



Check against delivery

**Mr. Jeffrey Schwartz
Executive Vice-President, Chief Financial Officer and Secretary**

**Dorel Industries Inc.
2009 Annual and Special Meeting of Shareholders**

**Montreal
May 27, 2009**

In the interest of maintaining the pace set by Martin, I will dispense with reviewing our fiscal 2008 and first quarter numbers, all of which are readily available on our website. Dorel is in sound financial shape. The much lower 2008 cash flow resulting from the fourth quarter inventory build-up was really a one-time phenomenon. Over the past several years we have averaged close to \$100 million in free cash flow which has enabled us to continue to grow through acquisition while maintaining respectable debt levels. Still, as at March 31 this year our debt to equity ratio was 0.49 to 1.

We do not anticipate any major acquisitions this year. Rather, our focus is on cash flow generation and debt repayment, which means the strictest of inventory control and a most concerted cost containment program at all levels of the organization. We are off to an excellent start. As Martin mentioned, during Q1 we reduced inventory by \$90 million, pretty much all of the excess from last year's fourth quarter. This had little impact on our most recent quarter as all the inventory sold, at regular prices I might add, created receivables which had not been collected by the end of the quarter and there were fewer payables as we ordered less. This will change going forward.

Interest on long-term debt in the first three months of 2009 was \$4.1 million, compared to \$4.7 million last year. Due to the timing of the 2008 acquisitions, the Company's average debt levels in the first quarter of 2009 were higher than in 2008. These higher borrowings mitigated the benefit of a lower average interest rate on our long-term borrowings, which was 3.1% in 2009 versus 4.7% in 2008. As such, total interest costs in 2009 were \$4.3 million, slightly lower than \$4.6 million in 2008.

Our effective 2008 tax rate was 14.5% as compared to 17.9% in 2007. The principal reason was that 2007 included a valuation allowance that increased the rate in that year by 3.6%. As we have stated, for 2009, we are expecting a tax rate in the range of 15% to 20%.

We have strong relationships with our banks. We will be going back to them toward the end of this year as our current banking arrangements expire mid 2010. While the tight credit environment is a reality, we do not foresee any issues.

A large portion of Dorel's earnings are generated outside the US. This is particularly true in Juvenile where sales outside the States comprise more than half the segment's total. Therefore foreign exchange rates have a significant effect on both revenue and earnings. As we have already stated, at current exchange rates, the Company will be negatively impacted in 2009 versus 2008.

Also, non-cash unrealized gains on foreign exchange contracts in the amount of \$10.5 million pre-tax, or \$7.4 million after tax, were recognized in 2008 that pertain to 2009. While the impact was not material in the first quarter, this is still expected to negatively affect the current year. Nonetheless, taking this into consideration, our full year outlook remains unchanged. When we released our year end numbers in March we stated "we do not anticipate that 2009 will be as profitable as 2008 but nor do we expect it to be anywhere nearly as negative as current market conditions suggest". I remind you that 2008 was our best year ever.

Given the context of the economic situation, we are more than satisfied with the start to the year. As for the rest of 2009, we are optimistic in Juvenile in North America and have a number of innovative new, exciting products in the pipeline. The situation in bikes remains unpredictable as consumer buying patterns have been inconsistent. We have made important investments in this segment for the future, while at the same time being highly prudent with expenses. One exception, however, is in product development, particularly with Recreation/Leisure's new Worldwide Centres of Excellence strategy, as outlined. In Home Furnishings, indications point to a good 2009, led by Ameriwood which is now a solid money maker.

Even after considering all of the issues in 2009, our full year outlook remains unchanged. As stated, we're looking for cash flow of at least \$150 million, even after

paying a \$0.50 per share dividend. We also expect input costs will remain stable through 2009.

Although Dorel is a large, global organization, we have always maintained our entrepreneurial spirit and drive. When changes are required, we execute quickly, doing what has to be done, when it has to be done. We are taking advantage of this culture to make whatever cost cuts are necessary and will continue to adjust as needed through the year, and we will do so rapidly.

I'd like to leave you with these compelling reasons to invest in Dorel.

- A consistent record of successful acquisitions
- A focus on Juvenile and Bikes where Dorel is a key player
- A strong performance in Home Furnishings
- A portfolio of known, premium brands
- Product development capabilities that drive growth
- A strategy of the right products and varied price points
- Dedicated quality control/customer service by solid Asian presence
- Established customer relationships
- Strong cash flow
- Payment of a quarterly dividend

Thank for your attendance and attention. Martin and I will now be pleased to answer any questions you may have.