

PIF in early talks to buy Saudia

- A Monitor Desk Report

Date: 18 March, 2024



Riyadh: Saudi Arabia's Public Investment Fund (PIF) is in early talks to acquire the Kingdom's flagship carrier as it looks to pour billions of dollars into turning the country into a tourism hotspot.

The Public Investment Fund is considering a deal that would see it add the 80-year old Saudia to its growing portfolio of aviation assets as soon as next year, according to people familiar with the matter.

The PIF would be taking over ownership of the airline from the government with a view to improving efficiency and profitability, the people said. The carrier could then be privatised or merged with Riyadh Air, which the wealth fund is currently setting up, they said.

It's unclear how Saudia would be valued by the PIF, which has in the past received assets from the government without having to pay in order to prepare them for privatisation. The carrier has a fleet of over 142

aircraft and flies to more than 90 destinations around the world.

No final decisions have been made. Talks are still at an early stage and the plan may be delayed or abandoned, the people said.

Representatives for Saudia and the PIF declined to comment.

Saudi Arabia aspires to turn Riyadh into a powerful business hub and compete with larger Gulf airlines for global transfer traffic.

Riyadh Air, which was set up by the PIF as part of those efforts, is seeking to build its network and challenge regional incumbents. Meantime, Jeddah-based Saudia, the biggest airline in the country, is being repositioned to focus on religious pilgrimages.

Last year, the two Saudi carriers collaborated on an order of 78 Boeing Co. 787 Dreamliners, a deal the White House valued at almost \$37 billion.

Saudi Arabia wants to attract 150 million tourists a year by 2030 as part of plans to diversify the economy and attract more foreign currency to the oil-dependent economy.

The PIF is set to be the key state-controlled vehicle as part of that plan, and is redeveloping Riyadh's airport into one of the world's largest. It's also started an aircraft leasing company as well as a helicopter firm, and has invested in Saudia's engineering subsidiary.

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