

Paris, November 14th, 2011- 8:00 am CET  
Board of Directors meeting on November 10th, 2011

- **Revenues:** 54.5 million euros, down 20% compared with the third quarter of 2010, linked to an unfavorable basis for comparison (exceptionally high third quarter in 2010).
- **Gross margin:** 54.5%, up 5.8 points thanks to the impact of a favorable product mix.
- **Income from ordinary operations:** 8.3 million euros, with an operating margin of 15.2%, representing an improvement in a complex environment.
- **EBIT:** 7.7 million euros, with an operating margin of 14.1%.
- **Net income:** 5.7 million euros, with a net margin of 10.4%.
- **Third quarter of 2011** marked by:
  - Over 2.2 million product units sold;
  - Temporary slowdown in growth, in line with the Group's expectations due to the unfavorable basis for comparison;
  - High level of operational profitability, benefiting from the seasonality of marketing spending, combined with Parrot's ability to constantly adjust its variable costs to the level of sales;
  - Finalization of DiBcom's acquisition and the implementation of synergies;
  - Combination of key strengths put in place to become a pivotal player for in-car infotainment and mobile connectivity.
- **Strong level of business for the fourth quarter of 2011**

Consolidated accounts - IFRS (€'000,000) <sup>(1)</sup>	Q3 2010	Q3 2011*	9 months 2010	9 months 2011	Change
<b>REVENUES</b>	<b>67.8</b>	<b>54.5</b>	<b>174.2</b>	<b>176.0</b>	<b>+1%</b>
<i>Of which, navigation products <sup>(2)</sup></i>	<i>2.7</i>	<i>0.0</i>	<i>8.1</i>	<i>0.9</i>	<i>-88%</i>
<b>GROSS MARGIN</b>	<b>33.0</b>	<b>29.7</b>	<b>86.9</b>	<b>93.2</b>	<b>+7%</b>
<i>% of revenues</i>	<i>48.7%</i>	<i>54.5%</i>	<i>49.9%</i>	<i>53.0%</i>	<i>+3.1p</i>
<b>INCOME FROM ORDINARY OPERATIONS</b>	<b>9.8</b>	<b>8.3</b>	<b>23.2</b>	<b>24.4</b>	<b>+5%</b>
<i>% of revenues</i>	<i>14.5%</i>	<i>15.2%</i>	<i>13.3%</i>	<i>13.9%</i>	<i>+0.9p</i>
<b>EBIT</b>	<b>9.8</b>	<b>7.7</b>	<b>23.2</b>	<b>23.2</b>	<b>=</b>
<i>% of revenues</i>	<i>14.5%</i>	<i>14.1%</i>	<i>13.3%</i>	<i>13.2%</i>	
<b>NET INCOME (GROUP SHARE)</b>	<b>8.3</b>	<b>5.7</b>	<b>19.2</b>	<b>17.8</b>	<b>-8%</b>
<i>% of revenues</i>	<i>12.3%</i>	<i>10.4%</i>	<i>11.0%</i>	<i>10.1%</i>	<i>-0.9p</i>
<b>Earnings per share <sup>(3)</sup></b>	<b>0.65</b>	<b>0.44</b>	<b>1.49</b>	<b>1.38</b>	<b>-10%</b>
Diluted earnings per share <sup>(3)</sup>	0.64	0.43	1.47	1.34	
<b>Net cash</b>			<b>72.8</b>	<b>74.6</b>	<b>+2%</b>
<b>Cash, cash equivalents and other current financial assets</b>			<b>101.8</b>	<b>111.8</b>	<b>+10%</b>

(1) Since January 1st, 2011, the French research tax credit (CIR) has been considered to be an operating subsidy.

(2) Percentage of revenues from navigation products distributed by Parrot Iberia S.L. - in early 2011, Parrot stopped selling these products.

(3) Number of shares for calculating net earnings per share at September 30th, 2011 (weighted average number of shares outstanding): 12,884,995, and on a diluted basis: 13,207,245.

(\*) Unaudited for third quarter of 2011.

**As Henri Seydoux, Parrot's Chairman, CEO and founder, explains:** "The third quarter is traditionally subject to an unfavorable seasonality, which has been combined this year with expected OEM orders being put back. Notwithstanding these developments, we recorded a current operating margin rate of 15.2%, higher than for the third quarter of 2010, despite the contraction in sales.

Since the beginning of the year, we have made significant progress in terms of both product launches and the ramping up of our innovation capacity, thanks in particular to the recent acquisitions. With our longstanding expertise in signal processing, connectivity and now digital television and radio, we have the means to look ahead to the future with the ambition to become a major player on the growing in-car infotainment market, while continuing to demonstrate our capabilities outside of the automotive sector".

## Level of business for the third quarter of 2011

Over the period, Parrot's revenues came to 54.5 million euros, down 20% in relation to the third quarter of 2010 or 15% restated for "Other" revenues. As previously announced by the Group, the annual contraction reflects an unfavorable base effect, with the exceptionally high level of OEM revenues recorded in the third quarter of 2010, as well as on a sequential basis factoring in the traditional seasonal slowdown in Retail product sales during the summer.

Retail products, grouping together aftermarket installed systems, Plug & Play, Multimedia and "Other" products, represented 52% of the Group's revenues (versus 55% in Q3 2010), while the OEM business accounts for 48% of the Group's revenues (compared with 45% in Q3 2010).

At September 30th, revenues totaled 176.0 million euros, with the Group's growth coming out at 1%. On a comparable basis (excluding "Other" products), nine-month revenues are up 9%.

### ■ Retail revenues

In the third quarter of 2011, revenues on Retail products came to 28.6 million euros, an annual decline of 24% or 15% restated for "Other" revenues.

Revenues from Retail Automotive products, installed handsfree kits (33% of Group revenues / 64% of Retail revenues) and Plug & Play (5% of Group revenues / 9% of Retail revenues) are down 10% in relation to the third quarter of 2010. Since the start of the year, the contraction in revenues from Retail Automotive products has slowed down, in line with the expectations of the Group, which is continuing to renew its product portfolio (Parrot Asteroid, Parrot Minikit Smart, Parrot Minikit +). In this way, the Plug & Play activities are starting to benefit from the Minikit Smart's launch in May 2011, with revenues from Plug & Play products increasing by 2% in relation to the previous quarter.

Revenues from Retail Multimedia products (12% of Group revenues / 23% of Retail revenues) are down 28% in relation to the third quarter of 2010. For reference, the Parrot AR.Drone saw a particularly sustained level of sales when it was launched in summer 2010. In relation to the second quarter of 2011, Multimedia product revenues show a reduction of 9%, in line with the usual seasonality. Over nine months, revenues on Multimedia products are up 73% to 19.8 million euros, confirming Parrot's ability to develop outside of the automotive sector.

"Other" revenues (2% of Group revenues, versus 8% in Q3 2010) reveal a significant contraction (-77%), factoring in the strategic decision taken at the end of 2010 to stop selling low-margin products. At the end of September 2011, "Other" revenues exclusively concerned the sale of accessories, items and components designed to support the manufacturing and marketing of Parrot products.

### From a regional perspective

In the EMEA region (40% of Group revenues / 77% of Retail revenues), Retail revenues came to 22.0 million euros, compared with 32.3 million euros for the third quarter of 2010. For reference, revenues in the third quarter of 2010 had significantly benefited from the Parrot AR.Drone's launch, as well as special operations with auto dealers in France and Spain. One of the highlights concerns the dynamic commercial development achieved in Germany (3% of Group revenues / 6% of Retail revenues, versus 2% and 4% respectively in Q3 2010), where a new retailer has selected Parrot's Retail handsfree connectivity solutions. Today, France and the UK represent Parrot's main countries, accounting for 8% and 5% of the Group's revenues respectively. Spain generated 6% of the Group's revenues over the period, compared with 10% for the third quarter of 2010 (including the distribution of navigation products).

In North America (6% of Group revenues / 12% of Retail revenues), revenues are down 5%, confirming the Parrot AR.Drone's continued success, following the launch of its sales in this region in September 2010.

In Asia (6% of Group revenues / 12% of Retail revenues), revenue growth comes out at 80%, while the Group is continuing to develop its commercial penetration and all the ranges are performing well.

The balanced breakdown of Retail product sales across diverse countries and Parrot's emergence in new growing regions significantly limit Parrot's exposure to localized country risks.

### ■ OEM revenues

The range of OEM solutions generated 25.5 million euros in revenues over the quarter, down 16% compared with the third quarter of 2010. In line with the Group's expectations, the contraction in revenues primarily reflects an unfavorable basis for comparison (OEM revenues for the third quarter of 2010 represented 37% of full-year OEM revenues in 2010).

At September 30th, 2011, revenues for the OEM business came to 81.6 million euros, representing an annual growth of 28%.

## Gross margin

For the third quarter of 2011, Parrot's gross margin came to 54.5%, with this 5.8 point increase reflecting the favorable change in the product mix, and more specifically: (i) the fact that third-party products with low margins are no longer distributed, (ii) the significant percentage of OEM activities in the Group's revenues, and (iii) the ramping up of the margin on Multimedia products.

## Income from ordinary operations / EBIT

In the third quarter, income from ordinary operations came to 8.3 million euros, giving a current operating margin rate of 15.2%. The non-current operating expenses (0.6 million euros) are linked to the finalization of DiBcom's acquisition in September 2011, giving 7.7 million euros in EBIT, with an operating margin rate of 14.1%.

During the third quarter, operating expenses totaled 21.5 million euros, 4.7 million euros lower than the second quarter of 2011, including:

- R&D spending, coming in at 7.2 million euros (13.1% of revenues), factors in the positive impact of the research tax credit for 1.1 million euros and is in line with the Group's innovation strategy, focused on developing the next general of solutions, particularly in the automotive infotainment sector;
- Sales and marketing spending totaled 9.0 million euros (16.4% of revenues), reflecting the moderate level of marketing investments over the period;
- G&A costs came in at 3.2 million euros (5.9% of revenues), with Production and Quality-related costs representing 2.1 million euros (3.9% of revenues), in line with the Group's requirements over the period.

At September 30th, 2011, the Group's workforce represented 596 people, including Varioptic's staff (17 people).

## Net income

After a 2.3 million euro tax expense, net income (Group share) came to 5.7 million euros, representing 0.44 euros per share for the third quarter of 2011. At September 30th, 2011, net income per share represented 1.38 euros.

## Financial structure

Cash from operating activities represented 10.9 million euros for the third quarter, including a -0.2 million euro change in working capital, consistent with the level of business over the period.

The acquisition of DiBcom, completed at September 30th, 2011, represents a 29.5 million euro investment (including 3.3 million euros in refundable subsidies from OSEO). To maintain its capacity for investment, Parrot has taken out 30 million euros in bank loans, with an average fixed rate of 2.6% over five years. Alongside this, the Group has increased its long term placements (over three months), representing a total of 30 million euros at a higher return rate.

Over this quarter, treasury share buybacks came to a total of 3.7 million euros, at an average price of 21.9 euros per Parrot share.

At September 30th, 2011, cash, cash equivalents and other current financial assets represented 111.8 million euros, with 74.6 million euros in net cash.

In terms of the balance sheet at September 30th, 2011, which includes a first consolidation of DiBcom, inventories represent 27.9 million euros (versus 24.9 million euros at June 30th, 2011). Financial debt stands at 37.2 million euros, while Parrot has 164.1 million euros in shareholders' equity (compared with 159.3 million euros at June 30th, 2011).

## Outlook

Parrot is expecting a good fourth quarter for 2011, buoyed by the dynamic commercial performance on Retail products during the Christmas period, combined with good visibility on the OEM order book. Over the end of 2011, marketing investments will be focusing on points of sale and special operations, including the creation of three temporary stores in Paris to showcase Parrot's entire Retail range, while enabling the Group to head out and meet its end customers.

Over the longer term, Parrot is moving forward with the implementation of its development plan in order to facilitate its ongoing strategy for profitable growth, notably with:

- The integration of DiBcom's teams and longstanding managers to further strengthen Parrot's management team at the Company's headquarters, in addition to the deployment of a shared roadmap and operational synergies;
- The development of innovative and value-creating solutions in the in-car infotainment sector, with, as usual, a first wave of Retail products, followed by the technology's OEM rollout, in line with the automotive industry's sales cycles;
- Continued growth in the OEM business, made possible by the increasing equipment rate linked to the improvement in the penetration rate for in-car connectivity and infotainment solutions, as well as the gradual expansion of the vehicle ranges equipped among existing customers, and continued market share gains;

- The innovations to be developed covering new uses resulting from the democratization of in-car internet, made possible by the 4G networks (expected by 2014), in order to offer multi-standard connectivity platforms with a series of useful features and services for drivers;
- The continuation of a product range outside of the auto industry, representing a vehicle for Parrot's brand image and growth.

With a sound financial position, as well as world-renowned and well-established capabilities for mobile connectivity and new smartphone-related uses (across all operating systems), Parrot is particularly well positioned to become a key player for infotainment.

### Next financial dates

- November 14th: Roadshow with Invest Securities
- November 17th: Arkéon Finance Forum

### 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 systems on the market for cars and its internationally recognized expertise in the areas of mobile connectivity and multimedia around the Smartphone positions the company to become a key player in the automobile infotainment market.

In addition, Parrot designs and markets high-end 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 and in 2010, the AR.Drone, the first quadricopter piloted via wi-fi and using augmented reality.

Parrot, headquartered in Paris, currently employs nearly 600 people worldwide and generates 85% of its sales overseas. Parrot is listed on NYSE Euronext Paris since 2006. (FR0004038263 – PARRO)

More information: [www.parrot.com](http://www.parrot.com) / [www.ar drone.com](http://www.ar drone.com) / [www.parrotoem.com](http://www.parrotoem.com)

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# APPENDICES - Financials at September 30th, 2011

## ■ BREAKDOWN OF REVENUES BY PRODUCT

€'000,000 and % of revenues	Q3 2011*		Q3 2010		9 months 2011		9 months 2010	
Installed handsfree systems	18.3	33%	20.2	30%	61.2	35%	72.0	41%
Plug & Play products	2.5	5%	2.8	4%	7.6	4%	9.2	5%
Multimedia products <sup>(1)</sup>	6.6	12%	9.1	13%	19.8	11%	11.4	7%
Other <sup>(2)</sup>	1.3	2%	5.5	8%	6.0	3%	18.1	10%
<b>Total revenues for Retail Products</b>	<b>28.6</b>	<b>52%</b>	<b>37.6</b>	<b>55%</b>	<b>94.7</b>	<b>54%</b>	<b>110.7</b>	<b>64%</b>
<b>Total revenues for OEM Products</b>	<b>25.9</b>	<b>48%</b>	<b>30.2</b>	<b>45%</b>	<b>81.3</b>	<b>46%</b>	<b>63.5</b>	<b>36%</b>
<b>Group total</b>	<b>54.5</b>	<b>100%</b>	<b>67.8</b>	<b>100%</b>	<b>176.0</b>	<b>100%</b>	<b>174.2</b>	<b>100%</b>

<sup>(1)</sup> Multimedia products: Parrot By products and Parrot AR.Drone.

<sup>(2)</sup> Definition of "Other" revenues: (i) navigation product sales, (ii) accessory sales (steering wheel-mounted controls, cables, etc.), (iii) ancillary sales to customers (marketing, delivery, etc.), and (iv) component sales to suppliers. In early 2011, Parrot stopped selling navigation products.

## ■ BREAKDOWN OF REVENUES BY REGION

€'000,000 and % of revenues	Q3 2011*		Q3 2010		9 months 2011		9 months 2010	
EMEA	22.0	40%	32.3	48%	77.7	44%	100.3	58%
US	3.3	6%	3.4	5%	9.1	5%	6.9	4%
Asia	3.3	6%	1.8	3%	7.9	4%	3.4	2%
<b>Total revenues for Retail Products</b>	<b>28.6</b>	<b>52%</b>	<b>37.6</b>	<b>55%</b>	<b>94.7</b>	<b>54%</b>	<b>110.7</b>	<b>64%</b>
<b>Total revenues for OEM Products</b>	<b>25.9</b>	<b>48%</b>	<b>30.2</b>	<b>45%</b>	<b>81.3</b>	<b>46%</b>	<b>63.5</b>	<b>36%</b>
<b>Group total</b>	<b>54.5</b>	<b>100%</b>	<b>67.8</b>	<b>100%</b>	<b>176.0</b>	<b>100%</b>	<b>174.2</b>	<b>100%</b>

## ■ CONDENSED INCOME STATEMENT

Consolidated accounts - IFRS (€'000,000)	Q3 2011*	Q3 2010	9 months 2011	9 months 2010
Revenues	54.5	67.8	176.0	174.2
Of which, navigation products <sup>(1)</sup>	0.0	2.7	1.4	8.1
<b>Gross operating margin</b>	<b>29.7</b>	<b>33.0</b>	<b>93.2</b>	<b>86.9</b>
<i>% of revenues</i>	54.5%	48.7%	53.0%	49.9%
Research and development costs <sup>(2)</sup>	-7.2	-7.5	21.0	-21.6
<i>% of revenues</i>	13.1%	11.0%	11.9%	-12.4%
Sales and marketing costs	-9.0	-11.2	-32.1	-28.6
<i>% of revenues</i>	16.4%	16.5%	18.2%	-16.4%
General costs	-3.2	-2.7	-9.5	-8.0
<i>% of revenues</i>	5.9%	4.0%	5.4%	-4.6%
Production and quality	-2.1	-1.9	-6.2	-5.5
<i>% of revenues</i>	3.9%	2.8%	3.5%	-3.1%
<b>Income from ordinary operations</b>	<b>8.3</b>	<b>9.8</b>	<b>24.4</b>	<b>23.2</b>
<i>% of revenues</i>	15.2%	14.5%	13.9%	13.3%
<b>EBIT</b>	<b>7.7</b>	<b>9.8</b>	<b>23.2</b>	<b>23.2</b>
<i>% of revenues</i>	14.1%	14.5%	13.2%	13.3%
Cost of net financial debt	0.3	0.1	0.7	0.4
Other financial income and expenses	0.2	0.5	-0.3	-0.6
Share in income from equity affiliates	-0.2	-0.1	-0.2	-0.5
Corporate income tax	-2.3	-2.0	-5.6	-3.2
<b>Net income (Group share)</b>	<b>5.7</b>	<b>8.3</b>	<b>17.8</b>	<b>19.2</b>
<i>% of revenues</i>	10.4%	12.3%	10.1%	11.0%

<sup>(1)</sup> Percentage of revenues from navigation products distributed by Parrot Iberia S.L. - In early 2011, Parrot stopped selling navigation products.

<sup>(2)</sup> Since January 1st, 2011, the French research tax credit (CIR) has been considered to be an operating subsidy.

\* Unaudited for third quarter of 2011.

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