

## **ARCHOS Announces 2006 Sales Revenue** ***Sales Revenue Increase of 21% over 2005***

ARCHOS, a technology leader in the field of Portable Media Players, announces sales revenue of 124.3 M€ for the year 2006, up 21%, from 103.1 M€, compared to the same period in 2005. A two month delay of the Generation 4 product line launch impacted Q4 sales results. Excluding Echostar OEM sales revenue, ARCHOS reports 27% growth over 2005.

Year ending 2006 financial results per region are as follows:

<b>In M€ Sales Revenue</b>	<b>2006</b>	<b>2005</b>	<b>Variation</b>
<b>Europe</b>	<b>86.3</b>	<b>70</b>	<b>+23%</b>
<b>USA</b>	<b>25.9</b>	<b>16.3</b>	<b>+59%</b>
<b>ASIA</b>	<b>11.2</b>	<b>11</b>	<b>+2%</b>
<b>Total ARCHOS</b>	<b>123.4</b>	<b>97.3</b>	<b>+27%</b>
<b>Echostar OEM</b>	<b>0.9</b>	<b>5.8</b>	<b>NS</b>
<b>TOTAL</b>	<b>124.3</b>	<b>103.1</b>	<b>+21%</b>

- Europe continues its progression and posts 23% growth, representing 69% of total sales.
- North America achieves a 59% increase in sales and expects continued growth in 2007 as a result of recently signed retailers such as Wal-Mart, Target and Office Depot.
- In an extremely fragmented Asian market, ARCHOS keeps parity with leading Chinese suppliers. The creation of a new legal entity in China on January 1, 2007 will enhance logistics and help ARCHOS keep a competitive edge. ARCHOS also has reinforced its network of distributors in support of this new structure. With this new legal entity, ARCHOS is no longer required to pay the 20% customs tax imposed on foreign companies, even those with a manufacturing plant in China.

**In 2006, ARCHOS consolidated many initiatives and departments worldwide, resulting in fundamental changes that will impact future development of the company:**

### **Production Process:**

- Optimisation of subcontractor processes and improvement of quality.
- Enhanced final product assembly at the Canon logistics center in Brittany, France.
- Diversification of suppliers and optimisation of acquisition costs.

# ARCHOS

## **Distribution Channels:**

- Strengthened distribution channels and recruited new retail chains:
  - 1,000 new points of sale in Europe and more than 5,000 in the US.
  - New subsidiaries in Southern Europe.

## **Strategic Partnerships:**

- New partnerships with Alcatel, EMI, IMS Inflight, Kewego, and Vodeo.

## **Technology Leadership:**

- A new product range with high added value was launched in the last quarter of 2006. The ARCHOS 604-WiFi is the industry's first WiFi-enabled touch-screen Portable Media Player and has been received favourably by the international press, retailers and consumers. This support is confirmed by high sell-in to the channels and impressive sell-through at the retail outlets.



- In this growing market, ARCHOS further demonstrated its technology leadership. The ARCHOS 604-WiFi allows consumers to browse the Internet, play media files from their home computer to the device or to a TV, and easily navigate through digital content on a touch-screen display.

## **2007 Outlook**

ARCHOS will offer consumers a unique range of WiFi Portable Media Players that create the bridge between the home PC, Internet and TV, and answer consumers' needs for mobility and continuous access to on-line content.

ARCHOS will further strengthen distribution channels by winning new contracts with leading consumer electronics retail chains in the US, Europe and Asia, thereby raising worldwide brand awareness and sales opportunities.

The company's initiatives to reinforce strategic marketing through several industry partnerships with key companies in the telecommunications, TV and digital content markets worldwide is expected to lead to continued growth in 2007.

## **About ARCHOS**

ARCHOS is the technology leader in the field of portable audio and video devices. In 2000, its Jukebox 6000 opened the mass market of hard drive-based MP3 players. In 2002, ARCHOS introduced the first portable video player, Jukebox Multimedia, the forerunner of an entirely new product category. Its Pocket AV range revolutionized leisure time for consumers wishing to enjoy television, music, videos or photos anywhere, anytime. Established in 1988, ARCHOS has offices in Europe, the United States and Asia. ARCHOS is quoted on Compartment C of Euronext Paris, ISIN Code FR0000182479. Further information is available on [www.archos.com](http://www.archos.com)

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