

# PRESS RELEASE

## **Nanogate Opts to Reorganize Group and Adjusts Forecast**

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- More efficient structures and a transformation of the Group into two divisions
- Focus on higher-margin activities and financial stability
- EBITDA forecast for 2019 reduced; sales forecast confirmed
- Robert Wittmann appointed as new Management Board member
- Negotiations for new orders

**Göttelborn, Germany, November 21, 2019. Nanogate SE, a leading global technology company for design-oriented, multifunctional components and surfaces, is introducing a new Group structure and lowering its earnings forecast for 2019. Therefore, the dividend for 2019 will be canceled. Furthermore, Nanogate is currently in constructive talks with the financing banks to adjust credit conditions. The new Group structure includes the Mobility and Industries divisions. Through efficient procedures, the focus on higher-margin orders and further measures should increase financial strength, substantially reduce bank liabilities and achieve a return to profitability. In this context, Robert Wittmann was appointed as a new Management Board member for the operational business as of December 1, 2019.**

The Management Board continues to expect sales of between EUR 245 and 250 million for 2019. However, the Group is reducing its earnings forecast, and now expects an operating result (EBITDA) for 2019 of between EUR 8 and 11 million (previously: EUR 14 to 17 million). The majority of this deviation is the result of the start-up phases of new projects with substantial temporary increases in scrap rates as well as increased costs for the transformation of the Group and the implementation of the ongoing future-oriented program. Taking this into account, along with potential noncash expenses during the transitional year of 2019, the Group now expects a consolidated net loss in the low double-digit million range (previously: consolidated net loss in the high single-digit million range). Therefore, the Management Board assumes at the present time that no dividend will be disbursed for 2019. In light of this development and a possible breach of agreed credit clauses (covenants) Nanogate is in constructive negotiations with the financing banks in order to adjust the credit conditions in line with the new framework conditions. A sales and earnings forecast for the 2020 fiscal year is scheduled for publication in the first quarter of 2020. Strategically, the previous goal of EUR 500 million with an EBITDA margin of at least 15 percent will still be pursued; however, as things stand at present, achieving it as planned by 2025 will no longer be possible.

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As part of NXI Plus, the second phase of the ongoing future-oriented program, the Group will be restructured and the principle of putting margin before sales will be applied. By introducing the new structure with the two Mobility and Industries divisions (Business Units) and a corresponding reassignment of Management Board positions, the Group aims to become leaner, more agile and more efficient. Market cultivation will be aligned with the two divisions in a targeted manner.

Improved project management and standardized processes will serve to avoid costs and complexity in manufacturing as well as unplanned additional expenses for new orders. In addition, investments will be reduced and reprioritized, which dovetails with the conclusion of the previous innovation offensive. Not least of all, a substantial reduction of working capital for the aforementioned projects and additional measures has been planned firmly for the coming months. To further increase financial stability, more comprehensive measures are also being considered that may include the elimination or sale of assets. In light of high capacity and the existing order base, however, no noteworthy downsizing of headcount has been planned.

At the same time, the Group is reviewing the existing order, margin and location structures with increased intensity under the framework of NXI Plus. In doing so, Nanogate seeks to focus on orders in the premium segment with high added value. Significant potential for increasing profitability exists in the operating divisions in particular.

Ralf Zastrau, CEO of Nanogate SE: "Despite a good positioning in the market and with its customers, Nanogate is facing significant operating challenges, which we are consistently addressing through a variety of measures as part of the NXI Plus program. Our current production start-ups, the order base of more than EUR 600 million and current negotiations on new orders confirm our technological and strategic position. We have identified significant potential earnings in the millions as part of our future-oriented program since the beginning of the year. This takes clear precedence over further expansion, and we are working towards this at full steam. At the same time, we are seeking to reduce bank liabilities and working capital and to increase the free cash flow. The initiated measures will have a positive impact on the operating result as early as 2020."

As part of NXI Plus, the Supervisory Board of Nanogate SE has appointed Mr. Robert Wittmann (53) as a member of the Management Board and the new COO of the company effective December 1, 2019, for a term ending December 31, 2022. Mr. Wittmann has many years of experience with comparable structural and operational responsibilities at international corporations and proven expertise in the mobility sector. Over the course of his career, he has successfully overseen international business units at global automotive safety market leader Autoliv and has been in charge of the transformation of the Fritzmeier Group as well as the growth of the Bode Group (subsidiary of Schaltbau AG) as the head of the Automotive Segment and speaker of the board of management. Discussions with current COO Michael Jung about his future role in the Group are currently underway. Ralf

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Zastrau (CEO) and Götz Gollan (CFO) round out the Management Board, as before. Page 3/3

Klaus-Günter Vennemann, Chairman of the Supervisory Board of Nanogate SE, says, "In Robert Wittmann, Nanogate has gained a renowned and experienced manager as its new COO. With his extensive international expertise, he will create fresh impetus for the operational business as well as increased efficiency in the Group and the Mobility division."

## Nanogate SE

Nanogate (ISIN DE000A0JKHC9) is a leading global technology company for design-oriented, multifunctional components and surfaces. The Group employs around 1,800 people. Nanogate develops and produces design-oriented surfaces and components and enhances them with additional properties (e.g. nonstick, scratchproof, anticorrosive). The Group has first-class references (e.g. Airbus, Audi, August Brötje, BMW, BSH Hausgeräte, Daimler, FILA, Ford, Fresenius, GM, Jaguar, Junghans, Porsche and Volkswagen). Several hundred mass production projects for customers have already been implemented successfully. The Nanogate Group is represented on both sides of the Atlantic and in India.

True to its slogan "Reinventing the Possible", Nanogate is a long-standing innovation partner who opens up the diverse possibilities offered by new materials to companies in a wide range of industries. It aims to improve customers' products and processes and to provide environmental benefits by using multifunctional surfaces, such as those made of plastic or metal, and innovative plastic components. The Group focuses on attractive applications, primarily for the mobility, aviation, home appliances, interior, leisure, and medical sectors – its target industries. As a systems provider, Nanogate broadly covers the value chain: design and engineering, materials development for surface systems, series coating of various different substrates as well as the production and enhancement of complete plastic components. The main value drivers are the opening up of international markets and the development of new applications, particularly for the three strategic areas Intelligent Surfaces, New Mobility and Artificial Metals.

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