

Walgreen Sales Dip After Express Scripts Contract Ends

By KEVIN HARLIN, INVESTOR'S BUSINESS DAILY
Posted 03/05/2012 01:35 PM ET

Drugstore chain **Walgreen (WAG)** saw a steeper-than-expected decline in February drug volume, the second month it hasn't filled prescriptions for customers in the **Express Scripts (ESRX)** network.

The No. 1 drug chain said total February sales climbed 1.5% to \$5.86 billion, including this year's extra day. General merchandise sales at stores open at least a year climbed 2%, despite a slight decrease in traffic.

But same-store prescriptions sales fell 8.6%, steeper than the 7.2% drop analysts had expected. The same-store figures back out the extra leap-year day.

The company said new generic drugs and a milder flu season caused part of the decline, but the vast majority was from the expiration of its contract with Express Scripts. That network accounted for 12.6% of all prescriptions Walgreen filled in February 2011.

Walgreen shares were up 2% to 33.25 in intraday trading.

Walgreen ceased filling prescriptions for patients in the Express Scripts pharmacy benefits management network on Dec. 31, when the two failed to agree on a new contract.

Working with the main CVS Committee (CVS) as a group, Walgreen and other pharmacy benefit managers (PBMs) are dependent on the quantity and quality of the network of pharmacies that fill prescriptions for their members.

Walgreen's sales for the first quarter of 2012 were down 1.5% from the same period in 2011. Sales for the first quarter of 2011 were down 1.5% from the same period in 2010. Walgreen's sales for the first quarter of 2011 were down 1.5% from the same period in 2010.

CVS will report its first quarter results on May 2.

CVS has a number of pharmacy benefit management businesses, including Genesys, which is the largest pharmacy benefit manager in the U.S. and is a subsidiary of CVS Health. Other subsidiaries include CVS Caremark, CVS Health Solutions, and CVS Health Solutions.

Walgreen's sales for the first quarter of 2012 were down 1.5% from the same period in 2011.

Walgreen's sales for the first quarter of 2012 were down 1.5% from the same period in 2011.

Walgreen's sales for the first quarter of 2012 were down 1.5% from the same period in 2011.

.

.

.

.

.