



Walgreens Boots Alliance

Fourth Quarter and Fiscal 2017 Results

25 October 2017

Safe harbor and non-GAAP

Cautionary Note Regarding Forward-Looking Statements: All statements in these materials and the related presentation that are not historical including, without limitation, estimates of and goals for future financial and operating performance, as well as forward-looking statements concerning the expected execution and effect of our business strategies, our cost-savings and growth initiatives and restructuring activities and the amounts and timing of their expected impact, and our amended and restated asset purchase agreement with Rite Aid and the transactions contemplated thereby and their possible timing and effects, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “expect,” “likely,” “outlook,” “forecast,” “preliminary,” “would,” “could,” “should,” “can,” “will,” “project,” “intend,” “plan,” “goal,” “guidance,” “target,” “aim,” “continue,” “sustain,” “synergy,” “on track,” “on schedule,” “headwind,” “tailwind,” “believe,” “seek,” “estimate,” “anticipate,” “upcoming,” “to come,” “may,” “possible,” “assume,” and variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions, known or unknown, that could cause actual results to vary materially from those indicated or anticipated, including, but not limited to, those relating to the impact of private and public third-party payers’ efforts to reduce prescription drug reimbursements, fluctuations in foreign currency exchange rates, the timing and magnitude of the impact of branded to generic drug conversions and changes in generic drug prices, our ability to realize synergies and achieve financial, tax and operating results in the amounts and at the times anticipated, the arrangements and transactions contemplated by our agreements with AmerisourceBergen and their possible effects, the occurrence of any event, change or other circumstance that could give rise to the termination, cross-termination or modification of any of our contractual obligations, the amount of costs, fees, expenses and charges incurred in connection with strategic transactions, whether the costs associated with restructuring activities will exceed estimates, our ability to realize expected savings and benefits from cost-savings initiatives, restructuring activities and acquisitions and joint ventures in the amounts and at the times anticipated, the timing and amount of any impairment or other charges, the timing and severity of cough, cold and flu season, changes in management’s assumptions, changes in economic and business conditions generally or in particular markets in which we participate, changes in financial markets and interest rates, the risks associated with international business operations, including the risks associated with the proposed withdrawal of the United Kingdom from the European Union, the risk of unexpected costs, liabilities or delays, changes in vendor, customer and payer relationships and terms, including changes in network participation and reimbursement terms, risks of inflation, risks related to competition, risks associated with new business areas and activities, risks associated with acquisitions, divestitures, joint ventures and strategic investments, including those relating to the ability of the parties to satisfy the closing conditions and consummate the pending acquisition of certain Rite Aid assets and related matters on a timely basis or at all, the risks associated with the integration of complex businesses, outcomes of legal and regulatory matters, and risks associated with changes in laws, regulations or interpretations thereof. These and other risks, assumptions and uncertainties are described in Item 1A (Risk Factors) of our Form 10-K for the fiscal year ended 31 August 2016 and Quarterly Report on Form 10-Q for the fiscal quarter ended 31 May 2017, each of which is incorporated herein by reference, and in other documents that we file or furnish with the SEC. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, we do not undertake, and expressly disclaim, any duty or obligation to update publicly any forward-looking statement after the date of this presentation.

Non-GAAP Financial Measures: Today’s presentation includes certain non-GAAP financial measures, and we refer you to the footnotes on page 22 and the Appendix to the presentation materials available on our investor relations website for reconciliations to the most directly comparable U.S. GAAP financial measures and related information.



Highlights



Walgreens Boots Alliance

Strong business performance for fiscal year

4Q results benefited from US pharmacy volumes and market share growth

Share repurchase program:

- completed \$5 billion since fiscal year end
- additional \$1 billion added to program¹

Secured Rite Aid regulatory clearance in September



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Refer to footnotes on page 22

4Q financial highlights



Walgreens Boots Alliance

\$ in millions (except EPS & % change)		4Q17	Reported Δ vs. 4Q16	Constant currency ² Δ vs. 4Q16
Sales		\$30,149	+ 5.3%	+ 6.4%
Operating income:	GAAP	\$1,114	- 2.3%	
	Adjusted³	\$1,884	+ 21.2%	+ 22.3%
Net earnings⁴:	GAAP	\$802	- 22.1%	
	Adjusted³	\$1,385	+ 18.8%	+ 19.1%
Diluted net EPS⁴:	GAAP	\$0.76	- 20.0%	
	Adjusted³	\$1.31	+ 22.4%	+ 22.4%



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Retail Pharmacy USA - 4Q financials



<i>\$ in millions (except %)</i>	4Q17	Δ vs. 4Q16
Sales	\$22,301	+ 7.5%
Comparable store sales⁵		+ 3.1%
Adjusted gross profit^{3,6}	\$5,618	+ 4.3%
Adjusted SG&A % of sales^{3,6}	18.9%	- 1.8%p
Adjusted operating margin^{3,6}	6.3%	+ 1.0%p
Adjusted operating income^{3,6}	\$1,403	+ 27.5%



Retail Pharmacy USA - pharmacy



4Q17 vs. 4Q16	Total	Comparable ⁵
Pharmacy sales	+ 12.6%	+ 5.6%
Prescriptions ⁷	+ 9.0%	+ 8.7%

Strong script volume growth due to

- Medicare Part D
- strategic pharmacy partnerships

Within sales

- volume growth and brand inflation
- partially offset by reimbursement pressure and generics impact

Market share up approx. 120 bps to 20.5%⁸



Refer to footnotes on page 22



Retail Pharmacy USA - retail

4Q17 vs. 4Q16



Total retail sales down 3.9%

Comparable retail sales down 2.1%⁵

- decline in consumables & general merchandise and personal care
- growth in beauty and health & wellness

Gross profit and margin higher

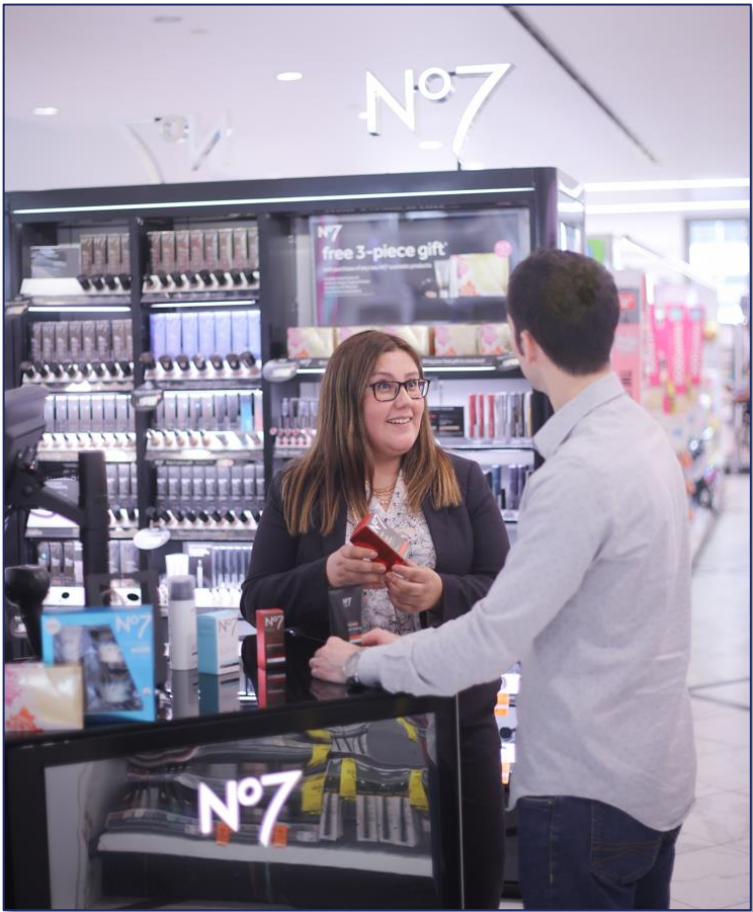
- actions taken last year
- changes to promotions and mix

Completed program to simplify and improve operational performance in approx. 1,500 stores



Retail Pharmacy USA - beauty differentiation

Walgreens



Retail Pharmacy USA - beauty differentiation



Retail Pharmacy USA - beauty differentiation



This advertisement features a close-up of a woman's face on the right side, showcasing her makeup. On the left, the "Sleek MakeUP" logo is displayed in pink and white. Below the logo, the text "Get ready to slay with one of the UK's cult favorite makeup brands." is written in white against a dark background.



Retail Pharmacy USA - beauty differentiation

YourGoodSkin™



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Retail Pharmacy USA - beauty differentiation¹



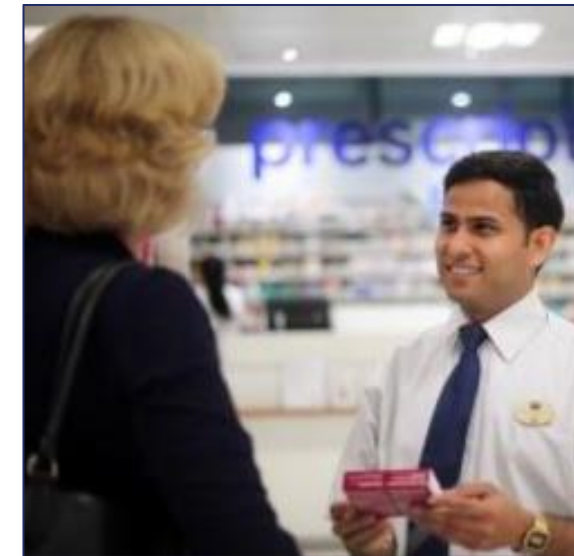
Retail Pharmacy International - 4Q financials



\$ in millions (except %)	4Q17	Constant currency ² Δ vs. 4Q16
Sales⁹	\$2,941	- 0.4%
Comparable store sales^{5,9}		- 0.2%

Comparable pharmacy sales up 0.5%^{2,5,9}
 - Boots UK up 1.2%2,5,9

Comparable retail sales down 0.5%^{2,5,9}
 - Boots UK down 1.3%2,5,9



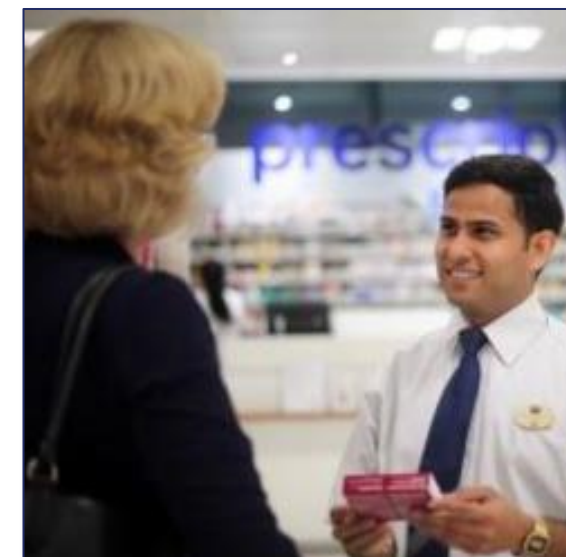
Refer to footnotes on page 22



Retail Pharmacy International - 4Q financials



\$ in millions (except %)	4Q17	Constant currency ² Δ vs. 4Q16
Sales⁹	\$2,941	- 0.4%
Comparable store sales^{5,9}		- 0.2%
Adjusted gross profit^{3,9}	\$1,226	- 0.8%
Adjusted SG&A % of sales^{3,9}	32.8%	- 0.9%p
Adjusted operating margin^{3,9}	8.9%	+ 0.8%p
Adjusted operating income^{3,9}	\$261	+ 8.9%



Pharmaceutical Wholesale - 4Q financials



\$ in millions (except %)	4Q17	Constant currency ² Δ vs. 4Q16
Sales¹⁰	\$5,445	+ 5.4%
Comparable sales^{10,11}		+ 5.4%
Adjusted operating margin^{3,10,12}	2.5%	- 0.3%p
Adjusted operating income^{3,10,12}	\$221	+ 11.5%



Fiscal year financial highlights



Walgreens Boots Alliance

\$ in millions (except EPS & % change)		FY17	Reported Δ vs. FY16	Constant currency ² Δ vs. FY16
Sales		\$118,214	+ 0.7%	+ 3.3%
Operating income:	GAAP	\$5,557	- 7.4%	
	Adjusted³	\$7,540	+ 4.6%	+ 6.5%
Net earnings⁴:	GAAP	\$4,078	- 2.3%	
	Adjusted³	\$5,503	+ 9.9%	+ 11.6%
Diluted net EPS⁴:	GAAP	\$3.78	- 1.0%	
	Adjusted³	\$5.10	+ 11.1%	+ 12.9%



Walgreens Boots Alliance

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Capital allocation

Operating cash flow:

- \$2.0 billion in 4Q17 and \$7.3 billion in FY17

Working capital inflow¹³:

- \$1.5 billion in FY17
- improved payables and lower days inventory

Cash capital expenditure:

- \$439 million in 4Q17 and \$1.4 billion in FY17
- investment in core customer proposition

Free cash flow³:

- \$1.6 billion in 4Q17 and \$5.9 billion in FY17



Rite Aid¹



Walgreens Boots Alliance

Secured regulatory clearance for purchase of 1,932 Rite Aid stores and related assets

Full completion anticipated spring 2018¹

Integration and rebranding expectations¹:

- **completion within three years**
- **acquisition-related costs ~\$750 million**
- **incremental capex ~\$500 million**
- **annual synergies of over \$300 million within four years**



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Store optimization program¹

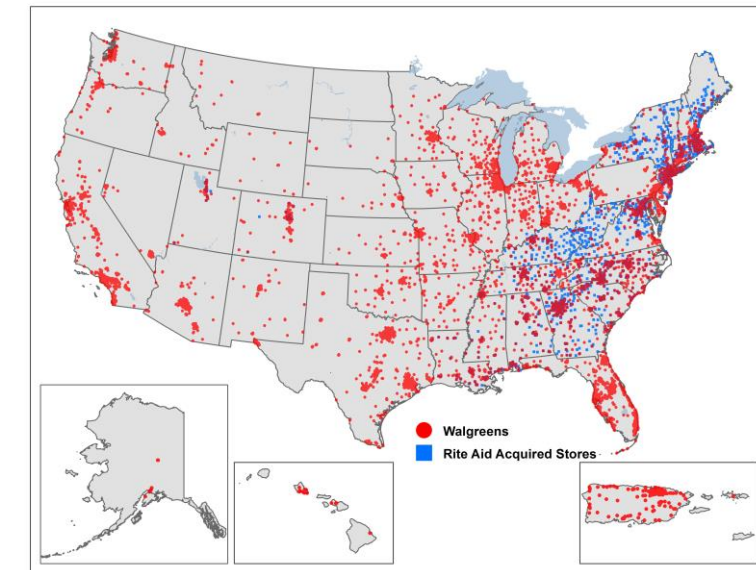


Walgreens Boots Alliance

Approx. 600 store closures over 18 months¹

Estimated program costs ~\$450 million
- substantially all cash¹

Forecast cost savings ~\$300 million per annum
- by end of fiscal 2020¹



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Fiscal year 2018 guidance¹

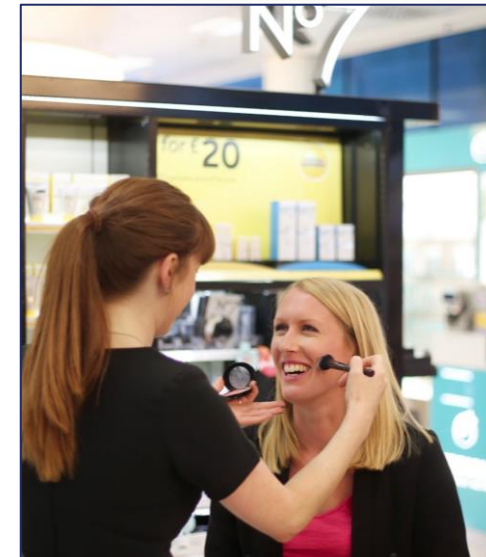


Walgreens Boots Alliance

Anticipated adjusted diluted net EPS^{1,3}
\$5.40 – \$5.70

Guidance assumes¹:

- current exchange rates rest of fiscal year
- no significant impact from Rite Aid



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Refer to footnotes on page 22



Walgreens Boots Alliance



We help people across the world lead healthier and happier lives

- Owned businesses
- Equity method investments
- Branded products & franchises*

*Countries where the Company's products are available for purchase or there are Company franchises (other than those countries where there are owned businesses, equity method investments or joint ventures)



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Footnotes

1. Forward-Looking Statements – see cautionary note on slide 2.
2. Presented on a constant currency basis. Non-GAAP financial measure – see appendix. These amounts are calculated by translating current period results at the foreign currency exchange rates used in the comparable period in the prior year. The company presents such constant currency financial information because it has significant operations outside of the United States reporting in currencies other than the U.S. dollar and this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations.
3. Non-GAAP financial measures: see appendix for reconciliations of non-GAAP financial measures and related disclosures.
4. Net earnings and net earnings per common share - diluted figures are attributable to Walgreens Boots Alliance, Inc.
5. Comparable stores are defined as those that have been open for at least twelve consecutive months without closure for seven or more consecutive days and without a major remodel or subject to a natural disaster in the past twelve months. Relocated and acquired stores are not included as comparable stores for the first twelve months after the relocation or acquisition. The method of calculating comparable sales varies across the industries in which we operate. As a result, our method of calculating comparable sales may not be the same as other companies' methods.
6. Retail Pharmacy USA segment GAAP 4Q17 results, dollars in millions: gross profit \$5,628, selling general and administrative expenses \$4,828, SG&A as a percent of sales 21.6%, operating income \$800, and operating margin 3.6% – see appendix.
7. Retail Pharmacy USA Pharmacy prescriptions (including immunizations) are reported on a 30 day equivalent basis.
8. Based on data from IMS Health (as of 31 August 2017).
9. Retail Pharmacy International segment GAAP 4Q17 results, dollars in millions: gross profit \$1,226, selling general and administrative expenses \$1,007, SG&A as a percent of sales 34.2%, operating income \$219, and operating margin 7.4% – see appendix. In 4Q17 compared to the prior year quarter, the division's gross profit on a reported currency basis decreased 3.7%, selling general and administrative expense on a reported currency basis decreased 5.7%, selling general and administrative expense as a percent of sales on a reported currency basis decreased 1.0 percentage points, operating income on a reported currency basis increased 6.8%, operating margin on a reported currency basis increased 0.6 percentage points, sales on a reported currency basis decreased 3.2%, comparable store sales on a reported currency basis decreased 3.0%, comparable pharmacy sales on a reported currency basis decreased 2.1%, comparable retail sales on a reported currency basis decreased 3.5%, Boots UK comparable pharmacy sales on a reported currency basis decreased 3.1% and Boots UK comparable retail sales on a reported currency basis decreased 5.5%.
10. Pharmaceutical Wholesale segment GAAP 4Q17 results, dollars in millions: operating income \$96, and operating margin 1.9% – see appendix. In 4Q17 compared to the prior year quarter, the division's operating income on a reported currency basis decreased 38.5%, operating margin on a reported currency basis decreased 0.4 percentage points, sales on a reported currency basis increased 0.8%, and comparable sales excluding acquisitions and dispositions on a reported currency basis increased 0.8%.
11. Comparable sales are defined as sales excluding acquisitions and dispositions.
12. Pharmaceutical Wholesale adjusted operating income includes adjusted equity earnings in AmerisourceBergen, which were \$84 million and \$50 million in the three months ended August 31, 2017 and three months ended August 31, 2016 respectively. See appendix for details. Pharmaceutical Wholesale adjusted operating margin has been calculated excluding adjusted equity earnings in AmerisourceBergen.
13. Working capital includes changes in the following operating assets and liabilities: accounts receivable net, inventories, other current assets, trade accounts payable, and accrued expenses and other liabilities.



Appendix

The following information provides reconciliations of the supplemental non-GAAP financial measures, as defined under SEC rules, presented in this presentation to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP). The company has provided the non-GAAP financial measures in the presentation, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These supplemental non-GAAP financial measures are presented because management has evaluated the company's financial results both including and excluding the adjusted items or the effects of foreign currency translation, as applicable, and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the company's business from period to period and trends in the company's historical operating results. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the presentation. The company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis (including the information under Fiscal year 2018 guidance) where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the company's control and/or cannot be reasonably predicted, and that would impact diluted net earnings per share, the most directly comparable forward-looking GAAP financial measure. For the same reasons, the company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

The company also presents certain information related to current period operating results in "constant currency," which is a non-GAAP financial measure. These amounts are calculated by translating current period results at the foreign currency exchange rates used in the comparable period in the prior year. The company presents such constant currency financial information because it has significant operations outside of the United States reporting in currencies other than the U.S. dollar and this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations.

For our Retail Pharmacy divisions, comparable stores are defined as those that have been open for at least 12 consecutive months and that have not been closed for seven or more consecutive days, undergone a major remodel or been subject to a natural disaster during the past 12 months. Relocated and acquired stores are not included as comparable stores for the first 12 months after the relocation or acquisition. Comparable store sales, comparable pharmacy sales and comparable retail sales refer to total sales, pharmacy sales and retail sales, respectively, in such stores. For our Pharmaceutical Wholesale division, comparable sales are defined as sales excluding acquisitions and dispositions. The method of calculating comparable sales varies across the industries in which we operate. As a result, our method of calculating comparable sales may not be the same as other companies' methods.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Reconciliation of net earnings

(\$ in millions)

	Three months ended				Twelve months ended			
	August 31, 2017	August 31, 2016	Change vs. 4Q16		August 31, 2017	August 31, 2016	Change vs. FY16	
			Amount	Percent			Amount	Percent
Net earnings attributable to Walgreens Boots Alliance, Inc. (GAAP)	\$ 802	\$ 1,030	\$ (228)	(22.1)%	\$ 4,078	\$ 4,173	\$ (95)	(2.3)%
Adjustments to operating income:								
Cost transformation	243	233			835	424		
Acquisition-related costs	399	20			474	102		
Acquisition-related amortization	85	91			332	369		
Adjustments to equity earnings in AmerisourceBergen	92	16			187	21		
LIFO provision	(38)	8			166	214		
Legal settlement	—	47			—	47		
Asset impairment (recovery)	(11)	—			(11)	30		
Total adjustments to operating income	770	415			1,983	1,207		
Adjustments to other income (expense):								
Net investment hedging loss	33	49			48	12		
Change in fair market value of AmerisourceBergen warrants	—	(328)			—	517		
Impact of change in accounting method for AmerisourceBergen equity investment	—	—			—	(268)		
Total adjustments to other income (expense)	33	(279)			48	261		
Adjustments to interest expense, net:								
Prefunded acquisition financing costs	80	42			203	46		
Total adjustments to interest expense, net	80	42			203	46		
Adjustments to income tax provision:								
United Kingdom tax rate change ¹	—	—			(77)	(178)		
Equity method non-cash tax ¹	(11)	10			23	10		
Tax impact of adjustments ²	(289)	(52)			(755)	(510)		
Total adjustments to income tax provision	(300)	(42)			(809)	(678)		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	\$ 1,385	\$ 1,166	\$ 219	18.8 %	\$ 5,503	\$ 5,009	\$ 494	9.9 %

¹ Discrete tax-only items.

² Represents the adjustment to the GAAP basis tax provision commensurate with non-GAAP adjustments.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Reconciliation of diluted net earnings per share

	Three months ended				Twelve months ended			
	August 31, 2017	August 31, 2016	Change vs. 4Q16		August 31, 2017	August 31, 2016	Change vs. FY16	
			Amount	Percent			Amount	Percent
Diluted net earnings per common share (GAAP)	\$ 0.76	\$ 0.95	\$ (0.19)	(20.0)%	\$ 3.78	\$ 3.82	\$ (0.04)	(1.0)%
Adjustments to operating income	0.73	0.38			1.84	1.11		
Adjustments to other income (expense)	0.03	(0.26)			0.04	0.24		
Adjustments to interest expense, net	0.08	0.04			0.19	0.04		
Adjustments to income tax provision	(0.29)	(0.04)			(0.75)	(0.62)		
Adjusted diluted net earnings per common share (Non-GAAP measure)	\$ 1.31	\$ 1.07	\$ 0.24	22.4 %	\$ 5.10	\$ 4.59	\$ 0.51	11.1 %
Weighted average common shares outstanding, diluted (in millions)	1,059.5	1,089.0			1,078.5	1,091.1		



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Reconciliation of adjusted effective tax rate¹

(\$ in millions)

	Three months ended August 31, 2017			Three months ended August 31, 2016		
	Earnings before income tax provision	Income tax provision	Effective tax rate	Earnings before income tax provision	Income tax provision	Effective tax rate
Effective tax rate (GAAP)	\$ 932	\$ 126	13.5%	\$ 1,233	\$ 207	16.8%
Impact of non-GAAP adjustments	883	436		178	160	
Equity method non-cash tax	—	11		—	(10)	
Adjusted tax rate true-up	—	(147)		—	(108)	
Subtotal	\$ 1,815	\$ 426		\$ 1,411	\$ 249	
Exclude adjusted equity earnings in AmerisourceBergen	(84)	—		(50)	—	
Adjusted effective tax rate excluding adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 1,731	\$ 426	24.6%	\$ 1,361	\$ 249	18.3%
	Twelve months ended August 31, 2017			Twelve months ended August 31, 2016		
	Earnings before income tax provision	Income tax provision	Effective tax rate	Earnings before income tax provision	Income tax provision	Effective tax rate
Effective tax rate (GAAP)	\$ 4,853	\$ 760	15.7%	\$ 5,144	\$ 997	19.4%
Impact of non-GAAP adjustments	2,234	755		1,514	510	
United Kingdom tax rate change	—	77		—	178	
Equity method non-cash tax	—	(23)		—	(10)	
Adjusted tax rate true-up	—	—		—	—	
Subtotal	\$ 7,087	\$ 1,569		\$ 6,658	\$ 1,675	
Exclude adjusted equity earnings in AmerisourceBergen	(322)	—		(58)	—	
Adjusted effective tax rate excluding adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 6,765	\$ 1,569	23.2%	\$ 6,600	\$ 1,675	25.4%

¹ A change to the presentation of this table was made to reflect the tax impact of non-GAAP excluded items as a single adjustment for the three and twelve months ended August 31, 2017 and 2016. No change in calculation methodology was made.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Reconciliation of gross profit by Division

(\$ in millions)

	Three months ended August 31, 2017				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Gross profit (GAAP)	\$ 5,628	\$ 1,226	\$ 487	\$ (1)	\$ 7,340
Cost transformation	28	—	—	—	28
LIFO provision	(38)	—	—	—	(38)
Adjusted gross profit (Non-GAAP measure)	\$ 5,618	\$ 1,226	\$ 487	\$ (1)	\$ 7,330
Sales	\$ 22,301	\$ 2,941	\$ 5,445	\$ (538)	\$ 30,149
Gross margin (GAAP)	25.2%	41.7%	8.9%		24.3%
Adjusted gross margin (Non-GAAP measure)	25.2%	41.7%	8.9%		24.3%

	Three months ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Gross profit (GAAP)	\$ 5,380	\$ 1,273	\$ 502	\$ —	\$ 7,155
LIFO provision	8	—	—	—	8
Adjusted gross profit (Non-GAAP measure)	\$ 5,388	\$ 1,273	\$ 502	\$ —	\$ 7,163
Sales	\$ 20,747	\$ 3,037	\$ 5,400	\$ (548)	\$ 28,636
Gross margin (GAAP)	25.9%	41.9%	9.3%		25.0%
Adjusted gross margin (Non-GAAP measure)	26.0%	41.9%	9.3%		25.0%



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Reconciliation of gross profit by Division

(\$ in millions)

	Twelve months ended August 31, 2017				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Gross profit (GAAP)	\$ 22,450	\$ 4,753	\$ 1,965	\$ (6)	\$ 29,162
Cost transformation	89	—	—	—	89
LIFO provision	166	—	—	—	166
Adjusted gross profit (Non-GAAP measure)	\$ 22,705	\$ 4,753	\$ 1,965	\$ (6)	\$ 29,417
Sales	\$ 87,302	\$ 11,813	\$ 21,188	\$ (2,089)	\$ 118,214
Gross margin (GAAP)	25.7%	40.2%	9.3%		24.7%
Adjusted gross margin (Non-GAAP measure)	26.0%	40.2%	9.3%		24.9%

	Twelve months ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Gross profit (GAAP)	\$ 22,323	\$ 5,432	\$ 2,131	\$ (12)	\$ 29,874
LIFO provision	214	—	—	—	214
Adjusted gross profit (Non-GAAP measure)	\$ 22,537	\$ 5,432	\$ 2,131	\$ (12)	\$ 30,088
Sales	\$ 83,802	\$ 13,256	\$ 22,571	\$ (2,278)	\$ 117,351
Gross margin (GAAP)	26.6%	41.0%	9.4%		25.5%
Adjusted gross margin (Non-GAAP measure)	26.9%	41.0%	9.4%		25.6%



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Reconciliation of selling, general and administrative expenses by Division

(\$ in millions)

	Three months ended August 31, 2017				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Selling, general and administrative expenses (GAAP)	\$ 4,828	\$ 1,007	\$ 383	\$ —	\$ 6,218
Cost transformation	(186)	(16)	(13)	—	(215)
Acquisition-related costs	(399)	—	—	—	(399)
Acquisition-related amortization	(39)	(26)	(20)	—	(85)
Asset recovery	11	—	—	—	11
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 4,215	\$ 965	\$ 350	\$ —	\$ 5,530
Sales	\$ 22,301	\$ 2,941	\$ 5,445	\$ (538)	\$ 30,149
Selling, general and administrative expenses percent to sales (GAAP)	21.6%	34.2%	7.0%		20.6%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	18.9%	32.8%	6.4%		18.3%

	Three months ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Selling, general and administrative expenses (GAAP)	\$ 4,601	\$ 1,068	\$ 380	\$ —	\$ 6,049
Cost transformation	(204)	(15)	(14)	—	(233)
Acquisition-related costs	(20)	—	—	—	(20)
Acquisition-related amortization	(42)	(27)	(22)	—	(91)
Legal settlement	(47)	—	—	—	(47)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 4,288	\$ 1,026	\$ 344	\$ —	\$ 5,658
Sales	\$ 20,747	\$ 3,037	\$ 5,400	\$ (548)	\$ 28,636
Selling, general and administrative expenses percent to sales (GAAP)	22.2%	35.2%	7.0%		21.1%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	20.7%	33.8%	6.4%		19.8%



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Reconciliation of selling, general and administrative expenses by Division

(\$ in millions)

	Twelve months ended August 31, 2017				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Selling, general and administrative expenses (GAAP)	\$ 18,255	\$ 4,012	\$ 1,479	\$ (6)	\$ 23,740
Cost transformation	(642)	(67)	(37)	—	(746)
Acquisition-related costs	(474)	—	—	—	(474)
Acquisition-related amortization	(152)	(101)	(79)	—	(332)
Asset recovery	11	—	—	—	11
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 16,998	\$ 3,844	\$ 1,363	\$ (6)	\$ 22,199
Sales	\$ 87,302	\$ 11,813	\$ 21,188	\$ (2,089)	\$ 118,214
Selling, general and administrative expenses percent to sales (GAAP)	20.9%	34.0%	7.0%		20.1%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	19.5%	32.5%	6.4%		18.8%

	Twelve months ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale	Eliminations	Walgreens Boots Alliance, Inc.
Selling, general and administrative expenses (GAAP)	\$ 17,918	\$ 4,403	\$ 1,589	—	\$ 23,910
Cost transformation	(374)	(29)	(21)	—	(424)
Acquisition-related costs	(102)	—	—	—	(102)
Acquisition-related amortization	(185)	(97)	(87)	—	(369)
Legal settlement	(47)	—	—	—	(47)
Asset impairment	(30)	—	—	—	(30)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 17,180	\$ 4,277	\$ 1,481	—	\$ 22,938
Sales	\$ 83,802	\$ 13,256	\$ 22,571	\$ (2,278)	\$ 117,351
Selling, general and administrative expenses percent to sales (GAAP)	21.4%	33.2%	7.0%		20.4%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	20.5%	32.3%	6.6%		19.5%



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Reconciliation of operating income by Division

(\$ in millions)

	Three months ended August 31, 2017				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale ¹	Eliminations	Walgreens Boots Alliance, Inc.
Operating income (GAAP)	\$ 800	\$ 219	\$ 96	\$ (1)	\$ 1,114
Cost transformation	214	16	13	—	243
Acquisition-related costs	399	—	—	—	399
Acquisition-related amortization	39	26	20	—	85
Adjustments to equity earnings in AmerisourceBergen	—	—	92	—	92
LIFO provision	(38)	—	—	—	(38)
Asset recovery	(11)	—	—	—	(11)
Adjusted operating income (Non-GAAP measure)	\$ 1,403	\$ 261	\$ 221	\$ (1)	\$ 1,884
Sales	\$ 22,301	\$ 2,941	\$ 5,445	\$ (538)	\$ 30,149
Operating margin (GAAP) ²	3.6%	7.4%	1.9%		3.7%
Adjusted operating margin (Non-GAAP measure) ²	6.3%	8.9%	2.5%		6.0%

	Three months ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale ¹	Eliminations	Walgreens Boots Alliance, Inc.
Operating income (GAAP)	\$ 779	\$ 205	\$ 156	\$ —	\$ 1,140
Cost transformation	204	15	14	—	233
Acquisition-related costs	20	—	—	—	20
Acquisition-related amortization	42	27	22	—	91
Adjustments to equity earnings in AmerisourceBergen	—	—	16	—	16
LIFO provision	8	—	—	—	8
Legal settlement	47	—	—	—	47
Adjusted operating income (Non-GAAP measure)	\$ 1,100	\$ 247	\$ 208	\$ —	\$ 1,555
Sales	\$ 20,747	\$ 3,037	\$ 5,400	\$ (548)	\$ 28,636
Operating margin (GAAP) ²	3.8%	6.8%	2.3%		3.9%
Adjusted operating margin (Non-GAAP measure) ²	5.3%	8.1%	2.9%		5.3%

¹ Operating income for Pharmaceutical Wholesale includes equity earnings in AmerisourceBergen. As a result of the two month reporting lag, operating income for the three month period ended August 31, 2017 includes AmerisourceBergen equity earnings for the period of April 1, 2017 through June 30, 2017. Operating income for the three month period ended August 31, 2016 includes AmerisourceBergen equity earnings for the period of April 1, 2016 through June 30, 2016.

² Operating margins and adjusted operating margins have been calculated excluding equity earnings in AmerisourceBergen.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Reconciliation of operating income by Division

(\$ in millions)

	Twelve months ended August 31, 2017				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale ¹	Eliminations	Walgreens Boots Alliance, Inc.
Operating income (GAAP)	\$ 4,195	\$ 741	\$ 621	\$ —	\$ 5,557
Cost transformation	731	67	37	—	835
Acquisition-related costs	474	—	—	—	474
Acquisition-related amortization	152	101	79	—	332
Adjustments to equity earnings in AmerisourceBergen	—	—	187	—	187
LIFO provision	166	—	—	—	166
Asset recovery	(11)	—	—	—	(11)
Adjusted operating income (Non-GAAP measure)	\$ 5,707	\$ 909	\$ 924	\$ —	\$ 7,540
Sales	\$ 87,302	\$ 11,813	\$ 21,188	\$ (2,089)	\$ 118,214
Operating margin (GAAP) ²	4.8%	6.3%	2.3%		4.6%
Adjusted operating margin (Non-GAAP measure) ²	6.5%	7.7%	2.8%		6.1%

	Twelve months ended August 31, 2016				
	Retail Pharmacy USA	Retail Pharmacy International	Pharmaceutical Wholesale ¹	Eliminations	Walgreens Boots Alliance, Inc.
Operating income (GAAP)	\$ 4,405	\$ 1,029	\$ 579	\$ (12)	\$ 6,001
Cost transformation	374	29	21	—	424
Acquisition-related costs	102	—	—	—	102
Acquisition-related amortization	185	97	87	—	369
Adjustments to equity earnings in AmerisourceBergen	—	—	21	—	21
LIFO provision	214	—	—	—	214
Legal settlement	47	—	—	—	47
Asset impairment	30	—	—	—	30
Adjusted operating income (Non-GAAP measure)	\$ 5,357	\$ 1,155	\$ 708	\$ (12)	\$ 7,208
Sales	\$ 83,802	\$ 13,256	\$ 22,571	\$ (2,278)	\$ 117,351
Operating margin (GAAP) ²	5.3%	7.8%	2.4%		5.1%
Adjusted operating margin (Non-GAAP measure) ²	6.4%	8.7%	2.9%		6.1%

¹ Operating income for Pharmaceutical Wholesale includes equity earnings in AmerisourceBergen. As a result of the two month reporting lag, operating income for the twelve month period ended August 31, 2017 includes AmerisourceBergen equity earnings for the period of July 1, 2016 through June 30, 2017. Operating income for the twelve month period ended August 31, 2016 includes AmerisourceBergen equity earnings for the period March 18, 2016 through June 30, 2016.

² Operating margins and adjusted operating margins have been calculated excluding equity earnings in AmerisourceBergen.



Walgreens Boots Alliance

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Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Equity earnings in AmerisourceBergen

(\$ in millions)

	Three months ended		Twelve months ended	
	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Equity earnings in AmerisourceBergen (GAAP)	\$ (8)	\$ 34	\$ 135	\$ 37
Acquisition-related amortization	30	24	110	28
Change in fair market value of AmerisourceBergen warrants	—	(8)	30	(8)
LIFO provision	(5)	7	(26)	8
Litigation settlements	71	—	75	—
Other	(4)	(7)	(2)	(7)
Adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 84	\$ 50	\$ 322	\$ 58



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

Free cash flow

(\$ in millions)

	Three months ended		Twelve months ended	
	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Net cash provided by operating activities (GAAP)	\$ 2,014	\$ 2,658	\$ 7,251	\$ 7,847
Less: Additions to property, plant and equipment	(439)	(421)	(1,351)	(1,325)
Free cash flow (Non-GAAP measure)¹	\$ 1,575	\$ 2,237	\$ 5,900	\$ 6,522

¹ Free cash flow is defined as net cash provided by operating activities in a period less additions to property, plant and equipment (capital expenditures) made in that period. This measure does not represent residual cash flows available for discretionary expenditures as the measure does not deduct the payments required for debt service and other contractual obligations or payments for future business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statements of cash flows.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries¹
Supplemental Information (unaudited)

Reconciliation of diluted net earnings per common share compound annual growth rate

	Twelve months ended		Change vs. FY14	
	August 31, 2017	August 31, 2014 ¹	Total	Compound annual growth rate ²
Diluted net earnings per common share (GAAP)	\$ 3.78	\$ 2.00	89.0%	23.6%
Adjustments to operating income	1.84	0.69		
Adjustments to other income (expense)	0.04	0.50		
Adjustments to interest expense, net	0.19	—		
Adjustments to income tax provision	(0.75)	0.09		
Adjusted diluted net earnings per common share (Non-GAAP measure)	\$ 5.10	\$ 3.28	55.5%	15.9%
Weighted average common shares outstanding, diluted (in millions)	1,078.5	965.2		

¹ On December 31, 2014, Walgreens Boots Alliance, Inc. became the successor of Walgreen Co. pursuant to a merger to effect a reorganization of Walgreen Co. into a holding company structure, with Walgreens Boots Alliance, Inc. becoming the parent holding company. Financial information reflects the results of operations and financial position of Walgreen Co. and its subsidiaries for periods prior to December 31, 2014 and of Walgreens Boots Alliance, Inc. and its subsidiaries for periods as of and after December 31, 2014. As a result of the completion of the acquisition by Walgreens Boots Alliance, Inc. of the remaining 55% of Alliance Boots GmbH that Walgreen Co. did not already own on December 31, 2014, there are a number of items that affect comparability of reported results for the periods presented and comparisons of results are not directly comparable. For further information, please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Comparability" in our Annual Report on Form 10-K for the fiscal year ended 31 August 2015 and in our subsequent filings with the Securities and Exchange Commission.

² The compound annual growth rate is defined as the implied annual rate of return of earnings per share from fiscal 2014 to fiscal 2017.



Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries¹
Supplemental Information (unaudited)

Reconciliation of net earnings

(\$ in millions)

	Twelve months ended August 31, 2014 ¹
Net earnings attributable to Walgreens Boots Alliance, Inc. (GAAP)¹	\$ 1,932
Adjustments to operating income:	
Acquisition-related costs	82
Acquisition-related amortization	282
LIFO provision	132
Store closures and other optimization costs	271
Loss (gain) on sale of business	(9)
Adjustments to equity earnings in Alliance Boots	(86)
Total adjustments to operating income	672
Adjustments to other income (expense):	
Change in fair market value of AmerisourceBergen warrants	(385)
Alliance Boots call option loss	866
Total adjustments to other income (expense)	481
Adjustments to income tax provision:	
Equity method non-cash tax ²	180
Tax impact of adjustments ³	(95)
Total adjustments to income tax provision	85
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)¹	\$ 3,170

¹ On December 31, 2014, Walgreens Boots Alliance, Inc. became the successor of Walgreen Co. pursuant to a merger to effect a reorganization of Walgreen Co. into a holding company structure, with Walgreens Boots Alliance, Inc. becoming the parent holding company. Financial information reflects the results of operations and financial position of Walgreen Co. and its subsidiaries for periods prior to December 31, 2014 and of Walgreens Boots Alliance, Inc. and its subsidiaries for periods as of and after December 31, 2014. As a result of the completion of the acquisition by Walgreens Boots Alliance, Inc. of the remaining 55% of Alliance Boots GmbH that Walgreen Co. did not already own on December 31, 2014, there are a number of items that affect comparability of reported results for the periods presented and comparisons of results are not directly comparable. For further information, please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Comparability" in our Annual Report on Form 10-K for the fiscal year ended 31 August 2015 and in our subsequent filings with the Securities and Exchange Commission.

² Discrete tax-only items.

³ Represents the adjustment to the GAAP basis tax provision commensurate with non-GAAP adjustments.



Historical adjusted SG&A expense

Retail Pharmacy USA¹ Supplemental Information (unaudited)

Selling, general and administrative expenses

(\$ in millions)

	2012		2013				2014				2015				2016				2017			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Selling, general and administrative expenses (GAAP)	\$ 4,249	\$ 4,398	\$ 4,497	\$ 4,362	\$ 4,286	\$ 4,379	\$ 4,569	\$ 4,551	\$ 4,493	\$ 4,456	\$ 4,555	\$ 4,494	\$ 4,742	\$ 4,417	\$ 4,466	\$ 4,434	\$ 4,601	\$ 4,334	\$ 4,756	\$ 4,337	\$ 4,828	
Cost transformation	—	—	—	—	—	—	—	—	—	—	—	(151)	(372)	(85)	(25)	(60)	(204)	(72)	(316)	(68)	(186)	
Acquisition-related amortization	(70)	(74)	(75)	(67)	(73)	(70)	(73)	(71)	(68)	(67)	(59)	(52)	(52)	(50)	(47)	(46)	(42)	(37)	(38)	(38)	(39)	
Acquisition-related costs	(50)	(37)	(21)	(27)	(24)	(25)	(17)	(20)	(20)	(24)	(52)	(4)	—	(34)	(33)	(15)	(20)	(17)	(29)	(29)	(399)	
Asset (impairment) recovery	—	—	—	—	—	—	—	—	—	—	(110)	—	—	—	(30)	—	—	—	—	—	11	
Legal settlement	—	—	—	(28)	—	—	—	—	—	—	—	—	—	—	—	—	(47)	—	—	—	—	
Store closures and other optimization costs	—	—	—	—	—	(19)	(2)	(99)	(139)	(28)	(16)	(7)	(5)	—	—	—	—	—	—	—	—	
(Loss)/Gain on sale of business	—	—	—	—	—	—	—	—	9	—	—	(12)	(5)	—	—	—	—	—	—	—	—	
Hurricane Sandy	—	(39)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 4,129	\$ 4,248	\$ 4,401	\$ 4,240	\$ 4,189	\$ 4,265	\$ 4,477	\$ 4,361	\$ 4,275	\$ 4,337	\$ 4,318	\$ 4,268	\$ 4,308	\$ 4,248	\$ 4,331	\$ 4,313	\$ 4,288	\$ 4,208	\$ 4,373	\$ 4,202	\$ 4,215	
Sales	\$ 17,073	\$ 17,316	\$ 18,647	\$ 18,313	\$ 17,941	\$ 18,329	\$ 19,605	\$ 19,401	\$ 19,057	\$ 19,554	\$ 21,048	\$ 20,425	\$ 19,947	\$ 20,370	\$ 21,500	\$ 21,185	\$ 20,747	\$ 20,659	\$ 21,814	\$ 22,528	\$ 22,301	
Selling, general and administrative expenses percent to sales (GAAP)	24.9%	25.4%	24.1%	23.8%	23.9%	23.9%	23.3%	23.5%	23.6%	22.8%	21.6%	22.0%	23.8%	21.7%	20.8%	20.9%	22.2%	21.0%	21.8%	19.3%	21.6%	
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	24.2%	24.5%	23.6%	23.2%	23.3%	23.3%	22.8%	22.5%	22.4%	22.2%	20.5%	20.9%	21.6%	20.9%	20.1%	20.4%	20.7%	20.4%	20.0%	18.7%	18.9%	
Adjusted SG&A as a percentage of sales vs. comparable quarter						-0.9%p	-1.2%p	-0.8%p	-0.7%p	-0.9%p	-1.1%p	-2.3%p	-1.6%p	-0.8%p	-1.3%p	-0.4%p	-0.5%p	-0.9%p	-0.5%p	-0.1%p	-1.7%p	-1.8%p

¹ Financial information presented for periods subsequent to 31 December 2014 is for the Retail Pharmacy USA segment of Walgreens Boots Alliance, Inc. and include an allocation of procurement rebates and corporate-related overhead costs. Financial information for periods prior to this date is for Walgreen Co. which had one reportable segment. Period-over-period comparisons of results require consideration of the foregoing factors.



Certain assumptions and supplemental information

Unless otherwise indicated or the context otherwise requires:

- *This presentation assumes constant currency exchange rates after the date hereof based on current rates;*
- *All financial estimates and goals assume constant currency exchange rates after the date hereof based on current rates and no major mergers, acquisitions, divestitures or strategic transactions.*

References in this presentation to the “Company,” “we,” “us” or “our” refer to Walgreens Boots Alliance, Inc. and its subsidiaries, and do not include unconsolidated partially-owned entities, except as otherwise indicated or the context otherwise requires. Our fiscal year ends on 31 August, and references herein to “fiscal 2017” refer to our fiscal year ended 31 August 2017.

We account for our investment in AmerisourceBergen common stock using the equity method of accounting on a two-month lag. All descriptions in this presentation of the agreements relating to the strategic long-term relationship with AmerisourceBergen announced by the Company and Alliance Boots on 18 March 2013 and the arrangements and transactions contemplated thereby are qualified in their entirety by reference to the description and the full text of the agreements in the Company’s filings with the SEC, including the Form 8-K filed on 20 March 2013, the Form 10-Q filed on 6 July 2016 and the Schedule 13D filed on 15 April 2014, as amended to date.

