

Privatization

Privatization of Pakistan International Airlines

Pakistan International Airlines Corporation Limited, the national flag carrier of Pakistan, has been at the center of a major economic and political debate for decades due to persistent financial losses, operational inefficiencies, and mounting debt. Historically, PIA's performance has been a significant drag on Pakistan's federal budget. After years of postponement and failed attempts, the Government finally made a decisive move in late 2025 to privatize the airline through a competitive public bidding process, a step aligned with broader economic reforms supported by the International Monetary Fund (IMF).

On December 23, 2025, the government auctioned to sell a majority stake, 75% of PIA's shares to the private sector, while retaining the remaining 25% ownership. To note, Government in 2024, PIA was restructured and all non-core assets and debt were transferred to PIA Holding Company Limited. This move represented one of the most anticipated privatization initiatives in nearly two decades and aimed to attract significant investment, reduce the financial burden, and improve operational performance.

The bidding process attracted three pre-qualified bidders:

1. Lucky Cement Consortium — a large industrial group with diversified interests.
2. Arif Habib Consortium — an investment group comprising major Pakistani businesses including Arif Habib Corporation.
3. Airblue Limited — a private airline already active in Pakistan's aviation sector.

The government had set a reference price of around PKR 100bn for the 75% stake, reflecting efforts to balance investor interest with fair valuation of the airline. In the initial round, bids varied widely where Arif Habib consortium offered PKR 115bn followed by Lucky Cement group offering around PKR 101.5bn, while Airblue submitted a comparatively lower bid of PKR 26bn. The disparity in bids led the auction into an open second round, where competing consortia actively raised their offers.

In that competitive phase, the Lucky Cement consortium raised its bid to about PKR 120.25bn, and Arif Habib responded with PKR 121bn. Ultimately, after further bidding, the Arif Habib consortium emerged as the highest bidder, offering PKR 135bn (~US\$ 482mn) significantly exceeding the government's baseline valuation. This offer secured the consortium the 75% ownership stake in PIA. The Government will receive PKR 10bn in cash while the rest will be invested in the Company in a staged manner. The Government will receive additional PKR 45bn for remaining 25% stake if new owners opt to buy stake within 90 days.

This marks a historic moment in Pakistan's economic reform agenda, as PIA's privatization has long been considered both politically sensitive and economically urgent. It is also part of Pakistan's efforts to comply with IMF conditions, which emphasize reducing public sector debt and improving efficiency in key sectors.

Going forward, the new owners are expected to inject capital and management expertise into PIA, modernize operations, and leverage the airline's access to international routes. Although challenges remain for new owners, such as addressing legacy workforce issues and reviving PIA's brand reputation, but it also signifies a major shift toward private sector-led growth and sustainability for National Carrier.

Analyst

Abdullah Farhan

Abdullah.Farhan@igi.com.pk

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@igi.com.pk

IGI Finex Securities Limited

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Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Islamabad Office

3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad
Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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