



Business in Q3 2008

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- The deterioration in the economic environment is affecting growth

Set against a global economic deterioration with a significant impact on consumption for electronic products, Parrot recorded a slowdown in sales over Q3 2008. The contraction in sales is more specifically being seen in the countries worst hit by the crisis: Spain and the US.

At September 30th, 2008, Parrot's revenues are expected to come in at just over 160 million euros, representing annual growth of around 1%. The phenomenon of restrictive consumption is reducing short-term visibility and Parrot does not expect to see any significant improvement in the coming months.

These factors, as well as the dollar's rise, will affect margins for the second half of the year. Parrot is gradually rolling out actions to limit the impact on its profitability and for this will benefit from the flexibility of its business model.

- The slowdown that is affecting the entire industry nevertheless represents an opportunity for Parrot to gain market shares

Confirming the success of Parrot's products within the mobile telephone ecosystem, Parrot's market shares have continued to grow in all countries, coming in at close to 70%⁽¹⁾ over the last few months (compared with 65%⁽¹⁾ in June 2008). Parrot's listings in new points of sale have continued to be ramped up, in line with the progress made by the Group around the world.

In this way, Parrot is notably finalizing commercial contracts with various telecoms operators. In Q4, several marketing operations will be rolled out on the "handsfree kit" and "multimedia" product ranges in Europe and the US for these new distribution channels.

On the OEM segment, Parrot expects the strong trend for the growing integration of wireless technologies in cars to continue. In addition, the major design wins sealed with automotive and car radio manufacturers in 2008 will bear fruit as of 2009.

For Henri Seydoux, Parrot's Chairman and cofounder: "The global slowdown in consumption is affecting the level of orders and profitability, but is not calling into question Parrot's leadership on the market for mobile phone devices. The brand's growing recognition, our ability to innovate and the Group's solid financial position mean that we will be able to continue developing our business with our minds at ease".

Diary: Earnings for Q3 2008 (ended September 30, 2008) to be published after close of trading on November 13.

(1) Source: GFK – Sept. 2008: average "Bluetooth handsfree kit" market shares in five European countries (France, Germany, Italy, Spain, UK).

About PARROT

Founded in 1994, Parrot has rapidly established itself as a pivotal global player for wireless mobile telephone accessories. Drawing on its tried-and-tested expertise on voice recognition and signal processing technologies, Parrot was one of the very first companies to produce Bluetooth®-enabled wireless hands-free car kits, having identified this standard's vast potential as early as 1999.

Determined to accompany the mobile telephone's irresistible breakthrough into our day-to-day lives, Parrot has been developing a new range of Multimedia products since 2006, including wireless hi-fi systems and LCD photo frames.

Today, Parrot truly has a major international focus, both in terms of its client base, with 86.6% of sales generated outside of France, and in terms of production, outsourced to carefully selected partners, enabling it to achieve the best possible level of quality and responsiveness. Parrot is now particularly well positioned to capitalize on the bright future opening up for mobile telephone devices.

Parrot has seen sustained growth in its consolidated revenues, which have tripled since 2005. In 2007, Parrot sold over 5 million product units and generated 220 million Euros in revenues, up 32% on 2006..

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