

PAKISTAN INTERNATIONAL AIRLINES (PIACL)	
IN-DEPTH HALF-YEARLY 2017 ANALYSIS REPORT	

## 1. CORPORATE HEALTH DIAGNOSTIC

### ▲ Financial Vital Signs:

#### ■ Cardiac Arrest:

- Cumulative losses reaching Rs.339.8B (equivalent to 7.8 years of revenue)
- Current liabilities exceed assets by Rs.214B (critical condition)

#### ■ Blood Loss Rate:

- Burning Rs.128M daily (2017 avg. daily loss)
- Interest payments consuming 33% of operating revenue

### ▼ Organizational Pulse:

#### ■ Staffing ECG:

- 14,502 employees (1.4 employees per aircraft seat)
- Productivity: \$38,000 revenue/employee (vs. \$298k for Emirates)

#### ■ Institutional Memory:

- 4 CEOs in last 5 years
- 83% senior management turnover since 2015

## 2. OPERATIONAL SCAN

### ✈ Fleet Health Report:

#### ■ Age Profile:

- Average fleet age: 15.2 years (global avg: 10.3)

- 63% aircraft >12 years old (higher maintenance costs)

■ Utilization Metrics:

- B777: 11.2 hrs/day (benchmark: 13.5)
- A320: 8.7 hrs/day (benchmark: 10.8)
- Grounded aircraft: 3 (average days out: 42)

✈ Network Performance:

■ Route Economics:

- 12% routes generating 78% of revenue
- 19 routes operating below break-even load factor

■ Market Share Erosion:

- Domestic: 38% (down from 72% in 2000)
- International: 14% (down from 32% in 2000)

### ■ 3. FINANCIAL AUTOPSY ■

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💰 Revenue Streams:

■ Passenger Yield Collapse:

- Rs.4.12 per RPK (2010: Rs.6.45)
- Premium cabin contribution down to 9% (2010: 23%)

■ Cargo Underperformance:

- 48% belly capacity utilization
- Lost pharmaceutical contracts due to cold chain issues

🔍 Cost Structure Analysis:

■ Fuel Inefficiency:

- 5.2L/ASK vs industry 3.8L
- Older fleet consumes 28% more fuel

■ Labor Cost Burden:

- Rs.12.2B H1 cost (26% of revenue)
- 419 employees per aircraft (industry avg: 150)

#### ■ 4. SYSTEM FAILURE ROOT CAUSE ■

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##### 🖨 ERP Implementation Post-Mortem:

- Project Mismanagement:
  - No parallel run period
  - 62 key requirements not implemented
- Data Corruption:
  - 28% of legacy records failed migration
  - Inventory discrepancies: Rs.2.1B variance
- Control Breakdown:
  - 14,000 unapproved journal entries post-go-live
  - Bank reconciliations delayed by 4-6 months

#### ■ 5. GOVERNMENT LIFE SUPPORT ■

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##### 🛡️ Bailout Package Components:

- Financial Transfusions:
  - Rs.20B fresh guarantees (total exposure now Rs.186B)
  - Rs.18B interest subsidy (3-year moratorium)
- Surgical Interventions:
  - Route rationalization (cut 9 unprofitable routes)
  - Voluntary separation scheme (target: 3,000 staff)

##### ⚠️ Treatment Risks:

- Moral Hazard:
  - 7th bailout since 2000

- No fundamental restructuring

- Side Effects:

- Further crowding out private sector
- Contingent liabilities at 0.6% of GDP

## 6. PROGNOSIS & OUTLOOK

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### 📊 Survival Probability Matrix:

- 12-Month Outlook:

- 45% chance of operational continuity
- 30% chance of technical default
- 25% chance of government takeover

- 5-Year Projection:

- Best Case: Break-even by 2022
- Base Case: Rs.80B additional losses
- Worst Case: Liquidation

### 🗘 Strategic Crossroads:

- Privatization Pathway:

- Requires legislative changes
- Estimated valuation: Negative Rs.50-70B

- Turnaround Requirements:

- \$1.2B fleet modernization
- 40% workforce reduction
- Complete management overhaul

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|| TERMINAL DIAGNOSIS: Chronic financial hemorrhage with systemic governance ||

|| failure. Survival dependent on continuous government life support. ||

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