



PRESS RELEASE

SMARTRAC reports full year results 2008: Growth of 16 percent in sales and 15 percent in operating cash flow, profitability at 19 percent EBITDA margin

- **Sales 2008: EUR 112.3 million, representing an increase of 16 percent on the EUR 96.6 million generated in 2007**
- **EBITDA 2008: Decline to EUR 21.0 million compared to EUR 25.5 million in 2007, profitability at 19 percent EBITDA margin**
- **Operating cash flow 2008: EUR 19.3 million, representing an increase of 15 percent on EUR 16.7 million provided in 2007**
- **Outlook 2009: Confidence to grow the business organically**
- **Dr. Christian Fischer, CEO: “Even in today’s economic environment, SMARTRAC’s business model is and remains profitable and cash generating. We are well positioned to participate in the potential of the growing RFID market.”**

Amsterdam, March 17, 2009 – The TecDAX listed company SMARTRAC N.V. today announces financial figures for the full year 2008. Despite the challenging economic environment, SMARTRAC reports another good year with further increase in sales and operating cash flow as well as an attractive profitability level. SMARTRAC’s strategy as a dedicated RFID company with a diversified technology portfolio and a broad product range has proven to be correct in an economy surrounded by uncertainty.

Reviewing 2008, SMARTRAC was affected by the deep financial and economic crisis. Despite that, the company advanced its business both strategically and operationally. Key topics of the 2008 development:

- **Compensating a significant decline in the U.S. ePassport business**
In the second half of the year, the global economic developments and the U.S. recession led to a significant reduction in demand for passports as people trimmed down travel activities and companies cut business travel. Including the effects of a decline due to large inventory in the value chain in the second quarter, SMARTRAC delivered over 40 percent less inlays to its customers for the U.S. passport in 2008. Due to newly acquired projects SMARTRAC was able to compensate the reduction in U.S. ePassport volume for a portion, strongly supported by 54 percent growth in the product line ePayment and an 80 percent growth in the product lines allocated to SMARTRAC’s standard segment.
- **Expansion of manufacturing capacity to record level**
In 2008, SMARTRAC strengthened its position as leading provider of RFID transponders with the largest production capacity worldwide. In the course of one year, SMARTRAC increased the capacity of the four factories in Ayutthaya, Thailand, from 15 million units to 24 million units per month by year end 2008. In addition, SMARTRAC completed the construction and security certification of its U.S. factory and integrated it into the global manufacturing network. SMARTRAC now maintains dedicated high security manufacturing facilities in Asia, Europe and America.

- **Strategic acquisition of Sokymat Automotive GmbH**

In September 2008, SMARTRAC acquired Sokymat Automotive GmbH. The company considers this investment as being substantial for the further development of the SMARTRAC Group. Both companies have a very similar position in the global RFID value chain. The acquisition broadens the product portfolio and it represents an important step towards a more balanced product portfolio. SMARTRAC has implemented a new platform to accelerate the combined business activities in industrial, logistics and animal ID applications. The activities of Sokymat Automotive provide access to the market of RFID components for the automotive industry, where Sokymat Automotive GmbH holds a strong market position. Despite the current challenging environment, SMARTRAC's Management strongly believes that RFID technology in the automotive industry in general will provide additional growth opportunities in the future.

Financial year 2008

SMARTRAC financial figures at a glance:

Key data In thousands of euro	Consolidated 12 months ended December 2008	Consolidated 12 months ended December 2007	Change in %
Consolidated income statement			
Revenues	112,301	96,566	16
EBITDA	21,015	25,520	(18)
Net profit	13,628	20,740	(34)
Financial position and liquidity			
Cash flow from operating activities	19,253	16,710	15
Working capital	23,846	21,211	1
Capital expenditure	13,587	11,875	14
Total Assets	177,387	116,490	52
Operating Figures			
Basic earnings per share (euro)	1.03	1.55	(34)
Operating cash flow per share (euro)	1.46	1.25	17
Equity ratio (%)	55	74	(27)
Headcount (at month's end)	2,786	2,625	6

Group revenues

The SMARTRAC **Group** generated revenues of euro 112.3 million in 2008. This represents an increase of 16 percent from the previous year figure of euro 96.6 million. The increase is due in particular to the favorable performance of the ePayment business and growth in the public transport and access control business. Revenue of euro 5.5 million is attributable to Sokymat Automotive GmbH, which was consolidated as of 26 September 2008.

Revenue in the **Standard segment** amounted to euro 52.1 million in 2008 representing a strong increase of 80 percent compared to sales of euro 29.0 million in 2007. The 2008 sales represent a 46 percent share in the overall sales of the company compared to 30 percent a year ago. This share in the overall sales figures illustrates the fact that the Standard segment applications gain significant importance in the product mix of SMARTRAC.

Revenue in SMARTRAC's **High Security segment** amounted to euro 60.6 million, which is equivalent to a decrease of 11 percent compared to sales of euro 67.7 million in the 2007 financial year. The decline is due mainly to the slowdown in the U.S. ePassport project which could not be fully offset by new project wins in the other ePassport projects and the positive development of the ePayment business. In 2008 the High Security Segment accounted for 54 percent of total Group revenue compared to 70 percent a year ago.

Group EBITDA

The **Group EBITDA** of euro 21.0 million (previous year: euro 25.5 million) is equivalent to an EBITDA margin of 19 percent. The anticipated reduction in profitability in 2008 was prompted by the changing product mix, the proportion of microchip sourcing in the revenues, the investments in the factories in Malaysia and the U.S., as well as extraordinary legal fees for the protection of SMARTRAC's intellectual property. Considering the difficult environment and various one-time charges, the Management is generally satisfied with the sales and the results achieved.

The **Standard segment** achieved an EBITDA of euro 4.6 million in 2008. Compared to euro 3.7 million in 2007, this is an increase of 23 percent. The **High Security segment** reached EBITDA of euro 18.8 million. Compared to EBITDA of euro 23.3 million from High Security applications in 2007, this represents a decrease of 19 percent.

Net profit

At euro 13.6 million, profit for the period attributable to the equity holders of the company was down 34 percent on the previous year's euro 20.7 million. Increased operating expenses, financial expenses and a slightly increased tax burden resulted in a disproportionate decrease of the net profit.

Financial position

Accounting for euro 177.4 million, the consolidated balance sheet total as at 31 December 2008 was 52 percent higher than the previous year figure of euro 116.5 million. This increase is mainly attributable to the acquisition and first time consolidation of Sokymat Automotive GmbH. The consolidated balance sheet shows equity of euro 98.2 million, representing a 14 percent increase compared to euro 86.2 million a year ago.

With an equity ratio of 55 percent, an operating cash flow of euro 19.3 million, and net debt of euro 22.4 million, SMARTRAC possesses a solid financial basis for the future development of the company

As of 31 December, 2008, SMARTRAC employed a total workforce of 2,786 people compared to 2,625 employees in 2007.

Business outlook

2009 will be a challenging year. The repercussions of the deep global recession and the ongoing financial crisis are currently difficult to gauge. Nevertheless, SMARTRAC’s Management is convinced that in the coming years RFID will remain a growth market with average growth rates of up to 25 percent per year. As the market leader, SMARTRAC has the opportunity to participate the most from this trend.

Decisively committed to a dedicated RFID business model, SMARTRAC will continue to be a profitable and cash generating company with apparent growth opportunities. Based on SMARTRAC’s market leadership and its diversified product and technology portfolio, the Management Board is confident to grow the business organically in the course of 2009.

“We face a deep global recession, but we further developed SMARTRAC’s business model and have a very solid financial structure,” said Dr. Christian Fischer. “Therefore, we are confident that we are prepared to face the challenges and opportunities in the coming year.”

The SMARTRAC 2008 Annual Report has been published today and is available for download on the company’s website at www.smartrac-group.com.

About SMARTRAC N.V.

SMARTRAC is a leading manufacturer and supplier of RFID (Radio Frequency Identification) transponders for a broad bandwidth of applications in all current frequencies. The company produces ready-made as well as customized transponders for public transport, access control, automotive, animal identification, industry and logistics. SMARTRAC is the global leader in high-quality RFID inlays for passports with integrated, contactless chips (ePassports) and contactless credit cards (ePayment). SMARTRAC was founded in 2000 and since going public in July 2006 has been trading as a stock corporation under Dutch law with its registered headquarters in Amsterdam. The company currently employs some 2.800 employees and maintains a global research and development, production and sales network.



If you have any questions, please contact:

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Forward-looking statements

To the extent that this press release contains forward-looking statements, such statements are based on assumptions, planning and forecasts at the time of publication of this press release. Forward-looking statements always involve uncertainties. Business and economic risks and developments, the conduct of competitors, political decisions and other factors may cause the actual results to be materially different from the assumptions, planning and forecasts at the time of publication of this press release. Therefore, SMARTRAC N.V. does not assume any responsibility relating to forward-looking statements contained in this press release. Furthermore, SMARTRAC N.V. does not assume any obligation to update the forward-looking statements contained in this press release.