



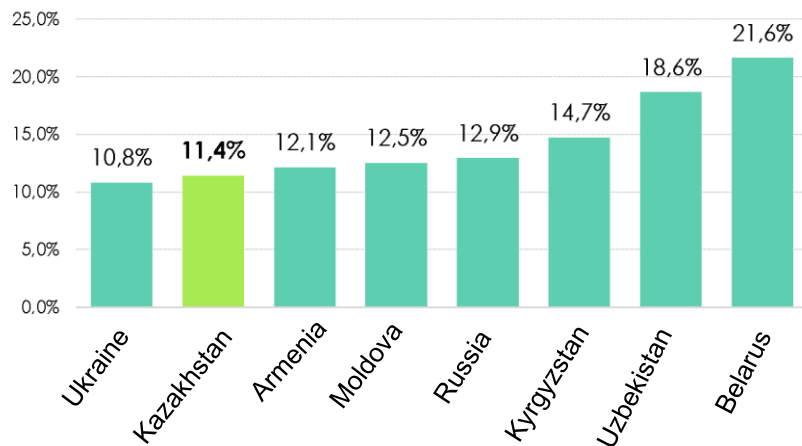
Analytical Review of the Manufacturing Industry Situation in Kazakhstan and the CIS countries

CONTENT

- 1. Key figures of the manufacturing industry in the CIS countries**
- 2. The role of manufacturing industry in the economy of Kazakhstan**
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 - Employment
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 - Number of enterprises
 - Product output
 - Employment
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 - Support measures
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KEY FIGURES OF THE MANUFACTURING INDUSTRY IN THE CIS COUNTRIES

Share of manufacturing in GDP, 2019



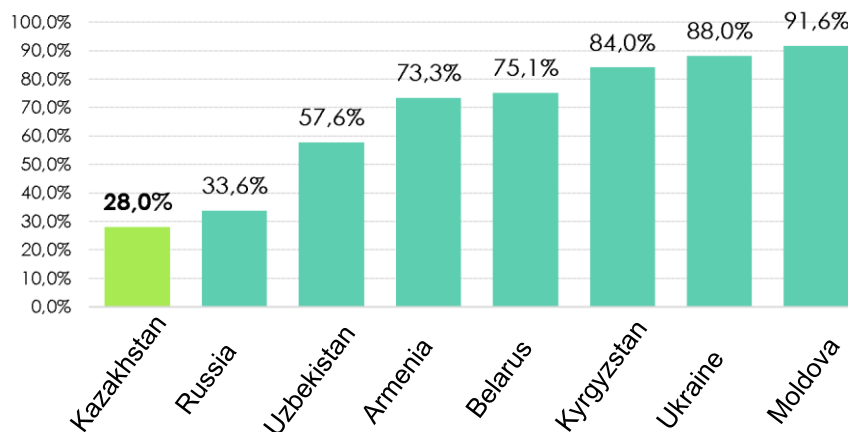
The high share of manufacturing in GDP in the CIS countries:

- Belarus **21,6%**
- Uzbekistan **18,6%**

The lowest share of manufacturing in GDP:

- Kazakhstan **11,4%**
- Ukraine **10,8%**

Share of processed products in exports, 2019



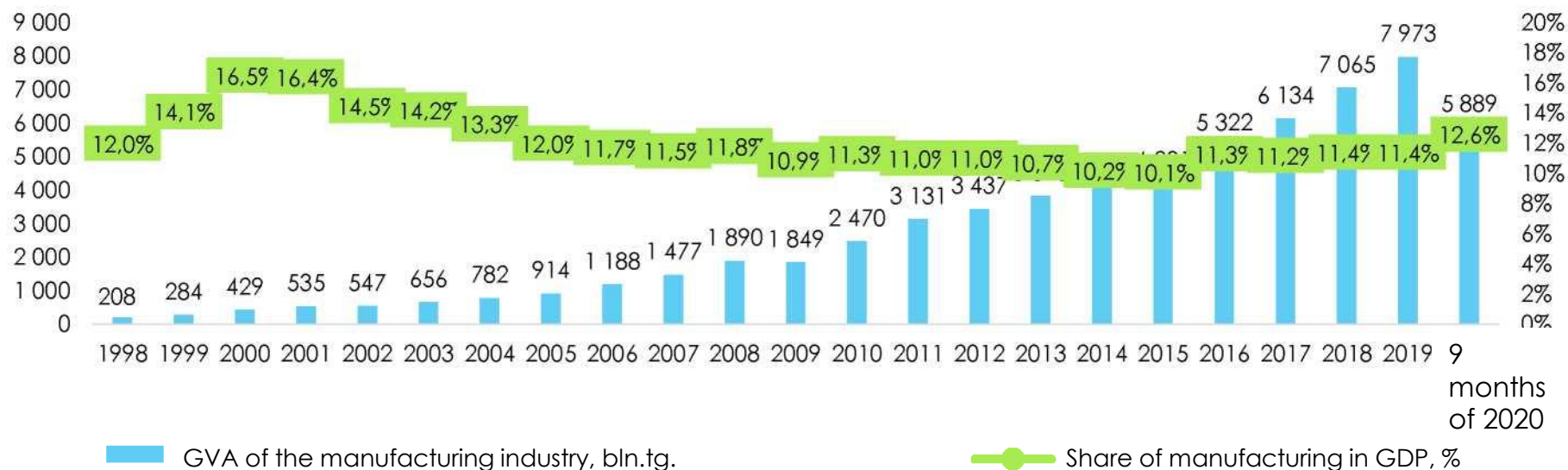
High share of processed products in the export structure in the CIS countries:

- Moldova **91,6%**
- Ukraine **88%**

The lowest share of processed products in the export structure:

- Russia **33,6%**
- Kazakhstan **28%**

SHARE OF MANUFACTURING INDUSTRY IN GDP OF RK



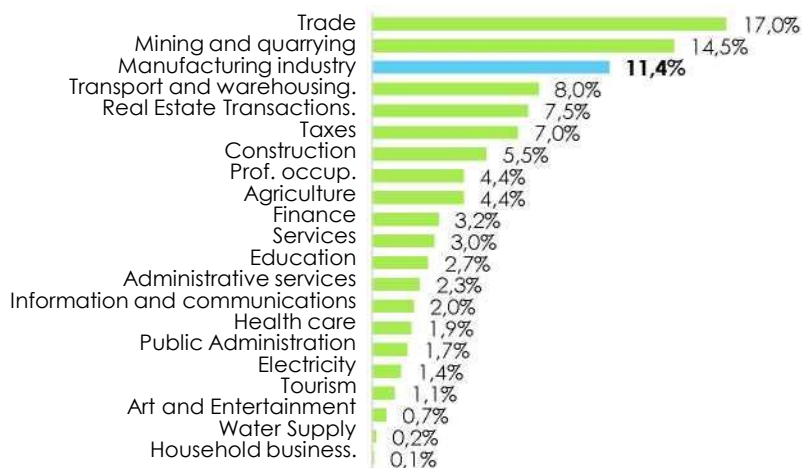
Results for 1998-2019

- At the end of 2019 the manufacturing industry GVA amounted to 8 trillion tenge with a share in GDP of 11.4%
- Compared to 1998, the manufacturing industry GVA increased by 7.8 trillion tenge (or 38 times) in 2019
- Despite the manufacturing production growth, since 2000 there has been a downward tendency in the share of manufacturing industry in GDP of the Republic of Kazakhstan (-5.1 p.p.)
- The data for 1990 is needed.

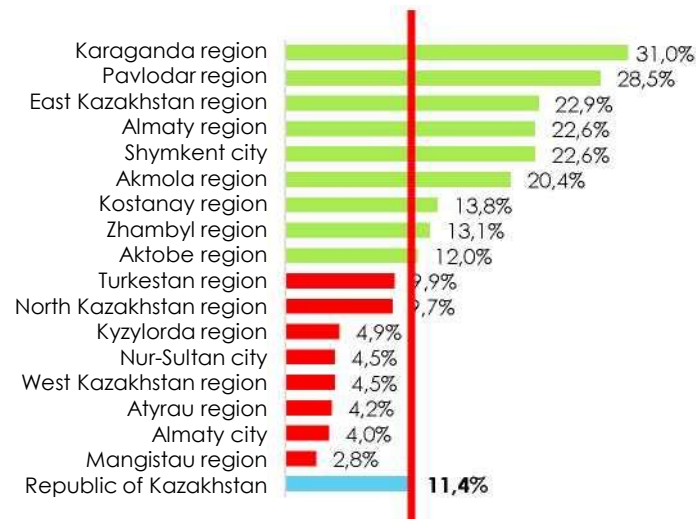
Sources: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (<https://stat.gov.kz/official/industry/11/statistic/8>)

SHARE OF MANUFACTURING INDUSTRY IN GDP OF RK

GDP structure of Kazakhstan in 2019



Share of manufacturing industry in GRP of regions in 2019

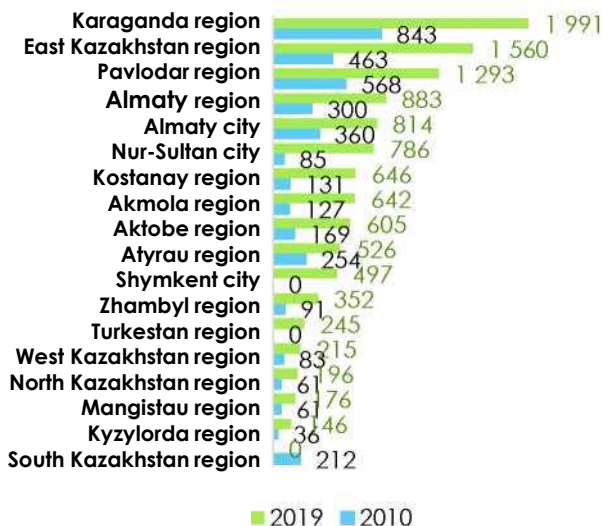


- In terms of economic sectors, the manufacturing industry ranks third in the GDP structure
- In 9 regions of Kazakhstan the share of manufacturing in the GRP structure is higher than the figure for the RK
- High share of manufacturing in the structure of GRP is observed in Karaganda, Pavlodar, East Kazakhstan, Akmola regions and Shymkent city.

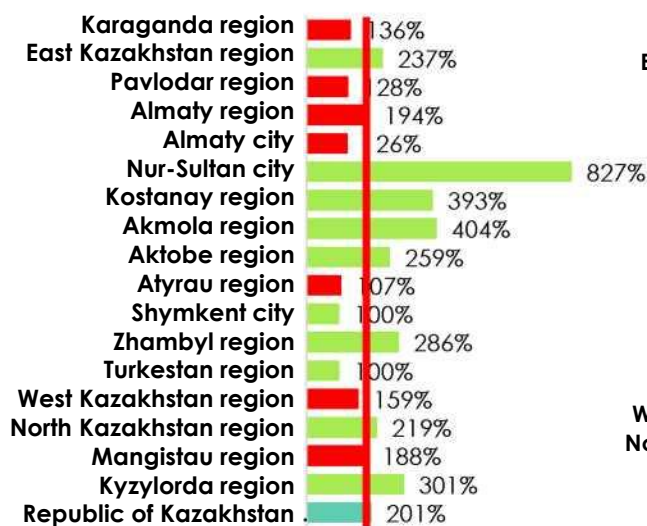
Sources: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (<https://stat.gov.kz/official/industry/11/statistic/8>)

MANUFACTURING INDUSTRY OUTPUT VOLUME (IN CURRENT PRICES)

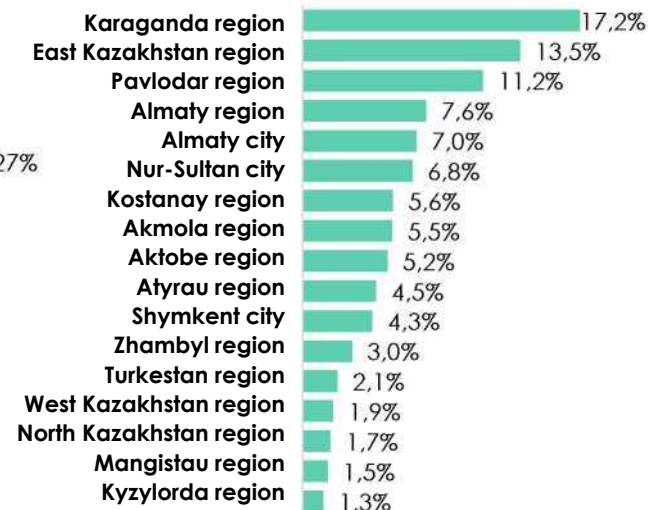
By region, bln. tg.



Increase over 10 years



Proportion of total industrial equipment
output in the RK

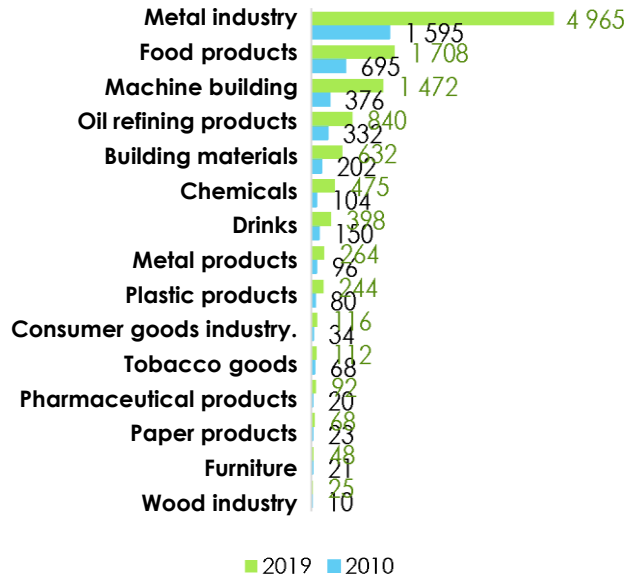


Results for 2010-2019

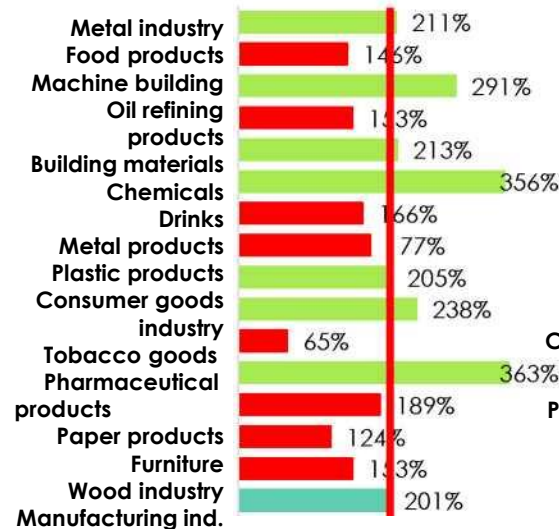
- According to 2019 results, the manufacturing industry enterprises output amounted to 11.6 trillion tenge.
- Karaganda, East Kazakhstan and Pavlodar regions are the leaders among the regions (with a share of 41.9% of the total output of the manufacturing industry in the Republic of Kazakhstan)
- Compared to 2010 (3.8 trillion tenge), total output of manufacturing industry increased by 201% (11.6 trillion tenge) in 2019
- All regions have demonstrated an increase of more than 100% over 10 years, with 10 regions having an increase above the average for the RK.

MANUFACTURING INDUSTRY OUTPUT VOLUME (IN CURRENT PRICES)

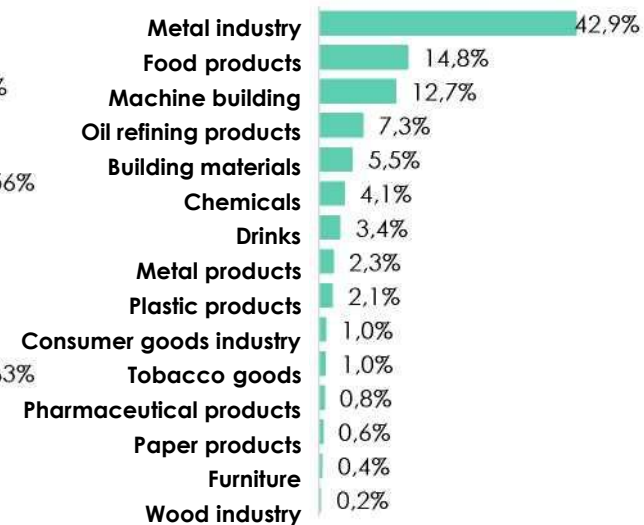
In the context of sub-sectors of the manufacturing industry, billion tenge.



Increase over 10 years



Share of the total output of manufacturing industry in the RK



Results for 2010-2019

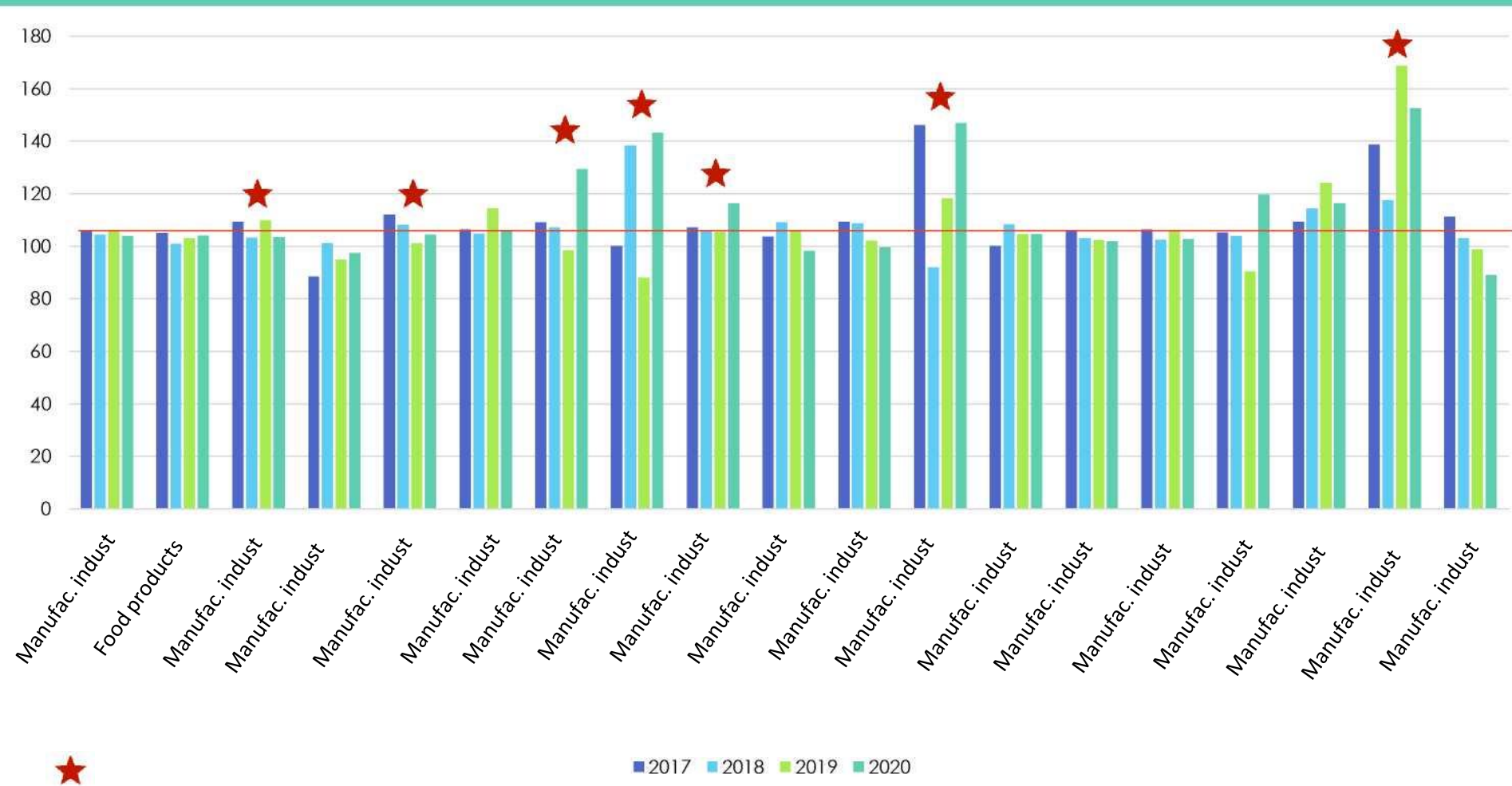
- For 10 years, there has been a significant increase in the production of pharmaceutical products (+363%), in the chemical industry (+356%), mechanical engineering (+291%), building materials (+213%), metallurgical industry. However, the high growth may also be due to the increase in prices of goods of these groups.
- In terms of sub-industries, it is worth noting that the driver of Kazakhstan's manufacturing industry is the metallurgical industry with a share of 42.9% of total manufacturing output.

MANUFACTURING INDUSTRY OUTPUT VOLUME (IN CURRENT PRICES)

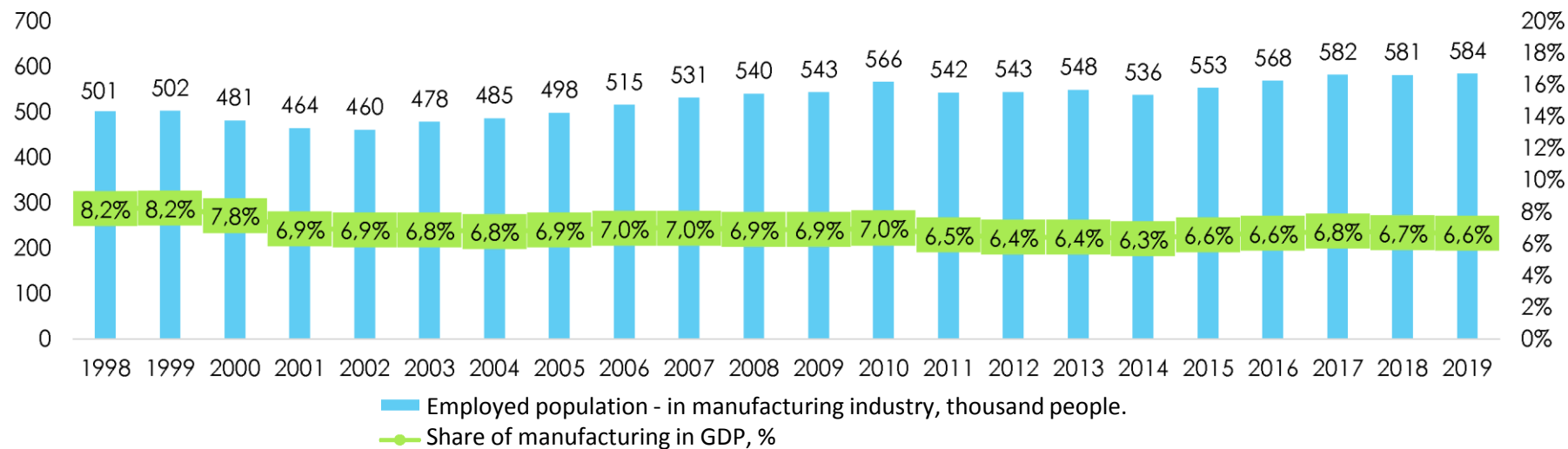
Regional-sectoral section for 2019, in billion tenge

	Manu- facturing industry	Food products	Drinks industry	Drin- ks	Cons. goods ind.	Wood indust.	Paper prod.	Oil ref. prod.	Chemi- cals	Pharm. prod.	Plastic prod.	Build. materi- als	Metal indus	Metal produ- cts	Mach. build.	Furn- iture
Karaganda region	1 991,4	106,7	20,4	0,0	5,4	2,6	4,5	32,8	59,1	4,8	24,8	66,3	1 450,4	39,6	167,3	3,2
East Kazakhstan region	1 560,3	137,8	0,6	0,0	4,8	6,7	8,3	0,1	27,3	1,5	14,5	54,6	1 041,2	21,0	220,7	2,2
Pavlodar region	1 293,0	91,7	3,1	0,0	7,0	0,7	2,4	126,9	39,3	0,7	4,8	17,3	861,7	39,6	93,3	3,4
Almaty region	883,0	259,3	208,3	112,5	16,5	0,9	19,7	2,4	15,1	30,1	50,3	67,9	18,8	21,7	48,2	4,2
Almaty city	813,9	226,5	59,8	0,0	13,5	5,1	18,5	0,0	11,9	20,0	34,5	58,4	113,5	28,9	146,9	18,5
Nur-Sultan city	786,5	42,7	33,7	0,0	4,5	0,6	1,5	0,0	2,8	0,1	36,6	70,9	435,5	17,7	131,9	1,5
Kostanay region	646,0	204,9	18,8	0,0	3,8	2,4	1,1	0,0	4,1	0,0	7,1	25,9	128,2	4,6	242,4	2,0
Akmola region	641,9	100,8	6,7	0,0	5,0	1,4	0,5	4,9	18,5	0,2	14,2	32,6	346,7	2,1	100,2	3,2
Aktobe region	605,3	64,4	4,4	0,0	2,1	0,4	1,0	53,1	48,5	0,8	7,1	32,5	338,5	6,0	45,2	0,9
Atyrau region	525,6	10,7	0,7	0,0	4,1	0,0	0,4	373,9	36,7	0,0	7,1	23,6	0,3	16,9	48,8	0,4
Shymkent city	497,4	85,5	23,9	0,0	26,0	1,4	9,2	140,5	7,8	31,9	12,5	70,2	37,2	7,8	37,3	1,8
Zhambyl region	352,1	59,9	0,9	0,0	3,5	0,2	0,3	11,4	162,9	1,4	2,1	38,9	54,0	5,6	9,9	0,6
Turkestan region	244,6	75,9	11,2	0,0	13,0	0,1	0,1	23,4	0,3	0,7	5,6	12,4	69,7	1,2	28,0	2,8
West Kazakhstan region	215,4	64,4	3,6	0,0	0,9	0,6	0,1	25,4	4,6	0,0	8,7	13,8	25,0	13,5	52,8	0,9
North Kazakhstan region	195,5	122,5	1,7	0,0	1,6	1,4	0,2	0,0	1,2	0,0	5,5	8,1	1,6	5,4	43,5	1,6
Mangistau region	175,6	8,0	0,7	0,0	3,0	0,0	0,0	32,0	24,4	0,0	5,0	21,8	5,6	32,5	41,3	0,6
Kyzylorda region	145,7	46,4	0,0	0,0	1,2	0,0	0,1	10,2	10,5	0,1	4,0	17,1	0,0	0,2	14,4	0,1

INDEX OF MANUFACTURING PRODUCTS PHYSICAL VOLUME



SHARE OF MANUFACTURING INDUSTRY IN RK EMPLOYMENT RATE



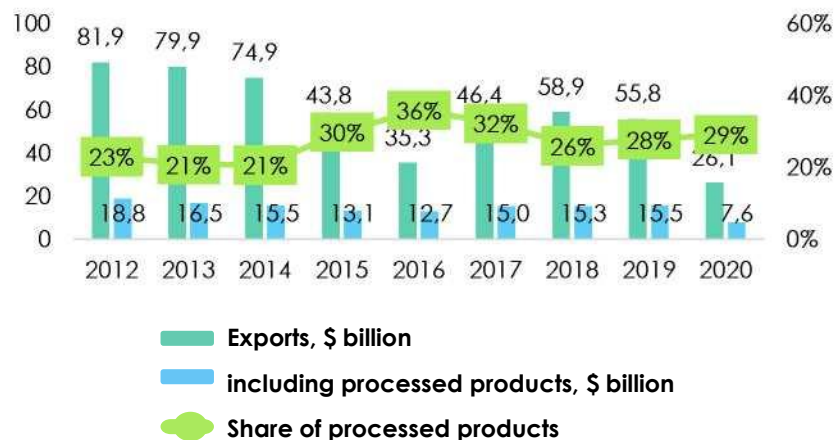
Results for 1998-2019

- By the end of 2019, the number of people employed in the manufacturing industry was 584 thousand with a share of 6.6%
- Compared with 1998, the share of manufacturing industry in employment rate in the RK decreased by 1.6 p.p. and has a downward tendency.

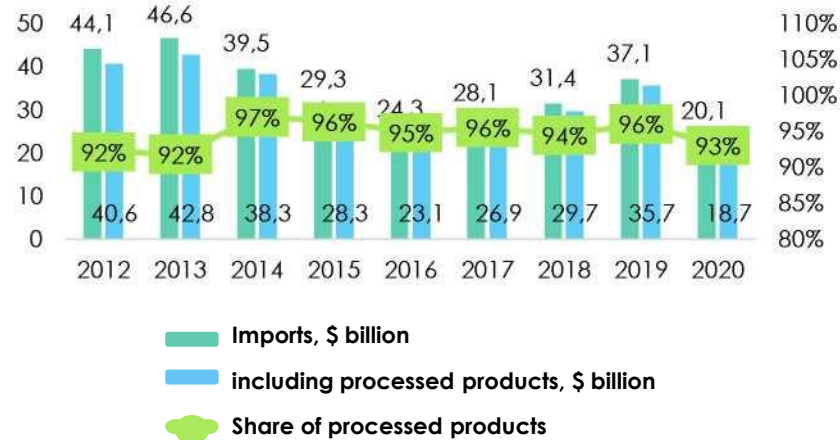
Sources: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (<https://stat.gov.kz/official/industry/25/publication>)

FOREIGN TRADE OF THE REPUBLIC OF KAZAKHSTAN

Processed products exports



Processed product imports



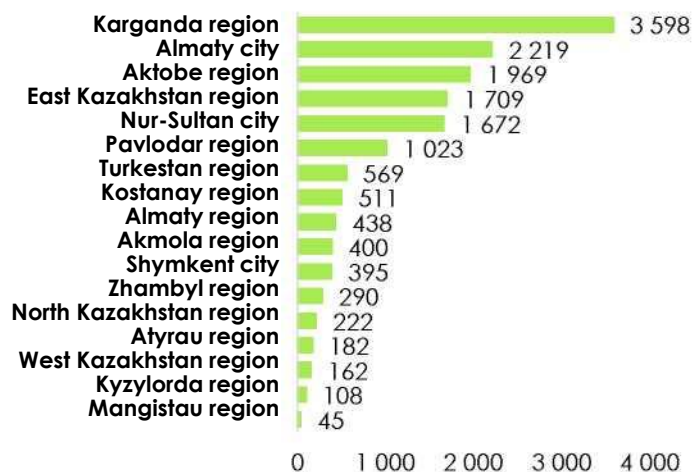
Results for 2012-2019

- Despite a 5 p.p. increase in the share of processed exports in 2019 compared to 2019, we have also observed a decrease in total export of the RK, which has influenced the increase in the share of processed products export.
- Processed products imports have grown by 4 p.p. since 2012 and account for 96% of total imports of the RK.

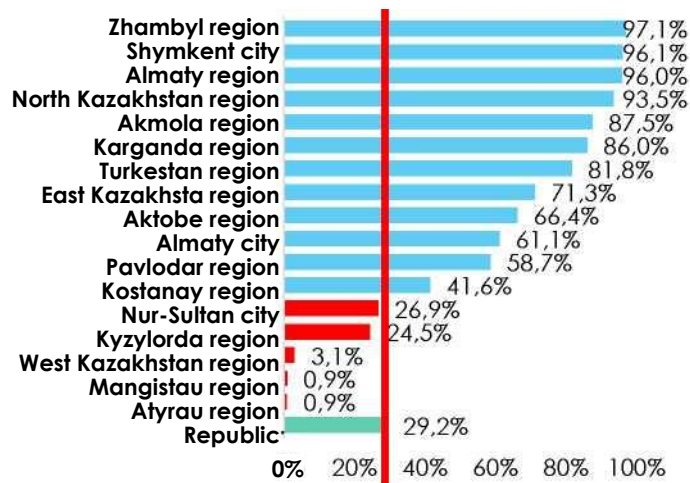
Source: https://export.gov.kz/static_page?alias=ANALYTICS

FOREIGN TRADE OF THE REPUBLIC OF KAZAKHSTAN

Processed products exports (for 2019,
\$mln)



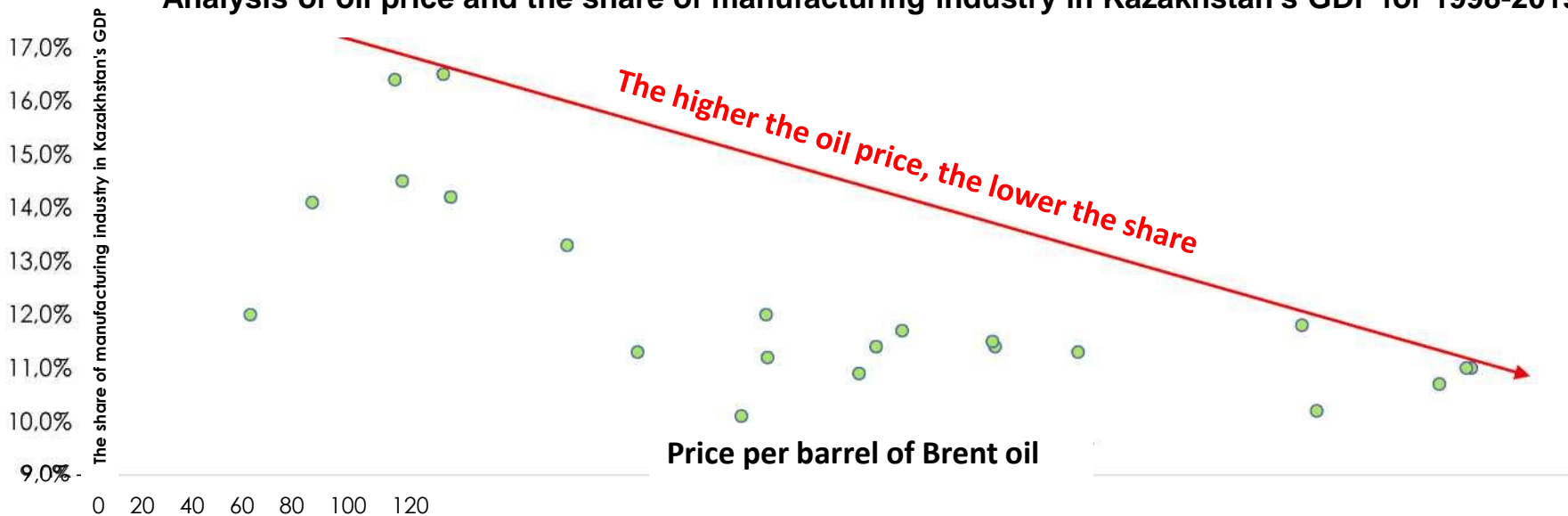
The share of processed products exports of
the region's total exports



- The leaders in processed products export are Karaganda, Aktobe, East Kazakhstan, Pavlodar regions, as well as Almaty and Nur-Sultan cities. These 6 regions account for 79% of the total export revenues of processed products of Kazakhstan.
- Despite the fact that only 5 regions have a share of exports of processed products lower than the total figure for Kazakhstan, these 5 regions produce 67% of export revenues for Kazakhstan (due to raw material exports)

OIL PRICE INFLUENCE ON THE MANUFACTURING INDUSTRY OF THE RK

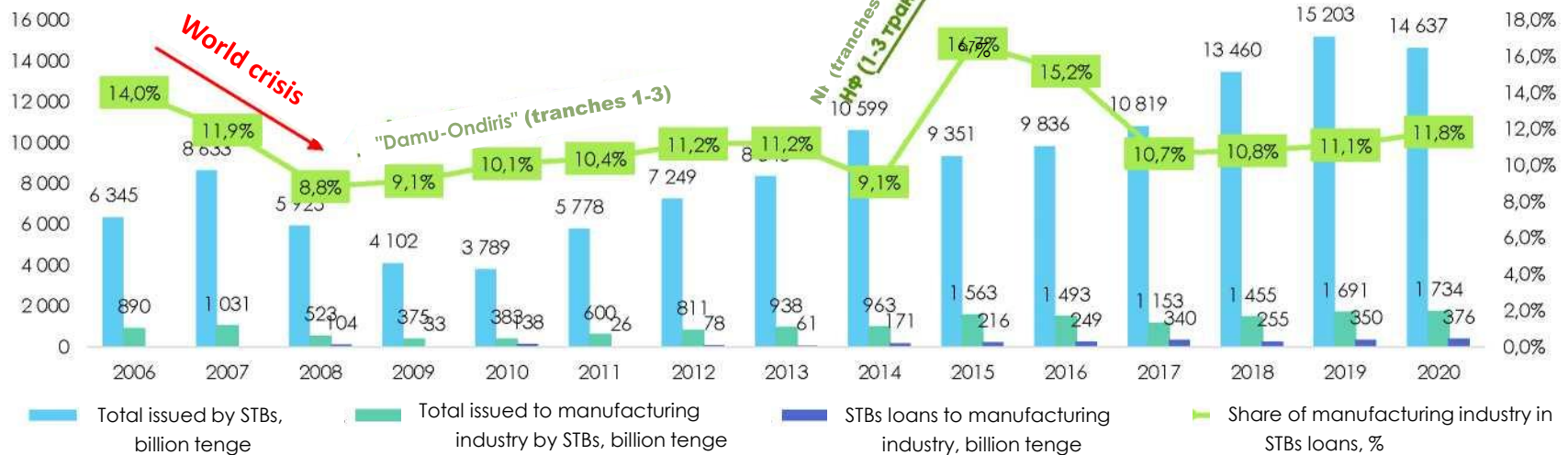
Analysis of oil price and the share of manufacturing industry in Kazakhstan's GDP for 1998-2019.



- Due to the growth of world prices for raw materials on world product markets, there has been raw materials output increase and sales income growth in Kazakhstan's mining industry from year to year. This contributes to a decrease in the share of the manufacturing industry in Kazakhstan's GDP.

CREDIT PROVISION FOR THE MANUFACTURING SECTOR OF THE RK

Loans issued through STBs (for the period)



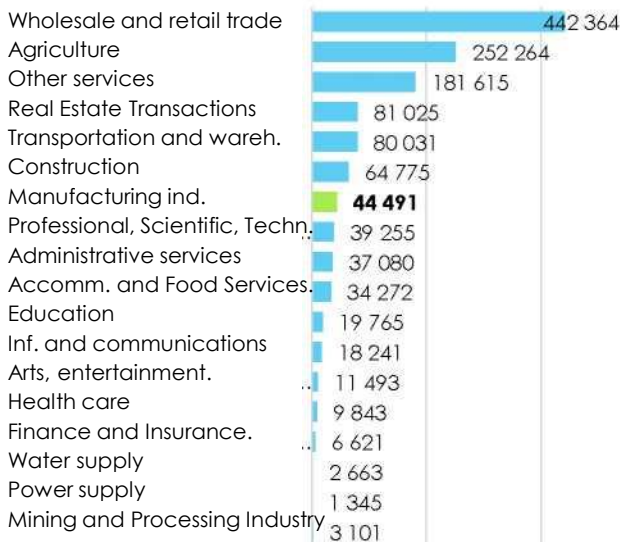
- In 2007 the share of lending to the manufacturing industry amounted to 11.9% (1 trillion tenge) of the total amount of loans disbursed by STBs to the RK economy.
- In 2008 there was a sharp decline in lending to the economy as a whole due to the global crisis
- Growth of lending to the manufacturing industry has been observed since 2010, including through a number of programs implemented by the Damu Fund ("Damu-Ondiris", "Stabilization tranche (1-3 tranches)")
- The economy recovered to the 2007 level of lending to the manufacturing sector only in 2015, as a result of the program of lending to the manufacturing sector at the expense of the RK National Fund (tranches 1-3)
- By the end of 2020, the BWIs issued loans totaling 1.7 trillion tenge (11.8%) to the industrial sector, at the expense of the Economy of Simple Things program

Sources: Statistical bulletins of the (<https://nationalbank.kz/ru/news/statisticheskiy-byulleten/rubrics/425>)

THE ROLE OF MANUFACTURING INDUSTRY IN THE SMB SECTOR OF THE RK

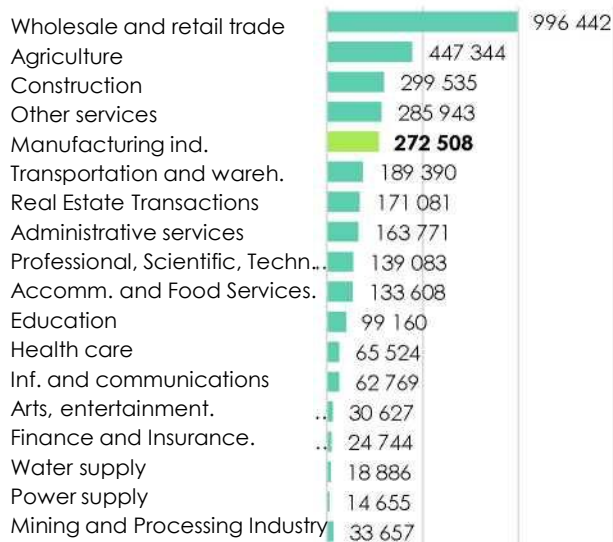
2019 data

Operating SMEs, units.



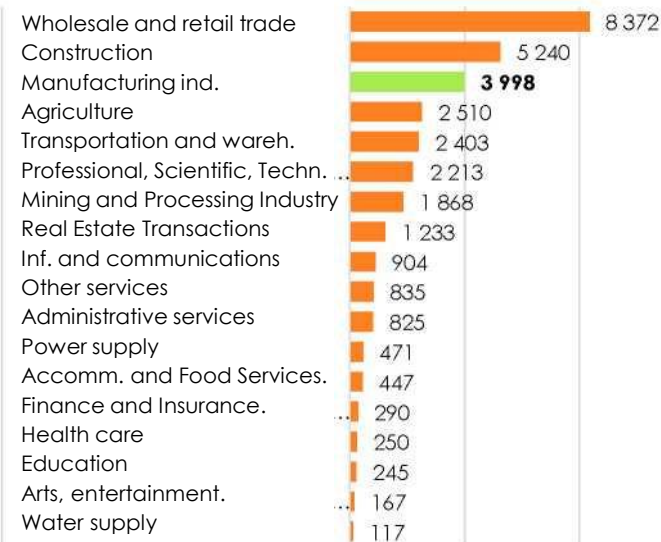
Total 1,330,244 units.

Employed population in SMB, people.



Total 3,448,727 people

SMBs output, billion tenge.



Total 32,387 billion tenge

- The share of manufacturing industry in the total number of working SMEs amounted to **3.3% or 44.5** thousand units.

- The share of manufacturing industry in SME employment was **7.9% or 272.5 thousand** people
- One industrial enterprise employs an average of **six** people

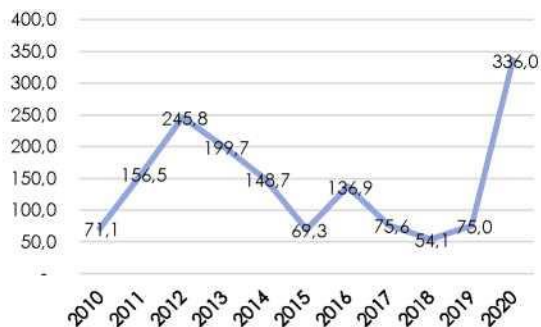
- The share of manufacturing industry in the total output of SMEs was **12.3% or 3,998** billion tenge.
- One industrial enterprise produces on average **90** million tenge worth of products

THE RESULTS OF THE DAMU FUND'S SUPPORT

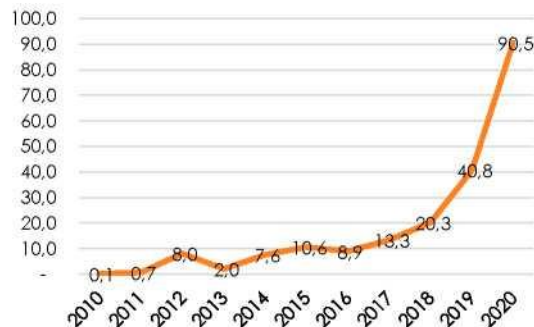
Total amount of loans, billion tenge



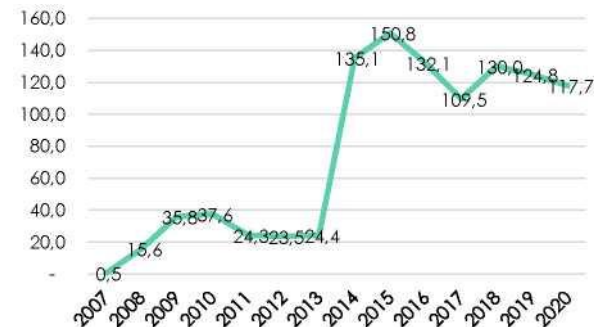
Subsidy



Guarantee



Concessional financing



In total, during the period from 2007 to 2020, the Fund supported about 16 thousand projects for a total loan amount of **2.8 trillion tenge** in the manufacturing industry:

- **5,355** projects for a total amount of **1,569 billion tenge** in terms of subsidies
- **3,409** projects for a total amount of **203 billion tenge** in loans in terms of guarantees
- **7 230** borrowers in amount of loans of **1 062 billion tenge** in terms of concessional financing

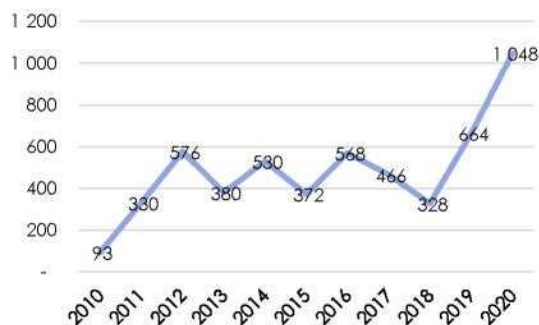
Including **2,351** projects for a total loan amount of **544 billion tenge** in 2020

THE RESULTS OF THE DAMU FUND'S SUPPORT

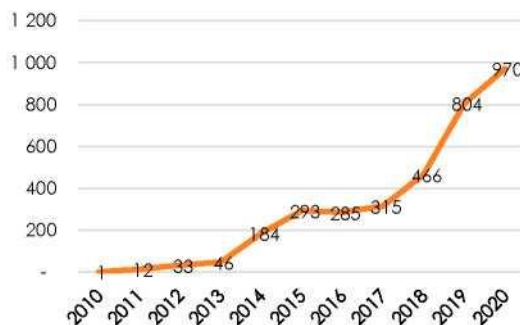
Total number of projects, units.



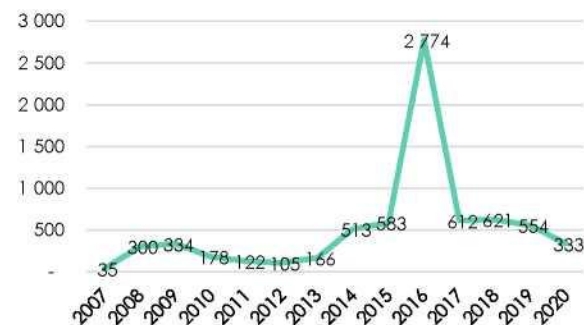
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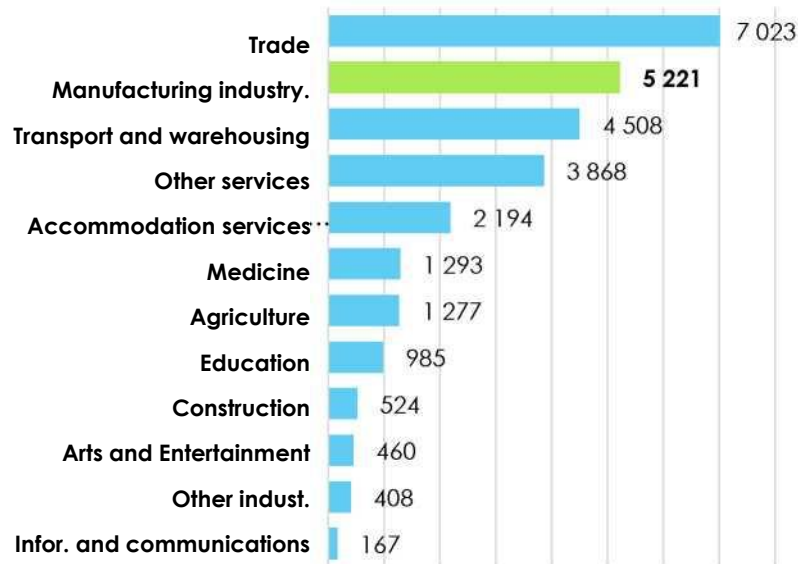
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Including **2,351** projects for a total loan amount of **544 billion tenge** in 2020

THE RESULTS OF THE DAMU FUND'S SUPPORT SUBSIDY

data as of 01.01.2021.

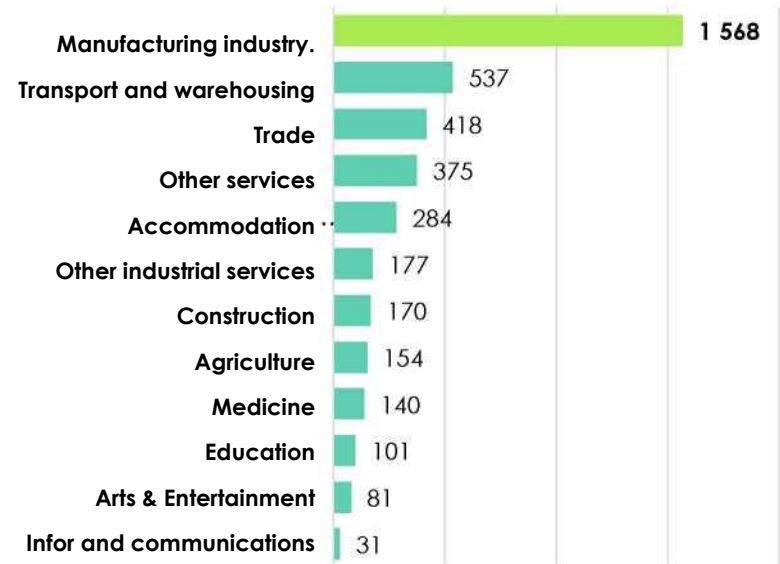
Number of projects, units.



Total 27.9 thousand projects

The share of manufacturing industry in the total number of supported projects was 19% or 5.2 thousand projects

Amount of loans, billion tenge



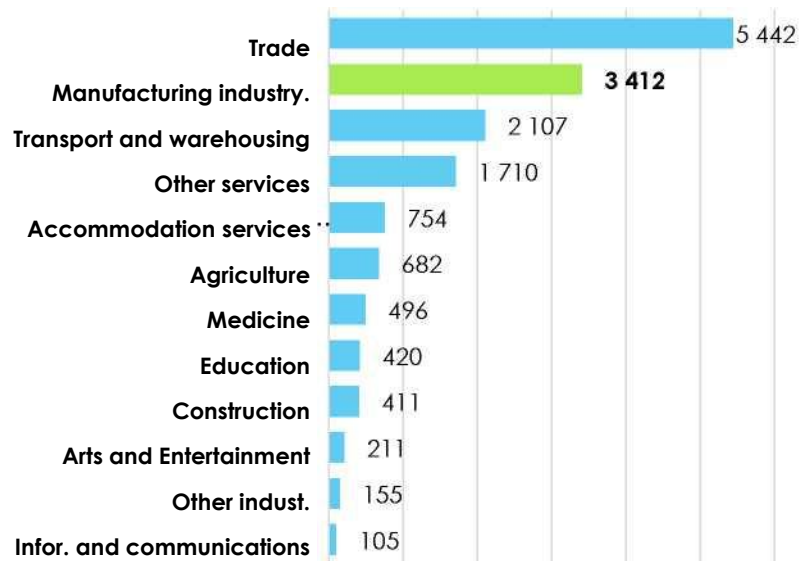
Total amount of loans 4,036 billion tenge

The share of manufacturing industry in total loans was 39% or 1,568 billion tenge.

THE RESULTS OF THE DAMU FUND'S SUPPORT GUARANTEE

data as of 01.01.2021.

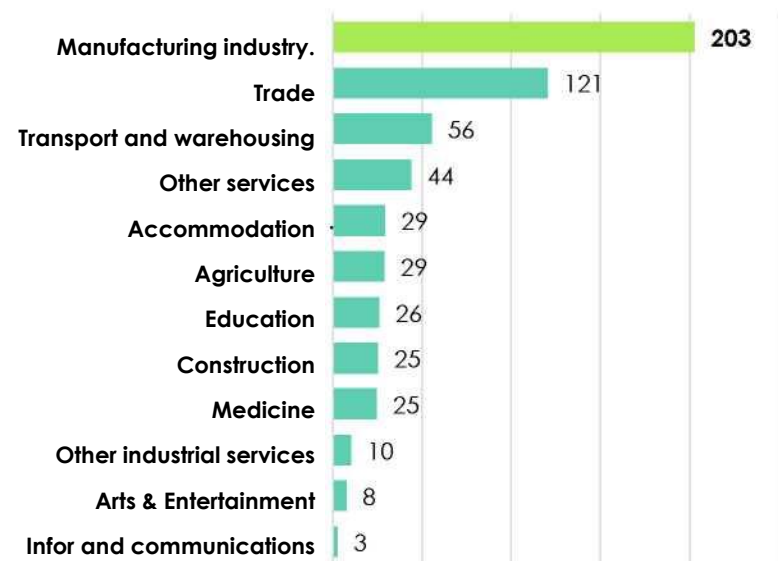
Number of projects, units.



Total 15.9 thousand projects

The share of manufacturing industry in the total number of supported projects was 21% or 3.4 thousand projects

Amount of loans, billion tenge



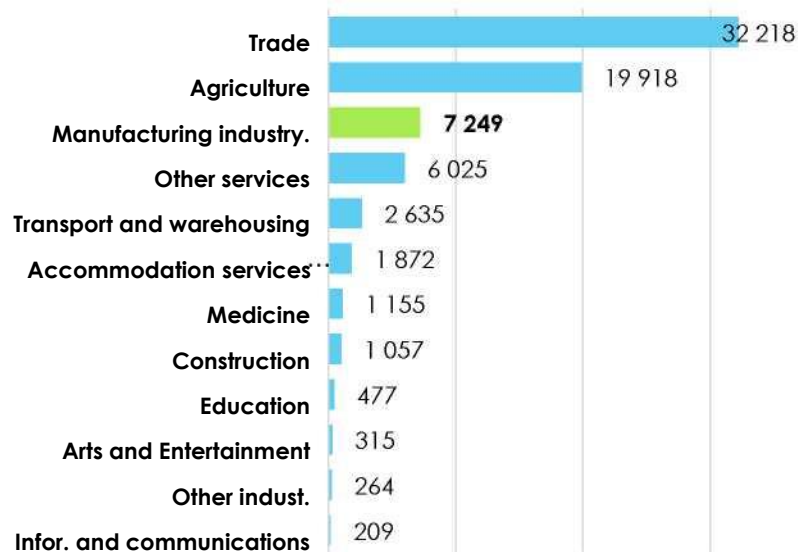
Total amount of loans 579 billion tenge

The share of manufacturing industry in total loans was 35% or 203 billion tenge.

THE RESULTS OF THE DAMU FUND'S SUPPORT CONCESSIONAL FINANCING

data as of 01.01.2021.

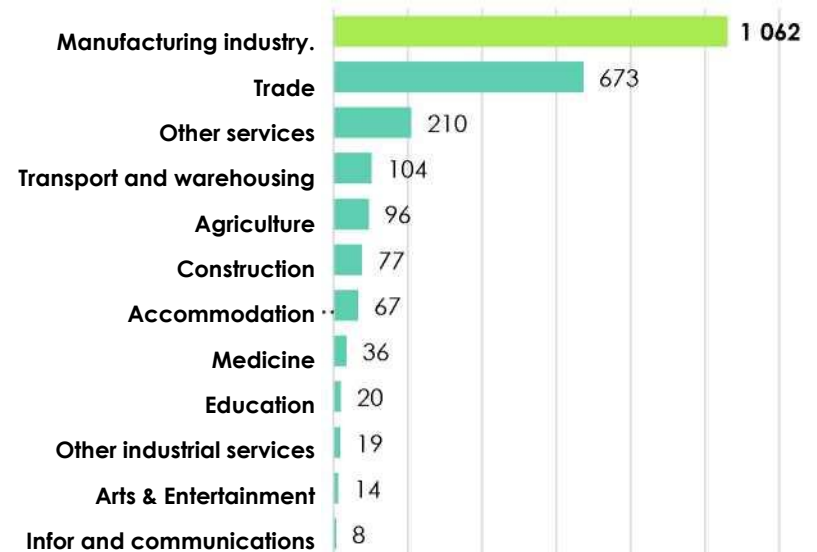
Number of borrowers, units.



Total 69.4 thousand projects

The share of manufacturing industry in the total number of supported projects was 10% or 7.2 thousand projects

Amount of loans, billion tenge



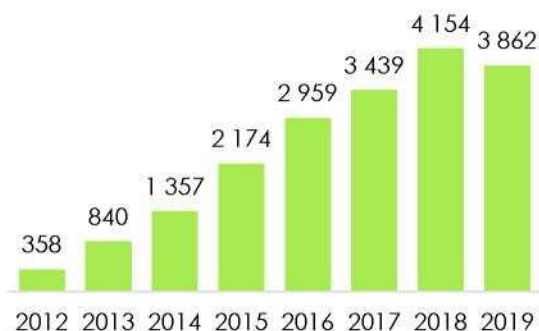
Total amount of loans 2 384 billion tenge

The share of manufacturing industry in total loans was 45% or 1 062 billion tenge.

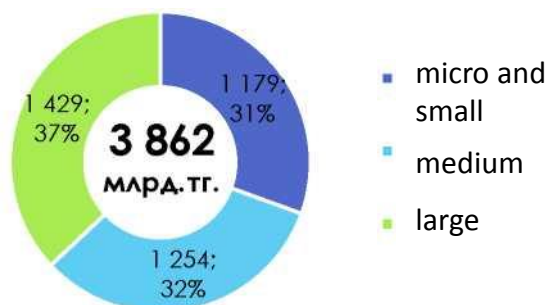
SOCIO-ECONOMIC EFFECT OF THE PARTICIPANTS IN DAMU FUND PROGRAMS

THE OUTPUT OF THE FUND'S CLIENTS IN THE MANUFACTURING SECTOR.

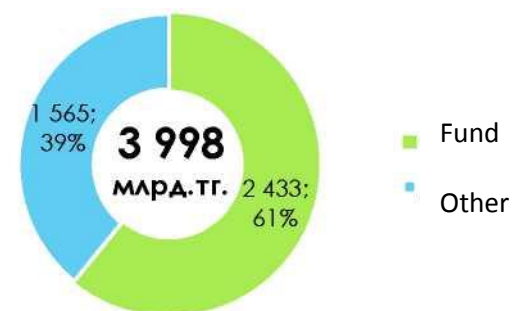
Dynamics, billion tenge (for the period)



By business size (for 2019), billion tenge



The share of the Fund participants in the total output of manufacturing industry SMBs. (2019)

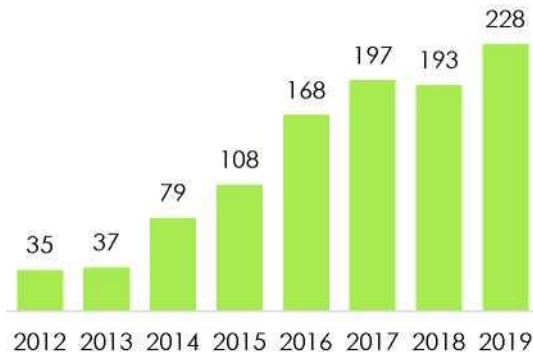


- In 2019, enterprises supported under the Fund's financial programs (7,004 units) manufactured products worth 3.9 trillion tenge
- 37% of output was provided by large enterprises, 32% - by medium enterprises, 31% - by micro and small enterprises
- The share of participants of the Fund's programs in the total output of SMEs of manufacturing industry was formed at the level of 61% (2,4 trillion tenge - the Fund's clients, 4,0 trillion tenge - the total output of SMBs in the market)

SOCIO-ECONOMIC EFFECT OF THE PARTICIPANTS IN DAMU FUND PROGRAMS

TAXES PAID BY THE FUND'S CLIENTS IN THE MANUFACTURING SECTOR

Dynamics, billion tenge (for the period)



By business size (for 2019), billion tenge

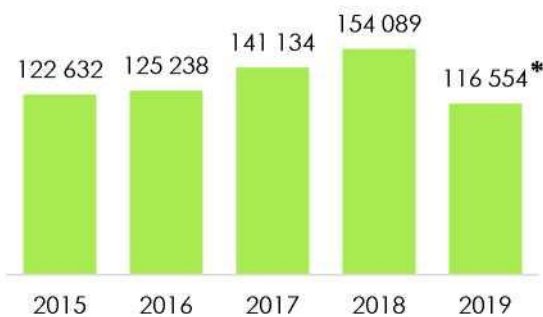


- In 2019, enterprises supported under the Fund's financial programs (7,004 units) paid taxes totaling 228 billion tenge.
- 36% of taxes were paid by large enterprises, 32% by medium-sized enterprises, 32% by micro and small enterprises

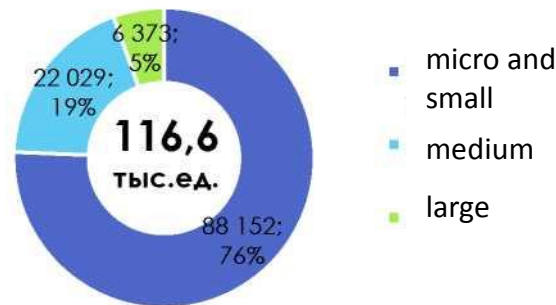
SOCIO-ECONOMIC EFFECT OF THE PARTICIPANTS IN DAMU FUND PROGRAMS

JOBS PROVIDED BY THE FUND'S CLIENTS IN THE MANUFACTURING SECTOR.

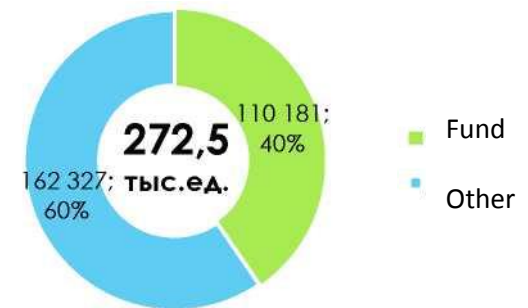
Dynamics, billion tenge (for the period)



By business size (for 2019), billion tenge



The share of the Fund participants in the total issue of manufacturing industry SMBs. (2019)



- As of 01.01.2020, 116,6 thousand people were employed at the enterprises supported within the framework of the Fund's financial programs (4 036 units)
- 76% of jobs were provided by micro and small enterprises, 19% by medium-sized enterprises, and 5% by large ones
- The share of participants in the Fund's programs in the total employment of SMEs in the manufacturing industry was at 40% (110,200 jobs - clients of the Fund, 272,500 - the total number of employees in the manufacturing SMEs)

Sources: Damu Fund

The decrease in the number of borrowers in 2019 is due to incomplete data received from MF RK SRC. Data for 2,968 borrowers (out of 7,004) were not reflected or were not correct, and therefore were not included in the calculation of 2019 results.

CONCLUSIONS

The manufacturing industry performance of Kazakhstan is one of the lowest among the CIS countries:

- The share of manufacturing industry in GDP - 11.4% (down 5.1 p.p. compared to 200)
- The share of processed products in the export structure -28% (actual reduction in the volume of exported processed products by 59.6%)

Employment in the manufacturing industry:

- By the end of 2019, the number of people employed in manufacturing industry was 584 thousand with a share of 6.6%, compared to 1998
- The share of manufacturing in employment in Kazakhstan decreased by 1.6 p.p. and has a downward tendency.

Lending to the manufacturing sector of Kazakhstan:

- By the end of 2020, the STBs issued loans totaling 1.7 trillion (11.8%) tenge to the manufacturing sector, including at the expense of the Economy of Simple Things program
- The share of manufacturing industry in lending through STBs demonstrates unstable dynamics, and the 2020 figures are 4.9 p.p. lower than the 2015 figure.

Socio-economic effect of the participants in Damu Fund programs of the manufacturing sector:

- output totaling 3.9 trillion tenge for 2019. (increase by 979% compared to 2012)
- paid taxes in total amount of 228 bln. tenge for 2019 (511% increase compared to 2012). (511% more in comparison with 2012)
- 116,6 thousand people were employed as of 01.01.2020

The above-mentioned figures indicate that Kazakhstan **needs new measures of state and non-state support for the manufacturing sector** (investment, lending, support programs similar to the Economy of Simple Things program, new programs (investment bonus), etc.). This in turn will have an impact on **increasing the share in GDP and exports of processed products** and their quality due to the high competition of enterprises in the market.

THANK YOU FOR ATTENTION!

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