

Gemalto reports third quarter 2007 revenue

- Revenue up 6% at constant exchange rates to € 401 million
- Growth in all main segments
- SIM card average selling price up 4% compared with prior quarter
- 39% revenue increase in Government Programs
- Encouraging development in Service activities
- Restructuring program in Western Europe taking place progressively

All revenue and average selling price variations in this press release are by reference to 2006 third quarter revenue and are stated at constant exchange rates unless otherwise mentioned. All the figures presented in this press release are unaudited. Revenue for the third quarter of 2006 and pro forma revenue for the first nine months of 2006 are presented in Appendix 2. IFRS revenue figures for the third quarter and the first nine months of 2006 are presented in Appendix 3.

Amsterdam, November 8, 2007 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security, today announced its revenue for the quarter ended September 30, 2007:

€ in millions	Q3 2007	Year-on-year change at constant exchange rates
Mobile Communication	234.2	+5%
Secure Transactions ¹	100.7	+7%
Security ¹	43.4	+15%
Public Telephony	10.6	(19%)
Point-of-Sale Terminals	11.8	+7%
Total revenue	400.6	+6%

Olivier Piou, Chief Executive Officer, commented: "Revenue for the third quarter marked the return to year-on-year growth, with a good product mix in Mobile Communication and strong Government Programs deliveries. Secure Transactions was affected by operational difficulties related to the rationalization of our manufacturing footprint in Western Europe, but nevertheless recorded strong improvements in personalization activities. Market demand remains robust in all our main segments. In completing the year, we will benefit from the usual favorable seasonal pattern, as well as from the ongoing synergy realization."

¹ Effective July 1, 2007 Transport activity is reported under Secure Transactions in order to align external reporting with the operational organization put in place by Gemalto also effective July 1, 2007. This activity had until June 30 2007 been reported under the Identity & Security segment. Relevant 2006 and 2007 revenue figures reflecting this modification are detailed in Appendix 4. Also effective July 1, 2007 Identity & Security is renamed Security. The segment comprises Government Programs (previously named Identity), Identity & Access Management (previously named Security) and patent licensing activities. Transport revenue in 2006 and H1 2007 represented approximately 1% of Gemalto total revenue.

Changes in the financial reporting

Effective July 1, 2007 the Identity & Security segment is renamed Security in all financial reporting. This Security segment comprises Government Programs, Identity & Access Management, and patent licensing activities.

To align external reporting with the new operational organization put in place, also effective July 1, 2007, the Transport business activity is now being reported under the Secure Transactions segment. Previously, it had been reported as part of the Security segment. Relevant 2006 and 2007 revenue figures reflecting this modification are detailed in Appendix 4. Transport FY 2006 and H1 2007 revenue represented approximately 1% of the Gemalto total turnover.

Third quarter 2007 revenue analysis

Total revenue for the third quarter of 2007 was € 401 million, up by 6% at constant exchange rates, and up by 3% at historical exchange rates. Top-line growth was recorded in each of the main business segments.

Segment information

Mobile Communication

€ in millions	Q3 2007	Year-on-year change at constant exchange rates
Revenue	234.2	+5%

Mobile Communication reported continued improvements due to targeted offerings and a focus on value. The segment returned to year-on-year growth on the back of a good product mix across all geographic areas, highlighting the market demand for higher-value offers. Software and services also recorded continued revenue growth.

Quarter-on-quarter, average selling price was up by 4%. The year-on-year average selling price decrease was contained to 4% at constant exchange rates (8% at historical rates), a very meaningful improvement when compared with the 32% drop recorded a year ago and an indication of the success of our pricing recovery program.

During the quarter, Gemalto recorded customer successes that leveraged the broad installed base of SIM cards to deploy data and value-added services. One example was the Brazilian operator Oi which partnered with Gemalto during the Pan-American Games to deploy mobile content services including trivia games, news alerts, downloads and e-auction, to more than 13 million of its subscribers, encouraging more data usage.

In October, Gemalto and Far Eastone Telecommunication announced their partnership in Taiwan's first mobile contactless SIM-based NFC (Near Field Communication) trial, allowing users and partner merchants to experience mobile payment and interact with smart posters using Gemalto technology. Taiwan's rapid adoption of contactless payment and appetite for new technology make it an attractive market to demonstrate the potential of mobile contactless, with a series of trials leading to possible commercial rollout during 2008.

Secure Transactions

€ in millions	Q3 2007	Year-on-year change at constant exchange rates
Revenue	100.7	+7%

Revenue in this segment was up by 7% year-on-year, driven mainly by strong growth in personalization activities, and to a lesser extent growth in pay TV and Transport activities.

A comprehensive program of manufacturing restructuring initiatives is being implemented in Western Europe. Some related production and labor difficulties were encountered during the period which adversely affected deliveries in this segment during the quarter.

In addition to assisting with EMV migrations around the world, Gemalto is supplying banks with an innovative offer that allows their customers to customize and order new credit cards via secure access to an online design portal. The recent adoption of Gemalto's CardLikeMe™ solution by SEB Germany, a North European financial group with over 5 million customers, highlights the completeness of Gemalto's banking solutions, from software development through card personalization to fulfillment.

Security

€ in millions	Q3 2007	Year-on-year change at constant exchange rates
Revenue	43.4	+15%

The Security segment posted a strong performance driven by growth in Government Programs. Progress was partly offset by weakness in Identity & Access Management (IAM). Overall segment revenue was up by 15% including marked growth in personalization revenue.

Government Programs reported a very substantial growth of 39% on the back of deliveries on large volume contracts such as the US e-passport, and for the Oman e-ID program. This increase was slightly offset by lower revenue from e-healthcare activity due to slower activities in Western Europe.

IAM revenue was down 19% due to lower deliveries of microprocessor devices in the Americas and slower sales in EMEA, partially offset by initial deliveries of online banking authentication solutions to Barclays in the UK and shipment of secure USB tokens to customers in Asia.

The IAM business was strengthened by the signing of a number of new VARs (value-added reseller) and distributors. Gemalto's growing indirect sales network greatly enhances the Company's market reach and ability to deliver enterprise security offers such as the Microsoft Vista compatible .NET solution.

Similar to last year, no significant patent licensing activity was reported in the third quarter.

Public Telephony

€ in millions	Q3 2007	Year-on-year change at constant exchange rates
Revenue	10.6	(19)%

The continuing decline of the memory card market for Public Telephony is attributable to the broader usage of mobile telephony worldwide.

Point-of-Sale Terminals

€ in millions	Q3 2007	Year-on-year change at constant exchange rates
Revenue	11.8	+7%

The introduction in the fourth quarter of 2006 of a new range of products developed on a common, highly adaptable new technology platform is proving to be a success and has supported revenue growth in the third quarter of 2007.

Regional analysis

Third quarter revenue by region

€ in millions	Q3 2006	Q3 2007	Year-on-year change at historical exchange rates	Year-on-year change at constant exchange rates
EMEA	216	215	(0%)	+1%
North & South America	92	106	+15%	+23%
Asia	83	79	(4%)	+1%
Total revenue	391	401	+3%	+6%

The Americas reported a 15% revenue growth at historical exchange rates, driven by Mobile Communication and Security. Taking into consideration the weaker US dollar relative to the Euro in 2007, revenue growth was 23% at constant exchange rates. The Americas accounted for 26% of third quarter 2007 revenue, up two percentage points compared to the previous year.

Outlook

In the second half of 2007, operating margin² will reflect the usual favorable seasonal pattern and the increasing contribution of our 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 margin² above 10% in 2009.

Reporting calendar

Fourth quarter and full year 2007 revenue will be reported on January 30, 2008, prior to the opening of Euronext Paris.

Conference call

The Company has scheduled a conference call for today at 3:00 pm Paris time (2:00 pm London time and 9:00 am New York time). Callers may participate in the live conference call by dialing:

+44 (0) 207 806 1967 or +1 718 354 1390 or +33 1 70 99 43 03.

The slide show will be posted on the Company's web site at noon Paris time (11:00 am London time).

Replays of the conference call will be available approximately 3 hours after the conclusion of the conference call until November 14, 2007 midnight Paris time by dialing:

+44 (0) 207 806 1970 or +1 718 354 11 12 or +33 1 71 23 02 48 access code: 1248231#.

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² Prepared on an adjusted basis, excluding one-off expenses incurred in connection with the combination with Gemplus, reorganization charges and charges resulting from the accounting treatment of the transaction.

About Gemalto

Gemalto (Euronext NL 0000400653 GTO) is the leader in digital security with pro forma 2006 annual revenues of €1.7 billion, offices in more than 85 countries and about 10,000 employees including 1,300 R&D engineers.

In a world where the digital revolution is increasingly transforming our lives, Gemalto's solutions are designed to make personal digital interactions more convenient, secure and enjoyable.

Gemalto provides end-to-end digital security solutions, from the development of software applications through design and production of secure personal devices such as smart cards, SIMs, e-passports, and tokens to the deployment of managed services for its customers.

More than a billion people worldwide use the company's products and services for telecommunications, financial services, e-government, identity management, multimedia content, digital rights management, IT security, mass transit and many other applications.

As the use of Gemalto's software and secure devices increases with the number of people interacting in the digital and wireless world, the company is poised to thrive over the coming years.

Gemalto was formed in June 2006 by the combination of Axalto and Gemplus.

For more information please visit www.gemalto.com

This communication does not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Gemalto.

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; and changes in global, political, economic, business, competitive, market and regulatory forces. 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 except as otherwise required by applicable law or regulations.

Appendix 1

Deliveries of secure personal devices (microprocessor-based)

In millions of units	Q3 2006	Q3 2007	% growth	First nine months of 2006 pro forma	First nine months of 2007	% growth
Mobile Communication	219	238	+9%	648	684	+5%
Secure Transactions ³	54	53	(2%)	158	165	+5%
Security ³	6	9	+44%	20	22	+14%
Total	280	301	+8%	826	871	+5%

Appendix 2

Third quarter revenue by business segment

€ in millions	Q3 2006	Q3 2007	% change at historical exchange rates	% change at constant exchange rates
Mobile Communication	230.4	234.2	+2%	+5%
Secure Transactions ³	96.6	100.7	+4%	+7%
Security ³	38.5	43.4	+13%	+15%
Public Telephony	13.6	10.6	(22%)	(19%)
Point-of-Sale Terminals	11.3	11.8	+4%	+7%
Total revenue	390.5	400.6	+3%	+6%

First nine months revenue by business segment

€ in millions	First nine months of 2006 pro forma	First nine months of 2007	% change at historical exchange rates	% change at constant exchange rates
Mobile Communication	721.1	652.0	(10%)	(6%)
Secure Transactions ³	298.0	304.3	+2%	+5%
Security ³	135.1	130.7	(3%)	(1%)
Public Telephony	46.5	32.5	(30%)	(26%)
Point-of-Sale Terminals	36.1	40.9	+13%	+17%
Total revenue	1 236.8	1 160.5	(6%)	(3%)

³ Effective July 1, 2007 Transport activity is reported under Secure Transactions in order to align external reporting with the operational organization put in place by Gemalto also effective July 1, 2007. This activity had until June 30 2007 been reported under the Identity & Security segment. Relevant 2006 and 2007 revenue figures reflecting this modification are detailed in Appendix 4. Also effective July 1, 2007 Identity & Security is renamed Security. The segment comprises Government Programs (previously named Identity), Identity & Access Management (previously named Security) and patent licensing activities. Transport revenue in FY 2006 and H1 2007 represented approximately 1% of Gemalto total revenue.

Appendix 3

IFRS FINANCIAL INFORMATION

The combination between Gemalto and Gemplus was effective on June 2, 2006, and Gemplus activity was fully consolidated with that of Gemalto as from that date. It explains the differences between the IFRS revenue and the pro forma revenue for the first nine months of 2006 presented in Appendix 2.

Third quarter and first nine months revenue by business segment

€ in millions	Q3 2006	Q3 2007	First nine months of 2006	First nine months of 2007
Mobile Communication	230.4	234.2	494.1	652.0
Secure Transactions ⁴	96.6	100.7	210.4	304.3
Security ⁴	38.5	43.4	91.1	130.7
Public Telephony	13.6	10.6	26.5	32.5
Point-of-Sale Terminals	11.3	11.8	36.1	40.9
Total revenue	390.5	400.6	858.2	1 160.5

Appendix 4

Impact of changing the reporting segment of Transport activity from Security to Secure Transactions

€ in millions	Q3 2006 before changing the reporting segment of Transport activity	Q3 2006 after changing the reporting segment of Transport activity	First nine months of 2006 before change the reporting segment of Transport activity	First nine months of 2006 after changing the reporting segment of Transport activity
Secure Transactions	93.0	96.6	284.3	298.0
Security	42.2	38.5	148.8	135.1

€ in millions	Q3 2007 before changing the reporting segment of Transport activity	Q3 2007 after changing the reporting segment of Transport activity	First nine months of 2007 before change the reporting segment of Transport activity	First nine months of 2007 after changing the reporting segment of Transport activity
Secure Transactions	95.7	100.7	288.5	304.3
Security	48.4	43.4	146.5	130.7

⁴ Effective July 1, 2007 Transport activity is reported under Secure Transactions in order to align external reporting with the operational organization put in place by Gemalto also effective July 1, 2007. This activity had until June 30 2007 been reported under the Identity & Security segment. Relevant 2006 and 2007 revenue figures reflecting this modification are detailed in Appendix 4. Also effective July 1, 2007 Identity & Security is renamed Security. The segment comprises Government Programs (previously named Identity), Identity & Access Management (previously named Security) and patent licensing activities. Transport revenue in FY 2006 and H1 2007 represented approximately 1% of Gemalto total revenue.