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Walgreens goes international with \$6.7 billion Alliance Boots buy

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Walgreens will buy a 45% stake in Europe's Alliance Boots pharmacy chain. The \$6.7 billion deal between the largest U.S. drugstore chain and Europe's biggest pharmacy-beauty retailer would create the "first global pharmacy-led, health and wellbeing enterprise," according to a prepared statement from Walgreens. It also could garner Walgreens control of Boots by 2015.

Walgreens will pay \$4 billion in cash and \$2.7 billion in stock, with an option to buy the remaining stake for an additional \$9.5 billion, subject to stock and currency fluctuations.

"We are bringing together the strengths and expertise of each company to create a worldwide health care platform for the future that can provide innovative ways to address global health-and-wellness challenges," said Gregory Wasson, president and CEO of Walgreens, in a prepared statement. "Together we will be ideally positioned to expand our customer offerings in our existing markets and become the health-and-well-being partner of choice in emerging markets."

Italian billionaire Stefano Pessina bought Alliance Boots for \$22 billion in 2007 with investment firm Kohlberg Kravis Roberts (now KKR). Walgreens, with nearly 8,000 drugstores across all 50 states, posted \$72 billion in sales last year. Meanwhile, Alliance Boots, which operates some 3,330 stores in about 25 countries, posted roughly \$39.4 billion in sales, including joint ventures.

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