

Morrisons and Motor Fuel Group in talks about £2bn petrol forecourts deal

The supermarket chain Wm Morrison is in talks about a £2bn deal to offload one of Britain's biggest petrol forecourts empires.

Sky News has learnt the grocer has opened discussions with Motor Fuel Group (MFG) about a deal, with an agreement possible during the autumn.

Both Morrisons and MFG are controlled by the private equity firm Clayton Dubilier & Rice (CD&R), and sources said the talks were focused on a transaction with an enterprise value of up to £2.5bn.

Morrisons' fuel retailing operations encompass about 340 sites, with another 150 potentially being added as MFG targets the rapid expansion of its ultra-fast electric vehicle (EV) charging network.

Industry sources pointed out that it would echo a deal that was explored between EG Group, the fuel retailing giant, and Asda – both of which are owned by TDR Capital and the Issa brothers Mohsin and Zuber.

Those talks eventually culminated in an announcement in May that Asda would acquire EG's operations in the UK and Ireland.

News of the talks between Morrisons and MFG comes months after CD&R called a halt to a potential sale of the latter business.

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Banking sources said the deal, if it went ahead, would have benefits for both parties, and was being negotiated from a proactive position, with neither company facing refinancing deadlines until 2027.

The two sides are said to be keen to position the agreement as a commercial tie-up, the possibility of which was initially flagged two years ago when CD&R outlined the "potential opportunity for a commercial operational partnership between Morrisons and MFG".

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CD&R's £7bn takeover of Morrisons was scrutinised by competition regulators partly on the basis of the buyout firm's existing ownership of MFG.

The Competition and Markets Authority (CMA) ruled that the sale of 87 of MFG's petrol forecourts would be sufficient to alleviate its concerns.

That deal has since been completed.

The addition of high-quality convenience retailing operations to fuel retail sites has made it one of the most intense battlegrounds for British shoppers in recent years.

However, fuel retailers have drawn intense scrutiny from the government and CMA in recent months as ministers have sought ways to ease the cost-of-living crisis.

In July, the then energy secretary, Grant Shapps, said forecourt operators would be forced to publish live prices in order to provide motorists with greater transparency.

The discussions between Morrisons and MFG are said to envisage all or the vast majority of the former's petrol retailing sites being sold.

"A deal will allow both companies to play to their strengths, with Morrisons' pumps operated by MFG, a best-in-class forecourt operator, and the supermarket chain focusing on what it does best – food making and retailing," said one person close to the talks.

It would also, they said, strengthen Morrisons' ability to invest in its wholesale and convenience offerings as channels for growth.

In addition, according to the source, customers would get better value at the pump because of MFG's ability to leverage the price benefits of bulk fuel purchases "to support a

compelling fuel value proposition”.

MFG is understood to have invested £400m in the last decade on its EV charging network.

City advisers have been approached to work on the deal, which could be announced as soon as next month.

CD&R, Morrisons and MFG all declined to comment.