FY 2009 Earnings Release

Olivier Piou, CEO
Jacques Tierny, CFO
March 4, 2010

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Overview

Olivier Piou, CEO

- Financial Results
- Moving Forward
Full year 2009 results highlights

- Full year revenue at € 1654 million, with positive signs in Q4
- Adjusted operating income increased to € 182 million before special provision of € 11 million
- Operating margin improvement, with all segments now reporting profits
- Merger objective of 10% EBIT margin surpassed
- Net cash position at € 381 million, with operating activities generating a record € 200 million
- Dividend of € 0.25 per share will be proposed to shareholders at next Annual General Meeting

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 2009 Results press release
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 before special provision</th>
<th>Minus:</th>
<th>Adjusted</th>
<th>Minus:</th>
<th>Minus:</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>€ 182m</td>
<td>€ (11m)</td>
<td>€ 171m</td>
<td>€ (9m)</td>
<td>€ (24m)</td>
<td>€ 136m</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>€ 159m</td>
<td>€ (11m)</td>
<td>€ 148m</td>
<td>€ (9m)</td>
<td>€ (20m)</td>
<td>€ 118m</td>
</tr>
</tbody>
</table>

A special provision of € 11.2 million was booked to cover consequences for Gemalto of the situation related to German payment cards identified at the beginning of 2010.
**Gemalto further expands profitability**

*Extracts from Gemalto FY 2009 Adjusted Income Statement*

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€ 1,654m</td>
<td>(2%)*</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>€ 600m</td>
<td>+1%</td>
</tr>
<tr>
<td>EBIT</td>
<td>€ 171m</td>
<td>+1%</td>
</tr>
<tr>
<td>Earnings Per Share (Basic)</td>
<td>€ 1.75</td>
<td>(3%)</td>
</tr>
<tr>
<td>EBIT before special provision</td>
<td>€ 182m</td>
<td>+7%</td>
</tr>
</tbody>
</table>

* at constant exchange rates and by reference to FY 2008 revenue
Gross margin improvements in all segments

### Mobile Communication

- Revenue: €888m (8%)
- Gross Profit: €382m (3%)
- Gross Margin: 43%
- EBIT: €142m (11%)
- EBIT Margin: 16%

- Resilience in a cautious market environment with some customers delaying innovative projects, weighing on the revenue and ASP
- Software and services up 32% in Q4, leading to 15% full year increase
- Gross margin improvement reflects focus on value selling and efficiency
- Tight controls on operating expenses offset consolidation of new activities

### Secure Transactions

**before special provision**

- Revenue: €441m (+1%)
- Gross Profit: €119m (+1%)
- Gross Margin: 27%
- EBIT: €26m (2%)
- EBIT Margin: 6%

- Return to growth in Q4, up 4% yoy
- Special provision of €11m related to the situation faced in Germany in Jan. 2010
- Mix improvements and personalization efficiency drove 370bp improvements in underlying gross margin in H2
- Tight controls on operating expenses offset consolidation of new activities
- Excluding special provision, 7.8% EBIT margin in H2

### Security

- Revenue: €248m (+14%)
- Gross Profit: €90m (+35%)
- Gross Margin: 36%
- EBIT: €7m
- EBIT Margin: 3%

- Double digit growth in Q4 and full year revenue, driven by eID and eBanking
- For full year revenue, Government Programs up 18% and IAM lower by 2%
- Significant gross margin improvement from better industrialization and stronger patents contribution
- Security turned to profit for the full year, demonstrating operational leverage

* at constant exchange rates and by reference to FY 2008 revenue
Record operating cash flow

Key items from Gemalto FY 2009 Cash flow statement

<table>
<thead>
<tr>
<th>€ in millions</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash generated by operating activities</strong></td>
<td>191</td>
<td>224</td>
</tr>
<tr>
<td>before cash outflows related to restructuring actions</td>
<td>(59)</td>
<td>(24)</td>
</tr>
<tr>
<td>Cash used in restructuring actions</td>
<td>(59)</td>
<td>(24)</td>
</tr>
<tr>
<td><strong>Cash generated by operating activities</strong></td>
<td>132</td>
<td>200</td>
</tr>
<tr>
<td>Capital expenditure and acquisition of intangibles</td>
<td>(49)</td>
<td>(53)</td>
</tr>
<tr>
<td>Cash used by acquisitions</td>
<td>(14)</td>
<td>(74)</td>
</tr>
<tr>
<td>Cash used in the share buy-back program</td>
<td>(65)</td>
<td>(65)</td>
</tr>
<tr>
<td>Proceeds from exercise of stock options by employees</td>
<td>25</td>
<td>32</td>
</tr>
<tr>
<td><strong>Net cash, at end of December</strong></td>
<td>344</td>
<td>381</td>
</tr>
</tbody>
</table>
A dividend of € 0.25 per share (i.e. € 21 million) in respect of the fiscal year 2009 will be proposed to shareholders at next AGM.
Update on currency

In 2009, the positive effect of the US Dollar appreciation vs. the Euro was offset by the negative effect of the weakening of Others.

We have improved natural hedging, and at Q1 ’10 exchange rates Q1 ’09 revenue and H1 ’09 EBIT margin would remain essentially unchanged.
Value creation through disciplined earnings expansion

- Mobile Communication: Resilience in a cautious market
- Secure Transactions: Return to growth in Q4, 8% EBIT margin in H2
- Security: Turned to profit

Further earnings expansion

- EBIT 10.3%
- 11.0% excl. special provision

Rigorous capital discipline

- Capital employed \(1\) +1%

Low capital-intensive business model

- Capital expenditure at 3.2% of revenue

Disciplined working capital management

- Net working capital at 12% of revenue

14.3% ROCE \(^2\)
15.2% excl. special provision
over WACC \(^3\) of 9.7%

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(1) Including acquisition of intangible assets; (2) ROCE is after-tax adjusted EBIT divided by capital employed; (3) Average WACC based on recent brokers reports (source: Thomson Research)
## Profit from operations

For the period 2010-2013 Gemalto will report profit from operations

In 2009, profit from operations differs from the adjusted EBIT by keeping out the equity-based compensation charges

<table>
<thead>
<tr>
<th>In € million</th>
<th>FY 2009 under adjusted Presentation</th>
<th>Adjustment related to equity-based compensation</th>
<th>FY 2009 under new presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,654</td>
<td></td>
<td>1,654</td>
</tr>
<tr>
<td>Gross profit</td>
<td>600</td>
<td>1.7</td>
<td>602</td>
</tr>
<tr>
<td>R&amp;E expenses</td>
<td>(97)</td>
<td>0.5</td>
<td>(97)</td>
</tr>
<tr>
<td>S&amp;M expenses</td>
<td>(235)</td>
<td>4.5</td>
<td>(231)</td>
</tr>
<tr>
<td>G&amp;A expenses</td>
<td>(101)</td>
<td>5.7</td>
<td>(95)</td>
</tr>
<tr>
<td>Other income &amp; expense</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td>-</td>
<td></td>
<td><strong>183</strong></td>
</tr>
<tr>
<td><strong>Equity-based compensation charges</strong></td>
<td>-</td>
<td></td>
<td>(12)</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td><strong>171</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Overview

Financial Results

Moving Forward

Olivier Piou, CEO
Outlook

Our business has strong fundamentals and prospects. We continue our mission to provide trust and convenience to the wireless and digital world. In 2010 we are focused on growth, actively promoting our expanded product portfolio and delivering more software and services to our customers, in order to further increase our profit, on our way to achieving the objective we set for ourselves of € 300 million profit from operations in 2013.
We emerged from 2009 on a solid footing, and now advancing onto 2010 with clear priorities

2009: Fortified Competitive Position

- Demonstrated resilience in adverse global economic environment
- All three main segments are now active profit engines
- Record €200 million cash generation, with sustained strong net cash position
- Significant boost in customer satisfaction and confidence indices
- Balanced business portfolio with synergistic activities

2010 Priorities: Back to Growth

- Focus on revenue growth, capturing digital security opportunities globally
- Leverage the efficiencies gained in Secure Transactions and Security to further improve profits
- Integrate and promote our expanding portfolio of product and service offers
- Maintain focus on customer value-add and customer engagement
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
Questions will be taken by way of conference call, by dialing

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