

GEMPLUS INTERNATIONAL SA

Form 6-K

February 18, 2003

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**FORM 6-K**

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

Report of Foreign Private Issuer Pursuant to Rule 13a-16 or  
15d-16 of the Securities Exchange Act of 1934

**For the month of February 2003**

**GEMPLUS INTERNATIONAL S.A.**

(Exact name of registrant as specified in its charter)

**GEMPLUS INTERNATIONAL S.A.**

(Translation of registrant's name in English)

**Aerogolf Center**  
**1 Hohenhof**  
**L-2633 Senningerberg**  
**Grand Duchy of Luxembourg**  
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file  
annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by  
furnishing the information contained in this form  
is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the  
Securities Exchange Act of 1934.)

Yes  No

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**GEMPLUS INTERNATIONAL S.A.**

Date: February 13, 2003

By: \_\_\_\_\_

Name: Stephen Juge

Title: Executive Vice President and General Counsel

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## GEMPLUS REPORTS FOURTH QUARTER AND FISCAL YEAR 2002 RESULTS

Operational performance affected by:

Weak sales in Financial Services and Security,

Continuous pricing pressure in the wireless segment, particularly in Asia.

Encouraging growth in Software and Services.

Positive Free Cash Flow despite cash outlay related to restructuring.

Cash position at 417 million euros sustained by continuous effort on working capital management.

Luxembourg February 12, 2003 Gemplus International S.A. (Paris Euronext: Euroclear 5768 and Nasdaq: GEMP), the world's leading provider of smart card-enabled solutions, today reported results for the fourth quarter and fiscal year ended December 31, 2002.

In millions of euros	Q4 2002	Q3 2002	Quarter on quarter change Q4 02/Q3 02	Year on year change Q4 02/Q4 01
Group revenue	195.5	205.6	-4.9%	-22.1%
<i>After adjusting for currency fluctuations, discontinued operations and acquisitions</i>			-4.8%	-19.4%
Gross profit	54.7	60.5	-9.7%	-12.4%
Gross margin as a % of revenue	28.0	29.4	NM	NM
Operating loss before restructuring charge	-16.6	-6.5	NM	NM
Net income	-96.8	-38.6	NM	NM
Earnings per share (fully diluted)	-0.16	-0.06	NM	NM

Commenting on the performance for the fourth quarter 2002, Alex Mandl, Chief Executive Officer, said: "These quarterly results clearly show that we have made some progress on the path to transforming Gemplus into a successful company. However, given the continuing price pressure, they also reflect our need to further reduce costs." He concluded: "For 2003, the visibility is still too uncertain for us to provide any guidance. Yet there can be no question that, in spite of the current economic challenges, our goal is to lay the foundation for a very strong platform for the year 2004 and beyond. This will make it possible for Gemplus to enjoy a profitable business growing at an attractive rate."

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**Fourth quarter 2002 financial review**

**Income statement**

Highlights:

Sequential revenue decline due to lower shipments in the banking segment and continuous pricing pressure in the wireless segment, mostly in Asia.

Gross profit reflecting lower sales volumes, despite product and regional mix improvement and encouraging revenue growth in software and services with higher gross margin than in the third quarter.

Net profit affected by non-recurring items, mostly non-cash.

The analysis of the Company's fourth quarter revenue shows the following:

As expected by Gemplus and indicated during the third quarter 2002 earnings release conference call, sales did not show the seasonal fluctuation historically observed at the end of the year;

Business Units delivered a contrasting performance: Telecom revenue increased 1.1% sequentially, while Financial Services and Security dropped 17.8%;

Software and Services revenue grew 69% sequentially. They contributed 7.0% of the company's revenue in the fourth quarter 2002 compared with 4.9% in the fourth quarter 2001.

On a geographical basis, the best performance was achieved in South America (revenue up 32.4% sequentially) driven by the Telecom business unit. The EMEA region was stable (down 0.4% sequentially) while Asia-Pacific declined (down 25.6% sequentially), affected by weak sales in the wireless segment.

Gross margin declined by 1.4 percentage point sequentially, mainly because of pricing pressure in the Telecom business unit and lower shipments in Financial Services and Security. However, the gross margin was helped by lower chip purchasing prices, a better regional and to a lesser extent product mix, and a greater share of software and services.

Operating expenses increased 6.2% sequentially due to seasonality and non-recurring items. The restructuring plan and cost cutting measures announced at the end of the first quarter helped reduce the operating expenses run rate from 68 million euros per quarter at the end of the third quarter to 67 millions euros at the end of the fourth quarter, contributing to further lowering the break even point. At the end of the fourth quarter, headcount reduction was 1,010 vs. 854 at the end of the third quarter. A majority of departures completed during the quarter are related to manufacturing operations.

As a result, the operating loss before provision for restructuring was some 43.5% below its level in the fourth quarter 2001.

Net income for the quarter ended December 31, 2002 was affected by a provision for restructuring (19.3 million euros), foreign exchange losses (11.6 million euros), deferred tax assets write-down (41.4 million euros) and goodwill write-off (6.4 million euros).

**Table of Contents****Balance sheet and cash flow statement**

## Highlights:

Positive free cash flow despite cash outlay related to restructuring.

Cash improvement at 417 million euros vs. 401 million euros at September 30, 2002.

Continuous management of working capital requirement.

Cash and cash equivalents were up by 16 million euros to 417 million euros at the end of the quarter ended 31 December, 2002. Financial debt is 49 million euros, and corresponds almost entirely to long-term capital leases which are related to industrial and office buildings located in Gémenos and to the new R&D center in La Ciotat (France).

The cash inflow of 16 million euros was mainly related to a reduction of working capital requirement.

Working capital requirement declined 20%, a 23 million euros improvement driven by lower inventory and accounts receivable. As a percentage of revenue, working capital requirement decreased from 15.3% in the fourth quarter 2001 (14.1% in the third quarter), to 11.9%:

Trade accounts receivable were down 7.3% compared to the end of the third quarter ended September 30, 2002. Days of Sales Outstanding (DSO) were 53 days, compared with 57 days at the end of the previous quarter.

Inventory levels were down 17.8% compared to the end of the previous quarter.

Free Cash Flow was positive at 3.4 million euros despite cash outlay related to restructuring (10.5 millions).

Capital expenditures were contained at 1.4 million euros for the fourth quarter of 2002. For fiscal year 2002, they amounted to 33.4 million euros, well below the initial target of 50 million euros. This compares with 103 million euros in 2001.

**Segment analysis****Telecom**

## Highlights:

Wireless cards shipments down 2.9% sequentially, because of weakness in Asia

Wireless Java cards ramp up in Q4 02

Encouraging growth in Software & Services

In millions of euros	Q4 2002	Q3 2002	Quarter on quarter change Q4 02/Q3 02	Year on year change Q4 02/Q4 01
Revenue	141.5	139.9	+1.1%	-9.8%
<i>After adjusting for currency fluctuations, discontinued operations and acquisitions</i>			+1.0%	-5.7%
Gross profit	43.0	45.1	-4.7%	+7.2%
Gross margin as a % of revenue	30.4	32.2		

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For the third consecutive quarter, Telecom delivered sequential revenue growth (after adjustments for currency fluctuations, discontinued operations and acquisitions). The analysis of the Telecom business unit fourth quarter revenue shows the following:

Wireless cards revenue was down 3.2% sequentially because of lower shipments which were down 2.9%.

Pricing pressure remains substantial, but has eased during the fourth quarter, notably in Europe and in the Americas. It remains strong in Asia.

All in all, the wireless regional mix and to a lesser extent the product mix have improved, almost making up for pricing pressure:

Regional mix: while shipments grew 11.0% in Europe and 5.0% in Americas, Asia registered a significant slowdown at 16.5%.

Product mix: the fourth quarter showed further evidence of the gradual progression of telecom operators toward higher end cards with increased demand for Java and 64 Kb cards.

Average selling prices (ASP) have shown evidence of stabilization, mainly because of the improved regional mix helped by lower sales in Asia where pricing pressure is the fiercest. The product mix improvement had a slightly positive effect compared to the previous quarter where it had a strong effect. However, the company expects a stronger sequential decline of ASP for the quarter ending March 31, 2003, due to unfavourable seasonal variations.

Software & Services revenue recorded a significant 90% improvement against a low Q3. Their contribution was up 51% year on year. The division closed a number of new deals in the delivery of Over the Air platforms in Europe and Latin America. Software & Services accounted for 5.1% of the business unit revenue in the year ending December 31, 2002 compared with 2.6% in 2001.

**Business Highlights:**

The second half of 2002 was proof of success of a strategy that will continue to reinforce Gemplus position as the leading provider of applications and services enabled by Smart Cards in the wireless market.

Gemplus global offer for cards and software accelerated sales in growth markets such as Russia, the Middle East, Africa and Latin America. At the end of last year, Gemplus was a leading provider of SIM-based solutions based on the S@T standard. This is reflected in the field where SIM-based solutions based on cards and software offering more user-friendly access to value added services in France, Russia, Eastern Europe and the Middle East, constituted more than 30 million euros in the second half of 2002.

With booming demand in Latin America, especially Brazil and Mexico, for innovative offers, Gemplus was the only SIM supplier to deploy Over The Air technology linking the server to the end user, allowing operators to remotely push their value-added services. With this technology, new operators were able to launch their businesses by offering services such as mobile email, Information-on-demand and m-banking solutions.

Overall, the Telecom business unit saw an increase of over 100% from 2001 to 2002 in sales of software and services linked to the SIM card business.

2003 began well for Gemplus with orders from China's main wireless operators for over 10 million cards of which over 50% are high-end (32 Kb). The key differentiator positioning Gemplus in China is in its offer for SIM browsing with dynamic SIM Toolkit.



**Table of Contents****Financial Services and Security**

## Highlights:

Weak sales across all regions

EMV roll-out delays in Europe

Initial revenue contribution from Oman ID contract signed in October 2002

In millions of euros	Q4 2002	Q3 2002	Quarter on quarter change Q4 02/Q3 02	Year on year change Q4 02/Q4 01
Revenue	54.0	65.7	-17.8%	-42.6%
<i>After adjusting for currency fluctuations, discontinued operations and acquisitions</i>			-17.8%	-40.1%
Gross profit	11.7	15.4	-24.0%	-47.5%
Gross margin as a % of revenue	21.7	23.4		

In the fourth quarter, FSS revenue was affected by the challenging environment, marked by delays to 2003 in the EMV roll-out in Western Europe. In the US, the banking/retail market continues to wait for a proof of the business case for loyalty applications.

Conversely, Gemplus observed solid demand in the emerging Corporate Security & Government ID market worldwide. FSS booked some revenue generated by its first ID contract with the Sultanate of Oman for the National Identification Program.

**Fiscal Year 2002 financial review****Income statement**

## Highlights:

Revenue decline due to a high comparison basis in Financial Services and Security and strong pricing pressure in the wireless segment.

Gross profit decrease attributable to pricing pressure in the wireless segment despite the depletion of expensive chip inventory, higher sales volumes and product mix improvement.

Operating expenses down 24.3% due to restructuring.

Net profit impacted by non-recurring items, mostly non-cash.

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In millions of euros	FY 2002	FY 2001	Year on year change	After adjusting for currency fluctuations, discontinued operations and acquisitions
Group revenue	787.4	1,023.0	-23.0%	-17.5%
Of which Telecom	544.5	681.9	-20.1%	-17.8%
Of which FSS	242.9	296.8	-18.2%	-16.9%
Of which Disposed operations	0.0	44.3	NM	NM
Gross profit	199.7	307.5	-35.0%	NA
Gross margin as a % of revenue	25.4	30.1	NM	NM
Operating expenses	294.4	388.8	-24.3%	NM
Non-recurring items*	0.0	43.8	NM	NM
Operating loss before restructuring charge	-94.7	-125.2	NM	NM
Net income	-320.9	-100.2	NM	NM
Earnings per share (fully diluted)	-0.53	-0.16	NM	NM

\* Litigation and management severance expenses

After adjusting for currency fluctuations, discontinued operations and acquisitions, the analysis of the Company's revenue shows the following:

Telecom revenue was down 17.8% weakened by pricing pressure. Wireless cards shipments rose 14.3% while the average selling price dropped 32.2%. Wireless shipments soared 65.4% in Americas, increased 17.1% in Asia and 3.5% in EMEA.

Financial Services and Security revenue was down 16.9% driven by a large deal in the US banking/retail segment not being replaced.

On a geographical basis, the EMEA region was down 12.2% because of the poor performance of the wireless segment partly offset by the banking segment. Americas was down 25.9% under the weakness of the US banking/retail market. Asia was down 27.0% driven by the wireless segment.

Software and Services revenue grew 12%. They contributed 5.1% of the Company's revenue in the fiscal year 2002 compared with 3.3% in 2001.

Gross margin declined by 4.7 percentage points mainly because of pricing pressure in the Telecom business unit. This decline was partially offset by a better regional and product mix, the depletion of expensive chip inventory, plus higher sales volumes and productivity gains. In fact, in the second half of 2002, the gross margin improved by 6.8 percentage points against the first half of 2002 as a result of the same positive factors.

Operating expenses declined 24.3% driven by the restructuring plan and cost cutting measures announced at the end of the first quarter. Annualized savings from restructuring and cost cutting initiatives are on track to reach the overall target of 110 million euros. At the end of the fourth quarter, headcount reduction was 1,010 compared with the targeted reduction of 1,140 in the number of employees and sub-contractors.

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Reflecting these efforts, the operating loss before provision for restructuring for the second half of 2002 was some 67.8% below its level of the first half of 2002 and 79.1% below its level of the second half of 2001.

Net income was affected by non-recurring items (187.4 million euros) of which 118.0 million euros are non-cash. They include a provision for restructuring (90.0 million euros of which 20.6 million euros are non-cash), the write-down of a director's loan (67.0 million euros), goodwill write-off (22.1 million euros) and deferred tax assets write-down (8.3 million euros).

Ends

Conference Call:

The company has scheduled:

an analyst meeting for Wednesday, 12 February 2003 starting at 8.30am Paris time;

a conference call for Wednesday, 12 February 2003 at 2.30pm Paris time. Callers may participate in the live conference call by dialling:

+44 (0) 20 7984 7576, access code 670882

The live conference call will also be available on the IR section of [www.gemplus.com](http://www.gemplus.com).

Replays of the conference call will be available approximately two hours after the conclusion of the live conference call until February 19 +44 (0) 20 7984 7578. Access Code: 670882.

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*Some of the statements contained in this release constitute forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activities, performance, or achievements expressed or implied by such forward-looking statements. Actual events or results may differ materially. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we 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 release include, but are not limited to: trends in wireless communication and mobile commerce markets; our ability to develop new technology, and the effects of competing technologies developed and expected intense competition generally in our main markets; profitability of our expansion strategy; challenges to or loss of our intellectual property rights; our ability to establish and maintain strategic relationships in our major businesses; our ability to develop and take advantage of new software and services; and the effect of future acquisitions and investments on our share price. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such forward-looking statements. The forward-looking statements contained in this release speak only as of this release. We are under no duty to update any of the forward-looking statements after this date to conform such statements to actual results or to reflect the occurrence of anticipated results.*

### About Gemplus

GEMPLUS: the world's number one provider of solutions empowered by Smart Cards

Gemplus helps its clients offer an exceptional range of portable, personalized solutions that bring security and convenience to people's lives. These include mobile Internet access, inter-operable banking facilities, e-commerce, and a wealth of other applications.

Gemplus is the only completely dedicated, truly global player in the Smart Card industry, with the largest R&D team, unrivalled experience, and an outstanding track record of technological innovation.

In 2002, Gemplus was the worldwide smart card leader in both revenue and total smart card shipments (source: Gartner-Dataquest, Frost and Sullivan). Gemplus was also awarded Frost and Sullivan's 2002 Market Value Award for its exceptional performance.

Gemplus trades its shares on Euronext Paris S.A. First Market and on the Nasdaq Stock Market as GEMP in the form of ADSs. Its revenue in 2002 was 787 million Euros. It employs 5766 people in 37 countries throughout the world.

Gemplus: Beyond Smart  
[www.gemplus.com](http://www.gemplus.com)

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**Gemplus International SA**

**Press Release   Financial statements**

**For the quarterly period ended December 31, 2002**

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**Gemplus International SA**  
**Consolidated Statements of Income**

**Condensed Consolidated Statement of Income**

*(in thousands of euros, except share and per share data)*

	Three months ended		Twelve months ended	
	Dec 2002	Dec 2001	Dec 2002	Dec 2001
	(unaudited)			
Net sales	195,492	250,998	787,434	1,022,986
Cost of sales	(140,836)	(188,638)	(587,722)	(715,516)
<b>Gross Profit</b>	<b>54,656</b>	<b>62,360</b>	<b>199,712</b>	<b>307,470</b>
Research and development expenses	(20,040)	(24,971)	(92,240)	(112,885)
Selling and marketing expenses	(26,887)	(36,851)	(112,227)	(165,276)
General and administrative expenses	(24,285)	(29,823)	(89,896)	(110,657)
Litigation expenses				(18,120)
Management severance expenses		(25,691)		(25,691)
<b>Operating loss before restructuring</b>	<b>(16,556)</b>	<b>(54,976)</b>	<b>(94,651)</b>	<b>(125,159)</b>
Restructuring expenses	(19,267)		(90,003)	(28,466)
<b>Operating loss</b>	<b>(35,823)</b>	<b>(54,976)</b>	<b>(184,654)</b>	<b>(153,625)</b>
Interest income and (expense), net	3,934	4,435	(51,092)	20,702
Other income (expense), net	(11,708)	(9,625)	(26,844)	45,681
<b>Loss before taxes and goodwill amortization</b>	<b>(43,597)</b>	<b>(60,166)</b>	<b>(262,590)</b>	<b>(87,242)</b>
Provision for income taxes	(40,337)	6,445	(9,124)	14,184
<b>Loss before goodwill amortization</b>	<b>(83,934)</b>	<b>(53,721)</b>	<b>(271,714)</b>	<b>(73,058)</b>
Goodwill amortization	(12,845)	(6,134)	(49,177)	(27,162)
<b>Net loss</b>	<b>(96,779)</b>	<b>(59,855)</b>	<b>(320,891)</b>	<b>(100,220)</b>
Net loss per share				
Basic	(0.16)	(0.10)	(0.53)	(0.16)
Diluted	(0.16)	(0.10)	(0.53)	(0.16)
Shares used in net income (loss) per share calculation				
Basic	606,131,987	626,387,004	606,222,660	636,992,392
Diluted	606,131,987	626,387,004	606,222,660	636,992,392

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**Gemplus International SA**  
**Condensed Consolidated Balance Sheets**

**Condensed Consolidated Balance sheets**

	<i>(in thousands of euros)</i>	
	<b>December 31, 2002</b>	<b>December 31, 2001</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	417,226	490,652
Trade accounts receivable, net	144,913	188,635
Inventory, net	96,513	139,794
Other current assets	93,482	103,733
<b>Total current assets</b>	<b>752,134</b>	<b>922,814</b>
<b>Non-current assets:</b>		
Property, plant and equipment, net	216,944	268,784
Goodwill, net	73,187	116,580
Other non-current assets	177,491	222,514
<b>Total non-current assets</b>	<b>467,622</b>	<b>607,878</b>
<b>Total assets</b>	<b>1,219,756</b>	<b>1,530,692</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	82,256	109,661
Accrued liabilities and other	159,530	168,905
Current obligations under capital leases	6,098	3,734
<b>Total current liabilities</b>	<b>247,884</b>	<b>282,300</b>
<b>Non-current liabilities:</b>		
Long-term obligations under capital leases	42,540	32,581
Long-term debt, less current portion		14
Other non-current liabilities	53,714	30,859
<b>Total non-current liabilities</b>	<b>96,254</b>	<b>63,454</b>
<b>Minority interest</b>	<b>15,167</b>	<b>17,176</b>
<b>Shareholders equity</b>		
Ordinary shares	127,644	127,056
Paid in capital	1,028,920	1,027,850
Retained earnings	(210,358)	125,016
Other comprehensive income	8,571	(3,968)
Less, cost of treasury shares	(94,326)	(108,192)
<b>Total shareholders equity</b>	<b>860,451</b>	<b>1,167,762</b>
<b>Total liabilities and shareholders equity</b>	<b>1,219,756</b>	<b>1,530,692</b>

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**Gemplus International SA**  
**Condensed Consolidated Cash Flow**

**Condensed Consolidated Cash Flow**

	<i>(in thousands of Euros)</i>	
	<b>Twelve months ended December 31,</b>	
	<b>2002</b>	<b>2001</b>
<b>Cash flows from operating activities:</b>		
Net loss	(320,891)	(100,220)
Depreciation and amortization	133,359	120,409
Loss/(Gain) on assets sold	6,051	(65,996)
Other adjustments to reconcile net loss to net cash from operating activities	78,032	(17,769)
Change in inventories	35,675	11,509
Other changes in operating activities	(2,178)	(21,239)
Restructuring reserve	35,958	6,177
Litigation expenses	(18,120)	18,120
Management severance expenses	(10,629)	25,691
	<b>(62,743)</b>	<b>(23,318)</b>
<b>Cash flows from investing activities:</b>		
Sale/(Purchase) of activities net of cash disposed/(acquired)		108,731
Purchase of property, plant and equipment	(33,353)	(102,555)
Other changes in investing activities	(13,778)	(71,501)
	<b>(47,131)</b>	<b>(65,325)</b>
<b>Cash from financing activities:</b>		
Proceeds from sales-leaseback operations	15,962	5,711
Other changes in financing activities	(12,184)	(40,358)
	<b>3,778</b>	<b>(34,647)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>3,778</b>	<b>(34,647)</b>
Effect of exchange rate changes on cash	32,670	(22,342)
Net decrease in cash and cash equivalents	(106,096)	(123,290)
Cash and cash equivalents, beginning of period	490,652	636,284
	<b>417,226</b>	<b>490,652</b>
<b>Cash and cash equivalents, end of period</b>	<b>417,226</b>	<b>490,652</b>



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**Gemplus International SA**  
**Business segment and geographic reporting**

**Business segment reporting***Fourth Quarter 2002 Compared with fourth Quarter 2001***Revenues**

	<b>Three months ended December 31,</b>		<b>% change</b>
	<b>2002</b>	<b>2001</b>	
	<b>(millions of euros)</b>		
Telecommunications	141.5	156.9	(10%)
Financial services and security	54.0	94.1	(43%)
<b>Total</b>	<b>195.5</b>	<b>251.0</b>	<b>(22%)</b>

**Gross margin**

	<b>Three months ended December 31,</b>		<b>% change</b>
	<b>2002</b>	<b>2001</b>	
	<b>(millions of euros)</b>		
Telecommunications	43.0	40.1	7%
Financial services and security	11.7	22.3	(48%)
<b>Total</b>	<b>54.7</b>	<b>62.4</b>	<b>(12%)</b>

*Twelve Months 2002 Compared with Twelve Months 2001***Revenues**

	<b>Twelve months ended December 31,</b>		<b>% change</b>
	<b>2002</b>	<b>2001</b>	
	<b>(millions of euros)</b>		
Telecommunications	544.5	681.9	(20%)
Financial services and security	242.9	296.8	(18%)
Disposed operations (*)		44.3	
<b>Total</b>	<b>787.4</b>	<b>1023.0</b>	<b>(23%)</b>

**Gross margin**

	Twelve months ended December 31,		% change
	2002	2001	
	(millions of euros)		
Telecommunications	154.5	228.8	(33%)
Financial services and security	45.2	62.6	(28%)
Disposed operations (*)		16.1	
Total	199.7	307.5	(35%)

(\*) Including Skidata and Tag activities, which disposals occurred during the third quarter of 2001.

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**Gemplus International SA**  
**Business segment and geographic reporting**

**Geographic reporting***Fourth Quarter 2002 Compared with fourth Quarter 2001***Revenues**

	<b>Three months ended December 31,</b>		<b>% change</b>
	<b>2002</b>	<b>2001</b>	
	<b>(millions of euros)</b>		
Europe, Middle East and Africa	109.9	126.0	(13%)
Asia	39.2	48.8	(20%)
Americas	46.4	76.2	(39%)
Total	<u>195.5</u>	<u>251.0</u>	(22%)

*Twelve Months 2002 Compared with twelve Months 2001***Revenues**

	<b>Twelve months ended December 31,</b>		<b>% change</b>
	<b>2002</b>	<b>2001</b>	
	<b>(millions of euros)</b>		
Europe, Middle East and Africa	416.2	474.0	(12%)
Asia	199.5	273.1	(27%)
Americas	171.7	231.6	(26%)
Disposed operations (*)		44.3	
Total	<u>787.4</u>	<u>1023.0</u>	(23%)

(\*) Including Skidata and Tag activities, which disposals occurred during the third quarter of 2001.

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