

## Press Release

# Savaria Announces Q1 2008 Financial Results

**Laval, Quebec, May 13, 2008** – Savaria Corporation (TSX: SIS), the second largest company in the accessibility industry in North America, announces its results for the quarter ended March 31, 2008.

### First-Quarter Highlights

- Sales of \$12 million, down from \$14.2 million in the corresponding quarter of the previous year; excluding the impact of the increase in value of the Canadian dollar compared to the U.S. dollar between the first quarter of 2008 and the first quarter of 2007 (-8.0%), sales decreased by 7.3% ;
- Net loss of \$588,000 for the quarter ended March 31, 2008, as opposed to net earnings of \$639,000 for the corresponding period of 2007 ;
- Transfer of Laval operations to Toronto on December 21, 2007, leading to annual savings of \$1.5 million as of April 2008 ;
- Closing of February 21, 2008 agreement with the Italian company Vimec S.R.L. (“Vimec”) for the sale of Savaria’s products in Europe and of Vimec’s products in North America ;
- Signature on April 29, 2008 of an agreement with Merits Health Products Co. (“Merits”) that assigned Savaria the exclusive distribution of Merits’ motorized wheelchairs and electric scooters in Canada and the right to sell them in the United States.

### Outlook

*“Our disappointing results for the first quarter of 2008 in comparison with those for the first quarter of 2007 are due to the increase in the Canadian dollar, which rose from \$0.86 to \$0.97 between March 31, 2007 and 2008, and the 7% decline in sales stemming from the lower sales associated with the U.S. real estate crisis,”* explained Marcel Bourassa, Chairman of the Board, President and Chief Executive Officer of Savaria.

*“However, we have taken the measures needed to offset these two uncontrollable factors in order to ensure Savaria’s future, such as integrating the Laval operations with those in Toronto and China, disposing of the Laval building in April 2008 and signing distribution agreements with our partners Vimec and Merits,”* concluded Mr. Bourassa.

## **Operating Results**

### **Operating Earnings**

The operating loss for the first quarter of 2008 amounted to \$712,000, compared with an operating profit of \$749,000 in the corresponding period of 2007. This decline is primarily attributable to exchange rate fluctuations of \$850,000 and the reduction in sales volume.

### **Net Earnings**

The Corporation recorded a first-quarter net loss of \$588,000 or \$0.021 per share, as opposed to a net profit of \$639,000 or \$0.022 per share for the same period of the previous year. Along with the effect of exchange rate fluctuations and the reduction in sales volume, the recognition of an additional \$172,000 write-down of Savaria's ABCP holdings also had an adverse impact on first-quarter net earnings. Without the ABCP write-down and the effect of exchange rate fluctuations, the Corporation would have posted adjusted net earnings of \$144,000 for the first quarter of 2008, compared with adjusted net earnings of \$723,000 for the same period of 2007.

### **Capital Stock**

Due to the share repurchase and cancellation program, the average number of common shares outstanding (diluted) totalled 27,483,578 in the first quarter 2008, down from 28,773,181 shares in the same period 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 Recognized Accounting Principles**

The information appearing 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”) for analysis purposes to measure its financial performance. This measure has no standardized definition in accordance with GAAP and is therefore regarded as a non-GAAP measure. This measure may therefore not be comparable to similar measures reported by other companies.

**Savaria Corporation** ([www.savariaconcord.com](http://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. Through Van-Action (2005) inc., Savaria also converts and adapts vehicles for the disabled. 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.

### **For further information:**

Marcel Bourassa

Chairman of the Board, President and Chief Executive Officer

Ms. H el ene Bernier, C.A.

Vice-President, Finance

Tel: 1-800-931-5655

[www.savariaconcord.com](http://www.savariaconcord.com)

Financial highlights appear on the next page.

Complete financial statements and the management's report for the quarter ended March 31, 2008 will shortly be available on the Corporation's website and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

## Financial Information

(in thousands, except per-share amounts and percentages)	Quarters Ended March 31		
	2008	2007	Change
U.S. dollar vs CDN dollar exchange rate, end of quarter	1.0265	1.1546	-12.8%
Sales	\$12,010	\$14,181	-15.3%
Gross profit as a % of sales	18.7%	25.9%	n/a
Selling and administrative expenses as a % of sales	22.8%	18.9%	n/a
Operating earnings (loss)	\$(712)	\$749	-195.1%
Operating earnings as a % of sales	-5.9%	5.3%	n/a
Earnings (loss) before interest, income taxes and amortization (EBITDA)	\$(388)	\$940	-141.3%
EBITDA per share – diluted	\$(0.014)	\$0.033	-142.4%
Exchange gain (loss)	\$277	\$(51)	643.1%
Net earnings (loss)	\$(588)	\$639	-192%
Net earnings (loss) per share – basic	\$(0.021)	\$0.022	-195.5%
Net earnings (loss) per share – diluted	\$(0.021)	\$0.022	-195.5%
Weighted average number of common shares outstanding – diluted	27,484	28,773	-4.5%
	<b>As at March 31, 2008</b>	<b>As at Dec. 31, 2007</b>	
Total assets	\$34,506	\$38,705	
Total liabilities	\$13,256	\$16,082	
Shareholders' equity	\$21,250	\$22,623	