

# Transport and Logistics



National Company Kazakhstan Temir Zholy JSC (KTZh) is a key transport and logistics holding and operator of the main railway network of the Republic of Kazakhstan, performing the functions of a national cargo and passenger carrier.



## Development of transport and logistics potential

The company is central to economic integration, connecting 17 regions of the country and three cities of republican significance, as well as providing transport links with five neighbouring countries: China, Russia, Uzbekistan, Kyrgyzstan and Turkmenistan via 16 connecting points.

KTZh owns the largest fleet of locomotives and wagons and is one of the largest employers in Kazakhstan.

Notably, 2024 marked the 120th anniversary of Kazakhstan's railway.

### KEY PERFORMANCE RESULTS 2024

Indicator	2023	2024
<b>Production figures:</b>		
Cargo turnover (operational), billion tonnes-km	269.7	272.1
Passenger turnover, billion p-km	11.8	11.7
Transit in containers, '000 TEU	1,282.3	1,395.0
<b>Financial indicator<sup>21</sup>, billion KZT:</b>		
Revenue	1,934.1	2,163.9
Net profit	136.8	160.8
Costs	1,854.1	2,079.0
Operating profit	332.8	409.8
Net debt	2,061.2	2,706
Taxes paid	140.6	143.0
<b>Sustainable development indicators:</b>		
Greenhouse gas emissions (scope 1+2), '000 tonnes CO <sub>2</sub> -eq	5,508 <sup>22</sup>	5,165
Accidents	25	20
Fatal accidents	6	7

### CARGO TURNOVER (OPERATIONAL)

272.1

billion tonne-km

The growth of the Company's net debt is due to the need to raise debt financing for the implementation of large-scale projects to modernise the infrastructure and rolling stock fleet.

About CHF 538 million was raised to renew the fleet of freight and passenger locomotives and KZT 115.5 billion to renew 157 passenger coaches.



In 2024, National Company Kazakhstan Temir Zholy JSC continued its stable development, having achieved significant success in the transport and logistics sphere. The container transit traffic increased by 8.9%, reaching 1,395,000 twenty-foot equivalent units (TEU), which is evidence of highly effective implementation of the company's strategy and strengthening the role of Kazakhstan as a key transit hub in the region.

<sup>21</sup> Financial indicators are given according to the Company's consolidated financial statements for 2023 and 2024.  
<sup>22</sup> The methodology specified in the GHG Protocol Scope 2 Guidance has been applied to the calculation of Scope 2.



### FINANCIAL STABILITY

	2023 (Fact)	2024 (Fact)	2025 (Plan)	2026 (Plan)	2027 (Plan)
Debt/EBITDA	4.52	4.80	3.69	1.99	1.61
EBITDA/ interest expenses	2.37	3.23	3.30	6.42	7.25
Debt/Capital	1.27	1.46	1.17	0.9	0.65

The Company is carrying out measures aimed at increasing the efficiency of its operations and improving its financial position, related to the modernization of infrastructure and rolling stock, optimization of costs and business processes, as well as the growth of revenue streams, in order to further expand its operations and offset the negative impact of currency exchange rate changes on the Company's financial results.

In 2024, KTZh, together with the ministries of national economy and transport, developed the tariff measures that include a 24% increase in tariffs for regulated services of access to the mainline network and locomotive traction within 3 years. These measures were agreed by the Government of the Republic of Kazakhstan.

Against the backdrop of the measures taken, the key production and financial indicators of the Company for the last 3 years demonstrate significant growth. Thus, the Company's cargo turnover increased by 7%, revenue by 46%, net profit by 4.4 times.

KTZh plans to improve its financial stability ratios over the next 3 years.

In addition, the investment attractiveness of the Company is confirmed by high ratings of international credit agencies: Moody's – Baa2 (issued 19 Feb 2025), Fitch Ratings – BBB- (issued 11 Nov 2024), S&P – BB (issued 20 Dec 2024).

### INFRASTRUCTURE MODERNISATION

Within the framework of the National Project "Strong Regions – Driver of the Country's Development" and in accordance with the Concept of Development of Transport and Logistics Potential of the Republic of Kazakhstan until 2030, construction of second tracks on the Dostyk-Moynty section was started in November 2022. The purpose of this project is to increase the capacity of this section and stimulate the transit potential of Kazakhstan.

The implementation of the project to build the second line with a total length of 836 km will increase the number of goods trains fivefold – from 12 to 60 pairs per day. This will be a significant step in strengthening the country's export capabilities and will expand transport opportunities for Kazakh exporters in this direction.

Construction is scheduled for completion in 2025.

Construction continues on the following infrastructure projects that began in 2023:

- Almaty bypass railway line.
- Darbaza-Maktaaral railway line.
- The third Bakhty border railway crossing on the Kazakhstan-China border with access to the existing Semey-Aktogay railway section.

The aim of the projects is to increase the capacity of the sections and the transit and transport potential of the country.



## PASSENGER TRANSPORT

In 2024, rail passenger traffic decreased by 0.5% compared to 2023, accounting for 19.6% of total passenger traffic.

The company's subsidiary, Passenger Transportation JSC, is actively working to create comfortable conditions for passengers. Given the length of the railways in Kazakhstan, this

is a key aspect in maintaining the image and attractiveness of this business sector within KTZh. The company carefully studies passenger preferences, a feedback system is in place, and complaints about the quality of service are carefully documented and analysed. Measures are also being taken to renew the car fleet.

### Kazakhstan passenger turnover 2024 by type of transport, million p-km

Indicator	Passenger turnover, million p-km			Share in total passenger turnover, %	
	2023	2024	Changes 2024/2023, %	2023	2024
<b>All transport</b>	<b>72,753.7</b>	<b>82,785.7</b>	<b>113.8</b>	<b>100</b>	<b>100</b>
Automobile and urban electric transport	30,739.8	38,306.8	124.6	42.3	46.3
Air transport	25,898.5	28,275.7	109.2	35.6	34.2
Railway transport	16,113.0	16,198.2	100.5	22.1	19.6
Water transport	2.2	4.4	198.2	0.0	0.0
Maritime transport	0.2	0.6	365.6	0.0	0.0

The Company's passenger turnover in 2024 decreased by 0.9% compared to the 2023 level and totalled 11,719 million passenger kilometres (11,831 million passenger kilometres in 2023). The decrease in passenger turnover was due to a reduction in the frequency of some routes, the transfer of suburban routes to private carriers, and the cancellation of a number of trains.

### NUMBER OF PASSENGERS DISPATCHED BY JSC PASSENGER TRANSPORTATION

13,796

thousand passengers

The number of passengers dispatched by JSC Passenger Transportation for 2024 was 13,796,000 passengers (13,681,000 passengers in 2023), including:

- by trains of JSC Passenger Transportation – 13,630,000 passengers;
- including 2,342,000 passengers for the Suburban Branch;
- by trains of other railway administrations – 166,000 passengers.

Revenues from passenger traffic for 2024 totalled KZT 114.6 billion, which is 9% higher than in 2023. The increase is due to the increase in fares by 7% from 1 January 2024 and by 19.9% from 1 October 2024.

## NEW ROUTES

The next stage to the new route network has been implemented:

- the rolling stock of train No. 31/32 Pavlodar-Almaty was renewed: cars were replaced with new standard cars manufactured by ZIKSTO JSC;
- revised route of commercial train No. 29/30 Atyrau-Almaty: shortened to Shymkent station;
- the number of seats offered on the Astana-Almaty and Astana-Shymkent routes was increased by introducing new trains from Talgo cars and increasing package traffic from 4 to 6 trains;
- additional suburban trains were organised on the Astana-Borovoye and Aktobe-Shalkar routes.

From 10 July 2024, the geography of running of the women's carriages on 3 routes has

been expanded. In total, 11 routes are used. Since the implementation of the project, 531,000 passengers have used this service.

Projects were implemented to develop international and domestic tourism.

The first project is the Jibek Joly international tourist train with a route covering the cities of Almaty, Turkestan and Tashkent. During the period from 16 to 21 November 2024, 115 tourists were transported. The passengers were offered a full tour package including travel, transfer, excursion service and meals.

The second project was the Astana-Borovoye Resort tourist electric train, which was launched on 13 December 2024. The implementation of this route was accompanied by comprehensive work on the interior and exterior design of carriages, organisation of musical accompaniment and creation of a comfortable atmosphere for passengers.

## COMFORT FOR PASSENGERS

In 2024, the passenger railway fleet of the Republic of Kazakhstan was replenished with 118 domestically produced cars manufactured at the plant in Petropavlovsk. Among them are

6 modern cars for suburban transport, which started running on the Astana-Borovoye Resort route, providing passengers with a higher level of comfort. In 2025, it is planned to deliver 107 new standard cars and 12 motorised rolling stock. In addition, in the period from 2025 to 2030, it is planned to purchase more than 500 new cars from Stadler Kazakhstan LLP, which will meet international standards. After delivery of these cars, the fleet will be renewed by two thirds.

### THE PASSENGER RAILWAY FLEET WAS REPLENISHED WITH

118

cars



## FREIGHT TRANSPORT

Cargo turnover of all modes of transport in 2024 was 514,455.47 million tonnes-km, up 2.6% from 2023.

Rail transport remains the main player in freight transport, accounting for 63.7% of the country's total freight turnover. Rail freight turnover in 2024 increased by 0.3% to 327,944 million tonnes-km.

In 2024, the Company recorded tariff cargo turnover of 261.7 billion tonne-km, down 0.3% year-on-year to 262.4 billion tonne-km. This indicator decreased due to lower cargo turnover in export and import traffic.

In the structure of types of communications, cargo turnover was as follows:

- In intra-republican traffic, growth by 1.9% by 2023 due to a 4.9% increase in freight traffic. Transportation of all cargo nomenclature increased, except for coal, crude oil and fertilisers.

- In terms of exports, cargo turnover decreased by 4.1% by 2023 due to a 2.8% decrease in freight traffic. The volume of coal, iron ore, construction cargo, grain, ferrous scrap, and non-ferrous scrap decreased.
- In terms of imports, cargo turnover by 2023 decreased by 2.7% due to a 2.9% decrease in the average distance travelled. The average range of coal, construction cargo and other cargo shipments decreased.
- In transit, the increase was 4.3% due to a 0.5% increase in traffic. There was an increase in transportations of oil from Russia to Uzbekistan, construction cargoes from China to CA countries, chemicals and soda from Russia to China, from China to CA countries, fertilisers from Belarus and Russia to China, from Uzbekistan to Latvia, Lithuania and China, and other cargoes.

To intensify transit traffic in the East-West direction, the construction of the Kazakh-Chinese Dry Port in Xi'an was launched. The terminal was launched on 28 February 2024.

Thanks to the launch of the Kazakh-Chinese terminal for 2024 container transit from the PRC on the Trans-Caspian international transport route increased 33 times.

### Key projects:

- International container hub in the Port of Aktau.
- Terminal in Xi'an.

## ALTERNATIVE TRANSPORT ROUTES

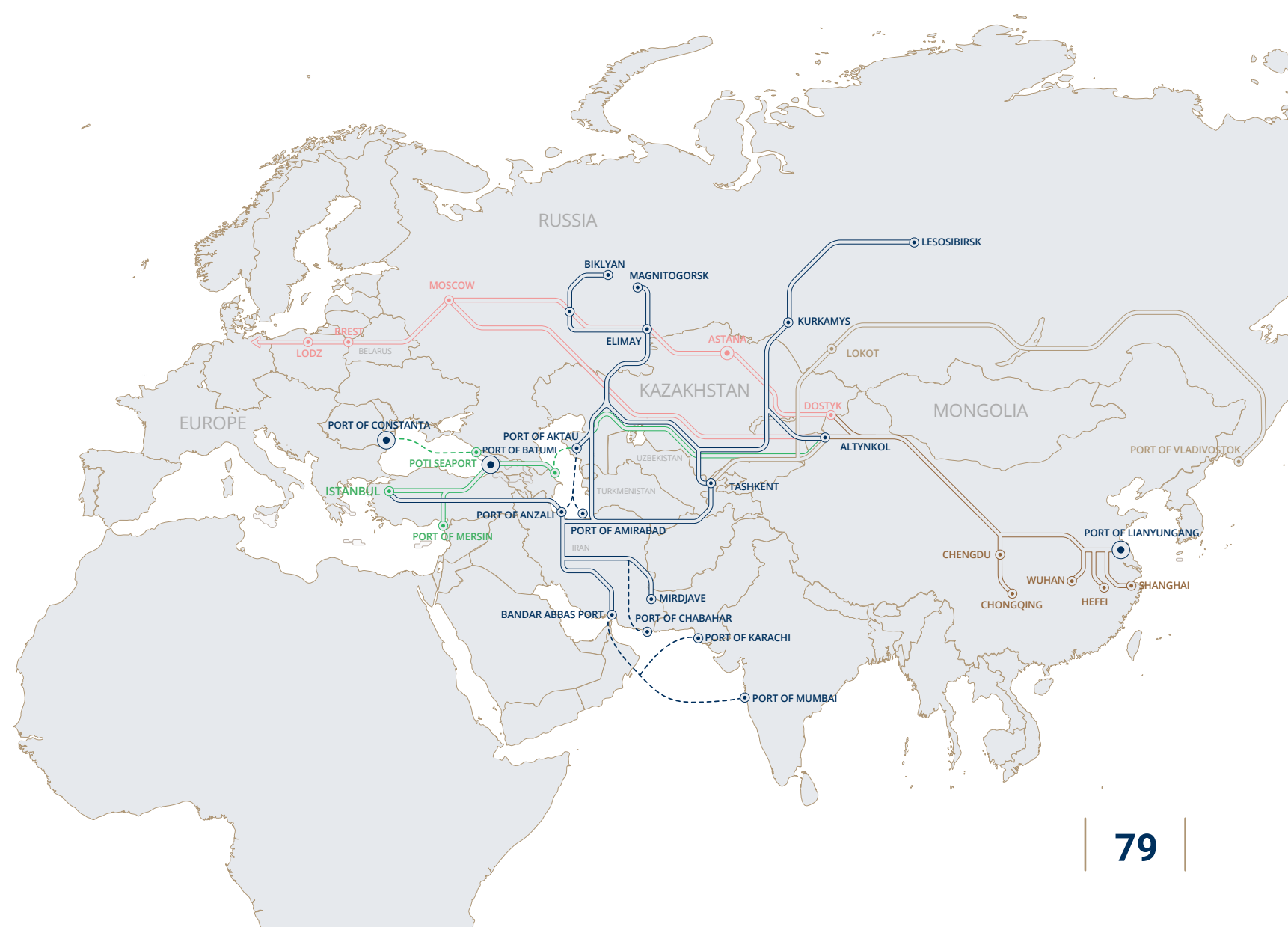
The capacity of the Trans-Caspian International Transport Route is about 6 million tonnes per year, including up to 80,000 containers.

In 2024, about 3.3 million tonnes of cargo was transported along this route, which is 21% more than in 2023. The growth was due to an increase in Kazakh exports along this route, which grew by 21% compared to 2023.

In order to build the capacity of this route, measures are being taken synchronously with all route participants to remove infrastructural constraints as well as to integrate national digital systems.

At the end of 2022, a roadmap to remove bottlenecks on the route of the Trans-Caspian International Transport Route was approved at the governmental level of Kazakhstan, Azerbaijan, Turkey and Georgia. Today, active work is underway to implement this roadmap by all participants.

The main infrastructure projects are the development of railway and port infrastructure along the entire route corridor. It is planned that implementation of the roadmap will increase the throughput capacity of the route to 10 million tonnes.



### ESTABLISHING A JOINT VENTURE WITHIN THE TRANS-CASPIAN INTERNATIONAL TRANSPORT ROUTE

On 26 October 2023 in Tbilisi, KTZh, Azerbaijan Railways CJSC and Georgian Railways JSC signed an agreement to establish a joint venture Middle Corridor Multimodal Ltd. on a parity basis.

On 16 November 2023, Middle Corridor Multimodal Ltd. was incorporated as a private company under the MFCA. The establishment of this joint venture will allow:

- provide services based on the one-stop-shop principle;
- guarantee delivery times and costs;

- to pursue a coordinated policy on the development of multimodal service to increase cargo traffic on the China-Europe/Turkey-China routes.

The eastern direction of the North-South international transport corridor attracts the attention of shippers as a promising alternative route for delivering goods to the markets of Iran, India and the Persian Gulf countries.

Transit in containers along these routes increased by 8.9% compared to 2023 and reached 1,395,000 TEU.

Special attention is paid to increasing cargo turnover towards India and the Persian Gulf countries, mainly via Iran and the port of Bandar Abbas.

### SUSTAINABLE DEVELOPMENT

On 25 December 2024, the independent international rating agency S&P Global assigned KTZh an ESG rating of 60 points out of 100 in the Global Corporate Sustainability Assessment, which is 6 points higher than the 2023 level (54 points).

KTZh was among the top 10 per cent of transport companies (among more than 300 companies) evaluated by S&P Global.

In addition, KTZh was included in the prestigious S&P Global Sustainability Yearbook 2025, becoming the first Kazakhstani company to receive this recognition.

Sustainability Yearbook Member is a prestigious status awarded from 2004 to companies that demonstrate outstanding sustainability performance and effectively manage ESG factors, including environmental, social and governance aspects.

In 2025, 780 of the 7,690 companies assessed by S&P Global for 2024 were included. In the Transport and Transport Infrastructure sector, where KTZh is represented, 28 out of 198 companies were included.

### PLANS FOR 2025

In 2025, the Company plans to:

- increase operational freight turnover to 283.8 billion tonnes-km, a 4.3% increase compared to the 2024 actual;
- continue construction of the railway line bypassing Almaty station;
- to complete the construction of the 1st stage of the international container hub in the port of Aktau, which is capable of becoming a driver of container traffic growth;

- complete construction of the second track on the Dostyk-Moynty section;
- to conduct an initial public offering (IPO). Samruk-Kazyna intends to sell up to 20 per cent of KTZh shares as part of this IPO, while retaining at least 75 per cent of the shares in the ownership of the state. Preparations for the IPO are already underway: international consultants and global coordinators such as Citi, JP Morgan and Societe Generale have been engaged.



### Development of passenger transport

On 24 December 2024, a sale agreement was signed between the Fund and a consortium comprising Central Asia Aviation Holdings Limited Private Company (part of the Vietnamese conglomerate Sovico Group JSC) and Kazasia Holdings Limited Private Company.

QAZAQ AIR is committed to realising its mission of providing affordable inter-regional air services that meet high international and national safety standards. The growing demand for interregional air services confirms the high

potential of Kazakhstan's regions to develop tourism and business activity.

QAZAQ AIR's fleet consists of 5 modern turboprop aircraft manufactured in Canada, which is classified as small fleet size by aviation standards. Using the convenient geographical location of its base airport in Astana, QAZAQ AIR successfully develops a hub route network to the regions and border cities of neighbouring countries.



### KEY PERFORMANCE RESULTS 2024

Indicator	2023	2024
<b>Production figures:</b>		
Passenger traffic, '000 people	588	601
Freight traffic, tonnes	23	84
Aircraft load factor, %	84	84
On-time performance of flights, %	77	76
<b>Financial indicators<sup>23</sup>, billion KZT:</b>		
Revenue	19.6	21.1
Dividends	0	0
Net loss	-7.6	3.9
Costs	20.8	21.9
Operating expenses	-2.9	-0.8
Taxes paid	0.6	1.0
<b>Sustainable development indicators:</b>		
GHG emission intensity (tonnes of CO <sub>2</sub> per chair-kilometre)	0.011	0.011
Accidents	0	1
Fatal accidents	0	0

In 2024, the Company was once again ranked among the top three in the Best Regional Airlines in Central Asia and CIS category by Skytrax. QAZAQ AIR demonstrated a historical record in 2024 with more than 600,000 passengers carried on 5 aircraft, which is a record since the start of operations in 2015. The route network was optimised: low-margin

long routes were reduced and the number of medium- and short-range routes was increased.

Activities have been undertaken to incentivise ticket sales, including seasonal discounts during periods of low demand.

The company was ranked among the top 3 “Best Regional Airlines in Central Asia and CIS” by Skytrax.

### ROUTE NETWORK

In 2024, QAZAQ AIR's route network included 30 destinations, of which 6 were subsidised and 5 were international.

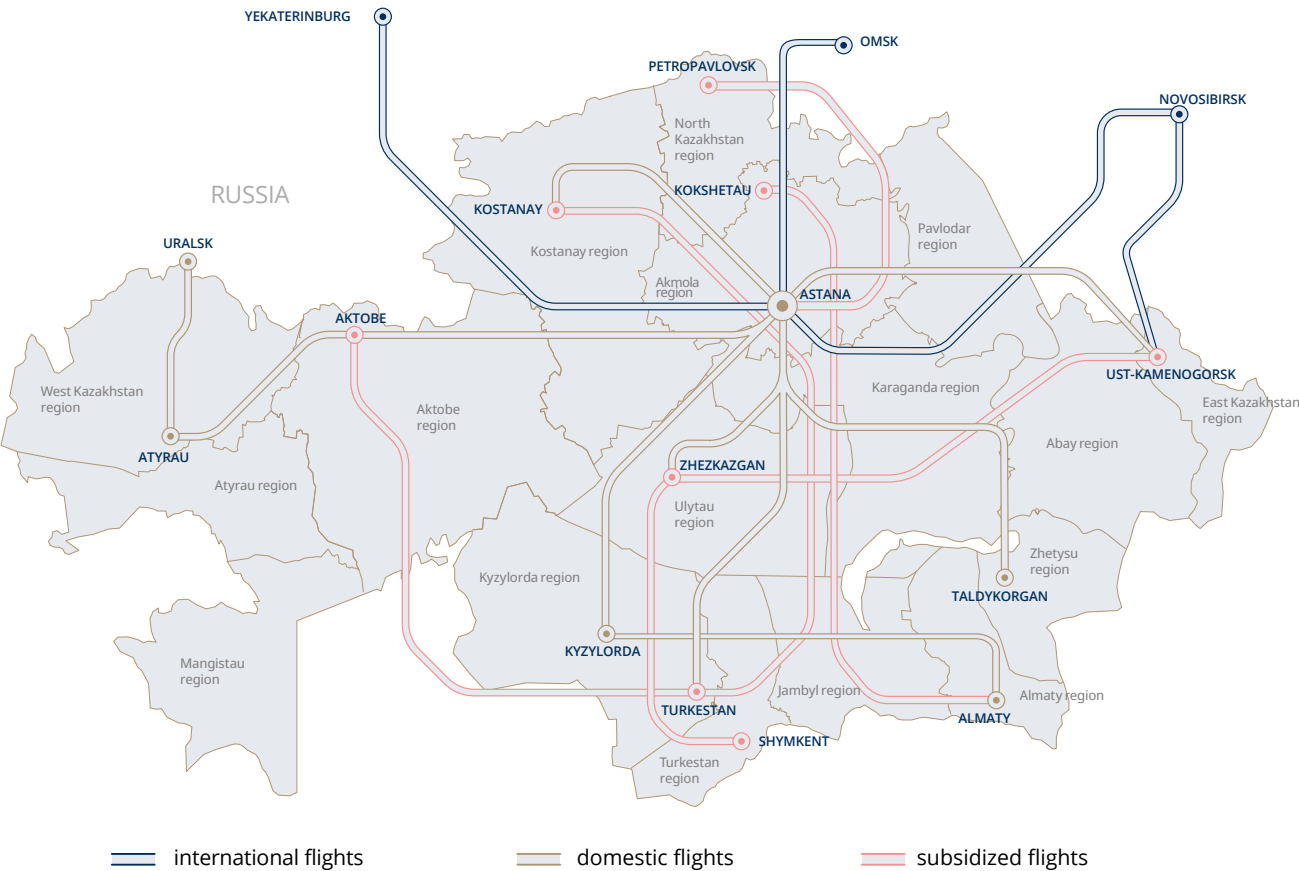
In order to develop domestic tourism, summer seasonal flights to Urjar and Usharal were performed. A summer charter programme was also carried out on the route Almaty-Tamchi (Issyk-Kul).

The airline strengthened its status as an interregional carrier by increasing flight frequencies on a number of domestic routes, as well as on international cross-border flights to Omsk, Novosibirsk and Yekaterinburg.

### EXPANSION OF THE AIR TICKET DISTRIBUTION NETWORK

QAZAQ AIR has signed a contract and opened sales in TAC Central Asia. Joining the Central Asia TAC organisation contributes to the efficiency

of QAZAQ AIR's operations and increases the availability of its services in the Central Asian market.



<sup>23</sup> The financial figures are as per the Company's consolidated financial statements for 2023 and 2024.