Full year 2016 roadshow

- Full year 2016 earnings
- 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
Full year 2016 Highlights

- Full year revenue of €3.13 billion with an acceleration in fourth quarter revenue growth
- Platforms & Services revenue exceeded €1 billion, a year ahead of the current multi-year development plan
- Company gross margin increased by +155 basis points, to 40.5%
- Profit from operations grew to €453 million with strong free cash flow of €318 million, leading to net debt of €67 million

Revenue variations at constant exchange rate except where otherwise noted
### Key figures from FY 2016 financial results

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€3,127m</td>
<td>+1%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>€1,266m</td>
<td>40.5%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(€814m)</td>
<td>(26.0%)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>€453m</td>
<td>14.5%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>€3.00</td>
<td></td>
</tr>
</tbody>
</table>

**Extracts from the adjusted income statement**

- **Gross margin** +155bp
- **OpEx ratio** (61bp)
- **PFO margin** +94bp
- **IFRS Earnings per share** +34%
Gross margin improvement

- 2006: 29.6%
- 2007: 30%
- 2008: 35%
- 2009: 40%
- 2010: 40.5%

Yearly improvements:
1. 2006-2007
2. 2007-2008
3. 2008-2009
Gross margin improvement plan

2015 Company Gross Margin

- **Payment & Identity**
  - **Enterprise**
    - Portfolio integration
  - **Government Programs**
    - Scale effect
  - **Payment**
    - Optimizing the US EMV operations

- **Mobile**
  - **Mobile E&P**
    - Adapt resources to market evolution
  - **M2M**
    - Scale effect
  - **Mobile P&S**
    - Redeployment of resources

Outlook

- Redeployment of resources
- Adapt resources to market evolution
- +1.5%

Gross Margin:

- 2015: 39%
Financial results
## Adjusted income statement and IFRS

<table>
<thead>
<tr>
<th></th>
<th>€ in millions</th>
<th>All operations</th>
<th>Fair value adjustment upon acquisitions</th>
<th>Amortization of intangible assets</th>
<th>Equity based compensation</th>
<th>Restructuring and acquisitions related expenses</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>3,127</td>
<td>3,127</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,127</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>453</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFRS operating profit</td>
<td>(3)</td>
<td>(58)</td>
<td>(9)</td>
<td>(36)</td>
<td></td>
<td></td>
<td>347</td>
</tr>
<tr>
<td><strong>FY 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>3,122</td>
<td>3,122</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,122</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>423</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFRS operating profit</td>
<td>(71)</td>
<td>(61)</td>
<td>(39)</td>
<td>(49)</td>
<td></td>
<td></td>
<td>203</td>
</tr>
</tbody>
</table>
### Key items of the cash flow statement

<table>
<thead>
<tr>
<th></th>
<th>Full Year 2016</th>
<th>Full Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash generated by operating activities before changes in working capital</strong></td>
<td>468</td>
<td>443</td>
</tr>
<tr>
<td>Net change in working capital</td>
<td>(23)</td>
<td>65</td>
</tr>
<tr>
<td>Cash used in restructuring actions and acquisition related expenses</td>
<td>(36)</td>
<td>(29)</td>
</tr>
<tr>
<td>Time de-correlated hedging effect / (Prepaid derivatives)</td>
<td>49</td>
<td>(124)</td>
</tr>
<tr>
<td><strong>Net cash generated by operating activities</strong></td>
<td>458</td>
<td>355</td>
</tr>
<tr>
<td>Capital expenditure and acquisition of intangibles</td>
<td>(140)</td>
<td>(185)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>318</td>
<td>170</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(3)</td>
<td>(897)</td>
</tr>
<tr>
<td>Dividend paid to Gemalto shareholders</td>
<td>(42)</td>
<td>(37)</td>
</tr>
<tr>
<td>Net proceeds from financing activities</td>
<td>(14)</td>
<td>117</td>
</tr>
<tr>
<td><strong>Net cash (debt), at end of the period</strong></td>
<td>(67)</td>
<td>(335)</td>
</tr>
</tbody>
</table>
Segment information
FY 2016 revenue composition

Main segment revenues

Platforms & Services €1B revenue one year ahead

€ in million

Government

Enterprise

Payment

Mobile

Payment & Identity

Mobile

62% of total revenue

38% of total revenue

+9% yoy

(8%) yoy

FY €1,019m

FY €460m

FY €502m

FY €898m

2013

2014

2015

2016

19% of total revenue

20% of total revenue

29% of total revenue

33% of total revenue
Payment & Identity – key financial information

- Embedded software & Products revenue was up +3% at €1,180 million. Platforms & Services revenue came in at €768 million, up +19% compared to 2015
- Payment revenue came in at €998 million, +2% year-on-year
  - Moderate growths in Americas and EMEA regions. The lower sales in China were fully offset by an increase in revenue from the rest of Asia
  - Contrasted performance between the semester with lower H2 year-on-year due to the high comparison basis in the United States related to EMV liability shift deadline in 2015
- Enterprise revenue came in at €462 million, up +10% year-on-year
  - The trend in revenue mix within the authentication business line continues to move towards a higher proportion of software and services
- Government Programs revenue came in at €488 million, up +26% year-on-year
  - Outstanding Q4 revenue with the completion of a large scale project and the conversion of a production facility
  - Payment & Identity’s gross margin improved to 40.7%, up +2.3 percentage points and PFO came in at €290 million, up +22%

<table>
<thead>
<tr>
<th>Category</th>
<th>2016 FY: €1,948m</th>
<th>2015 FY: €1,818m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>+9%</td>
<td>+9%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>+14%</td>
<td>+14%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>40.7%</td>
<td>38.4%</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>+22%</td>
<td>+22%</td>
</tr>
<tr>
<td>PFO Margin</td>
<td>14.9%</td>
<td>13.1%</td>
</tr>
</tbody>
</table>
Mobile – key financial information

<table>
<thead>
<tr>
<th></th>
<th>2016 FY: €</th>
<th>2015 FY: €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,174m</td>
<td>1,279m</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>471m</td>
<td>495m</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>40.1%</td>
<td>38.7%</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>171m</td>
<td>172m</td>
</tr>
<tr>
<td>PFO Margin</td>
<td>14.6%</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

- **Embedded software & Products** came in at €924 million
  - SIM sales were lower by (19%) year-on-year. This was mainly due to the tail-end effect of the closure of a mobile payment venture in the United States, coupled with lower demand in Latin America and Africa.
  - The Machine-to-Machine business continued to grow rapidly by +11% year-on-year, supported by the expanding global demand of connected devices and embedded secure elements for the Internet of Things (IoT).

- **Platforms & Services** revenue came in at €251 million, up +3%
  - Gemalto’s Mobile Subscriber Services business reached important milestones with more than 20 references on embedded SIMs remote activation and management.
  - Gemalto is deeply involved in setting up the ecosystem, as device manufacturers and mobile network operators adopt the GSMA specifications for the consumer device market published in the fourth quarter of 2016.

- Overall gross margin for the Mobile segment increased to 40.1% from 38.7%
- PFO came in at €171 million, i.e. a 14.6% profit from operations margin.
Moving forward
Key trends for 2017

- Slight improvement in the mobile environment
- Start of the equipment phase for On Demand Connectivity platforms based on the latest GSMA specifications
- Continuing expansion for the Internet of Things
- Slower migration of payment cards in the United States
- Solid demand for Government Programs
- Sustained demand for data protection, software monetization and cybersecurity solutions
Outlook for 2017

For 2017, Gemalto expects its profit from operations to be between €500 million and €520 million supported by positive trends in Government Programs, Machine-to-Machine, Enterprise and taking into account the adverse mobile environment and slower migration of payment cards in the United States.

The Company expects to finalize the 3M Identity Management business acquisition in the first semester of 2017 and will update its 2017 outlook after the closing.
Leveraging our assets to address new sets of customers needs

Building on a unique combination of assets

Gemalto Common Core Technologies
- Authentication
- Data Protection
- Key Management
- Secure Issuance

Digital Drivers’ License Pilot
In the United States

Turn your smartphone into a secure car key
Partnering with Valeo

ID Verification to strengthen fraud protection
Selected by Posten Norge
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

- Key management and data preparation
- Issuers
- Perso Centers
- Instant Issuance
- Self-Service Issuance
- Mobile Issuance

Focus and Improve efficiency in Payment services

Smart Payment Cards penetration in the banked population

Penetration rate
- > 80%
- > 50%
- > 20%

Total number of Payment Cards in circulation

Penetration of Smart Payment Cards

- 2016: 6.3bn (54%)
- 2020: 9.1bn (70%)

Smart Payment Card Issuances (millions)

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

DATA PROTECTION
- Data Encryption
- Crypto Management & Keys Protection

AUTHENTICATION
- Authentication Management
- Hardware & Software Authenticators

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

Continue to expand technology partnerships
Moving towards software and services
Reinforce Investment

Broadest support for big data encryption
- Low teens CAGR

Ezio Mobile with more than 40 bank references
- High single digit CAGR

Expand Software Monetization solution to intelligent devices
- Mid single digit CAGR

Key Management Infrastructure
- Market in $bn

Total Number of Online Banking Users
- Market in $bn

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

- Identity theft attacks accounted for nearly two-thirds (64%) of all the data breaches
- 92% of companies that have experienced commercial consequences as a result of a data breach

> 5.9 bn data records exposed since 2013

> 95% of involved data was not encrypted
Market trends of Government Programs

Embedded software & Products
- Identity
- Traffic
- Travel
- Healthcare

Platforms & Services
- Enrolment
- Issuance

Verification
- of electronic chip
- of security features
- Data / Photo Integrity Check

Border management
- Know Your Customer
  - Anti-Money Laundering
  - Fight against ID fraud
- Electronic Government
- Mobile Government

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

Penetration rate of eDocuments
- 2016: 2.2bn, 25%
- 2020: 3.6bn, 34%

Total number of documents in circulation

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

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**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

**Supported Services Hub**
Credential and token management

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

Focus our efforts on verticals which value our expertise

- **Automotive**
- **Site Security**
- **Payment Systems**
- **Track and Trace**
- **Metering**
- **eHealth**
- **Maintenance**

**Use cases:**
- eCall
- Entertainment
- Telematics
- Maintenance

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**M2M cellular module new connections**

Source: GSMA Forecasts

- **2017**
- **2018**
- **2019**
- **2020**

- **CAGR +15.0%**
While SIM market evolves, the need to authenticate remains

Embedding software & Products

MNO subscriptions
- Embedded SIM
- Removable SIM

Service Providers credentials
- Embedded Secure Element (eSE)
- Trusted Execution Environment (TEE)

 Platforms & Services

2014 Machine-to-Machine (M2M)
- MNO subscriptions
- Embedded SIM

2016 Consumer secondary devices
- MNO subscriptions
- Embedded SIM
- Removable SIM

Currently being defined
- Consumer primary devices
- Remote subscription management

Bringing technical expertise to both device manufacturers and mobile network operators

GSMA Specifications
- Embedded SIM and Remote subscription management

Embedded SIM and Remote subscription management

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

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

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

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

**Mobile Communication**
- 800 mobile carriers
  - World #1 with 95% of the world’s top 100 MNOs as clients

**Machine-to-Machine**
- 10,000+ industrials and distributors
  - A world leader for cellular connectivity technology

**Electronic payment**
- 12,000+ financial institutions
  - World #1 for card-based and mobile payment¹

**eGovernment**
- 193 governments
  - World #1 with more than 80 eDocument references from Gemalto

**Enterprise security**
- 200,000+ large companies and system integrators
  - A world leader for user authentication from Gartner’s Magic quadrant

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*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

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

Cash available in 2012

Capital expenditure

Bolt-on acquisitions

Dividend, share buy-back

Each of the three allocations of generated cash flow is significant

Chart not to scale
Allocations to capital expenditures

Property, plant, equipment

~2.5% of sales

- 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

Capitalized R&D and intangibles

~2.5% of sales

- 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
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 is headquartered in the United States with approximately 450 employees worldwide

Businesses include 3M Cogent Inc., Document Reader and Secure Materials

Trusted partner to governments and law enforcement agencies for 30+ years

Experienced technical and business leadership team
<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>
<tr>
<td>▪ Large scale identification system</td>
<td>▪ Kiosk and desktop readers</td>
<td>▪ Passport and cards laminates</td>
</tr>
<tr>
<td>▪ Biometric algorithms: finger, face, iris matching</td>
<td>▪ Document authentication software</td>
<td>▪ Security features for cards and passports</td>
</tr>
<tr>
<td>▪ Biometric scanners and mobile devices</td>
<td>▪ Swipe readers / full page readers</td>
<td></td>
</tr>
</tbody>
</table>
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

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**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>
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</table>

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

### Sales by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>54%</td>
</tr>
<tr>
<td>EMEA</td>
<td>32%</td>
</tr>
<tr>
<td>Asia</td>
<td>14%</td>
</tr>
</tbody>
</table>

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

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
Gemalto full year results 2016 roadshow

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 ⏮️...present their digital ID...olvency ⏮️ 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
Leveraging cellular networks, Turning Things On

Cumulative Cellular Connections

- **People**: 2.7bn (2006) → 7.9bn (2016) with 11% CAGR
- **Machines**: 7.9bn (2016) with 5% CAGR
- **Consumer Additional Devices**: >9.5bn (2020) with 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

GSMA Specifications
Embedded SIM & Remote subscription management

2014 Machine-to-Machine (M2M)

Early 2016
Consumer secondary devices

Nov 2016
Consumer all 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

General purpose multitenant

Multitenant

Specific

billions

thousands

tens

2G 3G 4G voip

Mobile Payment Transit Access OnlineID eGov

Indala iClass Advant

ePurs

V MC CUP

Mifare DESFire Felica

Calypso

Prox

e-sign

Fips

OTP PK

ePass port

ID Health eDL

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

Billions

Mobile Network Operators
- Removable SIM
- On-Demand Connectivity
  - Remote subscription management
- Consumer Devices
  - Embedded SIM
- Machine-to-Machine
  - Embedded SIM
Software Modules for On Demand Connectivity (ODC)

End-user identities

Mobile Network Operator profile and applications

Industry applications

Operating system

Secure hardware

billions

On-Demand Connectivity
Remote subscription management

Profile Generation
Profile Delivery

Routing Service
Discovery Service

1

2

3

Device Agent

Embedded SIM

Consumer Devices

Machine-to-Machine

Embedded SIM
Business Models for Embedded SIM and ODC

End-user identities

Mobile Network Operator profile and applications

Industry applications

Operating system

General Purpose
Multitenant
Specific

Secure hardware

billions

Mobile Network Operators

On-Demand Connectivity
Remote subscription management

Consumer Devices
Embedded SIM

Machine-to-Machine
Embedded SIM

Business Models

Hosted/Managed Services

On-Premise

Event Fee
Annual Subscriber/Device Fee

Licenses
Software Maintenance

Software stacks only
Per installation

Software stacks & Secure Hardware
Per installation

Mobile Network Operator

Embedded SIM

Remote subscription management
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