

Airbus wins largest-ever Saudi jet deal

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Riyadh: Airbus SE secured an order for 105 of its narrowbody jets from Saudi Arabia's flagship carrier as the kingdom pours billions of dollars into turning the country into an aviation and tourism hub.

The deal - which includes 93 A321neos and 12 A320neos - is the largest in Saudia's 80-year history. The order would have been bigger but the European planemaker was unable to provide additional delivery slots before 2032, the airline said on Monday (May 20).

Neither Saudia Group nor Airbus disclosed the value of the deal, however, the Future Aviation Forum in Riyadh where the order was announced said the record Saudi order was worth \$19 billion.

"We need more than 180 aircraft but there are no slots," Abdullah Alshahrani, spokesman for Saudia, told Bloomberg in an interview. "We need the planes now. That's our demand."

Saudia is set to start receiving the single-aisle aircraft from Airbus from 2026, with around half being assigned to low-cost subsidiary Flyadeal. Saudia and Flyadeal have more than 170 Airbus and Boeing Co. planes between them and fly to 100 destinations.

The Saudi carrier last year ordered more than three dozen 787 Dreamliners from Boeing, with an option for another 10. Startup airline Riyadh Air, which is backed by Saudi Arabia's sovereign wealth fund, has also purchased Boeing jets and teased follow-up orders.

Raft of major aviation deals in Riyadh

The Airbus deal was announced at the Future Aviation Forum in the Saudi capital of Riyadh, where more than \$12 billion in deals are expected to be signed. It comes as Crown Prince Mohammed bin Salman reshapes the local aviation market, with Saudia being repositioned to focus on pilgrimages and Riyadh Air due to cater to tourists.

Saudi Arabia's goal is to draw 150 million tourists a year by 2030, with 70 million coming from abroad, as part of a broader campaign to diversify the kingdom's economy.

Saudia expects passenger numbers to surpass the pre-Covid record in 2024 and is targeting 150 destinations by 2030. It's also looking to wet lease aircraft as demand continues to rise but is finding it difficult to get contracts as travel demand climbs and airlines rush to expand their fleets, Alshahrani said.

The Public Investment Fund is in early talks to acquire Saudia from Saudi Arabia's government as soon as next year, Bloomberg reported in March. The carrier could then be privatized or merged with Riyadh Air, which is set to start commercial flights in 2025.

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