

Q1 2019 Financials

Debt Investors Call



4/29/2019



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CEO update

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› Q1 2019 confirms positive revenue momentum observed at the end of 2018

- First quarter showing a solid increase in revenue vs. LY at +3,7% (at current Fx rate), with both divisions growing
 - Secure Enterprise Transactions (SET) performance at +1,9% vs. LY (at current Fx rate), resulting from a robust Banking segment and SIM cards revenue at budget
 - Government Solutions (GS) at +5,6% vs. LY (at current Fx rate), ahead of budget
- Overall, Group top line ahead of budget trajectory by +1,2% (at current Fx rate)
- Very solid order intake of Gov. Solutions doubling in Q1 2019 vs. Q1 2018

› Solid profitability performance above budget expectation

- Gross margin at 35% improving vs. Q1 2018 and above budget by +140bp
- EBITDA ahead of budget by EUR +3,9M (+50bp)
- Positive Cash Flow from Operations improving by EUR +24M vs. Q1 2018

› Internal agenda in line with plan

- Strategic Plan refresh launched with finalization expected by end of Q2
- New efficiency plan “*Transformation 2.0*” design finalized (EUR 40M target confirmed) and deployment starting in Q2
- New SET organization fully in place, including creation of a dedicated digital BU to support Group ambitions

› Solid underlying business trends

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SET - Card Business

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• Traction with Fintech

- Fintech Card Market growing 300% over next 3 years
- IDEMIA already successful with Fintechs
- Representing c.10M€ of revenue in 2018



• Apple card impact on the payment eco-system

- 42% of U.S. iPhone users are “extremely interested” in getting this fee-free card
- Endorse continuous usage of physical card even by digital players & also the “premiumization” trend of the product
- Apple card will likely increased demand for metal cards & innovative card bodies

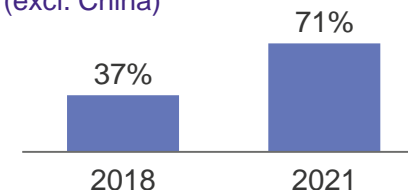


• Dual interface acceleration in the US and India



- US and India migrating from 2019 faster than anticipated
- Some countries migrating directly to contactless (i.e. Vietnam)
- Mandates (schemes & governments) in most regions

Anticipated evolution of % of Dual Interface (excl. China)



Source IDEMIA, ABI Q1 2019, Eurosmart, SPA, last industry feedbacks amended by IDEMIA



SET - Digital Business

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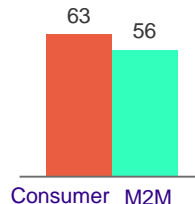
Traction with eSIM platforms

- Over 100 platform wins reached in Q1 2019
- Flagship MNO references
- Rich mix over & above subscription management
- Growth in transactions

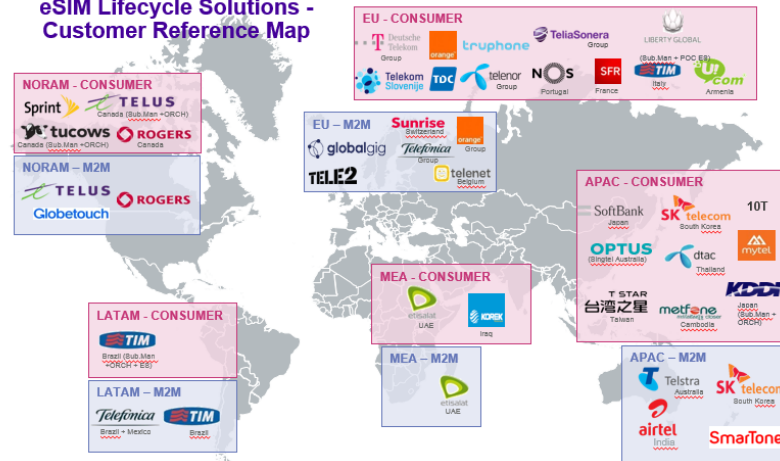
1M+

annual transactions on our
consumer eSIM platforms

eSIM platforms, Q1-19



eSIM Lifecycle Solutions - Customer Reference Map



Growing pipeline of opportunities in Digital Payments driven by

- Continuous deployment of Samsung/Apple Pay with Banks
- Development of domestic schemes (MEA, APAC)
- Consumer data protection for eCommerce (card on file)
- Win in Q1 with Private Label Cards

Payment card tokenization

- Tokenization and provisioning of debit/credit payment cards onto NFC or QR mobile wallets
- Domestic card schemes, issuers

New use cases

- Transit ticketing (e.g. ITSO) and private label card
- eCommerce: tokenization of cards on file
- Bank account (IBAN) tokenization

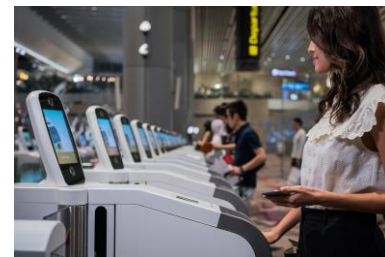
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Government Solutions key business highlights

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- › Robust dynamic on enrollment business (US and India)
- › Strong sales activity on e-Id with fast growing interest from clients
- › Passenger flow and public space management (biometrics and video analytics) meeting increasing client demand
- › Good sales momentum in Identity with large new client deals
- › Road Safety new product generation deal (France)



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New efficiency plan “Transfo. 2.0” ambitions

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- › Decision to launch a new efficiency plan to achieve further savings (EUR 40M)
- › Objective to deliver the majority of the savings by 2020
- › Three main drivers: “rightshoring”, agile development and lean methods

Support Functions

- Developing low-cost shared services
- Improving organization efficiency and automation

Engineering & Operations

- Extending shift to offshore bases and transforming way to serve customers
- Leveraging platform architecture and agile development methods covering both manufacturing and service center bases
- Fostering lean practices and optimizing footprint across the Group

Sales Efficiency

- Revisiting commercial organization
- Delivering synergies from new SET organization and leveraging exiting digital sales platform from Mobile Operators to Financial Clients

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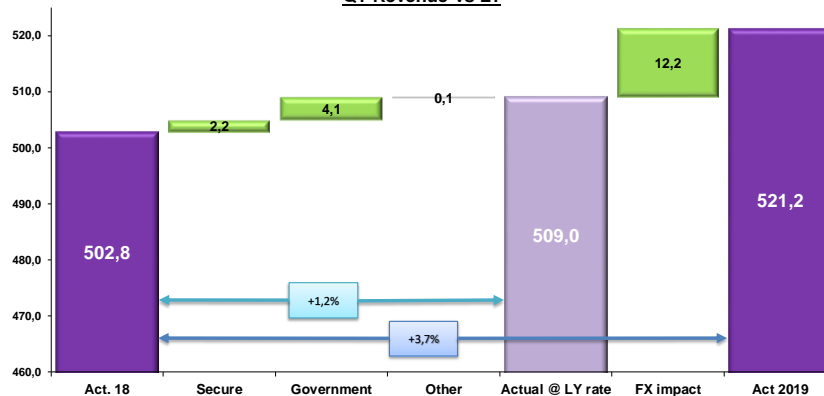


Focus on Q1 2019 Top Line – Renewed Growth Momentum

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Q1 Revenue vs LY



€ in millions

| | Actual Q1 2018 | Actual Q1 2019 | Var. vs. LY |
|--------------------------------|-------------------|-------------------|----------------|
| Secure Enterprise Transactions | 256,2 | 261,1 | 1,9% |
| Government Solutions | 246,5 | 260,2 | 5,6% |
| Corporate | 0,1 | (0,1) | n/a |
| Group | 502,8 | 521,2 | 3,7% |

Q1 Revenue vs Budget



€ in millions

| | Budget Q1 2019 | Actual Q1 2019 | Var. vs. LY |
|--------------------------------|-------------------|-------------------|----------------|
| Secure Enterprise Transactions | 261,1 | 261,1 | 0,0% |
| Government Solutions | 253,9 | 260,2 | 2,5% |
| Corporate | (0,1) | (0,1) | n/a |
| Group | 514,9 | 521,2 | 1,2% |

Sales dynamic turnaround in Q1 2019, resulting from 4 consecutive months of revenue growth



Q1 2019 Profit & Loss

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| €, in millions | Actual | Budget | Var. vs. Budget | LY 18 | Var. vs. LY 18 |
|-------------------------------|---------------|---------------|-----------------|---------------|----------------|
| Revenue | 521,2 | 514,9 | 6,4 | 502,8 | 18,4 |
| Cost of sales | -339,0 | -342,1 | 3,1 | -329,7 | -9,3 |
| Gross Margin | 182,3 | 172,8 | 9,4 | 173,1 | 9,2 |
| % of revenue | 35,0% | 33,6% | 1,4ppt | 34,4% | 0,5ppt |
| Operating Expenses | -152,6 | -147,8 | -4,8 | -136,9 | -15,7 |
| Operating Margin | 29,6 | 25,0 | 4,6 | 36,1 | -6,5 |
| % of revenue | 5,7% | 4,9% | 0,8ppt | 7,2% | -1,5ppt |
| Depreciation and amortization | 40,8 | 41,6 | -0,8 | 36,2 | 4,7 |
| EBITDA | 70,4 | 66,6 | 3,9 | 72,3 | -1,9 |
| % of revenue | 13,5% | 12,9% | 0,6ppt | 14,4% | -0,9ppt |

› Gross margin better than LY at 35,0% and above budget by +140 bp

› Operating expenses +3% above budget mainly driven by frontloaded Sales & Marketing + R&D spend to support growth ambitions

› EBITDA margin exceeding budget target

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Q1 2019 Cash Flow Statement

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| € in millions | YTD Mar. 31, 2019 | YTD March 31, 2018 |
|--|----------------------|-----------------------|
| EBITDA | 70,4 | 72,3 |
| Change in Working Capital | (12,9) | (47,4) |
| Net Capex Cash ^(a) | (42,7) | (32,6) |
| Non-cash items in EBITDA, Profit sharing, Other | (3,3) | (4,8) |
| Free cash flow from Operations | 11,5 | (12,5) |
| Tax paid | (11,8) | (3,6) |
| Free cash flow before financing and non-recurring | (0,3) | (16,1) |
| Non-recurring items | (15,6) | (17,4) |
| M&A / Div / Repricing Fees | (4,8) | - |
| Net interests paid & Other Financial Net Expenses | (25,0) | (24,4) |
| Forex impact on Debt/Cash (mainly TLB USD) & others | (9,5) | (8,3) |
| Increase/ (Decrease) in borrowings | 16,3 | (6,5) |
| Net Cash-flow | (38,9) | (72,7) |
| Cash Opening | 216,6 | 294,8 |
| Cash Closing | 177,7 | 222,1 |
| <i>Variation vs. N-1</i> | <i>(38,9)</i> | <i>(72,7)</i> |

^(a) excluding non cash Capex IFRS 16 impact

› Working capital evolution much more favorable than in Q1 2018

› Capex well under control and below budget but higher than in Q1 2018 to support 2019 orientations in R&D and some contract renewals

› Positive Free Cash Flow from Operations (EUR +24M vs. Q1 2018)

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Q1 2019 Net Financial Debt

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| € in millions | As of March 31, | As of December 31, | Var. |
|--|--------------------|-----------------------|---------------|
| | 2018 | 2018 | |
| Cash and cash equivalents (a) | 177,7 | 216,6 | (38,8) |
| Senior secured and unsecured debt: | (2 047,9) | (2 037,1) | (10,8) |
| <i>Senior Secured Term Loan B (€)</i> | (1 385,0) | (1 385,0) | - |
| <i>Senior Secured Term Loan B (\$)</i> | (679,4) | (681,2) | 1,7 |
| <i>FX impact on Term Loan B in dollars</i> | 16,5 | 29,0 | (12,5) |
| IFRS 16 Debt | (129,3) | (128,1) | (1,2) |
| Local facilities and other financial liabilities | (68,8) | (107,4) | 38,6 |
| Total Third Party Financial Debt (b) | (2 246,1) | (2 272,6) | 26,5 |
| Third Party Net Financial Debt (c) = (a) + (b) | (2 068,3) | (2 056,0) | (12,3) |
| Shareholder Loan | (305,9) | (298,6) | (7,3) |
| Preferred Equity GS/PG | (500,0) | (500,0) | - |
| Preferred Equity BPI | (68,0) | (68,0) | - |
| Advent/BPI/Manco Equity | (783,9) | (783,9) | - |
| Total Capitalization | (3 903,8) | (3 923,1) | 19,3 |
| Leverage Calculation | | | |
| LTM EBITDA (d) | 384,3 | 386,2 | (1,9) |
| Run Rate Synergies (e) | 43,0 | 50,0 | (7,0) |
| PF LTM Financing EBITDA (incl. synergies) (f) = (d) + (e) | 427,3 | 436,2 | (8,9) |
| Ratio of Third Party Net Financial Debt to PF LTM EBITDA (incl. syn.) (c) / (f) | 4,84x | 4,71x | 0,13x |

Cash position remains solid

No maturity for TLB € until 2024
 93% of TLB \$ due at maturity in 2024
=> 98% of TLB (€ & \$) due in 2024

Includes EUR 65M RCF drawing
 EUR 235M RCF remain available



Conclusion

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› Solid 2019 start

› Q2 expected to be in line with budget as per Q1

› Management team confident to exceed full year budget Top and Bottom Line ambitions and cash target unchanged

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Appendices

Q1 2019 Financials





LTM Financing EBITDA - Pro Forma Net Leverage

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| | Q1 2019 | Q4 2018 | Q3 2018 |
|--------------------------------|--------------|--------------|--------------|
| Net Financial Debt | € 2.068m | € 2.056m | € 2.057m |
| Reported LTM EBITDA | € 384m | € 386m | € 392m |
| Run Rate Synergies | € 43m | € 50m | € 68m |
| Pro Forma LTM Financing EBITDA | € 427m | € 436m | € 460m |
| Pro Forma Net Leverage | 4.84x | 4.72x | 4.47x |

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Q1 2019 Simplified Balance Sheet

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| | As of March 31, | As of December 31, | vs. December 2018 | |
|--|--------------------|-----------------------|-------------------|--------------|
| € in millions | 2019 | 2018 | Var. | % |
| Goodwill | 2 340,0 | 2 322,4 | 17,6 | 0,8% |
| Other intangible assets | 729,5 | 739,8 | (10,3) | -1,4% |
| PPE and other non-current assets | 437,8 | 432,2 | 5,6 | 1,3% |
| Total non-current assets | 3 507,3 | 3 494,4 | 12,9 | 0,4% |
| Inventories | 207,1 | 192,3 | 14,8 | 7,7% |
| Trade receivables | 530,0 | 533,4 | (3,4) | -0,6% |
| Other receivables | 227,6 | 218,1 | 9,5 | 4,4% |
| Cash and cash equivalents ^(a) | 178,9 | 221,1 | (42,2) | -19,1% |
| Total current assets | 1 143,6 | 1 165,0 | (21,4) | -1,8% |
| Total assets | 4 650,9 | 4 659,3 | (8,4) | -0,2% |

(a) Restated with IFRS 15 & IFRS 16

| | As of March 31, | As of December 31, | vs. December 2018 | |
|--------------------------------------|--------------------|-----------------------|-------------------|--------------|
| | 2019 | 2018 | Var. | % |
| Equity | 1 033,7 | 1 063,4 | (29,7) | -2,8% |
| Shareholder Loan | 305,9 | 298,6 | 7,3 | 2,4% |
| Long-term borrowings | 2 083,9 | 2 059,2 | 24,7 | 1,2% |
| Other non-current liabilities | 183,5 | 189,6 | (6,1) | -3,2% |
| Total non-current liabilities | 2 573,3 | 2 547,4 | 25,9 | 1,0% |
| Short-term borrowings | 164,7 | 163,4 | 1,3 | 0,8% |
| Trade payables | 301,4 | 525,6 | (224,2) | -42,7% |
| Other current liabilities | 577,8 | 359,5 | 218,3 | 60,7% |
| Total current liabilities | 1 043,9 | 1 048,5 | (4,6) | -0,4% |
| Total equity and liabilities | 4 650,9 | 4 659,3 | (8,4) | -0,2% |

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Upcoming events

› IDEMIA Q2 2019 financial results

- Q2 2019 financial results will be communicated on July 30th, 2019
- Q3 2019 financial results will be communicated on November 6th, 2019

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