



Press release

3S PHOTONICS closes fiscal year 2008 with a 87% revenue growth, exceeding its own expectations

3S PHOTONICS - formerly Alcatel Optronics and Avanex France – pursues its growth on optical components market and manages to restore its financial balance in record time.

Nozay - September 17, 2008 - 3S PHOTONICS, a world leading manufacturer of laser chips, optical discrete modules and components for telecommunication networks reports its financial results for fiscal year 2008, ended June 30th 2008. The company records a 27.9 million euros turnover, which exceeds its prospects expected between 24 and 27 million euros.

The company was renamed 3S PHOTONICS in April 2007 following its acquisition by Alexandre Krivine and Didier Sauvage. Previously Alcatel Optronics, a 100% Alcatel-owned subsidiary, then Avanex France SA following its acquisition in 2003 by the American company Avanex Corporation, 3S PHOTONICS is today the first-ranking European optical manufacturer and a world leader in development and manufacturing of optoelectronic chips and modules dedicated to the telecommunication market.

3S PHOTONICS posts 87% increase in its turnover year-over-year when considering post divestiture product portfolio only (vs. 14.9 million euros for fiscal year 2007).

Fiscal 2008 key metrics:

- Operating income was 2.118 million euros compared with 7.029 million losses for fiscal year 2007,
- EBITDA reached 2.672 million euros compared with 5.627 million losses over the previous year,
- Net income increased from +0.748 million euros for fiscal year 2007 to +2.075 million euros.

A nearly 15% organic growth of the optoelectronic market, coupled with the launch by 3S PHOTONICS of innovative brand new products participated in these good results. Some products were specially designed to meet the needs of submarine communications market, which is currently booming. Sales of these highly strategic components - pump laser modules, FBG-based filters and photo-detectors) - were multiplied by 3 or 4 in the ending fiscal year. Terrestrial market follows suit, with the introduction of a complete product line of 980nm terrestrial pump laser modules which contributed to sales increase, along with transmission laser modules.

This organic growth is complemented by the launch of innovative and collaborative French and European R&D projects: 3S PHOTONICS won two major contracts during the fiscal year, the first one with the French Ministry of Defense for the development of high optical power and low noise laser modules, the second one named "6_POD project" dedicated to the development of photonic integrated circuits for broadband networks.

"3S PHOTONICS goes back to profitability and we are proud to have reached these results in such a short time. Restructuring actions of our business, cost-reduction plans, coupled with a significant organic growth, helped us to quickly achieve our goals" outlined Alexandre Krivine, Chairman and CEO of 3S PHOTONICS.

He concluded : *"We want to carry on this way and are expecting an approximately 20 % increase in turnover over the next fiscal year, building on a continued organic growth of the company driven by the renewal of the product portfolio. In the medium term, we plan to double our annual revenues through external growth operations."*

About 3S PHOTONICS

3S PHOTONICS – formerly Alcatel Optronics – is a leading supplier of optical discrete modules for telecommunication networks. It designs, develops, manufactures and commercializes active components powered by in-house III-V optoelectronic chips based on both Gallium Arsenide (GaAs) and Indium Phosphide (InP) technologies and passive components using Fiber Bragg Gratings (FBG).

The 3S PHOTONICS renowned optoelectronic chip manufacturing plant of Nozay is a technological feat that is unique in the world as it brings together GaAs and InP technologies under the same roof.

Its product portfolio includes four product lines:

- * Chips (lasers and detectors) and Front End Services
- * Transmission Laser and Detector Modules
- * Pump Laser Modules for terrestrial and submarine applications
- * Filters, gain equalizers and pump stabilizers based on Fiber Bragg Gratings for terrestrial and submarine applications

With over 14 years of experience, the company takes advantage of its expertise and know-how to also address new markets, providing smart solutions for defense, industrial and medical applications.

Based in Nozay (Essonne near Paris), 3S PHOTONICS is run by Alexandre Krivine and Didier Sauvage. The company employs over 160 people, whose 130 are experts in photonics industry.

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