Full year 2012 Roadshow

Investor Relations
March, 14 2013
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Our business

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 scale is truly international

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

450 mobile carriers, 3000 financial institutions, 80 eGovernment programs entrust us with the management of highly sensitive information.

So we operate globally from numerous worldwide locations.

Our clients are in about 190 countries, and no customer represents more than 5% of our annual revenue.

Headcount:
- North & South America: 22%
- Europe, Middle East, Africa: 51%
- Asia: 27%

Revenue:
- North & South America: €678m, 30% of revenue
- Europe, Middle East, Africa: €1,126m, 50% of revenue
- Asia: €432m, 20% of revenue

50% of revenue in Europe
49% in Moderate GDP-growth countries
51% in High GDP-growth countries

1 “High GDP-growth countries” are those with GDP growth of 5% p.a. or greater, Source United Nations statistics, 2006-2011 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

   - CUSTOMIZATION & DEPLOYMENT SERVICES
   - PERSONALIZATION

   Software Licenses & Maintenance
   Software as a Service

   Initial Personalization
   - Subscription type
   - Cardholder policies

   Lifecycle and security management
   - On premise license
   - Software as a Service with:
     - Pay-per-sub, per-event & per-use models
The dynamics of our business model

1. EQUIPMENT OF USERS

   Revenue
   Time

   2 – 3 years

   Licensed per unit

   Embedded software & Products
   Driven by equipment penetration

2. SERVICE LAUNCH & OPERATION

   Revenue
   Time

   > 5 years

   - Software license upgrade and Maintenance fees
   - Event-based Service fees

   Initial software license
   Setup fees

   Platforms & Services
   Driven by service adoption

   Launch

   Implementation, Launches, Adoption
   Time
Five opportunities support our business

- **User services are becoming mobile**
- **Internet users are demanding more safety**
- **Governments are going digital**
- **Electronic payment is spreading rapidly**
- **Things are becoming connected**

**Mobile Communication**

**Identity & Access Management**

**Governments Programs**

**Secure Transactions**
The increasing need for Platforms & Services

Our technology brings trust into smart connected devices and is now used to provide convenient and secure access to multiple services simultaneously.

Impact on Gemalto business

More advanced
Embedded Software & Products

More
Platforms & Services
Organization in four converging business segments

**Mobile Communication**

- Next Generation Networks
  - 2G, 3G, 4G

**Secure Transactions**

- Worldwide EMV Migrations
  - From Magstripe
  - Wealth accumulation
  - Dual Interface
  - Increases Addressable Market
  - Improves Product Mix

- Only 25% of global EMV penetration

- Only 10% of global eDocument penetration

**Security**

- Electronic Identity
  - eID extends beyond ePassport

- Only 10% of global eDocument penetration

**Cloud Access Security**

- 2012-2016 CAGR 17%
- Cloud IT spending

**M2M**

- Connected Devices
  - Enterprise M2M Connections
  - Growth in number of global users
    - 2009: 4.6 billion cellular subscriptions
    - 2011: 6 billion cellular subscriptions
    - 2010-2015 26% CAGR

- M2M Service Platform
  - Interface streamlines machine data to customer IT systems

**Mobile Financial Services**

- 2012-2016 CAGR 20%
- Mobile payment users

- eBanking and eCommerce
  - Convenience and security concerns drives demand from:
    - Banks + eMerchants
  - 2012-2015 16% CAGR

- Mobile Credential Management
  - Over-the-Air management needed for handsets and mobile devices
  - >400 3G networks

1. Yankee Group, 4G Americas
2. ITU World Stats
3. Gemalto, EMVCo
4. Gemalto, Gartner
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<td>50</td>
</tr>
</tbody>
</table>
Full year 2012 highlights

- Record revenue of over €2.2 billion, growing in line with our strategy

  | Revenue         | + 9%          | Platforms & Services | +26%          | 40% of total revenue growth |
  | €2,236m         |               |                     |               |

- Profit from operations surpassing long-term €300 million objective one year in advance, with strong cash generation

  | Profit from operations | + 26%          | Free cash flow      | + 36%          | Net cash of €353m          |
  | €305m              | 13.6% PFO margin | €160m               |               |

Revenue and profit from operations are for ongoing operations. Free cash flow is for all operations.
From revenue increase to value creation

- The year demonstrated our strong operating leverage

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<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>€ 2,236m</td>
<td>+9%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>€ 862m</td>
<td>38.6%</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>€ 557m</td>
<td>24.9%</td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td>€ 305m</td>
<td>13.6%</td>
</tr>
<tr>
<td><strong>Basic EPS</strong></td>
<td>€ 3.13</td>
<td>€ 0.34</td>
</tr>
</tbody>
</table>

+13% at historical rates

Gross margin +100bp

Operating expenses +40bp

PFO margin +150bp

Proposed dividend +10%

Adjusted financial information for ongoing operations.
# 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>Full year 2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2,236</td>
<td>10</td>
<td>2,246</td>
<td></td>
<td></td>
<td></td>
<td>2,246</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>305</td>
<td>1</td>
<td>306</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>239</td>
</tr>
<tr>
<td><strong>Full year 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,984</td>
<td>31</td>
<td>2,015</td>
<td></td>
<td></td>
<td></td>
<td>2,015</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>241</td>
<td>14</td>
<td>256</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>183</td>
</tr>
</tbody>
</table>

All variations are at historical exchange rates.
Double-digit revenue growth from a strong performance in all regions and in both offers:

- Embedded Software & Products revenue up +6% y-o-y from expanded LTE coverage and first commercial launches of mobile payments.
- Platforms & Services at € 210m, up +27% y-o-y, growing rapidly in mobile payment and LTE activities.
- The revenue growth and improved mix drove profit margin from operations up to 17.7% of revenue.

- Revenue up +6% y-o-y, with semester-on-semester improvement, and a remarkable performance as our customers faced significant macroeconomic headwinds
- Gross profit up +6% with gross margin reducing slightly compared to the previous year
- Profit increasing to €14 m, up +2%
## Segment key financial information

### Secure Transactions

<table>
<thead>
<tr>
<th>Revenue</th>
<th>€ 568m</th>
</tr>
</thead>
<tbody>
<tr>
<td>+3%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross Profit</th>
<th>€ 183m</th>
</tr>
</thead>
<tbody>
<tr>
<td>+9%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross Margin</th>
<th>32.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>+60bp</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PFO</th>
<th>€ 62m</th>
</tr>
</thead>
<tbody>
<tr>
<td>+8%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PFO Margin</th>
<th>11.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>+10bp</td>
<td></td>
</tr>
</tbody>
</table>

- Revenue up by +3% on top of the strong gains recorded in 2011 (+17%). More country migrations positively impacted the segment’s financial performance toward year-end with fourth quarter revenue rising +7% y-o-y.

- Platforms & Services activities grew by +13% to € 115m driven by more demand for personalization services and the first deployments of TSM infrastructure by banks.

- Profit from operations increased by +8% to € 62m, with increased expensed investment to support future EMV migrations and mobile payment deployments.

### Security

<table>
<thead>
<tr>
<th>Revenue</th>
<th>€ 384m</th>
</tr>
</thead>
<tbody>
<tr>
<td>+19%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross Profit</th>
<th>€ 142m</th>
</tr>
</thead>
<tbody>
<tr>
<td>+21%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross Margin</th>
<th>37.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(100bp)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PFO</th>
<th>€ 45m</th>
</tr>
</thead>
<tbody>
<tr>
<td>+52%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PFO Margin</th>
<th>11.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>+220bp</td>
<td></td>
</tr>
</tbody>
</table>

- Another year of double-digit growth in Security revenue, up +19% driven by the dynamism of the Government Program business.

- Platforms & Services in the segment grew even faster, +59% to € 66m, with larger global contract wins.

- Gross profit grew by +21% while operating expenses grew by +10% demonstrating further operating leverage.

- As a result, profit from operations rose by an impressive +52% increase y-o-y, reaching a profit margin of 11.8%.
Changes in full year contributions to PFO

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

€ 305

€ 241

Full year 2011

Mobile Communication

Machine-to-Machine

Secure Transactions

Security

Total Embedded Software & Products

Total Platforms & Services

Patents

Full year 2012

Charts are not to scale
# Cash flow

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<tr>
<th>Key items from the cash flow statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ in millions</td>
</tr>
<tr>
<td>Cash generated from operations</td>
</tr>
<tr>
<td>Income tax paid</td>
</tr>
<tr>
<td>Cash generated by operating activities</td>
</tr>
<tr>
<td>Capital expenditure and acquisition of intangibles</td>
</tr>
<tr>
<td>Acquisitions and divestitures</td>
</tr>
<tr>
<td>Dividend and Share buy-back program</td>
</tr>
<tr>
<td>Net cash, at end of the period</td>
</tr>
</tbody>
</table>
Outlook for 2013

For the full year 2013 Gemalto anticipates double digit revenue expansion at constant exchange rates. Increased investment in operations to drive the business development beyond 2013 should lead to a more pronounced seasonality in profit from operations between the two semesters.

Gemalto’s next long-term development plan and objectives will be announced in the second part of the year.
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<td>50</td>
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</tbody>
</table>
The ongoing transformation of Gemalto

- We deliver solid growth
- Driven by organic expansion, complemented by bolt-on acquisitions in our core and adjacent businesses
- Platforms & Services develops rapidly
- For Gemalto, it provides access to a much larger market, and enables faster innovation, strategic customer relationship, more recurring revenue and increased visibility through longer-term contracts

Variations are calculated between 2009 and 2012.
The ongoing transformation of Gemalto

- We create value for our shareholders

<table>
<thead>
<tr>
<th>Earnings per share</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>+64%</td>
<td>1.91</td>
<td>2.56</td>
<td>2.73</td>
<td>3.14</td>
</tr>
</tbody>
</table>

Adjusted Basic EPS

<table>
<thead>
<tr>
<th>Return on capital employed</th>
<th>2009</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

- We reduce operational risk through improved diversification in growing markets

<table>
<thead>
<tr>
<th>Profit from ongoing operations, per segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
</tr>
<tr>
<td>2012</td>
</tr>
</tbody>
</table>

Charts represent: Ongoing operations (PFO) and all operations (Other charts). Return on capital employed (ROCE) is defined as after-tax PFO divided by capital employed. Variations are calculated between 2009 and 2012.

The Board of Gemalto has decided to propose to the 2013 AGM the payment of a cash dividend of €0.34 per share in relation with the 2012 financial year.
We accelerate our investments in operations

- Our profit margin expansion has accelerated throughout our plan

- As we are ahead of schedule, we decided to head start our next development phase, towards further profitable growth

- This next development phase will rely largely on organic development and will develop further the synergies between our Embedded Software & Products and Platforms & Services activities

PFO margin for ongoing operations (year-on-year variations for the full year applied to H1 and H2). Opex for all operations excluding Other income (year-on-year variations).
Being first is key in software platforms

- Example of Trusted Service Management

<table>
<thead>
<tr>
<th>Time</th>
<th>Technology development by Gemalto</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Pilots</td>
</tr>
<tr>
<td></td>
<td>Initial infrastructure rollout</td>
</tr>
<tr>
<td></td>
<td>First services deployment</td>
</tr>
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<td></td>
<td>Additional services</td>
</tr>
</tbody>
</table>

Revenue

- Licenses and transaction fees
- Hosting and maintenance
- Integration and professional services

Already more than 40 commercial contracts won

Past and future phasing of Gemalto’s developments in TSM activity and typical revenue model for server software businesses applied to the TSM activity phasing. For illustrative purpose only. Chart not to scale. Sources Gemalto
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</tbody>
</table>
# Mobile Communication

## Financial Metrics 2012

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<thead>
<tr>
<th>Metric</th>
<th>2012 (€ m)</th>
<th>2011 (€ m)</th>
<th>2010 (€ m)</th>
<th>2009 (€ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>471</td>
<td>391</td>
<td>980</td>
<td>888</td>
</tr>
<tr>
<td>Gross margin</td>
<td>43.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit from operations</td>
<td>193</td>
<td>141</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit margin from operations</td>
<td>17.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Revenue Profile

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (€ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,090</td>
</tr>
<tr>
<td>2011</td>
<td>976</td>
</tr>
<tr>
<td>2010</td>
<td>980</td>
</tr>
<tr>
<td>2009</td>
<td>888</td>
</tr>
</tbody>
</table>

**Key Performance Indicators**

- **>40**: Commercial Trusted Service Manager (TSM) projects
- **450**: Mobile Network Operator customers
- **40%**: Worldwide Market Share By Value
Our 450 telecom customers have different priorities

**More people** get connected

- 3 billion people to connect in developing markets
- Capture subscribers
- MNOs’ top concerns

**People get more connected**

- 94% CAGR for non-phone mobile broadband devices
- Leverage capex
- Growing operators
- Advanced operators

**People get more deeply connected**

- 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

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

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

**Increased mobile penetration**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connections (1)</td>
<td>60%</td>
<td>90%</td>
</tr>
<tr>
<td>Unique Subscribers (2)</td>
<td>34%</td>
<td>61%</td>
</tr>
</tbody>
</table>

34 3G licenses already awarded in Africa

**New Products**

- Software & Service
- New SIM
- Trade SIM

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

*Worldwide Mobile Subscription*

(billion connections)

- **SIM / UICC base**
- **Non-SIM**

Source: Informa
Gemalto value propositions span the entire spectrum

The SIM & UICC are enablers for operator branded service

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

Secure new revenue streams
Examples
- Personal data management
- Mobile contactless payment
- Mobile TV
- Machine-to-Machine
- Convergence
Platforms and Services activate a virtuous cycle

- 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

- Telco’s invest in more advanced SIM
- We understand the consumer usage
- Generating volume and traffic
- Service can be deployed rapidly on a large base
- Strong position to capture trends and unmet needs
- SIM carries services and is handset agnostic

**Research & Development**

**65M€** in Platforms & Services (2008)

**Personal Data Management**
Gemalto has a privileged footprint to address fast-growing premium markets

<table>
<thead>
<tr>
<th>m-Financials</th>
<th>Mobile Broadband</th>
<th>Intermediation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mobile Contactless</strong></td>
<td><strong>Video</strong></td>
<td><strong>LTE</strong></td>
</tr>
<tr>
<td>&gt;100 million shipments of NFC devices by 2013</td>
<td>70% of mobile data traffic will be mobile TV or mobile video by the year 2016</td>
<td>150 million LTE subscribers by 2014. End of Analog TV around 2011 in advanced economies</td>
</tr>
</tbody>
</table>

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

**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**

<table>
<thead>
<tr>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>83% CAGR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Gemalto is firmly positioned to address this high value market
Ready to lead the extension of market needs

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

New products & New form factors

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>Vertical</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>m-Financial Services</td>
<td>Protect transactions</td>
</tr>
<tr>
<td>Mobile Broadband</td>
<td>Manage identities</td>
</tr>
<tr>
<td>Intermediation</td>
<td>Address the whole world</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
<table>
<thead>
<tr>
<th>TABLE OF CONTENTS</th>
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</thead>
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<tr>
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<tr>
<td>Progress against our Development Plan</td>
<td>Page 22</td>
</tr>
<tr>
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<td>Mobile Communication</td>
<td>Page 27</td>
</tr>
<tr>
<td>Machine-to-Machine</td>
<td>Page 38</td>
</tr>
<tr>
<td>Secure Transactions</td>
<td>Page 44</td>
</tr>
<tr>
<td>Security</td>
<td>Page 50</td>
</tr>
</tbody>
</table>
### Financial Metrics 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross profit</strong></td>
<td>€64m</td>
<td>€174m</td>
<td>€81m*</td>
<td>-</td>
</tr>
<tr>
<td><strong>Gross profit 2011</strong></td>
<td>€60m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>33.2%</td>
<td>33.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross margin down 150 basis points</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td>€14m</td>
<td>€14m</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit margin from operations</strong></td>
<td>7.3%</td>
<td>7.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit margin from operations down 60 basis points</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

*Five month consolidation period, beginning August 1, 2010*
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 indifferentely 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

- 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?

6.8b people

- 65%
- Voice subscriptions (SIM)

1%

50b connectable machines*

- The market opportunity is close to 10x bigger
- Penetration is ~ 1%
- Additional data revenue with low capex
- ‘zero’ churn

Source: Gartner

Source: Harbour

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
Our combined offering will simplify industrial applications deployment and grow revenue for our MNO customers

**Business needs**
- Zero intervention ~15 years
- Must work anywhere
- Instantly online
- Security
- Ability to upgrade firmware and applications

**Required services**
- Module activation
- Device management
- Data protection
- Lifecycle management
- Quality of Service management

**Gemalto solution**
- Machine Identification Module
- Wireless module with best MTBF*
- Remote management service
- Device management platform
- Device access portal

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

Cellular M2M network connections (World 2009-2015)

Source: Berg Insight, December 2010

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

Extending our play in the M2M value chain

Source: Gartner, ABI

MIM 1%
Module 15%
End User Service 30%
Software 30%
Communication 27%

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 Platforms and Services revenues.
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2010-2013 Development Plan
  Mobile Communication .................................. Page 27
  Machine-to-Machine .................................... Page 38
Secure Transactions ...................................... Page 44
Security ..................................................... Page 50
## Secure Transactions

### Revenue Profile

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Revenue</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>€ 568m</td>
<td></td>
</tr>
<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 2012

<table>
<thead>
<tr>
<th>Metric</th>
<th>2012</th>
<th>2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>€ 183m</td>
<td>€ 168m</td>
<td>+13%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>32.3%</td>
<td>25.0%</td>
<td>+7.3%</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>€ 62m</td>
<td>€ 58m</td>
<td>+6.9%</td>
</tr>
<tr>
<td>Profit margin from operations</td>
<td>11.0%</td>
<td>9.0%</td>
<td>+2.0%</td>
</tr>
</tbody>
</table>

### Other Metrics

- **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
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

![Proportion of EMEA contact payment cards in volume](image)

![Contactless deployments](image)
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

All members of the G20 and the top payment countries as measured by electronic payment volume have moved to EMV except for: United States of America

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

Reported in Secure Transactions

Reported in Mobile Communication
<table>
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<tr>
<td>Gross profit</td>
<td>€142m</td>
<td>€118m</td>
<td>€285m</td>
<td>€222m</td>
</tr>
<tr>
<td>Gross margin</td>
<td>37.1%</td>
<td>down 100 basis points</td>
<td>2011: €30m</td>
<td>up 220 basis points</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>€45m</td>
<td>€30m</td>
<td>€310m</td>
<td>€384m</td>
</tr>
<tr>
<td>Profit margin from operations</td>
<td>11.8%</td>
<td>2011: €30m</td>
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## Government Programs
- **80**
  - 10%

Penetration of eDocuments
From investment to consistently profitable growth

- The Security segment includes
  - Government Programs (2/3 of revenue in 2012)
  - Identity and Access Management (1/3 of revenue in 2012)
  Both activities have grown at a double-digit rate during the 2007-2012 period

- Over the 2012-2013 period, Security revenue is expected to continue to grow double-digit
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
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%)
Online Authentication Solutions

Gemalto solutions directly address market needs

- Protect the people who protect us
- Convenient, secure trading
- Protecting patient data and streamlining authentication
- Enterprise data security, ultra-secure laptops & remote access
- Identity management for cloud access

Protiva Defender Suite
Protiva Trade Connect
Protiva MedSecure
Protiva ExecProtect
Protiva Cloud Confirm
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

Sealys
Secure documents

Coesys
Secure solutions

Allynis
Secure services
Over 60 references in each of:
- Embedded software & Products
- Platforms & Services

Gemalto is #1 in customer references

Our long-term contracts continue 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

- Enrollment
- 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

Security – Government Programs
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

**Platforms & Services**
- Secure Chip
- Secure Personal Devices
- Secure OS
- Secure Personal Data
- Secure Platforms
- Secure Applications

**Embedded Applications**
- Payment
  - Credit, Debit, Purse, eCash...
- Mobile Data
  - Voice, SMS, Mobile TV...
- Identity
  - ID, Corporate, Passport, Sign...
- Ticketing
  - Transportation Events...
- Loyalty
  - Retail, Coupons, Membership...

**Embedded Software & Products**
- Pay-per-sub, Pay-per-use, Pay-per-site, Software as a Service (SaaS), License models
- Consulting, Planning, Optimization
- Deployment, Support, Maintenance
- Personalization
- Managed services, BOT

**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, ...

**Consulting, Planning, Optimization, Deployment, Support, Maintenance**

**Personalization, Managed services, BOT**

**SERVER PLATFORMS**

**PERSONAL DATA**

**ISSUERS’ SECRET DATA**

**EMBEDDED APPLICATIONS**

**SECURE OS**

**SECURE CHIP**

**SECURE PERSONAL DEVICES**

**Ego. name, account number, credit limit, expiry date...**

**Ego. service keys, usage rights, optimization data, ...**

**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**

**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**
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