

## Q1 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 \$39.3M and no debt as at Nov. 30, 2016

04 STRONG  
LEADERSHIP  
TEAM

- Stable and experienced
- Deep telecom knowledge
- COO Philippe Morin (formerly at Ciena)

EXFO provides communications service providers (CSPs) with test automation and 3D analytics solutions to ensure the smooth deployment, maintenance and management of next-generation, physical, virtual, fixed and mobile networks. The company has also forged strong relationships with network equipment manufacturers (NEMs) to develop deep expertise that migrates from the lab to the field and beyond. EXFO's key differentiation comes from combining intelligent, automated and cloud-based test and monitoring solutions with real-time analytics to deliver unmatched end-to-end visibility and assurance—from a network, services and end-user level. EXFO is no. 1 in portable optical testing and boasts the largest active service assurance deployment worldwide. For more information, visit [www.EXFO.com](http://www.EXFO.com) and follow us on the [EXFO Blog](#).

## Q1 2017 HIGHLIGHTS

(in millions of US dollars)

- Sales increased 11.9% YoY to \$61.8M
- Bookings improved 12.6% YoY to \$65.9 M (book-to-bill ratio of 1.07)
- Gross margin<sup>1</sup> reached 63.1% of sales
- IFRS net earnings surged 87.0% YoY to \$3.3M
- Adjusted EBITDA<sup>2</sup> increased 19.6% YoY to \$6.3M

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>3</sup>
Growth rate – FY 2016	5.4%	3.4%	4.7%
Gross margin profile	55-60%	70-75%	63-65%
Major competitors	Viavi, Anritsu	Viavi, IXIA, NetScout	

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

<sup>2</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 gain.

<sup>3</sup>Excludes losses on FX contracts.

## KEY DIFFERENTIATORS



### TEST AUTOMATION

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

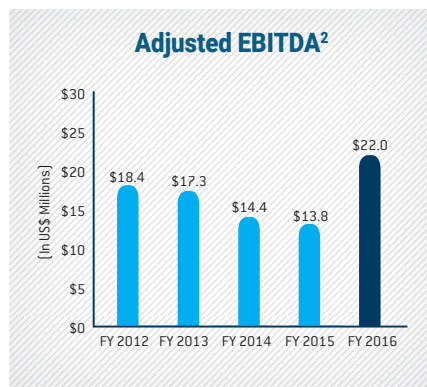
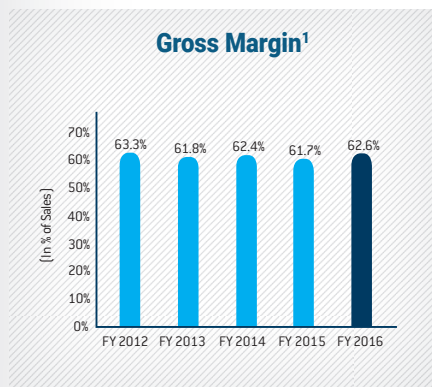
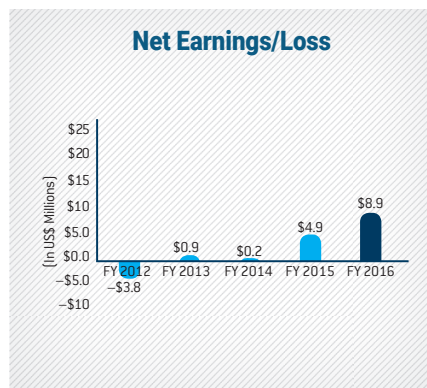
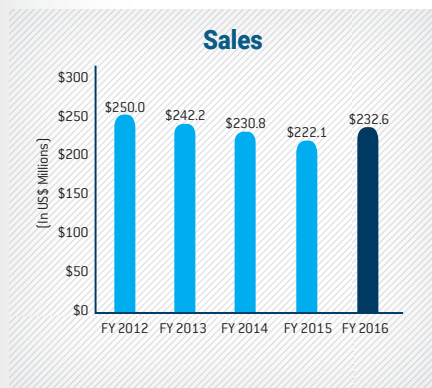
### 3D ANALYTICS

### 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 November 30, 2016)

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

**Shares outstanding:** 54.4M

**Closing share price:** US\$4.30

**Market capitalization:** US\$234.1M

**12-month price range:** US\$2.57-US\$4.45

### Contact Information

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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.

