

Gemalto reports third quarter 2010 revenue

- Revenue expands to € 500 million
- Double digit growth in all main segments
- Machine-to-Machine customers reacting positively to Cinterion acquisition

All figures presented in this press release are unaudited.

Amsterdam, October 21, 2010 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announced its revenue for the third quarter of 2010.

	Mobile Communication	Machine to Machine ¹ (2 months)	Secure Transactions	Security	Others	Total Gemalto 2010	Total Gemalto 2009
Third quarter revenue	251 M€	33 M€	119 M€	83 M€	14 M€	500 M€	401 M€
Year-on-year variations at historical rates	+ 14%	+ 29% ²	+ 12%	+ 58%	(33%)	+ 25%	-

Olivier Piou, Chief Executive Officer, commented: *"This quarter's strong growth in all our main segments demonstrates the strength of our business and the benefits of the initiatives taken since the beginning of the year. Our acquisition of Cinterion, reported in the new business segment Machine-to-Machine, opens an additional growth path for Gemalto, now the leader in this promising market. We are on track to deliver growth and profit expansion for the full year."*

¹ 'Machine-to-Machine' (M2M) segment essentially corresponds to the acquired Cinterion activity.

² Pro-forma, by comparing the activities of August and September 2010, reported in this publication in the Machine-to-Machine segment, with the corresponding activities for the same period of 2009.

Segment information

Total revenue for the third quarter of 2010 at € 500 million was up significantly when compared to € 401 million in the same period of 2009. Year-to-date (9-month) revenue stands at € 1,341 million for 2010, compared with € 1,201 million reported for the same period of 2009.

Revenue from the joint venture (JV) whose financial reporting is not available due to a legal dispute with the partner was € 7 million in Secure Transactions and € 3 million in Security in the third quarter of 2009. For a better understanding of Gemalto's year-on-year business evolution, in this section 'Segment Information', third quarter 2009 revenues are restated excluding the revenue from this joint venture, and year-on-year variations have been calculated accordingly³. Excluding the revenue from the JV in 2009, Gemalto's revenue growth in the third quarter was 19% at constant exchange rates, leading to a year-to-date increase of 10% at constant exchange rates over that of the previous year.

	Mobile Communication	Machine to Machine ¹ (2 months)	Secure Transactions	Security	Others	Total Gemalto 2010	Total Gemalto 2009
Third quarter revenue	251 M€	33 M€	119 M€	83 M€	14 M€	500 M€	391 M€
Year-on-year variations at constant rates	+ 5%	+ 21% ²	+ 11%	+ 57%	(36%)	+ 19%	-

Businesses acquired in 2010 contributed € 50 million to the Company revenue in the third quarter. Considering their € 38 million contribution during the first semester, these businesses have contributed € 88 million in the year-to-date revenue. Excluding these acquisitions and JV effects, third quarter revenue increased by 7% year-on-year at constant exchange rates.

³ Revenues and revenue variations prior to this JV restatement are set out in Appendix 2.

Mobile Communication

€ in millions	Q3 2009	Q3 2010
Revenue	220	251
Year-on-year variation at constant exchange rates		+ 5%

Revenue from software and services more than doubled year on year, spurred by growth in North America and in the emerging markets. Increased investments in this activity since the beginning of the year, with new service offerings from bolt-on acquisitions as well as organic developments in mobile financial services and personal data management, led to this strong performance.

Revenue from the traditional SIM card business was slightly lower year on year, with demand in emerging markets remaining very dynamic. Revenue from new formats of wireless personal devices, such as mobile TV players, continues to grow significantly.

Machine-to-Machine

€ in millions	Pro-forma Q3 2009 (2 months)	Q3 2010 (2 months)
Revenue	26	33
Year-on-year variation at constant exchange rates		+ 21% ²

The newly formed "Machine to Machine" (M2M) segment essentially corresponds to the acquired Cinterion activity. It also includes Gemalto's existing M2M activity previously reported in the Mobile Communication segment. As a result, the Machine-to-Machine segment encompasses wireless modules from Cinterion, Gemalto's MIM products (Machine Identification Modules) and emerging M2M management platforms and services.

The combined segment revenue for the two months (August and September) since the acquisition was € 33 million, representing a pro-forma year on year growth of 21% at constant exchange rates. This increase was notably driven by the deployment of automotive and industrial M2M applications.

Secure Transactions

€ in millions	Q3 2009	Q3 2010
Revenue	100	119
Year-on-year variation at constant exchange rates		+ 11%

This quarter recorded solid revenue growth with strong deliveries driven by worldwide migration to EMV⁴ payment cards. Beyond the favorable comparison basis, there was continued negative impact from the UK triennial trough and from the shift to standard mailing. The product mix continues to improve with adoption of dual interface contactless and more secure DDA⁵ payment cards.

Security

€ in millions	Q3 2009	Q3 2010
Revenue	50	83
Year-on-year variation at constant exchange rates		+ 57%

Security recorded another quarter of very strong revenue growth, with positive developments in all activities.

Government Programs posted 27% year-on-year revenue growth at constant exchange rates with solid activities in the Americas and in the emerging markets. Identity and Access Management revenue expanded by 63% at constant exchange rates, with strong performance in both online authentication solutions and e-banking solutions, augmented by the integration of acquired businesses. Patent licensing revenue came in above expectations at € 11 million, compared to less than € 1 million for the third quarter of 2009.

Others

€ in millions	Q3 2009	Q3 2010
Revenue	21	14
Year-on-year variation at constant rates		(36%)

Point of sales terminals revenue is temporarily lower due to tension on component supply. Memory cards sales for fixed line public telephony applications continued to decline, as usage is substituted by mobile telephony.

⁴ Europay, MasterCard, Visa
⁵ Dynamic Data Authentication

Other information

As previously announced, Gemalto has during the quarter finalized the acquisition of the leading company providing industrial Machine-to-Machine wireless communication modules and a software technology company for a closing total cash outflow amount of € 189 million.

Also, Gemalto yesterday announced a strategic alliance with VeriFone (NYSE: PAY), the global leader in secure electronic payment solutions for retailers and acquirers. The two companies intend to jointly pursue opportunities to accelerate EMV payment adoption, in particular in the US; they have entered into exclusive discussions for VeriFone to acquire the Gemalto POS solutions business, and for Gemalto to be VeriFone's preferred M2M wireless module supplier. Gemalto and VeriFone believe customers of Gemalto's POS solutions will benefit from access to VeriFone's full payment solutions product line; based in France, the POS solutions business would also serve as an ideal launching pad for VeriFone's planned European expansion campaign. Gemalto is also now the leading provider of industrial M2M wireless communication modules and solutions: M2M enables the remote connectivity and administration that is crucial in deploying over-the-air activation, software updates and post-issuance services to wireless POS solutions already in the field. With the preferred supplier relationship for Gemalto M2M technology, VeriFone will continue to benefit from the quality of the Gemalto wireless modules and will be able to take advantage of the latest Gemalto developments in M2M packaged solutions.

Outlook

Our business has strong fundamentals and prospects. We continue our mission to provide trust and convenience to the wireless and digital world. In 2010 we are focused on growth, actively promoting our expanded product portfolio and delivering more software and services to our customers, in order to further increase our profit, on our way to achieving the objective we have set for ourselves of € 300 million profit from operations in 2013.

Financial calendar

Full year 2010 revenue and earnings will be reported on Thursday **March 10, 2011**, before the opening of Euronext Paris.

Conference call

Gemalto third quarter 2010 revenue presentation will be webcast in English today at 3pm Paris time (2pm London time and 9am New York time).

This listen-only live audio webcast of the presentation and the Q&A session will be accessible from our Investor Relations web site:

www.gemalto.com/investors

Questions will be taken by way of conference call. Investors and financial analysts wishing to ask questions should join the presentation by dialling:

(UK) +44 203 367 9458 or (US) +1 866 907 5923 or (FR) +33 1 7200 0984.

The accompanying presentation slide set will be integrated into the webcast and is also available for download on our Investor Relations web site.

Replays of the presentation and Q&A session will be available in webcast format from approximately 3 hours after the conclusion of the presentation, through our Investor Relations web site. Replays will be available for one year.

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

Corporate Communication
Isabelle Marand
M.: +33(0) 6 14 89 18 17
isabelle.marand@gemalto.com

About Gemalto

Gemalto (Euronext NL 0000400653 GTO) is the world leader in digital security with 2009 annual revenues of €1.65 billion, and over 10,000 employees operating out of 75 offices, with research and service centers in 41 countries.

Gemalto is at the heart of our evolving digital society. The freedom to communicate, travel, shop, bank, entertain, and work—anytime, anywhere—has become an integral part of what people want and expect, in ways that are convenient, enjoyable and secure.

Gemalto delivers on the growing demands of billions of people worldwide for mobile connectivity, identity and data protection, credit card safety, health and transportation services, e-government and national security. We do this by supplying to governments, wireless operators, banks and enterprises a wide range of secure personal devices, such as subscriber identification modules (SIM), Universal Integrated Circuit Cards (UICC) in mobile phones, smart banking cards, smart card access badges, electronic passports, and USB tokens for online identity protection. Moreover Gemalto delivers on emerging applications related to the 'Internet of things' by supplying wireless modules and machine identification modules (MIM) for machine-to-machine communication. To complete these solutions we also provide software, systems and services to help our customers achieve their goals.

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.

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.

Appendices

Appendix 1

Third quarter revenue by region

€ in millions	Third quarter 2009	Third quarter 2010	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
EMEA	238	268	+ 12%	+ 9%
North & South America	83	132	+ 58%	+ 35%
Asia	79	101	+ 28%	+ 16%
Total revenue	401	500	+ 25%	+ 16%

Appendix 2

Third quarter revenue by business segment

€ in millions	Third quarter 2009	Third quarter 2010	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
Mobile Communication	220	251	+ 14%	+ 5%
Machine-to-Machine	-	33	n/a	n/a
Secure Transactions	107	119	+ 12%	+ 4%
Security	53	83	+ 58%	+ 48%
Others	21	14	(33%)	(36%)
Total revenue	401	500	+ 25%	+ 16%

Appendix 3

Average exchange rates between the Euro and the US dollar

EUR/USD	2009	2010
First quarter	1.33	1.40
Second quarter	1.34	1.31
First half	1.34	1.35
Third quarter	1.41	1.27
Fourth quarter	1.47	
Second half	1.44	
Full year	1.39	