Full Year 2008 Earnings

Olivier Piou, CEO
Jacques Tierny, CFO

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www.gemalto.com

Disclaimer

Forward-Looking Statements

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- **Overview**

  Olivier Piou, CEO

- Financial Results

- Moving Forward

Full year 2008 results highlights

- Operating income doubled to € 169 million
- Profit improvements in all main segments
- Merger objective of 10% EBIT margin achieved
- Resilience through a diversified portfolio
- Strong operating cash flows of € 191 million
- Net cash position of € 344 million
- Earnings per share increased by 84%

All income statement figures are prepared on an adjusted basis, comments on reconciliation with IFRS are discussed in the *Financial Results* chapter; for more details refer to the full-year 2008 results press release

Market developments

"2008 was marked by a notable increase in operators' interest in developing mobile services leveraging the SIM card as a key relationship tool with end-users. We have the world's most widespread installed base and we continue to work with our customers to develop and deploy a growing range of applications and services."

Philippe Vallée
EVP Telecoms

Philippe Cambriel
EVP Secure Transactions

"Contactless gained significant market acceptance across various regions in 2008, and this is just the beginning. A few of our customers are facing major changes in their operating environments, nevertheless the core of our business shows resilience, with the adoption of EMV continuing to progress and we are well positioned to capture that growth."

"We won many new governmental projects during 2008, adding to an already strong backlog. National e-ID programs now present important opportunities alongside the existing e-passport business, and we have the largest-reference advantage. Our recent efforts in e-banking are paying off and Gemalto has grown faster than its peers to become a highly recognized player in this field."

Jacques Seneca
EVP Security

EMV = Europay, MasterCard, VISA

Showcasing our solutions for mobile services

User-Centric Applications

- SIMessenger
- Mobile Banking
- Personal Data Protection

MOBILE. WORLD CONGRESS

Operational Services

- Roaming Optimization
- Device Management
- MNO Portal Management
- Traffic Optimization

Advanced Innovations

- NFC Mobile Contactless
- Mobile2PC Convergence
- Mobile TV
- Machine-to-machine (M2M)

MNO = Mobile Network Operator; NFC = Near Field Communication

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  Jacques Tierny, CFO

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Adjusted and IFRS results reconciliation

Gemalto presents income statements on an Adjusted basis for a better appreciation of its operating performance over the period, as IFRS 3 "Business Combinations" has several significant impacts on financial statements.

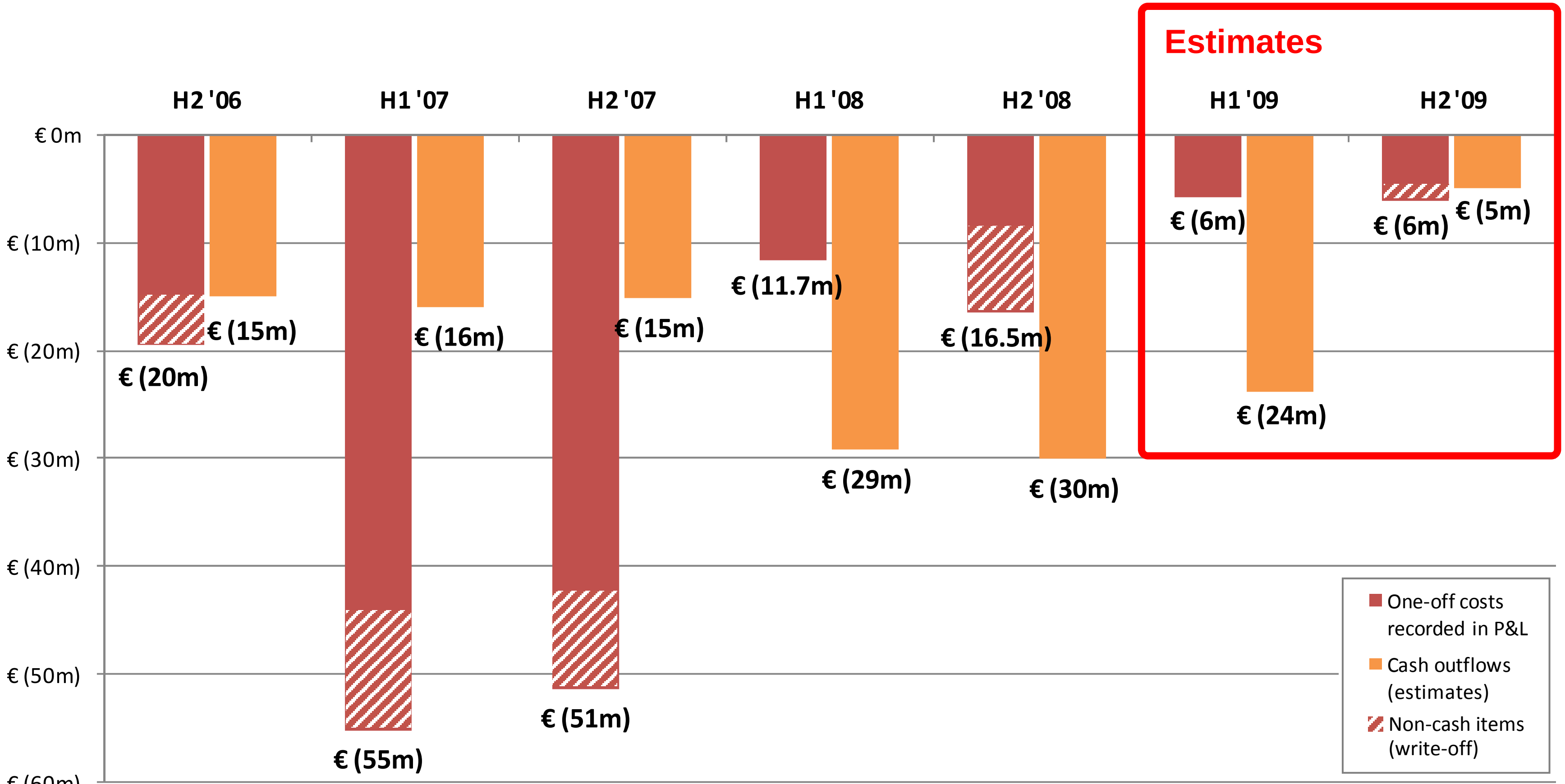
	Adjusted	Less: Reorganization charges	Amortization of intangible assets	IFRS
EBIT	€ 169m	€ (28m)	€ (14m)	€ 127m
Net income	€ 153m	€ (28m)	€ (10m)	€ 115m

Reorganization charges amounted to € 28.2m in 2008

- Factory under-absorption for plant being closed for € 8.0m
- Severance costs of € 10.5m
- IT integration costs of € 5.1m
- Other costs amounting to € 4.6m

Timing of one-off costs and related cash outflows

(estimates; updated December 31, 2008)



Non-cash items	€ (4m)	€ (11m)	€ (9m)	-	€ (7m)	-	€ (1m)

Financial results reflect operational improvements

Extracts from Gemalto FY 2008 Adjusted Income Statement

Revenue	€ 1,680m		+ 6%*
Gross Profit	€ 597m	Gross Margin +490bp | 35.5%	+ 19%
EBIT	€ 169m	EBIT margin +500bp | 10.1%	x 2
Earnings Per Share	€ 1.80		+ 84%

* at constant exchange rates and by reference to FY 2007 revenue

Solid performances from the main segments

Mobile Communication

Revenue +6% *	€ 948m		
Gross Profit +14%	€ 395m	Gross Margin +430 bp	42%
EBIT +30%	€ 160m	EBIT Margin +360 bp	17%

- Significant gross margin improvement and profit expansion
- Benefitting from mix improvements, purchasing synergies and production optimization
- Operating expenses essentially flat
- SIM cards ASP decrease contained to 8% year-on-year
- Software & services up by 65%

Secure Transactions

Revenue +11% *	€ 443m		
Gross Profit +57%	€ 118m	Gross Margin +840 bp	27%
EBIT Back to profit	€ 27m	EBIT Margin +940 bp	6%

- Turnaround successfully completed
- EMV roll outs & contactless driving the growth
- Some customers optimizing cash and inventory in Q4
- ‘Stop-n-go’ production flow and currency impact on gross margin in H2 ’08
- Personalization services up 23%

Security

Revenue +14% *	€ 216m		
Gross Profit +12%	€ 66m	Gross Margin -9 bp	31%
EBIT Loss cut by 24%	€ (20m)	EBIT Margin +440 bp	(9%)

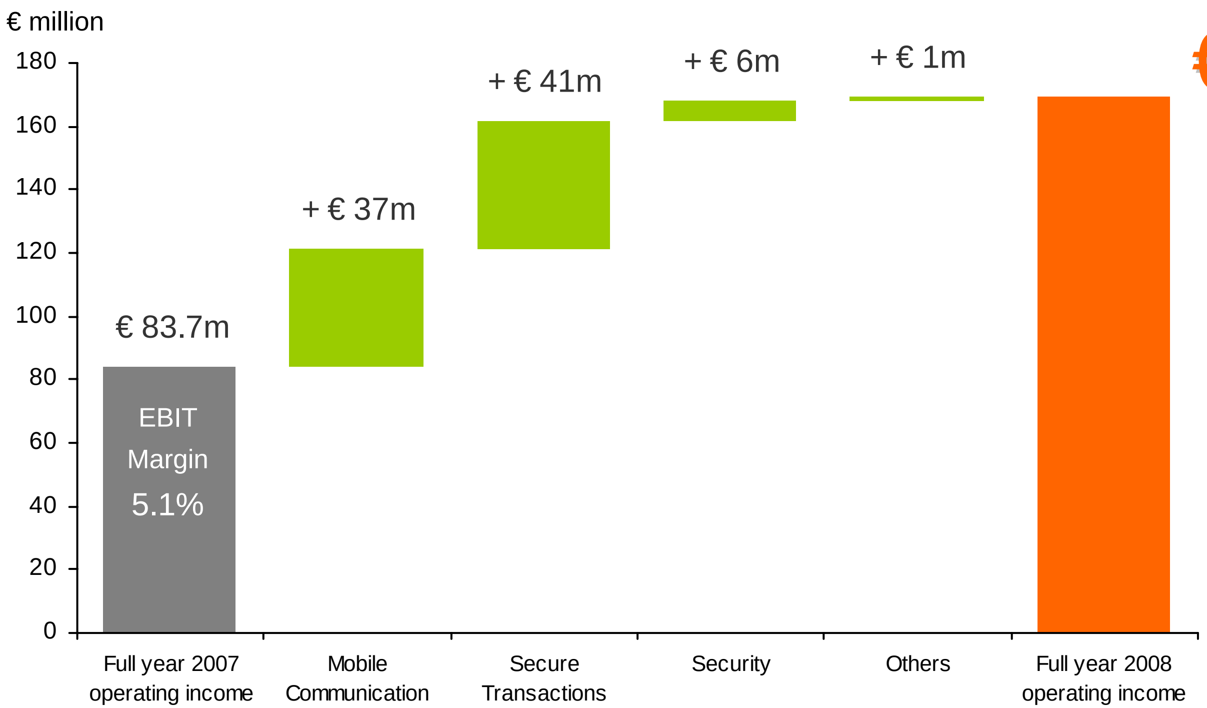
- Revenue up by 26% in Government Programs and up 21% in IAM
- Better industrialization of product portfolio and scale benefits
- Patents back to pre-merger run-rates
- Excluding patents, operating losses more than halved

* at constant exchange rates and by reference to FY 2007 revenue

All three main segments are contributing to the increase in operating income

- Fall-through from strong gross margin improvements
- Operating expenses stable as percentage of revenue
- Effective delivery of merger synergies

Operating income bridge between FY2007 and FY2008



€169m
EBIT
x 2

10.1%
EBIT margin
+500bp

Consistently generating cash

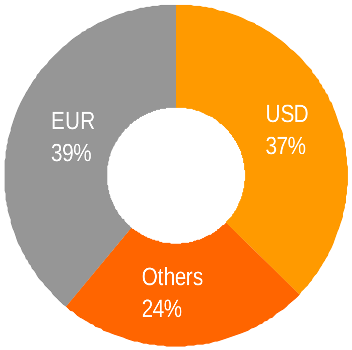
€ in millions	2007	2008
Net cash as of Dec. 31, 2007		314
Current and non-current borrowings as of Dec. 31, 2007		24
Cash and cash equivalent as of Dec. 31, 2007		337
Cash generated by operating activities (before cash outflows related to restructuring actions)	130	191
Cash used in restructuring actions	(31)	(59)
Cash used in investing activities	(33)	(53)
Cash used in the share buy-back program	(144)	(65)
Other cash provided by (used in) financing activities	(9)	23
Other (translation adjustment mainly)	(6)	(8)
Cash and cash equivalent as of Dec. 31, 2008		367
Current and non-current borrowings as of Dec. 31, 2008		(23)
Net cash as of Dec. 31, 2008		344

- Our USD 250m syndicated facility remains unused; it is available until 2012

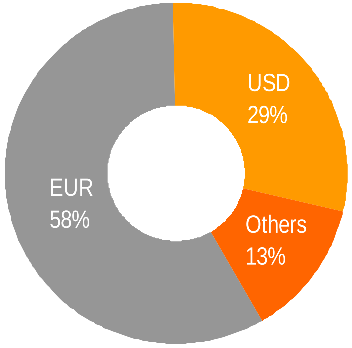
Update on currency

Breakdown of Currency Exposure

2008 Revenue



2008 Cost of Sales plus OPEX



The positive effect of the US Dollar appreciation vs. the Euro is offset by the negative effect of the other currencies weakening vs. the Euro

At Q1 ’09 exchange rates:

- Q1 ’08 revenue would change by +2.5%
- H1 ’08 EBIT margin would remain essentially unchanged

Value creation through disciplined earnings expansion

Security

Solid progress towards break-even

Secure Transactions

Successful turnaround

Mobile Communication

Profit expansion and margin improvement

Strong earnings expansion

EBIT +102% *EPS +84%*

Rigorous capital discipline

Capital employed +3%

Low capital-intensive business model

Capital expenditure [1] at 2.9% of revenue

Disciplined working capital management

Net working capital [2] down 1.0 ppt

15.5% ROCE [3]

over WACC [4] of 9.4%

(1) Including acquisition of intangible assets; (2) Excluding the variation of the restructuring provision; (3) ROCE is after-tax adjusted EBIT divided by capital employed; (4) Long-term WACC, assuming beta of 1.04, long-term equity risk premium of 5.00%, and risk-free rate of 4.23%

- Overview
- Financial Results

Moving Forward

Olivier Piou, CEO

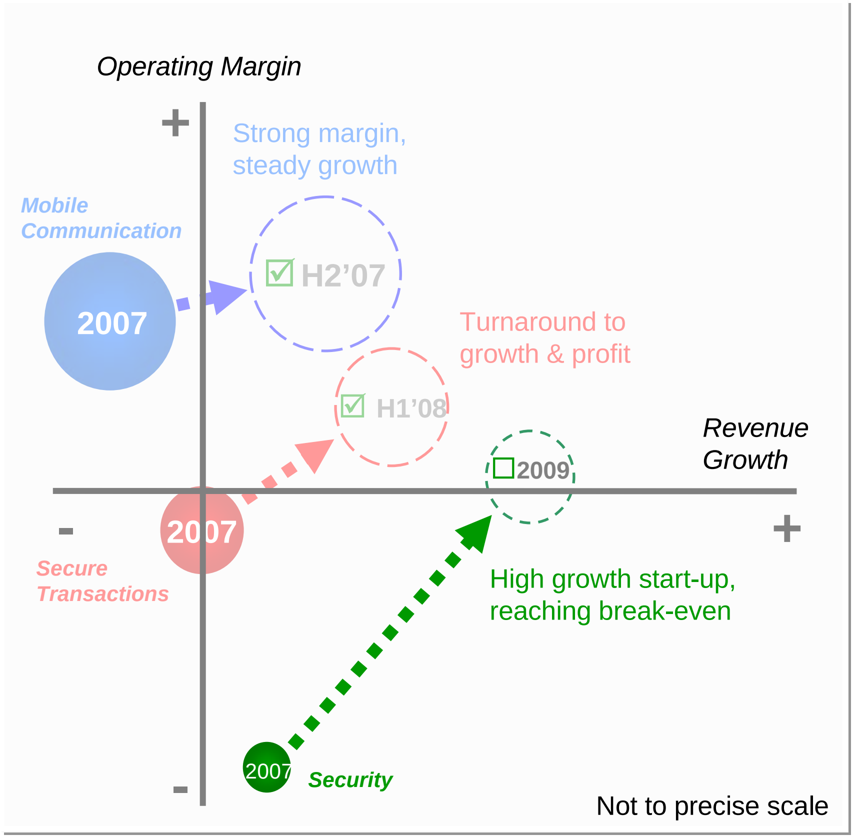
Outlook

Our business has strong fundamentals and prospects. The current economic environment does not put into question the mid and long-term objectives of Gemalto, even if it limits short-term visibility. We will continue our mission to provide trust and convenience to the wireless and digital world that is emerging, and look ahead with the goal of revenue growth and earnings expansion.

Market seasonality in 2009 is expected to be in line with historical patterns. Our 2009 objective of above 10% adjusted operating margin remains unchanged.

On track to grow revenue and expand earnings

Security is set to join as a profit engine



Main drivers & short-term challenges:

- ↑ Sustained SIM mix migrations and mobile services deployments
- ↑ 3G deployment in China
- ↑ Adoption of contactless payment devices and dual-interface cards
- ↑ Growth in personalization services for continued EMV migrations
- ↑ Ramp-up in national e-ID projects
- ↑ Sustained e-passport deployments
- ↑ Demand for online banking protection

- ↓ Delays in projects
- ↓ Customers' cash & inventory optimization
- ↓ 'Stop-n-go' production flows
- ↓ Currencies' evolution

Gemalto main segments, i.e. outside of Public Telephony and POS which together account for 4% of full-year 2008 revenue

Strongly positioned with clear priorities

Balanced Business Portfolio

- Diversified and uncorrelated business segments
- Complementary business activities of products, software and services
- Wide geographic spread and diverse customer base
- Synergetic activities leveraging shared footprint and expertise
- Numerous and varied markets for expansion opportunities

Our 2009 Priorities

- Maintain our commercial and operational drive and best practices
- Maintain rigorous and low-risk financial policies
- Reinforce strong customer relationships and satisfaction
- Grow digital security – advanced devices and more software & services
- Grow revenue and expand earnings

security to be free

✦ World Leader in Digital Security ✦

✦ Markets in Strong Development ✦

✦ Unique Technology Portfolio ✦

✦ Blue Chip Customers ✦

✦ Large Free Float and Robust Financials ✦

✦ A Business Model with Strong Leverage on Growth ✦