



INTERIM REPORT 3/2017



*OUR KNOW-HOW
FOR YOUR SAFETY*

Nabaltec

NABALTEC GROUP

KEY FIGURES

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017

in EUR million	09/30/2017 (IFRS)	09/30/2016 (IFRS)	Change
Revenues			
Total revenues	130.5	122.4	6.6%
Thereof			
Functional Fillers	86.9	83.8	3.7%
Technical Ceramics	43.6	38.5	13.2%
Foreign share (%)	73.2	72.9	
Employees ¹ (number of persons)	473	459	3.1%
Earnings			
EBITDA	23.4	19.0	23.2%
EBIT	14.7	11.0	33.6%
Consolidated result after taxes	9.4	5.5 ²	70.9%
Earnings per share (EUR)	1.06 ⁴	0.68 ^{2,3}	55.9%
Financial position			
Cash flow from operating activities	24.8	20.9	18.7%
Cash flow from investing activities	-17.4	-13.7	27.0%
Assets, equity and liabilities			
	09/30/2017	12/31/2016	
Total assets	222.0	202.7	9.5%
Equity	81.8	57.8	41.5%
Non-current assets	130.4	127.0	2.7%
Current assets	91.6	75.7	21.0%

¹ on the reporting date, including trainees

² after non-controlling interests

³ based on 8.0 million shares

⁴ based on 8.8 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 (ATH) and aluminum oxide, as well as other raw materials, on an industrial scale through its product segments "Functional Fillers" and "Technical Ceramics."

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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.

CONTACT IR

InvestorRelations@nabaltec.de
www.nabaltec.de

NABALTEC AG ON THE INTERNET

www.nabaltec.de

OUR APPLICATIONS



FLAME RETARDANTS/FLAME RETARDANT FILLERS

Eco-friendly aluminum hydroxide is used as a flame retardant in power and communication cables, and in electric enclosures



ADDITIVES

Used as process additives and as a raw material in color pigments



ENVIRONMENTAL TECHNOLOGY

Aluminum oxide and hydroxide are used e. g. to eliminate fumes, for alternative energy storage or as a raw material in catalyzers



CERAMIC RAW MATERIALS

Aluminum oxide, polishing aluminas and synthetic sintered mullites are used above all in the refractory and polishing industries, in the automotive sector and in glass and ceramics production



CERAMIC BODIES

Our ready-to-press ceramic bodies are used particularly to prevent abrasion, to protect people as well as vehicles and in engineering ceramics

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 109.1 MILLION

Revenues 2016

EUR 17.3 MILLION

EBITDA 2016

EUR 9.6 MILLION

EBIT 2016



TECHNICAL CERAMICS

In our product segment “Technical Ceramics,” 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 50.1 MILLION

Revenues 2016

EUR 5.6 MILLION

EBITDA 2016

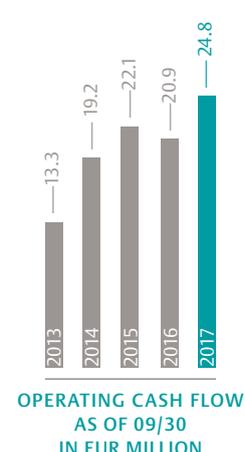
EUR 2.6 MILLION

EBIT 2016

NABALTEC AG

Q3 2017

As a fast-growing company, Nabaltec AG was able to continue its very strong performance in the previous year in the first nine months of 2017 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

INNOVATION

Nabaltec AG is regularly awarded national and international prizes and distinctions for innovation. In 2016, the company was named one of the 100 most innovative German mid-sized companies for the ninth time.

9x
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.

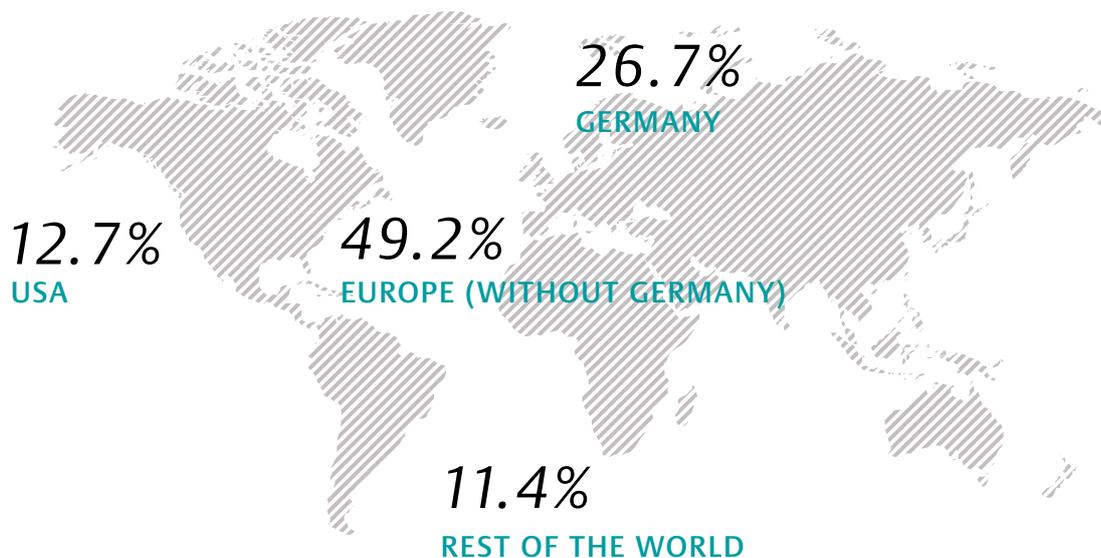
Nabaltec's trainees count among the best of their peers on a regular basis.

11.5%
TRAINEE RATIO (2016)



GLOBAL REVENUE SHARES (2016)

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



MANAGEMENT BOARD

OF NABALTEC AG

JOHANNES HECKMANN (CEO)

- Appointed CEO on 1 January 2017
- Management Board member responsible for production as well as research and development since the initial public offering in 2006
- Served in the management of Nabaltec AG since 1995
- Worked as project manager at Schindler Aufzüge AG in Lucerne, Switzerland, before switching to AKW Amberger Kaolinwerke GmbH
- Studied engineering management at the Rosenheim University of Applied Sciences

GÜNTHER SPITZER (CFO)

- CFO since 1 January 2017, responsible for finance/controlling and administration/human resources
- Head of the controlling department since 1998, also served as Director Finance/Controlling at Nabaltec AG since 2009
- Began at VAW aluminium AG in 1985 as a commercial employee
- Trained as an industrial clerk, with in-service study in business administration

DR. MICHAEL KLIMES (COO)

- COO since 1 January 2017, responsible for research and development, production and sales
- Headed the business division "Functional Fillers" since 2007
- Directed the Fillers profit center since 2003
- Flame retardants sales manager at Nabaltec GmbH as of 1995
- 1992: began working at VAW aluminium AG, specialty alumina division, responsible for sales of APYRAL® in Central Europe
- Studied chemistry at Darmstadt University of Technology, followed by diploma thesis and doctorate at the German Plastics Institute in Darmstadt



*from left to right:
Dr. Michael Klimes, Johannes Heckmann, Günther Spitzer*

FOREWORD

OF THE CEO

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

Results in the third quarter of 2017 confirmed our dynamic performance and exceeded our expectations. Our stable growth continued between July and September, with quarterly revenues of EUR 41.8 million, up 8.9% from the year before. This growth came in spite of the fact that results in the same quarter of last year included revenues generated by our US subsidiary Nashtec. However, the fact that we were temporarily obliged to supply our US customers from the production site in Schwandorf demonstrates that our ability to exploit additional market potential in 2017 will be limited despite the growth we have posted. We are already operating at the limits of our capacity in the fine precipitated hydroxides product range. This situation should improve in the second quarter of 2018, when Nashtec resumes operations. The additional capacity this will free up will be invested directly in generating growth.

Earnings have actually exceeded our expectations somewhat. With an EBIT margin of 11.9% (EBIT as a percentage of total performance) in the third quarter, our earnings power has been unaffected by factors such as exchange rate fluctuations and higher freight costs for our customers overseas. Our separator film products for lithium ion batteries continue to perform well. We are operating at a low starting level, but with a good dynamic in this segment, which will be very significant in the future.

Strong demand for Nabaltec shares among institutional investors accompanied the 10% capital increase that we executed in September. We were always very optimistic that we would be able to achieve full placement, but even we were surprised that we were able to do so in such a short time span. We interpret this strong interest in our shares as a powerful vote of confidence, and as additional encouragement to continue developing our company and our market position in accordance with our growth strategy.

Market conditions are also auspicious. In both the “Functional Fillers” and “Technical Ceramics” product segments, the economic in the markets of importance to us remains fully intact and dynamic, and we do not currently see any signs of overheating. We have received very positive feedback, especially from customers in Europe and the US, as far as their own growth expectations are concerned. As a result, we have reaffirmed our forecast for an EBIT margin of around 10% in 2017, with revenue growth in the mid-single digits, and we look forward with optimism to 2018.

Schwandorf, November 2017

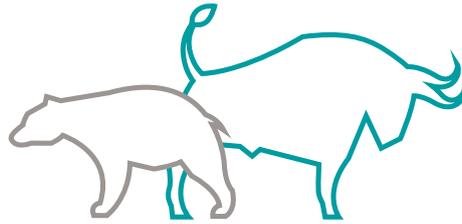
Yours,



JOHANNES HECKMANN
CEO

NABALTEC SHARE

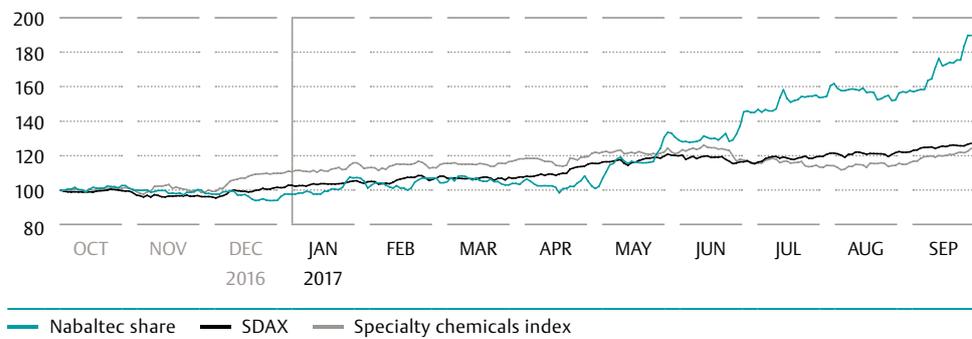
THIRD QUARTER OF 2017



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)



EUR 27.90 marked the high for the first nine months of 2017

Price gain of 93.9% over the nine-month period

The performance of Nabaltec share was strong and steady in the third quarter of 2017. The share closed at EUR 27.90, which also marked the high for the first nine months of 2017, for a gain of 43.1% over last quarter's closing price of EUR 19.50. The share price at the end of the nine-month period was up 93.9% over the price at the end of 2016. The SDAX index was up 25.1% over the same period, and the specialty chemicals index was up 12.9%.

KEY DATA FOR THE NABALTEC SHARE (XETRA)

	First 9 months of 2017	Year 2016
Number of shares	8,800,000	8,000,000
Market capitalization (cutoff date, in EUR million)	245.52	115.12
Average price (in EUR)	18.55	14.23
High (in EUR)	27.90	15.60
Low (in EUR)	14.39	12.85
Closing price (cutoff date, in EUR)	27.90	14.39
Average daily turnover (in shares)	5,124	1,923
Earnings per share (in EUR)	1.06*	0.67**

* based on 8.8 million shares

** after non-controlling interests, based on 8.0 million shares

On 14 September 2017, 800,000 shares were placed with institutional investors as part of a share capital increase. The placement price was EUR 23.00 per share, so that company's gross issue proceeds amounted to EUR 18.4 million. Shareholder preemption rights were excluded. The capital increase raised Nabaltec AG's capital stock to EUR 8.8 million.

The average daily trading turnover of Nabaltec share on XETRA was 5,124 shares in the first nine months of 2017.

Earnings per share (EPS) amounted to EUR 1.06 (based on 8.8 million shares) in the first nine months of 2017. By comparison, EPS in the first nine months of 2016 amounted to EUR 0.68 (after adjusting for non-controlling interests and based on 8.0 million shares).

*Earnings per share
of EUR 1.06*

Analyst recommendations for Nabaltec share continue to be positive. In its analysis of 11 October 2017, Hauck & Aufhäuser once again confirmed its "buy" recommendation and raised its price target to EUR 35.00. Baader Bank, in its study of 28 September 2017, rated Nabaltec share a "hold" and lowered its price target to EUR 25.00, down from EUR 26.00.

*Analysts give "buy"
recommendations
with price targets
of EUR 35.00 and
EUR 25.00*

As of 30 September 2017, the majority of Nabaltec's 8,800,000 shares were still held by the Heckmann and Witzany families, with the Heckmann family holding 28.33% of the company's capital stock and the Witzany family holding 27.16%. The remaining 44.51% of shares are in free float.

NABALTEC AG

CONSOLIDATED INTERIM MANAGEMENT REPORT

AS OF 30 SEPTEMBER 2017

COURSE OF BUSINESS

Consolidated revenues were EUR 41.8 million in the reporting quarter (+8.9%)

Nabaltec AG's strong performance continued in the third quarter of 2017 as well. Revenues were once again up from the same quarter of last year, although they fell short of the very strong revenues posted in the first two quarters, as business is typically slower in the summer months. Nabaltec's consolidated revenues were EUR 41.8 million in the reporting quarter, up 8.9% from the same quarter of last year, when revenues were EUR 38.4 million.

Revenues in the first nine months of 2017 amounted to EUR 130.5 million, up 6.6% from the first nine months of 2016 (EUR 122.4 million).

Revenues in the "Functional Fillers" product segment were up 6.7% from the third quarter of 2016, from EUR 25.5 million to EUR 27.2 million. The "Technical Ceramics" product segment posted even stronger growth, as it did in the first two quarters of 2017 as well, with revenues up 13.2% to EUR 14.6 million (same quarter of last year: EUR 12.9 million).

In the first nine months of 2017, revenues in the "Functional Fillers" product segment climbed to EUR 86.9 million, up 3.7% from the same period of last year (EUR 83.8 million). Meanwhile, revenues in the "Technical Ceramics" product segment were up 13.2% over the first nine months of 2016 (EUR 38.5 million), to EUR 43.6 million. Demand in the relevant markets grew at a very strong pace in all product ranges of the "Technical Ceramics" product segment, and especially in the refractory industry.

Export ratio of 73.2%

Nabaltec once again posted growth in the key regions of Europe, Asia and the US in the first nine months of the year. The export ratio was up slightly, from 72.9% in the same period of last year to 73.2% in the first nine months of 2017.

Nabaltec's total performance increased to EUR 128.0 million in the reporting period, up from EUR 121.8 million in the same period of last year (up 5.1%). This improvement was attributable to strong revenue growth, with a simultaneous decrease in inventories of finished products.

Improvement in cost of materials ratio due to price increases in the fine precipitated hydroxides product range

The cost of materials ratio (cost of materials as a percentage of total performance) in the first nine months of 2017 was noticeably better than in the same period of last year, falling from 50.8% to 48.0%. Price increases in the fine precipitated hydroxides product range in particular had a

positive impact in this area. The gross profit margin (gross profit as a percentage of total performance) was 54.2% in the reporting period, compared to 50.0% in the first nine months of 2016.

The personnel expense ratio (personnel expenses as a percentage of total performance) was 18.4% in the first nine months of the year, compared to 17.9% in the same period of 2016. The number of employees increased from 459 to 473.

Other operating expenses increased from EUR 20.1 million in the same period of last year to EUR 22.5 million in the first nine months of 2017, largely due to an increase in freight costs and sales commissions, losses due to changes in the EUR/USD exchange rate and an increase in outside services. Accordingly, the ratio of other operating expenses to total performance increased to 17.6%, up from 16.5% last year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 23.4 million in the first nine months of 2017, up 23.2% from the value of EUR 19.0 million in the same period of last year. EBITDA margin (EBITDA as a percentage of total performance) increased in the first nine months over the first nine months of last year, from 15.6% to 18.3%.

Consolidated EBIT amounted to EUR 14.7 million in the first nine months of the year, compared to EUR 11.0 million in the same period of last year, for a gain of 33.6%. The EBIT margin (EBIT as a percentage of total performance) was 11.5% in the first nine months of 2017, compared to 9.0% in the same period of last year.

EBIT of EUR 14.7 million (up 33.6%); EBIT margin improves to 11.5%

Financial result improved to EUR –2.0 million in the first nine months of 2017, compared to EUR –2.4 million in the same period of 2016.

Earnings before taxes amounted to EUR 12.7 million in the first nine months of 2017, up 47.7% from last year's figure of EUR 8.6 million. After adjusting for taxes, consolidated earnings came to EUR 9.4 million in the first nine months of 2017, an improvement of 70.9% over the comparison period. This corresponds to earnings per share of EUR 1.06 in the first nine months of 2017 (based on 8.8 million shares). By way of comparison, earnings per share came to EUR 0.68 in the same period of last year (based on 8.0 million shares).

Consolidated earnings came to EUR 9.4 million (+70.9%) in the first nine months of 2017

Cash flow from operating activity was EUR 24.8 million in the first nine months of 2017, compared to EUR 20.9 million in the first nine months of 2016, due above all to an improvement in earnings.

Spending on investments increased relative to the same period of last year, from EUR 13.7 million to EUR 17.4 million. This is due in part to the construction work being performed for Nashtec and associated spending on investments in property, plant and equipment.

Cash flow from financing activity amounted to EUR 9.8 million, compared to EUR –8.3 million in the same period of last year. Above all, this figure reflects the cash flows in connection with the cash capital increase executed in September 2017, in which 800,000 new shares were successfully placed with institutional investors at a price of EUR 23 per share, with shareholder preemption rights excluded. The issue proceeds amounted to EUR 18.4 million, and the cost of the capital increase was EUR 0.5 million.

Nabaltec Group's cash and cash equivalents amounted to EUR 52.5 million as of 30 September 2017.

Resulting from the capital increase, equity ratio increased to 36.8%

Total assets increased from EUR 202.7 million on 31 December 2016 to EUR 222.0 million. Nabaltec AG's capital stock increased to EUR 8.8 million due to the capital increase, and its capital reserve increased from EUR 29.8 million to EUR 47.0 million. As a result of the capital increase, Nabaltec's equity ratio increased from 28.5% on 31 December 2016 to 36.8% on 30 September 2017.

Non-current liabilities amounted to EUR 111.9 million on 30 September 2017, nearly even with the value as of the end of 2016. Current liabilities were down 15.3% from 31 December 2016, to EUR 28.3 million. This was due above all to a decrease in other accounts payable, particularly due to repayment of the loan from Nashtec's minority shareholder.

As of the reporting date, 30 September 2017, non-current assets were up 2.7%, to EUR 130.4 million, and current assets were up by 21.0%, to EUR 91.6 million, due primarily to an increase in cash and cash equivalents.

EMPLOYEES

Trainee ratio at a high level, 11.4%

As of the reporting date, 30 September 2017, Nabaltec Group had 473 employees (including trainees). On the same date of last year, this number was 459 employees. The trainee ratio was once again above average, 11.4%.

SUBSEQUENT EVENTS

Events of particular importance for assessment of Nabaltec Group's liquidity, financial and earnings position occurring after the reporting date, 30 September 2017, are recounted in the Subsequent events in the Consolidated Notes.

OUTLOOK

Nabaltec foresees intact sales markets and stable demand for its products in 2017, 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 in 2017 and anticipates revenue growth in the mid-single digits. Revenue growth is to come primarily from price effects in the "Functional Fillers" segment, as well as increased volume in the "Technical Ceramics" segment.

As was the case in the first nine months of the year as well, Nabaltec's US subsidiary Nashtec LLC is not currently expected to contribute to production in the fourth quarter of 2017 due to its need to retool for a stand-alone solution. Due to necessary foundation and assembly work, the resumption of production will be delayed by about two months, to the second quarter of 2018. In connection with Nabaltec's acquisition of the minority shares in Nashtec LLC and the repayment of loans from the former shareholder, Sherwin Alumina Company LLC, a restructuring provision in the amount of EUR 3.2 million was formed in the first quarter due to the need to reorganize Nashtec LLC's production activities and supply chain. As a result, Nashtec LLC is not expected to weigh down the Group's earnings any further in 2017. EUR 1.7 million of this provision was utilized in the second and third quarter. Because it expects continued strong revenue growth with stable margins, Nabaltec chose at the beginning of the third quarter of 2017 to specify an expected EBIT margin of around 10% for 2017 as a whole, a slight increase over the previous forecast, which corresponds an EBIT margin in the high single digits.

Nabaltec expects revenue growth in the mid-single digits in 2017

Orders on hand amounted to EUR 41.3 million on 30 September 2017, up 72.1% from the value on 30 September 2016.

Otherwise, the statements made in the forecast report of the 2016 consolidated management report retain their validity.

REPORT ON OPPORTUNITIES AND RISKS

No significant changes were evident in the first nine months of 2017 to the risk situation presented in the 2016 consolidated management report.

Schwandorf, 3 November 2017

The Management Board

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
in TEUR	01/01/ – 09/30/2017	07/01/ – 09/30/2017	01/01/ – 09/30/2016	07/01/ – 09/30/2016
Revenues	130,513	41,838	122,355	38,362
Change in inventories of finished goods and work in progress	-2,876	68	-1,086	-1,165
Own work capitalized	352	120	542	218
Total performance	127,989	42,026	121,811	37,415
Other operating income	2,913	1,297	955	249
Cost of materials	-61,478	-20,629	-61,908	-18,871
Gross earnings	69,424	22,694	60,858	18,793
Personnel expenses	-23,486	-7,747	-21,761	-7,199
Depreciation	-8,756	-2,958	-7,942	-2,676
Other operating expenses	-22,495	-6,953	-20,116	-6,427
Operating profit (EBIT)	14,687	5,036	11,039	2,491
Interest and similar income	74	21	190	67
Interest and similar expenses	-2,082	-703	-2,618	-866
Net income from ordinary activities (EBT)	12,679	4,354	8,611	1,692
Taxes on income	-3,319	-1,050	-2,675	-609
Net after-tax earnings	9,360	3,304	5,936	1,083
Thereof:				
Shareholders of the parent company	9,360	3,304	5,461	1,188
Non-controlling interests	0	0	475	-105
Net after-tax earnings	9,360	3,304	5,936	1,083
Earnings per share (in EUR)	1.06	0.38	0.68	0.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/ – 09/30/2017	07/01/ – 09/30/2017	01/01/ – 09/30/2016	07/01/ – 09/30/2016
Net after-tax earnings	9,360	3,304	5,936	1,083
Items which may be reclassified to profit and loss				
Currency translation (after taxes)	-2,620	-903	-277	-22
Net income from hedge accounting (after taxes)	587	-223	-1,220	-152
Total	-2,033	-1,126	-1,497	-174
Items which will not be reclassified to profit and loss				
Actuarial gains and losses	0	0	130	0
Total	0	0	130	0
Other comprehensive income	-2,033	-1,126	-1,367	-174
Thereof:				
Shareholders of the parent company	-2,033	-1,126	-1,360	-173
Non-controlling interests	0	0	-7	-1
Total comprehensive income	7,327	2,178	4,569	909
Thereof:				
Shareholders of the parent company	7,327	2,178	4,101	1,015
Non-controlling interests	0	0	468	-106

CONSOLIDATED BALANCE SHEET

AS OF 30 SEPTEMBER 2017

ASSETS		
in TEUR	09/30/2017	12/31/2016
Non-current assets	130,400	127,013
Intangible assets		
Concessions, proprietary rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	424	506
Property, plant and equipment	128,416	125,303
Land, leasehold rights and buildings, including buildings on unowned land	36,956	33,288
Technical equipment and machinery	78,391	74,429
Other fixtures, fittings and equipment	3,351	3,090
Advance payments and assets under construction	9,718	14,496
Financial assets	78	78
Shares in affiliated companies	78	78
Deferred tax assets	1,482	1,126
Current assets	91,550	75,685
Inventories	27,508	30,882
Raw materials and supplies	17,373	17,864
Work in process	28	32
Finished goods and merchandise	10,107	12,986
Other assets and accounts receivable	11,545	8,620
Trade receivables	5,514	3,091
Other assets	6,031	5,529
Cash and cash equivalents	52,497	36,183
TOTAL ASSETS	221,950	202,698

LIABILITIES

in TEUR	09/30/2017	12/31/2016
Shareholders' equity	81,768	57,765
Subscribed capital	8,800	8,000
Capital reserve	47,029	29,764
Earnings reserve	10,088	9,711
Profit carry-forward	22,162	17,855
After-tax earnings	9,360	5,344
Other changes in equity with no effect on profit and loss	-15,671	-13,471
Non-controlling interests	0	562
Non-current liabilities	111,909	111,520
Pension reserves	38,639	38,076
Other provisions	1,119	1,088
Accounts payable to banks	71,373	71,345
Deferred tax liabilities	778	1,011
Current liabilities	28,273	33,413
Accounts payable from income taxes	2,870	1,112
Other provisions	1,697	162
Accounts payable to banks	990	1,224
Trade payables	14,983	14,526
Other accounts payable	7,733	16,389
TOTAL LIABILITIES	221,950	202,698

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 09/30/2017	01/01/ – 09/30/2016
Cash flow from operating activity		
Earnings before taxes	12,679	8,611
+ Depreciation of fixed assets	8,756	7,942
-/+ Income/loss from the disposal of assets	233	9
- Interest income	-74	-190
+ Interest expenses	2,082	2,618
Net operating income before changes in working capital	23,676	18,990
+/- Increase/decrease in provisions	1,640	342
-/+ Increase/decrease in trade receivables and other assets not attributable to investment or financing activity	-2,925	1,003
+/- Increase/decrease in inventories	3,374	1,140
+/- Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	1,242	2,038
Cash flow from operating activity before taxes	27,007	23,513
- Income taxes paid	-2,253	-2,575
Net cash flow from operating activity	24,754	20,938

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 09/30/2017	01/01/ – 09/30/2016
Cash flow from investing activities		
+ Payments received from the disposal of property, plant and equipment	217	13
- Payments made for investments in property, plant and equipment	-17,070	-13,487
- Payments made for investments in intangible assets	-30	-133
- Cash paid for the acquisition of consolidated companies	-552	0
- Payments made for investments in financial assets	0	-78
Net cash flow from investment activity	-17,435	-13,685
Cash flow from financing activity		
- Dividends	-1,200	-1,200
+ Payments received from equity capital contributions	17,928	
- Payments made for the repayment of borrowings	0	-5,763
- Cash repayments of amounts borrowed	-5,969	0
- Interest paid	-995	-1,382
+ Interest received	39	35
Net cash flow from financing activity	9,803	-8,310
Net change in cash and cash equivalents	17,122	-1,057
Change in funds due to changes in exchange rates	-808	-73
Funds at start of period	36,183	42,272
Funds at end of period	52,497	41,142

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017

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 01/01/2016	8,000	29,764	9,711
Dividend payments	—	—	—
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 09/30/2016	8,000	29,764	9,711
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 12/31/2016	8,000	29,764	9,711
Acquisition of minority interests	—	—	377
Dividend payments	—	—	—
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 09/30/2017	8,800	47,029	10,088

Profit carry-forward	Other changes in equity with no effect on profit and loss	Total	Non-controlling interests	Consolidated shareholders' equity
19,055	-9,026	57,504	598	58,102
-1,200	—	-1,200	—	-1,200
—	130	130	0	130
—	-263	-263	-14	-277
—	-1,227	-1,227	7	-1,220
—	-1,360	-1,360	-7	-1,367
5,461	—	5,461	475	5,936
5,461	-1,360	4,101	468	4,569
23,316	-10,386	60,405	1,066	61,471
—	-4,350	-4,350	0	-4,350
—	675	675	31	706
—	590	590	0	590
—	-3,085	-3,085	31	-3,054
-117	—	-117	-535	-652
-117	-3,085	-3,202	-504	-3,706
23,199	-13,471	57,203	562	57,765
163	-167	373	-562	-189
-1,200	—	-1,200	—	-1,200
—	—	18,065	—	—
—	0	0	—	0
—	-2,620	-2,620	—	-2,620
—	587	587	—	587
—	-2,033	-2,033	0	-2,033
9,360	—	9,360	—	9,360
9,360	-2,033	7,327	0	7,327
31,522	-15,671	81,768	0	81,768

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 “Technical Ceramics.” 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 “Technical Ceramics” 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 2017 – 30 SEPTEMBER 2017

in TEUR	Funktional Fillers		Technical Ceramics		Nabaltec Group	
	01/01/– 09/30/17	07/01/– 09/30/17	01/01/– 09/30/17	07/01/– 09/30/17	01/01/– 09/30/17	07/01/– 09/30/17
Revenues						
Third party revenue	86,924	27,193	43,589	14,645	130,513	41,838
Segment result						
EBITDA	16,832	5,325	6,611	2,669	23,443	7,994
EBIT	10,553	3,265	4,134	1,771	14,687	5,036

PERIOD FROM 1 JANUARY 2016 – 30 SEPTEMBER 2016

in TEUR	Funktional Fillers		Technical Ceramics		Nabaltec Group	
	01/01/– 09/30/16	07/01/– 09/30/16	01/01/– 09/30/16	07/01/– 09/30/16	01/01/– 09/30/16	07/01/– 09/30/16
Revenues						
Third party revenue	83,813	25,461	38,542	12,901	122,355	38,362
Segment result						
EBITDA	14,721	3,600	4,260	1,567	18,981	5,167
EBIT	9,001	1,679	2,038	812	11,039	2,491

NABALTEC AG

ABRIDGED CONSOLIDATED NOTES

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017

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 September 2017 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 September 2017 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 2016.

The interim financial statements encompass the period from 1 January 2017 to 30 September 2017.

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

The consolidated group of Nabaltec AG as at 30 September 2017 did not change compared to the consolidated financial statements as at 31 December 2016 or the third quarter of financial year 2016. The consolidated financial statements encompass the financial statements of Nabaltec AG, Schwandorf, as parent company, and its subsidiary Nashtec LLC, Texas, USA.

On 17 March 2017, Nabaltec AG concluded an agreement under which it acquired the remaining 49% of shares in the joint venture Nashtec LLC, which had been held by the parent company of Sherwin Alumina Company LLC, Allied Alumina LLC.

On 8 March 2016, Nabaltec AG formed a wholly-owned subsidiary based in Tokyo, Japan. Nabaltec Asia Pacific K.K. will engage in marketing and sales activities for Nabaltec AG's entire product line in Asia, and will be working closely with regional sales partners.

Nabaltec Asia Pacific K.K. will not be included in the consolidated financial statements of Nabaltec AG, but will instead be recognized at the cost of the shares, since it does not have a material impact on the financial, earnings and liquidity position.

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 2016.

In addition to the Standards and Interpretations used on 31 December 2016, the following Standards and Interpretations were used for the first time, and had no impact on the interim financial statements:

- Amendments to IAS 7 "Disclosure Initiative"
- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"
- Annual improvements to International Financial Reporting Standards 2014 – 2016

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 nine months of 2017 were the result of investments, primarily in land and buildings and in technical equipment and machinery to expand capacity and for further process optimization.

As part of its acquisition of the shares in Nashtec LLC, Nabaltec also acquired an adjoining property from Corpus Christi Alumina LLC, including a production building and technical equipment.

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. In the first quarter of 2017, Nabaltec AG acquired minority shares comprising 49% of the shares in Nashtec LLC for EUR 551,687.

Utilizing the authorized capital in accordance with the shareholder resolution of 30 June 2016 (Authorized capital 2016/I), the Management Board, with the approval of the Supervisory Board, increased the capital stock of Nabaltec AG in exchange for cash contributions, under the exclusion of shareholder subscription rights, by issuing 800,000 new bearer shares, each representing EUR 1.00 of the capital stock. As a result, Nabaltec AG's subscribed capital (capital stock) increased from EUR 8,000,000 to EUR 8,800,000. The capital increase was entered into the Commercial Register on 15 September 2017.

The capital reserve amounted to TEUR 47,029 as of 30 September 2017 (31 December 2016: TEUR 29,764). The increase of TEUR 17,265 resulted from the capital increase in September 2017. On the whole, the capital increase yielded a premium of TEUR 17,600 (before tax effects). At the same time, transaction costs in the amount of TEUR 335 (after taxes) were subtracted from shareholders' 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.

OTHER ACCOUNTS PAYABLE

In connection with acquisition of the remaining shares in Nashtec LLC, loans from the former shareholder, Sherwin Alumina Company LLC, in the amount of EUR 5,968,614 were repaid.

OTHER PROVISIONS

A restructuring provision in the amount of EUR 3,219 thousand was formed in connection with the acquisition of minority shares in Nashtec LLC and the repayment of loans from the former shareholder, Sherwin Alumina Company LLC, due to the reorganization of Nashtec LLC's production and supply relations.

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 change compared to the consolidated financial statements as at 31 December 2016 as followed:

The composition of Nabaltec AG's Management Board changed on 1 January 2017. Mr. Gerhard Witzany resigned from the Nabaltec AG Management Board on 31 December 2016 for reasons of age. A third member was added and the two new Management Board members were appointed by the Supervisory Board to five-year terms on 1 January 2017. Alongside the Management Board Chairman and CEO, Johannes Heckmann, Günther Spitzer will be responsible for finance/controlling and commercial services/human resources, CFO, and Dr. Michael Klimes, as COO, will be responsible for production and sales, as well as development and application engineering.

No transactions with related persons and enterprises took place in the first nine months of 2017. Such transactions are conducted at standard market prices and conditions.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant events were registered after the balance sheet date.

Schwandorf, 3 November 2017

The Management Board

FINANCIAL CALENDAR

	2018
Annual Report 2017	30 April
Interim Report 1/2018	24 May
Annual General Meeting	26 June
Interim Report 2/2018	23 August
Interim Report 3/2018	27 November

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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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