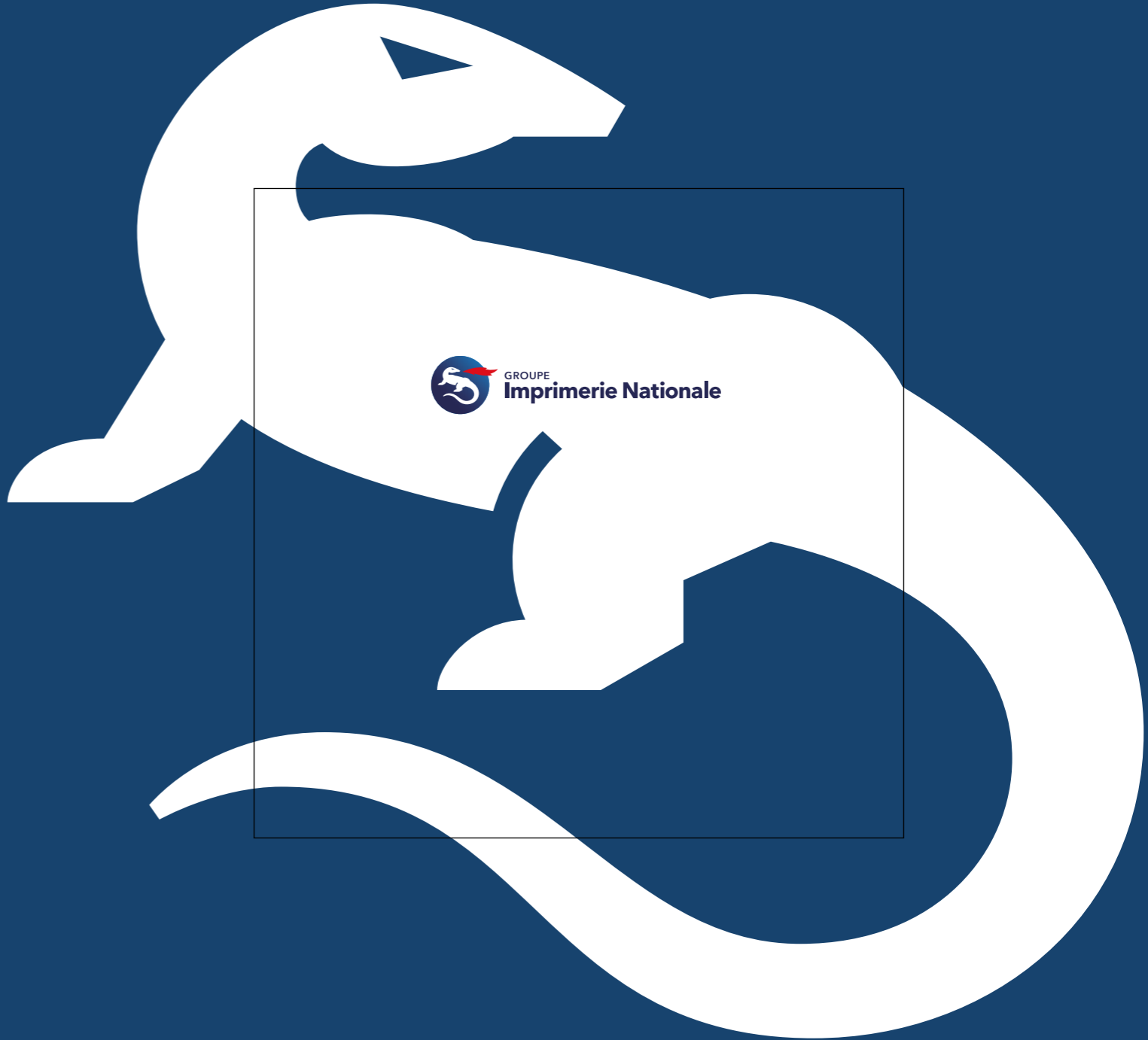




ACTIVITY REPORT
2015



SUM MA RY



ACTIVITY REPORT 2015

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1

GROUP

—
OVERVIEW

The Imprimerie Nationale Group is an international leader in security and identity solutions with a 210 M€ turnover in 2015 and first class clients in over 68 countries.

In a world where mobility and digital technology are on a constant increase and where data security is becoming a major challenge, the Imprimerie Nationale Group offers a secure solution to governments, administrations and companies: electronic components with high added value for the banking industry, complete identity solutions including electronic components, secure documents at the cutting edge of technology, and reliable interoperable systems. The Group also offers externalised identity issuing services (credentials and rights), innovative and efficient paperless security, and complex secure data flow solutions.

Atrue engineering enterprise, the Imprimerie Nationale Group, in a matter of a few years, has transformed itself into an innovative, digital company with an international appeal and a regular growth factor with increasing profitability. The Group is now a recognised industrial operator, delivering complete secure identity and paperless document management systems. Their ability to integrate electronics and biometrics in their identity documents and the development of a complete line of polycarbonate cards reinforce their global position with new and innovative products and reinforced security both in France and on international markets, now representing 20% of the Group's total turnover.

The Group has also transformed its traditional printing services, offering innovative paperless security on totally integrated systems. It has furthermore reinforced its technological value chain with the acquisition of Smart Packaging Solutions, the international leader in modules and antennae with great added value. And, finally, Imprimerie Nationale delivers an « all-inclusive » solution to manage official credentials on an international level.

A reputable industrial operator, the Imprimerie Nationale Group is now present throughout the digital identity value chain with: components, products, systems and services that give users access to governmental services, allowing them to exercise their rights easily and safely.

Based in Paris, the Imprimerie Nationale Group has two production sites in France (in the towns of Douai and Rousset) and over 700 employees, of which over one third are dedicated to technological developments.

2

MESSAGE

FROM
THE CEO



DIDIER
TRUTT

”

HOW DID THE GROUP PERFORM IN 2015?

2015 was a fruitful year for the Group: with a turnover of 210 M€ representing a 3.5% increase on 2014 with a pre-tax net profit of 14% of total turnover.

We have successfully established our leadership as a secure identity documents provider. In France first, with a renewed government partnership to reaffirm the Group's position as a trusted industrial operator for the State; and on international markets with an increase in sales, now representing 20% of our turnover. We also secured significant contracts with a fully-developed service offer completed by new BPO propositions.

These results support our digital transformation strategy, our competitive drive, our capacity to innovate and satisfy our clients and our international dimension.

2

WHAT ARE THE MAJOR CHALLENGES IN YOUR INDUSTRY?

Mobility, paperless documents, reinforced identity security and digital identity extension: these major and future challenges are already anchored in our industrial and technological reality as a desire to master and protect the new 21st century black gold, Data. And at the heart of our activities, data security management is part of our DNA. Be it data from people at large or administrations and companies, our services are at the forefront of future technologies, thus continuously reinforcing customer credence.

WHAT ARE YOUR AMBITIONS FOR 2020?

Our objective to double our 2013 turnover with Odyssey 2020 is coming along nicely in view of 2015. We plan to pursue international development thanks to our secure solutions and to our multi-credential platforms for identity documents. 45% of our turnover will be invested in international markets (20% in 2015).

We are also anticipating a high increase in services thanks to our secure paperless solutions for legal, access and data management, where we are directing 20% of our turnover.

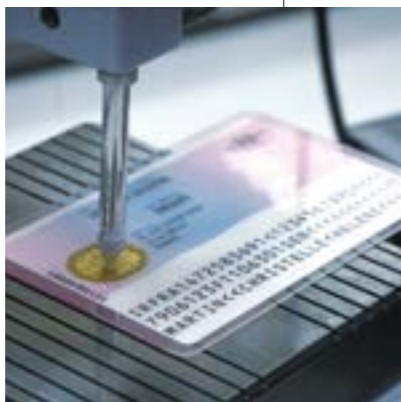
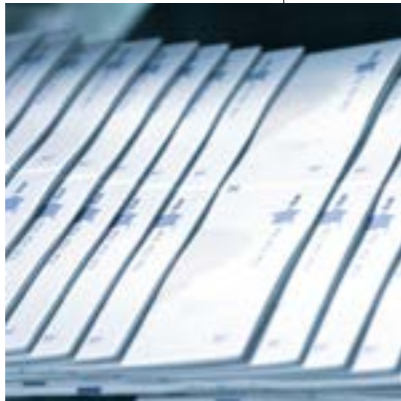
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3

SIGNIFICANT
FIGURES

—
2015



210 M€
TURNOVER

Over
23 million
DIGITAL DOCUMENTS

+ 3,5%
INCREASE
vs. 2014

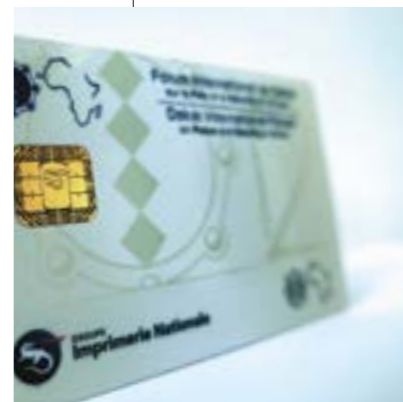
Over
11 million
VEHICLE REGISTRATION
SYSTEMS

12%
NET RESULT

20%
OF TURNOVER FROM
INTERNATIONAL MARKETS

Production of over
4 million
PASSPORTS
5 million
CARDS
56 million
MODULES

68
INTERNATIONAL
REFERENCES



4

STRATEGY

—
ODYSSEY 2020

FIVE COMPLEMENTARY SECTIONS CONSTITUTE ODYSSEY 2020

SECTION 1 : INNOVATIONS

An expanded presence in the technological value chain

SECTION 2 : OFFERS

A comprehensive range of components, products, services and systems

SECTION 3 : MARKETS

A renewed spirit of international competition

SECTION 4 : CLIENTS

An extensive and diverse client base comprising of governments, ministries, public and private organisations, and banking groups

SECTION 5 : OPERATIONS

Growth based on excellence in operations and our social responsibility

4



The Imprimerie Nationale Group's stated objective is to reinforce leadership as a provider of secure identity solutions, both in France and abroad, to therefore double both our turnover and EBITDA by 2020.

By developing new distinguishing offers and innovative business models, the Imprimerie Nationale Group aspires to support the digital evolution of strategically targeted markets.

A CLEARLY DEFINED STRATEGIC VISION: PROVIDING SECURE IDENTITY SOLUTIONS

The acquisition and successful integration of SPS in the Group was a strategic move, giving the Imprimerie Nationale Group a decisive, technological lead in secure identity solutions and strengthening the services offered to citizens of the country in the context of operations conducted for the French government. They also expand our international base, driving market growth for the entire French identity export sector.

FOCUS PRIORITY GROWTH SECTORS

BANKING

In a market where growth is predicted at +16% by 2020, our strategy is to accelerate our technology roadmap, develop new cost reduction policies, establish a new supply chain strategy, strengthen our presence in the local European market, develop our presence in the African and Middle Eastern markets, and strengthen our presence in Asia and in the USA.

ID

In the identity market, where growth over the next 5 years will be approximately +5% per year for electronic components and secure documents and +10% per year for systems, the objective of our strategy is to accelerate export growth, develop passport and ID card offers and streamline software architecture for official credentials production.



SERVICES

In view of the predicted +5% yearly growth in the outsourced services market and +12% yearly growth in IT services over the next 5 years, our strategy is to continue to expand our outsourced and IT services, support the significant paperless document trend and develop our growth worldwide.

PRINT

With the decline of the traditional print market (between -8% and -10% yearly until 2020), limited by increasingly powerful new paperless services, our strategy is to continue our printing activities by developing security printing in France and in export markets, in addition to developing the paperless services that we offer (digital printing and single-piece mail).

FOCUS ADDITIONAL GROWTH SECTORS

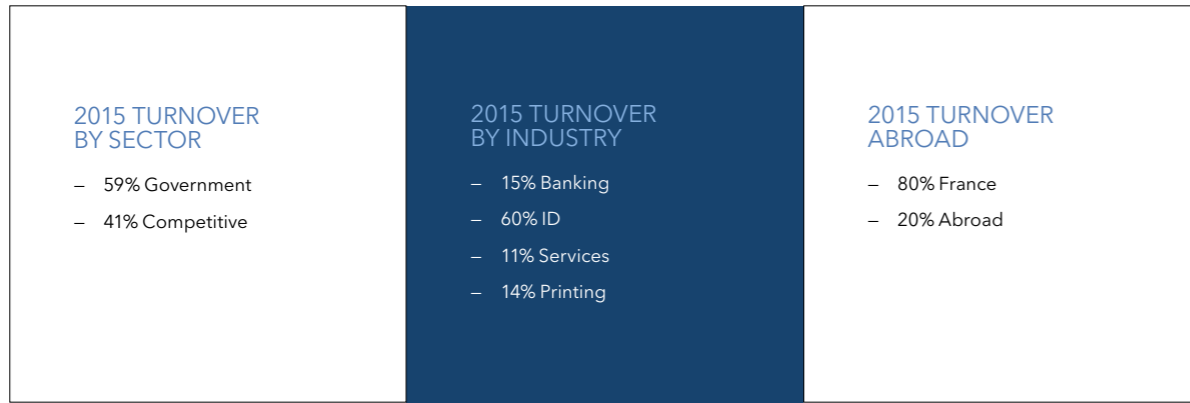
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PER
FOR
MANCE



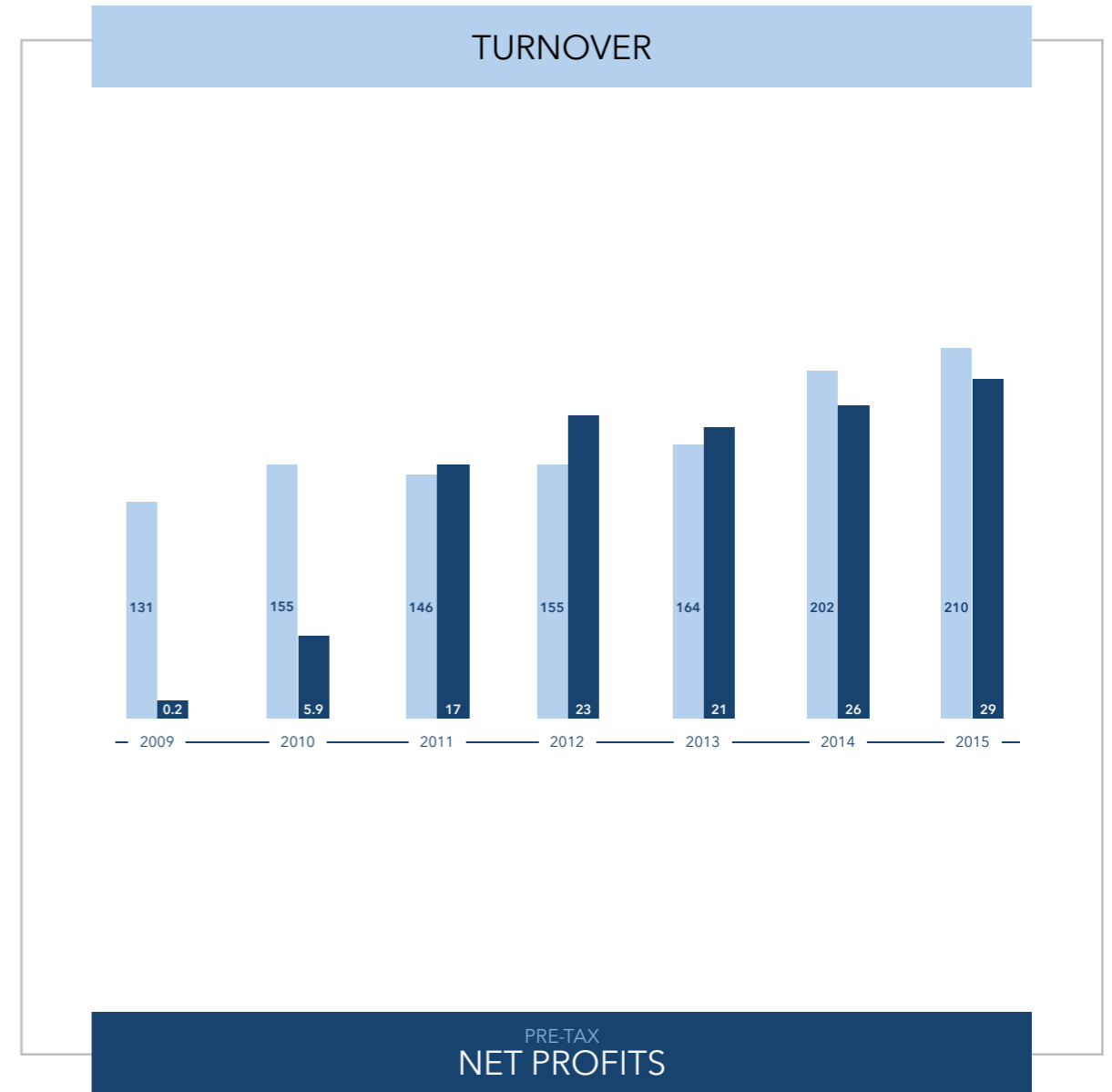
2015

With a 210 M€ turnover, a 3.5% increase from 2014, a 38 M€ EBITDA, an EBITDA margin of 18%, and 29 M€ in pre-tax net profits, and a pre-tax profit margin of 14% (+1 point), the Group reaffirms its growth strategy, in line with the goals of the MTP.



Consolidation of the Group's position as primary operator, both in France with superior levels of production and productivity for secure documents and abroad where foreign government demand has increased, and countries such as Uruguay, Peru, Gabon, Nigeria, Benin, Côte d'Ivoire, Palestinian Authority, Lebanon, and Djibouti, are among our major achievements. New contracts were executed in components (Ghana, Mali...), credentials, (France and abroad), professional identity (transportation and health industries), and even data (notably for CROUS¹ and INSERM²) and flow sectors with the launch of new digital printing and single-piece mail offers.

¹ CROUS: French University student services centre
² INSERM: French National Institute of Health and Medical Research



FOCUS PRIORITY SECTORS

The world market of chip cards continued to grow with a +12% increase in the year, surpassing 9 billion electronic components. Carried by the change-over from credit cards with simple magnetic strips to the EMV standard electronic component, the touch-free banking market saw an increase of +27%. This growth can be seen in all regions of the world, except in the United States, where they chose to implement the EMV standard as contact cards.

With a portfolio of over 50 clients around the world (including framework contracts with the three market leaders: Morpho, Oberthur Technologies and Giesecke & Devrient), SPS, a subsidiary of the Imprimerie Nationale Group, has outperformed the market (with the exception of Russia, due to import constraints).

Among some major Group events was the opening of a Singapore office, the certification of two new technological innovations (PreLam Low Cost and Dual6) as well as launching the development of a copper wire antenna specific to the Chinese market.



The ID world market saw a growth of +5% in the year in the sectors of electronic components, secure documents (passports and ID cards) and systems (notably integration and personalisation platforms that have progressed by +10% on the year).

The Imprimerie Nationale Group performed above market tendencies, carried by two major export projects in the electronic compo-



nents industry (Ghana and Mali) as well as by the steep increase in sales of Credentials and Export Systems, particularly in Uruguay, Peru, Gabon, Nigeria, Benin, Côte d'Ivoire, Palestinian Authority, Lebanon and Djibouti. In the French market, the Imprimerie

Nationale Group extended its framework contracts for passports and driver's licenses with the Agence Nationale des Titres Sécurisés¹.

The launching of a new biometric passport development, with a polycarbonate data page and the completely new, upgraded line of PVC, PET and polycarbonate ID cards (Line ID-1 SUMMITS) feature among the Group's major innovations.

¹. Secure documents agency of the French government

FOCUS SECONDARY SECTOR

In the French market, carried by the increased paperless needs of administrations and businesses, service outsourcing (modernisation and simplification of document issuing procedures, automation of data processing with guaranteed access and durability) increased by +5% this year, combined with a +12% increase in IT services (services for digital identity management and certificate issuing according to the SaaS model).

The year 2015 was distinguished by the execution of two major service contracts (CROUS and INSERM), the start of a project hosted by the Ministère de l'Ecologie, du Développement Durable et de

l'Energie¹ for the Certificat Qualité de l'Air², and the acquisition of new export contracts, notably in Nigeria and Gabon. The Group also had its SIAF³ certification renewed, and received RGS** and RGS*** certifications⁴ for its digital professional identity solution Pass'IN.



1. French Ministry of Ecology, Sustainable Development and Energy
2. Air Quality Certificate, official certification given to motor vehicles by the Ministry
3. French Interministerial Archives Service
4. French standards regarding information security, enacted in 2005

The European print market continued its decline (-8% on the year), confirming the accelerated attrition of traditional print media, with -50% less volumes published in the past 10 years. Even so, new market segments are emerging due to widening skill sets in file processing and auxiliary printing



operations (particularly external management publishing and single-piece mail, which grew +4% and +7% this year, respectively).

The year 2015 was distinguished by maintaining the global activity of the print sector by compensating for the decrease

in traditional print activities by obtaining major digital printing references, notably Régime Social des Indépendants⁵, Paris Habitat and even INSERM.

5. French Social Security agency

2015 PERFORMANCE...

JANUARY



The Imprimerie Nationale Group received Référentiel Général de Sécurité (RGS)** and RGS*** certifications for managing its digital identity Pass'IN solution (enrolment, creation, lifecycle).

MARCH



The Imprimerie Nationale Group was elected to head the CLUSIF¹ « How to succeed the deployment of a Security Operation Center » workshop.

... KEY FACTS

MAY



The Imprimerie Nationale Group won the "Employment and Competence Development" trophy discerned by the Chamber of Commerce and Industry in Lille.

OCTOBER



First successful international bid by the Imprimerie Nationale Group and the Consortium it led to provide a complete electronic passport solution for Peru by delivering highly secured electronic passports.

¹ CLUSIF: French Information Security Club

6

FOCUS

ON
NEW
SOLUTIONS



A NEW LINE OF CARDS

The launch of ID-1 SUMMITS, The Imprimerie Nationale Group's line of ID-1 cards. This line of cards is based on 3 different substrates (PVC, PET and polycarbonate). Each card has a modular technological platform that is compatible with all current communication interfaces.

COMPETITIVE CARD SOLUTION KILIMANJARO (PVC)



- Colour customisation
- Cost effective material
- Optimal durability provided by the PVC composite
- Contact card

HIGH RESISTANCE CARD SOLUTION DENALI (PET)



- High resistance against harsh weather and chemicals
- Colour customisation
- 7-year durability
- Transparent laminate or secured to protect variable data
- Adaptability: contact chip, no contact, dual or hybrid

HIGHLY SECURED CARD SOLUTION EVEREST (POLYCARBONATE)



- Intuitive security and highly resistant to hacking
- Laser personalisation in the centre of the card
- 15-year durability
- Adaptability: chip contact, no contact, dual or hybrid

A NEW OUTSOURCED SERVICE OFFER

With our expertise in data and secure identity documents, The Imprimerie Nationale Group gives administrations and companies the opportunity to stay focused on their own line of business while guiding them through their digital transition, updating, securing and simplifying their current procedures within a fixed budget.

The Imprimerie Nationale improves administration and company reactivity and efficiency by mutualising and optimising procedures. The Group also offers centralised paperless documentation, full data management and secure documents.

This innovative outsourced identity (credentials and rights) issuing service harnesses and manages all multichannel demands and their lifecycles. This BPO solution can be installed « in situ », in SaaS mode or operated in The Imprimerie Nationale's secured offices.

CLIENT BENEFITS

- Simplify and centralise user requests
- Facilitate information exchange and research
- Sustain and validate data
- Optimise security and confidentiality levels
- Limit fraud and favour control
- Reduce deadlines and global costs
- Migrate towards full digitalisation



A NEW PASSPORT DELIVERY SYSTEM

The Imprimerie Nationale Group offers a complete solution, including document systems and services, for all types of passports. The components of our proposed solution are based on standard resources and follow international regulations, which gives our clients the flexibility they require to develop their own systems. The Imprimerie Nationale assists clients in managing sovereign document delivery by progressively developing staff expertise.

ORDINARY PASSPORT DELIVERY

- Software platforms and enrolment material
- Instruction systems and AFIS
- Central database
- PKI dedicated
- Centralised or decentralised delivery platform
- Credentials delivery

DIPLOMATIC PASSPORT DELIVERY

- Enrolment station
- PKI dedicated
- Delivery platform
- Credentials delivery station



URGENT PASSPORT DELIVERY

- Enrolment station
- Local delivery platform
- Credentials delivery station
- Central database management system
- Central reporting and logic access

SEAMEN'S BOOK DELIVERY

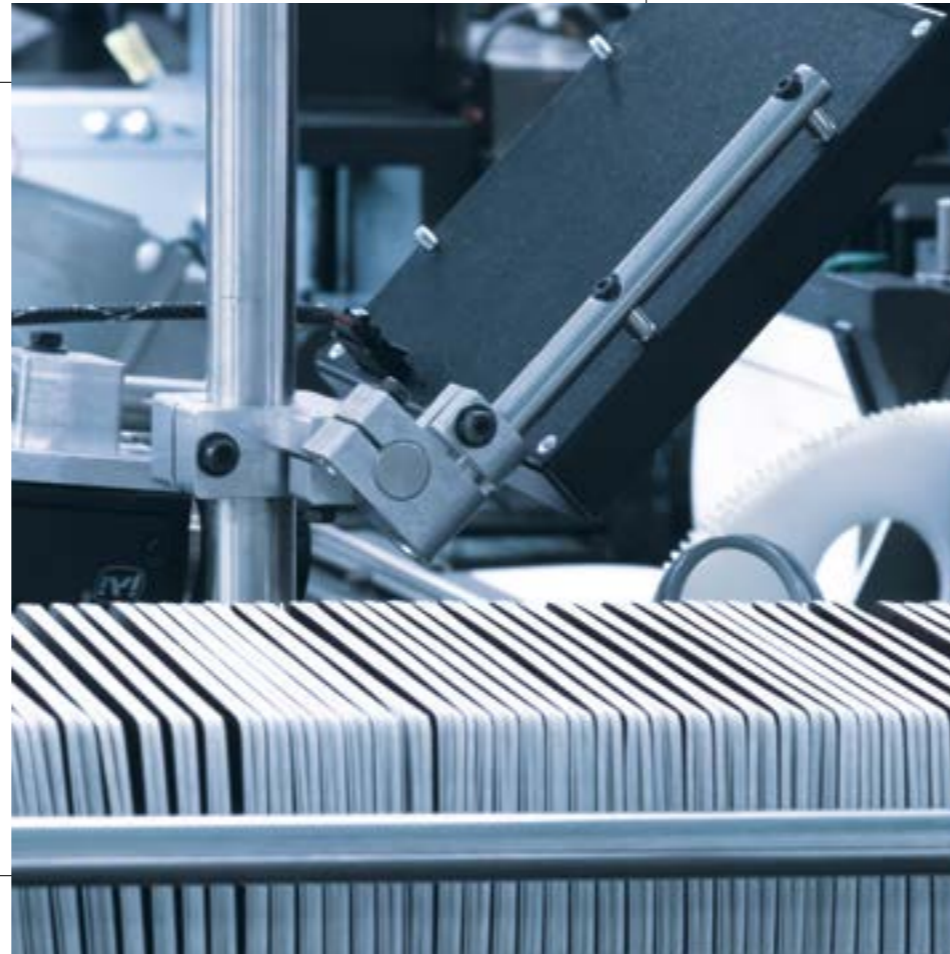
- PKI in collaboration with National Certification Authorities
- Centralised instruction platform with document scan
- Central delivery platform
- Instruction systems and AFIS
- Central database

7

PROJECT
DOUAI
2.0

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The goal of Project Douai 2.0 is to reassess the industrial organisation of Douai's production site in terms of physical and personnel flow and security and engineering zones. It is therefore a key component in The Imprimerie Nationale Group's digital transformation. It is also a defining element in the pursuit of our strategic objectives and the deployment of our new offers.



PROJECT DOUAI 2.0 ADDRESSES 4 KEY OBJECTIVES:

- Adapt production capacity for French and international markets
- Implement a client-focused organisation
- Anticipate developments in printing and publishing
- Enable mobility and encourage skill development

Project Douai 2.0 is a major 3-year industrial transformation project and the first stages in 2015 were successful. The design phase of this major corporate development plan was approved by all parts of the Group and shared with all associates and everyone working on the project.

Douai's future lies in a totally new logistics organisation, the establishment of Autonomous Production Units and a new security zone cartography. The first steps, designed to improve access and begin planning for new zones dedicated to innovation and development, have already been taken.

8

GOVERNANCE



A REDUCED GOVERNANCE

In accordance with the order 2014-948 issued on August 20, 2014 on the governance and capital transactions of public corporations.

BOARD MEMBER REPRESENTING THE STATE

JÉRÔME REBOUL



Deputy Director of Shareholding - APE

MIREILLE CAMPANA



Member of the Departmental Council of Economy

HENRI SERRES



Departmental Council of Economy

VALÉRIE THÉROND



Head of France Center East Region for Orange

BOARD MEMBERS PROPOSED BY THE STATE

BOARD

OF DIRECTORS

INDEPENDENT BOARD MEMBERS

DIDIER TRUTT



Chief Executive Officer

MICHEL GONNET



Founding Manager of Eudoxia Conseil

ANNE LANGE



Executive Director, Mentis Services

CHANTAL LORY



Independent Director, SFIL



DIDIER TRUTT

Chief Executive Officer



PATRICK MONTLIAUD

EVP BU e-Documents



BRUNO CHAPPERT

EVP BU e-Services & Systems



MICHAEL ZAFRANY

EVP BU e-Components

EXECUTIVE COMMITTEE



PHILIPPE PATRICE

EVP Business Development & Product Management



ARNAUD BOUSSEMART

EVP Finance



FRÉDÉRIQUE DURAND

EVP Human Resources



ANTOINE PAOLI

Secretary-General



ROMAIN GALESNE-FONTAINE

Director of Institutional Relations

9

COMMITMENTS



SUSTAINABLE DEVELOPMENT

The Imprimerie Nationale Group received RGS certification in January 2015, reaffirming the Group's social responsibility focus laid out in its Quality/Safety/Environment (QSE) Management System,



established 10 years ago, which boasts the following certifications: LSTI¹, OHSAS² 18001, ISO³ 14001, AFAQ⁴ QSE, AFAQ NK11-112, PEFC⁵ and FSC⁶, NF⁷ ISO 26000, and Imprim'Vert⁸.

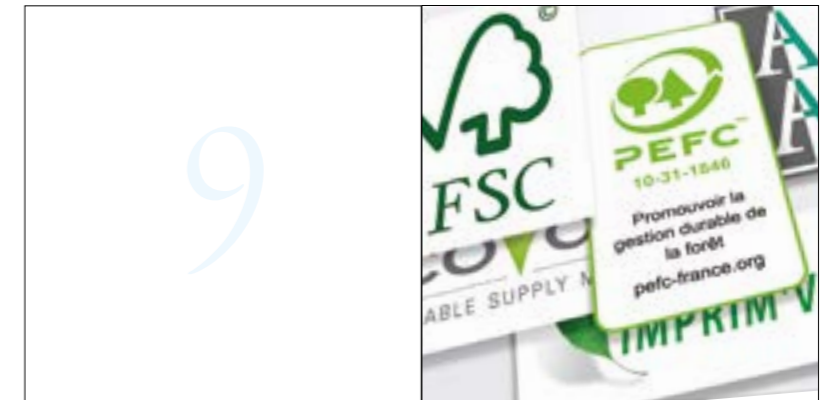
Also in 2015, Ecovadis⁹ evaluated the Imprimerie Nationale Group's sustainable development policy. Honoured with a "Confirmed" (Silver) status, the Group is included in the 20% highest rated French companies assessed for sustainable development.

1. Document certification organisation
 2. Occupational Health and Safety Management Systems
 3. International Standards Organisation
 4. Quality assurance organisation

5. Programme for the Endorsement of Forest Certification
 6. Forest Stewardship Council
 7. French standards organisation
 8. Environmental printing status
 9. Corporate Social Responsibility analyst

In accordance with The Imprimerie Nationale Group's Corporate Social Responsibility (CSR) policy, which dates from 2009, the Group analysed its Carbon Footprint in 2010, although this was not an industry requirement at the time. The Imprimerie Nationale seeks above all else to better understand and limit the environmental impact of its products, and to favour environmentally responsible solutions.

In order to do so, the Group has established an initiative to integrate its CSR policy into the company's decision-making processes and day-to-day activities with workshops for employees on the policy,



analysis of socio-economic concerns, anticipation of social, societal, environmental and economic risks, and definition of a new, pro-active strategy for 2020. With this initiative, the Imprimerie Nationale Group responds to ISO 26000 : 2010, the international standard regulating CSR and sustainable development.

HUMAN RESOURCES

2015 was marked by the launch of Douai 2.0, a major industrial transformation project for the Douai production site. This project optimised, harmonised and mutualised production and production support organisations, developed supervisor skill sets by creating an internal certification program, reinforced the skills required at each level with the establishment of a management control system, and developed client orientation, communication and versatility with an on-site support plan accompanied by theoretical training.

The Group continued HR development with new performance evaluations based on required key skills. In 2015, the Group also had the opportunity to continue its industry overhaul, developing an agile transition strategy in the industrial and finance sectors, which comprise 50% of the concerned professions.

Also in 2015, The Imprimerie Nationale Group promoted collaboration with the Connect'IN platform, which encourages information sharing and dematerialisation of administrative processes. The Group's 700 employees now have broad access to company information, specific sites by BU and department, project sites for information sharing, and different communities according to each employee's needs.

In terms of diversity, The Imprimerie Nationale Group has fulfilled the 6% disabled employee quota for several years, and reaffirmed its engagement in 2015 with the promotion of an active disabled worker program. In order to do so, the Group commissioned a specialised committee to consult on quantitative analysis of social, interview and on-site observation data, and survey personnel and three multidisciplinary work groups. The guidance provided by the consult confirmed The Imprimerie Nationale Group's decision to sign a contract with the Association de Gestion du Fond pour l'Insertion des Personnes Handicapées¹ in 2016.

The Group Handicap policy, supported by the contract, will be implemented by means of practical applications suggested by the consulting committee that will encourage internal communication, personnel awareness of and education about disabilities, development of external partnerships (ESAT and other job programs) and continued employment of disabled workers with the company.

1. Organisation for professional insertion of disabled workers



LONG-TERM PERFORMANCE

Long-term performance is at the heart of the Group's strategic decisions. It comprises of four focus: clients, employees, profitability and the environment.

FOCUS 1: CLIENTS

We place our clients at the heart of our organisation. Understanding and responding to their needs is our daily priority with service of the highest quality, competitive pricing, shorter deadlines and even more security included in our solutions.

FOCUS 2: EMPLOYEES

Long-term employee performance is stimulated by improved working conditions, improved management tools, more training, more autonomy, and the possibility for personal and group development.

FOCUS 3: PROFITABILITY

To ensure its future, the company should focus on new and innovative products, major technological developments and streamlining these processes, thus ensuring a healthy, growing profit.

FOCUS 4: ENVIRONMENT

As an eco-friendly company and an ethical corporate citizen, The Imprimerie Nationale works constantly in respect of the environment due to efficient energy management.

HERITAGE AND CULTURE

THE ATELIER DU LIVRE D'ART ET DE L'ESTAMPE

The Atelier du Livre d'Art et de l'Estampe¹ took a great leap in visibility in 2015, both nationally and internationally, by participating in prestigious events dedicated to the arts, such as Lille ART UP or the Salon International des Métiers d'Art² at Lens, under the auspices of the Louvre-Lens museum. The Atelier has also invested in several projects, the most important of which is undeniably the reprinting of Charles Péguy's Cahiers de



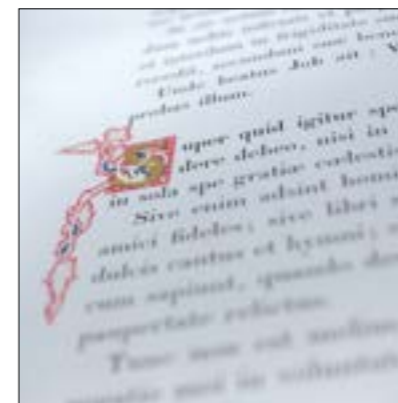
la Quinzaine. The entire traditional typographic process has been utilised, from font, to manual typesetting, to letterpress printing. This prestigious production, financed by subscriptions, will be used for 70 copies, each one numbered. Production will continue into 2016 and the beginning of 2017. In a completely different field that, by contrast, anchors the Atelier

in our modern digital world, the workshop created an identity font, "Maréchal Juin", for the digital needs of the Secrétariat Général de la Défense et de la Sécurité Nationale de France³.

1. Stamp and art book workshop
2. International Exhibition of Crafts
3. French national defense and security administration

CREATION OF AN ENDOWMENT FOR THE IMPRIMERIE'S HERITAGE

With an historical and cultural heritage found nowhere else in the world, The Imprimerie Nationale Group created an Endowment in 2015 to conserve and preserve this unique collection. The mission of this Endowment is to promote Print heritage through exhibitions and sponsorships in support of restoration efforts. The Endowment conserves excep-



tional witnesses to the history of writing, in particular with an unequalled collection of punches and matrices, which establishes a worldwide typography conservancy effort, a library of works collected over 500 years and a collection of printing machines as masterpieces. During its first year, the Endowment loaned out characters from the Imprimerie's archived collection of *les Grecs du Roi* for two major exhibitions dedicated to François I, the first organised by the National Library of France, the second by the Domaine de Chantilly.

ENDOWMENT FOR THE HISTORICAL AND CULTURAL HERITAGE OF PRINTING



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