

Gemalto third quarter 2015 revenue

- Revenue at €769 million, up +23% at historical exchange rates and +13% at constant exchange rates
- Platforms & Services revenue up +74% at constant exchange rates and +13% pro forma
- Trend continues to be positive in Government Programs, Payment, Machine-to-Machine and lower for sales to mobile network operators

Revenue variations are at constant exchange rates except where otherwise noted.
Pro forma figures include 2014 SafeNet figures. See basis of preparation on page 2.
All figures presented in this press release are unaudited.

Amsterdam, October 29, 2015 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its revenue for the third quarter of 2015.

Third quarter 2015 (€ in millions)	Total	Main segments		Main activities		Patents & Others
		Payment & Identity	Mobile	Embedded software & Products (E&P)	Platforms & Services (P&S)	
Revenue	769	469	299	534	235	1
Year-on-year variation at constant exchange rates	+13%	+51%	(17%)	(1%)	+74%	(89%)
Year-on-year variation at historical exchange rates	+23%					

Olivier Piou, Chief Executive Officer, commented: “The third quarter revenue of 2015 continues to show the successful diversification of Gemalto. Payment & Identity now represents over 60% of our sales, and Platforms & Services year-to-date revenue has already surpassed the full year P&S 2014 revenue. Within the lower Mobile segment, the transformation is evidenced by the Machine-to-Machine strong revenue growth and we shift our resources on the fastest growing businesses to deliver another year of double digit profit from operations growth in 2015, towards our upgraded 2017 objectives.”

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 Platforms & 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 1st, 2015 to January 7th, 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.

General information

Third quarter 2015 (€ in millions)	Total	Main segments		Main activities		Patents & Others
		Payment & Identity	Mobile	Embedded software & Products	Platforms & Services	
Revenue	769	469	299	534	235	1
As a percentage of total revenue	100%	61%	39%	69%	31%	0%

For the third quarter of 2015, total revenue came in at €769 million, up +13% at constant exchange rates. Payment & Identity representing 61% of total Company revenue, posted sales at €469 million, up +20% pro forma.

Embedded software & Products revenue of €534 million was (1%) compared to the same period last year due to lower sales to mobile network operators and a lower proportion of hardware authentication devices in the Enterprise business. Embedded software & Products activity for Government Programs, Payment and Machine-to-Machine continue to show strong positive trends in the quarter. Platforms & Services activities posted sales of €235 million, an increase of +74% year-on-year, supported by the rapid expansion in payment issuance services, eGovernment services and the addition of SafeNet. Patents & Others revenue was €1 million this quarter versus €6 million last year.

Third quarter 2015 (in percentage points)	Addition of SafeNet	Pro forma growth	Hedge effect	Currency variations effect	Growth at historical exchange rates
Contributions to total year-on-year revenue variation	+12%	+4%	(2%)	+9%	+23%

On a pro forma basis Company's total revenue expanded by +4%. SafeNet consolidation added +12 percentage points to the 2014 reported sales. The strong U.S. dollar versus Euro in the third quarter of 2015 compared to the third quarter of 2014 together with the now larger part of the Company's U.S. dollar dominated revenue generated a +9 percentage points difference between revenue growth at historical and at constant exchange rates. This currency variation has been partially offset by the hedging program, which aims at partially neutralizing the impact of sudden currency variations on the Company's profit from operations, that induced a (2) percentage point reduction on the reported sales.

At the current rates, the hedging program should generate a cash outflow of €40 million in the second semester of 2015, for a full year total of €124 million which will be recovered mechanically within the next three years.

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

Segment information

Payment & Identity

€ in millions	Third quarter 2015	Third quarter 2014
Revenue	469	289
Year-on-year variation at constant exchange rates	+51%	

The Payment & Identity segment's revenue came in at €469 million, increasing by +51% compared to the previous year.

Embedded software and Products revenue grew by +19% at €291 million. The segment's Platforms & Services revenue, which includes SafeNet's platforms, software and services sales, more than doubled, at €178 million. The segment's Platforms & Services year-on-year revenue growth on a pro forma basis was +29%.

The Payment business grew by +23% year-on-year. The Americas continue to post the largest growth, with revenue almost doubling compared to previous year on strong sales of EMV payment cards and issuance services in the United-States.

The Enterprise business revenue came in at €113 million, with expansion from the addition of SafeNet and from the sustained market demand for cybersecurity, software protection and software monetization solutions. The trend in revenue mix in authentication and data encryption continues to move towards a higher proportion of software services.

The Government Programs business was up +32% compared to the third quarter of 2014. The revenue increase came mainly from delivery commencements of previously won projects, and €9 million from the addition of Trüb. Sales in the Middle East and Africa region, impacted by external events in the previous year, are back to growth. Revenue from the United States doubled compared to the same period in 2014.

Mobile

€ in millions	Third quarter 2015	Third quarter 2014
Revenue	299	331
Year-on-year variation at constant exchange rates	(17%)	

The Mobile segment posted revenue of €299 million, (17%) lower at constant rates compared to previous year.

Embedded software & Products revenue for the segment came in at €243 million, (17%) lower compared to the third quarter of 2014. The SIM business, now representing 22% of the Company total revenue, reduced by (27%) this quarter, mainly due to the U.S. operators mobile payment service closing as earlier announced, coupled with lower demand in Latin America and Asia. Now that the mobile penetration rate in these regions is higher, the correlation between the economic environment and the SIM demand appears to be stronger. The Machine-to-Machine business continued to grow rapidly, by +20% year-on-year, due to the expanding global demand of connected devices and embedded secure elements (eSE) for the Internet of Things (IoT).

Platforms & Services revenue for the segment came in at €57 million, as Mobile Financial Services revenue decreased year-on-year due to lower mobile payment in the U.S., as announced earlier. This quarter, Gemalto announced a partnership with Samsung to accelerate the deployment of Samsung Pay in Europe. Samsung Pay will benefit from Gemalto's Trusted Service Hub, offering payment issuers a one stop connection, lifecycle management of payment credentials and tokenization services.

During the quarter, the GSMA (the world mobile operators association) adopted a common architecture for embedded SIM and remote provisioning management to address consumer devices. Gemalto demonstrated the GSMA defined architecture during the Mobile World Congress in Shanghai in partnerships with device manufacturers. The industry is now working on a detailed specification.

Patents & Others

€ in millions	Third quarter 2015	Third quarter 2014
Revenue	1	6
Year-on-year variation at constant exchange rates	(89%)	

Patents & Others revenue was €1 million this quarter versus €6 million during the same period in 2014.

Additional information

- Debit Network Alliance selects Gemalto to guide EMV deployment strategy for U.S. debit card issuers**

Gemalto has been selected by the Debit Network Alliance (DNA), a consortium of leading U.S. debit network providers, to deliver EMV consulting services. Gemalto's EMV Allynis Consulting Services are designed to accelerate the deployment of EMV, significantly reducing time between DNA's business plan and go-to-market. Gemalto's consultants recommended and executed a strategy that details card, terminal and personalization requirements.
- California selects Gemalto for automated identity document verification**

Gemalto has successfully provided the nearly 200 California Department of Motor Vehicle (California DMV) field and investigative offices with its advanced Coesys Document Verification software solution. DMV officials can verify the authenticity of such documents as passports, identity cards and driver licenses by simply checking the graphical data and security features against reference templates from an array of issuing countries. This solution reduces the burden of manual updates on each authentication workstation located within the DMV field offices.
- Gemalto boosts connectivity for the Internet of Things with the industry-first M2M Cat 1 LTE module**

Gemalto launched the industry's first LTE Category 1 (Cat 1) wireless module to revolutionize highly efficient 4G LTE connectivity specifically designed for Machine-to-Machine (M2M) and industrial Internet of Things (IoT) applications. This makes it an ideal solution for IoT applications such as metering, tracking and tracing, fleet management and mHealth that require the longevity and reliability of LTE in the decades ahead as 2G and 3G networks phase out.
- Gemalto Partners with Samsung for the launch of Samsung Pay in Europe with Innovative Security Solutions**

Gemalto joins forces with Samsung to accelerate the deployment of Samsung Pay through Gemalto's Allynis Trusted Service Hub (TSH). Samsung Pay is a simple and secure mobile payment service that will provide wider acceptance with NFC (Near Field Communication) and MST (Magnetic Secure Transmission) working in most of merchant locations. Gemalto and Samsung are actively working with payment issuers to roll out Samsung Pay to Europe.
- Sprint extends relationship with Gemalto to manage growing LTE deployments across the U.S.**

Gemalto broadens its longstanding relationship with Sprint through a multi-year contract to manage growing LTE deployments across the U.S. With 57.7 million subscribers, Sprint will use Gemalto's Allynis Advanced Over-the-Air (AOTA) Solution as a Service (SaaS) Platform to facilitate LTE service activations and to manage the complexities of providing multi band 4G LTE connectivity. The Gemalto solution helps Sprint easily deliver customers the most up-to-date mobile technologies, services and innovations right to their fingertips.
- Gemalto to provide solution for Samsung Gear S2 with 3G connectivity**

Gemalto has provided the solution to Samsung Electronics for the launch of their latest Gear S2 smartwatch. Gemalto's solution will allow users to securely connect to the cellular networks. As a result, they will be able to make voice and data calls, check emails and notifications, or access applications, directly from their wrist, without being tethered to their smartphones.

Outlook

For 2015, Gemalto anticipates another year of double digit growth in its profit from operations. In the second semester, the closure of the U.S. 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 third quarter 2015 revenue presentation will be webcast in English today at 3pm Amsterdam and Paris time (2pm London time and 10am 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) +44 207 107 1613 or (US) +1 855 402 7764 or (FR) +33 1 7077 0938

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.

Calendar

The full year 2015 results will be reported on Friday March 4, 2016, before the opening of Euronext Paris.

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

Investor Relations

Winston Yeo
M.: +33 6 2947 0814
winston.yeo@gemalto.com

Sébastien Liagre
M.: +33 6 1751 4467
sebastien.liagre@gemalto.com

Corporate Communication

Isabelle Marand
M.: +33 6 1489 1817
isabelle.marand@gemalto.com

Media Relations Agency

Suzanne Bakker
M. : +31 6 1136 8659
suzanne.bakker@citigateff.nl

Hans Schrama
M. : +31 6 3017 8985
hans.schrama@citigateff.nl

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, 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

Appendix 1

Revenue by region

€ in millions	Third quarter 2015	Third quarter 2014	Year-on-year variation at constant exchange rates	Year-on-year variation at historical exchange rates
EMEA	333	273	+18%	+22%
Americas	315	226	+23%	+39%
Asia	121	126	(14%)	(4%)
Total revenue	769	626	+13%	+23%