

## Gemalto first semester 2013 results

- Record first semester with revenue at € 1.13 billion, up +13%
- Platforms & Services revenue up +25% to €208 million
- Profit from ongoing operations up +14%

To better assess past and future performance, the income statement is presented on an adjusted basis (see page 2 “Basis of preparation of financial information”). 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 the consolidated financial statements. The reconciliation with the IFRS income statement is presented in Appendix 2. The statement of financial position is prepared in accordance with IFRS, and the cash position variation schedule is derived from the IFRS cash flow statement. All figures in this press release are unaudited.

**Amsterdam, August 29, 2013** - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its results for the first semester 2013.

### *Key figures of the adjusted income statement*

Ongoing operations <sup>1</sup> (€ in millions)	First semester 2013	First semester 2012	Year-on-year variations	
			at historical exchange rates	at constant exchange rates
Revenue	1,129	1,016	+11%	+13%
Gross profit	428	386	+11%	
Operating expenses	(297)	(271)	+9%	
Profit from operations	131	115	+14%	
Profit margin	11.6%	11.3%	+0.3 ppt	

**Olivier Piou, Chief Executive Officer, commented:** “Gemalto recorded another strong semester of profitable growth, more than offsetting increased investments in operations made in the second part of last year. Over the period, our teams continued to deploy milestone programs and we are on track to meet our objectives for 2013. The announcement next week of our new development plan will provide company’s stakeholders with Gemalto’s blueprint to leverage the expanding opportunities we have in front of us.”

<sup>1</sup> See basis of preparation on page 2, and Appendix 1 of this document for more information on ongoing operations.

## Basis of preparation of financial information

In this press release, the information for the first semester of both 2013 and 2012 is presented for "ongoing operations" and under the 2013 format of segment reporting unless otherwise specified

### **Adjusted income statement and profit from operation (PFO) non-GAAP measure**

The interim condensed consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

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 take operating decisions over the period 2010 to 2013 is the profit from operations.

Profit from operations (PFO) is a non-GAAP measure defined as the IFRS operating result adjusted for the amortization and depreciation of intangibles resulting from acquisitions, for share-based compensation charges, and for restructuring and acquisition-related expenses. These items are further explained as follows:

- Amortization and depreciation of intangibles resulting from acquisitions are defined as the amortization and depreciation expenses related to the intangibles recognized as part of the allocation of the excess purchase consideration over the share of net assets acquired.
- Share-based compensation charges are defined as (i) the discount granted to employees acquiring Gemalto shares under Gemalto Employee Stock Purchase plans; and (ii) the amortization of the fair value of stock options and restricted share units granted by the Board of Directors to employees, and other related costs.
- 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 the acquisition process).

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 interim condensed consolidated financial statements prepared in accordance with IFRS.

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

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

The Appendix 2 bridges the adjusted income statement to the IFRS income statement.

### **Ongoing operations**

For a better understanding of the current and future year-on-year evolution of the business, the Company provides an adjusted income statement for "ongoing operations" for both 2013 and 2012 reporting periods.

The adjusted income statement for ongoing operations excludes, as per the IFRS income statement, the contribution from discontinued operations to the income statement, and also the contribution from assets classified as held for sale and from other items not related to ongoing operations.

For the first semester 2013, reported figures for ongoing operations only differ from figures for all operations by the contribution from assets held for sale, considered non-strategic and currently being disposed.

Appendix 1 bridges the adjusted income statement for ongoing operations to the adjusted income statement for all operations.

### **Historical exchange rates and constant currency figures**

Revenue variations are at constant exchange rates, except where otherwise noted.

All other figures in this press release are at historical exchange rates, except where otherwise noted.

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.

## IFRS results

The interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). To better assess its past and future performance, the Company also prepares an adjusted income statement. Appendix 2 provides the reconciliation between IFRS and adjusted income statements.

Gemalto's IFRS income statement for the first semester 2013 shows an operating profit (EBIT) of €104 million. This profit is up +38% on the first semester of 2012.

Restructuring and acquisition-related expenses amounted to €0.7 million (€2.4 million in the first semester of 2012). The equity-based compensation charge was €13 million (€25 million in the first semester of 2012) and amortization and depreciation of intangibles resulting from acquisitions amounted to €13 million (€10 million in the same period of 2012).

As a result, the IFRS net profit also showed a strong increase, up +38% over the first semester of 2012 to €81 million.

IFRS basic earnings per share and diluted earnings per share showed the same strong year-on-year increase. At €0.96 and €0.94 respectively for the reported period, IFRS basic earnings per share were higher by +36% and IFRS diluted earnings per share were higher by +39% when compared to the corresponding figures of the first semester of 2012.

## Adjusted financial information for all operations

In this section, the financial information is presented for all operations.

In comparison to the adjusted income statement for ongoing operations, the adjusted income statement for all operations also includes the contribution from assets held for sale. For the years 2012 and 2013, assets held for sale are minor non-strategic assets currently being disposed.

Extract of the adjusted income statement for all operations	First semester 2013		First semester 2012		Year-on-year variation at historical exchange rates
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	
Revenue	1,134.0		1,020.5		+11%
Gross profit	427.0	37.7%	387.5	38.0%	(0.3 ppt)
Operating expenses	(296.9)	(26.2%)	(275.1)	(27.0%)	+0.8 ppt
EBITDA	172.4	15.2%	145.8	14.3%	+0.9 ppt
Profit from operations	130.1	11.5%	112.4	11.0%	+0.5 ppt
Net profit	105.0	9.3%	94.9	9.3%	+0.0 ppt
Basic Earnings per share (€)	1.24		1.14		+9%
Diluted Earnings per share (€)	1.21		1.09		+11%

Revenue for all operations for the first semester was €1,134 million, up by +13% at constant exchange rates and by +11% at historical rates, with all segments increasing their revenue. The pace of growth accelerated over the course of the semester with the second quarter revenue increase settling at +16%, following +9% in the first quarter. The Secure Transactions segment developed particularly well over the semester with revenue growth of +18% and the Security segment once again posted double digit revenue growth. Platforms & Services revenue expanded across the Company by +25%, generating 36% of total Company revenue growth, to reach €208 million for the semester<sup>2</sup>.

Gross profit was up +10%, i.e. up by €40 million, to €427 million, representing essentially stable year-on-year gross margin of 38%. The gross margin increase in Mobile Communication and Machine-to-Machine segments, resulting from a better product mix, and in the Patents segment, benefiting from a partial resumption in licensing activity, offset lower gross margin in the Secure Transactions and Security segments. Both those segments incurred additional operational costs this semester in order to properly address the strong growth in their businesses, and benefited from gross margin improvements only towards the end of the second quarter when operational efficiencies began to kick in.

Operating expenses for all operations, at €297 million, were stable when compared to the previous semester and were up +8% year-on-year. The planned increase, driving profit seasonality, was essentially attributable to additional investments in research and development, up +10%, as well as in sales and marketing, up +11%, excluding the impact of assets held for sale.

As a result, first semester 2013 profit from operations for all operations came in at €130 million or 11.5% of revenue, up +16% on the comparable period of 2012. This expansion was driven by the increase in the contribution from ongoing operations from all segments other than the Security segment.

Gemalto's financial income for all operations was (€3.1) million compared to (€6.0) million for the first semester of 2012 with net interest income at (€0.5) million and foreign exchange transactions and other financial items at (€2.6) million.

Including a share of profit in associate of (€2.0) million, adjusted profit before income tax for all operations came in at €125 million, up +16% on the previous year.

Adjusted income tax expense was (€20) million, with an estimated IFRS annual income tax rate of 18% for the year 2013.

Consequently, the adjusted net profit for all the operations of the Company was €105 million, an +11% increase when compared to last year's figure of €95 million.

Adjusted basic earnings per share for all operations came in at €1.24, and adjusted diluted earnings per share for all operations at €1.21, increasing by +9% and +11% respectively when compared to the first semester 2012 adjusted basic earnings per share for all operations of €1.14 and adjusted diluted earnings per share for all operations of €1.09.

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<sup>2</sup> Revenue growth of +25% compares the first semester 2013 revenue to the first semester 2012 revenue with revenue from Platforms & Services in the Security segment following the same definition as in the other segments, i.e. not only includes personalization services but also server platforms, application software and services. Revenue grew by +48% when compared to the revenue of €140 million reported on the first semester of 2012.

## Statement of financial position and cash position variation schedule

In the first semester of 2013, operating activities generated a cash flow of €127 million before changes in working capital, up +17% on the €109 million generated in the first semester of 2012. Changes in working capital reduced cash flow by €83 million compared to €19 million in the same period of 2012. This impact was essentially due to the strong +16% revenue growth observed in the second quarter, to the transient effects of the longer cash collection cycle associated to specific accelerating businesses in Asia and to the differences in quarter-on-quarter seasonality patterns.

Capital expenditure and acquisition of intangibles amounted to €56 million, or 5.0% of revenue, of which €35 million were incurred for Property, Plant and Equipment assets with, in particular, specific investments in personalization centers and other facilities to support innovative products ramp-up and future growth in the financial services and government sectors. Capitalization of development expenses reduced as a percentage of revenue to 1.4% and total expenditure incurred for intangible assets was reduced to €21 million, representing 1.9% of revenue.

Acquisitions reinforcing Gemalto's offering in the Security segment, and divestiture of subsidiaries and businesses, net of cash acquired, used €25 million in cash.

Gemalto's share buy-back program used €15 million in cash in the first semester of 2013, for the purchase of 238,445 shares, net of the liquidity program. As at June 30, 2013, the Company held 2,273,085 shares, or 2.58% of its own shares in treasury. The total number of Gemalto shares issued was unchanged, at 88,015,844 shares. Net of the 2,273,085 shares held in treasury, 85,742,759 shares were outstanding as at June 30, 2013. The average acquisition price of the shares repurchased on the market by the Company as part of its buy-back program and held in treasury as at June 30, 2013 was €47.03.

On May 24, 2013, Gemalto paid a cash dividend of €0.34 per share in respect of the fiscal year 2012, up 10% on the dividend paid in 2012 (€0.31 per share). This distribution used €29 million in cash. Other financing activities generated €5 million in cash, including €16 million of proceeds received by the Company from the exercise of stock options by employees and a €10 million repayment of borrowings.

As a result of these elements, cash and bank overdrafts represented €285 million, as at June 30, 2013

Gemalto's net cash position, including €7 million of borrowings, was €277 million as at June 30, 2013, versus €300 million as at June 30, 2012.

## Segment information

In this section, for a better understanding of Gemalto's business evolution, comments and comparisons refer to ongoing operations, i.e. excluding assets held for sale. Revenue variations are expressed at constant currency exchange rates unless otherwise noted.

Segment contribution to first semester 2013 results	Mobile Communication	Machine-to-Machine	Secure Transactions	Security	Patents	Total ongoing operations
As a percentage of ongoing revenue	45%	9%	27%	18%	1%	100%
As a percentage of ongoing PFO	54%	6%	22%	13%	5%	100%

With all segments growing vigorously, including Mobile Communication, the contribution to revenue of the other segments continued to expand compared to the first semester of the previous year, illustrating the regularly improving balance between Gemalto's businesses. Together, these businesses excluding Mobile Communication accounted for 55% of Gemalto's total revenue (53% in the first semester 2013) and for 46% of Gemalto's total profit from operations (40% in the first semester 2012).

Year-on-year variations and currencies impact (€ in millions)	Mobile Communication	Machine-to-Machine	Secure Transactions	Security	Patents	Total ongoing operations
<b>Second quarter</b>						
Revenue	266	52	167	110	16	<b>612</b>
At constant rates	+12%	+11%	+23%	+5%	n.m.	<b>+16%</b>
At historical rates	+10%	+10%	+21%	+5%	n.m.	<b>+15%</b>
<b>First semester</b>						
Revenue	505	97	311	202	16	<b>1,129</b>
At constant rates	+8%	+7%	+18%	+12%	n.m.	<b>+13%</b>
At historical rates	+6%	+6%	+16%	+12%	n.m.	<b>+11%</b>
<b>Profit from operations</b>	71	8	29	17	6	<b>131</b>
At historical rates	+2%	+80%	+7%	(10%)	n.m.	<b>+14%</b>

For the first semester 2013, Gemalto's revenue growth from its ongoing operations was +13% at constant rates and +11% at historical rates, with double-digit growth in Secure Transactions and in Security. At constant perimeter and constant exchange rates, organic revenue growth was +11%. In the second quarter, revenue growth was even higher, with +16% at constant rates and +15% at historical rates, on the back of double-digit growth in all segments apart from the Security segment which recorded +5% growth on top of its particularly high revenue level of the second quarter of 2012.

The evolution of foreign currency translation in Euro resulted in an unfavorable 160 basis point impact on the revenue growth recorded in the first semester, coming notably from lower US dollar and Japanese Yen value vs. Euro.

## Mobile Communication

	First semester 2013		First semester 2012		Year-on-year variation	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	505.0		476.5		+6%	+8%
Gross profit	217.4	43.0%	200.3	42.0%	+1.0 ppt	
Operating expenses	(146.9)	(29.1%)	(130.9)	(27.5%)	(1.6 ppt)	
Profit from operations	70.5	14.0%	69.4	14.6%	(0.6 ppt)	

In Mobile Communication, revenue increased by +8% over the period, with growth accelerating in the second quarter, to +12%, as deployment of next generation technologies generated strong organic expansion. Growth in both “Embedded software & Products” as well as “Platforms & Services” activities came from the continuing deployment of LTE networks and of a global trust infrastructure to secure services on mobile devices in the Americas, Europe and, to a lesser extent, Asia. Recently acquired businesses contributed €9m to the revenue increase recorded for the first semester.

Gross margin increased to 43%, reflecting the improvement in product mix, a full basis point above last year’s figure, though the strong resources increase driving further deployment of software platforms in Gemalto datacenters and at customer sites limited the semester’s gross margin expansion.

Operating expenses, higher by €16 million, or +12%, on the previous year, grew by 1.6 percentage points, to account for 29% of revenue as investments were made to accompany the very strong expansion in the Platforms & Services activity and prepare further growth. G&A expenses were stable as a percentage of revenue.

As a result, the segment’s profit from operations rose to €71 million to account for 14% of revenue.

## Machine-to-Machine

	First semester 2013		First semester 2012		Year-on-year variation	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	96.6		91.0		+6%	+7%
Gross profit	33.0	34.2%	29.8	32.7%	+1.5 ppt	
Operating expenses	(24.8)	(25.6%)	(25.2)	(27.7%)	+2.0 ppt	
Profit from operations	8.3	8.5%	4.6	5.0%	+3.5 ppt	

Machine-to-Machine revenue grew to €97 million, up +7% at constant exchange rates. In the second quarter, the increase in revenue accelerated to +11% as new commercial offerings enjoyed growing success in the fields of automotive, and other multi-service connectivity systems. Platforms & Services activities also started to record first successes.

Gross profit increased by €3 million to €33 million with gross margin expanding to 34% of revenue reflecting the improved portfolio of products and the initial developments of platforms and services.

Operating expenses remained essentially stable at €25 million and were down 2.0 percentage points on last year, when expressed as a percentage of revenue.

As a result, the segment's profit from operations grew markedly over the period, by over +80%, to €8 million, i.e. 9% of revenue.



## Secure Transactions

	First semester 2013		First semester 2012		Year-on-year variation	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	310.5		267.1		+16%	+18%
Gross profit	93.2	30.0%	87.7	32.8%	(2.8 ppt)	
Operating expenses	(64.6)	(20.8%)	(61.0)	(22.8%)	+2.0 ppt	
Profit from operations	28.5	9.2%	26.7	10.0%	(0.8 ppt)	

In Secure Transactions, revenue grew very strongly, up +18% at constant exchange rates to €311 million. Here too the revenue momentum picked up in the second quarter growth with an increase of +23% as the shift to EMV stepped up.

Gross profit increased by €6 million to €93 million. The gross margin of 30% reflects the less favorable product mix in the new countries adopting the EMV standards and the additional initial costs and lower productivity temporarily incurred due to the setting up of new operations in order to manage these deployments. Gross margin improved regularly throughout the second quarter as operational efficiencies began to kick in. It is expected to be back close to last year's figure for the second semester of 2013.

With operating expenses growing by +6% year-on-year to €65 million, profit from operations increased to €29 million, representing 9% of revenue.

## Security

	First semester 2013		First semester 2012		Year-on-year variation	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	201.6		180.0		+12%	+12%
Gross profit	69.8	34.6%	67.8	37.7%	(3.0 ppt)	
Operating expenses	(52.7)	(26.1%)	(48.6)	(27.0%)	+0.9 ppt	
Profit from operations	17.2	8.5%	19.2	10.6%	(2.1 ppt)	

Security delivered another semester of double-digit revenue growth, up +12% at constant exchange rates to €202 million. Both Government Programs and Identity and Access Management drove revenue expansion.

Gross profit increased to €70 million. Gross margin was lower this semester by 3 percentage points to 35%, as certain costs were incurred due to the move of activities in new facilities in order to better manage the rapid growth in Government Programs. In this segment as well, the operational performance improved regularly over the semester as operational efficiencies began to kick in.

The segment's first semester operating expenses rose by €4 million or +8% to €53 million as investments were made to support its strong revenue growth.

As a result, profit from operations for the semester came in slightly lower, by €2 million, to €17 million, and 9% of revenue. The Profit from operations margin is expected to improve over the course of the year through the continuing pick up in performance of the new facilities.

## Patents

	First semester 2013		First semester 2012		Year-on-year variation	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	15.6		1.1		n.m.	n.m.
Gross profit	14.4	92.3%	1.0	90.0%	+2.3 ppt	
Operating expenses	(8.0)	(51.4%)	(5.8)	n.m.	n.m.	
Profit from operations	6.4	40.9%	(4.8)	n.m.	n.m.	

The litigation procedure engaged in the United States reinforced the validity of Gemalto's patents portfolio. In light of this, a set of licensing agreements was renewed in the second quarter. As a result, revenue was €16 million and profit from operations was €6 million during the period.

The procedure regarding the merits of the claim construction issue that was elevated to the Appellate Court for ruling continued along the lines previously reported. We expect the presentation before the Appellate Court to be completed in the Fall of 2013, and a conclusion of the case in the first half of 2014 if a trial is needed.

The company does not anticipate recording any significant additional revenue as part of its Patents activity this year.

## Outlook

For the full year 2013 Gemalto anticipates double-digit expansion in both profit from operations and revenue at constant exchange rates. Increased investment in operations to drive business development beyond 2013 should lead to a more pronounced seasonality in profit from operations between the two semesters. Gemalto's next long-term development plan and objectives will be announced on September 5, 2013.

## Live Audio Webcast and Conference call

Gemalto first semester 2013 results 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](http://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 dialing:

(UK) +44 203 367 9453 or (US) +1 866 907 5923 or (FR) +33 1 7077 0934

The accompanying presentation slide set 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 on our Investor Relations web site approximately 3 hours after the conclusion of the presentation. Replays will be available for one year.

The semi-annual report, including the interim condensed consolidated financial statements as of June 30, 2013, is available on our Investor web site ([www.gemalto.com/investors](http://www.gemalto.com/investors)).

## **Investor Conference**

Gemalto's new multi-year strategic development plan and business objectives will be presented on September 5th, 2013, through a live webcast, starting at 7:00 PM Amsterdam and Paris time, 6:00 PM London time, 1:00 PM New York time.

The live webcast, accessible at <http://www.gemalto.com/investors/index.html#conference>, will start with an around two-hour presentation of the new plan by the Company executives. This presentation will be followed by an approximately one-hour Questions and Answers session, which will start at 9:30 PM Amsterdam and Paris time, 8:30 PM London time, 3:30 PM New York time, also accessible through the live webcast.

The associated presentation document will be made available on the investors section of Gemalto's website at <http://www.gemalto.com/investors> right after the event.

## **Reporting calendar**

Third quarter 2013 revenue will be reported on Thursday October 24, 2013, before the opening of Euronext Paris.

### Stock Exchange Listing

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

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

Gemalto has also established a sponsored Level I American Depositary 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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## About Gemalto

Gemalto (Euronext NL0000400653 GTO) is the world leader in digital security with 2012 annual revenues of €2.2 billion and more than 10,000 employees operating out of 83 offices and 13 Research & Development centers, located in 43 countries.

We are at the heart of the rapidly evolving digital society. Billions of people worldwide increasingly want the freedom to communicate, travel, shop, bank, entertain and work – anytime, everywhere – in ways that are enjoyable and safe. Gemalto delivers on their expanding needs for personal mobile services, payment security, authenticated cloud access, identity and privacy protection, eHealthcare and eGovernment efficiency, convenient ticketing and dependable machine-to-machine (M2M) applications. We develop secure embedded software and secure products which we design and personalize. Our platforms and services manage these products, the confidential data they contain and the trusted end-user services made possible.

Our innovations enable our clients to offer trusted and convenient digital services to billions of individuals. Gemalto thrives with the growing number of people using its solutions to interact with the digital and wireless world.

For more information visit

[www.gemalto.com](http://www.gemalto.com), [www.justaskgemalto.com](http://www.justaskgemalto.com), [blog.gemalto.com](http://blog.gemalto.com), or follow @gemalto on Twitter.

**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: trends in wireless communication and mobile commerce markets; the Company's ability to develop new technology and the effects of competing technologies developed; effects of the intense competition in the Company's main markets; 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, platforms and services; profitability of the expansion strategy; effects of acquisitions and investments; ability of the Company's to integrate acquired businesses, activities and companies according to expectations; ability of the Company to achieve the expected synergies from acquisitions; 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 or its representatives 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 required by applicable law or regulations.

## Appendix 1

### Adjusted income statement by business segment and Contribution of assets held for sale

For the years 2012 and 2013, assets held for sale comprise the contribution from non-strategic assets currently being disposed.

First semester 2013 Adjusted income statement (€ in millions)	Ongoing operations						Total	Assets held for sale	Total Gemalto
	Mobile Communication	Machine-to- Machine	Secure Transactions	Security	Patents	Total			
Revenue	505.0	96.6	310.5	201.6	15.6	1,129.4	4.7	1,134.0	
Gross profit	217.4	33.0	93.2	69.8	14.4	427.8	(0.8)	427.0	
Operating expenses	(146.9)	(24.8)	(64.6)	(52.7)	(8.0)	(297.0)	0.1	(296.9)	
Profit from operations	70.5	8.3	28.5	17.2	6.4	130.8	(0.7)	130.1	

First semester 2012 Adjusted income statement (€ in millions)	Ongoing operations						Total	Assets held for sale	Total Gemalto
	Mobile Communication	Machine-to- Machine	Secure Transactions	Security	Patents	Total			
Revenue	476.5	91.0	267.1	180.0	1.1	1,015.6	4.9	1,020.5	
Gross profit	200.3	29.8	87.7	67.8	1.0	386.5	1.0	387.5	
Operating expenses	(130.9)	(25.2)	(61.0)	(48.6)	(5.8)	(271.5)	(3.6)	(275.1)	
Profit from operations	69.4	4.6	26.7	19.2	(4.8)	115.0	(2.6)	112.4	



## Appendix 2

### Reconciliation from Adjusted financial information to IFRS

6 month period ending June 30, 2013

	Adjusted financial information for ongoing operations	Items not related to ongoing operations	Adjusted financial information	Adjustments	IFRS financial information
<i>€ in thousands</i>					
<b>Revenue</b>	1,129,358	4,672	1,134,030		1,134,030
Cost of sales	(701,517)	(5,505)	(707,022)	(3,014)	(710,036)
<b>Gross profit</b>	<b>427,841</b>	<b>(833)</b>	<b>427,008</b>	<b>(3,014)</b>	<b>423,994</b>
<b>Operating expenses</b>					
Research and engineering	(70,744)		(70,744)	(3,126)	(73,870)
Sales and marketing	(158,919)	(353)	(159,272)	(1,956)	(161,228)
General and administrative	(64,719)	(143)	(64,862)	(4,963)	(69,825)
Gain on sale of assets held for sale		1,093	1,093		1,093
Other income (expense), net	(2,614)	(507)	(3,121)		(3,121)
<b>Profit from operations</b>	<b>130,845</b>	<b>(743)</b>	<b>130,102</b>		
Share-based compensation charges and associated charges				(13,059)	
Restructuring and acquisition-related expenses				(663)	(663)
Amortization and depreciation of intangibles resulting from acquisitions				(12,545)	(12,545)
<b>Operating profit</b>				<b>(26,267)</b>	<b>103,835</b>
Financial income (expense), net	(4,615)	1,513	(3,102)		(3,102)
Share of profit of associates	(1,964)	(38)	(2,002)		(2,002)
<b>Profit before income tax</b>	<b>124,266</b>	<b>732</b>	<b>124,998</b>	<b>(26,267)</b>	<b>98,731</b>
Income tax (expense) credit	(20,027)		(20,027)	2,320	(17,707)
<b>Profit from continuing operations</b>	<b>104,239</b>	<b>732</b>	<b>104,971</b>	<b>(23,947)</b>	<b>81,024</b>
Profit (loss) from discontinued operation (net of income tax)					
<b>Profit for the period</b>	<b>104,239</b>	<b>732</b>	<b>104,971</b>	<b>(23,947)</b>	<b>81,024</b>
<b>Attributable to:</b>					
Owners of the Company	104,497	1,079	105,576	(23,838)	81,738
Non-controlling interests	(258)	(347)	(605)	(109)	(714)
<b>Earnings per share</b>					
Basic earnings per share	1.23		1.24		0.96
Diluted earnings per share	1.20		1.21		0.94

The first semester 2013 adjusted basic earnings per share are determined on the basis of the weighted average number of Gemalto shares outstanding during the six-month period ended June 30, 2013 i.e. 85,165,349 shares, which takes into account the effect of the share buy-back program. The first semester 2013 adjusted diluted earnings per share are determined by using 87,048,320 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 "in the money" share based instruments were exercised (2,567,540 instruments) and the proceeds received from the instruments exercised (€45,675,247) were used to buy-back shares at the average share price of the first semester 2013 (684,569 shares at €66.72).

6 month period ending June 30, 2012

	Adjusted financial information for ongoing operations	Items not related to ongoing operations	Adjusted financial information	Adjustments	IFRS financial information
<i>€ in thousands</i>					
<b>Revenue</b>	1,015,602	4,882	1,020,484		1,020,484
Cost of sales	(629,111)	(3,907)	(633,018)	(3,858)	(636,876)
<b>Gross profit</b>	<b>386,491</b>	<b>975</b>	<b>387,466</b>	<b>(3,858)</b>	<b>383,608</b>
<b>Operating expenses</b>					
Research and engineering	(64,478)	(2,343)	(66,821)	(2,042)	(68,863)
Sales and marketing	(143,438)	(1,204)	(144,642)	(9,068)	(153,710)
General and administrative	(63,657)	(90)	(63,747)	(9,963)	(73,710)
Gain on sale of assets held for sale					
Other income (expense), net	83	30	113		113
<b>Profit from operations</b>	<b>115,001</b>	<b>(2,632)</b>	<b>112,369</b>		
Share-based compensation charges and associated charges				(24,931)	
Restructuring and acquisition-related expenses				(2,417)	(2,417)
Amortization and depreciation of intangibles resulting from acquisitions				(9,956)	(9,956)
<b>Operating profit</b>				<b>(37,304)</b>	<b>75,065</b>
Financial income (expense), net	(6,021)	(5)	(6,026)		(6,026)
Share of profit of associates	1,183		1,183		1,183
<b>Profit before income tax</b>	<b>110,163</b>	<b>(2,637)</b>	<b>107,526</b>	<b>(37,304)</b>	<b>70,222</b>
Income tax (expense) credit	(12,540)	(103)	(12,643)	1,209	(11,434)
<b>Profit from continuing operations</b>	<b>97,623</b>	<b>(2,740)</b>	<b>94,883</b>	<b>(36,095)</b>	<b>58,788</b>
Profit (loss) from discontinued operation (net of income tax)					
<b>Profit for the period</b>	<b>97,623</b>	<b>(2,740)</b>	<b>94,883</b>	<b>(36,095)</b>	<b>58,788</b>
<b>Attributable to:</b>					
Owners of the Company	97,607		94,867		58,772
Non-controlling interests	16		16		16
<b>Earnings per share</b>					
Basic earnings per share	1.17		1.14		0.71
Diluted earnings per share	1.12		1.09		0.67

### Appendix 3

#### Interim consolidated statement of financial position

<i>(€ in thousands)</i>	<u>June 30,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, net	245,455	237,444
Goodwill, net	854,887	852,240
Intangible assets, net	205,233	198,660
Investments in associates	27,201	25,697
Deferred income tax assets	95,183	108,027
Available-for-sale financial assets, net	-	-
Other non-current assets	69,656	48,883
Derivative financial instruments	7,654	14,290
<b>Total non-current assets</b>	<b>1,505,269</b>	<b>1,485,241</b>
<b>Current assets</b>		
Inventories, net	202,965	185,535
Trade and other receivables, net	700,464	652,752
Derivative financial instruments	20,503	19,340
Cash and cash equivalents	286,541	358,610
<b>Total current assets</b>	<b>1,210,473</b>	<b>1,216,237</b>
Assets held for sale	1,263	13,210
<b>Total assets</b>	<b>2,717,005</b>	<b>2,714,688</b>
<b>EQUITY</b>		
Share capital	88,016	88,016
Share premium	1,207,081	1,207,195
Treasury shares	(106,888)	(151,753)
Fair value and other reserves	91,067	123,388
Cumulative translation adjustments	(13,872)	81
Retained earnings	707,367	654,795
<b>Capital and reserves attributable to the owners of the Company</b>	<b>1,972,771</b>	<b>1,921,722</b>
Non-controlling interests	5,929	10,590
<b>Total equity</b>	<b>1,978,700</b>	<b>1,932,312</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	3,481	3,674
Deferred income tax liabilities	34,597	31,994
Employee benefit obligations	79,879	80,039
Provisions and other liabilities	56,572	84,439
Derivative financial instruments	330	277
<b>Total non-current liabilities</b>	<b>174,859</b>	<b>200,423</b>
<b>Current liabilities</b>		
Borrowings	5,632	6,564
Trade and other payables	526,280	539,401
Current income tax liabilities	12,498	23,218
Provisions and other liabilities	16,407	6,990
Derivative financial instruments	2,629	4,803
<b>Total current liabilities</b>	<b>563,446</b>	<b>580,976</b>
Liabilities associated with assets held for sale	-	977
<b>Total liabilities</b>	<b>738,305</b>	<b>782,376</b>
<b>Total equity and liabilities</b>	<b>2,717,005</b>	<b>2,714,688</b>

**Appendix 4**

**Cash position variation schedule**

<i>€ in millions</i>	<b>First semester 2013</b>	First semester 2012
<b>Cash and back overdrafts, beginning of period</b>	<b>363</b>	330
<b>Cash generated by operating activities before change in working capital</b>	<b>127</b>	109
Cash provided (used) by working capital decrease (increase)	<b>(83)</b>	(19)
<b>Cash generated by operating activities</b>	<b>45</b>	90
Capital expenditure and acquisitions of intangibles	<b>(56)</b>	(48)
<b>Free cash flow</b>	<b>(12)</b>	42
Interest received, net	<b>1</b>	2
Cash used by acquisitions	<b>(25)</b>	(7)
Other cash provided by investing activities	<b>1</b>	0
Currency translation adjustments	<b>(4)</b>	3
<b>Cash generated (used) by operating and investing activities</b>	<b>(39)</b>	40
Cash used by the share buy-back program	<b>(15)</b>	(31)
Dividend paid to Gemalto shareholders	<b>(29)</b>	(26)
Other cash provided (used) by financing activities	<b>5</b>	4
<b>Cash and bank overdrafts, end of period</b>	<b>285</b>	317
Current and non-current borrowings excluding bank overdrafts, end of period	<b>(7)</b>	(16)
<b>Net cash, end of period</b>	<b>277</b>	300

**Appendix 5**

**Revenue from ongoing operations, by region**

<b>First semester</b> € in millions	<b>First semester</b> <b>2013</b>	First semester 2012	Year-on-year variation	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	<b>557</b>	516	9%	8%
Americas	<b>345</b>	312	12%	11%
Asia	<b>227</b>	188	26%	21%
<b>Total revenue</b>	<b>1,129</b>	1,016	13%	11%

<b>Second quarter</b> € in millions	<b>Second quarter</b> <b>2013</b>	Second quarter 2012	Year-on-year variation	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	<b>299</b>	272	11%	10%
Americas	<b>192</b>	168	15%	14%
Asia	<b>120</b>	92	35%	31%
<b>Total revenue</b>	<b>612</b>	532	16%	15%

**Appendix 6**

**Average exchange rates between the Euro and the US dollar**

EUR/USD	<b>2013</b>	<b>2012</b>
First quarter	1.33	1.32
Second quarter	<b>1.29</b>	1.30
First semester	<b>1.31</b>	1.31
Third quarter		1.24
Fourth quarter		1.29
Second semester		1.26
Full year		1.29