Listen-only live audio webcast available from www.gemalto.com/investors

First semester 2015 results

August 27, 2015

Olivier Piou, CEO
Jacques Tierny, CFO
Disclaimer

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 “will”, "expects", "anticipates", "believes", "intends", "estimates", “target”, 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 otherwise required by applicable law or regulations.
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.
As of 2014, 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).

SafeNet acquisition and related pro forma figures
Following the acquisition of SafeNet and for a better understanding of the year-on-year evolution of the business, the Company presents the 2014 Gemalto segment and activity pro forma figures as if SafeNet had been consolidated for the full year 2014 period and year-on-year variations between these 2014 pro forma figures and 2015 figures as if SafeNet had been consolidated starting from January 1, 2015. The difference between 2015 actual figures and 2015 pro forma figures corresponds to the SafeNet contribution from January 1st, 2015 to January 7th, 2015, the actual transaction closing date. SafeNet’s pro forma figures used in this document were translated into Euro using monthly currency conversion rates. Variations of pro forma revenue figures are at constant exchange rates and exclude the impact of currencies variation hedging program for 2014 and 2015.

Adjusted income statement and Profit from operations
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.
Overview
First semester 2015 Highlights

- Revenue of €1.5 billion is up +32% at historical exchange rates and +20% at constant exchange rates.

- Revenue growth in Payment +22%, Machine-to-Machine +23%, and Government Programs +17%, at constant exchange rates, largely exceeds lower SIM products and related services revenue.

- Profit from operations of €160 million is up +33%.

Extracts from the adjusted income statement, revenue variations at constant exchange rate.
### Key figures from H1 2015 financial results

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€1,499m</td>
<td>+20%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>€574m</td>
<td>38.3%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(€414m)</td>
<td>(27.6%)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>€160m</td>
<td>10.6%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>€1.21</td>
<td>+9%</td>
</tr>
</tbody>
</table>

**Extracts from the adjusted income statement for all operations**

- **Revenue**: €1,499m, +20% at historical rates +32%
- **Gross profit**: €574m, 38.3%
- **Operating expenses**: (€414m), (27.6%), OpEx ratio (134bp)
- **Profit from operations**: €160m, 10.6%
- **Earnings per share**: €1.21, +9%

27 August 2015

Gemalto first semester 2015 results
Key figures from first semester 2015

**Main segment revenues**

- **Government**
  - +15% yoy proforma
- **Enterprise**
- **Payment**
  - 56% of total revenue
  - **Mobile**
    - M2M
    - Mobile P&S
    - Mobile E&P
    - 43% of total revenue

**Year-on-year H1 revenue variations details**

- **Pro forma** growth
- **Currency variation effect**
- **Addition of SafeNet**
- **Hedge effect**

- **H1 2014**
  - €1133m
- **Addition of SafeNet**
- **Pro forma growth**
  - +11%
- **Hedge effect**
  - (2%)
- **Currency variation effect**
- **H1 2015**
  - €1499m

Pro forma figures include Safenet revenue for the full first quarter of 2014 and 2015.
Jacques TIERNY - CFO

Financial results
# Adjusted income statement and IFRS

## Adjusted income statement

<table>
<thead>
<tr>
<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>H1 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,499</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,499</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>160</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>160</td>
</tr>
<tr>
<td>IFRS operating profit</td>
<td></td>
<td>(67)</td>
<td>(23)</td>
<td>(17)</td>
<td>(19)</td>
<td>33</td>
</tr>
<tr>
<td><strong>H1 2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,133</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,133</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>120</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>120</td>
</tr>
<tr>
<td>IFRS operating profit</td>
<td></td>
<td>-</td>
<td>(11)</td>
<td>(27)</td>
<td>(21)</td>
<td>61</td>
</tr>
</tbody>
</table>
Payment & Identity – key financial information

- Embedded software & Products sales were up by +16% at €553 million. Platform & Services sales more than doubled, at €287 million.
- The Payment business grew by +28% in the second quarter of 2015 year-on-year.
  - The Americas posted the largest growth, with revenue almost doubling on strong sales of EMV payment cards and rapid expansion of issuance services in the United States.
- Revenue from the Enterprise business came in at €195 million for H1 2015.
  - The integration of SafeNet is progressing well, with alignment of authentication portfolios between the previous Gemalto Identity Access Management business and SafeNet.
  - The Enterprise business revenue mix between authentication and data encryption is moving towards a higher proportion of software and services, and to gross profit increasing faster than revenue.
- Government Programs revenue came in at €175 million, up +17% year-on-year.
  - Beside Trüb’s contribution which started in Q2, sales expansion came from delivery commencements of previously won projects; project backlog continued to expand.
- Overall, Payment & Identity’s gross margin improved to 37%, up +4.9 percentage points year-on-year and PFO came in at €77 million, up +46% from the €53 million recorded in the first semester 2014.
Mobile – key financial information

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€ 641m</td>
</tr>
<tr>
<td>(2%) (2014 H1: € 586m)</td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>€ 246m</td>
</tr>
<tr>
<td>+4% (2014 H1: € 237m)</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>38.4%</td>
</tr>
<tr>
<td>(209bp) (2014 H1: 40.5%)</td>
<td></td>
</tr>
<tr>
<td>Profit from operations</td>
<td>€ 71m</td>
</tr>
<tr>
<td>+11% (2014 H1: € 64m)</td>
<td></td>
</tr>
<tr>
<td>PFO Margin</td>
<td>11.1%</td>
</tr>
<tr>
<td>+20bp (2014 H1: 10.9%)</td>
<td></td>
</tr>
</tbody>
</table>

- The segment posted a contrasted pattern of revenue growth
  - The first quarter of 2015 saw a +8% growth while the second quarter saw a (9%) reduction. This evolution was essentially related to the lower contribution to revenue of high-end SIMs and Mobile Platforms & Services sales in the second quarter due to Softcard mobile payment service closing in the US. This adverse comparison basis effect should remain noticeable for the next three quarters.

- The most significant revenue expansion came from the Machine-to-Machine business, with a +23% increase in sales.
  - Due to the increasing global demand of connected devices and embedded secure elements for the Internet of Things. Embedded secure elements sales extended their already strong dynamic, posting a +46% increase in revenue year-on-year at constant exchange rates.

- Important milestones reached in Mobile Platforms & Services
  - In Mobile Financial Services: Support for EMV tokenization layers for OEM’s embedded secure elements (eSE), Trusted Execution Environment (TEE), and payment applications that are using Host Card Emulation (HCE) framework
  - In Mobile Subscriber Services: First to demonstrate the newly adopted GSMA common high-level architecture for remote SIM provisioning in the consumer market.
## Key items of the cash flow statement

### € in millions

<table>
<thead>
<tr>
<th>Description</th>
<th>First Semester 2015</th>
<th>First Semester 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash generated by operating activities before changes in working capital</strong></td>
<td>199</td>
<td>128</td>
</tr>
<tr>
<td>Net change in working capital</td>
<td>(57)</td>
<td>(75)</td>
</tr>
<tr>
<td>Cash used in restructuring actions and acquisition related expenses</td>
<td>(19)</td>
<td>(4)</td>
</tr>
<tr>
<td>Prepaid derivative</td>
<td>(84)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net cash generated by operating activities</strong></td>
<td>40</td>
<td>49</td>
</tr>
<tr>
<td>Capital expenditure and acquisition of intangibles</td>
<td>(104)</td>
<td>(50)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(388)</td>
<td>(42)</td>
</tr>
<tr>
<td>Dividend paid to Gemalto shareholders</td>
<td>(37)</td>
<td>(33)</td>
</tr>
<tr>
<td>Net proceed from/of private placement, credit lines and others</td>
<td>177</td>
<td>6</td>
</tr>
<tr>
<td><strong>Net cash (debt), at end of the period</strong></td>
<td>(490)</td>
<td>363</td>
</tr>
</tbody>
</table>
Olivier PIOU - CEO

Moving forward
Government Programs back to strong growth

Backlog is at record high from solid win rate in a growing market

- **Sealys Secure Documents**
  - Travel
  - Identity
  - Traffic
  - Healthcare

- **Coesys Solutions**
  - Enrolment
  - Issuance
  - Verification
  - Border

**Penetration of ePassports**
- 2014: 0.5bn, 40%
- 2020: 0.8bn, 57%

**Penetration of eID, eDL and eHealthcare**
- 2014: 1.3bn, 17%
- 2020: 3.1bn, 32%

**Government Programs revenue**
- 2010: 0.5bn
- 2011: 0.8bn
- 2012: 1.3bn
- 2013: 1.5bn
- 2014: 1.7bn
- 2015: 2.0bn

CAGR +14%

Sources: ABI research, ICAO, Gemalto - Government-issued digital identities in electronic documents
We have revised up our anticipations for the US EMV market

**Market demand above plans**
Cumulative number of chip-enabled card issued

New market forecast / Estimated actuals
Anticipations in 2014

- >250m
- >150m

Sources: The Payments Security Task Force (PST), ABI, Gemalto

**Market share progress above plans**
Steady progression towards average global market share in electronic payment cards

Commonly observed lifespan for EMV cards
2-3 year

Charts not to scale

>1.2bn payment cards in circulation
SIM revenue trend over the last 5 years

Quarterly SIM revenue at constant exchange rates, excluding embedded Secure Elements

LTM CAGR since 2010

~3%

(1%) +2% +2% +1%

Softcard service closing (~3%)

SIM at 45% of total Gemalto sales

Diversification in Gemalto’s sources of revenue

SIM at 20-25% of total Gemalto sales

Last twelve month CAGR stable +/- a few percent since 2010

No major anticipated change in macro trend
SIMs and secure subscription management are changing, to protect a broader market

Machine to Machine
GSMA embedded SIM and remote subscription
Published in Oct 2014

Product of the Year Award
On Demand Connectivity 2015 IoT Evolution

Consumer Devices
GSMA high level architecture endorsed in July 2015
Detail specifications by the industry targeted end 2015

World First
Demonstration of the latest GSMA architecture (July 2015) - MWC Shanghai

Gemalto’s secure subscription management
Remote provisioning

Key management and data preparation

Traditional

On site provisioning

Charts not to scale
Key trends for H2 2015

- Stronger than expected growth in Payment as EMV continues to ramp up in the US
- Lower SIM sales due to the closure of US carriers’ mobile payment service while other SIM based services benefiting from the most advanced software are under development
- Continuing expansion in the Internet of Things, including connectivity modules and embedded secure elements
- Growth acceleration and solid backlog in Government Programs
- Increase in demand for data protection and cybersecurity solutions supporting the Enterprise business performance
For 2015, Gemalto anticipates another year of double digit growth in its profit from operations. In the second semester, the closure of the US mobile payment service Softcard will limit the Mobile segment year on year progress in comparison to the same period of 2014.

Accelerating pace in Payment, Machine-to-Machine, Enterprise and Government Programs will support the profit expansion of the Company towards its upgraded objective of over €660 million in 2017.
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 ❖