

PRESS RELEASE

SMARTRAC reports on first quarter results 2009: Growth of 8 percent in sales with profitability at 12 percent EBITDA margin

- **Sales Q1 2009: EUR 29.4 million, representing an increase of 8 percent on the EUR 27.1 million generated in Q1 2008**
- **EBITDA Q1 2009: Decline to EUR 3.5 million compared to EUR 6.8 million in Q1 2008, profitability at 12 percent EBITDA margin**
- **Outlook 2009: Management confirms guidance to grow the business organically**
- **Dr. Christian Fischer, CEO: “The SMARTRAC Group performed reasonably well in a very challenging economic environment. Our dedicated RFID business model is able to balance significant declines in product lines and still deliver top-line growth.”**

Amsterdam, May 12, 2009 – The TecDAX listed company SMARTRAC N.V. today announces financial figures for the first quarter 2009. In a very challenging economic environment, SMARTRAC reports an increase of 8 percent in sales from euro 27.1 million in Q1 2008 to euro 29.4 million in Q1 2009. SMARTRAC’s diversified technology portfolio and a broad product range was able to balance significant demand driven decline in the U.S. passport business and in the automotive sector. The first quarter was affected by a cautious order behavior across all business lines with significant effects on the utilization and efficiency of SMARTRAC’s global production network. In combination with a change in product mix and an increased level of microchip sourcing EBITDA decreased by 48 percent from euro 6.8 million to euro 3.5 million. Profit for the period amounted to euro 1.6 million compared to euro 4.5 million a year ago.

SMARTRAC financial figures at a glance:

Key data In thousands of euro	Consolidated 3 months ended 31 March 2009	Consolidated 3 months ended 31 March 2008	Change in %
Consolidated income statement			
Revenues	29,369	27,127	8
EBITDA	3,526	6,801	(48)
Profit for the period	1,584	4,486	(65)
Financial position and liquidity			
Net cash flow used by (provided from) operating activities	(293)	6,125	(105)
Working capital	27,612	18,454	50
Capital expenditure	2,563	2,321	10
Total Assets	175,485	114,688	53
Operating Figures			
Basic earnings per share (euro)	0.12	0.34	(65)
Operating cash flow per share (euro)	(0.02)	0.46	(105)
Equity ratio (%)	57	75	(24)
Headcount (at month’s end)	2,604	2,666	(2)



Group revenues

The SMARTRAC **Group** generated revenues of euro 29.4 million in the first quarter 2009. This represents an increase of 8 percent from the previous year figure of euro 27.1 million. The increase stems from the favorable performance of the Cards business unit and Industry & Logistics business unit. The Industry & Logistics business unit includes revenues from Sokymat Automotive GmbH. Sokymat Automotive GmbH is consolidated since 26 September 2008.

Revenue in SMARTRAC's **Security segment (Cards and eID business unit)** amounted to euro 22.8 million, which is equivalent to a decrease of 7 percent compared to sales of euro 24.4 million in 2008. The decline is due mainly to a further significant demand driven decline in deliveries to the U.S. ePassport project which could not be fully offset by new project wins in the other ePassport and eID projects and a 24 percent growth in the Cards business unit. In Q1 2009 the Security Segment accounted for 78 percent of total Group revenue compared to 90 percent a year ago.

Revenue in the **Industry segment (Industry & Logistics and Tickets & Labels business unit)** amounted to euro 6.4 million in Q1 2009 representing an increase of 243 percent compared to sales of euro 1.9 million in Q1 2008. The 2009 sales represent a 22 percent share in the overall sales of the company compared to 7 percent a year ago. Beside organic growth, this increase is a result of the consolidation of Sokymat Automotive GmbH.

Group EBITDA

The **Group EBITDA** of euro 3.5 million (Q1 of previous year: euro 6.8 million) is equivalent to an EBITDA margin of 12 percent. The decline was prompted to fluctuations in the utilization of the production due to cautious order behavior in the value chain as well as a change in product mix and an further increased level of microchip sourcing in the revenues.

The **Security segment** reached an EBITDA of euro 4.4 million. This represents a decrease of 37 percent compared to EBITDA of euro 6.9 million a year ago. A higher proportion of microchip sourcing and significant lower U.S. ePassport sales are the reasons for the disproportionate development.

The **Industry segment** reported an EBITDA of euro 0.05 million in Q1 2009 compared to an EBITDA of euro - 0.1 million recorded in the same period 2008. Cost measures have balanced to a certain extend the significant decline in the automotive industry but the segment profitability is affected by ramp-up costs for the production in Malaysia.

Profit for the period

At euro 1.6 million, profit for the period was down 65 percent on the previous year's euro 4.5 million. The total comprehensive income for the period including translation effects of foreign exchange rates amount to euro 1.5 million in Q1 2009 and euro 4.3 million, respectively.

Financial position

Accounting for euro 175.5 million, the consolidated interim balance sheet total as at 31 March 2009 was more or less unchanged on the year-end figure 2008 of euro 177.4 million. The consolidated interim balance sheet shows equity of euro 100.2 million, representing a 2 percent increase compared to euro 98.2 million at 31 December 2008.

With an equity ratio of 57 percent and net debt of euro 25.2 million, SMARTRAC possesses a solid financial basis to surmount the current economic recession.

Net cash flow from operating activities in the first quarter of 2009 was negative euro 0.3 million compared to a positive inflow of euro 6.1 million a year ago. The decrease of operating cash flow is mainly due to an unfavorable development in working capital due to the shift in sales towards the end of the reporting period.

Business outlook

SMARTRAC is confronted with continued challenges, but also opportunities. The deep global economic recession continues to affect SMARTRAC's business and the business of SMARTRAC's customers. The cautious order behavior of SMARTRAC's customers implies low short-term visibility and a difficult environment in the second quarter. But there are also a few first signs of recovery which make the Management confident that business will improve in the second half of 2009. Taking the continuing challenges of the market environment into account and analyzing SMARTRAC's performance in the first quarter 2009, the Management confirms the guidance for the full fiscal year 2009: SMARTRAC will continue to be a profitable and cash generating company and the Management is confident to grow the business organically in the course of 2009.

"We had a reluctant start into the business year 2009," said Dr. Christian Fischer. "We face a demanding second quarter, but we are confident that we will enhance the business in the second half of the year and achieve our targets for 2009."

The SMARTRAC Q1 Interim 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 2.600 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.