

Gemalto reports first quarter 2011 revenue

- Revenue increases by +17% to € 444 million
- +27% revenue growth in Secure Transactions
- Continued software and services growth in Mobile Communication
- Record contract bookings in Security

All figures presented in this press release are unaudited.

Amsterdam, April 28, 2011 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announced its revenue for the first quarter of 2011.

Gemalto Revenue for Ongoing Operations

Gemalto Ongoing Operations	Mobile Communication	M2M	Secure Transactions	Security	Total 4 main segments	Patents	Total Q1 2011	Total Q1 2010
Revenue	214 M€	43 M€	121 M€	65 M€	444 M€	0 M€	444 M€	378 M€
At historical exchange rates	0%	-	+ 27%	+ 11%	+ 20%	(99%)	+ 17%	
At constant exchange rates	(3%)	-	+ 23%	+ 9%	+ 17%	(99%)	+ 14%	

Olivier Piou, Chief Executive Officer, commented: “Gemalto recorded another quarter of solid revenue expansion, in line with its expectations. Secure Transactions continued to outperform, as chip-and-PIN and high-end contactless payment solutions deploy worldwide. Near Field Communication mobile payment generates considerable interest and our current investments have already led to key service contract wins. Together with record level of bookings in Security, this reinforces our strategic positioning and long-term growth prospects.”

Basis of preparation of financial information

In this press release the revenue information for the first quarter of both 2010 and 2011 is presented for ongoing operations and under the 2011 format of segment reporting.

Ongoing operations:

In this publication like in previous publication, and for a better understanding of the current and future year-on-year evolution of the business, the Company provides revenue for the “Ongoing operations” for both 2010 and 2011 reporting periods.

- **Ongoing operations:** The adjusted income statement for “Ongoing operations” not only excludes, as per the IFRS income statement, the contribution from discontinued operation to the income statement, but also the contribution from assets classified as held for sale.
- **Assets held for sale:** The assets of one of the Company joint ventures (the “JV”) active in China in Secure Transactions and Security, and for which final shareholding restructuring agreement has been signed with the partner.
- **Discontinued operation:** The disposal of the Company business in point of sale (“POS”) terminals to Verifone was effective on December 31, 2010. As per IFRS the contribution of this activity to the IFRS income statement was reclassified for the 2010 reporting periods. Consequently there is no revenue of POS included in the Company 2010 and 2011 reported revenues.

The Appendix 1 details the contribution of discontinued operations to the first quarter 2010 revenue.

Basis of presentation of the segment information starting 2011

As previously announced, starting January 1, 2011, the segment information accounts for the following changes:

- the patent licensing activity, previously reported as part of the segment Security, is reported separately, in a new segment “Patents”.
- the public telephony activity, which is reaching end of life as it is now almost fully substituted by mobile telephony, previously reported in the segment Others, is included in the segment Mobile Communication.

In this press release the financial information for 2010 is presented pro-forma on the above basis of presentation.

The Appendix 1 details the contribution of these activities to the 2010 revenue.

Historical exchange rates and constant currency figures

Figures in this press release are at historical exchange rates, except where otherwise noted. The Company sells its products and services in a very large number of countries and is commonly remunerated in other currencies than the Euro. Fluctuations in these other currencies exchange rates against the Euro have a translation impact on the reported Euro value of Group revenues. Comparisons at constant exchange rates aim at eliminating the effect of currencies translation movements on the analysis of the Group revenue by translating prior year revenues at the same average exchange rate as applied in the current year.

Segment information

In this document, revenue information for the first quarter of both 2010 and 2011 is presented for ongoing operations, thus excluding the contributions of assets held for sale (JV) and discontinued operations (POS), and under the 2011 segment reporting format as outlined in the basis of preparation of the financial information on page 2.

Mobile Communication

€ in millions	Q1 2010	Q1 2011
Revenue	215	214
Year-on-year variation at constant exchange rates		(3%)

Revenue from software and services grew by 12% at constant exchange rates. This reflects strong growth in our core offerings, notably through the deployments of fourth generation networks (LTE) and mobile payments services, offset by lower revenues in some recently acquired businesses where the least profitable activities are being reduced or eliminated.

Product revenue was lower by 6% year-on-year at constant exchange rates. This reflects the anticipated more marked seasonal pattern of sales in 2011. The product mix evolution was limited in developed countries as major operators prepare their upgrade plans towards fourth generation networks (LTE) and mobile contactless (Near-Field Communication - NFC) applications, with first commercial launches in the latter part of the year. Sales of entry range products continued to be strong in developing regions.

Machine-to-Machine

€ in millions	Q1 2010	Q1 2011
Revenue	-	43
Year-on-year variation at constant exchange rates		N/A

The segment posted solid €43 million revenue driven by the continuing growth of this activity in multiple industrial sectors. The activity includes Cinterion, which was acquired in July 2010.

Secure Transactions

€ in millions	Q1 2010	Q1 2011
Revenue	95	121
Year-on-year variation at constant exchange rates		+ 23%

Secure Transactions delivered remarkable revenue expansion, posting a record growth of +23% year-on-year at constant rates. Sales of microprocessor payment cards, led by worldwide EMV migration and dual interface contactless card deployments, are supporting this momentum.

Security

€ in millions	Q1 2010	Q1 2011
Revenue	59	65
Year-on-year variation at constant exchange rates		+ 9%

Revenue expansion was driven by double-digit growth in Identity and Access Management (IAM), led by deployment of strong authentication solutions for online banking services. In Government Programs, revenue grew more moderately and this quarter was marked by important new contract wins leading to record bookings.

Patents

€ in millions	Q1 2010	Q1 2011
Revenue	9	0
Year-on-year variation at constant rates		(99%)

As anticipated, no significant revenue from the patent licensing activities was recorded this quarter.

Additional information

- As intended, the agreement for shareholding restructuring of the JV whose assets were held for sale was signed with our partner in the JV. When this transaction is completed, Gemalto becomes a minority shareholder of the JV and a capital gain is recognised. Gemalto will keep benefiting from its activities as the JV will continue to use Gemalto technologies.
- The events that have occurred in Japan should have a very limited impact on Gemalto activities with the exception of the Machine-to-Machine segment where the recent request by several customers to delay certain deliveries will result in a shift in quarterly revenues. This should nevertheless have a small impact on the anticipated full year revenue of that segment. No impact on the Company's card activities is expected due to the simpler bill of material and to Gemalto's extensive multi-sourcing policy.
- Gemalto continued to strengthen its offering related to mobile proximity payments with the certification by MasterCard® of its software solution for Near-Field-Communication (NFC) mobile payments. This solution, to be deployed in the new generation of SIM cards used for NFC services, includes the support for Trusted Service Management (TSM) for Mastercard PayPass™.

Related press release:

Mar 29, 2011: Gemalto Mobile NFC Payment Application First in the World Certified by MasterCard

- Major mobile network operators Verizon Wireless in the USA and NTT Docomo in Japan have chosen Gemalto's Mobile Communication's remote management solutions and UICC products to launch their LTE 4th Generation network. As LTE technology and services deployments multiply in the coming years, these milestones provide valuable references which support the expansion of Gemalto's solution business and large-scale deployments of new generations of products.

Related press releases:

Apr 12, 2011: NTT DOCOMO Selects Gemalto for Japan's First LTE Commercial Roll-Out

Jan 5, 2011: Gemalto Successfully Deploys OTA Platform and UICC for Verizon Wireless' 4G LTE Network

- Gemalto's five-year contract for end-to-end delivery service of national travel documents in Sweden was renewed. This contract with a value of over €110 million will contribute to the revenue growth expected from the Security segment over Gemalto's 2010-2013 strategic plan. It extends the profits of Gemalto's early investment in the development of e-government programs worldwide and highlights the benefits of the Company's undeviating focus on superior customer satisfaction.

Related press release:

Mar 16, 2011: Sweden Renews Multi-Year Contract on ePassports and eID Cards with AB Svenska Pass,

Outlook

In 2011, Gemalto targets another year of expansion in revenue and profit from its ongoing operations, progressing in its 2010-2013 development plan. The company expects a substantially lower contribution from patent licensing activities in 2011, due to the public patent litigation it initiated in the USA; stable or expanding profits in Mobile Communication, with a pronounced seasonality due to the large deployments of Near-Field Communication (NFC) mobile contactless services and LTE fourth generation networks announced for the latter part of the year; and reiterates its expectation to have Secure Transactions delivering a high single-digit profit margin from operations in 2011. Security segment is expected to deliver high single-digit profit margin from operations in 2011 even without patent licensing contribution. Gemalto confirms its target of € 300 million in profit from operations in 2013.

Financial calendar

Annual General Meeting

The next Annual General Meeting of shareholders will be held on Wednesday **May 18th, 2011** at 10:00 a.m. CET. The meeting will take place at the Sheraton Amsterdam Airport Hotel & Conference Center, Schiphol Boulevard 101, 1118 BG, Schiphol Airport, the Netherlands.

For further information please refer to www.gemalto.com/investors/agm/agm-2011/index.html on Gemalto's investor website.

Financial reporting

First semester 2011 revenue and earnings will be reported on Thursday **August 25, 2011**, before the opening of Euronext Paris.

Live Audio Webcast and Conference call

Gemalto first quarter 2011 revenue presentation will be webcast in English today at 3pm Paris time (2pm London time and 9am New York time).

This listen-only live audio webcast of the presentation and the Q&A session will be accessible from our Investor Relations web site:

www.gemalto.com/investors

Questions will be taken by way of conference call. Investors and financial analysts wishing to ask questions should join the presentation by dialling:

(UK) +44 203 367 9455 or (US) +1 866 907 5925 or (FR) +33 1 7077 0936.

The accompanying presentation slide set is also available for download on our Investor Relations web site.

Replays of the presentation and Q&A session will be available in webcast format from approximately 3 hours after the conclusion of the presentation, through our Investor Relations web site. Replays will be available for one year.

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About Gemalto

Gemalto (Euronext NL0000400653 GTO) is the world leader in digital security with 2010 annual revenues of €1.9 billion and over 10,000 employees operating out of 87 offices and 13 Research & Development centers in 45 countries.

Gemalto is at the heart of our evolving digital society. Billions of people worldwide increasingly want the freedom to communicate, travel, shop, bank, entertain, and work—anytime, anywhere, in ways that are convenient, enjoyable and secure. Gemalto delivers on the growing demands for personal mobile services, identity protection, payment security, authenticated online services, cloud computing access, modern transportation, e-healthcare and e-government services. Gemalto does this by providing secure software, a wide range of secure personal devices, and managed services to wireless operators, banks, enterprises and government agencies.

Gemalto is the world leader for electronic passports and identity cards, two-factor authentication devices for online protection, smart credit/debit and contactless payment cards, as well as subscriber identification modules (SIM) and universal integrated circuit cards (UICC) in mobile phones. Also, in the emerging machine-to-machine applications Gemalto is a leading supplier of wireless modules and machine identification modules (MIM). To operate these solutions and remotely manage the software and confidential data contained in the secure devices Gemalto also provides server platforms, consulting, training, and managed services to help its 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 visit www.gemalto.com, www.justaskgemalto.com, blog.gemalto.com, or follow @gemalto on twitter.

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: 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 acquisitions and investments; the ability of the Company's to integrate acquired businesses, activities and companies according to expectations; the ability of the Company to achieve the expected synergies from acquisitions; 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.

Appendices

All variations in these appendices are comparing the first quarter 2011 revenue to the first quarter 2010 revenue. For a better understanding of Gemalto's year-on-year business evolution, the revenue figures have been calculated for ongoing operations, as described in the basis of preparation of this document.

Appendix 1

Changes in the segment reporting

Activity (€ in millions)	Previous reporting segment	Current reporting segment	First quarter 2010 revenue
Patent licensing	Security	Patents	9
Public telephony	Others	Mobile Communication	4
POS	Others	Discontinued	12

Appendix 2

First quarter revenue by region

€ in millions	First quarter 2010	First quarter 2011	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
EMEA	208	243	+ 17%	+ 15%
North & South America	92	115	+ 24%	+ 19%
Asia	78	86	+ 10%	+ 5%
Total revenue	378	444	+ 17%	+ 14%

Appendix 3

First quarter revenue by business segment

€ in millions	First quarter 2010	First quarter 2011	Year-on-year variation at historical exchange rates	Year-on-year variation at constant exchange rates
Mobile Communication	215	214	0%	(3%)
M2M	-	43	N/A	N/A
Secure Transactions	95	121	+ 27%	+ 23%
Security	59	65	+ 11%	+ 9%
Patents	9	0	(99%)	(99%)
Total revenue	378	444	+ 17%	+ 14%

Appendix 4

Average exchange rates between the Euro and the US dollar

EUR/USD	2010	2011
First quarter	1.40	1.36
Second quarter	1.31	
First half	1.35	
Third quarter	1.27	
Fourth quarter	1.36	
Second half	1.31	
Full year	1.33	