



**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 1<sup>st</sup>, 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 8,900 people in facilities located in twenty-five countries worldwide.



TSX: DII.B, DII.A

FOURTH QUARTER — DECEMBER 30, 2019

INVESTOR FACT SHEET Q4 2019

## Q4 HIGHLIGHTS

### DOREL SPORTS

Revenue increased to US\$233.2 million, up US\$0.5 million, or 0.2%, from US\$232.7 million. PCG rose on the back of strong POS at key retailers and robust e-commerce sales. Caloi benefitted from price increases on their models and improved mix on higher Cannondale sales. CSG had increased sales of Cannondale e-bikes and model year '20 product launches.

Q4 operating profit was US\$9.8 million compared with an operating loss of US\$232.1 million last year. Adjusted operating profit\* increased to US\$13.6 million, up US\$8.4 million, or 164.5%. Full year revenue increased to US\$909.0 million, up US\$26.0 million, or 2.9%, from US\$883.0 million. Full year operating profit was US\$30.3 million compared to an operating loss of US\$229.1 million in 2018. Adjusted operating profit increased by US\$13.9 million, or 70.0%, to US\$33.8 million.

To support its next level of growth and to maintain the increasing momentum of the Cannondale brand, Dorel Sports is strengthening its European CSG operations, which will be centralized in the Netherlands. The reorganization is expected to be fully completed by year-end and will result in estimated restructuring costs of between US\$8 million to US\$10 million, of which US\$3.8 million was recorded in Q4.

### DOREL JUVENILE

Revenue was US\$208.9 million, down US\$32.7 million, or 13.6%, from US\$241.6 million. New models introduced such as the award-winning Coral and the Mica, a critical product in the rotating car seat category, are gaining traction.

Q4 operating loss was US\$4.1 million compared to US\$265.8 million. Excluding impairment losses on goodwill and intangible assets, restructuring and other costs, adjusted operating profit was down US\$4.0 million with an adjusted operating loss for the quarter of US\$2.3 million, compared to an adjusted operating profit of US\$1.7 million last year. Europe's performance overshadowed improvements in operating profit in Dorel Juvenile's (DJ) other markets including the DJ China factory. DJ U.S. improved, driven by increasing margins and by expense control. Despite social unrest in that country, DJ Chile's operational results improved versus prior year.

Full year revenue was US\$883.5 million, down US\$48.5 million, or 5.2%, from the prior year. Full year operating loss was US\$13.5 million compared to US\$284.5 million in 2018. Excluding impairment losses on goodwill and intangible assets, restructuring and other costs, adjusted operating profit was US\$14.2 million, up US\$3.4 million. Inventory was reduced by US\$15.1 million in the quarter and since Q2 has decreased by US\$38.4 million.

Restructuring expense was US\$1.8 million and US\$27.4 million for the quarter and year respectively. Savings of US\$5 million were realized in 2019.

### DOREL HOME

Revenue was US\$211.4 million, up US\$2.1 million, or 1.0%, from US\$209.3 million. E-commerce sales represented 70% of the segment's total gross sales. Brick and mortar sales were down. Q4 branded-product sales continued their increase with both CosmoLiving and Novogratz up substantially year-over-year.

Q4 gross profit was 12.5%, down 350 basis points, and for the full year decreased 250 basis points to 14.0%, mainly from higher operating and warehousing costs as well as promotional activity to reduce the year's excess inventory. Q4 operating and adjusted operating profit was US\$11.9 million, down US\$5.6 million, or 32.0%, from an operating profit of US\$17.5 million last year and down US\$5.9 million, or 33.0%, from an adjusted operating profit of US\$17.7 million.

For the full year, revenue was US\$842.1 million, up US\$37.6 million, or 4.7%, from 2018. Operating and adjusted operating profit was US\$56.1 million, down US\$14.1 million, or 20.1%, compared to an operating profit of US\$70.2 million a year ago, and down US\$14.3 million, or 20.4%, compared to an adjusted operating profit of US\$70.4 million. Inventory levels were down approximately US\$41 million to roughly US\$185 million from the mid-year high of over US\$226 million.

## A WORD FROM THE PRESIDENT

Our teams have done an excellent job bringing inventory down to more traditional levels, with a reduction of US\$80 million since Q3. Dorel Sports revenue grew for the third consecutive quarter as our new models, particularly Cannondale, are selling well. Dorel Juvenile Europe's challenges overshadowed progress in other geographies. In the first two months of 2020 we are seeing signs of a turnaround in Europe. Issues at Dorel Home, primarily tariff-related, are being resolved and the segment is focused on growing its top line as it prepares to enter new categories. E-commerce sales continued their upward trend, representing 70% of total fourth quarter segment gross sales.

Our China-based suppliers delayed re-opening following the Chinese New Year due to the Coronavirus, with production delayed by two weeks in most cases. This temporary lack of manpower created several weeks of supply chain disruptions. Most factories in the country are back in operation and are shipping, but not yet at normal levels. Operations at our main Juvenile factory in China are improving daily. We are now at 100% production capacity. During the first two months this year, we did not see any significant impact on consumer spending at retail for Dorel products and our three segments continue to experience increased on-line shopping.

Martin Schwartz  
President & CEO — March 12, 2020

\* This is a non-GAAP financial measure. Please refer to the "operating results — non-GAAP financial measures" section in the Management's Discussion and Analysis for the fourth quarter and year ended December 30, 2019.

## OUTLOOK

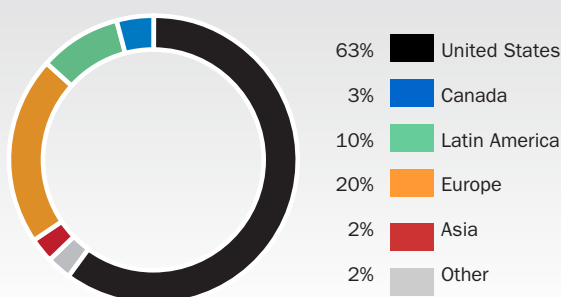
Sales at **DOREL SPORTS** remain strong and the segment is anticipating another good year. The China supply chain is improving and product is expected to be increasingly stable as production gradually returns to normal. At **DOREL JUVENILE**, the year is starting off well. New products introduced in Europe during the fourth quarter are performing well and we are beginning to see signs of a turnaround. **DOREL HOME** forecasts increased sales as it is planning to enter new categories and channels and anticipates growth in its European operations. As well, with inventory under better control, warehousing and logistics costs will be reduced.

The world economy is in uncharted waters due to the ongoing **Coronavirus**, the full impact of which is difficult to predict at this time. Historically, people have purchased juvenile products and personal recreation items such as bicycles during disruptions in the market and are likely to continue to do so. Supply chain interruptions in China will impact the delivery of orders in the first quarter and possibly into the second quarter. Despite overall business improvement, the Coronavirus and related foreign exchange impacts will likely affect the first quarter.

## OTHER

For the fourth quarter and the year ended December 30, 2019, Dorel's effective tax rates were 137.7% and 548.0%, respectively compared to 10.1% and 10.8% for the same periods in the prior year. Excluding income taxes on impairment losses on goodwill, intangible assets and property, plant and equipment, as well as restructuring and other costs, Dorel's fourth quarter and year-to-date adjusted tax rates\* were 68.6% and 49.8%, respectively in 2019 compared with 9.7% and 14.8% in 2018. The main causes of the variation in the reported and adjusted tax rates year-over-year are largely due to the non-recognition of tax benefits related to tax losses and temporary differences and changes in the jurisdictions in which Dorel generated its income.

## GEOGRAPHIC DISTRIBUTION OF 2019 SALES AND SHARE PRICES AND VOLUMES OF 2019



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

(Periods Ended December 30)	Q4 2019	Q4 2018 <sup>(1)</sup>	% chg	12M 2019	12M 2018 <sup>(1)</sup>	% chg
Revenue	<b>653,435</b>	683,546	(4.4)	<b>2,634,646</b>	2,619,513	0.6
Gross profit	<b>132,606</b>	143,047	(7.3)	<b>535,538</b>	564,792	(5.2)
Net loss	<b>(639)</b>	(443,898)	99.9	<b>(10,453)</b>	(444,343)	97.6
Loss per share						
- Basic	<b>(0.02)</b>	(13.68)	99.9	<b>(0.32)</b>	(13.70)	97.7
- Diluted	<b>(0.02)</b>	(13.68)	99.9	<b>(0.32)</b>	(13.70)	97.7
Adjusted gross profit*	<b>132,887</b>	143,534	(7.4)	<b>537,081</b>	567,050	(5.3)
Adjusted net income*	<b>2,297</b>	10,298	(77.7)	<b>16,760</b>	39,484	(57.6)
Adjusted earnings per share*						
- Basic	<b>0.07</b>	0.32	(78.1)	<b>0.52</b>	1.22	(57.4)
- Diluted	<b>0.07</b>	0.31	(77.4)	<b>0.51</b>	1.21	(57.9)
Capital expenditures <sup>(2)</sup>	<b>9,841</b>	11,811	(16.68)	<b>32,217</b>	51,193	(37.1)
Cash flow from operations	<b>32,550</b>	33,302	(2.3)	<b>85,786</b>	110,166	(22.1)
Weighted avg. # of diluted shares outstanding	<b>32,466,082</b>	32,439,189	0.1	<b>32,448,448</b>	32,438,645	0.0
Total assets				<b>1,860,106</b>	1,733,506	
Total debt <sup>(3)</sup>				<b>501,800</b>	487,167	
Shareholders' equity				<b>534,166</b>	581,103	

(1) The Company has initially applied IFRS 16 as at December 31, 2018. Under the transition method chosen, comparative information is not restated.

(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 March 12, 2020

(TSX: DII.B, DII.A)

Shares outstanding  
 A 4,188,475  
 B 28,299,631  
 32,488,106

Market capitalization (CAD\$M) .....63.35  
 Adjusted P/E ratio (LTM)\*\* .....2.88  
 Reported P/E Ratio (LTM) ..... (4.61)  
 Stock price (CAD\$) .....\$1.95  
 52-wk high (CAD\$).....\$13.65  
 52-wk low (CAD\$).....\$1.90

### DOREL INDUSTRIES INC.

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\*\* As a result of impairment losses on goodwill, intangible assets and property, plant and equipment, 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 Management's Discussion and Analysis for the fourth quarter and year ended December 30, 2019.

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.