

Press release
For immediate release

THE JEAN COUTU GROUP – THIRD QUARTER OF FISCAL YEAR 2018 RESULTS

Varenes, Québec, January 11, 2018 - The Jean Coutu Group (PJC) Inc. (the "Corporation" or the "Jean Coutu Group") reported today its financial results for the quarter ended December 2, 2017.

SUMMARY OF RESULTS

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

	Third quarter		39-week period	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenues	758.9	763.7	2,253.6	2,188.5
Operating income before amortization ("OIBA")	66.4	79.9	212.5	235.4
Net profit	42.1	51.2	135.4	151.7
Per share	0.23	0.28	0.74	0.82

Highlights

- Shareholders overwhelmingly supported the Metro transaction by 99.9% of the votes cast at a special meeting of shareholders on November 29, 2017.
- Expenses of \$8.5 million related to the combination agreement with Metro were recorded during the quarter.
- Pro Doc's contribution to the consolidated OIBA decreased by \$15.3 million for the third quarter of fiscal year 2018 with higher professional allowances and a non-recurrent expense of \$5.5 million.

Financial results

"Network retail sales increased significantly in the third quarter of fiscal 2018, despite a challenging regulatory environment and a highly competitive environment. This growth demonstrates the effective implementation of our business plan," said François J. Coutu, President and Chief Executive Officer. "We intend to pursue the development of dynamic business strategies to ensure the evolution of our offer and contribute to the growth of retail sales."

Revenues

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

Revenues amounted to \$758.9 million for the quarter ended December 2, 2017, compared with \$763.7 million for the quarter ended November 26, 2016. The decrease is mainly attributable to lower contribution of Pro Doc to revenues and to the timing of shipments of front-end products in the network compared to same period last year. These were partially offset by higher other revenues.

For the 39-week period of fiscal year 2018, revenues amounted to \$2,253.6 million compared with \$2,188.5 million for the same period of the previous fiscal year, an increase of 3.0%. This increase is attributable to the overall market

growth 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 decreased by \$13.5 million to \$66.4 million for the quarter ended December 2, 2017 compared with \$79.9 million for the quarter ended November 26, 2016. This decrease is mainly due to the lower contribution of Pro Doc to the OIBA and the accrued expenses related to the combination agreement with Metro Inc ("Metro") of \$8.5 million. OIBA as a percentage of revenues ended the third quarter of fiscal year 2018 at 8.7% compared with 10.5% for the same quarter of the previous fiscal year.

For the 39-week period of fiscal year 2018, the Corporation's OIBA decreased by \$22.9 million to \$212.5 million compared with \$235.4 million for the same period of fiscal year 2017. As a percentage of revenues, OIBA ended the 39-week period of 2018 at 9.4% compared with 10.8% for the same period of the previous fiscal year. This decrease is due to a lower contribution of Pro Doc to the OIBA, the accrued expenses of \$8.5 million related to the combination agreement with Metro and a gain on sale of property & equipment and investment property of \$6.8 million recorded in the 39-week period of fiscal 2017. These were partially offset by higher royalty revenues.

Pro Doc

Gross sales of Pro Doc drugs amounted to \$43.0 million for the quarter ended December 2, 2017, compared with \$51.1 million for the quarter ended November 26, 2016. Pro Doc's contribution to the consolidated OIBA amounted to \$2.6 million for the quarter ended December 2, 2017, compared with \$17.9 million for the quarter ended November 26, 2016. This decrease is mainly attributable to higher professional allowances until a ceiling was reinstated in accordance with the agreement between the « Association Québécoise des pharmaciens propriétaires ("AQPP") » and the Ministry of Health and Social Services ("MHSS") on October 19, 2017. Also, a non recurrent expense of \$5.5 million was recorded on the inventories of Pro Doc drugs held by wholesalers and pharmacists to reflect the impact of the agreement between the Quebec Government and the Canadian Generic Pharmaceutical Association ratified on July 16, 2017. Pro Doc's contribution to the consolidated OIBA as a percentage of gross sales ended the third quarter of fiscal year 2018 at 6.0% compared with 35.0% for the same period of the previous fiscal year.

Gross sales of Pro Doc drugs amounted to \$147.8 million for the 39-week period of fiscal year 2018, compared with \$152.0 million for the same period of fiscal year 2017. Pro Doc's contribution to the consolidated OIBA amounted to \$16.3 million for the 39-week period of fiscal year 2018, compared with \$57.1 million for the same period of fiscal year 2017. Pro Doc's contribution to the consolidated OIBA as a percentage of its gross sales ended the 39-week period of fiscal year 2018 at 11.0% compared with 37.6% for the same period of the previous fiscal year.

Net profit

Net profit amounted to \$42.1 million (\$0.23 per share) for the quarter ended December 2, 2017 compared with \$51.2 million (\$0.28 per share) for the quarter ended November 26, 2016. This decrease is mainly explained by the decrease in Pro Doc's contribution to the net profit and the \$8.5 million accrued expenses related to the combination agreement with Metro.

Net profit for the 39-week period of fiscal year 2018 amounted to \$135.4 million (\$0.74 per share) compared with \$151.7 million (\$0.82 per share) for the same period of fiscal year 2017.

Information on the PJC network of franchised stores

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

For the quarter ended December 2, 2017, on a same-store basis, the PJC network's retail sales increased by 3.4%, pharmacy sales increased by 4.0% and front-end sales increased by 2.3%, compared with the corresponding period last year. Sales of non-prescription drugs, which represented 9.0% of total retail sales, increased by 3.9% compared with 2.8% for the corresponding period of fiscal year 2017.

For the 39-week period of fiscal year 2018, on a same store basis, the PJC network's retail sales grew by 4.7%, pharmacy sales increased by 6.2% and front-end sales increased by 2.3%, compared with the same period last year. Sales on non-prescription drugs which represented 8.7% of total retail sales, increased by 3.8% compared with 3.9% for the same period of fiscal year 2017.

Generic drugs reached 72.0% of prescriptions during the third quarter of fiscal year 2018 compared with 71.4% 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 third quarter of fiscal year 2018, the introduction of new generic drugs reduced pharmacy's retail sales growth by 0.1% and, the price reductions of generic drugs reduced retail sales growth by another 0.5%. Furthermore, the abolition of periodical withdrawals by the MHSS on April 12, 2017, increased the retail sales of the pharmaceutical section by 1.2% during the third quarter of fiscal year 2018.

Network performance ⁽¹⁾ (unaudited)	Third quarter		39-week period	
	2018	2017	2018	2017
Retail sales (in millions of dollars)	\$1,133.2	\$1,094.6	\$3,389.8	\$3,232.1
Retail sales growth (in percentage)				
Total stores				
Total	3.5%	3.9%	4.9%	2.6%
Pharmacy	4.0%	4.5%	6.2%	2.2%
Front-end ⁽²⁾	2.5%	3.4%	2.7%	3.8%
Same store				
Total	3.4%	3.6%	4.7%	2.2%
Pharmacy	4.0%	4.4%	6.2%	1.9%
Front-end ⁽²⁾	2.3%	2.8%	2.3%	3.2%
Prescriptions growth (in percentage)				
Total stores	2.9%	3.7%	3.0%	3.9%
Same store	2.9%	3.4%	3.0%	3.6%

(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 third quarter of fiscal year 2018, there were 3 openings in the PJC network of franchised stores, including 2 relocations and 1 store was closed. Also, 2 stores were significantly renovated.

As at December 2, 2017, total selling square footage of the PJC network amounted to 3,307,000 square feet compared with 3,283,000 square feet as at November 26, 2016.

Regulatory changes

On June 10, 2016, the Québec National Assembly adopted the proposed Bill 81 *An act to reduce the cost of certain medications covered by the basic prescription drug insurance plan by allowing calls for tender* allowing the Minister of Health and Social Services to issue a call for tenders to add drugs to the Drugs List as well as, in relation to drugs having been the object of such a call for tenders, for the services of a wholesaler to supply the pharmacist owners. The regulation to determine the conditions and applicable mechanisms to any call for tenders was published in the "Gazette officielle du Québec" on April 5, 2017. This regulation has been in effect since April 20, 2017.

The Bill 92 entitled « An Act to extend the powers of the "Régie de l'assurance maladie du Québec", to regulate commercial practices relating to prescription drugs and to protect access to voluntary termination of pregnancy services » was assented by the National Assembly of Quebec on December 7, 2016. Some of its provisions seek to constrict commercial practices of all stakeholders regarding the commercialization of medication in order to strengthen the professional independence of the pharmacist, the freedom of choice of the patient and encourage more competitive conditions on the market. Other provisions of the Bill requiring detailed billing for medication came into force on September 15, 2017.

On April 12, 2017, the members of the "AQPP" ratified an agreement in principle with the "MHSS". Under this agreement, the government canceled the periodical withdrawals recorded and unpaid as of that date and ends the periodical withdrawals on pharmacists' fees that were supposed to continue until 2019. Furthermore, the agreement stipulated that the government was introducing a modification to the regulation on the benefits

authorized to a pharmacist restoring to 15% the ceiling on professional allowances that may be paid by generic manufacturers to a pharmacist. This regulation modification became in effect on October 19, 2017.

On July 16, 2017, the Quebec Government and the Canadian Generic Pharmaceutical Association announced the conclusion of an Agreement in Principle by virtue of which the Quebec Government will reach targeted savings of \$1.5 billion over a 5-year period. These savings will be achieved through additional price reductions and the launch of new generic drugs. This Agreement will allow the Quebec Government, during those five years, to prevent the application of the calls for tender process permitted by law. Details of the implementation of this Agreement are not public.

On October 5, 2017, Bill 148 entitled « An Act to regulate generic medication procurement by owner pharmacists and to amend various legislative provisions » was introduced to the National Assembly of Quebec. The bill provides that an owner may not, in a calendar year, procure generic medications entered on the list of medications from the same manufacturer in excess of 50% of the monetary value of all the generic medications purchased by the pharmacist during that year. The regulation is in effect since November 23, 2017.

Amalgamation resolution

On October 2, 2017, Metro and the Corporation announced that they have entered into a definitive combination agreement pursuant to which Metro will acquire all of the outstanding Corporation Class "A" Subordinate Voting Shares and all of the outstanding Corporation Class "B" Shares for \$24.50 per share, representing a total consideration of approximately \$4.5 billion, subject to regulatory approval. On November 29, 2017, a significant majority (99.9969%) of the Jean Coutu Group (PJC) Inc. votes cast by shareholders present in person or represented by proxy at the special meeting of Shareholders have approved the transaction. Under the terms of the transaction, Corporation shareholders will receive an aggregate consideration which will consist of 75% in cash and 25% in Metro common shares. The Metro common shares issued to the Corporation shareholders in connection with the transaction will be issued based on a reference price of \$40.16 per Metro common share. Closing of the transaction is expected to occur in the first half of 2018.

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, would however have a deflationary impact on retail sales in pharmacy. Additional generic drugs price decreases will reduce the profitability of the subsidiary Pro Doc.

Conference call

Financial analysts and investors are invited to attend the conference call on the third quarter of fiscal year 2018 financial results to be held on January 11, 2018, at 9:00 AM (ET). The call-in number is 514-392-1478 or toll free at 1-866-225-0198. 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 dialing 514-861-2272 or toll free at 1-800-408-3053 until February 10, 2018. The access code is 9337339 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 419 franchised stores in Québec, New Brunswick and Ontario under the banners of PJC Jean Coutu, 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 March 4, 2017. 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

	13 weeks		39 weeks	
For the periods ended December 2, 2017 and November 26, 2016	2017	2016	2017	2016
<i>(unaudited, in millions of Canadian dollars, unless otherwise noted)</i>	\$	\$	\$	\$
Sales	678.3	693.3	2,015.0	1,978.8
Other revenues	80.6	70.4	238.6	209.7
	758.9	763.7	2,253.6	2,188.5
Operating expenses				
Cost of sales	610.1	605.3	1,807.9	1,729.0
General and operating expenses	82.4	78.5	233.2	224.1
Operating income before depreciation and amortization	66.4	79.9	212.5	235.4
Depreciation and amortization	10.0	10.3	30.0	30.4
Operating income	56.4	69.6	182.5	205.0
Financing revenues	(1.4)	(0.5)	(3.2)	(1.5)
Profit before income taxes	57.8	70.1	185.7	206.5
Income taxes	15.7	18.9	50.3	54.8
Net profit	42.1	51.2	135.4	151.7
Basic and diluted profit per share, in dollars	0.23	0.28	0.74	0.82

Condensed consolidated statements of comprehensive income

	13 weeks		39 weeks	
For the periods ended December 2, 2017 and November 26, 2016	2017	2016	2017	2016
<i>(unaudited, in millions of Canadian dollars)</i>	\$	\$	\$	\$
Net profit	42.1	51.2	135.4	151.7
Other comprehensive income				
Items that will be reclassified subsequently to net profit:				
Net change in cash flow hedge:				
Loss for the period	-	0.1	-	(0.8)
Reclassification of gain to non-financial assets	-	(0.1)	-	-
Income taxes	-	-	-	0.2
	-	-	-	(0.6)
Total comprehensive income	42.1	51.2	135.4	151.1

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of changes in equity

For the periods ended December 2, 2017 and November 26, 2016

(unaudited, in millions of Canadian dollars)

	Capital stock	Treasury stock	Contributed surplus	Hedging reserve	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$
Balance at March 4, 2017	399.2	(1.7)	58.9	-	753.7	1,210.1
Net profit	-	-	-	-	135.4	135.4
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	135.4	135.4
Dividends	-	-	-	-	(71.6)	(71.6)
Share-based compensation cost	-	-	0.5	-	-	0.5
Options exercised	2.2	-	(0.3)	-	-	1.9
Balance at December 2, 2017	401.4	(1.7)	59.1	-	817.5	1,276.3
Balance at February 27, 2016	405.2	(2.2)	58.7	0.6	658.0	1,120.3
Net profit	-	-	-	-	151.7	151.7
Other comprehensive income	-	-	-	(0.6)	-	(0.6)
Total comprehensive income	-	-	-	(0.6)	151.7	151.1
Redemption of capital stock	(6.0)	-	-	-	(18.2)	(24.2)
Dividends	-	-	-	-	(66.5)	(66.5)
Share-based compensation cost	-	-	0.6	-	-	0.6
Balance at November 26, 2016	399.2	(2.2)	59.3	-	725.0	1,181.3

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of financial position

	As at December 2, 2017	As at March 4, 2017
<i>(unaudited, in millions of Canadian dollars)</i>	\$	\$
<i>Current assets</i>		
Cash	255.6	178.9
Trade and other receivables	249.5	202.2
Inventories	251.1	302.7
Prepaid expenses	16.1	15.3
Income taxes receivables	-	3.8
	772.3	702.9
<i>Non-current assets</i>		
Long-term receivables from franchisees	25.1	27.7
Investment in associates and joint ventures	29.5	29.7
Property and equipment	477.4	484.6
Investment property	25.1	22.1
Intangible assets	196.9	202.2
Goodwill	36.0	36.0
Deferred tax	0.1	0.1
Other long-term assets	18.3	18.8
Total assets	1,580.7	1,524.1
<i>Current liabilities</i>		
Trade and other payables	265.6	285.2
Income taxes payables	10.5	-
	276.1	285.2
<i>Non-current liabilities</i>		
Deferred tax	12.3	13.0
Other long-term liabilities	16.0	15.8
Total liabilities	304.4	314.0
Equity	1,276.3	1,210.1
Total liabilities and equity	1,580.7	1,524.1

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of cash flows

	13 weeks		39 weeks	
For the periods ended December 2, 2017 and November 26, 2016	2017	2016	2017	2016
<i>(unaudited, in millions of Canadian dollars)</i>	\$	\$	\$	\$
Operating activities				
Net profit	42.1	51.2	135.4	151.7
Adjustments:				
Depreciation and amortization	10.0	10.3	30.0	30.4
Interest income	(1.2)	(0.6)	(2.9)	(1.5)
Income taxes	15.7	18.9	50.3	54.8
Gain on disposal of property and equipment and investment property	-	(0.6)	-	(6.8)
Others	(1.0)	0.6	-	3.1
	65.6	79.8	212.8	231.7
Net change in non-cash asset and liability items	3.5	(17.9)	(13.2)	(38.9)
Interest received	1.2	0.6	2.6	1.5
Income taxes paid	(10.9)	(11.5)	(36.7)	(36.9)
Cash flow related to operating activities	59.4	51.0	165.5	157.4
Investing activities				
Investments in associates and joint ventures	-	-	-	(0.8)
Purchase of property and equipment	(6.7)	(2.9)	(14.1)	(16.1)
Proceeds from disposal of property and equipment	-	0.2	0.1	14.2
Proceeds from disposal of investment property	-	3.0	-	3.3
Net change in long-term receivables from franchisees	(1.2)	(2.4)	0.5	(3.9)
Purchase of intangible assets	(2.4)	(1.0)	(5.6)	(11.8)
Cash flow related to investing activities	(10.3)	(3.1)	(19.1)	(15.1)
Financing activities				
Financing fees	-	(0.1)	-	(0.1)
Issuance of capital stock	-	-	1.9	-
Redemption of capital stock	-	(21.9)	-	(22.7)
Dividends paid	(23.8)	(22.1)	(71.6)	(66.5)
Cash flow related to financing activities	(23.8)	(44.1)	(69.7)	(89.3)
Effect of foreign exchange rate changes on cash and cash equivalents	-	-	-	(0.9)
Net change in cash and cash equivalents	25.3	3.8	76.7	52.1
Cash and cash equivalents, beginning of period	230.3	148.6	178.9	100.3
Cash and cash equivalents, end of period	255.6	152.4	255.6	152.4