The Jean Coutu Group (PJC) Inc.

Trades under the symbol (TSX): PJC.A

Press release
For immediate release

THE JEAN COUTU GROUP – FIRST QUARTER OF FISCAL YEAR 2016 RESULTS

Longueuil, Québec, July 7, 2015 - The Jean Coutu Group (PJC) Inc. (the "Corporation" or the "Jean Coutu Group") reported today its financial results for the quarter ended May 30, 2015.

SUMMARY OF RESULTS

(Unaudited, in millions of Canadian dollars, except per share amounts)

	Q1 – 2016	Q1 – 2015
	$	$
Revenues	**712.4**	688.6
Operating income before amortization ("OIBA")	**83.0**	82.0
Net profit	**50.6**	54.1
Per share	**0.27**	0.29

Highlights

- Revenues increased by 3.5% to $712.4 million for the first quarter of fiscal year 2016 compared with the same quarter of last year.
- OIBA increased by 1.2% for the first quarter of fiscal year 2016, despite the deflationary impact on revenues of the volume increase in prescriptions of generic drugs.

Financial results

"Network retail sales increased markedly during the first quarter of fiscal 2016, despite an ongoing competitive environment, which reflects a successful implementation of our marketing strategies”, stated Mr. François J. Coutu, President and Chief Executive Officer. “We will continue to dedicate the necessary efforts to reach the objectives we have set, and therefore, sustain our long-term growth."

Revenues

Revenues consist mainly of sales and other revenues derived from franchising activities. Merchandise sales to PJC franchisees made mostly through our distribution centres account for the greater part of our revenues.

Revenues amounted to $712.4 million during the quarter ended May 30, 2015, compared with $688.6 million for the quarter ended May 31, 2014. This increase is attributable to the overall market growth and the expansion of the PJC network of franchised stores despite the deflationary impact on revenues of the volume increase in prescriptions of generic drugs compared with brand name drugs as well as the price reductions of generic drugs.

OIBA

OIBA increased by $1.0 million to $83.0 million for the quarter ended May 30, 2015 compared with $82.0 million for the quarter ended May 31, 2014. OIBA as a percentage of revenues ended the first quarter of fiscal year 2016 at 11.7% compared with 11.9% for the same quarter of the previous fiscal year. A reversal of $2.1 million of liabilities for share-based payments instruments (stock appreciation rights and deferred share units) was recorded during the first quarter of fiscal year 2016 compared with an expense of $2.1 million for the first quarter of fiscal year 2015. The variation of the expense for those share-based payments instruments is mainly attributable to the fluctuation of the Corporation’s common share market price. OIBA before the expense for those shared-based payments instruments decreased by $3.2 million compared with the same quarter last year. This is mainly explained by an increase of $3.9 million in other general and operating expenses such as higher labor expenses for annual inflation and higher volume handled in our warehouses, additional support to new stores in the network and expenses in information technology to improve the network’s performance.

Pro Doc

Gross sales of Pro Doc drugs, net of intersegment eliminations, amounted to $50.3 million for the quarter ended May 30, 2015, compared with $48.3 million for the quarter ended May 31, 2014. Pro Doc's contribution to the consolidated OIBA amounted to $22.3 million for the quarter ended May 30, 2015, compared with $22.7 million for the quarter ended May 31, 2014. Pro Doc's contribution to the consolidated OIBA as a percentage of gross sales, net of intersegment eliminations, ended the first quarter of fiscal year 2016 at 44.3% compared with 47.0% for the same period of the previous fiscal year.

Net profit

Net profit amounted to $50.6 million ($0.27 per share) for the quarter ended May 30, 2015 compared with $54.1 million ($0.29 per share) for the quarter ended May 31, 2014. This decrease is mainly due to a tax provision of $4.7 million recorded during the 13-week period ended May 30, 2015, following a judgment rendered by the Quebec Court of Appeal. This court reversed a judgment rendered at first instance in favor of the Corporation by the Superior Court in relation to an introductory motion of suit for rectification of books and records and declaratory relief filed by the Corporation. An application for leave to appeal to the Supreme Court of Canada was filed by the Corporation on June 29, 2015 in this case.

Information on the PJC network of franchised stores

The Corporation carries on the franchising activity under the banners of PJC Jean Coutu, PJC Clinique, PJC Jean Coutu Santé and PJC Jean Coutu Santé Beauté, operates two distribution centres and coordinates several other services for the benefit of its franchisees.

For the quarter ended May 30, 2015, on a same-store basis, the PJC network's retail sales increased by 3.8%, pharmacy sales increased by 4.2% and front-end sales increased by 2.7%, compared with the corresponding period last year. Sales of non-prescription drugs, which represented 8.8% of total retail sales, increased by 4.4% whereas these sales had decreased by 0.1% for the corresponding period of fiscal year 2015.

Generic drugs reached 69.1% of prescriptions during the first quarter of fiscal year 2016 compared with 67.8% of prescriptions for the comparable period of the previous fiscal year. The increase in the number of generic drugs prescriptions with lower selling prices than brand name drugs had a deflationary impact on the pharmacy’s retail sales. For the first quarter of fiscal year 2016 the introduction of new generic drugs reduced pharmacy’s retail sales growth by 1.1% and price reductions of generic drugs reduced the growth of those sales by another 0.4%.

Network performance [1] *(unaudited)*	**Q1 – 2016**	Q1 – 2015
Retail sales *(in millions of dollars)*	**$1,062.6**	$1,018.2
Retail sales growth *(in percentage)*		
Total stores		
Total	**4.4%**	0.8%
Pharmacy	**4.7%**	0.9%
Front-end [2]	**3.4%**	0.3%
Same store		
Total	**3.8%**	0.1%
Pharmacy	**4.2%**	0.3%
Front-end [2]	**2.7%**	(0.5)%
Prescriptions growth *(in percentage)*		
Total stores	**3.2%**	4.2%
Same store	**2.8%**	3.7%

(1) Franchised outlets' retail sales are not included in the Corporation's consolidated financial statements.
(2) Front-end retail sales exclude sales of services which are included in the total retail sales growth.

PJC network of franchised stores expansion
During the first quarter of fiscal year 2016, there were 2 openings in the PJC network of franchised stores, including 1 relocation and the closing of 1 store. Also, 5 stores were significantly renovated or expanded.

As at May 30, 2015, total selling square footage of the PJC network amounted to 3,188,000 square feet compared with 3,113,000 square feet as at May 31, 2014.

Dividend
The Board of the Jean Coutu Group declared a quarterly dividend of $0.11 per share. This dividend will be paid on August 7, 2015, to all holders of Class "A" Subordinate Voting Shares and holders of Class "B" Shares listed in the Corporation's shareholder ledger as at July 24, 2015.

Agreement in principle between the AQPP and the Ministry of Health and Social Services
The Corporation understands that on June 29, 2015, the Québec provincial association of pharmacists, "Association québécoise des pharmaciens propriétaires" ("AQPP"), sought the approval by its members of a confidential agreement in principle between the AQPP and the Ministry of Health and Social Services concerning certain aspects of the remuneration of pharmacists, as reported by recent media reports.

The Corporation understands that the agreement in principle contemplates the removal of the 15% cap on professional allowances which may be paid by generic manufacturers to pharmacists when buying their prescription drug products.

The agreement in principle must be approved by the Quebec Treasury Board in order to become effective. The Corporation expects the Quebec Treasury Board to consider the agreement in principle shortly but cannot predict whether such approval will take place and if so, on what terms. If the 15% cap on professional allowances is removed, our consolidated results would be affected because higher professional allowances than as currently allowed would reduce the profitability of our subsidiary Pro Doc. If and when ratified, the confidentiality of the agreement will be lifted and its terms will be definitive, and we may be in a position to provide more information.

Strategies and outlook
With its operations and financial flexibility, the Corporation is very well positioned to capitalize on the growth in the drugstore retail industry. Demographic trends are expected to contribute to the growth in prescription drugs consumption and to the increased use of pharmaceuticals as the primary intervention in individual healthcare. Management believes that these trends will continue and that the Corporation will maintain its growth in revenues through differentiation and quality of offering and service levels to its network of franchised stores, with a focus on its real estate program and operating efficiency. The growth in the number of generic drugs prescriptions, with lower selling prices than the branded name drugs, will however have a deflationary impact on retail sales in pharmacy but the volume increase in the generic drugs operating segment will have a positive impact on consolidated margins.

Conference call
Financial analysts and investors are invited to attend the conference call on the first quarter of fiscal year 2016 financial results to be held on July 7, 2015, at 8:30 AM (ET). The call-in number is 514-861-2255 or toll free at 1-888-789-9572, access code 5922554 followed by pound sign (#). Media and other interested individuals are invited to listen to the live or deferred broadcast on The Jean Coutu Group corporate website at www.jeancoutu.com. A full replay will also be available by dialling 514-861-2272 or toll free at 1-800-408-3053 until August 6, 2015. The access code is 3694321 followed by pound sign (#).

Supporting documentation (Management's discussion and analysis and investor presentation) is available at www.jeancoutu.com using the investors' link. Readers may also access additional information and filings related to the Corporation using the following link to the www.sedar.com website.

About The Jean Coutu Group
The Jean Coutu Group is one of the most trusted names in Canadian pharmacy retailing. The Corporation operates a network of 416 franchised stores in Québec, New Brunswick and Ontario under the banners of PJC Jean Coutu, PJC Clinique, PJC Santé and PJC Santé Beauté, which employs over 20,000 people. Furthermore, the Jean Coutu Group owns Pro Doc Ltd ("Pro Doc"), a Québec-based subsidiary and manufacturer of generic drugs.

This press release contains forward-looking statements that involve risks and uncertainties, and which are based on the Corporation's current expectations, estimates, projections and assumptions that were made by the Corporation in light of its experience and its perception of historical trends. All statements that address expectations or projections about the future, including statements about the Corporation's strategy for growth, costs, operating or financial results, are forward-looking statements. All statements other than statements of historical facts included in this press release, including statements regarding the prospects of the Corporation's industry and the Corporation's prospects, plans, financial position and business strategy may constitute forward-looking statements within the meaning of the Canadian securities legislation and regulations. Some of the forward-looking statements may be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "project", "could", "should", "would", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although the Corporation believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. These statements do not reflect the potential impact of any nonrecurring items or of any mergers, acquisitions, dispositions, asset write-downs or other transactions or charges that may be announced or that may occur after the date hereof. While the list below of cautionary statements is not exhaustive, some important factors that could affect the Corporation's future operating results, financial position and cash flows and could cause its actual results to differ materially from those expressed in these forward-looking statements are changes in the legislation or the regulatory environment as it relates to the sale of prescription drugs and the pharmacy exercise, the success of the Corporation's business model, changes in laws and regulations, or in their interpretations, changes to tax regulations and accounting pronouncements, the cyclical and seasonal variations in the industry in which the Corporation operates, the intensity of competitive activity in the industry in which the Corporation operates, the supplier and brand reputations, the Corporation's ability to attract and retain pharmacists, labour disruptions, including possibly strikes and labour protests, the accuracy of management's assumptions and other factors that are beyond the Corporation's control. These and other factors could cause the Corporation's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied in those forward-looking statements.

Forward-looking statements are provided for the purpose of assisting in understanding the Corporation's financial position and results of operation and to present information about management's current expectations and plans relating to the future. Investors and others are thus cautioned that such statements may not be appropriate for other purposes and they should not place undue reliance on them. For more information on the risks, uncertainties and assumptions that would cause the Corporation's actual results to differ from current expectations, please also refer to the Corporation's public filings available at www.sedar.com and www.jeancoutu.com.Further details and descriptions of these and other factors are disclosed in the Corporation's Annual Information Form under "Risk Factors" and also in the "Critical accounting estimates", "Risks and uncertainties" and "Strategies and outlook" sections of the Corporation's annual management's discussion and analysis for fiscal year ended February 28, 2015. The forward-looking statements in this press release reflect the

Corporation's expectations as of the date hereof and are subject to change after such date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable securities laws.

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THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of income

For the periods ended May 30, 2015 and May 31, 2014 *(unaudited, in millions of Canadian dollars, unless otherwise noted)*	13 weeks **2015** **$**	 2014 $
Sales	**643.8**	619.6
Other revenues	**68.6**	69.0
	712.4	688.6
Operating expenses		
Cost of sales	**557.7**	534.6
General and operating expenses	**71.7**	72.0
Operating income before depreciation and amortization	**83.0**	82.0
Depreciation and amortization	**7.6**	8.0
Operating income	**75.4**	74.0
Financing revenus	**(0.5)**	(0.3)
Profit before income taxes	**75.9**	74.3
Income taxes	**25.3**	20.2
Net profit	**50.6**	54.1
Basic and diluted profit per share, in dollars	**0.27**	0.29

Condensed consolidated statements of comprehensive income

For the periods ended May 30, 2015 and May 31, 2014 *(unaudited, in millions of Canadian dollars)*	13 weeks **2015** **$**	 2014 $
Net profit	**50.6**	54.1
Other comprehensive income, net of taxes of nil	**-**	-
Total comprehensive income	**50.6**	54.1

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of changes in equity

For the periods ended May 30, 2015 and May 31, 2014

(unaudited, in millions of Canadian dollars)

	Capital stock	Treasury stock	Contributed surplus	Retained earnings	Total equity
	$	$	$	$	$
Balance at February 28, 2015	**416.0**	**(2.8)**	**58.1**	**556.1**	**1,027.4**
Net profit	**-**	**-**	**-**	**50.6**	**50.6**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**50.6**	**50.6**
Dividends	**-**	**-**	**-**	**(20.6)**	**(20.6)**
Share-based compensation cost	**-**	**-**	**0.2**	**-**	**0.2**
Balance at May 30, 2015	**416.0**	**(2.8)**	**58.3**	**586.1**	**1,057.6**
Balance at March 1, 2014	422.1	(3.0)	55.1	457.9	932.1
Net profit	-	-	-	54.1	54.1
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	54.1	54.1
Dividends	-	-	-	(18.9)	(18.9)
Share-based compensation cost	-	-	0.2	-	0.2
Options exercised	0.6	-	(0.1)	-	0.5
Balance at May 31, 2014	422.7	(3.0)	55.2	493.1	968.0

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of financial position

(unaudited, in millions of Canadian dollars)	**As at May 30, 2015** **$**	As at February 28, 2015 $
Current assets		
Cash	**98.2**	121.9
Trade and other receivables	**208.5**	209.2
Inventories	**209.3**	224.8
Prepaid expenses	**9.3**	9.3
	525.3	565.2
Non-current assets		
Long-term receivables from franchisees	**28.9**	28.5
Investment in associates and joint ventures	**15.3**	15.4
Property and equipment	**461.5**	438.3
Investment property	**23.8**	24.0
Intangible assets	**205.9**	207.0
Goodwill	**36.0**	36.0
Deferred tax	**11.8**	14.1
Other long-term assets	**16.5**	15.1
Total assets	**1,325.0**	1,343.6
Current liabilities		
Trade and other payables	**238.5**	245.4
Income taxes payable	**8.8**	47.5
	247.3	292.9
Non-current liabilities		
Deferred tax	**0.5**	0.5
Other long-term liabilities	**19.6**	22.8
Total liabilities	**267.4**	316.2
Equity	**1,057.6**	1,027.4
Total liabilities and equity	**1,325.0**	1,343.6

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of cash flows

For the periods ended May 30, 2015 and May 31, 2014	13 weeks	
	2015	2014
(unaudited, in millions of Canadian dollars)	**$**	$
Operating activities		
Net profit	**50.6**	54.1
Adjustments:		
Depreciation and amortization	**7.6**	8.0
Interest income	**(0.5)**	(0.4)
Income taxes	**25.3**	20.2
Others	**1.0**	1.2
	84.0	83.1
Net change in non-cash asset and liability items	**(0.7)**	4.5
Interest received	**0.5**	0.3
Income taxes paid	**(61.7)**	(15.1)
Cash flow related to operating activities	**22.1**	72.8
Investing activities		
Investments in associates and joint ventures	**-**	(1.0)
Purchase of property and equipment	**(22.6)**	(8.7)
Net change in long-term receivables from franchisees	**(1.1)**	(1.4)
Purchase of intangible assets	**(1.5)**	(1.2)
Cash flow related to investing activities	**(25.2)**	(12.3)
Financing activities		
Issuance of capital stock	**-**	0.5
Dividends paid	**(20.6)**	(18.9)
Cash flow related to financing activities	**(20.6)**	(18.4)
Net change in cash and cash equivalents	**(23.7)**	42.1
Cash and cash equivalents, beginning of period	**121.9**	74.3
Cash and cash equivalents, end of period	**98.2**	116.4