

Item 8. Financial statements and supplementary data

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
At August 31, 2019 and 2018
(in millions, except shares and per share amounts)

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,023	\$ 785
Accounts receivable, net	7,226	6,573
Inventories	9,333	9,565
Other current assets	1,118	923
Total current assets	18,700	17,846
Non-current assets:		
Property, plant and equipment, net	13,478	13,911
Goodwill	16,560	16,914
Intangible assets, net	10,876	11,783
Equity method investments (see note 5)	6,851	6,610
Other non-current assets	1,133	1,060
Total non-current assets	48,899	50,278
Total assets	\$ 67,598	\$ 68,124
Liabilities and equity		
Current liabilities:		
Short-term debt	\$ 5,738	\$ 1,966
Trade accounts payable (see note 18)	14,341	13,566
Accrued expenses and other liabilities	5,474	5,862
Income taxes	216	273
Total current liabilities	25,769	21,667
Non-current liabilities:		
Long-term debt	11,098	12,431
Deferred income taxes	1,785	1,815
Other non-current liabilities	4,795	5,522
Total non-current liabilities	17,678	19,768
Commitments and contingencies (see note 10)		
Equity:		
Preferred stock \$.01 par value; authorized 32 million shares, none issued	—	—
Common stock \$.01 par value; authorized 3.2 billion shares; issued 1,172,513,618 at August 31, 2019 and 2018	12	12
Paid-in capital	10,639	10,493
Retained earnings	35,815	33,551
Accumulated other comprehensive loss	(3,897)	(3,002)
Treasury stock, at cost; 277,126,116 shares at August 31, 2019 and 220,380,200 shares at August 31, 2018	(19,057)	(15,047)
Total Walgreens Boots Alliance, Inc. shareholders' equity	23,512	26,007
Noncontrolling interests	641	682
Total equity	24,152	26,689
Total liabilities and equity	\$ 67,598	\$ 68,124

The accompanying notes to Consolidated Financial Statements are an integral part of these Statements.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
For the years ended August 31, 2019, 2018 and 2017
(in millions, except per share amounts)

	2019	2018	2017
Sales	\$ 136,866	\$ 131,537	\$ 118,214
Cost of sales	106,790	100,745	89,052
Gross profit	30,076	30,792	29,162
Selling, general and administrative expenses	25,242	24,694	23,813
Equity earnings in AmerisourceBergen	164	191	135
Operating income	4,998	6,289	5,484
Other income	233	302	62
Earnings before interest and income tax provision	5,231	6,591	5,546
Interest expense, net	704	616	693
Earnings before income tax provision	4,527	5,975	4,853
Income tax provision	588	998	760
Post tax earnings from other equity method investments	23	54	8
Net earnings	3,962	5,031	4,101
Net (loss) earnings attributable to noncontrolling interests	(20)	7	23
Net earnings attributable to Walgreens Boots Alliance, Inc.	\$ 3,982	\$ 5,024	\$ 4,078
Net earnings per common share:			
Basic	\$ 4.32	\$ 5.07	\$ 3.80
Diluted	\$ 4.31	\$ 5.05	\$ 3.78
Weighted average common shares outstanding:			
Basic	921.5	991.0	1,073.5
Diluted	923.5	995.0	1,078.5

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WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended August 31, 2019, 2018 and 2017
(in millions)

	2019	2018	2017
Comprehensive income:			
Net earnings	\$ 3,962	\$ 5,031	\$ 4,101
Other comprehensive income (loss), net of tax:			
Pension/postretirement obligations	(149)	240	73
Unrealized gain on cash flow hedges	60	3	4
Unrecognized (loss) on available-for-sale investments	—	—	(2)
Share of other comprehensive income (loss) of equity method investments	(1)	5	(1)
Currency translation adjustments	(820)	(198)	(169)
Total other comprehensive income (loss)	(909)	50	(95)
Total comprehensive income	3,053	5,081	4,006
Comprehensive income (loss) attributable to noncontrolling interests	(33)	8	(13)
Comprehensive income attributable to Walgreens Boots Alliance, Inc.	\$ 3,086	\$ 5,073	\$ 4,019

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WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended August 31, 2019, 2018 and 2017
(in millions)

	2019	2018	2017
Cash flows from operating activities:			
Net earnings	\$ 3,962	\$ 5,031	\$ 4,101
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	2,038	1,770	1,654
Gain on previously held equity interest	—	(337)	—
Deferred income taxes	100	(322)	(434)
Stock compensation expense	119	130	91
Equity earnings from equity method investments	(187)	(244)	(143)
Other	302	296	364
Changes in operating assets and liabilities:			
Accounts receivable, net	(789)	(391)	(153)
Inventories	141	331	98
Other current assets	(112)	(22)	—
Trade accounts payable	954	1,352	1,684
Accrued expenses and other liabilities	(374)	287	(128)
Income taxes	(406)	694	44
Other non-current assets and liabilities	(154)	(311)	77
Net cash provided by operating activities	5,594	8,263	7,255
Cash flows from investing activities:			
Additions to property, plant and equipment	(1,702)	(1,367)	(1,351)
Proceeds from sale leaseback transactions	3	—	444
Proceeds from sale of other assets	117	655	59
Business, investment and asset acquisitions, net of cash acquired	(741)	(4,793)	(88)
Other	16	4	93
Net cash used for investing activities	(2,307)	(5,501)	(843)
Cash flows from financing activities:			
Net change in short-term debt with maturities of 3 months or less	536	586	33
Proceeds from debt	12,433	5,900	—
Payments of debt	(10,461)	(4,890)	(6,196)
Stock purchases	(4,160)	(5,228)	(5,220)
Proceeds related to employee stock plans	174	174	217
Cash dividends paid	(1,643)	(1,739)	(1,723)
Other	75	(98)	(45)
Net cash used for financing activities	(3,047)	(5,295)	(12,934)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(9)	11	26
Changes in cash, cash equivalents and restricted cash			
Net increase (decrease) in cash, cash equivalents, and restricted cash	232	(2,522)	(6,496)
Cash, cash equivalents and restricted cash at beginning of period	975	3,496	9,992
Cash, cash equivalents and restricted cash at end of period	\$ 1,207	\$ 975	\$ 3,496

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