



A photograph of EXFO network testing equipment, including a handheld device and a rack-mounted unit, set against a blue background. The equipment is reflected on a glossy surface below it.

# RBC Capital Markets Growth Conference

cket Jitter IP Pro  
OTN Power Meas  
FTTH FTTP Q  
**test expert**  
Triple-Play xDSL  
Core Metro Networks  
Transport and Dataco  
Component Manufactur  
Optical Spectrum Ana  
Fiber/Copper Testing Sy  
Packet Jitter IP Protoc

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EXPERTISE REACHING OUT  
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# Forward-Looking Statements

Certain statements in this presentation, or given in response to your questions, may constitute forward-looking statements within the meaning of the Securities Act of 1934. The Private Securities Litigation Reform Act of 1995 provides “safe-harbors” for such forward-looking statements and we intend that any forward-looking statements made today be subject to the safe harbors. We caution you that any forward-looking statements are just predictions. They are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those projected in forward-looking statements and we invite you to review the company’s most recent filings with the Securities and Exchange Commission or Canadian securities commissions for a discussion of the factors at risk.

This presentation is being made on Oct. 28, 2008, and the content is accurate only for this date. Unless required by law or applicable regulations, EXFO will not be reviewing or updating the material that is contained herein.

# Strong Investment Proposition

- Recognized T&M expert in global telecom industry for 23-plus years
- Excellent track record of sales growth
  - Sales increased 20.2% YoY to a record of \$183.8 million in FY 2008
  - Telecom sales increased 24.0% YoY, led by 97.4% growth in protocol test business and 12.7% in optical test business
  - Excluding sales to Verizon, Telecom sales up 37.3% YoY and US sales up 28.7% YoY
  - Sales CAGR of 24.3% in last five years and 19.3% in last 10 years
- Strategic acquisitions fuelling high-growth protocol test business
  - Navtel Communications: IMS and VoIP test solutions for NEMs and NSP labs
  - Brix Networks: Service assurance solutions for NSPs and large enterprises
  - Partial revenue contribution of \$5.4 M in FY 2008
- History of growing EBITDA margin
  - Increased from -1.1% in FY 2004 to 14.8% in FY 2007
  - Dropped to 11.2% in FY 2008 (Brix acquisition and manufacturing plant in China)
- Strong balance sheet (cash position of \$87.5 M and no debt)
- Experienced and disciplined management team

# ASSESSING COMMUNICATION FROM A TO Z

*From R&D to service assurance*




## Network Lifecycle



This section displays various EXFO products used in the network lifecycle, organized into four columns corresponding to the stages of the lifecycle. The products are:

- Column 1 (R&D):** InterWatch R14 platform (rack-mounted equipment), IQS-600 platform (benchtop instrument), and Benchtop instruments (small benchtop instrument).
- Column 2 (Manufacturing):** InterWatch R14 platform (rack-mounted equipment) and FTB-400 platform (portable instrument).
- Column 3 (NSP Labs and Quality Control):** FTB-200 platform (portable instrument), AXS-200 platform (handheld unit), and PPM-350B PON Power Meter (handheld unit).
- Column 4 (Construction to Troubleshooting):** FTB-400 platform (portable instrument) and Handheld units (two handheld units).
- Column 5 (Service Assurance):** Brix System (server rack with software interface) and NQMSfiber Remote fiber monitoring solution (software interface).

# Telecom Division – Segment Overview

	<b>Optical</b> 	<b>Protocol</b> 	<b>Access</b> 
Market size	\$586 M	\$2,544 M	\$395 M
Addressable market	\$401 M	\$1,058 M	\$327 M
Industry growth YoY	5-10%	10-15%	10-15%
EXFO sales–FY 2008	\$115.1 M	\$33.7 M	\$7.4 M
EXFO growth FY '08/'07	12.7%	97.4%	-3.9%
EXFO growth FY '07/'06	19.9%	48.2%	15.5%
Major competitors	Anritsu, JDSU, Agilent	JDSU, Agilent, Anritsu, Danaher	Sunrise, JDSU, Fluke
Key trends	FTTx, 40G dispersion	Next-Gen-Net, IPTV, VoIP, 40G/43G	IPTV/Triple-Play/Broadband
Key products	OTDR, OLTS, Power Meter, OSA, CD, PMD	SONET/SDH to 43G, GigE up to 10G	ADSL2+, VDSL2, IPTV, VoIP
New solutions	CD/PMD Analyzer, E-Series OTDRs, PON Power Meter	BrixWorx, InterWatch 40G/43G SONET/SDH, NGE Power Blazer	AXS-200/630 VDSL2/IP Triple-Play Test Set, AXS-200/610 30 MHz Copper Test Set