

Q3 2006 Revenue

Presenters:

Olivier Piou

Chief Executive Officer

Charles Desmartis

Chief Financial Officer



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Agenda

✦ Introduction

- ✦ Market environment
- ✦ Q3 and YTD 2006 Revenue
- ✦ Outlook



Third Quarter 2006 and Year-to-date Highlights

- ✦ Third quarter revenue down 8 % at constant exchange rate
- ✦ Year-to-date pro forma revenue down 1 % at constant exchange rates
- ✦ Strong improvement in net cash, up € 42 million to € 385 million
- ✦ Integration program and synergy generation well on track
- ✦ Additional commercial successes in ID & Security obtained over the recent months, confirming Gemalto leadership
- ✦ Public exchange offer extended

Exchange offer: status report

- ✦ CSSF (Luxemburg stock market authority) request for independent expert to assess the evaluation methodology and price of the sell-out/squeeze-out procedure
- ✦ Extension of the duration of the reopened exchange offer until after publication of independent assessment
- ✦ Sell-out procedure can be exercised by minority shareholders over the 3 month period following close of the reopened exchange offer
- ✦ Squeeze out can be implemented if Gemalto holds more than 95 % of voting rights of Gemplus at any time, during the 3 month period following close of the extended exchange offer
- ✦ Share-buy-back program on Gemalto shares is ready, to start rapidly after the exchange offer results announcement

Transaction nearing completion

✦ December 7th, 2005	✓ Announcement of the combination project
✦ March 8th, 2006	✓ US anti-trust authorities approval
✦ May 19th, 2006	✓ European anti-trust authorities approval
✦ June 2nd, 2006	✓ Filing of public exchange offer on Gemplus by Gemalto ✓ Distribution of reserves to Gemplus shareholders ✓ Contribution in kind of TPG's and Quandt family entities' aggregate 43.4% shareholding in Gemplus to Axalto
✦ July 11 th , 2006	✓ Opening of the public exchange tender offer
✦ August 14 th , 2006	✓ End of the public exchange tender offer
✦ September 12, 2006	✓ Reopening of the tender offer
✦	Independent assessment of Gemplus price for sell out/squeeze-out options
✦	End of the reopened tender offer
✦	Tender offer results published
✦	Gemalto shares delivered

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Market environment

✦ Mobile

- Strong growth in volumes
- Shift in geographical mix
- Competition remains aggressive

▪ Secure Transactions

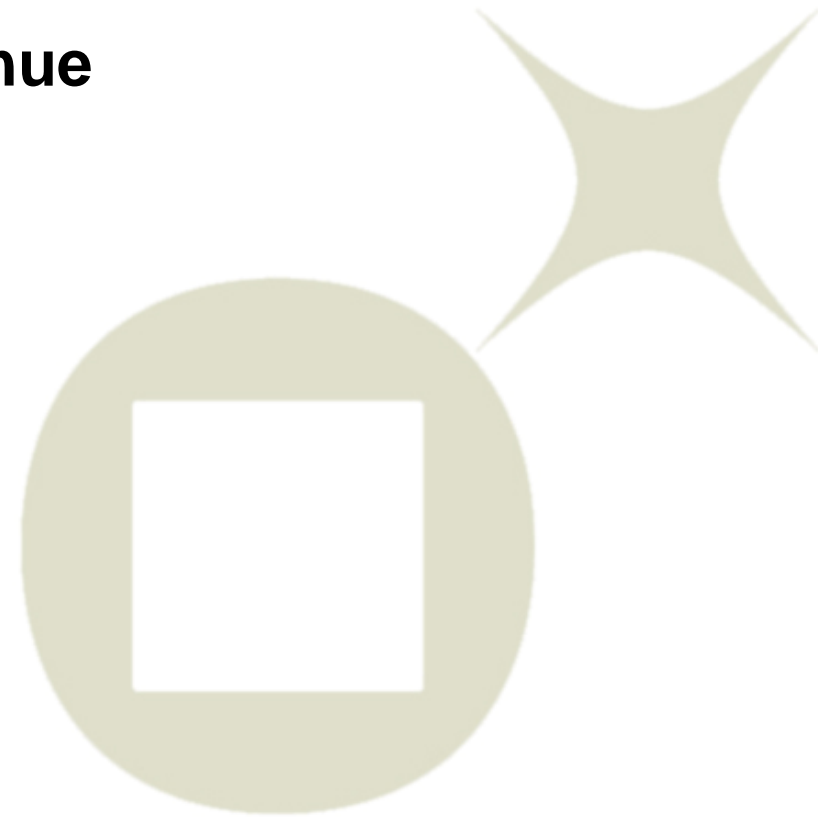
- EMV strong development in Latin America, slower in Europe
- Contactless moving beyond the US to Asia and Europe

✦ ID & Security

- Further contract wins, notably e-passport in the US
- E-passport ramp-up starting, with full benefit expected in 2007

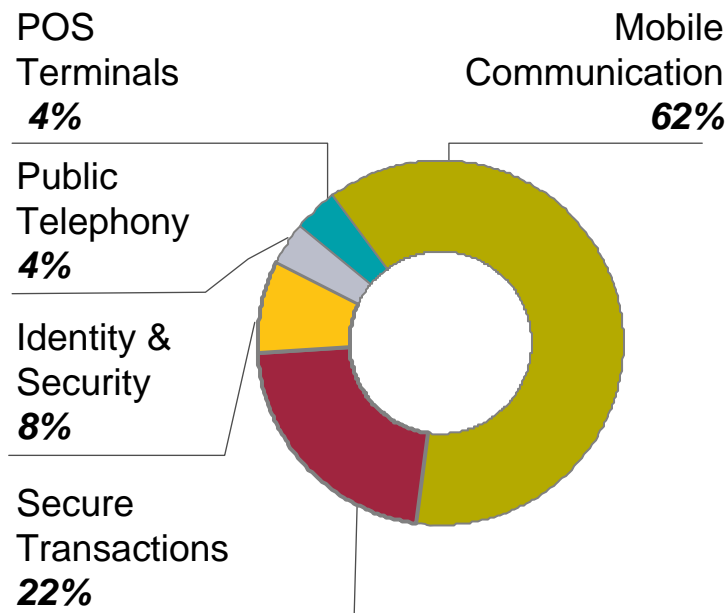
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- ✦ Outlook



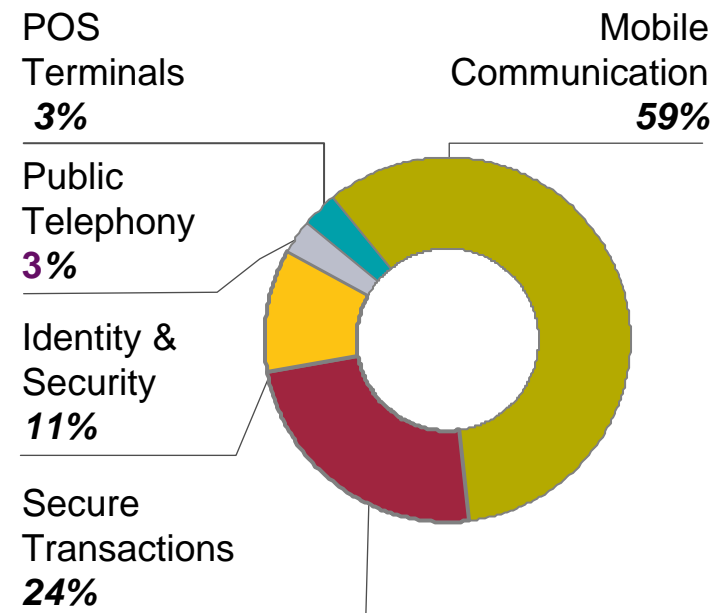
Q3 06 revenue overview by segment

Pro forma Q3 2005*



€ 435.4 million

Q3 2006

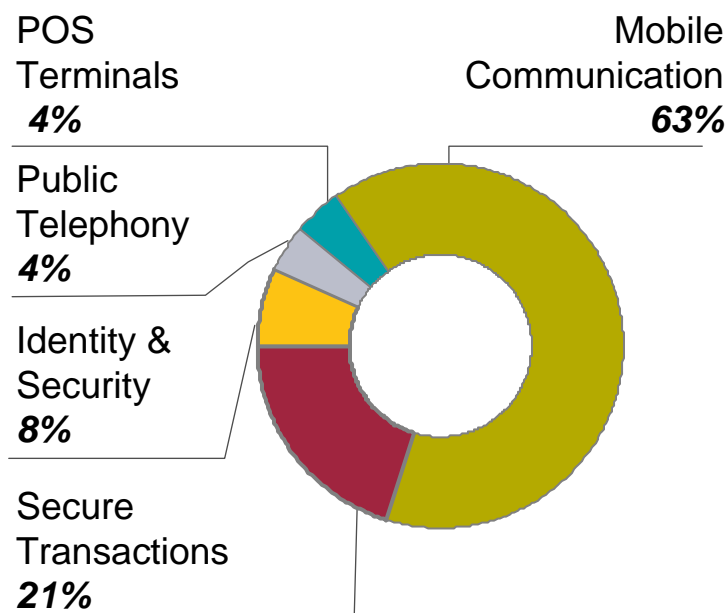


€ 390.5 million

* Prepared on a pro forma basis, reflecting the combined activity of Gemalto and Gemplus over the third quarter

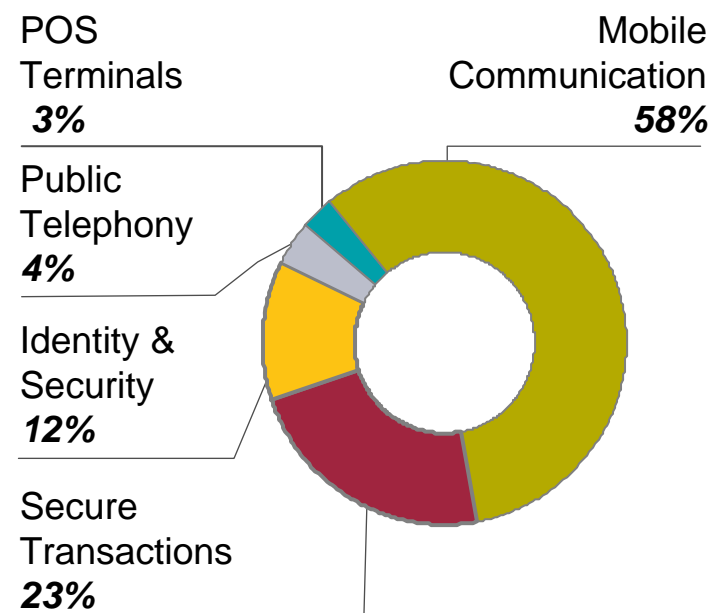
Pro forma* YTD 06 revenue overview by segment

YTD 2005



€ 1,240.1 million

YTD 2006



€ 1,236.9 million

* Prepared on a pro forma basis, reflecting the combined activity of Gemalto and Gemplus over the whole first nine months

Mobile Communication: growth in volume offset by price pressure

✦ Strong volume delivered: +34% in Q3 06

- 648 million SIM cards shipped year-to-date
- Strong volume growth in emerging countries with a higher share of entry range products
- High end products eg. Mobile TV ramping up slowly in developed countries
- Americas: slowdown in new subscriber additions

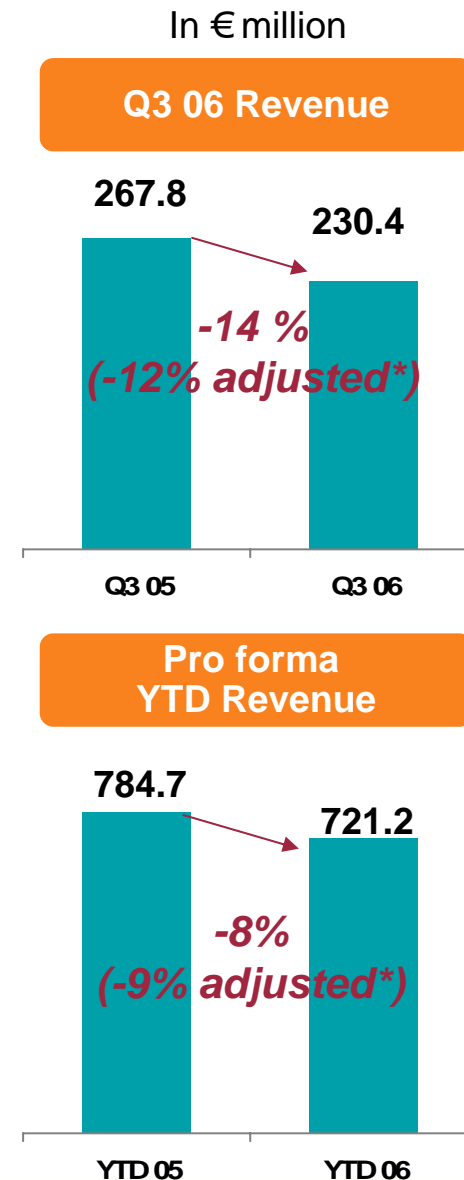
✦ ASP**down 3.9% sequentially

- YoY decrease 34% (32% currency adjusted), due to strong price pressure in Q1 06 and shift in geographic mix

✦ Development of value-added services

*Adjusted for currency fluctuations

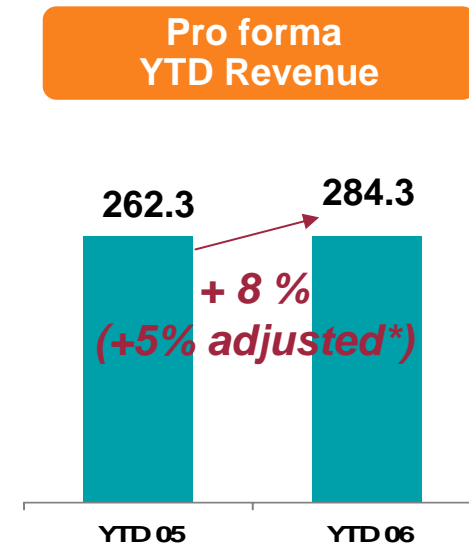
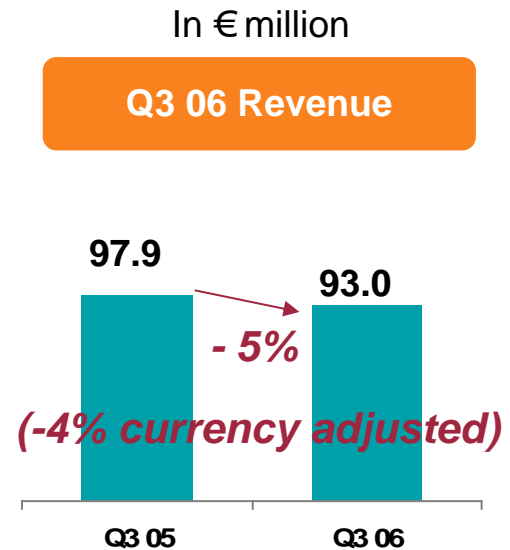
** Average Sales Price



Secure Transactions

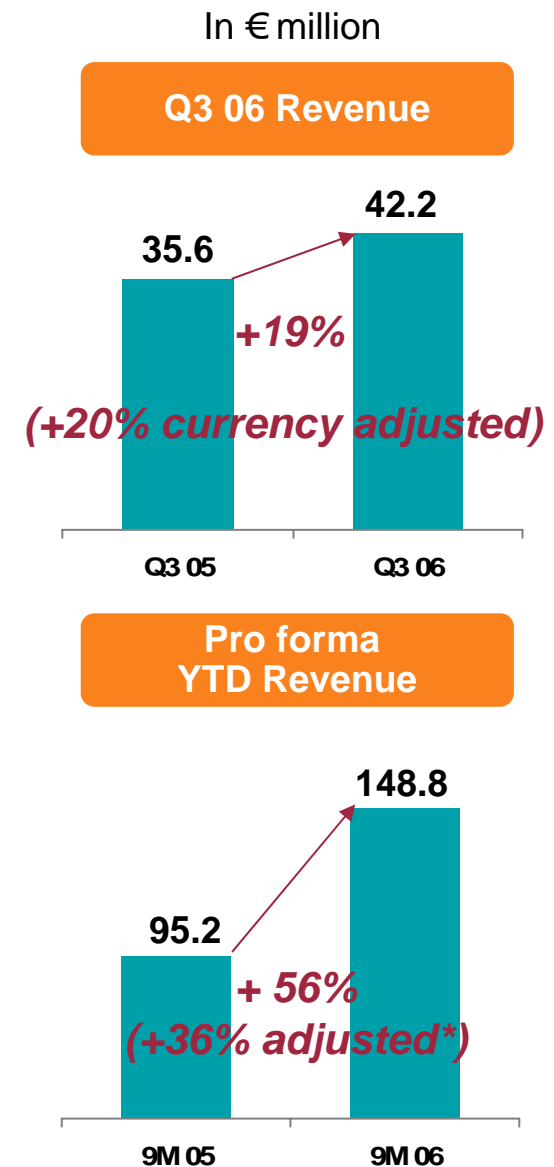
- ✦ 52 million microprocessor cards shipped in Q3 06 (+11%)
- ✦ EMV continues deployment worldwide
 - Strong in Turkey, Latin America and North Asia
- ✦ Revenue down 4%
 - Price pressure in mature markets
 - Migration nearing completion in the U.K. and France
 - Slow in South Europe
- ✦ Contactless payment solutions moving beyond the US, to Asia and Europe

* Adjusted for Setec acquisition and currency fluctuations



ID & Security: strong growth

- ✦ Robust growth and additional business successes
- ✦ E-passport deployment gains momentum in France, Poland and Portugal
- ✦ ID contract in Oman extended to a second phase for advanced e-government solutions
- ✦ Full product range, matching well with the varied government agencies requests



* Adjusted for Setec and currency fluctuations

Public Telephony

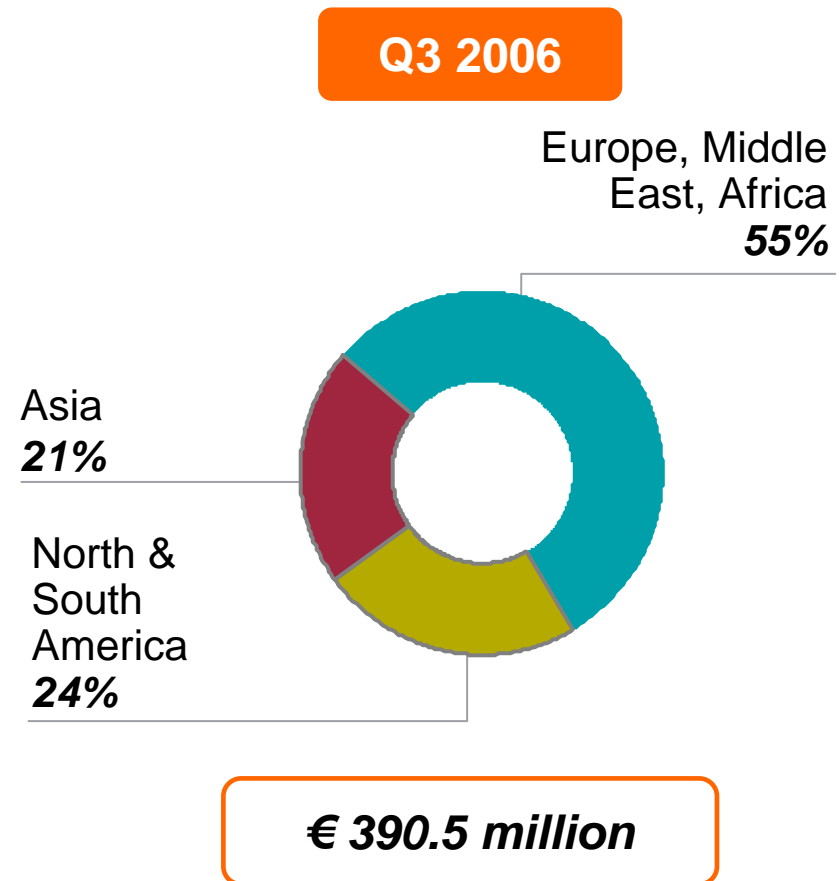
In € million Pro forma	Q3 05	Q3 06	% change	YTD 05	YTD 06	% change
Revenue	17.8	13.6	-24 %	52.1	46.5	-11 %

Point of Sales Terminals

In € million Pro forma	Q3 05	Q3 06	% change	YTD 05	YTD 06	% change
Revenue	16.3	11.3	-31 %	45.8	36.1	-21 %

Q3 06 revenue overview by geography

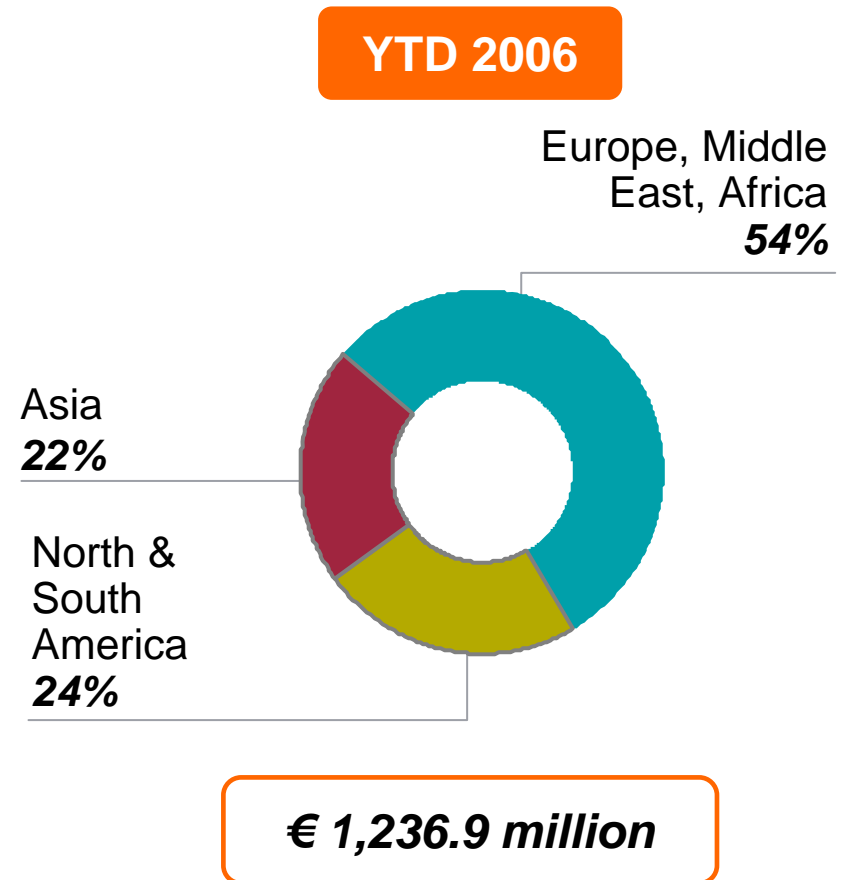
- ✦ EMEA at €215.6 million, down 4 %* with strong growth in ID & Security fully offset by lower revenue in Mobile Communication and Secure Transaction
- ✦ Americas at €92.3 million, down 26 %*, on lower market demand for Mobile Communication products despite strong growth of Secure Transactions in Latin America
- ✦ ASIA at €82.6 million, up 8 %*, driven by strong Secure Transactions activity, and Mobile Communication growth in China



* At constant exchange rates

Pro forma* YTD revenue overview by geography

- ✦ EMEA at €665.0 million, up 2 % at constant exchange rate
- ✦ Americas at €304.3 million, down 13 % at constant exchange rate
- ✦ ASIA at €267.6 million, up 6 % at constant exchange rate



* Prepared on a pro forma basis, reflecting the combined activity of Gemalto and Gemplus over the whole first nine months

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Outlook

- ✦ The third quarter market environment proved challenging, and the Company expects an improvement in the fourth quarter. With synergies from the combination materializing progressively, in line with plans, and the significant resources required this year to converge product roadmaps and processes, Gemalto continues to expect operating margin in the second half 2006 to be similar to that of the first half.
- ✦ The Group is confident in its ability to play a leading role in the global development of digital security. It has taken cost reduction measures beyond the initially identified synergies, and continues to adapt to match the changing needs of the marketplace. Management is determined to ensure that Gemalto meets its long term objective of an operating margin in the low teens in 2009.

Numerous commercial wins evidence Gemalto leadership in Digital Security

✦ Mobile TV:

- MTN in South Africa
- T-Mobile in Czech Republic

✦ Contactless mobile / transportation program

- with RATP and French mobile communication operators

✦ Secure Transactions

- Crédit Mutuel: advanced mobile payment functions, with MVNO NRJ
- Taiwan combined contact + contactless EMV payment card

✦ E-passport

- Estonia, offering on all the value chain.



- ✦ 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