

Carriage Factory Islamabad (CFI)

Investment pitchbook

September 2025



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Executive Summary

Attractive Investment Destination

- **Pakistan** is emerging as a **regional powerhouse**, with a **reformed economy** (inflation stabilized at the lowest level in the past 50 years and GDP expected to cross USD 3.3T by 2050) and **vibrant talent** (7th largest global workforce, with 64% of the workforce under 30)
- Investors can count on **strong government support**, including accelerated licensing and offtake agreements to ensure consistent revenues




Strong Local and Regional Demand

- Pakistan Railways fleet is aging, with **imminent plans to replace passenger coaches, freight coaches, and locomotives**. Specific to this opportunity, there are **~1,100 aging passenger coaches that need replacement** out of a fleet of ~1,600+
- In addition, **30+ countries in Asia and Africa currently import Chinese coaches** of similar standards to the locally manufactured one; multiple regional **countries have announced railway projects requiring ~1,800 coaches** on Chinese standard gauge-line
- With an estimated annual output of +120 coaches, the Carriage Factory Islamabad is **well-positioned to serve a visible demand pipeline for the next 10+ years**
- Vacant land and installed capacity allow for **rapid expansion into spare parts, rail components, maintenance services, and regional exports**, unlocking upside beyond coach replacements
- The opportunity directly supports **national localization and infrastructure goals**, with potential eligibility for public procurement, incentives, or export facilitation

Viable and Attractive Opportunity

- Investors have the opportunity to **operate and manage Carriage Factory Islamabad**, leveraging its existing technology and production capabilities to serve PR and export coaches, **without any significant CAPEX investments**
- The factory has an annual output of **+120 coaches per annum**, and can generate an estimated **USD 85-92 Mn in run-rate revenues annually**, with an EBITDA margin of 8-10%

Pakistan: Your Investment Destination

Pakistan Value Proposition						
Reformed Economy 	USD 3.3Tn¹ Expected GDP in 2050 (from USD >410Bn ² today)	B- Improved Credit Rating ³ from CCC-	Top 10 In Business Entry Regulations ranking ⁵	Stabilized Inflation At lowest levels since 1968 ⁶	Stabilized Currency Achieved since 2023 in coordination with IMF	Special Economic Zones (SEZs) Robust fiscal and trade incentive packages ⁷
Vibrant Demographics and Talent 	255 million Large and growing population ⁸	64% Population younger than 30 ⁸	7th largest Global workforce ⁹	2 million University students enrolled every year ¹⁰		
Industrial Infrastructure/ Rail Potential¹¹ 	>7,000 Km Of operational rail track - one of South Asia's largest networks	~1,700 Pakistan Rail coaches in circulation, many beyond service life	35+ Railway projects approved since 2023, underscoring the sector's strategic importance	43 acres of unused industrial land adjacent to CFI, ready for private-led expansion		

1. Goldman Sachs; 2. National Accounts Committee; 3. Fitch Ratings; 4. Bloomberg, 84% in PKR; 5. World Bank's B-READY assessment; 6. US (St Louis) Federal Reserve Bank; 7. Pakistan Government; 8. United Nations, SIFC; 9. CIA World Factbook; 10. Higher Education Commission; 11. Pakistan Railways, CFI

Investors have an opportunity to operate and manage a Carriage Factory in Islamabad

Opportunity overview and key highlights

Opportunity Description



Operate and manage the Carriage Factory Islamabad (CFI) to manufacture and sell passenger coaches to Pakistan Railways and entities in nearby countries

High-Level Opportunity Facts



Value Proposition



A Project Details



Historic output of ~120 coaches annually (single shift)



Local demand from Pakistan Rail



Export potential in 30+ countries on standard gauge-lines

B Supply-Demand Gap

PR has ~1,100 coaches beyond their service life, which need replacement. In addition, there is an opportunity to export coaches to countries in nearby regions, which have announced projects requiring ~1,800 coaches of similar standards

C Investment Model

Concession agreement where government retains ownership and investor fully operates/manages factory

Return Profile¹

8-10% avg EBITDA margin; 4-6% avg profit margin

D Run-Rate Revenues²

USD 85-92 Mn

Estimated Project Cost

- No CAPEX required
- Working capital investment requirement is dependent on payment terms negotiated with Pakistan Rail (and other end customers)



Low Development Risk: Factory and land pre-existing; no major infra investment needed



Established Commercial Track record: CFI has manufactured c.a. 1,200 coaches in the past 10 years, meeting local demand from Pakistan Railways, as well as exporting to countries like Bangladesh, Sri Lanka or Senegal



Significant Cost Savings: Local manufacturing is 50–65% cheaper than importing Chinese Completely Built Units (CBUs), which signifies export potential



Scalable Upside: Potential future expansion through product diversification and adjacent value-added services using surplus land

1. Local currency
2. Assumed in Year 5 of operations
Source: PR, CFI, desktop research



A. The factory is expected to manufacture 120 high speed passenger coaches per year in a single shift, with potential to scale up to several shifts as needed

Project details



Offering

- Operate and manage Carriage Factory Islamabad (CFI) for coach manufacturing, and potentially expand to maintenance and industrial diversification (e.g., spare parts, trucks)



Technical Specifications

- Annual Output: +120 coaches per year in single shift
- Design Capability: Compatible with high-speed bogies (up to 160 km/h)
- Land Footprint: Total 58 acres – 15 acres built-up, 43 acres available for industrial growth



Targeted End-Users

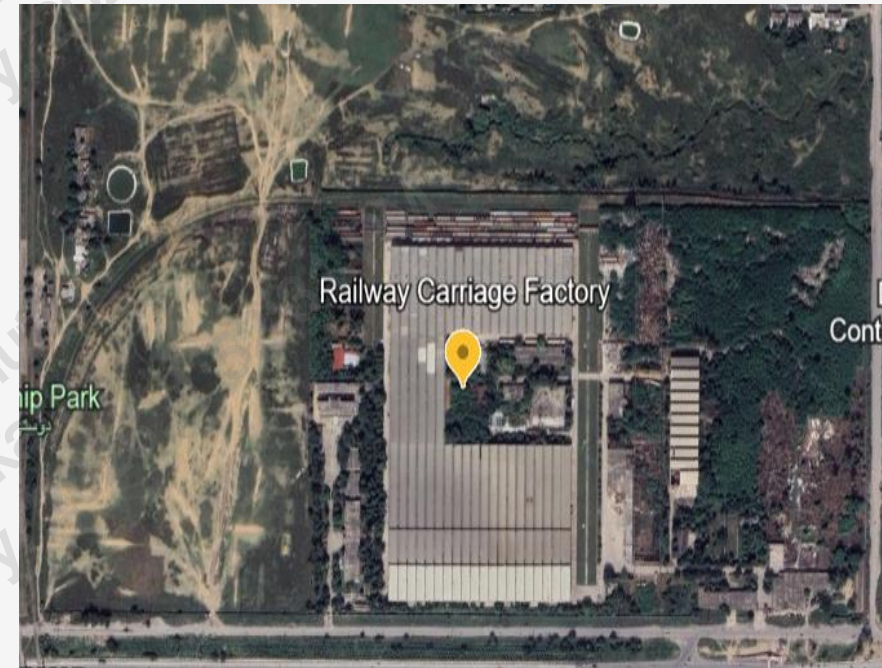
- Pakistan Railways
- Regional rail operators in markets such as Bangladesh, Sri Lanka, and African countries
- Private operators across transport, logistics, and light manufacturing (upon diversification initiatives)



Location

- Carriage Factory Islamabad (CFI)
- Sector I-11, Islamabad, Pakistan

Aerial overview of the Factory Site

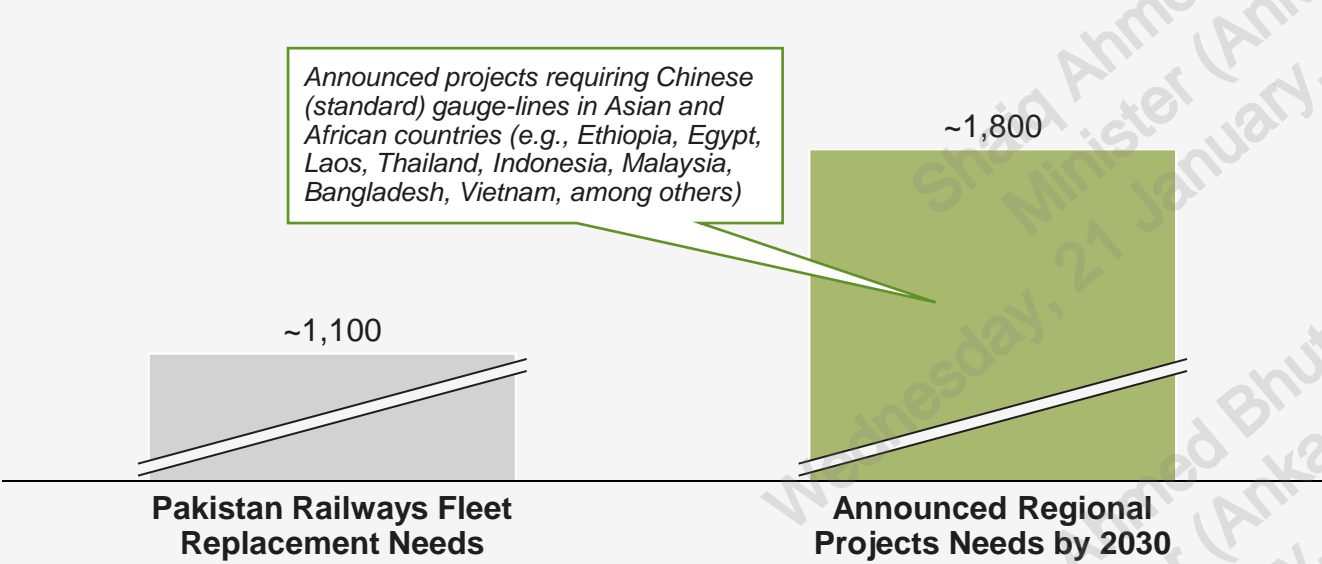


Key Observations:

- The factory site covers **an area of 58 acres**:
 - **15 acres are covered** by the factory infrastructure
 - **43 acres** are vacant and are not utilized
- Vacant land could be developed to support **factory expansion and product diversification initiatives**, creating opportunities to generate additional revenue

B. The opportunity presents a stable baseline demand that ensures viability, while diversification and exports may unlock further scalable upside

Estimated Demand (Coaches)



- In the last 10 years, CFI has manufactured and sold >1,100 passenger coaches for local demand
- Historically, CFI has also exported coaches to Bangladesh and Senegal
- Future demand is driven by a need to renew Pakistan Railway fleet (~70% of the total fleet is overaged), as well as export demand from countries requiring Chinese (standard) gauge-lines
- Upside from product diversification (e.g., spare parts, trucks) presents an opportunity to scale production beyond baseline, particularly in later years post establishing a proven track record

Demand Drivers

Potential to Export to Regional Countries 	<ul style="list-style-type: none">– Export focus: 30+ countries currently import coaches of similar standards from China, such as Bangladesh, Ethiopia, Myanmar, Malaysia, and Cambodia– CFI has historically exported to Bangladesh, Senegal
Significant Local Demand 	<ul style="list-style-type: none">– High Replacement Need: Over 1,700 PR coaches in use in PR; a large share are past their service life (~1,100)– Local Production Capabilities: CFI now equipped for indigenous production via partnership with Changchun Car Company
Expansion Beyond Coach Replacements 	<ul style="list-style-type: none">– Product Diversification Scope: Vacant land and existing capacity enable conduct of maintenance services and future production of spare parts, rail components, buses, and trucks

C. Investors will be supported by public parties in a robust ecosystem



Pakistan Railways

- Acts as the anchor client for local demand and as a commercial case study for export clients
- Operates a fleet of ~1,700 passenger coaches, as well as freight coaches and locomotives



Carriage Factory Islamabad (CFI)

- Legacy state-owned manufacturing facility with proven delivery of 2,000+ coaches and 2,500+ rehabilitations

Local demand
anchor

Investors

Tariff
Regulation

Investor
relations



Special Investment Facilitation Council (SIFC)

- Facilitates and fast-tracks foreign and domestic investments
- Provides a streamlined, one-window operation for investor support and coordination across government entities
- Hosted in Prime Minister's Office

C. The opportunity for private sector partnership with Pakistan Railways is structured through a concession agreement model

Proposed investment model and role delineation between the public and private sector

Proposed Investment model

Concession agreement with PR leasing land and assets

Overview

- GoP/PR will **retain ownership of the land and all other assets and facilitate private sector access and activities**
- **Private sector will be responsible for the O&M of the factory**
- Private sector to collect revenues from **factory expansion and product diversification**

Role delineation between public and private sector

Role

Asset Ownership



N/A

Factory Operations



Fully operate factory, hire staff, manage services

Financing



Provide required working capital to kickstart factory operations

Demand Generation



Explore secondary revenue streams beyond coach manufacturing for PR to diversify/enhance revenue streams (e.g., exports)

Investors



Government (PR / Government)



Retain ownership of facilities

N/A

Facilitate access to financing (if required)

Provide a potential offtake commitment through long-term procurement agreement

D. Consequently, investors can expect average revenues of PKR 24 – 26 Bn over the coming 10 years, with no initial CAPEX requirements

Estimated project financials and investment case

(Figures provided are estimations based on available information)

Business Case			
Return profile & Operations	Expected NPV	USD 25-29 Mn (PKR 7,000-8,000 Mn)	– Computed based on 10-year operations and a cost of equity rate of ~15% ¹
	Revenues ²	USD 85-92 Mn (PKR 24,000-26,000 Mn)	– Assume historic output, meeting demand from Pakistan Railways, as well as international countries – 10% cost plus fee of indigenously manufactured coaches based on Pakistan Railways
	EBITDA Margin ²	8-10%	– Costs assumed: material, labor, variable overheads, and contingencies and wastage allowance, all based on Pakistan Railways inputs
	NOPAT ^{2,3}	USD 5.3-5.7 Mn (PKR 1,500-1,600)	
Development	Construction Cost	No CAPEX required	– Factory already built and only requires investor operation and management – Working capital investment can be necessary, depending on payment terms negotiated with end-clients (e.g., up to USD 10Mn if 30-day payment terms assumed)
Additional upside exists from potential revenue streams including maintenance services, export opportunities, and product diversification			










1. NPV discount rate used was the cost of equity of ~15% given no financing was assumed for the project

2. Computed based on average of 10-year operating period

3. NOPAT computed as EBIT * (1-Tax); corporate tax rate of 29% applied

D. Support mechanisms are in place to support the mitigation of potential risks impacting the investment case

Key investment risks and mitigation measures

Risk type 	Description 	Degree of Risk 	Investor Mitigation Actions 	Public Sector Support 
Demand/ Revenue 	Risk of not achieving projected revenues or sales targets due to limited demand from Pakistan Railways	Medium – Potential offtake agreement planned by Pakistan Railways (terms to be finalized during negotiation)	Diversify revenue by targeting exports to regional railway operators once production is stabilized (e.g., in years 5+)	Pakistan Railways to provide guarantees/off-take agreement; provide incentives and introductions to facilitate exports to friendly countries
Macroeconomic Conditions 	Risk of inflation or currency depreciation affecting profitability	Medium – Recent track record of currency and inflation and currency (at lowest levels since 1968 ¹) pointing to stabilization	Arrange local currency financing for the project and enforce USD-indexed pricing	Facilitate access to local currency loans
Operational risk 	Risk of equipment failure, technical malfunctions or potential breakdowns hampering factory operations	Low – Existing factory is functional and has operated historically, but modernization and reliability need validation	Assess machinery's fit for use during technical due diligence stage; Ensure predictive maintenance schedules to minimize supply chain volatility	Provide transparent asset condition reports; Facilitate site visits during technical due diligence stage
Regulatory / Legal 	Risk of sudden policy changes impacting contract or taxes	Low – Recent reforms suggesting commitment to private sector partnerships	Include robust stabilization and early termination clauses in concession contract	Offer legal protections and enable international arbitration where applicable

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to learn more



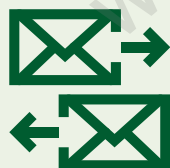
Website

<https://sifc.gov.pk/>



SIFC E-Service Gate

<https://ticketinghub.sifc.gov.pk/>



Email

invest@sifc.gov.pk

Stay connected



APPENDIX

Shaig Ahmed Bhutto
Minister (Ankara)
Wednesday, 21 January, 2026, 1:52:31 PM

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Minister (Ankara)
Wednesday, 21 January, 2026, 1:52:31 PM

A. Pakistan has reemerged as an investment destination thanks to macroeconomic stability

Pakistan's Economic Turnaround in the News

**Pakistan Isn't That Risky Anymore.
Its Economy Is a Mini-Miracle.**

BARRON'S

**Pakistan Economy Grows Faster Than
Expected on IMF Aid Boost**

Bloomberg

**Fitch Upgrades Pakistan to 'B-';
Outlook Stable**

Fitch Ratings

**Azerbaijan to invest \$2 billion in
economic sector of Pakistan**

ARAB NEWS

A. Pakistan has a track record of successful Foreign Direct Investments across sectors

Examples of Foreign Direct Investment (FDI) projects in Pakistan

FDI projects (non-exhaustive)

AD Ports (UAE)
USD 220Mn



- 50 year concession agreement to manage, operate and develop the Karachi Gateway Terminal
- USD 200Mn investment in infrastructure development by AD Ports in first 10 years

Al Mirqab Capital (Qatar)
Power Construction Corp.
(China) USD 2.09Bn



- Construction of coal-powered power plant in Port Qasim, under build-own-operate (BOO) model
- USD 2.09Bn investment, of which c.a. USD 500Mn in equity

DP World (UAE) and National Logistics Corp.
(Pakistan) JV investment not public



- Joint venture (DP World: 60%) focused on road freight logistics approved
- Follows MoU by DP World for the development of 50km freight corridor from Karachi Port to Pripri

Air Arabia (UAE) and Lakson Group (Pakistan)
JV investment not public



- Air Arabia enters joint venture with Pakistan's Lakson Group to launch low-cost airline Fly Jinnah in 2022
- Operator certificate and license acquired

Other Announcements and MoUs (non-exhaustive)

- Reportage Properties (UAE): JV with Empire Holding Pakistan for USD 300Mn real estate development in Islamabad and Lahore
- Emaar Group (UAE): JV with Giga Group Pakistan for USD 2.4Bn Crescent Bay real estate
- Saudi Development Fund (KSA): Potential investment in mining infrastructure (USD 100Mn)
- Manara Minerals (KSA): Exploring stake in Reko Diq copper and gold mine (USD 7Bn)
- China-Pakistan Economic Corridor (China): Umbrella FDI initiative covering roads, railways, ports, energy, among others (USD 65Bn)

D. Opportunity P&L

Extract from financial model

Preliminary numbers being validated; figures provided are estimations based on available information

Numbers in PKR Mn	Year 1	Year 5	Year 10
Total Revenue	17,362	22,360	31,920
<u>Cost of Operations</u>			
Material cost	12,919	16,638	23,751
Labor cost	803	1,035	1,477
Variable overheads	1,310	1,687	2,409
Contingencies and wastage allowance	751	968	1,381
Total OPEX	15,784	20,327	29,018
EBITDA	1,578	2,033	2,902
<i>EBITDA Margin</i>	9%	9%	9%
NOPAT	1,121	1,443	2,060

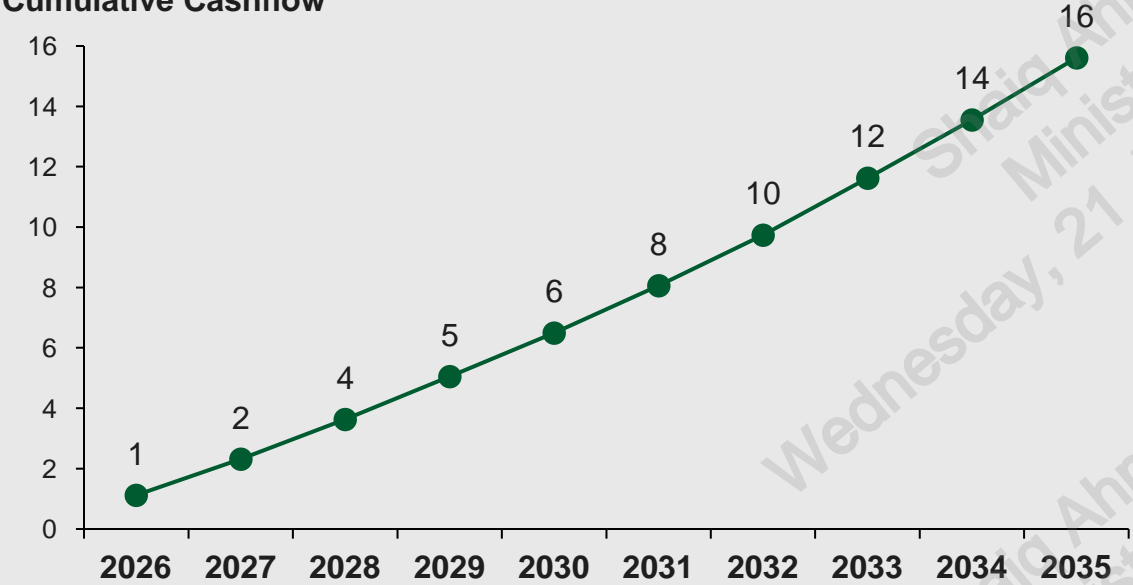
– Revenue calculation is based assuming a manufacturing capacity of 120 coaches per year, and a price margin of 10% based on Pakistan Railways input

– Pakistan Railways input (all costs computed as a % of total cost)
– Other desktop research and benchmarking

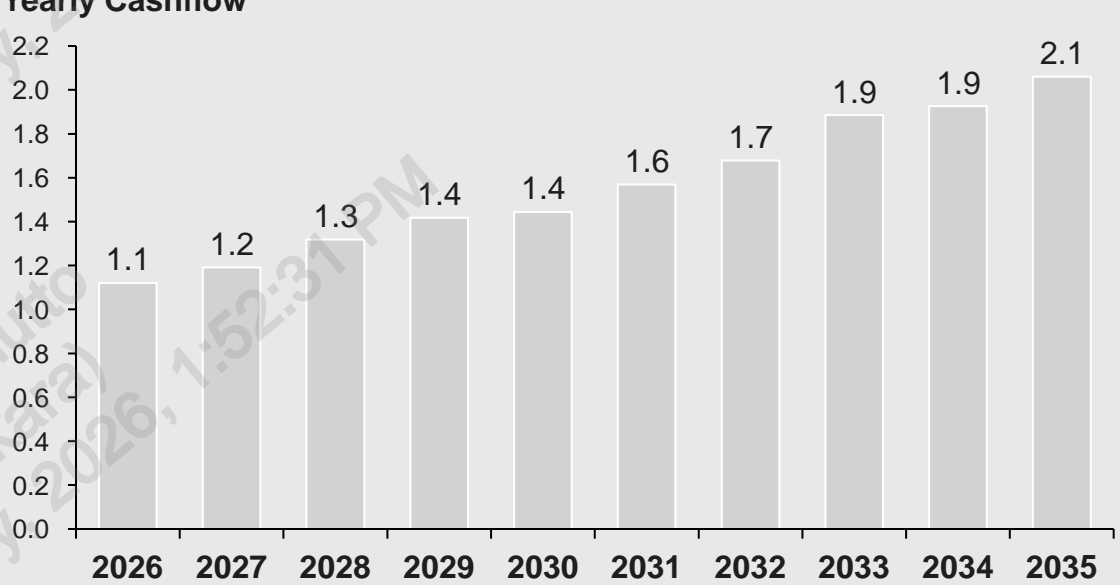
D. Investor Cash Flows

Investor cash flows, PKR Mn

Cumulative Cashflow



Yearly Cashflow



Investor cash flows:

- Cumulative cash flows over the duration of the investment: PKR 15.6 Bn
- NOTE: Year 1 cash flows do not include potential working capital required (e.g., minimum requirement, if upfront payment terms negotiated with Pakistan Rail)

This scenario presents a **conservative outlook for the private sector investor**, only **projecting financials needed to meet Pakistan Railways’ coaches demand requirements**

D. P&L Assumptions

Extract from financial model

Preliminary numbers being validated; figures provided are estimations based on available information



Revenue Assumptions			
Revenue stream	Unit	Value	
Cost plus fee of indigenously manufactured coaches	%	10	
Supply output purchased by PR	%	100	
OPEX Assumptions			
Type	Unit	Value	
Raw materials cost as a % of total cost	%	82	
Labor cost as a % of total cost (e.g., salaries, benefits etc)		5	
Variable overheads as a % of total cost (e.g., utilities, maintenance, SG&A)		8	
Contingencies and wastage allowance as a % of total cost		5	

The percentages are applied to the total carriage cost figures provided by PR, accounting for inflation and currency devaluation¹ over the next 10 years

1. Currency devaluation was considered in the CBU scenario

Thank You

