

Investor Presentation

Q2-FY2020



Cautionary statement



Forward-Looking Information

This presentation contains forward-looking information about results, levels of activity, performance, goals or achievements of Dollarama and Dollarcity or other future events or developments that may affect Dollarama and Dollarcity which are based on information currently available to management and estimates and assumptions that management believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results, levels of activity, performance, goals or achievements or other future events or developments to differ materially from those expressed or implied by the forward-looking information contained herein, including without limitation the risk factors described in Dollarama's Annual Information Form dated April 11, 2019 filed with Canadian securities regulators and available on SEDAR at www.sedar.com. The forward-looking information contained in this presentation represents management's expectations as at September 12, 2019, and, accordingly, is subject to change after such date. Except as may be required by law, management has no intention and undertakes no obligation to update or revise any forward-looking information.

The financial outlook for Dollarcity constitutes forward-looking information. It is based on financial projections and is subject to risks and uncertainties similar to those referred to above. The purpose of such financial outlook is to provide an estimated purchase price range for the Dollarcity transaction and an estimate of the accretive impact of the Dollarcity transaction on Dollarama's earnings, and may not be appropriate for other purposes.

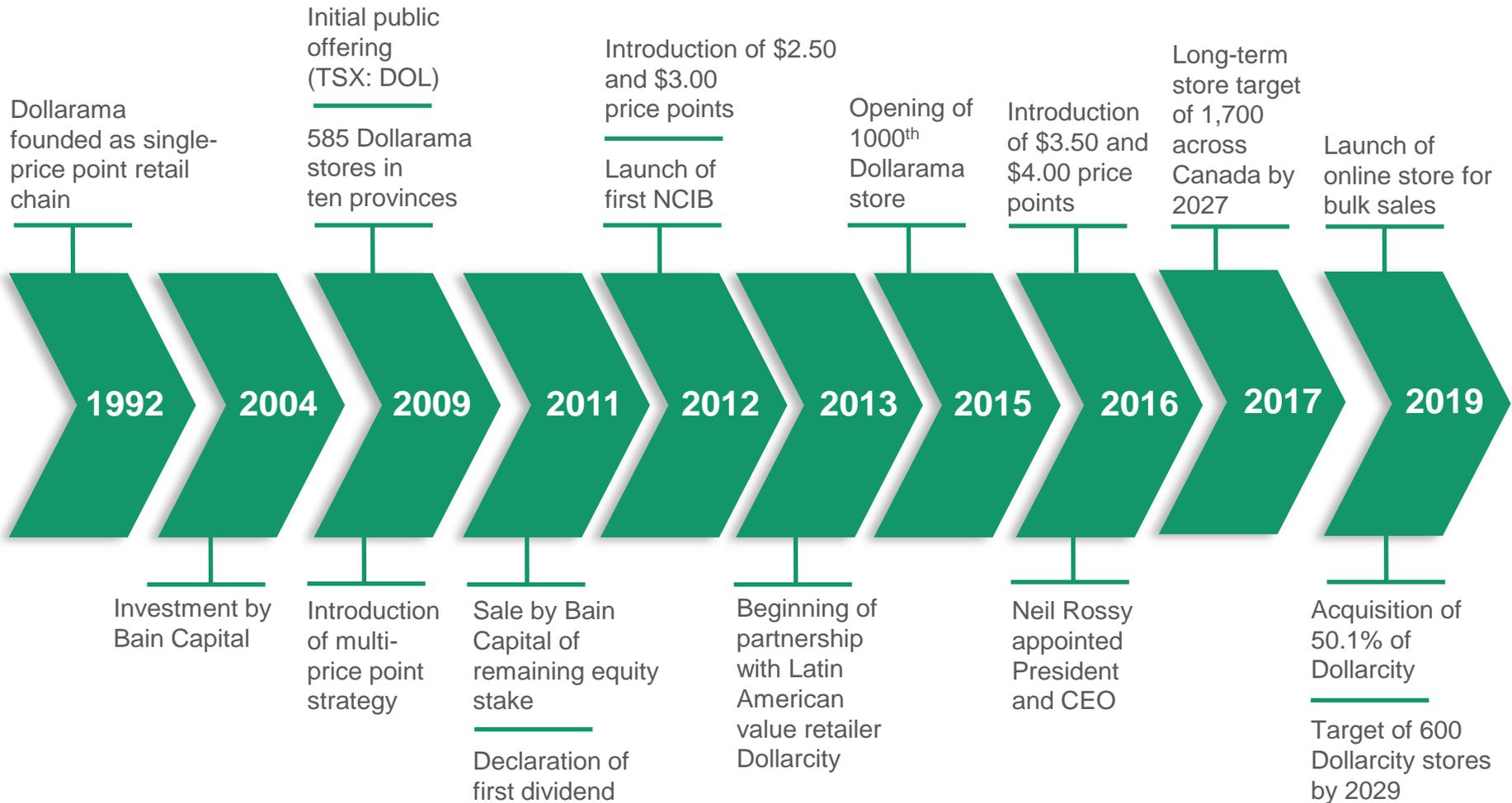
Market and Industry Data

This presentation contains market and industry data sourced from a combination of internal company surveys, third party information, including third party websites, and estimates of management. While those sources are believed to be reliable, they have not been independently verified, and management has no assurance that the information contained in third party websites is current and up-to-date. While management is not aware of any misstatements regarding the market and industry data presented herein, such data involves risks and uncertainties and is subject to change based on various factors. Unless otherwise indicated, the data contained in this presentation is stated as at September 20, 2019.

Non-GAAP Measures

This presentation refers to certain non-GAAP measures. These measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Consequently, they should not be considered in isolation or as a substitute for financial performance measures calculated in accordance with GAAP. Refer to the section entitled "Selected Consolidated Financial Information" of Dollarama's MD&A dated September 12, 2019 for a reconciliation of those non-GAAP measures to the most directly comparable GAAP measures.

Dollarama through the years



Dollarama today



Largest and only national dollar store chain in Canada

- 1,250 corporate-owned and operated stores
- Avg. of 10,262 sq. ft. per store
- Avg. store annual sales of \$3.0 million

Strong value proposition at select fixed price points up to \$4

- Broad assortment of everyday goods
- ~50% of merchandise sourced directly
- ~70% of sales from products priced above \$1.25

Robust financial performance

- LTM⁽¹⁾ sales: \$3.70B
- LTM^(1,2) EBITDA: \$1,097M (29.6% of sales)

(1) For the last twelve months ended August 4th, 2019

(2) Reflects the adoption of IFRS 16 - Leases



A simple, growth-oriented business model



We build

on our growing store networks and our low-cost direct sourcing platform

We focus

on delivering compelling value to our customers

We solidify

our brand reputation and deliver superior financial results

Backed by seasoned team and disciplined execution

Direct sourcing expertise



Longstanding relationships with low-cost supplier network:

- Overseas direct sourcing program initiated in 1992
- Well-diversified base of established suppliers
- ~50% merchandise sourced directly from over 25 countries (primarily China)



Benefits of direct sourcing:

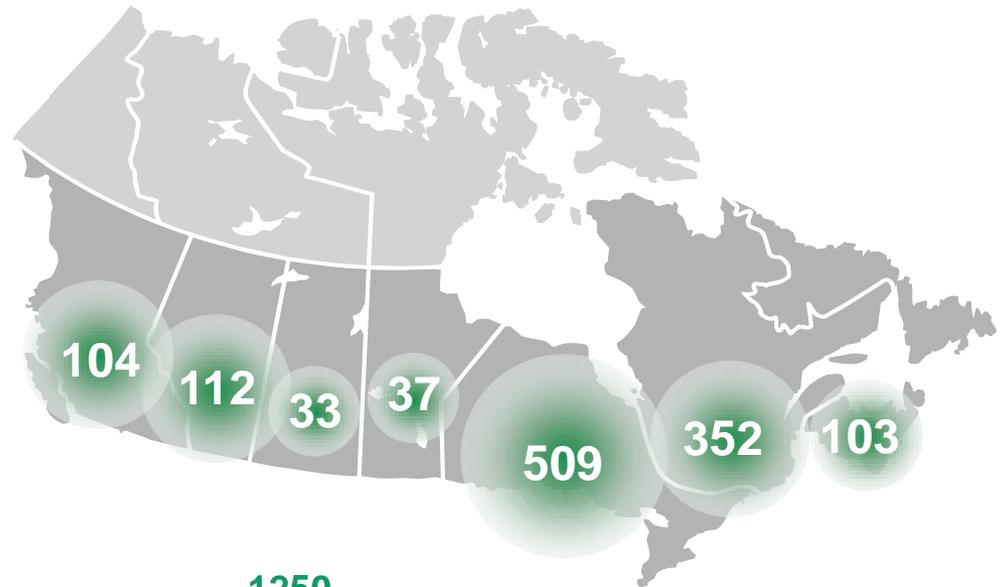
- Creates different, more compelling product selection
- Reduces costs associated with intermediaries
- Increases bargaining power with suppliers
- Provides cost flexibility to help control inflation and currency fluctuations



Large network with over 1,200 stores across Canada

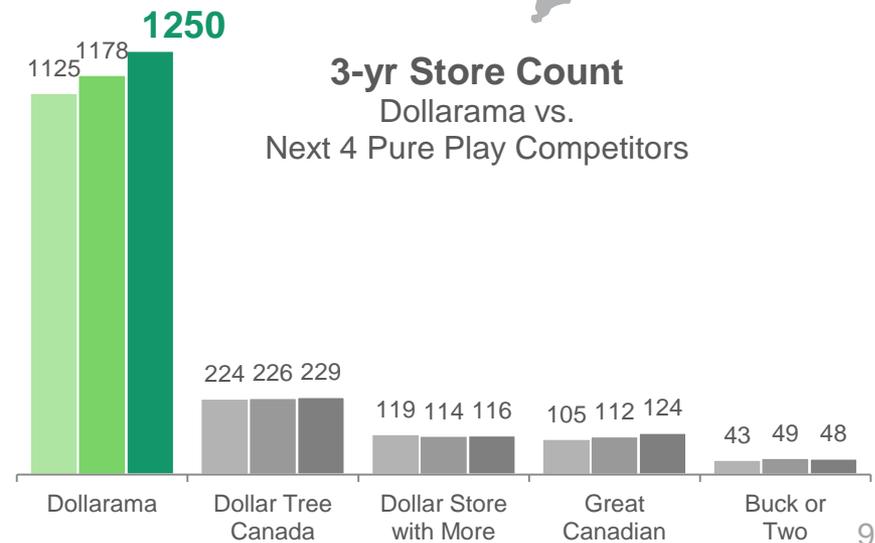


Only dollar store chain with a significant presence in **all ten provinces**



~2.5x more stores than 4 largest pure play competitors combined

~5.5x larger than next largest pure play competitor



Source: company reports and websites

Compelling product offering



 Broad assortment of products across 20+ departments at compelling value

 Mix of store brands and name brands

 Multiple fixed price points



Strong brand awareness and broad customer appeal



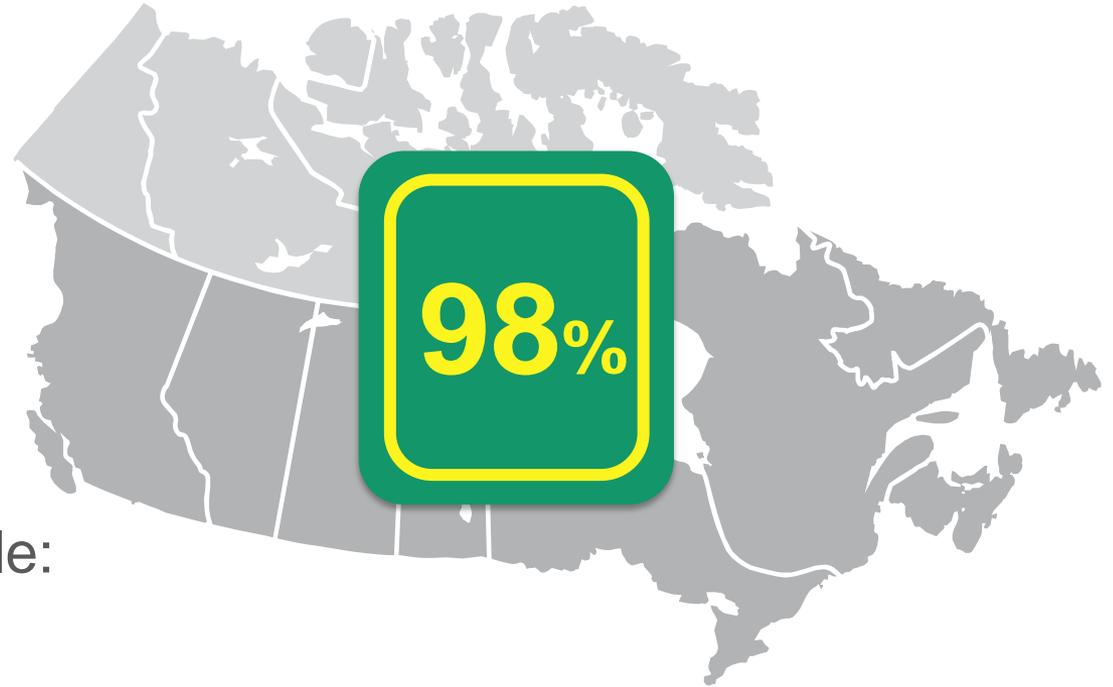
 Our value proposition is the key differentiator

 Brand awareness across Canada is at 98%

 We appeal to all demographics and income ranges

 Typical consumer profile:

- Female
- 25-54 years of age
- Annual income of \$20k-\$80k



Offering convenience and value



-  Strong brand recognition and reputation for delivering value
-  Unrivalled presence across Canada in convenient locations
-  Destination store appealing to broad customer base
-  Consistent in-store shopping experience



Growth Strategies



Strategies for driving growth and creating value



Grow store network in Canada in a disciplined manner

- Target of 1,700 Dollarama stores by 2027
- Leverage strengths to stimulate sales
- Maintain low-cost operating model



Develop second growth platform in Latin America

- Acquisition of 50.1% interest in Dollarcity in Q3-F2020
- Target of 600 Dollarcity stores by 2029



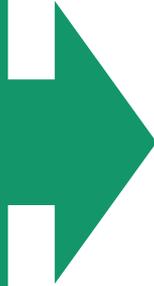
Significant potential for additional growth in Canada



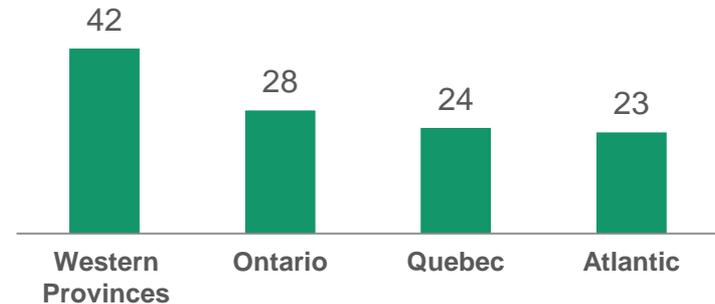
Average of **66 net new stores** per year over last 10 fiscal years

Eastern Canadian market **not saturated**

Dollarama **underpenetrated** in Ontario and Western Canada



Thousands of People per Dollarama Store

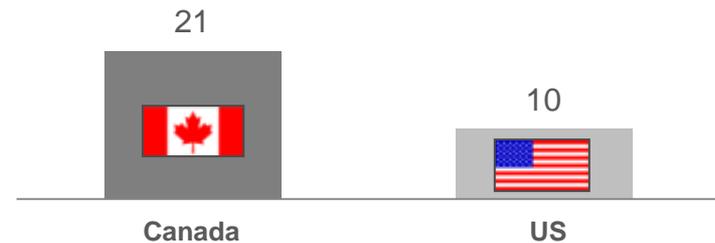


Source: Statistics Canada; Q2-FY20 store count

Canadian market **underpenetrated** relative to US dollar store segment
(subject to notable differences in business models)



Thousands of People per Dollar Store



Canada: Dollarama, Buck or Two, Dollar Store with More, Dollar Tree Canada, Great Canadian
US: Dollar General, Dollar Tree, Family Dollar, Fred's, 99c only 15
Source: Census data and company websites

Disciplined approach to growth



Efficient capital model

- \$650K in leasehold improvements, fixtures and inventory for new Dollarama store



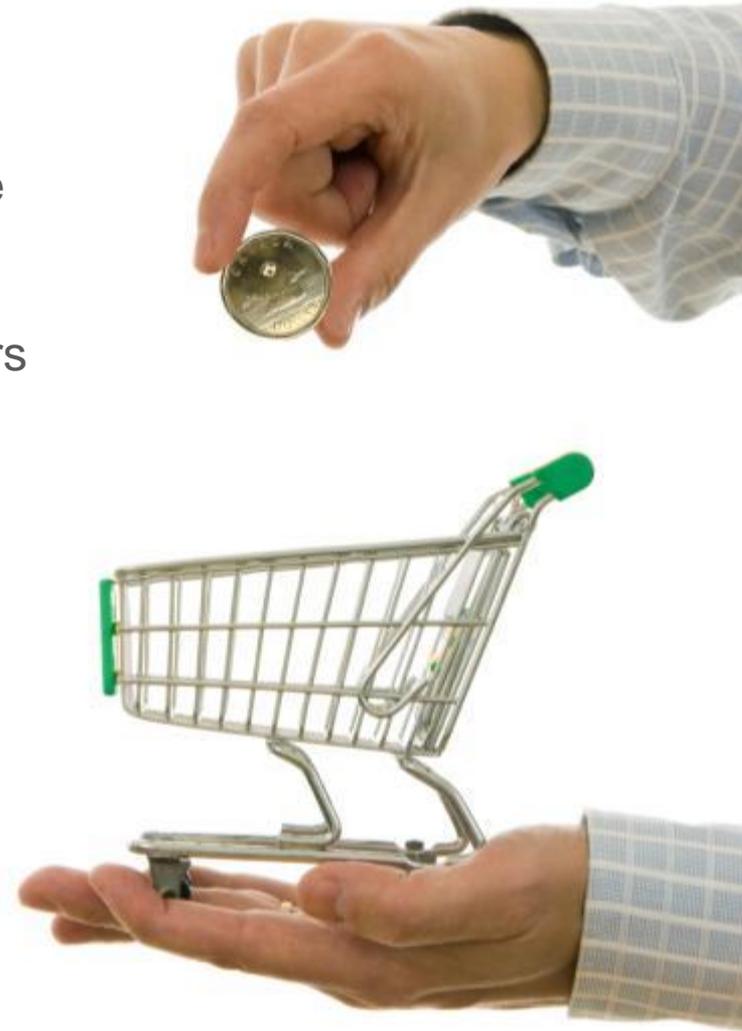
Quick sales ramp-up

- Average sales ramp-up to \$2.3M within 2 years
- Rapid payback of about 2 years



Low maintenance capex

Strong **profitability**,
low capital intensity
and **high ROI**



Leverage strengths to stimulate Dollarama sales



Effective and flexible merchandising

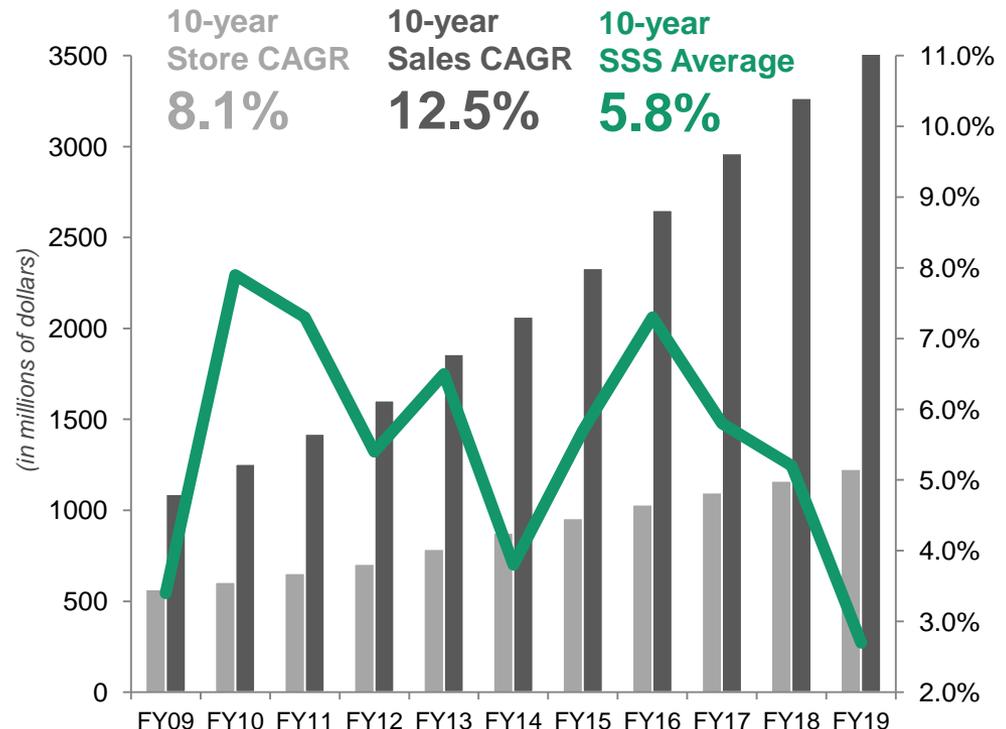
- Refresh 25-30% of merchandise every year
- Zonogram by department (vs. fixed planogram)
- No loss leaders



Multiple fixed price points

- Introduction of new price points in 2009, 2012 & 2016
- \$3.50 & \$4.00 price points introduced on August 1st, 2016 (first day of Q3-FY17)

Industry leading same-store sales



Maintain low-cost operating model



- Continuous in-store productivity improvements
 - POS systems
 - Kronos advanced scheduling
 - NCR point of sale terminals
 - WIFI and mobile-driven projects

- Efficient supply chain
 - DC, warehouse and transportation logistics
- Lean overhead operations



Dollarcity transaction overview



Acquisition of 50.1% interest in Dollarcity

- 2018¹ sales of US\$236M, EBITDA² of US\$36.6M (16% EBITDA margin)
- Estimated purchase price of US\$85-95M³; payment of US\$40M made upon closing on August 14, 2019
- Immediately accretive to DOL EPS (+CA\$0.02-0.03 per share in F2020⁴, +CA\$0.05-0.07 per share in F2021)
- Investment to be reported based on equity method, effective Q3 F2020



A compelling growth platform

- Creates compelling second growth platform, in complement to Canadian growth strategy
- Proven business model with 7 years of success creating a 'localized' DOL
- Strong local partners committed as long-term operators

(1) Dollarcity full-year financial results are for the 12-month period ended December 31, 2018.

(2) EBITDA is a non-GAAP measure. A reconciliation of EBITDA to the most directly comparable GAAP measure, operating income, is included on the right.

(3) Equity value calculated as 50.1% of 5x estimated EBITDA for the 12 months ending June 30, 2020, minus net debt +/- other customary adjustments. Purchase price formula reflects financial terms agreed upon in 2013. Balance of purchase price due in Q3 F2021 and expected to be funded by available free cash flows.

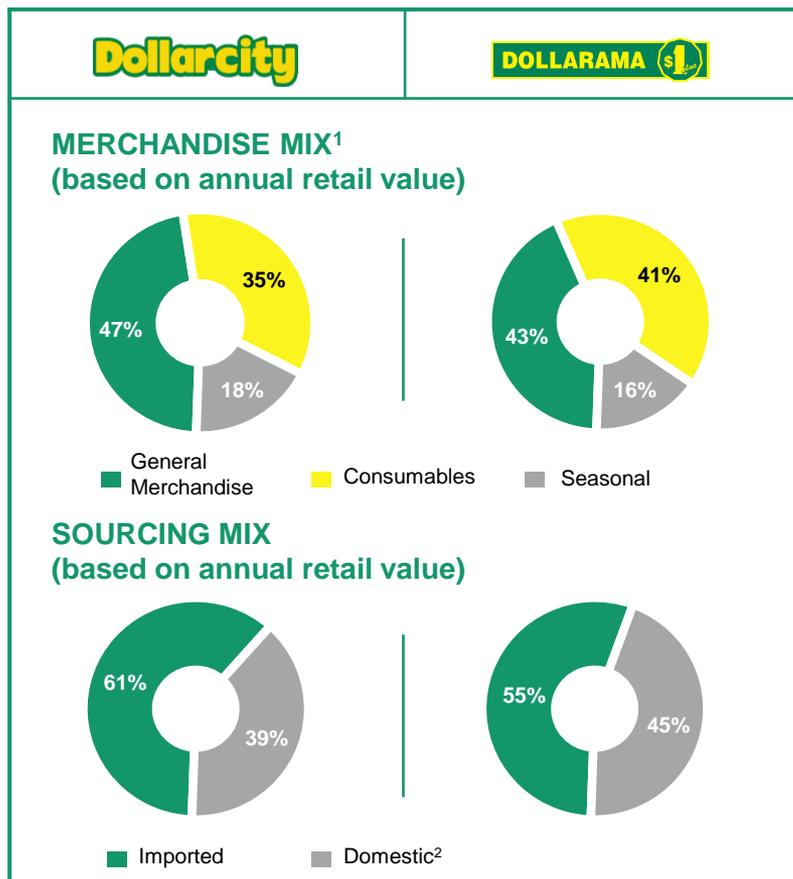
(4) F2020 EPS will include approximately 5 months of Dollarcity earnings.

(dollars in millions)

	Dec. 31, 2018	Dec. 31, 2019
	\$	\$
Operating income	30.7	41.1
Add: Depreciation and amortization	5.9	8.9
EBITDA	36.6	50.0



Dollarcity, a 'localized' Dollarama



	Dollarcity	DOLLARAMA
<i>(As at respective year ends)</i>	Dec. 31, 2018 ³	Feb. 3, 2019
NUMBER OF STORES	169	1,225
SALES	CA\$309 million (US\$236 million)	CA\$3,549 million
PRICE POINT RANGE⁴	US\$0.69-\$3.00 or equivalents in local currencies	CA\$0.82-\$4.00
NEW STORE INVESTMENT	CA\$786,000 (US\$600,000)	CA\$700,000

- Strong execution in store network growth
- Sales performance comparable to DOL
- Successful in adapting DOL business model to LATAM markets and consumers
- Rapid new store payback period

(1) Merchandise mix categories may differ slightly between DOL and Dollarcity.
 (2) For DOL, domestic refers to merchandise purchased in North America. For Dollarcity, domestic refers to merchandise purchased in the countries where the company operates stores.
 (3) US\$ amounts converted to CA\$ using a USD/CAD average exchange rate of 1.31 for the year ended December 31, 2018.
 (4) Dollarcity price points include value-added tax.

Dollarcity's growth trajectory



'Localized' Dollarama concept initially tested and established in El Salvador and Guatemala



Since 2017, network expansion has been mainly focused on Colombia, a compelling retail market with significant growth opportunities



Dollarama acquired 50.1% interest in August 2019



Target of 600 Dollarcity stores in Colombia, Guatemala and El Salvador by 2029

- Majority of store network growth will be focused in Colombia
- 192 stores as at June 30, 2019



Guatemala

- 56 Dollarcity stores¹
- Local warehouse

El Salvador

- 45 Dollarcity stores¹
- Administrative office in San Salvador
- International warehouse
- Local warehouse

Panama

- Head office in Panama City

Colombia

- 91 Dollarcity stores¹
- Local warehouse

(1) As at Dollarcity's latest quarter ended June 30, 2019.

Robust financial performance



<i>(in millions of dollars, except per share amounts)</i>	IFRS 16				Y-O-Y GROWTH	IAS 17				Y-O-Y GROWTH
	SECOND QUARTER ENDED⁽¹⁾					FISCAL YEAR ENDED⁽¹⁾				
	AUG. 4, 2019		JULY 29, 2018			FEB. 3, 2019⁽²⁾		JAN. 28, 2018		
Sales	\$946	% OF SALES	\$868	% OF SALES	9.0%	\$3,549	% OF SALES	\$3,266	% OF SALES	8.6%
Gross Margin	\$413	43.7%	\$391	45.0 %	5.8%	\$1,393	39.3%	\$1,301	39.8%	7.1%
SG&A	\$132	13.9%	\$118	13.6%	11.3%	\$509	14.4%	\$475	14.5%	7.3%
EBITDA	\$282	29.8%	\$272	31.3%	3.5%	\$884	24.9%	\$826	25.3%	7.0%
Operating Income	\$222	23.4%	\$216	24.9%	2.7%	\$804	22.7%	\$756	23.1%	6.5%
Net Earnings	\$143	15.1%	\$140	16.2%	2.0%	\$549	15.5%	\$519	15.9%	5.7%
EPS	\$0.45		\$0.42		7.1%	\$1.67		\$1.52		9.9%
Adj. Debt / LTM EBITDAR⁽³⁾	2.83x		2.79x			2.85x		2.75x		

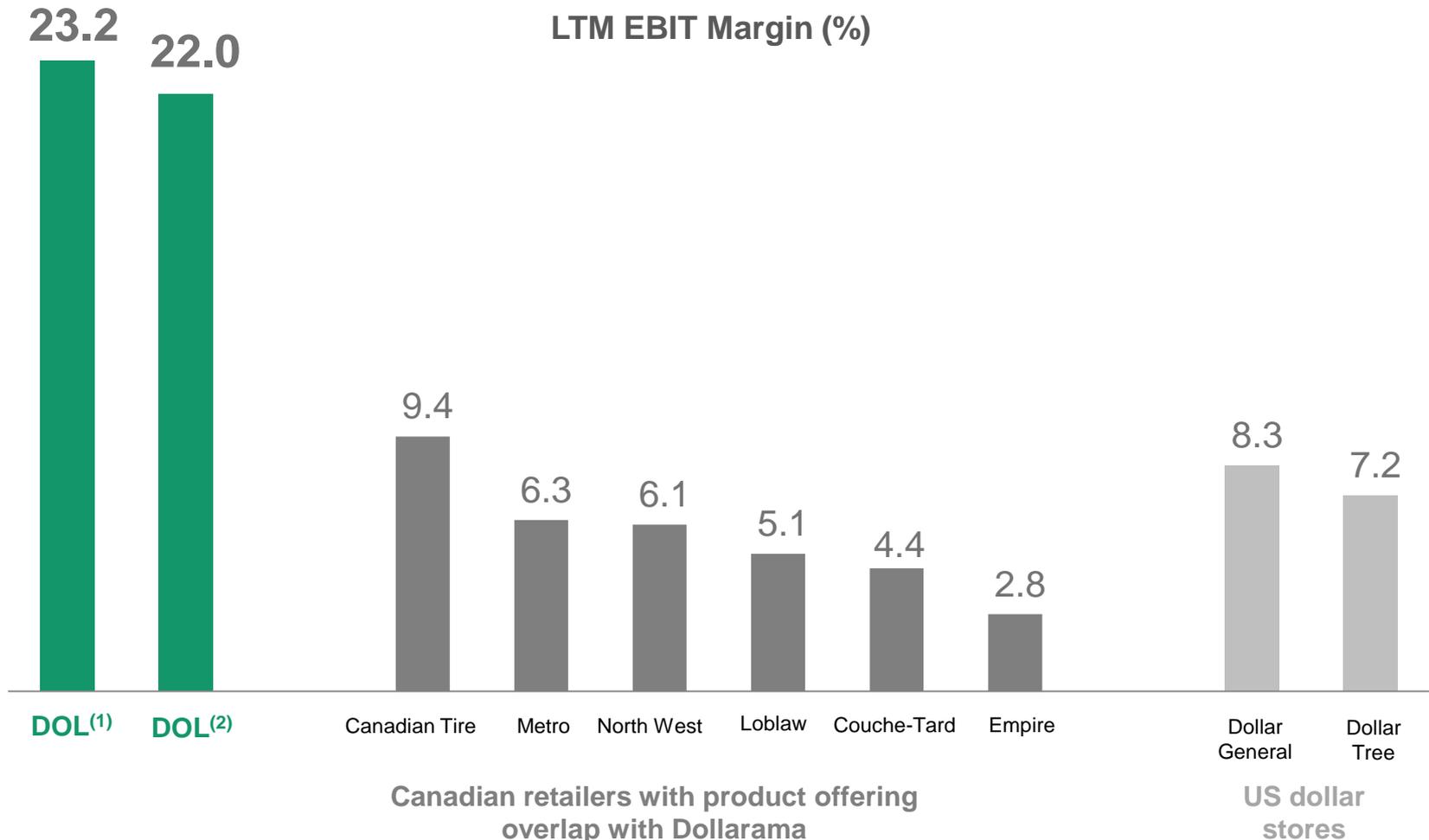
(1) Figures for the second quarter include the adoption of IFRS 16 – Leases; figures for the fiscal years do not include the adoption of IFRS 16 - Leases

(2) The fiscal year ended on Feb. 3, 2019 included 53 weeks (Jan. 28, 2018: 52 weeks)

(3) $(\text{Total debt} + 6x \text{ LTM rent}^* \text{ expenses}) / (\text{LTM EBITDA} + 1x \text{ LTM rent}^* \text{ expenses})$

*Rent includes basic rent and contingent rent

Balanced approach to operating margin

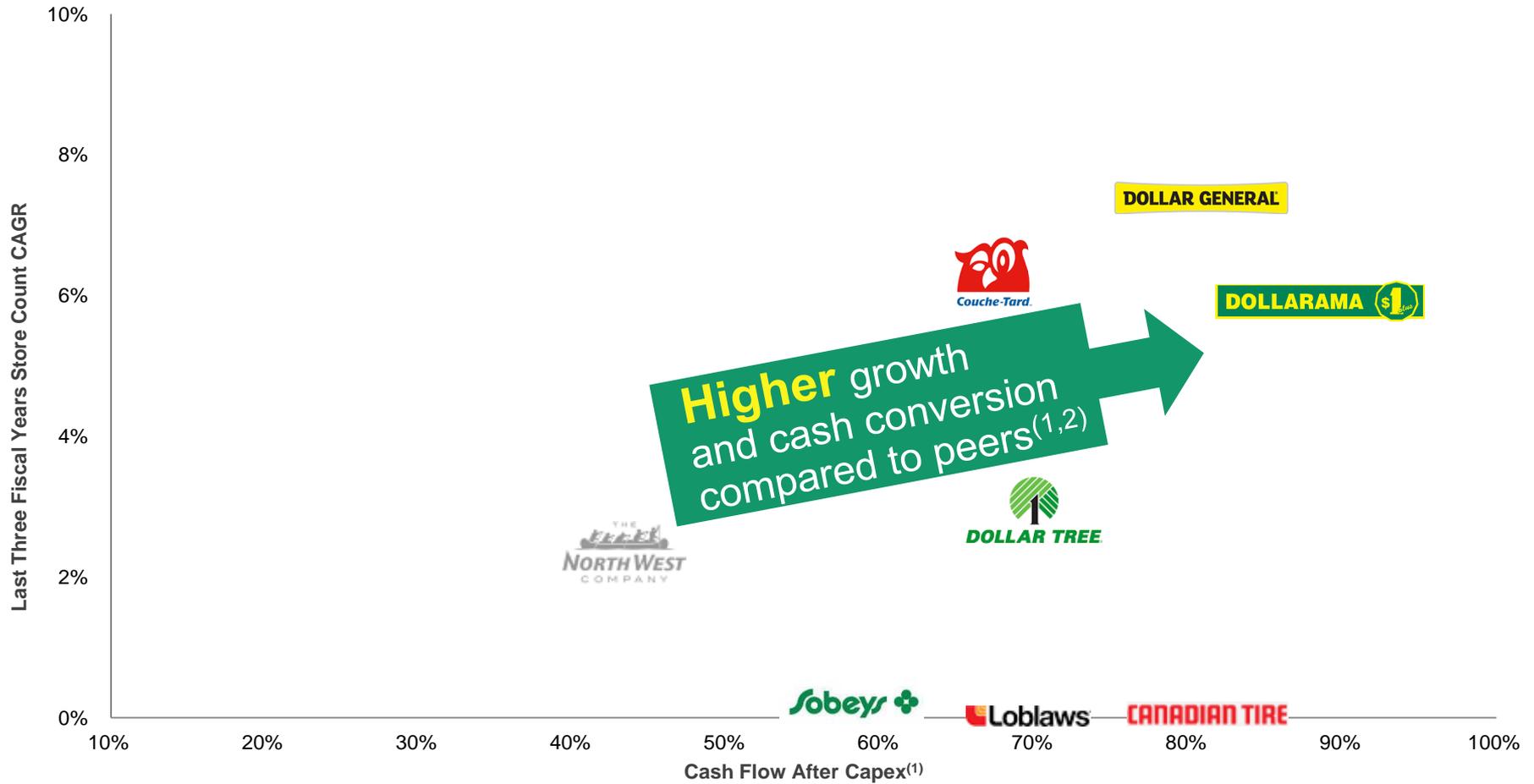


Source: Company websites; Walmart Canada figures not available

(1) Reflects the adoption of IFRS 16 – Leases

(2) Does not reflect the adoption of IFRS 16 - Leases

Strong organic growth with low capital requirements



Source: Company websites; Walmart Canada figures not available

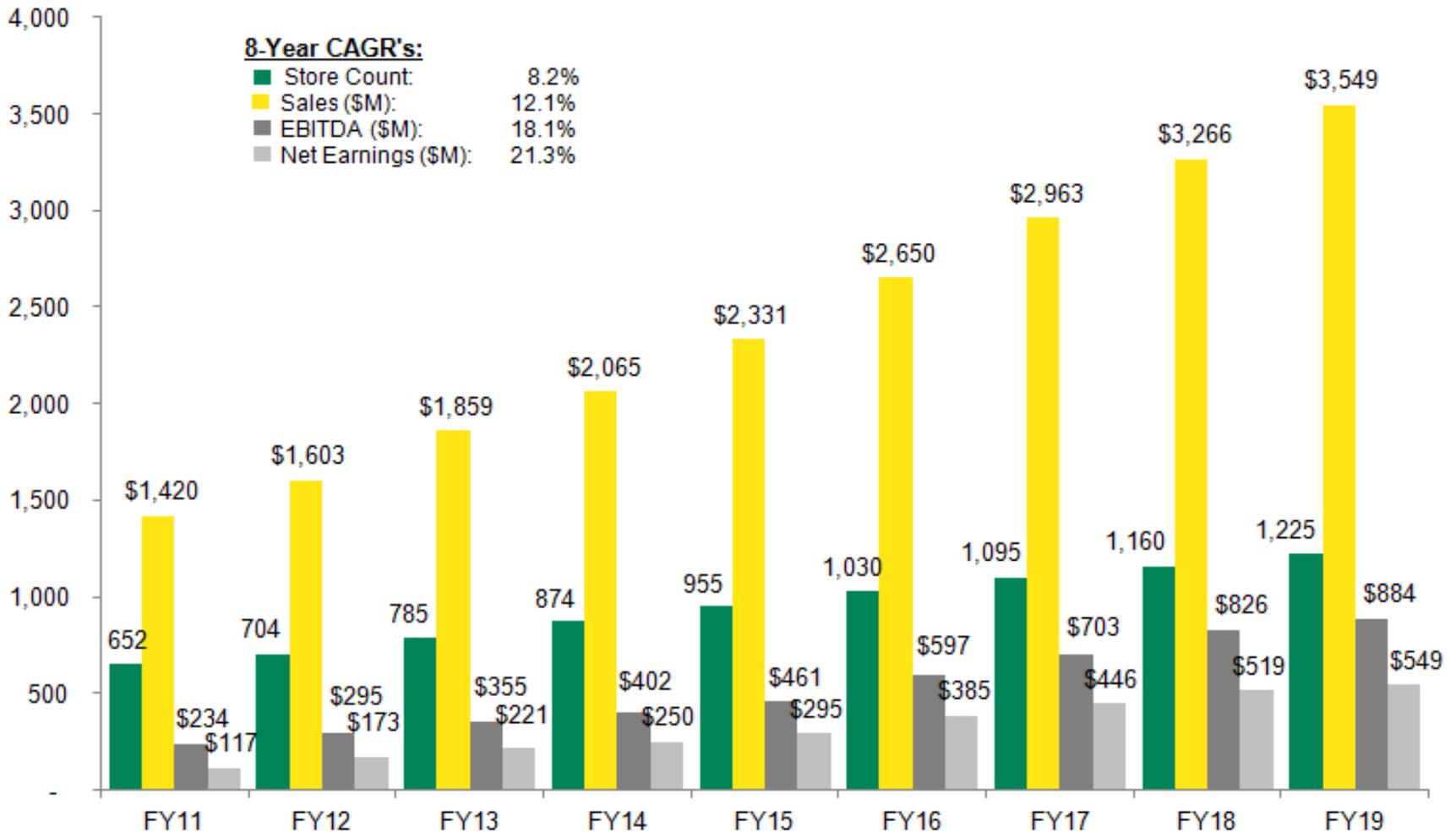
(1) $(EBITDA - CAPEX) / EBITDA$

(2) Reflects the adoption of IFRS 16 - Leases

Strong key metrics growth since IPO



IAS 17⁽¹⁾



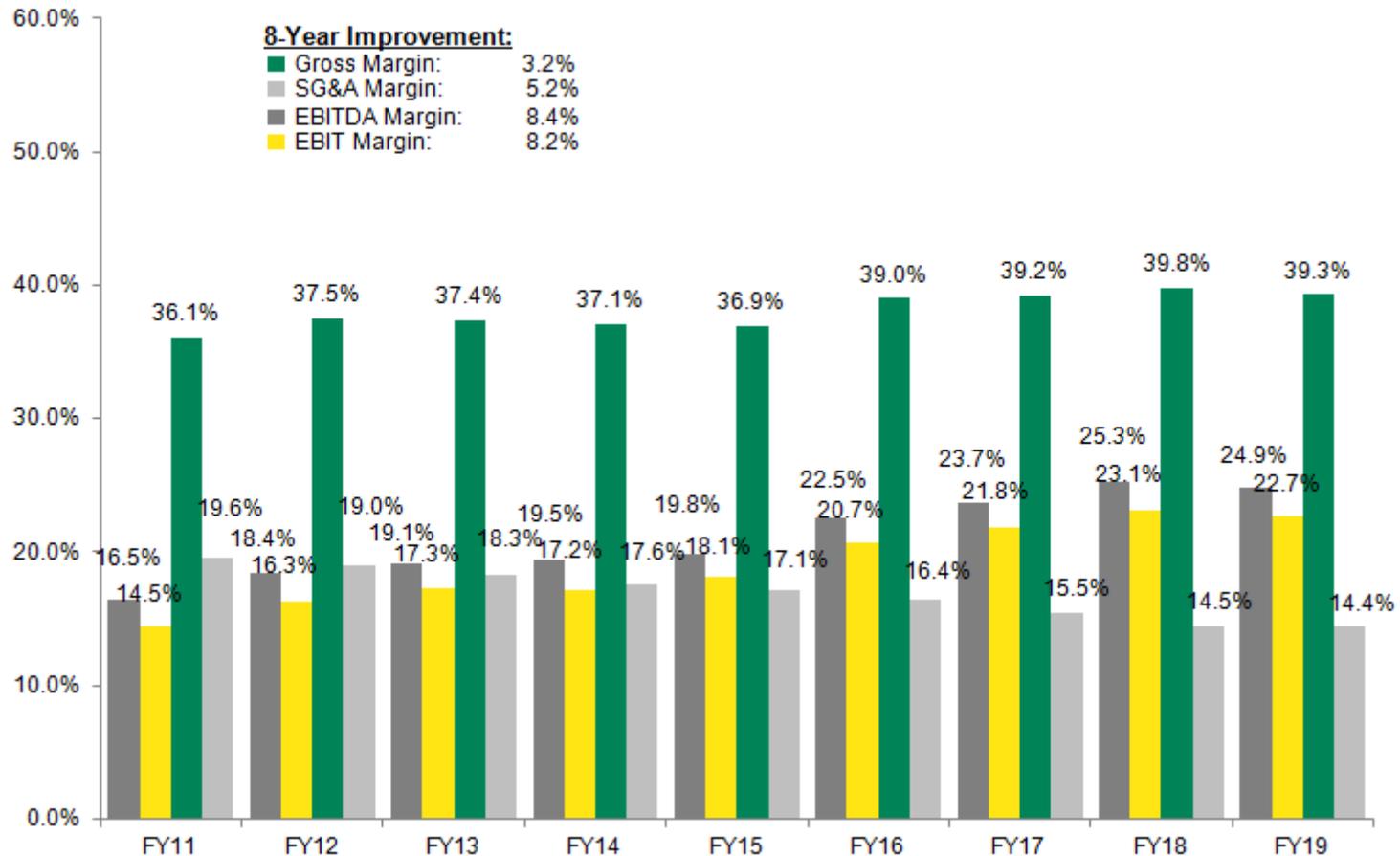
(1) These figures do not reflect the adoption of IFRS 16 - Leases

Continuous margin improvement since IPO



Cost structure, with 80-85% of operating costs being variable, allows for scaling benefits arising from top line growth

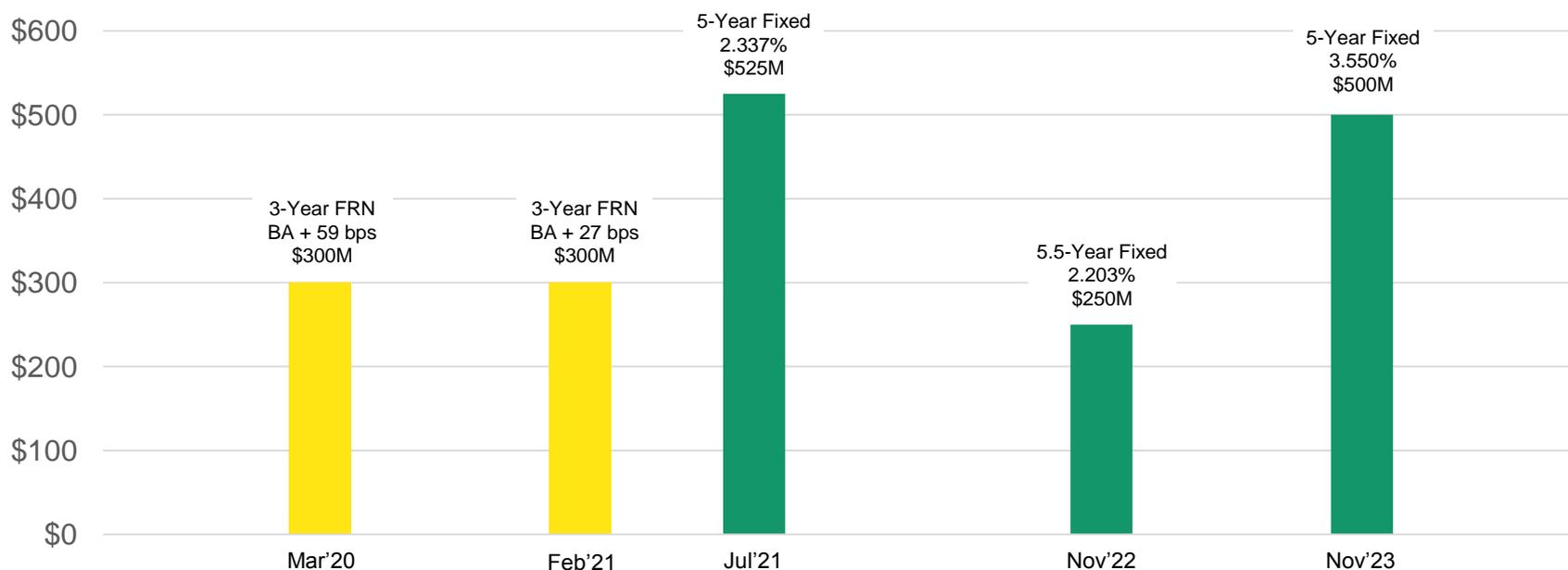
IAS 17⁽¹⁾



(1) These figures do not reflect the adoption of IFRS 16 - Leases

Balanced debt structure

-  **68%** fixed rate debt, **32%** floating rate debt⁽¹⁾
-  **\$639M** available liquidity (\$139M cash + \$500M undrawn credit facility) ^(1,2)
-  **2.67%** weighted average cost of debt⁽¹⁾
-  **2.5** years weighted average time to maturity⁽¹⁾



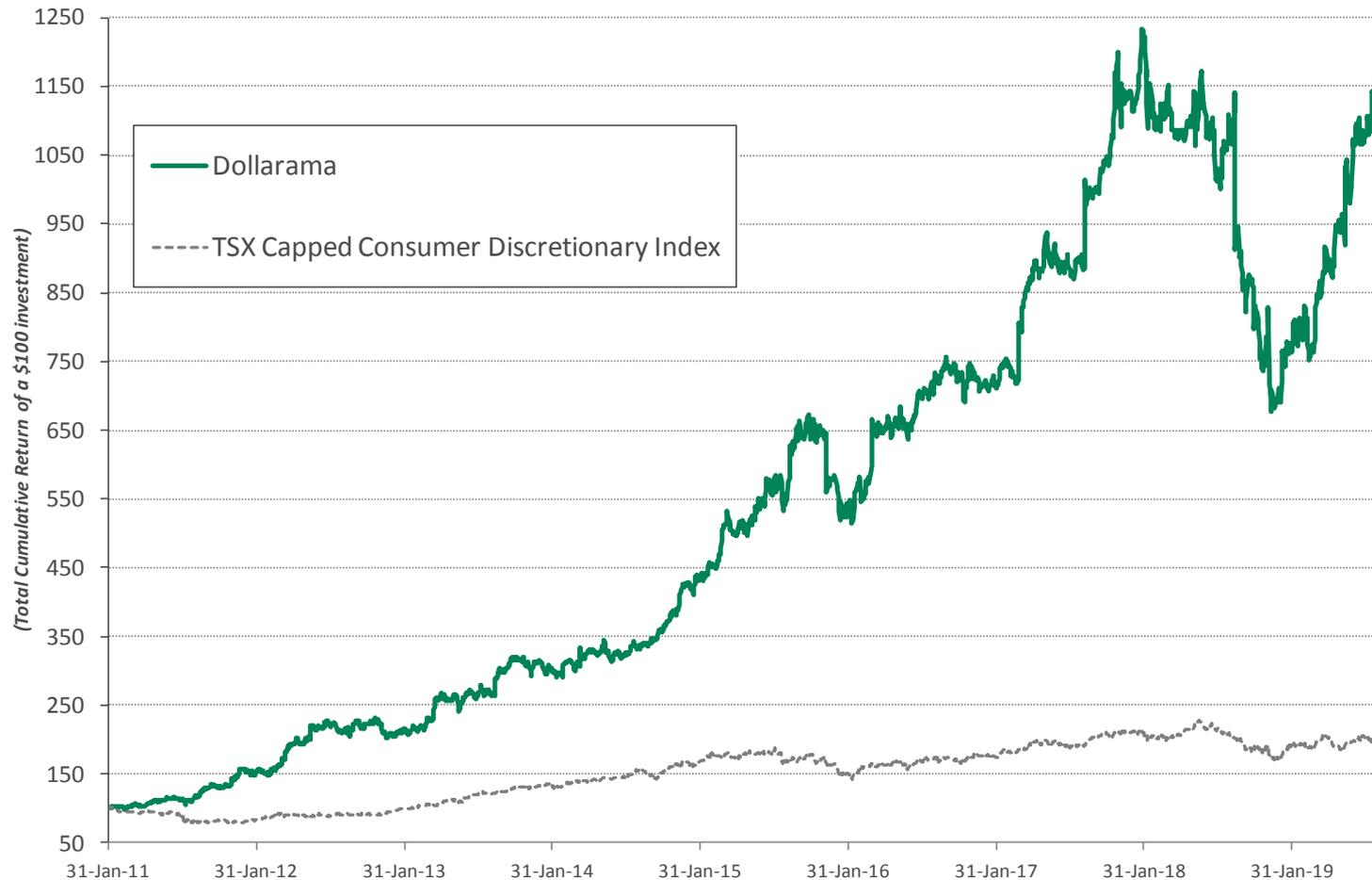
(1) As at the end of Q2-FY20

(2) Excludes letters of credit and letters of guarantee

Total shareholder return



Performance Graph Since January 31, 2011



Disciplined execution of our growth plan



Disciplined execution of our Canadian growth plan

- Open 60-70 net new Dollarama stores in FY2020
- Target of 1,700 stores in Canada by 2027
- Sustain attractive same-store sales growth
- Maintain balanced operating margins

Development of our LATAM growth platform

- Open 40-50 net new Dollarcity stores in 2019, primarily in Colombia
- Target of 600 stores in three countries by 2029
- Continue implementation of various operational initiatives

Create value for all stakeholders

Thank you



A seasoned board and management team



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