Gulf construction’s biggest spender
King Abdullah’s $385bn infrastructure plan
Shoaibi Group

Shoaibi has maintained momentum by focusing on oilfield technology and forming joint ventures.

**COMPANY SNAPSHOT**

**Date established** 1971  
**Main business area** Oil & gas  
**Main business regions** GCC, Middle East and North Africa  
**Chairman** Suhayl Abdul Mohsen al-Shoaibi

**STRUCTURE**

The Shoaibi Group was incorporated in 1971 by Suhayl Abdul Mohsen al-Shoaibi and initially its activities were focused on the Saudi Arabian construction sector. The company’s main mission was to support the kingdom’s Eastern Province economic expansion and the major infrastructure projects that came with the oil and gas boom.

Since then, the group has diversified its operations into sectors such as oil and gas contracting, technology and services provision, information and communication technologies, and power and water. This has been achieved through joint ventures, mergers and acquisitions.

Headquartered in Al-Khobar, in the Eastern Province, Shoaibi Group’s founder, Suhayl al-Shoaibi, remains as chairman and owns 40 per cent of the company’s stock. His three sons, Walid, Khalid and Faisal al-Shoaibi each own 20 per cent. The firm has a paid-up capital of $80m.

Shoaibi Group comprises several wholly owned subsidiaries, international subsidiaries, joint ventures and associated companies. Most members of the group operate in the oil, gas and petrochemicals sectors through joint ventures, agency agreements, corporate investments, or research and development investments.

The group has about 100 direct employees, of which 30 are Saudi nationals. A further 500 employees are employed across the group’s local subsidiaries, but this figure excludes the joint venture companies in which Shoaibi Group has a minority interest.

**OPERATIONS**

Shoaibi Group’s core sectors are the upstream and downstream oil, gas and petrochemicals industries. The company has several partner-
The core family holding company of Shoaibi Group is expected to remain a wholly owned family business for at least 15 to 20 years. However, the group says it holds a number of assets that it identifies as potential divestment candidates or candidates for initial public offerings.

On the acquisition side, the company says it is ‘constantly reviewing potential additions to its portfolio of companies’, whether within the kingdom alone or with joint venture partners.

The group also plans to invest in new technologies for the upstream oil and gas industry, as well as providing more engineering and support services to the downstream construction and maintenance markets.

**MEED ASSESSMENT**

While Shoaibi Group has grown steadily for about 34 years, the company has expanded most rapidly in the last five years. By concentrating primarily on oilfield technology and forming joint ventures with major international companies, the group has managed to maintain its momentum despite the global slowdown of 2008-09.

Choosing well-established joint venture partners such as Technip, Halliburton and J Ray McDermott has allowed the company to maintain a level of business that has been beyond the achievements of similar companies.

Saudi Arabia’s long-term plans for its hydrocarbon resources has also been a help to Shoaibi Group. Barely any oil and gas projects have stalled in the kingdom, unlike some countries elsewhere in the region.

Some potential obstacles to future growth remain. The GCC region is still investing in its upstream oil and gas sector, but some downstream oil and gas projects, particularly large petrochemical projects have been delayed due to feedstock issues.

Expanding into the wider region may also happen at a slower pace than planned, as countries in North Africa generally move less speedily with major hydrocarbon projects. The political situation regarding Sonatrach has also resulted in several projects being delayed in Algeria.

**Q&A KHALID AL-SHOAIBI, GROUP DIRECTOR**

**Shoaibi Group’s core business is oilfield technology. How is that sector performing in Saudi Arabia in 2010?**

The oil and gas industry is facing incredible challenges. In 2000, global demand for oil was approximately 75 million barrels a day (b/d).

Despite a major global recession the demand for oil has increased by an additional 10 million b/d. These production increases have come from oilfields that are older, in more remote locations and in more complex geologies. It would have been impossible to achieve this growth without major advances in drilling and production technologies.

Saudi Arabia has been blessed with prolific oil and gas reservoirs that have, until recently, been mostly immune to many of the challenges that have impacted other regions of the world. But, this is no longer the case – Saudi Arabian fields are ageing rapidly and require the application of new technology to maintain and increase production.

Much of our business is related to the identification and development of this technology. This year and beyond promises to be a very lucrative domain for the industry and Saudi Arabia in particular.

You are the in-kingdom partner for many international companies. What reasons would you give as to why so many companies...