



PRESS RELEASE

Nanogate generates sales increase – Operating result improves disproportionately – Order base increased

Sales in the first half-year rise 12.4 % to EUR 27.2 million, EBITDA increases disproportionately by 16.6 % to EUR 3.5 million – Outlook for 2014: Sales expected to significantly exceed EUR 60 million; rise in EBITDA to around EUR 7 million expected – Integration of new equity holding Vogler GmbH – Technology and sales offensive started for metal applications

Göttelborn, Germany, 24 September 2014. Nanogate AG (ISIN DE000A0JKHC9), a leading international integrated systems provider for high-performance surfaces, achieved a greater increase in its operating result (EBITDA) in the first half of 2014 than in sales, and thereby pressed ahead on its course of growth. Consolidated EBITDA increased disproportionately by 16.6 % to EUR 3.5 million, while the consolidated sales volume rose by 12.4 % to a record EUR 27.2 million. For the year as a whole, Nanogate also expects dynamic business development and a further expansion of its market position: the company forecasts sales to increase to significantly more than EUR 60 million, while the operating result (EBITDA) is expected to reach around EUR 7 million. The new subsidiary, Vogler GmbH, will make its first contribution to the success in the second half of the year.

Ralf Zastrau, CEO of Nanogate AG, commented: "Nanogate has made an exceptionally strong start to the 2014 financial year. The Group generated an increase in sales and improved the operating result (EBITDA) disproportionately, so that we again achieved record figures. This has given us a lot of momentum, and there is a persistently high level of interest in our systems for high-performance surfaces, which gives us a lot of confidence for the year as a whole. Our internal expectations have been exceeded at both the operating and



strategic levels. The Group has set out on an important strategic course this year, which primarily includes the launch of the new Phase5 growth programme and the acquisition of surface specialist Vogler. Nanogate has so far shown outstanding business development.”

Strong organic growth in the first half of the year

In the first half-year, Nanogate recorded strong demand across the Group and generated an increase in sales. The gross profit margin and operating result (EBITDA) both improved. New orders and the start of mass production for a number of projects awarded in 2013 contributed to this success. The two strategic growth areas, advanced metals and advanced polymers, performed especially well. The positive developments include the first international order for energy-efficient coatings used in heat exchangers for heating systems. And in view of the great demand, the capacity for glazing components at the newly opened centre of excellence for innovative plastics with glass-like properties will be more than doubled by the start of next year.

Overall, the company increased Group sales by 12.4 % to EUR 27.2 million (previous year: EUR 24.2 million), even though some high-margin projects had already been implemented in 2013, leading to pull-forward effects. The Group's overall performance increased to EUR 29.2 million (previous year: EUR 26.4 million). The gross profit margin (as a proportion of overall performance) rose to 67.8 % (previous year: 66.5 %). This increase is the result of an improved product and order mix. Compared with the increase in sales, the operating result (EBITDA) improved disproportionately despite the outlay for the course of growth. As such, consolidated EBITDA rose by 16.6 % to EUR 3.5 million (previous year: EUR 3.0 million), in doing so raising the EBITDA margin. The operating result (EBITDA) and EBITDA margin would have been significantly higher had it not been for the costs incurred for the growth strategy and the non-recurring transaction costs for the Vogler acquisition recorded partly in the first half of the year and which were in the high six-figure euro range. Consolidated EBIT increased to EUR 1.2 million (previous year: EUR 1.1 million). Consolidated net income amounted to EUR 0.4 million (previous year: EUR 0.5 million), remaining virtually unchanged despite investments and the non-recurring transaction costs.



The Group's financial position is affected by the current investment programme, which has the aim of achieving the sales target of EUR 100 million in the medium term. Cash and cash equivalents came to EUR 15.7 million at the reporting date (31 December 2013: EUR 17.3 million). Cash flow from operating activities after income taxes amounted to EUR 0.3 million in the first half of the year (previous year: EUR -0.2 million) and reflects the ongoing growth strategy with the opening up of new international markets. The consolidated balance sheet total increased to EUR 85.1 million in the first half-year (31 December 2013: EUR 83.7 million). The equity ratio remained virtually unchanged at 48.6 % (31 December 2013: 49.2 %).

Outlook for 2014: Profitable course of growth set to continue

The Group is confident about the year as a whole. In view of the continued high level of demand, organic growth is likely to again be in the double-digit percentage range, meaning that the course of business in the first half of the year is expected to continue. In addition, the new subsidiary, Vogler GmbH, will be fully consolidated and integrated into the Group during the second half of the year. Overall, sales are expected to significantly exceed the EUR 60 million mark. Due to an improved product and order mix as well as economies of scale, the operating result (EBITDA) is expected to rise to around EUR 7 million, in spite of market development and the non-recurring costs relating to the acquisition and integration of the surface specialist Vogler. Given that there is significant growth and profit margin potential in the market for multifunctional high-performance surfaces, the focus will be on expanding the market position here.

"The Group currently has an order base well into the double-digit million range following further growth in recent months. The company therefore has a good idea of what the future course of business will be up to the end of 2015 and beyond: much of the available capacity is already fully utilised with orders. As a leading international integrated systems provider for high-performance surfaces, Nanogate has laid the foundations for achieving its sales target of EUR 100 million and for increasing its profitability in the medium term, thanks to its Phase5 growth programme," explained Nanogate CEO Zastrau.



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Nanogate AG:

Nanogate is a leading international integrated systems provider for high-performance surfaces. The Group, which is based in Göttelborn (Saarland), enables the programming and integration of additional properties – such as non-stick, scratchproof and anti-corrosive – into materials and surfaces. True to its slogan 'A world of new surfaces', Nanogate opens up the diverse possibilities of multifunctional surfaces based on new materials for companies in a wide range of industries.

Nanogate provides its customers with technologically and optically high-quality systems. To do so, the company uses its extensive knowledge of innovative materials, including existing expertise in nanomaterials, nanosurfaces and nanostructures. The aim is to improve customers' products and processes by means of high-performance surfaces while achieving environmental benefits. The Group focuses on the four sectors of automotive/transport, mechanical and plant engineering, buildings/interiors and sports/leisure, as well as on the strategic growth areas of advanced polymers and advanced metals. Nanogate has a unique combination of extensive materials expertise paired with comprehensive, first-class process and production knowledge. As a systems provider, Nanogate offers services throughout the entire value chain, from the purchase of raw materials, to the synthesis and formulation of the material systems, right through to the enhancement and production of the finished surfaces. The Group focuses primarily on optically high-quality plastic and metal coatings for all surface types (two and three-dimensional components). Its value drivers are the opening up of new, international markets, the development of new applications for the strategic growth areas of advanced polymers (innovative plastics, e.g. glazing) and advanced metals (innovative metal enhancements, especially energy efficiency) as well as external growth. In the medium term, Nanogate also intends to achieve a considerable revenue share from environmentally friendly systems and processes as well as cleantech applications.

The Nanogate Group has first-class references (e.g. Airbus, Audi, August Brötje, BMW, BSH Bosch und Siemens Hausgeräte, Daimler, FILA, Jaguar, Junkers, Porsche, Volkswagen). Several hundred projects have already gone into mass production. The company also has strategic partnerships with many international corporations. Nanogate comprises Nanogate Industrial Solutions GmbH, Eurogard B.V., Nanogate Textile & Care Systems GmbH, Nanogate Glazing Systems B.V., Vogler GmbH and majority stakes in GfO Gesellschaft für Oberflächentechnik AG and Plastic-Design GmbH.



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