

# Petrol PLAZA

## UK: EG Group owners in lead position to buy \$8.4bn Asda

**Billionaire owners of international forecourt operator EG Group have stunned the markets by moving into pole position to buy supermarket chain Asda.**



Mohsin Issa and his brother Zuber are leading the race to acquire British supermarket business Asda, valued at £6.5 billion (\$8.4bn), on the back of building an international fuel and convenience empire with Euro Garages Group.

Sky News has reported that the two brothers from Blackburn (UK), and TDR Capital, the London-based private equity backer of EG Group, have been selected by Walmart as the frontrunners to take over Asda.

If the bid backed by the Issa brothers and TDR is successful it will see Asda, which operates more than 600 stores in the UK, return to British hands for the first time since 1999.

Initial reports had private equity firm Apollo Global Management as the leading option to buy Asda.

A key part of the operation that has put the Issa brothers and TDR in pole position is the possibility of expanding the supermarket business in their petrol station network. Just a week ago, Asda announced it would be trialling a new convenience store concept at the tree EG Group stations.

With acquisition after acquisition, EG Group has built an empire since its formation in 2016 and now employs 50,000 people across almost 6,000 sites in the UK, U.S., Europe and Australia.

U.S. retailing giant Walmart has been looking to offload parts of its British business to focus on defending its position against Amazon and explore other opportunities in more attractive markets like India. In 2019, the UK's competition watchdog blocked a £7 billion (\$9bn) merger between Asda and Sainsbury's.

### **A growing international player powered by fuel & food**

With the support of TDR Capital, the Issa brothers have taken the petrol station market by storm in the UK and around the world. They are known for their innovative ideas, ambition and smart strategic approach. From a single garage in Bury, bought for £150,000 in 2001, to a £9billion giant operating in 10 international markets.

Through a number of major operations over the last three years, EG Group has acquired thousands of stations and convenience stores from Esso in Germany and Italy; Kroger, Certified Oil, Travel Centers of America and Cumberland Farms in the U.S.; and Woolworths in Australia.

A key part of their success has been their belief in food-to-go and quality convenience services. Last May, the British business signed a 10-year deal with Oliver's Real Food, a certified organic fast food chain, to sell its products at petrol stations in Australia. They are expected to open up to 100 Oliver's Real Food stores.

Their focus on the food-to-go market was highlighted earlier this year with the acquisition of the largest KFC franchise in the UK & Ireland. The transaction included the ownership transfer of 146 KFC restaurants and one Pizza Hut Store. With the acquisition, EG Group went to operate more than 1,500 food-to-go retail concessions.

The £6.5 billion acquisition of Asda would mean a huge challenge for the two brothers from Blackburn as they enter the supermarket industry. The possibility of implementing their innovative approach to large supermarkets and integrating more convenience stores into the EG Group petrol station empire are both exciting prospects.