



# **Annual results**

**for the year ended 31 March 2013**

**Press conference  
15 May 2013**



**Stefano Pessina**  
Executive Chairman

# Regulatory statement

## **Origination of information**

Unless otherwise stated, the information contained in this presentation is derived from Alliance Boots own internal resources or research, or are the Company's estimates based on its existing knowledge and experience.

## **Forward-looking statements**

Certain statements included in this presentation, or made in response to questions during Questions & Answers which are not historical facts, are forward-looking statements. These forward-looking statements involve certain risks and uncertainties including, but not limited to, changes in interest rates, competitive pressures, changes in customer mix, financial stability of major customers, investment procurement opportunities, acquisitions, industry consolidation, asserted and unasserted claims, and changes in government regulations or the interpretation thereof, which could cause actual results to differ from those in the forward-looking statements. The Company does not undertake to update any forward-looking statements to reflect events or circumstances after the date of this presentation, unless legally obligated to do so.

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# Annual results 2012/13



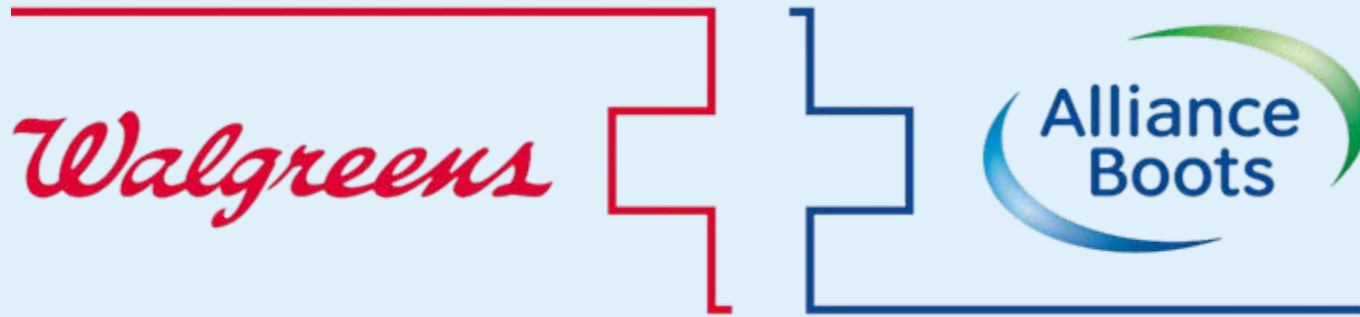
**“A transformational year for Alliance Boots”**



# Alliance Boots and Walgreens form strategic partnership



# Joint agreement with AmerisourceBergen



  
AmerisourceBergen®



# 2012/13 highlights



**“Alliance Boots has again delivered double digit growth in underlying profit after tax...  
...while at the same time generating a strong cash flow”**



# Health & Beauty Division





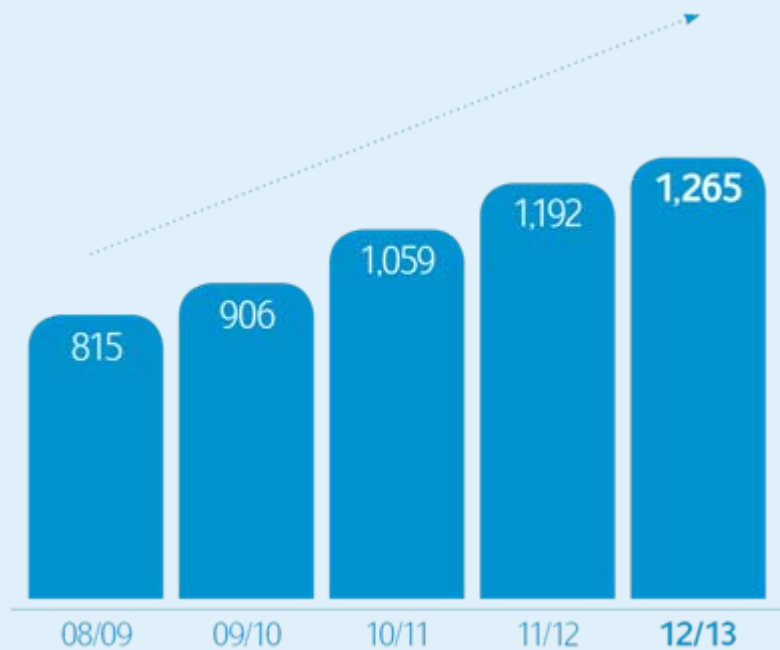
# Pharmaceutical Wholesale Division



# Delivering higher profits year after year

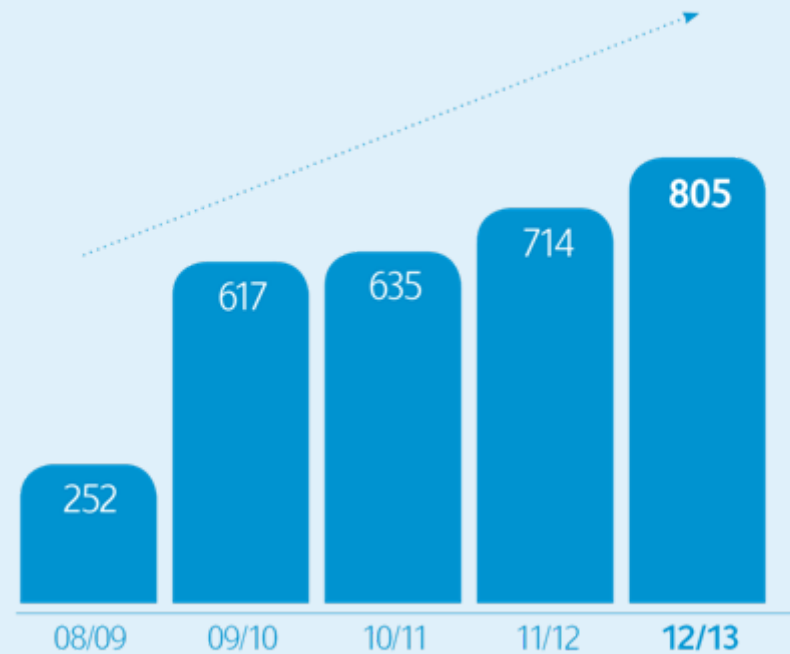
## Trading profit

£million



## Underlying profit (after tax)

£million



Prior year figures have been re-stated for the adoption of the revised IAS19 Employee Benefits standard





**George Fairweather**  
Group Finance Director

# Group financial highlights

Year ended 31 March 2013

**Revenue: c.£22.4bn**

- down 2.6% (up 0.6% constant currency)

**Trading profit: £1,265m**

- up 6.1% (up 7.4% constant currency)

**Underlying profit (after tax): £805m**

- up 12.7%

**Statutory profit: £741m**

- up 25.0%



# Group financial highlights

Year ended 31 March 2013

**Cash generated from operations: £1,648m**

**Net borrowings reduction: £1,124m**

- to c.£5.9bn





# Health & Beauty Division

Year ended 31 March 2013

**Revenue: c.£7.5bn**

- down 2.5% (down 2.1% constant currency)

**Trading margin: 11.6%**

- up 1.0pp

**Trading profit: £865m**

- up 6.8% (up 7.0% constant currency)





# Health & Beauty – UK

Year ended 31 March 2013



**Revenue: c.£6.5bn**

- down 2.4%

**Trading margin: 12.4%**

- up 1.3pp

**Trading profit: £813m**

- up 8.8%



**Comprises Boots UK and Boots Opticians**

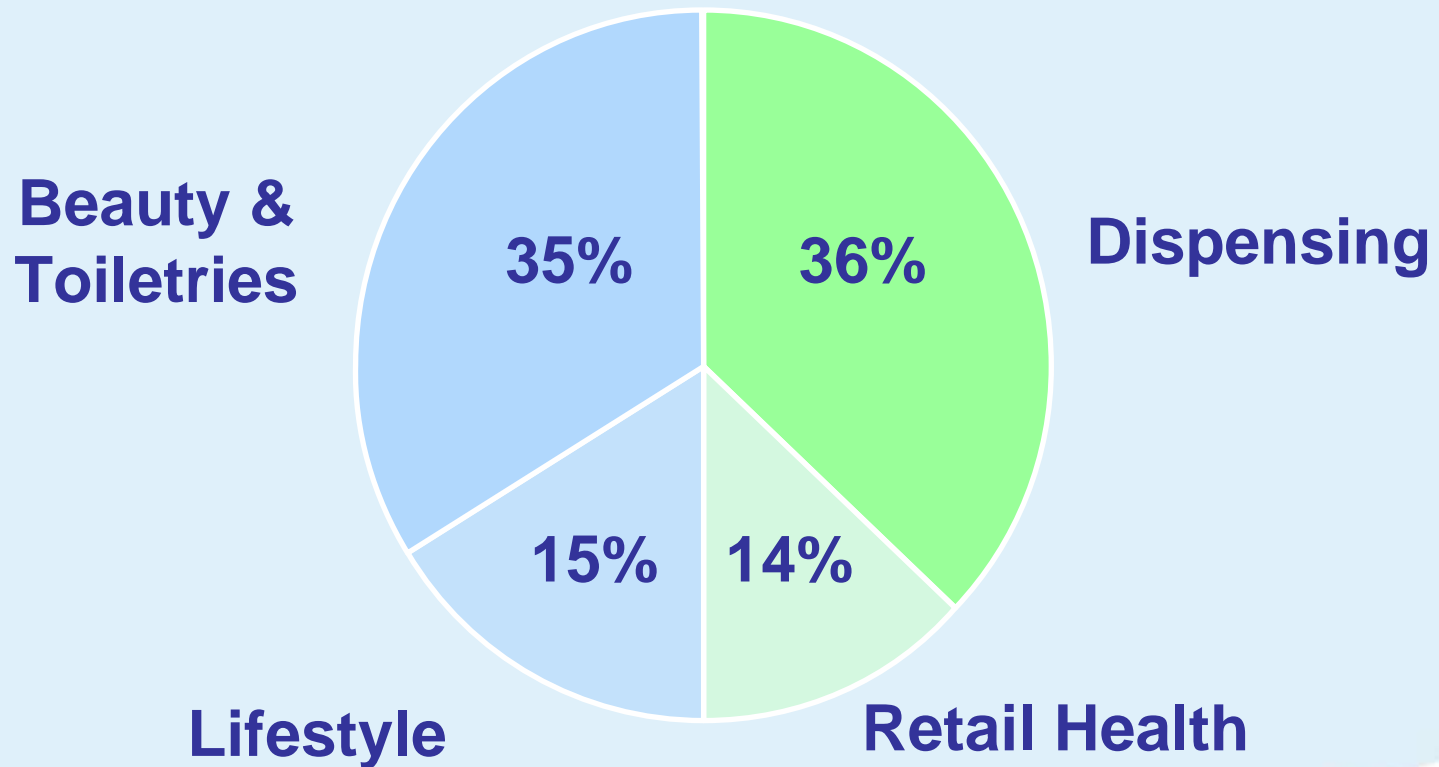


# Boots UK

Year ended 31 March 2013



Revenue: c.£6.2bn



# Boots UK - Dispensing

Year ended 31 March 2013



Items dispensed: **222m**  
- down 0.8% like for like



# Boots UK - Retail

Year ended 31 March 2013



**Total retail revenue: up 0.3%**

**Retail Health: up 1.3%**

**Beauty & Toiletries: up 1.2%**

**Boots Advantage Card:  
17.9m active members**



# Optical / hearingcare

Year ended 31 March 2013



## Boots Opticians

- like for like revenue up 2.7%
- higher spectacle sales



## Boots hearingcare

- partnership with Sonova



# Health & Beauty - International

Year ended 31 March 2013



**Revenue: £935m**

down 3.1%

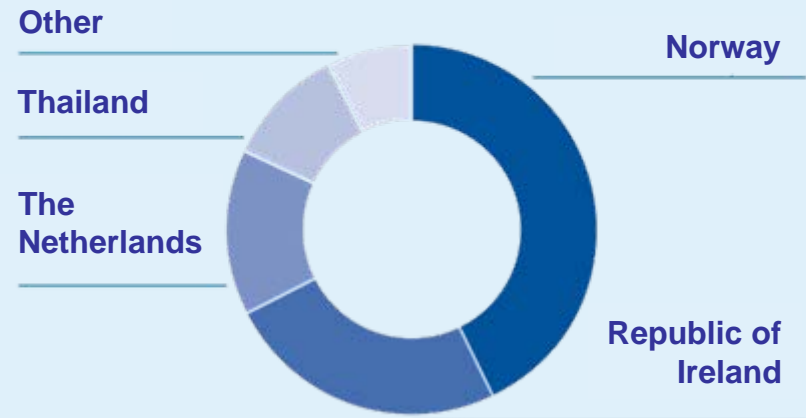
(-0.1% constant currency)

**Trading profit: £52m**

down 17.5%

(-14.3% constant currency)

Revenue mix by country



**Net 26 stores added during year**





# Health & Beauty - International

Year ended 31 March 2013



## Product sales to US retailers

- up c.12%

## No7 launched in Walgreens

- new Hollywood store



## Dairy Farm trial

- in select Mannings health and beauty stores in Hong Kong



# Pharmaceutical markets



# Pharmaceutical Wholesale Division

Year ended 31 March 2013

**Revenue: £16.4bn**

- down 2.7% (up 1.5% constant currency)

**Trading margin: 2.7%**

- up 0.2pp

**Trading profit: £435m**

- up 5.1% (up 8.2% constant currency)



# Pharmaceutical Wholesale Division



Alliance Healthcare  
Ein Mitglied der Alliance Boots Gruppe



Intelligente Lösungen  
für Ihren Erfolg



# Associates and joint ventures

Year ended 31 March 2013

Share of underlying post tax earnings: **£39m**

## Alliance Healthcare Russia

- acquired in November 2012



## Guangzhou Pharmaceuticals Corp.

- performed well



## Nanjing Pharmaceutical

- intention to acquire 12% equity interest



# Joint synergy programme

Year ended 31 March 2013



## Programme progressing well

### Walgreens Boots Alliance Development JV

- established in Switzerland

### Synergies in line with expectations

- our share: **c.£14m** pre tax (net of direct costs)





# Net finance costs and tax

Year ended 31 March 2013

**Underlying net finance costs: £320m**

- down £64m

**Underlying tax charge: £179m**

**Tax paid: £114m**

- up £31m

- up £38m in UK

Prior year figures have been re-stated for the adoption of the revised IAS19 Employee Benefits standard



# Cash flow and balance sheet

Year ended 31 March 2013

Cash generated from operations: **£1,648m**

Cash capital expenditure: **£200m**

Acquisition related expenditure: **£84m**



# Net borrowings and equity

Year ended 31 March 2013

**Net borrowings reduced by £1,124m**

- to c.£5.9bn

**Existing borrowing facilities extended**

- c.£5.2bn extended by 2-3 years

**Facility amendments**

- to facilitate full combination with Walgreens

**Equity: £5.7bn**



# Financial outlook





## **Alex Gourlay**

Chief Executive,  
Health & Beauty Division

# Increasing our range of healthcare services



**N<sup>o</sup>1**  
for customer  
**care**





# Developing our multi-channel offer



# Launching innovative new products



# Launching innovative new products



# Launching innovative new products



# Launching innovative new products





# Launching innovative new products





# Increasing sales of Boots product brands across the world



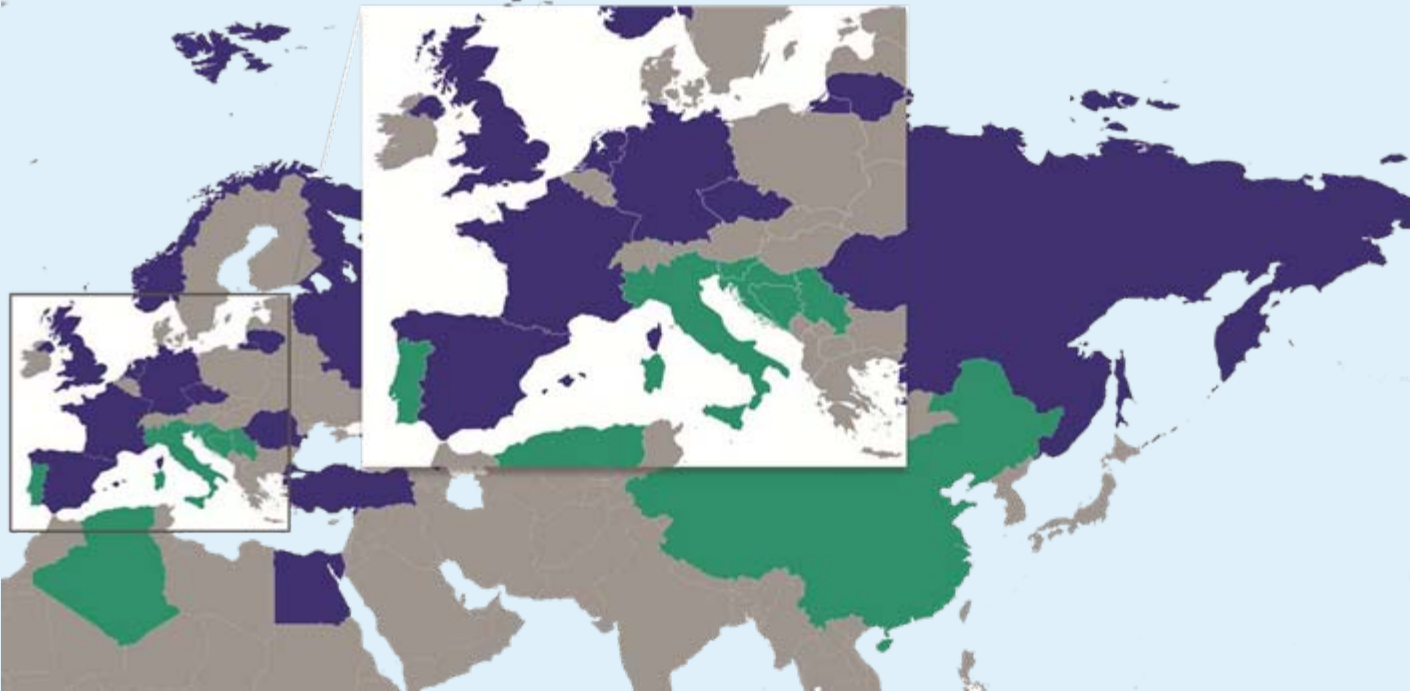
A screenshot of the Boots website homepage. The top navigation bar includes the Boots logo, a search bar, and links for 'Prescriptions Basket', 'View Basket', and 'Advantage Card'. Below the navigation bar, there are promotional banners for No7 products, including 'Great savings on selected No7' and 'Get ready for summer'. The bottom section features four promotional offers: 'Save £15 on selected baby with code BABY15', 'Visit our summer shop', '1/2 price on selected sun protection &amp; aftersun', and 'Save 10% on selected electrical with code EB10'.



## **Ornella Barra**

Chief Executive,  
Pharmaceutical Wholesale Division

# Our unparalleled scale and market presence



**Wholesale operations in 20 countries\***

- Owned businesses
  - Associates & joint ventures
- \* including associates & joint ventures

# Further developing our new business model



# Further developing our new business model





# Developing our offering for manufacturers





# Improving the health and wellbeing of the communities we serve



# Transforming our industry




*Walgreens*



AmerisourceBergen®



# Transforming our industry



**Partnering with pharmaceutical manufacturers  
across the globe**



# Transforming our industry



**Internationalising our unique product brands**

# Transforming our industry



**Building our network in geographies with  
long-term growth potential**



# Transforming our industry



**We have the vision... creativity...  
and management expertise...**





# Annual results 2012/13



**“A transformational year for Alliance Boots”**



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