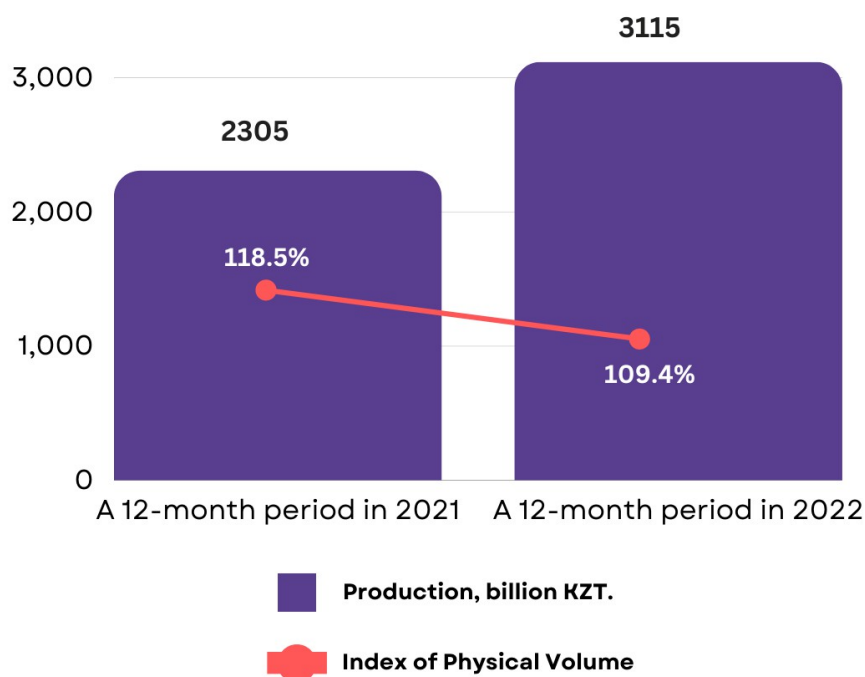


The development of mechanical engineering in 2022.

Based on the results of January-December 2022, the engineering industry's volume of production amounted to 3,114.9 billion tenge, showing an increase of 35.1%, and its FFI amounted to 109.4% (Figure 1)

Figure 1 - The volume of production and IPV of mechanical engineering for January-December

A comparison of January-December 2022 to January-December 2021 in billions of tenge and percent



Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

A significant increase of 61.1% in January-December 2022 was reported in the automotive sector compared to the same period in 2021, with passenger car production increasing from 80.6 thousand units to 103.3 thousand units; vehicles that transport ten or more people increased from 1092 units to 1358 units, etc.

Mining machinery production increased by 37.1%, primarily due to the increase in mining machines - from 21 to 32 units; lifting and transport equipment - from 1041 to 1275 pieces.

A 24.8% increase was recorded in agricultural and forestry machinery, "other new tractors for agriculture and forestry with engines of not more than 37kW" from 114 to 148 pieces, "Mechanical devices for spreading or spraying liquids or powders in agriculture or horticulture" from 4.218 to 5.274, etc..;

In the electrical engineering sector, output increased by 21.8%, from 441 to 1054 units of products "electric motors with a power not exceeding 37.5 W; other direct current electric motors; DC generators"; "other electronic and electrical wires and cables" - from 883,422.2 kilometers to 1,025,564.3 kilometers; "lamps and lighting devices" - from 761.3 thousand to 1,359.2 thousand;

As a result of increasing production of centrifugal pumps for pumping liquids, other pumps - from 12.4 thousand to 13.1 thousand units, and pressure reducing valves, from 9 tons to 34 tons, the oil and gas engineering sector increased by 6.1%.

In the railway engineering sector, volumes have decreased by -1%. Production of railway locomotives decreased from 86 to 75 units, and ball, roller bearings decreased from 23,738 tons to 22,180 tons.

Table 1 - Growth of production volumes by type of activity in monetary terms, in billions KZT

| Industry | 12 months 2021 | 12 months 2022 |
|------------------------------|----------------|----------------|
| Automotive industry | 769,5 | 1 229,9 |
| Electrotechnical engineering | 252,6 | 307,6 |
| Agricultural engineering | 167,3 | 208,7 |
| Railway engineering | 286,1 | 283,3 |
| Mining engineering | 26,1 | 35,8 |
| Oil and gas engineering | 68,5 | 72,6 |

Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

A leading position in terms of production volume in the engineering industry is occupied by the automotive sector - 39.4%, the main enterprises are Hyundai trans auto LLP, Kamaz-engineering JSC, DAEWOO BUS KAZAKHSTAN LLP, SaryarkaAvtoProm LLP;

Electrical engineering - 9.8%, main enterprises: Main exporting enterprises: Kainar-AKB LLP, Alageum Electric, Kazenergokabel LLP, etc.;

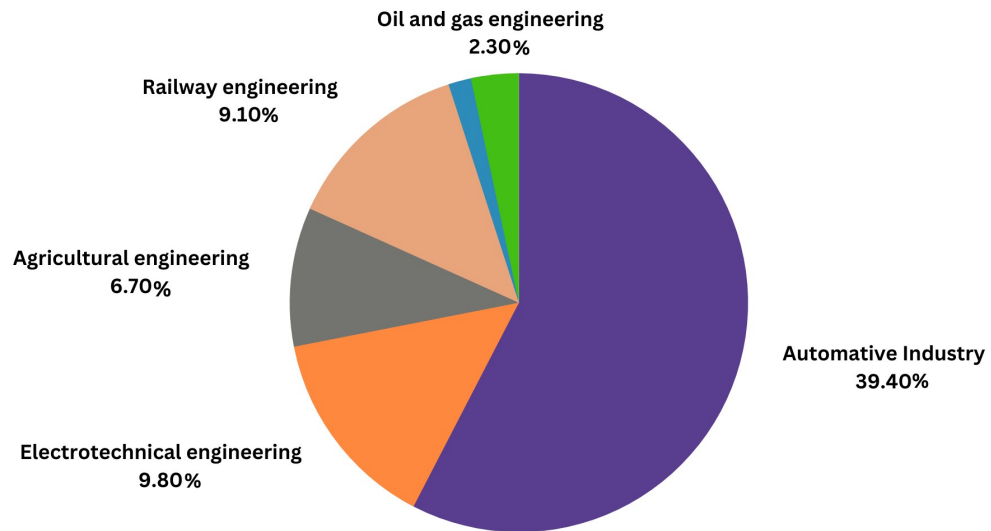
Railway engineering accounted for 9.1% of the overall economy. In this sector, the following companies produce locomotives, passenger cars, and freight cars: “Lokomotiv Kurastyru Zauyty” JSC, “Electric locomotive Kurastyru Zauyty” LLP, “Carriage Building Plant Tulpar” LLP, Kazakhstan “Carriage Building Company LLP”, “Prommashkomplekt” LLP, “Format Mach Company” LLP and others .

Agricultural engineering represents 6.7% of the total economy. The main enterprises of the sector are: JSC "Agromash Holding KZ", LLP "Kazakhstan Agro Innovative Corporation" /KAIK/, LLP "Kostanay Tractor Plant", LLP "Engineering Plant MTZ-Kazakhstan", EC "Kazrost Engineering ltd, “DAFA” LLP, etc.;

The oil and gas engineering sector accounts for 2.3% of all output. The sector is dominated by the following companies: - “Petropavlovsk Heavy Engineering Plant” JSC, “AtyrauNefteMash” LLP, “Munaimash” JSC, “Kaskor-Mashzavod” JSC, “Aktobe Pumping Equipment Plant” JSC and others;

Mining engineering - 1.1%, The main enterprises of the sector are “Maker” LLP, “Mashzavod” LLP, “Vostokmashzvod” LLP and others.

Figure 2 - Production volumes by types of economic activity in monetary terms, million. KZT, %



Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

A total of **USD 6,765 million** was generated domestically in 2022, despite the growth of domestic production. Domestic Manufactures Output's share of domestic production remains low at **13%**. Market demand is mainly met by imports

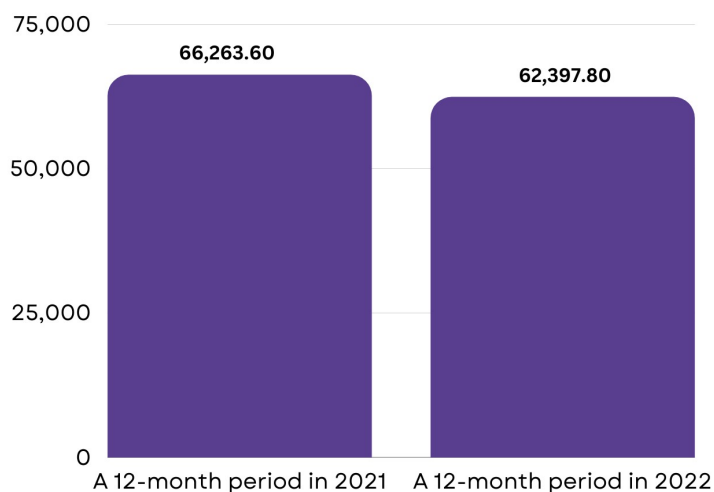
Table 2 - Main parameters of the market, USD million

| | Jan-December 2021 | Jan-December 2022 |
|---|-------------------|-------------------|
| Production | 5 410 | 6 765 |
| Import | 16 441 | 19 873 |
| Export | 1956.4 | 3758.5 |
| Consumption | 19 895.00 | 22 879.10 |
| Domestic Manufacturer's Share, % | 17% | 13% |

Source: Committee on Statistics of the Ministry of National Economy, Committee of State Revenues of the Ministry of Finance of the Republic of Kazakhstan

During January-December 2022, investments in fixed assets in the machine-building industry amounted to **62,397.8 million tenge**, down **5.8%** from 2021 (Figure 3).

Figure 3 - The volume of investments in fixed assets in the engineering industry for January-December 2022 compared to January-December 2021, million KZT



Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

A number of engineering sectors have experienced a decrease: investments in computers, electronics, and optical equipment decreased 5.8% (*from 678.4 million tenge to 667.3 million tenge*), cars and semi-trailers decreased 42.3% (*from 17 650.6 million tenge to 10,184.3 million tenge*), while other vehicles increased by 76.3% (*from 12,497.3 million tenge to 2,967.7 million tenge*).

It is noteworthy, however, that the electrical equipment manufacturing sector has seen an increase in fixed asset investments, reaching 19,852.6 million tenge, an increase of 79.3% compared to the same period in 2021 (*11,072.3 million tenge*). Also, in machinery and equipment that are not included in other groups, there has been an increase, resulting in a volume of investments of 16,805.3 million tenge, a 35.3% increase compared to the same period in 2021 (*12,423.1 million tenge*).