

# REVIEW OF FINANCIAL RESULTS FIRST QUARTER F2018



**Jean Coutu**

July 11, 2017

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This presentation contains forward-looking statements that involve risks and uncertainties, and which are based on the Corporation's current expectations, estimates, projections and assumptions and were made by the Jean Coutu Group 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, 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 our future operating results, financial position and cash flows and could cause our 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, labor disruptions, including possibly strikes and labor protests, the accuracy of management's assumptions and other factors that are beyond the Corporation's control. These and other factors could cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements.

Forward-looking statements are provided for the purpose of assisting in understanding our 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 that 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](http://www.sedar.com) and [www.jeancoutu.com](http://www.jeancoutu.com). In particular, further details and descriptions of these and other factors are disclosed in the Corporation's Annual Information Form under "Risk Factors" and in the "Risks and uncertainties" section of the Corporation's Management's Discussion & Analysis. The forward-looking statements in this presentation reflect our expectations as of the date hereof and are subject to change after such date. We expressly disclaim 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.



**Jean Coutu**

**MR. FRANÇOIS  
J. COUTU**

PRESIDENT AND CHIEF EXECUTIVE OFFICER

# FINANCIAL RESULTS

## CONSOLIDATED HIGHLIGHTS



| Highlights - Franchising<br>(unaudited, in millions \$) | Q1 F2018 | Q1 F2017 | Change |
|---|----------|----------|--------|
| <b>Retail sales</b> <sup>(1)</sup>                      |          |          |        |
| Pharmacy  |          |          | 10,0%  |
| Front-end <sup>(2)</sup>                                |          |          | 1,9%   |
| <b>Total</b>  | 1 154,3  | 1 078,9  | 7,0%   |
| <b>Distribution center sales</b>                        |          |          |        |
| Pharmacy  |          |          | 4,6%   |
| Front-end   |          |          | 4,9%   |
| <b>Consolidated sales</b>                               | 671,3    | 653,7    | 2,7%   |
| <b>Other revenues</b>                                   | 79,1     | 69,9     | 13,2%  |
| <b>Revenue</b>  | 750,4    | 723,6    | 3,7%   |

*(1) Franchised outlets' retail sales are not included in the Company's consolidated statements*

*(2) Front-end retail sales exclude sales of services which are included in the total retail sales*

# FINANCIAL RESULTS

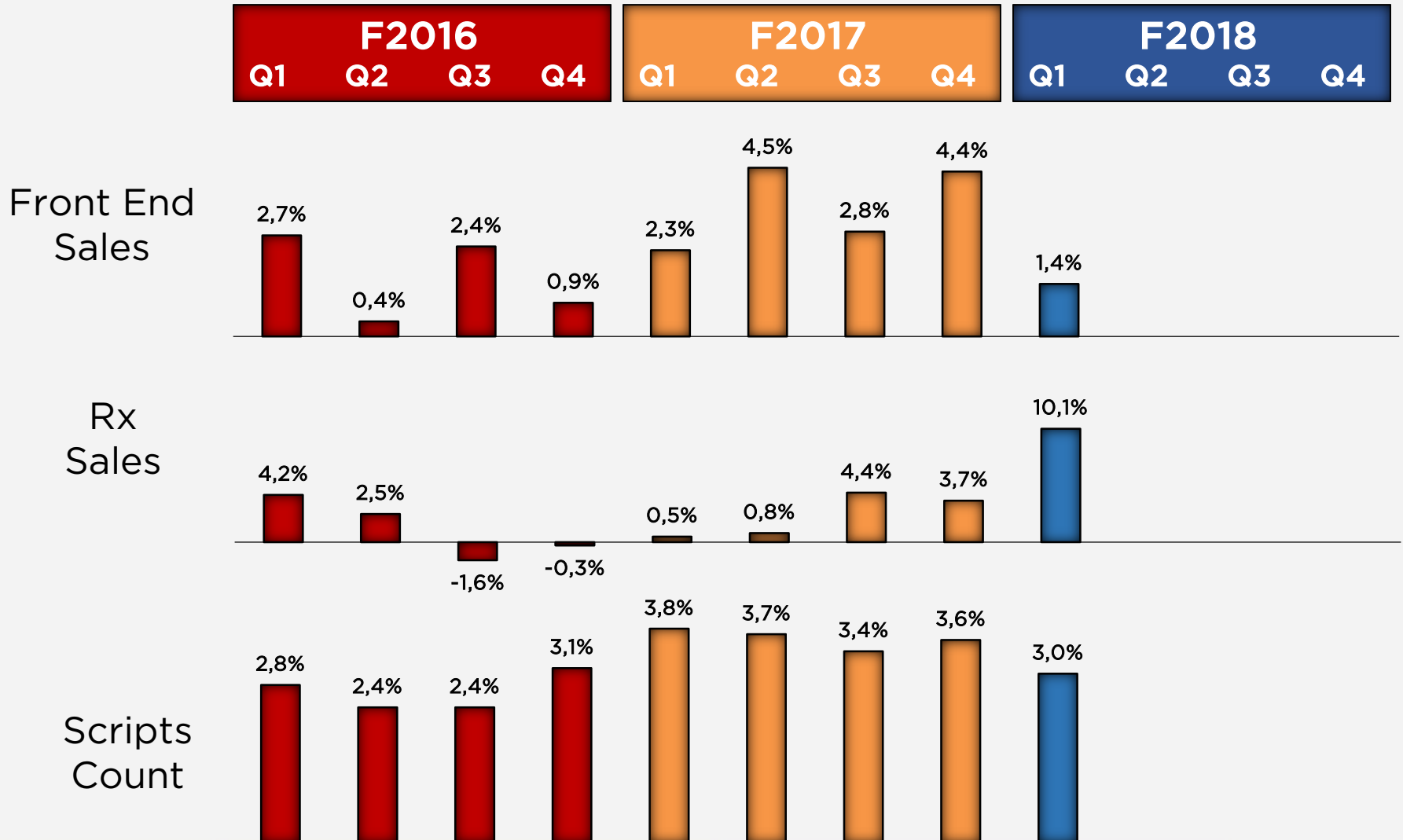
## CONSOLIDATED HIGHLIGHTS



| Consolidated statements of income<br>(unaudited, in millions \$) | Q1 F2018     | Q1 F2017     | Change        |
|--|--------------|--------------|---------------|
| Sales  | 671,3        | 653,7        | 2,7%          |
| Gross profit   | 71,8         | 85,0         | -15,5%        |
| <i>as a % of sales</i>   | <i>10,7%</i> | <i>13,0%</i> | <i>-2,31%</i> |
| Other revenues   | 79,1         | 69,9         | 13,2%         |
| General and operating expenses                                   | 79,4         | 77,9         | 1,9%          |
| <i>as a % of revenues</i>  | <i>10,6%</i> | <i>10,8%</i> | <i>-0,18%</i> |
| Operating income before dep. and amort.                          | 71,5         | 77,0         | -7,1%         |
| <i>as a % of revenues</i>  | <i>9,5%</i>  | <i>10,6%</i> | <i>-1,11%</i> |
| Net profit   | 45,5         | 49,0         |               |
| Basic profit per share, <i>in \$</i>                             | \$0,25       | \$0,27       |               |

# NETWORK PERFORMANCE

## RETAIL SALES GROWTH / COMPARABLE STORES



# FRANCHISING ACTIVITIES

## MARKETING INITIATIVES



- Circular Promotions, t.v. & radio
  - Mega sale « 15 000 Ways to Have Fun»
  - « Measure your savings » Campaign
  - « Spring is in the air » Promotion
  - Jean Coutu gift card promotion

**Spring is in the air**  
CONTEST

**Jean Coutu**

*You could win:*  
**ONE OF 10 SETS OF 5 Whirlpool® APPLIANCES**  
(Approx. value of \$6,195 per set)

**JCP**  
JCPerreault

**TO PARTICIPATE:**  
Purchase any participating household product and upon presentation of your AIR MILES® card to the cashier, you will automatically be entered. **A chance to win with every product purchased!** \*Details on back.  
Valid April 20 to May 4, 2017 at 11:59 p.m. (Eastern Time). No purchase required. Rules available in store and at jeancoutu.com.

**\$10 JEAN COUTU GIFT CARD**

for every purchase of \$50 on almost everything!\*

**Jean Coutu**

Valid with all March 11 and 12, 2017

\*Offering may be limited and some items excluded. For full details of this special offer, including terms and conditions, visit jeancoutu.com. Offer good in participating stores only. Offer ends 11:59 p.m. on 03/12/2017.

**19<sup>99</sup> ch.**

Price en vigueur du 4 au 10 mai 2017

**CONTEST**

**15,000 Ways to Have Fun**

**TO BE WON: 10 PRIZES OF \$15,000**

**TO ENTER:**  
Buy one of the eligible products. \*Present your AIR MILES® card to the cashier. You will automatically be entered into the contest.

**GET ONE CHANCE TO WIN WITH EACH PRODUCT PURCHASED!**  
Valid May 18 to June 15, 2017 at 11:59 p.m. (Eastern time). Rules available here and at jeancoutu.com. No purchase required. **Jean Coutu**  
\*Details on back.

# FRANCHISING ACTIVITIES

## MARKETING INITIATIVES



- Launch of CLINIQUE products





# FRANCHISING ACTIVITIES

## HIGHLIGHTS / REAL ESTATE DEVELOPMENT



- Opening of 3 new stores including 2 relocations

St-Canut, QC



St John, NB



Cap-Pelé, NB

# FRANCHISING ACTIVITIES

## « MY JEAN COUTU, MY HEALTH SOLUTION »



- Parents and Kids fair
- How to prevent shingles

LE ZONA,  
VOUS CONNAISSEZ?

"Je ne pouvais plus faire mes activités quotidiennes normales comme marcher, écrire ou m'habiller, en fait je ne pouvais plus rien supporter sur ma peau."

**Louise Forestier**  
Chanteuse, auteur, compositeur

N'attendez pas, si vous avez 50 ans ou plus, parlez à votre médecin ou à votre pharmacien dès aujourd'hui au sujet du vaccin contre le zona.

Le vaccin contre le zona est recommandé pour les personnes âgées de 50 ans et plus. Il est recommandé de discuter avec votre médecin ou votre pharmacien de la possibilité de recevoir le vaccin contre le zona. Le vaccin contre le zona est disponible en France. Pour en savoir plus, contactez votre médecin.





**Jean Coutu**

# MR. ANDRÉ BELZILE

SENIOR VICE-PRESIDENT, FINANCE AND  
CORPORATE AFFAIRS

# FINANCIAL RESULTS

## CONSOLIDATED HIGHLIGHTS



| Consolidated statements of income<br>(unaudited, in millions \$) | Q1 F2018    | Q1 F2017    |
|--|-------------|-------------|
| Net profit   | 45,5        | 49,0        |
| Financing expenses (revenues), net                               | -0,8        | -0,5        |
| Income Taxes   | 16,8        | 18,4        |
| <b>Operating Income</b>  | <b>61,5</b> | <b>66,9</b> |
| Depreciation and amortization                                    | 10,0        | 10,1        |
| <b>Operating income before dep. and amort.</b>                   | <b>71,5</b> | <b>77,0</b> |

# FINANCIAL RESULTS

## CONSOLIDATED HIGHLIGHTS



| Consolidated statements of financial position<br>(unaudited, in millions \$)      | As at<br>03/06/2017 | As at<br>04/03/2017 |
|---|---------------------|---------------------|
| Cash  | 189,3               | 178,9               |
| Debt (short and long term)  | -                   | -                   |
| Ratio of debt (short and long term) to<br>operating income before dep. and amort. | -                   | -                   |
| Ratio of debt (short and long term)<br>to total capitalization, <i>in %</i>       | -                   | -                   |
| <b>Total Equity</b>   | <b>1 233,8</b>      | <b>1 210,1</b>      |
| Net Book Value per share, <i>in \$</i>  | <b>\$6,71</b>       | <b>\$6,59</b>       |
| <b>Total Assets</b>   | <b>1 504,3</b>      | <b>1 524,1</b>      |

# FINANCIAL POSITION

## CONSOLIDATED HIGHLIGHTS



- Cash flow related to operating activities of \$39.0 M in the first quarter of fiscal 2018 compared to \$46.4 M for the same period of the previous fiscal year
- Cash flow related to investing activities of \$-6.6 M in the first quarter of 2018 fiscal year
  - Purchase of property and equipment of \$3.8 M
  - Purchase of intangible assets of \$1.3 M
- Cash flow related to financing activities of -\$22.0 M for the first quarter of fiscal 2018
  - Quarterly dividends of \$23.9 M

# FINANCIAL RESULTS

## ADDITIONAL INFORMATION



| PRO DOC Results<br>(unaudited, in millions \$) | Q1 F2018 | Q1 F2017 |
|--|----------|----------|
| Gross sales, net of eliminations               | 50,1     | 51,5     |
| OIBA Generic drugs                             | 6,2      | 21,3     |
| OIBA margin                                    | 12,4%    | 41,4%    |

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