Second Quarter
Fiscal 2002 Results
Conference Call

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Introduction

- Strongest quarterly growth for a year, with improved margin:
  - solid volume growth in Telecom,
  - improved momentum in Financial Services and Security
- Restructuring delivering more than expected
- On track for profitability in Q4 2002
- Non-cash write-down of a loan to Dr Marc Lassus
2Q/2002 Revenue

- Revenue at 209.8 M EUR, up 19% sequential
- Geographical breakdown (as a % of sales)
  - Asia-Pacific: 30.1%
  - EMEA: 49.7%
  - Americas: 20.2%
- Breakdown by activity
  - Telecom
    - Wireless volume up 41% vs. Q1 02
    - Telecom applications up 145%
  - Financial Services & Security
    - Sequential revenue growth exceeds 23%
    - Smart card banking business up 71%
Gross Margin

- Gross Margin at 23.1% (up 2.6 pt on Q1/2002)
- Favorable business mix with Banking at FSS
- Lower purchasing cost of chips offset by price pressure in Telecom
Cost Structure

• Operating Expenses: 72.6 M EUR (down 13% on Q1/2001 and 31% year on year nominally reported)

• Positive impacts of cost cutting measures and of restructuring plan generated 10.9 MEUR savings

• 2002 restructuring on track

• 62 M EUR of the projected 65 M EUR restructuring charge

• To date:
  • 615 departures
  • headcount reduction plans in Germany and France mostly in Q3
  • on track to reach target of 1,140 people reduction
Operating and net losses

- Operating Loss
  - Pre-restructuring charges: - 24.2 M EUR
  - Post restructuring charges: - 67.4 M EUR

- Net Loss
  - Before amortization of goodwill and non-cash write-down of a loan to Dr Lassus: - 48.9 M EUR
  - Post amortization and non-cash write-down of a loan to Dr Lassus: - 123.1 M EUR
Strong Balance Sheet

- Strong Cash and Cash Equivalents at 412 M EUR
- Net cash outflow: 38.3 M EUR, excluding exceptional items limited to 9.1 M EUR
- Capital expenditure contained at 10.1 M EUR
- Inventory level down 16% or 21 M EUR
- Day Sales Outstanding (DSOs) at a record low of 53 days
## Segmented Revenue Results

<table>
<thead>
<tr>
<th>EUR (millions)</th>
<th>Q2/2002</th>
<th>Q2/2001*</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>Revenue by Segment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecommunications</td>
<td>141.8</td>
<td>166.7</td>
<td>-15%</td>
</tr>
<tr>
<td>Financial Services &amp;</td>
<td>68.0</td>
<td>69.2</td>
<td>-2%</td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposed operations</td>
<td>-</td>
<td>16.4</td>
<td>-100%</td>
</tr>
<tr>
<td>Revenue by Geography</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>104.3</td>
<td>106.6</td>
<td>-2%</td>
</tr>
<tr>
<td>Americas</td>
<td>42.3</td>
<td>54.7</td>
<td>-23%</td>
</tr>
<tr>
<td>Asia</td>
<td>63.2</td>
<td>74.6</td>
<td>-15%</td>
</tr>
<tr>
<td>Disposed operations</td>
<td>-</td>
<td>16.4</td>
<td>-100%</td>
</tr>
</tbody>
</table>

* Restated from Skidata and Tag
Financial Summary

- Further strengthening of leadership position in smart card market
- All fundamentals in place to return to profitability by Q4 ’02
- Revenue growth
- Improved gross margin
- Expense control
- Strong balance sheet
- Limited cash outflow
Continuing Good Progress on Core Objectives

- Restructuring will deliver profitability in Q4 2002
- Business re-engineering $\Rightarrow$ low cost producer goal
  - Detailed review of manufacturing, procurement and systems base
  - Planning to achieve a further 100 M EUR cost savings / efficiency gains by mid 2004
- Strategic planning to increase value added
  - “Design to cost” re-engineering of processes
  - Developing Gemplus customer relationships at strategic level
- Potential partnerships and strategic moves
Card Marketplace

- Continued sales price pressure ⇒ Gemplus objectives of “low cost” and “value added” producer

- Strong volume growth of card shipments in FSS and Telecom plus new markets, e.g. personal identification

- FSS:
  - EMV migration (230 million estimated chip cards by January 2005)
  - Migration concentrated in 2003 and 2004
  - Geld Karte impact this year – second half weighted
  - 2 – 3 year card replacement cycle
Card Marketplace

- **Telecom:**
  - Pressures for mobile operators to upgrade installed SIM cards
  - Impact expected 2003 onwards
  - Telecom Application growth

- **Personal identification cards trials growing**
  - Gemplus tendering

- **Gemplus strong market share**
  - 33.6% card volume share *
  - 27.8% card value share *

(*Source: Frost and Sullivan)
Summary

• Confident of achieving profitability in Q4 2002
• Gemplus – a leaner and stronger business
• On track to achieve longer term business objectives in a growing and changing card market
• Successor to interim CEO to be announced by August 15