

New progress in commercial and civil drones

Two investments to further strengthen Parrot's Drone business

Parrot is announcing that it has acquired two new interests in start-ups specialized in commercial and civil drones:

- **Airinov (www.airinov.fr): 1.6 million euros for 20.9% of the capital. Airinov has designed a dedicated drone solution exclusively for agronomic use, with an optical sensor and processing chain making it possible to accurately observe farms and agricultural operations.**
- **EOS innovation (www.eos-innovation.eu): 1 million euros for 33.4% of the capital. EOS innovation is a specialist in mobile robotics for the surveillance of industrial sites, logistics platforms and warehouses.**

Parrot has sold nearly 700,000 Parrot AR.Drones¹, its fun, high-performance flying camera drones for the retail market, and is continuing to benefit from its reputation and technological expertise to expand into the commercial and civil drone market. In 2013, the Drone business generated over 40 million euros of revenues, with nearly 15% concerning commercial and civil drone activities.

The commercial and civil drone market is expected to develop strongly during the next few years and could reach 2 billion dollars by 2015², driven by new technological capabilities, lower production costs and changes to the regulatory framework. The AUVSI study from March 2013³ predicts that the American market has the potential to represent over 80 billion dollars and create more than 100,000 new jobs over the period from 2015 to 2025.

The two new operations which Parrot has invested in will make it possible to accelerate the development of the various offers from both a technological and a commercial perspective. In addition, the start-ups will be able to benefit from Parrot's experience to help drive their own industrialization, notably drawing on the Group's fables model, its network of advanced electronic component suppliers and its international scale. The partners and subsidiaries are already successfully providing solutions to the drone market, collaborating on projects and developing cross-selling activities.

Parrot now has investments in five companies and a series of carefully selected technologies to serve the drone industry within three target markets in priority, chosen for their potential for development over the medium term:

- Geographic information systems (GIS) for the environment, mining / quarrying and city planning sectors,
- Surveillance of sensitive areas (warehouses, industrial sites, hypermarkets), protected locations (natural environments) or accident sites (disasters),
- Precision farming, made possible by the combination of drones, sensors and algorithms for conversion into agricultural recommendations.

¹ Parrot AR.Drone 1 and 2, from July 2010 (launch) to December 31st, 2013.

² Source: Frost & Sullivan, The Global UAV Market 2013-2023, December 2013

³ AUVSI (Association for Unmanned Vehicle System International), March 2013 study: "The economic impact of unmanned aircraft systems integration in the United States". The study exclusively concerns civil and commercial drones and focuses on the Agriculture and Public Safety sectors, which represent over 90% of the potential market.

Within the Drone business division, the collaborative projects between the various subsidiaries and associate firms will accelerate the availability of technologies and develop cross-selling, drawing on the expertise of each one of them:

- **senseFly** (July 2012, 56.6% of the capital, fully consolidated since July 2012): a spin-off from the EPFL⁴, this Swiss firm (50 people) designs, assembles and markets ultra light, autonomous minidrones for mapping mines, quarries, forests, fields and building sites. With a technology that is reliable, easy-to-use and competitive, senseFly, which generated €6.2 millions of revenues in 2013, is a leading player on its market and expects to double the number of drones sold in 2014.
- **Software specialist** (interest increased to 50.1% of the capital in February 2014, consolidated on an equity basis in 2013): this European firm (25 people) has developed image analysis software and algorithms to help navigation of robots in 3D space and generate models. Its proprietary software has been adopted by close to 1'000 customers.
- **Delair-Tech** (October 2013, 9,5% of the capital, not consolidated, recorded on the balance sheet as a financial investment): this Toulouse-based start-up (25 people) is located at the heart of the French aerospace region and designs, produces and markets aerial observation solutions using long-endurance unmanned aerial systems (UAS) for industrial and agricultural sectors. With an annual production capacity of 100 drones, Delair-Tech is primarily addressing surveillance missions of linear infrastructures (power lines, railways, inland waterways, pipelines, etc.), taking environmental measurements in inaccessible areas and meeting requirements for mapping large areas (topography, crop mapping).
- **Airinov** (February 2014, 20.9% of the capital, not consolidated, recorded on the balance sheet as a financial investment): created based on the vision of two engineers specialized in drones and mapping and the son of a farmer, this start-up, based in Paris and France's Vienne region, has developed a unique optical sensor and processing chain in conjunction with leading research institutes (INRA, CETIOM, etc.) aiming to observe as closely as possible, and with maximum responsiveness, agricultural operations and experimental platforms with a view to accurately determining nitrogen requirements, chlorophyll rates, biomass quantity levels, etc. A recognized pioneer for precision farming, Airinov is able to take into consideration the equivalent of one sample per square meter without destroying any crops, enabling farmers to optimize their production quality, costs and yields. Airinov plans to distribute SenseFly drones with its sensor for farmers and provide its service for recommendations based on the data collected.
- **EOS innovation** (February 2014, 33.4% of the capital, not consolidated, recorded on the balance sheet as a financial investment): created in 2010 to serve the emerging service robotics market, the Evry-based start-up (6 people) designs, develops and markets *e-vigilante*, a terrestrial internal surveillance drone that is mobile, autonomous and multifunctional, designed for industrial sites, logistics platforms, supermarkets and warehouses. *e-vigilante*'s on-board intelligence enables it to map places automatically, determine its location and move independently, modify its route if an area is inaccessible, take the quickest route in the event of any doubts, avoid obstacles, whether it is being piloted by an operator or running independently, in addition to charging itself up again automatically and distributing the videos observed in real time, as well as a full history of its activities, backed up to a secure server.

As Henri Seydoux, Parrot's Chairman, CEO and founder, concludes: *"Parrot's Drone activities are expected to continue developing with both consumers and professionals. Thanks to our technological, commercial and industrial synergies, as well as our strong finances, we have built up a considerable lead and a strong competitive position, ready to ramp up quickly. Parrot, which has invested nearly 9 million euros in commercial drones, is equipping itself to support the growing use of commercial drones worldwide: there is no doubt about it, we will sell more and more drones".*

ABOUT PARROT

Founded in 1994 by Henri Seydoux, Parrot creates, develops and markets advanced consumer technology products for Smartphones and tablets

⁴ Ecole Polytechnique Fédérale de Lausanne

Parrot also offers the most extensive range of hands-free communication systems on the market for cars. Its globally recognised 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 high-end wireless multimedia products dedicated to sound, and explores new possibilities with Bluetooth Smart technologies.

Finally, Parrot is expanding on the UAV market with the Parrot AR.Drone, the first quadricopter piloted via Wi-Fi and also with new solutions to address the UAV market for professional use.

Parrot, headquartered in Paris, currently employs more than 850 people worldwide and generates the majority of its sales overseas. Parrot is listed on Euronext Paris since 2006. (FR0004038263 – PARRO). For more information: www.parrot.com

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