



**GEMPLUS**

Your Passport to the Digital Age

# Third Quarter Fiscal 2001 Financial Results Conference Call





# 3Q/2001 Financial Results

EUR (millions)	3Q/2001	3Q/2000
Net Sales	226.1	311.5
Operating Income	-55.3	32.3
Operating Income <i>(excl. Humetrix)</i>	-37.2	N/A
Income before Tax and Goodwill Amortization	20.8	32.5
Net Income	6.6	20.6
Earnings Per Share, EUR		
Basic	0.01	0.04
Diluted	0.01	0.03



# Gemplus optimistic about mid to long term prospects

- Early indications that GSM SIM market may be stabilizing
- Operator inventory levels improved
- Recent announcements by US Wireless operators to build a GSM/GPRS overlay network
- Continued progress from our Financial Services multi-applications cards (MAP) business
- Improvements in level of operating expenses
- Emerging National ID/Security card market



# Third Quarter Highlights

Third Quarter Highlights 3 Themes :

- Weak GSM SIM market continues to impact our business unfavorably
- Focused actions (SkiData and TAG divestment and restructuring effects), tight expense controls and improved business processes can offset some of weak SIM market effects
- Data enabled applications and value-added services market emerging



# 3Q/2001 Revenue Results

- 3Q/2001 Revenue at 226 Million Euros, down 27% from 3Q/2000.
- Business continues to be impacted by soft GSM SIM card market

	3Q/2001 % of Total Revenue	3Q/2000 % of Total Revenue
Telecommunications	64%	74%
SIM Cards	44%	58%

... leads to revenue mix shift



# 3Q/2001 Detailed Revenue Results

EUR (millions)	3Q/2001	3Q/2000	% Change
<b>Revenue by Segment</b>			
<b>Telecommunications</b>	145.0	230.1	-37%
<b>Network Systems</b>	54.1	44.4	+22%
<i>SkiData</i>	9.4	13.4	-30%
<b>Other</b>	27.0	37.0	-27%
<b>Revenue by Geography</b>			
<b>EMEA</b>	112.8	177.8	-37%
<b>Asia</b>	52.4	87.7	-40%
<b>Americas</b>	60.9	46.0	+32%



# 3Q/2001 Gross Margin Results

Gross margin impacted by several factors

- 2Q/2001 gross margin calculation included a favorable 10 million Euro royalty expense adjustment
- Average Selling Prices (ASPs) declined under difficult business conditions caused by weak GSM SIM market
- 3Q/2001 results do not contain a full quarter's favorable contribution from SkiData and TAG



# Improved Financial Competitiveness

Operating Expenses decreased 15 million Euros from 2Q/2001 levels

- Divestitures of SkiData and TAG businesses
- Continuing to implement Restructuring Program announced in 2Q/2001
- Tighter expense controls and improved business processes



# Improved Balance Sheet

- Cash and Cash Equivalents of 503 million Euros
- Inventory levels declined 47 million Euros as shipments exceeded receipt of material and as a result of the SkiData Transaction
- Accounts Receivable Day Sales Outstanding (DSOs) improved 12 days to 63 days