Dear Subscriber,

In our current newsletter, among other things, we will inform you about our high solid corrosion protection system for highest demands, the use of our coating materials at our customer AMAZONE in Hungary and the personnel reinforcement of our international sales team in Austria. Furthermore we address to the year 2017 including the development of raw material prices and the end-of-the-year-review. Due to the reclassification of our business areas, which was the result of our innovation force, we have a look to the future.

Enjoy reading!

Board of Directors
Alexander Zill, Jochen Zill, Aldin Turudic

Ultra High-Solid-Corrosion protection systems for highest demands

In our production process we focus on coating materials for corrosion protection, which we constantly seek to develop further. Therefore the innovations rate is very high, whereby besides the technical task corrosion protection we especially dedicate ourselves to sustainability, reduction of solvents and efficiency. These tasks led to solvent free epoxy- and to high-solid-polyaspartic coating materials. In accordance with the requirements of DIN EN ISO 12944-6 our coatings were tested in the Institute for corrosion protection in Dresden. The product portfolio contains solvent free 2K-EP-coating materials like one-layer coatings, primers and top coats. The one-layer-coatings comply with the requirements C3-protection period high already with a layer thickness of 120 µm. Two-layer-coatings with low solvent content 2K-polyaspatic coating materials already fulfilled the requirements of C4-protection period high at a total layer thickness of 180µm. With a tested layer thickness of at least 250µm we managed to fulfil the requirements for C5-protection period. With this C5-examination we reached very good results and therefore the test times were increased so that the test institute attested: „….., that also a protection period that goes beyond this protective function could have been documented.
One-layer:  
- solvatic 2K-EP- One-layer ZG97  
  - 120µm  
  - C3-high

Two-layer:  
- solvatic 2K-EP- Primer ZG97  
  - 120µm  
  - C4-high
- solvatic 2K-PUA- Coating ZD57  
  - 60µm

Two-layer:  
- solvatic 2K-EP- Primer ZG97  
  - 160µm  
  - C5-high
- solvatic 2K-PUA-Coating ZD57  
  - 80µm

In the airless spraying method, we can apply the solvent free 2K-EP-coatings materials in a layer thickness of up to 350µm and the 2K-Polyaspartic-coatings ZD57 and ZD58 in layer thickness of up to 180 µm in one working step. This leads to the fact that multiple-layer systems with 3 or 4 layers can be replaced by 2-layer systems with high efficiency. The very good protection properties of the coatings lead to longer maintenance intervals and therefore to a reduction of maintenance costs of the components that need to be protected. The very good decorative long-term-behaviour of the polyaspartic-top coats, has been documented in UV-resistance tests and reference objects. A further advantage of this multiple-layer system is the possibility to work with a “wet-on-wet” revision. The solvent free 2K-EP-primer ZG97 can already be reworked with the high-solid-polyaspartic-coat ZD57 or ZD58 in the spraying process after 45 minutes, dependent on the external conditions. Thereby every layer will dry/harden on its own. Compared to similar conventional, solvent-based coating systems, a significantly faster production process is possible so that an increase of capacity can be reached together with cost reductions. These coatings are successfully applied in the fields of steel construction, equipment manufacturing, plant engineering, large tanks, crane constructions and rail vehicle constructions.

In the course of comparative product tests in a large steel construction enterprise with several 2K-coating systems in the IV. quarter of 2017, novatic® could successfully complete the comparative coating of steel tower segments. Due to the achievable total layer thickness with a novatic®-two-layer-system combined with a “wet-on-wet” revision, we were able to coat completely the steel tower segment in one work shift vis-à-vis the systems of competitors. This resulted in a considerable saving of production time and thereby to a cost reduction in conjunction with a possible capacity expansion.
novatic® increased its sales force in Austria with a
Key-Account-Manager

novatic®-Group

We are pleased to welcome Johannes Bosch as a new employee of novatic® Austria GmbH. Since January 2018 he strengthens our international sales team. From our location in Salzburg he looks after existing and potential customers in Austria and Southern Bavaria. The business areas Industrial- and Protective Coatings will be the main focuses in his job. Johannes Bosch was born in the Netherlands and moved to Austria 12 years ago to discover the beautiful aspects of this country. He learned very well how to communicate with customers and business partners from different countries and cultures. Besides his mother tongue (Dutch), he also speaks German of course, but also fluently English and some French. He has a lot of sales experience and he is already an enrichment for novatic®.

End-of-the-year review 2017

novatic®-Group

The German and also the central European coatings industry had an extremely demanding year 2017, regardless of the economic positive climate in Germany and almost the entire EU. The sales of coatings, paints and printing inks was reduced with 0,7%. Although the area of industrial applications was able to maintain business, there was a minus of 2% at the architectural coatings and corrosion protection coatings. Even worse is the decrease of printing inks. In this business area the demand decreased to 4%.

The sales of industrial coatings followed the good market situation of the strongly expanding sectors such as engineering and the agriculture industry. In these business sectors the German industry still offers very good products, which sell very well regardless of the dynamic of the global economy and its high prices.

Especially the demand for industrial coatings for engineering, the agriculture industry and metal products was very good. In this sector sales increased to 3%. Stronger impulses came from the steel- and light metal construction and from the production of household equipment as well as vehicles and metal products. Unfortunately, the field of construction coatings could not benefit from the good economic situation in the construction industry in Germany. Responsible for this was, amongst others, the persistent reluctance of property owners regarding thermal insulation of buildings, so there was a decrease of renovation. As a result, it doesn’t get to the process of plastering and house paints. Besides the dispersion-/interior wall
paints, the demand for architectural coatings and glazes decreased significantly. Overall there was a purchasing decrease of between 3% and even 7%.

The reason for the difficult situation of architectural coatings is due to a variety of reasons. Bad news also came from the sector of printing inks: the demand for products in the publication sector 2017 clearly continued to decrease: especially newspapers, but partially also magazines. Whereas sales of packaging products slightly increased about 1%, also thanks to the pleasing economic situation of private consumption. Overall the decrease of printing inks probably was around 3,5%.

The sum of all topics lead to the non-achievement of specified goals and budget figures. In opposite to 2016 the group result could be increased of 1,5%. Due to the role of exchange rate fluctuations, we could have reached an increase of 5% all things considered. Especially the Russian rouble and the dirham recorded massive fluctuations! Because of legal adjustments in the project- and awarding process for wind turbine plants in Germany, substantial sales losses had to be accepted, which could be compensated by activities in other business areas.

The sectors general steel construction, infrastructure and general corrosion protection have been decreasing for years. In first place this is a conscious decision of the novatic®-group, to move back from this extremely cost intensive segment. On the other hand, in Germany the actual market trend is decreasing.

The area AUTOMOTIVE could stand out with several key accounts such as A. & E. Lindenberg, as well as with the introduction of several products from the product portfolio of the “novax® Refinish”.

In 2017 some projects could be finished. This also includes the completion of the building activities at the main location Dresden with the new construction of hall 5, the expansion of sales activities in Romania, Bosnia-Herzegovina and Spain and also the planning of the new production site in Stavrovo/Russia. All these measures required a lot of strength, persistence and drive of all novatic® employees.

As a result of these measures, the prevalence and also the focus in individual business sectors were strengthened. In addition, we were able to enhance the geographic sales activities with our partners. We look back on a very interesting and successful year and we are looking forward to all challenges in 2018.

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**Sponsoring of the Handballclub „RK Žalec“ in Slovenia**

*novatic*-group

Together with our cooperation partner Monicolor we practice a sponsorship since 2017 for the handball club “RK Žalec” in Slovenia. This club pursues the goal to inspire young people to play sports, especially handball.

„RK Žalec“ currently consists of 5 teams with in total 102 members. Monicolor and novatic® both support the values practiced of these teams: honesty, trust, respect, responsibility and perseverance. We like to take the opportunity to support the club with our sponsorship and to expand our social commitment.
Reclassification of our fields of business

novatic®-Group

Since its foundation in 1990, novatic®-group has done significant progress which is visible in our products and also in our long-term customer relations. Through the years, new products and innovations have been launched on the market. Also now, the rate of new developments/products is 30%. This proves the innovative strength and leadership in some market segments.

In order to give our customers and partners a better overview of this development, new and modern designations of business fields were chosen. The result is a decision process where discussions, customers’ and partners’ feedback were taken into account over the last 12 months. With immediate effect the following is valid:

PROTECTIVE
Coating solutions for steel and concrete with classic applications methods

INDUSTRIAL
Coating systems for the fields of series painting of machines, ACE, Container, rail and packaging coatings

AUTOMOTIVE
Coating systems for the fields OEM exterior/interior, refinish

INTEGRATED TINTING
System components (base varnishes, pastes, additives, machines, software solutions, coloristic-services) for the group, partners and external companies

DECORATIVE
Complete product portfolio for professionals, DIY and the retail market

This measure is also carried on with the respective technical datasheets (TDS) of individual products. When looking at the TDS, the segment of the use of the product is clearly visible.

We would appreciate your opinion.
**Amazone uses novatic®-Coating systems**

*novatic*-Group

AMAZONE-agricultural machinery, this is a well-known name to all experts in this industry. They produce very efficient machines for the agriculture in four factories in Germany. The coating-system technologies take into account all aspects of environmental protection, the quality requirements according to the Amazone company standard.

In 2016 AMAZONE took over the plough production of former Vogel & Noot in Hungary. After reorganization, a capacity of nearly 100% is planned. novatic® has already been a supplier of Vogel & Noot and Amazone adopted the coating process from us, because it has proven itself to be very reliable and of high quality.

After a pre-treatment and degreasing, the components are coated with water soluble primer in an immersion method. The primer AG 26 is a best-seller, which has already been in use for many years in approximately 20 dipping plants worldwide. This product is very tolerant when it comes to basin circulation and downtimes. It is relatively surface tolerant with good corrosion-protection properties and almost free of VOC, depending on the application.

The finish also takes place with an environmentally friendly, high-quality 2K polyurethane water soluble topcoat from the series BD61. For small batches we have a special solution with a HS PUR-coat.

The results are very impressive. Environmental protection, quality and efficiency are combined with solutions of novatic®.

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**Raw material development 2017**

*novatic*-Group

What could already be seen in spring 2017 continued through the whole year 2017: It was a year characterised by uncertainty, shortage and the accompanying increase of prices in almost all segments of raw materials as it could be last seen in 2012. When putting into account all raw material segments/groups the price increase was 9,5%. Additionally to the difficult situation of primary products, the difficult situation was also noticeable in sales, as price increases/adaptations for customers were almost impossible.

The novatic*-group has always informed its partners and customers about the development in order to take action for guarantees. This proves the reliability of a partner like novatic® in the heterogeneous coating market.

The competitive situation in the field of raw materials got significantly worse in 2017, especially in Germany. The reason for this is the concentration and fusion of some big players in the raw material market. Further effects remain to be seen.

At the moment there can’t be seen any improvements regarding cost reductions in 2018, but stability and normal availability come back.
Presentation of our "NMPS-COROB"

novatic®-Dresden

Already in the last year, we were able to put the new hall 5 fully into operation on our company premises in Dresden. There is our fully automatic modular production line “NMPS-COROB” which introduces the new age “Industrie 4.0” at novatic®. It is characterised by improved capacity, completely transparent production processes as well as the introduction of barcodes and QR code scanners. With the aid of a short film we would like to give you an understanding for this plant.

Please follow the following link to watch the film: [Youtube](https://youtube.com)

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KG04, KG03 - Alkydsystems customised for Industry and trade

novatic®-Halle

The undercoat KG04 in colour shade white is a primer and intermediate coating for wood and metal and excellent for long-lasting decorative protection, both indoor and outdoor. Subsequently the next coating can be made, for example novatic® gloss varnish. The novatic® undercoat is ventilating, humidity regulating, easy to apply and has got good sanding- and filling-characteristics. Possible container sizes are 375ml, 750ml and 2,5L – we gladly carry out individual special sizes for you.

The AK-Primer KG03 is a one-component primer based on alkyd resin. This product has a vast range of applications and it is especially suitable for the protection of blast cleaned steel structures, containers, pipelines etc. The product is used at a normally to easily stressed industry atmosphere with a film thicknesses of 40µm normal layer and up to 80µm as thick film primer. KG03 is characterised by very fast drying and easy processing. A lot of different colour shades are possible on request.
novatic®-Group

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