



TFSA Investors: Buy Canada's Best Value Stock

Description

Dorel Industries ([TSX:DII.B](#)) operates [three distinct businesses](#) in home products, juvenile products, and bicycles. It operates as Dorel Home, Dorel Juvenile, and Dorel Sports. The company has a price-to-earnings ratio of 18.79, price-to-book ratio of 1.02, dividend yield of 0.37%, and market capitalization of \$511 million. Debt is very sparingly used at Dorel, as evidenced by a debt-to-equity ratio of just 1.11. The company has depressed performance metrics with an operating margin of 4.43% and a return on equity of (4.12)%.

Dorel Home's [extensive product offering](#) includes home items such as a wide variety of furniture for home and office use as well as mattresses, hand trucks, specialty ladders, and other imported furniture items. Dorel Juvenile sells juvenile products such as infant car seats, strollers, developmental toys, and safety aids. Dorel Sports sells items such as bicycles, electric bikes, and bicycle trailers.

Dorel employs approximately 9,000 people and operates in 25 countries. Dorel also owns Caloi, a major Brazilian manufacturer of bicycles and bicycle equipment, which markets the Caloi brand and assembles bicycles for several of Dorel's brands. Dorel Juvenile China's factory headquarters comprises two manufacturing facilities that supply all Dorel divisions as well as third-party customers outside China. In addition, Dorel has offices in mainland China and Taiwan to oversee the sourcing, engineering, and logistics of raw materials and finished goods in order to ensure the highest standard of quality is used.

Dorel's largest customers are major retail chains and internet retailers. The retail chains include mass merchant discount chains, department stores, club format outlets, and home centres, while the internet retailers consist of both mass merchant sites and pure internet retailers.

Dorel's major retail customers advertise the company's products, principally through circulars and brochures. For Dorel Sports, various sponsorships are provided to teams and individual athletes to promote the company's brands. Dorel's commitment to providing a high-quality, industry-leading level of service has allowed it to develop successful and mutually beneficial relationships with major retailers.

A high level of customer satisfaction has been achieved by fostering particularly close contacts

between Dorel's sales representatives and clients. Permanent account teams have been established in close proximity to certain major accounts. These dedicated account teams provide such customers with the assurance that inventory and supply requirements will be met and that issues will be immediately addressed.

Dorel is a designer and manufacturer of a wide range of products as well as an importer of finished goods' the majority of the latter is from overseas suppliers. The economic downturn has illustrated the quality of these supplier relationships in that Dorel has not been adversely affected by issues with the company's supplier base and the continuing ability of suppliers to service Dorel.

Product development is a significant element of Dorel's past and expected future growth. Dorel has invested heavily in this area, focusing on innovation, quality, safety, and speed to market with several design and product development centres. Over the past five years, Dorel has spent on average more than \$42.7 million per year on new product development. Dorel could very well be the best value stock in Canada.

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Author

nikhilwaterloo

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