



**C O M M U N I Q U É**

**JUVENILE**

Cosco  
 Safety 1<sup>st</sup>  
 Maxi-Cosi  
 Bébé Confort  
 Quinny  
 Baby Relax  
 Babidéal  
 Hoppop  
 Bertini  
 Mother's Choice

**RECREATIONAL / LEISURE**

Cannondale  
 GT  
 SUGOI  
 Schwinn  
 Mongoose  
 Iron Horse  
 InSTEP

**HOME FURNISHINGS**

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

**EXCHANGES**  
 TSX: DII.B, DII.A

**CONTACT:**  
 MaisonBrison  
 Rick Leckner  
 (514) 731-0000  
 Dorel Industries Inc.  
 Jeffrey Schwartz  
 (514) 934-3034

## DOREL STARTS 2010 WITH RECORD QUARTER

### Dividend to increase by 20%

- Quarterly revenue and earnings reach new highs
- Strong increase in bicycle sales
- Juvenile product sales gain momentum

**Montreal, May 6, 2010** — Dorel Industries Inc. (TSX: DII.B DII.A) today released record results, in terms of both revenue and profitability, for the first quarter ended March 31, 2010. Revenue was up 13.5% to US\$596.3 million from last year's US\$525.2 million. Pre-tax earnings increased by 44.4% to US\$48.5 million from US\$33.6 million for the same period in 2009. Net income rose 33.3% to US\$37.4 million or US\$1.12 per diluted share from US\$28.0 million, US\$0.84 per diluted share, a year ago.

Dorel CEO and President Martin Schwartz stated that the first quarter results speak for themselves, with significant increases in all three segments, underlining the efforts made throughout 2009. "Upon announcing our 2009 results this March, we stated that our commitment to product development and market expansion would place us in a leadership position as we entered the year. Our performance thus far in 2010 supports this assertion. Organic growth of 9.5% points to the success and acceptance of our intense product development efforts. We have experienced strong point-of-sales levels at retailers. At the Cycling Sports Group we added our Independent Bike Dealer brands to more new dealers in any one quarter than ever before. Home Furnishings also continued to post robust results with its value-added products gaining further traction with consumers."

<b>Summary of Financial Highlights</b>			
Three Months Ended March 31			
All figures in thousands of US \$, except per share amounts			
	2010	2009	Change %
Revenues	596,313	525,230	13.5%
Net income	37,367	28,029	33.3%
Per share – Basic	1.13	0.84	34.5%
Per share - Diluted	1.12	0.84	33.3%
Average number of shares outstanding –			
diluted weighted average	33,241,496	33,419,225	

## Juvenile Segment

Three Months Ended March 31					
	2010		2009		
	\$	% of rev.	\$	% of rev.	Change %
Revenues	285,793		253,961		12.5%
Gross Profit	82,758	29.0%	72,710	28.6%	13.8%
Earnings from Operations	32,777	11.5%	28,720	11.3%	14.1%

Improving sales momentum both in North America and Europe produced an enhanced quarter for the Juvenile segment. First quarter revenue increased US\$31.8 million or 12.5% year-over-year. The revenue gains were across all divisions and were also positively affected by foreign exchange as all major currencies gained in strength this year compared to US dollar. Excluding this impact, organic revenue growth for the segment was over 7%. In local currencies, European sales increased by over 8% from last year, and in US dollars, sales grew by over 15%.

New product introductions drove sales both in North America and Europe. In the US, strong performances across a broad range of product categories and Dorel Juvenile Group's diversity of brands, ranging from opening to high price points, increased overall retail sales levels in multiple channels. Consumers continue to recognize Dorel's brands for their value and safety. During the quarter, Dorel Europe began to benefit from the improving economies in most European countries as well as the full impact of successful new product launches such as the Family fix line of car seats.

## Recreational/Leisure Segment

Three Months Ended March 31					
	2010		2009		
	\$	% of rev.	\$	% of rev.	Change %
Revenues	181,677		161,428		12.5%
Gross Profit	46,123	25.4%	37,028	22.9%	24.6%
Earnings from Operations	15,094	8.3%	9,977	6.2%	51.3%

First quarter Recreational/Leisure revenue increased by 12.5%, mainly as a result of a significant improvement in mass merchant bicycle sales which is recovering from a challenging 2009. The segment's organic revenue increase was approximately 5%. Aided by favourable early spring weather and increasing consumer confidence, sales were particularly strong at the mass merchant level. The division has gained market share in children's bikes and an increased demand for adult bikes combined to drive the sales increase.

First quarter results also demonstrate support and excitement for the new models introduced by the Cycling Sport Group. Sales increased and a significant number of new dealers were added across the US, with strong additions in key markets such as Los Angeles, Northern California, and Colorado. Cannondale dealers continue to embrace GT and Schwinn with a number of these dealers, adding Schwinn and GT to their stores. Demand has been strong and the current order backlog is up versus last year at this time.

A major commitment has been made to support the iconic Schwinn brand with a multi-million dollar Schwinn advertising campaign launched last month, which encompasses print and television advertising, support programs at retail and on-line components.

## Home Furnishings Segment

Three Months Ended March 31					
	2010		2009		
	\$	% of rev.	\$	% of rev.	Change %
Revenues	128,843		109,841		17.3%
Gross Profit	19,848	15.4%	13,472	12.3%	47.3%
Earnings from Operations	10,727	8.3%	4,385	4.0%	144.6%

Revenue in Home Furnishings rose 17.3%, with increases from the majority of the segment's divisions as they secured new placements at certain of its key customers. In particular, sales of domestic and imported items improved, mainly in the metal folding furniture, bedroom collection and bookcase categories.

Progress was sustained at Cosco Home & Office which improved its margins throughout 2009 and continued this trend into the first quarter. Cosco is now focused on fewer items within its core competency of metal folding furniture and step stools. Price-conscious consumers continued to look to mass furniture retailers for their needs, a popular distribution channel for the value-added products offered by the Home Furnishings segment's divisions.

#### **Taxes**

The first quarter tax rate was 22.9% versus 16.5% a year ago as a greater proportion of earnings were within higher tax rate jurisdictions. Based on the current outlook the Company now expects its annual tax rate to be between 18% and 22%.

#### **Other**

#### **Dividend increase**

The Board of Directors of Dorel has declared an increase in the Company's quarterly dividend of US\$0.025 to US\$0.15 per share from US\$0.125 on the Class A Multiple Voting Shares, Class B Subordinate Voting Shares and Deferred Share Units (DSU) of the Company. The first increased dividend amount of US\$0.15 per share and DSU will be payable on June 3<sup>rd</sup>, 2010 to shareholders of record at the close of business on May 20<sup>th</sup>, 2010. The dividend policy was originally instituted in March 2007. Shareholders will now receive a total of US\$0.60 per share per annum.

#### **Cash Flow**

Despite the increase in net working capital necessitated by the strong sales growth in the quarter, 2010 cash flow provided by operations was US\$28.5 million compared to a use of cash of US\$2.1 million in 2009, a US\$30.6 million improvement. As a result, the Company's net debt position decreased by US\$8.9 million in the quarter. This is in contrast to prior years when Dorel's first quarter has resulted in a net use of cash, with the majority of the Company's positive cash flow occurring in the second half of the year.

#### **Financing**

On April 6, 2010 Dorel announced that it has secured new long-term financing by issuing US\$50 million of Series "A" Senior Guaranteed Notes and US\$150 million of Series "B" Senior Guaranteed Notes, bearing interest at 4.24% and 5.14%, respectively. The principal repayment of the Series "A" Senior Guaranteed Notes is due in April 2015, whereas the principal repayments of the Series "B" Senior Guaranteed Notes begin in April 2013 with the final payment due in April 2020. Talks are currently underway to renegotiate terms of the Company's revolving debt.

#### **Outlook**

Mr. Schwartz noted several factors resulted in an unprecedented start to fiscal 2010. "Consumer confidence has risen in many of our markets including in most of Europe. Exciting new product introductions and other marketing initiatives in all of our segments coupled with our concentration on opening to mid price points has attracted many to our brands.

"Several new products within the Juvenile segment will be introduced, particularly in the second half this year. In Recreational/Leisure, enthusiastic reaction to our new model bicycles within the IBD network as well as strong sales to mass merchants are expected to continue in the months ahead. Supporting the sales efforts in bikes is a multi-million dollar, integrated advertising campaign launched in mid April to further build awareness of the famous Schwinn brand.

"It is always prudent not to extrapolate first quarter results throughout the year. In addition, margins could be affected by rising commodity and freight costs as the year progresses. Nevertheless the momentum established in the first quarter places Dorel in an advantageous position to benefit from our numerous new product introductions and brand equity," concluded Mr. Schwartz.

#### **Conference Call**

Dorel Industries Inc. will hold a conference call to discuss these results today, May 6, 2010 at 1:00 P.M. Eastern Time. Interested parties can join the call by dialling 1-888-231-8191. The conference call can also be accessed via live webcast at [www.dorel.com](http://www.dorel.com) or [www.newswire.ca](http://www.newswire.ca). If you are unable to call in at this time, you may access a tape recording of the meeting by calling 1-800-642-1687 and entering the passcode 68684973 on your phone. This tape recording will be available on Thursday, May 6, 2010 as of 3:30 P.M. until 11:59 P.M. on Thursday, May 13, 2010.

Complete financial statements will be available on the Company's website, [www.dorel.com](http://www.dorel.com), and will be available through the SEDAR website.

## Profile

**Dorel Industries Inc.** (TSX: DII.B, DII.A) is a world class juvenile products and bicycle company. Established in 1962, Dorel creates style and excitement in equal measure to safety, quality and value. The Company's lifestyle leadership position is pronounced in both its Juvenile and Bicycle categories with an array of trend-setting products. Dorel's powerfully branded products include Safety 1<sup>st</sup>, Quinny, Cosco, Maxi-Cosi and Béb  Confort in Juvenile, as well as Cannondale, Schwinn, GT, Mongoose, IronHorse and SUGOI in Recreational/Leisure. Dorel's Home Furnishings segment markets a wide assortment of furniture products, both domestically produced and imported. Dorel is a US\$2 billion company with 4500 employees, facilities in nineteen countries, and sales worldwide.

## Caution Regarding Forward Looking Statements

Certain statements included in this press release may constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. Except as may be required by Canadian securities laws, Dorel does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from Dorel's expectations expressed in or implied by such forward-looking statements and that the objectives, plans, strategic priorities and business outlook may not be achieved. As a result, Dorel cannot guarantee that any forward-looking statement will materialize. Forward-looking statements are provided in this press release for the purpose of giving information about Management's current expectations and plans and allowing investors and others to get a better understanding of Dorel's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this press release are based on a number of assumptions that Dorel believed were reasonable on the day it made the forward-looking statements. Factors that could cause actual results to differ materially from Dorel's expectations expressed in or implied by the forward-looking statements include: general economic conditions; changes in product costs and supply channel; foreign currency fluctuations; customer and credit risk including the concentration of revenues with few customers; costs associated with product liability; changes in income tax legislation or the interpretation or application of those rules; the continued ability to develop products and support brand names; changes in the regulatory environment; continued access to capital resources and the related costs of borrowing; changes in assumptions in the valuation of goodwill and other intangible assets and subject to dividends being declared by the Board of Directors, there can be no certainty that Dorel's Dividend Policy will be maintained. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking statements are discussed in Dorel's annual MD&A and Annual Information Form filed with the applicable Canadian securities regulatory authorities. The risk factors outlined in the previously mentioned documents are specifically incorporated herein by reference.

Dorel cautions readers that the risks described above are not the only ones that could impact it. Additional risks and uncertainties not currently known to Dorel or that Dorel currently deems to be immaterial may also have a material adverse effect on our business, financial condition or results of operations. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

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

**DOREL INDUSTRIES INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**ALL FIGURES IN THOUSANDS OF US \$**

	<b>as at</b>	<b>as at</b>
	<b>March 31, 2010</b>	<b>December 30,</b>
	<b>(unaudited)</b>	<b>2009</b>
		<b>(audited)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 37,395	\$ 19,847
Accounts receivable	431,275	349,990
Income taxes receivable	4,661	16,264
Inventories	373,045	399,866
Prepaid expenses	19,512	17,358
Future income taxes	44,211	38,042
	<u>910,099</u>	<u>841,367</u>
PROPERTY, PLANT AND EQUIPMENT	147,580	153,279
INTANGIBLE ASSETS	393,431	401,831
GOODWILL	557,600	569,824
OTHER ASSETS	35,959	35,879
	<u>\$ 2,044,669</u>	<u>\$ 2,002,180</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank indebtedness	\$ 15,063	\$ 1,987
Accounts payable and accrued liabilities	364,579	339,294
Income taxes payable	32,076	26,970
Future income taxes	223	85
Current portion of long-term debt	118,167	122,508
	<u>530,108</u>	<u>490,844</u>
LONG-TERM DEBT	<u>226,930</u>	<u>227,075</u>
PENSION & POST-RETIREMENT BENEFIT OBLIGATIONS	<u>20,134</u>	<u>20,939</u>
FUTURE INCOME TAXES	<u>126,391</u>	<u>128,984</u>
OTHER LONG-TERM LIABILITIES	<u>25,414</u>	<u>25,139</u>
<b>SHAREHOLDERS' EQUITY</b>		
CAPITAL STOCK	<u>175,459</u>	<u>174,816</u>
CONTRIBUTED SURPLUS	<u>21,152</u>	<u>20,311</u>
RETAINED EARNINGS	850,819	818,707
ACCUMULATED OTHER COMPREHENSIVE INCOME	68,262	95,365
	<u>919,081</u>	<u>914,072</u>
	<u>1,115,692</u>	<u>1,109,199</u>
	<u>\$ 2,044,669</u>	<u>\$ 2,002,180</u>

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

	Three Months Ended	
	March 31, 2010 (unaudited)	March 31, 2009 (unaudited)
Sales	\$ 593,696	\$ 521,415
Licensing and commission income	2,617	3,815
<b>TOTAL REVENUE</b>	<b>596,313</b>	<b>525,230</b>
<b>EXPENSES</b>		
Cost of sales	447,584	402,020
Selling, general and administrative expenses	85,557	76,328
Depreciation and amortization	7,476	5,679
Research and development costs	3,927	3,373
Interest	3,278	4,252
	547,822	491,652
Income before income taxes	48,491	33,578
Income taxes	11,124	5,549
<b>NET INCOME</b>	<b>\$ 37,367</b>	<b>\$ 28,029</b>
<b>EARNINGS PER SHARE</b>		
Basic	\$1.13	\$0.84
Diluted	\$1.12	\$0.84
<b>SHARES OUTSTANDING</b>		
Basic - weighted average	32,933,666	33,401,744
Diluted - weighted average	33,241,496	33,419,225

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

	<b>Three Months Ended</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
NET INCOME	\$ 37,367	\$ 28,029
OTHER COMPREHENSIVE INCOME:		
<u>Cumulative translation adjustment:</u>		
Net change in unrealized foreign currency gains (losses) on translation of net investments in self-sustaining foreign operations, net of tax of nil	(27,896)	(27,128)
<u>Net changes in cash flow hedges:</u>		
Net change in unrealized gains (losses) on derivatives designated as cash flow hedges	749	(189)
Reclassification to income or to the related non financial asset	(162)	-
Future income taxes	206	-
	793	(189)
TOTAL OTHER COMPREHENSIVE INCOME	(27,103)	(27,317)
COMPREHENSIVE INCOME	\$ 10,264	\$ 712

**DOREL INDUSTRIES INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**ALL FIGURES IN THOUSANDS OF US \$**

	<b>Three Months Ended</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>CAPITAL STOCK</b>		
Balance, beginning of period	\$ 174,816	\$ 177,422
Issued under stock option plan	759	-
Reclassification from contributed surplus due to exercise of stock options	156	-
Repurchase and cancellation of shares	(272)	(19)
Balance, end of period	175,459	177,403
<b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of period	20,311	16,070
Exercise of stock options	(156)	-
Stock-based compensation	997	606
Balance, end of period	21,152	16,676
<b>RETAINED EARNINGS</b>		
Balance, beginning of period	818,707	738,113
Net income	37,367	28,029
Adjustment to opening retained earnings from adopting a new accounting standard for inventories, net of tax of \$1,415	-	(2,096)
Premium paid on share repurchase	(1,128)	(23)
Dividends on common shares	(4,118)	(4,199)
Dividends on deferred share units	(9)	(5)
Balance, end of period	850,819	759,819
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>		
Balance, beginning of period	95,365	83,139
Total other comprehensive income	(27,103)	(27,317)
Balance, end of period	68,262	55,822
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$ 1,115,692</b>	<b>\$ 1,009,720</b>

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

	<b>Three Months Ended</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 37,367	\$ 28,029
Items not involving cash:		
Depreciation and amortization	12,728	10,468
Amortization of deferred financing costs	29	50
Accretion expense on contingent considerations	475	-
Future income taxes	(6,282)	(2,025)
Stock based compensation	997	606
Pension and post-retirement defined benefit plans	(502)	686
Restructuring activities	-	(87)
Loss on disposal of property, plant and equipment	6	6
	<u>44,818</u>	<u>37,733</u>
Net changes in non-cash balances related to operations:		
Accounts receivable	(85,274)	(66,561)
Inventories	22,436	84,074
Prepaid expenses	(2,536)	(3,065)
Accounts payable, accruals and other long-term liabilities	31,567	(55,489)
Income taxes	17,490	1,229
	<u>(16,317)</u>	<u>(39,812)</u>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>28,501</u>	<u>(2,079)</u>
<b>FINANCING ACTIVITIES</b>		
Bank indebtedness	13,095	3,784
Increase of long-term debt	50,569	54,893
Repayments of long-term debt	(55,000)	(31,065)
Share repurchase	(1,400)	(42)
Issuance of capital stock	759	-
Dividends on common shares	(4,118)	(4,199)
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>3,905</u>	<u>23,371</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of subsidiary companies	-	(6,488)
Additions to property, plant and equipment - net	(5,628)	(1,341)
Intangible assets	(4,737)	(4,841)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<u>(10,365)</u>	<u>(12,670)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,493)</u>	<u>(3,098)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	17,548	5,524
Cash and cash equivalents, beginning of period	<u>19,847</u>	<u>16,966</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 37,395</u>	<u>\$ 22,490</u>

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

	Total		Juvenile		Recreational/Leisure		Home Furnishings	
	2010 (unaudited)	2009 (unaudited)	2010 (unaudited)	2009 (unaudited)	2010 (unaudited)	2009 (unaudited)	2010 (unaudited)	2009 (unaudited)
Total revenue	\$ 596,313	\$ 525,230	\$ 285,793	\$ 253,961	\$ 181,677	\$ 161,428	\$ 128,843	\$ 109,841
Cost of sales	447,584	402,020	203,035	181,251	135,554	124,400	108,995	96,369
Selling, general and administrative expenses	78,763	71,100	41,598	38,160	28,908	24,836	8,257	8,104
Depreciation and amortization	7,441	5,655	5,741	3,991	1,448	1,317	252	347
Research and development costs	3,927	3,373	2,642	1,839	673	898	612	636
Earnings from operations	58,598	43,082	\$ 32,777	\$ 28,720	\$ 15,094	\$ 9,977	\$ 10,727	\$ 4,385
Interest	3,278	4,252						
Corporate expenses	6,829	5,252						
Income taxes	11,124	5,549						
Net income	\$ 37,367	\$ 28,029						
<u>Earnings per Share</u>								
Basic	<u>\$1.13</u>	<u>\$0.84</u>						
Diluted	<u>\$1.12</u>	<u>\$0.84</u>						