

Pakistan opens bids for PIA stake sale

- A Monitor Desk Report

Date: 03 April, 2024



Karachi: Pakistan is seeking bids to sell a majority stake in Pakistan International Airlines, with the aim of completing the deal in two months for the state-owned carrier that has failed to make a profit in almost two decades.

Investors have been asked to submit bids by May 3, with the government targeting to sign the share purchase agreement for a 51pc to 100pc stake with the buyer by June, according to a document posted on the website of the Privatisation Commission, the asset sale agency. Domestic and global roadshows will start next week, Usman Akhtar Bajwa, the secretary at the agency, said by phone.

The planned stake sale is a step towards the government's commitment to undertake economic reforms as agreed with the International Monetary Fund for a bailout and Pakistan's intentions to seek a new loan from the lender by July. Prime Minister Shehbaz Sharif, who

returned to power last month, has said the airline's annual losses are no longer sustainable for the government to bail it out every year with taxpayer money.

Past attempts to sell a stake in the airline failed after being opposed by political groups and labour unions. This time, progress made by the government has buoyed investors, helping the airline's shares almost quadruple since the start of the year and making them the best performer on the Bloomberg Intelligence Global Airlines Valuation Peer Group.

International investors from Germany, France, the Netherlands, Qatar, the UAE, Malaysia and Turkey, along with local groups, have shown interest in buying a stake in the airline, according to a statement by the aviation ministry last month.

The government has decided not to pass on 73pc of the airline's total 830 billion rupees (RM14.2 billion) debt to the buyer, according to the document on the agency's website. Pakistan Air has the rights to land at 178 destinations including key international airports such as London Heathrow. However, it had to scale back operations recently after running short of funds to pay for fuel.

The government has hired Ernst & Young to help sell the stake as the financial adviser.

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