| TIMELIN | $\text { NESS } 1$ | Raised 3／ | 16／18 | High： Low： | $\begin{array}{r} 49.1 \\ 35.8 \\ \hline \end{array}$ | $\begin{array}{r} 39.0 \\ 21.3 \\ \hline \end{array}$ | $\begin{array}{r} 1 \\ \hline 40.7 \\ 21.4 \end{array}$ | $\begin{aligned} & 40.2 \\ & 26.3 \end{aligned}$ | $\begin{aligned} & 47.1 \\ & 30.3 \end{aligned}$ | $\begin{aligned} & 37.8 \\ & 28.5 \end{aligned}$ | $\begin{array}{l\|} \hline 60.9 \\ 37.1 \end{array}$ | $\begin{aligned} & \hline 78.0 \\ & 55.3 \end{aligned}$ | $\begin{aligned} & 97.3 \\ & 73.0 \end{aligned}$ | $\begin{array}{r} 102.8 \\ 71.5 \end{array}$ | $\begin{aligned} & 88.0 \\ & 63.8 \end{aligned}$ | $\begin{aligned} & \hline 80.7 \\ & 61.6 \end{aligned}$ |  |  | Target Pric 2021202 | Range 2023 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| SAFETY TECHN | $\begin{array}{ll} y & \mathbf{2} \\ I C A L & 3 \end{array}$ | Lowered <br> Raised $6 /$ | $\begin{aligned} & \text { 12/19/14 } \\ & 18 / 118 \end{aligned}$ | $\begin{array}{\|c\|} \hline \text { LEGEN } \\ \hline \cdots \cdot 10 \\ \cdots \\ \text { Rel } \end{array}$ | NDS <br> .5 x＂Cash <br> elative Pric | Flow＂$p$ Strength |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $\begin{array}{\|l\|l\|} \hline 1 \\ \text { BETA } \end{array}$ |  |  |  | Options： Y Shaded | Yes |  |  |  |  |  |  |  |  |  |  |  |  |  |  | －160 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | OJECTIO |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | －100 |
|  | Price | Gain A | n＇I Total |  |  |  |  |  |  |  |  |  | ，小，1｜｜l｜l｜ |  |  |  |  |  |  | 80 |
|  | Price | Gain 00\％ | $\begin{aligned} & \text { Return } \\ & 21 \% \end{aligned}$ |  |  |  |  |  |  |  |  | ｜lı＇1／，${ }^{\prime \prime}$ |  |  | － | ${ }_{1}$ ， |  |  |  | 60 |
| $\begin{aligned} & \text { High } \\ & \text { Low } \end{aligned}$ | $125 \quad(+$ | $\begin{aligned} & 100 \% \\ & +45 \%) \\ & \hline \end{aligned}$ | 21\% |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 50 |
| Insider | Decisi | ons |  |  | ｜＂｜＂．．＇l｜ |  |  |  | 市 |  | ｜l |  |  |  |  |  |  |  |  | 40 |
| － | A S 0 | N D J | F M A |  |  | ｜Ill｜l｜ |  | ${ }^{\prime}{ }^{\prime \prime}{ }^{\prime \prime}$ |  | M1｜＂1＇1 |  |  |  |  |  |  |  |  |  | 30 |
| to Buy | $\begin{array}{lll}0 & 0 & 3 \\ 0 & 0 & \\ 0\end{array}$ | $\begin{array}{lll}0 & 0 & 0 \\ 2 & 0 & 0\end{array}$ | $\begin{array}{lll} 1 & 1 & 0 \\ 0 & 0 & 0 \\ 0 & 0 & 0 \end{array}$ |  |  |  | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| to Sell | 000 | 101 | $0 \quad 0 \quad 0$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Institu | tional D | cision |  | $\cdots$ |  |  |  |  |  |  |  |  |  |  |  |  |  | \％ |  |  |
|  | 302017 | 402017 | 102018 | Percent |  |  |  |  |  |  |  |  |  |  |  |  |  |  | STOCK INDEX |  |
| to Buy | 521 | 451 | 547 647 | shares |  |  |  |  |  |  |  |  |  |  |  |  |  | 1 yr. 3 yr. | $\begin{array}{ll}-21.3 & 14.3 \\ -23.0 & 29.1\end{array}$ |  |
| to sel Hld＇s（000） | 660441 | 588551 | 606598 | traded |  |  |  |  |  | 迷 |  |  | ｜ll｜ |  | 星 | t＋ |  | 5 yr ． | $44.0 \quad 67.5$ |  |
| 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | $\bigcirc{ }^{\circ} \mathrm{VA}$ | UE LINE PUB．LLC | 21－23 |
| 27.98 | 31.72 | 36.65 | 41.16 | 47.04 | 54.24 | 59.68 | 64.07 | 71.83 | 81.17 | 75.88 | 76.29 | 80.38 | 94.91 | 108.36 | 115.46 | 136.10 | 148.65 | Sales | sh ${ }^{\text {A }}$ | 175.00 |
| 1.29 | 1.47 | 1.72 | 1.99 | 2.30 | 2.74 | 3.03 | 3.02 | 3.37 | 3.93 | 3.59 | 3.99 | 4.33 | 5.35 | 6.21 | 6.99 | 7.95 | 8.75 | ＂Cash | low＂per sh | 11.10 |
| ． 98 | 1.12 | 1.32 | 1.52 | 1.72 | 2.03 | 2.17 | 2.02 | 2.16 | 2.64 | 2.53 | 2.61 | 2.90 | 3.88 | 4.59 | 5.10 | 6.00 | 6.50 | Earning | ser sh AB | 8.25 |
| ． 15 | ． 16 | ． 18 | ． 22 | ． 27 | ． 33 | ． 40 | ． 48 | ． 59 | ． 80 | ． 95 | 1.14 | 1.28 | 1.37 | 1.46 | 1.53 | 1.62 | 1.74 | Div＇ds | lecl＇d per sh ${ }^{\text {C－}}$ | 2.24 |
| 6.08 | 7.02 | 8.04 | 8.67 | 10.04 | 11.20 | 13.01 | 14.54 | 15.34 | 16.70 | 19.32 | 20.55 | 21.63 | 28.32 | 27.59 | 26.83 | 29.10 | 32.45 | Book V | lue per sh | 43.90 |
| 1024.9 | 1024.9 | 1023.3 | 1025.4 | 1007.9 | 991.14 | 989.18 | 988.56 | 938.61 | 889.29 | 944.06 | 946.60 | 950.39 | 1089.9 | 1083.0 | 1023.8 | 970.00 | 940.00 | Comm | Shs Outst＇g D | 900.00 |
| 36.8 | 27.7 | 26.3 | 27.9 | 26.0 | 22.2 | 17.1 | 13.9 | 15.9 | 14.8 | 13.2 | 16.3 | 21.8 | 20.2 | 18.0 | 16.1 | Bold figu | are | Avg An | ＇I P／E Ratio | 13.0 |
| 2.01 | 1.58 | 1.39 | 1.49 | 1.40 | 1.18 | 1.03 | ． 93 | 1.01 | ． 93 | ． 84 | ． 92 | 1.15 | 1.02 | ． 94 | ． 81 |  |  | Relativ | P／E Ratio | ． 70 |
| ．4\％ | ．5\％ | ．5\％ | ．5\％ | ．6\％ | ．7\％ | 1．1\％ | 1．7\％ | 1．7\％ | 2．1\％ | 2．8\％ | 2．7\％ | 2．0\％ | 1．8\％ | 1．8\％ | 1．9\％ |  |  | Avg An | ＇I Div＇d Yield | 2．0\％ |
| CAPITA | L STRUC | CTURE a | as of 2／28／ |  |  | 59034 | 63335 | 67420 | 72184 | 71633 | 72217 | 76392 | 103444 | 117351 | 118214 | 132000 | 139750 | Sales | mill）${ }^{\text {A }}$ | 157500 |
| Total De | ebt \＄1567 | 72 mill．D | Due in 5 | rs．\＄6289 | 9 mill． | 29．6\％ | 29．3\％ | 29．7\％ | 29．9\％ | 30．0\％ | 31．0\％ | 31．3\％ | 27．7\％ | 27．9\％ | 27．7\％ | 28．0\％ | 28．5\％ | Gross | argin | 29．5\％ |
| LT Debt | t \$12532 | mill LT | Interest <br> （31\％ | $\$ 483.2$ m |  | 7．3\％ | 6．7\％ | 6．7\％ | 7．0\％ | 6．7\％ | 6．8\％ | 7．8\％ | 5．7\％ | 7．6\％ | 7．7\％ | 7．5\％ | 7．5\％ | Operati | g Margin | 8．0\％ |
| Leases | ．，Uncap． | Annual | rentals \＄3 | ． 2 bill． |  | 6934 | 7496 | 7562 | 8210 | 8385 | 8582 | 8309 | 13100 | 12848 | 12822 | 14750 | 15000 | Numbe | of Stores | 16500 |
|  |  |  |  |  |  | 2157.0 | 2006.0 | 2134.0 | 2411.1 | 2223.8 | 2497.0 | 2798.0 | 4085.0 | 5009.0 | 5503.0 | 6000 | 6300 | Net Pro | it（\＄mill） | 7500 |
| Pension | Assets | －8／17 \＄89 | 80 mill．O | blig．\＄88 |  | 37．1\％ | 36．6\％ | 36．7\％ | 37．5\％ | 37．0\％ | 37．1\％ | 36．9\％ | 19．9\％ | 21．5\％ | 22．1\％ | 20．0\％ | 20．0\％ | Income | Tax Rate | 20．0\％ |
| mill． |  |  |  |  |  | 37．7\％ | 3．2\％ | 3．2\％ | 3．3\％ | 3．1\％ | 3．5\％ | 3．7\％ | 3．9\％ | 4．3\％ | 4．7\％ | 4．5\％ | 4．5\％ | Net Pro | it Margin | 4．8\％ |
| Pfd Stock | ck None |  |  |  |  | 3789.0 | 5280.0 | 4489.0 | 4239.0 | 2038.0 | 2991.0 | 3347.0 | 3100.0 | 8870.0 | 1206.0 | 1900 | 3800 | Workin | Cap＇l（\＄mill） | 13750 |
|  |  |  |  |  |  | 1337.0 | 2336.0 | 2389.0 | 2396.0 | 4073.0 | 4477.0 | 3736.0 | 13315 | 18705 | 12684 | 12250 | 11500 | Long－T | rm Debt（\＄mill） | 8500 |
| Comm | S Stock | 991，665，57 | 577 share |  |  | 12869 | 14376 | 14400 | 14847 | 18236 | 19454 | 20561 | 30861 | 29880 | 27466 | 28250 | 30500 | Shr．Eq | uity（\＄mill） | 39500 |
| as of $2 / 2$ | 28／18 |  |  |  |  | 15．2\％ | 12．2\％ | 13．0\％ | 14．2\％ | 10．2\％ | 10．7\％ | 11．8\％ | 9．9\％ | 10．9\％ | 14．3\％ | 15．5\％ | 15．0\％ | Return | on Total Cap＇l | 16．0\％ |
| MARKE | T CAP： | \＄62．4 billi | ion（Larg | ge Cap） |  | 16．8\％ | 14．0\％ | 14．8\％ | 16．2\％ | 12．2\％ | 12．8\％ | 13．6\％ | 13．2\％ | 16．8\％ | 20．0\％ | 21．0\％ | 20．5\％ | Return | on Shr．Equity | 19．0\％ |
| CURRE <br> （\＄MILL | NT POSI | TION |  |  |  | 13．8\％ | 10．9\％ | 11．1\％ | 11．9\％ | $7.9 \%$ $35 \%$ | 7．5\％ | 7．8\％ | 8．8\％ | 11．5\％ | $13.8 \%$ $31 \%$ | 15．5\％ | $15.0 \%$ | Retaine | to Com Eq | 14.0\% |
| Cash A | ssets | 9 | 9807 | 3301 | 1749 | 17\％ | 22\％ | 25\％ | 27\％ | 35\％ | 42\％ | 43\％ | 34\％ | 31\％ | 31\％ | 27\％ | 26\％ | All Div＇ | s to Net Prof | 27\％ |


| （SMILL．） |  |  |  |
| :--- | ---: | ---: | ---: |
| Cash Assets | 9807 | 3301 | 1749 |
| Receivables | 6260 | 6528 | 7281 |
| Inventory（LIFO） | 8956 | 8899 | 10316 |
| Other | 860 | 1025 | 1012 |
| Current Assets | 25883 | 19753 | 20358 |
| Accts Payable | 11000 | 12594 | 13301 |
| Debt Due | 323 | 251 | 3140 |
| Other | 5690 | 5802 | 6118 |
| Current Liab． | 17013 | 18547 | 22559 |


| ANNUAL RATES | Past | Past |  |
| :--- | ---: | :---: | :---: |
| Est＇d＇15－＇17 |  |  |  |
| of change（per sh） | 10 Yrs． | 5 Yrs． | to＇21－233 |
| Sales | $8.5 \%$ | $7.0 \%$ | $8.5 \%$ |
| ＂Cash Flow＂ | $10.0 \%$ | $11.0 \%$ | $10.0 \%$ |
| Earnings | $10.0 \%$ | $13.0 \%$ | $11.0 \%$ |
| Dividends | $18.0 \%$ | $13.0 \%$ | $7.5 \%$ |
| Book Value | $10.5 \%$ | $10.0 \%$ | $8.0 \%$ |


| Fiscal Year Ends | QUARTERLY SALES（\＄mill．）${ }^{\text {A }}$ |  |  |  | Full Fiscal Year |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Nov． 30 | Feb． 28 | May 31 | Aug． 31 |  |
| 2015 | 19554 | 26573 | 28795 | 28522 | 103444 |
| 2016 | 29033 | 30184 | 29498 | 28636 | 11735 |
| 2017 | 28501 | 29446 | 30118 | 30149 | 11821 |
| 2018 | 30740 | 33021 | 34239 | 34000 | 132000 |
| 2019 | 32650 | 34750 | 36250 | 36100 | 139750 |
| Fiscal Year | EARNINGS PER SHARE AB |  |  |  | $\begin{aligned} & \text { Full } \\ & \text { Fisca } \\ & \text { Year } \end{aligned}$ |
|  | $\text { Nov. } 30$ | Feb． 28 | May 31 | Aug． 31 |  |
| 2015 | 81 | 1.18 | 1.02 | 88 | 3.88 |
| 2016 | 1.03 | 1.31 | 1.18 | 1.07 | 4.59 |
| 2017 | 1.10 | 1.36 | 1.33 | 1.31 | 5.10 |
| 2018 | 1.28 | 1.73 | 1.48 | 1.51 | 6.00 |
| 2019 | 1.40 | 1.85 | 1.60 | 1.65 |  |
| Cal－ endar | QUARTERLY DIVIDENDS PAID C＾ |  |  |  |  |
|  | Mar． 31 | Jun． 30 | Sep． 30 | Dec． 31 | Year |
| 2014 | ． 315 | ． 315 | 3375 | ． 3375 | 1.26 |
| 2015 | ． 3375 | ． 3375 | ． 360 | ． 360 | 1.40 |
| 2016 | ． 360 | ． 360 | ． 375 | ． 375 | 1.46 |
| 2017 | ． 375 | ． 375 | ． 400 | ． 400 | 1.53 |
| 2018 | ． 40 | ． 40 |  |  |  |

BUSINESS：Walgreens Boots Alliance，Inc．is the world＇s premiere drug distributor，anchored by its network of drugstores in North America and Europe．As of $8 / 31 / 17$ ，it operated 12,822 stores across the globe，including 8，100 locations in 50 states and Puerto Rico．In 2017，pharmacy contributed $69.0 \%$ of sales（3rd party， $97.7 \%$ of Rx）；Other general merchandise，31．0\％．Stores average
Walgreens Boots Alliance reported better－than－expected financial results for the second quarter．（Fiscal 2018 ends August 31st．）Specifically，earnings of $\$ 1.73$ a share came in $27 \%$ higher than the year－earlier mark and $\$ 0.13$ ahead of our estimate．Top－line growth also outpaced our forecast，increasing 12\％，versus our $9 \%$ call，thanks to a like advance at the Retail Pharmacy USA segment．This was owed to the inclusion of acquired Rite Aid stores and increased mail business．The Retail Pharmacy International unit saw sales increase $7 \%$ ，but decline $2.6 \%$ on a constant currency basis．Pharmaceutical Wholesale，meanwhile，posted a 14．4\％up－ tick in sales，though constant－currency－ comp－sales growth was 3．4\％．
We look for margins to come under some pressure in the second half，but are maintaining our full－year fiscal 2018 share－net estimate of $\$ 6.00$ ．Man－ agement upped its full－year bottom－line guidance to between $\$ 5.85$ and $\$ 6.05$ ，but the increase seemed to be based on the February－quarter outperformance more than anything else．All 1，932 Rite Aid stores have now been acquired and the in－
$\$ 9.22$ million in annual sales．Has approximately 345,000 employ－ ees．Acquired 2，186 Rite Aid stores in September，2017．Officers \＆ directors own $14.48 \%$ of common stock．Vanguard， $6.5 \%$ ；Black－ Rock，Inc．， $5.5 \%$（12／17 Proxy）．CEO；Stefano Pessina．Chairman： James A．Skinner．Inc．：IL．Address： 108 Wilmot Road，Deerfield，IL 60015．Telephone：847－914－2500．Internet：www．walgreens．com
tegration of the assets is likely to boost sales，but pinch margins over the coming 12 to 18 months．That said，management now anticipates that the Tax Cuts and J obs Act will result in $\$ 350$ million in ben－ efits rather than the previously－thought $\$ 200$ million．Meanwhile，share repur－ chases ought to remain on the docket．
We are modeling for earnings of \＄6．50 a share for fiscal 2019，\＄0．20 below our earlier assumption．Our decision was primarily the result of margin headwinds stemming from the Rite Aid purchase．
These shares have remained on a steady downward slope for the better part of the year and have lost $10 \%$ in value since our March review．We think that a portion of the most recent slide has to do with the uncertainty sur－ rounding the Pharmaceutical Services in－ dustry，specifically the Trump Administra－ tion＇s intent to lower prescription costs， rather than company－specific reasons and that the downturn is overdone．Indeed，the stock is ranked 1 （Highest）for Timeliness and offers above－average risk－adjusted， three to five－year total return potential． AndreJ．Costanza

