

Paris, February 15th, 2012 - 5:40pm CET
Board of Directors meeting on February 15th, 2012

- **Revenues:** 71.7 million euros, up 6.3% in relation to the fourth quarter of 2010.
- **Gross margin:** 53.7%, up 4.3 points thanks to the impact of a favorable product mix.
- **Income from ordinary operations:** 10.6 million euros, with an operating margin of 14.7%.
- **EBIT:** 9.3 million euros, with an operating margin of 13.0%.
- **Net income:** 10.9 million euros, with a net margin of 15.3%.
- **Fourth quarter of 2011** marked by:
 - Over 2.5 million product units sold;
 - Strong level of business, in line with the Group's expectations;
 - Sustained performance by the Parrot AR.Drone during the end-of-year holiday period;
 - Upturn in revenues on the OEM business offsetting the temporary slowdown recorded in the third quarter;
 - High level of operational profitability, buoyed by the dynamic commercial performance over the end-of-year holiday period;
- **Six innovative products, focused primarily on automotive infotainment and multimedia, presented at the 2012 CES event.**

Consolidated accounts ⁽¹⁾ - IFRS (€'000,000)	Q4 2010	Q4 2011*	Change	2010 12 months	2011 12 months*	Change
REVENUES	67.4	71.7	+6.3%	241.7	247.7	+2.5%
<i>Of which, navigation products⁽²⁾</i>	2.4	-	-	10.5	1.4	-86.5%
PARROT REVENUES (excl. navigation products)	65.0	71.7	+10.3%	231.3	246.3	+6.5%
GROSS MARGIN	33.3	38.5	+ 15.6%	120.2	131.7	+9.6%
<i>% of revenues</i>	49.4%	53.7%		49.7%	53.2%	
INCOME FROM ORDINARY OPERATIONS⁽³⁾	8.5	10.6	+ 24.7%	31.7	35.0	+10.5%
<i>% of revenues</i>	12.5%	14.7%		13.1%	14.1%	
EBIT⁽³⁾	8.5	9.3	+ 9.4%	31.7	32.5	+2.6%
<i>% of revenues</i>	12.5%	13.0%		13.1%	13.1%	
NET INCOME (GROUP SHARE)	8.6	10.9	+ 26.7%	27.8	28.7	+3.1%
<i>% of revenues</i>	12.8%	15.3%		11.5%	11.6%	
Earnings per share⁽⁴⁾	0.67	0.85	+26.5%	2.16	2.23	+ 3.0%
<i>Diluted earnings per share⁽⁴⁾</i>	0.63	0.83	+31.0%	2.11	2.16	+2.3%
Net cash position				62.8	83.5	+32.9%
Cash, cash equivalents and other current financial				90.8	117.4	+29.3%

(1) Consolidation for Q4 2011 includes DiBcom and Varioptic. (*) 2nd Half of 2011 currently being audited.

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

(3) Since Jan. 1st, 2011, the research tax credit (CIR) has been considered as ab operating subsidy. Amount of the research tax credit: Q4 2011: €1.6 m. - FY 2011: €5.2m.

(4) Number of shares for calculating net earnings per share at December 31st, 2011 (weighted average number of shares outstanding): 12,885,568, and on a diluted basis: 13,304,129.

As Henri Seydoux, Parrot's Chairman, CEO and founder, explains:

"Parrot ended 2011 with a good performance, despite the economic slowdown. The growth achieved on the OEM business lines and the Parrot AR.Drone's sustained level of sales throughout the year made up for the downturn on our Retail automotive activities to a great extent. These trends confirm our strategic choices: accelerating the product renewal rate, deploying in-car internet connectivity, integrating new technological components through acquisitions, and maintaining a committed R&D policy will enable Parrot to position itself to lead the way forward, capitalizing on new sources of growth and becoming a pivotal player on the infotainment market.

In 2012, we are giving ourselves the means to dynamically continue moving forward with our innovation strategy, despite the uncertainties surrounding changes in the economic environment, while benefiting from the flexibility of our business model. In this way, Parrot is looking to fully benefit from the next major technological shifts linked to the continued development of mobility and smartphones, as first illustrated by the Parrot products unveiled at the CES in January 2012".

Level of business for the fourth quarter of 2011

During the period, Parrot recorded 71.7 million euros in revenues, up 6.3% in relation to the fourth quarter of 2010. Restated for revenues from navigation products, in line with the strategic decision taken at the end of 2010 to stop selling low-margin products, as well as acquisitions, fourth-quarter revenue growth comes out at 10.3%.

The Retail Products business (grouping together aftermarket installed systems, Plug & Play, Multimedia and "Other" products), represented 54% of the Group's revenues (versus 74% in Q4 2010), while the OEM business accounts for 46% (compared with 26% in Q4 2010).

In 2011, revenues came to 247.7 million euros, with 2% annual growth for the Group. Restated for navigation products, full-year revenues are up 15.1 million euros, giving an annual growth rate of 6.5% (restated 2011 revenues: 246.3 million euros, versus restated 2010 revenues: 231.2 million euros).

■ Retail revenues

In the fourth quarter of 2011, revenues came to 38.5 million euros for Retail products, an annual decline of 22% or 19% restated for "Other" revenues.

Revenues from Retail Automotive products, installed handsfree kits (30% of Group revenues / 56% of Retail revenues) and Plug & Play (5% of Group revenues / 9% of Retail revenues) are down 15% in relation to the fourth quarter of 2010. Over the year, revenues on Retail Automotive products fell 15%. Throughout 2011, the downturn on this business was gradually reined in, although without being fully offset by the product renewals carried out, primarily during the second half of the year, set against a deterioration in the economic environment.

Revenues from Retail Multimedia products (17% of Group revenues / 31% of Retail revenues) in the fourth quarter of 2010 reflect the Parrot AR.Drone's continued success six quarters since its release. In 2011, Parrot AR.Drone sales represented 21% of Retail revenues, up from 14% in 2010, with the Multimedia product range recording full-year growth of 14%.

In 2011, Retail revenues totaled 133.2 million euros (compared with 160.3 million euros in 2010), affected by sales being stopped for low-margin products (-87%), in addition to the new products launched, primarily since September 2011, and the difficult economic environment in Spain (-30.0%).

From a regional perspective

In the EMEA region (40% of Group revenues / 74% of Retail revenues), revenues came to 28.6 million euros, compared with 38.0 million euros for the fourth quarter of 2010. The main area concerned by the slowdown in activity is Spain (7% of Group revenues / 14% of Retail revenues in the fourth quarter of 2011). On the other hand, France, the UK, Italy and Germany all achieved sales growth of over 20% during the last quarter, driven by product renewals.

In North America (9% of Group revenues / 17% of Retail revenues), Multimedia products continued to see a sustained level of sales, with the contraction in revenues primarily reflecting a reallocation of the revenues generated in Latin America and previously recorded under North America.

In Asia (5% of Group revenues / 9% of Retail revenues), revenues are up 38%, while the Group is continuing to develop its commercial penetration.

The balanced breakdown of Retail product sales (cf. appendices) 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 33.2 million euros in revenues for the quarter, an increase of 87% compared with the fourth quarter of 2010. In line with the Group's expectations, the contraction in revenues recorded during the third quarter of 2011 was made up for during this period to a great extent.

Over the full year in 2011, the OEM business achieved 114.5 million euros in revenues, giving an annual growth rate of 41% and 34% on a comparable basis (excluding acquisitions).

Gross margin

For the fourth quarter of 2011, Parrot's gross margin came to 53.7%, with this 4.3 pt increase in relation to the fourth quarter of 2010 reflecting the favorable change in the product mix, and more specifically: (i) the fact that low-margin products 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. Compared with the previous quarter, the 0.8 point contraction is linked to the new products released in autumn 2011, with gradually improving margins.

In 2011, Parrot's gross margin represented 53.2% of revenues, an increase of 3.5 points: the good level of the gross margin reflects the favorable change in the product mix, combined with zero exposure to exchange rate fluctuations (Euro/Dollar) thanks to the balance between revenues and spending in US dollars.

Income from ordinary operations / EBIT

In the fourth quarter, income from ordinary operations came to 10.6 million euros, giving a current operating margin rate of 14.7%. Non-current operating expenses (1.3 million euros) are linked to integration costs for the acquisitions made during the second half of 2011, bringing EBIT down to 9.3 million euros, with an operating margin rate of 13.0%.

During the fourth quarter, operating expenses totaled 27.9 million euros, coming in 3.1 million euros higher than the fourth quarter of 2010, reflecting:

- The increase in R&D spending, up to 8.6 million euros (12% of revenues), in line with the Group's innovation strategy, focused on developing the next innovations, particularly in the automotive infotainment sector, while stepping up the pace of product renewals, as illustrated by the new products unveiled in January 2012; the research tax credit represents 1.6 million euros for the quarter.
- Sales and marketing spending totaled 12.1 million euros (17% of revenues), reflecting the high level of marketing investments over the end-of-year holiday period, in addition to the costs linked to Parrot's presence at the CES event;
- General costs, at 4.4 million euros (6% of revenues), factor in the integration of the new teams at Parrot's headquarters in Paris.
- Production and quality-related costs came to 2.8 million euros (4% of revenues), in line with the change in the Group's requirements over the period.

At December 31st, 2011, the Group's workforce represented 694 people, including staff from Varioptic and DiBcom (98 people).

In 2011, income from ordinary operations totaled 35.0 million euros (operating margin of 14.1%), compared with 31.7 million euros for 2010 (operating margin of 13.1%), thanks to the effective management of the Group, which increased its workforce by 34 % over the year and launched three new products in H2 2011.

Net income

Net income (Group share) came to 11 million euros (15.3% net margin), representing 0.85 euros per share for the fourth quarter of 2011.

At December 31st, 2011, net income (Group share) climbed to 28.7 million euros (11.6% net margin), with 2.23 euros in net earnings per share, up 3% in relation to 2010.

Financial structure

Cash from operating activities represented 7.2 million euros for the fourth quarter, including a -3.6 million euro change in working capital, consistent with the level of business over the period.

At December 31st, 2011, cash, cash equivalents and other current financial assets represented 117.4 million euros, with 86.7 million euros in net cash, compared with 90.8 million euros at December 31st, 2010.

In terms of the balance sheet at December 31st, 2011, inventories represent 22.3 million euros (versus 27.9 million euros at September 30th, 2011 and 30.5 million euros at December 31st, 2010). Financial debt stands at 30.7 million euros, while Parrot has 176.8 million euros in shareholders' equity (compared with 164.1 million euros at September 30th, 2011 and 152.1 million euros at December 31st, 2010), with 13.7 euros in net assets per share.

Positive performances in 2011

Parrot made significant progress in 2011: 9.8 million product units were sold (OEM and Retail), the R&D program focused on in-car internet and infotainment solutions was rolled out, and two acquisitions (Varioptic and DiBcom) were made in order to accelerate the Group's capacity for innovation and strengthen its potential for development on new OEM and Retail markets. At the same time, the Multimedia products have proven their ability to make a positive contribution to growth and the Group's brand awareness, while the renewal of the Automotive product ranges, launched during the second half of 2011, continued over the start of the year with the launches announced at the CES event in January 2012⁽¹⁾.

All these strategic advances have been accomplished without calling into question the main management balances of the Group, which is maintaining its focus on profitable growth.

¹ See press release from January 9th and 10th, 2011 at <http://www.parrot.com/fr/societeparrot/relationinvestisseurs> Press Releases section.

Strategy and outlook for 2012

The development plan aims to position the Group on the growing automotive infotainment market (2010–2014 CAGR of 7% to 9%²). The combination of Parrot's technological expertise and its sustained R&D drive are expected to enable the Group to continue acquiring customers, while maintaining the value created by its solutions and developing its presence on the market for digital car radios, navigation and useful services for drivers. In this way, Parrot will be able to meet the demands of auto manufacturers and their OEMs, subject to development cycles running from 18 to 24 months, while working alongside them to anticipate the deployment of 4G networks, which will make a major contribution towards optimizing mobile connectivity in the automotive environment by increasing data traffic capabilities. With this in mind, Parrot is developing its next-generation chip and continuing to roll out its strategy for innovation on Retail products in order to continue consolidating its position as a pioneer and leader for wireless connectivity solutions.

In addition, the Group will continue setting aside a reasonable percentage of its resources for developing Multimedia products³, looking to support new mobile phone uses outside of the automotive sector. While already making a positive contribution to the Group's image and earnings, these activities, based on technologies that dovetail together effectively, are expected to continue generating new sources of growth.

For 2012, faced with an uncertain economic environment and the impact of the acquisitions made, Parrot is continuing to target profitable growth and setting itself the following objectives:

- **Continuing to step up R&D efforts:** over a full year, incorporating the additional staff from Parrot, DiBcom and Varioptic (+ 175 people in total), aiming to support Parrot's ramp-up on the automotive infotainment market;
- **Integrating acquisitions without calling the Group's main management balances into question:** deployment of a shared roadmap, as well as operational and financial synergies;
- **Accelerating Retail product renewals,** primarily during the second half of the year, in order to support dynamic commercial development through a strategy for innovation;
- **Throughout the year, adjusting marketing spending** in line with sales volume forecasts, with significant resources deployed, primarily during the second and third quarters of 2012, to support the product launches;
- **Maintaining moderate growth on OEM activities,** consistent with the increase in volumes with existing customers and the stronger penetration rate for in-car connectivity solutions;
- **Greater volatility with quarterly results:** Parrot expects the uncertain economic environment and the product launches to increase the quarterly variations in its revenues and spending, but, as in the past, it will continue to benefit from the flexibility of its business model.

Next financial dates

- March 7th and 8th, 2012: Roadshow with Natixis
- April 12th and 13th, 2012: Small Cap Event in Paris
- May 15th, 2012: 2012 first-quarter earnings

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. Its globally recognized expertise in the fields of mobile connectivity and multimedia around Smartphones has positioned Parrot as a key player of in-car infotainment. Additionally, Parrot designs and markets an exclusive 'Parrot by' range, consisting of a prestigious line of high-end wireless multimedia products in collaboration with some of the world's most well-renowned artists; and the AR.Drone, the first quadricopter piloted via wi-fi and using augmented reality.

Parrot, headquartered in Paris, currently employs more than 650 people worldwide and generates the majority of its sales overseas. Parrot is listed on NYSE Euronext Paris since 2006. (FR0004038263 – PARRO)

For more information: www.parrot.com / www.ardrone.com / www.parrotoem.com

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² Respectivement Frost & Sullivan 2011 : « The connected Car » – IMS Research 2010 : "The wireless car".

³ See press release from January 9th and 10th, 2011 at <http://www.parrot.com/fr/societeparrot/relationinvestisseurs> Press Releases section.

APPENDICES - Financials at December 31st, 2011

■ BREAKDOWN OF CONSOLIDATED REVENUES BY PRODUCT

€'000,000 and % of Group revenues	Q4 2011 ⁽¹⁾		Q4 2010		2011 12 months ⁽¹⁾		2010 12 months	
Installed handsfree systems	21.4	30%	23.8	35%	82.6	33%	95.8	40%
Plug & Play products	3.6	5%	5.4	8%	11.2	5%	14.6	6%
Multimedia products ⁽²⁾	12.1	17%	16.6	25%	31.9	13%	28.0	12%
Other ⁽³⁾	1.4	2%	3.9	6%	7.4	3%	21.9	9%
Total revenues for Retail Products	38.5	54%	49.7	74%	133.2	54%	160.3	66%
Total revenues for OEM Products	33.1	46%	17.8	26%	114.5	46%	81.3	34%
Group total	71.7	100%	67.4	100%	247.7	100%	241.7	100%

(1) 2nd Half of 2011 currently being audited; consolidation for Q4 2011 includes DiBcom and Varioptic.

(2) Multimedia products: Parrot By products and Parrot AR.Drone.

(3) 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 CONSOLIDATED REVENUES BY REGION

€'000,000 and % of Group revenues	Q4 2011 ⁽¹⁾		Q4 2010		2011 12 months ⁽¹⁾		2010 12 months	
EMEA	28.6	40%	38.0	56%	106.2	43%	138.4	57%
US	6.4	9%	9.2	14%	15.6	6%	16.1	7%
Asia	3.5	5%	2.5	4%	11.3	5%	5.9	2%
Total revenues for Retail Products	38.5	54%	49.7	74%	133.2	54%	160.3	66%
Total revenues for OEM Products	33.1	46%	17.8	26%	114.5	46%	81.3	34%
Group total	71.7	100%	67.4	100%	247.7	100%	241.7	100%

(1) 2nd Half of 2011 currently being audited; consolidation for Q4 2011 includes DiBcom and Varioptic.

■ CONDENSED INCOME STATEMENT

Consolidated accounts ⁽¹⁾ - IFRS (€'000,000)	Q4 2011	Q4 2010	2011 12 months	2010 12 months
Revenues	71.7	67.4	247.7	241.7
<i>Of which, navigation products ⁽²⁾</i>	0.0	2.4	1.4	10.5
Gross operating margin	38.5	33.3	131.7	120.2
<i>% of revenues</i>	53.7%	49.4%	53.2%	49.7%
Research and development costs ⁽³⁾	-8.6	-7.1	-29.6	-28.7
<i>% of revenues</i>	12.0%	10.5%	12%	-11.9%
Sales and marketing costs	-12.1	-12.6	-44.2	-41.2
<i>% of revenues</i>	16.9%	18.7%	17.9%	-17.1%
General costs	-4.4	-2.8	-13.9	-10.7
<i>% of revenues</i>	6.2%	4.1%	5.6%	-4.4%
Production and quality	-2.8	-2.4	-9.0	-7.9
<i>% of revenues</i>	3.9%	3.6%	3.6%	-3.3%
Income from ordinary operations ⁽³⁾	10.6	8.5	35.0	31.7
<i>% of revenues</i>	14.7%	12.5%	14.1%	13.1%
EBIT⁽³⁾	9.3	8.5	32.5	31.7
<i>% of revenues</i>	13.0%	12.5%	13.1%	13.1%
Cost of net financial debt	0.2	0.1	0.9	0.5
Other financial income and expenses	1.0	0.1	0.7	-0.5
Share in income from equity affiliates	0.05	-0.5	-0.2	-1.0
Corporate income tax	0.3	0.4	-5.2	-2.8
Net income (Group share)	11.0	8.6	28.7	27.8
<i>% of revenues</i>	15.3%	12.8%	11.6%	11.5%

(1) 2nd Half of 2011 currently being audited; consolidation for Q4 2011 includes DiBcom and Varioptic.

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

(3) Since January 1st, 2011, the French research tax credit (CIR) has been considered to be an operating subsidy. Amount of the research tax credit: Q4 2011: €1.6 m. - FY 2011: €5.2m.

■ CONDENSED CONSOLIDATED BALANCE SHEET

Consolidated balance sheet ⁽¹⁾ - IFRS (€'000,000)	Dec 31, 2011	Sep 30, 2011	Dec 31, 2010
Non-current assets	73.8	71.7	34.7
Goodwill	44.7	48.2	21.1
Other intangible fixed assets	18.9	11.8	8.8
Tangible fixed assets	7.7	7.0	4.1
Financial assets	0.7	0.7	0.6
Deferred tax assets	1.7	4.1	0.1
Current assets	207.3	197.2	174.6
Inventories	22.3	27.9	30.5
Trade receivables	55.8	48.0	48.4
Other receivables	11.9	9.4	5.0
Other current financial assets	33.9	40.0	28.0
Cash and cash equivalents	83.5	71.8	62.8
TOTAL ASSETS	281.1	268.9	209.4

(1) 2nd Half of 2011 currently being audited; consolidation for Q4 2011 includes DiBcom and Varioptic.

Consolidated balance sheet ⁽¹⁾ - IFRS (€'000,000)	Dec 31, 2011	Sep 30, 2011	Dec 31, 2010
Share capital	2.0	2.0	2.0
Issue and contribution premiums	57.5	57.8	57.2
Reserves excluding earnings for the period	87.1	86.2	64.6
Earnings for the period - Group share	28.7	17.7	27.8
Exchange gains or losses	1.5	0.3	0.6
Equity attributable to Parrot SA shareholders	176.8	164.1	152.1
Minority interests			
Non-current liabilities	6.4	4.9	3.8
Non-current financial liabilities	1.0	0.9	
Pension provisions and related commitments	1.0	1.1	0.7
Deferred tax liabilities	2.9	1.6	2.0
Other non-current provisions	1.5	1.3	1.1
Current liabilities	98.0	99.9	53.4
Current financial liabilities	29.7	36.3	
Current provisions	12.6	11.6	7.5
Trade payables	36.3	31.1	31.0
Current tax liability	1.4	4.0	2.0
Other current liabilities	18.0	16.8	13.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	281.1	268.9	209.4

(1) 2nd Half of 2011 currently being audited; consolidation for Q4 2011 includes DiBcom and Varioptic.

■ CASH FLOW

Cash flow ⁽¹⁾ - IFRS (€'000,000)	Dec 31, 2011	Sep 30, 2011	Dec 31, 2010
Operating cash flow			
Earnings for the period	28.7	17.8	27.8
Share in income from equity affiliates	0.2	0.2	0.1
Depreciation and amortization	9.1	6.9	13.1
Capital gains and losses on disposals	0.0	0.0	0.0
Tax charges	5.2	5.6	2.8
Cost of share-based payments	2.6	1.9	1.6
Cost of net financial debt	-0.9	-0.7	-0.5
Cash flow from operations before tax and cost of net financial debt	44.9	31.7	45.9
Change in working capital	-4.0	-0.4	-20.3
Tax paid	-2.3	0.3	2.8
NET CASH FROM OPERATING ACTIVITIES (A)	38.6	31.6	28.4
Investing cash flow			
Acquisition of tangible and intangible fixed assets	-8.6	-7.0	-10.0
Acquisition of subsidiaries, net of cash acquired	-26.3	-28.9	-
Acquisition of long-term financial investments	-0.4	-0.2	-0.6
Disposal of long-term financial investments	0.1	-	-
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	-35.2	-36.1	-10.6
Financing cash flow			
Equity contributions	0.3	0.2	1.1
Receipts linked to new loans	29.5	32.6	0.0
Cash invested for over 3 months	-5.9	-12.0	-28.0
Cost of net financial debt	0.9	0.6	-0.5
Exchange rate hedging instruments	-0.1	-0.2	-0.1
Repayment of short-term financial debt (net)	-1.5	-0.4	-
Acquisition of treasury stock	-7.2	-7.1	-5.2
CASH FLOW FROM FINANCING ACTIVITIES (C)	16.0	13.8	-31.7
NET CHANGE IN CASH POSITION (D = A+B+C)	19.4	9.3	-13.8
Net exchange rate differences	1.2	-0.3	0.6
CASH AND CASH EQUIVALENTS AT YEAR-START	62.8	62.8	76.0
CASH AND CASH EQUIVALENTS AT YEAR-END	83.5	71.8	62.8
Other current financial assets	33.9	40.0	28.0
CASH, CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS AT YEAR-END	117.4	111.8	90.8

(1) 2nd Half of 2011 currently being audited; consolidation for Q4 2011 includes DiBcom and Varioptic.
