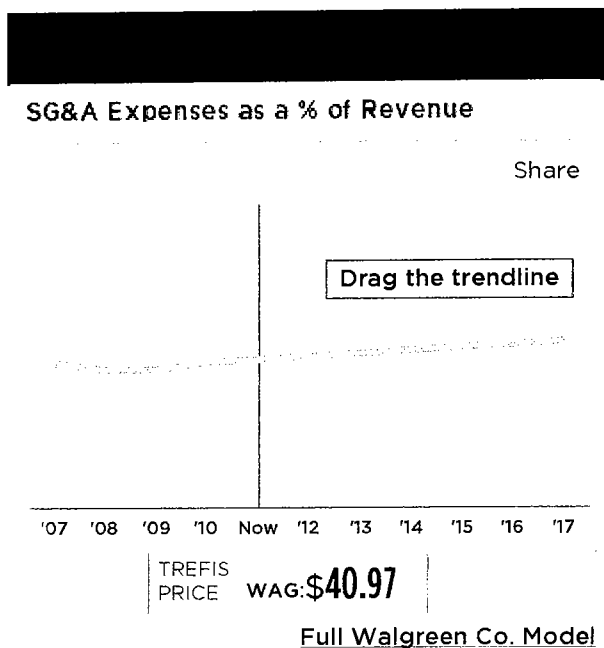


(Chart created by using Trefis' [app](#))

How has Walgreens fared with margins?

Walgreens' SG&A expenses as a percentage of revenues have declined from 22.4% in 2007 to 22.1% over 2008-09 but recovered to 22.4% in 2010. Carrying more groceries comes with added pressure on administrative expenses particularly related to inventory and logistics. Given the relatively lower margins on groceries compared to pharmaceutical drugs, we expect Walgreen to sharpen its focus on working capital and SG&A expenses.



(Chart created by using Trefis' [app](#))

Disclosure: No positions