new partners, expand our product line. It is important to constantly monitor the market, new products and companies and create partnerships.

We’ve introduced new pricing models - great influence. Previously, we did it once a year, now we did it several times. Prices and logistics change, we monitor “gray” imports that enter Kazakhstan, and competitors’ prices. All this is added up for us in the information field to be analysed and then reflected in our pricing. We must be both competitive and marginal.

We’ve made acquisitions that have expanded our capabilities – significant influence. We can start production, have agreements and the first deliveries of components and plan to engage in certification. Starting in 2024, we will begin production of several products in Kazakhstan. These are small volumes, not a full production cycle, but this is the first step towards localization. We are waiting for help from the state, but even if it doesn’t come, we will follow this path, although it is quite complicated and long.

We’ve sold or closed businesses - no influence. We closed the service because we do not have enough physical resources to maintain it at a high-quality level, and, as it turned out, no one needs a high-quality service; they don’t want to pay for it. Our idea when creating a service department was to maintain facilities which construction we take part. As a rule, we are talking about large social or commercial projects with government participation.

However, because of 4 years of work, we realized that the operating government agencies do not want or do not have the opportunity to delegate maintenance service to qualified entities. This is primarily due to the current tender system. We are now developing the maintenance service through our dealers. We push our dealers to become local service centers. We, in turn, provide a guarantee as a manufacturer, we have a base and a service centre but service as maintenance and maintaining the facility in operation condition daily - such service no longer exists.

New technologies have been introduced for our company, which have expanded our capabilities - major impact. We are moving towards automation of process management and plan to complete this process in 2024. We are introducing new software products; process management has changed our approach to work. In the future, if we want to maintain or improve the quality of our service and sales, we need to develop in this direction.”

Mikhail Borisov
Fluidra Kazakhstan

“We have a separate department that offers clients additional services when purchasing equipment, from installing an air conditioner to some more advanced things such as an extended warranty, accelerated product replacement, express delivery, or time-definite delivery. We try to bring modern technologies to classic retail. For example, previously a person spent an hour and a half in the purchasing, especially if it was made on credit. Now we have a mobile application for employees where all processes are combined - issuing an invoice, issuing a loan and instalments, issuing a check, etc., that is, the buyer can arrange everything by contacting only one person. And these are all our developments, we do it in-house.”

Dmitry Provkina,
Sulpak

“We’ve formed new strategic partnerships that expand our capabilities – significant influence. Venture funds that invested in us and acceleration programs greatly helped us. **Own new technologies** - significant influence There are two models of artificial intelligence training. One is called supervised learning - when doctors make markings, and artificial intelligence learns to do what doctors do. The second model assumes that AI trains itself, and we moved to this model in September 2023. It was a difficult transition, a kind of the challenge that we needed to overcome. We’ve overcome it, and now we do not depend on doctors. Before, we could only train AI with the help of doctors, and this took a lot of time. Now we load the data, and the AI trains itself, this is a fundamentally different approach that save us a lot of time.”

Doszhan Zhussupov
Cerebra

“We are on the way to creating our own technologies, and the result will be seen within the next 3-5 years. Over the past five years, we have opened offices in South Korea, Germany, and Türkiye for technology transfer from these countries. Now there is no problem in producing equipment, but we need people who can correctly calculate the technical parameters so that it is operational under specific conditions.”

Yerkin Dlimbetov
Ordamed

“The new products and services we have developed have had a significant impact. 30% of what we have now was launched over the last 5 years. The first is the development of software analysis and dealing with big data. We have also launched a large household chemicals segment and plan to expand it.”

Ilya Martinenko
Avrora Holding

“We’ve introduced new pricing models – moderate influence. In 2023, our business model was updated, and a transactional model was introduced. We are primarily a b2b company, and previously we monetized on a cost-per-click basis. But we have a b2c companies pool, and in 2023 we updated the business model, a monetization model for a percentage of sales appeared. But this is a small percentage.

Developed own new technologies - significant impact. Our marketplace and advertising system are all our developments, our intangible assets.”

Maxim Melnik
Satu.kz

“Developed own new technologies - major impact.

We have our own developments in the field of strategic management. They allowed us to grow quickly and choose the right priorities, select the right personnel, and allowed us to avoid many useless actions. It is the strategy that allows to prioritize tasks and stop doing what we don't need to do now. This allows us to concentrate our efforts on the most important things.

Government regulation – Over the past five years, there has been a moderate degree of influence; in the next three years, the degree of influence of the state, unfortunately, will grow, we've already seen examples. This refers to both tax policy and the entire sectors are being managed by the state.

Technological changes - moderate influence. Our team spent half of last year trying to figure out whether an alternative protein would be a substitute for meat. This could be either artificial meat grown from a meat cell, or an alternative protein made from plant materials. It turned out that the main barrier to the transition from classic animal protein to alternative protein is human mentality. It is difficult for a person to give up traditional protein in favour of an alternative one purely emotionally; he/she will never do this of his/her own free will even if the alternative protein costs several times less. Technological changes in food are slow. The only option to replace traditional protein with an alternative one is to implement at the b2b level. Eggs, milk in the food industry will be replaced, the b2b sector has good opportunities for technological change but this process takes time because the technological transition requires replacing equipment. There should be incentives to change the formulation of products if, for example, a substitute is used instead of an egg. b2c segment is an even more complex story.

Supply chain instability over the last five years has had limited influence. Over the next three years, the degree of influence will increase because it is not clear what the current geopolitical confrontation will lead to.”

Serik Tolukpayev
Aitas-Group

“We've established strategic partnerships that expand capabilities – moderate influence. It depends on who we cooperate with, how closely, how much we promote and support each other. This is a two-way and complex process. Our market is quite dense in terms of the presence of vendors, but extremely limited in terms of demand and sales.

We've developed new products and services – significant influence. In terms of pricing, we are quite flexible and do not set the goal of earning more by increasing prices for equipment and solutions; we constantly switch to services such as installation, commissioning, technical support, training, and servicing.”

Erik Shortanbayev
Skymax Technologies

“Currently we are under **introduction of new pricing models**. We conduct a wide variety of tests, and this year some of tests we are engaged in have already produced results. We consider situational pricing which depends on factors such as weather, time of day and user sensitivity. We understand that our users in Almaty and Astana have different preferences. We constantly monitor the preferences of our users and actively engage in adapting to them.”

Laula Stamkul
Wolt Kazakhstan

“We've introduced new pricing models – significant influence. We have the most advanced pricing model based on data science. The breakthrough came when we started working with Kaspi.kz.

We've transferred from a global supply chain model to a regional one. We've radically changed the meat supply chain. Kazakh producers have raised prices, so the meat sold in Magnum is imported from Belarus, and all halal standards are observed under our supervision. Besides, we kept the price and learned to transport chilled meat; it reaches Kazakhstan within two days in special refrigerators. Red meat consumption falls very significantly due to rising prices. Red meat sales in our country are now at the level of 2015. Consumption of white meat and mushrooms as a source of protein is growing. The consumption of turkey is growing in the elite segment and chicken in the mass segment.

We've introduced new technologies for our company which have expanded our capabilities - major impact. We have made our own delivery for online orders. We thought we could outsource the delivery, but this isn't the way. To successfully work with a third-party service, couriers need to be manageable and understand who their employer is, but there was not such understanding in the case of outsourcing. The only way out is to grow our staff, and now we compete for personnel with aggregators, but we have our own business model. In Astana, which is the fastest in online, the struggle for personnel is especially acute.”

Azamat Osmanov
Magnum Cash & Carry

“In 2023, we transferred almost 50% of our revenue from offline to online. If earlier payment by cards took place directly in the clubs, now they pay using an application. This is one of the biggest changes. Our digitalization is accelerating, we have launched an in-app store, and launched our own clothing line.

We also constantly change the supply chain mainly due to inflation and the depreciation of the tenge exchange rate to keep prices in tenge at the same level. In 2020-2023, the price for Italian equipment greatly increased, so we created our own brand of equipment under our own brand Invictus. It is produced by a factory in Taiwan, and we supply it from there.”

Iliyas Issatayev
Invictus Fitness

“We are a product developer; the company is 15 years old. Our main products are systems for automating office processes and document flow between organizations. Over time, this has grown into an appropriate platform for automating any process. Automation of human resources processes (recruiting, personnel assessment, and control), financial processes (conclusion of contracts, issuing deeds and invoices, interaction with contractors, internal budgeting processes) has become widespread. We are now actively implementing artificial intelligence so that the system has historical memory. We are probably the most active company investing in R&D, and we have the capabilities to be one step ahead of customer expectations. This year, the Kazakhstan government decided to adopt the Documentolog platform as the only and main one for all government agencies. We are a large ecosystem that allows us to completely digitize processes for any client.”

Baizhan Kanafin
Documentolog

“We have formed new strategic partnerships to interact with the regulator, and this is having a significant impact and expanding opportunities.”

Marina Kuznechevskaya
FlyDubai



“We constantly offer global products to the Kazakhstan market. Last year we had a product commercialization phase on our online platform, and this gives us more opportunities. If we offer a customer a product that they are comfortable with, it will be extremely expensive for them to switch to our competitor. We bring the products offered in Kazakhstan to our international standards effective in London, New York, and other global hubs. Due to the expansion of corporate governance practices, our clients are ready to consider new banking products related to risk management. In 2023, there were changes in the laws of the Republic of Kazakhstan, which allow us to apply more Western documentation standards to transactions with Kazakh borrowers and companies. But this is more organic growth than dramatic change.”

Saule Zhakayeva
Citibank Kazakhstan

“We are a company that is developing according to a vertical integration model, i.e. compared to a standard outdoor advertising company, Citix is like 3-4 companies inside. We create our own hardware solutions, we create our own software, we manage our sales. We’ve created products in each of these areas, and further develop products which are the key to our success.

If we start with the hardware, we now have three flagship products in our line - Tomtom - a road smartboard, Jerry - a pedestrian smartboard, and Shark - a mobile smartboard that is installed on car roofs.

This year we will add another product to this line - this is an indoor smartboard.

All these products individually meet the needs of our customers and “synergize” together.

If we talk about the software component, we automate both the customer path and our internal processes. The result is Citix Panel - a product that allows to manage a business from service and inventory accounting to sales and integration with government services.

This is the core of our ecosystem and will allow us to scale. In terms of sales, our innovation is an in-house creative agency that allows to offer customized solutions for our clients, and for our clients this is significantly faster and cheaper than hiring a third-party agency, and for us this means client loyalty.

All products are developed by the company itself.”

Yana Shoibekova
Citix

“We have installed **new strategic partnerships** to expand our capabilities. We have developed a new product with Halyk Life to diversify our cooperation. They now provide insurance for our athletes.

I believe that you cannot succeed in any segment or industry without strong partners with strong brands. We now have such partners as Halyk, Kaspi, Astana Motors and Sulpak.

They need us as much as we need them. Astana Motors has entered into a contract with us, including various brands.

They cooperate with Krida, the federation and Almaty Marathon. This is strategically important for them. The most important thing is to diplomatically present own benefits to everyone and respond carefully to feedback. It is important to me that our partners do not conflict over our cooperation. I try to ensure that each of them has positive feedback and that their interests do not overlap.

We take a conservative approach in determining prices. We operate on simple formulas just like baking bread. Our pricing is based on the cost of the product: labor, utility costs, logistics and sales costs - all this is included in the cost price. We then calculate a marginality - this is a familiar approach for us.

We’ve already **transited from a global supply chain model to a regional one**. Due to leaving some large companies from Russia, we entered into contracts directly. All this occurred due to the war, and it is extremely depressing. I’d rather keep working, pay franchise fees, just to keep my cool. But I have no other choice.

Own technology development has a significant impact. Most of our neurofitness programs are developed by our internal fitness staff with the participation of psychologists and physiologist. In addition, we have a new running school called Running Base. We have developed internal brands for the Running Base, Triathlon Base and Swimming Base. We also have an internal brand “Another You” which we are currently developing in various directions.”

Valikhan Ten
Krida

“For us the most important **strategic partnership** is with the Government, with Ministry of Healthcare RK because when we are talking about responsibility for safety of healthcare system in our country, we need to know what the needs are, we have to localize and secure. We are not talking about packaging, and COVID really proved that to secure access to the essential drugs we need to have production. When the crisis happens, products go to these high prices and fast-reacting markets like US, Western Europe or the other who are paying a lot of money, and that’s not the way of sustainability. To be sustainable, we need to be sure we’ve got those production localized here. Even though Kazakhstan has a huge territory and 20 million people. It’s a lot, but still from the production of drugs it’s only 20 million people. So, we need to use an opportunity of having the best quality of production here and to make Kazakhstan not only a place where we produce to secure Kazakhs, but a place where we secure Kazakh economy by reinforcing export. I’m glad that we have signed memorandum with the Ministry of Health RK in October 2023, giving the support in this direction, because we want to invest. We want to invest and make Kazakhstan proud of the production, to be able to sell to Western Europe, to Southeast Asia, to Russia, or even to US, because quality which we produce here will be the best. Having that kind of quality, we will be able to become an important exporter. The challenge is that to have such an investment we need to share risks and have support. That is why the strategic partnerships with Government are essential for us.

Developing new products is the essence of our organization. We are not only selling the ordinary products, but we are also selling the products, which are generic, but are not accessible for our region. The best example is Ezetimibe which we’ve delivered to our cardiology patients in Central Asia. We’ve got a number of products which are developed in our R&D center at Shymkent factory, and we’ve got a number of the products which we export here. We use our R&D developments to localize the production here in Kazakhstan and secure access to our products. And that’s just the beginning, because we are now constructing the biggest R&D center in Central Asia, which will give even bigger opportunities in this area for further developments and novelty of production in Kazakhstan. We are the first pharmaceutical company that applied for EU GMP certification which will give us an opportunity to export products to any country of European Union in the nearest future.”

Adam Aleksiejuk
SANTO

“We are considering acquisitions of companies with innovative solutions for energy transition, energy digitalization, and software for energy management and industrial automation.”

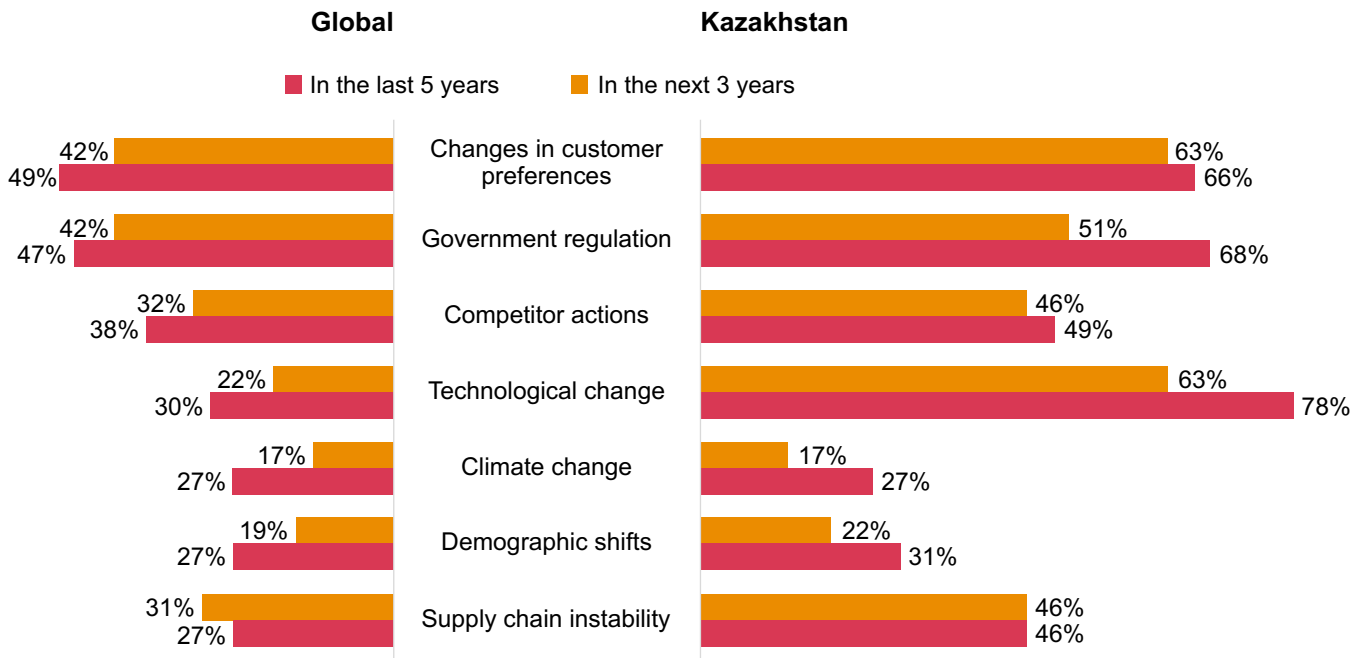
Edgard Bou-Chahine
Schneider Electric Central Asia and Caucasus

“As a fintech company, we regularly update our product line and modify existing digital products based on consumer feedback. Over the past year, we’ve launched a new online loan product with a lower interest rate for microentrepreneurs and improved the interface (UX/UI) for our online platforms. In addition, we have launched a completely new product for consumers who have overdue debts from microfinance organizations and banks.

Jetu.kz is a unified digital platform for resolving borrowers’ debt issues. As a fintech company, we regularly update our product line and modify existing digital products based on consumer feedback. Over the past year, we’ve launched a new online loan product with a lower interest rate for microentrepreneurs and improved the interface (UX/UI) for our online platforms. In addition, we have launched a completely new product for consumers who have overdue debts from microfinance organizations and banks. Jetu.kz is a unified digital platform for resolving borrowers’ debt issues.”

Alexey Sidorov
Silkway Group

Please indicate the extent to which the following factors [have driven/will drive] changes to the way your company creates, delivers and captures value



“From the **customers’ preferences** perspective, the quality of products became more important. Our society became demanding for the high quality, regardless of production place. Second thing that I see is the proudness of being Kazakh, which is slowly transferring to the proudness of Kazakh products. It means that people are able and willing to use Kazakh localized products, but it needs to be high quality, otherwise they will be easily replaced by European or US products. For me that is the biggest change, and I believe it’s going to be even reinforcing in future. I see consistency from the **Government of RK**, because both previous Government and new Government is stating clearly: we need to have off-takes. We need to bring technology and to localize production, which will bring us sustainability and quality of the products. What is good for us is sustainability when the Government is changing. We are confirming as a partner to be even broader in investing over here, because we see potential both here in Kazakhstan, and also in the Eurasia region. We believe it’s going to be more important, that we need to look at Kazakhstan as an exporter. And I believe that should be the direction, because when we localize production, we are able to subsidize Kazakh economy with export. But this will happen when there will be clear actions from the Government supporting this direction and this investment.”

Adam Aleksiejuk
SANTO

“Changes in customer preferences have a significant impact, doctors become more open to technologies. In the coming years, the influence of this factor will also be high. At the beginning of our way, we were faced with the fact that 80% of doctors were suspicious of technologies, and only 20% were interested in implementing them. Now the situation has changed exactly the opposite - most likely, COVID played a role.

Government regulation – a significant degree of influence, and the influence is negative. Regulation has not been created, there is no system that would allow companies like us to integrate into the healthcare system and make money. And to create it, changes in legislation and regulations are needed. The problem is that no one is ready to initiate these changes although we constantly address to the Ministry of Health. Formal work is under way, but nothing is being done. In Uzbekistan, for example, we are not required to be certified; there are clear rules by which we can work; in Saudi Arabia is the same. We have more help from the Ministry of Digital Development than from the Ministry of Health, but it was quite the opposite. In America and Israel, a whole industry has been created around medicine. Medicine is an area in which technology has no boundaries because all over the world people suffer from diseases and need their treatment.

Actions of competitors – limited degree of influence over the past five years. We have competitors in the USA and Israel. A Russian company operates in Kazakhstan under the guise of a Kazakh one; it can be called a competitor, but its presence does not create any difficulties for us. The doctors themselves know that this is not Kazakh software, and we also know that their product was criticized on the market. In the next three years there will be a greater degree of influence; American software will certainly be in Kazakhstan.

Climate change – moderate degree of influence in the coming years. The problem of water resource shortages will worsen in Kazakhstan.”

Doszhan Zhussupov
Cerebra

“Changes in customer preferences – a big impact, because new industries are consuming copper, we see a change in the structure of the economy against the changing consumer preferences.

Government regulation - great influence. Mining today is highly regulated by the state, so its influence including announced changes in taxation greatly affects activities, rules, and cost structure.

Technological changes - this is an extremely specific issue. On the one hand, they have an impact because we adapt certain technologies. They may have a more significant impact in the future. Our industry is, on the one hand, conservative, and the influence has been limited over the past five years, but it will increase in the next three years.

Climate change affect us indirectly but have a great impact. If we talk about CO2 transition, there are so-called critical materials whose use will contribute to the transition to the zero emissions concept. Today there is not enough copper to make such a transition, and this causes even more demand. Our products are very seriously connected with green energy, with the transition to zero CO2 emissions. And in the future, this will greatly affect demand and investment.

Supply chain instability has a great influence. Any logistics of European spare parts today is complex, supplying goods to world markets is also difficult, and delivery has become expensive. International buyers refuse goods travelling through Russia.

When delivering to Europe or Türkiye, it is necessary to use the Trans-Caspian corridor, this complicates the route and makes it more expensive. The Chinese direction is clogged, and difficulties arise with crossing the border. It has become difficult to deliver new equipment and goods - all this can be done, but it is either expensive or time-consuming. I think this influence will continue over the next three years. There are many contradictions in the world that give rise to conflicts. Even if some of these conflicts can be resolved this or next year, it will be a resolution of hot conflicts, and lifting sanctions and establishing a supply chain will take a long time. The Jackson-Vanik Amendment in relation to the USSR was adopted in 1974, and its repeal in relation to Kazakhstan began in 2023. Hot phases of conflicts pass relatively quickly but their consequences are exceptionally long.”

Marat Seitkulov
Caravan Resources

“Changes in customer preferences – limited influence over the past five years and in the next three years. Customer preferences greatly change from year to year. But their insignificant impact on the activities of our company is because retail is a flexible business; it reacts almost instantly to changes in consumption. In addition, if previously such phenomena as, say, sudden birth rate surge, could catch retailers off-guard, now we monitor trends in advance and set forecasts based on such adjustments.

Today, young people respond not only to their needs and interests but also to the image of a brand or company that is being formed in the world. The younger generation react to the environmental friendliness of the brand, to the statements that leaders make in the media. This part is almost uncontrollable, but we have learned to adapt to such changes.

Conscious consumption trend has gained strength in past years. This year, this trend continues to pick up steam, but an opposite trend has also emerged when conscious consumption results in more expensive purchases. 25-30 aged young people purchase less often, but they are of high quality and expensive. Male consumption continues to grow. We noticed this trend last year and it remains relevant. Women mark for themselves the goods that they would like to buy and buy them during the discount period. This does not apply to young people under 30, they buy what they need here and now.

Government regulation – moderate degree of influence over the last five years. There will be no impact over the next three years. Across the entire group of companies, we try to establish a business model that will independently operate to a significant extent, and we would also like to expand beyond Kazakhstan. Accordingly, the state outside our country is unlikely to be able to influence the business model. If most of the business is generated outside of Kazakhstan, but the income is deposited in Kazakhstan, this would be an ideal model. Besides, our plans include the possible attraction of foreign institutional co-investors, joint investment, and development.”

Alexei Khegai
TSPM.

“Changes in customer preferences – great influence in both cases. Preferences are changing, a client wants to purchase more reliable, high-quality product, requires longer warranty periods (3-5 years), this creates the need to provide the client with a better product. Therefore, the line of equipment we supply is changing and improving.



Government regulation – moderate influence. We can say that there is no government regulation in our industry. There are no regulations, GOSTs, SNIPs that would describe the standards in our industry, although they exist in other countries of the region - Kyrgyzstan, Uzbekistan, Russia. The situation is unlikely to change in the next three years. We constantly talk about the need to introduce regulation, but this does not find a response, and it is not clear who, in principle, should regulate the industry.

Technological changes – moderate influence. We constantly make technological changes to our product; this is a process of evolution. In our sector, we are the number 1 company in terms of investment scope in new developments. The company operates in a competitive environment, and these changes are part of an evolutionary process for us.

Climate change have had limited influence over the past five years and will have a moderate or even greater influence in the next five years. The technologies that will be used soon will change, but so far no one shows interest. If energy resources are cheap, and as long as no one thinks about the rational use of water, the introduction of new technologies is not relevant. They cost more, and no one wants to pay more for something that, at first glance, does not provide any value. But I think the situation will change.

Supply chain instability – a significant degree of influence starting from 2020-2021 and in the future too. According to my feelings, the geopolitical situation will not change for the better over the next three years, and the economic crisis will also continue. Given the uncertainty, it is difficult to predict what will happen next, but supply chains are unlikely to change for the better in the next three years.”

Mikhail Borisov
Fluidra Kazakhstan

“**Government regulation** will have a significant impact on us over the next three years. If the state regulates the market, invests in healthcare, in health insurance at the level at which developed countries do it, as, for example, in Europe, this leads to certain possibilities for treatment, the use of new techniques and medicines. **Demographic shifts** will have a significant impact in the future because the region has a high birth rate. **Supply chain instability** recently has had a significant impact because we had to restructure, but I don't expect much impact in the future.”

Arminas Macevicius
STADA

“I see that the whole country will move from food products to ready-to-eat food, the consumption pattern will change greatly. In America, the ready-to-eat food market bypassed the food market two years ago, and we're going to do the same. Today, the food market is 53% in the Kazakh purse, the ready-to-eat food market is 10%, but it's potentially huge. Cooking on your own will be more expensive - one need to buy food and waste time. It's just that the system must be established in such a way that the delivery of ready-to-eat food to be as comfortable as possible; both quality and speed are important. We have chosen a unique way for ourselves - there are no benchmarks, but we will try. At grocery we see that the share of ready-to-eat food should be very high in the future. Many chains around the world restructure their chains to supply more ready-to-eat food. It may seem like we want to unfocus, but the fact is that we do not directly manage any restaurants.

We have built a partner network, and abr today operates as an investment fund in the hospitality industry. We want to use the same model in grocery. To achieve this, we invest directly in digital products. 60% of restaurant transactions now go through abr+, and we plan to increase this figure to 90% by the end of the year. That is, all transactions will go through our digital products, and we will monitor feedback, reviews, and reporting.

Climate change – This is a lengthy process, and nothing will change over 2-3 years. We already have seasonal changes; the “warm” season, when we can use the terraces, which lasts from March to October. We also make tactical decisions - we take locations only on the sunny side; accordingly, this gives us an increase of 2-3 months a year.

Demographic shifts – I am glad that there is an influx to big cities. Almaty is now number one in terms of the influx of internal migrants. But for now, it is good from the point of view of the workforce rather than economy.”

Askar Baitassov
abr

“**Customer preferences** trend towards online, and not only in electronics. It will probably continue and develop in the next three years. Consumption is becoming more conscious; people pay more attention to the price/quality ratio than to the brand. Besides, the flow of unofficially imported, counterfeit equipment is growing which hinders both business and the state which receives less taxes. This flow is growing just with the online development. If earlier such goods were sold in “flea markets,” now, under unregulated condition, population is offered low-quality products, even counterfeits, through online sales. Besides, SMEs which are so carefully protected here are the last link in the chain of such supplies; in fact, everything is done on an industrial scale. According to our estimates, this results the state regularly losses about 5 billion. tenge of taxes. So, for us the problem is shortage of **government regulation**, and I think it's time for the state to do something about it.

Kazakhstan's **demographic dynamics** is doing well, the population is growing. There is a certain age for active consumption, it is 18-55 years old for us. There are still a lot of young people, and this is good for us. The more people, families, the more equipment they need.

There are great currency risks, and our task for the next three years is to persuade them to open production in Kazakhstan. There is progress in this regard, and in the next year or two, I think, equipment production will appear in Kazakhstan.”

Dmitry Provkin
Sulpak

“We are developing a completely new value-adding mechanism. You won't surprise anyone with technology, so we are talking about a certain set of values - for example, an extended warranty, subscription service, control over the cost of services provided by equipment, cost of ownership, cost of consumables and spare parts, and so on. We are moving to a service model of dealing with the client, in contrast to the previous model, when we “planted” the entire cost of the equipment in the initial interaction. So, we create a chain of values and look at what else the client misses out, what he/she is not paying for.

We supply consumables and reagents for our equipment, and **climate change** greatly influence us. For example, in December or summer it is impossible to make deliveries throughout Kazakhstan due to weather conditions, we are faced with the fact that our suppliers do not comply with transportation rules, so we think about purchasing our own transport. This will increase the cost, but customers are ready for it. We used to manage risks associated with **supply chain** instability by storing the products in warehouses, which is now impossible because many component suppliers do not allow them to store more than they need for production.

But we can search for alternative suppliers of components, because thanks to available own software and ability to change it, we can choose any manufacturer.”

Yerkin Dlimbetov
abr

“**Changes in customer preferences** over the past 5 years have had a moderate impact because customers' preferences form the choices that are on the shelves. In the next three years, I think nothing will change. We are in a fairly low-competitive market, and consumers buy what there is. In general, our country does not have a wide range of assortments.

Government regulation has a moderate effect. It should be noted that our government does not interfere much in business processes and tries to establish clear relationships with business. Over the next three years, I think the impact will remain to be moderate. The state tries to promote business development.”

Ilya Martinenko
Avrora Holding

“**Changes in customer preferences** – great influence over the last five years. For us, clients are businesses that sell our products to their end consumers and have constant and great changes. The Magnum network started with hypermarkets and large supermarkets, now this trend has been replaced by the active development of the store segment near the house, and the network becomes a big player already there. It is our responsibility to respond and support such changes. With the growth of e-commerce, dark stores, food delivery aggregators, we also must change so that this channel develops well for us, and together we serve the consumer. In the next three years, the impact of this segment will be even more noticeable. We see, for example, that in the United States large malls and shopping centres are closing and are being redeveloped into residential and office infrastructure. Sales are increasingly moving to the Internet; people clearly understand that, for example, for traditional home consumption they buy the same products which are more convenient and often more profitable to order online with home delivery.

Since 2020, when the pandemic began, people have sharply cut back on their spending because they were forced to stay at home. Accordingly, a natural trend has emerged for households to save on purchases and consumption.

Following the post-COVID, there was a burst of consumption due to realization of deferred demand. Increased inflation - rising prices, rising credit rates, and so on - resulted in a considerable amount of frugal purchases in the middle of last year. Price-sensitive people consciously study offers and promotions that are beneficial to them. If manufacturers can do this, they do it, the main thing is that the consumer is satisfied.

Government regulation – moderate impact over the last five years, significant impact will be in the next three years. There has been little change in this area, so regulators will have to make up for the way the market has already travelled and expect major changes in the short term.

Actions of competitors - great influence. The markets where we are present - both product and territorial - are consolidated markets, markets with perfect competition, with global competitors actively present there. And this influence will continue in the next three years.

Global competitors supposedly left Russia but in fact they remained and operate quite successfully there; their regional offices began to open in Almaty and Tashkent, and this also creates additional competitive pressure.

Demographic shifts - great influence. In our main markets, the economy is growing, the population is growing and getting younger. This has a significant impact on us and will continue to do so for years to come. In countries such as Russia, Ukraine, Belarus, and the Baltic countries, the population is declining.

On the contrary, in the Central Asian region, it is increasing to some small extent due to people who lived in Russia and moved to our region in 2022 and 2023, and we, as manufacturers of consumer goods, feel this.”

Kairat Mazhibayev
RG Brands

“**Changes in customer preferences** – significant influence. We have two types of clients, buyers, and sellers, and we make our product for them according to their need rather than for ourselves.

Government regulation – no impact over the past five years, limited impact in the next three years. In Ukraine, at the current pace of e-commerce development, some kind of regulation is planned only now. In Kazakhstan there is a feeling that they want to regulate one of the largest players rather than the market, but all other players also feel the consequences of such situation.

Demographic shifts – there has been a minimal influence over the past five years. There will be a moderate influence in the next three years because our main customers are 25-35 aged people, and they will be more active in the coming years.

Bureaucratic processes in my company – moderate influence. Bureaucracy is the scourge of any large company that has been operating in the market for a long time. We are lucky that we are quite loyal, but we must deal with learned helplessness.

Limited financial resources – limited influence. We are always limited in money, but we live off own money for a long time, and if we have a hope which we believe, that in our opinion might be realized, money will be found.

Skill shortage among company employees – minimum influence. Searching takes us longer because we are looking for bilingual staff. There are problems with this in the market but otherwise we are satisfied with the level of personnel training.

Infrastructure problems – there was a moderate influence in 2022 and 2023, but now we have solved the problems, and the influence has decreased.”

Maxim Melnik
Satu.kz

“The new generation of consumers is less loyal to a brand and prefers a more competitive price. In the coming years, we expect greater pressure on the shelf prices which should be as beneficial as possible for the consumer to encourage purchase here and now. The consumer market is as saturated as possible, and the buyer is not limited to the point of purchase. New technologies have increased competition, and now we must compete both with established market players and with many private entrepreneurs whose behaviour in terms of pricing is not always predictable. Household appliances and electronics supply chains were significantly affected in 2022 as 40% of products were either produced in the Russian Federation or entered the Kazakhstan in transit through the Russian Federation. To date, all supply chains have been adjusted and restructured. The market quickly restructured the supply chain, and to date the available goods and their delivery are not an urgent problem.”

Rustam Mussayev
EVRIKA

“Changing customer preferences – moderate influence. We communicate with the audience, communication influences how we work, in which direction we deploy products. This could have had a significant impact on us if we missed a trend and then saw that customers' needs had changed. Then we could talk about great influence. And since we are in contact with clients, it affects that we must invest additional money in development, change the product, but at the same time we are not afraid of this trend. **Demographic shifts** will have a limited impact over the next three years. There is a trend of population growth, the number of young people is growing, and we live within this trend. I don't expect any difficulties that would significantly change business processes or cause us to launch other products.”

Nikolay Mazencev
Chocofamily Holding

“Recently, we have seen an acceleration in digital transformation among consumers leading to increased demand for cloud technology, cybersecurity, and remote work solutions. Over the next three years, we expect stronger trends in the personalization of products and services, an increased importance of environmentally friendly and sustainable solutions, as well as growing interest in products that provide a high level of personal data protection. This requires us to adapt our product portfolio and marketing strategies to changing consumer preferences.”

Nurlan Sadykov
Dell Technologies

“Changes in customer preferences – moderate influence. We make every effort to anticipate our customers' behaviour and preferences, make changes to our plans and strategy accordingly.

Government regulation – moderate influence. We really hope that there will be a proactive and significant impact on this issue over the next three years. We would like to see more State assistance in terms of the regulation of monetary policy, the banking sector, and banks to support and trust the well-established SME sector, and especially the long-term and reliable partners. If there is no support and understanding from banks, the SME sector will not then develop in the right direction.

Actions of competitors – significant influence. They continually affect us, so we watch our competitors, their behaviour, the market, analyse their actions, draw conclusions, and make plans. Significant influence will continue over the next three years.”

Erik Shortanbayev
Skymax Technologies

“When we first started our business, it was difficult for us to determine pricing and company policies since we were entering a new market and creating everything from scratch. COVID then came giving us more opportunities and new influences. I can say that in the next five years customer preferences will have a strong impact on our direction as people have already tried delivery services, competition has increased and listening to customers is important.”

Laula Stamkul
Wolt Kazakhstan

“Changes in customer preferences have had the biggest impact over the last 5 years because as each generation grows up and earns higher salaries, there are increased fitness clients. Today's youth have already grown up in a system where fitness is the standard of modern human culture.

Government regulation had a strong impact in terms of taxation because fitness was included in the list of activities that can pay retail tax instead of VAT. Actions of competitors – we expect more serious competition in the future due to the expected entry of Russian networks into the market.

Technological changes also had a strong impact - mainly the digitalization of customer experience. Nowadays people are not set up to talk on the phone, they are more inclined to get everything in writing and make their own decisions. If we do not adapt our business processes to such a client, we may fall behind. This is just one example, but everything changes. We believe that in the future all services provided in the club should have an online interface. Perhaps it will be an online trainer using artificial intelligence.

Supply chain instability – the global economy is now more flexible so in the next three years this will no longer be a problem.”

Iliyas Issatayev
Invictus Fitness

“Actions of competitors – algorithms and artificial intelligence models have appeared on the market over the past 2-3 years. They seriously simplify the work of software specialists. I think that in the next 5-7 years we should expect that such technologies will be able to replicate the functionality of any product. Accordingly, the current interaction model when the customer pays for the service may change. Already now the big players have a competitive advantage over the small companies, and with the development of artificial intelligence these capabilities will only increase. We are now engaged in integration so that there is an ecosystem which is not so easy to replace rather than mono-products.”

Baizhan Kanafin
Documentolog

“Supply chain instability has always had a high degree of influence for us. In the future, if Kazakhstan falls under sanctions, the impact will be more significant since we will not be able to import spare parts for Boeings.”

Marina Kuznechevskaya
FlyDubai

“Government regulation has a large degree of influence because our ability to provide certain products depends on it. For example, now gold mining companies cannot sell gold directly; they sell everything through the National Bank. If there are appropriate changes in government regulation, this will expand our ability to offer banking products to these companies.”

Saule Zhakayeva
Citibank Kazakhstan

“Probably the main change is the need for analytics. Clients want to better understand how to allocate budgets effectively. Clients are interested in new creative opportunities and possible end-to-end integration of advertising campaigns.

We are trendsetters in this sense. In addition, the share of the outdoor advertising market relative to other channels has grown over the past two years and, of course, we also played a role.”

Yana Shoibekova
Citix



“Changes in customer preferences – low influence since we try to change the market, and not let the market change us. Now the industry stands still due to stagnation, no one is taking significant action, at least in our field. We strive to introduce our own changes, set our own rules. As for the next three years, it is difficult to say for sure right now since we cannot predict how the market will react to our innovations.

Demographic shifts give me serious concern. This had insignificant impact before, but now there may be a real outbreak of everything we are so afraid of. It used to be on a moderate scale, but I now foresee that these changes will become much more substantial and significant.”

Valikhan Ten
Krida

“Consumer preferences are changing. For example, in our categories globally, we see the growing importance of regulating calorie intake, and this trend will slowly come to the territory of our 11 countries at different speeds and with different dynamics. In our geography, influence of climate change is limited for now, but I believe it will change towards moderate.”

Arman Sutbayev
Mars Kazakhstan

“Changes in customer preferences have greatly impacted the restaurant business. Previously popular closed areas and booths have given way to open spaces where customers can see each other. This trend is especially noticeable in Astana where closed structures previously prevailed. Nowadays, restaurants are becoming multifunctional giving customers the opportunity to spend a lot of time. New formats involve that a restaurant is not just a place for food but also a space for long meetings, work and just coffee.

Actions of competitors have a significant impact especially given that the restaurant business market is just beginning to develop. Russian networks both well- and less known are actively entering the Kazakhstan market. An example is the entry of the Russian Sirovarnya into the Mega shopping centre. The event is seen as a big one for restaurateurs, and such networks attract attention due to the high flow of visitors to the shopping malls. The presence of many networks highlights the growing competition in the industry.

Technological changes have a significant impact on the restaurant business especially over the next 5 years. Introducing modern technologies such as sous vide, industrial ovens for slow baking like smokers, significantly changes both the cooking processes and the entire logistics of preparations. The use of sous vide technology and other innovations can significantly improve the quality of dishes and expand the possibilities of preparing various products making them softer and tastier. These technological changes are being introduced into the restaurant business both in our business and in other restaurants.

Climate change have a significant impact on the restaurant business, in particular due to the unpredictability of traffic. Severe frosts in Astana, for example, caused a slowdown in business due to travel difficulties and other problems that arise during such extreme weather conditions. I think that in the next three years, disasters may become even more severe which will be an additional challenge for restaurant businesses in adapting to changing climatic conditions.

Demographic shifts in 2022 caused by mobilization in Russia greatly affected the restaurant business in Kazakhstan. There was a huge influx of visitors mainly from Russia within three months, which led to a significant increase in profits. The favourable warm months also contributed to increased attendance. The impact of demographic changes associated with the opening of the border with China is expected over the next three years. Chinese entrepreneurs are already planning to build a chain of restaurants in Kazakhstan aimed at Chinese tourists and businessmen.”

Yuriy Negodyuk
Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

“The rapid growth of digitalization and penetration of financial services and socially oriented government policies create an increasing dependency mood and expectation among consumers that the state should always help them in everything (for example, repay loans, write off debts, or give some kind of relief). The launched programs of credit holidays, loan deferrals during the pandemic, rehabilitation of borrowers with arrears, preferential car and mortgage lending were developed for the benefit of society, but, unfortunately, they have the opposite effect. They create even more inflated expectations among consumers for government support from the budget. In my opinion, if such programs continue, they will have a long-term negative effect on the financial sector. I am sure that we need to restrain unreasonable consumption and excessive debt load but maintain a reasonable growth rate in retail lending and small business lending. Besides, it is necessary to increase the credit culture and responsibility among borrowers. We are a social state but in a market economy, society must understand that the state already protects it well in many ways; there should not be large “gifts” from the state.”

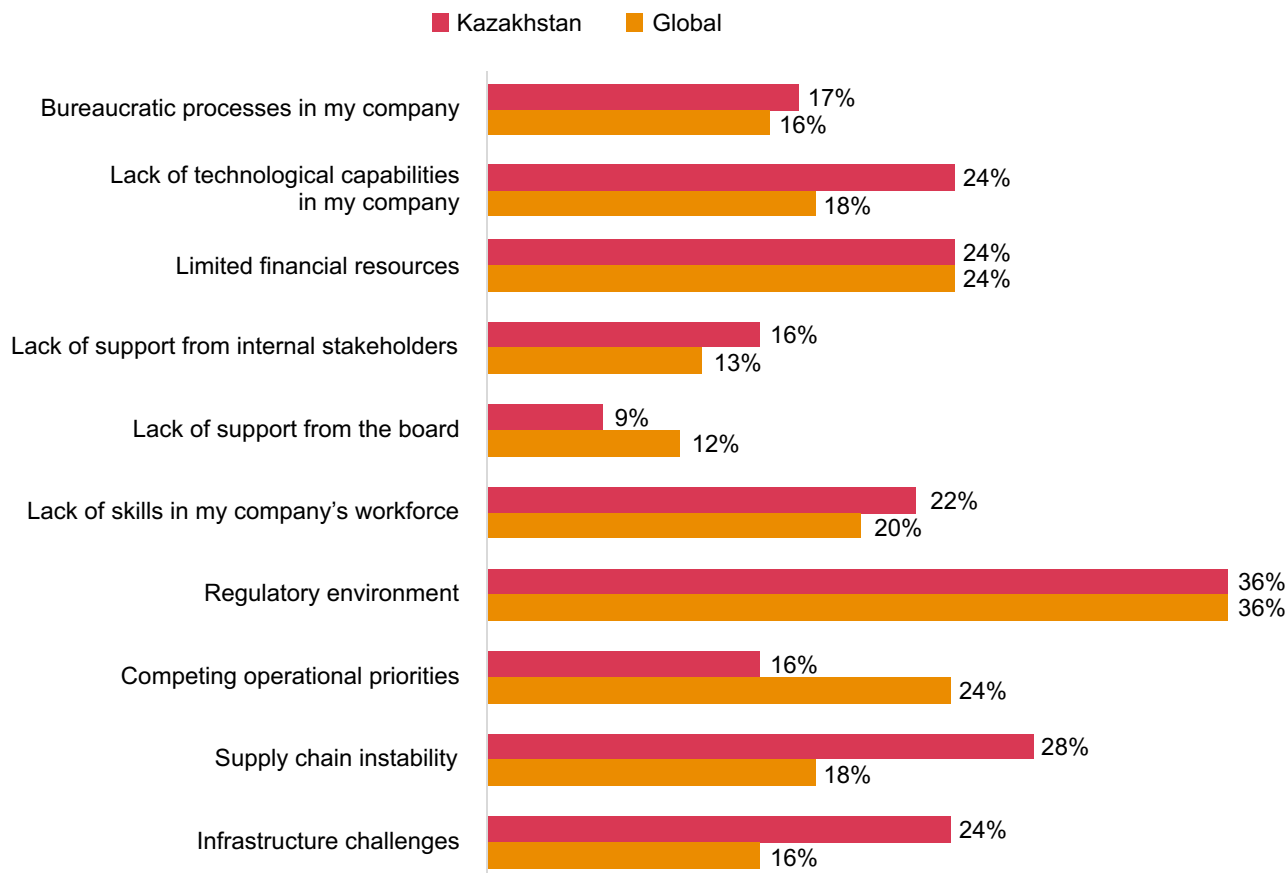
Alexey Sidorov
Silkway Group

“Changes in customer preferences had an impact. We changed the model, moved from a marketplace to a closed loop, software development under the client’s brand. We proved to the market that online is a hottest trend. Over the next three years, changes in consumer preferences will have a more pronounced impact. Suppliers who previously did not consider implementing our system now realize that they need to.

Actions of competitors have had no impact over the past five years but will have a moderate impact in the next three years because there are many manufacturers and distributors around the world, and even if hundreds of companies like Smart Satu will appear, there is enough market for everyone. In Kazakhstan, I have not yet seen companies that would work according to our model in the b2b segment. We have come a long way, done a lot of work, invested a lot of time and resources. I wouldn’t want to be overly self-confident, but I want to believe that we have the best product in our niche.”

Bolatbek Ospanov
Smart Satu

To what extent, if at all, are the following factors inhibiting your company from changing the way it creates, delivers and captures value?



“We are constantly working to improve. If we note the bureaucratic processes, we then remove them. Process automatization is our continuous target, we never remove it. We make the shortest conceivable way to resolve the issues as efficient and timely response in our business is the basis of success. My office is open for everyone, anyone can come and discuss current tasks.

The number of projects we want to implement requires two things: available labor resources and financing which we call the “capital.” I would like to note that there are always more projects than capital, so we must prioritize. Unfortunately, in Kazakhstan, many financial institutions are still focused on hard collateral instead of cash flow, and this affects the speed and possibility of growth.

Externally, the main bottleneck is infrastructure, and electricity shortage is the most pressing issue. Any of our enterprises consumes electricity, and it doesn't matter whether it concerns the production of goods or the provision of services. As far as I know, addressing the energy issue which limits the growth of the economy and the population well-being including alternative energy sources and the construction of a nuclear power plant is urgent at the State level, I would also like to note that in addition to generating energy sources, the state needs to take measures to update the power grids. If current networks could accept

unbalanced electricity, even our enterprises would be then ready to consider producing it from renewable sources, selling excess energy to the network. This would give businesses a greater incentive to invest in such type of project, since it is now expensive and difficult to recoup in the current market conditions. But in any case, we have already decided for ourselves that certain enterprises will be equipped with solar panels to cover their own needs.”

Farrukh Makhmudov
Orbis Kazakhstan

“**Limited financial resources** have a significant influence because distributors (drug stores) are in debt and exist because we grant delays. If all companies switched to prepayment, the market would collapse. Infrastructure influences - We would like more electricity and faster Internet. But infrastructure is not only the electric power, it includes possible transport links, but roads and rails in Kazakhstan are poorly developed, only air transportation has improved over the past few years.”

Arminas Macevicius
STADA

“Skill shortage among employees There is a collapse of labor resources in the Kazakhstan market. Labor resources “roll” from company to company, people change jobs almost instantly, and this is not always related to the number of wages. We invested a lot in developing of our company's employees, and many of them even has changed their country of residence. New employees subject to the specifics of our business need to be trained and improved, this applies to many areas - marketers, developers. Many workers began to attach greater importance to working conditions than before, demand a mixed or remote work schedule, and place higher demands on the employer. We must choose from the offer that is presented on the labor market and bring new employees up to a certain level.

Legal base – moderate influence. The state regulatory and legal policy is not entirely clear for me. There are two pressure factors - the cost of money for business and tax policy which is now changing not for the best way for local investors. All this adversely affects business. Only the state can regulate this. Now we don't feel that influence very much, but as for development within the republic and abroad, such pressure will be felt.”

Alexei Khegai
TSPM.

“Lack of support from internal stakeholders – limited degree of influence. While there are practically no bureaucratic obstacles within our local company, this phenomenon does occur from the head office. This is a huge company with a rather complex decision-making mechanism; therefore, it is often difficult for us to find operational support for our initiatives within this huge structure.

Skill shortage among company employees – high degree of influence. The personnel shortage has always been and remains a serious problem. We teach people who come to us for a long time. Not everyone succeeds, some leave for other companies. There are no qualified specialists with a specific set of skills on the market.

Legal base – high degree of influence. We wait for the legal base to appear; no legal base is a loophole for unscrupulous competitors. If we work according to strict standards and rules and try to prove to both our end client and the experts that this is important and should be so, competitors follow the path of least resistance. If there are no standards, they then can sell anything by producing something as a quality product. If this continues, if the state does not act in this direction, we will either have to down to the level of unscrupulous competitors or continue to fight a losing battle as long as we can.”

Mikhail Borisov
Fluidra Kazakhstan

“No technological capabilities in the market Market does not have digital products that are already available globally, and we certainly suffer. We could implement everything faster. We have been able to implement the tips through Apple Pay because in Kazakhstan there is no “seamless” experience in tipping, no one has done this so far, although in Russia they have been using it for ten years. Difficulties in raising capital Subject to my scope, one could issue loans for businesses, that is, for cash flows, but banks have difficulties with this.

Skill shortage among my company's employees There is a constant shortage of skills, and we must bring people in. At this stage, there is a shortage of top management. I am looking for digital marketers, “operators” for grocery. We bring specialists from everywhere but mostly from Russia.

They are the most expensive but experienced. And then, the Ruble falls, and this works out great for me - I can offer competitive conditions.”

Askar Baitassov
abr

“Skill shortage among employees – limited influence. No one has experience in launching projects in the US or Saudi Arabia. Such experience must be purchased, and we hire the local specialists or experts who have had experience in specified countries, and this is expensive.”

Doszhan Zhussupov
Cerebra

“I have eradicated **the Board** because it began to deal with bureaucracy. This is about the managers' unwillingness to be a collegial body, and of their absolute immaturity. 70% of our clients are in regional centres and further, so **infrastructure problems** have a great influence. Before shipping devices (magnetic resonance tomographs, computed tomographs), we fill out a checklist and see that there is neither the required electrical power, nor premises, nor specialists locally. This year we've decided that we would allocate money from our net profit to install devices, and we would prepare in advance, go to inspect installation sites immediately after signing the supply agreement rather than wait for any actions from the buyer.”

Yerkin Dlimbetov
Ordamed

“Bureaucratic processes within the company - great influence. When a company grows, bureaucratic processes are inevitable. Any person wants to live and work in a predictable system, within a comfort zone, and bureaucracy is not bad, the issue is what kind it is: dynamic, adaptive, or frozen. If our market is changing, we need to start the restructuring with ourselves, and we cannot do it without transforming bureaucratic processes to competently set tasks for the team and achieve success under conditions of changes.

Lack of technological capabilities in the company – high degree of influence. Consumers are sensitive to changes and new products, and we, manufacturers from the post-Soviet countries, unfortunately, are not at the forefront of global technological progress. You don't have to get used nor adapt to it. In competition, technological uncertainty develops a good market grip and desire to foster innovation. We are generally used to working under uncertainty, and for those who left the USSR, this is a good skill to learn quickly, transfer the best practices, and defeat Western competitors with their own weapons.

Limited financial resources Over 30 years of painstaking work, we have created the stability for our balance of payments at the level of international companies because we've not spent too much, there was no other way. The problem is that you need project financing, trade financing, export financing, something that your Western and Russian competitors take full advantage. The capital market is being formed in a pro-state format in Russia, Kazakhstan, Uzbekistan, and Kyrgyzstan, and this can be a risk area. In Kazakhstan, the state shows understanding, Baiterek holding creates high-quality financial products. Their entering to the market can be administered in different ways, but the products themselves are very adequate.



Another issue is project financing cannot always be obtained in accordance with the technological and competitive essence of the project itself, for example, due to time delays. A competitive world focuses on all important aspects, and capital markets must respond as well. Therefore, we've decided for ourselves: for those projects, whose implementation deadlines can be postponed, we can wait for funding from the state. And as for time-sensitive projects, we finance them ourselves or with the help of other sources. On the other hand, government agencies address to us when they need to test their financial products with a reliable partner and in competitive markets.

Lack of support from your company's internal stakeholders – moderate influence. We understand that this is a big threat and try to minimize it. Your biggest competitor is yourself, and this is true for companies too.

Skill shortage among company employees - great influence, this problem is typical for any company focused on technology. It is not that employees have not basic skills. The point is that there is a constant need to develop new skills or adapt existing ones under new circumstances. One need to constantly work on this.

Competing operational priorities within the company - major influence. On the one hand, over the next several years, you must grow and need to invest in this growth now, but at a specific point in time, you must collect and save money, because times are volatile and difficult. There is a specific contradiction in this. This influences management decisions."

Kairat Mazhibayev
RG Brands

"Bureaucratic processes in the company – moderate influence. For the average person, bureaucracy generally evokes negative emotions, but it is generally a useful thing that provides control over risks. But it has a downside, it slows down processes, and in this regard, bureaucracy clearly affects the company's activities. The larger the company becomes, the greater the bureaucracy plays in its activities, but there is no other way yet. Digitalization largely using artificial intelligence can be an alternative to bureaucracy. We have seen this in the example of the public services where digitalization has successfully replaced bureaucracy.

Lack of support from internal stakeholders – limited influence. We are not yet so big that there are too many internal stakeholders whose interests could have too much influence.

Skill shortage among employees always has a moderate impact because any change means entering an uncertainty. We are more likely to be competent now rather than later. During changes, both companies and employees accumulate and learn new skills."

Marat Seitkulov
Caravan Resources

"Limited financial resources – I used to think that this was the main obstacle, but over time I came to understand that I received exactly as much money as I needed to manage it correctly. So, I would say that the influence of financial resources is moderate.

The main limiting factor in creating, implementing, and retaining the value is human capital."

Serik Tolukpayev
Aitas-Group

"Limited financial resources – moderate influence. No available loans with acceptable and attractive terms, no support for SMEs from banks.

Skill shortage among employees – there is a similar problem, and it has a limited impact. Over recent years, the level of qualifications of employees in the personnel market has dropped significantly; special attention must be paid to training, advanced training, and mentoring. Although, for comparison, our company hired the competent employees from other countries who have moved to Kazakhstan after the outbreak of the conflict in Ukraine, and our company's employees was practically no different as for level of training. Corporate personnel policy and quality management system, a quality management approach play a key role in this issue."

Erik Shortanbayev
Skymax Technologies

"As the company grows, **bureaucratic processes** become one of the aspects that we need to take a fresh look and prevent unnecessary bureaucratization. We felt this in 2023 due to business growth, increased number of departments and franchisee partners. Limited financial resources – we see that credits are poorly issued in Kazakhstan, there are no loans, so we chose the way to develop without attracting investments.

Skill shortage – if something goes wrong, it's often then an organizational mistake rather than a lack of competencies. If the task is set correctly and the right team is formed, almost anything can be then done.

Competing operational priorities – there is a basic business model that prevents some innovative ideas from becoming products, and we solve by creating different companies and startups."

Iliyas Issatayev
Invictus Fitness

"Technological capabilities We currently do not pay enough attention to R&D in artificial intelligence and big data algorithms. A man works with our system, and we can largely algorithmize his actions. We can do a lot, and for this we use technologies available on the market.

Legal base. The main problem is that we are in the Eurasian Union where many decisions are influenced by Russia and its interests. This applies to encryption standards, document transmission, and so on. Russia introduces its own standards despite those already available on the market, and our government also moves in this direction. Considering that it will now be difficult for Russia to interact with the world community, there are certain risks. Since we are the main supplier to the state, we are associated with the formation of the legal base, and we see limitations."

Baizhan Kanafin
Documentolog

"Bureaucratic processes – limited influence. I have direct access to the shareholder, and this allows us to work very productively avoiding bureaucratic delays. We have a supervisory board that represents the interests of the shareholder. They review shareholder decisions. The Supervisory Board assesses financial and legal risks. The main thing is that it is legal because financial disadvantage can lead to zero results. But even zero is good, especially if it is a project to improve the image which can later become profitable. This allows us to reduce bureaucracy in our decision-making chain.

Lack of support from internal stakeholders – moderate influence. We have employees who have been working with me for many years, but they tend to be conservative due to their age. They find it difficult to change. Young colleagues are willing to take risks and take challenges with me, while stability is important for those who have been with us for a long time. They prefer the established order. They appreciate financial stability, but I explain that even these slight changes can bring more benefits than trying to keep their seat and maintain routine.

Infrastructure problems – considerable influence. Our club is in the city centre, and electricity and water are often cut off. When I was building the club, I signed two connection agreements: one through the Rixos Hotel, the other agreement is directly through the city infrastructure. The Rixos Hotel has a separate energy supply point. Even when there is a power outage both in the hotel and in the city, we have a diesel generator, but its reserve is only enough for 3 hours of main lighting. However, such outages occur frequently. The city's infrastructure is not designed for so many consumers. It is designed for 800-900 thousand residents, while we officially have 2.5 million. For example, there is an old house similar to a Khrushchev-era house which is demolished to build a multi-story building for 10 times more residents, but the infrastructure for providing energy remains the same. Before starting construction, one need to provide appropriate energy support, but this is often not done. This leads to problems with water supply, sewerage, etc. Many new buildings face problems: lack of heat, water, and other utilities. Developers do all the formalities, but real problems remain.”

Valikhan Ten
Krida

“Even though we are part of a large international company, our model is flexible enough to allow most decisions to be made quickly and locally. If you look at the dynamics of our indicators over the recent years, you can see that the business is doing well. We have a very well-functioning internal process that allows us to engage in operational management over future 12–24-month period, prioritize and to address these challenges.”

Arman Sutbayev
Mars Kazakhstan

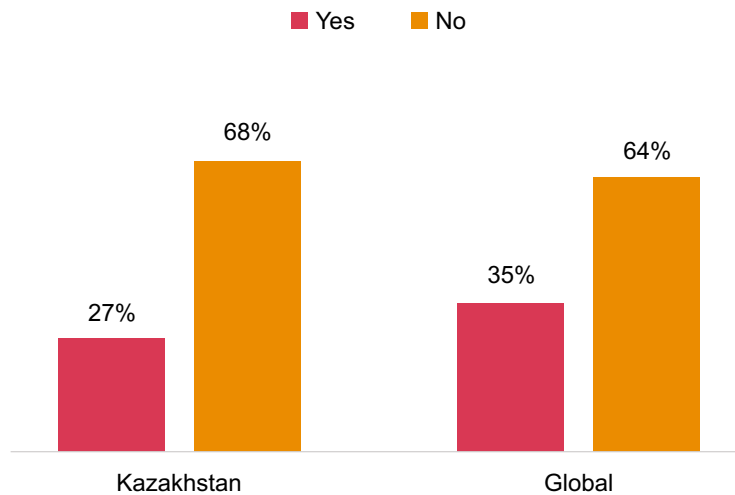
“Skill shortage among employees - I rate it as moderate. There are problems with professional education in various positions, especially in the field of restaurant management. There are no courses or programs specifically aimed at training restaurant management. Compared to chef skills which can be acquired relatively easily, restaurant management training seems complex and specific, which creates certain difficulties in filling this niche. **Supply chain instability** always prevents us. We have always had and continue to have problems with our products, especially with meat. We bring it from all over Kazakhstan. We currently purchase most of it from KazBeef and the Russian company Demetra which is part of Miratorg. Their plant is located somewhere in Barnaul or Omsk. There is enough meat in Kazakhstan, but it is of varying quality. It is important it always has uniform quality but today we get one quality, tomorrow it is fatty, the day after tomorrow it is lean, and the day after tomorrow it is veins. Russian suppliers are somehow able to provide stable quality. We have widespread problems with electricity supply. We are faced with difficulties in increasing electricity: either it costs a lot of money, or it simply does not exist. This problem is relevant for both Almaty and Astana. City authorities must build new power plants to strengthen the power grid. As the number of houses-built increases, it becomes clear that existing energy resources are not enough. New substations are required because old ones are exposed to breakdowns and fires. Residential buildings also have power shortage. For example, we have a room that requires an additional 50 kilowatts but there is basically no power supply around. It is impossible to get power supply even for pay, since there are no substations, and all high-rise buildings are already connected.”

Yuriy Negodyuk
Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”



Completed and planned major business acquisitions

Has your company made a major acquisition (more than 10% of assets) in the last three years?



“They will buy us (*Note: global STADA*). Our owners have already announced that they are looking for a buyer, investment funds are already looking at how to “exit.” It is unclear when and in what form this will be done, but it does not affect our operational activities in any way.”

Arminas Macevicius
STADA

“We acquired a base in Almaty to expand warehouse, office space, showroom, and production space. It was acquired through our subsidiary, but we purchased specifically for our company so that we could then invest in the construction and modernization of the base. We will finance the project and begin designing and constructing in 2024.”

Mikhail Borisov
Fluidra Kazakhstan

“9 hectares land was one of our largest purchases over the past three years. We have begun to finalize permit documents and are at the stage of large-scale construction.”

Ilya Martinenko
Avrora Holding

“We are constantly looking at various proposals for possible investments. We’ve made great acquisitions in mechanical engineering and hotel and restaurant business over the past three years. It should be noted that the hotel and restaurant business industry is not a key direction for our holding, but we consider this as an interesting investment within the development of urban infrastructure and the preservation of cultural values resulting in, we’ve purchased Alma-Ata hotel. This hotel is a historically significant location for the townspeople especially residents and guests of Almaty. Yes, we clearly understand that this is long-term investments, especially considering the capital investments we have already made and continue to make. The location itself and its cultural significance were an important when decision-making.

At the time of purchase, the hotel had 160 rooms. We plan to make 120 rooms through expanding the area of the rooms. For now, we’ve already invested more than five million US dollars. Total planned investments amount to \$30 million US dollars.

Local designers have applied modern standards taken from the practice of the largest international premium hotel chains including special industrial doors for hotels, such doors are intended for frequent use, correct soundproofing in all rooms, as well as high quality bed linen, mattress, and beds. I travel a lot myself, and comfort depends on many little things, but the main thing is sleep, so we’ve paid maximum attention to this.”

Farrukh Makhmudov
Orbis Kazakhstan

“We’ve had not major acquisitions but implemented a large project using our own investment money and included it in the company’s assets resulting it increased by more than 2.5 million. Euros. This project regards to social one. We’ve built and put into operation an automobile gas filling compressor station in Taldykorgan and fill city passenger buses with compressed natural gas. We initially planned to deploy a network of automobile gas filling compressor stations throughout Kazakhstan, but, unfortunately, for now, we have suspended the project due to limited natural gas production. The methane produced at our automobile gas filling compressor station is a “clean” gas: natural gas enters our automobile gas filling compressor station through the main pipe, gas is then purified, dried, compressed to a pressure of 200-250 atmospheres, loaded into batteries and buses are filled. As a result, the buses have virtually zero emissions that are environmentally friendly. Besides, the price of gas fuel is several times cheaper compared to diesel or gasoline.”

Erik Shortanbayev
Skymax Technologies

“We don’t have any assets, franchising is growing, it’s more about the sale of intellectual property. Our asset is personnel, but if you look at the network, it’s constantly buying new equipment.”

Iliyas Issatayev
Invictus Fitness

“We had an M&A deal in Shymkent with the local retail chain Firkan, and with Carrefour in Tashkent. Further development of business in Uzbekistan depends on the strategy which is annually adjusted by the supervisory board. I have little faith in highly successful purely offline business models and look with some scepticism at starting in new niches. I think we have shown a good example of how one can build a successful online channel using the expertise of offline retail and the country’s main marketplace.”

Azamat Osmanov
Magnum Cash & Carry

“In 2023, we acquired 50 new aircraft. We make such a large purchase every 5 years. Aircraft are not allocated to a specific country.”

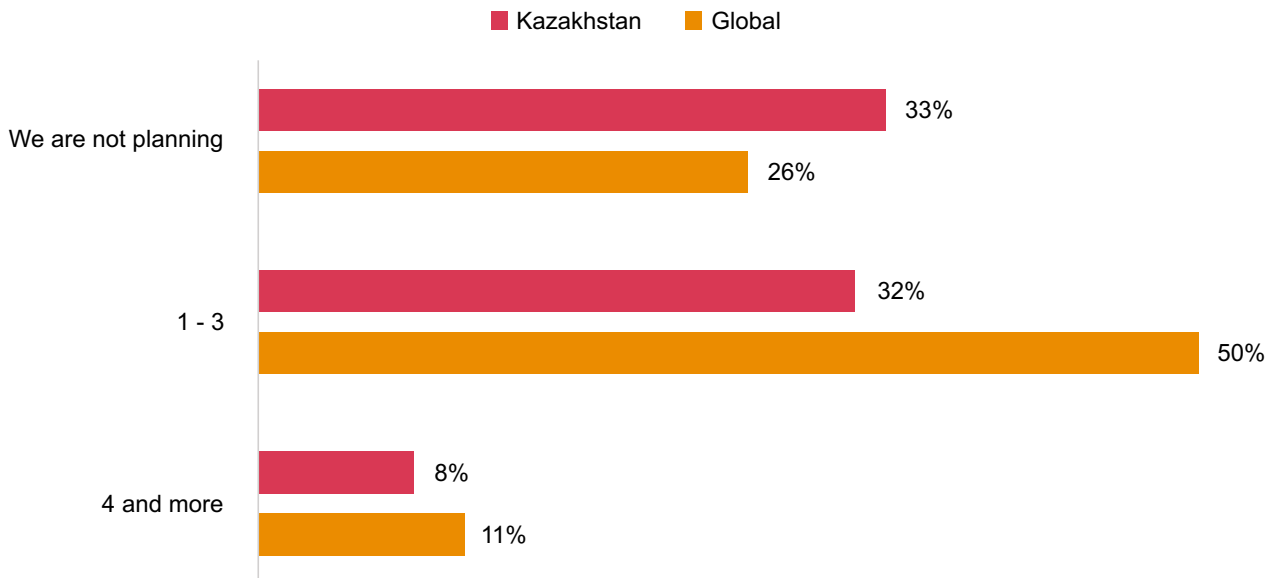
Marina Kuznechevskaya
FlyDubai

“We have been actively purchasing new fitness equipment and have invested heavily in renovations as we are under complete renovation. We either sell old equipment or exchange it under the trade-in program. We replace the equipment piece by piece because we have already updated some of its components. We always monitor the condition of the equipment and update it every 3-4 years. Some devices are morally or physically obsolete - for example, jogging tracks or ellipses. If modern technologies that interest us appear, we use the trade-in program to update.

We terminated the agreement with the franchise and now we have a fitness club of a completely new generation, it is unique - Krida. We’ve developed a marketing strategy. I had this idea for a long time, and when I realized it was necessary, we’ve hired a company to develop the name and our brand compass. We’ve divided it into segments and added new tools, all of which is embodied in the name of our new club. We even developed the color scheme and design based on the brand compass. We paid a lot of money for this.”

Valikhan Ten
Krida

How many acquisitions is your company planning to make in the next three years?



“We have ambitious plans. After completing the project to construct a plant in Almaty, we plan to launch a gastronomic centre in Astana. This is a new format for our country. It will combine restaurant concept and fresh products farming market.”

Farrukh Makhmudov
Orbis Kazakhstan

“In principle, we rely on two acquisitions. Territorial, it’s a little difficult for a Kazakhstan manufacturer to work in Uzbekistan, regulations and conditions change all the time in the region, and the efficiency of working for someone who is from another country inevitably decreases. Growth, to develop key product categories.

For example, today the energy drink market is growing, it has almost caught up with the cola segment and is “eating” a share from many other categories. If any of the manufacturers agrees to sell their business in this segment, we will consider it. Acquisitions will accelerate the development of the company - what would otherwise take 4-5 years, we will do within 1-1.5 years. If there are changes in the regulation of, for example, energy drinks within the EAEU or Central Asia, we will then adjust the strategy accordingly.”

Kairat Mazhibayev
RG Brands

“We absolutely understand that, unfortunately, we will not be able to do everything ourselves, but we have a clear understanding of where the market itself moves as well as what our clients will need. And if we find a solution that fits our strategy, we are not then against partnerships. Last year we closed two transactions with two AdTech technology companies, the experience was extremely positive. Therefore, over the next three years we do not rule out new investments in new projects.”

Yana Shoibekova
Citix

“I find it difficult to answer, it will depend on the situation. Now we do not have a growth strategy through M&A. If we consider entering the western regions, the question arises whether we should buy local players or not, and the answer is not obvious. We plan to start working online in the western regions, look at the percentage of digitalization, and perhaps there will be no point in buying a local player; it will be preferable to develop through organic growth.”

Azamat Osmanov
Magnum Cash & Carry

“Two acquisitions. We have developed a big strategy until 2030 associated with fabulous changes that will affect the entire group of companies and with subsequent acquisitions that we’ve planned for the next 3-5 years.”

Alexei Khegai
TSPM.

“We consider absorbing competitors in the local market, but for now this is just idea. We made a preliminary assessment, but we are not sure that this will give us a benefit proportional to the investment. The company will receive a competitor with its problems, a set of suppliers and dealers, but by competing in a free field, we get better results than we could get from a takeover. But we think about such scenario, although we do not see a company whose acquisition will give us additional value.”

Mikhail Borisov
Fluidra Kazakhstan

“We plan to have organic sales growth. This is due to our strategy - we develop our products: we actively expand digital products and offline business. We have been developing digital products for three years, now we have developed it into a separate company and are selling our software on the market. That is, abr+, which we made for ourselves, is now sold in the same form to other companies. I see great prospects in this in the future, but the investments will be “long-term.””

Askar Baitassov
abr

“We plan to implement a couple of projects. One of them involves attracting investments of about 500 million Euros from Europe and Asia, and this project, I think, will be designed for 3-4 years.”

Erik Shortanbayev
Skymax Technologies

“We are constantly growing through purchasing of everything from building materials to fitness equipment.”

Iliyas Issatayev
Invictus Fitness

“In the past, we purchased some equipment, and this year we plan to purchase it not only for fitness, but also for medical purposes. We have four primary areas - medicine, equipment, training, and swimming pool. Prices change according to the economy of Kazakhstan. I always had a “safety cushion,” a special fund for the purchase of equipment. All the changes we are making now do not entail an increased prices for our customers. This is all paid for from shareholders' funds. We do not take these expenses into account in the cost of the cards. The card prices depend only on the cost of the product. We've been creating this renewal fund for years because we've always planned for regular renovations without significant downtime. We have a large reserve fund which we keep in deposits, in foreign currency accounts to protect it from inflation. These are separate money specifically allocated for these needs. They may not be allocated to new projects, but they are intended for major capital improvements.”

Valikhan Ten
Krida

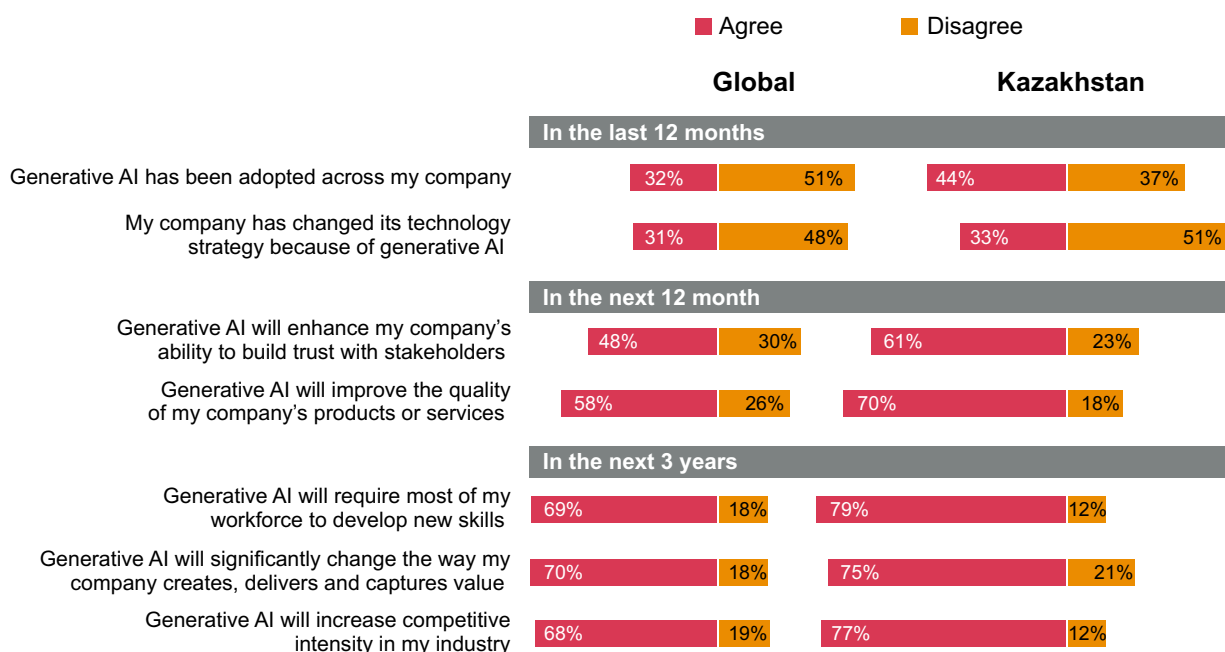
“We have plans to acquire a large production workshop with an area of 1200-1500 square meters. This is a production facility, and I don't think it will cost very much. We already have kitchen factories in various cities, which kitchens supply semi-finished products for all our restaurants. For example, meat or steak is purchased as a carcass or half-carcass and must be processed. It is not possible for every restaurant to carry out such operations, so it is carried out in specialized areas where the products are processed, vacuum sealed and then distributed to the restaurants. For example, they process chicken as follows: a whole chicken is bought, is then cut into parts, such as wings, legs, fillets. The fillet is processed using sous vide technology. The technology includes immersion of the product in a bath with water with a thermostat which maintains the temperature at the level of 63 degrees. The chicken fillet is marinated, packed in cellophane, vacuum sealed, and thanks to this process it becomes incredibly juicy. This technology destroys meat fibres making it soft without folding proteins and retaining most of the nutrients. It is especially important that the sou-kind helps to keep the juice, which makes the chicken breast very moist and delicious. This is an innovative French technology for preparing food.”

Yuriy Negodyuk
Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

Generative Artificial Intelligence and Business

This year our research considers generative artificial intelligence which has all the features of technology that can significantly change the current and habitual activity of companies and people's lives. More than half of respondents agree that generative AI will improve the quality of their products or services both globally (58%) and in Kazakhstan (70%) over the next 12 months. Despite this, while only 32% of respondents globally and 44% in Kazakhstan have already implemented generative AI, most business leaders expect to see its transformative potential within the next three years. In general, CEOs expect relatively positive effects for business from generative AI in the short term. These include increased stakeholder trust, improved time efficiency and increased revenue. Generative artificial intelligence can already transform business models, work processes and restructure some industries, but according to respondents, in the coming year it significantly increases the risks of cyber threats (65% for Kazakhstan, 64% globally), the spread of disinformation (56% for Kazakhstan, 52% globally), as well as civil legal liability (60% for Kazakhstan, 46% globally).

To what extent do you agree or disagree with the following statements about generative AI?



"We are actively developing AI to constantly improve our services. For example, our virtual assistant answers the favourite questions from our clients and does the work of 1,500 employees. I absolutely agree that we will make Kaspi.kz services even better and more convenient in the coming year with the help of generative AI. I absolutely agree that generative AI will require both majority of the workforce and all of us to develop new skills over the next three years."

Mikhail Lomtadze
Kaspi.kz

"Over the past 12 months, our company has not changed its strategy because of generative AI, but we use it very actively. In the next three years, generative AI will require new skills from my company's employees - moderately agree."

In 2022-2023, generative AI was used by a limited number of personnel in a limited number of processes, mostly product-specific things. 90% of specialists do not generally use it for work. We have different personnel in our company - development, marketing and communications, service departments. For technical fields, generative AI is actively used. As for simplifying the work of technical departments, the technical team does it itself. For technical fields, generative AI is indeed of significant importance and greatly influences their work and is part of their daily routine. For employees from servicing, marketing, and communications services, this is not a key tool."

Maxim Melnik
Satu.kz

“We just start to explore the potential of generative artificial intelligence. We have already applied it in marketing and fitness but not in all units of the company. I've conducted a study where one athlete prepares to participate in the Almaty Marathon with the help of artificial intelligence. The result amazed me: a cycling athlete who had never run set a goal to run a marathon for 3:40 and did it for 3:38. He even had a video blog on YouTube and kept a diary of his workouts. There were some glitches with the AI, and I think it was due to incorrect inputs from the athlete. This demonstrates the AI potential it has developed a training program, diet, and motivational support. I tell our coaches that there may come a time when AI replaces our profession. However, the one thing AI cannot replace is the human empathy. But another problem occurs: the world is changing, new generations become to be introverts, they don't need the things that we needed. They perceive empathy differently, but we must teach them that empathy is important. I don't train many people. They are mostly chief executives from large companies, 55-63 years old people. They value emotional contact, they do not seek knowledge, they want to feel support and attention. They are ready to pay for it. For example, when he hugged me, that was more important to him than my knowledge. If you can be an empathetic coach, that will be more important to them than your knowledge. Artificial intelligence can replace knowledge, but it will not be able to convey human empathy.”

Valikhan Ten
Krida

“My company has implemented generative AI over the last 12 months - moderately agree. We have not implemented it throughout the company, but we are actively testing it in Almaty.

Over the next three years, generative AI will increase the intensity of competition in my industry - slightly agree. For our industry, this is a support product rather than a disrupter. Data science appeared and we got the opportunity to work with data, technologies appeared and allow us to process and analyse information faster, but again it is difficult to say that these technologies have radically changed the core business.”

Azamat Osmanov
Magnum Cash & Carry

“I moderately disagree that generative AI will improve our company's ability to earn stakeholders' trust. In my opinion, on the contrary, it will be necessary to prove that this is something real rather than artificially created.

Over the next three years, generative AI will fundamentally change the way my company creates, realizes, and keep the price – agree slightly. Artificial intelligence will be a good assistant, but it will not be able to significantly change anything over the next three years.”

Arminas Macevicius
STADA

“A great deal depends on the scope of use of generative AI. ChatGPT helps a lot in creating texts; it saves a lot of time. But after repeated iterations, generative AI begins to consume its own content. If now it operates on the content created by people, in the future it will then increasingly be formed based on its own content resulting in ambiguous situations, texts and images that do not correspond to reality may arise. These risks are not considered, but I think there is a need to limit the content presentation or reduce AI-generated content so that it doesn't address to itself in the future.

The company uses generative AI a little by the marketing department.

Generative AI could increase the spread of misinformation, civil liability, and the risk of cyber threats in the next 12 months - I disagree. The use of generative AI has not yet reached a critical mass for such precedents to emerge. I'm quite sure that in the future it will be necessary to work through almost all the risks associated with artificial intelligence. As risks arise, protective mechanisms should be formed at the level of developers and states.”

Alexei Khagai
TSPM.

“Generative AI has not been implemented in our company over the last 12 months. It can only be partially useful to us. Perhaps, generative AI is useful and necessary in some areas of activity, but I don't yet know how we can apply it for us. Perhaps, generative AI will be able to help us prepare calculations, commercial proposals, and identify errors in calculations, but I cannot say how well it will cope with this task.

Over the next three years, generative AI will significantly change the way a company creates, implements, and maintains its price – somewhat agrees. Some processes will become simpler, it will be able to relieve some areas of work, to perform certain work easier and faster but to a limited extent.

Over the next three years, generative AI will increase the intensity of competition in the industry - somewhat agree. The use of AI, in my opinion, will be in demand in terms of pricing analysis, and I think we will come to it.”

Mikhail Borisov
Fluidra Kazakhstan

“We are currently implementing AI in digital products, in abr+. We want to automate the choosing a restaurant for a guest based on preferences.”

Askar Baitassov
abr

“We use AI in some services - for example, the application has a function to help with choosing equipment.”

Dmitry Provkin
Sulpak

“Over the last 12 months we have introduced generative AI. We use generative networks in computer vision. Cerebra is built using generative networks: we replicate the patient's brain, what it would look like if it is healthy. This is the method on which we make diagnostics.

Over the next 12 months, generative AI will improve the quality of our company's products and services - I absolutely agree. We have metrics that allow monitoring how product quality is changing using generative AI, and these metrics show tremendous growth in product quality.”

Doszhan Zhussupov
Cerebra

“We haven't yet implemented generative AI because it's required to have a clear understanding of what it is, how it works, who is the best, how it will help us, where to apply it, how to ensure security and how much it costs. All these questions need answers. And we need people in the company who are ready to deal with it. Therefore, we are only on the threshold of our new development cycle subject to modern technologies, and our technological strategy haven't yet updated.

Besides, I agree that generative AI increases the speed of development since now everything is built on the analysis of big data.

With the help of generative AI, we can improve the quality of our products and services, so this issue will be considered in the short term. However, it is important to us that it is correctly implemented and does not pose a danger to all stakeholders.”

Farrukh Makhmudov
Orbis Kazakhstan

“Over the next 12 months, generative AI will improve my company’s ability to gain stakeholders’ trust – I agree a little. Generative AI should help solve strategic issues such as market data processing, issuing an optimal decision matrix, and processing the data from various analytical sources into a unified information image. Generative AI is more than just a tool that provides market averages.

Over the next 12 months, generative AI will improve the quality of products and services in my company - I absolutely agree. This is a strategic decision, but it is unlikely to occur within 12 months. I think this is an issue for 36-48 months. Generative AI should cover complex large-scale things and processes, for example, tax planning models, budget planning. Now, for example, we are forced to pay high fines for accounting errors, and a lot of money is also spent on finding out where the error occurs.”

Kairat Mazhibayev
RG Brands

“Generative AI is one of those things that can make revolutionary changes both as for positive and negative for society and for business. I always say that ethics is particularly important for a leader, and with generative AI, ethics will be doubly critical because this is one of those technologies that has now gone beyond the understandable regulated field. Our legislation and social standards have been over a long time and were adequate to the realities and technologies that existed before. Now generative AI has come forward, but the technology is still uncontrolled. It is necessary for people to develop a new understanding of how to live with it, how to work, how to protect their rights, and so on.

We have not even clearly defined the thing that we call artificial intelligence. It is abstract but we have given it rights, and these rights can even prevail over human rights. An ethical issue will inevitably arise when we work through issues of interaction with AI and determine the boundaries of responsibility between humans and AI. Today we hear about combat robots created to kill. They are equipped with AI to identify their own and others, but these are just settings that may fail or make their own, not quite right conclusions... What to do in this case? Self-driving cars must be able to make decisions in cases where someone is injured in an accident. These include financial algorithms whose actions can bring down stock markets in a minute. These also include algorithms that influence a person’s choice when searching for information or communicating on social networks. AI is very quickly absorbing the knowledge that humanity has accumulated over thousands of years, and this is the new reality. We begin to live with it, and so far, everything in this life is unclear. This technology may impact on every aspect of our lives, and such impact will be rapid, powerful, and ambiguous. Any technology is neutral - it all depends on how it is used. If there is an element of independence, this should be regulated at the level of ethics and culture. Technology cannot be held back but we need to learn how to correctly use it.

In our company, we gradually start to use AI in designing and writing, and we also have a global initiative for its implementation. But personally, I am closer to the traditional approach in terms of keeping fit rather than in terms of efficiency. And I strongly disagree that over the next three years, generative AI will significantly change the way my company creates, implements, and maintains the cost in the market.

Maybe this is what I just want to believe. But one thing I know for sure: we are very strongly connected to people, and people are inherently inert. And for a person to radically change his/her behaviour, he/she needs to go through a certain way which takes a different amount of time for everyone. The larger the society where any habits are ingrained, the longer it takes to go through this loop of change. And in this sense, our traditionalism helps us so far. I support the idea of changes, but I am for the correct attitude towards changes in terms of support. There are changes that require deep changes at the level of ethics and values, and AI is one of them.”

Konstantin Kulinich
Mary Kay Kazakhstan

“Over the past 12 months, generative AI has been implemented in our company - moderately agree. Certain departments began to use generative AI. I can’t say that we do global things, but we use it in correspondence and during searching for equipment suppliers. We try to integrate certain processes based on the activities of individual employees (rather than based on the company) who decide to simplify their own work by introducing AI.

In the coming year, generative AI will require most of our company’s employees to develop new skills - moderately agree. In fact, it will be required for everyone. Many industries will radically change. We are a conservative industry, but we will see this too. In my opinion, AI elements will appear in old software, integrate 1C, control and hints in CRM systems, and this will be extremely useful. We have to learn all this, and it will be interesting, although it will deal a big blow to the labor market. On my own behalf, I can say that I myself do not fully understand how applicable and large-scale this is.

Over the next three years, generative AI will significantly change the way a company creates, implements, and maintains the cost - moderately agreed. We are a conservative business, but generative AI will influence the way the cost is created and maintained. We ourselves do not quite understand how this influence will be implemented but it will happen very quickly.

I don’t think generative AI will increase the intensity of competition in the industry over the next three years. We are likely to use standard products that improve and increase efficiency but do not fundamentally change the situation in it. Over the next three years, we will master the skills of generative AI and learn to delegate some of our functions. And a lot will then change.”

Marat Seitkulov
Caravan Resources

“Our company has implemented generative AI over the last 12 months – moderately agree. We haven’t implemented generative AI in specific departments as a mandated process, and I know many departments using different tools related to generative models. This is the work of designers, development, and marketing. Our management sometimes use ChatGPT, but it is not a required part of any process. Over the past 12 months, my company has changed its strategy because of generative AI - it hasn’t changed, and we don’t plan to change. I don’t yet see what kind of product could include a part of the generative process. There may be elements of AI, but there does not have to be a generative model. Perhaps its simplest use would be in support rather than in the product itself. Over the next three years, generative AI will require most of the workforce to develop new skills - absolutely agree. I can’t speak for all employees but half of them are already using various generative models. In addition, the quality of the models is different, but it is growing.

If we talk about a three-year period, significant breakthroughs are then possible for generative models within this period, and we will be happy to use these tools to improve productivity.”

Nikolay Mazencev
Chocofamily Holding

“Generative AI has been implemented in several departments of our company including marketing, sales, research, and development. This has allowed us to significantly increase employee productivity, speed up content creation, new product development, and analysis of large volumes of data. Employees who work with generative AI can perform tasks more quickly and efficiently, which contributes to increased innovative potential of the company.”

Nurlan Sadykov
Dell Technologies

“Over the past 12 months, generative AI has been implemented in our company - moderately agree. Some elements of generative AI are used in certain areas. In the coming year, generative AI will enhance our company's ability to gain stakeholders' trust - slightly agree. We are engaged in the use of AI in terms of margin management, and this will increase confidence in us to a certain extent. Over the next three years, generative AI will increase the intensity of competition in the industry - moderately agree. Gartner identifies three types of companies: digital companies, digitally wrapped companies, and digitally seasoned companies. We fall into the category 3 for most of our business. The agriculture, to a certain extent, can purport to consider to be a company in a digital wrapper, and everything else is just digital seasoning; we are essentially more involved in automation.”

Serik Tolukpayev
Aitas-Group

“Over the next 12 months, generative AI will improve the quality of products or services in our company. I doubt it will happen in our country very soon, I moderately disagree. This issue requires a more in-depth study; we provide a wide range of services which still require the participation of human resources of different specializations. Generative AI can selectively influence but it is generally unlikely. Over the next three years, generative AI will require most of our employees to develop new skills - I absolutely agree that over the next three years there will be fundamental changes in this area. Over the next three years, generative AI will fundamentally change the way our company creates, realizes, and maintain the cost—absolutely agree. If a large project that we intend to implement is successfully launched, we plan then to automate all analytics processes, and this will add additional value to the project.”

Erik Shortanbayev
Skymax Technologies

“Over the past year, our company has made no changes to its technology strategy related to artificial intelligence (AI). We've already had our own AI system integrated into our logistics processes, and it had been developed before new market participants entered the market. However, if we are talking about new AI technologies and how to consolidate them with current processes, no changes have occurred.”

Laula Stamkul
Wolt Kazakhstan

“Over the past 12 months, my company has implemented generative AI - a little bit agree. For example, we fully use co-pilot for coding in IT, this is generative AI. We conducted a lot of tests in other areas, for example, we tried to make a chatbot, but we realized that it strangely writes in Russian, and people do not want to communicate with it.”

Iliyas Issatayev
Invictus Fitness

“Nowadays, AI technologies are used mainly through subscription, that is, you use foreign servers and have no idea how exactly the system uses your data. Therefore, we use this very limitedly since we are deal with other people's data and must do everything on local resources which have limited capabilities.”

Baizhan Kanafin
Documentolog

“We received the greatest effect from introducing AI in our creative department, and this immediately affected sales. Due to the revolution in AI-based content generation, we can much faster offer content to clients to include in advertising campaigns. Our smartboards are also equipped with cameras and sensors, and we actively use computer vision in our products to obtain analytics and for Smart City solutions.

Also at the everyday level, we can see how many employees use ChatGPT for more efficient data acquisition and processing, whether it's contracts or just letters to partners.

However, we understand that often the results of the ChatGPT may contain errors, and everything is being carefully rechecked.

We understand that generative AI will greatly change the way we work, from location selection and content generation to project management in the industry.

I'll give you an example. Probably the most important thing in our work is the location, and we are now introducing generative AI into selecting locations, drawing up work plans for installing smartboards within such locations subject to the logistics and features of the location, as well as to support the entire process with a project manager using AI. If it is successful, the effect will be significant.”

Yana Shoibekova
Citix

“When I announced key strategic pillars for the next three years of my organization, data driven company is one of these. We are living in an era when we've got much more data than we are able to analyze. That's why we need to automatize and to prioritize it. We need to have it by one click, and we need to finish with an era of thousands of laptops, because it's not sustainable. We need to be sure we are using the right data for the right purposes in a live mode. I believe that companies, which will be able to do that, will win, because they will be able to react properly in the fast manner. So, it's not an era which should come, we are already there. It's a question if we are really using this for our advantage or we are resisting to use it. In my opinion, companies who want to win in the future have no choice. We are there and we need to be there even harder. We are using number of AI systems, and my biggest challenge is integration of those AIs and creation of consolidated master data, because we need to aggregate the data from different areas.”

Adam Aleksiejuk
SANTO



“We are actively implementing automation and machine learning in our field. For example, the sales department has image recognition when a sales department employee can take a photo of a shelf with our products, and AI will evaluate whether the product display meets the planogram requirements. This data is then transferred to the Sales Department’s performance. We are also implementing AI in finance and marketing, but as a rule, this is an expensive investment that is made centrally by the corporation for all business units in the world.

Over the next 12 months, generative AI will improve my company’s ability to gain stakeholders’ trust - moderately agree, because AI is an alternative perspective to human opinion, and if they do not coincide, it then provides an opportunity to differently look at the situation. Over the next 12 months, generative AI will globally improve the quality of my company’s products or services - I absolutely agree, but as for locally - moderately, due to the phasing of the implementation of such developments, and 12 months is too short a period for assessment.”

Arman Sutbayev
Mars Kazakhstan

“In the future, we could theoretically see the complete disappearance of printed menus which already happened in some countries. Individual menu will be offered to you based on your preferences. Artificial intelligence identifies you and shows only those dishes that match your taste preferences. For example, if you are allergic to fish, alternative will be offered to you.

Artificial intelligence knows a lot about you: your preferences in drinks and snacks, as well as any allergies. This approach makes lunch or dinner more personalized and convenient and reduces the use of paper menus. All this becomes possible thanks to the integration of artificial intelligence and CRM (Customer Relationship Management) which will make restaurant offers even more accurate and personalized for each visitor.”

Yuriy Negodyuk
Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

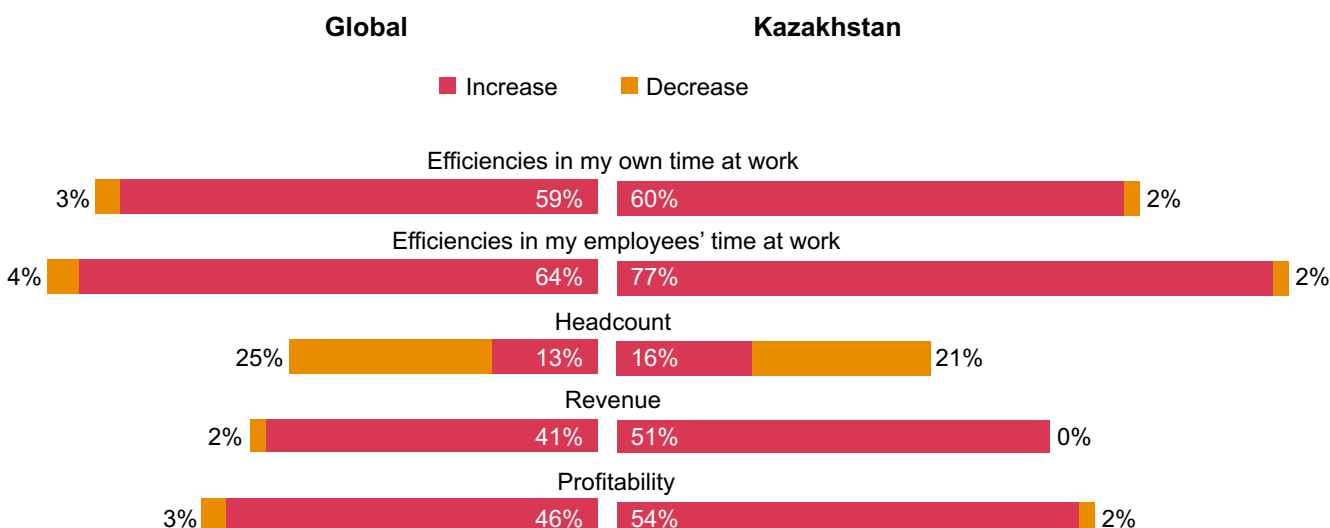
“We have collected a huge amount of data, and the first thing we are going to do with the help of artificial intelligence is customer cards. Since March 1, a deal will not be advance to the next stage if some data is not filled out. We will collect this data from open sources through AI.”

Yerkin Dlimbetov
Ordamed

“We just start to implement it, mainly in online customer service and to reduce support and sales costs. There won’t be a significant impact for the next 12 months, we still have a lot to learn.”

Alexey Sidorov
Silkway Group

To what extent will generative AI increase or decrease the following in your company in the next 12 months?



“In my opinion, generative AI will increase the efficiency of my working time up to 25%, and even more for my employees. The staff number, depending on the segment, may be reduced. Regarding revenue, if generative AI will be correctly implemented, I then definitely expect both to reduce or optimize costs and to increase revenue.”

Farrukh Makhmudov
Orbis Kazakhstan

“The efficiency of my working time will not change at all, but that of my employees will moderately increase. Data and analysis are important in creating great services. Besides, there is an element of art which the AI has yet to learn.”

Mikhail Lomtadze
Kaspi.kz

“We probably use generative AI most often when creating an advertising content. Developers use generative AI which allows them to write code faster and more efficiently. Well, in the little things, as I already mentioned, it is used to write a letter, understand a contract, or get a quick summary on a desired topic.”

Yana Shoibekova
Citix

“I think sensation around AI is more of a “hype,” a lot of “infogypsies” are now coming, talking about artificial intelligence, holding conferences, monetizing all this. This is a good technology that speeds up some routine things. You can use it to write simple codes, texts, designs, but for now nothing more.”

Dmitry Provkin
Sulpak

“The efficiency of employees' working time will significantly increase. I can't replace my employees with AI. In the future, perhaps AI will replace employees who are involved in organizational work and planning meetings, but people will be involved in development and support. In addition, Cerebra's activities involve working with people, and in this case empathy and creative thinking are of importance.”

Doszhan Zhussupov
Cerebra

“Staff number will slightly decrease. I expect that productivity will be higher thanks to the use of generative AI, and the team workload will be lower. I can't say that that this is precisely what will happen, but we have the idea of and deal with increasing productivity through various tools including generative models. Now our entire top team takes kaizen courses to increase their productivity, although we are not a manufacturing company.”

The efficiency of my working time will slightly improve. I use generative AI every other day or so to solve everyday problems, find answers to questions. It's hard to say whether I've become more effective, but I use the tool and approve when generative AI is used by the company employees. We could, for example, invent a uniform for couriers on our own and spend a lot of time on it, or give the relevant task to generative AI and get dozens of different options. This greatly speeds up the work.”

Nikolay Mazencev
Chocofamily Holding

“In terms of working time efficiency, we've already used artificial intelligence. It generates texts and some beautiful slide titles for us.”

Arminas Macevicius
STADA

“We and our employees use generative artificial intelligence every day for a wide range of tasks, including automating routine processes, generating reports and analytics, developing marketing content, and improving customer service. Generative AI also plays a key role in our research and development activities helping to accelerate innovation and create new products and services that meet our customers' current and future needs.”

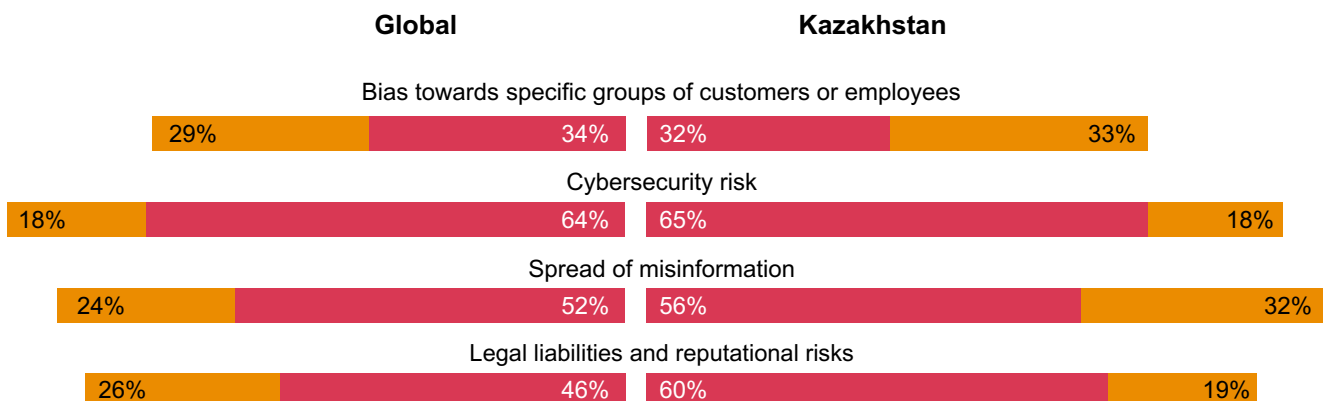
Nurlan Sadykov
Dell Technologies

“Revenue and profitability will slightly improve as we now have product analytics tools that help us observe market trends and evaluate our competitors' pricing. Thus, the use of these tools indirectly related to artificial intelligence may have an impact on the company's revenue.”

Laula Stankul
Wolt Kazakhstan

Насколько Вы согласны или не согласны с тем, что генеративный ИИ может увеличить следующие показатели в Вашей компании в ближайшие 12 месяцев?

■ Agreed ■ Disagree



“Cybersecurity

I don't currently have the resources to dedicate 20 or 50 employees to be engaged in an AI model, so I'm forced to use third-party models. I see great prospects in this regard, but it is too early to say that I am ready to allocate personnel to this direction right now. I really hope that our state will come to this and say that we need to do something in this direction on our own.

Civil liability, reputational risks

We currently have no prohibitions on the use of artificial intelligence technologies. We certainly have huge leaks of personal data. Many Kazakhstanis use foreign resources - Yandex, Gmail, HeadHunter, and these services “know” more about us, about our economy and about each specific user than anyone else. If the AI is self-learning, and big data processing becomes much easier, and supercomputers appear, the issue of how to write a text forcing a person to go out into the street to protest will no longer be a question at all. We cannot influence these things yet because we are just users. For foreign companies, we are not a jurisdiction that they listen to.”

Baizhan Kanafin
Documentolog

“Bias against certain groups of customers or employees

– I moderately agree. We must deal with this quite often; super experts and doctors are always sceptical, especially representatives of the older generation.

Civil liability and reputational risks - I absolutely agree. For generative AI, regulations to protect people must be developed. There must be a global standard in this area, some kind of basic constitutional rights that are approximately the same in different countries. If certain developments in the field of AI comply with standards, one can then be sure that these standards are the same for all countries.”

Doszhan Zhussupov
Cerebra

“Cybersecurity Risk will not increase, we do not allow generative AI to the data.”

Mikhail Lomtadze
Kaspi.kz

“AI doesn't give transparency to everything that happens, so I moderately agree that bias may increase. Reputational risks will also increase because now any fake can be made.”

Arminas Macevicius
STADA

“If we talk about interaction with clients, we try to make sure that it is not noticeable that this is artificial intelligence because a person prefers to communicate with a person rather than with a robot.”

Dmitry Provkin
Sulpak

“Spreading misinformation – It's always difficult for me to talk about these things. If, for example, a person is in a public place, can anyone there take a picture of him and then post a bad photo with false or offensive comments? It seems to me that there should be protection for the reputation of a person and a business from such things. Protecting your reputation is especially important and requires additional thought. Until we regulate the intangible aspects of our activities in relation to business, in relation to people, this will grow and remain a big problem, because the digital sphere has become an integral part of our lives, while regulation has not changed to the same extent. Digital crimes are committed against the individual and reputation of a business, low business activity or even depression is provoked due to the lawlessness in the field of protecting individuals and businesses that occurs in the digital sphere.”

Kairat Mazhibayev
RG Brands

“Cybersecurity Risk – I moderately disagree. First, attackers must have a serious intention of infiltrating a company to obtain its data. This is not usually a quite common activity. If someone wants to hack a company, they already have enough tools including phishing sites, links, they theoretically can simply bribe an employee. There is indirect data from service providers such as banks, mobile operators. So, if you have the intention, you may get the data right now. Maybe artificial intelligence will help generate more correct texts but there are no problems with this now, and I don't think that cybercrime will reach a higher level with the development of generative AI.

Risks of disinformation – moderately disagree. Of course, it will be easier to generate fake content, but, firstly, there is responsibility for this, and secondly, there must be an intention to generate it against someone. If the intent to create disinformation increases, the risks then increase. Because more convenient tools are available, risks do not grow so much, because there is no great need in society to engage in disinformation.”

Nikolay Mazencev
Chocofamily Holding

“Generative AI exists for just over a year, and we don't see that spreading misinformation increased significantly. The same is with reputational risks – everyone expected them to be huge, but in fact it turned out that they weren't. We'll probably see this in the future as more advanced AI models emerge.”

Iliyas Issatayev
Invictus Fitness

“Civil liability and reputational risks – this are truly one of the most disturbing feelings because it is exceedingly difficult to control. My concerns are not only personal, but I am also worried about the company. The possibility of account hacking or other threats is a real fear. I rely on our partners in this matter. Although one's own public shame is not yet so terrible, it is quickly forgotten, but larger consequences may be quite real because of the spread of AI.”

Valikhan Ten
Krida

“Bias against certain groups of customers or employees – I find it difficult to answer. I know that some programmers are already turning to AI to develop programs, and if earlier it took from six months to a year, now it takes a month, although I would not say that AI improves the development result, it only gives guidelines that should adjust person. However, the use of generative AI speeds up processes and helps to detect errors.”

Erik Shortanbayev
Skymax Technologies

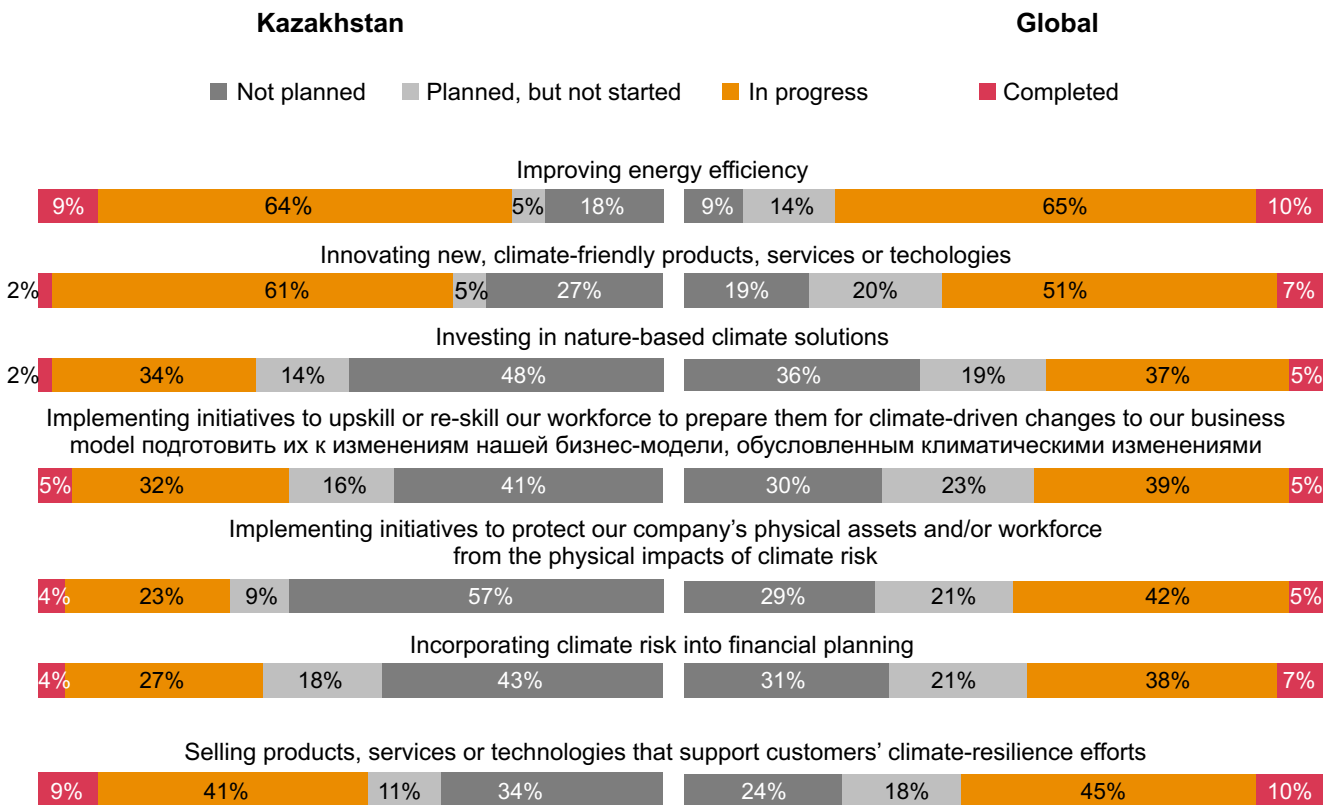
“Generative AI and other classes of its methods (for example, like machine learning in our case) will have a positive impact on business performance affecting the quality of the decisions themselves, automation, and speed of business processes. It should be considered that the introduction of such technologies is a resource-intensive process which implementation will produce the main results within a period of 12+ months.”

Arman Sutbayev
Mars Kazakhstan

Business progress in the Context of Climate Change

Climate change issues remain important throughout the world. Businesses that actively combat climate change can improve their competitiveness, reduce risk, and contribute to a more sustainable future. Today, businessmen are striving to take feasible measures to combat climate change but note that this issue should be a priority for the state. According to the results of our study, more than half of the respondents are under improving energy efficiency (64% in Kazakhstan and 65% in the world). Almost 10% completed this process. Introducing environmentally friendly investments is the second priority measure which is currently being taken by Kazakhstan (61%) and global (51%) businessmen. Investing in natural climate solutions is planned by 48% of Kazakh CEOs and 36% of global executives.

Below is a list of actions companies may undertake related to climate change. Which of the following best describes your company's level of progress on each of these actions?



“Now we have electric corporate cars. **Introduction of new, environmentally friendly products, services, or technologies** – we do it. We've switched all of our payment services to electronic checks instead of paper ones and that's a huge saving in paper. We help improve the infrastructure of national parks to make it pleasant and convenient for Kazakhs and guests to visit them.”

Mikhail Lomtadze
Kaspi.kz

“We follow our global corporate standards. This is a dual directional strategy: first, we incorporate the requirements of Citi's global model to documentation and our relationships with clients, and second, we work directly with the regulator as our financial market also implements its own requirements. The point is to ensure that international and local requirements coincide as much as possible.”

Saule Zhakayeva
Citibank Kazakhstan

“We are now constructing a new plant and choose more environmentally friendly technologies for it. We have no harmful emissions, the harm is minimal, because the main thing is assembly. You can use solar panels, control wastewater, but if you do it and no one else around is doing it, it's then not clear what the point is. One can't invest 200 million to save 1 million a year, so this is not applicable for us yet. If the cost of water is raised to the level of OECD countries, then, of course, we will have to do all this. Last year we took a fresh look at ESG. We looked for a way to be a socially responsible company, and we did not see any other ways apart from allocating some funds. But it turned out that there are many other things, and we need to prepare in advance because within 3-5 years we are actively marketing for export, and other countries have these requests. If we do not initially incorporate all this into our processes, it will be then difficult to change anything later. We must at least understand how to calculate all this, even if there is minimal impact on the environment. This year we want to completely get rid of paper in the office - we are switching to digital signatures when signing contracts, and we are not using courier mail. We are slowly entering ESG, and these are rules that are clear to everyone.”

Yerkin Dlimbetov,
Ordamed

“The philosophy of our company is aimed at refusing static advertising structures which leads to a significant reduction in harm to the environment because there is no need for regular production and printing of materials. In doing so, we notify residents about air pollution crises, increasing public awareness so they can engage more effectively with local regulatory bodies. All our designs have automatic brightness control which allows both to reduce energy consumption and also not to disturb drivers and pedestrians at night.”

Yana Shoibekova
Citix

“Climate risk is included in financial planning and in our risk plan because we are located in a seismically active zone. It is planned to sell products, services or technologies that support customers' climate resilience efforts. For example, we try to get rid of the medicine prescription paper. Our factory in Belgium provided a drug package with a QR code, and when you scan it, instructions for using the drug appear. They're still putting the paper instructions in the package, but they'll stop cease doing so. Now we want to offer something similar here. In Uzbekistan, we are purchasing a test batch of electric vehicles, and if everything goes well, representatives in large cities will drive electric vehicles.”

Arminas Macevicius
STADA

“The environmental aspects of climate change have become one of the key areas for us. We both restyle the fitness club and also partially bring the technical equipment up to date. We install energy-saving lamps and batteries helping us to store the energy that significantly reduces our energy consumption. We also radically change faucets by installing motion sensors. Investing in environmental and climate solutions is something, I think, all public companies should do. They pollute most of all and should do the most for the environment. But they don't. Why should I, as a private business, do this? It's understandable because I live in this country. I have been recently in Ust-Kamenogorsk and amazed. When I arrived, I got out of my car in the parking lot, entered the hotel room and opened the window - I saw the beauty, the beautiful river embankment.

I wanted to take a walk, but when I got out, the representative showed me SMS message stating there was a release of phosphates or something similar in the morning, which can cause a burn in the larynx within 20 minutes. And it was officially confirmed.”

Valikhan Ten
Krida

“Improving the energy efficiency including reducing the energy consumption is in progress. In 2022, we completed modernization of the heating and cooling system and achieved the huge savings in both power and water supply. We are now conducting a complete inventory of the entire shopping mall, and one of the main points is to replace all energy-inefficient lighting elements with energy-efficient ones. In 2023, we developed a project to use alternative energy sources, but no model is financially sustainable. So far, we can't create a model where we don't lose out. In my opinion, the state should develop a system ensuring surplus power generated by the alternative sources could be sold at an adequate price. Otherwise, no model will withstand the financial pressure.”

Alexei Khagai
TSPM.

“We improve the energy efficiency, but with average efficiency, because investments are required. For example, we wanted to install solar panels on any separate buildings but realized that it was not worth the investment. We are implementing some new environmentally friendly products, services, and/or technologies, but not so actively. But not just because we don't want it ourselves, but because the demand is small. It is more expensive, and the demand for these products is still low. Sales of the products, services and/or technologies that support the customers' climate resilience efforts – we try to work with food products, but again the demand is low.”

Askar Baitassov
abr

“Sales of the products, services and/or technologies that support the customers' climate change resiliency efforts is complete as we have installed 4 electric car charging stations in the parking lot of our store. People are happy, they say it's very convenient.”

Dmitry Provkina
Sulpak

“The climate risk inclusion in the financial planning is not planned. If the state encourages the implementation of environmentally friendly solutions, for example, by reducing the tax base, we will incur such costs. But there aren't any technical barriers to implement some solutions, and the international companies conducted the energy audits recognize this fact. Sales of the products, services and/or technologies that support customers' climate resilience efforts have been completed. We have started introducing the payments for plastic bags, making biodegradable bags and eco-bags. At first, people were hostile to the need to pay for packages; we had to overcome some resistance, but over time this began to be considered as normal.”

Azamat Osmanov
Magnum Cash & Carry



“Improving energy efficiency, introducing new environmentally friendly products, services and/or technologies in our company is under way. We are a global company and responsible to ecology - we are constructing new enterprises subject to the environmental standards, not using mica for packaging, and implementing technologies to save water and other resources. Also, we do as best we can do in this area - we recycle batteries and sort waste thereby supporting our sustainable development strategy.”

Konstantin Kulinich
Mary Kay Kazakhstan

“Investing in the climate-friendly solutions is in progress. We actively study the carbon footprint, carbon credits. Incorporating the climate risk in the financial planning is in progress. Our business is very dependent on climate conditions, so we work a lot on insurance and other issues of the climate change risks management.”

Serik Tolukpayev
Aitas-Group

“Improvement of the energy efficiency including reduced energy consumption - we always strive for this; this is an ongoing process that will never complete. Sales of the products, services and/or technologies that support customers' climate resilience efforts are in progress. As I said earlier, we've implemented a large project - we've built and put into operation an automobile gas-filling compressor station in Taldykorgan, fill the city passenger buses with compressed natural gas to reduce any harmful emissions. In addition, we have replaced some of the cars in the office fleet with electric vehicles, are optimizing fuel costs and improving the environment and climate.”

Erik Shortanbayev
Skymax Technologies

“Mars is making huge efforts around the world to improve the climate conditions. In Kazakhstan, we plan to measure our carbon footprint from all our operations, to approach this problem from a more scientific perspective to understand where we are and how we will reduce it. In the future, our model will be applied in many countries in our geography. If we talk about energy efficiency in general, we consciously approach this issue. Sustainable development is a key factor in decision making. Today, our task is to form a worldview and decision-making subject to the sustainable development criteria.”

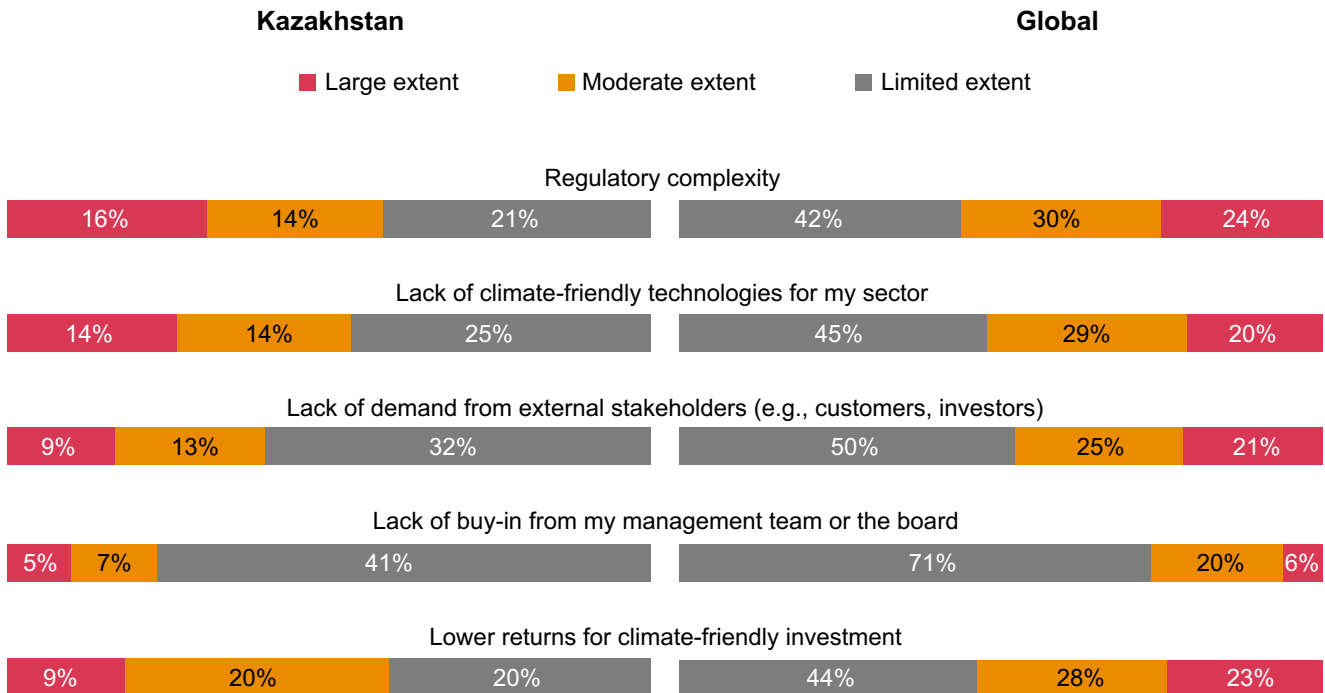
Arman Sutbayev
Mars Kazakhstan

“I wouldn't commit to any of those, because to have commitment I need to fully understand where we are from the ESG perspective. As a group company, we are settling ESG as a direction for our group worldwide. From the Central Asia perspective, to commit to anything, we should understand where we are and what we can do. We can tell how nice and how more ecological we can be. Of course, we will be, but to be more nature friendly, we need to understand what is our step which we're going to do tomorrow, and what is our step which we're going to do in half a year, not only the promises where we're going to be in 2050. When we have proper planning and understanding of the base where we are and resources which are required to do any further steps, we will do commitments in this area. But I can assure that's one of the directions which will be a priority in our long-term strategy.”

Adam Aleksiejuk
SANTO



To what extent, if at all, are the following factors inhibiting your company's ability to decarbonise its business model?



“When we work, for example, to improve the energy efficiency or reduce the weight of plastic packaging, this is decarbonization for us. We do our best to rationally spend the resources, and this is a huge systematic task that business cannot successfully do on its own without the help of the state. The company must also have appropriate technological availability.

Decreasing in the profitability on green investments – at first, profitability decreases, as in the case with any innovation, and then either it reaches a standard level or grows due to the scale.

Lack of the environment-friendly technologies for your sector –it's hard for me to say.

The main challenges are the food safety and nutritional value in the sector where RG Brands operates. Now we do a lot on the positive impact of our products on health, reduce sugar content in our products, reduce the amount of plastic used. If we act as a sponsor for marathons in the cities of the region, then after the marathon we do our best to ensure that there is no waste left and any empty bottle is exchanged for a finished product.”

Kairat Mazhibayev
RG Brands

“Decarbonization is now proceeding at an intense rate around the world, and it is right. Because it affects everyone and generally speaks about our existence as humanity. Therefore, this problem is not abstract for us. We believe that even the small contribution that we do as a group and each of our employees can make is important. And we will continue our initiatives to recycle water, to use alternative energy sources and an economical and intelligent approach to the use of electricity and fuel.”

Farrukh Makhmudov
Orbis Kazakhstan

“Reducing in the profitability of environment-friendly investments is a large degree of influence given our cost of energy resources.”

Serik Tolukpayev
Aitas-Group

“There are the sustainability initiatives in every company, but as I understand, all shareholders and boards of directors have decided as follows. Should we implement all these initiatives? Absolutely yes. But EBITDA is EBITDA, so need to find any internal resources to promote such projects further.

Lack of demand from external stakeholders has so far had an extremely limited impact in our region. If we were in the Nordic countries, I would say that the impact is significant because you need to confirm that all suppliers have sustainability programs “up to the third generation,” otherwise you simply will not be able to take part in tenders. We don't have that yet. No environment-friendly technologies for the sector have a significant impact because we have a lot of “chemistry” and energy-consuming processes.”

Arminas Macevicius
STADA

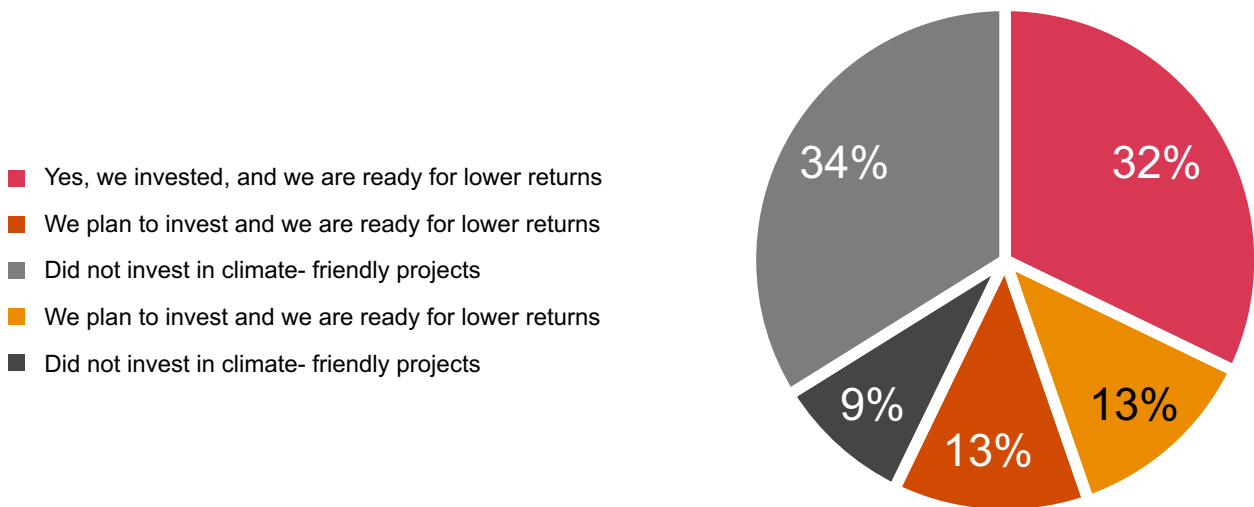
“We consider these issues, but we have lower emissions than the industry average. We use the technologies that allow us to keep this figure at a lower level, so there are yet no plans to decarbonize the business model.”

Marat Seitkulov
Caravan Resources

“Regulatory complexities are a major constraint. For example, electric charging stations for electric vehicles are currently prohibited from being installed in the underground parking lots. As for decarbonization in aviation, our planes fly using obsolete TS-1 fuel which was developed during the USSR, and the planes have already had some problems with the fuel system, and modern aircraft engines cannot operate on the low-quality fuel. In Kazakhstan, for example, we have not yet produced the modern aviation fuel Jet A1, SAF which the modern air fleet needs due to the lack of technology and infrastructure to store and service the new generation aircraft. The debate around this problem has been going on for a long time, and we still cannot provide airlines with the modern fuel. Although the management of the Almaty International Airport have promised that by the end of quarter 1, 2024 they would build the infrastructure and arrange fuel supply - I think this is a feasible task.”

Erik Shortanbayev
Skymax Technologies

Over the past 12 months, has your company invested in climate- friendly projects, and is your company willing to accept lower returns compared to other investments?"



“Many of our initiatives lead to the conservation of resources - for example, we have introduced the electronic document management, electronic checks save tons of paper per year. We are for the rational consumption and do what we can.”

Dmitry Provkin
Sulpak

“We’ve Invested and are ready to accept the lower profitability. These are limited investments, but we make them anyway.”

Serik Tolukpayev
Aitas-Group

“We are launching the projects with low emissions, but they have not been the main driver for launching the projects. If we do anything, decarbonization is not the main goal; our emissions are already low compared to the industry average.”

Marat Seitkulov
Caravan Resources

“We do not have large structural investments; we neither acquired any factories nor created any technologies. If we consider our investments in human capital, I will say that we are planning for this and are ready for the lower returns.”

Arminas Macevicius
STADA

“We do not plan and are not ready for the lower returns. In Europe, the investments in the environment-friendly projects do not mean a decreased profitability; on the contrary, the companies make money on these initiatives since the state subsidizes a part of the costs. Here there’s no point in an investment like that. We develop advanced environment-friendly technologies, invest money in them and earn less. Since the products and technologies are new, it is difficult to say how the market will perceive them. If such products need to be promoted, then the state should be involved as it is all over the world rather than to shift the responsibility on business.”

Mikhail Borisov
Fluidra Kazakhstan



“Fairly speaking, we already have a low yield. Currently only 55 buses out of 250 buses are filled out with compressed natural gas which have been supposed to be provided by the Taldykorgan Akimat. Transport passenger companies and bus fleets are private, and only some of them take advantage of this by monopolizing the market and selecting the routes that are profitable and advantageous for them. Vehicle fleets do not pay for methane on time, delay the payments due to the Akimat does not pay subsidies to them. This is a business that is beneficial for private owners, and a part of this business is “in the shadows.” Our team is constantly discussing this problem with the Akimat of Taldykorgan, and the Akimat plans to decide on the creation of its own municipal vehicle fleet. We hope that this year the number of buses being filled at our gas station will be increased to at least 150, and there will be a gradual increase in the future. Generally, our gas filling station can serve up to 250-300 buses per day.”

Erik Shortanbayev
Skymax Technologies

“We are interested in and consider the projects aimed at sustainable development. We start with ourselves and our operations in Kazakhstan. One of the stories I am ready to share is our new program for the trade equipment. Companies very often have commercial equipment that is no longer used. Our colleagues have decided to give it a second life. They have created comfortable houses and toys for animals in shelters by means of creative use of unused materials from retail outlets. The transformed materials both have brought joy to the shelter’s furry residents and underscores our commitment to the environmental management and operational efficiency.”

Arman Sutbayev
Mars Kazakhstan

“Over the past 12 months, our company has been actively investing in environment-friendly projects, confirming our commitment to the sustainable development and environmental responsibility.

Almost every asset within our company is an example of a sustainable, green building that has received international LEED or BREEAM certificates, which is a clear indication of our efforts in the field of environmental construction. It is important to emphasize that our approach to investing in green projects is not a compromise in terms of profitability. On the contrary, we believe that such investments provide significant long-term benefits including lower operating costs, increased attractiveness of our facilities to tenants and their increased market value. This allows us to both contribute to the environmental protection and ensures the stable and high income for our company. Green building for us is especially important, and we have all kinds of awards and certificates in this area. ESG for us means increased safety, social responsibility, and this affects our revenue. Employees spend 90% of their time in different buildings (home, office, retail space), so workplaces should be as close as possible to sources of natural light, clean, filtered air at the right temperature. The “right” air can reduce the number of sick days for the employees, and this is a matter of efficiency and impact on the revenue. If we didn't have an ESG strategy, we wouldn't be able to work with a range of clients. Therefore, ESG is an investment that pays off better than a deposit in Kazakhstan. We have also followed the electric car trend, and all of our buildings have charging stations. There are always three reasons for introducing the green technologies - economic, social responsibility and image. Thus, our company is both willing to invest in environment-friendly projects and does so with the confidence that such investments are the best choice from both an environmentally responsible and cost-effective point of view. We are confident that our long-term sustainability strategy will enable us to continue to get impressive results contributing to a healthy and sustainable environment for future generations.”

Lukasz Skowronski
Global Development

Cooperation with the Government

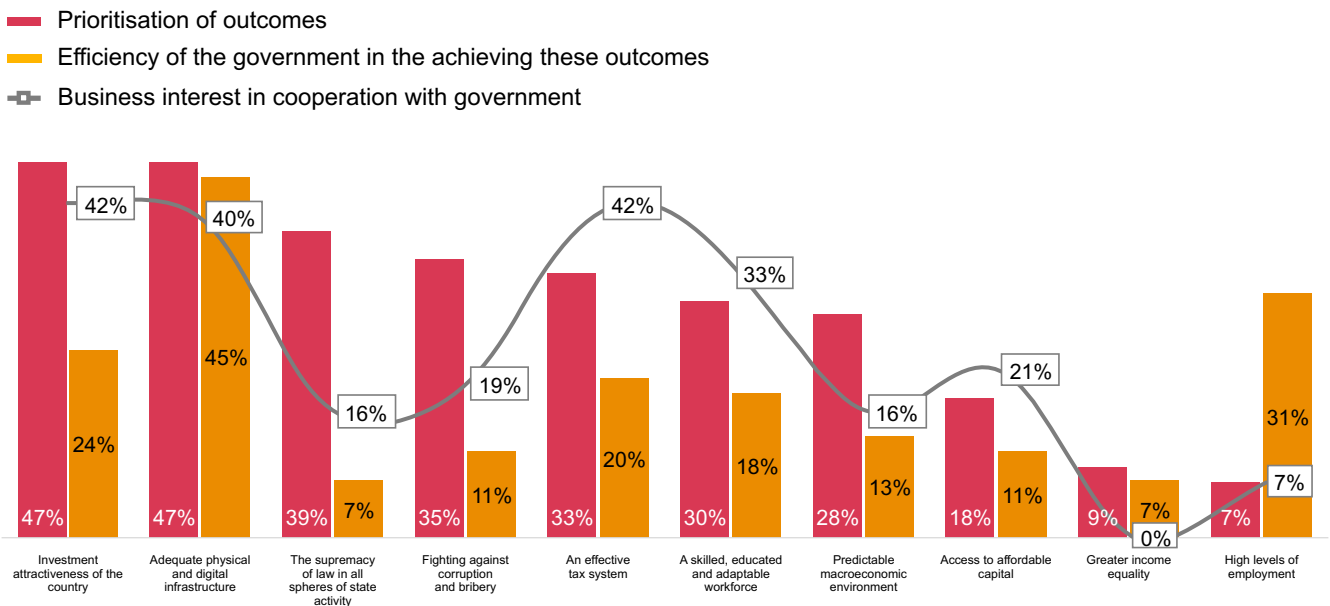
Theme

Priority tasks for the state and how efficiently they can be achieved Cooperation of businesses with the government in Kazakhstan

According to private business leaders (47%), **the investment attractiveness and developed infrastructure (including digital)** became the most important priorities for public administration in Kazakhstan for the first time in 12 years of this research. Previously, the main priorities included **the rule of law in all areas of state activity** (2023: 51%, 2022: 51%, 2021: 44%, 2020: 49%, 2019: 57%) and **fight against corruption and bribery** (2023: 47%, 2022: 46%, 2021: 61%, 2020: 60%, 2019: 57%). This year **the rule of law in all areas of state activity** ranked down to the second priority (39%), however, the efficiency of achieving this goal decreased from 10% last year to 7% in 2024. **Fight against corruption and bribery** became the third priority (35%), and the efficiency of achieving this goal increased from 4% in 2023 to 11% in 2024. It is important to note that the priority of the **efficient tax system** grew by 15% (2024: 33%, 2023: 18%), and the efficiency of its achievement fell down by 15% (2024: 20%, 2023: 35%). It is interesting that according to the survey results, the efficiency of the state in achieving a high level of employment, according to Kazakh leaders, has been increased from 19% in 2023 to 31% in 2024.

Traditionally, business continues to express a desire to cooperate with the state in matters of the **investment attractiveness, efficient tax system, developed infrastructure and qualified and adaptive staff**.

Priority areas for Kazakhstan government focus, assessment of the government's effectiveness and interest in collaborating with the state



“Priorities are the rule of law in all areas of state activity, the fight against corruption and bribery and a predictable macroeconomic environment.

The tax system has been quite effective up to now, but I cannot say whether it will remain after changes in tax policy are introduced. It would be good if the state has learned to manage the money that is available. The issue is not about the availability of more tax deductions but about the efficiency of their use. The state wants to increase revenue, but they need to learn how to manage money. If you don't manage very well the money you have, high revenues won't help. We cooperate quite a lot with the state on infrastructure development, an effective tax system and investment attractiveness.”

Serik Tolukpayev
Aitas-Group



“The equality of law, the investment attractiveness of the country and the fight against corruption should be the priorities.

We are ready to cooperate on infrastructure development, an effective tax system and investment attractiveness.”

Mikhail Lomtadze

Kaspi.kz

“Developed infrastructure including digital, greater equality of public income, the rule of law in all areas of state activity. We are interested in cooperation with the state in qualified and adaptive staff, an effective tax system and the investment attractiveness of the country. Consistent work is required year after year, stage after stage, to achieve the results.”

Kairat Mazhibayev

RG Brands

“Access to the cheap capital is ineffective. Last year our sales reached 30 billion, and it is still difficult for us to attract the capital.

Developed infrastructure is ineffective. We complain to the Akimat, but there’s nothing we can do about it. There is a feeling that scattered outages of electricity may soon begin in the city. The transport infrastructure is in terrible condition. The logistics quality depends on it - I can’t now deliver the orders within 40 minutes, the average delivery time for ready-made food is 43-45 minutes, although initially they’ve wanted to do it within 33-35 minutes, but the transport infrastructure does not allow it.”

Askar Baitassov

abr

“The fight against corruption, the rule of law and a predictable macroeconomic environment are the priorities. Stability and predictability of the country’s policies are most important.

Developed infrastructure is efficient. Still, there is a base, because if there were no base, for example, there would be a weak Internet, my company would not exist. The digital infrastructure is being developed, without this in any way, but it has been monopolized in our country, and it is unknown how much the investment program is being updated.

We are now cooperating with the government in the fight against corruption. Together with the Anti-Corruption Agency, we have created a training course on law articles dedicated to the prevention from corruption. We have integrated this course into Documentolog, and every civil servant can take it. We are doing a lot to de-bureaucratize the state. Probably thanks to us, many government services did not cease working even during the pandemic. There is another problem in our state that no one is fighting. This is a problem of distraction caused by high consumption of social media content. Due to the large flow of information, the ability to concentrate on anything including among civil servants has been significantly decreased. Modern businesses want you to spend as much time as possible in their app, and we do the same. Besides, the talented businesses use such psychological mechanisms that you don’t even notice it.”

Baizhan Kanafin

Documentolog

“Predictable macroeconomic environment, investment attractiveness of the country, the rule of law in all areas of state activity.

We are interested in collaboration on effective tax system, qualified and adaptive staff. We are working together with the Akimats on programs to control the prices for the socially important products (19 items in total), and we are implementing a project for targeted social assistance to low-income families.

The Ministry of Labor and Social Protection allocates the money for the vulnerable social groups, and the families receive a food package twice a month in several regions through us as the operator of the program.”

Azamat Osmanov

Magnum Cash & Carry

“Predictable macroeconomic environment, investment attractiveness of the country, fight against corruption and bribery.

Developed infrastructure is highly effective considering the digital infrastructure. Our tax system is great, especially in terms of rates. I have a positive attitude towards innovations in the form of declarations; this should have been done a long time ago, almost in 1991, then there would have been no corruption at all.

I might like to cooperate, but I know that it is useless, they only do it “for show.””

Yerkin Dlimbetov

Ordamed

“The fight against corruption, the rule of law and access to inexpensive capital are the priorities in my opinion. If these three points work, then all the others will “catch up” and be resolved.

Qualified and adaptive staff is efficient. Our state pays great attention to this issue based upon what happened.

We are ready to cooperate on precaution measures when using personal data as we face it, as well as in the field of qualified staff as personnel are of important.”

Ilya Martinenko

Avrora Holding

“The rule of law in all activities is not very effective. It’s very upsetting when we see any examples of pressure on the court, when things that are not related to the essence of the issue begin to have an impact on the course of the case. Unfortunately, there are some cases indicating that our system is still vulnerable to private interests and administrative resources.

Mary Kay is an active member of the Direct Selling Association of Kazakhstan. We have a dialogue through this company concerning formation of a legislative space that affects our industry. This is the right form of cooperation helping to hear each other and allowing the state to receive feedback from business. Social responsibility is also a form of cooperation, and we contribute to its development considering it correct and necessary.”

Konstantin Kulinich

Mary Kay Kazakhstan

“I sense a strong intention and collaboration from the government to transfer technology to Kazakhstan by encouraging the localization of some products. Additionally, there are requests from universities and schools to develop laboratories to train their students in new technologies and to seek partnerships with foreign companies to exchange programs and experiences, in order to develop and grow local competencies.

I observe a constant improvement in physical and digital infrastructure to enable businesses and make processes more efficient through digitization and education.”

Edgard Bou-Chahine

Schneider Electric Central Asia and Caucasus

“Speaking of the digital infrastructure, I can say based on my experience and the results of analysis of different countries that Kazakhstan is among the top ten countries where digital infrastructure is developing well. There is great progress in processing within the government agencies. I notice based on the work we do with government agencies how quickly requests are processed, how quickly the authorities respond, meetings are promptly scheduled, and communications are conducted. Young people who hold certain positions in government agencies communicate more adequately with business despite some confrontation between the state and business still exists. Employment level is ineffective. Now the state focuses mainly on large cities, but three cities with a million-plus population are not the whole of Kazakhstan. I would like to see increased employment as a priority, because for me, income growth and employment growth are an indicator of the growth of the country’s economy. The tax system is ineffective. This is due to the value of money and tax pressure. As for new tax policy and declarations, I think that they should have been introduced a long time ago. Our entire group of companies promotes the transparent reporting and data submitting because a transparent environment contributes to the business development. If we do not know what is happening in the neighbouring shopping center, we cannot compare ourselves with anyone and compare ourselves with ourselves, to some extent “stew in our own juice.” I am for a transparent market. We are ready to cooperate on infrastructure development, effective tax system and the fight against corruption and bribery. Digital infrastructure, the introduction of digital EDS, signing contracts without personal presence - we are both hands-on for cooperation in these areas. I only see this as an advantage.”

Alexei Khagai
TSPM.

“Developed infrastructure including digital is the top priority. The less time is spent on filling out, registration, undertaking of formal processes, the better it will be for the business. It is necessary to develop the warehouse infrastructure, roads, airport infrastructure enabling to receive and process cargo; this is particularly important to make it easier to work. Also, the macroeconomic environment and access to low-cost capital are the priorities. This issue is less relevant for us, but if we are talking about business, then this is a fundamental problem. Capital is extremely expensive, and the state programs become limited and more expensive every year. There is a problem in obtaining the funds, in confirming the intended use, and it is difficult to build communications with the government officials. There is no access to capital, and the situation is getting worse. An additional priority is the development of water treatment legal framework.”

Mikhail Borisov
Fluidra Kazakhstan

“The fight against corruption, education in the regions and the environment.”

Bolatbek Ospanov
Smart Satu

“Qualified and adaptive staff. An effective tax system, so that everyone, rather than just we, pays what they are supposed to. Predictable macroeconomic environment - I don't want any disturbances. The employees' health and well-being are effective; our legislation is more loyal to the employees and less to the employer.

We are interested in cooperation to create an effective tax system so that everyone is in the same starting position. We have had communication, but everything changes so often - while people begin to understand what the question and proposal are, they are changed. It turns out that every time you must communicate with new people, and you don't get to the point of making a decision.

If the state is ready to launch some programs to form the qualified staff, then we are ready to accept and train the people and produce ready-made specialists.”

Dmitry Provkin
Sulpak

“The rule of law in all areas of state activity, the investment attractiveness of the country and qualified and adaptive staff in public administration. Unfortunately, today competent, professional employees quickly leave the government agencies.

An effective tax system is ineffective. It is difficult to administer taxes here, at least for small companies. They must pay a lot of taxes.

The rule of law in all areas of state activity is not effective. Meanwhile, if we manage to do just this, I believe that everything else will be well. If people believe that justice exists, it will greatly help to all other areas.

The health and well-being of employees is of interest. Today there is dialogue among us, but no action. Besides, the issue concerns not only our company - we propose to include artificial intelligence in the healthcare system rather than Cerebra. Over time, our state will just do it since all countries will follow this way. The issue is whether we will become one of the pioneers in this direction and will manage this process or stay out.”

Doszhan Zhussupov
Cerebra

“The rule of law, qualified and adaptive staff, an effective tax system.

Qualified and adaptive staff - I can't say for sure. I see positive trends, changes, Astana Hub's focus on developing the training of IT specialists, improved quality of this training, but it is still difficult for me to evaluate the result, because the specialists I have faced are about self-made, rather than about the state. These people learned and developed their skills on their own.

Developed infrastructure including digital one – I can't say for sure. There are serious and good things like eGov or Astana Hub, the Astana exchange, but on the other hand, there is ineffective logistics that slows down e-commerce development.

Access to the cheap capital is effective. I use Kazakhstan as an example for everyone. In Kazakhstan, it is easier for a startup with a proven business model to find money to scale than in any other country in the post-Soviet space. There are venture funds to which you can show your project.”

Maxim Melnik
Satu.kz

“It is necessary to separate the issues of public administration from private ones. The state is responsible for the macroeconomic, legislative environment and infrastructure. Therefore, the developed infrastructure including digital, predictable macroeconomic environment and the rule of law are, in my opinion, the priorities of public administration.



We cooperate in developing an effective tax system through the platforms of the Atameken National Chamber of Entrepreneurs and participating in the working groups. This is another issue whether there is an effect or not. We would like to cooperate in increasing the investment attractiveness.”

Marat Seitkulov
Caravan Resources

“Qualified and adaptive staff is effective. I can’t say that we face challenges when hiring the staff. It can be difficult to find specialists who simply do not exist on the market, for example, for managing the dark stores. There was no dark store market in Kazakhstan, and there were no people who knew how to manage them either. Therefore, we must look for highly specialized professionals abroad, bring them from Russia, but in general, such specialties as development, HR, accounting, the qualifications of local personnel are sufficient, and we are happy to take personnel from the market.

Developed infrastructure including digital is effective. It’s hard for me to say how developed our railway infrastructure is, the transit of goods from China, but we have a digital bridge that allows many banks to create digital services, and this is very cool. Kazakhstan is higher in the rating of e-governments than many developed countries, and this is an important part of the infrastructure that the state can provide to the market.

Precautions when using personal data are effective. The state legally protects the personal data, and IT companies think that the data should be stored in Kazakhstan, but so far there is no great control in this area. I think we should prepare for the fact that at some stage we will have to comply with all GDPR standards, but since the state fails to force us, we only study the standards to be ready to comply with them.

The rule of law in all areas of the activity is not effective. We have faced several cases over the past year when the state must protect us, but it does not, and we haven’t been able to get the police to do anything to protect us for almost six months. We have all the data on the scammers caused damage to our company, but the police are inactive.”

Nikolay Mazencev
Chocofamily Holding

“Developed infrastructure – this means the transit infrastructure of the country, because it provides enormous potential related to the transit of goods, as well as gas and oil pipelines. It is clear that Kazakhstan is traditionally considered to be as a producing country, but in terms of potential, this is more of a transit story, and if this potential is used, it can be well monetized.”

Saule Zhakayeva
Citibank Kazakhstan

“Qualified and adaptive staff, developed infrastructure including digital, access to cheap working capital. An effective tax system - it’s hard for me to say. If we compare with other countries, our tax system can be called effective, but it is still not effective enough. Perhaps it is due to a large number of macro- and microeconomic factors and requires a gentle reconsideration.

We always cooperate with the state. Our partner EUROBAK with whom we jointly hold meetings at the level of government agencies including ministries is highly active in this regard. We cooperate mainly on infrastructure development. For several years we have been actively discussing the climate change issues at the level of Akimats and KazSeleZaschita, proposing a program and a developed solution for the implementation of a flood and mudslide warning system. Unfortunately, as always,

difficulties have arisen with implementation and deadlines. We are not told “no,” but the proposals are postponed for later.”

Erik Shortanbayev
Skymax Technologies

“High employment level is effective. I believe that the employment level in our country is quite high, and we are pleased with this.

The health and well-being of employees is effective, now there is an access through eGov and the ability to attach easily to a clinic and make an appointment with a doctor. Of course there is always something else, something new to improve but in my opinion, it is working effectively for now. Currently, we do not actively interact with the government agencies. Sometimes we are faced with issues related to the government policy, and we take part in some reforming discussions, for example, the Labor Code. However, we are not active in this area since there is no need for it.”

Laula Stamkul
Wolt Kazakhstan

“Developed infrastructure, investment attractiveness and fight against corruption.

High employment level is effective, we have increased the salaries for teachers and medical workers, and due to this we have also raised salaries, especially in the lowest segment of the salary scale. The staff’s health and well-being are highly effective, and we have some of the most affordable healthcare in the world.”

Iliyas Issatayev
Invictus Fitness

“Qualified and adaptive staff is ineffective. Unfortunately, high levels of staff turnover are a problem that is common even in the government agencies, not to mention the low level of top management in other areas. It may significantly hamper the stability and operating efficiency of the company. The investment attractiveness of the country is effective. This may be due both current actions and management promises and plans. It is important that the promises are transformed into the concrete actions and reforms to create a sustainable and attractive investment environment. I was very eager to cooperate with the government, but last year my hopes were dashed. I used to actively cooperate with the Ministry of Sports earlier, but now I am completely disappointed. The change of the Minister of Sports six months after his appointment made me think that this has been complete nonsense.”

Valikhan Ten
Krida

“Infrastructure is effective, but I’m talking more about the digital infrastructure. Such products as, for example, eGov. However, the “heavy” infrastructure is in a poor condition. Sewage systems are in bad condition, there is not enough water in some areas in the summer, and the water in some new areas of Astana was supplied last year on an hourly basis. There are also the problems with the power supply. It is said that they will build a nuclear power plant, I hope this will help.

I have recently visited a public clinic and was pleasantly surprised at how well it functions. I’ve decided to use money from my pension fund for treatment and visited the dentist. When I am entering, I’ve noticed five rooms with the latest dental equipment.”

Yuriy Negodyuk
Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”



“Cheap capital - everyone lacks the working capital in business. Income equality because it stimulates the economic growth. And infrastructure. And the fight against corruption and bribery should be provided by default. If you think that every businessman in Kazakhstan works in two places, and half of them are also taxi drivers, we can then say that the state effectively achieves a high level of employment, but on the other hand, the state badly creates jobs. Recent changes to the corporate taxation also make it less attractive. Precautionary measures when using the personal data - there is the laws, and when collecting and storing the personal data we adhere to it, therefore it is rather effective. In terms of predictability of the macroeconomic environment, the Government is now largely involved in micromanagement, so it is inefficient. There is a lot of efforts for investment attractiveness, but I don't know how much real capital has been raised. The talk is more about some theoretical figures that only imply the possibility of investment. If the Chinese start producing cars here, then it will be something apparent. We cooperate with the state regarding the health and well-being of the employees. One of the external manifestations is the STADA Health Report where we provide publicly available various data on people's attitudes towards the health, based on a population survey.

For example, how many people get screened and why they don't. Qualified and adaptive staff - we also cooperate, we are a “source of manpower.” Our routine work is the work with the doctors, information sharing with them and skill improvement. In terms of tax efficiency, we try to work with the state in terms of the associations, talk and show what they should not do so. We understand that they want to collect more taxes, but they need to be collected through incentives rather than through tightening.”

Arminas Macevicius
STADA

“I believe that one of the important priorities is the developed infrastructure especially regarding the airports. Also, macroeconomic stability and investment attractiveness of the country. These factors are important to us. Qualified and adaptive staff is rather effective. The government is working with this area in our country. If you want to study, then you can study.”

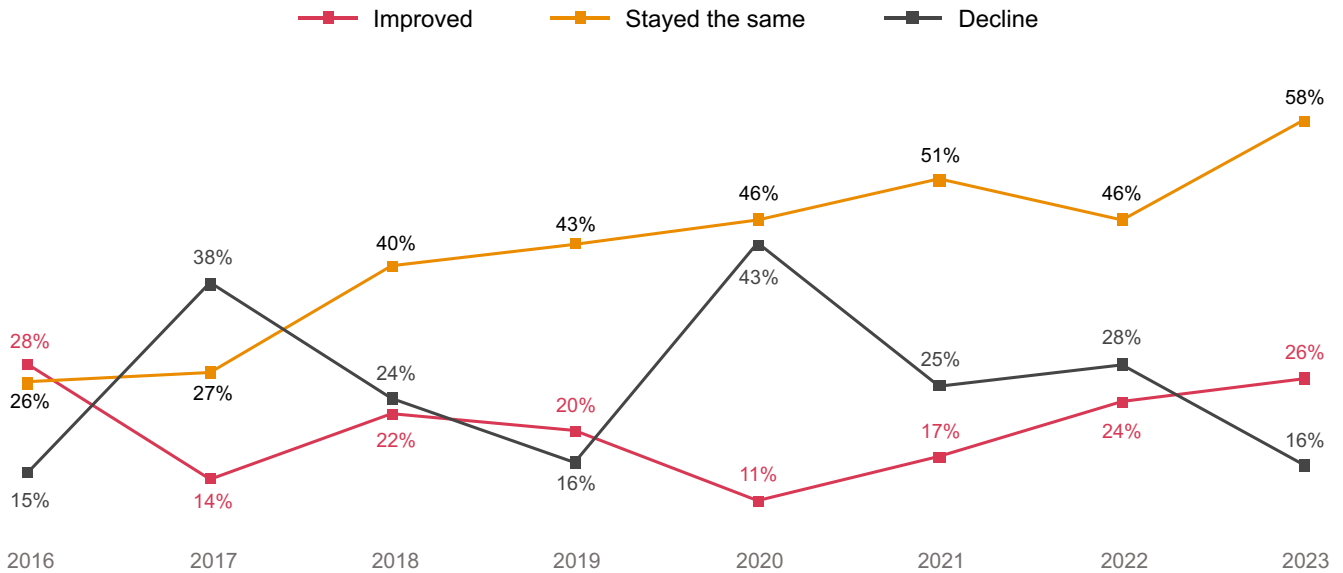
Marina Kuznechetskaya
FlyDubai



Changes in the investment climate in Kazakhstan for 2023

According to more than a half of Kazakh executives (58%), the investment climate in Kazakhstan has remained at the same level. It should be noted that this trend has continued since 2018.

What changes have you noticed in Kazakhstan's investment climate during 2023?



“I would say that the investment climate has not changed over the past year. But there are more conversations, people come more and show more interest. Probably, economic attaches have begun to do their job better in attracting the attention to Kazakhstan.”

Arminas Macevicius
STADA

“It has improved but this is not an achievement of Kazakhstan but the result of external changes, as a result of which the investors have turned their attention to our country, and many international companies want to invest in Kazakhstan. The deal for a Japanese investor to purchase 75% of Alina Group is a kind of signal which for me indicates the emergence of healthy benchmarking in Kazakhstan.”

Alexei Khegai
TSPM.

“It has improved. There were aftereffects of the influence of a special military operation and COVID, so it was difficult not to be improved. 2023 was not a bad year.”

Askar Baitassov
abr

“I think the investment climate is quite positive in Kazakhstan and Central Asia. Every year there are more projects that begin to work within Kazakhstan, there are the projects that immediately go out into the world. And this all happens with the support of domestic investors and foreign funds aimed at Kazakhstan and Central Asian countries.”

Bolatbek Ospanov
Smart Satu

“It has got worse. In fact, no major investment project has been yet started in Kazakhstan; no one is investing real investment money or private investment in them. As for the foreign investors, I think any Russian and Chinese companies have a promising assessment of Kazakhstan; Western companies believe that there are too many risks.”

Doszhan Zhussupov
Cerebra



“I think it hasn't been changed. The wave that came to us did not appear on our initiative and not thanks to our merits. Our merit is only that we have taken advantage of it. And those factors that we could influence remained unchanged.”

Konstantin Kulinich
Mary Kay Kazakhstan

“It has remained at the same level. I've heard more about investments in Kazakhstan, but everyone is confused by the proximity to Russia and economic integration with it. Participation in the EAEU is perceived as a potential risk for the financial system and macroeconomic environment.”

Maxim Melnik
Satu.kz

“It has worsened a little mainly since the tax policy began to change in the wrong direction.”

Marat Seitkulov
Caravan Resources

“It has got worse, but it has got worse everywhere. Protectionism which is now on the agenda of most countries and nationalist ideas that are flourishing around the world do not contribute to improving the investment climate. If we talk about the situation in Kazakhstan in 2023, then in my opinion, we are experiencing the negative selection at the level of management personnel and the state. There comes a generation that has received fundamental knowledge in the post-Soviet period or during the years of reformation, and people are increasingly losing the ideological foundations, the fundamental ethical norms that they were able to lay down in one way or another in the USSR. This is also due to the lack of meritocracy principles; the weak people choose even weaker ones.”

Serik Tolukpayev
Aitas-Group

“The investment climate in Kazakhstan has become less attractive due to uncertainty regarding reforms being planned. This fact could lead some companies to consider long-term investments in other countries in the region. I hope that this year we will see significant and positive changes on this issue.”

Laula Stamkul
Wolt Kazakhstan

“It has improved by ranking the 36th in the world competitiveness rate. One of the first news of the year is that Dodo Pizza has re-registered its headquarters from the British Virgin Islands to Astana, inDrive has moved its head office to Almaty. These seem to be the events of past years, but the investment climate will be also improved in the future.”

Iliyas Issatayev
Invictus Fitness

“It has improved primarily due to the actions of the President. Still, he carries out a tremendous amount of diplomatic work which allows him to maintain neutrality and at the same time build clear equality among all players. This to some extent gives hope that there will be the stability. He does everything gradual, because the society must mature, and our society is mostly immature, infantile, and has dependent attitudes. I like that we are moving systematically, according to the principle “a bad peace is better than a good war.””

Baizhan Kanafin
Documentolog

“The investment climate has been improved, but this is most likely due to the geopolitical changes and conflicts, that has led to the capital movements. This is not our merit; rather, it is a turn of events. Our main task now is to avoid falling under sanctions, since this may happen by mistake.”

Valikhan Ten
Krida



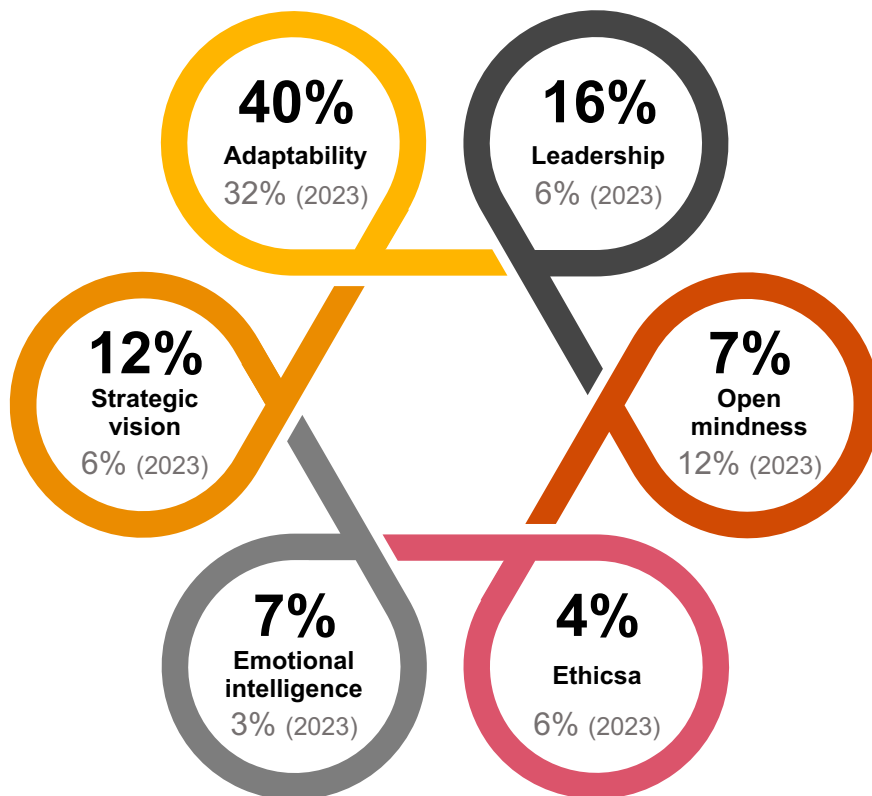
Best of 2023

Theme

Main quality of a CEO for successful work in a modern business environment

This year, as in the past, most Kazakhstan private business executives found it difficult to choose the best CEO and note any breakthrough achievements. The executives have noted that they are focused on the current internal challenges, adapting, maintaining the economic viability, and forming the strategies for further development in a rapidly changing business environment.

Adaptability remains the main feature for a business leader according to the respondents (2024: 40%, 2023: 32%). Leadership skills is the second most important feature (2024: 16%, 2023: 6%). Strategic vision is also important (2024: 12%, 2023: 6%).



“The ability to extremely simplify and build a strategy from simple goals. Building of a team that is constantly improving, developing, and focused on creating the quality products and services for the customers.”

Mikhail Lomtadze
Kaspi.kz

“Every executive must understand that his/her role already implies that he or she needs to be a worthy leader so that the team, despite the times and difficulties, is ready to achieve results. It needs to have a clear vision, an understanding of what is required to achieve the results. Then people will respect, understand and support even the most daring plans.”

Farrukh Makhmudov
Orbis Казахстан

“To have an inner core based on love, wisdom and will.”

Serik Tolukpayev
Aitas-Group

“Good understanding of strategy. There are few impressive strategies on the market. But perhaps few people talk about them, and we see some things only when they are done. Visioning and strategy are very closely connected, and the rest is all banal.”

Askar Baitassov
abr

“Decency. There are a plenty of strong managers now, but there is always a shortage of decent people with strong ethics. And they will be needed to determine any new rules for the business community and for the entire country. Therefore, it is necessary to “work on” the ethics.”

Konstantin Kulinich
Mary Kay Kazakhstan

“Integrity, it’s especially important to live according to your values, what you do, to be unified with your co-workers.”

Maxim Melnik
Satu.kz



“Communication skills, determination, stress resistance, multitasking.”

Alexei Khegai
TSPM.

“Stress resistance, adaptability, able to see and plan for the future.”

Mikhail Borisov
Fluidra Kazakhstan

“Willingness to be a leader, openness, and experience.”

Bolatbek Ospanov
Smart Satu

“Flexibility in decision making and ability to adapt to a changing environment. The ability to have a vision, a vector of where to go and involve employees so that everyone goes in the same direction.”

Dmitry Provkin
Sulpak

“The most important feature in the modern business environment is adaptability.”

Doszhan Zhussupov
Cerebra

“Flexibility or its opposite state, fortitude. I haven't yet found an answer for myself. You need resilience to work in a new market (international, global) because the world has become too flexible. If earlier these were small waves, now it is a 10-point storm, and in such “flexibility” it is better to be persistent. You must be the great ship that cuts through these waves. If I now succumb to the insinuations from the government agencies, if I become a domestic producer because the state wants, I will then never stand it. The state has been negotiating with me for a year and a half, but it needs to account for the foreign investor.”

Yerkin Dlimbetov
Ordamed

“The main feature is optimism.”

Ilya Martinenko
Avrora Holding

“Recently I've read an interesting article about this, and I believe it: we need to again fall in love with middle level management. It's true - we pay a lot of attention to our regional sales managers who manage our representatives because this is the link on which a lot depends. This is the company's image because they spend 80% of their time “in the field”, working with the representatives. As cliché as it may sound, it is very important.”

Arminas Macevicius
STADA

“Adaptability, the ability to anticipate developments and adapt to changes in advance.”

Marat Seitkulov
Caravan Resources

“The key features of a leader are the ability to see “in the fog,” be able to make quick decisions, quickly adapt to a changing reality, unite a team around a common goal, motivate and retain the ambitious and successful people.”

Rustam Mussayev
EVRIKA

“Ability to put a strong team together.”

Nikolay Mazencev
Chocofamily Holding

“The key features of a leader are adaptability and the ability to change business processes.”

Nurlan Sadykov
Dell Technologies

“Purposefulness, ability to “motivate” a team.”

Erik Shortanbayev
Skymax Technologies

“In my opinion, adaptability is especially important now. If you choose one feature that is worth highlighting, it is, of course, adaptability.”

Laula Stamkul
Wolt Kazakhstan

“Willingness to change your mind quickly, relearn, be flexible, study new business cases from around the world, and not stand on some dogma. To be more a startup entrepreneur than a corporate executive. All our new products are associated with our effort to strategically protect our core income rather than with we create new revenue. And if we continue to do this over the next five years, it will be much easier for us to retain our existing customers and attract new ones.”

Ilyas Issatayev
Invictus Fitness

“The leader must be transparent to society, have your own mission and broadcast it. This is a person who has earned his/her place and right in the society. He/she broadcasts his/her thoughts, his/her position and is not shy about it. If we take a business, then there is a strong correlation of the brand of the CEO with the success of the company, because he/she “sells,” he/she moves the business forward. And if a person has really done everything with his/her own hands and knows his/her business from A to Z, he/she has nothing to be ashamed of.”

Baizhan Kanafin
Documentolog

“Any strategy now is short-term, the head of the company needs to be prepared for this, this requires flexibility. A leader must be able to listen and hear the employees, and to delegate which is also important.”

Marina Kuznechevskaya
FlyDubai



“The main features are adaptability to the situation and the ability to focus on bringing the matter to a positive result.”

Azamat Osmanov
Magnum Cash & Carry

“In the modern business environment, the head of a company must have many features, including:

1. Innovation. The ability to innovate and be open to change in the environment are the key to successful adaptive leadership. Many companies introduce such a concept as Change Management for a quick and timely response in a rapidly changing business environment.
2. Excellent communication skills. Any head of a company must have excellent communication skills.
3. Strategic thinking. The head of a company must have the ability to both see long-term prospects and to develop the strategies for the consistent growth and development of the company.
4. Social responsibility and ethics. Today's companies are increasingly focusing on ethics and social responsibility. The head of a company must be prepared to manage the company in accordance with these principles.
5. Leadership. A good leader has a high level of motivation and can motivate and inspire the team, set them up for success and create an effective work environment.
6. Emotional intelligence. A good leader correctly interprets the emotions, motivations and intentions of his/her colleagues and subordinates. Developed emotional intellect helps you manage your own and others' emotions.”

Saule Zhakayeva
Citibank Kazakhstan

“The key features of a leader are the ability to inspire and motivate your team.”

Yana Shoibekova
Citix

“The head of a company must have foresight, strategic thinking and foresee the development of the industry for the coming year. He/she must also consider the influence of any external factors including geopolitics and other related industries. Just as you stand on a high mountain and see many streams, so a leader should see many opportunities for development. Otherwise, being at the bottom, you don't see where you are going, deciding intuitively what can be successful or not.”

Valikhan Ten
Krida

“For me these are three features. Firstly, this is a strategic vision, to know in which direction to develop the business. Secondly, the leader must be able to inspire the company around this vision and unify around the goal of shared success. And third, the leader must be able to build internal processes and a culture of relationships in such a way that all parts of the company work closely with each other to achieve common success.”

Arman Sutbayev
Mars Kazakhstan

“In today's world, where change is the only constant, the main feature needed by a leader to achieve success is mental flexibility. This is the ability to rethink strategies quickly, the ability to see opportunities where others see only obstacles, and the ability to inspire your team to overcome any challenges. This flexibility is especially valuable for the real estate industry which is exposed to many external factors - from global economic fluctuations to the latest technologies. A successful leader in this industry is one who both has a thorough understanding of current trends and can anticipate future changes by implementing innovative solutions and strategies to maintain and grow their business. Besides, the head of a company must combine the adaptability, deep knowledge of the industry, an innovative approach, leadership qualities and the ability to make quick and correct decisions even under stress.”

Lukasz Skowronski
Global Development

“Flexibility is an important feature for a leader especially in an environment of constant change. Inflexibility can have a negative impact on the company, so a leader must be ready to adapt. This is perhaps not so much a human quality as a character trait. Speed is another important feature. Quick decision-making and efficiency in action are the features that become key when recruiting the personnel. In some areas, such as company development, being able to think and act quickly is rather critical. Discipline also becomes an important aspect. This is a feature that can be innate, and a leader with discipline becomes an example for his/her team. The discipline comes in various forms, such as keeping schedules and having the right attitude towards the work and clients.”

Yuriy Negodyuk
Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

“The CEO should be adaptable, resilient, and digital. In today's business environment, a CEO should be adaptable to changing circumstances, resilient to pressure and risks, believe in digital transformation, be reliable, and value teamwork in order to succeed.”

Edgard Bou-Chahine
Schneider Electric Central Asia and Caucasus

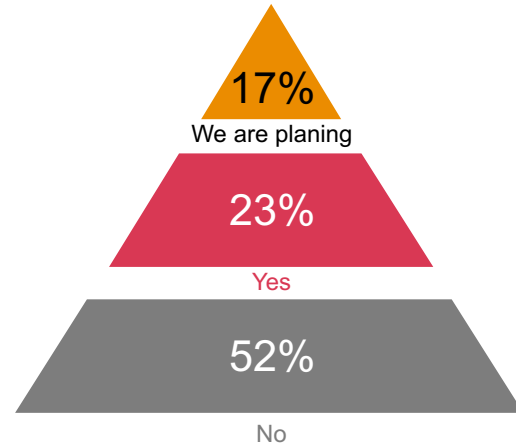
“A leader must be adaptable to a rapidly changing external environment.”

Alexey Sidorov
Silkway Group

Who resolves strategic issues in the company?

One of the current trends that we have noted globally is a new member among the top management team - the Chief Strategy Officer, and this is mainly due to the daily workload of the CEO and the requirements of the rapidly changing business environment. Therefore, this year for the first time we have decided to ask the CEO whether they have such a position or a person in the management structure.

Does your company have a Chief Strategy Officer?



“There is no chief strategy officer in our company, and we do not plan to create such a position. Strategy is the direct responsibility of the CEO. You can dismiss the CEO in those companies that have a strategic issues director.”

Mikhail Lomtadze
Kaspi.kz

“No and it is not planned. Our board of directors which has committees including members of the executive team is responsible for the strategy, its planning and development. All key team members and members of the board of directors participate in the strategy development. There is no person who can be competent in absolutely all matters. Each key person expresses his/her opinion regarding the strategy, its planning and development. We would like to have more strategists. If a person is professional in his/her field of activity, he/she should grow as a strategist too over time.”

Kairat Mazhibayev
RG Brands

“I am such Officer myself. I think that the time has not yet come to hire such a specialist. We still need to work on the scope of business, but I see this position in the future.”

Askar Baitassov
abr

“I do this myself. Once a year we hold the strategic sessions with the participation of management, turn on the collective wisdom and plan. We adjust the vector and define something new for ourselves for three years rather than for long-term.”

Dmitry Provkina
Sulpak

“Our company has a special department that deals with the strategic issues. We thought for a long time that we didn't need it, the management team tried to engage in strategy on their own, but nothing came of it because there was no one to move it further.”

Therefore, we created such a department by a strong-willed decision, and I hope that this step will lead us to achieving the strategic goals. STADA's headquarters provides the regions with a lot of freedom, so we have been able to open such a department at the regional level.”

Arminas Macevicius
STADA

“We had a director of strategic issues before the pandemic, then I took over this function. We are planning such a position, but now we are more concerned with other issues related to the efficiency of our activities and the operational management of the company. The issue of saving resources and automating processes is important. We have already found our strategy, so now we are focusing more on efficiency. We have returned to the cost leader strategy, which we will not change; accordingly, all the profits we receive will be reinvested in ourselves. We know how to save money, and this strategy has helped us become a leader in 2023. Besides, we are a cost leader because we do this to increase margins rather than because we want to sell cheap. We will have a director for strategic issues, but I would rather outsource because one strategy can be used for a long time just adapting it as needed.”

Yerkin Dlimbetov
Ordamed

“I fulfil this role myself. But if we have some kind of succession plan, then such function will exist.”

Iliyas Issatayev
Invictus Fitness

“We do not have such a separate staffing unit, but we plan to give more focus to this area of work today.”

Arman Sutbayev
Mars Kazakhstan

Meet the CEOs



Adam Aleksiejuk
SANTO



Azamat Osmanov
Magnum Cash & Carry



Alexey Sidorov
Silkway Group



Alexei Khagai
TSPM.



Arman Sutbayev
Mars Kazakhstan



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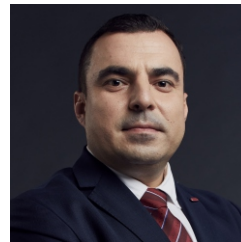
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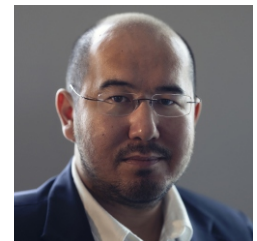
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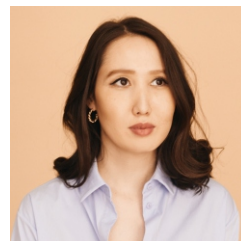
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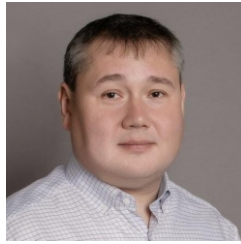


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EVRIKA



Nikolay Mazencev
Chocofamily Holding



Nurlan Sadykov
Dell Technologies



Saule Zhakayeva
Citibank Kazakhstan



Serik Tolukpayev
Aitas-Group



Farrukh Makhmudov
Orbis Kazakhstan



Edgard Bou-Chahine
Schneider Electric
Central Asia and
Caucasus



Yuriy Negodyuk
Restaurant chains:
«BAO noodle&sushi»,
«Pinta», «Tomato»,
«The Banka», «Paul»



Yana Shoibekova
Citix

Research Methodology

Approximately 60 chief executive officers of private business took part in the survey in Kazakhstan, more than half of the CEO surveyed gave us complete and detailed interviews. To get the most complete picture for the country, we have selected chief executive officers from various industries: metallurgy, finance, energy, oil, telecommunications, automotive, consumer goods, construction materials, transportation and logistics, information technology, hotel and restaurant business, retail, fitness industry and pharmaceuticals. The CEOs were requested to answer questions regarding the growth prospects of the Kazakh and global economies, business threats affecting the business, generative artificial intelligence, factors affecting the business viability and transformation in the short and long term, and climate change risks.

The participants of the survey were also asked to express their opinions on the government's priorities affecting Kazakhstan in general and their business in particular, as well as on cooperation with the government agencies. Interviews in Kazakhstan were conducted from November 2023 to February 2024. All quotes expressed by Kazakhstan CEOs and provided in this survey have been previously agreed with the respondents. All management positions are stated as of the time of the interview. All personal interviews and electronic completion of the questionnaires where quantitative indicators are provided have been carried out based on confidentiality. Notice: not all figures provided in the survey add up to 100% due to rounding percentages and excluding the following answers: "I can't say definitely", "I don't know", "refuse to answer"





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