

APPENDIX B: DOLLARAMA CASE STUDY

	FYE January/February													FY10-23 CAGR			
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		2021	2022	2023
STORES & SQ FOOTAGE	<-- \$1		Up to \$2			Up to \$3			Up to \$4				Up to \$5				
Stores	521	564	603	652	704	785	874	955	1,030	1,095	1,160	1,225	1,291	1,356	1,421	1,486	7.2%
Average Store (sqft)	9,600	9,760	9,806	9,874	9,907	9,942	9,918	9,913	9,942	10,023	10,120	10,217	10,277	10,325	10,381	10,452	7.7%
Total sqft (mmsqft)	5.0	5.5	5.9	6.4	7.0	7.8	8.7	9.5	10.2	11.0	11.7	12.5	13.3	14.0	14.8	15.5	7.9%
Average sqft (mmsqft)	4.7	5.3	5.7	6.2	6.7	7.4	8.2	9.1	9.9	10.6	11.4	12.1	12.9	13.6	14.4	15.1	
Average sqft Growth		12.3%	8.7%	8.2%	8.6%	10.2%	11.5%	10.1%	8.7%	7.7%	7.1%	6.8%	6.3%	5.8%	5.4%	5.3%	5.6%
SSSG	(1.5%)	3.4%	7.9%	7.3%	5.4%	6.5%	3.8%	5.7%	7.3%	5.8%	5.2%	2.7%	4.3%	3.2%	1.7%	12.0%	0.7%
o.w. Traffic	(2.8%)	(0.5%)	2.3%	6.2%	0.2%	2.1%	(0.2%)	1.4%	1.9%	0.2%	-	(0.5%)	0.9%	(20.1%)	3.8%	14.6%	4.9%
o.w. Ticket	1.3%	3.9%	5.4%	1.0%	5.2%	4.3%	4.0%	4.2%	5.2%	5.5%	5.2%	3.2%	3.4%	29.1%	(2.0%)	(2.2%)	
Total Revenue Growth	9.5%	12.0%	15.1%	13.3%	12.9%	16.0%	11.1%	12.9%	13.7%	11.8%	10.2%	8.6%	6.7%	6.3%	7.6%	16.7%	
Consumables Mix			35.0%	37.0%	37.0%	37.0%	38.0%	38.0%	38.0%	39.0%	39.0%	41.0%	41.0%	44.0%	44.0%	42.0%	
% Sales from Products >\$1 (through 2015), >\$1.25 (2016+)			23.3%	38.8%	48.0%	55.2%	60.5%	67.7%	59.4%	63.4%	67.1%	69.7%	70.9%	73.7%	75.3%	79.6%	
INCOME STATEMENT																	
Sales (C\$m)	972	1,089	1,254	1,420	1,603	1,859	2,065	2,331	2,650	2,963	3,266	3,549	3,787	4,026	4,331	5,053	11.6%
Per sqft	208	207	220	230	239	252	251	257	269	279	288	293	294	295	301	334	3.5%
% Growth (per sqft)		(0.3%)	5.9%	4.7%	3.9%	5.2%	(0.3%)	2.5%	4.6%	3.9%	2.9%	1.7%	0.4%	0.5%	2.0%	10.8%	
Gross Profit	332	365	443	513	600	695	766	860	1,033	1,161	1,301	1,429	1,487	1,588	1,708	1,982	12.8%
Per sqft	71	69	78	83	90	94	93	95	105	109	115	118	115	116	119	131	4.6%
% Growth (per sqft)		(2.0%)	11.7%	7.0%	7.8%	5.0%	(1.1%)	2.0%	10.6%	4.4%	4.6%	2.9%	(2.1%)	1.0%	2.0%	10.1%	
% Margin	34.1%	33.5%	35.3%	36.1%	37.5%	37.4%	37.1%	36.9%	39.0%	39.2%	39.8%	40.3%	39.3%	39.4%	39.4%	39.2%	
SG&A	(188)	(215)	(265)	(279)	(305)	(340)	(363)	(399)	(436)	(458)	(475)	(505)	(552)	(654)	(653)	(720)	9.0%
Per sqft	(40)	(41)	(46)	(45)	(45)	(46)	(44)	(44)	(44)	(43)	(42)	(42)	(43)	(48)	(45)	(48)	1.1%
% Growth (per sqft)		1.4%	13.5%	(2.6%)	0.7%	1.0%	(4.1%)	(0.3%)	0.6%	(2.4%)	(3.2%)	(0.3%)	2.7%	12.1%	(5.3%)	4.8%	
% of Sales	(19.4%)	(19.7%)	(21.1%)	(19.6%)	(19.0%)	(18.3%)	(17.6%)	(17.1%)	(16.4%)	(15.5%)	(14.5%)	(14.2%)	(14.6%)	(16.2%)	(15.1%)	(14.3%)	
D&A	(18)	(22)	(25)	(29)	(33)	(39)	(48)	(38)	(48)	(58)	(71)	(78)	(77)	(93)	(104)	(115)	
Per sqft	(4)	(4)	(4)	(5)	(5)	(5)	(6)	(4)	(5)	(5)	(6)	(6)	(6)	(7)	(7)	(8)	
% Growth (per sqft)		5.6%	5.1%	5.8%	7.7%	6.9%	9.4%	(27.4%)	15.5%	11.6%	14.1%	4.2%	(7.3%)	13.7%	6.3%	5.0%	
% of Sales	(1.9%)	(2.0%)	(2.0%)	(2.0%)	(2.1%)	(2.1%)	(2.3%)	(1.6%)	(1.8%)	(1.9%)	(2.2%)	(2.2%)	(2.0%)	(2.3%)	(2.4%)	(2.3%)	
SG&A (incl. D&A)	(207)	(236)	(290)	(307)	(338)	(379)	(411)	(437)	(484)	(516)	(545)	(584)	(629)	(747)	(757)	(835)	9.4%
Per sqft	(44)	(45)	(51)	(50)	(50)	(51)	(50)	(48)	(49)	(49)	(48)	(48)	(49)	(55)	(53)	(55)	1.5%
% Growth (per sqft)		1.8%	12.8%	(1.9%)	1.4%	1.6%	(2.7%)	(3.4%)	1.9%	(1.0%)	(1.2%)	0.3%	1.3%	12.3%	(3.9%)	4.8%	
% of Sales	(21.3%)	(21.7%)	(23.1%)	(21.7%)	(21.1%)	(20.4%)	(19.9%)	(18.7%)	(18.3%)	(17.4%)	(16.7%)	(16.5%)	(16.6%)	(18.6%)	(17.5%)	(16.5%)	
EBIT	125	128	153	205	262	316	355	423	549	646	756	845	858	841	951	1,146	16.9%
Per sqft	27	24	27	33	39	43	43	47	56	61	67	70	67	62	66	76	8.4%
% Growth (per sqft)		(8.3%)	9.9%	23.8%	17.4%	9.5%	0.7%	8.3%	19.6%	9.1%	9.3%	4.8%	(4.5%)	(7.3%)	7.2%	14.4%	
% Margin	12.8%	11.8%	12.2%	14.5%	16.3%	17.0%	17.2%	18.1%	20.7%	21.8%	23.1%	23.8%	22.7%	20.9%	22.0%	22.7%	
CAPITAL & RETURNS																	
Operating Working Capital		202	188	190	253	285	288	295	377	349	352	492	455	488	434	801	10.4%
As % of Sales		18.5%	15.0%	13.4%	15.8%	15.3%	14.0%	12.7%	14.2%	11.8%	10.8%	13.9%	12.0%	12.1%	10.0%	15.9%	
Tangible Capital Employed		332	326	342	426	493	539	586	709	786	843	1,082	1,099	1,198	1,196	1,604	11.9%
Capital Employed		1,175	1,167	1,182	1,264	1,333	1,396	1,448	1,574	1,653	1,716	1,960	1,980	2,087	2,088	2,496	5.5%
ROTC (at 24% tax rate)		29.4%	35.8%	45.7%	46.7%	48.7%	50.0%	54.8%	58.9%	62.4%	68.1%	59.4%	59.3%	53.4%	60.5%	54.3%	
ROCE (at 24% tax rate)		8.3%	10.0%	13.2%	15.7%	18.0%	19.3%	22.2%	26.5%	29.7%	33.5%	32.8%	32.9%	30.6%	34.6%	34.9%	

Note: FY2019 onwards is adjusted for change in lease accounting for comparability with prior years (and US GAAP)

Key points: MSD average annual growth in sales and gross profit significantly outpaced SG&A growth, leading to substantial operating leverage which drove over a decade of MSD+ comp growth and average annual growth of reported EBIT in the high-teens.