



PRESS RELEASE

EUROSMART: SMART SECURITY INDUSTRY KEEPS GROWING Worldwide shipments of secure elements to exceed 9 billion units in 2015

Paris, 18th of November 2015 – At the opening of the CARTES SECURE CONNEXIONS 2015, Eurosmart, the Voice of the Smart Security Industry, presented its annual forecast of the worldwide secure element* shipments. Timothée Mangenot, President of Eurosmart: “The smart security industry continues to grow, passing the threshold of 9 billion secure elements shipped worldwide in 2015. This is mainly due to EMV migration, the rise of mobility trends and the increasing number of eGovernment services.”

Shipments are expected to be up by close to 12% in 2015, and to continue growing in 2016, reaching about 9.8 billion units. Mangenot: “The key drivers of this growth are firstly the migration of simple magnetic strip cards to “EMV” cards, equipped with a chip. Secondly, the number of embedded secure elements in mobile phones, tablets, navigation devices – which are increasingly used for mobile applications of all kinds, most notably mobile financial services – has also risen considerably.”

Positive results are supported by increased demand for SIM cards. The telecom market remains healthy and has been steadily increasing in volume with an estimate of 5.45 billion SIM cards shipped in 2015.

With regards to the payment market, the US migration from magnetic stripe payment cards towards secure EMV chip cards has remained a major growth factor in 2015. The double-digit growth for payments is even stronger in China, which proved instrumental in boosting demand; India is following this trend. Overall, the growth for contactless payment cards has been slightly higher than for contact cards. The progression of contactless payment cards is more pronounced outside of the US, which made the choice of deploying EMV contact cards.

Eurosmart confirms the sustained upward trend for 2015 and 2016 in the eGovernment and healthcare sectors. “Security and the protection of personal data and privacy are especially important when it comes to sensitive data regarding identity and authentication. For example, eBorder and eVisa projects require the highest level of security possible”, Mangenot pointed out “and the smart security industry has been providing solutions that prevent security breaches.”

2015 and 2016 forecasts also confirm the increased number of secure elements shipped to Original Equipment Manufacturers (OEM). Pushed by the development of mobile applications, more and more device manufacturers integrate embedded secure elements in connected devices, such as watches or wearables. In 2015, the growth in this market is forecast to reach 63% and will remain strong in 2016.

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About Eurosmart

Eurosmart members are global technology providers with a strong expertise in the management of digital security within hostile environments. All Eurosmart members have common European roots and take pride in their support of the European Union’s Digital Single Market. They joined the association to help carrying the voice of the digital security industry, and are committed to ensuring that Europe builds on their worldwide leadership and expertise.

Eurosmart is based in Brussels where it has a permanent office for over twenty years.

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Worldwide Smart Secure Device shipment – 2015 and 2016 forecasts (Millions of units)

Source: Eurosmart, November 2015

WW shipments forecast	2014	2015f	2016f	2015f vs 2014 % growth	2016f vs 2015f % growth
Telecom	5,200*	5.450	5.600	4,8%	2,8%
Financial services	2050	2.600	2.900	26,8%	11,5%
Government – Healthcare	380	410	455	7,9%	11,0%
Device Manufacturers	190	310	390	63,2%	25,8%
Others**	400	430	460	7,5%	6,9%
Total	8,220	9.200	9.805	11,9%	6,6%

* Source SIMAlliance

**Others include Transport, PayTV and physical and logical access cards.

Worldwide Smart Secure Contactless market figures – 2015 and 2016 forecasts (Millions of units)

Source: Eurosmart, November 2015

Of which contactless	2014	2015f	2016f	2015f vs 2014 % growth	2016f vs 2015f % growth
Financial services	880	1.115	1.270	26,7%	13,9%
Government – Healthcare	230	250	270	8,9%	8,0%
Transport	180	210	240	16,7%	14,2%
Others***	70	70	70	0,0%	0,0%
Total	1,360	1.645	1.850	21,0%	12,4%

***Others include Transport, PayTV and physical and logical access cards.

Worldwide NFC Secure Elements market figures – 2015 and 2016 forecasts (Millions of units)

Source: Eurosmart, November 2015

WW shipment forecast	2014	2015f	2016f	2015f vs 2014 % growth	2016f vs 2015f % growth
NFC Secure Elements****	350	490	590	40%	20%

**** NFC secure elements include NFC enabled UICCs and embedded secure elements and other form factors of NFC-enabled secure elements

About secure elements

A secure element contains a certified microcontroller and embedded software. It is secure, personal and portable and comes in multiple form factors: 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.

EUROSMART

The Voice of the Smart Security Industry

Secure elements market forecasts

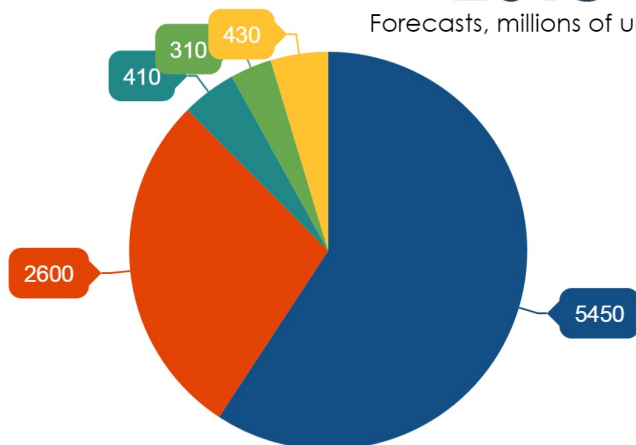
2015-2016 worldwide figures

A **secure element** contains a certified microcontroller and embedded software.

It plays a vital role in ensuring our **digital security and privacy.**

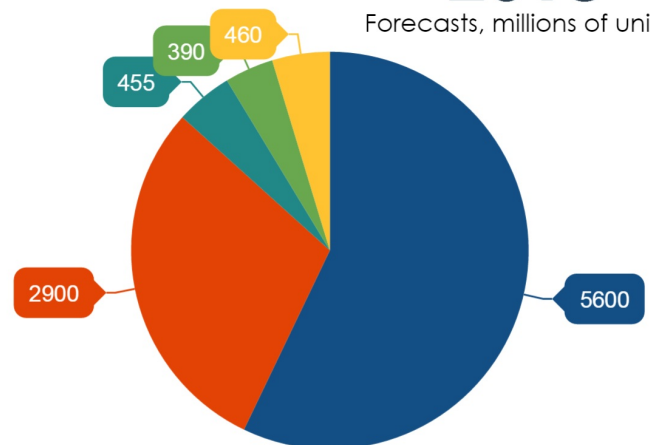
2015

Forecasts, millions of units



2016

Forecasts, millions of units



■ Telecom (59%) ■ Payment cards (28%) ■ Government (4%)
■ Device manufacturers (3%) ■ Others* (5%)

■ Telecom (57%) ■ Payment cards (30%) ■ Government (5%)
■ Device manufacturers (4%) ■ Others* (5%)

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

The market growth will reach **12%** in 2015
(+6,6% in 2016)

In 2016, **9.8** bn secure elements will be shipped
(9.2 bn in 2015)

Financial services



2.6 bn EMV cards will be shipped in 2015: a +32% growth between 2014 and 2015

"EMV chip cards are still the most worldwide used technology for payments"

Growth drivers

This segment accounts for cards for payment services, loyalty services and social cards with payment application

Telecoms



5.45 bn of SIM cards will be shipped in 2015

"A steadily increase in volume to reach outstanding figures worldwide"

This segment accounts for SIM cards, i.e. secure elements with a SIM application

Device manufacturers

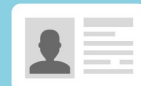


+63% growth between 2014 and 2015

"This astonishing growth confirms the continued positive performance of this market"

This segment accounts for mobile phones, tablets, navigation devices and other connected devices that include an embedded secure element without SIM application

Gouvernement & Healthcare



+8% growth between 2014 and 2015

"The sustained upward trend for 2015 and 2016 proves the everlasting efforts of the industry to offer secure and trustworthy solutions"

This segment accounts for cards issued by governmental bodies for citizens identification (travel, ID and healthcare documents) and online services and cards issued by private health insurance companies

Growth drivers

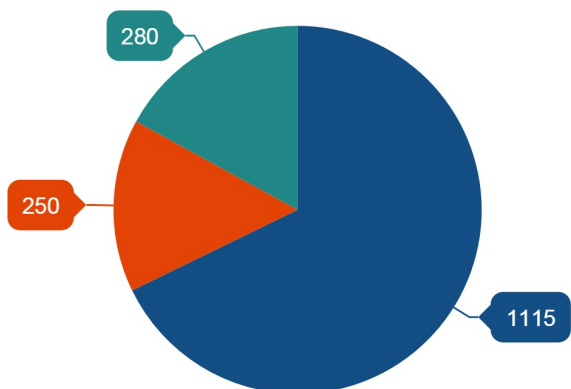


Contactless Figures

Mobility and contactless transactions are key drivers for growth, thanks to their **convenient and secure** user experience

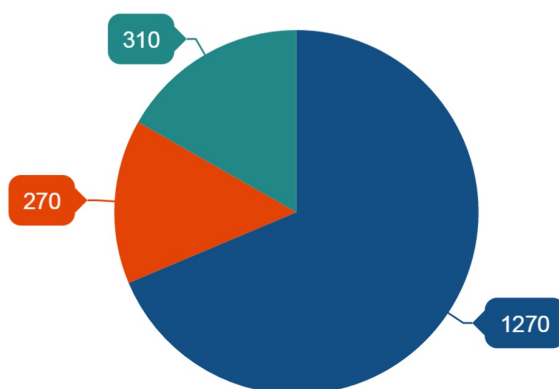
2015

Forecasts, millions of units



2016

Forecasts, millions of units



■ Payment cards (68%) ■ Government (15%) ■ Others* (17%)

■ Payment cards (69%) ■ Government (15%) ■ Others* (17%)

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

The **contactless** market will grow by **21%** in 2015 (12,4% in 2016)

In 2016, **1.8 bn contactless** secure elements will be shipped (1.6 bn in 2015)

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More info on our figures:

<http://www.eurosmart.com/facts-figures.html>