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THE SYCAMORE–WALGREENS FIELD LAB:
STANDALONE VALUATION OF THE LBO TARGET

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Abstract

This thesis evaluates the fairness of Sycamore Partners' take-private offer for Walgreens Boots Alliance (WBA) from both a standalone public-market and a private-equity control perspective. The group component reviews the transaction rationale, key terms, and financing structure, and develops an APV-based LBO framework with a cash-flow-driven deleveraging profile to estimate control value and sponsor return sensitivity. The individual component builds a scenario-based standalone operating model, estimates WBA's WACC, and values the company using an FCFF DCF complemented by public-market comparables. Overall, the standalone valuation outcomes are lower than the control-based estimates, consistent with leverage amplifying equity value sensitivity to operating performance. The offer appears consistent with a reasonable range under the base-case assumptions and provides downside protection, while remaining conservative relative to upside and control valuation outcomes.

Keywords: Standalone Valuation, Financial Distress, Walgreens Boots Alliance (WBA), Retail Pharmacy Industry, Leveraged Buyout (LBO), Discounted Cash Flow (DCF)

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Table of Contents

1. Introduction	5
1.1 Case Study Background and Description	5
1.2 Motivation behind the Case Selection, Research Question and Valuation Perspective	6
1.3 Valuation Timing and Financial Data Selection	9
1.4 Structure of the Thesis	10
Part I - Institutional Framework	13
2. Deal Context and Transaction Overview	13
2.1 Timeline of Events and Illustration of the Deal	13
2.1.1 WBA's Strategic Actions and Deterioration	13
2.1.2 Market Assessment of WBA's Operating Performance	16
2.1.3 WBA as LBO Candidate	17
2.1.4 Transaction Structure and Key Terms	18
3. Standalone Public-Market Valuation of Walgreens Boots Alliance	22
3.1 Current Standalone Profile and Operating Performance	22
3.1.1 Business profile and segment mix	22
3.1.2 Historical operating performance (FY2020-FY2024)	23
3.1.3 Capital Structure and Financial Health	24
3.2 Forward-Looking Standalone Operating Model	26
3.2.1 Modelling Framework	26
3.2.2 Base Case	29
3.2.3 Upside Case	30
3.2.4 Downside Case	31
3.3 Intrinsic Valuation	31
3.3.1 Weighted Average Cost of Capital (WACC)	32
3.3.2 Discounted Cash Flow Valuation (FCFF)	34

3.3.3 Stand-Alone Valuation Range and Pre-Deal Football Field	35
4. APV Valuation: PE Case.....	37
4.1 Financing Structure of the Transaction and Assumptions on LBO Debt	37
4.1.1 Summary of Financing Commitment Letter	38
4.1.2 Assumptions on Clean LBO Capital Structure	40
4.2 Private Equity Operating Model.....	42
4.3 Adjusted Present Value Valuation	43
4.3.1 Unlevered Firm Value	44
4.3.2 Value of Interest Tax Shields and Debt Payments	45
4.3.3 Levered firm Value	47
4.4 Private Equity Scenario Valuation Range: Football Field Analysis	48
5. Pricing Assessment and Comparative Analysis.....	49
5.1 Stand-alone value vs. LBO value vs. Offer Price.....	49
5.2 Deal Feasibility: Operational, Financing and Governance Risks	51
5.3 Fairness Assessment of the \$11.45 Offer.....	52
6. Conclusions	53
6.1 Limitations of the Case Study	55
List of References	57
Appendix - Group Part – A	66
Appendix - Single Part – D – Filip Stojanov.....	72

1. Introduction

1.1 Case Study Background and Description

The retail pharmacy sector is recently undergoing through a challenging period of vast financial performance slowdown. The industry presents various headwinds influencing the segment's players operating potential, such as offerings saturation, labour market tightness and high exposure to macroeconomic dynamics. In addition to these operational obstacles, the sector is experiencing a pervasive degradation of operating and profitability margins, a consequence that is largely driven by administrative mechanisms governing drug reimbursement systems and by contractual structures that limit final product payments to retailers.

The retail pharmacy segment recorded the highest default risk among all retail categories in October 2023, highlighting the increasing credit stress affecting the industry and the growing vulnerability of even large incumbent players. These inherent economic implications are widely shaping the current outlook of such a specialty retail segment, which is universally going through a period of strategic transition and long-term restructuring, to adapt to these contextual pressures, and to set the basis for a future financial recovery.

The economically depressed, unstable, and rapidly evolving landscape described above has not spared large industry players, many of which have experienced significant financial deterioration despite their scale, brand strength, and historically stable positioning. Among these, Walgreens Boots Alliance stands out as a particularly emblematic case, as prolonged margin compression, operational complexity, and strategic mismanagement have progressively weakened its financial performance and public market valuation.

Within this context of widespread industry distress, only a limited number of specialized investment players have continued to identify potential opportunities to unlock potentially hidden value.

Sycamore Capital, a U.S. headquartered private equity firm with a strong track record in retail focused investments and corporate turnarounds, recognized in Walgreens Boots Alliance the conditions for a plausible value creation strategy achievable through operational restructuring and capital structure optimization.

This strategic rationale ultimately materialized in the proposal of a take private acquisition, positioning Walgreens Boots Alliance at the centre of one of the most significant leveraged buyout transactions in the retail pharmacy sector. Announced on the 6th of March 2025, the deal involves a total payment consideration of \$23.7 billion for the privatization of the retail giant and corresponds to a radically crucial event for the entire retail pharmacy segment, given both the scale of the target firm and the broader implications of removing one of the industry's largest organizations from public markets.

1.2 Motivation behind the Case Selection, Research Question and Valuation Perspective

The Sycamore-Walgreens transaction represents a highly intriguing opportunity to apply analytical rigor, corporate finance theory, and valuation techniques to the analysis of a pivotal large-scale acquisition. While the deal involves significant financing complexity, it also embeds relevant strategic considerations that can be assessed from both quantitative and qualitative perspectives.

We chose the Sycamore - Walgreens operation because it represents a rare case in which a large company, known internationally and deeply rooted in the U.S. market, reaches a strategic turning point. WBA is an example of how even highly structured organizations can find themselves in difficulty when the sector in which they operate changes.

In practice, the transaction provides a comprehensive framework to evaluate how value is assessed and potentially created when a mature and financially pressured public company is analyzed under a private equity ownership perspective. Additionally, such deal rationale and

Group Part

features intrinsically set out the basis to examine how intrinsic value is estimated when a public organization transitions into a highly leveraged private entity.

A second reason concerns the context in which the deal takes place. The retail-pharmacy sector is highly exposed to external pressures, transformations in consumer habits, and regulatory changes, that in recent years have complicated the operational management of major companies. WBA reflects this scenario; it is an organization that had to face changes without managing to adapt with the necessary speed. This makes the case suitable for understanding how external factors and managerial choices can converge to create the conditions for a transformation.

In this context, the transaction simultaneously raises two distinct evaluative angles. For Walgreens Boots Alliance's shareholders, the key question is whether the cash consideration offered is fair and representative of the stand-alone value of the firm. By contrast, the Sycamore Partners point of view will be focused on examining the attractiveness of the deal based on the value and returns that can be generated through leverage, financial structuring, and a defined investment horizon. The coexistence of these two perspectives points to the need for an integrated assessment of both price adequacy and sponsor-driven value-creation potential.

We also chose the deal because it allows us to observe a dynamic that is becoming increasingly frequent: the entry of private equity into a context characterized by uncertainty and declining performance. The idea that a private investor can offer an alternative path to public management, especially when market visibility and pressure hinder deep interventions, is a central theme in the debate on the role of private capital.

In the case of WBA, this transition takes on particular significance, as it involves one of the most well-known companies in the sector and one of the very few of this scale to be the subject of a take private.

Accordingly, this thesis seeks to answer the following research question:

RQ1: Is Sycamore Partners' offer for Walgreens Boots Alliance fair when assessed (i) relative to the company's intrinsic stand-alone value as a public firm and (ii) considering the value and returns generated by the leveraged buyout structure from the sponsor's perspective?

To address this question, the analysis combines a stand-alone valuation of Walgreens Boots Alliance with a leveraged buyout assessment of the transaction, thereby offering a clear view of value creation and value distribution between shareholders and financial sponsor.

An additional element of interest stems from the presence of stakeholders with different visions and objectives. The role of institutional investors, the position of a long-standing shareholder like Stefano Pessina, and the sponsor's strategy all contribute to creating a rich context.

This allows us to analyse how an operation of this type is perceived and evaluated by different actors, each with their own expectations and priorities.

This analysis is conducted from a neutral standpoint, with the aim of providing an objective and independent assessment of the transaction, as would be undertaken by an external analyst or an independent evaluator. The analysis is designed to offer a truly holistic view of the operation, building an independent evaluative pathway that can serve as a solid foundation for future lines of research as well. The approach considers both the value levers activatable in the stand-alone scenario and the role of management in supporting operational performance, as well as the private equity perspective, in which exit strategies, leverage dynamics, and return mechanisms play a central role in determining the overall economics of the transaction.

1.3 Valuation Timing and Financial Data Selection

To base our analysis, we have chosen the date of March 6th, 2025, as the deal timeline because it represents the moment when the take-private operation on WBA assumes a definitive and publicly observable configuration (Walgreens Boots Alliance Inc. 2025).

Until that day, the market had only hypotheses and rumors about the possibility of an acquisition and the nature of its potential buyers. With the official announcement, these speculations are replaced by a set of structured information that makes the operation evaluable from the perspective of a financial sponsor.

The relevance of March 6 does not stem from the release of new accounting data, but from the fact that from that moment the deal becomes a defined economic object. Public communications clarify the essential elements of the operation and the formal commitments of the involved parties, making it possible to set up an analysis consistent with the perspective of a professional investor.

In this sense, the date represents a transition from the regime of "informational uncertainty" to a context in which the buyer can base a valuation on complete and verifiable data.

The choice of this temporal reference also reflects the strategic context in which the announcement is formulated. In the preceding months, WBA faced significant pressures related to margin contraction, managerial instability, and the deterioration of market perception (Drug Channels Institute 2025).

The take-private announcement thus marks a moment of discontinuity, as it introduces an alternative solution to remaining in the public market and enables a restructuring path, not easily achievable under the governance of a publicly listed company. This announcement also contains information that impacts the valuation logic: the definition of the main economic elements of the operation, the structure through which the buyer intends to create and redistribute value, and the commitments of the relevant shareholders.

In accordance with the just highlighted context, WBA's valuation refers to the financial data as of February 28th, 2025, since this date constitutes the most recent complete and verifiable set of accounting information available before the official announcement and therefore represents the correct starting point for estimating the company's value.

1.4 Structure of the Thesis

The thesis is structured to analyse Sycamore Partners' take-private of Walgreens Boots Alliance as a comprehensive applied case of a leveraged buyout.

The organization of the chapters coherently connects the strategic context of the deal, the profile of the target company and the sponsor, the stand-alone valuation, and the financial logic of the APV-LBO model, up to the overall assessment of the operation. The objective is to develop an analytical path centered on the case, avoiding generic treatments and maintaining a strong anchor to the dynamics that led to the announcement of March 6th, 2025.

The first part introduces the context of the operation. It analyses the competitive pressures in the retail-pharmacy sector, which directly influenced WBA's performance and competitive positioning.

Chapters 1 and 2 therefore define the strategic and competitive framework necessary to understand both the motivations of the operation and its placement within the industrial evolution of WBA. The section also reconstructs the sequence of events preceding the take-private, showing how the combination of operational difficulties, strategic instability, and loss of credibility among investors created the conditions for interest from a turnaround specialist investor.

The chapter furtherly illustrates the key points of the announcement, which represents the informational reference date for the entire valuation. Chapter 2 reconstructs in detail the context of the deal, illustrating the dynamics of the decisive events, the evolution of market sentiment,

and the structural characteristics of the announced offer. This section also delves into the profile of the target company and the sponsor.

The analysis of WBA considers the business model, activity segmentation, progressive decline in profitability, governance, and the main criticalities that hindered the company's ability to adapt to a rapidly changing context. The sponsor evaluation examines Sycamore Partners as a financial player: its investment strategy, track record in restructuring operations, and alignment between the fund's nature and WBA's characteristics.

Chapter 3 delves into the profile of WBA, while Chapter 4 presents Sycamore Partners and analyzes its strategic coherence with respect to a turnaround operation in the retail-healthcare sector. This part also includes an assessment of potential alternative buyers and possible competitive dynamics that may have influenced the offer level.

This part completes the institutional framework of the case, providing the necessary elements to interpret WBA's attractiveness from the perspective of a private equity investor.

The second part develops the stand-alone valuation of the company as a publicly listed entity on March 6th, 2025. The analysis reconstructs the company's operational and financial profile and develops a forecasting model articulated in scenarios reflecting different levels of margin recovery and operational stabilization. The discounted cash flow valuation is supported by explicit assumptions on growth, COGS, SG&A, Capex, and working capital, enabling an estimate of the company's intrinsic value in the absence of the LBO (Walgreens Boots Alliance Inc. 2024). The section integrates market multiples and comparable transactions from retail and healthcare operators, useful for comparing Discounted Cash Flow (DCF) results with observable benchmarks (PitchBook 2025). Chapter 5 develops this standalone analysis, reconstructing WBA's economic-financial evolution, defining the forecasting model, and presenting the results of the DCF valuation and multiples. This section examines additionally the operation from the sponsor's perspective through the construction of the LBO model.

Group Part

Chapter 6 then delves into the financial logic of the leveraged buyout, defining the funding structure, the APV model, the impact of the tax shield, and the PE valuation across different scenarios. The financial structure is reconstructed via sources and uses, debt package composition, and the contribution of the tax shield, evaluated within the APV framework. This valuation framework is informed and anchored to a strategic and industrial context, aiming to provide a logical foundation, based on industrial dynamics, on which to eventually estimate the value levers. The section analyses a selection of relevant prior transactions, useful for understanding how the market has valued similar operations in terms of entry multiples and premiums recognized.

This discussion enables the construction of a valuation range consistent with market practice and the assessment of its compatibility with Sycamore's formulated offer. The section concludes with an estimate of the value generatable through the LBO within a range consistent with the operation's structure.

The final chapter integrates the results of the previous analyses. The comparison between stand-alone value, LBO-generated value, and offer price enables an assessment of the operation's coherence from the stakeholders' perspective and the sustainability of the proposed financial structure. It also analyses the sponsor's potential returns, the sensitivity of results to the most relevant assumptions, and the plausibility of different exit options considering the expected business evolution.

Chapter 7 instead examines the financial sustainability of the deal over time, value creation for the fund and other stakeholders, and the plausibility of possible exit opportunities. The part closes with a synthesis of the main findings and some considerations on the analysis's limitations.

Chapter 8 finally compares the results of the different valuation methodologies, provides an overall judgment on the correctness of the pricing, and discusses the financial and operational risks associated with the operation, before reaching the conclusions presented in Chapter 9.

This holistic perspective highlights not only the numerical outcome of the valuation, but also the industrial logic that supports the transaction and the conditions required for its long-term success.

Part I - Institutional Framework

2. Deal Context and Transaction Overview

2.1 Timeline of Events and Illustration of the Deal

2.1.1 WBA's Strategic Actions and Deterioration

Walgreens Boots Alliance, throughout the last decade, has been particularly exposed to the previous illustrated trends.

Financially, the performance of the firm began deteriorating visibly around 2020 and continued underperforming until the deal announcement date. Within this period, despite the systematically registered positive revenue growth, this commercial expansion did not translate into improved economic performance. The company, in fact, while facing increased sales year by year, also recorded heavy variable costs, resulting in COGS consistently growing at higher rates than revenues (Bloomberg 2025). This pattern reflects the margin pressure trend previously outlined.

Indeed, while reaching higher sales volumes, the company has been able to collect less value proportionally, leading to declining margins. From a stable 23-24% gross margin recorded between 2017 and 2019, in fact, the company has moved towards a constant reduction in this item, which shifted to a tighter 21% in 2020, and dropped to 18% in 2024 (Bloomberg 2025).

This confirms the WBA's structural dependence on reimbursement dynamics, whose progressive impact on the economics of the core business represents the first and most

significant driver of financial deterioration. Over time, this pressure became heavier, resulting in fully jeopardizing the firm's operating capabilities, strategic positioning, and market credibility. This internal economic scenario highly contributed to shaping the conditions that led Walgreens to emerge as a potential target for a delisting and turnaround operation.

Additional factors deeply impacting the ultimate firm's need to opt for a privatization initiative may be linked to various strategic missteps accomplished throughout the last five years.

After the revolutionary change in leadership verified in 2021, when the former CEO Stefano Pessina stepped down as Executive Chairman (Walgreens Boots Alliance 2020), the company saw a prolonged period of strategic variations. Each of these changes provoked the implementation of radically different tactical plans, ultimately leading to a chaotic context of uncorrelated strategic initiatives and to a total absence of a clear long-term program. These internal mechanisms inevitably catalysed the negative financial and operating performance of the firm, failing to adjust existing structural problems, and creating additional operating obstacles to WBA's business-level and economic efficiency.

After many years leading the retail pharmacy market and achieving tremendous results which allowed the firm to enter the Fortune's S&P 500 in 2014 (De Shong 2025), the company shifted its pharmacy retail focus to expand its offerings to the healthcare segment in 2021 (Walgreens Boots Alliance 2021). The main objective of such an operation was to integrate new revenue streams by enhancing the status of the firm as a holistic healthcare services provider (Walgreens Boots Alliance 2021). The change in leadership, which saw the appointment of Rosalind Brewer as CEO in 2021, had the purpose to sustain this transition, which was consequential to the previously announced interests of the firm to acquire VillageMD and CareCentrix, primary and post-acute care companies, formally purchased by WBA in 2021 for a total investment of almost \$6 billion (Walgreens Boots Alliance 2021).

The strategy revealed itself as deeply unsuccessful. The margins generated by this acquisition have been deeply deflated throughout the few years of presence of the firms within WBA's portfolio. Even in this segment, as previously pointed out, reimbursement dynamics tend to be particularly unfavourable, resulting in a financial context of additional cost structures, supported by insufficient value of revenues (Cottrill, Cubanski and Neuman 2025).

These failed attempts to diversify the firm's market positioning led to Mrs. Brewer's replacement as CEO in 2023, with Tim Wentworth assuming the role. Such a change in leadership had the critical goal to restore the company's financial health, while favouring more structured and long-term cost-cutting programs (Reuters 2023). Despite persistent inefficient store closures, although, this new management likewise failed to succeed, scoring a negative financial performance mostly motivated by sharply increasing net losses and by impairment charges deriving from the previous investments in the healthcare segment. Tim Wentworth's leadership, therefore, practically reversed the direction the company undertook in 2021 with respect to healthcare sector investments, arriving at embracing full openness with respect to a potential sale of the entire healthcare unit in 2024 (Walgreens Boots Alliance Inc. 2024).

These extended periods of decision misalignments and contradictory plans enforcement also prevented the firm from developing significant initiatives to unlock or obtain increased value. Walgreens Boots Alliance, in fact, lacked in addressing its focus towards potential vertical integration strategies, failing to align with industry trends initiated by CVS and UnitedHealth, when in 2018 it did not formalize the potential acquisition of Humana Inc. (Valle and Summerville 2025). Embracing similar strategies, involving the acquisition of Insurance providers and benefit management operators, would have allowed the firm to possibly obtain more beneficiary reimbursement conditions and increased PBM-based mail order operations, resulting in higher revenues.

Similarly, the company clearly missed the opportunity to unlock value by choosing not to pursue a divestment into Boots UK, one of its international retail pharmacy units, after having declared concrete interest in potential bidders (Reuters 2022). Selling such a subsidiary would have allowed the company to channel enhanced focus towards the primary U.S.- based business units, while monetizing from a segment under significant pressure, as confirmed by the \$783 million non-cash impairment charge related to intangible assets in the subsidiary, in the fourth quarter of 2022 (Walgreens Boots Alliance 2022).

2.1.2 Market Assessment of WBA's Operating Performance

Combined with the just-mentioned consistently negative financial results reported, the company's market perception has been altered by many additional factors.

Those primarily include the January 2025 dividend cut, when it was announced that for the first time in more than 90 years no dividend would have been paid to the investors (Murphy 2025). Additionally, the legal pressures faced by the retail chain in 2025 likely influenced market participants' perceptions. In particular, the company was accused by the U.S. Department of Justice of having dispensed millions of unlawful opioid prescriptions since 2012, a case that exposed Walgreens to potentially significant civil penalties (RTTNews 2025).

One last significant element that shall be mentioned in this section is the S&P Global Rating's downgrade of the company's credit rating, from BBB- to BB, which resulted in the insertion of the firm within the speculative-grade investment category. The credit ratings agency's motivations lie under major concerns connected to the firm's future capability to refinance new debt and to meet its obligations towards debtholders, given the decreasing operating performance and the scarcely convincing cash flow generation capacity (S&P Global 2024).

The financial markets have certainly reacted to the systematic financial underperformance of the firm and to the above-mentioned dynamics. Sarawgi (2024) reported on the profound

decline in the price of WBA's stock, describing a -64.5% share's valuation over the last 52 weeks, as of the end of December 2024 (see Figure A1).

From a broader perspective, the decline in market valuation becomes even more evident when comparing the stock's performance during earlier periods of relative stability, for which January 2019 can serve as a proxy, as the period preceding the first managerial changes, with the most recent pre-deal valuations, such as those observed on 9 December 2024. More specifically, the firm's share price declined from \$72.26 at the close on 1 January 2019 to \$8.85 on 9 December 2024 (Orbis 2025). This drop corresponds to an approximately 88% reduction in value, fully reflecting the cumulative impact of the strategic and managerial missteps experienced by the company over the five years preceding the transaction (see Figure A1).

2.1.3 WBA as LBO Candidate

Taken together, the elements just mentioned in the above sections determine several reasons why we believe Walgreens Boots Alliance resulted in an interesting LBO candidate for Sycamore Capital.

From an overall managerial perspective, the firm certainly needed prolonged stability and visible strategic planning clarity, elements that the organization's governance structure has not been able to guarantee, given the various CEO replacement in the last five years. A Private Equity acquisition, for this purpose, may be able to restore a temporary status quo, with clearer turnaround purposes and more consolidated expertise to enforce in the tactical repositioning of the firm.

The negative financial performance of the company, additionally, despite being considered a constraint to the thriving of the firm by financial markets and investors, may be evaluated as a straightforward opportunity for a Private Equity fund, especially if specialized in turnaround investments.

Walgreens' underperformance, as previously demonstrated, derives indeed from a systematic sequence of poor strategic decisions and cost management. However, despite the negative implications such conditions provoked in terms of market credibility, these dynamics may constitute an interesting opportunity for a Private Equity acquirer. Many of the inefficiencies characterizing WBA, in fact, are not the result of a structurally unsuccessful business model, but rather of an inconsistent strategic direction and a lack of operational effectiveness, both elements that can be addressed through more rigorous cost rationalization measures, clearer organizational alignment and potential well-structured asset divestment plans. Moreover, it is important to underline that these financial difficulties emerged despite WBA being an already affirmed operator within the U.S. and international pharmacy retail markets, supported by a stable customer base and a consolidated revenue generation capacity. A potential acquirer, in fact, while building an efficient turnaround strategy, may also leverage from already existing hidden or undervalued elements to unlock additional upside and quickly appreciate its valuation.

Ultimately, even in terms of purchase market price, an eventual bidder may benefit from highly discounted transaction prices, being the firm very negatively perceived by financial markets, resulting in a drastic price reduction with respect to the all-time highs.

By combining the just illustrated target characteristics with the sponsor's clear upside potential, it becomes evident why the acquisition involving Walgreens Boots Alliance as the purchased company, and Sycamore Capital as the acquirer, ultimately materialized.

2.1.4 Transaction Structure and Key Terms

After the first publicly disclosed rumours regarding a potential strategic acquisition of the company at the beginning of December 2024, on the 6th of March 2025, Walgreens Boots Alliance announced that it had entered into a definitive agreement to be acquired and taken private by Sycamore Partners, a U.S. - based private equity firm specialized in retail and

consumer-focused investments. The transaction represents one of the most significant leveraged buyouts executed in the global retail pharmacy sector in recent years and marks a critical strategic shift for WBA, following a prolonged period characterized by operational complexities, regulatory pressures, and substantial financial underperformance (Walgreens Boots Alliance 2025).

For the privatization of the company, WBA shareholders will receive a cash consideration of \$11.45 per share, to which an additional cash component of up to \$3.00 per share may be added, contingent to the successful monetization of Walgreens Boots Alliance's Healthcare segment, namely VillageMD, which includes Village Medical, Summit Health, and CityMD. This complementary consideration is granted under the Divested Asset Proceed Right (DAP Right) mechanism, which entitles shareholders to a proportional share of the net proceeds generated from the post-closing divestment of these assets (Walgreens Boots Alliance Inc. 2025).

Relative to December 9, 2024, when a closing share price of \$8.85 was registered for the company and corresponding to the trading day preceding the initial press coverage of deal rumours, the fixed cash consideration of \$11.45 per share represents a 29% premium for WBA shareholders. Combined to this, should the full value of the DAP Rights be realized, the aggregated potential premium would reach approximately 63% (Walgreens Boots Alliance Inc. 2025).

In total, the comprehensive transaction value, considering both cash payment components being fully realized, would correspond to up to \$23.7 billion (Walgreens Boots Alliance Inc. 2025).

The transaction, additionally, has involved the formulation of specific contractual Voting and Reinvestment Agreements between Sycamore Capital and the former WBA executive Chairman, Stefano Pessina (Walgreens Boots Alliance Inc. 2025).

Group Part

As part of the operation, in fact, Mr. Pessina's holdings, being close to 17% of the company, have been entirely reinvested into the acquiring organization, based on the corresponding cash consideration that the shareholders would have received. Such a mechanism has been enforced after having Mr. Pessina's entire stake voting in favour of the acquisition. What should be additionally underlined is that the controlling shareholder added an additional portion of capital to be allocated in the total reinvestment amount distributed to the private equity firm. This allows Mr. Pessina to remain financially bound to the future performance of the now privatized company, while being fully entitled to the relative share of DAP rights.

The transaction has been almost unanimously approved by the Board of Directors and will provoke critical strategic measures to be implemented in the near future (Walgreens Boots Alliance Inc. 2025).

The Private Equity fund, in fact, has decided to administer the five different entities under the WBA holdings, which are Walgreens, The Boots Group, Shields Health Solutions, CareCentrix and VillageMD, as standalone companies. Additional key considerations on the deal rationale involve the firm's plan to restructure the organization with strategic turnaround purposes, with the objective to position the firm as the first choice in the retail pharmacy and primary care services segments (Walgreens Boots Alliance Inc. 2025).

Despite the apparent full alignment between the target company's intrinsic characteristics and economic interests with respect to the announced acquirer offer and strategic purposes, combined with the just mentioned entire approval of the governance organs of the purchase firm, the deal included a Go-Shop Period clause. Under such a contractual caveat, the target firm reserves for itself a 35-days' time span to solicit and evaluate additional bids, with the supplemental possibility to enter negotiations with such new potential interested parties. (Walgreens Boots Alliance Inc. 2025).

Group Part

From a purely strategic point of view, the privatization of WBA is the outcome of a broader repositioning and divestment process initiated by the Company throughout recent years, following sustained margin pressures, elevated restructuring charges, and the underperformance of the U.S. Healthcare segment.

It is belief of the management that operating under a private ownership structure would provide the flexibility required to accelerate the re-positioning strategy, gain additional expertise in the guidance of the firm, and facilitate cash outflows for the interest of the shareholders by divesting non-core assets such as VillageMD. For Sycamore Partners, the transaction represents the opportunity to acquire a global retail pharmacy platform with significant turnaround potential and already well-established customer base, with the opportunity to adopt restructuring measures to benefit from already existing value levers to be optimized. The recapitalization of WBA as a private entity, therefore, aligns the strategic interests of both parties, enabling the implementation of a long-term restructuring program that public markets were increasingly unable to support.

3. Standalone Public-Market Valuation of Walgreens Boots Alliance

3.1 Current Standalone Profile and Operating Performance

This section establishes the standalone baseline for Walgreens Boots Alliance as of the valuation date and translates it into the key economic questions underpinning the DCF. Given that recent results are materially affected by large non-recurring items, the analysis distinguishes between reported GAAP profitability and an adjusted operating lens that is more informative for forward-looking cash-flow modelling. The purpose is to isolate the structural features that drive intrinsic value in the standalone case: (i) the revenue mix across segments with different growth and margin profiles, (ii) the extent of underlying margin compression and the scope for normalization, and (iii) the interaction between operating performance and a highly debt-weighted capital structure, which makes equity value a residual claim and amplifies sensitivity to changes in enterprise value.

The section proceeds in three steps. First, it documents business mix and segment exposure using FY2024 segment revenues and the Last Twelve Months (LTM) fiscal period split as the closest representation of the current run-rate. Second, it reviews FY2020-FY2024 operating performance and motivates the use of adjusted EBIT/EBITDA as the operating anchor for the forecast period. Third, it assesses leverage and liquidity as of the balance-sheet date used in the valuation bridge, linking net debt to the enterprise-to-equity reconciliation and its mechanical implications for equity sensitivity. These analyses motivate the scenario structure in next sections and frame the interpretation of intrinsic value.

3.1.1 Business profile and segment mix

As of the valuation date, Walgreens Boots Alliance remains predominantly a U.S. centric retail pharmacy operator, with international operations and a smaller but strategically relevant U.S. Healthcare platform. Based on FY2024 reported segment revenues (see Figure D1), the U.S. Retail Pharmacy segment generated \$115.8 billion, equivalent to about 78.4% of consolidated

revenue (segment share formula: $\text{Share}_{i,t} = \frac{\text{Revenue}_{i,t}}{\text{Total Revenue}_t}$). International contributed \$23.6

billion (about 16.0%), while U.S. Healthcare contributed \$8.3 billion (approximately 5.7%).

This mix is broadly stable into the FY2025 LTM period ended 28 February 2025: U.S. Retail Pharmacy remains roughly 78% of sales, International 16%, and U.S. Healthcare 6%.

3.1.2 Historical operating performance (FY2020-FY2024)

Over FY2020-FY2024, WBA expanded its revenue base from \$122 billion to \$147.7 billion, implying an approximate 4.9% CAGR (see Figure D2). However, this top-line growth did not translate into stronger profitability. Gross margin compressed from 21.4% in FY2020 to 18.0% in FY2024, so that gross profit remained broadly flat despite higher revenues (c. \$26.1 billion in FY2020 vs. \$26.6 billion in FY2024). Reported GAAP results in FY2023-FY2024 are not informative of underlying earnings power due to large, non-recurring, and value-resetting items. GAAP EBIT fell from \$4.4 billion in FY2022 to \$-4.8 billion in FY2023 and \$-13.7 billion in FY2024 (see Figure D2). FY2024 is particularly distorted by a \$12.7 billion goodwill impairment, which mechanically drives the operating loss and dominates year-on-year comparability. Accordingly, the analysis adopts an “adjusted earnings” lens to isolate the operating run-rate that is more relevant for forward-looking modelling and valuation.

In this chapter, adjusted profitability is constructed by bridging from reported EBIT to adjusted EBIT through explicit add-backs (see Figure D2). The defining relationship is:

$$\text{Adjusted EBIT}_t = \text{EBIT (reported)}_t + \sum_k \text{Adjustments}_{k,t}$$

where the key adjustment categories in the dataset include (among others) impairment charges (goodwill and other assets), restructuring charges, litigation expense, M&A-related items, non-operating income/expense, amortisation of acquired intangibles, and stock-based compensation (see Figure D3). A critical modelling implication is that the reported “amortisation” at WBA predominantly relates to acquired intangible assets (purchase-price-allocation intangibles such

as customer relationships and trade names) rather than to the consumption of tangible assets. Accordingly, it is treated as a non-cash accounting cost within the EBIT-to-adjusted-EBIT bridge, rather than as a proxy for recurring reinvestment. Adjusted EBITDA is then derived mechanically as adjusted EBIT plus depreciation. The cash-flow impact of asset renewal is instead captured through PP&E depreciation and capital expenditures, which are modelled explicitly. For valuation purposes, lease liabilities recognised under U.S. GAAP (ASC 842) are treated as debt-like items in the net-debt bridge and reflected in the EV-to-equity reconciliation. Under this adjusted lens, the picture is still one of deterioration, but it becomes interpretable. Adjusted EBIT declines from \$3.86 billion in FY2020 to \$1.83 billion in FY2024, with the adjusted EBIT margin compressing from 3.2% to 1.2%.

Likewise, adjusted EBITDA falls from \$5.41 billion in FY2020 to \$3.34 billion in FY2024, with the adjusted EBITDA margin declining from 4.4% to 2.3%. In other words, even after stripping out non-recurring accounting and legal items, WBA's operating profitability weakened structurally across the period supporting the view that recent underperformance cannot be attributed solely to "one-offs" but reflects a lower underlying earnings base.

This historical evidence motivates the forward-looking structure adopted: scenarios must explicitly address (i) the pace and feasibility of margin stabilisation/rebuild, (ii) the sustainability of cost reductions versus recurring restructuring, and (iii) the cash conversion characteristics of the model (working capital and Capex) that ultimately determine FCFF generation and intrinsic value.

3.1.3 Capital Structure and Financial Health

As of the valuation date, Walgreens Boots Alliance's standalone capital structure is highly debt-weighted, leaving a relatively thin equity buffer (Figure D4). For contextual reference, market-implied enterprise value is approximately \$36.5 billion, against a market capitalisation of about \$9.2 billion. Separately, the valuation bridge uses a balance-sheet-based net debt measure of

\$29.1 billion as of 28 February 2025 (Figure D5), constructed as gross debt and debt-like items (including lease liabilities under ASC 842) net of cash and cash-like items. Because enterprise value and equity value are market-based point-in-time measures while net debt is derived from financial statements at a specific balance-sheet date (and includes debt-like adjustments), the three figures are not expected to reconcile mechanically. The implication remains that equity is a residual claim on a highly levered enterprise: mechanically, a \$1 billion change in EV represents a double-digit percentage move in the implied equity value.

From a debt service perspective, the model implies that WBA's financing burden is meaningful but not immediately prohibitive. On an adjusted basis, FY2024 adjusted EBITDA of \$3.3 billion covers interest expense of \$480 million by 6.9x, improving to 7.9x on FY2025 expected EBITDA of \$4.3 billion and interest of \$543 million (Figure D2). However, the distinction between GAAP and adjusted profitability is crucial: with GAAP operating profit materially affected by non-recurring items (notably impairments), GAAP-based coverage metrics can be distorted, so adjusted measures are more informative for assessing recurring debt capacity in a steady-state standalone view.

Liquidity is characterised by structurally negative net working capital, which is typical of large-scale retail/pharmacy models where supplier financing (accounts payable) and accrued liabilities partially fund operations. In FY2024, total net working capital is \$-7.84 billion (-5.3% of revenue), while the cash conversion cycle is slightly negative (about -3 days) (Figure D6), reflecting the combination of low DSO (14), moderate DIO (25), and higher DPO (42). This working-capital structure can support cash generation despite pressured operating margins, but it also increases sensitivity to operational disruption (e.g., changes in supplier terms, inventory discipline, or reimbursement timing). A simple current-ratio proxy excluding cash is below 1x, reinforcing that short-term liquidity is not driven by "excess" current assets but by the ability to continuously roll operational payables and sustain stable trading conditions.

Finally, the investment profile in the model remains low-intensity in relation to sales, in fact for FY2024 capex is at roughly 0.9% of revenue (Figure D7), consistent with a mature store network and largely maintenance-led capital needs. This mitigates, but does not eliminate, the constraints created by high leverage: the equity value is a residual claim on a business with limited margin headroom and meaningful debt-like obligations, which is precisely why the subsequent sections treat scenario dispersion (base/upside/downside) and valuation sensitivities as central to the public-market standalone assessment.

3.2 Forward-Looking Standalone Operating Model

This section develops a forward-looking standalone operating model for Walgreens Boots Alliance over the FY2025–FY2030 horizon. The model is designed to capture the company’s gradual transition from a trough operating environment toward a normalised steady-state configuration, consistent with the characteristics of a mature retail pharmacy business.

The operating projections explicitly distinguish between near-term stabilisation effects and long-run structural constraints, incorporating recovery dynamics while avoiding assumptions of structural re-rating or business model transformation. To ensure internal consistency and comparability across valuation outcomes, a common modelling framework is applied across all scenarios, with differences driven exclusively by operating execution and efficiency assumptions rather than by capital structure or accounting mechanics.

The following subsection outlines the modelling framework and key assumptions underlying the operating forecasts, while subsequent sections present the Base, Upside and Downside scenarios that define the standalone valuation envelope.

3.2.1 Modelling Framework

The forward-looking standalone operating model considers the forecast period from FY2025 to FY2030 and is anchored to WBA’s historical performance through FY2024. FY2024 represents a trough year characterised by depressed profitability, substantial impairment charges, and

elevated restructuring and transformation costs. FY2025 is therefore treated as a transition year, during which residual restructuring effects gradually unwind, and the business begins to converge toward a more normalised operating configuration. From FY2026 onward, the model assumes a progressive convergence toward long-run steady-state conditions consistent with a mature retail pharmacy business.

FY2025 combines actual results for the first half of the fiscal year (September-February) with modelled estimates for the second half (March-August). As a result, FY2025 serves as a reliable anchor for forward projections while avoiding artificial discontinuities at the start of the forecast horizon.

Revenues are forecast at the segment level, distinguishing between U.S. Retail Pharmacy, International, and U.S. Healthcare. This segmentation reflects materially different growth drivers, margin profiles, and risk characteristics across business lines. Segment-level revenues are first estimated for FY2025 and subsequently projected forward using explicit deceleration rules. In the Base Case, each segment's growth rate is assumed to decline by 20 bp per year from FY2026 onward, reflecting gradual maturation, reimbursement pressure, and competitive intensity in the retail pharmacy sector. Corporate and other residual activities are treated as non-structural and excluded from long-term growth assumptions (see Figure D8).

Operating costs are modelled using a margin-based approach, reflecting WBA's structurally low operating leverage and large fixed retail infrastructure (see Figure D9). Cost of Goods Sold (COGS) is expressed as a percentage of revenues and is assumed to improve gradually over time as normal cost pressures unwind. Importantly, the Base Case does not assume a structural re-rating of gross margins. Instead, starting from the FY2025 level, the COGS-to-revenue ratio declines by 50 bp per year, reflecting incremental efficiency gains rather than pricing power or business model transformation. Selling, General and Administrative (SG&A) expenses are also

modelled as a percentage of revenues, consistent with their partially variable nature and the persistence of fixed store-related costs.

Exceptional items are excluded from recurring operating performance; therefore, the operating model relies on adjusted EBIT and adjusted EBITDA, defined consistently with the historical reformulation. These items primarily reflect historical accounting adjustments or transitional effects rather than sustainable economic costs. Accordingly, adjusted EBIT and adjusted EBITDA are used as the primary measures of operating performance, as they provide a more accurate representation of the company's underlying cash-generating ability. Non-core income items, including equity-method earnings and other net income, are normalised to historical averages and assumed to have no long-term impact on intrinsic value.

Adjusted EBIT margins are modelled to improve gradually over the forecast horizon. In the Base Case, the adjusted EBIT margin increases mechanically by 10 bp per year from FY2026 onward, reflecting slow but steady normalisation of operating efficiency. This assumption is deliberately conservative and consistent with the absence of structural margin re-rating. In the Upside Case, the same incremental rule applies, but higher absolute margin levels are reached earlier due to faster cost normalisation. In the Downside Case, margin improvement follows the same mechanical path but from a weaker starting point.

The translation of operating performance into free cash flow is governed by explicit assumptions on working capital and capital expenditures. Trade working capital is forecast using a days-based methodology. In the Base Case, accounts receivable (DSO) increase by one day in FY2026 and one additional day in FY2027, after which they remain constant. Inventory (DIO) increases by one day in FY2026, FY2027, and FY2028, before stabilising through FY2030. Accounts payable (DPO) are assumed to remain constant at their historical average level. This structure preserves WBA's historically strong cash conversion dynamics while allowing for modest operational frictions during the transition phase.

Capital expenditures are forecast through a PP&E roll-forward framework assuming a 12-year useful life and straight-line depreciation (see Figure D7). Maintenance capital expenditures are assumed to equal depreciation in steady state, implying a maintenance coefficient $k_{maintenance} = 1.00$. This assumption is consistent with standard valuation practice where maintenance Capex broadly tracks depreciation (Damodaran 2012), and with the mature, capital-intensive but non-growth-oriented profile of the U.S. retail pharmacy industry. Over time, expansionary capital expenditures decline and become negligible, reflecting WBA's strategic focus on footprint rationalisation, store closures, and cost containment rather than network expansion (Walgreens Boots Alliance 2024).

Interest expenses are held constant at FY2025 levels across all scenarios, reflecting a stable capital structure and the absence of refinancing or leverage changes in the standalone case. Taxes are modelled using a normalised tax rate, equal to the average tax rate observed over FY2017-FY2024. This approach neutralises distortions arising from loss years, impairment-driven tax credits, and temporary timing effects, ensuring that projected after-tax cash flows reflect sustainable taxation.

Together, these modelling choices ensure internal consistency, transparency, and economic plausibility. Differences across scenarios arise exclusively from operating execution and efficiency assumptions rather than from mechanical changes in capital structure or accounting artefacts. The resulting operating outputs form the basis for the intrinsic valuation and pre-deal assessment developed in the next sections.

3.2.2 Base Case

The Base Case represents the most likely standalone operating trajectory for WBA under a gradual stabilisation scenario (see Figure D9). It assumes that management successfully halts further deterioration in operating performance and executes efficiency initiatives without materially altering the underlying business model.

Under this scenario, consolidated revenues grow at a low single-digit rate, driven primarily by volume stabilisation in U.S. Retail Pharmacy and continued, though decelerating, expansion of U.S. Healthcare. International operations contribute marginally to overall growth and do not materially influence the long-term trajectory of the group (see Figure D8).

Profitability improves gradually from the depressed levels observed in FY2024-FY2025. Adjusted EBITDA margins increased from approximately 2.8% in FY2025 to around 3.4% by FY2030, reflecting cost normalisation rather than structural margin expansion. Given WBA's limited operating leverage, SG&A as a percentage of revenues remains broadly stable throughout the forecast period.

Capital intensity declines meaningfully as expansionary investments fade and maintenance Capex becomes the dominant component of total capital expenditures. This shift supports an improvement in free cash flow generation despite modest margin recovery, consistent with the characteristics of a mature, cash-generative retail platform.

3.2.3 Upside Case

The Upside Case reflects faster execution of WBA's transformation initiatives and earlier realisation of operating efficiencies, while leaving the core business model unchanged. Revenue growth decelerates more slowly than in the Base Case, particularly in U.S. Retail Pharmacy and U.S. Healthcare, resulting in higher cumulative revenues by FY2030 (see Figure D10).

The primary source of upside value arises on the cost side. COGS as a percentage of revenues declines by 1.0% per year, enabling adjusted EBITDA margins to normalise more rapidly and reach approximately 3.6% by FY2030 (Figure D11). Compared to the Base Case, adjusted EBITDA is higher by several hundred million dollars in the terminal years, despite similar capital expenditure and working-capital dynamics. This confirms that value creation in the Upside Case is driven predominantly by superior operational execution rather than increased investment intensity.

3.2.4 Downside Case

The Downside Case captures the risk that WBA's stabilisation efforts take longer to materialise and yield weaker results. Revenue growth slows materially, converging toward approximately 1% per annum, reflecting persistent competitive pressure, slower healthcare monetisation, and ongoing disruption from store rationalisation (see Figure D12).

Cost recovery is delayed, with COGS improving by only 10 bp per year, resulting in adjusted EBITDA margins stabilising near 3.0% by FY2030 (see Figure D13). Working-capital efficiency deteriorates modestly relative to the Base Case, as inventory days increase further and supplier terms weaken, with accounts payable declining by one day per year in FY2026 and FY2027 before stabilising (see Figure D14).

Despite these pressures, the Downside Case does not assume renewed structural decline. Capital expenditures still converge toward maintenance levels, and liquidity stress does not emerge as a binding constraint. The downside outcome is therefore driven by slower growth and delayed efficiency gains rather than by financial distress or excessive reinvestment.

3.3 Intrinsic Valuation

This section derives the intrinsic standalone value of Walgreens Boots Alliance by translating the operating outputs into enterprise and equity value estimates. Valuation is performed using a discounted cash flow (DCF) framework based on unlevered free cash flows, complemented by market-based multiple evidence to define a coherent standalone valuation range.

To ensure comparability across scenarios, valuation inputs are held constant across the Base, Upside and Downside cases, with differences in implied value driven exclusively by operating performance and cash flow dynamics. The section first establishes the discount rate used to capitalise future cash flows and then presents the DCF results and scenario-specific valuation outcomes, forming the basis for the subsequent pre-deal assessment.

3.3.1 Weighted Average Cost of Capital (WACC)

The intrinsic valuation of Walgreens Boots Alliance is based on discounting unlevered free cash flows using a constant Weighted Average Cost of Capital (WACC) across all operating scenarios. The use of a single discount rate is justified by the assumption that the business risk profile and target capital structure remain unchanged across the Base, Upside and Downside cases, while differences in valuation outcomes are driven exclusively by operating performance and cash flow dynamics.

The WACC (see Figure D15) is defined as:

$$\text{WACC} = \frac{E}{D + E} \cdot K_e + \frac{D}{D + E} \cdot K_d \cdot (1 - \tau)$$

where K_e is the cost of equity, K_d is the pre-tax cost of debt, and τ is the corporate tax rate.

Cost of equity: The cost of equity is estimated using the Capital Asset Pricing Model (CAPM):

$$K_e = R_f + \beta_L \cdot (R_m - R_f)$$

The risk-free rate (R_f) is proxied by the 10-year U.S. Treasury yield (4.29%) as of the valuation date (Federal Reserve Bank of St. Louis 2025), consistent with the U.S. dollar denomination of WBA's cash flows. The equity market risk premium ($R_m - R_f$) is set at 4.33%, based on Damodaran's forward-looking estimates for mature markets (Damodaran 2025a).

Business risk is captured through a bottom-up unlevered beta of 1.00, sourced from Damodaran's Retail (Special Lines) industry dataset (Damodaran 2025b). This beta is relevered to reflect WBA's capital structure using the standard Hamada adjustment:

$$\beta_L = \beta_U \cdot \left[1 + (1 - \tau) \cdot \frac{D}{E} \right]$$

Given a debt-to-equity ratio of 295.1% and a normalized tax rate of 22.5% (Walgreens Boots Alliance 2024), the resulting levered beta is 3.29, implying a cost of equity of 18.52%. This elevated cost of equity reflects both the company's high financial leverage and the heightened operating risk associated with structurally compressed margins in the retail pharmacy sector.

Cost of debt: The cost of debt is estimated using a synthetic rating approach. WBA is assumed to carry a BB credit profile, consistent with S&P assessments and recent SEC filings (Standard & Poor's 2024; Walgreens Boots Alliance 2024). The corresponding credit spread of 1.83% (Damodaran 2025) is added to the risk-free rate, resulting in a pre-tax yield of 6.12%. To reflect downside risk and distress considerations, a conservative effective cost of debt of 6.23% is applied. The recovery rate assumption underlying the credit spread reflects long-term historical evidence on post-default recoveries for unsecured corporate debt. Consistent with empirical studies, a recovery rate of 40% is assumed, implying a loss given default of 60% (Moody's Investors Service 2023; Standard & Poor's 2023).

The tax shield is valued using a normalized statutory tax rate of 22.5%, computed as the historical average over FY2017-FY2024 to smooth out distortions arising from loss carry forwards, impairment charges and tax credits.

Capital structure weights: Debt value is measured at book value (\$27.2 billion), as interest rates are close to market levels and no material repricing is required. Equity value is measured at market value of \$9.2 billion (Bloomberg 2025; Walgreens Boots Alliance 2024), based on outstanding shares multiplied by the prevailing share price. This results in a capital structure composed of 74.7% debt and 25.3% equity.

Resulting WACC: Combining the above inputs yields a WACC of 8.30%, which is applied consistently across all valuation scenarios and to both the explicit forecast period and the terminal value (see Figure D15). While the discounted cash flow model uses FY2024 as the last historical year for cash-flow calibration, the WACC is estimated using a forward-looking capital structure based on FY2025 data. This choice reflects the fact that WACC is intended to capture the long-term opportunity cost of capital at the start of the explicit forecast period, rather than a purely historical financing mix (Damodaran 2012, chap. 7). Accordingly, FY2025 debt levels are used for the WACC estimation: financial data up to 28 February 2025 are treated as

actuals based on WBA's Q2 SEC filings, while only the second half of the fiscal year is estimated. This forward-looking debt measure reflects the expected capital structure at the start of the explicit forecast period and therefore differs from the balance-sheet net debt used in the EV-to-equity valuation bridge. This approach ensures consistency between the discount rate and the expected risk profile of future cash flows.

3.3.2 Discounted Cash Flow Valuation (FCFF)

The intrinsic value of WBA is estimated using a Discounted Cash Flow model based on Free Cash Flow to the Firm (FCFF). This is defined as the cash flow available to all capital providers after operating expenses, taxes and reinvestment need:

$$FCFF_t = NOPAT_t + Depreciation_t - CapEx_t - \Delta NWC_t$$

Cash flows are forecast over an explicit period from FY2025 to FY2030, followed by a terminal value calculated using the Gordon growth model:

$$TV_{2030} = \frac{FCFF_{2030} \cdot (1 + g)}{WACC - g}$$

where the perpetual growth rate g is set at 2.0%, in line with long-term nominal economic growth and below the discount rate, ensuring internal consistency.

In the Base Case, the model reflects a gradual stabilization (Figure D16) of operating performance without assuming any structural re-rating of margins or valuation multiples. FCFF generation improves primarily due to declining growth Capex and normalization of working capital rather than aggressive profitability expansion.

The present value of operating cash flows over FY2025-FY2030 amounts to \$8.6 billion, while the discounted terminal value contributes \$27.4 billion, corresponding to approximately 74% of enterprise value. The resulting enterprise value is \$37.05 billion. After deducting net debt of \$29.1 billion, the implied equity value is \$7.9 billion, corresponding to a price per share of \$9.20.

Relative to the market price of \$10.68 as of 6th March 2025, the Base Case implies a 13.9% downside, suggesting that the market is pricing in a faster recovery than that supported by conservative standalone assumptions.

The Upside Case captures faster execution of cost initiatives and improved operating discipline, leading to a more rapid recovery in adjusted margins (Figure D17). While revenue growth assumptions differ only modestly from the Base Case, the cumulative effect of higher operating margins materially increases free cash flow generation.

Under this scenario, enterprise value rises to \$41.1 billion, with an implied equity value of \$12 billion, corresponding to a share price of \$13.83. This represents a 29.5% premium to the prevailing market price and reflects upside optionality embedded in more efficient execution rather than structural changes to the business model.

The Downside Case reflects a scenario in which stabilization efforts are delayed and margin recovery remains limited (Figure D18). Revenue growth slows toward about 1%, and operating leverage remains constrained. Although capital intensity still declines over time, weaker operating performance materially reduces free cash flow.

The resulting enterprise value declines to \$34.4 billion, implying an equity value of \$5.3 billion and a share price of \$6.13, corresponding to a 42.6% downside relative to the current market price. This scenario highlights the asymmetric downside risk associated with WBA's high leverage and thin margins.

3.3.3 Stand-Alone Valuation Range and Pre-Deal Football Field

As a robustness check, the intrinsic valuation is benchmarked against trading multiples of comparable listed peers in retail pharmacy and healthcare distribution (see Figure D19). The primary reference metric is EV/EBITDA, given its widespread use in both public markets and private equity and its lower sensitivity to capital structure differences relative to equity-based multiples.

The DCF-implied trading multiples are broadly consistent with observed market benchmarks. In particular, the standalone DCF implies an EV/EBITDA (FY2025) multiple of 8.5x in the Base Case (EV of approximately \$36.4 billion) and 9.4x in the Upside Case (EV of approximately \$40.4 billion), positioning WBA within the valuation range indicated by peer trading levels. Under more conservative assumptions, the Downside scenario maps to a lower implied multiple, consistent with a weaker profitability and cash flow trajectory. Relative to WBA's contemporaneous trading multiple of 8.9x, the Base Case suggests that the market embeds somewhat stronger recovery expectations than those assumed in the conservative standalone scenario.

To further triangulate the valuation range, EV/EBIT and EV/Total Revenues are considered as secondary reference metrics. EV/EBIT yields materially higher implied enterprise values due to depressed EBIT levels in the valuation period and is therefore less informative in a trough profitability context. EV/Total Revenues is included primarily as a scale and sanity check but provides limited insight for a structurally low-margin business where value creation is driven by margin normalization and cash conversion rather than top-line expansion.

All valuation outputs across methods and multiples are consolidated in the Football Field of Valuations which provides a single visual synthesis of the DCF and market-multiple cross-checks and serves as the bridge to the pre-deal interpretation.

4. APV Valuation: PE Case

In this section we provide an APV valuation for WBA under the hypothetical ownership of Sycamore Partners. The analytical framework integrates multiple valuation approaches to disentangle the operational, financial, and market-based sources of value creation in a private equity context. Unlike the single-period DCF, the APV framework decouples using set of commands the value from changes in firm's unlevered value due to financing changes, which allows us directly comparing gains from loading at continuing concern level. The valuation model combines operating forecasts, with a comprehensive capital structure model to evaluate the basic enterprise value and the incremental advantages of the tax shields derived from the lever aged effect. We construct a projection of unlevered free cash flows based on Sycamore's operations. These estimates reflect the trends in revenue, margin expansion, capital intensity and working capital discipline anticipated under our turnaround scenario.

To validate the plausibility of the resulting valuation, the APV outputs are benchmarked against observed market transaction multiples in relevant retail and healthcare precedent transactions. The combined valuation is then shared in football field analysis below, which provides a visual representation of how the inputs are translated into value, while also serving as a summary for side-by-side comparison. This methodology offers a powerful and transparent tool to evaluate the fair value of WBA and to understand bid pricing by Sycamore Partners. In addition, the APV structure is particularly suitable for this case because it allows us to separate the operating value of the business from the incremental value (and risk) introduced by leverage, which is central to a take-private setting where capital structure choices materially shape equity value.

4.1 Financing Structure of the Transaction and Assumptions on LBO Debt

First, we start by outlining the structure of the financing package supporting Sycamore Partners' acquisition of Walgreens Boots Alliance in connections with underlying assumptions of the LBO capitalization as subsequently modelled. It starts off by reciting certain material terms of

the Financing Commitment Letters, which lists what debt and equity funding has been made available to consummate the deal. We then isolate the structural, permanent components of the capital structure - those which become part of the company's ongoing leverage post-closing - and explains how best to model them in terms of drawdown needs, interest rate calibration and credit risk assumptions. This provides the financial backbone for the APV valuation and return analysis. In practical terms, the goal of this section is to translate the commitment package into a "clean" and model-consistent post-closing capital structure that can be used to forecast interest expense, debt amortization, and tax shields in an internally coherent way.

4.1.1 Summary of Financing Commitment Letter

The deal acquisition of Walgreens Boots Alliance by Sycamore Partners is supported by a combination of equity and debt financing supports based on the Financing Commitment Letters dated 6th March 2025 (Walgreens Boots Alliance Inc., 2025). Such financing commitments were obtained from a group of International financial institutions and investment partners that provided with sufficient liquidity to support the cash consideration per share of \$11.45 and all associated fees, refinancing obligations and transaction expenses. Breakdown of the committed funding sources is shown in Figure A2 that summarizes major debt and equity facilities signed off. The financing consists of multiple senior secured credit facilities, bridge facilities and equity contributions.

The U.S. portion of loans includes a \$5,000 million Senior Secured Asset-Based Revolving Credit Facility (ABL) with a five-year maturity and an interest margin of SOFR plus 2.00-2.50%. Additionally, a \$2,500 million First-In-Last-Out (FILO) Term Loan Facility was arranged, maturing in five years and priced at SOFR plus 7%. A further \$1,000 million Receivables Purchase Facility was committed, designed as a short-term liquidity source based on discounted receivables

Group Part

The international financing segment consists of a \$2,250 million Multicurrency Senior Secured Term Loan B with a seven-year maturity and a pricing grid of SOFR plus 4.50%, with a EUR 1,500 million tranche priced at EURIBOR plus 4.50% and a GBP 375 million tranche priced at SONIA plus 5.50%. Complementing these is an \$850 million International Asset-Based Revolving Credit Facility with similar maturity and pricing. Further debt commitments include a \$2,500 million Shields Senior Secured Term Loan Facility and a \$100 million Shields Revolving Facility, both with five-year maturities and margins of SOFR plus 6%. Two bridge components are also included in the overall committed financing structure: (i) a \$2,000 million Secured Bridge Facility under the International Commitment Letter and (ii) a \$2,000 million Shields Subordinated Bridge Facility with a 180-day maturity and step-up margins tied to SOFR, EURIBOR or SONIA. Additionally, a \$577 million Real Estate Financing Commitment was arranged, secured by specific properties and carrying a 364-day term at monthly SOFR plus 2.75-3.25%

In addition to these debt instruments, two layers of equity capital complete the financing package. The first is a \$1,250 million Preferred Equity Commitment provided by GoldenTree Asset Management, featuring a 14% annual cash-pay coupon with a 1% annual step-up after year six and a payment-in-kind option. The second is a \$2,500 million Common Equity Contribution made directly by Sycamore Partners, as stipulated in the Equity Commitment Letter. Overall, the financing package amounts to approximately \$22.5 billion, of which \$11.8 billion corresponds to debt committed for the LBO structure. By looking at Figure A3, then debt comprises around 83.35% of the total financing, and equity stands in form of common and preferred, it amounts to be 16.65%. Each of the facilities will be subject to, among other things, the condition that all customary closing conditions have been satisfied or waived in accordance with their terms including, execution of definitive loan documentation, accuracy of representations and warranties under such loan documentation at and as a time determined by

Walgreens Boots Alliance thereunder, closing transaction. These commitments, in the aggregate, represent the total proceeds necessary for Sycamore Partners and its affiliates to close the transaction and fund all applicable fees and expenses.

4.1.2 Assumptions on Clean LBO Capital Structure

As shown in Figure A4 and summarised in the Sources and Uses of Funds in Figure A5, the assumed clean LBO capital structure is based upon the long-dated, structural debt financing sources of funds which represents permanent leverage to the post-transaction entity. Consistent with private equity practice, the short-term execution related, or non-recourse facilities are excluded from this model as they do not form part of the long-term capitalization of the business. The U.S. and International ABLs, the Receivables Purchase Facility, Shields' revolving facility, and bridge or PropCo financings are considered as liquidity reserves or asset-specific instruments and therefore omitted from the closing Sources and Uses. The three core facilities the U.S. FILO Term Loan, the International Term Loan B, and the Shields Senior Secured Term Loan are included in the model, but only partially drawn. While the total committed amount across these facilities equals \$6.25 billion, the LBO model assumes that only \$4.25 billion are drawn at closing. This reflects a risk-aware financing stance, positioned to maintain liquidity optionality, dampen covenants pressure and uphold an achievable post-close leverage profile. Partial drawdown is particularly warranted given the highly levered starting point of the transaction, with \$29.1 billion of existing Walgreens debt already assumed. Drawing only a portion of the committed capital aligns with a BB- credit risk case, which we believe represents an attainable ceiling for such a transaction given its level of complexity and size.

Importantly, the drawn amounts are scaled proportionally across instruments to maintain the capital mix as per plan: \$1.5 billion for the FILO Term Loan, \$1.25 billion for the International Term Loan B, and \$1.5 billion for the Shields facility. This proportionality reflects how

sponsors continue to use committed facilities in distressed carve-out scenarios as a means of keeping powder dry while maintaining flexibility. The International Term Loan B is modelled as a single USD-denominated debt instrument, rather than as separate EUR and GBP tranches, to avoid FX volatility impact on interest forecasting and for comparability purposes across debt instruments.

Accordingly, the cleaned-up capital structure reflects \$4.25 billion of newly drawn senior secured term loans, \$29.1 billion of assumed debt, and \$6.15 billion of equity with 78% being offered by institutional investors and 22% being attributable to an equity rollover and incremental reinvestment from Stefano Pessina. In contrast with standard management sweet equity, the Mr. Pessina's investment is treated as a pari passu reinvestment of his previous ownership stake, plus a further equity injection, both considered as common equity stock in the model.

Interest Rates Credit-Risk Calibration

The interest expense for the debt instruments cost of debt assumptions in the model is calibrated employing a credit-risk consistent approach based on market information that applied on 6th March 2025. Specifically, the fixed all-in rate for each debt instrument consists of a prevailing risk-free rate (while paid during the term) of 4.29%, plus a credit spread which is pegged to its rating. These credit spreads are compared to long-term historical averages of ICE BofA US Corporate Index Option-Adjusted Spreads by rating qualification. As shown in Figure A6, each credit rating bucket (from AAA to CCC-) is directly linked to a representative spread, debt beta, implied expected credit loss and related bond return. The BB-rated legacy Walgreens debt, amounting to \$29.1 billion, is assigned a spread of 1.89% and a debt beta of 0.35. New LBO debt, which includes \$4.25 billion of drawn facilities, is rated BB- and priced to yield 2.63% on a 0.42 beta. During the post-LBO phase of deleveraging, also a

higher credit quality is reflected by an estimated fair rating of BB+ and spread 1.62% which implies beta 0.30.

This risk-averse calibration ensures consistency across three key dimensions: pricing (interest cost), credit quality (default and recovery risk), and financial theory (the cost of debt). The model does not require any arbitrary assumption on cost parameters but derives this from the statistical properties of market data and values each facility's cost according to its structural risk and seniority.

4.2 Private Equity Operating Model

The private equity operating model is built as an overlay on the standalone valuation and is calibrated on the upside-case trajectory, which serves as the single numerical starting point. As a result, unlike the standalone valuation, the Private Equity overlay is not developed under three separate scenarios (base, upside, and downside), but rather on one consistent operating path reflecting the sponsor's target execution case.

Revenues are deliberately kept modest: year-on-year growth rates in U.S. Retail, International and U.S. Healthcare decelerate only gradually, by approximately 5 bp per year, compared with 20 bp in the standalone scenario (see Figure A7). We implied that the PE sponsor primarily targets a stabilization of the top line, rather than a structural re-rating of the group's growth profile.

Consistently with the cost-focus outlined in other section, the main value lever is therefore related to profitability. In the PE case, the cost of goods sold (COGS) ratio is assumed to decline by around 1.5 pp per year, as opposed to 0.5 pp in the base case, reflecting expectations of stronger procurement, tighter assortment and pricing discipline, and a progressive exit from structurally unprofitable volumes. While selling, general and administrative (SG&A) costs in the standalone case are assumed to remain broadly unchanged keeping approximately the same percentage of sales as in FY2025 over the forecast period, in the private equity case we assume

a 0.5 pp reduction per year starting in FY2026. At EBIT level, the model embeds an increase of roughly 10 bp in the Adjusted EBIT margin from FY2025 to FY2026, after which the margin is kept flat at approximately 2% of sales. From a business-case perspective, this corresponds to a partial and relatively conservative normalization from the trough years, rather than a return to historical pre-crisis margin levels (see Figure A8).

In the operating balance sheet, considering from FY2026 onwards, working capital drivers (DSO around 15 days, DIO around 24 days and DPO around 39 days) are kept identical to the standalone model, resulting in a structurally negative net working capital of roughly -4.8% of revenues and only minor annual changes (on the order of 0.1% of sales) (see Figure A9). Similarly, the profile of capital expenditure, depreciation and the PP&E schedule is maintained unchanged relative to the base case: total Capex stands at about 1.6% of sales in FY2025 and 1.2% thereafter, with maintenance Capex broadly equal to depreciation and expansion Capex front-loaded and tapering to zero over the forecast horizon (Figure A10). Overall, the PE operating model therefore represents a tightly defined, execution-driven turnaround, where assumptions are moderately more optimistic than in the standalone scenario on cost structure and margins, but remain anchored in realistic operational levers rather than in aggressive growth or balance sheet manipulation.

4.3 Adjusted Present Value Valuation

For modelling purposes, we find that the APV is particularly appropriate in LBO contexts because it separates the value generated by the underlying operations from the value effects induced by leverage. In transactions where leverage is high and expected to change over time, a single-period WACC approach can obscure the mechanics through which financing contributes to value. APV addresses this limitation by valuing the business first on an unlevered basis and then adding the present value of financing side effects-most notably the tax benefit from interest deductibility. In compact form, the enterprise value is calculated as:

$$V_L = V_U + PV(\text{Tax Shields})$$

where V_U denotes the unlevered enterprise value derived from operating cash flows, and PV("Tax Shields") captures the incremental value created by the post-transaction debt structure. Operating inputs are taken from the Private Equity operating case, while financing inputs are grounded in the Financing Commitment Letter and translated into the previously mentioned “clean” LBO capital structure focusing on structural term debt.

4.3.1 Unlevered Firm Value

The unlevered firm value V_U is estimated by discounting unlevered free cash flows (UFCF) over the explicit forecast period and adding a terminal value at the end of FY2030. UFCF is constructed from operating performance using Adjusted EBIT, which is preferred in this case study because it better reflects recurring profitability in a period characterized by non-operating and impairment-related distortions. In Figure A13 Adjusted EBIT is converted into after-tax operating earnings (EBIAT) using a normalized corporate tax rate of 22.5% and then translated into cash flows by adding back non-cash depreciation and subtracting the reinvestment required to sustain and reposition the asset base. Reinvestment is modelled explicitly through annual changes in net working capital and a split between maintenance and growth Capex consistent with the PP&E roll-forward and straight-line depreciation schedule.

Unlevered cash flows are discounted at the unlevered cost of capital $r_U = 8.62\%$. This rate is estimated from an asset-risk perspective using a CAPM structure (U.S. 10-year Treasury as risk-free rate, Damodaran’s market risk premium, and an unlevered industry beta for Retail—Special Lines). For transparency, note that r_U is also linked to the WACC through the standard identity implied by the definition of WACC with after-tax debt:

$$WACC = \frac{E}{V}R_E + \frac{D}{V}R_D(1 - \tau) \Rightarrow r_U = \frac{E}{V}R_E + \frac{D}{V}R_D = WACC + \tau \frac{D}{V}R_D.$$

Terminal value in FY2030 is computed using a perpetuity growth formulation with $g = 2.0\%$, consistent with a conservative steady-state target-inflation based growth assumption for a mature retail-healthcare sector:

$$TV_{2030} = \frac{UFCF_{2030}(1 + g)}{r_U - g}$$

Based on the model's FY2030 UFCF, this produces an unlevered terminal value of \$44.6 billion, whose discounted present value equals \$28.3 billion. The present value of the explicit-period UFCFs adds approximately \$10.4 billion, implying an overall unlevered firm value of about \$38.7 billion. Conceptually, this is the value of WBA's operating business before incorporating any financing benefits from the buyout structure.

4.3.2 Value of Interest Tax Shields and Debt Payments

In this context, the main advantage of using debt in financing corporations is captured through the interest tax shield (ITS), defined as the reduction in corporate income taxes arising from the tax-deductibility of interest payments. This section presents the structure and valuation of interest tax shields in the forecast period, and into perpetuity, according to well established academic methodologies (Myers, 1974).

To ensure consistency between operating cash flows, financing dynamics, and tax benefits, we model debt repayment amortization through a standard cash-flow sweep mechanism. As illustrated in Figure A12, we first allocate free cash flow to the payment of after-tax interest on the LBO debt. We then use any residual cash to repay LBO principal, consistent with standard buyout mechanics where deleveraging is driven by operating cash generation rather than by discretionary equity injections. By construction, repayments on the assumed pre-LBO debt do not occur, since this tranche remains outstanding throughout the projection horizon and is treated as long-term structural debt.

In the early years (FY2026-FY2027), operating performance does not yet generate sufficient free cash flow to cover all debt service requirements. To avoid forcing an unrealistic shortfall

in the model, we incorporate a revolving credit facility as a temporary liquidity buffer (Figure A 11). These revolver drawings are not included in the Sources and Uses table because they do not represent permanent financing at close; rather, they provide short-term funding that is repaid once free cash flow turns positive, functioning strictly as bridge liquidity (Figure A11). For consistency with this interpretation, the revolver’s interest expense and any associated tax shields are treated as immaterial for the terminal ITS calculation and are excluded from the perpetuity component.

The post-transaction capitalization comprises two primary elements:

- i. the assumption of \$29.106 billion in pre-existing WBA debt, rated BB, carrying a fixed interest rate of 6.18%, and produced annual uninterrupted interest payments of \$1,689.75 million;
- ii. an additional \$4.250 billion in LBO term debt, rated BB-, benefiting from reduced interest burden through scheduled amortization over the course of the loan. Given an interest rate of 6.55%, interest tax shields are computed mechanically for each year t as:

$$TS_t = \tau \cdot \text{Interest}_t.$$

Because debt is not constant but changes with operating cash flows, the appropriate discount rate for tax shields is the unlevered cost of capital, $r_U = 8.62\%$, that captures the risk of the firm's operating assets. This assumption eliminates valuation circle and matches the APV methodology of the asset side. Discounting is based on a mid-year convention:

$$PV(TS_t) = \frac{TS_t}{(1+r_U)^{t+0.5}}$$

Over the explicit forecast period (FY2026-FY2030), tax shields arise from three distinct sources. First, the assumed legacy WBA debt produces a constant annual interest expense of \$1,689.75 million, implying annual tax shields of \$380.19 million. Discounted over the five-year horizon, this stream yields a present value of \$1.43 billion. Second, the incremental LBO term debt produces declining tax shields as amortization reduces the interest base. Interest starts at \$259.00 million in FY2026–FY2028, declines to \$248.95 million in FY2029, and falls further

to \$182.95 million in FY2030. These interest amounts translate into annual tax shields ranging from \$58.28 million down to \$41.16 million, with a discounted present value of \$207.23 million. Third, we incorporate a terminal interest tax shield beyond FY2030 to capture the continuing tax advantage associated with the post-buyout capital structure. Rather than imposing a pre-set target leverage ratio, we follow a bottom-up approach that derives the exit-year debt-to-value ratio from the projected debt balances after the scheduled and cash-sweep-driven amortization. This procedure yields an implied exit D/V ratio of 57.37%, which we use to compute levered enterprise value at year 5.5. We then define the terminal tax shield as the difference between levered and unlevered enterprise value at that horizon:

$$ITS_{5.5}^{Terminal} = TEV_{5.5}^{Levered} - TEV_{5.5}^{Unlevered}$$

Where $TEV_{5.5}^{Unlevered}$ equals to \$44.6 billion and $TEV_{5.5}^{Levered}$ to \$53.6 billion, yielding a terminal ITS of \$9.01 billion. Unlike annual ITS, this terminal value is discounted at the post-LBO WACC of 7.51%, which reflects the exit D/V ratio and a recalibrated cost of equity based on a BB+ credit profile. Applying a mid-year discount factor for $t = 5.5$, the present value of this terminal ITS is \$6.05 billion. Summing the present values across the three components gives total tax shield value of \$7.69 billion. We then add this total present value of tax shields to the unlevered enterprise value to obtain the levered enterprise value under the Adjusted Present Value framework.

4.3.3 Levered firm Value

The levered enterprise value is ultimately obtained by combining the unlevered operating value with the present value of the interest tax shields generated by the LBO capital structure. Under the Private Equity case scenario, the resulting APV to firm amounts to \$46.15 billion. After subtracting the model-implied exit net debt of \$29.11 billion, we obtain an implied equity value of \$17.05 billion. Dividing this equity value by 864.74 million shares outstanding yields an implied value per share of \$19.71 (Figure A13).

As a plausibility check, we translate this implied enterprise value into a valuation multiple using the corresponding EBITDA level in the model. The implied valuation is equivalent to an EV/EBITDA multiple of 10.57×, which serves as an internal consistency benchmark for the APV output. In practical terms, this multiple helps validate that the private-equity-implied valuation does not arise from mechanical modelling artefacts alone, but maps into a market-standard metric that can be compared to the transaction multiples discussed elsewhere in the case study. This cross-check is particularly useful in a turnaround setting where traditional entry multiples can be distorted, as it anchors the APV result to a familiar pricing convention while preserving the model's internal logic.

4.4 Private Equity Scenario Valuation Range: Football Field Analysis

The combined estimation of WBA through the Sycamore Partners LBO offer paints a fuller picture of its intrinsic worth as well as conformity between intrinsic value and market price. Two values triangulating methods, the adjusted present value methodology and the comparable transaction method were employed to estimate fair enterprise value and resultant per share price. Collectively, these tools allow to disentangle the financial, operational, and market value drivers contained in Sycamore's acquisition thesis.

The APV valuation serves as the cornerstone of the analysis, capturing the full economic potential of the transaction once Sycamore's operational and financial plan is implemented. By discounting unlevered free cash flows projected under the sponsor's post-LBO scenario and adding back the present value of tax shields, the APV results in an enterprise value range of \$41.6-53.8 billion, with a base value of approximately \$46.2 billion. This would be equivalent to a 10.6x EV/EBITDA on our forecasts for 2025. The valuation interval is obtained with a sensitivity analysis on two main drivers: the cost of unlevered capital (R_u) and the perpetual growth rate (g). Specifically, the downside and upside cases correspond to the 25th and 75th percentiles of the valuation distribution obtained by flexing R_u and g . The APV therefore

represents an inside view of what the company could be worth once the operational improvements are realized and the capital structure stabilizes. It represents not today's WBA, but rather the "reshaped runway" that Sycamore Partners envisions.

Complementing this intrinsic assessment, the comparable transaction analysis provides an external reference point for value through precedent acquisitions in the retail and healthcare sectors and involving turnaround scenarios. The observed EV/EBITDA multiples range are presented in Figure A14, and they range between 7.7x and 10.5x, producing a valuation interval of \$33.9 - 45.9 billion and a base-case enterprise value of approximately \$44.3 billion. These deals illustrate the pricing dynamics for distressed or restructuring targets. Figure A15 synthesizes these estimates into a unified valuation corridor for the football field. The median enterprise value across the methodologies stands at \$45.1 billion, corresponding to a 10.33x EV/EBITDA multiple. Implied equity value is \$15.99 billion, after adding assumed debt of \$29.1 billion. On a fully diluted basis of 865 million shares, this represents price per share of \$18.49. This valuation of \$11.45 per share cash offered by Sycamore Partners, with a 38% discount to the intrinsic value. While significant, such a discount is relatively in line with the elevated risk premium typically demanded in distressed public-to-private transactions, where operational uncertainty, execution complexity, and accelerated timelines heighten return expectations and justify lower valuations (Hotchkiss et al. 2023).

5. Pricing Assessment and Comparative Analysis

5.1 Stand-alone value vs. LBO value vs. Offer Price

The pricing of the WBA take-private is best interpreted through a three-way triangulation between (i) the company's stand-alone intrinsic value under continued public ownership, (ii) the sponsor's control value under leveraged private ownership, and (iii) the contractual consideration offered to shareholders. This structure is particularly relevant in a transaction where the equity claim is thin relative to enterprise value, so small differences in operating

outcomes and financing assumptions translate into amplified effects on equity value. The objective of this section is therefore not to identify a single “true” price, but to assess whether the agreed consideration is coherent with (a) minority value on a stand-alone basis and (b) the value that can be unlocked under control through financing benefits and execution.

Against this backdrop, shareholders receive \$11.45 per share in cash, plus a contingent Divested Asset Proceed Right (DAP Right) of up to \$3.00 per share linked to the monetisation of the U.S. Healthcare assets (maximum \$14.45). This two-part design combines certainty with selective exposure to one monetization lever. Economically, the fixed component crystallizes value at closing and transfers the bulk of turnaround and refinancing risk to the sponsor, while the DAP Right preserves limited upside participation in a discrete, identifiable value-realization event that is separable from the core retail-pharmacy recovery.

The stand-alone DCF range implies equity values of \$6.13 (Downside), \$9.20 (Base) and \$13.83 (Upside). The fixed offer clears the Base Case with a premium and provides downside protection while remaining below the Upside scenario. This placement, confirmed by the stand-alone football field (Figure A16), situates the offer above the central DCF value and within the valuation envelope defined by both DCF and market-multiple evidence. In a debt-weighted structure, this premium compensates minority investors for execution and refinancing risk. Because equity is a residual claim, relatively modest changes in enterprise value driven by margins, cash conversion, or discount-rate assumptions can result in disproportionate swings in equity value, increasing the economic value of certainty for public shareholders.

From the sponsor’s standpoint, the APV framework yields an implied \$19.71 per share, corresponding to an enterprise value of \$46.152 billion. This figure represents control value, conditional on sustaining leverage, capturing interest tax shields, and executing operational measures under private ownership. The APV football field (Figure A15) positions this control value well above the transaction price, confirming that a significant portion of upside remains

with the acquirer. Even if the DAP Right were fully realised (\$14.45), the price would remain below the APV outcome consistent with a take-private where shareholders monetise a premium to minority value while the sponsor retains the residual control premium. Importantly, the gap between the stand-alone DCF values and the APV outcome should not be interpreted purely as a more optimistic operating view; it also reflects a different valuation architecture in which financing-side benefits and the economics of control are made explicit.

5.2 Deal Feasibility: Operational, Financing and Governance Risks

The successful execution of this leveraged buyout hinges on managing several major risk areas inherent in a transaction of this scale. These can be broadly categorized into operational turnaround risks, financing (capital structure) risks, and governance and structural risks. Each of these factors could affect whether the post-buyout plan achieves its intended value creation or encounters obstacles that threaten the deal's feasibility. The sponsor's control value and return profile are meaningful only if the post-transaction capital structure can be sustained through the early years, when leverage and coverage are most constrained. In the baseline deleveraging path, leverage is initially high (Debt/EBITDA above 7×) and interest coverage only slightly above 2×, leaving limited margin for error if operating performance under-delivers or financing costs rise (see Figure E2). Although the model projects improving metrics over time, this trajectory is conditional on timely stabilisation of earnings and cash generation, implying that the deal has an “early-year fragility / later-year optionality” profile typical of highly levered turnarounds.

From a cash-flow perspective, WBA exhibits structural features that can support debt service capacity. Favourable working-capital dynamics typical of large retail and pharmacy models and moderate maintenance Capex support free-cash-flow conversion, while potential portfolio actions and asset monetisation provide additional deleveraging capacity. However, feasibility remains exposed to three interrelated risk buckets.

Operational risk refers to margin execution rather than a structural growth re-rating: reimbursement pressure, wage and cost inflation, and delays in cost initiatives would reduce EBITDA and subsequently weaken cash conversion. Reimbursement pressure, shaped by PBM bargaining power, creates an adverse floor for profitability, which can translate into delays in cost initiatives, wage and operating inflation (Mercadante et al. 2020; Getachew et al. 2020). Financing risk relates to credit conditions and refinancing capacity when coverage ratios are at their lowest point; wider spreads, tighter terms, or adverse liquidity shocks would constrain debt service and diminish financial flexibility precisely when it matters most. . This risk is consistent with rating-agency concerns around WBA’s refinancing capacity and obligation coverage in a stressed operating context (S&P Global 2024). Governance risk does not disappear but changes form after the take-private transaction: while private ownership can reduce public-market short-termism and decision friction, outcomes remain shaped by stakeholder dynamics, including the influence of a concentrated rollover shareholder, Stefano Pessina, on major strategic decisions, particularly in areas such as asset sales, capital allocation, and long-run positioning (Walgreens Boots Alliance, Inc. 2025).

As result, both the APV control value and sponsor returns should be interpreted as conditional on (i) timely operational delivery, (ii) a financing environment consistent with the assumed debt-servicing and refinancing path, and (iii) governance arrangements that enable decisive execution without material frictions.

5.3 Fairness Assessment of the \$11.45 Offer

Fairness for shareholders should be assessed against the stand-alone DCF range. On this basis, the \$11.45 fixed offer appears fair in risk-adjusted terms: it exceeds the Base Case intrinsic value (\$9.20) and provides strong protection versus the Downside (\$6.13), compensating shareholders for transferring execution, refinancing, and governance risks. The offer remains

conservative relative to the stand-alone Upside (\$13.83) and far below the APV control value (\$19.71), which is consistent with sponsor-led take-privates.

The DAP Right strengthens the fairness logic by partially sharing upside linked to a specific monetisation event that is separable from the core turnaround. If fully realised, total consideration (\$14.45) would exceed the stand-alone Upside valuation, reinforcing the fairness conclusion ex post. However, because this contingent component is narrow and event-linked, it does not materially alter the deal's overall value allocation: minority investors receive meaningful protection and partial upside participation, while the sponsor retains the broader control-driven upside from operating improvement and capital structure management.

In summary, the transaction price is best interpreted as a risk-transfer price: fair relative to conservative minority intrinsic value and downside risk, while leaving meaningful control-driven upside to the sponsor as compensation for leverage risk and turnaround execution.

6. Conclusions

This comprehensive analysis has examined Sycamore Partners' leveraged buyout of Walgreens Boots. The central research question was whether the \$11.45 offer price placed on March 6th 2025 by Sycamore Partners was fair relative to WBA's intrinsic stand-alone value and to the value potentially generated through an LBO structure. Integrating the strategic assessment, valuation work, and financial modelling, several overarching conclusions emerge.

First, we find that Walgreens Boots Alliance appeared undervalued by public markets prior to the transaction. Our stand-alone valuation (DCF and trading comparables) indicates an equity value significantly above the current stock price, which indicated to us that investors were not fully appreciating WBA's asset base and normalized cash-flow potential with optionality around a turnaround. However, shareholders had to contend with a protracted period of operational decline and increased uncertainty that had depressed market price. In this context, Sycamore's cash consideration, while below our estimate of full intrinsic value, offered a

material premium to the unaffected trading level and delivered immediate liquidity that mitigated exposure to continued execution risk.

Second, from the sponsor's perspective the deal offers substantial upside, but with relevant execution risk. Our APV-based LBO model together with the precedent transaction analysis indicates that value added is largely and directly linked to operational delivery with cost-cutting, portfolio simplification, and tighter managerial focus, while in part also supported by the financial mechanics of leverage and the interest tax shield. The leverage sustainability and exit analysis scenarios highlights a convex return profile: moderate turnaround success can translate into strong IRRs and MoM outcomes, while underperformance can rapidly impair equity value given the fixed debt burden.

Third, both fairness and feasibility hang in a delicate balance. On one hand, for selling shareholders, fairness is primarily anchored in certainty: the cash consideration delivers a premium to recent trading and provides a floor in the face of a challenging operating and refinancing environment. On the other hand, for the sponsor, fairness requires an entry price that can still clear return hurdles while taking into consideration both leverage risk and turnaround execution risk – effectively a margin of safety. On feasibility, the deal is not structurally flawed: committed financing, governance alignment locked in with major stakeholders present, and the asset base offers levers for stabilisation. However, the margin for error is thin: because of the high initial leverage, outcomes are very sensitive to cash-flow shortfalls and delays in implementation.

Finally, the case carries broader implications for the role of private equity in mature, pressured sectors. The WBA take-private highlights the potential benefits of concentrated ownership and medium-longer horizons to facilitate restructuring actions that might be crowded out by public-market pressures, as well as opens questions about value-allocation when latent upside has been transferred from dispersed public shareholders to private owners. The result will serve as a

crucial reference point for whether a privately owned enterprise can pull off a large-scale retail and health-related turnaround.

Overall, our evaluation suggests that Sycamore's bid is considered as fair, since it is opportunistic relative to intrinsic value, but reasonable in context. Shareholders favour certainty and reduced exposure to risk through value crystallization up front, whereas the sponsor accepts execution and financial risk in pursuit of unlocking longer-term value.

6.1 Limitations of the Case Study

Readers are asked to take into account that despite the analysis provides a detailed, structured evaluation of the Sycamore-Walgreens Boots Alliance transaction, these findings are by definition limited due to several constraints implicit within an ex-ante model-based case study. First, the valuation framework and operating forecasts rely on assumptions and modelling simplifications that, while grounded in publicly-available research, disclosed information, and market practices, cannot fully capture incorporate all the intricacies of a multi-year turnaround plan. In particular, our projections here depend on a rather orderly pace of improvement over the five-year horizon. Operational recoveries are often non-linear: cost programs may deliver benefits with delays, competitive pressures can re-emerge and one-off shocks create temporary resets stabilisation. Similarly, the modelling approach treats key financing conditions as broadly stable (e.g., reference rates, spreads, refinancing access). In practice, the interest-rate and credit environment can change significantly over the holding period, which could impact cost of debt, covenant headroom and refinancing or repricing feasibility, in turn affecting value and equity return.

Second, the analysis prioritises financially quantifiable dimensions, such as enterprise value, equity value, leverage trajectories, and return metrics, at the expense of qualitative factors. Factors such as corporate culture, workforce usability, implementation capabilities and

stakeholder support may significantly impact the success of a take-private and the sustainability of any performance uplift. But those are hard to quantify consistently

Thirdly, precedent transactions offer only a limited reasonableness check. The transaction's exceptional scale and distressed turnaround setting render multiples difficult to interpret and reduce the availability of genuinely comparable deals.

Lastly, the study is purely ex ante since it relies on data accessible up to and including an announcement/ closing period. It does not consider any evidence in hindsight of the post-transaction period, realised operating performance, actual sales proceeds upon divestiture, any shifts in strategy or changes to financing terms, that might become available as the sponsor executes its plan. Hence, the conclusions can only be considered conditional with respect to the assumptions put forward and the information set available at analysis time and might need updating as soon as realized outcomes are observable.

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Appendix - Group Part – A

Figure A1: WBA's Historical Stock Performance (2019-2025); Source: Orbis

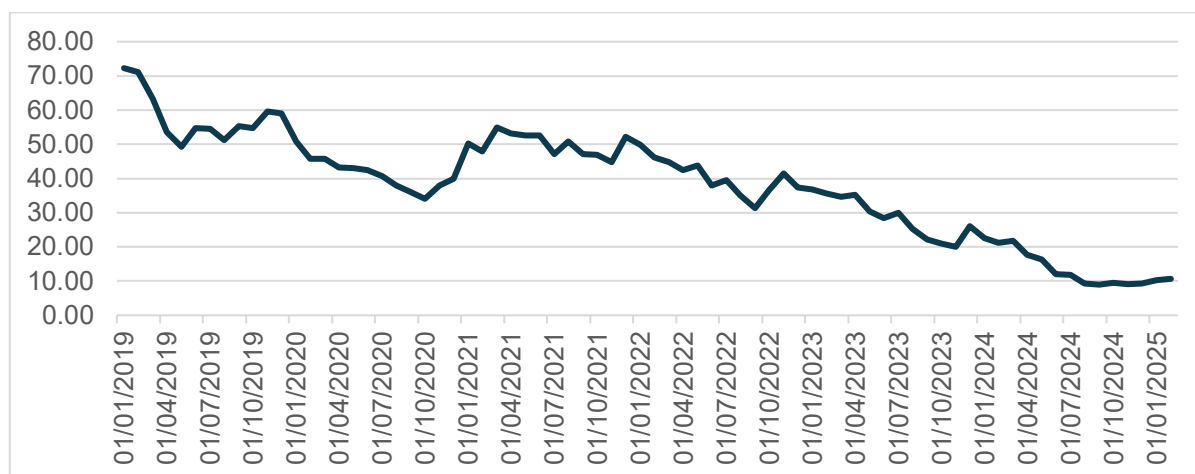


Figure A2. Financing Commitment Letter summary (Walgreens Boots Alliance, March 2025).

Facility	Size (USD mm)	Type	Maturity	Ratings (Moody's / S&P)	Fitch Rating
USR ABL Facility (Senior Secured Asset-Based Revolving Credit Facility)	5,000.00	Debt	5 yrs	Ba3 / BB-	BB
USR FILO Facility (First-In-Last-Out Term Loan Facility)	2,500.00	Debt	5 yrs	Ba3 / BB-	BB
USR Factoring Facility (Receivables Purchase Facility)	1,000.00	Debt	Terminable (90+30 days)	N/A	N/A
International Term Loan Facility (Multicurrency Senior Secured Term Loan B)	2,250.00	Debt	7 yrs	B1 / B+	BB
International ABL Facility (International Asset-Based Revolving Credit Facility)	850.00	Debt	5 yrs	Ba3 / BB-	BB
Secured Bridge Facility / Notes (International Commitment Letter)	2,000.00	Debt	1 yr (or 7 yr notes)	Ba3 / BB-	BB
Shields Term Loan (Senior Secured Term Loan Facility)	2,500.00	Debt	5 yrs	Ba3 / BB-	BB
Shields Revolving Facility (Cash-Flow Revolver)	100.00	Debt	5 yrs	Ba3 / BB-	BB
Shields Bridge Facility (Subordinated Bridge Financing)	2,000.00	Debt	180 days	Ba3 / BB-	BB
Real Estate Financing Commitment (Propco Loan)	577.00	Debt	364 days	N/A	N/A
Preferred Equity (GoldenTree Preferred Equity Commitment Letter)	1,250.00	Equity	Perpetual	N/A (treated as debt by S&P)	BB (treated as debt)
Common Equity (Sycamore)	2,500.00	Equity	Perpetual		
TOTAL	22,527.00				

Figure A3. Financing Commitments Structure Composition (debt vs. equity).

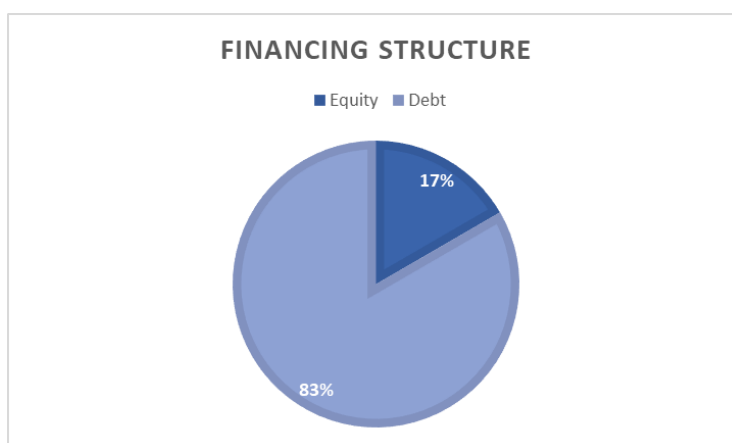


Figure A4. Clean LBO Debt Assumed in the Model

Facility	Size (USD mm)	Scaled-down
USR FILO Facility (First-In-Last-Out Term Loan Facility)	2,500.00	1,500.00
International Term Loan Facility (Multicurrency Senior Secured Term Loan B)	2,250.00	1,250.00
Shields Term Loan (Senior Secured Term Loan Facility)	2,500.00	1,500.00
LBO DEBT	7,250.00	4,250.00

Figure A5: Assumed Sources and Uses

Sources of Funds			Uses of Funds		
	Amount	% of Total Sources		Amount	% of Total Uses
USR FILO Facility (First-In-Last-Out Term Loan Facility)	1,500	3.80%	Purchase price of equity	9,901	25.1%
International Term Loan Facility (Multicurrency Senior Secured Term Loan B)	1,250	3.16%	Assumed Debt	29,106	73.7%
Shields Term Loan (Senior Secured Term Loan Facility)	1,500	3.80%	Financing Fees	297	0.8%
Assumed Debt	29,106	73.68%	Transaction Fees	198	0.5%
Total Debt	33,356	84%			
Ordinary Equity	6,146				
Institutional Investor	5,224	13.23%			
Sweet Equity (Stefano Pessina)	922	2.33%			
Total Equity	6,146	16%			
Total Sources of Funds	39,502	100%	Total Uses	39,502	100%

Figure A6. Cost of Debt Assumptions and Credit Ratings

Rating	Credit Spread (%) *	Debt Beta **	Implied Exp. Crd. Loss (%)	Expected Bond Return
AAA	0.40	0.02	0.313	4.42%
AA+	0.46	0.04	0.303	4.48%
AA	0.51	0.05	0.294	4.55%
AA-	0.59	0.07	0.298	4.62%
A+	0.66	0.08	0.303	4.69%
A	0.74	0.10	0.307	4.76%
A-	0.86	0.13	0.279	4.91%
BBB+	0.97	0.17	0.252	5.05%
BBB	1.09	0.20	0.224	5.20%
BBB-	1.36	0.25	0.274	5.41%
BB+	1.62	0.30	0.324	5.63%
BB	1.89	0.35	0.375	5.85%
BB-	2.26	0.42	0.456	6.13%
B+	2.63	0.48	0.537	6.42%
B	3.00	0.55	0.619	6.71%
B-	5.98	0.63	3.241	7.07%
CCC+	8.97	0.72	5.864	7.43%
CCC	11.95	0.80	8.486	7.79%
CCC-	14.93	0.88	11.109	8.15%

*As of 06.03.2025 ICE BofA US Corporate Index Option-Adjusted Spread <https://fred.stlouisfed.org/>

**Debt Betas are assumed

Figure A7: Operating Model (PE) 2017-2024 - Revenues segmentation

in m USD	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
U.S. Retail Pharmacy	87,302	98,392	104,532	107,701	112,005	109,078	110,314	115,778
International	11,813	12,281	15,542	14,281	20,505	21,829	22,198	23,552
U.S. Healthcare	-	-	-	-	-	1,796	6,570	8,345
Corporate & Other	-	-	-	-	(1)	-	-	(16)
Inactive Segments								
Eliminations	-	(2,142)	-	-	-	-	-	-
Pharmaceutical Wholesale	19,099	23,006	-	-	-	-	-	-
Revenue	118,214	131,537	120,074	121,982	132,509	132,703	139,081	147,658

Operating Model (PE) 2025-2030

in m USD	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
U.S. Retail Pharmacy	120,563	125,486	130,547	135,747	141,086	146,565
International	23,551	23,539	23,515	23,479	23,432	23,373
U.S. Healthcare	8,568	8,793	9,016	9,234	9,449	9,660
Corporate & Other	(16)	-	-	-	-	-
Inactive Segments						
Eliminations						
Pharmaceutical Wholesale						
Revenue	152,667	157,819	163,078	168,461	173,967	179,597

Figure A8: Operating Model (Private Equity) 2025-2030 – Income Statement

in m USD	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue	152,667	157,819	163,078	168,461	173,967	179,597
COGS	130,382	132,415	134,381	136,290	138,135	139,912
Gross Profit	22,285	25,404	28,697	32,171	35,832	39,685
Selling, General & Administrative	30,287	30,519	30,721	30,893	31,033	31,139
Impairment/Reversal under IFRS 9	3,652	-	-	-	-	-
Operating Profit	(11,654)	(5,115)	(2,024)	1,278	4,799	8,546
Equity In Earnings of Affiliate/Joint Ventures	(126)	(130)	(135)	(139)	(144)	(148)
Other net Income	-	363	376	388	401	414
EBIT GAAP	(11,780)	(4,882)	(1,783)	1,527	5,056	8,812
Adjusted EBIT	2,925	3,181	3,451	3,605	3,827	3,951
Interest Expense	543	487	503	519	536	554
EBT	(12,322)	(5,369)	(2,286)	1,007	4,520	8,258
Taxes	(2,767)	(1,206)	(513)	226	1,015	1,854
Net Income	(9,555)	(4,163)	(1,773)	781	3,505	6,404

Figure A9: Operating Model 2017-2030 NWC – Balance Sheet (PE)

in m USD	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
Accounts Receivable	6,528	6,573	7,226	4,110	5,663	5,017	5,381	5,851	5,592	6,053	6,478	6,923	7,149	7,381
<i>D/SO</i>	20	18	22	12	16	14	14	14	13	14	15	15	15	15
Inventory	8,899	9,565	9,333	7,917	8,159	8,354	8,257	8,320	7,450	7,929	8,468	8,588	8,704	8,816
<i>D/O</i>	36	35	37	30	29	29	27	25	21	22	23	23	23	23
Accounts Payable	(12,494)	(13,566)	(14,341)	(10,145)	(11,136)	(11,255)	(12,635)	(14,082)	(13,810)	(14,026)	(14,234)	(14,436)	(14,632)	(14,820)
<i>D/P/O</i>	51	49	57	39	39	39	41	42	39	39	39	39	39	39
Trade Working Capital	2,933	2,572	2,218	1,882	2,686	2,116	1,003	89	(768)	(43)	712	1,075	1,222	1,377
Other Current Assets	1,025	923	1,118	598	799	1,059	1,126	1,055	1,476	1,526	1,577	1,629	1,682	1,737
Accrued Expenses	(5,473)	(5,862)	(5,474)	(5,861)	(7,260)	(7,899)	(8,426)	(8,673)	(9,972)	(10,308)	(10,652)	(11,003)	(11,363)	(11,731)
Current Income Taxes Payable	-329	-273	-216	-95	-94	-84	-210	-311	(200)	(206)	(213)	(202)	(228)	(235)
Other Working Capital	(4,777)	(5,212)	(4,572)	(5,358)	(6,555)	(6,924)	(7,510)	(7,929)	(8,695)	(8,989)	(9,288)	(9,595)	(9,908)	(10,229)
Total Net Working Capital	(1,844)	(2,640)	(2,354)	(3,476)	(3,869)	(4,808)	(6,507)	(7,840)	(9,463)	(9,032)	(8,576)	(8,520)	(8,686)	(8,852)
Change in Net Working Capital		(796)	286	(1,122)	(393)	(939)	(1,699)	(1,333)	(1,623)	431	456	56	(167)	(166)

Figure A10: Capex and D&A Schedule

Property Plant and Equipment (\$ in 000')	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Capex	1,351	1,367	1,702	1,374	1,379	1,734	2,117	1,381	2,433	1,951	2,016	2,082	2,150	2,220
Capex for PPE as % of Sales	1.1%	1.0%	1.4%	1.1%	1.0%	1.3%	1.5%	0.9%	1.6%	1.2%	1.2%	1.2%	1.2%	1.2%
PP&E Opening									9,772	13,222	16,352	19,716	23,319	27,170
Capex									2,433	1,951	2,016	2,082	2,150	2,220
Depreciation									1,017	1,180	1,348	1,521	1,700	1,885
PP&E Ending									9,772	13,222	16,352	19,716	23,319	27,170

Depreciation&Amortization schedule	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Historical PP&E Depreciation	814.33	814.33	814.33	814.33	814.33	814.33
Capex Depreciation year 1	202.75	202.75	202.75	202.75	202.75	202.75
Capex Depreciation year 2		162.56	162.56	162.56	162.56	162.56
Capex Depreciation year 3			167.98	167.98	167.98	167.98
Capex Depreciation year 4				173.52	173.52	173.52
Capex Depreciation year 5					179.19	179.19
Capex Depreciation year 6						184.99
Capex Depreciation year 7						
Capex Depreciation year 8						
Capex Depreciation year 9						
Capex Depreciation year 10						
Capex Depreciation year 11						
Capex Depreciation year 12						
Total D&A related to PPE	1,269	1,277	1,565	1,543	1,450	1,351
k_Maintenance	1.06	1.07	1.09	0.89	0.95	1.28
						1.47
						0.92

Assumption:		
Capex depreciation	12	years
Historical PP&E	12	years
k_Maintenance	1.00	

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Maintenance Capex	1,017	1,180	1,348	1,521	1,700	1,885
Expansion Capex	1,416	771	668	561	450	335
Net Capex	2,433	1,951	2,016	2,082	2,150	2,220

Figure A11: Revolver Paydown Schedule

Revolver	2026	2027	2028	2029	2030
Beginning Revolver Balance	0.00	345.03	403.53	0.00	0.00
Revolver Draw (+)	\$345.03	\$58.51	\$0.00	\$0.00	\$0.00
Revolver Repayment (-)	\$0.00	\$0.00	\$403.53	\$0.00	\$0.00
Ending Revolver Balance	345.03	403.53	0.00	0.00	0.00

Figure A12: Tax Shield and Debt Schedule

Present Value of Interest Tax Shields						
	m-25	2026	2027	2028	2029	2030
Existing Debt ²						
Expected cost of debt, R_D	5.81%					
Discount rate for ITS	8.62%					
Expected interest expense, $R_D D$		\$1,689.75	\$1,689.75	\$1,689.75	\$1,689.75	\$1,689.75
Interest Tax Shield, $\tau R_D D$		\$380.19	\$380.19	\$380.19	\$380.19	\$380.19
PV ITS		\$335.85	\$309.19	\$284.66	\$262.07	\$241.27
Total PV	\$1,433.03					
Beginning Debt		\$29,106.00	\$29,106.00	\$29,106.00	\$29,106.00	\$29,106.00
Principal Repayment***		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ending Debt	\$29,106.00	\$29,106.00	\$29,106.00	\$29,106.00	\$29,106.00	\$29,106.00
LBO Debt						
Expected cost of debt, R_D	6.09%					
Discount rate for ITS	8.62%					
Expected interest expense, $R_D D$		\$259.00	\$259.00	\$259.00	\$248.95	\$182.95
Interest Tax Shield, $\tau R_D D$		\$58.28	\$58.28	\$58.28	\$56.01	\$41.16
PV ITS		\$51.48	\$47.39	\$43.63	\$38.61	\$26.12
Total PV	\$207.23					
Beginning LBO Debt		\$4,250.00	\$4,250.00	\$4,250.00	\$4,085.04	\$3,002.09
Principal repayment on LBO debt		\$0.00	\$0.00	\$164.96	\$1,082.95	\$1,348.36
Ending LBO Debt	\$4,250.00	\$4,250.00	\$4,250.00	\$4,085.04	\$3,002.09	\$1,653.73
Calculation of Principal Payments on LBO Debt:						
Free Cash Flow		\$1,264.75	\$1,551.26	\$2,178.26	\$2,684.35	\$2,894.79
- Promised After-Tax Interest Payments		(\$1,609.77)	(\$1,609.77)	(\$1,609.77)	(\$1,601.40)	(\$1,546.43)
- Required repayments on existing debt		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cash Flow Surplus (Shortage)		(\$345.03)	(\$58.51)	\$568.49	\$1,082.95	\$1,348.36
Revolver Draw (+)		\$345.03	\$58.51	\$0.00	\$0.00	\$0.00
Revolver Repayment (-)		\$0.00	\$0.00	\$403.53	\$0.00	\$0.00
Principal payments on LBO debt		\$0.00	\$0.00	\$164.96	\$1,082.95	\$1,348.36
Total debt						
Total debt (end-of-year)		\$33,701.03	\$33,759.53	\$33,191.04	\$32,108.09	\$30,759.73

Figure A13: Adjusted Present Value DCF

APV Model						
Discount	0.50	1.50	2.50	3.50	4.50	5.50
Year	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
<i>in mUSD</i>						
Adjusted EBIT	2,925	3,181	3,451	3,605	3,827	3,951
Taxes	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
EBIAT	2,268	2,467	2,676	2,795	2,968	3,064
Depreciation	1,366	1,180	1,348	1,521	1,700	1,885
Gross Cash Flow	3,634	3,647	4,023	4,317	4,668	4,949
Change in NWC	(1,623)	431	456	56	(167)	(166)
Maintenance CapEx	1,017	1,180	1,348	1,521	1,700	1,885
Growth CapEx	1,416	771	668	561	450	335
Unlevered FCF	2,825	1,265	1,551	2,178	2,684	2,895
Terminal Value						44,602
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Present Value (unlevered COC)	2,710	1,117	1,262	1,631	1,850	1,837
Present Value of Terminal Value						28,304
Present Value (unlevered COC)						219
TV Tax shield						6,052
Present Value of Company (as of 31/12/2025)	46,152					
Net Debt	(29,106)					
Equity Value	17,046					
Shares outstanding (in million)	864.74					
Price per share	19.71					
APV EV / EBITDA Multiple	10.57x					

Figure A14: PE Case: Valuation Ranges

Method	Multiple	Downside	Upside	Average / Base	Downside	Upside	Average / Base
APV	EV/EBITDA	9.5x	12.3x	10.6x	41,614	53,796	46,152
CTA	EV/EBITDA	7.8x	10.5x	10.1x	33,927	45,898	44,294
Median		45,096	10.33x				
EBITDA 2025		4,365					
Net Debt		(29,106)					
Equity Value		15,990					
Outstanding Shares		865					
Price per share		\$ 18.49					

Figure A15: Football Field PE

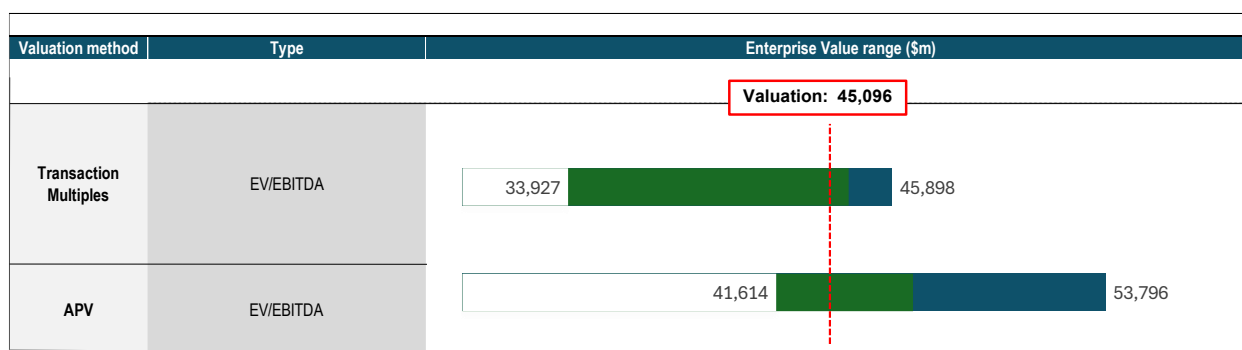
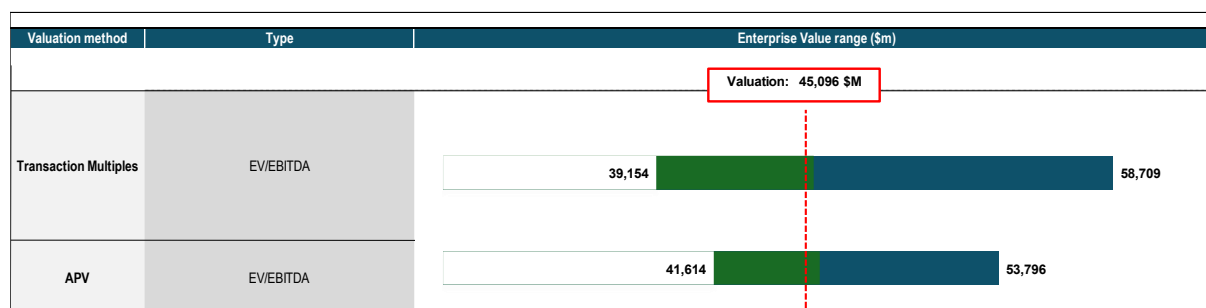


Figure A16: Football Field DCF



Appendix - Single Part – D – Filip Stojanov

Figure D1: Revenues Segmentation 2017 - 2024

In m USD	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
U.S. Retail Pharmacy	87,302	98,392	104,532	107,701	112,005	109,078	110,314	115,778
International	11,813	12,281	15,542	14,281	20,505	21,829	22,198	23,552
U.S. Healthcare	-	-	-	-	-	1,796	6,570	8,345
Corporate & Other	-	-	-	-	(1)	-	-	(16)
Inactive Segments								
Eliminations	-	(2,142)	-	-	-	-	-	-
Pharmaceutical Wholesak	19,099	23,006	-	-	-	-	-	-
Revenue	118,214	131,537	120,074	121,982	132,509	132,703	139,081	147,658

Figure D2: Operating Model 2017-2024

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Revenue	118,214	131,537	120,074	121,982	132,509	132,703	139,081	147,658
COGS	89,052	100,745	91,915	95,904	104,442	104,438	112,009	121,134
Gross Profit	29,162	30,792	28,159	26,078	28,067	28,265	27,072	26,524
Selling, General & Administrative	23,740	24,694	23,557	25,436	24,586	27,295	34,205	28,113
Impairment/Reversal under IFRS 9	-	-	-	-	-	-	-	12,701
Operating Profit	5,422	6,098	4,602	642	3,481	970	(7,133)	(14,290)
Equity In Earnings of Affiliate/Joint Ventures	135	191	164	341	(1,139)	418	252	213
Other net Income	(11)	302	243	77	558	2,998	2,043	340
EBIT GAAP	5,546	6,591	5,009	1,060	2,900	4,386	(4,838)	(13,737)
Adjusted EBIT	7,188	7,167	6,013	3,864	4,833	3,531	2,836	1,831
Interest Expense	693	616	650	613	905	400	580	482
EBT	4,853	5,975	4,359	447	1,995	3,986	(5,418)	(14,219)
Taxes	760	998	577	339	667	(30)	(1,858)	1,246
Net Income	4,078	5,024	3,982	457	2,542	4,338	(3,079)	(8,636)

Figure D3: Adjustments Income Statement - EBITDA

ADJUSTMENTS	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 LTM (28/02/25)
EBIT (as reported)	5,546	6,591	5,009	1,060	2,900	4,386	(4,838)	(13,737)	(7,305)
Adjustments:									
Equity In Earnings of Affiliate/Joint Ventures	135	191	164	341	(1,139)	418	252	213	(135)
Impairment of goodwill	-	-	-	1,700	-	-	-	12,701	3,985
Write-Down/Impairment of Assets	(11)	(15)	-	68	-	-	-	721	1,845
Restructuring Charges (Transformational cost manager)	835	100	673	772	417	763	1,181	891	1,239
Litigation Expense	-	-	-	-	75	768	7,466	561	844
Merger/Acquisition Expense	466	361	146	161	182	-	122	113	328
Other Income/(Expense), Non-Operating	(11)	302	243	77	558	2,998	2,043	340	(365)
Amortization***	385	493	473	384	523	639	815	952	1,043
Stock Based Compensation	91	130	119	137	155	391	385	182	422
Adjusted EBIT	7,188	7,167	6,013	3,864	4,833	3,531	2,836	1,831	2,901
YoY (%)	n.a.	-0.29%	-16.10%	-35.74%	25.08%	-26.94%	-19.68%	-35.44%	58.44%
EBIT Margin in %	6.08%	5.45%	5.01%	3.17%	3.65%	2.66%	2.04%	1.24%	7.98%
Depreciation	1,269	1,277	1,565	1,543	1,450	1,351	1,442	1,507	1,464
Adjusted EBITDA	8,457	8,444	7,578	5,407	6,283	4,882	4,278	3,338	4,365
YoY (%)	n.a.	-0.15%	-10.26%	-28.65%	16.20%	-22.30%	-12.37%	-21.97%	30.77%
EBITDA Margin in %	7.15%	6.42%	6.31%	4.43%	4.74%	3.68%	3.08%	2.26%	2.87%

***Note: For WBA, "amortization" relates almost entirely to acquired intangible assets recognized via PPA (customer relationships, provider networks, trademarks, technology) and not to recurring CapEx: in the model, CapEx covers PP&E only, while intangible amortization is a non-cash accounting charge tied to past M&A.

Figure D4: Capital Structure Analysis FY2020-FY2024

CAPITAL STRUCTURE ANALYSIS	FY2020	FY2021	FY2022	FY2023	FY2024
Net Debt	(39,122)	(32,518)	(34,047)	(32,961)	(29,915)
Equity	21,136	23,821	29,365	28,323	12,007
Debt-to-Equity Ratio	-185.10%	-136.51%	-115.94%	-116.38%	-249.15%
Net Debt	(39,122)	(32,518)	(34,047)	(32,961)	(29,915)
Adjusted EBITDA	5,407	6,283	4,882	4,278	3,338
Debt-to-EBITDA Ratio	-723.54%	-517.56%	-697.40%	-770.48%	-896.20%
Equity	21,136	23,821	29,365	28,323	12,007
Liabilities	66,038	57,145	59,717	68,140	68,858
Solvency Ratio	32.01%	41.69%	49.17%	41.57%	17.44%
Equity	21,136	23,821	29,365	28,323	12,007
Assets	87,174	81,285	90,124	96,630	81,037
Financial Autonomy Ratio	24.25%	29.31%	32.58%	29.31%	14.82%

Figure D5: Net Debt Calculation

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	H1 FY2025	FY2025	
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Estimated</i>	
Current Portion of Long-Term Debt	(323)	(251)	(1,966)	(5,738)	(3,265)	(1,305)	(1,059)	(917)	(1,505)	(1,406)	(702)
Long-Term Debt	(18,705)	(12,684)	(12,431)	(11,098)	(12,203)	(7,675)	(10,615)	(8,145)	(8,044)	(6,609)	(6,474)
Total Debt Items	(19,028)	(12,935)	(14,397)	(16,836)	(15,468)	(8,980)	(11,674)	(9,062)	(9,549)	(8,015)	(7,175)
Current Portion of Leases	-	-	-	-	(2,358)	(2,259)	(2,286)	(2,347)	(2,382)	(2,394)	(2,414)
Long-Term Leases	-	-	-	-	(21,765)	(22,153)	(21,517)	(22,124)	(20,921)	(19,725)	(19,305)
Redeemable non-controlling Interests	-	-	-	-	(319)	(1,042)	(167)	(172)	(172)	(104)	(105)
Total Debt Like Items	-	-	-	-	(24,123)	(24,731)	(24,845)	(24,638)	(23,475)	(22,223)	(21,825)
Cash & Equivalents	9,807	3,301	785	1,023	469	559	1,358	728	1,319	702	787
Total Cash Items	9,807	3,301	785	1,023	469	559	1,358	728	1,319	702	787
Short Term Investments	-	-	-	-	-	634	1,114	11	1,790	430	972
Total Cash Like Items	-	-	-	-	-	634	1,114	11	1,790	430	972
Net Debt	(9,221)	(9,634)	(13,612)	(15,813)	(39,122)	(32,518)	(34,047)	(32,961)	(29,915)	(29,106)	(27,241)

Figure D6: Cash Conversion Cycle (table + figure)

CASH CONVERSION CYCLE	FY2020	FY2021	FY2022	FY2023	FY2024
Inventories	7,917	8,159	8,354	8,257	8,320
Cost of Sales	95,904	104,442	104,438	112,009	121,134
Average Holding Period	30	29	29	27	25
Receivables	4,110	5,663	5,017	5,381	5,851
Revenues	121,982	132,509	132,703	139,081	147,658
Average Collection Period	12	16	14	14	14
Payables	10,145	11,136	11,255	12,635	14,082
Cost of Sales	95,904	104,442	104,438	112,009	121,134
Average Payable Period	39	39	39	41	42
Cash Conversion Cycle	3.82	5.19	3.66	-0.14	-2.90
Operating NWC	1,882	2,686	2,116	1,003	89

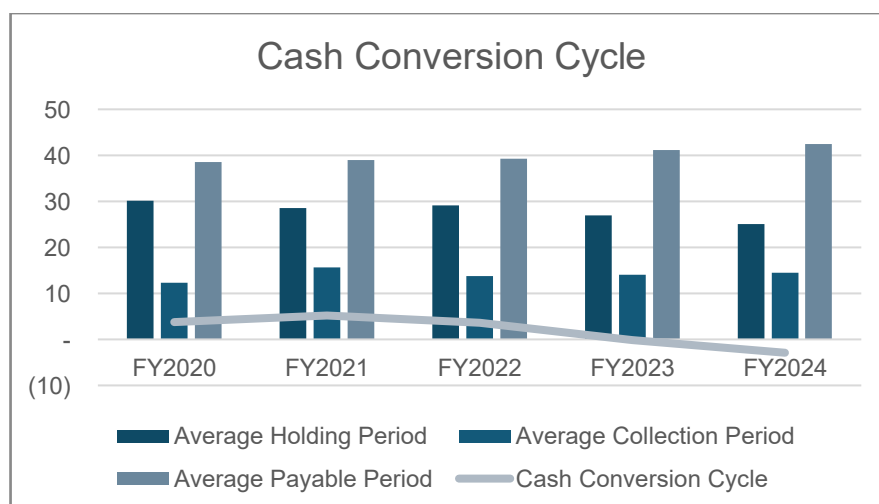


Figure D9: Operating Model 2025-2030 (Base)

Base						
in m USD	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue	152,667	157,590	162,373	167,011	171,482	175,764
COGS	130,382	133,798	137,048	140,127	143,021	145,714
Gross Profit	22,285	23,791	25,325	26,884	28,461	30,050
Selling, General & Administrative	30,287	31,263	32,212	33,132	34,019	34,869
Impairment/Reversal under IFRS 9	3,652	-	-	-	-	-
Operating Profit	(11,654)	(7,472)	(6,887)		(5,558)	(4,818)
Equity In Earnings of Affiliate/Joint Ventures	(126)	(130)	(134)	(138)	(142)	(145)
Other net Income	-	363	374	385	395	405
Adjusted EBIT	2,925	3,177	3,273	3,367	3,457	3,543
Interest Expense	543	560	577	594	610	625
EBT	(12,322)	(7,799)	(7,224)	(6,595)	(5,914)	(5,183)
Taxes	(2,767)	(1,751)	(1,622)	(1,481)	(1,328)	(1,164)
Net Income	(9,555)	(6,048)	(5,602)	(5,114)	(4,586)	(4,019)

Figure D10: Revenues Segmentation 2025-2030 (Upside)

in m USD	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
U.S. Retail Pharmacy	120,563	125,426	130,359	135,356	140,409	145,510
International	23,551	23,527	23,480	23,409	23,315	23,198
U.S. Healthcare	8,568	8,789	9,007	9,221	9,431	9,636
Corporate & Other	(16)	-	-	-	-	-
Inactive Segments						
Eliminations						
Pharmaceutical Wholesale						
Revenue	152,667	157,742	162,846	167,986	173,154	178,344

Figure D11: Operating Model 2025-2030 (Upside)

Upside							
in m USD	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Revenue	147,658	152,667	157,742	162,846	167,986	173,154	178,344
COGS	121,134	130,382	133,139	135,818	138,425	140,953	143,394
Gross Profit	26,524	22,285	24,603	27,027	29,560	32,201	34,950
Selling, General & Administrative	28,113	30,287	31,293	32,306	33,325	34,351	35,380
Impairment/Reversal under IFRS 9	12,701	3,652	-	-	-	-	-
Operating Profit	(14,290)	(11,654)	(6,690)	(5,278)		(2,149)	(430)
Equity In Earnings of Affiliate/Joint Ventures	213	(126)	(130)	(134)	(139)	(143)	(147)
Other net Income	340	-	363	375	387	399	411
EBIT	(13,737)	(11,780)	(6,457)	(5,038)	(3,517)	(1,894)	(167)
Interest Expense	482	543	561	579	597	615	634
EBT	(14,219)	(12,322)	(7,018)	(5,617)	(4,114)	(2,509)	(801)
Taxes	1,246	(2,767)	(1,576)	(1,261)	(924)	(563)	(180)
Net Income	(8,636)	(9,555)	(5,442)	(4,355)	(3,190)	(1,946)	(621)

Figure D12: Revenues Segmentation 2025-2030 (Downside)

in m USD	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
U.S. Retail Pharmacy	120,563	124,944	128,858	132,251	135,072	137,278
International	23,551	23,433	23,198	22,850	22,392	21,832
U.S. Healthcare	8,568	8,755	8,902	9,006	9,067	9,083
Corporate & Other	(16)	-	-	-	-	-
Inactive Segments						
Eliminations						
Pharmaceutical Wholesale						
Revenue	152,667	157,132	160,958	164,108	166,532	168,194

Figure D13: Operating Model P&L 2025-2030 (Downside)

Downside						
in m USD	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue	152,667	157,132	160,958	164,108	166,532	168,194
COGS	130,382	134,038	137,141	139,661	141,557	142,802
Gross Profit	22,285	23,094	23,817	24,447	24,975	25,392
Selling, General & Administrative	30,287	31,172	31,931	32,556	33,037	33,367
Impairment/Reversal under IFRS 9	3,652	-	-	-	-	-
Operating Profit	(11,654)	(8,079)	(8,114)		(8,062)	(7,975)
Equity In Earnings of Affiliate/Joint Ventures	(126)	(130)	(133)	(135)	(137)	(139)
Other net Income	-	362	371	378	383	387
EBIT	(11,780)	(7,847)	(7,877)	(7,867)	(7,816)	(7,726)
Interest Expense	543	559	572	583	592	598
EBT	(12,322)	(8,405)	(8,449)	(8,450)	(8,408)	(8,324)
Taxes	(2,767)	(1,887)	(1,897)	(1,898)	(1,888)	(1,869)
Net Income	(9,555)	(6,518)	(6,551)	(6,552)	(6,520)	(6,455)

Figure D14: Operating Model BS 2025-2030 (Downside)

in m USD	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
Accounts Receivable	6,528	6,573	7,226	4,110	5,663	5,017	5,381	5,851	5,592	6,186	6,778	6,911	7,013	7,083
<i>D/SO</i>	20	18	22	12	16	14	14	14	13	14	15	15	15	15
Inventory	8,899	9,565	9,333	7,917	8,159	8,354	8,257	8,320	7,450	8,026	8,588	9,128	9,696	9,781
<i>D/O</i>	36	35	37	30	29	29	27	25	21	22	23	24	25	25
Accounts Payable	(12,494)	(13,566)	(14,341)	(10,145)	(11,136)	(11,255)	(12,635)	(14,082)	(13,810)	(13,955)	(13,902)	(14,157)	(14,350)	(14,476)
<i>D/P/O</i>	51	49	57	39	39	39	41	42	39	38	37	37	37	37
Trade Working Capital	2,933	2,572	2,218	1,882	2,686	2,116	1,003	89	(768)	258	1,464	1,881	2,359	2,388
Other Current Assets	1,025	923	1,118	598	799	1,059	1,126	1,055	1,476	1,519	1,556	1,587	1,610	1,626
Accrued Expenses	(5,473)	(5,862)	(5,474)	(5,861)	(7,260)	(7,899)	(8,426)	(8,673)	(9,972)	(10,263)	(10,513)	(10,719)	(10,877)	(10,986)
Current Income Taxes P	-329	-273	-216	-95	-94	-84	-210	-311	(200)	(206)	(211)	(215)	(218)	(220)
Other Working Capital	(4,777)	(5,212)	(4,572)	(5,358)	(6,555)	(6,924)	(7,510)	(7,929)	(8,695)	(8,949)	(9,167)	(9,347)	(9,485)	(9,579)
Total Net Working Cap	(1,844)	(2,640)	(2,354)	(3,476)	(3,869)	(4,808)	(6,507)	(7,840)	(9,463)	(8,692)	(7,704)	(7,465)	(7,126)	(7,192)
Change in Net Working Capital		(796)	286	(1,122)	(393)	(939)	(1,699)	(1,333)	(1,623)	772	988	238	339	(66)

Figure D15: Weighted Average Capital (WACC)

Risk-free Rate (10Y Treasury)	4.29%
Market/Equity Risk Premium	4.33%
Tax Rate	22.50%
Credit Rating	BB
Credit Spread	1.83%
Recovery Rate	40.00%
Loss Given Default (L)	60.00%
Beta Unlevered (Industry)	1.00
Debt Value	27,241
Market Equity Value	9,232
Enterprise Value	36,474
D/E Ratio	295.06%
D/V Ratio	74.69%
E/V Ratio	25.31%
Beta Levered	3.29
Cost of Equity (Ke)	18.52%
Yield (Rf + Spread)	6.12%
Cost of Debt (distress)	6.23%
WACC	8.30%

Figure D16: DCF (Base Case)

Discount	-4.50	-3.50	-2.50	-1.50	-0.5	0.50	1.50	2.50	3.50	4.50	5.50
Year	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
in m USD	Actual	Actual	Actual	Actual	Actual	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
Adjusted EBIT	3,864	4,833	3,531	2,836	1,831	2,925	3,177	3,273	3,367	3,457	3,543
Taxes	75.8%	33.4%	(0.8%)	34.3%	(8.8%)	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
NOPAT	934	3,217	3,558	1,863	1,991	2,268	2,463	2,538	2,611	2,681	2,748
Depreciation	1,543	1,450	1,351	1,442	1,507	1,366	1,179	1,347	1,519	1,695	1,876
Gross Cash Flow	2,477	4,667	4,909	3,305	3,498	3,634	3,643	3,885	4,129	4,376	4,624
Change in NWC						(1,623)	532	587	182	(184)	(173)
Maintenance CapEx						1,017	1,179	1,347	1,519	1,695	1,876
Growth CapEx						1,416	768	660	546	424	296
Unlevered FCF	2,477	4,667	4,909	3,305	3,498	2,825	1,163	1,291	1,883	2,440	2,624
Terminal Value											42,516
Present Value of Cash Flow						2,714	1,032	1,058	1,425	1,705	1,692.89
Present Value of Terminal Value											27,428
Present Value of Company (as of 06/03/2025)						37,055					
Net Debt						(29,106)					
Equity Value						7,949					
Shares outstanding (in million)						864	bloomberg				
Price per share						9.20					
Current Share Price (as of 06/03/2025)						10.68	bloomberg				
Applied Premium						(13.90%)					
DCF EV / EBITDA Multiple						8.49x					
Current EV / EBITDA Multiple						8.93x					
Applied Premium						(4.98%)					

Figure D17: DCF (Upside Case)

Discount	-4.50	-3.50	-2.50	-1.50	-0.5	0.50	1.50	2.50	3.50	4.50	5.50
Year	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
in m USD	Actual	Actual	Actual	Actual	Actual	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
Adjusted EBIT	3,864	4,833	3,531	2,836	1,831	2,925	3,180	3,446	3,722	3,837	3,952
Taxes	75.8%	33.4%	(0.8%)	34.3%	(8.8%)	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
NOPAT	934	3,217	3,558	1,863	1,991	2,268	2,466	2,672	2,886	2,975	3,064
Depreciation	1,543	1,450	1,351	1,442	1,507	1,366	1,180	1,347	1,520	1,699	1,882
Gross Cash Flow	2,477	4,667	4,909	3,305	3,498	3,634	3,645	4,019	4,407	4,674	4,947
Change in NWC						(1,623)	328	599	183	(186)	(183)
Maintenance CapEx						1,017	1,180	1,347	1,520	1,699	1,882
Growth CapEx						1,416	770	666	556	442	322
Unlevered FCF	2,477	4,667	4,909	3,305	3,498	2,825	1,367	1,408	2,147	2,720	2,925
Terminal Value											47,391
Present Value of Cash Flow						2,714	1,213	1,153	1,624	1,900	1,887.00
Present Value of Terminal Value											30,573
Present Value of Company (as of 06/03/2025)						41,065					
Net Debt						(29,106)					
Equity Value						11,959					
Shares outstanding (in million)						864	bloomberg				
Price per share						13.83					
Current Share Price (as of 06/03/2025)						10.68	bloomberg				
Applied Premium						29.54%					
DCF EV / EBITDA Multiple						9.41x					
Current EV / EBITDA Multiple						8.93x					
Applied Premium						5.30%					

Figure D18: DCF (Downside Case)

Discount	-4.50	-3.50	-2.50	-1.50	-0.5	0.50	1.50	2.50	3.50	4.50	5.50
Year	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
in m USD	Actual	Actual	Actual	Actual	Actual	Estimated	Forecast	Forecast	Forecast	Forecast	Forecast
Adjusted EBIT	3,864	4,833	3,531	2,836	1,831	2,925	3,168	3,245	3,308	3,357	3,391
Taxes	75.8%	33.4%	(0.8%)	34.3%	(8.8%)	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
NOPAT	934	3,217	3,558	1,863	1,991	2,268	2,456	2,516	2,565	2,603	2,629
Depreciation	1,543	1,450	1,351	1,442	1,507	1,366	1,179	1,345	1,514	1,685	1,859
Gross Cash Flow	2,477	4,667	4,909	3,305	3,498	3,634	3,635	3,861	4,079	4,288	4,488
Change in NWC						(1,623)	772	988	238	339	(66)
Maintenance CapEx						1,017	1,179	1,345	1,514	1,685	1,859
Growth CapEx						1,416	763	645	515	373	220
Unlevered FCF	2,477	4,667	4,909	3,305	3,498	2,825	921	883	1,812	1,891	2,474
Terminal Value											40,089
Present Value of Cash Flow						2,714	818	724	1,371	1,321	1,596.25
Present Value of Terminal Value											25,863
nt Value of Company (as of 06/03/2025)						34,406					
Net Debt						(29,106)					
Equity Value						5,300					
Shares outstanding (in million)						864	bloomberg				
Price per share						6.13					
Current Share Price (as of 06/03/2025)						10.68	bloomberg				
Applied Premium						(42.59%)					
DCF EV / EBITDA Multiple						7.88x					
Current EV / EBITDA Multiple						8.93x					

Figure D19: Football Field – Standalone

Method	Multiple	Average		Average / Base		Average / Base	
		Downside	Upside	Downside	Upside		
DCF	EV/EBITDA 2025	8.5x	9.4x	8.5x	36,429	40,371	36,429
CCA	EV/EBITDA 2024	8.2x	9.7x	9.5x	35,391	41,493	40,836
CCA	EV/TOTAL REVENUE:	0.5x	0.8x	0.5x	2,176	3,490	2,292
CCA	EV/EBIT	10.8x	15.8x	12.1x	46,416	67,815	51,996

Median	38,400	8.95x
EBITDA 2025	4,291	

