



Review of Q3 2005 Financial Results

April 12, 2005



The
Jean Coutu
Group (PJC) Inc.

 **BROOKS**



Mr. François J. Coutu
President and Chief Executive Officer
The Jean Coutu Group (PJC) inc.



Forward-Looking Statement Disclaimer

Certain statements in this presentation, including statements regarding future results and performance, are forward-looking statements (as such term is defined under the United States Private Securities Litigation Reform Act of 1995) based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, changes in foreign currency valuations, our ability to effectively compete and changes in competition or other trends in the industries in which we compete and other factors. The Company disclaims any intention or obligation to update or revise any forward-looking information contained in its communications, whether as a result of new information, future events or otherwise.

This presentation also contains certain Non-GAAP financial measures. Such information is reconciled to the most directly comparable financial measures in the Company's communications with shareholders.

RESULTS

HIGHLIGHTS / Q3 2005

Summary of Results (Thousands \$US, except EPS)	Q3 2005	Q3 2004	39 weeks 2005	9 months 2004
Revenue	2,815,401	786,335	6,848,945	2,261,826
Gross profit	641,521	143,102	1,511,012	407,492
	<i>23.1%</i>	<i>19.2%</i>	<i>22.5%</i>	<i>19.0%</i>
General and operating expenses	561,247	116,488	1,335,474	336,184
Operating income before amortization	125,365	66,681	304,352	187,432
Net earnings	39,854	36,035	58,162	100,079
Earnings per share	\$ 0.15	\$ 0.16	\$ 0.23	\$ 0.44
Earnings per share before unrealized losses (gains) on financing activities	\$ 0.10	\$ 0.16	\$ 0.26	\$ 0.44



RESULTS

HIGHLIGHTS / Q3 2005

- During the third quarter, there was a \$11.9M foreign exchange gain (YTD loss of \$8.2M). We finalized the documentation to hedge all significant future foreign exchange risk on these items
- Improvement in gross margins in the quarter
- Savings in general and operating expenses began to be realized only as of February, following the headcount reductions completed at Eckerd at the end of January
- Increase in general and operating expenses in Canada related to the Eckerd acquisition (capital tax, insurance, professional fees, etc.)



RESULTS

SEGMENTED OPERATING INCOME BEFORE AMORTIZATION (“OIBA”)

(Thousands \$US)	Q3 2005		Q3 2004		39 weeks 2005		9 months 2004	
Franchising	37,053	10.3%	35,467	11.2%	106,450	10.3%	101,430	11.1%
Retail Sales	88,312	3.6%	31,214	6.7%	197,902	3.4%	86,002	6.4%
Consolidated	125,365	4.5%	66,681	8.5%	304,352	4.4%	187,432	8.3%

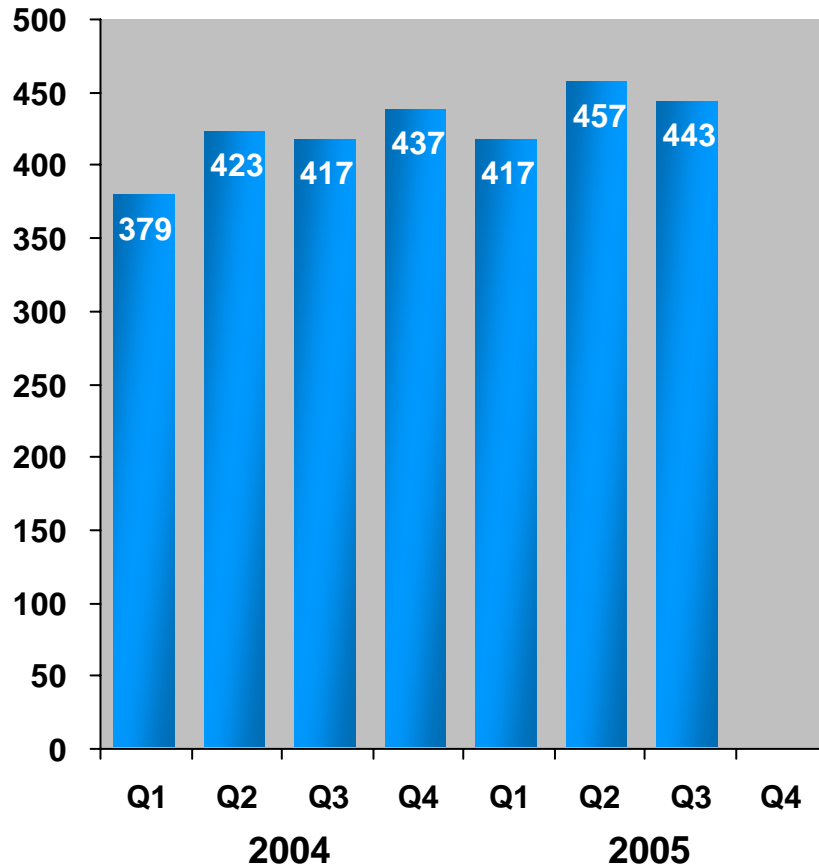


CANADIAN OPERATIONS

REVENUES AND OIBA

REVENUES

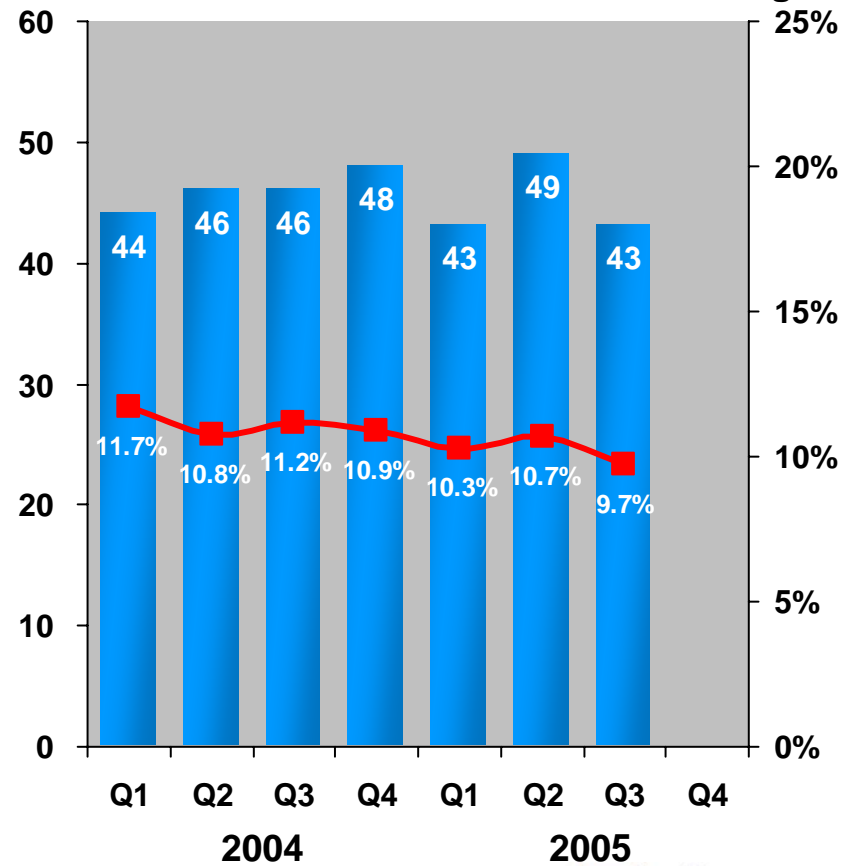
M CAN\$



OIBA

M CAN\$

OIBA margin



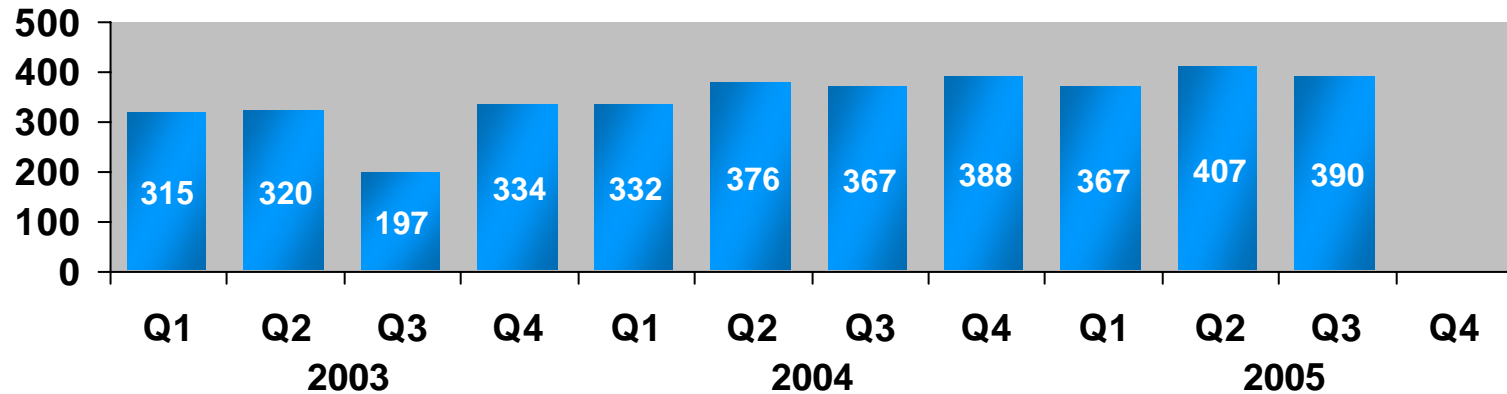
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CANADIAN OPERATIONS

SALES AND GROSS MARGIN

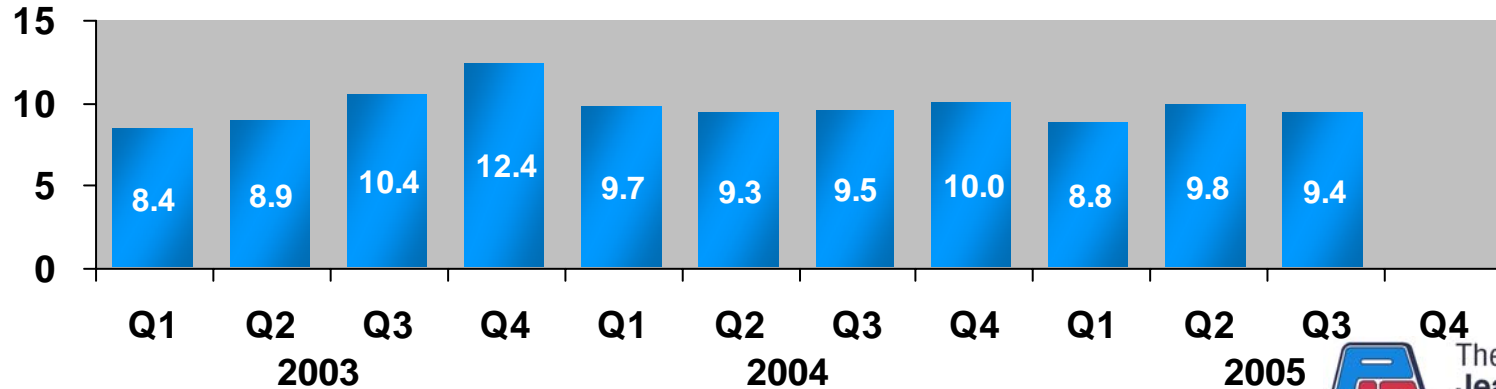
Sales

M CAN\$



Gross Margin

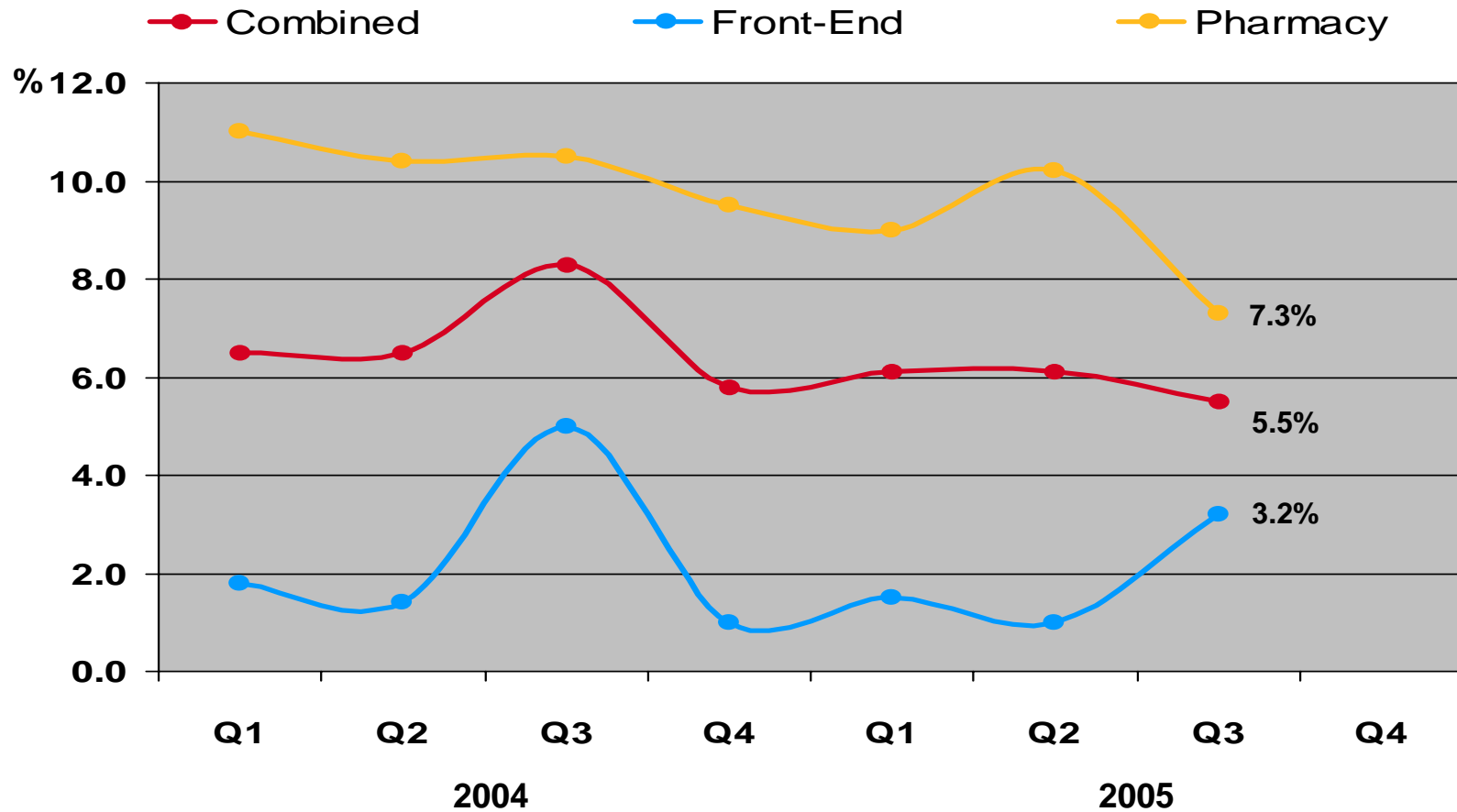
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CANADIAN NETWORK

RETAIL SALES GROWTH - COMPARABLE STORES



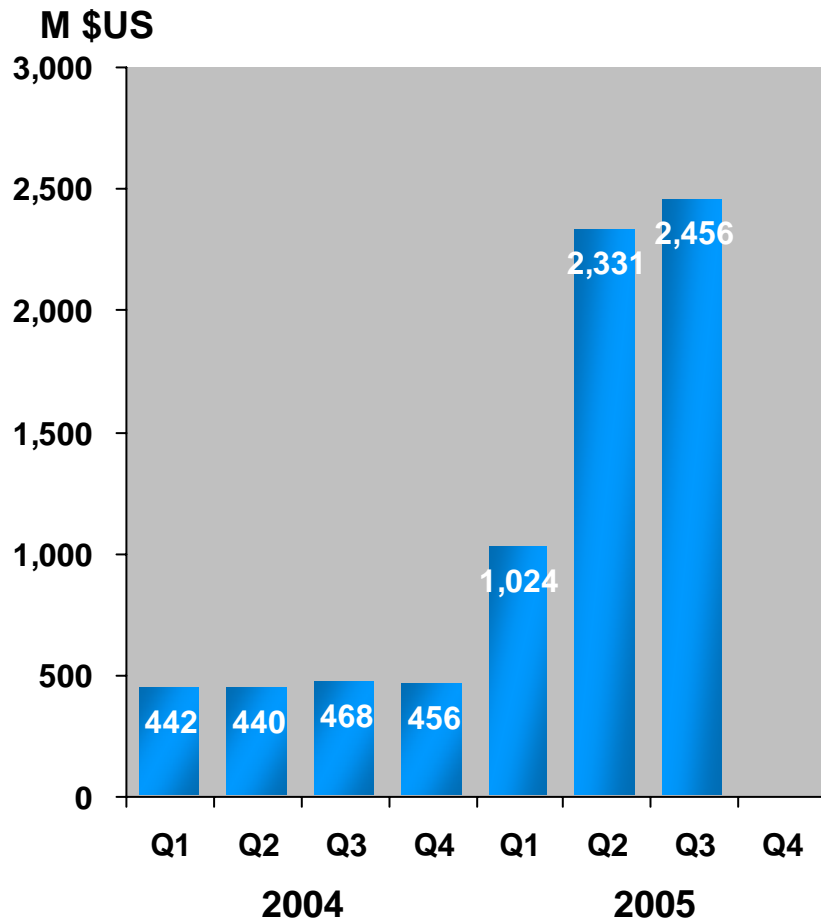
Mr. Michel Coutu
President and Chief Executive Officer
The Jean Coutu Group (PJC) U.S.A. Inc.



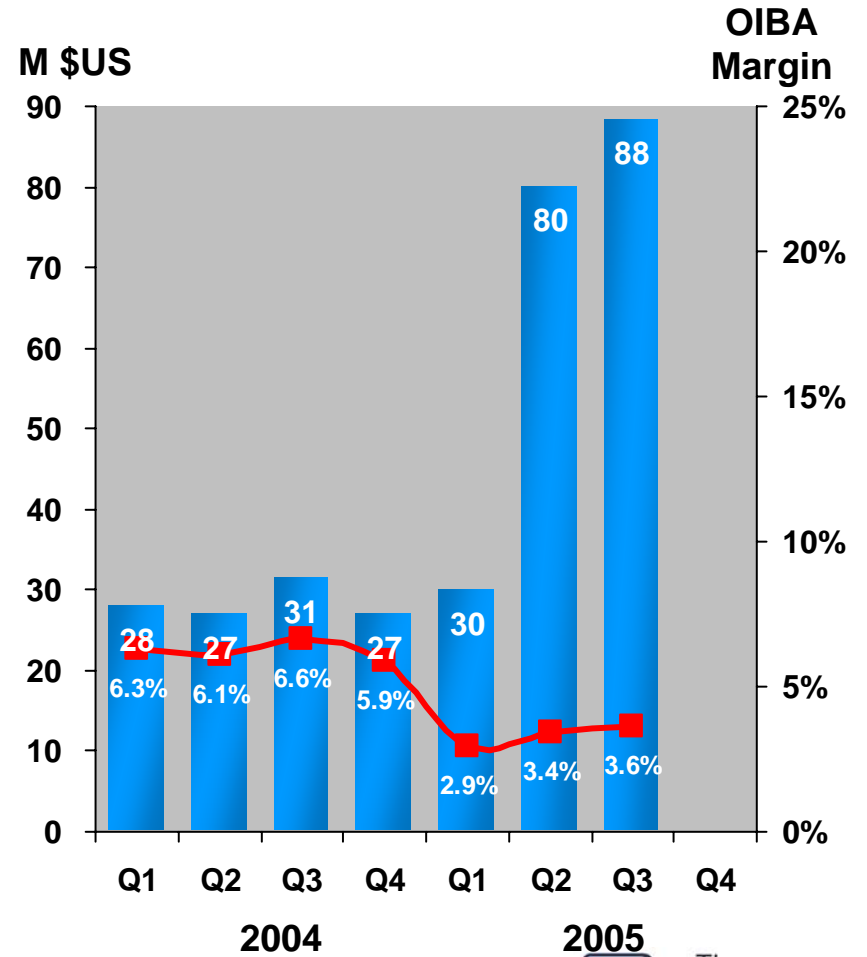
US NETWORK

REVENUES AND OIBA

REVENUES



OIBA

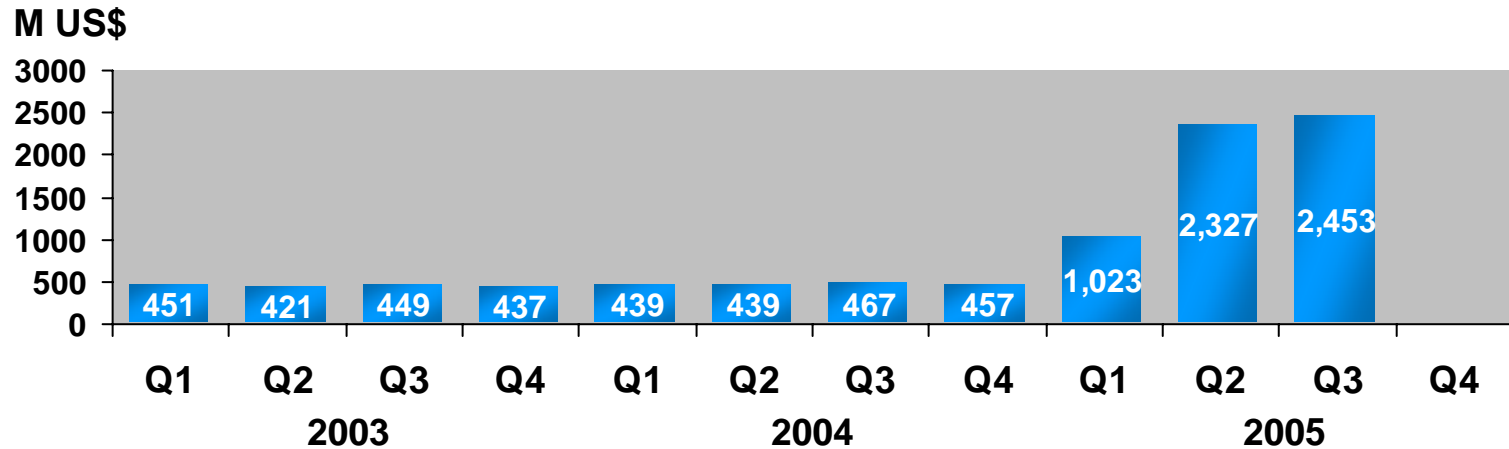


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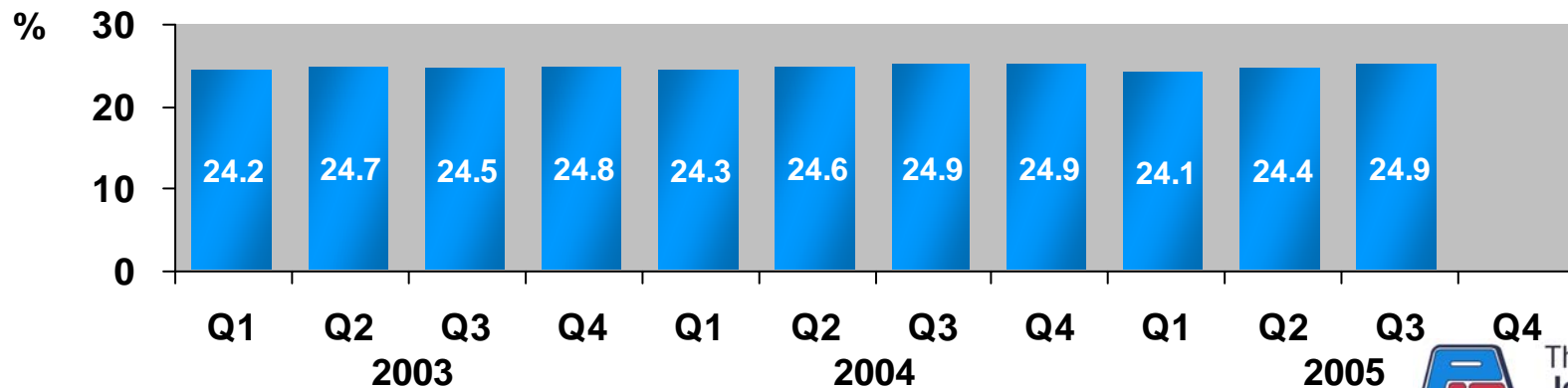
US NETWORK

SALES AND GROSS MARGIN

Sales

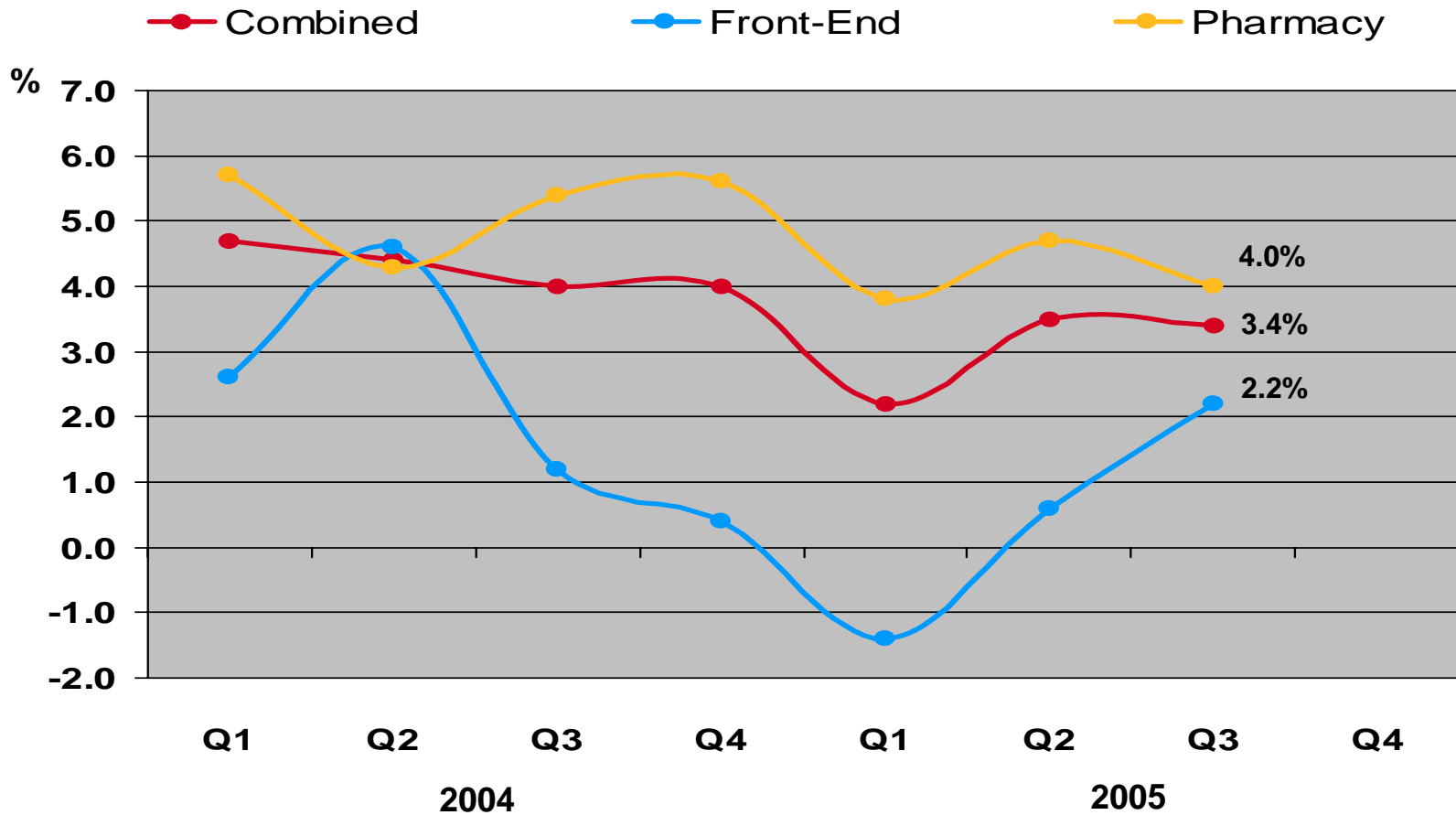


Gross Margin



US NETWORK

RETAIL SALES GROWTH - COMPARABLE STORES



US NETWORK

HIGHLIGHTS / Q3 2005

- **The integration is progressing well and the network is performing as expected**

- **Q3 was a consolidating quarter**
 - ▶ Focused execution throughout the network to grow sales
 - ▶ Sales growth and margin improvement
 - ▶ Logistics and supply initiatives: DC & McKesson
 - ▶ Multiple systems conversions and integration
 - ▶ Further transfer of key functions from Florida to Rhode Island
 - ▶ Bore the costs of running several infrastructures



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- **We made progress operationally and financially during the third quarter: gross profit has improved from 24.1% in Q1, to 24.4% in Q2 and 24.9% in Q3, back to pre-Eckerd acquisition levels**
- **After a slow start in December, the quarter benefited from cough, cold and flu season in February**



- **Focus: quality and customer service**
 - ▶ Emphasis on health & beauty and private label in weekly flyers
 - ▶ Circular changes are working: Promotional sales as a % of front-end significantly reduced
 - ▶ 2 new programs: All-in-one rebate / Price break
 - ▶ Launch of Eckerd TV campaign in April
 - Emphasis on 100 year + heritage
 - Core values of pharmacy, service and customer care



US NETWORK

OPERATING INITIATIVES

■ **Customer Focused**

- ▶ Stabilized staffing
- ▶ Improving in-stock position for everyday and promotional items
- ▶ Reallocating labor dollars to better serve customer needs
- ▶ Improving store shopability – Project Open View
- ▶ Seasonal Merchandising Execution (Valentines & Easter)
- ▶ Expanding store hours to be more competitive & more convenient

■ **Improvement in shrink**

- ▶ Expected effect on our reporting during the first half of fiscal 2006



US NETWORK

INTEGRATION ACCOMPLISHMENTS

BROOKS/ECKERD HEADCOUNT AS AT APRIL 1, 2005	TOTAL VARIATION
LARGO	-1 211
WARWICK	327
FIELD & DC	-379
TOTAL	-1 263

Note: These numbers exclude 130 additional employees added to the IT Centre in Longueuil

US NETWORK

REAL ESTATE PIPELINE & 24-HOUR INITIATIVE

■ Real Estate

- ▶ In Q4 (to May 31, 2005), we will open 20 new stores and relocate 15 existing stores
- ▶ In 2005-2006, we will open 24 new stores and relocate 32 stores

■ 24-Hour initiative

- ▶ 14 24-hour stores opened since August 1, 2004
- ▶ Goal: open a 24-hour store in each strategic market

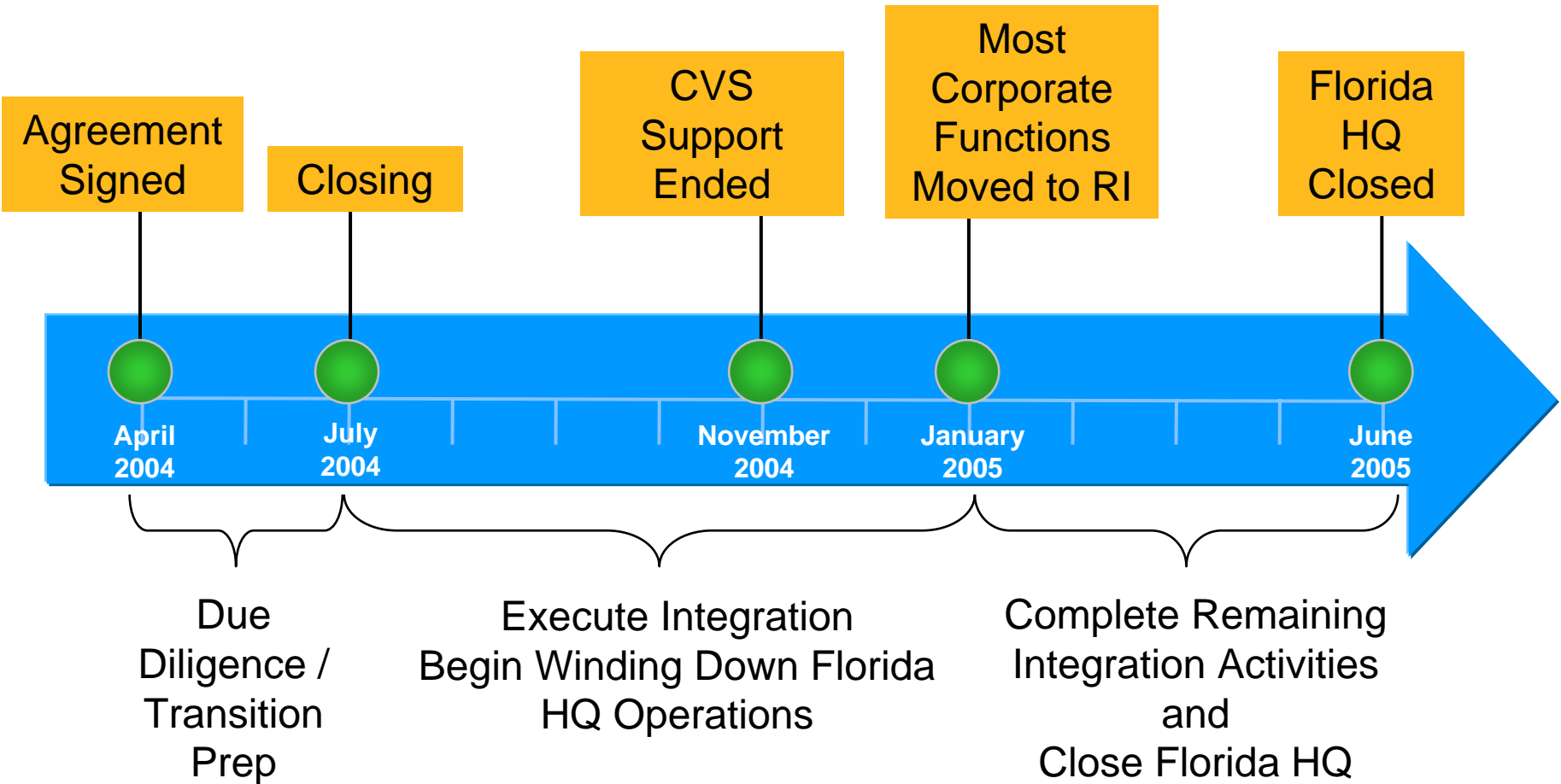


- **Financial systems conversion**
- **Supply chain software and systems**
 - ▶ Purchasing
 - ▶ Logistics
 - ▶ Merchandising
- **Data warehouse**
- **Point-of-sale systems and Pharmacy**
- **Retek systems**



US NETWORK

ECKERD INTEGRATION TIMELINE



US NETWORK

A HIGH PERFORMANCE NETWORK

- **Clear direction – strategy**
- **Associate expectations and participation**
- **Detailing, Feedback and Benchmarking**
- **Communication and Accountability**

A drive for excellence and success



Mr. André Belzile

**Senior Vice-President Finance and Corporate Affairs
The Jean Coutu Group (PJC) inc.**



FINANCIAL POSITION

CONSOLIDATED HIGHLIGHTS

Balance Sheet (Thousands \$US, except NBV)	Q3 2005	F 2004	F 2003
Long Term Debt	2,522,585	169,609	192,154
Shareholders' Equity	1,378,628	853,443	738,078
Total Assets	5,585,874	1,343,754	1,252,020
Net Book Value per share	\$ 5.27	\$ 3.76	\$ 3.25



FINANCIAL POSITION

CONSOLIDATED HIGHLIGHTS

Financial Ratios	Q3 2005 Pro Forma	F 2004	F 2003
Net Debt / Book Capitalization	63.5%	18.4%	26.7%
Net Debt / Market Capitalization ⁽¹⁾	37.0%	5.2%	7.1%
Net Debt / LTM OIBA	5.0	0.8	1.3
LTM OIBA / LTM Interest	2.8	17.2	11.4

(1) Market capitalization based on 261.4 million shares at the closing price of April 6, 2005 of \$CAN19.00 per share and a currency exchange rate of \$CAN/\$US of 0.82



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RESULTS

ADDITIONAL INFORMATION ON NON-GAAP MEASURES

Non-GAAP Measures (Thousands \$US)	Q3 2005	Q3 2004	39 weeks 2005	9 months 2004
Net earnings	39,854	36,035	58,162	100,079
Interest on long term debt	46,873	2,874	106,722	8,929
Other financial expenses	-2,149	881	-345	2,255
Unrealized foreign exchange loss (gain) on monetary items	-11,879	-	8,221	-
Income Taxes	-5,666	16,429	-9,352	45,677
Operating Income	67,033	56,219	163,408	156,940
Amortization	58,332	10,462	140,944	30,492
Operating income before amortization	125,365	66,681	304,352	187,432



RESULTS

ADDITIONAL INFORMATION ON NON-GAAP MEASURES

Non-GAAP Measures (Thousands \$US)	Q3 2005	Q3 2004	39 weeks 2005	9 months 2004
Net earnings	39,854	36,035	58,162	100,079
Unrealized gain on derivative instruments (1)	-610	-	-	-
Unrealized foreign exchange loss (gain) on monetary items (1)	-11,879	-	8,221	-
Earnings before unrealized losses (gains) on financing activities	27,365	36,035	66,383	100,079
Earnings per share	0.15	0.16	0.23	0.44
Unrealized gain on derivative instruments (1)	-	-	-	-
Unrealized foreign exchange loss (gain) on monetary items (1)	-0.05	-	0.03	-
Earnings per share before unrealized losses (gains) on financing activities	0.10	0.16	0.26	0.44
<i>(1) These items are calculated on an after-tax basis</i>				




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