



JUVENILE

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

RECREATIONAL / LEISURE

Cannondale
Schwinn
Mongoose
GT
Caloi
SUGOI

HOME FURNISHINGS

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

EXCHANGES

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DOREL REPORTS SIGNIFICANT FIRST QUARTER IMPROVEMENT

- **Recreational/Leisure rebounds**
- **Recreational/Leisure Interim President & CEO confirmed as segment President & CEO**
- **Juvenile posts strong quarter; led by DJ USA**

Montreal, May 8, 2014 — Dorel Industries Inc. (TSX: DII.B, DII.A) today released results for the first quarter ended March 31, 2014. Total revenue increased 9% to US\$647.7 million from US\$594.2 million a year ago. Net income was US\$24.8 million, up 11.1%, or US\$0.77 per diluted share, compared to US\$22.3 million or US\$0.70 per diluted share in the first quarter of 2013.

“All three Dorel business segments improved during the first quarter, with the most dramatic gains in our Recreational/Leisure segment,” stated Dorel President and CEO, Martin Schwartz. “Sales rebounded at both Cannondale Sports Group (CSG) and Pacific Cycle as the global bicycle market strengthened. Coupled with management’s intense restructuring efforts and other cost containment initiatives, operating profit in the segment was up 71% over last year’s first quarter. The recovery in CSG was driven by a strong performance in Europe and the UK due to an early start to spring abroad. The integration of our Caloi acquisition is going well but that business is very seasonal so the first quarter segment operating results were slightly negative with Caloi profitability only beginning in the second quarter.”

Accordingly, Dorel has decided to promote Peter Woods from Interim Group President & CEO to Group President & CEO, Recreational/Leisure segment.

“We are also encouraged that the Juvenile segment is now moving in the right direction, as results for the first quarter exceeded prior year. Dorel Juvenile USA has had a good start to the year with a considerable increase in operating earnings. As announced in March, currency took a toll on many of our other markets and it had been expected that the first quarter would be slightly below prior year. However, the strong U.S. performance more than offset the foreign exchange fallout and the segment’s operating profit surpassed last year by 9.2%. Home Furnishings was up modestly with sales through the Internet channel and its drop ship vendor programs growing significantly year-over-year, compensating for a drop in sales to brick and mortar stores.”

Summary of Financial Highlights			
First Quarters Ended March 31			
All figures in thousands of US \$, except per share amounts			
	2014	2013	Change %
Total revenue	647,701	594,168	9.0%
Net income	24,800	22,316	11.1%
Per share - Basic	0.78	0.70	11.4%
Per share - Diluted	0.77	0.70	10.0%
Average number of shares outstanding –			
Diluted weighted average	32,272,300	32,075,575	

Juvenile Segment

First Quarters Ended March 31					
	2014		2013		
	\$	% of rev.	\$	% of rev.	Change %
Total revenue	269,232		255,233		5.5%
Gross profit	76,414	28.4%	74,506	29.2%	2.6%
Operating profit	19,580	7.3%	17,932	7.0%	9.2%

Operating results for the first quarter of 2014 include a full quarter of results from newly acquired Tiny Love. After removing the effect of these acquired sales, and the impact of varying exchange rates year-over-year, the organic revenue increase in the quarter was approximately 3%. Operating profit for the period was higher than previously issued expectations as the segment benefited from a particularly strong performance at Dorel Juvenile USA where gross margins slightly improved and operating costs were well contained. Sales growth in Latin America continued in local currencies but operating profit suffered due to currency, partially offsetting the gains in the US business. This was also the case in Canada and Australia. The exception was Dorel Juvenile Europe where the Euro and the GBP held steady against the US dollar.

Subsequent to the quarter end, Dorel Juvenile strengthened its position in Latin America by acquiring the popular Infanti brand for the Brazilian marketplace. Dorel already owns the Infanti brand in Chile, Peru, Bolivia, Argentina, Colombia and most Central American and Caribbean countries. Infanti products include car seats, strollers, cribs and other accessories, and are highly regarded in the mid-price point categories in which it competes. The acquisition will allow, Dorel to better reach the middle class consumer, the fastest growing segment in Brazil. Expectations are that Infanti product will first ship to customers in the second quarter, and will positively impact earnings in the year.

Recreational/Leisure Segment

First Quarters Ended March 31					
	2014		2013		
	\$	% of rev.	\$	% of rev.	Change %
Total revenue	240,348		203,514		18.1%
Gross profit	60,442	25.1%	51,289	25.2%	17.8%
Operating profit	16,311	6.8%	9,541	4.7%	71.0%

First quarter Recreational/Leisure revenue rebounded strongly as the global bicycle market begins to bounce back. In particular, Cannondale Sports Group (CSG) Europe and UK did very well due to spring's early arrival abroad and favourable exchange rates. Organic revenue increased by approximately 8%, after removing the effect of acquisitions and excluding the impact of varying foreign exchange rates. Included in the first quarter is a restructuring charge of US\$0.5 million as part of the segment's overall plan to enhance its competitiveness. It is expected that an additional US\$2.6 million will be taken in restructuring charges through 2014.

Home Furnishings Segment

First Quarters Ended March 31					
	2014		2013		
	\$	% of rev.	\$	% of rev.	Change %
Total revenue	138,121		135,421		2.0%
Gross profit	18,092	13.1%	18,080	13.4%	0.1%
Operating profit	8,070	5.8%	7,948	5.9%	1.5%

In Home Furnishings, Internet and drop-ship vendor sales did extremely well, making up for a sales decrease at brick and mortar stores. While a large part of on-line sales originates in support of the traditional retailers, sales to Internet only accounts increased significantly in Q1. Dorel Home Products and Cosco Home & Office both performed well with higher revenue and sales of higher valued items.

Other

Finance expenses increased by US\$4.8 million to US\$9.3 million from US\$4.5 million in 2013 principally as a result of the Caloi acquisition in the second half of 2013. In addition, corporate expenses include a net unrealized foreign exchange loss on put option liabilities, related to business acquisitions, totalling US\$1.7 million. Of this amount, a loss of US\$2.7 million pertains to Caloi. The 2014 first quarter tax rate was 16.8% versus 9.6% in the prior year, resulting in additional income tax expense in the quarter. The Company expects its annual tax rate for the full year to be between 15% and 20%.

Quarterly dividend

The Board of Directors of Dorel 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 and Deferred Share Units. The dividend is payable on June 5, 2014 to shareholders of record as at the close of business on May 22, 2014.

Outlook

"We have had a strong first quarter as all our segments exceeded prior year earnings. In Recreational/Leisure, we have had a good start to the year, particularly in Europe. As we look to the full year, we believe the rebound will continue not just in Europe but also in North America in both the IBD and mass channels. In the second half we are also going to see the full benefit of our Caloi acquisition, so we remain confident about our return to much higher levels of profitability.

"In Juvenile, we had announced an expected earnings growth of at least 10% for the year in 2014. After the first quarter we remain confident of this expectation. Currency pressures in most markets have eased somewhat and we are rolling out new products over the course of the year to drive earnings improvements.

"In Home Furnishings, we still expect moderate growth in sales and earnings for the year, but due to timing the second quarter will likely be below prior year as the second quarter in 2013 was particularly strong," concluded Mr. Schwartz.

Conference Call

Dorel Industries Inc. will hold a conference call to discuss these results today, May 8, 2014 at 1:00 P.M. Eastern Time. Interested parties can join the call by dialing 1-888-231-8191. The conference call can also be accessed via live webcast at www.dorel.com or www.newswire.ca. If you are unable to call in at this time, you may access a recording of the meeting by

calling 1-855-859-2056 and entering the passcode 29435273 on your phone. This recording will be available on Thursday, May 8, 2014 as of 4:00 P.M. until 11:59 P.M. on Thursday, May 15, 2014.

Complete condensed consolidated interim financial statements as at March 31, 2014 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. Dorel creates style and excitement in equal measure to safety, quality and value. The Company's lifestyle leadership position is pronounced in both its Juvenile and Bicycle categories with an array of trend-setting products. Dorel's powerfully branded products include global juvenile brands Safety 1st, Quinny, Maxi-Cosi, Bébé Confort and Tiny Love, complemented by regional brands such as Cosco and Infanti. In Recreational/Leisure, brands include Cannondale, Schwinn, GT, Mongoose, Caloi, IronHorse and SUGOI. Dorel's Home Furnishings segment markets a wide assortment of both domestically produced and imported furniture products, principally within North America. Dorel has annual sales of US\$2.4 billion and employs approximately 6,400 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. 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 the Company's expectations expressed in or implied by the forward-looking statements include: general economic conditions; changes in product costs and supply channel; foreign currency fluctuations; customer and credit risk including the concentration of revenues with few 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 subject to dividends being declared by the Board of Directors, there can be no certainty that Dorel's 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 MD&A 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 our 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.

Except as otherwise indicated, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. Dorel therefore cannot describe the expected impact in a meaningful way or in the same way Dorel presents known risks affecting the business.

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

	as at	as at
	March 31,	December 30,
	2014	2013
	(unaudited)	(unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 41,666	\$ 40,074
Trade and other receivables	504,390	456,465
Inventories	574,797	555,567
Other financial assets	393	231
Income taxes receivable	13,912	11,626
Prepaid expenses	33,857	26,200
	<u>1,169,015</u>	<u>1,090,163</u>
NON-CURRENT ASSETS		
Property, plant and equipment	182,459	181,299
Intangible assets	544,804	500,381
Goodwill	657,385	637,084
Other financial assets	986	620
Deferred tax assets	24,008	24,356
Other assets	7,305	6,060
	<u>1,416,947</u>	<u>1,349,800</u>
	<u>\$ 2,585,962</u>	<u>\$ 2,439,963</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	\$ 66,856	\$ 72,546
Trade and other payables	420,108	379,311
Other financial liabilities	3,540	3,231
Income taxes payable	7,574	7,075
Long-term debt	19,891	344,374
Provisions	44,078	44,570
	<u>562,047</u>	<u>851,107</u>
NON-CURRENT LIABILITIES		
Long-term debt	411,497	13,183
Net pension and post-retirement defined benefit liabilities	30,951	31,701
Deferred tax liabilities	97,144	87,171
Provisions	2,013	1,993
Put option liabilities	96,610	92,570
Other financial liabilities	2,731	2,727
Other long-term liabilities	13,789	12,751
	<u>654,735</u>	<u>242,096</u>
EQUITY		
Share capital	198,939	190,458
Contributed surplus	25,480	26,994
Accumulated other comprehensive income	68,099	67,824
Retained earnings	<u>1,076,662</u>	<u>1,061,484</u>
	<u>1,369,180</u>	<u>1,346,760</u>
	<u>\$ 2,585,962</u>	<u>\$ 2,439,963</u>

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

	Three Months Ended	
	March 31, 2014	March 31, 2013
	(unaudited)	(unaudited)
Sales	\$ 643,158	\$ 589,066
Licensing and commission income	4,543	5,102
TOTAL REVENUE	647,701	594,168
Cost of sales ⁽¹⁾	492,753	450,293
GROSS PROFIT	154,948	143,875
Selling expenses	56,698	55,360
General and administrative expenses	50,131	52,134
Research and development expenses	8,751	7,203
Restructuring costs ⁽¹⁾	271	-
OPERATING PROFIT	39,097	29,178
Finance expenses	9,279	4,482
INCOME BEFORE INCOME TAXES	29,818	24,696
Income taxes expense	5,018	2,380
NET INCOME	\$ 24,800	\$ 22,316
EARNINGS PER SHARE		
Basic	\$0.78	\$0.70
Diluted	\$0.77	\$0.70
SHARES OUTSTANDING		
Basic - weighted average	31,938,232	31,664,721
Diluted - weighted average	32,272,300	32,075,575

⁽¹⁾ Restructuring costs charged to:

Cost of sales	\$ 180	\$ -
Expenses	271	-
	\$ 451	\$ -

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

	Three Months Ended	
	March 31, 2014	March 31, 2013
	(unaudited)	(unaudited)
NET INCOME	\$ 24,800	\$ 22,316
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	(332)	(15,638)
<u>Net changes in cash flow hedges:</u>		
Net change in unrealized gains (losses) on derivatives designated as cash flow hedges	131	4,118
Reclassification to income	290	252
Reclassification to the related non-financial asset	484	(130)
Deferred income taxes	(298)	(1,252)
	607	2,988
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	-	8
Deferred income taxes	-	(2)
	-	6
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	275	(12,644)
TOTAL COMPREHENSIVE INCOME	\$ 25,075	\$ 9,672

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

	Attributable to equity holders of the Company						
	Accumulated other						
	comprehensive income						
	Share	Contributed	Cumulative	Cash Flow	Defined	Retained	Total
	Capital	Surplus	Translation	Hedges	Benefit	Earnings	Equity
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Balance as at December 30, 2012	\$ 180,856	\$ 27,192	\$ 66,391	\$ (1,036)	\$ (7,736)	\$1,042,446	\$1,308,113
<i>Total comprehensive income:</i>							
Net income	-	-	-	-	-	22,316	22,316
Other comprehensive income (loss)	-	-	(15,638)	2,988	6	-	(12,644)
	\$ -	\$ -	\$ (15,638)	\$ 2,988	\$ 6	\$ 22,316	\$ 9,672
Issued under stock option plan	5,794	-	-	-	-	-	5,794
Reclassification from contributed surplus due to exercise of stock options	1,229	(1,229)	-	-	-	-	-
Reclassification from contributed surplus due to settlement of deferred share units	33	(132)	-	-	-	-	(99)
Share-based payments	-	749	-	-	-	-	749
Dividends on common shares	-	-	-	-	-	(9,490)	(9,490)
Dividends on deferred share units	-	45	-	-	-	(45)	-
Balance as at March 31, 2013	\$ 187,912	\$ 26,625	\$ 50,753	\$ 1,952	\$ (7,730)	\$1,055,227	\$1,314,739
Balance as at December 30, 2013	\$ 190,458	\$ 26,994	\$ 75,378	\$ (2,154)	\$ (5,400)	\$1,061,484	\$1,346,760
<i>Total comprehensive income:</i>							
Net income	-	-	-	-	-	24,800	24,800
Other comprehensive income (loss)	-	-	(332)	607	-	-	275
	\$ -	\$ -	\$ (332)	\$ 607	\$ -	\$ 24,800	\$ 25,075
Issued under stock option plan	6,615	-	-	-	-	-	6,615
Reclassification from contributed surplus due to exercise of stock options	1,744	(1,744)	-	-	-	-	-
Reclassification from contributed surplus due to settlement of deferred share units	122	(131)	-	-	-	-	(9)
Share-based payments	-	314	-	-	-	-	314
Dividends on common shares	-	-	-	-	-	(9,575)	(9,575)
Dividends on deferred share units	-	47	-	-	-	(47)	-
Balance as at March 31, 2014	\$ 198,939	\$ 25,480	\$ 75,046	\$ (1,547)	\$ (5,400)	\$1,076,662	\$1,369,180

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

	Three Months Ended	
	March 31, 2014 (unaudited)	March 31, 2013 (unaudited)
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income	\$ 24,800	\$ 22,316
Items not involving cash:		
Depreciation and amortization	15,020	13,123
Amortization of deferred financing costs	177	92
Accretion expense on put option liabilities	2,345	594
Unrealized (gains) losses due to foreign exchange exposure on put option liabilities	1,685	194
Other finance expenses	6,757	3,796
Restructuring costs	451	-
Income taxes expense	5,018	2,380
Share-based payments	314	749
Defined benefit pension and post-retirement costs	871	559
Gain on disposal of property, plant and equipment	(23)	(21)
	<u>57,415</u>	<u>43,782</u>
Net changes in balances related to operations:		
Trade and other receivables	(43,556)	(45,414)
Inventories	(14,911)	(23,029)
Other financial assets	(183)	36
Prepaid expenses	(7,614)	(9,242)
Other assets	(848)	(1,314)
Trade and other payables	25,011	17,118
Net pension and post-retirement defined benefit liabilities	(1,604)	(1,234)
Provisions, other financial liabilities and other long-term liabilities	1,365	(1,801)
	<u>(42,340)</u>	<u>(64,880)</u>
Income taxes paid	(12,609)	(5,362)
Income taxes received	5,219	8,228
Interest paid	(3,690)	(1,518)
Interest received	189	496
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>4,184</u>	<u>(19,254)</u>
FINANCING ACTIVITIES		
Bank indebtedness	(8,257)	15,331
Increase of long-term debt	73,877	22,345
Repayments of long-term debt	(1,427)	(48)
Repayments of contingent consideration	-	(1,995)
Financing costs	(391)	(5)
Issuance of share capital	6,600	5,049
Dividends on common shares	(9,575)	(9,490)
CASH PROVIDED BY FINANCING ACTIVITIES	<u>60,827</u>	<u>31,187</u>
INVESTING ACTIVITIES		
Acquisition of businesses	(48,161)	-
Additions to property, plant and equipment	(10,030)	(6,645)
Disposals of property, plant and equipment	33	59
Additions to intangible assets	(4,706)	(5,342)
CASH USED IN INVESTING ACTIVITIES	<u>(62,864)</u>	<u>(11,928)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	(555)	(795)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,592	(790)
Cash and cash equivalents, beginning of period	40,074	38,311
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 41,666</u>	<u>\$ 37,521</u>

DOREL INDUSTRIES INC.
INDUSTRY SEGMENTED INFORMATION
THREE MONTHS ENDED MARCH 31
ALL FIGURES IN THOUSANDS OF US \$

	Total		Juvenile		Recreational / Leisure		Home Furnishings	
	2014	2013	2014	2013	2014	2013	2014	2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total revenue	\$ 647,701	\$ 594,168	\$ 269,232	\$ 255,233	\$ 240,348	\$ 203,514	\$ 138,121	\$ 135,421
Cost of sales	492,753	450,293	192,818	180,727	179,906	152,225	120,029	117,341
Gross profit	154,948	143,875	76,414	74,506	60,442	51,289	18,092	18,080
Selling expenses	55,991	54,723	28,953	27,433	23,008	23,438	4,030	3,852
General and administrative expenses	45,974	46,528	21,532	24,359	19,360	16,715	5,082	5,454
Research and development expenses	8,751	7,203	6,349	4,782	1,492	1,595	910	826
Restructuring costs	271	-	-	-	271	-	-	-
Operating profit	43,961	35,421	\$ 19,580	\$ 17,932	\$ 16,311	\$ 9,541	\$ 8,070	\$ 7,948
Finance expenses	9,279	4,482						
Corporate expenses	4,864	6,243						
Income taxes	5,018	2,380						
Net income	\$ 24,800	\$ 22,316						
Earnings per Share								
Basic	\$0.78	\$0.70						
Diluted	\$0.77	\$0.70						
Depreciation and amortization included in operating profit	\$ 14,979	\$ 13,081	\$ 10,500	\$ 9,653	\$ 3,346	\$ 2,328	\$ 1,133	\$ 1,100