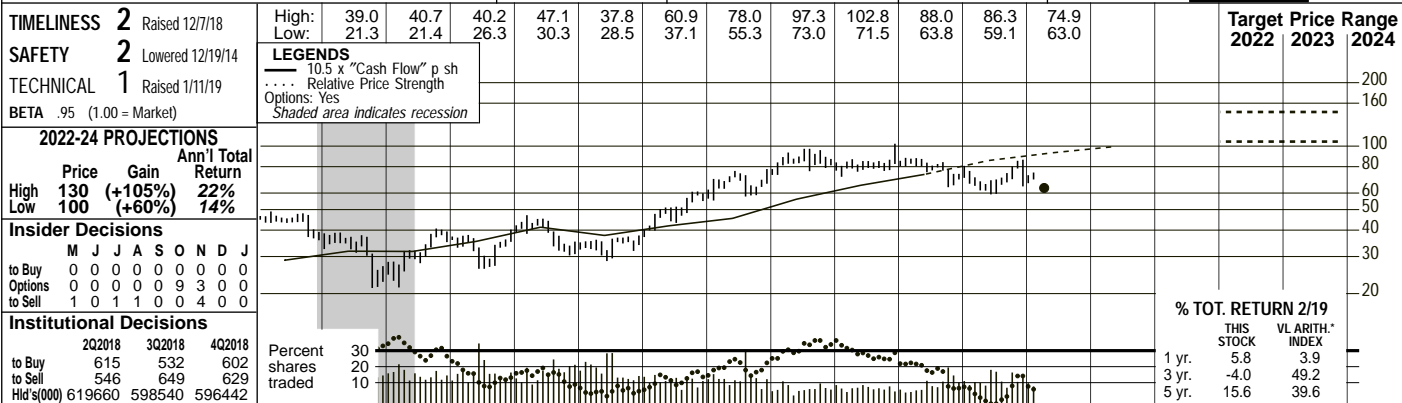


# WALGREENS BOOTS NDQ-WBA

RECENT PRICE **63.40** P/E RATIO **9.7** (Trailing: 10.2; Median: 16.0) RELATIVE P/E RATIO **0.57** DIV'D YLD **2.8%** VALUE LINE



2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
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	138.15	<b>150.25</b>	<b>161.00</b>	Sales per sh <sup>A</sup>	194.55
1.47	1.72	1.99	2.30	3.03	3.02	3.37	3.93	3.59	3.99	4.33	5.35	6.21	6.99	8.14	<b>8.85</b>	<b>9.50</b>	"Cash Flow" per sh	12.00	
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	<b>6.55</b>	<b>7.05</b>	Earnings per sh <sup>AB</sup>	8.85	
.16	.18	.22	.27	.33	.40	.48	.59	.80	.95	1.14	1.28	1.37	1.46	1.53	1.62	<b>1.74</b>	<b>1.86</b>	Div'ds Decl'd per sh <sup>C</sup>	2.35
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	28.03	<b>31.15</b>	<b>35.05</b>	Book Value per sh	46.05
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	952.13	<b>915.00</b>	<b>885.00</b>	Common Shs Outst'g <sup>D</sup>	825.00
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	11.5	<b>11.5</b>	<b>11.5</b>	Avg Ann'l P/E Ratio	13.0
1.58	1.39	1.49	1.40	1.18	1.03	.93	1.01	.93	.84	.92	1.15	1.02	.94	.81	.61	<b>.61</b>	<b>.61</b>	Relative P/E Ratio	.70
.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%	2.3%	<b>2.3%</b>	<b>2.3%</b>	Avg Ann'l Div'd Yield	2.0%

CAPITAL STRUCTURE as of 11/30/18		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
Total Debt	\$15990 mill. Due in 5 Yrs. \$7808 mill.	63335	67420	72184	71633	72217	76392	103444	117351	118214	131537	<b>137500</b>	<b>142500</b>	Sales (\$mill) <sup>A</sup>	160500						
LT Debt	\$11646 mill. LT Interest \$469.0 mill. (31% of Cap'l)	29.3%	29.7%	29.9%	30.0%	31.0%	31.3%	27.9%	27.7%	27.7%	27.7%	27.7%	27.7%	Gross Margin	28.5%						
Leases., Uncap.	Annual rentals \$3.5 bill.	6.7%	6.7%	7.0%	6.7%	6.8%	7.8%	5.7%	7.6%	7.7%	7.3%	7.0%	7.5%	Operating Margin	7.5%						
Pension Assets-8/18	\$8676 mill. Oblig. \$8293 mill.	7496	7562	8210	8385	8582	8309	13100	12848	12822	14327	<b>14800</b>	<b>15250</b>	Number of Stores	16750						
Pfd Stock	None	2006.0	2134.0	2411.1	2223.8	2497.0	2798.0	4085.0	5009.0	5503.0	5985	<b>6125</b>	<b>6400</b>	Net Profit (\$mill)	7500						
Common Stock	943,444,736 shares as of 11/30/18	36.6%	36.7%	37.5%	37.0%	37.1%	36.9%	19.9%	21.5%	22.1%	<b>17.9%</b>	<b>18.0%</b>	<b>18.5%</b>	Income Tax Rate	19.5%						
MARKET CAP:	\$59.8 billion (Large Cap)	3.2%	3.2%	3.3%	3.1%	3.5%	3.7%	3.9%	4.3%	4.7%	4.6%	<b>4.5%</b>	<b>4.5%</b>	Net Profit Margin	4.7%						
CURRENT POSITION (SMILL.)	2017	2018	11/30/18	5280.0	4489.0	4239.0	2038.0	2991.0	3347.0	3100.0	8870.0	1206.0	d3821	d3000	d1500	Working Cap'l (\$mill)	6000				
Cash Assets	3301	785	980	2336.0	2389.0	2396.0	4073.0	4477.0	3736.0	13315	18705	12684	12431	11000	10000	Long-Term Debt (\$mill)	8000				
Receivables	6528	6573	7144	14376	14400	14847	18236	19454	20561	30861	29880	27466	26689	<b>28500</b>	<b>31000</b>	Shr. Equity (\$mill)	38000				
Inventory (LIFO)	8899	9565	10976	12.2%	13.0%	14.2%	10.2%	10.7%	11.8%	9.9%	10.9%	14.3%	16.0%	<b>16.5%</b>	<b>16.0%</b>	Return on Total Cap'l	17.0%				
Other	1025	923	983	14.0%	14.8%	16.2%	12.2%	12.8%	13.6%	13.2%	16.8%	20.0%	22.4%	<b>21.5%</b>	<b>20.5%</b>	Return on Shr. Equity	19.5%				
Current Assets	19753	17846	20083	10.9%	11.1%	11.9%	7.9%	7.5%	7.8%	8.8%	11.5%	13.8%	15.9%	<b>15.5%</b>	<b>15.0%</b>	Retained to Com Eq	14.5%				
Accts Payable	12594	13566	14660	22%	25%	27%	35%	42%	43%	34%	31%	31%	29%	<b>27%</b>	<b>26%</b>	All Div'ds to Net Prof	26%				
Debt Due	251	1966	4344	<b>BUSINESS:</b> 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 \$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.																	
Other	5802	6135	6095	<b>Shares of Walgreens Boots Alliance have come under significant pressure on multiple occasions since our December review. Initially, they fell off a cliff shortly after the release of the said report, losing about 25% in value. While the stock began to retrace some of those losses in the days that followed, it tumbled again in the last few weeks, and is currently testing multiyear lows. Near-term earnings prospects appear more challenging than in the past. Although the company announced solid, and better-than-expected, first-quarter results (fiscal years end August 31st), there are some concerns. Specifically, the Retail Pharmacy International business registered a 5.9% top-line decline. This segment is likely to continue to be hurt by currency headwinds, the divestiture of Boots Contract Manufacturing, and soft business conditions in the United Kingdom. The Retail Pharmacy USA (pharmacy and retail combined) segment enjoyed a 14.4% top-line increase, but organic sales increased a far-less-impressive 4.6% gain excluding the benefits of Rite Aid stores. Comparable-pharmacy sales were up 2.8%, but comparable-retail sales were down 3.2%. We think that top-line growth will continue to slow due to the aforementioned factors, as well as management's decision to demphasize tobacco-related products, and that earnings growth will be further limited by reimbursement pressures among other things. Rival CVS' most recent quarterly report exasperated many of these concerns. Management left intact its fiscal 2019 7%-12% share-earnings growth forecast, but we have shaved our call by a nickel, to \$6.55. Our initial 2020 estimates look for more of the same. In that vein, we are looking for earnings of \$7.05 a share next year. We continue to like these timely shares. While the industry landscape is likely to remain tough near term, Walgreens is a leader whose finances and size give it the wherewithal to persevere. Longer term, the recently announced cost-cutting initiative is expected to yield \$1 billion in annual cost savings by the conclusion of the third year. Total return prospects are even brighter on a risk-adjusted basis.</b>																	
Current Liab.	18547	21667	25099	<i>Andre J. Costanza</i>																	

Fiscal Year Ends	Nov.30	Feb.28	May 31	Aug.31	Full Fiscal Year
2016	29033	30184	29498	28636	117351
2017	28501	29446	30118	30149	118214
2018	30740	33021	34334	33442	131537
2019	33793	<b>34650</b>	<b>34825</b>	<b>34232</b>	<b>137500</b>
2020	<b>35000</b>	<b>35900</b>	<b>36100</b>	<b>35500</b>	<b>142500</b>

Fiscal Year Ends	Nov.30	Feb.28	May 31	Aug.31	Full Fiscal Year
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	1.48	6.02
2019	1.46	<b>1.79</b>	<b>1.65</b>	<b>1.65</b>	<b>6.55</b>
2020	<b>1.55</b>	<b>1.90</b>	<b>1.80</b>	<b>1.80</b>	<b>7.05</b>

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	.44	1.68
2019	.44				

(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, (97c). May not add due to rounding. Next earnings report due late March. (C) Dividends historically paid in March, June, Sept., and Dec. (D) In millions.

Direct stock purchase plan avail. (includes dividend reinvest.).

Company's Financial Strength A+  
 Stock's Price Stability 75  
 Price Growth Persistence 60  
 Earnings Predictability 90