



INTERIM REPORT 1/2017



*OUR KNOW-HOW
FOR YOUR SAFETY*

Nabaltec

NABALTEC GROUP

KEY FIGURES

FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2017

in EUR million	03/31/2017 (IFRS)	03/31/2016 (IFRS)	Change
Revenues			
Total revenues	43.6	41.2	5.8%
thereof			
Functional Fillers	29.0	28.1	3.2%
Technical Ceramics	14.6	13.1	11.5%
Foreign share (%)	72.5	72.1	
Employees* (number of persons)	460	440	4.5%
Earnings			
EBITDA	6.8	6.2	9.7%
EBIT	4.0	3.5	14.3%
Consolidated result after taxes**	2.2	1.8	22.2%
Earnings per share (EUR)**	0.28	0.22	27.3%
Financial position			
Cash flow from operating activities	9.0	9.8	-8.2%
Cash flow from investing activities	-8.2	-7.3	12.3%
Assets, equity and liabilities			
	03/31/2017	12/31/2016	
Total assets	199.0	202.7	-1.8%
Equity	59.9	57.8	3.6%
Non-current assets	129.2	127.0	1.7%
Current assets	69.7	75.7	-7.9%

* on the reporting date, including trainees

** after non-controlling interests

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."

CONTENTS

INTERIM REPORT 1/2017

TO OUR SHAREHOLDERS

- 06 Management Board of Nabaltec AG
- 08 Foreword of the CEO
- 10 Nabaltec share

CONSOLIDATED INTERIM MANAGEMENT REPORT

- 12 Course of Business
- 14 Employees
- 14 Subsequent events
- 14 Outlook
- 15 Report on opportunities and risks

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

- 16 Statement of comprehensive income
- 18 Balance sheet
- 20 Cash flow statement
- 22 Statement of changes in shareholders' equity
- 24 Segment reporting
- 25 Notes

FURTHER INFORMATION

- 29 Financial calendar 2017
- 29 Contact and imprint

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

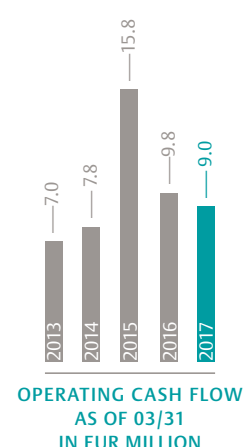
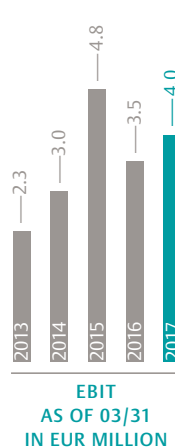
EUR 2.6 MILLION

EBIT 2016

NABALTEC AG

Q1 2017

As a fast-growing company, Nabaltec AG was able to continue its very strong performance in the previous year in the first quarter 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 (2016)



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.

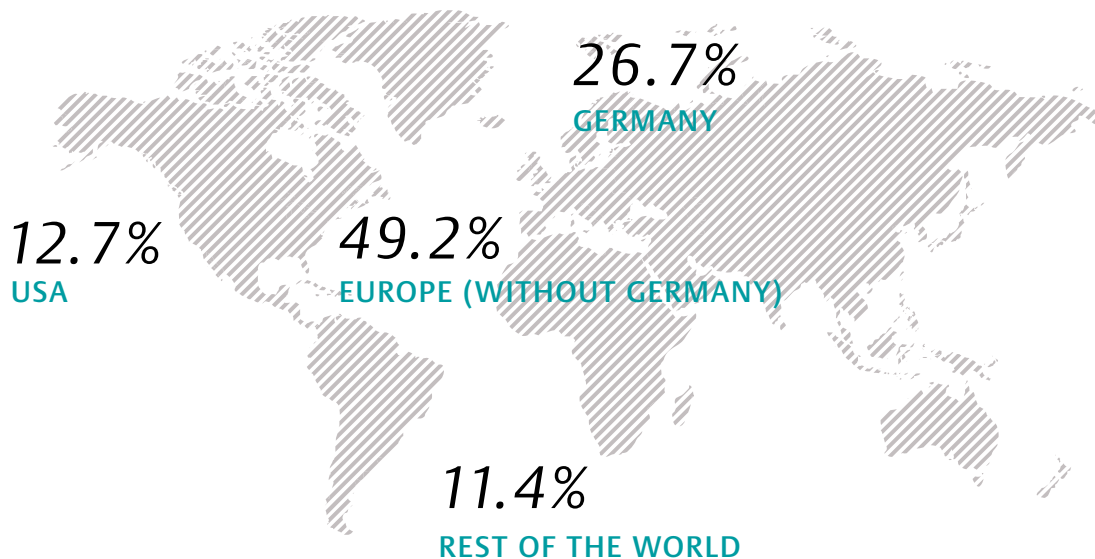
Nabaltec's trainees count among the best of their peers on a regular basis.

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,*

Record-high revenues, a nearly 100% capacity utilization ratio in the “Functional Fillers” product segment, the acquisition of all shares in Nashtec and our new management team: we look back upon a first quarter of 2017 which was characterized by hard work and much success, confirming once again that the course we have set is the right one. At the same time, the first three months point the way ahead for the rest of the year, and a great deal of work awaits us in the coming months.

With the acquisition in March of the remaining 49% of shares in our Nashtec joint venture, we were able to reach a key milestone in the implementation of our targeted stand-alone solution in the US. The uncertainty of 2016, which culminated in the production stoppage at Nashtec in August 2016, is over: the acquisition has clarified the situation. We have set up a EUR 13 million investment plan for Nashtec, in the course of which we intend to realize a stand-alone solution by the end of 2017, as well as increasing production capacity to as high as 30,000 tons a year.

We have succeeded in posting record-high revenues on the Group level only with our German production. The investments we have made in recent years are paying off. However, we are now operating near the limits of our capacity, particularly in the fine hydroxides segment. We have also been able to boost margins and earnings in the first quarter of 2017 relative to the same quarter of last year, despite the difficulties in connection with Nashtec. At the start of 2018, once our US production resumes, this situation should improve considerably, opening up potential for further growth.

All of our target markets are performing well, and demand for our products is growing. We are ideally positioned to take advantage of this growth, with what we consider to be the most advanced fine hydroxides production system in the world. Our past and current investments will allow us to ease up somewhat on our investments in the coming years and focus even more on free cash flow. Last but not least, we believe that we are well-positioned for the future with our new management team, which took office in January 2017, and we are looking forward to taking this journey with you.

Schwandorf, May 2017

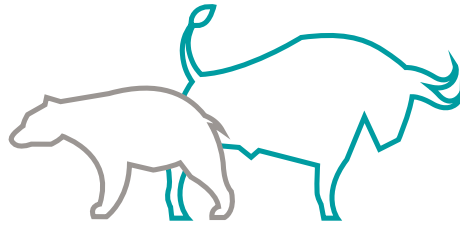
Yours,



JOHANNES HECKMANN
CEO

NABALTEC SHARE

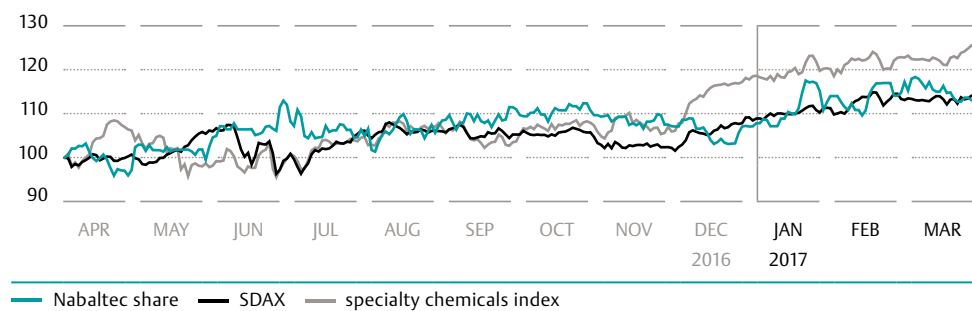
FIRST QUARTER OF 2017



ISIN/WKN: DE000A0KPPR7/A0K PPR

As of March 2017, Nabaltec share is traded in the Scale market segment of the Frankfurt Stock Exchange. Nabaltec share has been listed in the Frankfurt Stock Exchange since 24 November 2006 (in the Entry Standard segment up to and including February 2017).

PERFORMANCE OF THE NABALTEC SHARE (XETRA, INDEXED)



Share price up 5.8% in the first quarter, with a high of EUR 15.95

The price of Nabaltec share was up 5.8% in the first quarter of 2017, similar to the performance of the relevant comparison indices, the SDAX (up 6.0%) and the specialty chemicals index (up 7.3%). Following modest performance in January 2017, and recording its low for the first quarter (EUR 14.39) on 3 January 2017, the share price began to rise in the second half of January and did not fall below EUR 14.90 for the remainder of the quarter, with a single exception in mid-February (EUR 14.74). The high of EUR 15.95 was reached on 9 March 2017.

KEY DATA FOR THE NABALTEC SHARE (XETRA)

	First 3 months of 2017	Year 2016
Number of shares	8,000,000	8,000,000
Market capitalization (cutoff date, in EUR million)	121.76	115.12
Average price (in EUR)	15.23	14.23
High (in EUR)	15.95	15.60
Low (in EUR)	14.39	12.85
Closing price (cutoff date, in EUR)	15.22	14.39
Average daily turnover (in shares)	3,850	1,923
Earnings per share* (in EUR)	0.28	0.67

* after non-controlling interests

The average daily trading turnover of Nabaltec share on XETRA was 3,850 shares in the first three months of 2017.

Earnings per share (EPS) after non-controlling interests amounted to EUR 0.28 in the first three months of 2017. By comparison, EPS in the first quarter of 2016 amounted to EUR 0.22.

*Earnings per share of
EUR 0.28*

Analyst recommendations for Nabaltec share continue to be positive. In its analysis of 4 May 2017, Hauck & Aufhäuser once again confirmed its “buy” recommendation with a price target of EUR 23.50. Baader Bank, in its study of 27 April 2017, also once again rated Nabaltec share a “buy.” In March 2017 Baader Bank raised its price target from EUR 15.90 to EUR 18.00.

*Analysts give “buy”
recommendations
with price targets
of EUR 23.50 and
EUR 18.00*

As of 31 December 2016, the majority of Nabaltec’s 8,000,000 shares were still held by the Heckmann and Witzany families, with the Heckmann family holding 31.16% of the company’s capital stock and the Witzany family holding 29.87%. The remaining 38.97% of shares are in free float.

NABALTEC AG

CONSOLIDATED INTERIM MANAGEMENT REPORT

AS OF 31 MARCH 2017

COURSE OF BUSINESS

Consolidated revenues reach a new record high of EUR 43.6 million

Nabaltec AG's strong performance last year continued in the first quarter of 2017. In particular, the company's revenues were up from the same quarter of last year, for a new record high. Nabaltec's consolidated revenues were EUR 43.6 million in the first quarter of 2017, up 5.8% from the value of EUR 41.2 million which was posted in the same quarter of last year. Revenues were up 18.2% from the fourth quarter of 2016.

Revenues in the "Functional Fillers" product segment amounted to EUR 29.0 million, up from EUR 28.1 million in the same quarter of last year, and was thus 3.2% over the first quarter of 2016. This growth is largely based on price increases in the fine hydroxides product segment (eco-friendly flame-retardant fillers, e.g. for the cable industry). Revenues in the "Technical Ceramics" product segment increased at an even faster pace, climbing 11.5% to EUR 14.6 million (same quarter of last year: EUR 13.1 million).

Export ratio of 72.5%

Nabaltec posted growth in all regions. Even in the US, revenues were up slightly despite the lack of support from the US subsidiary of Nashtec, which has been subject to a temporary production stoppage since August 2016. The export ratio in the first three months of 2017 was 72.5%, in line with last year's level.

Nabaltec's total performance in the first three months of 2017 was up 3.6% from the same period of last year, from EUR 41.3 million to EUR 42.8 million. This improvement was attributable above all to strong revenue growth.

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

The cost of materials ratio (cost of materials as a percentage of total performance) in the first quarter was noticeably better than in the same quarter of last year, falling from 51.3% to 48.6%. Price increases in the fine hydroxides product segment in particular had a positive impact in this area. The gross profit margin (gross profit as a percentage of total performance) was 52.6% in the reporting quarter, compared to 49.4% in the same period of last year.

The personnel expense ratio (personnel expenses as a percentage of total performance) increased slightly, from 17.2% to 18.2%, while the number of employees increased from 440 to 460.

Other operating expenses increased from EUR 7.1 million in the same period of last year to EUR 7.9 million in the first three months of 2017, due primarily to additional costs due to the Nashtec situation, including increased freight costs and the cost of legal advice. Rising sales commissions also increased other operating expenses. The ratio of other operating expenses to total performance was up from the same quarter of last year, from 17.2% to 18.5%.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 6.8 million in the first quarter of 2017, up 9.7% from the value of EUR 6.2 million in the same quarter of last year. EBITDA margin (EBITDA as a percentage of total performance) increased accordingly, from 15.0% in the same quarter of last year to 15.9% in the reporting quarter.

Consolidated EBIT amounted to EUR 4.0 million in the reporting quarter, compared to EUR 3.5 million in the same period of last year, for a gain of 14.3%. EBIT margin (EBIT as a percentage of total performance) increased from 8.5% in the first quarter of 2016 to 9.3% in the reporting quarter.

*EBIT of EUR 4.0 million
(up 14.3%); EBIT margin
improves to 9.3%*

Net financial income improved to EUR -0.7 million in the first quarter of 2017 from EUR -0.8 million in the same period of last year.

Earnings before taxes amounted to EUR 3.3 million compared to EUR 2.7 million in the same quarter of last year. After adjusting for taxes, consolidated earnings came to EUR 2.2 million, compared to EUR 2.0 million in the comparison period. This corresponds to earnings per share of EUR 0.28 in the reporting quarter.

Cash flow from operating activity was EUR 9.0 million in the first three months of 2017, compared to EUR 9.8 million in the first quarter of 2016. The improvement in earnings for the period was offset in particular by higher provisions in the course of the acquisition of all shares in the former joint venture, Nashtec, and the repayment of loans to the minority shareholder. At the same time, trade receivables increased at a faster pace than in the same quarter of last year, while trade payables and other liabilities declined.

Spending on investments increased relative to the same period of last year, from EUR 7.3 million to EUR 8.2 million.

Cash flow from financing activity amounted to EUR -6.0 million, compared to EUR -2.8 million in the same period of last year. The background in this case was the loan from Nashtec's minority shareholder, which was repaid over the course of Nabaltec's acquisition of all shares in Nashtec, reducing the other accounts payable recognized by the Group in its balance sheet.

Nabaltec Group's cash and cash equivalents amounted to EUR 31.0 million as of 31 March 2017.

Total assets decreased from EUR 202.7 million on 31 December 2016 to EUR 199.0 million. As of the reporting date, 31 March 2017, non-current assets were up slightly, by 1.7%, and current assets were down by 7.9%. Inventories and liquid funds were down, while trade receivables increased.

On the liabilities side of the balance sheet, the equity ratio increased from 28.5% on 31 December 2016 to 30.1% on 31 March 2017. Non-current liabilities amounted to EUR 111.5 million on 31 March 2017, a level on the value of the end of 2016. Current liabilities were down 17.7% compared to the end of 2016, to EUR 27.5 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.

*Equity ratio up to
30.1%*

EMPLOYEES

Trainee ratio at a high level, 10.4%

As of the reporting date, 31 March 2017, Nabaltec Group had 460 employees (including trainees). On the same date of last year, this number was 440 employees. The trainee ratio was 10.4%, which is a traditionally high level for Nabaltec.

SUBSEQUENT EVENTS

Events of particular importance for assessment of Nabaltec Group's liquidity, financial and earnings position occurring after the reporting date, 31 March 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 too, if the market environment does not change fundamentally. The company has taken a leading international position within its markets. Based on the further development of its market position in 2016 and the reputation it has built up over many years, Nabaltec sees good future prospects for its key products.

Nabaltec expects to continue growing at a moderate pace in 2017

Nabaltec expects to continue growing at a moderate pace in 2017 and anticipates revenue growth in the low single digits. Revenue growth should come primarily from price effects in the "Functional Fillers" segment. As was the case in the first quarter, the US subsidiary Nashtec is not expected to contribute any production in the remaining quarters of 2017 due to the need to retool for a stand-alone solution. From today's perspective the associated investments are expected to follow the investment plan for 2017 and should amount to about EUR 13 million, which represents a substantial share of the Group's overall investment volume of about EUR 28 million. Production is expected to resume at the start of 2018. In connection with the acquisition of 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 due to the need to reorganize the production and supply relations of Nashtec LLC. As a result, Nashtec LLC is not expected to weigh down the Group's earnings any further in 2017. The company expects an EBIT margin in the high single digits in 2017.

Orders on hand amounted to EUR 53.5 million on 31 March 2017, up 83.8% from the value on 31 March 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 quarter of 2017 to the risk situation presented in the 2016 consolidated management report.

Schwandorf, 12 May 2017

The Management Board

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/ – 03/31/2017	01/01/ – 03/31/2016
Revenues	43,597	41,188
Change in inventories of finished goods and work in progress	-961	-31
Own work capitalized	131	105
Total performance	42,767	41,262
Other operating income	478	303
Cost of materials	-20,761	-21,209
Gross earnings	22,484	20,356
Personnel expenses	-7,769	-7,100
Depreciation	-2,839	-2,633
Other operating expenses	-7,882	-7,091
Operating profit (EBIT)	3,994	3,532
Interest and similar income	33	64
Interest and similar expenses	-684	-883
Net income from ordinary activities (EBT)	3,343	2,713
Taxes on income	-1,117	-732
Net after-tax earnings	2,226	1,981
Thereof:		
Shareholders of the parent company	2,226	1,790
Non-controlling interests	0	191
Net after-tax earnings	2,226	1,981
Earnings per share (in EUR)	0.28	0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/ – 03/31/2017	01/01/ – 03/31/2016
Net after-tax earnings	2,226	1,981
Items which may be reclassified to profit and loss		
Currency translation (after taxes)	-77	-521
Net income from hedge accounting (after taxes)	201	-901
Total	124	-1,422
Items which will not be reclassified to profit and loss		
Actuarial gains and losses	0	0
Total	0	0
Other comprehensive income	124	-1,422
Thereof:		
Shareholders of the parent company	124	-1,394
Non-controlling interests	0	-28
Total comprehensive income	2,350	559
Thereof:		
Shareholders of the parent company	2,350	396
Non-controlling interests	0	163

CONSOLIDATED BALANCE SHEET

FOR 31 MARCH 2017

ASSETS		
in TEUR	03/31/2017	12/31/2016
Non-current assets	129,249	127,013
Intangible assets		
Concessions, proprietary rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	445	506
Property, plant and equipment	127,606	125,303
Land, leasehold rights and buildings, including buildings on unowned land	37,732	33,288
Technical equipment and machinery	81,322	74,429
Other fixtures, fittings and equipment	3,413	3,090
Advance payments and assets under construction	5,139	14,496
Financial assets	78	78
Shares in affiliated companies	78	78
Deferred tax assets	1,120	1,126
Current assets	69,714	75,685
Inventories	26,808	30,882
Raw materials and supplies	14,758	17,864
Work in process	31	32
Finished goods and merchandise	12,019	12,986
Other assets and accounts receivable	11,923	8,620
Trade receivables	5,615	3,091
Other assets	6,308	5,529
Cash and cash equivalents	30,983	36,183
TOTAL ASSETS	198,963	202,698

LIABILITIES		
in TEUR	03/31/2017	12/31/2016
Shareholders' equity	59,926	57,765
Subscribed capital	8,000	8,000
Capital reserve	29,764	29,764
Earnings reserve	10,088	9,711
Profit carry-forward	23,362	17,855
After-tax earnings	2,226	5,344
Other changes in equity with no effect on profit and loss	-13,514	-13,471
Non-controlling interests	0	562
Non-current liabilities	111,506	111,520
Pension reserves	38,263	38,076
Other provisions	1,098	1,088
Accounts payable to banks	71,354	71,345
Deferred tax liabilities	791	1,011
Current liabilities	27,531	33,413
Accounts payable from income taxes	1,592	1,112
Other provisions	3,385	162
Accounts payable to banks	934	1,224
Trade payables	13,921	14,526
Other accounts payable	7,699	16,389
TOTAL LIABILITIES	198,963	202,698

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2017

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 03/31/2017	01/01/ – 03/31/2016
Cash flow from operating activity		
Earnings before taxes	3,343	2,713
+ Depreciation of fixed assets	2,839	2,633
-/+ Income/loss from the disposal of assets	10	6
- Interest income	-33	-64
+ Interest expenses	684	883
Net operating income before changes in working capital	6,843	6,171
+/- Increase/decrease in provisions	3,258	71
-/+ Increase/decrease in trade receivables and other assets not attributable to investment or financing activity	-3,304	-369
+/- Increase/decrease in inventories	4,074	2,925
+/- Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	-936	2,489
Cash flow from operating activity before taxes	9,935	11,287
- Income taxes paid	-933	-1,521
Net cash flow from operating activity	9,002	9,766

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 03/31/2017	01/01/ – 03/31/2016
Cash flow from investing activities		
+ Payments received from the disposal of property, plant and equipment	1	13
– Payments made for investments in property, plant and equipment	–7,603	–7,213
+ Payments received from repayment of intangible assets	0	12
– Payments made for investments in intangible assets	–12	0
– 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	–8,166	–7,266
Cash flow from financing activity		
– Payments made for the repayment of borrowings	0	–2,670
– Cash repayments of amounts borrowed	–5,969	0
– Interest paid	–11	–168
+ Interest received	21	12
Net cash flow from financing activity	–5,959	–2,826
Net change in cash and cash equivalents	–5,123	–326
Change in funds due to changes in exchange rates	–77	–154
Funds at start of period	36,183	42,272
Funds at end of period	30,983	41,792

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 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
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 03/31/2016	8,000	29,764	9,711
Balance per 03/31/2016	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 12/31/2016	8,000	29,764	9,711
Balance per 12/31/2016	8,000	29,764	9,711
Acquisition of minority interests	—	—	377
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 03/31/2017	8,000	29,764	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
—	0	0	0	0
—	-489	-489	-32	-521
—	-905	-905	4	-901
—	-1,394	-1,394	-28	-1,422
1,790	—	1,790	191	1,981
1,790	-1,394	396	163	559
20,845	-10,420	57,900	761	58,661
20,845	-10,420	57,900	761	58,661
-1,200	—	-1,200	—	-1,200
—	-4,220	-4,220	0	-4,220
—	899	899	49	948
—	270	270	3	273
—	-3,051	-3,051	52	-2,999
3,554	—	3,554	-251	3,303
3,554	-3,051	503	-199	304
23,199	-13,471	57,203	562	57,765
23,199	-13,471	57,203	562	57,765
163	-167	373	-562	-189
—	0	0	—	0
—	-77	-77	—	-77
—	201	201	—	201
—	124	124	0	124
2,226	—	2,226	—	2,226
2,226	124	2,350	0	2,350
25,588	-13,514	59,926	0	59,926

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 – 31 MARCH 2017

in TEUR	Funktional Fillers	Technical Ceramics	Nabaltec group
Revenues			
Third party revenue	29,047	14,550	43,597
Segment result			
EBITDA	4,928	1,905	6,833
EBIT	2,888	1,106	3,994

PERIOD FROM 1 JANUARY 2016 – 31 MARCH 2016

in TEUR	Funktional Fillers	Technical Ceramics	Nabaltec group
Revenues			
Third party revenue	28,073	13,115	41,188
Segment result			
EBITDA	4,657	1,508	6,165
EBIT	2,746	786	3,532

NABALTEC AG

ABRIDGED CONSOLIDATED NOTES

FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 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 31 March 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 31 March 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 31 March 2017.

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.

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

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 31 March 2017 did not change compared to the consolidated financial statements as at 31 December 2016 or the first 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 three 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.

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 by reason of old 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 three 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, 12 May 2017

The Management Board

FINANCIAL CALENDAR

	2017
Annual General Meeting	27 June
Interim Report 2/2017	29 August
Interim Report 3/2017	28 November

CONTACT**Heidi Wiendl-Schneller***Nabaltec* AG

Alustraße 50 – 52

92421 Schwandorf

Germany

Phone: +49 9431 53-202

Fax: +49 9431 53-260

E-mail: InvestorRelations@nabaltec.de**Frank Ostermair**

Better Orange IR & HV AG

Haidelweg 48

81241 Munich

Germany

Phone: +49 89 8896906-14

Fax: +49 89 8896906-66

E-mail: info@better-orange.de**IMPRINT****Publisher***Nabaltec* AG

Alustraße 50 – 52

92421 Schwandorf

Germany

Phone: +49 9431 53-202

Fax: +49 9431 53-260

E-mail: info@nabaltec.deInternet: www.nabaltec.de**Text**

Nabaltec, Schwandorf

Better Orange, Munich

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

Herbert Bürger, Andre Forner, fotolia, freepik, Gerhard Götz, Oliver Heinl, 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.

Nabaltec AG

Alustraße 50 – 52, 92421 Schwandorf, Germany

Phone: +49 9431 53-0, Fax: +49 9431 53-260

E-mail: info@nabaltec.de, www.nabaltec.de

