

Gemalto third quarter 2012 revenue

- Revenue up +11% at constant exchange rates, and +18% at historical rates, to €575 million
- Record revenue in Security and in Mobile Communication
- Stand-out performances from Platforms & Services and the Asia region
- 2013 target of €300 million in profit from operations now expected to be reached one year in advance

Revenue figures in this document are for ongoing operations¹ and variations are at constant exchange rates except where otherwise noted. Revenue figures including contribution of assets held for sale and variations at historical rates are provided in the appendix of this document. All figures presented in this press release are unaudited.

Amsterdam, October 25, 2012 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its revenue for the third quarter of 2012.

Ongoing operations (€ in millions)	Mobile Communication	Machine-to- Machine	Secure Transactions	Security	Patents	Total third quarter 2012	Total third quarter 2011
Third quarter 2012 Revenue	283	48	146	98	0	575	486
Year-on-year variations at constant exchange rates	+16%	+3%	(1%)	+22%	ns	+11%	

Olivier Piou, Chief Executive Officer, commented: “This quarter was marked by the great performance of Mobile Communication, which delivered on the surge in demand for our 4G-LTE and new form factor products ahead of the introduction of highly anticipated mobile devices. Our Platforms & Services activity also performed particularly well in all businesses with excellent execution of projects related to mobile payment, trusted service management and advanced over-the-air services. Security further added to the quarter’s results as government agencies and enterprises actively deployed our modern digital identity and authentication solutions. Overall, Gemalto continues to deliver on its strategy and the Company has initiated the preparation of its next development phase that will be presented during the second semester of 2013.”

¹ See basis of preparation on page 2, and appendix 3 of this document for more information on ongoing operations.

Basis of preparation of financial information

Ongoing operations

For a better understanding of the current and future year-on-year evolution of the business, the Company provides revenue from “ongoing operations” for both 2012 and 2011 reporting periods.

The adjusted income statement for ongoing operations excludes, as per the IFRS income statement, the contribution from discontinued operations to the income statement, and also the contribution from assets classified as held for sale and from other items not related to ongoing operations.

In this publication reported figures for ongoing operations only differ from figures for all operations by the contribution from assets held for sale.

Compared to revenue reported on the third quarter of 2011, 2011 revenue from ongoing operations for the third quarter 2011 reported in this publication was represented to also exclude the contribution from assets classified as held for sale in 2012.

Appendix 3 bridges the revenue for ongoing operations to the revenue for all operations.

Historical exchange rates and constant currency figures

Revenue variations are at constant 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 currencies other than the Euro. Fluctuations in these other currencies exchange rates against the Euro have in particular a translation impact on the reported Euro value of the Company 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.

General information

For the period, revenue for ongoing operations was up by +11% year-on-year at constant exchange rates to €575 million. It was up by +18% at historical exchange rates. Growth came from all regions with an especially good performance in all business segments in Asia, up +21% at constant exchange rates and +35% at historical exchange rates. Across the Company, Platforms & Services business posted a strong performance with revenue increasing by +17% at constant exchange rates and +22% at historical exchange rates over the same period of the previous year.

Total Company revenue for all operations reached €578 million and posted the same year-on-year growth rates as ongoing operations, +11% and +18% at constant exchange rates and at historical exchange rates respectively.

The strong growth observed this quarter evidences the progress of the Company in its different business segments and in particular in Mobile Communication. In that segment, as a result of the global introduction by customers of a number of wireless devices and the timing of acceptance of our own software platforms, the final quarter of 2011 showed a strong revenue step-up compared with the third quarter of 2011. As previously communicated, this marked 2011 seasonal pattern of revenue is not expected to repeat to the same extent in 2012 and a more usual variation is anticipated between the final quarter of 2012 and the preceding quarter.

Revenue variations by segment and by region are presented in appendix 1. Average exchange rates between the Euro and the US Dollar are presented in appendix 4.

The net cash position as at September 30, 2012 amounted to €244 million, representing an outflow of €51 million compared with the end of the second quarter. During the quarter, payments for acquisitions represented an outflow of €46 million and the net share buy-back outflow was €8 million.

Segment information

Mobile Communication

€ in millions	Third quarter 2012	Third quarter 2011
Revenue	283.4	229.2
Year-on-year variation at constant exchange rates	+16%	

Mobile communication posted strong double-digit revenue growth to €283 million.

Platforms & Services revenue increased by +23% at constant exchange rates compared to the previous year. The growth came mainly from the delivery of Trusted Service Management (TSM) projects for mobile payment services and from record levels of remote activation services of 4G-LTE mobile devices subscriptions.

Embedded Software & Products revenue grew by +15% at constant exchange rates supported by a surge in demand for 4G-LTE and the new 4FF form factor for recently launched mobile devices. The deployment of Upteq NFC products in Asia and Europe also contributed to this growth.

Machine-to-Machine

€ in millions	Third quarter 2012	Third quarter 2011
Revenue	47.7	43.1
Year-on-year variation at constant exchange rates	+3%	

The Machine-to-Machine segment posted revenue of €48 million, an increase of +3% at constant exchange rates. Following the same trend as the first semester, solid revenue growth in the Americas and in Asia more than compensated for slower activity in Western Europe. Demand for communication modules and data management services came from multiple industrial sectors that are integrating mobile connectivity into their product offerings.

Secure Transactions

€ in millions	Third quarter 2012	Third quarter 2011
Revenue	145.5	139.4
Year-on-year variation at constant exchange rates	(1%)	

Secure Transactions consolidated the market position captured through last year's third quarter (Revenue up +22% at constant exchange rates in third quarter 2011) with revenue progressing to €146 million, a +4% increase at historical exchange rates and a (1%) decrease at constant exchange rates. Demand for EMV technology and associated personalization services continues to support the segment's activity in fast-growing economies as does the global demand for secure and convenient mobile payment solutions.

Security

€ in millions	Third quarter 2012	Third quarter 2011
Revenue	97.6	74.1
Year-on-year variation at constant exchange rates	+22%	

Revenue in Security grew by +22% at constant exchange rates to €98 million with double-digit growth in both Government Programs and Identity & Access Management.

The deployment of electronic identity programs in both developed and fast-growing economies continued to support the Government Programs activity.

The demand from financial institutions that reinforce the security of their eBanking services through stronger authentication solutions drove the solid performance of Identity & Access Management.

Patents

€ in millions	Third quarter 2012	Third quarter 2011
Revenue	0.3	0.1
Year-on-year variation at constant exchange rates	ns	

The activity in the Patents continues to be limited due to ongoing litigation initiated by the Company in the United States.

Additional information

- Gemalto announced progress in several mobile payments projects, spanning its Mobile Financial Services portfolio. In particular:
 - In Mobile Contactless NFC, Gemalto achieved datacenter certification in early July and quickly thereafter launched nation-wide service operation in Singapore. Supported by the national Infocomm Development Authority (IDA) of Singapore, the project aims to deploy the particularly convenient NFC human interface to Singapore's consumers through a consortium of local partners that includes mobile operators, financial institutions and service providers. This is the first time that the mobile operators and a range of other service providers join forces to launch nationwide NFC services to the general public using a unified, comprehensive Trusted Services Management solution.
 - Gemalto also grew its Mobile Payment Platform capabilities through a partnership with both Western Union and MoneyGram. These extensions introduce additional "Cash in/Cash out" end-points to the Gemalto LinQUs Mobile Payment Platform, enabling robust mobile money infrastructures and mobile remittance services.
 - Gemalto acquired Ericsson Internet Payment Exchange AB ("IPX") on October 1st, 2012, except the IPX US operation. IPX has developed one of the leading mobile payment and messaging platforms in the world, connecting more than 1,000 service providers to over 120 mobile network operators. IPX also operates payment platforms as a white label service for various operators. IPX will join Gemalto's Platforms & Services business in the Mobile Communications segment.

Related press releases:

Aug 3, 2012: Gemalto NFC Management Service Goes Live for Singapore

Sep 18, 2012: Gemalto Enables MoneyGram to Offer International Money Transfers on Mobile Devices

Sep 25, 2012: Gemalto Expands Mobile Payment Software Solution with Western Union's International Remittance Service

Oct 1, 2012: Gemalto acquires mobile payment platform from Ericsson

- A set of significant contracts were signed and announced in the Government Programs activity this quarter:
 - Sealys Secure Documents: US ePassport multi-year contract renewal

Gemalto has been a primary supplier to GPO since inception of the Electronic Passport, which began deployment in the United States of America in 2005. During this new contract assessment phase, the Gemalto Sealys solution was thoroughly evaluated and confirmed to meet the stringent US agency requirements, in particular for privacy protection, production yield, durability, and communications technical performance.
Since 2005, GPO has produced more than 80 million secure electronic passports.
 - Coesys Issuance solution: National registry creation in Gabon

This program aims to build a reliable national biometric civil registry system, to replace paper identification with electronic documents, and to generate a secure electoral register ahead of the local 2013 elections. The agreement supports the nation's 'Emerging Gabon 2025' strategic plan and aims at equipping the country with a modern and secure infrastructure to protect its citizens from identity fraud.

Related press releases:

Aug 14, 2012: United States Government Printing Office Awards Multi-Year Contract to Gemalto for ePassport Solution

Sep 20, 2012: Gemalto Selected to Build Secure and Reliable Biometric National Registry in Gabon

Outlook

For the full year 2012, Gemalto now expects its profit from operations to reach its 2013 target of €300 million, with all main segments increasing their revenue and profit, limited revenue from Patents, and less seasonality in Mobile Communication.

Live Audio Webcast and Conference call

Gemalto third quarter 2012 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 dialing:

(UK) +44 203 367 9456 or (US) +1 866 907 5925 or (FR) +33 1 7077 0935

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 on our Investor Relations web site approximately 3 hours after the conclusion of the presentation. Replays will be available for one year.

Reporting calendar

The full year 2012 results will be reported on Thursday March 14, 2013, before the opening of Euronext Paris.

ADR (American Depositary Receipt)

Gemalto has established a sponsored Level I American Depositary Receipt (ADR) Program in the United States since November 2009. Each Gemalto ordinary share is represented by two ADRs. Gemalto's ADRs trade in U.S. dollar and give access to the voting rights and to the dividends attached to the underlying Gemalto shares. The dividends are paid to investors in U.S. dollar, after being converted into U.S. dollar by the depository bank at the prevailing rate.

Structure: Sponsored Level I ADR
Exchange: OTC
Ratio (ORD:DR): 1:2
DR ISIN: US36863N2080
DR CUSIP: 36863N 208

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About Gemalto

Gemalto (Euronext NL0000400653 GTO) is the world leader in digital security with 2011 annual revenues of €2 billion and more than 10,000 employees operating out of 74 offices and 14 Research & Development centers in 43 countries.

We are 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 their expanding needs for personal mobile services, identity protection, payment security, authenticated online services, cloud computing access, modern ticketing systems, M2M communication, eHealthcare and eGovernment services.

Gemalto develops secure software that runs on trusted devices which we develop and personalize. We manage these devices, the confidential data they contain and the services they enable, throughout their life cycle. We innovate so that our clients can offer more ways of enhancing the convenience and security of their end-users' digital lives.

Gemalto is thriving with the growing number of people using its software and secure devices to interact in the digital and wireless world.

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; effects of the intense competition in the Company's main markets; 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, platforms and services; profitability of the expansion strategy; effects of acquisitions and investments; ability of the Company's to integrate acquired businesses, activities and companies according to expectations; 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 or its representatives 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 required by applicable law or regulations.

Appendices

All variations in these appendices are comparing the revenue of the third quarter 2012 to the revenue of the third quarter 2011. 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, unless otherwise mentioned.

Appendix 1

Third quarter revenue by region

Ongoing operations (€ in millions)	Third quarter 2012	Third quarter 2011	Year-on-year variation at constant exchange rates	Year-on-year variation at historical exchange rates
EMEA	282	250	+9%	+13%
North & South America	174	148	+9%	+17%
Asia	119	88	+21%	+35%
Total revenue	575	486	+11%	+18%

Appendix 2

Revenue variations at constant and historical exchange rates

Ongoing operations (€ in millions)	Mobile Communication	Machine-to- Machine	Secure Transactions	Security	Patents	Total third quarter 2012	Total third quarter 2011
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Year-on-year variation at constant exchange rates	+16%	+3%	(1%)	+22%	ns	+11%	
Year-on-year variation at historical exchange rates	+24%	+11%	+4%	+32%	ns	+18%	

Appendix 3

Ongoing operations and total Company revenues

Revenue (€ in millions)	Ongoing operations					Total Ongoing operations	Assets held for sale	Total Gemalto
	Mobile Communication	Machine- to-Machine	Secure Transactions	Security	Patents			
Third quarter 2012	283	48	146	98	0	575	3	578
Third quarter 2011	229	43	139	74	0	486	4	490
Third quarter 2011 as reported	234	43	139	74	0	490		

The assets held for sale comprise those that will be contributed to a joint venture under creation and other non-strategic assets currently being disposed (representing revenues of €4 million in third quarter 2011 and €3 million in third quarter of 2012, in Mobile Communication)

Appendix 4

Average exchange rates between the Euro and the US dollar

EUR/USD	2012	2011
First quarter	1.32	1.36
Second quarter	1.30	1.44
First half	1.31	1.40
Third quarter	1.24	1.44
Fourth quarter		1.37
Second half		1.41
Full year		1.40