

Nanogate

New world of integrated smart surfaces

Nanogate is taking innovative surfaces to the next level, offering intelligent surfaces with embedded electronic circuits where the surface itself interacts with its environment and users rather than simply protecting the electronics within. This facilitates the creation of products that are more compact, lighter, easier to assemble and highly durable as well as aesthetically satisfying.

Nanogate is addressing this opportunity through an in-house innovation programme (€20m+ is allocated this year for integrated smart surfaces and further innovations in metalization of plastics) and a partnership with the Finnish technology start-up TactoTek. The goal of the partnership is the development of an injection moulded structural electronics technology in which flexible printed circuits, antennas, touch controls and discrete electronic components such as light emitting diodes (LEDs), sensors, Bluetooth transmitters or microprocessors may be encapsulated within the moulded plastic forming the surface element of a product. For example, an automotive designer can create an armrest incorporating LED lighting and touch controls for the audio system, which is still completely smooth and comfortable for the passenger. The ability of structural electronics to reduce weight and volume is a key driver for adoption, especially in electric vehicles, where reducing weight helps extend range. Nanogate cites market research that forecasts the global structural electronics market will reach c US\$80bn by 2027.

As part of the partnership arrangement, Nanogate and TactoTek will be sharing design and development know-how and capacities. In addition, with its extensive experience of commercialising technology for high volume applications, Nanogate will set up its own production processes for current projects, which management expects will start during FY18. The initiative builds on the acquisition of HTP Electronics in November 2017, which brought the capability to mould together the metal and plastic parts used in electronic connectors in a single pass as well as existing materials and processing competences.

As part of the partnership agreement, Nanogate also participated in TactoTek's recent US\$23m funding round, taking a c 4.5% stake for a low single-digit amount. The impact on short- to medium-term earnings is not likely to be material compared with initiatives such as launching N-Metals Design production at Neunkirchen, or recent orders related to driver-assistance systems which management expect will collectively help drive revenue growth from over €185m to over €220m in FY18 and c€3m improvement in EBITDA to over €24m.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/15	90.9	0.6	0.16	0.11	266.3	0.3
12/16	112.5	3.4	0.70	0.11	60.9	0.3
12/17e	176.3	4.1	0.63	0.12	67.6	0.3
12/18e	213.3	4.9	0.57	0.12	74.7	0.3

Source: Nanogate, Bloomberg

Advanced materials technology

5 April 2018

Price €42.60
Market cap €192m

Share price graph



Share details

Code N7G
Listing Deutsche Börse Scale
Shares in issue 4.5m
Last reported net debt (€m) as at end June 2017 44.2

Business description

Nanogate is a leading global specialist for design-oriented high-tech surfaces and components of very high optical quality. Nanogate develops and produces design-oriented surfaces and components and enhances them with additional properties, eg, non-stick, scratch proof, anti-corrosive.

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