Investment Opportunity Teaser

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April 2025

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PAKISTAN International Airlines
Great People to Fly With

PIA offers an attractive investment opportunity to grow a dominant full service carrier supported by strong pedigree and large captive demand base

Why PIA is an attractive investment

1. Strong pedigree
PIA has over 60 years of experience as a full service network carrier with the largest fleet and most extensive network in Pakistan

2. Market leader
PIA is the market leader with over a 19% market share in 2024 for the Pakistan aviation market; further investment will ensure this is maintained and extended to 30%+

3. Growing market
The demand in the under-served Pakistani aviation market with, its large population and extensive diaspora, is expected to continue to grow at a CAGR of c.6.2% (annual revenue growth 2025-29)

4. Credible network operations
The slots and landing rights that are assigned to PIA are very attractive, fleet structure is relatively simplified positioning PIA well for growth

5. Reshaped PIA
Restructuring has delivered a debt-lite PIA with better access to its own cashflows, EBITDAR positive, focussed on aviation and ready to exploit future value creation opportunities

6. Private – public partnership
The GoP is committed to the holistic growth of the transport and tourism sector that will assist in the growth of the aviation sector

7. Private sector mind-set
PIA is likely to thrive in the private sector with more focus on profitability and return on investment

8. Tax benefits
Historic tax losses will be available for the restructured PIA to shelter future profits

Source: Desk research, Statista 2024, Pakistan Civil Aviation Authority, IATA Dec 2024 study, Management information

PIA remains a market leader since its formation with significant opportunities ahead to grow as a prominent regional network carrier

An Overview of PIA

- Pakistan International Airlines Corporation Limited, the national flag carrier for Pakistan, comes with a rich history stretching back to 1955
- PIA is 100% owned by the PIA Holding Company Limited (PIAHCL), which is 96% owned by the Government of Pakistan (GoP).
- Headquartered at Jinnah International Airport in Karachi and bolstered by secondary hubs in Lahore and Islamabad
- PIA operates the largest fleet in Pakistan, with simplified aircraft types, strong engineering and ground handling support along with a dedicated training department
- In 2024, PIACL's financial performance was positive at the EBITDA level.

2024

4m+ Passengers with significant growth potential

30+ Destinations covering all key markets including Paris with ability to increase further

6.9K Employees PIACL permanent employees with access to an additional 2.9K contractual employees

170+ Slot pairs covering key international destinations with access to more airports

270 + Round trips per week

34 Aircraft largest fleet size in Pakistan

Source: Management information

Shareholder supported restructuring provides a debt-lite PIA ready for privatisation

- With the support of the GoP, as a shareholder, PIA completed a fundamental reorganization of its business
- This has segregated its aviation related business from its non-core components
- A considerable proportion of legacy debt along with some non-aviation assets has been shifted away from PIA operating subsidiary
- The restructured PIA is being offered to potential investors in its debt-lite new structure

Current structure post segregation

GoP - 96%

Others - 4%

PIA Holding Company

1. PIA is a 100% owned subsidiary of PIAHCL

2. Non-core segments transferred to PIAHCL

PIA + support services

Subsidiaries & Associates

Business Segments

- Aviation
- Engineering
- Training
- Handling
- Cargo
- Flight Kitchen

Source: Management information

Shareholder supported restructuring provides a debt-lite PIA ready for privatisation

Before

Liabilities
PKR 864b

To be transferred to PIA Holding Company Limited:

(1) Total debt / financing (Bank + GoP) **PKR** 480b

(2) Total GoP / SOE balances + employee and other liabilities
PKR 194b

After

Liabilities
PKR 190b

Remaining liabilities encompasses:

(1) Debt, leases and operational liabilities of **PKR** 148b

(2) Employee and contingent liabilities of **PKR 36b**

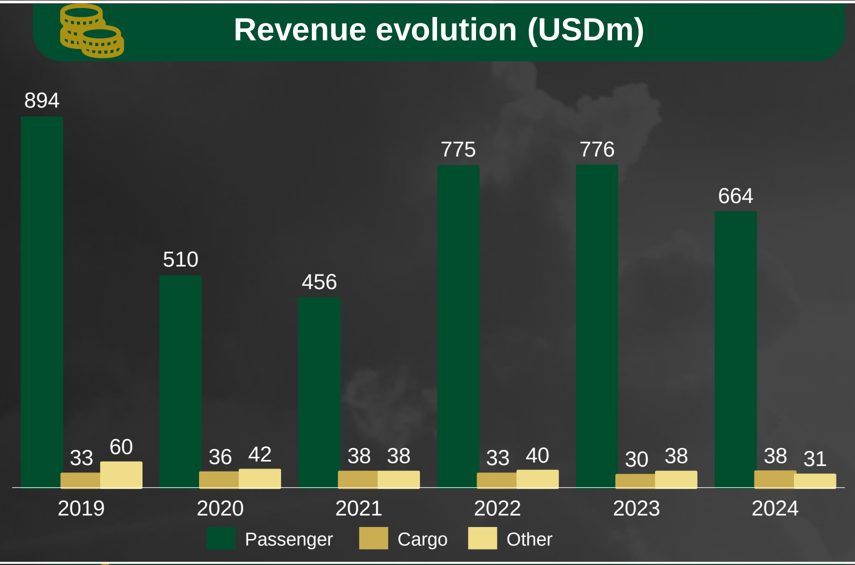
~ *PKR 654b Net liabilities were carved out in April 2024

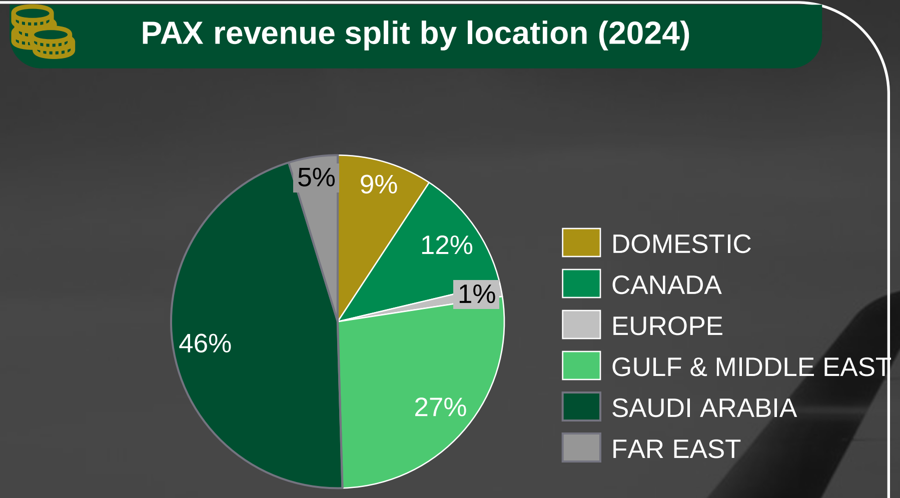
*Non-core assets of PKR 20b will also be carved out into PIA Holding Company Limited

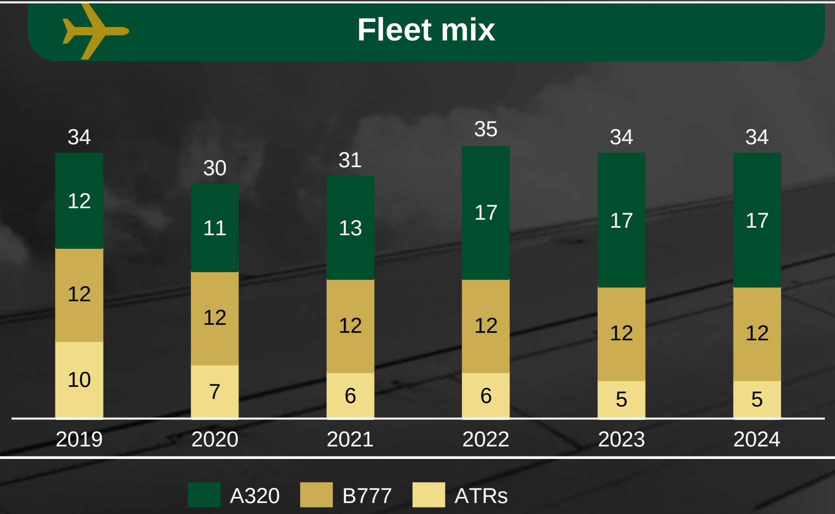
Balance Sheet	**April 30, 2024**	**Dec 31, 2024**
Property, plant and equipment	87,795	94,572
Deferred Tax Asset		31,627
Stores and spares	3,734	4,238
Trade debts	16,433	18,884
Advances, Trade deposits and short-term prepayments	15,031	11,480
Other receivables	15,218	18,139
Cash and bank balances	6,842	8,347
Total Assets	**145,054**	**187,288**
Lease liabilities and Loans	27,225	21,853
Employee liabilities	28,081	27,787
Tax liabilities	26,636	32,813
Trade creditor and other payables	93,830	85,906
Short term debt	6,000	7,000
Contingent liability (redelivery provision)	8,183	8,375
Total Liabilities	**189,959**	**183,734**
Net Equity	**(44,905)**	**3,554**

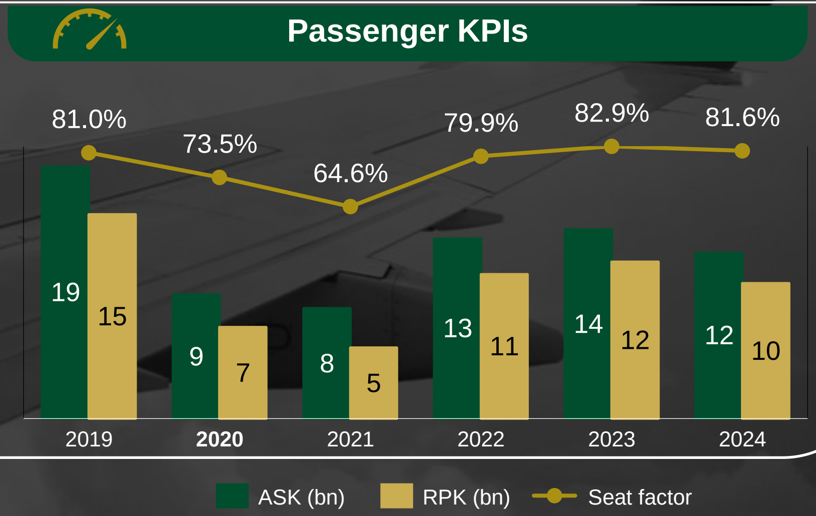
Source: Management information
*Based on 30 April 2024 and 31 December 2024 Financial Statements
For further details on the scheme of arrangement please use the link: https://privatisation.gov.pk/EOI-PIACL

PIA recovered its post-covid operations in line with the sector notwithstanding financial and operational constraints in recent years





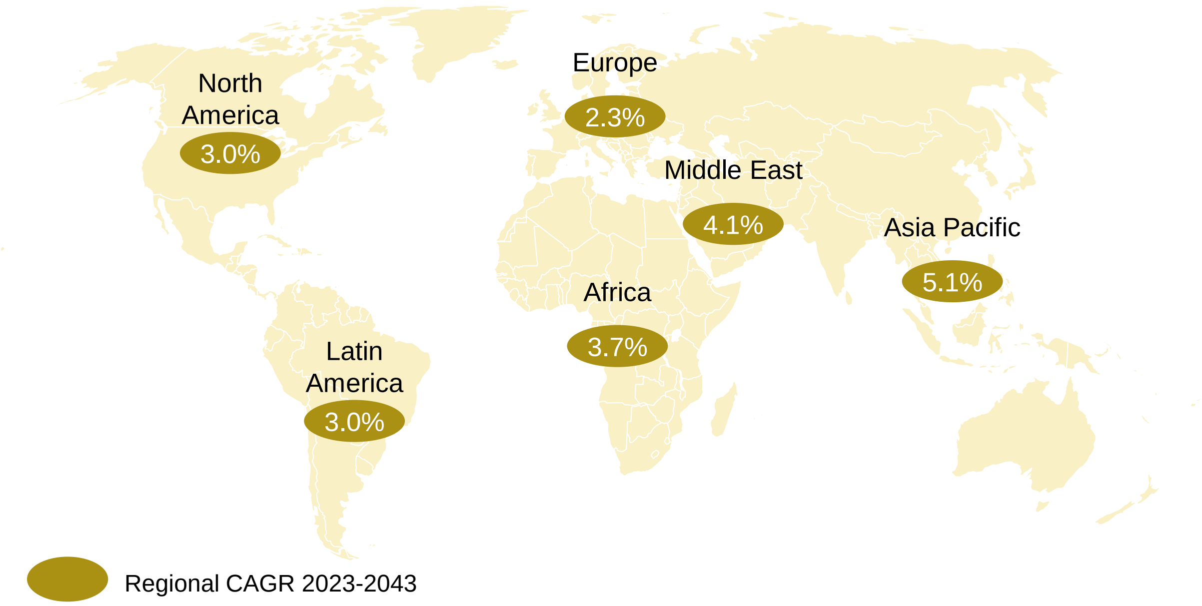




Source: Management operational reporting information
Revenue figures converted at USD:PKR at the yearly average 2019 - 149.5, 2020- 161.7, 2021 – 161.9, 2022 – 202.8, 2023 – 281.6, 2024 - 278.7

The global aviation market outlook is poised for strong growth particularly in Asia

Anticipated aviation sector passenger growth rate by region



1 Global passenger traffic recovered in 2024 against 2019 levels

2 Demand for air travel is expected to double by 2043, growing at an annual average rate of 3.8%

3 Origin-destination passengers projected to increase from ~4b in 2023 to 8b by 2043

Source: Desk research, IATA Dec 2024 outlook and IATA Dec 24 passenger analysis

Air passenger market growth 2024 (Year on year %)

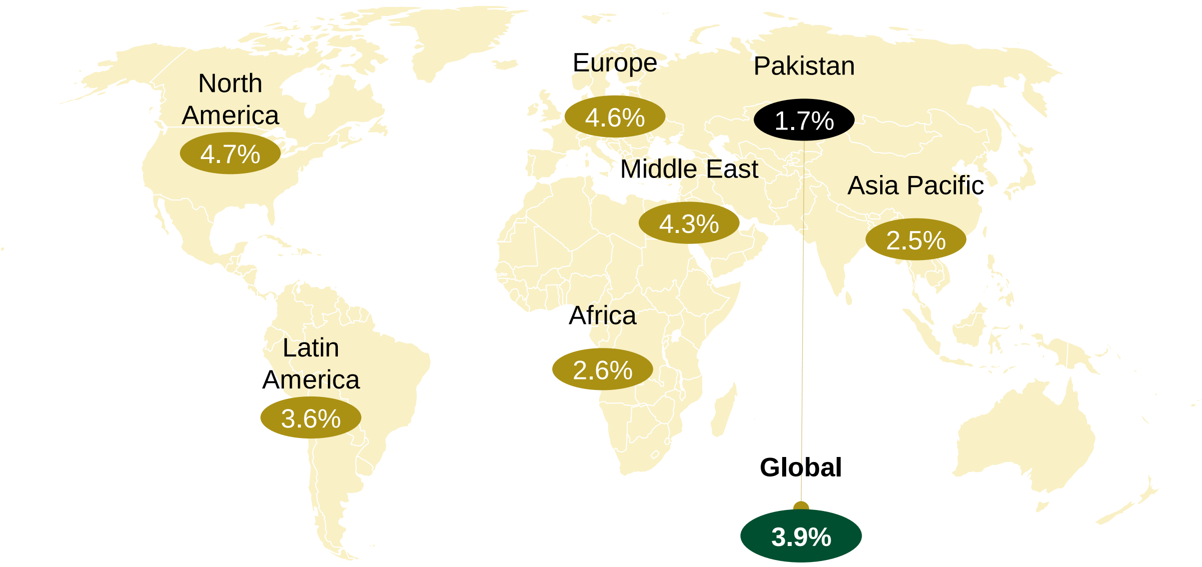
Region	RPK	ASK	PLF (levels)
Africa	13.2%	9.9%	74.9%
Asia Pacific	16.9%	12.3%	83.4%
Europe	8.7%	8.1%	84.8%
Middle East	9.5%	8.4%	80.8%
North America	4.6%	4.6%	84.3%
Latin America	7.8%	7.1%	83.7%
Total Market	**10.4%**	**8.7%**	**83.5%**

Global aviation demand to remain strong

- Global demand in 2024 remained strong a clear signal that people wish to travel. Total full-year traffic (measured in revenue passenger kilometers or RPKs) rose 10.4% compared to 2023. This was 3.8% above 2019 levels showing the industry has recovered and surpassed pre pandemic levels
- 2024 saw a resurgence in traffic from Asia Pacific and stable growth in the largest international markets
- The overall load factor reached 83.5%, a record for full-year traffic. Partially attributable to supply chain constraints that limited capacity growth
- Conflicts and strained airspace impacted some regions, however lower oil prices during the year significantly reduced cost base

The Pakistan market is underserved with potential to also increase its GDP contribution

Aviation sector as a percentage of GDP by region (2023)



1 Globally aviation sector accounts for ~$4.1 trillion 3.9% of total GDP

2 Developing economies indicate contribution of ~3% in total GDP

3 **Pakistan therefore has the potential to grow its aviation industry significantly**

Source: Desk research, Statista 2024 study, BAA Pakistan Aviation Industry Report
ATAG Aviation beyond borders Dec 2024 report, IATA studies, Management information

Pakistan aviation outlook

Revenue projected to reach **USD 6.32b in 2025**

Annual revenue growth rate (**CAGR** 2025 – 2029) expected to be **6.2%; revenue to reach USD 8.4b by 2029**

Total revenues to be generated through **online sales** expected to **rise significantly by 2029**

Number of passengers expected to **grow to 57m by 2029** up from 21m in 2024.

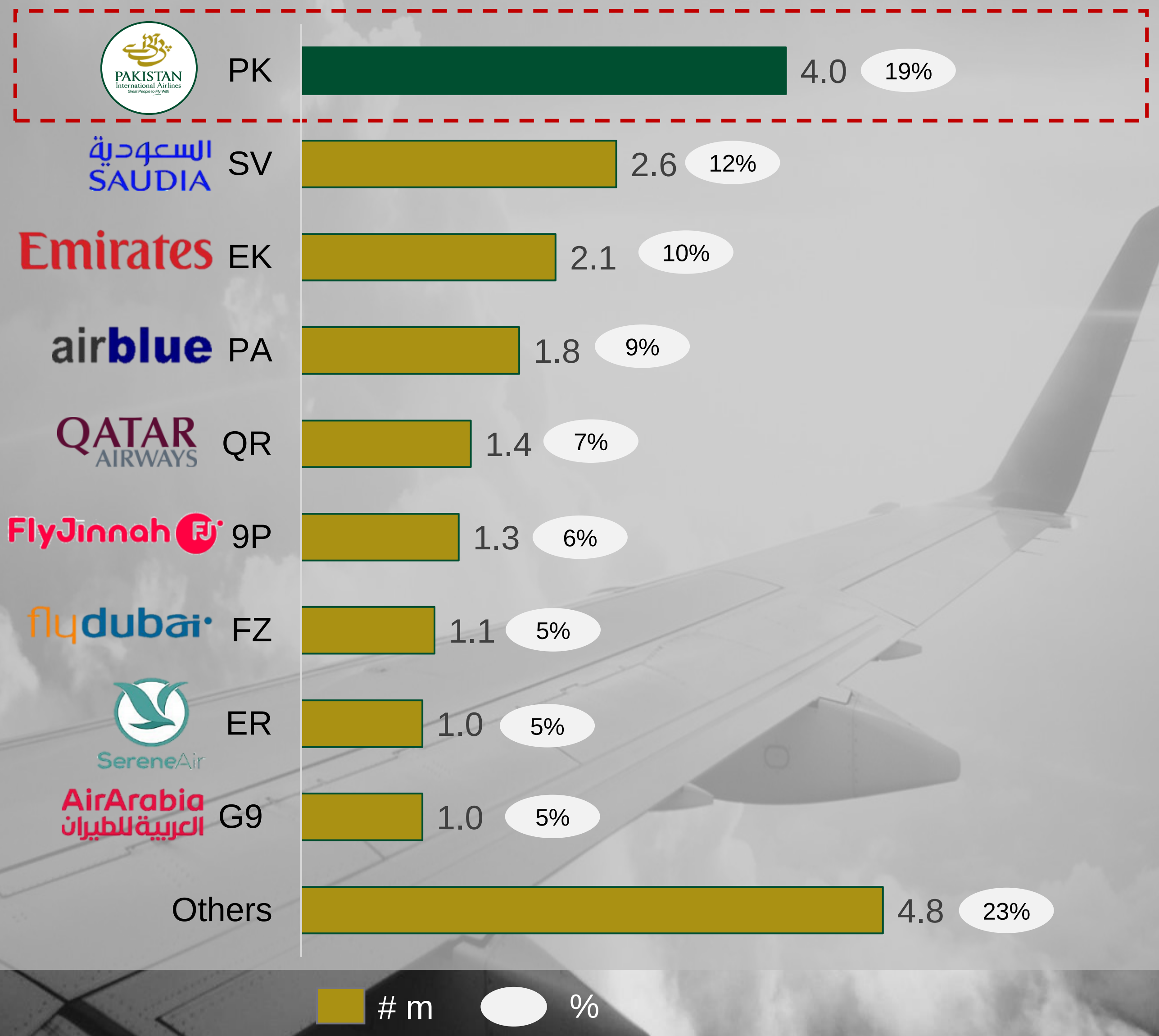
4.7 seats per 1000 passenger is the lowest coverage in the region signalling an under-served market

Aviation sector contribution to **GDP currently at 1.7% has potential to grow as peers are at ~3%**

PIA has a dominant market share in the Pakistan aviation market

Despite other regional carriers entering the market

2024 Market share by Passengers (m)



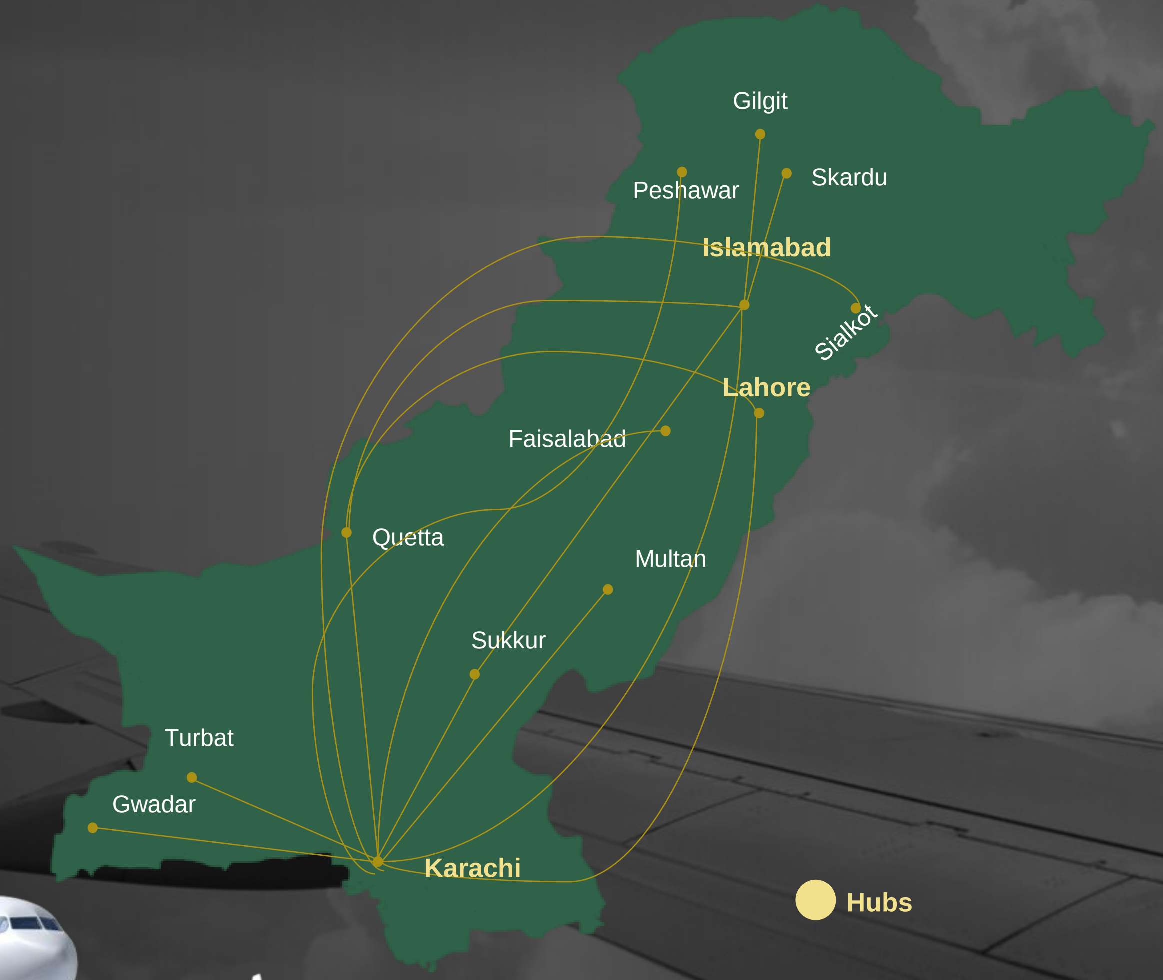
Source: IATA DDS 2024

Key takeaways

- **PIA holds onto the largest market share with respect to total passenger travel at 19%**
- Middle East airlines together serve ~57% of the passenger traffic benefitting from the absence of direct flights to key destinations
- Regional markets (especially KSA) are a major part of PIA's operation and expected to remain a key contributor, notwithstanding increased competition and pricing pressures
- Other domestic airlines have recorded good growth but still represent a small network positioning in the overall market
- PIA's is well positioned in its market. Additional **investment will help to defend and grow its presence to exceed historic levels of c.30% of market share**

PIA's domestic route network

PIA is by far the biggest player in the domestic market with an extensive network (c.3x of its nearest competitor)



Top 5 travelled routes (FY24)

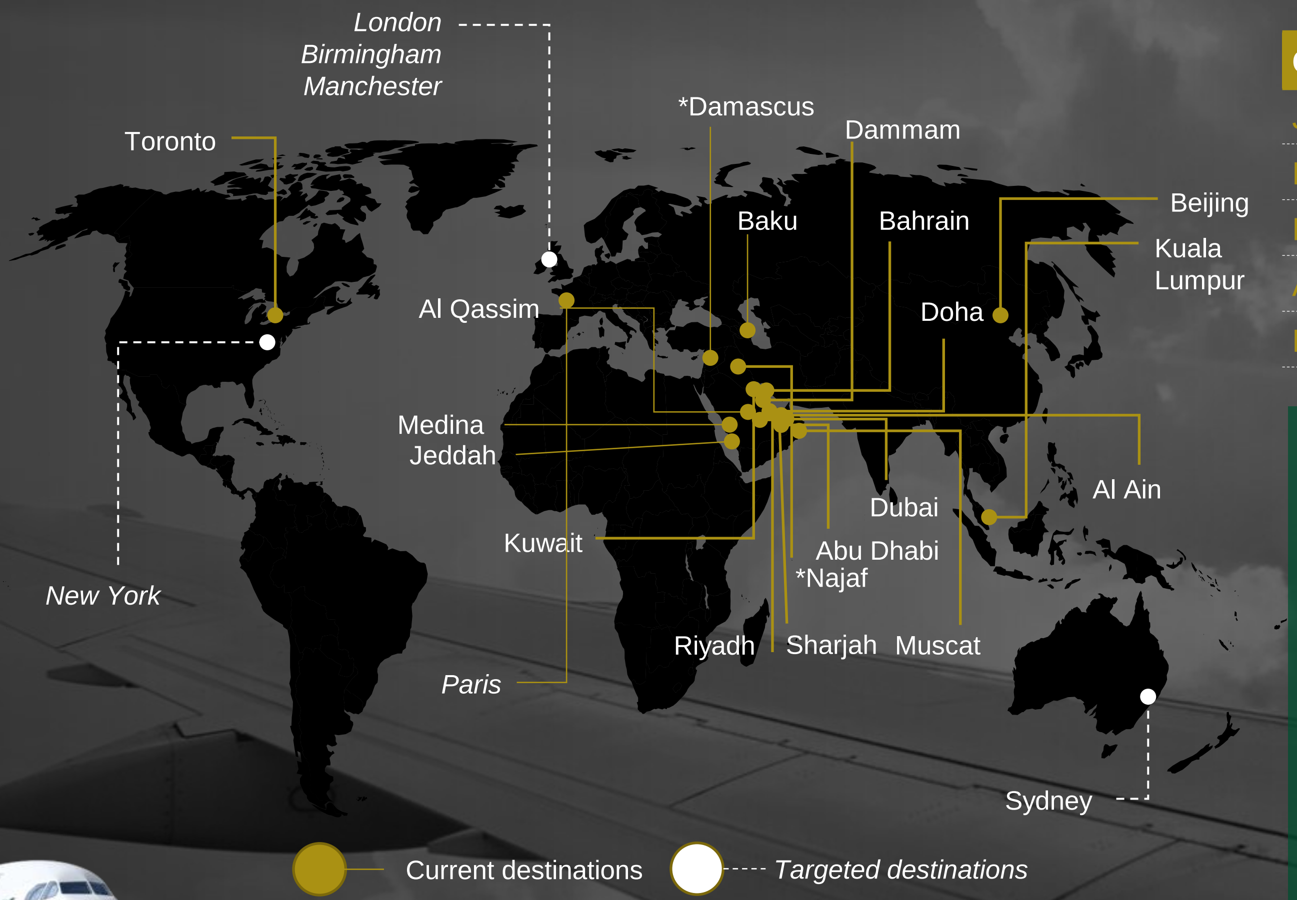
City Pairs	c. No. of pax
Karachi – Islamabad	277,000
Lahore – Karachi	163,000
Skardu – Islamabad	90,000
Karachi - Multan	48,000
Quetta - Islamabad	43,000

- PIA has the most extensive domestic network flying to 13 cities (can vary depending on seasonality)
- Operates from three major hubs in Karachi, Lahore and Islamabad
- PIA currently has a domestic market share of 30%
- Currently PIA does 110+ weekly domestic round trips, which may vary depending on seasonality
- Network is served by a mix of A320's and ATR's

Source: Management information and IATA DDS 2024

PIA's international route network

PIA flies to all key markets and has the immediate opportunity to increase its international coverage



Top 5 destinations (FY24)

City*	No. of pax
Jeddah	836,176
Dubai	610,561
Madinah	294,172
Abu Dhabi	252,410
Dammam	208,457

*Total travel in and out of Pakistan

- PIA flies to 20 international destinations, 160+ weekly round trips; additionally it flies to Baku, Najaf and Damascus depending on seasonality
- PIA has restored its network to Paris and plans to restore routes into the UK and U.S.A
- As equipment investment allows it do so, frequency increases and new routes in promising markets will also follow

Source: Management information and IATA DDS 2024

Pakistan has access to existing Air Service Agreements and slots which facilitate significant growth

Air Services Agreements (ASA's) in Pakistan

97 countries
With whom Pakistan has ASA's with

78 countries / states
For whom PIA is the designated airline

28 foreign airlines
operating to and from Pakistan

87 airlines
overflying Pakistan airspace

PIA landing slots (170 + slot pairs)

County, City	Code	Slot pairs
London, UK	LHR	10
Canada	YYZ	4
Jeddah	JED	28
Medina	MED	12
Riyadh, KSA	RUH	7
Dammam, KSA	DMM	11
Buraydah, KSA	ELQ	2
Kuala Lumpur	KUL	3
Beijing	PEK	1
Baku	GYD	2

County, City	Code	Slot pairs
Paris	PAR	2
Al Ain, UAE	AAN	3
Abu Dhabi	AUH	18
Dubai	DXB	33
Sharjah	SHJ	14
Bahrain	BAH	3
Kuwait	KWI	3
Doha	DOH	9
Muscat	MCT	12

- PIA currently has landing slots at all key international destinations forming part of its network with easy access to others as required
- Slots such as London Heathrow hold substantial value due to it being an in demand airport with active regulations and history related to slot trading
- With the addition of new routes in the upcoming years (Baku from end of April 2025), PIA will add to its existing list of landing slots

Source: Pakistan Civil Aviation Authority information and management information, OAG data

EASA Ban Lifted: a major milestone achieved

PIA's Euro Comeback: Airline Poised for Major Market Re-entry

- In September 2024, the European Union Aviation Safety Agency (EASA) completed all its audits and reviews and concluded that Pakistan including PCAA and PIA have had fulfilled all aviation safety conditions, paving the way for PIA to resume European operations.
- Subsequently, in December 2024, EASA lifted a four-year ban on PIA, permitting the Pakistani carriers to fly to European destinations once again.
- With EASA approval now secured, PIA has already engaged with the UK's Department for Transport (DFT) to resume UK routes, having fulfilled a key prerequisite for this decision i.e. obtaining EASA approvals.
- PIA has already resumed flights to Paris and is preparing for other European destinations, as allowed.

Source: Management information

Pre ban flight frequency

Pre-EASA Ban operations as at March 2020	
London, UK	10
Manchester, UK	9
Brimingham, UK	4
Paris, Europe	1
Paris-Milan, Europe (Shared)	1
Paris-Barcelona, Europe (Shared)	1
Barcelona – Milan (Shared)	1
Copenhagen-Barcelone, Europe (Shared)	2

Passengers Traveling to Europe and Pakistan in 2023

PIA is well positioned for investment led growth as a dominant full service carrier

Network growth potential

- Pakistan's large population (250m) and its extensive global diasporas (c11m) provides ample demand
- The passengers need a choice of direct services to key destinations
- This provides the grounds for PIA's route network to expand further

Traffic growth potential

- Pakistani aviation market is expected to continue to grow at a CAGR c.6.2% (annual revenue growth 2025-29)
- Notwithstanding the emergence of new operators, the market is underserved and has room for a large operator
- This provides the grounds for frequency increases on a number of existing and new routes

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Pakistan needs a reliable full service network carrier (FSNC)

- PIA has a strong pedigree of having operated a large network in the past and has the ability to scale up
- PIA is a FSNC with a sound engineering and ancillaries' support service
- This is not easily replicated by new entrants
- PIA with investment offers by far the best FSNC platform

Source: Desk research and Statista Data Dec 2024

Key transaction features

1. **Exemption of GST on induction of aircrafts:** The GoP shall provide relief to airlines through removal of General Sales Tax on induction of new aircrafts through lease / purchase.

2. **Net Equity Support:** The GoP may provide additional support to improve the effective net equity position on PIA's balance sheet, which may include indemnification / transfer of certain liabilities.

3. **Indemnification of Legal Liabilities:** The GoP will indemnify investors against any contingent legal liabilities of PIA, including current pending cases as well as any potential cases pertaining to time periods prior to transaction close.

4. **Indemnification of Tax Liabilities:** The GoP will indemnify investors for all pending and future tax litigation related to periods prior to transaction closure.

5. **Reduction of Employee Retention Period:** Recognizing that workforce optimization is crucial for enhancing operational efficiency and achieving cost savings, the retention period for existing employees shall be capped at one year post transaction closure.

6. **No GoP involvement in operations of PIA:** The investor will have complete autonomy over day-to-day management and operational aspects of PIA.

7. **Warranties and Representation:** The GoP will provide warranties and representation including but not limited to a) disclosure of data in the VDR including any material agreements, b) Audited Financial Accounts 31 Dec 2024.

Indicative privatisation transaction overview

Divestment of PIA

April 2025
- EOI Published
- Roadshows

June 2025
- Submission of EOI by potential bidders and issuance of Request for Statement of Qualification
- Submission of SOQs by potential bidders

June / July 2025
- Pre-Bid Meetings
- Issue ITB to pre-qualified bidders
- Start of Due Diligence
- Bidding

September 2025
- Award and signing of the SPA

- Only pre-qualified parties shall be given access to the data room for conducting the due diligence of PIA
- Instruction to Bidders (ITB) document will provide more details on procedures and deadlines

Thank you

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