

PRESS RELEASE

SMARTRAC reports on first quarter results 2010: Growth of 25 percent in sales and 43 percent EBITDA with profitability at 14 percent EBITDA margin

- **Sales Q1 2010: EUR 36.8 million, representing an increase of 25 percent on the EUR 29.4 million generated in Q1 2009**
- **EBITDA Q1 2010: EUR 5.0 million, representing an increase of 43 percent compared to EUR 3.5 million in Q1 2009, profitability at 14 percent EBITDA margin**
- **Outlook 2010: Management is optimistic for the further development of the financial year 2010**
- **Dr. Christian Fischer, CEO: “The SMARTRAC Group showed an encouraging start in the financial year 2010. We delivered growth in all our business units and experienced significantly improved order activity in combination with enhancing visibility.”**

Amsterdam, May 10, 2010 – The TecDAX listed company SMARTRAC N.V. today announces financial figures for the first quarter 2010. SMARTRAC delivered on growth and made a successful start into the business year 2010. SMARTRAC reported an increase of 25 percent in sales from EUR 29.4 million in Q1 2009 to EUR 36.8 million in Q1 2010. SMARTRAC observed a significantly improved order activity by its customers which resulted in enhancing visibility and a decreasing volatility in the utilization of SMARTRAC’s global production network. All business units contributed to sales growth. EBITDA increased by 43 percent from EUR 3.5 million to EUR 5.0 million in Q1 2010. This increase is mainly attributable to a more balanced sales allocation within the quarter and the already anticipated progress in the result of the production facility in the United States. Nevertheless, the results related to SMARTRAC’s operations in Malaysia and one-off cost of the technology transfer in the first quarter still burdened the company’s profitability. Profit for the period amounted to EUR 2.6 million, 64 percent increased compared to EUR 1.6 million a year ago.

SMARTRAC financial figures at a glance:

Key data In thousands of euro	Consolidated 3 months ended 31 March 2010	Consolidated 3 months ended 31 March 2009	Change in %
Consolidated income statement			
Revenues	36,781	29,369	25
EBITDA	5,024	3,526	43
Profit for the period	2,598	1,584	64
Financial position and liquidity			
Net cash flow used by operating activities	(742)	(293)	(153)
Working capital	36,539	27,612	32
Capital expenditure	3,272	2,561	28
Total Assets	212,233	175,485	21
Operating figures			
Basic earnings per share (euro)	0.18	0.12	50
Operating cash flow per share (euro)	(0.05)	(0.02)	(150)
Equity ratio (%)	61	57	6
Headcount (at month’s end)	3,056	2,604	17



Group revenues

The SMARTRAC **Group** generated revenues of EUR 36.8 million in the first quarter 2010. This represented an increase of 25 percent from the previous year figure of EUR 29.4 million. All business units contributed to sales growth.

Revenue in SMARTRAC's **Security segment** (Business Units Cards and eID) amounted to EUR 26.8 million, which is equivalent to a growth of 18 percent compared to sales of EUR 22.8 million in 2009. The increase in deliveries to global e-Passport projects in the Business Unit eID and the strong demand in e-Payment within the Business Unit Cards have contributed to the growth. In Q1 2010 the Security Segment accounted for 73 percent of total Group revenue compared to 78 percent a year ago.

Revenue in the **Industry segment** (Business Units Industry & Logistics and Tickets & Labels) amounted to EUR 9.8 million in Q1 2010 representing an increase of 53 percent compared to sales of EUR 6.4 million in Q1 2009. The increase was mainly attributable to a significant recovery in the automotive business compared to last year's low and the accelerated growth in the non-automotive business of the Business Unit Industry & Logistics. The 2010 sales represented a 27 percent share in the overall sales of the company compared to 22 percent a year ago.

Group EBITDA

The **Group EBITDA** of EUR 5.0 million represented a growth of 43 percent compared to EUR 3.5 million a year ago. The EBITDA margin improved from 12 percent in Q1 2009 to 14 percent in Q1 2010. A more balanced utilization of SMARTRAC's global production network and an improved utilization and financial performance of the U.S. production facility were the main drivers of this positive development.

The **Security segment** reached an EBITDA of EUR 4.8 million. This represents an increase of 11 percent compared to EBITDA of EUR 4.4 million a year ago.

The **Industry segment** reported an EBITDA of EUR 0.7 million in Q1 2010 compared to an EBITDA of EUR 0.05 million recorded in the same period of 2009. The strong performance of the Business Unit Industry & Logistics supported the EBITDA margin of the Industry segment, but ramp-up costs for the production facility in Malaysia and one-off costs still negatively affected the profitability.

Profit for the period

At EUR 2.6 million, profit for the period increased by 64 percent on the previous year's EUR 1.6 million. The total comprehensive income for the period including translation effects of foreign currencies amounted to EUR 3.8 million in Q1 2010 and EUR 1.5 million, respectively.

Financial position

Accounting for EUR 212.2 million on March 31, 2010, total assets increased by 2 percent on the year-end figure 2009 of EUR 208.3 million. The consolidated interim balance sheet showed equity of EUR 128.7 million, representing a 3 percent increase compared to EUR 124.6 million as of December 31, 2009.

With an equity ratio of 61 percent and net debt of EUR 15.5 million, SMARTRAC reported a solid financial basis for profitable growth in the future.

Net cash used in operating activities in the first quarter of 2010 amounted to EUR 0.7 million compared to net cash used of EUR 0.3 million a year ago. The increased net profit in the first quarter 2010 was set off by an increase in working capital.

Business outlook

Given the encouraging start in the first quarter, the currently significant improving visibility into the second quarter and the inherent growth perspectives for the RFID industry in general, the Management is optimistic for the further development of the financial year 2010. SMARTRAC is looking forward to turning opportunities into business, growth and profitability.

“Order intake and visibility remain strong at the beginning of the second quarter to indicate favorable capacity utilization in the coming months,” said Dr. Christian Fischer. “Our unique position in the RFID market and the broad and diversified product portfolio provide further growth opportunities.”

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 developer, manufacturer and supplier of RFID components for a broad bandwidth of applications in all current frequency standards. The company produces readymade as well as customized transponders for public transport, access control, RFID-based car immobilizers, animal identification, libraries, industry and logistics.

SMARTRAC is the global market leader in high-quality RFID inlays for electronic passports (e-Passports) and contactless credit cards (e-Payment) as well as for RFID transponders for public transport applications. SMARTRAC was founded in 2000, went public in July 2006 and trades as a stock corporation under Dutch law with its registered headquarters in Amsterdam. Since December 2008 SMARTRAC has been a member of the TecDAX, Germany’s leading share index for companies in the technology sector. The company currently employs some 3,000 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.