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OPERATOR: Good afternoon, ladies and gentlemen. Thank you for standing by. Welcome to Dorel Industries First Quarter Results conference call. At this time all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press star, followed by zero for Operator assistance at any time. Before turning the meeting over to management, please be advised that this conference will contain statements that are forward-looking and subject to a number risks and uncertainties that could cause actual results to differ materially from those anticipated. I would like to remind everyone that this conference call is being recorded on Thursday, May 6, 2010. I will now turn the conference over to Martin Schwartz, President and CEO. Please go ahead.

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): Good afternoon and welcome to Dorel's conference call for the first quarter, ended March 31, 2010. Joining me are Jeffrey Schwartz and Frank Rana. We will be pleased to answer your questions following our comments. A reminder that all figures quoted during this call are in US dollars.

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We are off to an excellent start to the year with record results in both revenues and profits. There have been significant increases in all three of our segments which speak to the intensive efforts we have made at all levels throughout 2009. In our March yearend release and on our last conference call, we said that our commitment to product development and market expansion would place us in a leadership position as we entered 2010. I am pleased to say that we have certainly delivered results in line with this assertion. Organic growth during the first quarter was 9.5 percent and underlines the success and acceptance of our exhaustive product development efforts. We have experienced strong point of sale levels at retailers for many of our products across many of our divisions. And there has been material progress in Recreation/ Leisure.

Since the beginning of the year the cycling sports group has added a record number of new dealers, opening new accounts across all brands in the independent bicycle dealer network. Home Furnishings has also continued to post robust results with this value added product gaining further traction with consumers.

The economy remains difficult to predict, but thus far, shoppers are back out again, and with definite signs of a return of some consumer confidence during the first quarter of the year. Dorel will continue to do

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what it does best and what it can control; drive innovative product development in everyday items people need and at prices which are popular with consumers. Just before Jeffrey discusses the financial, I will provide a few segment highlights.

First quarter Juvenile revenue increased by 12.5 percent or close to 32 millions from the same period last year, as our divisions in both North America and Europe benefited from improving sales momentum. These gains came from all divisions and were also positively affected by foreign exchange as all major currencies gained in strength versus the prior year. New product introductions drove sales in North America and Europe. In the U.S., strong performances across a broad range of product categories and Dorel's Juvenile group's diversity of brands, ranging from opening to high price points increased overall sales levels in multiple channels. Our brand equity is a strong asset as consumers continue to recognize Dorel's brands for their value and safety. There were additional placements at retailers with a new line of infant health products. The development of Dorel Juvenile's proprietary air protect technology has further strengthened the safety first reputation, and will allow for the introduction of new platforms this year. Dorel Europe began to benefit from the improving economies in most European countries, as well as the full impact of

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successful new product launches such as the Family Fix line of car seats.

Recreation/Leisure had a great quarter with revenues up a further 12.5 percent. There was considerable improvement from the mass merchant channel which is recovering from a challenging 2009. Retailers benefited from favourable early spring weather and increasing consumer confidence. Sales of children's bikes have been solid and the pent-up demand for adult bikes has manifested itself at the store level during the past couple of months. We also did well in our IBD sector. We have previously mentioned that the dealer support for our new high-end models was most encouraging. First quarter results clearly demonstrate the support and excitement for the bikes introduced by the cycling sports group.

Since January, a record number of new dealers have been added across the U.S., with strong additions in key markets such as Los Angeles, northern California and Colorado. Some Cannondale dealers are also adding Schwinn and GT to their stores. Demand has been strong and the current order backlog is up versus last year at this time. In mid-April, we launched the U.S. nationwide multi-million dollar Schwinn advertising campaign as part of a major brand relaunch. Schwinn is the bicycle that most Americans learned to ride on and over the years the Schwinn name

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became iconic. Our investment in this multi-faceted campaign is being made to protect and further strengthen the brand. The campaign is going well. There is—there has already been strong POS evidence and the launch was supported by two full-page ads by major mass merchants. If you would like to see the ad and some of the other promotions visit schwinnjoyride.com.

Next week I will be travelling to Vancouver to help inaugurate our new apparel/footwear group facility in Burnaby. We see great things from this division and Dorel had made a major commitment, with a bigger factory, more technology and the best equipment available.

Turning to Home Furnishings, revenue is up 17 percent. Increases were recorded in the majority of the segment's divisions as they secured new placements at certain key customers. Ameriwood and Ultra, with their sales of domestic, imported items, respectively did particularly well, mainly in the bedroom collection and bookcase categories. Costco home and office continued to progress well, following improvements in its margins throughout 2009. Costco is now focussed on fewer items within its core competency of metal folding furniture and step stools. Price conscious consumers continue to look to mass furniture retailers for their needs, a popular distribution channel for the value added products offered by our

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home furnishings. I'll now turn it over to Jeffrey to give you some financial details.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Thank you, Martin. Okay, well, repeating a few of them. For the first quarter of 2010, revenue increased by 71.1 million or 13.5 percent to 596.3 million. If you take out the impact of the foreign exchange and business acquisitions from both years, the organic revenue was approximately 9.5 percent. Pre-tax earnings increased by 44.4 percent to 48.5 million, from 33.6 million in 2009. Net income from the quarter; 37.4 million, an increase of 33.3 percent, from 28 million recorded in 2009. Diluted earnings per share equated to \$1.12 for the first quarter, compared to \$0.84 last year. In the quarter, gross margins improved by 140 basis points to 24.9 from 23.5, in the prior year. There were margin improvements in all three segments, but the increases were most significant in the Recreational/Leisure and Home Furnishings segment. Versus the prior year, our SG&A cost increased by 9.2 percent, but as a percentage of revenues, they declined slightly to 14.3, as compared to 14.5 percent.

Interest on long-term debt in the first three months of 2010 was 3.1 million, compared to 4.1 million and the average interest rate on borrowing

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was 2.1 percent versus 3.1 percent in '09. In 2010, the tax rate in the first quarter was 22.9 percent, versus a 16.5 percent in the prior year. The cause of the rate increase was a greater proportion of earnings with higher tax rate jurisdictions. The company has stated for a while that it expected its tax rates to be between 15 and 20 percent, but we currently are going to change that. And, based on current expectations and the higher first quarter, we now expect it to be between 18 and 22 percent for the year. Of course, variations may occur and we don't expect that to be the same in each quarter.

Going on to Juvenile; sales in Juvenile, 285.7 million versus 253.9 million, an increase of 12.5 percent. The gross profit increased from 28.6 percent to 29 percent, this year. And earnings from operations; 32.7 million, this year, versus 28.7 million a year ago, an increase in margin of 11.5 percent, this year, from 11.3 percent last year.

If we include the impact of currency, the actual organic growth for the segment was just over 7 percent. In local currencies, European sales increased by over 8 percent from last year. And in the U.S. dollars, the sale of European sales were over 15 percent. Gross—sorry, depreciation and amortization in the sector increased to 5.7 million from 4 million, and is

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mainly due to amortization of previously capitalized higher levels of new product development spending.

Moving over to recreational and leisure, sales were up 12.5 percent, from 161.4 million to 161—181.6 million, sorry. Gross profit increased from 22.9 in the first quarter of '09 to 25.6 in the first quarter of this year. And, of course, earnings from operations; 51—9.9 million to 15.1 million. As a percent that was 6.2 percent last year and 8.3 percent, this year. Organic revenue grew in all three of the recreation segments; the mass, the IBD and the clothing section. We had particular growth, as Martin said, in the mass section, but very strong demand in the IBD. We were able to satisfy a lot of that demand, but not all of it as it was above and beyond our expectations and our customers' expectations. So, we are sitting at a larger backlog, at this point. Significantly larger than we had last year, in our IBD business.

In Home Furnishings, revenues increased from 109.8 million, last year to 128.8 million this year, an increase of 17.3 percent. Gross profit moved up from 12.3 percent last year, to 15.4 percent this year. And, earnings from operations increased from 4.4 million last year; 4 percent of sales, to 10.7 million this year; 8.3 percent of sales. The revenue increase was at several of the segments' divisions which secured new placements

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of certain key customers. In particular, sales in both domestic and imported items improved, mainly in the metal folding furniture, bedroom collections and bookcase categories. One of the areas of significant improvement was Costco home and office, which is—what had begun improving its margins throughout all of '09 and is continuing the trend into this year. Last year, Costco, was hampered by several slow moving categories, but is now focused on fewer items, with its key competency being in metal folding furniture. Despite higher sales levels for the segment as a whole, SG&A was held constant with last year. And, as a percentage of revenue has actually declined 100 basis points to 6.4 percent.

If we look at liquidity and the balance sheet, the Company's strong first quarter resulted in an accounts receivable increase of a significant amount. Inventories, however, continue their downward trend from 2009 and finished at 373 million, its lowest level since the acquisition of the Cannondale Bicycle Group. However, you know, as good as that looks, perhaps we would have wished we had a bit more inventory, as in all three segments we left some sales on the table and were not able to fulfill demand because of, you know, basically, stronger than expected demand and keeping our inventories rather closely in check at the end of last year.

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During the first three months of 2010, cash flow from operating activities, before changes in non-cash balances, were 44.8 million, compared to 37.7 million. After changes in non-cash balances, cash provided this year was 28.5 million. Last year we had a usage of 2.1 million. The improved cash flow includes the fact that we've got \$85 million of increase in accounts receivable. And, again, that accounts receivable is related to very strong sales, particularly at the end of the quarter. We increased the dividends, as well, by 20 percent, starting with the next payment. And, dividends will be \$0.60 annualized over 2010.

Before I pass it back to Martin, I just—I just want to address one area, because, you know it's—we are pretty optimistic. Business is strong. The top line looks like it has some legs to it. We're seeing demand in all our categories are up. If we're looking at the headwinds that we have to deal with going forward and had to deal with in Q1 as well, a stronger Euro is certainly going to affect us in Europe and—sorry, a weaker Euro—sorry, a weaker Euro is going to affect us; a stronger U.S. dollar, as well as a rise in certain commodities' prices, as well as in freight prices. We're, you know—the question is to what extent is this going to affect us? We don't know. We're managing that. We don't know where the Euro's going to find a—find a home. We don't know where, you know, freight prices are

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going to end up being. You know, resin prices have gone up but predictions are they're going to start coming down again. So, it's very difficult for us to actually put a number to the impact other than to say that, you know, these are some of the challenges we have. We have ways of dealing with them. We have dealt with them in the past. And, you know, those are—you know, those are the two areas or the three areas that we have to deal with, but on the other side we've got some great momentum on demand. We've got our factories running well and we've got some great products that were produced. Pass it back to Martin.

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): Okay. Thank you, Jeffrey. Dorel's unprecedented start to fiscal 2010 is due to several positive factors. Consumer confidence during the first quarter rose in many of our markets including most of Europe, somewhat ahead of what we expected. Many have been attracted to our various brands due to new product introductions and our concentration on opening to mid price points as well as other marketing initiatives that we have taken. There will be a number of new Juvenile products introduced, particularly in the second half of the year. In Recreation/Leisure, enthusiastic reaction to our 2010 models, within the IBD network, as well as strong sales to mass merchants are expected to continue in the months

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ahead. In the second half we will be introducing the 2011 IBD bike line-up. This line will include many new models and innovations. We also feel the extensive Schwinn campaign will bring added results. Jeffrey talked a little about the headwinds facing us, but nevertheless there is no question that the momentum established in the first quarter places Dorel in an advantageous position to benefit from our numerous new product introductions and from our brand equity.

At this point I'd like to ask the operator to open up the lines for questions and, as in the past, I would like everybody to keep their first round questions to, you know, a maximum of two. And everybody will get a chance to, you know, come back with follow-ups. So, Operator, please go ahead.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct the question and answer session. If you have a question, press the star, followed by the one on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you are using a speakerphone before pressing any keys. One moment please, for your first question. Your first question is from the line of Anthony Pica (phon) of Scotia Capital. Your line is open.

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GEORGE: Hi, good afternoon. This is George calling in for Anthony. Two quick questions; with regards to Dorel Europe are you guys concerned there may be a change in consumer sentiment that may lead to a lower demand for mid to higher price points?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Not that we're seeing so far. I mean, keep in mind, you know, the crisis in Greece. I mean, Greece is not a big market for us. Some of the southern European countries; Spain, Italy, Portugal, you know, demand is a little softer there right now, but in the north demand is actually quite strong. We've actually produced more car seats in the first quarter than we've ever produced before in Europe and these are the high-end car seats. So, we haven't seen any of that trend.

GEORGE: Okay, thanks. Second question; can you guys comment on pricing in a mass merchant—mass market channel? Are you—do you guys feel that they will be able to pass on any price increases that may come out due to, you know, rises in raw material?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): It's—first of all, it's very competitive and we have—it's always a difficult thing to do. Having said that, you know, in 2008, we did a significant price increase when raw materials went

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up. So, we'll have to see. I mean, it's difficult to predict what the reaction's going to be, what extent, you know, we might have to raise prices. So, again, difficult.

GEORGE: Okay. Thank you.

OPERATOR: Your next question is from the line of Jessie Hayam (phon) of TD Securities. Your line is open.

JESSIE HAYAM: Thank you. Good afternoon. First question is on the margins, obviously very strong margins in the quarter and aside from the some of the headwinds that you mentioned, you know, the freight cost commodities or even maybe the dollar in the Home Furnishings segment, is there anything on the horizon that you see that could put pressure on the margins from the level that they reached in the second quarter? I guess I'm just trying to gauge the sustainability, excluding some of the factors that are maybe out of your control.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): I think what's interesting, if we look at, for instance Recreation and Leisure, you know, the margins that we made in the past were subpar margins. These were not margins that we should be making. So, I think we're starting to get back to a level of what would be acceptable margins. I think we can do better overtime in

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Recreation and Leisure. And, so I think those are, you know, under our control and we're pleased with them. And, yes, I believe they're sustainable. I believe we can improve on those margins on Recreation and Leisure. Probably a similar thing, I would say, in Home Furnishings. You know, again, we—if you remember years ago, we had great margins in Home Furnishings and then they went down significantly and we're getting back to a level, perhaps more where they could and should be. So, yes, I do believe those are sustainable.

JESSIE HAYAM: And maybe Juvenile, which was—you know they were pretty strong in the quarter but they've sort of subdued, relative to strength we've seen in the other two. Is there anything keeping the margins down, or?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Yes, what I think I'm getting at, is the other two were operating maybe below where they should be operating and then we've had some internal improvements to get to what we'll call a better or more normalized level. And Juvenile didn't have that problem. They weren't underperforming. So, perhaps that's why you don't see the same type of rise in margins there.

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JESSIE HAYAM: Fair enough. And then, last question is on your efforts to increase the penetration in the OPP in Europe, is that—are you still moving ahead with that and, sort of where do you stand so far in that progress?

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): Yes, you know, it's more so on the MPP area. And we are—you know, we have developed what we think is an exciting line of products that's going to be shown, you know, throughout the summer and into the (inaudible) fall. And, I think we'll do quite well with it into—starting possibly late this year and for sure into 2011.

JESSIE HAYAM: Okay. Thank you.

OPERATOR: Your next question is from the line of Airie Black (phon) of Thomas Weisel Partners. Your line is open.

AIRIE BLACK: Hi guys. Great results.

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): Thank you.

AIRIE BLACK: Wanted to get a sense of the impact of the increase in the Juvenile segment from more of the macro side, from the increase in consumer confidence, versus the launch of new products. Was it—do you

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have a sense on what that split was, you know is 50/50 appropriate? Was one weighted more to the other?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Yes, my gut would say, you know, I think consumer confidence is back up a bit. I mean, we're seeing it. Again, it's just a guess but I would say a little bit more on the consumer confidence side. I mean, certainly, you know, some of our new products are helping, but we're seeing sort of general increases in the whole department at the retail level.

AIRIE BLACK: So market share is still up though somewhat?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Yes, I think market share is up slightly and yet—but we're seeing this general demand growing as well.

AIRIE BLACK: And how do you think about the impact of the Euro? You know, say that it stays at 1.3 to the U.S. dollar, you know, can you pass on some of these costs to the retailer or is just going to squeeze margins?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): It's difficult to pass it on instantly. I mean, certainly, later this year we have our new 2011 models coming out

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with new pricing so I think that's probably the timing that you would see. Now, not all of our product is made in China. You know, (inaudible) produces car seats which is by far the number one product in Europe. It's made in Europe and priced in Euros. So, you know, we don't see that impact particularly on that item. But, some of the other items, realistically you'll probably have to wait until later in the year to get a—to get some pricing relief.

AIRIE BLACK: And then secondly, within the bicycle side, the margins did increase substantially there. Is that due to mix? You know, I would have expected since mass merchant was a higher component that margins would have actually come down somewhat. So, just trying to, you know, wrap my head around that.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): We've done—you know last year was a difficult year as well. I think last year maybe our margins were a little bit below where they should have been, so I think we're getting back on the mass side to more historical levels. We're certainly spending—you know, we are also spending more on marketing, which we'll do throughout the whole first half of this year, which doesn't affect the gross margins, but, you know, does have an impact. But, I think it comes back to what I was

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saying before; that we were underperforming in the previous years, so now, you know, mass bikes are back to levels—you know more historical levels and IBD bikes are back as well.

AIRIE BLACK: So, it was purely on the revenue side? There wasn't any cost efficiencies that were ticking it?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Well yes—well, no, I wouldn't say that. I mean we certainly had issues last year, particularly on the IBD side with different costs that have been fixed. And, you know, there is some costs, but not—you know, I wouldn't put a lot of it onto the costs side.

AIRIE BLACK: Okay. I'll re-queue. Thanks.

OPERATOR: The next question is from the line of Claude Pu (phon) of BMO Capital Markets. Your line is open.

CLAUDE PU: Is there any mark to market gain or loss last year in the quarter?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Yes, I think we had a \$400,000 gain last year and nothing this year.

CLAUDE PU: And that was just in Juvenile I guess?

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JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): No, that was the net of everything.

CLAUDE PU: Okay.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): There was a little—there was ups and downs last year. There wasn't a big quarter for mark to market last year.

CLAUDE PU: Okay. Second one is the—again on the housekeeping area; the depreciation, I guess 12 million, that would be a new run rate going forward and can you explain a little bit why it's higher? Like, I think you were depreciating some new product, I think—

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Right, I mean it would be a greater spend on R&D to create more products coming through the pipeline.

CLAUDE PU: Okay, so that's it then. And, if I may, inventory restocking, I mean, that seems to be going on at the bicycle—the independent bike dealer network. I'm just wondering is—that is match I guess with the rising POS, I mean, point of sale? Or, there is a build up because people expect this year to be much better?

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JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): I would say that it's the third one that you haven't mentioned and that is that we are actually—wish we had more inventory to put into the channel because POS is running a bit ahead of inventory, running ahead of our sales. So I don't believe that there as in stock as they would like to be; the retailers.

CLAUDE PU: Okay, thanks.

OPERATOR: Your next question is from the line of Ud Bujean (phon) of National Bank Financial. Your line is open.

UD BUJEAN: Yes, congratulations. One first easy housekeeping; what would be your CAPEX for 2010, please?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): About 50? Yes, about 50.

UD BUJEAN: Five, zero? Okay, thank you. And you mentioned, Jeffrey, that the backlog you have on the IBD side is actually much higher than last year. Can you quantify that a little bit?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): No, we'd rather not. I think that's a bit proprietary. But, you know, it's just up—we—both we underestimated demand. And, I'll tell you our customers, our stores underestimated the

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demand of some of the new products. So, it's difficult to, you know, press a button and increase your production that fast. So—but it is a number that's quite a bit higher than last year.

UD BUJEAN: Okay. And, last question; in terms of introducing the Schwinn products on the IBD channel, what kind of price points does, you know, the products carry?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): I guess that would depend. I mean—it's obviously—it's an IBD price point so, to be honest, I'm not 100 percent sure. I would imagine, you know, like a 299 up to maybe \$1,000 would be the sweet spot.

UD BUJEAN: Okay. Thank you.

OPERATOR: Your next question is from the line of Leon Agazarian (phon) of Industrial Alliance. Your line is open.

LEON AGAZARIAN: Hi, congratulations gentlemen on a great quarter.

UNIDENTIFIED SPEAKER: Thank you.

LEON AGAZARIAN: My question is more regarding—another question regarding the margins, but perhaps more on the Home

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Furnishings side. Is that due to a higher price point or is there again, more cost efficiencies there?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): I think it's a reduction in overheads, is one area. We're getting—you know, we've gotten out of a number of SKUs which has allowed us to get out of a number of warehouses. I wouldn't say our costs are better. I mean, you know, we're running into the same cost pressures in Home Furnishings as we are everywhere else. I mean, you know, the stuff that we talked about, these headwinds, they didn't start April 1. They were there in Q1. So, some of the issues that we have with some price increases and stuff like that and freight rates and all of that, that's already, you know, affected us a little bit. So, it's got to do with, I think, more efficiencies and better use of overheads.

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): And also, in the ready-to-assemble, our factories are running at efficiencies that some of them have never seen before. So the efficiencies are often in manufacturing as well as the volumes are up. So that's—you know, that's adding to better margins.

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LEON AGAZARIAN: Okay, great. Another question; could we have maybe some comment on what's happening with Dorel Brazil? I mean, you mentioned a lot about Europe, but maybe some commentary on that?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Sure, I mean actually it's pretty exciting down there. It's going extremely well. We're already looking at expanding the manufacturing and introducing a second shift. The government is already installed a car seat policy and now they're talking about how they're going to enforce it, which is going to lead to, you know, more demand for car seats. We've introduced European products this year and I mean, just—we're very, very pleased. The economy there is good. Business is good. And, you know, we're running. We're not walking down there.

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): And the retailers have really taken, you know, a shine to our products, both at the mass and the independent (inaudible) dealers so very, very optimistic about our future there.

LEON AGAZARIAN: Okay, great. And one final question. Maybe some guidance regarding the—what do you expect for debt repayment for the rest of the year?

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JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): You know, I guess, on an annualized basis, I'm going to give you kind of the minimum number. But, you know, because again, it's difficult to know exactly where our receivables are going to be, but I'm pretty comfortable about the \$75 million debt repayment. You know, are there opportunities to do better than that, absolutely.

LEON AGAZARIAN: Okay, great. Thank you.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Okay.

OPERATOR: Your next question is from the line of Tau Willy (phon) of RBC Capital Markets. Your line is open.

TAU WILLY: Hi, good afternoon. Just wondering if you can speak to the progress on the credit facility?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Yes, it's progressing very well. You know, obviously I—it's not done yet but it's—I don't see any issues. We'll be ready for the—before the deadline.

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TAU WILLY: Okay. And then, just on the IBD channel, do you have some sense, you know, if you were underperforming a bit last year, you probably lost a bit of share. Have you, you know—

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): I don't think we lost share last year.

TAU WILLY: Okay.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): I really don't. I think, in fact, we sold more—we sold more IBD bikes last year than we did the year before. It was just the—people were buying less expensive bikes and like lower margin bikes and there were a number of other issues. So, you know, I think we gained market share last year. I think we're gaining market share this year again.

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): Well we've opened up a lot of IBD accounts in the first quarter. A lot of them are, you know, Cannondale accounts as well as we have some Schwinn and GT accounts, as well as some of our existing Cannondale accounts have now picked up the Schwinn or GT lines. So we're making very good progress.

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JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): I mean the bike—it comes down to, you know, the bikes that we're making are really good bikes. I mean, we won—we were voted, I guess, or awarded the top bike of the year at *U.K. Bike Magazine*. I believe we won some type of award in California last week, or two weeks ago, as well a different bike for an American magazine. I haven't seen that one yet but—you know, so we're, you know, we're doing it on the strength of really good product and that's where we're going to continue and in a few months from now we're actually going to see the 2011 product and we're pretty excited about that. So, I mean, that's how we're doing it.

TAU WILLY: Okay. I think, just a last question, just, when you're chatting with your accounts and—do you get some sense that, you know, probably more so here in North America than maybe overseas, but just, that weather potentially pulled some sales from, you know, Q2 into Q1, or do you think the backlog basically says, you know, there's still demand out there for us?

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): There's still demand.

TAU WILLY: Okay.

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JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): I'll tell you the weather was terrible in January and February and if our Q ended, you know, in end of February, we wouldn't be, have the same tone as we have now, because March really saved the quarter.

TAU WILLY: Okay.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): But, you know, the weather stayed good through April and, you know, for the most part, weather's been good even in the beginning of May. So, weather has a big impact on bikes. So, you know, pop into any bike shop in, you know, Toronto or wherever you are, Montreal and ask them how they're doing, as a general statement and, you know, you'll see that most of these guys are doing well.

TAU WILLY: Okay, that's great. Thank you very much.

OPERATOR: Your next question is from the line of Airie Black of Thomas Weisel partners. Your line is open.

AIRIE BLACK: Hi guys. Just touching on the headwinds; was there hedging that offset the impact somewhat in Q1?

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JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Not—no, not really. No, we didn't have a great deal of hedging this year.

AIRIE BLACK: Okay. And then, touching on trend, are you still predominantly selling those bikes into the mass merchants?

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): Yes. You know, we divided up the Schwinn business. Most of the volume is mass merchants but there are some Schwinn IBD bikes that are, you know—they're designed and built for the IBD. And that area is growing as well.

AIRIE BLACK: So, when I spoke to dealers in the past, a lot of them said that the brand had diminished significantly because they were being sold into Wal-Mart. So, I don't know what kind of feedback you're getting, but I'm curious if you've heard anything with regards to how they're wrapping their heads around that now.

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): That—you know, that story's several years old. I mean, Schwinn, before we had bought Pacific, had moved out of the IBD and into the mass and there was a lot of upset, but over the years, I think that's all—I think that's pretty much all calmed down. And, like I said, there are

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dealers that are now coming back to Schwinn for the IBD designed bikes and I think we're being—you know, we're coexisting pretty well today.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Yes, I mean, keep in mind, it's not a full range of bikes. The IBD bikes, you know, if you go online and have a look, you'll see there's a certain sort of niche that we're trying to get to on—with Schwinn. You're not going to find, you know, Schwinn high performance, you know \$10,000 road bikes or, you know, really sophisticated mountain bikes. That's not what Schwinn is anymore. But it's about kind of, you know, the comfort bikes, the cruisers, you know that type of bike. And that's where we're marketing it and that's where some of the retailers are taking it on.

AIRIE BLACK: And that price point is still doing well, even with recovery and—

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Yes.

AIRIE BLACK: Okay. And then lastly, with the tax rates, I was wondering if you could just give a little bit more of an explanation as to why that's increasing. I think you said because of the location but I didn't catch it.

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JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Yes, it's a mix. I mean, certain businesses that have higher tax rates are doing better now and that drags up the average tax rate.

AIRIE BLACK: Okay. Thank you.

OPERATOR: Your next question is from the line of Brent Blackwell (phon) of Scotia McLeod. Your line is open.

BRENT BLACKWELL: Hi, good morning. Or good morning out here anyway. Just wondering, in terms of just coming through the credit crisis and what not and addressing the debt issue, have you guys—what—has your attitude changed a little bit in terms of the amount of financial leverage that you want to have going forward? Or have you got any thoughts on that?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Actually I thought we did pretty well during the credit crisis.

BRENT BLACKWELL: I agree.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Well, we managed to produce a lot of cash. So, I would say, "no", we haven't changed what we think our sort of

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maximum debt level could be. We believe even in tough times we're going to produce cash and that's sort of given us, and maybe our lenders, a little more confidence in, you know—in what we will do during bad times. So, that doesn't mean we're going to go out and spend money on something that doesn't make sense or, you know. But, I think a little more confidence that, you know, the economy doesn't have as much impact on us as maybe some of the other businesses.

BRENT BLACKWELL: Okay. Thank you very much.

OPERATOR: Your next question is from the line of Jessie Hayam of TD Securities. Your line is open.

JESSIE HAYAM: Thank you. Just on the backlog that you have or maybe the, you know, sort of the fact that some of your—the point of sales are running ahead of your inventory, in general, can you turn around quickly enough to fulfill these orders, in the three divisions?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): In all three divisions? We're trying. We're going to get back, hopefully. Some of the items are back in stock. Again, we were talking about the end of March. So some of it came back. Some of it we're still chasing. Some of it, I'm not sure we're going to be

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able to make up all of it. You know, it's a wide—still a lot of product out there.

JESSIE HAYAM: Okay, and on the Recreational, though, do you feel you?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Again, some of it, you know—again, in Recreational there's a little bit more of a time limit.

JESSIE HAYAM: Right.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): You know, because of the seasons. So, again, a lot of it—you know, we're going to do a lot in Q2. Q2's a big quarter for us. We have a lot of product coming in, in Q2. It's just difficult to ask for, you know 20 percent more, 10 percent more, whatever it is.

JESSIE HAYAM: Right.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): That's I guess what the challenge is.

JESSIE HAYAM: Right. Right. Okay, and then, on the sort of reorganizing the manufacturing of Cannondale and so on, are you pretty much done there or are there still more savings to come from this move?

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JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Are we done? We've—

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): Well, we reduced the factory again, just recently in, you know, in Pennsylvania.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): I think the 2011 bikes are going to have the full impact, so we're not done seeing the impact.

JESSIE HAYAM: Okay. Okay, that's fair. And then the advertising campaign for Schwinn, I think it's \$5 million that you're spending. Is that sort of what you usually spend, you know, for advertising in a given year, in Recreational? Or is that more than usual?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): That's an incremental amount that we—yes, we don't—we've never done a campaign on Schwinn anywhere near that.

JESSIE HAYAM: Okay. Thank you very much. That's it.

OPERATOR: You're next question is from the line of Ud Bujean of National Bank Financial. Your line is open.

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UD BUJEAN: Yes, I was just wondering if you could update us on your initiative of introducing—reintroducing, I guess, Iron Horse products into this foreign goods channel?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): It's going well. I mean it's—we're doing it on a global scale. We have it in a few stores in the U.S. We have it here in Canada with Forzani. We are offering it to a number of accounts overseas. So, it's, you know, it's moving along.

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): It's working to plan.

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): Yes.

UD BUJEAN: Thank you.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the star, followed by the one. As a reminder, if you are using a speakerphone, please lift the handset, before pressing the keys. Your next question is from the line of Claude Pu of BMO Capital Markets. Your line is open.

CLAUDE PU: Yes, thank you. Two quick ones; U.S. organic growth rate in Juvenile, usually you've been giving it. Can you give it for?

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JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): It's just over 5 percent in that area.

CLAUDE PU: Okay and the \$5 million that Schwinn will spend, is that all in Q2?

JEFFREY SCHWARTZ (Executive Vice-President, Chief Financial Officer, Secretary, Dorel Industries): The bulk of it will be in Q2, yes.

CLAUDE PU: Okay. Okay, thank you.

OPERATOR: Mr. Schwartz, there are no further questions at this time. Please continue.

MARTIN SCHWARTZ (President, Chief Executive Officer, Dorel Industries): Okay, thank you. Well our first quarter results reinforce what we have been telling the market. We are investing heavily in product development as we aim to have the best products available. We are also building for the future with projects, such as the expansion of the Sequoia (phon) facilities in Vancouver, the car seat competency center in Columbus and a multi-million dollar advertising spend to support the Schwinn brand. We know these, and other programs will keep Dorel's products in the forefront.

I would like to mention two important dates, our annual meeting will take place in Montreal at 10:00 a.m. on Thursday, May 27 at the Omni

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Hotel on Sherbrooke Street and we will be holding an Investor Day in Toronto on Wednesday, June 2 at the Sheraton Center downtown at which point the Presidents of our three divisions will be there with us to present what, you know, an update of what's going on in a division and to be able to answer your questions. We look forward to seeing you on both of these occasions. I just want to thank everybody for their continuing interest and support in Dorel and have a pleasant afternoon.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.

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