Third quarter 2016 roadshow

Gemalto Investor Relations
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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 Platform & 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.
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).

Adjusted income statement and profit from operations (PFO)
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.
Overview
Third quarter 2016 highlights and 2017 outlook

- Q3 revenue at €753 million, (1%) at constant exchange rates
- Trends are positive for Machine-to-Machine, Government Programs, Enterprise and in line with third quarter expectations for Payment and Mobile
- For 2016 Gemalto expects to generate a +1.5 percentage point gross margin increase
- 2017 profit from operations outlook expected to be between €500 million and €520 million

Revenue variations at constant exchange rate except where otherwise noted
Segment information
Third quarter revenue composition

Main segment revenues

- **Government**: 62% of total revenue
- **Enterprise**: (5%) yoy
- **Payment**: 38% of total revenue

Activity revenues

- **Platforms & Services**: €231m, 31% of total revenue
- **Embedded software & Products**: €522m, 69% of total revenue

Charts not to scale
Payment & Identity – key financial information

- Embedded software & Products revenue was stable at €288 million. Platforms & Services revenue came in at €179 million, up +2% compared to the same period last year.

- Payment revenue came in at €241 million, reduced by (3%) year-on-year.
  - The Americas revenue was lower due to soft market environment in Brazil and to the high comparison basis in United States related to the EMV liability shift deadline a year ago.

- Enterprise revenue came in at €117 million, up +4% year-on-year.
  - The trend in revenue mix within the Authentication business line continues to move towards a higher proportion of software and services.

- Government Programs revenue came in at €109 million, up +9% year-on-year.
  - Gemalto also finalized the transformation of a production site in order to accompany the increase in project deliveries anticipated over the coming quarters.

Revenue

€ 467m

+1%

(2015 Q3: € 469m)
Mobile – key financial information

- Embedded software & Products came in at €234 million
  - SIM sales were lower by (11%) at €152 million year-on-year, compared to the (16%) in Q2 2016, with the improvement coming from slightly better conditions in Latin America and Asia. Regulators of some countries in Africa also started to apply stricter subscription registration processes
  - The Machine-to-Machine business grew by +11% year-on-year, at €81 million and accelerating sequentially, coming from supported by the expanding global demand of connected devices and embedded secure elements for the Internet of Things (IoT)

- Platforms & Services revenue for the segment came in at €52 million, reduced by (9%) year-on-year with client delays in project commencements
  - Gemalto partners Dai Nippon Printing (DNP) in Japan to offer issuers digital card provisioning and tokenization services for Apple Pay, which is transforming mobile payments with an easy, secure and private way to pay.
  - Gemalto Trusted Service Hub has also been selected by Market Pay for loading Carrefour payment and loyalty cards, by Valeo for provisioning virtual car keys
  - The Company continues to progress on the GSMA specifications for embedded SIMs (eSIMs) and remote provisioning to best align and set up the ecosystem
Key trends for Q4 2016

- Soft mobile environment in Latin America and Africa
- High comparison basis for US EMV with strong deliveries in the previous year and soft market environment in Brazil
- Timing of dual interface cards take-up in the US yet to be confirmed
- Continuing expansion for the Internet of Things
- Growth acceleration in Government Programs
- Increasing demand for data protection, software monetization and cybersecurity solutions
Outlook for 2016

For 2016, Gemalto expects to generate a +1.5 percentage point gross margin increase through an acceleration of revenue growth in the fourth quarter.
Expected gross margin improvement, as in previous plans

Charts not to scale

Build foundations
Prove offer value and expand skills
Enable trust

1 2 3
Gross margin improvement plan

2015 Company Gross Margin

Payment & Identity

Enterprise
Portfolio integration

Government Programs
Scale effect
Optimizing the US EMV operations

Mobile

Mobile E&P
Adapt resources to market evolution

M2M
Scale effect

Mobile P&S
Redeployment of resources

+1.5%
Outlook
39%
Moving forward
2017 profit from operations initial plan

+ Ahead of initial plan

Lower than initial plan

2014-2017 Multi-year development plan

Payment  Government Programs  Enterprise  SIM  Mobile P&S  M2M
2017 profit from operations expectations prior to current planning processes

- 2014-2017 Multi-year development plan
- Payment
  - Strong EMV adoption with migrations in key geographies
  - Early stage interest for dual interface cards in the US
- Government Programs
  - Solid win rate with expanding project backlog
- Enterprise
  - Increasing market demand for data protection, software monetization and cybersecurity solutions
- SIM
- Mobile P&S
- M2M
- Lower demand for SIM and slower global NFC mobile payment adoption

+ Ahead of initial plan

- Lower than initial plan
2017 profit from operations outlook from current planning processes and key trends in Q4 2016

+ Ahead of initial plan

- Slower migration of payment cards in 2017 due to scheme policy change in the US

- Timing of the dual interface cards take up yet to be confirmed

2014-2017 Multi-year development plan

- Lower than initial plan

Very adverse mobile environment

Plans for increased investments to capture growth beyond 2017
- Government Programs Platforms & Services
- Data Encryption

Plans for increased investments to capture growth beyond 2017
- GSMA Embedded SIM and remote provisioning
- Trusted Service Hub
From the current planning processes, Gemalto’s 2017 profit from operations is expected to be between €500 million and €520 million, leading to a compound average growth rate of around +10% since 2013. This outlook reflects a very adverse mobile environment and slower than anticipated migration of payment cards in 2017. It also takes into account plans for increased investments to capture growth beyond 2017 in Mobile Platforms & Services, Enterprise and Government Programs. Gemalto’s Platforms & Services revenue objective of €1 billion in 2017 remains unchanged.
On track to achieve Platforms & Services revenue of €1B in 2017

Building on a unique asset
Priorities of the Payment business

Embedded software & Products
- Portfolio migration (Credit, Debit, Private label, Prepaid)
- Need for more security (DDA, Dynamic CVV)
- Dual interface
  - User Experience

Platforms & Services
- Issuers
- Perso Centers
- Instant Issuance
- Self-Service Issuance
- Mobile Issuance

Focus and Improve efficiency in Payment services

Smart Payment Cards penetration in the banked population

- Total number of Payment Cards in circulation
- Penetration of Smart Payment Cards

Penetration rate
- > 80%
- > 50%
- > 20%

Source: IHS Technology, ABI, Gemalto
Market trends of Enterprise business lines we address

**DATA PROTECTION**
- Data Encryption
- Crypto Management & Keys Protection

**AUTHENTICATION**
- Authentication Management
- Hardware & Software Authenticators

**SOFTWARE MONETIZATION**
- Licensing & Entitlement Management
- Software Security & Protection

Continue to expand technology partnerships
Moving towards software and services
Reinforce Investment

**Data Protection**
- Broadest support for big data encryption
- Low teens CAGR

**Authentication**
- Ezio Mobile with more than 40 bank references
- High single digit CAGR

**Software Monetization**
- Expand Software Monetization solution to intelligent devices
- Mid single digit CAGR

*Source: IDC, Juniper, Frost and Sullivan*
Market trends of Government Programs

Leverage the increasing secure document base to trigger Platforms & Services opportunities

Penetration rate of eDocuments

Total number of documents in circulation

2016: 2.2bn, 25%
2020: 3.6bn, 34%
Penetration of eDocuments (ePassports, eID, eDL and eHealthcare)

Gemalto historical revenue at constant rate

+14% LTM CAGR

eGovernment market issuances (m Units)

+10.8% CAGR

Source: ABI research, Gemalto
Gemalto’s end-to-end offer for the Internet of Things (IoT)

Embedded Software & Products

**Wireless Modules**
To bring the connectivity feature
(World first VoLTE, Cat1)

**Machine Identification Modules**
/ Embedded SIM
To authenticate on Mobile Network

**Embedded Secure Element (eSE)**
To authenticate and secure connection with Service Providers

Platforms & Services

**On-Demand Connectivity**
Remote subscription management

**SensorLogic Platform**
Transform big data into smarter data for business actions

**Consulting Services**
Expertise in security architecture

**Trusted Services Hub**
Credential and token management

Investments in innovation continue to drive business expansion across sectors and regions

- Automotive
- Site Security
- Payment Systems
- Track and Trace
- Metering
- eHealth
- Maintenance

Example:
- eCall
- Entertainment
- Telematics
- Maintenance

Use cases:

**M2M cellular module new connections**

Source: GSMA Forecasts

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While SIM market evolves, the need to authenticate remains

**GSMA Specifications**
- Embedded SIM and Remote subscription management

**2014**
- Machine-to-Machine (M2M)

**2016**
- Consumer secondary devices

**Currently being defined**
- Consumer primary devices

**Embedded software & Products**
- MNO subscriptions
  - Embedded SIM
  - Removable SIM
- Service Providers credentials
  - Embedded Secure Element (eSE)
  - Trusted Execution Environment (TEE)

**Platforms & Services**
- On-Demand Connectivity
  - Remote subscription management
  - >20 references
- Over the Air (OTA)
  - Lifecycle management
  - >300 references
- Trusted Services Hub
  - Credential and token management
  - >20 references

**Bringing technical expertise to both device manufacturers and mobile network operators**

**Market size**
- Embedded SIM
- Removable SIM

**eSIM market for Consumer and M2M (bn $)**
- 2017
- 2018
- 2019
- 2020
  - +91% CAGR

**Source:** Gemalto, McKinsey & Company

**Third quarter 2016 roadshow**
The Trusted Service Hub interconnects and manages diverse sensitive software and data

Supports token-based credential management

- Banks (thousands)
- Transit
- Enterprises
to join

- eSE, SE (tens)
- TEE, HCE apps

to join

- On site, from Gemalto or not
- Serviced by Gemalto
- To join, serviced by Gemalto or not

←hundreds
Software and data stacks in secure elements are diverse

- **User data**
  - User data and applications
  - Industry applications
  - Operating system

**Secure hardware**

- **General purpose multitenant**
- **Multitenant**
- **Specific**

**Third quarter 2016 roadshow**
First semester 2016 results
First semester 2016 Highlights

- Revenue of €1.5 billion, up +1% at constant exchange rates and stable at historical exchange rates

- Revenue growth in Government Programs up +25%, Enterprise up +12%, Payment up +11% and Machine-to-Machine up +9%, at constant exchange rates, fully offsets lower sales to mobile network operators

- Gross margin increases by +92 basis points, confirming 2016 outlook

- Strong free cash flow generated, up +€128 million compared to first semester of 2015

Extracts from the adjusted income statement, revenue variations at constant exchange rate.
### Key figures from H1 2016 financial results

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€1,495m</td>
<td>+1%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>€586m</td>
<td>+2%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(€415m)</td>
<td>(27.7%)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>€172m</td>
<td>+8%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>€1.20</td>
<td></td>
</tr>
</tbody>
</table>

Extracts from the adjusted income statement

- **Gross margin**: 39.2% (+92bp)
- **OpEx ratio**: (27.7%) (9bp)
- **PFO margin**: 11.5% (+84bp)

*at historical rates*
First semester revenue composition

Main segment revenues

- Government: 63% of total revenue
- Enterprise: (13%) yoy
- Payment: 37% of total revenue

Activity revenues

- Platforms & Services: €484m, 32% of total revenue
- Embedded software & Products: €1,010m, 68% of total revenue

+14% yoy
# Adjusted income statement and IFRS

<table>
<thead>
<tr>
<th></th>
<th>All operations</th>
<th>Fair value adjustment upon acquisitions</th>
<th>Amortization of intangible assets</th>
<th>Equity based compensation</th>
<th>Restructuring and acquisitions related expenses</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H1 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,495</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,495</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>172</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>108</td>
</tr>
<tr>
<td>IFRS operating profit</td>
<td>(2)</td>
<td>(29)</td>
<td>(19)</td>
<td>(14)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>H1 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,499</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,499</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>160</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>IFRS operating profit</td>
<td>(67)</td>
<td>(23)</td>
<td>(17)</td>
<td>(19)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Key items of the cash flow statement

<table>
<thead>
<tr>
<th>€ in millions</th>
<th>First Semester 2016</th>
<th>First Semester 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash generated by operating activities before changes in working capital</strong></td>
<td>177</td>
<td>199</td>
</tr>
<tr>
<td>Net change in working capital</td>
<td>(43)</td>
<td>(57)</td>
</tr>
<tr>
<td>Cash used in restructuring actions and acquisition related expenses</td>
<td>(16)</td>
<td>(19)</td>
</tr>
<tr>
<td>Time de-correlated hedging effect / (Prepaid derivatives)</td>
<td>22</td>
<td>(84)</td>
</tr>
<tr>
<td><strong>Net cash generated by operating activities</strong></td>
<td>139</td>
<td>40</td>
</tr>
<tr>
<td>Capital expenditure and acquisition of intangibles</td>
<td>(75)</td>
<td>(104)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>64</td>
<td>(64)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(3)</td>
<td>(888)</td>
</tr>
<tr>
<td>Dividend paid to Gemalto shareholders</td>
<td>(42)</td>
<td>(37)</td>
</tr>
<tr>
<td>Net proceed (repayment) from/of financing instruments and others</td>
<td>(24)</td>
<td>177</td>
</tr>
<tr>
<td><strong>Net (debt) / cash, end of period</strong></td>
<td>(334)</td>
<td>(490)</td>
</tr>
</tbody>
</table>
Successful diversification and structural transformation

2006
€1,698m

2014
€2,465m

2015
€3,122m

Charts not to scale
Enterprise Security
Government sector accounted for 43% of compromised data records, up 476% from 2014 due to several very large data breaches in the United States and Turkey, and 16% of all data breaches.

>3.6bn data records exposed since 2013

ONLY 4% of breaches were “Secure Breaches” where encryption was used and the stolen data was rendered useless.
SafeNet Data Encryption Solutions

The world’s most comprehensive portfolio of solutions for encrypting data at rest in physical, cloud, or virtual datacenters, as well as, in transit from trusted location to another.

Offers the industry’s most expansive ecosystem of integrations for encrypting data within third party environments.
SafeNet offers the world’s most certified and widely deployed portfolio of crypto management solutions for securing and managing encryption keys and also executing cryptographic functions such as code signing.

Indicates a SafeNet Product
2014 – 2017
Multi-year development plan summary

Full document can be downloaded from www.gemalto.com/investors
## Gemalto brings trust to 5 global markets

<table>
<thead>
<tr>
<th>Mobile Communication</th>
<th>Machine-to-Machine</th>
<th>Electronic payment</th>
<th>eGovernment</th>
<th>Enterprise security</th>
</tr>
</thead>
<tbody>
<tr>
<td>800 mobile carriers</td>
<td>10,000+ industrials and distributors</td>
<td>12,000+ financial institutions</td>
<td>193 governments</td>
<td>200,000+ large companies and system integrators</td>
</tr>
</tbody>
</table>

- **Mobile Communication**: World #1 with 95% of the world’s top 100 MNOs as clients
- **Machine-to-Machine**: A world leader for cellular connectivity technology
- **Electronic payment**: World #1 for card-based and mobile payment
- **eGovernment**: World #1 with more than 80 eDocument references from Gemalto
- **Enterprise security**: A world leader for user authentication from Gartner’s Magic quadrant

### Addressed with similar core technologies creating internal synergies

Sources: GSMA, Gemalto, FDIC.gov, European Central Bank, United Nations, US Census Bureau, Eurostat SBS

1. Electronic payment cards and Trusted Service Management contract coverage for EMV mobile payment
These markets still have large penetration potential

- **Personal mobile subscriptions**: Weighted Average market penetration in 2012
- **Chip-based payment**: 0%
- **Citizen eDocuments**: 0%
- **Enterprise cloud authentication**: 0%
- **Connected machines**: 100%

**Products**: Average replacement cycle: 2 years

**Services**: Typical contract duration: 3-5 years

Source: GSMA, EMVCo, National Gold Card Foundation, Nilson Report, ABI Research, Gartner, Ericsson, Gemalto

40 Third quarter 2016 roadshow
2006 – 2009
**Build foundations**
- Establish clear leadership in historical smart card markets
- Reallocate resources to develop data management and to serve adjacent sectors

10% profit margin reached ahead of plan

2010 – 2013
**Prove offer value and Expand skills**
- Extend Platforms & Services through organic growth and targeted acquisitions
- Reinforce leadership in securing transactions, identities and access rights

€300m profit from operations reached ahead of plan

2014 – 2017
**Enable trust**
- Become the trusted services management provider of choice for the digital world
- Develop a mix of platforms & services offers supported by the secure products and software clients

New objectives announced
One of our differentiators is our unique position on the two end-points of the trust chain.
the Client

To protect IDs

Embedded software & Products protecting unique digital identities that represent people on global digital networks against theft and misuse

World’s #1

the Back-end

To manage IDs and validate access

Platforms & Services giving people strong digital identities and checking them when they access connected services

World’s #1
We also leverage two other unique assets
Our technology

Trust is founded on reliable identities

Our technology to secure digital identities and access services has proven to be an Unmatched combination of security, scalability and cost efficiency

Our market neutrality

Our customers want to preserve a direct relationship with their billions of end-users

To make their interactions trusted, our approach is clear

We operate behind the scenes and under the hood
We will continue to follow a clear policy for allocation of cash flows
With a similar pattern

Operating cash flow generated by 2017

Cash available in 2012

Capital expenditure

Bolt-on acquisitions

Dividend, share buy-back

Each of the three allocations of generated cash flow is significant

Chart not to scale
Allocations to capital expenditures

Property, plant, equipment

~2.5% of sales

- An increasing share of tangible capex investments go to datacenters (we rent the facilities space but have to comply with specific certifications)
- Focus on leveraging our existing global footprint

Capitalized R&D and intangibles

~2.5% of sales

- We have to capitalize some R&D as per IFRS
- Most of the increase observed in the last plan relates to the acquisition of Cinterion and the ongoing M2M activity
We will continue to do bolt-on acquisitions

We typically evaluate two types of bolt-on acquisitions

**Technology**
Innovative new technologies and adjacent technology bricks that complement our existing portfolio

**Market reach**
Gain better access to customers or enter attractive new markets
We will continue our cash return to shareholders

Annual dividend: stable or growing

Share buy-back complement
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