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First quarter 2014 revenue

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Basis of preparation

Ongoing operations

For a better understanding of the current and future year-on-year evolution of the business, the Company provides revenue from “ongoing operations” for both the 2014 and 2013 reporting periods.

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

In this presentation, reported figures for ongoing operations only differ from figures for all operations by the contribution from assets held for sale for the year 2013. There is no difference for the year 2014.

Segment information

From January 1, 2014, segment information is modified to report on progress towards the objectives set as part of the Company’s new development plan covering the years 2014 to 2017, publicly announced on September 5, 2013.

The Mobile segment reports on businesses associated with mobile cellular technologies. The former Mobile Communication and Machine-to-Machine segments are part of Mobile. The security evaluation business for third parties, whose contribution to Mobile Communication was minor, is now managed together with the Patents business and is as of 2014 reported in the Patents & Others segment.

The Payment & Identity segment reports on businesses associated with secure personal interactions. The former Secure Transactions and Security segments are part of Payment & Identity.

In addition to this segment information, the Company also reports as of 2014 revenue of Mobile and Payment & Identity by type of activity: Embedded software & Products (E&P) and Platforms & Services (P&S).

Currency exchange rates

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

First quarter 2014 highlights

- Revenue up +7.3% to €532 million
- Conditions in place for a seasonal acceleration over the course of the year
- 2014 outlook confirmed

All revenue variations in this document are at constant exchange rates

Jacques TIERNY - CFO

Financial results

Mobile – key financial information

Revenue | € 271m
+0% | (2013 Q1: € 283m)

- Revenue from Platforms & Services grew by +6%, to €53 million, on top of 2013 first quarter's +33% year-on-year growth.
- Embedded software & Products revenue was €218 million, representing a (1%) variation compared to the first quarter of 2013.
 - Embedded software & Products revenue in the Machine-to-Machine business was €46 million, up +8%, with a strong performance in the automotive and metering industries.
 - Sales of multi-tenant SIM cards, used to secure third-party services such as mobile payment, grew rapidly in North America, but were lower in Europe as several commercial deployments were rescheduled to later in the year.
 - Revenue generation from multi-tenant SIMs planned for the year is unchanged.

Payment & Identity – key financial information

Revenue

+12%

€ 253m

(2013 Q1: € 235m)

- Payment & Identity segment revenue came in at €253 million, increasing by +12% compared to the previous year.
- Embedded software & Products and Platforms & Services revenues grew by +12% and +11% respectively.
- Particular strength in cloud access security for securing eBanking services.
- The Government business experienced strong tender activity related to new programs in emerging countries; however, revenue recorded this quarter was lower than the high comparison basis of the first quarter of 2013.
- Deployment of EMV technology accelerated in China, further expanding on top of the rapid increase in revenue recorded during the first quarter of 2013.
- In the US, customer initiatives intensified towards national rollouts of EMV payment cards in the second part of 2014.

Olivier PIOU - CEO

Moving forward

Trends in 2014 across sectors

Mobile

- Increasing penetration of LTE drives demand for connectivity management platforms and upgrades of SIM cards
- NFC/Trust ecosystem maturity allows a progressively wider deployment of multi-tenant secure elements
- Entering the commercial phase of GSMA compliant dynamic connectivity management for M2M

Payment & Identity

- Deployment of EMV in China expands beyond tier 1 issuers - the US gradually begins larger EMV card rollouts
- New set of commercial launches of mobile payment services
- Strong demand and backlog for governments, more lumpiness due to the increasing size of projects
- Acceleration in initiatives for securing internet services

Outlook for 2014

For the full year 2014, Gemalto anticipates double-digit expansion in both profit from operations and revenue at constant exchange rates.

Gemalto

Enabling trust in the digital world

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- ✧ Markets in Strong Development ✧
- ✧ Unique Technology Portfolio ✧
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- ✧ Large Free Float and Robust Financials ✧
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