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DOLLARAMA REPORTS STRONG FIRST QUARTER GROWTH AND DECLARES FIRST QUARTERLY DIVIDEND OF \$0.09 PER COMMON SHARE

MONTREAL, Quebec, June 9, 2011 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") reported significant increases in sales and net earnings today for the quarter ended May 1, 2011. The Corporation is also pleased to announce that the Board of Directors has declared the first quarterly dividend in Dollarama's history as a public corporation. The initial quarterly dividend is set at \$0.09 per common share.

Financial and Operating Highlights

(All comparative figures below and in the "Financial Results" section that follows, are for the first quarter ended May 1, 2011 compared to the first quarter ended May 2, 2010. All financial information presented in this news release has been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada which were revised to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and became effective for years beginning on or after January 1, 2011. Accordingly, the Corporation commenced reporting on this basis in its unaudited condensed interim consolidated financial statements for the first quarter ended May 1, 2011, and all figures relating to the first quarter ended May 2, 2010 have been restated to reflect the Corporation's adoption of IFRS. As a result of the adoption of IFRS, there was no material change required to the Corporation's statement of earnings. At the transition date, a one-time adjustment was required to recognize an additional deferred tax liability of \$7.0 million through retained earnings in the statement of financial position. Throughout this news release, EBITDA, a Non-GAAP measure, is used to provide a better understanding of the Corporation's financial results. For a full explanation of the Corporation's use of EBITDA, please refer to footnote 1 of the Selected Consolidated Financial Information section of this news release.)

- Sales increased 11.0%;
- Launched 15 net new stores;
- Comparable store sales grew 3.4%;
- Gross margin improved to 35.7% of sales from 34.3% of sales;
- EBITDA⁽¹⁾ grew 22.8% to \$55.5 million, or 16.0% of sales;
- Operating income grew 23.7% to \$47.7 million, or 13.8% of sales;
- Diluted net earnings per share increased to \$0.40 from \$0.30;
- IFRS adoption has no material impact on our statement of earnings;
- Net debt declined to \$294.1 million as of May 1, 2011; and
- Dollarama declares its first quarterly dividend in the amount of \$0.09 per common share

"Consumers all across Canada continue to discover Dollarama's compelling merchandise offering, which helped to drive double-digit sales and earnings growth in the first quarter while generating strong cash flows", said Larry Rossy, Chief Executive Officer of Dollarama. "Our growth plans remain on track. We continue to open stores in markets across Canada, and launched 15 net new stores during the quarter. We feel strongly that the market remains underpenetrated and we are confident that we will achieve our store opening target of 50 net new stores during the current fiscal year."

Financial Results

Sales for the first quarter ended May 1, 2011 increased 11.0% to \$346.3 million from \$311.9 million in the first quarter ended May 2, 2010. The increase was mainly driven by the opening of 56 net new stores during the last twelve months and by comparable store sales growth of 3.4% in the first quarter ended May 1, 2011 over and above strong comparable store sales growth of 8.6% recorded in the first quarter of the prior fiscal year. Comparable store sales growth consisted of a 6.3% increase in transaction size, offset in part by a 2.8% decrease in the number of transactions. Unfavourable weather conditions in the first quarter ended May 1, 2011 compared to the first quarter ended May 2, 2010 negatively impacted the number of transactions in the first quarter.

Gross margin increased to 35.7% of sales in the first quarter ended May 1, 2011 compared to 34.3% of sales in the first quarter ended May 2, 2010 driven mainly by improved product margins and a lower shrink provision, partially offset by higher transportation costs and occupancy costs as a percentage of sales.

General, administrative and store operating expenses ("SG&A") in the first quarter ended May 1, 2011 decreased to 19.7% of sales compared to 19.8% of sales in the same period last fiscal year, due primarily to the scaling effects of certain fixed costs over the higher sales volume this year. SG&A expense was \$68.2 million for the first quarter ended May 1, 2011, a 10.4% increase over \$61.8 million for the same period last fiscal year. The increase is due primarily to the opening of 56 net new stores since the end of the first quarter ended May 2, 2010.

Net financial costs decreased \$2.0 million to \$4.4 million for the first quarter ended May 1, 2011 from \$6.4 million for the first quarter ended May 2, 2010 due primarily to a lower debt level and a lower interest rate on our long-term debt.

For the first quarter ended May 1, 2011, net earnings increased to \$30.4 million, or \$0.40 per diluted share, compared to \$22.5 million, or \$0.30 per diluted share, for the first quarter last fiscal year. The increase in net earnings was driven by an increase in operating income and reduced interest expense on long-term debt, and was partially offset by higher income taxes.

Declaration of First Quarterly Dividend

Dollarama announced today that its Board of Directors approved a quarterly dividend for holders of its common shares of \$0.09 per common share. Dollarama's first quarterly dividend will be paid on August 3, 2011 to shareholders of record at the close of business on June 29, 2011. This dividend is designated as an "eligible dividend" for Canadian tax purposes.

The Board of Directors expects to declare quarterly dividends each in the amount of \$0.09 per common share and has determined that this level of quarterly dividend is appropriate based on Dollarama's current cash flow, earnings, financial position and on other relevant factors. The dividend is expected to remain at this level subject to the Board of Directors' ongoing assessment of Dollarama's future requirements, financial performance, liquidity and outlook. The payment of each quarterly dividend will remain subject to declaration of that dividend by the Board of Directors. The actual amount of each quarterly dividend, as well as each declaration date, record date and payment date, is subject to the discretion of the Board of Directors.

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"We are very pleased to announce that we will pay our first quarterly dividend since becoming a publicly traded company in October 2009", said Larry Rossy, Dollarama's Chief Executive Officer. "Establishing Dollarama as a dividend-paying issuer is a measure of the success of our growth-oriented business model and our resulting strong financial performance. The Board of Directors believes that Dollarama's healthy balance sheet and strong free cash flow generation provide us with financing capacity and flexibility to continue pursuing our growth strategy and to continue repaying existing indebtedness. Enhancing total return to shareholders through a regular quarterly dividend rewards our existing shareholders and also positions us to attract new shareholders looking for both growth and income in their portfolios".

About Dollarama

Dollarama is Canada's leading dollar store operator with 667 locations across the country. Our stores provide customers with compelling value in convenient locations, including metropolitan areas, mid-sized cities and small towns. Dollarama aims to provide customers with a consistent shopping experience, offering a broad assortment of everyday consumer products, general merchandise and seasonal items. Products are sold in individual or multiple units at select fixed price points up to \$2.00.

Forward-Looking Statements

Certain statements in this news release about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors: future increases in operating and merchandise costs, inability to sustain assortment and replenishment of our merchandise, increase in the cost or a disruption in the flow of imported goods, disruption of distribution infrastructure, inventory shrinkage, inability to renew store, warehouse, distribution center and head office leases on favourable terms, inability to increase our warehouse and distribution center capacity in a timely manner, seasonality, market acceptance of our private brands, failure to protect trademarks and other proprietary rights, fluctuation in the value of the Canadian dollar in relation to the U.S. dollar, potential losses associated with using derivative financial instruments, level of indebtedness and inability to generate sufficient cash to service our debt, interest rate risk associated with variable rate indebtedness, competition in the retail industry, current economic conditions, failure to attract and retain qualified employees, departure of senior executives, disruption in information technology systems, unsuccessful execution of our growth strategy, holding company structure, adverse weather, natural disasters and geo-political events, unexpected costs associated with our current insurance program, litigation, product liability claims and product recalls, and environmental and regulatory compliance.

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These factors are not intended to represent a complete list of the factors that could affect us; however, they should be considered carefully. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Corporation's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this press release are made as of June 9, 2011, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

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Selected Consolidated Financial Information

	First Quarter Ended	
	May 1, 2011	May 2, 2010
<i>(dollars in thousands, except per share amounts and number of shares)</i>		
Earnings Data		
Sales.....	\$ 346,300	\$ 311,930
Cost of sales.....	222,580	204,914
Gross profit.....	123,720	107,016
Expenses:		
General, administrative and store operating expenses.....	68,202	61,792
Amortization and depreciation.....	7,864	6,714
Total expenses.....	76,066	68,506
Operating income.....	47,654	38,510
Net financial costs	4,397	6,422
Foreign exchange loss on derivative financial instruments and long-term debt.....	—	127
Earnings before income taxes.....	43,257	31,961
Provision for income taxes.....	12,834	9,489
Net earnings.....	<u>\$ 30,423</u>	<u>\$ 22,472</u>
Basic net earnings per common share.....	\$ 0.41	\$ 0.31
Diluted net earnings per common share.....	\$ 0.40	\$ 0.30
Weighted average number of common shares outstanding during the period:		
Basic (in thousands).....	73,608	72,945
Diluted (in thousands).....	75,478	75,288
Other Data		
Year-over-year sales growth.....	11.0%	14.1%
Comparable store sales growth ⁽²⁾	3.4%	8.6%
Gross margin ⁽³⁾	35.7%	34.3%
SG&A as a % of sales ⁽³⁾	19.7%	19.8%
EBITDA ⁽¹⁾	\$ 55,518	\$ 45,224
Operating margin ⁽³⁾	13.8%	12.3%
Capital expenditures.....	\$ 10,577	\$ 6,436
Number of stores ⁽⁴⁾	667	611
Average store size (gross square feet) ⁽⁴⁾	9,891	9,816

	As of	
	May 1, 2011	Jan. 30, 2011
<i>(dollars in thousands)</i>		
Balance Sheet Data		
Cash and cash equivalents.....	\$ 72,744	\$ 53,129
Merchandise inventories.....	246,026	258,905
Property and equipment.....	154,762	152,081
Total assets.....	1,321,206	1,311,131
Total debt ⁽⁵⁾	366,875	366,875
Net debt ⁽⁶⁾	294,131	313,746

(1) In this news release, we make reference to EBITDA (earnings before interest, taxes, depreciation and amortization). This is not generally accepted earnings measure under GAAP and does not have a standardized meaning under GAAP. This non-GAAP measure, as calculated by the Corporation, may not be comparable to that of other companies and should be considered as a supplement to, not a substitute for, or superior to, the comparable measures calculated in accordance with GAAP.

We have included this non-GAAP measure to provide investors with a supplemental measure of our operating and financial performance. We believe this non-GAAP measure is an important supplemental metric of operating and financial performance because it eliminates items that have less bearing on our operating and financial performance and thus highlights trends in our core business that may not otherwise be apparent when relying solely on GAAP measures. We also believe that securities analysts, investors and other interested parties frequently use this non-GAAP measure in the evaluation of issuers, many of which present EBITDA when reporting their results. Our management also uses EBITDA in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, and to assess our ability to meet our future debt service, capital expenditure and working capital requirements.

	First Quarter Ended	
	May 1, 2011	May 2, 2010
<i>(dollars in thousands)</i>		
A reconciliation of operating income to EBITDA is included below:		
Operating income.....	\$ 47,654	\$ 38,510
Add: Amortization and depreciation.....	<u>7,864</u>	<u>6,714</u>
EBITDA	<u>\$ 55,518</u>	<u>\$ 45,224</u>
<i>EBITDA margin</i>	<i>16.0%</i>	<i>14.5%</i>

- (2) Comparable store means a store open for at least 13 complete months relative to the same period in the prior year, including relocated stores and expanded stores.
- (3) Gross margin represents gross profit divided by sales. SG&A as a % of sales represents general, administrative and store operating expenses divided by sales. Operating margin represents operating income divided by sales.
- (4) At the end of the period.
- (5) Total debt is comprised of current portion of long-term debt, and long-term debt before debt issue costs and discounts.
- (6) Net debt is defined as total debt (see note 5) minus cash and cash equivalents.