

Q1 2007 revenue

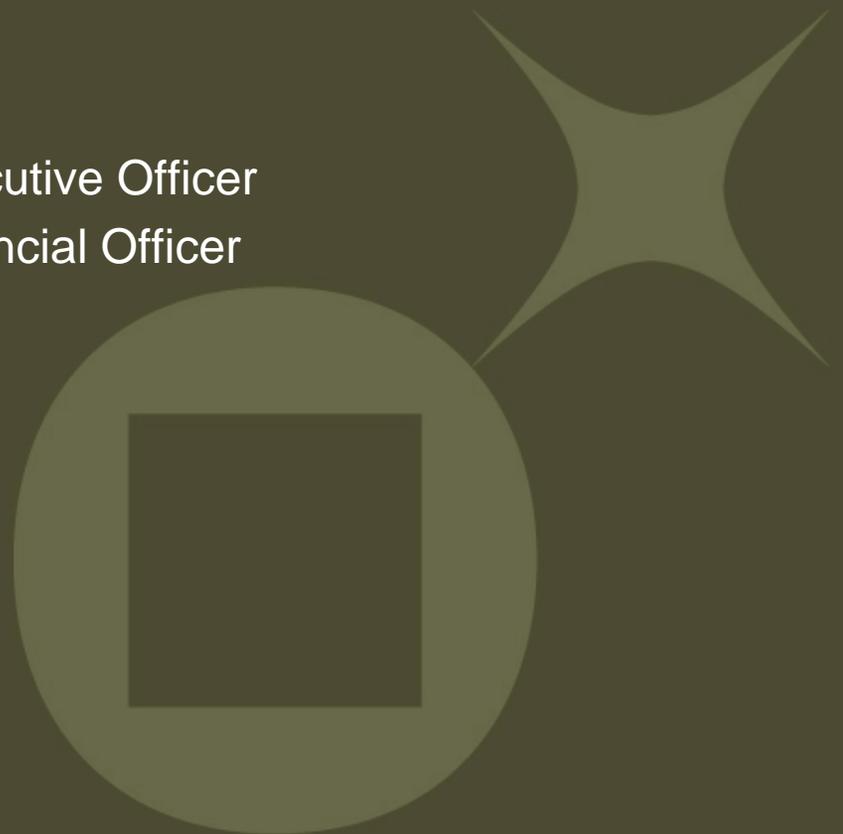
Presenters:

Olivier Piou

Charles Desmartis

Chief Executive Officer

Chief Financial Officer



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Agenda

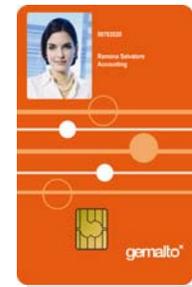
✦ Introduction

✦ Q1 2007 revenue

✦ Strategy update and outlook

Q1 2007 Highlights

- ✦ First quarter revenue: € 362 m, down 7% at constant exchange rates
- ✦ Price pressure easing in Mobile Communication due to a more favorable competitive environment and strict pricing discipline
- ✦ Share buy back program launched: 3.2 million shares (3.5% of capital) purchased as of April 27, 2007 for € 60.9 m
- ✦ Execution of strategic plan making good progress
- ✦ New commercial successes achieved, confirming Gemalto leadership in Digital Security



Q1 2007 Market review

✦ Mobile Communication

- Strong demand from emerging countries
- Lower demand in North America
- More favorable competitive environment
- Convergence: strong interest for contactless SIM-based advanced mobile applications and services

✦ Secure Transactions

- EMV* migration progressing
- Contactless payment gaining global user adoption
- Strong interest for customized cards and instant issuance



✦ Identity & Security

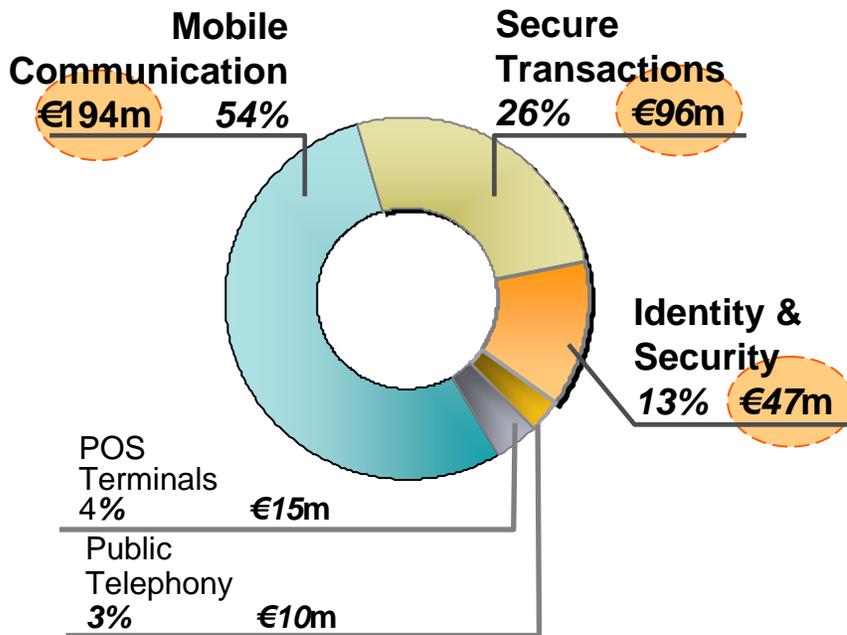
- Large scale e-passport deployments mainly in Europe
- Widespread adoption of e-government ID, healthcare and drivers license programs
- Increasing online transactions and fraud prompting banks to adopt stronger authentication devices

Agenda

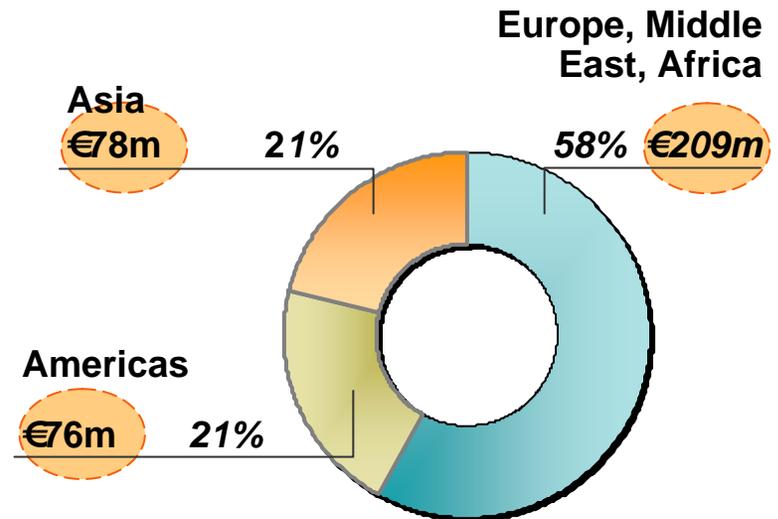
- ✦ Introduction
- ✦ **Q1 2007 revenue**
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Q1 07 revenue: € 362 million

Segment contribution



Area contribution



★ Segment contribution

- Secure Transactions: up from 23% in Q1 06
- Identity and Security: stable
- Mobile Communication: down from 57% in Q1 06

★ Area contribution

- EMEA: up from 55% in Q1 06
- Asia: stable
- Americas: down from 24% in Q1 06

Mobile Communication

- ✦ Q1 07 revenue down 11%*
- ✦ Further increase in demand: volumes delivered up 9% at 215 million units
 - Growth driven by Asia and EMEA
 - Stable deliveries in Americas:
 - Strong demand in LATAM
 - Slowdown in net subscriber adds in the US
- ✦ Improving competitive environment and strict pricing discipline
 - SIM cards ASP** down 19% vs. Q1 06, marking continued improvement compared with previous periods
- ✦ Mobile contactless payment gaining momentum all over the world with currently around 20 pilots

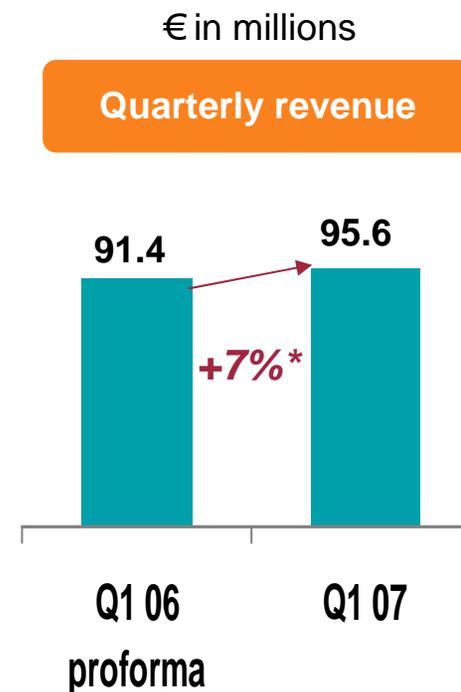


* At constant exchange rates

** Average Selling Price

Secure Transactions

- ✦ Q1 07 revenue up 7%*
 - On-going development in smart EMV payment, notably in Europe, Latin America and North Asia
 - Growth in pay TV
- ✦ Microprocessor card volumes up 16%
 - 53 million microprocessor products shipped
- ✦ Contactless payment confirms its strong potential
 - Deployment in North Asia: Combi cards
 - New deployments in the US
 - Pilots in progress all around the globe

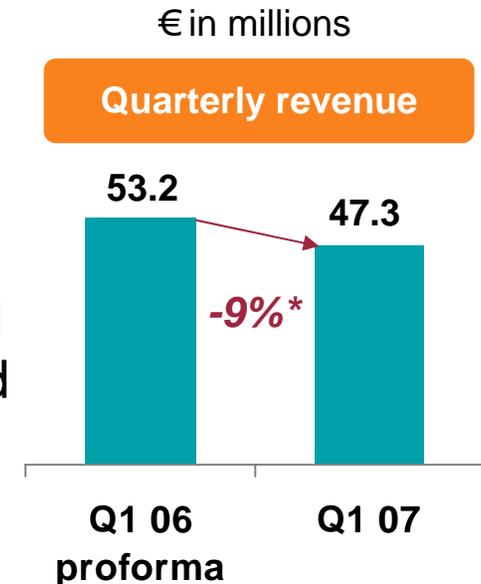


* At constant exchange rates

** Average Sales Price

Identity & Security

- ✦ Strong growth in Identity (+22%*), driven by:
 - Deployment of e-passport programs mainly in Europe
 - Strong activity in e-Identity (Belgium, Oman) and healthcare
- ✦ Patent licensing revenue below the very high level recorded in Q1 06 and lower shipments of low-end transportation cards driving the 9% decrease in total segment revenue*
- ✦ Gemalto ranked as N°1 supplier in e-passports**



* At constant exchange rates

** Source: Keesing Journal of Documents & Identity - April 2007

Public Telephony

€ in millions	Q1 06 pro forma	Q1 07	% change*
Revenue	17.9	10.3	-39%

- ✦ Continuing decline of the memory card market as mobile telephony spreads worldwide

Point of Sales Terminals

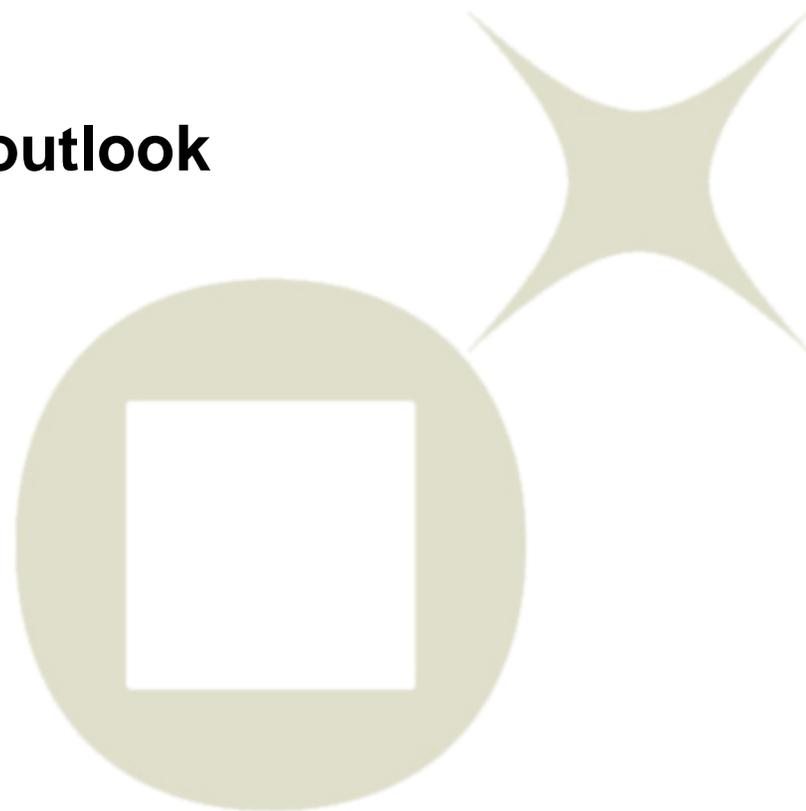
€ in millions	Q1 06 pro forma	Q1 07	% change*
Revenue	13.8	14.8	+ 12%

- ✦ Revenue increase supported by successful introduction of a common, highly adaptable new technology platform

* At constant exchange rates

Agenda

- ✦ Introduction
- ✦ Q1 2007 revenue
- ✦ **Strategy update and outlook**



Strategic agenda

Reinforce Operational Excellence

- ✦ Achieve synergy realization and optimize manufacturing operations
- ✦ Strengthen pricing discipline and optimize traditional businesses
- ✦ Deepen customer relationships for stronger collaboration on end user experience

Grow in Digital Security

- ✦ Expand software and services revenue in current market segments
- ✦ Substantially grow the contactless, network authentication and electronic ID businesses
- ✦ Develop & capture new recurring services opportunities in wireless, banking and network security
- ✦ Take leadership in advanced mobile solutions including multimedia and convergence

Seize Strategic Opportunities

- ✦ Form further strategic partnerships to bolster customer offerings
- ✦ Look for strategic acquisitions complementing our business and technology

gemalto^x

recent successes...

*Secure mobile
signature for
Turkcell in
Turkey*

*Secure SMS-based
mobile payment
services for BASE in
Belgium*

*EMV One-Time
Password for Barclays
online banking in the UK*

*e-Passport solutions
for several Visa
Waiver Program
nations*

*Personal data
backup for SFR
in France*

*Authentication token for
Nedbank online banking
in South Africa*

*Contactless EMV
Payment for Chinatrust
Commercial Bank in
Taiwan*

*.NET corporate
access for Microsoft
employees around
the world*

*ID solution for
Oman nationals*

Success story: EMV One-Time Password solution for Barclays online banking in the UK

BARCLAYS



- ✦ Tailor-made offer providing two-factor authentication for online banking customers
 - Addressing online fraud, theft and use of credentials in online banking through easy-to-carry devices operable from any personal computer
 - Full service from design to fulfillment and distribution directly to end users
- ✦ Building on the EMV migration roadmap
 - Using the chip-enabled payment cards together with a Gemalto reader to generate one-time passwords for login or signing transactions
 - Industry standards compliance - EMV, MasterCard and Visa Chip Authentication Program (CAP) 2007, APACS*
- ✦ Delivery of over half a million units for 2007, plus options for additional deliveries

* APACS is the UK trade association for payments and for those institutions that deliver payment services to customers

Outlook

- ✦ In the first half of 2007, demand in Mobile Communication is mainly driven by emerging countries and the revenue profile is therefore expected to consist primarily of entry and mid-range products. Furthermore, in the first half of 2007, Gemalto's operating margin⁽¹⁾ will not benefit from the unusually high patent licensing revenue and positive one-off items booked in the same period of 2006. Cost synergies from the combination are materializing progressively in line with the Company's expectations, but they will not be sufficient to offset the adverse effect on the operating margin⁽¹⁾ of the strong price decline of last year.
- ✦ In the second half of 2007, operating margin⁽¹⁾ should reflect the usual favorable seasonal pattern and the increasing contribution of the first digital security solutions deployments. It will also benefit from additional cost synergies from the combination.
- ✦ Gemalto continues to anticipate sustained demand in all of its key markets. It will continue to proactively make the necessary adjustments to its cost base and remains determined to reach its stated objective of an operating margin⁽¹⁾ above 10% in 2009.

(1) Prepared on an Adjusted basis (Adjusted pro forma basis for 2006), excluding one-off expenses incurred in connection with the combination with Gemplus, reorganization charges and charges resulting from the accounting treatment of the transaction, and assuming that the combination had taken place as of January 1, 2005.



- ✦ World leader in digital security
- ✦ Markets in strong development
- ✦ Strengthened management team
 - ✦ Unique technology portfolio
 - ✦ Blue chip customers
- ✦ Mid cap with large free float and robust financials