DOLLARAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Third quarter ended November 1, 2015

December 9, 2015

The following management's discussion and analysis ("MD&A") dated December 9, 2015 is intended to assist readers in understanding the business environment, strategies, performance and risk factors of Dollarama Inc. (together with its consolidated subsidiaries, referred to as "Dollarama", the "Corporation", "we", "us" or "our"). This MD&A provides the reader with a view and analysis, from the perspective of management, of the Corporation's financial results for the third quarter ended November 1, 2015. This MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements for the third quarter ended November 1, 2015 and the annual audited consolidated financial statements and notes for Fiscal 2015 (as hereinafter defined).

Unless otherwise indicated and as hereinafter provided, all financial information in this MD&A as well as the Corporation's unaudited condensed interim consolidated financial statements for the third quarter ended November 1, 2015 have been prepared in accordance with generally accepted accounting principles in Canada ("GAAP") as set out in the CPA Canada Handbook - Accounting under Part I, which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The Corporation manages its business on the basis of one reportable segment. The functional and reporting currency is the Canadian dollar.

Accounting Periods

All references to "Fiscal 2014" are to the Corporation's fiscal year ended February 2, 2014; to "Fiscal 2015" are to the Corporation's fiscal year ended February 1, 2015; to "Fiscal 2016" are to the Corporation's fiscal year ending January 31, 2016; and to "Fiscal 2017" are to the Corporation's fiscal year ending January 29, 2017.

The Corporation's fiscal year ends on the Sunday closest to January 31 of each year and usually has 52 weeks.

Forward-Looking Statements

This MD&A contains certain forward-looking statements about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments. 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. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- the potential accretive effect of the normal course issuer bid;
- general increases in administrative and occupancy costs;
- the liquidity position of the Corporation;
- expectations on net new store openings and general capital expenditures;
- expectations on a sustainable gross margin; and
- expectations about our general, administrative and store operating expenses as a percentage of sales.

Forward-looking statements are based on information currently available to us and on estimates and assumptions made by us regarding, among other things, general economic conditions and the competitive environment within the retail industry in Canada, 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 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, but not limited to, the following factors, which are discussed in greater detail in the "Risks and Uncertainties" section of the Corporation's most recent annual MD&A and annual information form for Fiscal 2015, both available on SEDAR at www.sedar.com: future increases in operating and merchandise costs, inability to sustain assortment and replenishment of merchandise, increase in the cost or a disruption in the flow of imported goods, failure to maintain brand image and reputation, disruption of distribution infrastructure, inventory shrinkage, inability to renew store, warehouse, distribution center and head office leases on favourable terms, inability to increase warehouse and distribution center capacity in a timely manner, seasonality, market acceptance of private brands, failure to protect trademarks and other proprietary rights, foreign exchange rate fluctuations, potential losses associated with using derivative financial instruments, level of indebtedness and inability to generate sufficient cash to service debt, changes in creditworthiness and credit rating and the potential increase in the cost of capital, interest rate risk associated with variable rate indebtedness, competition in the retail industry, current economic conditions, departure of senior executives, failure to attract and retain quality employees, disruption in information technology systems, inability to protect systems against cyber attacks, unsuccessful execution of the growth strategy, holding company structure, adverse weather, natural disasters and geo-political events, unexpected costs associated with current insurance programs, product liability claims and product recalls, litigation and regulatory and environmental compliance.

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 MD&A are made as at December 9, 2015 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 MD&A are expressly qualified by this cautionary statement.

GAAP and Non-GAAP Measures

This MD&A, as well as the Corporation's unaudited condensed interim consolidated financial statements and notes for the third quarter of Fiscal 2016, have been prepared in accordance with GAAP. However, this MD&A also refers to certain non-GAAP measures. The non-GAAP measures used by the Corporation are as follows:

EBITDA	Represents operating income plus depreciation and amortization.
EBITDA margin	Represents EBITDA divided by sales.
Total debt	Represents the sum of long-term debt (including accrued interest as current portion) and other bank indebtedness (if any).
Net debt	Represents total debt minus cash and cash equivalents.

The above-described non-GAAP measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are used to bridge differences between external reporting under GAAP and external reporting that is tailored to the retail industry, and should not be considered in isolation or as a substitute for financial performance measures calculated in accordance with GAAP. Management uses non-GAAP measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, to assess our ability to meet our future debt service, capital expenditure and working capital requirements, and to evaluate senior management's performance. Refer to the section entitled "Selected Consolidated Financial Information" of this MD&A for a reconciliation of the non-GAAP measures used and presented by the Corporation to the most directly comparable GAAP measures.

Non-GAAP measures, including EBITDA and EBITDA margin, provide investors with a supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on GAAP measures. Management also uses total debt and net debt to calculate the Corporation's indebtedness level, cash position, future cash needs and financial leverage ratios. We believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers.

Recent Events

Amendment to SAR Credit Agreement

On October 30, 2015, the Corporation and the lenders entered into an amending agreement to the SAR Credit Agreement (as hereinafter defined) pursuant to which (i) the term of the SAR Credit Agreement was extended by one year, from December 13, 2019 to December 14, 2020, and (ii) the Corporation received additional commitments from lenders in the amount of $125 million pursuant to the accordion feature of the SAR Credit Agreement. Refer to the section entitled "Capital Resources – Credit Facility" for more detailed information on the amendment.

Amendment to Normal Course Issuer Bid

On December 9, 2015, the Corporation received approval from the Toronto Stock Exchange (the "TSX") to amend the 2015-2016 NCIB (as hereinafter defined) in order to increase the maximum number of common shares that may be repurchased thereunder over the 12-month period between June 17, 2015 and June 16, 2016 from 4,500,765 to 6,429,665 common shares (representing 5.0% of the common shares issued and outstanding as at the close of markets on June 9, 2015). Refer to the section entitled "Normal Course Issuer Bid" for more detailed information.

Overview

Our Business

We are the leading operator of dollar stores in Canada, with 1,005 Dollarama stores in operation as at November 1, 2015, which was close to five times the number of stores as our next largest dollar store competitor in Canada. We are the only dollar store operator with a significant national presence and are continuing to expand across Canada. Our stores average 9,937 square feet and offer a targeted mix of merchandise at compelling values, including private label and nationally branded products. We offer a broad range of quality consumer products and general merchandise for everyday use, in addition to seasonal products. Our quality merchandise is sold in individual or multiple units at select fixed price points up to $3.00. All of our stores are corporate-owned and operated, providing a consistent shopping experience, and nearly all are located in high-traffic areas such as strip malls and shopping centers in various locations, including metropolitan areas, mid-sized cities and small towns.

Our strategy is to grow sales, net earnings and cash flows by building upon our position as the leading Canadian operator of dollar stores and by offering a compelling value proposition on a wide variety of everyday merchandise to a broad base of customers. We continually strive to maintain and improve the efficiency of our operations.

Key Items in the Third Quarter of Fiscal 2016

Compared to the third quarter of Fiscal 2015:

- Sales increased by 13.0% to $664.5 million;
- Comparable store sales[(1)] grew 6.4%, over and above 5.9% the previous year;
- Gross margin[(1)] was 40.0% of sales compared to 36.8% of sales;
- EBITDA[(1)] grew 34.8% to $154.8 million, or 23.3% of sales, compared to 19.5% of sales;
- Operating income grew 35.8% to $142.6 million, or 21.5% of sales, compared to 17.9% of sales; and
- Diluted net earnings per common share increased by 41.8%, from $0.55 to $0.78.

During the third quarter of Fiscal 2016, the Corporation opened 16 net new stores compared to 11 net new stores during the corresponding period of the previous fiscal year.

During the third quarter of Fiscal 2016, the Corporation repurchased for cancellation under its normal course issuer bid, renewed in June 2015 for another 12-month period, a total of 2,118,173 common shares, at a weighted average price of $88.83 per common share, for a total cash consideration of $188.2 million.

Compared to the first nine months of Fiscal 2015:

- Sales increased by 13.4% to $1,883.9 million;
- Comparable store sales[(1)] grew 7.1%, over and above 4.5% the previous year;
- Gross margin[(1)] was 38.2% of sales compared to 36.1% of sales;
- EBITDA[(1)] grew 31.6% to $407.6 million, or 21.6% of sales, compared to 18.6% of sales;
- Operating income grew 32.2% to $372.4 million, or 19.8% of sales, compared to 17.0% of sales; and
- Diluted net earnings per common share increased by 38.7%, from $1.45 to $2.01.

During the first nine months of Fiscal 2016, the Corporation opened 50 net new stores compared to 54 net new stores during the corresponding period of the previous fiscal year.

During the first nine months of Fiscal 2016, the Corporation repurchased for cancellation under its normal course issuer bid a total of 4,186,549 common shares, at a weighted average price of $80.06 per common share, for a total cash consideration of $335.2 million. Management anticipates that the repurchase of shares will be accretive to shareholder value over time.

Outlook

A discussion of management's expectations as to the Corporation's outlook for Fiscal 2016 and Fiscal 2017 is contained in the Corporation's press release dated December 9, 2015 under the heading "Outlook". The press release is available on SEDAR at www.sedar.com and on the Corporation's website at www.dollarama.com.

[1] We refer the reader to the notes in the section entitled "Selected Consolidated Financial Information" of this MD&A for the definition of these items and, when applicable, their reconciliation with the most directly comparable GAAP measure.

Factors Affecting Our Results of Operations

Sales

We recognize sales at the time the customer tenders payment for and takes possession of the merchandise. All sales are final. Our sales consist of comparable store sales and new store sales. Comparable store sales represent sales of stores, including relocated and expanded stores, open for at least 13 complete fiscal months relative to the same period in the prior fiscal year.

The primary drivers of comparable store sales performance are changes in the number of transactions and average transaction size. To increase comparable store sales, we focus on offering a wide selection of quality merchandise at attractive values in well-designed, consistent and convenient store formats.

Historically, our highest sales results have occurred in the fourth quarter, with December representing the highest proportion of sales. Our sales also generally increase ahead of other holidays and celebrations such as Easter, St. Patrick's Day, Valentine's Day and Halloween, but we otherwise experience limited seasonal fluctuations in sales and expect this trend to continue. Refer to the section of our annual MD&A dated March 25, 2015 entitled "Risks and Uncertainties" for a complete discussion about the risks associated with seasonality.

Cost of Sales

Our cost of sales consists mainly of merchandise inventory and transportation costs (which are variable and proportional to our sales volume), store occupancy costs, and warehouse and distribution center operating costs. We record vendor rebates consisting of volume purchase rebates when earned. The rebates are recorded as a reduction of inventory purchases at cost, which has the effect of reducing cost of sales.

Although cost increases can negatively affect our business, our multiple price point product offering provides some flexibility to react to cost increases on a timely basis. We have historically reduced our cost of sales by shifting more of our sourcing to low-cost foreign suppliers. During Fiscal 2015, direct overseas sourcing accounted for 52% of our purchases (51% in Fiscal 2014). While we still source a majority of our overseas products from China, we continue to purchase products from over 25 different countries around the world.

Since we purchase goods in currencies other than the Canadian dollar, our cost of sales is affected by fluctuations of foreign currencies against the Canadian dollar. In particular, we purchase a majority of our imported merchandise from suppliers in China using U.S. dollars. Therefore, our cost of sales is impacted by the fluctuation of the Chinese renminbi against the U.S. dollar and the fluctuation of the U.S. dollar against the Canadian dollar. While we enter into foreign exchange forward contracts to hedge a significant portion of our exposure to fluctuations in the value of the U.S. dollar against the Canadian dollar, generally six to twelve months in advance, we do not hedge our exposure to fluctuations in the value of the Chinese renminbi against the U.S. dollar.

Shipping and transportation costs are also a significant component of our cost of sales. When fuel costs fluctuate, shipping and transportation costs increase or decrease, as applicable, because the carriers generally pass on such cost changes to the users, although usually not in full or as quickly in the case of cost decreases. Because of the high volatility of fuel costs, it is difficult to forecast the fuel surcharges we may incur from our contract carriers as compared to past years.

Our occupancy costs are mainly comprised of rental expense for our stores, which has generally increased in Canada over the years. While we continue to feel some pressure on lease rates in certain markets, where demand for prime locations is strong and/or vacancy rates are low, the Corporation believes that it is generally able to negotiate leases at competitive market rates and does not anticipate material rate increases in the short to medium term. Typically, store leases are signed with base terms of ten years and one or more renewal options of five years each.

We strive to maintain a sustainable gross margin, preferably within a range of 36% to 37% on a yearly basis, where we believe we can achieve a healthy balance between maximizing value for the shareholders and offering a compelling value to our customers. In any given quarter, the gross margin may fall outside of this target range, as a result of fluctuations in product margins, as we refresh approximately 25% to 30% of our offering on an annual basis, and/or fluctuations in logistics and transportation costs, among other factors. However, the goal remains to continually reinvest in the value proposition offered to our customers and actively manage the gross margin to keep it within a range of 36% to 37% over the longer term in order to stimulate continued sales growth.

General, Administrative and Store Operating Expenses

Our general, administrative and store operating expenses ("SG&A") consist of store labour, which is primarily variable and proportional to our sales volume, as well as store maintenance costs, salaries and related benefits of corporate and field management team members, administrative office expenses, professional fees, and other related expenses, all of which are primarily fixed. Although our average store hourly wage rate is higher than the minimum wage, an increase in the mandated minimum wage could significantly increase our payroll costs unless we realize offsetting productivity gains and cost reductions. We expect our administrative costs to increase as we continue to build our infrastructure to meet the needs generated by the growth of the Corporation.

Economic or Industry-Wide Factors Affecting the Corporation

We operate in the value retail industry, which is highly competitive with respect to price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. We compete with other dollar stores but also, and to an even greater extent, with variety and discount stores, convenience stores and mass merchants operating in Canada, many of which operate stores in the areas where we operate, offer products substantially similar to those we offer as a subset of their overall offering and engage in extensive advertising and marketing efforts. Additionally, we compete with a number of companies for prime retail site locations, as well as in attracting and retaining quality employees.

We expect continuing pressure resulting from a number of factors including, but not limited to: merchandise costs, currency exchange fluctuations, instability in the global economy, consumer debt levels and buying patterns, economic conditions, interest rates, fuel prices, utilities costs, weather patterns, market volatility, customer preferences, unemployment, labour costs, inflation, catastrophic events, competitive pressures and insurance costs. A factor affecting both the consumer and business is oil prices. On one hand, higher oil prices could have a dampening effect on consumer spending and result in higher transportation costs. On the other hand, significant and prolonged decreases in oil prices may result in lower transportation cost but could also adversely affect consumer spending as a result of reduced employment in some industries.

Selected Consolidated Financial Information

The following tables set out selected financial information for the periods indicated. The selected consolidated financial information set out below as at November 1, 2015 and November 2, 2014 has been derived from our unaudited condensed interim consolidated financial statements and related notes.

	13-Week Periods Ended		39-Week Periods Ended	
(dollars and shares in thousands, except per share amounts)	November 1, 2015 $	November 2, 2014 $	November 1, 2015 $	November 2, 2014 $
Earnings Data				
Sales	664,491	587,968	1,883,851	1,661,712
Cost of sales	398,537	371,807	1,163,525	1,061,490
Gross profit	265,954	216,161	720,326	600,222
SG&A	111,148	101,342	312,741	290,621
Depreciation and amortization	12,214	9,781	35,140	27,912
Operating income	142,592	105,038	372,445	281,689
Net financing costs	5,361	5,249	15,352	14,827
Earnings before income taxes	137,231	99,789	357,093	266,862
Income taxes	37,155	26,769	96,767	71,722
Net earnings	100,076	73,020	260,326	195,140
Basic net earnings per common share	$0.79	$0.55	$2.03	$1.46
Diluted net earnings per common share	$0.78	$0.55	$2.01	$1.45
Weighted average number of common shares outstanding during the period:				
Basic	127,205	132,134	128,403	134,098
Diluted	128,469	132,732	129,530	134,633
Other Data				
Year-over-year sales growth	13.0%	12.4%	13.4%	12.1%
Comparable store sales growth [(1)]	6.4%	5.9%	7.1%	4.5%
Gross margin [(2)]	40.0%	36.8%	38.2%	36.1%
SG&A as a % of sales [(2)]	16.7%	17.2%	16.6%	17.5%
EBITDA [(3)]	154,806	114,819	407,585	309,601
Operating margin [(2)]	21.5%	17.9%	19.8%	17.0%
Capital expenditures	21,357	18,774	63,096	55,194
Number of stores [(4)]	1,005	928	1,005	928
Average store size (gross square feet) [(4)]	9,937	9,933	9,937	9,933
Declared dividends per common share	$0.09	$0.08	$0.27	$0.24

	As at	
(dollars in thousands)	November 1, 2015 $	February 1, 2015 $
Statement of Financial Position Data		
Cash and cash equivalents	74,506	40,203
Merchandise inventories	486,927	408,919
Property and equipment	316,092	290,632
Total assets	1,794,882	1,700,838
Total non-current liabilities	976,725	744,866
Total debt [(5)]	801,461	568,846
Net debt [(6)]	726,955	528,643

(dollars in thousands)	13-Week Periods Ended November 1, 2015 $	13-Week Periods Ended November 2, 2014 $	39-Week Periods Ended November 1, 2015 $	39-Week Periods Ended November 2, 2014 $
A reconciliation of operating income to EBITDA is included below:				
Operating income	142,592	105,038	372,445	281,689
Add: Depreciation and amortization	12,214	9,781	35,140	27,912
EBITDA	**154,806**	**114,819**	**407,585**	**309,601**
EBITDA margin (3)	*23.3%*	*19.5%*	*21.6%*	*18.6%*
A reconciliation of EBITDA to cash flows from operating activities is included below:				
EBITDA	154,806	114,819	407,585	309,601
Net financing costs (net of amortization of debt issue costs)	(2,024)	(1,773)	(11,602)	(10,187)
Excess of receipts (disbursements) over amount recognized on derivative financial instruments	7,880	(2,059)	25,673	(6,249)
Current income taxes	(39,286)	(23,434)	(96,616)	(63,497)
Deferred lease inducements	1,089	1,089	3,377	2,677
Deferred tenant allowances	2,749	2,311	7,985	6,022
Recognition of deferred tenant allowances and deferred leasing costs	(997)	(866)	(3,296)	(2,781)
Share-based compensation	1,520	1,301	4,629	4,070
Loss on disposal of assets	107	62	464	605
	125,844	91,450	338,199	240,261
Change in non-cash working capital components before interest and taxes	14,107	(8,624)	6,205	24,835
Interest paid	(514)	(1,344)	(9,084)	(8,763)
Income taxes paid	(25,008)	(18,643)	(95,578)	(68,273)
Net cash generated from operating activities	**114,429**	**62,839**	**239,742**	**188,060**

A reconciliation of long-term debt to total debt is included below as at:

(dollars in thousands)	November 1, 2015 $	February 1, 2015 $
Senior unsecured notes bearing interest at a variable rate equal to 3-month bankers' acceptance rate (CDOR) plus 54 basis points payable quarterly, maturing May 16, 2017 (the "Floating Rate Notes")	274,834	150,000
Senior unsecured notes bearing interest at a fixed annual rate of 3.095% payable in equal semi-annual instalments, maturing November 5, 2018 (the "Fixed Rate Notes")	400,000	400,000
Unsecured revolving credit facility maturing December 14, 2020 (the "Credit Facility")	120,000	15,000
Accrued interest on Floating Rate Notes and Fixed Rate Notes	6,627	3,846
Total debt	**801,461**	**568,846**

A reconciliation of total debt to net debt is included below:

	November 1, 2015 $	February 1, 2015 $
Total debt	801,461	568,846
Cash and cash equivalents	(74,506)	(40,203)
Net debt	**726,955**	**528,643**

(1) Comparable store sales growth is a measure of the percentage increase or decrease, as applicable, of the sales of stores, including relocated and expanded stores, open for at least 13 complete fiscal months relative to the same period in the prior fiscal year.
(2) Gross margin represents gross profit divided by sales. SG&A as a % of sales represents SG&A divided by sales. Operating margin represents operating income divided by sales.
(3) EBITDA, a non-GAAP measure, represents operating income plus depreciation and amortization. EBITDA margin represents EBITDA divided by sales.
(4) At the end of the period.
(5) Total debt, a non-GAAP measure, represents the sum of long-term debt (including accrued interest as current portion) and other bank indebtedness (if any).
(6) Net debt, a non-GAAP measure, represents total debt minus cash and cash equivalents.

Results of Operations

Analysis of Results for the Third Quarter of Fiscal 2016

The following section provides an overview of our financial performance during the third quarter of Fiscal 2016 compared to the third quarter of Fiscal 2015.

Sales

Sales for the third quarter of Fiscal 2016 increased by 13.0% to $664.5 million, compared to $588.0 million in the corresponding period of the prior fiscal year. The increase in sales was driven by (i) continued organic sales growth fuelled by comparable store sales growth of 6.4%, over and above comparable store sales growth of 5.9% in the third quarter of Fiscal 2015, (ii) strong seasonal sales, and (iii) the growth in the total number of stores over the past twelve months, from 928 stores on November 2, 2014 to 1,005 stores on November 1, 2015.

Comparable store sales growth for the third quarter of Fiscal 2016 consisted of a 5.4% increase in the average transaction size and a 0.9% increase in the number of transactions. Our new stores, which are not yet comparable stores, generally reach over $2.1 million in annual sales within the first two years of operation, and achieve an average capital payback period of approximately two years.

In the third quarter of Fiscal 2016, 59.7% of our sales originated from products priced higher than $1.25 compared to 54.1% in the corresponding quarter last year. Effective this quarter, the Corporation is reporting this metric using the $1.25 price point as the reference instead of the $1.00 price point. We believe this will provide a better appreciation for the fact that there are still many items offered in our stores at or below $1.25. In fact, the majority of units sold in the third quarter of Fiscal 2016 were priced at $1.25 or less. Debit card penetration continues to increase, as 46.6% of sales were paid with debit cards this quarter compared to 43.8% in the corresponding period last year.

Gross Margin

The gross margin was 40.0% of sales in the third quarter of Fiscal 2016, compared to 36.8% of sales in the third quarter of Fiscal 2015. This increase is mainly attributable to higher product margins and lower transportation costs as a percentage of sales, combined with the positive scaling impact of strong comparable store sales.

Overall, the gross margin remains in line with management's expectations as the Corporation continues to strive to maintain a compelling product offering for its customers. However, due to higher product margins resulting from changes made to the mix of products and prices in anticipation of an increase in our average foreign exchange forward contract rate, as well as the positive scaling impact of same store sales being stronger than anticipated for the first nine months of Fiscal 2016, the Corporation now anticipates a gross margin in the range of 38% to 39% for Fiscal 2016, up from the range of 37% to 38% previously disclosed in September 2015. Refer to the section entitled "Outlook" for more information on management's expectations with respect to gross margin for Fiscal 2016 and beyond.

SG&A

SG&A for the third quarter of Fiscal 2016 were $111.1 million, a 9.7% increase over $101.3 million for the third quarter of Fiscal 2015. The increase is primarily related to the continued growth in the total number of stores.

SG&A for the third quarter of Fiscal 2016 represented 16.7% of sales, an improvement of 0.5% compared to 17.2% of sales for the third quarter of Fiscal 2015. The decrease in SG&A as a percentage of sales is mainly the result of store labour productivity improvements and the positive scaling impact of strong comparable store sales. Management expects the SG&A margin for Fiscal 2016 to be in the range of 16.5% to 17.0% of sales. Refer to the section entitled "Outlook" for more information on management's expectations with respect to SG&A margin for Fiscal 2016 and beyond.

Depreciation and Amortization

The depreciation and amortization expense increased by $2.4 million, from $9.8 million for the third quarter of Fiscal 2015 to $12.2 million for the third quarter of Fiscal 2016. The increase relates to investments in information technology projects and new stores.

Net Financing Costs

Net financing costs increased by $0.2 million, from $5.2 million for the third quarter of Fiscal 2015 to $5.4 million for the third quarter of Fiscal 2016.

Income Taxes

Income taxes increased by $10.4 million, from $26.8 million for the third quarter of Fiscal 2015 to $37.2 million for the third quarter of Fiscal 2016, as a result of higher earnings. Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. The statutory income tax rate for the third quarters of Fiscal 2016 and Fiscal 2015 was 26.7%. The Corporation's effective tax rates for the third quarters of Fiscal 2016 and Fiscal 2015 were 27.1% and 26.8%, respectively.

Net Earnings

Net earnings increased to $100.1 million, or $0.78 per diluted common share, in the third quarter of Fiscal 2016, compared to $73.0 million, or $0.55 per diluted common share, in the third quarter of Fiscal 2015. The increase in net earnings is mainly the result of a 13.0% increase in sales, an improvement of the gross margin and lower SG&A as a percentage of sales.

Summary of Consolidated Quarterly Results

	Fiscal 2016			Fiscal 2015				Fiscal 2014
(*dollars in thousands, except per share amounts*) **Statements of Earnings Data**	**Q3** **$**	**Q2** **$**	**Q1** **$**	**Q4** **$**	**Q3** **$**	**Q2** **$**	**Q1** **$**	**Q4** **$**
Sales	664,491	653,290	566,070	669,093	587,968	572,603	501,141	582,285
Cost of sales	398,537	402,708	362,280	409,767	371,807	366,037	323,646	358,896
Gross profit	265,954	250,582	203,790	259,326	216,161	206,566	177,495	223,389
SG&A	111,148	103,722	97,871	108,057	101,342	97,984	91,295	92,706
Depreciation and amortization	12,214	11,775	11,151	10,397	9,781	9,346	8,785	13,108
Operating income	142,592	135,085	94,768	140,872	105,038	99,236	77,415	117,575
Net financing costs	5,361	4,429	5,562	5,129	5,249	5,093	4,485	3,989
Earnings before income taxes	137,231	130,656	89,206	135,743	99,789	94,143	72,930	113,586
Income taxes	37,155	35,186	24,426	35,473	26,769	25,247	19,706	30,601
Net earnings	100,076	95,470	64,780	100,270	73,020	68,896	53,224	82,985
Net earnings per common share								
Basic	$0.79	$0.74	$0.50	$0.77	$0.55	$0.52	$0.39	$0.59
Diluted	$0.78	$0.74	$0.50	$0.76	$0.55	$0.51	$0.39	$0.59

Historically, our lowest sales results have occurred during the first quarter whereas our highest sales results have occurred during the fourth quarter, with December representing the highest proportion of sales. Our sales also generally increase ahead of other holidays and celebrations, such as Easter, St. Patrick's Day, Valentine's Day and Halloween, but we otherwise experience limited seasonal fluctuations and expect this trend to continue. The occurrence of unusually adverse weather causing disruption in our business activities or operations during a peak season such as the winter holidays or around other major holidays and celebrations could have an adverse effect on our distribution network and on store traffic, which could materially adversely affect our business and financial results.

Analysis of Results for the First Nine Months of Fiscal 2016

The following section provides an overview of our financial performance during the first nine months of Fiscal 2016 compared to the first nine months of Fiscal 2015.

Sales

Sales for the first nine months of Fiscal 2016 increased by 13.4% to $1,883.9 million, compared to $1,661.7 million in the corresponding period of the prior fiscal year. The increase in sales was driven by (i) continued organic sales growth fuelled by comparable store sales growth of 7.1%, over and above comparable store sales growth of 4.5% in the first nine months of Fiscal 2015, (ii) strong seasonal sales, and (iii) the growth in the total number of stores over the past twelve months, from 928 stores on November 2, 2014 to 1,005 stores on November 1, 2015.

Comparable store sales growth for the first nine months of Fiscal 2016 consisted of a 5.8% increase in the average transaction size and a 1.1% increase in the number of transactions. Our new stores, which are not yet comparable stores, generally reach over $2.1 million in annual sales within the first two years of operation, and achieve an average capital payback period of approximately two years.

In the first nine months of Fiscal 2016, 58.4% of our sales originated from products priced higher than $1.25 compared to 52.4% in the corresponding period last year.

Gross Margin

The gross margin was 38.2% of sales in the first nine months of Fiscal 2016, compared to 36.1 % of sales in the first nine months of Fiscal 2015. This increase is mainly attributable to higher product margins and lower logistics and transportation costs as a percentage of sales, combined with the positive scaling impact of strong comparable store sales.

Overall, gross margin remains in line with management's expectations as the Corporation continues to strive to maintain a compelling product offering for its customers. However, due to higher product margins resulting from changes made to the mix of products and prices in anticipation of an increase in our average foreign exchange forward contract rate, as well as the positive scaling impact of same store sales being stronger than anticipated for the first nine months of Fiscal 2016, the Corporation now anticipates a gross margin for Fiscal 2016 in the range of 38% to 39%, up from the range of 37% to 38% previously disclosed in September 2015. Refer to the section entitled "Outlook" for more information on management's expectations with respect to gross margin for Fiscal 2016 and beyond.

SG&A

SG&A for the first nine months of Fiscal 2016 were $312.7 million, a 7.6% increase over $290.6 million for the first nine months of Fiscal 2015. The increase is primarily related to the continued growth in the total number of stores.

SG&A for the first nine months of Fiscal 2016 represented 16.6% of sales, an improvement of 0.9% compared to 17.5% of sales for the first nine months of Fiscal 2015. The reduction in SG&A as a percentage of sales is mainly the result of store labour productivity improvements and the positive scaling impact of strong comparable store sales. Management expects the SG&A margin for Fiscal 2016 to be in the range of 16.5% to 17.0% of sales. Refer to the section entitled "Outlook" for more information on management's expectations with respect to SG&A margin for Fiscal 2016 and beyond.

Depreciation and Amortization

The depreciation and amortization expense increased by $7.2 million, from $27.9 million for the first nine months of Fiscal 2015 to $35.1 million for the first nine months of Fiscal 2016. The increase relates to investments in information technology projects and new stores.

Net Financing Costs

Net financing costs increased by $0.6 million, from $14.8 million for the first nine months of Fiscal 2015 to $15.4 million for the first nine months of Fiscal 2016. The increase is mainly due to higher debt levels, partially offset by lower interest rates on variable rate indebtedness.

Income Taxes

Income taxes increased by $24.9 million, from $71.7 million for the first nine months of Fiscal 2015 to $96.8 million for the first nine months of Fiscal 2016, as a result of higher earnings. Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. The statutory income tax rate for the first nine months of Fiscal 2016 and Fiscal 2015 was 26.7%. The Corporation's effective tax rates for the first nine months of Fiscal 2016 and Fiscal 2015 were 27.1% and 26.9%, respectively.

Net Earnings

Net earnings increased to $260.3 million, or $2.01 per diluted common share, in the first nine months of Fiscal 2016, compared to $195.1 million, or $1.45 per diluted common share, in the first nine months of Fiscal 2015. The increase in net earnings is mainly the result of a 13.4% increase in sales, an improvement of the gross margin and lower SG&A as a percentage of sales.

Liquidity and Capital Resources

Cash Flows for the Third Quarter of Fiscal 2016

	13-Week Periods Ended		
(dollars in thousands)	**November 1, 2015**	**November 2, 2014**	**Change**
	$	**$**	**$**
Cash flows from operating activities	114,429	62,839	51,590
Cash flows used in investing activities	(21,166)	(18,486)	(2,680)
Cash flows used in financing activities	(72,878)	(49,192)	(23,686)
Net change in cash and cash equivalents	20,385	(4,839)	25,224

Cash Flows from Operating Activities

For the third quarter of Fiscal 2016, cash flows generated from operating activities totalled $114.4 million, compared to $62.8 million for the third quarter of Fiscal 2015. This increase is mainly attributable to higher net earnings and a lower use of working capital.

Cash Flows Used in Investing Activities

For the third quarter of Fiscal 2016, cash flows used in investing activities totalled $21.2 million, compared to $18.5 million for the third quarter of Fiscal 2015. The increase relates to new store capital expenditures and investments in information technology projects.

Cash Flows Used in Financing Activities

For the third quarter of Fiscal 2016, cash flows used in financing activities totalled $72.9 million, compared to $49.2 million for the third quarter of Fiscal 2015. Cash flows used in financing activities were greater in the third quarter of Fiscal 2016 as a result of increased borrowings on long-term debt in order to fund more share repurchases under the 2015-2016 NCIB (as hereinafter defined).

Cash Flows for the First Nine Months of Fiscal 2016

(dollars in thousands)	39-Week Periods Ended		
	November 1, 2015	**November 2, 2014**	**Change**
	$	**$**	**$**
Cash flows from operating activities	239,742	188,060	51,682
Cash flows used in investing activities	(62,524)	(54,762)	(7,762)
Cash flows used in financing activities	(142,915)	(181,622)	38,707
Net change in cash and cash equivalents	34,303	(48,324)	82,627

Cash Flows from Operating Activities

For the first nine months of Fiscal 2016, cash flows generated from operating activities totalled $239.7 million, compared to $188.1 million for the first nine months of Fiscal 2015. This increase is attributable to higher net earnings, partially offset by a higher use of working capital for the purchase of inventory.

Cash Flows Used in Investing Activities

For the first nine months of Fiscal 2016, cash flows used in investing activities totalled $62.5 million, compared to $54.8 million for the first nine months of Fiscal 2015, reflecting the ongoing growth of the business. The increase relates to new store capital expenditures and investments in information technology projects.

Cash Flows Used in Financing Activities

For the first nine months of Fiscal 2016, cash flows used in financing activities totalled $142.9 million, compared to a use of $181.6 million for the first nine months of Fiscal 2015. Cash used in financing activities was lower as a result of increased borrowing on long-term debt and fewer shares repurchased under the NCIB in the first nine months of Fiscal 2016.

Capital Expenditures

For the third quarter of Fiscal 2016, capital expenditures totalled $21.4 million, compared to $18.8 million for the third quarter of Fiscal 2015. For the first nine months of Fiscal 2016, capital expenditures totalled $63.1 million, compared to $55.2 million for the first nine months of Fiscal 2015. Capital expenditures have increased mainly due to new store capital expenditures and investments in information technology projects.

The Corporation expects to meet its capital expenditure budget in the range of $95.0 million to $100.0 million for Fiscal 2016 as it remains on track to open 70 to 80 net new stores. Capital expenditures are driven mainly by store network growth and transformational projects such as information technology projects.

Capital Resources

The Corporation generates sufficient cash flows from operating activities to fund its planned growth strategy, service its debt and make dividend payments to shareholders. As at November 1, 2015, the Corporation had $74.5 million of cash and cash equivalents on hand and $252.8 million available under the Credit Facility. These available funds provide further funding flexibility to meet any unanticipated cash requirements.

Our ability to pay the principal and interest on, or to refinance our indebtedness, or to generate sufficient funds to pay for planned capital expenditures will depend on our future performance, which to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, or other factors that are beyond our control.

Based upon the current strength of our earnings, we believe that cash flows from operating activities, together with borrowings available under the Credit Facility, will be adequate to meet our future cash needs. Our assumptions with respect to future liquidity needs may not be correct and funds available to us from the sources described herein may not be sufficient to enable us to service our indebtedness, or cover any shortfall in funding for any unanticipated expenses.

Credit Facility

On October 25, 2013, the Corporation entered into a second amended and restated credit agreement (the "SAR Credit Agreement") relating to its then $350.0 million revolving credit facility (the "Credit Facility") in order to, among other things, release all security that had been granted in connection with the Credit Facility, include an option to request annual extensions and extend the maturity date by one year to December 14, 2018. The Corporation has the option to borrow in Canadian or U.S. dollars.

Effective May 16, 2014, the Corporation cancelled $100.0 million of the $350.0 million aggregate amount available under the Credit Facility, which portion was not drawn by the Corporation on that date, in order to reduce standby fees payable on the unutilized portion.

On November 3, 2014, the Corporation and the lenders entered into an amending agreement to the SAR Credit Agreement pursuant to which the term of the SAR Credit Agreement was extended by one additional year to December 13, 2019.

On October 30, 2015, the Corporation and the lenders entered into an amending agreement to the SAR Credit Agreement pursuant to which (i) the term of the SAR Credit Agreement was extended by one more year, from December 13, 2019 to December 14, 2020, and (ii) the Corporation received additional commitments from lenders in the amount of $125 million pursuant to the accordion feature of the SAR Credit Agreement, thereby temporarily bringing the total credit available under the Credit Facility from $250 million to $375 million for a period ending no later than June 15, 2017. The Corporation intends to use the $125 million in additional commitments to further optimize its capital structure, including without limitation through the purchase of shares under its ongoing normal course issuer bid.

Under the SAR Credit Agreement, the Corporation may, under certain circumstances and subject to receipt of additional commitments from existing lenders or other eligible institutions, request increases to the Credit Facility up to an aggregate amount, together with all then-existing commitments, of $700.0 million.

The applicable margin, ranging from 0% to 2.50% per annum, is calculated based on the senior unsecured credit or debt rating issued to the Corporation by a rating agency. In the event that the Corporation is assigned unsecured credit or debt ratings by two or more rating agencies, then the margin shall be based on the highest senior unsecured credit or debt rating, provided that if the senior unsecured credit or debt ratings are two or more levels apart, the rating that is one level above the lower of the ratings shall be the applicable rating. If the Corporation fails to have a rating, there will not be an event of default but rather the highest margin shall apply until a rating is obtained.

The SAR Credit Agreement requires the Corporation to respect a minimum interest coverage ratio and a maximum lease-adjusted leverage ratio, each tested quarterly on a consolidated basis. As at November 1, 2015, the Corporation was in compliance with all of its financial covenants.

The Credit Facility is guaranteed by Dollarama L.P. and Dollarama GP Inc. (collectively, with the Corporation, the "Credit Parties"). The SAR Credit Agreement contains restrictive covenants that, subject to certain exceptions, limit the ability of the Credit Parties to, among other things, incur, assume, or permit to exist senior ranking indebtedness or liens, engage in mergers, acquisitions, asset sales or sale-leaseback transactions, alter the nature of the business and engage in certain transactions with affiliates. The SAR Credit Agreement also limits the ability of the Corporation to make loans, declare dividends and make payments on, or redeem or repurchase equity interests if there exists a default or an event of default thereunder.

As at November 1, 2015, $120.0 million were outstanding under the Credit Facility (February 1, 2015 - $15.0 million), and letters of credit issued for the purchase of inventories amounted to $2.2 million (February 1, 2015 – $0.5 million).

Senior Unsecured Notes

On November 5, 2013, the Corporation issued the Fixed Rate Notes, in the aggregate principal amount of $400.0 million, on a private placement basis in Canada, in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Corporation used the net proceeds of this offering to repay indebtedness outstanding under its Credit Facility and other bank indebtedness outstanding at the time and for general corporate purposes. The Fixed Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS Limited ("DBRS"). The Fixed Rate Notes bear interest at a rate of 3.095% per annum, payable in equal semi-annual instalments, in arrears, on May 5 and November 5 of each year until maturity on November 5, 2018. As at November 1, 2015, the carrying value of the Fixed Rate Notes was $404.5 million.

On May 16, 2014, the Corporation issued senior unsecured floating rate notes in the aggregate principal amount of $150.0 million (the "Original Floating Rate Notes"), on a private placement basis in Canada, in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Corporation used the net proceeds of this offering to repay indebtedness outstanding under its Credit Facility and for general corporate purposes. The Original Floating Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS. The Original Floating Rate Notes bear interest at a rate equal to the 3-month bankers' acceptance rate (CDOR) plus 54 basis points (or 0.54%), to be set quarterly on the 16th day of May, August, November and February of each year. Interest is payable in cash quarterly, in arrears, on the 16th day of May, August, November and February of each year until maturity on May 16, 2017.

On April 8, 2015, the Corporation issued additional senior unsecured floating rate notes in the aggregate principal amount of $125.0 million (the "Additional Floating Rate Notes"), on a private placement basis in Canada, in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Additional Floating Rate Notes constitute an increase to the $150.0 million aggregate principal amount of Original Floating Rate Notes. The Additional Floating Rate Notes were issued at a discount of 0.336% of the principal amount thereof, for aggregate gross proceeds of $124.6 million. Proceeds were used by the Corporation to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. As of the date of issuance, the effective spread over the 3-month bankers' acceptance rate (CDOR) for the Additional Floating Rate Notes was 70 basis points (or 0.70%). Once issued, the Additional Floating Rate Notes bear interest at the same rate as the Original Floating Rate Notes, such rate being equal to the applicable 3-month bankers' acceptance rate (CDOR) plus 54 basis points (or 0.54%), to be set quarterly on the 16th day of May, August, November and February of each year. Interest on the Additional Floating Rate Notes is payable in cash quarterly, in arrears, on the 16th day of May, August, November and February of each year until maturity on May 16, 2017, concurrently with the payment of interest on the Original Floating Rate Notes. All other terms and conditions applicable to the Original Floating Rate Notes also apply to the Additional Floating Rate Notes, and the Additional Floating Rate Notes are treated as a single series with the Original Floating Rate Notes (collectively, the "Floating Rate Notes"). As at November 1, 2015, the carrying value of the Floating Rate Notes was $274.6 million.

The Fixed Rate Notes and the Floating Rate Notes (collectively, the "Senior Unsecured Notes") are direct unsecured obligations of the Corporation and rank equally and *pari passu* with all other existing and future unsecured and unsubordinated indebtedness of the Corporation.

The Senior Unsecured Notes are solidarily (jointly and severally) guaranteed, on a senior unsecured basis, as to the payment of principal, interest and premium, if any, and certain other amounts specified in the trust indenture governing them by certain subsidiaries of the Corporation representing combined EBITDA, when aggregated with the EBITDA of the Corporation (on a non-consolidated basis), of at least 80% of the consolidated EBITDA. As at the date hereof, Dollarama L.P. and Dollarama GP Inc. are the only guarantors. So long as any Senior Unsecured Notes remain outstanding and the Credit Facility is in full force and effect, all of the Corporation's subsidiaries that are guarantors from time to time in respect of indebtedness under the Credit Facility will be guarantors in respect of the Senior Unsecured Notes.

Contractual Obligations, Off-Balance Sheet Arrangements and Commitments

The table below analyses the Corporation's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as at November 1, 2015. Accounts payable and accrued liabilities exclude liabilities that are not contractual (such as income tax liabilities that are created as a result of statutory requirements imposed by governments).

(dollars in thousands)	Less than 3 months $	3 months to 1 year $	2-5 years $	Over 5 years $	Total $
Accounts payable and accrued liabilities	122,169	-	-	-	122,169
Dividend payable	11,444	-	-	-	11,444
Finance lease obligations	256	580	-	-	836
Assumed interest on Credit Facility and Floating Rate Notes [1]	882	2,646	5,444	13,710	22,682
Credit Facility	-	-	-	120,000	120,000
Principal repayment on Floating Rate Notes	-	-	275,000	-	275,000
Interest payments on Fixed Rate Notes	6,190	6,190	30,950	-	43,330
Principal repayment on Fixed Rate Notes	-	-	400,000	-	400,000
	140,941	9,416	711,394	133,710	995,461

[1] Based on interest rates in effect as at November 1, 2015.

The following table summarizes the Corporation's off-balance sheet arrangements and commitments as at November 1, 2015.

(dollars in thousands)	Less than 3 months $	3 months to 1 year $	2-5 years $	Over 5 Years $	Total $
Obligations under operating leases [2]	36,706	110,118	493,762	329,322	969,908
Letters of credit	2,200	-	-	-	2,200
	38,906	110,118	493,762	329,322	972,108

[2] Represent the basic annual rent, exclusive of the contingent rentals, common area maintenance, real estate taxes and other charges paid to landlords that, all together, represent approximately 40% of our total lease expenses.

Other than our operating leases obligations and letters of credit described above, we have no off-balance sheet arrangements.

Financial Instruments

The Corporation uses derivative financial instruments such as foreign exchange forward contracts to mitigate the risk associated with fluctuations in the U.S. dollar against the Canadian dollar. These derivative financial instruments are used for risk management purposes and are designated as hedges of future forecasted purchases of merchandise.

Currency hedging entails a risk of illiquidity and, to the extent that the U.S. dollar depreciates against the Canadian dollar, the risk of using hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Corporation if purchases at hedged rates result in lower margins than otherwise earned if purchases had been made at spot rates.

The Corporation documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. Derivative financial instruments designated as hedging instruments are recorded at fair value, determined using market prices and other observable inputs.

In the third quarter of Fiscal 2016, there was no material change to the nature of risks arising from foreign exchange forward contracts and related risk management.

For a complete description of the derivative financial instruments of the Corporation, please refer to Note 6 to the Corporation's unaudited condensed interim consolidated financial statements for the third quarter of Fiscal 2016 and to Note 14 to the Corporation's annual audited consolidated financial statements for Fiscal 2015.

Related Party Transactions

Property Leases

We currently lease 20 stores, 5 warehouses, a distribution center and our head office from entities controlled by the Chairman of the Board of Directors and Chief Executive Officer, Larry Rossy, or certain of his immediate family members, pursuant to long-term lease agreements. Rental expenses associated with these related-party leases were measured at cost, which equals fair value, being the amount of consideration established at market terms, and represented an aggregate amount of approximately $3.5 million and $14.4 million for the 13-week and 39-week periods ended November 1, 2015, respectively, compared to $3.4 million and $13.5 million for the 13-week and 39-week periods ended November 2, 2014, respectively.

Critical Accounting Estimates and Judgments

The preparation of condensed interim consolidated financial statements requires management to make estimates and assumptions using judgment that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses during the reporting period. Estimates and other judgments are continually evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

The significant estimates and judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty for the condensed interim consolidated financial statements for the third quarter of Fiscal 2016 were the same as those applied to the consolidated financial statements for Fiscal 2015. Refer to Note 5 to the Corporation's annual audited consolidated financial statements for Fiscal 2015 for details.

Significant Standards and Interpretations

The Corporation did not adopt any significant accounting standards or interpretations during the third quarter of Fiscal 2016. Refer to the corresponding section in our most recent annual MD&A available on SEDAR at www.sedar.com.

The following standards and amendments to existing standards were released by the IASB in May 2014 and July 2014. The Corporation is evaluating whether to early adopt these standards but does not expect any significant changes upon adoption.

- In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers. IFRS 15 replaces all previous revenue recognition standards, including IAS 18 – Revenue. In September 2015, the IASB deferred the effective date of IFRS 15 from January 1, 2017 to annual periods beginning on or after January 1, 2018, with early adoption permitted.

- In July 2014, the IASB issued the final version of IFRS 9, "Financial Instruments" concerning classification and measurement, impairment and hedge accounting, to supersede IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 will be effective for years beginning on or after January 1, 2018, with early adoption permitted.

Risks and Uncertainties

Monitoring and improving its operations are constant concerns of the Corporation. In view of this, understanding and managing risks are important parts of the Corporation's strategic planning process. The Board of Directors requires that the Corporation's senior management identify and properly manage the principal risks related to the Corporation's business operations.

The major risks and uncertainties that could materially affect the Corporation's future business results are described in the Corporation's annual MD&A and annual information form for Fiscal 2015 (which are available on SEDAR at www.sedar.com), and are divided into the following categories:

- risks related to our business operations;
- financial risks;
- market risks;
- human resources risks;
- technology risks;
- strategy and corporate structure risks;
- business continuity risks; and
- legal and regulatory risks.

The Corporation manages these risks on an ongoing basis and has put in place certain guidelines with the goal of mitigating these in order to lessen their financial impact, and the Corporation maintains cost-effective, comprehensive insurance coverage against most insurable events. The Corporation also gathers and analyzes economic and competitive data on a regular basis and senior management takes these findings into consideration when making strategic and operational decisions. Despite these guidelines and initiatives, the Corporation cannot provide assurances that any such efforts will be successful.

Controls and Procedures

There were no changes in our internal control over financial reporting that occurred during the period beginning on August 3, 2015 and ended on November 1, 2015 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Dividend

Quarterly Cash Dividend

On December 9, 2015, the Corporation announced that the Board of Directors approved a quarterly cash dividend for holders of its common shares of $0.09 per common share. The Corporation's quarterly cash dividend will be paid on February 2, 2016 to shareholders of record at the close of business on January 7, 2016 and is designated as an "eligible dividend" for Canadian tax purposes.

Normal Course Issuer Bid

2014-2015 NCIB

On June 12, 2014, the Corporation launched a normal course issuer bid to repurchase for cancellation up to 4,683,858 common shares (representing 3.5% of the common shares issued and outstanding as at the close of markets on June 11, 2014) during the 12-month period from June 17, 2014 to June 16, 2015 (the "2014-2015 NCIB").

At the expiry of the program, the Corporation had repurchased for cancellation the maximum number of shares it was authorized to repurchase, at a weighted average price of $56.74 per common share, for a total cash consideration of $265.7 million.

2015-2016 NCIB

On June 10, 2015, the Corporation renewed its normal course issuer bid to repurchase for cancellation up to 4,500,765 common shares (representing 3.5% of the common shares issued and outstanding as at June 9, 2015) during the 12-month period from June 17, 2015 to June 16, 2016 (the "2015-2016 NCIB").

Concurrently with the 2015-2016 NCIB, the Corporation entered into an automatic purchase plan agreement that allows for the purchase of its common shares under the 2015-2016 NCIB at times when the Corporation ordinarily would not be active in the market due to self-imposed trading blackout periods. Before entering into a blackout period, the Corporation may, but is not required to, instruct the designated broker to make purchases under the 2015-2016 NCIB in accordance with the terms of the automatic purchase plan agreement. Outside of these pre-determined blackout periods, common shares may be purchased based on management's discretion, in compliance with TSX rules and applicable securities laws.

On December 9, 2015, the Corporation received approval from the TSX to amend the 2015-2016 NCIB in order to increase the maximum number of common shares that may be repurchased thereunder over the 12-month period between June 17, 2015 and June 16, 2016 from 4,500,765 to 6,429,665 common shares (representing 5.0% of the common shares issued and outstanding as at June 9, 2015). The other terms of the 2015-2016 NCIB remain unchanged.

During the third quarter of Fiscal 2016, a total of 2,118,173 common shares were repurchased for cancellation under the 2015-2016 NCIB, at a weighted average price of $88.83 per common share, for a total cash consideration of $188.2 million. In total, the Corporation's share capital was reduced by $7.5 million and the remaining $180.6 million was accounted for as a reduction of retained earnings.

During the first nine months of Fiscal 2016, a total of 4,186,549 common shares were repurchased for cancellation under the 2014-2015 NCIB and the 2015-2016 NCIB, at a weighted average price of $80.06 per common share, for a total cash consideration of $335.2 million. The Corporation's share capital was reduced by $14.9 million and the remaining $320.3 million was accounted for as a reduction of retained earnings.

Share Information

The Corporation's outstanding share capital is comprised of common shares. An unlimited number of common shares are authorized and, as at December 8, 2015, there were 124,530,162 common shares issued and outstanding. In addition, there were 2,479,400 options, each exercisable for one common share, issued and outstanding as at December 8, 2015. Assuming exercise of all outstanding options, there would have been 127,009,562 common shares issued and outstanding on a fully diluted basis as at December 8, 2015.

Additional Information

Additional information relating to the Corporation, including the Corporation's current annual information form, is available on SEDAR at www.sedar.com. The Corporation is a publicly traded company listed on the TSX under the symbol "DOL".