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DOLLARAMA REPORTS FISCAL 2020 FIRST QUARTER RESULTS

- Strong top line growth with 9.5% increase in sales and 5.8% increase in comparable store sales
- 50 basis points upward revision of full-year comparable store sales assumption to new range of 3.0% to 4.0%; reiterating full-year guidance on gross margin, SG&A and EBITDA as a percentage of sales
- Opening of 11 net new stores; on target to reach 60-70 net new stores by fiscal year-end
- Distribution expansion project enters final phase, on time and on budget

MONTREAL, Quebec, June 13, 2019 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported its financial results for the first quarter ended May 5, 2019. The Corporation reported increases in sales, net earnings and earnings per common share compared to the corresponding period of the prior fiscal year. Diluted net earnings per common share rose 6.5% to $0.33.

Financial and Operating Highlights

All comparative figures that follow are for the first quarter ended May 5, 2019 compared to the first quarter ended April 29, 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").

These results and the Corporation's unaudited condensed interim consolidated financial statements reflect the adoption of IFRS 16, "Leases", on February 4, 2019, and all comparative figures for the corresponding period of the prior fiscal year have been restated (see table on page 4 for more information).

The information on numbers of common shares and net earnings per common share for the 13-week period ended April 29, 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 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. Fiscal 2019 was comprised of 53 weeks whereas Fiscal 2020 is comprised of 52 weeks.

Compared to the first quarter of Fiscal 2019:

- Sales increased by 9.5% to $828.0 million;
- Comparable store sales[(1)] grew 5.8%, over and above a 2.6% growth the previous year;
- Gross margin[(1)] was 42.1% of sales, compared to 43.8%[(2)] of sales;
- EBITDA[(1)] grew 4.1% to $226.8 million, or 27.4% of sales, compared to 28.8%[(2)] of sales;
- Operating income grew 3.8% to $168.6 million, or 20.4% of sales, compared to 21.5%[(2)] of sales; and
- Diluted net earnings per common share increased by 6.5% to $0.33 from $0.31[(2)(3)].

[(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.
[(2)] Comparative financial information and ratios have been restated to reflect the full retrospective application of IFRS 16 for lease accounting.
[(3)] Earnings per common share for the 13-week period ended April 29, 2018 reflect the retrospective application of the Share Split.

During the first quarter of Fiscal 2020, the Corporation opened 11 net new stores, compared to 10 net new stores during the corresponding period of the previous fiscal year.

"Fiscal 2020 is off to a good start for Dollarama, with strong top line growth and comparable store sales, including a notable increase in basket size and traffic, reflecting the positive consumer response to our value proposition and various category management and merchandising initiatives," said President and Chief Executive Officer Neil Rossy. "Based on first quarter performance, we are reiterating our full-year guidance across all key metrics—net new stores, gross margin, SG&A and EBITDA as a percentage of sales—and revising upward our full-year assumption for comparable store sales to the range of 3% to 4%."

Financial Results

Sales for the first quarter of Fiscal 2020 increased by 9.5% to $828.0 million, compared to $756.1 million in the corresponding period of the prior fiscal year. Continued organic sales growth was fuelled by balanced growth in both comparable store sales and in the total number of stores over the past twelve months, from 1,170 stores on April 29, 2018 to 1,236 stores on May 5, 2019.

Comparable store sales grew 5.8% in the first quarter of Fiscal 2020, over and above comparable store sales growth of 2.6% in the same quarter a year ago. Comparable store sales growth for the first quarter of Fiscal 2020 consisted of a 4.9% increase in average transaction size, primarily driven by an increase in units per basket, and a 0.9% increase in the number of transactions.

Gross margin was 42.1% of sales in the first quarter of Fiscal 2020, compared to 43.8% of sales in the first quarter of Fiscal 2019. Gross margin is lower due to a small decrease in the product margin, higher sales of lower margin items and the timing of certain logistics costs.

General, administrative and store operating expenses ("SG&A") for the first quarter of Fiscal 2020 was $122.1 million, a 8.0% increase over $113.1 million for the first quarter of Fiscal 2019. This increase is primarily related to the continued growth in the total number of stores. SG&A for the first quarter of Fiscal 2020 represented 14.7% of sales, compared to 15.0% of sales for the first quarter of Fiscal 2019. The 0.3% improvement is mainly the result of ongoing labour productivity initiatives and the positive impact of the annualization of a non-labour related initiative implemented at the end of the first quarter of Fiscal 2019.

Net financing costs increased by $3.2 million, from $22.4 million for the first quarter of Fiscal 2019 to $25.6 million for the first quarter of Fiscal 2020. The increase is mainly due to increased borrowings on long-term debt, and net financing costs now include costs related to lease liabilities as calculated under IFRS 16 for both periods.

Net earnings increased to $103.5 million, or $0.33 per diluted common share, in the first quarter of Fiscal 2020, compared to $101.5 million, or $0.31 per diluted common share, in the first quarter of Fiscal 2019. This increase in net earnings is mainly the result of a 9.5% increase in sales and lower SG&A as a percentage of sales, partially offset by a lower gross margin. Earnings per common share were also positively impacted by the repurchase of shares through the Corporation's normal course issuer bid over the past 12 months.

Dividend

On June 13, 2019, the Corporation announced that its board of directors had approved a quarterly cash dividend for holders of its common shares of $0.044 per common share. The Corporation's quarterly cash dividend will be paid on August 9, 2019 to shareholders of record at the close of business on July 12, 2019 and is designated as an "eligible dividend" for Canadian tax purposes.

Normal Course Issuer Bid

On June 7, 2018, the Corporation announced the renewal of its normal course issuer bid and the approval from the Toronto Stock Exchange (the "TSX") to repurchase for cancellation up to 16,386,351 common shares (retrospectively restated to reflect the Share Split), representing 5.0% of the common shares issued and outstanding as at the close of markets on June 6, 2018, during the 12-month period from June 20, 2018 to June 19, 2019 (the "2018-2019 NCIB"). On December 5, 2018, the Corporation received approval from the TSX to amend the 2018-2019 NCIB in order to increase the maximum number of common shares that may be repurchased thereunder to 30,095,056 common shares, representing 10.0% of the Corporation's public float as at June 6, 2018.

During the first quarter of Fiscal 2020, no common shares were repurchased for cancellation under the 2018-2019 NCIB as free cash flows were used for working capital and capital expenditures. The Corporation opted to temporarily halt share repurchases to maintain its leverage ratio.

Distribution Capacity Expansion Update

The expansion of the Corporation's Montreal-area distribution centre, underway since March of 2018, is proceeding well and as planned, with no disruption to operations. The building extension was completed earlier this year and the next phase, which will be well underway this summer, is comprised of the integration of the new facility and the existing facility. Management continues to expect to complete the project and that it will be fully operational at higher capacity before the end of calendar 2019, on schedule and on budget.

Dollar City Store Network Growth Update

The Corporation continues to assess the progress of its partnership with Dollar City in Latin America. 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 holds an option to acquire a 50.1% interest in the business starting in February 2020.

At its latest quarter ended March 31, 2019, Dollar City operated 180 stores with 82 locations in Colombia, 44 in El Salvador and 54 in Guatemala. This compares to a total of 169 stores as at December 31, 2018.

Significant Accounting Standard Adopted – IFRS 16

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. The Corporation has applied IFRS 16 to the unaudited condensed interim consolidated financial statements for the first quarter of Fiscal 2020 using the full retrospective approach and has therefore restated comparative information for the first quarter of Fiscal 2019, as if IFRS 16 had always been in effect.

The Corporation's financial reporting is impacted by the adoption of IFRS 16. Certain lease-related expenses previously recorded in occupancy costs are now recorded as a depreciation expense for right-of-use assets and as an interest expense for related lease liabilities. The depreciation expense is recognized on a straight-line basis over the term of the lease, while the interest expense declines over the life of the lease, as the liability is paid off.

	IAS 17			IFRS 16		
	13-Week Periods Ended			13-Week Periods Ended		
	May 5, 2019(i)	April 29, 2018	Change	May 5, 2019	April 29, 2018(ii)	Change
Gross margin	$296.9	$284.7	$12.2	$348.9	$331.1	$17.8
As a percentage of sales	35.9%	37.6%	(1.7%)	42.1%	43.8%	(1.7%)
SG&A	$123.4	$114.5	$8.9	$122.1	$113.1	$9.0
As a percentage of sales	14.9%	15.1%	(0.2%)	14.7%	15.0%	(0.3%)
EBITDA	$173.5	$170.2	$3.3	$226.8	$217.9	$8.9
As a percentage of sales	20.9%	22.5%	(1.6%)	27.4%	28.8%	(1.4%)
Diluted net earnings per common share	$0.32	$0.31	$0.01	$0.33	$0.31	$0.02

(i) Presented as if IFRS 16 had not been adopted, for illustration purposes only.
(ii) Restated to reflect the adoption of IFRS 16.

Outlook

The outlook below sets out the guidance for Fiscal 2020, presented under IAS 17 as if IFRS 16 had not been adopted, for illustration purposes only, and then restated to reflect the adoption of IFRS 16. Guidance ranges otherwise remain unchanged.

(as a percentage of sales except net new store openings in units and capital expenditures in millions of dollars)	**Fiscal 2020** **Under IAS 17**	**Fiscal 2020** **Under IFRS 16**
Net new store openings	60 to 70	60 to 70
Gross margin	38.0% to 39.0%	43.25% to 44.25%
SG&A	14.25% to 14.75%	14.25% to 14.75%
EBITDA margin	23.25% to 24.75%	28.50% to 30.00%
Capital expenditures(i)	\$130.0 to \$140.0	\$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 3.0% to 4.0%, revised upwards from an initial range of 2.5% to 3.5% disclosed on March 28, 2019, based on the comparable store sales trend for the year to date;
- the number of signed offers to lease and store pipeline for the next nine 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.

2019 ESG Report

Over the course of the past year, the Corporation has been working on enhancing its disclosure on environmental, social and governance ("ESG") matters to provide shareholders and stakeholders with increased visibility on the Corporation's present and future ESG-related initiatives, challenges and priorities. As a result of this process, the Corporation has published its first ESG report, which is now available on the website at www.dollarama.com in the "Investor Relations" section. This report will be updated every second year.

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 annual management's discussion and analysis and annual information form for Fiscal 2019, both 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 June 13, 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 1,236 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)	13-Week Periods Ended May 5, 2019 $	13-Week Periods Ended April 29, 2018 $ Restated[i]
Earnings Data		
Sales	828,036	756,069
Cost of sales	479,145	424,985
Gross profit	348,891	331,084
SG&A	122,123	113,147
Depreciation and amortization	58,199	55,446
Operating income	168,569	162,491
Net financing costs	25,558	22,440
Earnings before income taxes	143,011	140,051
Income taxes	39,499	38,514
Net earnings	103,512	101,537
Basic net earnings per common share [4]	$0.33	$0.31
Diluted net earnings per common share [4]	$0.33	$0.31
Weighted average number of common shares outstanding [4]:		
Basic	314,701	327,909
Diluted	317,863	332,403
Other Data		
Year-over-year sales growth	9.5%	7.3%
Comparable store sales growth [2]	5.8%	2.6%
Gross margin [3]	42.1%	43.8%
SG&A as a % of sales [3]	14.7%	15.0%
EBITDA [1]	226,768	217,937
Operating margin [3]	20.4%	21.5%
Capital expenditures	30,680	64,274
Number of stores [5]	1,236	1,170
Average store size (gross square feet) [5]	10,247	10,141
Declared dividends per common share	$0.044	$0.040

	As at May 5, 2019 $	As at February 3, 2019 $ Restated[i]
Statement of Financial Position Data		
Cash	55,298	50,371
Inventories	577,480	581,241
Total current assets	710,623	688,520
Property, plant and equipment	597,274	586,027
Right-of-use assets	1,231,857	1,208,461
Total assets	3,417,017	3,359,669
Total current liabilities	690,737	443,234
Total liabilities	3,636,017	3,677,053
Total debt [1]	1,896,237	1,907,383
Net debt [1]	1,840,939	1,857,012
Shareholders' deficit	(219,000)	(317,384)

(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 5, 2019 $**	**April 29, 2018 $ Restated[i]**
A reconciliation of operating income to EBITDA is included below:		
Operating income	168,569	162,491
Add: Depreciation and amortization	58,199	55,446
EBITDA	**226,768**	**217,937**
EBITDA margin [3]	*27.4%*	*28.8%*

A reconciliation of long-term debt to total debt is included below:	As at	
(dollars in thousands)	**May 5, 2019 $**	**February 3, 2019 $ Restated[i]**
Senior unsecured notes bearing interest at:		
Fixed annual rate of 3.55% payable in equal semi-annual instalments, maturing November 6, 2023	500,000	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
Variable rate equal to 3-month bankers' acceptance rate (CDOR) plus 27 basis points payable quarterly, maturing February 1, 2021	300,000	300,000
Variable rate equal to 3-month bankers' acceptance rate (CDOR) plus 59 basis points payable quarterly, maturing March 16, 2020	300,000	300,000
Unsecured revolving credit facility maturing September 29, 2023	5,000	25,000
Accrued interest on senior unsecured notes	16,237	7,383
Total debt	**1,896,237**	**1,907,383**

A reconciliation of total debt to net debt is included below:		
Total debt	1,896,237	1,907,383
Cash	(55,298)	(50,371)
Net debt	**1,840,939**	**1,857,012**

(i) Restated to reflect the adoption of IFRS 16.

(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 percentage 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 shares outstanding during the 13-week period ended April 29, 2018 reflect the retrospective application of the Share Split.

(5) At the end of the period.