

FY 2006 Results

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- ✦ Forward-Looking Statements

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Agenda

- ✦ **Introduction & 2006 highlights**
- ✦ Financial results
- ✦ Outlook
- ✦ Digital Security

Gemalto's Secure Technology Offering

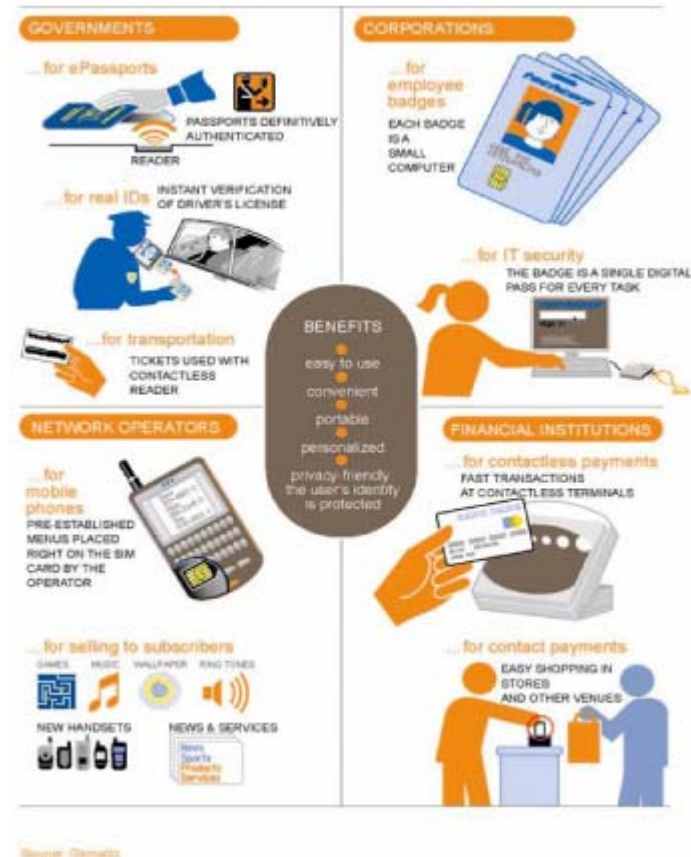
Secure Personal Devices

- ✦ Portable devices that securely store applications and information specific to the end-user:
 - Microprocessor cards: e.g. Wireless SIM cards, EMV banking cards etc.
 - e-passports, e-healthcare and e-ID cards, driving licenses etc
- ✦ Interfaces, readers, chipsets, tokens and USB tokens

Software & Services

- ✦ Software, middleware and server-based solutions
- ✦ Services: personalisation, data management, file treatment, post-issuance, packaging
- ✦ Consulting, integration, project management, training and support

Gemalto's secure technology in use



FY 2006 Highlights

- ✦ Stable full year adjusted pro forma revenue at constant exchange rates: € 1.7 billion
- ✦ Full year adjusted pro forma operating margin: 3.5%
- ✦ Review of the value of deferred tax assets impacting net profit
- ✦ Combination completed, strongly supported by customers, shareholders and employees
- ✦ Integration program and synergy generation well on track
- ✦ Share buy back program launched: 1.6 million shares (1.7% of capital) purchased up to March 9,2007
- ✦ Gemalto's leadership in Digital Security demonstrated with commercial successes



2006 Market review

✦ Mobile Communication

- Growth mainly driven by emerging countries
- Competitive environment and seasonality more favorable in the later stages of H2
- Emergence of multimedia standards enables advanced mobile applications and services



✦ Secure Transaction

- Contactless gaining global user adoption
- EMV migration progressing
- Banks differentiating with customized cards and instant issuance



✦ Identity & Security

- e-passport deployments increasing
- Widespread adoption of e-government ID, healthcare and drivers license programs
- Secure access solutions becoming more mainstream
- Increasing online transactions and fraud prompting banks to adopt stronger authentication devices



Agenda

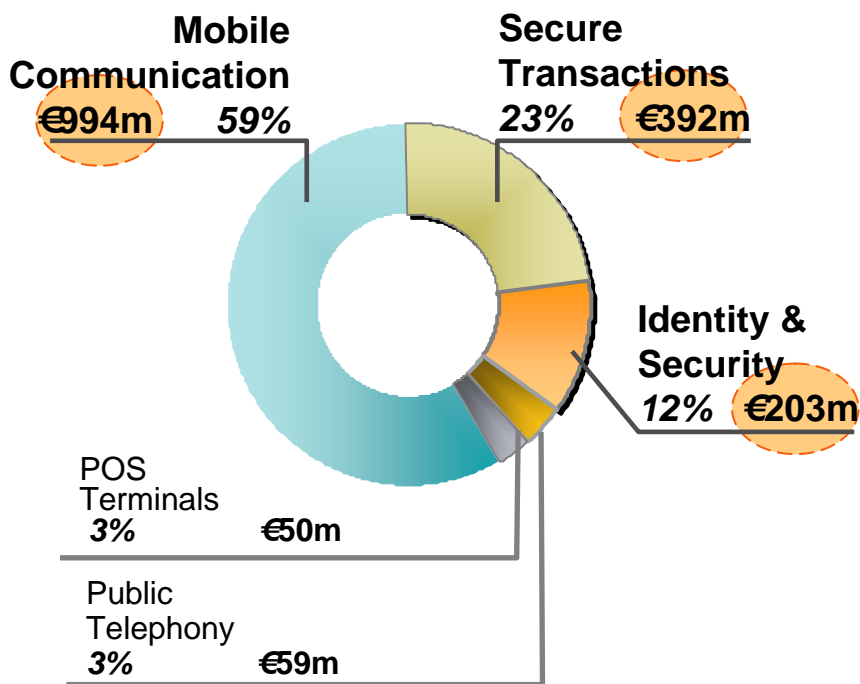
- ✦ Introduction & 2006 highlights
- ✦ **Financial results**
- ✦ Outlook
- ✦ Digital Security

Basis of presentation of FY 2006 financial information

- ✦ Adoption of the euro as reporting currency
- ✦ Accounting treatment of the combination in accordance with IFRS 3 has several significant impacts on Gemalto's financial statements
- ✦ The summary consolidated financial statements include:
 - IFRS consolidated income statement and cash-flow statement (full year activity of Gemalto + activity of Gemplus from June to December 2006), 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 statements for 2005 and 2006, so as to provide a full view of the combined business of Gemalto on a like-for-like basis
 - Pro forma analysis of change in cash position of the Group

Pro forma* FY revenue: € 1.7 billion

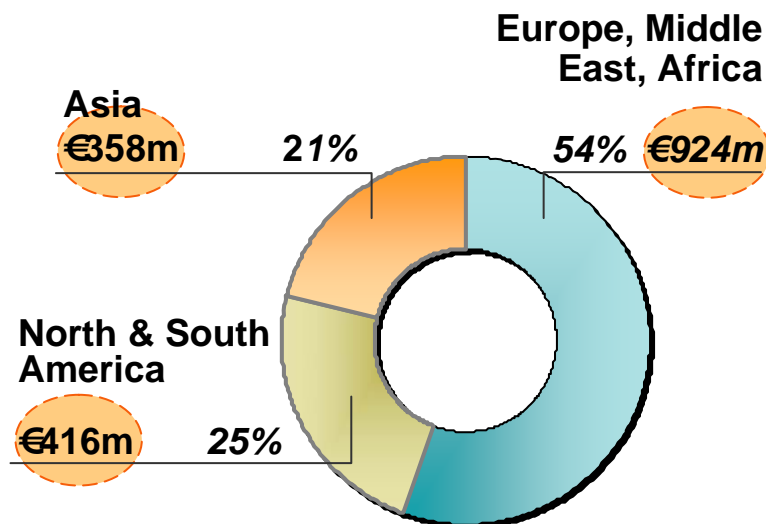
Segment Contribution



★ Segment contribution:

- Increased contribution of Secure Transaction and ID & Security
- Lower contribution of Mobile Communication

Area Contribution



★ Area contribution:

- Increased contribution of Asia
- EMEA contribution unchanged
- Lower contribution of Americas

* Prepared on a pro forma basis, reflecting the combined activity of Gemalto and Gemplus over the full year

Adjusted pro forma income statement

€in millions	FY 2005 Adjusted pro forma	% Revenue	FY 2006 Adjusted pro forma	% Revenue
Revenue	1,724	100.0%	1,698	100.0%
Gross Profit	567	32.9%	503	29.6%
Research & Engin.	(116)	6.7%	(114)	6.7%
Sales & Marketing	(211)	12.3%	(218)	12.8%
General & Admin.	(116)	6.7%	(111)	6.5%
Total operating expenses	(443)	25.7%	(442)	26.0%
Other income	3	0.2%	(1)	-
Operating income, net	127	7.4%	60	3.5%
Depreciation	59	3.4%	61	3.6%
Amortization	10	0.6%	10	0.6%
EBITDA*	196	11.4%	131	7.7%

- ✦ Gross margin decrease reflecting strong price declines in Mobile Communication and lower margins in Secure Transactions
- ✦ Improved profitability in the second part of the year, reflecting seasonal pattern and cost savings (excl. unusually high patent revenue and positive one-off items in H1)
- ✦ Effect of cost reduction actions, primarily in purchasing and support functions: operating expenses stable overall, at €442 million, down 4.5% currency adjusted in H2 vs. H1 (estimated)

* EBITDA: Operating income + amortization and depreciation

Adjusted pro forma income statement – other items

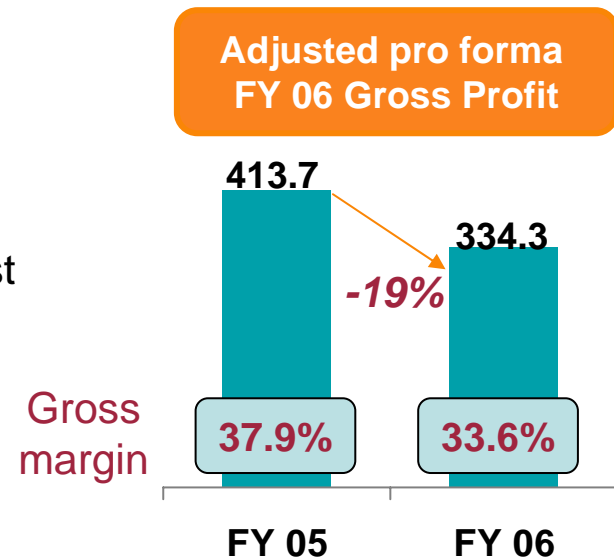
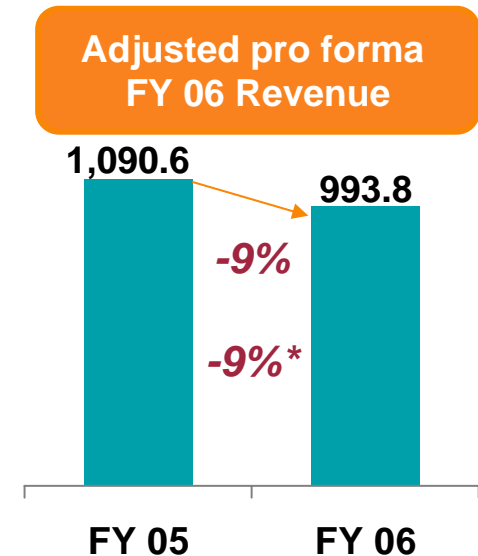
€in millions	FY 05 Adjusted pro forma	FY 06 Adjusted pro forma
Operating Income	127.0	59.9
Financial Income	6.4	8.4
Share of profit (loss) in associates	0.4	(1.0)
Profit before taxes	133.8	67.3
Income tax	1.9	(65.7)
Net Income	135.7	1.6

- ✦ Increase in financial income due to higher interest rates in 2006 on Euros and US dollars investments
- ✦ 2006 income tax charge includes valuation allowance related to deferred tax assets in certain entities for €47.5m

Mobile Communication: strong growth in demand in emerging countries, extreme price pressure in H1

- ★ Strong volume delivered: + 33% with over 900 million SIM cards shipped in 2006
- ★ Price decline (- 31%* year on year)
 - Intense competition in H1
 - Unfavorable evolution of the regional contribution
 - Strong demand for entry and mid-range products particularly during the first nine months
 - Seasonal peak in demand in Europe and the Americas in Q4
 - Lackluster in product mix improvement
- ★ Gross margin at 33.6% reflecting:
 - The pricing and demand profiles challenges
 - But also productivity improvement and first cost savings on purchases
- ★ Operating expenses down 4%
 - Driven by lower G&A
 - Sales & Marketing effort maintained

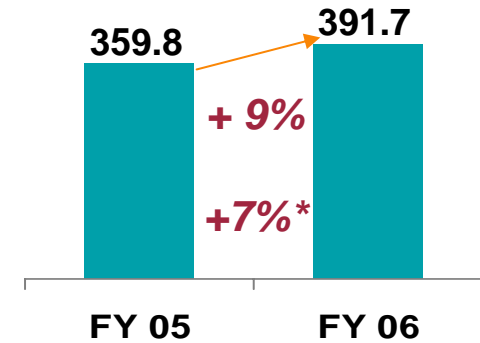
* At constant exchange rate



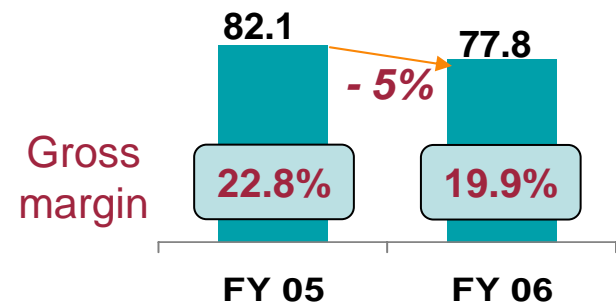
Secure Transactions: growth and intense competition

- ✦ Microprocessor card volumes up 20%, over 206 million microprocessor cards shipped in 2006
 - On-going EMV migration, mainly in emerging countries
 - Many contactless cards pilots, deployment in the U.S. and in North Asia (combicards) in Q4
- ✦ Gross margin at 19.9%
 - Intense competition in certain high growth markets migrating to EMV
 - Adjustments to cost base expected to materialize progressively
- ✦ Operating expenses down 1.5% on a comparable basis

Adjusted pro forma FY 06 Revenue



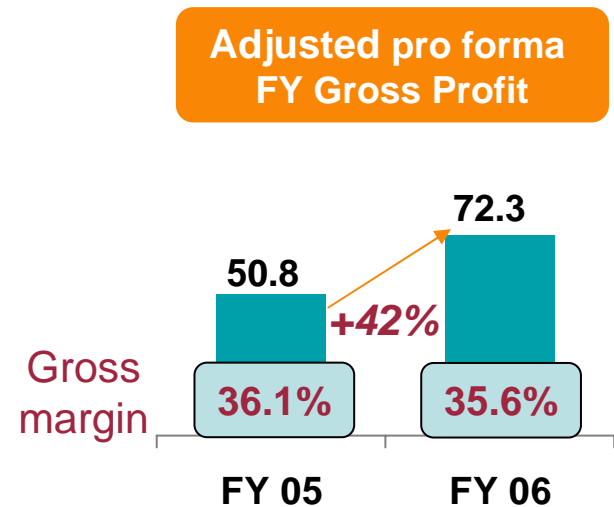
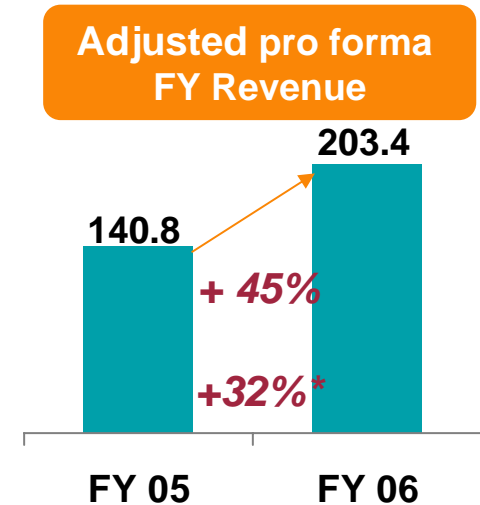
Adjusted pro forma FY 06 Gross Profit



* Adjusted for Setec acquisition and at constant exchange rate

Identity & Security : very strong growth

- ★ Robust growth and contract wins
 - Deliveries of documents and microprocessor platforms up 81% in 2006
 - First large scale deployment of e-passport programs mainly in Europe
 - Several turnkey solutions contracts won
- ★ High revenue from patent licensing contracts recorded in H1
- ★ Gross margin at 35.6% reflecting:
 - Lower margin in the ID business (rollout of e-passports at early stages)
 - High revenue from patent licensing in H1
- ★ Operating expenses down 11 pts in relation to revenue



* Adjusted for Setec acquisition and at constant exchange rate

Public Telephony

€ in millions			%
Adjusted pro forma	FY 05	FY 06	change
Revenue	73	59	-19%*
Gross profit	5	7	+30%
Gross margin	6.8%	11.1%	-

✦ Improved gross margin

- Selective approach of tenders
- Streamlined support structure

Point of Sales Terminals

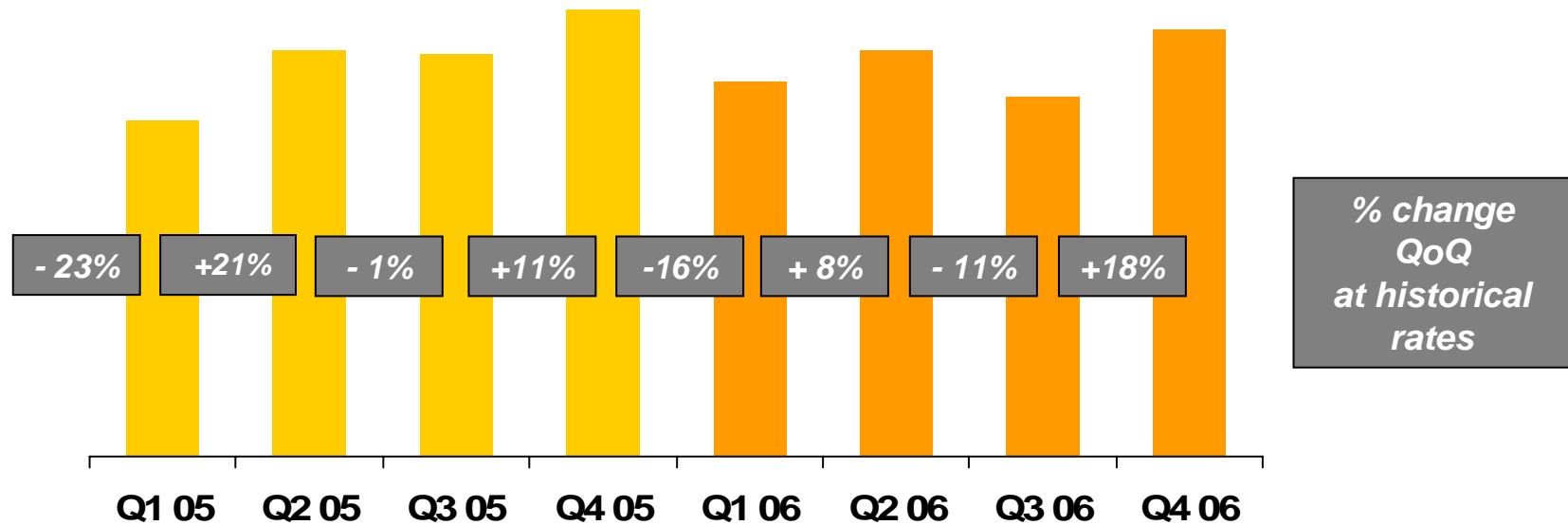
€ in millions			%
Adjusted pro forma	FY 05	FY 06	change
Revenue	60	50	-15%*
Gross profit	16	12	-24%
Gross margin	26.5%	23.9%	-

✦ Transition period

- Introduction in November '06 of a new generation of products
- Increased development and marketing efforts

* At constant exchange rate

Quarterly revenue seasonal pattern



- ★ Usual seasonality pattern in the second half: stronger activity, more favorable business mix and regional contribution than in the first half

All figures above until Q2 06 included prepared on a pro forma basis

Robust balance sheet

✦ Impact of combination

€ in millions (All figures at period end)	Gemalto Consolidated 31 December 05 ⁽¹⁾	Gemalto Consolidated 31 December 06 ⁽²⁾
Property, plant & equipment	86	244
Goodwill	234	544
Other intangibles	18	116
Net Fixed Assets	338	903
Working Capital	30	182
Other Assets (Liabilities) - Nets	12	(32)
Total Capital Employed – Net	380	1,053
Equity	591	1,422
Minority interest	2	27
Total equity	593	1,449
Net Debt (Net Cash)	(212)	(396)
Total Capital Invested – Net	380	1,053
Working Capital (at period end)	30	182
As a % of the last quarter's revenue annualized	3.4%	10%

- First step (June 2, 2006 - TPG & Quandt contribution)

- Goodwill increased by €310m
- Recognition of intangible assets (mainly technology)

- Second step (exchange offer & sell-out)

- Excess of value (€200m) recorded against Equity

Working capital requirement:
10% of annualized Q4 revenue

Strong cash & cash equivalent at €430m, net cash at €396m

(1) €1 = \$ 1.18

(2) €1 = \$ 1.31

Estimated pro forma net cash variation schedule

€in millions	FY 2005 Pro forma	FY 2006 Pro forma
Cash & cash equivalent beginning of period	533	637
Cash generated by (used in) operating activities	209	68
Incl. cash provided by 'used in) decrease (increase) of working capital	42	(24)
Capital expenditure and acquisitions of intangibles	(50)	(71)
Setec acquisition	(63)	-
Interest received, net	11	13
Other cash generated by investing activities	(10)	(3)
Cash used in connection with the combination		(27)
Cash generated by (used in) operating and investing activities	96	(20)
June 2, 2006 distribution to Gemplus shareholders	-	(164)
Other cash used in financing activities (excluding proceeds and repayments of borrowings)	(34)	(6)
Other (translation adjustment mainly)	22	(16)
Cash & cash equivalent end of period	637	430
Current and non-current borrowings, including finance lease	(39)	(34)
Net Cash end of period	598	396

- ✦ Net Cash increased by €52m in H2 06
- ✦ Strong improvement in working capital management
- ✦ Capital expenditure:
 - 3,5% of revenue
 - €31m in H2 compared to €40m in H1
 - Free cash flow: €(20)m
 - Of which €27m of costs related to the preparation and execution of the combination

Agenda

- ✦ Introduction
- ✦ Financial Results
- ✦ **Outlook**
- ✦ Digital Security



Outlook

- ✦ In H1 2007, demand in Mobile Communication will be driven by emerging countries and the revenue profile is therefore expected to consist primarily of entry and mid-range products. Furthermore, Gemalto's operating margin⁽¹⁾ will not benefit from the unusually high patent licensing revenue and positive one-off items booked in H1 2006. Cost synergies from the combination are materializing progressively in line with the Company's expectations, but they will not be sufficient to offset the adverse effect on the operating margin⁽¹⁾ of the strong price decline of the last twelve months.
- ✦ In H2 2007, operating margin⁽¹⁾ 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⁽¹⁾ above 10% in 2009.

(1) Prepared on an Adjusted pro forma basis, reflecting the combined activity of Gemalto and Gemplus over the full 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, and assuming that the combination had taken place as of January 1, 2005.

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- ✦ **Digital Security**

The adoption of secure personal devices is critical to enhancing the freedoms enjoyed by most of us in many of our digital interactions today...

IDC believes that Gemalto is well positioned to address a broader segment of the fast-moving digital security market.

IDC Vendor Profile 2007

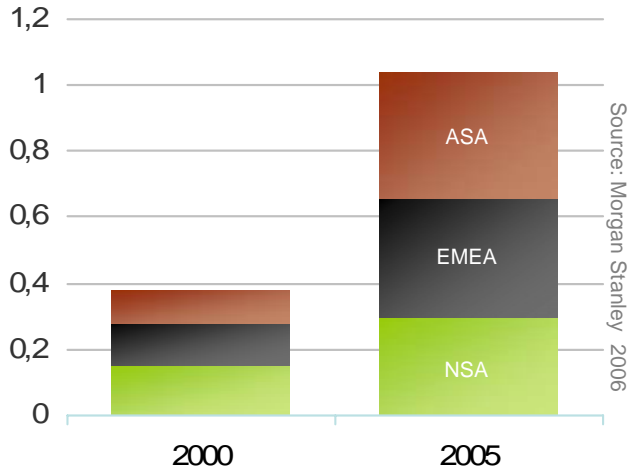
Digital Security Vision

1. The digital revolution is transforming the way people go about their everyday lives
2. The freedom to communicate, buy or travel, anytime or anywhere has become an integral part of what each individual wants and expects
3. The business of our customers is to enable individuals to make the most of these digital interactions. We help them by making these more convenient secure and enjoyable
4. We are part of a large and fast developing market that is growing with the spread of these digital interactions to every aspects of a person's life. Be it at work or at home or in between
5. As the scope of the digital world extends, and in order to provide our clients with solutions that are more comprehensive and useful, Gemalto has chosen to expand its activities throughout the value chain
6. As a result, smart cards have come to represent only a part of what Gemalto does or can do
7. Today, Gemalto's expertise and experience in developing secure personal devices, software and related services enable the company to become a leader and to thrive in this market

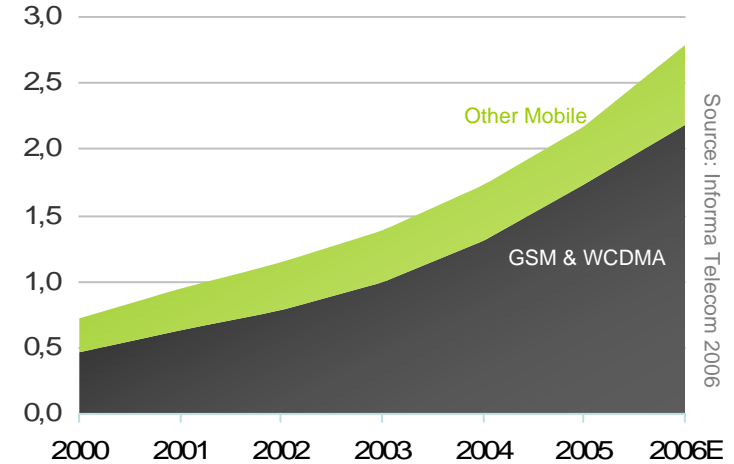


Tremendously growth in network connectivity

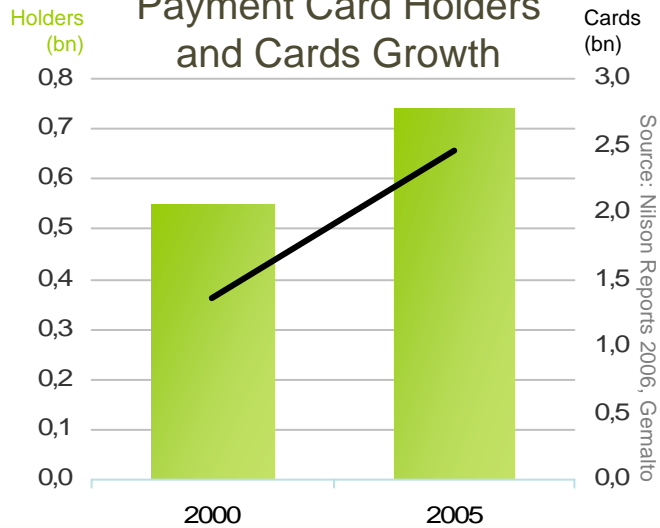
Internet Users Growth



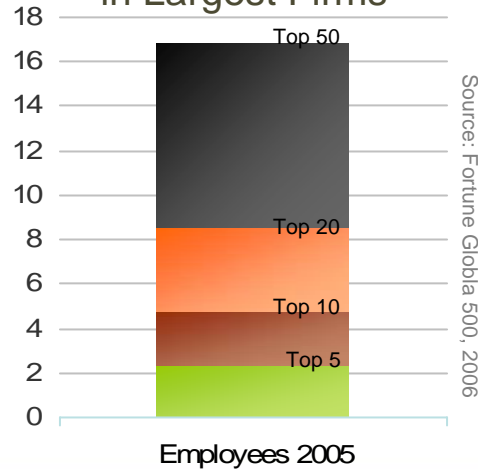
Mobile Subscribers Growth



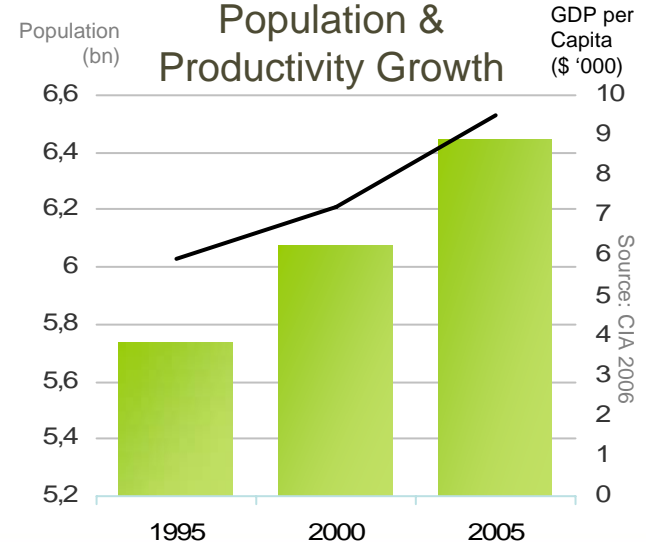
Payment Card Holders and Cards Growth



Employees in Largest Firms



Population & Productivity Growth



So there is a need to offer solutions that provide a safe and simple user experience

Digital security protects and enhances digital interactions

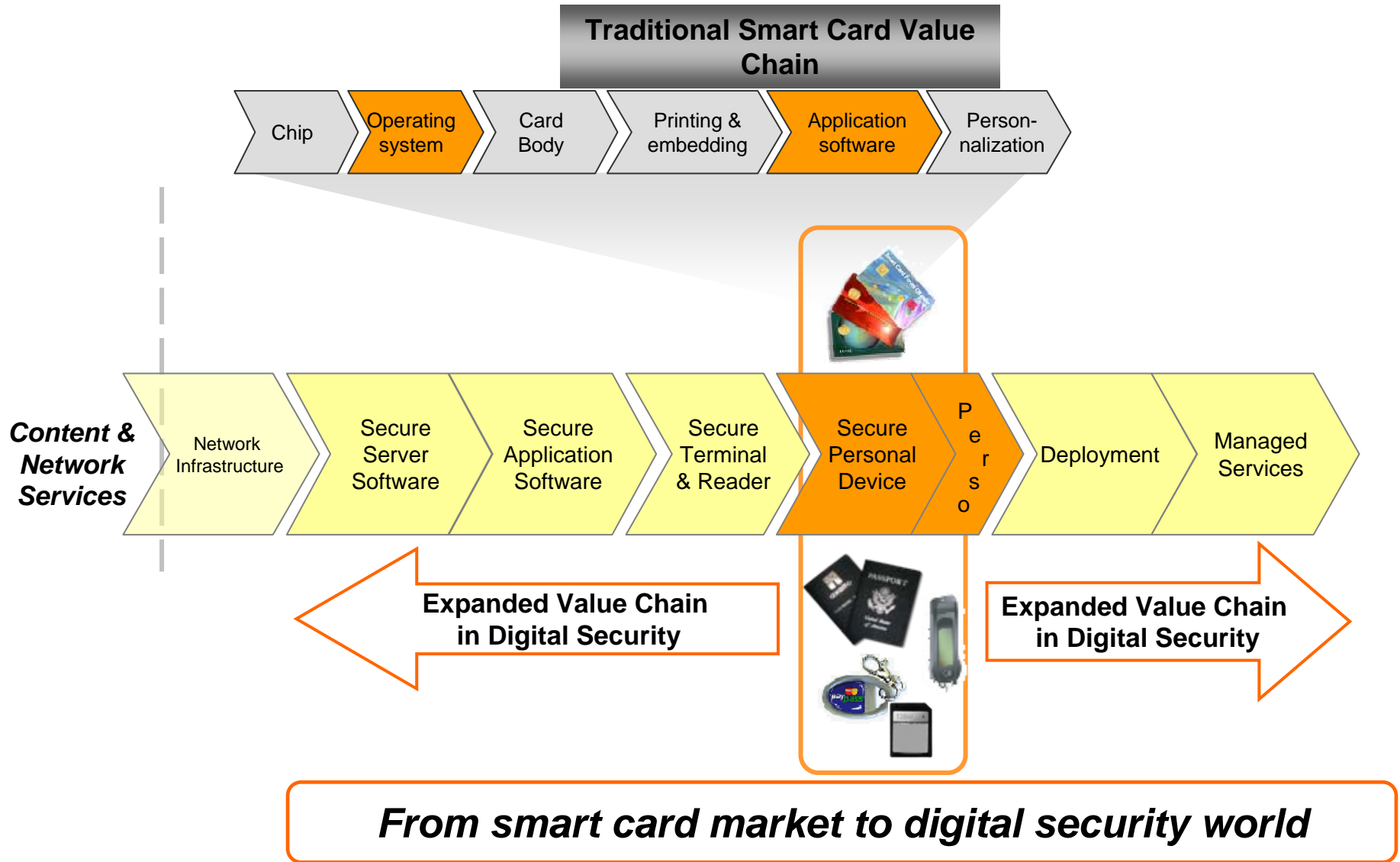
Digital security is concerned with protecting...

- ✦ **Digital Identity:** individuals, subscribers, access rights
- ✦ **Digital Assets:** information, content, software application
- ✦ **Digital Transactions:** payments, data transmission, and access provision

For the benefit of individuals' freedom, by making them...

- ✦ **Personal:** unique and private to each individual
- ✦ **Convenient:** easy and intuitive with minimum complication
- ✦ **Trusted:** effective and reliable

Gemalto expands beyond smart cards



e-Government ID Services: The Oman Smart ID

- ✦ **An end-to-end national ID solution that provides one-stop access to a citizen's identity, driver license and border control information**
 - Based on JavaCard technology, includes biometric data, PKI and secure printing features
- ✦ **Benefits of the Gemalto solution**
 - An integrated multi-function ID with longer lifespan and rapid issuance
 - Bringing essential project management and experience in consulting and skills-transfer, delivering nationwide rollout in 12 months
- ✦ **Ongoing up-selling with other secure applications**
 - Including airport electronic gates, authentication to banks, and e-purse



* Source Pyramid Research 2006

Contactless Payment: Taiwan

- ✦ A new trend to address micro payments where speed and convenience are key factors for card-holders and merchants
 - ✦ Strategic move by card associations to capture the cash transaction market
 - ✦ Issuers and merchants both benefit from this new technology, as demonstrated by the first deployments:
 - 30% reduction in transaction time and 22% increase in average ticket size compared to cash payment
 - More than 1.5 million contactless cards issued in 2005
 - Strong differentiation, recognized by MasterCard award and major Taiwanese banks orders
- ✦ Acquired in November 2006, Leigh Mardon, a market leader in financial cards in Taiwan, reinforces Gemalto's local presence**



MobileTV

- ✦ **Gemalto is a pioneer in first m-TV deployments**
 - 3GSM05 first demo of m-TV with SIM based service protection
 - DVB-H pilot launch T-Mobile Czech Republic
 - Commercial DVB-H launch: 3 Italy / TIM / MTN, South Africa
- ✦ **Gemalto is working closely with key partners**
(Conditional Access Systems and Electronic Service Guide providers)
- ✦ **Benefits from our technology**
 - Stores rights & protect access to encrypted TV content
 - SIM assets (security, upgradeability, portability, MNO ownership)
 - Gives MNO control over the broadcast channel
 - m-TV handset subsidies' safeguard (SIM lock)



- ✦ **Market trends: strong ramp-up is expected**
 - ✦ **\$20 billion global industry m-TV revenue in 2010***
 - ✦ **120 million to 180 million subscribers for broadcast in 2010***

* Source Pyramid Research 2006



Handset Data Backup Service: SFR

- ✦ Integrated service offer for easy management and backup via handset or SFR website
 - Full synchronisation and restoration of complete personal data on the integrated phonebook
 - On-demand or automatic backup reminder
 - Affordable pricing to boost penetration
- ✦ User-focus drives adoption
 - SFR already recorded 3,5 million synchronisation during initial 18 months since launch
 - Higher than usual uptake rate

“The SIM card is one of our historical assets and SIM-based solutions such as Gemalto’s support our business strategy by making the whole mobile experience user-friendly for subscribers while ensuring the easy and fast deployment of new value-added services”

Thierry Zemmour, Live/3G programs and terminals marketing director



- 35% equipped subscribers
- 20% active users

+10% ARPU per active subs.



Just 1 click:
Service launched immediately

Gemalto contactless solution combines:



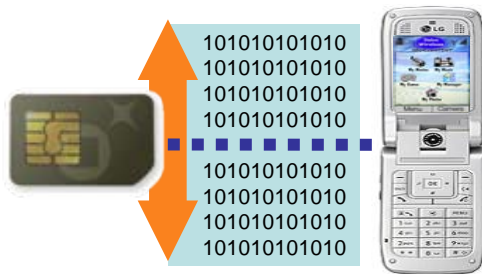
It's a credit card,
it's a ticket,
it's a mobile!

- ✦ Multi-application SIM cards for ticket reloading, application selection, account balance, branding and more
 - ✦ OTA platforms for remote banking personalization, and application life cycle management,
 - ✦ Complete set of value-added services based on application servers, and On-Card Portals with Smart Web Server
- ✦ Acting as trusted third party between banks, transport authorities, and mobile operators in order to securely provision applications onto mobile handsets**



Essential technologies for next-generation solutions

USB High-speed Protocol



Gemalto patented protocol boosting SIM-to-handset data speed from 9.6K bps to 20M bps

Single-Wire Protocol



Gemalto patented technology to enable NFC applications, officially recommended by the GSM Assoc.

Over-the-Air Platforms



Superior install base of over 300 platform serving close to 170 MNOs with over 600m mobile subscribers

Biometrics



Advisor to standards incl. ISO-SC37, AFNOR and COST-2101; dedicated R&D team with 10 years of experience

Secure Web Authentication



Zero-footprint, encrypted mutual-authentication for web sessions

Secure Printing



Industry-leading know-how in laser-secured engraving/embossing and secure colour technologies



- ✦ 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