



FOR: QUALIFLOW

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QUALIFLOW HAS REVISED DOWN ITS GROWTH FORECASTS AND IS TAKING THE REQUISITE MEASURES TO PROTECT ITS PROFITABILITY AND ITS GROWTH POTENTIAL

Montpellier, 12 July 2001: At a meeting on 11 July, our main client informed us of changes to its investment requirements for the last quarter of 2001 and for 2002, thereby altering our company's short-term growth prospects.

As a result, we have revised down our sales forecasts for 2001 to Euros 18.29m (FF120m) from Euros 21.34m (FF140m) previously, which nonetheless represents an increase of around 60% compared with 2000.

In view of the uncertainties concerning 2002, management has decided to implement a series of measures to maintain a positive operating profit and to reduce manufacturing capacity gradually to Euros 3.8m (FF25m) per quarter by the fourth quarter of 2001. This level of capacity will be maintained until demand in the semiconductor and fibre-optic markets picks up again in line with the company's original growth forecasts.

These measures are as follows:

- an immediate reduction in spending and overheads;
- a freeze on new hires and an adjustment in the size of the workforce through the departure of employees hired on fixed-term contracts during the rapid surge in demand for gas systems for fibre optics at the end of their contract.
- the cancellation of investments, barring sales and marketing costs, R&D spending and potential acquisitions in new technologies.

The measures will leave QUALIFLOW's ability to react intact so that it can swiftly satisfy an upturn in demand from its customers expected during 2002, while protecting its profitability.

The company, whose market capitalisation at the close on 12 July stood at Euros 29.5m, has net cash of around Euros 19.1m, or Euros 4.1 per share. This reflects almost all the funds raised at the IPO in October 2000. In line with the company's original announcements, these funds are intended for acquisitions of complementary technology.

QUALIFLOW – www.qualiflow.com – specialises in the design, development, production and sale of ultra-high purity gas flow control components: valves, mass flow controllers (MFCs) and gas systems. With sales of close to Euros11.49m (FF75.37m) in 2000 and a forecast of Euros 18.29m (FF120m) in sales in 2001, QUALIFLOW's goal is to become a key worldwide benchmark in gas components. QUALIFLOW is positioning itself as a technological leader in digital mass flow controllers, which are revolutionising the control of ultra-high purity gases. The company's expertise is vitally important in the manufacture of semiconductors, fibre optics, and electronic components used in the development of mass-market telecommunications applications.

Euroclear: 7786

Bloomberg: QUFL NM

Reuters: QFLW.LN

Publication of interim results: 2 October 2001