

Gemalto full year 2017 results

- **2017 full year In line with Company expectations:**
 - Revenue at €3 billion with Platforms & Services at €1 billion
 - Second semester revenue up +1% year-on-year at constant exchange rates
 - Profit From Operations (PFO) at €310 million
 - Transition plan savings of €15 million
- **2018 outlook: expected double digit revenue growth in the Identity, IoT & Cybersecurity segment and stable PFO margin for the Smartcards & Issuance segment¹ leading to mid to high single digit growth in profit from operations at Gemalto level**
- **On December 17th, Gemalto and Thales announced their intention to combine their operations: the combination process is on track**

Amsterdam, March 2, 2018 at 12:00 AM - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its results for the full year 2017.

Key figures of the adjusted income statement

(€ in millions)	Full year 2017	Full year 2016	Year-on-year variations	
			at historical exchange rates	at constant exchange rates
Revenue	2,972	3,127	(5%)	(4%)
Gross profit	1,105	1,266	(13%)	
Operating expenses	(795)	(814)	(2%)	
Profit from operations	310	453	(32%)	
Profit margin	10.4%	14.5%	(4.1ppt)	

Philippe Vallée, Chief Executive Officer, commented: “Gemalto’s second semester finished on a stronger note with solid contributions from Enterprise, Machine-to-Machine and Government Programs after a first semester impacted by very adverse conditions on our two historical markets.

Moving forward, the strong demand in the Enterprise, Government and IoT markets is expected to continue, driven by the rising level of cyber incidents and data breaches, the need for increased security at country borders and the growing benefits of connected devices expanding across industries. The US EMV payment market normalization should come to an end in 2018 and the removable SIM market is expected to keep declining while next generation connectivity usage grows slowly.

In this context, Gemalto’s strategy is built on two pillars. The first one aims at strengthening our leadership in biometrics, civil identity and data protection. The second pillar builds on our leadership in digitalization while rightsizing our operations in the more mature businesses.

Gemalto and Thales announced their intention to combine their operations, bringing together Gemalto with Thales digital assets as a new Thales Global Business Unit. This combination will accelerate the implementation of Gemalto’s strategy”.

¹ From 2018 onwards Gemalto will be reporting its financial results in two main segments: Identity, IoT & Cybersecurity segment and Smartcards & Issuance segment. 2017 Revenue, Gross Profit, PFO and Year-on-Year Revenue variation at constant exchange rates based on the new reporting are laid out in Appendix 5.

Basis of preparation of financial information

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 acquisition of 3M's Identity Management business in May 2017 is part of the Government Programs 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).

Historical exchange rates and constant currency figures

The Company sells its products and services in a very large number of countries and is commonly remunerated in other currencies than the Euro. Fluctuations in these other currencies exchange rates against the Euro have in particular a translation impact on the reported Euro value of the Company revenues. Comparisons at constant exchange rates aim at eliminating the effect of currencies translation movements on the analysis of the Group revenue by translating prior-year revenues at the same average exchange rate as applied in the current year. Revenue variations are at constant exchange rates and include the impact of currencies variation hedging program, except where otherwise noted. All other figures in this press release are at historical exchange rates, except where otherwise noted.

Adjusted income statement and profit from operations (PFO) non-GAAP measure

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and with section 2:362(9) of the Netherlands Civil Code.

To better assess its past and future performance, the Company also prepares an adjusted income statement where the key metric used to evaluate the business and make operating decisions over the period 2010 to 2017 is the profit from operations (PFO).

PFO is a non-GAAP measure defined as IFRS operating profit adjusted for (i) the amortization and impairment 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. These items are further explained as follows:

- Amortization, and impairment of intangibles resulting from acquisitions are defined as the amortization, and impairment expenses related to intangibles assets and goodwill recognized as part of the allocation of the excess purchase consideration over the share of net assets acquired.
- Restructuring and acquisitions-related expenses are defined as (i) restructuring expenses which are the costs incurred in connection with a restructuring as defined in accordance with the provisions of IAS 37 (e.g. sale or termination of a business, closure of a plant,...), and consequent costs; (ii) reorganization expenses defined as the costs incurred in connection with headcount reductions, consolidation of manufacturing and offices sites, as well as the rationalization and harmonization of the product and service portfolio and the integration of IT systems, consequent to a business combination; and (iii) transaction costs (such as fees paid as part of an acquisition process).
- Equity-based compensation charges are defined as (i) the discount granted to employees acquiring Gemalto shares under Gemalto Employee Stock Purchase plans; (ii) the amortization of the fair value of stock options and restricted share units granted by the Board of Directors to employees; and the related costs.
- Fair value adjustments over net assets acquired are defined as the reversal, in the income statement, of the fair value adjustments recognized as a result of a business combination, as prescribed by IFRS3R. Those adjustments are mainly associated with (i) the amortization expense related to the step-up of the acquired work-in-progress and finished goods assumed at their realizable value and (ii) the amortization of the cancelled commercial margin related to deferred revenue balance acquired.

These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with IFRS.

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

EBITDA is defined as PFO plus depreciation and amortization expenses, excluding the above amortization and impairment of intangibles resulting from acquisitions.

Net debt and net cash

Net debt is a non IFRS measure defined as total borrowings net of cash and cash equivalents. Net cash is a non IFRS measure defined as cash and cash equivalents net of total borrowings.

Adjusted financial information

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. To better assess its past and future performance, the Company also prepares an adjusted income statement and uses it for daily management purposes.

Extract of the adjusted income statement	Full year 2017		Full year 2016		Year-on-year variations	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	2,971.7		3,126.5		(5%)	(4%)
Gross profit	1,104.8	37.2%	1,266.2	40.5%	(3.3 ppt)	
Operating expenses	(795.2)	(26.8%)	(813.5)	(26.0%)	(0.7 ppt)	
EBITDA	456.7	15.4%	593.5	19.0%	(3.6 ppt)	
Profit from operations	309.6	10.4%	452.7	14.5%	(4.1 ppt)	
Net profit (excl. non-controlling interests)	176.5	5.9%	266.4	8.5%	(2.6 ppt)	
Basic Earnings per share (€)	1.96		3.00		(35%)	
Diluted Earnings per share (€)	1.94		2.97		(35%)	

Company revenue for 2017 stood at €2,972 million, a (3.6%) decline at constant exchange rates.

Gross profit was lower by €161 million at €1,105 million compared with 2016. The reduction in gross profit came in equal measure from the removable SIM and its related services and the Payment business. This reduction was partially offset by an increase in the other businesses. Gross margin was 37%, lower by 3 percentage points year-on-year.

Operating expenses were reduced by €18 million year-on-year as a result of portfolio adjustments and of the transition plan, which has begun to generate first savings, notably through the optimization of Company sales and marketing forces in the more mature businesses.

As a result, profit from operations came in at €310 million. Profit margin from operations settled at 10.4% of revenue compared to 14.5% in 2016.

Gemalto's financial income was (€33) million compared to (€34) million for 2016. Interest expense and amortized costs on the public bond, private placements and credit lines facilities were €2 million higher, at (€15) million in 2017 due to additional debt raised in 2017 to finance the acquisition of the Identity Management Business. Foreign exchange transactions and other financial items amounted to (€17) million versus (€20) million a year ago, mainly due to currency variation impacts and to the change in classification of equity securities. Share of profit in associates was (€1) million for the full year 2017.

As a result, adjusted profit before income tax came in at €286 million.

Adjusted income tax expense came in at (€110) million a (€23) million decrease compared to 2016 essentially reflecting the lower profit before tax. Deferred taxes had been negatively impacted by a valuation allowance booked in the first semester of 2017 and have been partially offset by the positive impact following some tax law changes in the second semester, especially in the US.

As a result, 2017 adjusted net profit for the Company was €177 million, leading to adjusted basic earnings per share of €1.96, and adjusted diluted earnings per share of €1.94 compared to adjusted basic earnings per share of €3.00, and adjusted diluted earnings per share of €2.97 in 2016.

Reconciliation from adjusted financial information to IFRS

Amortization and depreciation of intangibles resulting from acquisitions came in at (€514) million versus (€58) million in 2016. Most of the increase came from the one-off non-cash goodwill impairment of (€425) million announced in the first part of 2017. To a lesser extent the increase also came from amortization of the newly acquired Identity Management Business.

Restructuring and acquisition-related expenses of (€114) million, mainly include the costs associated with the transition plan.

The Gemalto equity-based compensation charge was (€37) million, above 2016 level and in line with the historical annual run rate.

Fair value adjustments mainly related to the non-cash amortization of the revaluation of the pre-acquisition inventory and deferred revenue of the acquired Identity Management Business accounted for (€10) million in 2017.

As a result, Gemalto recorded an operating loss of (€365) million for the full year 2017.

The income tax charge came in at (€36) million compared to (€107) million the previous year. Excluding the impairments and restructuring impacts on the pre-tax result and the one-off deferred tax adjustments, the income tax rate was at 23% in line with the Gemalto long term income tax rate.

The net result is at (€424) million loss for the full year 2017 leading to a basic earnings per share of (€4.72).

Statement of financial position and cash position variation schedule

For the full year 2017, operating activities generated a cash flow of €356 million before changes in working capital. Changes in working capital reduced cash flow generation by (€14) million in 2017 compared to (€23) million in 2016.

Capital expenditure and acquisition of intangibles amounted to (€152) million, i.e. 5.1% of revenue compared to 4.5% in 2016. Property, Plant, and Equipment accounted for (€65) million in 2017, at similar level to last year and the acquisition and capitalization of intangible assets accounted for (€87) million.

As a result, in 2017 Gemalto generated free cash flow of €190 million, a 61% conversion rate from profit from operations.

(€759) million were used for acquisitions in 2017 mainly for the Identity Management Business.

Gemalto's share buy-back and liquidity programs consumed (€1) million net cash in 2017. As at December 31, 2017, the Company held 339,043 shares, or 0.37% of its own shares in treasury. The total number of Gemalto shares issued was 90,423,814 shares as consequence of the issuance of 495,175 ordinary shares used to fund share based compensation plans. Net of the 339,043 shares held in treasury, 90,084,771 shares were outstanding as at December 31, 2017. The average acquisition price of the shares repurchased on the market by the Company held in treasury as at December 31, 2017 was €31.62.

On May 18, 2017, Gemalto paid a cash dividend of €0.50 per share in respect of the fiscal year 2016, up +6% on the dividend paid in May 2016 which was of €0.47 per share. The dividend distributed in May 2017 amounted to (45) million in cash outflow.

On December 17th 2017, Thales and Gemalto announced that they had reached an agreement on a recommended all cash offer for all issued and outstanding shares of Gemalto at a price of €51 per share cum dividend. The Gemalto Board of Directors has unanimously recommended the Thales offer and will not propose a dividend distribution for the 2017 fiscal year.

Net proceeds from financing instruments generated a €267 million cash inflow, mainly from the drawdown of commercial paper, issuance of private placement and borrowings.

Cash in hand, net of bank overdrafts amounted to €302 million as of year-end 2017 versus €663 million at the end of 2016.

Considering the €986 million total amount of borrowings as at December 31, 2017, Gemalto's net debt position increased to €684 million from a net debt position of €67 million at the end of 2016. The Company net debt currently represents 1.5 times its adjusted EBITDA, in line with the Group financing policies.

Segment information

From 2018 onwards Gemalto will be reporting its financial results in two main segments: the Identity, IoT & Cybersecurity segment and the Smartcards & Issuance segment. 2017 Revenue, Gross Profit, PFO and Year-on-Year Revenue variation at constant exchange rates based on the new reporting are laid out in Appendix 5.

Outlined below is the existing segment information for the fourth quarter, second semester as well as the full year 2017. Revenue variations are expressed at constant currency exchange rates unless otherwise noted.

Fourth quarter 2017 (€ in millions)	Payment & Identity	Mobile	Total two main segments	Patents & Others	Total
Revenue	533	293	827	1	828
At constant rates	+2%	(7%)	(1%)	(23%)	(1%)
At historical rates	(2%)	(12%)	(6%)	(26%)	(6%)

During the fourth quarter, revenue was lower by (1%) at constant exchange rates.

The Payment & Identity segment grew by +2% in this quarter. The Enterprise business posted a strong performance, Government Program including Identity Management Business grew single digit and the Payment revenue erosion softened in Q4.

The Mobile segment revenue was lower by (7%) in the fourth quarter compared to 2016. Machine-to-Machine continued to record solid double digit revenue growth while the SIM and Mobile Platforms & Services revenue decreased by double digits.

Second semester 2017 (€ in millions)	Payment & Identity	Mobile	Total two main segments	Patents & Others	Total
Revenue	1,014	562	1,576	3	1,579
At constant rates	+4%	(5%)	+1%	+15%	+1%
At historical rates	=	(9%)	(3%)	+11%	(3%)

In the second semester revenue grew +1% year-on-year at constant exchange rate in line with expectations. This is the result of revenue growth in Enterprise, Machine-to-Machine and Government Programs which includes the acquired Identity Management Business coupled with a slowing down in the rate of revenue decline in the Payment and SIM businesses in the second part of the year.

Full year 2017 (€ in millions)	Embedded software & Products	Platforms & Services	Total two main activities	Patents & Others	Total
Revenue	1,938	1,029	2,967	5	2,972
At constant rates	(6%)	+2%	(4%)	+27%	(4%)
At historical rates	(8%)	+1%	(5%)	+24%	(5%)
As a percentage of total revenue	65%	35%	100%	0%	100%

In 2017, the Platforms & Services activity exceeded the €1 billion mark reaching the previously announced 2017 objective and represented 35% of total Gemalto revenue in 2017. Embedded software & Products revenue decreased by (6%) mainly due to lower SIM sales to mobile network operators and lower payment cards revenue in the United States.

Profit from operations (€ in millions)	Total	Payment & Identity	Mobile	Patents & Others
Second semester	217	152	69	(4)
As a percentage of the full year profit from operations	70%	65%	81%	49%
Full year	310	233	86	(9)
As a percentage of the total profit from operation	100%	75%	28%	(3%)

The second semester profit from operations was €217 million representing 70% of the 2017 full year profit from operations which came in at €310 million.

The Payment & Identity segment contributed 75% of the Company 2017 full year profit from operations while Mobile accounted for 28%. Patents and Others accounted for a (€9) million loss in profit from operations for the full year.

Payment & Identity

	Full year 2017		Full year 2016		Year-on-year variations	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	1,889.3		1,948.3		(3%)	(2%)
Gross profit	735.6	38.9%	793.5	40.7%	(1.8 ppt)	
Operating expenses	(503.0)	(26.6%)	(503.3)	(25.8%)	(0.8 ppt)	
Profit from operations	232.7	12.3%	290.2	14.9%	(2.6 ppt)	

Payment & Identity's full year revenue came in at €1,889 million, lower by (2%) at constant exchange rates compared to 2016.

The segment's Platforms & Services sales were up by +6% to €807 million driven by the growth in the Enterprise business and by the contribution of the acquired Identity Management Business. Embedded software & Products sales were down (7%) at €1,083 million mainly due to the US EMV normalization process.

The Government Programs business revenue increased by +20% year-on-year, at €578 million with a contribution of €123 million from the acquired Identity Management Business. This increase comes on top of an outstanding + 26% revenue growth in 2016. In 2017, the backlog hit a record high on the back of a significant number of passport project wins allowing Gemalto to start 2018 with a significant backlog in this business.

The Enterprise business revenue increased to €472 million, up by +5% compared to 2016 with a contrasted pattern along the year. After a slow start, revenue grew at double digit rates in the second part of 2017 compared to the same period of last year. This is essentially driven by the Data Protection business line that commercializes solutions to prevent data breaches.

The Payment business revenue came in at €838 million, down (15%) year-on-year. Sales in Americas decreased by (16%) during the second semester compared with (37%) in the first semester, as the US EMV market continued to gradually normalize.

Overall, the Payment & Identity segment's gross margin came in at 39%, lower by (1.8) percentage points compared to 2016 as the operating leverage in the Payment business was not fully realized due to the revenue decrease.

Despite increased investments in the Enterprise business and additional expenses coming from the acquired Identity Management Business, the segment's operating expenses were held at a stable level in 2017 at €503 million. This was due to a strong tightening of operating expenses in the Payment business.

As a result, profit from operations in Payment & Identity for 2017 came in at €233 million and profit from operations margin settled at 12.3%.

Mobile

	Full year 2017		Full year 2016		Year-on-year variations	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	1,077.7		1,174.4		(8%)	(7%)
Gross profit	366.1	34.0%	471.2	40.1%	(6.1 ppt)	
Operating expenses	(280.4)	(26.0%)	(299.7)	(25.5%)	(0.5 ppt)	
Profit from operations	85.7	8.0%	171.5	14.6%	(6.6 ppt)	

The Mobile segment annual revenue came in at €1,078 million, (7%) lower year-on-year at constant exchange rates.

Embedded software & Products revenue for the segment stood at €855 million. The Machine-to-Machine business grew by +10% to €348 million. This healthy trend is driven by a dynamic market demand in particular in the Automotive, Healthcare and Smart Grid market segments, supported by a comprehensive and integrated offer. SIM sales were lower by (15%) at €508 million. The removable SIM market is expected to keep declining as mobile network operators continue to redirect their investments toward the next generation connectivity.

Platforms & Services revenue for the segment came in at €222 million in 2017, down (11%) and was marked by revenue volatility from one quarter to another in line with the timing of project deliveries. During the year Gemalto continued to actively participate in the development of embedded SIMs (eSIMs) and its remote provisioning ecosystem as endorsed by the GSMA, adding new references with connected device makers and mobile network operators such as Telefónica, Lenovo, and Microsoft. In addition, Gemalto is adjusting its offer portfolio in light of the maturity of the market.

Gross margin for the Mobile segment decreased to 34% this year. This drop is essentially explained by the lower activity in removable SIM and its related services that resulted in lower operating leverage.

Operating expenses decreased by (€19) million down to (€280) million in 2017 despite sustained investment in Machine-to-Machine and in the next generation connectivity. This reduction reflects the Company's strategy of managing the cost to serve the SIM business and optimizing its portfolio in removable SIMs and related services.

As a result, the Mobile segment's profit from operations for 2017 was €86 million.

Patents & Others

	Full year 2017		Full year 2016		Year-on-year variations	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	4.7		3.8		+24%	+27%
Gross profit	3.0	64.2%	1.5	40.6%	+23.6 ppt	
Operating expenses	(11.9)	-	(10.6)	-		
Profit from operations	(8.8)	-	(9.0)	-		

The Patents & Others segment generated €5 million of revenue for the full year 2017 versus €4 million in 2016. The segment posted an operating loss of (€9) million in 2017 essentially stable compared with 2016.

Thales combination

In December 2017 Thales and Gemalto reached an agreement on a recommended all-cash offer for all issued and outstanding ordinary shares of Gemalto. We are working together with Thales towards achieving the regulatory and antitrust approvals required to complete the transaction. In the meantime, we have started high level preparations for the planned integration of our businesses to ensure a seamless transition for our stakeholders. The transaction is expected to close shortly after Thales has secured all customary regulatory approvals and clearances, which is envisaged for the second half of 2018.

2018 full year outlook

- **Double digit revenue growth** expected in the Identity, IoT & Cybersecurity segment
- **Stable PFO margin** expected in the Smartcards & Issuance segment
- **Mid to High single digit growth in profit from operations** expected at Gemalto level

Additional information

Below is a highlight of new contracts and achievements published by the Company in 2017

Payment and Identity

January 5, 2017	Uganda speeds visa issuance and strengthens border security with Gemalto
January 31, 2017	Gemalto to supply new Digital Identity Solution for the Swedish Tax Agency
March 21, 2017	Gemalto's HSM enables Microsoft Azure Information Protection customers to maintain full control
June 1, 2017	Four Canadian provinces award Gemalto for secure driver's license cards and issuance
August 29, 2017	Gemalto Announces Data Protection Solutions for VMware Cloud on AWS
September 07, 2017	Gemalto enables biometric passports in over 30 different countries
September 20, 2017	First Half 2017 Breach Level Index Report: Identity Theft and Poor Internal Security Practices Take a Toll
September 27, 2017	Wyoming joins Gemalto's digital driver's license pilot
December 4, 2017	Gemalto Gives Google Cloud Platform Customers Flexible Encryption and Key Management

Mobile

January 3, 2017	AT&T strengthens IoT offerings with Gemalto's remote subscription management solution
February 28, 2017	GigSky chooses Gemalto to enable seamless connectivity for devices around the world
May 4, 2017	Gemalto's secure smart chip to be integrated in the Samsung Galaxy S8 in selected markets
June 28, 2017	Mobike and Gemalto collaborate to bring IoT connectivity to bike-sharing services beyond China
July 21, 2017	Gemalto's remote subscription management solution helps Lenovo customers to always be connected
July 21, 2017	Gemalto offers El Corte Inglés store card holders an easy route to Samsung Pay
August 1, 2017	Telefónica launches 'out of the box' mobile connectivity for consumer devices with latest Gemalto cloud service
August 3, 2017	Gemalto first in the world to be fully-certified by the GSMA for secure eSIM subscription management
November 9, 2017	Gemalto launches world's first "all-in-one" IoT module delivering global LTE connectivity
December 7, 2017	Gemalto eSIM technology enables Always Connected experience for Microsoft Surface Pro
December 12, 2017	Deploy your digital payment solution securely and easily via Gemalto's platform connected to Mastercard® and Visa

Industry Recognitions

January 18, 2017	Gemalto wins Privacy Design Award for its Identity Verification solution
May 3, 2017	National Police Board of Finland & Gemalto win industry award for new ePassports and eID cards
May 19, 2017	Gemalto wins IoT Excellence Award for industry's first LTE M connectivity module
July 6, 2017	Frost & Sullivan Recognizes Gemalto for Leadership in Encryption and Data Protection

Live Audio Webcast and Conference call

Gemalto full year 2017 results presentation will be webcast in English today at 3:00 PM Amsterdam and Paris time (2:00 PM London time and 9:00 AM New York time).

Audio webcast

A listen-only live audio webcast of the presentation and the Q&A session will be accessible here on our Investor Relations website via the link below:

[Gemalto webcast](#)

This webcast is compatible with Android and iOS terminals, including iPads. Questions will be taken by way of conference call.

Conference call

Investors and financial analysts wishing to ask questions should join the presentation by dialing:

(UK) +44 207 194 3759 or (US) +1 844 286 0643 or (FR) +33 1 7272 7403

PIN: 07430445#

The accompanying presentation slide set that will be used during the conference call is available on Gemalto investor relations web site.

Replays of the presentation and Q&A session will be available in webcast format on our Investor Relations web site approximately three hours after the conclusion of the presentation. Replays will be available for one year.

Calendar

Financial reporting for the first two quarters of 2018 will be made before the opening of Euronext Amsterdam on the following dates:

April 27, 2018	Publication of 2018 first quarter revenue
August 31, 2018	Publication of 2018 second quarter revenue and first semester earnings

Gemalto N.V. will hold its 2018 Annual General Meeting of Shareholders (AGM) on Friday, May 18, 2018. This general meeting of shareholders will also be the general meeting where the Board of Directors explains the recommended cash offer from Thales S.A. as required pursuant to the Dutch Decree on Public Takeover Bids. The persons entitled to attend and cast votes at the AGM will be those who are recorded as having such rights after the close of trading on the relevant Euronext stock exchange on April 20, 2018 (the "Record Date") in Gemalto's shareholders register, or in a register of a financial institution affiliated to Euroclear France S.A., regardless of whether they are shareholders at the time of the AGM.

The Annual General Meeting of Shareholders will be held at the Hilton Amsterdam Airport Schiphol, Schiphol Boulevard 701, 1118 BN Schiphol, the Netherlands.

Stock Exchange Listing

Gemalto N.V. is dual listed on Euronext Amsterdam and Paris, in the compartment A (Large Caps).

Mnemonic:	GTO
Exchange	Dual listing on Euronext Amsterdam and Paris
Market of reference	Euronext Amsterdam
ISIN Code	NL0000400653
Reuters	GTO.AS
Bloomberg	GTO:NA

Gemalto has also established a sponsored Level I American Depository Receipt (ADR) Program in the United States since November 2009. Each Gemalto ordinary share is represented by two ADRs. Gemalto's ADRs trade in U.S. dollar and give access to the voting rights and to the dividends attached to the underlying Gemalto shares. The dividends are paid to investors in U.S. dollar, after being converted into U.S. dollar by the depository bank at the prevailing rate.

Structure	Sponsored Level I ADR
Exchange	OTC
Ratio (ORD:DR)	1:2
DR ISIN	US36863N2080
DR CUSIP	36863N 208

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This press release contains inside information as referred to in article 7 paragraph 1 of Regulation (EU) 596/2014 (Market Abuse Regulation).

About Gemalto

Gemalto (Euronext NL0000400653 GTO) is the global leader in digital security, with 2017 annual revenues of €3 billion and customers in over 180 countries. We bring trust to an increasingly connected world.

From secure software to biometrics and encryption, our technologies and services enable businesses and governments to authenticate identities and protect data so they stay safe and enable services in personal devices, connected objects, the cloud and in between.

Gemalto's solutions are at the heart of modern life, from payment to enterprise security and the internet of things. We authenticate people, transactions and objects, encrypt data and create value for software – enabling our clients to deliver secure digital services for billions of individuals and things.

Our 15,000 employees operate out of 114 offices, 40 personalization and data centers, and 35 research and software development centers located in 47 countries.

For more information visit

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Appendix 1

Reconciliation from adjusted financial information to IFRS

Full year period ended December 31 2017 (€ in thousands)	Adjusted financial information	Amortization and impairment of intangibles resulting from acquisitions	Restructuring and acquisition- related expenses	Equity-based compensation charge and associated costs	Fair value adjustment upon business acquisitions	IFRS financial information
Revenue	2,971,717	-	-	-	-	2,971,717
Cost of sales	(1,866,942)	(89,006)	(38,727)	(8,910)	(9,542)	(2,013,127)
Gross profit	1,104,775	(89,006)	(38,727)	(8,910)	(9,542)	958,590
Operating expenses	(795,215)	(424,671)	(75,527)	(28,101)		(1,323,514)
Profit from operations	309,560					
Operating profit (loss)		(513,677)	(114,254)	(37,011)	(9,542)	(364,924)
Financial income	(32,806)					(32,806)
Share of profit (loss) from associates	(1,243)					(1,243)
Non-recurring profit (loss) relating to associates	10,105					10,105
Income Tax	(109,759)					(35,688)
Net profit (loss)	175,857					(424,556)
Non-controlling interests	(649)					(649)
Net profit (loss) excluding non- controlling interests	176,505					(423,907)
Number of shares Basic	89,883					89,883
Number of shares Diluted	91,062					89,883
EPS Basic (€)	1.96					(4.72)
EPS Diluted (€)	1.94					(4.72)

The full year 2017 adjusted basic earnings per share is determined on the basis of the weighted average number of Gemalto shares outstanding during the twelve-month period ended December 31, 2017, i.e. 89,882,565 shares. The full year 2017 adjusted diluted earnings per share is determined by using 91,062,048 shares corresponding to the IFRS treasury stock method, i.e. on the basis of the same weighted average number of Gemalto shares outstanding and considering that all outstanding share based instruments were exercised (2,251,366 instruments) and the proceeds received from the instruments exercised (€51,148,401) were used to buy-back shares at the average share price of the full year 2017 (1,071,884 shares) at €47.72. However for the computation of the IFRS diluted earnings per share, their conversion to ordinary shares would not decrease earnings per share or increase loss per share and as such they have not been treated as dilutive.

Full year period ended December 31 2016 (€ in thousands)	Adjusted financial information	Amortization and impairment of intangibles resulting from acquisitions	Restructuring and acquisition- related expenses	Equity-based compensation charge and associated costs	Fair value adjustment upon business acquisitions	IFRS financial information
Revenue	3,126,531	-	-	-	-	3,126,531
Cost of sales	(1,860,326)	(57,576)	(14,269)	(4,553)	(3,242)	(1,939,966)
Gross profit	1,266,205	(57,576)	(14,269)	(4,553)	(3,242)	1,186,565
Operating expenses	(813,547)		(21,387)	(4,685)		(839,619)
Profit from operations	452,658					
Operating profit		(57,576)	(35,656)	(9,238)	(3,242)	346,946
Financial income	(34,268)					(34,268)
Share of profit (loss) from associates	2,059					2,059
Non-recurring profit (loss) relating to associates	(21,042)					(21,042)
Income Tax	(132,525)					(107,497)
Net profit	266,882					186,198
Non-controlling interests	472					472
Net profit excluding non-controlling interests	266,410					185,726
Number of shares Basic	88,703					88,703
Number of shares Diluted	89,649					89,649
EPS Basic (€)	3.00					2.09
EPS Diluted (€)	2.97					2.07

Appendix 2

Consolidated statement of financial position

(€ in thousands)	December 31, 2017	December 31, 2016
Assets		
Non-current assets		
Property, plant and equipment	316,426	329,448
Goodwill	1,468,214	1,561,666
Intangible assets	757,814	564,588
Investments in associates	8,542	48,011
Deferred income tax assets	37,818	111,467
Other investment	39,183	-
Other non-current assets	79,584	64,554
Total non-current assets	2,707,581	2,679,734
Current assets		
Inventories	226,339	244,962
Trade and other receivables	998,500	1,027,215
Derivative financial instruments	55,633	11,404
Cash and cash equivalents	320,675	663,517
Total current assets	1,601,147	1,947,098
Total assets	4,308,728	4,626,832
Equity		
Share capital	90,424	89,929
Share premium	1,303,799	1,291,795
Treasury shares	(10,721)	(29,042)
Fair value and other reserves	32,574	(59,872)
Cumulative translation adjustments	(74,485)	74,265
Retained earnings	834,368	1,303,176
Capital and reserves attributable to the owners of the Company	2,175,959	2,670,251
Non-controlling interests	3,375	5,196
Total equity	2,179,334	2,675,447
Liabilities		
Non-current liabilities		
Borrowings	717,986	557,518
Deferred tax liabilities	102,081	120,109
Employee benefit obligations	126,716	133,136
Provisions and other liabilities	129,972	121,480
Derivative financial instruments	-	12,604
Total non-current liabilities	1,076,755	944,847
Current liabilities		
Borrowings	286,788	173,088
Trade and other payables	682,248	715,767
Current income tax liabilities	27,930	31,383
Provisions and other liabilities	52,261	17,332
Derivative financial instruments	3,412	68,968
Total current liabilities	1,052,639	1,006,538
Total liabilities	2,129,394	1,951,385
Total equity and liabilities	4,308,728	4,626,832

Appendix 3

Cash position variation schedule

<i>€ in millions</i>	Year ended December 31	
	2017	2016
Cash and bank overdrafts, beginning of period	663	405
Cash generated by operating activities, before changes in working capital	356	468
Net change in working capital	(14)	(23)
Cash used in restructuring actions and acquisition related expenses	(48)	(36)
Net cash generated by operating activities before Time de-correlated hedging effect/(Prepaid derivatives)	294	409
Time-decorrelated hedging effect/(Prepaid derivatives)	48	49
Net cash generated by operating activities	342	458
Capital expenditure and acquisitions of intangibles	(152)	(140)
Free cash flow	190	318
Interest received	2	3
Cash used by acquisitions	(759)	(3)
Other cash provided by investing activities	2	4
Currency translation adjustments	(11)	3
Cash generated (used) by operating and investing activities	(576)	325
Cash generated (used) by the liquidity and share buy-back programs	(1)	1
Dividend paid to Gemalto shareholders	(45)	(42)
Net proceed (repayment) from/of financing instruments	267	(14)
Interest paid	(14)	(15)
Other cash provided (used) by financing activities	8	3
Cash and bank overdrafts, end of period	302	663
Current and non-current borrowings excluding bank overdrafts, end of period	(986)	(730)
Net (debt), cash, end of period	(684)	(67)

Appendix 4

Revenue by region

Full year € in millions	Full year 2017	Full year 2016	Year-on-year variations	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	1,373	1,366	+2%	+1%
Americas	1,009	1,178	(13%)	(14%)
Asia	589	583	+4%	+1%
Total revenue	2,972	3,127	(4%)	(5%)

Fourth quarter € in millions	Fourth quarter 2017	Fourth quarter 2016	Year-on-year variations	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	391	402	(1%)	(3%)
Americas	284	301	+2%	(6%)
Asia	153	175	(5%)	(12%)
Total revenue	828	878	(1%)	(6%)

Appendix 5

From 2018 onwards Gemalto will report its financial results in two main segments.

The Identity, IoT & Cybersecurity segment comprises businesses associated with Government Programs, IoT and Enterprise.

The Smartcards & Issuance segment comprises businesses associated with mobile secure elements (SIM, embedded secure element), mobile Platforms & Services, secure personal interactions including Payment. Patents & Others is also included in this segment.

Below, for information purposes, 2017 Revenue, Gross Profit, PFO and Year-on-Year Revenue variation at constant exchange rates based on the new reporting.

Identity, IoT & Cybersecurity (€ in millions)	Q1	Q2	H1	Q3	Q4	FY17	FY16
Revenue	256	317	572	348	357	1,278	
Year-on-year variation	(1%)	+10%	+5%	+28%	+10%	+12%	
Gross Profit			238			540	
PFO			41			139	133
PFO Margin			7%			11%	

Smartcards & Issuance (€ in millions)	Q1	Q2	H1	Q3	Q4	FY17	FY16
Revenue	396	425	820	403	470	1,694	
Year-on-year variation	(12%)	(19%)	(16%)	(11%)	(8%)	(13%)	
Gross Profit			264			565	
PFO			52			170	319
PFO Margin			6%			10%	

Appendix 6

Average exchange rates between the Euro and the US dollar

EUR/USD	2017	2016
First quarter	1.06	1.10
Second quarter	1.09	1.13
First half	1.08	1.11
Third quarter	1.17	1.11
Fourth quarter	1.18	1.09
Second half	1.17	1.10
Full year	1.12	1.11