Some of the statements contained in this presentation constitute forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activities, performance, or achievements expressed or implied by such forward-looking statements. Actual events or results may differ materially. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we 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 presentation include, but are not limited to: trends in wireless communication and mobile commerce markets; our ability to develop new technology, and the effects of competing technologies developed and expected intense competition generally in our main markets; profitability of our expansion strategy; challenges to or loss of our intellectual property rights; our ability to establish and maintain strategic relationships in our major businesses; our ability to develop and take advantage of new software and services; and the effect of future acquisitions and investments on our share price. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such forward-looking statements. The forward-looking statements contained in this presentation speak only as of this presentation. We are under no duty to update any of the forward-looking statements after this date to conform such statements to actual results or to reflect the occurrence of anticipated results.
Agenda

• Introduction
• Q3 2003 Financial Presentation
• Business Units Presentation
• 2003 Outlook
Gemplus: Overview

• Q3 breakeven at operating level – clear evidence that we are on track with our plan

• Restructuring has made the business more responsive to a challenging trading environment

• Our higher-value products are gaining acceptance in the market

• Turnaround plan is progressing from transition phase to building for long term growth
Gemplus: a reminder of our strategy

- Run an efficient commodity business
- Get closer to our customers
- Differentiate on value
- Excellence in execution
Agenda

• Introduction
• **Q3 2003 Financial Presentation**
• Business Units Presentation
• 2003 Outlook
3rd Quarter 2003 Highlights

- **Group revenue up 10.1%** quarter-on-quarter* to €190.0 m, reflecting:
  - Strong revenue growth in Wireless cards
  - Good performance for the banking segment
- Gross margin increase 0.9 ppts to 28.6%
- Operating expenses cut by 12.0%
- Operating profit at breakeven
- Net loss: €13.1 m
- Cash at €356.6 m

* After adjusting for currency fluctuations, discontinued operations and acquisitions
Revenue by Business Unit (1 Year Rolling)

- **Quarter-on-quarter change*** : Group revenue up 10.1 %
  - Telecom up 6.6 %, driven by wireless
  - FSS up 19.6 %, recovery led by EMV migration

- **Year-on-year change*** : Group revenue almost stable (down 0.1 %)
  - Telecom up 2.8 % (vs. -1.1 % in Q2 03), **Wireless cards up 13.3 %** (vs. 8.6 % in Q2 03)
  - FSS down 6.1 %, driven by GeldKarte renewal cycle in Germany

* After adjusting for currency fluctuations, discontinued operations and acquisitions
Year-on-Year Revenue Growth Rate
(currency adjusted)

- Telecom recovery led by wireless, but hampered by declining low-end businesses

* After adjusting for currency fluctuations, discontinued operations and acquisitions
• Volume growth mainly in Wireless cards, solid improvement in EMV

• Wireless mix improvement fully compensated selling price pressure
Gross profit driven by volume
Mix improvement across the business and chip price fully compensated for selling price pressure
Wireless Cards ASP: price pressure compensated by improved mix

- ASP up 1.4 % currency adjusted
- Favorable product and, to a lesser extent, regional mix improvement offset selling price pressure

* After adjusting for currency fluctuations
Steady Migration to High-End Products

- High-end products (64Kb) accounted for 13.5 % of the shipments in Q3 03 (9.0 % in Q2 03)
- 3G migration ramping up: growth is steady but not linear.
• Operating expenses run rate lowered further: down 7% sequentially
• Q3 Operating expenses down 12.0% quarter-on-quarter
• Biggest reduction comes from G&A
• R&D remains substantial at 8.3% of sales
### Restructuring and Cost Cutting Initiatives Update

<table>
<thead>
<tr>
<th>In million euros</th>
<th>Provision</th>
<th>Cash Costs</th>
<th>Headcount reduction target</th>
<th>Annualized Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initial Target</td>
<td>Update Q3 03</td>
<td>Initial Target</td>
<td>Update Q3 03</td>
</tr>
<tr>
<td>2003 Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Restructuring</td>
<td>82</td>
<td>68</td>
<td>1,094</td>
<td>52</td>
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<tr>
<td>• Cost cutting Initiative</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48</td>
</tr>
</tbody>
</table>

- 2003 Plan on target to lower breakeven point to € 180 m revenue per quarter, by the end of H1 2004
- Headcount reduction: 664 at the end of Q3
- 500 redundancies implemented in Q3, of which nearly half in September
### Statement of Income: Other Items

<table>
<thead>
<tr>
<th>Million euros</th>
<th>Q3 03</th>
<th>Q2 03</th>
<th>Q3 02</th>
<th>9M 03</th>
<th>9M 02</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>190.0</td>
<td>172.4</td>
<td>205.6</td>
<td>516.6</td>
<td>591.9</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>0.0</td>
<td>(13.9)</td>
<td>(6.5)</td>
<td>(41.2)</td>
<td>(78.1)</td>
</tr>
<tr>
<td><strong>Non recurring items</strong></td>
<td>(7.2)</td>
<td>(65.7)</td>
<td>(24.0)</td>
<td>(76.2)</td>
<td>(153.4)</td>
</tr>
<tr>
<td><strong>Interests, net</strong></td>
<td>1.6</td>
<td>2.8</td>
<td>2.5</td>
<td>7.0</td>
<td>12.0</td>
</tr>
<tr>
<td><strong>Other income net</strong></td>
<td>(4.6)</td>
<td>0.2</td>
<td>(5.6)</td>
<td>(8.0)</td>
<td>(15.1)</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>(0.9)</td>
<td>(1.7)</td>
<td>2.3</td>
<td>(3.7)</td>
<td>31.2</td>
</tr>
<tr>
<td><strong>Goodwill amortization</strong></td>
<td>(2.0)</td>
<td>(4.1)</td>
<td>(7.3)</td>
<td>(11.2)</td>
<td>(20.6)</td>
</tr>
<tr>
<td><strong>Net Income (loss)</strong></td>
<td>(13.1)</td>
<td>(82.4)</td>
<td>(38.6)</td>
<td>(133.3)</td>
<td>(224.1)</td>
</tr>
</tbody>
</table>

- Q3 non recurring items are related to restructuring program
- Other income comprises € 3.7 m euros of foreign exchange losses
• Net cash flow reflects following changes:
  • €17.2 m cash outlay related to restructuring
  • €29.0 m change in working capital requirement, of which €11.3 m is related to accounts receivable, €8.4 m to accounts payable, €5.3 m to hedging policies and €4.7 m to prepaid expenses
  • €4.1 m capital expenditure

* Including proceeds from disposal of Tag and Skidata (€118.5m)
Strong balance sheet

WCR as % of revenue 18.9% 13.4% 14.1% 12.2% 13.3% 9.3% 14.6%

- Working capital increase in a context of sustained activity
- DSO improvement: 52 days in Q3 vs. 54 days in Q2 03 and 57 days in Q3 02
- Inventory stable: supplies on hand down 10 days year-on-year
Agenda

- Introduction
- Q3 2003 Financial Presentation
- **Business Units Presentation**
- 2003 Outlook
## Revenue and Gross Profit by Business Unit

<table>
<thead>
<tr>
<th>million euros</th>
<th>Q3 2003</th>
<th>Q2 2003</th>
<th>Quarter-on-quarter Change</th>
<th>Q3 2002</th>
<th>Year-on-year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Telecom</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td><strong>132.3</strong></td>
<td>124.2</td>
<td><strong>+6.5 %</strong></td>
<td>139.9</td>
<td><strong>-5.4 %</strong></td>
</tr>
<tr>
<td>Gross Profit</td>
<td><strong>39.7</strong></td>
<td>38.6</td>
<td><strong>+2.9 %</strong></td>
<td>45.1</td>
<td><strong>-12.0 %</strong></td>
</tr>
<tr>
<td>Gross Margin</td>
<td><strong>30.0%</strong></td>
<td>31.1 %</td>
<td>-</td>
<td>32.2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Financial &amp; Security Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td><strong>57.7</strong></td>
<td>48.2</td>
<td><strong>+19.7 %</strong></td>
<td>65.7</td>
<td><strong>-12.3 %</strong></td>
</tr>
<tr>
<td>Gross Profit</td>
<td><strong>14.6</strong></td>
<td>9.2</td>
<td><strong>+58.7 %</strong></td>
<td>15.4</td>
<td><strong>-4.8 %</strong></td>
</tr>
<tr>
<td>Gross Margin</td>
<td><strong>25.4%</strong></td>
<td>19.2 %</td>
<td>-</td>
<td>23.4</td>
<td>-</td>
</tr>
</tbody>
</table>
Gemplus view of the SIM market in 2003

- Market volume growth will exceed 25% this year:
  - Asia leads growth, China remains very strong
  - in the US, SIM adoption makes rapid progress
  - in Europe, modest growth: mobile services development triggers higher SIM replacement rates

- Mix shifting to High end thanks to mobile data deployment: MMS / GPRS / Java Phones

- Operators focus on customer retention and start to actively manage their customer base, with increased awareness of the role of the SIM
2003 Q3 - Telecom Update
Gemplus view of the SIM market in 2004

• Market volume growth: 10%+ ex. China
  ▪ growth in China may be sustainable

• Demand shifting toward higher value added products
  ▪ SIM browsing development
  ▪ 3G uptake

• Operators concentration on major smart card suppliers
  ▪ Integrated platform and card solutions demonstrate differentiation & strengthen Gemplus position in the SIM area
2003 Customer Successes
Solutions delivered in 2003

2G Cards & M-services
- Orange
- Vodafone Ireland
- T-Mobile Group
- China Unicom
- China Mobile
- Oi (Brazil)
- SFR
- MTS (Russia)
- TIM Bolivia
- O² (UK & Ireland)

Development tools
- Telefonica

3G Migration/Contactless
- NTT DoCoMo
- Vodafone Group
- H3G Group
- KTF (Korea)
- Mobilkom (Austria)

Retail & Renewal
- 3
- SFR
- Mobistar (Orange Belgium)
- Vodafone Italy

Operated Services
- West Virginia Wireless (US)
- PC management
- O2 (Ireland)
Q3 2003: Telecom Update

- **Gemplus**
  - Product mix improvement leading to stable ASP
  - China moving toward higher-end products, driven by SIM-cards storage capacity increased demand
  - 3G: Gemplus reinforces its leadership: after Japan, roll out in Europe
  - Product mix improving: high-end products (64Kb) now account for 13.5 % of shipment and Java continues to ramp up
  - Gemplus internal estimates of its wireless market share: stable at 32% in 2003
  - Payphone & scratch, adverse trend overall, particularly strong in Q3
  - Gross margin affected by:
    - Revenue decline in low-end businesses
    - Product Management arbitrage
Q3 2003: Financial & Security Services Update

- **Market environment**
  - As expected, greater momentum in H2 2003 for EMV roll-out
  - Corporate security and government ID market worldwide showing attractive long term potential

- **Gemplus**
  - Top line sequential growth driven by Banking segment:
    - GeldKarte favourable seasonality
    - EMV shipments doubled again quarter on quarter; U.K. migration in progress, Malaysia emerging
    - Other Payment Smart Cards (country specific) shipments increased 64% sequentially (Malaysia, France)
  - Government ID and corporate security contracts portfolio status:
    - Oman is progressing
    - First billing for UAE project
    - Corporate security: Boeing (partnership with Siemens)

*EMV: Eurocard Mastercard Visa*
Q3 2003 Highlights: Summary

• Recovery confirmed in Telecom:
  ▪ Wireless card revenue up 13.3 % year-on-year*
  ▪ ASPs stabilization in China
  ▪ Improving mix in Europe, Americas and China
  ▪ 3G emerging

• Banking segment increasing top line
  ▪ GeldKarte favorable seasonality
  ▪ Strong EMV and other banking smart cards performance

• Cost reduction on track
• Balance sheet remains strong

* After adjusting for currency fluctuations, discontinued operations and acquisitions
Agenda

- Introduction
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- 2003 Outlook
FY 2003 Outlook: Continued progress towards profitability

- **Telecom**
  - Further improvements in wireless product mix
  - Chinese market remains strong, although inventory remains a concern
  - Higher value products gaining acceptance

- **Financial & Security Services**
  - EMV migration gathering momentum led by UK market
  - Corporate security presenting good long term opportunities as major economies recover; government ID also promising

- Weak US dollar likely to continue to impact revenues
- Operating expenses lower
- Strong balance sheet
Appendix
## Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>-59,9</td>
<td>-62,5</td>
<td>-123,1</td>
<td>-38,6</td>
<td>-96,8</td>
<td>-37,9</td>
<td>-82,4</td>
<td>-13,1</td>
</tr>
<tr>
<td><strong>Depreciation &amp; Amortization</strong></td>
<td>27,1</td>
<td>25,8</td>
<td>26,6</td>
<td>40,9</td>
<td>40,1</td>
<td>20,4</td>
<td>39,6</td>
<td>16,6</td>
</tr>
<tr>
<td><strong>Other adjustments to reconcile net income (loss)</strong> to net cash from operating activities</td>
<td>-5,1</td>
<td>-15,8</td>
<td>-11,8</td>
<td>0,7</td>
<td>2,0</td>
<td>-0,9</td>
<td>7,4</td>
<td>3,2</td>
</tr>
<tr>
<td><strong>Reduction of workforce and other exit costs, provision</strong></td>
<td>0,0</td>
<td>18,1</td>
<td>39,1</td>
<td>6,3</td>
<td>5,7</td>
<td>3,2</td>
<td>39,8</td>
<td>4,7</td>
</tr>
<tr>
<td><strong>Provision for other non-recurring items</strong></td>
<td>25,7</td>
<td>0,0</td>
<td>66,9</td>
<td>0,0</td>
<td>42,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td><strong>Gross cash flow excluding non-recurring items</strong></td>
<td>-12,3</td>
<td>-34,4</td>
<td>-2,3</td>
<td>9,3</td>
<td>-7,0</td>
<td>-15,3</td>
<td>4,4</td>
<td>11,5</td>
</tr>
<tr>
<td><strong>Change in working capital requirement</strong></td>
<td>71,8</td>
<td>39,2</td>
<td>-29,3</td>
<td>-0,5</td>
<td>24,1</td>
<td>30,7</td>
<td>-7,3</td>
<td>-29,0</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities excluding non-recurring items</strong></td>
<td>59,5</td>
<td>4,8</td>
<td>-31,5</td>
<td>8,8</td>
<td>17,1</td>
<td>15,4</td>
<td>-2,8</td>
<td>-17,5</td>
</tr>
<tr>
<td><strong>Purchase of property, plant and equipment</strong></td>
<td>-8,3</td>
<td>-12,2</td>
<td>-10,1</td>
<td>-9,7</td>
<td>-1,4</td>
<td>-2,7</td>
<td>-2,6</td>
<td>-4,1</td>
</tr>
<tr>
<td><strong>Other changes in investing activities related to the operating cycle</strong></td>
<td>-8,8</td>
<td>5,8</td>
<td>-4,4</td>
<td>-0,1</td>
<td>-1,8</td>
<td>-1,2</td>
<td>-0,1</td>
<td>-0,6</td>
</tr>
<tr>
<td><strong>Free cash flow excluding non-recurring items</strong></td>
<td>42,5</td>
<td>-1,6</td>
<td>-46,0</td>
<td>-0,9</td>
<td>13,9</td>
<td>11,5</td>
<td>-5,5</td>
<td>-22,2</td>
</tr>
<tr>
<td><strong>Reduction of workforce and other exit costs, cash outflow</strong></td>
<td>-6,8</td>
<td>-8,5</td>
<td>-6,8</td>
<td>-7,3</td>
<td>-10,5</td>
<td>-16,2</td>
<td>-12,3</td>
<td>-17,2</td>
</tr>
<tr>
<td><strong>Other non-recurring expenses</strong></td>
<td>0,0</td>
<td>-28,6</td>
<td>-0,1</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
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<tr>
<td><strong>Free cash flow</strong></td>
<td>35,7</td>
<td>-38,8</td>
<td>-53,0</td>
<td>-8,2</td>
<td>3,4</td>
<td>-4,7</td>
<td>-17,9</td>
<td>-39,4</td>
</tr>
<tr>
<td><strong>Sale of property, plant and equipment</strong></td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>1,4</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td><strong>Acquisitions</strong></td>
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<td>-1,1</td>
<td>-11,1</td>
<td>-1,7</td>
<td>-0,8</td>
<td>-0,7</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>-20,5</td>
<td>2,1</td>
<td>0,5</td>
<td>1,5</td>
<td>-0,3</td>
<td>0,2</td>
<td>-1,5</td>
<td>-2,0</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes on cash</strong></td>
<td>-11,5</td>
<td>-2,8</td>
<td>25,3</td>
<td>-2,6</td>
<td>12,8</td>
<td>4,4</td>
<td>9,2</td>
<td>-8,3</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td>-12,1</td>
<td>-40,6</td>
<td>-38,3</td>
<td>-11,0</td>
<td>16,5</td>
<td>-0,8</td>
<td>-10,2</td>
<td>-49,7</td>
</tr>
<tr>
<td><strong>Cash at the beginning of the period</strong></td>
<td>502,8</td>
<td>490,7</td>
<td>450,1</td>
<td>411,8</td>
<td>400,8</td>
<td>417,2</td>
<td>416,5</td>
<td>406,2</td>
</tr>
<tr>
<td><strong>Cash at the end of the period</strong></td>
<td>490,7</td>
<td>450,1</td>
<td>411,8</td>
<td>400,8</td>
<td>417,2</td>
<td>416,5</td>
<td>406,2</td>
<td>356,6</td>
</tr>
</tbody>
</table>