

## Gemalto first semester 2015 results

- Revenue of €1.5 billion is up +32% at historical exchange rates and +20% at constant exchange rates
- Revenue growth in Payment +22%, Machine-to-Machine +23%, and Government Programs +17%, at constant exchange rates, largely exceeds lower SIM products and related services revenue
- Profit from operations of €160 million is up +33%

To better assess past and future performance, the income statement is presented on an adjusted basis and variations in revenue figures above and in this document are at constant exchange rates except where otherwise noted (see page 2 "Basis of preparation of financial information"). Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with the consolidated financial statements. Reconciliation with the IFRS income statement is presented in Appendix 1. The statement of financial position is prepared in accordance with IFRS, and the cash position variation schedule is derived from the IFRS cash flow statement. All figures in this press release are unaudited.

**Amsterdam, August 27, 2015-** Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its results for the first semester 2015.

### *Key figures of the adjusted income statement*

(€ in millions)	First semester 2015	First semester 2014	Year-on-year variations	
			at historical exchange rates	at constant exchange rates
Revenue	1,499	1,133	+32%	+20%
Gross profit	574	418	+37%	
Operating expenses	(414)	(298)	+39%	
Profit from operations	160	120	+33%	
Profit margin	10.6%	10.6%	=	

**Olivier Piou, Chief Executive Officer, commented:** "The strong first semester revenue growth illustrated the structural transformation and successful diversification of the Company. Our flexibility enabled us to allocate more internal resources and external investments to support the faster growing businesses. Payment, Government and Machine-to-Machine are now three significant and very active growth engines, and Enterprise is reinforced by SafeNet which is currently being integrated into our portfolio. We are progressively unlocking operating leverage in those rapidly growing businesses, en route to the upgraded objectives of our 2017 multi-year development plan."

## Basis of preparation of financial information

### Segment information

The Mobile segment reports on businesses associated with mobile cellular technologies including Machine-to-Machine, mobile secure elements (SIM, embedded secure element) and mobile Platform & Services. The Payment & Identity segment reports on businesses associated with secure personal interactions including Payment, Government Programs and Enterprise. The SafeNet acquisition is part of the Enterprise business.

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

### Historical exchange rates and constant currency figures

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 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. Revenue variations are at constant exchange rates and include the impact of currencies variation hedging program, except where otherwise noted. All other figures in this press release are at historical exchange rates, except where otherwise noted.

### Pro forma figures

Following the acquisition of SafeNet and for a better understanding of the year-on-year evolution of the business, the Company presents the 2014 Gemalto segment and activity pro forma figures as if SafeNet had been consolidated for the full year 2014 period and year-on-year variations between these 2014 pro forma figures and 2015 figures as if SafeNet had been consolidated starting from January 1, 2015. The difference between 2015 actual figures and 2015 pro forma figures corresponds to the SafeNet contribution from January 1<sup>st</sup>, 2015 to January 7<sup>th</sup>, 2015, the actual transaction closing date. SafeNet's pro forma figures used in this document were translated into Euro using monthly currency conversion rates. Variations of pro forma revenue figures are at constant exchange rates and exclude the impact of currencies variation hedging program for 2014 and 2015.

### Adjusted income statement and profit from operation (PFO) non-GAAP measure

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

To better assess its past and future performance, the Company also prepares an adjusted income statement where the key metric used to evaluate the business and make operating decisions over the period 2010 to 2017 is the profit from operations (PFO).

PFO is a non-GAAP measure defined as IFRS operating profit adjusted for (i) the amortization and depreciation of intangibles resulting from acquisitions, (ii) restructuring and acquisition-related expenses, (iii) all equity-based compensation charges and associated costs; and (iv) fair value adjustments upon business acquisitions. These items are further explained as follows:

- Amortization and depreciation of intangibles resulting from acquisitions are defined as the amortization and depreciation expenses related to the intangibles recognized as part of the allocation of the excess purchase consideration over the share of net assets acquired.
- Restructuring and acquisitions-related expenses are defined as (i) restructuring expenses which are the costs incurred in connection with a restructuring as defined in accordance with the provisions of IAS 37 (e.g. sale or termination of a business, closure of a plant,...), and consequent costs; (ii) reorganization expenses defined as the costs incurred in connection with headcount reductions, consolidation of manufacturing and offices sites, as well as the rationalization and harmonization of the product and service portfolio, and the integration of IT systems, consequent to a business combination; and (iii) transaction costs (such as fees paid as part of the acquisition process).
- Equity-based compensation charges are defined as (i) the discount granted to employees acquiring Gemalto shares under Gemalto Employee Stock Purchase plans; (ii) the amortization of the fair value of stock options and restricted share units granted by the Board of Directors to employees, and the related costs.
- Fair value adjustments over net assets acquired are defined as the reversal, in the income statement, of the fair value adjustments recognized as a result of a business combination, as prescribed by IFRS3R. Those adjustments are mainly associated with (i) the amortization expense related to the step-up of the acquired work-in-progress and finished goods assumed at their realizable value and (ii) the amortization of the cancelled commercial margin related to deferred revenue balance acquired

These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with IFRS.

In the adjusted income statement, Operating Expenses are defined as the sum of Research and Engineering expenses, Sales and Marketing expenses, General and Administrative expenses, and Other income (expense) net.

EBITDA is defined as PFO plus depreciation and amortization expenses, excluding the above amortization and depreciation of intangibles resulting from acquisitions.

## Adjusted financial information

The interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. To better assess its past and future performance, the Company also prepares an adjusted income statement.

Extract of the adjusted income statement	First semester 2015		First semester 2014		Year-on-year variation	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	historical exchange rates	constant exchange rates
Revenue	1,499.1		1,133.1		+32%	+20%
Gross profit	574.0	38.3%	418.3	36.9%	+1.4 ppt	
Operating expenses	(414.4)	(27.6%)	(298.1)	(26.3%)	(1.3 ppt)	
EBITDA	219.6	14.6%	165.7	14.6%	=	
Profit from operations	159.6	10.6%	120.3	10.6%	=	
Net profit	105.7	7.1%	95.8	8.5%	(1.4 ppt)	
Basic Earnings per share (€)	1.21		1.11		+9%	
Diluted Earnings per share (€)	1.19		1.08		+10%	

Total revenue for the first semester 2015 came in at €1,499 million. Existing business rapid growth and the addition of SafeNet drove the revenue expansion of +32% at historical exchange rates and +20% at constant exchange rates.

First semester 2015 (in percentage points)	Addition of SafeNet	Pro forma <sup>1</sup> growth	Hedge effect	Currency variations effect	Growth at historical exchange rates
Contributions to total year-on-year revenue variation	+11%	+11%	(2%)	+11%	+32%

The total Company's year-on-year revenue growth was +11% pro forma. SafeNet's combination added 11 percentage points to the 2014 reported sales. The rapid and substantial strengthening of the US dollar versus Euro compared to the first semester of 2014 and the now large part of the Company's US dollar denominated revenue explain the 11 percentage point difference between revenue growth at historical and at constant exchange rates. This difference was partly offset by the currency variation protection hedging program that induced a (2) percentage point reduction on the reported sales.

Embedded software & Products (E&P) revenue grew by +7%. Payment cards represented the largest part of the E&P growth. Strong deliveries in Government Programs and high demand for connectivity and security modules for the Internet of Things also notably contributed to the E&P revenue increase. In contrast, E&P activity in the Mobile segment reduced

<sup>1</sup> Pro forma figures include 2014 SafeNet figures. See basis of preparation on page 2

due to lower year-on-year SIM cards sales following the closure of the major US wireless carriers' payment venture during the period.

In Platforms & Services (P&S), sales were up by +74%, with further revenue expansion in payment issuance, in eGovernment services and due to SafeNet's new contribution to the Enterprise business. These increases largely exceeded the reduced Mobile Financial Services revenue generated in the United States.

Globally, first semester revenue growth illustrated the structural transformation and successful diversification of the Company. It posted +11% pro forma growth when SIM and related services declined (7%) year-on-year, during the period.

Gross profit was up by €156 million, to €574 million, representing a gross margin of 38.3%, up +1.4 percentage point year-on-year. The increase in gross margin in Payment & Identity came mainly from the Enterprise business and more than offset the lower contribution in Mobile due to the lower sales of product and services related to mobile payment in the United States.

Operating expenses were up by 1.3 percentage point of revenue to 27.6%, at €414 million. The increase came primarily from the addition of SafeNet's operating expenses, standing at a higher level than Gemalto's historical business and from the currency translation effects.

As a result, first semester 2015 profit from operations was €160 million, up €39 million year-on-year, representing 10.6% profit margin, as in the first semester of 2014. The operational leverage gains of the semester were offset by the rapid and significant currency variation and hedging effects. Year-on-year variation of these hedges represented an adverse impact of €31 million for the first semester 2015, which balanced the gains in profit from operations linked to the favorable natural exposure to currency variations for the period.

Gemalto's financial income was (€14) million compared to (€4) million for the first semester of 2014 as interest expense and amortized costs on the public bond, private placements and credit lines facilities amounted to (€6) million. Foreign exchange transactions and other financial items amounted to (€8) million.

As a result, adjusted profit before income tax came in at €147 million compared to €117 million the previous year, showing an increase of +26%.

Adjusted income tax expense was (€42) million, with an estimated IFRS annual income tax rate of 22% for 2015.

Consequently, the adjusted net profit of the Company was €106 million, a €10 million and +10% increase when compared to last year's figure of €96 million.

Adjusted basic earnings per share came in at €1.21, up +9% compared to the first semester 2014 adjusted basic earnings per share of €1.11. Adjusted diluted earnings per share were at €1.19, up +10% on the 2014 first semester's adjusted diluted earnings per share of €1.08.

## IFRS results

Fair value adjustments relating mainly to the non-cash amortization of the IFRS revaluation of SafeNet's pre-acquisition inventories at their net realizable value accounted for (€67) million for the first semester of 2015, compared to null in 2014. Amortization and depreciation of intangibles resulting from acquisitions, another non-cash element, increased by €12 million year-on-year, to (€23) million, also mainly due to SafeNet acquisition. Restructuring and acquisition-related expenses, including SafeNet transaction fees, decreased by €2 million to (€19) million, compared to (€21) million in the first semester of 2014. The equity-based compensation charge dropped year-on-year to (€17) million versus (€27) million as the first semester of 2014 saw the introduction of the new 2014-2017 multi-year development plan's related equity incentive plan, while in 2015 the long-term incentive plan is scheduled for the second semester of the year.

Gemalto recorded an IFRS operating profit (EBIT) of €33 million for the first semester of 2015, compared to €61 million in the first semester of 2014, lower year-on-year due to the non-cash IFRS fair-value adjustments linked to SafeNet acquisition. The IFRS net profit came in at €14 million for the first semester 2015, versus €46 million in the first semester of 2014.

As a result of these, IFRS basic earnings per share and diluted earnings per share hence were €0.16 and €0.15 respectively for the reported period compared to €0.53 and €0.52 in the first semester of 2014.

## Statement of financial position and cash position variation schedule

In the first semester of 2015, operating activities generated a cash flow of €199 million before changes in working capital, compared to €128 million in 2014 mainly due to the profit from operations expansion and the higher contribution of non-cash expenses in the operating expenses. Changes in working capital reduced cash flow by (€57) million, less than during the same period of 2014 at (€75) million. Although year-on-year revenue growth in the second quarter of 2015 was significantly higher than in the same period 2014, there was a reduced impact of the longer cash collection cycle in Asia. Inventories increase was higher than Company's reported revenue expansion due to the anticipated growth and the lower activity in certain businesses in the second quarter. Accounts receivables and payables increased in line with Company's reported revenue expansion.

Capital expenditure and acquisition of intangibles amounted to €104 million, or 6.9% of revenue. Property, Plant, and Equipment assets accounted for €51 million of investment, up €22 million year-on-year to support in particular the strong growth of the payment business in the United States. Acquisition and capitalization of intangible assets represented a net cash outflow of €52 million compared to €21 million for the first semester 2014. Most of the increase came from the acquisition of a new patent portfolio and the rights to use and distribute a licensed technology and a slight increase on the capitalization of development expenses to 1.7% of revenue compared to 1.5% in 2014.

The hedging program which aims at partially neutralizing the impact of sudden currency variations on the Company's profit from operations generated an advance cash outflow of €84 million related to currency exposure over the Company's 2014-2017 development plan, due to the strong and rapid US dollar appreciation against the Euro during the first part of the year.

Acquisitions used €888 million in cash, for the most part related to the acquisitions of SafeNet and Trüb, closed respectively during the first and second quarter of 2015.

Gemalto's share buy-back programs had no impact on cash for the first semester of 2015. The independently managed liquidity program generated €3 million in cash. As at June 30, 2015, the Company held 977,881 shares, or 1.1% of its own shares in treasury. The total number of Gemalto shares issued increased by +991,865 this semester, to 89,007,709 shares. Net of the 977,881 shares held in treasury, 88,029,828 shares were outstanding as at June 30, 2015.

On May 24, 2015, Gemalto paid a cash dividend of €0.42 per share in respect of the fiscal year 2014, up +11% on the dividend paid in May 2014 which was of €0.38 per share. This May 2015 distribution used €37 million in cash. Other financing activities generated €177 million in cash including mainly €149 million of private placement loan issuance, €30 million of credit lines drawdown and €4 million of proceeds received by the Company from the exercise of stock options by employees.

Cash in hand, net of bank overdrafts amounted to €257 million as at June 30, 2015

Considering the €746 million total amount of borrowings, Gemalto's net debt position was €490 million as at June 30, 2015, compared to a €363 million net cash position as of June 30, 2014, a (€853) million variation mostly due to the (€888) million used this semester for acquisitions.

## Segment information

Revenue variations are expressed at constant currency exchange rates unless otherwise noted.

<b>Contribution by segment First semester 2015</b> (€ in millions)	<b>Payment &amp; Identity</b>	<b>Mobile</b>	Total two main segments	Patents & Others
Revenue	840	641	1481	18
As a percentage of revenue	56%	43%	99%	1%
As a percentage of PFO	49%	44%	93%	7%

<b>Contribution by activity First semester 2015</b> (€ in millions, variations at constant exchange rates)	<b>Embedded software &amp; Products</b>	<b>Platforms &amp; Services</b>	Total two main segments	Patents & Others
Revenue	1070	411	1481	18
Year-on-year revenue growth	+7%	+74%	+19%	+72%
As a percentage of revenue	71%	27%	99%	1%
As a percentage of revenue growth	27%	70%	97%	3%

<b>Year-on-year variations and currencies impact</b> (€ in millions)	<b>Payment &amp; Identity</b>	<b>Mobile</b>	<b>Total two main segments</b>	<b>Patents &amp; Others</b>	<b>Total</b>
<b>Second quarter</b>					
Revenue	473	323	796	17	813
At constant rates	+50%	(9%)	+18%	+790%	+21%
At historical rates	+67%	+3%	+33%	+790%	+35%
<b>First semester</b>					
Revenue	840	641	1,481	18	1,499
At constant rates	+43%	(2%)	+19%	+72%	+20%
At historical rates	+57%	+9%	+32%	+72%	+32%
<b>First semester</b>					
Profit from operations	77	71	148	11	160
At historical rates	+46%	+11%	+27%	+245%	+33%
As a percentage of total PFO	49%	44%	93%	7%	100%

With further strong expansion recorded throughout the first semester, Payment & Identity has become the largest contributor to both Company revenue and profit from operations. It represented 56% of Gemalto's revenue and 49% of profit from operations compared to 47% and 44% respectively in the same period of the previous year.

Activities within Embedded software & Products and Platforms & Services both contributed to the rapid growth of Gemalto in the first semester of 2015, up by +7% and +74% respectively (and up +6% and +12% respectively on a pro forma basis). Growth in Embedded software & Products, came mostly from Payment, Machine-to-Machine and Government Programs. Platforms & Services contributed 70% of the total revenue growth during the period, and its double-digit increase in revenue was driven by the achievements in Payment issuance services and Government Programs, plus the contribution of SafeNet to the Enterprise business.

Changes in currency translation effects were important for the whole period, especially in the second quarter with the strong year-on-year US dollar appreciation against the Euro. With significant developments in the United States, Payment & Identity segment was the most exposed to those US dollar related effects with a 14 percentage point difference between expansion at historical and constant exchange rates.



## Payment & Identity

	First semester 2015		First semester 2014		Year-on-year variation	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	840.2		536.7		+57%	+43%
Gross profit	310.5	37.0%	171.9	32.0%	+4.9 ppt	
Operating expenses	(233.1)	(27.7%)	(118.9)	(22.1%)	(5.6 ppt)	
Profit from operations	77.5	9.2%	53.1	9.9%	(0.7 ppt)	

Payment & Identity's first semester revenue came in at €840 million, increasing by +43% compared to the same period in 2014. Embedded software & Products sales were up by +16% at €553 million. Platforms & Services sales more than doubled, at €287 million.

The Payment business grew by +28% in the second quarter of 2015 compared to the second quarter of last year. This strong performance led the +22% year-on-year revenue expansion for the first semester, at €469 million. The Americas posted the largest growth, with revenue almost doubling compared to previous year on strong sales of EMV payment cards and rapid expansion of issuance services in the United States. Payment's Embedded software & Products sales grew by +19% and Payment's Platforms & Services revenue expanded by +38% compared to the first semester of 2014.

Revenue from the Enterprise business came in at €195 million for the first semester of 2015. In addition to the SafeNet consolidation impact, improvement came from the increasing market demand for cybersecurity solutions. The integration of SafeNet is progressing well, with alignment of authentication portfolios between the Identity Access Management business and SafeNet. The Enterprise business revenue mix between authentication and data encryption is moving towards a lower proportion of hardware, and to gross profit increasing faster than revenue. On a pro forma basis, this evolution had led to a gross margin increase of +3 percentage points compared to first semester 2014.

Revenue from the Government Programs business came in at €175 million, up +17% compared to the first semester of 2014, of which €14 million came from Trüb AG, a Swiss provider of identification solutions for governments and banks acquired during the period. Beside Trüb's contribution during the second quarter, sales expansion came from delivery commencements of previously won projects while at the same time project backlog continued to expand. Government Programs Embedded software & Products revenue was up +14% and its Platforms & Services sales were up +28% compared to the first semester of 2014.

Across the entire segment, gross margin improved to 37%, up +4.9 percentage points compared to the first semester of 2014, as the segment's Platforms and Services activity continued to grow, in particular in the Enterprise business.

Operating expenses grew to (€233) million in the first semester of 2015, largely due to the acquisition additions, as well as the shift of more internal resources to the segment to address the rapid growth of its different business divisions.

As a result profit from operations in Payment & Identity for the first semester 2015 came in at €77 million, up +46% from the €53 million recorded in the first semester 2014.

## Mobile

	First semester 2015		First semester 2014		Year-on-year variation	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	641.3		586.1		+9%	(2%)
Gross profit	246.2	38.4%	237.3	40.5%	(2.1 ppt)	
Operating expenses	(175.2)	(27.3%)	(173.3)	(29.6%)	+2.3 ppt	
Profit from operations	71.0	11.1%	64.0	10.9%	+0.2 ppt	

The Mobile segment posted revenue of €641 million. Revenue grew by +9% at historical exchange rates and was lower by (2%) at constant exchange rates compared to the same period of previous year. At constant exchange rates, the most significant revenue expansion came from the Machine-to-Machine business, with a +23% increase in sales. The segment posted a contrasted pattern of revenue growth over the two first quarters, with a strong increase in the first quarter of +7% and a year-on-year reduction of (9%) in the second quarter. This evolution essentially related to the lower contribution to revenue of high-end SIMs and Mobile Platforms & Services sales in the United States due to the Softcard mobile payment service closing. The year-on-year unfavorable comparison basis will remain noticeable for the next three quarters.

Machine-to-Machine's Embedded software & Products revenue evidenced very solid expansion, +22%, due to the increasing global demand of connected devices and embedded secure elements (eSE) for the Internet of Things (IoT), across all sectors, in particular in the EMEA and Americas regions. Secure elements sales for the IoT extended their already strong dynamic, posting a +46% increase in revenue year-on-year at constant exchange rates.

Year-on-year SIM sales reduced by (8%) due to the US operators mobile payment service closing, which in some cases led to lower sales of high-end SIMs while other services benefiting from these high-end SIMs are under development.

Mobile Platforms & Services revenue was also influenced by the end of this US operators led mobile payment project, leading to a (1%) year-on-year revenue variation at constant exchange rates. On a global perspective, Gemalto Mobile Financial Services business reached important milestones during the semester, extending the connection of Gemalto's Trusted Services Hub (TSH) offer to OEM's embedded secure elements (eSE), Trusted Execution Environment (TEE), and to the payment applications that are using Host Card Emulation (HCE) framework. The Trusted Services Hub has also integrated this semester support for the newly standardized EMV tokenization layers, to become the market reference in terms of mobile device reach, integration capacity, and neutrality, all highly valuable benefits to domestic and global payment services. Gemalto's Mobile Subscriber Services business also reached an important milestone related to embedded SIMs this semester, with the adoption by the GSMA of a first common high-level architecture for remote activation and management of connectivity for the consumer market. Gemalto is deeply involved in this global interoperability effort, bringing its technical expertise and neutrality to help both OEMs and MNOs put in place solutions that best address their respective objectives and constraints.

Gross profit increased by €9 million, mainly due to currency translation effects, and gross margin was lower by (2) percentage points mainly due to the change in products and services mix.

Operating expenses grew slightly to (€175) million, as a result of the opposite effects of currency translations, which increased the Euro value of US dollar denominated operating expenses, offset by the shift of some of the segment's resources to handle the rapid growth of the Payment and Identity. Overall, operating expenses were lowered year-on-year by (2) percentage points when expressed as a percentage of segment's total revenue for the first semester of 2015.

As a result, Mobile's profit from operations for the first semester of 2015 was €71 million, increasing by +11% compared to the €64 million posted in the same period of last year.

Profit from operations margin expanded to 11.1%, compared to 10.9% in the first semester of 2014.

## Patents & Others

	First semester 2015		First semester 2014		Year-on-year variation	
	€ in millions	As a % of revenue	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	17.7		10.3		+72%	+72%
Gross profit	17.3	97.7%	9.1	88.8%	+8.9 ppt	
Operating expenses	(6.1)	(34.6%)	(5.9)	(57.4%)	+22.8 ppt	
Profit from operations	11.1	63.0%	3.2	31.4%	+31.6 ppt	

The Patents & Others segment generated €18 million revenue in the first semester of 2015 in relation to new and also renewed cross-licensing agreements. Compared to the first semester of 2014, operating expenses were stable. As a result, profit from operations came in at €11 million in the first semester.

## Additional information

### Government Programs

- **Gemalto launches unique ultra-thin electronic passport inlay and cover**  
Unique to Gemalto, Sealys Premium inlays and eCovers will enable national printers to optimize the efficiency of their manufacturing processes whilst creating ePassports that are thinner, flatter and more visually appealing. The new inlays and eCovers passed and exceeded ICAO durability tests.
- **Gemalto boosts eGovernment adoption by securely combining eID cards and NFC phones**  
Coesy's mGov, an innovative new mobile strong digital authentication solution, enables citizens to access online government services using a combination of their contactless national eID card and NFC phone. It allows authorities to put in place Trusted National Mobile ID schemes.
- **California selects Gemalto for automated identity document verification**  
Gemalto successfully provided the nearly 200 California Department of Motor Vehicle (California DMV) field and investigative offices with its advanced Coesy's Document Verification software solution. This allows the California DMV to streamline the review process, overcome the challenge of authenticating foreign documents and identify any document abnormalities or defects.

### Connected Devices and On-Demand Connectivity Management

- **IoT solution enabled by Gemalto helps optimize safety and efficiency in Latin America's busiest seaports**  
The innovative SISMO® telemetry solution developed by HidroMares, a leading oceanography consulting firm, monitors dynamic ocean conditions to optimize safety and efficiency in Brazilian ports.
- **NTT Docomo selects Gemalto for IoT applications in Japan**  
NTT Docomo has selected Gemalto to enable connectivity for Internet of Things (IoT) applications. Gemalto's Cinterion® Machine Identification Module (MIM) complies with the most stringent industry standards and was first to meet the high quality requirements of the Japanese market.
- **China Telecom and Gemalto present joint innovation for connecting cars and IoT**  
China Telecom and Gemalto are developing a proof-of-concept for connected cars using Gemalto's LinqUs On-Demand Connectivity (ODC) subscription management solution. The two companies demonstrated at the Mobile World Congress Shanghai how remote 'over-the-air' provisioning can enable secure connectivity on mobile devices. Next the two companies will integrate this ODC solution on vehicles for China Telecom's auto-maker customers.
- **Gemalto increases its stake in Trustonic**  
During the first semester, Gemalto increased its shareholding in Trustonic, which develops a secure environment called a Trusted Execution Environment (TEE) that runs at the heart of smart devices and enables service providers to openly access ready-made advanced hardware-backed security features. As at June 30, 2015, the Group, held 50% interest and ownership in the joint venture.
- **Remote provisioning of consumer devices based on GSMA architecture**  
At Mobile World Congress Shanghai on July 15<sup>th</sup> and 16<sup>th</sup>, Gemalto demonstrated remote provisioning of consumer devices based on the newly proposed GSMA architecture. Gemalto has been at the forefront of this initiative; actively defining and embracing this standards-based approach to provide a solution for operators, device manufacturers and service providers to securely and instantly enable connectivity for consumers. Gemalto also demonstrated its LinqUs On-Demand Connectivity subscription management solution on ZTE smartphones as part of a proof of concept for connecting a consumer device with an embedded SIM to a mobile network anytime and anywhere.

## Outlook

For 2015, Gemalto anticipates another year of double digit growth in its profit from operations. In the second semester, the closure of the US mobile payment service Softcard will limit the Mobile segment year on year progress in comparison to the same period of 2014. Accelerating pace in Payment, Machine-to-Machine, Enterprise and Government Programs will support the profit expansion of the Company towards its upgraded objective of over €660 million in 2017.

## Live Audio Webcast and Conference call

Gemalto first semester 2015 results 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](http://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 9459 or (US) +1 866 907 5924 or (FR) +33 1 7077 0947

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, 2015, is available on our investor web site ([www.gemalto.com/investors](http://www.gemalto.com/investors)).

## Reporting calendar

Third quarter 2015 revenue will be reported on Thursday October 29, 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 2014 annual revenues of €2.5 billion and blue-chip customers in over 180 countries.

Gemalto helps people trust one another in an increasingly connected digital world. Billions of people want better lifestyles, smarter living environments, and the freedom to communicate, shop, travel, bank, entertain and work – anytime, everywhere – in ways that are enjoyable and safe. In this fast moving mobile and digital environment, we enable companies and administrations to offer a wide range of trusted and convenient services by securing financial transactions, mobile services, public and private clouds, eHealthcare systems, access to eGovernment services, the Internet and internet-of-things and transport ticketing systems.

Gemalto's unique technology portfolio - from advanced cryptographic software embedded in a variety of familiar objects, to highly robust and scalable back-office platforms for authentication, encryption and digital credential management - is delivered by our world-class service teams. Our 14,000 employees operate out of 99 offices, 34 personalization and data centers, and 24 research and software development centers located in 46 countries.

For more information visit

[www.gemalto.com](http://www.gemalto.com), [www.justaskgemalto.com](http://www.justaskgemalto.com), [blog.gemalto.com](http://blog.gemalto.com), or follow @gemalto on Twitter.

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## Appendix 1

### Reconciliation from IFRS to Adjusted financial information

<b>Six-month period ended June 30 2015</b>			Basic EPS	Diluted EPS
(€ in millions)				
Weighted average number of shares outstanding (in thousands)			87,605	88,689
<b>IFRS financial information</b>				
	Operating profit	<b>33,141</b>		
	Financial income	(13,686)		
	Share of profit of associates	806		
	Income tax	(4,400)		
	Non-controlling interests	535		
	Profit (loss) from discontinued operation (net of income tax)	(2,662)		
	<b>Net profit attributable to owners of the Company</b>	<b>13,734</b>	<b>0.16</b>	<b>0.15</b>
<b>Reconciliation to adjusted financial information</b>				
IFRS	Net profit attributable to owners of the Company	<b>13,734</b>	<b>0.16</b>	<b>0.15</b>
	Fair value adjustment upon business acquisition	67,271		
	Amortization and depreciation of intangibles resulting from acquisitions	23,307		
	Restructuring and acquisition-related expenses	18,790		
	Equity-based compensation expense and associated costs	17,114		
	Profit (loss) from discontinued operation (net of income tax)	2,662		
	Income tax (expense)	(37,190)		
<b>Adjusted</b>	<b>Profit for the period</b>	<b>105,688</b>	<b>1.21</b>	<b>1.19</b>

The half year 2015 adjusted basic earnings per share is determined on the basis of the weighted average number of Gemalto shares outstanding during the six-month period ended June 30, 2015, i.e. 87,605,010 shares taking into account the effect of the share buy-back program. The first semester 2015 adjusted diluted earnings per share is determined by using 88,688,925 shares corresponding to the IFRS treasury stock method, i.e. on the basis of the same weighted average number of Gemalto shares outstanding and considering that all outstanding equity-based instruments were exercised (1,319,110 instruments) and the proceeds received from the instruments exercised (€17,619,829) were used to buy-back shares at the average share price of the first semester 2015 (235,195 shares at €75).



<b>Six-month period ended June 30 2014</b> (€ in millions)			Basic EPS	Diluted EPS
Weighted average number of shares outstanding (in thousands)			86,404	88,777
<b>IFRS financial information</b>				
	Operating profit	<b>60,847</b>		
	Financial income	(3,922)		
	Share of profit of associates	615		
	Income tax	(11,893)		
	Non-controlling interests	490		
	Profit (loss) from discontinued operation (net of income tax)	-		
	<b>Net profit attributable to owners of the Company</b>	<b>46,137</b>	<b>0.53</b>	<b>0.52</b>
<b>Reconciliation to adjusted financial information</b>				
IFRS	Net profit attributable to owners of the Company	<b>46,137</b>	<b>0.53</b>	<b>0.52</b>
	Fair value adjustment upon business acquisition	-		
	Amortization and depreciation of intangibles resulting from acquisitions	11,357		
	Restructuring and acquisition-related expenses	21,469		
	Equity-based compensation expense and associated costs	26,584		
	Adjustment over NCI	(64)		
	Income tax (expense)	(9,665)		
<b>Adjusted</b>	<b>Profit for the period</b>	<b>95,818</b>	<b>1.11</b>	<b>1.08</b>

## Appendix 2

### Interim consolidated statement of financial position

<i>(€ in thousands)</i>	<b>June 30,</b>	<b>December 31,</b>
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, net	332,615	279,741
Goodwill, net	1,599,653	900,826
Intangible assets, net	454,302	218,137
Investments in associates	62,463	51,686
Deferred income tax assets	197,313	144,710
Available-for-sale financial assets, net	-	-
Other non-current assets	58,292	45,024
Derivative financial instruments	14,497	2,566
<b>Total non-current assets</b>	<b>2,719,135</b>	<b>1,642,690</b>
<b>Current assets</b>		
Inventories, net	313,534	223,579
Trade and other receivables, net	994,697	852,683
Derivative financial instruments	21,907	3,831
Cash and cash equivalents	288,933	1,059,572
<b>Total current assets</b>	<b>1,619,071</b>	<b>2,139,665</b>
<b>Total assets</b>	<b>4,338,206</b>	<b>3,782,355</b>
<b>Equity</b>		
Share capital	89,008	88,016
Share premium	1,240,235	1,206,877
Treasury shares	(39,256)	(55,482)
Fair value and other reserves	(44,500)	84,603
Cumulative translation adjustments	61,995	(3,957)
Retained earnings	1,048,994	1,070,653
<b>Capital and reserves attributable to the owners of the Company</b>	<b>2,356,476</b>	<b>2,390,710</b>
Non-controlling interests	6,584	5,454
<b>Total equity</b>	<b>2,363,060</b>	<b>2,396,164</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	547,529	398,027
Deferred income tax liabilities	96,337	46,165
Employee benefit obligations	105,323	107,361
Provisions and other liabilities	123,607	46,871
Derivative financial instruments	11,858	2,714
<b>Total non-current liabilities</b>	<b>884,654</b>	<b>601,138</b>
<b>Current liabilities</b>		
Borrowings	231,157	168,155
Trade and other payables	666,688	539,911
Current income tax liabilities	31,731	30,838
Provisions and other liabilities	12,532	12,968
Derivative financial instruments	148,384	33,181
<b>Total current liabilities</b>	<b>1,090,492</b>	<b>785,053</b>
<b>Total liabilities</b>	<b>1,975,146</b>	<b>1,386,191</b>
<b>Total equity and liabilities</b>	<b>4,338,206</b>	<b>3,782,355</b>

### Appendix 3

#### Cash position variation schedule

<i>€ in millions</i>	<b>Six-month period ended June 30</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash and bank overdrafts, beginning of period</b>	<b>1,057</b>	<b>456</b>
Cash generated by operating activities, before changes in working capital	199	128
Net change in working capital	(57)	(75)
Cash used in restructuring actions and acquisition related expenses	(19)	(4)
<b>Net cash generated by operating activities before prepaid derivatives</b>	<b>123</b>	<b>49</b>
Prepaid derivatives	(84)	0
<b>Net cash generated by operating activities</b>	<b>40</b>	<b>49</b>
Capital expenditure and acquisitions of intangibles	(104)	(50)
<b>Free cash flow</b>	<b>(64)</b>	<b>(2)</b>
Interest received, net	0	1
Cash used by acquisitions	(888)	(43)
Other cash provided by investing activities	0	1
Currency translation adjustments	7	(0)
<b>Cash generated (used) by operating and investing activities</b>	<b>(944)</b>	<b>(43)</b>
Cash generated (used) by the liquidity and share buy-back program	3	(14)
Dividend paid to Gemalto shareholders	(37)	(33)
Net proceed (repayment) from/of private placement and credit lines	179	0
Other cash provided (used) by financing activities	(2)	6
Change in cash and cash equivalent due to change in consolidation method	0	0
<b>Cash and bank overdrafts, end of period</b>	<b>257</b>	<b>372</b>
Current and non-current borrowings excluding bank overdrafts, end of period	(746)	(9)
<b>Net cash, end of period</b>	<b>(490)</b>	<b>363</b>

#### Appendix 4

Year-on-year variations (€ in millions)	Total	Main segments		Main activities		
		Payment & Identity	Mobile	Embedded software & Products	Platforms & Services	Patents & Others
<b>Second quarter 2015</b>						
<b>Revenue</b>	<b>813</b>	<b>473</b>	<b>323</b>	<b>570</b>	<b>226</b>	<b>17</b>
At historical rates	35%	+67%	+3%	+19%	+87%	+790%
At constant rates	21%	+50%	(9%)	+5%	+72%	+790%
Pro forma SafeNet excluding all currency-related impact	11%	+23%	(7%)	+7%	+12%	+790%
Pro forma SafeNet at constant rate including Hedge	8%	+20%	(9%)	+4%	+11%	+790%
<b>First semester 2015</b>						
<b>Revenue</b>	<b>1,499</b>	<b>840</b>	<b>641</b>	<b>1,070</b>	<b>411</b>	<b>18</b>
At historical rates	32%	+57%	+9%	+18%	+87%	+72%
At constant rates	20%	+43%	(2%)	+7%	+74%	+72%
Pro forma SafeNet excluding all currency related impact	11%	+18%	+1%	+9%	+13%	+72%
Pro forma SafeNet at constant rate including Hedge	8%	+16%	(2%)	+6%	+12%	+72%

## Appendix 5

### Revenue, by region

<b>First semester</b> € in millions	<b>First semester</b> <b>2015</b>	First semester 2014	Year-on-year variation	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	<b>652</b>	539	17%	21%
Americas	<b>562</b>	363	32%	55%
Asia	<b>285</b>	231	7%	24%
<b>Total revenue</b>	<b>1,499</b>	1,133	20%	32%

<b>Second quarter</b> € in millions	<b>Second quarter</b> <b>2015</b>	Second quarter 2014	Year-on-year variation	
			at constant exchange rates	at historical exchange rates
Europe, Middle East and Africa	<b>370</b>	281	26%	32%
Americas	<b>292</b>	206	19%	42%
Asia	<b>152</b>	114	12%	33%
<b>Total revenue</b>	<b>813</b>	601	21%	35%