

Issa brothers-owned Asda 'in £450m bid for Co-op's petrol stations'

Asda, the supermarket giant owned by the billionaire Issa brothers, has reportedly emerged as the frontrunner in the bid to take over the Co-op Group's petrol stations for £450m.

Talks are being held by the chain as it prepares to move further into the UK's convenience store market, according to Sky News.

The deal could be confirmed as soon as this week although it is reported that other businesses are still interested in putting in bids for the assets.

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Asda – which runs 320 petrol stations across the UK – was taken over by the Lancashire-based Issa brothers and TDR Capital last year.

It agreed to sell 27 of its forecourts in order to secure the acquisition following competition concerns by the regulator.

But the billionaire brothers abandoned a £750m plan to fold Asda's petrol forecourts into its filling station empire in October.

The Issa brothers and TDR Capital also own Blackburn-headquartered EG Group, one of Europe's largest independent fuel retailers, but people close to the auction process confirmed that Asda, not EG Group, is leading the talks with Co-op, Sky reported.

If the acquisition goes ahead, Co-op's approximately 130

petrol stations would move into Asda's hands where it would be more closely tied up with the UK's food retailing market.

The deal would free up cash for the convenience chain which last month announced it would cut around 400 jobs in the face of tough trading conditions worsened by rising inflation.

Co-op Group – which owns supermarket chains and funeral care operations – has offloaded a number of its divisions over the past decade, including its chain of pharmacies and travel shops.

Reports of the potential Asda deal also comes just a week after Shirine Khoury-Haq was appointed the group's first female chief executive officer in its 159-year history.

Asda and Co-op Group both declined to comment on the speculation.

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