

# Investor Fact Sheet

## Q3 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



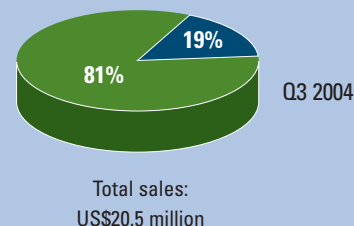
	Telecom Division	Photonics and Life Sciences Division
	US\$ (millions)	
Q3 2004 Sales	\$16.7	\$3.8
Q2 2004 Sales	\$13.4	\$3.5
Q3 2003 Sales	\$12.0	\$3.1
Q3 2004 Loss from operations*	(\$0.8)	(\$1.1)
Q2 2004 Loss from operations*	(\$2.4)	(\$1.1)

\*Segmented loss from operations is not available for comparative periods in fiscal 2003.

### Revenue Mix

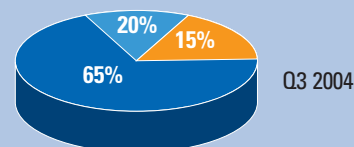
#### Segment Sales

- Telecom Division
- Photonics and Life Sciences Division



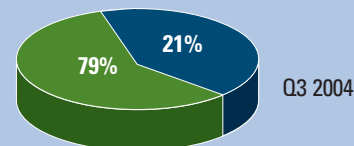
#### Geographic Sales

- Americas
- Asia-Pacific
- EMEA



#### New-Product Sales

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



## Third-Quarter Business Highlights

- Confirming its market leadership in the physical-layer field-testing market, EXFO shipped a series of orders—many of which were FTTP-related—to a Tier-1 network service provider. The majority of FTTP-related sales were derived from established products.
- Remaining focused on market-driven innovation, EXFO launched three new products in the third quarter, including a next-generation optical time domain reflectometer (OTDR) available in the FTTP configuration. Following the quarter-end, EXFO introduced three additional products: all-in-one MultiTest module, next-generation Fibre Channel test module—both housed inside the leading FTB-400 field-testing platform—and a Passive Optical Network (PON) power meter. EXFO has introduced 20 new products so far in fiscal 2004.
- Continuing efforts to renew with profitability, EXFO generated higher sales volumes to better absorb its operating costs. Based on a GAAP net loss of US\$1.2 million and excluding amortization of intangible assets of US\$1.3 million and stock-based compensation costs of US\$200,000, the company would have been profitable (at US\$273,000). EXFO also reported positive cash flows from operations for the second consecutive quarter (at US\$605,000).



## Executive Team

### Germain Lamonde

Chairman of the Board, President and Chief Executive Officer

### Stephen Bull

Vice-President, Research and Development Telecom Division

### Normand Durocher

Vice-President, Human Resources

### Allan Firhoj

Vice-President and General Manager Photonics and Life Sciences Division

### Benoît Fleury

Vice-President, Physical-Layer Product Management and 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 May 31, 2004)

Listings: EXFO, NASDAQ; EXF, TSX

Shares outstanding: 68.4 million

Market capitalization: US\$314.0 million

Closing share price: US\$4.59

12-month price range: US\$2.40 to US\$7.20

## Contact Information

Vance Oliver

Manager, Investor Relations

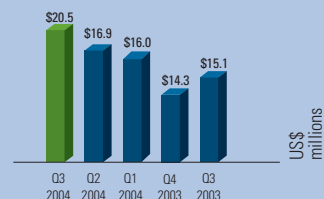
Tel.: (418) 683-0913, Ext. 3733

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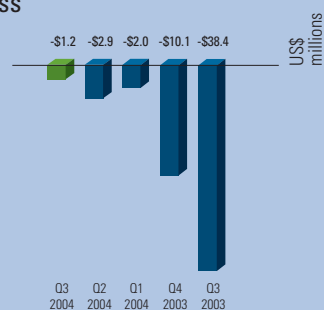
All financial information in this document is accurate only for the stated period and is not indicative of the future performance of the company.

## Financial Highlights

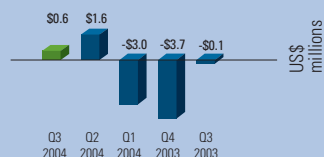
### Sales



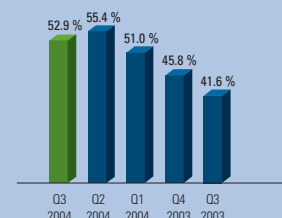
### Net Loss



### Cash Flows (Used) from Operations



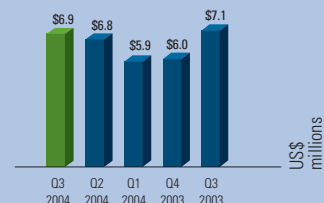
### Gross Margin<sup>1,2</sup>



<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

