

WALGREENS BOOTS NDQ-WBA RECENT PRICE **67.62** P/E RATIO **10.8** (Trailing: 11.6) (Median: 16.0) RELATIVE P/E RATIO **0.58** DIV'D YLD **2.6%** **VALUE LINE**

TIMELINESS **3** Lowered 7/27/18 High: 49.1 39.0 40.7 40.2 47.1 37.8 60.9 78.0 97.3 102.8 88.0 80.7
 SAFETY **2** Lowered 12/19/14 Low: 35.8 21.3 21.4 26.3 30.3 28.5 37.1 55.3 73.0 71.5 63.8 59.1
 TECHNICAL **4** Raised 9/7/18
 BETA .90 (1.00 = Market)
 LEGENDS
 — 10.5 x "Cash Flow" p sh
 ···· Relative Price Strength
 Options: Yes
 Shaded area indicates recession



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE 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 per sh ^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 Flow" 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	6.05	6.50	Earnings per 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 Decl'd per sh ^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 Value 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	Common 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	15.50	15.50	Avg Ann'l 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	1.00	1.00	Relative 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%	2.0%	2.0%	Avg Ann'l Div'd Yield	2.0%

CAPITAL STRUCTURE as of 5/31/18
 Total Debt \$1540.3 mill. Due in 5 Yrs. \$566.0 mill.
 LT Debt \$1245.6 mill LT Interest \$520.0 mill. (30% of Cap'l)
 Leases., Uncap. Annual rentals \$3.2 bill.
 Pension Assets-8/17 \$898.0 mill. Oblig. \$888.0 mill.
 Pfd Stock None
 Common Stock 992,411,822 shares as of 5/27/18
 MARKET CAP: \$67.1 billion (Large Cap)

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '15-'17 of change (per sh)
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	Nov.30	Feb.28	May 31	Aug.31	Full Fiscal Year
2015	19554	26573	28795	28522	103444
2016	29033	30184	29498	28636	117351
2017	28501	29446	30118	30149	118214
2018	30740	33021	34334	33905	132000
2019	32650	34750	36250	36100	139750

Fiscal Year Ends	Nov.30	Feb.28	May 31	Aug.31	Full Fiscal Year
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	1.53	1.51	6.05
2019	1.40	1.85	1.60	1.65	6.50

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full 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	.44		

Walgreens Boots Alliance, the newest member of the Dow-30, posted solid third-quarter financial results. (Fiscal 2018 ended August 31st.) The top line increased a slightly better than expected 14%, to \$34.3 billion, thanks mostly to strength in the pharmacy business. Indeed, pharmacy sales were up 19%, year over year. Same-store sales were flat, but the addition of Rite Aid stores drove the overall improvement. Meantime, earnings clocked in at a better-than-anticipated \$1.53 a share, 15% higher than the year-earlier tally and a nickel ahead of our call. Share repurchases and a lower tax rate, thanks to the Tax Cuts and Jobs Act, were further boons.

We think that the company is being cautious with its guidance. Management tweaked its full-year fiscal 2018 share-earnings estimate, tacking just a nickel onto the bottom of its range, now \$5.90-\$6.05. The midpoint assumes a 17% gain for all of fiscal 2018 and a 10% advance for the fourth quarter. However, we are optimistic based on the company's strong first-half performance, the likelihood of further below-the-operating-

\$9.22 million in annual sales. Has approximately 345,000 employees. Acquired 2,186 Rite Aid stores in September, 2017. Officers & directors own 14.48% of common stock. Vanguard, 6.5%; BlackRock, 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.

line tailwinds, and contributions from the Rite Aid additions. It should be noted that the board of directors has authorized \$10 billion in share repurchases. Adding it all up, we are modeling for \$1.51 in share earnings in the August quarter and \$6.05 for the full year. Our fiscal 2019 share-net forecast remains intact at \$6.50. **These shares have trended upwards in price since our June review, but are still trading a long ways off their year-to-date peak and even further below their 2016 all-time high.** Investor sentiment continues to be dampened by an increasingly competitive market environment and uncertainty about the future of the United States' healthcare system. The stock has slipped two notches for Timeliness and is now pegged to mirror the market in the coming six to 12 months. However, we still like Walgreens' longer-term prospects, given the company's market position, diversified business model, financial flexibility, and management's willingness to make moves such as its recent pairing with Humana to open senior-focused care centers in existing locations.
Andre J. Costanza September 14, 2018

(A) Fiscal year ends August 31st. (B) Based on diluted shares. Excludes non-recurring gains (losses): '02, 1c; '03, 2c; '04, 1c; '10, (4c); '11, 30c; '12, (11c); '13, (5c); '14, (90c); '15, 12c; '16, (77c); '17, (\$1.32); '18, (7c). May not add due to rounding. Next earnings report due late Oct. (C) Dividends historically paid in March, June, Sept., and Dec. ■ Direct stock purchase plan avail. (includes dividend reinvest.). (D) In millions.

© 2018 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

Company's Financial Strength	A+
Stock's Price Stability	75
Price Growth Persistence	60
Earnings Predictability	85

To subscribe call 1-800-VALUELINE