



## **PRESS RELEASE**

### **Nanogate SE improves its margin in the first half of the year and expects sales of over EUR 250 million over the medium term**

**Sales increase 81 % in the first half of the year to EUR 94.5 million – Consolidated EBITDA sees an even greater increase of 86 % to around EUR 11 million – EBITDA margin improves to 11.6 % – Consolidated net income increases to EUR 1.4 million – Raised forecast for 2017 confirmed – New medium-term target defined: Sales to rise to over EUR 250 million over next five years**

**Götelborn, Germany, September 28, 2017. Nanogate SE, a leading global specialist for design-oriented high-tech surfaces and components, achieved strong business development and improved profitability in the first half of 2017. Sales rose 81 % to a record EUR 94.5 million, the Group benefiting here from strong demand and consolidation effects. Despite significant transaction costs, consolidated EBITDA rose faster than sales by 86 % to around EUR 11 million. The EBITDA margin improved to 11.6 %. The consolidated result for the period increased around 18 % to EUR 1.4 million. As a supplement to its forecast for fiscal 2017 as a whole, which was adjusted upwards in August, Nanogate published its new medium-term target to break the EUR 250 million Group sales threshold, while continuously increasing its margin over the next five years.**

According to Nanogate SE CEO Ralf Zastrau, "In the first half of 2017, Nanogate generated the best half-year result in the company's history, benefiting significantly from its international expansion. Firstly, we received a boost in growth thanks in part to our new majority equity holding in U.S. company Nanogate Jay Systems. Secondly, we were able to kick off initial projects as part of the



technology transfer between our new site in the U.S. and our European companies. The company is expanding internationally and so the Group is now operating as a *societas Europaea*, which promises to raise its profile even further. Given its large order base, Nanogate is optimistic about its future course of business, having already increased its forecast for the entire year in August following the positive development in the first half of the year. We remain committed to growth over the medium term. Within the next five years, Nanogate intends to exceed EUR 250 million in sales, while at the same time continuously increasing its margin.”

### **Consolidated EBITDA Shows Particularly Strong Growth**

Nanogate increased its Group sales in the first half of the year by 81 % to EUR 94.5 million (previous year: EUR 52.2 million). A combination of high demand and consolidation effects contributed to the good development. The strategic growth areas of advanced metals and advanced polymers are both important sources of sales and income, as is the international business. Total output increased by 77 % to EUR 94.7 million (previous year: EUR 53.4 million).

Our profitability increased significantly thanks to the high level of demand and our international expansion. EBITDA rose particularly strongly compared to sales by 86 % to around EUR 11.0 million (previous year: EUR 5.9 million). The EBITDA margin improved from 11.3 % to 11.6 %. Depreciation increased as anticipated, given the expansion. EBIT nevertheless increased significantly by 79 % to EUR 4.1 million (previous year: EUR 2.3 million). The financial result is primarily shaped by the increasing financing costs due to the investments and the acquisition of the majority equity holding in the U.S. Although depreciation and financing costs increased as anticipated, the consolidated net income for the half-year improved to EUR 1.4 million (previous year: EUR 1.2 million). The greater number of shares due to capital increases has led to earnings per share of EUR 0.33 (previous year: EUR 0.36).

### **Financial Position Remains Strong**

Despite the cash outflow resulting from the acquisition of the new U.S. subsidiary Nanogate Jay Systems, Nanogate retains a very strong financial position. Cash and



cash equivalents amounted to EUR 24.2 million as of the half-year reporting date of June 30, 2017 (December 31, 2016: EUR 22.6 million). The Group's financial position in the first half of 2017 is impacted by the first-time consolidation of the U.S. business. The cash flow from operating activities after income tax payments amounted to EUR 5.0 million (previous year: EUR 4.3 million). At EUR -44.7 million (previous year: EUR -7.8 million), the cash flow from investment activities is primarily affected by the payment of the purchase price for Nanogate Jay Systems. The cash flow from financing activities of EUR 41.5 million (previous year: EUR -3.2 million) primarily reflects the successful capital increase and an increase in borrowed capital for payment of the purchase price. The Group's balance sheet is also affected by the first-time consolidation of the U.S. companies. The balance sheet total therefore increased to EUR 242.3 million (December 31, 2016: EUR 156.4 million). The equity ratio stood at 38.3 % (December 31, 2016: 42.1 %).

## **Outlook**

Given its large order base, Nanogate is optimistic about its future course of business, having already increased its forecast for the entire year in August following the positive development in the first half of the year. The forecast predicts that Group sales will increase to more than EUR 170 million. Thanks to strong demand across the Group, Nanogate achieved a significant jump in sales and earnings in the first half of the year. This pleasing development is likely to continue over the rest of the year, even if exchange rate effects and the planned integration steps for the new U.S. equity holding Nanogate Jay Systems are impacting the momentum. Numerous projects are set to commence following integration into the Group, particularly in the areas of market development and technology portfolio expansion. As announced, the order and product mix will be gradually optimized at the same time. Despite the costs of integration of new U.S. equity holding Nanogate Jay Systems, planned particularly for the second half of the year, the forecast for consolidated EBITDA is being raised to at least EUR 20 million. Despite depreciation and financing costs increasing as anticipated, consolidated net income for 2017 is also likely to improve compared with 2016. Nanogate will be starting a new innovation program in the coming months that will



also shape the Group's development in 2018. The aim is to extend its technological lead.

### **New Medium-Term Target**

The Management Board is also optimistic about the further business development in the medium term and has therefore defined a new medium-term target; Nanogate intends to exceed EUR 250 million in sales within the next five years, while at the same time continuously increasing its margin. With its Phase5 growth program, which was launched in 2014, Nanogate may be able to increase its sales almost fivefold in less than ten years.

***Nanogate on Twitter: [http://twitter.com/nanogate\\_se](http://twitter.com/nanogate_se)***

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### **Nanogate SE:**

Nanogate (ISIN DE000A0JKHC9) is a leading global specialist for design-oriented high-tech surfaces and components of very high optical quality. The Group employs around 1,200 people. Nanogate develops and produces design-oriented surfaces and components and enhances them with additional properties (e.g. nonstick, scratchproof, anticorrosive).

The Group has first-class references (e.g. Airbus, Audi, August Brötje, BMW, BSH Hausgeräte, Daimler, FILA, Ford, Fresenius, GM, Jaguar, Junghans, Porsche and Volkswagen). Several hundred mass production projects for customers have already been implemented successfully. The Nanogate Group is represented on both sides of the Atlantic with its own production facilities. The Group comprises Nanogate Eurogard Systems B.V., Nanogate GfO Systems AG, Nanogate Industrial Systems GmbH, Nanogate Textile & Care



Systems GmbH, Nanogate Glazing Systems B.V., Nanogate PD Systems GmbH and Nanogate Vogler Systems GmbH, as well as majority stakes in Nanogate Goletz Systems GmbH and U.S. company Nanogate Jay Systems LLC. It also has sales companies in the U.S. and Turkey.

True to its slogan "A world of new surfaces," Nanogate is a long-standing innovation partner who opens up the diverse possibilities offered by new materials to companies in a wide range of industries. It aims to improve customers' products and processes and to provide environmental benefits by using multifunctional surfaces, such as those made of plastic or metal, and innovative plastic components. The Group concentrates on attractive sectors such as automotive/transport, mechanical/plant engineering, buildings/interiors and sport/leisure. As a systems provider, Nanogate offers the entire value chain materials development for surface systems, series coating of various different substrates as well as the production and enhancement of complete plastic components. The main value drivers are the opening up of international markets, the development of new applications for the strategic growth areas Advanced Polymers (innovative plastics) and Advanced Metals (innovative metal enhancements) as well as external growth.

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