

Orolia announces its FY 2008 annual results

A 62% growth of the consolidated turnover and a profitability with two digits

Paris, on April 29, 2009 - Orolia SA (NYSE Euronext Paris - FR0010501015 - ALORO), group specialized in high precision time-frequency systems, published today its 2008 consolidated financial results.

In 2008, the Orolia Group consolidated turnover rose by 62% reaching 28.2 M€. This high growth rate was recorded on all its activities:

- +13% in Timing (the production of time signals generated by atomic clocks) accounting for 38.6% of annual sales.
- +73% in Synchronization (the precise distribution of time and frequency signals for time stamping systems and synchronization) accounting for 47.8% of annual sales.
- The New Test and Measurement activity (the precise measurement, analysis and calibration of time and frequency signals) directly linked to the acquisition of Pendulum Instruments contributes to 13.6% of annual sales.

<i>In K€</i>	31 12 2008	31 12 2007
Sales	28 174	17 442
Income from Operations	3 203	2 120
Financial Income	-686	-54
Current Income	2 517	2 065
Extraordinary income/loss	31	-88
Net Income before depreciation of goodwill	2 137	1 860
<i>Depreciation of goodwill's (1)</i>	<i>-1 026</i>	<i>-401</i>
<i>Consolidated net income</i>	<i>1 111</i>	<i>1 459</i>

(1) Group accounts are established under French GAAP and not IFRS, it is therefore mandatory to depreciate goodwill's even if impairment tests show no loss of value.

« 2008 was a decisive year of consolidation after Spectracom and Pendulum Instruments acquisition that propelled the Group in the top 3 of its sector while maintaining its pole position in terms of growth and profitability» declares Jean-Yves Courtois, chairman of the Orolia Group « our results, including an organic growth rate of constant exchange near to 10% and a profitability with two digits, illustrate the group's ability to resist to strong cyclical hazards. Furthermore, its firm financial structure and its treasury allow the Group to foresee the coming month with serenity and a cautious and triumphant mind. The acquisition of Rapco Electronics in United-Kingdom and of the GPS test and measurement product line from Naviva in Finland, are two example of Orolia promising perspective »

A profitability with two digits: the consolidated income from operations reached 11.4% of the sales

Income from operations

The consolidated income from operations increased by 51% up to 3.2M€ accounting for 11.4% of sales.

This achievement was possible thanks to the normalization of margins in the Timing sector after the technical problems encountered in 2007 on the Chinese program Compass and the progression of turnover that was stronger than the operational costs.

Another amplification factor influencing the profitability of operations is the alignment of Spectracom Corp profitability upon the rest of the Group after its acquisition in August 2007. A profitability that doubled expressed in percentage of sales.

Net income after taxes and before amortization of the goodwill increases by 15%

The net income after taxes and before amortization of the goodwill reaches 2 137K€ against 1 860K€ in 2007. This growth of 15% was possible in spite of the rise of financial interests related to the 8M€ mezzanine debt subscribed in January 2008. It reflects the very good performance of the Group, insofar as the net income is not impacted by depreciation of the goodwill (at the opposite of IFRS standards) which is mandatory in the French accounting standards used by Orolia, despite the absence of loss in value for companies acquired by the Orolia Group.

Evolution by activities

Timing

This activity accounts for 38.6% of the turnover

Embarked clocks

The growth of this segment was boosted by the end of the program In-Orbit Validation (IOV) from the Galileo system, by the continuation of the scientific project GAIA of the European space agency, and by an Asian program of Earth observation.

Segment ground

Our atomic clocks activities for defense and telecommunication applications pursued their growth in volume, partly boosted by the Asian market. This activity mainly carried out in dollar area knows nevertheless a moderated growth due to the unfavorable exchange rate.

The active maser activity experienced a stable financial year compare to 2007. This activity still benefits from a very strong growth related to the deployment of the ground infrastructures from the various satellite systems of navigation in Europe and Asia. Moreover, 2008 brought a new maser generation entirely compatible with European quality standards (EC).



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Synchronization

This activity accounts for 47.8% of the turnover

Defense

Our Defense activity made profit from the growth of the American military market through the acquisition of Spectracom, strategic market representing close to the three-quarters of the world market for time and frequency military equipments.

Moreover, our past years R&D investments achieved the expected results since sales from Netclock time server to military standards, SAASM (accredited in 2007 by the American authorities of defense and security), were particularly dynamic. Those successes made possible for Orolia to reinforce its market shares against competition.

The defense segment remains for the Orolia group one of the privileged direction of deployment regarding R&D strain as well as acquisition and partnership strategies. Thus, in March 2008 Orolia started a strategic partnership with Rapco Electronics that led to its acquisition at the beginning of 2009.

Safety

The entry of Orolia in this complementary market is related to the acquisition of Spectracom (leader in this field in the United States). The relatively mature market of the time servers for 911 call centers has been growing steadily in spite of a sensible decrease at the end of the year on the US market. The market for time stamping equipments and for traceability of the financial transactions continued its growth during the first half of the year, benefiting from the increased sophistication from the trading operations and the emphasis put on the internal audit in the banks before knowing a significant decline at the end of the fiscal year due to the crisis affecting financial institution.

Broadcast

As in 2007, this segment, where Orolia estimates to be N°1 worldwide, remained particularly dynamic benefiting from the scheduled turn-off of analog television in Europe for the coming years that requires intensified deployment of digital terrestrial networks. Thus Orolia maintained a high-growth rate carried out by new product lines developed during the two previous financial years.

Finally, to preserve its leadership in this sector and to benefit from upcoming opportunities related to digital broadcasting and mobile TV, the Group continued to develop new products strengthening Orolia's leading position for 2009.

Test and Measurement

This activity accounts for 13.6% of the turnover, directly resulting from the acquisition in March 2008 of the Swedish company, Pendulum Instruments

Defense

The defense segment knew a significant growth in the line of the increase recorded in 2007 for calibration instruments as well as for frequency counters. Furthermore, the demand was particularly sustained by products that were introduced in the market in previous years (2006 & 2007) underlining the relevance of our R&D investments.

Electronic industry

During the first half of the year, test and measurements equipments used by manufacturers and suppliers of electronic materials on their production lines experienced a good dynamic. However, in

the current of the second semester, several projects of capacity extensions were cancelled resulting from the crisis that provoked a decrease in this activity segment.

On the whole, the level of activity compared to 2007 remained stable at the closure.

Geographical distribution of activities

Europe, Middle East, Africa

Sales in EMEA reached 13.7 M€, in progression of 21% compared to 2007. This growth was mainly due to SpectraTime space and navigation program, and Pendulum Instruments contribution reinforcing the Group presence in Russia and Eastern Europe.

USA

The sales of the Group in the American continent reached 9 M€, against 2.7 M€ in 2007. The sharp growth of the activity in this area is related to Spectracom acquisition, since the goal was to enter the American market where Orolia was practically missing, and to Pendulum Instruments increasing market shares since it acquired in 2005 the Californian company XL Microwave.

Asia

The sales realized by Orolia in Asia reached 5.5 M€, in progression of 59% compared to 2007. This performance results from a strong progression on the space segment (Compass and Earth observation programs), from a growth in the sales of atomic clocks for the telecom market (attenuated however by the unfavorable exchange rate USD/EUR), and from Pendulum Instruments strengthened positions in Japan and India.

A very healthy balance sheet structure

Net Equity

The net equity hit 19.8M€, that is 47% of the total balance sheet. Pendulum Instruments acquisition included a partial pay-off with Orolia stocks for 21 000 shares, therefore increasing by 406K€ the net equity. Conversion rate effect has to be considered as it damaged Orolia capital equity for -253K€ in 2007 and improved it by +230K€ in 2008, that is a fluctuation of 483K€. It illustrates the important currency movements in 2008 (lower dollar and higher Swiss franc against euro).

Financial debts excluding current banking accounts

The financial debts increased significantly taking into account the mezzanine loan of 8M€ contracted in February 2008. This loan supports the Group in its external growth strategy while shareholders benefit from this leverage. Moreover, the ratio debt to net equity stays limited to 43%. Indeed, the financial debts including short term bank borrowings, factoring, and net of the treasury is negative at 2.0 M€ at the closing date.

Treasury net of the current bank accounts

The treasury net of the short term bank borrowings reached 11.0 M€, up by 6.7 M€ against 2007. It takes into account, operating cash-flows (+4.5 M€), tangible and intangible investments (-2.5 M€), Pendulum Instruments' acquisition (-3.6 M€) and the mezzanine loan (+8.0 M€). The short term bank borrowings decreased significantly as the Group treasury was improving, mainly in USA.

2009 hesitant but starts on several major events:

While the group is fully aware of the difficulties affecting the world economy and which will continue throughout 2009 and 2010, it approaches this period with strong support points:

- Our space activities are related to large satellite navigation programs (GALILEO, IRNSS, COMPASS) or scientific missions (GAIA, ACES) and are either already in backlog, or confirmed by the clients.
- Our Defense & Security activities are essentially related to public institutions that should benefit from governmental stimulus packages to sustain the economy and therefore their activities.
- Our digital broadcast market benefits from the scheduled turn-off of analog television in Europe which requires continuing deployment of digital terrestrial networks regardless of the economic situation. This market could, in addition, be stimulated by French or European initiatives such as the launch of personal mobile television services.

The impact of the worldwide economic crisis could be felt more significantly on test and measurement instruments (17% of the 2008 proforma sales), and telecommunications or computer networks synchronization equipments (7% of the sales turnover), as the activity trend at the beginning of 2009 seems to indicate despite an increased level of order-taking compared to the last 2008 quarter which is also close to 2008 first quarter results.

Although the current economic context does not allow us to project activity growth for 2009, our objective is still to maintain a good profitability level adjusting closely our structural costs and investments to the economic circumstances without penalizing the Group in the offing market recovery. Accordingly, the Orolia group will maintain a significant level of investments in trading development and R&D research so as pursuing its market share growth regardless of the global dynamic in the industry.

The solid financial structure of the Group permits to foresee the coming month with serenity, in both a cautious and triumphant mind. Thus, the year starts on two major events:

- The acquisition in January 2009 of Rapco Electronics and the formation of Orolia Global Services Ltd. Orolia Global Services will serve as a strategic location for regional sales and services for all Orolia group companies including Spectracom, SpectraTime and Pendulum Instruments.
- The acquisition in February 2009 by Pendulum Instruments of Naviva GPS signal generators. This acquisition falls under Orolia growth strategy in the time and measurement market and reinforces its presence in the promising fields of global navigation systems such as COMPASS, GPS, Galileo, or Glonass that require effective test equipments.



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Orolia 2008 annual report is available on www.orolia.com and www.euronext.com or contact us at investor-relation@orolia.com if you required a printed copy of the report

Next appointment: publication of the sales turnover of the 1^{er} quarter 2009: May 11, 2009

About Orolia SA

Orolia, a precision electronics technology group, brings together branded leading-edge companies specialized in high-precision time and frequency solutions systems for mission-critical applications. Orolia includes three companies: Spectratime, Spectracom and T4 Science. Orolia's companies develop and market systems that produce and distribute ultra-high precision signals through information networks in large and growing high-end markets, such as space and navigation, defense and security as well as telecommunications and broadcasting. These systems are deployed in a number of countries in Europe, Asia and North and South America. Orolia has committed to an accelerated growth strategy through acquisitions (companies, products, technologies). Orolia's headquarters is located in Les Ulis, France, and the company also has offices in USA, Switzerland, Sweden, United-Kingdom, Russia, China and Poland.

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