

## Q&amp;A INTERVIEW

# Wiring Saudi Arabia's Future

Riyadh Cables' four decades of expansion across Saudi Arabia and the region, and its push toward more sustainable solutions for clients worldwide.

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*"Saudi Arabia is one of the best — if not the best — places in the world to set up an industrial footprint."*

BORJAN SEHOVAC · RIYADH CABLES

Can you give our readers an overview of Riyadh Cables Group Company's operations and key milestones it has passed since it was established?

The year 2024 is our company's 40th anniversary. We started from humble beginnings dealing in low-voltage cables and wires. This is both the simplest cable segment but also the most difficult because it is very cost competitive. We quickly learned about the market and developed further in terms of capabilities towards medium-voltage, high-voltage and extra-high voltage segments. This meant increasing our extrusion lines and machinery to increase our overall volumes and becoming more vertically integrated, the latter of which is now one of our main competitive advantages. We produce our own drums and compounds that are used mainly as insulation and sheathing materials. We utilize our own copper and aluminum for conductors in our cables. The company has also expanded geographically. One requires knowledge and courage to expand into new countries such as the United Arab Emirates — more specifically in Sharjah — and in Iraq, where today we are offering leading value propositions in good segments of the low-voltage and medium-voltage cable segments. In a nutshell, the company has never relaxed throughout our 40 years in business. Our goal has always been to remain ahead of others in technology, capacity, cost, volume, vertical integration and geographical reach. The latter is important to de-risk operations and mitigate relying on just one market or one customer source.



**Borjan Sehovac**  
CEO

How important is keeping a high level of standards across its operations for Riyadh Cables Group Company?

All our plants and products are fully tested. We have the highest possible standards and certifications that an advanced industry like ours requires, which are rechecked regularly. The same applies to our materials used for cables and our systems. We are now focusing on our energy management systems and environmental certificates to become one of the first companies with the best energy management systems in place. We have an environmental system to calculate, monitor and progressively reduce carbon dioxide emissions. It is very important that each of our cables and meters made at Riyadh Cables Group Company is fully tested internally. Whatever leaves from our factories and arrives on site is always tested at our laboratories, which are the biggest laboratories in the Middle East. We also have laboratories dedicated to innovation and research and development. Any new design and material we implement is designed to be more cost effective and de-risk supply chains. Our laboratories test new designs to create better and more competitive materials.

What is the company doing to expand its operations within Saudi Arabia?

Today we are facing a new industrial revolution in Saudi Arabia and many industries are booming. I believe Saudi Arabia is one of the best — if not the best — places in the world to set up an industrial footprint. The government and all involved entities are providing incredible levels of support. There is now less bureaucracy and far more direct contact that allows for real problem solving. We are enabling the new industrial revolution underway in the country. This includes the Vision 2030 mega and giga projects that require huge amounts of industrial cables. We are localizing more production in Saudi Arabia to better support these ambitious projects. Our goal is to lower imports of cables into the country and become increasingly more competitive. It is important to have the full value chain available locally to then export some production abroad. Today, over 30% of our revenue is being generated outside the borders of Saudi Arabia.

The use of cables is crucial as they are used to power everything including computers, air conditioning units, and smartphones. Today electricity is absolutely essential. Previously food was a major challenge as it is a necessary component for life. However, today we have reached a high level of food security, and — in many ways — the new food is electricity and access to data. Riyadh Cables Group is involved in both power and data cables. We play an important role in communications as well, which is an essential element in our modern digital transformation. No industry anywhere can function without our products. We provide everything from the small cables within turbines and solar power plants to the medium-voltage cables required for electrical distribution. Our competitive advantage is that we cover all different types of cables.

We have been involved in every mega project currently underway in Saudi Arabia. This is due to our wide cable portfolio and our engineering team. These mega projects require people who can adequately support both design and engineering phases. We deliver very quickly, even at the highest voltage level. For these kinds of major projects planning is usually done on a large scale. However, they also need to stay on budget as much as possible. We help our partners by providing necessary cables on an urgent basis because of our huge capacity. We also have safety stock that we keep on hand to help in these situations. Our high-quality brand is very recognized.

## What kind of projects is the company taking part in around the globe, and what reasons has the company been so successful in its global expansion efforts?

We are also working on many interesting new projects throughout the region. We are currently supplying the longest cable length to Abu Dhabi. This is a good example of how we handle tailor-made solutions for important projects as many of these overhead lines are to be put underground. This is another reason we are involved in so many projects in the region and beyond. We are currently delivering a unique cable design for Australian utilities. A decisive factor that has helped us expand so successfully internationally is mixing quality of service with high-quality products and a proven ability to deliver on time and on budget.

## What is the company doing to train, hire and retain talent in Saudi Arabia?

In a booming country like Saudi Arabia, it is often difficult to attract Saudi workers. The labor market is very competitive. However, we have been quite successful and today we have a Saudization rate of above 30% out of a total of 4,400 employees. We are engaging more and more Saudis, which is standard practice, but also collaborating closely with universities and professional institutes in plastics and engineering. We are targeting Saudis in their academic stage so that when they finish their academic studies, they come and work for us. We also provide a lot of training and carry out plenty of research and development activities. We launched an important incentive program for high-performance people, including young talent, to retain and attract new workers. This gives us comfort that the people we recruit will stay with us for the long term.

## What role does the company intend to play in the nation's green energy transition?

A government official recently said that while Saudi Arabia has exported energy for the last 100 years in the form of oil, the country will continue exporting energy for the next 100 years but this time in the form of green energy. Saudi Arabia is accelerating its transition towards renewable energy, with 60 GW of green energy planned for 2030. Saudi Arabia along with northern regions of Australia and the northern regions of Sub-Saharan Africa are the best places in the world for solar power. Saudi Arabia is particularly blessed with energy, including wind. There are two projects in Saudi that currently have the world record for the cheapest energy produced from solar power, and it is similar in the wind segment. For the next 100 years Saudi Arabia has the potential to be a major exporter of renewable energy, and Riyadh Cables Company will play a crucial role in this transformation. We are developing a new type of recyclable cable that has lower losses, which is very important for the energy transition and reducing our carbon dioxide footprint. We are also developing new systems with much lower power losses and systems that will allow countries to be interconnected. This is important to facilitate the regional exchange of renewable energy. We are doing our part as best we can.

We have a lot of stakeholders outside the region such as copper suppliers and in the region. Many of these are long-term partners. We have never had any major challenge with our partners because our relationships are based on mutual competitiveness, trust and focus. When we commit to certain conditions, we always follow through to the end. We are currently looking to build new partnerships to push Saudi Arabia to become a leader in the green energy transition. We want to be remembered in the renewable and green energy ecosystem and often participate in related events.

## What is Riyadh Cables Group Company doing to incorporate more sustainable practices in its operations?

Things are changing. Just two years ago, we generally kept quiet about recycling our materials such as plastic, copper, aluminum and polyvinyl chloride. At the time, recycled materials meant low-quality materials. Today, the perception is completely different, and customers are asking for us to recycle more. It is seen as a better and more economically competitive way of doing business. For these reasons, we are increasing the scale and capacity of our recycling plant. We now want to recycle other kinds of materials and use high-quality recycled materials in a higher percentage of our production. We are not shy to say that we are recycling most of our materials. It represents a significant advantage in a vertically integrated company like ours and cuts down on required elements such as transportation. We closed a deal with Saudi Arabia Railways to use railways from Dammam to the dry port of Riyadh to avoid trucks, which will considerably reduce our carbon dioxide emissions by having fewer trucks and reduce maintenance of vehicles and roads. We are also negotiating for the installation of solar plants at our factories. We have a huge amount of space available. We will begin installing solar panels starting at our local operations and then move towards revamping our operations in the UAE and Iraq. Regulations have significantly changed under the Vision 2030 initiative with the goal of driving up use of renewables; new regulations are giving us more room to invest in solar. All these important steps are required to bring our company towards our goal of having net-zero emissions.

## What lessons has Riyadh Cables Group Company learned and how is it taking these lessons to move the company towards future growth beyond 2023?

Before coming to Riyadh Cables Group Company, I worked for almost 20 years for a single company and lived in many countries. When I first encountered Riyadh Cables Group Company, I immediately recognized the knowledge of the people, the quality of its product and its potential. In 2022 we became a publicly listed company on Tadawul or the Saudi Exchange. It was a very successful initial listing, and we saw good demand for our shares. However, this brought us to another level, and we realized we now needed to deliver strong quarterly results. This pushed us to perform more without any excuses. Because of our large industrial footprint and our center of excellence in Riyadh, we are now able to be competitive everywhere. A large part of this is anticipating volume flow in terms of the regional or local market. This new milestone has been a major success for our company. The cable industry generally requires at least one year and a half or even two years to fully realize an expansion. Our growth means we have correctly anticipated trends and volumes, and it means we know when to invest and how to be fast enough to invest. Today this is part of our corporate DNA. We want to grow, and we are thinking about how to get to the next level. We believe that over the next year demand across the country will be high. There are also fresh opportunities in the market to grow the company at an even greater pace.