Third quarter 2016 revenue and 2017 outlook

October 28, 2016

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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
Third quarter 2016 highlights and 2017 outlook

- Q3 revenue at €753 million, (1%) at constant exchange rates
- Trends are positive for Machine-to-Machine, Government Programs, Enterprise and in line with third quarter expectations for Payment and Mobile
- For 2016 Gemalto expects to generate a +1.5 percentage point gross margin increase
- 2017 profit from operations outlook expected to be between €500 million and €520 million

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

Main segment revenues

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue (€ million)</th>
<th>Percentage of total revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td></td>
<td></td>
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<tr>
<td>Enterprise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embedded software &amp; Products</td>
<td>€522m</td>
<td>69%</td>
</tr>
<tr>
<td>Platforms &amp; Services</td>
<td>€231m</td>
<td>31%</td>
</tr>
</tbody>
</table>

Activity revenues

- 62% of total revenue
- 38% of total revenue

+1% yoy (5%) yoy

of total revenue

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Gemalto third quarter 2016 revenue and 2017 outlook
Segment information
Payment & Identity – key financial information

- **Embedded software & Products** revenue was stable at €288 million. **Platforms & Services** revenue came in at €179 million, up +2% compared to the same period last year.
- Payment revenue came in at €241 million, reduced by (3%) year-on-year.
  - The Americas revenue was lower due to soft market environment in Brazil and to the high comparison basis in United States related to the EMV liability shift deadline a year ago.
- Enterprise revenue came in at €117 million, up +4% 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 €109 million, up +9% year-on-year.
  - Gemalto also finalized the transformation of a production site in order to accompany the increase in project deliveries anticipated over the coming quarters.
Embedded software & Products came in at €234 million

- SIM sales were lower by (11%) at €152 million year-on-year, compared to the (16%) in Q2 2016, with the improvement coming from slightly better conditions in Latin America and Asia. Regulators of some countries in Africa also started to apply stricter subscription registration processes.

- The Machine-to-Machine business grew by +11% year-on-year, at €81 million and accelerating sequentially, coming from supported by the expanding global demand of connected devices and embedded secure elements for the Internet of Things (IoT).

Platforms & Services revenue for the segment came in at €52 million, reduced by (9%) year-on-year with client delays in project commencements.

- Gemalto partners Dai Nippon Printing (DNP) in Japan to offer issuers digital card provisioning and tokenization services for Apple Pay, which is transforming mobile payments with an easy, secure and private way to pay.

- Gemalto Trusted Service Hub has also been selected by Market Pay for loading Carrefour payment and loyalty cards, by Valeo for provisioning virtual car keys.

- The Company continues to progress on the GSMA specifications for embedded SIMs (eSIMs) and remote provisioning to best align and set up the ecosystem.
Moving forward
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

Key Management Infrastructure

Low teens CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>Market in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>200</td>
</tr>
<tr>
<td>2020</td>
<td>800</td>
</tr>
</tbody>
</table>

Ezio Mobile with more than 40 bank references

High single digit CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Online Banking Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,000</td>
</tr>
<tr>
<td>2019</td>
<td>3,000</td>
</tr>
</tbody>
</table>

Expand Software Monetization solution to intelligent devices

Mid single digit CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>Market in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>250</td>
</tr>
<tr>
<td>2020</td>
<td>350</td>
</tr>
</tbody>
</table>

Source: IDC, Juniper, Frost and Sullivan

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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
- 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
Key trends for Q4 2016

- Soft mobile environment in Latin America and Africa
- High comparison basis for US EMV with strong deliveries in the previous year and soft market environment in Brazil
- Timing of dual interface cards take-up in the US yet to be confirmed
- Continuing expansion for the Internet of Things
- Growth acceleration in Government Programs
- Increasing demand for data protection, software monetization and cybersecurity solutions
Outlook for 2016

For 2016, Gemalto expects to generate a +1.5 percentage point gross margin increase through an acceleration of revenue growth in the fourth quarter.
2017 profit from operations initial plan

2014-2017 Multi-year development plan

Payment  Government Programs  Enterprise  SIM  Mobile P&S  M2M

+ Ahead of initial plan

Lower than initial plan
2017 profit from operations expectations prior to current planning processes

+ Ahead of initial plan

- Lower than initial plan

2014-2017 Multi-year development plan

- Payment
- Government Programs
- Enterprise
- SIM
- Mobile P&S
- M2M

Strong EMV adoption with migrations in key geographies

Solid win rate with expanding project backlog

Increasing market demand for data protection, software monetization and cybersecurity solutions

Early stage interest for dual interface cards in the US

Lower demand for SIM and slower global NFC mobile payment adoption

Payment

Government Programs

Enterprise

SIM

Mobile P&S

M2M

Strong EMV adoption with migrations in key geographies

Solid win rate with expanding project backlog

Increasing market demand for data protection, software monetization and cybersecurity solutions

Early stage interest for dual interface cards in the US

Lower demand for SIM and slower global NFC mobile payment adoption
2017 profit from operations outlook from current planning processes and key trends in Q4 2016

- Slower migration of payment cards in 2017 due to scheme policy change in the US
- Very adverse mobile environment
- Timing of the dual interface cards take up yet to be confirmed

2014-2017 Multi-year development plan

Payment ✓
- Plans for increased investments to capture growth beyond 2017
  - Government Programs Platforms & Services
  - Data Encryption

Government Programs ✓

Enterprise ✓

SIM ❌
- Plans for increased investments to capture growth beyond 2017
  - GSMA Embedded SIM and remote provisioning
  - Trusted Service Hub

Mobile P&S ❌

M2M ✓

- Lower than initial plan
- Ahead of initial plan
From the current planning processes, Gemalto’s 2017 profit from operations is expected to be between €500 million and €520 million, leading to a compound average growth rate of around +10% since 2013. This outlook reflects a very adverse mobile environment and slower than anticipated migration of payment cards in 2017. It also takes into account plans for increased investments to capture growth beyond 2017 in Mobile Platforms & Services, Enterprise and Government Programs. Gemalto’s Platforms & Services revenue objective of €1 billion in 2017 remains unchanged.
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