

For Immediate Distribution

Letko Brosseau Intends to Vote AGAINST Proposal to Take Dorel Industries Private

Montreal, Quebec, December 9, 2020 – Letko, Brosseau & Associates Inc., an independent investment manager that exercises investment control or direction over approximately 12.8% of the outstanding class B subordinate shares of Dorel Industries Inc. ("Dorel" or the "Company"), today reaffirmed its intention to vote AGAINST the proposed going private transaction of Dorel by Cerberus Capital Management, L.P. and the controlling shareholders of the Company (Martin Schwartz, Jeffrey Schwartz, Alan Schwartz and Jeff Segel or the "Family Shareholders"). The Family Shareholders, through their ownership of Dorel Class A and Class B shares, control approximately 20.3% of Dorel's outstanding shares on an economic basis and 60.8% on a voting basis.

Based on Letko Brosseau's own analysis, the proposed offer is opportunistic and significantly undervalues the Company:

- The transaction price proposed (\$14.50) offers **no premium** above Dorel's last trading price (\$14.39) before the announcement. Moreover, this agreement in principle announcement came just four days prior to the release of Dorel's best quarterly financial results since 2012, putting a cap on the Company's strong share price rally.
- Based on consensus estimates¹, the offer values Dorel at only 13.2x 2021 earnings par share, and at 4.9x enterprise value to EBITDA. This represents a discount to its peer group² of 33% based on a price to earnings basis, and 61% based on an enterprise value to EBITDA basis.
- We do find that TD's Formal Valuation and Fairness Opinion³ lean on the conservative side with financial adjustments that are weighing down on the estimation of Dorel's fair value. Despite that, the transaction price proposed stands at the lower end of TD's fair market value range (\$12.41 to \$23.54).
- We also note that the Family Shareholders seem to get better value for their shares. They currently control 20.3% of Dorel's outstanding shares. Our understanding is that they will receive an equity interest of 26.7% of the new company on closing which could grow to 31.5% if certain conditions are satisfied⁴. The additional interest to be received, based on the \$14.50 bid price, may have a value of an extra \$53 million.
- Dorel has shown its resilience during the pandemic, with strong financial performance during its second and third quarter results of 2020.

We have been long time shareholders of Dorel. To protect the value of our investment, we intend to vote against the proposed going private transaction. We strongly believe on the long-term upside for the Company's share. We note that the Family Shareholders are of the same view since they plan to remain shareholders of the Company.

Letko Brosseau is a Canadian independent investment manager founded in 1987. The firm manages assets for institutional investors and private clients.



**FORWARD-LOOKING STATEMENTS**

Certain information contained in this press release may constitute forward-looking statements. Forward-looking statements may include estimates, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Letko Brosseau believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Letko Brosseau's forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained in this press release are made as of the date hereof and Letko Brosseau does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

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¹ Source: FactSet financial data and analytics

² Peer group includes Newell Brands, Man Wah Holdings, HNI Corporation, Knoll Inc., Kimball International, Steelcase inc., Shimano, Giant Manufacturing, Merida Industry Co., LaZBoy Inc., Ethan Allan Interiors Inc. Source: Factset financial data and analytics

³ Appendix F of Notice of Special Meeting of Shareholders of Dorel Industries Inc.

⁴ Source : Notice of Special Meeting of Shareholders of Dorel Industries Inc.