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DOLLARAMA REPORTS STRONG FIRST QUARTER RESULTS AND RENEWS NORMAL COURSE ISSUER BID

MONTREAL, Quebec, June 12, 2014 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported an increase in sales, net earnings and net earnings per share for the first quarter ended May 4, 2014. Although results for the quarter were adversely impacted by challenging weather conditions, the Corporation is reporting continued growth in sales and net earnings.

Financial and Operating Highlights

All comparative figures below and in the "Financial Results" sections that follow are for the first quarter ended May 4, 2014 compared to the first quarter ended May 5, 2013. All financial information presented in this press release has 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"). Throughout this press release, EBITDA, total debt and net debt, which are referred to as "non-GAAP measures", are used to provide a better understanding of the Corporation's financial results. For a full explanation of the Corporation's use of non-GAAP measures, please refer to footnote 1 of the "Selected Quarterly Consolidated Financial Information" section of this press release.

Throughout this press release, all references to "Fiscal 2014" are to the Corporation's fiscal year ended February 2, 2014 and to "Fiscal 2015" are to the Corporation's fiscal year ending February 1, 2015.

Compared to the First Quarter of Fiscal 2014

- Sales increased by 11.8% to $501.1 million;
- Comparable store sales(2) grew 3.3%;
- Gross margin(3) was 35.4% of sales compared to 35.9% of sales;
- EBITDA(1) grew 13.0% to $86.2 million, or 17.2% of sales compared to 17.0% of sales;
- Change in accounting estimate for the useful life of store and warehouse equipment and leasehold improvements reduced the depreciation expense for the reporting period by approximately $4.0 million (resulting in a positive impact of $0.04 on diluted net earnings per share);
- Operating income grew 19.0% to $77.4 million, or 15.4% of sales compared to 14.5% of sales; and
- Diluted net earnings per share increased by 25.8%, from $0.62 to $0.78.

In addition, 25 net new stores were opened during the first quarter of Fiscal 2015 compared to 21 net new stores opened during the corresponding period of the previous fiscal year.

"We are satisfied with the growth reflected in our first quarter results given the continuing adverse impact of difficult weather conditions on store traffic this winter and spring. Our Easter sales were very good and, with the opening of 25 net new stores during the quarter, we remain on track to expand our store network across Canada by 70 to 80 net new stores this year," stated Larry Rossy, Chairman and Chief Executive Officer of Dollarama.

Financial Results

Sales for the first quarter of Fiscal 2015 increased by 11.8% to $501.1 million, compared to $448.1 million in the corresponding period of the prior fiscal year. The increase in sales was driven by: (i) the growth in the number of stores over the past twelve months, from 806 stores on May 5, 2013 to 899 stores on May 4, 2014; (ii) strong Easter sales; and (iii) continued organic sales growth driven by comparable store sales growth of 3.3% in the first quarter of Fiscal 2015, over and above comparable store sales growth of 3.7% in the first quarter of Fiscal 2014.

Comparable store sales growth for the first quarter of Fiscal 2015 consisted of a 3.7% increase in average transaction size, partially offset by a 0.4% decrease in the number of transactions.

In this quarter, 62.0% of our sales originated from products priced higher than $1.00 compared to 58.0% in the corresponding quarter last year. Debit card penetration also increased, as 42.0% of sales were paid with debit cards compared to 40.0% in the corresponding period of the previous fiscal year.

The gross margin was 35.4% of sales in the first quarter of Fiscal 2015, compared to 35.9% of sales in the first quarter of Fiscal 2014. This decrease is mainly attributable to (i) slightly lower product margins, as the Corporation absorbs some of the cost increases in order to continue to provide merchandise at compelling value to its customers, and (ii) higher utility costs in stores due to the cold winter and spring. 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 in an increasingly competitive retail environment.

SG&A for the first quarter of Fiscal 2015 was $91.3 million, an 8.2% increase over $84.4 million for the first quarter of Fiscal 2014. This increase is primarily related to the continued growth in the total number of stores.

SG&A for the first quarter of Fiscal 2015 represented 18.2% of sales, an improvement of 0.6% compared to 18.8% of sales for the first quarter of Fiscal 2014. The reduction in SG&A as a percentage of sales is mainly the result of store labour productivity improvements implemented over the past year. Effective June 1, 2014, the Province of Ontario implemented a 7.3% minimum wage increase that going forward in Fiscal 2015 will create some headwinds against our productivity initiative gains.

Depreciation and amortization decreased by $2.4 million, from $11.2 million for the first quarter of Fiscal 2014 to $8.8 million for the first quarter of Fiscal 2015. As a result of a review of its leasehold improvements and store and warehouse equipment, effective February 3, 2014, the Corporation increased the estimated useful lives of substantially all of its leasehold improvements and store and warehouse equipment. The effect of this change was a decrease of approximately $4.0 million in depreciation expense for the 13-week period ended May 4, 2014. The $4.0 million decrease is comprised of a $2.5 million decrease in depreciation expense for leasehold improvements and a $1.5 million decrease in depreciation expense for store and warehouse equipment.

Net financing costs increased by $2.2 million, from $2.3 million for the first quarter of Fiscal 2014 to $4.5 million for the first quarter of Fiscal 2015 mainly as a result of increased borrowings on long-term debt.

For the first quarter of Fiscal 2015, net earnings increased to $53.2 million, or $0.78 per diluted share, compared to $45.6 million, or $0.62 per diluted share, for the corresponding period of Fiscal 2014.

Dividend

On June 12, 2014, the Corporation's Board of Directors announced that it had approved a quarterly dividend for holders of its common shares of $0.16 per common share. The Corporation's quarterly dividend will be paid on August 6, 2014 to shareholders of record at the close of business on July 4, 2014 and is designated as an "eligible dividend" for Canadian tax purposes.

Normal Course Issuer Bid

The total number of common shares repurchased for cancellation under the 2013-2014 NCIB during the first quarter ended May 4, 2014 amounted to 1,790,230 common shares, at a weighted average price of $85.91 per common share, for a total cash consideration of $153.8 million. The total number of common shares repurchased for cancellation under the 2013-2014 NCIB since June 17, 2013 amounted to 5,510,648 common shares, at a weighted average price of $81.12 per common share, for a total cash consideration of $447.0 million.

On June 12, 2014, the Corporation announced that its Board of Directors had approved the renewal of the normal course issuer bid and that the Corporation had received approval from the TSX to purchase, for cancellation, up to 2,341,929 common shares, representing 3.5% of the 66,912,276 common shares issued and outstanding as at the close of markets on June 11, 2014 (the "2014-2015 NCIB"). Purchases may commence on June 17, 2014 and will terminate no later than June 16, 2015. The Corporation also announced that it had entered into an automatic purchase plan agreement with a broker to allow for the purchase of its common shares under the 2014-2015 NCIB at times when the Corporation ordinarily would not be active in the market due to self-imposed trading blackout periods. Outside of these pre-determined blackout periods, common shares will be purchased based on management's discretion, in compliance with TSX rules and applicable securities laws. The Board of Directors believes that the purchase by Dollarama of its common shares represents an appropriate and desirable use of its available cash to increase shareholder value.

About Dollarama

Dollarama is Canada's leading dollar store operator with 899 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. Our quality merchandise is sold in individual or multiple units at select fixed price points up to $3.00.

Forward-Looking Statements

Certain statements in this press 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 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 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, but not limited to, the following factors, which are discussed in greater detail in the “Risks and Uncertainties” section of the Corporation’s management’s discussion and analysis for Fiscal 2014 (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, 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, failure to maintain brand image and reputation, 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, failure to attract and retain quality employees, departure of senior executives, 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, litigation, product liability claims and product recalls, 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 press release are made as at June 12, 2014 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 Quarterly Consolidated Financial Information

(dollars and shares in thousands, except per share amounts)	13-Week Periods Ended May 4, 2014 $	May 5, 2013 $
Earnings Data		
Sales	501,141	448,120
Cost of sales	323,646	287,446
Gross profit	177,495	160,674
SG&A	91,295	84,406
Depreciation and amortization	8,785	11,229
Operating income	77,415	65,039
Net financing costs	4,485	2,313
Earnings before income taxes	72,930	62,726
Provision for income taxes	19,706	17,081
Net earnings	53,224	45,645
Basic net earnings per common share	$0.78	$0.62
Diluted net earnings per common share	$0.78	$0.62
Weighted average number of common shares outstanding during the period:		
Basic	68,360	73,102
Diluted	68,612	73,274
Other Data		
Year-over-year sales growth	11.8%	12.6%
Comparable store sales growth (2)	3.3%	3.7%
Gross margin (3)	35.4%	35.9%
SG&A as a % of sales (3)	18.2%	18.8%
EBITDA (1)	86,200	76,268
Operating margin (3)	15.4%	14.5%
Capital expenditures	19,321	20,050
Number of stores (4)	899	806
Average store size (gross square feet) (4)	9,934	9,939
Declared dividends per common share	$0.16	$0.14

	As at May 4, 2014 $	February 2, 2014 $
Statement of Financial Position Data		
Cash and cash equivalents	37,390	71,470
Merchandise inventories	361,630	364,680
Property and equipment	260,123	250,612
Total assets	1,548,776	1,566,780
Total debt	546,102	403,017
Net debt	508,712	331,547

(1) In this press release, EBITDA, EBITDA margin, total debt and net debt are referred to as “non-GAAP measures”. Non-GAAP measures are not generally accepted measures under GAAP and do not have a standardized meaning under GAAP. EBITDA, EBITDA margin, total debt and net debt are reconciled below. The non-GAAP measures, as calculated by the Corporation, may not be comparable to those of other issuers 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 non-GAAP measures to provide investors with supplemental measures of our operating and financial performance. We believe that non-GAAP measures are important supplemental metrics of operating and financial performance because they eliminate items that have less bearing on our operating and financial performance and thus highlight 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 non-GAAP measures in the evaluation of issuers, many of which present non-GAAP measures when reporting their results. Our management also uses non-GAAP measures 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.

	13-Week Periods Ended	
(dollars in thousands)	**May 4, 2014** **$**	**May 5, 2013** **$**
A reconciliation of operating income to EBITDA is included below:		
Operating income	77,415	65,039
Add: Depreciation and amortization	8,785	11,229
EBITDA	86,200	76,268
EBITDA margin (3)	*17.2%*	*17.0%*

	As at	
(dollars in thousands)	**May 4, 2014** **$**	**February 2, 2014** **$**
A reconciliation of long-term debt to total debt is included below:		
Long-term debt	400,000	400,000
Revolving credit facility	140,000	-
Accrued interest as current portion of long-term debt	6,102	3,017
Total debt	**546,102**	**403,017**
A reconciliation of total debt to net debt is included below:		
Total debt	546,102	403,017
Cash and cash equivalents	(37,390)	(71,470)
Net debt	**508,712**	**331,547**

(2) 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 year.

(3) 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. EBITDA margin represents EBITDA divided by sales.

(4) At the end of the period.