

Saudia considers debut bond sale to fund new aircraft orders

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Riyadh: Saudi Arabia's biggest airline is weighing options including a debut bond sale to fund new aircraft orders, as it prepares to almost double its fleet by 2030.

"We will go out to the market, we are evaluating the options," Ibrahim Alomar, director general of Saudi Arabian Airlines, said in an interview. The potential size of the funding is still being considered, he said.

Saudia, as the state-owned airline is known, is looking to boost its fleet from 177 aircraft to 317 as part of its plans to serve 30 million religious tourists visiting Mecca by 2030, and the government's wider strategy to attract 70 million international visitors. It could announce new aircraft orders next year as it looks to hit that target, Alomar said.

The airline already has financing in place to cover its needs until mid-2024, he said.

Saudia partnered with Riyadh Air, a new airline being launched by the kingdom's sovereign wealth fund, in March to buy as many as 121 Boeing 787 Dreamliners between the two carriers. The airlines will operate independently but look to collaborate in areas like maintenance and other services, Alomar said.

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Saudi Arabia, which until 2019 was largely closed off to foreign holidaymakers, is spending huge sums building hotels and resorts along the Red Sea coast. That push is part of Crown Prince Mohammed bin Salman's ambition to diversify the oil-dependent economy. The de facto ruler wants tourism to account for 10 per cent of gross domestic product by 2030, and also to transform the country into a logistics hub.

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