



PARROT®

***Good fourth quarter rounds off 2007
with strong growth in earnings
Leadership confirmed, with five million units sold
Sound and profitable growth to continue over 2008***

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- **2007 revenues:** 219.8 million euros, up +31.7% in relation to 2006. In Q4 2007, revenues totaled 60.9 million euros.
- **2007 gross margin:** 49.6%, compared with 45.0% in 2006. Excluding the contract for the distribution of navigation products in Spain, the gross margin comes out at 53.1% for 2007.
- **2007 operating margin:** 12.2% of total revenues.
- **2007 net income:** 20.0 million euros, up 159.6%, with the net earnings per share at 1.56 euro.
- **Q4 2007** marked by:
 - Sustained sales on the handsfree kit business and the new Multimedia segment (linked to new cellphone uses: music and photos);
 - Acquisition of a 100% stake in Waveblue, the exclusive distributor in California;
 - Compatibility of Parrot product ranges with Apple® Mac OS X Leopard;
 - Launch of the first MMS frame in France based on a partnership with Bouygues Telecom;
 - Co-marketing and partnership operations further strengthening brand awareness and visibility.
- **Key strategy elements and objectives for 2008**
 - Handsfree kits: launch of four new installed car kit and plug&play products, renewal of flagship products;
 - Multimedia: continued deployment of the range, further improvement in connectivity standards, integration of dedicated technologies for use with an iPhone®;
 - OEM: further strengthening of the presence in Asia, with an office opened in Tokyo, presentation of a new generation of integrated systems to accompany moves to ramp up the contracts sealed in 2007;
 - Strengthening of the management teams, in order to ensure that business is managed in a consistent way.
 - R&D policy focused on technologies, compatibility and design, in line with new multimedia terminals;
 - Marketing and sales: ongoing moves to strengthen the multichannel distribution network, operator partnerships and the push sales strategy, adapted for each country, with a view to striking a new regional balance;
 - Continued strong and profitable growth.

€'000,000, excluding net EPS	2007	2006 pro forma	Change %
Revenues	219.8	166.9	+31.7
Gross operating margin	109.1	75.1	+45.3
% of revenues	49.6%	45.0%	
EBIT	27.0	⁽¹⁾ 23.7	+13.9
% of revenues	12.2%	14.2%	
Non-recurring expenses	-	-6.5	
Net income (Group share)	20.0	7.7	+159.6
% of revenues	9.1%	4.6%	
Net earnings per share	--	⁽¹⁾ €1.32	
Diluted net earnings per share	--	⁽¹⁾ €1.13	
Net earnings per share	€ 1,56	€0.72	
Diluted net earnings per share	€ 1,46	€0.61	
€'000,000, excluding net EPS	Dec 31, 2007	Dec 31, 2006	
Net debt	-37.4	-31.8	

(1) Excluding non-recurring stock option allocation expenses linked to the capital restructuring program



"The fourth quarter saw a sustained rate of business, with Parrot's products and more specifically the new Multimedia range proving particularly successful in terms of sales over the end-of-year period. In 2007, Parrot sold more than five million products worldwide. This good performance has been combined with strong growth in our earnings and a highly satisfactory level of margins, confirming the quality of our products and the relevance of our strategy. Thanks to our dynamic innovation policy, the driving force for our development model, and the strengthening of our structures, we are able to look ahead to 2008 with confidence", explains Henri Seydoux, Parrot's Chairman, CEO and founder.

Clear upturn over Q4

In Q4 2007, Parrot generated 60.9 million euros in revenues, up 20.7% on Q4 2006 and 30.2% in relation to the previous quarter, confirming a clear upturn in business compared with Q3 2007.

➤ For each segment

- The installed handsfree kit range achieved a good level of business, up 26.6% on the previous quarter.
- Plug&play products benefited from a strong acceleration in sales over Q4, with the revenues generated by this segment more than doubling in relation to Q3 2007.
- Multimedia products were a resounding success in Q4, with sales up 61.8% on the previous quarter.
- The OEM business has continued to grow, in line with expectations.

➤ For each region

- Spain: aftermarket product sales over Q4 2007 were good, despite the high penetration of Parrot products, with 19.8% growth in relation to Q3.
- UK: Q4 saw a good level of sales, up 60.1%.
- France: the level of business was excellent, benefiting to a large extent from marketing operations with SFR and the enlargement of the distribution network over Q3. In this way, Q4 was up 37.2% in relation to the previous quarter.
- Italy: the reorganization carried out in Italy has made it possible to see the first positive effects, with a significant increase in sales, up 97.0% compared with Q3.
- Germany: sales have been disappointing in Germany, except for on OEM.
- US: sales continued to develop strongly in the US over Q4, up 31.8% on the previous quarter.
- Rest of the world: new regions, ranging from South America to South Africa and Russia, are seeing their contribution to revenues increase significantly.

2007 revenues up 31.7%

Annual revenues reveal a good level of performance, with growth of over 30%, combined with a strong increase in the volumes sold, with more than five million in 2007, compared with close to three million in 2006.

On its historical business, installed handsfree kit sales have continued to account for the lion's share of revenues (66.5%). OEM sales, representing 12% of revenues, compared with 6.8% in 2006, have also continued to grow.

Lastly, 2007 was marked by the launch of the new range of Multimedia products, which accounted for 4% of revenues (6.9% on Q4 2007).

EBIT in 2007

Excluding the contract for distributing navigation products in Spain, the gross margin on all of Parrot's products comes out at 53.1% for 2007.

R&D costs represented 8.8% of revenues in 2007, compared with 8.0% in 2006. This change is linked to moves to strengthen the R&D teams, on which staffing levels increased by 58.1% over the period. At the end of December 2007, they represented 32.7% of the total workforce.

Sales and marketing costs came to 45.4 million euros, representing 20.7% of revenues, compared with 15.9% in 2006. This increase reflects: 1/ the change of pricing policy rolled out as of June 2006, which has resulted in costs being transferred from the gross margin over to sales and marketing spending; 2/ the implementation of an active sales and marketing strategy, based on the push&pull model.

In the end, EBIT came to 27.0 million euros in 2007, giving an operating margin of 12.2%.



Net income in 2007

In 2007, net income (Group share) came to 20.0 million euros, representing 1.56 euro per share, including a -0.6 million euro financial expense linked primarily to exchange rate differences.

Financial structure

The Group is in a healthy financial position, with 37.4 million euros in net cash at December 31st, 2007. Over the year, it generated 11.2 million euros in cash flow from operations.

Key strategy elements and objectives for 2008

➤ **Renewal of ranges and launch of new product generations**

For 2008, Parrot has chosen to focus on a series of innovative products that will help further strengthen the Group's market shares.

– Handsfree kits and Plug&Play:

Four best-sellers from the handsfree kit range are going to incorporate a number of major developments in terms of both technological improvements and design engineering.

In the Plug&Play range, the Parrot Minikit 2 will be given a new look, designed to appeal to a broader client base.

– Multimedia:

Parrot has joined forces with leading designers to develop impeccably styled products. Technologically, the products will incorporate additional features, such as compatibility with all telephones (including the iPhone®) and Wifi connectivity.

– OEM: Parrot's integrated systems are going to be enhanced with the very latest technologies deployed by the R&D teams, incorporating features for the iPhone and the latest generation signal processing capacity. At the heart of the Group's success lies an ongoing innovation policy, making it possible to further strengthen ties with existing clients and accelerate moves to win over new clients.

➤ **Adapting the marketing approach in order to boost sales in 2008**

While maintaining an active marketing strategy, Parrot is tailoring its actions to the specific features of each country, aiming to further strengthen its regional balance. In this way, particular attention will be given to Italy and the UK. In Germany, the Group has decided to focus its efforts on OEM clients. In the US, Parrot intends to accompany the regulatory changes on in-car telephone use and maximize the effectiveness of its distribution network following the recent acquisition of Waveblue in California.

Lastly, Parrot will be gradually rolling out its sales and marketing actions in a number of countries where significant potential has been identified, primarily Australia, Hong Kong and South America.

➤ **Development of the Group's structures**

In 2008, Parrot will be further strengthening its organization focusing on three key areas: 1/ the steady development of its R&D teams, 2/ the consolidation of support functions in order to optimize the steering and transversality of activities, 3/ the strengthening of its general management teams and the arrival of a new chief financial officer shortly.

➤ **Objectives for 2008**

In 2008, Parrot aims to step up the deployment of innovative products, accompanying changes in cellphone technologies and regulations.

Parrot is benefiting from favorable conditions to develop a lasting and profitable growth strategy. January has already seen good levels of business. The Group is looking ahead to 2008 with confidence, and expects to achieve double-digit growth in its revenues and maintain a high operating margin, set against its continued R&D, sales and marketing investments.

➤ **Next financial date**

Parrot will be publishing its results for Q1 2008 (ending March 31st) after close of trading on May 14th, 2008.

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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 handsfree 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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