

ModernGraham Valuation

Company Name:

Company Ticker WBA
Date of Analysis

Walgreens Boots
Alliance Inc

7/6/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$88,581,928,438	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.25	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	59.32%	Pass
6. Moderate PEmg Ratio	PEmg < 20	24.92	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.01	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.25	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.16	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.27
MG Growth Estimate	5.21%
MG Value	\$61.94
MG Value based on 3% Growth	\$47.45
MG Value based on 0% Growth	\$27.82
Market Implied Growth Rate	8.21%

MG Opinion

Current Price	\$81.55
% of Intrinsic Value	131.67%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.16
Graham Number	\$49.03
PEmg	24.92
Current Ratio	1.25
PB Ratio	3.01
Current Dividend	\$1.42
Dividend Yield	1.74%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.91	Next Fiscal Year Estimate	\$3.27
Aug2015	\$4.00	Aug2015	\$2.90
Aug2014	\$2.00	Aug2014	\$2.37
Aug2013	\$2.56	Aug2013	\$2.50
Aug2012	\$2.42	Aug2012	\$2.43
Aug2011	\$2.94	Aug2011	\$2.37
Aug2010	\$2.12	Aug2010	\$2.06
Aug2009	\$2.02	Aug2009	\$1.99
Aug2008	\$2.17	Aug2008	\$1.90
Aug2007	\$2.03	Aug2007	\$1.69
Aug2006	\$1.72	Aug2006	\$1.46
Aug2005	\$1.52	Aug2005	\$1.28
Aug2004	\$1.32	Aug2004	\$1.11
Aug2003	\$1.14	Aug2003	\$0.96
Aug2002	\$0.99	Aug2002	\$0.83
Aug2001	\$0.86	Aug2001	\$0.71
Aug2000	\$0.76	Aug2000	\$0.60
Aug1999	\$0.62	Balance Sheet Information 2/1/2016	
Aug1998	\$0.51	Total Current Assets	\$20,378,000,000
Aug1997	\$0.44	Total Current Liabilities	\$16,272,000,000
Aug1996	\$0.38	Long-Term Debt	\$12,974,000,000
		Total Assets	\$66,385,000,000
		Intangible Assets	\$26,918,000,000
		Total Liabilities	\$36,879,000,000
		Shares Outstanding (Diluted Average)	1,088,400,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

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- [47 Companies in the Spotlight This Week – 5/16/15](#)
- [Walgreens Boots Alliance Inc. Annual Valuation – 2015 \\$WBA](#)
- [40 Companies in the Spotlight This Week – 2/21/15](#)
- [Walgreens Boots Alliance Inc. Quarterly Valuation – February 2015 \\$WBA](#)

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- [Bed Bath & Beyond Inc Valuation – June 2016 \\$BBBY](#)
- [Wal-Mart Stores Inc Valuation – May 2016 \\$WMT](#)
- [Aaron's Inc Valuation – May 2016 \\$AAN](#)
- [Nordstrom Inc Valuation – May 2016 \\$JWN](#)
- [Tractor Supply Company Valuation – May 2016 \\$TSCO](#)
- [Fossil Group Inc Stock Valuation – February 2016 \\$FOSL](#)
- [TJX Companies Inc Valuation – February 2016 Update \\$TJX](#)
- [Coach Inc Valuation – February 2016 Update \\$COH](#)
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