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DOLLARAMA REPORTS THIRD QUARTER RESULTS

MONTREAL, Quebec, December 7, 2016 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported increases in sales and net earnings for the third quarter ended October 30, 2016. Diluted net earnings per share rose 17.9% to $0.92.

Financial and Operating Highlights

All comparative figures that follow are for the third quarter ended October 30, 2016 compared to the third quarter ended November 1, 2015. 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, EBITDA margin, 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 Consolidated Financial Information" section of this press release.

Throughout this press release, all references to "Fiscal 2016" are to the Corporation's fiscal year ended January 31, 2016, to "Fiscal 2017" are to the Corporation's fiscal year ending January 29, 2017, and to "Fiscal 2018" are to the Corporation's fiscal year ending January 28, 2018.

Compared to the third quarter of Fiscal 2016:

- Sales increased by 11.2% to $738.7 million;
- Comparable store sales(2) grew 5.1%, over and above a 6.4% growth the previous year;
- Gross margin(3) was 39.5% of sales, compared to 40.0% of sales;
- EBITDA(1) grew 12.7% to $174.5 million, or 23.6% of sales, compared to 23.3% of sales;
- Operating income grew 12.1% to $159.8 million, or 21.6% of sales, compared to 21.5% of sales; and
- Diluted net earnings per common share increased by 17.9%, from $0.78 to $0.92.

In addition, 18 net new stores were opened during the third quarter of Fiscal 2017 compared to 16 net new stores opened during the corresponding period of the previous fiscal year.

"We are very pleased with our third quarter financial performance as we continue to deliver on our growth strategy and operating priorities. We are as committed as ever to providing our customers with compelling in-store merchandising and an enhanced product offering, which now includes a selection of items available at $3.50 and $4.00 price points. Looking at network growth, we are on track to open 60 to 70 net new stores, as planned, by fiscal year end," stated Neil Rossy, President and Chief Executive Officer of Dollarama.

New Warehouse in Montreal

The Corporation is pleased to announce that the construction of its new 500,000 square foot warehouse is now substantially complete — on time and under budget — with racking, fixtures and other equipment currently being installed. The warehouse is expected to be available for use before the end of the fiscal year. Warehouse construction began in March of

2016, and was budgeted at $60 million for the land and the building itself (excluding racking, fixtures and other equipment).

Located in the Lachine borough of Montreal, Québec, the new warehouse is in close proximity to Dollarama's existing, centralized warehousing and distribution operations. As previously announced, it will increase Dollarama's total warehousing capacity by approximately 40% on a square footage basis, thereby accommodating capacity requirements as it continues to expand its store network.

Financial Results

Sales for the third quarter of Fiscal 2017 increased by 11.2% to $738.7 million, compared to $664.5 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 5.1%, over and above comparable store sales growth of 6.4% in the third quarter of Fiscal 2016, and (ii) the growth in the number of stores over the past twelve months, from 1,005 stores on November 1, 2015 to 1,069 stores on October 30, 2016.

Comparable store sales growth for the third quarter of Fiscal 2017 consisted of a 5.8% increase in the average transaction size and a 0.6% decrease in the number of transactions. A significant portion of the decrease in the number of transactions is attributable to the timing of Halloween, which fell on the first day of the fourth quarter of Fiscal 2017.

The gross margin was 39.5% of sales in the third quarter of Fiscal 2017, compared to 40.0% in the corresponding quarter of the prior year.

General, administrative and store operating expenses ("SG&A") for the third quarter of Fiscal 2017 was $117.0 million, a 5.3% increase over $111.1 million for the third quarter of Fiscal 2016. The increase is primarily related to the continued growth in the total number of stores. SG&A for the third quarter of Fiscal 2017 represented 15.8% of sales compared to 16.7% of sales for the third quarter of Fiscal 2016. The 0.9% improvement in SG&A as a percentage of sales is mainly the result of store labour productivity improvements, cost reduction initiatives at the store level, and the positive scaling impact of strong comparable store sales.

Financing costs increased by $3.1 million, from $5.4 million for the third quarter of Fiscal 2016 to $8.5 million for the third quarter of Fiscal 2017. The increase is mainly due to increased borrowings on long-term debt.

Net earnings increased to $110.1 million, or $0.92 per diluted common share, in the third quarter of Fiscal 2017, compared to $100.1 million, or $0.78 per diluted common share, in the third quarter of Fiscal 2016. The increase in net earnings is mainly the result of an 11.2% increase in sales and lower SG&A as a percentage of sales. Earnings per share were also positively impacted by the repurchase of shares through the Corporation's normal course issuer bid.

Dividend

On December 7, 2016, the Corporation announced that its board of directors approved a quarterly cash dividend for holders of common shares of $0.10 per common share. The Corporation's quarterly cash dividend will be paid on February 1, 2017 to shareholders of record at the close of business on January 6, 2017 and is designated as an "eligible dividend" for Canadian tax purposes.

Normal Course Issuer Bid

On June 8, 2016, the Corporation announced that the Board of Directors approved the renewal of its normal course issuer bid and that the Corporation had received approval from the Toronto Stock Exchange to purchase for cancellation up to 5,975,854 common shares (representing 5.0% of the common shares issued and outstanding as at the close of markets on June 7, 2016) during the 12-month period from June 17, 2016 to June 16, 2017 (the "2016-2017 NCIB").

During the third quarter of Fiscal 2017, a total of 1,571,500 common shares were repurchased for cancellation under the 2016-2017 NCIB, at a weighted average price of $100.41 per common share, for a total cash consideration of $157.8 million.

During the first nine months of Fiscal 2017, a total of 5,140,646 common shares were repurchased for cancellation under the 2016-2017 NCIB and the NCIB in effect before that, at a weighted average price of $93.63 per common share, for a total cash consideration of $481.3 million.

Outlook

The table below provides an update to the Corporation's guidance on select financial metrics for Fiscal 2017 as well as some initial guidance for Fiscal 2018.

(as a percentage of sales except net new stores in units and capital expenditures in millions of dollars)	**Fiscal 2017**		**Fiscal 2018**
	September 2016 Guidance	**Enhanced Guidance**	
Net new store openings	60 to 70	60 to 70	60 to 70
Gross margin	37.0% to 38.0%	38.0% to 39.0%[(i)]	37.0% to 38.0%
SG&A as a % of sales	15.5% to 16.0%	15.5% to 16.0%	15.0% to 15.5%[(ii)]
EBITDA margin	21.0% to 22.5%	22.0% to 23.5%[(iii)]	21.5% to 23.0%
Capital expenditures[(iv)]	$160.0 to $170.0	$160.0 to $170.0	$90.0 to $100.0

[(i)] Gross margin has been revised upward for Fiscal 2017 to account for the scaling impact resulting from better than anticipated sales for the first three quarters of the fiscal year, as well as continued improvement on pricing of merchandise purchased in China, where economic conditions remain soft. No significant changes are currently anticipated for Fiscal 2018.

[(ii)] SG&A as a % of sales is expected to improve in Fiscal 2018 as a result of in-store labour productivity initiatives and tighter control of operating expenses.

[(iii)] EBITDA margin has been revised upwards for Fiscal 2017 as a direct consequence of the projected increase in gross margin. EBITDA margin is a non-GAAP measure. Refer to the section of this press release entitled "Selected Consolidated Financial Information" for a reconciliation of the non-GAAP measures used and presented by the Corporation to the most comparable GAAP measures.

[(iv)] Includes additions to property, plant and equipment as well as software.

These guidance ranges are based on a number of assumptions, including:

- the number of signed offers to lease and store pipeline for the next 18 months;
- comparable store sales growth in the range of 4.5% to 5.5% for Fiscal 2017 (enhanced based on the comparable store sales growth recorded for the first nine months of Fiscal 2017) and 4.0% to 5.0% in Fiscal 2018;
- positive customer response to our product offering, value proposition and in-store merchandising;
- the active management of our product margins, including by refreshing between 25% to 30% of our offering on an annual basis;

- the absence of significant increases in occupancy costs, wages and transportation costs;
- the entering into of foreign exchange forward contracts to hedge the majority of forecasted purchases of merchandise in U.S. dollars against fluctuations of the Canadian dollar against the U.S. dollar;
- the continued execution of in-store productivity initiatives, including, without limitation, the efficient use of advanced scheduling and the realization of cost savings and benefits aimed at improving operating expenses;
- ongoing cost monitoring;
- the capital budget for Fiscal 2017 for: new store openings, the new warehouse in Montreal, maintenance capital expenditures, and transformational capital expenditures (the latter being mainly related to information technology projects);
- the capital budget for Fiscal 2018 for: new store openings, maintenance capital expenditures, and transformational capital expenditures (the latter being mainly related to information technology projects);
- the successful execution of our business strategy;
- the absence of a significant shift in economic conditions or material changes in the retail competitive environment; and
- the absence of unusually adverse weather, especially in peak seasons around major holidays and celebrations.

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, risks related to: 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, seasonality, market acceptance of private brands, foreign exchange rate fluctuations, competition in the retail industry, current economic conditions, failure to attract and retain quality employees, disruption in information technology systems, unsuccessful execution of the growth strategy, adverse weather, product liability claims and product recalls, litigation and regulatory compliance.

This guidance, including the various underlying assumptions, is forward-looking and should be read in conjunction with the cautionary statement on forward-looking statements.

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 factors discussed in the “Risks and Uncertainties” section of the Corporation’s management’s discussion and analysis for Fiscal 2016 (available on SEDAR at www.sedar.com).

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 December 7, 2016 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.

About Dollarama

Dollarama is a Canadian dollar store operator offering a broad assortment of everyday consumer products, general merchandise and seasonal items. Our 1,069 locations across the country provide customers with compelling value in convenient locations, including metropolitan areas, mid-sized cities and small towns. Our quality merchandise is sold in individual or multiple units at select, fixed price points up to $4.00.

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Dollarama Inc.

Selected Consolidated Financial Information

(dollars and shares in thousands, except per share amounts)	13-Week Periods Ended October 30, 2016 $	13-Week Periods Ended November 1, 2015 $	39-Week Periods Ended October 30, 2016 $	39-Week Periods Ended November 1, 2015 $
Earnings Data				
Sales	738,708	664,491	2,108,688	1,883,851
Cost of sales	447,239	398,537	1,300,779	1,163,525
Gross profit	291,469	265,954	807,909	720,326
SG&A	116,972	111,148	330,860	312,741
Depreciation and amortization	14,666	12,214	42,199	35,140
Operating income	159,831	142,592	434,850	372,445
Financing costs	8,517	5,361	22,440	15,352
Earnings before income taxes	151,314	137,231	412,410	357,093
Income taxes	41,256	37,155	112,848	96,767
Net earnings	110,058	100,076	299,562	260,326
Basic net earnings per common share	$0.93	$0.79	$2.50	$2.03
Diluted net earnings per common share	$0.92	$0.78	$2.47	$2.01
Weighted average number of common shares outstanding during the period:				
Basic	118,181	127,205	119,864	128,403
Diluted	119,496	128,469	121,101	129,530
Other Data				
Year-over-year sales growth	11.2%	13.0%	11.9%	13.4%
Comparable store sales growth (2)	5.1%	6.4%	5.7%	7.1%
Gross margin (3)	39.5%	40.0%	38.3%	38.2%
SG&A as a % of sales (3)	15.8%	16.7%	15.7%	16.6%
EBITDA (1)	174,497	154,806	477,049	407,585
Operating margin (3)	21.6%	21.5%	20.6%	19.8%
Capital expenditures	42,708	21,357	128,764	63,096
Number of stores (4)	1,069	1,005	1,069	1,005
Average store size (gross square feet) (4)	9,990	9,937	9,990	9,937
Declared dividends per common share	$0.10	$0.09	$0.30	$0.27

(dollars in thousands)	As at October 30, 2016 $	As at January 31, 2016 $
Statement of Financial Position Data		
Cash and cash equivalents	70,105	59,178
Merchandise inventories	475,047	470,195
Property, plant and equipment	416,933	332,225
Total assets	1,863,475	1,813,874
Total non-current liabilities	1,184,642	1,119,996
Total debt (1)	1,279,838	928,376
Net debt (1)	1,209,733	869,198

(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 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		**39-Week Periods Ended**	
(dollars in thousands)	**October 30, 2016 $**	**November 1, 2015 $**	**October 30, 2016 $**	**November 1, 2015 $**
A reconciliation of operating income to EBITDA is included below:				
Operating income	159,831	142,592	434,850	372,445
Add: Depreciation and amortization	14,666	12,214	42,199	35,140
EBITDA	**174,497**	**154,806**	**477,049**	**407,585**
EBITDA margin (3)	*23.6%*	*23.3%*	*22.6%*	*21.6%*

	As at	
(dollars in thousands)	**October 30, 2016 $**	**January 31, 2016 $**
A reconciliation of long-term debt to total debt is included below:		
Senior unsecured notes bearing interest at a fixed annual rate of 2.337% payable in equal semi-annual instalments, maturing July 22, 2021	525,000	-
Senior unsecured notes bearing interest at a fixed annual rate of 3.095% payable in equal semi-annual instalments, maturing November 5, 2018	400,000	400,000
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	274,834	274,834
Unsecured revolving credit facility maturing December 14, 2021	70,000	250,000
Accrued interest on all senior unsecured notes	10,004	3,542
Total debt	**1,279,838**	**928,376**
A reconciliation of total debt to net debt is included below:		
Total debt	1,279,838	928,376
Cash and cash equivalents	(70,105)	(59,178)
Net debt	**1,209,733**	**869,198**

(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 fiscal 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.