



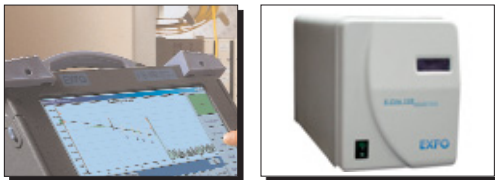
# INVESTOR FACT SHEET

## Q4 2005

### Corporate Profile

EXFO is a 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 and high-precision assembly sectors.

### Segmented Results



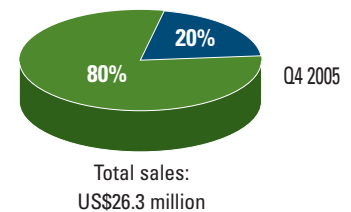
(in US\$ thousands)

<b>Segmented results:</b>	Q4 2005	Q3 2005	Q4 2004	FY 2005	FY 2004
	(unaudited)	(unaudited)	(unaudited)		
<b>Sales:</b>					
Telecom Division	\$ 21,174	\$ 22,046	\$ 16,776	\$ 80,120	\$ 58,882
Photonics & Life Sciences Div.	\$ 5,130	\$ 4,134	\$ 4,556	\$ 17,096	\$ 15,748
<b>Total</b>	<b>\$ 26,304</b>	<b>\$ 26,180</b>	<b>\$ 21,332</b>	<b>\$ 97,216</b>	<b>\$ 74,630</b>
<b>Operating earnings (loss):</b>					
Telecom Division	\$ 523	\$ 645	\$ 59	\$ 763	\$ (5,557)
Photonics & Life Sciences Div.	\$ 288	\$ (136)	\$ (2,111)	\$ (962)	\$ (5,013)
<b>Total</b>	<b>\$ 811</b>	<b>\$ 509</b>	<b>\$ (2,052)</b>	<b>\$ (199)</b>	<b>\$ (10,570)</b>
<b>Other selected information:</b>					
GAAP net earnings (loss)	\$ 454	\$ 276	\$ (2,343)	\$ (1,634)	\$ (8,424)
Amortization of intangible assets	\$ 1,198	\$ 1,191	\$ 1,243	\$ 4,836	\$ 5,080
Stock-based compensation costs	\$ 288	\$ 294	\$ 160	\$ 963	\$ 449
Impairment of long-lived assets	\$ -	\$ -	\$ 620	\$ -	\$ 620
Restructuring and other charges	\$ -	\$ 38	\$ 1,729	\$ 292	\$ 1,729
Unusual tax recovery	\$ -	\$ -	\$ -	\$ -	\$ (1,406)

### Revenue Mix

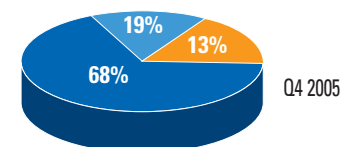
#### Segment Sales

- Telecom Division
- Photonics and Life Sciences Division



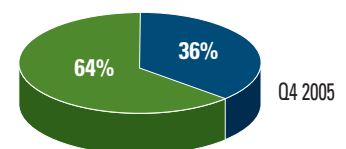
#### Geographic Sales

- Americas
- Asia-Pacific
- EMEA



#### New-Product Sales

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



# Fiscal 2005 and Fourth-Quarter Business Highlights

## Sales Growth

- Confirming its market-share gains, EXFO received in 2005 the Growth Strategy Leadership Award from Frost and Sullivan for the second consecutive year and entrenched itself as the leader in the optical fiber-to-the-x (FTTx) test industry with significant revenue recognition from two leading US carriers deploying fiber into their access networks.
- EXFO reported that its top customer represented 16.1% of sales in the fourth quarter of 2005 and its top three customers 23.7%. For the full fiscal year, EXFO's top customer accounted for 23.3% of sales and its top three customers 28.4%.

## Profitability

- Maximizing profitability, EXFO was GAAP profitable in the last three quarters of 2005 on the strength of higher sales volumes, richer business mix and a heightened focus on cost of goods.
- Overall, the company reduced its GAAP net loss from US\$8.4 million in fiscal 2004 to US\$1.6 million in 2005, despite aggressive pricing pressure and a significant impact on the earnings statement caused by the increase in the Canadian versus US dollar. GAAP net loss in 2005 included US\$1.3 million in foreign-exchange losses and US\$1.0 million in stock-based compensation costs.
- From a balance sheet standpoint, EXFO generated US\$14.0 million in cash flows from operating activities in 2005 and completed the fiscal year with a cash position of US\$112.0 million.

## Innovation

- Focusing on market-driven innovation, EXFO launched 15 new products in 2005, including a next-generation SONET/SDH analyzer and a 10 Gigabit Ethernet tester aimed at characterizing converged, IP-based networks. Altogether, new products that have been on the market two years or less represented 42.4% of sales in 2005, up from 31.7% in 2004.



## 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, Protocol-Layer Product Management and Business Development

### Étienne Gagnon

Vice-President, Optical-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, 2005)

Listings: EXFO, NASDAQ; EXFSV, TSX  
 Shares outstanding: 69.0 million  
 Market capitalization: US\$322.2 million  
 Closing share price: US\$4.67  
 12-month price range: US\$3.92 to US\$5.51

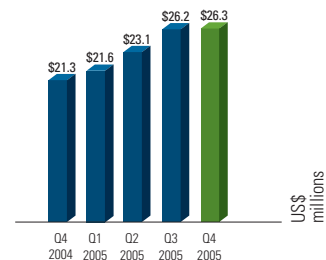
### Contact Information

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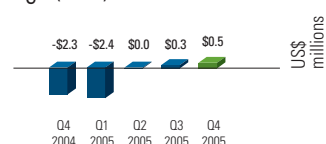
*All financial information in this document is accurate only for the stated period and is not indicative of the future performance of the company.*

## Financial Highlights

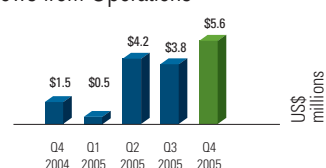
### Sales



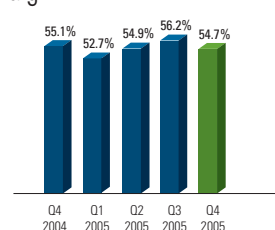
### Net Earnings (Loss)



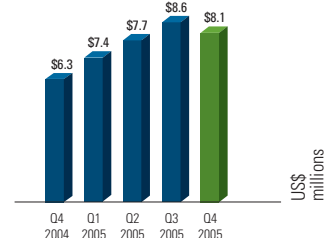
### Cash Flows from Operations



### Gross Margin



### SG&A



### Gross/Net R&D

