



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

FIRST PHASE REVIEW

**IN THE MATTER OF ACQUISITION OF % SHAREHOLDING OF M/S.
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED BY M/S. PIA
EQUITY LIMITED**

CASE: 1603/Merger-CCP/2026




Ms. Bushra Naz Malik
Member

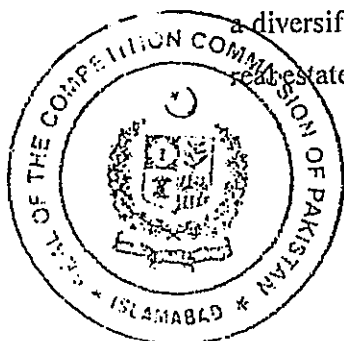
ORDER

1. On 19th March, 2026, the Competition Commission of Pakistan (the "Commission") received a pre-merger application (the "Application") from M/s. PIA Equity Limited (the "Acquirer") pertaining to the proposed acquisition of M/s. Pakistan International Airlines Corporation Limited (the "Target") from M/s. PIA Holding Company Limited (the "Seller") pursuant to Share Purchase & Subscription Agreement ("SPSA") and Shareholders Agreement ("SHA") (hereafter the "Agreements").
2. The Application was filed under Section 11 of the Competition Act, 2010 (the "Act") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (the "Merger Regulations").

Merger Parties

Acquirer

3. M/s. PIA Equity Limited is a Special Purpose Vehicle (SPV) incorporated under the laws of Pakistan on 9th January, 2026 by the Consortium for the acquisition of shares of the Target. The Consortium comprises of:
 - i. M/s. Arif Habib Corporation Limited (AHCL), a holding company of Arif Habib Group and is engaged in portfolio investments across various sectors including fertilizers, financial services, energy & others;
 - ii. M/s. Fatima Fertilizer Company Limited (FFC) is a fertilizer company engaged in manufacturing, buying, selling, importing and exporting of chemicals and fertilizers;
 - iii. M/s. Lake City Holdings (Private) Limited (LCH) is a real estate company that is engaged in large scale real estate projects in Pakistan;
 - iv. M/s. City Schools (Private) Limited (CSPL) is a company engaged in education services and runs private school network in Pakistan; and
 - v. M/s. AKD Group Holdings (Private) Limited (AKD) is a part of the AKD Group. It is a diversified investment conglomerate with strong presence across financial services, real estate and construction, oil & gas and technology.



4. The current shareholding of the Consortium members in the Acquirer is as follows:

Consortium Member	Number of Shares	% Shareholding
AHCL		%
FFC		%
LCH		%
CSPL		%
AKD		%
		%

5. M/s. Fauji Fertilizer Company Limited (FFCL), at present, is not a part of the Consortium. However, as per information provided in the Application, subsequently, FFCL will acquire shareholding in the Acquirer and become a part of the Consortium.

Target

6. M/s. Pakistan International Airlines Corporation Limited (PIA) is national flag carrier airline of Pakistan. It was incorporated under the laws of Pakistan on 10th January, 1955. However on 19th April, 2016, it was converted from a statutory corporation to a public limited company by shares. It provides commercial air transportation, which includes passenger, cargo, postal carriage services and other activities including provision of engineering and allied services. It is a wholly owned subsidiary of the Seller.

Seller

7. M/s. PIA Holding Company Limited (Holdco) is a public limited company incorporated under the laws of Pakistan on 21st March, 2024. It is listed on Pakistan Stock Exchange and its majority shareholding is owned by the Government of Pakistan (GoP).

Transaction

8. The Consortium with AHCL as lead member is a successful bidder pursuant to the privatization process initiated by the Privatization Commission of Pakistan for the divestment of shares of the Target.

On 29th January, 2026, the Acquirer, the Target along with the Seller signed SHA. On the same date, the Acquirer, the Seller, the Target, the Privatization Commission and the President of Islamic Republic of Pakistan through Ministry of Defense signed SPSA. On



that date, the Target's issued, subscribed and paid up capital was PKR /- comprising ordinary shares with a par value of PKR . each.

10. As per the Agreements, the Acquirer is required to complete the acquisition of % of the shareholding interest in the Target through First Completion and Second Completion.

11. Under the First Completion, the Seller will transfer shares to the Acquirer for PKR /- and new shares will be issued to the Acquirer by the Target for the subscription amount of PKR /-. First Completion is to be completed on or before the date falling 90 days from January 29th, 2026.

12. Under Second Completion, new shares will be issued to the Acquirer by the Target for a subscription amount of PKR /-. Second Completion is to be completed within the first year from the date of First Completion.

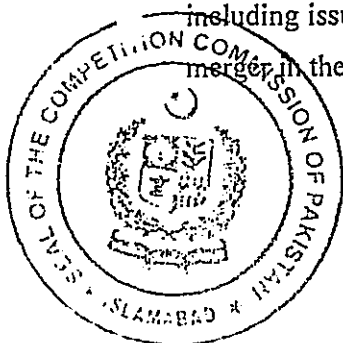
13. Total consideration for the proposed acquisition representing % shareholding of the Target is PKR /- which is deemed to be transaction value (the "Transaction").

14. As per the Agreements, the Acquirer also has the right to a call option for remaining % shareholding interest in the Target held by the Seller. Call option is to be exercised within 90 days of 29th January, 2026 and the purchase is to be completed within the first year from First Completion. In terms of call option, the seller will transfer shares to the Acquirer for PKR /-

Phase-I Competition Assessment

Procedural Review

15. Based on the Application, the Commission conducted a Phase-I competition assessment including supporting documentation, to evaluate compliance with the Act and Merger Regulations. The assessment particularly focused on potential competitive concerns, including issues related to market dominance and the overall impact on competition post-merger in the relevant market.



Relevant Market

16. The Target is a national airline carrier and its principal activity is to provide commercial air transportation, which includes passenger, cargo and postal carriage service in domestic and foreign routes. It also provides certain ancillary services such as training, maintenance etc. Therefore the relevant markets are identified as "Domestic Air Transport Passenger Services", "International Air Transport Passenger Services", "Domestic Air Transport Cargo Services", "International Air Transport Cargo Services", "Domestic Air Transport Postal Carriage Services", "International Air Transport Postal Carriage Services", "Aircraft Engineering, Maintenance and Overhaul Services" and "Flight Training & Aviation Related Technical Services" while the relevant geographic market is "Pakistan".

Market Share¹

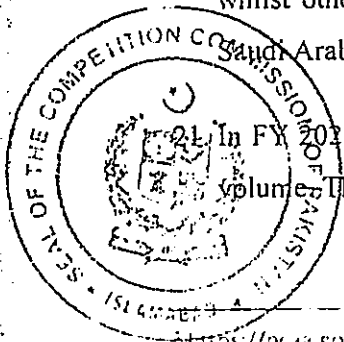
17. In FY 2025, Domestic Air Transport Passenger Services served 6.3 million passengers by volume in Pakistan. The market share of the Target was estimated to be 29% whilst other major players in the market such as Fly Jinnah, Air Blue, Air Sial and Serene Air had market shares of %, %, % and % respectively.

18. During the same period, International Air Transport Passenger Services served 17.9 million passengers by volume with the Target having 15% market share followed by Emirates Airline with %. While other major airlines occupied 7-10% market share.

19. In FY 2025, Domestic Air Transport Cargo Services handled approximately 34,000 MT cargo by volume. The Target is a major player with almost % market share, followed by Fly Jinnah, Serene Air and Air Sial with %, %, % market share respectively.

20. During the same period, International Air Transport Cargo Services handled approximately 283,944 MT cargo by volume. The market share of the Target is estimated to be % whilst other major players in the market as such Emirates Airlines, Qatar Airways and Saudi Arabian Airlines have a market share of %, % and % respectively.

21. In FY 2025, Domestic Air Transport Postal Carriage Services handled 42 MT of mail by volume. The Target is the sole service provider of such service in Pakistan.



22. During the same period, International Air Transport Postal Carriage Services handled 1467 MT of mail by volume. The market share of the Target is estimated to be % whilst other major players in the market such as Emirates Airlines, Ethihad Airways, Saudi Arabian Airlines and Qatar Airways have a market share of %, %, % and % respectively.

23. As per the internal estimates of the Applicant, the Target has a market share of % in provision of Aircraft Engineering, Maintenance and Overhaul Services. Other major competitors such as Binter Canarias and Gerry have market share of % each approximately.

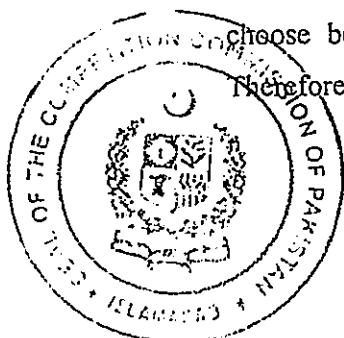
24. As per the Application, the Target is the sole service provider of Flight training and aviation-related technical services in Pakistan. It provides aviation training and related technical services through its training facilities, including pilot, simulator, cabin crew and technical training for aviation personnel within the Target as well as to other airlines as required.

25. The Target derives its major revenue from the Air Transport Passenger Services. As per financial statements for the year ended 31st December, 2024, revenue from Air Transport Passenger Services account for % of the total Target's revenue. This fact makes the market shares from Air Transport Passenger Services highly significant and relevant.

Competition Analysis

26. The Transaction indicates that it is a conglomerate merger as line of business of the Acquirer (through the Consortium and FFCL) and the Target is distinct. It will result in the change in control from government to private sector pursuant to GoP privatization initiative.

27. The Target faces robust competition in International Air Transport Passenger, Cargo and Postal Carriage market as there are numerous airlines operating from /to Pakistan. Airlines from GCC countries such as Emirates Airlines, Qatar Airways and Saudi Arabian Airlines lead this market. The competition enhances given the fact that consumers have a choice to choose between direct and indirect flights originating from/terminating in Pakistan. Therefore, high demand-side substitutability exists.



28. The Target faces competition in Domestic Air Transport Passenger and Cargo market in the presence of existing competitors such as Air Sial, Fly Jinnah, Air Blue and Serene Air on high commercial routes such as Islamabad-Karachi and Karachi-Lahore. There are multiple flights of a same airline on these routes thereby creating sufficient demand side substitutability. However, on other routes not all the airlines operate thereby reducing the number of choices available to consumers.

29. As per the passenger air traffic data for the past 19 years from FY 2007 to FY 2025, the Target's market share has decreased considerably in the Domestic and International Air Passenger Transport Services due to various challenges faced by the Target that contributed to deteriorating efficiency.

30. The Target is the sole service provider of Domestic Air Transport Postal Carriage market in Pakistan through available cargo capacity in flights in coordination with relevant postal authorities like Pakistan Post. However, taking into account all the other services provided by the Target, share of domestic air transport postal carriage market is insignificant. As the Target primary service is air transport related to passenger.

31. There are no horizontal and vertical overlaps as the Acquirer (through the Consortium and FFCL) and the Target operate in different product/ service markets. Therefore, market shares of the Target in relevant market will remain unchanged post-acquisition and thus raises no anti-competitive concerns. Accordingly, the acquisition is not likely to have any adverse effects on competition in the relevant market in Pakistan.

32. The Transaction is not expected to enhance the market power of the Target by creating or enhancing the dominant position. It is expected that Privatization of the Target will create a pro-competitive environment as state owned entities often receive support from the Government from time to time. With a privatized Target, all the players would have a level playing field to compete economically. Consequently, aviation sector could benefit as a whole. Further, with sector being regulated by Pakistan Civil Aviation Authority (PCAA) and Pakistan Airports Authority (PAA), it is expected that regulated entities would be under constant scrutiny with regards to adherence to regulations.

In light of the foregoing, the Commission finds no basis to conclude that the Transaction raises any competition concerns. Further, the Transaction would not result in substantial lessening of competition.



Determination

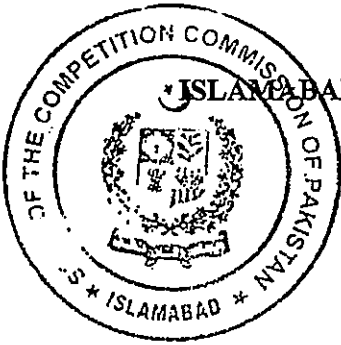
34. Based on the information provided, the Commission concludes that the Proposed Transaction does not create or strengthen a dominant position in the relevant market, as defined under Section 2(1) (e) read with Section 11 of the Act and the Merger Regulations. The Proposed Transaction is hereby authorized under Section 31(1) (d) (i) of the Act.

35. Notwithstanding the above, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws, judicial orders and the oversight of relevant regulatory bodies.

36. It is so ordered.


Ms. Bushra Naz Malik

Member



ISLAMABAD, APRIL 15, 2026