SAN FRANCISCO & TORONTO--(BUSINESS WIRE)--McKesson Corporation (NYSE:MCK), a leading international healthcare services and information technology company, announced today that it has completed the previously announced acquisition of Rexall Health for $2.9 billion CAD ($2.1 billion USD*, or approximately $1.7 billion USD*, net of certain estimated purchase price adjustments, proceeds from store divestitures, and tax benefits). This follows the agreement reached with the Competition Bureau of Canada for the acquisition of Rexall Health and approval received under the Investment Canada Act.

As part of the transaction, McKesson has acquired approximately 470 retail pharmacies, and has agreed to divest stores in 26 local markets that the Competition Bureau of Canada identified during its review of the transaction.

McKesson also announced today that Domenic Pilla has been appointed CEO of McKesson Canada, effective January 3, 2017. Pilla will report to Paul C. Julian, executive vice president and group president, McKesson Corporation, and assume overall leadership responsibility for McKesson's distribution and retail businesses in Canada, including Rexall Health. Jürgen Schreiber, currently CEO of Rexall Health, will leave to pursue other opportunities.

"Today's announcement marks a milestone for McKesson and Rexall Health. With complementary assets, industry expertise, and shared values, we will now serve our customers with enhanced retail pharmacy capabilities and a broader reach across Canada," said John H. Hammergren, chairman and chief executive officer, McKesson Corporation. "Patients across Canada will benefit from best-in-class pharmacy care through innovative care solutions and an expanded retail footprint. We are thankful to Daryl Katz, founder and chairman of Katz Group, one of Canada's largest privately-owned enterprises, for having built such a strong pharmacy asset in the Canadian market."

With Rexall Health, McKesson will be able to serve a broad range of pharmaceutical care and ensure choice to consumers at a time when Canadians are increasingly turning to pharmacies for their healthcare advice and services.

"Together, McKesson and Rexall can leverage shared expertise to grow and deliver better care and value to Canadians," said Julian. "McKesson has a strong track record of delivering leading service levels to customers and patients."

"Domenic Pilla is uniquely qualified to lead our expanded portfolio in Canada based on his previous experience as president of Shoppers Drug Mart and McKesson Canada," Julian continued. "He brings deep knowledge of both the wholesale and retail sides of the business, and a proven track record of delivering results. We thank Jürgen Schreiber for his outstanding leadership in bringing this acquisition to fruition and wish him the greatest success."

Rexall Health will continue to have a dedicated management team in Canada under Pilla, while retaining the existing brand Canadians have come to know and trust. Pilla is expected to appoint a new president of Rexall Health in the future to provide day-to-day leadership for Rexall. His other direct report will be Paula Keays, president of McKesson Canada.

McKesson now expects Rexall Health to be flat to adjusted earnings per diluted share for Fiscal 2017 as earnings attributable to Rexall Health will be offset by an anticipated charge related to a fair value adjustment of acquired inventory. McKesson expects the acquisition will be 30 to 35 cents accretive to adjusted earnings per diluted share by the third year following the close of the transaction, on a constant currency basis.

* $1 CAD = $0.74 USD

About McKesson Corporation

McKesson Corporation, currently ranked 5th on the FORTUNE 500, is a healthcare services and information technology company dedicated to making the business of healthcare run better. McKesson partners with payers, hospitals, physician offices, pharmacies, pharmaceutical companies and others across the spectrum of care to build healthier organizations that deliver better care to patients in every setting. McKesson helps its customers improve their financial, operational, and clinical performance with solutions that include pharmaceutical and medical-surgical supply management, healthcare information technology, and business and clinical services. For more information, visit www.mckesson.com.
About McKesson Canada

Founded more than 100 years ago, McKesson Canada is dedicated to delivering vital medicines, supplies and information technologies that enable the healthcare industry to provide patients better, safer care. Our solutions empower pharmacies, manufacturers, hospitals and other healthcare institutions by enabling them to get closer to the millions of patients they serve every single day, while contributing to the quality and safety of care in Canada. For more information, visit www.mckesson.ca.  

About Rexall Health

With a heritage dating back to 1904, Rexall Health and Rexall Health Pharma Plus pharmacies are among the most trusted names in retail pharmacy. Rexall Health is focused on helping Canadians feel good about their health through easy access to a wide assortment of health and wellness services and products. Supported by our team of over 8,400 employees in over 470 pharmacies across the country, Rexall Health is continually evolving to enhance the customer experience. Rexall Health also includes Medicentres Canada, a group of family healthcare clinics in Edmonton, Calgary, London and Windsor where family physicians and specialists provide high-quality and accessible healthcare services to individuals and families, and Claimsecure, an industry-leading healthcare management and technology firm that has been providing customized, value added health benefit claims management and plan administrative services to Canadian corporations and other health benefit plan sponsors for over 30 years. For more information, visit www.rexall.ca.  

Risk Factors

This press release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties and other factors. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including the expected benefits and costs of the transaction; any projections of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding product or service development, extensions or integration; any statements of expectation or belief; any statements regarding general industry conditions and competition; any statements regarding economic conditions; the possibility that expected benefits may not materialize as expected; McKesson’s ability to successfully implement integration strategies; as well as the ability to ensure continued performance or market growth of the products and services of Rexall Health. These risks, uncertainties and other factors, and the general risks associated with McKesson’s business described in the reports and other documents filed with the Securities and Exchange Commission, could cause actual results to differ materially from those referred to in the forward-looking statements. All forward-looking statements are based on information currently available to McKesson and are qualified in their entirety by this cautionary statement. Except as required by law, McKesson assumes no obligation to update any such forward-looking statements or other statements included in this press release.  

Shareholders are encouraged to review SEC filings and more information about McKesson, which are located on the company’s website.  

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Contact:

McKesson Corporation Contacts:
Investors and Financial Media:
Craig Mercer, 415-983-8391
Craig.Mercer@mckesson.com  
General and Business Media:
Kristin Hunter, 415-983-8974
Kristin.Hunter@mckesson.com  
McKesson Canada:
David Simmonds, 416-908-2587
David.Simmonds@mckesson.ca  

Ticker Slug: Ticker: MCK  
Exchange: NYSE


Links:
[5] mailto:Craig.Mercer@mckesson.com  
[6] mailto:Kristin.Hunter@mckesson.com  
[7] mailto:David.Simmonds@mckesson.ca