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
TSX: DII.B, DII.A

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C O M M U N I Q U É

Dorel Reports Q4 and 2018 Year-End Results

- Dorel Home maintains its dominance in e-commerce
- Dorel Sports affected by slower than expected holiday consumer demand
- Dorel Juvenile earnings decline despite organic revenue growth
- US$501.4 million non-cash impairment charge being recorded
- Annual dividend being adjusted to US$0.60

Montréal, March 14, 2019 — Dorel Industries Inc. (TSX: DII.B, DII.A) today announced results for the fourth quarter and year ended December 30, 2018. Revenue for the fourth quarter was US$683.5 million, up 1.0% from US$677.1 million a year ago. Reported net loss for the quarter was US$443.9 million or US$13.68 per diluted share compared to US$6.1 million or US$0.19 per diluted share a year ago. Adjusted net income was US$10.3 million or US$0.31 per diluted share compared to US$17.3 million or US$0.53 per diluted share in the fourth quarter of 2017. Removing the impact of the 2017 fourth quarter impairment loss on trade accounts receivable from Toys“R”Us U.S. of US$2.8 million after tax, the comparative fourth quarter adjusted net income was US$20.1 million or US$0.62 per diluted share a year ago.

Revenue for 2018 was US$2.62 billion, compared to US$2.58 billion the previous year. Reported net loss was US$444.3 million or US$13.70 per diluted share, compared to a reported net income of US$27.4 million or US$0.84 per diluted share the previous year. Adjusted net income for the year declined to US$39.5 million or US$1.21 per diluted share, compared to US$67.0 million or US$2.05 per diluted share in 2017. Removing the impact of the 2018 first quarter and 2017 fourth quarter impairment losses on trade accounts receivable from Toys“R”Us U.S. of US$9.4 million after tax in the first quarter of 2018 and US$2.8 million after tax in the fourth quarter of 2017 as noted above, the adjusted net income for the year was US$48.9 million or US$1.50 per diluted share, compared to US$69.8 million or US$2.14 per diluted share a year ago.

“Dorel Home has again performed well and continues to benefit from our market-leading innovations in e-commerce. At the same time, we were disappointed by fourth quarter earnings at Dorel Juvenile and Dorel Sports. Both segments were affected by lower than expected industry-wide consumer demand over the holiday season and the on-going changes in the consumer products industry. We are in the process of actively addressing these realities,” stated Dorel President & CEO, Martin Schwartz.

“Despite the challenges facing the retail sector as a whole, we are committed to continuing to take action to build value for Dorel shareholders, including making some tough but necessary decisions. We have been acting on the recognition that the way our industry does business and the expectations and behaviours of customers and consumers are all changing. Dorel is in the process of initiating a restructuring program to evaluate our global footprint and to optimize our Company to meet these new realities. We’re confident that this program will help us be more efficient, improve performance, and maximize long-term value for our shareholders.”

Optimizing Dorel to Meet Changing Marketplace Realities

Like all consumer products companies, Dorel is not immune to the impacts of a changing retail landscape and evolving consumer habits. Traditional brick and mortar stores —stores that existed as recently as 2018— are shuttering as the buying patterns of consumers evolve.

We have recognized these new realities of retail require Dorel to be efficient, innovative, and nimble to maintain alignment with consumers. Dorel has been taking important steps to ensure that we can be competitive for the long-term and the online success of Dorel Home is indicative of this. Each of these new realities impact our business lines in different ways and require a unique approach to ensure the long-term success of each.

Building on the success of the innovations at Dorel Home, Dorel is in the process of launching a comprehensive global restructuring program. As part of the restructuring program, Dorel is undertaking a comprehensive review of our global footprint, including the assets within each business segment.

As an immediate result of this review, Dorel has divested from its juvenile distribution operations based in Colombia and Panama. Though relatively immaterial to earnings, the closure of these businesses will improve working capital, reduce costs and allow for greater focus on its larger South American markets. Dorel will continue to supply products through a local distributor allowing it to maintain its access to emerging consumer markets in Central America.

In addition to optimizing our global footprint, the restructuring program will also include assessing our business processes and related enabling technologies and identifying long-term cost savings and other efficiencies.

The implementation of the restructuring program will be on-going throughout 2019 with resultant benefits expected to begin later this year and extending into future years, leading to improved performance, cost savings and enhanced long-term returns for shareholders. Dorel will provide periodic updates to the market.

Long-Term Debt Update

Dorel is currently reviewing its refinancing options with its financial advisors and will pursue what it believes to be the best alternative. In this regard, Dorel is in the process of refinancing its US$120.0 million convertible debentures maturing on November 30, 2019, although there can be no assurance that it will be able to successfully complete such refinancing. On March 8, 2019, Dorel amended its revolving bank loans and term loan agreement to facilitate the compliance with its covenants in light of the last twelve months' results of operations, and to permit additional financing from other lenders to refinance and repay the convertible debentures. The amendment also extends the maturity date to July 1, 2021 if the convertible debentures are repaid or refinanced by May 30, 2019. If the convertible debentures have not been repaid or refinanced, the maturity remains on May 30, 2019. Given the convertible debentures are not yet repaid or refinanced, as such, the convertible debentures, the revolving bank loans and term loan were all classified as current as at December 30, 2018.

Dividend

Dorel is committed to reducing its leverage. We recognize that a market-competitive dividend is important to its shareholders, as is maintaining Dorel's long-term strategy of investing in new products development. In order to strike a balance and to ensure financial flexibility, Dorel will adjust its dividend from the current annual US$1.20 a share to US$0.60 on the outstanding number of the Company's Class "A" Multiple Voting Shares, Class "B" Subordinate Voting Shares, Deferred Share Units, cash-settled Restricted Share Units and cash-settled Performance Share Units.

The reduction in the dividend will allow Dorel to retain approximately US$19.5 million annually in cash, which will be used to enhance Dorel's financial position and give us additional flexibility to enhance long-term value. The Board of Directors will continue to assess potential future dividend levels on a quarterly basis.

Impairment Losses on Goodwill, Intangible Assets and Property, Plant and Equipment

A sustained decline in Dorel's stock price during 2018 has caused Dorel's market capitalization to be significantly lower than the carrying value of its net assets and as such the Company has recorded total impairment losses on goodwill, intangible assets and property, plant and equipment of US$501.4 million during the fourth quarter of 2018, of which US$264.2 million was within Dorel Juvenile and US$237.2 million was within Dorel Sports.

Non-GAAP Financial Measures

The Company is presenting adjusted financial information, excluding impairment losses on goodwill, intangible assets and property, plant and equipment, restructuring and other costs, remeasurement of forward purchase agreement liabilities and loss on early extinguishment of long-term debt, as it believes this provides a more meaningful comparison of its core business performance between the periods presented. These announced items are detailed in the attached tables of this press release. 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)			
Fourth Quarters Ended December 30,			
All figures in thousands of US $, except per share amounts			
	2018	**2017 (1)**	**Change**
	$	**$**	**%**
Total revenue	683,546	677,052	1.0%
Net loss	(443,898)	(6,134)	(7,136.7%)
Per share - Basic	(13.68)	(0.19)	(7,100.0%)
Per share - Diluted	(13.68)	(0.19)	(7,100.0%)
Adjusted net income	10,298	17,268	(40.4%)
Per share - Basic	0.32	0.53	(39.6%)
Per share - Diluted	0.31	0.53	(41.5%)
Number of shares outstanding –			
Basic weighted average	32,439,189	32,426,326	
Diluted weighted average	32,439,189	32,426,326	

Summary of Financial Information (unaudited)			
Years Ended December 30,			
All figures in thousands of US $, except per share amounts			
	2018	**2017 (1)**	**Change**
	$	**$**	**%**
Total revenue	2,619,513	2,577,668	1.6%
Net income (loss)	(444,343)	27,441	(1,719.3%)
Per share - Basic	(13.70)	0.85	(1,711.8%)
Per share - Diluted	(13.70)	0.84	(1,731.0%)
Adjusted net income	39,484	66,955	(41.0%)
Per share - Basic	1.22	2.07	(41.1%)
Per share - Diluted	1.21	2.05	(41.0%)
Number of shares outstanding –			
Basic weighted average	32,438,645	32,409,551	
Diluted weighted average	32,438,645	32,665,713	

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated.

DETAILED FINANCIAL RESULTS

Dorel Home

All figures in thousands of US $

Fourth Quarters Ended December 30 (unaudited)					
	2018		2017 [(1)]		Change
	$	% of rev.	$	% of rev.	%
Total revenue	209,262		200,975		4.1%
Gross profit	33,460	16.0%	38,698	19.3%	(13.5%)
Operating profit	17,495	8.4%	21,064	10.5%	(16.9%)
Adjusted operating profit	17,747	8.5%	21,064	10.5%	(15.7%)

All figures in thousands of US $

Years Ended December 30 (unaudited)					
	2018		2017 [(1)]		Change
	$	% of rev.	$	% of rev.	%
Total revenue	804,447		790,619		1.7%
Gross profit	132,849	16.5%	141,550	17.9%	(6.1%)
Operating profit	70,172	8.7%	78,081	9.9%	(10.1%)
Adjusted operating profit	70,424	8.8%	78,081	9.9%	(9.8%)

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated.

Fourth quarter revenue rose US$8.3 million, or 4.1%, to US$209.3 million. The increase was despite certain customers cancelling orders in response to U.S. tariffs being imposed in the second half of the year. For the full year, revenue was up US$13.8 million, or 1.7%, to US$804.4 million from US$790.6 million in 2017. Dorel Home's online business continued its upward trend. For the fourth quarter and the full year, e-commerce sales represented a record 59% and 56% of total segment gross sales respectively compared to 58% and 52% for the comparable periods in 2017. Brick and mortar sales experienced a slight improvement for the fourth quarter compared to the same period a year ago, aided by new business for Cosco Home & Office at a major DIY chain. While still a small percentage of overall revenue, branded-product sales were up substantially year-over-year and the fourth quarter experienced a decent start for the new Cosmo Living business.

Fourth quarter gross profit was 16.0%, down 330 basis points, and for the full year decreased 140 basis points to 16.5%. A major component of the margin decline was the potential impact of further U.S. tariffs on Chinese-sourced product that were expected on January 1, 2019. As in many industries, purchases were accelerated into 2018. The resultant increased demand for overseas containers drove higher transportation costs and higher inventories meant an increase in warehousing and other overheads. In addition, product mix was less favourable with a higher proportion of lower margin product sales. Operational costs to support e-commerce growth were also higher than prior year.

Fourth quarter operating profit was down US$3.6 million, or 16.9%, to US$17.5 million from US$21.1 million a year ago. For the full year, operating profit decreased US$7.9 million, or 10.1%, to US$70.2 million compared to US$78.1 million last year. Excluding Alphason's acquisition-related costs, fourth quarter adjusted operating profit was down US$3.3 million, or 15.7%, to US$17.7 million. For the full year, adjusted operating profit decreased US$7.7 million, or 9.8%, to US$70.4 million compared to US$78.1 million last year. The US$7.7 million decrease includes the US$2.1 million impairment loss on trade accounts receivable from Toys"R"Us U.S. recorded in the first quarter of 2018.

Dorel Juvenile

All figures in thousands of US $

Fourth Quarters Ended December 30 (unaudited)					
	2018		2017 [(1)]		Change
	$	% of rev.	$	% of rev.	%
Total revenue	241,598		239,306		1.0%
Gross profit	61,426	25.4%	70,645	29.5%	(13.0%)
Operating loss	(265,752)	(110.0%)	(14,305)	(6.0%)	(1,757.8%)
Adjusted gross profit	61,978	25.7%	70,926	29.6%	(12.6%)
Adjusted operating profit	1,731	0.7%	9,685	4.0%	(82.1%)

All figures in thousands of US $

Years Ended December 30 (unaudited)					
	2018		2017 [(1)]		Change
	$	% of rev.	$	% of rev.	%
Total revenue	932,060		921,669		1.1%
Gross profit	244,161	26.2%	275,261	29.9%	(11.3%)
Operating profit (loss)	(284,506)	(30.5%)	12,606	1.4%	(2,356.9%)
Adjusted gross profit	244,800	26.3%	276,836	30.0%	(11.6%)
Adjusted operating profit	10,741	1.2%	44,468	4.8%	(75.8%)

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated.

Fourth quarter revenue increased US$2.3 million, or 1.0%, to US$241.6 million from US$239.3 million last year. Organic revenue improved 4.1% excluding the impact of foreign exchange rate changes year-over-year, which was slightly below expectations. The revenue growth trend in 2018 continued in the U.S. and Brazil which was partially offset by declines in Dorel Juvenile's other markets. The most notable sales shortfall was in Chile as revenue declined significantly due to a difficult holiday season and the right-sizing of both its retail footprint and product offerings. Full year revenue increased US$10.4 million, or 1.1%, to US$932.1 million from US$921.7 million. Excluding foreign exchange rate fluctuations, organic revenue grew by approximately 0.4%. As for the quarter, this growth was in the U.S. and Brazilian markets, with the significant declines in Chile, as well as Europe earlier in the year due to issues implementing a Warehouse Management System in the second quarter.

Despite increasing slightly from third quarter levels, lower gross margins continue to be the major driver of depressed adjusted operating profit for the segment. Margins in Chile decreased versus last year due to lower retail price points and discounting to achieve critical holiday season sales. Dorel Juvenile Europe gross margin declines were mainly due to lower price points to minimize sales shortfalls in certain categories and a negative sales mix overall. Gross margins were further challenged by higher input costs in the U.S. and less favourable foreign exchange rates in most markets. Going forward, price increases currently in place and the introduction of new products in key product categories are expected to continue the upward trend in gross margins from the low point in the third quarter of 2018 and this trend should gradually improve in 2019.

Operating expenses for the quarter were slightly lower than prior year despite a significant increase in research and development expenses of US$2.5 million, with amortization of deferred development costs accounting for 40% of the increase. This is a result of a greater number of product launches in 2018 versus prior year. Higher spending in both the quarter and year-to-date were a function of more product development activities as the segment launched new product across a range of product categories and price points. Product liability costs also increased in the quarter by US$3.4 million versus last year and exceeded the run rate for 2018 by approximately the same amount.

Dorel Juvenile fourth quarter operating loss was US$265.8 million compared to US$14.3 million a year ago. Excluding the impairment losses on goodwill and intangible assets, restructuring and other costs, adjusted operating profit for the quarter declined by US$8.0 million, or 82.1% to US$1.7 million compared to US$9.7 million last year. Removing the impact of the 2017 fourth quarter impairment loss on trade accounts receivable from Toys“R”Us U.S. of US$0.7 million, the comparative fourth quarter adjusted operating profit was US$10.4 million a year ago. For the full year, the operating loss was US$284.5 million compared to an operating profit of US$12.6 million in 2017. Excluding impairment losses on goodwill and intangible assets, restructuring and other costs, adjusted operating profit declined by US$33.7 million, or 75.8%, to US$10.7 million. Removing the impact of the 2018 first quarter and 2017 fourth quarter impairment losses on trade accounts receivable from Toys“R”Us U.S. of US$3.8 million in the first quarter of 2018 and US$0.7 million in the fourth quarter of 2017 as noted above, the adjusted operating profit was US$14.5 million compared to US$45.2 million last year.

Dorel Sports

All figures in thousands of US $

Fourth Quarters Ended December 30 (unaudited)					
	2018		2017 [(1)]		Change
	$	% of rev.	$	% of rev.	%
Total revenue	232,686		236,771		(1.7%)
Gross profit	48,161	20.7%	52,105	22.0%	(7.6%)
Operating profit (loss)	(232,084)	(99.7%)	6,545	2.8%	(3,646.0%)
Adjusted gross profit	48,096	20.7%	51,386	21.7%	(6.4%)
Adjusted operating profit	5,130	2.2%	6,184	2.6%	(17.0%)

All figures in thousands of US $

Years Ended December 30 (unaudited)					
	2018		2017 [(1)]		Change
	$	% of rev.	$	% of rev.	%
Total revenue	883,006		865,380		2.0%
Gross profit	187,782	21.3%	194,940	22.5%	(3.7%)
Operating profit (loss)	(229,147)	(26.0%)	21,763	2.5%	(1,152.9%)
Adjusted gross profit	189,401	21.4%	193,625	22.4%	(2.2%)
Adjusted operating profit	19,860	2.2%	21,904	2.5%	(9.3%)

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated.

Fourth quarter revenue declined by US$4.1 million, or 1.7%, to US$232.7 million from US$236.8 million last year but grew by approximately 2.6% after excluding the negative impact of varying foreign exchange rates year-over-year and the divestments of the SUGOI and Sombrio brands in the second quarter of 2018. Cycling Sports Group (CSG) posted double-digit organic revenue growth and significant operating profit improvement, mainly from growth in Europe and in the U.S. sporting goods channel due to innovation in model-year 2019 products. In Brazil, Caloi also delivered double-digit sales and operating profit growth in Brazilian Reals, driven by a stronger mix of products, success with their 29-inch mountain bikes as well as with the Cannondale line. However, at Pacific Cycle, revenue and gross profit both dropped due to weaker than expected mass channel holiday POS on bikes and interactive battery powered ride-ons, as well as by retailer inventory reductions.

For the year, Dorel Sports’ revenue increased by US$17.6 million, or 2.0%, to US$883.0 million and by approximately 3.4%, after excluding foreign exchange rate fluctuations year-over-year, as well as the divestments of SUGOI and Sombrio.

Fourth quarter operating loss was US$232.1 million compared with an operating profit of US$6.5 million in 2017. Adjusted operating profit decreased US$1.1 million, or 17.0%, to US$5.1 million from US$6.2 million when excluding impairment losses on goodwill, intangible assets and property, plant and equipment, restructuring and other costs. Removing the impact of the 2017 fourth quarter impairment loss on trade accounts receivable from Toys“R”Us U.S. of US$3.1 million, the comparative fourth quarter adjusted operating profit was US$9.3 million a year ago. The miss in the quarter was primarily due to the slowdown in bicycle sales across the board at Pacific Cycle as well as by the unexpected fourth quarter impairment loss on trade accounts receivable of US$2.1 million as Evans Cycles entered administration in the UK.

For the year, the operating loss was US$229.1 million compared to an operating profit of US$21.8 million in 2017. Excluding impairment losses on goodwill, intangible assets and property, plant and equipment, restructuring and other costs, adjusted operating profit decreased by $2.0 million, or 9.3%, to US$19.9 million. When excluding the impairment loss on trade accounts receivable from Toys“R”Us U.S. of US$6.6 million in the first quarter of 2018 and of US$3.1 million in the fourth quarter of 2017, year-to-date adjusted operating profit improved to US$26.5 million from US$25.0 million last year.

Other

During the fourth quarter and year ended December 30, 2018, the Company’s effective tax rates were 10.1% and 10.8%, respectively versus (184.1%) and 37.9% for the same periods in the prior year. Excluding income taxes on impairment losses on goodwill, intangible assets and property, plant and equipment, as well as restructuring and other costs, the Company’s fourth quarter adjusted tax rate was 9.7% in 2018 and 19.6% in 2017. Excluding income taxes on impairment losses on goodwill, intangible assets and property, plant and equipment, restructuring and other costs, remeasurement of forward purchase agreement liabilities and loss on early extinguishment of long-term debt, the adjusted tax rate for the year was 14.8% in 2018 versus 22.7% in 2017. Variations in the adjusted tax rate year-over-year for the fourth quarter and full year are explained largely due to changes in the jurisdictions in which the Company generated its income, including the impact related to the U.S. Tax Reform signed into law on December 22, 2017, effective as of January 1, 2018.

Quarterly Dividend

Dorel’s Board of Directors declared a revised quarterly dividend, as mentioned above, of US$0.15 per share on the outstanding number of the Company’s Class “A” Multiple Voting Shares, Class “B” Subordinate Voting Shares, Deferred Share Units, cash-settled Restricted Share Units and cash-settled Performance Share Units. The dividend is payable on April 11, 2019 to shareholders of record as at the close of business on March 28, 2019.

2019 Outlook

“This is an important stage in the evolution of the consumer products industry and Dorel is leading the change,” stated Dorel President & CEO, Martin Schwartz. “In 2019, we expect improved adjusted operating profit in all business segments with expanding product lines, e-commerce innovations, and improved efficiencies. In addition, implementation of the global restructuring program is expected to result in cost savings. We’re excited about the year ahead.”

Dorel Home:
We expect Dorel Home to deliver revenue and adjusted operating profit improvements in 2019 led by continued growth in e-commerce sales as consumers become more accustomed to purchasing furniture on-line. Dorel Home’s expansion of key product brands — including Little Seeds, Novogratz, and Cosmo Living — is expected to drive revenue growth across various categories, while the recent acquisition of UK-based Alphason is expected to boost adjusted operating profit by the second half of 2019 as we continue to build-out our infrastructure and sales channels in Europe.

While tariffs in the home furnishings segment are not expected to impact sales or adjusted operating profit in 2019, we remain watchful on the effects of expected anti-dumping duties on mattresses made in China and its impact on costs.

Dorel Juvenile:
We project an improvement in adjusted operating profit for Dorel Juvenile in 2019, buoyed by growth in sales in the majority of our markets. In North America and Europe, we expect mid-single digit revenue increases and improved adjusted gross profit on the strength of our new product introductions and our market-leading brands.

As in 2018, in Latin America we expect continued growth in Brazil, Peru and Mexico, while a focussed product line and a more rationalized cost base is expected to improve adjusted operating profit in Chile. Finally, we expect that Dorel Juvenile China will be a positive contributor to earnings improvement in 2019.

Foreign currency fluctuations remain a risk to this segment's earnings in 2019. Should the US dollar strengthen significantly from current levels against other currencies, principally the Euro and RMB, Dorel Juvenile's adjusted operating profit expectations for 2019 may be dampened.

Dorel Sports:
We expect to see a rebound in profits for Dorel Sports in 2019 with segment revenue forecasted to grow in the mid-single digits driven by price increases related to tariffs passed on to consumers at Pacific Cycle and volume and market share growth in CSG and Caloi.

Dorel Sports expects improved adjusted operating profit at CSG and Caloi throughout 2019. CSG growth will be driven by recent restructuring efforts and new product innovations particularly in the expanding e-bike category. At Caloi, we project increased sales with its expansion into the OPP segment and OEM manufacturing for retail and bike share programs.

Revenue and adjusted operating profit improvement at Pacific Cycle is expected mostly in the second half, based on the rapidly growing e-commerce channel, new customer distribution points and an expanded product line. This includes a broadened line of electric ride-ons and entering adjacent categories, such as scooters.

Conference Call

Dorel Industries Inc. will hold a conference call to discuss these results today, March 14, 2019 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 https://www.dorel.com. 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 9958088 on your phone. This recording will be available on Thursday, March 14, 2019 as of 4:00 P.M. until 11:59 P.M. on Thursday, March 21, 2019.

Complete consolidated financial statements as at December 30, 2018 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 global organization, operating three distinct businesses in juvenile products, bicycles and home products. Dorel's strength lies in the diversity, innovation and quality of its products as well as the superiority of its brands. Dorel Juvenile's powerfully branded products include global brands Maxi-Cosi, Quinny and Tiny Love, complemented by regional brands such as Safety 1st, Bébé Confort, Cosco and Infanti. Dorel Sports brands include Cannondale, Schwinn, GT, Mongoose, Caloi and IronHorse. Dorel Home, with its comprehensive e-commerce platform, markets a wide assortment of domestically produced and imported furniture. Dorel has annual sales of US$2.6 billion and employs approximately 9,200 people in facilities located in twenty-five countries worldwide.

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 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, including compliance with covenants, and the related costs of borrowing; debt refinancing; failure related to information technology systems; changes in assumptions in the valuation of goodwill and other intangible assets and future decline in market capitalization; 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.

Forward-looking statements made in this press release related to the expected financial information for 2019 do not take into consideration the impact of adopting IFRS 16, *Leases*, on December 31, 2018.

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 on goodwill, intangible assets and property, plant and equipment, restructuring and other costs, remeasurement of forward purchase agreement liabilities and loss on early extinguishment of long-term debt incurred in 2018 and 2017, 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 the tables below are in thousands of US $, except per share amounts)

Reconciliation of non-GAAP financial measures

	Fourth Quarters Ended December 30,									
	2018					2017[1]				
	Reported	% of revenue	Impairment losses on goodwill, intangible assets and property, plant and equipment, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment loss on goodwill, restructuring and other costs	Adjusted	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
TOTAL REVENUE	**683,546**	100.0	-	**683,546**	100.0	**677,052**	100.0	-	**677,052**	100.0
Cost of sales	**540,499**	79.1	(487)	**540,012**	79.0	**515,604**	76.2	438	**516,042**	76.2
GROSS PROFIT	**143,047**	20.9	487	**143,534**	21.0	**161,448**	23.8	(438)	**161,010**	23.8
Selling expenses	**56,807**	8.3	-	**56,807**	8.3	**58,929**	8.7	-	**58,929**	8.7
General and administrative expenses	**53,200**	7.9	-	**53,200**	7.9	**60,087**	8.9	-	**60,087**	8.9
Research and development expenses	**10,482**	1.5	-	**10,482**	1.5	**8,039**	1.2	-	**8,039**	1.2
Impairment loss on trade and other receivables	**3,018**	0.4	-	**3,018**	0.4	**4,263**	0.6	-	**4,263**	0.6
Restructuring and other costs	**3,016**	0.4	(3,016)	**-**	-	**4,138**	0.6	(4,138)	**-**	-
Impairment losses on goodwill, intangible assets and property, plant and equipment	**501,446**	73.3	(501,446)	**-**	-	**19,929**	2.9	(19,929)	**-**	-
OPERATING PROFIT (LOSS)	**(484,922)**	(70.9)	504,949	**20,027**	2.9	**6,063**	0.9	23,629	**29,692**	4.4
Finance expenses	**8,626**	1.3	-	**8,626**	1.3	**8,222**	1.2	-	**8,222**	1.2
INCOME (LOSS) BEFORE INCOME TAXES	**(493,548)**	(72.2)	504,949	**11,401**	1.6	**(2,159)**	(0.3)	23,629	**21,470**	3.2
Income taxes expense (recovery)	**(49,650)**	(7.3)	50,753	**1,103**	0.1	**3,975**	0.6	227	**4,202**	0.6
Tax rate	***10.1%***			***9.7%***		***(184.1%)***			***19.6%***	
NET INCOME (LOSS)	**(443,898)**	(64.9)	454,196	**10,298**	1.5	**(6,134)**	(0.9)	23,402	**17,268**	2.6
EARNINGS (LOSS) PER SHARE										
Basic	**(13.68)**		14.00	**0.32**		**(0.19)**		0.72	**0.53**	
Diluted	**(13.68)**		13.99	**0.31**		**(0.19)**		0.72	**0.53**	
SHARES OUTSTANDING										
Basic - weighted average	**32,439,189**			**32,439,189**		**32,426,326**			**32,426,326**	
Diluted - weighted average	**32,439,189**			**32,747,791**		**32,426,326**			**32,706,760**	

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. Comparative information has been reclassified due to a new impairment loss line presentation.

Reconciliation of non-GAAP financial measures

	Years Ended December 30,									
	2018					2017[1]				
	Reported	% of revenue	Impairment losses on goodwill, intangible assets and property, plant and equipment, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment loss on goodwill, restructuring and other costs	Adjusted	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
TOTAL REVENUE	**2,619,513**	100.0	-	**2,619,513**	100.0	**2,577,668**	100.0	-	**2,577,668**	100.0
Cost of sales	**2,054,721**	78.4	(2,258)	**2,052,463**	78.4	**1,965,917**	76.3	(260)	**1,965,657**	76.3
GROSS PROFIT	**564,792**	21.6	2,258	**567,050**	21.6	**611,751**	23.7	260	**612,011**	23.7
Selling expenses	**233,772**	8.9	-	**233,772**	8.9	**233,106**	9.0	-	**233,106**	9.0
General and administrative expenses	**200,041**	7.7	-	**200,041**	7.7	**220,773**	8.6	-	**220,773**	8.6
Research and development expenses	**37,819**	1.4	-	**37,819**	1.4	**31,065**	1.2	-	**31,065**	1.2
Impairment loss on trade and other receivables	**16,425**	0.6	-	**16,425**	0.6	**7,622**	0.3	-	**7,622**	0.3
Restructuring and other costs	**16,609**	0.6	(16,609)	**-**	-	**11,814**	0.4	(11,814)	**-**	-
Impairment losses on goodwill, intangible assets and property, plant and equipment	**525,639**	20.2	(525,639)	**-**	-	**19,929**	0.8	(19,929)	**-**	-
OPERATING PROFIT (LOSS)	**(465,513)**	(17.8)	544,506	**78,993**	3.0	**87,442**	3.4	32,003	**119,445**	4.6
Finance expenses	**32,650**	1.2	-	**32,650**	1.2	**43,248**	1.7	(10,475)	**32,773**	1.2
INCOME (LOSS) BEFORE INCOME TAXES	**(498,163)**	(19.0)	544,506	**46,343**	1.8	**44,194**	1.7	42,478	**86,672**	3.4
Income taxes expense (recovery)	**(53,820)**	(2.0)	60,679	**6,859**	0.3	**16,753**	0.6	2,964	**19,717**	0.8
Tax rate	***10.8%***			***14.8%***		***37.9%***			***22.7%***	
NET INCOME (LOSS)	**(444,343)**	(17.0)	483,827	**39,484**	1.5	**27,441**	1.1	39,514	**66,955**	2.6
EARNINGS (LOSS) PER SHARE										
Basic	**(13.70)**		14.92	**1.22**		**0.85**		1.22	**2.07**	
Diluted	**(13.70)**		14.91	**1.21**		**0.84**		1.21	**2.05**	
SHARES OUTSTANDING										
Basic - weighted average	**32,438,645**			**32,438,645**		**32,409,551**			**32,409,551**	
Diluted - weighted average	**32,438,645**			**32,727,662**		**32,665,713**			**32,665,713**	

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. Comparative information has been reclassified due to a new impairment loss line presentation.

Dorel Home

Reconciliation of non-GAAP financial measures

	Fourth Quarters Ended December 30,									
	2018					2017(1)				
	Reported	% of revenue	Other costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Other costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
TOTAL REVENUE	**209,262**	100.0	-	**209,262**	100.0	**200,975**	100.0	-	**200,975**	100.0
Cost of sales	**175,802**	84.0	-	**175,802**	84.0	**162,277**	80.7	-	**162,277**	80.7
GROSS PROFIT	**33,460**	16.0	-	**33,460**	16.0	**38,698**	19.3	-	**38,698**	19.3
Selling expenses	**6,923**	3.3	-	**6,923**	3.3	**6,814**	3.4	-	**6,814**	3.4
General and administrative expenses	**7,739**	3.7	-	**7,739**	3.7	**9,799**	4.9	-	**9,799**	4.9
Research and development expenses	**993**	0.5	-	**993**	0.5	**1,032**	0.5	-	**1,032**	0.5
Impairment loss on trade and other receivables (reversal)	**58**	-	-	**58**	-	**(11)**	-	-	**(11)**	-
Other costs	**252**	0.1	(252)	**-**	-	**-**	-	-	**-**	-
OPERATING PROFIT	**17,495**	8.4	252	**17,747**	8.5	**21,064**	10.5	-	**21,064**	10.5

	Years Ended December 30,									
	2018					2017(1)				
	Reported	% of revenue	Other costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Other costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
TOTAL REVENUE	**804,447**	100.0	-	**804,447**	100.0	**790,619**	100.0	-	**790,619**	100.0
Cost of sales	**671,598**	83.5	-	**671,598**	83.5	**649,069**	82.1	-	**649,069**	82.1
GROSS PROFIT	**132,849**	16.5	-	**132,849**	16.5	**141,550**	17.9	-	**141,550**	17.9
Selling expenses	**26,186**	3.3	-	**26,186**	3.3	**25,945**	3.3	-	**25,945**	3.3
General and administrative expenses	**29,886**	3.6	-	**29,886**	3.6	**33,642**	4.2	-	**33,642**	4.2
Research and development expenses	**4,241**	0.5	-	**4,241**	0.5	**3,859**	0.5	-	**3,859**	0.5
Impairment loss on trade and other receivables	**2,112**	0.3	-	**2,112**	0.3	**23**	-	-	**23**	-
Other costs	**252**	0.1	(252)	**-**	-	**-**	-	-	**-**	-
OPERATING PROFIT	**70,172**	8.7	252	**70,424**	8.8	**78,081**	9.9	-	**78,081**	9.9

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. Comparative information has been reclassified due to a new impairment loss line presentation.

Dorel Juvenile

Reconciliation of non-GAAP financial measures

	Fourth Quarters Ended December 30,									
	2018					2017[1]				
	Reported	% of revenue	Impairment losses on goodwill and intangible assets, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment loss on goodwill, restructuring and other costs	Adjusted	% of revenue
	$	%	$	$	%	$	%	$	$	%
TOTAL REVENUE	**241,598**	100.0	-	**241,598**	100.0	**239,306**	100.0	-	**239,306**	100.0
Cost of sales	**180,172**	74.6	(552)	**179,620**	74.3	**168,661**	70.5	(281)	**168,380**	70.4
GROSS PROFIT	**61,426**	25.4	552	**61,978**	25.7	**70,645**	29.5	281	**70,926**	29.6
Selling expenses	**28,809**	11.9	-	**28,809**	11.9	**29,532**	12.3	-	**29,532**	12.3
General and administrative expenses	**22,347**	9.3	-	**22,347**	9.3	**25,087**	10.6	-	**25,087**	10.6
Research and development expenses	**8,175**	3.4	-	**8,175**	3.4	**5,634**	2.3	-	**5,634**	2.3
Impairment loss on trade and other receivables	**916**	0.4	-	**916**	0.4	**988**	0.4	-	**988**	0.4
Restructuring and other costs	**2,708**	1.0	(2,708)	**-**	-	**3,780**	1.6	(3,780)	**-**	-
Impairment losses on goodwill and intangible assets	**264,223**	109.4	(264,223)	**-**	-	**19,929**	8.3	(19,929)	**-**	-
OPERATING PROFIT (LOSS)	**(265,752)**	(110.0)	267,483	**1,731**	0.7	**(14,305)**	(6.0)	23,990	**9,685**	4.0

	Years Ended December 30,									
	2018					2017[1]				
	Reported	% of revenue	Impairment losses on goodwill and intangible assets, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment loss on goodwill, restructuring and other costs	Adjusted	% of revenue
	$	%	$	$	%	$	%	$	$	%
TOTAL REVENUE	**932,060**	100.0	-	**932,060**	100.0	**921,669**	100.0	-	**921,669**	100.0
Cost of sales	**687,899**	73.8	(639)	**687,260**	73.7	**646,408**	70.1	(1,575)	**644,833**	70.0
GROSS PROFIT	**244,161**	26.2	639	**244,800**	26.3	**275,261**	29.9	1,575	**276,836**	30.0
Selling expenses	**117,915**	12.7	-	**117,915**	12.7	**116,275**	12.6	-	**116,275**	12.6
General and administrative expenses	**82,759**	8.9	-	**82,759**	8.9	**91,707**	9.9	-	**91,707**	9.9
Research and development expenses	**28,283**	3.0	-	**28,283**	3.0	**21,893**	2.4	-	**21,893**	2.4
Impairment loss on trade and other receivables	**5,102**	0.5	-	**5,102**	0.5	**2,493**	0.3	-	**2,493**	0.3
Restructuring and other costs	**6,192**	0.7	(6,192)	**-**	-	**10,358**	1.1	(10,358)	**-**	-
Impairment losses on goodwill and intangible assets	**288,416**	30.9	(288,416)	**-**	-	**19,929**	2.2	(19,929)	**-**	-
OPERATING PROFIT (LOSS)	**(284,506)**	(30.5)	295,247	**10,741**	1.2	**12,606**	1.4	31,862	**44,468**	4.8

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. Comparative information has been reclassified due to a new impairment loss line presentation.

Dorel Sports

Reconciliation of non-GAAP financial measures

	Fourth Quarters Ended December 30,									
	2018					2017[1]				
	Reported	% of revenue	Impairment losses on goodwill, intangible assets and property, plant and equipment, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
TOTAL REVENUE	**232,686**	100.0	-	**232,686**	100.0	**236,771**	100.0	-	**236,771**	100.0
Cost of sales	**184,525**	79.3	65	**184,590**	79.3	**184,666**	78.0	719	**185,385**	78.3
GROSS PROFIT	**48,161**	20.7	(65)	**48,096**	20.7	**52,105**	22.0	(719)	**51,386**	21.7
Selling expenses	**20,956**	9.0	-	**20,956**	9.0	**22,150**	9.4	-	**22,150**	9.4
General and administrative expenses	**18,652**	8.0	-	**18,652**	8.0	**18,393**	7.7	-	**18,393**	7.7
Research and development expenses	**1,314**	0.6	-	**1,314**	0.6	**1,373**	0.6	-	**1,373**	0.6
Impairment loss on trade and other receivables	**2,044**	0.9	-	**2,044**	0.9	**3,286**	1.4	-	**3,286**	1.4
Restructuring and other costs	**56**	-	(56)	**-**	-	**358**	0.1	(358)	**-**	-
Impairment losses on goodwill, intangible assets and property, plant and equipment	**237,223**	101.9	(237,223)	**-**	-	**-**	-	-	**-**	-
OPERATING PROFIT (LOSS)	**(232,084)**	(99.7)	237,214	**5,130**	2.2	**6,545**	2.8	(361)	**6,184**	2.6

	Years Ended December 30,									
	2018					2017[1]				
	Reported	% of revenue	Impairment losses on goodwill, intangible assets and property, plant and equipment, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
TOTAL REVENUE	**883,006**	100.0	-	**883,006**	100.0	**865,380**	100.0	-	**865,380**	100.0
Cost of sales	**695,224**	78.7	(1,619)	**693,605**	78.6	**670,440**	77.5	1,315	**671,755**	77.6
GROSS PROFIT	**187,782**	21.3	1,619	**189,401**	21.4	**194,940**	22.5	(1,315)	**193,625**	22.4
Selling expenses	**88,876**	10.1	-	**88,876**	10.1	**89,197**	10.3	-	**89,197**	10.3
General and administrative expenses	**66,159**	7.5	-	**66,159**	7.5	**72,105**	8.4	-	**72,105**	8.4
Research and development expenses	**5,295**	0.6	-	**5,295**	0.6	**5,313**	0.6	-	**5,313**	0.6
Impairment loss on trade and other receivables	**9,211**	1.0	-	**9,211**	1.0	**5,106**	0.6	-	**5,106**	0.6
Restructuring and other costs	**10,165**	1.2	(10,165)	**-**	-	**1,456**	0.1	(1,456)	**-**	-
Impairment losses on goodwill, intangible assets and property, plant and equipment	**237,223**	26.9	(237,223)	**-**	-	**-**	-	-	**-**	-
OPERATING PROFIT (LOSS)	**(229,147)**	(26.0)	249,007	**19,860**	2.2	**21,763**	2.5	141	**21,904**	2.5

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. Comparative information has been reclassified due to a new impairment loss line presentation.