

## Q2 2017 INVESTOR FACT SHEET

## WHY INVEST?

## 01 WELL POSITIONED FOR KEY GROWTH DRIVERS

100G optical investment cycle, network virtualization, 5G and IoT

## 02 GROWING EARNINGS FASTER THAN SALES

Targeting at least 18% adjusted EBITDA growth in FY 2017

## 03 HEALTHY BALANCE SHEET

Cash position of \$52.4 M and no debt as at Feb. 28, 2017

## 04 STRONG LEADERSHIP TEAM

- Stable and experienced
- Deep telecom knowledge
- One-two tandem of Germain Lamonde and Philippe Morin

EXFO develops smarter network test, data and analytics solutions for the world's leading communications service providers, network equipment manufacturers and web-scale companies. Since 1985, we've worked side by side with our clients in the lab, field, data center, boardroom and beyond to pioneer essential technology and methods for each phase of the network lifecycle. Our portfolio of test orchestration and real-time 3D analytics solutions turn complex into simple and deliver business-critical insights from the network, service and subscriber dimensions. Most importantly, we help our clients flourish in a rapidly transforming industry where "good enough" testing and data analytics just isn't good enough anymore—it never was for us, anyway.

For more information, visit [www.EXFO.com](http://www.EXFO.com) and follow us on the [EXFO Blog](#).

## Q2 2017 HIGHLIGHTS

(in millions of US dollars)

- Sales increased 12.0% YoY to \$60.0 M (double-digit sales growth for third consecutive quarter)
- Bookings attained \$55.9 M
- IFRS net earnings totaled \$1.0 M, or \$0.02 per diluted share
- Adjusted EBITDA<sup>1</sup> reached \$4.9 M, or 8.1% of sales
- Cash flows from operating activities totaled \$14.4 M
- Following quarter-end, EXFO acquired Ontology Systems for \$7.6 M, net of cash, plus a cash earn-out based on future sales

## EXFO MARKETS



	PHYSICAL	PROTOCOL	TOTAL
TAM (total available market)	US\$845M	US\$4.2B	US\$5.0B
SAM (served available market)	US\$545M	US\$2.2B	US\$2.7B
EXFO sales – FY 2016	US\$151.9M	US\$83.3M	US\$235.2M <sup>2</sup>
Growth rate – FY 2016	5.4%	3.4%	4.7%
Gross margin <sup>3</sup> profile	55-60%	70-75%	63-65%
Major competitors	Viavi, Anritsu	Viavi, IXIA, NetScout	

<sup>1</sup>Adjusted EBITDA is a non-IFRS measure and represents net earnings before interest, income taxes, depreciation and amortization, stock-based compensation costs and foreign exchange loss.

<sup>2</sup>Excludes losses on FX contracts.

<sup>3</sup>Gross margin before depreciation and amortization is a non-IFRS measure and represents sales less the cost of sales, excluding depreciation and amortization.

## KEY DIFFERENTIATORS



### TEST AUTOMATION

Automate complex routines into simple scripts to improve all phases of service delivery chain

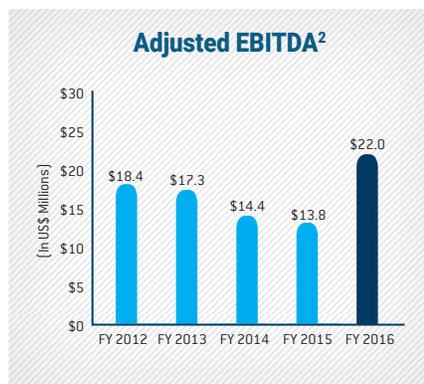
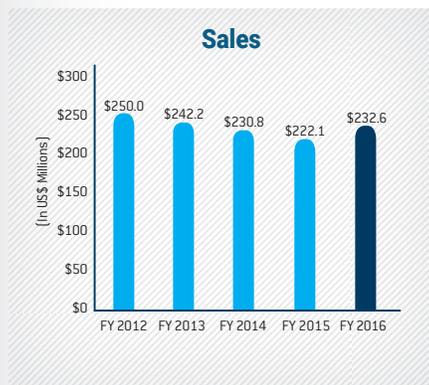
### 3D ANALYTICS

### REAL-TIME 3D ANALYTICS

End-to-end visibility from network, service and subscriber levels

## ANNUAL FINANCIAL RESULTS

(in millions of US dollars, except gross margin)



## PROFITABILITY TARGET FOR FY 2017

Adjusted EBITDA<sup>2</sup>

\$26M



~18% Growth YoY

<sup>1</sup> Gross margin before depreciation and amortization is a non-IFRS financial measure and represents sales less the cost of sales, excluding depreciation and amortization.

<sup>2</sup> Adjusted EBITDA is a non-IRS measure and represents net earnings (loss) before interest, income taxes, depreciation and amortization, restructuring charges, unusual charge, changes in the fair value of the cash contingent consideration, stock-based compensation costs and foreign exchange gain or loss.

## STOCK INFORMATION

(As at February 28, 2017)

**Listings:** NASDAQ, EXFO; TSX, EXF

**Shares outstanding:** 54.6M

**Closing share price:** US\$5.20

**Market capitalization:** US\$283.8M

**12-month price range:** US\$2.85-US\$5.90

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### Forward-Looking Statements

Certain statements in this Fact Sheet may constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, 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. These forward-looking statements speak only as of the date of this document and, unless required by law or applicable regulations, we will not be reviewing or updating the material that is contained herein.

