

ModernGraham Valuation

Company Name:

Company Ticker WBA
Date of Analysis

Walgreens Boots
Alliance Inc

12/18/2018



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	\$72,740,712,363	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.82	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	97.99%	Pass
5. Earnings Growth	PEmg < 20	15.79	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.82	Pass
7. Moderate Price to Assets			

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	0.82	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.25	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 Score		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.87
MG Growth Estimate	10.03%
MG Value	\$139.17
MG Value based on 3% Growth	\$70.64
MG Value based on 0% Growth	\$41.41
Market Implied Growth Rate	3.64%

MG Opinion

Current Price	\$76.92
% of Intrinsic Value	55.27%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$24.11
Graham Number	\$60.62
PEmg	15.79
Current Ratio	0.82
PB Ratio	2.82
Current Dividend	\$1.64
Dividend Yield	2.13%
Number of Consecutive Years of Dividend Growth	15

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.98	Next Fiscal Year Estimate	\$4.87
Aug2018	\$5.05	Aug2018	\$4.12
Aug2017	\$3.78	Aug2017	\$3.52
Aug2016	\$3.82	Aug2016	\$3.26
Aug2015	\$4.00	Aug2015	\$2.92
Aug2014	\$2.00	Aug2014	\$2.40
Aug2013	\$2.67	Aug2013	\$2.54
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	\$1.27
Aug2004	\$1.31	Aug2004	\$1.10
Aug2003	\$1.13	Aug2003	\$0.96
Aug2002	\$0.99	Balance Sheet Information 8/1/2018	
Aug2001	\$0.86	Total Current Assets	\$17,846,000,000
Aug2000	\$0.76	Total Current Liabilities	\$21,667,000,000
Aug1999	\$0.62	Long-Term Debt	\$12,431,000,000
		Total Assets	\$68,124,000,000
		Intangible Assets	\$28,697,000,000
		Total Liabilities	\$41,435,000,000
		Shares Outstanding (Diluted Average)	978,200,000





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.

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