

INVITATION FOR EXPRESSION OF INTEREST

DIVESTMENT OF PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED THROUGH PRIVATISATION

FOR ACQUISITION OF 51%-100% ISSUED SHARE CAPITAL TOGETHER WITH MANAGEMENT CONTROL OF PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED



Government of Pakistan
Privatisation Commission



ABOUT THE AIRLINE

Pakistan International Airlines Corporation Limited ("PIACL"), a public limited company, is a flag carrier airline of Pakistan. The Government of Pakistan ("GOP") directly owns approximately 96% of the issued capital of PIACL.

PIACL mainly provides aviation services with the support of its ancillary segments assisting its aviation making it a full service airline. The business segments include passengers, ground handling, flight training, cargo engineering and flight kitchen.

Out of the total 20.5 million passengers traveling during 2023, PIACL has successfully maintained a prominent market share and has been the market leader since 1955. The airline serves approximately 5 million passengers per annum through access to 34 distinct destinations and carrying out 260 flights per week. PIACL has access to 97 international routes with slots in some of the most attractive international destinations providing direct flight access to passengers travelling between Pakistan and the large diaspora target markets.

The demand in the under-served Pakistani aviation market is expected to continue to grow at a CAGR of around 5.5% from FY 2024 – FY 2028. Pakistan's population and its extensive global diasporas provide solid foundation for growth of the aviation business.

TRANSACTION OVERVIEW

With the objective to restructure and privatise PIACL, GOP has incorporated a company limited by shares called PIA Holding Company Limited ("PIA Holdco"). PIACL and PIA Holdco have filed a Scheme of Arrangement ("SOA") with the Securities and Exchange Commission of Pakistan ("SECP") under the Companies Act, 2017, for inter alia, the transfer of certain non-core assets and non-core liabilities as set out in the SOA (the "Non-Core Undertaking") to PIA Holdco.

Pursuant to the SOA, PIACL will continue to hold certain core assets and core liabilities as set out in the SOA (the "Core Undertaking"). The Core Undertaking includes assets, liabilities, employees pertaining to air transport operations and allied services (including ground handling, flight training, cargo engineering and flight kitchen), rights and obligations under various operational agreements executed by PIACL including the air services agreements, code sharing agreements, fuel supply agreements, passenger sales agency agreements and foreign loan agreements.

Pursuant to the SOA, the existing shareholders of PIACL will become the shareholders of PIA Holdco (in same proportion they currently hold in PIACL) and PIACL will become a wholly-owned subsidiary of PIA Holdco, with a single class of ordinary shares. PIA Holdco will be listed on the stock exchange and PIACL will cease to be listed.

The SOA filed with SECP is available at following link <https://privatisation.gov.pk/EOIPIACL>, which includes the split balance sheet setting out the Core Undertaking and the Non-Core Undertaking. The scheme sanctioned may vary from the SOA filed with SECP.

PIACL may enter into operational arrangements such as office space and sales offices with PIA Holdco on an arms-length basis if considered necessary for smooth and continued operations, which shall be determined during the course of the privatisation process of PIACL.

GOP and PIA Holdco through the Privatisation Commission of Pakistan ("Privatisation Commission") invites Expressions of Interest ("EOI") from prospective investors to acquire between 51% and 100% issued share capital of PIACL (consisting as a single class of ordinary shares) together with management control (the "Equity Stake"). The terms and conditions for transfer and acquisition of the Equity Stake shall be set out in the bidding documents, which shall consummate after sanctioning of SOA and completion of the privatisation process.

EOI AND RSOQ SUBMISSION INSTRUCTIONS

Interested parties that are companies, firms, body corporate or other legal entities (and not individuals or the Federal or Provincial Government of Pakistan or any enterprise owned or controlled by the Federal or Provincial Government of Pakistan) should submit EOIs in duplicate in hard copy to the Privatisation Commission, 4th Floor, New Pak Secretariat Building, Kohsar Block, Constitution Avenue, Islamabad, Pakistan and also send the EOIs electronically at dgamc@privatisation.gov.pk with a non-refundable processing fee of USD 5,000/- (United States Dollars Five Thousand only) or PKR 1,400,000/- (Pakistan Rupees One Million Four Hundred Thousand only). The non-refundable processing fee can be paid in the form of bank draft/pay order payable in favour of "Privatisation Commission, Government of Pakistan", which should be submitted with the hard copy of the EOI or through wire/electronic transfers (details for which will be available at the Privatisation Commission link below). **The EOI must be available with the Privatisation Commission and the processing fee must be paid, on or before 16:00 Hours, 03rd May, 2024.** EOIs must contain the following information:

- Name of company/group and its background information (including profile, place of incorporation, ownership details);
- In case of local interested parties, copies of Computerized

- National Identity Cards (CNICs) of Directors and Shareholders holding or controlling (by itself or in concert) directly or indirectly 20% or more voting power;
- In case of foreign interested parties, copies of passports of Directors and Shareholders holding or controlling (by itself or in concert) directly or indirectly 20% or more voting power;
- Name, address, email address, telephone numbers of authorized representative; and
- Latest audited financial statements of the company/group.

Upon receiving EOIs, required information and processing fee, a Request for Statement of Qualification ("RSOQ") will be issued to interested parties compliant with the requirements set out in this invitation for EOIs (the "RSOQ Recipients"). The RSOQ Recipients must submit the Statement of Qualification ("SOQ") latest by 16:00 Hours, **03rd May, 2024**. Only RSOQ Recipients that are determined by the Privatisation Commission (in its sole and absolute discretion) as meeting the requirements set out in the RSOQ will be issued bid documents, allowing them to participate in the due diligence and bidding process, provided they comply with the requirements to be stated in the bid documents.

Early submission of EOI will allow parties maximum amount of time for preparation of SOQs.

SOQ Submission Deadline

**16:00 Hours Pakistan Standard Time
on 03 May, 2024**

OTHER INFORMATION

At any stage, the GOP/Privatisation Commission may, inter alia, introduce incentives, modify the transaction structure or impose additional conditions on the RSOQ Recipients or pre-qualified parties.

Information regarding the submission of EOI, SOA, Investment Teaser, PIACL, PIA Holdco, PIACL Financial Statements, are available on the following websites of Privatisation Commission and PIACL respectively:

- <https://privatisation.gov.pk/EOIPIACL>
- <https://www.piac.com.pk/corporate>

GOP/Privatisation Commission and the Financial Advisor (or any member thereof) reserve the right not to respond to any request for preliminary or other information. GOP/ Privatisation Commission further reserve the right to accept or reject any or all EOIs. This Invitation for Expression of Interest is intended only to seek expression of interest from interested parties. The details of the transaction, information memorandum, conditions of sale, draft bidding documents and process would be advised to pre-qualified parties only at an appropriate time as part of the privatisation process. Any interested party who has an interest in this transaction shall not be entitled to object at a later stage if further information, incentives or concessions are provided in relation to the transaction to pre-qualified interested parties or the scheme sanctioned by SECP varies from the filed scheme. To facilitate the privatisation, the GOP/ Privatisation Commission reserve the right to amend the transaction structure at a later stage in its absolute discretion. Documentation accompanying and comprising an EOI as provided by any interested party shall not be reclaimed or returned. This advertisement and the information provided or referenced herein (including the PIACL Financial Statements, Investment Teaser and the SOA filed with SECP) is not intended to be, and should not be construed as: (a) an offer or invitation to acquire any securities and/or assets of PIACL; and/or (b) a representation or warranty, express or implied, with respect to any statement made herein or in any document referenced herein.

The Privatisation Commission has appointed EY Consulting LLC, as the Financial Advisor to conduct this transaction. Other consortium members are Haidermota & Co and FreshFields Bruckhaus LLP (Legal Advisors), Knight Frank Valuation Services LLC (Valuator), Bauer Aviation Advisory (Technical), Nutshell Communications Private Limited (Public Relations).

CONTACT INFORMATION

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