

H1 2007 Earnings Release

Olivier Piou, CEO
Charles Desmartis, CFO
Philippe Vallée, EVP Telecom

September 13, 2007

Disclaimer

Forward-Looking Statements

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 "expects", "anticipates", "believes", "intends", "estimates" 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 companies, 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 companies 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: the ability of the company's to integrate according to expectations; the ability of the company to achieve the expected synergies from the combination; trends in wireless communication and mobile commerce markets; the company's ability to develop new technology and the effects of competing technologies developed and expected intense competition generally in the companies' main markets; profitability of expansion strategy; challenges to or loss of intellectual property rights; ability to establish and maintain strategic relationships in their major businesses; ability to develop and take advantage of new software and services; the effect of the combination and any future acquisitions and investments on the companies' share prices; changes in global, political, economic, business, competitive, market and regulatory forces; and those discussed by the companies in filings, submissions or furnishings to the SEC, including under the headings "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors". Moreover, neither the companies 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 companies 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.

★ Overview

Olivier Piou, CEO

- ★ Financial Results
- ★ Mobile Communication Update
- ★ Strategic Agenda



First half 2007 highlights¹

- ✦ Operating income at €15.2 million, leading to an operating margin of 2.0%
- ✦ Operating expenses down 8%* year on year
- ✦ Strict pricing discipline delivering meaningful improvements in ASP and gross margin in Mobile Communication
- ✦ Earlier than anticipated signature of new patent licenses
- ✦ Ongoing cost-structure adjustments
- ✦ New wins in digital security
- ✦ H2 '07 will further reflect the benefits of our strategy which combines initiatives for profitable growth with cost-reduction programs



* At constant exchange rate

¹ The H1 2007 adjusted income statement measures presented in this document were prepared on an adjusted basis reflecting the consolidated activity of the Group over the first half-year, excluding accounting entries related to the business combination with Gemplus, as well as one-off expenses and reorganization charges incurred in connection with this transaction; the H1 2006 adjusted income statement measures presented for comparison were prepared on the same adjusted basis and are pro forma measures, reflecting the combined activity of Gemalto and Gemplus over the period, and assuming that the combination had taken place as of January 1, 2005.

First half 2007 key milestones

- ★ Concluded final steps of the Combination
 - Concluded mandatory squeeze-out of Gemplus shares
 - Delisting of Gemplus from Euronext and Nasdaq, and its de-registration from US
 - Launched share buyback program, and purchased significant volumes
- ★ Put in place new branding and segmentation to clearly differentiate our product and service offers
- ★ Optimized production footprint
 - Q1 '07: facilities specialization and rationalization in Mexico, Russia and South Africa
 - Q2 '07: closure of Owing Mills (US) facility
- ★ Announced further adjustments to operating structure
 - Closure of facilities in Havant (UK), Hong Kong, and Hunan (China) planned for H2 '07
 - Announcement of a restructuring project in France, that would result in the ending of manufacturing activities in Orleans by H2 '08
- ★ Reinforced and consolidated our geographic presence
 - Purchased remaining 50% of the GBN JV in Brazil
 - Purchased remaining 50% of JV with Leigh Mardon in Australia
 - Sale of non-strategic assets

★ Overview

★ **Financial Results**

Charles Desmartis, CFO

★ Mobile Communication Update

★ Strategic Agenda

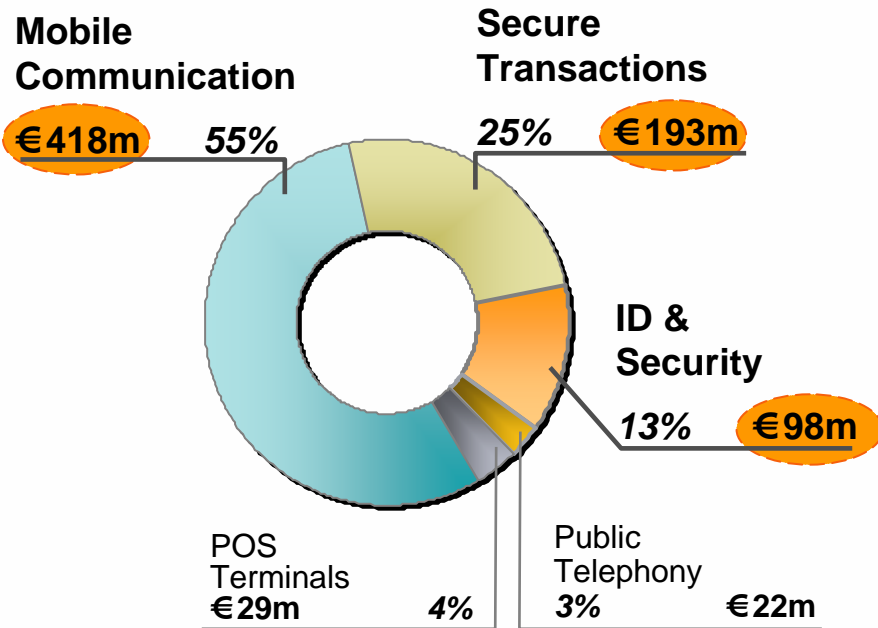


Basis of presentation of H1 2007 financial information

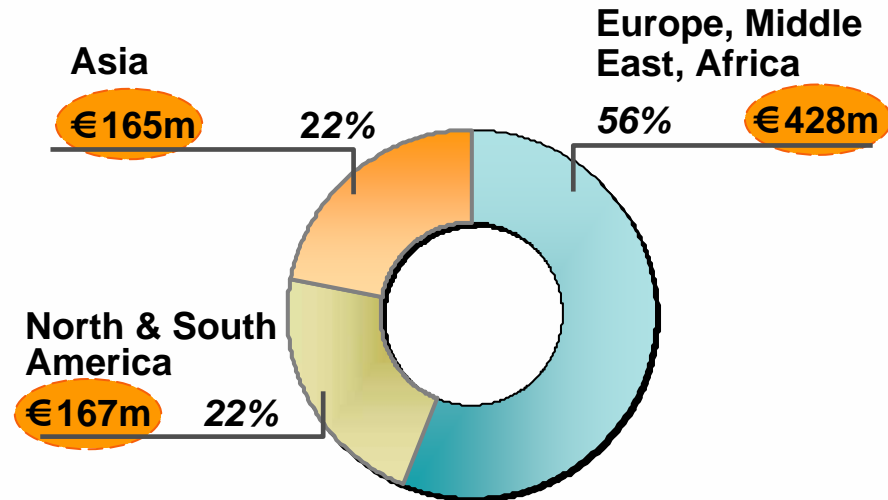
- ★ Adoption of the euro as reporting currency since Q3 2006
- ★ Accounting treatment of the combination in accordance with IFRS 3 has several significant impacts on Gemalto's financial statements
- ★ IFRS condensed consolidated financial statements include consolidated income statement and cash-flow statement, balance sheet and statement of change in shareholders' equity
- ★ For a better understanding and appreciation of Gemalto's operating performance over the period, and supporting today's presentation:
 - Adjusted pro forma income statement for the first-half of 2006 and Adjusted income statements for the first-half of 2007
 - Analysis of change in cash position of the Company

First Half 2007 revenue: € 760 million

Segment Contribution



Area Contribution



- ★ Secure Transactions contribution up
- ★ Mobile Communication contribution down
 - Compared to the first-half of 2006 on a pro forma basis

- ★ EMEA contribution up
- ★ Asia contribution unchanged
- ★ Americas contribution down
 - Compared to the first-half of 2006 on a pro forma basis

Adjusted income statement

in € millions	H1 2006 Adjusted pro forma	% of Revenue	H1 2007 Adjusted	% of Revenue
Revenue	846	100.0%	760	100.0%
Gross Profit	260	30.7%	222	29.2%
Research & Engineering expenses	(59)	7.0%	(51)	6.7%
Sales & Marketing expenses	(111)	13.1%	(109)	14.4%
General & Administrative expenses	(57)	6.8%	(50)	6.5%
Total operating expenses	(227)	26.9%	(210)	27.6%
Other income	0	0.0%	3	0.3%
Operating income, net	33	3.9%	15	2.0%
Depreciation	31	3.7%	27	3.5%
Amortization	10	1.2%	9	1.1%
EBITDA*	74	8.8%	51	6.6%

- ✦ Gross margin decrease:
 - Lower revenue in Mobile Communication, lower margin in Secure Transactions and lower patent licensing revenue
 - Partly compensated by cost synergies and benefits of industrial reorganization
- ✦ Effect of cost reduction actions, primarily in support functions: operating expenses down € 18m (at historical exchange rates)

Adjusted income statement - Other items

in € millions	H1 2006 Adjusted pro forma	% of Revenue	H1 2007 Adjusted	% of Revenue
Operating Income	33	3.9%	15	2.0%
Financial Income	6		10	
Share of profit (loss) in associates	0		(1)	
Gain on sale of investment in associates	-		9	
Profit before taxes	39	4.6%	33	4.4%
Income tax	(10)		(9)	
Profit for the period	29	3.4%	25	3.2%

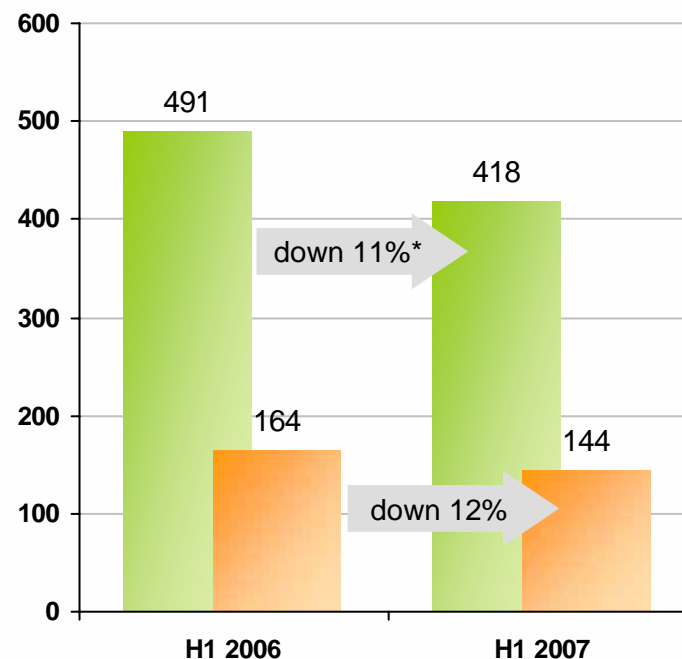
- ✦ Increase in financial income mainly due to the disposal for € 4m of an investment held for sale
- ✦ Sale of an investment in an Associate for a gain of € 9m

Mobile Communication

- ★ Volume delivered up 4%, over 445 million SIM cards shipped
- ★ Price decline contained to 15%* year on year
 - Q2 ASP up 7% quarter on quarter
 - Strict pricing discipline and selective approach of tenders
- ★ Gross margin at 34.5%, up 1.1 ppt year on year
 - First results of synergies and manufacturing footprint optimization
- ★ Operating expenses down €23m
 - Overheads rationalization
 - In R&D, elimination of projects overlap and reduction of temporary contractors

* At constant exchange rate

Revenue and Adjusted Gross Profit
(€ in millions)



	H1 2006	H1 2007
Gross Margin	33.4%	34.5%

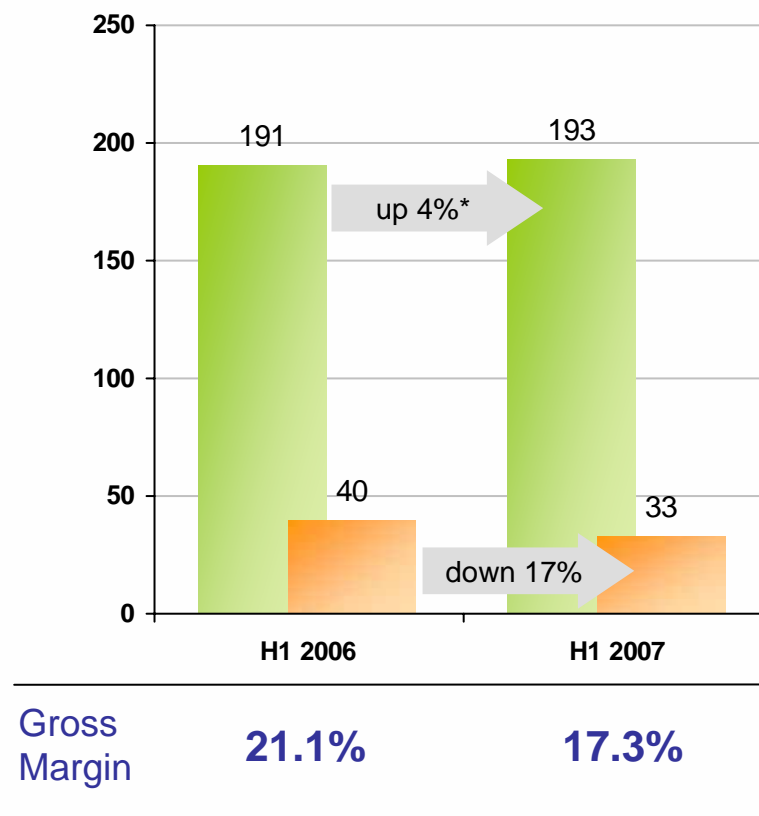
Secure Transactions

- ✦ Microprocessor cards delivered up 13%, over 110 million shipped
 - On-going EMV migration, both in mature markets and in emerging countries
 - Robust demand for contactless in Asia
 - Strong growth in pay TV activity

- ✦ Increase in personalization services

- ✦ Gross margin at 17.3%, down 3.8 ppt year on year
 - Price pressure remaining strong in certain countries
 - **Adjustments to cost base will only materialize significantly in 2008**

Revenue and Adjusted Gross Profit
(€ in millions)



* At constant exchange rate

ID & Security

- ★ Over 15 million documents and microprocessor platforms delivered
 - Good performance mainly in the e-Passport and e-ID cards businesses
- ★ Lower patent licensing revenue compared with H1 2006 accounted for most of the revenue and gross profit shortfall
- ★ Excluding patents, comparable revenue increased by 5%*
- ★ Operating expenses up €7m
 - Resources allocated to grow the ID & Security business

Revenue and Adjusted Gross Profit
(€ in millions)



	H1 2006	H1 2007
Gross Margin	44.3%	35.1%

* At constant exchange rate

Public Telephony

in € millions	H1 2006	H1 2007	% change
Revenue	33	22	-29%*
Gross profit	2	5	+119%
Gross margin	6.3%	20.8%	+14.5 ppt

Improved gross margin

- ✦ Selective approach of tenders
- ✦ Streamlined support structure

Point of Sales Terminals

in € millions	H1 2006	H1 2007	% change
Revenue	25	29	+22%*
Gross profit	7	6	-15%
Gross margin	26.5%	19.2%	-7.3 ppt

New product range

- ✦ Successful launch of new technology platform
- ✦ Gross margin reflects high deliveries to areas with lower pricing levels

* At constant exchange rate

Reorganization charges

(Reorganization charges are disclosed in the IFRS income statements)

- ✦ Reorganization charges consist of charges incurred in connection with:
 - headcount reductions in the support functions
 - consolidation of manufacturing and office sites
 - the rationalization and harmonization of the product and service portfolio

- ✦ Reorganization charges amounted to € 55m in H1 2007
 - Severance costs (mainly related to the closure of production facilities in the Americas, Asia and Europe) of € 43m
 - Other provisions or write-down in relation with the closure of these production facilities (mainly fixed assets impairment and lease obligations) of € 11m
 - Other costs (mainly IT integration) amounting to € 1m

Robust balance sheet and strong cash position

in € millions All figures at period end	Dec. 31, 2006*	June 30, 2007
Property, plant & equipment	243	229
Goodwill	548	547
Other intangibles	116	113
Net Fixed Assets	906	889
Working Capital Requirements	182	181
Other Assets (Liabilities), Nets	(40)	(74)
Total Capital Employed, Net	1,048	996
Equity	1,417	1,276
Minority interest	27	11
Total equity	1,444	1,287
Net Debt (Net Cash)	(396)	(291)
Total Capital Invested, Net	1,048	996
Working Capital Requirements as a percentage of the annualized last quarter's revenue	10%	11%

- ✦ Net cash was stable when excluding the effect of share buy-back program (€ 100m) and the completion of Gemplus squeeze-out (€ 4m),
- ✦ WCR benefited from the € 30m increase in reserves for restructuring plans
 - Excluding this increase, WCR would be up € 29m compared to Dec. 31, 2006 due to anticipation of stronger H2 activity

* Compared to the published consolidated financial statements for the year ended December 31, 2006, balance sheet has been modified due to the reassessment of the fair value of certain assets acquired, liabilities and contingent liabilities assumed from Gemplus at the contribution date.

Estimated net cash variation schedule

in € millions	H1 2006 *	H1 2007
Cash & cash equivalent, beginning of period	637	430
Cash generated by (used in) operating activities **	(46)	5
Including cash provided by (used in) decrease (increase) of Working Capital Requirements	(70)	1
Capital expenditure and acquisitions of intangibles	(41)	(29)
Free cash flow	(86)	(24)
Interest received (paid), net	8	5
Cash generated by disposal of investments	0	21
Other cash generated by (used in) investing activities	(3)	(0)
Cash used in connection with the Combination with Gemplus	0	(4)
Cash generated by (used in) operating and investing activities	(82)	(3)
June 2, 2006 distribution to Gemplus shareholders	(164)	0
Cash used by the share buy-back program	0	(100)
Cash generated (used) by other share purchase or disposal	(3)	2
Other cash used in financing activities (excluding proceeds and repayments of borrowings)	0	(8)
Other (translation adjustment mainly)	(6)	(1)
Cash and cash equivalent, end of period	382	319
Current and non-current borrowings including finance lease, end of period	(38)	(27)
Net cash, end of period	344	291

* Prepared on a pro forma basis

** Cash generated by (used in) operating activities takes into account the use of € 16 million in cash in connection with restructuring actions in H1 2007. There was no such use of cash in H1 2006.

Outlook

- ✦ In the second half of 2007, operating margin* should reflect the usual favorable seasonal pattern and the increasing contribution of the first digital security solutions deployments. It will also benefit from additional cost synergies from the combination.
- ✦ Gemalto continues to anticipate sustained demand in all of its key markets. It will continue to proactively make the necessary adjustments to its cost base and remains determined to reach its stated objective of an operating margin* above 10% in 2009.

* Prepared on an adjusted basis, reflecting the consolidated activity of the Group over the first half year, excluding one-off expenses incurred in connection with the combination with Gemplus, reorganization charges and charges resulting from the accounting treatment of the transaction

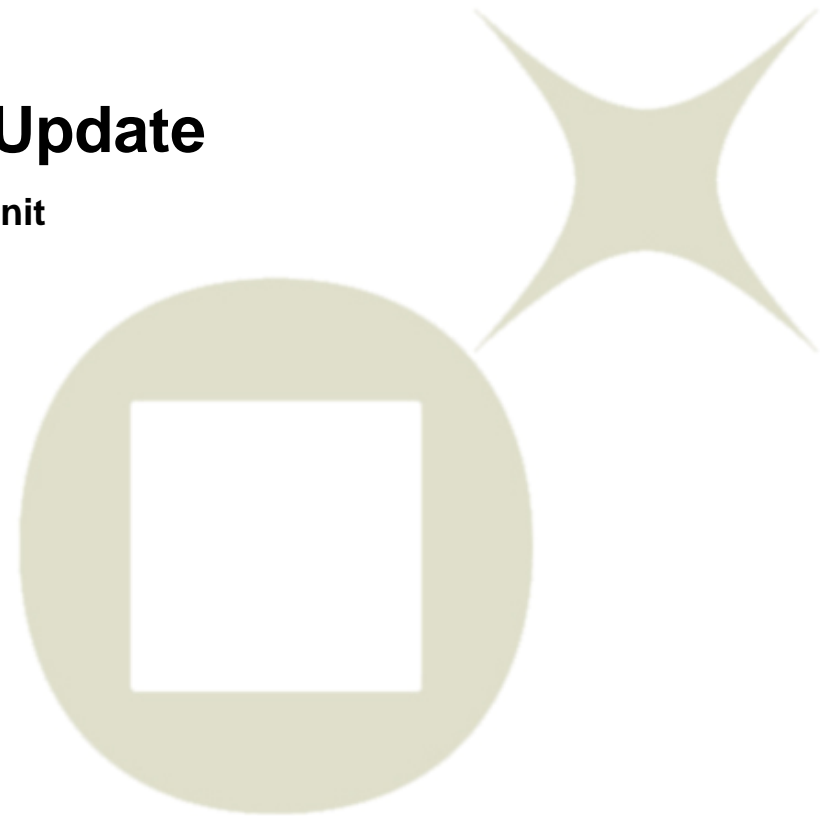
★ Overview

★ Financial Results

★ **Mobile Communication Update**

Philippe Vallée, EVP Telecom Business Unit

★ Strategic Agenda



Showing leadership in Mobile Communication

- ✦ Trusted technology leader in a dynamic growth market
- ✦ Active pipeline of innovation and new product introductions
- ✦ Strong focus on customer value-add and consistently high customer satisfaction index
- ✦ Tier-one mobile operators express strong interest in the SIM card to help them facing competition in a more open wireless ecosystem
- ✦ Unrivalled install-base of Software suite platforms servicing mobile operators worldwide
- ✦ Dedicated offer to address each customer segment



We have taken steps to counter price pressure

- ✦ Structured process to pricing
- ✦ Strong focus on bottom line contribution
- ✦ Strong focus on value share

Evolution of Gemalto SIM ASP Changes
(year on year % change, at constant exchange rate)



Source: Gemalto

Our targeted offers build on a clear segmentation

Telecom	Financial Services & Retail	Enterprise	Internet Content Provider (ICP)	Public Sector & Transport
QipSo Basic SIMs & Services	Clarista Basic Payment Cards	SafesITe Enterprise ID Management Solutions	Ezio Basic Internet / e-Banking Solutions	Sealys Public Sector Secure Documents
	Optelio Advanced Payment Cards			
LinqUs Advanced SIMs, Software & Services	Desineo Custom Payment Cards	Protiva Enterprise ID Protection Solutions for Reseller Channels	Elexia Advanced Internet / e-Banking Solutions	Coesys Public Sector Systems & Solutions
UpTeq Vertical Telecom Solutions	Dexxis Financial Solutions			
Allynis Services Managed Services for Telecom, Financial, Enterprise, Internet and Public Sector				
	MagIC Point-of-Sale Terminals			Celego Transport Solutions
Gemalto Card Readers & Interfaces, Public Telephony Cards, and PayTV Cards				

Addressing the entry-range markets with dedicated offers and support resources

- ✦ Competition remains strong in emerging markets
- ✦ Their fast expansion contributes to a significant portion of global volume growth
- ✦ We are taking measures to maintain our volume leadership in these markets in a way that is compatible with our profitability objectives
 - The structure and costs of our front-end organization are being adapted to the competitive environment in countries such as India and China
 - Addressing those segments induces the need to have specific, design-to-cost product ranges, along with local manufacturing capabilities

QipSo
Basic SIMs & Services

LinqUs
Advanced SIMs,
Software & Services

UpTeq
Vertical Telecom
Solutions

Allynis
Managed Services

Our core offer focuses on value-added services on the SIM

- ✦ LinqUs leverages the traditional role of the SIM
 - To enable operators with value-added applications and remote services
 - Examples include service menu update, phonebook backup, device management, entry-range browsing etc
- ✦ Building on Gemalto's assets as well as a network of partners to deliver reliable and innovative set of services



Gemalto has over 300 OTA solutions installed for some 170 operators worldwide

QipSo
Basic SIMs & Services

LinqUs
Advanced SIMs,
Software & Services

UpTeq
Vertical Telecom
Solutions

Allynis
Managed Services

UpTeq focuses on innovative solutions for high-end telecom verticals

- ✦ Mobile TV experience in Italy shows that the service is quickly adopted by end users and lucrative for the operators: ARPU up to 60%*
- ✦ Convergence is changing the picture with strong and common authentication across platforms, e.g. SIM card authentication on WiMAX networks
- ✦ On-card portal helps operators to entice users to more multimedia interactivity with speed and ease, at the same time reducing MNO's operating costs



QipSo
Basic SIMs & Services

LinqUs
Advanced SIMs,
Software & Services

UpTeq
Vertical Telecom
Solutions

Allynis
Managed Services

* Source: MocoNews

With Allynis, Gemalto is developing a service-centered offer

- ✦ Already significant number of references
 - OTA campaigns in hosted mode deployed with 45 customers
 - Subscriber personal data management in Latin America
- ✦ Development of a managed services offer fulfilling MNO request for:
 - Reduced complexity
 - Leverage economies of scale
 - Service launch acceleration
- ✦ New telco-centric applications such as Personal Data Protection are being deployed
 - New business models such as revenue sharing are already operational
- ✦ Mid-term deployment will rely on intermediation services
 - On Mobile NFC, endorsement by major operators of the Trusted Third Party needed to help provisioning a payment or a ticketing application onto a mobile platform within or beyond the SIM

QipSo
Basic SIMs & Services

LinqUs
Advanced SIMs,
Software & Services

UpTeq
Vertical Telecom
Solutions

Allynis
Managed Services

Helping our customers to face the increasingly complex telecom eco-system

Gemalto is well placed to help **multiple players** see through the **growing complexity** of telecom networks, thanks to **remote and secured connectivity**, to enable efficiency and convenience. Examples include device management, service & application provisioning, identity management, device-to-device portability, and others

**Make it
simple**

**Make it
personal**

**Make it
secure**

**Make it
portable**

- ✦ The SIM at the center of mobile operators' beyond-voice strategy
- ✦ Leverage our billion-strong installed base and long-standing "preferred-partner" relationships with mobile operators
- ✦ Expanding our security and application expertise onto new service offers

- ★ Overview
- ★ Financial Results
- ★ Mobile Communication Update
- ★ **Strategic Agenda**
Olivier Piou, CEO



Demonstrating leadership in digital security



e-Passport is a reality and Gemalto is the world's leading reference¹, offering complete solutions from state-of-the-art e-documents to enrolment services and border control systems



NFC* mobile contactless actively trialed in over 20 pilots worldwide, utilizing the Gemalto-pioneered SWP* standards

New SIM-based applications launched commercially, such as digital signatures, and other over-the-air services



EMV card extends its use by enabling two-factor authentication, using Gemalto's custom-made OTP* generator

.NET card is the first Microsoft Vista-ready solution, making strong authentication easy for SMEs

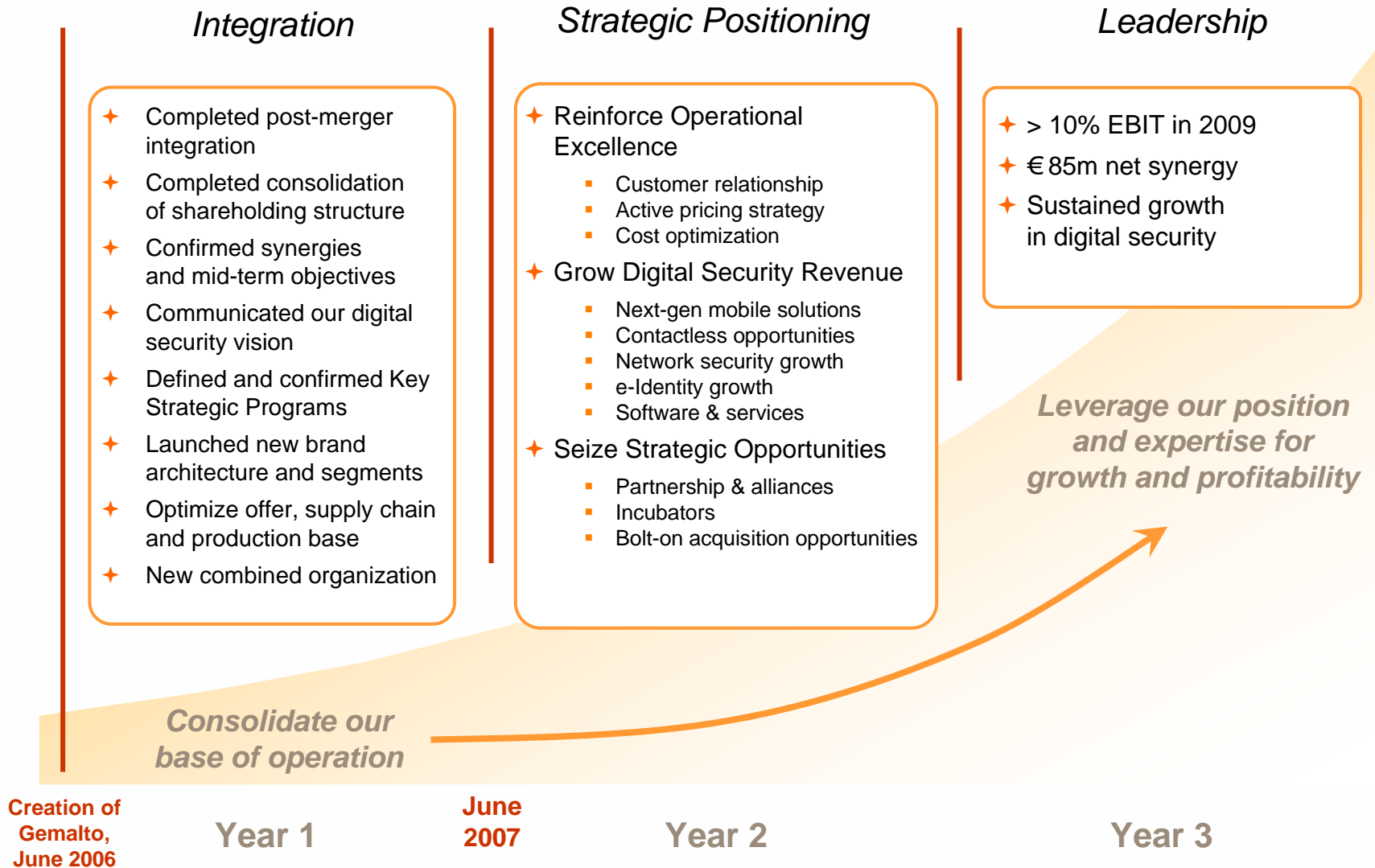
The NIM* offers "zero-footprint" online authentication for web service without requiring software download



¹ Keesing Journal 2007, Annual Report e-Passport 2006-2007

* NFC = Near Field Communication; SWP = Single-Wire Protocol; OTP = One-time Password; NIM = Network Identity Manager

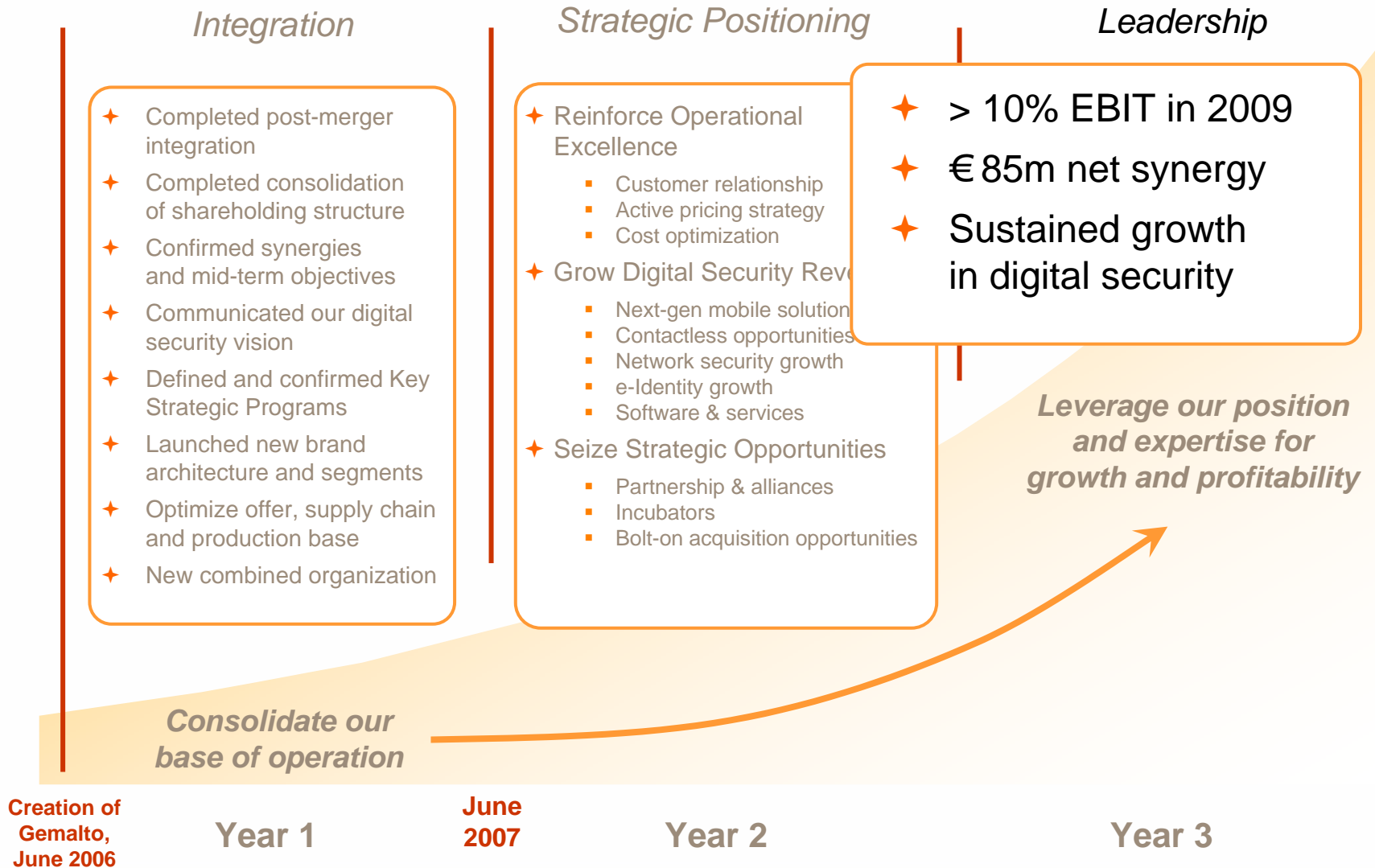
Strategic route for growth and profitability



Our agenda for Year 2



Strategic route for growth and profitability





- ✦ A World Leader in Digital Security ✦
- ✦ Markets in Strong Development ✦
- ✦ Strengthened Management Team ✦
- ✦ Unique Technology Portfolio ✦
- ✦ Blue Chip Customers ✦
- ✦ Mid-cap with Large Free Float and Robust Financials ✦