



DOREL JUVENILE

Maxi-Cosi
Bébé Confort
Quinny
Safety 1st
Tiny Love
BabyArt
Cosco
Infanti
Mother's Choice
Voyage

DOREL SPORTS

Cannondale
Schwinn
Mongoose
GT
Caloi
SUGOI

DOREL HOME FURNISHINGS

Ameriwood
Altra Furniture
Cosco Home & Office
Dorel Home Products
Signature Sleep
Dorel Living

EXCHANGES

TSX: DII.B, DII.A

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DOREL REPORTS IMPROVED FIRST QUARTER 2016 RESULTS

- **Home Furnishings operating profit reaches 9.3% of segment's revenue**
- **Juvenile segment adjusted operating profit increases 80.6%**
- **Pacific Cycle posts strong quarter due to early Spring and Easter holiday**

Montréal, May 6, 2016 — Dorel Industries Inc. (TSX: DII.B, DII.A) today released results for the first quarter ended March 31, 2016. Total revenue was US\$645.9 million, down 2.9% from US\$665.5 million a year ago. Adjusted net income for the quarter was up 66.7% to US\$19.7 million or US\$0.60 per diluted share from US\$11.8 million, or US\$0.36 per diluted share in 2015. Reported net income increased 43.9% to US\$16.7 million, or US\$0.51 per diluted share, compared to US\$11.6 million or US\$0.36 per diluted share in the first quarter of 2015.

"We are pleased with the positive start to the year. Dorel Home Furnishings delivered another record quarter and has evolved into a growth company with opportunity for further expansion with its on-line customers. Newly introduced Dorel Juvenile products are resonating well with consumers and improved pricing has resulted in better gross margins in the majority of our markets," commented Martin Schwartz, Dorel President & CEO.

As detailed below, the reported net income includes restructuring and other costs and remeasurement of forward purchase agreement liabilities. As such, the Company is presenting adjusted financial information as it believes that excluding these items is a more meaningful comparison of its core business performance between the periods presented. Contained within this press release are reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP.

| Summary of Financial Information (unaudited) | | | |
|---|-------------|-------------|-----------------|
| First Quarters Ended March 31 | | | |
| All figures in thousands of US \$, except per share amounts | | | |
| | 2016 | 2015 | |
| | \$ | \$ | Change % |
| Total revenue | 645,867 | 665,489 | (2.9%) |
| Net income | 16,734 | 11,632 | 43.9% |
| Per share - Basic | 0.52 | 0.36 | 44.4% |
| Per share - Diluted | 0.51 | 0.36 | 41.7% |
| Adjusted net income | 19,671 | 11,799 | 66.7% |
| Per share - Basic | 0.61 | 0.37 | 64.9% |
| Per share - Diluted | 0.60 | 0.36 | 66.7% |
| Number of shares outstanding – | | | |
| Basic weighted average | 32,333,261 | 32,321,639 | |
| Diluted weighted average | 32,545,454 | 32,513,889 | |

Dorel Juvenile

All figures in thousands of US \$

| First Quarters Ended March 31 (unaudited) | | | | | |
|---|---------|-----------|---------|-----------|----------|
| | 2016 | | 2015 | | |
| | \$ | % of rev. | \$ | % of rev. | Change % |
| Total revenue | 253,228 | | 274,695 | | (7.8%) |
| Gross profit | 73,033 | 28.8% | 71,441 | 26.0% | 2.2% |
| Operating profit | 15,620 | 6.2% | 9,175 | 3.3% | 70.2% |
| Adjusted gross profit | 73,033 | 28.8% | 71,441 | 26.0% | 2.2% |
| Adjusted operating profit | 18,585 | 7.3% | 10,292 | 3.7% | 80.6% |

Dorel Juvenile's first quarter revenue decreased by US\$21.5 million or 7.8% to US\$253.2 million compared with US\$274.7 million in 2015. Organic revenue declined by approximately 4% after removing the impact of varying exchange rates year-over-year, mainly attributable to lower sales in the U.S. and planned reduced third party sales at Dorel Juvenile China. Adjusted operating profit, excluding restructuring and other costs, rose by US\$8.3 million or 80.6% to US\$18.6 million. This was due to both improved margins and lower operating expenses, driven by cost savings from the segment's restructuring activities in China, Europe and North America. Foreign exchange rates were weaker against the US dollar compared to last year's first quarter, with the exception of the Chinese Yuan. However, price increases and production efficiencies more than offset the foreign exchange impact, and contributed to an increase in gross margin from 26.0% to 28.8%.

The production transfer of certain products continues from third party suppliers to Dorel Juvenile China's manufacturing facilities, in line with the Company's change in sourcing strategy and the transformation of the segment into a more fully integrated operation. Despite the reduced third party sales, the Dorel Juvenile China operation was a contributor to the segment's increased operating profit.

The segment recorded restructuring expenses of US\$2.2 million, primarily for employee severance and termination benefits.

Dorel Sports

All figures in thousands of US \$

| First Quarters Ended March 31 (unaudited) | | | | | |
|---|---------|-----------|---------|-----------|----------|
| | 2016 | | 2015 | | |
| | \$ | % of rev. | \$ | % of rev. | Change % |
| Total revenue | 216,497 | | 228,929 | | (5.4%) |
| Gross profit | 47,498 | 21.9% | 53,460 | 23.4% | (11.2%) |
| Operating profit | 5,254 | 2.4% | 11,562 | 5.1% | (54.6%) |

Dorel Sports revenue decreased by US\$12.4 million or 5.4% to US\$216.5 million compared to US\$228.9 million last year. After removing the impact of varying year-over-year foreign exchange rates, organic revenue declined by approximately 3%. Part of the shortfall was due to shipments of 2016 model year bicycles in the Cycling Sports Group (CSG) occurring in December 2015 as opposed to in the first quarter of 2016. This was made possible by improvements in on-time delivery. The lower revenue was also due to the non-recurrence of higher sales to European dealers who stocked up in March 2015 in advance of an expected April 2015 price increase triggered by currency pressures. Partly offsetting this were strong bicycle sales by Pacific Cycle to U.S. mass market customers, mostly for the Schwinn and Mongoose brands, as the favourable weather and earlier Easter holiday benefitted March sales.

Operating profit decreased to US\$5.3 million from US\$11.6 million due to the decreased sales as explained above and lower margins from discounting on the independent bike dealers (IBD) sales in the U.S. in order to maintain market share as key competition executed price decreases to reduce their excess inventory.

Dorel Home Furnishings

All figures in thousands of US \$

| | First Quarters Ended March 31 (unaudited) | | | | |
|------------------|---|-----------|---------|-----------|----------|
| | 2016 | | 2015 | | Change % |
| | \$ | % of rev. | \$ | % of rev. | |
| Total revenue | 176,142 | | 161,865 | | 8.8% |
| Gross profit | 29,522 | 16.8% | 20,674 | 12.8% | 42.8% |
| Operating profit | 16,468 | 9.3% | 9,550 | 5.9% | 72.4% |

Dorel Home Furnishings revenue increased by US\$14.3 million, or 8.8% to a record US\$176.1 million compared with US\$161.8 million a year ago. The segment recorded another superior quarter of sales to on-line retailers which continue to drive revenue growth. The e-commerce distribution channel represented 42% of total segment sales, compared to 30% last year. This growth far exceeded reductions in sales through the brick and mortar channel.

Operating profit increased to US\$16.5 million from US\$9.6 million, reaching 9.3% as a percentage of revenue. This was due to the continuing sales growth as well as higher margins attained through the e-commerce distribution channel. Partly offsetting the improved gross margin dollars were higher selling and general and administrative expenses to support the significant sales growth in the quarter.

Other

The Company's effective first quarter tax rate was 17.2% versus 24.3% the prior year. The Company has stated that for the full year it expects its annual tax rate to be between 15% and 20%.

During the first three months of 2016, the Company's focus on generating increased cash flow provided the desired results. Cash flow used by operating activities was US\$5.9 million, significantly less than US\$86.5 million used in 2015. The main reasons for the improvement were higher net income and decreased inventory levels compared with an increase during the first quarter of 2015.

Quarterly dividend

Dorel's Board of Directors declared its regular quarterly dividend of US\$0.30 per share on the outstanding number of the Company's Class A Multiple Voting Shares, Class B Subordinate Voting Shares, Deferred Share Units and cash-settled Performance Share Units. The dividend is payable on June 3, 2016 to shareholders of record as at the close of business on May 20, 2016.

Outlook

"2016 has begun, as expected, with a significant increase in earnings over last year's first quarter. In our Juvenile segment, improved margins and cost containment resulted in significant progress in the first quarter. We are confident of a much better 2016 with organic sales growth in all markets except China where we are managing the planned exit of third party competitor sales from our China factories, offsetting the lost sales with our own insourced product and significant improvements in operations. The second quarter will not exceed prior year, but this is only a function of timing. The second half will continue the positive trend of the first quarter," stated Martin Schwartz, Dorel President & CEO.

“In Home Furnishings, we have started the year with our best quarter in many years as our line of furniture is extremely well-suited to the e-commerce sales channel. We identified several years ago that this channel was going to be the future of our industry and we are now capitalizing on our operational investments to increasingly capture this business. We have placed more products at more customers each year, and the results are evident. While the pace of earnings improvement will slow, we expect to continue to deliver strong results compared to prior years.”

“The Pacific Cycle division will continue to grow modestly through the year and will surpass 2015 in both sales and earnings. The Schwinn brand has strong traction with consumers and this has been translated into a solid first quarter in the mass channel. Despite the situation in Brazil, Caloi is on target to meet its earnings objectives, although sales will be down year-over-year. Price competition in the IBD sector is making for a challenging first half and demand for premium bicycles is uncertain. We foresee improvement during the second half as Dorel’s line of model year 2017 bikes is compelling and there has been good reaction to the recently introduced Quick and Scalpel models. Additional models will be introduced later this year. We will continue to be proactive in CSG and we will closely monitor the situation throughout the year. However, despite the slow start, Dorel Sports is expected to exceed 2015’s performance. ”

“Overall our strength in the Juvenile and Home Furnishing segments should lead Dorel to an improved 2016 performance,” concluded Mr. Schwartz.

Conference Call

Dorel Industries Inc. will hold a conference call to discuss these results today, May 6, 2016 at 1:00 P.M. Eastern Time. Interested parties can join the call by dialing 1-877-223-4471. The conference call can also be accessed via live webcast at <http://www.dorel.com/eng/events>. If you are unable to call in at this time, you may access a recording of the meeting by calling 1-800-585-8367 and entering the passcode 95988582 on your phone. This recording will be available on Friday, May 6, 2016 as of 4:00 P.M. until 11:59 P.M. on Friday, May 13, 2016.

Complete condensed consolidated interim financial statements as at March 31, 2016 will be available on the Company's website, www.dorel.com, and will be available through the SEDAR website.

Profile

Dorel Industries Inc. (TSX: DII.B, DII.A) is a world class juvenile products and bicycle company. The Company’s safety and lifestyle leadership is pronounced in both its Juvenile and Bicycle categories with an array of trend-setting, innovative products. Dorel Juvenile’s powerfully branded products include global juvenile brands Safety 1st, Quinny, Maxi-Cosi and Tiny Love, complemented by regional brands such as Cosco, B  b   Confort and Infanti. In Dorel Sports, brands include Cannondale, Schwinn, GT, Mongoose, Caloi, IronHorse and SUGOI. Dorel Home Furnishings markets a wide assortment of both domestically produced and imported furniture products, principally within North America. Dorel Industries Inc. has annual sales of US\$2.7 billion and employs approximately 10,450 people in facilities located in twenty-five countries worldwide.

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. 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 statement will materialize, or if any of them do, what benefits Dorel will derive from them. Forward-looking statements are provided in this press release for the purpose of giving information about Management’s current expectations and plans and allowing investors and others to get a better understanding of Dorel’s operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this press release are based on a number of assumptions that Dorel believed were reasonable on the day it made the forward-looking statements. Factors that could cause actual results to differ materially from Dorel's expectations expressed in or implied by the forward-looking statements include: general economic conditions; changes in product costs and supply channels; foreign currency fluctuations; customer and credit risk, including the concentration of revenues with a small number of customers; costs associated with product liability; changes in income tax legislation or the interpretation or application of those rules; the continued ability to develop products and support brand names; changes in the regulatory environment; continued access to capital resources and the related costs of borrowing; changes in assumptions in the valuation of goodwill and other intangible assets; and there being no certainty that Dorel's current dividend policy will be maintained. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking statements are discussed in Dorel's annual Management Discussion and Analysis and Annual Information Form filed with the applicable Canadian securities regulatory authorities. The risk factors outlined in the previously-mentioned documents are specifically incorporated herein by reference.

Dorel cautions readers that the risks described above are not the only ones that could impact it. Additional risks and uncertainties not currently known to Dorel or that Dorel currently deems to be immaterial may also have a material adverse effect on Dorel's business, financial condition or results of operations. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Non-GAAP financial measures

As a result of restructuring and other costs and remeasurement of forward purchase agreement liabilities incurred in both 2016 and 2015, the Company is including in this press release the following non-GAAP financial measures: "adjusted operating profit", "adjusted finance expenses", "adjusted income before income taxes", "adjusted income taxes expense", "adjusted net income", and "adjusted earnings per basic and diluted share". The Company believes that this results in a more meaningful comparison of its core business performance between the periods presented. These non-GAAP financial measures do not have a standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other issuers. Contained within this press release are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP.

(All figures are in thousands of US\$, except per share amounts)

Reconciliation of non-GAAP financial measures:

| | Three months ended March 31 | | | | | | | | | |
|-------------------------------------|-----------------------------|--------------|-------------------------------|-------------------|--------------|------------|--------------|-------------------------------|-------------------|--------------|
| | 2016 | | | | | 2015 | | | | |
| | Reported | % of revenue | Restructuring and other costs | Adjusted | % of revenue | Reported | % of revenue | Restructuring and other costs | Adjusted | % of revenue |
| \$ | % | \$ | \$ | % | \$ | % | \$ | \$ | % | |
| TOTAL REVENUE | 645,867 | 100.0 | - | 645,867 | 100.0 | 665,489 | 100.0 | - | 665,489 | 100.0 |
| Cost of sales | 495,814 | 76.8 | - | 495,814 | 76.8 | 519,914 | 78.1 | - | 519,914 | 78.1 |
| GROSS PROFIT | 150,053 | 23.2 | - | 150,053 | 23.2 | 145,575 | 21.9 | - | 145,575 | 21.9 |
| Selling expenses | 56,341 | 8.7 | - | 56,341 | 8.7 | 56,257 | 8.5 | - | 56,257 | 8.5 |
| General and administrative expenses | 51,620 | 8.0 | - | 51,620 | 8.0 | 56,156 | 8.4 | - | 56,156 | 8.4 |
| Research and development expenses | 8,269 | 1.3 | - | 8,269 | 1.3 | 8,512 | 1.3 | - | 8,512 | 1.3 |
| Restructuring and other costs | 2,937 | 0.4 | (2,937) | - | - | 917 | 0.1 | (917) | - | - |
| OPERATING PROFIT | 30,886 | 4.8 | 2,937 | 33,823 | 5.2 | 23,733 | 3.6 | 917 | 24,650 | 3.7 |
| Finance expenses | 10,678 | 1.7 | (561) | 10,117 | 1.5 | 8,375 | 1.3 | 401 | 8,776 | 1.3 |
| INCOME BEFORE INCOME TAXES | 20,208 | 3.1 | 3,498 | 23,706 | 3.7 | 15,358 | 2.3 | 516 | 15,874 | 2.4 |
| Income taxes expense | 3,474 | 0.5 | 561 | 4,035 | 0.7 | 3,726 | 0.6 | 349 | 4,075 | 0.6 |
| Tax rate | 17.2% | - | - | 17.0% | - | 24.3% | - | - | 25.7% | - |
| NET INCOME | 16,734 | 2.6 | 2,937 | 19,671 | 3.0 | 11,632 | 1.7 | 167 | 11,799 | 1.8 |
| EARNINGS PER SHARE | | | | | | | | | | |
| Basic | 0.52 | | 0.09 | 0.61 | | 0.36 | | 0.01 | 0.37 | |
| Diluted | 0.51 | | 0.09 | 0.60 | | 0.36 | | - | 0.36 | |
| SHARES OUTSTANDING | | | | | | | | | | |
| Basic - weighted average | 32,333,261 | | | 32,333,261 | | 32,321,639 | | | 32,321,639 | |
| Diluted - weighted average | 32,545,454 | | | 32,545,454 | | 32,513,889 | | | 32,513,889 | |

The results for the quarter include restructuring costs of US\$2.2 million and acquisition costs of US\$0.7 million for a total of US\$2.9 million of restructuring and other costs all related to Dorel Juvenile compared to US\$0.9 million for the first quarter last year which was mainly acquisition-related costs for Dorel Juvenile China.

Dorel Juvenile

Reconciliation of non-GAAP financial measures:

| | Three months ended March 31 | | | | | | | | | |
|-------------------------------------|-----------------------------|--------------|-------------------------------|----------------|--------------|----------|--------------|-------------|----------------|--------------|
| | 2016 | | | | | 2015 | | | | |
| | Reported | % of revenue | Restructuring and other costs | Adjusted | % of revenue | Reported | % of revenue | Other costs | Adjusted | % of revenue |
| \$ | % | \$ | \$ | % | \$ | % | \$ | \$ | % | |
| TOTAL REVENUE | 253,228 | 100.0 | - | 253,228 | 100.0 | 274,695 | 100.0 | - | 274,695 | 100.0 |
| Cost of sales | 180,195 | 71.2 | - | 180,195 | 71.2 | 203,254 | 74.0 | - | 203,254 | 74.0 |
| GROSS PROFIT | 73,033 | 28.8 | - | 73,033 | 28.8 | 71,441 | 26.0 | - | 71,441 | 26.0 |
| Selling expenses | 28,494 | 11.3 | - | 28,494 | 11.3 | 28,818 | 10.5 | - | 28,818 | 10.5 |
| General and administrative expenses | 20,283 | 8.0 | - | 20,283 | 8.0 | 26,161 | 9.6 | - | 26,161 | 9.6 |
| Research and development expenses | 5,671 | 2.2 | - | 5,671 | 2.2 | 6,170 | 2.2 | - | 6,170 | 2.2 |
| Restructuring and other costs | 2,965 | 1.1 | (2,965) | - | - | 1,117 | 0.4 | (1,117) | - | - |
| OPERATING PROFIT | 15,620 | 6.2 | 2,965 | 18,585 | 7.3 | 9,175 | 3.3 | 1,117 | 10,292 | 3.7 |

DOREL INDUSTRIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
ALL FIGURES IN THOUSANDS OF US \$
(unaudited)

| | as at | as at |
|---|---------------------|---------------------|
| | March 31, | December 30, |
| | 2016 | 2015 |
| | <u> </u> | <u> </u> |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 38,540 | \$ 33,182 |
| Trade and other receivables | 479,873 | 447,345 |
| Inventories | 562,241 | 584,986 |
| Other financial assets | 2,670 | 4,467 |
| Income taxes receivable | 8,956 | 12,985 |
| Prepaid expenses | <u>32,798</u> | <u>20,234</u> |
| | 1,125,078 | 1,103,199 |
| Assets held for sale | <u>11,309</u> | <u>11,265</u> |
| | <u>1,136,387</u> | <u>1,114,464</u> |
| | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 207,133 | 206,542 |
| Intangible assets | 474,089 | 465,447 |
| Goodwill | 485,307 | 476,330 |
| Deferred tax assets | 39,569 | 37,258 |
| Other assets | <u>6,451</u> | <u>4,904</u> |
| | 1,212,549 | 1,190,481 |
| | <u>\$ 2,348,936</u> | <u>\$ 2,304,945</u> |
| | | |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Bank indebtedness | \$ 45,804 | \$ 54,471 |
| Trade and other payables | 408,193 | 434,178 |
| Written put option and forward purchase agreement liabilities | - | 4,104 |
| Other financial liabilities | 2,922 | 895 |
| Income taxes payable | 18,029 | 15,590 |
| Long-term debt | 33,861 | 32,857 |
| Provisions | <u>34,809</u> | <u>34,267</u> |
| | <u>543,618</u> | <u>576,362</u> |
| | | |
| NON-CURRENT LIABILITIES | | |
| Long-term debt | 510,349 | 465,732 |
| Net pension and post-retirement defined benefit liabilities | 43,006 | 43,058 |
| Deferred tax liabilities | 70,792 | 72,447 |
| Provisions | 1,833 | 1,702 |
| Written put option and forward purchase agreement liabilities | 33,201 | 30,788 |
| Other financial liabilities | 2,483 | 1,890 |
| Other long-term liabilities | <u>9,795</u> | <u>10,569</u> |
| | <u>671,459</u> | <u>626,186</u> |
| | | |
| EQUITY | | |
| Share capital | 200,338 | 200,277 |
| Contributed surplus | 26,552 | 26,480 |
| Accumulated other comprehensive loss | (87,707) | (113,956) |
| Other equity | (363) | 1,527 |
| Retained earnings | <u>995,039</u> | <u>988,069</u> |
| | 1,133,859 | 1,102,397 |
| | <u>\$ 2,348,936</u> | <u>\$ 2,304,945</u> |

DOREL INDUSTRIES INC.
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENTS
ALL FIGURES IN THOUSANDS OF US \$, EXCEPT PER SHARE AMOUNTS
(unaudited)

| | Three Months Ended | |
|-------------------------------------|--------------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Sales | \$ 642,572 | \$ 661,394 |
| Licensing and commission income | 3,295 | 4,095 |
| TOTAL REVENUE | 645,867 | 665,489 |
| Cost of sales | 495,814 | 519,914 |
| GROSS PROFIT | 150,053 | 145,575 |
| Selling expenses | 56,341 | 56,257 |
| General and administrative expenses | 51,620 | 56,156 |
| Research and development expenses | 8,269 | 8,512 |
| Restructuring and other costs | 2,937 | 917 |
| OPERATING PROFIT | 30,886 | 23,733 |
| Finance expenses | 10,678 | 8,375 |
| INCOME BEFORE INCOME TAXES | 20,208 | 15,358 |
| Income taxes expense | 3,474 | 3,726 |
| NET INCOME | \$ 16,734 | \$ 11,632 |
| EARNINGS PER SHARE | | |
| Basic | \$0.52 | \$0.36 |
| Diluted | \$0.51 | \$0.36 |
| SHARES OUTSTANDING | | |
| Basic - weighted average | 32,333,261 | 32,321,639 |
| Diluted - weighted average | 32,545,454 | 32,513,889 |

DOREL INDUSTRIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
ALL FIGURES IN THOUSANDS OF US \$
(unaudited)

| | Three Months Ended | |
|---|--------------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| NET INCOME | \$ 16,734 | \$ 11,632 |
| OTHER COMPREHENSIVE INCOME (LOSS): | | |
| Items that are or may be reclassified subsequently to net income: | | |
| <u>Cumulative translation account:</u> | | |
| Net change in unrealized foreign currency gains (losses) on translation of net investments in foreign operations, net of tax of nil | 21,996 | (44,459) |
| Net gains (losses) on hedge of net investments in foreign operations, net of tax of nil | 6,576 | (16,951) |
| | 28,572 | (61,410) |
| <u>Net changes in cash flow hedges:</u> | | |
| Net change in unrealized gains (losses) on derivatives designated as cash flow hedges | (3,614) | 3,884 |
| Reclassification to income | 183 | 311 |
| Reclassification to the related non-financial asset | (238) | (3,596) |
| Deferred income taxes | 1,352 | (98) |
| | (2,317) | 501 |
| Items that will not be reclassified to net income: | | |
| <u>Defined benefit plans:</u> | | |
| Remeasurements of the net pension and post-retirement defined benefit liabilities | (13) | 133 |
| Deferred income taxes | 7 | (44) |
| | (6) | 89 |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS) | 26,249 | (60,820) |
| TOTAL COMPREHENSIVE INCOME (LOSS) | \$ 42,983 | \$ (49,188) |

DOREL INDUSTRIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
ALL FIGURES IN THOUSANDS OF US \$
(unaudited)

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|------------------------|--------------------------------------|---------------------|-----------------------------|-----------------|----------------------|-----------------|
| | Accumulated other | | | | | | | |
| | comprehensive income (loss) | | | | | | | |
| | Share Capital | Contributed Surplus | Cumulative Translation Account | Cash Flow Hedges | Defined Benefit Plans | Other Equity | Retained Earnings | Total Equity |
| Balance as at December 30, 2014 | \$ 199,927 | \$ 25,691 | \$ (8,842) | \$ 2,180 | \$ (13,917) | \$ 579 | \$1,001,366 | \$1,206,984 |
| <i>Total comprehensive loss:</i> | | | | | | | | |
| Net income | - | - | - | - | - | - | 11,632 | 11,632 |
| Other comprehensive income (loss) | - | - | (61,410) | 501 | 89 | - | - | (60,820) |
| | \$ - | \$ - | \$ (61,410) | \$ 501 | \$ 89 | \$ - | \$ 11,632 | \$ (49,188) |
| Reclassification from contributed surplus due to settlement of deferred share units | 61 | (101) | - | - | - | - | - | (40) |
| Share-based payments | - | 71 | - | - | - | - | - | 71 |
| Remeasurement of written put option liabilities | - | - | - | - | - | (402) | - | (402) |
| Dividends on common shares | - | - | - | - | - | - | (9,697) | (9,697) |
| Dividends on deferred share units | - | 54 | - | - | - | - | (54) | - |
| Balance as at March 31, 2015 | \$ 199,988 | \$ 25,715 | \$ (70,252) | \$ 2,681 | \$ (13,828) | \$ 177 | \$1,003,247 | \$1,147,728 |
| Balance as at December 30, 2015 | \$ 200,277 | \$ 26,480 | \$ (104,521) | \$ 2,680 | \$ (12,115) | \$ 1,527 | \$ 988,069 | \$1,102,397 |
| <i>Total comprehensive income:</i> | | | | | | | | |
| Net income | - | - | - | - | - | - | 16,734 | 16,734 |
| Other comprehensive income (loss) | - | - | 28,572 | (2,317) | (6) | - | - | 26,249 |
| | \$ - | \$ - | \$ 28,572 | \$ (2,317) | \$ (6) | \$ - | \$ 16,734 | \$ 42,983 |
| Reclassification from contributed surplus due to settlement of deferred share units | 61 | (103) | - | - | - | - | - | (42) |
| Share-based payments | - | 113 | - | - | - | - | - | 113 |
| Remeasurement of written put option liabilities | - | - | - | - | - | (1,890) | - | (1,890) |
| Dividends on common shares | - | - | - | - | - | - | (9,702) | (9,702) |
| Dividends on deferred share units | - | 62 | - | - | - | - | (62) | - |
| Balance as at March 31, 2016 | \$ 200,338 | \$ 26,552 | \$ (75,949) | \$ 363 | \$ (12,121) | \$ (363) | \$ 995,039 | \$1,133,859 |

DOREL INDUSTRIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
ALL FIGURES IN THOUSANDS OF US \$
(unaudited)

| | Three Months Ended | |
|--|---------------------------|-----------------------|
| | March 31, 2016 | March 31, 2015 |
| CASH PROVIDED BY (USED IN): | | |
| OPERATING ACTIVITIES | | |
| Net income | \$ 16,734 | \$ 11,632 |
| Items not involving cash: | | |
| Depreciation and amortization | 13,045 | 14,290 |
| Unrealized losses (gains) arising on financial assets and financial liabilities classified as held for trading | 746 | (353) |
| Share-based payments | 113 | 71 |
| Defined benefit pension and post-retirement costs | 961 | 825 |
| Loss (gain) on disposal of property, plant and equipment | 16 | (86) |
| Restructuring and other costs | 424 | - |
| Finance expenses | 10,678 | 8,375 |
| Income taxes expense | 3,474 | 3,726 |
| Net change in balances related to operations | (48,864) | (117,406) |
| Income taxes paid | (3,440) | (6,593) |
| Income taxes received | 4,790 | 2,725 |
| Interest paid | (4,679) | (3,842) |
| Interest received | 86 | 140 |
| CASH USED IN OPERATING ACTIVITIES | (5,916) | (86,496) |
| FINANCING ACTIVITIES | | |
| Bank indebtedness | (11,632) | 49,631 |
| Increase of long-term debt | 43,412 | 67,059 |
| Repayments of long-term debt | (4,309) | (3,806) |
| Repayments of written put option and forward purchase agreement liabilities | (4,414) | - |
| Increase of written put option and forward purchase agreement liabilities | - | 525 |
| Financing costs | (1,740) | (34) |
| Dividends on common shares | (9,702) | (9,697) |
| CASH PROVIDED BY FINANCING ACTIVITIES | 11,615 | 103,678 |
| INVESTING ACTIVITIES | | |
| Acquisition of businesses | 5,475 | (1,736) |
| Additions to property, plant and equipment | (5,242) | (7,079) |
| Disposals of property, plant and equipment | 113 | 456 |
| Additions to intangible assets | (4,482) | (4,489) |
| CASH USED IN INVESTING ACTIVITIES | (4,136) | (12,848) |
| Effect of foreign currency exchange rate changes on cash and cash equivalents | 3,795 | (4,124) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 5,358 | 210 |
| Cash and cash equivalents, beginning of period | 33,182 | 47,101 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 38,540 | \$ 47,311 |
| Supplemental information on net changes in balances related to operations: | | |
| Trade and other receivables | \$ (29,981) | \$ (48,461) |
| Inventories | 33,018 | (34,122) |
| Other financial assets | (1,128) | 183 |
| Prepaid expenses | (11,967) | (9,027) |
| Other assets | (317) | (31) |
| Trade and other payables | (37,202) | (20,758) |
| Net pension and post-retirement defined benefit liabilities | (1,411) | (1,401) |
| Provisions, other financial liabilities and other long-term liabilities | 124 | (3,789) |
| | \$ (48,864) | \$ (117,406) |

DOREL INDUSTRIES INC.
SEGMENTED INFORMATION
FIRST QUARTERS ENDED MARCH 31
ALL FIGURES IN THOUSANDS OF US \$, EXCEPT PER SHARE AMOUNTS
(unaudited)

| | Total | | Dorel Juvenile | | Dorel Sports | | Dorel Home Furnishings | |
|--|------------|------------|----------------|------------|--------------|------------|------------------------|------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Total revenue | \$ 645,867 | \$ 665,489 | \$ 253,228 | \$ 274,695 | \$ 216,497 | \$ 228,929 | \$ 176,142 | \$ 161,865 |
| Cost of sales | 495,814 | 519,914 | 180,195 | 203,254 | 168,999 | 175,469 | 146,620 | 141,191 |
| Gross profit | 150,053 | 145,575 | 73,033 | 71,441 | 47,498 | 53,460 | 29,522 | 20,674 |
| Selling expenses | 55,878 | 55,547 | 28,494 | 28,818 | 22,401 | 22,587 | 4,983 | 4,142 |
| General and administrative expenses | 45,627 | 50,312 | 20,283 | 26,161 | 18,299 | 18,048 | 7,045 | 6,103 |
| Research and development expenses | 8,269 | 8,512 | 5,671 | 6,170 | 1,572 | 1,463 | 1,026 | 879 |
| Restructuring and other costs | 2,937 | 917 | 2,965 | 1,117 | (28) | (200) | - | - |
| Operating profit | 37,342 | 30,287 | \$ 15,620 | \$ 9,175 | \$ 5,254 | \$ 11,562 | \$ 16,468 | \$ 9,550 |
| Finance expenses | 10,678 | 8,375 | | | | | | |
| Corporate expenses | 6,456 | 6,554 | | | | | | |
| Income taxes expense | 3,474 | 3,726 | | | | | | |
| Net income | \$ 16,734 | \$ 11,632 | | | | | | |
| <u>Earnings per share</u> | | | | | | | | |
| Basic | \$0.52 | \$0.36 | | | | | | |
| Diluted | \$0.51 | \$0.36 | | | | | | |
| Depreciation and amortization included in operating profit | \$ 12,844 | \$ 14,246 | \$ 8,890 | \$ 9,686 | \$ 2,838 | \$ 3,381 | \$ 1,116 | \$ 1,179 |