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PRESENTATION

Operator

Good morning, ladies and gentlemen. Thank you for standing by and welcome to the Dorel Industries First Quarter 2018 Results Conference Call.

At this time, all participants are in a listen-only mode. Following the presentation we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press star followed by zero for operator assistance at any time.

Before turning the meeting over to management, please be advised that this conference call will contain statements that are forward looking and subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated.

I would like to remind everyone that this conference call is being recorded on Friday, May 4, 2018.

I will now turn the conference over to Martin Schwartz, President and CEO. Please go ahead, sir.

Martin Schwartz, President & Chief Executive Officer

Thank you. Good morning, everyone, and on behalf of Jeffrey Schwartz and Frank Rana, thank you for joining us for Dorel's first quarter earnings call. We will take your questions following our comments and a reminder that all numbers are in US dollars.

We had been expecting a slower start to the year but the first quarter was actually more difficult than originally anticipated at both Dorel Juvenile and Dorel Sports, to a large degree due to the Toys "R" Us situation. At Dorel Home, January was slow, but things picked up later in the quarter and stayed strong into April. In fact, the warehouse network processed a record number of packages in the ecommerce channel in March.

It is important to clarify the Toys "R" Us situation from Dorel's perspective. Our US annual sales with Toys "R" Us last year represented approximately 3% of Dorel's total revenue. As indicted in today's release, lost Q1 shipments for all three Dorel segments totalled approximately $7 million. There is, of course, the question of receivables, which Jeffrey will discuss shortly. Needless to say, the TRU situation has been analyzed extensively by our various management team. All are unanimous that this business will not be lost but rather will be shifted either to other retailers or sold through other channels.

There will be some market disruption in the short term with TRU liquidation sales. The situation should stabilize by the second half and we are confident we will see these sales being made up elsewhere. The vast majority of Dorel's products are not purchased by consumers on an impulse basis. People shop for juvenile products, bikes, and electric ride-on toys because they want them or have decided to buy them. If they can't get them in one store, they'll go to another.

There are numerous exciting new products being launched through 2018 and into next year. We feel strongly that these introductions, coupled with our strong brand recognition, will find traction with consumers.

In Juvenile, among the launches is the Maxi-Cosi Magellan, a five-in-one convertible car seat. To be unveiled in about a month, it is principally for the US market and is the only seat equipped with Maxi-Cosi's patented adjustable side impact protection. The new Safety 1st RIVA travel system, which was launched to coincide with April 22nd Earth Day, is the only recycled resin stroller frame made in the USA. It is lighter than ever due to our innovative manufacturing process. The six-in-one system has the versatility of parent-facing and forward-facing modes and a first ever no-wake carriage mode. We are quite excited about its prospects. The

Titan and Titan Pro models will augment Maxi-Cosi's multi-age car seat offerings in Europe and are also targeted for Asia and Latin America.

Juvenile's new product roadmap and winning strategies on ecommerce and with key retailers means we are seeing success in most markets. The exception in the first quarter was in Chile, where the shifting marketplace means sales and gross profits are lower. Our wholesale customers have moved completely online, which has had the impact of lowering retail price points and expanding competition within their virtual stores. This has had an impact on our own retail stores as consumers now have access to more points of sale where they can easily comparison shop our products. This was a drag on our earnings in the first quarter. Our response has been to aggressively expand our ecommerce capabilities and reduce our retail footprint to compete in this new environment. With Infanti we remain the number-one baby retailer and number-one brand in the country. As we adjust our business model we believe we will reverse the situation. We remain confident of our long-term prospects in Chile.

At our Dorel Juvenile China factory, production has stabilized and we delivered on time to our internal and external customers around Chinese New Year; however, higher commodity prices and unfavourable foreign exchange levels are hurting our earnings. We will continue to work on improving the factory and will need to raise prices where necessary.

In Sports, the coming months will see the introduction of several exciting model year 2019 bikes expected to be enthusiastically received, including the new Cannondale Lefty. Cannondale will also launch a complete e-bike line in Europe in response to the growing popularity of e-bikes abroad. As well, a new category of interactive ride-on toys has been developed to launch this fall, which will set us apart from the competition.

The positive reaction to Cannondale has been underlined by extensive media recognition. Cycling Plus, the UK's number-one road cycling magazine, has named the SuperSix EVO as the 2018 Race Bike of the Year. Our CAAD12 Ultegra and the Synapse also placed in the top five. The Synapse has been given another distinction, winning the 2018 Road Bike Editors Choice Award. In short, we have every reason to be excited about our line up in Juvenile and Sports.

I'll now turn things over to Jeffrey.

Jeffrey Schwartz, Chief Financial Officer

Thank you. I'll comment on the quarter results now.

Consolidated revenues decreased by $4.4 million or 0.7%. Organic revenues declined by about 3.8%. That's after removing the variation of foreign exchange year over year. A couple of highlights there. Lower sales in Dorel Home's brick-and-mortar channel; Lower sales Dorel Sports mainly from Pacific Cycle, and that's mainly due to poor cycling weather. Again, we started off with a bad first three months; and then the Toys "R" Us liquidation, we actually had $7 million of orders that we did not ship in the month of March because of the bankruptcy.

If we look at the gross profit, we've got a decline of 60 basis points for the first quarter. When we exclude restructuring and other costs, adjusted gross profit decrease is actually 70 basis points.

When we're looking at the SG&A, you know, you see an increase in that area, but the majority of the increase is attributable to foreign exchange variations year over year, particularly in Dorel Juvenile.

The impairment loss from Toys "R" Us was $12.5 million in the quarter. That is the trade receivable write-down. A breakdown of that is $2.1 million in Home, $3.8 million in Juvenile, and $6.6 million in Dorel Sports.

The company reported an overall profit of $12.8 million during the first quarter compared to $33.9 million. When we exclude the restructuring costs it decreased by $25.1 million to $13.9 million from $39 million. And when we remove the impairment loss of $12.5 million the adjusted profit still declined by $12.6 million, and that's primarily due to lower revenues in Dorel Home and Dorel Sports and some lower gross profits in those areas as well.

Finance expenses decreased. If we look at actual interest paid only, it decreased by about $2 million or 20% to $7.8 million for the first quarter, and that's just due to lower rates and lower average bank indebtedness versus last year.

Tax rate, 6.9% for the first quarter compared to 35.7%. When you exclude income taxes on restructuring and other costs you end up with a number of 10.2% versus 22.6%. When we look at the forecast we're still maintaining a 20% to 25% annual rate.

Reported net income for the first quarter was $4.7 million or $0.14 per share compared to $0.27 last year. Excluding restructuring and other costs and the re-measurement of the forward purchase agreement liabilities and the loss on early extinguishment of long-term debt last year, adjusted net income was $5.5 million or $0.17 per share this year versus $22.7 million or $0.69 last year. And then when you add back the Toys "R" Us impairment of receivables, that was worth $0.29 per share, so when you do that it comes to a profit of $15 million or $0.46 per share compared to the $22.7 million or $0.69 per share last year.

We start at Dorel Home now, moving into the segments. First quarter revenue decreased by $11.8 million or 5.8%. A little bit of a timing on that. We had a very, very difficult January, for various reasons. By February we're already comp-ing well with last year and by March we moved ahead of last year, but not by the total amount that we lost in January. If we're looking at April, April looks like a solid month, so I think we're kind of past that slowdown that we had in January and we're back on the growth pattern.

For the first quarter, ecommerce sales represented 50% versus 44%. We're still seeing a decline in regular brick-and-mortar channel and then as well Toys "R" Us, which was one of our accounts for cribs and some other furniture as well. They're gone, including the $3 million of orders that we didn't ship.

First quarter gross profit rose to 17.7%, an improvement of 80 basis points from 16.9%. The improvement is basically because of the shift of sales to higher-margin items. So the mix is improving. We do have some pressure on price, ah, on some costs coming out of raw materials and, as well, our warehouse and distribution costs are going up as our business goes up.

Operating profit declined by $3.5 million or 17.7% during the quarter but when we exclude the Toys "R" Us receivable write-down it actually only declined by $1.4 million or 7%. And, again, like I said, the timing of that was a really slow January start followed by increasing sales on earnings as the quarter went through.

If we move over to Dorel Juvenile, first quarter revenues were increased by $14.7 million or 6.4%. Organic revenues increased by only 0.4% but given the difficult quarter with Toys "R" Us we're not unhappy with that. And, on top of that, revenues increased moderately in the segment's US and European business. And, again, considering what happened, we still grew single digits in the US despite having the issues that we did with Toys "R" Us. So we're upbeat on some of our major markets. Some of the smaller markets are doing well. Brazil, we're seeing growth in Brazil, double digits. We're even seeing growth in Peru, double digits, however, a lot of that was offset by challenges that we have in the Chilean market.

Gross profit decreased by 230 basis points to 28.3 from 30.6. When we remove restructuring it's actually slightly worse. It's about 280 basis points. A lot of that drop is coming out of our factory in China where we've had significant cost increases because of both raw materials and currency. As the Chinese currency has weakened, that's caused some concerns for us from a pricing standpoint. We're now, you know, starting in Q2 and Q3 we'll be increasing our pricing going forward in that area. Chile also, as we talked about, some of the margins Martin mentioned from the shift in the market, that's also put pressure on our business.

I mentioned before, selling expenses, SG&A are up, but a lot of that is foreign exchange related. So the operating profit in the first quarter was $2.6 million versus $9.6 million. Excluding the restructuring and other costs, operating profit for the quarter amounted to $3.7 million versus $15.3 million. And then when you exclude the Toys "R" Us write-down the profit was $7.5 million compared to $15.3 million.

Overall, like I said, we're actually feeling pretty good. We've had a lot of successes with some of the new products. They're just starting to hit the market. Like we said, the US business is improving, the European business is solid, we're getting improvements in different markets, but we did get a lot of noise from Toys "R" Us bankruptcy, that's affected us, and then having both China and Chile drag us down makes this quarter look not that good when there's actually a lot of kind of really good things happening in the background.

Moving over to Dorel Sports, Dorel Sports' first quarter revenue declined by $7.3 million or 3.4%. After you exclude the various exchange rates, the decline was actually 6.2%. Most of that came from our mass market business, which was driven by both the liquidation of Toys "R" Us and poor weather. Last year, you know, it's a poor quarter to start with. The first quarter of bikes is the worst quarter of the year and you never get a tremendous amount of sales anyways January to March in North America; however, this year February was particularly bad versus last year's February and it just drove the top-line sales down for all bike distributors.

The gross profit in the quarter declined by 80 basis points. Excluding restructuring it only declined by 30 basis points to 22.1 from 22.4. A number of different things affecting that. A lot of it is the mix of products that we're selling in the Brazilian market. We're selling more bikes but lower-priced bikes than we did last year. And Pacific Cycle had a decrease in revenue, so that's affecting that.

If we look at the operating profit, it decreased by $10.9 million to an operating loss of $800,000 for the first quarter compared to $10 million. When you exclude the impairment loss on Toys "R" Us, which was the biggest for all three of our sectors was in the bike business, the adjusted profit should be $5.8 million compared to $9.5 million. And, again, that's explained a lot by the lower revenues in all our other accounts on the mass side.

With that, I'll pass it back to Martin.

Martin Schwartz, President & Chief Executive Officer

Thank you, Jeffrey.

Regarding our outlook, while 2018 started with lower sales and earnings than initially expected, we expect improvements over last year as the year progresses. We're confident that much of the Toys "R" Us sales will be recovered commencing in the second half.

At Dorel Home, despite a slow January, sales have bounced back and we remain committed to further revenue growth and higher operating profits in 2018.

At Dorel Juvenile, many significant new product launches are still to come this year and into 2019. The impact of the Toys "R" Us liquidation, the reduced earnings in our Chilean business, and increased costs in China may dampen earnings only in the short term; however, we are seeing ecommerce growth and point-of-sale increases in many of our markets and our planned new product introductions have never been as strong. As a result, we still expect revenue and adjusted operating profit improvement in the second half.

Dorel Sport's second quarter earnings may be reduced by the residual impact of the Toys "R" Us insolvency as they liquidate on-hand inventory and by the poor April weather in our markets. As we enter the second half, the hangover effect of Toys "R" Us liquidation should dissipate and our upcoming new products are expected to drive improved sales and adjusted operating profits.

With that, I will now ask the operator to open the lines for questions and, as always, I ask you to limit them to two on the first round. Operator?

QUESTION AND ANSWER SESSION

Operator

Thank you. At this time, if you would like to ask a question, please press star followed by the one on your telephone keypad. If you are using a speakerphone, please lift your telephone receiver before pressing any keys.

Your first question comes from the line of Derek Lessard from TD Securities. Please go ahead.

Derek Lessard, TD Securities

Good morning, everybody. I was just wondering if you could maybe talk about your comfort around the inventory levels, they're up about $30 million, particularly in the context of the Toys "R" Us liquidation. And maybe just follow up with—can you speak to your confidence of market improvements in the back half of the year? I mean one would have figured that bikes, for example, the commitments from the retailers have already been made and perhaps now you've got a whole bunch of discounted bikes from Toys "R" Us floating around.

Jeffrey Schwartz, Chief Financial Officer

First of all, our inventory is fairly normal. It does climb in the first quarter. We have no real excess inventory of Toys "R" Us product. I mean in many cases they carry very similar products. There might be a handful of bikes but, from our point of view, there's not a lot. We do know that a lot of the retailers, particularly on the bike side, are looking—they see the hole that Toys "R" Us is leaving, which is a lot of the children's bikes. They are looking to take that up by expanding their bike ranges and adding more SKUs to that and going after doing advertising. They're all trying to bring in that buyer.

As Martin said, we don't think there's going to be less bikes sold in America because Toys "R" Us isn't selling them. It wasn't like a spur of the moment thing. For instance, we don't have any TRU-specific bikes with TRU logos or anything like that on that. So we've got to go through the process of getting these bikes listed in various places and that's what we're doing now, but we think by Q2 the run rate will be normalized again. Sorry, second half. Q2 is still going to be impacted, obviously, we're in it right now and we're still doing the process of moving inventories and getting new listings and all of that, but other retailers are open to doing that, to adding more SKUs.

Derek Lessard, TD Securities

Okay. Maybe just one more before I re-queue: Are you able to quantify early on what you expect the TRU charge to be or impact to be in Q2?

Jeffrey Schwartz, Chief Financial Officer

Well, there's not going to be anymore receivable, like a write-down charge, so no. All I'm saying is that your business could be soft as they continue to clear inventory and not reorder, right? So, that could put a damper on, you know, they'll be selling product in the marketplace still in Q2 and not reordering.

Derek Lessard, TD Securities

Okay, thanks. I'll re-queue.

Jeffrey Schwartz, Chief Financial Officer

But we're fully reserved from, ah, or we believe we are, from an AR standpoint.

Operator

Your next question comes from the line of Dave King from ROTH Capital. Please go ahead.

Dave King, ROTH Capital

Thanks. Good morning, guys. So, just to make sure I'm understanding it correctly, do you expect to, I mean are you expecting any kind of resumption in orders from TRU in the back half or is this recovery more on the—

Jeffrey Schwartz, Chief Financial Officer

No, I think what's happening—yeah. So, I think if you go with the idea that the amount of car seats or bikes sold in America is not going to change because Toys "R" Us is gone, what we're saying is those shoppers, particularly on the juvenile side I have even more confidence that those shoppers are going to go somewhere else to buy the product they would have bought at TRU. And we have product in those other locations and we're seeing a lift in other stores and we're seeing other retailers sort of taking on the challenge saying, wow, we know that TRU had a great business in this category, we're going to expand that category and try and pick up that business. So that's still a little early, because I think TRU is still liquidating in Q2, so I can't say that 100% of that business is transferred to other retailers, but we're figuring by the second half that's going to happen and therefore—we're not shipping TRU anymore in the US, there's nothing to ship anymore, but other people are picking up their orders. We're seeing that already.

Dave King, ROTH Capital

Okay. And that's similar to what we've heard from some other consumer product companies as well, that Target and others are trying to pick that up. Okay, that makes sense. And then in terms of what occurred in Chile and now your plans to aggressively expand your own ecommerce capabilities, to what extent do you plan or do you think you might have to take similar actions in other markets over time or, you know, other segments—

Jeffrey Schwartz, Chief Financial Officer

That's a really good question, because I spent some time on that. Chile was unique. Chile was a place that we had a large footprint that was capable of selling a lot of wholesale location. And we built, you know, we were building—we had (inaudible), we didn't build it, that was there to deal with brick-and-mortar. Not our own stores, right? We still have our own stores. We're not talking about that. We're talking about the rest of the Chilean market in which we supply different brands, our own brands but other brands as well, we supply those people. So we had a big footprint. And as that customer base, and it's the same customers, they just stopped selling in their stores and they're moving everybody to go online. Well, that's a different skill set you need and a different footprint you need. So we're going to need to transfer that out.

When we look at all the other markets that we're in, we don't have that anywhere else. Everywhere else we don't have a large footprint dedicated to dealing with brick-and-mortar. And certainly there's nowhere else in the world that I know that's virtually going 100% to online. I mean that's a unique situation where pretty much the only brick-and-mortar stores in Chile are our own stores. People are still going into those but, you know, the Internet is certainly taking a piece of that. So it's unique. It's a unique situation I guess is what I'm saying.

Dave King, ROTH Capital

Okay. No, that's helpful. I've got a few other questions. I'll get back in queue. Thank you.

Operator

Your next question comes from the line of Sabahat Khan from RBC Capital Markets. Please go ahead.

Sabahat Khan, RBC Capital Markets

Thanks. Just following up on the Chile kind of revamping their footprint, how much do you think you're going to have to maybe rationalize your footprint there in that market?

Jeffrey Schwartz, Chief Financial Officer

We're working on that right now. We're developing a new plan. I mean one of the advantages I guess we have is that we understand through our Home business how to deal with the online world and what type of physical structure you need and what roles you need to deal with third-party ecommerce players. We do that really well. So we're now sort of transferring that knowledge base down there so that it'll take less time than it would have normally for a company to do that. And we're going to be cutting some costs and some of the things that we do that we no longer need. As an example, what happened in the past in Chile was they used to have people that would go in the stores on the weekend and guide you to our products. So they would work on the floor of a department store and they'd be specialists in our products. Well, obviously, you don't need to those type of people and you don't need the structure around those people anymore. And that's been going away slowly but, you know, those are the type of things that we're going to have to change and then instead hire people who really understand how to manage websites and manage the traffic and manage the shipping and doing all of those things. So it's sort of a transfer of skill sets but I think we can do that, we have the ability to do that.

Sabahat Khan, RBC Capital Markets

All right, thanks. And then just switching over to the Home segment, can you maybe talk about the weakness that you noted at the brick-and-mortar retailers? I guess was it more outsized weakness than recent quarters? And then what are you seeing for the back half of the year that makes you more confident—

Jeffrey Schwartz, Chief Financial Officer

I don't think it's outsized. I think we're seeing the move to online and it's been going on for a long time and we've been talking about this. If you go back historically you'll look at our quarters and I think the best quarters we had maybe there was a 1% growth in brick-and-mortars or a 1% decline. This was a little bit more than that. And, again, I'm predicting that that's going to continue, that trend. So we're investing and continue to invest all into the online part of that business. I mean brick-and-mortars are still big and we still cater to it, but the future seems clearly to be the online retailers in home furnishings.

Sabahat Khan, RBC Capital Markets

Thank you.

Operator

Your next question comes from the line of Stephen MacLeod from BMO Capital Markets. Please go ahead.

Stephen MacLeod, BMO Capital Markets

Thank you. Good morning, guys. Just two questions here. When you think about the Juvenile and the Sports business, you know, obviously some of the impacts from Q1 will linger, including the Toys "R" Us liquidation, so presumably that weighs on Q2. When you think about the improvements in the back half of the year do you sort of expect adjusted EBIT to be up year over year in Juvenile and Sports for the full year?

Jeffrey Schwartz, Chief Financial Officer

Yeah, I do. Adjusted, yeah, if you take away the decline for sure. We've got, like I said, there's some really good things going on in Juvenile which gets hidden away. I mean it's been a while since we've grown in the US, particularly in a difficult quarter. I think a lot of our competitors are down. We're having some success with some of the new items. We're getting a lot of new listings. We have the best line of products that I've seen Dorel have in the last ten years coming through later this year. So, yeah, I'm excited that we're going to make progress. Chile, hopefully, will be helping us, will be profitable again the in the second half of the year. Maybe not as much as last year but again, you know, we lost some money in the first quarter. But all the other markets, Europe looks good, Asia looks good, Brazil looks good, so I do think there's a lot of great stuff going on there.

On the bike side, you know, we didn't talk much about our IBD business, but it was pretty good. It was stable. Despite the weather, we came on plan, maybe a little bit ahead of plan. So I'm cautiously optimistic. I know we've got some really interesting stuff coming the second half of the year. On the IBD side, all the new bikes come sort of in the summer, the end of the summer, as weird as that is to launch your new bikes at the end of the season, but nevertheless, that's the way the market works, so I've got more hope this year. So I do think that we're going to see some pickup.

But weather's the key on bikes. I mean, you know, April was a really poor start. The end of April was okay. And this particular week in May actually the weather is really good and we're seeing some really strong POS sales. So, you know, if I had a crystal ball and I knew that the weather would be good in May and June, I'd be a lot more optimistic, but right now it's difficult to bet on the weather.

Stephen MacLeod, BMO Capital Markets

Right. Okay. Okay, that's great. And then maybe just shifting to Home, can you just talk a little bit about what you saw driving the weakness in January? And then, since then, did it sort of accelerate quickly or pretty evenly between then and now?

Jeffrey Schwartz, Chief Financial Officer

I don't have all the details. We had a really strong Q4. Some of our retailers might have brought product in then. I don't have anything really about January other than it just got off to a really slow start. But, yeah, steady. Like I said, February we were not behind anymore. I think we were pretty close to last year. And then March we pulled ahead of last year and almost, you know, if we had another few days I bet you we would have maybe even made up and got ahead for the quarter, but we kind of ran out of time. April is off to a pretty good start. We're doing some interesting things as the year goes on with some new categories and some new items. And we're seeing strong growth in the category and I think we're pretty good at what we do and understanding how to grow online, so that's certainly our strength and I'm optimistic we're going to continue to grow.

Stephen MacLeod, BMO Capital Markets

Okay. That's great. Thank you very much.

Operator

Your next question comes from the line of Zachary Evershed from National Bank Financial. Please go ahead.

Zachary Evershed, National Bank Financial

Good morning. I was hoping you could give us the organic growth for Home and how that breaks down between brick-and-mortar and online sales.

Jeffrey Schwartz, Chief Financial Officer

There is no, the organic growth, there is no differences, right, because it's all US currency. So, whatever I gave you... Revenue has decreased by 5.8%. And, you know, I said 50% of that was ecommerce. So I don't have, ah, you can probably figure it out on your own, but we grew on the ecommerce side and we came back down on the brick-and-mortar side.

Zachary Evershed, National Bank Financial

And the brick-and-mortar was falling faster than the ecommerce growth.

Jeffrey Schwartz, Chief Financial Officer

Yeah, I would say—for the quarter, yeah. For the quarter. And keep in mind we also suddenly lost Toys "R" Us at the time, so there's nobody—we didn't have replacement sales in Q1 yet for the Toys "R" Us business.

Zachary Evershed, National Bank Financial

Thank you very much.

Operator

Your next question comes from the line of Derek Lessard from TD Securities. Please go ahead.

Derek Lessard, TD Securities

Yeah, a couple for me. Just wondering what your thoughts are on your debt level going forward. I think you're closer, like after today's quarter, to 3.5 times and just wondering what your comfort levels are, ways you're thinking of bringing it down, and have you thought about if you don't get that rebound or stabilization even if there's a slight disruption in your current business.

Jeffrey Schwartz, Chief Financial Officer

This is a particularly difficult quarter. We're pretty confident that we're going to pick up our business on the juvenile side and the home furnishing side. I mean I don't have a lot of concerns there. I mean the sport side has still got the weather. Like I said, there's still, some things have to happen to see the pickup, but I'm not overly concerned. Our cash flow is fine. We're focused on the cash. Again, we're looking at it, we're comfortable.

Derek Lessard, TD Securities

So in all three you're comfortable. I guess what's your comfort level above 3.5 I guess?

Jeffrey Schwartz, Chief Financial Officer

This is kind of where we are. Again, some of that is subordinated debt, right? So, from a banking standpoint, our numbers are a lot less, you know, if we exclude... We're below 250 from a banking standpoint, because we exclude the subordinated debt there. We want to be below 2.5 and we've been there most of the time.

Derek Lessard, TD Securities

Okay. Fair enough. In terms of your guidance, do you guys have any targets in terms of revenue growth or EBITDA or margin expansion every year? In other words, I'm just wondering what you'd expect for profit growth in 2018 and maybe looking further out—

Jeffrey Schwartz, Chief Financial Officer

You know what? I mean the consumer products sector is really in a lot of turmoil. I'm sure you know if you look at a lot of other people. I mean the retail environment is different. We have a business that's weather-related as well. So that's one of the reasons we don't give an outlook. There's too many moving pieces. We've got to focus on what we can do, which is better product, more efficient, making the right products for this time and for our retailers, and also learning how to do business in the shift to online from brick-and-mortar, and that's what we can do. And it's changing so fast, Derek. Like they say, every year just the changes are faster and greater than the year before and our challenge is to live up to that. So, given all of that, we're not looking to start giving forecasted numbers at this point.

Derek Lessard, TD Securities

Okay. And then maybe just on that challenge from bricks-and-mortars to online, wondering how big the Chilean business is as a percentage of Juvenile and maybe your thoughts on when you expect to get to that level of online expertise.

Jeffrey Schwartz, Chief Financial Officer

First of all, we do have an online presence already on our own in Chile and it is growing. So this is not starting from scratch. I think where we're focused more is being more competitive, not just being online. Everybody is online, it's how do you be really good online. How do you understand what's needed? So that's the plan for this year. We're going to start it, you know, like I said, it's not like we're starting from scratch. We already have something there and they're doing business online, it's just we're doing less business online with the third-party customers than we did when they had their stores. That's the challenge. So, how do we become better than our competitors online is our challenge, not just how do we do business online, because we're doing that and we sell. So we want to be able to do better, more efficient, understand all the different things that you need to do online.

I know in home furnishings, I think we're the best there is, so we have that knowledge in-house. We need to transfer that over to some of the other divisions. And some of them are doing really well as well. I don't want to make it sound like our other divisions are not doing well. Maybe Chile is behind but certainly our European, ah, I would say we're probably the top online juvenile retailer in Europe. We're doing much better, we're growing very fast in the US. We're not the top but we're doing well. And in bikes we're learning more and more and we're investing more in that area.

Derek Lessard, TD Securities

Is there an opportunity on the bikes, so is that on the mass side and is there an opportunity as well on the IBD?

Jeffrey Schwartz, Chief Financial Officer

Well, the mass side is easier. IBD is more challenging. There are some players. I'm not aware of huge success stories in America online. Lots of people are trying. It's better for P&A than it is for actual bikes. Europe has one good online player. It's still a little bit more murky, the IBD end of the online, so we're focused more on the mass side than we are on the other side.

Derek Lessard, TD Securities

Okay. Thanks for that, gentlemen.

Operator

That concludes today's Q&A session. Mr. Schwartz, I turn the call back over to you.

Martin Schwartz, President & Chief Executive Officer

Thank you. I'd like to invite everybody to join us at our annual meeting of shareholders, which will take place in Montreal Tuesday, May 22nd at 9:30 a.m. at the Ritz-Carlton Hotel. I want to thank everybody for joining us today and have a good day.

Operator

This concludes today's conference call. You may now disconnect.
