

US chemists Walgreens spends \$6.7 bn on 45% of Boots

June 19 2012

US-based Walgreens said on Tuesday was spending \$6.7 billion (£4.3 billion, 5.3 billion euros) to take a 45-percent stake in European rival Alliance Boots to create the world's largest retail pharmacy chain.

Walgreens said \$4.0 billion of the acquisition would be in cash with the rest in shares, and it would have an option to buy outstanding shares in the British-based high-street chain.

Already the largest chains in the United States and Europe, together the companies would be "the global leader in pharmacy-led, health and wellbeing retail with over 11,000 stores in 12 countries," Walgreens said in a statement.

"This transaction will bring together two great companies with iconic brands, complementary geographic footprints" which will have "diversified and robust profit pools across the US, Europe and key emerging markets."

Walgreens estimated the cost of taking complete control of Alliance Boots at approximately \$9.5 billion in cash and stock, plus the assumption of Alliance Boots then-outstanding debt, given its current share price and exchange rates.

That would put the total cost of the transaction at \$16.2 billion, or £10.3 billion.

US buyout firm KKR paid £11.0 billion to take over Alliance Boots in 2007.

Walgreens said the boards of directors of both companies had unanimously approved the transaction, which it said it expects to take place by September 1 pending regulatory approvals.

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