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First quarter 2017 revenue

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Basis of preparation

Segment information

The Mobile segment reports on businesses associated with mobile cellular technologies including Machine-to-Machine, mobile secure elements (SIM, embedded secure element) and mobile Platform & Services. The Payment & Identity segment reports on businesses associated with secure personal interactions including Payment, Government Programs and Enterprise. The SafeNet acquisition is part of the Enterprise business.

In addition to this segment information the Company also reports revenues of Mobile and Payment & Identity by type of activity: Embedded software & Products (E&P) and Platforms & Services (P&S).

Adjusted income statement and profit from operations (PFO)

PFO is a non-GAAP measure defined as IFRS operating profit adjusted for (i) the amortization and depreciation of intangibles resulting from acquisitions, (ii) restructuring and acquisition-related expenses, (iii) all equity-based compensation charges and associated costs; and (iv) fair value adjustments upon business acquisitions.

In the adjusted income statement, Operating Expenses are defined as the sum of Research and Engineering, Sales and Marketing, General and Administrative expenses, and Other income (expense) net.

Return on capital employed (ROCE) is defined as after-tax PFO divided by capital employed.

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.

Net debt and net cash

Net debt is a non IFRS measure defined as total borrowings net of cash and cash equivalents. Net cash is a non IFRS measure defined as cash and cash equivalents net of total borrowings.

Philippe VALLEE - CEO

Overview

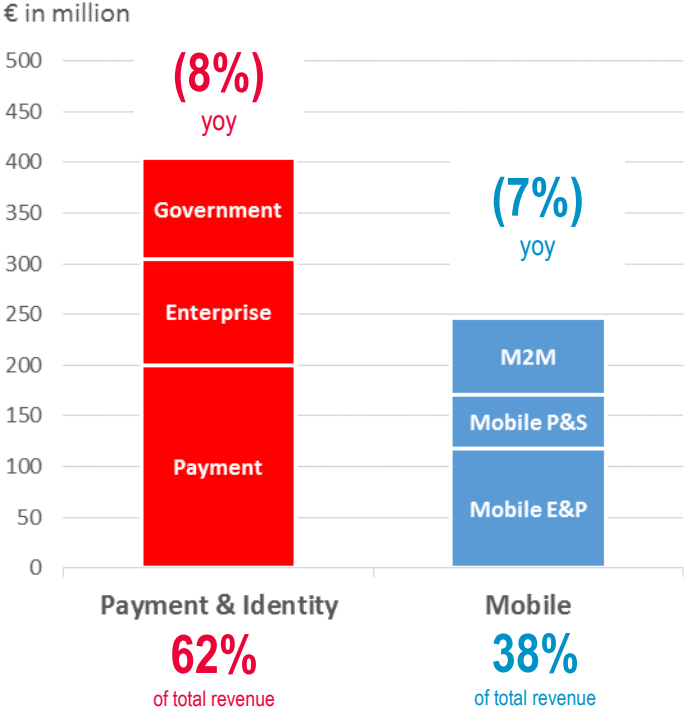
First quarter 2017 highlights

- Revenue at €651 million, lower by (6%) at historical exchange rates and (8%) at constant exchange rates
- Slow start for Enterprise, Machine-to-Machine and Government Programs with acceleration expected in the second semester
- In response to recent market developments, the Company has launched a transition plan expected to contribute over €50 million to profit from operations annually
- Update of 2017 outlook after previously announced action plan review

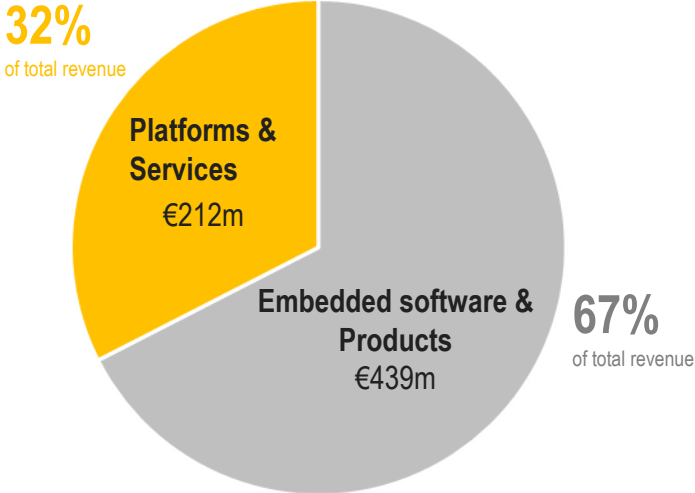
Revenue variations at constant exchange rate except where otherwise noted

First quarter revenue composition

Main segment revenues



Activity revenues

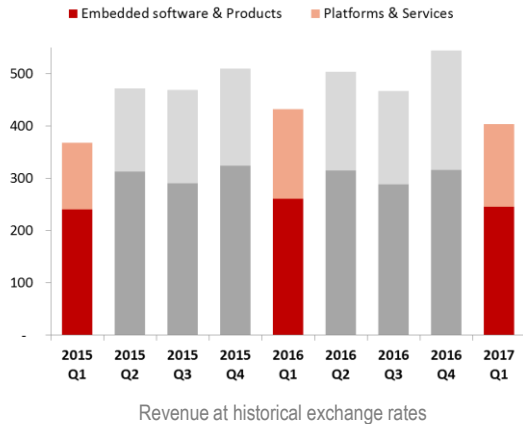


Jacques TIERNY - CFO

Segment information

Payment & Identity – key financial information

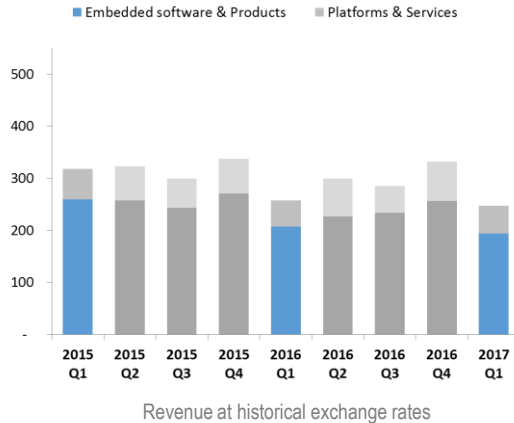
Revenue | € 404m
(8%) | (2016 Q1: € 433m)



- Embedded software & Products revenue was €246 million, Platforms & Services revenue came in at €158 million
- Payment revenue came in at €200 million, reduced by (16%) year-on-year
 - Sales in Americas were lower by (34%) due to the on-going normalization of US EMV card inventory levels at our customers
 - Revenue from all regions outside of Americas was stable year-on-year
- Enterprise revenue increased to €105 million, up +1% year-on-year
 - Revenue mix continues to move towards a higher proportion of cloud software & services
 - Increases its investment to expand its services portfolio in this growing sector
- Government Programs revenue was stable at €99 million, on top of a strong +34% increase a year ago
 - Solid performance in Embedded software & Products fully offsets the reduction Platforms & Services revenue
 - Backlog of the business continued to expand during the quarter

Mobile – key financial information

Revenue | € 247m
(7%) | (2016 Q1: € 258m)



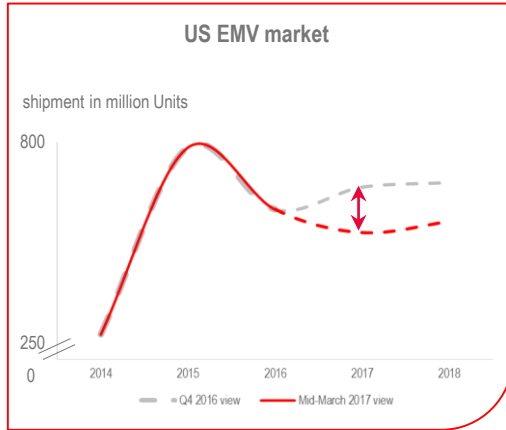
- Embedded software & Products came in at €194 million
 - SIM sales were lower by (14%) at €118 million year-on-year due to
 - Lower market share in the first quarter in a more competitive landscape as mobile network operators pushed-out the upgrade of removable SIM to focus on next generation connectivity
 - Soft demand in Middle East and Africa as the result of stricter subscription registration processes
 - Machine-to-Machine was slightly lower by (1%), at €75 million due to temporary weak performance in North America. New design wins will progressively drive the business expansion across sectors and regions throughout the year
- Platforms & Services revenue came in at €53 million, up by +3% year-on-year
 - On demand connectivity solutions continue to gain traction following the release of the latest GSMA specifications for embedded SIM and mobile subscription management

Philippe VALLEE - CEO

Moving forward

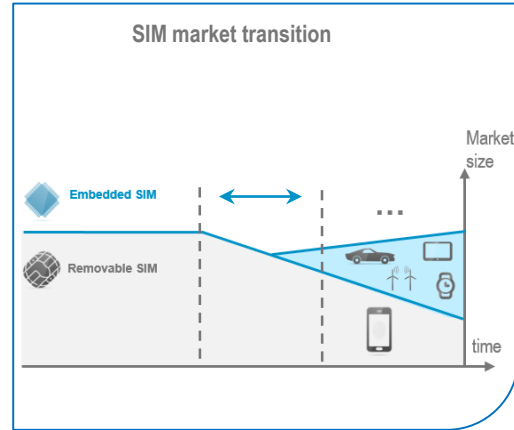
Current top priorities

Adjust to a progressive normalization of the EMV market after the initial US ramp up



E.g. 9-12 months inventory levels to 3-6 months. Inventory management cost difference between EMV & mag-stripe

Prepare for the next generation of devices



More competitive landscape as MNOs push out upgrade of removable SIM to focus on next generation connectivity

Closing of 3M Identity Management Business acquisition

Gemalto common core technologies



Work on integration plan (E.g. talents, financial, IT...)

Key trends for 2017

- Removable SIM business continues to decline as the mobile ecosystem takes time to prepare for next generation connectivity
- Progressive normalization of US EMV inventory and soft payment market environment in Latin America
- Continuing expansion of the Internet of Things
- Solid demand in Government Programs
- Increasing demand for data protection and cybersecurity solutions

Outlook for 2017

For the second quarter of 2017, business trends continue to be weak in Payment and SIM. As a result, the Company expects its second quarter revenue to be lower by 8% to 10% year-on-year at constant exchange rates. Due to this decrease, the operating leverage will not be fully realized over the semester and, as a result, the first semester profit from operations is expected to be between €90 million and €100 million.

For the second semester of 2017, with the expected revenue acceleration in Enterprise, Government Programs and Machine-to-Machine, the Company anticipates its revenue to be stable when compared to the same period of 2016 excluding the integration of 3M Identity Management business.

With the combination of this revenue trend, the ramping up of the transition plan and the modest contribution from the 3M Identity Management business, the Company expects its profit from operations to be between €300 million and €350 million for the second semester of 2017.

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