STORAGE
TERMINALS MAGAZINE

DEDICATED 100% TO THE GLOBAL TANK STORAGE INDUSTRY

ADNOC Distribution enters into definitive agreement to acquire Shell Downstream South Africa

ADNOC Distribution has signed a definitive agreement to acquire 100 percent of the share capital of Shell Downstream South Africa (SDSA) from Shell South Africa Holdings in a transaction with an implied enterprise value of approximately US$1 billion, before adjustments for net debt and working capital.

The acquisition includes SDSA's network of around 580 company- and dealer-owned fuel service stations, as well as its wholesale fuels, aviation, marine and lubricants businesses. The company also operates approximately 360 convenience stores and recorded fuel sales of about 3.5 billion litres in 2025.

The transaction is expected to close in 2027, subject to customary regulatory approvals and other closing conditions. Following completion, ADNOC Distribution intends to sell a 28 percent stake in SDSA to a local empowerment partner and an Employee Stock Ownership Plan (ESOP), in line with South Africa's Broad-Based Black Economic Empowerment (B-BBEE) framework.

As part of the deal, ADNOC Distribution will enter into a long-term brand licensing agreement that will allow the Shell brand to continue to be used across SDSA's retail service stations and lubricants business in South Africa.

The acquisition forms part of ADNOC Distribution's international expansion strategy and would strengthen its presence in Africa, making South Africa the fourth country in which the company operates. The move follows its acquisition of a 50 percent stake in TotalEnergies Marketing Egypt in 2023 and the launch of its retail fuel station network in Saudi Arabia in 2018.

According to ADNOC Distribution, the acquisition is expected to increase earnings per share by approximately 6% in the first full year after completion and generate an internal rate of return above the company's investment hurdle rate.

The company said South Africa's fuel retail market offers favourable long-term fundamentals, supported by investment in transport infrastructure, a growing driving-age population and a regulated pricing framework designed to protect fuel retail margins from inflation and currency volatility.

Following completion of the transaction, ADNOC Distribution said it intends to work with a local empowerment partner to support priorities including energy security, job creation and broader economic participation in South Africa.

BofA Securities acted as sole financial adviser on the transaction, while A&O Shearman and ENS served as legal advisers to ADNOC Distribution.

For more information visit www.adnocdistribution.ae/en/