



Shipping

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Introduction | Types of Ships



Container Ships

A ship structured specifically to hold huge quantities of cargo compacted in different types of containers.



Bulk Carrier

The cargo transported in such ships is loose cargo i.e. without any specific packaging to it and generally contains items like food grains, ores etc.



Tanker Ships

Specialized ships for carrying a large amount of liquid cargo. They are further sub-divided into different types i.e. Oil Tankers, Liquefied Gas Carriers etc.



Roll-on Roll-off Ships

These are the ships that are used to carry wheeled cargo i.e. cars, trucks, buses etc.

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Introduction | Types of Ships



Passenger Ships

As the name suggests, these are used for transiting passengers. Mainly classified into Ferries & Cruise Ships.



Offshore Ships

These ships mainly help in oil exploration and construction jobs at sea. These include supply ships, pipe layers, crane barges etc.



Fishing Ships

These ships are used for recreational and commercial fishing at sea. These are classified into two types i.e. trawlers and non-trawler ships.



Specialty Ships

These ships have onboard machinery and equipment to perform special tasks. These include: anchor handling tug supply, drilling ships etc.

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Introduction | Types of Ships



High-Speed Craft Ships

As the name suggests, these are high speed water ships also called fast ferry. Most high-speed craft serve as passenger ferries but largest ones also carry cars, buses, large trucks and freight.



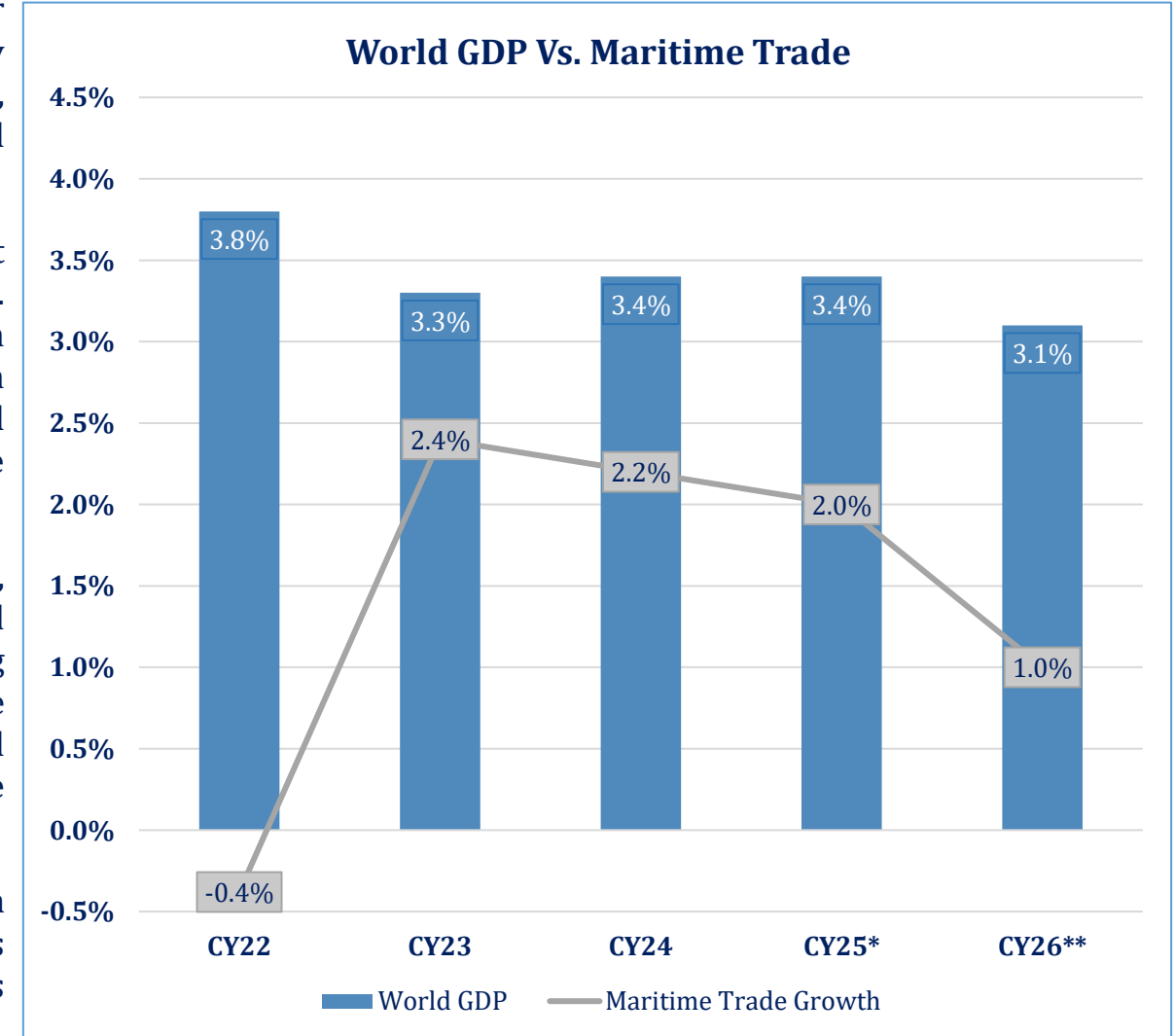
Dredgers

Dredgers are types of ships that have excavation tools used for removing sand and other types of deposits from the seabed. Dredgers are used for several purposes, such as deep-sea mining. They are classified into two types: mechanical dredgers & hydraulic dredgers

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Global | Overview

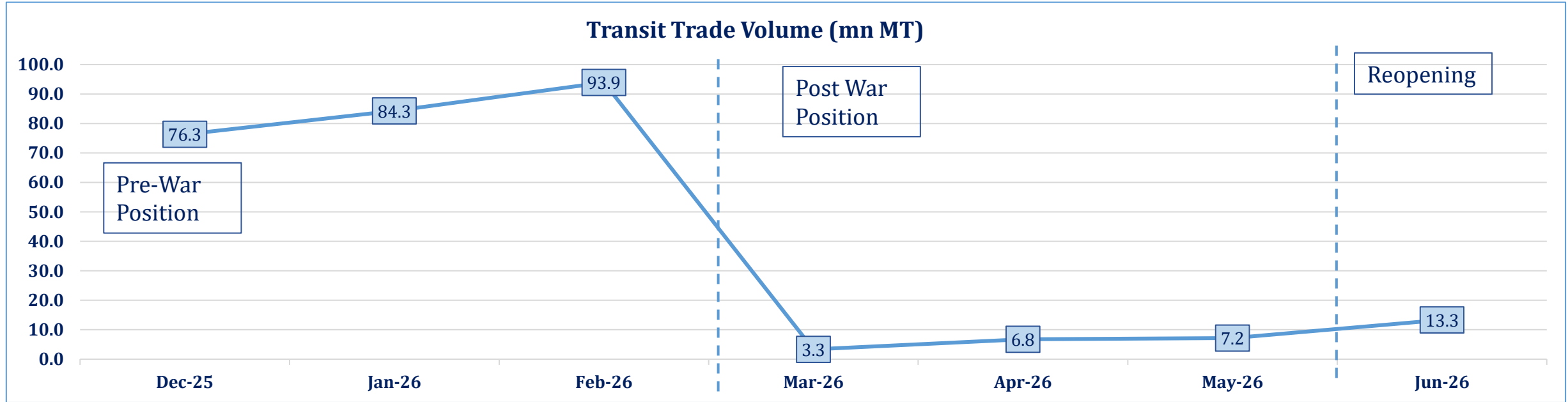
- The global Shipping Sector is a key player in world trade as it accounts for ~80.0% of world trade in terms of volume, as of CY25. This industry includes international bulk transportation of raw materials, commodities, dry and liquid goods, perishable food items, manufactured goods, and capital goods.
- CY25 was eventful, with the US-China tariff wars, alongside persistent disruptions in global Shipping routes, weighing on global seaborne trade. Despite global GDP growth holding steady at ~3.4%, the modest decline in maritime trade to ~2.0% in CY25 reflects a growing disproportion between economic activity and seaborne volumes. The US China tariff war and disruptions in global shipping routes reduced cargo volumes, even as the broader economy kept growing.
- The sharper deceleration projected for CY26 at ~1.0% (~2.0% in CY25), even as world GDP growth is forecasted at ~3.1%, is driven by several compounding factors. One of the most pressing catalysts is the ongoing geopolitical conflict between US and Iran in the Strait of Hormuz and the resultant closure of the Strait for around 108 days which severely disrupted global Shipping routes. This crisis has compromised vital maritime chokepoints and stranded thousands of seafarers.
- Beyond immediate trade bottlenecks, the blockade has sparked fears of a widespread resource crunch, particularly a shortage of strategic minerals essential to global industries. Although the Strait has opened, uncertainties remain due to fragile geopolitical situation.



*Estimated **Projected

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Global | Strait of Hormuz



- Transit trade volume through the Strait of Hormuz climbed steadily during the winter months of CY26. Volume grew from ~76.3mn MT in December 2025 to ~93.9mn MT in February 2026. This increase reflected higher shipment activity as Iranian and Saudi exporters accelerated oil movements to strengthen market positions.
- The volume collapsed immediately after February as the US-Iran conflict emerged. Consequently, the Strait was formally closed on March 4 and transiting vessels came under attack. By March 5, commercial tanker traffic fell near zero as insurers withdrew war-risk coverage, forcing major global carriers like Maersk, CMA CGM, MSC, and Hapag-Lloyd to completely suspend operations through the waterway. The volumes plummeted to ~3.3mn MT in March 2026, representing a ~96.5% decline.
- The downward trajectory persisted through April and May, registering at ~6.8mn MT and ~7.2mn MT, respectively, despite ongoing diplomatic negotiations. The modest volume recovery to ~13.3mn MT by June 2026 indicates a gradual, restricted reopening rather than a return to normal operations. Traffic through this major corridor is expected to gradually pick up as bottle necks remain and clashes still occur.

Note: Latest data available for June is as of 28th June 2026.

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Global | Vehicle Fleet

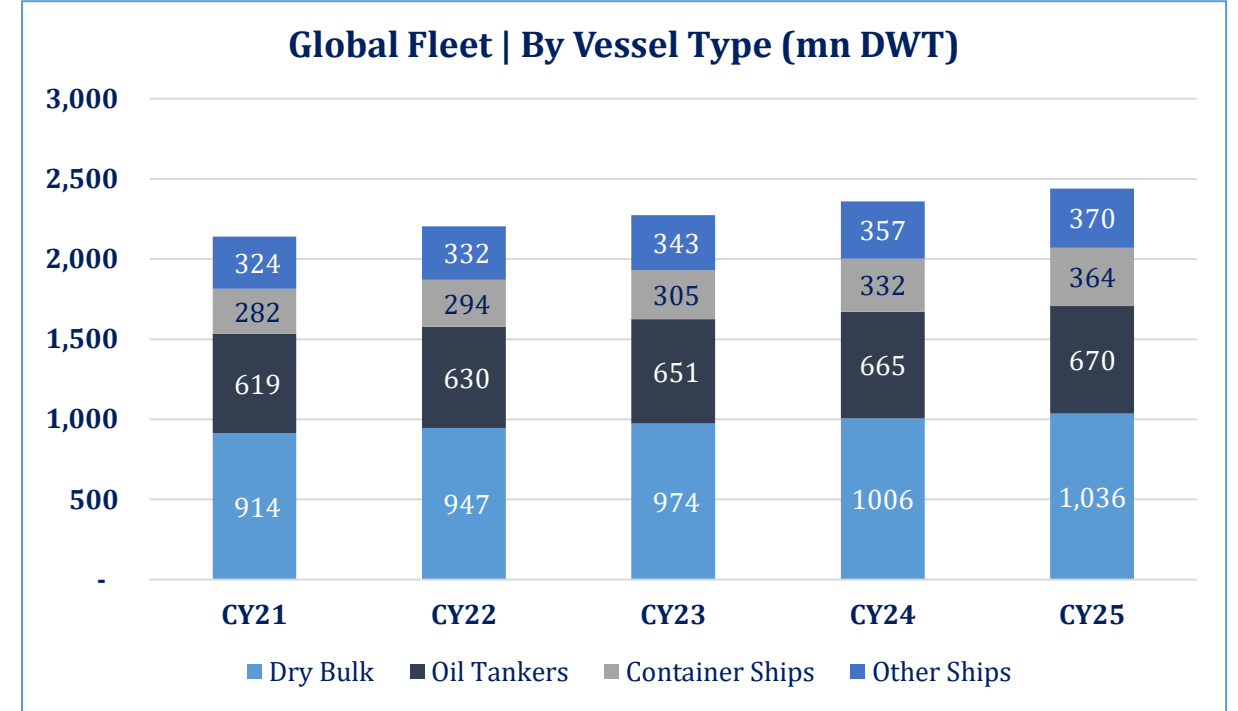
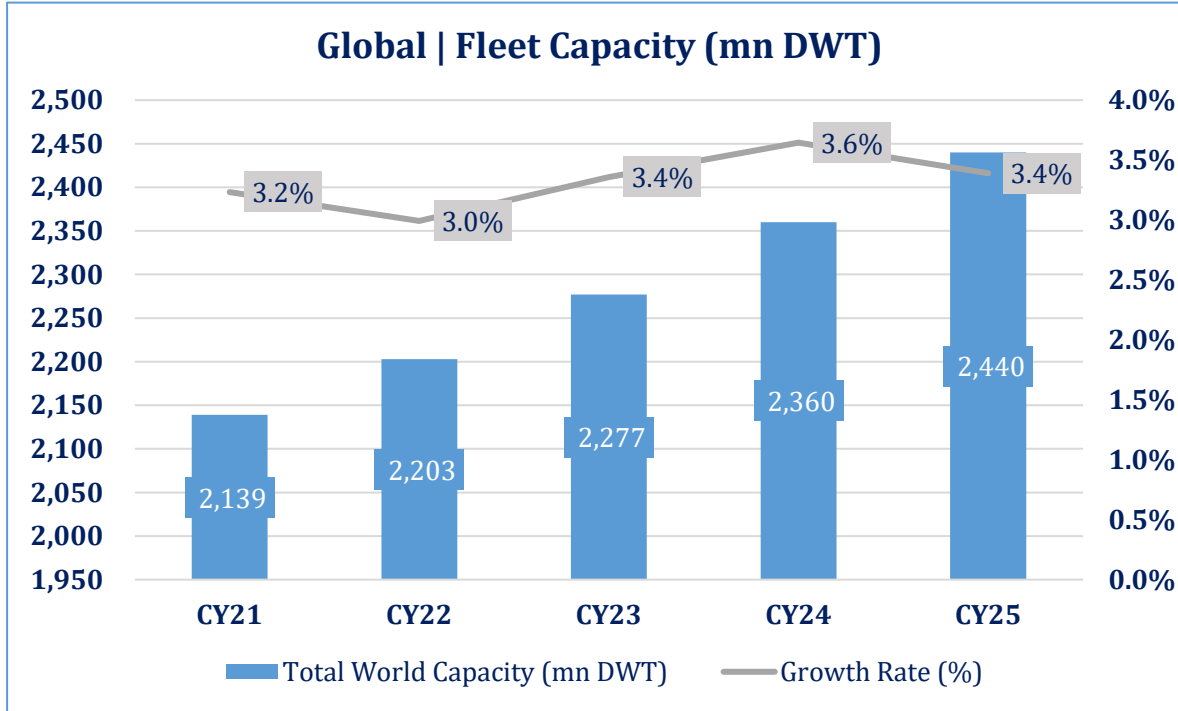
- As of CY25, the global fleet (at least 100 gross tons capacity) comprised around 112,500 commercial vessels (including cargo and non-cargo ships). In CY25, the carrying capacity also increased by ~77mn DWT YoY to ~2.4bn DWT.
- Many leading flag States are open registers, meaning they accept foreign-owned ships, have minimal nationality requirements and offer some benefits to shipowners. They include Liberia, which had the highest registered capacity share of ~17.4%.
- Asia and Europe dominated global Shipping, collectively accounting for ~80% of all port calls for both tankers and container vessels. While Europe's share is declining, Asia's dominance continues to grow, particularly in the Maritime Trade Sector where its share rose to ~61.0% (SPLY: ~54%)

CY25		
Maritime Trade Growth	Total Global Fleet*	Carrying Capacity
~2.0%	~112,500 vessels	~2.4bn DWT
Trade Volume	Average Age	Highest Proportion
~12.7bn MT	~22.1 Years	> 20 Years Old Ships
Highest Maritime Trade Share	Top Country - Carrying Capacity	Country Leading Flag Registration* (DWT)
Asia ~61.0%	Greece ~16.4% of Global capacity	Liberia ~0.42bn DWT

*A Flag State refers to a nation where shipowners or Shipping companies get their commercial or recreational ships registered. Hence, the registered ships have to carry the flag of that state. Liberia is the largest flag State in the world. Note: vessels including cargo and non-cargo ships

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Global | Fleet Capacity By Vessel Type



- The global fleet in dead weight ton capacity grew by ~3.4%, in line with last few years average. It was below the annual average of ~5.1% of the past two decades but faster than growth in maritime trade volume.
- Capacity expansion remained uneven, with a jump of 9.6% for container ships and 3.0% for bulk carriers. Gas carrier fleet growth was supported by the LNG carriers and, in particular the Qatar Energy LNG project. General cargo ships and oil tankers saw capacity grow by ~1.9% and ~0.8%, respectively. Reflecting a shift towards smart and green Shipping and changes in secondhand prices, the value of the global fleet rose to USD ~1.5Tn in June 2025.

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Global | Top Fleet Owners

- Global world fleet ownership (by capacity) rose to ~2,419.5mn DWT, which reflected a YoY increase of ~3.7% (SPLY: ~2,334mn DWT). The total number of registered ships grew by ~3.6% YoY, reaching ~60,275 vessels (SPLY: ~58,173 vessels).
- The top three ship-owning nations by capacity were Greece, China and Japan accounting for 40.7% of the total capacity share. While Greece was the top ship owning nation by capacity (~16.4%), Chinese owners held the largest share of the global fleet in dollar value at 12.4%. Japan and Singapore are the third and fourth largest ship-owning nations in the world, controlling ~9.9% and ~6.3% of global Shipping capacity, respectively.
- Most of the Shipping capacity owned by the top 10 nations is registered under foreign flags (known as flags of convenience). The only exception is Hong Kong, China, where less than half of its owned fleet is registered abroad. Countries across Africa and Latin America continue to hold only a very small share of global ship ownership.

Ownership of Global Fleet | Carrying Capacity (DWT) | CY25

Sr.	Country	Total No. of Ships	Carrying Capacity (mn DWT)	Capacity Share as % of World
1	Greece	5,124	397.6	16.4%
2	China	10,440	347.2	14.4%
3	Japan	4,083	240.7	9.9%
4	Singapore	2,922	153.4	6.3%
5	Hong Kong, China	2,081	139.5	5.8%
6	Republic of Korea	1,700	98.5	4.1%
7	Germany	2,016	71.5	3.0%
8	Taiwan Province of China	1,063	63.9	2.6%
9	United Arab Emirates	1,598	57.4	2.4%
10	United Kingdom	1,275	57.0	2.4%
	Rest of the World (ROW)	27,973	792.8	32.7%
	World	60,275	2,419.5	100.0%

Note: DWT stands for dead weight tons. Note: The table includes propelled seagoing vessels of 1,000 gross tons and above

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Global | Ship Recycling & Breaking

Top Ship Recycling Countries CY24 (000 Gross MT)*							
Ship Type	Bangladesh	India	Türkiye	Pakistan	Rest of the World	World Total	Share (%) by Ship Type
Bulk Carriers	1,375.9	202.9	NA	400.6	75.3	2,054.7	32.4%
Container Ships	203.5	584.9	113.6	14.5	49.6	966.1	15.2%
Offshore Supply	187.2	289.6	14.9	NA	320.8	812.5	12.8%
Oil Tankers	324.1	437.5	2.7	NA	3.7	768	12.1%
Liquefied Gas Carriers	400.6	289.9	NA	NA	4.8	695.3	11.0%
Others	246.4	342.0	338.4	39.7	78.1	1,044.5	16.5%
Total	2,737.7	2,146.8	469.6	454.8	532.3	6,341.1	100%
Share %	43.2	33.9	7.4	7.2	8.3	100	

- Ship recycling and scrapping activities remained low throughout CY24 at ~6.3mn gross tons, which represents 0.25% of the active global fleet. Among the vessels sold for scrap, bulk carriers made up the largest portion at ~32.4% of the total tonnage. This was followed by container ships at 15.2%, offshore supply vessels at 12.8%, oil tankers at ~12.1% and liquefied gas carriers at ~11.0%.
- The global ship recycling market was heavily concentrated, with Bangladesh, India, Pakistan, and Türkiye combined accounting for ~91.7% of all activity. Bangladesh and India led the industry by securing a dominant share of ~77.1%, while Pakistan and Türkiye maintained smaller yet notable market positions. Insufficient global ship recycling capacity amid high new deliveries disrupts the supply-demand balance and delays essential fleet renewal needed to comply with tightening international environmental regulations.
- This capacity constraint is particularly evident in the major recycling hubs of Bangladesh and Pakistan, where available infrastructure remains limited. Adding to this operational pressure are increasingly strict sustainability mandates. Notably, the Hong Kong Convention now legally binds shipowners to scrap vessels in an environmentally sound manner. This was officially implemented on 26 June 2025, altering the regulatory landscape for the entire maritime recycling industry.

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Global | Ship Recycling & Breaking

- Until the 1970s, ships were dismantled mainly in Europe and the US, however, when social and environmental protection laws became stricter, the industry shifted to areas where legal frameworks were weaker i.e., Asia
- Ship breaking and recycling has a number of hazardous results such as workers being killed, impaired for life, exposed to toxics that cause cancers, and sensitive coastal environments are ruined.
- The minimal ship breaking activities that happen in Europe have strict rules and regulations laid down by the International Ship Recycling Association (ISRA) and is founded by the EU. The association promotes and facilitates the environmentally sound and safe recycling of ships and ensures important social, human health and environmental impacts of ship recycling are not violated.
- The three goals of ISRA constitute, (i) ensuring that the EU does not export its waste challenges to third world countries, (ii) making it easier to transport waste for recycling and reuse in the EU and (iii) better tackling illegal waste shipments.
- Although activity is expected to stay subdued in the short term, a recovery is anticipated as secondhand prices fall, "shadow fleet" opportunities fade, and fleet modernization intensifies. The Sector is heavily concentrated, with Bangladesh, India, Pakistan, and Türkiye collectively accounting for ~91.7% of the global ship recycling market in CY24. However, limited capacity in these key nations raises serious concerns for timely fleet renewal, especially as pressure mounts to comply with strict environmental regulations like the Hong Kong Convention.
- Ship recycling done through eco-friendly business practices has considerable impact on the environment, as steel acquired through ship recycling reduces CO₂ emissions by up to ~58% compared to producing new steel.

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Global | Key Takeaways

2026 Global Shipping Outlook revised from **Deteriorating to Neutral** on war-led tanker rate surge

Tankers:

- The Iran war and effective closure of the Strait of Hormuz are boosting tanker profits, over 20% of global seaborne oil transited the strait pre-conflict.
- The shortfall is being partly offset by releases from oil reserves, bypass pipelines, and supply growth, while importers increasingly source from the US, Brazil, and West Africa, lengthening voyage distances and lifting tonne-mile demand.
- Charter rates, especially for very large crude carriers (VLCCs), have risen significantly. In a scenario of prolonged hostilities. Brent crude prices will likely remain highly volatile, keeping freight risks elevated.

Containers:

- Container Shipping has benefited moderately from higher rates, which will only reduce the scale of the 2026 profit decline that was projected pre-conflict. 2026 volume growth is still expected to be close to 2% YoY.
- Container freight rates have more than doubled from pre-war levels, but earnings gains will lag revenue gains.
- Container Shipping carries a distinct and arguably more structural risk that is overcapacity. Rate support in 2026 has come largely from war-related surcharges like fuel, war risk, and port congestion, rather than underlying demand strength.

Risks Beyond 2026:

- Shipping faces recurring geopolitical shocks that disrupt key trade corridors. The Strait of Hormuz, Red Sea, and Suez Canal remain vulnerability points. Each closure or partial restriction forces vessels into longer routing.
- The strait carries about 20% of world oil and LNG flows, and recovery faces multiple hurdles including continued US Iran hostility, unresolved transit fees, sea mines, and damaged infrastructure.
- Sustained risks around the Strait of Hormuz could push freight rates and oil price volatility deep into FY27. This prolonged uncertainty will leave tanker margins and shipping costs continuously exposed rather than letting them recover to pre-crisis levels.

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Local | Overview

- Seaborne trade plays an important part in Pakistan's economy because of the geostrategic position of the country. Pakistan's coastline stretches over ~1,000 km along the Arabian Sea and, thus, plays a pivotal role in directing maritime traffic between the Suez Canal, the Persian Gulf, and the Far East. The total seaborne trade of the country increased by ~3.1% YoY to ~99mn MT in FY25 (~96mn MT previously).
- PNSC is Pakistan's national flag carrier, consisting of 19 subsidiary companies. It is an autonomous corporation that functions under the control of the Ministry of Maritime Affairs and is listed on PSX.
- The gross revenue of PNSC increased to PKR ~36,558mn in 9MFY26 (9MFY25: PKR ~28,405mn), a ~28.7% YoY increase. This is due to PNSC's new vessel induction and better refinery uplift volumes that boosted chartered fleet income up to 27% YoY. This was partly offset by lower refinery freight rates (to USD ~9.86/MT from USD ~10.41/MT), but the charter-day gains outweighed these drags. The revenues can come under pressure in 4QFY26 due to lower movement of crude oil after US-Iran conflict started.
- Of the total seaborne trade, PNSC contributed ~11% as of FY25, which is higher than the previous year when it was ~10%. PNSC's trade share grew because its cargo volume increased. This growth outpaced Pakistan's overall slow market, mechanically giving them a larger piece of the pie.

Particulars	Units	FY23	FY24	FY25	9MFY26
Gross Revenue	PKR mn	54,771	46,363	37,637	36,558
Shipping Corporations Local	No.	01			
Structure	Listed & Monopolistic				
Total Seaborne Trade	mn MT	83	96	99	-
PNSC Share in Total Seaborne Trade	%	11%	10%	11%	-
Fleet Size	No.	12	12	12	13
Tankers	No.	7	7	7	8
Dry Bulk Carriers	No.	5	5	5	5
Association	All Pakistan Shipping Association				
Regulator	Ministry of Maritime Affairs				

Shipping

Local | Overview

- Pakistan's Shipping Sector was nationalized in 1974 where all the ship-owning businesses were merged under the Pakistan Shipping Corporation (PSC). Later, Pakistan National Shipping Corporation (PNSC) was established in 1979 after the National Shipping Corporation (NSC) was merged with Pakistan Shipping Corporation (PNSC). PNSC was listed on the Pakistan Stock Exchange in 1980.
- As of May'26, PNSC is majorly owned by the Government of Pakistan (GOP) (~87.6%). The rest are held by financial institutes, various investors and general public following the status of a publicly listed enterprise. The Ministry of Maritime Affairs oversees the Corporation and monitors its regulatory framework.
- The PNSC fleet consists of ~13 vessels, including ~8 tankers & ~5 bulk carriers. The total deadweight capacity of the entire fleet amounts to ~996,682 DWT in 9MFY26. The average age of the fleet is ~20.1 years, which is comparatively better than the global average (~22.1 years), indicating a relatively younger fleet that may offer advantages in fuel efficiency, regulatory compliance, and operational reliability.

Pakistan's Fleet and Capacity (Mar'26)							
Sr.	Ship Types	Ship Name	Year of Manufacturing	Years of Purchase by PNSC	Age (Years)	Capacity (DWT)	
1		M.T Karachi	2003	2026	23	109,989	
2		M.T Mardan	2007	2023	19	107,123	
3		M.T Sargodha	2008	2023	18	107,123	
4	Tankers	M.T Lahore	2003	2010	23	112,051	
5		M.T Shalamar	2006	2014	20	105,315	
6		M.T Khairpur	2012	2019	14	74,986	
7		M.T Bolan	2013	2019	13	74,919	
8		M.T Quetta	2003	2008	23	49,999	
Total Liquid Bulk						741,505	
9			M.V Malakand	2004	2010	22	76,830
10		Bulk Carriers	M.V Hyderabad	2004	2011	22	52,951
11	M.V Multan		2002	2012	24	50,244	
12	M.V Chitral		2003	2010	23	46,710	
13		M.V Sibi	2009	2011	17	28,442	
Total Dry Bulk						255,177	
Total						996,682	

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Local | Seaborne Trade

- PNSC’s activities were centered majorly on Liquid Bulk (tankers) trade in FY25, accounting for ~29.0% share in overall liquid bulk trade country. In comparison to this, Dry Bulk (bulk carriers) trade only accounted for ~2.0% during the year.
- In FY25, dry cargo trade increased to ~1.9mn MT from ~1.3mn MT, reflecting a ~46.2% increase. A positive trend can be seen as trade of liquid cargo also increased to ~9.1mn MT (FY24: ~8.6mn MT), ~5.8% YoY change.
- The term Slot Charter is used when only part of the ship is chartered in order to transport dry cargo in TEU. Break bulk in slot charter remained stable at ~0.03W/M in FY25, while containerized cargo declined slightly by ~8.3% YoY.
- PNSC holds the first right of refusal for liquid bulk trade of the country, under an amendment to the Maritime Policy. This gives PNSC priority to carry these cargoes ahead of foreign and private shipping lines.

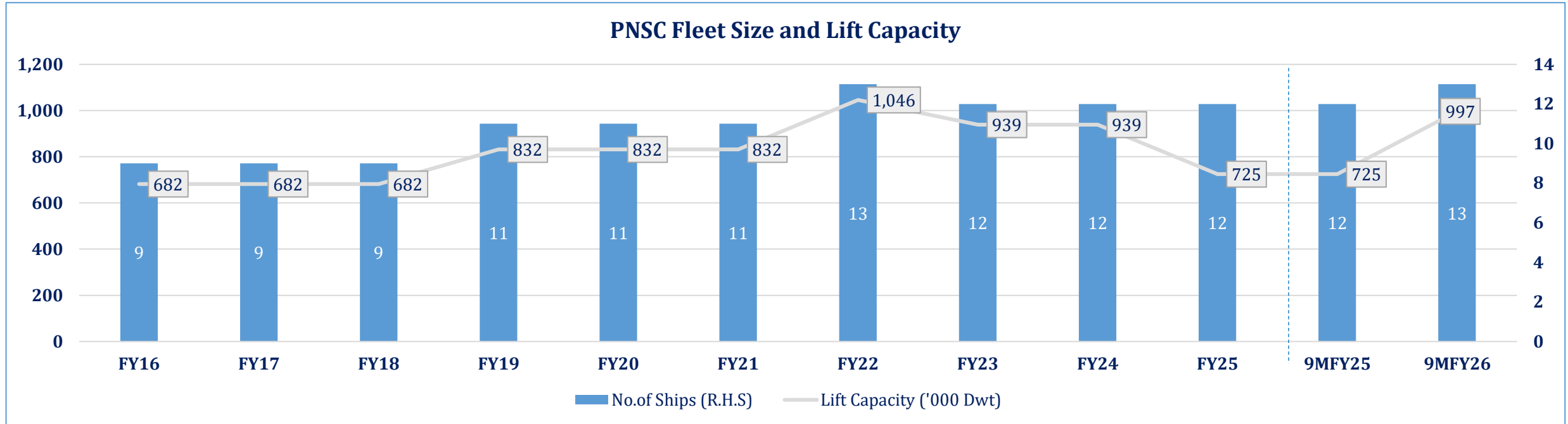
Particulars	Dry Bulk			Liquid Bulk			Total		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
Seaborne Trade Country (mn MT)	54.1	67.2	67.9	28.8	29.2	31.4	83	96.4	99.3
Seaborne Trade PNSC (mn MT)	1.5	1.3	2.0	9.2	8.6	9.1	11.0	9.9	11.0
PNSC (% Country’s Seaborne Trade)	2.8	1.9	2.9	31.9	29.5	29.0	13.3	10.3	11.1

Particulars	Unit of Measurement	FY23	FY24	FY25
Dry Cargo (Bulk Carrier)	mn MT	1.6	1.3	1.9
Liquid Cargo (Tanker)	mn MT	9.3	8.6	9.1
Slot Charter				
Break Bulk***	Higher of MT or CBM** (W/M)	0.08	0.03	0.03
Containerized Cargo	000 TEUs*	1.2	1.2	1.1

*TEU: twenty feet container . **CBM: cubic meter. ***Break Bulk is cargo that is not containerized.

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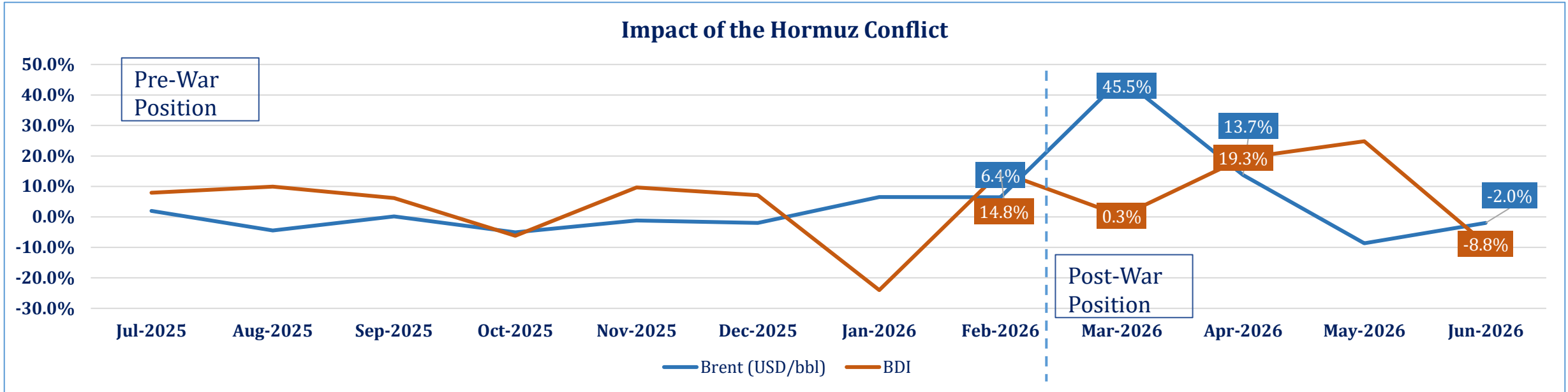
Local | Lift Capacity



- Pakistan National Shipping Corporation's (PNSC) fleet growth shows a steady expansion, a mid-cycle contraction or fleet right sizing, and recent addition, with fleet capacity proving to be a far more dynamic indicator of company strength than ship count alone.
- PNSC's fleet grew to ~13 ships in 9MFY26 with lift capacity rising to ~996,682 DWT (SPLY: ~724,643 DWT) exhibiting a ~37.5% YoY improvement. During 9MFY26, MT Karachi was the new addition and its single addition contributed ~272,139 DWT to the fleet.
- PNSC's fleet size remained unchanged at ~12 ships between FY25 and FY24, showing no growth or contraction in the number of vessels. However, lift capacity declined sharply, falling to ~724,643 DWT in FY25 (~938,876 DWT in FY24) , a contraction of ~22.8% YoY.

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Local | Strait of Hormuz | PNSC's Margin Drivers



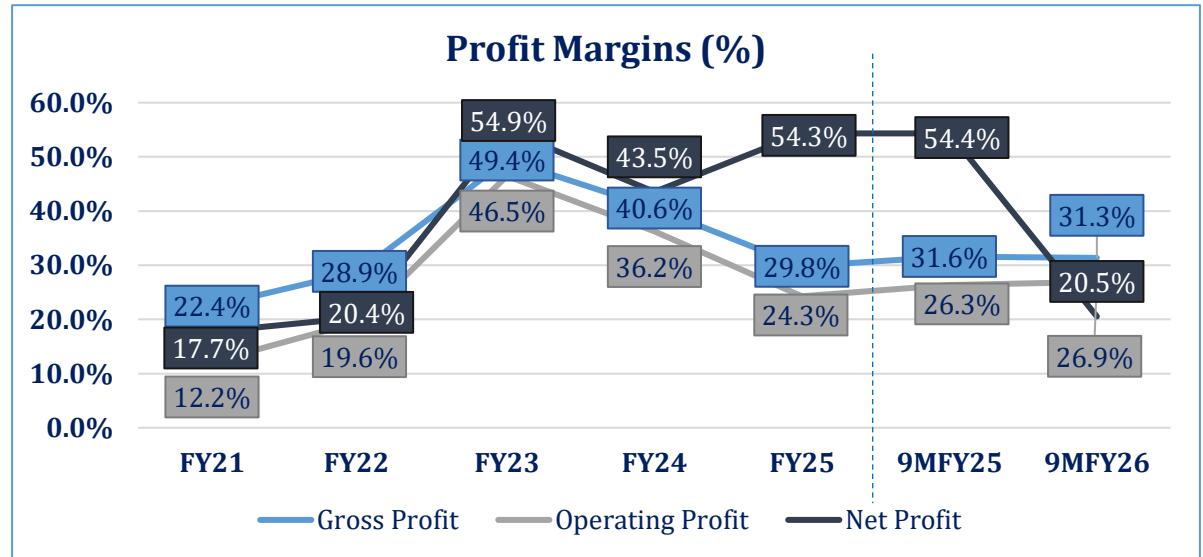
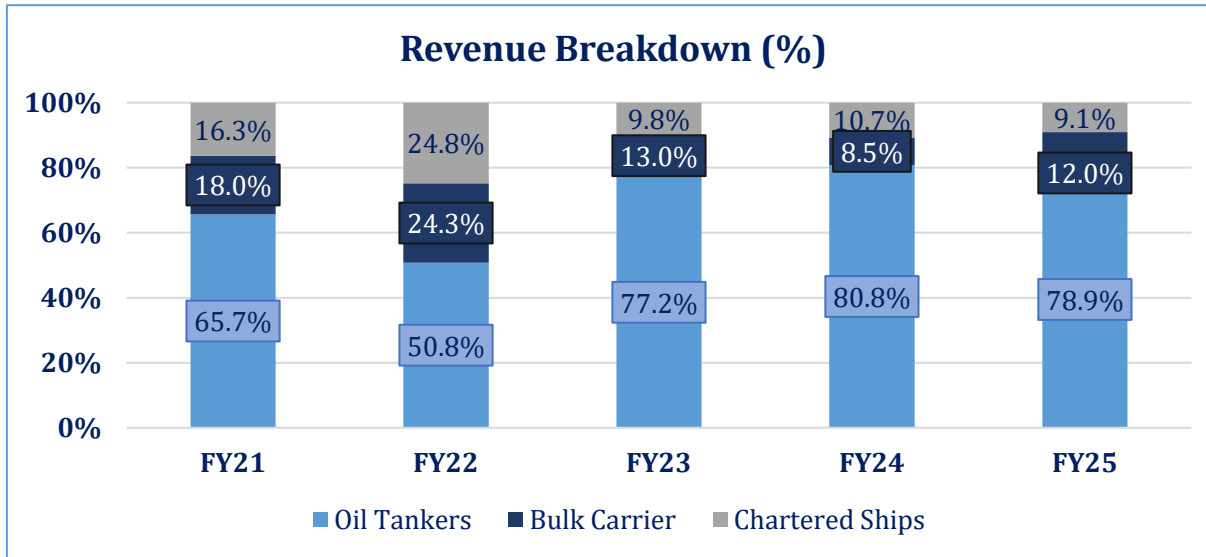
- Pakistan relies on the Strait of Hormuz for ~80% of its crude oil imports and ~25% of its gas and oil supplies overall, leaving the Sector directly exposed to the ongoing 2026 crisis. Shipping has been largely disrupted since Mar'26 amid the regional conflict, vessel boardings, and a sharp spike in war-risk insurance premiums, compressing tanker availability and lifting freight costs across the Gulf corridor.
- PNSC has been directly affected, with vessels including MT Karachi stranded near the strait and others rerouted via the Red Sea (Yanbu, Fujairah) to maintain crude supply to Karachi. Iran has separately granted Pakistani-flagged vessels explicit transit permission, that differentiates Pakistan's position from several other Hormuz-dependent importers. Brent remains elevated due to closure of Hormuz, keeping bunker costs high and squeezing tanker margins. A prolonged Hormuz closure would sharply raise Brent price and disrupt tanker schedules, putting significant downward pressure on PNSC's margins.

Note: Scenario analysis is illustrative, based on publicly available estimates as of Jun'26. Values are shown as MoM average for BDI and Brent.

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Business Risk

- The Sector comprises a single entity. Total revenue recorded a growth of 28.7% to register at PKR ~36.5bn in 9MFY26 (SPLY: PKR ~28.4bn). This was due to the revenue boost in foreign chartering by PKR ~6.8bn and a notable increase of 23 foreign voyages during this time. Bulk Carrier segment performed well with revenue climbing up 24% to PKR ~3.3bn (SPLY: PKR ~2.7bn). This kept the gross profit to a steady ~31.3% in 9MFY26 to PKR ~11.5bn.
- PNSC reported a net profit of PKR 7,506mn in 9MFY26, representing a ~51.0% decline compared to 9MFY25. This decline was largely driven by two non-recurring items. Firstly, the absence of PKR ~4.4bn in asset disposal gains from the sale of MT Lahore and MT Quetta. Secondly, a ~PKR 4bn contribution to the Prime Minister's Austerity Fund 2026. Additionally, finance costs surged ~210% YoY due to debt servicing requirements on the newly inducted fleet, though this was partially offset by a ~65% reduction in taxation.
- On a full-year basis, revenue decreased due to softer freight rates and lower voyage activity resulting in a decline of ~18.8% YoY. FY25 shows a mixed performance with net profitability staying strong, supported by asset disposals and higher other income, despite lower income from core operations.
- In FY25, the increase in other income was driven by a 4.5 billion rupee gain on fleet disposal and an ~8,500% increase from capital gains on mutual funds. PNSC achieved a net profit of PKR ~20.4bn, yielding a net margin of ~54.3%. This indicates that non operational income played a pivotal role in sustaining bottom-line performance despite pressures faced in core operating margins.

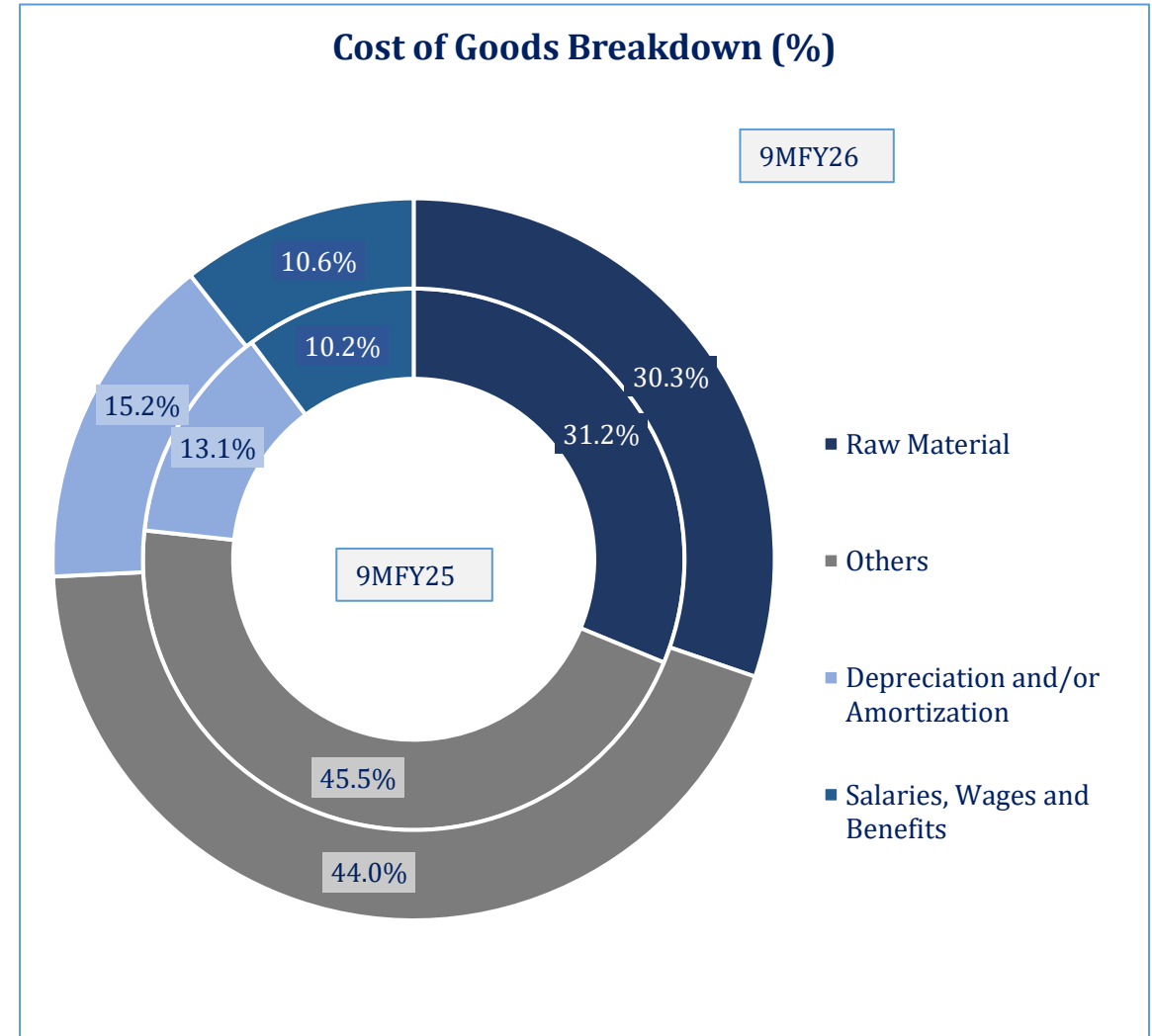


Note: Calculation based on PNSC Financials. Latest data available for Revenue Breakdown is till FY25

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Business Risk

- In 9MFY25, the cost of goods sold stood at PKR~25.1bn (SPLY: PKR~19.4bn). “Others” constituted ~44.0% (SPLY: ~45.5%) of total costs during the period and recorded ~24.9% YoY decline.
- Meanwhile, raw material costs (i.e. diesel, fuel and lubricants) consumed by ~25.3% YoY to PKR ~7.6bn (SPLY: PKR~6.1bn in 9MFY25) and comprised ~30.3% of the total costs incurred (SPLY: ~31.2%).
- An increase of ~49.8% and ~34.1 YoY was recorded in depreciation costs and salaries & wages, respectively. During the period, these made up ~15.2% and ~13.1% of the total cost of goods sold.
- PNSC's costs are led by fleet operating expenses such as bunker fuel, charter hire, crew wages, and dry-docking, maintenance with charter hire being the sharpest pressure due to thinner margins on chartered and owned tonnage.

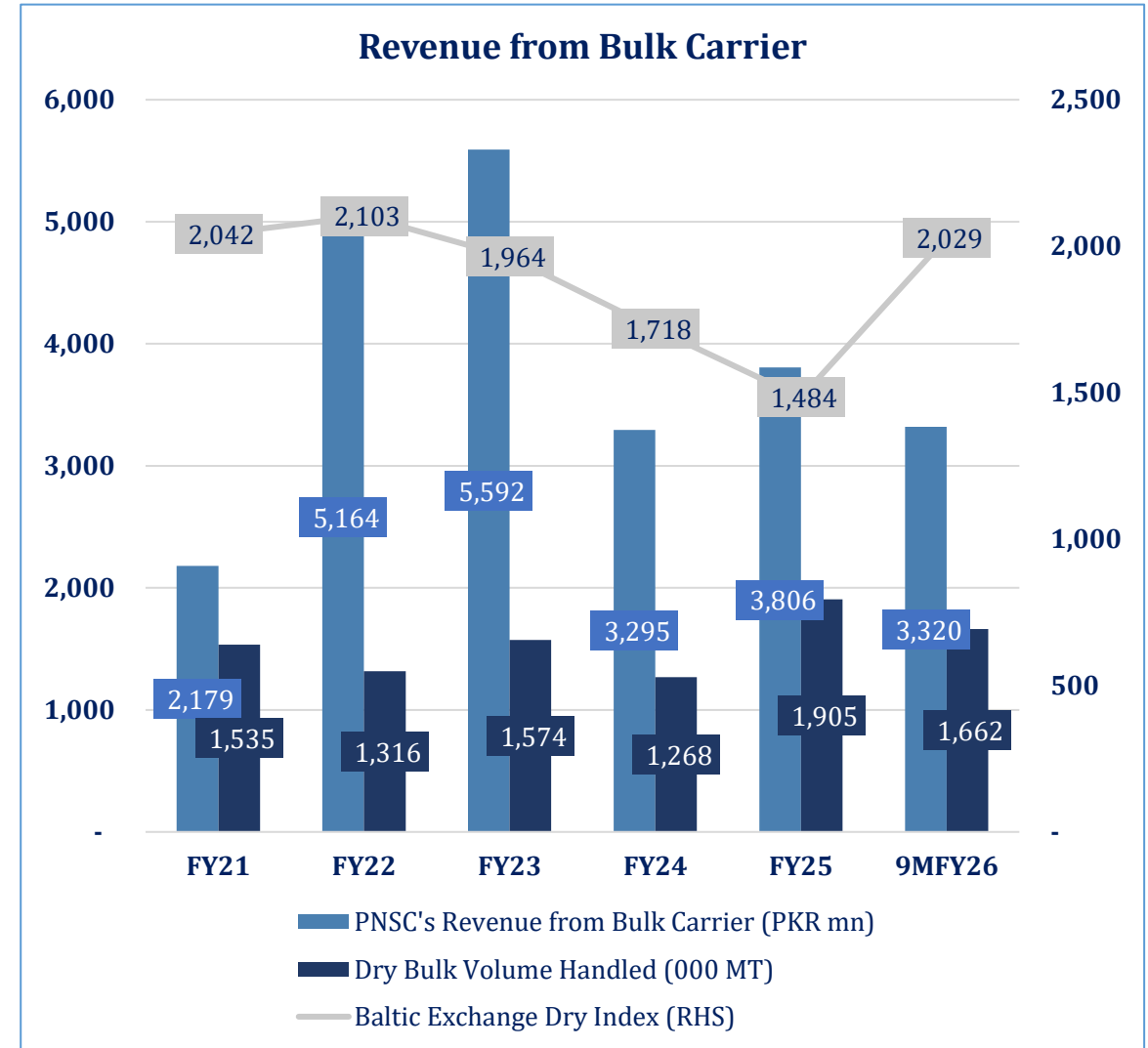


Note: Calculation based on PNSC Financials. Others include, but are not limited to, Charter Hire and related expenses, Demurrage expenses and Custom dues.

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Business Risk | Baltic Exchange Dry Index

- The Baltic Dry Index (BDI) is a benchmark to track international demand for dry raw materials and its cost to transport them by Shipping vessel. The Index, issued by London-based Baltic Exchange, takes into account ~23 different Shipping routes carrying coal, iron ore, grains, and many other commodities across the globe.
- In 9MFY26, Bulk carrier revenue increased ~24.0% to PKR ~3.3mn (9MFY25: PKR ~2.7mn). While escalating Middle East tensions have heavily impacted global shipping, the dry bulk market has stayed relatively steady compared to other segments for 9MFY26.
- In FY25, the Index declined to ~1,484 points (FY24: ~1,718 points), indicating a decline in trading activities owing mainly to trade slowdown due to geopolitical situations. A weaker supply-demand balance for FY25 was seen, especially before Red Sea routes were restored and ships resumed the shorter route.
- The FY23 peak represents the last cycle of strong rate environment, with BDI at ~1,964 points and dry bulk volume handled at ~1.5mn MT. However, the subsequent decline reveals a structural headwind as BDI collapsed ~24% from FY23 through FY25. This reflects persistent oversupply in the global dry bulk fleet with fleet growth significantly outpacing incremental tonne-mile demand.

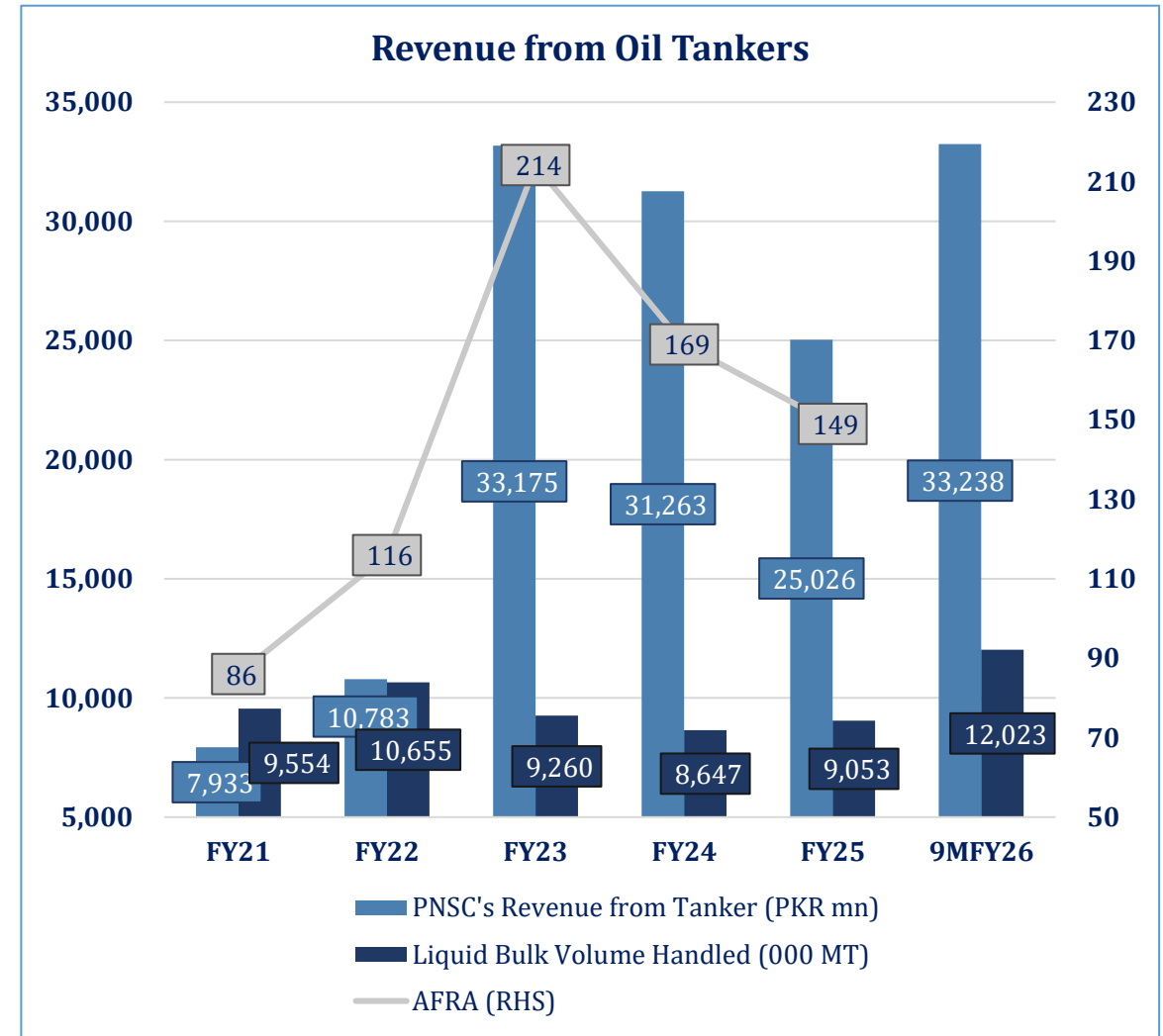


Note: Calculation based on PNSC Financials. 9MFY25/26 shows estimated data for Dry Bulk Handled

Shipping

Business Risk | Average Freight Rate Assessment (AFRA)

- The global crude oil and refined product tanker fleet employs a classification system known as Average Freight Rate Assessment (AFRA) to standardize contract terms, establish Shipping costs, and determine the ability of ships to travel into ports or through certain straits and channels.
- AFRA was established by the Royal Dutch Shell and is overseen by the London Tanker Brokers' Panel (LTBP). AFRA uses a scale that classifies tanker vessels according to DWT MT.
- For 9MFY26, volume rose to a ~12.0mn with revenue growth tracked volume growth closely to PKR ~33,238mn, indicating the increase was driven mainly by higher cargo volumes rather than rate improvement. In FY25, the AFRA rates decreased to an average of ~149 points from an average of ~169 points in FY24 (~11.8% YoY).
- PNSC's revenue from tanker was recorded at PKR ~25,026mn (FY24: PKR ~31,263mn), a 20% YoY decrease in FY25. This, combined with a ~4.7% YoY increase in liquid bulk handled (~9.1mn MT) in FY25 (~8.6mn MT in FY24), resulted in the local oil tanker segment's revenue generation recording a ~20.0% YoY decrease during the year.

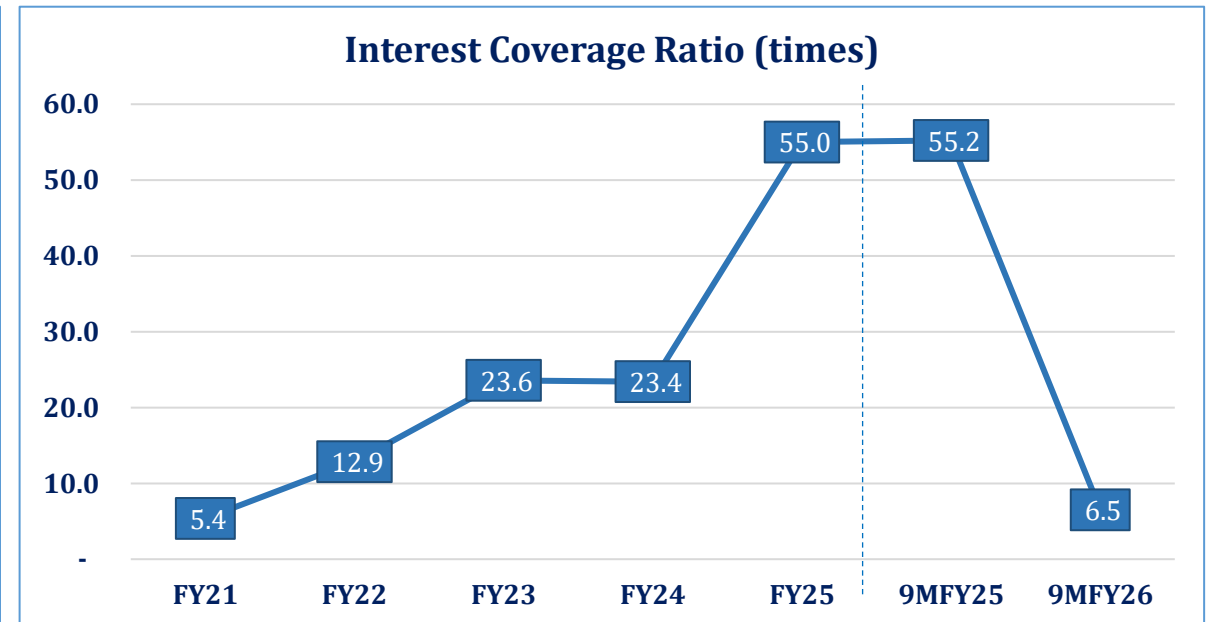
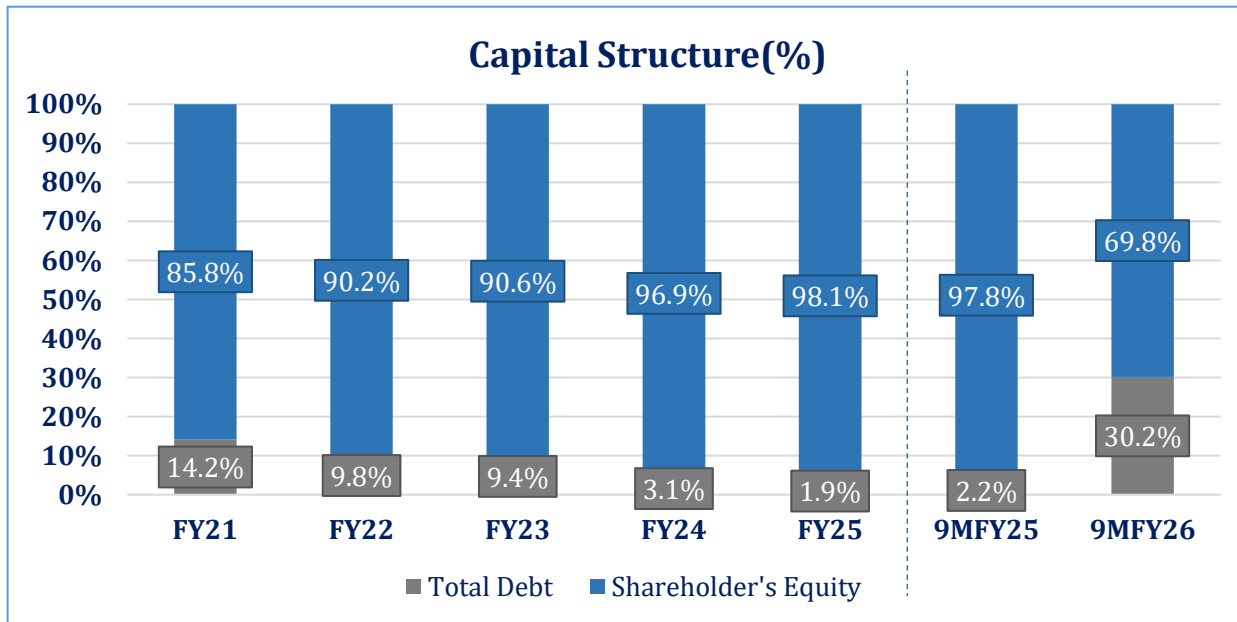


Note: Calculation based on PNSC Financials. 9MFY25/26 shows estimated data for Liquid Bulk Handled. AFRA rate available on annual basis

Shipping

Financial Risk

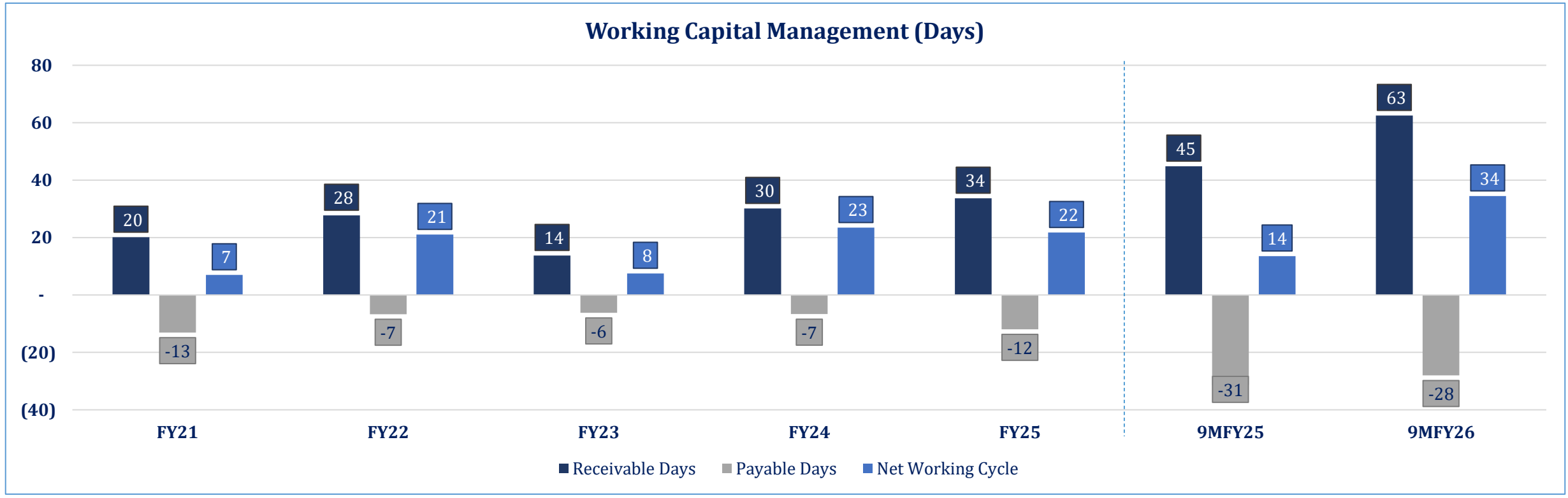
- For 9MFY26, total long-term financing (including the current portion) rose sharply to PKR ~45.2bn. This growth stemmed from financing secured by subsidiaries, which was used to purchase three vessels: MT Karachi, MT Lahore, and MT Quetta. Thus, the finance costs spiked by ~210% to PKR ~991mn (up from PKR ~320mn in 9MFY25), driven primarily by debt servicing for its newly acquired fleet. Despite this significant increase in financial obligations, the corporation maintained a solid operational profit of PKR ~9.4bn, providing a comfortable buffer to meet its debt requirements.
- During FY25, PNSC relied very little on external financing, keeping its leverage ratio low; however, fleet expansion and modernization plans increased borrowing in later quarters. The interest coverage ratio spiked dramatically in FY25, reaching ~55.0 times. This strength was driven by elevated earnings from favorable Shipping rates during the global container shortage period. The metric deteriorated sharply to ~6.5 times by 9MFY26 as freight rates normalized.



Shipping

Financial Risk | Working Capital Management

- Driven by higher revenue volumes and expanded fleet operations, receivable days reached to ~63 days in 9MFY26 (SPLY: ~45 days). Despite this increase, the company maintained substantial liquidity headroom to offset the high receivable days. The overall cash position experienced a decline due to massive capital expenditures dedicated to expanding and acquiring new vessels. This massive outflow was partially cushioned by long-term financing receipts amounting to PKR ~43.2bn.
- During FY25, PNSC operated on a 22-day working capital cycle, which was sustained through a disciplined payables payment window of ~12 days against a 34-day collection window for receivables.



Shipping

SWOT Analysis

- A true international Sector, governed by set compliance and safety standards.
- Backbone of trade, 95% of the country's total external trade volume.
- High capital requirements create a strong barrier to entry.
- Younger fleet (~20.1 years) than the global average (~22 years), aiding fuel efficiency and compliance.
- Important role as a National Flag Carrier
- First Right of Refusal



- Significant dependence on specific and limited trade routes.
- Freight rates set by international indices, leaving little pricing control.
- Strong dependence on global trade cycles.
- High cost of operations
- Demand and pricing exposed to global economic swings.

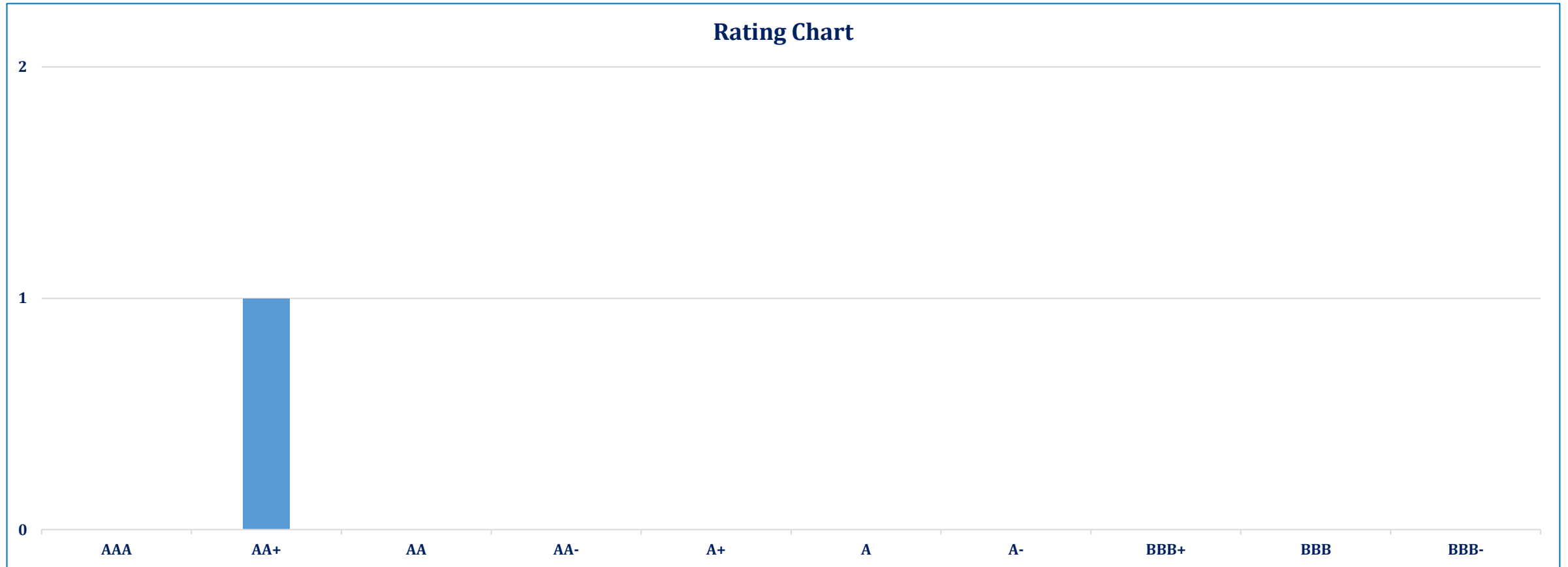
- Exposure to litigation
- Risk of major accidents or oil spills
- Interest rate and FX volatility.
- Unpredictable fuel cost swings
- Regulatory shifts such as taxation.
- Trade wars, sanctions and regional conflict risks.
- Ongoing Hormuz conflict; vessel stranding, war-risk insurance spikes, route disruption.

- Unique coastal geographical position of the country holds the potential to grow.
- Room for strategic alliances and joint ventures
- Digitalization of logistics operations.
- Bilateral agreements for development and growth.
- Emerging decarbonization and fuel regulation trends.

Shipping

Rating Chart

PACRA rates one entity in the Shipping Sector, with a long-term rating of 'AA+'.



Shipping

Outlook: Stable

- Pakistan's Shipping Sector plays a critical role in the country's economy due to its geostrategic position. The coastline extends over 1,000 km along the Arabian Sea and directs maritime traffic between the Suez Canal, Persian Gulf, and the Far East. Pakistan's seaborne trade increased ~3.1% YoY to ~99mn MT in FY25, compared to ~96mn MT in FY24. PNSC contributed ~11% of total seaborne trade in FY25, an improvement of ~10% in the prior year. This growth was driven by increased cargo volume that outpaced the broader market. PNSC's gross revenue reached PKR ~36.6bn in 9MFY26, representing a ~28.7% increase from PKR 28.4bn in 9MFY25.
- PNSC operates a fleet of 13 vessels as of 9MFY26, comprising 8 tankers and 5 dry bulk carriers. The fleet expansion and chartered fleet income growth of ~27% YoY have contributed to improved revenue generation.
- The induction of the PNSC oil tanker MT Karachi strengthens Pakistan's maritime self-reliance by expanding its national fleet to 13 vessels. The vessel was acquired for USD ~74mn as part of a broader strategy to enhance Pakistan's Shipping capacity and cut dependence on foreign Shipping lines for energy transportation.
- Pakistan relies on the Strait of Hormuz for around ~80% of its crude oil imports and ~25% of its overall gas and oil supplies. Shipping has experienced significant disruption since February 2026 due to regional conflict. Transit volumes collapsed by ~96.8% in March 2026 following the closure of the strait. War-risk insurance premiums increased to several multiples of pre-crisis levels, compressing tanker availability and lifting freight costs across the Gulf corridor. Transit volumes showed modest recovery to ~493.9mn MT by June 2026, indicating gradual and restricted reopening rather than return to normal operations.
- As of FY27, the government has decided to remove the 18% sales tax on the Shipping industry. Removal of the sales tax materially improves the cost structure for Pakistani Shipping operators. Companies will see direct relief on operational expenses, particularly for domestic seaborne trade activities. The tax benefit creates room for cargo volume growth by making Pakistani Shipping more attractive on rate-sensitive routes. When freight costs fall, shippers move more cargo by sea, supporting tonne-mile demand at a time when structural oversupply in global Shipping has kept rates weak.
- Under the PNSC Fleet Development Plan, the government aims to more than double its national Shipping fleet to a target of 30 vessels by 2030. It is expected that this will help to increase its share in transporting its own imports and exports, reducing reliance on foreign Shipping companies.

Shipping

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