



## Press Release

# Savaria Significantly Reduces Operating Loss for the First Quarter of 2009

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**Laval, Quebec, May 12, 2009** – Savaria Corporation (TSX: SIS), the second largest company in the accessibility industry in North America, announces its financial results for the first quarter of 2009.

### First-Quarter Highlights

- Sales of \$11 million, compared with \$12 million in the corresponding quarter of 2008;
- \$575,000 reduction in operating loss, which was lowered to \$137,000 for the first quarter of 2009 from \$712,000 for the first quarter of 2008;
- Recognition of a \$902,000 gain relating to a put option following the restructuring of asset-backed commercial paper (“ABCP”) and the signing of financing agreements;
- Delivery of first unit, by the subsidiary Van-Action, of a new vehicle called “TX Plus”, with a rear entry in addition to a side entry, for the adapted transport of people with mobility problems.

### A Word from the President

*“I am most satisfied with our results for the first quarter of 2009. This first quarter, generally the weakest of the year, yielded a \$137,000 operating loss, compared with a \$712,000 operating loss in the first quarter of 2008. The significant reduction in the loss, achieved despite a 8% decrease in sales, highlights the work done in controlling costs. It should be noted that the fair value of our foreign exchange contracts, that was a negative \$7.2 million as at March 31, 2009, is down to a loss of \$2.4 million as at May 11<sup>th</sup> due to the strength of the Canadian dollar compared to the U.S. dollar,”* said Marcel Bourassa, Chairman of the Board, President and Chief Executive Officer.

*“Our balance sheet remains very solid and will allow us to carry out our projects in regard to both product development and the search for new markets,”* concluded Mr. Bourassa.

### Operating Results

#### Sales

The Corporation recorded sales of \$11,041 million in the first quarter of 2009, compared with \$12,010 million in the same quarter of 2008, a decrease of 8.1%.

During the first quarter, the number of units sold in the *Accessibility* segment was down by 14% for *Elevators* products and by 21% for *Accessibility* products from the first quarter of 2008, due to the U.S. economic slowdown. This decrease was partially offset by an increase in selling prices. In the *Adapted Transportation* segment, first-quarter revenues grew by \$312,000 or 17%, due primarily to the increase in the Vehicle Adaptation Department’s revenues.

First-quarter sales in Canada, the United States and outside North America amounted to \$4.8 million, \$5.6 million and \$0.6 million respectively. U.S. sales, which decreased from 54% to 50% as a percentage of total sales, were recognized at an average translation rate of 1.0670, whereas this rate was 1.0063 in the first quarter of 2008.

### **Gross Profit**

Gross profit improved to \$2.776 million in the first quarter of 2009 from \$2.290 million a year earlier, representing a 6% increase as a percentage of sales. This improvement is attributable to the measures taken to control costs and offset the decline in sales volume.

### **Net Earnings**

The Corporation posted net earnings of \$555,000 or 2 cents per share, as opposed to a net loss of \$588,000 or 2.1 cents per share in the same period of 2008. In addition to the \$575,000 improvement in the operating loss, a \$646,000 gain relating to a put option (net of taxes of \$256,000) had a positive impact on first-quarter net earnings.

### **Capital Stock**

Due to the share repurchase and cancellation program underway, the average number of diluted common shares outstanding totalled 27,229,181 in the first quarter of 2009, compared with 27,483,578 shares in the same quarter of 2008.

### **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. The reader is warned against the risk of giving excessive credibility to these forward-looking statements.

### **Compliance with Canadian Generally Accepted 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. A reconciliation between net earnings and EBITDA is provided in the *Financial Highlights* section below.

**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 its subsidiary Van-Action (2005) Inc., Savaria also converts and adapts automotive vehicles for the disabled. Its sales rely on a network of some 600 retailers in North America. Savaria records approximately 60% of its sales outside Canada and employs some 400 people.

**For further information:**

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Financial highlights appear on the next page.

Complete financial statements and the management's report for the quarter ended March 31, 2009 will shortly be available on Savaria's website and on SEDAR ([www.sedar.com](http://www.sedar.com)).

### Financial Highlights

(in thousands, except per-share amounts, percentages and exchange rates – unaudited)	Quarters Ended March 31,		
	2009	2008	Variation
Average effective exchange rate <sup>(1)</sup>	1.0670	1.0063	0.0607
Sales	\$11,041	\$12,010	(8.1)%
Gross profit as a % of sales	25.1%	19.1%	n/a
Selling and administrative expenses	\$2,714	\$2,784	(2.5)%
Selling and administrative expenses as a % of sales	24.6%	23.2%	n/a
Operating loss	\$137	\$712	(80.8)%
Operating loss as a % of sales	1.2%	5.9%	n/a
EBITDA <sup>(2)</sup>	\$1,097	\$(388)	383%
EBITDA per share	\$0.040	\$(0.014)	386%
Exchange gain	\$66	\$277	76.2%
Net earnings (loss)	\$555	\$(588)	194%
Net earnings (loss) per share – basic and diluted	\$0.02	\$(0.021)	195%
Dividends declared per share	\$0.03	-	n/a
Weighted average number of common shares outstanding – diluted	27,229	27,484	(0.9)%
	<b>As at March 31, 2009</b>	<b>As at Dec. 31, 2008</b>	
Total assets	\$42,156	\$40,683	
Total liabilities	\$25,298	\$22,845	
Shareholders' equity	\$16,857	\$17,839	

<sup>(1)</sup> Calculated considering foreign exchange contracts used during the period

<sup>(2)</sup> Reconciliation of EBITDA with net earnings provided in the following table

Although EBITDA is not recognized according to GAAP, it is used by management, investors and analysts to assess the Corporation's financial and operating performance.

**Reconciliation of Earnings before Interest, Income Taxes and Amortization ("EBITDA") with Net Earnings**

(in thousands of dollars - unaudited)	Quarters Ended March 31,	
	2009	2008
Net earnings (loss)	\$555	\$(588)
Plus:		
Interest on long-term debt	\$77	35
Interest expense and banking fees	\$30	\$93
Income taxes	\$265	\$(114)
Amortization of fixed assets	\$92	\$110
Amortization of deferred development costs	\$73	\$71
Amortization of intangible assets	\$34	\$38
Less:		
Interest income and dividends	\$29	\$33
Earnings before interest, income taxes and amortization ("EBITDA")	\$1,097	\$(388)