

# REVIEW OF FINANCIAL RESULTS

## THIRD QUARTER F2017

January 6, 2017



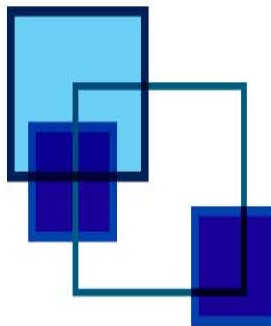
**Jean Coutu**

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# MR. FRANÇOIS J. COUTU

PRESIDENT AND CHIEF  
EXECUTIVE OFFICER

# FINANCIAL RESULTS

## CONSOLIDATED HIGHLIGHTS



| Highlights - Franchising<br>(unaudited, in millions \$) | Q3 F2017       | Q3 F2016       | Change      |
|---|----------------|----------------|-------------|
| Retail sales (1)  |                |                |             |
| Pharmacy  |                |                | 4,5%        |
| Front-end (2)   |                |                | 3,4%        |
| <b>Total</b>  | <b>1 094,6</b> | <b>1 053,4</b> | <b>3,9%</b> |
| Distribution center sales                               |                |                |             |
| Pharmacy  |                |                | 1,0%        |
| Front-end   |                |                | 5,4%        |
| <b>Consolidated sales</b>                               | <b>693,3</b>   | <b>678,2</b>   | <b>2,2%</b> |
| Other revenues  | 70,4           | 71,0           | -0,8%       |
| <b>Revenue</b>  | <b>763,7</b>   | <b>749,2</b>   | <b>1,9%</b> |

(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 \$) | Q3 F2017     | Q3 F2016     | Change        |
|--|--------------|--------------|---------------|
| Sales  | 693,3        | 678,2        | 2,2%          |
| Gross profit   | 88,0         | 90,5         | -2,8%         |
| <i>as a % of sales</i>   | <i>12,7%</i> | <i>13,3%</i> | <i>-0,65%</i> |
| Other revenues   | 70,4         | 71,0         | -0,8%         |
| General and operating expenses                                   | 78,5         | 74,5         | 5,4%          |
| <i>as a % of revenues</i>  | <i>10,3%</i> | <i>9,9%</i>  | <i>0,33%</i>  |
| Operating income before dep. and amort.                          | 79,9         | 87,0         | -8,2%         |
| <i>as a % of revenues</i>  | <i>10,5%</i> | <i>11,6%</i> | <i>-1,15%</i> |
| Net profit   | 51,2         | 57,8         |               |
| Basic profit per share, in \$                                    | \$0,28       | \$0,31       |               |

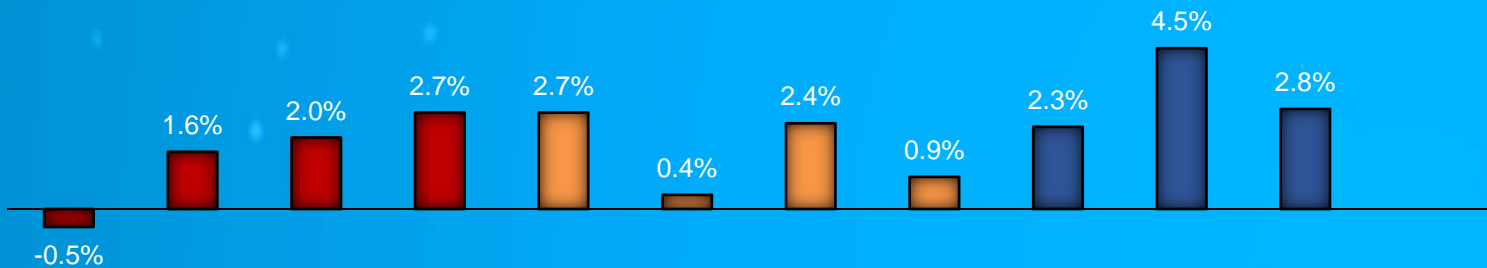
# NETWORK PERFORMANCE

## RETAIL SALES GROWTH / COMPARABLE STORES

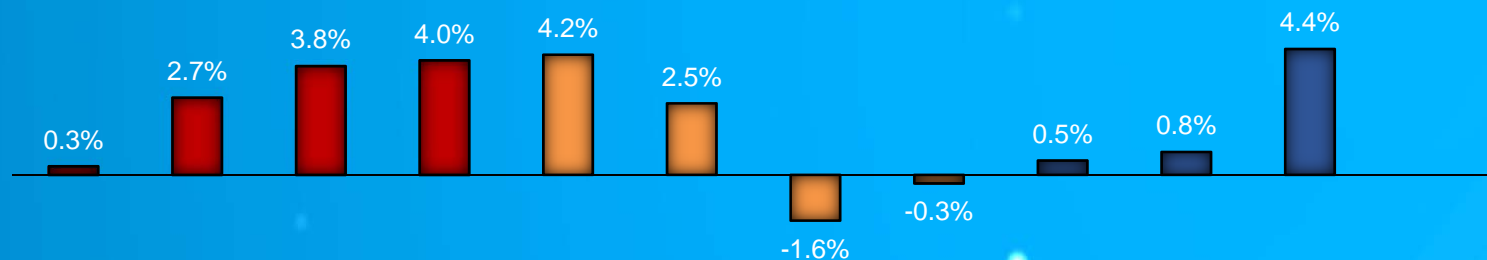


| F2015 |    |    |    | F2016 |    |    |    | F2017 |    |    |    |
|-------|----|----|----|-------|----|----|----|-------|----|----|----|
| Q1    | Q2 | Q3 | Q4 | Q1    | Q2 | Q3 | Q4 | Q1    | Q2 | Q3 | Q4 |

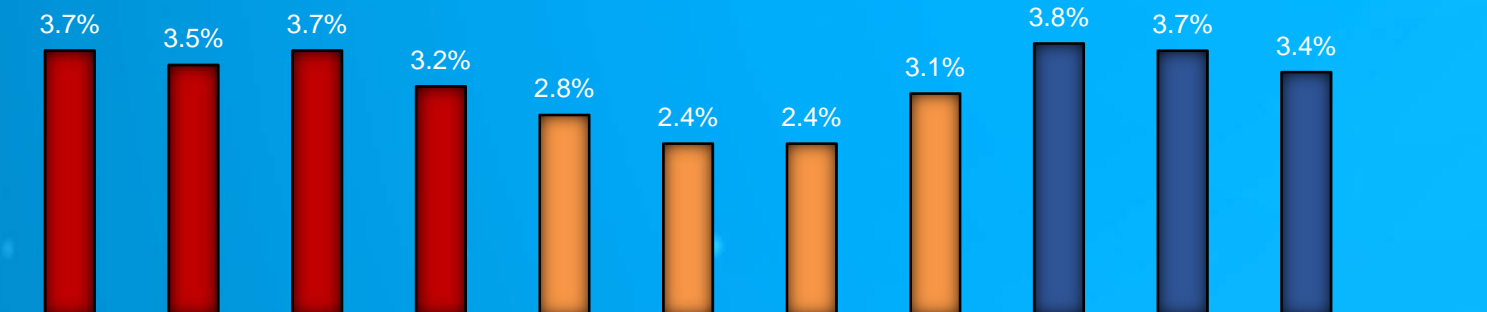
### Front End Sales



### Rx Sales



### Scripts Count



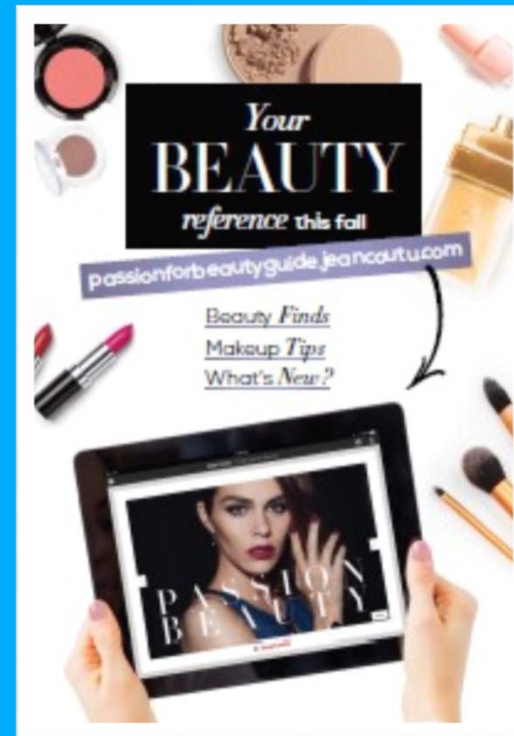


# FRANCHISING ACTIVITIES

## MARKETING INITIATIVES



- Weekly flyers, T.V. & radio campaigns
  - Mega sale «Club Med Ixtapa»
  - New Passion for Beauty Guide
  - Christmas insert and Online Christmas campaign



SEE WHAT  
**MAKES**  
*Alexandra's*  
**HOLIDAYS**  
**MERRY**

**Alexandra Larouche**  
Fashion and beauty YouTube celebrity

# FRANCHISING ACTIVITIES

## MARKETING INITIATIVES



- T.V. Promotions  
price / products

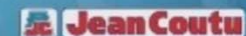
**MESUREZ**  
VOS **ÉCONOMIES**



*C'est le  
bon temps*  
**D'ÉCONO  
MISER**



**377**  
ch.



EN VIGUEUR DU 22 AU 29 SEPTEMBRE 2016



# FRANCHISING ACTIVITIES

## HIGHLIGHTS / REAL ESTATE DEVELOPMENT



- Opening of 3 new stores, including 1 relocation



# FRANCHISING ACTIVITIES

## HIGHLIGHTS / REAL ESTATE DEVELOPMENT



- 4 renovation / expansion projects were completed



Dollard-des-Ormeaux, QC



Sorel, QC



Rivière-du-Loup, QC



# FRANCHISING ACTIVITIES

## « MY JEAN COUTU, MY HEALTH SOLUTION »



- National campaign for Flu vaccination and other health advertisements

Win the battle  
against head lice



AVEZ-VOUS VOTRE  
MÉMO-MAMO?

5\$  
la dose

Sauvons + de vies.



En vente chez  
Jean Coutu



smoke-free  
Family

**MAKE  
YOUR HOME  
A SMOKE-FREE  
ZONE.**

TAKE THIS OPPORTUNITY  
TO QUIT.



**PROTECT YOUR HEALTH AND  
THAT OF YOUR LOVED ONES**  
GET YOUR FLU VACCINATION



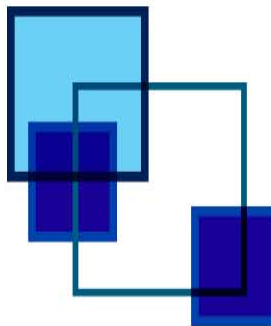
Carl got vaccinated this  
morning before heading off  
to Florida for the winter.

Julie got vaccinated for the  
sake of her newborn baby,  
who is two months old.

➤ Ask for an appointment at a time that's  
convenient for you at a store of your choice,  
by telephone or **online at:**  
[healthappointment.jeancoutu.com](http://healthappointment.jeancoutu.com)



**Jean Coutu**



## MR. ANDRÉ BELZILE

SENIOR VICE-PRESIDENT,  
FINANCE AND  
CORPORATE AFFAIRS

# FINANCIAL RESULTS

## CONSOLIDATED HIGHLIGHTS



| Consolidated statements of income<br>(unaudited, in millions \$) | Q3 F2017 | Q3 F2016 |
|--|----------|----------|
| Net profit   | 51,2     | 57,8     |
| Financing expenses (revenues), net                               | -0,5     | -0,4     |
| Income Taxes   | 18,9     | 21,4     |
| Operating Income   | 69,6     | 78,8     |
| Depreciation and amortization                                    | 10,3     | 8,2      |
| Operating income before dep. and amort.                          | 79,9     | 87,0     |



# FINANCIAL POSITION

## CONSOLIDATED HIGHLIGHTS



| Consolidated statements of financial position<br>(unaudited, in millions \$)      | As at<br>26/11/2016 | As at<br>27/02/2016 |
|---|---------------------|---------------------|
| Cash  | 152,4               | 100,3               |
| 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>       | -                   | -                   |
| Total Equity  | 1 181,3             | 1 120,3             |
| Net Book Value per share, <i>in \$</i>  | \$6,43              | \$6,06              |
| Total Assets  | 1 483,5             | 1 379,5             |

## FINANCIAL POSITION

### CONSOLIDATED HIGHLIGHTS



- Cash flow related to operating activities of \$51.0 M in the third quarter of fiscal 2017 compared to \$78.7 M for the same period of the previous fiscal year
- Cash flow related to investing activities of \$-3.1 M in the third quarter of 2017 fiscal year
  - Purchase of property and equipment of \$2.9 M
  - Proceeds from disposal of investment property of \$3.0 M
  - Purchase of intangible assets of \$1.0 M
- Cash flow related to financing activities of -\$44.1 M for the third quarter of fiscal 2017
  - Quarterly dividends of \$22.1 M
  - Share buybacks of \$21.9 M

# FINANCIAL RESULTS

## ADDITIONAL INFORMATION



| PRO DOC Results<br>(unaudited, in millions \$) | Q3 F2017 | Q3 F2016 |
|--|----------|----------|
| Gross sales, net of eliminations               | 51,1     | 51,7     |
| OIBA Generic drugs                             | 17,9     | 22,3     |
| Intersegments eliminations                     | -        | 1,1      |
|  | 17,9     | 23,4     |
| OIBA margin                                    | 35,0%    | 45,3%    |

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**Jean Coutu**