



Earnings for Q1 2009: operational balance maintained

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- **Revenues:** 39.1 million euros, down 15.6% in relation to Q4 2008, in line with the level of demand expected by the Group and based on a selective sales policy.
- **Gross margin:** 46.5%, primarily reflecting the changes made to the product mix and the fact that the dollar is down by less against the euro. Excluding the contract for the distribution of navigation products in Spain, the gross margin came out at 48.1% over the period.
- **EBIT:** 0.1 million euros, thanks to the effectiveness of the Group's actions to maintain its operational balance.
- **Net income:** 0.5 million euros, benefiting from tax income.
- **Q1 2009** marked by:
 - Return to an operational balance over the quarter thanks to the cost-cutting measures rolled out;
 - Positive change in cash flow, representing 7.1 million euros over the period;
 - 750,000 product units sold set against a major destocking in the automotive sector;
 - Level of sales maintained for the installed hands-free kit range in relation to the previous quarter, thanks in particular to the strong contribution by MKi9x00 handsfree systems, designed specifically for iPhone products and launched in Q4;
 - Launch of the "Zikmu" wireless speakers in the Parrot By Starck collection, which have been exceptionally well received in the media and by specialized retailers worldwide.

Consolidated accounts under IFRS - unaudited ('000,000)	Q1 2008	Q4 2008	Q1 2009
Revenues	58.9	46.1	39.1
<i>of which, navigation products(1)</i>	4.0	2.7	1.7
Gross operating margin	31.7	21.4	18.2
<i>% of revenues</i>	53.7%	46.3%	46.5%
Income from ordinary operations	10.8	-2.3	0.1
<i>% of revenues</i>	18.4%	-	0.2%
EBIT	10.8	-4.6	0.1
<i>% of revenues</i>	18.4%	-	0.2%
Net income (Group share)	8.3	-3.1	0.4
<i>% of revenues</i>	14.1%	-	1.2%
Net earnings per share ()	0.63	-0.24	0.03
Diluted net earnings per share ()	0.52	-0.23	0.03

'000,000, excluding net EPS	Mar 31, 2008	Dec 31, 2008	Mar 31, 2009
Net cash position (negative net debt)	37.3	43.4	51.9

(1) Share of revenues from the contract for distributing navigation products in Spain.

As Henri Seydoux, Parrot's chairman, chief executive officer and founder, explains: "The first-quarter earnings confirmed Parrot's ability to rapidly and effectively adapt its business model in order to safeguard its profitability. In the current context, this still represents a delicate exercise, which we plan to pursue over the full year. At the same time, the new products released have, despite the economic environment, been very well received and in time, I am confident in the ability of our range to accompany the upturn in demand and consolidate the Group's leadership".

Q1 2009 level of activity

Set against the deterioration in the macroeconomic environment, and in light of the selective sales policy introduced by the Group since the crisis began, Parrot's revenues came to 39.1 million euros, down 33.6% on an annual basis and 15.2% in relation to Q4 2008.

Development of sales for each product range:

Installed handsfree kit sales (65.2% of revenues), although down 38.2% on an annual basis, are up 3.5% in relation to Q4 2008. This segment is being buoyed by the level of sales maintained on the Group's historical flagship products (CK3x00), as well as the success achieved by the new products launched (MKi9x00). They accounted for 25% of revenues for the range, rewarding the marketing strategy launched in Q4.

Set against an unfavorable base effect, OEM product sales (13.1% of revenues) are continuing to reflect the destocking policies adopted by Parrot's long-standing clients. In Q1 2009, the OEM division introduced new products to the various clients acquired in 2008: sound automotive industrial players and original equipment manufacturers, whose orders are expected to pick up pace during the second half of the year.

Highly appreciated at the time of the end-of-year holidays, Plug&Play products (9.8% of revenues) show an annual growth rate of 38.1%. The poor performance in relation to Q4 is due to seasonal factors, and demand for these products remains strong.

The Multimedia range (3.3% of revenues) is continuing to benefit from the stock clearance policy. On this segment, the Group believes that it will be able to focus almost exclusively on the upscale Parrot By products as of the second half of 2009.

Development of sales for each regional market:

Sales are being affected by the widespread economic slowdown and are generally in line with the measures taken by the Group in its subsidiaries. The key elements for Q1 reflect:

- The level of sales in Spain (36% of revenues), which did not deteriorate over the period. Excluding the navigation product distribution contract, revenue growth comes out at 4.8% in relation to the previous quarter.
- The contraction in consumption, which has been particularly significant in the US (3.5% of revenues) where the subsidiary's headcount has therefore been halved. Parrot has also effectively limited its exposure to the closure of points of sale in the electronic retail sector (Circuit City) and among automobile specialists (Autobacs and independent fitters). Priority has been given to setting up distribution contracts with leading mobile telephony players and first-rate general retailers, particularly for Parrot By products.
- Market conditions have deteriorated in the UK (7.7% of revenues). In addition, revenues have been affected by the sterling's fall and the restricted client credit policy adopted by Parrot.
- Sales are continuing to grow in Germany (8.0% of revenues). Commercial performances notably reflect billing linked to the development of dedicated products for the new OEM clients acquired in this country over 2008.

Gross margin and EBIT

For Q1 2009, Parrot recorded a gross margin of 46.5%. Without factoring in the contract for the distribution of navigation products in Spain, the gross margin on all Parrot products comes out at 48.1%. Margins have remained high, thanks in particular to the lower fall in the dollar and the favorable contribution by the product mix.

EBIT, at 0.1 million euros, has been brought back to breaking even. Over the period, spending was cut by -23.2% compared with Q4, in line with the Group's development plan:

- R&D spending has been maintained at its historical level, representing 5.6 million euros (equivalent to Q4 2008), with a major focus on products that will be able to accompany the new generation of mobile handsets, driving its future growth;
- Significant reduction in sales and marketing spending, which came to 8.6 million euros (compared with 13.7 million euros in Q4 2008 and 10.7 million euros in Q1 2008);
- Ongoing moves to further strengthen control over general costs, which totaled 2.1 million euros (compared with 2.4 million euros for Q4 2008 and 2.7 million euros in Q1 2008);
- Freeze on hires combined with a selective reduction in the workforce, bringing the average headcount down from 476 at December 31st, 2008 to 456 at March 31st. Since the start of the crisis, the total number of people employed by the Group (workforce and external providers) has been reduced by 11%.

Net income

Net income (Group share) came to 0.5 million euros, representing 0.03 euros per share for Q1, benefiting from the 0.3 K€ in tax income over the period.

Financial structure

Parrot is in a sound financial position, with 51.9 million euros in net cash at March 31st, 2009, compared with 43.4 million euros at December 31st, 2008. Net cash from operating activities totaled 9.5 million euros in Q1 2009. This change is due to cash generated by operations on the one hand (2.5 million euros), and the reimbursement of the research tax credit on the other. In terms of working capital, the good levels of inventories (-16%) and trade receivables (-12%) are being temporarily neutralized by the reduction in supplier lead-times.

Parrot does not have any debt and has 116.1 million euros in equity (compared with 114.9 million euros at December 31st, 2008), with 8,7 euros in net assets per share.

Capital reduction through the cancellation of shares

At the Board meeting on May 14th, 2009, Parrot's Directors, as authorized by the Combined General Meeting on June 11th, 2008, has decided to reduce Parrot's share capital as of May 14th, 2009 by cancelling 454,564 treasury shares, representing 3.40% of the capital.

This operation is immediately accretive for all of the Group's shareholders, with Parrot's capital now comprising 12,924,915 shares.

Outlook

Over the short term, Parrot does not expect to see any significant change in demand, while earnings for the next quarter will once again reflect unfavorable elements for comparison. In light of the lack of visibility, combined with the volatility resulting from the current macroeconomic environment, the Group is maintaining its focus on the savings measures rolled out since the end of 2008.

While also maintaining its R&D efforts, Parrot is choosing to focus on developing new products that will accompany the latest generations of mobile handsets, the long-term trends linked to the development of mobility and the regulations governing the use of your phone when at the wheel. In this way, Parrot aims to maintain its technological lead and have a pipeline of innovative products when the crisis ends.

Furthermore, the current level of cash flow will enable the Group, as soon as the first tangible signs of an upturn in demand appear, to rapidly reactivate its sourcing capabilities and support its dynamic commercial development.

Parrot's General Shareholders' Meeting will be held at 8:30 am on June 18th, 2009.

2009 first-half earnings (ending June 30th) will be published after close of trading on July 31st, 2009.

About PARROT

Parrot, a global leader in wireless devices for mobile phones, stands on the cutting edge of innovation. The company was founded in 1994 by Henri Seydoux as part of his determination to drive the inevitable breakthrough of mobile phones into everyday life by creating high-quality, user-friendly wireless devices for easy living. Parrot has developed the most extensive range of hands-free kits on the market for cars, motorbikes and scooters, including wireless multimedia products geared towards audiovisual applications. In 2008, Parrot launched a new prestige line of high-end products bearing the hallmark of renowned artists.

Parrot, headquartered in Paris, currently employs 450 people worldwide and generates 85% of its sales overseas. Parrot is listed on NYSE Euronext Paris since 2006.

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Appendices

Breakdown of revenues by region

<i>% of revenues</i>	Q1 2009	Q4 2008	Q1 2008
France	13.2%	12.7%	15.6%
Spain	36.0%	31.5%	34.5%
UK	7.7%	10.2%	8.0%
Netherlands and Belgium	10.0%	9.6%	7.3%
Italy	4.8%	4.2%	3.8%
Germany	8.0%	2.8%	2.2%
Rest of Europe	5.4%	6.0%	7.5%
US	3.5%	9.1%	10.9%
Rest of world	11.4%	14.0%	10.3%

Breakdown of revenues by segment

<i>% of revenues</i>	Q1 2009	Q4 2008	Q1 2008
Installed kits	65.2%	53.4%	70.0%
OEM	13.1%	14.1%	14.4%
Plug & Play	9.8%	15.3%	4.7%
Multimedia	3.3%	6.1%	1.2%
Other	8.6%	11.2%	9.6%

Condensed income statement

<i>€'000</i>	Q1 2009	Q4 2008	Q1 2008
Revenues	39,112	46,116	58,918
Cost of sales	-20,908	-24,749	-27,259
Gross margin	18,204	21,367	31,660
<i>Gross margin as % of revenues</i>	46.5%	46.3%	53.7%
Research and development costs	-5,585	-5,611	5,435
<i>% of revenues</i>	14.3%	12.2%	9.2%
Sales and marketing costs	-8,577	-13,667	10,727
<i>% of revenues</i>	21.9%	29.6%	18.2%
General costs	-2,104	-2,362	2,676
<i>% of revenues</i>	5.4%	5.1%	4.5%
Production and quality	-1,870	-1,986	1,995
<i>% of revenues</i>	4.8%	4.3%	3.4%
EBIT	71	-2,260	10,828
<i>% of revenues</i>	0.2%	-4.9%	18.4%
Net financial income	181	335	322
Other financial income and expenses	-111	-90	-186
Corporate income tax	315	1,262	-2,646
Net income (Group share)	456	-3,062	8,318
<i>% of revenues</i>	1.2%	-6.6%	14.1%

End.

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