



Dorel Industries Inc. (TSX: DII.B, DII.A) is a global organization, operating three distinct businesses in juvenile products, bicycles and home products. Dorel's strength lies in the diversity, innovation and quality of its products as well as the superiority of its brands. Dorel Juvenile's powerfully branded products include global brands Maxi-Cosi, Quinny and Tiny Love, complemented by regional brands such as Safety 1st, Bébé Confort, Cosco and Infanti. Dorel Sports brands include Cannondale, Schwinn, GT, Mongoose, Caloi and IronHorse. Dorel Home, with its comprehensive e-commerce platform, markets a wide assortment of domestically produced and imported furniture. Dorel has annual sales of US\$2.6 billion and employs approximately 9,200 people in facilities located in twenty-five countries worldwide.



THIRD QUARTER — SEPTEMBER 30, 2018

INVESTOR FACT SHEET Q3 2018

TSX: DII.B, DII.A

## Q3 HIGHLIGHTS

### DOREL HOME

Third quarter revenue set a new record, increasing US\$20.2 million, or 10.0%, to US\$221.6 million. Year-over-year third quarter e-commerce gross sales grew 26.6% representing 58% of total segment gross sales compared to 51% a year ago, driven by increased sales in all divisions to on-line retailers.

Operating profit decreased US\$1.0 million, or 5.0%, to US\$19.5 million as some divisions were slightly affected by overseas finished goods cost increases that have not yet been fully offset by price increases. Warehouse and distribution costs were higher than prior year due to the segment's additional overall warehouse footprint.

### DOREL JUVENILE

Third quarter revenue decreased US\$6.0 million, or 2.5%, to US\$229.7 million, due mainly to less favourable foreign exchange rates as the organic revenue decrease was only approximately 0.4%.

Dorel Juvenile U.S. sales improved by 5%. Sales improvements continued at major customers as they benefitted from the absence of Toys“R”Us stores. New product launches in Brazil combined with price increases, contributed more than 30% revenue growth for the quarter, though in US dollar terms, this growth was 5%. Sales in Europe in US dollar terms were down 2% as several new market introductions are slowly gaining traction.

The largest contributor to the quarter's lower operating profit was gross profit, as virtually all markets faced pressure on input costs, such as resin and less favourable foreign exchange rates which impacted US dollar denominated input costs.

Operating profit decreased to US\$1.0 million from US\$10.2 million. Adjusted operating profit for the third quarter decreased US\$9.7 million, or 85.2% to US\$1.7 million from US\$11.4 million last year due to lower revenue and lower gross profit partially offset by overall lower operating expenses.

### DOREL SPORTS

Dorel Sports posted a strong quarter with revenue up US\$13.6 million, or 6.6%, to US\$219.1 million. Organic revenue grew approximately 11.8% for the quarter, after excluding the impact of varying foreign exchange rates year-over-year and the divestment of the performance apparel line of business (SUGOI) in the second quarter of 2018.

Cycling Sports Group delivered improved year-over-year results as the U.S. independent bike dealers channel had a solid third quarter finish on the heels of strong momentum created at the annual August sales meeting. The divestiture of SUGOI, other cost cutting measures across all regions and previous restructuring efforts markedly reduced operating expenses.

Pacific Cycle experienced a double-digit revenue increase as customers built inventory in advance of the busy holiday season. Other drivers included improved parts and accessories shipments, continued growth in Mongoose scooter sales and strong sales of battery powered ride-ons.

Caloi posted strong organic revenue growth versus prior year, although declined in reported currency due to unfavourable foreign exchange.

Operating profit increased to US\$7.0 million, up US\$6.8 million. Adjusted operating profit rose to US\$7.5 million, up US\$7.0 million.

## A WORD FROM THE PRESIDENT

While we were pleased with the significant progress at Dorel Sports and the top line success at Dorel Home, Dorel Juvenile had a disappointing quarter. The combination of new model bicycles and strict cost containment resulted in substantial gains at Dorel Sports. With the sale of SUGOI, the segment was able to focus solely on the bicycle business. Dorel Home's e-commerce business continued to account for a growing share of revenues, more than compensating for lost brick and mortar sales. Several factors caused lower gross margins at Dorel Juvenile, which significantly affected earnings and steps are underway to correct this situation. Our new product pipeline for our major markets, both launched and in progress, is the best it has been in recent memory and is expected to reverse the negative trend of the past two quarters.

A substantial number of our imports from China into the U.S. are now subject to new 10% U.S. tariffs, which primarily affect our Dorel Home and Dorel Sports segments. We have informed our customers of the impending price increase necessitated by these tariffs. The rate of imposition is currently scheduled to increase to 25% on January 1, 2019 and at that level, these increases could impact consumer demand in the longer term.

Martin Schwartz  
President & CEO — November 2, 2018

## OUTLOOK

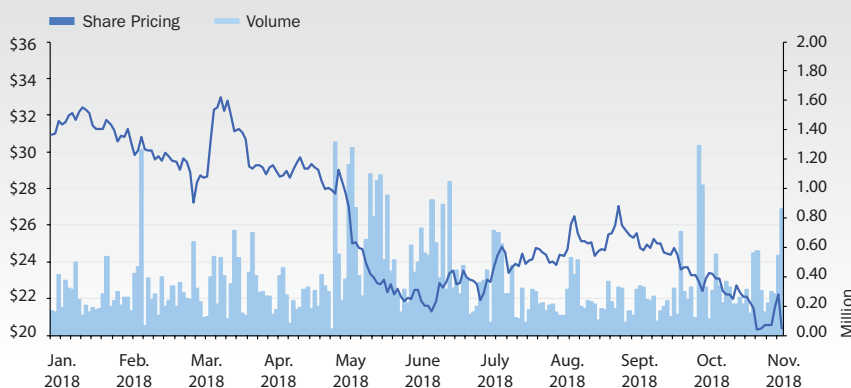
**Dorel Home** is expected to deliver higher sales in the fourth quarter, compared to last year, with operating profit consistent with prior year. **Dorel Juvenile** is expected to recover from its poor third quarter. Current expectations are for organic revenue growth to be in the mid single digit range, with improved gross margins versus the third quarter. Adjusted operating profit in the fourth quarter is expected to be close to prior year levels. Sales strength should continue in the U.S. and the increasing contribution of new product introductions will benefit Europe. In Chile and Peru, the fourth quarter is always the strongest of the year and price increases in several markets will begin to take effect. **Dorel Sports'** improved third quarter results will continue into the fourth quarter as successfully introduced new products start shipping in significant quantities. Much improved fourth quarter adjusted operating profit on higher revenue, will result in excellent year-over-year gains for the segment.

As Dorel has substantial multi-national operations, foreign exchange rates are a risk. However, should the value of the US dollar against the Chinese currency continue to rise, this would provide opportunity for cost savings in all three segments, possibly negating some of the possible negative impacts of other currencies deflating, and of the higher U.S. tariffs.

## GEOGRAPHIC DISTRIBUTION OF 2018 SALES AND SHARE PRICES AND VOLUMES OF 2018



60%	United States
4%	Canada
10%	Latin America
21%	Europe
2%	Asia
3%	Other



## FINANCIAL HIGHLIGHTS (in thousands of US\$, except per share amounts)

(Periods Ended September 30)	Q3 2018	Q3 2017	% chg	9M 2018	9M 2017	% chg
Total revenue	<b>670,437</b>	642,634	4.3%	<b>1,935,967</b>	1,900,616	1.9%
Adjusted gross profit <sup>(1)</sup>	<b>138,934</b>	151,085	(8.0%)	<b>423,516</b>	451,001	(6.1%)
Adjusted net income <sup>(1)</sup>	<b>10,988</b>	14,538	(24.4%)	<b>29,186</b>	49,687	(41.3%)
Adjusted earnings per share <sup>(1)</sup>						
- Basic	<b>0.34</b>	0.45	(24.4%)	<b>0.90</b>	1.53	(41.2%)
- Diluted	<b>0.34</b>	0.44	(22.7%)	<b>0.89</b>	1.52	(41.4%)
Gross profit	<b>138,834</b>	150,832	(8.0%)	<b>421,745</b>	450,303	(6.3%)
Net income (loss)	<b>9,594</b>	13,294	(27.8%)	<b>(445)</b>	33,575	(101.3%)
Earnings (loss) per share						
- Basic	<b>0.30</b>	0.41	(26.8%)	<b>(0.01)</b>	1.04	(101.0%)
- Diluted	<b>0.29</b>	0.41	(29.3%)	<b>(0.01)</b>	1.03	(101.0%)
Capital expenditures <sup>(2)</sup>	<b>12,218</b>	15,569	(21.5%)	<b>39,382</b>	23,351	68.7%
Cash flow from operations	<b>31,224</b>	31,208	0.1%	<b>76,905</b>	41,703	84.4%
Weighted avg. # of diluted shares outstanding	<b>32,738,830</b>	32,699,875	0.1%	<b>32,438,465</b>	32,676,194	(0.7%)
Total assets				<b>2,168,966</b>	2,286,197	(5.1%)
Total debt <sup>(3)</sup>				<b>486,150</b>	486,682	(0.1%)
Shareholders' equity				<b>1,031,819</b>	1,102,202	(6.4%)

(1) As a result of impairment loss on intangible assets, restructuring and other costs, remeasurement of forward purchase agreement liabilities and loss on early extinguishment of long-term debt, these financial measures are presented on an adjusted basis. For reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP, please refer to the section entitled "operating results – non-GAAP financial measure" in the Management Discussion and Analysis for the third quarter and nine months ended September 30, 2018.

(2) Capital expenditures = additions of property, plant and equipment and intangible assets net of any disposals (including net proceeds from disposals of assets held for sale).

(3) Total debt = bank indebtedness + long-term debt.

### STOCK DATA

as at November 2, 2018	(TSX: DII.B, DII.A)
<b>Shares outstanding</b>	A 4,188,975
	B 28,250,214
	32,439,189
Market capitalization (CAD\$M)	660.46
Adjusted P/E ratio (LTM)*	11.09
Reported P/E Ratio (LTM)	(80.31)
Stock price (CAD\$)	\$20.36
52-wk high (CAD\$)	\$33.10
52-wk low (CAD\$)	\$19.71

### DOREL INDUSTRIES INC.

1255 Greene Avenue, Suite 300  
Westmount, Québec, Canada H3Z 2A4  
www.dorel.com  
President and CEO: Martin Schwartz  
CFO: Jeffrey Schwartz

### CONTACT

Jeffrey Schwartz (514) 934-3034  
Email: ir@dorel.com  
**MaisonBrison Communications**  
Rick Leckner (514) 731-0000  
Email: rickl@maisonbrison.com

\* As a result of impairment loss on intangible assets and restructuring and other costs, the P/E ratio is presented on an adjusted basis. For additional information on non-GAAP financial measures, please refer to the section entitled "operating results – non-GAAP financial measures" in the MD&A for the third quarter and nine months ended September 30, 2018.

Except for historical information provided herein, this fact sheet may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Company's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.