

INVESTOR FACT SHEET

Q4 2008

Corporate Profile

EXFO is a leading provider of test and monitoring solutions for network service providers and equipment manufacturers in the global telecommunications industry. The Telecom Division offers a wide range of innovative solutions extending across the full technology lifecycle—from design to technology deployment and onto service assurance—and covering all layers on a network infrastructure to enable triple-play services and next-generation, converged IP networking. The Life Sciences and Industrial Division offers solutions in medical device and opto-electronics assembly, fluorescence microscopy and other life sciences sectors. For more information, visit www.EXFO.com.

Corporate Performance Results for Fiscal 2008

EXFO reported the following corporate performance results for fiscal 2008:

Objective	Metric	Result
Increase sales (% of year-over-year growth)	20%	20.2%
Maximize profitability (operating margin in %)	8%	6.5%
Focus on innovation (sales % from products <2 years on market)	30%	34.6%

Long-Term Corporate Performance Objectives (Three-Year Plan)

EXFO disclosed the following three corporate performance objectives and related metrics for its three-year strategic plan ending at the close of fiscal 2011. These new objectives reflect the clear direction management is taking towards long-term value creation.

Objective	Three-Year Metric
Grow sales ~2X faster than the industry rate	20% CAGR
Increase EBITDA* faster than sales	>20% CAGR
Raise gross margin to a sustainable level above 60% of sales	62%

* EBITDA is defined as net earnings before interest, income taxes, amortization of property, plant and equipment, amortization of intangible assets, and extraordinary gain.

Selected Financial Information

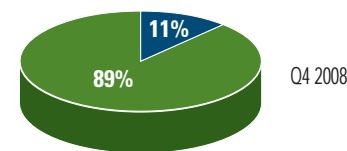
(In thousands of US dollars)

Segmented results:	Q4 2008 (unaudited)	Q3 2008 (unaudited)	Q4 2007 (unaudited)	FY 2008 (unaudited)	FY 2007
Sales:					
Telecom Division	\$ 45,338	\$ 42,843	\$ 37,199	\$ 160,981	\$ 129,839
Life Sciences and Industrial Division	5,605	5,738	5,776	22,809	23,095
Total	\$ 50,943	\$ 48,581	\$ 42,975	\$ 183,790	\$ 152,934
Earnings from operations:					
Telecom Division	\$ 2,867	\$ 3,819	\$ 8,108	\$ 9,524	\$ 13,132
Life Sciences and Industrial Division	721	639	994	2,459	3,650
Total	\$ 3,588	\$ 4,458	\$ 9,102	\$ 11,983	\$ 16,782
Other selected information:					
GAAP net earnings	\$ 3,314	\$ 11,179	\$ 33,484	\$ 18,424	\$ 42,275
After-tax amortization of intangible assets	\$ 1,177	\$ 791	\$ 699	\$ 2,956	\$ 2,864
Stock-based compensation costs	\$ 368	\$ 334	\$ 277	\$ 1,272	\$ 981
Recognition of previously unrecognized future income taxes	\$ —	\$ (5,324)	\$ (24,566)	\$ (5,324)	\$ (24,566)
Recognition of previously unrecognized R&D tax credits	\$ —	\$ —	\$ (3,162)	\$ —	\$ (3,162)
Extraordinary gain (negative goodwill)	\$ —	\$ (3,036)	\$ —	\$ (3,036)	\$ —
Government grant	\$ —	\$ —	\$ (1,079)	\$ —	\$ (1,079)
Net recovery of income tax	\$ —	\$ —	\$ —	\$ (1,191)	\$ —

Revenue Mix

Segment Sales

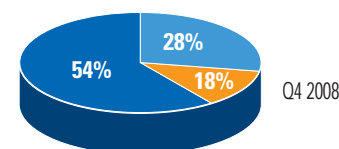
● Telecom Division ● Life Sciences and Industrial Division



Total sales: US\$50.9 million

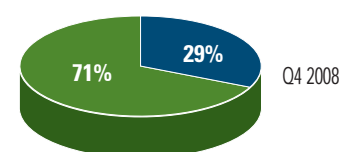
Geographic Sales

● Americas ● Asia-Pacific ● Europe, Middle-East, Africa



New-Product Sales

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



Fiscal 2008 and Fourth-Quarter Business Highlights

- Market expansion** – EXFO increased its annual sales 20.2% to US\$183.8 million, while the company's stated goal was 20% for the fiscal year. Telecom Division sales improved 24.0% year over year, led by 97.4% growth in the protocol test business (including a US\$5.4 million revenue contribution from Brix and Navtel) and 12.7% increase in the optical test business. In terms of geographic diversification, the Americas accounted for 55.8% of sales in 2008, Europe, Middle East and Africa (EMEA) 28.4%, and Asia-Pacific 15.8%. The Americas, EMEA and Asia-Pacific regions posted annual growth rates of 12.8%, 26.3% and 40.1% respectively. EXFO's sales to its largest customer dropped to 7.4% of total revenue in 2008, despite increasing market share at this account. Excluding sales to this customer, Telecom Division sales would have increased 37.3% year over year, while sales to the United States would have increased 28.7% year over year.
- Profitability** – GAAP earnings from operations amounted to 6.5% of sales in 2008, including 7.0% in the fourth quarter, while the company's goal was 8% for the fiscal year. The shortfall is mainly due to the short-term negative impact of the Brix Networks acquisition. EXFO also generated US\$13.8 million in cash flows from operating activities in 2008, bringing its cash and short-term investments to US\$875 million.
- Innovation** – EXFO launched 27 new products in fiscal 2008, including seven in the fourth quarter, compared to 20 in 2007. Key product releases in the fourth quarter of 2008 included amongst others a triple-play test set for ADSL2+/VDSL2 network deployments and a new Gigabit Ethernet software option for the Packet Blazer test modules that enable Internet Protocol/Multi-Protocol Label Switching (IP/MPLS) testing. Following the year-end, the company introduced an enhanced version of Navtel's InterWatch platform that simulates up to 256,000 unique IPv6 subscriber addresses per chassis and new software features on the Transport Blazer test modules for characterizing 40G/43G SONET/SDH networks. Products on the market two years or less accounted for 34.6% of sales in fiscal 2008, including 29.0% in the fourth quarter, while the company's published goal was 30% for the fiscal year.



AXS-200/630
VDSL2 Triple-Play Test Set

Executive Team

Germain Lamonde

Chairman of the Board, President and Chief Executive Officer

Jon Bradley

Vice-President, International Telecom Sales

Stephen Bull

Vice-President, Research and Development Telecom Division

Normand Durocher

Vice-President, Human Resources

Allan Firhoj

Vice-President and General Manager Life Sciences and Industrial Division

Robert Fitts

Vice-President, Corporate Development

Étienne Gagnon

Vice-President, Product Management and Marketing

Luc Gagnon

Vice-President, Telecom Manufacturing Operations and Customer Service

Vivian Hudson

Vice-President and General Manager, Service Assurance Business Unit

Pierre Plamondon, CA

Vice-President, Finance and Chief Financial Officer

Joe Sutherland

Vice-President, EXFO Navtel Product Group

Dana Yearian

Vice-President, Americas Telecom Sales

Stock Information

(as of Aug. 31, 2008)

Listings: EXFO, NASDAQ: EXF, TSX
 Shares outstanding: 68.6 million
 Market capitalization: US\$288 million
 Closing share price: US\$4.20
 12-month price range: US\$3.92 to US\$7.28

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

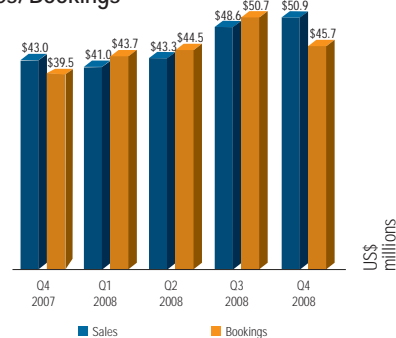
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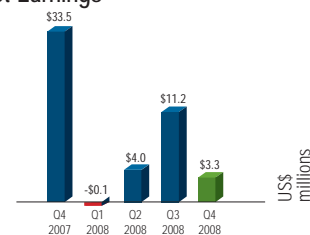
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Financial Highlights

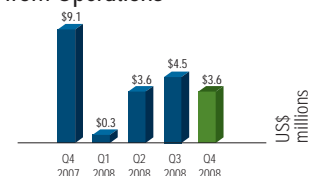
Sales/Bookings



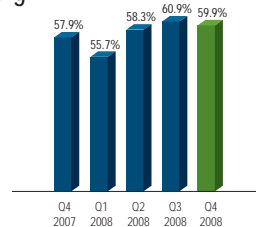
GAAP Net Earnings



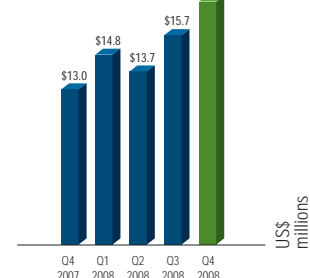
Earnings from Operations



Gross Margin



SG&A



Gross/Net R&D

