



Press Release

Digital Identification Solutions AG: Cumulative Growth in Sales -14%, EBIT at EUR -0,6 mn

Stuttgart, Germany, 30 November 2009 – The Digital Identification Solutions Group which is listed on the Frankfurt Stock Exchange (Entry Standard) has achieved the following consolidated unaudited results for the first three quarters of 2009:

EUR mn	Jan-Sep 2008	Jan-Sep 2009	Change in %
Sales	15.5	13.2	-14%
Gross Profit	7.7	7.3	-5%
EBIT	0.2	(0.6)	n/m
EBT	0.2	(0.7)	n/m
Order Book	2.1	2.6	24%

The decrease in consolidated sales for the first time is caused by very modest business activities in the European Region which could not be offset by the encouraging development from most of the subsidiaries. Unexpected delays of the latest laser engraving products, initiated by extremely long-lasting grants of legal certificates, caused a shift of firm orders into the 4th quarter.

In the extremely important consumables division the company has to fight with an unpleasant situation. There are more and more ribbons on the market which are not offered by the company itself but by other channels which distribute 'reprogrammed' products. So far, this caused a loss of more than 1 million EUR profit contribution. The company has already initiated legal proceedings.

The gross margin has increased to approx. 55% due to a favorable product mix, improving exchange rates and significant better purchasing conditions. Owing to aggressive cost management the decline in earnings was held in check. One-time charges in new tools and product implementation costs for a completely new retransfer printer family as well as the first-time consolidation of the Mexican subsidiary have affected results to the tune of EUR 700,000.

The individual business segments have contributed to the current development in the first nine months as follows:

EUR mn	Jan-Sep 2008	Jan-Sep 2009	Change in %
Hardware	4.3	4.5	4%
Consumables	9.0	7.0	-19%
Software + Services	2.3	1.8	-19%

Highlights of the 3rd Quarter:

- The subsidiary in China has won further important projects from the Ministry of Foreign Affairs as well as a big government project in a regional province which will be installed in the 4th quarter.
- The availability of the new LCP 9000 Color Laser Personalization Systems has been almost achieved; first sales of these unique solutions should be realized in the 4th quarter.
- The company has organized the largest international partner training in its history (more than 100 participants from 37 countries for five days) in Singapore und launched completely new retransfer printer solutions in the business and professional segment. In the meantime the new generation has been launched globally on four other fairs and events. Firm orders which have been already placed exceed everything the company has realized at similar occasions in the past.
- In the project business section further sizable orders were won in Asia.
- The installed base already amounts to more than 11,000 personalization systems.

Forecast:

The 24% increase of the order book supports our optimism that the company will significantly improve its results by the end of the year.

From today's point of view the group expects for fiscal 2009 level sales and a balanced EBIT. However, the exact amount will be still influenced by volatile currencies and the available production capacities for the extensive backorders.

Gerd Schaefer, CEO of the Digital Identification Solutions Group, comments on these results: „Despite the unpleasant trading conditions and the distortion of competition due to the activities of individual people we are very well positioned given our substantial progress in product development, our unique solutions portfolio and our geographic presence. Our order book and

feedback from the market about our strategic innovations convince us, that our company will emerge from that crisis faster and stronger than many others which cannot offer real customer solutions.”

Digital Identification Solutions AG

The Managing Board

About Digital Identification Solutions

The Digital Identification Solutions Group is a global provider of advanced identification solutions with a worldwide installed base of more than 11,000 systems. In October 2009 the Group has introduced to the world market the latest *EDIsecure*[®] XID Retransfer Printer generations for distinct Business Line segments as well as a much enhanced Professional Line Portfolio in combination with new Inline Lamination Modules. The Professional Line Portfolio will support multiple new modules in the forthcoming future, as well as the revolutionary LCP 9000 Laser Color Personalization System, which had been pre-announced already earlier. The company has own sales-, marketing-, logistic- and support centers in Germany, the United Arab Emirates, Singapore, China, the United States and Mexico. Together with its vast network of certified partners, Digital Identification Solutions is in a position to deliver state-of-the-art solutions virtually anywhere in the world. The company combines cutting-edge technology, extensive industry know-how and an impressive array of references in the private and public sector.

For further information please visit www.digital-identification.com

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