

PRESS RELEASE

**SMARTRAC reports on first six months 2009: Growth of 19 percent in sales with profitability at 11 percent EBITDA margin**

- **Sales H1 2009: Euro 59.1 million, accounting for an increase of 19 percent on the euro 49.6 million generated in H1 2008**
- **EBITDA H1 2009: Decline to euro 6.6 million compared to euro 11.5 million in H1 2008, profitability at 11 percent EBITDA margin**
- **Outlook 2009: Management expects improvement in the second half of the year and confirms guidance for the full year**
- **Dr. Christian Fischer, CEO: “In an ongoing challenging economic environment, the SMARTRAC Group continued to deliver sales growth. The effects of the global recession significantly affected our profitability, but we are confident to increase sales and profitability in the second half to achieve our today confirmed guidance.”**

Amsterdam, July 30, 2009 – The TecDAX listed company SMARTRAC N.V. today announces financial figures for the six-month period ended 30 June 2009. Despite a demanding situation presented by the continued challenging economic environment, SMARTRAC reports sales growth of 19 percent from euro 49.6 million in H1 2008 to euro 59.1 million in H1 2009. SMARTRAC had to confront the significant volatility in its global production network caused by a less long-term order behavior across all business units. The associated effects on its efficiency and profitability in combination with unfavorable performance of the U.S. production facility and significant ramp-up costs in Malaysia, EBITDA decreased by 42 percent from euro 11.5 million to euro 6.6 million. Profit for the period amounted to euro 1.8 million compared to euro 8.2 million a year ago.

**SMARTRAC financial figures at a glance:**

Key data In thousands of euro	Consolidated 6 months ended 30 June 2009	Consolidated 6 months ended 30 June 2008	Change in %
<b>Consolidated income statement</b>			
Revenues	59,087	49,605	19
EBITDA	6,608	11,468	(42)
Profit for the period	1,845	8,171	(77)
<b>Financial position and liquidity</b>			
Net cash flow provided by (used in) operating activities	(1,509)	8,758	(117)
Working capital	31,935	21,584	48
Capital expenditure	3,578	7,488	(52)
Total Assets	174,283	114,681	52
<b>Operating Figures</b>			
Basic earnings per share (euro)	0.14	0.62	(77)
Operating cash flow per share (euro)	(0.11)	0.66	(117)
Equity ratio (%)	58	78	(26)
Headcount (at month's end)	2,543	2,739	(7)

## Group revenues

The SMARTRAC **Group** generated revenues of euro 59.1 million in the first six months of 2009. This represents an increase of 19 percent from the previous year figure of euro 49.6 million. The growth is attributable to a favorable performance of the Cards business unit and the Industry & Logistics business unit. The Industry & Logistics business unit includes revenues from Sokymat Automotive GmbH. Sokymat Automotive GmbH is consolidated since 26 September 2008.

Revenues in SMARTRAC's **Security segment (Cards and eID business unit)** amounted to euro 45.0 million compared to sales of euro 44.9 million in 2008. Existing and new ePassport and eID projects around the world and a 19 percent growth in the Cards business unit were able to compensate significant demand driven decline in deliveries to the U.S. ePassport project. In H1 2009 the Security Segment accounted for 76 percent of total Group revenue compared to 91 percent a year ago.

Revenues in the **Industry segment (Industry & Logistics and Tickets & Labels business unit)** accounted for euro 13.6 million in H1 2009 representing an increase of 250 percent compared to sales of euro 3.9 million in H1 2008. The 2009 sales represent a 23 percent share in the overall sales of the company compared to 8 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 6.6 million (H1 of previous year: euro 11.5 million) is equivalent to an EBITDA margin of 11 percent. The decline was prompted to a very volatile utilization of SMARTRAC's production capacity in the first six months of 2009 and negative effects from the U.S. factory as well as the ramp-up in Malaysia and a change in product mix.

The **Security segment** reached an EBITDA of euro 7.7 million. This represents a decrease of 40 percent compared to EBITDA of euro 12.9 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 0.5 million in H1 2009 compared to an EBITDA of euro - 0.3 million recorded in the same period of 2008. Cost measures have balanced to a certain extent the significant decline in the automotive industry but the segment profitability is affected by significant ramp-up costs for the production in Malaysia.

## Profit for the period

At euro 1.8 million, profit for the period was down 77 percent on the previous year's euro 8.2 million. The total comprehensive income for the period including translation effects of foreign exchange rates amounts to euro 1.6 million in H1 2009 and euro 8.1 million, respectively.

## **Financial position**

Accounting for euro 174.3 million, the total assets of the consolidated interim balance sheet as of 30 June 2009 were two percent below the year-end figure 2008 of euro 177.4 million. The consolidated interim balance sheet shows equity of euro 100.5 million, representing a two percent increase compared to euro 98.2 million at 31 December 2008.

SMARTRAC's equity ratio of 58 percent, the net debt position of euro 27.4 million and the completion of the euro 65 million refinancing package, provide a solid financial basis to develop the business and surmount the current economic recession.

Net cash used in operating activities in the first six months of 2009 amounted to negative euro 1.5 million compared to a positive inflow of euro 8.8 million a year ago. The decrease of operating cash flow is mainly attributable to a decrease in net profit combined with an increase in working capital mainly due to the shift in sales towards the end of the quarter.

## **Business outlook**

Although developments in the global macroeconomic environment remain volatile, the first signs of an economic stabilization should provide the basis for the expected improvement in the second half of 2009. Within the SMARTRAC business, signs of recovery can be seen in the automotive business and in the U.S. ePassport project. In collaboration with growth opportunities in card-related and industry applications as well as in animal identification and in the Ticket & Label business, SMARTRAC's broad business portfolio provides a solid base to confront and master the ongoing challenges posed by the current economic environment.

For these reasons, SMARTRAC reaffirms its guidance for the full fiscal year. The Management is convinced that the business will grow organically in the course of 2009 and that SMARTRAC on a full year basis will continue to be a profitable and cash generating company.

"We had a very challenging first half of the business year 2009. Nevertheless, we delivered growth and we are confident to improve our profitability in the second half of the year," said Dr. Christian Fischer. "The completion of our refinancing package for the next three years, the strong position in the RFID value chain and the evident growth potential of the RFID market provide the strategic framework for SMARTRAC's growth in the coming years."

The SMARTRAC Interim Report for the six month period ended 30 June 2009 has been published today and is available for download on the company's website at [www.smartrac-group.com](http://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 2.500 employees and maintains a global research and development, production and sales network.



**If you have any questions, please contact:**

Andreas Schwarzwälder SMARTRAC N.V. Investor Relations Tel: +31 20 30 50 156 Email: andreas.schwarzwaelder@smartrac-group.com Internet: www.smartrac-group.com	Tanja Möhler SMARTRAC N.V. Corporate Communications Tel: +31 20 30 50 157 Email: tanja.moehler@smartrac-group.com Internet: www.smartrac-group.com
--	--

**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.