

# Investor Fact Sheet

## Q2 2004



### Corporate Profile

EXFO is the recognized test and measurement expert in the global telecommunications industry through the design and manufacture of advanced and innovative solutions as well as best-in-class customer support. The Telecom Division, which represents the company's main business activity, offers fully integrated and complete test solutions to network service providers, system vendors and component manufacturers in approximately 70 countries. One of EXFO's strongest competitive advantages is its modular platform design, providing PC-based, Windows-centric test solutions that maximize technology reuse across several market segments. The Photonics and Life Sciences Division mainly leverages core telecom technologies to offer value-added solutions in high-tech industrial manufacturing and research sectors.

### EXFO's Strategy

Strategic Objectives	Key Performance Indicators
Increase sales through market-share gains	10% sales growth year-over-year, assuming a stable or slightly declining communications market
Maximize profitability and growth on a long-term basis	50% gross margin in fiscal 2004
Innovate our way out of this downturn	45% of sales from new products (on the market two years or less) during fiscal 2004
Maintain a sound financial position	Positive cash flows from operating activities during fiscal 2004*

\*Assuming no major acquisitions of businesses and/or technologies and stability in the value of the Canadian dollar compared to the US dollar.

### Segmented Results



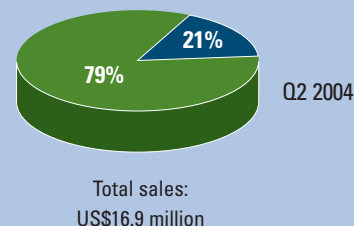
	Telecom Division	Photonics and Life Sciences Division
	US\$ millions	
Q2 2004 Sales	\$13.4	\$3.5
Q1 2004 Sales	\$12.2	\$3.8
Q2 2003 Sales	\$11.8	\$3.0
Q2 2004 Loss from operations*	(\$2.4)	(\$1.1)
Q1 2004 Loss from operations*	(\$2.4)	(\$0.7)

\*Segmented loss from operations is not available for comparative periods.

### Revenue Mix

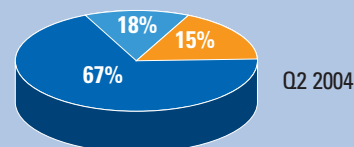
#### Segment Sales

- Telecom Division
- Photonics and Life Sciences Division



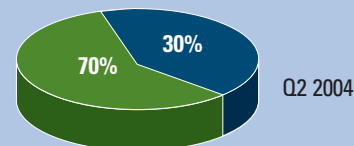
#### Geographic Sales

- Americas
- Asia-Pacific
- EMEA



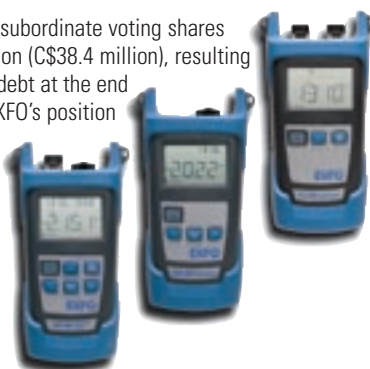
#### New-Product Sales

- Products on the market two years or less
- Products on the market for more than two years



## Business Highlights

- Among the new product introductions in the second quarter, EXFO launched a new line of handheld test instruments for the FTTP installation market, meeting the technical requirements established by leading standards bodies. The company also recognized revenue for existing products used in FTTP applications and continued working with lead customers to develop solutions for efficient network deployments along the last mile.
- EXFO enhanced its protocol-layer product offering by launching its new Packet Blazer™ Ethernet test solution for central offices. In addition, the company introduced a new software feature set for its portable Packet Blazer module to improve test effectiveness and troubleshooting capabilities in the field. EXFO also is in the process of consolidating its protocol-layer operations in Montreal to accelerate product development.
- Subsequent to the quarter end, Frost and Sullivan, a leading market research firm in the telecommunications industry, announced that EXFO had been named recipient of the 2004 Growth Strategy Excellence Award in recognition of its market-share growth in the fiber-optic test equipment market. Frost and Sullivan also confirmed EXFO's standing as the market leader for portable physical-layer test solutions in the network service provider market.
- EXFO successfully closed a public offering of 5.2 million subordinate voting shares on a bought-deal basis for net proceeds of US\$29.2 million (C\$38.4 million), resulting in a cash position of US\$85.8 million and still negligible debt at the end of the second quarter. This latest offering strengthens EXFO's position with regard to making potential acquisitions.



FOT-300 OLTS,  
FPM-300 Power Meter,  
FLS-300 Light Source

## Executive Team

### Germain Lamonde

Chairman of the Board, President and Chief Executive Officer

### Stephen Bull

Vice-President, Research and Development, Telecom Division

### Allan Firhoj

Vice-President and General Manager, Photonics and Life Sciences Division

### Benoît Fleury

Vice-President, Protocol-Layer Products, Management & Business Development

### Étienne Gagnon

Vice-President, Physical-Layer Product Management and Customer Service

### Luc Gagnon

Vice-President, Telecom Manufacturing Operations

### Juan Felipe González

Vice-President, Global Telecom Sales

### Pierre Plamondon, CA

Vice-President, Finance and Chief Financial Officer

## Stock Information

(as of Feb. 29, 2004)

Listings: EXFO, NASDAQ; EXF, TSX  
Shares outstanding: 64.1 million  
Market capitalization: US\$311.7 million  
Closing share price: US\$4.86  
12-month price range: US\$1.91 to US\$7.20

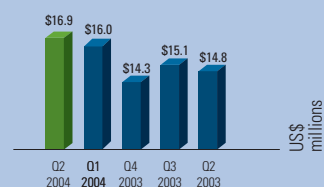
### Contact Information

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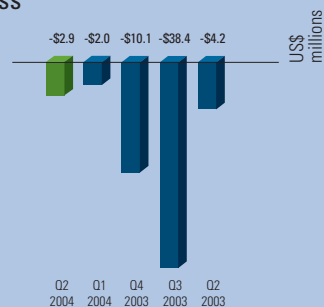
All financial information in this document is accurate only for the stated period and is not indicative of the future performance of the company.

## Financial Highlights

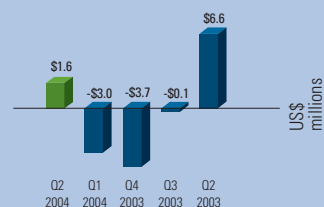
### Sales



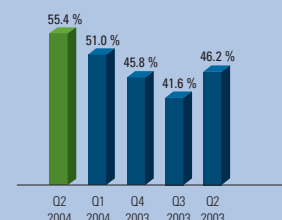
### Net Loss



### Cash Flows (Used) from Operations



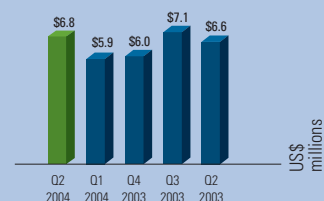
### Gross Margin<sup>1,2</sup>



<sup>1</sup> Excluding inventory write-offs of \$1.6 million in Q3 2003 as well as inventory write-offs of \$2.5 million and a non-recurring gain of \$473,000 in Q4 2003.

<sup>2</sup> Certain expenses reclassified from SG&A to Cost of Sales in fiscal 2003.

### SG&A<sup>1</sup>



<sup>1</sup> Certain expenses reclassified from SG&A to Cost of Sales in fiscal 2003.

### Gross R&D

