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Finance from the Nova School of Business and Economics.

**SYCAMORE – WALGREENS FIELD LAB:
ACQUISITION BACKGROUND, INDUSTRY OVERVIEW AND PRECEDENT
TRANSACTIONS ANALYSIS**

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Abstract

In this study, we evaluate whether Sycamore Partners' March 2025 offer for Walgreens Boots Alliance is fair relative to intrinsic value and to the value implied by a leveraged buyout. We estimate standalone value using discounted cash flow and market benchmarks, and build an APV based LBO model with deleveraging driven by free cash flow. Results indicate WBA traded below intrinsic value before the deal, heavy sector saturation, PBM reimbursement pressure, and weak primary care returns. Precedent transactions benchmarking supports valuation ranges showing the offer is fair on a risk adjusted basis while leaving upside to the sponsor.

Keywords Walgreens Boots Alliance • Leveraged Buyout (LBO) • Private Equity • Strategic Turnaround • Industry Due Diligence • Precedent Transactions Valuation

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GROUP PART

A – Group Part

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.

Group Part

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 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.

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. Timeline of Events and Illustration of the Deal

2.1 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).

2.2 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).

2.3 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.

2.4 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).

Group Part

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).

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).

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. 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.

3.1 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 connection 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 explain 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.

3.1.2 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.

Group Part

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

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.

3.1.2 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.

3.2 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.

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.

3.3 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.

3.3.1 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.

3.3.2 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.

3.3.3 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 \times , 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.

3.4 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).

4. Pricing Assessment and Comparative Analysis

4.1 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.

4.2 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 \times) and interest coverage only slightly above 2 \times , 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.

4.3 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.

5. 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.

5.1 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.

INDIVIDUAL PART

C – Lorenzo Vogliotti

1. Deal Context and Transaction Overview

1.1 Strategic Context and Early Structural Pressures

The outlook characterizing the surrounding environment in which the acquisition was announced was certainly complex, given the numerous strategic features to consider in defining a value creation plan. The retail pharmacy industry showed various structural challenges that have been reflected in key players' financial profiles and strategic orientation throughout the last decade. Among these, it has been possible to analyse the presence of a few specific trends that shaped the profile of WBA throughout the periods before the announcement, and that simultaneously influenced the strategic considerations that led to the formalization of the deal. These are attributable to competitive forces, financial mechanisms, and diversification plans.

1.2 Industry's Competitive Dynamics

As the sector is deeply rooted in the U.S. territory, citizens are fully served by pharmacy retailers and may benefit from various product options in a relatively small distance from their respective home, being in fact estimated that approximately 90% of the U.S. population lives within five miles from a retail store (Walgreens Boots Alliance 2024).

The segment comprises the presence of various business models engaged in retail activities that involve the sale of pharmaceuticals to consumers. Those mainly include smaller independent pharmacies, grocery stores comprising pharmaceutical products within their offerings, mass merchants and retail pharmacy chains (Boon-Falleur and Lahr 2023).

In such a context, among the most crucial competitors with respect to a giant retail chain such as WBA, it is possible to cite (see Figure C1):

- CVS Health Corporation: The largest U.S. retail pharmacy and healthcare services provider, operating about 9,900 retail locations and 1,100 clinics (World Economic Forum, 2025).

Through its retail activities, it serves over 94 million consumers, provides senior pharmacy care to around 1 million individuals, and offers insurance services to 38 million people, with its Aetna division covering an additional 39 million members (World Economic Forum 2025). In 2024, CVS generated approximately \$171.6 billion in prescription revenues, roughly 25% of the U.S. market, corresponding to the highest share in the industry (Fein 2025).

- Cigna: Global healthcare services company active across health services and medical segments (Forbes 2025). Its pharmacy-related operations include mail-order and specialty pharmacy services. In 2024, Cigna recorded approximately \$72.5 billion in prescription revenues, corresponding to a 10.6% market share (Fein 2025).
- UnitedHealth Group: Operating across healthcare and insurance activities, UnitedHealth serves roughly 148 million customers through its Optum and UnitedHealthcare segments (UnitedHealth Group 2025). Optum provides primary care, clinical services and pharmaceutical prescriptions, and generated around \$46.5 billion in prescription revenues in 2024, equal to a 10.6% share of the U.S. market (Fein 2025).
- Walmart Stores, Inc.: Mass retail stores chain operating through discount shops and supercentres (Bloomberg 2025). Among the various business units, Walmart has integrated Walmart Pharmacy, operating in the mail & specialty pharmacy sector. This diversification strategy allowed Walmart to obtain important results, with \$32.7 billion in revenues achieved based on the prescription revenues recorded, corresponding to a 4.8% market share (Fein 2025). Both scale and market power of WBA's closest competitors create a highly challenging strategic environment, in which retaining market share is essential not only for growth but also to avoid progressive marginalization. This pressure is further intensified by extensive expansion strategies implemented by major players, such as CVS's integration of approximately 1,700 retail stores between 2010 and 2020 (Ladsariya et al. 2023). As a result, the U.S. pharmacy

retail market is characterized by high saturation and dense store coverage, significantly constraining strategic flexibility for incumbent firms (Ladsariya et al. 2023).

1.3 Comprehensive Systematic Margin Compression

This trend involves the presence of inherent structural forces eroding companies' revenues, due to complex reimbursement mechanisms regulating payment structures towards pharmacy retailers (Walgreens Boots Alliance 2024). These mechanisms imply that the prices set by retail chains to customers acquiring pharmaceutical items only cover a portion of the intrinsic value of the final products. This payment dynamic, referred to as reimbursement system, involves the negotiation of reimbursement rates, a strategic process largely influenced by third-party payors. This directly translates into a context in which medicine price payments are partly covered by additional parties such as Pharmacy Benefit Managers (PBMs) and insurance entities, under a framework regulated by governmental programs such as Medicare and Medicaid (Walgreens Boots Alliance 2024).

The most influential entity in this scenario lies in the figure of the PBMs, whose role is to process pharmacies' claims, while managing several functions ruling industry dynamics and finances on behalf of insurers and government programs. Among these tasks, they directly manage the negotiations of reimbursement rates and pharmaceutical product prices, while additionally acting as mail-order retailers (Mercadante et al. 2020).

These intermediaries hold extremely high bargaining power, allowing them to set rigid and tight reimbursement conditions to reduce public spending. This dynamic is further reinforced by the payment adjustments administered through the Direct and Indirect Remuneration (DIR) fees, under which reimbursement amounts can be retroactively modified even long after the sale has occurred. Such post-period corrections are applied to offset discounts or favourable terms realized along the supply chain by wholesalers or retailers, and to align the final reimbursement with the fair market price of the product (Mercadante et al. 2020). In practice, such measures

require reimbursed retailers to return part of the previously obtained payments to their reimbursement providers, therefore, to the PBMs.

These widespread market conditions, while not having a substantial influence on sales expansion, directly limit the collected value of the revenues registered, provoking retailers to be indirectly affected by accentuated reduced pricing. Such a condition is perfectly visible and widespread among industry players, currently reporting largely deflated financial performance data. Consistent with these dynamics, operating margins (relative to the respective retail pharmacy segment) across comparable U.S. peers remain structurally compressed, averaging approximately 3.1%, with major players such as CVS and UnitedHealth reporting operating margins of 4.6% and 4.4% respectively, based on their 2024 annual reports, thereby highlighting the limited profitability potential of the sector (see Figure C2) (Cencora 2024; CVS Health 2024; Humana 2024; UnitedHealth 2024).

1.4 Expansion into Primary Care Services

Recent strategic initiatives enforced by retail chains within the industry catalysed an expansion trend, which saw many large organizations amplify their operations within the healthcare segment. More specifically, it has been common practice for corporations to invest relevant quantities of capital in the purchase of primary care providers to offer more holistically structured services to customers. Examples of such dynamics may relate to the acquisition of Oak Street Health completed by CVS in 2023 (CVS Health 2023).

Although the expansion into this segment may be justified by revenue diversification and enhanced customer retention through more integrated care offerings, such measures also presented structural constraints. Primary care providers, in fact, operate under unfavourable reimbursement systems, as U.S. healthcare reimbursement frameworks systematically value primary care services below specialty procedures. As highlighted by Cottrill, Cubanski and Neuman (2025), the Medicare Physician Fee Schedule undervalues non-procedural primary

care relative to procedural care, implicating poor margin generation from these newly integrated business units, and consequently systematic unsuccessful investment campaigns.

2. Industry-based Rationale for Value Creation Assumptions

The purpose of this section is to provide a solid industrial framework for the Private Equity case valuation and for some of the structural value levers embedded in the respective Operating Model.

This division of the paper is complementary to the Strategic Context previously assessed in the Transaction Overview and aims at constructing a qualitative retail pharmacy segment outlook on which to potentially establish return drivers' considerations and operating assumptions. The main purpose of this component, therefore, is not purely to justify the forward-looking model's adjustments, but rather to determine a theoretical foundation in which the Private Equity measures implemented can be grounded in a strategic logic, in accordance with industrial trends and dynamics.

Before outlining the analysis, it is critical to remark that Walgreens Boots Alliance operates as a leading retail pharmacy chain in the U.S., sharing such a status with a few similar immensely expanded companies, which, taken together, collectively account for approximately 44% of the market share in the industry. In 2024, WBA ranked as the second-largest U.S. retail pharmacy by prescription revenues, generating \$99.5 billion in sales and capturing a 14.6% market share (Fein 2025) (see Figure C1). These numbers indicate that the company already benefits from substantial customer reach and scale, suggesting that future value-creation initiatives would not necessarily require a fundamental revision of the business model. Instead, strategic focus should be placed on internal restructuring measures, supported by forward-looking assumptions primarily targeting revenue progression and cost structure optimization.

2.1 Revenue Dynamics Overview

The turnaround strategy can be supported by substantial industry-based data to forecast a growing revenue progression for the company, especially in the U.S. retail pharmacy segment, given the current well-established status of the firm in the geographic segment.

Sales volumes, in fact, display promising comprehensive growth perspectives for the industry. Recent reports forecast a continuous expansion of the segment globally, estimating an aggregated \$2,030 billion market size to be achieved in 2027, at an approximate 7% (2022-2027) CAGR (IQVIA 2023). The same analysis shows how the specific U.S market is expected to contribute to such growth, reporting very intriguing numbers characterizing the future progression of this geography. The U.S. are indeed expected to remain among the top-performing segments with a forecasted 7-8% CAGR through 2027 (IQVIA 2023). This expected trajectory would outperform the European counterpart, for which a 6-7% CAGR has been assumed, while growing slightly slower compared to current emerging markets (IQVIA 2023) (see Figure C8).

These data reinforce positive perspectives on future sales expansion in the U.S. and consolidate the potential decision to allow the firm to remain heavily invested in its retail pharmacy operations conducted in the country. Clearly, additional considerations will have to be included as the marginal growth potential of the company may be limited, given the impact of previously described competitive forces (see Chapter 2.2.1) and the large scale of the firm.

While the number of sales forecasted may be estimated by adopting optimistic approaches, the forecasting of actual monetary value generation from these revenue figures may be more complex.

Based on common industrial dynamics, in fact, the values collected by retailers for their sales operations are highly dependent on reimbursement rates dynamics (Walgreens Boots Alliance 2024). As these values are generally set in response to tailored contracting relationships with

PBMs (Getachew et al. 2020), it would be advisable to enhance and reinforce the bargaining interactions with these actors to improve the pharmacy network positioning of the company, and ultimately benefit from more favourable reimbursement conditions, combined with lower and more predictable DIR fees.

2.2 Industry Foundations for COGS and SG&A Restructuring

Considerations regarding COGS are intrinsically similar to the ones highlighted with respect to the revenue items, with the main differences being the third actor involved.

While for the estimation of revenues, the critical third payor considered was involved in the figure of the PBMs, cost of sales assumptions will require an analysis of the wholesaling entities.

In the retail pharmacy industry, wholesalers purchase pharmaceutical products from the manufacturers and are commonly charged a specific cost for the said transaction, which goes under the name of WAC, standing for Wholesale Acquisition Cost. As these entities do not operate B2C businesses involving direct delivery to consumers, their customers will correspond to retail pharmacies, such as WBA. Retailers' COGS, therefore, mostly derive from the prices set by wholesalers for the purchase of drugs. In this context, wholesalers generally act as "price takers" (Eastern Research Group 2024, p.8), charging businesses the same exact WACs previously paid to manufacturers (Eastern Research Group 2024).

In such outlook conditions, the estimation of an eventually lower COGS component would inherently imply enhanced contacts with the wholesaling organization, and the gaining or re-acquisition of sufficient bargaining power to negotiate lower WAC costs.

Additional considerations can be highlighted regarding potentially more efficient bundled drug purchasing methods. Generic drugs usually have a lower unit cost, while branded products present inherently higher costs (Eastern Research Group 2024). This means that generic items tend to generate lower monetary value per prescription, yet they contribute to a higher gross

margin when considering total drug sales (Walgreens Boots Alliance 2024). Such a structure enables value creation strategies centered on estimating lower COGS levels, achieved through careful evaluation of the expected product sales mix and the corresponding planned acquisitions from wholesalers.

On the SG&A side, the prosecution of the “Footprint Optimization Program” initiated in 2024 and of the “Transformational Cost Management Program” begun in 2022 shall already provide important cost benefits to the company, based on the vast amount of store closures forecasted to continue until 2027 (Walgreens Boots Alliance 2024). This would be in line with the recent cost-cutting initiatives seeing key industry players, such as CVS, closing large quantities of retail points to favour other strategic initiatives and to enhance cost control (Reuters 2024).

Additional value creation achievable based on industry trend initiatives, and able to provide the foundations to estimate future declining SG&A costs, may correspond to the modernization of some operating channels and offerings. In fact, current and future industry drivers point to technological advancement pathways that would result in lower administrative costs and improved consumer satisfaction (Ladsariya et al. 2023). These outcomes would be achieved based on lower in-store operations, and increased digitalized experiences, that would allow consumers to obtain pharmaceutical and professional assistance more easily, while benefitting from enhanced personalized services (Boon-Falleur and Lahr 2025). A potential practice to be implemented in connection with such a revised operating positioning would be a heavier adoption of mail-order and online-retail services (Almeman 2024), whose increased enforcement would favour customer comfort, while reducing costs associated with heavier use of physical personnel assistance and retail shop maintenance.

These industry-based considerations directly inform the Private Equity operating model assumptions presented in the following paragraph.

3. Precedent Transactions Analysis

3.1 Limitations and Methodology

The Precedent Transactions Analysis involves the use of a multiple-based method to derive a final valuation range for the target firm under assessment. The approach is primarily based on the selection of a peer set of deals, generally M&A transactions and LBOs, from which the announcement entry multiples are extracted. These values are then evaluated within a range, ultimately enabling the derivation of a valuation multiple to be applied to the target company chosen (Rosenbaum and Pearl 2021, p. 71-93).

Based on the above-illustrated theoretical framework, in the performance of this specific valuation analysis, the first step required a full understanding of the Walgreens - Sycamore deal, the related financial data available, and a complete assessment of the intrinsic characteristics of the parties involved. This in-depth examination led us to derive some crucial features that revealed themselves as deeply remarkable in our transaction assessment:

- The transaction is inherently atypical, as it involves an infrequent and extremely large purchase value of \$23.7 billion, corresponding to a payment made to acquire a leading firm in the industry.
- The target organization's main operating segment is highly specific, as it involves specialty retail operations in the pharmaceutical industry.
- At the time of the transaction announcement, Walgreens Boots Alliance reported negative EBITDA, corresponding to a financial situation of prolonged crisis and systematic losses.
- The non-adjusted entry multiples available at the announcement of the deal involved a deeply negative EV/EBITDA corresponding to -12.65x and a peculiar EV/Revenues amounting to 0.24x (Pitchbook 2025).

These data led us to assume that no actual directly comparable transaction existed for the Walgreens - Sycamore deal. In fact, selecting fully comparable acquisitions would have meant

including extremely large-cap transactions within the last three years (to exclude COVID-19 effects on the valuation), involving clearly stated turnaround rationales behind those, and assuming extremely deflated EV/EBITDA entry multiples and a slightly positive EV/Revenues. This would have required the selection of very atypical deals targeting deeply distressed firms in largely negative financial conditions, while having a leading status within the industry, consolidated through extended portions of market share controlled.

While considering the just pictured structural components, our final considerations led us to observe that no deal with such peculiar characteristics was announced within 2022 and 2025 in the specialty retail industry, bringing us to assume the absence of closely aligned transaction peers. This analysis has been likewise confirmed by the transactions comparable valuation executed by Centerview Partners LLC, operating as financial advisor to the WBA Board of Directors in relation to the deal, which involved within the “Opinion of the Financial Advisors to the Board Section” of the PREM14A SEC filing (2025, p.79) filing, that no direct comparable transaction had been found and included within their analysis.

In connection with the case-study limitations, a non-conventional Precedent Transactions Analysis approach has been adopted to perform this specific valuation.

The method used to derive a reliable valuation multiple has been based on a series of tailored screening procedures, each applied to capture a specific dimension of comparability relevant to the Walgreens - Sycamore transaction. Each screening procedure has generated a distinct peer set, reflecting the economic, strategic, or operational characteristics considered in that phase. Taken together, the three resulting transaction sets approximated the multidimensional profile of both the target and the deal, therefore enabling a more comprehensive and representative valuation outcome.

Although the model comprised different selection criteria for each set, a precautionary, stable, and unified classification framework has been designated. This was applied to all the deals

included to guarantee standard and coherent shared comparability throughout the whole group of peers. Such a methodology allowed to preventively screen the acquisitions based on:

- **Year of announcement:** All the deals have been announced between 2022 and 2025 (before the 6th of March, as that corresponds to the announcement date of the WBA – Sycamore deal). This decision follows the comparability criteria set by Rosenbaum and Pearl (2021, p.71-93), and implies prioritizing transactions announced within a maximum of three years from the WBA acquisition. Although deals announced between 2020 and 2021 have been excluded to prevent COVID-19-related effects to jeopardize the valuation, a single exception has implied adding a transaction announced in late 2021, given its structurally strong comparability to the case.
- **Size of the deal:** All the transactions selected involved a total transaction value higher than \$1 billion, with the main purpose to exclude small- and mid-cap target companies from the valuation, having considered the broad scale of WBA's market capitalization and valuation.
- **Geography:** This selection criterion implied choosing acquisitions targeting mainly U.S.-based purchased companies. The few exceptions were linked to deals with international target companies being acquired by U.S.-based bidders, which have been maintained within the set for comparability purposes.

It is additionally critical to underline at this stage that, once pooled in the various sets, the transactions have been compared based on the relative EV/EBITDA multiple at the time of the announcement, which corresponds to the main valuation multiple selected for the analysis. These values have been derived based on the reported Bloomberg (2025) and Pitchbook (2025) transaction values disclosed, each of those computed as the Transaction Value divided by the LTM EBITDA.

3.2 Transaction Sets Overview

Applying the previously illustrated initial selection criteria, the screening performed to derive the deals populating the first set of precedent transactions led to the identification of a small

group of acquisitions targeting companies characterized by a retail-based business model. The purpose of such a section was to approximate Walgreens' primary retailer status, including purchased firms that, as WBA, operate through large numbers of customer-open stores focused on directly selling final products to consumers (see Figure C3).

The set included target organizations such as The Franchise Group Inc., positioned as owner and manager of a widespread network of franchised businesses, and Albertsons Companies, which operates as a food and drug retailer through a vast system of stores (Bloomberg 2025). The latter deal, despite never being formally completed, has been included as the acquisition and its terms were officially announced in October 2022. This event allowed us to still retrieve data and entry multiple at the announcement date. The decision to include the deal was also motivated by the high level of comparability in terms of size, geography, and structural components of the target with respect to WBA.

The critical aim of this set of comparable transactions was to identify typical strategic acquisitions involving organizations sharing key characteristics, relative to their size, with WBA, such as extensive store footprint, high sales volumes, and broad operational scale. Therefore, the set estimated both specific structural and commercial dynamics generally affecting large retailers such as Walgreens. The median EV/EBITDA multiple derived for this group of transactions corresponded to 9.0x (see Figure C3).

The second set grouped transactions involving companies delivering services and products to consumers within the broader healthcare segment. Walgreens, in fact, combined consumer retail with pharmacy and primary care services, while still being part of the comprehensive healthcare segment. Including such transactions allowed the analysis to incorporate the critical healthcare industry element in the valuation, allowing it to embed crucial features characterizing the financial analysis of WBA, such as regulated revenue streams, reimbursement-based economics, and reliance on a heavy regulatory framework connecting

insurance policies with direct financial implications for the firms. It is important to highlight that even when their core offering consists of services rather than finished goods, these firms interact with end consumers through retail-like channels and delivery models. Consequently, we also used these firms as proxies for additional retail-based enterprises, as their business logic aligns with consumer-facing retail activity (see Figure C4).

Additionally, some deals in this set include strategic mergers, seeing critical WBA's competitors as acquirers, such as the acquisition of the primary care provider Oak Street Health by CVS (CVS Health 2023), and the merger between the target firm One Medical, offering in-office care assistance and services (Pitchbook 2025) and Amazon. The Albertsons-Kroger transaction has been included even in such a set, given the specialty pharmacy retail healthcare segment operated by the acquired firm, which is directly involved in pharmaceutical products and drugs provision.

The median EV/EBITDA valuation multiple derived for the just described set amounted to 14.1x (see Figure C4).

The third set focused on transactions involving companies that were experiencing some degree of operational underperformance, showing scarce profitability and declining capability to generate value at the time of the deal. These cases were useful in capturing the valuation effects typically associated with restructuring or turnaround transactions scenarios, seeing target firms reporting lower profitability, deflated trading multiples, and reduced operating performance. This set, therefore, reflected the fact that the Walgreens deal was not a straightforward acquisition of a stable retail company, but rather a transaction shaped by margin pressure and repositioning adjustments needed. The group fully captured the inherent strategic rationale behind the deal completion. Pooling these specific transactions, hence, allowed us to estimate how entry multiples and valuations could be generally affected when the targeted firm displays non-ideal economics, requiring performance revitalization efforts. The logic underpinning the

selection criteria and the approximation purposes applied to the previously illustrated deals is further reinforced by the fact that the category included for the most part LBO transactions, involving acquirers sharing the common status of private equity firms (see Figure C5).

Among others the sample included the acquisition formalized by Novolex of Pactiv Evergreen. At the time the deal was announced, the target company was already undergoing a restructuring process driven by declining revenues and a rigid cost structure, which led to net losses reported in 2023 and 2024 (Pactiv Evergreen 2024).

The Morrisons Supermarkets acquisition, completed by the Private Equity Firm Clayton, Dubilier & Rice, despite being announced in late 2021, was included within the set, as both the structural profile of the firm and the strategic rationale behind the deal completion are comparable to the Walgreens – Sycamore case. The transaction, in fact, involved a retail-based target company reporting recently declining net income and gross profits (Bloomberg 2025), which was acquired by a private equity player generally focusing on the repositioning and fortification of its portfolio companies.

This last analysed set of transactions scored a median valuation multiple of 7.2x, largely deflated with respect to the previous sets' EV/EBITDA, potentially in response to the generally lowered valuations of companies reporting recent poor operating and financial performance (see Figure C5).

3.3 Final Valuation Range and Premiums Considerations

To derive the final EV/EBITDA valuation multiple, each result associated with the respective valuation range, namely, the median, upper bound, and lower bound for each group, was consolidated into a table of multiples, from which a final median and valuation range value were derived. The ultimate median valuation multiple equalled a 10.1x EV/EBITDA, ranged between a 10.5x upper bound and 7.8x lower bound (see Figure C6).

As expected, the final EV/EBITDA derived was inflated with respect to the 8.64x base case standalone valuation multiple, embedding the typical premium dynamics generally influencing the precedent transactions 'estimated valuations.

With respect to the Transaction Value implied premiums, the first retail-based set showed a relatively low median premium corresponding to 5.61%, in contrast to the 22.55% premium relative to the second set, and to the even higher 37.15% median premium derived from the last group (Figure C7).

Discrepancies between the premiums reported across different sets are consistent with the underlying strategic profiles involved. It would be entirely logical, in fact, to pay lower premiums for retailers recurrently encountering margin pressure and rough competition; differently, it is justifiable to pay higher premiums for strategically diversifying the product offering, purchasing healthcare-based targets capable of generating high synergies and enhanced customer retention. Higher premiums may be instead exhibited by LBOs' operations, reflecting the Private Equity firm's intention to pay partly for anticipated future returns that may be generated by the target firm after the delisting (Figure C7).

Once evaluated in a range, the ultimate Precedent Transaction Analysis median premium corresponded to 22.55%, differing only 6.45 bps with respect to the actual premium paid immediately to the WBA's shareholders, amounting to 29%.

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Appendix - Group Part – A

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

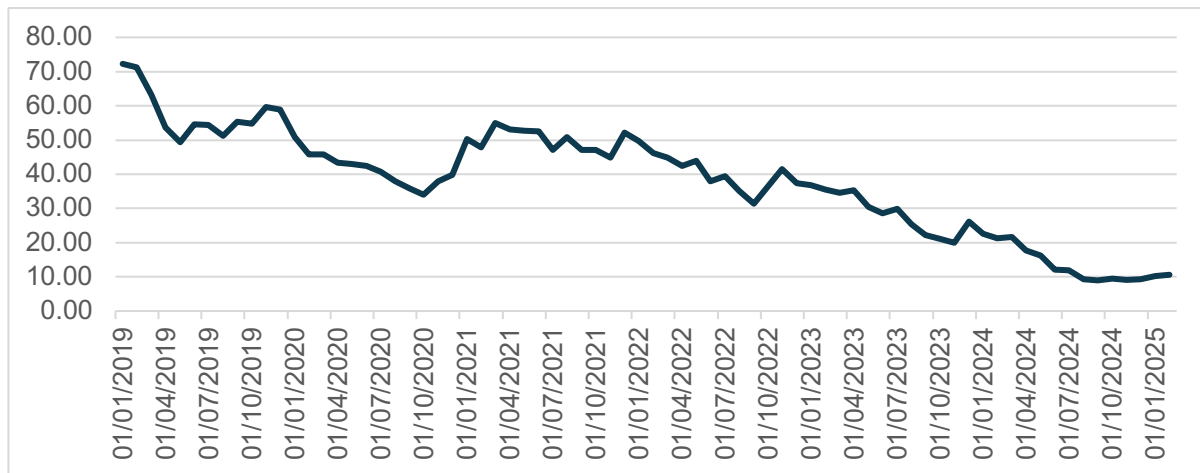


Figure A2. *Financing Commitment Letter summary (Walgreens Boots Alliance, March 2025).*

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).*

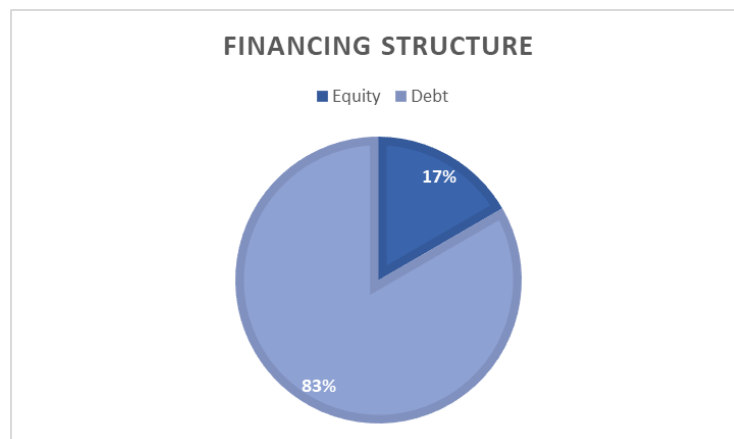


Figure A4. Clean LBO Debt Assumed in the Model

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

Assumptions:		
Institutional Investors		85%
Sweet Equity (Stefano Pessina)		15%

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
DSO	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
DIO	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)
DPO	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)	(220)	(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					
Capex Depreciation year 2		162.56				
Capex Depreciation year 3			167.98			
Capex Depreciation year 4				173.52		
Capex Depreciation year 5					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

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)		333	306	280	250	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

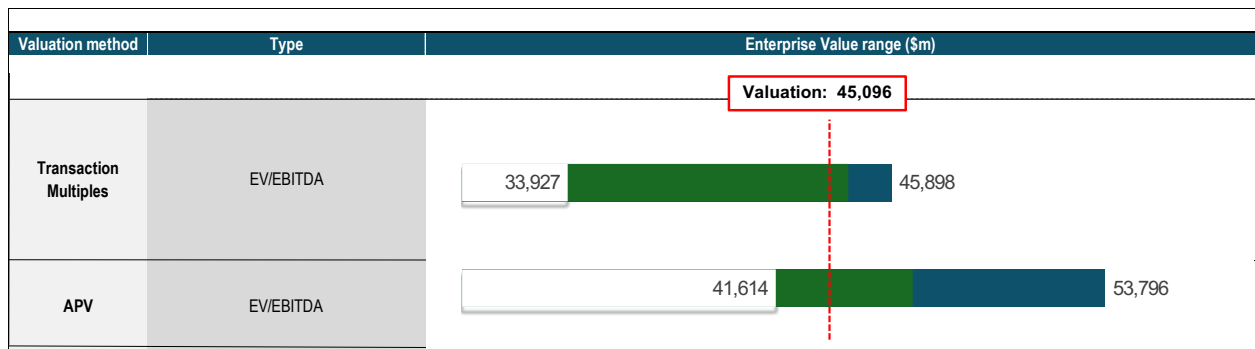
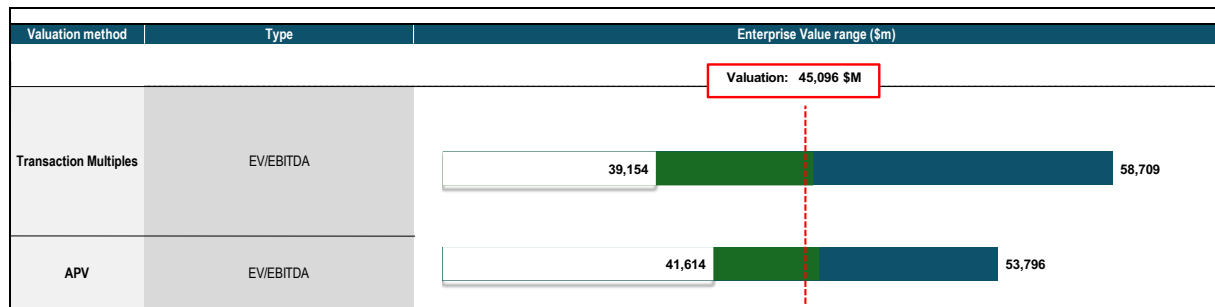


Figure A16: Football Field DCF



Appendix - Single Part – C – Lorenzo Vogliotti

Figure C1: *The U.S. Retail Pharmacy Industry Market Share based on Prescription Revenues*

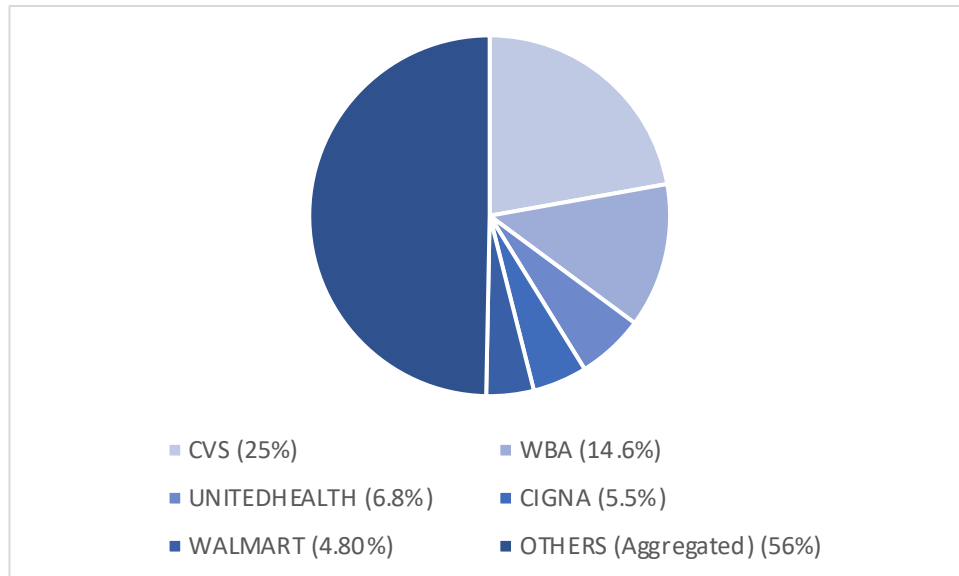


Figure C2: *Operating Margins across Major Players in the Retail Pharmacy Segment*

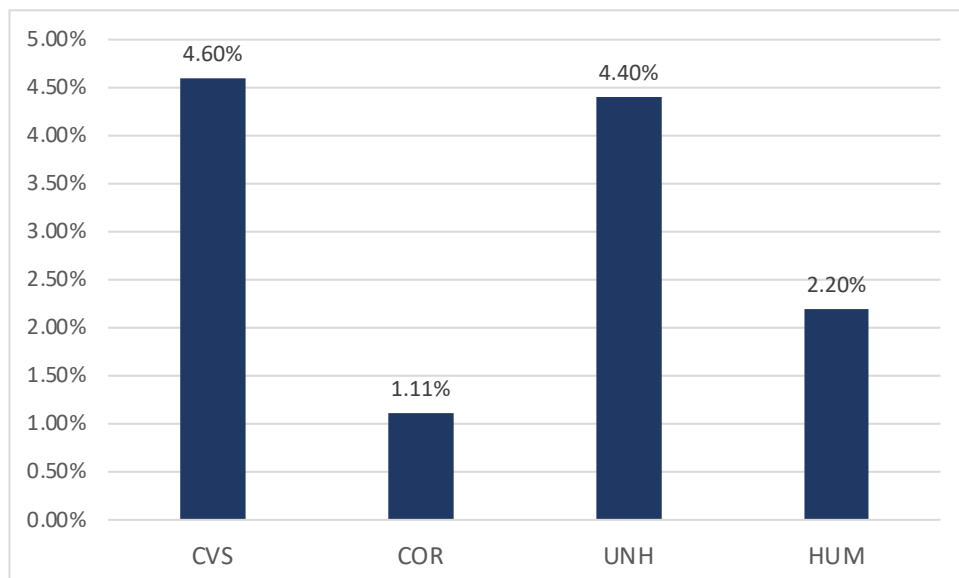


Figure C3: Precedent Transactions Retail Set Valuation Range

RETAIL SET											
Date	Target	Segment of the Target	Transaction Types	Transaction Status	Transaction Value (in million US)	Buyers/Investors	Country	Buyer's Industry Classifications	% Premium	% Acquired	EV/EBITDA
Aug - 2023	Franchise Group Inc.	Owner and Manager of Franchising Firms	Buyout/LBO	Closed	\$3,322.95	Management Team Consortium	United States		5.66%	64.00%	12.06
Oct - 2022	Albertsons Cos Inc.	Food and Drug Retailer	Merger/Acquisition	Announced	\$25,371.97	The Kroger Co	United States	Food & Drug Retail	5.56%	100.00%	5.88
								Median %Premium	5.61%	Mean	9.0x
										Median	8.97x
75th Percentile (Upside Case)											10.5x
Median											9.0x
25th Percentile (Downside Case)											10.5x
Average											9.0x

Figure C4: Precedent Transactions Healthcare Set Valuation Range

HEALTHCARE SET											
Date	Target	Description of the Target	Transaction Types	Transaction Status	Transaction Value	Buyers/Investors	Country	Buyer's Industry Classifications	% Premium	% Acquired	EV/EBITDA
Jun - 2023	Amedisys Inc.	Healthcare Services Provider	Merger/Acquisition	Closed	\$3,727.07	UnitedHealth Group Inc.	United States	Healthcare Services	15.79%	100.00%	14.81
Mar - 2023	Oak Street Health	Primary Care Services Provider	Merger/Acquisition	Closed	\$8,000.00	CVS Health	United States	Healthcare Services	35.98%	100.00%	51.43
Feb - 2023	One Medical	Primary Care Services Provider	Merger/Acquisition	Closed	\$3,900.00	Amazon	United States	E-Commerce		100.00%	15.00
Jul - 2022	Hanger	Healthcare Services Provider	Buyout/LBO	Closed	\$1,363.37	Patient Square Capital LP	United States	Investment Companies	29.30%	100.00%	13.45
Oct - 2022	Albertsons Cos Inc	Food and Drug Retailer	Merger/Acquisition	Announced	\$25,371.97	The Kroger Co	United States	Food & Drug Retail	5.56%	100.00%	5.88
Mar - 2022	Apria Inc.	Healthcare Services Provider	Merger/Acquisition	Closed	\$1,557.82	Owens & Minor Inc.	United States	Global Healthcare Logistics	20.75%	100.00%	5.07
								Median %Premium	22.55%	Mean	13.23
										Median	14.1x
75th Percentile (Upside Case)											15.0x
Median											14.1x
25th Percentile (Downside Case)											7.8x
Average											17.6x

Figure C5: Precedent Transactions Turnaround Set Valuation Range

TURNAROUND SET												
Date	Target	Description of the Target	Transaction Types	Transaction Status	Transaction Value	Buyers/Investors	Country	Buyer's Industry Classifications	% Premium	% Acquired	EV/EBITDA	
Feb - 2024	Applus Services SA	Technical Services Provider	Buyout/LBO	Closed	\$2,738.25	Squared Capital Advisors	Spain-US	Private Equity	10.83%	100.00%	2.79	
Feb - 2024	Pactiv Evergreen Inc	Containers & Packaging Manufacturer	Merger/Acquisition	Closed	\$6,859.32	Novolex Holdings LLC (Apollo)	United States	Packaging Industry	37.15%	100.00%	5.10	
Oct - 2023	Outsourcing Inc	Outsourcing Services Provider	Buyout/LBO	Closed	\$2,516.66	Bain Capital	Japan-US	Strategic Investments	47.88%	100.00%	9.29	
Aug - 2021	Morrisons	Food & Drug Retailer	Buyout/LBO	Closed	\$13,783.10	Clayton Dubilier & Rice LLC	United States	Private Equity	-1.84%	100.00%	12.72	
									Median %Premium	37.15%	Mean	7.48
										Median	7.2x	
75th Percentile (Upside Case)											10.1x	
Median											7.2x	
25th Percentile (Downside Case)											4.5x	
Average											7.5x	

Figure C6: Final Comprehensive Precedent Transactions Valuation Range

Final Range	
75th Percentile (Upside Case)	10.5x
Median	10.1x
25th Percentile (Downside Case)	7.8x
Average	9.9x

Figure C7: *Premium Comparison across Precedent Transactions Sets*

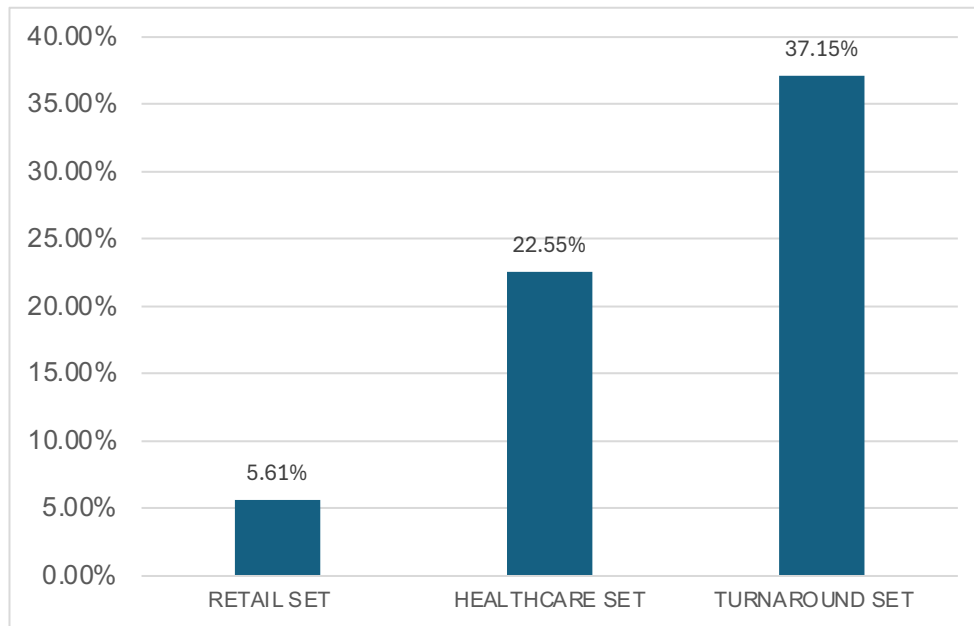


Figure C8: *Estimated CAGR (2022-2027) of the Retail Pharmacy Industry across Countries.*

