

2013 first-quarter revenues

Key Account sales affected by the deterioration in the automotive industry

Marketing of Retail infotainment products gradually being ramped up

Multimedia product penetration continuing to develop

Against a backdrop of falling production and sales in the automotive industry, with impacts on the performance of Parrot's Key Account business, the Group is publishing quarterly revenues ahead of its traditional financial calendar.

Consolidated revenues, unaudited €'000,000 and % of revenues	Q1 2012	% of revenues	Q1 2013	% of revenues	Change yoy	Q4 2012	% of revenues	Change qoq
Installed handsfree systems	17.5	27%	12.7	22%	-27%	15.5	21%	-18%
Plug & Play products	3.4	5%	4.2	7%	+24%	4.5	6%	-7%
Multimedia products	2.4	4%	9.6	17%	+294%	21.6	30%	-56%
Other	1.7	3%	2.2	4%	+32%	2.1	3%	+5%
Total Retail revenues	25.0	39%	28.7	50%	+15%	43.7	60%	-34%
Total Key Account revenues	39.4	61%	28.7	50%	-27%	29.3	40%	-2%
Group revenues	64.4	100%	57.4	100%	-11%	73.0	100%	-21%

During the period, Parrot recorded 57.4 million euros in consolidated revenues, down 11% in relation to the first quarter of 2012. Compared with the fourth quarter of 2012, the changes are not particularly representative due to the favorable impact on Retail activities of the seasonality of end-of-year sales.

For the first quarter, Retail Products represented 50% of the Group's revenues (versus 39% in Q1 2012), with the Key Account business coming in at 50% as well (versus 61% of Group revenues in Q1 2012). Following on from the fourth quarter, the Key Account segment's revenues was held back by the downturn on the automotive market, with the good performances by Retail products partially offsetting this general trend.

Key Account business

In the first quarter of 2013, the Key Account business (grouping together sales of multimedia connectivity solutions to industrial automotive firms, as well as related activities resulting from acquisitions) generated 28.7 million euros in revenues, compared with 39.4 million euros for the first quarter of 2012, down 27%. Revenues for the period are in line with the trends already registered during the fourth quarter of 2012.

The contraction in sales primarily reflects the drop in volumes, in view of (i) the destocking policy applied by the automotive industry faced with the downturn (estimated impact of -5 million euros for the quarter), (ii) an unfavorable basis for comparison linked to the end of exceptional orders (around -3 million euros for the quarter) since the fourth quarter of 2012, and (iii) the contractual reduction in sales prices in preparation for a new innovation cycle (around -2 million euros for the quarter).

On the infotainment market, Parrot, which already works with six industrial operators, two of which will start equipping their models from the second half of 2013, is currently taking part in additional targeted prospecting campaigns, which essentially concern potential new clients.

In view of the impact of the general environment on sales of Key Account automotive solutions, Parrot is able to confirm that, for the current year, the order book for the next three quarters represents approximately 30 million euros per quarter.

Retail business

In the first quarter of 2013, revenues on Retail products (grouping together aftermarket installed systems, Plug & Play products, Multimedia and "Other" products) increased by 15% to 28.7 million euros, compared with 25.0 million euros in the first quarter of 2012.

The three Retail infotainment products (Parrot Asteroid) have gradually been released since the end of February, with a positive response from the media and retailers. This launch is particularly strategic for the Group: the revenues from Parrot Asteroid products will make it possible to balance the revenues on installed handsfree kits over the year enabling the Group to fully benefiting from the growth generated by the other ranges of Retail products, in addition to demonstrating Parrot's ability to position itself on this new infotainment market.

With distinctive innovations designed to offer consumers a rich digital environment adapted for cars, the new Parrot Asteroid range covered around 30% of the Group's global distribution capacity at the end of March. All the distribution networks worldwide are expected to receive deliveries by the end of this financial year. In this context, the new generation of products is not offsetting the drop in sales of first-generation installed handsfree kits over the period; globally, revenues on installed handsfree kits (22% of Group revenues / 44% of Retail revenues) are down 27%. Plug & Play products (7% of Group revenues / 15% of Retail revenues), renewed in 2012, have continued to make progress, with growth coming in at 24% for the quarter.

The penetration by the main Multimedia products (Parrot AR.Drone 2, Parrot Zik, Parrot Zikmu Solo) has continued to develop, achieving 294% growth, with this rate also benefiting from a favorable base effect (release of Parrot Zik from H2 2012, launch of Parrot AR.Drone in Q2 2012).

From a regional perspective, sales in Europe are down 7% in relation to the first quarter of 2012, affected by the decline in sales in Spain (-41%) and the Benelux region (-40%), while all the other countries are progressing. On the whole, revenues are balanced between the main countries (France 8% of Group revenues, UK 6%, Spain 4%, Germany 5%, Europe Export 8%). Conversely, business trends remained very strong in America (16% of Group revenues, +113%) and Asia (18% of Group revenues, +118%).

As Henri Seydoux, Parrot's Chairman, CEO and founder, concludes: *"The Group intends to continue rolling out its strategy for expansion and innovation in line with its development plan for 2013. To finalize the new Retail products and meet the expectations of Key Account prospects, we maintained a high level of R&D investment during this first quarter; in this context, our results will be close to breaking even for the first half of the year.*

Today, Parrot has the possibility to capitalize on new opportunities for growth on infotainment, multimedia and commercial drones. Our success on these markets depends to a great extent on our technological lead and that is why we have been implementing an ambitious strategy for expansion and innovation since 2009. The first benefits will be seen from the second half of 2013 and we are organized to get ready for a significant acceleration in 2015. We are moving forward with our transition to the infotainment market, the finishing line is approaching, this is not the time to slow down".

Next financial dates

- April 15th and 16th, 2013: European Small Cap Event (Paris)
- May 16th, 2013: 2013 first-quarter earnings
- July 30th, 2013: 2013 second-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 a prestigious line of high-end wireless multimedia products in collaboration with some of the world's most renowned designers. Finally, Parrot is expanding on the UAV market with the Parrot AR.Drone, the first quadricopter piloted via Wi-Fi and using augmented reality with new solutions for professional use.

Parrot, headquartered in Paris, currently employs more than 700 people worldwide and generates the majority of its sales overseas. Parrot is listed on NYSE Euronext Paris since 2006. (FR0004038263 – PARRO)

More information: www.parrot.com / www.ar drone.com / www.parrotoem.com

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