

**It's all about**

**PEOPLE**

**Review of  
Q1 2006  
Financial  
Results**

October 11, 2005



The  
**Jean Coutu**  
Group (PJC) Inc.



The  
**Jean Coutu**  
Group (PJC) Inc.



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

# Forward-Looking Statement Disclaimer



The  
**Jean Coutu**  
Group (PJC) Inc.

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 / Q1 2006



The  
**Jean Coutu**  
Group (PJC) Inc.

Summary of Results (Millions \$US, except EPS)	Q1 2006	Q4 2005	Q1 2005
<b>Revenue</b>	<b>2,683.1</b>	2,768.4	1,336.7
Gross profit	<b>616.6</b>	647.5	270.2
<i>as a % of sales</i>	<i>23.4%</i>	<i>23.8%</i>	<i>20.8%</i>
General and operating expenses	<b>558.4</b>	542.8	247.5
<i>as a % of revenue</i>	<i>20.8%</i>	<i>19.6%</i>	<i>18.5%</i>
<b>Operating income before amortization</b>	<b>104.4</b>	148.4	61.9
<i>as a % of revenue</i>	<i>3.9%</i>	<i>5.4%</i>	<i>4.6%</i>
<b>Net earnings</b>	<b>11.1</b>	46.2	22.3
Earnings per share	<b>\$ 0.04</b>	\$ 0.18	\$ 0.09

# RESULTS

## SEGMENTED OIBA



The  
**Jean Coutu**  
Group (PJC) Inc.

OIBA (Millions \$US)	Q1 2006		Q4 2005		Q1 2005	
Franchising	<b>37.9</b>	<b>10.4%</b>	40.9	11.1%	32.0	10.2%
Retail Sales	<b>66.5</b>	<b>2.9%</b>	107.5	4.5%	29.9	2.9%
<b>Consolidated</b>	<b>104.4</b>	<b>3.9%</b>	148.4	5.4%	61.9	4.6%



- Signed an agreement for the sale of 30 strip malls at a price of approximately \$C 112 M, subject to title due diligence on the properties:
  - ▶ The scheduled closing date is November 1.
  - ▶ The net proceeds will be applied to reduce debt.
- 4.7% growth in script counts for the Jean Coutu network over last year compared with 0.9% for the overall Québec market.

# CANADIAN OPERATIONS

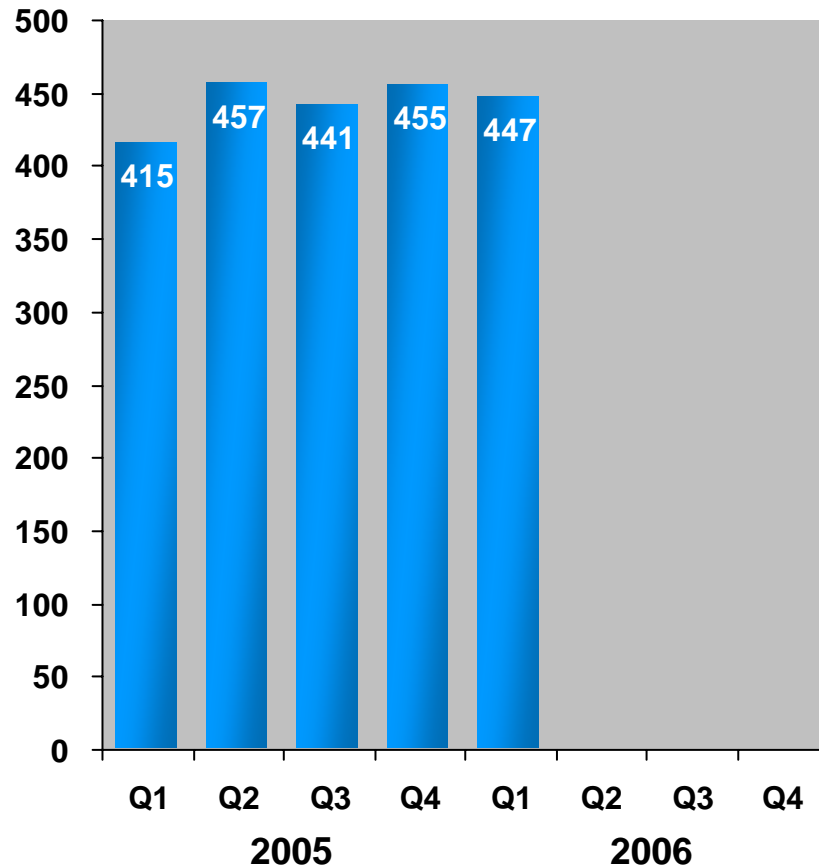
## REVENUES AND OIBA



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Group (PJC) Inc.

### REVENUES

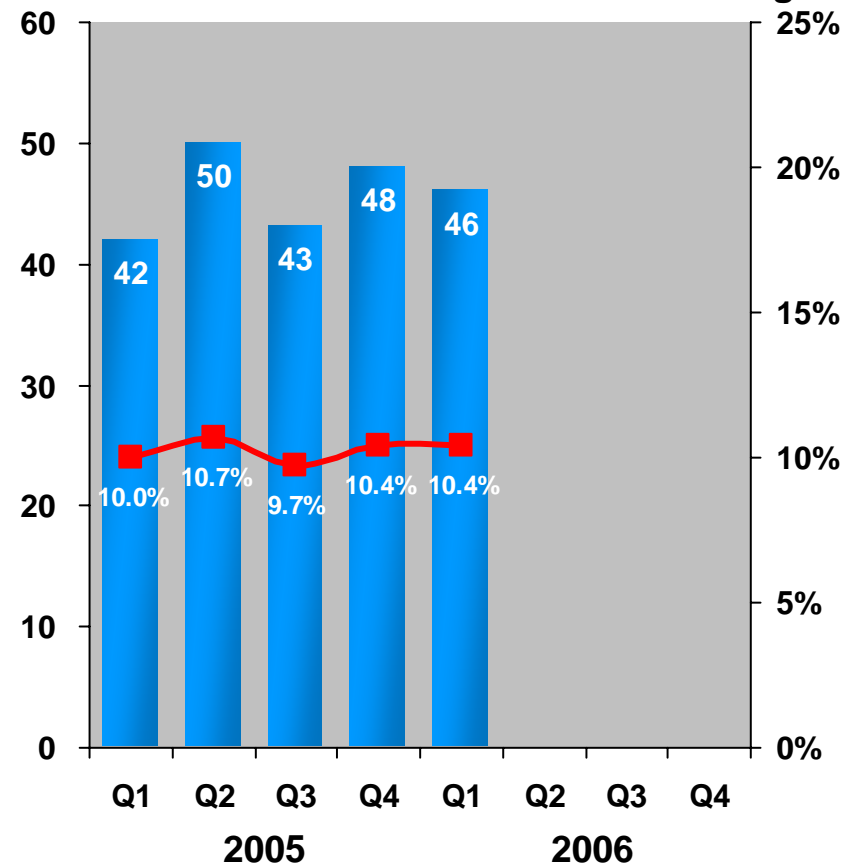
M CAN\$



### OIBA

M CAN\$

OIBA  
margin



# CANADIAN OPERATIONS

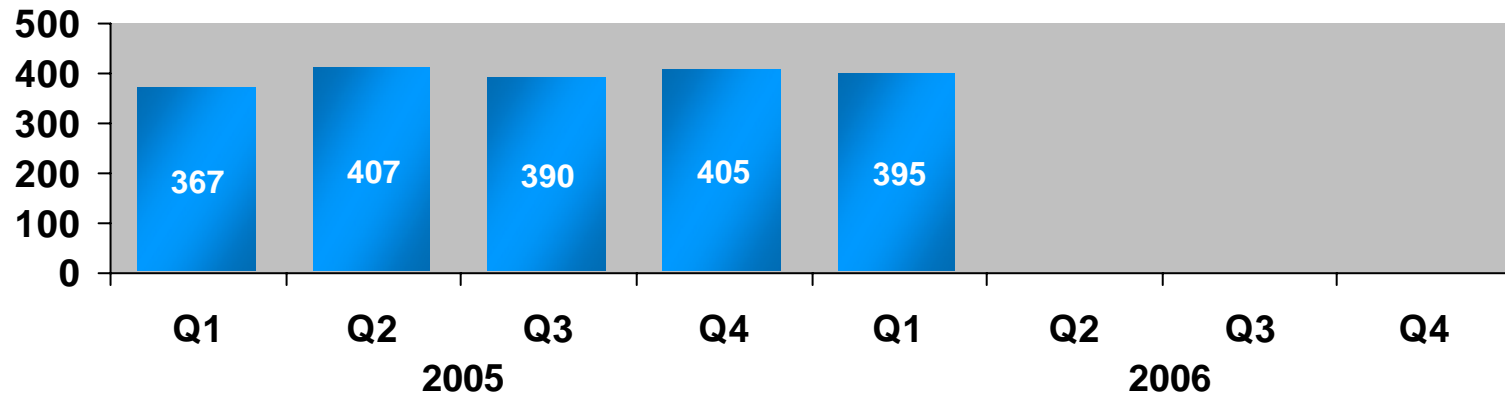
## SALES AND GROSS MARGIN



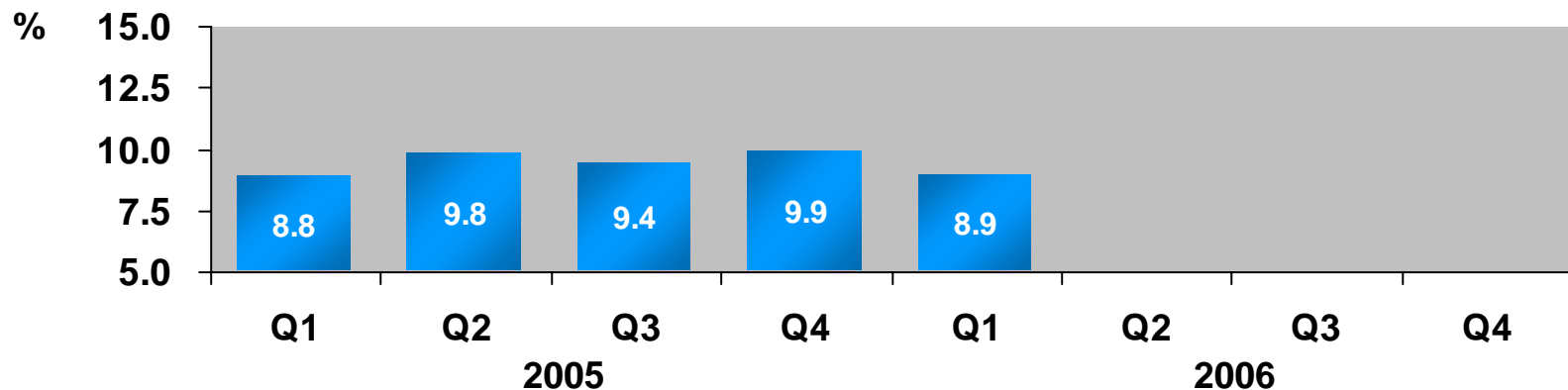
The  
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Group (PJC) Inc.

### Sales

M CAN\$



### Gross Margin



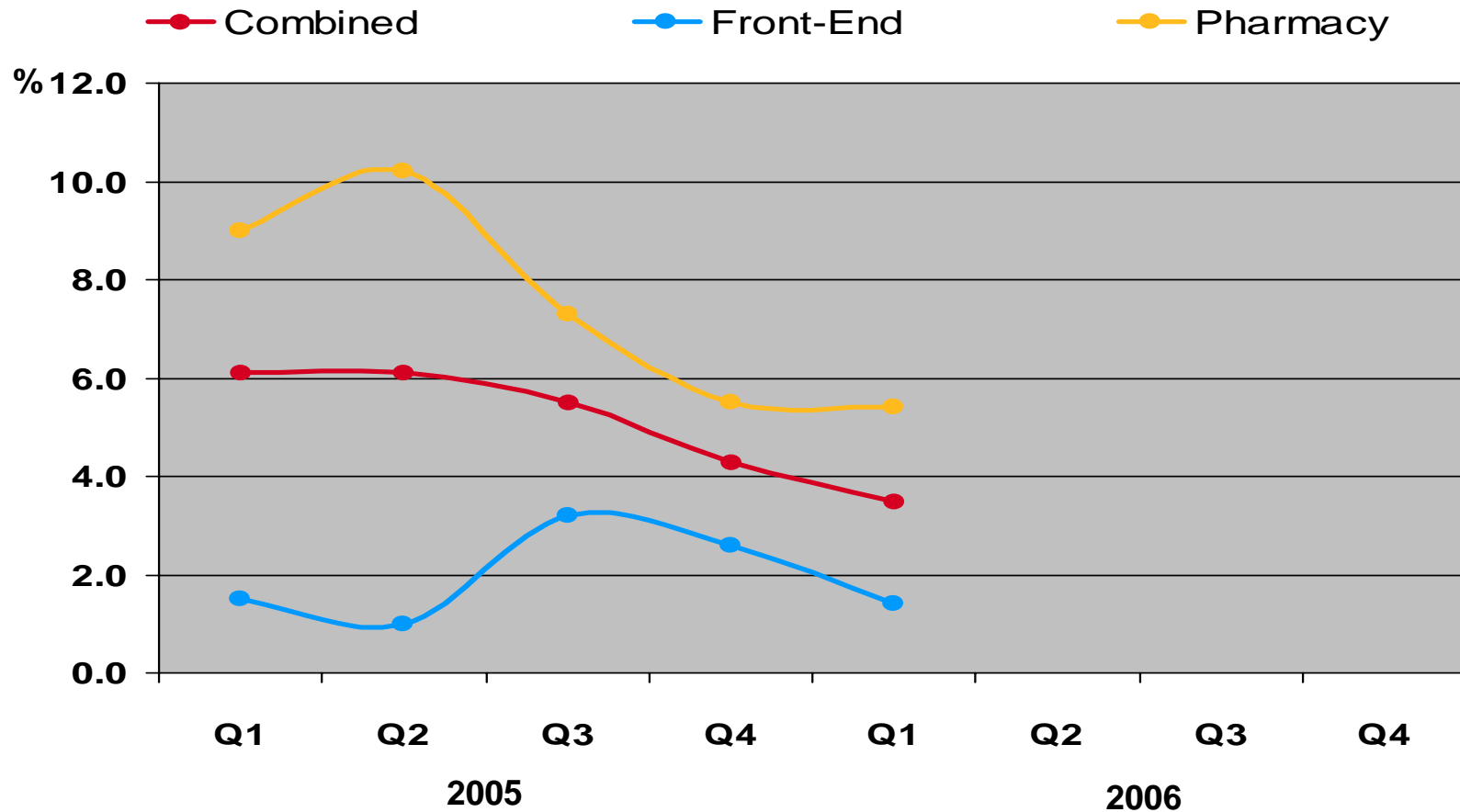


# CANADIAN NETWORK

## RETAIL SALES GROWTH - COMPARABLE STORES



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# RESULTS

## RETAIL SALES GROWTH



The  
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Group (PJC) Inc.

Retail Sales Growth Canada	Q1 2006	Month of August
<b>All Stores</b>		
Total	3.6%	4.5%
Pharmacy	5.5%	7.5%
Front-end	1.4%	1.4%
<b>Same Store</b>		
Total	3.5%	4.5%
Pharmacy	5.4%	7.5%
Front-end	1.4%	1.4%
<b>Sales Mix</b>		
Pharmacy	58%	58%
Front-end	42%	42%



The  
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Group (PJC) Inc.



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





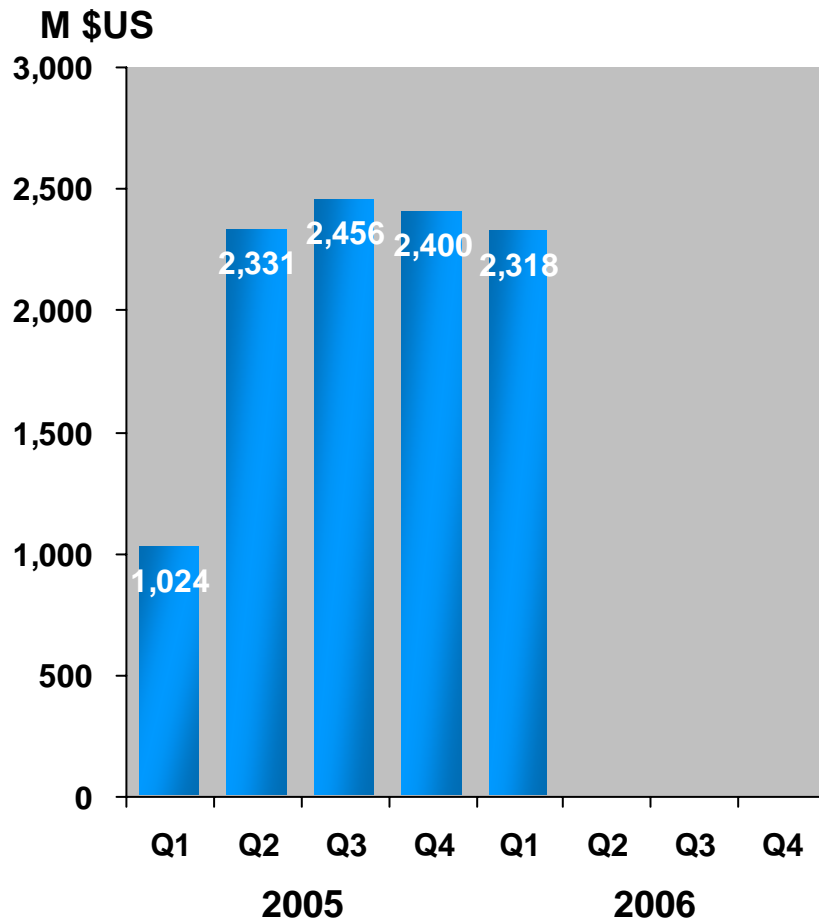
- On a same store basis, including Eckerd for August only, our total sales increased 0.3%, with a 1.3% increase in pharmacy and a 2.3% decrease in the front-end.
- Q1-2006 was a Challenging Quarter.
- Brooks Eckerd information technology systems conversion, closure of Florida H.Q. and of 78 Eckerd drugstores completed during the last quarter, giving rise to non-recurring expenses of approximately \$12 M.

# US NETWORK REVENUES AND OIBA

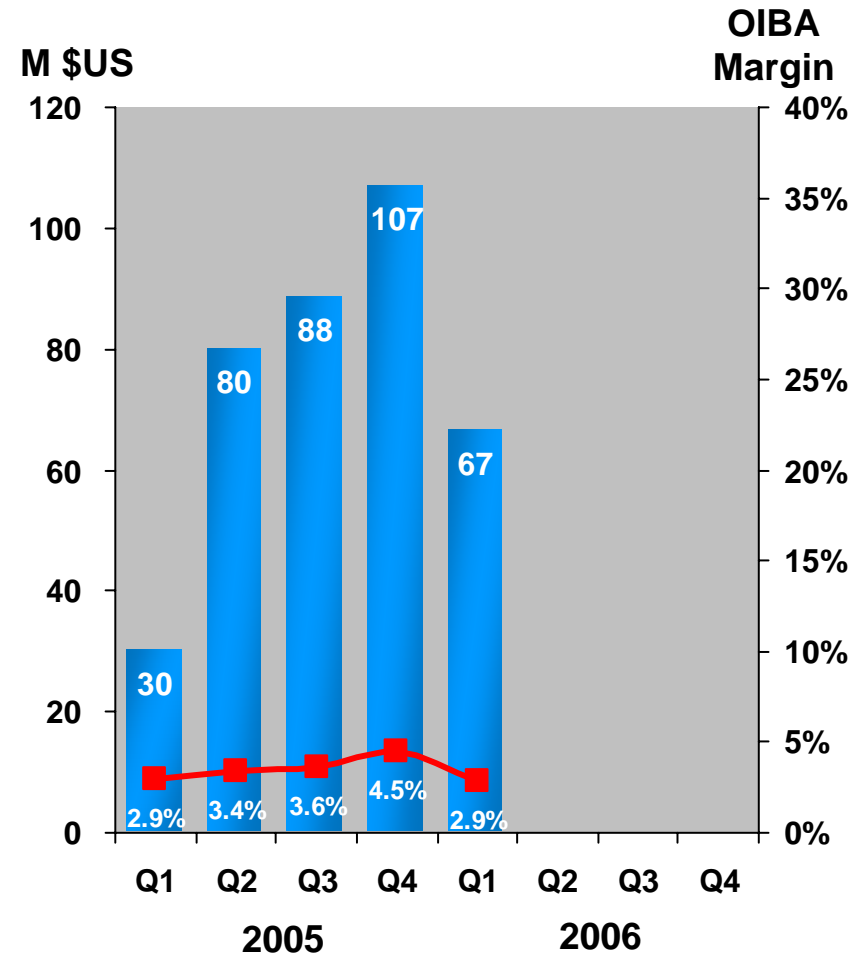


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## REVENUES



## OIBA



# US NETWORK

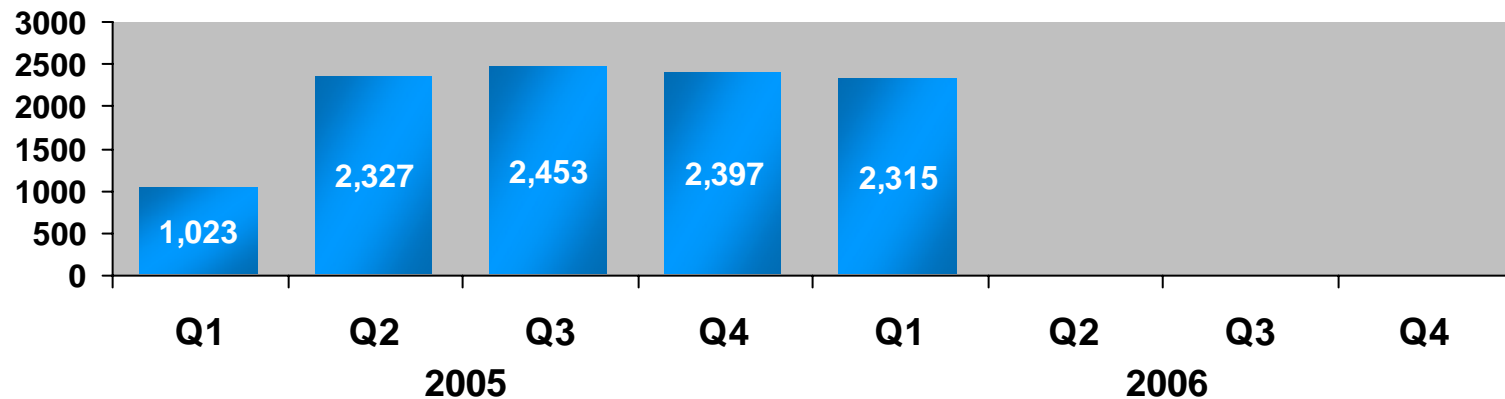
## SALES AND GROSS MARGIN



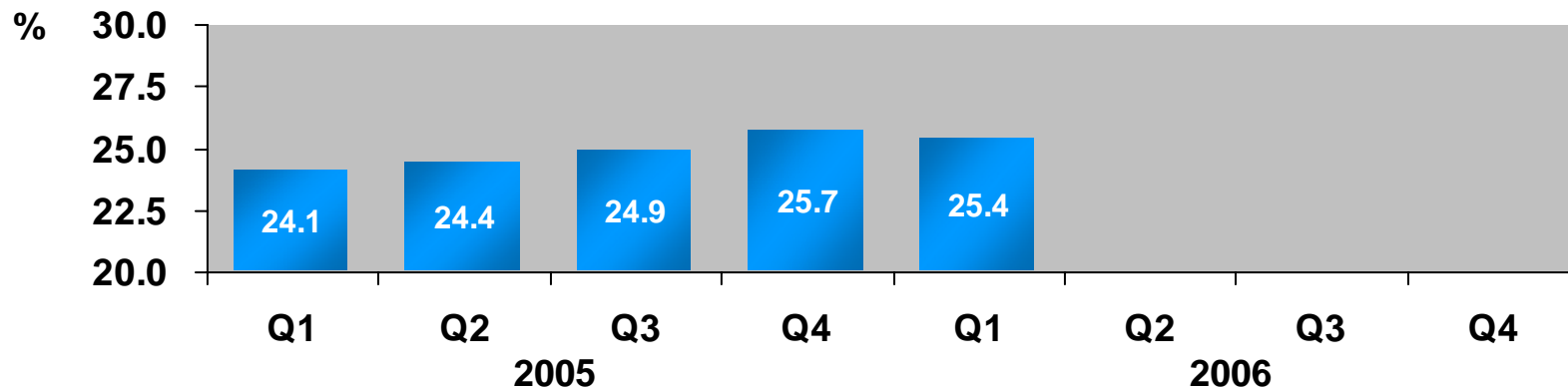
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### Sales

M US\$



### Gross Margin

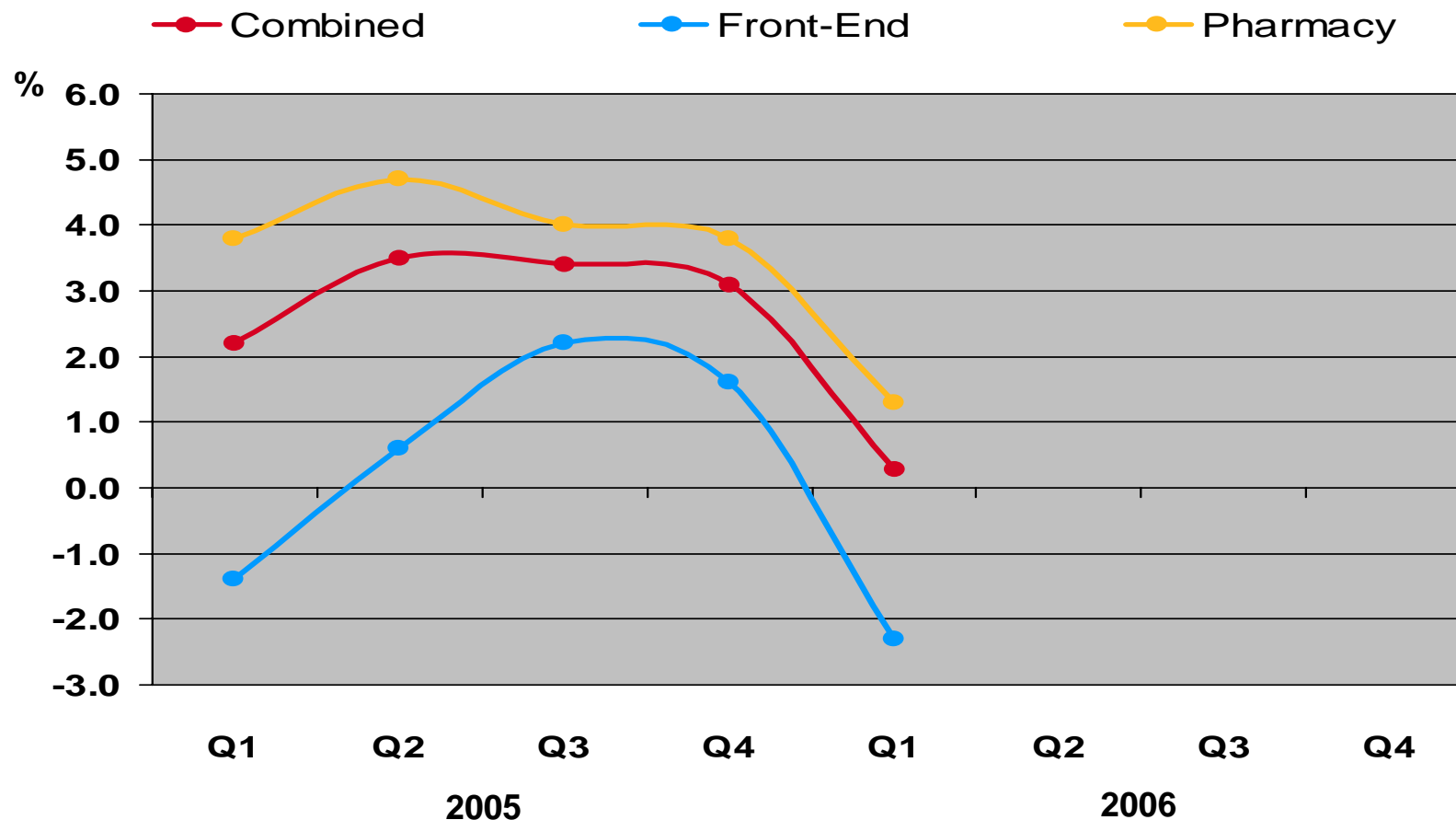


# US NETWORK

## RETAIL SALES GROWTH - COMPARABLE STORES



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(1) Q1 2006 sales growth includes Eckerd for the month of August only.

# RESULTS

## RETAIL SALES GROWTH



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Retail Sales Growth USA	Q1 2006 (1)	Month of August
<b>All Stores</b>		
Total	126.3%	-1.7%
Pharmacy	131.0%	-0.1%
Front-end	114.3%	-6.1%
<b>Same Store</b>		
Total	0.3%	-0.8%
Pharmacy	1.3%	0.6%
Front-end	-2.3%	-4.5%
<b>Sales Mix</b>		
Pharmacy	73%	74%
Front-end	27%	26%

(1) Q1 2006 sales growth includes Eckerd for the month of August only.





- Brooks Eckerd comparable pharmacy sales were up 1.3% in Q1-2006, including Eckerd for August only, with script count slightly negative.
- Brooks Eckerd comparable pharmacy sales for the month of August only were up 0.6%.
- Generic usage continued to increase, having a deflating effect on sales growth. Generics as a % of total Brooks Eckerd pharmacy prescriptions increased to 54.7% compared with 53.0% in Q4-2005.
- Effect of generic drugs replacing brand drugs on US pharmacy sales growth was 2.3% in Q1-2006.



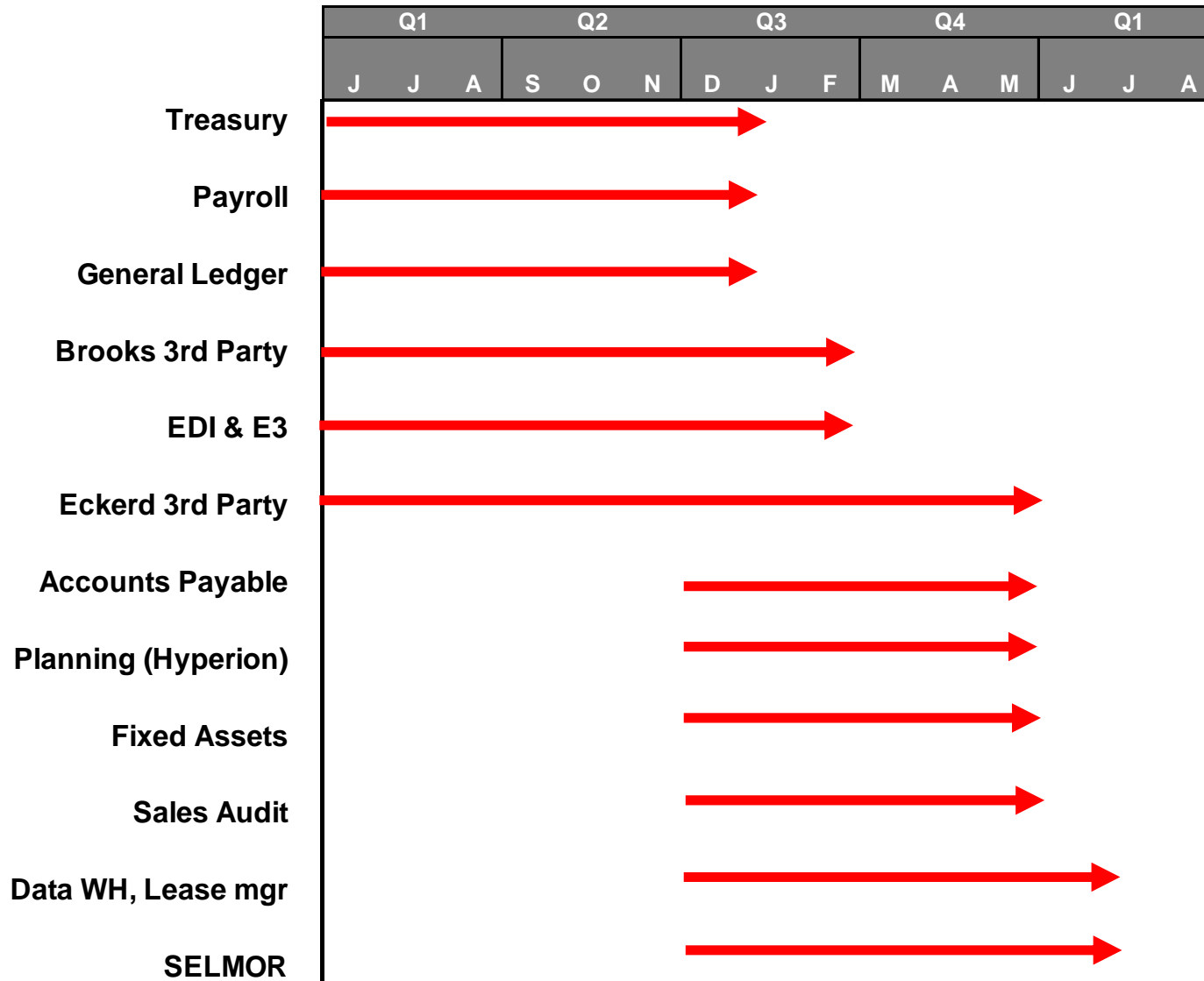
- Brooks Eckerd comparable front end sales were down 2.3% in Q1-2006, including Eckerd for August only.
- Brooks Eckerd comparable front end sales for the month of August only were down 4.5%.
- Q1 front end sales trends driven by the following:
  - ▶ De-emphasis on beverage and low margin consumables.
  - ▶ Digital photo has significantly reduced sales of film and photo processing which were historically strong categories at Eckerd.
  - ▶ Decrease in sales of some OTC products: pseudoephedrine, vitamin E.
  - ▶ July SELMOR conversion impacted in-stock level at stores and promotional goods availability, affecting overall front end sales growth. Issues being addressed currently.

# US NETWORK

## IT CONVERSION SUMMARY



The  
**Jean Coutu**  
Group (PJC) Inc.



**Completed**



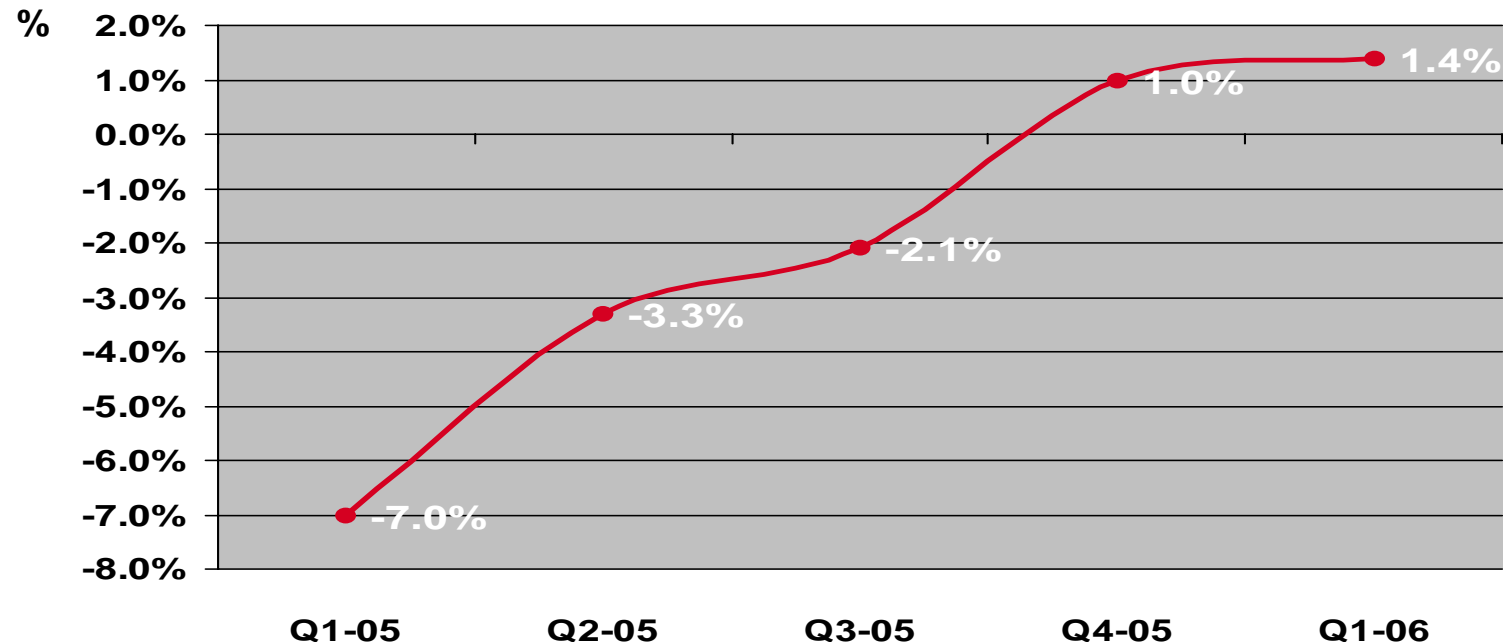
# US NETWORK

## ECKERD FRONT-END SALES TRENDS



The  
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### Health & Beauty Care



■ The strategy shift in our core categories has resulted in reversing the negative sales. Health and Beauty care is and will continue to be a major focus.

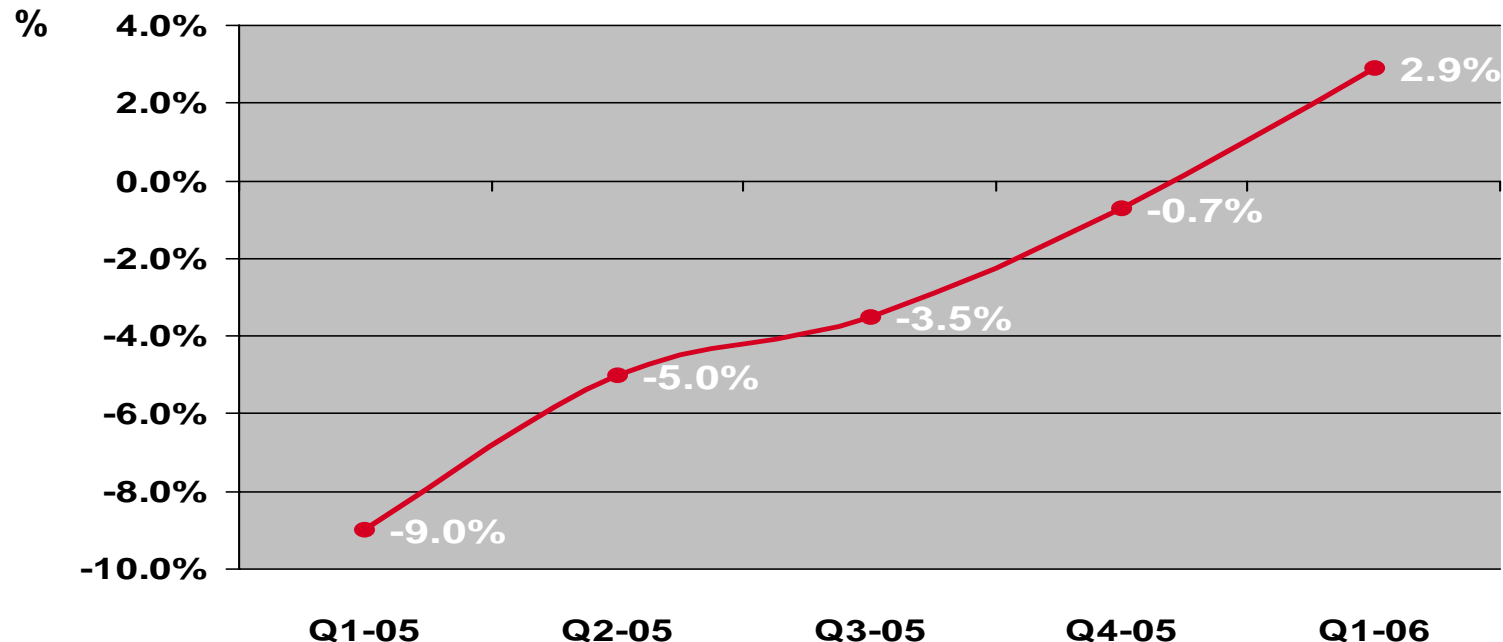
# US NETWORK

## ECKERD FRONT-END SALES TRENDS



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### Total Beauty & Personal Care



- Negative sales trend reversed during the year. Good performance in Skin and Hair Care and Deodorant.

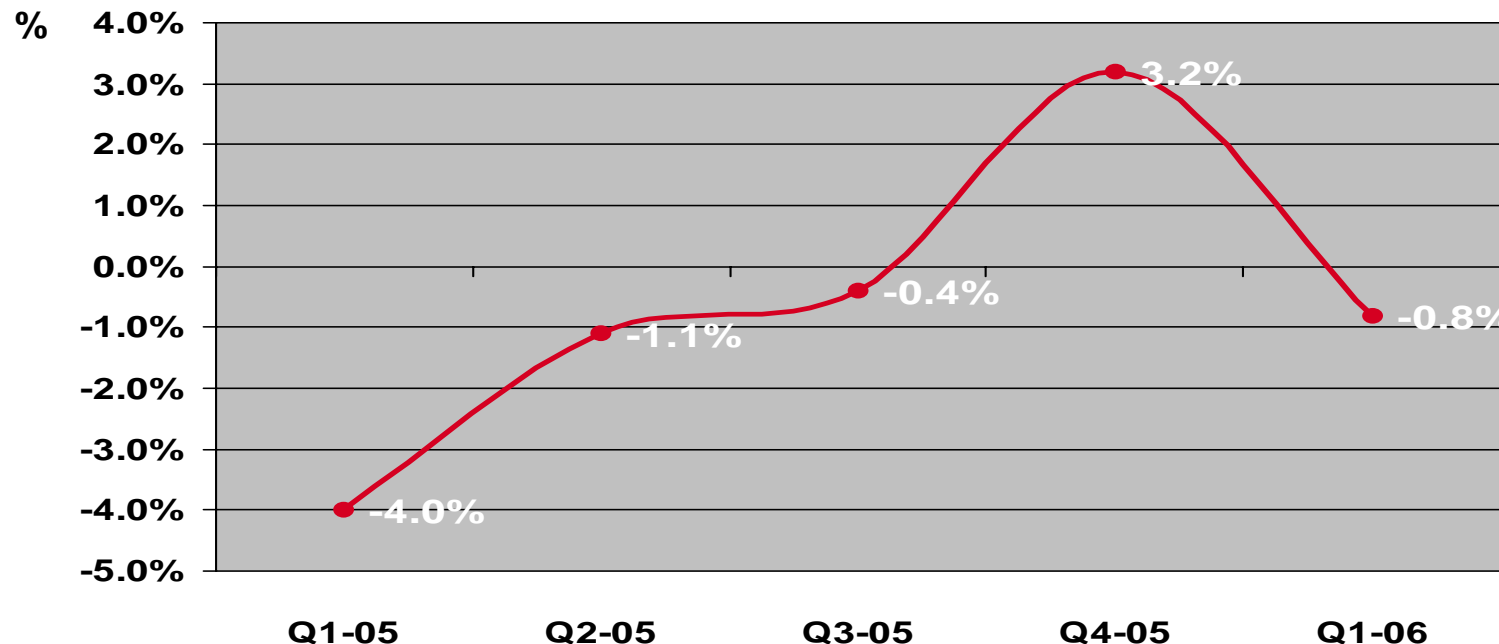
# US NETWORK

## ECKERD FRONT-END SALES TRENDS



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Total OTC



■ Q1-06 performance was impacted by Pseudoephedrine moving behind the counter and negative publicity on vitamin supplements, lowering sales of Vitamin E.

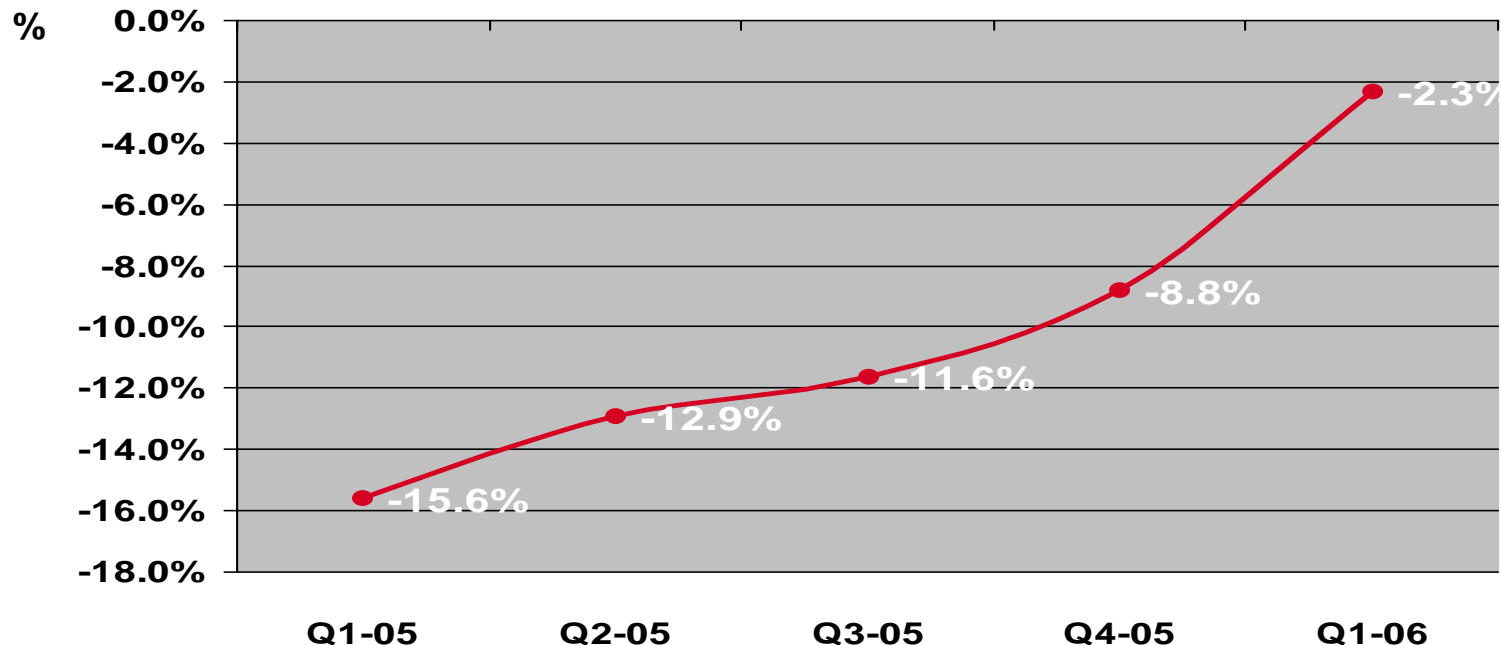
# US NETWORK

## ECKERD FRONT-END SALES TRENDS



The  
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### Consumables



- The shift in strategy from selling Soda, Beverages, Household Paper, Laundry below cost continues to negatively affect sales.
- Candy, Food and Snacks are major contributors to the improvement.



- Team 2005 Brooks Eckerd Store Manager meeting:
  - ▶ All store and field management gathered in Philadelphia for a meeting with vendors and H.Q. management.
  - ▶ Key operational and marketing messages were delivered.
  - ▶ Goal was accomplished to generate pride and momentum for fiscal 2006.
- Development of new TV spots during the quarter, campaign began in October 2005:
  - ▶ 3 Brooks and Eckerd TV commercials produced based on pharmacy services, selection and prices.





- Acknowledged partnership with government agencies: CMS and SSA.
- Comprehensive Medicare training for all Pharmacists and Technicians.
- Pharmacist Speakers Bureau: over 200 Pharmacists trained as presenters for community outreach programs.
- Medicare Days in stores for Seniors and Caregivers.
- Proven track record of patient care initiatives for medication therapy management.
- Contracted with all PDP's (Prescription Drug Plans) in our 14 regions.



- Drive profitable sales growth
- Optimize operational costs
- Medicare Part D...

**We are ready**



The  
**Jean Coutu**  
Group (PJC) Inc.



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

# RESULTS

## ADDITIONAL INFORMATION ON NON-GAAP MEASURES



The  
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Group (PJC) Inc.

Non-GAAP Measures (Millions \$US)	Q1 2006	Q4 2005	Q1 2005
<b>Net earnings</b>	<b>11.1</b>	46.2	22.3
Interest on long term debt	<b>48.9</b>	46.0	15.0
Other financial expenses, net	<b>1.8</b>	1.5	2.7
Income Taxes (recovery)	<b>-19.0</b>	-3.2	-4.2
<b>Operating Income</b>	<b>42.8</b>	90.5	35.8
Amortization	<b>61.6</b>	57.9	26.1
<b>Operating income before amortization</b>	<b>104.4</b>	148.4	61.9

# FINANCIAL POSITION

## CONSOLIDATED HIGHLIGHTS



The  
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Group (PJC) Inc.

Balance Sheet (Millions \$US, except NBV)	Q1 2006	F 2005	F 2004
Long Term Debt	<b>2,583.3</b>	2,495.8	169.6
Shareholders' Equity	<b>1,451.4</b>	1,412.1	853.4
Total Assets	<b>5,715.0</b>	5,694.9	1,343.8
Net Book Value per share	<b>\$ 5.55</b>	\$ 5.40	\$ 3.76

Financial Ratios	Q1 2006	F 2005	F 2004
Net Debt / Book Capitalization	<b>63.0%</b>	62.5%	18.4%
Net Debt / Market Capitalization (1)	<b>34.6%</b>	33.5%	4.6%
Net Debt / LTM OIBA	<b>5.0</b>	4.8	0.8
LTM OIBA / LTM Interest	<b>2.7</b>	2.6	17.2

(1) Market capitalization based on 261.7 million shares at the closing price of September 30, 2005 of \$CAN 20.70 per share and a currency exchange rate of \$CAN/\$US of 0.86

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