

A solid business model with strong financials

Jacques Tierny, CFO



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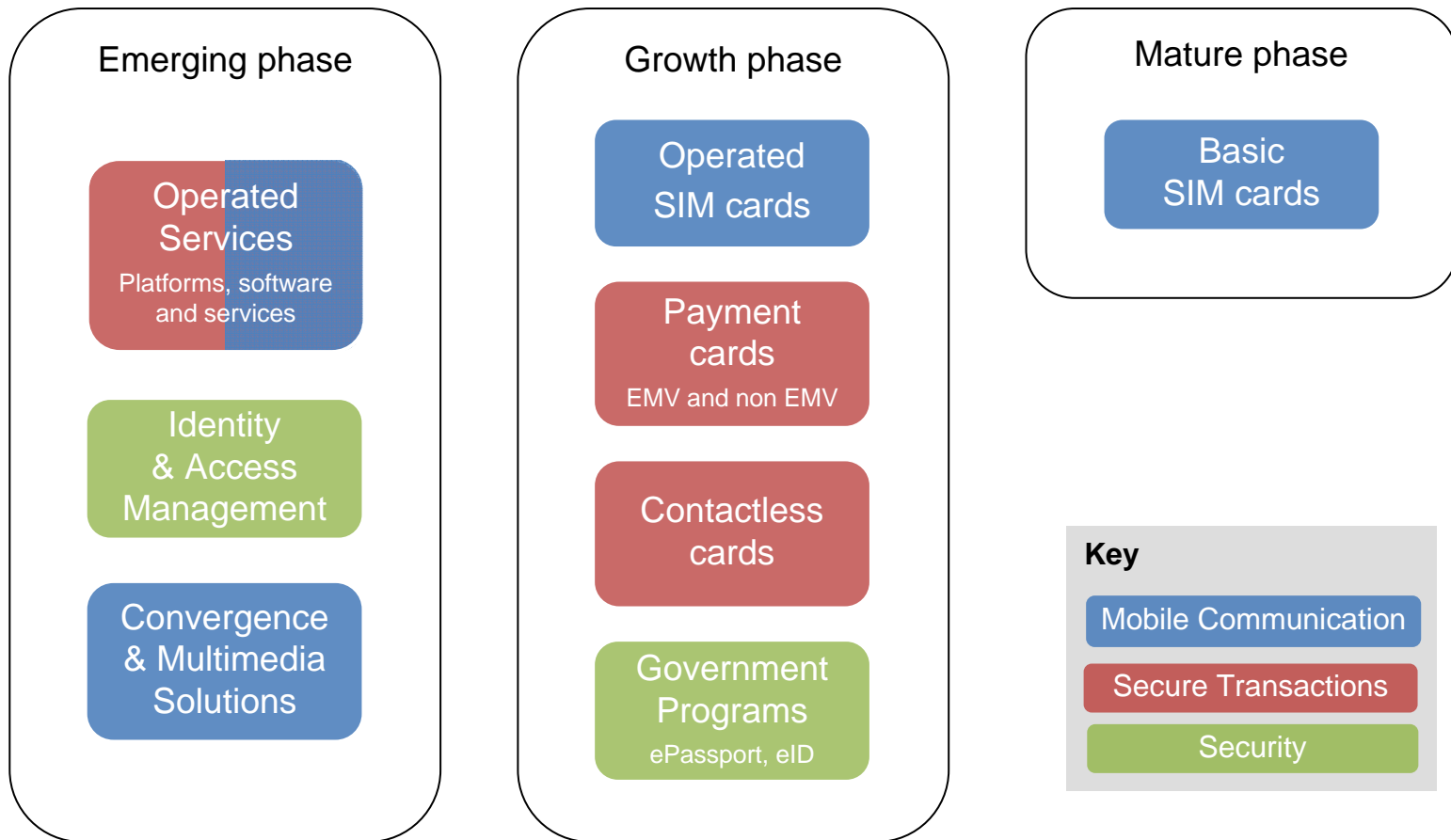
➔ A balanced business portfolio

Synergies on track

Managing currency risk exposure

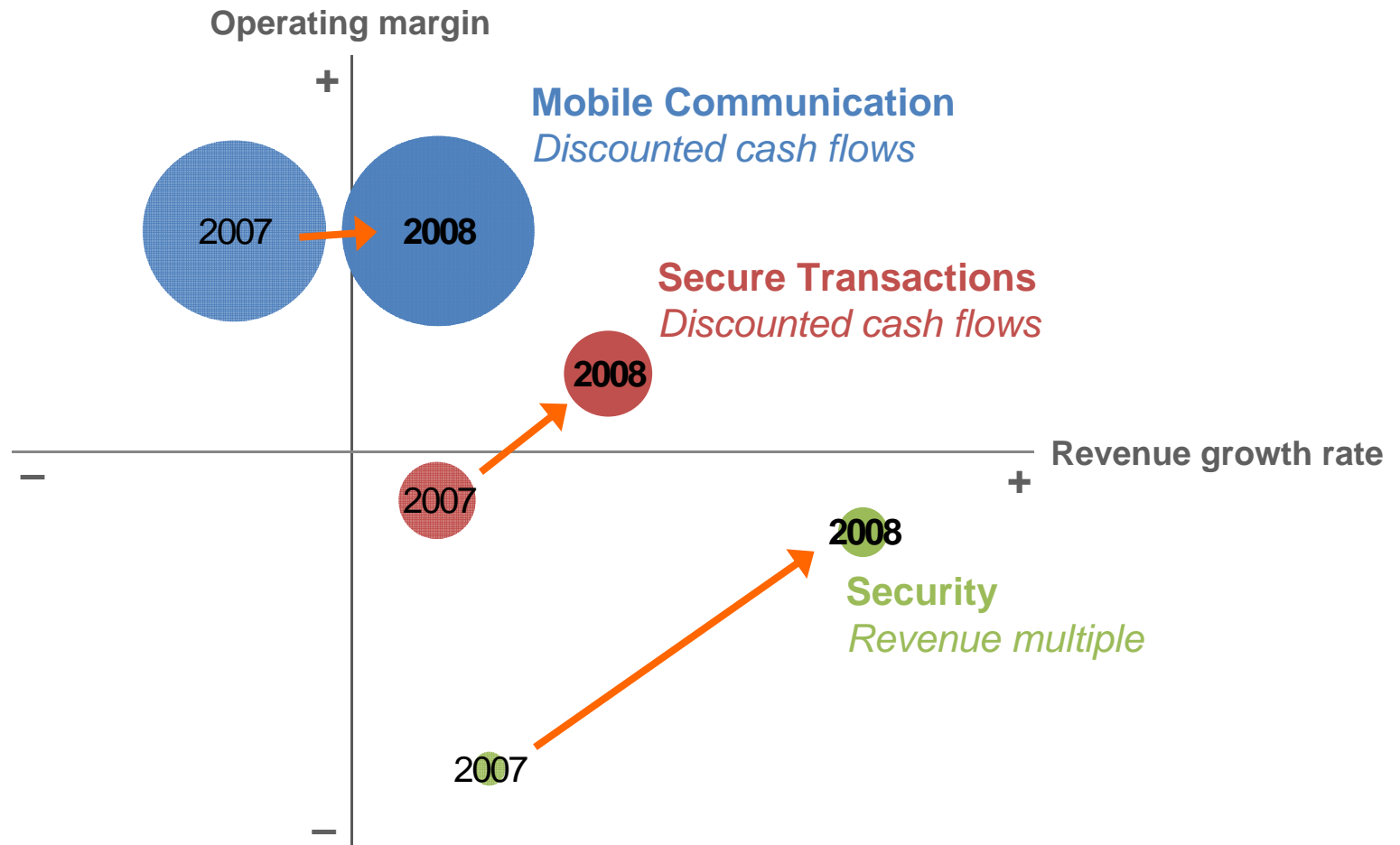
Strong cash position and financial structure

A balanced portfolio of businesses



- ➔ A coherent portfolio of businesses with high growth potential
- ➔ A company exhibiting a low correlation with the SBF 120 index

A focus on delivering growth and profitability



- Three different business models with different business objectives and different valuation methodologies

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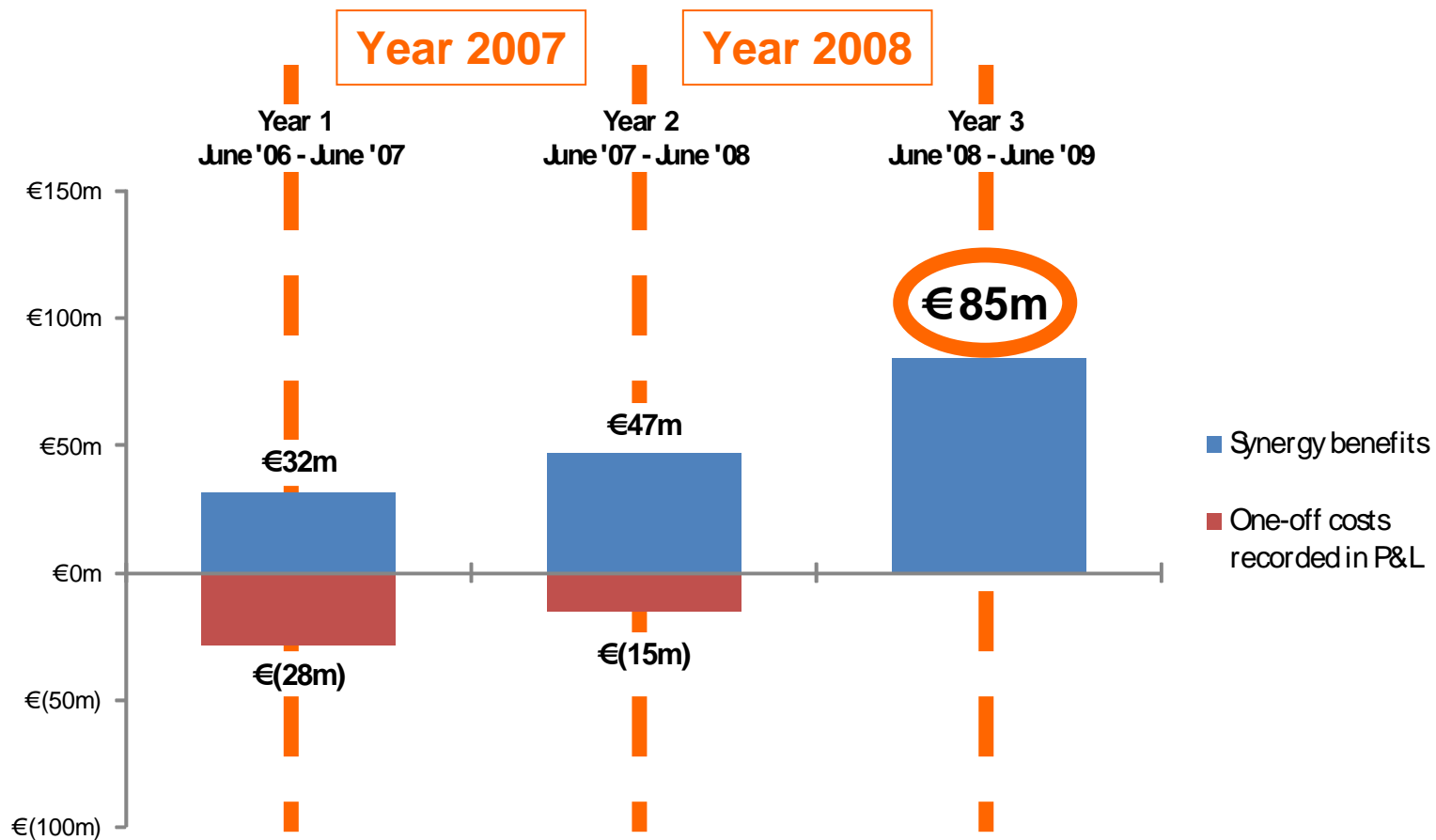
A balanced business portfolio

→ Synergies on track

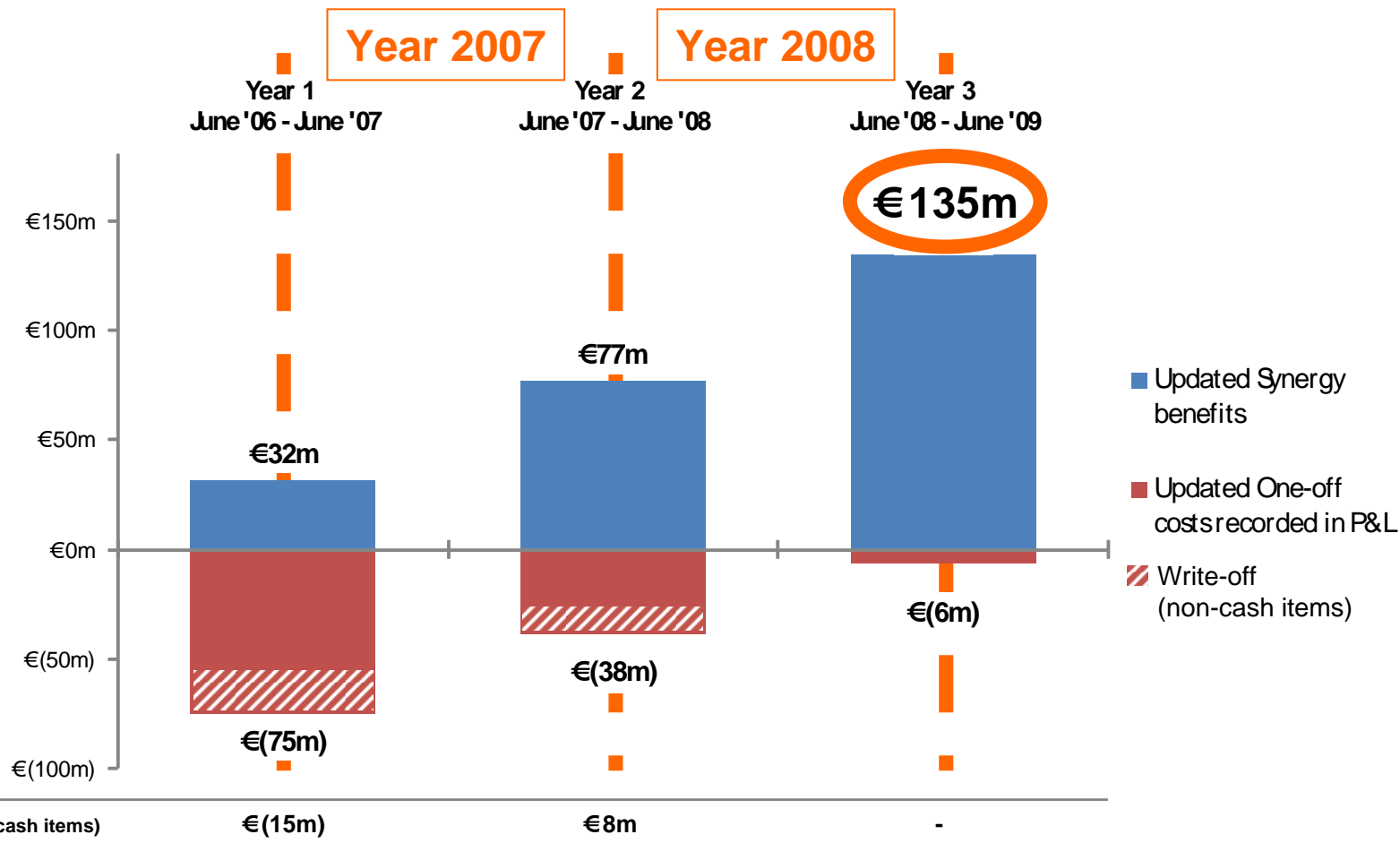
Managing currency risk exposure

Strong cash position and financial structure

Synergy benefits and one-off costs as of June 2, 2006



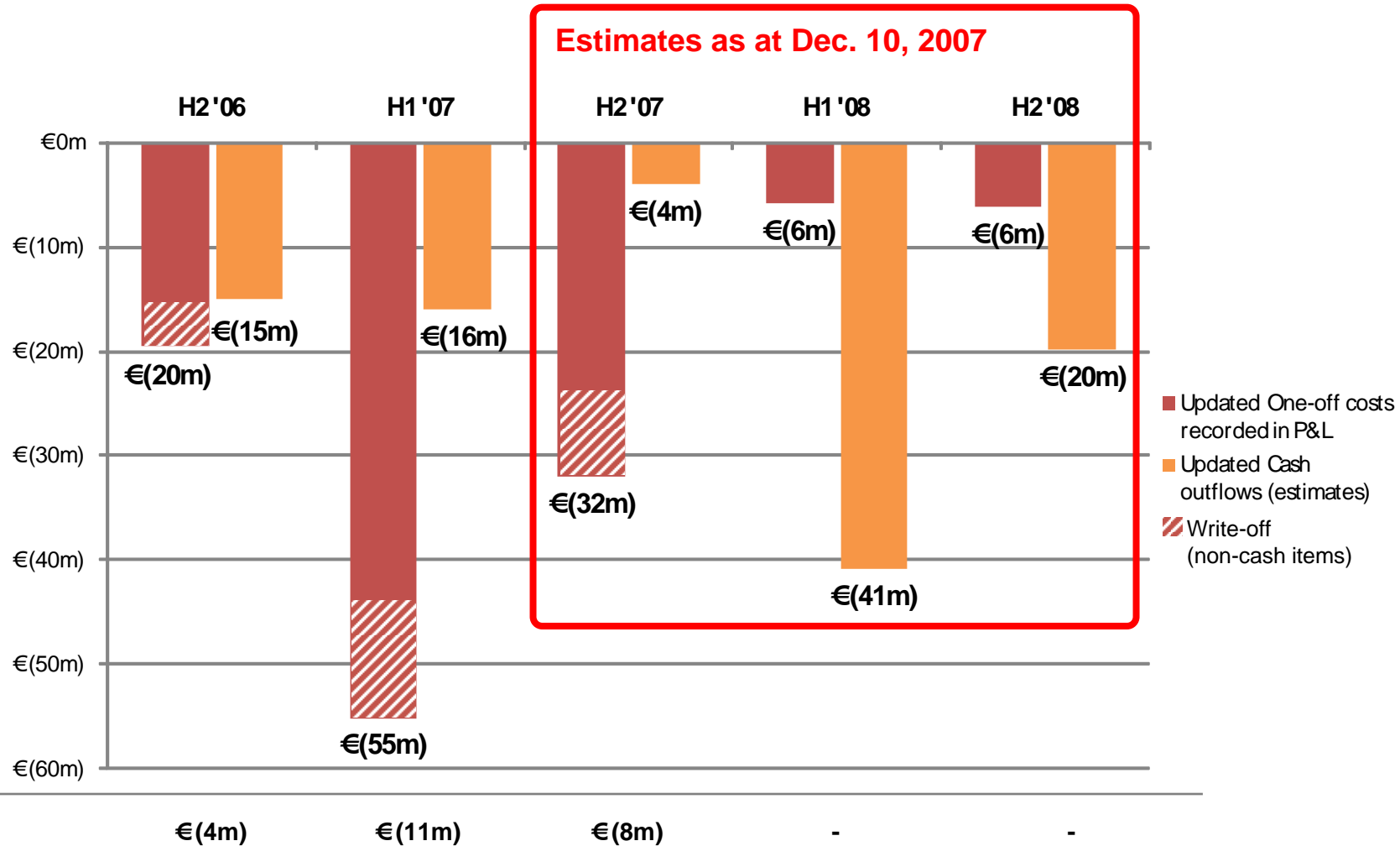
Update on synergy benefits and one-off costs as of Dec. 10, 2007



- Most of one-off costs will be incurred by the end of 2007
- As at today, Gemalto is well ahead of the synergy realization plan

Timing of one-off costs and related cash outflows

(estimates; updated Dec. 10, 2007)



Breakdown of one-off costs already charged

(as of June 30, 2007)

	H2 2006	H1 2007	Total
Severance costs (mainly related to the closure of production facilities in the Americas, Asia and Europe)	€ 14.3m	€ 42.9m	€57.2m
Other provisions or write-down in relation with the closure of these production facilities	€2.1m	€ 11.0m	€13.1m
Other costs (mainly office regrouping, IT integration)	€3.1m	€ 1.2m	€4.3m
One-off costs	€19.5m	€55.1m	€74.6m
<i>Cash used in connection with one-off costs (estimates)</i>	<i>€ 15.0m</i>	<i>€ 16.0m</i>	<i>€ 31.0m</i>

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A balanced business portfolio

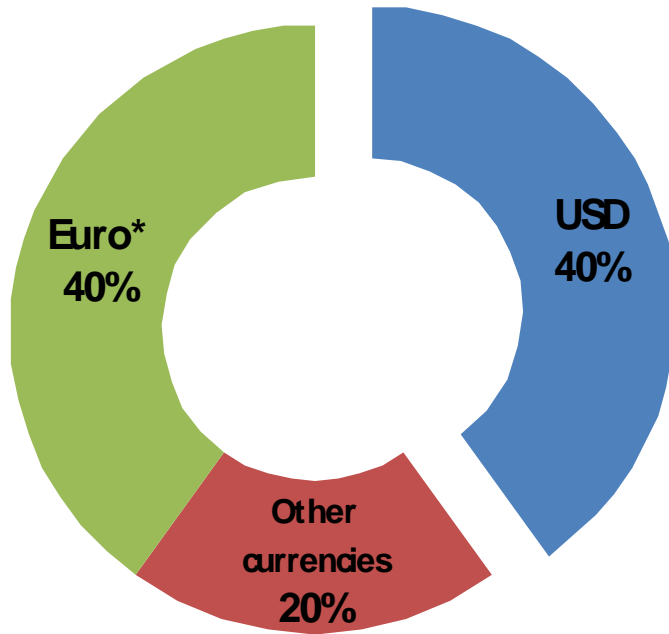
Synergies on track

➔ **Managing currency risk exposure**

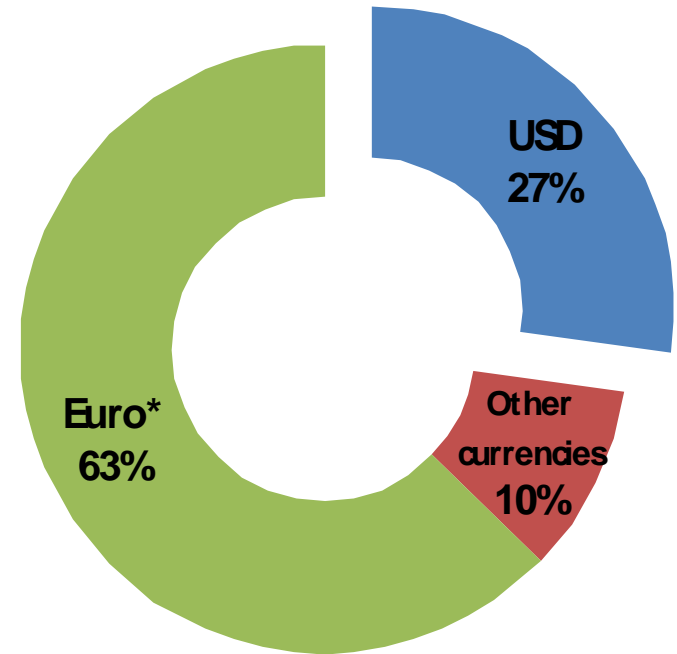
Strong cash position and financial structure

Exposure to currency risk

Revenue



Cost of Sales plus Operating expenses

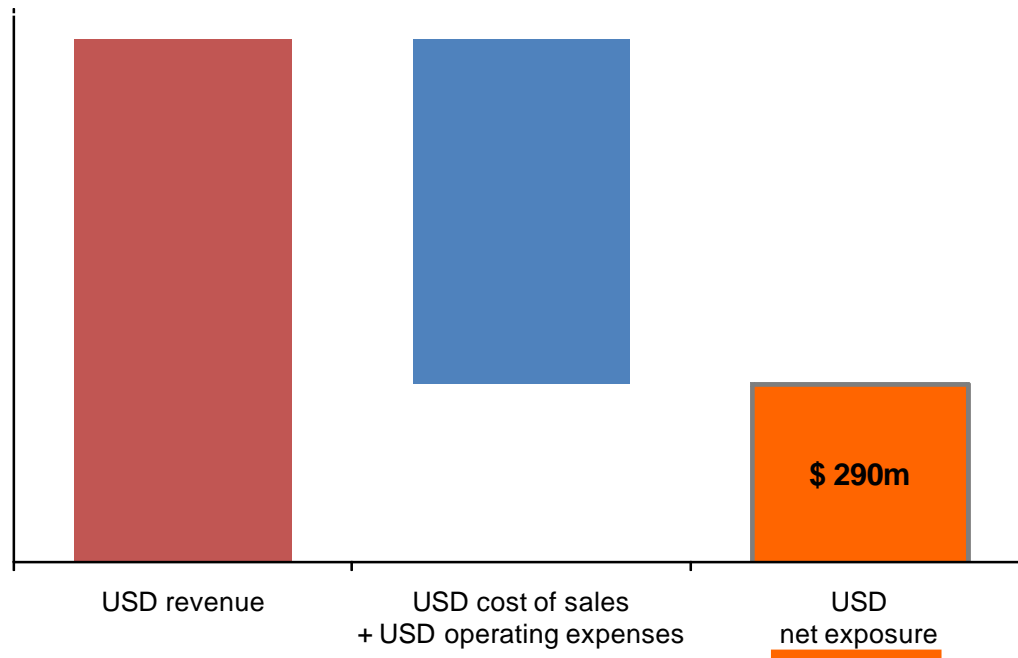


* Gemalto reporting currency is the Euro

Gemalto is mainly exposed to fluctuations of the US dollar relative to the Euro, and hedges its currency risks

Sensitivity to US dollar fluctuations relative to Euro prior to hedging

Estimated FY 2006 exposure to US dollar (and linked currencies)
(USD in millions; on an Adjusted pro forma basis; numbers in parenthesis are expenses)



Prior to hedging, when US dollar depreciates from 1.30 to 1.40 vs. the Euro, on the basis of 2006 figures:

- Gemalto revenue decreases by circ. € 50m
- Gross margin ratio remains essentially stable
- Operating margin decreases by circ. 1 percentage point

Currency risk management

✦ Optimized **natural** hedging

- For example, over 60% of our 2008 chips purchases will be in US dollars
- Production and distribution located in countries where we sell

✦ Cautious and rigorous management of residual currency exposure to smooth currencies fluctuations impact

- A dedicated **team of professionals**
- **Objective:**
Protecting the value of Gemalto future cash flows
- **Hedging instruments:**
Forward exchange contracts, purchase of plain vanilla currency options, combination of options (synthetic forwards and tunnels)
- **Hedging horizon:**
The next 12 to 18 months of business

✦ **Status on our currency risk hedging program** (as of Dec. 10, 2007)

- **2007:** YTD exposed USD cash flows were recorded at 1.31 vs. average €/€ rate of 1.37
- **2008:** 50% of main currency exposures already hedged
- **2009:** currency exposure and hedging strategies already under review

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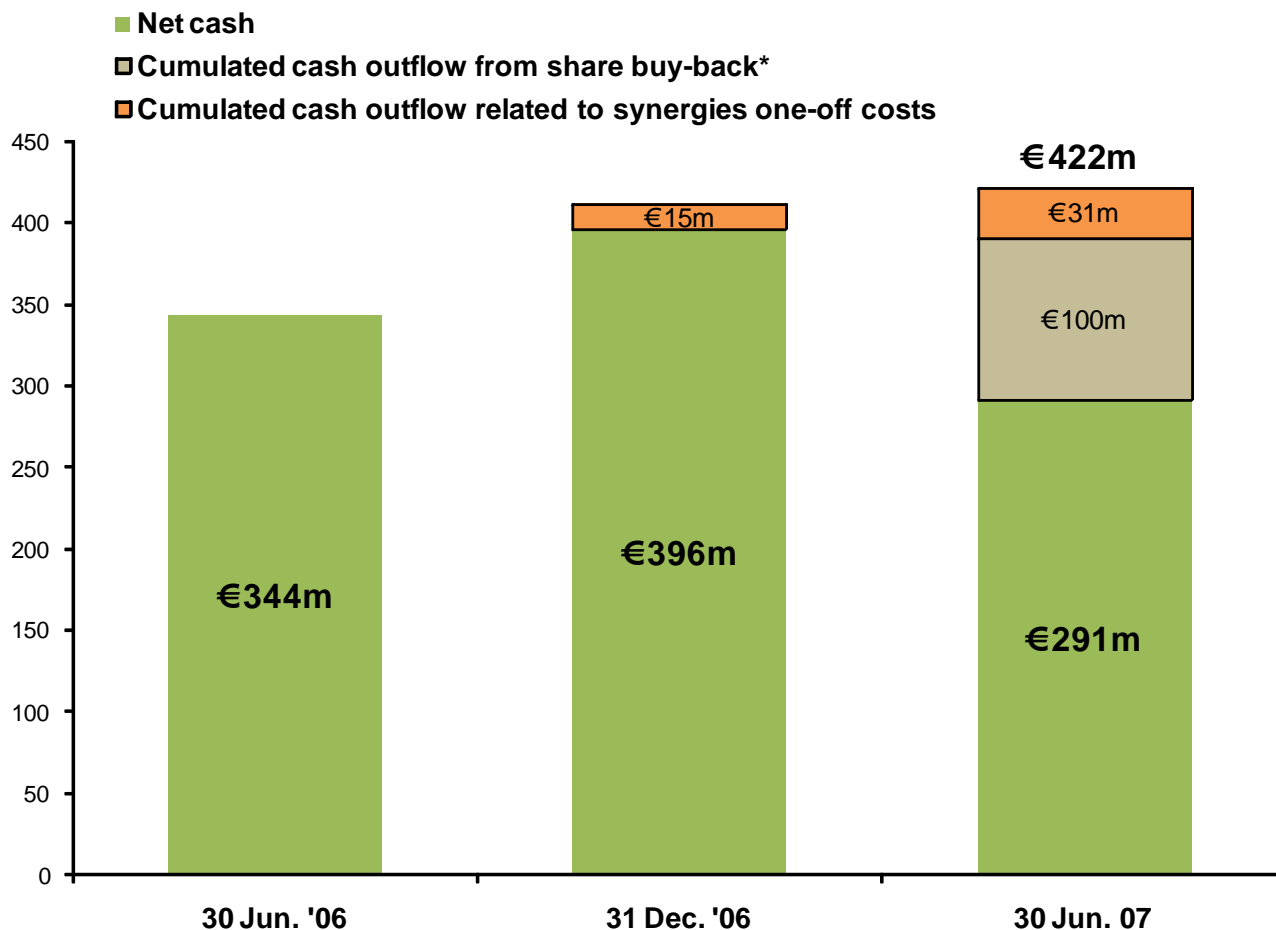
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Synergies on track

Managing currency risk exposure

➔ Strong cash position and financial structure

Net cash position evolution



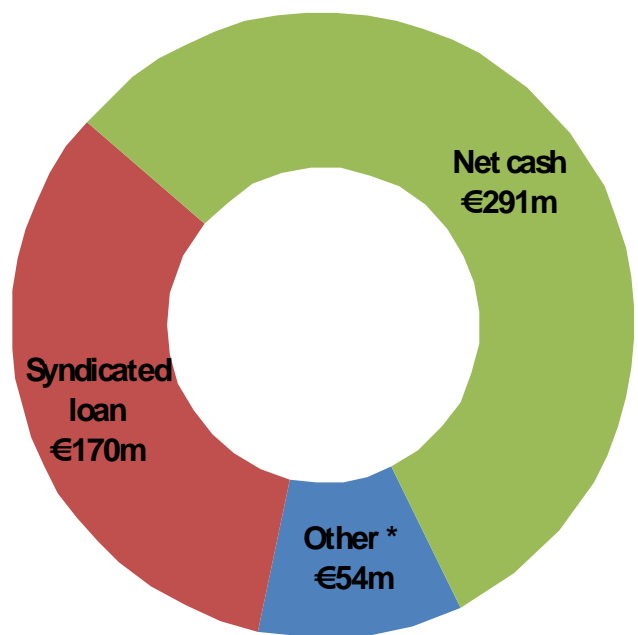
→ Adjusted net cash** was up by € 78m between June '06 and June '07

* An additional € 40m cash outflow was recorded in relation with our share-buy back program between July 1 and October 30, 2007. Since then, our share buy-back program has been significantly slowed down.

** Net cash adjusted from cash outflows related to share buy-back program and synergies one-off costs.

Net cash plus unused credit facilities amount to €515m (as of June 30, 2007)

Sources of liquidity:
net cash and available credit facilities
€in millions, as at June 30, 2007



* Unused portion of non-committed short-term credit facilities

✦ Net cash

- Mainly Euro or US dollar cash deposits held with major financial institutions of *investment grade*
- Invested in time deposits, and to a lesser extent in money market funds

✦ Syndicated loan

- A USD 250m revolving facility
- Debt covenant: net indebtedness lower than double EBITDA

✦ Other

- Unused portion of non-committed short-term credit facilities
- Does not include credit facilities related to lease financing or financial guarantees

➔ Gemalto has the required financial flexibility to grow organically and by acquisition

Financial structure

- ✦ Global risk status: **BBB⁻ equivalent**
- ✦ Financial flexibility is already matching growth objectives and will improve with ramp-up of operating margin
- ✦ Financial policy will remain conservative
 - Target minimum net cash position in the range of € 100m
- ✦ Shares bought back may be allocated as consideration for acquisitions, or to cover stock-option exercises
 - No share cancellation is planned