

Thales and Gemalto create a world leader in digital security

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Transaction highlights

- **€51** offer price, representing a premium of **57%** over the closing price as of 8 December 2017
- All-cash offer unanimously recommended by Gemalto's Board of Directors and unanimously approved by Thales's Board of Directors
- Creation of a global market leader in the fast-growing digital security market, supporting the most demanding clients in their digital transformation
- Gemalto to be combined with Thales' digital assets, within a new Global Business Unit

Acceleration of Gemalto vision within Thales

About Thales

- Global technology leader in aerospace, transport and defence & security markets, with €14.9bn revenues (2016) and 64,000 employees in 56 countries, including over 23,000 engineers
- Significant focus on digital technologies, having invested over €1bn in connectivity, cybersecurity, data analytics and artificial intelligence over the past three years

Creation of a world leader in digital security

- Creation of a security powerhouse with a solution portfolio including security software, expertise in biometrics and multifactor authentication and the issuance of secure digital and physical credentials
- Gemalto will continue to operate under its own brand as one of the seven Thales global business units incorporating Thales' digital assets
- R&D at the core of Thales's and Gemalto's digital security businesses: 28,000+ engineers, of which 3,000+ researchers within combined group
- Unique and innovative technology portfolio in an IoT, Mobile and Cloud World
- New business unit will have €3.5bn revenue in the fast growing digital security market and will contribute to c.20% of pro forma group revenue
- Enhanced opportunities for Gemalto employees within the enlarged Thales

Highly attractive offer for Gemalto shareholders

- Offer price of **€51** in cash per Gemalto share, cum dividend
- The offer price represents a premium of
 - **57%** over the closing price as of 8 December 2017¹
 - **56%** over the 1-month volume weighted average price¹
 - **48%** over the 3-month volume weighted average price¹

¹ Closing 8 December 2017 share price: €32.5, 1-month VWAP of €32.6, 3-month VWAP of €34.35

Other offer key terms

Offer terms

- Minimum acceptance level of at least 67% of Gemalto shares
- Regulatory approval condition
- Other customary conditions
- Termination right in case of superior offer¹
 - Requiring *inter alia* a price 9% higher
 - Contingent rights mechanism in case of competing offer less than 9% higher
- Right to match granted to Thales
- Break fee of €60m

Next steps

- Intended filing of the offer memorandum with the Dutch AFM within 4 weeks
- Closing expected second half 2018

¹ Which would be a better strategic option for Gemalto and its stakeholders

Q&A

Gemalto

Enabling trust in the digital world