

## Gemalto third quarter 2013 revenue

- Double-digit revenue expansion, with growth in all main segments and all regions.
- Platforms & Services revenue up +37%, representing more than half of total revenue growth.
- Secure Transactions up +18%, driven by large digital payment deployments.

Revenue figures above and in this document are for ongoing operations<sup>1</sup> and variations are at constant exchange rates except where otherwise noted. Revenue figures including contribution of assets held for sale and variations at historical rates are provided in the appendices of this document. All figures presented in this press release are unaudited.

**Amsterdam, October 24, 2013** - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its revenue for the third quarter of 2013.

Third quarter 2013 Ongoing operations (€ in millions)	Mobile Communication	Machine-to- Machine	Secure Transactions	Security	Patents	Total third quarter 2013	Total third quarter 2012
Revenue	287	49	162	98	0	596	575
Year-on-year variations at constant exchange rates	+9%	+9%	+18%	+5%	n.m.	+10%	

**Olivier Piou, Chief Executive Officer, commented:** “Gemalto’s diversified businesses and geographic footprint led to another quarter of strong revenue growth. A key component of our new multi-year plan is the development of our Platforms & Services activity, and its performance, expanding nearly +30% since the beginning of the year, evidences the trust our customers place in us. Our Embedded software & Products activity also develops rapidly, as expected, with +8% in year-to-date revenue growth. With this progress and despite the adverse currency environment we are on track to deliver on our outlook for 2013, which remains unchanged.”

<sup>1</sup> See basis of preparation on page 2, and appendix 3 of this document for more information on ongoing operations.

## **Basis of preparation of financial information**

### **Ongoing operations**

For a better understanding of the current and future year-on-year evolution of the business, the Company provides revenue from “ongoing operations” for both 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.

In this publication reported figures for ongoing operations only differ from figures for all operations by the contribution from assets held for sale.

Appendix 3 bridges the revenue for ongoing operations to the revenue for all operations.

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

Revenue variations are at constant 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 currencies other than the Euro. Fluctuations in exchange rates of these other currencies against the Euro have 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.

## General information

<b>Third quarter 2013</b> Revenue contributions by sector (€ in millions) Ongoing operations	<b>Mobile<sup>2</sup></b>	<b>Payment<sup>3</sup> &amp; Identity</b>	Total four main segments
Revenue	336	260	596
Year-on-year variations at constant exchange rates	+9%	+13%	+10%
As a percentage of total revenue growth at constant exchange rates	48%	52%	100%

<b>Third quarter 2013</b> Revenue contributions by activity (€ in millions) Ongoing operations	<b>Embedded software &amp; Products</b>	<b>Platforms &amp; Services</b>	Total four main segments
Revenue	483	113	596
Year-on-year variations at constant exchange rates	+5%	+37%	+10%
As a percentage of total revenue growth at constant exchange rates	45%	55%	100%

For the period, revenue for ongoing operations was up by +10% year-on-year at constant exchange rates to €596 million, growing in all regions and in all main segments. The Mobile sector grew by +9%, with an identical increase in both Mobile Communication and Machine-to-Machine segments. The Payment & Identity sector grew by +13%, on the back of an excellent performance in Secure Transactions (+18%) and a lower increase (+5%) recorded in Security this quarter.

Platforms & Services activities posted €113 million in revenue, an increase of +37% compared to the third quarter of 2012. All segments contributed to this remarkable expansion, which accounted for 55% of the total Company revenue increase of the quarter. In Embedded software and Products activities, revenue reached €483 million, up +5%, with solid developments in all main segments.

Total Company revenue expansion was +10% at constant exchange rates and +4% at historical exchange rates. During the third quarter, effects of currency movements were significant due to the cumulative negative effect of fluctuations in exchange rates against the Euro of most currencies used by the Company in its activities, such as the American dollar (-6%), Brazilian real (-16%), British pound (-7%), Japanese yen (-25%) or South African rand (-22%).<sup>4</sup>

Revenue variations by segment and by region, at constant and historical exchange rates, are presented in appendix 1 and 2. Average exchange rates between the Euro and the US Dollar are presented in appendix 5.

<sup>2</sup> "Mobile" includes the Mobile Communication and Machine-to-Machine segments

<sup>3</sup> "Payment & Identity" includes the Secure Transactions and Security segments

<sup>4</sup> Year-on-year variation in the average of monthly closing rates against the Euro for the third quarter – source: Bloomberg.

## Segment information

### Mobile Communication

€ in millions	Third quarter 2013	Third quarter 2012
Revenue	286.5	283.4
Year-on-year variation at constant exchange rates	+9%	

The Mobile Communication segment posted revenue of €287 million for the quarter, growing by +9% at constant exchange rates compared to the third quarter of 2012.

Revenue from Platforms & Services grew by +25%, reaching €53 million. This growth came mainly from core subscriber services with LTE subscription management and other remote management services as well as operator billing services, which complemented the solid momentum in mobile payment activities.

Embedded software & Products grew by 5% as deployments of LTE programs continue and demand for multi-tenant SIM cards increases, driving further mix improvement.

### Machine-to-Machine

€ in millions	Third quarter 2013	Third quarter 2012
Revenue	49.2	47.7
Year-on-year variation at constant exchange rates	+9%	

The Machine-to-Machine segment posted revenue of €49 million, an increase of +9% at constant exchange rates. The increase in activity was driven by improving demand in the Americas and Europe. The demand for Cinterion modules and data management services stems from industrial sectors that are integrating mobile connectivity into their product offerings to reduce costs, improve data collection and deliver higher levels of service. The automotive and track & trace sectors as well as the developments in Platforms & Services initiated in the first semester, which represent an encouraging albeit, as yet, limited contribution, all posted positive dynamics during the quarter.

## Secure Transactions

€ in millions	Third quarter 2013	Third quarter 2012
Revenue	161.7	145.5
Year-on-year variation at constant exchange rates	+18%	

Secure Transactions posted a +18% revenue increase at constant exchange rates to €162 million, extending the strong growth momentum started during the first semester of 2013.

A large part of the revenue increase this quarter came from Asian countries that have begun their migration to EMV technology. More globally, the deployment of contactless and dual-interface electronic payment cards continues to grow in proportion, representing close to half of the quarter's deliveries.

Revenue expansion in Platforms & Services was similar to the segment growth, driven by projects for mobile payment.

## Security

€ in millions	Third quarter 2013	Third quarter 2012
Revenue	98.2	97.6
Year-on-year variation at constant exchange rates	+5%	

Revenue in Security grew in both the Government Programs and Identity & Access Management businesses, reaching €98 million, up +5% on top of the +22% growth posted for the same quarter of 2012. Contracts related to voter registration and post issuance drove a strong increase in Platforms & Services sales, and the Embedded software & Products activity captured new ePassport contracts that were up for renewal in Europe and Africa.

Operational performance has been restored following the start up phase of two new facilities in the first semester, and even if quarterly oscillations in relative growth rates may occur in this dynamic business, the government contracts backlog remains healthy.

## Patents

€ in millions	Third quarter 2013	Third quarter 2012
Revenue	0.1	0.3
Year-on-year variation at constant exchange rates	n.m.	

The activity in Patents continues to be limited due to ongoing litigation initiated by the Company in the United States. As anticipated, no meaningful revenue was recognized during the third quarter.

### Additional information

Identity for citizens - Gemalto announced several developments in the government identity space including new wins in both Embedded software & Products and Platforms & Services.

- Gemalto is delivering its Sealys electronic driving license to Imprimerie Nationale, the French public printing office, as part of a multi-year contract as well as its Coesys Issuance solution so that the new e-Document can be personalized in-house.
- Gemalto will supply Belgium with its ePassport, due to be introduced in May 2014. Under the five-year contract, Gemalto will supply the Belgian ePassport program with its Sealys range of highly secure and durable ePassport booklets, and its latest ICAO secure embedded software
- The Norwegian National Police Directorate selected Gemalto's Coesys eBorder solution, a self-service border control system leveraging electronic secure travel documents, to automate border management at Oslo's Gardermoen Airport. Based on sophisticated automatic passport verification and facial recognition technology, the solution offers Norwegian citizens traveling from non-Schengen countries a faster journey through Norway's busiest airport.

Machine-to-Machine - Several developments in the space reinforce Gemalto leadership in that market as well as its ability to partner within the ecosystem to facilitate the expansion of the internet of things.

- Gemalto is again simplifying Machine-to-Machine (M2M) technology and expanding the Internet of Things (IoT) with the launch of the Cinterion® Concept Board for developers. Leveraging Oracle Java ME Embedded, Gemalto's unique Cinterion Concept Board will address over nine million Java developers worldwide, providing an easy and cost-efficient method to engage in the M2M marketplace.
- Gemalto is working with Oracle and V2COM, a leading developer of Smart Grid systems, in delivering a flexible smart energy solution to help modernize electrical power delivery throughout Latin America.
- Gemalto joined forces with KORE Telematics to offer global M2M application enablement services as a cloud-based Software as a Service (SaaS) platform that transforms real-time data from equipment and device sensors into actionable intelligence that improves operational efficiency and optimizes costs.
- Gemalto, in partnership with Jazz Wireless Data, has won a gold 2013 Connected World Magazine Value Chain Award for a solution that enables high-speed connectivity and GPS data transmission for TrackPoint's innovative solar powered wireless asset management product, which was used in Hurricane Sandy relief efforts to remotely monitor fuel levels in tanker trucks and fleet vehicles working to speed recovery and restore power.

#### Related press releases:

October 1, 2013: Gemalto selected for Belgian ePassport

September 24, 2013: Gemalto, Oracle and V2COM Collaborate to Deliver M2M Technology for Smart Grid Solutions in Latin America

September 23, 2013: Gemalto's new M2M development kit boosts innovation in the Internet of Things

September 16, 2013: Imprimerie Nationale selects Gemalto for the French electronic driving license

September 3, 2013: Gemalto automatic border management solution live at Oslo Airport

August 1, 2013: Gemalto and KORE enable global connectivity and M2M applications with cloud-based service platform

July 18, 2013: Gemalto Honored with Connected World 2013 Gold Value Chain Award for Facilitating Innovative M2M Technology

## 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.

## Live Audio Webcast and Conference call

Gemalto third quarter 2013 revenue presentation will be webcast in English today at 3pm Amsterdam and 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 9458 or (US) +1 866 907 5923 or (FR) +33 1 7077 0936

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.

## Reporting calendar

The full year 2013 results will be reported on Thursday March 6, 2014, before the opening of Euronext Amsterdam.



### 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

#### Investor Relations

Gabriel Rangoni  
M.: +33 6 1426 6956  
gabriel.rangoni@gemalto.com

John Lineberger  
M.:+33 6 1243 6304  
john.lineberger@gemalto.com

#### Corporate Communication

Isabelle Marand  
M.: +33 6 1489 1817  
isabelle.marand@gemalto.com

#### Media Relations Agency

Suzanne Bakker  
M. : +31 6 1136 8659  
suzanne.bakker@citigateff.nl

Edi Cohen  
M. : +31 6 2151 7820  
edi.cohen@citigateff.nl



## 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.

## Appendices

All variations in these appendices are comparing the revenue of the third quarter 2013 to the revenue of the third quarter 2012. For a better understanding of Gemalto's year-on-year business evolution, the revenue figures have been calculated for ongoing operations, as described in the basis of preparation of this document, unless otherwise mentioned.

### Appendix 1

#### Revenue variations at constant and historical exchange rates

Ongoing operations (€ in millions)	Mobile Communication	Machine-to- Machine	Secure Transactions	Security	Patents	Total third quarter 2013	Total third quarter 2012
Revenue	287	49	162	98	0	596	575
Year-on-year variation at constant exchange rates	+9%	+9%	+18%	+5%	n.m.	+10%	
Year-on-year variation at historical exchange rates	+1%	+3%	+11%	+1%	n.m.	+4%	

### Appendix 2

#### Revenue from ongoing operations, by region

Ongoing operations (€ in millions)	Third quarter 2013	Third quarter 2012	Year-on-year variation at constant exchange rates	Year-on-year variation at historical exchange rates
EMEA	282	282	+2%	+0%
North & South America	204	174	+27%	+17%
Asia	109	119	+5%	(8%)
Total revenue	596	575	+10%	+4%

### Appendix 3

#### Revenue from ongoing operations and all operations

Revenue (€ in millions)	Ongoing operations					Total Ongoing operations	Assets held for sale	Total Gemalto
	Mobile Communication	Machine- to-Machine	Secure Transactions	Security	Patents			
Third quarter 2013	287	49	162	98	0	596	0	596
Third quarter 2012	283	48	146	98	0	575	3	578

### Appendix 4

#### Year-to-date revenue and year-on-year variations at constant exchange rates

<b>Ongoing operations</b>						
Year-to-date revenue at the end of Q3 2013 (€ in millions)	Mobile Communication	Machine- to-Machine	Secure Transactions	Security	Patents	Total
Year-to-date revenue	792	146	472	300	16	1725
Year-on-year variations at constant exchange rates	+8%	+8%	+18%	+10%	n.m.	+12%

<b>Ongoing operations</b>			
Year-to-date revenue at the end of Q3 2013 (€ in millions)	Embedded software & Products	Platforms & Services	Total four main segments
Revenue	1388	321	1709
Year-on-year variations at constant exchange rates	+8%	+29%	+11%

**Appendix 5**

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

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