Full Year 2008 Earnings

Olivier Piou, CEO
Jacques Thiery, CFO

March 19, 2009

www.gemalto.com
Forward-Looking Statements

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Overview

Olivier Piou, CEO

- Financial Results
- Moving Forward
Full year 2008 results highlights

- Operating income doubled to €169 million
- Profit improvements in all main segments
- Merger objective of 10% EBIT margin achieved
- Resilience through a diversified portfolio
- Strong operating cash flows of €191 million
- Net cash position of €344 million
- Earnings per share increased by 84%

All income statement figures are prepared on an adjusted basis, comments on reconciliation with IFRS are discussed in the Financial Results chapter; for more details refer to the full-year 2008 results press release.
We won many new governmental projects during 2008, adding to an already strong backlog. National e-ID programs now present important opportunities alongside the existing e-passport business, and we have the largest-reference advantage. Our recent efforts in e-banking are paying off and Gemalto has grown faster than its peers to become a highly recognized player in this field.

Contactless gained significant market acceptance across various regions in 2008, and this is just the beginning. A few of our customers are facing major changes in their operating environments, nevertheless the core of our business shows resilience, with the adoption of EMV continuing to progress and we are well positioned to capture that growth.

EMV = Europay, MasterCard, VISA
Showcasing our solutions for mobile services

User-Centric Applications
- SIMessenger
- Mobile Banking
- Personal Data Protection

Advanced Innovations
- NFC Mobile Contactless
- Mobile2PC Convergence
- Mobile TV
- Machine-to-machine (M2M)

Operational Services
- Roaming Optimization
- Device Management
- MNO Portal Management
- Traffic Optimization

MNO = Mobile Network Operator; NFC = Near Field Communication
Overview

Financial Results
  Jacques Tierny, CFO

Moving Forward
Adjusted and IFRS results reconciliation

Gemalto presents income statements on an Adjusted basis for a better appreciation of its operating performance over the period, as IFRS 3 “Business Combinations” has several significant impacts on financial statements.

<table>
<thead>
<tr>
<th></th>
<th>Adjusted</th>
<th>Less:</th>
<th></th>
<th></th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Reorganization</td>
<td>Amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>charges</td>
<td>of intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>€ 169m</td>
<td>€ (28m)</td>
<td>€ (14m)</td>
<td>€ 127m</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>€ 153m</td>
<td>€ (28m)</td>
<td>€ (10m)</td>
<td>€ 115m</td>
<td></td>
</tr>
</tbody>
</table>

Reorganization charges amounted to € 28.2m in 2008

- Factory under-absorption for plant being closed for € 8.0m
- Severance costs of € 10.5m
- IT integration costs of € 5.1m
- Other costs amounting to € 4.6m
Timing of one-off costs and related cash outflows
(estimates; updated December 31, 2008)

<table>
<thead>
<tr>
<th>Period</th>
<th>One-off costs recorded in P&amp;L</th>
<th>Cash outflows (estimates)</th>
<th>Non-cash items (write-off)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2 ’06</td>
<td>€ (20m)</td>
<td>€ (15m)</td>
<td>-</td>
</tr>
<tr>
<td>H1 ’07</td>
<td>€ (16m)</td>
<td>€ (15m)</td>
<td>-</td>
</tr>
<tr>
<td>H2 ’07</td>
<td>€ (55m)</td>
<td>€ (51m)</td>
<td>-</td>
</tr>
<tr>
<td>H1 ’08</td>
<td>€ (29m)</td>
<td>€ (11.7m)</td>
<td>-</td>
</tr>
<tr>
<td>H2 ’08</td>
<td>€ (30m)</td>
<td>€ (16.5m)</td>
<td>-</td>
</tr>
<tr>
<td>H1 ’09</td>
<td>€ (24m)</td>
<td>€ (6m)</td>
<td>€ (5m)</td>
</tr>
<tr>
<td>H2 ’09</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Non-cash items:
- € (4m)
- € (11m)
- € (9m)
- € (7m)
- € (1m)
**Financial results reflect operational improvements**

*Extracts from Gemalto FY 2008 Adjusted Income Statement*

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€1,680m</td>
<td>+6%*</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>€597m</td>
<td>+19%</td>
</tr>
<tr>
<td>EBIT</td>
<td>€169m</td>
<td>x2</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>€1.80</td>
<td>+84%</td>
</tr>
</tbody>
</table>

* at constant exchange rates and by reference to FY 2007 revenue
Solid performances from the main segments

<table>
<thead>
<tr>
<th>Mobile Communication</th>
<th>Secure Transactions</th>
<th>Security</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>€ 948m</td>
<td>€ 443m</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>+6%*</td>
<td>+11%*</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>€ 395m</td>
<td>€ 118m</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>+14%</td>
<td>+57%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>42%</td>
<td>27%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>€ 160m</td>
<td>€ 27m</td>
</tr>
<tr>
<td><strong>EBIT Margin</strong></td>
<td>+30%</td>
<td>+840 bp</td>
</tr>
<tr>
<td><strong>EBIT Margin</strong></td>
<td>+360 bp</td>
<td>+940 bp</td>
</tr>
<tr>
<td><strong>EBIT Margin</strong></td>
<td>17%</td>
<td>6%</td>
</tr>
</tbody>
</table>

- Significant gross margin improvement and profit expansion
- Benefitting from mix improvements, purchasing synergies and production optimization
- Operating expenses essentially flat
- SIM cards ASP decrease contained to 8% year-on-year
- Software & services up by 65%
- Turnaround successfully completed
- EMV roll outs & contactless driving the growth
- Some customers optimizing cash and inventory in Q4
- ‘Stop-n-go’ production flow and currency impact on gross margin in H2 ’08
- Personalization services up 23%
- Revenue up by 26% in Government Programs and up 21% in IAM
- Better industrialization of product portfolio and scale benefits
- Patents back to pre-merger run-rates
- Excluding patents, operating losses more than halved

* at constant exchange rates and by reference to FY 2007 revenue
All three main segments are contributing to the increase in operating income

- Fall-through from strong gross margin improvements
- Operating expenses stable as percentage of revenue
- Effective delivery of merger synergies

Operating income bridge between FY2007 and FY2008

€ 83.7m

Mobile Communication + € 41m
Secure Transactions + € 6m
Security + € 1m
Others

Full year 2008 operating income

€ 169m

EBIT x 2

EBIT margin +500bp

Full year 2007 operating income

EBIT Margin 5.1%
### Consistently generating cash

<table>
<thead>
<tr>
<th>€ in millions</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash as of Dec. 31, 2007</strong></td>
<td>314</td>
<td></td>
</tr>
<tr>
<td><strong>Current and non-current borrowings as of Dec. 31, 2007</strong></td>
<td>24</td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalent as of Dec. 31, 2007</strong></td>
<td>337</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cash generated by operating activities</strong></th>
<th>130</th>
<th>191</th>
</tr>
</thead>
<tbody>
<tr>
<td>(before cash outflows related to restructuring actions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used in restructuring actions</td>
<td>(31)</td>
<td>(59)</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>(33)</td>
<td>(53)</td>
</tr>
<tr>
<td>Cash used in the share buy-back program</td>
<td>(144)</td>
<td>(65)</td>
</tr>
<tr>
<td>Other cash provided by (used in) financing activities</td>
<td>(9)</td>
<td>23</td>
</tr>
<tr>
<td>Other (translation adjustment mainly)</td>
<td>(6)</td>
<td>(8)</td>
</tr>
</tbody>
</table>

| **Cash and cash equivalent as of Dec. 31, 2008** | 367  |      |
| **Current and non-current borrowings as of Dec. 31, 2008** |      | (23) |
| **Net cash as of Dec. 31, 2008** | 344  |      |

*Our USD 250m syndicated facility remains unused; it is available until 2012*
The positive effect of the US Dollar appreciation vs. the Euro is offset by the negative effect of the other currencies weakening vs. the Euro.

At Q1 ’09 exchange rates:
- Q1 ’08 revenue would change by +2.5%
- H1 ’08 EBIT margin would remain essentially unchanged
Value creation through disciplined earnings expansion

Security
Solid progress towards break-even

Secure Transactions
Successful turnaround

Mobile Communication
Profit expansion and margin improvement

Strong earnings expansion
EBIT +102%  EPS +84%

Rigorous capital discipline
Capital employed +3%

Low capital-intensive business model
Capital expenditure \(^1\) at 2.9% of revenue

Disciplined working capital management
Net working capital \(^2\) down 1.0 ppt

15.5% ROCE \(^3\)
over WACC \(^4\) of 9.4%

(1) Including acquisition of intangible assets; (2) Excluding the variation of the restructuring provision; (3) ROCE is after-tax adjusted EBIT divided by capital employed; (4) Long-term WACC, assuming beta of 1.04, long-term equity risk premium of 5.00%, and risk-free rate of 4.23%
Overview

Financial Results

Moving Forward

Olivier Piou, CEO
Outlook

Our business has strong fundamentals and prospects. The current economic environment does not put into question the mid and long-term objectives of Gemalto, even if it limits short-term visibility. We will continue our mission to provide trust and convenience to the wireless and digital world that is emerging, and look ahead with the goal of revenue growth and earnings expansion.

Market seasonality in 2009 is expected to be in line with historical patterns. Our 2009 objective of above 10% adjusted operating margin remains unchanged.
On track to grow revenue and expand earnings

Security is set to join as a profit engine

Main drivers & short-term challenges:

- Sustained SIM mix migrations and mobile services deployments
- 3G deployment in China
- Adoption of contactless payment devices and dual-interface cards
- Growth in personalization services for continued EMV migrations
- Ramp-up in national e-ID projects
- Sustained e-passport deployments
- Demand for online banking protection
- Delays in projects
- Customers’ cash & inventory optimization
- ‘Stop-n-go’ production flows
- Currencies’ evolution

Gemalto main segments, i.e. outside of Public Telephony and POS which together account for 4% of full-year 2008 revenue
Strongly positioned with clear priorities

**Balanced Business Portfolio**

- Diversified and uncorrelated business segments
- Complementary business activities of products, software and services
- Wide geographic spread and diverse customer base
- Synergetic activities leveraging shared footprint and expertise
- Numerous and varied markets for expansion opportunities

**Our 2009 Priorities**

- Maintain our commercial and operational drive and best practices
- Maintain rigorous and low-risk financial policies
- Reinforce strong customer relationships and satisfaction
- Grow digital security – advanced devices and more software & services
- Grow revenue and expand earnings
World Leader in Digital Security

Markets in Strong Development

Unique Technology Portfolio

Blue Chip Customers

Large Free Float and Robust Financials

A Business Model with Strong Leverage on Growth