

## Gemalto reports third quarter 2008 revenue <sup>1</sup>

- Revenue up 10% at € 418 million
- Software and services revenues grew by 60%
- New commercial wins in digital security

All variations in this press release are stated at constant exchange rates, unless otherwise noted, and are comparing the adjusted third quarter 2008 revenue, unaudited, to the third quarter 2007 revenue, unaudited. Comparisons at historical rates are presented in Appendices 2 and 3. IFRS revenue, unaudited, is presented in Appendix 5.

**Amsterdam, October 23, 2008** - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announced its revenue for the third quarter of 2008.

Third quarter 2008 revenue and year-on-year revenue variation at constant exchange rates, by segment:

Mobile Communication	Secure Transactions	Security	Others <sup>2</sup>	Total Gemalto
236 M€	113 M€	54 M€	16 M€	<b>418 M€</b>
+ 6%	+ 18%	+ 30%	(26%)	<b>+ 10%</b>

**Olivier Piou, Chief Executive Officer, commented:** “Gemalto delivered another quarter of strong growth. The three main segments together posted 12% increase, highlighting our balanced portfolio of business activities. We continued to win new contracts, and increased our software and services activities by 60%. The Company is on target to deliver around € 160 million in adjusted operating income for the full year.”

<sup>1</sup> Third quarter 2008 financial information has been prepared on an adjusted basis (unaudited).

<sup>2</sup> Public Telephony plus Point-of-Sale Terminals (together accounting for less than 5% of total revenue).

## Third quarter 2008 revenue analysis

Total revenue for the third quarter of 2008 was € 418 million, up by 10% compared to the same period of 2007. The three main business segments together grew year-on-year by 12%.

### Segment information <sup>3</sup>

#### Mobile Communication

€ in millions	Third quarter 2007	Third quarter 2008	Year-on-year variation at constant exchange rates
Mobile Communication	234.2	<b>235.6</b>	+ 6 %

Mobile Communication revenue increased by 6% in the third quarter of 2008, driven by growth from emerging markets and continued product mix improvements in all regions. In addition, software and services activity doubled when compared with the same period of last year.

Average SIM card selling price increased 5% compared with the second quarter of 2008. When compared with the third quarter of 2007 the ASP decrease was contained to 6%. The effect of the increase in shipments to entry-range markets was offset by the positive impact of the product mix improvement.

Gemalto continues to develop, pilot and commercialize new digital security solutions across a diverse range of mobile applications. In Singapore, a breakthrough trial was achieved for the world's first mobile TV solution compliant with the standard set by the Open Mobile Alliance (OMA). This collaboration between leading mobile eco-system players such as SingTel, MobileOne, MediaCorp, and Alcatel-Lucent confirms the central role that advanced SIMs play in the development of consumer mobile TV. Gemalto's solution incorporates an advanced live measurement platform which enables operators to securely analyze consumer patterns and facilitate service improvements in any combination of post-paid, pre-paid or pay-per-use models.

<sup>3</sup> Third quarter 2008 financial information has been prepared on an adjusted basis (unaudited).

## Secure Transactions

€ in millions	Third quarter 2007	Third quarter 2008	Year-on-year variation at constant exchange rates
Secure Transactions <sup>4</sup>	100.7	<b>113.0</b>	+ 18 %

Secure Transactions posted strong revenue growth of 18% in the third quarter of 2008 driven by continued progress in global EMV migration. Large-scale EMV and contactless payment roll outs, especially in EMEA and the Americas, as well as Pay-TV shipments in EMEA more than offset the selective approach practiced in the Transport activity. Personalization services were up 33%, with all regions contributing to the expansion.

In parallel with the global rollout of EMV, Gemalto is pursuing its strategy of expanding its personalization services and further developing the use of contactless technology. In Poland, Gemalto was recently chosen by ING Bank Slaski to provide a turnkey solution that will kick start local personalization and deployment of EMV cards. Also, in Turkey Gemalto was selected by Garanti Bank to provide an issuance system for in-house personalization and ensure deployment of the latest generation of contactless EMV cards. This multi-application credit card carries a range of features including bonus loyalty schemes and contactless e-ticketing on top of the traditional EMV payment applications.

## Security

€ in millions	Third quarter 2007	Third quarter 2008	Year-on-year variation at constant exchange rates
Security	43.4	<b>53.7</b>	+ 30 %

Sales and Marketing investments in the Security business continue to deliver strong growth, with revenue up by 30% compared with last year.

Government Programs revenue expanded by 22% with deliveries being especially strong in Europe and the Middle East. Identity and Access Management (IAM) revenue grew by 50% on the back of continued momentum in e-banking and enterprise authentication solutions deployment.

During the quarter, Gemalto added several new references to its already unrivalled market leadership in Government Programs. India, the world's second most populous country, recently announced the first stage in the deployment of its ePassport program beginning with the issuance of documents for Indian officials and diplomats. This marks a major step for India where Gemalto is assisting to bolster national security and improve immigration processing at airports and border control points.

<sup>4</sup> Including Multos for € 1.5 million.

### Public Telephony

€ in millions	Third quarter 2007	<b>Third quarter 2008</b>	Year-on-year variation at constant exchange rates
Public Telephony	10.6	<b>7.9</b>	(21 %)

The memory card market for Public Telephony continues to decline as mobile telephony expands worldwide.

### Point-of-Sale Terminals

€ in millions	Third quarter 2007	<b>Third quarter 2008</b>	Year-on-year variation at constant exchange rates
Point-of-Sale Terminals	11.8	<b>7.6</b>	(32 %)

This segment is progressively returning to normal level of activity, after solving an issue related to a faulty component detected in Gemalto's contract-manufacturer's supply chain.

## Outlook

Revenue growth at constant exchange rates for 2008 is anticipated to be within the 8% to 12% range. Our business has strong fundamentals and prospects, at the same time short-term visibility is limited by the current global environment. We confirm our 2008 profit outlook of around € 160 million in adjusted operating income, and our 2009 objective of above 10% adjusted operating margin remains unchanged.

## Reporting calendar

Fourth quarter 2008 revenue will be reported on January 29, 2009, before the opening of Euronext Paris.

## Conference call

Gemalto will hold an analysts and investors conference call in English today at 3:00 pm Paris time (2:00 pm London time and 9:00 am New York time). Callers may participate in the live conference call by dialling:

+44 207 806 1968 or +1 718 354 1385 or +33 1 70 99 43 03.

The presentation slide show will be available for download on our Investor Relations web site ([www.gemalto.com/investors](http://www.gemalto.com/investors)) at 1:00 pm Paris time (12:00 am London time, 7:00 am New York time).

Replays of the conference call will be available from approximately 3 hours after the conclusion of the conference call until October 29<sup>th</sup> midnight Paris time by dialling:

+44 207 806 1970 or +1 718 354 11 12 or +33 1 71 23 02 48

access code: 6704829#.

**Investor Relations**  
**Vincent Biraud**  
M.: +33(0) 6 08 48 33 23  
[vincent.biraud@gemalto.com](mailto:vincent.biraud@gemalto.com)

**Corporate Communication**  
**Rémi Calvet**  
M.: +33(0) 6 22 72 81 58  
[remi.calvet@gemalto.com](mailto:remi.calvet@gemalto.com)

**Emlyn Korengold**  
**TBWA Corporate**  
T. : +33 (0) 6 08 21 93 74  
[emlyn.korengold@tbwa-corporate.com](mailto:emlyn.korengold@tbwa-corporate.com)

## About Gemalto

Gemalto (Euronext NL 0000400653 GTO) is the leader in digital security with 2007 annual revenues of over €1.6 billion, more than 85 offices in 40 countries and about 10,000 employees including 1,300 R&D engineers. In a world where the digital revolution is increasingly transforming our lives, Gemalto's solutions are designed to make personal digital interactions more convenient, secure and enjoyable

Gemalto provides end-to-end digital security solutions, from the development of software applications through design and production of secure personal devices such as smart cards, subscribers' identification modules (SIM's), e-passports and tokens to the deployment of managed services for its customers. More than a billion people worldwide use the company's products and services for telecommunications, financial services, e-government, identity management, multimedia content, digital rights management, IT security, mass transit and many other applications.

As the use of Gemalto's software and secure devices increases with the number of people interacting in the digital and wireless world, the company is poised to thrive over the coming years. For more information, please visit [www.gemalto.com](http://www.gemalto.com).

This communication does not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Gemalto.

This communication contains certain statements that are neither reported financial results nor other historical information and other statements concerning Gemalto. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, events, products and services and future performance. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions. These and other information and statements contained in this communication constitute forward-looking statements for purposes of applicable securities laws. Although management of the company believes that the expectations reflected in the forward-looking statements are reasonable, investors and security holders are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the company, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements, and the company cannot guarantee future results, levels of activity, performance or achievements. Factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this communication include, but are not limited to: the ability of the company's to integrate according to expectations; the ability of the company to achieve the expected synergies from the combination; trends in wireless communication and mobile commerce markets; the company's ability to develop new technology and the effects of competing technologies developed and expected intense competition generally in the companies' main markets; profitability of expansion strategy; challenges to or loss of intellectual property rights; ability to establish and maintain strategic relationships in its major businesses; ability to develop and take advantage of new software and services; the effect of the combination and any future acquisitions and investments on the company's share prices; and changes in global, political, economic, business, competitive, market and regulatory forces. Moreover, neither the company nor any other person assumes responsibility for the accuracy and completeness of such forward-looking statements. The forward-looking statements contained in this communication speak only as of the date of this communication and the company are under no duty, and do not undertake, to update any of the forward-looking statements after this date to conform such statements to actual results, to reflect the occurrence of anticipated results or otherwise except as otherwise required by applicable law or regulations.

**Appendix 1**

Deliveries of secure personal devices (unaudited)

In millions of units	Third quarter 2007	Third quarter 2008	% growth
SIM cards	238	<b>262</b>	+ 10%
Secure Transactions	53	<b>76</b>	+ 42%
Security	9	<b>12</b>	+36%
<b>Total</b>	<b>301</b>	<b>350</b>	<b>+16%</b>

**Appendix 2**

Third quarter adjusted revenue (2008) and revenue (2007)  
by region at historical rates (unaudited)

€ in millions	Third quarter 2007	Third quarter 2008	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
EMEA	215.4	<b>231.1</b>	+ 7.3%	+ 12.9%
North & South America	106.1	<b>113.4</b>	+ 6.9%	+ 12.5%
Asia	79.1	<b>73.3</b>	(7.3%)	(2.5%)
<b>Total revenue</b>	<b>400.6</b>	<b>417.8</b>	<b>+ 4.3%</b>	<b>+ 9.7%</b>

Third quarter adjusted revenue (2008) and revenue (2007)  
by business segment at historical rates (unaudited)

€ in millions	Third quarter 2007	Third quarter 2008	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
Mobile Communication	234.2	<b>235.6</b>	+ 0.6%	+ 5.9%
Secure Transactions	100.7	<b>113.0</b>	+ 12.3%	+ 17.6%
Security	43.4	<b>53.7</b>	+ 23.6%	+ 30.3%
Public Telephony	10.6	<b>7.9</b>	(25.2%)	(20.6%)
Point-of-Sale Terminals	11.8	<b>7.6</b>	(35.6%)	(31.8%)
<b>Total revenue</b>	<b>400.6</b>	<b>417.8</b>	<b>+ 4.3%</b>	<b>+ 9.7%</b>

### Appendix 3

First nine month adjusted revenue (2008) and revenue (2007)  
by region at historical rates (unaudited)

€ in millions	First nine months 2007	<b>First nine months 2008</b>	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
EMEA	643.4	<b>673.7</b>	+ 4.7%	+ 8.4%
North & South America	273.4	<b>290.4</b>	+ 6.2%	+ 14.8%
Asia	243.7	<b>244.9</b>	+ 0.5%	+ 8.5%
<b>Total revenue</b>	<b>1'160.5</b>	<b>1'208.9</b>	<b>+ 4.2%</b>	<b>+ 9.9%</b>

First nine months adjusted revenue (2008) and revenue (2007)  
by business segment at historical rates (unaudited)

€ in millions	First nine months 2007	<b>First nine months 2008</b>	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
Mobile Communication	652.0	<b>678.5</b>	+ 4.1%	+ 10.5%
Secure Transactions	304.3	<b>327.9</b>	+ 7.8%	+ 12.7%
Security	130.7	<b>154.9</b>	+ 18.5%	+ 23.2%
Public Telephony	32.5	<b>24.4</b>	(24.9%)	(19.8%)
Point-of-Sale Terminals	40.9	<b>23.2</b>	(43.2%)	(39.9%)
<b>Total revenue</b>	<b>1'160.5</b>	<b>1'208.9</b>	<b>+ 4.2%</b>	<b>+ 9.9%</b>

**Appendix 4**

Average exchange rates between the Euro and the US dollar

EUR/USD	2007	2008
First quarter	1.31	1.48
Second quarter	1.35	1.56
<b>First half</b>	<b>1.33</b>	<b>1.52</b>
Third quarter	1.36	1.54
Fourth quarter	1.44	-
<b>Full year</b>	<b>1.37</b>	-

**Appendix 5**

IFRS financial information

€ in millions	Third quarter 2007	<b>Third quarter 2008</b>	First nine months 2007	<b>First nine months 2008</b>
Mobile Communication	234.2	<b>235.6</b>	652.0	<b>678.5</b>
Secure Transactions	100.7	<b>113.2</b>	304.3	<b>328.0</b>
Security	43.4	<b>53.7</b>	130.7	<b>154.9</b>
Public Telephony	10.6	<b>7.9</b>	32.5	<b>24.4</b>
Point-of-Sale Terminals	11.8	<b>7.6</b>	40.9	<b>23.2</b>
Total revenue	400.6	<b>417.9</b>	1'160.5	<b>1'209.1</b>

The difference between IFRS and adjusted revenues relates to the reversal in the third quarter of 2008 of 0.2 million of reserves booked in 2007 against the IFRS revenue, and excluded from the 2007 adjusted revenue.