



Fred's Pharmacy Reports July Sales

August 3, 2017

July comparable store sales decreased 0.1%

Comparable sales decrease of 0.3% in second quarter, best of trailing four quarters

MEMPHIS, Tenn.--(BUSINESS WIRE)--Aug. 3, 2017-- Fred's, Inc. ("Fred's Pharmacy" or the "Company") (NASDAQ:FRED) today reported sales for the four-week fiscal month of July, which ended July 29, 2017.

Fred's Pharmacy's total sales for the month decreased 3.5% year-over-year to \$150.5 million from \$155.9 million in July 2016. The decrease in sales is related primarily to the closure of 39 underperforming stores in the first quarter. Total comparable store sales for the month saw a decrease of 0.1%, compared with a 4.6% decrease in comparable sales in the prior year period. Comparable store sales for July included a negative 0.6% impact as a result of the sale of low productive discontinued inventory versus July of last year.

For the quarter ended July 29, 2017, Fred's Pharmacy's total sales decreased 4.2% year-over-year to \$507.4 million from \$529.5 million in the same period last year; related primarily to the shift from brand to generic scripts as well as the closure of underperforming stores. Total comparable store sales for the quarter decreased 0.3%, compared with a 2.0% decrease in comparable sales in the prior year period. Comparable store sales for the quarter included a negative 0.8% impact as a result of the sale of low productive discontinued inventory versus second quarter last year.

Michael K. Bloom, Chief Executive Officer, said, "While our financial results have been slower to materialize than we had anticipated, we are encouraged by our improving comparable store sales and strong performance in Retail and Specialty Pharmacy. Although slightly negative due to industry headwinds challenging the front store consumables category, our overall comparable sales for the second quarter represent the best quarterly performance in the trailing four quarters. Our improving sales trends and the strength of the pharmacy businesses demonstrate that our healthcare transformation strategy is working. We are confident in our ability to improve our financial performance and drive long-term growth and profitability, and look forward to sharing more details about our second quarter results in the coming weeks."

About Fred's Pharmacy

Tracing its history back to an original store in Coldwater, Mississippi, opened in 1947, today Fred's Pharmacy is headquartered in Memphis, Tennessee, and operates 601 pharmacy and general merchandise stores, which includes 14 franchised Fred's Pharmacy locations and an additional three specialty pharmacy-only locations. With a unique store format and strategy that combines the best elements of a healthcare-focused drug store with a value-focused retailer, Fred's Pharmacy stores offer more than 12,000 frequently purchased items that address the healthcare and everyday needs of its customers and patients. This includes nationally recognized brands, proprietary Fred's Pharmacy label products, and a full range of value-priced selections. The Company has two distribution centers, one in Memphis, Tennessee, and Dublin, Georgia.

For more information about the Company, visit Fred's website at www.fredsinc.com.

Forward-Looking Statements

Comments in this news release that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. A reader can identify forward-looking statements because they are not limited to historical facts or they use such words as "outlook," "guidance," "may," "should," "could," "believe," "anticipate," "plan," "expect," "estimate," "forecast," "goal," "intend," "committed," "continue," or "will likely result" and similar expressions that concern the Company's strategy, plans, intentions or beliefs about future occurrences or results. These risks and uncertainties include, but are not limited to, those associated with the Company's announced strategic plan, the success of announced acquisition activities and future growth trends in businesses acquired; general economic trends; changes in consumer demand or purchase patterns; delays or interruptions in the flow of merchandise between the Company's distribution centers and its stores or between the Company's suppliers and same; a disruption in the Company's data processing services; cyber-security threats; costs and delays in acquiring or developing new store sites; and the factors listed under "Risk Factors" in the Company's most recent Annual Report on Form 10-K and any subsequent quarterly filings on Form 10-Q filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date made. The Company undertakes no obligation to release revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unforeseen events, except as required to be reported under the rules and regulations of the Securities and Exchange Commission.

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