



C O M M U N I Q U É

JUVENILE

Cosco
 Maxi-Milliaan B.V.
 Safety 1st
 Dorel (U.K.)

DOREL ANNOUNCES THIRD QUARTER RESULTS

- Net income up 58%; sales increase 10%
- Fiscal year guidance improves: narrowed to \$1.95 - \$2.00
- Juvenile improves; RTA sales dip; Home Furnishings soars

READY-TO-ASSEMBLE

Ameriwood
 Ridgewood

Montreal, November 5, 2002 - Dorel Industries Inc. (TSX: DII.A; DII.B; NASDAQ: DIIBF) today released third quarter results for the period ended September 30, 2002. Year over year third quarter sales increased by almost 10% to \$256 million and earnings jumped 58% to \$16.3 million. Nine-month earnings rose 44% to \$47.0 million on sales of \$751 million, up 8% from last year. The Company also announced that it is narrowing the range of its previous fiscal year 2002 guidance from \$1.90 to \$2.00 diluted per share to \$1.95 to \$2.00.

HOME FURNISHINGS

Dorel Home Products
 Cosco
 Dorel Asia

After taking into account the new accounting guidelines eliminating the amortization of goodwill, net income improved by 32% for the third quarter and 22% year to date.

Results for the third quarter and nine months ended September 30, 2002 were as follows:

EXCHANGES

CANADA:
 Toronto
 Stock Exchange:
 DII.A, DII.B

U.S.A.:
 NASDAQ:
 DIIBF

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| Summary of Financial Highlights | | | |
|---|-------------|-------------|-----------------|
| Third quarter ended September 30 | | | |
| All figures in thousands of US \$ | | | |
| | 2002 | 2001 | Change % |
| Revenue | 256,110 | 233,528 | 9.7% |
| Income before amortization of goodwill | 16,345 | 12,362 | 32.2% |
| Per share – Basic | 0.52 | 0.44 | 18.2% |
| Per share - Diluted | 0.51 | 0.43 | 18.6% |
| Net income | 16,345 | 10,330 | 58.2% |
| Per share – Basic | 0.52 | 0.37 | 40.5% |
| Per share - Diluted | 0.51 | 0.36 | 41.7% |
| Average number of shares outstanding – diluted weighted average | 32,018,905 | 28,619,784 | |

| Summary of Financial Highlights | | | |
|--|-------------|-------------|-----------------|
| Nine months ended September 30 | | | |
| All figures in thousands of US \$ | | | |
| | 2002 | 2001 | Change % |
| Revenue | 751,085 | 697,297 | 7.7% |
| Income before amortization of goodwill | 46,969 | 38,482 | 22.1% |
| Per share – Basic | 1.58 | 1.37 | 15.3% |
| Per share - Diluted | 1.55 | 1.35 | 14.8% |
| Net income | 46,969 | 32,516 | 44.4% |
| Per share – Basic | 1.58 | 1.15 | 37.4% |
| Per share - Diluted | 1.55 | 1.14 | 36.0% |
| Average number of shares outstanding – | | | |
| diluted weighted average | 30,335,366 | 28,548,395 | |

EPS were \$0.51 for the quarter and \$1.55 year to date. It should be noted that the additional shares issued in May 2002 had the impact of diluting the results in the quarter by \$0.05 per share and by \$0.07 per share year to date.

JUVENILE

Third quarter sales in the Juvenile segment increased 14% to \$142 million from \$125 million in the prior year. Earnings from operations were up 15% to \$12.4 million compared \$10.7 million one year ago. This growth in sales and earnings was all internally driven. For the nine months ended September, sales were up 7% to \$421 million, while earnings were unchanged at \$36 million. Dorel did considerably better than its major competitors and total market share continues to improve.

Dorel Juvenile Group's North America sales increased in the low double digits, driven primarily by successful new car seats, all of which now include the new LATCH system, and strong infant health product sales. Profitability in North America also improved, mainly due to higher volumes and improved margins. Aggressive cost management was also a contributing factor.

Europe continues to pose challenges. While third quarter sales increased by approximately 10% from last year and profitability improved slightly, it was below expectations. Conditions in Europe remain difficult, particularly in Germany. Retailers are reluctant to build inventory due to the weaker economic environment. Nonetheless, the Quinny brand of strollers remains a very strong seller and has allowed the European operations to increase sales. Dorel Juvenile Group (DJG) Europe's broad distribution chain has increased sales of the Quinny products more quickly than would have otherwise been possible.

"Overall, the Juvenile Segment has experienced improvement this year. Our strategic acquisitions, broad product line and strong emphasis on new product development continue to provide Dorel with important competitive advantages. We are delighted at the progress made by Management, headed by our new President of the Dorel Juvenile Group (DJG) USA," commented Dorel President and CEO, Martin Schwartz. "However, European economic conditions are far worse than anticipated at the start of the year"

With just under two months left in the year, the Company is fine-tuning guidance and now expects sales to be in the range of \$530-\$540 million with earnings from operations of approximately 8.5% of sales. Prior guidance was for sales of between \$525 to \$575 million, with earnings from operations in the range between 8.5% and 9.5% of sales.

READY-TO-ASSEMBLE FURNITURE

Dorel's Ready-To-Assemble Furniture segment posted third quarter sales of \$62 million, down 10% over the \$69 million the previous year. Despite this decrease, operating earnings remained even at \$11 million. For the nine-month period, sales were down by less than 1% at \$196 million versus \$198 million in 2001. Earnings from operations increased 6% to \$35 million from \$33 million a year ago. As a percentage of sales, earnings were 18.1% in 2002 versus 16.6% in 2001. This was made possible by lower raw material costs as well as improvements in productivity and operating cost containment.

Mr. Schwartz explained the decrease in sales by the fact that one of RTA's large customers had unusually high ordering levels during the third quarter last year. "Orders from that particular client then fell off dramatically during the fourth quarter. This year we expect a stronger fourth quarter from them."

"The retail environment is tough and we haven't grown our sales as much as we would have liked. We did much better, however, than our direct competitors. Dorel continued to increase its share of the total RTA furniture market. In addition, unlike others in the industry, our strong management team has managed to improve our profitability over last year."

The Company announced it was lowering sales guidance for the RTA segment slightly from \$270-285 million to \$260-270 million but increasing earnings guidance from 16.5% - 17.5% to 17% to 18% of sales.

HOME FURNISHINGS

Home Furnishings sales rose 30% to \$51 million from \$40 million in 2002, while earnings from operations surged to \$5.2 million compared to \$259 thousand in the third quarter one year ago. For the nine-month period, sales have increased 28% to \$134 million from \$104 million, while earnings jumped 419% to \$11 million from \$2 million last year. All business units in the segment did well in the quarter.

The third quarter was a record period for Home Furnishings as it experienced its highest sales and was the most profitable in the history of Dorel. Futons sales were strong and the Dorel Asia import business continues to grow rapidly. The Cosco Home and Office group also had a strong quarter in which they improved profitability over last year. Step stools previously manufactured in North America are now outsourced from the Orient, which will improve margins going forward. Also, many new products are being introduced in the fourth quarter of 2002 and into the first quarter of 2003.

"Home Furnishings has become a consistent contributor to Dorel's earnings," stated Mr. Schwartz. "The diversity of its product lines and its experience in successfully manufacturing new items in the Orient provides us with a very diverse product offering." The Company is raising its sales guidance from between \$165 and \$175 million to \$190-200 million and earnings from operations from 4% to 5% of sales to 7.5% to 8.5% of sales.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations was \$22 million in the quarter versus \$2 million the year before. For the nine months ended September 30, 2002 the Company has generated \$63 million of cash from operations. In fact, the rolling twelve months figure is \$127 million, or 13% of sales for the same period. This strong cash flow along with the share issuance in May 2002 has allowed the Company to lower net debt levels by \$172 million to \$93 million from \$265 million a year ago. As of September 30, 2002 debt to equity ratio was reduced to 0.34, an additional improvement over the record low set in the second quarter of this year.

OUTLOOK

"While the economies in both Europe and North America have not been recovering as most expected in the second half of 2002, Dorel was able to improve sales and profitability", stated Mr. Schwartz. "One of the variables that may impact the fourth quarter over and above the economy is the recently concluded dock strike in California. It will take some time for the supply of goods from the Far East to return to normal. The strike had no effect in the third quarter and we don't expect it to effect the fourth quarter by more than \$0.05 per share. Even factoring in this situation, we are raising the low end of our previously issued guidance of earnings per share of \$1.90 to \$2.00 to earnings per share in the range of \$1.95 to \$2.00."

Complete financial statements are available on the Company's website, www.dorel.com, and will be available through the SEDAR and EDGAR websites.

CONFERENCE CALL

Dorel Industries Inc. will hold a conference call to discuss these results today at 1:30 P.M. Eastern Time. Interested parties can join the call by dialing (514) 985-7004 (Montreal or overseas) or (888) 774-1632 (elsewhere in North America). The conference call can also be accessed via live webcast at www.newswire.ca or www.q1234.com.

If you are unable to call in at this time, you may access a tape recording of the meeting by calling 1-800-558-5253 and entering the passcode 21003604 on your phone. This tape recording will be available on Tuesday, November 5 as of 3:30 P.M. until 11:00 P.M. on Friday, November 8.

PROFILE

Dorel Industries Inc. is a rapidly growing global consumer products manufacturer specializing in three product areas: juvenile products, ready-to-assemble (RTA) furniture, and home furnishings. Dorel's product offerings include a wide variety of RTA furniture for home and office use; juvenile products such as infant car seats, strollers, high chairs, toddler beds, cribs, infant health and safety aids, play-yards and juvenile accessories; and home furnishings such as metal folding furniture, chairs, tables, futons and step stools.

Dorel employs approximately 3,500 people in nine countries. Major North American facilities are located in Montreal, Quebec; Cornwall, Ontario; Columbus, Indiana; Wright City, Missouri; Tiffin, Ohio; Dowagiac, Michigan; and Canton, Massachusetts. The Company's major divisions in the United States include Ameriwood Industries and the Dorel Juvenile Group (DJG USA), which incorporates the Cosco and Safety 1st brand names. In Canada, Dorel operates Ridgewood Industries and Dorel Home Products. European operations are carried out through the Dorel Juvenile Group (DJG Europe) which includes the Maxi-Cosi, Quinny and Safety 1st brand names. Dorel's international sourcing operations are carried out through Dorel Asia based in Hong Kong.

Forward-Looking Statements

Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Company's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.

DOREL INDUSTRIES INC.
CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2002 (unaudited)
ALL FIGURES IN THOUSANDS OF US \$

| | as at September 30, 2002 | as at December 30, 2001 | as at September 30, 2001 |
|--|-----------------------------|----------------------------|-----------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 21,231 | 18,640 | 6,246 |
| Accounts receivable | 118,644 | 93,945 | 140,524 |
| Inventories | 156,093 | 152,411 | 173,913 |
| Income taxes refundable | - | 5,156 | - |
| Prepaid expenses | 16,494 | 17,178 | 18,190 |
| Deferred income taxes | 9,332 | 11,195 | 14,605 |
| | <u>321,794</u> | <u>298,525</u> | <u>353,478</u> |
| | | | |
| CAPITAL ASSETS | 94,968 | 98,366 | 96,601 |
| GOODWILL | 153,274 | 151,624 | 151,294 |
| DEFERRED CHARGES | 12,535 | 12,557 | 10,012 |
| INTANGIBLE ASSETS | 4,239 | 4,055 | 3,794 |
| DEFERRED INCOME TAXES | 383 | 1,327 | 1,938 |
| OTHER ASSETS | 2,120 | 2,120 | 1,120 |
| | <u>589,313</u> | <u>568,574</u> | <u>618,237</u> |
| | | | |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Bank indebtedness | 8,516 | 7,911 | 10,115 |
| Accounts payable and accrued liabilities | 107,193 | 104,873 | 106,408 |
| Income taxes payable | 14,740 | - | 3,832 |
| Current portion of long-term debt | 2,126 | 2,680 | 2,530 |
| | <u>132,575</u> | <u>115,464</u> | <u>122,885</u> |
| | | | |
| LONG-TERM DEBT | <u>103,270</u> | <u>225,246</u> | <u>259,001</u> |
| PENSION OBLIGATION | <u>13,074</u> | <u>12,879</u> | <u>13,099</u> |
| DEFERRED INCOME TAXES | <u>1,975</u> | <u>3,073</u> | <u>2,695</u> |
| | | | |
| SHAREHOLDERS' EQUITY | | | |
| CAPITAL STOCK | 138,386 | 63,023 | 63,023 |
| RETAINED EARNINGS | 198,167 | 153,223 | 160,235 |
| CUMULATIVE TRANSLATION ADJUSTMENT | 1,866 | (4,334) | (2,701) |
| | <u>338,419</u> | <u>211,912</u> | <u>220,557</u> |
| | <u>589,313</u> | <u>568,574</u> | <u>618,237</u> |

DOREL INDUSTRIES INC.
CONSOLIDATED STATEMENT OF INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2002 (unaudited)
ALL FIGURES IN THOUSANDS OF US \$

| | Third quarter ended | | Nine months ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Sept. 30, 2002 | Sept. 30, 2001 | Sept.30, 2002 | Sept. 30, 2001 |
| SALES | <u>256,110</u> | <u>233,528</u> | <u>751,085</u> | <u>697,297</u> |
| EXPENSES | | | | |
| Cost of sales | 196,637 | 183,927 | 576,226 | 543,072 |
| Operating | 26,324 | 22,275 | 77,798 | 68,136 |
| Amortization | 6,119 | 6,060 | 18,143 | 17,839 |
| Research and development costs | 1,503 | 907 | 4,174 | 3,123 |
| Interest on long-term debt | 2,492 | 4,393 | 7,960 | 14,165 |
| Other interest | <u>212</u> | <u>272</u> | <u>340</u> | <u>581</u> |
| | <u>233,287</u> | <u>217,834</u> | <u>684,641</u> | <u>646,916</u> |
| Income before income taxes and amortization of goodwill | 22,823 | 15,694 | 66,444 | 50,381 |
| Income taxes | <u>6,478</u> | <u>3,332</u> | <u>19,475</u> | <u>11,899</u> |
| Income before amortization of goodwill | 16,345 | 12,362 | 46,969 | 38,482 |
| Amortization of goodwill | <u>-</u> | <u>2,032</u> | <u>-</u> | <u>5,966</u> |
| NET INCOME | <u><u>16,345</u></u> | <u><u>10,330</u></u> | <u><u>46,969</u></u> | <u><u>32,516</u></u> |
| EARNINGS PER SHARE - BASIC: | | | | |
| Before amortization of goodwill | <u>0.52</u> | <u>0.44</u> | <u>1.58</u> | <u>1.37</u> |
| Net income | <u><u>0.52</u></u> | <u><u>0.37</u></u> | <u><u>1.58</u></u> | <u><u>1.15</u></u> |
| EARNINGS PER SHARE - DILUTED: | | | | |
| Before amortization of goodwill | <u>0.51</u> | <u>0.43</u> | <u>1.55</u> | <u>1.35</u> |
| Net income | <u><u>0.51</u></u> | <u><u>0.36</u></u> | <u><u>1.55</u></u> | <u><u>1.14</u></u> |
| SHARES OUTSTANDING | | | | |
| Basic - weighted average | <u>31,297,083</u> | <u>28,170,492</u> | <u>29,696,628</u> | <u>28,155,218</u> |
| Diluted - weighted average | <u><u>32,018,905</u></u> | <u><u>28,619,784</u></u> | <u><u>30,335,366</u></u> | <u><u>28,548,395</u></u> |

DOREL INDUSTRIES INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2002 (unaudited)
ALL FIGURES IN THOUSANDS OF US \$

| | Third quarter ended | | Nine months ended | |
|---|---------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2002 | Sept. 30, 2001 | Sept. 30, 2002 | Sept. 30, 2001 |
| CASH PROVIDED BY (USED IN): | | | | |
| OPERATING ACTIVITIES | | | | |
| Net income from continuing operations: | 16,345 | 10,330 | 46,969 | 32,516 |
| Adjustments for: | | - | | |
| Amortization | 6,119 | 8,092 | 18,143 | 23,805 |
| Deferred income taxes | (79) | 197 | 1,679 | 1,381 |
| Loss (gain) on disposal of capital assets | (176) | (416) | (203) | 110 |
| | <u>22,209</u> | <u>18,203</u> | <u>66,588</u> | <u>57,812</u> |
| Changes in non-cash working capital: | | | | |
| Accounts receivable | 248 | (31,371) | (23,340) | (41,883) |
| Inventories | 2,560 | (3,758) | (2,039) | (30,459) |
| Prepaid expenses | (702) | 1,442 | 977 | (2,119) |
| Accounts payable and accrued liabilities | (8,802) | 17,225 | 1,383 | (3,432) |
| Income taxes payable | 6,487 | 615 | 19,822 | 3,224 |
| | <u>(209)</u> | <u>(15,848)</u> | <u>(3,197)</u> | <u>(74,669)</u> |
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>22,000</u> | <u>2,355</u> | <u>63,391</u> | <u>(16,857)</u> |
| FINANCING ACTIVITIES | | | | |
| Increase (decrease) in long-term debt | (5,015) | 2,498 | (122,574) | (5,540) |
| Issuance of capital stock | 385 | - | 75,370 | 528 |
| Repurchase of capital stock | (44) | - | (44) | - |
| Share issue expenses | (12) | - | (1,988) | - |
| Increase (decrease) in bank indebtedness | (1,703) | 3,633 | (401) | 5,240 |
| CASH PROVIDED BY (USED) IN FINANCING ACTIVITIES | <u>(6,389)</u> | <u>6,131</u> | <u>(49,637)</u> | <u>228</u> |
| | | - | | - |
| INVESTING ACTIVITIES | | | | |
| Acquisition of subsidiary company | - | - | - | (9,503) |
| Cash on hand | - | - | - | 548 |
| | - | - | - | (8,955) |
| Financed by long-term debt | - | - | - | 8,955 |
| | - | - | - | - |
| Proceeds from sale of accounts receivable | - | - | - | 27,750 |
| Additions to capital assets - net | (2,354) | (2,931) | (9,942) | (7,128) |
| Deferred charges | (2,039) | (1,432) | (3,160) | (3,455) |
| Intangible assets | 77 | (569) | (606) | (902) |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | <u>(4,316)</u> | <u>(4,932)</u> | <u>(13,708)</u> | <u>16,265</u> |
| Effect of exchange rate changes on cash | (827) | (98) | 2,545 | (60) |
| | | - | | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 10,468 | 3,456 | 2,591 | (424) |
| Cash and cash equivalents, beginning of period | 10,763 | 2,790 | 18,640 | 6,670 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u>21,231</u> | <u>6,246</u> | <u>21,231</u> | <u>6,246</u> |

DOREL INDUSTRIES INC.
CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 (unaudited)
ALL FIGURES IN THOUSANDS OF US \$

| | 2002 | 2001 |
|--|----------------|----------------|
| BALANCE, BEGINNING OF PERIOD | 153,223 | 127,719 |
| Net income | 46,969 | 32,516 |
| Premium paid on repurchase of shares | (37) | - |
| Share issue expenses (net of income taxes - \$1,070) | <u>(1,988)</u> | <u>-</u> |
| BALANCE, END OF PERIOD | <u>198,167</u> | <u>160,235</u> |