

IIII FY 2009 Earnings Release

Olivier Piou, CEO

Jacques Tierny , CFO

March 4, 2010

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Forward-Looking Statements

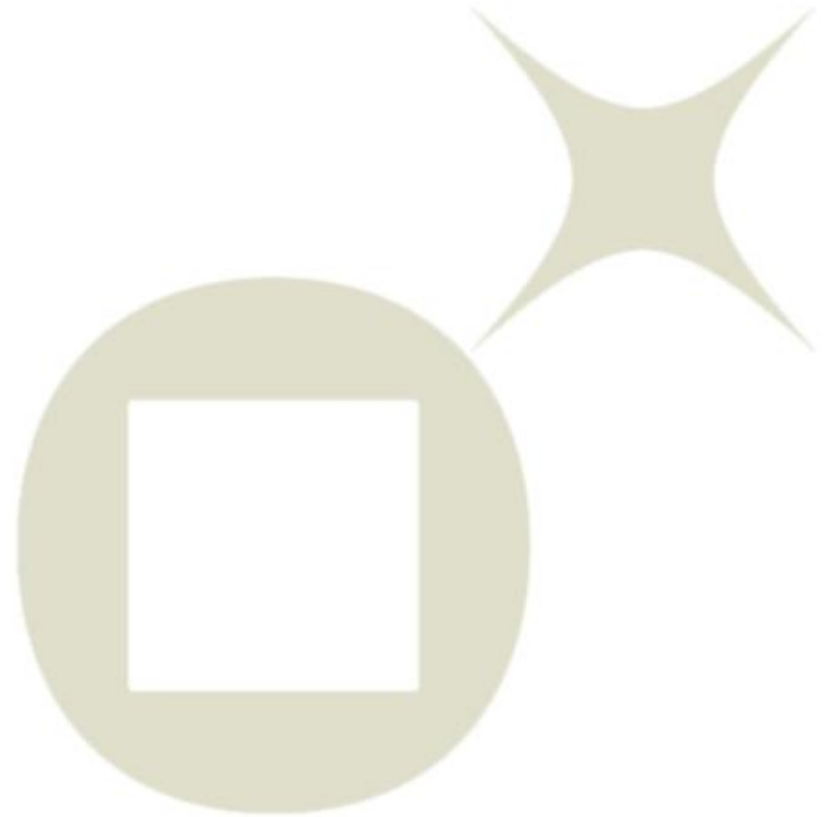
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✦ Overview

Olivier Piou, CEO

✦ Financial Results

✦ Moving Forward



Full year 2009 results highlights

- ★ Full year revenue at € 1654 million, with positive signs in Q4
- ★ Adjusted operating income increased to € 182 million before special provision of € 11 million
- ★ Operating margin improvement, with all segments now reporting profits
- ★ Merger objective of 10% EBIT margin surpassed
- ★ Net cash position at € 381 million, with operating activities generating a record € 200 million
- ★ Dividend of € 0.25 per share will be proposed to shareholders at next Annual General Meeting



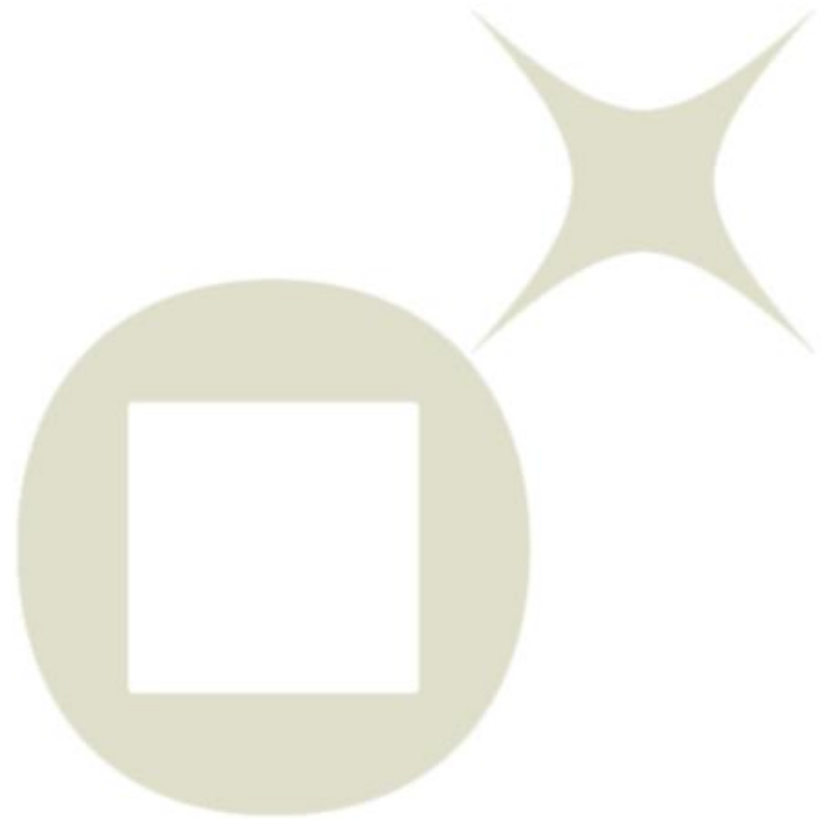
All income statement figures are prepared on an adjusted basis, comments on reconciliation with IFRS are discussed in the *Financial Results* chapter; for more details refer to the Full Year 2009 Results press release

★ Overview

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Jacques Tierny, CFO

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Adjusted and IFRS results reconciliation

Gemalto presents income statements on an Adjusted basis for a better appreciation of its operating performance over the period, as IFRS 3 “Business Combinations” has several significant impacts on financial statements

	Adjusted before special provision	Minus: Special provision	Adjusted	Minus: Reorganization charges	Amortization of intangible assets	IFRS
EBIT	€ 182m	€ (11m)	€ 171m	€ (9m)	€ (24m)	€ 136m
Net income	€ 159m	€ (11m)	€ 148m	€ (9m)	€ (20m)	€ 118m

- ★ A special provision of € 11.2 million was booked to cover consequences for Gemalto of the situation related to German payment cards identified at the beginning of 2010

Gemalto further expands profitability

Extracts from Gemalto FY 2009 Adjusted Income Statement

Revenue	€ 1,654m			(2%)*
Gross Profit	€ 600m	Gross Margin +80bp	36.3%	+ 1%
EBIT	€ 171m	EBIT margin +20bp	10.3%	+ 1%
Earnings Per Share (Basic)	€ 1.75			(3%)
EBIT before special provision	€ 182m	EBIT margin +90bp	11%	+ 7%

* at constant exchange rates and by reference to FY 2008 revenue

Gross margin improvements in all segments

Mobile Communication

Revenue	(8%)*	€ 888m		
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Gross Profit	(3%)	€ 382m	Gross Margin	+150 bp 43%
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EBIT	(11%)	€ 142m	EBIT Margin	(90 bp) 16%

- Resilience in a cautious market environment with some customers delaying innovative projects, weighing on the revenue and ASP
- Software and services up 32% in Q4, leading to 15% full year increase
- Gross margin improvement reflects focus on value selling and efficiency
- Tight controls on operating expenses offset consolidation of new activities

Secure Transactions before special provision

Revenue	+1%	€ 441m		
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Gross Profit	+1%	€ 119m	Gross Margin	+40bp 27%
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EBIT	(2%)	€ 26m	EBIT Margin	(10 bp) 6%

- Return to growth in Q4, up 4% yoy
- Special provision of € 11m related to the situation faced in Germany in Jan. 2010
- Mix improvements and personalization efficiency drove 370bp improvements in underlying gross margin in H2
- Tight controls on operating expenses offset consolidation of new activities
- Excluding special provision, 7.8% EBIT margin in H2

Security

Revenue	+14%*	€ 248m		
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Gross Profit	+35%	€ 90m	Gross Margin	+540 bp 36%
<hr/>				
EBIT	Turning to profit	€ 7m	EBIT Margin	+1220 bp 3%

- Double digit growth in Q4 and full year revenue, driven by eID and eBanking
- For full year revenue, Government Programs up 18% and IAM lower by 2%
- Significant gross margin improvement from better industrialization and stronger patents contribution
- Security turned to profit for the full year, demonstrating operational leverage

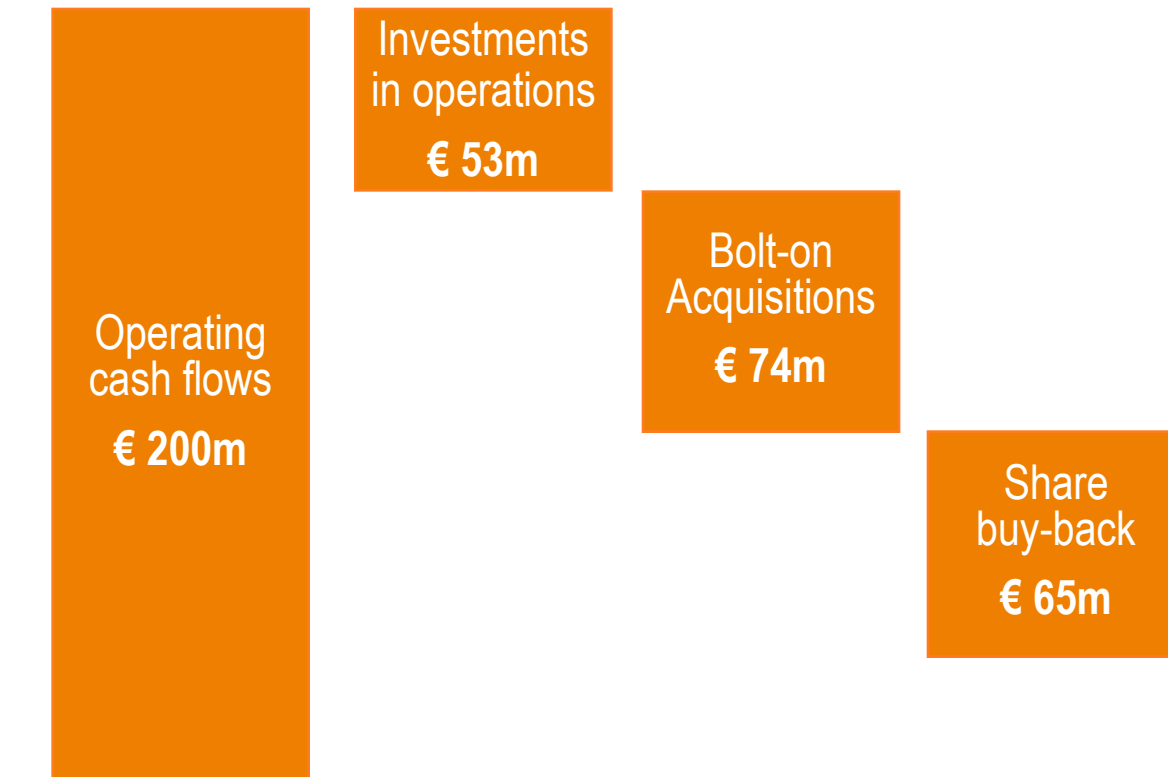
* at constant exchange rates and by reference to FY 2008 revenue

Record operating cash flow

Key items from Gemalto FY 2009 Cash flow statement

<i>€ in millions</i>	2008	2009
Cash generated by operating activities	191	224
before cash outflows related to restructuring actions		
Cash used in restructuring actions	(59)	(24)
Cash generated by operating activities	132	200
Capital expenditure and acquisition of intangibles	(49)	(53)
Cash used by acquisitions	(14)	(74)
Cash used in the share buy-back program	(65)	(65)
Proceeds from exercise of stock options by employees	25	32
Net cash, at end of December	344	381

Sound use of cash to create value

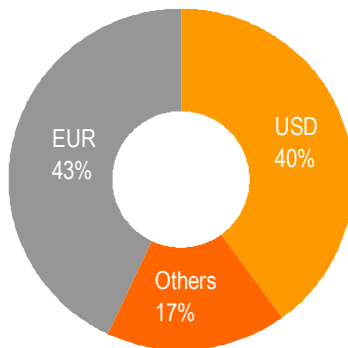


- ★ A dividend of € 0.25 per share (i.e. € 21 million) in respect of the fiscal year 2009 will be proposed to shareholders at next AGM

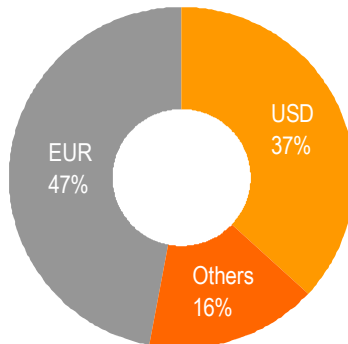
Update on currency

Breakdown of Currency Exposure

2009 Revenue



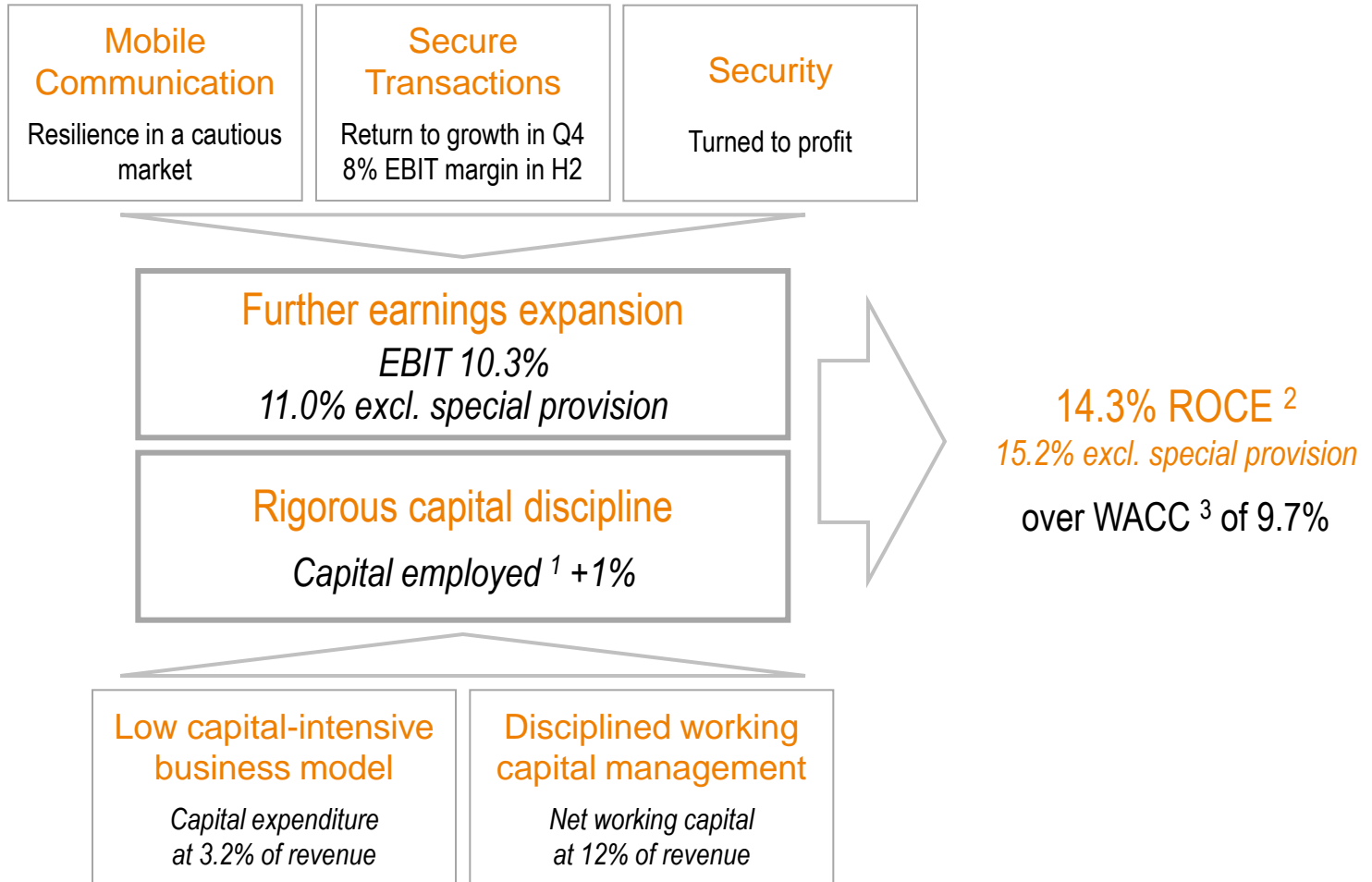
2009 Cost of Sales plus OPEX



In 2009, the positive effect of the US Dollar appreciation vs. the Euro was offset by the negative effect of the weakening of Others

We have improved natural hedging, and at Q1 '10 exchange rates Q1 '09 revenue and H1 '09 EBIT margin would remain essentially unchanged

Value creation through disciplined earnings expansion



(1) Including acquisition of intangible assets; (2) ROCE is after-tax adjusted EBIT divided by capital employed;
(3) Average WACC based on recent brokers reports (source: Thomson Research)

Profit from operations

For the period 2010-2013 Gemalto will report profit from operations

In 2009, profit from operations differs from the adjusted EBIT by keeping out the equity-based compensation charges

<i>In € million</i>	FY 2009 under adjusted Presentation	<i>Adjustment related to equity-based compensation</i>	FY 2009 under new presentation
Revenue	1,654		1,654
Gross profit	600	1.7	602
R&E expenses	(97)	0.5	(97)
S&M expenses	(235)	4.5	(231)
G&A expenses	(101)	5.7	(95)
Other income & expense	4		
Profit from operations	-		183
<i>Equity-based compensation charges</i>	-	(12)	(12)
EBIT	171		

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Olivier Piou, CEO



Outlook

Our business has strong fundamentals and prospects. We continue our mission to provide trust and convenience to the wireless and digital world. In 2010 we are focused on growth, actively promoting our expanded product portfolio and delivering more software and services to our customers, in order to further increase our profit, on our way to achieving the objective we set for ourselves of € 300 million profit from operations in 2013.

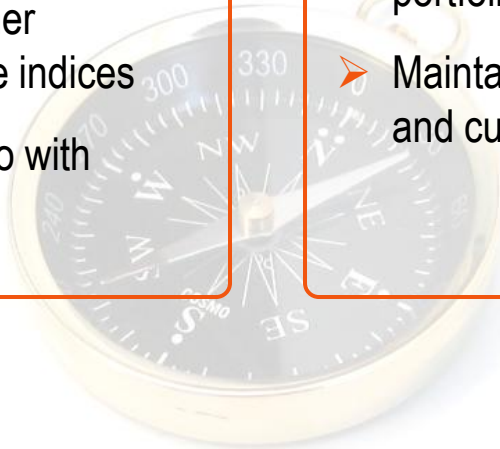
We emerged from 2009 on a solid footing, and now advancing onto 2010 with clear priorities

2009: Fortified Competitive Position

- ✓ Demonstrated resilience in adverse global economic environment
- ✓ All three main segments are now active profit engines
- ✓ Record € 200 million cash generation, with sustained strong net cash position
- ✓ Significant boost in customer satisfaction and confidence indices
- ✓ Balanced business portfolio with synergistic activities

2010 Priorities: Back to Growth

- Focus on revenue growth, capturing digital security opportunities globally
- Leverage the efficiencies gained in Secure Transactions and Security to further improve profits
- Integrate and promote our expanding portfolio of product and service offers
- Maintain focus on customer value-add and customer engagement





- ✦ 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 ✦

IIII Gemalto full year 2009 results - Q&A Session

Questions will be taken by way
of conference call, by dialing

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