



KAZAKH INVEST

NATIONAL COMPANY

Investment Opportunities at the Heart of Eurasia

PROSPECTS FOR THE DEVELOPMENT
OF DEEP GRAIN PROCESSING IN KAZAKHSTAN

May 2024





Murat Nurtleu

Deputy Prime Minister -
Minister of Foreign Affairs
of the Republic of Kazakhstan

DEAR COLLEAGUES!

The Head of State has set an ambitious task to double the national economy by 2029. As part of this task, we aim to attract at least \$150 billion in foreign investment.

Our work guides the accelerated development of the manufacturing industry, considering Kazakhstan's competitive advantages. Soon, high-grade production clusters should appear in Kazakhstan.

We are introducing new approaches to targeting investors. One promising area is deep grain processing, where Kazakhstan has all the prerequisites to become a world leader. Deep grain processing makes it possible for products to be more than 20 times more expensive than raw materials. With an extensive resource base and an advantageous geographical location, we must realize the potential of this industry.

Our goal is to attract an investor with experience in grain processing, to transfer modern technologies to localize production in Kazakhstan.

We hope that our investment proposal will contribute to achieving our goals!

WHY IS IT NECESSARY TO DEVELOP DEEP GRAIN PROCESSING IN KAZAKHSTAN?



Kazakhstan is one of the leaders in wheat production in the world



The possibility of obtaining more than 200 types of wheat products



Products are over 20 times more expensive



Less than 3% of wheat grain is processed in Kazakhstan



By processing wheat, it is possible to obtain the same products as by processing corn, soybeans and even hydrocarbons



The price of wheat in Kazakhstan is one of the lowest in the world



According to preliminary calculations, the potential of the industry is more than \$ 10 billion



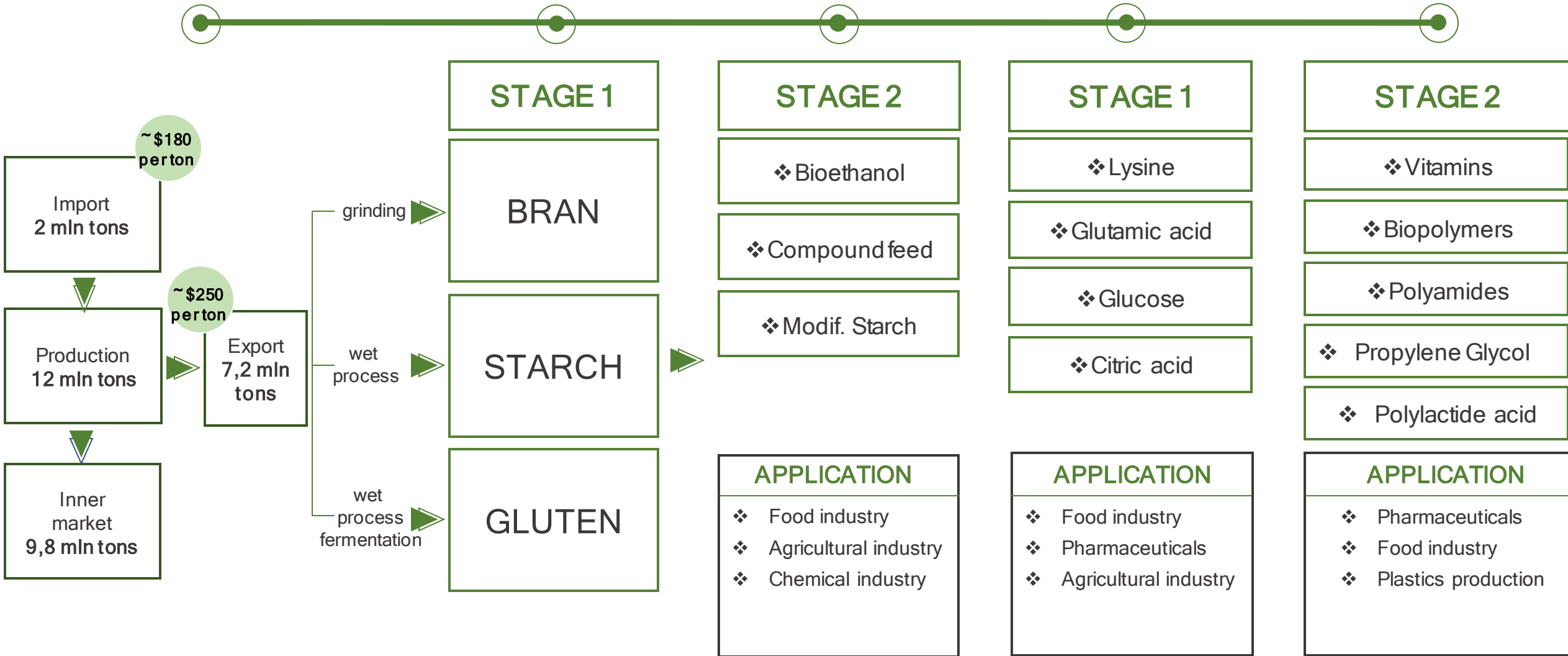
Government support

THE POTENTIAL OF DEEP GRAIN PROCESSING

RAW MATERIALS (wheat)

PRIMARY PROCESSING I

DEEP PROCESSING II



DUE TO GRAIN PROCESSING, IT IS POSSIBLE TO OBTAIN MORE THAN 200 DIFFERENT PRODUCTS

PRIMARY PROCESSING

PRODUCTS

SALES MARKETS

POTENTIAL

PRODUCTS

SALES MARKETS

POTENTIAL

BRAN

	EU	281\$/t
	Turkey	237\$/t
	China	306\$/t

\$0,7 bln

GLUTEN

	CIS	2490\$/t
	Turkey	1892\$/t
	EU	2088\$/t

\$0,1 bln

STARCH

	EU	741\$/t
	Turkey	543\$/t
	CIS	555\$/t

\$0,2 nlb

BIOETHANOL

	EU	\$1321/t
	Turkey	\$990/t

\$0,8 bln

COMPOUND
FEED

	CIS	\$1154/t
	GCC	\$990/t
	EU	\$989/t

\$1 bln

STARCH
(MODIF.)

	EU	\$1633/t
	CIS	\$1847/t
	GCC	\$1296/t
	Turkey	\$1219/t
	China	\$1005/t

\$0,9 bln

POTENTIAL: \$3,7 BLN

TAKING INTO ACCOUNT THE EXISTING PRIMARY PROCESSING CAPACITIES IN KAZAKHSTAN, IT IS POSSIBLE TO INCREASE EXPORT POTENTIAL OF PRODUCTS

DEEP PROCESSING

PRODUCTS SALES MARKETS POTENTIAL

LYSINE

EU
Turkey

\$1321/t
\$990/t

\$0,7 bln

GLUTAMIC ACID

CIS
GCC
EU

\$1154/t
\$990/t
\$989/t

\$0,2 bln

GLUCOSE

EU
GCC
CIS

\$698/t
\$818/t
\$743/t

\$0,8 bln

CITRIC ACID

EU
Turkey
CIS

\$2236/t
\$1900/t
\$1780/t

\$1 bln

PRODUCTS SALES MARKETS POTENTIAL

VITAMIN C

EU
Turkey

\$5370/t
\$4880/t

\$0,2 bln

POLYAMIDES

Turkey
GCC
EU

\$4386/t
\$7996/t
\$4086/t

\$2,2 bln

BIOPOLYMERS

EU
CIS
GCC

\$12784/t
\$6727/t
\$5927/t

\$0,5 bln

PROPYLENE
GLYCOL

EU
Turkey
GCC

\$2695/t
\$2571/t
\$2511/t

\$0,3 bln

POLYLACTIDE
ACID

EU
China
GCC

\$4174/t
\$3368/t
\$7081/t

\$0,2 bln

POTENTIAL: \$6,1 BLN

TAKING INTO ACCOUNT GLOBAL TRENDS AND THE AVAILABILITY OF RAW MATERIALS, KAZAKHSTAN NEEDS TO DEVELOP PRODUCTION OF PRODUCTS WITH HIGH ADDED VALUE

Source: International Trade Centre

Potential calculations: sales markets with a negative trade balance and positive import dynamics over the past 5 years and 1 year are taken

AN EXAMPLE OF ADDED VALUE GROWTH

1000

800

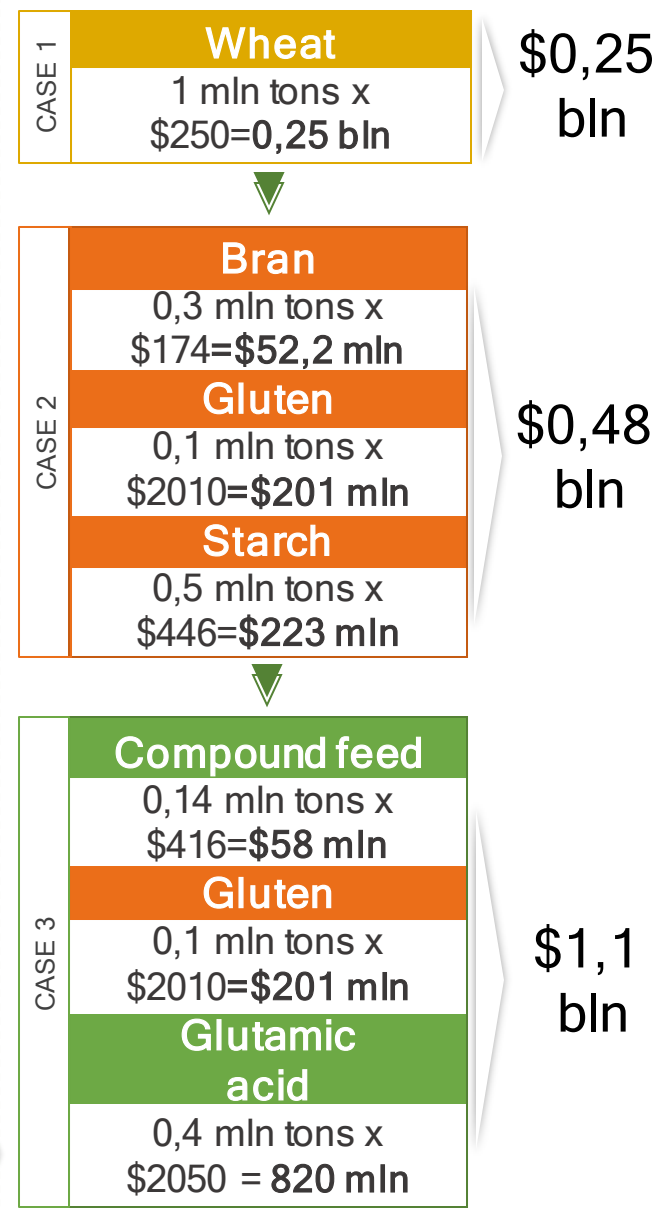
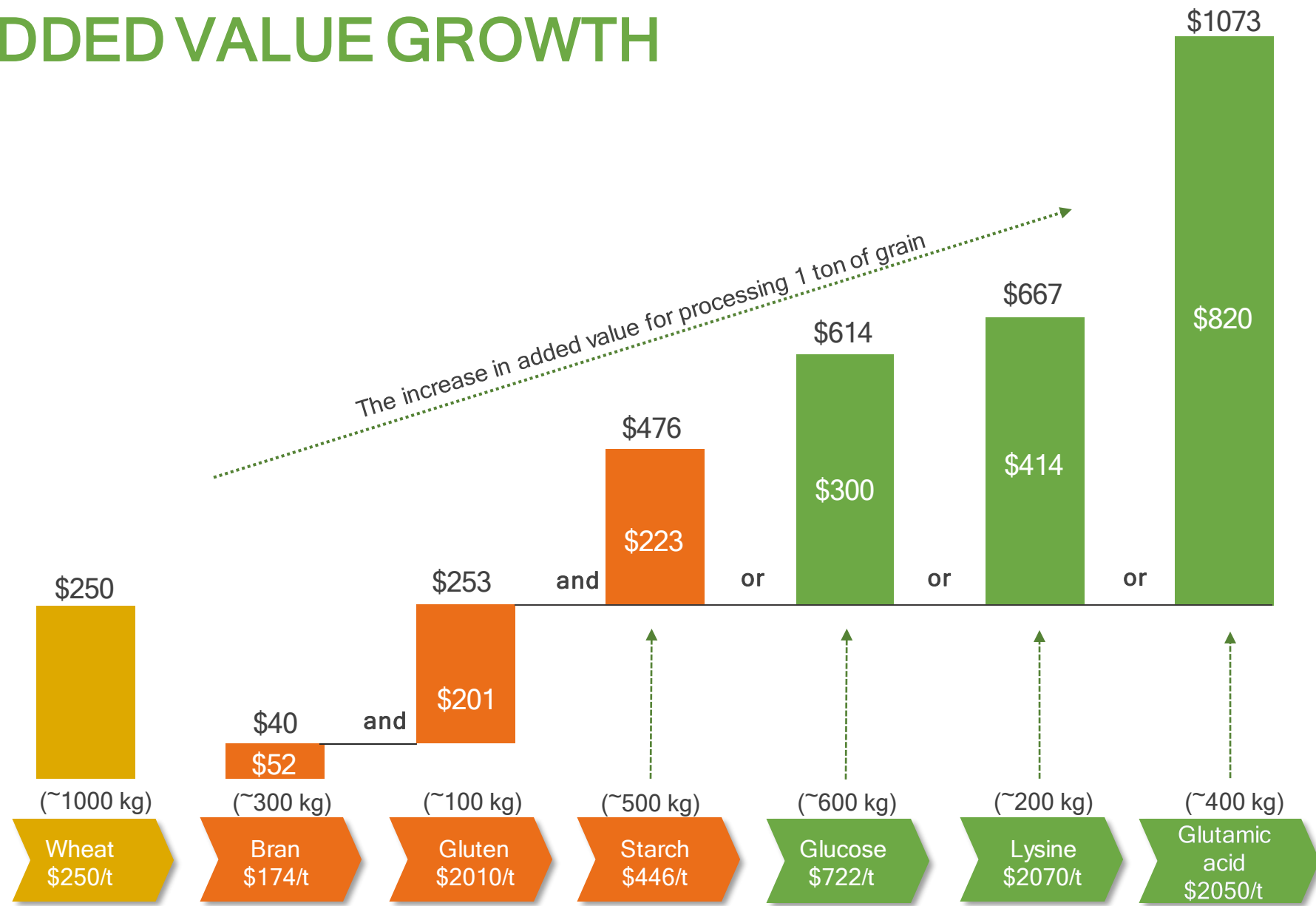
600

400

200

0

The increase in added value for processing 1 ton of grain

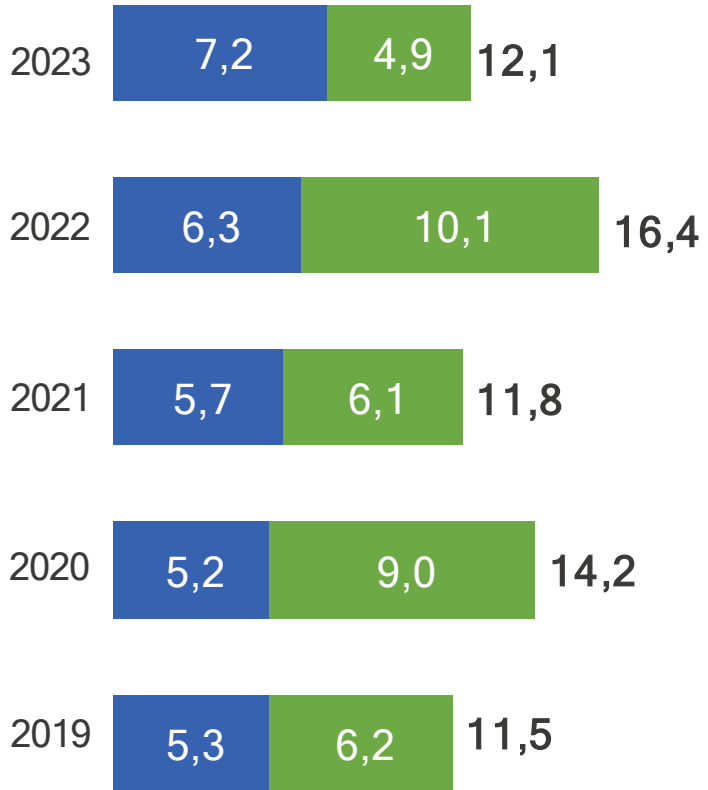


RECYCLED PRODUCTS CAN BECOME OVER 20 TIMES MORE EXPENSIVE

GLOBAL WHEAT EXPORTS AND IMPORTS

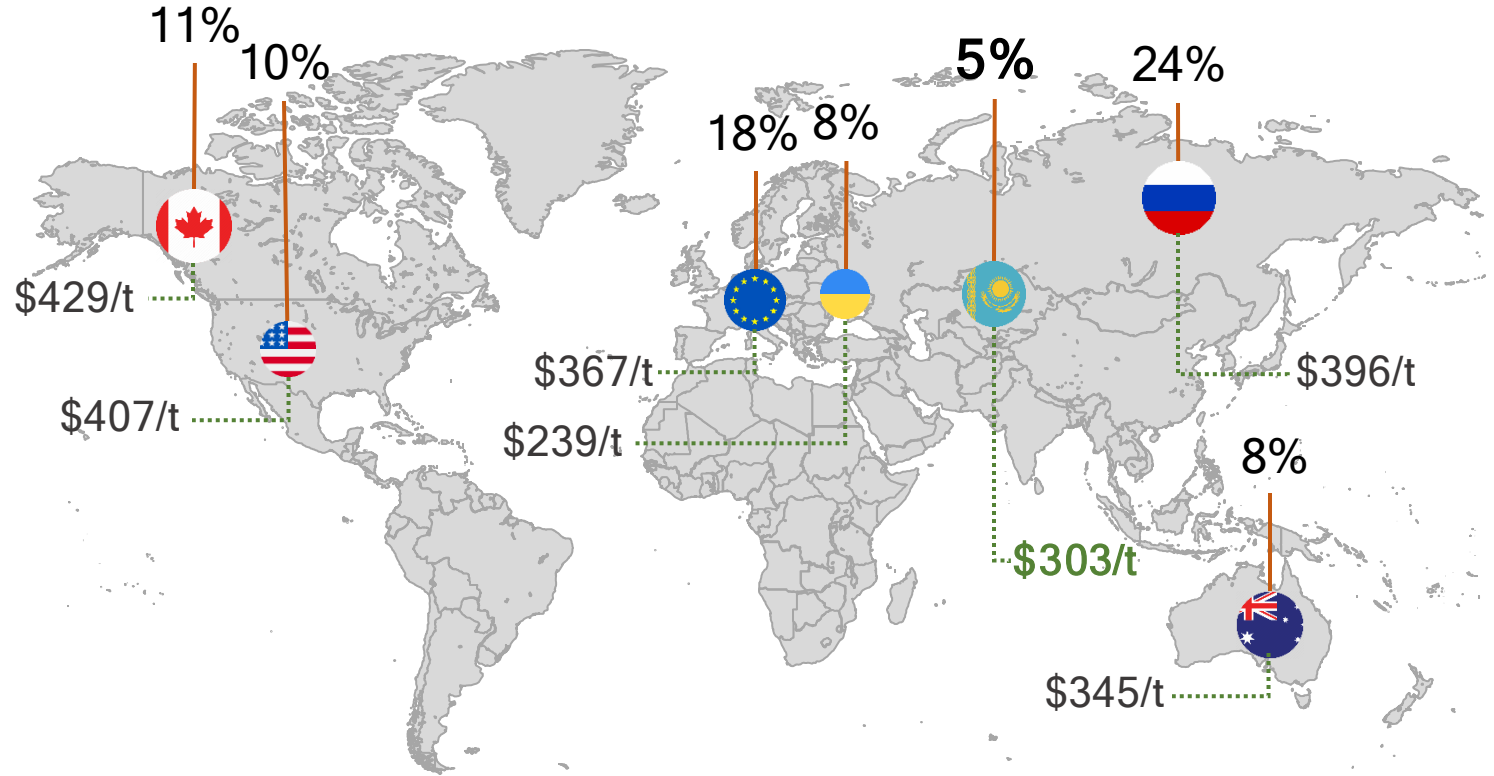
Production and export of Kazakh wheat (mln tons)

0 5 10 15 20



■ Wheat exports
■ Domestic consumption

The largest wheat producers and prices (per ton)



Source: Refinitiv (Thomson Reuters), International Trade Centre

PRICES FOR KAZAKH GRAIN ARE MORE COMPETITIVE COMPARED TO THE LEADING COUNTRIES OF THE INDUSTRY

GRAIN PRODUCTION MAP IN KAZAKHSTAN



BioOperations

North Kazakhstan region
2,9 mln tons

Akmola region
2,8 mln tons

Kostanay region
3,8 mln tons

Pavlodar region
0,3 mln tons

Aktobe region
0,3 mln tons

Karaganda region
0,5 mln tons

West Kazakhstan region
0,2 mln tons

East Kazakhstan region
0,2 mln tons

Abay region
0,2 mln tons

Zhetysu region
0,2 mln tons

Zhambyl region
0,2 mln tons

Turkistan region
0,4 mln tons

Tariffs: water/gas/electricity

267 tenge/m³

44 tenge/m³

30 tenge/ kWh

*Average prices in RoK

2023

Source: Bureau of National Statistics

MORE THAN 75% OF ALL GRAIN IN THE COUNTRY IS GROWN IN THREE REGIONS
BIOOPERATIONS (NORTH KASZAKHSTAN REGION) - THE ONLY PRODUCER OF BIOETHANOL, GLUTEN AND STARCH

PROJECTS UNDER DEVELOPMENT IN KAZAKHSTAN

Deep processing of wheat and peas



Tiryaki Holding (Turkey)
Hassad Food (Qatar)

- ❖ Production of starch, wheat and feed mixtures with a capacity of 240 thousand tons and 80 thousand tons of peas in Astana
- ❖ 22 thousand tons of gluten, 110 thousand tons of starch, 30 thousand tons of glucose, 45 thousand tons of fructose
- ❖ Commissioning - Q4, 2025
- ❖ The cost of the project is \$200 million

Deep processing of wheat



Anhui Jinhe Industrial Co.,
LTD, CITIC construction,
Shanghai Starch (China)

- ❖ Production of starch, wheat and gluten with a capacity of 300 thousand tons in the Almaty region
- ❖ At the first stage, the production of 170 thousand tons of high-fructose syrup and 24 thousand tons of gluten.
- ❖ At the second stage: citric acid, lysine, vitamins C, B2, B12
- ❖ Commissioning - Q2, 2026

Deep processing of corn



Singapore DARWIN
BIOTECH Co., Ltd., Zhejiang
University Sunny Technology
Co., Ltd

- ❖ Production of corn starch and biological preparations
- ❖ 100 thousand tons of starch and 1000 tons of medicines
- ❖ The cost of the project is \$150 million

Deep processing of wheat



SHIJIXIANGHE
Agribusiness Group Co.,
LTD (China)

- ❖ Production of starch, gluten, bran and sodium gluconate with a capacity of 1 million tons of wheat at the 1st stage
- ❖ At the second and third stages, it is planned to produce biomedical products, organic acids, bioplastics from polyamides.

TARGET LIST OF COMPANIES FOR DEEP GRAIN PROCESSING

Shandong Qufeng Food Technology Co Ltd. (Qufeng)



The company processes more than 800,000 tons of wheat per year, the main section uses both advanced local technologies and imported equipment
Assets - more than 200 million US dollars

Henan Tianguan Group Co., Ltd.



It is one of the 520 most important national enterprises, Meanwhile, the company's enterprise is a national economic pilot enterprise of the bioenergy industry
Assets - more than 10 billion US dollars
The number of employees is more than 6.5 thousand people

Anhui Ruifuxiang Food (Ruifuxiang Food)



The company is engaged in deep processing of grain, including edible alcohol and absolute alcohol, DDGS feed, germ flour feed, DDG wheat, gluten, and flour modern enterprise

Dengfeng Guyuan Agricultural Development Co., Ltd.,



A high-tech enterprise engaged in the research, development and application of wheat flour, wheat starch, high-protein wheat and dietary fiber has been included in the key projects of Zhengzhou City

Zhangjiagang Hengfeng Starch Products Co., Ltd.



The company's activities include: flour, bran, starch, modified starch, glutinous rice flour, food gluten powder, concentrated protein, food mixed wheat starch, other grain processing products

Anhui Ante Food Co., Ltd.



The leading provincial enterprise and the industrialization of agriculture, which is engaged in the production of liquor, starch, vital gluten and other products from corn and wheat

TARGET LIST OF COMPANIES FOR DEEP GRAIN PROCESSING

Ajinomoto

Eat Well, Live Well.



Ajinomoto Co., Inc. is a food company operating in four business segments. Products: seasonings and processed foods and sweeteners. "Life Support": animal feed and chemical products. Healthcare: amino acids for the pharmaceutical and food industries. Contract production: fats and oils, packaging of materials.

Archer Daniel Midland



Archer-Daniels-Midland Company (ADM) is a food production company. It operates in three segments: agricultural services and oilseeds, carbohydrates and nutrition. The company's products include vegetable proteins, natural flavors, natural dyes, emulsifiers, probiotics, enzymes, plant extracts and other special food and feed ingredients.

Evonik



Evonik is a German company specializing in the chemical production and development of innovative materials. It produces a wide range of products, including specialty chemicals, functional and plastic materials, dyes and coatings, additives for the food industry, pharmaceutical ingredients.

Cargill



Cargill is an American company producing food, agricultural and industrial products, including biofuels, care products, vegetable oils, epoxy products, citrates, maltitol, erythritol, glucose, industrial salts.

Tereos



Tereos USCA is a French company operating in the food industry. The products include fructooligosaccharides, modified starch, sweeteners, alcohols, bioethanol, cellulose for animal feed. The company operates 35 facilities in France and abroad, including in countries such as Italy, Belgium and Mozambique.

Permolex



A Canadian grain processing company. The company's production facility produces baking flour, gluten, fuel ethanol and livestock feed. There is also potential for the production of "vital" gluten with a higher protein content, and by-products can be processed to generate additional income.



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