

# PRESENTATION

FOR INVESTORS

2023





01

## COMPANY OVERVIEW

---





# OVERVIEW NC KTZ JSC

## KEY FACTORS

100%



100% PUBLIC OWNERSHIP THROUGH SAMRUK-KAZYNA

Baa2 (M)

BBB- (F)  
BB (S&P)



CREDIT RATINGS

116,5 thousand



LARGEST EMPLOYER IN KAZAKHSTAN (2023)

220.3



MILLION TONS OF CARGO TRANSPORTED (2023)

1,7 thousand  
44,6 thousand



LOCOMOTIVES AND FREIGHT CARS

9.1 billions



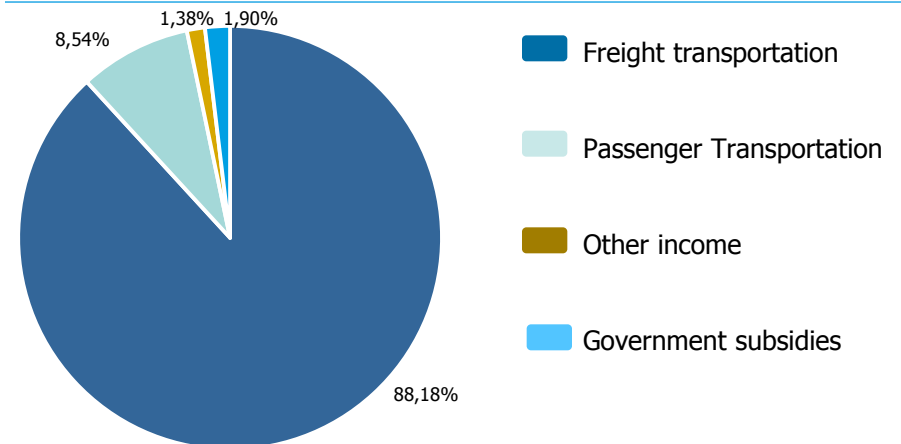
PASSENGER KILOMETERS (2023)

- **Joint Stock Company National Company Kazakhstan Temir Zholy (NC KTZ JSC)** is a transport and logistics holding, operator of the main railway network of the Republic of Kazakhstan, National railway carrier of goods and passengers, operator of sea and dry ports.
- **The group of companies JSC NC KTZ** is the largest owner of locomotives, freight and passenger cars in the country. NC KTZ JSC is one of the largest employers in Kazakhstan.
- In terms of the length of railways, Kazakhstan ranks 3rd among the CIS and Baltic countries with a gauge of 1520 mm.
- NC KTZ JSC provides economic interconnection with 17 regions of the Republic of Kazakhstan and 3 cities of republican significance, and through 16 junction points with five neighboring countries: China, Russia, Uzbekistan, Kyrgyzstan and Turkmenistan.
- As part of the Development Strategy, KTZ firmly adheres to ESG principles.
- **The share of KTZ's railway cargo turnover** in Kazakhstan remains significant (**45% in 2021, 43% in 2022, 42% in 2023**)

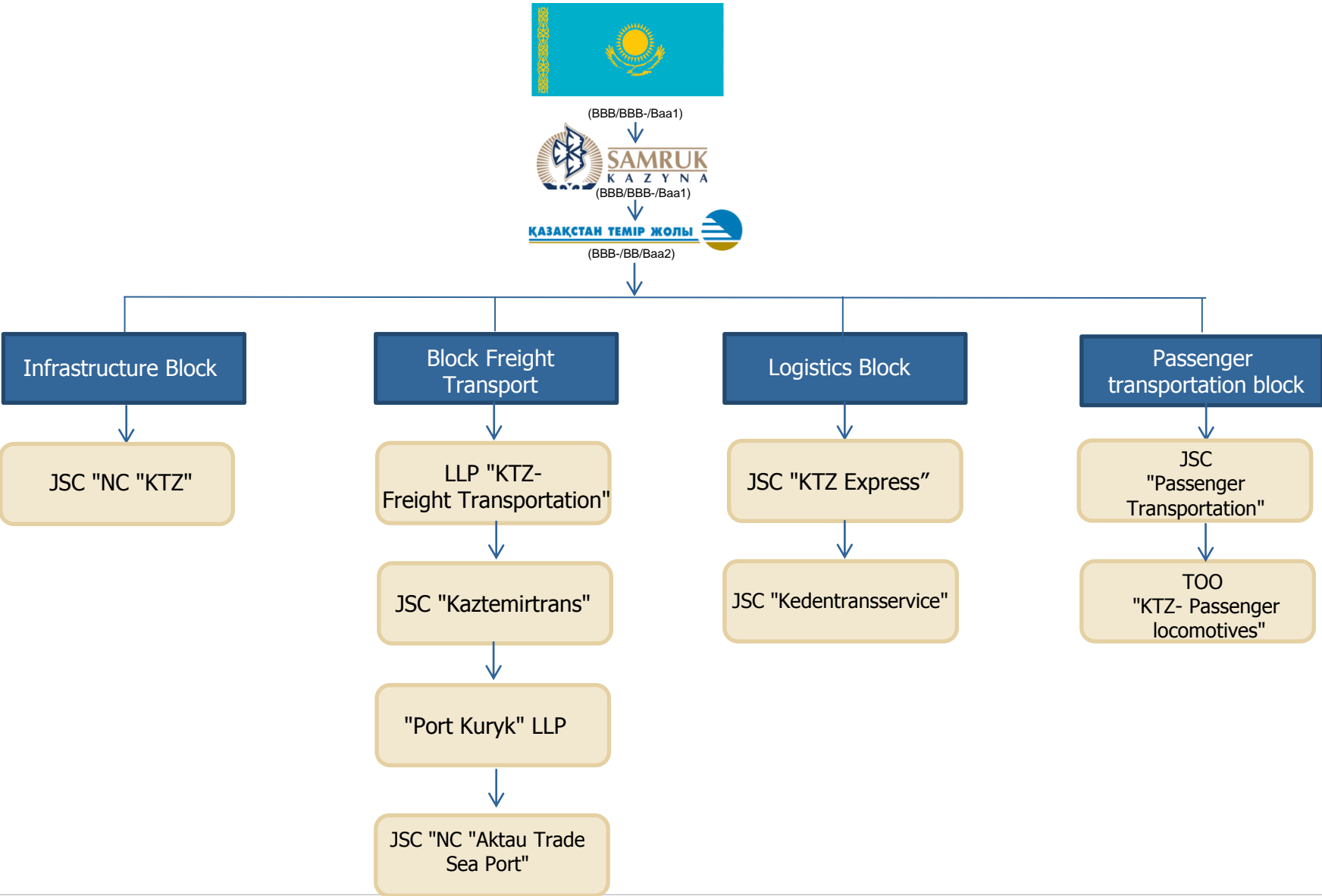
## KEY FINANCIAL INDICATORS

(in billion KZT, unless otherwise indicated)	2019	2020	2021	2022	2023
<b>Group revenue</b>	1,139.1	1,173.3 (+3.0% growth)	1,328.5 (+13.2% growth)	1,481.5 (+ 11.5% growth)	1,934.1 (+ 30.6% growth)
<b>Group EBITDA</b>	295.1	349.5 (+18.4% growth)	408.4 (+16.9% growth)	338.5 (-17,1% decrease)	493.5 (+45.8% growth)
<b>Group EBITDA Margin (%)</b>	25.9%	29.0%	30.8%	22,8%	25.5%
<b>Group Net debt / EBITDA</b>	4.77x	4.42x	3.69x	4,35x	4.11x
<b>Capital expenditures</b>	209.7	258.8	331.1	415.9	1,151

## REVENUE STRUCTURE 2023 (ACTUAL)



# STRUCTURE OF THE GROUP OF COMPANIES JSC NC KTZ





# VERTICALLY INTEGRATED COMPANY



## INFRASTRUCTURE OWNED BY THE GROUP...



**16 thousand km** track length



**831**

stations and work points



**4 thousand km** electrified sections



**20 thousand** turnouts



**5 thousand km** double and triple track lines



## ... WITH A RELIABLE ASSET BASE...



**1,142** freight locomotives

**277**

passenger locomotives

**415**

shunting locomotives



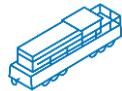
**44 thousand** freight cars

**2 thousand**

passenger cars



## ... AND A LEADING PRESENCE IN A WIDE RANGE OF SERVICES



freight transportation



mainline railway operator



national logistics operator  
(dry and sea ports, as well as terminal network)



passenger transportation



support services including repairs)



# 02

## OPERATING INDICATORS OVERVIEW

---

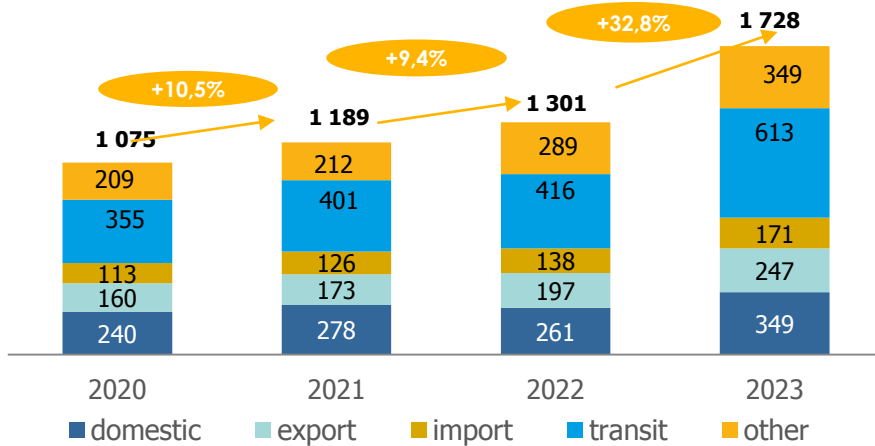




# OVERVIEW OF KTZ FREIGHT TRANSPORTATION

**KTZ plays a vital role as the main provider of rail freight transport services in Kazakhstan.**

Revenue from freight transportation, billions KZT



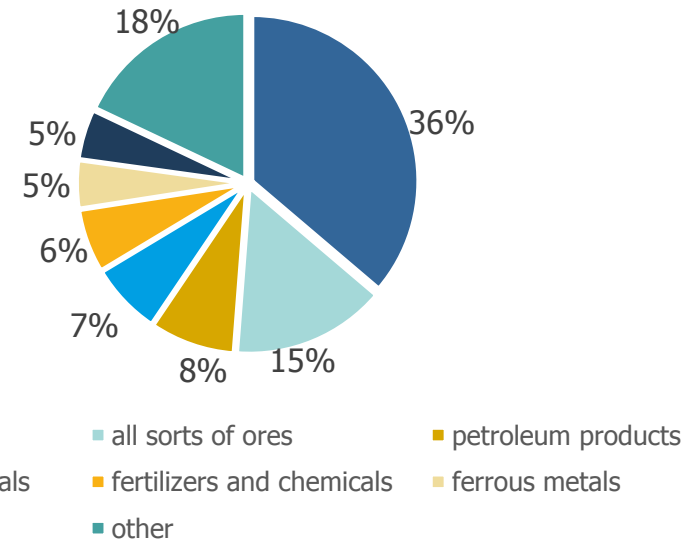
In 2023 **a historical maximum of cargo turnover** has been reached during the years of Kazakhstan's Independence.

**The revenue from freight transportation** (including transit) is growing annually (increased by **62%** from 2020 to 2023).

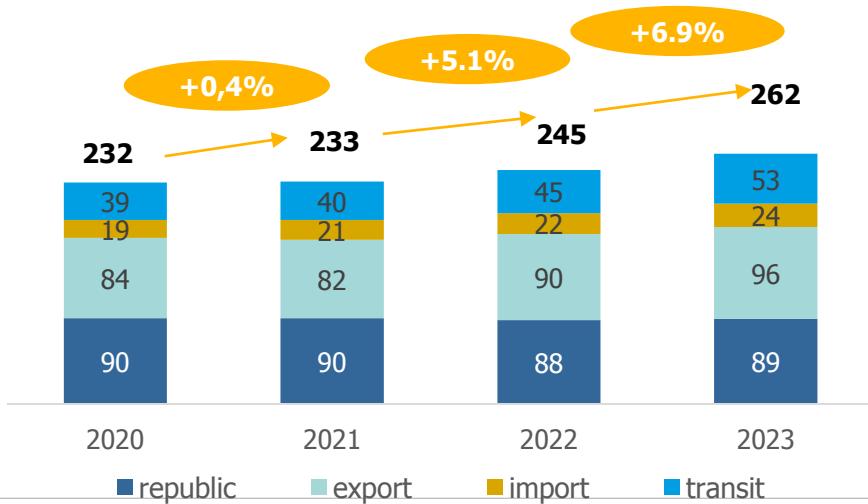
**Income from the transit** shows a steady growth through 2020-2023 by **58%**.

**STRUCTURE OF CARGO TURNOVER BY TYPE OF CARGO 2023**

297 millions tons



Freight turnover, billions tkm



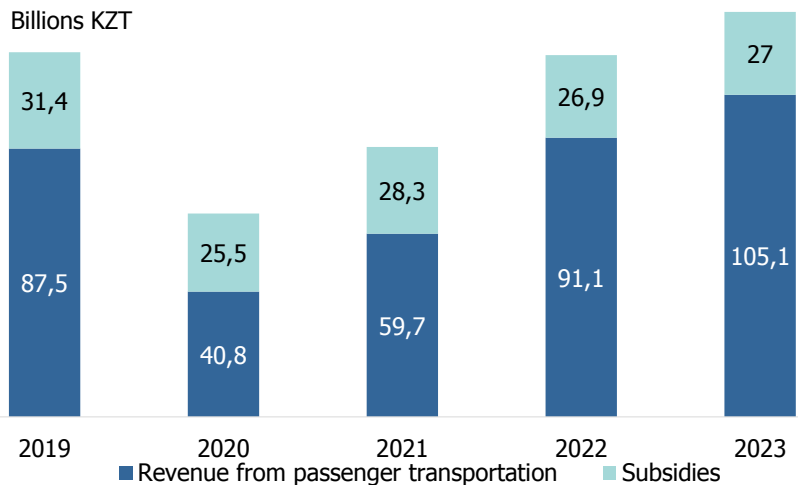


# OVERVIEW OF KTZ PASSENGER TRANSPORTATION

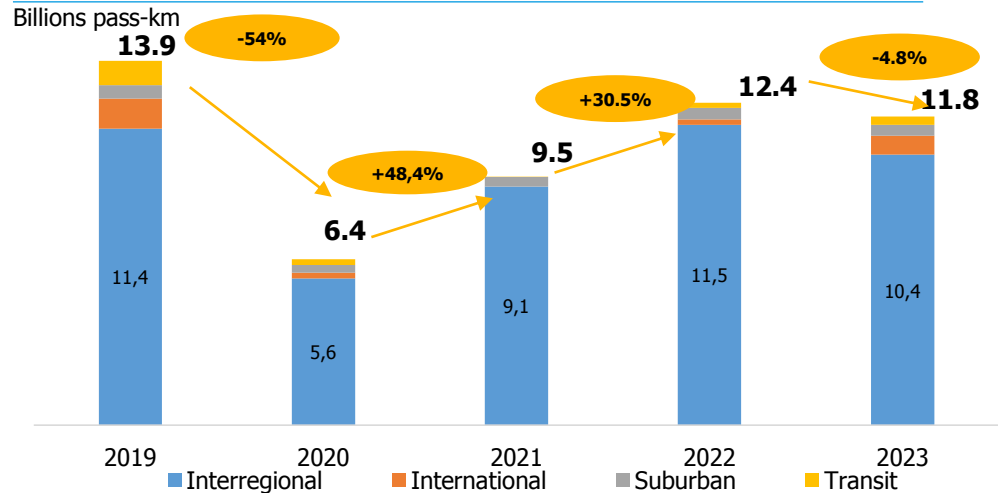
## Railway passenger transportation of KTZ

- The Group provides **interregional 64, international 41, intercity and suburban** passenger transportation throughout Kazakhstan
- The Group provides **socially significant passenger transportation** (partially subsidized by the government) and high-speed passenger transportation (tariffs for which are not regulated)
- Approximately **70%** of passenger routes in Kazakhstan are operated by KTZ, with the rest operated by private operators
- In conditions of unprofitability of the passenger segment, losses are reduced due to government subsidies aimed at supporting the continuation of socially significant passenger transportation

## Subsidies and revenue from the passenger transportation

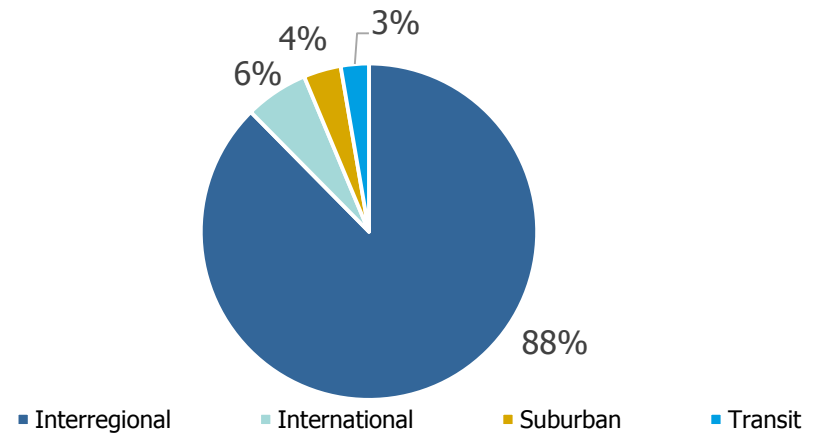


## Passenger turnover



## Passenger turnover structure by routes 2023

11.8 billions pass-km







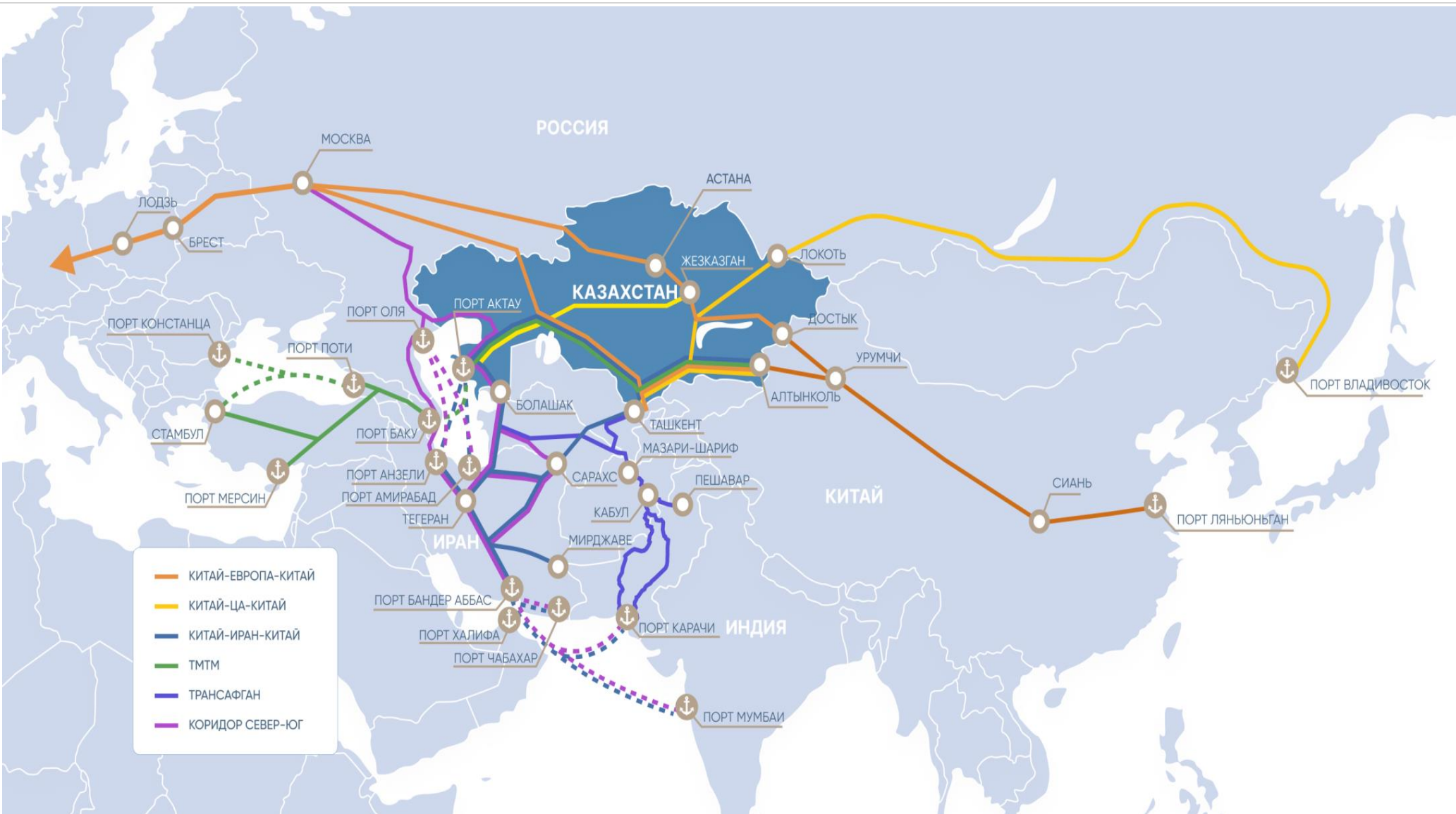
03

TRANSIT POTENTIAL

---



# KAZAKHSTAN – TRANSIT HUB

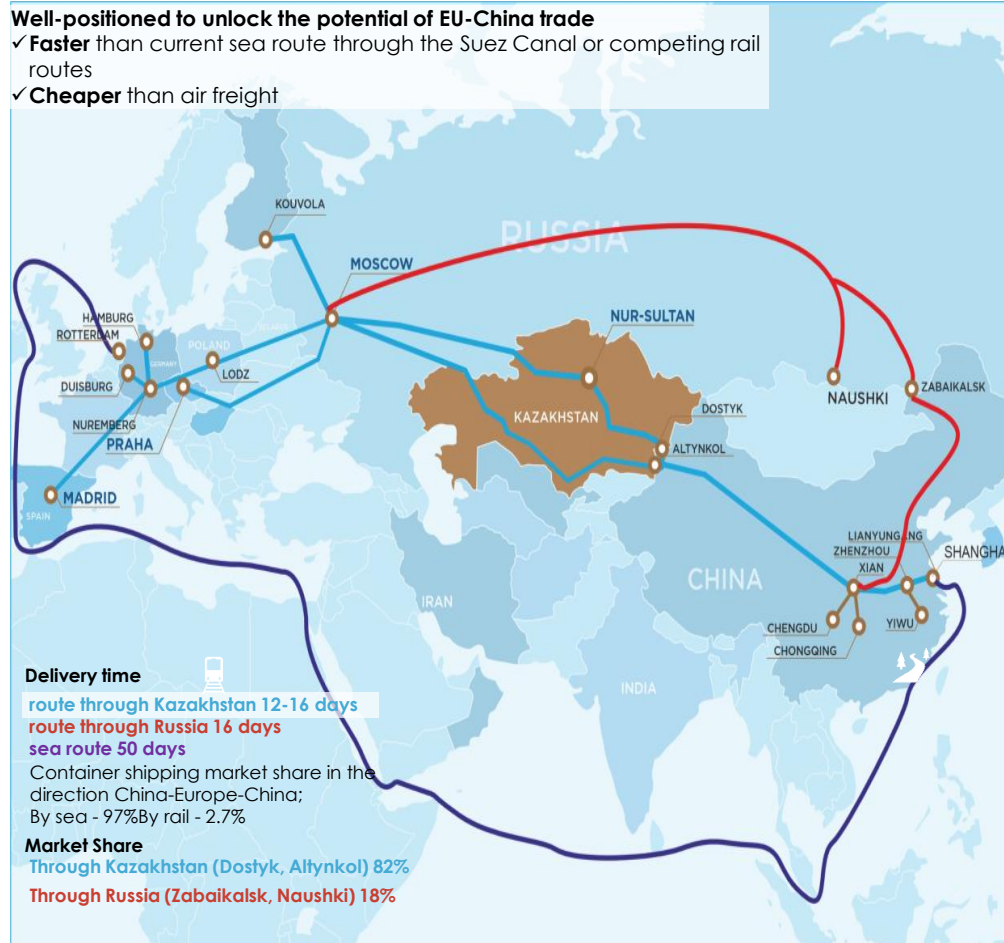




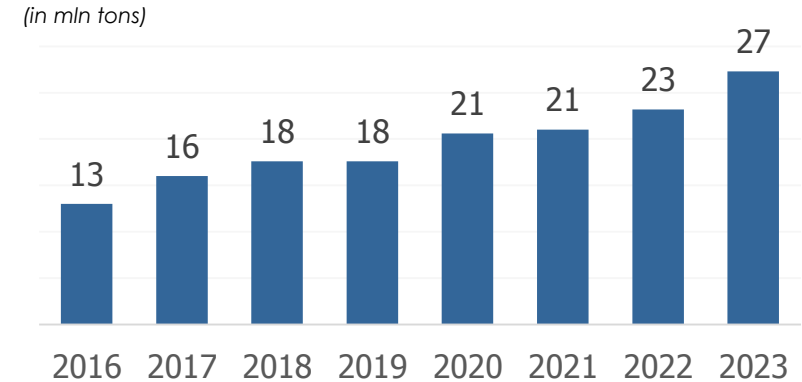
# THE RAILWAYS REMAIN THE OPTIMAL TRANSPORT OF CHOICE

Kazakhstan's vast territory, landlocked position and highly dispersed population form the foundations for the facilitation of high volumes of rail traffic. The country serves as a vital hub for trade from China, the EU and the rest of the CIS – at relatively low costs for freight and passengers alike

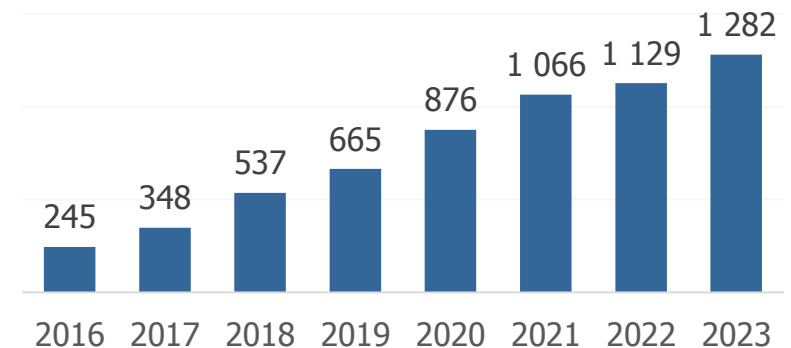
## A STRATEGIC HUB BETWEEN CHINA AND THE EUROPEAN UNION



## TRANSIT DYNAMICS



## Container turnover dynamics, thousands TEU





# 04

## **RAILWAY TARIFF AND GOVERNMENT SUPPORT**





# THE STRUCTURE OF THE RAILWAY TARIFF

**TARIFFS ARE SET BY THE COMMITTEE FOR REGULATION OF NATURAL MONOPOLIES**

## Spheres

*Natural monopoly*

Mainline railway network services

**30 %**

*A socially significant market*

Locomotive traction services

**17 %**

Cargo and commercial work services

**3 %**

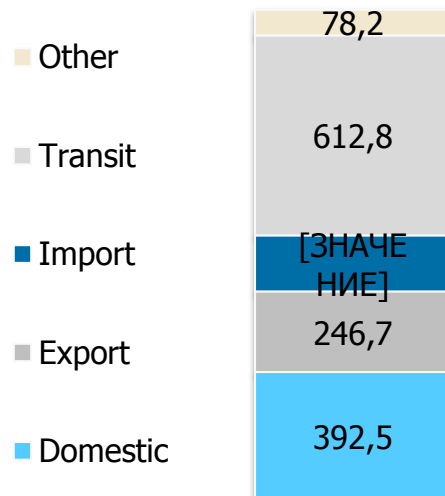
*Competitive market*

Operating services, rental of rolling stock

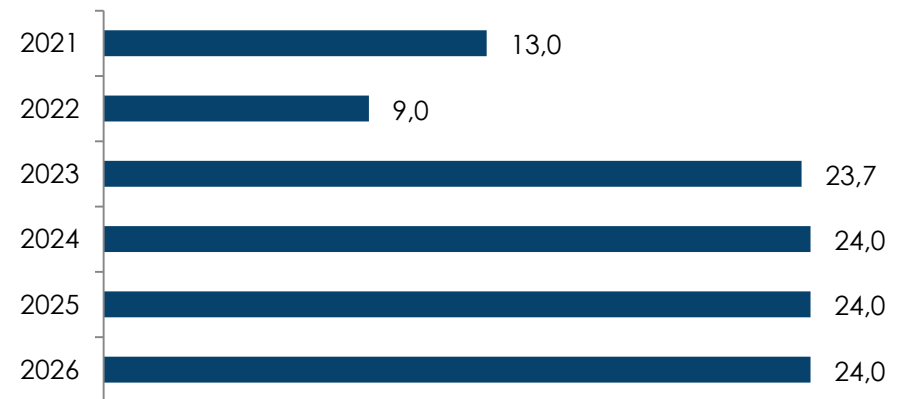
**50 %**

## The structure of the railway tariff

**Total revenue from freight transportation in 2023, billions tenge**

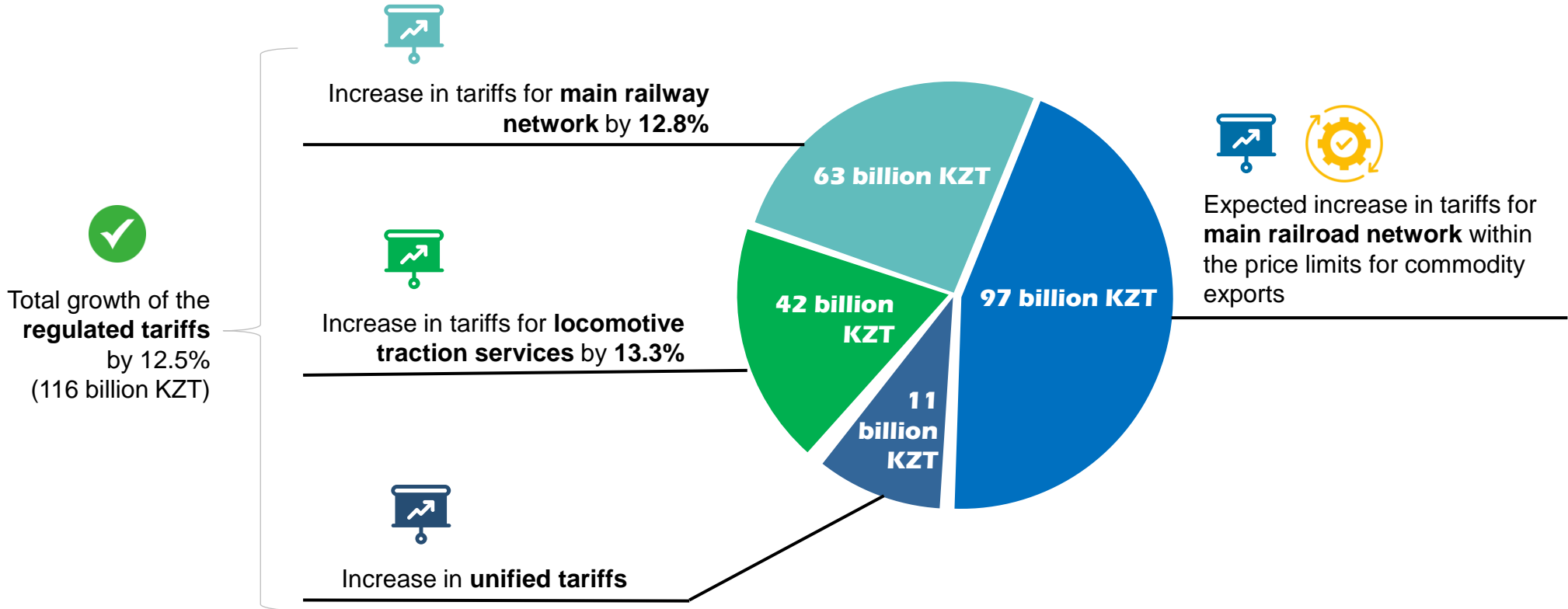


**Average annual change in regulated tariffs, %**





## Total growth of the regulated tariff is expected to increase by 24% (+ 213 billions KZT)





# STRONG GOVERNMENT SUPPORT

## Government support in 2023:



**Concessional  
loan  
508 bln tenge**

173.7 bln tenge for Dostyk-Moyynty;  
162.6 bln tenge for the passenger car (Stadler);  
171,7 bln tenge for 100 passenger and 3,000  
freight cars.



**Subsidies  
49,827 bln  
tenge**

27,038 bln tenge for passenger transportation;  
11,874 bln tenge for passenger locomotive traction;  
10,915 bln tenge subsidizing the rate loans.

## Government support in 2024:



**Concessional  
loan  
407,2 bln tenge**

164 bln tenge for Dostyk-Moyynty;  
44.2 bln tenge for Darbaza-Maktaaral;  
199 bln tenge for 157 passenger, 3 units of  
motor car fleet and 2,000 freight cars.



**Subsidies  
75,484 bln  
tenge**

27,111 bln tenge for passenger transportation;  
11,411 bln tenge for passenger locomotive traction;  
36,962 bln tenge subsidizing the rate loans.



# 05

## FINANCIAL PERFORMANCE OVERVIEW

---







# CAPITAL INVESTMENT PROGRAM: FUTURE INVESTMENT PLANS

The following assets are priority for investment by the Company:

## Dostyk-Moyynty corridor

**Implementation period: 2022-2025**  
**Planned investments: 543 billion KZT**  
**Length: 836 km**

- **The project** is aimed at increasing the speed of container trains to 1,500 km/day and the capacity of the section by 5 times (from 12 to 60 pairs of trains)



## Darbaza-Maktaaral railway line

**Implementation period: 2023-2027**  
**Planned investments (Kazakh side): 287 billion KZT**

- **The project** is aimed at unloading the Saryagash - Tashkent section by reorienting freight traffic to a new railway line, reducing the transit distance to Afghanistan, Pakistan and Turkmenistan, and the socio-economic development of the Maktaaral region



## Almaty bypass railway line

**Implementation period: 2023-2025**  
**Planned investments: 151 billion KZT**

- **The project** is aimed at developing the transit potential of Kazakhstan, reduction of cargo delivery time to 24 hours, unloading of Almaty hub.



## Border crossing Bakhty - Ayagoz

**Implementation period: 2023-2027**  
**Planned investments: 578 billion KZT**

- **The project** is aimed at increasing infrastructure capacity to/from China due to the opening of the 3rd railway crossing with China



## Renewal of rolling stock and locomotives

**Implementation period: 2024-2028**

- purchase 315 units locomotives;
- purchase of 2,918 units of freight cars;
- purchase 470 units passenger cars
- repair: 130 units locomotives, 18,711 freight cars, 15 units. of passenger cars

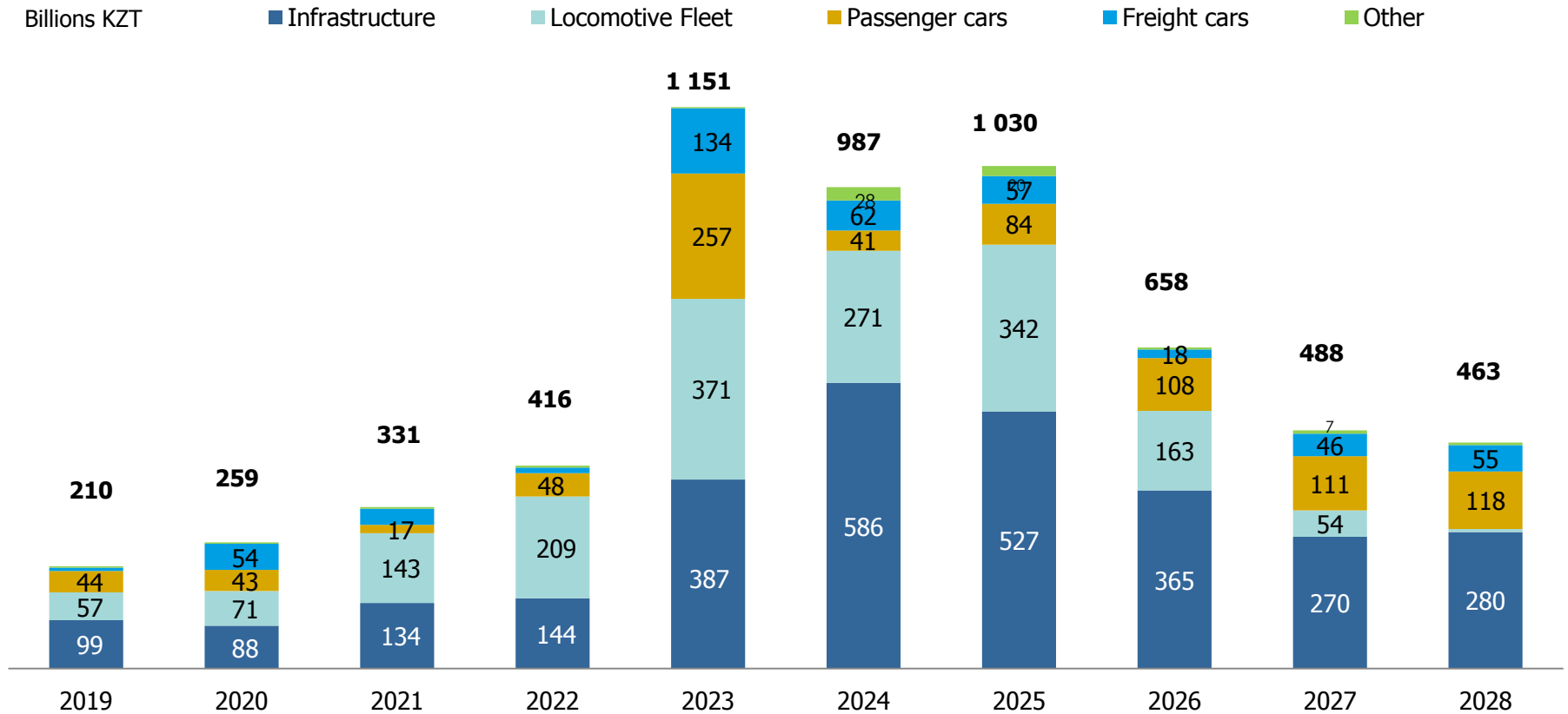




# CAPITAL EXPENDITURE PROGRAMS ARE WELL MANAGED

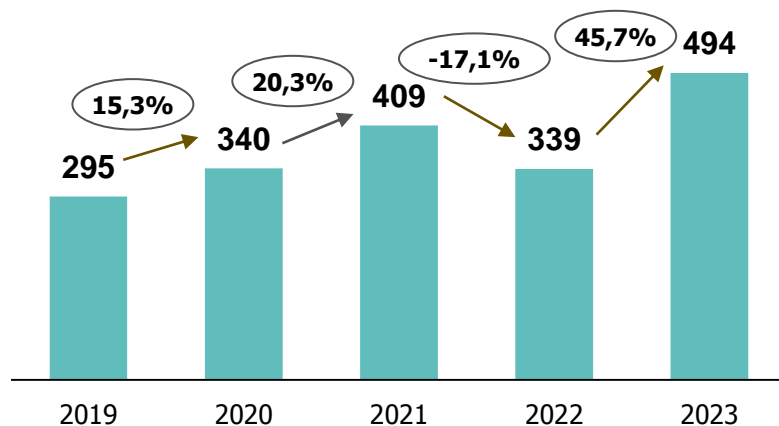
## INVESTMENT TRAJECTORY – KTZ INTENDS TO INCREASE INVESTMENTS TO OPTIMIZE THE FLEET AND RAILWAY INFRASTRUCTURE

KTZ intends to invest 3,626 billions KZT in capital investments in the period 2024-2028

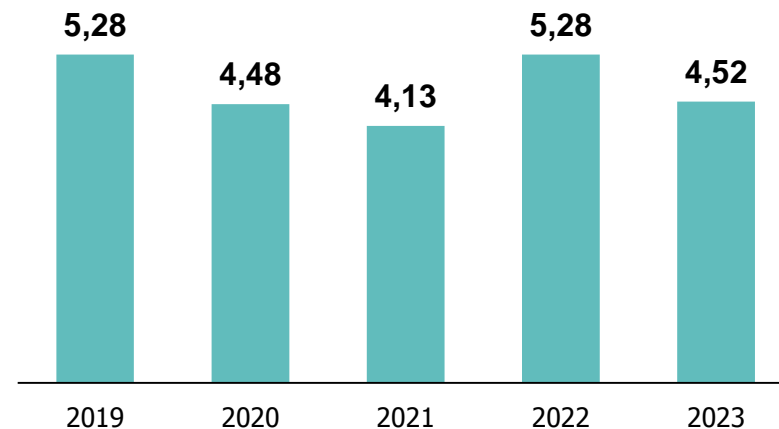




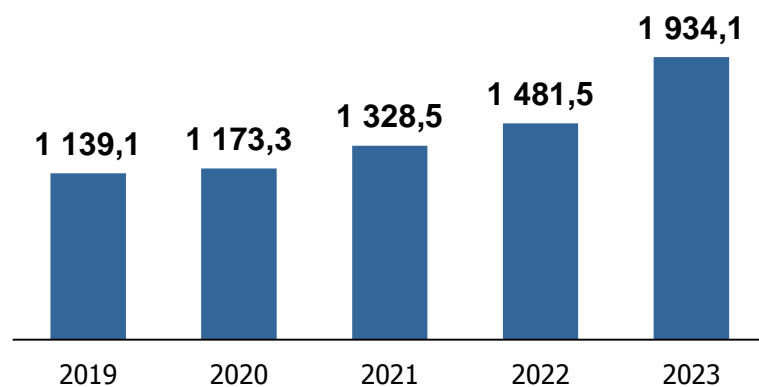
### EBITDA, billions tenge



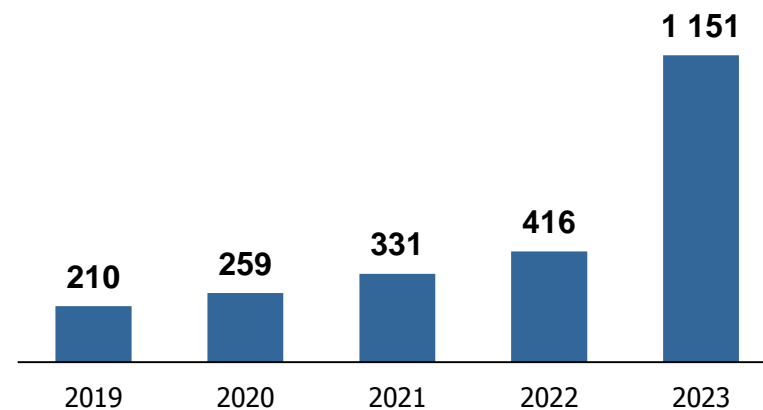
### Debt/EBITDA



### Revenue, billions tenge

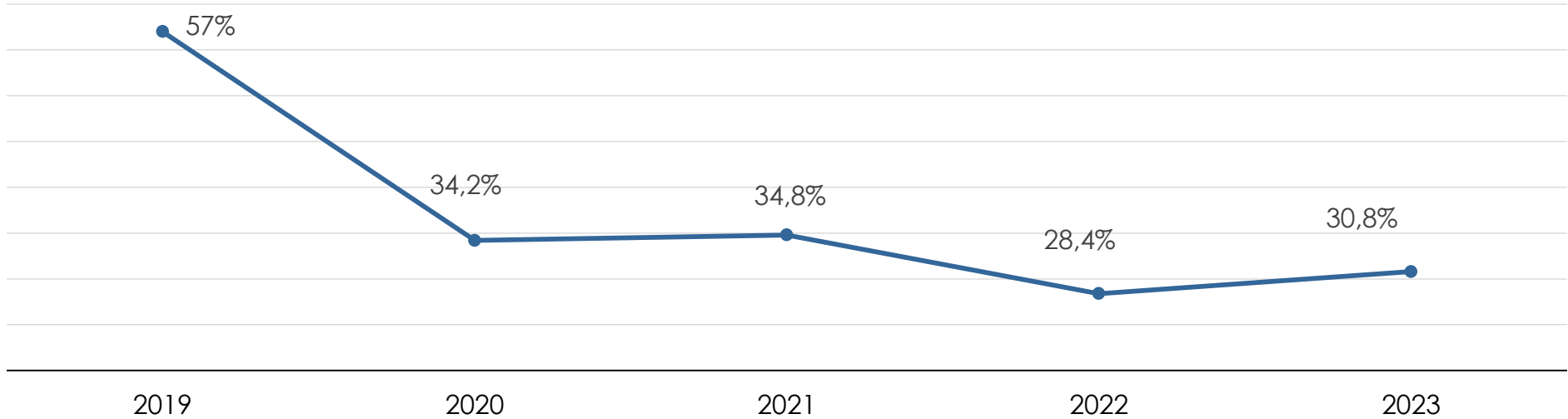


### CAPEX, billions tenge



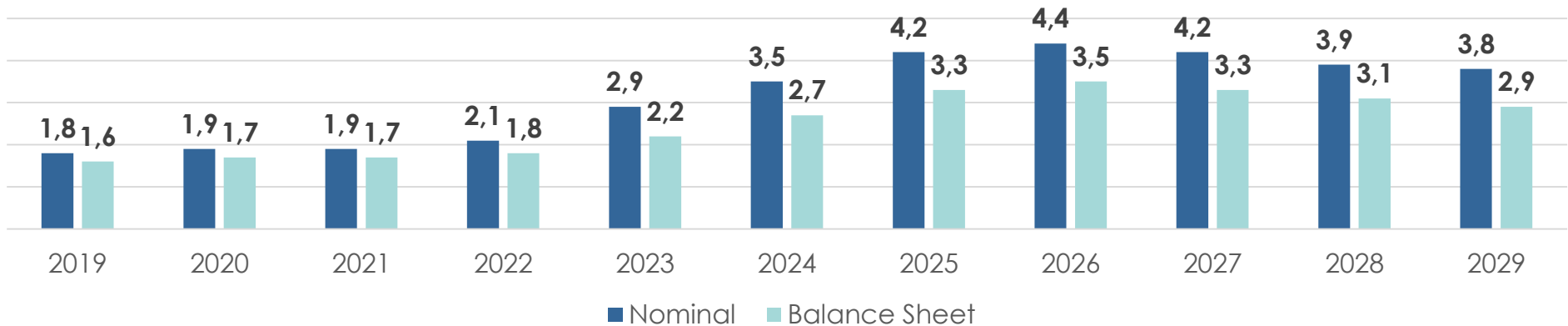


## SHARE IN HARD CURRENCY



## DEBT FORECAST UNTIL 2029 YEAR

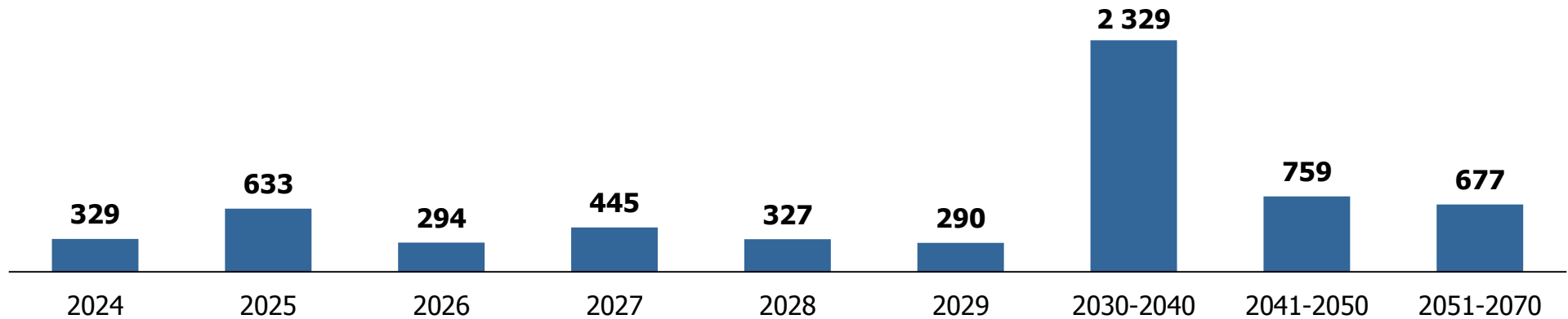
TRILLIONS TENGE





# COMFORTABLE LOAN PORTFOLIO REPAYMENT SCHEDULE

(in billion KZT according to the Development Plan 2025-2029)



## Main principal payments:

### in 2024:

6-year domestic bonds - 75 billion KZT  
2-year bonds – 118,9 billion KZT

### in 2025:

Bonds from SK – 883 million USD  
(refinancing/capitalization)

### in 2026:

10-year domestic bonds - 50 billion KZT

### in 2027:

10-year domestic bonds - 25 billion KZT  
3-year domestic bonds - 100 billion KZT  
3-year domestic bonds - 75 billion KZT

### in 2028:

10-year loan guaranteed by MIGA – 478 million CHF

### 2030-2040:

Fin. leases to KDB/IDF – 400 billion KZT  
15-year loan from SK – 40 billion KZT  
15-year loan (UAPF, SSIF) – 340 billion KZT  
15-year loan (Darbaza-Maktaaral) – 242,6 billion KZT  
10-year loan (Almaty Bypass) – 151,7 billion KZT  
Remaining loan from Citibank (Wabtec) – 423 billion KZT  
Remaining loan from China EXIM/CDB (CRRC) – 183,8 billion KZT  
Remaining loan from SG (Alstom batch 4) – 52 billion KZT  
Remaining loan from SG (Alstom batch 6) – 268,8 billion KZT

### 2041-2050:

30-year loan from SK (Zhezkazgan-Beineu) – 60.8 billion KZT  
20-year loan from SK (Zhezkazgan-Beineu) – 30 billion KZT  
20-year bond loan from SK (Dostyk-Moyinty) – 587 billion KZT  
20-year bond loan from SK (Darbaza-Maktaaral) – 44,2 billion KZT

### 2051 -2070:

30-year loan from SK (Stadler) – 638,7 billion KZT  
49-year loan from SK – 118,3 billion KZT

**The company has a comfortable repayment schedule.**

**The main part of the loan portfolio (38%) is subject to repayment in the period from 2030 to 2040.**



06

## MAINTAINING ESG PRINCIPLES

---





# KTZ DEVELOPMENT STRATEGY – ESG AND SUSTAINABLE DEVELOPMENT

## Ecological

- Full compliance of the company’s environmental management system with the requirements of **international standards\***
- KTZ is committed to all **17 UN SDGs**
- **2,389.4 thousand tons** in Scope 1 greenhouse gas emissions (at the same time, the intensity of CO2 emissions was reduced by 9.5%)
- **63.9 thousand tons** of emissions into the environment (improvement compared to 64.5 thousand tons for 2022)
- **58.6 thousand tons** in waste volumes (improvement compared to 59.1 thousand tons for 2022)



## Social

- **“VISION ZERO”** – KTZ is fully committed to a global initiative that helps reduce and prevent accidents at work
- **17 billion KZT** – invested in social benefits for KTZ employees
- **66%** social stability index level



## Corporate governance

- **Annual sustainability reports** – disclosed as part of the Integrated Annual Reporting to ensure ongoing transparency
- **Members of the UN Global Compact** - since 2013, supporting 10 principles in the areas of human rights, labor relations, environmental protection and anti-corruption
- **4 Independent Directors** out of 8 members of the Board of Directors
- The term of office is **9 years**, ensuring proper management of the company
- **The Chairman of the Management Board** is appointed by the Board of Directors



\*ISO 14001:2015 "Environmental management systems"  
Sources: Company data, KTZ Integrated Annual Report

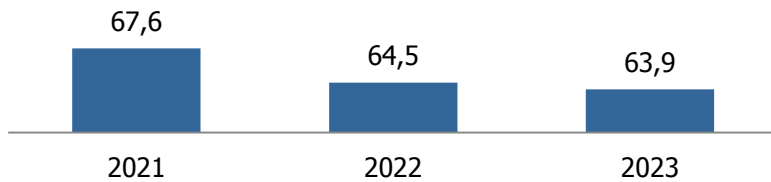


# IMPLEMENTATION OF ESG PRINCIPLES

## Environmental aspect



Dynamics of emissions into the environment, thousand tons



### Reduced emissions

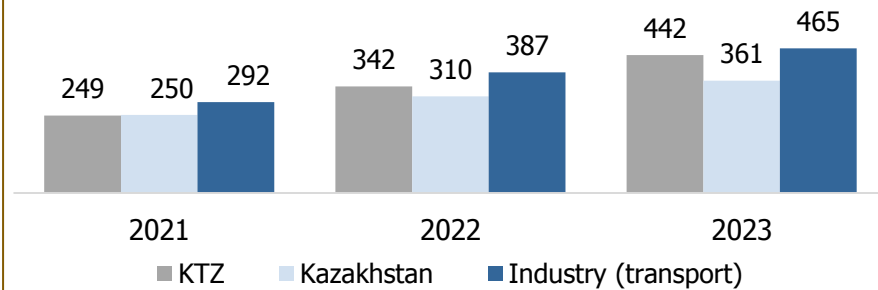
- Conversion of coal and diesel boiler houses to gas
- Locomotive fleet renewal
- Reducing specific diesel fuel consumption

### Low carbon development

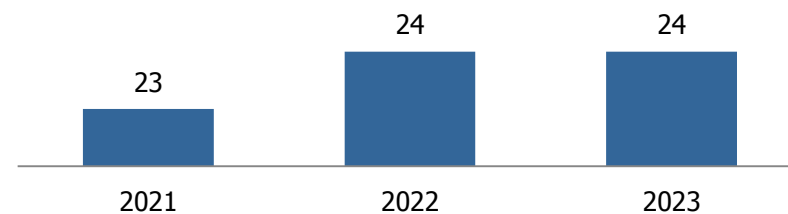
- Electrification of railway lines
- Introduction of battery/hydrogen locomotives

## Social aspect

Salary, thousand KZT



Share of women among executives, %



In 2023, S&P Global assigned KTZ an ESG rating of 54 points out of 100, which placed KTZ among the 15% of companies with the highest performance in the transport industry assessed by S&P Global (more than 300 companies worldwide).



07

**COMPLIANCE WITH  
SANCTIONS**

---





# Sanctions Compliance KTZ

