

Gemalto third quarter 2014 revenue

- Revenue growth increased to +6% at constant rates, with Payment growing +20% on rapid EMV migration in the United States
- Platforms & Services grew +16%, with +45% in Mobile Financial Services
- Mobile was marked by first deliveries of multitenant cards for NFC payment and transport in China, new launches of NFC services in Europe, and strongly rising demand for embedded secure elements
- 7-year €400 million bond was successfully issued, with 2 1/8% coupon

Revenue figures above and in this entire 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 appendices of this document. All figures presented in this press release are unaudited.

Amsterdam, October 23, 2014 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its revenue for the third quarter of 2014.

Third quarter 2014		Main segments		Main activities		Patents & Others
Ongoing operations (€ in millions)	Total	Mobile	Payment & Identity	Embedded software & Products	Platforms & Services	
Revenue	626	331	289	490	130	6
Year-on-year variation at constant exchange rates	+6%	=	+12%	+3%	+16%	n.m.

Olivier Piou, Chief Executive Officer, commented: “This quarter EMV revenue in the US tripled and Asia grew +18%. We also seized the opportunity to accelerate our growth in the cloud and enterprise security market, with the acquisition of SafeNet. Embedded security in connected devices is proliferating, fuelling the opportunities outlined in our multi-year development plan. Looking ahead, the business case for secure elements to protect mobile and online payment transactions has been considerably strengthened during the quarter, and the ecosystem is clearly converging towards NFC for convenient proximity interactions. These developments mark a major step forward after a year of confusion, and they increase the markets we can serve with our well recognized technologies and experience. Gemalto’s pace of growth accelerated during the third quarter, putting us on track to deliver on our outlook for 2014 and we remain confident in delivering on our 2017 objectives.”

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 the 2014 and 2013 reporting periods.

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

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

In this publication reported figures for ongoing operations do not differ from figures for all operations, for both the year 2013 and the year 2014.

Segment information

From January 1, 2014, segment information reports on progress towards the objectives set as part of the Company's development plan covering the years 2014 to 2017, publicly announced on September 5, 2013.

The Mobile segment reports on businesses associated with mobile cellular technologies. The former Mobile Communication and Machine-to-Machine segments are part of Mobile. The security evaluation business for third parties, whose contribution to Mobile Communication was minor, is now managed together with the Patents business and is as of 2014 reported in the Patents & Others segment.

The Payment & Identity segment reports on businesses associated with secure personal interactions. The former Secure Transactions and Security segments are part of Payment & Identity.

In addition to this segment information, the Company also reports as of 2014 revenue of Mobile and Payment & Identity by type of activity: Embedded software & Products (E&P) and Platforms & Services (P&S).

Appendix 4 presents segment information in both the 2013 and 2014 formats.

Historical exchange rates and constant exchange rates 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 exchange rates of these other currencies against the Euro have a translation impact on the reported Euro value of the Company revenue. Comparisons at constant exchange rates aim at eliminating the effect of currencies translation movements on the analysis of the Company revenues by translating prior year revenues at the same average exchange rate as applied in the current year.

General information

For the period, revenue was up by +6% year-on-year at constant exchange rates to €626 million. Asia posted the fastest expansion at +18% driven by a strong performance in the Mobile segment and the payment-related activities. The Americas grew by +12% as the rollout of EMV payment cards started in the United States, while Europe slightly contracted, by (3%).

Platforms & Services activities posted sales of €130 million, or 21% of total Company revenue. This represents an increase of +16% compared to the third quarter of 2013 and was supported by further rapid expansion in Mobile Financial Services and in issuance services for financial institutions.

Third quarter 2014

Ongoing operations (€ in millions)	Total	Main segments		Main activities		Patents & Others
		Mobile	Payment & Identity	Embedded software & Products	Platforms & Services	
Revenue	626	331	289	490	130	6
As a percentage of total revenue	100%	53%	46%	78%	21%	1%

The significant negative effects of currency movements observed during the first semester eased towards the end of the third quarter and the Company's revenue expansion was hence only 100 basis points lower at historical exchange rates than at constant exchange rates.

For the first three quarters of 2014, total Company revenue increased to €1,759 million, up by +5% at constant exchange rates, with Payment & Identity up +10% and Mobile up +1%. The Patents & Others segment revenue was unchanged at €16 million.

First three quarters of 2014 (€ in millions, ongoing operations)	2014 revenue	Year-on-year variation at constant exchange rates	2013 revenue
Mobile	917	+1%	937
Payment & Identity	826	+10%	772
Patents & Others	16	(3%)	16
Total	1,759	+5%	1,725

Revenue variations by segment and by region, at constant and historical exchange rates, are presented in Appendix 1 and Appendix 2.

Segment information

Mobile

€ in millions	Third quarter 2014	Third quarter 2013
Revenue	330.8	335.4
Year-on-year variation at constant exchange rates	=	

The Mobile segment posted revenue of €331 million, stable year-on-year at constant exchange rates, and growing by +1% over the first three quarters of the year.

Embedded software & Products came in at €264 million, lower by five percent compared to the particularly strong third quarter of 2013. Revenue from embedded secure elements expanded +57%, and revenue from Machine-to-Machine connectivity modules increased by +7%. In the high-end 4G and multitenant SIM range, revenue grew by +19%, as projects that were previously delayed entered the deployment phase in Europe and additional deployments began to contribute in Asia, leading multitenant NFC-enabled SIM cards deliveries to increase to 7% of the quarter's shipments. Nevertheless, the slow-down in the European network operators' portfolio upgrades that occurred in the first part of the year reduced the pace of mix improvement and hence the total SIM revenue. For the same reasons the year-to-date Embedded software & Products revenue is lower by one percent when compared with the first nine months of 2013.

Platforms & Services grew by +26% to €66 million. Both Mobile Financial Services (MFS, which include trusted service management and mobile payment platforms) and Mobile Subscriber Services (MSS, which include network-related data, subscription and customer relationship management activities) grew their revenue by +45% and +17% respectively. Netsize activity, though lower by three percent year-on-year, showed a substantial improvement compared to the first half of 2014. Year-to-date Platforms & Services revenue growth is +12%.

Payment & Identity

€ in millions	Third quarter 2014	Third quarter 2013
Revenue	289.2	259.9
Year-on-year variation at constant exchange rates	+12%	

The Payment & Identity segment's revenue came in at €289 million, increasing by +12% compared to the previous year with +13% in Embedded software and Products and +8% in Platforms & Services.

In the payment-related activities, North America posted remarkable growth, with revenue tripling compared to previous year. Deployments of EMV payment cards and major contracts wins for issuance services in the United-States both contributed to the performance. In all other regions revenue increased as well, thanks in particular to the roll-outs of NFC dual-interface payment cards globally.

Improvement in the Identity business compared to the first semester was led by higher sales of eGovernment documents, partially reduced by lower Government-related Platforms & Services activity. Compared to last year this part of the business was negatively affected by the events in the Middle-East and Africa, like in the first semester. The SafeNet acquisition, announced on August 8, 2014, is expected to close during the fourth quarter as planned, once remaining necessary regulatory authorizations are obtained; it is not yet consolidated.

Patents & Others

€ in millions	Third quarter 2014	Third quarter 2013
Revenue	5.6	0.4
Year-on-year variation at constant exchange rates	n.m.	

The year-to-date revenue performance, at €16 million, is stable at constant exchange rates compared to the same period in 2013.

Additional information

- **Successful €400 million Gemalto inaugural bond issuance to finance SafeNet acquisition**

On September 18, 2014, Gemalto successfully priced an inaugural unrated public bond issue for a total amount of €400 million, maturing in 7 years, which will partially finance the acquisition of SafeNet, the world leader in data and software protection, announced on August, 8, 2014.

The operation was completed under favorable conditions with a coupon of 2.125%, the lowest coupon paid for a non-rated corporate issuer for a maturity of 7 years or more on the euro bond market at the time of the issue. The order book was 5.5 times over-subscribed, demonstrating investors' confidence in Gemalto's credit profile.

To do so, Gemalto prepared a prospectus, which received the approval n° C-16097 from the Luxembourg market authority "la Commission de Surveillance du Secteur Financier" (CSSF), on September 19, 2014. This document, in English, can be found on CSSF website at:

<https://www.bourse.lu/emetteur/documents/signaletique?numEmet=243783>, and on Gemalto web site at <http://www.gemalto.com/investors/documents>

The Bonds are listed on the regulatory market of Luxembourg as of September 23, 2014 (ISIN code: XS1113441080).

After the acquisition of SafeNet is completed, Gemalto will retain a strong financial structure, with a net debt to adjusted EBITDA ratio < 1.

- **Developments in NFC and other mobile services security**

China Mobile and Gemalto deploy NFC transport in Beijing

On September 25, 2014, Gemalto announced it has been selected by China Mobile to offer its UpTeq NFC multi-tenant SIMs to protect consumer credentials used for mobile contactless applications, starting with mass transit services in Beijing. China Mobile is the largest operator in the world with a total subscriber base of close to 800 million. In addition to the transport application, the UpTeq NFC multi-tenant SIMs installed in all types of handsets will be immediately ready to host and enable a rich addition of secure services such as mobile payment, loyalty and couponing programs, and access control for private enterprises.

China's payment systems are already moving rapidly towards contactless form, with over 3.6 million terminals accepting China UnionPay's contactless QuickPass.

Gemalto selected by NTT DOCOMO for its NFC Services

On August 26, 2014, Gemalto announced it was selected by NTT Docomo to protect its mobile NFC services, by providing an end-to-end solution featuring its Trusted Service Management (TSM) service, as well as multitenant SIMs running additional contactless applications for mobile payments, loyalty programs, e-ticketing and access control. With this new agreement, Gemalto supplies NTT Docomo, KDDI and Softbank, altogether serving 140 million subscribers, with its TSM services and secure elements.

Gemalto commercially deploys the Trusted Service Hub service to distribute and protect mobile sensitive data and services on the broadest range of mobile devices

On September 8, 2014, Gemalto introduced its Allynis Trusted Services Hub, a turnkey business service that enables financial institutions, enterprises, transport operators and more generally all digital service providers to benefit from a single connection in order to securely deploy their mobile value-added and payment services across a comprehensive portfolio of smartphones and mobile networks around the world.

Through Gemalto's Allynis Trusted Services Hub customers get a one-stop and immediate access to the largest user base using NFC smartphones already equipped with Secure Elements. Over 1.5 billion mobile users worldwide are covered by Gemalto-contracted Trusted Services Management (TSM) platforms, with over a hundred million high-end multi-tenant SIM cards already in place to protect and manage sensitive application credentials.

The Allynis Trusted Services Hub is ready to handle a large number of future configurations, including Embedded Secure Elements (eSE) which are becoming available in some handsets and Trusted Execution Environment (TEE) that will be running inside next-generation mobile devices, as well as the emerging tokenization standards. It offers both the broadest reach of users and the most future-proof technology across mobile platforms.

Outlook

For 2014, Gemalto anticipates double-digit expansion in profit from operations for the full year as well as an acceleration of year-on-year revenue growth at constant exchange rates for the second semester. This does not take into account the SafeNet acquisition that is expected to start contributing at some point in the fourth quarter of 2014. As a result of the acquired business's anticipated profitability, growth and synergies, Gemalto expects its 2017 profit from operations objective of €600 million to increase by around +10%.

Live Audio Webcast and Conference call

Gemalto third quarter 2014 revenue presentation will be webcast in English today at 3pm Amsterdam and 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 9461 or (US) +1 855 402 7763 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 on our Investor Relations web site approximately 3 hours after the conclusion of the presentation. Replays will be available for one year.

The semi-annual report, including the interim condensed consolidated financial statements as of June 30, 2014, is available on our investor web site (www.gemalto.com/investors).

Reporting calendar

The full year 2014 results will be reported on Thursday March 5, 2015, before the opening of Euronext Amsterdam.

Stock Exchange Listing

Gemalto N.V. is dual listed on NYSE Euronext Amsterdam and Paris, in the compartment A (Large Caps).

Mnemonic:	GTO
Exchange	Dual listing on NYSE Euronext Amsterdam and Paris
Market of reference	NYSE Euronext Amsterdam
ISIN Code	NL0000400653
Reuters	GTO.AS
Bloomberg	GTO:NA

Gemalto has also 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 2013 annual revenues of €2.4 billion and more than 12,000 employees operating out of 85 offices and 25 research and software development centers, located in 44 countries.

We are at the heart of the rapidly evolving digital society. Billions of people worldwide increasingly want the freedom to communicate, travel, shop, bank, entertain and work – anytime, everywhere – in ways that are enjoyable and safe. Gemalto delivers on their expanding needs for personal mobile services, payment security, authenticated cloud access, identity and privacy protection, eHealthcare and eGovernment efficiency, convenient ticketing and dependable machine-to-machine (M2M) applications. We develop secure embedded software and secure products which we design and personalize. Our platforms and services manage these products, the confidential data they contain and the trusted end-user services made possible.

Our innovations enable our clients to offer trusted and convenient digital services to billions of individuals. Gemalto thrives with the growing number of people using its solutions to interact with the digital and wireless world.

For more information visit

www.gemalto.com, www.justaskgemalto.com, blog.gemalto.com, or follow @gemalto on Twitter.

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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

Appendix 1

Revenue from ongoing operations, by region

Ongoing operations (€ in millions)	Third quarter 2014	Third quarter 2013	Year-on-year variation at constant exchange rates	Year-on-year variation at historical exchange rates
EMEA	273	282	(3%)	(3%)
North & South America	226	204	+12%	+11%
Asia	126	109	+18%	+16%
Total revenue	626	596	+6%	+5%

Appendix 2

Revenue variations at constant and historical exchange rates

Third quarter 2014 Ongoing operations (€ in millions)	Total	By segment			By activity	
		Mobile	Payment & Identity	Patents & Others	Embedded software & Products	Platforms & Services
Revenue	626	331	289	6	490	130
Year-on-year variation at constant exchange rates	+6%	=	+12%	n.m.	+3%	+16%
Year-on-year variation at historical exchange rates	+5%	(1%)	+11%	n.m.	+1%	+16%

Appendix 3

Revenue from ongoing operations and all operations

Revenue (€ in millions)	Ongoing operations			Total Ongoing operations	Assets held for sale	Total Gemalto
	Mobile	Payment & Identity	Patents & Others			
Third quarter 2014	331	289	6	626	0	626
Third quarter 2013	335	260	0	596	0	596

Appendix 4

Third quarter 2014 revenue in 2013 reporting format

Third quarter 2014 Ongoing operations (€ in millions)	Mobile		Payment & Identity		Patents & Others	Total
	Mobile Communication	Machine-to- Machine	Secure Transactions	Security	Patents	
Revenue	276	54	192	97	6	626
Year-on-year variations at constant exchange rates	(2%)	+11%	+20%	(1%)	n.m.	+6%