



How is ADNOC Planning to Expand?

ADNOC Distribution has announced that it intends to forge ahead with bold expansion plans for company. Not only is the state-owned oil giant looking to open refuelling stations in neighbouring Saudi Arabia, but ADNOC is also eyeing opportunities to infiltrate the Indian lubricant market, as well.

“We are progressing well on our international expansion strategy. We see the Saudi Arabian fuel market as large and fragmented with underdeveloped customer offerings,” [explained the company](#) in its most recent Management Discussion and Analysis Report. “We are also assessing potential opportunities in the Indian lubricants market to achieve disciplined growth and operational success, while targeting the highest return on investment.”

Refuelling the Kingdom

Saudi Arabia has been targeted as a market in which ADNOC can grow organically, given that the Kingdom’s refuelling infrastructure is currently underserved. Already, several successful talks with interested parties – including landlords and retail fuel operators – have been conducted, while the company also remains mindful of other inorganic opportunities for growth, too.

Domestically, ADNOC is already one of the leading players in the refuelling station industry. It currently owns 406 stations across the country, including 25 new locations that were opened up in the first half of 2020. Those ventures saw investment expenditure rise this year, up to Dh384 million from Dh138 million in 2019.

Indian investment

Meanwhile, ADNOC is also considering investment into the Indian lubricant market as it continues its global expansion outreach. The company has already invested in [Indian plans to increase its own oil refining capacity](#), with ADNOC and Saudi Aramco jointly owning a 50% in the upcoming construction of a facility in Ratnagiri.

India already produces enough oil to satisfy domestic demand: it currently refines approximately 250 million tonnes of the stuff per annum, while consumption sits at around 214 million tonnes a year. However, the Indian population is projected to reach over 1.5 billion by 2030 and by 2040, it’s estimated that the country will require as much as 427 million tonnes every year.

ADNOC on the up



The news of both expansion plans is exciting for a company that is already recording impressive growth. Although the coronavirus crisis saw net profits and revenues slip by 22.4% and 22.6% from last year respectively, the company is preparing for a bright future and that fact is reflected in the figures from 2020 so far.

As well as increasing the number of domestic refuelling stations, the company has also expanded its mobile delivery services for its Abu Dhabi retail customer base. At present, it boasts 32 fuel trucks and eight fuel trailers to its commercial fleet, allowing it to offer its retail customers the convenience of having top quality fuel delivered directly to their door at no extra charge.