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CONFERENCE CALL
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OPERATOR: Good afternoon, ladies and gentlemen. Thank you for standing by. Welcome to Dorel Industries third quarter results conference call. At this time, all participants are in 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 * followed by 0 for operator assistance at any time.

Before turning the meeting over to management, please be advised that this conference call will contain statements that are forward looking and subject to a number of risks and uncertainties that could cause actual results differ materially from those anticipated.

I would like to remind everyone that this conference call is being recorded on Friday, November 5th, 2010.

I will now turn the conference call over to Martin Schwartz, President and CEO. Please go ahead.

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

Well, good morning, and welcome to Dorel's conference call for the third quarter ended September 30th. With me are Jeffrey Schwartz and

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Frank Rana. We will be pleased to answer your questions following our comments. And as usual, all figures quoted are in U.S. dollars.

We are quite pleased with our results for the third quarter. Our top line improved 10 per cent while earnings were in line with the prior year. We were able to achieve this despite much higher container freight rates and increased raw materials costs which, combined, impacted margins, particularly at our U.S. Juvenile business and Home Furnishing divisions. We were also helped by an income tax recovery that Jeffrey will discuss in more detail in his financial review.

Dorel's Bicycle business increased both sales and earnings, reflecting our investment in R&D and brand building. And even with a difficult economy abroad, there was solid progress in our Juvenile business in Europe. Also most positive was the continued strong performance of Dorel Brazil.

Before Jeffrey discusses the financials, I will provide a few segment highlights. Third quarter Juvenile revenue was even with last year at 248 million. Organic sales growth was 3 per cent. Dorel Europe had a good quarter, recording sales gains of 11 per cent over last year. This was done in a challenging economy, as was in the majority of our markets. They did

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very well in car seats, where they have picked up additional market share. Sales were also up in strollers and in large furniture such as highchairs.

Safety First continues to make steady progress in penetrating the mid price point category in Europe, an objective we set a year ago.

EJG USA was challenged by higher costs, but also by lower sales at the retail level for Juvenile products. Certain retailers reacted to the lower POS and reduced orders in the quarter as a result.

Dorel Brazil has progressed nicely. You will recall we established this unit in January '09, and it's become a solid profit generator. They posted significant sales gains as new legislation there continues to drive car seat sales. Importantly, the strong sales contributed handsomely to earnings. In fact, as a percentage of revenue, earnings in Brazil were the highest in the segment.

Going forward, we expect their operations to increasingly benefit from Dorel's infrastructure and multiple brand portfolio. Brazil has become a perfect model of how we can create a new platform in a new geography and, given the right local talent, proper market research, and the power of Dorel, create a winning scenario. We continue to see exciting things coming from there.

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During the quarter the company participated in the two largest juvenile trade shows in Europe and the United States. Dorel is always amongst the largest exhibitors, and this year was no different. Several new products were launched, and customer feedback was highly positive.

Recreation Leisure revenues increased 19 per cent for the quarter, with organic growth up approximately 13 per cent for the period. In bikes, it's all about great products and great branding, and our teams have been very active in both areas. Cannondale's focus on innovation has led to the introduction of a number of new models in road, mountain and urban bikes.

Last year we introduced great new bikes as part of the 2010 model year line-up, and the introductions drove sales. This year the 2011 model year bikes have been introduced, and the reception has been even more favourable. We believe that in 2011 Cannondale will continue to lead the industry with product features that benefit riders, from the elite to the everyday urban commuter.

As an example, our Jekyll mountain bike has received glowing trade magazine reviews. This model features a revolutionary shock technology, and Bike magazine has referred to it as – and I'm quoting – “without a doubt, one of the best mountain bikes on the market.”

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Other introductions include the Super X, the world's lightest cyclocross bike, and the CAAD10, both of which are now in stores.

Another innovation is the E Series electric bike, a project undertaken in cooperation with Bosch. They are scheduled to be in stores in Europe early next year, and pre-sales have been very good.

These and our other models and brands were showcased at the Eurobike show in September, where our booth attracted record traffic and orders were strong.

GT also made an impressive showing, and has added many new dealers abroad. The European market is an important part of our Bicycle business, and we are making steady progress in that market.

As announced, as of January 1st, Cannondale will become co-sponsor of the newly named Liquigas pro cycling team, and SUGOI becomes a technical sponsor. The team has had a remarkable year, winning two of the three major European grand tours, and has attracted new top athletes. We look forward to an exciting race year, and one that will strongly reinforce the Cannondale brand. We're delighted to be so closely associated with one of the world's premier road racing teams.

Schwinn had yet another great quarter, with important gains, thanks to new launches and an intense advertising and marketing campaign,

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which will resume later this month. A strong fourth quarter is anticipated. There has also been a significant editorial push, which should result in coverage through the holiday period.

Schwinn's parts and accessory business remains on track, and we are pleased with the progress being made in this category.

Home Furnishing revenues was up 18 per cent in the third quarter, with increases across the board. This revenue growth was in multiple categories. As we've seen throughout the current difficult economic environment, consumers have turned to Dorel's furniture selections because of their low price yet quality look. We believe the value proposition of our furniture is extremely hard to beat, and our retail customers acknowledge this and look to us to help drive their business.

While sales were up, the higher input and container freight costs experienced through the second and part of the third quarters had a definite impact on margins. We knew these pressures were going to effect the quarter, and, as you know, these costs are absorbed by us in the short term. The key to our success has always been to manage these cost variations and incorporate them into future product offerings. And that is what we're doing right now. Of course current inventory on hand respects

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these higher costs, so it will take a bit of time to see the benefit in increased margins.

Similar to the Juvenile business in the US, we saw softening of POS levels in the third quarter and into the fourth. This means the second half results will not be as good as the first half. But for the full year, Home Furnishing results will be very good.

I'll now hand the call over to Jeffrey to detail some of our financials.

JEFFREY SCHWARTZ: Thank you, Martin. Revenues for the third quarter ended September 30th, 2010 increased by 51 million or 9.8 per cent to 569.5 million. For the nine months, revenues increased 178.7 million or 11.2 per cent to 1.773 billion from 1.595 billion the year before. Year-to-date organic sales are just slightly under 10 per cent.

It should be noted that all of the revenue increase in the quarter was organic, as acquired sales were offset by variations in exchange rates year over year. For the year, the organic revenue growth is, like I said, just under 10 per cent.

After-tax earnings in the quarter were 30.1 million, flat with the 30.2 million recorded in the prior year. This equates to earnings per share of \$0.91 for both 2010 and 2009. Year to date our after-tax earnings have

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increased by 23.6 per cent to 102.6 million from 83 million in '09. In EPS terms, that's 3.09 in this year compared to \$2.49 last year.

For the quarter, we were able to match last year's net income as we were helped by an income tax recovery of 1.5 million versus an expense of 3.7 in the prior year. The reason for the recovery was twofold. First, there was a recognition of a tax benefit of 2.9 million pertaining to the prior year's estimated tax position. Excluding this out-of-period benefit, the company's tax rate for the quarter would have been 4.7 per cent.

Secondly, we had a significant change in the earnings being generated in certain lower tax rate jurisdictions. This change occurred in the third quarter and reflects the annual tax position expected in those jurisdictions. Note that due to this lower than anticipated third quarter tax figure, current expectations for the full year will be in the range of 14 to 18 per cent.

Our interest costs are running higher than in 2009, at 13 million year to date versus 12.5 million. One of the drivers of the increase is the 1.7 million being recorded related to imputed interest on the company's contingent consideration related to certain of our business acquisitions. If we strip that out, the actual borrowing costs are less than last year. Year-

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to-date interest rates on long-term borrowing was approximately 3.5 per cent, an increase from the average of 3.1 per cent last year.

We'll move over to the Juvenile group. Third quarter revenues similar to last year, 248.4 million versus 247.9. However, there was a mix of revenue in the quarter was quite different. Increases in Europe and Brazil offset declines in North America.

I won't repeat a lot of the detail Martin gave you on the segment, but I wanted to clarify that the gain in market share in car seats was in many of our European markets. The only one that continues to be down this year is really Spain, where the economy remains poor and has significant unemployment.

As we mentioned, in Europe organic sales growth was almost 11 per cent in the quarter. In the U.S. we struggled a little bit. Our customers held off orders because of a little bit of slowing POS. And that's the reason that you also see some inventory growth in that particular area. I'll get into that when I discuss the balance sheet.

Also want to point out last year Q3 2009 included the introduction of the Air Protect car seat, which boosted sales that quarter as retailers ordered large amounts of the initial pipeline fill quantity of that product.

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Gross margins declined from 2009 levels. But over and above the higher costs, we also had a less favourable mix as well in that area.

So the earnings from operations in 2010 were 22.1 million, a decrease of 15.4 per cent from the 26.1 in 2009.

Over on the Recreation side, revenues increased by 27.4 million or 18.8 per cent to 172.5 million, compared to last year's 145.2 million. Year-to-date revenues is up 53.4 million or 12 and a half per cent to 569.1 million from 505.7 million the prior year.

Organic sales growth in the segment was 13 per cent for the quarter and approximately 8 per cent year-to-date. Martin spoke about the new products driving this in the IBD channel, but importantly, sales improvements were both on the map and on the IBD channel. Clearly, increased promotional activity and successful new product introductions are pushing sales through both channels.

I also want to note that the IBD increases are occurring both in Europe and in North America.

Earnings from operations for the quarter improved 4.6 million or 96.1 per cent to 9.5 million, compared to 4.9 last year. For the first nine months of the year, operational earnings were 41.7 million, an increase of 35.2 per cent from the 30.8 million last year.

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Gross margins decreased slightly in the quarter due to a proportion of revenues coming from licensing and commission income. This is due to our ongoing efforts to shift business from this model to a traditional distribution model of full sales and cost of sales. While more profitable, it does have an impact on lowering the margins.

The gross margins excluding licensing and commissions for the quarter were 22.3 million this year versus 22.2 last year.

If we move over to the Home Furnishing for the quarter, sales increased to 148.5 million from 125.4 million, up 18.4 per cent. For the year-to-date numbers, the increase is 19.8 per cent, 410.4 million versus 342.6 million last year. Earnings from the quarter decreased by 5.4 million to 7.1, down from the 12.5 million last year.

Despite the lower quarter, year-to-date earnings have improved to 29.1 million from 24.6 million last year, an increase of 18.2 per cent.

Revenue growth this year has been driven by sales in both domestic and imported items, mainly in the metal folding furniture, futon, bedroom collection and bookcase categories.

As detailed already, gross margins and earnings were negatively impacted by higher container freight as well as the input cost prices. For example, if we look at just the impact of higher container freight prices in

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the quarter, in the Home Furnishing that number was 3.5 million just on freight in that quarter. Since then, freight prices have come back, you know, a little bit more than slightly. But you know, they still remain higher than they were a year ago for us today. But they've definitely come back from the peaks.

Balance sheet items. You know, there are two significant categories there: inventory, accounts payable. Several reasons for the increase in inventory. First, year-end values last year were too low. That hurt us in both Q1 and Q2 as we did run out of certain inventory items that were in hot demand in those quarters. So we definitely needed to bring up our level of inventory.

As well, most divisions have experienced cost increases in freight and other inputs, so the value of the inventory actually has gone up, even if the units haven't. But nevertheless, the largest part of all that was still an increase in inventory due to a number of factors.

First of all, the primary factor, about at least 50 per cent of the increase, is just getting product in for the significant promotion activities that we're expecting in Q4, particularly on the Bicycle side and a few other areas.

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A third of it is probably related to slower POSs – POS sales, point of sale numbers, than both ourselves and our customers expected. We came out of Q2 with very, very hot demand, particularly in Home Furnishings. Since that point it has slowed down, so both our customers and ourselves were caught with, you know, more than the average inventory than we both wanted to carry.

Those numbers are coming down. You know, certainly there was some destocking involved in Q3 there. But we're getting down to the point, particularly at the retail level now, where inventories are much more in line with where they were back two, three months ago. So we feel that that should start picking up again, you know, momentarily.

Of course accounts payable is related to the increase in inventory. During the last nine months of 2010, cash flow from operating activities before changes in non-cash balances related to operations were 140.1 million compared to 117.3 last year. However, due to our inventory and accounts payable swing year over year, change in variations in working capital balances was the additional use of funds of 99 million. As a result, after these changes in non-cash balances related to operations, cash flow provided by operations was only 72 million, compared to 148 million last year.

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In relation to our stock repurchase plan, we have distributed 13.2 million to repurchase just under 400,000 shares so far in the first nine months. As a result, our cash flow thus far is not really where we want it to be. However, as we work our inventories down through Q4, which we expect to do, we do expect to see a much better cash flow environment by the end of the year.

And with that, I'll pass it back to Martin.

MARTIN SCHWARTZ: Okay. Thank you, Jeffrey.

Well, as outlined, our Bicycle segment continues to improve in both the mass merchant and IBD categories. The strategies put in place in Recreation and Leisure are working. We're seeing good traction with consumers in North America and Europe due to our various investments in brand building and product innovations.

Our Bicycle divisions are focused on great execution, and we'll continue to see progress from them. In Juvenile we have faced challenges on costs and currency, but we are optimistic looking forward based on our commitment to upcoming new products.

Dorel Europe has a good year in developing new products for next year. They were unveiled at the recent Cologne Juvenile Trade Show, and reception from our customers was very good.

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While the U.S. performance was affected by recent softness at retail, our dedication to developing new, innovative products provided us with the confidence that we have. And we will continue to have the juvenile products the market wants. This is further underlined with the September opening of our new Car Seat Technical and Product Development Center in Columbus, Indiana.

Our investment in Brazil has thus far proven to be a very good one. It underlines our strategy to diversify that business across geographies to ensure future long-term growth.

In summary, we still expect a solid year. Revenues will be up and net income will exceed last year's.

We now invite your questions. And again, I'd like to ask you to limit your first round questions to two questions, please. So Operator, please open up the lines for questions.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct a question-and-answer session. If you have a question, please press the * followed by the number 1 on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received.

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Please ensure that you lift the handset if you are using a speakerphone before pressing any keys. One moment, please, for your first question.

Your first question comes from the line of Anthony Zicha from Scotia Capital. Your line is now open.

ANTHONY ZICHA: Hi. Good morning, gentlemen.

MARTIN SCHWARTZ: Morning.

ANTHONY ZICHA: Martin, you cited soft consumer demand. Is this happening across all geographies and all segments? And could you comment on pricing in the mass merchant channel? Is it easy to pass through the higher input and freight costs?

MARTIN SCHWARTZ: Okay, the first question is, you know, the softness isn't through, you know, all the geographies. Like I explained, Europe, you know, we had an up quarter. Brazil was very good. The softness we see is in certain areas in North America. We don't see the softness in the bike business. Okay, there is a little bit of, you know, soft POS in Juvenile, and a little lower POS in Home Furnishings.

It's not even... I would refine that even more to the United States. I think Canada's pretty... in the last little while has been pretty steady, so it's really more of a U.S. issue.

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ANTHONY ZICHA: Mm-hmm.

MARTIN SCHWARTZ: And you know, you also asked about passing on prices, if it's easy. It's never easy. You know, we're doing whatever we can, you know, if we can pass some of it on. But you know, it's also a competitive market out there.

ANTHONY ZICHA: But do you see more resistance than usual at the retail level, like in terms of the big mass merchant dealers?

MARTIN SCHWARTZ: I think you see, given the slowdown – I mean, again, this isn't a Dorel slowdown. I mean, we're talking Home Furnishings, it's the whole Home Furnishings, it's Juvenile. So yes, they're looking to stimulate demand by reducing prices. So it makes it a little more difficult right now. But again, as freight prices come down, you know, the need to raise our prices, you know, comes down as well.

But you know, but this is something we've seen before. You know, we know how to navigate through it, so we'll be able to handle it.

ANTHONY ZICHA: Martin, you saw the good strength in Europe. Have you successfully introduced a number of new products in the channel. Have you been gaining market share at the expense of some other larger players? Do you get that feeling? I know one of your big competitors had big restructuring problems and, I guess, execution

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problems with acquisitions they made over the years. Can you give us a bit of colour on some of the key markets such as the U.K., Germany and France, what's happening in there? Thanks.

MARTIN SCHWARTZ: We're definitely gaining market share, not in every category, but in some of the larger categories. You know, we know our car seat market share is growing just about everywhere in Europe. In some markets, you know, our stroller market share is growing as well.

But overall, yes, I mean, it's a pretty much across-the-board strength in Europe. We have a lot of new products again this year. I think we had a very successful Cologne show, introducing a number of new items. And you know, things look good. With the euro, especially with the euro also rising, which is going to help us, I think, next year as well.

ANTHONY ZICHA: Okay. Well, thank you, gentlemen.

OPERATOR: Your next question comes from the line of Jessy Hayem from TD Securities. Please go ahead.

JESSY HAYEM: Just a clarification on the taxes. You talked about the change that occurred in the third quarter reflecting the annual position that's expected in certain jurisdictions. Does that mean you still expect to underperform in the higher tax jurisdictions in the fourth quarter? Is that how we should read this statement? Or maybe help me to clarify it.

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MARTIN SCHWARTZ: The best way to say it is, you know, we've made a few changes during the third quarter in the structures, and we believe that the go-forward rate is lower than we thought it was at the end of the second quarter.

JESSY HAYEM: Okay. So then beyond 2010, beyond Q4, should we start modelling, is it 14 to 18, I think, the new range, or are we back to the 18 to 22 range?

MARTIN SCHWARTZ: No, it's a permanent change. But that doesn't mean next year it won't go up to a higher level. We'll let you know. I mean, again, it's a huge mix issue here. So as we budget next year, and depending on where the income is going to be coming is going to affect the number. So we cannot, even ourselves we cannot forecast next year's number yet.

JESSY HAYEM: Okay. And then on capex, where do you think you'll end the year? I think you're at 23 million so far, and I think originally you were expecting to spend closer to 50. Where do you think you'll end the year as far as capex spend?

MARTIN SCHWARTZ: It should be somewhere in the mid-40s.

JESSY HAYEM: Okay, great. And then just one question before I circle back: You talked obviously about the input costs and the effect it had

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on your P&L this quarter, and you also talked about the fact that some of these input costs are easing but it will take time to flow through your inventories. Is it fair to say that, you know, it'll still be an issue throughout Q4 as you flow through that inventory, it's essentially a one quarter lag, or is there more to that?

MARTIN SCHWARTZ: It's hard to answer that as a one-off question because it depends on the area. In some areas we're still sitting on more inventory than we wanted to, which means it's more than a one quarter issue. In other areas the inventory's already turned. So we're not as affected as much.

JESSY HAYEM: Right. So would be fair to say maybe home...

MARTIN SCHWARTZ: Just by the end of the year, by the end of the year I think, you know, most of that inventory will be through the system with the higher freight rates and all of that, so...

JESSY HAYEM: Okay. Fair enough. Thank you. I'll circle back for more.

OPERATOR: Your next question comes from Tal Woolley of RBC Capital Markets. Please go ahead.

TAL WOOLLEY: Hi. Good morning.

MARTIN SCHWARTZ: Morning.

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TAL WOOLLEY: I was just wondering if you can talk to me a bit about how retailers have been planning for Christmas, or for Christmas season and then going forward. It seems like maybe they're quite sensitive to POS trends, maybe more so in the past. Is that a fair statement?

MARTIN SCHWARTZ: Yes. I mean, again, for us, we're not a huge Christmas products item – company. I mean, on the bike side we are, and there's a lot of promotions that we have for the bikes, and that's, I would say, the primary reason that we see our inventories drop. That would be the single-largest reason. So on the bike side, they are expecting some good stuff.

But you know, if we look at Juvenile, Juvenile is not affected at all by Christmas. And Home Furnishing is really... Home Furnishing has turned, I think, in the last few years to be a real Q1 business. Don't exactly understand it, but just the trends have shown large increases in demand in Q1. Used to be Q4, but it's moved. So we're not... you know, it's hard, it's difficult to give you proper feedback on the retailers' Christmas position.

TAL WOOLLEY: Yes, I guess, I wasn't... sorry, I didn't mean to make it so much about Christmas, but just overall and their planning. Like, it seems like inventory levels are, you know, substantially lower than

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maybe where they were, or what they were willing to hold is a lot less than what they were willing to hold a couple of years ago.

MARTIN SCHWARTZ: Yes, I think that...

TAL WOOLLEY: And that they're a little bit more sensitive to POS trends overall.

MARTIN SCHWARTZ: Yes. I would... versus before the economic shift? Yes, absolutely.

TAL WOOLLEY: Okay.

MARTIN SCHWARTZ: They're definitely watching POS and trying to judge what to carry. But this isn't... I don't want people to think this is like it was back at the end of '08, where the brakes were slammed on. That's not the case now. They are adjusting. You know, if demand is X, they want to carry a certain amount. If demand drops from that, they want to carry less, and then they adjust their inventories down. So as POS has gone up and down through the year, you know, they've moved their inventories up and down.

But yes, they are very sensitive to PO... they are more sensitive today than they were a few years ago.

TAL WOOLLEY: Okay. And my other question is just on... with the Liquigas sponsorship, it seems like it's a bit of a more high-profile venture.

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I just have no idea what sort of dollars the firm has to commit to getting that kind of exposure.

MARTIN SCHWARTZ: Well, we don't release the numbers. I don't think anyone does in...

TAL WOOLLEY: Yes.

MARTIN SCHWARTZ: ... in that space. But, you know, it is, yes, it's in the millions.

TAL WOOLLEY: Okay. That's great. Thank you very much.

MARTIN SCHWARTZ: Okay.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the * followed by the 1. As a reminder, if you are using a speakerphone, please lift the handset before pressing the keys.

Your next question comes from Hugues Bourgeois from National Bank Financial. Please go ahead.

HUGUES BOURGEOIS: My question on the recreational volume, which was that the organic growth was relatively strong in Q3. Was there any volume that was pushed back into Q3 from Q2 as in Q2 you seemed to be constrained a little bit from a logistical standpoint?

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MARTIN SCHWARTZ: Yes, there was a little bit on the mass side because we couldn't get everything through the system, if everybody remembers. So yes, there would be a little bit there. But on the flip side of that, our demand at the end of Q3, particularly at the Cannondale side, was extremely high, and we weren't able to get everything out the door that we wanted to get out the door in Q3. So I would say it's still a wash. It's a good number, Q3.

HUGUES BOURGEOIS: Okay. Perfect. Thank you.

MARTIN SCHWARTZ: Okay.

OPERATOR: And your last question comes from the line of Jessy Hayem of TD Securities. Please go ahead.

JESSY HAYEM: Thank you. Just wanted a bit of clarification on the OPP or MPP push in Europe was... you were talking about Safety First sales being up significantly. Were these... is Safety First being sold now at mass retail chains, or is it still juvenile chains?

MARTIN SCHWARTZ: It's both. I think what we said was our progress is moving significantly. We have a much bigger line. The sales are up but we just introduced a whole new sort of OPP/MPP line at the last show. But it is, you know, it is an interesting phenomena, and that is that in this recent economic shift or whatever word you want to use, what we're

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finding in Europe is not that the mass merchants have picked up market share but that the specialists have started to sell more MPP/OPP-type products. So they've kept their market share.

JESSY HAYEM: I see. And I remember, I guess, at the Investor Day, you had alluded to the fact that the European mass has really yet to indicate a full commitment to the Juvenile category outside of maybe some private label SKUs. Is that still the case?

MARTIN SCHWARTZ: Yes, it's still the case, and it's still... I find it, I personally find it strange, but they have not picked... like, our sales are down. Our market share is up at some of these mass market companies, retailers, but yet their sales are down with us, which indicates that, again, they're losing market share to the independents, and so it's the independents who are picking up. And again, I wouldn't call this a major shift, but the independents have now reacted to the economy by carrying some lower-priced items.

JESSY HAYEM: Right. Okay. And just a question on Recreational. You know, as it was just mentioned with Hugues's question, very solid organic growth rate, and you seem to have a good promo happening with Schwinn in the fourth quarter. Can we still expect double-digit growth rates in the coming quarter or do you think that will trend down a little bit?

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MARTIN SCHWARTZ: I don't know. I mean, I'm not going to comment on exact growth rate. We do expect growth. But you know, I think... I don't want to comment on it. It looks good, I mean, on both sides, both the IBD and the mass. We're just very pleased with the progress we're making. And so I do expect growth, but I don't want to comment on the number. It's too early.

JESSY HAYEM: Okay, great. And what were liability costs in the quarter on the Juvenile side?

MARTIN SCHWARTZ: They were down to, I think, just under 1 million. They were down below \$1 million from over 2 million the year before.

JESSY HAYEM: Great. Thank you.

MARTIN SCHWARTZ: Okay.

OPERATOR: Pardon me, Mr. Schwartz. We do have two final questions on the phone line. The first comes from Tal Woolley, RBC Capital Markets. Please go ahead.

TAL WOOLLEY: Thanks. I was just wondering what was the share count at the end of the quarter with the buy-back taken in to account?

MARTIN SCHWARTZ: I'll get you that in a second. So this would be the diluted share base?

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TAL WOOLLEY: Actually, I was just wondering about the total outstanding. But I mean, I was getting about 33 million?

MARTIN SCHWARTZ: The basic share rate is 32.833 million.

TAL WOOLLEY: Okay.

MARTIN SCHWARTZ: And let's see, for the quarter, and the fully diluted share base 33.159.

TAL WOOLLEY: Okay. And just going forward, as you head into the back part of the year, I mean, you know, you got earnings sort of in this... you know, well over \$3 the first nine months of the year. You know, and the dividend's at \$0.60 right now. What's sort of, you know, your thinking about where that could go over the longer term?

MARTIN SCHWARTZ: The dividend or the earning? What are we talking about?

TAL WOOLLEY: The dividend.

MARTIN SCHWARTZ: Well, you know what? I don't... you know, I'm not going to comment on that. You know, that's a board discussion. We don't comment on that outside of official announcements.

TAL WOOLLEY: Okay, but the next time it would be up for consideration would be...?

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MARTIN SCHWARTZ: The next time it would be up for consideration would be the next board meeting. I mean, we do... I'll tell you we do talk about it more and more at each meeting. I think every company is today. They're relooking at their dividend policy, as we are. And you know, we will continue to look at that.

TAL WOOLLEY: Okay. Thank you very much.

OPERATOR: And your final question comes from Hugues Bourgeois from National Bank Financial. Please go ahead.

HUGUES BOURGEOIS: Yes, thank you. Just a clarification. I think, Jeffrey, you mentioned that the gross margin in the Juvenile segment was down partly because of the mix. But Europe was up while North America was down. So Europe, with higher price points, shouldn't we get... I just want to see, you know, how to think about that comment.

MARTIN SCHWARTZ: I think it's more a product mix, like in the U.S., for instance, versus a country mix. Because you're right, I mean, Europe carries a higher gross margin than the U.S. does. But within the U.S. the product mix itself pulled down some of the margin.

HUGUES BOURGEOIS: Thank you.

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

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MARTIN SCHWARTZ: Okay. Well, I just want to thank everybody for being with us this morning and listening to our story. And I just want to wish everybody a good day. And we'll be back to you, I think, in March.

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

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