



## **PRESS RELEASE**

### **Nanogate still on growth course; earnings target achieved**

**Sales up 17 % – EBT almost EUR 1.1 million – Core business grows by a quarter – Considerable growth in foreign sales – Extensive investments – New staff recruited**

**Göttelborn, Germany, 27 April 2009. Nanogate (ISIN DE000A0JKHC9), a leading international nanotechnology enabler, achieved its earnings target in the past financial year and continued on its course of growth. The company also significantly extended its technology and application portfolio. It hopes to substantially boost further business developments by means of an innovation drive. In the first few months of the new financial year, Nanogate once again broadened its basis for growth: a new textile finish is being used for the first time in the Opel Insignia, named "Car of the Year 2009". The company's Sport/Leisure division has also acquired the REWE Group as a customer.**

Ralf Zastrau, CEO of Nanogate AG, said: "The good results for 2008 with excellent sales and earnings figures back up our strategy. We also achieved important strategic goals and expanded our basis for growth by adding new technologies and applications and ramping up our equity holdings. To achieve a new dimension in terms of sales and profitability in the medium to long term, we will continue to make substantial investments and tap global markets. Nanogate is flexible and has a lean cost structure. In combination with our financial strength, this allows us to pursue our strategy as planned, even in difficult times. In addition to organic growth, we believe there are good opportunities to expand by means of acquisitions and equity holdings. Nanogate is well equipped to take the next steps."



## **New record figures for sales and overall performance**

With new applications, international expansion and acquisitions, Group sales rose by almost 17 % to approximately EUR 12.2 million, while overall performance was up by over 33 % at EUR 16.5 million. The third quarter was particularly strong, with the Group recording high demand across the board. However, the global economic crisis impacted on unit sales in Automotive/Mechanical Engineering and Buildings/Interiors in November and – to an even greater extent – December. The core business, Multifunctional Surfaces, grew by around a quarter to EUR 11.6 million and the segment's margin came in at 16.9 % (previous year: 21.9 %) despite higher sales expenses and weak unit sales in December. The export share increased to 41.8 %.

## **Financial strength**

Earnings before taxes (EBT) for the past financial year amounted to approximately EUR 1.1 million (previous year: EUR 1.5 million). The EBT margin decreased in the reporting year to 8.8 % (previous year: 14.9 %). This drop was due to the costs of penetrating international markets and high expenditure for growing the divisions and developing technology. The number of employees also rose due to consolidation by around a third to 78 at the year's end. New staff are primarily employed in the fields of sales and development.

Earnings per share were EUR 0.52 compared with EUR 0.68 in 2007. The equity ratio decreased to 69.3 % (previous year: 84.1 %) because the company ramped up its share of equity holdings. Despite considerable investments – which doubled in the reporting year to exceed EUR 4 million – the Group had cash assets of EUR 8.5 million (previous year: EUR 12.4 million) as of the balance sheet date. This means that Nanogate is in a strong financial position to keep pursuing its investment programme and continue growing.

## **Focus on technology development and market penetration**

Although the consequences of the economic crisis are as yet unforeseeable, Nanogate will keep pursuing its growth strategy over the coming years. The company's broad positioning which focuses on four different sectors enables Nanogate to compensate for any weak developments in individual projects by



means of growth in other areas. The extensive product portfolio and large existing customer base make the company confident that sales will increase again in the medium and long term. In addition, Nanogate has launched an innovation drive and aims to present a number of new products and applications. As a result, considerable investments, development costs and sales expenses will once again have a significant effect on earnings before taxes in the current financial year. However, the ongoing technology development and international market penetration activities will enable the company to tap major sales and profit potential in the medium and long term.

In view of the prevailing general economic situation and the innovation offensive which it has begun, it is difficult to predict how business will develop. It is still possible for Nanogate to grow and post a positive result, especially if the economy begins to recover towards year-end. However, it is also possible that the weak economic environment will affect sales to such an extent that it will be impossible to generate profits. Nanogate will therefore refrain from issuing a forecast for the financial year 2009 with regard to sales, earnings before taxes and cash flow until the year is well under way. With its financial strength and innovativeness, extensive product portfolio and long-term mass-production business, the Group will emerge from the economic crisis all the stronger.

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**Innovation-driven competitive advantage:**

This is the guiding motto Nanogate AG is using as it confronts the current economic challenges and opens up new growth prospects for its clients. To achieve this, Nanogate AG has stepped up its efforts significantly and will be presenting a multitude of innovations in the current financial year. Since going public the company has invested millions in developing new technology platforms and has transformed these into marketable products. Nanogate has successfully illustrated its expertise in more



than 150 cases, using innovation to offer its clients added value and a competitive advantage.

**Nanogate AG:**

Nanogate is a leading international enabler in the nanotechnology growth market and so opens the gate to this technology for its customers. The firm, which is based in Göttelborn (Saarland), enables the programming and integration of additional properties such as non-stick, anti-bacterial, anti-corrosive and ultra-low friction. Nanogate thereby gains a competitive edge for its customers by product refinement using chemical nanotechnology. Nanogate covers a wide range of industries, functions and substrates already on the basis of technology platforms. The company thus provides a decisive interface for the commercialisation of chemical nanotechnology, bridges the gap between raw materials and their industrial conversion into products and concentrates as an enabler on one of the most attractive segments in the industry. As a partner in innovation, Nanogate provides many services along the value chain – from development and production of innovative nanocomposites and nanostructured materials to powerful support for innovation and product integration.

The Nanogate Group currently has 76 employees in all (as of April 2009) and since commencing operations in 1999 has been a pioneer in nanotechnology. Nanogate is a high-growth company and has operated profitably since financial year 2004. In financial year 2007 it boosted consolidated sales by almost 17 % to around EUR 12.2 million. The earnings before taxes (EBT, according to IFRS) amounted to around EUR 1.1 million. The company has first-class customer references (e.g. ABB, BSH Bosch-Siemens Haushaltsgeräte, Kärcher and Koenig & Bauer AG) and many years' experience of different industries and applications. It has also entered into strategic cooperation with international companies such as Dow Corning. The Group's consolidation entity includes Nanogate Advanced Materials GmbH, which specialises in complex applications like high-performance optics, FNP GmbH in the area of sport/leisure and a majority shareholding in Holmenkol AG.

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