

Q4 / FY 2006 Revenue

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Agenda

✦ Introduction

- ✦ Q4 and FY 2006 Revenue
- ✦ Digital Security Vision & Outlook

Q4 and FY 2006 Highlights

- ★ Combination fully completed, strongly supported by customers, shareholders and employees
- ★ Integration program and synergy generation well on track
- ★ More favorable competitive environment
- ★ New commercial successes obtained over the recent months in all segments, confirming Gemalto leadership in Digital Security
- ★ Fourth quarter revenue down 2% at constant exchange rates, at €461 m
- ★ Full year pro forma revenue essentially stable at constant exchange rates, at €1,698 m



Gemalto successfully created in just a year

✦ Combination finalized

- Squeeze-out and sell-out procedures now completed: Gemalto holds 100 % of Gemplus
- Gemplus delisted on January 29, 2007
- Share buy-back program in place

✦ Integration Program well advanced

- Organization, structure and objectives in place since June 2nd
- Key integration steps
 - Product portfolio rationalized and roadmap implemented
 - CRM*, forecasting and supply chain processes merged
 - Customer outreach intensified
 - Long range planning revisited and integrated, aligned towards profitability objectives

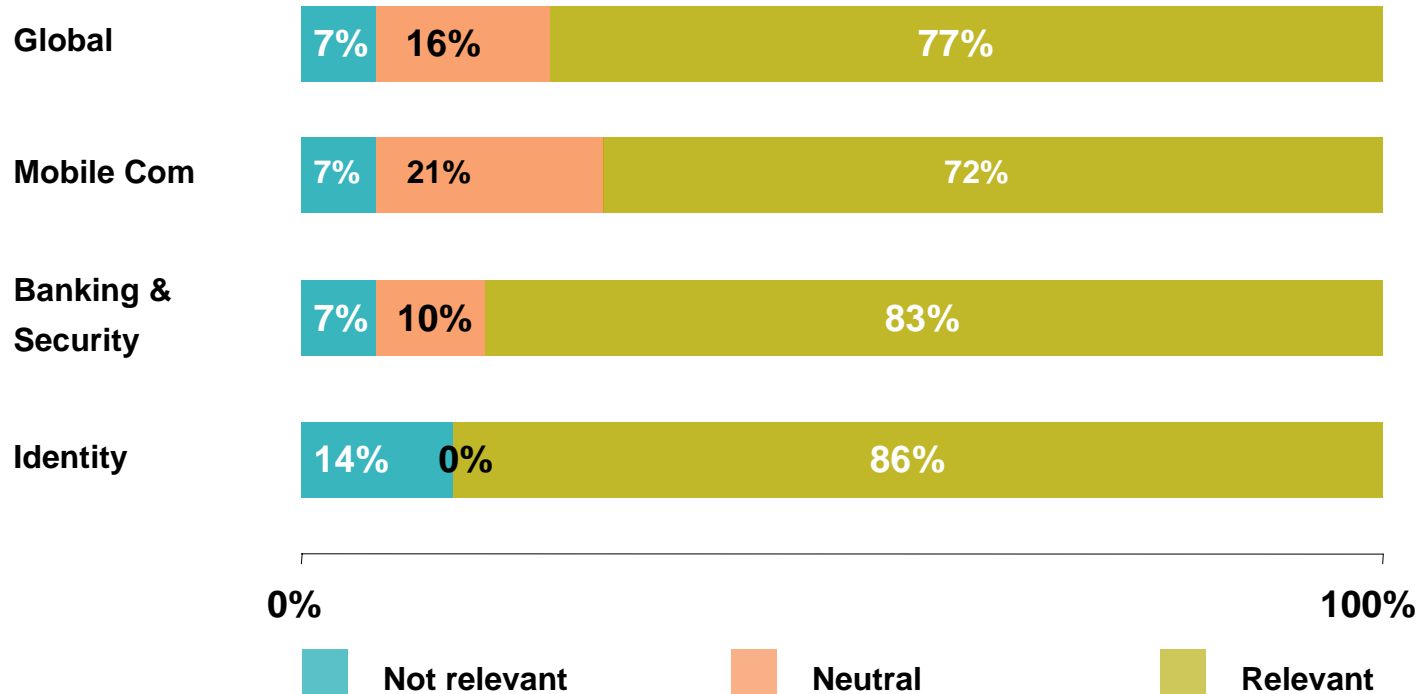


* Customer Relationship Management

Large acceptance of the focus on Digital Security

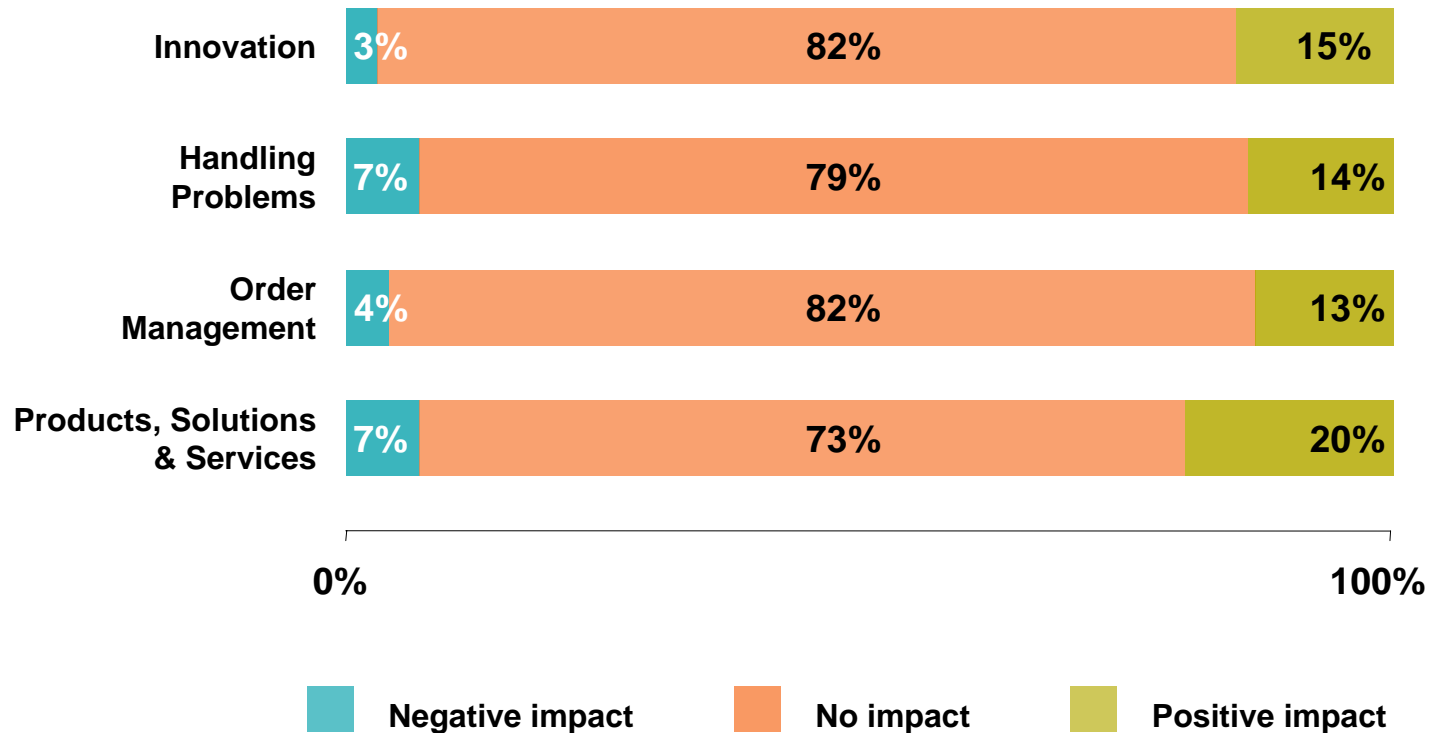
Gemalto's ambition: « to be the world leader in digital security, making personal digital interactions secure and easy »

How relevant to you is Gemalto ambition?



Customers experienced minimal disruption

Did you experience any business disruption, as a result of the Gemalto combination?

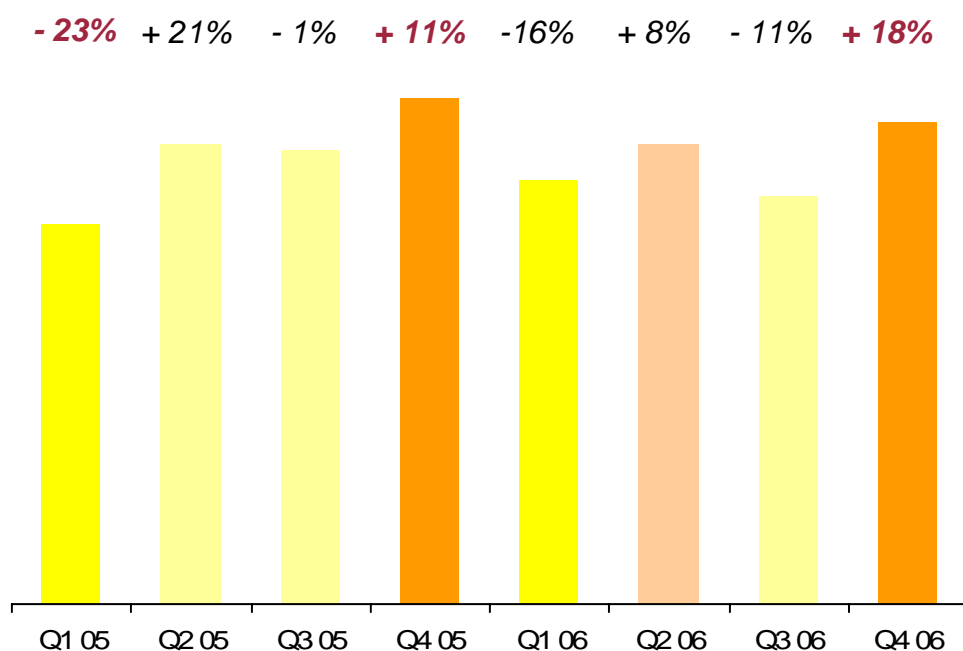


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- ✦ Introduction
- ✦ **Q4 & FY 2006 Revenue**
- ✦ Digital Security Vision & Outlook

Q4 06 revenue at €461 million, + 18%*, vs. Q3 06

% change
QoQ
At
historical
rates



Sequential growth by segments*

- Mobile Communication + 18%
- Secure Transactions + 16%
- Identity & Security + 29%

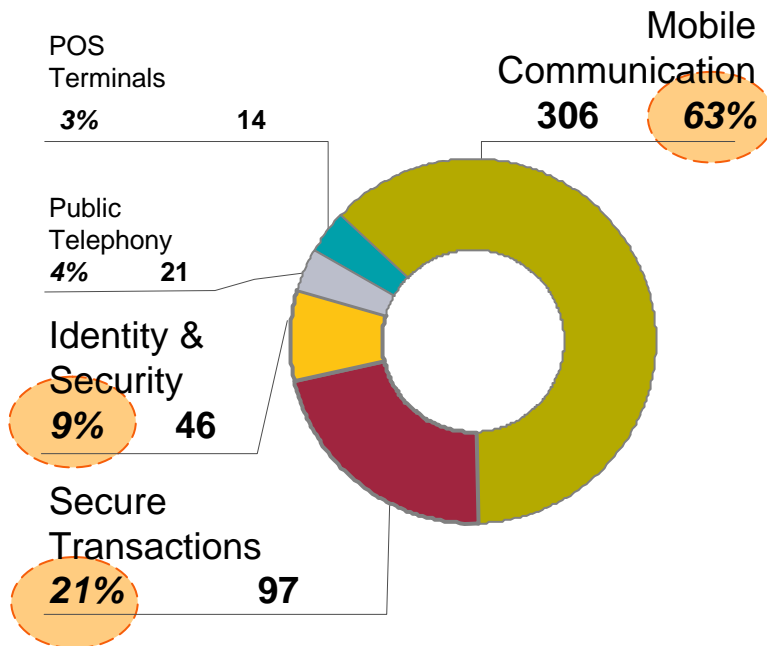
- ★ Q4 revenue has been the strongest in the recent past, mainly driven by seasonal peak in demand for Mobile Communication in Europe and the Americas
- ★ Seasonal effect enhanced in Q4 06 by growth in the other core segments

*Adjusted for currency fluctuations

All figures above until Q2 06 included prepared on a pro forma basis

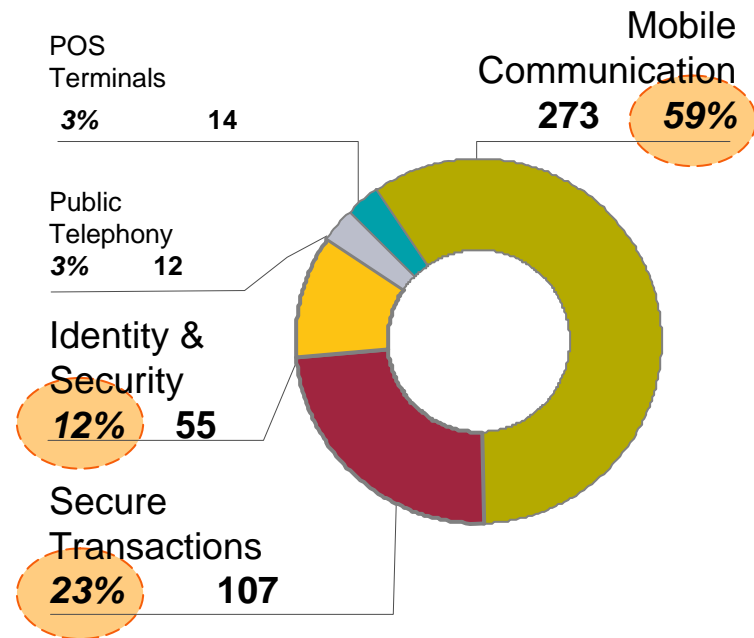
Q4 06 Revenue by segment: confirming increasing contribution of Secure Transactions and ID & Security

Pro forma* Q4 2005



€ 484 million

Q4 2006



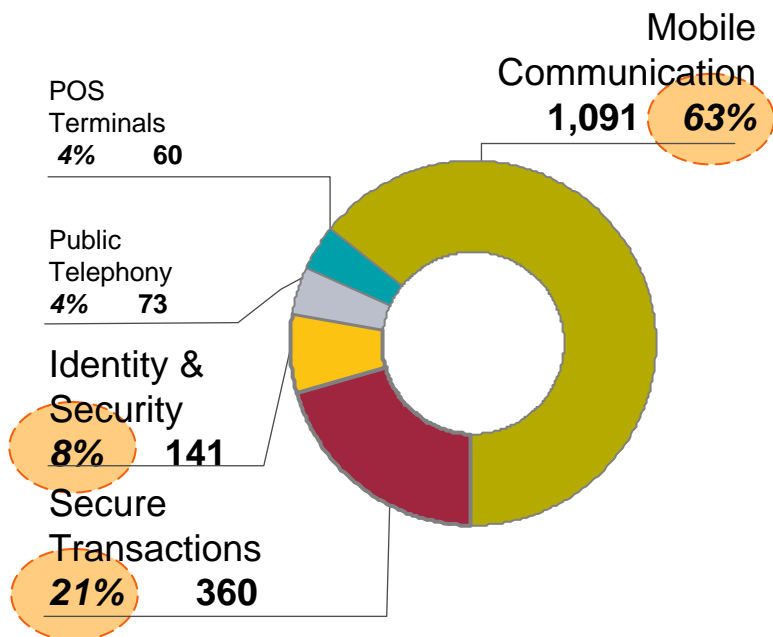
€ 461 million

- 2% currency adj.

* Prepared on a pro forma basis, reflecting the combined activity of Gemalto and Gemplus over the fourth quarter

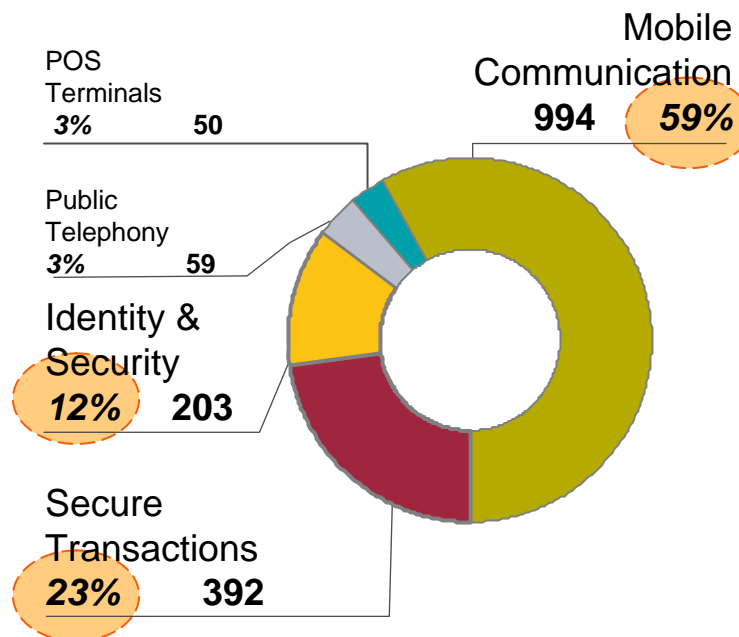
Pro forma* FY 06 revenue: a more balanced portfolio

Pro forma* FY 2005



€ 1,724 million

Pro forma* FY 2006



€ 1,698 million

- 1% currency adj.

* Prepared on a pro forma basis, reflecting the combined activity of Gemalto and Gemplus over the full year

Mobile Communication

✦ Market trends

- Growth mainly driven by emerging countries
- Competitive environment becoming more favorable in the later stages of H2
- Emergence of multimedia services

✦ Gemalto highlights

- Mobile TV unmatched reference
- Growth in new wireless services
- Innovation: new specification for multimedia mobile applications based on USB



Mobile Communication: strong demand

✦ Q4 06 revenue down 9%*

✦ Demand remains strong:

volumes delivered up 23% at 252 million units

- Volume growth driven by strong demand in Asia
- High end products ramping up e.g. Mobile TV
- Americas: volume growth driven by new subscriber adds and high end products

✦ ASP** up 1% in Q4 06, sequentially

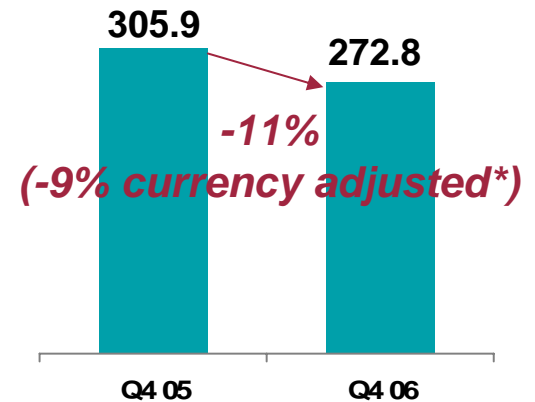
- Sequential increase due to the seasonal improvement in geographic mix and a more favorable competitive environment
- 25% year-on-year decrease, reflecting a significant improvement compared with first nine months

* Adjusted for currency fluctuations

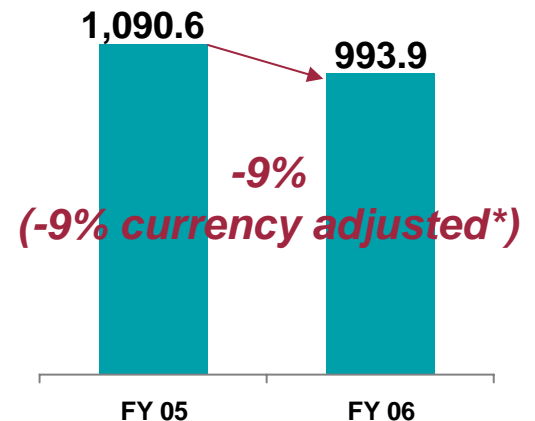
** Average Sales Price

In € million

Pro forma
Quarterly Revenue



Pro forma
FY Revenue



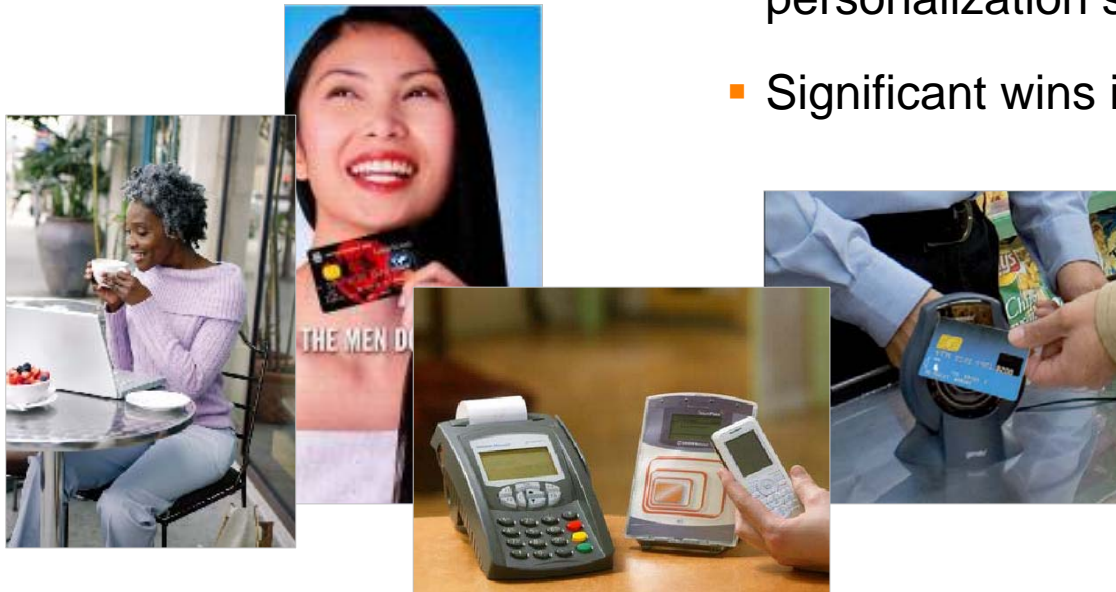
Secure Transactions

★ Market trends

- EMV migration advancing
- Contactless continues to gain global market acceptance

★ Gemalto highlights

- EMV momentum in Latin America, Asia and in mature European markets during Q4 06
- Strong growth in personalization services
- Significant wins in contactless



Secure Transactions : an excellent year

★ Q4 Revenue up 12%*

- On-going EMV development in Latin America and Asia
- Solid activity in mature European markets
- Gains in Pay TV

★ Microprocessor card volumes up 20%

- 56 million microprocessor cards shipped in Q4 06

★ Contactless payment launched

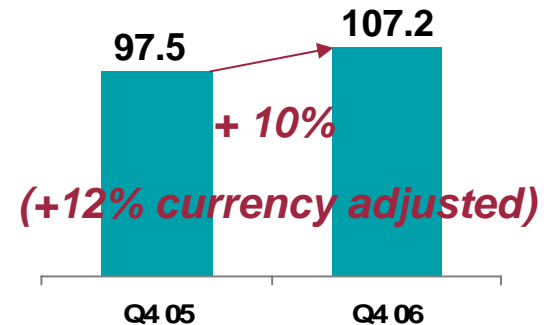
- Deployment in the U.S. with large banks and “combicards” in North Asia at the end of Q4
- Numerous pilots around the globe, notably in EMEA

* Adjusted from currency fluctuations

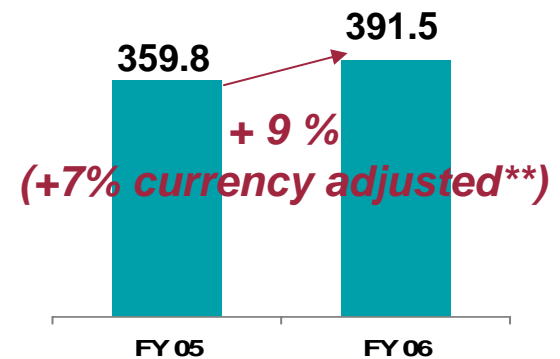
** Adjusted for Setec acquisition and currency fluctuations

In € million

Pro forma
Quarterly Revenue



Pro forma
FY Revenue



Identity & Security

✦ Market trends

- Materialization of e-passport deployments
- Increasing number of e-government ID, healthcare and drivers license programs
- Logical and physical security solutions becoming more mainstream
- Internet banking adopting strong authentication devices

✦ Gemalto highlights

- e-passport: leadership confirmed with 14 programs worldwide
- Healthcare: France, Algeria, Germany
- Drivers license: turnkey solution in Norway
- Microsoft Vista integrates Gemalto's technology
- New products launched in secure Internet banking

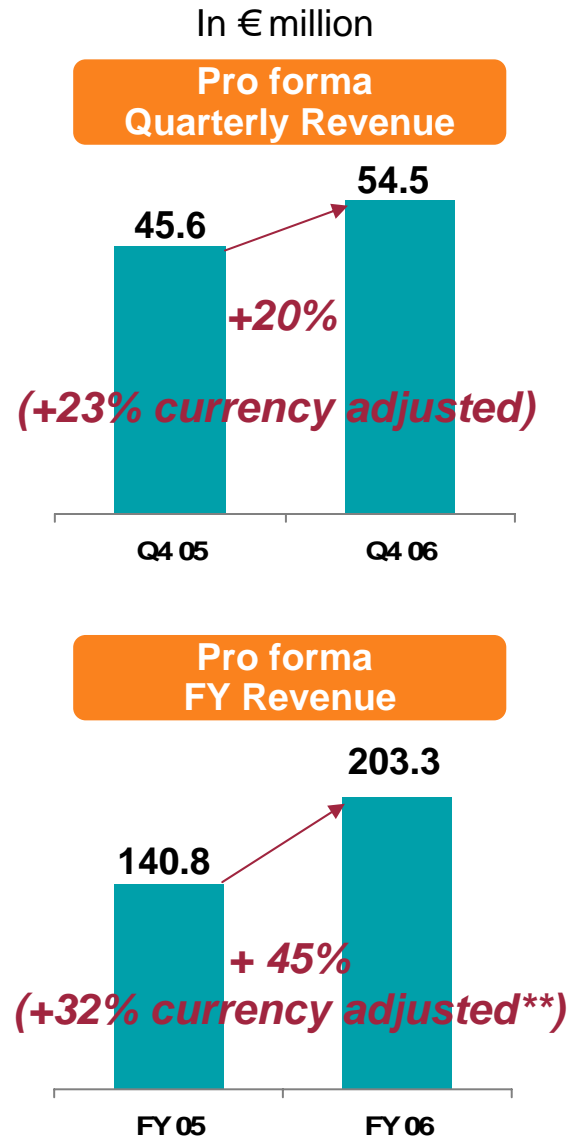


Identity & Security : very strong demand

- ✦ Q4 06 revenue up by 23%*, an excellent performance
- ✦ Robust growth and new business successes
 - Deployment of e-passport programs mainly in Europe
 - Several turnkey solutions contracts won
- ✦ No significant patent licensing contracts in H2
- ✦ Full year revenue over € 200 million

* Adjusted from currency fluctuations

** Adjusted for Setec acquisition and currency fluctuations



Public Telephony

In € million Pro forma	Q4 05	Q4 06	% change*	FY 05	FY 06	% change*
Revenue	21.1	12.3	-38%	73.2	58.8	-19%

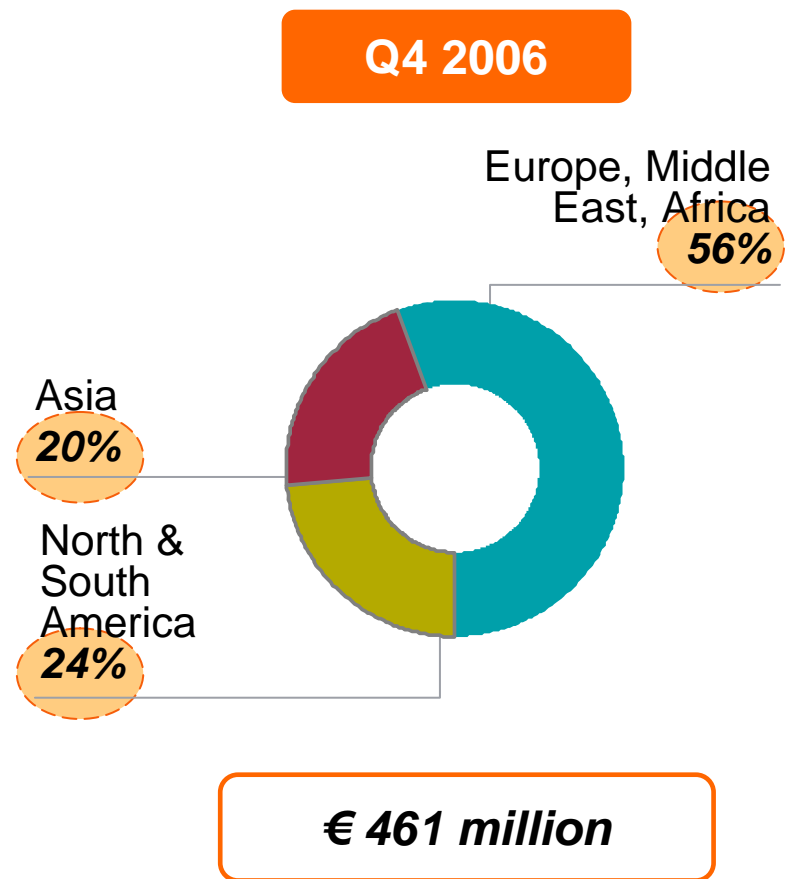
Point of Sales Terminals

In € million Pro forma	Q4 05	Q4 06	% change*	FY 05	FY 06	% change*
Revenue	14.3	14.3	+ 4%	60.1	50.4	-15%

* Adjusted for currency fluctuations

Q4 06 year-on-year revenue by area

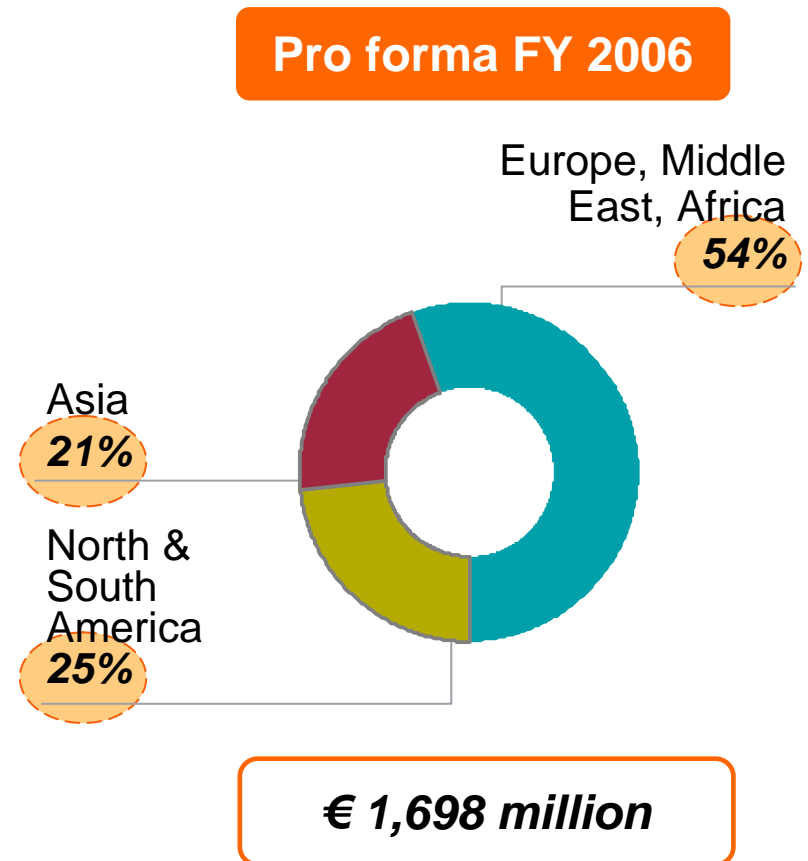
- ✦ **EMEA** at €259 million, down 1%*
 - Growth in ID & Security and Secure Transaction
 - Lower revenue in Mobile Communication and Public Telephony
- ✦ **Americas** at €112 million, down 10%*,
 - Weaker demand in Mobile Communication and Public Telephony
- ✦ **Asia** at €90 million, up 6%*,
 - Strong demand in Mobile Communication and Secure Transactions



* Atdjusted from currency fluctuation

Pro forma* FY revenue by area

- ✦ **EMEA** at €924 million, up 1%**
 - Strong growth in ID Security
 - Lower revenue in Mobile Communication and Public Telephony
- ✦ **Americas** at €416 million, down 12%**
 - Weaker demand in Mobile Communication
 - ID & Security and Secure Transaction growth in Latin America
- ✦ **Asia** at €358 million, up 6%**
 - Strong growth in Secure Transaction and ID & Security



* Prepared on a pro forma basis, reflecting the combined activity of Gemalto and Gemplus over the full year

** At constant exchange rate

€ 85 Million of Net Synergy objective in Year 3

+ Procurement

- Best purchasing price of each company
- Access to new technologies
- Benefiting from size effect (travel, supplies, etc...)

+ Manufacturing processes

- Best teams in the industry
- Optimized logistics and facilities

+ Operating expenses

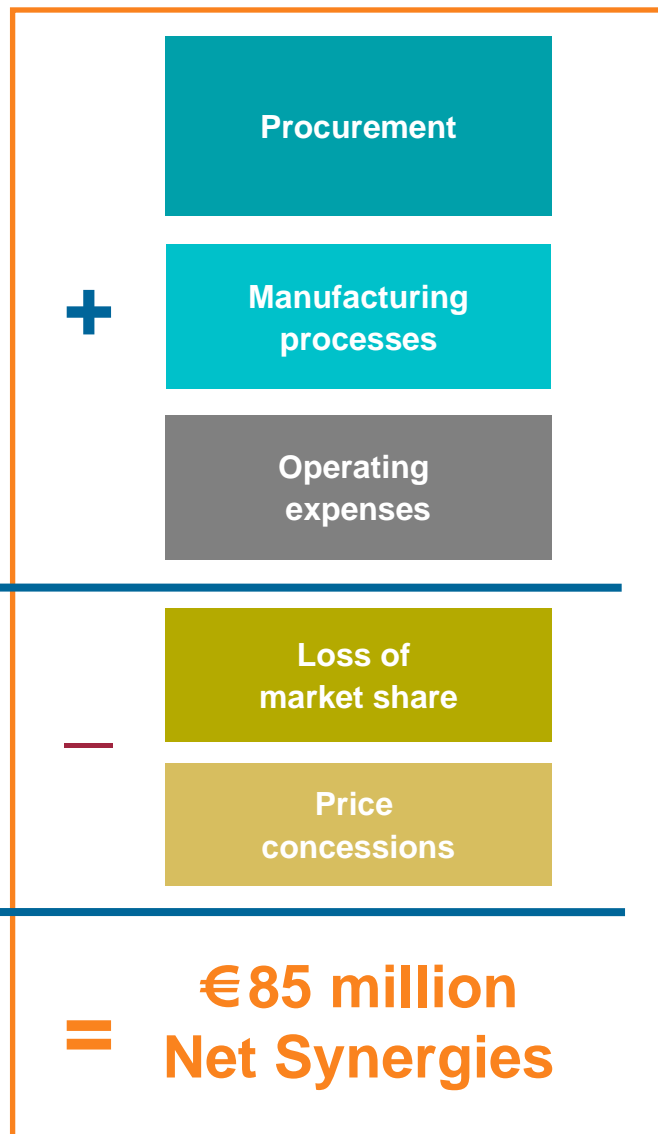
- Structure
- External expenses

- Profit lost from revenue attrition

- Overlap mostly in Mobile Communication

- Price concessions to customers

These synergies were not accessible to Axalto or Gemplus on a stand alone basis



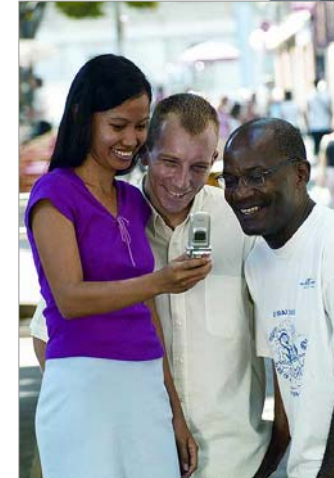
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- ✦ **Digital Security Vision & Outlook**



Digital Security Vision

1. The digital revolution is transforming the way people go about their everyday lives
2. The freedom to communicate, buy or travel, anytime or anywhere has become an integral part of what each individual wants and expects
3. The business of our customers is to enable individuals to make the most of these digital interactions. We help them by making these more convenient secure and enjoyable
4. We are part of a large and fast developing market that is growing with the spread of these digital interactions to every aspects of a person's life. Be it at work or at home or in between
5. As the scope of the digital world extends, and in order to provide our clients with solutions that are more comprehensive and useful, Gemalto has chosen to expand its activities throughout the value chain
6. As a result, smart cards have come to represent only a part of what Gemalto does or can do
7. Today, Gemalto's expertise and experience in developing secure personal devices, software and related services enable the company to become a leader and to thrive in this market



Outlook

- ✦ The Company expects operating margin⁽¹⁾ for the full year 2006 to be close to that of the first half
- ✦ In 2007, Gemalto anticipates sustained demand in all of its key markets, taking into account the usual seasonality effect of stronger activity in the second half than in the first half
- ✦ Synergies from the combination are well on track, and are being realized in line with our expectations. In addition, the Company continues to proactively adapt its cost base to the evolving market context in order to ensure that Gemalto meets its previously stated objective of an operating margin above 10% in 2009

(1) Prepared on a pro forma adjusted basis, reflecting the combined activity of Gemalto and Gemplus over the period, excluding one-off expenses incurred in connection with the combination with Gemplus, reorganization charges and charges resulting from the accounting treatment of the transaction and of the acquisition of Setec in June 2005, and assuming that the combination had taken place as of January 1, 2005.



- ✦ World leader in digital security
- ✦ Markets in strong development
- ✦ Strengthened management team
 - ✦ Unique technology portfolio
 - ✦ Blue chip customers
- ✦ Mid cap with large free float and robust financials