Gemalto maintained growth in 2016, demonstrating resilience in very mixed market conditions. We advanced particularly strongly in Government Programs, and also in Enterprise Security and the Internet of Things (IoT). In Payment and Mobile Communications our progress was constrained by weakness in some key markets.

After a strong H1, our Payment business suffered from a slowdown in US migration to EMV card technology in the second half. Mobile markets were also generally weak, although we anticipate renewed potential for development as our customers move from traditional SIM-based authentication to new eSIM technology. Important groundwork for this transition was laid in 2016 with the publication of common industry standards and our participation in 18 eSIM deployments worldwide.

Regionally, our growth was led by Asia. In Europe we had significant wins in M2M, which will drive future growth, but conditions in Africa and Latin America were challenging due to the macro-economic situation.

Evolving with our customers
At the end of 2016 our business was better-balanced than ever across our different segments. We have adapted well to fast-changing technologies and markets, and in 2016 we continued to direct investment and resources towards the areas of greatest opportunity. By the year-end our Platforms and Services revenues reached the 2014-2017 multi-year plan target of €1 billion – one year early. This is a particularly welcome achievement, because Platforms and Services brings us into the heart of our customers’ security architecture, deepening our understanding of their businesses so that we are better placed to meet their needs.

One increasing need is biometric expertise. In 2016 we set out to augment our biometric resources, and succeeded by announcing an agreement with 3M to acquire their Identity Management business. Having this expertise in-house will strengthen our offer in government applications, where biometrics are becoming an indispensable way to enable authentication methods that are both strong and user-friendly. We also anticipate strong demand from commercial customers across all of our segments where biometrics can offer user-friendly authentication for a host of digital services.

Meeting change with agility
In developing our next multi-year strategic plan for 2018 onwards, it is clear that the Company must continue to evolve at least as fast as our markets do. While we maintain our focus on bringing trust to digital services, the balance of the business will continue to shift in favor of Platforms and Services as we develop end-to-end solutions for customers. So we are preparing our organization to adapt and evolve with agility and efficiency. We are also becoming more adept at cross-selling technologies across our different customer segments, leveraging common tools and processes.

In this, our people are key. I thank them for their part in bringing Gemalto this far, and for their continuing dedication in developing the way we partner with our customers.

Philippe Vallée Chief Executive Officer

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"We have adapted well to fast-changing technologies and markets."

Philippe Vallée Chief Executive Officer

40.5% Gross margin

1 The closing of the transaction is expected in the first half of 2017, pending approval from relevant regulatory and anti-trust authorities and employee consultation where required.