

Kazakhstan edition of 23rd Annual Global CEO Survey 2020

Play a hunch



Message from PwC Kazakhstan Managing Partner Dana Inkarbekova



We are pleased to present the results of the Kazakhstan edition of the survey conducted among the CEOs of the world's largest companies as part of the global PwC project "CEO Survey". This year, 1649 private business executives from 83 countries, including 68 CEOs from Kazakhstan from various sectors of the economy, have participated in the survey.

The world's changing faster than we could have expected. Given the current uncertainty, it has become clear that our way of life will no longer be the same. There is a complete revision of the global economic system and it is impacting each individual country. The recovery process after the COVID-19 pandemic will take a long time, require in-depth analysis and innovative solutions to overcome the crisis and stabilize the business environment. The current situation emphasizes the need for enhanced global collaboration, and is likely to focus on obvious common issues, such as disease tracking and treatment. The governments of all countries are already trying to find a balance between the public security and a restart of the economy.

The modern business environment needs a rethink of leadership and management issues. The availability of key skills, especially in the field of information technology, remains the main threat to business in Kazakhstan (93%) and around the world (74%). In current realities, CEOs focus on the formation of effective teams within the company through training, retraining, motivation and retaining employees.

It is important to note that representatives of the Kazakh and global business communities are concerned about regulation in specific areas (57% and 58%), as well as data privacy and cybersecurity (49% and 54%). CEOs are ready to interact with the government and develop coordinated approaches in these areas to enhance business development.

Traditionally, the CEO's opinion on the cooperation with the government is of particular importance in the survey. The challenges facing the Kazakhstan economy are not new. The main development goals remain the fight against corruption and bribery, ensuring the supremacy of law in all spheres of state activity and the need to improve the investment attractiveness of the country.

In the current difficult situation for business, there are still real opportunities for further development. Over the past 10 years, companies have had to work in difficult conditions. During this time, many of them began to implement adaptive strategies, introduce new technologies and improve IT infrastructure. As a result, they have focused on meeting changing expectations, and also gained the necessary experience. This will help businesses to survive the economic recession and ensure the further development of the business.

We are grateful to each participant in our survey who took the time to meet in person and fill out an on-line questionnaire. We hope that the result of our joint efforts will contribute to a deeper understanding of current processes and events taking place in the real economy.

A handwritten signature in red ink, appearing to read 'Dana Inkarbekova', with a stylized flourish at the end.



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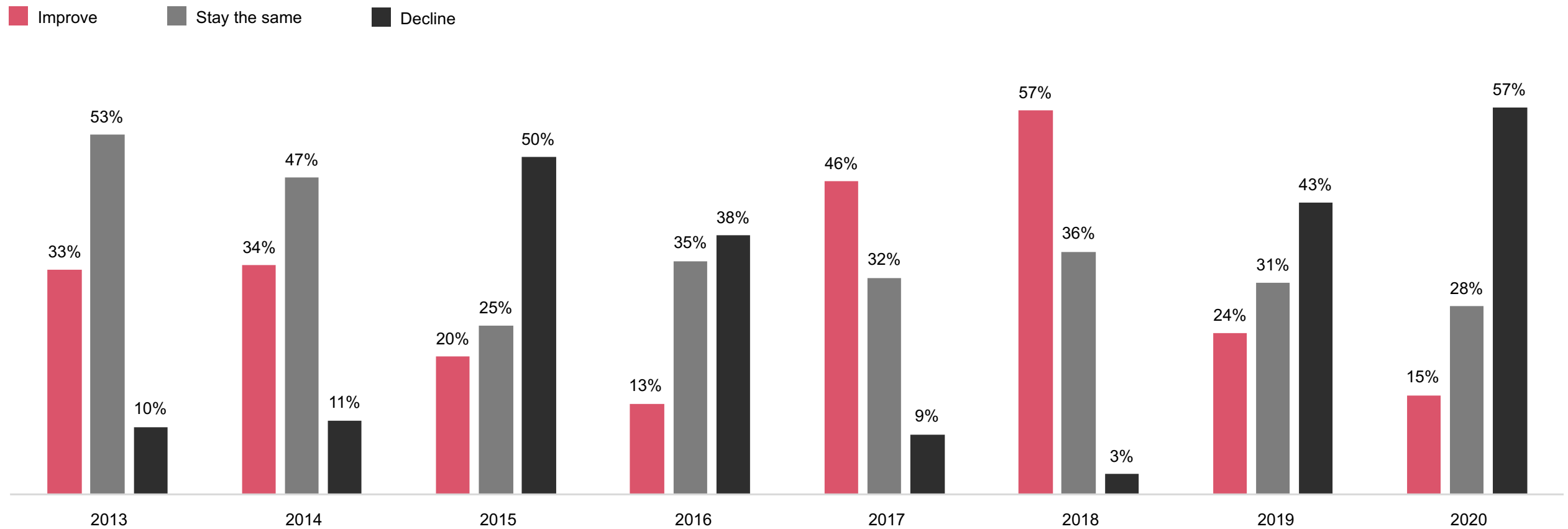
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Global Economy and Private Business in Kazakhstan

At the beginning of the new decade, almost all company CEOs, both around the world and in Kazakhstan, have a pessimistic view of the prospects for the global economy. Uncertainty preceding the recovery process after the COVID-19 pandemic, reinforces the need for more information to complete the plans in specific activity areas of the companies. Many companies are still in the early stages of crisis management, and they have yet to make decisions on how to proceed with further development. It is evident, in some cases, that they have to play a hunch.

THEME

Global economy growth expectations according to respondents in Kazakhstan



THEME

Global economy growth expectations according to respondents in Kazakhstan

“The main threat to business today is a reduction in consumer demand as a result of the impact of a double crisis – a pandemic and devaluation. I can’t predict what figures we will have, but the decrease will be significant.”

Raimbek Batalov
Raimbek Group

“As a result of the latest events in the world (including trade wars, the oil war between Russia and Saudi Arabia, on top of the global COVID-19 pandemic), there is a complete reshaping and revision of the world economy and in particular each country. This happens both at the macro and the micro level. Therefore, it is realistic to expect growth rates of the global economy will decline under such conditions. But as I am an optimist, I hope that oil will find its equilibrium (since, in my opinion, the prices are directly regulated by supply and demand without cartel agreements now) in the next six months of 2020 and historically, all viruses and diseases come and go, so the coronavirus will also end and we will see another, possibly better, world.”

Farrukh Makhmudov
Orbis Kazakhstan

“Now no one has any doubts that the world economy growth rates will substantially slow down and recovery of the previous dynamics will take at least 1.5-2 years.”

Azamat Osmanov
Magnum Cash & Carry

“Chinese economy and COVID-19 pandemic are now dramatically affecting the global economy, it will create some general constraints. I am unfortunately very confident of my assessment that the global economy will be much lower compared to 2019 and recession is looming in various countries, notably in Europe. On the anticipation of the oil prices, the recent collapse has reminded the world that oil is not a “normal” commodity and its price depends as well on political agenda by the

major players like Russia, Saudi Arabia and USA.”

Gerard Fries
KATCO

“Today, we are all witnesses of how fast the COVID-19 virus is spreading around the globe, regardless of the health care development level, economic or social well-being of countries and societies. And while some experts are talking about a protracted recession in the coming years, others are drawing a more negative scenario of a severe economic crisis, which, according to them, will exceed the consequences of the crisis of 2008 and September 11, 2011, taken together.”

Vitaly Bystryukov
Sanofi Kazakhstan

“Our forecast for 2020 has changed. We expect a recession, of course. It is the combination of epidemiological, oil, and cultural collapses in 2020 that will inevitably lead to tectonic shifts in the world’s leading economies and key industries in the medium term. In my opinion, the intentions and actions of the authorities and regulators regarding the above-mentioned collapses are more reactive in nature. Therefore, hoping for a “V” or even “U-shaped” crisis scenario seems impractical. It’s better to prepare well for the so-called aftershocks. The most likely and painful are the consequences in the social and business spheres for the banking sector and the deterioration of public health in itself. That is, we should rather talk about a “W-shaped” scenario.”

Kairat Mazhibayev
Resmi Group

“During the period of quarantine and remote work, each of us has already seen its GDP decline. Certainly, this will reduce or even make the year-on-year growth negative. For Kazakhstan, the situation will worsen due to the high dependence on the world oil market conditions. In addition, going off the quarantine will not

be instant as well. Everyone, who has lost their savings, been broke, lost contracts or customers, will gradually recover their positions. All this will negatively affect the financial performance. And this is provided that the pandemic is a random event. Should there be some kind of a multi-way game within the framework of a controlled chaos strategy, then the recession will be even deeper. In any case, short-term and medium-term forecasts will be negative.”

Konstantin Kulinich
Mary Kay Kazakhstan

“According to the forecast of international agencies, for 2020 – the World Bank, the International Monetary Fund – the growth will be about three percent. Given the current economic situation and the existing situation in connection with the coronavirus (COVID-19), it will be somewhat reckless to make additional private forecasts. The experience of previous crises in the global economy shows that growth opportunities can arise in any environment.”

Emil Ashuraliev
GEFCO Kazakhstan

“We expect the global economic growth to decline, at least our strategic business units show a decline in the composite index across most geographies. This is largely due to geopolitics, the pandemic, which significantly affects the reduction of consumption and the global economy growth. Even traditional markets such as the Asian-Pacific Region, Vietnam and Indonesia, do not provide the former dynamics. On the other hand, there is a potentially dynamic region - Africa, but it is too early to talk about its contribution to the global GDP.”

Maksim Ageev
Schneider Electric

“I have a feeling that we are on the verge of breakup. The existing capitalist form of the economy, based on GDP growth, consumption growth, has many side effects – pressure on the environment, the inequality of development, this is a kind of system that accumulates errors in itself. Subsequently, a critical moment arrives, and it is close. Most likely, a global paradigm shift will occur, which may entail negative growth rates.”

Serik Tolukpayev
Aitas Group, UKPF

“There will definitely be a strong decline. Some call it a black swan (unpredictable event), and it is the same in terms of surprise for everyone. Some researchers and businessmen noted that such a problem could arise, but no one simply paid attention to it. As a result, Nassim Taleb himself, the author of this term, calls anything like it a white swan. In my opinion, the way out of this crisis will be protracted and difficult, most companies will lose their accumulated capital.”

Askar Baitassov
ABR

“The global economy growth rate will significantly decrease, due to the continuation of trade wars between the USA and China, and the global pandemic COVID-19.”

Erik Shortanbayev
Skymax Technologies

“A few months ago it was difficult to assume that an outbreak of coronavirus would affect the global economy and would significantly slow it down. Given the current dynamics, I think that we can expect the global economy to fall for the first time in many years.”

Ramil Mukhoryapov
Chocofamily Holding



THEME

Company's revenue in the next 12 months and three years

The current situation in business is extremely unpredictable, but our managers are ready to adapt to rapidly changing circumstances and follow the development strategies chosen earlier.

“Our company operates in the high-growth segment of e-commerce, and in our case, the issue is more likely in growth rates than in growth factor, as such, respectively.”

Alexey Lee
Arbuz.kz

“Much depends on the timing of withdrawing the quarantine regime, but we rely on further following the development strategy, which assumes opening stores with revenue growth of 20-25% per year. This crisis has shown that the modern format of trade makes it possible to ensure the proper level of food security for the country. Nevertheless, there is a niche for the development of food retail for several years to come, as while the share of the traditional format of bazaars and unorganised stores in the Republic of Kazakhstan is at the level of 65%.”

Azamat Osmanov
Magnum Cash & Carry

“Our company has identified a 10-year plan for its development and growth. The pharmaceutical business is associated with medicines that we create and place on the market. Sanofi's portfolio includes several innovative molecules, we will introduce them over the next 5 years. They are expected to make a significant contribution to our sustainable growth. Sanofi has historically been successful in the following areas: diabetes, cardiology, vaccines. Now we rely on the fast-growing segment in pharmacology – oncology, oncohematology and rare diseases. Our new molecules are in this segment.”

Vitaly Bystryukov
Sanofi Kazakhstan

“Overall situation in my business is characterized by the imbalance between supply and demand. In the past months the uranium spot price has been lower than expected. The recent COVID-19 pandemic has disrupted many industries including the mining industry. As a consequence, the uranium spot price has increased significantly in the past weeks. Only time will tell us whether this is a short-lived increase or a longer-term modification on the market.”

Gerard Fries
KATCO

“The main product of our company's manufacturing activities is cathode copper, which is involved in the projects for development of automotive and energy infrastructures in great numbers. Copper is the basis for the development of a new economy related to the transition to electric cars, an increase in the share of alternative energy sources. In the long run of three years our goods will be in demand both due to the restructuring of the economy and due to the changes in the structure of consumption.”

Marat Seitkulov
Caravan Resources

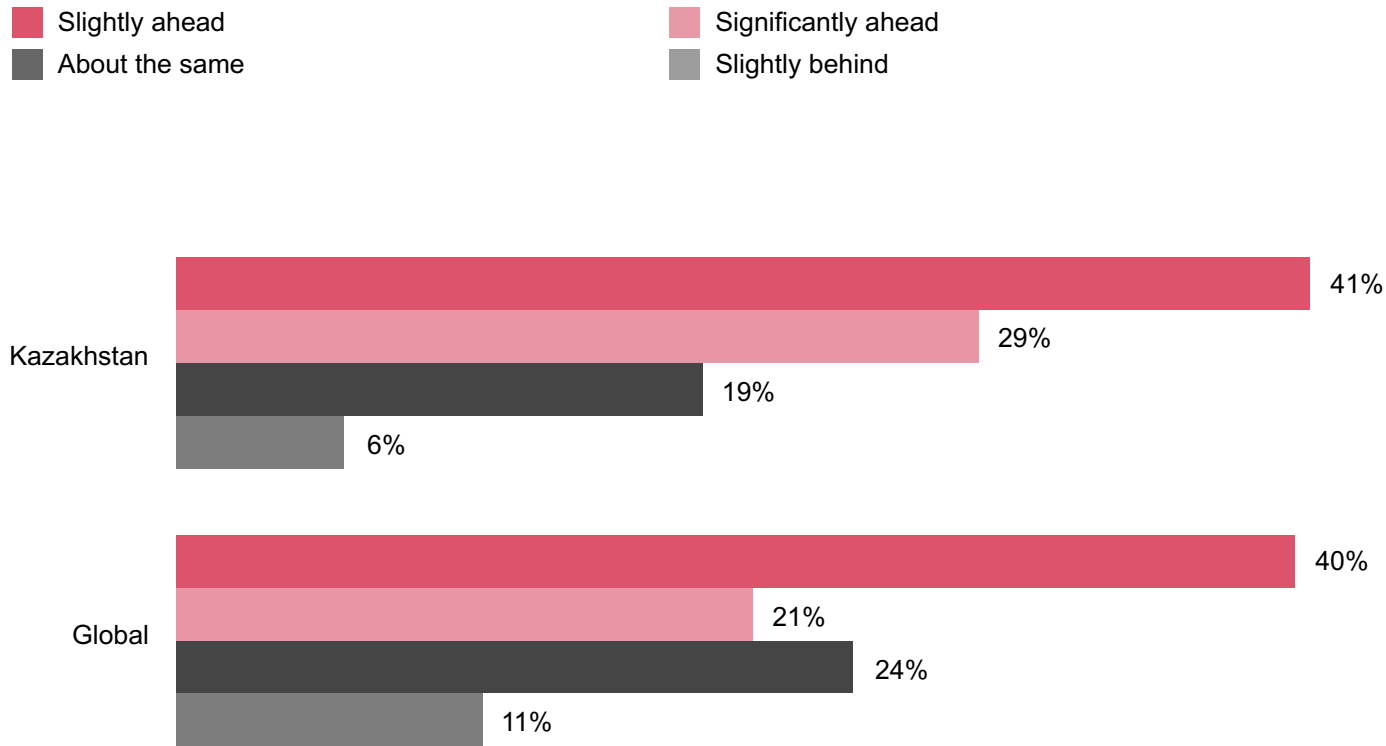
“In the context of the year, we are confident in the revenue growth. The volume of contracts concluded for 2020 exceeds those for 2019. It seems to me for three years we will be also growing, but at a slower pace. The increase will be due to the development of new business areas and expansion of the product line-up.”

Mikhail Borisov
Fluidra Kazakhstan

THEME

Business financial performance versus competitors

The CEOs in Kazakhstan, as well as around the world, strive to be the best in their niches and segments, while maintaining a healthy competitive environment.



“At the moment, we are the leaders in the industry in terms of production volume. Today Kazakhstan produces about 180,000 tonnes of poultry, of which we produce about 60,000 tonnes, 30% of the total volume. Our market share has doubled as compared to the previous year.”

Serik Tolukpayev
Aitas Group, UKPF

“Our indicators are slightly ahead – thanks to the efficiency of internal processes and development strategy. We carefully worked to reduce operating costs, and therefore have achieved high efficiency.”

Farrukh Makhmudov
Orbis Kazakhstan

“It is difficult to assess the situation on a national scale. Our company has competitors in each country, not all data are publicly available. According to Nielsen, in 2019, the market share we hold in the chocolate segment in the modern trade channel has slightly grown, we have good positions in the chewing gum category, and we can note a good rise in the pet food category. In general, we are pleased with the business outcomes.”

Mikhail Bazanov
Mars Kazakhstan

“Every year, the share of Chocofamily in the market size of the entire e-commerce in Kazakhstan is growing and today is about 10.8%. We can say that we are growing faster than our colleagues.”

Ramil Mukhoryapov
Chocofamily Holding



THEME

Business financial performance versus competitors

“In terms of revenue per square meter, we are twice as fast as our closest competitors. The total revenue of the company over the past year is equal to the revenue of the following 3 players. EBITDA is consistent with the plans and covenants established by the partner bank, but there is potential for development in comparison with similar companies in the Russian Federation and in the West.”

Azamat Osmanov
Magnum Cash & Carry

“During “Kazatomprom” IPO on the London Stock Exchange about 1,5 year ago, Kazakhstan was presented as the country with the lowest cost of production in the world due to the available In-Situ Recovery technology. Taking this fact into account I can say that KATCO is in the first tier of producers. In 2019, we were ranked the 34th among the 100 largest companies in Kazakhstan. Since 2017, we are in the list of 100 largest taxpayers of the country.”

Gerard Fries
KATCO

“In recent years, the volume of our business in the region, where I am the CEO, has grown. Unfortunately, there are no scientifically-based tools in the B2B market in the areas of IT and cybersecurity, that would allow us to evaluate the financial performance for individual countries in comparison with competitors.”

Evgeny Pitolin
Kaspersky Lab

“In Kazakhstan, we operate in a competitive environment, holding leading positions in a number of segments. According to the National Bank, we are among the leaders by volume of corporate customer payments. Kazakhstan Stock Exchange notes Citi as a leading player in the FX segment. According to the outcomes of 2019, Euromoney named Citi the leader of the Kazakhstan clearance services market, and the Asiamoney magazine named Citi the best foreign bank in Kazakhstan.”

Andrey Kurilin
Citibank Kazakhstan

THEME

Business threats affecting a company

For the fourth year in a row, the availability of key skills has been ranked first, according to the CEOs in Kazakhstan. This year, this threat has reached a maximum of 93%. This trend is not dominant in Kazakhstan only, it is felt throughout the world and is becoming an integral feature of our time.

In view of the rapid growth of technology changes, such as the IoT, Big Data, robotics, an increasing number of respondents express concern about cyber threats, both in Kazakhstan and on a global scale.

	Kazakhstan		Global
	2019	2020	2020
Availability of key skills	81%	93%	74%
Cyber threats	54%	71%	73%
Declining well-being of your workforce	*	62%	53%
Volatile commodity prices	63%	60%	50%
Readiness to respond to a crisis	50%	56%	58%
Misinformation (e.g., fake news)	*	56%	50%
Supply chain disruption	49%	54%	50%
Speed of technological change	49%	51%	69%
Unemployment	31%	50%	37%
Lack of trust in business	38%	50%	54%
Changing consumer behaviour	42%	47%	61%
New market entrants	42%	40%	54%
Volatile energy costs	52%	40%	48%



93%

Availability of key skills

71%

Cyber threats

THEME

Business threats affecting a company

“We believe that the most difficult scenario is possible – a change in consumer behaviour and all the models we have built today may become irrelevant. Should the situation with the virus drag on, and people still continue to observe social distance, we will have to quickly adapt our business model. We are already reviewing such scenarios.”

Askar Baitassov
ABR

“We are extremely concerned about the availability of key skills. Our headcount turnover is significant compared to Europe. We are investing a lot in training, but we are experiencing difficulties in retaining people. Our plant is far from the city, it should be taken into account. At the same time, it is hard to find professionals even with basic knowledge. That is why we are inviting expats who train our people in Kazakhstan.

We are extremely concerned about new market entrants. In fact, the cement industry on Kazakhstan's market is already overloaded. The volume of installed production is 1.5 times more than needs to be consumed. That is strange because the ticket entrance to the cement market is quite high, but there is still some new commerce. When you are starting a plant with more than 1 million tones (this is the range capacity of one plant) and the market is 9 million, it has a huge impact on the overall market.”

Thibault Dumortier
Jambyl Cement

“We lack technical manpower, we need to train them, and now it has become even more difficult. We attract developers from abroad, mainly Russian-speaking ones, and there is one English-speaking – from Iran. Such developers are more expensive and work on a project basis makes it difficult to transfer skills and

knowledge.”

Nikolay Babeshkin
Kolesa Group

“We see that the retail consumer goods market has not fully recovered after the crisis in 2015. The market has been remaining heavy for several years so far, and the situation will not change in the next 2-3 years.

We are seriously concerned about trends such as the IoT, Big Data and robotics. Technologies are changing rapidly and startups are appearing that launch simple, flexible and interesting solutions. They start to compete with corporations, they can undercut pricing. These are not always functional and cyber-safe solutions, nevertheless, we can see customers who are willing to take risks.

We are experiencing cyber attacks, both in Kazakhstan and on a global scale. Phishing attacks occur regularly. We invest a lot in cybersecurity. We note that copper is becoming more expensive globally, and this is one of the main elements in our production activities. Also semiconductors, which are important for us, are rising in price, the demand in the world for them is very high, and primary consumers are smartphones and other devices.”

Maksim Ageev
Schneider Electric

“The result of a company is the result of the employees' work, people do business. We are moving towards digitalization and automation, of course, there is a certain shortage of manpower in the IT sphere. The shortage of skilled manpower is accompanied by risks within the company.”

Dmitriy Provkina
Arena S (Sulpak)

“From time to time, we face fake information on

WhatsApp groups, including the data about our products. This news material has the nature of viral mailing, which poses a risk to our reputation. Therefore, we try to respond to such things. We can see the increased competition in connection with the occurrence of new players. They appear in different segments: both in the pet food industry, and in the segments of snacks, healthy bars and chocolate.”

Mikhail Bazanov
Mars Kazakhstan

“A shortage of skilled manpower is felt everywhere; this is noticed not only in Kazakhstan, but is rather a specific feature of the times. The state invests a lot in education, but significant gaps are often identified in the basic knowledge of recent graduates. Another problem is a high staff turnover. Many young people are constantly seeking work, being employed. In this regard, a specialist does not have enough time to develop the proper competencies, it is required to work out 3-4 years in one place for that. If you “jump” from one company to another, you start all over again and the skills are not upgraded. In many companies there is the principle “get started, a friend will tell you”, but it is not necessarily the case that a friend understands the specifics. Often, the employees do not have the required knowledge of the laws, regulations, industry standards. Unfortunately, a conscious approach to work and career is not a common thing. Violations in the supply chain can be due to various reasons. For instance:

- no access to a global ocean for Kazakhstan creates dependence on neighbouring countries for which its own exports are a priority;
- in 2017, there was a global reformatting of maritime alliances, thereby the port of Shanghai was almost blocked for a month. A similar situation occurs in other ports around the world from time to time.

The well-being of staff members is one of the most

significant factors. It is affected by both the environment wherein the employees are located: comfort and safety at the workplace, staff, work schedule, and a general economic situation in the country. We are constantly working to improve labour conditions.”

Emil Ashuraliev
GEFCO Kazakhstan

“There is some concern about the lack of confidence in the business. There is still an antagonism in terms of ecology, labour disputes, perhaps with good reason. Often, public opinion is not formed according to objective criteria. For example, the story of the Kok-Zhailau ski resort. There was no competent examination proving that Kok-Zhailau would damage the ecology of the Almaty region. There are such resorts in Austria, Switzerland and France. The activists who began to oppose formed public opinion in such a way that the Government listened. People are sure that business will ruin everything. On the other hand, no one thought about new jobs, tourism development, GDP growth, unloading of existing resorts. Certainly, this place is attractive for hiking, eco-tourism, but in the Almaty Oblast there are a sufficient number of places for such relaxation, and the construction of a ski resort could be beneficial. Lack of confidence in the business leads to negative consequences.

There is a little concern about unemployment. It may sound cynical, but unemployment is a plus for business, as it makes it possible to choose the right specialist. Reasonable unemployment gives people a chance to reorient themselves, change their profession. The labour market is changing, people are changing, there is a desire to try oneself in a new business, upgrade skills. At the same time, unemployment as a social phenomenon cannot but worry, and its uncontrolled increase can lead to grave

THEME

Business threats affecting a company

consequences.”

Marat Seitkulov
Caravan Resources

“Our business segment is associated with a healthy lifestyle, physical education, proper nutrition. There are physical education departments at the Kazakhstan Academy of Sports and Kazakh National University, but they do not train specialists in the field of fitness industry who are able to train pregnant women and people with pathologies. They train coaches for winter sports, martial arts. This is hazard number one. Our trainers study abroad, in neighbouring countries, obtaining international certificates. Some come from a specialized medical direction, someone takes courses at a local level.

Now there is a tendency to unemployment and many office employees, for example, in the banking sector, take courses and go into the fitness industry. This, unfortunately, is scary, since a person has to know his/her business down to the fine points. Now there is a staff collapse in our narrow spectrum due to the fact that there is no regulation. In 2019, the certification process of the fitness industry started in the Russian market. We do not have this, and a staff member, having a financial education, may work as a coach, this process is not regulated by the Government. I studied at the Academy of Sports and Tourism, when there was still a department of fitness, but it was closed due to lack of the staff.”

Valikhan Ten
World Class Almaty

“We are strongly concerned about the pace of technological changes. We are a technology-savvy “advanced” company and realize that new threats are constantly arising, we should not stop. Many companies working offline do not worry about that. There is some concern about cyber threats. We are

constantly subject to DDoS attacks. The payment market is crucial for us now. It is low-margin, fraud can throw you far back. Given the prospects for entering the fin-tech market, this threat is becoming increasingly significant.

Things are not bad with training of the skilled staff. We have links with key technology universities, our specialists teach there, and we regularly hold hackathons and other events.

One of the most serious changes in consumer behaviour is that the ecosystem economy begins to work increasingly, when a person lives in a single application. A remarkable example is China, where there is WeChat and Alipay, a user can always select either one or the other. This leads to the fact that a stand-alone service, which in some ways may be better than the ecosystem product, does not attract attention. We understand full well which of the players is a threat to us, and for whom we are a threat. Entrepreneurs try their best to retain partners within the ecosystem. It is no coincidence that in 2020 we are planning to launch a loan product. This is a necessary measure to retain users.”

Ramil Mukhoryapov
Chocofamily Holding

“We are not seriously concerned about changes in consumer behaviour. We feel them, but we consider them as an operating task that needs to be met in order to be in good shape. Consumers are changing in terms of perception of information, market value, access channels to them. For me personally, selling through Instagram, through digital channels whereon people make billions is a bit of a strange story, but I understand that the market is changing, it needs to be complied with.”

Evgeny Pitolin
Kaspersky Lab

“Cyber threats are a problem for the entire world. The sector we are working in is a very sensitive sector and cyber security is at the top of my priority list. KATCO is a subsurface user in Kazakhstan. We are following the corresponding purchasing rules for goods, works and services. Safety of KATCO employees and the employees of our contractors is my first priority. However, to find a good, reliable supplier, which is able to work in a safe manner is somehow difficult. At the same time under the existing rules it is difficult to blacklist any supplier, even if its safety track record or financial health are bad.

We are concerned about volatile commodity prices.

When the uranium spot price is going down, so is doing our profitability: this is the reality of the commodity market.

We have a lot of social actions, training courses, healthcare programs for our people. We are following our employees’ satisfaction with dedicated employee surveys. Although we are one of the largest employers in the Sozak District, with 55% of local personnel. The region where we operate has relatively high unemployment. People wish to work in our company. Of course, we cannot accept all the demand in terms of people applying for us to work.”

Gerard Fries
KATCO

“The new entrants in the market are not a threat to us. The threat is unfair competitive practices, and in these latter days we can see an aggravation of such approaches in competition. This is a big problem for global pharmaceutical companies that follow the internal code of ethics, all international and local policies, procedures.

Being a global company, an importer of medicines to the countries of Central Asia and the Caucasus, we purchase substances and invest in production in foreign currency. Therefore, the cost of Sanofi’s drugs

is related to the foreign exchange rate, and it, in turn, depends on energy prices.

Misinformation and fake news stories are a global problem today. Even the Pope emphasized it as the main threat to humanity. Indeed, the information is poured in terabytes, picked up and multiplied. It has become difficult to separate reliable information from false information. For us, first of all, these are risks associated with the use of our medications not as medically indicated, as well as reputation risks.”

Vitaly Bystryukov
Sanofi Kazakhstan

“To start with, it is important to ensure the impartial enforcement of laws and supervisory requirements. A consumer and a client will benefit from this, and therefore it is beneficial for the entire economy. We believe that staff may be trained and are actively using the employee rotation program at Citi offices outside Kazakhstan, aimed at developing their potential. Participation in such programs allows our people to diversify their experience and break into the business, and, as a rule, contributes to their career growth.”

Andrey Kurilin
Citibank Kazakhstan

THEME

Drivers for business stability and profitability

The enhancement in operational efficiency this year (90%) as well as in the last year (81%) ranks first among the steps to ensure stability and further development of the business noted by respondents in Kazakhstan. According to our chief executives, mergers and acquisitions (13%), as well as in the last year (12%), are not a priority for local business, in contrast to colleagues around the world (35%).

	Kazakhstan	Global
	2020	2020
Operational efficiencies	90%	77%
Organic growth	76%	70%
Launch a new product or service	62%	60%
Enter a new market	37%	35%
New strategic alliance or joint venture	24%	38%
Collaborate with entrepreneurs or start-ups	21%	28%
New M&A	13%	35%
Sell a business	3%	14%

90%

Operational efficiencies

62%

Launch a new product or service

13%

New M&A



THEME

Drivers for business stability and profitability

“In the current situation, we have dramatically accelerated the development of remote channels. First of all, we are talking about sales – interaction with customers, but in addition, we transferred a significant part of the team to a remote work format and gave up 100% of paperwork. In addition, the bank has promptly implemented a plan to optimize the expenses and reduce the cost of sales.”

Dmitry Zabello
VTB Bank Kazakhstan

“My area of responsibility includes business management in the countries of Central Asia and the Caucasus, where an optimal business model is selected for each country. The first business area is the optimization of costs and direct expenses. For example, at the end of 2019, we significantly reduced the costs around the Caucasus by distributing business processes between local counterparties and the Kazakhstan office. Second, we are trying to enhance the organization performance and accelerate business processes through their digitalization. Simple things such as the introduction of e-signatures, electronic document flow in the procurement system and document management significantly increase the speed of decision-making and free up the time for staff members to do business, rather than paper work.”

Vitaly Bystryukov
Sanofi Kazakhstan

“Coronavirus has made major changes to our plans. We started delivering the products to Chocofood.kz already in May, although we planned it towards the end of the year. In May-June, our iDoctor service will launch the possibility of online video consultation with 50,000 physicians in Kazakhstan (including from state clinics). This will allow people not to expose themselves to the risks of hospital diseases in approximately 60-70% of cases. The pre-order functionality for restaurants has appeared in the “Rakhmet” mobile application - since June 2020, we are launching the ability to select and pay for food at a food court in advance and pick up

your order without waiting in a queue in all Mega Retail and Entertainment Centres. In the “Rakhmet” we are also planning to launch a credit functional by the end of 2020. So far, we have postponed the plans for Aviata.kz to enter the Uzbekistan market.”

Ramil Mukhoryapov
Chocofamily Holding

“We are planning to have a new strategic alliance, increase the operational efficiencies and launch a new product. We have already launched a new type of cement with higher quality. In addition, we will present more innovations in Kazakhstan this year.”

Thibault Dumortier
Jambyl Cement

“Our goal is a growth within our business model. As for the prospects of launching a new product or service, it is not clear so far in what form online supermarkets will exist in 2-3 years. On the one hand, there is a mixing of models, a segment of food delivery from restaurants to some extent replacing cookery is developing. In the same way, we can deliver goods being sold in supermarkets, the goods for home, kitchen and garden. There are online aggregators that are transported from other supermarkets, but we are developing our own stocks – a darkstore, a supermarket without a trading floor, plus we are developing our car fleet. Our task in the near future is to test and study many different sub-products and services in order to find the best implementation of the “online supermarket” concept.”

Alexey Lee
Arbuz.kz

“In 2018, we talked about the project office, which made it possible to launch pilot projects, some of which produced an effect in 2019, and few more will be implemented in 2020. We are developing our own brand, have launched a loyalty program, are planning to develop our own operations in the e-commerce segment, delivery of ready meals, are piloting a

wholesale market and discounters. During the year we are planning to complete the construction of the distribution centre and ensure the centralization of supplies to retail centres. As for Mergers and Acquisitions, we are negotiating with regional networks, are considering the possibility of acquiring republican market players.”

Azamat Osmanov
Magnum Cash & Carry

“In these latter days, we have been focusing on expansion, opening new stores and expanding locations. The tasks for the next three years include optimization of processes within the company, refreshing in order to increase the efficiency of existing trade outlets. The market requires speed, and cost minimization. Many retail processes operating according to the standards of the 90s, sulphak are outdated. Today we are converting processes from a manual format to digital.”

Dmitriy Provkina
Arena S (Sulpak)

“We are planning to increase operational efficiency and internal growth. We are also reviewing launching a new product or service. We are talking about the development and improvement of IT infrastructure, the launch of new network projects, and the entry into the markets of neighbouring countries.”

Askar Baitassov
ABR

“We are planning to cooperate with new partner companies with whom we have not worked before. There are plans to release our products, as well as the products that we want to produce together with partners: a partner may provide a successful service that is implemented in a product line for safety and may serve either as a start point or an end point for this product. Kazakhstan is actively following the path of localization of products and solutions, and this is done in a

seamless way. In 2019, we commemorated 15 years of work in the Kazakhstani market. Last year, we were the second among all vendors present on the local market to transfer the price in Kazakh Tenge, received a certificate for all products and translated all educational platforms into the state language. We are also interested in launching projects together with Kazakhstani manufacturers.”

Evgeny Pitolin
Kaspersky Lab

“We are introducing new technologies in the market of Kazakhstan, Central Asia and the Caucasus, so the launch of innovative products and services is very important for us. We have created our own project – a network of lightning direction finders in Kazakhstan, which makes it possible to determine lightning discharges with an accuracy up to 100 metres. This is important for various companies: for aviation, energy, insurance companies and KTZ. This year we are planning to launch a free monitoring service for private and corporate clients, then we will move on to a paid basis. There are no analogues in the CIS, this project is our private investment. In addition, our team is currently deploying an independent network of eco-monitoring stations in Almaty city using professional sensors enabling the monitoring the state of the air basin. We are planning to conduct shock therapy – the internal development of the company, strengthening the corporate culture, increasing operational efficiency and consolidation in new markets. Our company is growing, is international and has branches in Tajikistan, Uzbekistan, Kyrgyzstan, Georgia and Latvia.”

Erik Shortanbayev
Skymax Technologies

“In 2019, we officially launched the sales of ice cream in Kazakhstan, and we are planning to expand the range and distribution in Kazakhstan. We are launching ice cream sales in Turkey, where our brands of this product have not been presented yet. This is a

THEME

Drivers for business stability and profitability

serious step, since the sales of our products are highly dependent on the season. In winter we sell more chocolate, in summer it is slack. There is a reverse trend in the ice cream segment, so by launching its sales, we are creating a balance.”

Mikhail Bazanov
Mars Kazakhstan

“Digitalization is not a new term for either the industry nor our company. Over the years, we have been using analytics, dynamic analysis and modelling to implement projects. And today's approach involves combining the capabilities of three-dimensional modelling, digital twin programming and construction.”

Alexandra Bekisheva
Engineering Company “Kazgipronefttrans”

“Our business is always proportional to the number of consultants with whom we interact. The decision to cooperate with a company is highly dependent on the trust level. Should there be confidence in career opportunities, there is an influx of people and business growth.

The external factor is dependence on the US Dollar, the internal one is building confidence and enhancing relations with distributors. The potential is huge, since all direct sales companies have tens of thousands of consultants, and the country's population is much larger. If you look at the statistics at the beginning of the year, 260,000 jobs were abolished in Kazakhstan, and inclusive of the current situation with the COVID-19 pandemic, there are much more those who have lost their jobs. Not all people can retrain themselves and immediately find their place under new conditions, so our company can be a good opportunity for work and income for such people. This employment crisis will increasingly grow due to global trends, such as automation, computerization and digitalization. Previously, we used to go to the cashier for money – now we go to the ATM, we used to call the information

desk – now we communicate with bots. The number of people who have lost their jobs in our country is not tens, but hundreds of thousands. This trend will be speeding up. Taxi drivers, doctors, teachers will soon disappear. Even if this happens in the future 10-20 years, still these people will live and they will need to move, look for a new job.”

Konstantin Kulinich
Mary Kay Kazakhstan

“We respond to market needs by flexibly transforming the product portfolio as per customer requests and the market situation in target industries and business segments. For instance, 2012-2014 – were the most successful years for the car market in Kazakhstan, when sales of new cars exceeded 160 thousand pieces on an annual basis. At that time, our business focused precisely on the automotive sector and transportation of ready-assembled cars. In 2015-2016, this market significantly reduced its volumes and GEFCO shifted its focus on the development of other areas – provision of logistics services with an emphasis on rail and air transport. In 2017, we continued to diversify our business and offered the outsize cargo transportation services to the market.”

Emil Ashuraliev
GEFCO Kazakhstan

“One of the new products that has ensured the rise is the online sale of cars on credit. Now we are seeking similar areas that provide more value to our customers. The market is not very large in Kazakhstan, you can be easily deceived yourself here – create a product, quickly become a leader, and then stop developing. Priority sectors in Kazakhstan are finance, logistics, retail, real estate and motor cars. Perhaps we will provide greater value in real estate – in the search or re-registration of apartments.”

Nikolay Babeshkin
Kolesa Group

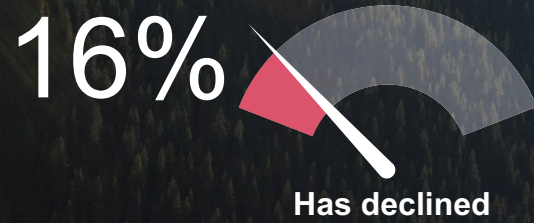
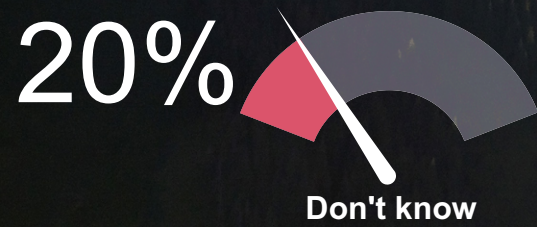
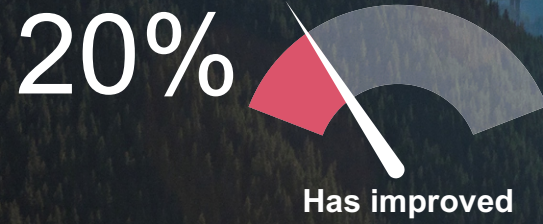


“We will continue to enhance operational efficiency, launch new products and services. Our company has a lot of different business areas. It all deals with water – irrigation, equipment for spas, pools, water parks, and industrial pipelines. We have a lot to make progress within the group. Every year we try to add a new area and develop it in the local market. We are also planning growth in segments where we do not hold leading positions yet, for example, in the segment of household equipment.”

Mikhail Borisov
Fluidra Kazakhstan

THEME

Changes in the investment climate in Kazakhstan for 2019



THEME

Changes in the investment climate in Kazakhstan for 2019

“I do not think that there have been noticeable changes in the investment climate in 2019, rather, we can talk about stagnation.”

Askar Baitassov

ABR

“The investment climate in 2019 is no different from those of 2018, 2017: there were no breakthroughs, we did not notice new serious investors. Everything that goes up in our economy, grows due to domestic investments – transfers from the National Fund.”

Armanzhan Baitassov

Tan Media Group

“The investment climate has not changed at all. In our country, there are a lot of large infrastructure projects and programs locally distributed, so foreign investors do not enter this area. We notice foreign investors in the extractive industry only.”

Farrukh Makhmudov

Orbis Kazakhstan

“The investment climate has not greatly changed and this is good, because an important event happened – the change of the President. Judging by personal experience of communication, the opinion of international investors about Kazakhstan is rather cold, but you cannot revive it, trying to attract investors with tax preferences or good results in international ratings. Everything breaks up into a small market capacity, but this is not a thing that may be solved.”

Ramil Mukhoryapov

Chocofamily Holding

“The investment climate has been left at the same level, and will worsen due to the current crisis. According to my estimates, the pandemic and devaluation will discourage the desire to invest for two years.”

Raimbek Batalov

Raimbek Group

“We hesitate to make the flat assertion that in 2019 the investment climate in the country remained at the same level, but, based on the hh.kz data, we may assume that there were no sharp changes affecting our business.

The labour market, being an important component of the economic system, is simultaneously affected by the social and economic situation in the country. And all the changes in this market are directly reflected on the performance of our business. As for 2019, the increase in the number of vacancies on the hh.kz was 1.2% as compared to the same period in 2018. This indicates the stability of demand from employers and the absence of jumps towards an increase or decrease in vacancies. Thereby, we can claim that there were no changes in the market economy that entailed changes in the labour market and the hh.kz indicators in 2019.”

Nina Bychenko

HeadHunter

“In 2019, the regulator began stress testing. This is a global work, which involved 14 banks, 80% of the lending market. We were included in this list, and we were active participants in stress testing. The stated and actual goal of the event is to increase confidence in the financial market to make sure there is an opportunity to increase the volumes of low-cost capital. Our bank successfully passed this test, we managed to demonstrate the effectiveness of the risk management system in our bank.

But, at the moment, the whole world and Kazakhstan, in particular, are facing a very serious economic crisis caused by the coronavirus pandemic. This really powerful test will affect any business, and only those companies that were financially “healthy” before the start of the viral history will survive it.”

Dmitry Zabello

VTB Bank Kazakhstan

“The investment climate has been left at the same level. The investors evaluate our part of the world not so much as a separate state, but as a part of the CIS. Therefore, the situation with the investment attractiveness of Russia also indirectly affects us.”

Nikolay Babeshkin

Kolesa Group

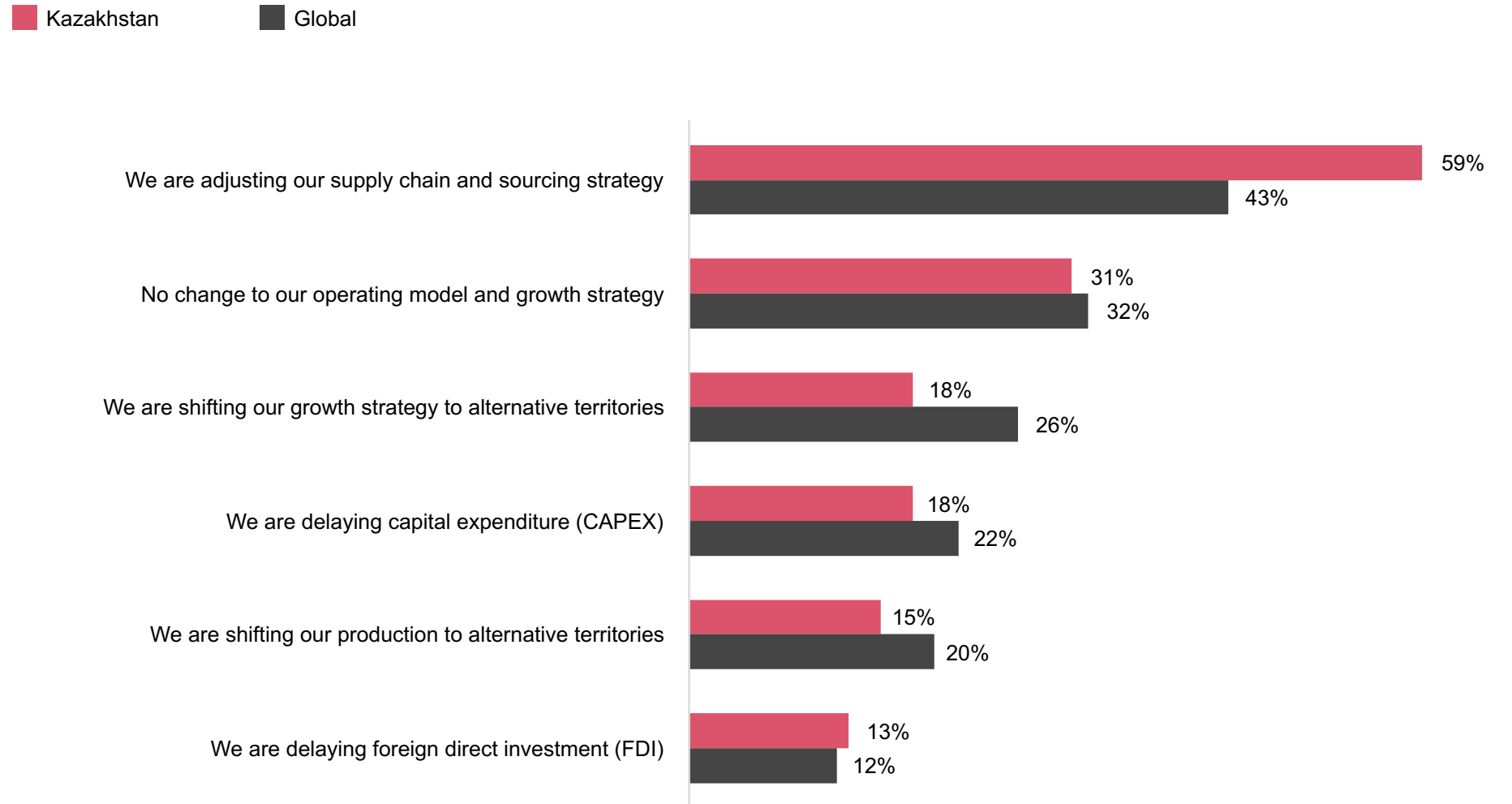


THEME

The impact of trade conflicts and geopolitical events on Kazakhstan and on business

Trade conflicts occurring in the world have a significant impact on Kazakhstan and on business, in particular. Local respondents, as well as their colleagues around the world, note the importance of timely adaptation of a strategy and risk procedures within a company for productive operations.

The pandemic of the COVID-19 coronavirus infection caused a very serious economic resonance. It is not clear yet how strong the damage will be for the global economy, but it is obvious that the period of recession and further recovery will be long. The World Bank¹ reported on shocking disturbances on the commodity markets, where oil prices experienced the most volatility due to ambiguity of agreement between international exporters. Border closures and trade restrictions disrupted the supply chains all over the world. These events are obviously reflected on Kazakhstan's economy.



¹ <https://www.worldbank.org/en/news/feature/2020/04/23/coronavirus-shakes-commodity-markets>

THEME

The impact of trade conflicts and geopolitical events on Kazakhstan and on business

“Protectionism and trade conflicts directly affect our strategy, since we are interested in access to the central and south-east Asia, the countries of the Middle East. Now these problems exist, therefore, there is a serious reason to think and, perhaps, change the strategy.”

Serik Tolukpayev
Aitas Group, UKPF

“Our risk profile takes into account trade conflicts and the existence of a specific situation in a particular market. When assessing the creditworthiness of our client, we consider its market position, involvement in a conflict environment, etc., we monitor these changes online. The coronavirus pandemic caused an economic crisis that only happens once every hundred years. We see how almost the entire business has frozen as well as a banking business due to quarantine measures in the country. We have to be quite fast in adaptation and rebuild absolutely all business processes.”

Dmitry Zabello
VTB Bank Kazakhstan

“Our economy is a derivative of the economies of other countries. Any war that entailed, for example, a recession in the United States, China or Russia, echoes to Kazakhstan. When a conflict occurs that emotionally hurts a large number of people and worrying topics commence in the media space, there is a decrease in the people's willingness to invest in their medium and long-term future. Instead, there is a growing demand for here and now. Business in our company is vulnerable in this regard, because we offer people the long-term development of themselves and their careers as entrepreneurs. It takes time – a year, two, three. But, when people are offered instant high incomes, the temptation of such an offer is too great and people refuse a good long-term career. During the crisis, there are more swindlers like another MMM. Each of these companies does not exist for long, but manages to lead people away from normal work and further undermine their confidence in the future. Such a negative background is bad for the direct selling industry.”

The pandemic leads to a weakening of business links at all levels of a company. This is a negative factor, which we will restore during the year. The external influence associated with the oil price and US Dollar exchange rate is partly associated with the pandemic, but is most likely a manifestation of the geopolitical struggle and economic war in the oil producers' market. This factor will adversely affect our business in the near future.”

Konstantin Kulinich
Mary Kay Kazakhstan

“The political transition at the highest level in Kazakhstan in 2019 has been a major event for the country since its independence. Several economic and political crises have occurred in the world in the past years, but the coronavirus epidemic is a fundamental and a major disruption that might trigger a possible reinvention of the world economy in all sectors.”

Gerard Fries
KATCO

“The confrontation between Russia and the West has affected Kazakhstan. The situation in the relations of these countries did not improve over the past year; our import structure and assortment policy did not change, respectively. The assortment did not become wider and better; and the purchasing power of the people did not increase. These were the forecasts before the quarantine period. Now, in addition to returning to the previous pace of life, for Kazakhstan, a lot depends on the cost of oil prices and further methods of combating the coronavirus.”

Azamat Osmanov
Magnum Cash & Carry

“Trade wars, instability in the Arab region, the Coronavirus affect and will have an effect to a certain extent.”

Mikhail Balytchev
Epiroc

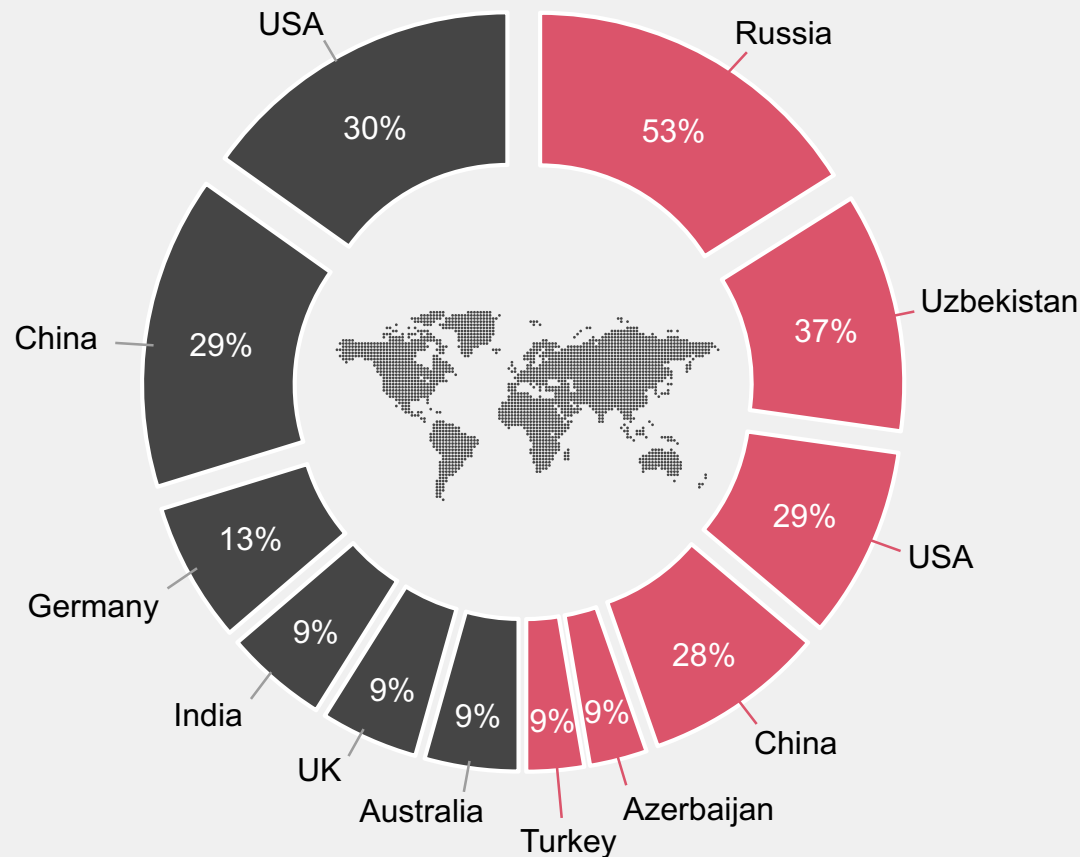


THEME

The most important countries for business development

The number of Kazakhstani respondents who noted the leading world economies – Russia, the USA, China, has significantly decreased as compared to last year. This year, Uzbekistan ranked second (37%), as the closest and one of the largest developing countries in the Central Asian region for the first time in all 8 years of survey. Azerbaijan and Turkey have also entered the top countries, and Kyrgyzstan has gone down to 7% from 11% last year.

Top-6 for CEOs Globally Top-6 for CEOs in Kazakhstan



Uzbekistan, Belarus, Kyrgyzstan

“Definitely, Uzbekistan. We are on this market.”

This year I would note Belarus, we have quite serious ties with our Belarusian partners. For example, a number of Belarusian design institutes are developing the construction of industrial facilities in Kazakhstan. And since we are both in Belarus and Kazakhstan, there can be a good project, like of a single company in two geographies.

There is a great uncertainty with the government and the economy in Kyrgyzstan, but this is an interesting market for us. We are implementing a project for the National Bank of Kyrgyzstan, in Bishkek. A modern data processing centre has been built and commissioned on our equipment.”

Maksim Ageev

Schneider Electric

Ukraine, Belarus

“We are interested in Lamoda Group’s target markets. The company feels confident in Ukraine, Belarus, despite the fact that the latter, perhaps, has the most difficult regulatory conditions.”

Molder Ryssaliyeva

Lamoda

Uzbekistan

“We have been on the market of Uzbekistan since 2015. The close geographical location, similarities in mentality, open government policy in recent years, a growing number of companies, and, accordingly, jobs, the need of employers for a convenient tool for selecting specialists, has allowed our service to be in demand in the market and occupy a leading position among job portals.”

Nina Bychenko

HeadHunter

France, USA, Uzbekistan

“France is one of the country’s leading export partners; the growth was about 25% last year. French businessmen began to invest more in the Kazakhstani economy, a mutual goods turnover is growing. There is a rise in trade with the United States – cargo flows to Kazakhstan are quite high. If you look at the statistics of cooperation with other countries, the United States are one of the five leaders and are one of the largest investors in the Kazakhstani economy, primarily in the oil and gas industry. The main imports from there are machinery, equipment, vehicles, electronics. The export of local goods to the United States is traditionally represented by mineral products, as well as by chemical products. Kazakhstan is one of the leading suppliers of uranium and titanium to the American market.

Kazakhstan and Uzbekistan are the largest countries in the region, both countries are trying to take a leading position. At the same time, the goods turnover between them is growing. An increase in transit indicators of Kazakhstan and Uzbekistan is expected in connection with a number of new international projects that will link Central Asia with other regions.”

Emil Ashuraliev

GEFCO Kazakhstan

THEME

The most important countries for business development

Russia, China

“99% of the production facilities of equipment and electronics is located abroad, and the production facilities of main suppliers are concentrated in Russia and China. Any shocks or changes in these countries are transmitted to our business.”

Dmitriy Provkin

Arena S (Sulpak)

Russia, Kyrgyzstan, Uzbekistan

“We clearly position ourselves as a regional company. Therefore, each of the markets of our territorial portfolio plays their own role in it.

Kyrgyzstan is an interesting country in terms of medium-term growth, with 6.5 million consumers understandable to us with still low incomes.

Kyrgyzstan market has its own range of development and serious structural changes are on the way.

We have a selective approach to the Russia broad market where there is much higher competition, serious differences from region to region and the cost of doing business is often paradoxical.

Current institutional reforms in Uzbekistan make this market interesting for us as players competing in sectors with a traditionally low state role.”

Kairat Mazhibaev

Resmi Group

Uzbekistan, Belarus, Azerbaijan

“The Uzbek market has demonstrated two-fold growth over the past 2-3 years. The specialists working in the Uzbek market seek to gain new knowledge, travel around the world to specialized events, and this gives rise to new ideas and projects. The synthesis of knowledge, a quality human resource is multiplied by the recently appeared political openness. Of all the

countries of Central Asia, Uzbekistan ranks second after Kazakhstan in terms of market readiness for changes.

In Belarus, traditionally, everything is good and clear. The financial system is developed there: there are many banks that we are interested in interacting with. Azerbaijan is a prosperous country where technologies, particularly industrial projects, industrial safety are being actively developed.”

Evgeny Pitolin

Kaspersky Lab

South Africa, Russia, USA

“We are looking towards emerging markets. South Africa is of interest for the development of products in our water industry.

Russia is a promising market, although now it is underestimated due to political conflicts, but the situation will change.

The US market is also interesting for us. Last year, our group completed a merger with Zodiac, which is one of the largest manufacturers of premium pool and spa products based in the United States. We are planning to raise our profile significantly in this market.”

Mikhail Borisov

Fluidra Kazakhstan

Russia, Kyrgyzstan

“The main regions outside Kazakhstan, where we are planning to make progress, are Central Asia and Russia. We want to enter the markets of Central Asian countries during the next year. We are planning to enter the Russian market in the long term of three years.”

Askar Baitassov

ABR

China, France, USA

“China and France are both important countries for the nuclear industry because they have both large nuclear programs and therefore are major ultimate customers of uranium.

The United States is an important actor on the world energy scene with the past years’ development of shale gas production that allowed the US to become again a net exporter of oil.”

Gerard Fries

KATCO

Russia, Uzbekistan

“Our already existing partners are Russia and Uzbekistan. World Class is part of a network of clubs in the Russian fitness group, we are operating on a franchise.”

Valikhan Ten

World Class Almaty

USA, China, Russia

“Kazakhstan is surrounded by large neighbours and builds long-term relations with major foreign investors.

In this regard, the United States, China and Russia have been the most significant for the growth of our business for many years. Cooperation between Kazakhstan and China is gaining momentum on an annual basis; the border with Russia is free of customs duties, which provides additional opportunities for our customers. Finally, American investments go to the largest companies in Kazakhstan, it will be enough to cite Tengizchevroil as an example, the country’s largest taxpayer.”

Andrey Kurilin

Citibank Kazakhstan

Turkey, Russia and China

“Turkey, Russia and China are the most important for our business in Kazakhstan because we are direct importers of FMCG and non-food products from Europe and Turkey and non-food products from Russia and China.”

Aytug Can

Ramstore

South Africa, Australia, Congo

“Our customers are actively developing minerals such as copper, nickel, and they will be used in the manufacture of battery equipment.

Australia is an advanced country, I think that there the process of automation of the mining business will be rather rapid. From the point of view of sales, the production volume will probably remain at the same level, and substantial investments will be forwarded to the automation of production.”

Mikhail Balytchev

Epiroc

THEME
Strategic Goals



“We need to understand what we want to give customers. Our first competitive advantage is a wide geography. We are practically within a walking distance from a client. The second is service quality standards. Every month, we take measurements of the NPS (consumer satisfaction index) in all our stores. This important parameter is “sewn” into the motivation of all retail employees. It already brings results and opens up opportunities for growth. There are many initiatives, but the priority for us is to maximize profits.”

Dmitriy Provkina
Arena S (Sulpak)

“The main thing for us is being client-focused. It is extremely important to feel the temperature of the market, the demand for our products; improve the customer service quality. The second point I would note is the command – retention, attraction of experts. To the best of my belief, it is quite easy to view specific people and teams behind all processes and innovations. Now the time suggests that stars are good, but star teams are a thousand times better. This is our basic philosophy.

We operate in a highly competitive environment and innovations are of particular value. Everyone has one product – we sell money in different formats. Nevertheless, it is quite hard to distinguish what the market requires. This requires serious efforts, honest feedback from clients and staff members.

It should be noted that the role of the above factors is strengthened in the crisis period, through which we all go through today.”

Dmitry Zabello
VTB Bank Kazakhstan

“We bring a unique ambience in our Ramstore supermarkets and trade centers which combine all high-level services, affordable shopping for high quality products, contribution to the health and social life of families, promotions, variety of payment methods, fresh products, high variety assortment of local and import products only in our supermarkets with our 20 years of retail sector experience in Kazakhstan and 70 years in Turkey. We operate the first and most common custom loyalty program in Kazakhstan – ‘Ramstore Club’ loyalty card and membership.”

Aytug Can
Ramstore

Climate Change and Private Business

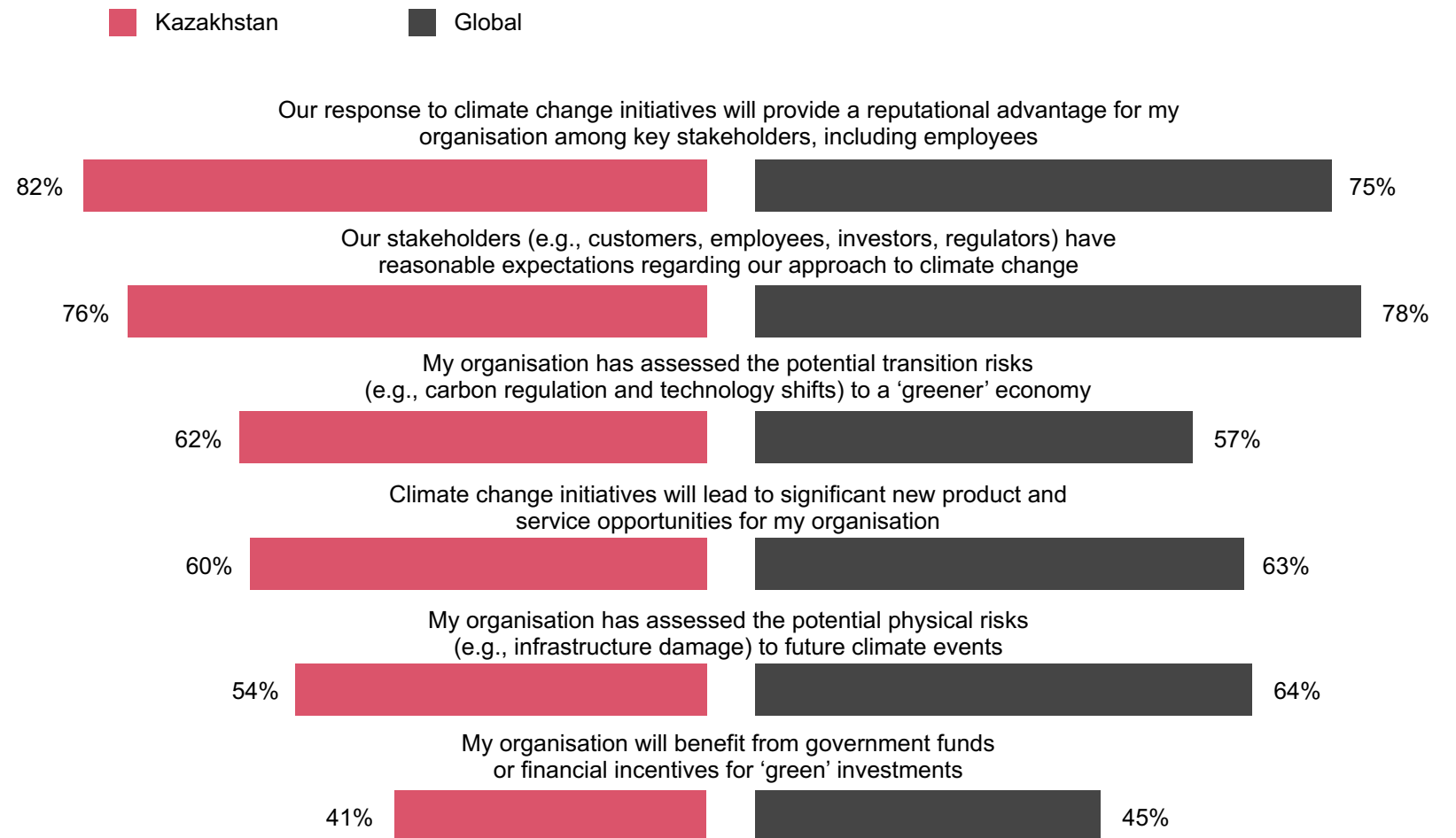
THEME Climate change initiatives

“It is highly unlikely that Kazakhstan has a smart policy regarding climate change. I absolutely agree that initiatives in this area will open up wide opportunities for our company to create new products and services. We have very low CO2 emissions per tonne of products; we are in the top 20% of the best copper enterprises. We are using a new technology that does not stipulate for the use of furnaces, therefore we are in a good position in terms of CO2 emissions and heat generation. The tougher the market approaches this issue, the higher the price of the products will be, while maintaining their cost.”

Marat Seitkulov
Caravan Resources

“I agree that our approach to climate change initiatives will increase the company's reputation in the eyes of stakeholders, including staff members. This is not about a popular trend of replacing plastic bags with paper ones. Paper bags do more harm to the environment than plastic ones, because more water is consumed, trees are cut down for their production, while plastic bags can be recycled. The companies that accept garbage for sorting and processing are emerging in Almaty, the number of responsible people is growing. We are planning to work in this area – accept clothes to give to charitable organisations or for recycling. Inside the company, we are planning to develop a “green” office strategy, instill a sorting culture for staff members – next year we are planning to install baskets for separate waste collection, now we are collecting used batteries and plastic from ballpoint pens.”

Molder Ryssaliyeva
Lamoda



THEME

Climate change initiatives

“Our company has become more responsible for environmental issues. In particular, we are sending recyclables – glass, plastic, paper used in our restaurants, for recycling. We considered the possibility of delivering food wastes to animal shelters, but this is not easy so far. It requires careful sorting and there are issues with delivery.”

Askar Baitassov
ABR

“Our company was one of the first to support the initiative of the Ministry of Ecology to reject free plastic bags. We introduced the sale of packages on December 1, 2019 and a month later we could say that the consumption of plastic bags decreased by several times and became more conscious. The proceeds from the sale of bags go to charity, most buyers supported this step. This suggests that society is becoming more mature.

Climate change initiatives offer massive opportunities for the creation of new products and services. There are new entrepreneurs launching eco-bags; plastic recycling companies. And it was missing two years ago.”

Azamat Osmanov
Magnum Cash & Carry

“Globally, the GEFCO Group is reducing CO2 emissions. Our company operates in the automotive industry, and main business is the supply of components to plants and the export of finished products – motor cars. GEFCO annually publishes a corporate annual report on social responsibility; in 2019, we achieved a 2% reduction in CO2 emissions. In addition, at the Group level, we invest in railway rolling stock, since the railway is a more environmentally friendly mode of transport as compared to others. In Kazakhstan, in my opinion, the main environmental pollution occurs due to waste from industrial

enterprises and households, it is not only CO2, but much more dangerous chemical compounds, which should be given high priority.”

Emil Ashuraliev
GEFCO Kazakhstan

“Our stakeholders have reasonable expectations regarding an approach to climate change. We arranged the collection of packs, couriers bring orders in them – the pack may be returned at the next order. We have concluded an agreement with Kazakhstan Waste Recycling, we provide them with paper, plastic and batteries, which the clients may also give to a courier, for recycling and disposal.

The issues of climate change and environmental damage in Almaty, in particular, air quality, are of great concern. My colleagues and entrepreneurs, we want to affect the situation, involve those who are willing to show a civic stand. There are four key aspects in the environmental issue right now. First, there are no reliable measurements of pollution, there is no examination and understanding of emission sources; there are no institutions (research institutes) being funded. The main pollutants have been known for many years: thermal power plants, private sector and motor vehicles – public, private and corporate. There are obstacles of various nature to resolving each of these issues. Based on our experience, we want to help solve them using the business approach used when launching new startups. As the saying goes, “the elephant should be eaten bit by bit”. We all will live and work in this city!”

Alexey Lee
Arbuz.kz

“Regarding climate change I am extremely concerned in a positive way, I think it is a good opportunity. KATCO is planning to organize, with the France Kazakhstan Chamber of Commerce and Industry (CCIFK), an event dedicated to corporate social

responsibility. KATCO operations are located in the Turkestan region, a very sensitive area, upstream of the Aral Sea, and this region is very fragile. As a responsible mining company, we are planning to continue our efforts to reduce our environmental footprint.

Moreover, uranium we produced is a raw material for nuclear energy that is part of the energy mix needed to fight CO2 emissions.

My company is not in the priority list of the government for “green” investments incentives. We have some ideas in terms of protecting the steppe and overall the environment and we are considering that; it is our responsibility as a mining company. We are already taking some actions on environmental protection, such as planting saxauls on the territory we conduct our activities, treating technical water for gardening at the mines and watering the roads, etc.”

Gerard Fries
KATCO

“Ecology is one of our foundations, because the company has European roots. Every year more and more attention is paid to this issue, and development courses for the next 5-10 years are determined. This refers to creating more environmentally friendly and less resource-expensive equipment.

We are not fully aware of the threats and consequences of climate change to the full, as long as it's at the word level. But I see that the governments are starting to regulate some aspects. I believe that not everyone is ready for this, because environmentally friendly equipment is more expensive than a conventional one due to technology. All over the world, states subsidize this area. In Europe, the use of new technologies by investors in construction is a norm. Our people are not always willing to pay for it. We have equipment in the line that saves water and electricity, and it costs a tremendous effort to defend it in the project because of the higher cost than a standard equipment. Therefore, if we talk about the expectations



of stakeholders, then they are missing, otherwise there would be a clear understanding of the initial cost and the resulting efficiency and savings in the long run.”

Mikhail Borisov
Fluidra Kazakhstan

“The commitment of our company to sustainable development is manifested, inter alia, in the environmental friendliness. Particular attention is paid to the environmental aspect and its integration both in the current platform of activity and in the innovative component of development.”

Alexandra Bekisheva
Engineering Company “Kazgipronefttrans”

“I believe that we have an environmental disaster. We can see this from the environmental situation in Almaty and the Almaty Oblast, where we are involved in agriculture. We can see what is going on there: herbicides, pesticides go into the ground, everything is irrigated using irrigation channels. And nothing changes from year to year.”

Raimbek Batalov
Raimbek Group

Talent Pool in the Digital World

THEME

Expected headcount changes

Although the employee scarcity with the required skills still ranks first among threats to business according to CEOs of companies, and they agree that training and retraining is the best way to eliminate this shortage, it is difficult for them to track the effectiveness of upskilling programs.

Against the background of the pandemic, the global economic crisis and digitalization, respondents in Kazakhstan focus on optimizing business processes, as well as changing approaches to motivating, developing and retaining staff.

“We will keep the number of staff at the current level. In the future, we are not planning to increase the staff, as the use of the mobile application is rapidly growing.”

Mikhail Lomtadze
Kaspi.kz

“At the beginning of the year, there was a plan to increase the staff by about 30% – from 650 to 850 staff members. During the coronavirus, we sent 170 people on vacation, and I think that by the end of the year we will return our team, at the best.”

Ramil Mukhoryapov
Chocofamily Holding

“We do not expect major changes and aim at growth and efficiency. Therefore, like the whole modern financial world, we are working on the automation of services and introduction of innovations.”

Andrey Kurilin
Citibank Kazakhstan

“It is essential that a company is mobile and flexible. Now is the moment when it is necessary to quickly adapt to the market and political situation, revise business areas. The number of employees in our company increased by 30% last year and we faced the so-called growth problem, so our efforts will be aimed at solving this challenge and structuring the processes within the company with the existing staff.”

Mikhail Borisov
Fluidra Kazakhstan

“Now the main task for the bank staff is to build IT competence, develop the areas traditional for the banking sector, that affect the quality of internal processes and services.”

Dmitry Zabello
VTB Bank Kazakhstan

“We are planning to increase the staff, attracting people by the fact that in the world of established business models we are attempting to do something new, not only within the Kazakhstani market, but on a global scale as well. The format of online supermarkets is actively developing around the world nowadays. Since we are a startup, it is hard for us to guarantee serious financial compensation to employees, but we are willing to discuss stock options at the level of top managers and employees in key positions.”

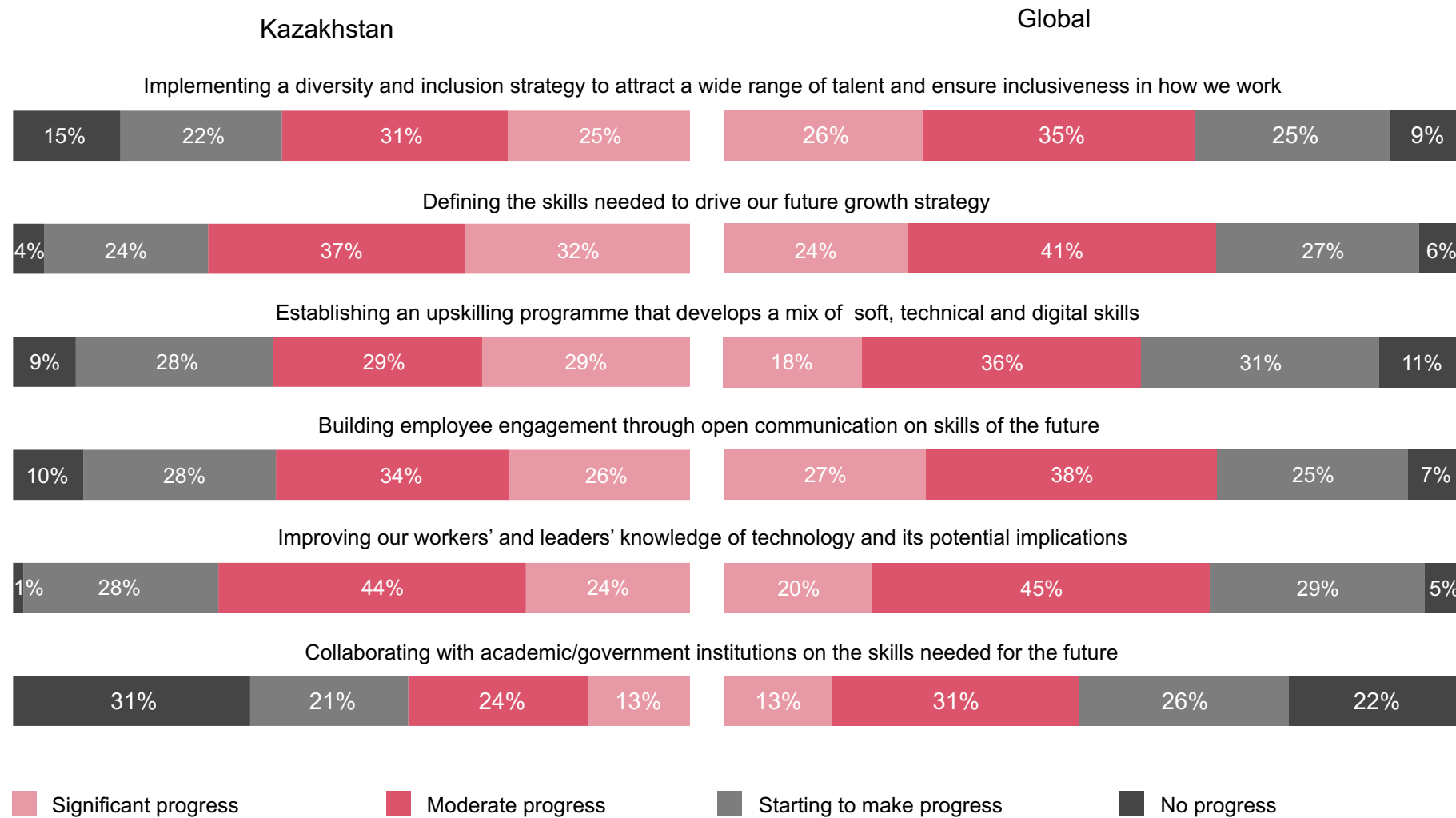
Alexey Lee
Arbuz.kz

“We are moving towards improving operational efficiency: we want to grow with the available resources, in terms of cost, including the number of staff members.”

Maksim Ageev
Schneider Electric

THEME

Upskilling initiatives



“Amid the pandemic and the global economic crisis, our approaches to professionalism and team composition are changing dramatically. Our company relies on those employees who are willing to quickly adapt to changes and demonstrate high results in any circumstances. We have adapted the remuneration system to the current situation, and nowadays an employee’s earnings depend entirely on his/her performance.”

Dmitry Zabello
VTB Bank Kazakhstan

“We often use government programs (DAMU, EBRD and others) to improve the employees' skills. Last year we were among those who received a free consultation from a highly skilled equipment expert from Germany. As a result, performance has improved, production rate has accelerated, and production costs have declined. I do not think that we could independently involve such a specialist.”

Ilya Martinenko
Avrora Holding

“At the moment we have launched a new system – PLP (People Leadership Practices). We conduct an open dialogue with employees. Our global communication is based on the coordination of goals with staff members on a regular quarterly basis. This is a whole infrastructure with the required tools, which is monitored at different levels to synchronize the expectations of an employee and an employer.”

Mikhail Gribov
Siemens Healthineers

“This year, we implemented a program for the development of sellers' skills, based on the concept of “Transformational Training”, where a staff member's weaknesses are identified, a personal program is built up, and continuous work with a coach is ongoing. We believe that this will have a good result.”

Maksim Ageev
Schneider Electric

THEME

Upskilling initiatives



“We have a “Lamoda Laboratory”, where experts give lectures on various topics. As concerns technical and digital skills, any Lamoda employee may be trained in a new specialty or upgrade his/her skills in the field of digital. We have young guys who have nothing to do with IT or analytics; they, independently or with the help of the company, began to study this area and have become universal specialists.

Regarding inclusiveness, we did not have such a case. If people with disabilities approached us, this would not affect our decision regarding employment should job duties be fulfilled. In the Russian division of the Lamoda Group, one of the warehouses are fitted with special seating for employees expecting a child, for the comfort of work before going on maternity leave.”

Molder Ryssaliyeva
Lamoda

“Digitalization is a very important fashion trend worldwide. Our business is largely already automated; we are producing several thousand tons of uranium with a relatively limited number of people. Our geologists and operators are trained to use a lot of software in terms of subsurface modelling of our uranium ore bodies. I have been personally working in the Oil & Gas industry for more than 20 years, and the In-Situ Recovery technology used in Kazakhstan has a very strong similarity with the Oil & Gas industry: we are dealing with drilling wells, geology, subsurface information, logging, exploration and modelling. Many tools that are already existing in the Oil & Gas industry can be used in our industry with minor adaptation and this is precisely what we are doing now for the present and future benefit of our company.”

Gerard Fries
KATCO

“We are always open to employees whose professional behaviour meets the required criteria.

Upskilling is a priority for us. We are an “inclusive” company providing equal opportunities regardless of gender, age, nationality, etc. We also advocate that our employees come to the office with their pets. Unfortunately, in Kazakhstan we have not come to this yet.

Significant progress has been made in cooperation with academic institutions, in particular, universities. As part of our corporate Mars Academy program, we interact with key universities, hold open house days, case championships and other events. We have a program for recent graduates, under which the young people come to the company, they work in different departments for three years and, upon completion of the program, become managers. We have developed a system of transition from one department to another. Moreover, if a person wants to be successful in a company, he/she has to work in different positions, study the entire chain of processes. The following situation is common, where a staff member, having worked for some time in the sales department in one country, transferred to work in another department or moved to another country. Thus, he/she receives new knowledge, a wider understanding of the business and better understands the specifics of interaction with staff members of different departments.”

Mikhail Bazanov
Mars Kazakhstan

“We conduct corporate training through an online platform – for project management, logistics engineering, compliance with standards and requirements of the laws. Everyone has the opportunity to undergo training in the area of his/her activity. The effectiveness and efficiency of the training depends on the desire of an employee him/herself to develop. Considering previous experience, undergoing training helps some people find a solution to short-term tasks. Interested staff members continue to develop in

their professional activities and are noticeably distinguished against the majority, becoming a kind of “golden grains”, who subsequently show excellent results.”

Emil Ashuraliev
GEFCO Kazakhstan

“We have made significant progress in the use of artificial intelligence, and we have a number of specialists working in this field. Perhaps, we have not achieved the progress we are striving for, but there is a certain success. The number of staff in the project office has increased from 23 to 40 people, 90% of them are highly-skilled employees recruited from the Russian Federation and Ukraine. The work of the training centre has been realigned. Together with the authorities of the cities of Almaty and Nur-Sultan, we are developing a project to develop a centre of competence and retraining. The aim of the project is to provide a platform for the operational re-profiling of the staff and their subsequent employment.”

Azamat Osmanov
Magnum Cash & Carry

“Over the last few years we have been systematically digitizing our business process, training our staff members to work in the ERP-Systems, we have transferred most of the internal communications to a remote format. Each of our sales representatives has gadgets with programs that make it possible to analyse the work in full. The program determines the number of visited points, the time spent in there, the effectiveness of visiting points during a day. As a result of the introduction of such a program, we had to change 90% of the linear management, because staff members received a fixed fee, regardless of whether they completed the plan or not. After replacing the line staff, we experienced a significant increase in business growth rates. Thanks to the digitalization of business

processes, we were fully prepared for quarantine and remote work.”

Raimbek Batalov
Raimbek Group

“In 2019, at our annual student event, the quality of questions asked by the young people was high. I associate this important change with the fact that there are more people publishing their credentials in social media. Five years ago, students wanted one thing: create a startup and get rich. Now they understand that they can reach the level of the Facebook founder, but first you need to become worthy specialists. Now the questions are as follows: “How can I become a good developer, tester?” They understand that selecting the right profession, they will be able to live happily and be well-off.”

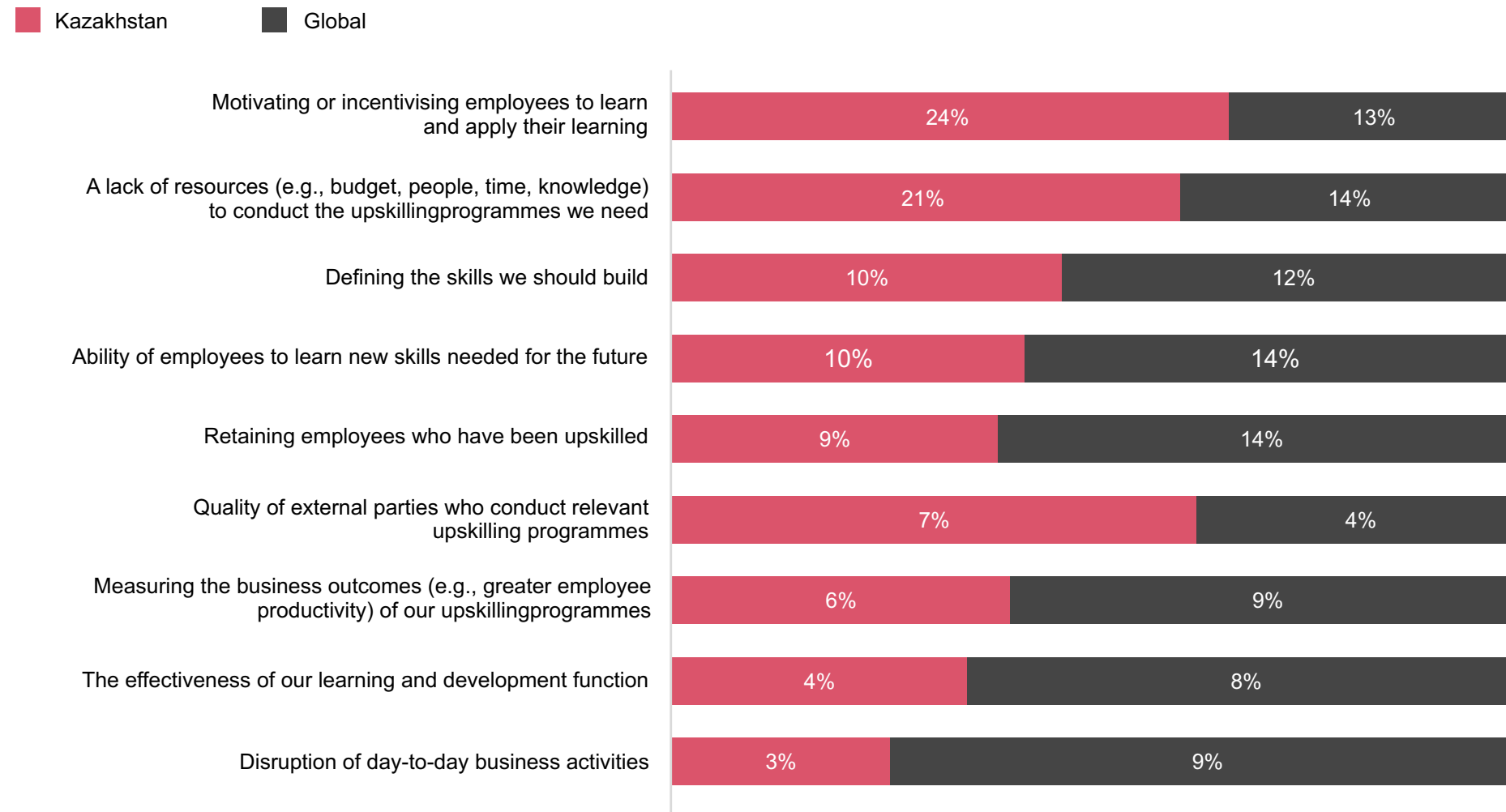
Nikolay Babeshkin
Kolesa Group

“Like many international corporations, Citi is increasingly using digital solutions to improve the skills of its employees. Among them: the Collaborate online platform, uniting more than 200 thousand employees of the company around the world, and Degreed, bringing together a variety of courses and training materials. In addition, by communicating with colleagues from different countries every day, our staff members gain access to best practices, as well as the opportunity to share knowledge and build a wide network of professional contacts.”

Andrey Kurilin
Citibank Kazakhstan

THEME

Challenges in the upskilling efforts



“Currently, there is an interesting situation with the training of employees. As per Theory U*. Leadership from the future, Otto Scharmer, today it is required to work in flat structures, in the absence of hierarchy, work not based on the experience of the past, but on the experience of the future. And the future is not formed neither into samples nor into patterns. All future skills are based on the sensual aspect. And it is rather difficult to teach and motivate it, because our habit of thinking through the past creates difficulties for changes on the mental level. It is essential to learn to visualize the situation in the future, then put it in front of oneself, understand its form and essence, then draw on what worked in the past. If you simply transfer from the past to the future, then there is a big temptation to do nothing. The main tool for acquiring new skills is awareness, a calm and holistic look at the moment. To achieve this state, it is critical to be able to stop, feel, and then withdraw the result. We are starting to introduce such thinking at the top management level. This is a complex creative process, our task is not to break what works now.”

Serik Tolukpayev
Aitas Group, UKPF

“At the moment we train on our own, though a year ago we attracted specialists. In fact, it is difficult to evaluate the effectiveness of the companies involved, since it is a must to know the specifics of the sector. The mental component of a banker, an office employee, a production worker, and a person in service are two completely different things. Coaches have a fundamental education – a psychiatrist, a psychotherapist, and believe that they are able to educate everyone. I do not agree with this. There are no coaches who understand the fitness industry in Kazakhstan.”

Valikhan Ten
World Class Almaty

THEME

Challenges in the upskilling efforts

“The staff members in our company are mechanics, the supervisors are competent and smart people. With regard to staff development, we are constrained by knowledge of English. Mostly people are located in the regions – where our clients are. This brings up a challenge, the first is to find good providers and tools, the second is to ensure a balance between work and training.

In general, the employees are open and ready for training. We do not require dramatic retraining from top to bottom. We look at the areas where a person wants to develop and select tools (mentoring, joint programs) that will help him/her develop the necessary competencies. We have such a vision that a person should study independently by 70%, but we provide “equipment for the subsequent swim”.

Mikhail Balytchev
Epiroc

“If the employees used to come to the company and work for many years before, in recent years we have seen that people are not interested in a long-term career in a single company. Continuous development is important for them, it is becoming increasingly difficult to retain employees for a long time. We need new principles for working both with those who have been with the company for a long time, and with those who can work effectively for a short period of time.”

Mikhail Bazanov
Mars Kazakhstan

“We are a global pharmaceutical company, and people are the most important and valuable resource for us. The company invests in employees, we have a lot of different internal development programs, trainings. Unfortunately, due to the difficult economic situation, people are often motivated by higher salaries. Even if they are offered 10% more, they are ready to leave the company. In such a situation, we can hardly retain employees. It happens that a skilled staff whom we

train for two/three years leaves us. We are taking retention measures as internal programs. Our staff turnover is in the range of 10-12% on an annualized basis, so our measures aimed at retaining personnel can be called successful.”

Vitaly Bystryukov
Sanofi Kazakhstan

“One of the most serious problems is the quality of work of third-party contractors that provide professional development programmes. Prior to starting to train our employees, we generate this knowledge ourselves. Over the past three years, our training and development department has undergone a transformation from a structure buying content to a structure that forms and delivers content. The second point – the employees need to work, there is not always time to learn; there is a relevance of a problem associated with interruptions in production activities. The third point is the ability of employees to learn new key skills. In many ways, it depends on the employees themselves.”

Evgeny Pitolin
Kaspersky Lab

“We have a lot of training for our employees to develop their professional skills. And we have the internal mobility program in the company when employees can take positions in other departments to acquire new skills. We are proud that KATCO is in Top 10 attractive companies where people would like to work for. It is based on a very recent survey. We are competing with firms from the Oil & Gas industry. There was no downturn. We are on the second choice compared to Oil&Gas sector because it is difficult to attract qualified staff due to higher salaries in Oil&Gas industry. We have people working for many years with KATCO and we are very happy when employees are staying longer. KATCO has committed to providing employees at all levels with the opportunity to develop their

professional skills and grow within the company. But there is a sort of glass ceiling and everybody wants to become part of Top Management of the company. I think, in this regard, we are a sort of good school for managers. We are very proud to say that we have several top managers who have been trained in KATCO, that are now Directors and heads of departments in “Kazatomprom”.

Gerard Fries
KATCO

“We were very tolerant, but in 2020 we made an amendment to the employment contract that a person has to return the money spent on his/her training if he/her leaves the company before the agreed deadline. This affected, not just retention, but rather awareness in decision making. If a person is studying, then you understand: he/she is going to work for a long time.”

Nikolay Babeshkin
Kolesa Group

“The issue of employee development is “in manual mode”; there is no universal tool here. We have a small team, so it is possible to practice an individual approach to each employee. The topic of innovative solutions and digital transformation is rather relevant today. In everyday life, our life changes very quickly – online shopping, car hailing. The transformation is not so much a fact when we move from B2C to B2B. In most cases, platforms connect a client to a supplier, and in the B2B industry this does not work yet, changes are slow. Today, many companies are searching for a “golden key” by investing in various platforms. However, success is not guaranteed, because customer service is personalized and requires personal contact.”

Emil Ashuraliev
GEFCO Kazakhstan

“Our company brings in specialists, holds seminars, invites companies that have been in this business for long. We try to train not only our team, but the market as well, we observe a lack of basic knowledge. For example, a company sells chemicals for swimming pools, but does not know the way to use them and the effect they have. This can be detrimental to people's health. About 10 years ago, the equipment for automation and measurement of reagents was rarely installed in commercial pools in Kazakhstan. Today the situation has changed. Systematically, this product began to be sold and, practically, any commercial facility is fitted with a station. The scary thing is that in Kazakhstan there are no GOSTs in our segment, therefore incompetent companies are able to mislead a consumer. In Russia and Europe, these standards are very stringent, backed up by relevant GOSTs and standards.”

Mikhail Borisov
Fluidra Kazakhstan

“We have 1,500 employees, approximately 50% are line personnel, they are mainly young people at the age of 25-28. Last year, staff turnover was 25%, this is one of the lowest indicators in the industry, at the same time, we are becoming a kind of a candidate pool for other companies involved in the catering sector. In my opinion, there are changes for the better in the field of improving staff members' skills, attracting and retaining talented specialists in our company. But, generally, the situation is poor in the industry.”

Аскар Байтасов
ABR

Regulation, Privacy and Technology

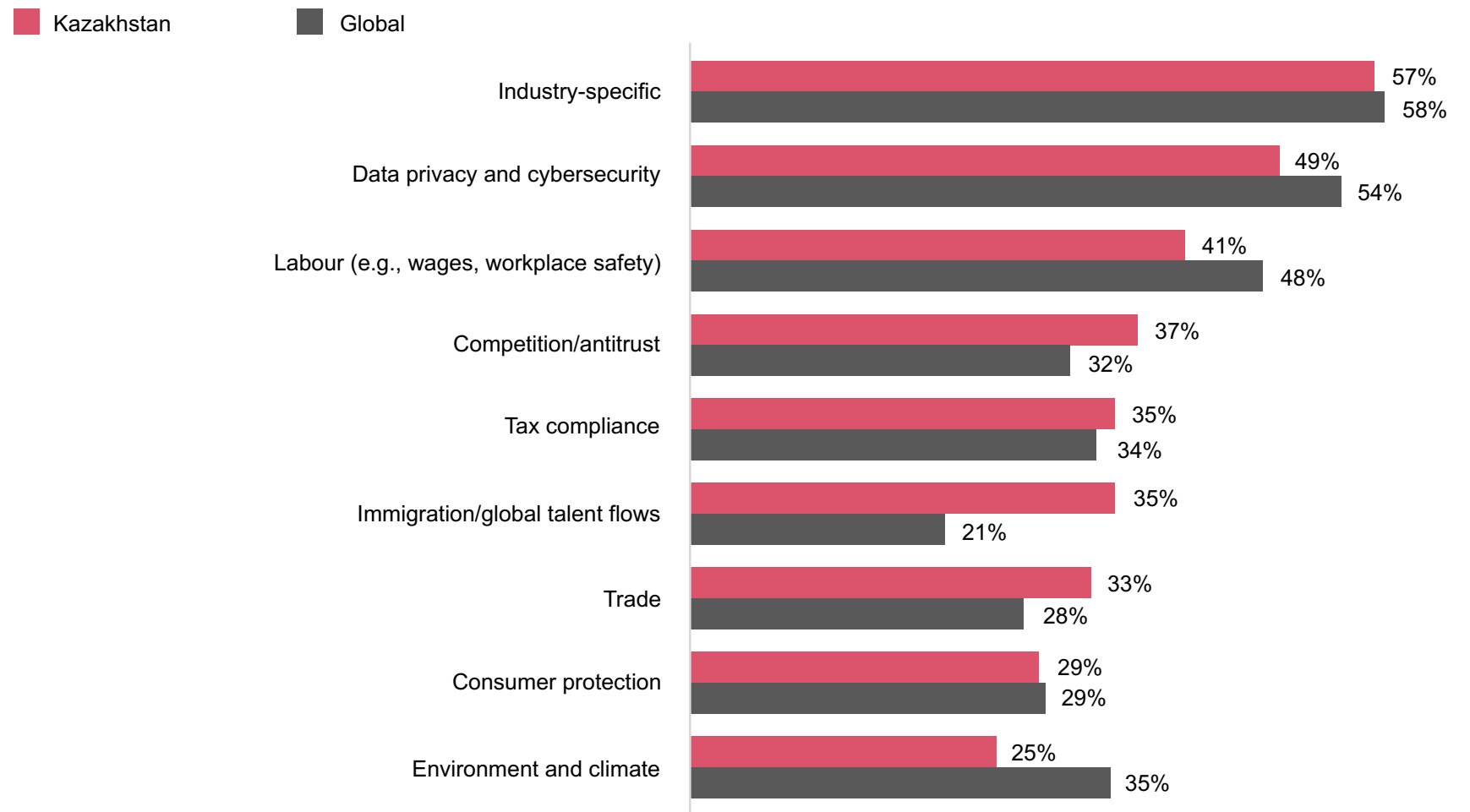


THEME

Regulatory areas of greatest concern

Despite the fact that company CEOs in Kazakhstan, as well as around the world, express concern about the threat of regulation in a specifically applicable field. They also take note the ongoing synchronization of legislative and tax regulation, due to improved coordination between countries.

Almost half of the businessmen in the world (54%) and Kazakhstan (49%) are concerned about personal data confidentiality regulation and cybersecurity. Nevertheless, only 17% (in the world) and 31% (in Kazakhstan) believe that cooperation between business and government in this area will strengthen public confidence.



THEME

Regulatory areas of greatest concern

“In our Republic, international experience is often copied, without a clear understanding why. One can recall stories with lock-ups. E-commerce market players are required to provide data to government agencies, but we are worried about data privacy. We are ready to provide them as requested, but not by default. In my opinion, there is a high probability of data leakage to competitors.

There is a concern about consumer protection regulation. From the point of view of contracts, we are protected, but there are schemes wherein we may be affected. And it doesn't matter that the service is not provided by a carrier, and we are only an agent. Thus, we find ourselves in the line of fire in the travel segment, when customers, appealing to the Law on Protection of Consumer Rights, demand a refund for non-refundable tickets. Actually, there is no such a norm in the law. The regulation should take into account the participation of the agent in the structure of service delivery. Such cases may turn over the company's annual activities. The contract is concluded between a carrier and a client. In this case, regulation would be helpful.”

Ramil Mukhoryapov
Chocofamily Holding

“Regulation in a specific applicable area is a concern, in our case, it is pricing in the retail sector. Also, the overhead cost support program (OCS) and the labelling program are in their infancy and many market participants are not ready for the transition.”

Azamat Osmanov
Magnum Cash & Carry

“Regarding the issue of emigration, it is important to note that the population density in Kazakhstan is one of the lowest in the world, while the territory is one of the largest. There have been many countries in history (the USA, Canada, Australia, Latin America, the United Arab Emirates, Singapore), where a significant increase in the population, including through the promotion of immigration, has been a tremendous engine for the growth and development of domestic consumption-oriented industries.”

Andrey Kurilin
Citibank Kazakhstan

“The corruption trend can be traced in labelling initiatives. The state is not a beneficiary, since tax deductions are reduced, administration becomes more complicated; there is a conflict with the Ministry of Economy and the Customs Department. It is not profitable for business as well. This initiative is not interesting for consumers. These actions were conceived to pull out the shadow economy. For example, there is no smuggling in our industry. It exists in the perfumery industry, in indirect sales, but its scale is not significant as compared with the efforts and expenses that are proposed to be undertaken in the product labelling project. At the same time, the labelling itself will affect everything. The business will have to buy equipment, install software, train staff, and then buy codes for each item of goods all their lives. Due to fixed costs, the profitability of enterprises will decrease, and tax revenues will go down, respectively. This is beneficial only to the operator – a non-governmental company. But the regulator allows this to happen for some reason.”

Konstantin Kulinich
Mary Kay Kazakhstan

“Customs laws are subject to constant change. We regularly experience problems with the delivery and customs clearance of goods. We have the best prices since we are manufacturers. When importing goods, we declare its real value, but often customs authorities make adjustments towards its increase. It is necessary to document that prices are not underestimated, this creates problems. It is clear that the goal of these measures is to combat grey imports, but the process should be regulated at the state level for manufacturers. Today it takes a lot of time, is costly, and results in potential difficulties in deliveries and failure to fulfil obligations.

Staff emigration is a problem. Many talented staff members leave Kazakhstan, and it is quite difficult to attract new ones due to regulation. On the one hand, the state protects the domestic labour market, but, unfortunately, we can see an outflow of staff from the country. It is hard to say what it will result in. In general, employers face the staffing problem not only within the EEU, but in other states as well.”

Mikhail Borisov
Fluidra Kazakhstan

“Now the state is making concessions to online trade development projects, and such initiatives pose certain risks. These benefits are not applicable to us, although we sell a lot online.

It is very important to note parallel imports; the struggle against them is rather sluggish. Anyone can go online and buy a Chinese iPhone with two SIM cards, which is not even certified in Kazakhstan. When importing goods, taxes are not paid and the final price is much lower than the market price. This is a big financial loss for both the state and legal business.”

Dmitriy Provkin
Arena S (Sulpak)

“Regarding the Uzbek market, there is a big concern about the issue of intellectual property. In the local market you can find products in packaging that are very similar to ours. In fact, unknown manufacturers copy our brands, sell these products at a very low price and do not monitor the quality. These actions can harm both our consumers and our reputation, and it troubles us. We analyse these facts, combat them with varying degrees of success.

Despite the fact that Mars is a bona fide taxpayer in all countries, we are concerned about the ambiguity of tax laws in Kazakhstan and the existence of criminal liability for the CEOs. In European countries, these laws are significantly different.

In Kazakhstan, trade regulation and internal trade rules are changing, which is of great importance and is directly related to our activities. It is critical for us to know about the changes in advance in order to adapt. Otherwise, there may be barriers to do business.”

Mikhail Bazanov
Mars Kazakhstan

“With a decrease in living standards in the country, the state starts to protect certain customers and clients more. On the one hand, this is bad for open commerce, but the state is obliged to protect its resources, we fully support this. It is better to award a contract to a local factory, even to our competitors, than leave 200 people unemployed.”

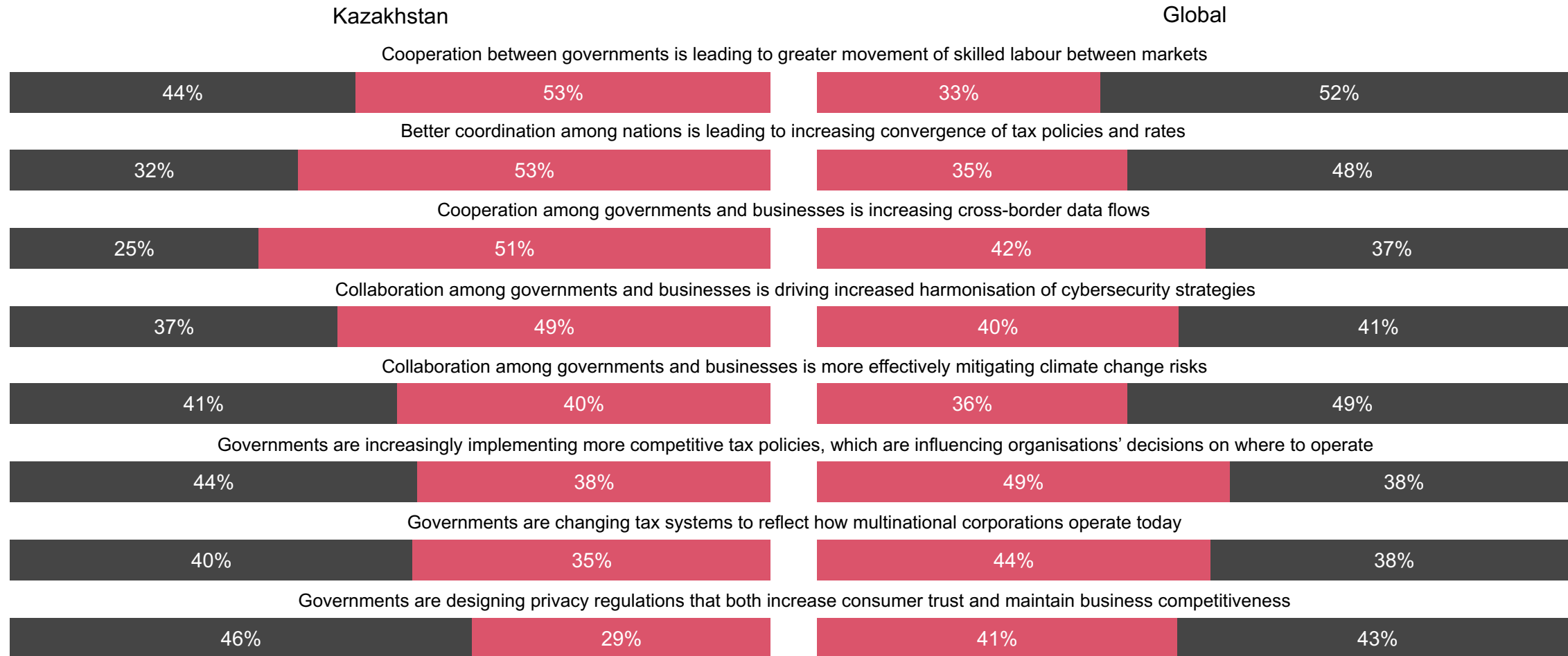
Ilya Martinenko
Avrora Holding

THEME

Changes in international policies



■ Yes ■ No



THEME

Changes in international policies

“Better coordination between countries results in increased convergence of tax policies and tariffs. First of all, this concerns countries united in the EEU. All legislative and tax regulations are synchronized, integration takes place and similar standards are introduced. Due to this, in 2016, we entered the Kyrgyz market. We have 4 stores there, the format is in demand and with further integration we forecast even greater potential for growth in this market. At the moment, there are rumours about policy changes in Uzbekistan; this is a fairly large and promising market in Central Asia. We think that the changes will lead to some form of integration, for example, participation in the EEU or partnership. This will allow us to enter that market. From a regulatory point of view, synchronization between countries has a positive effect. If we talk about employees, the participation of Kazakhstan and Russia in the EEU makes it possible for citizens of both countries to have equal rights to employment. This contributes to development, because with a shortage of skilled manpower we have to attract them from other countries.”

Dmitriy Provkina

Arena S (Sulpak)

“When we talk about improving coordination between countries, we mean countries of the Customs Union. Regarding other countries, I cannot see a noticeable improvement. Our company mainly interacts with Russia. Today, skilled employees are moving in the global labour market, but, in my opinion, this is not a matter of cooperation between governments. Skilled employees leave Kazakhstan only because they are more in demand in other countries and their work is better paid there. On the other hand, the number of employees from Ukraine has noticeably increased in Kazakhstan over the past two or three years, but this again did not happen as a result of cooperation between governments, but because they are more competent in digital technologies.”

Molder Ryssaliyeva

Lamoda

“Better coordination between countries results in changes in tax policies and higher tariffs. The world economy has changed dramatically over the past 10-15 years, at that time the use of offshore companies was considered a norm – now it does not make sense. Today, tax authorities exchange electronic data.

I do not agree with the fact that governments are developing privacy standards that increase consumer confidence and support the competitiveness of businesses. In my opinion, privacy standards are becoming obsolete. I also cannot agree with the fact that governments are committed to developing a cybersecurity strategy. Business is interested in it, the government has its own interests and risks, but there is no active cooperation in this area.

I agree that governments are increasingly introducing more competitive tax structures that affect the companies' decisions on how to conduct their activities. This is not typical for Kazakhstan, but in many countries loyal to business, for example, in Switzerland, Luxembourg, it is possible to agree with the authorities of the region on reducing the tax rate. The size of the mineral extraction tax rate makes it possible or impossible to engage in one or another type of business. Fiscal incentives affect the development of the economy. Many countries create favourable tax conditions in order to lure foreign companies into their residency.”

Marat Seitkulov

Caravan Resources

“I agree that cooperation between governments leads to a more active movement of skilled employees in the labour markets. But this is not good for Kazakhstan, because talented people leave the country.”

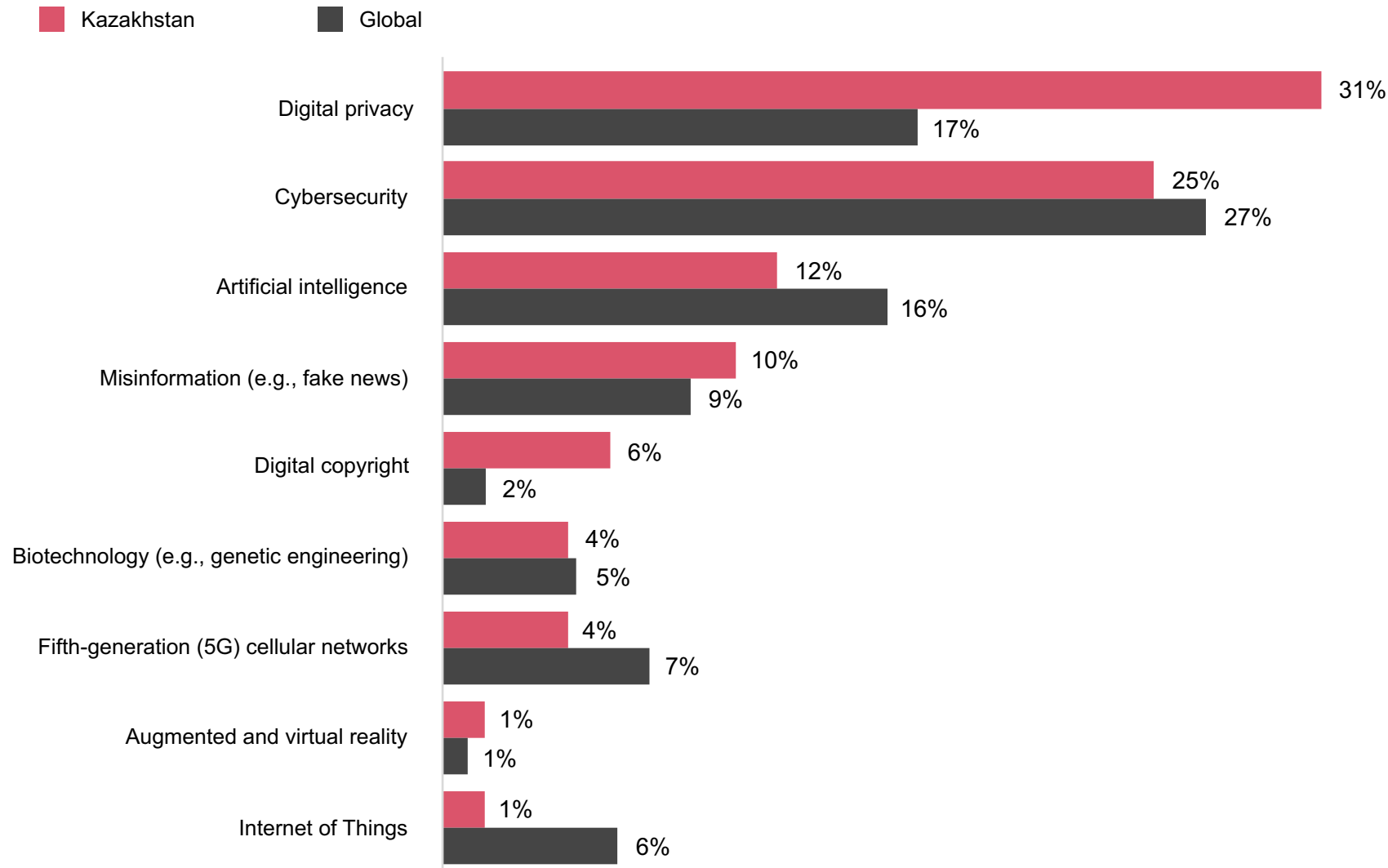
Evgeny Pitolin

Kaspersky Lab



THEME

The most important emerging technology areas for collaboration between business and government in order to build trust in society



“In my opinion, the interaction of the state and business in the field of new technologies is critically important. Business generates new ideas, and the state provides support, stimulating the further use of innovations. Some day, the role of state bodies was reduced to investing in fundamental science. Nowadays, the role of the state is more significant – its intensive support accelerates the development and implementation of many new products in various industries. Actually, the state provides opportunities for business by acting as a customer of new technologies, financing innovative projects, developing infrastructure, attracting international experience, and forming an appropriate culture and education.”

Emil Ashuraliev
GEFCO Kazakhstan

“It is artificial intelligence and biotechnology that will ensure economic growth in the next 100 or even 200 years, although there are many pitfalls and security issues in their use. It is required to maintain a balance, on the one hand – let them develop, on the other – put flags that do not need to go beyond. The government should regulate this process by law. With regard to data security, the big problem is that there is no confidentiality, there are more leakages due to the fact that people are converting their lives into digital format. Crimes in this area exist and it is not easy to fight with them.”

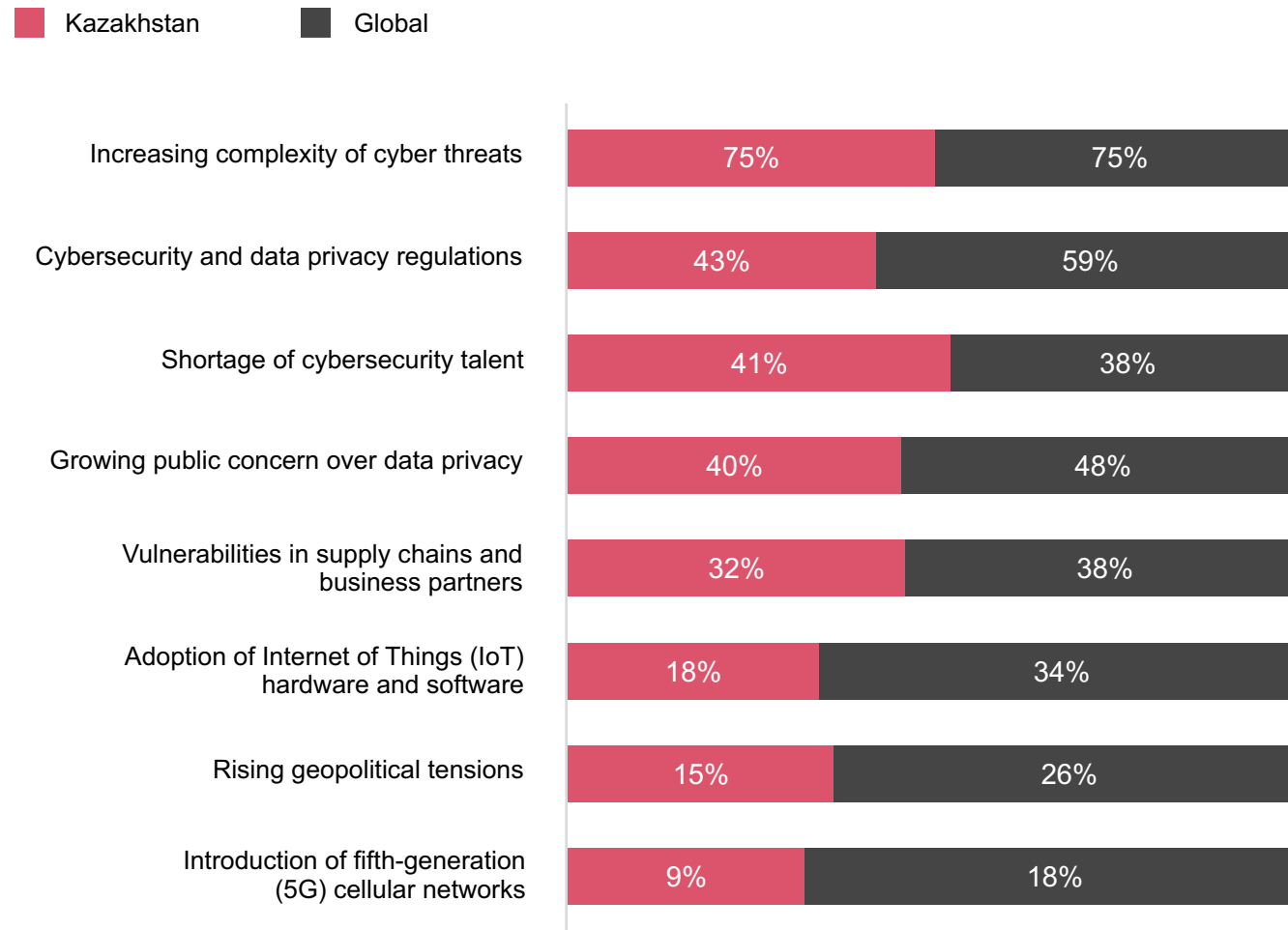
Marat Seitkulov
Caravan Resources

“Fifth generation mobile communications, the IoT and cryptocurrencies are the tools. The question is how much these technical solutions will aid citizens, business and government, and not vice versa. Everything related to the legal guarantees and ethical standards that are the basis should be in the foreground. These may include: cybersecurity, data confidentiality, copyright protection and misinformation. Everything else is a consequence.”

Konstantin Kulinich
Mary Kay Kazakhstan

THEME

Key factors affecting the development of cybersecurity strate



“The implementation of the Internet of Things for hardware and software is very influential, because nowadays DDoS attacks are launched not by people, but by things – refrigerators, televisions connected to the Internet and having an operating system. These systems are vulnerable, do not have an antivirus, so they generate problems that are growing every day.”

Nikolay Babeshkin
Kolesa Group

“The Internet of Things is penetrating the industry, and industry standards are not particularly suited to cybersecurity. We are horrified that almost any hacker can hack into a system if it is not properly protected.”

Maksim Ageev
Schneider Electric

“The lack of talented staff in the field of cybersecurity and a growing complexity of cyber threats are relevant for us. We use the Internet of Things in production, many processes are tied to IoT, but these are local networks, they do not have an external outlet until this leads to problems in the field of cybersecurity.”

Marat Seitkulov
Caravan Resources

“Incidents at the level of hooliganism occur on a permanent basis. There are always first-time programmers in any country who want to try their hand, but they do not understand the liability. The second point depends on the degree of our regulation, on whether we are ready to accept risky transactions or not. In those online services where the product is virtual and may be obtained instantly, for example, travel or selling tickets to events, the fraud risk is very high and the attackers have a financial interest.”

Alexey Lee
Arbuz.kz

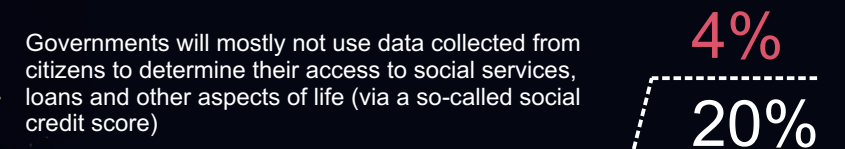
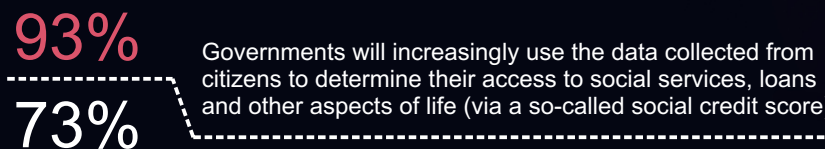
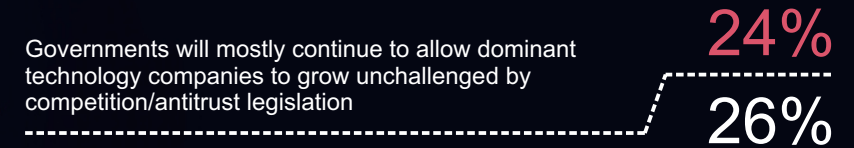
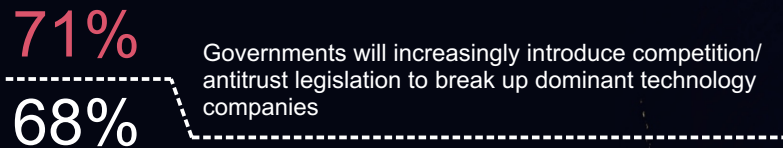
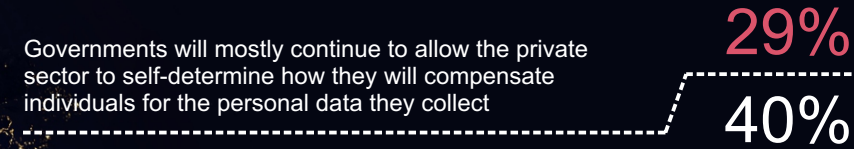
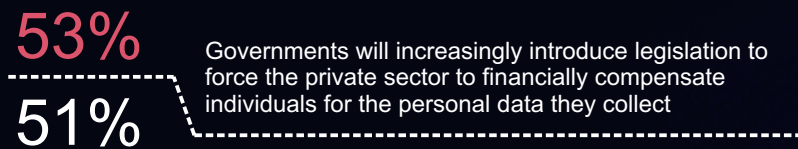
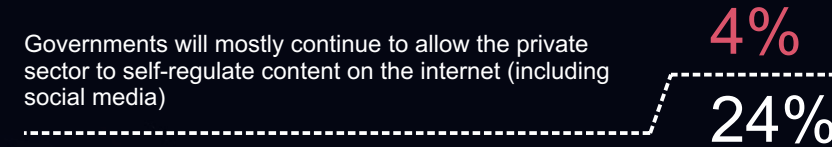
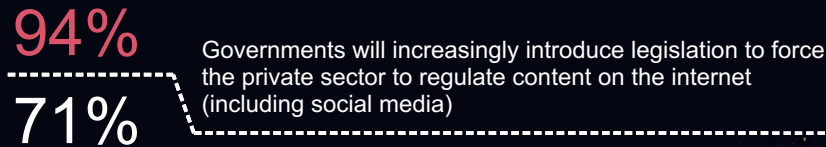
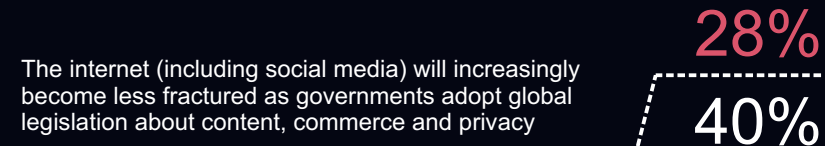
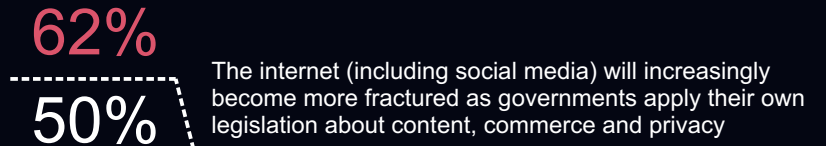
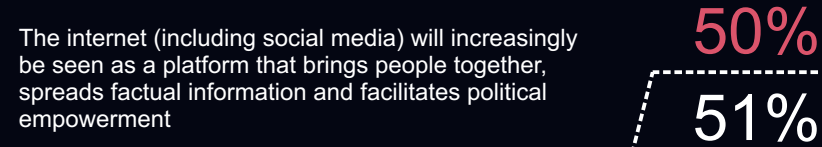
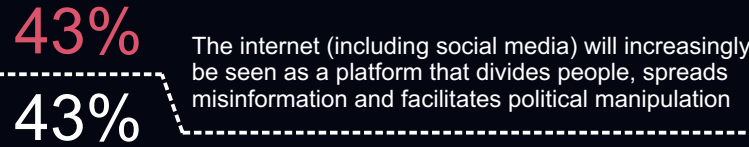
“There is always a chance that a cyber threat will appear that you are not ready for. A lot in this matter depends on the state. The thing is the medium term, then it will be clear how the situation on the market will develop. Our company often encounters hacking attempts; we are prepared for the fact that the threat may come from relatively new sources, such as a “smart” vacuum cleaner or refrigerator. Let us see what will happen next.”

Molder Ryssaliyeva
Lamoda

THEME

Future assumptions that more likely to occur

A significant number of respondents, both on a global scale (94%) and Kazakhstan (71%) believe that the governments of the countries will introduce new laws to regulate content on the Internet and social media.



% - Kazakhstan % - Global



THEME

Future assumptions that more likely to occur

“I think that governments will be increasingly using the information gathered about citizens and use it to their advantage. Should the motivation for using data not be transparent and the skills of people working with information and making decisions not be high enough, then the consequences for people will be bad.”

Mikhail Lomtadze
Kaspi.kz

“I am optimistic and hope that in the long run, governments will refrain from using the collected information about citizens to determine their access to social services, loans and other aspects of life, otherwise this will lead to segregation – a decrease in diversity, and subsequently, instability of the system as a whole. This is very bad in the long run.”

Serik Tolukpayev
Aitas Group, UKPF

“Draft laws regulating the Internet space are already coming into force, because the Internet has become a too serious business that affects people’s lives. There are pros and cons here. Among the pros – people have learned to understand the situation, ask the right questions. Among the cons – the abuse of the Internet, terrorist threats, etc. I think that a certain period will pass, this sphere will be regulated and everything will become more clear and safer.”

Nikolay Babeshkin
Kolesa Group

“It is impossible to unequivocally answer the question of whether the Internet will divide or unite people. The Internet changes the nature of interaction; in some ways, it divides people – disinformation is spread more easily, there is less live communication, and political manipulation appears. At the same time, there is political empowerment. The ideas that once were

limited at the kitchen discussion level, are instantly distributed on the Internet and find wide support among a certain audience. Both options will work by 2022. The Internet has changed the nature of interaction – both populist and sound ideas can quickly find supporters.”

Alexey Lee
Arbuz.kz

“The Internet and social media are tools that can both unite and separate people, depending on the way people use them. The versatility of opinions makes it possible to work not with a single source of information, but with a thousand news channels, with the data obtained from eyewitnesses, all these channels work. We have the laws governing the mass media, there are no less opportunities to regulate social media. Standards of behaviour in life and in the virtual world should be the same, if a person cannot be insulted on the street, then this cannot be done in social media as well. Governments will be increasingly creating competition or adopting antitrust laws to destroy dominant technology companies. There really are problems in this area, and if dominant companies begin to abuse their position, they will be applied sanctions. We could see this on the example of Microsoft, when the company installed Internet Explorer in the basic Windows package, and we can see Yandex as an example. In technology sectors, the concentration of a large market share in the hands of individual players is more likely a rule than an exception.”

Marat Seitkulov
Caravan Resources

“Governments will be increasingly creating competition and adopting antitrust laws to destroy dominant technology companies. Moreover, such an approach is

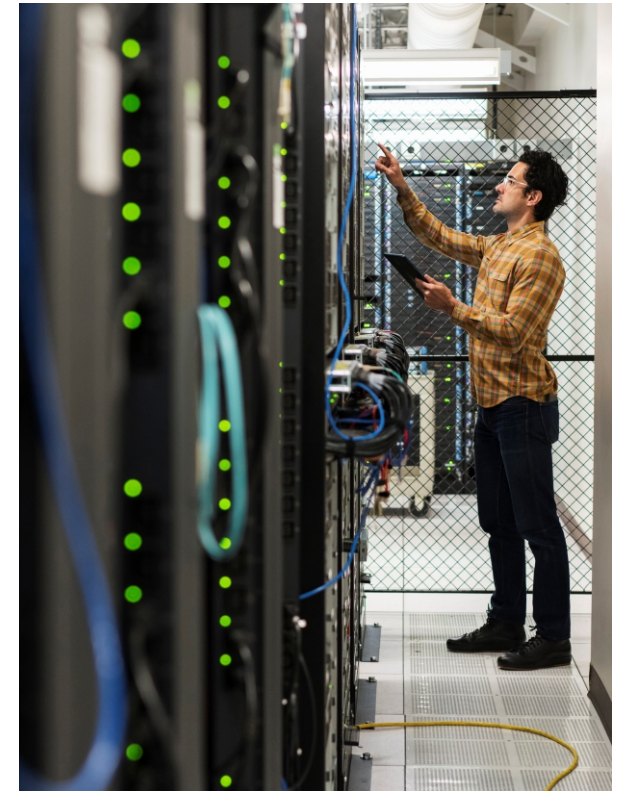
required. Otherwise, we will come to the conclusion that there will be a single company in the world that will absorb all the others.”

Ramil Mukhoryapov
Chocofamily Holding

“The Internet is a tool. Each scenario is possible. The first, wherein the Internet will divide people: if the domain owner will use it in order to provide political manipulation. The second scenario, wherein the Internet will unite – if people are purposefully trained for the search for information and its analysis. And, if legislative support is ensured so as to make sure search services provide objective results. For example, if you type into Google search a query about the shape of the earth, you will get a million links that it is flat. Certainly, you will not believe it, since you were taught a different thing at school. But your children will start doubting, and the grandchildren will believe that this is a reality. This is hardly possible to verify, they will not fly into space, and Google said it was flat. These scenarios will depend on ethics and legislative regulation. I am more optimistic, I would like to think that the Internet will be used for the benefit of people, although there are already alarming signals. The capitalist model inevitably results in monopolization. There is a natural selection of companies. In the course of competition, they mainly operate on profit, that is, there is a decline in prices and margins. Those who do not withstand falling profits go bankrupt or are merged. The process of monopolization in all sectors is inevitable. There are two potential scenarios. The first is if the government begins to regulate “swollen” corporations, but this is no longer the capitalist model. When a monopoly arises, the state can intervene at a certain point, and I conditionally call it socialism. The second scenario is the victory of corporations when the state starts out to serve their interests. Currently it is difficult to predict

the direction of movement in 2022 and further. But I consider both scenarios negative for most citizens, so at the moment the main efforts should be focused on finding an alternative path that will allow capitalism to transform into something more modern, adequate to the needs and goals of people not of the 18th century, but of the 21st century.”

Konstantin Kulinich
Mary Kay Kazakhstan



THEME

Actions regarding personal digital behaviour

65% 55%

I have not taken any action

29% 26%

I have deleted some or all of my social media accounts

10% 23%

I have stopped using virtual personal assistants (e.g., Amazon Alexa, Apple Siri, Google Assistant)

6% 13%

I have requested a company to provide or delete the data it has collected about me

% - Kazakhstan % - Global

“I deleted several of my pages on social media and asked the company to delete all the information collected about me. Today it’s enough to know a person’s phone number to see how he/she is recorded in the contacts of other people via GetContact and, thus, one can access a very personal information about the person, which he/she probably would not want to share with strangers. On the pages on social networks on geolocation, it is possible to track which countries a person has visited the last month, and it is not so comfortable to understand that you are constantly being supervised. I do not know how reliable this is, but I have blocked access to geolocation in applications for almost everyone.”

Ramil Mukhoryapov
Chocofamily Holding

“From time to time I exit my accounts on social media. I regard a smartphone as a modern TV; in some ways, it’s worse than TV, because it is always with you. There should be self-discipline: no one will watch TV all day long, but this does not work in regard to a smartphone. There is less temptation when you log out, especially if you delete Instagram from your phone. But the specifics of the work requires you to be online all the time, so for me, as a rule, such a measure does not work for more than a few days.”

Alexey Lee
Arbuz.kz

“Lately, there has been a trend in the world that users are trying to spread information on social networks regarding their work and personal life in a limited manner. In my opinion, the level of penetration of this trend globally depends on the society’s maturity level. In our segment of the Internet, the social media are only gaining popularity, in our society most people, especially the youth, do not really think about data confidentiality. On the other hand, this makes it possible to use social media as a source of additional information about a person, for example, when recruiting, and allows to have a more complete knowledge of a person.”

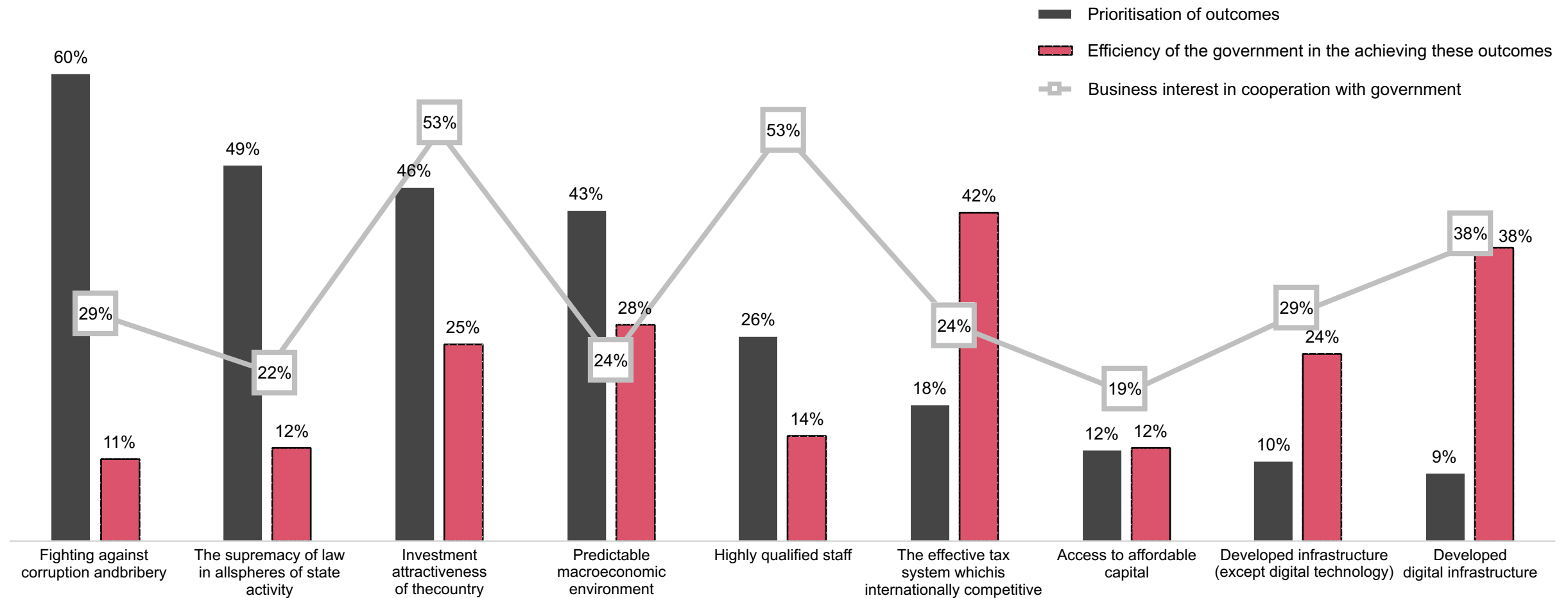
Azamat Osmanov
Magnum Cash & Carry

Cooperation with the Government

THEME

Priority areas for Kazakhstan government focus

Assessment of the government's effectiveness and interest in collaborating with the state



THEME

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

"I would like to highlight free access to the Internet. This is still relevant for Kazakhstan in the 20s of the XXI century. We still have monopolization in the telecommunications sector. There are leaders who control the Kazakhstan citizens' access to the Internet; this access to the global network is very easy to manage. It is necessary to remove monopoly barriers and enable a number of telecommunication companies to work in the Internet sphere. This is the most important thing that is required for cooperation between the government and business."

Armanzhan Baitassov
Tan Media Group

"The supremacy of law in all areas of the state's activity would close such things as the fight against corruption and bribery, the country's investment attractiveness, and predictability of the macroeconomic environment. This is a very important thing beyond the system. Developed infrastructure and access to affordable capital would also be helpful."

Serik Tolukpayev
Aitas Group, UKPF

"The access to capital is a problem at the moment. In general, the development of any business requires inexpensive money. About 8 years ago we tried to work with banks, but this is quite difficult. Even if a commercial company has a good turnover, it was hard to get a loan, and if we succeeded to get it, the rates were high – 16-18% per annum. On average, business has a profitability of 5-7%. For comparison, the rates are about 3-5% in Europe. The situation in Kazakhstan in this regard does not facilitate business development.

We are interested in cooperation to improve the investment attractiveness of the country. According to statistics, there is a shortage of pools per capita in Kazakhstan. It is necessary to build about 50 Olympic

swimming pools. Our company is reviewing options for implementing such projects jointly with the state, for example, under the PPP programme. But, there are always investment risks in these projects. Until the state solves the problem of the supremacy of law, investment attractiveness will not be at an adequate level."

Mikhail Borisov
Fluidra Kazakhstan

"I think the first priority should be investment attractiveness of the country because on the other side there is Uzbekistan which is quite interesting nowadays. The second is access to affordable capital because there is a weakness of the currency, it affects foreign investors. The third one is a highly qualified staff."

Thibault Dumortier
Jambyl Cement

"The basic infrastructure includes not only the utilities, transport and logistics, but the Internet, telecommunications services as well; the infrastructure related to legalization of business consists of online cash desks, electronic invoices. They do not work well, although they were introduced at the request of the state and the state created this infrastructure. The pandemic has exposed this problem."

Raimbek Batalov
Raimbek Group

"I have been living in Kazakhstan for about a year and can see differences as compared to Russia. Recognition of the fact of corruption itself and its declaration at the state level is a big step. I liked the information billboards placed on the streets, ads in hospitals with hotline phones. This is a positive signal. The laws also aimed to reduce corruption are being adopted at the state level. One of the latter ones states that ministers are responsible for subordinates



convicted of corruption. Perhaps, Kazakhstan will follow the path of Singapore and completely eradicate corruption.

The digitalization level in Kazakhstan's healthcare is simply unprecedented today, starting with an electronic passport of a citizen and a health passport. All electronic patient registers and the entire turnover of medicines that are purchased at the expense of the state are digitized. Introduction of the CSHI (Compulsory Social Health Insurance) is possible only in case the entire health care system exists on a single digital-platform. The digital infrastructure in Kazakhstan makes it possible to do a lot to ensure the availability of medicines and reduce the burden of treatment costs. We just have to discuss these initiatives and take actions."

Vitaly Bystryukov
Sanofi Kazakhstan

"Kazakhstan is one of the countries wherein it is quite simple to open a business, but as soon as the business grows to a certain size, it comes into the view of the tax authorities. In my opinion, it is high time to make the tax code more transparent and specific, by excluding the possibility of interpreting it in a way that is convenient for tax authorities."

Molder Ryssaliyeva
Lamoda

THEME

Priority areas for Kazakhstan government focus

Assessment of the government's effectiveness and interest in collaborating with the state

“Our company is ready to cooperate with the state in the field of mitigating the climate change risks, and we are already creating a foundation for this purpose. A committee of the green economy is being established under the akimat of Almaty, and we hope that its operation will be effective. We, business representatives, act as volunteers, form a foundation at our own expense in order to provide support for those aspects in the funding of which one can see some gaps. This work is for the long term – even if you actively work on it, it will take from 3 to 8 years for visible results. Extra efforts should be made, otherwise the situation will worsen. A business can cope with any task, but it needs clear rules of the game, the infrastructure that the state can provide. Favourable ecology is a condition under which people would want to invest in the development of the city, country, would want to come here.”

Alexey Lee

Arbuz.kz

“We are ready to cooperate in the matters of technical regulation, for example, in establishing standards in the pet food industry. Currently, the EEU technical regulations for feed are being developed in Kazakhstan. We are ready to assist in the completion of development of a part regarding cats and dogs. We are also willing to participate in work on changes in the regulation of trading activities.”

Mikhail Bazanov

Mars Kazakhstan

“We are willing to cooperate with the state regarding the upskilling of employees, and we are also ready to share experience, take part in working groups on the development of digital infrastructure. Our company is actively involved in the activities of industry bodies, such as the Digital Kazakhstan Association and Atameken. Recently there have been changes regarding non-taxable parcels from abroad, and the tax has been reduced to 200 Euro. We supported this initiative, as this will limit the channel of poor-quality equipment.”

Dmitriy Provkina

Arena S (Sulpak)

“Our company is cooperating with the state in mitigating climate change risks. Our team has been involved in the development of industrial emissions standards. One of the most topical issues is the monitoring and control of sanitary zones around industrial enterprises; little attention is paid to it. It is required to modernize these enterprises, control and monitor emissions in real time, work with making forecasts, work with environmental committees – all this should be transparent and effective. For example, environmental laws are complied with in Australia. On a windy day, when ore is mined in a mine and the wind is directed towards the city, which contributes to the spread of dust, ore mining is prohibited. In fact, not only industrial zones need monitoring, for example, in Almaty the environmental background is not deemed to be the most favourable and it is necessary to determine the sources of pollution. Here we are actively involved in the struggle, creating a network of environmental air monitoring in the city today.”

Erik Shortanbayev

Skymax Technologies

“I would like more efficiency in the work related to the training of highly skilled staff able to adapt quickly. If more people were trained for developers in our country, this would solve a number of problems. They would become mobile, be in demand in the global market and well-paid. Most importantly, with these skills, a person is able to create services and products of the future. Data analysis, cybersecurity are in demand areas, they should be focused on. Nowadays, our universities do not even train specialists in Internet marketing – despite the fact that currently the entire audience is on the Internet.

We are interested in cooperation in creating an effective tax system that is internationally competitive. We are planning to enter the non-cash market and can see that small entrepreneurs do not want to pay taxes, because this is a shrewd loss for them. We would like to help develop a joint policy to attract small businesses to the non-cash market, to do this gently, progressively. Over the next 3-5 years, the state may not receive a lot of profit, but then those who evaded will start paying taxes.”

Ramil Mukhoryapov

Chocofamily Holding



Best in 2019

Traditionally, adaptability and strategic vision have become the main qualities that a CEO must have to succeed in a modern business environment. This year, the leader's ability to develop and lead a team has been included in the top three qualities for the first time. Respondents noted the importance of creating the conditions for the sharing experience between employees within a company, which strengthens team spirit and business efficiency.

"The most important thing is to understand what a client needs and create products that change his/her life for the better. It is necessary to clearly understand what value you provide to an ultimate consumer, and what your competitive advantages are."

Mikhail Lomtadze
Kaspi.kz

"There should be the ability to adapt to changing market conditions and game rules. You need to be able to change yourself, admit your mistakes and move on."

Marat Seitkulov
Caravan Resources

"The will, the ability to make decisions both by oneself and using the collective mind of the team. Modern business is subject to abrupt market changes both due to technological changes, and on the part of other aspects – talent migration and others. A chief executive officer needs to be ready to make quick changes and sometimes very difficult decisions."

Alexey Lee
Arbuz.kz

"Be decisive to changes and open to innovation."

Mikhail Gribov
Siemens Healthineers

"The CEO must love his job, understand his goals and believe in his team!"

Farrukh Makhmudov
Orbis Kazakhstan

"Flexibility, adaptability, understanding of industry trends, the ability to anticipate events and development of the situation."

Molder Ryssaliyeva
Lamoda

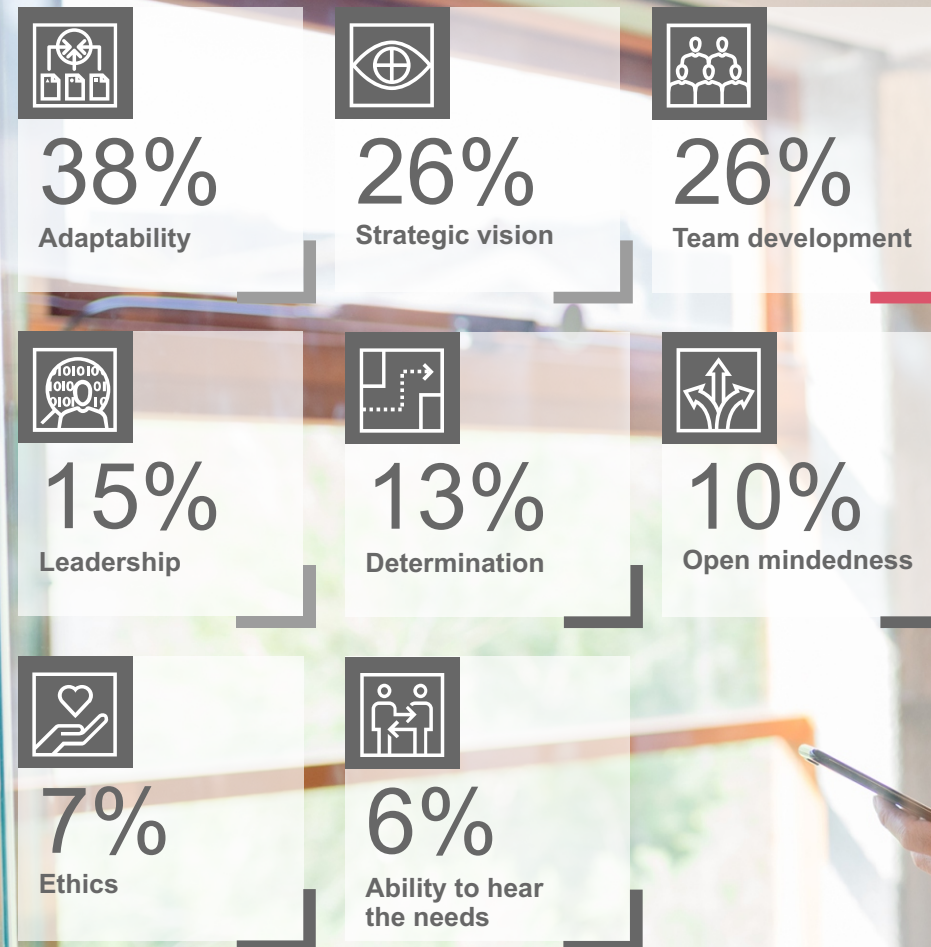
"The ability to work with people, manage employees in an effective way, listen to and understand the needs of consumers and clients."

Mikhail Bazanov
Mars Kazakhstan

According to the results of this year's survey, Mikhail Lomtadze again became the best CEO of private business in Kazakhstan. Respondents called the Manager of kaspi.kz a leader in the use of advanced technologies in Kazakhstan, and his qualities such as adaptability, strategic vision and customer focus were also noted.

THEME

Skills in demand by Kazakhstan's business leaders



THEME

Skills in demand by Kazakhstan's business leaders

"You cannot become a strong leader based on just a single quality. A CEO should have a high sense of responsibility towards him/herself, a company, the state, and staff members. He/she must be honest, decent and educated.

In the modern business environment, his/her ability to speak publicly, be active in the media field is of great significance (for this it is not necessary to open accounts in social media). Today, business personification works for the benefit of a company and a leader must understand that he/she needs to be open, directly answer questions, and be able to adequately communicate with the audience."

Armanzhan Baitassov
Tan Media Group

"I believe that a leader should be a good strategist. He/she must be honest, decent and keep his/her promises."

Erik Shortanbayev
Skymax Technologies

"New technologies and a lightning change in the market situation can turn even the most deliberate plans upside down. Therefore, speed and quick decision making play a critical role among top managers in today's business environment. Mental speed, determination, ability to take responsibility – all this comes to the fore. The secret of successful work also lies in a close-knit team of like-minded people, inspired, charged with energy and positive emotions. Therefore, the activities of a successful leader should be aimed at constant investment in their staff members, maintaining the corporate spirit in the team, understanding that a person is the main resource of the company."

Nina Bychenko
HeadHunter

"The most important thing is to be emotionally balanced, since in our time such a thing as making linear decisions has ceased to exist. Any decision is reflected globally on all structures of a company, unfortunately, this is a feature of modern business. Nowadays, a lot more actions are integrated in each employee than it used to be before."

Valikhan Ten
World Class Almaty

"I believe that this person should be a strong leader, be able to create and develop a team."

Mikhail Balytchev
Epiroc

"Success of the business depends on leadership. It is important to transform the way of doing business with the effect of digitalization. CEOs should have the following features to succeed in the modern business environment: be success focused; have learning agility; analysis ability; relationship management."

Aytug Can
Ramstore

"The ability to respond quickly in a changing environment and the ability to predict the sequence of events, think strategically."

Azamat Osmanov
Magnum Cash & Carry

"Effective management, when the processes and the system are in effect and are not dependent on a specific person."

Dmitriy Provkin
Arena S (Sulpak)

"I think this is competence. Often you can meet an incompetent leader at any level, and this is a problem for the business.

Another important quality is singleness of purpose. Always go to the intended goal, despite everything, even if you want to give up. But the CEO must be a locomotive, lead a team and the whole business."

Mikhail Borisov
Fluidra Kazakhstan

"Basic virtues that cannot be assigned to a company:

- Clearly see the goal, clearly communicate it to your team, hear feedback.
- Inclemency – on the one hand, and flexibility – on the other hand.
- Humanity, because people work with you. Those who do not share your point of view and increased energy in achieving the goal are worthy of attention and adjustments to your behaviour as a leader.
- Improving competency is a crucial thing to have authority.
- Another important point is honesty. Each person has a built-in lie detector."

Dmitry Zabello
VTB Bank Kazakhstan

"The presence of leadership skills and the ability to lead a team are the main skills for a chief executive. Today's business environment also requires flexibility and foresight."

Askar Baitassov
ABR

"Leadership these days is associated with the concept of sustainability. In the world full of uncertainties, the qualities that shape the ability to withstand turbulent environmental conditions, proactively generate scenarios for further development and carry the team into this journey, form a robust

foundation of a leader."

Alexandra Bekisheva
Engineering Company "Kazgipronefttrans"

"Listening is a very important quality for the CEO. Additionally it is necessary to develop and invest in people who are working with you."

Thibault Dumortier
Jambyl Cement

"The head of the company must be stress-resistant, able to respond quickly to changes, but at the same time go deep into the problem. There should be a delicate balance."

Raimbek Batalov
Raimbek Group

"A CEO should be ideological, not think about profit and loss only. And ethics and moral values will come in the first place among the leaders of the future. The current crisis is largely due to the fact that technology has again gone far ahead, and ethics has remained at the level of a period of wild capitalism. Such a system becomes unstable and begins to generate crises in all areas. The chief executives of the future should strengthen their ethics and thus subordinate technology to suit the needs of society."

Konstantin Kulinich
Mary Kay Kazakhstan

"The CEO of the future should possess such metaphysical values as love, wisdom and will. These three concepts should cause the business strategies of the future. The world is moving towards this; it will no longer be the same."

Serik Tolukpayev
Aitas Group, UKPF



Meet the CEOs



Alexandra Bekisheva
Engineering Company
"Kazgipronefttrans"



Alexey Lee
Arbuz.kz



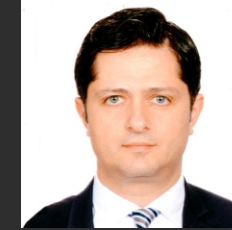
Andrey Kurilin
Citibank Kazakhstan



Armanzhan Baitassov
Tan Media Group



Askar Baitassov
ABR



Aytug Can
Ramstore



Azamat Osmanov
Magnum Cash & Carry



Dmitry Provkin
Arena S (Sulpak)



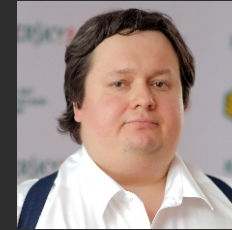
Dmitry Zabelo
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Emil Ashuraliev
GEFCO Kazakhstan



Erik Shortanbayev
Skymax Technologies



Evgeny Pitolin
Kaspersky Lab



Farrukh Makhmudov
Orbis Kazakhstan



Gerard Fries
KATCO



Ilya Martinenko
Avrora Holding



Kairat Mazhibayev
Resmi Group



Konstantin Kulinich
Mary Kay Kazakhstan



Maksim Ageev
Schneider Electric



Marat Seitkulov
Caravan Resources



Mikhail Balytchev
Epiroc



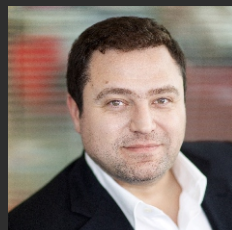
Mikhail Bazanov
Mars Kazakhstan



Mikhail Borisov
Fluidra Kazakhstan



Mikhail Gribov
Siemens Healthineers



Mikhail Lomtadze
Kaspi.kz



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Lamoda



Nikolay Babeshkin
Kolesa Group



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Serik Tolukpayev
Aitas Group, UKPF



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Jambyl Cement



Valikhan Ten
World Class Almaty



Vitaly Bystryukov
Sanofi Kazakhstan



An aerial photograph of a red high-speed train traveling on a set of tracks through a dense forest of evergreen trees. The train is positioned horizontally across the middle of the frame, moving from left to right. The tracks are flanked by gravel, and the surrounding area is filled with lush green trees.

Research Methodology

About 68 chief executive officers of private business took part in the Kazakhstani survey, more than half of the CEOs surveyed gave us complete and detailed interviews. In order to get the most complete picture for the country, we have invited chief executive officers from various industries: metallurgy, finance, energy, telecommunications, automotive, consumer goods, construction materials, transportation and logistics, information technology, hotel and restaurant business, retail, fitness industry and pharmaceuticals. The CEOs were offered to answer questions regarding the prospects for the development of the global economy, changes in business practices, trends in its development, talent pool and technologies. The pool participants were also offered to express their views on the state's priorities, the investment environment and geopolitical events that affected Kazakhstan and their business, in particular. The interviews in Kazakhstan were conducted over the period from October 2019 to May 2020. All quotes of the Kazakhstani CEO given in this survey were previously agreed with the respondents. All personal interviews and questionnaires completed in soft copy, where the quantitative indicators had been provided, were conducted under the terms of confidentiality. Note: Not all figures given in the survey totally amount to 100% as a result of rounding off the percentages and excluding the following answers: "I can't say definitely", "I don't know", "Refuse to answer".

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