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 2015 RESULTS

Longueuil, Québec, July 8, 2014 - The Jean Coutu Group (PJC) Inc. (the "Corporation" or the "Jean Coutu Group") reported today its financial results for the quarter ended May 31, 2014.

SUMMARY OF RESULTS

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

	Q1-2015	Q1-2014
	$	$
Revenues	**688.6**	681.6
Operating income before amortization ("OIBA")	**82.0**	81.8
Gains related to the investment in Rite Aid	**–**	54.4
Net profit	**54.1**	108.6
Per share	**0.29**	0.51
Net profit before gains related to the investment in Rite Aid [1]	**54.1**	54.2
Per share	**0.29**	0.26

[1] See the "Non-IFRS financial measure" section.

HIGHLIGHTS

- Net profit per share before gains related to the investment in Rite Aid amounted to $0.29 during the first quarter of fiscal year 2015 compared with $0.26 for the same period of the previous fiscal year, an 11.5% increase.
- Operating income before amortization ("OIBA") increased by 0.2% for the first quarter of fiscal year 2015, despite the deflationary impact on pharmacy sales of a strong generic drugs penetration.
- Construction work of the new distribution center in Varennes officially began on June 6, 2014.

Financial results
"The results of the first quarter of fiscal 2015 demonstrate the effectiveness of our business plan in spite of a highly competitive market," explained Mr. François J. Coutu, President and Chief Executive Officer "The commercial strategies that we continue to roll out, the expansion of our network and the commitment of our affiliated pharmacist owners and their employees will contribute to our growth in the upcoming quarters as well as to maintain our leadership."

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 $688.6 million during the quarter ended May 31, 2014, compared with $681.6 million for the quarter ended June 1, 2013. This increase is attributable to 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 $0.2 million to $82.0 million during the quarter ended May 31, 2014 compared with $81.8 million for the quarter ended June 1, 2013. For the first quarter of the fiscal year 2015, OIBA was negatively impacted by the share-based payments instruments (stock appreciation rights and deferred share units) expenses of $2.1 million, compared with $0.7 million for the quarter ended June 1, 2013. This increase is mainly due to the growth of the Corporation's share market price. OIBA as a percentage of revenues ended the first quarter of fiscal year 2015 at 11.9% compared with 12.0% for the same quarter of the previous fiscal year.

Pro Doc
Gross sales of Pro Doc drugs, net of intersegment eliminations, amounted to $48.3 million during the quarter ended May 31, 2014, compared with $45.7 million for the quarter ended June 1, 2013. Pro Doc's contribution to the consolidated OIBA amounted to $22.7 million during the quarter ended May 31, 2014, compared with $17.4 million for the quarter ended June 1, 2013. 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 2015 at 47.0% compared with 38.1% for the same period of the previous fiscal year.

Net profit
Net profit amounted to $54.1 million ($0.29 per share) during the quarter ended May 31, 2014 compared with $108.6 million ($0.51 per share) for the quarter ended June 1, 2013. The decrease in net profit is attributable to the gain of $54.4 million related to the investment in Rite Aid recognized during the first quarter of fiscal year 2014. Net profit before gains related to the investment in Rite Aid amounted to $54.1 million ($0.29 per share) for the first quarter of fiscal year 2015 compared with $54.2 million ($0.26 per share) for the first quarter of fiscal year 2014.

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.

During the quarter ended May 31, 2014, on a same-store basis, the PJC network's retail sales increased by 0.1%, pharmacy sales increased by 0.3% and front-end sales decreased by 0.5%, compared with the corresponding period last year. Sales of non-prescription drugs, which represented 8.7% of total retail sales, decreased by 0.1% whereas these sales had increased by 3.6% for the corresponding period of fiscal year 2014.

Generic drugs reached 67.8% of prescriptions during the first quarter of fiscal year 2015 compared with 66.0% 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 2015 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 1.2%.

Network performance [1] *(unaudited)*	**Q1-2015**	Q1-2014
Retail sales *(in millions of dollars)*	**$1,018.2**	$1,010.2
Retail sales growth *(in percentage)*		
Total stores		
Total	**0.8%**	1.2%
Pharmacy	**0.9%**	0.6%
Front-end [2]	**0.3%**	2.0%
Same store		
Total	**0.1%**	0.6%
Pharmacy	**0.3%**	–%
Front-end [2]	**(0.5)%**	1.5%
Prescriptions growth *(in percentage)*		
Total stores	**4.2%**	4.9%
Same store	**3.7%**	4.3%

(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 2015, there were 2 openings in the PJC network of franchised stores, including 1 relocation. Also, 6 stores were significantly renovated or expanded.

As at May 31, 2014, total selling square footage of the PJC network amounted to 3,113,000 square feet compared with 3,046,000 square feet as at June 1, 2013.

Issuer bids

On April 30, 2014, the Corporation announced its intention to repurchase for cancelation under a normal course issuer bid, when it is considered advisable, up to 8,190,000 of its outstanding Class "A" Subordinate Voting Shares. During the first quarter of fiscal year 2015, the Corporation did not repurchase any Class "A" Subordinate Voting Shares.

Dividend

The Board of the Jean Coutu Group declared a quarterly dividend of $0.10 per share. This dividend will be paid on August 8, 2014, 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 25, 2014.

Varennes new distribution center

The construction work of the future headquarter and distribution center in Varennes officially started on June 6, 2014 with the ground-breaking ceremony. This project which represents an investment of nearly $190.0 million should be completed during the first quarter of fiscal year 2017.

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 sales growth, 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 the consolidated margins.

Conference call

Financial analysts and investors are invited to attend the conference call on the first quarter of fiscal year 2015 financial results to be held on July 8, 2014, at 8:30 AM (ET). The call-in number is 514-861-2909 or toll free at 1-888-789-9572, access code 1687559 followed by hash tag (#). 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 8, 2014. The access code is 8738868 followed by hash tag (#).

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 414 franchised stores located in the provinces of Québec, New Brunswick and Ontario under the banners of PJC Jean Coutu, PJC Clinique, PJC Santé and PJC Santé Beauté, which employs close to 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. 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 31, 2014 and June 1, 2013	13 weeks 2014	2013
(unaudited, in millions of Canadian dollars, unless otherwise noted)	**$**	$
Sales	**619.6**	614.0
Other revenues	**69.0**	67.6
	688.6	681.6
Operating expenses		
Cost of sales	**534.6**	534.0
General and operating expenses	**72.0**	65.8
Operating income before depreciation and amortization	**82.0**	81.8
Depreciation and amortization	**8.0**	8.0
Operating income	**74.0**	73.8
Financing revenus	**(0.3)**	(0.6)
Profit before the following items	**74.3**	74.4
Gains on sales of investment in Rite Aid	**-**	54.4
Profit before income taxes	**74.3**	128.8
Income taxes	**20.2**	20.2
Net profit	**54.1**	108.6
Basic and diluted profit per share, in dollars	**0.29**	0.51

Condensed consolidated statements of comprehensive income

For the periods ended May 31, 2014 and June 1, 2013	13 weeks 2014	2013
(unaudited, in millions of Canadian dollars)	**$**	$
Net profit	**54.1**	108.6
Other comprehensive income, net of taxes of nil		
Items that will be reclassified subsequently to net profit:		
Available-for-sale financial asset:		
Change in fair value	**-**	177.8
Reclassification of gains on sales to net profit	**-**	(54.4)
	-	123.4
Total comprehensive income	**54.1**	232.0

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of changes in equity

For the periods ended May 31, 2014 and June 1, 2013

(unaudited, in millions of Canadian dollars)

	Capital stock	Treasury stock	Contributed surplus	Investment in Rite Aid	Retained earnings	Total equity
	$	$	$	$	$	$
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**
Balance at March 2, 2013	537.1	(2.2)	1.7	40.8	533.4	1,110.8
Net profit	-	-	-	-	108.6	108.6
Other comprehensive income	-	-	-	123.4	-	123.4
Total comprehensive income	-	-	-	123.4	108.6	232.0
Redemption of capital stock	(18.0)	-	-	-	(37.9)	(55.9)
Dividends	-	-	-	-	(18.2)	(18.2)
Share-based compensation cost	-	-	0.3	-	-	0.3
Options exercised	1.8	-	(0.1)	-	-	1.7
Balance at June 1, 2013	520.9	(2.2)	1.9	164.2	585.9	1,270.7

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of financial position

(unaudited, in millions of Canadian dollars)	**As at May 31, 2014** **$**	As at March 1, 2014 $
Current assets		
Cash	**116.4**	74.3
Trade and other receivables	**215.4**	206.9
Inventories	**188.4**	189.8
Prepaid expenses	**6.4**	6.2
	526.6	477.2
Non-current assets		
Long-term receivables from franchisees	**24.0**	23.7
Investment in associates and joint ventures	**14.7**	13.6
Property and equipment	**364.5**	361.1
Investment property	**24.5**	24.7
Intangible assets	**200.4**	202.0
Goodwill	**36.0**	36.0
Deferred tax	**10.9**	11.3
Other long-term assets	**15.9**	15.0
Total assets	**1,217.5**	1,164.6
Current liabilities		
Trade and other payables	**221.5**	209.3
Income taxes payable	**9.8**	4.6
	231.3	213.9
Non-current liabilities		
Deferred tax	**0.5**	1.0
Other long-term liabilities	**17.7**	17.6
Total liabilities	**249.5**	232.5
Equity	**968.0**	932.1
Total liabilities and equity	**1,217.5**	1,164.6

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of cash flows

For the periods ended May 31, 2014 and June 1, 2013	13 weeks 2014	2013
(unaudited, in millions of Canadian dollars)	**$**	$
Operating activities		
Net profit	**54.1**	108.6
Adjustments:		
Depreciation and amortization	**8.0**	8.0
Gains on sales of investment in Rite Aid	**-**	(54.4)
Interest income	**(0.4)**	(0.4)
Income taxes	**20.2**	20.2
Others	**1.2**	0.5
	83.1	82.5
Net change in non-cash asset and liability items	**4.5**	(6.8)
Interest received	**0.3**	0.1
Income taxes paid	**(15.1)**	(18.7)
Cash flow related to operating activities	**72.8**	57.1
Investing activities		
Proceeds from disposal of the investment in Rite Aid	**-**	162.1
Investments in an associate and in a joint venture	**(1.0)**	-
Purchase of property and equipment	**(8.7)**	(4.5)
Purchase of investment property	**-**	(0.2)
Net change in long-term receivables from franchisees	**(1.4)**	(0.3)
Purchase of intangible assets	**(1.2)**	-
Cash flow related to investing activities	**(12.3)**	157.1
Financing activities		
Issuance of capital stock	**0.5**	1.7
Redemption of capital stock	**-**	(10.8)
Dividends paid	**(18.9)**	(18.2)
Cash flow related to financing activities	**(18.4)**	(27.3)
Net change in cash and cash equivalents	**42.1**	186.9
Cash and cash equivalents, beginning of period	**74.3**	(1.6)
Cash and cash equivalents, end of period	**116.4**	185.3

THE JEAN COUTU GROUP (PJC) INC.

Unaudited additional informations

For the periods ended May 31, 2014 and June 1, 2013

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

Non-IFRS financial measure

Net profit (or net profit per share) before gains related to the investment in Rite Aid is a non-IFRS measure. The Corporation believes that it is useful for investors to be aware of significant items of an unusual or non-recurring nature that have adversely or positively affected the IFRS measures applied by the Corporation, and that the above-mentioned non-IFRS measure provides investors with a performance measure to compare the results between periods with no regards to these items. The Corporation's measure excluding certain items has no standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other corporations. Therefore, it should not be considered in isolation.

Net profit and basic profit per share are reconciled hereunder to net profit (or net profit per share) before gains related to the investment in Rite Aid. All amounts are net of income taxes when applicable.

	13 weeks	
	2014	2013
	$	$
Net profit	**54.1**	108.6
Gains on sales of investment in Rite Aid	**-**	(54.4)
Net profit before gains related to the investment in Rite Aid	**54.1**	54.2
Basic profit per share	**0.29**	0.51
Gains on sales of investment in Rite Aid	**-**	(0.25)
Net profit per share before gains related to the investment in Rite Aid	**0.29**	0.26