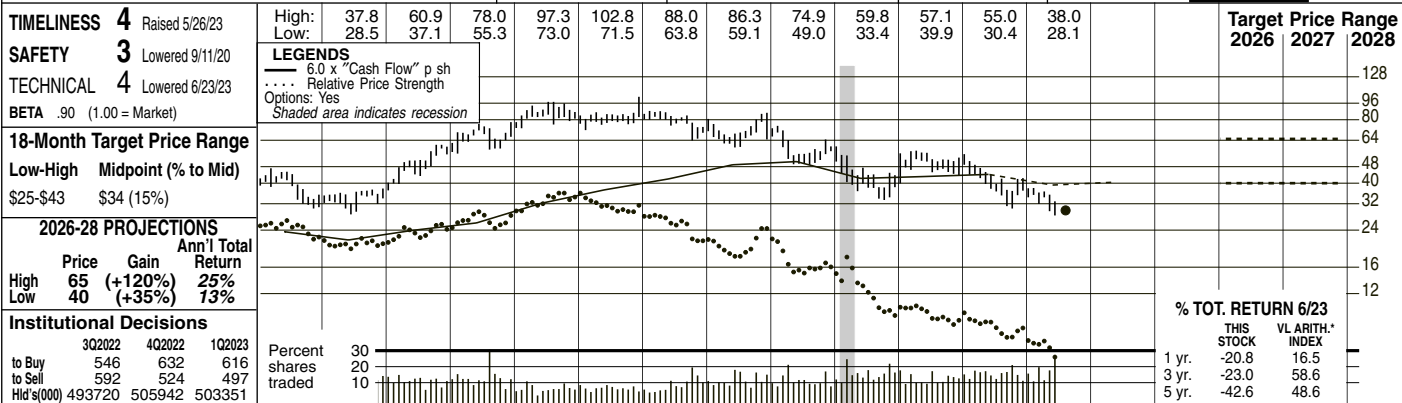


# WALGREENS BOOTS NDQ-WBA

RECENT PRICE **29.79** P/E RATIO **7.2** (Trailing: 7.2 Median: 14.0) RELATIVE P/E RATIO **0.42** DIV'D YLD **6.5%** VALUE LINE



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
54.24	59.68	64.07	71.83	81.17	75.88	76.29	80.38	94.91	108.36	115.46	138.15	152.86	161.20	153.12	153.48	<b>160.00</b>	<b>166.95</b>	Sales per sh <sup>A</sup>	<b>185.50</b>
2.74	3.03	3.02	3.37	3.93	3.59	3.99	4.33	5.35	6.21	6.99	8.15	8.46	7.04	7.19	7.34	<b>6.55</b>	<b>6.75</b>	"Cash Flow" per sh	<b>8.15</b>
2.03	2.17	2.02	2.16	2.64	2.53	2.61	2.90	3.88	4.59	5.10	6.02	5.99	4.74	4.91	5.04	<b>4.00</b>	<b>4.15</b>	Earnings per sh <sup>AB</sup>	<b>5.25</b>
.33	.40	.48	.59	.80	.95	1.14	1.28	1.37	1.46	1.53	1.64	1.78	1.84	1.88	1.91	<b>1.94</b>	<b>1.97</b>	Div'ds Decl'd per sh <sup>C</sup>	<b>2.10</b>
11.20	13.01	14.54	15.34	16.70	19.32	20.55	21.63	28.32	27.59	26.83	27.31	26.26	23.84	27.06	29.23	<b>31.50</b>	<b>34.30</b>	Book Value per sh	<b>45.45</b>
991.14	989.18	988.56	938.61	889.29	944.06	946.60	950.39	1089.9	1083.0	1023.8	952.13	895.39	865.60	865.37	864.64	<b>862.50</b>	<b>862.50</b>	Common Shs Outstanding <sup>D</sup>	<b>862.50</b>
22.2	17.1	13.9	15.9	14.8	13.2	16.3	21.8	20.2	18.0	16.1	11.5	10.8	10.4	9.5	9.1	<b>9.5</b>	<b>9.1</b>	Avg Ann'l P/E Ratio	<b>10.0</b>
1.18	1.03	.93	1.01	.93	.84	.92	1.15	1.02	.94	.81	.62	.58	.53	.51	.53	<b>.51</b>	<b>.53</b>	Relative P/E Ratio	<b>.55</b>
.7%	1.1%	1.7%	1.7%	2.1%	2.8%	2.7%	2.0%	1.8%	1.8%	1.9%	2.4%	2.8%	3.7%	4.0%	4.2%	<b>4.0%</b>	<b>4.2%</b>	Avg Ann'l Div'd Yield	<b>4.0%</b>

CAPITAL STRUCTURE as of 5/31/23		2021		2022		5/31/23		2021		2022		5/31/23		2021		2022		5/31/23	
Total Debt \$11902 mill. Due in 5 Yrs. \$7568 mill.		31.0%		31.3%		27.7%		27.9%		27.7%		24.8%		23.5%		21.5%		22.8%	
LT Debt \$8841 mill LT Interest \$550.0 mill. (29% of Cap'l)		6.8%		7.8%		5.7%		7.6%		7.7%		7.1%		6.3%		5.2%		5.1%	
Leases., Uncap. Annual rentals \$3.4 bill.		8582		8309		13100		12848		12822		14327		13882		13449		12996	
Pension Assets-8/22 \$6603 mill. Oblig. \$5967 mill.		2497.0		2798.0		4085.0		5009.0		5503.0		5989.2		5533.0		4169.8		4246.6	
Pfd Stock None		37.1%		36.9%		19.9%		21.5%		22.1%		17.8%		13.7%		13.3%		15.5%	
Common Stock 863,261,413 shares as of 5/31/23		3.5%		3.7%		3.9%		4.3%		4.7%		4.6%		4.0%		3.0%		3.2%	
MARKET CAP: \$25.7 billion (Large Cap)		2991.0		3347.0		3100.0		8870.0		1206.0		d3821		d7069		d8997		d6240	
		4477.0		3736.0		13315		18705		12684		12431		11098		12203		7675.0	
		19454		20561		29880		27466		26007		23512		20637		23419		25275	
		10.7%		11.8%		9.9%		10.9%		14.3%		16.3%		17.0%		13.7%		15.1%	
		12.8%		13.6%		13.2%		16.8%		20.0%		23.0%		23.5%		20.2%		18.1%	
		7.5%		7.8%		8.8%		11.5%		13.8%		16.3%		16.5%		11.7%		11.2%	
		42%		43%		34%		31%		31%		29%		30%		42%		38%	

ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22
of change (per sh)		10 Yrs.	5 Yrs.	to '26-'28
Sales		7.5%	8.0%	3.0%
"Cash Flow"		7.0%	3.0%	2.0%
Earnings		7.0%	1.5%	1.0%
Dividends		9.0%	5.5%	2.0%
Book Value		4.5%	-5%	9.5%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) <sup>A</sup>				Full Fiscal Year
	Nov.30	Feb.28	May.31	Aug.31	
2020	34340	35820	34631	34746	139537
2021	31438	32779	34003	34262	132509
2022	33901	33756	32597	32449	132703
2023	33382	34862	35415	<b>34341</b>	<b>138000</b>
2024	<b>35200</b>	<b>36250</b>	<b>36500</b>	<b>36050</b>	<b>144000</b>

Fiscal Year Ends	EARNINGS PER SHARE <sup>AB</sup>				Full Fiscal Year
	Nov.30	Feb.28	May.31	Aug.31	
2020	1.37	1.52	.83	1.02	4.74
2021	1.09	1.26	1.38	1.17	4.91
2022	1.68	1.59	.96	.80	5.04
2023	1.16	1.16	1.00	<b>.68</b>	<b>4.00</b>
2024	<b>1.20</b>	<b>1.25</b>	<b>1.18</b>	<b>1.12</b>	<b>4.75</b>

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019	.44	.44	.4575	.4575	1.80
2020	.4575	.4575	.4675	.4675	1.84
2021	.4675	.4675	.4775	.4775	1.89
2022	.4775	.4775	.48	.48	1.92
2023	.48	.48			

**Walgreens Boots Alliance's fiscal 2023 (ends August 31st) has proven to be a disappointment.** Its 8.7% May-quarter revenue rise beat consensus estimates by \$1.3 billion, but share earnings grew only by 4.2% to \$1.00, missing consensus by \$0.07. While this was the first positive earnings comparison since fiscal 2022's February period, it was not indicative of improved performance. In fact, management cut its 2023 earnings outlook to \$4.00-\$4.05, from \$4.45-\$4.65, suggesting yet another quarter of lower earnings. Operating margins have been under pressure from declining COVID-related demand, a weaker respiratory season leading to fewer front-store visits, and lower CityMD urgent care traffic. Other causes include higher labor costs and the cost of integrating recent acquisitions. Net income was also hurt by the absence of equity earnings from AmerisourceBergen (ABC) following the loss of Walgreens' majority holding and by a higher tax rate.

**We look for some improved performance in fiscal 2024.** Management expects low- to mid-single-digit operating income growth despite lower sale and leaseback activity and lower COVID-19 contribution. It will also grow faster than net income, given the recent sale of much of its ABC holdings, a higher tax rate, and an expected negative impact from its non-controlling interest. Walgreens plans to raise its operating income by expanding its cost-management program to yield an additional \$800 million in annual savings by 2024 yearend. Leadership also plans to reduce capital and project spend, and optimize working capital. Meantime, it paid down debt with proceeds from selling its shares in ABC and its remaining shares in Option Care Health. Separately, while U.S. Healthcare revenues nearly quadrupled in fiscal 2023's first nine months on acquisitions and strong internal growth, the segment remains unprofitable. Management has initiatives to control its costs and to realize increased synergies between the unit and the core drugstore business.

**Walgreens shares are untimely.** However, income-oriented investors may appreciate their generous dividend yield, and long-term holders, an attractive 3- to 5-year total return potential.

*Phillip M. Seligman July 21, 2023*

(A)	(B)	(C)	(D)	Company's Financial Strength	A
Fiscal year ends August 31st.	Based on diluted shares. Excludes nonrecurring gains/(losses): '10, (4c); '11, 30c; '12, (11c); '13, (5c); '14, (90c); '15, 12c; '16, (77c); '17, (\$1.32); '18, (67c); '19, (\$1.68); '20, (\$4.22); '21, (\$1.98); '22, (\$0.03); '23 9 mos., (\$0.86). May not add due to rounding. Next earnings report due mid-October.	Dividends historically paid in March, June, Sept., and Dec. ■ Direct stock purchase plan avail. (includes dividend reinvest.).	In millions.	Price Growth Persistence	15
				Earnings Predictability	80