



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

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DOREL REPORTS SOLID THIRD QUARTER RESULTS

- **Third quarter operating profit improves in all segments year-over-year**
- **Dorel Home Furnishings posts another strong quarter**
- **Year-to-date results strengthen Company's financial position**

Montreal, November 3, 2016 — Dorel Industries Inc. (TSX: DII.B, DII.A) today announced results for the third quarter and nine months ended September 30, 2016. Third quarter revenue was US\$671.3 million, down 1.2% from US\$679.3 million from the corresponding quarter last year. Adjusted net income was US\$20.6 million or US\$0.63 per diluted share, compared to adjusted net income of US\$15.5 million or US\$0.48 per diluted share a year ago. Reported net income was US\$15.9 million or US\$0.49 per diluted share, compared to a reported net loss of US\$8.8 million or US\$0.27 per diluted share last year.

For the nine months, revenue was US\$1.95 billion, a decrease of 3.0% compared to US\$2.01 billion last year. Adjusted net income increased to US\$54.9 million or US\$1.68 per diluted share, compared to adjusted net income of US\$43.9 million or US\$1.35 per diluted share a year ago. Reported net loss year-to-date was US\$6.0 million or US\$0.19 per diluted share, compared to net income of US\$19.1 million or US\$0.59 per diluted share in 2015.

The Company is presenting adjusted financial information, excluding the impairment losses on goodwill and intangible assets, restructuring, other costs and remeasurement of forward purchase agreement liabilities, as it believes this provides a more meaningful comparison of its core business performance between the periods presented. These previously announced items are detailed in the attached tables of the press release and the third quarter includes restructuring, other costs and losses on the remeasurement of forward purchase agreement liabilities totaling US\$6.4 million pre-tax or US\$0.14 per diluted share. Contained within this press release are reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP.

“Third quarter earnings improvements were led by on-going gains at Dorel Home Furnishings, higher gross margins at Dorel Juvenile, as well as a strong performance at Pacific Cycle and reduced bicycle industry discounting at Cycling Sports Group (CSG). In addition, the progress during the first nine months in all of our businesses has bolstered our financial position. Year-over-year nine month cash flows from operating activities improved by US\$93.5 million, due primarily to enhanced management of our inventory levels. This has resulted in a significant strengthening in our financial position,” commented Martin Schwartz, Dorel President and CEO.

Summary of Financial Information (unaudited)			
Third Quarters Ended September 30			
All figures in thousands of US \$, except per share amounts			
	2016	2015	
	\$	\$	Change %
Total revenue	671,273	679,287	(1.2%)
Net income (loss)	15,866	(8,757)	281.2%
Per share - Basic	0.49	(0.27)	281.5%
Per share - Diluted	0.49	(0.27)	281.5%
Adjusted net income	20,647	15,469	33.5%
Per share - Basic	0.64	0.48	33.3%
Per share - Diluted	0.63	0.48	31.3%
Number of shares outstanding –			
Basic weighted average	32,359,496	32,322,011	
Diluted weighted average	32,615,350	32,322,011	

Summary of Financial Information (unaudited)			
Nine Months Ended September 30			
All figures in thousands of US \$, except per share amounts			
	2016	2015	
	\$	\$	Change %
Total revenue	1,954,436	2,014,419	(3.0%)
Net income (loss)	(6,044)	19,090	(131.7%)
Per share - Basic	(0.19)	0.59	(132.2%)
Per share - Diluted	(0.19)	0.59	(132.2%)
Adjusted net income	54,851	43,889	25.0%
Per share - Basic	1.70	1.36	25.0%
Per share - Diluted	1.68	1.35	24.4%
Number of shares outstanding –			
Basic weighted average	32,346,051	32,321,887	
Diluted weighted average	32,346,051	32,522,810	

Dorel Home Furnishings

All figures in thousands of US \$

Third Quarters Ended September 30 (unaudited)					
	2016		2015		
	\$	% of rev.	\$	% of rev.	Change %
Total revenue	187,961		165,492		13.6%
Gross profit	30,728	16.3%	21,401	12.9%	43.6%
Operating profit	16,703	8.9%	10,122	6.1%	65.0%

All figures in thousands of US \$

Nine Months Ended September 30 (unaudited)					
	2016		2015		
	\$	% of rev.	\$	% of rev.	Change %
Total revenue	525,903		480,994		9.3%
Gross profit	87,310	16.6%	62,696	13.0%	39.3%
Operating profit	46,918	8.9%	28,357	5.9%	65.5%

Third quarter revenue grew US\$22.5 million or 13.6% to US\$188.0 million. All divisions recorded year-over-year revenue improvement due to strong on-line sales, which represented 44% of total segment sales compared to 37% of sales in 2015. For the nine months, on-line sales represented 43% of total segment sales compared to 34% a year ago. Sales to the brick and mortar channel were flat during the quarter. For the nine months, revenue grew US\$44.9 million or 9.3% to US\$525.9 million, driven by on-going e-commerce growth, far exceeding reductions in brick and mortar sales.

All divisions contributed to the substantial operating profit growth of 65.0% for the quarter and 65.5% year-to-date, mainly driven by e-commerce sales at improved margins. This was partly offset by, among other items, higher selling and general and administrative expenses in line with the segment's sales increase, including increased spending on information technology to support e-commerce growth.

Dorel Juvenile

All figures in thousands of US \$

Third Quarters Ended September 30 (unaudited)					
	2016		2015		
	\$	% of rev.	\$	% of rev.	Change %
Total revenue	232,601		247,296		(5.9%)
Gross profit	78,413	33.7%	64,200	26.0%	22.1%
Operating profit	12,400	5.3%	2,802	1.1%	342.5%
Adjusted gross profit	78,413	33.7%	65,067	26.3%	20.5%
Adjusted operating profit	13,551	5.8%	7,852	3.2%	72.6%

All figures in thousands of US \$

Nine Months Ended September 30 (unaudited)					
	2016		2015		
	\$	% of rev.	\$	% of rev.	Change %
Total revenue	724,811		786,910		(7.9%)
Gross profit	226,107	31.2%	208,630	26.5%	8.4%
Operating profit	37,512	5.2%	26,732	3.4%	40.3%
Adjusted gross profit	226,107	31.2%	209,497	26.6%	7.9%
Adjusted operating profit	48,948	6.8%	33,497	4.3%	46.1%

Third quarter revenue declined US\$14.7 million or 5.9% to US\$232.6 million and by US\$62.1 million or 7.9% to US\$724.8 million year-to-date. Organic revenue, excluding the impact of foreign exchange and planned reductions in third party sales at Dorel Juvenile China, declined by approximately 0.5% for the quarter and 1.7% for the nine months. For both periods, sales were higher in Latin America, but this was more than offset by declines in the U.S. and European markets. Notwithstanding the lower sales at Dorel Juvenile Europe, the division's operating profit was considerably above expectations.

Operating profit for the quarter rose by US\$9.6 million to US\$12.4 million and by US\$10.8 million to US\$37.5 million for the nine months. Excluding restructuring and other costs, adjusted operating profit increased by 72.6% to US\$13.6 million for the quarter and by 46.1% to US\$48.9 million year-to-date, driven by higher margins due to favourable product mix and better pricing and production and purchasing improvements. US\$2.0 million of this increase resulted from the net effect of lower costs for post-retirement benefits in the U.S. mainly offset by higher product liability costs.

Several new products across various platforms were introduced at the Cologne, Germany international juvenile trade show where Dorel Juvenile was again a major exhibitor. The segment was also present at last month's ABC Kids Expo in Las Vegas. Among the new products launched during the third quarter were the Maxi Cosi Adorra travel system in the U.S., to be rolled out next year in all markets; additions to the Quinny Rachel Zoe collection as well as a new Infanti car seat and travel system in Brazil and Chile. The Safety 1st "Grow and Go" and "Continuum" convertible car seats continue to drive strong growth in the U.S. and Canada and will be introduced in Latin America next year.

Dorel Sports

All figures in thousands of US \$

Third Quarters Ended September 30 (unaudited)					
	2016		2015		
	\$	% of rev.	\$	% of rev.	Change %
Total revenue	250,711		266,499		(5.9%)
Gross profit	51,864	20.7%	50,954	19.1%	1.8%
Operating profit (loss)	5,818	2.3%	(20,169)	(7.6%)	128.8%
Adjusted gross profit	54,566	21.8%	53,466	20.1%	2.1%
Adjusted operating profit	10,923	4.4%	10,825	4.1%	0.9%

All figures in thousands of US \$

Nine Months Ended September 30 (unaudited)					
	2016		2015		
	\$	% of rev.	\$	% of rev.	Change %
Total revenue	703,722		746,515		(5.7%)
Gross profit	148,203	21.1%	161,041	21.6%	(8.0%)
Operating profit (loss)	(38,895)	(5.5%)	2,472	0.3%	(1673.4%)
Adjusted gross profit	150,905	21.4%	163,553	21.9%	(7.7%)
Adjusted operating profit	21,385	3.0%	32,842	4.4%	(34.9%)

Third quarter revenue decreased by US\$15.8 million or 5.9% to US\$250.7 million and by approximately 6.2% after removing the impact of varying foreign exchange rates year-over-year. During the quarter, the CSG International business transitioned from a licensing revenue recognition model to a distribution platform where shipments are recognized as net sales and associated expenses in cost of sales. Previously, these costs were netted in licensing and commission income. Excluding the revenue recognition change in the third quarter of 2016 and the foreign exchange rate variations, organic revenue declined by 10.7%.

Year-to-date revenue decreased US\$42.8 million or 5.7% to US\$703.7 million and by approximately 4.7% after excluding the impact of varying foreign exchange rates year-over-year. Organic revenue declined by approximately 6.4% when removing the impact of the change in the revenue recognition model and the variations of foreign exchange rates. For the quarter and nine months, the segment's lower sales can be attributed to a softer global bike market and changes in the North American independent bicycle dealer (IBD) retail environment as outlined in the outlook section of this press release.

Operating profit rose by US\$26.0 million to US\$5.8 million for the quarter and adjusted operating profit increased by 0.9% to US\$10.9 million when excluding impairment losses, restructuring and other costs. The year-over-year increased operating profit was mainly driven by margin improvement at all divisions, particularly Pacific Cycle due to their new product introduction success and logistics efficiencies, and Caloi, as a result of price increases. Less discounting aided by reduced inventory levels at CSG also contributed to the improvement. The segment also reduced working capital and increased cash flow.

Year-to-date reported operating loss was US\$38.9 million compared to a profit of US\$2.5 million in 2015. Excluding impairment losses, restructuring and other costs, nine month adjusted operating profit declined by 34.9% to US\$21.4 million.

Other

During the third quarter and nine months ended September 30, 2016, the Company's effective tax rates were expenses representing 18.7% and (35.5%) respectively compared to prior year's recovery of 20.6% for the quarter and year-to-date expense of 13.1%. Excluding income taxes on impairment losses, restructuring and other costs, the adjusted tax rate for the quarter was an expense of 20.4% compared to last year's recovery of 1.1% and an expense of 20.1% for the nine months of 2016 against an expense of 10.9% in 2015. Excluding the impact of impairment losses on goodwill and intangibles assets, restructuring and other costs and remeasurement of forward purchase agreement liabilities, the Company has stated that for the full year it expects its annual tax rate to be between 15% and 20%.

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 December 1, 2016 to shareholders of record as at the close of business on November 17, 2016.

Outlook

"Dorel's outlook for the balance of 2016 remains unchanged from the second quarter, led by Home Furnishings which is poised to improve operating profit by 50% over prior year. The momentum of the segment's positive performance will continue, though the pace of fourth quarter improvement will slow compared to prior quarters," stated Mr. Schwartz.

"In Juvenile, our turnaround from last year is on-track, and as stated after the second quarter, we expect the year to finish with improved adjusted earnings in the second half. Our third quarter was better than originally expected, consequently expectations are that the fourth quarter will be similar to last year's.

"In Dorel Sports, we are expecting a significant change in IBD retailers' purchasing patterns with fourth quarter orders moving to the first quarter of 2017. Therefore it is expected that there will be a reduction in second half CSG shipments which should result in year-over-year growth in the first half of 2017. For the Sports segment overall we believe the positive trend on adjusted operating profit will continue in the fourth quarter which will result in improved earnings compared to last year's fourth quarter," concluded Mr. Schwartz.

Conference Call

Dorel Industries Inc. will hold a conference call to discuss these results today, November 3, 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 77134917 on your phone. This recording will be available on Thursday, November 3, 2016 as of 4:00 P.M. until 11:59 P.M. on Thursday, November 10, 2016.

Complete condensed consolidated interim financial statements as at September 30, 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 10,000 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 impairment losses, 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 cost of sales”, “adjusted gross profit”, “adjusted operating profit”, “adjusted finance expenses”, “adjusted income before income taxes”, “adjusted income taxes expense”, “adjusted tax rate”, “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 in tables below are in thousands of US\$, except per share amounts)

Reconciliation of non-GAAP financial measures

Third Quarters Ended September 30										
	2016					2015				
	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue
	\$	%	\$	\$	%	\$	%	\$	\$	%
TOTAL REVENUE	671,273	100.0	-	671,273	100.0	679,287	100.0	-	679,287	100.0
Cost of sales	510,268	76.0	(2,702)	507,566	75.6	542,732	79.9	(3,379)	539,353	79.4
GROSS PROFIT	161,005	24.0	2,702	163,707	24.4	136,555	20.1	3,379	139,934	20.6
Selling expenses	59,229	8.8	-	59,229	8.8	57,943	8.5	-	57,943	8.5
General and administrative expenses	60,599	9.1	-	60,599	9.1	46,245	6.8	-	46,245	6.8
Research and development expenses	8,029	1.2	-	8,029	1.2	9,210	1.4	-	9,210	1.4
Restructuring and other costs	3,554	0.5	(3,554)	-	-	6,155	0.9	(6,155)	-	-
Impairment losses on goodwill and intangible assets	-	-	-	-	-	26,510	3.9	(26,510)	-	-
OPERATING PROFIT (LOSS)	29,594	4.4	6,256	35,850	5.3	(9,508)	(1.4)	36,044	26,536	3.9
Finance expenses	10,077	1.5	(152)	9,925	1.4	1,522	0.2	9,711	11,233	1.6
INCOME (LOSS) BEFORE INCOME TAXES	19,517	2.9	6,408	25,925	3.9	(11,030)	(1.6)	26,333	15,303	2.3
Income taxes expense (recovery)	3,651	0.5	1,627	5,278	0.8	(2,273)	(0.3)	2,107	(166)	-
Tax rate	18.7%	-	-	20.4%	-	20.6%	-	-	(1.1%)	-
NET INCOME (LOSS)	15,866	2.4	4,781	20,647	3.1	(8,757)	(1.3)	24,226	15,469	2.3
EARNINGS (LOSS) PER SHARE										
Basic	0.49		0.15	0.64		(0.27)		0.75	0.48	
Diluted	0.49		0.14	0.63		(0.27)		0.75	0.48	
SHARES OUTSTANDING										
Basic - weighted average	32,359,496			32,359,496		32,322,011			32,322,011	
Diluted - weighted average	32,615,350			32,615,350		32,322,011			32,530,160	

Reconciliation of non-GAAP financial measures

Nine Months Ended September 30										
	2016					2015				
	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue
	\$	%	\$	\$	%	\$	%	\$	\$	%
TOTAL REVENUE	1,954,436	100.0	-	1,954,436	100.0	2,014,419	100.0	-	2,014,419	100.0
Cost of sales	1,492,816	76.4	(2,702)	1,490,114	76.2	1,582,052	78.5	(3,379)	1,578,673	78.4
GROSS PROFIT	461,620	23.6	2,702	464,322	23.8	432,367	21.5	3,379	435,746	21.6
Selling expenses	172,893	8.8	-	172,893	8.8	174,452	8.7	-	174,452	8.7
General and administrative expenses	168,412	8.6	-	168,412	8.6	154,680	7.7	-	154,680	7.7
Research and development expenses	24,629	1.3	-	24,629	1.3	27,041	1.3	-	27,041	1.3
Restructuring and other costs	13,673	0.7	(13,673)	-	-	7,246	0.4	(7,246)	-	-
Impairment losses on goodwill and intangible assets	55,341	2.8	(55,341)	-	-	26,510	1.3	(26,510)	-	-
OPERATING PROFIT	26,672	1.4	71,716	98,388	5.1	42,438	2.1	37,135	79,573	3.9
Finance expenses	31,133	1.6	(1,425)	29,708	1.6	20,463	1.0	9,879	30,342	1.5
INCOME (LOSS) BEFORE INCOME TAXES	(4,461)	(0.2)	73,141	68,680	3.5	21,975	1.1	27,256	49,231	2.4
Income taxes expense	1,583	0.1	12,246	13,829	0.7	2,885	0.2	2,457	5,342	0.2
Tax rate	(35.5%)	-	-	20.1%	-	13.1%	-	-	10.9%	-
NET INCOME (LOSS)	(6,044)	(0.3)	60,895	54,851	2.8	19,090	0.9	24,799	43,889	2.2
EARNINGS (LOSS) PER SHARE										
Basic	(0.19)		1.89	1.70		0.59		0.77	1.36	
Diluted	(0.19)		1.87	1.68		0.59		0.76	1.35	
SHARES OUTSTANDING										
Basic - weighted average	32,346,051			32,346,051		32,321,887			32,321,887	
Diluted - weighted average	32,346,051			32,581,534		32,522,810			32,522,810	

The detail of impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities are presented below:

	Third Quarters Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Inventory markdowns recorded within gross profit	2,578	3,379	2,578	3,379
Employee severance and termination benefits	2,245	3,235	4,431	2,976
Accelerated depreciation	838	-	838	-
Write-down of long-lived assets	-	1,000	424	1,000
Losses from the remeasurement and disposals of assets held for sale	464	-	83	-
Other associated costs	(5)	800	156	435
Recorded within a separate line in the condensed consolidated interim income statements	3,542	5,035	5,932	4,411
Total restructuring costs	6,120	8,414	8,510	7,790
Other costs recorded within gross profit	124	-	124	-
Acquisition-related costs	-	1,120	729	2,835
U.S. car seat settlement	-	-	7,000	-
Other costs	12	-	12	-
Recorded within a separate line in the condensed consolidated interim income statements	12	1,120	7,741	2,835
Total other costs	136	1,120	7,865	2,835
Total restructuring and other costs	6,256	9,534	16,375	10,625
Impairment losses on goodwill and intangible assets	-	26,510	55,341	26,510
<u>Finance expenses</u>				
Loss (gain) on remeasurement of forward purchase agreement liabilities	152	(9,711)	1,425	(9,879)
Total impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities before income taxes (1)	6,408	26,333	73,141	27,256
Total impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities after income taxes	4,781	24,226	60,895	24,799
Total impact on diluted earnings (loss) per share	(0.14)	(0.75)	(1.87)	(0.76)
(1) Includes non-cash amounts of:	4,032	21,178	60,689	21,010

Dorel Juvenile

Reconciliation of non-GAAP financial measures

Third Quarters Ended September 30										
	2016					2015				
	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue
TOTAL REVENUE	232,601	100.0	-	232,601	100.0	247,296	100.0	-	247,296	100.0
Cost of sales	154,188	66.3	-	154,188	66.3	183,096	74.0	(867)	182,229	73.7
GROSS PROFIT	78,413	33.7	-	78,413	33.7	64,200	26.0	867	65,067	26.3
Selling expenses	29,087	12.5	-	29,087	12.5	28,051	11.3	-	28,051	11.3
General and administrative expenses	30,388	13.1	-	30,388	13.1	22,503	9.1	-	22,503	9.1
Research and development expenses	5,387	2.3	-	5,387	2.3	6,661	2.7	-	6,661	2.7
Restructuring and other costs	1,151	0.5	(1,151)	-	-	4,183	1.8	(4,183)	-	-
OPERATING PROFIT	12,400	5.3	1,151	13,551	5.8	2,802	1.1	5,050	7,852	3.2

Nine Months Ended September 30										
	2016					2015				
	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue
TOTAL REVENUE	724,811	100.0	-	724,811	100.0	786,910	100.0	-	786,910	100.0
Cost of sales	498,704	68.8	-	498,704	68.8	578,280	73.5	(867)	577,413	73.4
GROSS PROFIT	226,107	31.2	-	226,107	31.2	208,630	26.5	867	209,497	26.6
Selling expenses	85,426	11.8	-	85,426	11.8	84,719	10.8	-	84,719	10.8
General and administrative expenses	74,806	10.3	-	74,806	10.3	71,698	9.0	-	71,698	9.0
Research and development expenses	16,927	2.3	-	16,927	2.3	19,583	2.5	-	19,583	2.5
Restructuring and other costs	11,436	1.6	(11,436)	-	-	5,898	0.8	(5,898)	-	-
OPERATING PROFIT	37,512	5.2	11,436	48,948	6.8	26,732	3.4	6,765	33,497	4.3

Dorel Sports

Reconciliation of non-GAAP financial measures

Third Quarters Ended September 30

	2016					2015				
	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue
TOTAL REVENUE	250,711	100.0	-	250,711	100.0	266,499	100.0	-	266,499	100.0
Cost of sales	198,847	79.3	(2,702)	196,145	78.2	215,545	80.9	(2,512)	213,033	79.9
GROSS PROFIT	51,864	20.7	2,702	54,566	21.8	50,954	19.1	2,512	53,466	20.1
Selling expenses	24,635	9.8	-	24,635	9.8	25,391	9.5	-	25,391	9.5
General and administrative expenses	17,348	6.9	-	17,348	6.9	15,712	5.9	-	15,712	5.9
Research and development expenses	1,660	0.7	-	1,660	0.7	1,538	0.6	-	1,538	0.6
Restructuring and other costs	2,403	1.0	(2,403)	-	-	1,972	0.8	(1,972)	-	-
Impairment losses on goodwill and intangible assets	-	-	-	-	-	26,510	9.9	(26,510)	-	-
OPERATING PROFIT (LOSS)	5,818	2.3	5,105	10,923	4.4	(20,169)	(7.6)	30,994	10,825	4.1

Nine Months Ended September 30

	2016					2015				
	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue
TOTAL REVENUE	703,722	100.0	-	703,722	100.0	746,515	100.0	-	746,515	100.0
Cost of sales	555,519	78.9	(2,702)	552,817	78.6	585,474	78.4	(2,512)	582,962	78.1
GROSS PROFIT	148,203	21.1	2,702	150,905	21.4	161,041	21.6	2,512	163,553	21.9
Selling expenses	70,989	10.1	-	70,989	10.1	74,593	10.0	-	74,593	10.0
General and administrative expenses	53,691	7.6	-	53,691	7.6	51,466	6.9	-	51,466	6.9
Research and development expenses	4,840	0.7	-	4,840	0.7	4,652	0.6	-	4,652	0.6
Restructuring and other costs	2,237	0.3	(2,237)	-	-	1,348	0.2	(1,348)	-	-
Impairment losses on goodwill and intangible assets	55,341	7.9	(55,341)	-	-	26,510	3.6	(26,510)	-	-
OPERATING PROFIT (LOSS)	(38,895)	(5.5)	60,280	21,385	3.0	2,472	0.3	30,370	32,842	4.4

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

	as at	as at
	September 30,	December 30,
	2016	2015
	<u> </u>	<u> </u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 39,899	\$ 33,182
Trade and other receivables	463,544	447,345
Inventories	589,431	584,986
Other financial assets	2,549	4,467
Income taxes receivable	10,783	12,985
Prepaid expenses	22,781	20,234
	<u>1,128,987</u>	<u>1,103,199</u>
Assets held for sale	6,657	11,265
	<u>1,135,644</u>	<u>1,114,464</u>
 NON-CURRENT ASSETS		
Property, plant and equipment	197,552	206,542
Intangible assets	457,272	465,447
Goodwill	446,558	476,330
Deferred tax assets	40,203	37,258
Other assets	6,569	4,904
	<u>1,148,154</u>	<u>1,190,481</u>
	<u>\$ 2,283,798</u>	<u>\$ 2,304,945</u>
 LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	\$ 56,933	\$ 54,471
Trade and other payables	446,075	434,178
Written put option and forward purchase agreement liabilities	4,964	4,104
Other financial liabilities	1,274	895
Income taxes payable	13,520	15,590
Long-term debt	60,397	32,857
Provisions	63,318	34,267
	<u>646,481</u>	<u>576,362</u>
 NON-CURRENT LIABILITIES		
Long-term debt	400,490	465,732
Net pension and post-retirement defined benefit liabilities	37,537	43,058
Deferred tax liabilities	65,433	72,447
Provisions	1,785	1,702
Written put option and forward purchase agreement liabilities	30,280	30,788
Other financial liabilities	1,751	1,890
Other long-term liabilities	12,292	10,569
	<u>549,568</u>	<u>626,186</u>
 EQUITY		
Share capital	201,170	200,277
Contributed surplus	27,473	26,480
Accumulated other comprehensive loss	(92,769)	(113,956)
Other equity	(928)	1,527
Retained earnings	952,803	988,069
	<u>1,087,749</u>	<u>1,102,397</u>
	<u>\$ 2,283,798</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)

	Third Quarters Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
Sales	\$ 670,265	\$ 676,196	\$ 1,948,503	\$ 2,004,519
Licensing and commission income	1,008	3,091	5,933	9,900
TOTAL REVENUE	671,273	679,287	1,954,436	2,014,419
Cost of sales ⁽¹⁾	510,268	542,732	1,492,816	1,582,052
GROSS PROFIT	161,005	136,555	461,620	432,367
Selling expenses	59,229	57,943	172,893	174,452
General and administrative expenses	60,599	46,245	168,412	154,680
Research and development expenses	8,029	9,210	24,629	27,041
Restructuring and other costs ⁽¹⁾	3,554	6,155	13,673	7,246
Impairment losses on goodwill and intangible assets	-	26,510	55,341	26,510
OPERATING PROFIT (LOSS)	29,594	(9,508)	26,672	42,438
Finance expenses	10,077	1,522	31,133	20,463
INCOME (LOSS) BEFORE INCOME TAXES	19,517	(11,030)	(4,461)	21,975
Income taxes expense (recovery)	3,651	(2,273)	1,583	2,885
NET INCOME (LOSS)	\$ 15,866	\$ (8,757)	\$ (6,044)	\$ 19,090
EARNINGS (LOSS) PER SHARE				
Basic	<u>\$0.49</u>	<u>(\$0.27)</u>	<u>(\$0.19)</u>	<u>\$0.59</u>
Diluted	<u>\$0.49</u>	<u>(\$0.27)</u>	<u>(\$0.19)</u>	<u>\$0.59</u>
SHARES OUTSTANDING				
Basic - weighted average	32,359,496	32,322,011	32,346,051	32,321,887
Diluted - weighted average	32,615,350	32,322,011	32,346,051	32,522,810

⁽¹⁾ Restructuring and other costs charged to:

Cost of sales	\$ 2,702	\$ 3,379	\$ 2,702	\$ 3,379
Expenses	3,554	6,155	13,673	7,246
	<u>\$ 6,256</u>	<u>\$ 9,534</u>	<u>\$ 16,375</u>	<u>\$ 10,625</u>

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

	Third Quarters Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
NET INCOME (LOSS)	\$ 15,866	\$ (8,757)	\$ (6,044)	\$ 19,090
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	3,246	(37,859)	20,093	(71,862)
Net gains (losses) on hedge of net investments in foreign operations, net of tax of nil	2,279	129	4,852	(11,692)
	5,525	(37,730)	24,945	(83,554)
<u>Net changes in cash flow hedges:</u>				
Net change in unrealized gains (losses) on derivatives designated as cash flow hedges	(90)	1,723	(1,023)	1,490
Reclassification to income	142	214	452	808
Reclassification to the related non-financial asset	(1,196)	88	(1,709)	(5,384)
Deferred income taxes	65	(163)	784	1,260
	(1,079)	1,862	(1,496)	(1,826)
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	(3,689)	(1)	(3,692)	91
Deferred income taxes	1,428	-	1,430	(30)
	(2,261)	(1)	(2,262)	61
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	2,185	(35,869)	21,187	(85,319)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 18,051	\$ (44,626)	\$ 15,143	\$ (66,229)

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	-	-	-	-	-	-	19,090	19,090
Other comprehensive income (loss)	-	-	(83,554)	(1,826)	61	-	-	(85,319)
	\$ -	\$ -	\$ (83,554)	\$ (1,826)	\$ 61	\$ -	\$ 19,090	\$ (66,229)
Reclassification from contributed surplus due to settlement of deferred share units	61	(101)	-	-	-	-	-	(40)
Share-based payments	-	635	-	-	-	-	-	635
Remeasurement of written put option liabilities	-	-	-	-	-	1,400	-	1,400
Dividends on common shares	-	-	-	-	-	-	(29,090)	(29,090)
Dividends on deferred share units	-	170	-	-	-	-	(170)	-
Balance as at September 30, 2015	\$ 199,988	\$ 26,395	\$ (92,396)	\$ 354	\$ (13,856)	\$ 1,979	\$ 991,196	\$1,113,660
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 loss	-	-	-	-	-	-	(6,044)	(6,044)
Other comprehensive income (loss)	-	-	24,945	(1,496)	(2,262)	-	-	21,187
	\$ -	\$ -	\$ 24,945	\$ (1,496)	\$ (2,262)	\$ -	\$ (6,044)	\$ 15,143
Issued under stock option plan	645	-	-	-	-	-	-	645
Reclassification from contributed surplus due to exercise of stock options	187	(187)	-	-	-	-	-	-
Reclassification from contributed surplus due to settlement of deferred share units	61	(103)	-	-	-	-	-	(42)
Share-based payments	-	1,083	-	-	-	-	-	1,083
Remeasurement of written put option liabilities	-	-	-	-	-	(2,455)	-	(2,455)
Dividends on common shares	-	-	-	-	-	-	(29,022)	(29,022)
Dividends on deferred share units	-	200	-	-	-	-	(200)	-
Balance as at September 30, 2016	\$ 201,170	\$ 27,473	\$ (79,576)	\$ 1,184	\$ (14,377)	\$ (928)	\$ 952,803	\$1,087,749

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

	Third Quarters Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income (loss)	\$ 15,866	\$ (8,757)	\$ (6,044)	\$ 19,090
Items not involving cash:				
Depreciation and amortization	13,451	14,957	39,911	43,692
Impairment losses on goodwill and intangible assets	-	26,510	55,341	26,510
Unrealized losses (gains) arising on financial assets and financial liabilities classified as held for trading	(798)	(522)	412	(357)
Share-based payments	140	104	370	294
Defined benefit pension and post-retirement costs	(7,767)	815	(5,637)	2,448
Loss (gain) on disposal of property, plant and equipment	(1,873)	745	(1,353)	727
Restructuring and other costs	3,880	4,379	3,923	4,379
Finance expenses	10,077	1,522	31,133	20,463
Income taxes expense (recovery)	3,651	(2,273)	1,583	2,885
Net change in balances related to operations	23,105	48,178	12,421	(94,079)
Income taxes paid	(4,135)	(4,527)	(16,427)	(13,925)
Income taxes received	2,356	972	8,612	7,100
Interest paid	(5,059)	(4,784)	(23,273)	(11,594)
Interest received	180	85	385	258
CASH PROVIDED BY OPERATING ACTIVITIES	<u>53,074</u>	<u>77,404</u>	<u>101,357</u>	<u>7,891</u>
FINANCING ACTIVITIES				
Bank indebtedness	6,685	(14,458)	(1,953)	45,310
Increase of long-term debt	560	504	978	72,721
Repayments of long-term debt	(49,528)	(52,927)	(46,618)	(63,125)
Repayments of forward purchase agreement liabilities	-	-	(4,414)	-
Increase of written put option liabilities	-	-	673	525
Financing costs	(143)	(398)	(2,082)	(1,863)
Issuance of share capital	204	-	610	-
Dividends on common shares	(9,621)	(9,697)	(29,022)	(29,090)
CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(51,843)</u>	<u>(76,976)</u>	<u>(81,828)</u>	<u>24,478</u>
INVESTING ACTIVITIES				
Acquisition of businesses	-	-	5,475	(1,736)
Additions to property, plant and equipment	(4,202)	(7,788)	(14,013)	(24,617)
Disposals of property, plant and equipment	1,414	27	1,552	557
Net proceeds from disposals of assets held for sale	1,555	-	4,536	-
Additions to intangible assets	(3,054)	(3,816)	(12,104)	(13,491)
CASH USED IN INVESTING ACTIVITIES	<u>(4,287)</u>	<u>(11,577)</u>	<u>(14,554)</u>	<u>(39,287)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	(198)	(2,584)	1,742	(5,482)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,254)	(13,733)	6,717	(12,400)
Cash and cash equivalents, beginning of period	43,153	48,434	33,182	47,101
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 39,899</u>	<u>\$ 34,701</u>	<u>\$ 39,899</u>	<u>\$ 34,701</u>
Supplemental information on net changes in balances related to operations:				
Trade and other receivables	\$ 5,014	\$ 7,715	\$ (3,432)	\$ 1,923
Inventories	(9,560)	(18,028)	3,402	(85,636)
Other financial assets	1,256	37	1,261	149
Prepaid expenses	8,692	(1,452)	(2,144)	(10,470)
Other assets	(196)	(484)	(552)	(566)
Trade and other payables	7,997	60,049	552	7,462
Net pension and post-retirement defined benefit liabilities	(1,774)	(671)	(3,854)	(2,656)
Provisions, other financial liabilities and other long-term liabilities	11,676	1,012	17,188	(4,285)
	<u>\$ 23,105</u>	<u>\$ 48,178</u>	<u>\$ 12,421</u>	<u>\$ (94,079)</u>

DOREL INDUSTRIES INC.
SEGMENTED INFORMATION
THIRD QUARTERS ENDED SEPTEMBER 30
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	\$ 671,273	\$ 679,287	\$ 232,601	\$ 247,296	\$ 250,711	\$ 266,499	\$ 187,961	\$ 165,492
Cost of sales ⁽¹⁾	510,268	542,732	154,188	183,096	198,847	215,545	157,233	144,091
Gross profit	161,005	136,555	78,413	64,200	51,864	50,954	30,728	21,401
Selling expenses	58,883	57,658	29,087	28,051	24,635	25,391	5,161	4,216
General and administrative expenses	55,618	44,267	30,388	22,503	17,348	15,712	7,882	6,052
Research and development expenses	8,029	9,210	5,387	6,661	1,660	1,538	982	1,011
Restructuring and other costs ⁽¹⁾	3,554	6,155	1,151	4,183	2,403	1,972	-	-
Impairment losses on goodwill and intangible assets	-	26,510	-	-	-	26,510	-	-
Operating profit (loss)	34,921	(7,245)	\$ 12,400	\$ 2,802	\$ 5,818	\$ (20,169)	\$ 16,703	\$ 10,122
Finance expenses	10,077	1,522						
Corporate expenses	5,327	2,263						
Income taxes expense (recovery)	3,651	(2,273)						
Net income (loss)	\$ 15,866	\$ (8,757)						
<u>Earnings (loss) per share</u>								
Basic	\$0.49	(\$0.27)						
Diluted	\$0.49	(\$0.27)						
<hr/>								
Depreciation and amortization included in operating profit (loss)	\$ 13,249	\$ 14,692	\$ 9,652	\$ 10,381	\$ 2,497	\$ 3,200	\$ 1,100	\$ 1,111

⁽¹⁾ Restructuring and other costs charged to:

Cost of sales	\$ 2,702	\$ 3,379	\$ -	\$ 867	\$ 2,702	\$ 2,512	\$ -	\$ -
Expenses	3,554	6,155	1,151	4,183	2,403	1,972	-	-
	\$ 6,256	\$ 9,534	\$ 1,151	\$ 5,050	\$ 5,105	\$ 4,484	\$ -	\$ -

DOREL INDUSTRIES INC.
SEGMENTED INFORMATION
NINE MONTHS ENDED SEPTEMBER 30
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	\$ 1,954,436	\$ 2,014,419	\$ 724,811	\$ 786,910	\$ 703,722	\$ 746,515	\$ 525,903	\$ 480,994
Cost of sales ⁽¹⁾	1,492,816	1,582,052	498,704	578,280	555,519	585,474	438,593	418,298
Gross profit	461,620	432,367	226,107	208,630	148,203	161,041	87,310	62,696
Selling expenses	171,719	172,217	85,426	84,719	70,989	74,593	15,304	12,905
General and administrative expenses	150,723	141,792	74,806	71,698	53,691	51,466	22,226	18,628
Research and development expenses	24,629	27,041	16,927	19,583	4,840	4,652	2,862	2,806
Restructuring and other costs ⁽¹⁾	13,673	7,246	11,436	5,898	2,237	1,348	-	-
Impairment losses on goodwill and intangible assets	55,341	26,510	-	-	55,341	26,510	-	-
Operating profit (loss)	45,535	57,561	\$ 37,512	\$ 26,732	\$ (38,895)	\$ 2,472	\$ 46,918	\$ 28,357
Finance expenses	31,133	20,463						
Corporate expenses	18,863	15,123						
Income taxes expense	1,583	2,885						
Net income (loss)	\$ (6,044)	\$ 19,090						
<u>Earnings (loss) per share</u>								
Basic	(\$0.19)	\$0.59						
Diluted	(\$0.19)	\$0.59						
<hr/>								
Depreciation and amortization included in operating profit (loss)	\$ 39,308	\$ 43,337	\$ 27,548	\$ 29,903	\$ 8,423	\$ 9,943	\$ 3,337	\$ 3,491
<hr/>								
⁽¹⁾ Restructuring and other costs charged to:								
Cost of sales	\$ 2,702	\$ 3,379	\$ -	\$ 867	\$ 2,702	\$ 2,512	\$ -	\$ -
Expenses	13,673	7,246	11,436	5,898	2,237	1,348	-	-
	\$ 16,375	\$ 10,625	\$ 11,436	\$ 6,765	\$ 4,939	\$ 3,860	\$ -	\$ -