



First Quarter Fiscal 2002 Financial Results Conference Call

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Introduction

- Results in line with expectations
- 1Q2001 was first quarter record for revenues and included SkiData and Tag
- Benefits from restructuring and lower cost inventory start in 2Q/2002 onwards
- Restructuring programme on track to deliver at least €100 million
- Gemplus should return to profitability by year end
- Significant losses in the 1H/2002, followed by progressive build-up of profitability in 2H/2002

1Q/2002 Revenue

- Revenue at €176.5 million,
- vs. 1Q/2001: down 40% nominally and 36% adjusted
 - Difficult comparison versus 1Q/2001 as Q1 last year was Gemplus' strongest ever first quarter
- vs. 4Q/2001: down 30%
 - 4Q/2001 FSS sales were flattered by some €28 million of one-off U.S. card projects
 - Despite high SIM cards volumes, sales mix and pressure on sales prices affected revenue

Gross Margin

- Gross Margin at 20.5% (24.8% in 4Q/2001)
 - Sales Mix
 - Completion of Financial Services U.S. projects
- 1Q/2002 Gross Margin not indicative of future run-rate
- 32K inventory should fully cleared by 3Q/2002
- Progressively positive margin impacts:
 - Lower cost chips (up to 5 pp benefit)
 - Restructuring of manufacturing
- Expected margin improvement despite pricing pressures

Cost Structure

- Operating Expenses under €84 million - better than February '02 guidance
- 2001 Restructuring Programme fully delivered - €40 million annualised savings
- 2002 restructuring on track
- €19 million of the projected €65 million restructuring charge
 - Cost of headcount reductions so far negotiated,
 - Selective property savings
- Headcount down by 346 employees from December 31, 2001, at 6,375 employees

Strong Balance Sheet

- Limited operating cash outflow
- Cash and Cash Equivalents €450 million
- Day Sales Outstanding (DSOs) at 63 days, within the Group's objective
- Inventory down €12 million
 - Closer in line with current shipment demand
 - 20% of inventory is now chips bought at year end 2000 prices
- Under €10 million net operating cash outflow, despite 1Q/2002 operating losses
- Exceptional cash outflow relating to the Humetrix law suit and management severance costs

Segmented Revenue Results

EUR (millions)	1Q/2002	1Q/2001*	% Change
Revenue by Segment			
Telecommunications	121.4	213.3	- 43%
Financial Services & Security	55.1	62.4	-12%
Revenue by Geography			
EMEA	91.6	138.6	-34%
Americas	40.6	39.8	+2%
Asia	44.3	97.3	-54%
* Restated from Skidata and Tag			

Financial Summary

- Results more than meet internal forecasts
- Benefits of restructuring and lower cost inventory still to come
- On track for profitability by year end

Changing Gemplus

- Good progress on core objectives
 - Cost competitive operations
 - High, consistent levels customer service
 - Innovations and moving up margin chain
 - Profitable growth
- A change of culture and direction as well as a change of operating efficiency and business process

Restructuring Set to Exceed Expectations

- More than €100 million annualised savings
- Full run rate of savings by end of 2002
- 50% of annualised savings within 2002
- 430 person reduction in resources starting 2Q
- Potential to do more in future

Marketplace

- Volumes of cards remain strong
- Addressing sales mix
- Holding and improving market share
- Financial Services deploying smarter cards
 - Combat fraud, additional customer services
- Telecom lag in take-off of 2.5G and 3G
- Working with customers to provide adoption of higher margin, advanced and Java cards

Summary

- Confident of delivering on restructuring
- Confident of achieving profitability by year end
- Focus on sales mix and margins
- Foundation of recovery firmly established