



PRESS RELEASE

SMARTRAC Reports 6 Percent Revenue Growth for the First nine Months of 2011

- **Revenue 9M 2011: EUR 138.8 million, increase of 6 percent on the EUR 130.9 million generated in the same period of 2010**
- **EBITDA 9M 2011: EUR 14.6 million, compared with EUR 15.7 million in the first nine months of 2010, profitability at 11 percent EBITDA margin**
- **Dr. Christian Fischer, CEO: "We have continued our positive business development in the third quarter of 2011 and achieved decided improvements on the second quarter of the year. Due to the current high-water situation in Thailand we will, however, not be able to keep capitalizing on the initiated measures aimed at the further improvement of processes and structures in the short term."**

Amsterdam, November 8, 2011 – SMARTRAC N.V., a leading developer, manufacturer, and supplier of RFID transponders, announced its financial figures today for the nine-month period ended September 30, 2011.

The currently experienced moderate demand in the worldwide RFID industry continued unabated during the third quarter of 2011. In the light of the slower market development, the company returned to a steadier pace of operations and was able to focus its attention on strategic projects. In addition to targeted investments, the company continued working on the setup and optimization of structures and processes within the Group. A restructuring program initiated at SMARTRAC's core production facilities in Thailand at the beginning of the third quarter achieved first encouraging successes in August and September 2011. Expansion of volume production in SMARTRAC's tickets and labels business in Malaysia developed very well and resulted in pleasing output numbers and promising customer acceptance.

Group Revenue

SMARTRAC maintained its positive business development in the third quarter of 2011 and achieved anticipated improvements on the second quarter of the year. In total, the company generated revenue of EUR 44.9 million in the three-month period from July to September 2011.

From January to September 2011, SMARTRAC increased revenue by 6 percent and generated **Group Revenue** of EUR 138.8 million for the first nine months 2011, compared with revenue of EUR 130.9 million a year ago. Growth mainly resulted from the successful ramp-up of volume production for new e-ID projects, the favorable development of the tickets and labels business, as well as from constant growth in the Business Unit Industry & Logistics.

Security Segment Revenue (Business Units Cards and eID) amounted to EUR 100.4 million in the first nine months of 2011, representing an increase of 2 percent compared with revenue of EUR 98.2 million in the same period of 2010. The Security Segment accounted for 72 percent of total Group revenue from January to September 2011, compared with 75 percent a year ago.

Industry Segment Revenue (Business Units Industry & Logistics and Tickets & Labels) accounted for EUR 37.4 million in the first nine months of 2011, representing an increase of 17 percent compared with revenue of EUR 31.9 million in the same period of 2010. Industry

Segment revenue for January to September 2011 represented 27 percent of the Group's total revenue, compared with 24 percent a year ago.

Overview of SMARTRAC's Key Financial Figures:

Key data in thousands of EUR	Consolidated 9 months ended September 30, 2011	Consolidated 9 months ended September 30, 2010	Change in %
Consolidated income statement			
Revenue	138,799	130,928	6.0
EBITDA	14,557	15,656	(7.0)
Profit for the period	1,429	5,926	(75.9)
Financial position and liquidity			
Net cash flow provided by operating activities	2,394	2,798	(14.4)
Working capital	53,731	40,810	31.7
Capital expenditure	12,597	12,092	4.2
Total Assets	247,281	222,865	11.0
Operating Figures			
Basic earnings per share (EUR)	0.09	0.40	(77.5)
Operating cash flow per share (EUR)	0.15	0.19	(21.1)
Equity ratio (%)	65.5	60	10.1
Headcount (at month's end)	3,275	3,435	(4.7)

Group EBITDA

Although the underutilization of the company's card inlay production capacity had burdened the Group's profitability in the first six months of the year, the initiated measures have already started to translate into success in the third quarter of 2011. As a result, EBITDA in the third quarter of 2011 was improved on the second quarter of 2011, as was the EBITDA margin for the period from July to September 2011.

For the nine-month period ended September 30, 2011, **Group EBITDA** decreased from EUR 15.7 million in 2010 to EUR 14.6 million in 2011. The EBITDA margin for the first nine months of 2011 accounted for 11 percent, compared with 12 percent a year ago. EBITDA for the first nine months of 2011 excluded extraordinary costs for the restructuring program conducted in Thailand in July and August 2011.

EBITDA in the company's **Security Segment** in the first nine months of 2011 declined by 7 percent, from EUR 13.4 million in 2010 to EUR 12.5 million in 2011. The **Industry Segment** reported EBITDA of EUR 2.4 million in the period from January to September 2011, compared with EBITDA of EUR 2.1 million a year ago, representing an increase of 14 percent.

Profit for the Period

Profit for the nine-month period decreased by 76 percent, from EUR 5.9 million in 2010 to EUR 1.4 million in 2011. This is mainly attributable to a negative development in the financial result during the first nine months of 2011, which resulted for the most part from conversion effects due to the unfavorable development of the underlying currencies.

Financial Position

As of September 30, 2011, total assets amounted to EUR 247.3 million, compared with EUR 248.5 million as of December 31, 2010. SMARTRAC's Group equity amounted to EUR 161.9 million in the period under review, as compared with EUR 161.6 million as of December 31, 2010.

Cash provided by operating activities totaled to EUR 4.6 million for the first nine months of 2011, compared with cash provided of EUR 5.4 million for the same period in the previous year. This development mainly results from the lower net profit as compared with the same period of 2010 and the increase in working capital in the first nine months of 2011. Taking into account interest payments and receipts as well as payments and net payments for income taxes, net cash provided by operating activities in the first nine months of 2011 amounted to EUR 2.4 million, compared with net cash provided by operating activities of EUR 2.8 million in 2010.

Net cash used in investing activities amounted to EUR 32.2 million as of September 30, 2011, compared with net cash used of EUR 13.5 million for the same period in 2010. This is mainly a result of the investment made by SMARTRAC Investment B.V. in RFID Technologie B.V. in the course of the second quarter of 2011. In addition, EUR 1.3 million was invested in jointly controlled entities.

Net cash generated by financing activities amounted to EUR 6.9 million compared with net cash used of EUR 0.2 million in the first nine months of 2010. The financing activities from January to September 2011 are related to proceeds from interest-bearing loans and borrowings and secured loans.

Business Outlook

SMARTRAC continued its positive business development in the first nine months of 2011. The initiated strategic projects, including the restructuring program in Thailand, have achieved first encouraging successes. Due to the current flooding in Thailand, however, the company will not be able to benefit from the improvements nor will the company be able to continue with the measures which have already been initiated to improve processes and structures in the short term.

Currently, the water level in the industrial park and in the ground floors of the company's production facilities is falling slowly but steadily. At present, the full extent of damage can, however, not be foreseen and will only be assessable once the facilities are waterless. Although the current situation at the core production facilities in Thailand is severe, the company will spare no effort to support customers in this challenging situation as well as possible.

"We are currently facing a challenging situation. But our company and our team are strong enough to meet this challenge. We expect to be able to restart production in Thailand in the course of January 2012. Based on current planning, we assume that from a Group perspective full production capacity of our global manufacturing network will be re-established in the course of January 2012 as well," said Dr. Christian Fischer.

The SMARTRAC Interim Report for the nine-month period ended September 30, 2011 was published today and is available for download on the company's website at www.smartrac-group.com.



About SMARTRAC:

SMARTRAC is a leading developer, manufacturer, and supplier of RFID components for a broad range of applications in all current frequency standards. The company produces both ready-made and 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 transportation 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. The company currently employs some 3,300 employees and maintains a global research and development, production, and sales network.

If you have any questions, please contact:

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