First quarter 2017 roadshow

- First quarter 2017 revenue
- Gemalto to acquire 3M’s Identity Management Business
- Introduction to Embedded SIM and On Demand Connectivity
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Basis of preparation

Segment information
The Mobile segment reports on businesses associated with mobile cellular technologies including Machine-to-Machine, mobile secure elements (SIM, embedded secure element) and mobile Platform & Services. The Payment & Identity segment reports on businesses associated with secure personal interactions including Payment, Government Programs and Enterprise. The SafeNet acquisition is part of the Enterprise business.
In addition to this segment information the Company also reports revenues of Mobile and Payment & Identity by type of activity: Embedded software & Products (E&P) and Platforms & Services (P&S).

Adjusted income statement and profit from operations (PFO)
PFO is a non-GAAP measure defined as IFRS operating profit adjusted for (i) the amortization and depreciation of intangibles resulting from acquisitions, (ii) restructuring and acquisition-related expenses, (iii) all equity-based compensation charges and associated costs; and (iv) fair value adjustments upon business acquisitions.
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.
Return on capital employed (ROCE) is defined as after-tax PFO divided by capital employed.

Currency exchange rates
In this presentation, revenue variations are at constant exchange rates, and all other figures are at historical exchange rates, except where otherwise noted.

Net debt and net cash
Net debt is a non IFRS measure defined as total borrowings net of cash and cash equivalents. Net cash is a non IFRS measure defined as cash and cash equivalents net of total borrowings.
Overview
First quarter 2017 highlights

- Revenue at €651 million, lower by (6%) at historical exchange rates and (8%) at constant exchange rates

- Slow start for Enterprise, Machine-to-Machine and Government Programs with acceleration expected in the second semester

- In response to recent market developments, the Company has launched a transition plan expected to contribute over €50 million to profit from operations annually

- Update of 2017 outlook after previously announced action plan review

Revenue variations at constant exchange rate except where otherwise noted
First quarter revenue composition

Main segment revenues

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue (€ in million)</th>
<th>Percentage of total revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment</td>
<td>212</td>
<td>62%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>439</td>
<td>38%</td>
</tr>
<tr>
<td>Government</td>
<td>-</td>
<td>(8%) yoy</td>
</tr>
<tr>
<td>M2M</td>
<td>-</td>
<td>(7%) yoy</td>
</tr>
<tr>
<td>Mobile P&amp;S</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mobile E&amp;P</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Activity revenues

<table>
<thead>
<tr>
<th>Activity</th>
<th>Revenue (€ in million)</th>
<th>Percentage of total revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platforms &amp; Services</td>
<td>212</td>
<td>32%</td>
</tr>
<tr>
<td>Embedded software &amp; Products</td>
<td>439</td>
<td>67%</td>
</tr>
</tbody>
</table>
Segment information
Payment & Identity – key financial information

- Embedded software & Products revenue was €246 million, Platforms & Services revenue came in at €158 million
- Payment revenue came in at €200 million, reduced by (16%) year-on-year
  - Sales in Americas were lower by (34%) due to the on-going normalization of US EMV card inventory levels at our customers
  - Revenue from all regions outside of Americas was stable year-on-year
- Enterprise revenue increased to €105 million, up +1% year-on-year
  - Revenue mix continues to move towards a higher proportion of cloud software & services
  - Increases its investment to expand its services portfolio in this growing sector
- Government Programs revenue was stable at €99 million, on top of a strong +34% increase a year ago
  - Solid performance in Embedded software & Products fully offsets the reduction Platforms & Services revenue
  - Backlog of the business continued to expand during the quarter
Embedded software & Products came in at €194 million

- SIM sales were lower by (14%) at €118 million year-on-year due to
  - Lower market share in the first quarter in a more competitive landscape as mobile network operators pushed-out the upgrade of removable SIM to focus on next generation connectivity
  - Soft demand in Middle East and Africa as the result of stricter subscription registration processes

Machine-to-Machine was slightly lower by (1%), at €75 million due to temporary weak performance in North America. New design wins will progressively drive the business expansion across sectors and regions throughout the year

Platforms & Services revenue came in at €53 million, up by +3% year-on-year

- On demand connectivity solutions continue to gain traction following the release of the latest GSMA specifications for embedded SIM and mobile subscription management
Moving forward
Current top priorities

Adjust to a progressive normalization of the EMV market after the initial US ramp up

Prepare for the next generation of devices

Closing of 3M Identity Management Business acquisition

E.g. 9-12 months inventory levels to 3-6 months. Inventory management cost difference between EMV & mag-stripe

More competitive landscape as MNOs push out upgrade of removable SIM to focus on next generation connectivity

Work on integration plan (E.g. talents, financial, IT…)

Gemalto common core technologies

- Authentication
- Data Protection
- Key Management
- Secure Issuance
- Biometric Identification

Charts not to scale
Source: Gemalto
Key trends for 2017

- Removable SIM business continues to decline as the mobile ecosystem takes time to prepare for next generation connectivity
- Progressive normalization of US EMV inventory and soft payment market environment in Latin America
- Continuing expansion of the Internet of Things
- Solid demand in Government Programs
- Increasing demand for data protection and cybersecurity solutions
Outlook for 2017

For the second quarter of 2017, business trends continue to be weak in Payment and SIM. As a result, the Company expects its second quarter revenue to be lower by 8% to 10% year-on-year at constant exchange rates. Due to this decrease, the operating leverage will not be fully realized over the semester and, as a result, the first semester profit from operations is expected to be between €90 million and €100 million.

For the second semester of 2017, with the expected revenue acceleration in Enterprise, Government Programs and Machine-to-Machine, the Company anticipates its revenue to be stable when compared to the same period of 2016 excluding the integration of 3M Identity Management business.

With the combination of this revenue trend, the ramping up of the transition plan and the modest contribution from the 3M Identity Management business, the Company expects its profit from operations to be between €300 million and €350 million for the second semester of 2017.
Priorities of the Payment business

- **Embedded software & Products**
  - Portfolio migration (Credit, Debit, Private label, Prepaid)
  - Need for more security (DDA, Dynamic CVV)
  - Dual interface
  - User Experience

- **Platforms & Services**
  - Issuers
  - Key management and data preparation
  - Perso Centers
  - Instant Issuance
  - Self-Service Issuance
  - Mobile Issuance

Focus and Improve efficiency in Payment services

Smart Payment Cards penetration in the banked population

- **Total number of Payment Cards in circulation**
- **Penetration of Smart Payment Cards**
- **Penetration rate**
  - > 80%
  - > 50%
  - > 20%

- **2016**: 6.3bn, 54%
- **2020**: 9.1bn, 70%

Smart Payment Card Issuances (millions)

- **2017**: 2,500
- **2018**: 3,000
- **2019**: 3,500
- **2020**: +5.5% CAGR

Source: IHS Technology, ABI, Gemalto
Market trends of Enterprise business lines we address

**DATA PROTECTION**
- Data Encryption
- Crypto Management & Keys Protection

Continue to expand technology partnerships

**AUTHENTICATION**
- Authentication Management
- Hardware & Software Authenticators

Moving towards software and services

**SOFTWARE MONETIZATION**
- Licensing & Entitlement Management
- Software Security & Protection

Reinforce Investment

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**Broadest support for big data encryption**

- Low teens CAGR

Key Management Infrastructure

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**Ezio Mobile with more than 40 bank references**

- High single digit CAGR

Total Number of Online Banking Users

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**Expand Software Monetization solution to intelligent devices**

- Mid single digit CAGR

Software Licensing and Monetization market

Source: IDC, Juniper, Frost and Sullivan
Data records compromised in 2016

www.breachlevelindex.com

RECORDS BREACHED IN THE YEAR 2016

1,378,509,261

> 7.0 bn
data records exposed since 2013

> 95%
of involved data was not encrypted

- Identity theft attacks accounted for more than half (59%) of all the data breaches
Market trends of Government Programs

Leverage the increasing secure document base to trigger Platforms & Services opportunities

Penetration rate of eDocuments

Total number of documents in circulation

2016 2020

2.2bn 3.6bn

25% 34%

Penetration of eDocuments (ePassports, eID, eDL and eHealthcare)

Gemalto historical revenue at constant rate

+14% LTM CAGR

eGovernment market issuances (m Units)

+10.8% CAGR

Source: ABI research, Gemalto
Gemalto’s end-to-end offer for the Internet of Things (IoT)

**Embedded software & Products**

**Wireless Modules**
To bring the connectivity feature
(World first VoLTE, Cat1)

**Machine Identification Modules**
/ Embedded SIM
To authenticate on Mobile Network

**Embedded Secure Element (eSE)**
To authenticate and secure connection with Service Providers

**Platforms & Services**

**On-Demand Connectivity**
Remote subscription management

**SensorLogic Platform**
Transform big data into smarter data for business actions

**Consulting Services**
Expertise in security architecture

**Trusted Services Hub**
Credential and token management

Example:

Use cases:
- eCall
- Entertainment
- Telematics
- Maintenance

Investments in innovation continue to drive business expansion across sectors and regions

Source: GSMA Forecasts
While SIM market evolves, the need to authenticate remains

**Embedded software & Products**

- **MNO subscriptions**
  - Embedded SIM
  - Removable SIM
  - Service Providers credentials
    - Embedded Secure Element (eSE)
    - Trusted Execution Environment (TEE)

**Platforms & Services**

- **On-Demand Connectivity**
  - Remote subscription management
  - >20 references

- **Over the Air (OTA)**
  - Lifecycle management
  - >300 references

- **Trusted Services Hub**
  - Credential and token management
  - >20 references

**Bringing technical expertise to both device manufacturers and mobile network operators**

**eSIM market for Consumer and M2M (bn $)**

- 2017
- 2018
- 2019
- 2020

+91% CAGR

Source: Gemalto, McKinsey&Company
2014 – 2017
Multi-year development plan summary

Full document can be downloaded from www.gemalto.com/investors
Gemalto brings trust to 5 global markets

<table>
<thead>
<tr>
<th>Market</th>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Communication</td>
<td>800</td>
<td>mobile carriers</td>
</tr>
<tr>
<td>Machine-to-Machine</td>
<td>10,000+</td>
<td>industrials and distributors</td>
</tr>
<tr>
<td>Electronic payment</td>
<td>12,000+</td>
<td>financial institutions</td>
</tr>
<tr>
<td>eGovernment</td>
<td>193</td>
<td>governments</td>
</tr>
<tr>
<td>Enterprise security</td>
<td>200,000+</td>
<td>large companies and system integrators</td>
</tr>
</tbody>
</table>

Addressed with similar core technologies creating internal synergies

Sources: GSMA, Gemalto, FDIC.gov, European Central Bank, United Nations, US Census Bureau, Eurostat SBS

1 Electronic payment cards and Trusted Service Management contract coverage for EMV mobile payment
These markets still have large penetration potential

- Personal mobile subscriptions
- Chip-based payment
- Citizen eDocuments
- Enterprise cloud authentication
- Connected machines

Products: Average replacement cycle: 2 years
Services: Typical contract duration: 3-5 years

Source: GSMA, EMVCo, National Gold Card Foundation, Nilson Report, ABI Research, Gartner, Ericsson, Gemalto
2006 – 2009

**Build foundations**
- Establish clear leadership in historical smart card markets
- Reallocate resources to develop data management and to serve adjacent sectors

10% profit margin reached ahead of plan

2010 – 2013

**Prove offer value and Expand skills**
- Extend Platforms & Services through organic growth and targeted acquisitions
- Reinforce leadership in securing transactions, identities and access rights

€300m profit from operations reached ahead of plan

2014 – 2017

**Enable trust**
- Become the trusted services management provider of choice for the digital world
- Develop a mix of platforms & services offers supported by the secure products and software clients

New objectives announced
One of our differentiators is our unique position on the two end-points of the trust chain.
the Client

To protect IDs

World’s #1

Embedded software & Products
protecting unique digital identities that represent people on global digital networks against theft and misuse

the Back-end

To manage IDs and validate access

World’s #1

Platforms & Services
giving people strong digital identities and checking them when they access connected services
We also leverage two other unique assets
Our technology

Trust is founded on reliable identities

Our technology to secure digital identities and access services has proven to be an

Unmatched combination of security, scalability and cost efficiency

Our market neutrality

Our customers want to preserve a direct relationship with their billions of end-users

To make their interactions trusted, our approach is clear

We operate behind the scenes and under the hood
We will continue to follow a clear policy for allocation of cash flows
With a similar pattern

Operating cash flow generated by 2017

Capital expenditure

Bolt-on acquisitions

Dividend, share buy-back

Cash available in 2012

Each of the three allocations of generated cash flow is significant

Chart not to scale
Allocations to capital expenditures

Property, plant, equipment

- An increasing share of tangible capex investments go to datacenters (we rent the facilities space but have to comply with specific certifications)
- Focus on leveraging our existing global footprint

\(~2.5\%\) of sales

Capitalized R&D and intangibles

- We have to capitalize some R&D as per IFRS
- Most of the increase observed in the last plan relates to the acquisition of Cinterion and the ongoing M2M activity

\(~2.5\%\) of sales
We will continue to do bolt-on acquisitions

We typically evaluate two types of bolt-on acquisitions

Technology
Innovative new technologies and adjacent technology bricks that complement our existing portfolio

Market reach
Gain better access to customers or enter attractive new markets

Purchased acquisitions
We will continue our cash return to shareholders

Annual dividend: stable or growing

Share buy-back complement
December 9, 2016

Gemalto to acquire 3M’s Identity Management Business

Transaction includes 3M Cogent Inc., Document Reader and Secure Materials Businesses
Strategic Rationale

- Integrating 3M’s Identity Management Business, Gemalto takes a leading position in biometric identification

- Uniquely positioned to accelerate its offerings in public services and expand the use of trusted identities in the commercial realm
  - **Public services:** End-to-end offer to manage the enrolment, identification of individuals, flow of passengers and border control
  - **Commercial services:** As online and mobile transactions grow, new forms of multi-factor authentication and identification are needed to complement physical ID documents.
3M’s Identity Management Business offers end-to-end Identity Management solutions to enable identity verification and authentication.

Proven biometrics matching algorithms (finger, face, iris, etc.)
At the forefront of innovation with the latest multi-modal biometric solutions.
### 3M’s Identity Management Business Lines

<table>
<thead>
<tr>
<th>BIOMETRICS</th>
<th>DOCUMENT READERS</th>
<th>SECURE MATERIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full spectrum of biometric solutions with a focus in law enforcement, border control and civil identification</td>
<td>End-to-end suite of solutions to capture and authenticate various types of civil IDs and documents</td>
<td>High security documents and components, related proprietary software that are difficult to forge/counterfeit</td>
</tr>
</tbody>
</table>
| - Large scale identification system  
- Biometric algorithms: finger, face, iris matching  
- Biometric scanners and mobile devices | - Kiosk and desktop readers  
- Document authentication software  
- Swipe readers / full page readers | - Passport and cards laminates  
- Security features for cards and passports |

- 61% of sales
- 13% of sales
- 26% of sales
Example of Biometric Identification

**DATA CAPTURE**
- Images are captured with specialized scanners, cameras, or other equipment.
- Data is provided to a centralized database, stored locally or discarded after feature extraction.

**FEATURE EXTRACTION**
- Biometric features are extracted from the captured images.
- Stored in proprietary or standardized templates in verification or identification systems.

**COMPARISON & MATCHING**
- New records are searched and compared against databases.
- Biometric images are matched using proprietary algorithms with unparalleled speed and accuracy.

**STATS OF A DEPLOYED CLIENT SOLUTION**
- 200 million records in database.
- 6 second watch list response time.
- 200,000 search transactions daily.
- 99.7% accuracy.
Gemalto and 3M’s Identity Management are complementary

Building on a unique asset

**Authenticating** and **Identifying** individuals in a fast and reliable way through the use of unique biological characteristics will enable consumers to have seamless access to services
3M’s Identity Management Business financial profile

### Annual Profit & Loss*

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$215m</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>$100m</td>
<td>46%</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>$58m</td>
<td>27%</td>
</tr>
</tbody>
</table>

*Source: Proforma carve-out unaudited financials based on due diligence - 12 months ending June 2016

### Sales by region

- **Americas**: 54%
- **EMEA**: 32%
- **Asia**: 14%
Integration with Gemalto and reporting

- 3M’s Identity Management business will join Gemalto’s Government Programs business
- Similar long term contract profiles

- 60% to 65% of 3M’s Identity Management business revenue will be reported as Platforms & Services.

- Approximately 18% of 3M’s Identity Management business revenue will be reported as Platforms & Services.

Increasing by +2 percentage points the contribution of the Platforms & Services activity in 2015 Company revenue on a pro forma basis.
Impact on the Company financials

- Accretive to adjusted EPS upon completion
- In 2017, contribution to financials expected to be limited to the second semester
- As part of our long term strategy and the development of this core technology across all our businesses,
  - The acquired business revenue is expected to grow at a +10% CAGR
  - With EBITDA margins above 20% by 2020
Transaction details

- Entered into agreements to acquire 3M’s Identity Management Business
- Enterprise value of $850 million
- Subject to anti-trust, government approvals and employee consultation where necessary
- Deal expected to close in the first half of 2017
Gemalto’s strong financial structure is preserved

- The US$850 million will be provided by cash and existing long term credit facilities

- **As of 2017**, assuming transaction closes
  - Net debt/adj. EBITDA ratio < 1.5
  - Under current market conditions, incremental interest cost < €10 million per annum
  - Strong liquidity profile maintained

- **Through 2017**: Unchanged financial policies
  - On average, capex below 5% of sales
Takeaways

- Gemalto takes a leading position in biometric identification
- Perfect fit of complementary technologies, adding biometric identification to Gemalto core technology to develop across all its businesses
- Solid financial structure maintained
- Closing expected in H1 2017
Turning Things On

Introduction to Embedded SIM and On-Demand Connectivity

February 27, 2017 Mobile World Congress
Trust in the digital world starts with a reliable identification

End-users \(\rightarrow\) ...present their digital ID... \(\rightarrow\) to the service provider

Once the service provider is sure who is accessing it, exchanges can begin
Software and data stacks in secure elements

End-user identities

Service Provider profile and applications

Industry applications

Operating system

Secure hardware

General purpose multitenant

Multitenant

Specific

billions

thousands

tens

Mobile
Payment
Transit
Access
OnlineID
eGov

2G
3G
4G
voip
V
MC
CUP
ePurse
Mifare
DESFire
Felica
Calypso
Prox
Indala
iClass
Advant
e-signK
Fips
OTP
PKI
ePassport
ID
Health
eDL

Software and data stacks in secure elements
Leveraging cellular networks, Turning Things On

Cumulative Cellular Connections

People + Machines + Consumer Additional Devices

2006: 2.7bn, 11% CAGR
2016: 7.9bn
2020: >9.5bn

Incremental Machine-to-Machine Connections: 15% CAGR

Source: GSMA Forecasts, Gemalto
Evolution of connected devices

SIM form factor evolves…

...the need to authenticate remains
Evolution of the specifications and availability of devices

**People**

- GSMA Specifications
  - Embedded SIM & Remote subscription management

**Machines**

- 2014: Machine-to-Machine (M2M)

**Consumer Secondary Devices**

- Early 2016: Consumer secondary devices
- Nov 2016: Consumer all devices

**All Consumer Devices**

- Devices in the Market
  - Beginning
    - e.g. Automotive
  - Limited
    - e.g. Wearables
  - Under design
Software and data stacks in secure elements

End-user identities

Service Provider profile and applications

Industry applications

Operating system

Secure hardware
Software and data stacks in embedded SIM

- End-user identities
- Mobile Network Operator profile and applications
- Industry applications
- Operating system
  - General Purpose
  - Multitenant
  - Specific
- Secure hardware
- Mobile Network Operators
  - On-Demand Connectivity
  - Remote subscription management
  - Consumer Devices
    - Embedded SIM
  - Machine-to-Machine
    - Embedded SIM

billions
Software Modules for On Demand Connectivity (ODC)

billions

End-user identities

Mobile Network Operator profile and applications

Industry applications

Operating system
General Purpose
Multitenant
Specific

Secure hardware

On-Demand Connectivity
Remote subscription management

Mobile Network Operators

Profile Generation
Profile Delivery
Routing Service
Discovery Service

Consumer Devices
Embedded SIM

Device Agent

Machine-to-Machine
Embedded SIM

2G 3G 4G voip ...
Business Models for Embedded SIM and ODC

billions

End-user identities

Mobile Network Operator profile and applications

Industry applications

Operating system

General Purpose
Multitenant
Specific

Secure hardware

Mobile Network Operators

On-Demand Connectivity
Remote subscription management

Mobile Network Operators

Hosted/Managed Services

Event Fee
Annual Subscriber/Device Fee

On-Premise

Licenses
Software Maintenance

Software stacks only
Per installation

Software stacks & Secure Hardware
Per installation

Consumer Devices
Embedded SIM

Machine-to-Machine
Embedded SIM

Mobile Network Operator profile and applications

2G 3G 4G...
Ecosystem support and accreditation

A **scalable** solution to support the expected increase of volume with a clear vision on solution **cloud readiness**
Take Away

• SIM form factor has evolved over the years and will continue to evolve

• Functions and principles are unchanged with the need to authenticate the users to access the cellular network

• On Demand Connectivity will trigger new use cases in the Internet of Things providing opportunities in different verticals

• Machine-to-Machine is the first industry to adopt the eSIM and remote provisioning as the Machine just start to get connected

• The consumer market is following based on the recent GSMA architecture we expect the market to migrate progressively
Gemalto
Enabling trust in the digital world

- World Leader in Digital Security
- Markets in Strong Development
- Unique Technology Portfolio
- Blue Chip Customers
- Large Free Float and Robust Financials
- A Business Model with Strong Leverage on Growth