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First quarter 2016 revenue

April 29, 2016

Olivier PIOU, CEO
Philippe VALLEE, COO
Jacques TIERNY, CFO
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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.
Overview
First quarter 2016 Highlights

- Revenue at €691 million, up +1% at historical exchange rates and flat at constant exchange rates
- Strong head start in Government Programs, Machine-to-Machine, Enterprise and Payment fully offsets softer markets in Latin America and Asia and lower sales to mobile network operators
- 2016 outlook confirmed

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

Main segment revenues

- Payment: €468m
- Mobile: €222m

Activity revenues

- Platforms & Services: €222m (32% of total revenue)
- Embedded software & Products: €468m (68% of total revenue)

Payment & Identity
- 63% of total revenue

Development
- +17% yoy
- 20% yoy

Charts not to scale
Segment information
Payment & Identity – key financial information

- Embedded software & Products grew by +7% at €261 million. Platforms & Services revenue came in at €172 million, up +35% year-on-year
- Payment business grew by +12% at €233 million versus Q1 2015
  - The Americas continue to post the largest growth, with strong sales of EMV payment cards and issuance services in the United States offsetting lower sales in Asia.
- Enterprise revenue came in at €103 million, up +14% year-on-year
  - The trend in revenue mix within the business continues to move towards a higher proportion of software services
- Government Programs revenue came in at €97 million, up +34% year-on-year
  - The revenue increase stems from strong deliveries of previously won projects in all regions, and €6 million from the addition of Trüb AG acquired in Q2 2015

Revenue

€ 433m
(2015 Q1: € 369m)
Mobile – key financial information

Revenue

€ 258m (2016 Q1: € 316m)

- Embedded software & Products came in at €207 million
  - SIM business, represented 19% of total company sales in Q1, reduced by (34%) at €133 million due to the tail-end effect of the U.S. operators mobile payment service closing announced earlier and to lower demand in Latin America and Asia
  - The Machine-to-Machine business continued to grow, by +12% year-on-year on top of a strong +25% increase a year ago, at €75 million driven by the expanding global demand of connected devices and embedded secure elements (eSE) for the Internet of Things (IoT)

- Platforms & Services revenue came in at €50 million reduced by (9%) versus the same period last year
  - Mobile Financial Services revenue decreased year-on-year due to lower mobile payment in the U.S. as announced in August 2015
Priorities of Enterprise Business

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

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

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

- Continue to expand technology partnerships
- Higher proportion of software services
- Reinforce Investment

On-Premise

Cloud/SaaS
Key market trends for 2016

- Continuing expansion in the Internet of Things
- First deliveries of GSMA compliant eSIMs and related services
- Solid demand for Government Programs
- Deployment of EMV continues in the US with portfolio expansion
- Soft market environment in Asia and Latin America
- Sustained demand for data protection, software monetization and cybersecurity solutions
Outlook
For 2016, with the positive trends in Enterprise, Government Programs, Machine-to-Machine and the US EMV ramp-up effort completed, Gemalto expects to generate a +1.5 percentage point gross margin increase, accelerating its profit from operation expansion towards its 2017 objectives.
Gemalto

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