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DOLLARAMA REPORTS FOURTH QUARTER AND FISCAL YEAR 2019 RESULTS

- Diluted net earnings per share increased by 12.5% during the fourth quarter
- Annual gross margin and SG&A as percentage of sales on target
- 33 net new stores opened during the fourth quarter for a total of 65 for the year
- Quarterly cash dividend increased 10.0% to $0.044 per common share

MONTREAL, Quebec, March 28, 2019 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported its financial results for the fourth quarter and fiscal year ended February 3, 2019.

Financial and Operating Highlights

All comparative figures that follow are for the fourth quarter and fiscal year ended February 3, 2019 compared to the fourth quarter and fiscal year ended January 28, 2018. 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"). The information on numbers of common shares and net earnings per share for the 13-week and 52-week periods ended January 28, 2018 presented in this press release has been retrospectively restated to reflect the three-for-one share split of the Corporation's outstanding common shares implemented on June 20, 2018 (the "Share Split"). 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 2018" are to the Corporation's fiscal year ended January 28, 2018, to "Fiscal 2019" are to the Corporation's fiscal year ended February 3, 2019, and to "Fiscal 2020" are to the Corporation's fiscal year ending February 2, 2020. The Corporation's fiscal year ends on the Sunday closest to January 31 of each year and usually has 52 weeks. However, as is traditional with the retail calendar, every five or six years, a week is added to the fiscal year. Consequently, Fiscal 2018 was comprised of 52 weeks, Fiscal 2019 was comprised of 53 weeks and Fiscal 2020 is comprised of 52 weeks.

Compared to the fourth quarter of Fiscal 2018:

- Sales increased by 13.0% to $1,059.7 million;
- Comparable store sales(1) grew 2.6%;
- Gross margin(1) was 40.4% of sales, compared to 41.4% of sales;
- EBITDA(1) grew 7.6% to $273.2 million, or 25.8% of sales, compared to 27.1% of sales;
- Operating income grew 6.9% to $251.3 million, or 23.7% of sales, compared to 25.1% of sales; and
- Diluted net earnings per common share increased by 12.5% to $0.54 from $0.48.

During the fourth quarter of Fiscal 2019, the Corporation opened 33 net new stores, compared to 25 net new stores during the corresponding period of the previous fiscal year.

(1) We refer the reader to the notes in the section entitled "Selected Consolidated Financial Information" of this press release for the definition of these items and, when applicable, their reconciliation with the most directly comparable GAAP measure.

Compared to Fiscal 2018:

- Sales increased by 8.6% to $3,548.5 million;
- Comparable store sales[1] grew 2.7%;
- Gross margin[1] was 39.3% of sales, compared to 39.8% of sales;
- EBITDA[1] grew 7.0% to $883.8 million, or 24.9% of sales, compared to 25.3% of sales;
- Operating income grew 6.5% to $804.5 million, or 22.7% of sales, compared to 23.1% of sales; and
- Diluted net earnings per common share increased by 9.9% to $1.67 from $1.52.

During Fiscal 2019, the Corporation opened 65 net new stores, the same number of net new stores opened during Fiscal 2018.

"Dollarama delivered strong financial and operating results in Fiscal 2019, in the context of a competitive, low-inflation environment. This performance demonstrates the resilience of our business model, which rests on well-executed organic growth, our direct sourcing strengths, and our multi-price point strategy," said Neil Rossy, Dollarama's President and Chief Executive Officer.

"In Fiscal 2020, our priority is to continue to re-invest in our strong value proposition and enhance our product assortment, always with the consumer in mind. We also continue to focus on the execution of our growth strategy by adding 60 to 70 net new stores for the year, and on initiatives to increase store traffic and sales," Neil Rossy added.

Fourth Quarter Financial Results

Sales for the fourth quarter of Fiscal 2019 increased by 13.0% to $1,059.7 million, compared to $938.1 million in the corresponding period of the prior fiscal year. Continued organic sales growth was driven by balanced growth in comparable store sales and in the total number of stores over the past twelve months, from 1,160 stores on January 28, 2018 to 1,225 stores on February 3, 2019. Sales for the fourth quarter of Fiscal 2019 include sales generated during the additional week in this quarter associated with the 53-week retail calendar, which accounted for $57.7 million.

Comparable store sales grew 2.6% in the fourth quarter of Fiscal 2019, over and above comparable store sales growth of 5.5% in the same quarter a year ago. Year-over-year comparable store sales growth excludes the additional week in the fourth quarter of Fiscal 2019. Comparable store sales growth consisted of a 3.0% increase in average transaction size, partially offset by a 0.4% decrease in the number of transactions.

Gross margin was 40.4% of sales in the fourth quarter of Fiscal 2019, compared to 41.4% of sales in the fourth quarter of Fiscal 2018. Gross margin was lower due to lower product margins attributable to management's strategic decision to minimize price increases in Fiscal 2019 in order to offer an even more compelling and competitive value proposition to consumers in the prevailing retail environment.

General, administrative and store operating expenses ("SG&A") for the fourth quarter of Fiscal 2019 was $155.1 million, a 14.9% increase over $134.9 million for the fourth quarter of Fiscal 2018. This increase was primarily related to the growth in the total number of stores, an increase in minimum wage in certain jurisdictions, and the additional week in the fourth quarter of Fiscal 2019.

SG&A for the fourth quarter of Fiscal 2019 represented 14.6% of sales, compared to 14.4% of sales for the fourth quarter of Fiscal 2018. The 0.2% increase was the result of an increase in minimum wage in certain jurisdictions, partially offset by ongoing labour productivity initiatives.

Net financing costs increased by $4.0 million, from $10.3 million for the fourth quarter of Fiscal 2018 to $14.3 million for the fourth quarter of Fiscal 2019. The increase was mainly due to increased borrowings on long-term debt.

Net earnings increased to $172.0 million, or $0.54 per diluted common share, in the fourth quarter of Fiscal 2019, compared to $162.8 million, or $0.48 per diluted common share, in the fourth quarter of Fiscal 2018. The increase in net earnings was mainly the result of a 13.0% increase in sales, partially offset by a lower gross margin. Earnings per share were positively impacted by the repurchase of shares through the Corporation's normal course issuer bid.

Fiscal 2019 Financial Results

Sales for Fiscal 2019 increased by 8.6% to $3,548.5 million, compared to $3,266.1 million in Fiscal 2018. Continued organic sales growth was driven by balanced growth in comparable store sales and in the total number of stores over the past twelve months, from 1,160 stores on January 28, 2018 to 1,225 stores on February 3, 2019. Sales for Fiscal 2019 include sales generated during the additional week associated with the 53-week retail calendar, which accounted for $57.7 million.

Comparable store sales grew 2.7% in Fiscal 2019, over and above comparable store sales growth of 5.2% for Fiscal 2018. Year-over-year comparable store sales growth excludes the additional week in Fiscal 2019. Comparable store sales growth consisted of a 3.2% increase in average transaction size, partially offset by a 0.5% decrease in the number of transactions. The rate of comparable store sales growth in Fiscal 2019 primarily reflects management's strategic decision to limit price increases in order to offer an even more compelling and competitive value proposition to consumers in the prevailing retail environment.

In Fiscal 2019, 69.7% of sales originated from products priced higher than $1.25, compared to 67.1% in Fiscal 2018.

Gross margin was 39.3% of sales in Fiscal 2019, compared to 39.8% of sales in Fiscal 2018. Gross margin decreased mainly due to lower product margins attributable to management's decision to minimize price increases in Fiscal 2019 compared to Fiscal 2018. The decrease in gross margin was partially offset by lower occupancy costs as a percentage of sales. Gross margin includes sales made by the Corporation to Dollar City, as principal, which represent approximately 1% of the Corporation's total sales, and a nominal markup margin. Consequently, these sales had minimal impact on overall gross margin in both the current and prior year.

SG&A for Fiscal 2019 was $509.3 million, a 7.3% increase over $474.8 million for Fiscal 2018. The increase was primarily related to the growth in the total number of stores, an increase in minimum wage in certain jurisdictions and the additional week in Fiscal 2019.

SG&A for Fiscal 2019 represented 14.4% of sales, compared to 14.5% of sales for Fiscal 2018. The 0.1% improvement was mainly the result of lower variable costs driven by new and continuing labour productivity initiatives that mitigated the impact of minimum wage increases in certain jurisdictions, primarily in Ontario.

Net financing costs increased by $8.6 million, from $39.9 million for Fiscal 2018 to $48.5 million for Fiscal 2019. The increase was mainly due to increased borrowings on long-term debt.

Net earnings increased to $548.9 million, or $1.67 per diluted common share, for Fiscal 2019, compared to $519.4 million, or $1.52 per diluted common share, for Fiscal 2018. The increase in net earnings was mainly the result of an 8.6% increase in sales and lower SG&A as a percentage of sales, partially offset by a lower gross margin. Earnings per share were positively impacted by the repurchase of shares through the Corporation's normal course issuer bid.

Dividend

On March 28, 2019, the Corporation announced that its board of directors had approved a 10.0% increase of the quarterly cash dividend for holders of common shares, from $0.040 to $0.044 per common share. The Corporation's quarterly cash dividend will be paid on May 10, 2019, to shareholders of record at the close of business on April 19, 2019, and is designated as an “eligible dividend” for Canadian tax purposes.

Normal Course Issuer Bid

The total number of common shares repurchased for cancellation during Fiscal 2019 under the 2017-2018 NCIB (which expired on June 18, 2018) and the 2018-2019 NCIB amounted to 13,790,350 common shares, at a weighted average price of $38.66 per common share, for a total cash consideration of $533.1 million.

Distribution Capacity Expansion Update

The expansion of the Corporation’s Montreal-area distribution centre continues to proceed on schedule and on budget. Phase 1 of the project, which was comprised of the construction of the building extension, was completed on December 21, 2018. Phase 2 of the project, which consists of construction work within the existing facility, ahead of the integration of the new building extension, is currently underway. Distribution centre operations continue at normal levels in parallel. The completion of the project, including the installation of all fixtures and equipment, is expected to occur, as planned, before the end of calendar 2019.

Dollar City Store Network Growth Update

At its latest quarter ended December 31, 2018, Dollar City operated 169 stores with 74 locations in Colombia, 43 in El Salvador and 52 in Guatemala. This is up from a total of 150 stores at the quarter ended September 30, 2018, and up from 107 stores as of December 31, 2017.

Dollar City is an independently-owned and operated value retailer with operations in El Salvador, Guatemala and Colombia founded in 2009. Under an arm’s length agreement signed in 2013, Dollarama provides consulting and sourcing services to Dollar City at cost, with a nominal markup in some cases, allowing Dollar City to benefit from Dollarama’s business expertise and purchasing scale. Dollarama will have the option to acquire a 50.1% interest in the business starting in 2020. The Corporation continues to assess the progress of its partnership with Dollar City in Latin America.

Significant Accounting Standard Issued but not yet Adopted

In January of 2016, the IASB issued IFRS 16, “Leases”, which replaces IAS 17, “Leases”. The new standard is effective for fiscal years beginning on or after January 1, 2019. IFRS 16 will be applied for Fiscal 2020 using the full retrospective approach and the Corporation will therefore be restating comparative information for Fiscal 2019, as if IFRS 16 had always been applied. The Corporation’s consolidated statement of financial position is expected to increase by approximately $1.2 billion to $1.3 billion with the addition of lease liabilities and $1.1 billion to $1.2 billion with the addition of right-of-use assets.

Outlook

(as a percentage of sales except net new store openings in units and capital expenditures in millions of dollars)	**Fiscal 2019**		**Fiscal 2020**
	December 2018 Guidance	**Actual Results**	**Guidance**
Net new store openings	60 to 70	65	60 to 70
Gross margin	38.5% to 39.5%	39.3%	38.0% to 39.0%
SG&A	14.5% to 15.0%	14.4%	14.25% to 14.75%
EBITDA margin	23.5% to 25.0%	24.9%	23.25% to 24.75%
Capital expenditures[i]	$180.0 to $190.0	$180.8	$130.0 to $140.0

(i) Includes additions to property, plant and equipment, computer hardware and software.

The guidance ranges for Fiscal 2020 are based on a number of assumptions, including the following:

- comparable store sales growth in the range of 2.5% to 3.5%;
- the number of signed offers to lease and store pipeline for the next twelve months;
- positive customer response to our product offering, value proposition and in-store merchandising;
- the active management of product margins, including by refreshing 25% to 30% of the offering on an annual basis;
- approximately three months of visibility on open orders and product margins;
- 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 2020 for new store openings, maintenance capital expenditures, and transformational capital expenditures (the latter being mainly related to information technology projects) as well as the remaining costs to be incurred for the expansion of distribution capacity;
- 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 risks related to: future increases in operating costs (including increases in statutory minimum wages), future increases in merchandise costs (including as a result of tariff disputes), 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 and head office leases on favourable terms, inability to increase warehouse and distribution centre capacity in a timely manner, 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 including any related impact on sales, 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 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 the factors which are discussed in greater detail in the "Risks and Uncertainties" section of the Corporation's most recent annual management's discussion, 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 March 28, 2019 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 recognized Canadian value retailer offering a broad assortment of consumable products, general merchandise and seasonal items both in-store and online. Our 1,225 locations across Canada provide customers with compelling value in convenient locations, including metropolitan areas, mid-sized cities and small towns. Select consumable and general merchandise products are also available by the full case only through our online store at www.dollarama.com. Our quality merchandise is sold at select, fixed price points up to $4.00.

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Selected Consolidated Financial Information

(dollars and shares in thousands, except per share amounts)	14-Week	13-Week	53-Week	52-Week
	unaudited			
	Periods Ended		Years Ended	
	February 3, 2019	January 28, 2018	February 3, 2019	January 28, 2018
	$	$	$	$
Earnings Data				
Sales	1,059,714	938,075	3,548,503	3,266,090
Cost of sales	631,470	549,355	2,155,339	1,965,171
Gross profit	428,244	388,720	1,393,164	1,300,919
SG&A	155,055	134,920	509,337	474,807
Depreciation and amortization	21,879	18,705	79,374	70,550
Operating income	251,310	235,095	804,453	755,562
Net financing costs	14,328	10,256	48,506	39,877
Earnings before income taxes	236,982	224,839	755,947	715,685
Income taxes	65,002	62,011	207,073	196,275
Net earnings	171,980	162,828	548,874	519,410
Basic net earnings per common share (4)	$0.54	$0.49	$1.69	$1.54
Diluted net earnings per common share (4)	$0.54	$0.48	$1.67	$1.52
Weighted average number of common shares outstanding (4):				
Basic	318,074	333,282	324,460	338,253
Diluted	321,032	337,926	328,404	342,519
Other Data				
Year-over-year sales growth	13.0%	9.8%	8.6%	10.2%
Comparable store sales growth (2)	2.6%	5.5%	2.7%	5.2%
Gross margin (3)	40.4%	41.4%	39.3%	39.8%
SG&A as a % of sales (3)	14.6%	14.4%	14.4%	14.5%
EBITDA (1)	273,189	253,800	883,827	826,112
Operating margin (3)	23.7%	25.1%	22.7%	23.1%
Capital expenditures	56,729	51,423	180,807	131,920
Number of stores (5)	1,225	1,160	1,225	1,160
Average store size (gross square feet) (5)	10,217	10,120	10,217	10,120
Declared dividends per common share	$0.04	$0.04	$0.16	$0.15

	As at	
	February 3, 2019	January 28, 2018
	$	$
Statement of Financial Position Data		
Cash	50,371	54,844
Inventories	581,241	490,927
Total current assets	709,639	569,969
Property, plant and equipment	589,513	490,988
Total assets	2,177,895	1,934,339
Total current liabilities	288,583	720,945
Total non-current liabilities	2,123,408	1,465,752
Total debt (1)	1,907,383	1,671,192
Net debt (1)	1,857,012	1,616,348
Shareholders’ deficit	(234,096)	(252,358)

(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.

	14-Week	**13-Week**	**53-Week**	**52-Week**
	unaudited			
	Periods Ended		**Years Ended**	
(dollars in thousands)	**February 3, 2019**	**January 28, 2018**	**February 3, 2019**	**January 28, 2018**
	$	**$**	**$**	**$**
A reconciliation of operating income to EBITDA is included below:				
Operating income	251,310	235,095	804,453	755,562
Add: Depreciation and amortization	21,879	18,705	79,374	70,550
EBITDA	**273,189**	**253,800**	**883,827**	**826,112**
EBITDA margin (3)	*25.8%*	*27.1%*	*24.9%*	*25.3%*

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

	As at	
(dollars in thousands)	**February 3, 2019**	**January 28, 2018**
	$	**$**
Senior unsecured notes bearing interest at:		
Fixed annual rate of 3.55% payable in equal semi-annual instalments, maturing November 6, 2023	500,000	-
Fixed annual rate of 2.203% payable in equal semi-annual instalments, maturing November 10, 2022	250,000	250,000
Fixed annual rate of 2.337% payable in equal semi-annual instalments, maturing July 22, 2021	525,000	525,000
Fixed annual rate of 3.095% payable in equal semi-annual instalments, repaid November 5, 2018	-	400,000
Variable rate equal to 3-month bankers’ acceptance rate plus 27 basis points payable quarterly, maturing February 1, 2021	300,000	-
Variable rate equal to 3-month bankers’ acceptance rate plus 59 basis points payable quarterly, maturing March 16, 2020	300,000	300,000
Unsecured revolving credit facility maturing September 29, 2023	25,000	191,000
Accrued interest on senior unsecured notes	7,383	5,192
Total debt	**1,907,383**	**1,671,192**

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

Total debt	1,907,383	1,671,192
Cash	(50,371)	(54,844)
Net debt	**1,857,012**	**1,616,348**

(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) Per share amounts and numbers of outstanding common shares reflect the retrospective application of the Share Split.
(5) At the end of the year.