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DOLLARAMA REPORTS FIRST QUARTER RESULTS AND RENEWS NORMAL COURSE ISSUER BID

MONTREAL, Quebec, June 7, 2018 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported increases in sales, net earnings and earnings per share for the first quarter ended April 29, 2018. Diluted net earnings per share rose 12.2% to $0.92.

Financial and Operating Highlights

All comparative figures that follow are for the first quarter ended April 29, 2018 compared to the first quarter ended April 30, 2017. 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 2018" are to the Corporation's fiscal year ended January 28, 2018, and to "Fiscal 2019" are to the Corporation's fiscal year ending February 3, 2019. 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 to six years, a week is added to the fiscal year. Fiscal 2018 was comprised of 52 weeks whereas Fiscal 2019 will be comprised of 53 weeks.

Compared to the first quarter of Fiscal 2018:

- Sales increased by 7.3% to $756.1 million;
- Comparable store sales(1) grew 2.6%, over and above a 4.6% growth the previous year;
- Gross margin(1) remained unchanged at 37.6% of sales;
- EBITDA(1) grew 9.2% to $170.2 million, or 22.5% of sales, compared to 22.1% of sales;
- Operating income grew 8.7% to $151.4 million, or 20.0% of sales, compared to 19.8% of sales; and
- Diluted net earnings per common share increased by 12.2%, to $0.92 from $0.82.

During the first quarter of Fiscal 2019, the Corporation opened 10 net new stores, compared to 13 net new stores during the corresponding period of the previous fiscal year.

"Despite lighter than usual summer assortment sales in the first quarter due to poor weather, we delivered another solid performance and our underlying assumptions for the full year remain unchanged," said Dollarama's President and Chief Executive Officer, Neil Rossy. "We are also pleased with the tangible results of our continued focus on cost control and productivity improvements, leading to an improvement in SG&A as a percentage of sales and the mitigation of minimum wage increases."

(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.

Financial Results

Sales for the first quarter of Fiscal 2019 increased by 7.3% to $756.1 million, compared to $704.9 million in the corresponding period of the prior fiscal year. The increase in sales was driven by continued organic sales growth fuelled by comparable store sales growth of 2.6%, over and above comparable store sales growth of 4.6% in the first quarter of Fiscal 2018 and a 5.6% increase in the total number of stores over the past twelve months, from 1,108 stores on April 30, 2017 to 1,170 stores on April 29, 2018.

Sales for the first quarter of Fiscal 2019 were affected by poor weather conditions in April 2018 that delayed customer demand for our summer seasonal product assortment by several weeks. Historically, sales of summer seasonal products have represented the most significant seasonal product sales in the first quarter, with the majority of these sales occurring during the month of April. As of May 31, 2018, sales of our summer seasonal products were catching up with the lag experienced in the first quarter of Fiscal 2019.

Excluding summer seasonal product sales, comparable store sales growth in the first quarter of Fiscal 2019 for products offered year-round was in line with the Corporation's Fiscal 2019 assumption of comparable stores sales growth of 4.0% to 5.0%.

Comparable store sales growth for the first quarter of Fiscal 2019 consisted of a 2.9% increase in the average transaction size, over and above a 6.1% increase in the corresponding quarter of Fiscal 2018, and a 0.3% decrease in the number of transactions. The number of transactions was impacted by lower demand for summer seasonal products.

Gross margin remained unchanged at 37.6% of sales in the first quarter of Fiscal 2019, compared to the first quarter of Fiscal 2018.

General, administrative and store operating expenses ("SG&A") for the first quarter of Fiscal 2019 were $114.5 million, a 4.6% increase over $109.5 million for the first quarter of Fiscal 2018. The increase is primarily related to the continued growth in the total number of stores.

SG&A for the first quarter of Fiscal 2019 represented 15.1% of sales, compared to 15.5% of sales for the first quarter of Fiscal 2018. The improvement of 0.4% in SG&A as a percentage of sales is mainly the result of specific cost control initiatives implemented last year, for which savings have been realized in the first quarter of Fiscal 2019 and are expected to be realized up until the end of the second quarter of Fiscal 2019. Labour productivity improvements and scaling also contributed to such improvement, all of which had the effect, in the first quarter of Fiscal 2019, of mitigating the increase of Ontario's hourly minimum wage rate to $14.00 that came into effect on January 1, 2018.

Financing costs increased by $2.1 million, from $9.2 million for the first quarter of Fiscal 2018 to $11.3 million for the first quarter of Fiscal 2019. The increase is mainly due to increased borrowings on long-term debt.

Net earnings increased to $101.6 million, or $0.92 per diluted common share, in the first quarter of Fiscal 2019, compared to $94.7 million, or $0.82 per diluted common share, in the first quarter of Fiscal 2018. The increase in net earnings is mainly the result of a 7.3% 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 June 7, 2018, the Corporation announced that its Board of Directors approved a quarterly cash dividend for holders of its common shares of $0.12 per common share (or $0.04 per common share assuming the implementation of a three-for-one share split (the "Share Split") subject to approval by shareholders at the annual general and special meeting of the Corporation being held later today). The Corporation's quarterly cash dividend will be paid on August 1, 2018, subsequent to the expected effective date of the Share Split, to shareholders of record at the close of business on July 6, 2018, 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 Corporation’s normal course issuer bid (“NCIB”) during the 13-week period ended April 29, 2018 amounted to 94,500 common shares, at a weighted average price of $153.89 per common share, for a total cash consideration of $14.5 million.

On June 7, 2018, the Corporation announced the renewal of the NCIB and the approval from the TSX to purchase for cancellation up to 5,462,117 common shares, representing 5.0% of the 109,242,359 common shares issued and outstanding as at the close of markets on June 6, 2018. Purchases may commence on June 20, 2018, and will terminate no later than June 19, 2019.

Outlook

(as a percentage of sales except net new store openings in units and capital expenditures in millions of dollars)	**Fiscal 2019**	
	March 29, 2018 Guidance	**Enhanced Guidance**
Net new stores	60 to 70	No change
Gross margin	38.0% to 39.0%	No change
SG&A	15.0% to 15.5%	No change
EBITDA margin	22.5% to 24.0%	No change
Capital expenditures[i]	$150.0 to $160.0	$190.0 to $200.0[ii]

[i] Includes additions to property, plant and equipment, computer hardware and software.
[ii] Includes the acquisition cost of the existing distribution centre, and preliminary estimated construction and related costs to be incurred in Fiscal 2019 in connection with the expansion of distribution capacity.

The guidance ranges for Fiscal 2019 are based on a number of assumptions, including the following:

- the number of signed offers to lease and store pipeline for the next nine months;
- comparable store sales growth 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 visibility of approximately three months 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 2019 for new store openings, maintenance capital expenditures, and transformational capital expenditures (the latter being mainly related to information technology projects) as well as the acquisition of the existing distribution centre and preliminary estimated construction and related costs to be incurred in Fiscal 2019 associated with 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, but not limited to, risks related to: future increases in operating and merchandise costs (including increases in statutory minimum wage), 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, 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 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 which are discussed in greater detail in the “Risks and Uncertainties” section of the Corporation’s most recent annual management’s discussion and analysis and annual information form for Fiscal 2018, 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 7, 2018 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 consumer products, general merchandise and seasonal items. Our 1,170 locations across Canada 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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Selected Consolidated Financial Information

(dollars and shares in thousands, except per share amounts)	13-Week Periods Ended April 29, 2018 $	April 30, 2017 $
Earnings Data		
Sales	756,069	704,945
Cost of sales	471,417	439,623
Gross profit	284,652	265,322
SG&A	114,478	109,474
Depreciation and amortization	18,736	16,545
Operating income	151,438	139,303
Financing costs	11,326	9,242
Earnings before income taxes	140,112	130,061
Income taxes	38,537	35,371
Net earnings	101,575	94,690
Basic net earnings per common share	$0.93	$0.83
Diluted net earnings per common share	$0.92	$0.82
Weighted average number of common shares outstanding:		
Basic	109,303	114,370
Diluted	110,801	115,682
Other Data		
Year-over-year sales growth	7.3%	10.0%
Comparable store sales growth (2)	2.6%	4.6%
Gross margin (3)	37.6%	37.6%
SG&A as a % of sales (3)	15.1%	15.5%
EBITDA (1)	170,174	155,848
Operating margin (3)	20.0%	19.8%
Capital expenditures	64,274	19,710
Number of stores (4)	1,170	1,108
Average store size (gross square feet) (4)	10,141	10,045
Declared dividends per common share	$0.12	$0.11

	As at April 29, 2018 $	January 28, 2018 $
Statement of Financial Position Data		
Cash	90,565	54,844
Inventories	513,447	490,927
Total current assets	638,685	569,969
Property, plant and equipment	538,717	490,988
Total assets	2,052,691	1,934,339
Total current liabilities	608,902	720,945
Total non-current liabilities	1,590,421	1,465,752
Total debt (1)	1,789,173	1,671,192
Net debt (1)	1,698,608	1,616,348
Shareholders’ deficit	(146,632)	(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.

	13-Week Periods Ended	
(dollars in thousands)	**April 29, 2018 $**	**April 30, 2017 $**
A reconciliation of operating income to EBITDA is included below:		
Operating income	151,438	139,303
Add: Depreciation and amortization	18,736	16,545
EBITDA	**170,174**	**155,848**
EBITDA margin (3)	*22.5%*	*22.1%*

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

	As at	
(dollars in thousands)	**April 29, 2018 $**	**January 28, 2018 $**
Senior unsecured notes bearing interest at:		
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, maturing November 5, 2018	400,000	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, 2022	-	191,000
Accrued interest on senior unsecured notes	14,173	5,192
Total debt	**1,789,173**	**1,671,192**

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

Total debt	1,789,173	1,671,192
Cash	(90,565)	(54,844)
Net debt	**1,698,608**	**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) At the end of the period.