*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.*

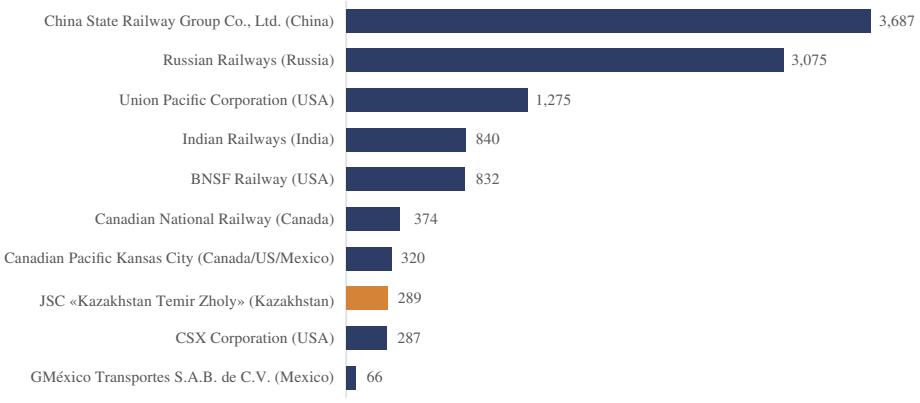
1. GLOBAL RAILWAY MARKET

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 Eurasian corridors on which the Group operates are among the principal routes of this type.

The global railway sector is characterised by a mix of massive, state-backed networks and highly consolidated commercial operators. The selected railway operators provide a benchmark for assessing the Group's operating scale relative to major railway operators globally. In 2025, the Group recorded freight turnover of approximately 289 billion tonne-km, ranking eighth among the selected railway operators by freight turnover. This comparison demonstrates the Group's significant operating scale in terms of freight transportation activity, notwithstanding differences in network characteristics, geographic coverage and operating models across the selected operators.

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



Source: 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.

2. EURASIAN RAILWAY TRANSPORTATION MARKET AND EURASIAN CORRIDORS

2.1. Eurasian Rail Transportation Market Size and Composition

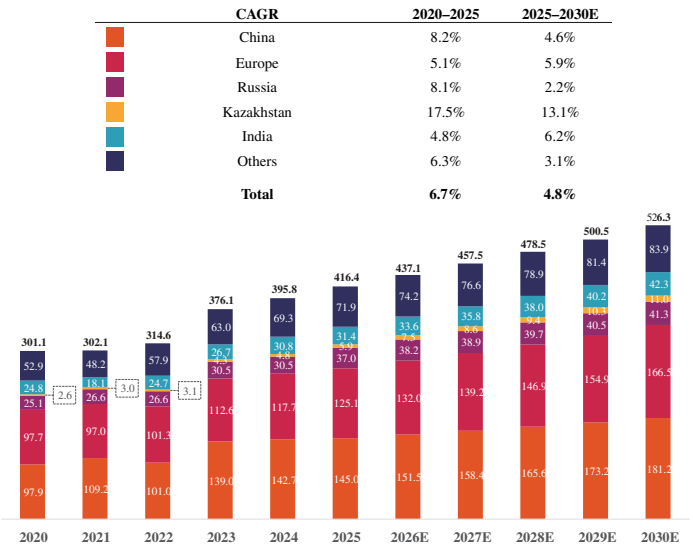
Rail transport is a structurally critical component of the Eurasian logistics system. For inland transportation over distances above 500–700 km, rail is the dominant mode for bulk cargo, containerised freight and transit flows, particularly across the China-Europe corridor. Unlike maritime transport, 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 Eurasian rail transportation market size represents revenues generated from freight and passenger rail transportation and ancillary rail-related services provided as part of freight transportation activities. Market size is attributed to the country or region where the relevant transportation activity is performed, irrespective of the jurisdiction of incorporation of the railway undertaking. The estimation methodology and geographical coverage are set out in the note to Figure 2.

The total Eurasian rail transportation market grew from approximately USD 301.1 billion in 2020 to approximately USD 416.4 billion in 2025, a CAGR of approximately 6.7%. The market is further projected to reach approximately USD 526.3 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, containerisation and rising demand for diversified land-based logistics routes between China, Central Asia and Europe.

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



Source: Eurostat, National Bureau of Statistics of China, Rosstat, Bureau of National Statistics of the Republic of Kazakhstan, modelled in InfraForecast Software

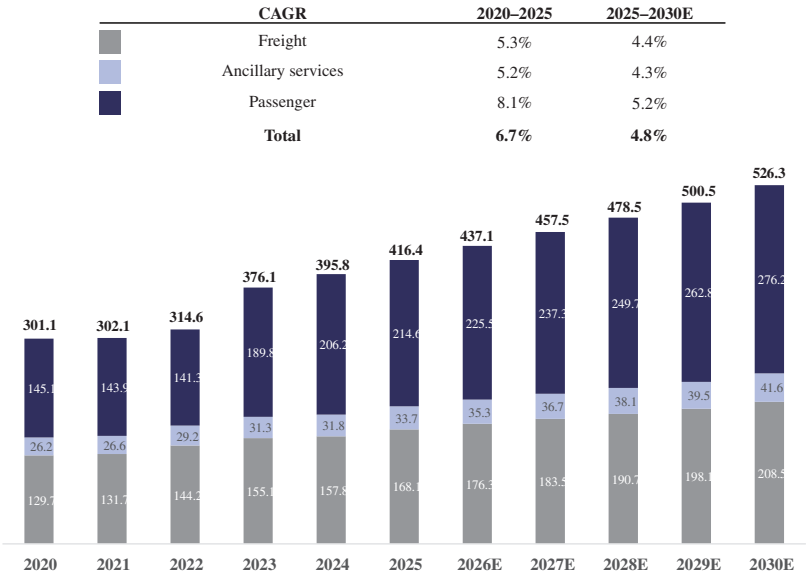
Notes:

(1) Depending on data availability, market size was estimated using either (i) revenues attributable to freight and passenger transportation activities performed in the relevant country or region by railway undertakings operating in that market, including estimates for relevant operators whose revenue information is not publicly available, or (ii) rail traffic turnover in the relevant country or region multiplied by the applicable average yield per tonne-kilometre or passenger-kilometre. Approach (i) was applied to China, Russia, Kazakhstan and India, while approach (ii) was applied to the other countries and regions included in Figure 2.

(2) For cross-border transportation, revenue is attributed to each country or region based on the portion of the transportation activity performed on its railway network, and the same portion of the transportation activity is not counted in more than one market.

(3) "Europe" comprises the 27 Member States of the European Union and excludes Russia. "Others" comprises Belarus and the remaining Eurasian markets covered by the analysis in Central Asia, the South Caucasus, West Asia, South Asia, East Asia and Southeast Asia.

Figure 3. Eurasian Rail Transportation Market Size by Service Type, 2020–2030E (billion USD)



Source: *Eurostat, National Bureau of Statistics of China, Rosstat, Bureau of National Statistics of the Republic of Kazakhstan, modelled in InfraForecast Software*

Note: Ancillary rail-related services comprise loading and unloading, shunting, wagon handling, transhipment and short-term storage directly associated with rail freight transportation, and exclude standalone logistics, warehousing, terminal and other separate business activities.

2.2. Eurasian Rail Freight Market and Key Trends

Market Size, Growth Drivers and Constraints

Eurasian rail freight and related ancillary rail-related services market expanded from USD 156.0 billion in 2020 to USD 201.8 billion in 2025 (CAGR 5.3%), and is further projected to reach USD 250.1 billion by 2030 (CAGR 4.4%).

Growth of the Eurasian rail freight market is driven by increasing Eurasian trade volumes and containerisation, growing demand for diversified land-based transportation routes, and the competitiveness of rail in terms of customer-facing transportation prices, transit times and service reliability. At the same time, market growth is influenced by the availability of rail infrastructure and capacity at border crossings, transhipment facilities and terminals, where bottlenecks may constrain throughput and affect service reliability.

- **Accelerated Modal Shift Driven by Decarbonisation:** As global supply chains face increasing pressure to reduce GHG emissions, railways are increasingly prioritised 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). By the end of 2025, 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.
- **Globalisation 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 and state-owned railway operators in facilitating cross-border freight transportation and developing international rail connections.

- **Digitalisation 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 signalling architectures (ERTMS), Digital Automatic Coupling (DAC), automated terminal handling, predictive maintenance analytics, and digitised customs interfaces – all creating the supply chain visibility increasingly demanded by international shippers.

2.3. Corridor Landscape and Competition

Principal Eurasian Freight Corridors

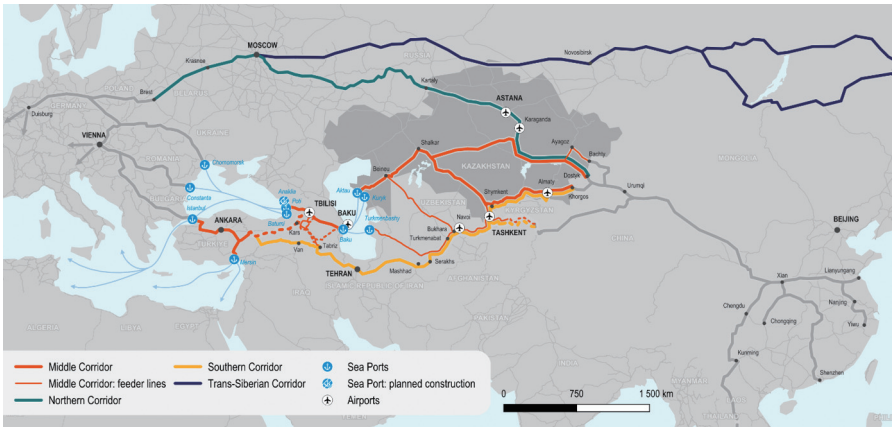
While several international transport corridors operate across Eurasia, this section focuses on the principal East-West rail corridors connecting China, Central Asia and Europe, as they represent the primary routes for long-distance Asia-Europe rail freight transportation and provide the most relevant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

- **The Trans-Siberian corridor** connects China and East Asia with Europe through Russia.
- **The Northern Corridor** connects China with Europe through Kazakhstan, Russia and Belarus. In Kazakhstan, the corridor enters through Dostyk-Alashankou/ Altynkol-Khorgos at the China-Kazakhstan border and continues north-west through the national railway network towards Russia.
- **The Middle Corridor** connects China with Europe through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and Türkiye/the Black Sea. In Kazakhstan, the corridor enters through Dostyk-Alashankou/Altynkol-Khorgos and continues westwards to the Caspian ports of Aktau and Kuryk.
- **The Southern Corridor** connects China with the countries of Central Asia and Iran through the territory of Kazakhstan. It runs from China through Kazakhstan to Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan, and onward to Iran.

Three of four corridors – the Northern Corridor, the Middle Corridor and the Southern Corridor – pass through Kazakhstan, positioning the country as a key transit hub for Eurasian rail freight.

In 2025, the Northern Corridor remained the principal East-West rail route through Kazakhstan for China-Europe container transit, handling approximately 416 thousand TEUs, compared with approximately 42 thousand TEUs transported via the Middle Corridor. The Southern Corridor remained at an early stage of development, and comparable annual container traffic data for the corridor are not publicly available.

Figure 4. 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.

CORRIDOR COMPETITION AND KAZAKHSTAN'S POSITION

The principal Eurasian rail corridors compete primarily in terms of transit time, transportation cost, capacity, reliability and geopolitical exposure.

Table 1. Comparison of China-Europe Transportation Corridors, 2025

Mode/Corridor	Route/correspondence	Transit time, days	Total transport costs, USD/FEU	Source and interpretation
Northern Corridor	Xi'an – Duisburg (via Kazakhstan, Russia, Belarus)	18	6,650	ERAI report (Jan 2025), Table 1 (authors' compilation from ERAI/CTS/Drewry WCI/TITR/Maersk/ market survey), point-to-point (SOC), data as of Dec 2024.
Middle Corridor (TITR)	Xi'an – Duisburg (via Trans-Caspian: Kazakhstan, Caspian, Azerbaijan, Georgia)	12–15	8,200	ERAI report (Jan 2025), Table 1 (authors' compilation from ERAI/CTS/Drewry WCI/TITR/Maersk/ market survey), point-to-point (SOC), data as of Dec 2024.
Sea Route	Shenzhen – Hamburg/Rotterdam	32–37	1,700–3,900[1]	ERAI report (Jan 2025), Table 1 (authors' compilation), point-to-point, deep-sea, data as of Dec 2024.
Southern Corridor	China – Kazakhstan – Central Asia – Iran – Türkiye	26	5,500	No consolidated official source, corridor at an early stage, indicative.

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).

Competition in the Eurasian rail transportation market operates on two levels. At the primary level, overland Eurasian corridors compete with deep-sea shipping for cargo flows on the Asia-Europe trade lane. Sea freight generally offers a lower unit cost but involves transit times of approximately 32 to 37 days, while rail offers transit times of approximately 12 to 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 specialised logistics ecosystem including dry ports, automated transhipment 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 among the rail corridors. No single railway company controls an entire China-Europe route end to end, and 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 geographical footprint also underlines its strategically important role within Eurasian rail networks. On the Northern Corridor, Kazakhstan accounts for 1,910 km, extending from the Dostyk-Alashankou/Altynkol-Khorgos border crossings with China to the Mamlyutka/Petukhovo border crossing with the Russian Federation. On the Middle Corridor, the domestic rail section covers 3,128 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.

[1] Maritime freight rates show record volatility in recent years (they fell roughly threefold and then rose again). The current figure is the Drewry World Container Index, Shanghai-Rotterdam ($3,768/FEU, June 2026); the December 2024 value is from the ERAI table.

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 optimisation 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 synchronised tariffs, streamlined border crossings, and created a more integrated corridor management system.

2.4. Coal-related Freight Flows and Implications for Rail Freight

Coal remains an important bulk commodity for Eurasian rail freight, particularly in Kazakhstan, Russia and China. Between 2020 and 2025, Kazakhstan's coal production increased from approximately 107.8 million tonnes to 116.0 million tonnes, while coal exports increased by approximately 32%, from 22.2 million tonnes to 29.4 million tonnes (Bureau of National Statistics of the Republic of Kazakhstan). Over the same period, Russian coal production increased from 401.4 million tonnes to 429.0 million tonnes, while exports remained broadly stable at approximately 211–212 million tonnes (Interfax). In China, coal production increased from approximately 3.9 billion tonnes to 4.9 billion tonnes, while imports increased by approximately 62%, from 303.6 million tonnes to 490.3 million tonnes (National Bureau of Statistics of China), reinforcing China's importance as a destination market for regional coal flows.

In 2025, the Group transported approximately 106.6 million tonnes of coal, comprising 71.7 million tonnes of domestic transportation, 34.2 million tonnes[1] of export transportation, 0.6 million tonnes of import transportation and negligible transit volumes.

3. KAZAKHSTAN RAILWAY TRANSPORTATION MARKET

Railways hold a core position within Kazakhstan's freight logistics system, generating 289.8 billion tonne-km (excluding empty runs) and accounting for 85.5% of the country's total freight turnover (excluding pipelines) in 2025, according to the Bureau of National Statistics of the Republic of Kazakhstan.

Kazakhstan rail transportation market expanded from USD 2.6 billion in 2020 to USD 5.9 billion in 2025 (CAGR 17.5%), and is further projected to reach USD 11.0 billion by 2030 (CAGR 13.1%). 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.

The Kazakhstan rail transportation market comprises freight rail transportation, passenger rail transportation and ancillary rail-related services. Freight rail transportation comprises domestic, export, import and transit freight transportation, while passenger rail transportation comprises the transportation of passengers by rail between settlements. Ancillary rail-related services are provided by railway undertakings as part of their rail freight transportation activities The ancillary rail-related services market increased from USD 0.4 billion in 2020 to USD 0.7 billion in 2025 and is projected to reach USD 1.2 billion by 2030, representing a CAGR of 12.4% in 2020–2025 and 12.8% in 2025–2030E.

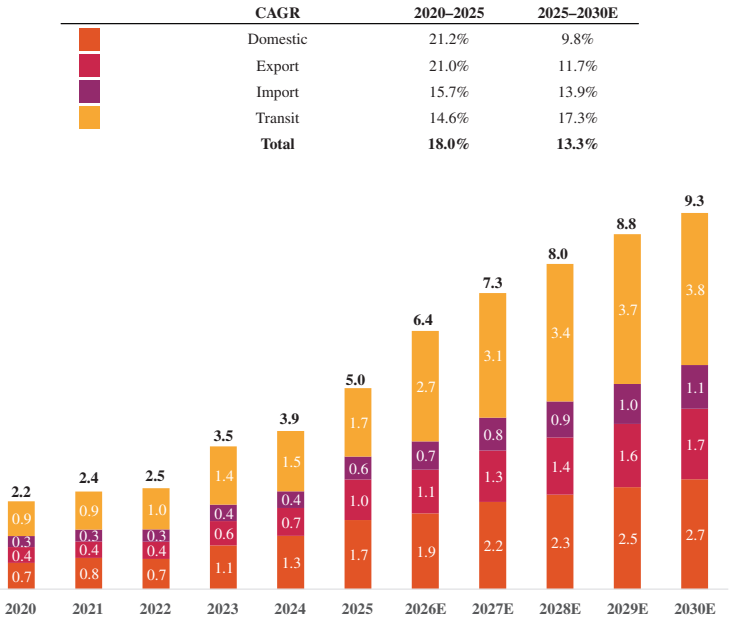
[1] The difference between the Group's coal export transportation volumes and coal export figures reported by the Bureau of National Statistics of the Republic of Kazakhstan is attributable to different statistical reporting bases and commodity coverage. The Group's figures are based on railway consignment records and include both hard coal and lignite, whereas Bureau of National Statistics of the Republic of Kazakhstan figures are based on commodity statistics and cover hard coal only.

3.1. Freight Market

Market Size and Structure

Kazakhstan freight rail transportation market expanded from USD 2.2 billion in 2020 to USD 5.0 billion in 2025 (CAGR 18.0%), and is further projected to reach USD 9.3 billion by 2030 (CAGR 13.3%).

Figure 5. Kazakhstan freight rail transportation market size, billion USD



Source: *Bureau of National Statistics of the Republic of Kazakhstan, modelled in InfraForecast Software, KPMG analysis*

Note: Growth in freight transportation volumes is expected to be supported by the following factors: (i) Expected growth of the Russian economy, based on forecasts of the relevant Russian ministries, (ii) maintenance of maritime freight rates at around current levels, (iii) the implementation of planned railway and logistics infrastructure projects in neighbouring countries, particularly in Uzbekistan, including the Samarkand-Bukhara section, as well as projects in Azerbaijan improving connectivity to the Port of Alat and (iv) implementation of the Group's planned railway infrastructure and capacity expansion projects.

The Kazakhstan freight rail market comprises domestic, export, import and transit transportation. Domestic freight refers to transportation where both the origin and destination are within Kazakhstan, export freight refers to transportation originating in Kazakhstan and destined for destinations outside Kazakhstan, import freight refers to transportation originating outside Kazakhstan and destined for Kazakhstan, and transit freight refers to transportation between foreign origin and destination markets through the territory of Kazakhstan. The principal cargo transported by rail includes coal, petroleum products, grain, iron ore, ferrous metals, chemicals and soda, non-ferrous ore, construction materials and mineral fertilisers.

According to the Bureau of National Statistics of the Republic of Kazakhstan, in 2025, coal was the largest cargo category transported by rail in Kazakhstan, with approximately 109.2 million tonnes, accounting for 32.1% of total rail freight volume of approximately 339.7 million tonnes. Iron ore was the second-largest category at approximately 28.4 million tonnes (8.4%), followed by grain at approximately 15.7 million tonnes (4.6%) and construction cement at approximately 7.9 million tonnes (2.3%). Together, these four cargo categories accounted for approximately 47.5% of total rail freight volume, reflecting the importance of bulk commodities in Kazakhstan's rail freight market.

Transit Freight Market Size and Economics

Transit rail transportation represents an important segment of Kazakhstan's rail freight transportation market, supported by increasing Eurasian trade flows, supply chain diversification and the growing role of land-based transportation corridors between Asia and Europe. According to the Bureau of National Statistics of the Republic of Kazakhstan, transit freight turnover amounted to approximately 65.5 billion tonne-km, representing approximately 22.6% of Kazakhstan's total rail freight turnover. Transit freight revenue was estimated at approximately USD1.7 billion in 2025, representing approximately 34.1% of total freight transportation revenue. The higher share of transit in freight revenue compared with freight

turnover primarily reflects differences in applicable transportation rates, with transit services generally subject to commercial pricing.

China-Europe trade remains one of the key drivers of rail transit demand, driven by the transportation of high-value and time-sensitive goods. Trade turnover reached approximately EUR 760 billion in 2025 (Eurostat, 2026).

Rail transport through Kazakhstan is increasingly focused on higher-value and containerised cargo. Based on the Group's data, the principal transit cargo categories include petroleum products, ferrous metals, chemicals and soda, mineral fertilisers and grain, reflecting broader Eurasian trade diversification and growing demand for reliable logistics solutions. In 2025, petroleum products represented the largest individually identified transit cargo category, accounting for approximately 12.2 billion tonne-km of freight turnover and USD 0.5 billion of transit freight revenue. China-Europe transportation remains one of the strategically important transit flows due to the high-value and time-sensitive nature of transported goods, with containerised transit also including machinery, chemicals, automotive products, metals and agricultural goods.

Growth Drivers and Industry Trends

Future growth of Kazakhstan's rail freight market is expected to be supported by different drivers across transportation activities: (i) domestic freight is expected to benefit primarily from continued economic and industrial activity, infrastructure modernisation and additional network capacity, while planned increases in regulated railway tariffs are expected to support revenue growth; (ii) export freight is expected to be supported by expanding cross-border trade, improvements in border and network capacity and adjustments to regulated tariffs; (iii) import freight is expected to benefit from growing trade flows, improved cross-border capacity and adjustments to regulated tariffs and (iv) transit freight is expected to be supported by increasing East-West trade flows, continued development of Eurasian transit corridors, expansion of cross-border capacity and increasing containerisation, including growth in intermodal and containerised cargo flows. Transit tariffs are generally not subject to state regulation and are determined separately under the applicable international tariff framework. Digitalisation, advanced tracking and traffic management systems are expected to improve network utilisation and operational efficiency across all freight activities.

Key Trends in the Kazakhstan Freight 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. According to the Bureau of National Statistics of the Republic of Kazakhstan, in 2025 Kazakhstan's total transit volumes across transportation modes, including pipelines, reached 107.1 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 modernised, 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 Optimisation:** 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.

Competition by Transportation Mode and Freight Activity

Rail transportation is characterised by high carrying capacity, regularity of service and competitive unit transportation costs for long-distance and bulk freight movements. Its competitive position relative to other transportation modes varies depending on cargo type, transportation distance, shipment size, route

and customer requirements. The principal alternative modes of freight transportation in Kazakhstan include pipeline, road, air and water/maritime transportation.

The following table sets forth certain information published by the National Statistics Bureau regarding freight turnover in Kazakhstan by transportation type for 2025:

Table 2. Freight Transportation by Mode, 2025

Type of Transportation	2025, million tonne-kilometres	Percentage (%)
Railway	289,807	56.5%
Pipeline	173,544	33.9%
Road	47,088	9.2%
Water/Maritime	1,990	0.4%
Air	70	0.0%
Total	**512,499**	**100%**

Source: Bureau of National Statistics of the Republic of Kazakhstan

Note: Water/Maritime transportation comprises inland waterway and marine transportation. Freight turnover represents the combined freight turnover of these two transportation modes.

In 2025, rail accounted for approximately 56.5% of Kazakhstan's total freight turnover, or approximately 85.5% excluding pipelines. Road is the principal competing mode for short- and medium-distance domestic freight, while pipelines primarily carry crude oil and natural gas and have limited direct substitutability with rail.

The competitive characteristics of these transportation modes, including their freight turnover, pricing basis, advantages, limitations and degree of competitive overlap with rail, are summarised below.

Table 3. Comparison of Freight Transportation Modes in Kazakhstan, 2025

	Rail	Pipeline	Road	Water/Maritime	Air
Freight turnover, billion tonne-km	289.8	173.5	47.1	2.0	0.1
Competitive overlap with rail	–	Limited, primarily overlaps with rail in the transportation of crude oil and petroleum products.	High, particularly for short- and medium-distance transportation, overlaps with rail primarily for iron ore, construction materials, grain and petroleum products.	Limited, primarily overlaps with rail for bulk cargo, oil products and containers on routes with access to the Caspian Sea.	Limited due to materially different cargo characteristics, primarily serves high-value and time-sensitive cargo.
Pricing	Regulated/unified tariffs and contractual pricing	Regulated	Market-driven	Market-driven	Market-driven
Customer-choice factors	Cost, distance, volume, connectivity, time, reliability	Cost, connectivity, cargo type, destination	Cost, distance, flexibility, time, door-to-door delivery	Cost, destination, time, port access/capacity	Speed, cost, cargo value, urgency
Key advantages	High capacity, competitive long-distance unit cost, broad network	Low unit cost, high capacity, continuous flow	Flexible, door-to-door, faster over shorter distances	Cost-efficient for large volumes, Caspian access	Fastest mode
Key limitations	Network/terminal capacity, less flexible than road	Fixed network, cargo-specific	Higher long-distance unit cost, lower capacity	Limited coverage, weather and port constraints	High cost, low capacity

	Rail	Pipeline	Road	Water/Maritime	Air
Entry barriers	High: infrastructure, rolling stock, regulation	High: CAPEX, permits, strategic infrastructure	Relatively low: fleet and regulatory requirements	High: vessels, ports, terminals	High: aircraft, regulation, permits

Source: Bureau of National Statistics of the Republic of Kazakhstan, KPMG analysis.

Competition between transportation modes also varies materially across domestic, export, import and transit freight due to differences in cargo mix, transportation distance, available infrastructure and customer requirements.

Table 4. Competition by Freight Activity in Kazakhstan, 2025

Activity	Competition with rail and principal alternative modes/routes	Group's share of rail freight revenue
Domestic	**High.** Road is the principal competing mode, particularly over short and medium distances, with competition primarily for iron ore, cement and construction materials, grain and petroleum products, pipeline competition is limited mainly to crude oil, while international alternative corridors are not applicable.	82.6%
Export	**Moderate.** Road competes primarily for grain, petroleum products and selected general cargo, while pipeline competes primarily for crude oil.	100.0%
Import	**Moderate.** Road is the principal competing mode for petroleum products, grain and selected industrial and general cargo, while pipeline competition is limited mainly to crude oil.	100.0%
Transit	**Moderate.** Rail transit through Kazakhstan competes with deep-sea shipping and alternative Eurasian routes bypassing Kazakhstan, principally the Trans-Siberian Corridor, particularly for containerised and other long-distance transit cargo.	100.0%

Source: Bureau of National Statistics of the Republic of Kazakhstan, Agency for Protection and Development of Competition of the Republic of Kazakhstan, KPMG analysis.

Competitive Landscape and Group Market Position

Competition within Kazakhstan's railway sector varies across the railway value chain. As described in "Regulatory Framework" below, infrastructure management is operated exclusively by the National Infrastructure Operator under a natural monopoly framework, while locomotive traction remains highly centralised. The rolling stock segment, particularly wagons and containers, has been substantially liberalised, whereas freight transportation services, although open to limited private participation since 2018, remain highly concentrated.

In 2025, the Group accounted for approximately 99.7% of Kazakhstan's total rail freight turnover. Private operators hold a limited share, primarily focused on selected freight segments. In addition, the Group is the largest owner of locomotives and freight and passenger rolling stock in Kazakhstan, and one of the country's largest employers.

The following table presents market shares based solely on freight transportation operator revenue and does not represent market shares across the broader railway value chain.

Table 5. Kazakhstan Freight Rail Transportation Market Share by Revenue, 2025

Ranking	Company	Revenue, billion USD	Revenue Share, %	Business model	Independence
1	KTZ	4.7	94.0%	Vertically Integrated (Mixed)	State-owned
2	TTT Service LLP	0.2	4.0%	Non-integrated (Freight-focused)	Independent

Ranking	Company	Revenue, billion USD	Revenue Share, %	Business model	Independence
3	DAR Rail LLP	0.1	2.0%	Non-integrated (Freight-focused)	Independent
	Total	**5.0**	**100%**		

Source: *Agency for Protection and Development of Competition of the Republic of Kazakhstan, Department of Transport and Communications, KPMG analysis*

Note: (1) Vertically Integrated (Mixed) refers to an operating model where railway infrastructure management and transportation operations are performed within the same corporate group, with significant activities in both freight and passenger transportation. Non-integrated (Freight-focused) refers to an operating model where freight transportation services are provided by a railway undertaking over infrastructure managed by a separate infrastructure manager.

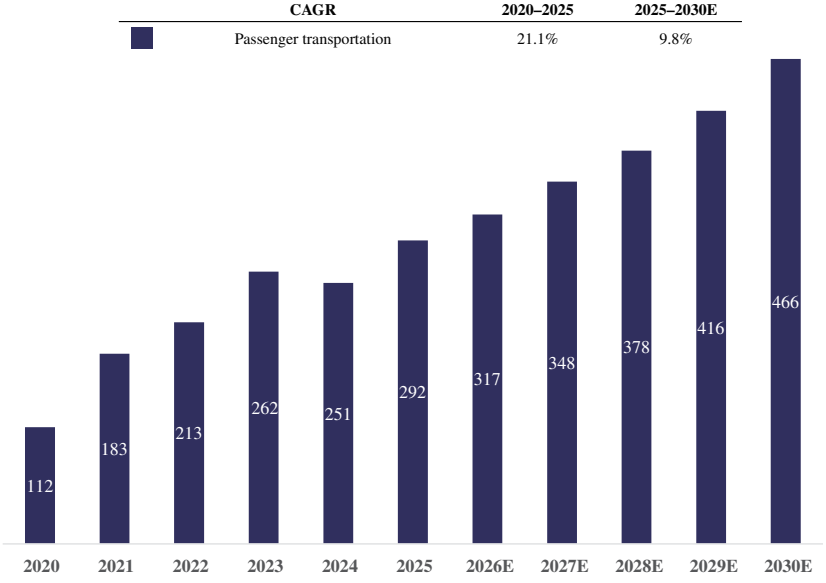
(2) Revenue figures reflect freight transportation revenue from domestic, export, import and transit operations only.

3.2. Passenger Rail Transportation

Passenger rail transportation represents a relatively small segment of Kazakhstan's railway market in revenue terms and primarily performs a social and public service function within the broader national transport system.

Passenger transportation revenue increased from approximately 112.2 million USD in 2020 to 291.7 million USD in 2025 and is projected to reach approximately 466.3 million USD by 2030. Despite gradual growth, passenger transportation is expected to account for approximately 4.0% to 4.3% of total Kazakhstan rail transportation market revenues during 2026 to 2030.

Figure 6. Passenger rail transportation revenue, million USD



Source: *Bureau of National Statistics of the Republic of Kazakhstan, Government of the Republic of Kazakhstan, Concept for the Development of Transport and Logistics Potential of the Republic of Kazakhstan until 2030*

Passenger rail services provide intercity and regional connectivity between settlements across Kazakhstan and beyond, and are operated by the Group's passenger transportation business together with private passenger carriers. In 2025, approximately 19.4 million passengers were transported by rail in Kazakhstan, generating passenger turnover of approximately 15.8 billion passenger-km. Based on the passenger-turnover data provided by the Company, the Group generated approximately 11.4 billion passenger-km, equivalent to approximately 72% of total rail passenger turnover, with private carriers accounting for the remaining approximately 28%.

The following table presents passenger turnover in Kazakhstan by transportation mode in 2025.

Table 6. Passenger Transportation by Mode, 2025

Type of Transportation	2025, million passenger-km	Percentage
Railway	15,792.9	17.8%
Motor vehicles and urban electric transport	43,158.9	48.5%
Air	29,960.3	33.7%
Water (river)	4.7	0.0%
Marine	0.1	0.0%
Total	**88,916.9**	**100.0%**

Source: Bureau of National Statistics of the Republic of Kazakhstan

Demand for passenger rail transportation is primarily supported by population mobility, connectivity between major cities and regional settlements, urbanisation and development of the national railway network. Rail competes principally with air travel, long-distance buses and private cars. Air transportation provides significantly shorter travel times and is particularly competitive on longer-distance routes, while buses and private cars offer greater flexibility and broader point-to-point accessibility, particularly over shorter and medium distances. Rail nevertheless remains important for long-distance and regional travel due to its network coverage, carrying capacity and role in connecting settlements across Kazakhstan. In 2025, air transport carried approximately 15.4 million passengers and generated approximately 30.0 billion passenger-km, compared with 19.4 million rail passengers and 15.8 billion rail passenger-km.

Passenger railway services operate within a regulated framework, particularly in respect of socially significant routes. Kazakhstan's railway legislation provides for a national passenger carrier and for the subsidisation of passenger transportation on socially significant routes. Such routes are organised under the applicable public-service framework, with carriers selected to provide specified passenger services; route packages may combine more and less commercially attractive services in order to maintain socially necessary connectivity. Fares on socially significant services are regulated, while State compensation is intended to reimburse eligible carrier costs associated with providing such services under the applicable regulatory mechanism.

Accordingly, passenger rail transportation performs both a transportation and public-service function within Kazakhstan's national transport system, supporting regional connectivity, accessibility and mobility between settlements while operating within a framework of regulated fares and State-supported socially significant passenger services.

3.3. Network, Capacity and Infrastructure

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-Alashankou and Altynkol-Khorgos), where freight reached 33.9 million tonnes in 2025. Total container traffic passing through Kazakhstan reached 2.2 million TEU in 2025, increasing the network's containerisation rate from 6.7% in 2024 to 8.0% in 2025.

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 11,000 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.

3.4. Major cost components of the rail transportation market

Based on the financial statements of KTZ-Freight Transportation LLP and in the absence of publicly available industry-wide data on the cost structure of rail freight transportation in Kazakhstan, KTZ-Freight Transportation LLP's freight transportation COGS is used as a proxy for the market.

On a unit basis, freight transportation COGS increased from approximately USD16.8 per thousand tonne-kilometres in 2023 to approximately USD19.5 per thousand tonne-kilometres in 2025. The increase primarily reflected higher mainline railway network service costs, which increased from approximately USD8.0 to USD10.3 per thousand tonne-kilometres, and electricity costs, which increased from approximately USD0.5 to USD0.9 per thousand tonne-kilometres. Personnel and fuel costs were broadly stable to moderately higher, while locomotive maintenance and other service costs decreased from approximately USD1.9 to USD1.5 per thousand tonne-kilometres over the same period.

3.5. Entry Barriers and Key Success Factors

Key success factors

Kazakhstan's railway industry is characterised 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 utilisation 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 thousand 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 Standard (UIC) gauge, necessitating transhipment 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 neighbouring railway administrations and customs authorities. Developing synchronised 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 centralised, state-controlled regulatory model characterised by high vertical integration, with the Ministry of Transport responsible for sector policy, the Natural Monopoly Committee overseeing tariff regulation, and the Transport Control Committee ensuring safety oversight and regulatory compliance.

Value Chain Segmentation & Liberalisation

In line with national economic modernisation, the sector is undergoing a phased and regulated liberalisation 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 centralised to maintain optimal asset utilisation across Kazakhstan's extensive railway network.
- **Rolling Stock:** The wagon and container segment has been substantially liberalised 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-subsidisation mechanisms where applicable.

Tariff Regulation and Transit Pricing

Tariffs for natural monopoly services, including mainline railway network services, are regulated by the Natural Monopoly Committee, while socially significant passenger transportation is regulated by the relevant authorised state body, including the Ministry of Transport of the Republic of Kazakhstan, within its respective powers.

The current tariff framework is characterised by three key features:

- **Regulated tariff evolution:** Since 2024, regulated freight tariffs have been undergoing a multi-year reform programme aimed at strengthening the financial sustainability of the railway sector and supporting long-term infrastructure investment. The Tariff Concept was approved by the State Commission for the Modernisation of the Economy on 27 August 2026. The Concept envisages the development of a new tariff methodology for mainline railway network services, including a gradual transition towards cost-reflective tariffs, reduction of cross-subsidisation and simplification of the tariff structure. A testing period is planned for 2027, with full implementation scheduled from 1 January 2032. The reform envisages a phased transition across tariff classes, progressing from cost recovery towards profitability.

  Under the latest approved tariff schedule (CRNM Order No. 114-OD dated 2 September 2026), tariffs for mainline railway network services increased by 24% from 21 September 2026, will remain unchanged in 2027 and are subject to annual increases of 3% in 2028–2030. Additional increases may apply following the implementation of new infrastructure projects and corresponding revisions to the mainline railway network investment programme. Separately, locomotive traction tariffs are scheduled to increase by 24% from 1 December 2026, with subsequent annual increases planned in line with inflation.
- **Market-based transit pricing:** Transit tariffs are not subject to domestic regulation and are influenced by corridor competitiveness, network capacity, market demand and global logistics conditions. Kazakhstan retains autonomy to determine transit tariff levels applicable to transportation across its territory. Transit tariffs are denominated in Swiss francs and historically exceeded regulated tariffs by approximately 1.5–5.6 times during 2023–2025.
- **Corridor coordination:** Tariff coordination across major Eurasian transport corridors supports the establishment of competitive end-to-end transportation rates. Cross-corridor cooperation is facilitated through initiatives including the Middle Corridor Association, Middle Corridor Multimodal JV and TITR Association, which support the coordination and establishment of through and end-to-end tariff rates.

5. APPENDIX: SOURCES AND METHODOLOGY

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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, AUD/USD 0.7019, USD/ZAR 16.4, USD/RUB 83.8, USD/CAD 1.4 and USD/KZT 488.3.

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.