

Nanogate AG

Not even scratching the surface

Nanogate delivered a successful H115 with a substantial 60% growth in revenues. With the group's Phase5 growth plans propelling the business towards its €100m revenue target, supported by a substantial order intake and improved cash generation, the outlook for Nanogate is positive. With further investment being made in its strategic growth areas of advanced metals and polymers, Nanogate is fast becoming the partner of choice for high-performance surface finishes across a broad, stable customer base, with further international opportunities.

Innovation partner to advanced industries

Nanogate has positioned itself as a leading integrated systems provider for high performance surfaces. The group is a key innovation partner for high-tech industries, where surface finishes are key not only to functionality but also design. With added focus being applied in the two strategic growth areas of advanced metals (N-Metals) and advanced polymers (N-Glaze), Nanogate is continuing to expand its reach in high-performance surfaces. With rapid expansion being supported by future investment, such as the construction of a new platform for multifunctional metallisation of surfaces, the group maintained a strong balance sheet through a successful capital increase in March 2015 (€11.6m).

H115 demonstrates advanced technology shift

H115 results highlighted the group's expansionary strategy with revenues up c 60% to €43.3m, with strong growth in advanced metals and polymers supplemented by the integration of Vogler. EBITDA increased by 42% to €4.9m, while EBIT was up 36% to €1.7m, despite heavy investment for the Phase5 programme. Encouragingly, cash flow from operations increased to €3.3m (H114: €0.3m), while post capital increase cash and equivalents increased to €23.5m (H114: €17.9m).

Valuation: Accelerating growth and earnings

Nanogate's current rating reflects high revenue growth rates, averaging c 30% pa since its IPO, with further growth supported by a good order base and strong visibility. The group's Phase5 strategy, initiated in 2014 to achieve €100m of sales is progressing to plan with organic growth, internationalisation, a broadened technology portfolio, M&A and internal excellence all playing a part in the step forward in 2015. With increased cash generation also being achieved, the group is making progress, however investment in growth will continue.

Consensus estimates

| Year end | Revenue (€m) | PBT (€m) | EPS (€) | DPS (€) | P/E (x) | Yield (%) |
|----------|--------------|----------|---------|---------|---------|-----------|
| 12/13 | 53.0 | 1.2 | 0.32 | 0.11 | 107.2 | 0.3 |
| 12/14 | 68.6 | 0.8 | 0.15 | 0.11 | N/A | 0.3 |
| 12/15e | 85.1 | 0.9 | 0.15 | 0.12 | N/A | 0.3 |
| 12/16e | 96.7 | 2.7 | 0.48 | 0.13 | 71.5 | 0.4 |

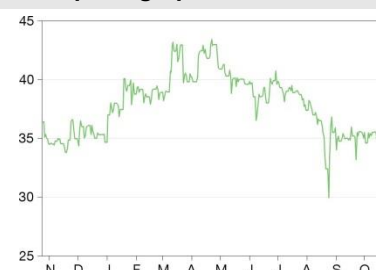
Source: Company data, Thomson Reuters

Speciality chemicals

Price €34.31

Market cap €113m

Share price graph



Share details

| | |
|---------------------------------|-------|
| Code | N7G |
| Shares in issue | 3.3m |
| Net debt (€) as at 30 June 2015 | 28.8m |

Business description

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

Bull

- High growth potential.
- Increasing position with premium automotive OEMs.
- Vogler acquisition provided expanded capacity and capabilities.

Bear

- Investment requirements to support short-term Phase5 growth targets.
- Start-up risk of new multifunctional metallisation of surfaces platform.
- Some market uncertainty in broader economy.

Analyst

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