



## **dj Orthopedics Provides Update on First Quarter 2002 Performance; Company to Provide Full-Year Commentary During First Quarter Conference Call on May 2, 2002**

SAN DIEGO, Calif.--(BW HealthWire)--March 20, 2002-- dj Orthopedics, Inc. (NYSE:DJO), a designer, manufacturer, and marketer of products and services for the orthopedics sports medicine market, today provided an update of the Company's financial performance for the first quarter of 2002.

"The Company anticipates that both revenues and the gross margin for the business will fall within the expected range of estimates for the first quarter of 2002," said Les Cross, President and CEO. "However, because we have continued to fully support our growth initiatives, especially our Alaron Surgical, International Direct and OfficeCare programs, total operating expenses as a percentage of sales are expected to exceed estimates. As a result, earnings are expected to fall below estimates for the quarter ending March 31, 2002, but we are confident that we will exceed the previously announced fourth quarter 2001 results of \$0.06 per diluted share before deferred tax benefit and extraordinary items."

First quarter revenue growth in the Company's core business has been well in line with its historical performance and ahead of estimated industry annual growth rates. We are experiencing some revenue shortfall in the first quarter due to unforeseen, primarily one time, events related to our third-party hospital distributors' facility consolidations and the introduction of the Alaron Surgical products, and some softness in certain non-direct export markets. First quarter international revenues are showing significant growth over the fourth quarter. Revenues from the Company's conversion to direct sales in Australia, Germany and the U.K. are stronger than expected; however, certain non-direct export markets have either lower sales growth than projected or are being impacted by our ongoing initiatives to acquire a direct sales capability in those markets.

Les Cross stated that dj Orthopedics is making steady progress on rolling out a number of new bracing products, relocating soft goods manufacturing to Mexico, and establishing direct distribution in key international markets. In order to further drive the financial performance of the business throughout the year, dj Orthopedics will continue to emphasize the following actions:

- Effectively manage the introduction of several planned new and enhanced product offerings.
  
- Further improve gross margins across all product lines.
  
- Continue the transition to direct distribution in targeted international markets.
  
- Increase the focus on sales force training, development and productivity.
  
- Closely monitor spending without impacting revenue growth.

Looking forward, although the Company's first quarter earnings are expected to be adversely impacted by the previously mentioned events, we believe that they should have minimal effect on the company's ability to grow its business and we expect first quarter revenue trends to continue through the remainder of the year.

The dj Orthopedics' management team will report and discuss the financial results for the first quarter 2002 and the outlook for the full year during a conference call following the release of the first quarter financial results scheduled for May 2, 2002.

dj Orthopedics, Inc. is a global orthopedic sports medicine company specializing in the design, manufacture and marketing of surgical and non-surgical products and services that repair, regenerate and rehabilitate soft tissue and bone, help protect against injury and treat osteoarthritis of the knee. Its broad range of more than 600 products, many of which are based on proprietary technologies, includes rigid knee braces, soft goods, specialty and other complementary orthopedic products and its recently introduced line of surgical products. These products provide solutions for patients and orthopedic sports medicine professionals throughout the patient's continuum of care. For additional information on the Company, please visit [www.djortho.com](http://www.djortho.com), or call (866) DJO-INFO (356-4636).

This press release contains or may contain forward-looking statements such as statements regarding the Company's future growth and profitability, growth strategy and trends in the industry in which the Company operates. These forward-looking statements are based on the Company's current expectations and are subject to a number of risks, uncertainties and assumptions. Among the important factors that could cause actual results to differ significantly from those expressed or implied by such forward-looking statements are the risk that we may not be able to successfully implement our business strategy; our limited experience in designing, manufacturing and marketing products for the repair and regeneration segments of the orthopedic sports medicine market; our transition to direct distribution of our products in selected foreign countries; our ability to successfully develop or license and timely introduce and market new products or product enhancements; our dependence on our orthopedic professionals, agents and distributors for marketing our products; risks associated with our acquisition strategy and international operations; competition in our markets; the risk that our quarterly operating results are subject to substantial fluctuations; our high level of indebtedness and the restrictions imposed by the terms of our indebtedness; our ability to generate cash to service our debts; the effects of healthcare reform and managed care and buying groups on prices of our products; the uncertainty of domestic and foreign regulatory clearance for our products; the sensitivity of our business to general economic conditions; uncertainty relating to third party reimbursement; and the other risk factors affecting the Company detailed from time to time in the documents filed by the Company with the Securities and Exchange Commission.

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