

Nanogate

2013 a year of strategic development

Nanogate has undergone a pivotal year in its development with significant orders and sales increases, several acquisitions that have added capability and reach, and a maiden dividend to shareholders. With strategically important orders received, positioning it as a tier one partner with premium automotive customers, Nanogate has demonstrated the benefits of its advanced surfaces. Several other markets are also embracing the group's technology, ranging from functional textiles to industrial filters. 2013 has so far provided many opportunities for the group, which anticipates further progress for the full year.

Results demonstrate progress

The HY13 results highlighted the rapid progress that Nanogate is undergoing, with revenues up 28% to €24.2m with strong demand across all target markets, while there was an improved order and product mix. Gross profit margin increased to 66.5% (H112: 65.3%) while consolidated EBITDA increased to €3.0m (H112: €2.8m) and EBIT fell to €1.1m (H112: €1.4m) largely due to the higher D&A charge following the first time consolidation of Plastic-Design AG. Consolidated net income increased to €0.5m (H112: €0.3m) and EPS increased to €0.19 (H112: €0.10).

Strategy development continues apace

The group has entered its next phase of strategic development with a focus on developing its international business and expanding in the target growth markets of innovative plastics and energy efficiency. The group has secured significant orders with the likes of Volkswagen, Porsche, FILA and August Bröjte, one of the world's leading manufacturers of heating systems. Having increased its equity holdings in Plastic-Design and GfO, the group is also increasing its strategic positioning and sales potential, which further contributes to its target of achieving €50m sales.

Valuation: Driven by growth prospects

Nanogate's current rating of c 40x CY14 EPS reflects the high growth prospects of the group and the expectation for further rapid increases in revenues and earnings as the investment in new markets drops through to a further improvement in results. With the progress achieved so far, we could well see this continue for the full year and into 2014.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/11	33.2	(0.3)	(1.68)	0.00	N/A	N/A
12/12	38.2	1.4	0.10	0.00	350.0	N/A
12/13e	49.6	1.0	0.19	0.10	184.2	0.3
12/14e	56.6	3.1	0.82	0.13	42.7	0.4

Source: Thomson Reuters

General industrials

Price €35.00

Market cap €95m

Share price performance



Share details

Code N7G
 Shares in issue 2.7m
 Net (debt)/cash (€) as at Jun '13 (8.8m)

Business description

Nanogate is an international integrated systems provider for high-performance surfaces. The group is based in Göttelborn (Saarland), Germany and enables the integration of additional properties such as non-stick, scratchproof and anti-corrosive into materials and surfaces.

Bull

- High growth potential
- Strong international orders
- Increasing position with premium automotive OEMs

Bear

- High cash utilisation for investment
- Production capacity increase needs to be managed
- Volatility in western European markets offset by international growth

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