

Rite Aid

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Rite Aid plunges after cutting full-year profit guidance

Rite Aid (NYSE:RAD) plunged today after the third-largest U.S. drugstore company slashed its full-year profit forecast for the second time in about three months due to lower margins in its pharmacy business.

Shares were down 20 percent at \$5.34 at 3:06 p.m. in New York, paring this year's gains to 5 percent.

Net income for fiscal 2015 is anticipated to be 22 cents to 33 cents a share, the Camp Hill, Pennsylvania-based company said in a statement today. Rite Aid previously forecast 30 cents to 40 cents.

It also narrowed its range for full-year sales and same-store sales growth. It now expects sales between \$26 billion and \$26.3 billion and same-store sales growth between 3% and 4%. It previously expected sales between \$26 billion and \$26.5 billion and same-store sales growth between 2.5% and 4.5%.

The company, like other drugstores, has adjusted its offerings in an effort to broaden its business model as the pharmacy and drugstore industry expands into the health and wellness sector. For the latest quarter, the company's overall same-store sales rose 4.1 percent.

The pharmacy chain has more than 4,500 stores and its revenue has grown as customers gained health insurance under the Patient Protection and Affordable Care Act, also known as Obamacare. Its peers, including Walgreen, have also struggled with projecting drug costs in their pharmacy businesses.

For the period ended Aug. 30, Rite Aid reported a profit of \$127.8 million, or 13 cents a share, up from \$32.8 million, or three cents a share, a year earlier.

Revenue increased 3.9 percent to \$6.52 billion, largely driven by an improvement in pharmacy same-store sales. Analysts on average had expected earnings of six cents a share and revenue of \$6.48 billion.

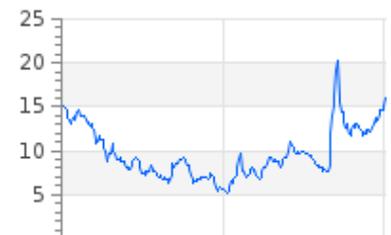
It also said front-end same-store sales edged up 1.1 percent during the quarter, while pharmacy same-store sales rose 5.6 percent. Prescription count at comparable stores increased 3.7 percent.

Prescription sales accounted for 68.8 percent of total drugstore sales.

Price: 16.04

Market Cap: \$879.29 m

1 Year Share Price Graph



February 2019 August 2019 February 2020

Share Information

Code: RAD

Listing: NYSE

52 week High Low
23.88 5.04

Sector: Retail

Website: www.riteaid.com

Company Synopsis:

Rite Aid Corporation is a retail drugstore chain in the United States. The Company operates its drugstores in 31 states across the country and in the District of Columbia.

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