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DOLLARAMA REPORTS SECOND QUARTER RESULTS

MONTREAL, Quebec, September 1, 2016 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported increases in sales and net earnings for the second quarter ended July 31, 2016. Diluted net earnings per share rose 18.9% to $0.88.

Financial and Operating Highlights

All comparative figures that follow are for the second quarter ended July 31, 2016 compared to the second quarter ended August 2, 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 and to "Fiscal 2017" are to the Corporation's fiscal year ending January 29, 2017.

Compared to the second quarter of Fiscal 2016:

- Sales increased by 11.6% to $729.0 million;
- Comparable store sales(2) grew 5.7%, over and above a 7.9% growth the previous year;
- Gross margin(3) was 38.4% of sales, the same as the prior year;
- EBITDA(1) grew 14.8% to $168.6 million, or 23.1% of sales, compared to 22.5% of sales;
- Operating income grew 14.5% to $154.6 million, or 21.2% of sales, compared to 20.7% of sales; and
- Diluted net earnings per common share increased by 18.9%, from $0.74 to $0.88.

In addition, 13 net new stores were opened during the second quarter of Fiscal 2017 compared to 17 net new stores opened during the corresponding period of the previous fiscal year.

"Comparable store sales and operating margins have remained strong throughout the first two quarters, resulting in an exceptional performance in the first half of Fiscal 2017. The careful execution of our merchandising strategy and the implementation of operational improvements have made us stronger as we grow. We also continue to reach new customers in an efficient manner, while providing a consistent shopping experience across our network of stores. Our plan remains to open 60 to 70 net new stores by fiscal year end," stated Neil Rossy, President and Chief Executive Officer of Dollarama.

Financial Results

Sales for the second quarter of Fiscal 2017 increased by 11.6% to $729.0 million, compared to $653.3 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 5.7%, over and above comparable store sales growth of 7.9% in the second quarter of Fiscal 2016, and (ii) the growth in the number of stores over the past twelve months, from 989 stores on August 2, 2015 to 1,051 stores on July 31, 2016.

Comparable store sales growth for the second quarter of Fiscal 2017 consisted of a 4.6% increase in the average transaction size and a 1.0% increase in the number of transactions.

The gross margin was 38.4% of sales in the second quarter of Fiscal 2017, the same as in the corresponding quarter of the prior year.

General, administrative and store operating expenses ("SG&A") for the second quarter of Fiscal 2017 was $110.9 million, a 7.0% increase over $103.7 million for the second quarter of Fiscal 2016. The increase is primarily related to the continued growth in the total number of stores. SG&A for the second quarter of Fiscal 2017 represented 15.2% of sales compared to 15.9% of sales for the second quarter of Fiscal 2016. The 0.7% improvement 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.

Financing costs increased by $2.9 million, from $4.4 million for the second quarter of Fiscal 2016 to $7.3 million for the second quarter of Fiscal 2017. The increase is mainly due to increased borrowings on long-term debt.

Net earnings increased to $106.4 million, or $0.88 per diluted common share, in the second quarter of Fiscal 2017, compared to $95.5 million, or $0.74 per diluted common share, in the second quarter of Fiscal 2016. The increase in net earnings is mainly the result of an 11.6% increase in sales and lower SG&A as a percentage of sales.

Dividend

On September 1, 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 November 2, 2016 to shareholders of record at the close of business on September 30, 2016 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 expiring on June 16, 2016 (the "2015-2016 NCIB"), 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").

The total number of common shares repurchased for cancellation under the 2015-2016 NCIB and the 2016-2017 NCIB during the 13-week period ended July 31, 2016 amounted to 2,027,080 common shares, for a total cash consideration of $184.2 million.

Outlook

(as a percentage of sales except net new stores in units and capital expenditures in millions of dollars)

	Fiscal 2017 Guidance
Net new stores	60 to 70
Gross margin	37.0% to 38.0%
SG&A margin	15.5% to 16.0%
EBITDA margin[i]	21.0% to 22.5%
Capital expenditures	$160.0 to $170.0

[i] 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.

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

- the number of signed offers to lease and the store pipeline for the next six months;
- comparable store sales growth for Fiscal 2017 in the range of 4.0% to 5.0%;
- 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; a new warehouse in Montreal, Quebec; 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 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 September 1, 2016 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 1,051 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		26-Week Periods Ended	
	July 31, 2016 $	August 2, 2015 $	July 31, 2016 $	August 2, 2015 $
Earnings Data				
Sales	728,968	653,290	1,369,980	1,219,360
Cost of sales	449,391	402,708	853,540	764,988
Gross profit	279,577	250,582	516,440	454,372
SG&A	110,942	103,722	213,888	201,593
Depreciation and amortization	14,006	11,775	27,533	22,926
Operating income	154,629	135,085	275,019	229,853
Financing costs	7,289	4,429	13,923	9,991
Earnings before income taxes	147,340	130,656	261,096	219,862
Income taxes	40,988	35,186	71,592	59,612
Net earnings	106,352	95,470	189,504	160,250
Basic net earnings per common share	$0.89	$0.74	$1.57	$1.24
Diluted net earnings per common share	$0.88	$0.74	$1.55	$1.23
Weighted average number of common shares outstanding during the period:				
Basic	119,431	128,433	120,706	129,001
Diluted	120,662	129,538	121,910	130,056
Other Data				
Year-over-year sales growth	11.6%	14.1%	12.4%	13.6%
Comparable store sales growth (2)	5.7%	7.9%	6.1%	7.4%
Gross margin (3)	38.4%	38.4%	37.7%	37.3%
SG&A as a % of sales (3)	15.2%	15.9%	15.6%	16.5%
EBITDA (1)	168,635	146,860	302,552	252,779
Operating margin (3)	21.2%	20.7%	20.1%	18.9%
Capital expenditures	36,904	21,715	86,056	41,739
Number of stores (4)	1,051	989	1,051	989
Average store size (gross square feet) (4)	9,968	9,945	9,968	9,945
Declared dividends per common share	$0.10	$0.09	$0.20	$0.18

(dollars in thousands)	As at	
	July 31, 2016 $	January 31, 2016 $
Statement of Financial Position Data		
Cash and cash equivalents	107,930	59,178
Merchandise inventories	436,331	470,195
Property and equipment	389,253	332,225
Total assets	1,828,644	1,813,874
Total non-current liabilities	1,105,481	1,119,996
Total debt (1)	1,203,411	928,376
Net debt (1)	1,095,481	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		**26-Week Periods Ended**	
(dollars in thousands)	**July 31, 2016 $**	**August 2, 2015 $**	**July 31, 2016 $**	**August 2, 2015 $**
A reconciliation of operating income to EBITDA is included below:				
Operating income	154,629	135,085	275,019	229,853
Add: Depreciation and amortization	14,006	11,775	27,533	22,926
EBITDA	**168,635**	**146,860**	**302,552**	**252,779**
EBITDA margin [(3)]	*23.1%*	*22.5%*	*22.1%*	*20.7%*

	As at	
(dollars in thousands)	**July 31, 2016 $**	**Jan. 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, 2020	-	250,000
Accrued interest on long-term debt	3,577	3,542
Total debt	**1,203,411**	**928,376**
A reconciliation of total debt to net debt is included below:		
Total debt	1,203,411	928,376
Cash and cash equivalents	(107,930)	(59,178)
Net debt	**1,095,481**	**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.