



Tuesday May 30, 2023

EG Group agrees the sale of the majority of its UK and Ireland business to Asda

BLACKBURN, UK: May 30, 2023 – EG Group has today announced an agreement to sell to Asda the majority of its UK and Ireland fuel, foodservice, grocery and merchandise business for an enterprise value of £2.27bn (\$2.8bn).

This transaction is a transformational step for the Group and strengthens its platform to further invest in its proven and successful strategy to rollout foodservice, grocery and merchandise to create multi-purpose convenience retail sites across its estate. The Group will also accelerate its strategy to deploy emerging fuels and EV chargers, under its proprietary brand, evpoint, across the existing site network, as well as third-party locations.

The proceeds, together with the net proceeds of \$1.4bn from the recent sale & lease back transaction in the US, will be used to repay debt and the Group's net leverage will fall to below 5 times, in line with the recently announced financial policy and deleveraging strategy. In due course, the Group will look to address upcoming maturities and put in place a capital structure for the medium term, as communicated on the Q4 2022 results call. The Group remains committed to achieving a net leverage multiple of mid 4 times in the near term.

EG Group will continue to operate in the USA, Australia, Germany, France, Italy, the Netherlands, Luxembourg and Belgium, whilst also retaining c. 30 UK sites – including the first Euro Garages site in Bury – which are close to the Group headquarters and frequently used to trial innovation. The Cooplands bakery business and certain other foodservice brands will also be retained.

The Group will remain a leading global convenience retailer, generating over \$25bn of annual revenue and more than \$1bn of EBITDA, across 5,500 locations, underpinned by c. \$6bn of freehold property. The Waterside offices in Blackburn, UK, will remain as the global headquarters and shared service centre for the Group. The transaction is expected to complete in Q4 2023.

Zuber Issa CBE, co-founder and co-CEO of EG Group, commented:

“This transaction with Asda represents an important strategic step for EG Group. Following this sale, EG Group will benefit from a significantly strengthened balance sheet, supporting the continued roll out of its successful convenience retail, fuel and foodservice strategy and drive innovation to transform the consumer experience. This includes the ongoing investment and expansion of our EV charging business, evpoint, as well as hydrogen and other sustainable fuel retail infrastructure, which we continue to see as a significant future opportunity.

“I am confident the UK&I business will go from strength to strength under Asda’s ownership. Over the last 22 years we have built a business that I am extremely proud of, and EG Group will continue to maintain an important base in the UK, supporting the global business from our home in Blackburn.

“I want to thank all of our colleagues, across the business, for their hard work and dedication over the years, and we now look forward to continuing to develop and execute our successful strategy.”

Stuart Rose, Chairman of EG Group, said:

“Zuber and Mohsin Issa have spent the last two decades creating the best convenience retailing business in the UK. Their journey from one site to creating a global business has been extraordinary and reflects their vision, and ability to be a genuine disruptor in the forecourts market, turning these locations into destinations in their own right with food, coffee and convenience. Following this deal, they will remain in nine countries, with an even stronger business, which is able to focus on international growth.”



Gary Lindsay, Managing Partner at TDR Capital, said:

“The sale of the EG UK&I business to Asda makes strategic sense for both parties and will enable EG Group to accelerate its growth in key markets including Europe, the US and Australia.

“The Group has developed a successful blueprint in the UK for developing one-stop shop sites which combine convenience retail, fuel and foodservice and there are significant value creation opportunities from rolling out this model, across the global estate.

“The Group remains at the leading edge of developing the forecourts of the future, and its ongoing development of alternative fuels and EV charging infrastructure.”

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About EG Group

Founded in 2001 by the Issa brothers, the United Kingdom-based EG Group is a leading independent convenience retailer, which has established partnerships with global brands, as well as a focused portfolio of proprietary brands. The business has an established pedigree of delivering a world-class Grocery & Merchandise, Foodservice and Fuel proposition in all the markets in which it operates.

The business is regularly recognised for innovation and investment in convenience retail assets, employees and systems. Mohsin and Zuber Issa, founders and co- CEOs of EG Group, were jointly named the 2018 EY Entrepreneur of the Year in the UK.

Forward looking statements

Certain statements contained in this release are forward looking statements, and may discuss our future plans or our expectations regarding our business performance.

Forward looking statements are not guarantees of future business performance or that future events will occur, and inherently involve certain risks, uncertainties and assumptions which are difficult to predict and outside of the control of management. Therefore, actual outcomes and results may differ materially from what is expressed in any forward-looking statements, and we cannot assure you that the results or developments expressed in these statements will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this release. Other than as may be required under applicable law, we disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

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