Q1 2019 Financials

Debt Investors Call

IDEMIA

4/29/2019

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CEO update

› 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

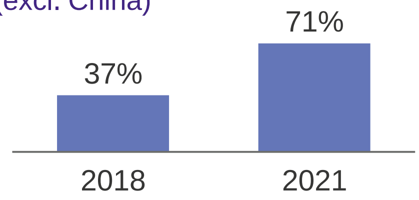
SET - Card Business

- **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

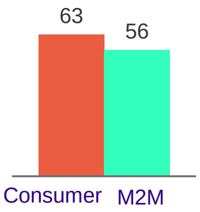
SET - Digital Business

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

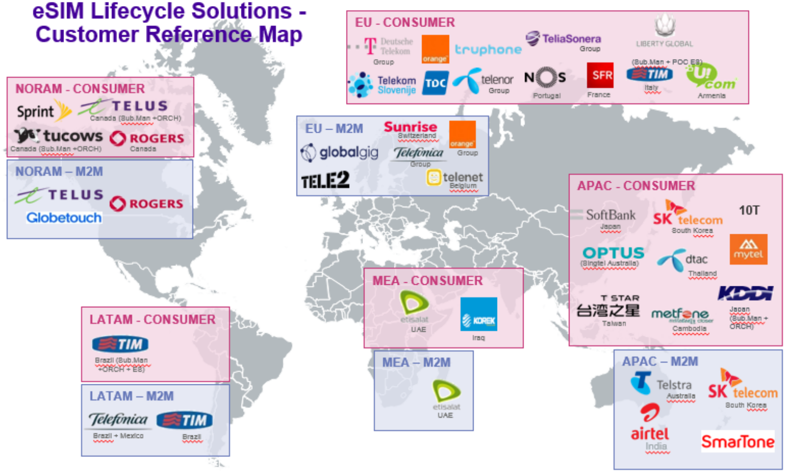
1M+

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

- **Reaching critical size with sales force of 45 in Digital BU**

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

Government Solutions key business highlights

- 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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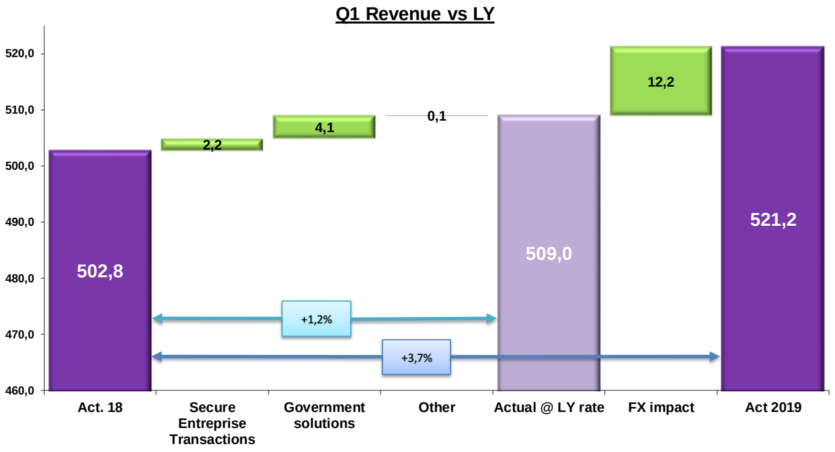
New efficiency plan “Transfo. 2.0” ambitions

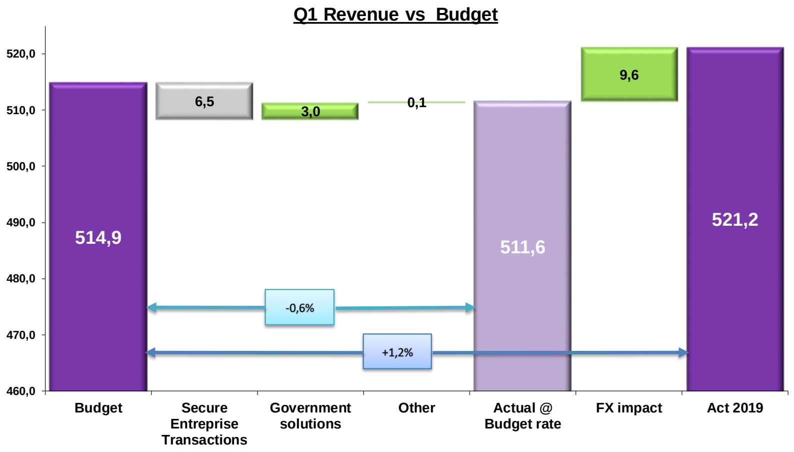
- **Decision to launch a new efficiency plan to achieve further savings (EUR 40M)**
- **Objective to deliver the majority of the savings by 2020**
- **Three main drivers: “rightshoring”, agile development and lean methods**

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

Focus on Q1 2019 Top Line – Renewed Growth Momentum



€ 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%



€ 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

€, 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**

Q1 2019 Cash Flow Statement

€ 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*
Variation vs. N-1	*(38,9)*	*(72,7)*

[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)**

Q1 2019 Net Financial Debt

€ in millions	As of March 31, 2018	As of December 31, 2018	Var.	
Cash and cash equivalents (a)	**177,7**	**216,6**	(38,8)	**Cash position remains solid**
Senior secured and unsecured debt:	(2 047,9)	(2 037,1)	(10,8)	No maturity for TLB € until 2024 93% of TLB $ due at maturity in 2024 **=> 98% of TLB (€ & $) due in 2024**
Senior Secured Term Loan B (€)	*(1 385,0)*	*(1 385,0)*	-	
Senior Secured Term Loan B ($)	*(679,4)*	*(681,2)*	**1,7**	
FX impact on Term Loan B in dollars	*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**	Includes EUR 65M RCF drawing EUR 235M RCF remain available
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	

Conclusion

- 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

Appendices

Q1 2019 Financials

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LTM Financing EBITDA - Pro Forma Net Leverage

	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**

Q1 2019 Simplified Balance Sheet

€ in millions	As of March 31, 2019	As of December 31, 2018	vs. December 2018 Var.	vs. December 2018 %
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%**

	As of March 31, 2019	As of December 31, 2018	vs. December 2018 Var.	vs. December 2018 %
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%**

(a) Restated with IFRS 15 & IFRS 16

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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