Third quarter 2018 roadshow

Gemalto Investor Relations
Overview
Third quarter 2018 highlights

- Third quarter revenue at €727 million, (3%) lower at constant exchange rates

- Identity, IoT & Cybersecurity segment revenue (1%) lower at €345 million. The segment revenue is up +12% year-to-date at constant exchange rates and strong deliveries are expected in the fourth quarter

- Smartcards & Issuance trends unchanged. Digital transformation at play

- 2018 full year outlook confirmed

Revenue variations at constant exchange rates except where otherwise noted
Year to date 2018 revenue

YTD18 Revenue (€ in millions, variation at constant exchange rates)

- Smartcards & Issuance: 1125 (3%)
- Identity, IoT & Cybersecurity: 989 (+12%)
- Gemalto: 2114 (+3%)

YTD 18:
- Smartcards & Issuance: 53%
- Identity, IoT & Cybersecurity: 47%

YTD 17:
- Smartcards & Issuance: 57%
- Identity, IoT & Cybersecurity: 43%
Segment information
Identity, IoT & Cybersecurity – key financial information

- **Governments**: slight decline
  - E-documents programs roll out in the US and Latam in the fourth quarter
  - First deliveries of UK passport in the fourth quarter
  - Driving license solution win with the State of Georgia in the US

- **Cybersecurity**: slightly down
  - Encryption program deployments in Europe and the US in the fourth quarter
  - Authentication and Software monetization solid performance
  - SafeNet Virtual KeySecure launch

- **IoT**: very strong growth
  - Strong deliveries in Europe and Asia
  - Key industrial sectors: Automotive, Health, Payment and Metering
  - Offer: strong fit with highly challenging requirements of IoT

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**Revenue**

- **€345m**
- (1%)
- (2017 Q3: €348m)

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**Identity, IoT & Cybersecurity**

- Q17: 348
- Q417: 357
- Q118: 293
- Q218: 351
- Q318: 345

**Revenue at historical exchange rates**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Value (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q317</td>
<td>348</td>
</tr>
<tr>
<td>Q417</td>
<td>357</td>
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<tr>
<td>Q118</td>
<td>293</td>
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<tr>
<td>Q218</td>
<td>351</td>
</tr>
<tr>
<td>Q318</td>
<td>345</td>
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</tbody>
</table>
Smartcards & Issuance – key financial information

- **Payment** business up
  - US first EMV renewal campaigns
  - Strong payment cards deployment across other regions

- **SIM** trend unchanged
  - Continued market erosion
  - Full effect of the exit of a specific low-end market

- Low profit margin opportunities both in SIM and Payment businesses were dismissed in some Asian countries

- **Digital**: solid growth
  - Large deployments in Europe of authentication solutions for banks
  - New generation of iPhones introducing eSIM driving activations

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**Revenue**

€382m (4%)  
(2017 Q3: €403m)

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Revenue at historical exchange rates

<table>
<thead>
<tr>
<th>Q317</th>
<th>Q417</th>
<th>Q118</th>
<th>Q218</th>
<th>Q318</th>
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</thead>
<tbody>
<tr>
<td>403m</td>
<td>470m</td>
<td>357m</td>
<td>386m</td>
<td>382m</td>
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</table>

Gemalto third quarter 2018 roadshow
Moving forward
Enterprise business: Delivering security the way customers want

### Offers

#### ENCRYPTION & DATA PROTECTION
- Data-at-rest and Data-in-motion encryption
- Key management
- HSM

#### IDENTITY & ACCESS MANAGEMENT
- Access management
- Multi-factor authentication
- PKI credential management

### Market drivers

- Data breaches and regulations
- Cloud adoption, need for hybrid (on premise & Cloud) solutions
- Device proliferation
- Emerging IoT use cases

### Ambition

#### Data Protection
- Secure our leading position in Encryption and Data Protection
- Take leadership in Data Protection on Demand

#### Identity
- Become a leading player in Enterprise Identity and Access Management as a Service
Focus for the fourth 2018

Identity, IoT & Cybersecurity

• Execute large Governments’ programs deliveries
• Cybersecurity: Deliver encryption programs. Leverage GDPR
• Pursued expansion of IoT in a variety of industrial sectors

Smartcards & Issuance

• Continuous focus on cost optimization and selective sales strategy based on profitability
• Keep momentum in authentication for banks in Europe
• ODC leverage new generation of iPhones with eSIM
2018 Outlook confirmed

Double digit revenue growth expected in the Identity, IoT & Cybersecurity segment

Stable PFO margin expected in the Smartcards & Issuance segment

Mid to High single digit growth in profit from operations expected at Gemalto level
Additional Information
Gemalto Next-generation Digital Security

Digital Identity

Data Protection

Digital privacy enabled
Governments business: Reinforce leadership in Biometrics and Civil Identity

**Offers**

- ID Documents & Solutions
- ID Verification & Commercial Biometrics

**Market drivers**

Secure documents market penetration up in response to:
- Need to improve citizen services while reducing costs & fraud
- Need to address Road Safety concerns on a worldwide basis

Secure ID documents\(^1\) represents 29% of all secure documents in 2017 with a CAGR of +10%.

Rapid growth in biometric ID solutions driven by:
- More international travelers and airports
- United Nations goal of “Legal Identity for All” by 2030, with Citizens biometric enrolment
- Increased need for Identity Verification and Proofing (eKYC)

**Ambition**

- ID Documents & Solutions
  - Remain undisputed #1 in secure documents
  - Take a leading position on Digital ID
  - Grow Road Safety in the US & in developing countries with new business models

- ID Verification & Commercial Biometrics
  - Consolidate #1 position in Border management
  - Grow faster than market with inclusive ID solutions
  - Take a position in Commercial Biometrics

Source: Gemalto ABI\(^1\)
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

**Trusted Services Hub**
Credential and token management

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

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

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**M2M cellular module new connections**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>Value</td>
<td></td>
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</table>
| Source | GSMA Forecasts

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Gemalto’s end-to-end offer for the Internet of Things (IoT)

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*Slide from H1 2016 results presentation*
While SIM market evolves, the need to authenticate remains

Prepare for the next generation of devices

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

Bringing technical expertise to both device manufacturers and mobile network operators

<table>
<thead>
<tr>
<th>Embedded software &amp; Products</th>
<th>Platforms &amp; Services</th>
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<tbody>
<tr>
<td>MNO subscriptions</td>
<td>On-Demand Connectivity</td>
</tr>
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<td>MNO subscriptions</td>
<td>Remote subscription management</td>
</tr>
<tr>
<td>Service Providers credentials</td>
<td>Over the Air (OTA) Life cycle management</td>
</tr>
<tr>
<td>Embedded SIM</td>
<td>Trusted Services Hub Credential and token management</td>
</tr>
<tr>
<td>Removable SIM</td>
<td></td>
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</tbody>
</table>
Dynamics of EMV market

Our US customers continue to adjust their views on the normalized EMV market based on the latest feedback from their partner programs.

**52%**
2016 US EMV Chip Card adoption rate
Source: EMVCo

**Worldwide smart payment card issuances (million units)**

**Portfolio evolution**

- Dual interface
- EMV card with fingerprint biometrics
- Mobile issuance
- Need for more security (Dynamic CVV)

Source: IHS Technology, EMVCo, Gemalto
Gemalto
Enabling trust in the digital world