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# Third quarter 2015 revenue

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# Basis of preparation

## Segment information

The Mobile segment reports on businesses associated with mobile cellular technologies including Machine-to-Machine, mobile secure elements (SIM, embedded secure element) and mobile Platforms & Services. The Payment & Identity segment reports on businesses associated with secure personal interactions including Payment, Government Programs and Enterprise. The SafeNet acquisition is part of the Enterprise business.

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

## SafeNet acquisition and related pro forma figures

Following the acquisition of SafeNet and for a better understanding of the year-on-year evolution of the business, the Company presents the 2014 Gemalto segment and activity pro forma figures as if SafeNet had been consolidated for the full year 2014 period and year-on-year variations between these 2014 pro forma figures and 2015 figures as if SafeNet had been consolidated starting from January 1, 2015. The difference between 2015 actual figures and 2015 pro forma figures corresponds to the SafeNet contribution from January 1st, 2015 to January 7th, 2015, the actual transaction closing date. SafeNet's pro forma figures used in this document were translated into Euro using monthly currency conversion rates. Variations of pro forma revenue figures are at constant exchange rates and exclude the impact of currencies variation hedging program for 2014 and 2015.

## Adjusted income statement and Profit from operations

PFO is a non-GAAP measure defined as IFRS operating profit adjusted for (i) the amortization and depreciation of intangibles resulting from acquisitions, (ii) restructuring and acquisition-related expenses, (iii) all equity-based compensation charges and associated costs; and (iv) fair value adjustments upon business acquisitions.

In the adjusted income statement, Operating Expenses are defined as the sum of Research and Engineering, Sales and Marketing, General and Administrative expenses, and Other income (expense) net.

Return on capital employed (ROCE) is defined as after-tax PFO divided by capital employed.

## 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.

Olivier PLOU - CEO

# Overview

# Third quarter 2015 Highlights

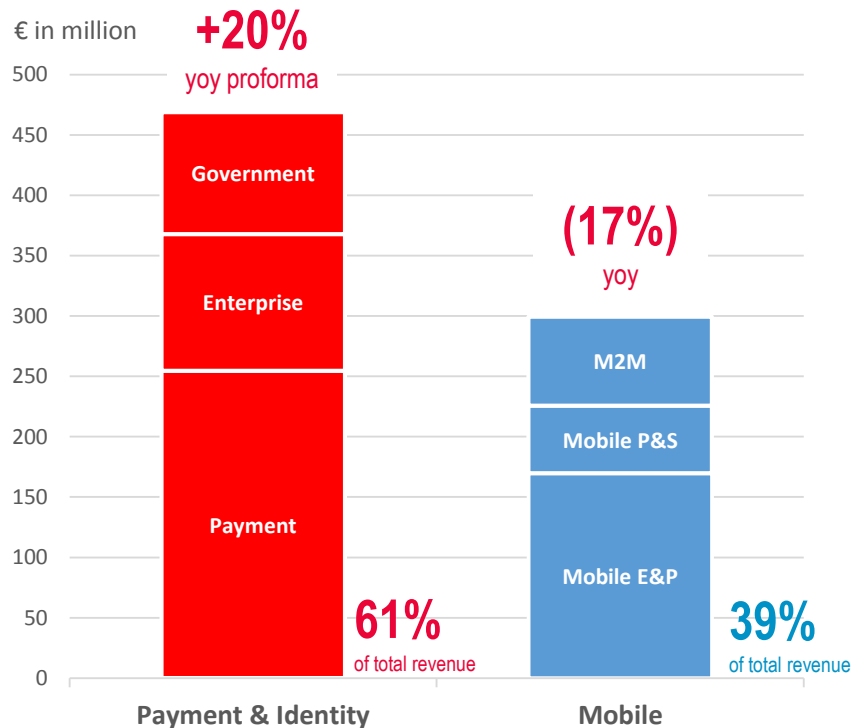
- Revenue at €769 million, up +23% at historical exchange rates and +13% at constant exchange rates
- Platforms & Services revenue up +74% at constant exchange rates and +13% pro forma
- Trend continues to be positive in Government Programs, Payment, Machine-to-Machine and lower for sales to mobile network operators

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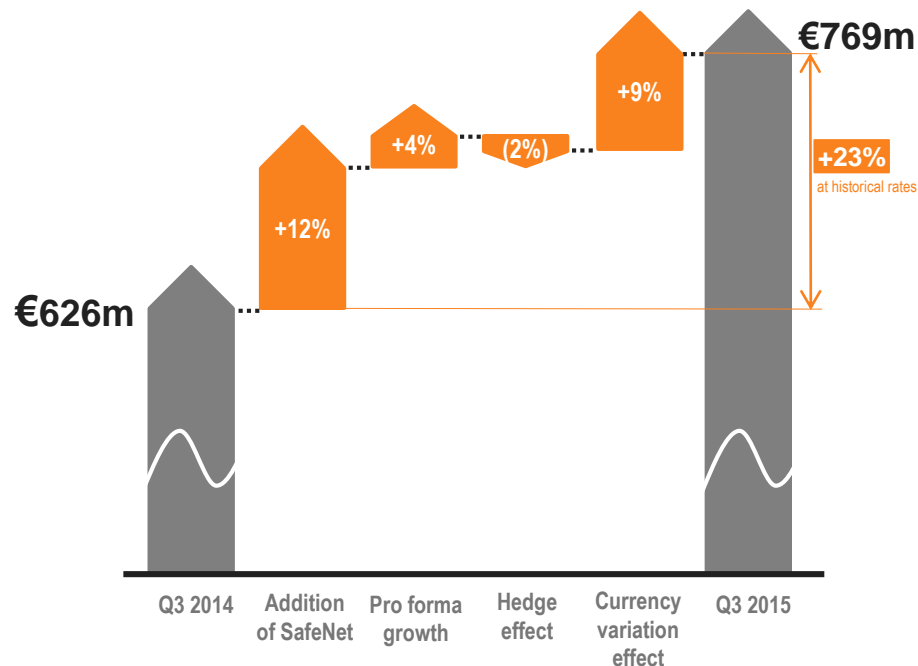
Revenue variations at constant exchange rate except where otherwise noted

# Key figures from third quarter 2015

## Main segment revenues



## Year-on-year Q3 revenue variations details



Pro forma figures include SafeNet revenue for the third quarter of 2014 and 2015

Jacques TIERNY - CFO

# Segment Information

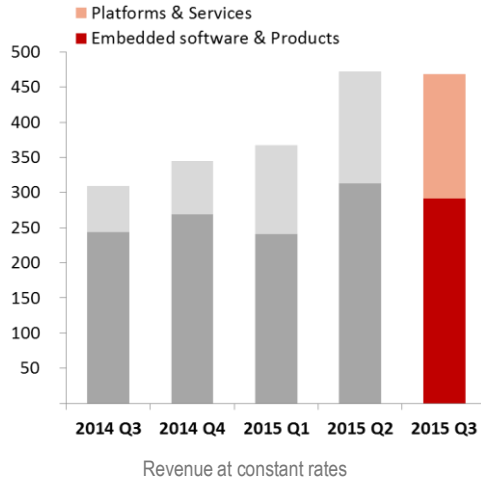
# Payment & Identity – key financial information

Revenue

€ 469m

+51%

(2014 Q3: € 289m)



- Embedded software & Products grew by +19% at €291 million. Platforms & Services revenue which includes SafeNet sales, more than doubled at €178 million, was up +29% year-on-year on a pro forma basis
- The Payment business grew by +23% compared to the same period in 2014
  - The Americas continue to post the largest growth, with revenue almost doubling compared to previous year on strong sales of EMV payment cards and issuance services in the United-States.
- Revenue from the Enterprise business came in at €113 million for Q3 2015
  - Expansion came from addition of SafeNet and from the sustained market demand for cybersecurity, software protection and software monetization solutions
  - The trend in revenue mix in authentication and data protection continues to move towards a higher proportion of software services
- Government Programs revenue was up +32% year-on-year
  - Sales in the Middle East and Africa region, impacted by external events in the previous year, are back to growth.
  - Revenue from the United States doubled compared to the same period in 2014.



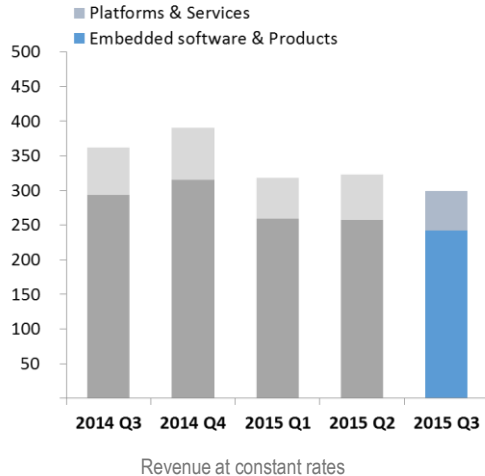
# Mobile – key financial information

Revenue

€ 299m

(17%)

(2014 Q3: € 331m)

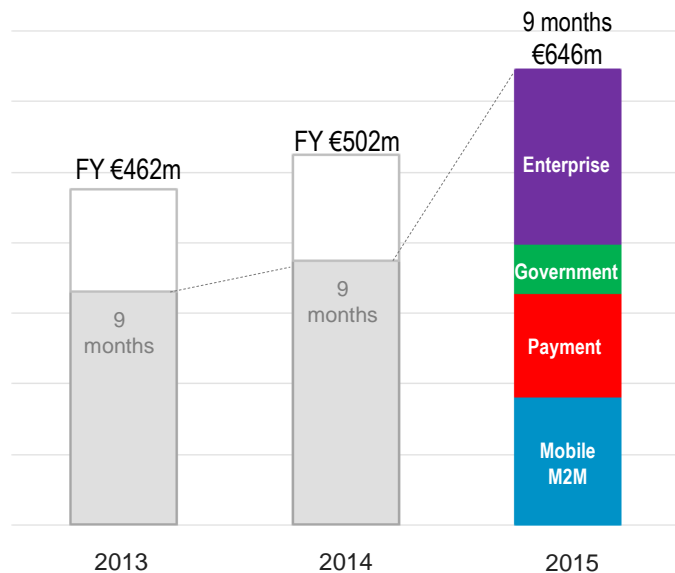


- Embedded software & Products came in at €243 million
  - SIM business, now representing 22% of total company sales, reduced by (27%), mainly due to the U.S. operators mobile payment closing as announced earlier, coupled with lower demand in Latin America and Asia. The correlation between the economic environment in these increasingly mobile-penetrated regions and SIM demand is stronger than before
  - The Machine-to-Machine business continued to grow rapidly, by +20% year-on-year, due to the expanding global demand of connected devices and embedded secure elements (eSE) for the Internet of Things (IoT)
- Platforms & Services revenue came in at €57 million
  - Mobile Financial Services revenue decreased year-on-year due to lower mobile payment in the U.S. as announced in August
  - Gemalto announced a partnership with Samsung to accelerate the deployment of Samsung Pay in Europe, with Gemalto's Trusted Service Hub offering payment issuers a one stop connection, lifecycle management of payment credentials and tokenization services
  - This quarter GSMA adopted a common architecture for embedded SIM and remote provisioning management to address consumer devices. Gemalto was first to demonstrate the GSMA defined architecture during the Mobile World Congress in Shanghai in partnerships with OEMs. The industry is now working on a detailed specification

Olivier PIOU - CEO

# Moving forward

# On track to achieve Platforms & Services revenue of €1B in 2017



## Common Core Technologies

-  Authentication
-  Data Protection
-  Key Management
-  Secure Issuance

## As a service or in-premise solutions



Building on a unique asset

## Key trends for Q4 2015

- Strong expansion to continue in Payment as EMV continues to ramp up in the U.S.
- On-track growth in Government Programs with solid backlog
- Lower SIM sales due to the closure of U.S. carriers' mobile payment service coupled with lower demand in Latin America and Asia
- Positive momentum in the Internet of Things, for connectivity modules and embedded secure elements
- Increasing demand for data protection, cybersecurity and software monetization solutions in the Enterprise business

# Outlook for 2015

For 2015, Gemalto anticipates another year of double digit growth in its profit from operations. In the second semester, the closure of the U.S. mobile payment service Softcard will limit the Mobile segment year on year progress in comparison to the same period of 2014.

Accelerating pace in Payment, Machine-to-Machine, Enterprise and Government Programs will support the profit expansion of the Company towards its upgraded objective of over €660 million in 2017.

# Gemalto

## Enabling trust in the digital world

- ✧ 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 ✧