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Gemalto provides services and technological solutions to strongly protect identities and transactions on digital networks.

Our digital scientists design secure software already deployed in hundreds of networks and billions of electronic devices.

Digital security market offers immense potential.

Our ambition is to harness its growth and lead its convergence.

Our markets

2009

2013

€10B

€4B
Our scale is truly international

Our blue chip customers, whom we serve mainly directly, are spread across the world

450 mobile carriers, 3000 financial institutions, 60 government agencies entrust us with the management of highly sensitive information

So we operate globally from numerous worldwide locations

Our clients are in more than 190 countries, and no country represents more than 10% of our annual revenue

---

1 “fast-growing countries” with GDP growth of 5% p.a. or greater, Source United Nations statistics, 2005-2010 CAGR.
The components of our offer

1. **Embedded software & Products**
   - Embedded software in products to secure access to services
   - Reported as “Embedded Software & Products”

2. **Platforms & Services**
   - In house / hosted to manage sensitive data on devices
   - Reported as “Platforms & Services”

These two components are synergistic and mutually drive the upgrades of each other.
Our sources of revenue

1. LICENSE SOFTWARE
   Embedded software & Products
   - SOFTWARE + HARDWARE BUNDLE (Products)
   - SOFTWARE ONLY (licenses)

   Secure, certified software for:
   - Authentication
   - Electronic payment
   - Digital signature
   - Corporate Security
   - eBanking
   - Digital identity, etc.

2. MANAGE SENSITIVE DATA ON DEVICES
   Platforms & Services
   - SOFTWARE LICENSES & MAINTENANCE
   - SOFTWARE AS A SERVICE

   CUSTOMIZATION & DEPLOYMENT SERVICES
   PERSONALIZATION

   Initial Personalization
   - Subscription type
   - Citizen biometrics
   - Cardholder policies
   - Employee certificates
   - Pay-per-sub, per-cardholder, per-citizen

   Lifecycle and security management
   - On premise license
   - Software as a Service with:
     - Pay-per-sub, per-event & per-use models

Embedded software & Products
The dynamics of our business model

1. **EQUIPMENT OF USERS**
   - 2 – 3 years
   - Licensed per unit
   - Embedded software & Products
     Driven by equipment penetration

2. **SERVICE LAUNCH & OPERATION**
   - > 5 years
   - Initial software license
   - Setup fees
   - Software license upgrade and Maintenance fees
   - Event-based Service fees
   - Platforms & Services
     Driven by service adoption

Revenue vs. Time graph showing the dynamics over different time periods.
Five opportunities support our business

- More people connected
- Identity & Access Management: Identity documents digitalize
- Internet needs more safety
- Things get connected
- Electronic payment replaces cash
- Secure Transactions
- Mobile Communication
- Machine-to-Machine

fiveopportunities.png
Organized in four converging business segments

**Mobile Communication**

*Next Generation Networks*

- **2G**
- **3G**
- **4G**

*Growth in number of global users*

- 2009: 4.6 billion cellular subscriptions
- 2011: 14% CAGR
- 2012: 6 billion cellular subscriptions

*Worldwide EMV Migrations*

- From Magstripe
- Wealth accumulation
- Dual Interface

*Secure Transactions*

- Increases Addressable Market
- Improves Product Mix

*Only 25% 2012 Global EMV Penetration*

*Security*

*Electronic Identity*

- eID extends beyond ePassport

*Only 10% Global eDocument Penetration*

*Cloud Access Security*

- 2012-2016 17% CAGR
- Cloud IT spending

**M2M**

*Connected Devices*

- Enterprise M2M Connections

*2010-2015 26% CAGR*

*Mobile Financial Services*

- 2012-2016 CAGR 21%

- Mobile payment users

- Carrier Billing
- Banking the Unbanked
- Mobile Contactless EMV

*Mobile Credential Management*

- Over-the-Air management needed for handsets and mobile devices

*>400 3G networks*

*eBanking and eCommerce*

- Convenience and security concerns drives demand from:

  - BANKS + eMerchants

*2012-2015 16% CAGR*

1. Yankee Group, 4G Americas
2. ITU World Stats
3. Gemalto, EMVCo
4. Gemalto, Gartner
Profit from operations is a non-GAAP measure defined as IFRS operating income adjusted for amortization & depreciation of intangibles resulting from acquisitions, equity-based compensation charges and restructuring & acquisition-related costs. In 2009, profit from operations differs from the adjusted EBIT by keeping out the equity-based compensation charges and corresponds to the “ongoing operations” as defined in the 2010 annual publications. Chart not to scale.
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<th>Page</th>
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</thead>
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</tr>
<tr>
<td>2010-2013 Development Plan</td>
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<tr>
<td>Mobile Communication</td>
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<tr>
<td>Machine-to-Machine</td>
<td>41</td>
</tr>
<tr>
<td>Secure Transactions</td>
<td>47</td>
</tr>
<tr>
<td>Security</td>
<td>53</td>
</tr>
</tbody>
</table>
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For a better understanding of the current and future year-on-year evolution of its business, the Company prepares an adjusted income statement where the key metric used to evaluate the business and take operating decisions is the profit from operations. This adjusted income statement is provided for all operations and ongoing operations.

Adjusted income statement and Profit from operations (PFO)
Profit from operations is a non-GAAP measure defined as the IFRS operating result adjusted for the amortization and depreciation of intangibles resulting from acquisitions, for share-based compensation charges, and for restructuring and acquisition-related expenses.
In the adjusted income statement, Operating Expenses are defined as the sum of Research and Engineering, Sales and Marketing and General and Administrative expenses, and other income (expense) net. For the first semester 2011, it also includes the gain on re-measurement to fair value of an investment in associate, not part of the ongoing operations.

Ongoing operations
The adjusted income statement for ongoing operations excludes, as per the IFRS income statement, the contribution from discontinued operations to the income statement, and also the contribution from assets classified as held for sale and from other items not related to ongoing operations.

Currency exchange rates
In this presentation, revenue variations are at constant exchange rates, and all other figures are at historical exchange rates, except where otherwise noted.
First semester 2012 Highlights

- Revenue exceeded €1 billion, first time for a first semester
- Profit from operations increased 56%, at €115 million
- The Security segment grew revenue by 19% and its profit from operations by 69%
- Mobile Communication positive momentum accelerated with 4G/LTE and mobile payment service deployments

Extracts from the adjusted income statement for ongoing operations
Mobile payment ramps up for deployment

- Gemalto announced a series of major wins during the first semester in the US, Europe, Latin-America, and Asia
  - Over 800 million mobile subscribers are addressable by TSM platforms already awarded to Gemalto

- Dynamic sector with numerous competing initiatives from internet payment service providers, handset and related OS suppliers, banks, mobile operators, and retailers
  - Their respective services are designed to coexist in consumer’s mobile devices

- Most of these initiatives already protect payment services with two-factor chip-based security
  - It provides an unmatched security-to-cost ratio
  - and enables secure payment for both mobile/online and in-store purchases
### Key figures from H1 2012 financial results

Extracts from the adjusted income statement for ongoing operations

<table>
<thead>
<tr>
<th></th>
<th>€1,016m</th>
<th>38.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>€1,016m</td>
<td></td>
</tr>
<tr>
<td>at constant rates: +7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>€386m</td>
<td>38.1%</td>
</tr>
<tr>
<td>+21%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>€271m</td>
<td>26.7%</td>
</tr>
<tr>
<td>+10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td>€115m</td>
<td>11.3%</td>
</tr>
<tr>
<td>+56%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>€1.17</td>
<td></td>
</tr>
<tr>
<td>+72%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Growth**

- at historical rates: +10%
- **Gross margin**: +330bp
- **Operating expenses**: +10bp
- **PFO margin**: +330bp
## Adjusted income statement and IFRS

### Adjusted income statement

<table>
<thead>
<tr>
<th></th>
<th>Ongoing operations</th>
<th>Reconciling items (assets held for sale)</th>
<th>All operations</th>
<th>Amortization of intangible assets</th>
<th>Equity based compensation</th>
<th>Restructuring and acquisitions related expenses</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H1 2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>€1,016m</td>
<td>€5m</td>
<td>€1,020m</td>
<td></td>
<td></td>
<td></td>
<td>€1,020m</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>€115m</td>
<td>(€3m)</td>
<td>€112m</td>
<td></td>
<td></td>
<td></td>
<td>€75m</td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>H1 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>€921m</td>
<td>€8m</td>
<td>€928m</td>
<td></td>
<td></td>
<td></td>
<td>€928m</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>€74m</td>
<td>€19m</td>
<td>€93m</td>
<td></td>
<td></td>
<td></td>
<td>€63m</td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Segments key financial information

### Mobile Communication

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>€476m</td>
<td>+6%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>€200m</td>
<td>+26%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>42.0%</td>
<td></td>
</tr>
<tr>
<td><strong>PFO</strong></td>
<td>€69m</td>
<td>+114%</td>
</tr>
<tr>
<td><strong>PFO Margin</strong></td>
<td>+710bp</td>
<td></td>
</tr>
</tbody>
</table>

- Performance extends the positive business evolution of the segment on the back of the continued rise of LTE and additional mobile payment platform deliveries.
- Embedded software and Products revenue is up in the first semester, +5% year-on-year.
- And Platforms and Services is up +13% year-on-year.
- Improved revenue mix compared to H1 2011 drives the gross margin improvement, which reaches 42%. Operating expenses remained under disciplined control. Together they lead to a +710bp increase in PFO margin.

### Machine-to-Machine

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>€91m</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>€30m</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>32.7%</td>
<td></td>
</tr>
<tr>
<td><strong>PFO</strong></td>
<td>€4.6m</td>
<td>(20%)</td>
</tr>
<tr>
<td><strong>PFO Margin</strong></td>
<td>+180bp</td>
<td></td>
</tr>
</tbody>
</table>

- Machine-to-Machine revenue grew to €91 million, up +5% year-on-year.
- Gross profit increased to €30 million and margin settled at 33%, with exchange effects and higher impact of capitalized developments amortization.
- Operating expenses increased year-on-year by +€2 million with further investments in new offers and the integration of the SensorLogic platform.
### Secure Transactions

| Revenue   | €267m  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>+4%</td>
<td></td>
</tr>
</tbody>
</table>
| Gross Profit | €88m  
| +13%       |        |
| Gross Margin | 32.8% |
| PFO        | €26.7  
| +1%        |        |
| PFO Margin  | (50bp) |

- Revenue growth for the first half, at +4%, was in line with current global market rate, and comes on top of the previous year’s strong segment’s performance.
- Operating expenses were stable on a sequential basis, and grew by +€10 million year-on-year, in support of several mid to long-term strategic opportunities: future EMV migrations and mobile payments in particular.
- Profit from operations increased to €27 million, representing a margin of 10%.

### Security

| Revenue   | €180m  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>+19%</td>
<td></td>
</tr>
</tbody>
</table>
| Gross Profit | €68m  
| +26%       |        |
| Gross Margin | 37.7% |
| PFO        | €19.2m  
| +69%       |        |
| PFO Margin  | (290bp)|

- Security revenue up +19% year-on-year, to €180 million.
- Government Programs contributed most significantly to the segment performance, and IAM continued to deliver on the increasing demand for online banking security solutions.
- Top-line growth outpaced the +€6 million increase in Operating expenses to support the activity expansion.
- Profit from operations increased by +69% year-on-year, to €19 million, representing a margin of 10.6%.
Changes in first semester contributions to PFO

Year-on-year variations of contributions to total profit from ongoing operations

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Platforms &amp; Services</th>
<th>Total Embedded software &amp; Products</th>
<th>Patents</th>
<th>H1 2011</th>
<th>H1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2011</td>
<td>€ 74m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1 2012</td>
<td>€ 115 m</td>
<td></td>
<td></td>
<td>+56%</td>
<td></td>
</tr>
</tbody>
</table>
## Cash flow

### Key items from the cash flow statement

<table>
<thead>
<tr>
<th>€ in millions</th>
<th>H1 2012</th>
<th>H1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operations</td>
<td>105</td>
<td>72</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(15)</td>
<td>(33)</td>
</tr>
<tr>
<td><strong>Cash generated by operating activities</strong></td>
<td><strong>90</strong></td>
<td><strong>40</strong></td>
</tr>
<tr>
<td>Capital expenditure and acquisition of intangibles</td>
<td>(48)</td>
<td>(37)</td>
</tr>
<tr>
<td>Acquisitions and divestitures</td>
<td>(7)</td>
<td>5</td>
</tr>
<tr>
<td>Dividend and Share buy-back program</td>
<td>(57)</td>
<td>(54)</td>
</tr>
<tr>
<td><strong>Net cash, at end of the period</strong></td>
<td><strong>300</strong></td>
<td><strong>186</strong></td>
</tr>
</tbody>
</table>
Outlook for 2012

For the full year 2012, Gemalto now expects its profit from operations to come close to its 2013 target of €300 million, with all main segments increasing their revenue and profit, limited revenue from Patents, and less seasonality in Mobile Communication.
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We are well in line with our Profit from Operations target of €300 million in 2013.

In 2011, PFO was €239m and the midpoint objective to have double digit PFO margin in Security and Secure Transactions was achieved ahead of schedule.
## The growth drivers of our businesses are in place

<table>
<thead>
<tr>
<th>Revenue CAGR for ongoing operations</th>
<th>2010-2011</th>
<th>Assumptions and expectations for 2012-2013</th>
<th>Revenue CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Communication</td>
<td>+3% excl. M2M +12% with M2M</td>
<td>Gradual mobile NFC services launches Progressive LTE network roll-outs More connected devices</td>
<td>Mid-to-high single digit</td>
</tr>
<tr>
<td>Secure Transactions</td>
<td>+14%</td>
<td>More users of EMV payment and contactless technologies</td>
<td>High-single digit</td>
</tr>
<tr>
<td>Security</td>
<td>+18%</td>
<td>More citizens with electronic IDs Higher security for internet usage</td>
<td>Double digit</td>
</tr>
<tr>
<td>Patents</td>
<td>(21%)</td>
<td>Litigation in the United States resolves in 2012 or 2013</td>
<td>Revenue back to at least historical levels</td>
</tr>
</tbody>
</table>

2010 – 2011 revenue Compound Annual Growth Rates are calculated per reporting segment for ongoing operations, at historical rates. Segment reporting format follows the basis of presentation for 2011 financial statements. Expectations for 2012-2013 are indicative revenue CAGR to be calculated over the two-year period.
Midpoint financial performance indicators are strong

**Revenue**
- Ongoing operations: +28%
- All operations: +22%

**Revenue to PFO flow-through**
- +30 percentage points
- (8%) to 22%

**PFO**
- Ongoing operations: +40%
- All operations: +39%

**IFRS - EBIT and Net profit**
- All operations: +37%

**Return On Capital Employed**
- +140 basis points
- 15% to 17%

**Dividend & Share buyback**
- +30%

Charts represent: Ongoing operations (Revenue and PFO), all operation in 2009 and Ongoing operation in 2010, 2011 (Fall-through), all operations (Other charts). Return on capital employed (ROCE) is defined as after-tax PFO divided by capital employed. Charts are not to scale. Variations are calculated between 2009 and 2011.
Our sources of profit multiply, improving our risk profile

More sources of profit supported by synergistic uncorrelated markets

Lower business risks and increase financial performance

PFO generated outside of our largest segment, (42% of total Company PFO, not in Mobile Communication)

Chart not to scale
We balance the reallocation of our cash flows

<table>
<thead>
<tr>
<th>Description</th>
<th>End 2009</th>
<th>End 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flows</td>
<td>€381m</td>
<td>€309m</td>
</tr>
<tr>
<td>Investments in operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share buy-back and dividends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bolt-on acquisitions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

More acquisitions undertaken during the first half of the plan to allow for proper integration and maximization of synergies.
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Mobile Communication

Revenue Profile

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>€976m</td>
<td>€1,000m</td>
<td>€888m</td>
</tr>
</tbody>
</table>

Financial Metrics 2011

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>€393m</td>
</tr>
<tr>
<td>2010: €380m</td>
<td></td>
</tr>
<tr>
<td>€138m</td>
<td></td>
</tr>
<tr>
<td>2010: €120m</td>
<td></td>
</tr>
<tr>
<td>Profit Margin from Operations</td>
<td>14.1%</td>
</tr>
<tr>
<td>2010: up 210 basis points</td>
<td></td>
</tr>
<tr>
<td>&gt;30 Mobile Contactless Projects</td>
<td></td>
</tr>
<tr>
<td>450 Mobile Network Operator Customers</td>
<td></td>
</tr>
<tr>
<td>40% Worldwide Market Share By Value</td>
<td></td>
</tr>
</tbody>
</table>
Our 450 telecom customers have different priorities

- More people get connected
- People get more connected
- People get more deeply connected

3 billion
People to connect in developing markets

MNOs’ top concerns

Capture subscribers
Growing operators

94%
CAGR for non-phone mobile broadband devices

Leverage capex
Advanced operators

67%
Internet users in social networks

Monetize customer access

Products: sustained demand for traditional products

**SIM renewal rate remains high**
- Prepaid to remain predominant
- Churn to normalize in some market

**Multi-subscriptions**
- Multi SIM behaviors
- Multi Phone behaviors
- Non-voice connected devices

**3G cards to proliferate**
- 34 3G licenses already awarded in Africa

**Increased mobile penetration**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connections</td>
<td>60%</td>
<td>90%</td>
</tr>
<tr>
<td>Unique Subscribers</td>
<td>34%</td>
<td>61%</td>
</tr>
</tbody>
</table>

Source: (1) Informa; (2) Gemalto 2009
Services: a 6 billion SIM installed-base opportunity

**Worldwide Mobile Subscription**  
(billion connections)

- **6 Billion** SIM on the field
- **450 Telcos** In the world
- **234 Telcos** already rely on Gemalto solutions
- **2+ Service Platforms** already installed on average per Telco
- **1.8 billion SIM** already addressable by our solutions
- **8 services** at the core of Gemalto portfolio
- **15%** response rate in average
- **Up to 40%** response rate with appropriate campaigns

Source: Informa
Gemalto value propositions span the entire spectrum

Penetration

Enable mass market services
- Phonebook backup
- Roaming optimization
- Live Messenger
- Mobile Money

Secure new revenue streams
- Personal data management
- Mobile contactless payment
- Mobile TV
- Machine-to-Machine
- Convergence

The SIM & UICC are enablers for operator branded service

Examples
- Phonebook backup
- Roaming optimization
- Live Messenger
- Mobile Money

Examples
- Personal data management
- Mobile contactless payment
- Mobile TV
- Machine-to-Machine
- Convergence
Software and Services activate a virtuous cycle

Other Text:

- Protection and sharing of personal data, access to social networks on mobile & PC
- > 90 references
- > 40% adoption rate
- >1 Billion contacts managed
- ~20 managed services
Gemalto has a privileged footprint to address fast-growing premium markets

### m-Financials

**Mobile Contactless**
- >100 million shipments of NFC devices by 2013

**Video**
- 70% of mobile data traffic will be mobile TV or mobile video by the year 2016

**Internet**
- 100% of new net-book, mini-PCs to embed a modem and/or convergence dongle capabilities

**LTE**
- 150 million LTE subscribers by 2014. End of Analog TV around 2011 in advanced economies

**M2M**
- 530 million Vehicles & metering systems in EU to equip with security systems every year

---

**Advanced products (shipment volume)**
- LTE UICC, M2M, Mobile TV, Modem/Dongles, NFC

**With**

**Market share in volume in advanced economies**
- 44%

Gemalto is firmly positioned to address this high value market

---

**Chart:**
- **83% CAGR**
- **Growth from 2008 to 2013**

---

**Source:**
- ABI Research
- Cisco
- Juniper, STL
- Informa
- IDATE, Berg Insight
Ready to lead the extension of the market needs

<table>
<thead>
<tr>
<th>m-Financial services</th>
<th>Mobile Broadband</th>
<th>Intermediation</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Mobile Contactless</em></td>
<td><em>Video</em></td>
<td><em>M2M</em></td>
</tr>
</tbody>
</table>

**Device**

- Products

  - m-Financial services
  - Mobile Broadband
  - Intermediation

**Services**

- Identification, Service Access Control, Security, Certification
- Remote Management
- Trusted Services Management

*3 layers of service required for deployment in a many-to-many environment*

#1 in our market, and partnering with the best in the industry

Widest range of trusted solutions to capitalize on
Focusing on the three application verticals where Gemalto has strong assets

<table>
<thead>
<tr>
<th>We protect transactions</th>
<th>We manage identities</th>
<th>We address the whole world</th>
</tr>
</thead>
<tbody>
<tr>
<td>m-Financial Services</td>
<td>Mobile Broadband</td>
<td>Intermediation</td>
</tr>
</tbody>
</table>

50 mobile money services protected by Gemalto technology in the developing world

Microsoft Live
Messenger brought to the developing world

#1 trusted provider of Remote Management solutions

50 mobile contactless deployments and pilots in Asia, North America, Europe

#1 supplier of embedded Mobile TV conditional access software

35 MNOs use our Machine to Machine products & solutions
Gemalto is deeply embedded in MNO’s emerging “two-sided model” opportunities

Over the top service providers

- Transport
- Advertisers
- Retailers
- Governments
- Utilities
- Banks
- Developers

MNOs Capabilities

- Core Legacy Services
- Redistribution of core services
- Monetize access to end-users

End-users

Source: CSFB, Gemalto 2009
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  - Machine-to-Machine Page 41
  - Secure Transactions Page 47
  - Security Page 53
### Machine-to-Machine

**Revenue Profile**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Profit (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>174</td>
</tr>
<tr>
<td>2010</td>
<td>81*</td>
</tr>
<tr>
<td>2009</td>
<td>-</td>
</tr>
</tbody>
</table>

**Financial Metrics 2011**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2011 (€)</th>
<th>2010 (€)</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Profit</strong></td>
<td>60</td>
<td>27*</td>
<td>-</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>34.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit from Operations</strong></td>
<td>14</td>
<td>7*</td>
<td></td>
</tr>
<tr>
<td><strong>Profit Margin from Operations</strong></td>
<td>7.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Five month consolidation period, beginning August 1, 2010

- Machine-to-Machine
Convenience in wireless connectivity is what will facilitate rollout of industrial applications

Industry rationale

Wireless M2M creates value to industries, connecting ‘Smart Machines’ to the ubiquitous GSM network:

- enables new applications, like “smart energy grids”,
- reduces the cost of existing activities, e.g. remote meter reading
- simplifies the operations and maintenance

But the deployment still remains complex

- Machines are designed and produced in certain countries yet have to be able to work indifferently throughout the world
- Many standards and certifications have to be obtained
- Individual customization is required to ensure connectivity
Our MNO customers are investing in M2M for growth

MNO rationale: from people to machine, additional data revenue with low capex

- **6.8b people**
  - High penetration and strong competition in developed markets
  - High investments in terminal subsidies, high customer acquisition costs and high churn
  - How to compensate ARPU erosion?

- **50b connectable machines**
  - The market opportunity is close to 10x bigger
  - Penetration is ~1%
  - Additional data revenue with low capex
  - 'zero' churn

Significant initiatives

- Over the last 24 months AT&T, Verizon, Sprint, Orange, Vodafone, Telefonica, T-Mobile, and others have established specific business units to address the M2M opportunity

Source: Gartner

Source: Harbour
Our combined offering will simplify industrial applications deployment and grow revenue for our MNO customers.

<table>
<thead>
<tr>
<th>Business needs</th>
<th>Required services</th>
<th>Gemalto solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>❖ Zero intervention ~15 years</td>
<td>❖ Module activation</td>
<td>❖ Machine Identification Module</td>
</tr>
<tr>
<td>❖ Must work anywhere</td>
<td>❖ Device management</td>
<td>❖ Wireless module with best MTBF*</td>
</tr>
<tr>
<td>❖ Instantly online</td>
<td>❖ Data protection</td>
<td>❖ Remote management service</td>
</tr>
<tr>
<td>❖ Security</td>
<td>❖ Lifecycle management</td>
<td>❖ Device management platform</td>
</tr>
<tr>
<td>❖ Ability to upgrade firmware and applications</td>
<td>❖ Quality of Service management</td>
<td>❖ Device access portal</td>
</tr>
</tbody>
</table>

*Mean Time Between Failure
Adding software and services to a high growth market

Cellular M2M network connections (World 2009-2015)

- Extending our play in the M2M value chain
  - End User Service 30%
  - Module 15%
  - Software 30%
  - Communication 27%
  - MIM 1%

Source: Gartner, ABI

The US-operators Verizon Wireless and AT&T were the largest providers of M2M connectivity services in 2010.

Adding Gemalto’s “Over the Air” management capabilities to Cinterion’s products will enable M2M modules to be managed remotely, over the lifecycle, creating the opportunity for recurring software and service revenues.

Source: Berg Insight, December 2010
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    Page 53
Secure Transactions

Revenue Profile

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Profit</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>€531m</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>€462m</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>€411m</td>
<td></td>
</tr>
</tbody>
</table>

Financial Metrics 2011

<table>
<thead>
<tr>
<th>Metric</th>
<th>2011</th>
<th>2010</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>€168m</td>
<td>€140m</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>31.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>€58m</td>
<td>€41m</td>
<td>10.9%</td>
</tr>
<tr>
<td>Profit Margin from Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3000 Financial Institution Customers

25% Worldwide Penetration of EMV Technology
Our banking customers are leveraging their EMV investments to address new opportunities

**EMV: from fighting fraud to standard platform**
- Combating fraud is still a key driver fueling EMV migrations
- Regulatory bodies have extended counter-fraud requirements beyond credit to debit
- EMV has emerged as a standard recognized globally
  - replacing national schemes
  - now targeting cash and low-value payments

**Creating new opportunities**
- Platform for strong authentication in e-banking
- Platform for Internet payment and transactions
- “Open Loop” prepaid cards leveraging the EMV infrastructure

**Creating convergence partnerships**
- With transport operators: multi-application cards with EMV payment plus mass transit
- With retailers: branded cards with payment plus loyalty programs
- Partnership with MNOs to create new payment channels for mobile payment

Secure Transactions
Product mix will continue to improve thanks to more secure DDA and contactless interface

**In EMV, from SDA to DDA protocol**

- DDA is a more advanced card utilizing stronger security standards
- ECB mandates all chip cards in Europe should be DDA by 2015
- DDA also in used in Asia (Japan, Singapore)

**In contactless, going dual-interface**

- Contactless is pervasive
  - Payment-Transport convergence
  - Multi-application platforms for retailers
  - Allowing for new form factors
- Contactless should account for over 20% of TAM value by 2013
- Potential gateway technology for US market

Source: SEPA, Gemalto 2009
EMV Opportunity in the United States

- 94% of US consumers have a credit, debit, or prepaid card
- 3.7 average number of credit cards held by credit card holders
- 1.3 average number of debit cards held by debit card holders
- 60% of US noncash payments are made with a payment card

Source: Federal Reserve payments studies

Major brands provide timelines for US EMV migration

1 Excludes prepaid/gift cards (~4 billion cards) which are not expected to convert
Mobile contactless creates significant opportunities

TSM Services
Management of digital contactless payment cards by Gemalto
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    Page 30  
  - Machine-to-Machine  
    Page 41  
  - Secure Transactions  
    Page 47  
  - Security  
    Page 53
Security

Revenue Profile

- **2011**: €310m
- **2010**: €285m
- **2009**: €222m

Financial Metrics 2011

- **Gross Profit**: €118m (2010: €100m)
- **Gross Margin**: 38.1% (up 320 basis points)
- **Profit from Operations**: €30m (2010: €19m)
- **Profit Margin from Operations**: 9.6% (up 290 basis points)

- **Government Customers**: 60
- **Penetration of eDocuments**: 10%
From investment to consistently profitable growth

- The Security segment includes
  - Government Programs (2/3 of revenue in 2011)
  - Identity and Access Management (1/3 of revenue in 2011)

  Both activities have grown at a double-digit rate during the 2007-2011 period

- Over the 2012-2013 period, Security revenue is expected to continue to grow double-digit

* Outlook: For the full year 2012, the Security segment revenue and profit from operations are expected to increase year-on-year. Graphical representation for the second semester 2012 is not meant to be to scale.
Strong authentication is gaining market traction

- Mobility is becoming more important, with remote access & cloud computing on the rise
- Banks, businesses and governments under regulatory pressure to improve protection
  - Compliance is the driving factor for up to 85% of all IAM purchases in 2008 and 2009 (1)
  - Regulatory demands across the world include: HSPD-12, PCI, HIPAA, DPA (UK)
- Online fraud continues to increase
  - Phishing victims in the US grew more than 40% during the 12 months ending September 2008 (2)
  - Card Not Present (CNP) accounts for over half of fraud cases across the SEPA area (3)
- Success of Windows 7 will facilitate the adoption of high-end IAM solutions

Source: (1) IDC Sep 2009; (2) Gartner Apr 2009; (3) EFMA Sep 2009
SEPA = Single European Payment Area

*Device-based strong authentication shipments worldwide (million units)*

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Online Banking & eMerchants
- Enterprise

16% CAGR

Source: Gemalto 2009
Targeting an authentication market positioned at the core of multiple IT security domains

Identity Security
- Identity Administration
- Identity Data Infrastructure

Building Security
- Security equipment (doors, video, readers,...)
- Software Management

Data Security
- Encryption
- Scanning
- Monitoring

Network Security
- Threat Management
- Secure Content Management
- Vulnerability
- Intrusion, Detection, Prevention

Internet Security
- Account Sign-on
- Signature (web & document)
- Web transaction

Device Strong Authentication TAM 2012
€1.5bn (CAGR 20%)

Federation
Web SSO
Data Encryption (DLP)
Fraud Detection
Converged Badge
eBanking & eCommerce

Source: Gartner, 2012

Key 2010-2013 growth areas for device strong authentication
Online Authentication Solutions

*Gemalto solutions directly address market needs*

- **Protect the people who protect us**
  - Protiva Defender Suite

- **Convenient, secure trading**
  - Protiva Trade Connect

- **Protecting patient data and streamlining authentication**
  - Protiva MedSecure

- **Enterprise data security, ultra-secure laptops & remote access**
  - Protiva ExecProtect

- **Identity management for cloud access**
  - Protiva Cloud Confirm

*Security – Identity & Access Management*
Government Programs

Securing citizen identities, protecting privacy, powering modern, efficient eGovernment services

Governments need solutions that

❖ Migrate identity documents to electronic formats to reduce fraud, improve benefits efficiency and protect citizen privacy
❖ Increase convenience and reduce costs of services rendered by deploying eGovernment solutions which ensure citizens can access 24/7 to public services securely and remotely

Gemalto’s strategy

Address both developed and fast-growing economies in their modernization programs with two different approaches:

Large population countries: Focused contribution
Smaller population countries: End-to-end prime solution provider
Trusted by authorities and Governments worldwide

Over 60 references in each of
- Embedded software & Products
- Platforms & Services

Gemalto is #1 in customer references

Our long-term contracts continues to grow +40% since the beginning of 2010

Market Overview
We estimate that currently only 10% of Identity documents are electronic
Platforms and Services to secure identities and power eGovernment

Coesys Solutions Suite

- Enrolment
- Issuance
- National Registry
- eVerification
- eServices

Coesys eGov 2.0

- Online access to public services
  - Taxes and other declarations filing
  - Driving License & Vehicle registration
  - Healthcare eVerification & eClaims
  - eVoting, etc.

- Federated Identity
  - Multi-browser, cross-platform secure authentication
  - End-to-end PKI infrastructure

- Value-added Services
  - Applications also available on mobile phone and tablets
  - Project, knowledge, and incident management services
For more information
Our layered approach to digital security solutions

CUSTOMER OFFERS
- Enterprise security
- Mobile money
- Mobile financial services
- eBanking
- eGovernment
- eHealth
- M2M
- NFC-enabled services
- Online and Cloud services security
- etc.

Platforms & Services
- Server Platforms
  - e.g. Backup/restore/sync data; Load/activate apps/keys;
  - Update software/OS; Authorization lifecycle management;
  - OTP generation; Traffic boosting; Authentication and signature;
  - Device management/configuration; Content and ad distribution;
  - PIN lock/unlock; OTA/OTI platforms…

- Personal Data
  - e.g. name, account number, credit limit, expiry date…

- Issuers’ Secret Data
  - e.g. service keys, usage rights, optimization data, …

Embedded Applications
- Payment
  - Credit, Debit, Purse, eCash…

- Mobile Data
  - Voice, SMS, Mobile TV…

- Identity
  - ID, Corporate, Passport, Signature…

- Ticketing
  - Transportation Events…

- Loyalty
  - Retail, Coupons, Membership…

Embedded software & Products
- Secure Chip
- Secure Personal Devices

Consulting, Planning, Optimization
Deployment, Support, Maintenance

Personalization
Managed services, BOT

Pay-per-sub,
Pay-per-use,
Pay-per-site,
Software as a Service (SaaS),
License models

Pay-per-device,
Pay-per-activation,
License models
Gemalto is making headway into highly coveted markets

- We continue to expand to more comprehensive solutions and managed services,
- building on our expertise in security and our large installed base of software and devices

Find out more on
www.gemalto.com
www.justaskgemalto.com
blog.gemalto.com

Or follow @gemalto on Twitter
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