

# Investor Fact Sheet

## Q4 2004



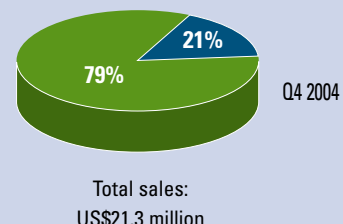
### Corporate Profile

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 PC/Windows-based modular platforms that host a wide range of tests across optical, physical, data and network layers, while maximizing technology reuse across several market segments. The Photonics and Life Sciences Division mainly leverages core telecom technologies to offer value-added solutions in the life sciences, high-precision manufacturing and research sectors.

### Revenue Mix

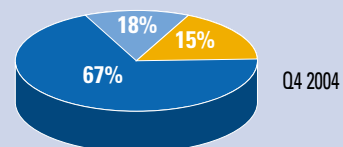
#### Segment Sales

- Telecom Division
- Photonics and Life Sciences Division



#### Geographic Sales

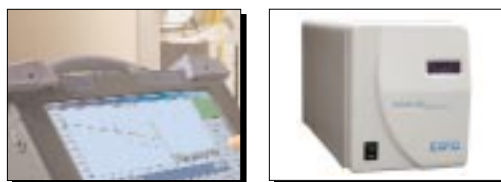
- Americas
- Asia-Pacific
- EMEA



### Corporate Objectives for FY 2004

Goal	Metric	Result	
Increase sales through market-share gains	10% sales growth year-over-year	20.5% sales growth year-over year	√
Maximize profitability and growth	50% gross margin	53.7% gross margin	√
Innovate our way out of the downturn	45% of sales from new products (< two years on the market)	31.7% of sales from new products	X
Maintain a sound financial position	Positive cash flows from operations in at least one quarter	Positive cash flows from operations for fiscal year	√

### Segmented Results

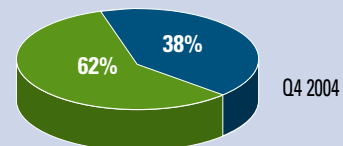


Business Segment	Sales				
	Q4 2004	Q3 2004	Q4 2003	FY 2004	FY 2003
Telecom Division	\$16.8	\$16.7	\$10.8	\$58.9	\$48.8
Photonics & Life Sciences Div.	\$ 4.5	\$ 3.8	\$ 3.5	\$15.7	\$13.1
Business Segment	Earnings (loss) from operations*				
	Q4 2004	Q3 2004	FY 2004		
Telecom Division	\$0.0	(\$0.8)	(\$5.6)		
Photonics & Life Sciences Div.	(\$2.1)	(\$1.1)	(\$5.0)		

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

### New-Product Sales

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



## Fiscal 2004 Business Highlights

- Confirming its market-share gains, EXFO received the 2004 Growth Strategy Excellence Award from Frost and Sullivan. This leading market research firm reported that EXFO's overall market share increased from 6.4% in 2001 to 8.4% in 2003—the single largest increase within the global optical test and measurement industry. EXFO was also deemed leader in the optical test installation and maintenance space with an estimated 17% market share worldwide.
- Maximizing efficiency and cost control, EXFO merged its protocol test operations in Montreal and announced the consolidation of its Photonics and Life Sciences Division in Toronto. These initiatives will enable the company to streamline its R&D/manufacturing sites from five to three. Overall for fiscal 2004, EXFO increased its gross margin to 53.7% from 47.4% (excluding inventory write-offs and a non-recurring gain) in 2003.
- Focusing on market-driven innovation, EXFO launched 20 new products in fiscal 2004, including several aimed at establishing leadership in the FTTP test market and others dedicated to life science activities. The company also strengthened its competitive position in protocol testing with the introduction of a next-generation Fibre Channel test set for security-intensive applications and, subsequent to the year-end, it released a next-generation SONET/SDH analyzer for data-centric IP networks and a VoIP-ready Gigabit Ethernet test solution.
- Continuing efforts to improve its balance sheet, EXFO closed a bought-deal financing of US\$29.2 million (C\$38.4 million) to attain a total cash position of US\$89.1 million at the end of the fiscal year. The company also generated positive cash flows from operations for the fiscal year.



FTTP-Ready PON  
Power Meter

## 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 August 31, 2004)

Listings: EXFO, NASDAQ; EXFSV, TSX  
Shares outstanding: 68.4 million  
Market capitalization: US\$298.2 million  
Closing share price: US\$4.36  
12-month price range: US\$2.64 to US\$7.20

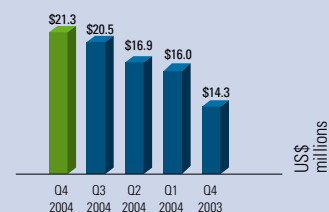
### Contact Information

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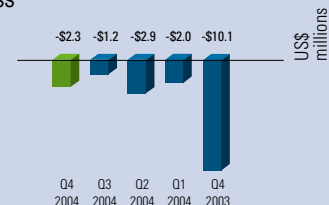
All financial information in this document is accurate only for the stated period and is not indicative of the future performance of the company.

## Financial Highlights

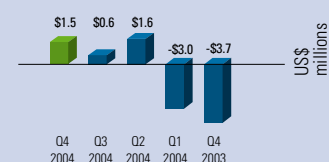
### Sales



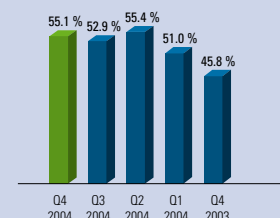
### Net Loss



### Cash Flows (Used) from Operations

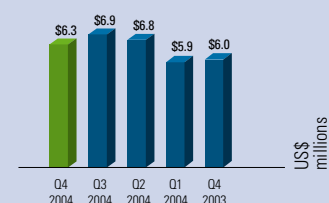


### Gross Margin<sup>1</sup>



<sup>1</sup> Excluding inventory write-offs of \$2.5 million and an unusual gain of \$0.5 million in Q4 2003

### SG&A



### Gross R&D

