



**FOR IMMEDIATE RELEASE**

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**INFOVISTA REPORTS ITS FINANCIAL RESULTS FOR Q4 AND  
FISCAL YEAR 2008**

- **Philippe Ozanian appointed CEO, Alain Tingaud remains Chairman**
- **Revised guidance for FY 2009**

**Paris, France – July 25, 2008 – InfoVista** (Euronext: IFV, ISIN: FR0004031649), a leading Proactive Service Assurance management software company, today announced financial results for its fourth quarter and year ended June 30, 2008.

Total revenues for the quarter were €1.1 million, up 15% from the €0.7 million reported for the comparable quarter last year. On a constant exchange rate basis, total revenues would have risen 22% to the equivalent of €1.8 million as compared to the same period last year. Excluding Accellent (now referred to as 5View) contribution and on a constant exchange rate basis, InfoVista's total revenues for the fourth quarter would have grown organically to €1.2 million or 15% year-on-year.

For the year ended June 30, 2008, total revenues increased 16% to €4.9 million. On a constant exchange rate basis, total revenues for the year ended June 30, 2008 would have been €7.1 million or a year-on-year increase of 22%. Excluding the 7 months post acquisition contribution of 5View and on a constant exchange rate basis, InfoVista's total revenues for the fiscal year would have grown organically to €5.0 million or 16%.

InfoVista reported a slightly positive operating profit for the fourth quarter and an operating profit of €0.8 million for the fiscal year, as compared with operating losses of €0.3 million and €2.6 million, respectively, for the same comparable periods last year. InfoVista posted a net profit for the quarter of €0.7 million versus a €1.6 million loss in the comparable quarter last year. The Company narrowed its net loss for the fiscal year to €1.3 million, as compared to €3.6 million in the previous fiscal year.

At its Meeting of July 24, 2008, the Board of Directors of InfoVista has decided to separate the functions of Chairman and CEO. Philippe Ozanian, formerly President and CFO, has been appointed CEO upon proposal of Alain Tingaud and with unanimous support from the Board. Mr. Tingaud has accepted to remain Chairman in a non-executive role. David Forlizzi, formerly SVP, Finance and Legal, has been promoted to the CFO position.

Commenting on the Company's recent performance and developments, Mr. Tingaud noted: "In fiscal year 2008, we made considerable progress in stabilizing InfoVista's operations following the critical positioning and execution problems we had experienced in the prior year. We are now in a healthier shape. For the first time ever, we were operating income positive in each and every quarter of the year. I am pleased that Philippe has accepted to lead InfoVista in the next stage of its transformation. In his eight years with the Company, he has been responsible for a full spectrum of operational and functional roles on both sides of the Atlantic, including CFO and head of

worldwide operations. Philippe is now fully ready to assume the role that the Board has decided to give him, positioning the Company for durable profitability.”

## **Financial Highlights**

### **Revenues**

- Total revenues for the fourth quarter stood at €1.1 million, an increase of 15% as compared to the fourth quarter last year. On a constant exchange rate basis, total revenues for the quarter would have increased by 22% to the equivalent of €1.8 million as compared to the same quarter last year.
- Revenues for the fiscal year rose 16% to €44.9 million versus €38.8 million in the year ended June 30, 2007. On a constant exchange rate basis, total revenues for the fiscal year would have increased 22% to the equivalent of €47.1 million.
- License revenues for the fourth quarter rose by 15% to €5.0 million. In the fiscal year, license revenues increased by 23% to €22.4 million.
- Service revenues increased by 14% to €6.1 million in the fourth quarter compared to the same period last year, and by 10%, to €22.5 million, for fiscal year 2008.

### **Expenses**

- Gross margin in the fourth quarter stood at 79% of total revenues, as compared to gross margin of 80% for the same quarter of the prior year. Gross margin for fiscal year 2008 was 79% versus 80% for the previous fiscal year. The slight drop in gross margin in the quarter and full year primarily reflects the strong growth of professional services.
- Operating expenses for the fourth quarter totaled €8.8 million, as compared to €8.1 million a year ago.
  - Sales & marketing expenses stood at €4.5 million, representing 40% of total revenues as compared to €4.3 million, or 44% of total revenues, in the prior-year quarter. The increase primarily reflects the resources dedicated to the 5View product line.
  - Research & development expenditure totaled €2.8 million or 25% of total revenues as compared to €2.1 million, or 22% of total revenues, in the prior-year quarter. The increase is attributable to the 5View Development Center in Tours, the Extended Development Center (EDC) in Bangalore and continued investment in its product management group.
  - General & administrative expenses totaled €1.4 million, or 13% of total revenues, as compared to €1.7 million, or 18% of total revenues, in the fourth quarter of last year.
- Operating expenses for the fiscal year totaled €34.8 million, an increase of 3.2% compared to €33.7 million in fiscal year 2007.
  - Sales & marketing expenses stood at €17.5 million or 39% of total revenues, roughly unchanged as compared to the previous fiscal year, notwithstanding the €1.3 million in additional expenses related to the 5View product line.
  - Research & development increased to €10.6 million, representing 24% of total revenues as compared to €8.0 million in fiscal year 2007. The increase reflects

investments in the Company's product management group and EDC. In addition, €0.4 million of the increase is attributed to the 5View product line.

- General & administrative expenses declined to €6.4 million as compared to €7.5 million and now represents 14% of total revenues. InfoVista's NASDAQ delisting, lower top executive costs and other cost-reduction initiatives accounted for the decline.
- As at June 30, 2008, InfoVista had 260 employees.

### **Earnings**

- InfoVista achieved a fourth consecutive quarter of operating profitability. Operating profit was slightly positive in the fourth quarter, versus an operating loss of €0.3 million in the fourth quarter of the previous fiscal year. For fiscal year 2008, InfoVista posted an operating profit of €0.8 million as compared to an operating loss of €2.6 million in the previous fiscal year.
- InfoVista recorded a net profit for the fourth quarter of €0.7 million, as compared to a net loss of €1.6 million in the same quarter of the previous year. Net loss for fiscal year 2008 was €1.3 million, compared to €3.6 million in fiscal year 2007. In the first three quarters of fiscal year 2008, InfoVista incurred significant financial losses from the €3.2 million write-down of certain financial assets placed in money market funds affected by the US subprime crisis. In the fourth quarter, the Company did not record any further losses on these instruments.
- In the fourth quarter, InfoVista recorded a deferred tax benefit of €0.6 million that is related to the legal and tax merger of the Accellent and InfoVista French legal entities.

### **Balance Sheet**

- Days Sales Outstanding (DSO) stood at 97 days for the fourth quarter, as compared to 91 days one year earlier and 70 days a quarter ago.
- As at June 30, 2008, the Company's cash, cash equivalent and current financial assets amounted to €17.8 million, as compared to €21.8 million at the end of the prior quarter and €36.3 million at the end of June 30, 2008. The quarter on quarter decline resulted primarily from the exceptionally strong Q3 cash receipts which were due to various large contracts booked and paid within the quarter. As at June 30, 2008, the Company's non current financial assets amounted to €4.2 million. Excluding the reclassification of certain financial assets to non-current, the year-on-year decline of €14 million is primarily due to the Accellent acquisition for €11 million, financial losses of €3 million and share buyback program for €1 million.
- As at June 30, 2008, InfoVista had a total of 19,349,829 and 18,289,136 shares issued and outstanding, respectively. During the fourth quarter, the Company purchased 289,172 shares. InfoVista also cancelled 500,000 of its own shares in the fourth quarter.

### **Q4 Operational Highlights**

#### **Revenue Drivers:**

- EMEA total revenues rose 21% year-on-year to €6.3 million, representing 57% of total revenues in the fourth quarter. The increase was largely due to the contribution from the 5View product line. EMEA revenues were boosted in the fourth quarter by sales to major

service providers such as Fastweb in Italy, P&T Luxembourg, Telefonica and Cellcom. In addition, InfoVista broke into new territories, notably Saudi Arabia, where it booked a deal with Saudi Telecom, the country's Incumbent Service Provider, and Slovenia, thanks to an order from SI Mobile, the country's second largest mobile operator.

- InfoVista achieved solid results in the Americas once again with revenues of €3.9 million in the fourth quarter, representing 36% of total revenues and a 29% year-on-year growth. On a constant dollar basis, total revenues would have increased by 50% to the equivalent of €4.5 million in the fourth quarter. InfoVista continues to benefit from the momentum it has generated over the past few quarters, notably through contracts signed with new customers Brocade, Transaction Network Services, Inc (TNSI) and Shaw Cable Systems. Other large returning customers included Citigroup, Embarq and Time Warner Telecom.
- Total revenues for the Asia-Pacific region stood at €0.8 million, or 7% of the fourth quarter's total revenues, down 43% from the same quarter a year ago. On a constant dollar basis, total revenues would have declined by 41%. During the quarter, InfoVista made various changes to the Asian team and a turnaround of the situation is expected during the course of fiscal year 2009.
- In the fourth quarter, InfoVista derived the majority of its revenue from its direct sales channel and service provider market, which accounted for 61% and 67% of total revenues respectively.

#### **Fiscal Year Operational Highlights**

- In fiscal year 2008, InfoVista achieved an impressive turnaround of its activities in the Americas. Initiatives adopted in March 2007 were well executed and, despite an unfavorable exchange rate, yielded fiscal year revenues of €17.5 million in the Americas, 22% higher than in fiscal year 2007. On a constant dollar basis, total revenues for the Americas would have increased by 36% to the equivalent of €19.5 million for the fiscal year.
  - The Company's outstanding performance in the Americas was largely driven by an impressive 56% growth in license revenues (75% on a constant exchange basis). InfoVista secured various new important customers, such as Embarq, Brocade and Terrestar. At the same time, existing customers, including Citigroup, AT&T, Bell Alliant and Telemar have all significantly contributed to the growth for the year.
  - The Company's strategy in the region remains primarily geared towards Service Providers and very large enterprises.
- InfoVista's EMEA organization has been considerably restructured, in line with the initiatives that have proved successful in the Americas. However, despite these changes, which are expected to be completed by early October, InfoVista has posted organic growth of just 5% year-on-year in the EMEA region. Including revenues from the 5View product line, total EMEA revenues grew by 18% for the fiscal year. It has also been a year of wins in new territories, as InfoVista entered South Africa, Egypt and Saudi Arabia through deals with MTN Cameroon, Vodafone Egypt and Saudi Telecom. The Company also enjoyed repeat business from Deutsche Telekom, Vodafone, Telefonica, Cable & Wireless and Fastweb.
- The Company's Asia-Pacific region had a disappointing performance in fiscal year 2008. Consequently, strategic changes were implemented in the fourth quarter to adjust the region's cost structure and revamp its sales force. With a new team in place comprised of software business veterans with strong operational experience in the three territories primarily addressed by InfoVista – India, South East Asia and Australia – positive results

are expected to be achieved within the next few quarters. During the fiscal year, InfoVista continued to enjoy repeat business from its installed base with references such as Telstra, Optus, Reliance, Telekom Malaysia and Bharti.

## **Outlook**

For its fiscal year 2009, InfoVista aims to achieve an increase in revenues of approximately 10% and maintains its objective to deliver a 6% operating income margin, excluding amortization of intangibles. Reflecting the growing size and complexity of deal closing, management has also decided to stop providing quarterly guidance, but will continue updating the financial community on its progress towards its annual objectives.

Philippe Ozanian, CEO, explained: "In line with our renewed focus on execution and profitability, we have decided to adopt a more cautious approach to full-year revenue guidance. This refocusing has already led to two sets of decisions. First, regarding the 5View product line, we have decided to concentrate on the most efficient go-to-market strategy, which is to leverage our large installed base of service providers and large enterprises, – consequently, we are putting on hold the development of an indirect distribution channel for this product line. Second, more broadly, we are refocusing our research & development exclusively on projects with rapid payback potential. These factors mean that some of the projects initially scheduled to generate revenues in fiscal year 2009 will not come on stream, either because their development is already delayed or because they don't meet our more stringent payback criteria." Mr. Ozanian added: "Notwithstanding this revised top-line guidance, we maintain our 6% operating margin objective for the full year. We have the action plans in place to control and improve our cost structure across the organization in order to meet this level of profitability. I am aware that a 6% operating margin is far from sufficient in our industry, and will be working hard to achieve a sustainable margin of at least 10% in the near term."

## **Conference call**

InfoVista will host an investor conference call on Tuesday, July 29<sup>th</sup> 2008 at 9.00 a.m. (EST) / 2:00 p.m. (UK) / 3:00 p.m. (Continental Europe). The call will be available by dialing +33 (0)1 70 99 43 04 in France, +44 (0)20 7806 1967 in the UK, or +1 718 354 1389 in North America and in each case followed by access code 4888383. A replay will be available shortly after the end of the call at the following numbers: France: +33 (0)1 71 23 02 48 UK: +44 (0)20 7806 1970 North America: +1 718 354 1112 – all with access code 4888383#.

## **About InfoVista**

InfoVista empowers telecom operators, services providers and large enterprises to maximize business return and productivity by assuring the optimal delivery of mission critical networked services, applications and infrastructures. Driven by a uniquely adaptive and real-time technology foundation, InfoVista solutions improve business effectiveness, reduce operating risk, lower cost of operations, increase agility and create competitive advantage. Eighty percent of the world's largest service providers as ranked by Fortune®, as well as leading Global 2000 enterprises, rely on InfoVista to enhance the business value of their technology assets. Representative customers include Bell Canada, Bharti, BNP Paribas, British Telecom, Cable & Wireless, Colt, Deloitte, Deutsche Telekom, France Telecom, Natixis, SingTel, T-Mobile, Telefonica and Telstra. A Software Magazine 500 company, InfoVista stock is traded on the Eurolist by Euronext Paris (FR0004031649). For more information about the company, please visit [www.infovista.com](http://www.infovista.com).

*Except for historical information contained herein, the matters discussed in this news release are "forward looking statements." These statements involve risks and uncertainties which could cause actual results to differ materially from those in such forward-looking statements; including, without limitation, risks and uncertainties arising from the rapid evolution of our markets, competition, market acceptance of our products, our dependence upon spending by the telecommunications industry and our ability to develop and protect new technologies. For a description of other factors which might affect our actual results, please see the "Risk Factors" section and other disclosures in InfoVista's public filings with the French Autorité des Marchés Financiers. Readers of this news release are cautioned not to put undue reliance on any forward-looking statement. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.*

**INFOVISTA**  
**CONSOLIDATED INCOME STATEMENTS**  
(In thousands, except for share and per share data)

The table presented below represents the consolidated income statements in accordance with IFRS

	For the twelve months ended		For the three months ended	
	June 30,		June 30,	
	2008	2007	2008	2007
	(unaudited)		(unaudited)	
<b>Revenues</b>				
License revenues	€ 22,377	€ 18,209	€ 5,003	€ 4,353
Service revenues	22,537	20,572	6,113	5,343
<b>Total</b>	<b>44,914</b>	<b>38,781</b>	<b>11,116</b>	<b>9,696</b>
<b>Cost of revenues</b>				
Cost of licenses	1,025	747	233	160
Cost of services	8,271	6,956	2,076	1,770
<b>Total</b>	<b>9,296</b>	<b>7,703</b>	<b>2,309</b>	<b>1,930</b>
<b>Gross profit</b>	<b>35,618</b>	<b>31,078</b>	<b>8,807</b>	<b>7,766</b>
<b>Operating expenses</b>				
Sales and marketing expenses	17,495	17,469	4,476	4,257
Research and development expenses	10,581	8,049	2,791	2,088
General and administrative expenses	6,439	7,458	1,422	1,738
Amortization of acquired intangible assets	267	-	114	-
Restructuring costs	-	722	-	-
<b>Total</b>	<b>34,782</b>	<b>33,698</b>	<b>8,803</b>	<b>8,083</b>
<b>Operating profit (loss)</b>	<b>836</b>	<b>(2,620)</b>	<b>4</b>	<b>(317)</b>
Financial revenue	712	984	157	186
Financial costs	(3,254)	(18)	(10)	(5)
Net foreign currency transaction losses	(326)	(270)	(73)	(11)
Impairment on investment securities	(19)	(1,477)	-	(1,477)
<b>Financial (loss) profit</b>	<b>(2,887)</b>	<b>(781)</b>	<b>74</b>	<b>(1,307)</b>
<b>(Loss) Profit before income taxes</b>	<b>(2,051)</b>	<b>(3,401)</b>	<b>78</b>	<b>(1,624)</b>
Income tax benefit (expense)	710	(174)	607	(12)
<b>(Loss) Profit</b>	<b>€ (1,341)</b>	<b>€ (3,575)</b>	<b>€ 685</b>	<b>€ (1,636)</b>
Basic profit (loss) per share	€ (0.07)	€ (0.20)	€ 0.04	€ (0.09)
Diluted profit (loss) per share	€ (0.07)	€ (0.20)	€ 0.04	€ (0.09)
Basic weighted average shares outstanding	18,602,081	18,218,738	18,432,133	18,619,055
Diluted weighted average shares outstanding	18,602,081	18,218,738	18,455,725	18,619,055

**INFOVISTA**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands)

The table presented below represents the consolidated balance sheets in accordance with IFRS

	As of	
	June 30, 2008 (unaudited)	June 30, 2007
<b>ASSETS</b>		
Goodwill	€ 9,268	€ -
Other intangible assets, net	2 660	1 268
Tangible assets, net	1,689	1,887
Financial assets	4,173	-
Other non-current assets	680	491
<b>Total non-current assets</b>	<b>18,470</b>	<b>3,646</b>
Accounts receivables, net	11,993	9,778
Other current assets	1,641	1,580
Financial assets	-	28,910
Cash and cash equivalents	17,751	7,352
<b>Total current assets</b>	<b>31,385</b>	<b>47,620</b>
<b>Total assets</b>	<b>€ 49,855</b>	<b>€ 51,266</b>
<b>EQUITY</b>		
Issued capital	€ 10,449	€ 10,653
Share premium	82,562	85,072
Treasury shares	(3,525)	(5,627)
Currency translation differences	(1,997)	(1,543)
Accumulated deficit	(52,627)	(51,286)
<b>Total equity</b>	<b>34,862</b>	<b>37,269</b>
<b>LIABILITIES</b>		
Deferred revenues - non-current	461	851
Other non-current liabilities	232	184
<b>Total non-current liabilities</b>	<b>693</b>	<b>1,035</b>
Accounts payables	2,144	1,774
Accrued salaries and commissions	2,036	1,771
Accrued social security and payroll taxes	1,923	1,461
Accrued VAT	432	548
Deferred revenues - current	7,591	7,245
Other current liabilities	174	163
<b>Total current liabilities</b>	<b>14,300</b>	<b>12,962</b>
<b>Total liabilities and equity</b>	<b>€ 49,855</b>	<b>€ 51,266</b>