

# Gemalto to Acquire SafeNet, The Worldwide Leader in Data and Software Protection

AMSTERDAM  
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- This acquisition makes Gemalto the reference in cloud data, software and transaction security adding core network data protection technologies to its authentication offerings that protect the edge of the network
- The purchase price of US\$890 million will be financed by available cash and existing credit facilities
- Closing is expected to occur in Q4 2014
- Gemalto 2017 profit from operation objective of €600 million is expected to be surpassed by around +10%

Amsterdam, August 8, 2014 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security, today announced that it has signed a definitive agreement to acquire 100% of the share capital of SafeNet, a worldwide leader in data protection and software monetization, from Vector Capital for US\$890 million on a debt free/cash free basis.

Headquartered in Belcamp, Maryland, USA, and presently located in 27 countries, SafeNet is one of the largest dedicated digital information security companies in the world, trusted to protect, control the access to, and manage the world's most sensitive data and high value software applications. As an example, SafeNet technology protects over 80% of the world's intra-bank fund transfers and its 1,500+ employees, including 550 cryptographic engineers, serve more than 25,000 customers, both corporations and government agencies, in over 100 countries. Customers utilizing SafeNet solutions include Banamex, Bank of America, Cisco, Dell, Hewlett-Packard, Kaiser Permanente, Netflix, Starbucks and many more of the world's best known companies. In 2013, SafeNet recorded revenues of US\$337 million and profit from operations of US\$35 million and expects revenues of US\$370 million and profit from operations of US\$51 million for 2014.

As Gemalto enters into its 2014-2017 multi-year development plan, the digital world enters a period in which proper control over sensitive information is paramount. Nearly 400 million digital data records have been lost or stolen already in 2014, prompting a significant rise in global awareness regarding the effective protection of data. With this acquisition, Gemalto and SafeNet combine the best technologies, expertise and services available for securing a complete infrastructure: network, users, data, software, at the core and at the edge.

SafeNet provides an extensive portfolio of data protection solutions including HSM advanced cryptographic key management systems, encryption technologies for civilian applications, authentication servers and authentication as a service, as well as sophisticated software license management and monetization solutions. As an example, HSMs are the essential cloud-based secure elements generating and protecting the fundamental cryptographic keys and processing

units used by digital authentication, encryption and signature mechanisms within computer networks and the Internet. All of these will perfectly complement Gemalto's offering of embedded software and portable secure elements, which are used globally at the other end of the network security chain, i.e. in the users' pockets and inside the network-connected terminals.

Once the acquisition is completed, SafeNet will significantly reinforce Gemalto's Identity and Access Management business. It will become part of Gemalto's Payment & Identity segment, and its Platforms & Services activity, that account respectively for €1,329 million and €715 million of the 2013 pro forma revenue.

The purchase price of US\$890 million is self-funded with US\$440 million from available cash, and US\$450 million drawn from existing long-term credit facilities. Depending on market conditions, Gemalto may refinance the credit facilities through a bond issuance or other means at a later date. The closing of the transaction is expected to occur in Q4 2014, after approval from the relevant regulatory and antitrust authorities. After the acquisition is completed, Gemalto will retain a strong financial structure with a net debt/EBITDA ratio less than 1. The transaction will be accretive to adjusted EPS (Earnings Per Share) before purchase price allocation upon completion.

As a result of the acquired business's anticipated profitability, growth and synergies, Gemalto expects to surpass its 2017 profit from operations objective of €600 million by approximately +10%.

"The opportunity to acquire SafeNet has come at exactly the right time, as we have just entered into our new multi-year development plan and there is a perfect fit between Gemalto's "security at the edge" and SafeNet's "security at the core" capabilities. This will enable us to further accelerate the deployment of strong security solutions in the Enterprise sector, and expand our technologies and growth opportunities in protecting online access. Overall, our global leadership in digital security will be reinforced", said Olivier Piou, Gemalto CEO.

"We are very excited for the opportunity to join Gemalto, which is recognized internationally for leadership in the digital security domain. Our products and routes to market are perfectly complementary and our visions for the future naturally intertwined," said Prakash Panjwani, SafeNet President and Chief Executive Officer. "The combination of our portfolios will allow customers to have access to world's leading security products for mobile and cloud, delivering best-in-class protection of data and identities. This transaction will accelerate the delivery of Gemalto's security solutions to the Enterprise while also making SafeNet's data protection solutions accessible to the Banking and Telecom sectors – truly a win-win for everyone involved."

### **Live Audio Webcast and Conference call**

A presentation about this announcement and a Q&A session 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](http://www.gemalto.com/investors)

This webcast is compatible with Android and iOS terminals, including iPads.

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 9453

**US:** +1 866 907 5928

**FR:** +33 1 7077 0944

The accompanying presentation slide set is now 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 world leader in digital security with 2013 annual revenues of €2.4 billion and more than 12,000 employees operating out of 85 offices and 25 research and software development centers, located in 44 countries.

We are at the heart of the rapidly evolving digital society. Billions of people worldwide increasingly want the freedom to communicate, travel, shop, bank, entertain and work – anytime, everywhere – in ways that are enjoyable and safe. Gemalto delivers on their expanding needs for personal mobile services, payment security, authenticated Cloud access, identity and privacy protection, eHealthcare and eGovernment efficiency, convenient ticketing and dependable machine-to-machine (M2M) applications. We develop secure embedded software and secure products which we design and personalize. Our platforms and services manage these products, the confidential data they contain and the trusted end-user services made possible. Our innovations enable our clients to offer trusted and convenient digital services to billions of individuals. Gemalto thrives with the growing number of people using its solutions to interact with the digital and wireless world.

For more information visit:

[www.gemalto.com](http://www.gemalto.com), [www.justaskgemalto.com](http://www.justaskgemalto.com), [blog.gemalto.com](http://blog.gemalto.com), or follow @gemalto on Twitter.

### **About Vector Capital**

Vector Capital is a leading global private equity firm specializing in transformational investments in established technology businesses. Vector identifies and pursues these investments in both the private and public markets. Vector actively partners with management teams to devise and execute new financial and business strategies that materially improve the competitive standing of these businesses and enhance their value for employees, customers, and shareholders. Among Vector's notable investments are Aladdin Knowledge Systems, Allegro Development Corporation, Cambium Networks, Certara, CollabNet, Corel, IPVALUE Management, LANDesk Software, Niku, Gerber Scientific, RAE Systems, Register.com, SafeNet, Technicolor, Teletrac, Tidel, WatchGuard Technologies, and WinZip.

### **About SafeNet, Inc.**

Founded in 1983, [SafeNet, Inc.](http://www.safenet-inc.com) is one of the largest information security companies in the world, and is trusted to protect the most sensitive data for market-leading organizations around the globe. SafeNet's data-centric approach focuses on the protection of high-value information throughout its lifecycle, from the data center to the cloud. More than 25,000 customers across commercial enterprises and government agencies trust SafeNet to protect and control access to sensitive data, manage risk, ensure [compliance](#), and [secure virtual and cloud environments](#). Learn more about SafeNet on [Twitter](#), [LinkedIn](#), [Facebook](#), [YouTube](#), and [Google+](#).

- See more at: <http://www.safenet-inc.com/news/2014/gemalto-to-acquire-safenet-data-software-protection-leader/#sthash.69sGOXRN.dpuf>