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# First quarter 2018 revenue

April 27, 2018



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# Basis of preparation

## Segment information

The Identity, IoT & Cybersecurity segment comprises businesses associated with homeland security for governments (“Governments”), IoT connectivity for industrial applications (“IoT”) and cybersecurity for enterprises (“Cybersecurity”).

The Smartcards & Issuance segment comprises businesses mainly associated with removable SIM cards (“SIM”), payment cards (“Payment”) and their issuance services. The segment includes as well businesses associated to the digital transformation of smart cards (“Digital”) such as digital payment, digital banking, remote subscription management, embedded SIM/MIM and embedded secure elements. Patents business is also included in this segment.

## 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 impairment 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.

## 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.

**All figures presented in this presentation are unaudited.**

Philippe VALLEE - CEO

# Overview

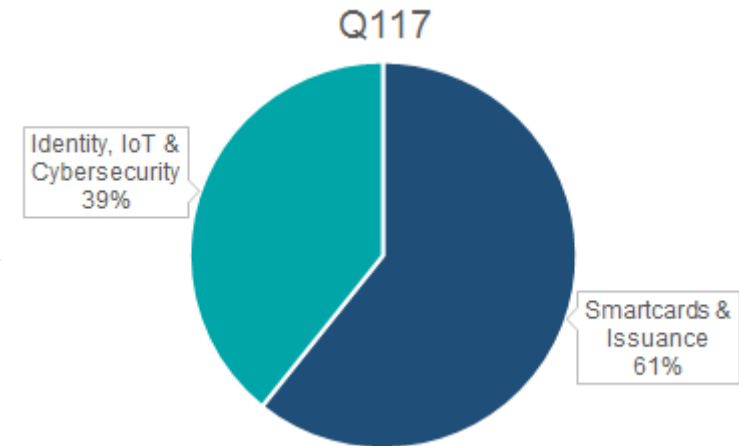
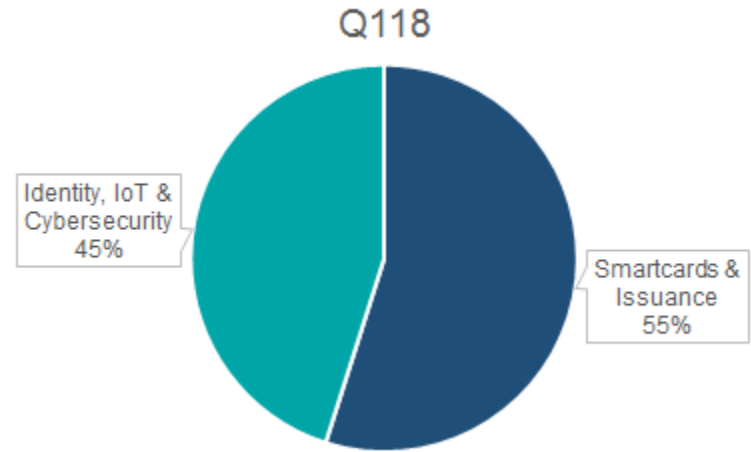
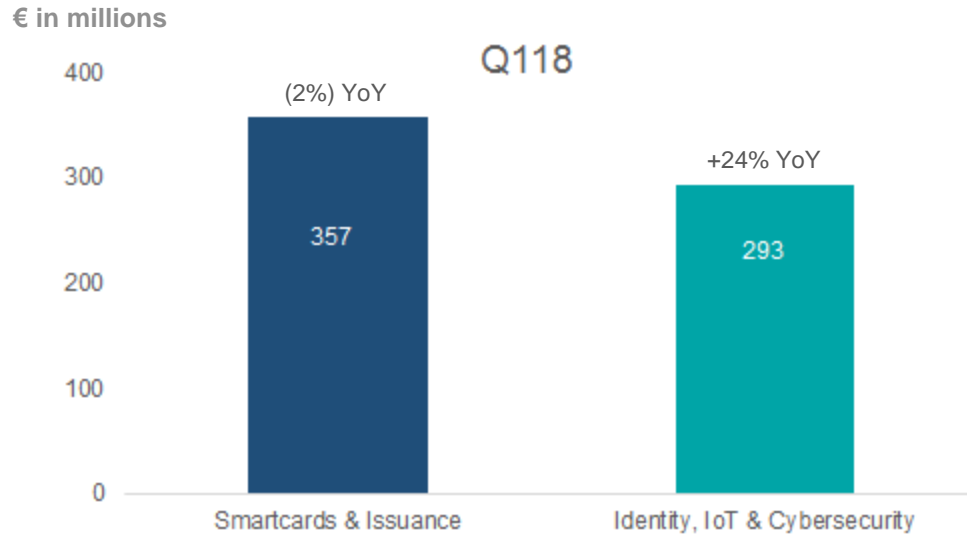
# First quarter 2018 highlights

- First quarter revenue at €650 million, up +8% at constant exchange rates and +3% excluding the Identity Management Business contribution
- Double-digit revenue growth in Identity, IoT & Cybersecurity segment
- Slower rate of revenue decrease in Smartcards & Issuance segment
- 2018 full year outlook confirmed
- On March 27, 2018 Thales launched its offer for all Gemalto shares

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Revenue variations at constant exchange rate except where otherwise noted

# First quarter revenue breakdown

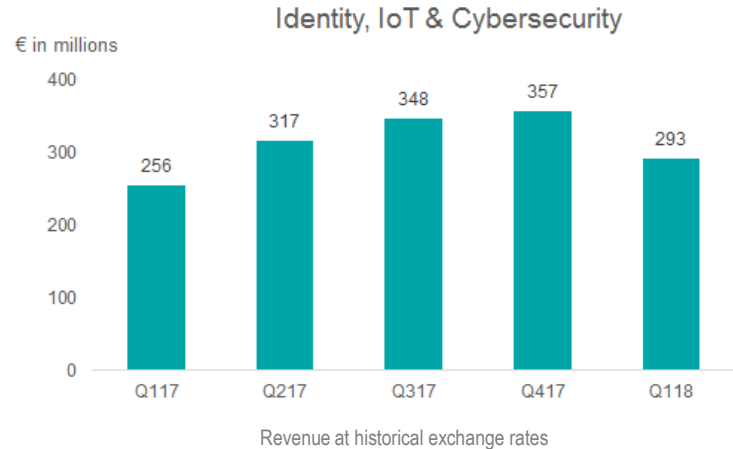


Virginie DUPERAT VERGNE - CFO

# Segment information

# Identity, IoT & Cybersecurity – key financial information

Revenue | **€293m**  
+24% (2017 Q1: €256m)



- Governments business: very strong revenue growth
  - IMB €35 million contribution
  - Commercial synergies
  - Solid passport contribution in Europe and Asia
  - Launch of new laser security features for ID documents
- Cybersecurity business: solid performance
  - General Data Protection Regulation (GDPR) in Europe
  - Broad concern on data security and data privacy
- IoT business: outstanding performance
  - Strong deliveries in Europe and Asia & new design wins
  - Key industrial sectors: connected health, smart payment, connected cars
  - Security and scalability remain key criteria for implementation of IoT applications

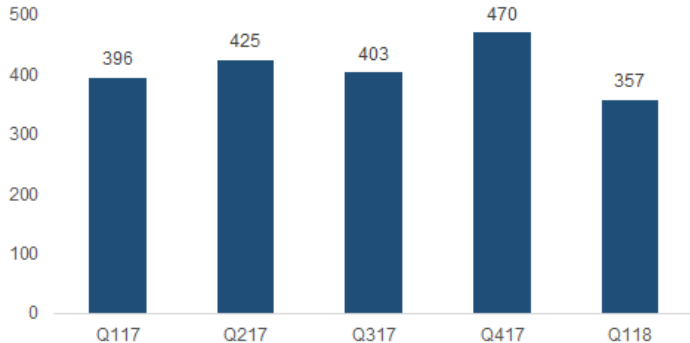


# Smartcards & Issuance – key financial information

Revenue | **€357m**  
(2%) | (2017 Q1: €396m)

## Smartcards & Issuance

€ in millions



Revenue at historical exchange rates

- Payment business stabilized
  - US EMV continued to gradually normalize. Sales in Americas decreased (5%) vs (34%) in Q117
  - CIS and Middle East regions posted strong performances
- SIM revenue declined
  - PFO margin objective: low profit-margin opportunities in South-Asia were dismissed
  - Transition Plan new milestone: exit of a specific low-end removable SIM market
- Digital
  - Connectivity solutions deployments increased for IoT market
  - ODC services spread across all regions and MNOs

Philippe VALLEE - CEO

# Moving forward

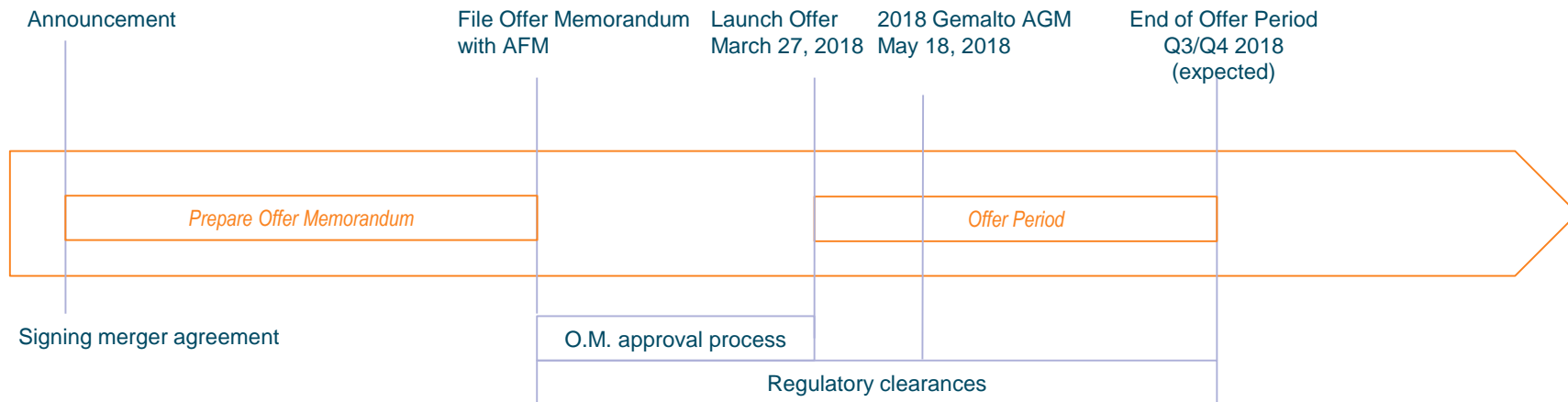
# Thales offer updated calendar

Q1/Q2 2018

- March 27, 2018 Offer launch. Acceptance period from March 28 to June 6, 2018
- After Launch, regulatory clearances will be the key time driver
- End of Offer period will in practice be aligned with regulatory process

H2 2018

- Expected end of Offer Period
- Unconditional Date, press release announcing if offer conditions are met and offer declared unconditional
- Closing and settlement
- Commencement of 2 week post-acceptance period (if any)



# Key areas of focus for 2018



## Identity, IoT & Cybersecurity

- Stronger demand for citizen protection solutions: ePassport (UK Passport win for 10 years), border control solutions and biometrics
- Cybersecurity: increased concern in data security, data privacy & regulations enforcement
- Pursued expansion of IoT in a variety of industrial sectors

## Smartcards & Issuance

- Continuous focus on cost optimization and selective sales strategy based on profitability
- ODC roll out accelerates with most MNOs across regions

## 2018 Outlook confirmed

**Double digit revenue growth** expected in the Identity, IoT & Cybersecurity segment

**Stable PFO margin** expected in the Smartcards & Issuance segment

**Mid to High single digit growth in profit from operations** expected at Gemalto level

# AGM

- Gemalto N.V. will hold its 2018 Annual General Meeting of Shareholders (AGM) on **Friday, May 18, 2018 at 10:00 AM** Amsterdam and Paris time at the **Hilton Amsterdam Airport Schiphol, Schiphol Boulevard 701, 1118 BN Schiphol, the Netherlands.**

# Gemalto

Enabling trust in the digital world