



INTERIM REPORT 2/2018



*OUR KNOW-HOW
FOR YOUR SAFETY*

Nabaltec

NABALTEC GROUP

KEY FIGURES

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

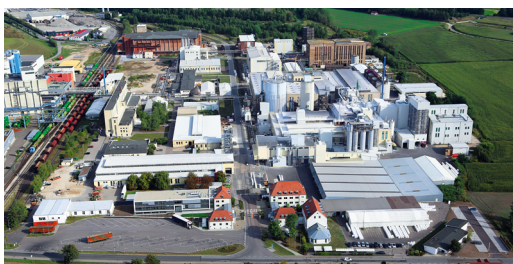
in EUR million	06/30/2018 (IFRS)	06/30/2017 (IFRS)	Change
Revenues			
Total revenues	91.8	88.7	3.5 %
Thereof			
Functional Fillers	60.0	59.7	0.5 %
Specialty Alumina	31.8	28.9	10.0 %
Foreign share (%)	73.8	73.5	
Employees* (number of persons)	470	461	2.0 %
Earnings			
EBITDA	15.6	15.4	1.3 %
EBIT	9.7	9.7	0.0 %
Consolidated result after taxes	5.1	6.1	-16.4 %
Earnings per share (EUR)	0.58	0.76**	-23.7 %
Financial position			
Cash flow from operating activities	13.4	14.8	-9.5 %
Cash flow from investing activities	-13.5	-12.3	9.8 %
Assets, equity and liabilities			
Total assets	226.8	221.4	2.4 %
Equity	89.2	84.6	5.4 %
Non-current assets	140.1	132.9	5.4 %
Current assets	86.7	88.5	-2.0 %

* on the reporting date, including trainees

** based on 8.0 million shares

NABALTEC AG

A LEADER IN SPECIALTY CHEMICALS



Nabaltec AG, with registered office in Schwandorf, a chemicals business which has received multiple awards for innovativeness, manufactures, develops and distributes highly specialized products based on aluminum hydroxide and aluminum oxide on an industrial scale through its product segments "Functional Fillers" and "Specialty Alumina."

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SUSTAINABLE PRACTICES

A RELIABLE MANUFACTURER AND SUPPLIER OF SPECIALTY CHEMICALS



Nabaltec products have an extremely diverse range of applications and are the preferred choice whenever utmost quality, safety, eco-friendliness and durability are required.

The combination of these characteristics guarantees that Nabaltec's specialty chemical products will have outstanding prospects for growth and has given the company many years of steadily growing financial success.

Beyond economic aspects, however, Nabaltec AG also attaches particular importance to its ecological and social responsibility. Aside from certification of a conventional quality management system in accordance with ISO 9001, the company has also, over the years, introduced a certified environmental management system (ISO 14001) as well as an occupational health and safety management system (BS OHSAS 18001) and an energy management system (ISO 50001).

In addition, sustainable employee development is important to Nabaltec AG in order to be prepared for future personnel challenges and in order to position itself as an attractive employer. With a double-digit trainee ratio, Nabaltec is committed to promoting young talent, values work/life balance and strengthens the health and fitness of its employees through a company health management program.

CONTACT IR

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NABALTEC AG ON THE INTERNET

www.nabaltec.de

OUR *PRODUCT- AND MARKET SEGMENTS*



PRODUCT SEGMENT "FUNCTIONAL FILLERS"



Market segment:

- Wire & Cable
- Resins & Dispersions
- Rubber & Elastomers
- Others

PRODUCT SEGMENT "SPECIALTY ALUMINA"



Market segment:

- Refractory
- Technical Ceramics
- Polishing
- Others

NABALTEC

IN OVERVIEW

FUNCTIONAL FILLERS

In our product segment “Functional Fillers,” we develop highly specialized aluminum hydroxide-based products for a wide variety of applications, and we are among the leading manufacturers in the world in this area. In addition to current market trends, the development of our halogen-free eco-friendly flame retardants, additives and Boehmites is driven above all by the specific requirements of our customers.

EUR 112.2 MILLION

Revenues 2017

EUR 21.5 MILLION

EBITDA 2017

EUR 13.1 MILLION

EBIT 2017

SPECIALTY ALUMINA

In our product segment “Specialty Alumina,” we develop innovative materials for a wide variety of industries based on all-natural ingredients and occupy a leading position in the global market for ceramic raw materials and bodies. We are constantly investing in optimizing our production facilities, in innovative technologies and in improving our production processes in order to enable us to consistently supply tailor-made qualities which meet our customers’ needs.

EUR 56.4 MILLION

Revenues 2017

EUR 8.5 MILLION

EBITDA 2017

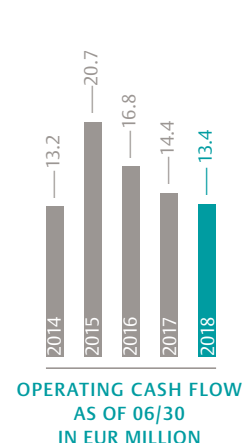
EUR 5.2 MILLION

EBIT 2017

NABALTEC AG

Q2 2018

As a fast-growing company, Nabaltec AG was able to continue its very strong performance in the previous year in the second quarter of 2018 as well. In particular, the company has posted revenue growth over a period of many years, which illustrates the growing global demand for Nabaltec products.



FACTS AND FIGURES

INNOVATIONS

Nabaltec AG is regularly awarded national and international prizes and distinctions for innovation. In 2018, the company was named one of the 100 most innovative German mid-sized companies for the eleventh time.

11x
DISTINCTION
FOR EXEMPLARY
INNOVATION
MANAGEMENT



EMPLOYEES

Nabaltec AG is regularly recognized as one of the 100 best employers among German mid-sized companies in the "TOP JOB" competition, which compares companies from all over the country and in a wide variety of sectors.

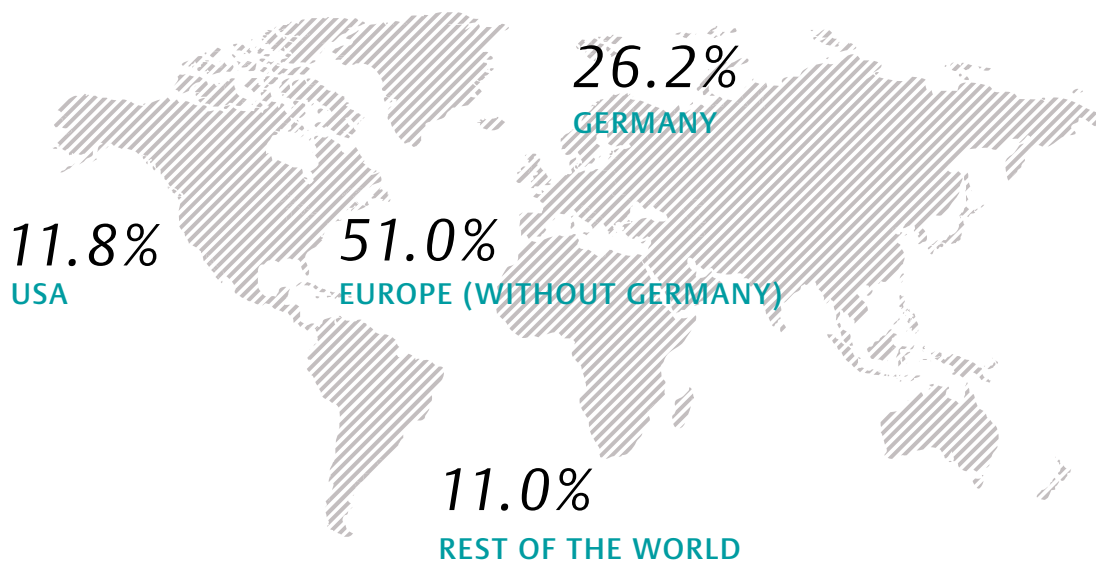
Nabaltec's trainees count among the best of their peers on a regular basis.

8.9%
TRAINEE RATIO



GLOBAL REVENUE SHARES

With production sites in Germany and the US and a network of international agencies, Nabaltec maintains a global presence.



FOREWORD

OF THE CEO

*Ladies and Gentlemen,
Dear Shareholders and Business Partners,*

In the first quarter of 2018, I was able to report that the year was off to a good start, with strong earnings. But at the same time, I tamped down expectations somewhat with regard to our performance in the rest of the year. We have now completed the second quarter, posting record-high revenues and a double-digit EBIT margin, and this dampening effect has yet to materialize thanks to strong boehmite revenues and the stronger US dollar. But this good news should not distract us from the fact that the second half of the year will be a transitional period for us, with Nashtec coming back online.

The commissioning of the production line of Nashtec has started in August, and we will be gradually ramping up production volume and resuming direct supply of our customers in the US. Finally! Since US production was halted in August 2016, we have reached the limits of our production capacity in Schwandorf. But at the same time, we were able to operate at this limit with extremely high profitability. In the transitional phase, there will have to be certain cutbacks to these profits: utilization of the Schwandorf site will drop temporarily with the start of US production while at the same time, production at Nashtec will be gradually ramped up, which is typically not associated with the same profitability as a plant in normal operation. Nashtec's full capacity, 30,000 tons per year, should be available starting in 2019.

With our second US project, in Chattanooga, Tennessee, we will initially be gaining another 30,000 tons in annual capacity. Start of production at this site is planned for the second half of 2019. We have recently concluded agreements for the acquisition of land and buildings at this site.

Global market growth is continuing unabated, and should provide an outlet for our additional capacity. Demand among our customers is strong, and we are optimistic about the future. We have managed to avoid losing any customers in the US during the period when our customers had to be supplied from Germany. This is an important factor, and one which will allow us to quickly resume the success we have had in the past. Recent discussions in connection with tariffs have yet to affect us and our markets, although the uncertainty is growing somewhat.

At the same time, we were once again able to shift our product mix in the first half of 2018 towards more desirable, i.e. higher-margin and more refined products. This is one reason for the particularly strong growth of our "Specialty Alumina" product segment. Thanks to improvements in the product mix, as well as price adjustments, revenues in this product segment were up 10.0 percent, with a corresponding positive impact on margins. I would also like to emphasize performance in connection with the boehmite product range, where demand growth has been very strong. This is particularly true for the use of boehmite in separator films for lithium ion batteries, such as those used in electric vehicles.



Günther Spitzer, Johannes Heckmann (CEO), Dr. Michael Klimes

Second-quarter boehmite revenues were about two thirds higher than the same quarter of last year, as sales in the second quarter of 2018 alone exceeded the volume for the first half of 2017. Boehmite is a textbook example of how we can significantly increase margins by focusing on specialized products with highly specific applications.

Thanks to continuing market growth, the fact that demand from our customers has remained intact and the particular efforts we have undertaken to successfully improve our capacity and product mix, we have succeeded in posting revenue growth despite the temporary loss of US production. Our targets for 2018 as a whole are unchanged: revenue growth in the mid-single digits and an EBIT margin in the high single digits.

Schwandorf, August 2018

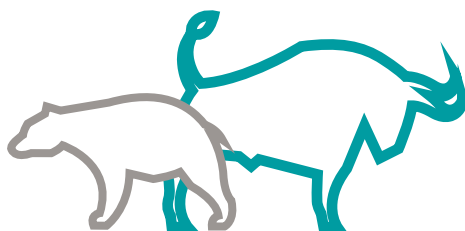
Yours,

A handwritten signature in blue ink, appearing to read 'Johannes Heckmann'.

JOHANNES HECKMANN
CEO

NABALTEC SHARE

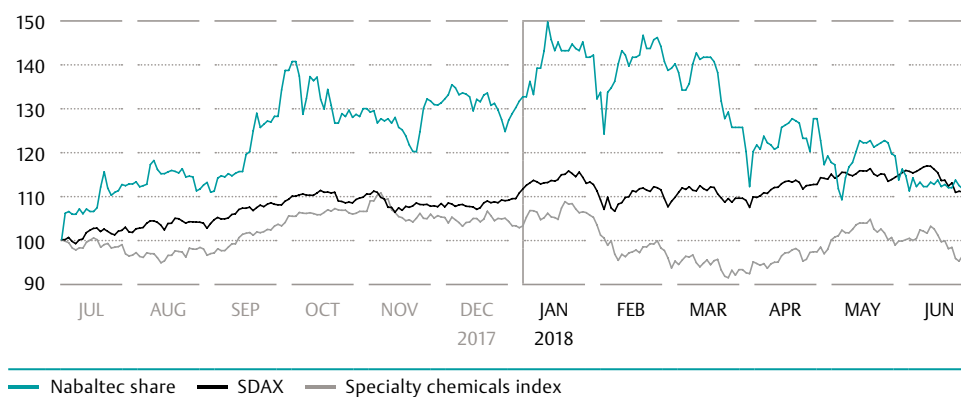
SECOND QUARTER OF 2018



ISIN/WKN: DE000A0KPPR7/A0K PPR

Nabaltec share has been listed in the Frankfurt Stock Exchange since 24 November 2006. As of March 2017, Nabaltec share is traded in the Scale market segment of the Frankfurt Stock Exchange.

PERFORMANCE OF THE NABALTEC SHARE (XETRA, INDEXED)



Nabaltec share price reaches a high of EUR 25.70 in the second quarter

The price of Nabaltec share dropped over the course of the second quarter of 2018. The share price climbed to EUR 25.70 in mid- to late April, its high for the quarter, but closed out the quarter at EUR 21.80, its low for the quarter, down 16.0% from its 2017 closing price. Over the past twelve months, Nabaltec's share performance was 11.8%.

The relevant index, the SDAX, was up 0.5% on 30 June 2018 relative to its position at the end of 2017, while the specialty chemicals index was down 6.5%.

KEY DATA FOR THE NABALTEC SHARE (XETRA)

	First 6 months of 2018	Year 2017
Number of shares	8,800,000	8,234,521 ¹
Market capitalization (cutoff date, in EUR million)	191.84	228.27
Average price (in EUR)	25.89	20.40
High (in EUR)	30.10	28.31
Low (in EUR)	21.80	14.39
Closing price (cutoff date, in EUR)	21.80	25.94
Average daily turnover (in shares)	3,787	4,949
Earnings per share (in EUR)	0.58	1.39 ¹

¹ based on the weighted average number of common shares outstanding during the period

Nabaltec share's average XETRA daily trading volume was 3,787 shares in the first six months of 2018, down from the level in 2017.

Earnings per share (EPS) amounted to EUR 0.58 in the first six months of 2018. By comparison, EPS was EUR 0.76 in the first half of 2017.

*Earnings per share of
EUR 0.58*

The stock recommendations for Nabaltec share from the analysts at Hauck & Aufhäuser Bank remain positive. The bank rated Nabaltec a "buy" in all of its analyses and its study of 5 July 2018 confirmed a price target of EUR 39.00. In its study of 28 May 2018, Baader Bank rated Nabaltec a "sell" with a price target of EUR 19.00.

*Analysts give
recommendations with
price targets of
EUR 39.00 ("buy") and
EUR 19.00 ("sell")*

As of 30 June 2018, the majority of Nabaltec's 8,800,000 shares continued to be held by the Heckmann and Witzany families. The Heckmann family held 28.25% of the company's capital stock and the Witzany family held 27.16%. The remaining 44.59% of shares are in free float.

NABALTEC AG

CONSOLIDATED INTERIM MANAGEMENT REPORT

AS OF 30 JUNE 2018

COURSE OF BUSINESS

Consolidated revenues reach new record high of EUR 46.5 million

Nabaltec AG's strong performance in the previous quarter and the same quarter of last year continued in the second quarter of 2018. Once again revenues were up from the same quarter of last year and climbed to EUR 46.5 million, up from EUR 45.1 million in the second quarter of 2017 (for a gain of 3.1%).

Over the first six months of 2018, revenues amount to EUR 91.8 million, up 3.5% from the first half of 2017, when revenues were EUR 88.7 million.

Second-quarter revenues in the "Functional Fillers" product segment came to EUR 30.7 million, on par with the year before, while revenues in the "Specialty Alumina" product segment grew at a strong pace, as was the case in the first quarter of 2018 as well, climbing 10.4% to EUR 15.9 million (same quarter of last year: EUR 14.4 million). This growth was particularly attributable to an improved product mix, as well as price effects.

For the first half of 2018, revenues in the "Functional Fillers" product segment came to EUR 60.0 million, up 0.5% from the same period of last year (EUR 59.7 million). Revenues in the "Specialty Alumina" product segment were up 10.0% from the first half of 2017 (EUR 28.9 million), to EUR 31.8 million.

Export ratio of 73.8%

Nabaltec's export ratio was up slightly in the first half of 2018, climbing from 73.5% in the same period of last year to 73.8%. Aside from Germany, Nabaltec also reported growth in Europe.

Nabaltec's total performance increased to EUR 90.6 million in the first six months 2018

Nabaltec's total performance increased to EUR 90.6 million in the reporting period, up from EUR 86.0 million in the same period of last year (up 5.3%) and set a record high of EUR 47.3 million in the second quarter. This improvement can be attributed to strong revenue growth, as well as a slight increase in inventories of finished products.

The cost of materials ratio (cost of materials as a percentage of total performance) was 48.2% in the first six months of 2018, up slightly from the same period of last year, when it was 47.4%. Higher commodities prices in particular had a slight dampening effect in this area. The gross profit margin (gross profit as a percentage of total performance) was 54.0% in the reporting period, compared to 54.3% in the first half of 2017. This is in part a reflection of the fact that the restructuring contribution to offset the losses in connection with the production halt at Nashtec was fully exhausted at the end of the first quarter of 2018, causing other operating income to decrease in the second quarter.

The personnel expense ratio (personnel expenses as a percentage of total performance) increased slightly, from 18.3% to 18.5%, and the number of employees increased from 461 to 470.

Other operating expenses increased from EUR 15.5 million in the same period of last year to EUR 16.5 million in the first six months of 2018, largely due to an increase in freight costs and other outside services for repairs. The ratio of other operating expenses to total performance increased accordingly, from 18.0% last year to 18.2 %.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 15.6 million in the first half of 2018, up 1.3% from the value of EUR 15.4 million in the same period of last year. EBITDA margin (EBITDA as a percentage of total performance) decreased relative to the first half of last year, from 17.9% to 17.2%.

Consolidated EBIT amounted to EUR 9.7 million in the first six months of 2018, which was even with the year before. The EBIT margin (EBIT as a percentage of total performance) was 10.7% in the first half of 2018, compared to 11.3% in the same period of last year. The slight decrease in EBIT margin is largely attributable to effects in connection with Nashtec.

EBIT of EUR 9.7 million (+0.0%); EBIT margin was 10.7%

Net financial income amounted to EUR –1.3 million in the first six months of 2018, as in the same period of last year.

Earnings before taxes amounted to EUR 8.4 million after the first six months of 2018, up 1.2% from the year before (EUR 8.3 million). Net consolidated earnings came to EUR 5.1 million in the first half of 2018. This corresponds to earnings per share of EUR 0.58 in the first half of 2018. By comparison, earnings per share in the same period of last year amounted to EUR 0.76.

Cash flow from operating activity was EUR 13.4 million in the first half of 2018, compared to EUR 14.8 million in the first six months of 2017.

Spending on investments increased relative to the same period of last year, from EUR 12.3 million to EUR 13.5 million.

Cash flow from financing activity amounted to EUR –2.6 million, compared to EUR –8.1 million in the same period of last year. There was a dividend payout in the amount of EUR 1.6 million in the second quarter of 2018. In the same period of last year, the company repaid the loan (EUR 6.0 million) which had been extended to Nashtec by the minority shareholder, and which was redeemed as Nabaltec acquired all shares in Nashtec.

Nabaltec Group's cash and cash equivalents amounted to EUR 43.6 million as of 30 June 2018.

Total assets increased from EUR 221.4 million on 31 December 2017 to EUR 226.8 million. As of the reporting date, 30 June 2018, non-current assets were up slightly, climbing by 5.4% to EUR 140.1 million, due in particular to an increase in advance payments and plant and machinery in process of construction as a result of investments in Nashtec. Current assets decreased by 2.0%, to EUR 86.7 million, as a decrease in inventories and liquid funds made up for increases in trade receivables.

*Equity ratio increased
to 39.3%*

On the liabilities side of the balance sheet, the equity ratio increased from 38.2% on 31 December 2017 to 39.3% on 30 June 2018. Non-current liabilities on 30 June 2018 amounted to EUR 109.8 million, up slightly from where they were at the end of 2017 (EUR 109.3 million). Current liabilities were up slightly relative to 31 December 2017, climbing by 0.7% to EUR 27.7 million.

EMPLOYEES

*Trainee ratio at a high
level of 8.9%*

As of the reporting date, 30 June 2018, Nabaltec Group had 470 employees (including trainees). On the same date of last year, this number was 461 employees. The trainee ratio remained very high at 8.9%.

SUBSEQUENT EVENTS

Events of particular importance for assessment of Nabaltec Group's financial, earnings and liquidity position occurring after the reporting date, 30 June 2018, are recounted in the subsequent events in the consolidated notes.

OUTLOOK

Nabaltec foresees intact sales markets and stable demand for its products in 2018 as well unless there is a fundamental change in the market environment. The company has taken a leading international position within its markets. Based on the further development of its market position and the reputation it has built up over many years, Nabaltec sees good future prospects for its key products.

*Nabaltec expects to
continue to grow at a
moderate pace*

Nabaltec expects to continue to grow at a moderate pace in 2018 and the first half of 2018 was strong. Revenue growth is to come from increases in prices and volume as well as from an optimized product mix. After transitioning to a stand-alone solution, the US subsidiary Nashtec LLC is expected to contribute revenue once again starting in September 2018. Nevertheless, 2018 will remain a year of transition, and will require a ramp-up phase and the restructuring of logistics and product flows in the US.

In addition, land and buildings were acquired in Chattanooga, Tennessee in July 2018 through the newly formed US company Naprotec LLC. Current plans call for construction of a production facility for refined hydroxides with a capacity of around 30,000 tons per year by mid-2019. Nabaltec expects the project to have a positive impact on consolidated earnings one year after the new US plant goes online.

Orders on hand amounted to EUR 58.3 million on 30 June 2018, compared to EUR 54.3 million the year before (up 7.4%).

Orders on hand amounted to EUR 58.3 million

Otherwise, the statements made in the forecast report of the 2017 consolidated management report retain their validity.

REPORT ON OPPORTUNITIES AND RISKS

No significant changes were evident in the first half of 2018 to the risk situation presented in the 2017 consolidated management report.

Schwandorf, 6 August 2018

The Management Board

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
in TEUR	01/01/ – 06/30/2018	04/01/ – 06/30/2018	01/01/ – 06/30/2017	04/01/ – 06/30/2017
Revenues	91,786	46,545	88,675	45,078
Change in inventories of finished goods and work in progress	-1,435	665	-2,944	-1,983
Own work capitalized	218	131	232	101
Total performance	90,569	47,341	85,963	43,196
Other operating income	2,072	783	1,616	1,138
Cost of materials	-43,742	-23,123	-40,849	-20,088
Gross earnings	48,899	25,001	46,730	24,246
Personnel expenses	-16,770	-8,521	-15,739	-7,970
Depreciation	-5,934	-2,981	-5,798	-2,959
Other operating expenses	-16,487	-8,106	-15,542	-7,660
Operating profit (EBIT)	9,708	5,393	9,651	5,657
Interest and similar income	75	36	53	20
Interest and similar expenses	-1,402	-705	-1,379	-695
Net income from ordinary activities (EBT)	8,381	4,724	8,325	4,982
Taxes on income	-3,311	-2,532	-2,269	-1,152
Net after-tax earnings	5,070	2,192	6,056	3,830
Thereof:				
Shareholders of the parent company	5,070	2,192	6,056	3,830
Net after-tax earnings	5,070	2,192	6,056	3,830
Earnings per share (in EUR)	0.58	0.25	0.76	0.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/ – 06/30/2018	04/01/ – 06/30/2018	01/01/ – 06/30/2017	04/01/ – 06/30/2017
Net after-tax earnings	5,070	2,192	6,056	3,830
Items which may be reclassified to profit and loss				
Currency translation (after taxes)	1,144	1,977	-1,718	-1,641
Net income from hedge accounting (after taxes)	56	133	810	609
Total	1,200	2,110	-908	-1,032
Items which will not be reclassified to profit and loss				
Actuarial gains and losses	0	0	0	0
Total	0	0	0	0
Other comprehensive income	1,200	2,110	-908	-1,032
Thereof:				
Shareholders of the parent company	1,200	2,110	-908	-1,032
Total comprehensive income	6,270	4,302	5,148	2,798
Thereof:				
Shareholders of the parent company	6,270	4,302	5,148	2,798

CONSOLIDATED BALANCE SHEET

AS OF 30 JUNE 2018

ASSETS

in TEUR	06/30/2018	12/31/2017
Non-current assets	140,056	132,892
Intangible assets		
Concessions, proprietary rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	499	462
Property, plant and equipment	139,132	131,677
Land, leasehold rights and buildings, including buildings on unowned land	38,262	37,834
Technical equipment and machinery	73,026	76,125
Other fixtures, fittings and equipment	3,711	3,455
Advance payments and assets under construction	24,133	14,263
Financial assets	78	78
Shares in affiliated companies	78	78
Deferred tax assets	347	675
Current assets	86,695	88,485
Inventories	28,553	33,003
Raw materials and supplies	16,019	19,025
Work in process	29	28
Finished goods and merchandise	12,505	13,950
Other assets and accounts receivable	14,496	9,565
Trade receivables	7,008	4,089
Other assets	7,488	5,476
Cash and cash equivalents	43,646	45,917
TOTAL ASSETS	226,751	221,377

LIABILITIES		
in TEUR	06/30/2018	12/31/2017
Shareholders' equity	89,249	84,563
Subscribed capital	8,800	8,800
Capital reserve	47,029	47,029
Earnings reserve	9,721	9,721
Profit carry-forward	31,865	21,999
After-tax earnings	5,070	11,450
Other changes in equity with no effect on profit and loss	-13,236	-14,436
Non-current liabilities	109,764	109,288
Pension reserves	37,145	36,804
Other provisions	1,102	1,056
Accounts payable to banks	70,398	70,381
Deferred tax liabilities	1,119	1,047
Current liabilities	27,738	27,526
Accounts payable from income taxes	2,214	1,995
Other provisions	179	173
Accounts payable to banks	1,414	1,423
Trade payables	15,750	15,639
Other accounts payable	8,181	8,296
TOTAL LIABILITIES	226,751	221,377

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 06/30/2018	01/01/ – 06/30/2017
Cash flow from operating activity		
Earnings before taxes	8,381	8,325
+ Depreciation of fixed assets	5,934	5,798
-/+ Other income/expenses with no effect on cash flow	-926	
-/+ Income/loss from the disposal of assets	5	3
- Interest income	-75	-53
+ Interest expenses	1,402	1,379
Net operating income before changes in working capital	14,721	15,452
+/- Increase/decrease in provisions	89	2,823
-/+ Increase/decrease in trade receivables and other assets not attributable to investment or financing activity	-4,931	-5,080
+/- Increase/decrease in inventories	4,450	4,547
+/- Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	1,822	-1,341
Cash flow from operating activity before taxes	16,151	16,401
- Income taxes paid	-2,715	-1,592
Net cash flow from operating activity	13,436	14,809

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 06/30/2018	01/01/ – 06/30/2017
Cash flow from investing activities		
+ Payments received from the disposal of property, plant and equipment	6	202
– Payments made for investments in property, plant and equipment	–13,406	–11,940
– Payments made for investments in intangible assets	–118	–13
– Cash paid for the acquisition of consolidated companies	0	–552
Net cash flow from investment activity	–13,518	–12,303
Cash flow from financing activity		
– Dividends	–1,584	–1,200
– Payments made for the repayment of borrowings	0	–5,969
– Interest paid	–1,008	–995
+ Interest received	26	29
Net cash flow from financing activity	–2,566	–8,135
Net change in cash and cash equivalents	–2,648	–5,629
Change in funds due to changes in exchange rates	377	–883
Funds at start of period	45,917	36,183
Funds at end of period	43,646	29,671

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in TEUR	Shareholders' equity attributable to shareholders of Nabaltec AG		
	Subscribed capital	Capital reserve	Earnings reserve
Balance per 01/01/2017	8,000	29,764	9,711
Assumption of minority capital	—	—	10
Dividend payments	—	—	—
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 06/30/2017	8,000	29,764	9,721
Issuance of new shares	800	17,265	—
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 12/31/2017	8,800	47,029	9,721
Dividend payments	—	—	—
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 06/30/2018	8,800	47,029	9,721

Profit carry-forward	Other changes in equity with no effect on profit and loss	Total	Non-controlling interests	Consolidated shareholders' equity
23,199	-13,471	57,203	562	57,765
—	—	10	-562	-552
-1,200	—	-1,200	—	-1,200
—	0	0	—	0
—	-1,718	-1,718	—	-1,718
—	810	810	—	810
—	-908	-908	0	-908
6,056	—	6,056	—	6,056
6,056	-908	5,148	0	5,148
28,055	-14,379	61,161	0	61,161
—	—	18,065	—	18,065
—	1,379	1,379	—	1,379
—	-1,358	-1,358	—	-1,358
—	-78	-78	—	-78
—	-57	-57	0	-57
5,394	—	5,394	—	5,394
5,394	-57	5,337	0	5,337
33,449	-14,436	84,563	0	84,563
-1,584	—	-1,584	—	-1,584
—	0	0	—	0
—	1,144	1,144	—	1,144
—	56	56	—	56
—	1,200	1,200	0	1,200
5,070	—	5,070	—	5,070
5,070	1,200	6,270	0	6,270
36,935	-13,236	89,249	0	89,249

NABALTEC AG

SEGMENT REPORTING

The operative segments are consistent with the business divisions of the Nabaltec Group. The risks as well as internal organization and reporting structure are mainly determined by the differentiation of the products.

BUSINESS SEGMENTS

Nabaltec is divided into two product segments, “Functional Fillers” and “Specialty Alumina.” Each segment represents a strategic business division, the products and markets of which differ from those of the other.

The product segment “Functional Fillers” produces and distributes non-halogenated flame retardant fillers for the plastics and the wire & cable industry as well as additives.

The product segment “Specialty Alumina” produces and distributes ceramic raw material and ceramic bodies for numerous applications in technical ceramics as well as the refractory industry.

PERIOD FROM 1 JANUARY 2018 – 30 JUNE 2018

in TEUR	Funktional Fillers	Specialty Alumina	Nabaltec Group
Revenues			
Third party revenue	59,999	31,787	91,786
Segment result			
EBITDA	10,044	5,598	15,642
EBIT	5,798	3,910	9,708

PERIOD FROM 1 JANUARY 2017 – 30 JUNE 2017

in TEUR	Funktional Fillers	Specialty Alumina	Nabaltec Group
Revenues			
Third party revenue	59,731	28,944	88,675
Segment result			
EBITDA	11,507	3,942	15,449
EBIT	7,288	2,363	9,651

NABALTEC AG

ABRIDGED CONSOLIDATED NOTES

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

1. GENERAL INFORMATION

Nabaltec AG, with registered office in Schwandorf, Germany¹, was formed by Company Agreement of 14 December 1994 with the corporate name Nabaltec GmbH and registered office in Schwandorf (entered into the Commercial Register of the Local Court of Amberg under Commercial Register No. B 3920). It acquired the specialty oxides business of VAW aluminium AG in 1995 and was transformed into a joint-stock company in 2006.

The corporate purpose pursuant to § 2 of the Articles of Association of Nabaltec AG is the manufacture of products based on mineral raw materials, particularly aluminum hydroxide and aluminum oxide, and the distribution of those products.

The shares of Nabaltec AG are listed in the Open Market (Scale) segment of the Frankfurt Stock Exchange since 24 November 2006

2. BASIS OF PREPARATION

The consolidated financial statements of Nabaltec AG as of 30 June 2018 were prepared with due regard to all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and of the Standing Interpretations Committee (SIC) recognized by the European Union and applicable to the financial year.

The interim financial statements of Nabaltec AG for the period from 1 January to 30 June 2018 were prepared in conformance with IAS 34, "Interim Financial Reporting," as a shorter financial report. The shorter financial statements do not contain all information prescribed for the financial statements of the financial year and should be read in conjunction with the consolidated financial statements as at 31 December 2017.

The interim financial statements encompass the period from 1 January 2018 to 30 June 2018.

¹ Nabaltec AG, Alustraße 50–52, 92421 Schwandorf, Germany

The consolidated financial statements are prepared in euro (EUR). Unless stipulated otherwise, all values are rounded up or down to the nearest thousand euro (EUR thousand) in accordance with the commercial rounding practice. Please note that differences can result from the use of rounded amounts and percentages.

The presentation in the balance sheet differentiates between current and non-current assets and liabilities, some of which are broken down further by their respective maturities in the notes to the financial statements.

The consolidated statement of comprehensive income has been prepared in accordance with the total expenditure format.

The interim financial statements have not been audited or reviewed by the auditor.

SCOPE OF CONSOLIDATION

Nabaltec AG's scope of consolidation was extended by two companies as of 30 June 2018 relative to the consolidated financial statements for 31 December 2017 and relative to the second quarter of Financial Year 2017. After a successful site review, Nabaltec AG decided to acquire land and buildings in Chattanooga, Tennessee for the construction of a production plant for refined hydroxides. Naprotec LLC was formed as a production company for this purpose. The shares in Naprotec LLC have been contributed into another newly formed subsidiary, Nabaltec USA Corporation, Texas (USA). The shares in Nashtec LLC, Texas (USA) have also been contributed into Nabaltec USA Corporation. Nabaltec Group's North American sales activities will be concentrated in Nabaltec USA Corporation, along with administrative functions such as financial accounting for all US companies.

NEW ACCOUNTING PROVISIONS

All accounting and valuation methods used in the preparation of the abridged financial statements correspond to the methods applied in the most recent consolidated financial statements as at 31 December 2017.

In addition to the Standards and Interpretations used on 31 December 2017, the following Standards and Interpretations were used for the first time, and had no impact on the interim financial statements:

- Amendment to IAS 40: "Transfers of Investment Property"
- Amendments to IFRS 2 "Clarification of the Classification and Measurement of Share-Based Payment Transactions"
- IFRIC 22: "Foreign Currency Transactions and Advance Consideration"
- Various: Improvements to International Financial Reporting Standards (2014-2016): IFRS 1, IAS 28

The following Standards, which were applied for the first time, had no material impact on the consolidated financial statements:

- IFRS 9: "Financial Instruments"
- IFRS 15: "Revenue from Contracts with Customers"
- Amendments to IFRS 15: "Clarifications to IFRS 15"

The IASB did not publish any other Standards prior to the publication of these interim financial statements.

3. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

REVENUES

We refer to the segment reports with respect to the revenue by product area. Information on revenue performance may be found in the management report.

4. NOTES TO THE CONSOLIDATED BALANCE SHEET

PROPERTY, PLANT AND EQUIPMENT

The additions to property, plant and equipment in the first six months of 2018 were the result of investments, primarily in buildings and in technical equipment and machinery to expand capacity and for further process optimization.

FINANCIAL ASSETS

Financial assets consist of the 100% interest in Nabaltec Asia Pacific K.K. The subsidiary is not fully consolidated on grounds of materiality. In the absence of an active market, the shares are measured at cost.

SHAREHOLDERS' EQUITY

The change in the shareholders' equity of Nabaltec AG is presented in the consolidated statement of changes in equity.

CURRENT AND NON-CURRENT LIABILITIES

Liabilities to banks

Liabilities to banks largely entail credits borrowed at standard market interest rates. The market value corresponds to the book value.

5. OTHER DISCLOSURES

OTHER FINANCIAL OBLIGATIONS

Contingent liabilities and legal liability relations

As of the cutoff date, there were no contingent liabilities, legal liability relations or other legal disputes for which provisions had not been previously made.

RELATED PARTY TRANSACTIONS

The group of related persons and enterprises did not change compared to the consolidated financial statements as at 31 December 2017.

No transactions with related persons and enterprises took place in the first six months of 2018. Such transactions are conducted at standard market prices and conditions.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

After concluding a due diligence review, the newly formed US company Naprotec LLC acquired land and buildings in Chattanooga, Tennessee, in the US, effective 27 July 2018. Naprotec LLC is a wholly-owned subsidiary of Nabaltec USA Corporation. Both companies were formed in connection with the realignment of the US business and both are members of Nabaltec Group. Current plans call for construction of a production facility for refined hydroxides with a capacity of around 30,000 tons per year by mid-2019. Nabaltec expects the project to have a positive impact on consolidated earnings one year after the new US plant goes online.

Schwandorf, 6 August 2018

The Management Board

FINANCIAL CALENDAR 2018

	2018
Baader Investment Conference	24. / 25. September
Interim Report 3/2018	27 November

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Concept & DesignSilvester Group, www.silvestergroup.com**Photos**

Herbert Bürger, Andre Forner, fotolia, freepik, Gerhard Götz, Oliver Heint, Clemens Mayer, Nabaltec AG, Strandperle

Statements relating to the future

This interim report contains statements relating to the future which are based on the Management Board's current estimations and prognosis as well as on information currently available. These statements relating to the future are not to be understood as guarantees of the predicted future developments and results. The future developments and results are rather dependent on a number of risks and uncertainties and are based on assumptions which possibly may prove to be false. We do not accept any obligation to update these statements relating to the future.

Rounding

Due to computational reasons, rounding differences may appear in the percentages and figures in the tables, graphics and text of this report.



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