



## NEWS RELEASE

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### **VOLCOM REPORTS FINANCIAL RESULTS FOR 2008 THIRD QUARTER**

- **Third-quarter Consolidated Revenues Increased 23% to \$111.7 Million**
- **Net Income is \$16.3 million, Equal to \$0.67 Per Diluted Share**

**COSTA MESA, CA – October 30, 2008** – Volcom, Inc. (NASDAQ: VLCM) today announced financial results for the third quarter ended September 30, 2008.

For the 2008 third quarter, total consolidated revenue increased 23% to \$111.7 million, compared with \$91.0 million in the third quarter of 2007. Total revenue in the company's U.S. segment, which includes revenue from the U.S., Canada, Japan and most other international territories outside of Europe, as well as the company's branded retail stores, increased 12% to \$72.8 million compared with \$65.2 million in the prior year period. Total revenue in the company's Europe segment grew 20% to \$31.0 million compared with \$25.8 million in the same period in 2007. Total revenue in the company's Electric segment, which Volcom acquired in January 2008, was \$7.9 million.

"Our solid third-quarter performance is testament to the strength of the Volcom brand and our team amid a challenging retail environment," said Richard Woolcott, Volcom's chairman and chief executive officer.

"Managing our business with discipline, commitment and focus is essential during these times of economic uncertainty, and we strongly believe that our current position as an industry leader and our healthy balance sheet will empower Volcom over the long term."

Consolidated gross profit for the third quarter was \$55.2 million, representing 49.4% of consolidated revenue, compared with \$45.9 million, or 50.4% of consolidated revenue, in the third quarter of 2007.

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Selling, general and administrative (SG&A) expenses in the third quarter of 2008 on a consolidated basis were \$30.3 million, or 27.1% of consolidated revenue, compared with \$22.8 million, or 25.1% of consolidated revenue, in the 2007 third quarter.

Consolidated operating income for the 2008 third quarter was \$24.9 million, or 22.3% of consolidated revenue, compared with \$23.0 million, or 25.3% of consolidated revenue, for the same period in 2007.

The company's consolidated effective tax rate for the 2008 third quarter was 35.5% compared with 39.4% for the third quarter of 2007.

Consolidated net income for the third quarter of 2008 was \$16.3 million, or \$0.67 per diluted share, compared with \$14.5 million, or \$0.59 per diluted share for the third quarter of 2007.

At September 30, 2008, the company had approximately \$73.3 million in cash, no significant debt and stockholders' equity of approximately \$202.8 million.

For the nine-month period ended September 30, 2008, net cash provided by operating activities was \$13.8 million compared with \$3.7 million for the same nine-month period a year ago.

### **2008 Fourth Quarter and Full Year Outlook**

In putting forth its financial outlook for the 2008 fourth quarter and full year, Volcom noted recent, significant changes in the weakening U.S. retail environment as well as the overall global economy. As such, the company now expects total consolidated revenues for the fourth quarter of approximately \$69 million to \$71 million, representing an increase of approximately 0% to 3% when compared with the 2007 fourth quarter. Fully diluted earnings per share are expected to be in the range of \$0.17 to \$0.19.


As a result of the company's current outlook for the 2008 fourth quarter, Volcom is changing its 2008 full year consolidated revenue guidance to between \$333 million to \$335 million. This translates to diluted earnings per share for 2008 in the range of \$1.42 to \$1.44. In July the company expected consolidated revenue of between \$344 million to \$347 million, and fully diluted earnings per share of \$1.50 to \$1.53.

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### **Conference Call Information**

The company will host a conference call today at approximately 4:30 p.m. ET to discuss its financial results and outlook in further detail. The conference call will be available to interested parties through a live audio Internet broadcast at [www.volcom.com](http://www.volcom.com). A telephone playback of the conference call also will be available through 11:59 p.m. ET, Thursday November 6. Listeners should call (800) 642-1687 (domestic) or (706) 645-9291 (international) and use reservation number 69147961.

### **About Volcom, Inc.**

Volcom is an innovative designer, marketer and distributor of premium quality young mens and womens clothing, accessories and related products. The Volcom brand, symbolized by The Stone , is athlete-driven, creative and forward thinking. Volcom has consistently followed its motto of “youth against establishment,” and the brand is inspired by the energy of youth culture. Volcom branded products are sold throughout the United States and internationally. Volcom’s news announcements and SEC filings are available through the company’s website at [www.volcom.com](http://www.volcom.com).

### **Safe Harbor Statement**

Certain statements in this press release and oral statements made from time to time by representatives of the company are forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995, including statements in connection with or related to any discussion of or reference to Volcom’s future operations, opportunities or financial performance. In particular, statements regarding the company’s guidance and future financial performance contained under the section entitled 2008 Fourth Quarter and Full Year Outlook and Mr. Woolcott’s statements regarding the company’s industry leadership and healthy balance sheet that “will empower Volcom over the long term” constitute forward-looking statements. These forward-looking statements are based on management’s current expectations but they involve a number of risks and uncertainties. Volcom’s actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of risks and uncertainties, including, without limitation, further softening of the retail environment, sales of our products by key retailers, including Pacific Sunwear and Zumiez, our ability to successfully shift from a licensee model in Europe to a direct control model, changes in fashion trends and consumer preferences, general economic conditions, the impact of increasing sourcing costs, and additional factors which are detailed in our filings with the Securities and Exchange Commission, including the Risk Factors contained in the company’s Annual Report on Form 10-K, filed with

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the Securities and Exchange Commission (the “SEC”) and the subsequently filed Quarterly Reports on Form 10-Q, all of which are available at [www.sec.gov](http://www.sec.gov). Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Volcom is under no obligation, and expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

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