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Full year 2012 earnings release



Olivier Piou, CEO
Jacques Tierny, CFO

March 14, 2013

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Basis of preparation for 2012 publications

For a better understanding of the current and future year-on-year evolution of its business, the Company prepares an adjusted income statement where the key metric used to evaluate the business and take operating decisions is the profit from operations. This adjusted income statement is provided for all operations and for ongoing operations.

Adjusted income statement and Profit from operations (PFO)

Profit from operations is a non-GAAP measure defined as the IFRS operating result adjusted for the amortization and depreciation of intangibles resulting from acquisitions, for share-based compensation charges, and for restructuring and acquisition-related expenses.

In the adjusted income statement, Operating Expenses are defined as the sum of Research and Engineering, Sales and Marketing and General and Administrative expenses, and Other income (expense) net. For the year 2011, it also includes the gain on re-measurement to fair value of an investment in associate, not part of the ongoing operations.

Ongoing operations

The adjusted income statement for ongoing operations excludes, as per the IFRS income statement, the contribution from discontinued operations to the income statement, and also the contribution from assets classified as held for sale and from other items not related to ongoing operations.

For the year 2012, reported figures for ongoing operations only differ from figures for all operations by the contribution from assets held for sale and the gain on sale of a subsidiary to an associate.

Compared to figures reported on the full year of 2011, figures for ongoing operations for the full year 2011 reported in this publication were re-presented to also exclude the contribution from assets classified as held for sale in 2012.

Currency exchange rates

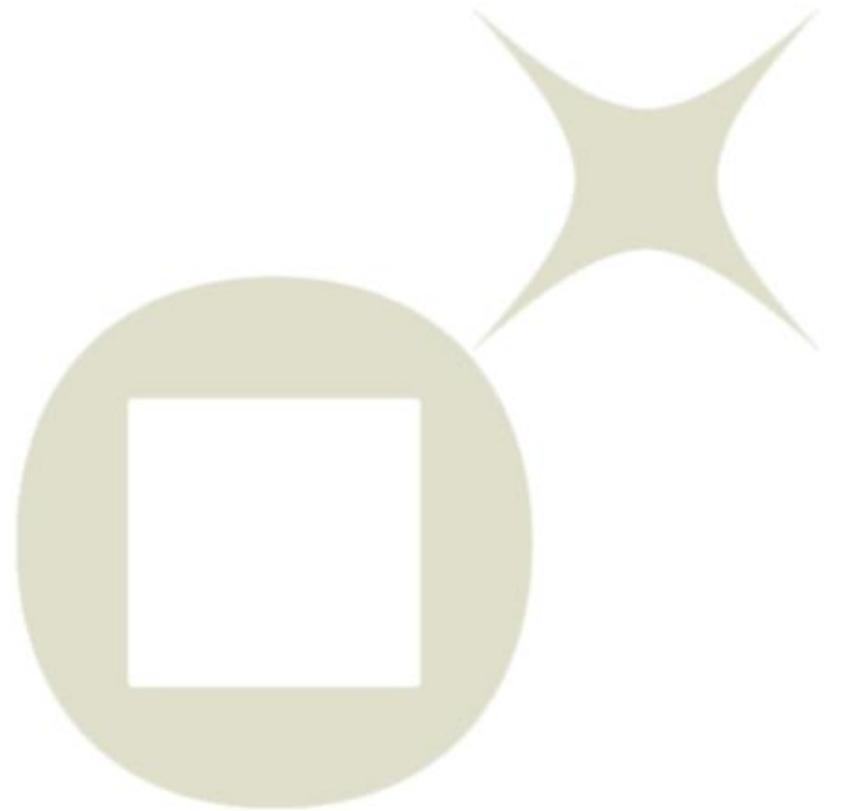
In this presentation, revenue variations are at constant exchange rates, and all other figures are at historical exchange rates, except where otherwise noted.

- **Overview**

Olivier Piou, CEO

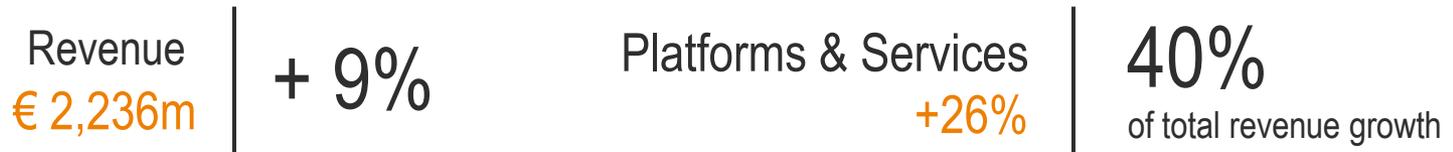
- Financial Results

- Moving Forward

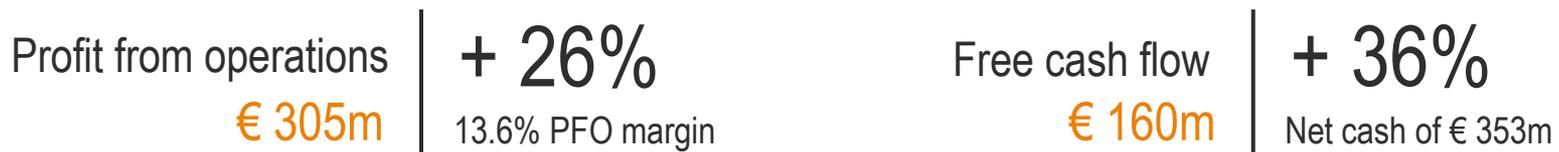


Full year 2012 highlights

- Record revenue of over € 2.2 billion, growing in line with our strategy



- Profit from operations surpassing long-term €300 million objective one year in advance, with strong cash generation



Revenue and profit from operations are for ongoing operations. Free cash flow is for all operations.

- Overview

- **Financial Results**
Jacques Tierny, CFO

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From revenue increase to value creation

- The year demonstrated our strong operating leverage

Revenue +9%	€ 2,236m		+13% at historical rates
Gross profit +16%	€ 862m	38.6%	Gross margin +100bp
Operating expenses +11%	€ 557m	24.9%	Operating expenses +40bp
Profit from operations +26%	€ 305m	13.6%	PFO margin +150bp
Basic EPS +21%	€ 3.13	€ 0.34	Proposed dividend +10%

Adjusted financial information for ongoing operations.

Adjusted income statement and IFRS

Adjusted income statement

€ in millions	Ongoing operations	Reconciling items (assets held for sale)	All operations	Amortization of intangible assets	Equity based compensation	Restructuring and acquisitions related expenses	IFRS	
Full year 2012								
Revenue	2,236	10	2,246				2,246	+11%
Profit from operations	305	1	306					
Operating profit				(21)	(39)	(8)	239	+30%
Full year 2011								
Revenue	1,984	31	2,015				2,015	
Profit from operations	241	14	256					
Operating profit				(25)	(32)	(15)	183	

All variations are at historical exchange rates.

Segment key financial information

Mobile Communication

Revenue	€ 1,090m	
+10%		
Gross Profit	€ 471m	Gross Margin 43.2%
+21%		+250bp
PFO	€ 193m	PFO Margin 17.7%
+37%		+310bp

- Double-digit revenue growth from a strong performance in all regions and in both offers:
 - Embedded Software & Products revenue up +6% y-o-y from expanded LTE coverage and first commercial launches of mobile payments.
 - Platforms & Services at € 210m, up +27% y-o-y, growing rapidly in mobile payment and LTE activities.
- The revenue growth and improved mix drove profit margin from operations up to 17.7% of revenue.

Machine-to-Machine

Revenue	€ 192m	
+6%		
Gross Profit	€ 64m	Gross Margin 33.2%
+6%		(150bp)
PFO	€ 14m	PFO Margin 7.3%
+2%		(60bp)

- Revenue up +6% y-o-y, with semester-on-semester improvement, and a remarkable performance as our customers faced significant macroeconomic headwinds
- Gross profit up +6% with gross margin reducing slightly compared to the previous year
- Profit increasing to €14 m, up +2%

Segment key financial information

Secure Transactions

Revenue	€ 568m	
+3%		
Gross Profit	€ 183m	Gross Margin 32.3%
+9%		+60bp
PFO	€ 62m	PFO Margin 11.0%
+8%		+10bp

- Revenue up by +3% on top of the strong gains recorded in 2011 (+17%). More country migrations positively impacted the segment's financial performance toward year-end with fourth quarter revenue rising +7% y-o-y.
- Platforms & Services activities grew by +13% to € 115m driven by more demand for personalization services and the first deployments of TSM infrastructure by banks.
- Profit from operations increased by +8% to € 62m, with increased expensed investment to support future EMV migrations and mobile payment deployments.

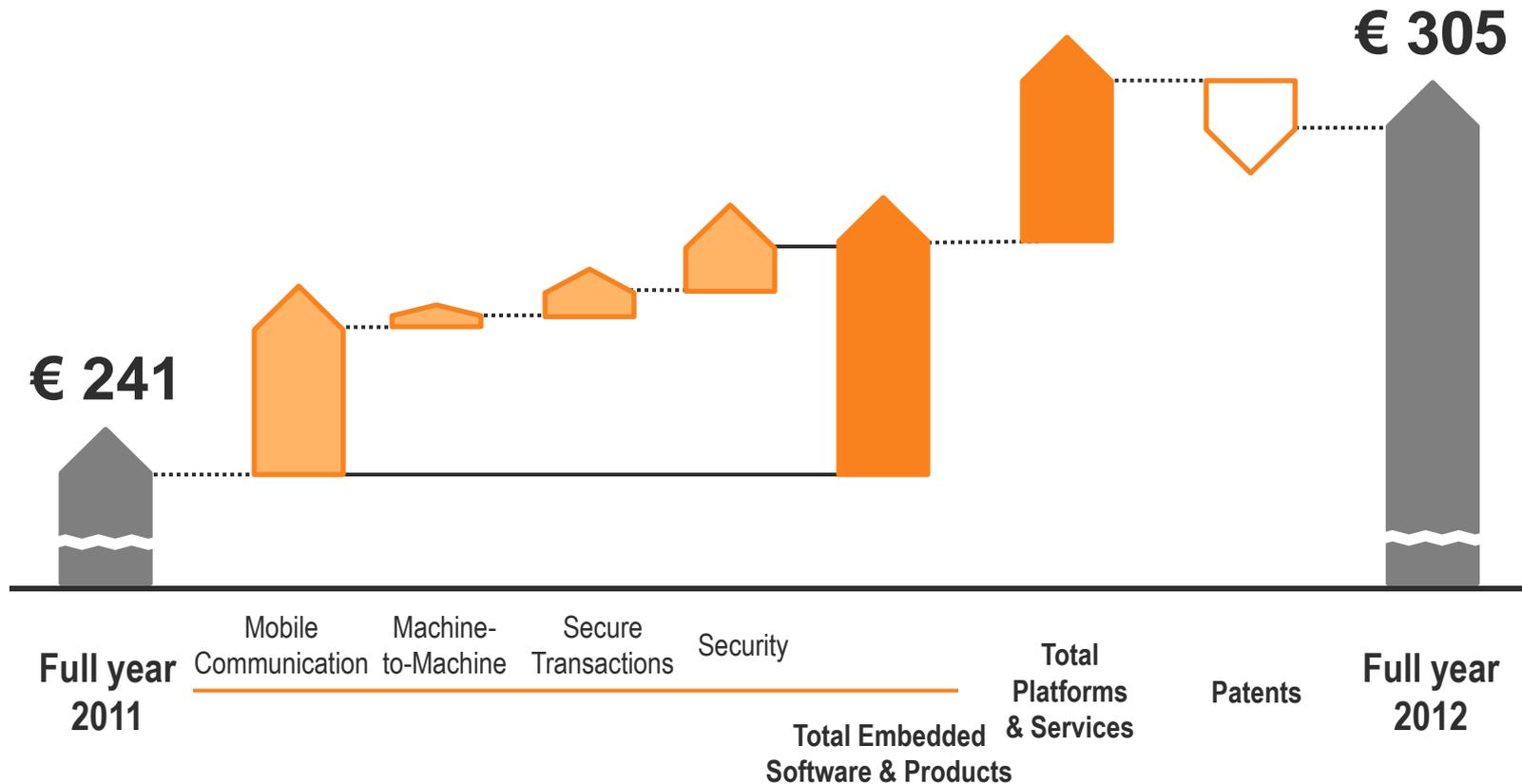
Security

Revenue	€ 384m	
+19%		
Gross Profit	€ 142m	Gross Margin 37.1%
+21%		(100bp)
PFO	€ 45m	PFO Margin 11.8%
+52%		+220bp

- Another year of double-digit growth in Security revenue, up +19% driven by the dynamism of the Government Program business
- Platforms & Services in the segment grew even faster, +59% to € 66m, with larger global contract wins
- Gross profit grew by +21% while operating expenses grew by +10% demonstrating further operating leverage.
- As a result, profit from operations rose by an impressive +52% increase y-o-y, reaching a profit margin of 11.8%

Changes in full year contributions to PFO

Year-on-year variations of contributions to total profit from ongoing operations



Charts are not to scale

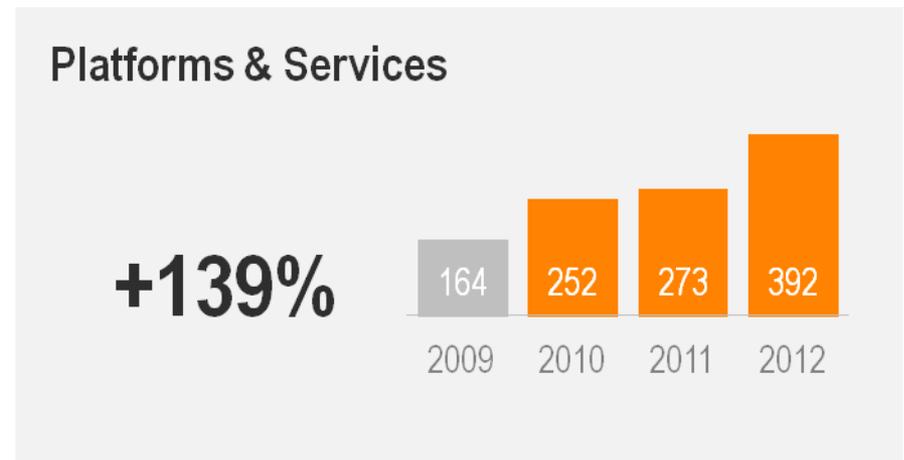
Cash flow

Key items from the cash flow statement

<i>€ in millions</i>	FY 2012	FY 2011
Cash generated from operations	323	263
Income tax paid	(38)	(51)
Cash generated by operating activities	285	211
Capital expenditure and acquisition of intangibles	(125)	(93)
Acquisitions and divestitures	(73)	(0)
Dividend and Share buy-back program	(71)	(84)
Net cash, at end of the period	353	309

The ongoing transformation of Gemalto

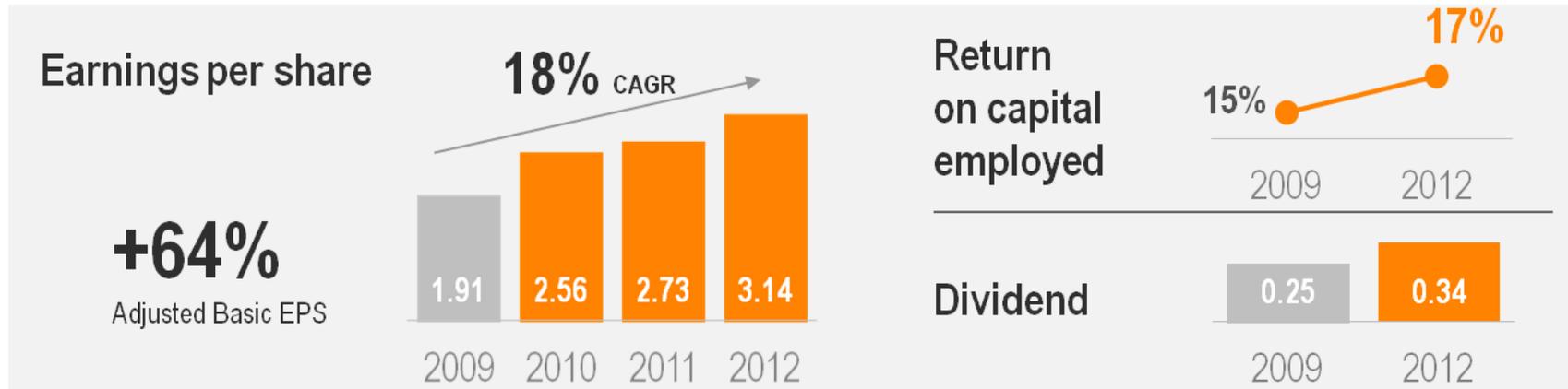
- We deliver solid growth
- Driven by organic expansion, complemented by bolt-on acquisitions in our core and adjacent businesses
- Platforms & Services develops rapidly
- For Gemalto, it provides access to a much larger market, and enables faster innovation, strategic customer relationship, more recurring revenue and increased visibility through longer-term contracts



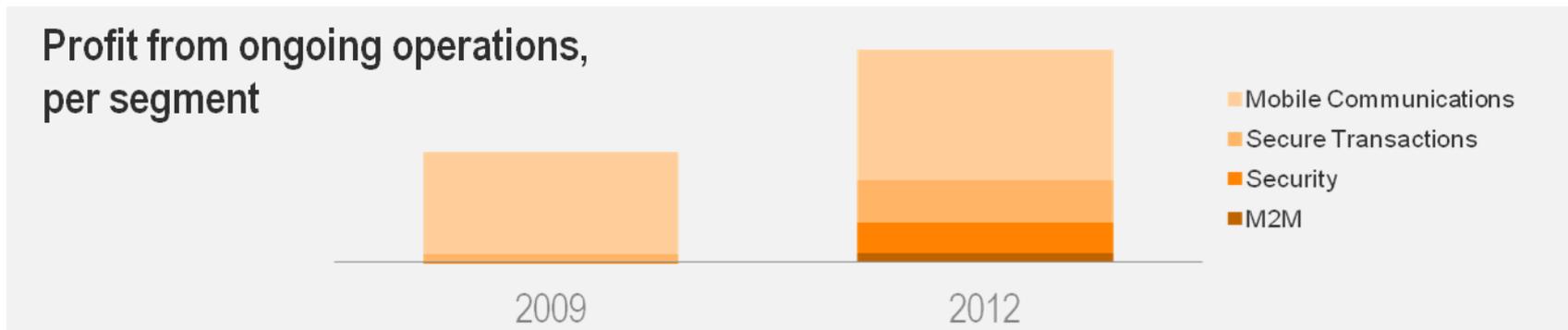
Variations are calculated between 2009 and 2012.

The ongoing transformation of Gemalto

- We create value for our shareholders



- We reduce operational risk through improved diversification in growing markets



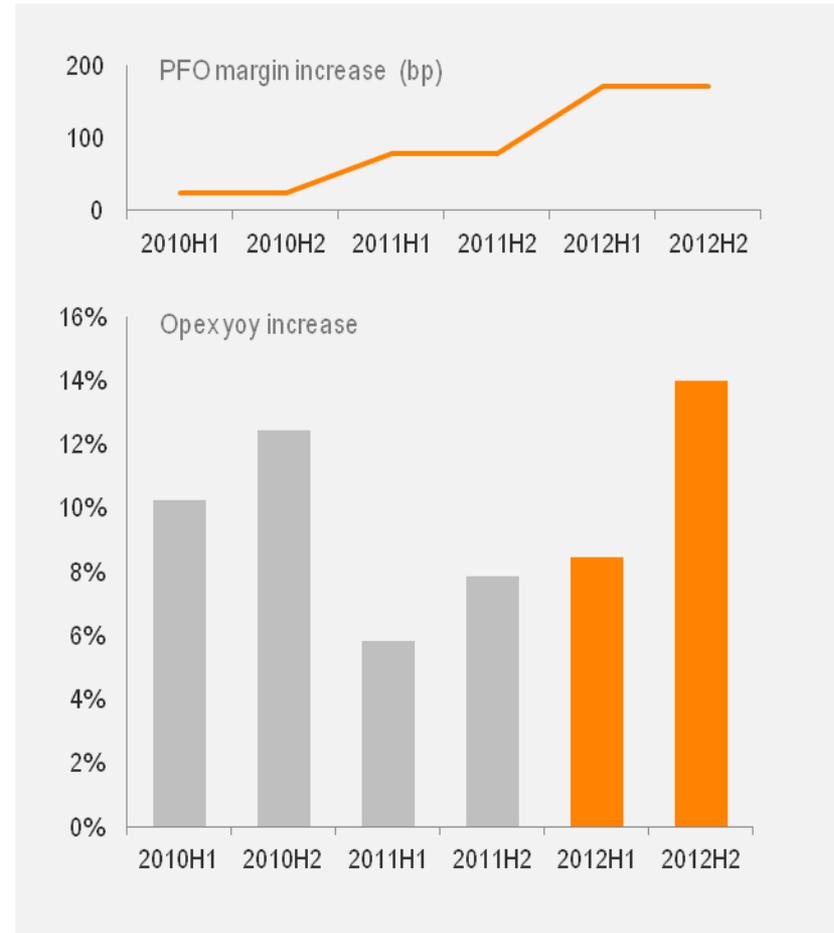
Charts represent: Ongoing operations (PFO) and all operations (Other charts).

Return on capital employed (ROCE) is defined as after-tax PFO divided by capital employed. Variations are calculated between 2009 and 2012.

The Board of Gemalto has decided to propose to the 2013 AGM the payment of a cash dividend of €0.34 per share in relation with the 2012 financial year

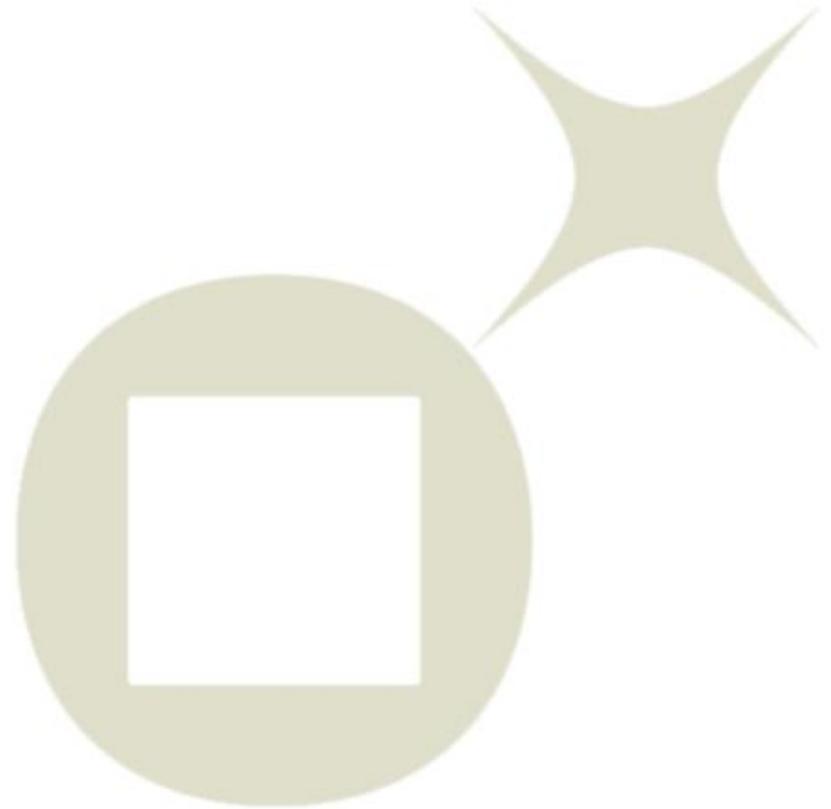
We accelerate our investments in operations

- Our profit margin expansion has accelerated throughout our plan
- As we are ahead of schedule, we decided to head start our next development phase, towards further profitable growth
- This next development phase will rely largely on organic development and will develop further the synergies between our Embedded Software & Products and Platforms & Services activities



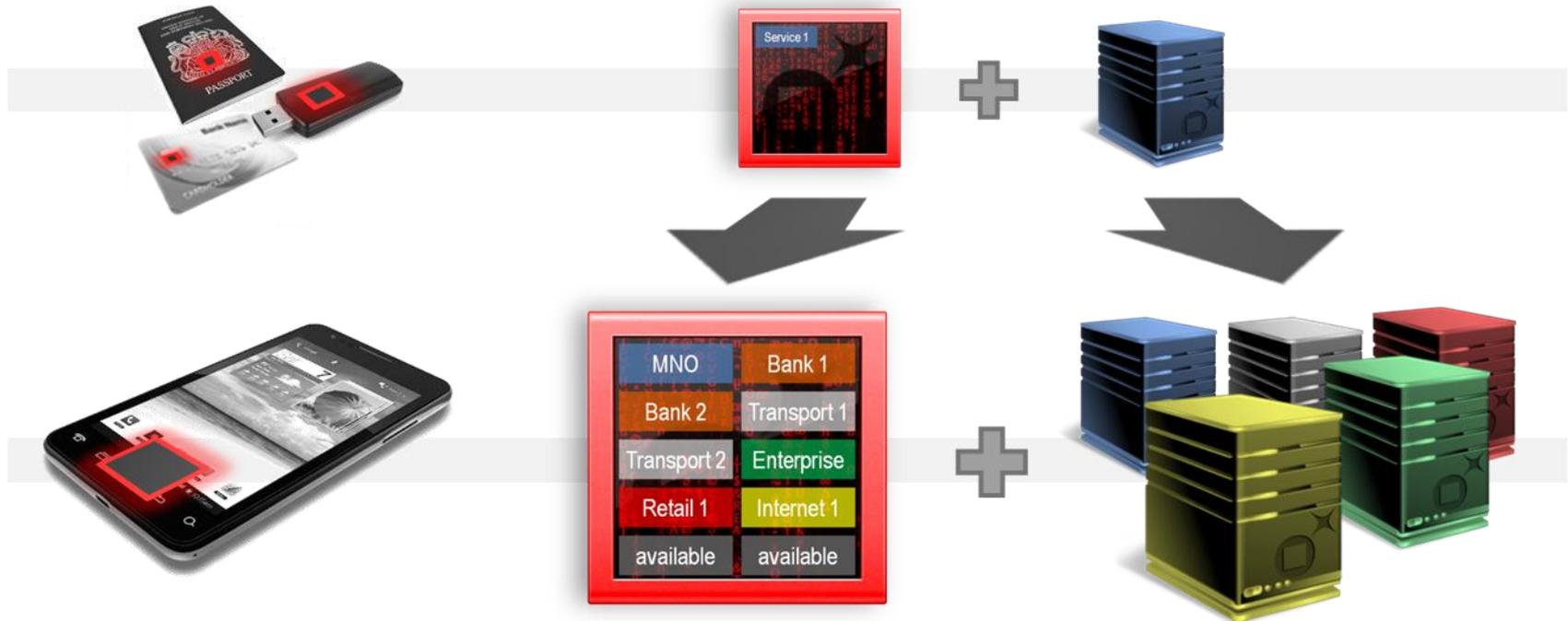
PFO margin for ongoing operations (year-on-year variations for the full year applied to H1 and H2). Opex for all operations excluding Other income (year-on-year variations).

- Overview
- Financial Results
- **Moving forward**
Olivier Piou, CEO



The increasing need for Platforms & Services

Our technology brings trust into smart connected devices and is now used to provide convenient and secure access to multiple services simultaneously



**Impact on
Gemalto business**

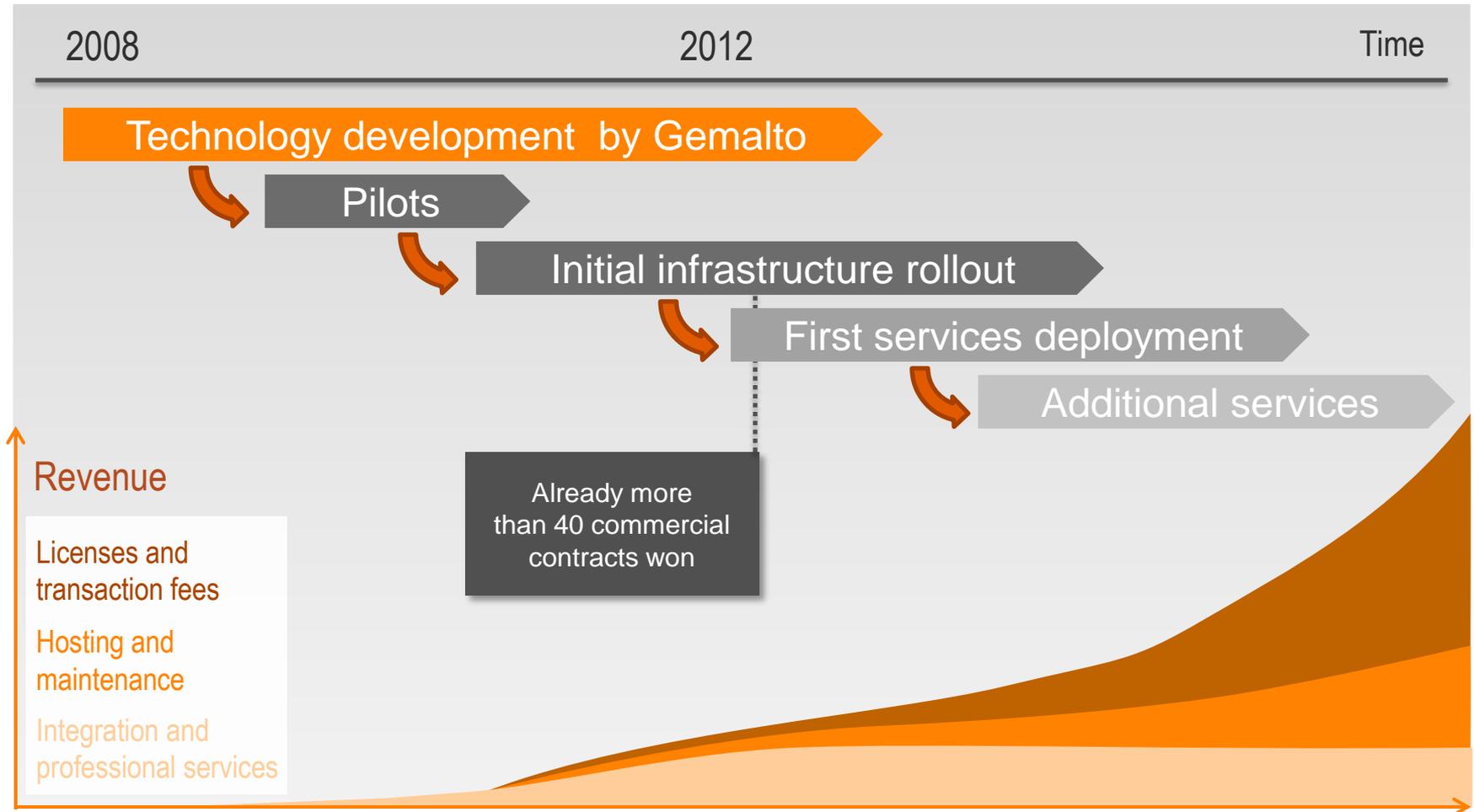
More advanced
Embedded Software & Products



More
Platforms & Services

Being first is key in software platforms

- Example of Trusted Service Management



Outlook for 2013

For the full year 2013 Gemalto anticipates double digit revenue expansion at constant exchange rates. Increased investment in operations to drive the business development beyond 2013 should lead to a more pronounced seasonality in profit from operations between the two semesters.

Gemalto's next long-term development plan and objectives will be announced in the second part of the year.

