Press Release

# Savaria Announces its Results for the Fourth Quarter and Fiscal Year Ended December 31, 2008 and Declares a Dividend of $0.03 Per Share

**Laval, Quebec, March 24, 2009** – Savaria Corporation (TSX: SIS), the second largest company in the accessibility industry in North America, announces its financial results for the fourth quarter and fiscal year ended December 31, 2008.

## Fourth-Quarter Highlights

- Sales of $14.2 million, up from $14 million in the corresponding quarter of 2007;
- Operating earnings of $334,434, as opposed to an operating loss of $259,372 in the fourth quarter of 2007;
- Exchange gain of $1.2 million attributable to the increase in the U.S. dollar, which rose from 1.0642 as at September 30, 2008 to 1.2180 as at December 31, 2008;
- Additional $1.2 million writedown of investments in ABCP;
- Finalization of development by the subsidiary Van-Action of a vehicle called “TX Plus”, with a rear entry in addition to a side entry, for adapted transport of people with mobility problems.

## Fiscal Year Highlights

- Sales of $54.7 million, down from $57.5 million for the previous year;
- Operating earnings of $2,532,240, compared with $1,717,296 in 2007;
- Exchange gain of $1.8 million attributable to the increase in the U.S. dollar, which rose from 0.9913 as at December 31, 2007 to 1.2180 as at December 31, 2008;
- Gain of $2 million on disposal of the Laval building;
- EBITDA of $4.1 million or 15.1cents per share, compared with $1,4 million or 4.8 cents per share in 2007;
- Integration of Laval operations in Toronto;
- Finalization of agreement with the Italian company Vimec S.R.L. (“Vimec”) for the sale of Vimec’s products in North America via Savaria’s distribution network;
- Finalization of agreement with Merits Health Products Co. (“Merits”) granting Savaria the exclusive distribution of Merits’ motorized wheelchairs and electric scooters in Canada and the right to sell them in the United States.

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## A Word from the President

*"Our results for the fourth quarter of 2008 reflect our managers' efforts to optimize our productivity and operating earnings. Indeed, we posted an operating profit of $334,000, compared with a loss of $259,000 in the same period of 2007. Fourth-quarter sales were up slightly over the corresponding period of 2007 despite the very difficult conditions in the real estate market in the United States. Unfortunately, we had to recognize a further $1.2 million provision for the writedown of investments in ABCP in the fourth quarter, which brings our total provision to $1.6 million, representing 51% of the original value,"* said Marcel Bourassa, Chairman of the Board, President and Chief Executive Officer.

*"Fiscal 2009 will continue to be difficult in regard to the sale of residential elevators, but I am confident that initiatives such as marketing the TX Plus vehicle and launching Vimec's products in North America and a new stair lift will make up for this revenue shortfall,"* concluded Mr. Bourassa.

## Operating Results

### Sales

The Corporation recorded sales of $14.156 million in the fourth quarter of 2008, up 1.1% over $14.006 million in the same quarter of 2007. Sales for fiscal 2008 totalled $54.7 million, down 4.9% from $57.5 million in 2007.

During the fourth quarter, the number of units sold in the *Elevators and Accessibility* segment decreased by 30% for *Elevators* products and by 10% for *Accessibility* products in comparison with the fourth quarter of 2007 due to the construction slowdown in the United States. Fourth-quarter sales in Canada, the United States and outside North America amounted to $5.3 million, $7.7 million and $1.2 million respectively. U.S. sales were recognized at an average translation rate of 1.0652, whereas this rate was 1.0072 in the fourth quarter of 2007.

During fiscal 2008, excluding the impact of exchange rate fluctuations, sales fell 1.1% due to the real estate crisis in the United States and the economic downturn. Exchange rate fluctuations had an unfavourable impact of $2.2 million on sales. U.S. sales were recognized at an average translation rate of 1.0276, whereas this rate was 1.0909 during fiscal 2007.

### Gross Profit

Gross profit increased from $2.868 million in the fourth quarter of 2007 to $3.851 million in the same quarter of 2008, representing a 6.7% improvement as a percentage of sales. For fiscal 2008, gross profit decreased by $906,000, representing a 0.4% decline in the gross margin which was relatively stable at 23.1%. Were it not for the decrease in the Canadian dollar, the gross margin would have been 26.8%, representing a 3.3% increase as a percentage of sales over fiscal 2007.

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### Operating Earnings

Operating earnings in the fourth quarter increased by $593,000 from a loss of $259,000 in 2007 to earnings of $334,000 for the same period of 2008.

For fiscal 2008, operating earnings amounted to $2.5 million compared to $1.7 million for fiscal 2007, an increase of $815,000.

### Net Earnings

The Corporation posted a net loss of $146,000 or 0.5 cent per share for the fourth quarter and net earnings of $1.5 million or 5.7 cents per share for fiscal 2008, compared with a net loss of $886,000 or 3.2 cents per share and $324,000 or 1.1 cent per share for the same periods of 2007. Increases in the exchange gain of $1 million in the fourth quarter and of $2.7 million during the twelve-month period compensated for the additional writedown of investments in ABCP of $1.2 million for the fourth quarter and of $1.4 million for the fiscal year. A second-quarter gain of $2 million ($1.7 million after taxes) on disposal of the Laval building and the recognition of a $396,000 gain subsequent to the evaluation of the fair value of a new long-term debt contracted in November 2008, had a favourable impact on net earnings for the twelve-month period. As no future income tax assets were recognized on the writedown of investments in ABCP, that had an unfavourable impact on income taxes and net earnings for the fourth quarter and the twelve-month period.

## Capital Stock

Due to the share repurchase and cancellation program underway, the average number of diluted common shares outstanding totalled 27,261,797 in the fourth quarter of 2008, compared with 28,076,441 shares in the same period of 2007.

## Dividend of $0.03 Per Share

The Corporation's Board of Directors had declared a dividend of 3 cents ($0.03) per common share, payable on April 17th to shareholders of record of the Corporation at the close of business on April 3rd. This is a dividend determined within the meaning of the *Income Tax Act*.

## 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

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) 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 year ended December 31, 2008 will shortly be available on Savaria's website and on SEDAR (www.sedar.com).

## Financial Highlights

| (in thousands, except per-share amounts , percentages and exchange rate) | Quarters Ended December 31, | | | Fiscal Years Ended December 31, | | |
|---|---|---|---|---|---|---|
| | **2008** | 2007 | Change | **2008** | 2007 | Change |
| Average effective exchange rate[1] | **1.0652** | 1.0072 | 0.058 | **1.0276** | 1.0909 | (0.0633) |
| Sales | **$14,156** | $14,006 | 1.1% | **$54,713** | $57,520 | (4.9%) |
| *Gross profit as a % of sales* | ***27.2%*** | *20.5%* | *n/a* | ***23.1%*** | *23.5%* | *n/a* |
| Selling and administrative expenses | **$3,321** | $2,611 | 27.2% | **$11,339** | $10,525 | 7.7% |
| *Selling and administrative expenses as a % of sales* | ***23.5%*** | *18.6%* | *n/a* | ***20.7%*** | *18.3%* | *n/a* |
| Operating earnings (loss) | **$334** | $(259) | 229% | **$2,532** | $1,717 | 47.5% |
| Operating earnings (loss) as *a % of sales* | ***2.4%*** | *(1.8%)* | *n/a* | ***4.6%*** | *3.0%* | *n/a* |
| EBITDA[2] | **$889** | $(317) | 380% | **$4,121** | $1,351 | 205% |
| EBITDA per share | **$0.032** | $(0.011) | 391% | **$0.151** | $0.048 | 215% |
| Exchange gain (loss) | **$1,180** | $169 | 598% | **$1,792** | $(927) | 293% |
| Net earnings (loss) | **$(146)** | $(886) | 83.5% | **$1,549** | $(324) | 578% |
| Net earnings (loss) per share – basic and diluted | **$(0.005)** | $(0.032) | 84.4% | **$(0.057)** | $(0.011) | 618% |
| Dividends declared per share | **-** | - | *n/a* | **$0.063** | $0.082 | (23.2)% |
| Weighted average number of common shares outstanding – diluted | **27,262** | 28,076 | (2.9)% | **27,299** | 28,371 | (0.4)% |

| | **As at Dec. 31, 2008** | As at Dec. 31, 2007 |
|---|---|---|
| Total assets | **$40,683** | $38,689 |
| Total liabilities | **$22,845** | $16,066 |
| Shareholders' equity | **$17,839** | $22,623 |

[1] Calculated considering foreign exchange contracts used during the period

[2] 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) | Quarters Ended December 31, | | Fiscal Years December 31, | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| Net earnings | **$(146)** | $(886) | **$1,549** | $(324) |
| Plus: | | | | |
| Interest on long-term debt | **$42** | $67 | **$135** | $288 |
| Interest expense and banking fees | **$32** | $70 | **$202** | $161 |
| Income taxes | **$876** | $311 | **$1,609** | $546 |
| Amortization of fixed assets | **$110** | $133 | **$386** | $523 |
| Amortization of deferred development costs | **$47** | $22 | **$258** | $200 |
| Amortization of other assets | **$38** | $38 | **$152** | $241 |
| Less: | | | | |
| Interest income and dividends | **$110** | $72 | **$170** | $284 |
| Earnings before interest, income taxes and amortization (EBITDA) | **$889** | $(317) | **$4,121** | $1,351 |