



Check against delivery

**Mr. Martin Schwartz
President and Chief Executive Officer**

**Dorel Industries Inc.
2011 Annual Meeting of Shareholders**

**Montreal
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At this point we want to share some of the many very exciting things happening in product development and how we see this driving our growth.

Please note the forward looking statement on the screens and that all figures to be mentioned are in U.S. dollars.

2010 was Dorel's best year ever. We topped \$2.3 billion in revenue, an 8% increase over 2009; net income for the year grew by 19% to \$128 million.

This is a notable achievement given the challenges presented by the year's still fragile economy. Our performance over the past two years underscores the acceptance of Dorel's many recognized brands and products.

Our divisions have focused on value-oriented offerings, a strong commitment to new product development and strategic brand support. Our results also speak volumes to the strong positions we enjoy in the many global markets where we operate.

Despite this overall success, the fourth quarter was difficult. Mass market point-of-sales levels for certain of our U.S. businesses slowed generally in the second half and replenishment orders were reduced.

Retailers cut back even further to lower their own in-store inventory levels. This left us with about \$110 million more in inventory at year-end compared to 2009, and that had the obvious affect on our cash flow.

Higher container freight rates and raw material costs were other factors which also affected margins at our US juvenile and home furnishings' divisions. But, as expected, inventory levels have come down significantly over the past few months.

We are aggressively investing for the future, funding projects that enhance the safety and innovation of our products to set them apart from the competition, and to reinforce our respected brands that will drive our growth.

I would now like to highlight some of the results of these efforts by demonstrating a sampling of our newest products.

This is the all new Cannondale “**Jekyll Ultimate**” mountain bike, and enthusiasts love it. Equipped with industry-leading advanced technology, this bike has a combination of climbing expertise and downhill capabilities. That’s why it’s called a 2 in 1 and with the flip of a switch it goes from elevate mode to flow mode, creating the optimal riding position for any terrain.

The Jekyll has received rave media reviews and is available at Independent Bicycle Dealers. Prices range from \$3000 to \$8000 for this bike.

The **Schwinn Vestige** is so new, so rare and so popular that the model we were going to show here today is actually being photographed for Oprah Winfrey’s “O” magazine. A significant advantage of the Schwinn Vestige is its minimal impact on the environment. The bike was first shown last year at Eurobike and won the Gold design award for the urban category. It features a variety of sustainable products such as its frame which is built from natural bio-degradable flax fibers, bamboo fenders and water soluble paint. Since the fibers are translucent there are LED lights inside the bars, powered by a front hub dynamo. It’s quite a sight at night. It is priced at \$1299 and will be available at select IBD retailers later this summer.

This is the **Super Six Team Edition** - the bike Team Liquigas-Cannondale is riding in the Giro D’Italia race, now underway, and is a newer version of the bike that team member Ivan Basso rode to victory last year. Weighing only 6.5 kilos, just over 14 pounds, the SuperSix integrates some of the industry’s finest components and is engineered to win.

This bike is constructed by Cannondale's finest engineers for unmatched performance and at \$9600 gives riders the feel of what it's like to ride as a pro.

Some of our interesting Juvenile products include:

DJG USA's new Safety 1st Comfort View Handheld Video Monitor. This will be the first full featured handheld **video** monitor offered at a most competitive price point of \$119.99 to \$129.99. The features offered on this unit, such as the 2.7 inch high resolution color LCD screen and digital technology are currently only in the marketplace over the \$159.99 price point. Its introduction should convert those purchases in the audio monitor segment into **video** monitor purchases now that there is an affordable option that meets parents' monitoring requirements.

Bébé Confort is introducing a new concept in its home furniture collection. The **Keyo** perfectly fits all interiors thanks to its highly modern design. This 4 in 1 versatile solution is suitable from baby's early days up to 3 years. Its height-adjustable stand accommodates different uses: - the Keyo bouncer, the Keyo highchair, a carrycot or an infant car seat. You'll be seeing a short video on the Keyo in a few moments.

The S1 **Rumi™ Air** Harnessed Booster Seat features Air Protect[®] Side Impact Technology and combines this with FlexTech[™] - a state-of-the-art energy management design that offers additional protection. For customized safety, the easy-adjust 12-position headrest properly aligns the Air Protect system with the child's head, where it's needed most. The unique internal design also allows for a higher harnessed weight range on the Rumi, up to 65 pounds, keeping your child secure in the internal harness system longer. With convenience features like the no-rethread harness, single-hand adjust headrest and integrated cup and snack holders, this car seat boasts the best of both safety and style.

So now, let me take you behind the scenes and explain what is driving the development of these products and how we are marketing them.

Being the global leader in our Juvenile categories we have a responsibility to design products with the highest standards of quality and safety. We are the world's largest producer of car seats, selling over 8 million annually. We spend millions to differentiate our juvenile products, with advanced product development centres in Europe and the United States. We take the trust that parents place in Dorel seriously.

Last September we opened the Dorel Technical Center for Child Safety at the Dorel Juvenile Group's car seat manufacturing campus in Columbus, Indiana. This multi-million dollar center centralizes all North American R&D and product development to foster cutting-edge innovation in the design of car seats and our other juvenile products.

The investment in our new Technical Center, which I like to think of as an incubator for new ideas, is already paying dividends. We just launched the S1 RUMI Air, a new booster seat featuring our latest development in child restraints - a next generation energy management system called FlexTech Energy Management. The Rumi is the first seat to integrate our new flex technology truss system that serves as the seat's inner frame, a methodology used by architects to provide flexibility and distribute forces within structures.

Without getting too technical, FlexTech is a tuneable technology which compensates for the differences in how children of different ages and sizes behave during a crash.

With FlexTech, crash forces are managed and the energy is transferred away from the child. The car seat's frame also has the capacity for an increased weight range of children. Think of FlexTech as you would the chassis of a car which can accommodate multiple body styles or, in our case, multiple car seat designs. There will be derivatives of this advanced technology which provides Dorel with an important edge over other car seat manufacturers.

Also as new components are developed at our Tech Center, FlexTech will allow for quick and easy adaptation, thus speeding newer advancements to the marketplace.

I applaud our in-house cross functional teams which have taken this from concept to completion. The Rumi is now available on an exclusive basis at Babies R US in the U.S. and will be available at other retailers in the next couple of months under the name Essential Air.

I am very pleased to tell you today that we have just concluded arrangements to work on another highly beneficial advancement in car seat safety. Coincidentally, on the eve of the 100th anniversary of the Indianapolis 500 weekend, we are announcing the start of important research on impact absorbing foam and occupant designs such as those used in Formula 1 and Indy Racing League cockpit crash protection. An exclusive agreement has been signed between DJG and Bald Spot Sports, a major supplier of race car cockpit crash protection components and is the type of forward thinking that sets us apart.

Design engineers at DJG are drawing on Bald Spot's motorsport safety R&D background to determine how best to utilize the technology used in their manufacture of race car cockpit crash materials. Preliminary evaluation and testing indicates the race car seat foam material, in combination with the geometrical shape the foam takes when it's applied to a car seat, is allowing side impact forces to be absorbed and directed away from the child occupant. The foam is used by 70-80% of Indy car drivers as well as on other professional race circuits such as NASCAR and Nationwide.

It is through partnerships like this and the one with Kettering University that came up with the Air Protect side impact protection technology, coupled with the R&D now underway at the Dorel Technical Center, that DJG will continue to lead and shape the future of child restraint protection globally.

An unsolicited email we received earlier this month from a parent in Guelph, Ontario underlines that our efforts are making a difference.

It reads:

I just wanted to say thank you for designing such a fantastic car seat. My family and I were involved in a collision on May 8th, where someone ran a red light and we were t-boned on the side that myself and my 2 year old son were sitting. He was thought to be going at least 70km/hour through the light.

The doctors/paramedics mentioned to us that if he wasn't in this carseat, he may not be here at all. We went back the following day to look at our SUV, and if it wasn't for this carseat, our son's head would have gone through the window.

His carseat was hanging out the side of the window. My child left with minimal injuries, and it could have been MUCH worse. He has a swollen/bruised cheek and is limping 'cause his legs were pinned between the passenger seat and his carseat. We will definitely be purchasing another one of these. My family and I send many thanks to you. This carseat saved his life.

We like to think we **are** making a difference.

In Europe, no other juvenile manufacturer has the presence we do in the ranking of leading juvenile brands. Dorel Europe has not only overcome a difficult economic environment and the volatility of the Euro, it has also been successful in staying ahead of the competition due to its strong brands and extensive product development. Maxi-Cosi and Bébé Confort are two of their signature brands. Their car seats and strollers have become most popular with consumers. An example of this innovation is the new Bébé Confort Keyo, a unique 3 in 1 high chair, carrier and bassinet.

We have also successfully widened our price point offerings in Europe with Safety 1st available in the mid price point range. Acceptance by consumers has been encouraging.

In Canada, Dorel Distribution Canada has successfully differentiated itself through its Canadian-specific product offerings and has solidified its leadership position within the Canadian juvenile market.

New Canadian car seat regulations come into effect next January, primarily to provide improved protection by allowing child restraints for larger children with the introduction of more advanced test dummies. The regulations will also better reflect the restraints' use in today's vehicles with the introduction of a new lap/shoulder belt testing requirement. Needless to say, Dorel will be more than ready.

Brazil had an excellent year in 2010, somewhat extraordinary in fact. We continue to make in-roads there and will be expanding our product offering beyond car seats. We are also consolidating business operations in Brazil and therefore do not expect the explosive growth rate of last year.

There has also been considerable activity in our Recreational/Leisure businesses. The bike divisions had a very satisfying 2010 with earnings from operations up 31%. This year is also off to a great start. Overall the segment grew faster in 2010 than the industry and we have gained market share.

As in Juvenile, we are investing heavily in R&D to ensure we have the best possible products to offer consumers unmatched riding experiences. As you saw during my product pitch, we have the goods. Importantly, both mass merchants and independent bike dealers recognize this. Sales to both distribution channels were up 20% last year and in the first quarter this year IBD revenue increased over 25%.

We also significantly increased our spending in advertising and sports marketing to support our strong bicycle brands. This included a major commitment to road racing by moving Cannondale's sponsorship status to Co-Title Sponsor of the Liquigas Pro Cycling Team.

This underlines our commitment to the Cannondale brand and our recognition and respect for the accomplishments of the Liquigas team and road racing in general.

The Giro d'Italia, one of the three Grand Tours, is currently underway and we have an excellent team competing, headed by Vincenzo Nibali. We took this race last year and expect good things this year as well.

The money we have spent on Schwinn advertising and marketing has made the iconic brand stronger than ever. Unaided awareness has increased from 18% in 2009 to 37% in 2010 and even more so in aided awareness, from 57% to 89%. Schwinn is also a community player. Last December a Florida security guard was hailed as a hero following his actions at a public school meeting. The guard, Mike Jones, is best known as Salvage Santa, offering repaired bicycles to needy children. But last Christmas the community was not responding. Schwinn did, and surprised him with a generous donation on the NBC Today Show.

Schwinn is so popular that famous talk show hosts embrace their products. And a couple of weeks ago, Oprah Winfrey gave away 400 bikes on her Ultimate Weight Loss program.

We are also capitalizing on the Schwinn brand with a full line of parts and accessories. First quarter sales this year in this high margin category were up considerably over prior year and market share increased with placement increases at major mass merchants. Cannondale is also placing renewed emphasis on P&A, seeing good growth opportunities.

As we move through 2011 we remain committed to investing for the future and driving growth in bikes by building our brands, designing exceptional products and expanding our business globally.

After a great first half for Home Furnishings in 2010, higher costs for raw materials and freight, as well as continued weakness in the U.S. housing market, prompted an industry-wide downturn and affected the back half of the year. Having said that, our Home Furnishings segment still out-performed our industry peers. There are a number of reasons for this.

As one of North America's largest and most diversified furniture manufacturers and distributors, we combine the efficiencies of domestic production with the strength of an international sourcing group for imports. Quality is a significant component of our DNA at all Dorel manufacturing facilities. As well, our QC team in Asia is involved in the factory quality process from the outset of product development.

Product innovation is a focus of our development, particularly in our home office and home entertainment categories. Electronics have been changing rapidly and our furniture is made to incorporate new technologies and devices. Above all, our array of reasonably priced products is popular with consumers seeking value-added furniture alternatives.

As we announced last week, for the first quarter this year total revenue was \$608 million, up 2% from last year and our net income was \$31.2 million compared to \$38.2 million.

Of our two core businesses, bikes was most satisfying, particularly in our high-end Cycling Sports Group division where Cannondale continues to gain traction (pardon the pun).

We did very well in Europe with the Cannondale and GT brands.

Our Juvenile business in North America was affected by a lack of pricing power and an economy that seems to continue to sputter.

However, as Martin has pointed out today, our US juvenile business is very proactively developing market-leading products.

We have successfully reduced inventories from their high level at the end of 2010. The proper range for Dorel is \$440-460 million and we are closing in on that.

The higher level at the end of Q4 affected our balance sheet and cash flow number, but with inventories coming down we fully expect to see cash flow increasing significantly as of next quarter.

Our first quarter tax rate was 13.7% versus 21.7% a year ago and we still expect the annual tax rate to be between 15 and 20%.

To be clear, the rate will likely vary from quarter to quarter due to variations in earnings in our different tax jurisdictions.

In terms of our outlook and I must stress this is a short-term outlook, the retail environment in the States, particularly in Juvenile, continues to pose challenges.

As evidenced by lower margins in Juvenile and Home Furnishings, we continue to deal with high input costs, as the majority are currently being absorbed by the Company.

In Recreational/Leisure, we expect the solid start to the year to continue with an overall improved performance over 2010.

Dorel has invested heavily in its bicycle brands and with the enthusiastic acceptance of new models, we're seeing continued growth in the IBD dealer network.

We are optimistic for the balance of the year in the mass merchant channel, as point-of-sales activity has improved nicely in recent weeks.

As clearly evidenced with the development of FlexTech, our next generation crash force energy management technology and what Martin has announced today in terms of

additional car seat research, Dorel is strongly committed to new product development as well strategic brand support.

We realize that to successfully navigate the environment of rising costs and prudent consumers, we must promote our brands and bring new exciting products to market that will create demand, allowing us to improve profitability.

Inventory will continue to come down to appropriate levels and we fully anticipate that cash flow will increase significantly through the year.

Thank you, we now invite your questions.