



PRESS RELEASE

Nanogate achieves target margin for 2011

Preliminary figures for the first half-year confirmed: sales up by more than 190 % to EUR 16.6 million, EBITDA margin of around 10 % – Good level of incoming orders reinforces forecast for 2011

Göttelborn, Germany, 28 September 2011. Nanogate AG (ISIN DE000A0JKHC9), the leading international integrated systems provider for nanosurfaces, has already reached its target corridor for 2011 with a consolidated EBITDA margin of around 10 % in the first half of the year. Nanogate exceeded its own forecasts for the first half of the year. Group sales increased by more than 190 % to over EUR 16.6 million (previous year: EUR 5.7 million). Adjusted EBIT came to more than EUR 0.7 million (previous year: EUR -1.1 million). The integration of Eurogard B.V. has now also been completed on schedule. This means that production, development and marketing are now coordinated.

Ralf Zastrau, CEO of Nanogate AG, commented: "After a strong first half-year Nanogate is still recording a high level of incoming orders. We therefore continue to expect to exceed the sales forecast of more than EUR 30 million for the 2011 financial year very substantially. The EBITDA margin will be at least 10 % as expected, now that we have already reached the target range in the first six months of 2011. As a leading international integrated systems provider for nanosurfaces we offer companies from various industries unique one-stop shopping for high-performance surfaces. In the medium term, Nanogate is aiming for sales of more than EUR 50 million and a sustained EBITDA margin of over 20 %. On the way there we intend primarily to develop our international market position and will therefore in the coming months be developing concepts on how Nanogate can better position itself in foreign markets as well."



Earnings for the first half of the year substantially positive

The dynamic pace of business in the first half of the year was largely due to rocketing demand in the Automotive/Mechanical Engineering division as well as the takeover of GfO AG in the summer of 2010. With an increase of more than 190 % Nanogate reported new record sales of EUR 16.6 million (previous year: EUR 5.7 million). Adjusted organic growth amounted to around 48 %. International business contributed 45.5 % of Group sales. Group EBITDA improved by EUR 2.9 million to EUR 1.7 million (previous year: EUR -1.2 million), reaching the target corridor for 2011 with an EBITDA margin of approximately 10 %. Group EBIT rose to EUR 0.5 million (previous year: EUR -1.7 million), equivalent to an EBIT margin of around 3 %. Adjusted consolidated EBIT came to EUR 0.7 million (previous year: EUR -1.1 million). Much higher capacity use, an improved product mix and lower expenses as planned for applications development and opening up new markets contributed to this substantial earnings improvement. The consolidated net result (after minority interests) amounted to EUR -0.4 million (previous year: EUR -1.1 million). Earnings per share improved distinctly to EUR -0.19 (previous year: EUR -0.60). Distributable profit totalled EUR 2.3 million (previous year: EUR 0.1 million).

The equity ratio as of the reporting date of 30 June 2011 came to 38.5 % (31.12.2010: 44.9 %). The balance sheet total rose to EUR 63.6 million (31.12.2010: EUR 53.5 million) following the takeover of Eurogard B.V. Cash and cash equivalents came to EUR 3.6 million as of the reporting date (31.12.2010: EUR 4.1 million). After the reporting date the company received gross proceeds of around EUR 8 million from a capital increase, which of course also improved the financial position considerably. A part of these proceeds was used directly to repay some of the financial liabilities for the Eurogard acquisition. Adjusted for these transactions, cash balances at the end of the first half-year would have come to around EUR 7.7 million. The pro-forma equity ratio would then have reached 47.7 %.

Outlook: record sales targeted

Given the continued strong course of business, it seems very likely that it will be possible to substantially exceed the sales forecast for 2011 of more than EUR 30



million, as long as the economy does not take a sudden dive. The EBITDA margin will reach at least 10 %, as expected. As early as April 2011 Nanogate raised the sales forecast for 2011 in the course of acquiring the Dutch company Eurogard B.V. Operating cash flow should also be positive for the full year.

In the medium term the company intends to increase sales to more than EUR 50 million and achieve an EBITDA margin of at least 20 %. The significantly higher order base with increased sales potential will help to achieve this goal. In the first half of the year Nanogate launched new projects for Audi and BMW for instance and renewed the million-dollar contract with a US customer in the bathroom fixtures sector for a further three years. At the same time the Group received the first orders from the cooperation programme in the air filtration sector with GEA Air Treatment GmbH. The company is currently seeing growing interest in its systems for enhancing surfaces. Nanogate is expecting further new contracts to be signed in the months ahead. The Group anticipates a significant boost to growth from the successful completion of the integration of Eurogard B.V., which Nanogate acquired in full in the first half of the year, and from the marketing of systems in the particularly attractive application areas of energy efficiency and plastics. In addition, Nanogate intends to develop and review strategies for gaining greater access to key international markets.

NB:

The recently acquired equity holding Eurogard B.V. will only be consolidated from 1 July 2011 and is therefore not included in the figures for the first half of 2011. Adjusted organic growth has been determined taking GfO AG into account. Adjusted EBIT is obtained by eliminating transaction costs and other advisory costs for the two investments in GfO AG and Eurogard B.V. as well as non-recurring expenses for Holmenkol AG (only in 2010).

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Nanogate AG:

Nanogate is the leading international integrated systems provider for nanosurfaces, concentrating primarily on enhancing high-performance surfaces. The firm, which is based in Göttingen (Saarland), enables the programming and integration of additional properties – such as non-stick, antibacterial, anti-corrosive and ultra-low friction – into materials and surfaces. As an enabler, Nanogate gains a competitive edge for its customers by means of product refinement using chemical nanotechnology. Nanogate covers a wide range of industries, functions and substrates. 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. Nanogate has a unique combination of extensive materials expertise paired with comprehensive, first-class process and production know-how. As a systems provider, Nanogate covers 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. Nanogate focuses primarily on plastic and metal coatings for all surface types (two and three-dimensional components).

The Nanogate Group currently has approximately 250 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. Nanogate has also entered into strategic cooperations with international companies such as the GEA Group and Dow Corning. Nanogate consists of Nanogate Industrial Solutions GmbH, Eurogard B.V., FNP GmbH for products in the sport/leisure sector, majority stakes in Holmenkol AG and GfO Gesellschaft für Oberflächentechnik AG, and an equity holding in sarastro GmbH.

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