

## FEATURE ARTICLE

# National champions

With Saudi Arabia's economy diversifying and developing at a breakneck pace, local companies in a variety of sectors have risen up and become the shining stars of the country's new industrial ecosystem

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In an economy built around oil, Saudi Arabia's business landscape has long been dominated by a single company, Saudi Aramco. However, with government support and a newly inspired private sector, that is starting to change – and fast. Companies in various sectors are now being promoted as national champions, private corporations that are allowed to attain a position of dominance within a given sector in exchange for promoting the nation's vital interests. These entities stand out in their sectors, enrich the country's economy and employ forward-thinking strategies that are laying the groundwork for continued prosperity. Partnerships have been critical for the creation of these national champions. Government organizations are facilitating these increasing links between Saudi Arabian entities by building strong networks and raising investor confidence in local goods and services.

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ABDULRAHMAN BIN SULAIMAN · CEO

One example of Saudi Arabia's national champions is the National Gas and Industrialization Company (Gasco), which is diversifying the country's energy mix through the marketing of liquified petroleum gas (LPG). "The developments happening in Saudi Arabia today offer people a significant opportunity," said Abdulrahman Bin Sulaiman, CEO of Gasco. "It is the right time for both Saudis and non-Saudis to explore these opportunities." The company recently saw a year-on-year revenue climb of 9.24% in 2022, with returns of \$57 million. The company is readily following Saudi Arabia's Vision 2030 platform by partnering with local players to raise value across its value chains. In October 2022, the company teamed up with local shipping and logistics company National Shipping Company of Saudi Arabia, also known as Bahri, to boost distribution of LPG throughout the country by setting up a joint entity. "We are continuously looking for any potential opportunities to explore, especially as we now know the LPG market will be open for investors," said Bin Sulaiman. "We have started looking beyond Saudi as well and started discussions with companies in the wider GCC area."

Another significant driver of Saudi Arabia's diversification strategy is Saudi Arabia Mining Company (Ma'aden), which was formed in 1997 with the aim of capitalizing upon Saudi's mineral resources. The company leads the charge on one of Vision 2030's main verticals, namely creating value from Saudi Arabia's nascent mining sector. "Ma'aden and the Minister of Industry and Mineral Resources are currently determining if there is truly \$1.3 trillion worth of mineral resources in the Kingdom. This amount could potentially attract the world's best exploration and mining companies," said Robert Wilt, CEO of Ma'aden. The company is embarking on several projects in partnership with global players, including a greenfield phosphate complex and upping production at its Jabal Sayid South and Umm Ad Damar mines. "There is a vast exploration undertaking by the Kingdom focusing on phosphate, bauxite, copper, gold, nickel, zinc and uranium," said Wilt. "We are looking to see what resources are economical and can be brought on stream quickly."

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ROBERT WILT · CEO

Private companies are also taking advantage of Saudi Arabia's newfound stance on supporting new verticals. The Helicopter Company is bringing change to the nation, this time in the form of a state-of-the-art helicopter fleet. The company plans to introduce a nationwide helicopter emergency medical platform alongside Saudi Red Crescent Authority. The company was formed in

2019 and has experienced huge growth, planning to expand its fleet to 58 airframes by 2025. "In the past two to three years, I have seen more exciting projects than I ever could have imagined. One cannot grow a country without a solid aviation sector, and we are excited to be part of new developments," said Arnaud Martinez, CEO of The Helicopter Company.

Other examples include family-run mega-giants that are stepping into the spotlight as Saudi Arabia diversifies. Al Muhaidib Group is one of the largest private conglomerates in the country. The group works across a variety of sectors and has invested in a few champion companies, including local renewables powerhouse ACWA Power, as well as running Al Muhaidib Group Entertainment Ventures. The company recognizes the potential throughout Saudi Arabia and notes the importance of adapting company planning, particularly in Saudi Arabia's rapidly changing industrial environment. "We are always re-evaluating based on demand. We operate on a scalable model to remain agile and flexible in our strategy," said Mussad Al Muhaidib, board member of the Al Muhaidib Group. In October 2022, the company partnered with lifestyle destination developer Ajdan Real Estate Development Company to develop and market the \$66.5-million Bayfront project in Al Khobar Corniche, which includes Saudi Arabia's first Blue-Flag-certified beach, restaurants and recreational features.

Another family-run conglomerate driving economic development in Saudi Arabia is the Bugshan Group, which comprises 17 companies from the real estate, healthcare and grooming sectors. "Sitting down and having a dialogue with the public sector and identifying their targets is very important," said Fares Bugshan, CEO of Bugshan Investments, the investment arm of the Bugshan Group. "The government is making these targets commercially viable by assuming lots of costs that the private sector would not be likely to assume. Dialogue and collaboration are key." The group recently backed local food tech startup Matbakhi, which raised \$2.3 million in its pre-seed funding round in January 2023. The startup operates five cloud kitchens to help local food and beverage entities create chef-driven menus and branding.

One major hurdle facing national champions in Saudi Arabia is availability of talent, particularly in new industries outside of the country's core oil sector. [With a median age of just 29 years, Saudi Arabia has a young and growing populace that will be relied upon to guarantee prosperity in years to come. ] (<https://www.globalmediainsight.com/blog/saudi-arabia-population-statistics/>) Saudi Arabia's leading companies are calling the upcoming generation to get involved in new sectors. "Acquiring talent is one of the major challenges in any business, whether it's a growing business or a startup," said Al Muhaidib. "Talent is the most precious asset that people struggle to find and it's a

challenging endeavor.” Companies like Gasco are investing significantly in training the country’s next industrial leaders. “Even if you have the best system in the world, the resources and finances, the right people are still the essential component,” said Bin Sulaiman. “Gasco is investing significantly in training and development. Today we invest four times what we used to in the

last 60 years on training.” The Helicopter Company has a similar perspective. “To support the long term industry, we are investing in the future and we take about 50 people per year – a mix of future pilots and technicians – and send them overseas to be trained,” Martinez said. “A new generation of Saudi talent must be mentored and developed internally.”