

Gemalto first semester 2016 results

- Revenue of €1.5 billion, up +1% at constant exchange rates and stable at historical exchange rates
- Revenue growth in Government Programs up +25%, Enterprise up +12%, Payment up +11% and Machine-to-Machine up +9%, at constant exchange rates, fully offsets lower sales to mobile network operators
- Gross margin increases by +92 basis points, confirming 2016 outlook
- Strong free cash flow generated, up +€128 million compared to first semester of 2015

To better assess past and future performance, the income statement is presented on an adjusted basis and variations in revenue figures above and in this document are at constant exchange rates except where otherwise noted (see page 2 "Basis of preparation of financial information"). Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with the consolidated financial statements. Reconciliation with the IFRS income statement is presented in Appendix 1. The statement of financial position is prepared in accordance with IFRS, and the cash position variation schedule is derived from the IFRS cash flow statement. All figures in this press release are unaudited.

Amsterdam, August 26, 2016 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its results for the first semester 2016.

Key figures of the adjusted income statement

(€ in millions)	First semester 2016	First semester 2015	Year-on-year variations	
			at historical exchange rates	at constant exchange rates
Revenue	1,495	1,499	=	+1%
Gross profit	586	574	+2%	
Operating expenses	(415)	(414)	=	
Profit from operations	172	160	+8%	
Profit margin	11.5%	10.6%	+84bp	

Olivier Piou, Chief Executive Officer, and Philippe Vallée, Chief Operating Officer, commented: "Gemalto progressed well in the first semester. The Payment & Identity segment saw another significant +14% growth, with all its businesses growing at double-digit rates, fully offsetting lower sales in Mobile segment. The Platforms and Services activity also posted a strong performance, with revenue up by +20% year-on-year, and on its way to reaching one year ahead of schedule the 1 billion euro yearly Platforms and Services revenue challenge we had set for ourselves in 2013. This further illustrates the success of the Gemalto's diversification and the acceleration of its structural transformation. We will continue to focus our efforts and investment on our highest growing businesses, and are confident in a further increase in gross margin. Entering the last stretch of our current multi-year development plan, Gemalto will begin the planning processes which will define its next milestones."

Basis of preparation of financial information

Segment information

The Mobile segment reports on businesses associated with mobile cellular technologies including Machine-to-Machine, mobile secure elements (SIM, embedded secure element) and mobile Platforms & Services. The Payment & Identity segment reports on businesses associated with secure personal interactions including Payment, Government Programs and Enterprise. The SafeNet acquisition in 2015 is part of the Enterprise business.

In addition to this segment information the Company also reports revenues of Mobile and Payment & Identity by type of activity: Embedded software & Products (E&P) and Platforms & Services (P&S).

Historical exchange rates and constant currency figures

The Company sells its products and services in a very large number of countries and is commonly remunerated in currencies other than the Euro. Fluctuations in these other currencies exchange rates against the Euro have in particular a translation impact on the reported Euro value of the Company revenues. Comparisons at constant exchange rates aim at eliminating the effect of currencies translation movements on the analysis of the Group revenue by translating prior-year revenues at the same average exchange rate as applied in the current year. Revenue variations are at constant exchange rates and include the impact of currencies variation hedging program, except where otherwise noted. All other figures in this press release are at historical exchange rates, except where otherwise noted.

Adjusted income statement and profit from operations (PFO) non-GAAP measure

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

To better assess its past and future performance, the Company also prepares an adjusted income statement where the key metric used to evaluate the business and make operating decisions over the period 2010 to 2017 is the profit from operations (PFO).

PFO is a non-GAAP measure defined as IFRS operating profit adjusted for (i) the amortization and depreciation of intangibles resulting from acquisitions, (ii) restructuring and acquisition-related expenses, (iii) all equity-based compensation charges and associated costs; and (iv) fair value adjustments upon business acquisitions. These items are further explained as follows:

- Amortization and depreciation of intangibles resulting from acquisitions are defined as the amortization and depreciation expenses related to the intangibles recognized as part of the allocation of the excess purchase consideration over the share of net assets acquired.
- Restructuring and acquisitions-related expenses are defined as (i) restructuring expenses which are the costs incurred in connection with a restructuring as defined in accordance with the provisions of IAS 37 (e.g. sale or termination of a business, closure of a plant,...), and consequent costs; (ii) reorganization expenses defined as the costs incurred in connection with headcount reductions, consolidation of manufacturing and offices sites, as well as the rationalization and harmonization of the product and service portfolio and the integration of IT systems, consequent to a business combination; and (iii) transaction costs (such as fees paid as part of an acquisition process).
- Equity-based compensation charges are defined as (i) the discount granted to employees acquiring Gemalto shares under Gemalto Employee Stock Purchase plans; (ii) the amortization of the fair value of stock options and restricted share units granted by the Board of Directors to employees; and the related costs.
- Fair value adjustments over net assets acquired are defined as the reversal in the income statement of the fair value adjustments recognized as a result of a business combination, as prescribed by IFRS3R. Those adjustments are mainly associated with (i) the amortization expense related to the step-up of the acquired work-in-progress and finished goods assumed at their realizable value and (ii) the amortization of the cancelled commercial margin related to deferred revenue balance acquired.

These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with IFRS.

In the adjusted income statement, Operating Expenses are defined as the sum of Research and Engineering expenses, Sales and Marketing expenses, General and Administrative expenses, and Other income (expense) net.

EBITDA is defined as PFO plus depreciation and amortization expenses, excluding the above amortization and depreciation of intangibles resulting from acquisitions.

Adjusted financial information

The interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. To better assess its past and future performance, the Company also prepares an adjusted income statement.

Extract of the adjusted income statement	First semester 2016		First semester 2015		Year-on-year variations	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	1,495.2		1,499.1		=	+1%
Gross profit	586.3	39.2%	574.0	38.3%	+92 bp	
Operating expenses	(414.6)	(27.7%)	(414.4)	(27.6%)	(9 bp)	
EBITDA	239.3	16.0%	219.6	14.6%	+1.4 ppt	
Profit from operations	171.7	11.5%	159.6	10.6%	+84 bp	
Net profit	107.2	7.2%	105.7	7.1%	+12 bp	
Basic Earnings per share (€)	1.20		1.21		=	
Diluted Earnings per share (€)	1.19		1.19		=	

Total revenue for the first semester 2016 came in at €1,495 million, up +1% at constant exchange rates and stable at historical exchange rates.

In the first semester of 2016, currency translation effects generated a negative (1) percentage point effect on the revenue generation with a contrasted quarterly pattern. The impact was +1 percentage point increase in the first quarter of 2016, and (3) percentage points reduction in the second quarter of 2016 due to the combined year-on-year depreciation of the US dollar, Chinese yuan, British pound and Brazilian real versus the euro. The hedging program, which aims at partially neutralizing the impact of currency variations on the Company's profit from operations, produced a 0.2 percentage point offset in the revenue comparison to the same semester last year.

Gross profit was up by €12 million, to €586 million, representing gross margin of 39.2%, up +92 basis points year-on-year, a step forward towards the Company's 2016 outlook. The increase in gross margin came mainly from the Payment & Identity segment and in particular the Payment and Enterprise businesses.

Operating expenses were up slightly, by €0.2 million, at €415 million. Resources are being internally shifted to address the Company's most rapidly growing businesses.

As a result, profit from operations was €172 million, up €12 million year-on-year, representing 11.5% profit margin, and an 84 basis points improvement when compared to the first semester of 2015.

Gemalto's financial income was (€23) million compared to (€14) million in the first semester of 2015 as interest expense, foreign exchange transactions and other financial items increased. Adjusted income tax expense was (€29) million in the first semester of 2016, resulting in an adjusted net profit of the Company of €106 million, stable year-on-year.

Consequently, adjusted basic earnings per share came in at €1.20 and adjusted diluted earnings per share were at €1.19, stable when compared to the first semester of 2015.

IFRS results

Amortization and depreciation of intangibles resulting from acquisitions increased by (€6) million year-on-year, to (€29) million, mainly due to the Trüb and SafeNet acquisitions. Restructuring and acquisition-related expenses decreased by €5 million to (€14) million, and came mainly from the IT and facilities integration costs of SafeNet and Trüb and from the implementation of a new information system (ERP) to harmonize finance and reporting systems. The equity-based compensation charge evolved to (€19) million versus (€17) million for the same period of last year. Fair value adjustments related mainly to the non-cash amortization of the IFRS revaluation of SafeNet's pre-acquisition deferred revenue accounted for (€2) million for the first semester 2016 compared to (€67) million for the same period last year.

Gemalto hence recorded an increase of €75 million in its IFRS operating profit (EBIT), at €108 million for the first semester of 2016 compared to €33 million in the first semester of 2015. This performance highlights both the increase in operating profitability and the now marginal effect of the non-cash IFRS fair-value adjustments related to the SafeNet's pre-acquisition deferred revenue. Consequently the IFRS net profit increased four-fold, coming in at €58 million for the first semester of 2016 versus €14 million in the first semester of 2015.

As a result, IFRS basic earnings per share and diluted earnings per share for the first semester 2016 grew four-fold at €0.65 and €0.65 respectively compared to €0.16 and €0.15 in the first semester of 2015.

Statement of financial position and cash position variation schedule

In the first semester of 2016, operating activities generated a cash flow of €177 million before changes in working capital, lower compared to €199 million in 2015 mainly due to an increase in tax payment. Changes in working capital reduced cash flow by (€43) million, less than during the same period of 2015 at (€57) million.

Capital expenditure and acquisition of intangibles reduced by €29 million to (€75) million, representing 5.0% of total Company revenue versus 6.9% of revenue in the same period of 2015.

Property, Plant, and Equipment reduced by €18 million to (€34) million, compared to the high level of last year which related to the initial investments made to support the strong start of the payment business in the United States. Acquisition and capitalization of intangible assets represented a net cash outflow of €41 million compared to €52 million for the first semester of 2015, with capitalization of development expenses representing 1.9% of revenue.

As a result, in the first semester of 2016, the Company generated free cash flow of €64 million compared to a (€64) million outflow for the same period of 2015, up +€128 million year-on-year.

Acquisitions used €3 million in cash during the first semester of 2016, versus €888 million during the same period of 2015 which had seen the closing of both the SafeNet and Trüb acquisitions.

Gemalto's share buy-back and liquidity programs generated a (€0.3) million net cash outflow for the first semester of 2016. As at June 30, 2016, the Company held 861,474 shares, i.e. 1.0% of its own shares in treasury. The total number of Gemalto shares issued increased by +886,199 this semester, to 89,893,908 shares. Net of the 861,474 shares held in treasury, 89,032,434 shares were outstanding as at June 30, 2016.

On May 26, 2016, Gemalto paid a cash dividend of €0.47 per share in respect of the fiscal year 2015, up +12% on the dividend paid in May 2015 which was of €0.42 per share. This May 2016 distribution used €42 million in cash. Net repayment of financing instruments generated a €22 million cash outflow, mainly from debt repayment.

Cash in hand, net of bank overdrafts amounted to €400 million as at June 30, 2016.

Considering the €734 million total amount of borrowings as at June 30, 2016, Gemalto's net debt position reduced to €334 million compared to a net debt position of €490 million as at June 30, 2015. This significant (€156) million variation is due to the strong free cash flow generated by the Company during the last twelve months.

Segment information

Revenue variations are expressed at constant currency exchange rates unless otherwise noted.

Year-on-year variations and currencies impact (€ in millions)	Payment & Identity	Mobile	Total two main segments	Patents & Others	Total
Second quarter					
Revenue	504	299	803	1	804
At constant rates	+11%	(5%)	+5%	(94%)	+3%
At historical rates	+7%	(7%)	+1%	(94%)	(1%)
First semester					
Revenue	937	557	1,494	1	1,495
At constant rates	+14%	(13%)	+2%	(92%)	+1%
At historical rates	+12%	(13%)	+1%	(92%)	=
As a percentage of total revenue	63%	37%	100%	0%	100%

During the second quarter, revenue expanded by +3% at constant exchange rates and was (1%) lower at historical exchange rates. The strong growth in Payment & Identity segment revenue, up +11% at constant exchange rates, continued in the second quarter and was supported by all its businesses, i.e. Payment, Government Programs and Enterprise. The Mobile segment revenue was lower by (5%) at constant exchange rates in the second quarter of 2016, following the steep (20%) year-on-year reduction recorded in the first quarter of 2016. The second quarter improvement in the Mobile segment revenue pattern comes from the slower decline in SIM sales, the continued increase in Machine-to-Machine revenue and the year-on-year growth in the Mobile segment's Platforms & Services activity.

Overall, the diversification of the Company has been reinforced this semester by the +14% growth at constant exchange rates of the Payment & Identity segment, offsetting the lower (13%) sales in the Mobile segment. Payment & Identity at 63% now represents almost two-thirds of the Company revenue, compared to 56% in the same period last year.

Contribution by activity First semester 2016 (€ in millions, variations at constant exchange rates)	Embedded software & Products	Platforms & Services	Total two main segments	Patents & Others
Revenue	1,010	484	1,494	1
Year-on-year revenue growth	(4%)	+20%	+2%	(92%)
As a percentage of revenue	68%	32%	100%	0%

Embedded software & Products revenue reduced by (4%) due to lower SIM sales to mobile network operators and lower payment cards revenue in China. The structural transformation of the Company accelerated with the Platforms & Services activity posting a strong +20% growth in the first semester of 2016, to now represent 32% of total Company revenue, compared to 27% a year ago. The Platforms & Services year-on-year revenue expansion at constant exchange rates came from both the Payment & Identity and Mobile segments. In the Payment & Identity segment, contribution to revenue growth came from all three business lines, with an increase in Payment issuance services, in eGovernment services and in the Enterprise cybersecurity solutions sales.

Profit from operations (€ in millions)	Total (including Patents & Others)	Payment & Identity	Mobile
First semester	172	118	59
As a percentage of the total profit from operations	100%	69%	34%
Year-on-year variation	+8%	+53%	(17%)

First semester profit from operations increased by +8% year-on-year. As a result of the gross margin improvement, the Payment & Identity segment profit from operations increased by €41 million, up +53% compared to first semester of 2015. The Payment & Identity profit from operations expansion largely offset the lower contribution from both the Mobile and the Patents & Others segments. The Payment business has been the main contributor to the profit from operations increase, benefitting from the optimization of the United States EMV operations after the particularly rapid ramp-up reported during previous semesters. The contribution of the Payment & Identity segment is now 69% of the total Company profit from operations, clearly illustrating the balanced profile of the Company.

Payment & Identity

	First semester 2016		First semester 2015		Year-on-year variations	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	936.8		840.2		+12%	+14%
Gross profit	374.0	39.9%	310.5	37.0%	+3.0 ppt	
Operating expenses	(255.8)	(27.3%)	(233.1)	(27.7%)	+0.4 ppt	
Profit from operations	118.2	12.6%	77.5	9.2%	+3.4 ppt	

Payment & Identity's first semester revenue came in at €937 million, increasing by +14% at constant exchange rates compared to the same period in 2015. The segment's Embedded software & Products sales were up by +7% at €576 million and its Platforms & Services sales increased to €361 million, up +27%.

The Payment business grew by +11% reaching €503 million. The Americas posted the largest revenue growth, on strong sales of EMV payment cards and rapid expansion of issuance services in the United States, offsetting the lower sales in Asia. Gemalto also saw the early stage interest for dual interface cards in the United States, with the particularly rapid delivery of a significant project for a customer portfolio. Payment Embedded software & Products sales were stable and Payment Platforms & Services revenue expanded by +60% compared to first semester 2015.

Revenue from the Enterprise business came in at €217 million for the first semester of 2016, up +12%. The revenue improvement came from all three business lines, Encryption, Authentication and Software Monetization. To meet the increasing market demand for cybersecurity solutions, the Enterprise business is quickly increasing its sales coverage, expanding Gemalto's ecosystem of technology partners and accelerating investment in R&D in order to rapidly strengthen the Company's offering in this growing sector.

The Government Programs business was up +25%, at €217 million. In addition to Trüb's contribution in the first quarter, sales expansion came mostly from delivery commencements of previously won projects in all regions and project backlog continued to expand. Government Programs' Embedded software & Products revenue was up +23%, and its Platforms & Services sales were up +30% compared to the first semester of 2015.

Overall, the Payment & Identity segment's gross margin improved to 40%, up +3.0 percentage points compared to the first semester of 2015. The largest contribution to this performance came from the optimization of the Payment business.

Operating expenses grew to (€256) million in the first semester of 2016, from (€233) million in the first semester of 2015. This was largely due to the increased investments in the Enterprise business, the addition of the Trüb expenses of the first quarter of 2016, as well as to the shift of internal resources from the Mobile segment's SIM business to the Payment & Identity segment in order to address the rapid growth of its different businesses.

As a result, profit from operations in Payment & Identity for the first semester 2016 came in at €118 million, up +53% from the €77 million recorded in the first semester of 2015. Profit from operations margin increased to 12.6%, up +3.4 percentage points compared to 9.2% in the first semester of 2015.

Mobile

	First semester 2016		First semester 2015		Year-on-year variations	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	556.8		641.3		(13%)	(13%)
Gross profit	212.0	38.1%	246.2	38.4%	(0.3 ppt)	
Operating expenses	(153.1)	(27.5%)	(175.2)	(27.3%)	(0.2 ppt)	
Profit from operations	58.9	10.6%	71.0	11.1%	(0.5 ppt)	

The Mobile segment posted revenue of €557 million for the first semester of 2016. Revenue was lower by (13%) at constant exchange rates compared to the same period of 2015.

Embedded software & Products sales for the segment came in at €434 million, lower by (16%) at constant exchange rates. SIM sales declined by (26%) at €282 million for the first semester, with a (16%) year-on-year decrease in the second quarter. This was mainly due to the tail-end effect in the first quarter of 2016 of the United States operators' mobile payment venture closing, coupled with lower demand in Latin America and Asia. Revenue derived from SIM products now represents less than one fifth of total Company revenue. Conversely, the Machine-to-Machine (M2M) business continued to grow, up +9% year-on-year at €153 million, in line with the expanding global demand of connected devices and embedded secure elements for the Internet of Things (IoT). The certifications of Gemalto M2M "Cat 1" wireless modules by several major Mobile Network Operators and the launch of the world's first Voice over LTE (VoLTE) Cat 1 modules associated with important new design wins during the semester continue to drive the business expansion across sectors and regions.

The Platforms & Services revenue for the Mobile segment grew by +15% in the second quarter of 2016 compared to the second quarter of last year. This led to a +3% year-on-year revenue expansion for the first semester, at €123 million, fully offsetting the adverse effect in Mobile Platforms & Services of the United States operators' mobile payment venture closing last year. Since the adoption of GSMA specifications related to embedded SIMs (eSIMs) remote activation and management for both the Machine-to-Machine and secondary devices for consumer market, Gemalto's Mobile Subscriber Services business has made significant progress, with several key projects wins announced. In particular, Gemalto has been selected to provide its On-Demand Connectivity (ODC) subscription management solution for KDDI, a leading operator in Japan, to enable secure connectivity for connected cars and IoT applications worldwide. Gemalto has also recently provided the ODC service to Orange for the connected Samsung Gear S2 smartwatch, allowing users to securely and indiscernibly connect to their cellular network. Gemalto is fully involved in this global interoperability effort, bringing its

technical expertise and neutrality to help both device manufacturers and mobile network operators best align the ecosystem's participants objectives.

Gross margin for the Mobile segment decreased slightly, to 38.1% this semester from 38.4% in the first semester of 2015, mainly due to the expansion in the traditionally lower gross margin Machine-to-Machine business.

Operating expenses decreased significantly, to (€153) million this semester from (€175) million in the first semester of 2015 as a result of the shift of part of the segment's resources to the rapidly growing Payment and Identity businesses.

As a result, the Mobile segment's profit from operations for the first semester of 2016 was €59 million, compared to the €71 million posted in the same period of last year. The segment's profit from operations margin came in at 10.6%, compared to 11.1% in the first semester of 2015.

Patents & Others

	First semester 2016		First semester 2015		Year-on-year variations	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	1.5		17.7		(92%)	(92%)
Gross profit	0.4	24.6%	17.3	97.7%	-	
Operating expenses	(5.7)	-	(6.1)	(34.6%)	-	
Profit from operations	(5.4)	-	11.1	63.0%	-	

The Patents & Others segment, traditionally lumpy, generated €1 million in revenue in the first semester of 2016, versus €17.7 million in the first semester of 2015. Operating expenses were lower by (€0.4) million, and profit from operations came in at (€5) million in the first semester of 2016.

Additional information

Below is a highlight of new contracts and achievements published by the Company in the first semester of 2016

Payment & Identity

January, 19 2016	Finland selects Gemalto for its new secure electronic passport and eID
February, 2 2016	Gabon selects Gemalto for fully integrated border and visa system
February, 23 2016	Gemalto releases findings of 2015 Breach Level Index
February, 24 2016	Peru selects the Imprimerie Nationale Group and Gemalto for end-to-end ePassport program
February, 25 2016	Gemalto expands Security Industry's largest Data Protection ecosystem
April, 7 2016	Gemalto eBanking solution increases online security for BBVA Bancomer in Mexico
May, 10 2016	JETCO selects Gemalto to roll out secure Peer-to-Peer mobile payments in Hong Kong
May, 16 2016	Colorado partners with MIDS, a Gemalto company, for secure polycarbonate identity credentials
June, 7 2016	Colombia selects Gemalto's secure ePassport solution

Mobile

February, 8 2016	Verizon certifies Gemalto's first Cat. 1 LTE M2M Solution for IoT
February, 16 2016	Gemalto launches leading edge M2M Cat 1 LTE module with seamless 2G and 3G fall-back
February, 18 2016	Gemalto and Bridge Alliance, a partnership of 35 leading operators in Asia, demonstrate GSMA standards-based solution for multi-country deployment of IoT devices
February, 23 2016	Gemalto and Jasper Partner to Simplify the Global Deployment of IoT Devices
February, 24 2016	PROSA and Gemalto Partner to Offer Mobile Payments in Mexico
April, 24 2016	Gemalto and Worldline join forces to make mobile payment deployment fast and easy
May, 3 2016	Verizon selects Gemalto to migrate to Advanced OTA technology for 4G LTE services
June, 30 2016	KDDI in Japan selects Gemalto's Connected cars and IoT solution

Industry Recognitions

January 6, 2016	Gemalto Cat 1 LTE connectivity solution wins Most Innovative Application Award
January 18, 2016	Gemalto-led e-passport research project wins European Innovation Award
March 15, 2016	Gemalto Wins "Best Identity Management Platform" in GSN 2015 Homeland Security Awards
May, 25 2016	Gemalto Wins 2016 Cybersecurity Excellence Award for Best Multi-Factor Authentication Solution
June, 21 2016	Gemalto ePassports ranked #1 for speed in Industry tests

Outlook

For 2016, Gemalto expects to generate a +1.5 percentage point gross margin increase, accelerating its profit from operations expansion towards its 2017 objectives.

Live Audio Webcast and Conference call

Gemalto first semester 2016 results presentation will be webcast in English today at 3pm Amsterdam and Paris time (2pm London time and 9am New York time).

This listen-only live audio webcast of the presentation and the Q&A session will be accessible from our Investor Relations web site:

www.gemalto.com/investors

Questions will be taken by way of conference call. Investors and financial analysts wishing to ask questions should join the presentation by dialing:

(UK) +44 203 367 9453 or (US) +1 855 402 7761 or (FR) +33 1 7077 0942

The accompanying presentation slide set is also available for download on our Investor Relations web site.

Replays of the presentation and Q&A session will be available in webcast format on our Investor Relations web site approximately 3 hours after the conclusion of the presentation. Replays will be available for one year.

The semi-annual report, including the interim condensed consolidated financial statements as of June 30, 2016, is available on our investor web site (www.gemalto.com/investors).

Reporting calendar

Third quarter 2016 revenue will be reported on Friday October 28, 2016, before the opening of Euronext Amsterdam.

Stock Exchange Listing

Gemalto N.V. is dual listed on Euronext Amsterdam and Paris, in the compartment A (Large Caps).

Mnemonic:	GTO
Exchange	Dual listing on Euronext Amsterdam and Paris
Market of reference	Euronext Amsterdam
ISIN Code	NL0000400653
Reuters	GTO.AS
Bloomberg	GTO:NA

Gemalto has also established a sponsored Level I American Depositary Receipt (ADR) Program in the United States since November 2009. Each Gemalto ordinary share is represented by two ADRs. Gemalto's ADRs trade in U.S. dollar and give access to the voting rights and to the dividends attached to the underlying Gemalto shares. The dividends are paid to investors in U.S. dollar, after being converted into U.S. dollar by the depository bank at the prevailing rate.

Structure	Sponsored Level I ADR
Exchange	OTC
Ratio (ORD:DR)	1:2
DR ISIN	US36863N2080
DR CUSIP	36863N 208

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About Gemalto

Gemalto (Euronext NL0000400653 GTO) is the global leader in digital security, with 2015 annual revenues of €3.1 billion and customers in over 180 countries. We bring trust to an increasingly connected world.

Our technologies and services enable businesses and governments to authenticate identities and protect data so they stay safe and enable services in personal devices, connected objects, the cloud and in between.

Gemalto's solutions are at the heart of modern life, from payment to enterprise security and the internet of things. We authenticate people, transactions and objects, encrypt data and create value for software – enabling our clients to deliver secure digital services for billions of individuals and things.

Our 14,000+ employees operate out of 118 offices, 45 personalization and data centers, and 27 research and software development centers located in 49 countries.

For more information visit

www.gemalto.com, or follow @gemalto on Twitter.

This communication does not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Gemalto.

This communication contains certain statements that are neither reported financial results nor other historical information and other statements concerning Gemalto. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, events, products and services and future performance. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions. These and other information and statements contained in this communication constitute forward-looking statements for purposes of applicable securities laws. Although management of the Company believes that the expectations reflected in the forward-looking statements are reasonable, investors and security holders are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by the forward-looking information and statements, and the Company cannot guarantee future results, levels of activity, performance or achievements. Factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this communication include, but are not limited to: trends in wireless communication and mobile commerce markets; the Company's ability to develop new technology and the effects of competing technologies developed; effects of the intense competition in the Company's main markets; challenges to or loss of intellectual property rights; ability to establish and maintain strategic relationships in its major businesses; ability to develop and take advantage of new software, platforms and services; profitability of the expansion strategy; effects of acquisitions and investments; ability of the Company to integrate acquired businesses, activities and companies according to expectations; ability of the Company to achieve the expected synergies from acquisitions; and changes in global, political, economic, business, competitive, market and regulatory forces. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of such forward-looking statements. The forward-looking statements contained in this communication speak only as of the date of this communication and the Company or its representatives are under no duty, and do not undertake, to update any of the forward-looking statements after this date to conform such statements to actual results, to reflect the occurrence of anticipated results or otherwise except as required by applicable law or regulations.

Appendix 1

Reconciliation from IFRS to Adjusted financial information

Six-month period ended June 30 2016			Basic	Diluted	
(€ in millions)					
Weighted average number of shares outstanding (in thousands)			88,320	89,340	
IFRS financial information			Excluding non-controlling interest	Basic EPS	Diluted EPS
Operating profit	107,693				
Financial income	(22,679)				
Share of profit / (loss) from associates	3,576				
Non-recurring profit / (loss) relating to associates	(16,887)				
Income tax	(13,172)				
Profit (loss) from discontinued operation (net of income tax)	0				
IFRS	Net profit for the period	58,531	57,744	0.65	0.65
Reconciliation to adjusted financial information					
Share-based compensation expense and associated costs	19,086				
Fair value adjustment upon business acquisition	1,635				
Restructuring and acquisition-related expenses	14,074				
Amortization and depreciation of intangibles resulting from acquisitions	29,223				
Profit (loss) from discontinued operation (net of income tax)	0				
Income tax	(15,340)				
Adjusted	Net profit for the period	107,209	106,422	1.20	1.19

The first semester 2016 adjusted basic earnings per share is determined on the basis of the weighted average number of Gemalto shares outstanding during the six-month period ended June 30, 2016, i.e. 88,320,213 shares. The first semester 2016 adjusted diluted earnings per share is determined by using 89,339,875 shares corresponding to the IFRS treasury stock method, i.e. on the basis of the same weighted average number of Gemalto shares outstanding and considering that all outstanding equity-based instruments were exercised (1,414,056 instruments) and the proceeds received from the instruments exercised (€22,428,933) were used to buy-back shares at the average share price of the first semester 2016 (394,394 shares at €56.89).

Six-month period ended June 30 2015			Basic	Diluted
(€ in millions)				
Weighted average number of shares outstanding (in thousands)			87,605	88,689
IFRS financial information				
		Excluding non-controlling interest	Basic EPS	Diluted EPS
Operating profit	33,141			
Financial income	(13,686)			
Share of profit / (loss) from associates	806			
Non-recurring profit / (loss) relating to associates	0			
Income tax	(4,400)			
Profit (loss) from discontinued operation (net of income tax)	(2,662)			
IFRS	Net profit for the period	13,734	0.16	0.15
Reconciliation to adjusted financial information				
Share-based compensation expense and associated costs	17,114			
Fair value adjustment upon business acquisition	67,271			
Restructuring and acquisition-related expenses	18,790			
Amortization and depreciation of intangibles resulting from acquisitions	23,307			
Profit (loss) from discontinued operation (net of income tax)	2,662			
Income tax	(37,190)			
Adjusted	Net profit for the period	105,688	1.21	1.19

Appendix 2

Interim consolidated statement of financial position

<i>(€ in thousands)</i>	June 30,	December 31,
	2016	2015
ASSETS		
Non-current assets		
Property, plant and equipment, net	339,804	347,994
Goodwill, net	1,525,062	1,524,933
Intangible assets, net	572,315	592,597
Investments in associates	52,110	64,897
Deferred income tax assets	192,949	197,212
Available-for-sale financial assets, net	-	-
Other non-current assets	61,157	45,585
Derivative financial instruments	1,792	276
Total non-current assets	2,745,189	2,773,494
Current assets		
Inventories, net	266,479	273,564
Trade and other receivables, net	952,077	949,690
Derivative financial instruments	19,833	18,048
Cash and cash equivalents	402,785	407,659
Total current assets	1,641,174	1,648,961
Total assets	4,386,363	4,422,455
Equity		
Share capital	89,894	89,008
Share premium	1,290,161	1,240,241
Treasury shares	(34,399)	(36,329)
Fair value and other reserves	(26,146)	(8,135)
Cumulative translation adjustments	34,245	39,505
Retained earnings	1,175,185	1,158,525
Capital and reserves attributable to the owners of the Company	2,528,940	2,482,815
Non-controlling interests	6,055	6,716
Total equity	2,534,995	2,489,531
Liabilities		
Non-current liabilities		
Borrowings	558,309	549,758
Deferred income tax liabilities	109,233	122,817
Employee benefit obligations	138,001	121,958
Provisions and other liabilities	126,132	145,335
Derivative financial instruments	6,676	5,966
Total non-current liabilities	938,351	945,834
Current liabilities		
Borrowings	178,116	192,579
Trade and other payables	674,064	718,585
Current income tax liabilities	26,994	33,799
Provisions and other liabilities	18,882	19,366
Derivative financial instruments	14,961	22,761
Total current liabilities	913,017	987,090
Total liabilities	1,851,368	1,932,924
Total equity and liabilities	4,386,363	4,422,455

Appendix 3

Cash position variation schedule

<i>€ in millions</i>	Six-month period ended June 30	
	2016	2015
Cash and bank overdrafts, beginning of period	405	1,057
Cash generated by operating activities, before changes in working capital	177	199
Net change in working capital	(43)	(57)
Cash used in restructuring actions and acquisition related expenses	(16)	(19)
Net cash generated by operating activities before Time de-correlated hedging effect / (Prepaid derivatives)	117	123
Time de-correlated hedging effect / (Prepaid derivatives)	22	(84)
Net cash generated by operating activities	139	40
Capital expenditure and acquisitions of intangibles	(75)	(104)
Free cash flow	64	(64)
Interest received, net	(1)	0
Cash used by acquisitions	(3)	(888)
Currency translation adjustments	1	7
Cash generated (used) by operating and investing activities	61	(944)
Cash generated (used) by the liquidity and share buy-back program	0	3
Dividend paid to Gemalto shareholders	(42)	(37)
Net proceed (repayment) from/of financing instruments	(22)	179
Other cash provided (used) by financing activities	(2)	(2)
Cash and bank overdrafts, end of period	400	257
Current and non-current borrowings excluding bank overdrafts, end of period	(734)	(746)
Net (debt), cash, end of period	(334)	(490)

Appendix 4

Revenue, by region

First semester € in millions	First semester 2016	First semester 2015	Year-on-year variations	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	635	652	(1%)	(3%)
Americas	593	562	7%	5%
Asia	267	285	(5%)	(6%)
Total revenue	1,495	1,499	1%	0%

Second quarter € in millions	Second quarter 2016	Second quarter 2015	Year-on-year variations	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	336	370	(7%)	(9%)
Americas	319	292	15%	9%
Asia	149	152	3%	(2%)
Total revenue	804	813	3%	(1%)