PRESS RELEASE

Eurosmart Reports Increase in Worldwide Secure Element Shipments in 2016
2017 forecasts confirm sustained growth for the Smart Security Industry

Brussels, 18th May 2017 – Eurosmart, the Voice of the Smart Security Industry, announced the 2016 figures for worldwide secure element shipments and the corresponding 2017 forecasts. The overall growth trend remained unchanged in 2016 and Eurosmart forecasts place the total volume of secure elements to be shipped in 2017 at close to 10 billion.

The fact that the use of connected devices has become a part of everyday life has seen consumers become increasingly aware of security and safety risks. "Eurosmart and its members seek to take up this challenge and play a leading role in encouraging the uptake of secure connected devices. Our industry is a leader in the provision of cutting-edge technologies that protect connected devices and users alike. In this respect, we commend the European Commission for putting the issue of ICT security labelling on the table. We strongly believe that this market tool will help to empower end-users to confidently identify and purchase secure connected devices", said Eurosmart President Didier Sérodon.

Recently, there has been a huge increase in the use of biometric technologies in smartphones to provide a greater level of security and convenience. "This trend raises concerns as to how these highly sensitive data will be protected. Secure elements are the most ideal technology for combining the protection and privacy of biometric data with other identity attributes. In fact, smartphones with embedded secure elements are increasingly used for a wide range of applications such as transport, mobile identification and payment", added Sérodon.

Mobility and contactless transactions ensure customer convenience and are driving forces in the market. "The move to contactless cards in many established payment markets continues to be a growth driver (+7% in 2016). On the other hand, increased mobile connectivity due to the ongoing migration to 4G networks across most regions has boosted demand for SIM cards, with approximately 5.45 billion shipments in 2016. Whilst Mobile Network Operator (MNO) consolidation had an impact on growth (+2.8%) in 2016, the emergence of a new MNO in South East Asia contributed to a positive performance", Sérodon revealed.

In the payment sector, the chip payment card migration phase is nearing completion in China and is at a very advanced stage in the US, accounting for 2.9 billion secure elements shipped in 2016. "Migration from unsecure magnetic stripe payment cards towards EMV chip cards in regions such as Africa, South East Asia and LATAM has boosted market demand. In India, EMV adoption, backed by government initiatives, has also contributed to this upward trend", explained Sérodon.

"In 2016, Eurosmart can once again report remarkable growth (+12%) in the government and healthcare sectors and 2017 forecasts consolidate these positive results with an estimated growth of 11%", said Sérodon. National eID projects and the adoption of ePassports are, and will continue to be, the main market drivers.

Eurosmart figures and forecasts reveal that the Smart Security Industry has grown immensely over the past few years. "Our industry, which comprises all major European IT companies, plays a significant role in improving the security of digital solutions and safeguarding the fundamental rights of EU citizens while also creating jobs and fostering European competitiveness in the global market", Sérodon concluded.

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About Eurosmart
Eurosmart is an international non-profit association located in Brussels and representing the Smart Security Industry for multisector applications. Founded in 1995, the association is committed to improving the quality of the security applications in the world's smart secure devices, to developing smart security standards and expanding the world's smart secure devices market. Members are manufacturers of smart cards, semiconductors, terminals, equipment for smart cards system integrators as well as application developers and issuers

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Worldwide Secure Elements shipments & forecasts: 2016-2017
(Millions of units)
Source: Eurosmart, May 2017

WW shipments forecast	2015	2016	2017f	2016 vs 2015 % growth	2017f vs 2016 % growth
Telecom	5,300*	5,450*	5,550	3%	2%
Financial services	2,850	2,900	3,000	2%	3%
Government - Healthcare	410	460	510	12%	11%
Device manufacturers	310	330	390	7%	18%
Others**	450	470	490	4%	4%
Total	**9,320**	**9,610**	**9,940**	**3%**	**3%**

Source SIMalliance
**Others include Transport, PayTV and physical and logical access cards

Worldwide Contactless Secure Elements shipments & forecasts: 2016-2017
(Millions of units)
Source: Eurosmart, May 2017

WW contactless shipments forecast	2015	2016	2017f	2016 vs 2015 % growth	2017f vs 2016 % growth
Financial services	1,220	1,300	1,350	7%	4%
Government - Healthcare	250	270	305	8%	13%
Transport	230	260	290	13%	12%
Others***	70	70	70	0%	0%
Total	**1,770**	**1,900**	**2,015**	**7%**	**6%**

***Others include physical and logical access cards

Worldwide NFC SIM & embedded Secure Elements shipments & forecasts: 2016-2017
(Millions of units)
Source: Eurosmart, May 2017

WW shipments forecast	2015	2016	2017f	2016 vs 2015 % growth	2017f vs 2016 % growth
NFC SIM & embedded Secure Elements****	**495**	**500**	**560**	**1%**	**12%**

****NFC SIM & embedded Secure Elements include NFC UICC Secure Element, Embedded Secure Element and Embedded UICC

About secure elements:

A secure element contains a certified microcontroller and embedded software. It is secure, personal and portable and comes in multiple forms: Eurosmart members manufacture and personalize such secure elements, as well as the software and secure infrastructure around it. Secure elements have a strategic role in protecting digital identities and are vital to ensure digital security and privacy. We divide the market in five main areas:

- **Telecom**: SIM cards (secure elements with a SIM application);
- **Financial services**: cards issued by banks and retailers for payment services (debit, credit, prepaid schemes…); cards issued by retailers or service providers for loyalty services; and social cards with payment application;
- **Government & healthcare**: cards issued by governmental bodies for citizens' identification (travel, ID and healthcare documents) and online services and cards issued by private health insurance companies;
- **Device manufacturers**: mobile phones, tablets, navigation devices and other connected devices including an embedded secure element without SIM application;
- **Others**: cards issued by operators, for transport, toll or car park services (i.e. "Transport"); cards issued by pay-TV operators for decrypting TV signals (i.e. "Pay TV"); physical and logical access cards.