



Walgreens Boots Alliance

Walgreen Co. Reports Record Fourth Quarter and 27th Consecutive Year of Record Sales, Earnings

October 1, 2001

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Earnings for the fourth quarter were up 10.7 percent to \$216.9 million or 21 cents per share (diluted) versus last year's \$196.0 million or 19 cents per share. Last year's results exclude a gain of 2 cents per share for a partial payment of the company's share of the brand name prescription drug antitrust litigation settlement. Including the gain, net earnings rose 0.1 percent from last year's \$216.6 million or 21 cents per share (diluted).

Fiscal year earnings increased 15.3 percent to \$872.0 million or 85 cents per share (diluted) versus last year's \$756.3 million or 74 cents per share. These results exclude gains this year and last year from the litigation settlement noted above. Including the gains, fiscal year net earnings rose 14.0 percent to \$885.6 million or 86 cents per share (diluted) from last year's \$776.9 million or 76 cents per share (diluted).

Sales rose 16.8 percent to \$6.3 billion for the fourth quarter and 16.1 percent to \$24.6 billion for the year. Total sales in comparable stores (those open more than a year) were up 11.2 percent for the quarter and 10.5 percent for the year.

Prescriptions, which accounted for 57.5 percent of sales in fiscal 2001, climbed 21.0 percent in the fourth quarter and 20.9 percent for the fiscal year. Prescription sales in comparable stores rose 17.7 percent in the quarter and 17.6 percent for the year.

Walgreens 13th straight year of increased store openings brought more jobs, more investment and more health services to communities throughout the country. "Our fiscal strength uniquely positions us to grow our store base as planned," said Chairman Dan Jorndt. "We'll open another 475 stores in fiscal 2002 as we continue toward our goal of operating 6,000 stores by 2010."

The company continues to spread fixed costs over a larger store base, which allowed selling, general and administration expenses to drop 55 basis points to 21.09 percent of sales in the quarter. SG&A fell 28 basis points to 21.02 percent of sales in the year, the seventh consecutive year these expenses fell.

Capital expenditures are expected to total \$1.3 billion in 2002. President Dave Bernauer said, "Most of those funds will go toward store growth, distribution and technology. A new distribution center will open in West Palm Beach, Fla., in January, and new DCs are under construction in the Dallas metro area and northern Ohio. Also, we recently announced another new distribution center to be built in Southern California with a planned opening in 2004."

Jorndt noted that customer counts chainwide have shown good increases in the last three months. "We've lowered prices on thousands of items in cosmetics and promotional categories, and that's helping drive more customers into our stores," he said.

The company also is confident the Halloween and Christmas selling seasons will produce strong sales. "We traditionally do well during holiday seasons in tight economic times," Jorndt said. "We'll be in stock with items customers want."

At Aug. 31, Walgreens operated 3,520 drugstores in 43 states and Puerto Rico, versus 3,165 a year ago, for a net increase of 355.

For additional highlights on the quarter's results, a recorded Webcast and other financial information is available on Walgreens Investor Relations Web site at: <http://investor.walgreens.com>.

This news release may contain forward-looking statements that involve risks and uncertainties. The following factors could cause results to differ materially from management expectations as projected in such forward-looking statements: seasonal variations, competition, risks of new business areas, the availability and cost of real estate and construction, and changes in federal or state legislation or regulations. Investors are referred to the "Cautionary Note Regarding Forward-Looking Statements" in the Company's most recent Form 10-Q, which Note is incorporated into this news release by reference.

Click here to see [Comparative Condensed Statements of Earnings](#)