

Gemalto reports fourth quarter and full year 2007 revenue¹

- Q4 2007 revenue¹ up by 8% to € 471 million
- Strong demand contributing to 35% revenue growth in Security and 7% in Mobile Communication
- SIM card average selling price stable compared with prior quarter
- Second semester revenue growth of 7% leads to stable full year 2007 revenue at € 1 631 million
- Net cash position at € 314 million after 2007 share repurchase programs of € 148 million

All revenue and average selling price variations in this press release are by reference to 2006 fourth quarter and full year revenue and are stated at constant exchange rates unless otherwise mentioned. All the figures presented in this press release are unaudited. Revenue for the fourth quarter of 2006 and pro forma full year 2006 revenue, reflecting the combined activity of Axalto and Gemplus over the period, are presented in Appendix 2. IFRS revenue figures for the fourth quarter and the full year 2007 are presented in Appendix 4.

Amsterdam, January 30, 2008 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announced its revenue for the fourth quarter and the 12-month period ended December 31, 2007:

€ in millions	Q4 2007	Year-on-year change at constant exchange rates	FY 2007	Year-on-year change at constant exchange rates
Mobile Communication	273.5	+7%	925.5	(2%)
Secure Transactions ²	109.1	0%	413.4	+4%
Security ²	62.2	+35%	192.9	+9%
Public Telephony	11.2	(1%)	43.7	(21%)
Point-of-Sale Terminals	15.1	+11%	56.0	+16%
Total revenue	471.0	+8%	1 631.5	0%

Olivier Piou, Chief Executive Officer, commented: “2007 concluded on a strong quarter for Gemalto, evidencing the progress in implementing our strategy and leveraging our market leadership. Our focused efforts delivered more steady sales prices and renewed momentum in high-end product migration, fuelling growth in both emerging and developed markets. Services also continued to develop rapidly. Following this good quarter, preliminary indications of the Company adjusted operating income for the full year 2007 is that it will be above the current consensus of € 71 million. Growth in the second half of 2007, excellent year-end performance of our operations, faster and better realization of synergies, all provide solid basis for substantial progress in our adjusted earnings performance.”

¹ Prepared on an adjusted basis, excluding one-off expenses incurred in connection with the combination with Gemplus, reorganization charges and charges resulting from the accounting treatment of the transaction.

² Effective July 1, 2007 Transport activity is reported under Secure Transactions in order to align external reporting with the operational organization put in place by Gemalto also effective July 1, 2007. This activity had until June 30 2007 been reported under the Identity & Security segment. Relevant 2006 and 2007 revenue figures reflecting this modification are detailed in Appendix 5. Also effective July 1, 2007 Identity & Security is renamed Security. The segment comprises Government Programs (previously named Identity), Identity & Access Management (previously named Security) and patent licensing activities. Transport revenue in 2006 and 2007 represented approximately 1% of Gemalto total revenue.

Fourth quarter and full year 2007 revenue analysis

Total revenue for the fourth quarter of 2007 was € 471 million, up by 8% compared to the same period of 2006. Return to year-on-year growth continued this quarter with strong performance in the Mobile Communication and Security segments.

Second half growth of 7%, with revenue at € 872 million, led to a full year 2007 revenue at € 1 631 million, stable (higher by 0.3%) compared with the full year 2006 revenue.

Segment information

Mobile Communication

€ in millions	Q4 2007	Year-on-year change at constant exchange rates	FY 2007	Year-on-year change at constant exchange rates
Mobile Communication	273.5	+7%	925.5	(2%)

Mobile Communication reported strong growth in the fourth quarter of 2007 compared to an already high fourth quarter of 2006. Across all regions, product mix continued to improve as operators move forward with migration plans. Revenue growth in software and services this quarter exceeded 30%, generated from successful deployments of our wireless solutions with operators across all regions. Both emerging and traditional markets remain robust and continue to benefit from strong global subscriber growth and high churn rates.

When compared to the third quarter, average selling price was up by 0.4%. Due to constant attention and efforts across the whole organization, year-on-year average selling price reduction was contained to 2%, a significant improvement when compared with the 25% decline recorded a year ago.

Gemalto also further demonstrated the competitive advantage of its digital security solutions for mobile applications, providing the first commercially launched SIM-based mobile banking service established nationwide between all Colombian banks and GSM operators. Continued progress was also made in mobile contactless payments with the successful integration of the Japanese international banking network JCB contactless payment solution, J/Speed, onto Gemalto's NFC³ high-end SIM platform.

³ Near Field Communication

Secure Transactions

€ in millions	Q4 2007	Year-on-year change at constant exchange rates	FY 2007	Year-on-year change at constant exchange rates
Secure Transactions ⁴	109.1	0%	413.4	+4%

Secure Transactions Q4 2007 revenue was essentially even with last year. EMV rollout in emerging markets and renewals in more mature markets continue to generate robust market demand. Steady growth of personalization services and contactless payment activities did offset the disturbance induced early in the quarter by the restructuring program in Western Europe. Overall the segment demonstrated good resilience under a severely constrained operating environment.

In Germany, Gemalto made important progress with the Secure Chip Card Operating System (SECCOS) certification of its high-end Desineo banking cards. This advanced card that incorporates numerous banking, e-purse and digital signature applications is a strong evidence of Gemalto's ability to meet Germany's particularly high technical standards and of our readiness for mass deployment in Germany.

Security

€ in millions	Q4 2007	Year-on-year change at constant exchange rates	FY 2007	Year-on-year change at constant exchange rates
Security ⁴	62.2	+35%	192.9	+9%

Both Government Programs and Identity & Access Management (IAM) contributed to the strong performance posted by the Security segment in the fourth quarter of 2007.

Government Programs reported substantial revenue growth of 28% for the fourth quarter, reflecting the continuing ramp-up of the many contracts won previously. This business is characterized by long sales and delivery cycles, with deliveries recurring throughout the rollout period. Delays in e-Healthcare projects, particularly in Western Europe, were fully offset by large deliveries of e-Passports and e-ID cards, and by services which are part of comprehensive end-to-end solutions.

IAM revenue was up by 14% in the fourth quarter, driven by deliveries of online banking authentication solutions to Barclays Bank in the UK as well as shipments of secure USB tokens to Asian customers.

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Gemalto, in cooperation with Lexar, recently launched for the IAM market the innovative, multi-purpose Secure Enterprise Guardian. This unique and highly interoperable smart USB device combines a Microsoft compliant security solution with strong memory encryption technology to provide convenient portable authentication and secure data storage for computer users.

Patent licensing activity generated revenue of € 23 million in the full year 2007, compared with € 27 million in 2006.

Public Telephony

€ in millions	Q4 2007	Year-on-year change at constant exchange rates	FY 2007	Year-on-year change at constant exchange rates
Public Telephony	11.2	(1%)	43.7	(21%)

Public Telephony posted a good quarter considering the continuing decline of the memory card market for Public Telephony which is attributable to the broader usage of mobile telephony worldwide.

Point-of-Sale Terminals

€ in millions	Q4 2007	Year-on-year change at constant exchange rates	FY 2007	Year-on-year change at constant exchange rates
Point-of-Sale Terminals	15.1	+11%	56.0	+16%

The new range of products developed on a common, highly adaptable new technology platform provided commercial success and revenue growth in the fourth quarter and full year 2007.

Regional analysis

Fourth quarter and full year 2007 revenue by region

€ in millions	Q4 2007	Year-on-year change at constant exchange rates	FY 2007	Year-on-year change at constant exchange rates
EMEA	269.7	+7%	913.0	0%
North & South America	113.6	+12%	387.0	+1%
Asia	87.7	+7%	331.5	0%
Total revenue	471.0	+8%	1 631.5	0%

In the fourth quarter of 2007, EMEA and the Americas reported respectively 7% and 12% revenue growth, driven by Mobile Communication and Security. In the same period, revenue in Asia was up by 7%, due to strong deliveries in Secure Transactions and Security.

For the full year 2007, revenue in all regions were essentially stable compared with prior year.

Net cash position

The net cash position⁵ was € 314 million at the end of 2007 versus € 396 million at the end of 2006, after spending € 148 million on the share repurchase programs, i.e. € 144 million in the Gemalto share buy-back program and € 4 million for the acquisition of the remaining Gemplus shares during the squeeze out program in January.

Outlook

In the second half of 2007, operating margin⁶ will reflect the usual favorable seasonal pattern and the increasing contribution of our digital security solutions deployments. It will also benefit from the stable pricing pattern observed during the year due to our price discipline and from additional cost synergies from the combination. Preliminary indications of the Company adjusted operating income⁶ for the full year 2007 is that it will be above the current consensus of € 71 million.

Outlook for 2009 remains unchanged.

⁵ Net cash position is equal to total cash and short-term deposits minus financial debt.

⁶ Prepared on an adjusted basis, excluding one-off expenses incurred in connection with the combination with Gemplus, reorganization charges and charges resulting from the accounting treatment of the transaction.

Reporting calendar

Full year 2007 earnings will be reported on March 20, 2008, prior to the opening of Euronext Paris.

Conference call

The Company has scheduled a conference call for today at 3:00 pm Paris time (2:00 pm London time and 9:00 am New York time). Callers may participate in the live conference call by dialing:

+44 (0) 207 806 1970 or +1 718 354 1389 or +33 1 70 99 43 00.

The slide show will be posted on the Company's web site at noon Paris time (11:00 am London time).

Replays of the conference call will be available approximately 3 hours after the conclusion of the conference call until February 4, 2008 midnight Paris time by dialing:

+44 (0) 207 806 1970 or +1 718 354 11 12 or +33 1 71 23 02 48 access code: 8418235#.

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About Gemalto

Gemalto (Euronext NL 0000400653 GTO) is the leader in digital security with 2007 annual revenues of €1.6 billion, offices in more than 85 countries and about 10,000 employees including 1,300 R&D engineers.

In a world where the digital revolution is increasingly transforming our lives, Gemalto's solutions are designed to make personal digital interactions more convenient, secure and enjoyable.

Gemalto provides end-to-end digital security solutions, from the development of software applications through design and production of secure personal devices such as smart cards, SIMs, e-passports, and tokens to the deployment of managed services for its customers.

More than one billion people worldwide use the company's products and services for telecommunications, financial services, e-government, identity management, multimedia content, digital rights management, IT security, mass transit and many other applications.

As the use of Gemalto's software and secure devices increases with the number of people interacting in the digital and wireless world, the company is poised to thrive over the coming years.

Gemalto was formed in June 2006 by the combination of Axalto and Gemplus.

For more information please visit www.gemalto.com

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 companies, 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 companies 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: the ability of the company's to integrate according to expectations; the ability of the company to achieve the expected synergies from the combination; trends in wireless communication and mobile commerce markets; the company's ability to develop new technology and the effects of competing technologies developed and expected intense competition generally in the companies' main markets; profitability of expansion strategy; challenges to or loss of intellectual property rights; ability to establish and maintain strategic relationships in their major businesses; ability to develop and take advantage of new software and services; the effect of the combination and any future acquisitions and investments on the companies' share prices; and changes in global, political, economic, business, competitive, market and regulatory forces. Moreover, neither the companies 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 companies 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 otherwise required by applicable law or regulations.

Appendix 1

Deliveries of secure personal devices (microprocessor-based)

In millions of units	Q4 2006	Q4 2007	% growth	FY 2006 pro forma ⁷	FY 2007	% growth
Mobile Communication	252	273	+8%	901	956	+6%
Secure Transactions ⁸	60	66	+10%	218	231	+6%
Security ⁸	10	16	+59%	29	38	+29%
Total	322	354	+10%	1 148	1 225	+7%

Appendix 2

Fourth quarter revenue by business segment at historical rates

€ in millions	Q4 2006	Q4 2007	% change at historical exchange rates	% change at constant exchange rates
Mobile Communication	272.8	273.5	0%	+7%
Secure Transactions ⁸	114.1	109.1	(4%)	0%
Security ⁸	47.7	62.2	+30%	+35%
Public Telephony	12.3	11.2	(9%)	(1%)
Point-of-Sale Terminals	14.3	15.1	+5%	+11%
Total revenue	461.3	471.0	+2%	+8%

Full year revenue by business segment at historical rates

€ in millions	FY 2006 pro forma ⁷	FY 2007	% change at historical exchange rates	% change at constant exchange rates
Mobile Communication	993.9	925.5	(7%)	(2%)
Secure Transactions ⁸	412.1	413.4	0%	+4%
Security ⁸	182.8	192.9	+6%	+9%
Public Telephony	58.8	43.7	(26%)	(21%)
Point-of-Sale Terminals	50.4	56.0	+11%	+16%
Total revenue	1 698.2	1 631.5	(4%)	0%

⁷ Pro forma measures reflect the combined activity of Gemalto and Gemplus over the period, and assume that the combination had taken place as of January 1, 2005.

⁸ Effective July 1, 2007 Transport activity is reported under Secure Transactions in order to align external reporting with the operational organization put in place by Gemalto also effective July 1, 2007. This activity had until June 30 2007 been reported under the Identity & Security segment. Relevant 2006 and 2007 revenue figures reflecting this modification are detailed in Appendix 5. Also effective July 1, 2007 Identity & Security is renamed Security. The segment comprises Government Programs (previously named Identity), Identity & Access Management (previously named Security) and patent licensing activities. Transport revenue in FY 2006 and 2007 represented approximately 1% of Gemalto total revenue.

Appendix 3

Average exchange rates between the Euro and the US dollar

	EUR/USD
First quarter 2006	1.20
Second quarter 2006	1.25
Third quarter 2006	1.27
Fourth quarter 2006	1.28
Full year 2006	1.25
First quarter 2007	1.31
Second quarter 2007	1.35
Third quarter 2007	1.36
Fourth quarter 2007	1.44
Full year 2007	1.37

Appendix 4

IFRS FINANCIAL INFORMATION

The combination between Gemalto and Gemplus was effective on June 2, 2006, and Gemplus activity was fully consolidated with that of Gemalto as from that date: it explains the differences between the IFRS revenue and the pro forma revenue for the full year 2006 presented in Appendix 2. An adjustment in the amount of € 2 million was recorded in the fourth quarter of 2007 in the Adjusted financial statements in relation with the restructuring program in Western Europe: it explains the difference between the IFRS revenue and the Adjusted revenue for the fourth quarter and the full year 2007 presented in Appendix 2.

Fourth quarter and full year revenue by business segment at historical rates

€ in millions	Q4 2006	Q4 2007	FY 2006	FY 2007
Mobile Communication	272.8	273.5	766.9	925.5
Secure Transactions ⁹	114.1	107.1	324.6	411.4
Security ⁹	47.7	62.2	138.7	192.9
Public Telephony	12.3	11.2	38.8	43.7
Point-of-Sale Terminals	14.3	15.1	50.4	56.0
Total revenue	461.3	469.0	1 319.4	1 629.5

⁹ Effective July 1, 2007 Transport activity is reported under Secure Transactions in order to align external reporting with the operational organization put in place by Gemalto also effective July 1, 2007. This activity had until June 30 2007 been reported under the Identity & Security segment. Relevant 2006 and 2007 revenue figures reflecting this modification are detailed in Appendix 5. Also effective July 1, 2007 Identity & Security is renamed Security. The segment comprises Government Programs (previously named Identity), Identity & Access Management (previously named Security) and patent licensing activities. Transport revenue in FY 2006 and 2007 represented approximately 1% of Gemalto total revenue.

Appendix 5

Impact of changing the reporting segment of Transport activity from Security to Secure Transactions

€ in millions	Q4 2006 before changing the reporting segment of Transport activity	Q4 2006 after changing the reporting segment of Transport activity	FY 2006 pro forma ¹⁰ before change the reporting segment of Transport activity	FY 2006 pro forma ¹⁰ after changing the reporting segment of Transport activity
Secure Transactions	107.4	114.1	391.7	412.1
Security	54.5	47.7	203.3	182.8

€ in millions	Q4 2007 before changing the reporting segment of Transport activity	Q4 2007 after changing the reporting segment of Transport activity	FY 2007 before change the reporting segment of Transport activity	FY 2007 after changing the reporting segment of Transport activity
Secure Transactions	105.3	109.1	393.8	413.4
Security	66.0	62.2	212.5	192.9

¹⁰ Pro forma measures reflect the combined activity of Gemalto and Gemplus over the period, and assume that the combination had taken place as of January 1, 2005.