



INTERIM REPORT 3/2018



OUR KNOW-HOW
FOR YOUR SAFETY

Nabaltec

NABALTEC GROUP

KEY FIGURES

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018

in EUR million	09/30/2018 (IFRS)	09/30/2017 (IFRS)	Change
Revenues			
Total revenues	135.3	130.5	3.7%
Thereof			
Functional Fillers	87.9	86.9	1.2%
Specialty Alumina	47.3	43.6	8.5%
Foreign share (%)	73.6	73.2	
Employees* (number of persons)	491	473	3.8%
Earnings			
EBITDA	23.0	23.4	-1.7%
EBIT	14.0	14.7	-4.8%
Consolidated result after taxes	7.6	9.4	-19.1%
Earnings per share (EUR)	0.86	1.06	-18.9%
Financial position			
Cash flow from operating activities	17.4	25.1	-30.7%
Cash flow from investing activities	-21.1	-17.4	21.3%
Assets, equity and liabilities	09/30/2018	12/31/2017	
Total assets	229.6	221.4	3.7%
Equity	91.6	84.6	8.3%
Non-current assets	144.6	132.9	8.8%
Current assets	85.0	88.5	-4.0%

* on the reporting date, including trainees

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 aluminum oxide 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

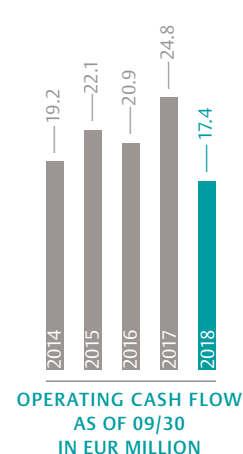
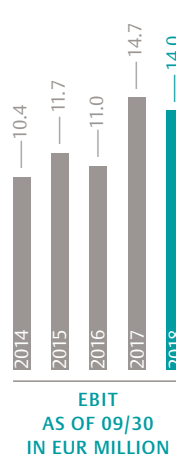
EUR 5.2 MILLION

EBIT 2017

NABALTEC AG

Q3 2018

As a fast-growing company, Nabaltec AG was able to continue its very strong revenue performance in the previous year in the third quarter of 2018 as well. In particular, the company’s revenue growth over a period of many years, 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.

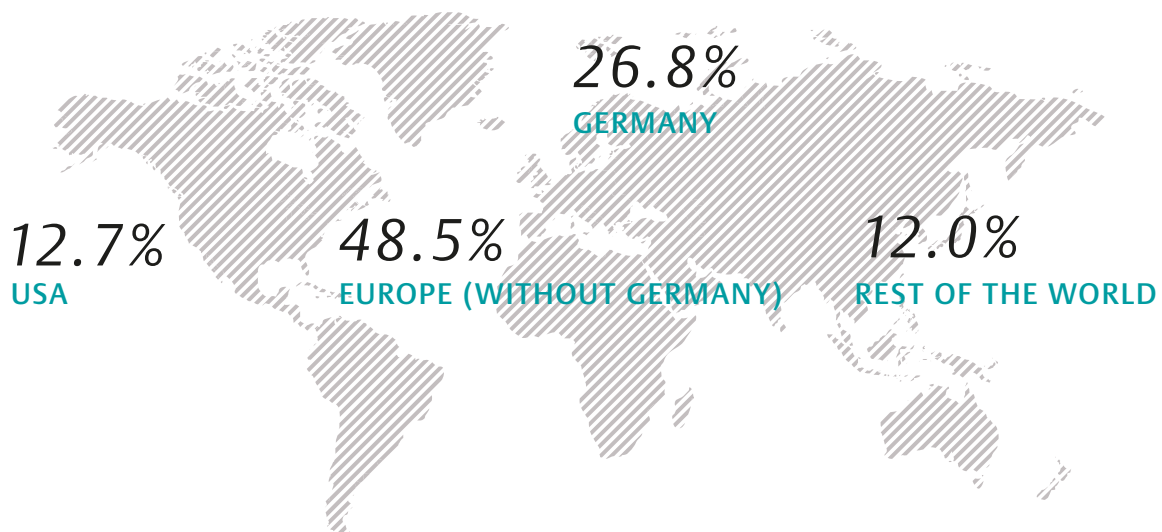
Nabaltec's trainees count among the best of their peers on a regular basis.

11.2%
TRAINEE RATIO



GLOBAL REVENUE SHARES (2017)

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,*

We can be satisfied with how the third quarter of 2018 went. Revenues in the quarter were up 4.1%, to EUR 43.5 million, and earnings growth was stable. In the first nine months of the year, our revenues were up 3.7% and EBIT growth was nearly as strong as last year. As we expected, and as we have been reporting for a long time, implementation of the stand-alone solution for our subsidiary Nashtec has had the effect of weighing down earnings, but we have been able to mitigate this effect to a certain extent at the Group level and compensate for it in part through an improved product mix and price adjustments. The success of these measures is demonstrated by our EBIT margin of 10.4% in the first nine months of the year, a result which was slightly higher than our forecast for the year as a whole.

We continue to expect revenue growth in the mid-single digits for 2018 as a whole, with an EBIT margin in the high single digits. Although general uncertainty with respect to future economic performance is continuing to mount, demand in our target markets has remained stable and our customers continue to report strong orders on hand. We can reaffirm our forecast for 2018, even though we do not expect our subsidiary Nashtec to contribute significant revenues in 2018, and despite the fact that earnings will be weighed down during the start-up and ramp-up phases. Nashtec should be able to rapidly regain its former capacity once 2019 begins.

The robust earnings growth is due in particular to the quality of our revenue growth. Our growth in the first nine months of 2018 was driven less by higher volume than by our optimized product mix and by appropriate price adjustments. Boehmite continues to be a very strong factor in our product range. Revenues in the first nine months have already exceeded those for all of last year, for 43.0% revenue growth on a comparable basis. Boehmite now accounts for around 5% of our revenues in the “Functional Fillers” product segment. Its earnings share is much higher, and we expect its future significance to be even higher. It is in this context that we formed Nabaltec (Shanghai) Trading Co., Ltd. in October as a wholly-owned subsidiary. This Shanghai-based trading company will focus on the Chinese market for lithium ion batteries, in which Nabaltec’s boehmite is used in separator film. We hope that this greater proximity to our customers will give us a strong boost in the Chinese market, which is by far the world’s largest market for lithium ion batteries.



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

At the same time, our international position has expanded significantly over the course of 2018. Our revenues have always had a high international share, with a direct export ratio of 73.6%. With Nashtec resuming operations, the start of construction on our second US production site in Chattanooga, the new company in Shanghai, China and our Japanese subsidiary Nabaltec Asia Pacific K.K. in Tokyo, Japan, we are increasingly securing our international position by establishing a presence near our customers and in relevant future markets, including production and storage sites.

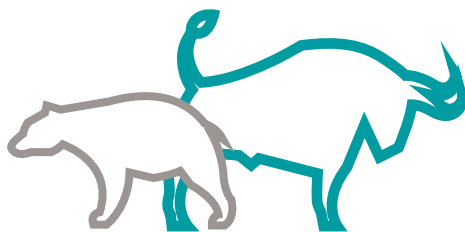
Schwandorf, November 2018

Yours,

JOHANNES HECKMANN
CEO

NABALTEC SHARE

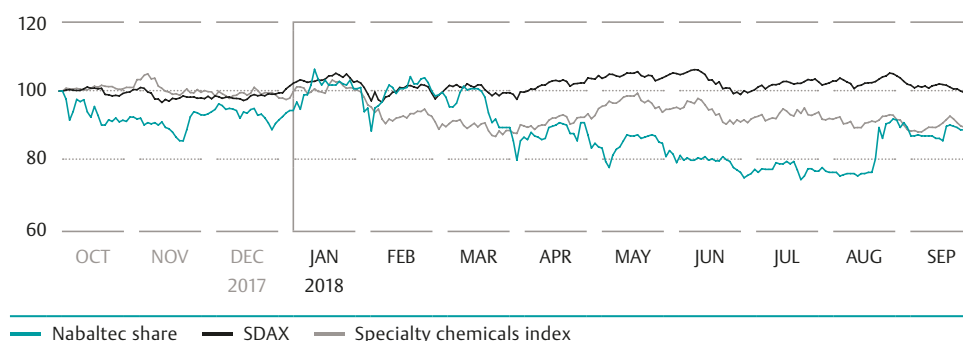
THIRD QUARTER OF 2018



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 gained a total of 14.2% in the third quarter of 2018 and reached a closing price of EUR 24.90 on 30 September 2018

Nabaltec share rebounded over the course of the third quarter of 2018 and gained a total of 14.2% after losing ground the previous quarter. After starting the year off strong, the share is now down 4.0% on the year. The closing price on 30 September 2018 was EUR 24.90, down slightly from their high for the quarter, EUR 26.00, which was reached on 30 August 2018. Over the past twelve months, Nabaltec's share performance was -10.8%.

This performance by Nabaltec share, both in the third quarter and on the year, was significantly stronger than that of the specialty chemicals index, which is down 10.4% on the year and 4.2% in the third quarter. As of 30 September 2018, the SDAX was down 0.2% since the end of 2017 and 0.7% in the third quarter.

KEY DATA FOR THE NABALTEC SHARE (XETRA)

	First 9 months of 2018	Year 2017
Number of shares	8,800,000	8,234,521 ¹
Market capitalization (cutoff date, in EUR million)	219.12	228.27
Average price (in EUR)	24.92	20.40
High (in EUR)	30.10	28.31
Low (in EUR)	21.00	14.39
Closing price (cutoff date, in EUR)	24.90	25.94
Average daily turnover (in shares)	3,565	4,949
Earnings per share (in EUR)	0.86	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 3,565 shares in the first nine months of 2018, down from the level in 2017.

Earnings per share (EPS) amounted to EUR 0.86 in the first nine months of 2018. By comparison, EPS was EUR 1.06 in the first nine months of 2017.

*Earnings per share
of EUR 0.86*

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 November 2018 confirmed a price target of EUR 39.00. In its study of 7 November 2018, Baader Bank rated Nabaltec a "hold" with a price target of EUR 21.00.

*Analysts give recommendations with price targets
of EUR 39.00 ("buy") and
EUR 21.00 ("hold")*

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 SEPTEMBER 2018

COURSE OF BUSINESS

Nabaltec AG's strong performance continued in the third quarter of 2018, as revenues were once again up from the same quarter of last year. Revenues in the third quarter of 2018 amounted to EUR 43.5 million, up 4.1% from the third quarter of 2017 (EUR 41.8 million).

*Consolidated revenues
amount to EUR 135.3
million in the
first nine months*

Over the first nine months of 2018, revenues amount to EUR 135.3 million, up 3.7% from the first nine months of 2017, when revenues were EUR 130.5 million.

Third-quarter revenues in the "Functional Fillers" product segment came to EUR 27.9 million, up slightly from the same quarter of last year, when revenues were EUR 27.2 million (up 2.6%). Over the first nine months of 2018, revenues in this product segment amounted to EUR 87.9 million, up from EUR 86.9 million in the same period of last year (up 1.2%).

Revenues in the "Specialty Alumina" product segment were up 6.8% in the third quarter, climbing to EUR 15.6 million (up from EUR 14.6 million in the same quarter of last year). In the first nine months of 2018, revenues amounted to EUR 47.3 million, up 8.5% from the same period of 2017, when revenues were EUR 43.6 million. This improvement was attributable in particular to the improved product mix, as well as price effects.

Export ratio of 73.6%

Nabaltec's export ratio was up slightly in the first nine months of 2018, climbing from 73.2% in the same period of last year to 73.6%. Aside from Germany, Nabaltec was able to report strong growth in Europe above all.

*Nabaltec's total
performance increased to
EUR 134.7 million in the
first nine months 2018*

Nabaltec's total performance increased to EUR 134.7 million in the reporting period, up from EUR 128.0 million in the same period of last year (up 5.2%). Total performance amounted to EUR 44.1 million in the third quarter of 2018, compared to EUR 42.0 million in the same quarter of last year. This improvement can be attributed above all to strong revenue growth.

The cost of materials ratio (cost of materials as a percentage of total performance) was 48.6% in the first nine months of 2018, up slightly from the same period of last year, when it was 48.0%. Somewhat higher commodities prices in particular had an effect in this area. The gross profit margin (gross profit as a percentage of total performance) was 53.3% in the reporting period, compared to 54.2% in the first nine months of 2017.

The personnel expense ratio (personnel expenses as a percentage of total performance) was 18.4% in the first nine months of 2018, on par with the year before. The number of employees on the reporting date increased from 473 to 491.

Other operating expenses increased from EUR 22.5 million in the same period of last year to EUR 24.0 million in the first nine months of 2018, largely due to an increase in freight costs and outside services for repairs. The ratio of other operating expenses to total performance increased accordingly, from 17.6% last year to 17.8%.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 23.0 million in the first nine months of 2018, down 1.7% from the value of EUR 23.4 million in the same period of last year. EBITDA margin (EBITDA as a percentage of total performance) decreased relative to the first nine months of last year, from 18.3% to 17.1%.

Consolidated EBIT amounted to EUR 14.0 million in the first nine months of 2018, compared to EUR 14.7 million in the same period of last year. The EBIT margin (EBIT as a percentage of total performance) was 10.4% in the first nine months of 2018, compared to 11.5% in the same period of last year. The slight decrease in EBIT margin is largely attributable to effects in connection with Nashtec.

EBIT in the first nine months 2018 of EUR 14.0 million; EBIT margin was 10.4%

Net financial income amounted to EUR –2.0 million in the first nine months of 2018, as in the same period of last year.

Earnings before taxes amounted to EUR 12.0 million after the first nine months of 2018, compared to EUR 12.7 million in the same period of last year. After taxes, net consolidated earnings were EUR 7.6 million in the first nine months of 2018, for an earnings per share of EUR 0.86.

Cash flow from operating activity was EUR 17.4 million in the first nine months of 2018, compared to EUR 25.1 million in the first nine months of 2017. This decrease is largely due to changes in working capital.

Spending on investments increased in the first nine months of 2018 relative to the same period of last year, from EUR 17.4 million to EUR 21.1 million. This increase is attributable in part to the US operations, i.e. the retooling measures at Nashtec and the purchase of land and buildings in Chattanooga, Tennessee.

Cash flow from financing activity amounted to EUR –2.6 million in the first nine months of 2018, compared to EUR 9.8 million in the same period of last year. The figure for last year includes cash flows in connection with the cash capital increase 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 from the 2017 capital increase amounted to EUR 18.4 million.

Nabaltec Group's cash and cash equivalents amounted to EUR 40.1 million as of 30 September 2018.

Total assets increased from EUR 221.4 million on 31 December 2017 to EUR 229.6 million. As of the reporting date, 30 September 2018, non-current assets were up 8.8% to EUR 144.6 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 and the July 2018 investment in land and buildings in Chattanooga, Tennessee, in the US. Current assets decreased by 4.0%, to EUR 85.0 million, as a decrease in inventories and liquid funds made up for increases in trade receivables.

*Equity ratio increased
to 39.9%*

On the liabilities side of the balance sheet, the equity ratio increased from 38.2% on 31 December 2017 to 39.9% on 30 September 2018. Non-current liabilities on 30 September 2018 amounted to EUR 109.9 million, up slightly from where they were at the end of 2017 (EUR 109.3 million). Current liabilities were up relative to 31 December 2017, climbing by 2.2% to EUR 28.1 million.

EMPLOYEES

*Trainee ratio at a
high level of 11.2%*

As of the reporting date, 30 September 2018, Nabaltec Group had 491 employees (including trainees). On the same date of last year, this number was 473 employees. The trainee ratio remained very high, 11.2%.

SUBSEQUENT EVENTS

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

OUTLOOK

Nabaltec foresees intact sales markets and stable demand for its products in the remainder of 2018 as well. 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 product portfolio.

*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 nine months of 2018 were strong. Revenue growth is to come from price adjustments in particular, as well as from an optimized product mix. After transitioning to a stand-alone solution and successfully resuming production this year, the US subsidiary Nashtec LLC is not expected to contribute significant revenues in 2018. 2018 remains 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.

Nabaltec (Shanghai) Trading Co., Ltd., a wholly owned subsidiary based in Shanghai, China, was formed by Nabaltec in October 2018. The formation of a trading company in China is the logical next step in Nabaltec's plan to expand its business in Asia.

Orders on hand amounted to EUR 41.5 million

Orders on hand amounted to EUR 41.5 million on 30 September 2018, compared to EUR 41.3 million the year before (up 0.5%).

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 nine months of 2018 to the risk situation presented in the 2017 consolidated management report.

Schwandorf, 9 November 2018

The Management Board

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
in TEUR	01/01/ – 09/30/2018	07/01/ – 09/30/2018	01/01/ – 09/30/2017	07/01/ – 09/30/2017
Revenues	135,294	43,508	130,513	41,838
Change in inventories of finished goods and work in progress	-1,029	406	-2,876	68
Own work capitalized	412	194	352	120
Total performance	134,677	44,108	127,989	42,026
Other operating income	2,594	522	2,913	1,297
Cost of materials	-65,428	-21,686	-61,478	-20,629
Gross earnings	71,843	22,944	69,424	22,694
Personnel expenses	-24,815	-8,045	-23,486	-7,747
Depreciation	-8,937	-3,003	-8,756	-2,958
Other operating expenses	-24,043	-7,556	-22,495	-6,953
Operating profit (EBIT)	14,048	4,340	14,687	5,036
Interest and similar income	106	31	74	21
Interest and similar expenses	-2,114	-712	-2,082	-703
Net income from ordinary activities (EBT)	12,040	3,659	12,679	4,354
Taxes on income	-4,488	-1,177	-3,319	-1,050
Net after-tax earnings	7,552	2,482	9,360	3,304
Thereof:				
Shareholders of the parent company	7,552	2,482	9,360	3,304
Net after-tax earnings	7,552	2,482	9,360	3,304
Earnings per share (in EUR)	0.86	0.28	1.06	0.38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/ – 09/30/2018	07/01/ – 09/30/2018	01/01/ – 09/30/2017	07/01/ – 09/30/2017
Net after-tax earnings	7,552	2,482	9,360	3,304
Items which may be reclassified to profit and loss				
Currency translation (after taxes)	998	–146	–2,621	–903
Net income from hedge accounting (after taxes)	111	55	587	–223
Total	1,109	–91	–2,034	–1,126
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	1,109	–91	–2,034	–1,126
Thereof:				
Shareholders of the parent company	1,109	–91	–2,034	–1,126
Total comprehensive income	8,661	2,391	7,326	2,178
Thereof:				
Shareholders of the parent company	8,661	2,391	7,326	2,178

CONSOLIDATED BALANCE SHEET

AS OF 30 SEPTEMBER 2018

ASSETS

in TEUR

	09/30/2018	12/31/2017
Non-current assets	144,633	132,892
Intangible assets		
Concessions, proprietary rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	509	462
Property, plant and equipment	143,745	131,677
Land, leasehold rights and buildings, including buildings on unowned land	40,769	37,834
Technical equipment and machinery	71,845	76,125
Other fixtures, fittings and equipment	3,620	3,455
Advance payments and assets under construction	27,511	14,263
Financial assets	78	78
Shares in affiliated companies	78	78
Deferred tax assets	301	675
Current assets	84,984	88,485
Inventories	31,295	33,003
Raw materials and supplies	18,336	19,025
Work in process	633	28
Finished goods and merchandise	12,326	13,950
Other assets and accounts receivable	13,570	9,565
Trade receivables	6,596	4,089
Other assets	6,974	5,476
Cash and cash equivalents	40,119	45,917
TOTAL ASSETS	229,617	221,377

LIABILITIES

in TEUR

	09/30/2018	12/31/2017
Shareholders' equity	91,640	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	7,552	11,450
Other changes in equity with no effect on profit and loss	-13,327	-14,436
Non-current liabilities	109,919	109,288
Pension reserves	37,318	36,804
Other provisions	1,125	1,056
Accounts payable to banks	70,408	70,381
Deferred tax liabilities	1,068	1,047
Current liabilities	28,058	27,526
Accounts payable from income taxes	3,035	1,995
Other provisions	181	173
Accounts payable to banks	1,986	1,423
Trade payables	14,817	15,639
Other accounts payable	8,039	8,296
TOTAL LIABILITIES	229,617	221,377

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 09/30/2018	01/01/ – 09/30/2017
Cash flow from operating activity		
Earnings before taxes	12,040	12,679
+ Depreciation of fixed assets	8,937	8,756
-/+ Other income/expenses with no effect on cash flow	-926	
-/+ Income/loss from the disposal of assets	1	233
- Interest income	-106	-74
+ Interest expenses	2,114	2,082
Net operating income before changes in working capital	22,060	23,676
+/- Increase/decrease in provisions	131	2,003
-/+ Increase/decrease in trade receivables and other assets not attributable to investment or financing activity	-4,005	-2,925
+/- Increase/decrease in inventories	1,708	3,374
+/- Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	1,001	1,242
Cash flow from operating activity before taxes	20,895	27,370
- Income taxes paid	-3,464	-2,253
Net cash flow from operating activity	17,431	25,117

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 09/30/2018	01/01/ – 09/30/2017
Cash flow from investing activities		
+ Payments received from the disposal of property, plant and equipment	10	217
– Payments made for investments in property, plant and equipment	–20,965	–17,070
– Payments made for investments in intangible assets	–173	–30
– Cash paid for the acquisition of consolidated companies	0	–552
Net cash flow from investment activity	–21,128	–17,435
Cash flow from financing activity		
– Dividends	–1,584	–1,200
+ Payments received from equity injection	0	17,928
– Payments made for the redemption of loans	0	0
– Payments made for the repayment of borrowings	0	–5,969
– Interest paid	–1,011	–995
+ Interest received	35	39
Net cash flow from financing activity	–2,560	9,803
Net change in cash and cash equivalents	–6,257	17,485
Change in funds due to changes in exchange rates	459	–1,171
Funds at start of period	45,917	36,183
Funds at end of period	40,119	52,497

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity attributable to shareholders of Nabaltec AG				
in TEUR	Subscribed capital	Capital reserve	Earnings reserve	
Balance per 01/01/2017	8,000	29,764	9,711	
Assumption of minority capital	—	—	10	
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	9,721	
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 09/30/2018	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
—	—	18,065	—	18,065
—	0	0	—	0
—	-2,621	-2,621	—	-2,621
—	587	587	—	587
—	-2,034	-2,034	0	-2,034
9,360	—	9,360	—	9,360
9,360	-2,034	7,326	0	7,326
31,359	-15,505	81,404	0	81,404
—	1,379	1,379	—	1,379
—	-455	-455	—	-455
—	145	145	—	145
—	1,069	1,069	0	1,069
2,090	—	2,090	—	2,090
2,090	1,069	3,159	0	3,159
33,449	-14,436	84,563	0	84,563
-1,584	—	-1,584	—	-1,584
—	0	0	—	0
—	998	998	—	998
—	111	111	—	111
—	1,109	1,109	0	1,109
7,552	—	7,552	—	7,552
7,552	1,109	8,661	0	8,661
39,417	-13,327	91,640	0	91,640

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 SEPTEMBER 2018

in TEUR	Functional Fillers	Specialty Alumina	Nabaltec Group
Revenues			
Third party revenue	87,949	47,345	135,294
Segment result			
EBITDA	14,494	8,491	22,985
EBIT	8,093	5,955	14,048

PERIOD FROM 1 JANUARY 2017 – 30 SEPTEMBER 2017

in TEUR	Functional Fillers	Specialty Alumina	Nabaltec Group
Revenues			
Third party revenue	86,924	43,589	130,513
Segment result			
EBITDA	16,832	6,611	23,443
EBIT	10,553	4,134	14,687

NABALTEC AG

ABRIDGED CONSOLIDATED NOTES

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 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 September 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 September 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 September 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 September 2018 relative to the consolidated financial statements for 31 December 2017 and relative to the third 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 publish the following other Standards prior to the publication of these interim financial statements:

- Amendment to IFRS 3, “Business Combinations,” concerning the definition of a “business”: in this amendment, the IASB clarifies that a business is a set of activities and assets including, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create outputs. The amendment also narrows the definition of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. The new rules also include an optional “concentration test” that permits a simplified assessment as to whether a set of activities and assets meets the definition of a “business.” The new version is applicable to annual periods beginning on or after 1 January 2020. Earlier application is permitted. The changes have yet to be endorsed by the EU. As things stand, first-time application will not have a material impact on the consolidated financial statements, or none at all.
- Amendments to IAS 1 and IAS 8 concerning the definition of “material”: these changes establish a more standardized and precise definition of “materiality” in financial information, with accompanying examples. To this end, the definitions used in the Conceptual Framework, IAS 1 and IAS 8, are harmonized. The new version is applicable to annual periods beginning on or after 1 January 2020. Earlier application is permitted. The changes have yet to be endorsed by the EU. As things currently stand, first-time application will not have a material impact on the consolidated financial statements, or none at all.

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 2018 were the result of investments, primarily in properties and 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 nine months of 2018. Such transactions are conducted at standard market prices and conditions.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A wholly-owned subsidiary, Nabaltec (Shanghai) Trading Co., Ltd., with registered office in Shanghai, China, was formed by Nabaltec AG in October 2018.

Schwandorf, 9 November 2018

The Management Board

FINANCIAL CALENDAR 2019

	2019
Annual Report 2018	30 April
Interim Report 1/2019	23 May
Annual General Meeting	27 June
Interim Report 2/2019	22 August
Interim Report 3/2019	21 November

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

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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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