Angola

Fuel Marketing and Retail

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Industry overview

- Angola’s national oil company (NOC), Sonangol EP, dominates the downstream sector and, with the recent buyout of Puma Energy SA’s assets, the company now directly commands a market share of about 83%, excluding its joint ventures with TotalEnergies SE and Galp Energia SGPS SA.
- Efforts to liberalize the downstream sector have so far given mixed results, with TotalEnergies’ entry into the retail space being met with Puma Energy’s exit in late 2021.
- Retail activity in Angola is heavily concentrated within main urban centers, notably in Luanda, which on its own accounts for 40% of the country’s operational retail network.

S&P Global
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Fuel retail sector overview

Although liberalization laws were passed in 2011, barriers to entry remain high in Angola’s downstream

- Angola's NOC, Sonangol, dominates the downstream sector, commanding an oil product market share of 58%.
  - This figure excludes its stakes in other major domestic oil marketing companies (OMCs), which would raise its market share to just below 92%.
  - The NOC controls over a third of the country’s retail sites and enjoys leading positions in the commercial, aviation and marine fuel segments.
  - Despite the progressive liberalization of Angola’s downstream, Sonangol's control over product supply and its dominance in infrastructure and distribution networks will likely keep its market leader position unchallenged, at least in the short term.
- Galp operates in Angola via a JV model with the NOC, further reinforcing Sonangol’s dominant market position.
  - Galp Energia operates in Angola as Sonangalp LDA, and controls 10% of the overall market.
- Furthermore, Sonangol acquired Puma Energy’s assets and businesses in Angola, which notably included Pumangol Energy Bunkering LLC, in 2021, further cementing its dominant position.
- In line with downstream liberalization laws passed in 2011, Sonangol announced its intention to unbundle its midstream and logistics businesses from its downstream arm and to attract three to four foreign companies in view of opening the downstream to increased competition.
  - Despite these announcements and the NOC’s stated aim to reduce its market share to around 40%, only one foreign company, TotalEnergies, has entered the downstream segment since 2009, while Puma Energy has left.
  - Only the retail sector, which underwent a partial liberalization in 2012, has seen market entries from local independent players, which currently control approximately 43% of the total network.
- TotalEnergies, the largest downstream company in sub-Saharan Africa and Angola’s top crude producer, signed an agreement in 2018 with the Angolan government to set up a retail and marketing business in the country. This venture includes activities in the retail, wholesale, lubricants and storage segments.
  - Initially announced in May 2018 and confirmed in December 2018, TotalEnergies and Sonangol signed an agreement for the creation of a JV and the passage of 45 high-potential Sonangol retail sites under the TotalEnergies brand, located in urban and highway areas.
- TotalEnergies’ marketing arm, TotalEnergies Marketing Angola SA (TEMA), opened its first retail station from scratch in July 2021, while the 45 stations contained in the agreement with Sonangol have been converted to the TotalEnergies brand, bringing the major’s retail portfolio in the country to 51 as of end-2023.
  - The company aims to increase its retail network in Angola to 80 by 2025 and is currently managing greenfield retail station construction projects.

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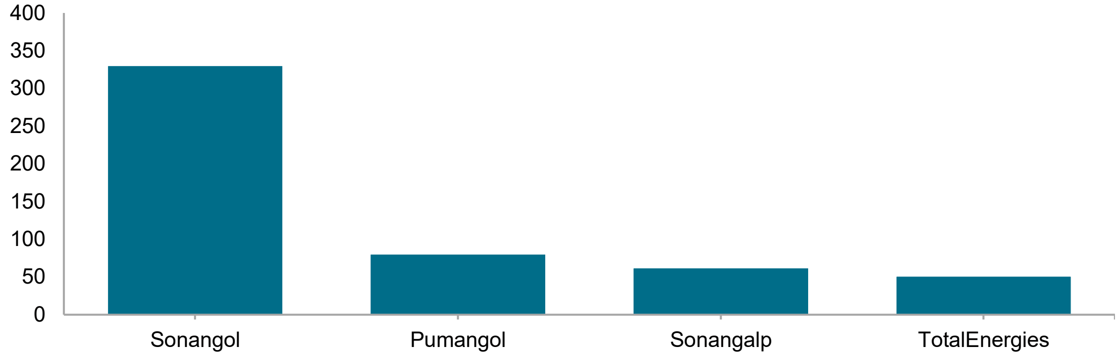
Fuel retail sector overview

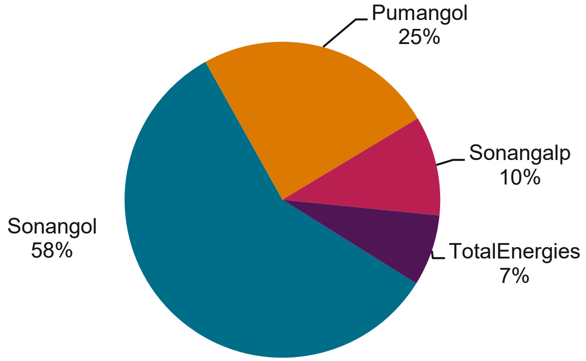
The NOC Sonangol is by far the most dominant player in Angola's retail segment

- Angola's retail network has experienced rapid growth since the end of the country's civil war, more than tripling in size since 2005, reaching approximately 912 operational sites as of end-2023.
- Sonangol leads the retail segment with approximately 330 stations and an oil product market share of 58%.
  - Furthermore, Sonangol maintains a significant stake in all three main retail players.
  - The company holds a 100% ownership in Pumangol, a 51% stake in Sonangalp and a 50% stake in TEMA.
- Pumangol is the second largest player in Angola's downstream, with a market share of 25% and 80 retail sites.
- Sonangalp owns 62 stations as of end-2023 and has expanded primarily via organic growth in recent years, while TotalEnergies controls a retail network of 51 stations, following the establishment of its JV with Sonangol in 2018.
- Independent operators, authorized to enter the retail market since 2012, are the fastest-growing category of asset owners in the retail segment.
  - As of end-2023, the number of operational independent retail stations reached 389, up from virtually none in 2011.
- However, these independent operators pose a limited competitive threat to other operators, as the segment remains highly fragmented and small; moreover, non-integrated operators rely on established players, notably Sonangol, to secure their fuel supply.

Main retail networks in Angola — 2023 (number of retail sites)



Total oil product market shares in Angola — 2023



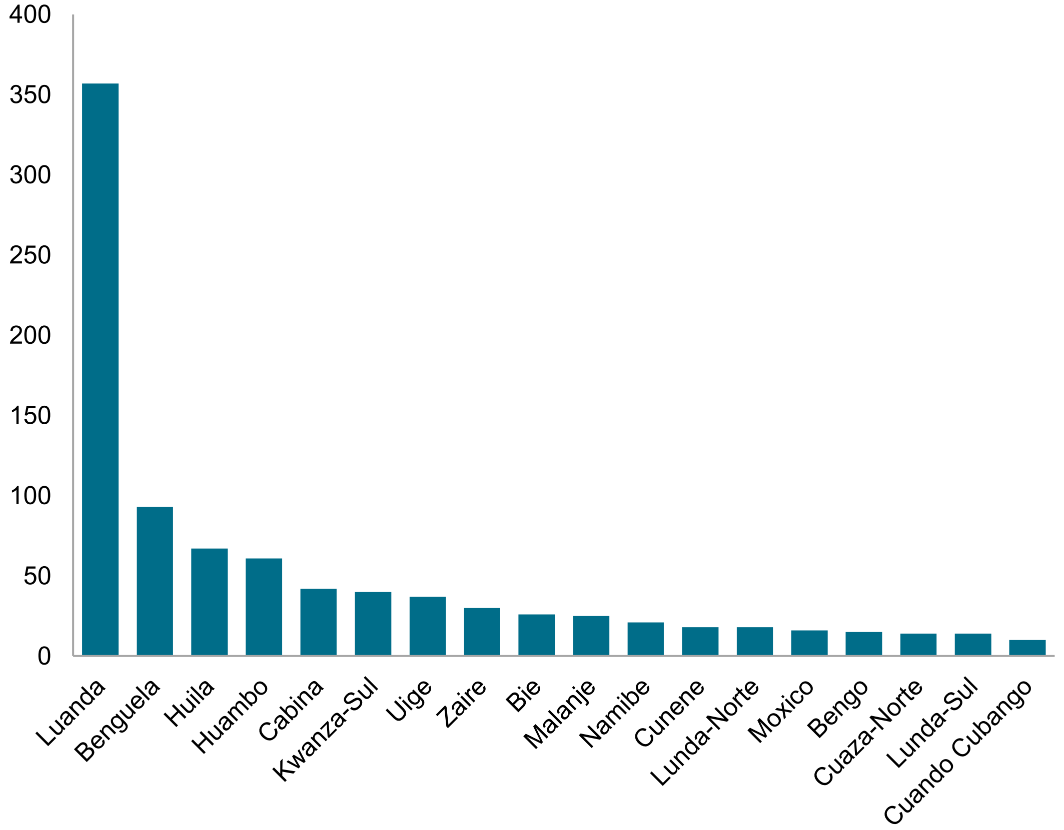
Data compiled December 2024.
Sonagol holds a majority stake in all four of the main marketing companies.
Source: S&P Global Commodity Insights.

Fuel retail sector overview

Angola’s fuel retail network is heavily concentrated in the Luanda region

- Approximately 40% of Angola's national retail network is concentrated in Luanda, the country's commercial and political capital; however, there has been notable growth in underserved outlying regions in recent years.
- Both Pumangol and Sonangalp have attempted to expand their respective geographic footprints by adding stations in regions outside of Luanda and other coastal urban areas.
- Ancillary services such as convenience stores have emerged as an important source of revenue and attractiveness in urban areas, in the context of controlled oil product prices; Pumangol stations, for example, often feature 24-hour operation and convenience stores.

Retail network by region in Angola



Data compiled December 2024.
Source: S&P Global Commodity Insights.

Major retail players

- Sonangol
- Pumangol
- Sonangalp
- TotalEnergies

Sonangol

Sonangol is the biggest downstream player, capitalizing on its monopolies in refining and oil product imports

- Sonangol, the Angolan NOC, dominates the whole domestic oil and gas supply chain and is also active in other sectors through subsidiaries.
  - In parallel with the crude, gas and oil product markets, Sonangol’s subsidiaries operate in telecommunications, aviation, railway, etc.
  - As the company’s ongoing reorganization includes the privatization of noncore activities, Sonangol plans to progressively sell the subsidiaries outside the hydrocarbons business; the company will also lose its concessionaire role to Agência Nacional de Petróleo, Gás e Biocombustíveis (ANGP).
  - Sonangol also owns a 16% indirect share in Galp Energy, the Portuguese energy company; it announced, and then retracted, its interest in selling its stake.
- Sonangol Distribuidora SA is the NOC’s main downstream subsidiary in Angola.
  - Sonangol Distribuidora is a fully-owned marketing subsidiary that operates Sonangol’s retail network and transport, logistics, infrastructure and storage facilities for oil products.
- By fully owning the Luanda refinery and handling fuel imports, Sonangol has a de facto monopoly on refining production and local market supply in Angola.
  - The now fully Sonangol-owned refinery was previously run as a JV with TotalEnergies, Sonangol and a group of private investors.
- Sonangol was awarded a legal monopoly over oil product imports in 2013 and is responsible for the tender process for domestic oil product supply.
  - BP Oil International Ltd. is the current contract holder for the import of gasoline and gasoil after having been selected following a competitive bidding process, which included Glencore PLC, Trafigura Group Pte. Ltd., Gunvor Group Ltd., Vitol SA, Mercuria Energy Group Ltd. and TotalEnergies Trading SA (TOTSA).
- In addition to the legal monopoly on imports, the supervision of storage and transportation segments, and the ownership of the only domestic refinery, in 2015, Sonangol was also given the responsibility for fuel price setting.
- Despite Angola’s stated goal to increase competition in the downstream sector, Sonangol retains substantial control over the distribution and marketing of oil products in Angola, via its dominant positions in supply, downstream infrastructure and distribution networks.
  - Between Sonangol Distribuidora and Pumangol, Sonangol directly controls about 83% of the overall oil product market share and 45% of Angola’s retail network, excluding its majority stakes in Sonangalp and TotalEnergies.

Pumangol

Pumangol is now under the sole control of Sonangol following a 2021 buyout

- Sonangol finalized its acquisition of Puma Energy's Angolan business and assets in December 2021.
  - The former JV is now completely owned by Sonangol.
  - The NOC acquired Puma Energy's 49% stake in the JV through a deal that allowed Sonangol to acquire Puma's business and assets in exchange for selling its 31% stake in Puma Energy to Trafigura.
- Pumangol entered the Angolan downstream market in 2009 and is involved in the retail, commercial and aviation segments.
  - The company has a 25% oil product market share, making it the second largest player in Angola's downstream.
- Pumangol's growth over the years was aided by Sonangol's close ties with Trafigura, which now owns over 90% of Puma Energy.
  - Trafigura used to market the majority of Angola's crude oil exports and was reportedly responsible for nearly all of Angola's refined product imports until 2016.
    - From 2016 onwards, Trafigura's dominance over hydrocarbon imports and exports in the country started to drastically decline, with authorities awarding refined product supply contracts to rival commodities traders Vitol, Glencore and TotalEnergies, in a broader project aiming at bringing more transparency, accountability and better governance in the sector.
- Pumangol has invested heavily in the development of supply and distribution infrastructure in Angola, notably by constructing a conventional buoy mooring (CBM) to facilitate oil product imports in Luanda, as well as substantial storage infrastructure at the port.
  - The company controls about 475,000 cubic meters of storage across five terminals in Luanda, as well as floating storages.

Sonangalp (Galp Energia) and TotalEnergies

Foreign players Galp and TotalEnergies operate through a JV with Angola's NOC

Sonangalp

- Sonangalp, created in 1994, is one of the two foreign companies currently active in Angola's retail segment.
  - The company is a JV, 49% owned by Portuguese Galp Energia and 51% by Sonangol, involved in the distribution and marketing of liquid fuels and lubricants; Sonangalp also markets and distributes bottled LPG.
  - The company remains relatively small in comparison to its competitors, controlling a 10% market share and a network of 62 retail stations.

TotalEnergies

- French major TotalEnergies is the newest addition to Angola's retail landscape.
  - The company had long been active in Angola's upstream oil and gas segment, but only recently made a foray into the downstream side of the industry, capitalizing on the Angolan government's desire to liberalize the sector and boost competition.
  - Through a JV with the NOC Sonangol, TotalEnergies, via its local fuel marketing arm TEMA, currently controls a network of 51 stations.
  - The company plans to increase stations under its control to 80 by 2025 and aims to hit a market share of 10% in the short term, a goal also shared by its partner Sonangol.

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