

PRESS RELEASE

**SMARTRAC Reports First Quarter 2012 Results**

- **Sales Q1-2012: EUR 51 million, representing an increase of 4 percent on the EUR 49 million generated in Q1-2011**
- **EBITDA Q1-2012: EUR 3 million compared to EUR 5 million in Q1-2011**
- **Outlook 2012: Management confirms target to increase Group sales to some EUR 250 million in 2012, adverse effects of the flood in Thailand on profitability expected to be overcome in the second half of 2012**
- **Dr. Christian Fischer, CEO: “We have the best basis and prospects to overcome the effects of the flood in Thailand, continue our growth and create value for our stakeholders.”**

Amsterdam, May 10, 2012 – SMARTRAC N.V., the leading developer, manufacturer and supplier of RFID transponders and inlays, today announces financial figures for the first quarter of 2012. SMARTRAC started positive into the year despite the ongoing burden from the flood disaster in Thailand and increased its revenues in the first three months of 2012. Total sales increased by 4 percent from EUR 49 million in Q1-2011 to EUR 51 million in Q1-2012. Increase in revenues resulted from the favorable business development in the Company’s Industry Segment with strong growth originating from the tickets & labels business.

EBITDA decreased from EUR 5 million in the first three months 2011 to EUR 3 million in the first three months 2012. Profit for the period increased from EUR 0.6 million in the first quarter 2011 to EUR 1 million in the first quarter 2012. The increase in profit mainly results from first insurance payments related to the flood in Thailand.

**SMARTRAC Financial Figures at a Glance:**

Key Data In thousands of EUR	Consolidated 3 months ended 31 March 2012	Consolidated 3 months ended 31 March 2011	Change in %
<b>Consolidated income statement</b>			
Revenues	50,674	48,962	3.5
EBITDA	2,657	5,216	(49.1)
Profit for the period	951	568	67.4
<b>Financial position and liquidity</b>			
Net cash provided by / (used in) operating activities	5,750	(961)	698.3
Working capital	38,718	48,997	(21.0)
Capital expenditure	11,257	4,305	161.5
Total Assets	317,584	245,510	29.4
<b>Operating figures</b>			
Basic earnings per share (EUR)	0.05	0.03	66.7
Operating cash flow per share (EUR)	0.32	(0.06)	633.3
Equity ratio (%)	51.1	65.6	(22.1)
Headcount (at month’s end)	4,046	3,555	13.8

### **Group Revenues**

The **SMARTRAC Group** generated revenues of EUR 51 million in the first quarter of 2012, representing an increase of 4 percent from the previous year's figure of EUR 49 million.

Revenue in SMARTRAC's **Security Segment** (Business Units Cards and eID) amounted to EUR 31 million in the first three months of 2012, which is equivalent to a decrease of 17 percent compared to sales of EUR 37 million in the same period of the previous year. The decrease is still a result of the ongoing effects of the flood disaster in Thailand in the fourth quarter of 2011. In Q1-2012 the Security Segment accounted for 61 percent of total Group revenue compared to 76 percent a year ago.

Revenue in the **Industry Segment** (Business Units Industry & Logistics and Tickets & Labels) increased by 69 percent in the first three months of 2012 to EUR 20 million compared to EUR 12 million in 2011. This increase was mainly attributable to the favorable development of the Company's tickets & labels business. The Q1-2012 sales of the Industry Segment represented a 38 percent share of the overall sales of the company compared to 24 percent a year ago.

### **Group EBITDA**

The **Group EBITDA** from January to March decreased from EUR 5 million in 2011 to EUR 3 million in 2012. The EBITDA margin for the period under review accounted for 5 percent compared to 11 percent a year ago. This decrease is mainly attributable to the missing profitability contribution from the production facilities in Thailand in the first quarter of 2012 due to the ongoing consequences of the flood as compared with the first three months of 2011.

The **Security Segment** reached an EBITDA of EUR 2 million in 2012 compared with EBITDA of EUR 5 million a year ago.

The **Industry Segment** reported an EBITDA of EUR 1.4 million in the first quarter of 2012 compared with an EBITDA of EUR 0.6 million in the same period of 2011.

### **Profit for the period**

Profit for the first quarter increased by 67 percent from EUR 0.6 million in 2011 to EUR 1 million in 2012. The increase in profit is mainly attributable to first insurance payments related to the flood in Thailand.

### **Financial Position**

Total assets amounted to EUR 318 million as of March 31, 2012, compared with EUR 264 million at year-end 2011. The increase in total assets was predominantly related to the inclusion of the assets and liabilities of UPM RFID as well as investments into property, plant and equipment in the first quarter of 2012. Cash and cash equivalents increased by 25 percent from EUR 22 million to EUR 28 million, which is mainly attributable to cash flow provided by operating activities as well as first insurance payments related to the flood in Thailand.

The Q1-2012 consolidated interim balance sheet showed equity of EUR 162 million compared with EUR 139 million as of December 31, 2011. The increase mainly results from the proceeds from the capital increase conducted on March 31, 2012 in order to finance the UPM RFID business. The equity ratio subsequently decreased from 53 percent at year-end 2011 to 51 percent as of March 31, 2012.

Cash provided by operating activities amounted to EUR 7 million in the first three months of 2012, as compared with EUR 0.3 million cash used in operating activities in the same period of the previous year. Taking into account interest payments and receipts as well as payments and repayments for income taxes, the net cash provided by operating activities in the first three months of 2012 amounted to EUR 6 million compared with net cash used in operating activities of EUR 1 million in 2011.

Net cash used in investing activities amounted to EUR 7 million as of March 31, 2012, compared with net cash of EUR 6 million used in the same period of 2011. Higher investments in property, plant and equipment in 2012 were counterbalanced by the net cash inflow of EUR 5 million resulting from the acquisition of the UPM RFID business as of March 31, 2012.

## **Business Outlook**

Based on the momentum from the acquisitions, the growth potential of the global RFID industry and the Company's strong market position, SMARTRAC confirms its target to increase Group sales to some EUR 250 million in 2012. In terms of profitability, the SMARTRAC Management will work hard to move on from the adverse effects of the flood disaster in Thailand and to achieve Group EBITDA margins which come close to past levels in the second half of 2012.

"We started the year with the positive momentum from the acquisitions and the burden from the flood disaster in Thailand. We are, however, confident that we will overcome the latter and derive value and growth from the integration of new business activities," said Dr. Christian Fischer. "Today, we are in an even stronger position to offer our customers the best product portfolio, the best service, highest quality, innovation, and best value. With these strengths, our dedicated team and the underlying growth perspectives of the industry, we have the best prospects to deliver on our targets and create value for all of our stakeholders."

The SMARTRAC Q1-2012 Interim Report 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:**

SMARTRAC is the leading developer, manufacturer, and supplier of RFID and NFC transponders and inlays. The company produces ready-made and customized transponders and inlays used in access control, animal identification, automated fare collection, border control, RFID-based car immobilizers, electronic product identification, industry, libraries and media management, laundry, logistics, mobile & smart media, public transport, retail, and many more.

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 about 4,000 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.