First semester 2014 earnings
Gemalto to acquire SafeNet

September 2014 – Roadshow booklet

Investor Relations
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Basis of preparation

Ongoing operations and adjusted income statement
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 except where otherwise noted.

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 semester 2014 highlights

- First semester revenue of €1.13 billion and profit from ongoing operations at €120 million

- Strong performance in Mobile Financial Services (+24%) and EMV payment cards (+22%) dampened by lower revenue from Government documents and Netsize

- Excluding the recently announced acquisition of SafeNet, Gemalto anticipates a double-digit expansion in its profit from operations in 2014 and an acceleration of its revenue growth at constant exchange rates in the second semester

All revenue variations are at constant exchange rates
Key figures from H1 2014 financial results

- For the first semester 2014, Gemalto’s revenue growth from its ongoing operations was +5% at constant rates and stable at historical rates, with growth in both Mobile and Payment & Identity.

- Activities within Embedded software & Products and Platforms & Service both contributed to the growth of Gemalto in the first semester of 2014 up by +5% and +10% respectively.
  - Growth in Embedded software & Products came mostly from EMV payment cards, which were up +22% in the period, more than offsetting the impact of the project and delivery delays reported in the first quarter in other businesses.
  - Platforms & Services contributed 37% of the total revenue growth during the period and the double-digit increase was driven by solid performance in Mobile Financial Services as well as Enterprise, eBanking, and Government Programs.

- Adverse effects of currency variations during the second quarter were very significant with revenue expanding by +6% at constant rates and stable at historical exchange rates in the two main segments, resulting in a negative impact on profitability from unhedged net exposure.
Jacques TIERNY - CFO

Financial results
## Adjusted income statement and IFRS

### Adjusted income statement

<table>
<thead>
<tr>
<th></th>
<th>Ongoing operations</th>
<th>Reconciling items (assets held for sale)</th>
<th>All operations</th>
<th>Amortization of intangible assets</th>
<th>Share based compensation</th>
<th>Restructuring and acquisitions related expenses</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H1 2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,133</td>
<td>-</td>
<td>1,133</td>
<td></td>
<td></td>
<td></td>
<td>1,133</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>120</td>
<td>-</td>
<td>120</td>
<td>(11)</td>
<td>(27)</td>
<td>(21)</td>
<td>61</td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>H1 2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,129</td>
<td>5</td>
<td>1,134</td>
<td></td>
<td></td>
<td></td>
<td>1,134</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>131</td>
<td>(1)</td>
<td>130</td>
<td>(13)</td>
<td>(13)</td>
<td>(1)</td>
<td>104</td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
After the flat revenue variation recorded during the first quarter, performance improved sequentially with +4% recorded during the second quarter, on top of the strong +12% year-on-year growth posted for the second quarter of 2013.

Embedded software & Products (E&P) revenue increased by +4% for the second quarter after (1%) for the first quarter, resulting in +2% growth for the first semester 2014.

- Deployment of Upteq multitenant SIMs continued in the United States and the roll-out progressed in Europe and Asia as more countries prepare for launches.
- In Europe, we finalized agreements for multi-country commercial deployments starting in the second semester.

Platforms & Services (P&S) grew by +6%, on top of the +44% revenue growth recorded for the first semester of 2013, with uneven performances within the portfolio of offers.

- Mobile Financial Services and Mobile Subscriber Services grew by +24% and +13% respectively
- Netsize activities reduced by 12% for the first semester due to the adaptation of IPX business to new European regulations in the payment and opt-in messaging space.

Gross profit reduced by €13 million due primarily to the reduced revenue in the cards business in the first quarter and the reduced Netsize activity. Operating expenses increased slightly by €3 million resulting in a profit from operations of €64 million.
Payment & Identity – key financial information

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>€ 537m</td>
</tr>
<tr>
<td>+10%</td>
<td></td>
</tr>
<tr>
<td>(2013 H1: € 512m)</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>€ 172m</td>
</tr>
<tr>
<td>+5%</td>
<td></td>
</tr>
<tr>
<td>(2013 H1: € 163m)</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>32.0%</td>
</tr>
<tr>
<td>+20bp</td>
<td></td>
</tr>
<tr>
<td>(2013 H1: 31.8%)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td>€ 53m</td>
</tr>
<tr>
<td>+16%</td>
<td></td>
</tr>
<tr>
<td>(2013 H1: € 46m)</td>
<td></td>
</tr>
<tr>
<td><strong>PFO Margin</strong></td>
<td>9.9%</td>
</tr>
<tr>
<td>+100bp</td>
<td></td>
</tr>
<tr>
<td>(2013 H1: 8.9%)</td>
<td></td>
</tr>
</tbody>
</table>

- Payment & Identity’s first semester revenue came in at €537 million, increasing by +10% compared to the same period in 2013.
- Commercial momentum for EMV continued to build around the world as all regions contributed double-digit growth to the +18% performance recorded in payment activities.
  - The migration in China continued, encompassing additional regional financial institutions.
  - In the US, Gemalto reinforced its organic investments made over the last two years with the acquisitions of Shoreline and SourceOne Direct, both provide personalization and card services to US financial institutions.
- The Identity businesses were lower by (3%) overall in the first semester of 2014 with a strongly positive +13% performance in internet and mobile banking activities offset by lower performance in Government Programs.
  - The Government business slowed down in a similar pattern in both the first and second quarter due to lower deliveries of documents, especially in the Middle East.
  - In the Identity & Access Management business, Gemalto entered into a definitive agreement to acquire SafeNet, extending its position in the online security market.
- Profit from operations in Payment & Identity for the first semester 2014 came in at €53 million, up +16% from the €46 million recorded in the first semester 2013.
Impact of seasonality on profit generation

Expected acceleration in year-on-year growth rate for H2 compared to H1

Typically generating high incremental profit in H2*

2013 cost of sales and operating expenses by nature reports ~35% of revenue spent in raw material used and consumables

Typical higher revenue in H2 in absolute terms

Expected double digit PFO expansion for the full year 2014

* excluding SafeNet, impact from external growth and exceptional investments in operations

Semester-on-semester incremental revenue increases compared to 2013

2014 Q1: +7%  
2014 Q2: +3%  
2014 H2: +9%

2013 Q1: +9%  
2013 Q2: +16%  
2013 H2: +8%

Revenue

2013: 1133  
2014: 120

PFO

2014 H1: +5%  
2014 H2: +16%

Gemalto first semester 2014 results
28 August 2014
Charts not to precise scale
### Key items of the cash flow statement

<table>
<thead>
<tr>
<th></th>
<th>First semester 2014</th>
<th>First semester 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€ in millions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated by operating activities before changes in working capital</td>
<td>128</td>
<td>127</td>
</tr>
<tr>
<td>Cash used by working capital increase</td>
<td>(75)</td>
<td>(83)</td>
</tr>
<tr>
<td>Cash used in restructuring actions</td>
<td>(4)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Cash generated by operating activities</strong></td>
<td>49</td>
<td>45</td>
</tr>
<tr>
<td>Capital expenditure and acquisition of intangibles</td>
<td>(50)</td>
<td>(56)</td>
</tr>
<tr>
<td>Acquisitions and divestitures</td>
<td>(43)</td>
<td>(25)</td>
</tr>
<tr>
<td>Dividend and share buy-back program</td>
<td>(47)</td>
<td>(44)</td>
</tr>
<tr>
<td><strong>Net cash, at end of the period</strong></td>
<td>363</td>
<td>277</td>
</tr>
</tbody>
</table>
Olivier PIOU - CEO

Moving forward
EMV in the US market has now become a reality

Credit

The top 10 issuers (~80% of credit market) will begin migrating in 2014

Debit

The top 7 issuers (~25% of debit market) will begin migrating in 2014

Gemalto has significantly reinforced its access to the US market at the right time

500mn+
chip-enabled cards issued over 2014 – 2015

1bn+
payment cards in circulation (total market)
Managing security in a multiple service–multiple device context

Service providers face the complexity of a heterogeneous environment to protect their mobile services

<table>
<thead>
<tr>
<th>Each handset-maker also decides to deploy</th>
<th>No SE / HCE</th>
<th>Embedded SE / TEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard SIM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured at the core only</td>
<td></td>
<td>Secured at the core + Handset maker-centric security at the edge</td>
</tr>
<tr>
<td>Multitenant SIM</td>
<td></td>
<td>Secured at the core + MNO-centric security at the edge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Secured at the edge with various security enablers</td>
</tr>
</tbody>
</table>

These configurations coexist and their mix is complex to manage

Each MNO decides to deploy

Establishing bilateral agreements between multiple service providers and multiple security enablers is complex

Gemalto raises the assurance of service security by protecting assets regardless of technological scenarios

Gemalto hub is the most comprehensive interconnection service that makes the protection of mobile transactions simple
Acquisition of SafeNet: to become the leading supplier of solutions to secure data software and users for cloud and private networks.

Security at the core

<table>
<thead>
<tr>
<th>Gemalto brings</th>
<th>SafeNet brings</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT CHANNEL</td>
<td>INDIRECT CHANNEL</td>
</tr>
<tr>
<td>TRUSTED RELATIONSHIPS</td>
<td>LARGE AND SKILLED</td>
</tr>
<tr>
<td>WITH MNOs, BANKS, AND</td>
<td>PARTNER AND RESELLER NETWORK</td>
</tr>
<tr>
<td>GOVERNMENTS</td>
<td>FOR THE ENTERPRISE SEGMENT</td>
</tr>
<tr>
<td>SECURITY AT THE EDGE</td>
<td>SECURITY AT THE CORE</td>
</tr>
<tr>
<td>ADVANCED PROVISIONING,</td>
<td>DATA ENCRYPTION</td>
</tr>
<tr>
<td>USER AUTHENTICATION</td>
<td>CRYPTO MANAGEMENT</td>
</tr>
<tr>
<td>AND MANAGEMENT SOLUTIONS</td>
<td></td>
</tr>
</tbody>
</table>

Complementary positions and additional scale increase our ability to serve customers.
Outlook for 2014

For 2014, Gemalto anticipates double-digit expansion in profit from operations for the full year as well as an acceleration of year-on-year revenue growth at constant exchange rates for the second semester.

This does not take into account the SafeNet acquisition that is expected to start contributing at some point in the fourth quarter of 2014. As a result of the acquired business’s anticipated profitability, growth and synergies, Gemalto expects to increase its 2017 profit from operations objective of €600 million by around +10%.
Gemalto to acquire SafeNet,
the world leader in data protection and software monetization
Strategic Rationale

- Nearly 3 billion people will be connected to the internet and will have access to its massive catalog of services by the end of 2014.

- Over 375 million data records lost or stolen already in 2014 – recurring and increasingly sophisticated security breaches have created global awareness for the need to improve digital security and trust online.

- Gemalto and SafeNet together are combining the best technologies, expertise and reach for securing a complete infrastructure, its data, its network, its software and its users, both at its core and at its edge.
SafeNet is a private company founded in 1983, headquartered in Belcamp, Maryland, USA, with 1,500 employees worldwide.

It is one of the most successful companies in the cloud security sector with a reputation for delivering security at an immense scale, for example:

- Protecting over 80% of the world’s intra-bank fund transfers.
- Root of trust through 86,000 digital key managers protecting 750 million keys.
- Protecting most high-value software with 100 million license keys.

Customers include cloud service providers, financial institutions, healthcare organizations, retailers, governments and corporations served both directly and through a world-class indirect channel.
SafeNet is present worldwide and is trusted by 25,000 customers and partners in 100 countries, including blue-chip organizations for its online security technology.

Key management for payment data storage and processing, HSMs, Server-side data protection, PCI-DSS Server Encryption, User Authentication, Security as a Service
<table>
<thead>
<tr>
<th>Security at the core</th>
<th>Security in the code</th>
<th>Security at the edge</th>
</tr>
</thead>
<tbody>
<tr>
<td>protecting cloud data</td>
<td>protecting software licenses and intellectual property</td>
<td>authenticating users for the enterprise</td>
</tr>
</tbody>
</table>

**Co-world leader in Cloud Secure Elements**
- HSMs (cloud secure elements)
- Security key management
- Authentication servers
- Virtual machine protection

**World leader in Software Rights Management**
- Licensing management and software copy protection for both installed/embedded and Software as a Service usage

**Technology innovator, leader in the Gartner Magic Quadrant**
- Authentication as a service
- Authentication applications

<table>
<thead>
<tr>
<th>50% of sales</th>
<th>30% of sales</th>
<th>20% of sales</th>
</tr>
</thead>
</table>

September 2014 Gemalto First Semester 2014 roadshow September 2014
Gemalto and SafeNet are complementary because protection of digital services always relies on a two-sided trust chain.

Encryption of “data at rest” and “data in motion” within the network for exposure to authorized users only.

Reliable authentication to validate users and their access requests and to initiate a secure channel.

Database of authentication keys

Security software and appliances

Cloud-side

Security at the core

Security at the edge

Client-side

Authentication key

Security software and portable objects

September 2014

Gemalto First Semester 2014 roadshow  September 2014
SafeNet already has a solid financial profile

<table>
<thead>
<tr>
<th>2013 Profit &amp; Loss</th>
<th>Sales by region</th>
<th>Sales by channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$337m</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>$230m 67%</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>($195m)</td>
<td></td>
</tr>
<tr>
<td>Profit from operations</td>
<td>$35m 10%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>$43m</td>
<td></td>
</tr>
</tbody>
</table>

Sales by region:
- Americas: 46%
- EMEA: 38%
- Asia: 16%

Sales by channel:
- Direct: 44%
- Indirect: 56%
and will contribute nicely to Gemalto’s future growth

<table>
<thead>
<tr>
<th>SafeNet’s expected revenue growth</th>
<th>2014 Profit &amp; Loss (Forecast)</th>
<th>€/$ rate on August 8, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>is in line with Gemalto’s anticipated double-digit 2014-2017 CAGR</td>
<td><strong>Revenue</strong></td>
<td>$370m (+10% year-on-year)</td>
</tr>
<tr>
<td></td>
<td><strong>Gross profit</strong></td>
<td>$255m (69%)</td>
</tr>
<tr>
<td></td>
<td><strong>Operating expenses</strong></td>
<td>($204m)</td>
</tr>
<tr>
<td></td>
<td><strong>Profit from operations</strong></td>
<td>$51m (14%)</td>
</tr>
<tr>
<td></td>
<td><strong>EBITDA</strong></td>
<td>$59m</td>
</tr>
</tbody>
</table>
Integration with Gemalto and reporting

- SafeNet will be integrated with Gemalto’s existing Identity & Access Management activities, protecting access and resources for enterprises.

- Revenue will
  - be included in the Payment & Identity segment
  - be part of the Platforms & Services activity.

![Diagram showing revenue distribution](image-url)
Impact on the company’s objectives

- Accretive to adjusted EPS upon completion (before purchase price allocation)
- In 2014, contribution to financials expected to be limited to a part of the fourth quarter
- 2017 PFO objective of €600 million is expected to be increased by approximately +10%
Transaction details

- Definitive agreement signed
- Enterprise value of US$890 million
- Subject to anti-trust and government approvals
- Deal expected to close in Q4 2014
Acquisition financing

- The US$890 million (~€670 million) will be provided by:
  - US$440 million from surplus cash
  - US$450 million from existing long-term credit facilities
- Depending on market conditions, Gemalto may refinance the credit facilities through a bond issuance or other means at a later date
Gemalto’s strong financial structure is preserved

- **As of 2014**, assuming transaction closes
  - Net debt/EBITDA ratio < 1
  - Under current market conditions, incremental interest cost < €20 million per annum
  - Strong liquidity profile maintained

- **Through 2017**: Unchanged financial policies
  - Annual dividend stable or growing
  - On average, capex below 5% of sales
  - Additional selective bolt-on acquisitions will be considered
  - Shareholder return complemented by share buy-back
Takeaways

- Gemalto becomes the global leader in cloud data protection, software monetization, user and transaction security
- Perfect fit of complementary technologies, expertise and distribution channels expands our opportunities
- 2017 profit from operations objective of €600 million is expected to be surpassed by around +10%
- Solid financial structure maintained
- Closing projected in Q4 2014
2014 – 2017
Multi-year development plan summary

Full document can be downloaded from www.gemalto.com/investors
Increasing value of dematerialized exchanges calls for trust

The roots of trust lie in the integrity and the confidentiality of exchanges.

Trust can be enabled through a reliable identification process and cryptography securing network assets.
Gemalto brings trust to 5 global markets

**Mobile Communication**
- 800 mobile carriers
- World #1 with 95% of the world’s top 100 MNOs as clients

**Machine-to-Machine**
- 10,000+ industrials and distributors
- A world leader for cellular connectivity technology

**Electronic payment**
- 12,000+ financial institutions
- World #1 for card-based and mobile payment

**eGovernment**
- 193 governments
- World #1 with more than 80 eDocument references from Gemalto

**Enterprise security**
- 200,000+ large companies and system integrators
- 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
Chip-based payment
Citizen eDocuments
Enterprise cloud authentication
Connected machines

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
In these markets, we operate globally close to our client base.

No customer represents more than 5% of our annual revenue.

- **North & South America**: €753m, 32% of revenue
- **Europe, Middle East, Africa**: €1,156m, 48% of revenue
- **Asia**: €480m, 20% of revenue

Headcount:
- 22%
- 52%
- 26%

- 190 countries, where our clients are
- 113 nationalities employed
- 59 R&D, personalization, and data centers worldwide
- 44 countries with an operational site

Figures for the full year 2013
We have been transforming our business since the creation of Gemalto.
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

10% profit margin reached ahead of plan

€300m profit from operations reached ahead of plan

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

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

the Back-end

- **Platforms & Services**
  - giving people strong digital identities and checking them when they access connected services
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
And we released a new multi-year development plan in September 2013
Our two new objectives, for 2017

600 million in profit from operations

1 billion in revenue from Platforms & Services

x2 from 2012

x2.5 from 2012
which we intend to achieve through

Mix & Scale
- Gross margin evolving favorably
- Controlled Opex rate

Growth
- Low double-digit revenue CAGR

2012
305
- Expected improvement in profit from operations from 2012 (actual) to 2017 (target), with expected contributions by source effect

2017
600
1/3
2/3
We expect to continue to grow from diversified engines
Expected 2013-2017 revenue CAGR per activity and business

High single-digit

Mid teens

Mid single-digit

Low twenties

Embedded software & Products

Platforms & Services

Mobile
Mobile Communication Machine-to-Machine

Payment & Identity
Electronic payment eGovernment Enterprise security
made up of 10 opportunities that are already addressable
Five in Embedded software & Products

Expected 2013-2017 revenue CAGR and expected contribution to the total revenue growth

Mid single-digit

2013–2017 revenue CAGR

~50% of total Gemalto growth

Chart not to scale
Five in Platforms & Services

Expected 2013-2017 revenue CAGR and expected contribution to the total revenue growth

Chart not to scale

Low twenties
2013–2017 revenue CAGR

2012
392

2017
~50% of total Gemalto growth

Trust infrastructure
Core services
Payment Platforms&Services
Online access Platforms&Services
eGov Platforms&Services

September 2014
Gemalto First Semester 2014 roadshow September 2014
Leveraging expensed investments of the previous plan and keeping strict control on operating expenses...
...to improve financial results in both activities

Deployment of technologies which are already mostly developed (Mobile Communication, Identity)
Local presence already reinforced for future geographic expansion (Payment)

Contracts already secured that will see an increase in users and usage
Offering already mature. Replication of sales in hosted mode and loading of datacenters

Charts not to scale
With the objective to extend our successful track record
We will continue to follow a clear policy for allocation of cash flows
With a similar pattern

Operating cash flow generated by 2017

Capital expenditure

Bolt-on acquisitions

Dividend, share buy-back

Cash available in 2012

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

Purchased acquisitions
We will continue our cash return to shareholders

Annual dividend: stable or growing

Share buy-back complement
So, over this new plan, our objective is to continue delivering strong financial performance and value for our shareholders.
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