

Gemalto to acquire 3M's Identity Management Business

Transaction includes 3M Cogent Inc., Document Reader and Secure Materials Businesses

- This strategic acquisition rounds out Gemalto Government Programs offering by adding biometric technology and ideally positions the Company to provide solutions for the promising commercial biometrics market
- The purchase price of US\$850 million will be financed with cash and existing credit facilities
- Closing is expected to occur in the first half of 2017
- This acquisition will be accretive to adjusted Earnings Per Share from the first year on a pro-forma basis

Amsterdam, December 9, 2016 at 02:30am - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security, today announced that it has entered into agreements to acquire 3M's Identity Management Business for US\$850 million. 3M's Identity Management Business is comprised of 3M Cogent Inc., which provides a full spectrum of biometric solutions with a focus in civil identification, border control and law enforcement, and 3M's Document Reader and Secure Materials Businesses.

Headquartered in the United States and present on 3 continents, 3M's Identity Management Business is a trusted partner to governments, law enforcement, border control and civil identification bodies worldwide. It offers world-class biometric based end-to-end solutions enabling identity verification and user-friendly authentication. 3M's Identity Management experienced and highly-skilled team of approximately 450 experts has developed proven biometrics algorithms (finger, face, iris, etc.) and is at the forefront of innovation with the latest multi-modal biometric solutions. Annual revenue of the business is approximately US\$215M and profit from operations at US\$58M¹.

As Gemalto pursues its expansion and prepares for the future, this acquisition both completes Gemalto Government Programs offer by in-sourcing biometric technology and ideally positions the Company to provide solutions for the promising commercial biometrics market. Our combined offers and experience in the Public sector to manage the enrolment, identification of individuals, flow of passengers and border control should contribute to stronger national security. On the commercial side, as online and mobile transactions grow, new forms of multi-factor authentication and identification are needed to complement physical ID documents.

¹ Source: Proforma carve-out unaudited financials based on due diligence – 12 months ending June 2016

Combining market access and technologies from 3M's Identity Management Business and Gemalto will allow trusted national identities and strong biometric authentication to develop throughout the digital economy.

Once the acquisition is completed, 3M's Identity Management Business will become part of Gemalto Government Programs business which recorded a revenue of €391 million in 2015.

The closing of the transaction is expected to occur in the first half of 2017, after approval from the relevant regulatory and anti-trust authorities and employee consultation where required. After the acquisition is completed, Gemalto will retain a strong financial structure with a net debt/adjusted EBITDA ratio below 1.5. The transaction will be accretive to adjusted Earnings Per Share. As part of our long term strategy and the development of this core technology across our businesses, the acquired business revenue is expected to grow at +10% CAGR with EBITDA margins above 20% by 2020.

"Gemalto is delighted to welcome new members to its international team. 3M's Identity Management Business and Gemalto perfectly fit, solving authentication and identity management pain points across our customer segments, creating immediate increased differentiation and offering additional long term growth perspectives", said Philippe Vallée, Gemalto CEO.

Live Audio Webcast and Conference call

Gemalto presentation on this announcement 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

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 9454 or (US) +1 855 402 7761 or (FR) +33 1 7077 0943

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.

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About Gemalto

Gemalto (Euronext NL0000400653 GTO) is the global leader in digital security, with 2015 annual revenues of €3.1 billion and customers in over 180 countries. We bring trust to an increasingly connected world.

Our technologies and services enable businesses and governments to authenticate identities and protect data so they stay safe and enable services in personal devices, connected objects, the cloud and in between.

Gemalto's solutions are at the heart of modern life, from payment to enterprise security and the internet of things. We authenticate people, transactions and objects, encrypt data and create value for software – enabling our clients to deliver secure digital services for billions of individuals and things.

Our 14,000+ employees operate out of 118 offices, 45 personalization and data centers, and 27 research and software development centers located in 49 countries.

For more information visit
www.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.