



## **PRESS RELEASE**

### **Nanogate expects to achieve new sales record in 2010**

**Forecasts for 2009 exceeded – Despite financial and economic crisis, Group sales relatively stable in 2009 at EUR 10.7 million – Consolidated EBIT comes in at EUR -2.2 million, consolidated net loss of EUR -1.4 million – Second half of 2009 considerably stronger with positive operating cash flow – Good start to 2010 with new orders – Earnings expected to improve significantly with sales at record level**

**Göttelborn, Germany, 27 April 2010. Nanogate (ISIN DE000A0JKHC9), a leading international nanotechnology enabler, has far exceeded its sales forecast for the past financial year and is aiming for a new high this year. At the same time, earnings are set to improve radically. There has been a clear revival in business over the past few months. The company has secured several new orders and initiated additional projects, such as a cooperation agreement with GEA Group AG, which is further improving sales capabilities. As expected, Nanogate was unable to escape the effects of the economic crisis in 2009. Lower sales along with expenses associated with the company's innovation offensive left no room for profits, as anticipated. However, business picked up noticeably in the second half of the year, enabling Nanogate to record a positive operating cash flow and almost break even in this period.**

Ralf Zastrau, CEO of Nanogate AG, said: "In 2009, Nanogate boosted its growth potential with new applications and technologies. At the same time, we received important new orders – from REWE Austria, Bosch and Opel, for example. We benefited from this in the second half of the year and almost broke even again in this period. With its established core business, capacity to innovate and strong finances, Nanogate has weathered the economic crisis well. We will return to our growth path in 2010 and expect to achieve a new sales record. At the same time,



we still believe there are good opportunities for us to expand our technology portfolio via external growth and tap new target groups. Our equity holding in sarastro GmbH is a good example of this. Nanogate is in a sound position to implement its growth plans, both strategically and financially."

### **High level of investment**

In the 2009 financial year, Nanogate clearly exceeded forecasts, recording sales of EUR 10.7 million (previous year: EUR 12.2 million). The application areas of sport/leisure and functional textiles provided important momentum in the Group. However, the Automotive/Mechanical Engineering and Buildings/Interiors divisions saw customers – especially from the SME sector – reducing their orders and postponing projects. Overall demand revived substantially in the second half of the year. The company ramped up its international business, which contributed 47.5 % (previous year: 41.8 %) to sales. Overall performance totalled EUR 14.2 million (previous year: EUR 16.5 million).

Due to the temporary sales slump and the sharp rise in expenditure for technological development and opening up new markets, the operating result (EBIT) came to EUR -2.2 million (previous year: EUR 1.3 million) for the full year. Profitability improved considerably in the second half of the year. EBIT totalled EUR -0.2 million, while half-yearly sales amounted to EUR 6.6 million. Nanogate recorded a consolidated net loss of EUR -1.4 million in the reporting year (previous year: income of EUR 1.0 million). Earnings per share (basic) were EUR -0.72 (previous year: EUR 0.52).

In the course of the year, the operating cash flow improved in line with the earnings position. For 2009 as a whole, it totalled EUR -1.1 million (previous year: EUR 0.6 million). Despite high investments of EUR 4.2 million (previous year: EUR 5.0 million), Nanogate had cash and cash equivalents worth EUR 5.9 million (previous year: EUR 8.5 million) as of the balance sheet date. In combination with unused credit lines, this makes the company well placed to pursue its planned growth strategy. The equity ratio remains high at 61.4 % (previous year: 69.3 %).



### **Return to growth path expected**

Nanogate is expected to return to growth in the 2010 financial year. The management expects sales to exceed EUR 13 million, topping the previous record from 2008. The operating result is also expected to improve considerably. This will primarily be achieved by significantly higher sales, less investment and targeted cost savings. Nevertheless, the company is still concentrating predominantly on opening up new markets and developing applications to exploit nanotechnology's great potential. Nanogate will issue a precise forecast for its sales, earnings and cash flow later in the year. Growth is primarily expected in the application areas of automotive/mechanical engineering and sport/leisure. Advanced Applications, the business of the future, is expected to generate its first appreciable sales. In addition to organic growth, Nanogate will also expand via acquisitions. A number of promising options are currently being examined.

### **Broad positioning safeguards growth potential**

With its focus on four sectors and three high-potential specialist areas, Nanogate is broadly based. This reduces the company's dependence on different economic cycles in individual sectors. The industrial business has high margins, for instance, while the end-user business ensures rapid, steady cash flows in conjunction with short times to market. Increasing demand and the new cooperation agreement with GEA Group AG are evidence of the company's good market position.

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**Innovation-driven competitive advantage:**

Using this guiding motto, Nanogate AG launched a comprehensive innovation offensive in 2009 in order to open up new growth prospects for its clients. To achieve this, Nanogate increased its investments and funding significantly - in particular in the 2009 financial year - and has since then presented a multitude of innovations. Since going public in 2006 the company has already invested several million euros in developing new technology platforms and has transformed these into marketable products. Nanogate has successfully illustrated its expertise in more than 180 cases, using innovations to provide its clients with 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 – into materials and surfaces. 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 on the basis of technology platforms. The company thus provides a decisive interface for the commercial use of chemical nanotechnology and bridges the gap between the suppliers of raw materials and industrial conversion into products. In doing so, Nanogate 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 82 employees in all (as of April 2010) and since commencing operations in 1999 has been a trailblazer in nanotechnology. The company has first-class customer references (e.g. ABB, BSH Bosch-Siemens Haushaltsgeräte, Kärcher, Koenig & Bauer AG, Opel and REWE Austria) and many years' experience of different industries and applications. To date, more than 180 projects have gone into mass production. Nanogate has also entered into strategic cooperations with international companies such as the GEA Group and Dow Corning. The Group also includes Nanogate Advanced Materials GmbH, which specialises in complex applications like high-performance optics, FNP GmbH in the area of sport/leisure, a majority shareholding in Holmenkol AG and a shareholding in sarastro GmbH.

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