

Gemalto reports fourth quarter and full year 2008 revenue ¹

- Company in Q4 matches its best quarterly revenue, at € 471 million
- 8.1% growth in 2008 for the three main businesses combined
- Software and services yearly revenue expands by 44%
- Strong net cash position reinforced, at € 344 million
- Share buy-back program totalled € 65 million in 2008

All variations in this press release are stated at constant exchange rates, unless otherwise noted, and are comparing the adjusted full year and fourth quarter 2008 revenue, unaudited, to the adjusted full year and fourth quarter 2007 revenue, unaudited (respectively). Comparisons at historical rates are presented in Appendices 2 and 3. IFRS revenue, unaudited, is presented in Appendix 5. The net cash and share buy-back figures are unaudited.

Amsterdam, January 29, 2009 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announced its revenue for the full year and fourth quarter of 2008.

Fourth quarter and full year 2008 revenue and year-on-year revenue variation at constant exchange rates, by segment:

	Mobile Communication	Secure Transactions	Security	Total three main segments	Others ²	Total Gemalto 2008	Total Gemalto 2007
Fourth quarter	270 M€	115 M€	61 M€	446M€	25 M€	471 M€	471 M€
Variation	(5%)	+ 5%	(4%)	(2%)	(2%)	(2%)	
Full year	948 M€	443 M€	216 M€	1 607 M€	73 M€	1 680 M€	1 631 M€
Variation	+ 6%	+ 11%	+ 14%	+8%	(23%)	+ 6%	

Olivier Piou, Chief Executive Officer, commented: “Gemalto matches its best quarterly revenue ever, at € 471 million in Q4. The three main segments together are up more than 8% for the full year. Software and services continue to expand rapidly, reaching nearly 10% of the Company annual turnover. We have experienced only a relatively small impact from the current global economic environment, and see limited changes in overall market demand. We confirm our 2008 profit outlook, which we had upgraded in August to around € 160 million in adjusted operating income. Today, Gemalto clearly benefits from its balanced portfolio, its industry leadership worldwide, and its consistent ability to generate strong cash flows.”

¹ Full year and fourth quarter 2008 financial information has been prepared on an adjusted basis (unaudited).

² Public Telephony plus Point-of-Sale Terminals together account for less than 5% of total annual revenue.

Fourth quarter and full year 2008 revenue

Total revenue for the fourth quarter 2008 was € 471 million, matching the strongest quarter the company has ever reported. The previous quarterly revenue record for Gemalto was also € 471 million, in Q4'07. Growth continued across segments and geographies, offsetting shortfalls in specific accounts related to customers' cash and inventory optimization efforts. Quarterly revenue was also similar to that in the prior year at constant exchange rates, posting only a slight decrease of 2%.

For the full year, revenue was up 6% year-on-year at € 1 680 million. Excluding Public Telephony and POS, the three main business segments combined grew by 8.1% for the full year. Total revenue from software and services grew by 44% from last year, and now accounts for close to 10% of the company's total turnover. For the full year the company saw revenue growth in all regions. Product mix continued to improve across all segments.

Segment information ³

Mobile Communication

€ in millions	Q4 2007	Q4 2008	FY 2007	FY 2008
Mobile Communication	274	270	925	948
Year-on-year variation at constant exchange rates		(5%)		+ 6%

Mobile Communication revenue was essentially flat in the fourth quarter of 2008 at historical exchange rates and decreased by 5% at constant rates, because of shortfalls in specific accounts in the Americas and Asia.

Software and services revenues increased by 41% year-on-year in the fourth quarter and by 65% for the full year to reach annual revenues of € 65 million. As mobile communications become the point of entry to a new digital lifestyle for a growing segment of the population, Gemalto continues to innovate and generate new opportunities for mobile operators. Our Allynis offer links mobile network operators closer to their end-user subscribers. Applications such as SIM portal, mobile banking, roaming and personal data management all create new revenue opportunities for our customers, strengthening Gemalto's unique positioning and elevating the level of our customers' satisfaction.

³ Full year and fourth quarter 2008 financial information has been prepared on an adjusted basis (unaudited).

Over the quarter the average SIM card selling price was down by 8% compared with the previous quarter, and 15% year-on-year, reflecting a higher proportion of shipments to entry range accounts. For the full year the average SIM card selling price decrease was contained to 8%.

In the last quarter, Gemalto commercially launched with Oi, the first quadri-play operator in Brazil, and in partnership with Microsoft, a new SIM card that gives access to Windows Live Messenger services from any mobile phone. This service provides to existing users continuous access to the service, and opens up instant messaging services to the vast majority of mobile subscribers worldwide, who have no access to a PC-connected Internet.

Secure Transactions

€ in millions	Q4 2007	Q4 2008	FY 2007	FY 2008
Secure Transactions	109	115	413	443
Year-on-year variation at constant exchange rates		+ 5%		+ 11%

Secure Transactions growth was driven in the fourth quarter by contactless EMV rollouts in Europe and a 23% improvement in personalization services revenue. Our production levels were lowered to accommodate customers' efforts to optimize cash and inventory. PayTV shipments were low this quarter, partially offset by stronger activity in Transport. Overall fourth quarter revenue increased by 5% on the previous year.

For the full year the segment revenue is up by 11%, with personalization services growing by 30%. Contactless technology is an increasingly attractive opportunity for our customers and Gemalto grew revenue by 50% with those new products as compared to last year.

Additionally, market dynamics are further strengthened by the recent decision of Visa and MasterCard to require all EMV payment cards in Europe to be upgraded with the latest DDA (Dynamic Data Authentication) security technology by 2011.

Security

€ in millions	Q4 2007	Q4 2008	FY 2007	FY 2008
Security	62	61	193	216
Year-on-year variation at constant exchange rates		(4%)		+ 14%

Security revenue contracted by 4% in the fourth quarter on the back of the anticipated reduction of patent licensing revenue, down by 8M€ on the comparable quarter last year. Excluding patent revenues, Government Programs and IAM together grew by 9% over the very strong fourth quarter of 2007.

Government Programs revenue expanded by 16% with strong deliveries in the Americas. Identity and Access Management (IAM) revenue was down 5%, reflecting the current year efforts of indirect distribution channels to limit deliveries at the end of the year to minimize their inventories and a very strong quarter in the prior year. Revenues were stable compared with the preceding quarter. In this project-based activity, e-banking solutions continue to gain ground, as well as enterprise solutions in the Americas.

During the last quarter Gemalto has further increased its lead in the number of contracts for electronic government documents, and the backlog continues to increase. The recent extension of the Bahrain electronic identity program illustrates the emerging trend of incorporating additional features in citizens' secure electronic documents, such as multi-application capabilities for online authentication to e-government and e-commerce services.

Public Telephony

€ in millions	Q4 2007	Q4 2008	FY 2007	FY 2008
Public Telephony	11	10	44	35
Year-on-year variation at constant exchange rates		(10%)		(17%)

The memory card market for Public Telephony continues to decline as mobile telephony expands worldwide.

Point-of-Sale Terminals

€ in millions	Q4 2007	Q4 2008	FY 2007	FY 2008
Point-of-Sale Terminals	15	15	56	38
Year-on-year variation at constant exchange rates		+ 4%		(28%)

Revenue shortfalls were recorded in the first part of 2008 due to an issue related to a faulty component detected in Gemalto's contract-manufacturer's supply chain. The issue was solved in Q3, and this segment is progressively returning to a normal level of activity, with year-on-year revenue up 4% in the fourth quarter.

Net cash position

Gemalto's net cash position⁴ was € 344 million at the end of 2008 vs. € 314 million at the end of 2007, after spending € 65 million on the share repurchase programs during the year.

Outlook

Our business has strong fundamentals and prospects, at the same time short-term visibility is limited by the current global environment. We confirm our 2008 profit outlook of around € 160 million in adjusted operating income. Our 2009 objective of above 10% adjusted operating margin remains unchanged.

⁴ Net cash position is equal to total cash and short-term deposits minus financial debt.

Reporting calendar

Full year 2008 earnings will be reported on March 19, 2009, before the opening of Euronext Paris.

Conference call

Gemalto will hold an analysts and investors conference call in English 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 dialling:

+44 161 601 8912 or +1 866 907 5932 or +33 1 72 28 08 88.

The presentation slide show will be available for download on our Investor Relations web site (www.gemalto.com/investors) at 1:00 pm Paris time (12:00 am London time, 7:00 am New York time).

Replays of the conference call will be available from approximately 3 hours after the conclusion of the conference call until February 12th midnight Paris time by dialling:

+44 207 075 3214 or +1 866 828 2261 or +33 1 72 28 01 49

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About Gemalto

Gemalto (Euronext NL 0000400653 GTO) is the world leader in digital security with 2008 annual revenues of € 1.68 billion, and 10,000 employees operating out of 75 offices, research and service centers in 40 countries.

Gemalto is at the heart of our evolving digital society. The freedom to communicate, travel, shop, bank, entertain, and work—anytime, anywhere—has become an integral part of what people want and expect, in ways that are convenient, enjoyable and secure.

Gemalto delivers on the growing demands of billions of people worldwide for mobile connectivity, identity and data protection, credit card safety, health and transportation services, e-government and national security. We do this by supplying to governments, wireless operators, banks and enterprises a wide range of secure personal devices, such as subscriber identification modules (SIM) in mobile phones, smart banking cards, electronic passports, and USB tokens for online identity protection. To complete the solution we also provide software, systems and services to help our customers achieve their goals.

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.

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 company, 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 company 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 its 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 company's share prices; and changes in global, political, economic, business, competitive, market and regulatory forces. Moreover, neither the company 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 company 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 (unaudited)

In millions of units	Fourth quarter 2007	Fourth quarter 2008	% growth
SIM cards	273	307	+ 12%
Secure Transactions	66	67	+ 3%
Security	16	14	(8%)
Total	354	389	+ 10%

In millions of units	Full year 2007	Full year 2008	% growth
SIM cards	956	1 080	+ 13%
Secure Transactions	231	290	+ 26%
Security	38	49	+ 28%
Total	1 225	1 419	+ 16%

Appendix 2

Fourth quarter adjusted revenue
by region at historical rates (unaudited)

€ in millions	Fourth quarter 2007	Fourth quarter 2008	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
EMEA	270	266	(1%)	(2%)
North & South America	114	121	+ 7%	+ 3%
Asia	88	83	(5%)	(9%)
Total revenue	471	471	=	(2%)

Fourth quarter adjusted revenue
by business segment at historical rates (unaudited)

€ in millions	Fourth quarter 2007	Fourth quarter 2008	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
Mobile Communication	274	270	(1%)	(5%)
Secure Transactions	109	115	+ 5%	+ 5%
Security	62	61	(2%)	(4%)
Public Telephony	11	10	(7%)	(10%)
Point-of-Sale Terminals	15	15	(1%)	+ 4%
Total revenue	471	471	=	(2%)

Appendix 3

Full year adjusted revenue by region at historical rates (unaudited)

€ in millions	Full year 2007	Full year 2008	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
EMEA	913	940	+ 3%	+ 5%
North & South America	387	412	+ 6%	+ 11%
Asia	331	328	(1%)	+ 4%
Total revenue	1 631	1 680	+ 3%	+ 6%

Full year adjusted revenue by business segment at historical rates (unaudited)

€ in millions	Full year 2007	Full year 2008	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
Mobile Communication	925	948	+ 3%	+ 6%
Secure Transactions	413	443	+ 7%	+ 11%
Security	193	216	+ 12%	+ 14%
Public Telephony	44	35	(20%)	(17%)
Point-of-Sale Terminals	56	38	(32%)	(28%)
Total revenue	1 631	1 680	+ 3%	+ 6%

Appendix 4

Average exchange rates between the Euro and the US dollar

EUR/USD	2007	2008
First quarter	1.31	1.48
Second quarter	1.35	1.56
First half	1.33	1.52
Third quarter	1.36	1.54
Fourth quarter	1.44	1.35
Second half	1.40	1.44
Full year	1.37	1.48

Appendix 5

IFRS financial information (2008 figures are unaudited)

€ in millions	Fourth quarter 2007	Fourth quarter 2008	Full year 2007	Full year 2008
Mobile Communication	274	270	925	948
Secure Transactions	107	115	411	443
Security	62	61	193	216
Public Telephony	11	10	44	35
Point-of-Sale Terminals	15	15	56	38
Total revenue	469	471	1 630	1 681

The difference between IFRS and adjusted revenues relates to the reversal in the third and fourth quarter of 2008 of 0.2 and 0.5 million (respectively) of reserves booked in 2007 against the IFRS revenue, and excluded from the 2007 adjusted revenue.