



DOREL JUVENILE

Maxi-Cosi

Quinny

Tiny Love

Safety 1st

Bébé Confort

Cosco

Infanti

DOREL SPORTS

Cannondale

Schwinn

Caloi

GT

Mongoose

KidTrax

DOREL HOME

Dorel Home Products

Cosco Home & Office

Ameriwood

Dorel Living

Signature Sleep

Little Seeds

EXCHANGES

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C O M M U N I Q U É

Dorel Agrees to Going-Private Transaction at C\$14.50 per Share

- Buyer Group led by an affiliate of Cerberus Capital Management, L.P. enters into definitive agreement to purchase all Dorel shares for C\$14.50 per share in cash, excluding shares held by Martin Schwartz, Alan Schwartz, Jeffrey Schwartz, Jeff Segel and members of their immediate families

- Definitive agreement with Buyer Group follows independent and thorough evaluation process and negotiations by Special Committee of the Board of Directors of Dorel and provides compelling value to Dorel shareholders

Montréal, November 13, 2020 – Dorel Industries Inc. (TSX: DII.B, DII.A) (“**Dorel**”) today announced that based on the recommendation of an independent committee of Dorel’s Board of Directors (the “**Special Committee**”), Dorel has entered into a definitive arrangement agreement (the “**Arrangement Agreement**”) pursuant to which a buyer group (the “**Buyer Group**”) led by an affiliate of Cerberus Capital Management, L.P. (“**Cerberus**”) will acquire, for C\$14.50 per share in cash, all of Dorel’s issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares, except for an aggregate of 4,009,410 Class A Multiple Voting Shares and 2,573,503 Class B Subordinate Voting Shares (the “**Rollover Shares**”) owned by Martin Schwartz, Alan Schwartz, Jeffrey Schwartz, Jeff Segel and members of their immediate families (collectively, the “**Family Shareholders**”), by way of a statutory plan of arrangement under the *Business Corporations Act* (Québec) (the “**Arrangement**”).

The Board of Directors of Dorel, acting on the unanimous recommendation of the Special Committee, determined that the Arrangement is in the best interests of Dorel and fair to non-Family Shareholders (the “**Public Shareholders**”), unanimously approved the Arrangement and unanimously recommends that the Public Shareholders vote in favour of the Arrangement at a special meeting of shareholders to be held to approve the Arrangement.

Norman M. Steinberg, Chair of the Special Committee, said, “Today’s announcement is the culmination of a comprehensive process that began in December 2019 when the Family Shareholders informed the Dorel Board of Directors of their intention to initiate a process to find a partner to take Dorel private. Over a period of eleven months, the Special Committee, with the advice of independent financial and legal advisors, has overseen and supervised this process, including contacting more than 25 potential financial sponsor partners, providing diligence materials to such partners, reviewing and considering non-binding proposals submitted by certain of these parties, and negotiating the financial and legal terms of the transaction proposed by the Buyer Group. The Special Committee believes that the Arrangement represents fair value for the Public Shareholders and is the best path forward for Dorel and all of

its stakeholders. We are pleased to have been able to reach this agreement with the Buyer Group at a time when Dorel is benefitting from increased demand for its products amid the unique backdrop of 2020.”

Martin Schwartz, President and Chief Executive Officer of Dorel, said “The Family Shareholders believe that the Arrangement is a win for all of Dorel’s stakeholders, including the Public Shareholders. This transaction will enable Dorel to continue to serve our employees, business partners and other stakeholders, and position Dorel on a path for continued growth.”

“We are very pleased to partner with the Family Shareholders in this transaction,” commented Scott Wille, Senior Managing Director at Cerberus. “Dorel has a long and successful history based on its entrepreneurial culture. We are excited to collaborate with Dorel’s talented and dedicated managers and employees across all three of their business segments to further accelerate growth and enhance each segment’s leadership position.”

The cash consideration to be paid to the Public Shareholders will be financed through a combination of cash funded by the Buyer Group and by Koch Equity Development LLC (“KED”) and committed financing from a group of lenders.

Transaction Highlights and Rationale

In response to the Family Shareholders expressing an interest in exploring a potential privatization transaction, the Board of Directors established the Special Committee, comprised of Norman M. Steinberg (chair), Alain Benedetti, Dian Cohen, Brad A. Johnson, Sharon Ranson and Maurice Tousson, all of whom are independent directors of Dorel.

Dorel, with the help of its financial and legal advisors, designed a process to solicit interest from potential counterparties. Over the past eleven months and under the supervision of the Special Committee, BMO Capital Markets (“BMO”), in its capacity as financial advisor, solicited interest in a potential transaction from a large number of parties. Proposals, including that of Cerberus at C\$14.50 per share, were evaluated based on a number of factors.

The Special Committee, after receiving the fairness opinions of BMO and TD Securities Inc. (“TD Securities”), a formal valuation of TD Securities and legal and financial advice, unanimously determined that the Arrangement is fair to the Public Shareholders, recommended that the Board of Directors approve the Arrangement Agreement and recommend that the Public Shareholders vote in favour of the resolution approving the arrangement (the “**Arrangement Resolution**”) at a special meeting of Dorel shareholders to be called to approve the Arrangement. The Board of Directors, after receiving the fairness opinions of BMO and TD Securities, the formal valuation of TD Securities, legal and financial advice and the recommendation of the Special Committee, unanimously determined, with Martin Schwartz, Alan Schwartz, Jeffrey Schwartz and Jeff Segel abstaining from voting, that the Arrangement is in the best interests of Dorel and is fair to the Public Shareholders, and unanimously recommends, with Martin Schwartz, Alan Schwartz, Jeffrey Schwartz and Jeff Segel abstaining from voting, that the Public Shareholders vote in favour of the Arrangement Resolution.

The conclusions and recommendations of the Special Committee and the Board of Directors are based on a number of factors, including the following:

- **Premium to Dorel Trading Price:** The purchase price represents a 32% premium to the C\$11.02 closing price of Dorel’s Class B Subordinate Voting Shares on the Toronto Stock Exchange (“TSX”) on September 4, 2020, the date on which the Family Shareholders granted exclusivity to Cerberus, and for the periods ended October 30, 2020, a 19% premium to the 60-day volume weighted average trading price (“VWAP”) and a 7% premium to the 30-day VWAP of Dorel’s Class B Subordinate Voting Shares on the TSX.
- **Certainty of Value and Liquidity:** The payment to the Public Shareholders under the terms of the Arrangement Agreement will be all cash, which provides certainty and immediate liquidity. By contrast, Dorel has historically experienced limited trading liquidity, which makes it difficult for existing Public Shareholders to realize meaningful liquidity through the public markets on which the shares trade.
- **Value Supported by a Formal Valuation and Two Fairness Opinions:** The Special Committee received a fairness opinion and independent formal valuation of Dorel’s shares from TD Securities as well as a fairness opinion from

BMO. The purchase price of C\$14.50 per share is within the range of fair market value for the shares of C\$14.00 to C\$17.00 per share as of November 12, 2020, as set out in TD Securities' written valuation report pursuant to *Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), and subject to the assumptions, limitations and qualifications included therein.

- **Procedural Safeguards for Minority Shareholders:** The Arrangement was negotiated by the Special Committee, which is comprised solely of directors who are unrelated to the Family Shareholders and management, and which was advised by experienced, qualified and independent financial and legal advisors. The Arrangement will become effective only if it is approved by (i) at least 66 ^{2/3}% of the votes cast by shareholders at a special meeting of shareholders called to consider the Arrangement; (ii) a simple majority of the votes cast by shareholders, excluding for this purpose the votes attached to Rollover Shares and other Class A Multiple Voting Shares pursuant to MI 61-101, and (iii) the Superior Court of Québec, after considering the procedural and substantive fairness of the Arrangement.
- **Attractive Transaction Relative to Status Quo:** The Special Committee, with the assistance of its financial and legal advisors, and based upon its collective knowledge of the business, affairs, operations, assets, liabilities, financial condition, results of operations and prospects of Dorel and the current and prospective environment in which Dorel operates (including global tariffs and the current global economic and market conditions, notably in the context of the COVID-19 pandemic), believes that the Arrangement is an attractive proposition for shareholders relative to the status quo.
- **Challenges Presented by Operational, Financial and Share Price Performance:** Dorel's public stock trades at a notable discount to its peers and historical trading levels. The share price has declined notably over the last five years, with a share price decrease of approximately 53% for a variety of reasons, including concerns about global tariffs, the COVID-19 pandemic, Dorel's volatile margins and financial situation as well as its mixed track record of delivering on an operational and financial level. The Special Committee believes that this dynamic is likely to continue, rendering the all-cash consideration offered by the Buyer Group attractive for the Public Shareholders.
- **Extensive Process:** BMO conducted a comprehensive process, contacting more than 25 potential financial sponsor partners over a period of eleven months leading up to the Arrangement. The Arrangement Agreement is the result of extensive arm's-length negotiations between Dorel and Cerberus, with the oversight and participation of the Special Committee, which received independent legal and financial advice throughout the process; the purchase price of C\$14.50 per share represents the highest proposal received as part of the process.
- **Ability to Respond to Superior Proposal:** Under the Arrangement Agreement, the Board of Directors, in certain circumstances until shareholder approval is obtained, is able to consider, accept and enter into a definitive agreement with respect to a superior proposal, or withdraw, modify or amend its recommendation that shareholders vote to approve the Arrangement Agreement. In addition, Dorel's independent directors have entered into customary voting and support agreements with the Buyer Group that provide the ability to vote for, support or participate in a superior proposal. In the view of the Special Committee, none of the break fees potentially payable under the Arrangement Agreement would preclude a third party from making a superior proposal. However, the limitations contained in the voting and support agreements executed by the Family Shareholders in favour of Cerberus restrict the ability to vote for, support or participate in a superior proposal. This may discourage other parties from offering to acquire Dorel's shares.
- **Arm's Length Negotiations and Oversight:** The Arrangement Agreement is the result of robust, arm's-length negotiations between Dorel and the Buyer Group. Extensive financial, legal and other advice was provided to the Special Committee and the Board of Directors. This advice included detailed financial advice from highly-qualified financial advisors, including with respect to remaining an independent publicly-traded company and continuing to pursue Dorel's business plan on a stand-alone basis as well as a formal valuation of the shares.

- **Limited Conditions to Closing:** The Buyer Group's obligation to complete the Arrangement is subject to a limited number of customary conditions that the Special Committee believes are reasonable in the circumstances. The completion of the Arrangement is not subject to any financing condition.
- **Family Shareholders' Intentions:** The Family Shareholders have advised the Special Committee that they are not interested in any alternative transaction, including the sale of their interests in Dorel or the sale of any of Dorel's businesses segments or material assets.

Fairness Opinions and Independent Valuation

In connection with its review, Dorel retained BMO as financial advisor and the Special Committee retained TD Securities as independent financial advisor and independent valuator. BMO and TD Securities each provided an opinion that, as at November 12, 2020, subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by the Public Shareholders pursuant to the Arrangement is fair to such shareholders from a financial point of view. TD Securities also provided the Special Committee with a formal valuation that was completed under the supervision of the Special Committee. The formal valuation, dated as of November 12, 2020, determined that as at November 12, 2020, subject to the assumptions, limitations and qualifications contained therein, the fair market value of Dorel's shares ranged from C\$14.00 to C\$17.00 per share. The fairness opinions and formal valuation will be included in the management information circular to be filed and distributed to Dorel shareholders in connection with the special meeting.

Transaction Details

The Arrangement will be implemented by way of a statutory plan of arrangement under the *Business Corporations Act* (Québec) and is subject to approval by the Québec Superior Court. Implementation of the Arrangement will also be subject to approval of the Arrangement Resolution by at least 66 ^{2/3}% of the votes cast by Dorel shareholders present in person or represented by proxy at the special meeting, voting as a single class, and to approval of the Arrangement Resolution by a simple majority of the votes cast by holders of Class B Subordinate Voting Shares in person or represented by proxy at the special meeting, excluding the Rollover Shares held by the Family Shareholders and their respective affiliates. Under Canadian securities regulations, holders of Class A Multiple Voting Shares will not participate in the "majority of the minority" vote as the Family Shareholders own in the aggregate more than 90% of the Class A Multiple Voting Shares. Further details regarding the applicable voting requirements will be contained in Dorel's management information circular to be prepared in connection with the special meeting.

The Arrangement Agreement includes customary provisions relating to non-solicitation, subject to customary "fiduciary out" provisions that entitle Dorel to consider and accept a superior proposal if the purchaser does not match the superior proposal. A termination fee of approximately C\$14.1 million will be payable by Dorel to the purchaser in certain circumstances, including if the purchaser fails to exercise its right to match in the context of a superior proposal supported by Dorel. The purchaser has agreed to pay Dorel a termination fee of approximately C\$23.6 million if the Arrangement is not completed in certain circumstances. The Arrangement is subject to customary closing conditions, including receipt of regulatory approvals, and is expected to close early in 2021.

Dorel intends to hold the special meeting of shareholders in January 2021. In light of ongoing public health concerns related to the COVID-19 pandemic and in order to comply with government decrees, the special meeting will be held in virtual-only format, conducted via live webcast. Shareholders will be able to participate and vote at the meeting online regardless of their geographic location. Additional details regarding the terms and conditions of the Arrangement, the rationale for the recommendations made by the Special Committee and the Board of Directors, and how shareholders can participate in and vote at the virtual meeting, will be set out in Dorel's management information circular. The circular and the Arrangement Agreement will be available under Dorel's profile at www.sedar.com.

The Family Shareholders will remain shareholders of Dorel following closing of the Arrangement. Martin Schwartz, Alan Schwartz, Jeffrey Schwartz and Jeff Segel are executive officers and directors of Dorel. The Rollover Shares represent

95.7% of Dorel's 4,188,375 issued and outstanding Class A Multiple Voting Shares and 9.1% of its 28,316,946 issued and outstanding Class B Subordinate Voting Shares.

Early Warning Disclosure by the Family Shareholders

Further to the requirements of *National Instrument 62-104 Take-Over Bids and Issuer Bids* and *National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*, the Family Shareholders will file an early warning report stipulating that together with Cerberus, they intend to acquire, directly or indirectly, all of Dorel's issued and outstanding shares other than the Rollover Shares by way of a plan of arrangement and for which they have entered into irrevocable voting support agreements pursuant to which they have agreed to support, and vote all of their Dorel shares in favour of, the Arrangement Resolution and against any resolution submitted by any shareholder that is inconsistent therewith. A copy of the Family Shareholders' early warning report will be filed with the applicable securities commissions and will be made available on SEDAR at www.sedar.com. Further information may be obtained by contacting Mr. Jeffrey Schwartz, Executive Vice-President, Chief Financial Officer and Secretary of Dorel, at 514 934-3034.

Advisors

BMO is acting as the financial advisor to Dorel and TD Securities has been retained by the Special Committee as independent financial advisor and independent valuator in accordance with applicable securities laws. McCarthy Tétrault LLP acts as independent legal counsel to the Special Committee and Fasken Martineau DuMoulin LLP acts as legal counsel to Dorel.

Rothschild & Co is acting as financial advisor, Houlihan Lokey Capital, Inc. is acting as placement agent, while Kirkland & Ellis LLP and Blake, Cassels & Graydon LLP are acting as legal counsel to Cerberus. Davies Ward Phillips & Vineberg LLP is acting as legal counsel to the Family Shareholders. Osler, Hoskin & Harcourt LLP is acting as legal counsel to KED.

About Dorel Industries Inc.

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, Béb  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 8,000 people in facilities located in 25 countries worldwide.

About Cerberus

Founded in 1992, Cerberus is a global leader in alternative investing with over \$48 billion in assets across complementary credit, private equity, and real estate strategies. We invest across the capital structure where our integrated investment platforms and proprietary operating capabilities create an edge to improve performance and drive long-term value. Our tenured teams have experience working collaboratively across asset classes, sectors, and geographies to seek strong risk-adjusted returns for our investors. For more information about our people and platforms, visit us at www.cerberus.com.

About Koch Equity Development

KED is the acquisition and investment subsidiary of Koch Industries, Inc. and focuses its efforts on traditional merger and acquisition activity, as well as principal investments. Since 2012, KED has invested approximately US\$30 billion of equity capital into public, private and family-owned businesses.

Caution Regarding Forward-Looking Statements

Certain statements included in this press release may constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. More particularly and without limitation, this press release contains forward-looking statements

and information regarding the anticipated benefits of the proposed Arrangement for Dorel, its employees, business partners, shareholders and other stakeholders, including future financial and operating results, plans, objectives, expectations and intentions of Cerberus, the Buyer Group or Dorel, and the anticipated timing of the special meeting of Dorel shareholders and of the completion of the proposed Arrangement. Except as may be required by Canadian securities laws, Dorel does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from Dorel's expectations expressed in or implied by such forward-looking statements and that the objectives, plans, strategic priorities and business outlook may not be achieved. As a result, Dorel cannot guarantee that any forward-looking statements will materialize, or if any of them do, what benefits Dorel will derive from them.

In respect of forward-looking statements and information concerning the anticipated benefits and timing of the completion of the proposed Arrangement, Dorel has provided such statements and information in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court and shareholder approvals; the ability of the parties to satisfy, in a timely manner, the other conditions for the completion of the Arrangement, and other expectations and assumptions concerning the proposed Arrangement. The anticipated dates indicated may change for a number of reasons, including the inability to receive, in a timely manner, the necessary regulatory, court and shareholder approvals, the necessity to extend the time limits for satisfying the other conditions for the completion of the proposed Arrangement or the ability of the Board of Directors to consider and approve, subject to compliance by Dorel of its obligations under the Arrangement Agreement, a superior proposal for Dorel. Although Dorel believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct, that the proposed Arrangement will be completed or that it will be completed on the terms and conditions contemplated in this press release. Accordingly, investors and others are cautioned that undue reliance should not be placed on any forward-looking statements.

Risks and uncertainties inherent in the nature of the proposed Arrangement include, without limitation, the failure of the parties to obtain the necessary shareholder, regulatory and court approvals or to otherwise satisfy the conditions for the completion of the Arrangement; failure of the parties to obtain such approvals or satisfy such conditions in a timely manner; significant transaction costs or unknown liabilities; the ability of the Board of Directors to consider and approve, subject to compliance by Dorel with its obligations under the Arrangement Agreement, a superior proposal for Dorel; the failure to realize the expected benefits of the Arrangement; and general economic conditions. Failure to obtain the necessary shareholder, regulatory and court approvals, or the failure of the parties to otherwise satisfy the conditions for the completion of the Arrangement or to complete the Arrangement, may result in the Arrangement not being completed on the proposed terms or at all. In addition, if the Arrangement is not completed, and Dorel continues as an independent entity, there are risks that the announcement of the proposed Arrangement and the dedication of substantial resources by Dorel to the completion of the Arrangement could have an impact on its business and strategic relationships, including with future and prospective employees, customers, suppliers and partners, operating results and activities in general, and could have a material adverse effect on its current and future operations, financial condition and prospects. Furthermore, the failure by Dorel to comply with the terms of the Arrangement Agreement may, in certain circumstances, result in it being required to pay a fee to the Buyer Group, the result of which could have a material adverse effect on its financial position and results of operations and its ability to fund growth prospects and current operations. Consequently, Dorel cautions readers not to place undue reliance on the forward-looking statements and information contained in this press release.

No Offer or Solicitation

This announcement is for informational purposes only and does not constitute an offer to purchase or a solicitation of an offer to sell Dorel shares.