Gemalto Acquires Cinterion: Companies' Combined Expertise will Accelerate the Deployment of "Smart Machines"

Gemalto announces today the acquisition of Cinterion Wireless Modules GmbH (CWM). Cinterion is the leading provider of industrial Machine-to-Machine (M2M) wireless communication modules, with 2009 M2M revenues of €145 million, EBIT of €4 million and approximately 20% market share. Cinterion, which uses a fabless business model, employs 335 staff with major centers in Munich and Berlin, Germany. The business was started by Siemens in 1995 and spun out to a financial sponsor consortium in 2008.

Building on the investments made in the last twenty years by mobile network operators worldwide that provide wireless data coverage in almost every part of the world, wireless M2M applications are increasingly revolutionizing businesses by enabling simple and cost-effective connectivity for a variety of applications. These include among others: remote monitoring of utility meters or patients at home, tracking of high value items or stolen vehicles and optimized real time management of fleets, smart energy grids for more efficient energy consumption and air pollution detection systems for urban reduction programs in CO2 emissions.

Combining Cinterion's M2M module technology with Gemalto expertise in deploying software and services for mobile network operators will provide simple to deploy M2M solutions with proven security and demonstrated remote "over-the-air" management of devices for industrial companies, for administrations and for mobile network operators which are increasingly seeking to offer M2M communication services. Technology research specialist Gartner projects year-on-year volume growth rates of 25% from 2009 to 2013, making M2M one of the fastest growing segments in the mobile data business.

Gemalto will pay €163 million in cash for the CWM business, approximately one time annual sales. The closing of the transaction is expected within the next six weeks. The acquisition will be immediately accretive to Gemalto's 2010 earnings per share and should contribute around €20 million to Gemalto's profit from operations target of €300 million in 2013. Cinterion's business results will be reported as part of a new segment that will regroup Gemalto's activity in this domain, called M2M, to reflect its value and strong growth potential.

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