



Press Release

Savaria Announces Results for its Fourth Quarter and the Fiscal Year Ended December 31, 2007

Laval, Quebec, March 13, 2008 – Savaria Corporation (TSX: SIS), the second largest company in the accessibility industry in North America, announces its results for the fourth quarter and the fiscal year ended December 31, 2007.

Fiscal 2007 Highlights

- Sales of \$57.5 million, compared with \$60.3 million the previous year
- Operating earnings of \$2 million, down from \$3.1 million in 2006
- Earnings before interest, income taxes and amortization (“EBITDA”) of \$1.4 million, down from \$4.9 million in 2006
- Net loss of \$324,000 for the fiscal year ended December 31, 2007, as opposed to net earnings of \$1,904,000 for fiscal 2006; adjusted net earnings of \$1,561,000 (see table below) for fiscal 2007 versus \$1,782,000 for 2006
- Cash and cash equivalents of \$4.7 million as at December 31, 2007, compared with \$6 million as at December 31, 2006
- Transfer of Laval operations to Toronto on December 21, 2007, leading to annual savings of \$1.5 million as of April 2008
- Increase in production area from 8,000 to 35,000 square feet at the related-party facility in Huizhou, China
- Launch in September 2007 of the “Eclipse”, a new residential elevator for multiple-unit housing
- Finalization of an agreement on February 21, 2008 with the Italian company Vimec for the sale of Savaria’s products in Europe and of Vimec’s products in North America.

Outlook

“2007 was a difficult but satisfying year when considering the fluctuations in the Canadian dollar and the costs related to the transfer of operations from Laval to Toronto. In 2008, we intend to continue implementing operational and administrative synergies, which will arise primarily from the further outsourcing of component manufacturing to our Chinese partners,” said Marcel Bourassa, Chairman of the Board, President and Chief Executive Officer of Savaria. *“The purchasing volume from China has more than doubled over the past twelve months and we plan to continue in the same direction.”*

“We remain highly confident that the demand for accessibility products will continue growing given the aging population. We believe that the agreement with Vimec will enable us to penetrate the European and to considerably increase our sales.”

Operating Results

Sales

The Corporation recorded sales of \$14 million in the fourth quarter of 2007, versus \$14.8 million in the same period of fiscal 2006; sales totalled \$57.5 million during the fiscal year ended December 31, 2007, compared with \$60.3 million for 2006.

Eliminating the impact of the discontinuance of direct sales and exchange rate fluctuations, sales increased by 2.3% in the fourth quarter of 2007. In fact, the rise in the Canadian dollar had an unfavourable impact of \$948,000 on sales. Fourth-quarter sales in Canada, the United States and outside North America amounted to \$6 M, \$7.4 M and \$0.6 M respectively. U.S. sales were recognized at an average conversion rate of 1.0072, whereas this rate stood at 1.1281 in the fourth quarter of the previous year.

For the fiscal year as a whole, after eliminating the impact of the discontinuance of direct sales and exchange rate fluctuations, sales increased by 2.7%. In fact, the discontinuance of direct sales lowered sales by \$3.1 million, whereas exchange rate fluctuations had a negative impact of \$1.3 million on sales. U.S. sales were recognized at an average conversion rate of 1.0909, whereas this rate stood at 1.1319 during the previous year.

Operating Earnings

Operating earnings amounted to \$72,000 for the fourth quarter of 2007, down from \$919,000 in the corresponding quarter of 2006. This decline is due primarily to exchange rate fluctuations (\$471,000) net of gains from foreign exchange contracts (\$238,000), the write-off of discontinued product inventories (\$161,000) and a write-down of assets subsequent to the closure of the Laval plant (\$100,000).

For fiscal 2007, operating earnings totalled \$2 million, versus \$3.1 million for fiscal 2006, representing margins of 3.6% and 5.1% respectively. The main reasons for this decline are the impact of exchange rate fluctuations (\$651,000) net of gains from foreign exchange contracts (\$440,000) and the items referred to above.

Net Earnings

The Corporation posted a net loss of \$886,000 (\$0.032 per share) for the fourth quarter and \$324,000 (\$0.011 per share) for fiscal 2007, as opposed to net earnings of \$692,000 (\$0.024 per share) and \$1.9 M (\$0.065 per share) for the same periods of the previous year. The recognition of unusual items had a negative impact on net earnings for the fourth quarter and the fiscal year as a whole.

The following table shows the impact of these unusual items and the effect of exchange rate fluctuations on net earnings for the quarter and the fiscal year in comparison with the corresponding periods of 2006.

(in thousands of dollars)	Fourth Quarter		Fiscal Year	
	2007	2006	2007	2006
Net earnings (loss)	\$(886)	\$692	\$(324)	\$1,904
Unusual items :				
Write-down of ABCP investments ⁽¹⁾	\$254	-	\$254	-
Inclusion in earnings of the loss of a variable interest entity	\$164	-	\$164	-
Stock-based compensation following the issue of a loan to an employee	\$108	-	\$108	-
Restructuring costs	\$224	-	\$224	-
Write-down of assets subsequent to the closure of the Laval plant	\$100	-	\$100	-
Write-off of intangible assets	-	-	\$10	\$197
Total of unusual items	\$850	-	\$860	\$197
Effect of exchange rate fluctuations without foreign exchange contracts	\$641	\$(398)	\$2,243	\$(351)
(Gain) loss on foreign exchange contracts	\$(306)	\$33	\$(636)	\$29
Total effect of exchange rate fluctuations	\$335	\$(365)	\$1,607	\$(322)
Unusual items and effect of exchange rate fluctuations, before income taxes	\$1 185	\$(365)	\$2,467	\$(125)
Income taxes on the items above	\$(248)	\$81	\$(582)	\$(3)
Unusual items and effect of exchange rate fluctuations, after income taxes	\$937	\$(284)	\$1,885	\$(122)
Adjusted net earnings	\$51	\$408	\$1,561	\$1,782

(1) The Corporation recognized a provision for potential loss of \$254,000 (\$220,000 after tax) as a result of the liquidity problems related to investments in asset-backed commercial paper ("ABCP").

“Were it not for the above unusual items and the effect of exchange rate fluctuations, net earnings would have amounted to \$51,000 for the fourth quarter of 2007, compared with \$408,000 for the same period of 2006, and to \$1,561,000 for the twelve-month period ended December 31, 2007, compared with \$1,782,000 for the fiscal year ended December 31, 2006,” concluded Mr. Bourassa.

Capital Stock

Due to the share repurchase and cancellation program, the average number of common shares outstanding (diluted) totalled 28,076,441 in the fourth quarter of 2007, down from 29,091,264 shares in the same quarter a year earlier.

Forward-Looking Statements

Certain statements in this press release may be forward-looking. Forward-looking statements involve known and unknown risks, uncertainties or other factors that may cause the Corporation’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Compliance with Canadian Generally Accepted Accounting Principles

Information included in this press release has been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). However, the Corporation uses earnings before interest, income taxes and amortization (“EBITDA”) and adjusted net earnings for analysis purposes to measure its financial performance. These measures have no standardized definition in accordance with GAAP and are therefore regarded as non-GAAP measures. These measures may therefore not be comparable to similar measures reported by other companies.

Savaria Corporation (www.savariaconcord.com) is Canada’s leader and the second largest accessibility company in North America. The Corporation designs, manufactures and distributes products meeting the needs of people with mobility challenges, primarily stairlifts, vertical and inclined platform lifts, as well as elevators for residential and commercial use. Its sales rely on a network of some 600 retailers in North America. Savaria records approximately 55% of its sales outside Canada and employs some 300 people.

Complete financial statements and the management's report for the fiscal year ended December 31, 2007 will shortly be available on the Corporation's website and filed on SEDAR (www.sedar.com).

Financial Highlights

(in thousands, except per-share amounts and percentages)	Quarters Ended December 31,			Fiscal Years Ended December 31,		
	2007	2006	Change	2007	2006	Change
Sales	\$14,006	\$14,801	-5.4%	\$57,520	\$60,298	-4.6%
<i>Gross profit as a % of sales</i>	20.5%	27.5%	n/a	23.5%	26.6%	n/a
Selling and administrative expenses as a % of sales	17.9%	18.1%	n/a	18.1%	19.0%	n/a
Operating earnings	\$72	\$919	-92.2%	\$2,049	\$3,097	-33.8%
<i>Operating earnings as a % of sales</i>	0.5%	6.2%	n/a	3.6%	5.1%	n/a
Earnings before interest, income taxes and amortization (EBITDA)	\$(318)	\$1,705	-118.7%	\$1,351	\$4,857	-72.2%
EBITDA per share - diluted	\$(0.011)	\$0.059	-113.6%	\$0.047	\$0.164	-69.5%
Exchange gain (loss)	\$169	\$398	-57.5%	\$(927)	\$351	-364.1%
Net earnings (loss)	\$(886)	\$692	-228.0%	\$(324)	\$1,904	-117%
Net earnings (loss) per share – basic	\$(0.032)	\$0.024	-233.3%	\$(0.011)	\$0.065	-116.9%
Net earnings (loss) per share – diluted	\$(0.032)	\$0.024	-233.3%	\$(0.011)	\$0.064	-117.2%
Dividends declared per share	-	-	n/a	\$0.082	\$0.022	272.7%
Weighted average number of common shares outstanding – diluted	28,076	29,091	-3.5%	28,371	29,669	-4.4%
	As at Dec. 31, 2007		As at Dec. 31, 2006			
Total assets	\$38,705		\$40,261			
Total liabilities	\$16,082		\$13,924			
Shareholders' equity	\$22,623		\$26,337			

For further information:

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