

Gemalto full year 2014 results

- Full year revenue of €2.5 billion, up +5%, and profit from operations up +10%, at €383 million
- Platforms & Services revenue passed the €500 million mark
- Strong demand in the United States, revenue up +32%
- For 2015, steady annual PFO expansion expected, towards the upgraded 2017 objective

To better assess past and future performance, the income statement is presented on an adjusted basis and revenue figures above and in this document are for ongoing operations, with variations at constant exchange rates except where otherwise noted (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. Appendix 1 provides synthesis information for ongoing and total operations, and 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.

Amsterdam, March 5, 2015 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its results for the full year 2014.

Key figures of the adjusted income statement

Ongoing operations ¹ (€ in millions)	Full year 2014	Full year 2013	Year-on-year variations	
			at historical exchange rates	at constant exchange rates
Revenue	2,465	2,384	+3%	+5%
Gross profit	952	937	+2%	
Operating expenses	(569)	(589)	(3%)	
Profit from operations	383	348	+10%	
Profit margin	15.5%	14.6%	+0.9 ppt	

Olivier Piou, Chief Executive Officer, commented: "2014 laid the foundation for our new multi-year development plan as highlighted by several key milestones within Gemalto and its markets. Strategic investments were made at the right time and under favorable conditions to reinforce two major growth drivers for the duration of the plan, EMV and cyber security. Regarding our other operations, numerous program wins increased our eGovernment backlog, we broadened our offers to address the device manufacturers and added tokenization capability to our various platforms. Our teams are in place to deliver accelerated revenue and profit growth in 2015, and with the acquisition of SafeNet we are upgrading our 2017 profit from operations objective to over €660 million."

¹ 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 full year of both 2014 and 2013 is presented for "ongoing operations" and under the 2014 format of segment reporting unless otherwise specified

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

The 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 make operating decisions over the period 2010 to 2017 is the profit from operations (PFO).

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; (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 consolidated financial statements prepared in accordance with IFRS.

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

SafeNet's pro forma 2014 full year adjusted income statement presented in this document corresponds to management estimates. Results in Euro were translated from US dollar using monthly currency conversion rates.

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 the 2014 and 2013 reporting periods.

The adjusted income statement for ongoing operations excludes, as per the IFRS income statement, the contribution from discontinued operations, 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 for the year 2013. For the year 2014 there is no difference between ongoing operations and all operations..

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

Segment information

From January 1, 2014, segment information was modified to report on progress towards the objectives set as part of the Company's new long-term development plan covering the years 2014 to 2017, publicly announced on September 5, 2013.

The Mobile segment reports on businesses associated with mobile cellular technologies. The former Mobile Communication and Machine-to-Machine segments are part of Mobile. The security evaluation business for third parties, whose contribution to Mobile Communication was minor, is now managed together with the Patents business and is as of January 1, 2014 reported in the Patents & Others segment.

The Payment & Identity segment reports on businesses associated with secure personal interactions. The former Secure Transactions and Security segments are part of Payment & Identity.

In addition to this segment information, the Company also reports as of 2014 revenue of Mobile and Payment & Identity by type of activity: Embedded software & Products (E&P) and Platforms & Services (P&S).

Historical exchange rates and constant currency figures

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.

Adjusted financial information for all operations

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

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 year 2014, there are no assets classified as held for sale, and for 2013 assets held for sale were minor non-strategic assets that were disposed during 2013. Appendix 1 bridges the adjusted income statement for ongoing operations to the adjusted income statement for all operations. Appendix 2 provides the reconciliation between IFRS and adjusted income statements.

Extract of the adjusted income statement for all operations	Full year 2014		Full year 2013		Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
	€ in millions	As a % of revenue	€ in millions	As a % of revenue		
Revenue	2,465.2		2,388.6		+3%	+5%
Gross profit	952.2	38.6%	936.2	39.2%	(0.6 ppt)	
Operating expenses	(569.5)	(23.1%)	(588.8)	(24.7%)	+1.5 ppt	
EBITDA	478.6	19.4%	434.8	18.2%	+1.2 ppt	
Profit from operations	382.7	15.5%	347.4	14.5%	+1.0 ppt	
Net profit	315.3	12.8%	315.5	13.2%	(0.4 ppt)	
Basic Earnings per share (€)	3.64		3.68		(1%)	
Diluted Earnings per share (€)	3.55		3.57		(1%)	

Total revenue came in at €2,465 million, up by +5% at constant exchange rates and up by +3% at historical rates, with growth coming from both main segments, Mobile and Payment & Identity, and from both activities, Embedded software & Products and Platforms & Services. The strong year-on-year unfavorable foreign currency translation impact experienced in the first semester was partially offset in the second part of the year by the strengthening of the US Dollar against the Euro.

In Embedded software & Products, payment-related activities contributed the most to the growth, with further expansion in revenue from EMV payment cards. Demand for connectivity and security modules for the Internet of Things also notably contributed to the revenue increase. In contrast, eGovernment documents revenue reduced due to lower sales in the Middle-East. SIM sales returned to growth in the fourth quarter, and full year revenue was lower mainly due to slower demand in certain countries in Latin America and Eastern Europe. Overall revenue for the Embedded software & Products activity increased by +4% on 2013.

Platforms & Services grew by +10%, with expansion in both segments. Issuance and personalization services represented the largest part of the growth. Revenue increase also came from mobile subscriber management services as well as from mobile payment services though the year was marked by project delays linked to discussions around new technical specifications.

Gross profit was up by €16 million, to €952 million, representing a gross margin of 39%. In Mobile, gross margin reduced by 1.3 percentage points due to the lower sales of SIMs. In Payment & Identity, gross margin was higher by 0.5 percentage points due to the scale effects of the ongoing EMV migration.

Operating expenses represented €569 million, down 3% on the previous year. The contraction came primarily from the lower cost of performance incentives, that were conditional in part on revenue objectives, and from tighter control of external costs implemented in the second part of the year.

Hedging absorbed a part of the adverse effect on the profit from operations coming from currency fluctuations against the Euro. When excluding the impact of hedge and currency variations, the year-on-year increase in profit from operations was €54 million, higher by €19 million than the €35 million increase in profit from operations actually reported.

As a result, full year 2014 profit from operations came in at €383 million, up by +10% compared to 2013. Profit from operations margin reached 15.5% of revenue, up by +1.0 percentage point compared to 2013. Both figures represent new record performances for the Company.

Gemalto financial income was (€12) million compared to (€7) million in 2013. Interest expenses increased due to the €2 million interest charge incurred on the €400 million bond issued during the third quarter of 2014.

Share of profit in associates was (€1.0) million for the full year 2014. In 2013, there was an exceptional €20 million non-recurring profit relating to associates generated by the recognition of a gain linked to capital restructuring and IPO of an associate. As a result, adjusted profit before income tax came in at €370 million, compared to €358 million the previous year.

Adjusted income tax expense increased to (€54) million compared to (€43) million the previous year, and consequently, the adjusted net profit for all the operations of the Company was €315 million, stable when compared to last year's figure.

Adjusted basic earnings per share for all operations came in at €3.64, and adjusted diluted earnings per share for all operations at €3.55, compared to 2013 adjusted basic earnings per share for all operations of €3.68 and adjusted diluted earnings per share for all operations of €3.57.

IFRS results

Restructuring and acquisition-related expenses were €30 million vs €3 million for 2013 due mainly to the re-balancing of certain industrial and engineering capabilities across worldwide sites to optimize future productivity already reported in the first semester 2014. Amortization and depreciation of intangibles resulting from acquisitions amounted to €27 million, as in 2013. The equity-based compensation charge accounted for €55 million, vs €35 million in 2013, as the Company introduced a new long-term incentive plan that is aligned with its 2014-2017 multi-year development plan objectives and conditional on a set of cumulative progress indicators over the plan period.

The IFRS income tax rate came in at 14% for the year. As a result, Gemalto recorded an IFRS operating profit (EBIT) of €270 million for 2014 (€282 million in 2013) and IFRS net profit of €221 million for 2014 (€258 million in 2013).

IFRS basic earnings per share and diluted earnings per share were €2.55 and €2.49 respectively in 2014, compared to €3.01 and €2.92 respectively in 2013.

Statement of financial position and cash position variation schedule

For the full year 2014, Gemalto operating activities generated a cash flow of €394 million before changes in working capital, compared to the €332 million generated in 2013. Changes in working capital reduced cash flow by (€81) million compared to (€76) million in 2013 with trade receivables up year-on-year mainly from increasing sales and revenue growth in the fourth quarter stronger than in 2013, particularly near the end of the year, and slightly reduced trade and other payables resulting from the tight management of operating costs.

Capital expenditure and acquisition of intangibles amounted to €125 million, i.e. 5.1% of revenue. Purchase of Property, Plant, and Equipment represented €81 million, versus €62 million in 2013, as investments were made in personalization centers and other facilities to support growth in the Payment & Identity segment. Capitalization of development expenses represented €37 million, i.e. 1.5% of revenue (€27 million, 1.1% in 2013) and total expenditure incurred for intangible assets amounted to €44 million, i.e. 1.8% of revenue (€41 million, 1.7% in 2013).

Free cash flow from operations was up +23% compared to 2013 at €189 million before restructuring actions, and up +11% at €169 million when including the €20 million cash outflow for restructuring actions.

Net cash flow from financial income elements was a gain of €2 million, corresponding to interest received net.

Cash outflow related to acquisitions, net of cash acquired, was €84 million in 2014, up from €30 million in 2013. The main activity of the businesses acquired is to provide personalization and issuance services in the banking and government sectors in the United States.

Gemalto's share buy-back program used €17 million in cash in 2014, for the purchase of 222,286 shares, net of the liquidity program. As at December 31, 2014, the Company held 1,202,927 of its own shares in treasury, representing 1.37% of its issued and paid-up share capital. The total number of shares issued and paid-up remained unchanged during 2014 at 88,015,844 shares. Net of the 1,202,927 shares held in treasury, 86,812,917 shares were outstanding as at December 31, 2014. The average acquisition price of the shares repurchased on the market as part of the Company's buy-back program and held in treasury as at December 31, 2014 was €46.12.

On May 24, 2014, Gemalto paid a cash dividend of €0.38 per share in respect of the fiscal year 2013, up 12% on the dividend paid in 2013. This distribution used €33 million in cash.

As part of the acquisition of SafeNet, which was expected to close at the end of 2014, a seven-year bond was issued at the rate of 2¹/₈% and existing credit lines were partially drawn, for a total amount of €555 million. Other financing activities generated €9 million in cash, including €14 million of proceeds received by the Company from the exercise of stock options by employees and (€4) million used for repayment of borrowings.

The actual closing of the SafeNet acquisition occurred in early January 2015, and consequently, Gemalto's cash and cash equivalents as at December 31, 2014 were €1,057 million. With current and non-current borrowings, excluding bank overdrafts, at €564 million, the net cash position at year end was €493 million.

At the year end 2014, the net book value of plant, property and equipment assets was €280 million, compared to €237 million at the end of 2013. Total assets grew to €3,782 million as at December 31, 2014, compared to €2,919 million as at December 31, 2013, due to the increase of current assets, balanced between trade receivables and cash in relation to the Company's increased business activities and provisions for the acquisition of SafeNet.

Shareholders' equity increased by +11%, or +€243 million, to €2,396 million as at December 31, 2014, compared to €2,153 million as at December 31, 2013. The increase was mainly the result of the positive net profit generation, partly offset by the dividend distribution. Following the issuance of the aforementioned bond and the partial drawdown of existing credit

lines to fund the planned acquisition of SafeNet, current and non-current borrowings increased to €566 million compared to €7 million in 2013. Total liabilities grew to €1,386 million as at December 31, 2014 compared to €766 million as at December 31, 2013 due mainly to the increase in borrowings.

Segment information

In this section, for a better understanding of Gemalto's business evolution, comments and comparisons refer to ongoing operations.

Revenue (€ in millions)	Mobile	Payment & Identity	Total two main segments	Patents & Others	Total
Fourth quarter	373	332	705	1	707
At constant rates	+2%	+6%	+4%	n.m.	+4%
At historical rates	+6%	+9%	+7%	n.m.	+7%
Second semester	704	622	1,325	7	1,332
At constant rates	+1%	+9%	+4%	n.m.	+5%
At historical rates	+2%	+10%	+6%	n.m.	+6%
Full year	1,290	1,158	2,448	17	2,465
At constant rates	+2%	+9%	+5%	(7%)	+5%
At historical rates	+0%	+8%	+3%	(7%)	+3%

During the fourth quarter, revenue expanded by +4% at constant rates and +7% at historical exchange rates. Year-on-year growth improved in Mobile in the fourth quarter, driven by increasing sales of SIMs. Growth in Payment & Identity was +6% at constant exchange rates and +9% at historical exchange rates, slightly slower than previous quarters due to lower sales of payment cards in Europe. The significant adverse effects of currency translation movements experienced during the first part of the year turned favorable in the fourth quarter due to the strengthening of the US dollar against the Euro. For the full year of 2014, Gemalto's revenue growth was +5% at constant rates and +3% at historical rates.

Profit from operations (€ in millions)	Total (including Patents & Others)	Mobile	Payment & Identity
Second semester	263	173	89
As a percentage of the full year profit from operations	69%	73%	63%
Year-on-year variation	+21%	+17%	+24%
Full year	383	237	142
Year-on-year variation	+10%	+4%	+21%

Full year profit from operations increased by +10% year-on-year, with an acceleration at +21% in the second semester. The second part of the year saw profit from operations increasing rapidly in both main segments, including a notable performance in the Payment & Identity segment, up +24% compared to 2013, due to the strong acceleration of the EMV migration in the United States that leverages investments made during previous semesters.

Acquisition of SafeNet

From January 2015, the Company's financial reporting will include the contribution from SafeNet.

SafeNet's business is now combined with Gemalto's existing Identity & Access Management business, and like Gemalto's existing Identity & Access Management business will be reported as part of the Payment & Identity segment. Most of the combined business relates to Platforms & Services activities.

For information purposes, the non-consolidated 2014 pro forma contribution of SafeNet, under the 2015 reporting format as estimated by the Company's management, is presented in the table below:

Full year 2014 – pro forma SafeNet (estimates, € in millions)	Total	Platforms & Services	Embedded software & Products
Revenue	292	271	21
Gross profit	201		
Profit from operations	44		

For a better understanding of Gemalto's future reporting, the following table presents the estimated Gemalto segment and activity pro forma results as if SafeNet had been consolidated for the full year 2014 period.

Full year 2014 – pro forma Gemalto Gemalto including SafeNet pro forma full year contribution (estimates, € in millions)	By segment		Total including Patents & Others	By activity	
	Payment & Identity	Mobile		Embedded software & Products	Platforms & Services
Revenue	1,451	1,290	2,757	1,968	773
As a percentage of total revenue	53%	47%	100%	71%	28%
Gross profit	587	550	1,153		
Profit from operations	186	237	427		

Mobile

	Full year 2014		Full year 2013		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	1,289.6		1,289.5		=	+2%
Gross profit	550.2	42.7%	566.5	43.9%	(1.3 ppt)	
Operating expenses	(313.3)	(24.3%)	(339.0)	(26.3%)	+2.0 ppt	
Profit from operations	236.9	18.4%	227.5	17.6%	+0.7 ppt	

The Mobile segment recorded annual revenue of €1,290 million, up +2% year-on-year at constant exchange rates, and stable at historical exchange rates. In the fourth quarter, revenue grew by +2% at constant rates and +6% at historical rates. Revenue from Embedded software & Products was stable and Platforms & Services grew by +7% on top of the +21% revenue growth recorded for the full year 2013.

The high-end products range growth was offset by lower sales of mid-range products in Latin America and Eastern Europe. Machine-to-Machine growth accelerated to +10% for the full year, due to the ongoing deployment of connected devices and embedded secure elements (eSE) for the Internet of Things. Mobile Financial Services (MFS) grew +51%. In 2014, Gemalto enriched its Trusted Services Hub with tokenization capabilities to comprehensively serve the market. Mobile Subscriber Services (MSS) posted +8% growth compared to the full year 2013 and Netsize resumed growth in the fourth quarter after having adjusted to new regulatory directives issued in the first part of the year.

Gross margin was 43%, lower by 1.3 percentage points compared to 2013 mainly due to the lower revenue generated in the mid-range card business.

Operating expenses decreased by €26 million, i.e. 8%, due to lower variable cost of performance incentives conditional in part to revenue objectives and the effect of tighter control over external operating costs. Some resources were transferred to the Payment & Identity segment as operating needs significantly increased there, and investments in new Platforms & Services offers and new product offerings were maintained.

Profit from operations hence was €237 million, thus the segment posted an 18% profit margin from operations, up +70 basis points.

Payment & Identity

	Full year 2014		Full year 2013		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	1,158.3		1,076.0		+8%	+9%
Gross profit	386.2	33.3%	353.8	32.9%	+0.5 ppt	
Operating expenses	(244.2)	(21.1%)	(236.3)	(22.0%)	+0.9 ppt	
Profit from operations	142.0	12.3%	117.5	10.9%	+1.3 ppt	

Payment & Identity's full year revenue came in at €1,158 million, increasing by +9% compared to 2013. Sales were up by +8% in Embedded software & Products, and by +14% in Platforms & Services.

Commercial momentum for EMV continues to be strong around the world with all regions contributing to the +16% revenue expansion recorded in the payment business. Migration in China continued, adding regional financial institutions to the Tier-1 issuers that started their deployments in 2013, and the progressive ramp-up of EMV in the United States led to the +38% revenue growth recorded in the payment business for the entire Americas region. During the year, Gemalto reinforced its personalization services capacity to serve US financial institutions, and secured a large outsourcing contract with a leading US bank.

Revenue from the eGovernment business was lower by (2%) for the full year 2014, with improving performance in the second semester. In this business, revenue from the Middle-East, significantly lower than previous year, was the principal reason for the limited expansion of this activity. Europe and Africa continued to grow. Significant new contract awards recorded in 2014 will support the acceleration in revenue growth expected in 2015. During the second semester, Gemalto also invested in the United States to accelerate the distribution of its advanced technologies in the driving license market.

In the Identity & Access Management (IAM) business, market demand for cybersecurity solutions was stimulated by the large-scale security breaches that occurred during the course of the recent semesters. In order to expand its IAM offer and more comprehensively serve this demand, Gemalto entered into an exclusive agreement to acquire SafeNet in the third quarter and the closing of the transaction occurred on January 7, 2015. SafeNet and Gemalto's Identity & Access Management now operate as a single business unit, part of the Payment & Identity segment. If the acquisition of SafeNet had occurred on January 1, 2014, the business' combined 2014 pro forma revenue would have been €403 million.

The segment's gross profit increased by +9%, to €386 million, with gross margin improving by +50 basis points, to 33%. The largest part of the year-on-year improvement came from the payment business in the US, as operational resources and facilities to support the growth were largely already deployed and in place in 2013.

Operating expenses were kept under tight control, leveraging the sales resources deployed in the previous semesters in preparation for the EMV migration. As a percentage of revenue, the operating expense ratio reduced, to now represent 21% of the segment revenue.

As a result, profit from operations in Payment & Identity came in at €142 million, up by a notable +21% compared to the €117 million recorded in 2013.

Patents & Others

	Full year 2014		Full year 2013		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	17.2		18.5		(7%)	(7%)
Gross profit	15.8	91.5%	16.8	90.8%	+0.7 ppt	
Operating expenses	(12.0)	(69.9%)	(13.7)	(74.3%)	+4.3 ppt	
Profit from operations	3.7	21.6%	3.1	16.5%	+5.1 ppt	

The Patents & Others segment generated €17 million revenue for the full year 2014 in relation to cross-licensing agreement renewals. Compared to the full year of 2013, operating expenses decreased by €2 million to €12 million due to lower legal fees. As a result, profit from operations came in at €4 million for the year.

Additional information

Below is a highlight of new contracts and achievements published by the Company in 2014

Mobile

April 29, 2014	Gemalto powers secure access for SFR's "OTP cloud" services
June 9, 2014	Flaircomm selects Gemalto to provide secure M2M solution for car manufacturers in China
June 10, 2014	China Telecom selects Gemalto for its commercial launch of NFC services
August 26, 2014	Gemalto selected by NTT DOCOMO for its NFC Services
September 17, 2014	Gemalto's Cinterion M2M technology leverages the Sprint network
September 25, 2014	China Mobile and Gemalto deploy NFC transport in Beijing
October 29, 2014	Gemalto dramatically simplifies global rollout for Swiss connected watch
December 16, 2014	Gemalto enables KDDI to offer secure high-definition audio services over LTE network

Payment & Identity

February 05, 2014	Gemalto and United Nations Federal Credit Union Advance Payments Security with Faster EMV Global Payment Card Issuance
March 11, 2014	Gemalto hosted TSM service strengthens mobile payment ecosystem in HK
May 05, 2014	BankID deploys Gemalto's Valimo Mobile ID solution nationwide in Norway
May 22, 2014	Gemalto selected for Algerian ePassport
June 05, 2014	Gemalto's strong authentication solution expands HP's Helion offer for Cloud Service Providers
October 1, 2014	Total company AS24 and Gemalto deploy EMV fuel payment cards
October 9, 2014	CaixaBank gears up for wearables with Gemalto NFC payment technology in Spain
October 28, 2014	The Netherlands selects Gemalto to introduce new electronic driving license
October 31, 2014	Shazam chooses Gemalto's EMV consulting services to advance U.S. migration
December 01, 2014	Norway goes with Gemalto Trusted Service for mobile NFC payment commercial rollout
December 10, 2014	Québec selects Gemalto's end-to-end solution for its secure driver's license program
December 08, 2014	27 banks in Taiwan launch NFC services with Gemalto TSM Hub

Industry Recognitions

January 14, 2014	Gemalto wins Pan-European Award of Excellence for enabling NFC Smart Cities
February 25, 2014	Gemalto powered "Audi connect" LTE infotainment system wins 2014 Connected World Award
May 15, 2014	Gemalto Receives Frost & Sullivan 2014 Award for Border Control and Biometrics
July 24, 2014	Gemalto named market leader in Government and Healthcare by ABI research
December 18, 2014	Gartner's Magic Quadrant positions Gemalto as a leader in user authentication

Proposed dividend

The Board of Gemalto has decided to propose to the 2015 Annual General Meeting of Shareholders the payment of a cash dividend of €0.42 per share in 2015 in relation with the 2014 financial year, a +11% increase compared to the cash dividend of €0.38 per share paid in 2014 in relation with the 2013 financial year. If approved, the time schedule related to the dividend payment will be as follows:

May 26, 2015	Ex-dividend date (the date as of which shares are traded without the right to the 2015 dividend)
May 27, 2015	Dividend record date (the date on which shareholder positions are recorded as per close of business in order to be entitled to the 2015 dividend distribution)
May 28, 2015	Payment date of dividend

Gemalto shares will trade ex-dividend as from the beginning of the trading session on May 26, 2015. Holders of Gemalto shares on May 26, 2015 who would not have previously sold their shares will be able to freely trade their shares on the stock exchange as from such date and will not need to block their shares until the payment date of the dividend to benefit from such dividend.

Outlook

For 2015, Gemalto anticipates a steady expansion in annual profit from operations towards its upgraded 2017 objective of over €660 million.

Live Audio Webcast and Conference call

Gemalto full year 2014 results 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 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 dialing:

(UK) +44 207 107 1613 or (US) +1 866 907 5928 or (FR) +33 1 7077 0946

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 annual report, including the financial statements as of December 31, 2014, is available on our Investor web site.

Reporting calendar

Financial reporting for the first three quarters of 2015 will be made before the opening of Euronext Amsterdam on the following dates:

April 30, 2015	Publication of 2015 first quarter revenue
August 27, 2015	Publication of 2015 first semester results
October 29, 2015	Publication of 2015 third quarter revenue

Gemalto N.V. will hold its 2015 Annual General Meeting of Shareholders (AGM) on Thursday, May 21, 2015. The persons entitled to attend and cast votes at the AGM will be those who are recorded as having such rights after the close of trading on the relevant NYSE Euronext stock exchange on April 23, 2015 (the "Record Date") in Gemalto's shareholders register, or in a register of a financial institution affiliated to Euroclear France S.A., regardless of whether they are shareholders at the time of the AGM.

The Annual General Meeting of Shareholders will be held at the Sheraton Amsterdam Airport Hotel & Conference Center, Schiphol Boulevard 101, 1118 BG Schiphol Airport, the Netherlands at 2:00 p.m. CET.

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 2014 annual revenues of €2.5 billion and more than 14,000 employees operating out of 99 offices and 34 research and software development centers, located in 46 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 enables companies and administrations to offer trusted and convenient digital services to these individuals. We secure in particular mobile services, the financial transactions, the internet and private clouds, eHealthcare systems, access to eGovernment services, the internet-of-things, and transport ticketing systems. Our unique technology portfolio from cryptographic software embedded in a variety of familiar objects to high-volume high-availability authentication, encryption and rights management platforms and world class service delivery teams are valued by our blue-chip customers in more than 180 countries around the world.

Gemalto helps people to trust one another in an increasingly connected digital world.

For more information visit

www.gemalto.com, www.justaskgemalto.com, blog.gemalto.com, or follow [@gemalto](https://twitter.com/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 from assets held for sale

Reported figures for ongoing operations only differ from figures for all operations by the contribution from assets held for sale for the year 2013, and disposed of in 2013, there is no difference for the year 2014.

Full year 2014 Adjusted income statement (€ in millions)	Ongoing operations			Total ongoing operations	Assets held for sale	Total Gemalto
	Mobile	Payment & Identity	Patents & Others			
Revenue	1,289.6	1,158.3	17.2	2,465.2	0.0	2,465.2
Gross profit	550.2	386.2	15.8	952.2	0.0	952.2
Operating expenses	(313.3)	(244.2)	(12.0)	(569.5)	0.0	(569.5)
Profit from operations	236.9	142.0	3.7	382.7	0.0	382.7

Full year 2013 Adjusted income statement (€ in millions)	Ongoing operations			Total ongoing operations	Assets held for sale	Total Gemalto
	Mobile	Payment & Identity	Patents & Others			
Revenue	1,289.5	1,076.0	18.5	2,383.9	4.7	2,388.6
Gross profit	566.5	353.8	16.8	937.1	(0.8)	936.2
Operating expenses	(339.0)	(236.3)	(13.7)	(589.1)	0.3	(588.8)
Profit from operations	227.5	117.5	3.1	348.0	(0.6)	347.4

Appendix 2

Reconciliation from Adjusted financial information to IFRS

Full year 2014 (€ in millions)		Excluding non-controlling interest	Basic EPS	Diluted EPS
Weighted average number of shares outstanding (in thousands)			86,490	88,716
IFRS financial information				
	Operating profit	270,159		
	Financial income	(12,421)		
	Share of profit of associates	(628)		
	Income tax	(35,862)		
IFRS	Profit for the period	221,248	220,651	2.55
Reconciliation to adjusted financial information				
	Share-based compensation expense and associated costs	55,423		
	Fair value adjustment upon business acquisition	-		
	Restructuring and acquisition-related expenses	29,830		
	Amortization and depreciation of intangibles resulting from acquisitions	27,267		
	Income tax	(18,449)		
Adjusted	Profit for the period	315,319	314,722	3.64
Reconciliation to adjusted financial information for ongoing operations				
	Assets held for sale	-	-	
Adjusted, ongoing	Profit for the period	315,319	314,722	3.64

The full year 2014 adjusted basic earnings per share is determined on the basis of the weighted average number of Gemalto shares outstanding during the twelve-month period ended December 31, 2014, i.e. 86,489,925 shares taking into account the effect of the share buy-back program. The full year 2014 adjusted diluted earnings per share is determined by using 88,715,577 shares corresponding to the IFRS treasury stock method, i.e. on the basis of the same weighted average number of Gemalto shares outstanding and considering that all outstanding share based instruments were exercised (2,531,603 instruments) and the proceeds received from the instruments exercised (€23,115,748) were used to buy-back shares at the average share price of the full year 2014 (305,951) shares at €75.55.

Full year 2013 (€ in millions)			Excluding non-controlling interest	Basic EPS	Diluted EPS
Weighted average number of shares outstanding (in thousands)				85,590	88,311
IFRS financial information					
	Operating profit	282,499			
	Financial income	(6,732)			
	Share of profit of associates	17,664			
	Income tax	(35,230)			
IFRS	Profit for the period	258,201	257,896	3.01	2.92
Reconciliation to adjusted financial information					
	Share-based compensation expense and associated costs	34,552			
	Fair value adjustment upon business acquisition	-			
	Restructuring and acquisition-related expenses	3,469			
	Amortization and depreciation of intangibles resulting from acquisitions	26,912			
	Income tax (expense)	(7,662)			
Adjusted	Profit for the period	315,472	315,017	3.68	3.57
Reconciliation to adjusted financial information for ongoing operations					
	Assets held for sale	(931)	(723)		
Adjusted, ongoing	Profit for the period	314,541	314,294	3.67	3.56

Appendix 3

Consolidated statement of financial position

(€ in millions)	December 31, 2014	December 31, 2013
Assets		
Non-current assets		
Property, plant and equipment, net	279,741	237,320
Goodwill, net	900,826	850,600
Intangible assets, net	218,317	202,581
Investments in associates	51,686	49,035
Deferred income tax assets	144,710	101,289
Other non-current assets	45,024	47,360
Derivative financial instruments	2,566	11,044
Total non-current assets	1,642,690	1,499,229
Current assets		
Inventories, net	223,579	204,393
Trade and other receivables, net	852,683	737,824
Derivative financial instruments	3,831	21,363
Cash and cash equivalents	1,059,572	456,370
Total current assets	2,139,665	1,419,950
Total assets	3,782,355	2,919,179
Equity		
Share capital	88,016	88,016
Share premium	1,206,877	1,206,914
Treasury shares	(55,482)	(87,962)
Fair value and other reserves	84,603	99,396
Cumulative translation adjustments	(3,957)	(41,489)
Retained earnings	1,070,653	883,525
Capital and reserves attributable to the owners of the Company	2,390,710	2,148,400
Non-controlling interests	5,454	5,053
Total equity	2,396,164	2,153,453
Liabilities		
Non-current liabilities		
Borrowings	398,027	3,098
Deferred income tax liabilities	46,165	25,474
Employee benefit obligations	107,361	82,972
Provisions and other liabilities	46,871	43,708
Derivative financial instruments	2,714	791
Total non-current liabilities	601,138	156,043
Current liabilities		
Borrowings	168,155	3,812
Trade and other payables	539,911	558,065
Current income tax liabilities	30,838	32,472
Provisions and other liabilities	12,968	10,649
Derivative financial instruments	33,181	4,685
Total current liabilities	785,053	609,683
Total liabilities	1,386,191	765,726
Total equity and liabilities	3,782,355	2,919,179

Appendix 4

Cash position variation schedule

(€ in millions)	Full year 2014	Full year 2013
Cash & cash equivalent, beginning of period	456	363
Cash generated by operating activities, before changes in working capital	394	332
Cash provided (used) by working capital decrease (increase)	(81)	(76)
Cash used in restructuring actions	(20)	(2)
Cash generated by operating activities	294	255
Capital expenditure and acquisitions of intangibles	(125)	(103)
Free cash flow	169	152
Interest received, net	2	1
Cash used by acquisitions	(84)	(30)
Other cash provided by investing activities	0	13
Currency translation adjustments	1	(9)
Cash generated (used) by operating and investing activities	87	127
Cash used by the share buy-back program	(17)	(23)
Dividend paid to Gemalto shareholders	(33)	(29)
Proceeds from bond issuance and credit line drawdown	555	-
Other cash provided (used) by financing activities	9	19
Cash and cash equivalent, end of period	1,057	456
Current and non-current borrowings excluding bank overdrafts, end of period	(564)	(7)
Net cash, end of period	493	449

Appendix 5

Platforms & Services

Full year revenue from ongoing operations in Platforms & Services activities (€ in millions)	2014	2013	Year-on-year variations	
			at constant exchange rates	at historical exchange rates
Mobile	259	245	+7%	+5%
Payment & Identity	243	215	+14%	+13%
Total	502	460	+10%	+9%

Appendix 6

Revenue from ongoing operations, by region

Full year € in millions	Full year 2014	Full year 2013	Year-on-year variation	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	1,128	1,156	(2%)	(2%)
Americas	836	753	13%	11%
Asia	501	475	9%	5%
Total revenue	2,465	2,384	5%	3%

Fourth quarter € in millions	Fourth quarter 2014	Fourth quarter 2013	Year-on-year variation	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	316	316	(1%)	0%
Americas	247	204	14%	21%
Asia	144	139	(1%)	4%
Total revenue	707	659	4%	7%

Appendix 7

Average exchange rates between the Euro and the US dollar

EUR/USD	2014	2013
First quarter	1.37	1.33
Second quarter	1.37	1.29
First half	1.37	1.31
Third quarter	1.34	1.32
Fourth quarter	1.25	1.36
Second half	1.29	1.34
Full year	1.33	1.33