

Walgreens Boots Alliance (WBA)

Rating: Hold	Price	Yield	Market Cap.	52-Week Range
	\$11.30	0.0%	\$9.4B	\$16.00 – \$8.08

Data as of 06/25/2025

Sector	Consumer Staples
Subsector	Food & Staples Retail
Investment Category	Small & Mid-Cap
Price Movement	Average

Company Overview

Walgreens Boots Alliance is a leading global pharmacy retailer. The company has approximately 13,000 stores in more than 25 countries with about 9,000 in the U.S. Walgreens was founded in 1901 and is located in Chicago, Illinois. Its major competitors include CVS Health, Walmart and Amazon.

Revenues International	16%
Standard & Poor's/Moody's	BB-/Ba3
MSCI ESG Rating	A/Average
Walgreen's debt ratings from both Standard and Poor's and Moody's are below investment grade.	

Dividend Outlook (1-Year): No Dividend

Last Change (100)% (Jan 30, 2025)
Commentary: Walgreens suspended its dividend on January 30, 2025.

Valuation & Earnings

	'24A	'25E	'26E
Earnings Per Share	2.88	1.68	1.55
P/E	3.9x	6.7x	7.3x
PEGY	0.8x	1.3x	1.5x
LT EPS Growth Est.			5%
Est. Earnings Date	October 09, 2025		
Fiscal year ends in August.			

Annualized Total Returns	1yr	3yr	5yr
Walgreens Boots Alliance	(24)%	(31)%	(19)%
S&P Cons. Staples Index	(7)%	3%	8%
S&P 500 Index	13%	18%	16%

Data as of 6/25/25. Source: FactSet. Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Investment Summary

Walgreens Boots Alliance (Walgreens) has agreed to be purchased by Sycamore Partners (Sycamore), a private equity firm, for \$11.45 per share. The deal is expected to close sometime during the calendar fourth quarter. This proposed offer also includes one nontransferable Divested Asset Proceed right (DAP right) per Walgreens share to receive up to \$3.00 in cash per DAP right from the future potential sale of Walgreens's debt and equity holdings in VillageMD and some of its other businesses. A DAP right is a financial instrument that allows the holder to potentially receive a benefit from a business or asset sale if certain conditions are met. We are uncertain when this right would have value or what the final value might be (if any). We think the chances of the Walgreens acquisition being completed as proposed are good. We are maintaining our Hold rating.

Outlook

Walgreens Has Agreed to Be Acquired by Sycamore Partners - This transaction should occur sometime during the fourth quarter of this year. We believe the chances of the acquisition being completed as planned are good.

Valuation and Recent Performance-

Walgreens is trading at a price-to-earnings ratio of approximately 6.7 times our fiscal 2025 earnings estimate. This is below its peer-group average of 11.1 times. Walgreens has underperformed its peers the past one, three and five years. Walgreens has agreed to be acquired by Sycamore Partners.

Risks – The primary downside risk is that the proposed acquisition of Walgreens by Sycamore falls apart or is blocked by regulators. The primary upside risk is there is a competing offer for the company.

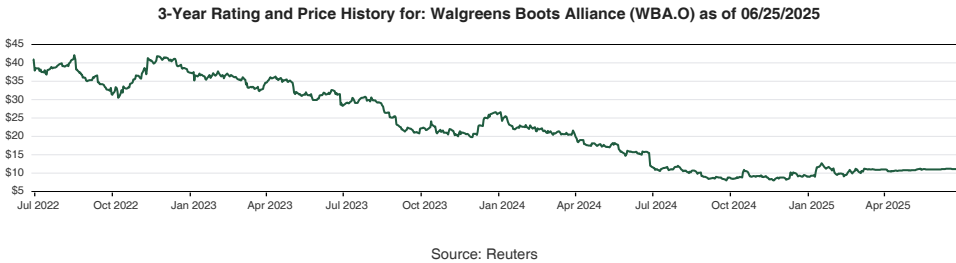
Key Developments

3/7/25 (edited): Walgreens Boots Alliance (Walgreens) has agreed to be purchased by Sycamore Partners (Sycamore), a private equity firm, for \$11.45 per share and includes one non-transferable Divested Asset Proceed right (DAP right) per Walgreens share to receive up to \$3.00 in cash per DAP right from the future potential sale of Walgreens's debt and equity holdings in VillageMD and some of its other businesses. The deal is expected to close sometime during the calendar fourth quarter. See the Investment Summary above for more details on the proposed transaction.

Analyst Certification

I certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers; and no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report. John Boylan, CFA

Required Research Disclosures



June 26, 2025	BUY	HOLD	SELL
Stocks	55%	44%	0%
Investment Banking Services	4%	6%	0%

The table lists the percent of stocks we follow globally in each of our rating categories. Investment banking services indicate the percentage of those companies where the firm has acted in furtherance of a public offering of the issuer within the past 12 months.

- Initiated Coverage PRE-1994.....(B) 04/30/08-01/04/12...(H) 01/04/12-
- Analysts receive compensation that is derived from revenues of Edward Jones as a whole which include, but are not limited to, investment banking services revenue.

Opinion Rating Definitions: **Buy (B)** - We believe the valuation is attractive and total return potential is above average over the next 3-5 years compared with industry peers. **Hold (H)** - We believe the stock is fairly valued and total return potential is about average over the next 3-5 years compared with industry peers or a special situation exists, such as a merger, that warrants no action. **Sell (S)** - We believe the stock is overvalued and total return potential is below average over the next 3-5 years compared with industry peers. In some cases we expect fundamentals to deteriorate considerably and/or a recovery is highly uncertain. **FYI (FYI)** - For informational purposes only; factual, no opinion. **Under Review (UR)** - Our rating, estimates, and opinion for this company are under review and should not be relied upon for making investment decisions until updated.

Other Disclosures

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- Dividend Outlook (1-Year): Rising - We believe the dividend is likely to increase based on historical trends, the current payout ratio, and/or expected future earnings and cash flow; Stable - We believe the dividend is stable at the current level and is unlikely to increase or decrease; At Risk - We believe the dividend is at risk of being reduced or eliminated; No Dividend - This company does not pay a dividend.
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- Investment Category: Large Cap - Stocks of large-sized companies; Small and Mid Cap - Stocks of small- or medium-sized companies; Aggressive - Micro-cap companies, companies with share prices below \$4, and emerging market equity.
- Price Movement: Above Average (AA) - This stock will likely be more volatile than the average stock in the S&P 500 Index. These companies are often growing faster than the average company and/or are in industries that are more sensitive to the economy. Average (A) - This stock will likely experience volatility similar to the average stock in the S&P 500 Index. Below Average (BA) - This stock will likely be less volatile than the average stock in the S&P 500 Index. These companies are often more mature, grow more slowly than the average company, and/or are in industries that are less sensitive to the economy.
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- Our expectation for average annual earnings growth through a full economic cycle. This figure avoids distortions that can occur due to one-time items or by extreme peaks or troughs within the cycle.
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