



PRESS RELEASE

Dynamic growth for Nanogate AG: EBIT nearly trebled, forecast for 2012 confirmed

Provisional figures for the first half of 2012 confirmed: sales up by 34 % to EUR 18.9 million, EBITDA increases from EUR 1.5 million to EUR 2.8 million, EBITDA margin of 14.8 %, EBIT rises from EUR 0.5 million to EUR 1.4 million – Bank debt down sharply – Targets for 2012 confirmed: profitability to grow faster than sales, Group intends to achieve dividend capability

Göttelborn, Germany, 25 September 2012. Nanogate AG (ISIN DE000A0JKHC9), the leading international integrated systems provider for high-performance surfaces, has exceeded its own targets for the first half of 2012, increasing profit much faster than sales. With an EBITDA margin of 14.8 % the Group has nearly achieved its margin goal for the full year already. The EBIT margin rose from 3.9 % to 7.3 %. Thanks to strong demand for high-performance surfaces based on new materials, the Group is confirming its forecast for 2012: EBITDA is set to rise by more than 30 % and sales by at least 10 %. With this considerable improvement in profitability, Nanogate also intends to be in a position to pay a dividend.

Ralf Zastrau, CEO of Nanogate AG, commented: "Nanogate can look back on an excellent first half of 2012. Our focus on sustainable, profitable growth has paid off twofold. Nanogate increased its profits and improved its earnings substantially, with profitability rising faster than sales. The balance sheet ratios also improved thanks to lower bank debt. At the same time, we are growing with sustainable and environmentally friendly applications which account for an increasing share of our sales. In operational and strategic terms we have made great progress. New orders are still positive, so Nanogate can confirm its forecast for the full year. Our focus will remain on improving profitability. We therefore expect sales to increase by at least 10 % and EBITDA by more than 30 %. At the same time, Nanogate should be in a position to pay a dividend. We are also optimistic about the medium term. With our



growth strategy, we want to hit the EUR 50 million mark in terms of sales, with EBITDA of EUR 10 million.

Leap in profits in the first half of 2012

Group sales increased by some 34 % to EUR 18.9 million (previous year: EUR 14.1 million). Nanogate also registered a decline in seasonal sales fluctuations. International business remains an important market, accounting for nearly 50 % of sales. The gross profit margin (in relation to overall performance) remained high at 65.3 % (previous year: 67.0 %).

As expected, the Group's profitability improved considerably. The leap in earnings was due to a better mix of products and orders, lower expenses for research and development following the successful conclusion of the innovation offensive and a lower fixed-cost ratio. Consolidated EBITDA increased by 86 % to EUR 2.8 million (previous year: EUR 1.5 million). The Group thereby raised its EBITDA margin by almost a third to 14.8 % (previous year: 10.7 %). Consolidated EBIT improved to EUR 1.4 million (previous year: EUR 0.5 million), nearly doubling the EBIT margin to 7.3 % (previous year: 3.9 %). Consolidated EBT went up to EUR 0.8 million (previous year: EUR 0.2 million). Consolidated net income improved by EUR 0.6 million to EUR 0.2 million (previous year: EUR -0.4 million). Earnings per share (diluted) went up to EUR 0.09 (previous year: EUR -0.19).

Financial position improved again

The equity ratio rose to 52.0 % (31.12.2011: 49.8 %). Cash balances were slightly lower at EUR 7.7 million (31.12.2011: EUR 9.0 million) following scheduled and additional repayments to optimise the financing structure. As a result of considerably reducing liabilities to banks to EUR 14.2 million (31.12.2011: EUR 15.5 million), the balance sheet total shrank to EUR 54.7 million (31.12.2011: EUR 56.3 million). Cash flow from operating activities in continuing operations went up to EUR 1.5 million (previous year: EUR 0.6 million). Although taxes had to be paid for the first time for 2011, cash flow from operating activities in continuing operations improved by EUR 0.3 million to EUR 0.9 million (previous year: EUR 0.6 million).



Outlook for 2012

In the second half of 2012, Nanogate will continue its course of profitable growth, having already put in a strong performance in the first half-year with much improved profitability. New orders are coming in very satisfactorily, with new or additional products starting for the premium manufacturers Land Rover and BMW. In addition, the company received the biggest order in its history as part of the extended strategic partnership with one of the world's leading chemical and technology groups. Furthermore, the Group is reviewing options to expand capacity in view of strong demand. An improved mix of orders and products, a lower fixed-cost ratio and reduced spending on research and development will contribute to a disproportionate increase in profitability. Nanogate is also banking on synergy effects from the close integration of its operating subsidiaries. Specifically, the Group is expecting a sales increase of at least 10 % and an improvement of more than 30 % in consolidated EBITDA. This would enable the company to achieve an EBITDA margin of 15 %. In addition, Nanogate is aiming to be in a position to pay a dividend in the current year.

NB:

The figures for the first half of 2012 include the equity holdings in Eurogard B.V. and Nanogate Textile & Care Systems GmbH.

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**Nanogate AG:**

Nanogate is the leading international integrated systems provider for high-performance surfaces. The firm, which is based in Göttelborn (Saarland), enables the programming and integration of additional properties – such as non-stick, antibacterial, anti-corrosive and ultra-low friction – into materials and surfaces. Nanogate covers a wide range of industries, functions and substrates. It provides companies in the Automotive/Mechanical Engineering, Buildings/Interiors, Sport/Leisure and Functional Textiles sectors with access to the wide-ranging benefits of high-performance surfaces and nanosurfaces. In doing so, Nanogate concentrates on one of the most attractive segments in the industry. Nanogate has a unique combination of extensive materials expertise paired with comprehensive, first-class process and production know-how. As a systems provider, Nanogate offers services throughout the entire value chain, from the purchase of raw materials, and the synthesis and formulation of the material systems, right through to the enhancement and production of the finished surfaces. Nanogate focuses primarily on plastic and metal coatings for all surface types (two and three-dimensional components) with a high level of optical quality.

The Nanogate Group currently has approximately 240 employees in all and since commencing operations in 1999 has been a trailblazer in nanotechnology. The company has first-class customer references (e.g. Audi, BMW, Bosch-Siemens Haushaltsgeräte, Junkers, Kärcher, Hörmann Group, Opel and REWE International AG) and many years' experience of different industries and applications. Several hundred projects have already gone into mass production. The company also has strategic partnerships with a number of international corporations. Nanogate comprises Nanogate Industrial Solutions GmbH, Eurogard B.V., Nanogate Textile & Care Systems GmbH and a majority stake in GfO Gesellschaft für Oberflächentechnik AG.

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