*The information and statistics set out in this section and other sections of this Document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by KPMG (the "**KPMG Report**"). We engaged KPMG to prepare the KPMG Report, an independent industry report, in connection with the* **[REDACTED]**. *The Company believes that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. The Company has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources, including government data and statistics, has not been independently verified by us, the Sole Sponsor, the Sponsor-***[REDACTED]**, *the* **[REDACTED]** *or any other party involved in the* **[REDACTED]** *and no representation is given as to its accuracy.*

1. GLOBAL LOGISTICS SECTOR AND GLOBAL RAILWAY MARKET

Global Logistics Sector

The global logistics sector serves as the critical backbone of the international economy, enabling the cross-border flow of goods, commodities. According to ITF Transport Outlook, maritime shipping carried approximately 70% of global freight tonne-kilometres in 2019, followed by road (22%) and rail (7%). Rail is expected to be the fastest-growing major freight mode in the coming decades: under the ITF's decarbonisation scenarios, its share is projected to rise to 10–13% by 2050, supported by policy-driven modal shift towards lower-carbon land transport.

Rail freight plays a distinct role in long-distance inland transportation, particularly across large land masses and major industrial corridors, where it provides high-capacity transport for bulk commodities and intermodal cargo. According to UIC's 2024 Global Rail Sustainability Report, the global rail network comprised approximately 1.17 million km of track in 2023 and transported approximately 12 trillion tonne-kilometres of freight in the same year.

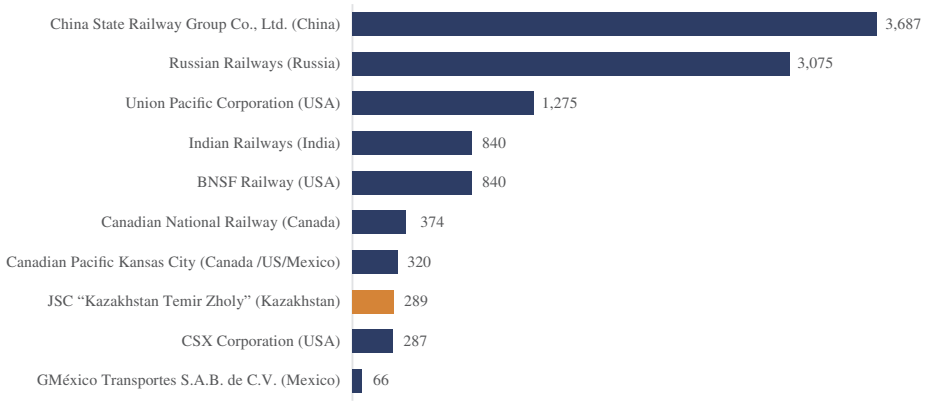
The global freight transportation market is highly diversified across regions, reflecting differences in geography, trade structures, infrastructure development and economic specialization. These variations drive the integration of multimodal logistics networks, within which railway systems serve as the primary overland link connecting major global corridors.

Growth across these corridors is driven by several structural catalysts, including the exponential acceleration of ecommerce logistics, rapid integration of advanced supply chain technologies, and government-led multi-modal infrastructure upgrades.

Global Railway Market

The global railway market is characterized by a mix of large, state-backed networks and highly consolidated commercial operators.

Figure 1. Top 10 railways by freight turnover, billion tonne-km (2025)



Source: Company annual reports (2025): GMéxico Transportes, CSX Corporation, Canadian Pacific Kansas City, BNSF Railway, Indian Railways, Union Pacific, Federal State Statistics Service (Rosstat), National Bureau of Statistics of China, Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan.

In 2025, the aggregate revenue of the 24 largest railway operators analyzed reached US$511.0 billion. The top ten operators represented 75.9% of the aggregate revenue of the peer group, indicating a relatively concentrated global railway operator landscape. The table below compares leading international railway operators in terms of revenue, operating model, and ownership structure.

Table 1. Global ranking of the 24 largest railway operators by revenue in 2025

Ranking	Company	Headquarter	Revenue, billion USD	Revenue Share, %	Operating model	Independence
1	Company A	China	145.0	28.4%	Vertically Integrated (Mixed)	State-owned
2	Company B	France	49.3	9.7%	Vertically Integrated (Mixed)	State-owned
3	Company C	Russian Federation	37.0	7.2%	Vertically Integrated (Mixed)	State-owned
4	Company D	Germany	31.0	6.1%	Vertically Integrated (Mixed)	State-owned
5	Company E	India	29.7	5.8%	Vertically Integrated (Mixed)	State-owned
6	Company F	USA	24.5	4.8%	Vertically Integrated (Freight-focused)	Independent
7	Company G	USA	23.4	4.6%	Vertically Integrated (Freight-focused)	Affiliated to Investment Conglomerate

Ranking	Company	Headquarter	Revenue, billion USD	Revenue Share, %	Operating model	Independence
8	Company H	Japan	19.3	3.8%	Vertically Integrated (Passenger-focused)	Independent
9	Company I	Poland	14.6	2.9%	Vertically Integrated (Mixed)	State-owned
10	Company J	USA	14.1	2.8%	Vertically Integrated (Freight-focused)	Independent
	Others		123.2	24.1%		
	Total		**511.0**	**100.0%**		

Source: operator annual reports (FY2025) on a consolidated basis, KPMG analysis.

Company A: a national railway operator. It mainly provides passenger and freight transportation, railway network construction, and infrastructure management solutions. It operates primarily across China with extensive international cross-border connections. It is a state-owned enterprise;

Company B: a global transport and logistics company. It specializes in high-speed passenger rail, regional transit, rail freight, and comprehensive logistics solutions. It operates worldwide, with a strong focus on European markets, and is a state-owned enterprise;

Company C: a national rail infrastructure and transportation company. It offers freight forwarding, passenger rail transport, and heavy infrastructure maintenance. It operates nationwide and across transcontinental Eurasian corridors. It is a state-owned enterprise;

Company D: a global mobility and logistics provider. It offers passenger rail transport, international rail freight forwarding, and extensive infrastructure management solutions. It operates globally and is a state-owned enterprise;

Company E: a state-governed railway transit and logistics entity. It provides large-scale passenger transport, bulk freight shipping, and comprehensive rail network management solutions. It operates primarily within India and is a state-owned enterprise;

Company F: a freight transportation company. It specializes in comprehensive rail freight operations, intermodal shipping, and supply chain logistics for diverse industrial sectors. It operates throughout the western two-thirds of the United States and is a publicly listed company;

Company G: a freight transportation company. It specializes in intermodal, agricultural, industrial, and energy rail freight shipping solutions. It operates across the Western and Mid-Western regions of the United States. It is a non-independent company, operating as a subsidiary of an investment conglomerate;

Company H: a passenger transport and lifestyle services company. It focuses on high-speed rail, regional passenger transit, and commercial real estate integration. It operates in the eastern region of Japan and is a publicly listed company;

Company I: a state-owned railway holding company. It manages railway infrastructure and provides passenger rail transportation, rail freight transportation, intermodal logistics, rolling stock management and related railway services across Poland. It is a state-owned company;

Company J: a freight rail transportation company. It provides rail freight transportation, intermodal services, rail-to-truck transloading and related logistics solutions across the eastern United States. It is a publicly listed company.

The operators in the peer group above include BNSF Railway Company, China State Railway Group Co., Ltd., CSX Corporation, Deutsche Bahn AG, East Japan Railway Company, Indian Railways, Polskie Koleje Państwowe S.A., Russian Railways, SNCF Group and Union Pacific Corporation.

2. EURASIAN RAILWAY TRANSPORTATION MARKET AND EURASIAN CORRIDORS

Eurasian Rail Transportation Market

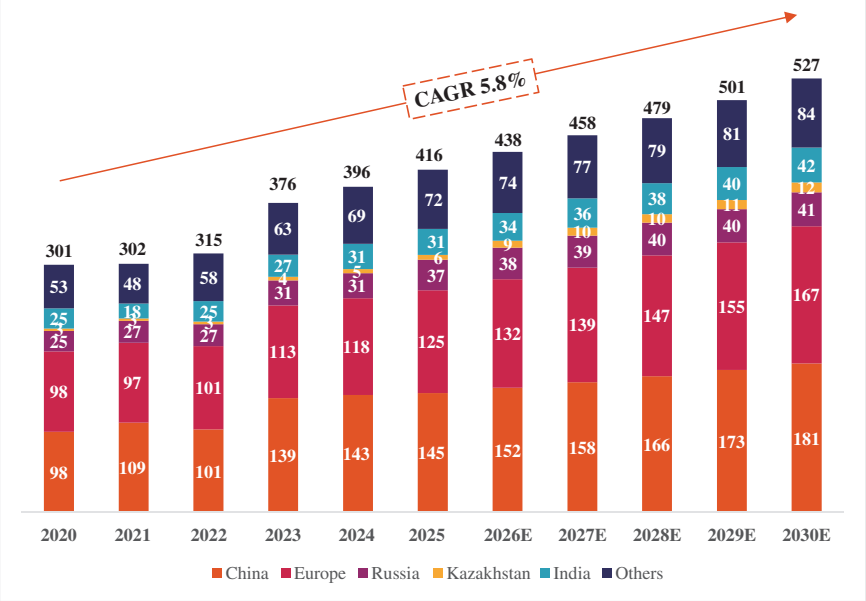
Rail transport is a structurally critical component of the Eurasian logistics system. For inland transportation over distances above 500–700 km, rail is the dominant mode for bulk cargo, containerized freight and transit flows, particularly across the China-Europe corridor. Unlike maritime transport, rail provides direct inland connectivity between industrial centres, dry ports and border crossings without dependence on sea access – a decisive advantage for Kazakhstan and other landlocked economies.

In the Eurasian context, rail transport simultaneously: (i) supports export-oriented commodity flows, (ii) enables long-distance container transit between Asia and Europe, (iii) connects landlocked economies to global trade routes, and (iv) provides transport resilience during geopolitical and supply chain disruption. Recent events – including COVID-19, Red Sea security incidents, and broader geopolitical fragmentation – have highlighted the strategic importance of rail corridors as an alternative to maritime routes for time-sensitive cargo.

The rail transportation market size represents total revenue from freight rail, passenger rail and ancillary rail-related services, including terminal and intermodal handling, warehousing, freight forwarding and operational support services.

The total Eurasian rail transportation market grew from approximately US$301.1 billion in 2020 to approximately US$416.5 billion in 2025, a CAGR of approximately 6.7%. The market is further projected to reach approximately US$527.4 billion by 2030, representing a CAGR of approximately 4.8% (2025–2030). Growth is supported by increasing Eurasian trade volumes, expansion of rail-based transit transportation, infrastructure modernisation, containerization, and rising demand for diversified land-based logistics routes between China, Central Asia and Europe.

Figure 2. Eurasian Rail Transportation Market Size, 2020–2030E (billion USD)



Source: Eurostat, National Bureau of Statistics of China, Rosstat, Bureau of National Statistics of Kazakhstan, others modeled in InfraForecast Software

Key Eurasian Market Trends

- **Accelerated Modal Shift Driven by Decarbonization:** As global supply chains face increasing pressure to reduce GHG emissions, railways are increasingly prioritized as the most carbon-efficient land-based logistics mode. EU climate policy is moving toward a binding 2040 target of reducing net GHG emissions by 90% compared with 1990 levels. CER projects that European rail activity could expand by 67% by 2040 relative to 2015, creating structural demand for reliable, low-emission transcontinental corridors (CER, 2024).

- **Network Electrification and Clean Traction Energy:** Comprehensive infrastructure electrification is a central pillar of modern railway development. Approximately 56.9% of EU railway lines were electrified in 2022, with over 52% of traction electricity from renewable sources (CER, 2024). China's national rail network has surpassed 76.8% electrification (Ministry of Transport of the PRC, 2026). These upgrades can support long-term cost stability and enhanced environmental compliance across Silk Road transit corridors.

- **Globalization and Market Consolidation:** The global railway sector is becoming increasingly concentrated, with a limited number of large operators controlling extensive rail, logistics, and intermodal networks across multiple countries. Growing trade connectivity and the development of international freight corridors are driving demand for integrated cross-border transport solutions, encouraging consolidation and vertical integration across the railway value chain. In Eurasia, this trend is reflected in the expansion of integrated railway groups such as Deutsche Bahn and SNCF, which have developed international logistics platforms extending beyond their domestic markets, as well as the increasing role of large state-owned railway operators across the Eurasian region.

- **Digitalization of Rail Infrastructure:** Integration of advanced digital systems is reshaping railway operations, enabling capacity expansion without capital-intensive physical track upgrades. Key trends include deployment of next-generation signaling architectures (ERTMS), Digital Automatic Coupling (DAC), automated terminal handling, predictive maintenance analytics, and digitized customs interfaces – all creating the supply chain visibility increasingly demanded by international shippers.

- **Expansion of High-Speed Rail Networks:** High-speed rail is becoming a key driver of passenger rail growth, supported by increasing urbanization, rising mobility demand, and government investment in sustainable transport infrastructure. High-speed rail networks continue to expand globally, particularly in China, Europe, and selected Asian markets, offering a competitive alternative to short and medium haul air travel. The continued development of high-speed corridors is improving connectivity between major economic centers, increasing rail modal share, and strengthening the long-term competitiveness of passenger rail transport.

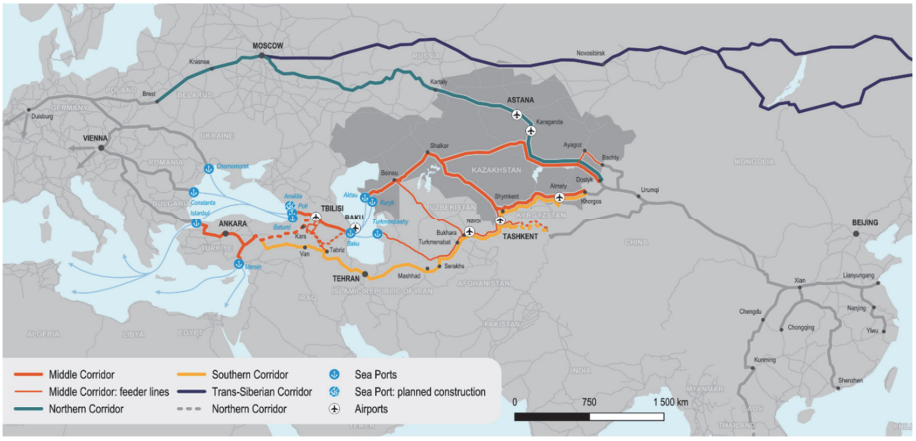
Eurasian East-West Rail Corridors

While several international transport corridors operate across Eurasia, this section focuses on the principal East-West rail corridors connecting China, Central Asia and Europe, as they represent the primary routes for long-distance Asia-Europe rail freight transportation and provide the most relevant framework for assessing Kazakhstan's strategic role in Eurasian transit. Eurasian East-West rail transportation is organized around four major international land corridors connecting China, Central Asia and Europe:

- **Trans-Siberian Corridor** – connects Asia and Europe through Russia.
- **Northern Corridor (UTLC ERA)** – connects Western Europe with the Korean peninsula and Japan through Russia and Kazakhstan.
- **Middle Corridor (Trans-Caspian International Transport Route, TITR)** – connects Eastern Europe to Central Asia through the Black Sea, Caucasus and the Caspian Sea. In Kazakhstan, the Trans-Caspian International Transport Route is 3,836 kilometres long and includes the cities of Dostyk, Almaty and Aktau.
- **Southern Corridor** – connects Southeast Europe with China and Southeast Asia through Turkey, Iran and Central Asia.

Three of these four corridors pass through Kazakhstan, making it a unique transit hub with high resilience owing to the diversity of trade flows crossing its territory.

Figure 3. Eurasian East-West rail corridor positioning



Source: *compiled by KPMG based on publicly available data*

Note: The dashed corridor segments indicate alternative, non-primary corridor routes.

Table 2. Comparison of China-Europe Transportation Corridors, 2025

Mode/Corridor	Route/correspondence	Transit time, days	Total transport costs, USD/ FEU
Northern Corridor	Xian – Duisburg (via Kazakhstan, Russia, Belarus)	18	6,650

Mode/Corridor	Route/correspondence	Transit time, days	Total transport costs, USD/ FEU
Middle Corridor (TITR)	Xian – Duisburg (via Trans – Caspian: Kazakhstan, Caspian, Azerbaijan, Georgia)	12–15	8,200
Sea Route	Shenzhen – Hamburg/Rotterdam	32–37	1,700–3,900[1]
Southern Corridor	China – Türkiye/Iran via Central Asia	26	5,500

Source: ERAI, Container Trades Statistics, Drewry (WCI), Middle Corridor TITR, Maersk and a survey of market participants and open sources. The Southern Corridor is indicative (no consolidated official source).

[1] Maritime freight rates have fluctuated significantly in recent years, declining materially before increasing again. The Drewry World Container Index for Shanghai–Rotterdam route stood at US$3,768/FEU in June 2026.

Corridor-Based Competition

Competition in the Eurasian rail transportation market operates on two levels. At the primary level, all overland Eurasian corridors compete for the same cargo flows against deep-sea shipping on the Asia-Europe trade lane: sea freight offers lower cost per unit but transit times of 32–37 days, while rail offers 12–26 days at a cost premium justified when ocean freight rates are elevated. Total addressable rail transit volume therefore expands and contracts with sea freight rate cycles. Furthermore, as rail volumes scale, the parallel development of a specialized logistics ecosystem including dry ports, automated transshipment hubs, and integrated digital tracking creates substantial ancillary benefits for freight owners. This maturity embeds rail corridors into corporate supply chains, generating high switching costs that protect rail market share even during maritime deflation cycles.

At the secondary level, competition occurs between corridors. No single railway company controls an entire China-Europe route end to end, each corridor depends on coordination across multiple national systems, border crossings and tariff mechanisms. Kazakhstan's position across both the Northern and Middle Corridors provides structural resilience and diversified volume exposure across competing routes.

Kazakhstan's Role in Eurasian Rail Corridors

Kazakhstan's geographical footprint underlines its strategically important role within Eurasian rail networks. On the Northern Corridor, Kazakhstan accounts for 1,910 km, extending from the Dostyk/Altynkol border crossings with China to the Mamlyutka/Petukhovo border crossing with the Russian Federation. On the Middle Corridor, the domestic rail section covers 3,836 km of the rail and sea route from the Dostyk/Altynkol border crossings with China to the Ports of Aktau and Kuryk on the Caspian Sea.

While the Northern Corridor remains a critical artery, the Middle Corridor has emerged as a vital strategic alternative, underpinned by a distinct structural framework:

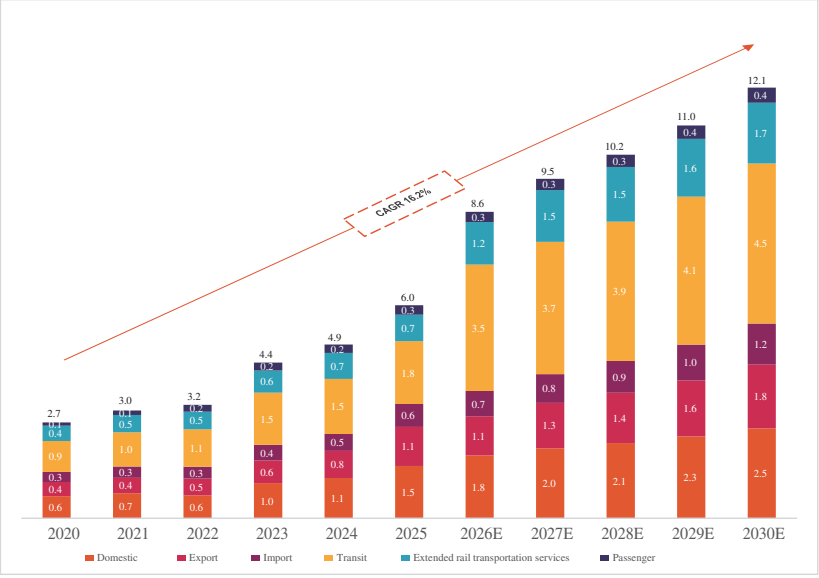
- **Geopolitical:** As global supply chains increasingly seek route diversification and greater resilience, the Middle Corridor has gained strategic importance as an alternative Eurasian transport route. By providing an additional multimodal connection between Central Asia, the Caucasus and Europe, the corridor expands routing options and supports greater flexibility for international freight flows.
- **Transit Time:** Infrastructure upgrades, including the expansion of the Caspian Sea ports (Aktau and Kuryk) and the implementation of unified digital customs platforms, are intended to reduce corridor bottlenecks. Transit times across the Middle Corridor have decreased toward target levels of 12–15 days, supporting its role as a time-sensitive alternative to maritime shipping. By 2030, the Middle Corridor is expected to reach a handling capacity of up to 300 thousand TEU per annum, further strengthening its role as a key Eurasian transit route.
- **Volume Growth:** This operational optimization supports the corridor's growth trajectory, suggesting a broader reallocation of freight flows rather than solely a temporary diversion.
- **Strategic Partnerships:** The resilience of the route is anchored in deep institutional cooperation. Joint ventures and asset integrations among key regional players-including Kazakhstan, Azerbaijan, Georgia, and Türkiye have synchronized tariffs, streamlined border crossings, and created a more integrated corridor management system.

3. KAZAKHSTAN RAILWAY MARKET OVERVIEW

Railways hold a core position in Kazakhstan's freight logistics system, accounting for 88% of the country's total freight turnover (excluding pipelines) in 2025, equivalent to 361.3 billion tonne-km, according to the Bureau of National Statistics of the Republic of Kazakhstan.

Kazakhstan rail transportation market expanded from US$2.7 billion in 2020 to US$6.0 billion in 2025 (CAGR 17.3%), and is further projected to reach US$12.1 billion by 2030 (CAGR 15.1%). Kazakhstan represents one of the fastest-growing railway transportation markets in Eurasia, with both historical and projected potential growth rates significantly exceeding the global average.

Figure 4 Kazakhstan rail transportation market size by segment, billion USD



Source: *Bureau of National Statistics of Kazakhstan, modeled in InfraForecast Software, KPMG analysis*

Note: ancillary rail-related services comprise terminal and intermodal handling, warehousing, freight forwarding and operational support services

Future growth is expected to be supported by: (i) the continued expansion of Eurasian transit corridors that capture increasing East-West freight flows through transit time savings, (ii) expanding cross-border trade volumes and deeper industrial integration between China, Central Asia, and Europe, (iii) increasing containerization driven by e-commerce and regional manufacturing acting as a volume multiplier for intermodal rail services, (iv) large-scale infrastructure modernisation, including track duplication, electrification, and border capacity expansion to ease network bottlenecks, (v) accelerating digitalization and the deployment of advanced tracking and traffic management platforms to improve asset utilization and operational efficiency and (vi) ongoing regulatory reforms and cost-reflective tariff optimizations aimed at supporting long-term sector sustainability.

Key Trends in the Kazakhstan Rail Market

- **Expansion of Transit and Middle Corridor Traffic:** Kazakhstan is strengthening its position as a key Eurasian transit hub through the development of the Middle Corridor and other international transport routes. In 2025, Kazakhstan's total transit volumes reached 36.9 million tonnes, while rail transit traffic increased by more than 20% to 33 million tonnes. Growing trade flows between Asia and Europe continue to support demand for transit services and cross-border railway transportation through Kazakhstan.

- **Increasing Infrastructure Modernisation:** Kazakhstan continues to invest in railway infrastructure modernisation, including network expansion, border crossing upgrades, dry ports and logistics infrastructure development aimed at increasing corridor capacity and reducing bottlenecks. In 2025, more than 4,400 km of railway infrastructure was repaired and modernized, while capacity expansion projects continued across strategic freight corridors. These ongoing and planned capital expenditures are expected to support network throughput by enabling higher train density and reducing transit delays at border checkpoints.

- **Rolling Stock Modernisation and Fleet Renewal:** Kazakhstan's railway sector is undergoing a gradual renewal of locomotive and passenger rolling stock through ongoing fleet modernisation programmes. These investments are intended to improve operational efficiency, enhance service reliability, reduce the average age of rolling stock and support future growth in freight and passenger transportation demand.

- **Regulatory and Tariff Optimization:** The railway sector continues to undergo reforms aimed at improving tariff regulation, operational efficiency and long-term financial sustainability while maintaining the strategic importance of rail transportation within the national economy.

Competitive Landscape

The Kazakhstan freight rail market is characterized by high concentration, reflecting the structural dominance of the vertically integrated state-owned incumbent operator. Following the gradual introduction of limited private participation in freight operations from 2018, the market remains highly concentrated, with the national integrated operator accounting for the substantial majority of freight rail transportation revenue. In 2025, KTZ accounted for approximately 80% of Kazakhstan's total rail freight turnover (with a higher share of freight revenue, as shown in Table 3). Private operators hold a limited share, primarily focused on selected freight segments. KTZ is the largest owner of locomotives and freight and passenger rolling stock in Kazakhstan, and one of the country's largest employers.

Table 3. Kazakhstan Freight Rail Transportation Market Share by Revenue, 2025

Ranking	Company	Revenue, billion USD	Revenue Share, %	Business model	Independence
1	NC KTZ JSC	5. 0	93.9%	Vertically Integrated (Mixed)	State-owned
2	Company K	0.2	4.1%	Non-integrated (Freight-focused)	Independent
3	Company L	0.1	2.1%	Non-integrated (Freight-focused)	Independent
	Total	**5.4**	**100%**		

Source: Samruk-Kazyna (Kazakhstan's sovereign wealth fund), KPMG analysis

National Rail Infrastructure and Network Capacity

In terms of railway length, Kazakhstan ranked third, with approximately 16 thousand kilometres of operational rail tracks, among the CIS and Baltic countries with a gauge of 1,520 mm (based on World Bank data, Rail lines (total route-km)). Electrification covers approximately 4,238 km (approximately 26.5% of the total network). The infrastructure profile is constrained by a high share of single-track lines (68.5% of the network), while double-track sections comprise only 31.5%.

Capacity pressure is concentrated on eastern border crossings with China (Dostyk and Altynkol), where freight reached 33.9 million tonnes in 2025. Container traffic reached 2.2 million TEU in 2025, increasing the network's containerization rate from 6.7% to 8.0%.

Infrastructure Investment Programme 2026–2030

Kazakhstan's railway infrastructure investment over 2026–2030 is expected to focus on network modernisation, track overhauls, border capacity expansion and rolling stock renewal, including the construction and modernisation of over 1,100 km of railway lines. These investments are expected to reduce network bottlenecks and support the long-term capacity of transcontinental corridors and regional cargo flows.

Transit Rail Market Size and Economics

Transit rail transportation represents the largest and structurally most vital segment of Kazakhstan's rail transportation market, supported by increasing Eurasian trade flows, supply chain diversification and the growing role of land-based transportation corridors between Asia and Europe. While transit accounts for approximately 20% of total freight turnover in 2025, it generates approximately 29% of total freight revenues, reflecting its international pricing structure and strategic corridor importance.

The Kazakhstan transit rail transportation market increased from approximately US$0.9 billion in 2020 to approximately US$1.8 billion in 2025, representing a CAGR of approximately 14.9%. The market is further projected to reach approximately US$4.5 billion by 2030, implying a CAGR of approximately 20.1% during 2025–2030.

China-Europe transportation remains one of the most strategically important transit segments due to the high value-added and time-sensitive nature of transported goods. Rail transport through Kazakhstan is increasingly focused on higher-value and containerized cargo, including machinery, chemicals, automotive products, metals and agricultural goods, reflecting broader Eurasian trade diversification and growing demand for reliable logistics solutions.

Transit market revenue is driven by both freight volumes and pricing. Volume growth is supported by Kazakhstan's role as a Eurasian transit hub, the development of international rail corridors and expanding transit routes, while transit tariffs are influenced by market conditions, corridor competitiveness, network capacity and global logistics dynamics.

Tariff Regulation and Transit Pricing

Kazakhstan's railway tariff framework comprises both regulated and market-based segments. Domestic freight transportation, socially significant passenger services and certain infrastructure-related services are regulated by the Committee for Regulation of Natural Monopolies (CRNM), while international transit tariffs are generally determined on a commercial basis.

The current tariff framework is characterized by three key features:

- **Regulated tariff evolution:** As part of the Government's railway reform programme, regulated tariffs are being gradually adjusted to improve the financial sustainability of the sector and support long-term investment in railway infrastructure.
- **Market-based transit pricing:** Transit tariffs are determined by commercial factors, including corridor competitiveness, customer demand, cargo characteristics and international freight market conditions.
- **Corridor coordination:** Tariff coordination across major Eurasian transport corridors supports pricing transparency and more competitive end-to-end transport solutions, while network capacity constraints may influence pricing during periods of elevated demand.

Key Success Factors

Kazakhstan's railway industry is characterized by high capital intensity, long investment cycles and the strategic importance of railway infrastructure for domestic freight and Eurasian transit. These characteristics support relatively high entry barriers, stable freight demand and an integrated operating model spanning infrastructure, freight transportation and logistics.

Key success factors include:

Infrastructure Management: Extensive network coverage, effective asset maintenance and timely infrastructure investment are essential to ensure network capacity, reliability and long-term operational performance.

Freight and Transit Operations: Competitive positioning depends on operational efficiency, fleet availability, transit speed, service reliability and effective cross-border coordination across major Eurasian transport corridors.

Logistics and Intermodal Services: Growth is supported by expanding terminal capacity, digital integration and the development of intermodal logistics solutions that improve end-to-end supply chain efficiency.

The integration of infrastructure management, freight transportation and logistics enables operational synergies, improves asset utilization and supports the development of higher-value transit services across Eurasian transport corridors.

Market Entry Barriers and Industry Structure

Entry into the Kazakhstan railway transport market is constrained by high structural and regulatory barriers, resulting in a highly concentrated sector structure.

- **Capital Intensity:** The sector requires significant upfront capital for network infrastructure and locomotives, with asset payback periods ranging from 20 to 40 years. These intensive capital demands and extended investment horizons present a high entry threshold for prospective operators.
- **Infrastructure Constraints:** Developing parallel nationwide track networks is generally considered commercially unviable. As a result, third-party operators rely on managed access to the unified 16,008.5 km national network backbone, which functions as a central structural constraint for new market participants.
- **Technical and Gauge Specifications:** The regional 1,520 mm track gauge differs from the 1,435 mm international standard, necessitating transshipment or bogie exchange at border crossings. Additionally, strict national safety certifications increase the compliance burden for entities seeking access to key corridors.
- **Cross-Border Coordination:** Operating transcontinental transit corridors requires complex institutional coordination with neighboring railway administrations and customs authorities. Developing synchronized bilateral frameworks and tariff structures demands substantial time, limiting the ability of new entrants to effectively compete at scale.

4. REGULATORY FRAMEWORK

The railway industry in Kazakhstan operates under a centralized, state-controlled regulatory model characterized by high vertical integration, with the Ministry of Transport responsible for sector policy, the Committee for Regulation of Natural Monopolies overseeing tariff regulation, and the Transport Control Committee ensuring safety oversight and regulatory compliance.

Value Chain Segmentation & Liberalization

In line with national economic modernisation, the sector is undergoing a phased and regulated liberalization process aimed at opening selected commercial segments while maintaining state control over core strategic assets:

- **Infrastructure Management:** Operates under a natural monopoly regime managed exclusively by the National Infrastructure Operator. Duplication of the national network is generally commercially impractical and subject to strict regulatory constraints, supporting a relatively predictable infrastructure asset base.
- **Locomotive Traction & Freight:** Freight operations feature a dominant state incumbent alongside private operators. Locomotive traction remains highly centralized to maintain optimal asset utilization across Kazakhstan's extensive railway network.
- **Rolling Stock:** The wagon and container segment has been substantially liberalized and operates under a more demand-driven market regime, with performance linked to freight volumes, cargo mix and broader macroeconomic cycles.
- **Passenger Services:** Socially important intercity routes are subject to fare regulation, with operational costs supported by state subsidy and internal cross-subsidization mechanisms where applicable.

5. SOURCES AND METHODOLOGY

This industry overview has been prepared by KPMG, KPMG Tax and Advisory LLC, a company incorporated under the laws of the Republic of Kazakhstan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

The market estimates, historical analysis and forecasts contained in this Industry Overview were prepared by KPMG using publicly available data and analysis based on available assumptions..

In preparing this Industry Overview, KPMG relied primarily on publicly available information obtained from official statistical agencies, railway operators, international organisations and other reputable public sources. Principal sources include the World Bank, OECD/ITF, UIC, Eurostat, National Bureau of Statistics of China, Rosstat, Russian Railways, NC KTZ JSC, the Bureau of National Statistics of the Republic of Kazakhstan, Indian Railways, Türkiye State Railways (TCDD), UTLC ERA, ERAI Portal, TITR Association, UN Comtrade and the IMF World Economic Outlook.

Where appropriate, publicly available corporate disclosures, annual reports, tariff publications and regulatory information were also used. Historical market estimates for Kazakhstan are based primarily on publicly reported financial and operating information of KTZ Group. Cross-country market estimates were derived from publicly available freight and passenger transport statistics, average revenue indicators and KPMG's analytical framework.

Forecasts contained in this Industry Overview were prepared using macroeconomic assumptions, projected trade flows, transport demand modelling and infrastructure capacity constraints incorporated within the InfraForecast™ model. Forecasts are based on assumptions regarding economic growth, trade development, tariff evolution, infrastructure implementation and geopolitical conditions that InfraEconomy Group considers reasonable as of the date of this report. Actual results may differ materially from those projected due to changes in these assumptions or other factors beyond InfraEconomy Group's control.

Unless otherwise indicated, all market data, estimates and forecasts contained in this Industry Overview represent the views of KPMG.

EXCHANGE RATES APPLIED

Unless otherwise indicated, amounts denominated in currencies other than U.S. dollars in this Industry Overview have been translated into U.S. dollars using the following exchange rates for illustration only: USD/CNY 7.1875, USD/JPY 161.3, USD/KRW 1,540.6, EUR/USD 1.147, USD/CHF 0.804, USD/PLN 3.8, USD/AUD 0.7019, USD/ZAR 16.4, USD/RUB 83.8 and USD/CAD 1.4.

Source: Foreign Exchange Rates (H.10), Board of Governors of the Federal Reserve System (exchange rates as of 18 June 2026); Federal Reserve Bank of St. Louis (FRED), annual average exchange rates for 2025.