



**OUR KNOW-HOW  
FOR YOUR SAFETY**

**INTERIM REPORT 3/2019**

# NABALTEC-GROUP

## KEY FIGURES

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019

in EUR million	09/30/2019 (IFRS)	09/30/2018 (IFRS)	Change
<b>Revenues</b>			
Total revenues	141.3	135.3	4.4%
thereof			
Functional Fillers	96.2	87.9	9.4%
Specialty Alumina	45.1	47.3	-4.7%
Foreign share (%)	76.1	73.6	
Employees <sup>1</sup> (number of persons)	514	491	4.7%
<b>Earnings</b>			
EBITDA	27.4	23.0	19.1%
EBIT	17.3	14.0	23.6%
Consolidated result after taxes	10.2	7.6	34.2%
Earnings per share (EUR)	1.16	0.86	34.9%
<b>Financial position</b>			
Cash flow from operating activities	21.4	17.4	23.0%
Cash flow from investing activities	-13.0	-21.1	-38.4%
<b>Assets, equity and liabilities</b>			
	09/30/2019	12/31/2018	
Total assets	240.3	225.9	6.4%
Equity	106.0	95.8	10.6%
Non-current assets	154.1	149.0	3.4%
Current assets	86.2	76.9	12.1%

<sup>1</sup> on the reporting date 30 September, 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

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## 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. Over the years a certified environmental management system as well as an occupational health and safety management system and an energy management system was introduced.

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 trainee ratio above average, Nabaltec is committed to promoting young talent, values work/life balance and strengthens the fitness and well-being of its employees through a company health management program.

## CONTACT IR

Heidi Wiendl-Schneller

E-mail: [InvestorRelations@nabaltec.de](mailto:InvestorRelations@nabaltec.de)

## NABALTEC AG ON THE INTERNET

[www.nabaltec.de](http://www.nabaltec.de)

# OUR PRODUCT AND MARKET SEGMENTS

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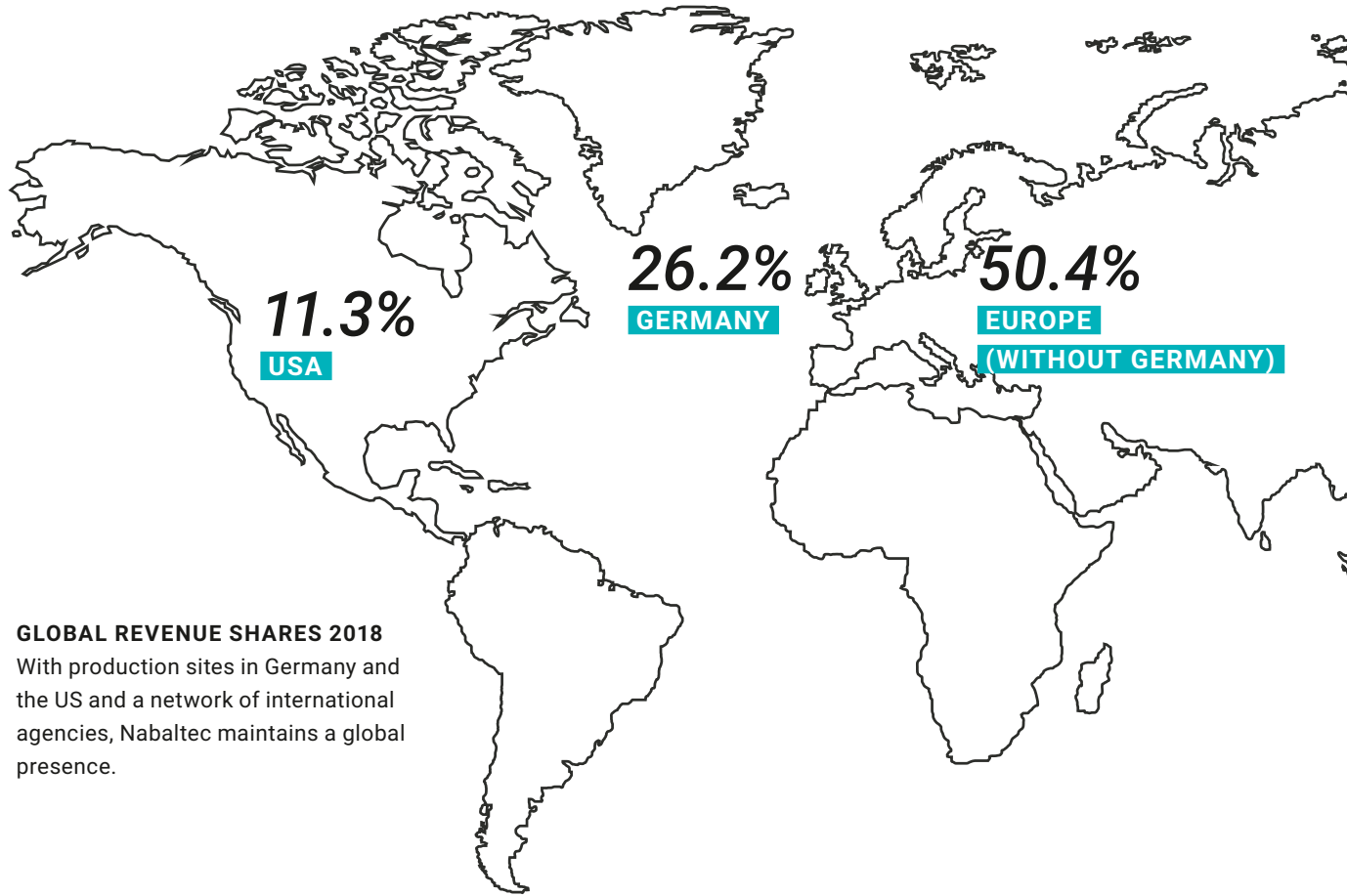
**PRODUCT SEGMENTS**  
**"FUNCTIONAL FILLERS" AND**  
**"SPECIALTY ALUMINA"**

## **MARKET SEGMENTS:**

- Wire & Cable
- Resin & Dispersion
- Rubber & Elastomers
- Battery
- Adsorbents & Catalysts
- Refractory
- Technical Ceramics
- Polishing
- Others

# NABALTEC

## IN OVERVIEW

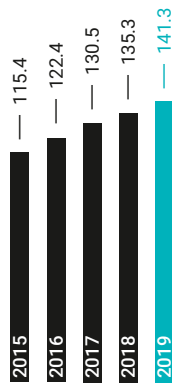


### GLOBAL REVENUE SHARES 2018

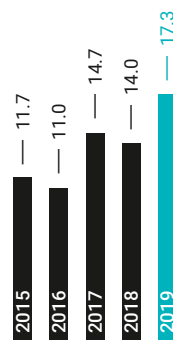
With production sites in Germany and the US and a network of international agencies, Nabaltec maintains a global presence.

## NABALTEC AG 9M/2019

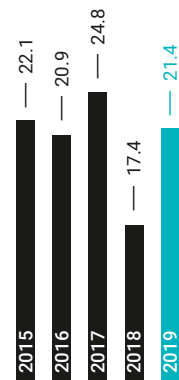
Nabaltec AG reports continuing growth in revenues and earnings in the first nine month of 2019. In particular, the company has posted revenue growth over a period of many years, which illustrates the growing global demand for Nabaltec products.



REVENUES  
AS OF 09/30  
IN EUR MILLION



EBIT  
AS OF 09/30  
IN EUR MILLION



OPERATING  
CASH FLOW  
AS OF 09/30  
IN EUR MILLION



**12.1%**  
**REST OF  
THE WORLD**

**11.3%**

**TRAINEE RATIO 2018**



**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.

**11x**

**DISTINCTION FOR EXEMPLARY  
INNOVATION MANAGEMENT**



**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-size companies for the eleventh time.

**PRODUCT SEGMENTS**

**FUNCTIONAL FILLERS**

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

**SPECIALTY ALUMINA**

In the product segment "Specialty Alumina," Nabaltec develops innovative materials for a wide variety of industries based on all-natural ingredients and occupies a leading position in the global market. The company is constantly investing in optimizing the own production facilities, in innovative technologies and in improving the production processes in order to enable the company to consistently supply tailor-made qualities which meet the customers' need.

**EUR 114.6 MILLION**  
**REVENUES 2018**

**EUR 62.1 MILLION**  
**REVENUES 2018**

**EUR 19.1 MILLION**  
**EBITDA 2018**

**EUR 11.5 MILLION**  
**EBITDA 2018**

**EUR 10.5 MILLION**  
**EBIT 2018**

**EUR 8.0 MILLION**  
**EBIT 2018**

# FOREWORD

## OF THE CEO



from left to right:  
Dr. Michael Klimes,  
Johannes Heckmann (CEO),  
Günther Spitzer

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

Revenues and earnings in the three-month period we just completed were the highest ever for a third quarter in the history of Nabaltec AG. The same is true for results over the first nine months of the year, with revenues up 4.4% to EUR 141.3 million and EBIT up 23.6% to EUR 17.3 million. But these achievements should not disguise the fact that market conditions have become more difficult lately. Given the very modest pace of global economic growth, with economic activity in Europe slowing significantly once again and with the German economy in recession, the outlook for the coming months is uncertain. As a result, our expectations have also been curtailed, and we have been compelled to scale back our revenue estimate for 2019 as a whole.

*Highest ever completed  
nine-month period in  
regards to revenues  
and earnings*

Certainly one factor in this turn of events is the recent weakening in the automotive industry, which has far-flung links to many other industries, so that they have been dragged down as well. One of these is the refractory industry, so that our "Specialty Alumina" product segment has also been affected. In addition, the "Functional Fillers" product segment has found that



sales in Turkey are down due to the current economic situation in that country. We have largely succeeded in keeping our profit margin stable by shifting our product mix in favor of higher-margin products.

Another reason for revising our revenue estimate was the unsatisfactory performance of our subsidiary Nashtec in the US. We are currently dealing with some technical “growing pains” which are preventing us from reaching our planned capacity. These technical deficiencies are not serious in and of themselves. We have analyzed the causes of these problems and initiated countermeasures, which are now being gradually implemented. We expect production to normalize in the first quarter of 2020. Our strategy of supplying US customers from Germany until Nashtec can retool and come back online has paid off: our customer structure in the US has remained stable and demand continues to be strong.

*Production at Nashtec is expected to normalize in the first quarter of 2020*

We have successfully brought the hydroxide coating plant online at our second US production site, in Chattanooga. Production of ground hydrate will begin in the first quarter of 2020.

A particular highlight of the third quarter and the first nine months of 2019 should not go unmentioned: our boehmite sales have continued to grow. We consider a growth rate of around 50% to be realistic for 2019, and we expect to see a similar growth rate in 2020. With the emergence of a European battery industry for electric vehicles, this trend may accelerate significantly as demand leaps even higher. However, European battery production will not reach significant levels until 2022 at the earliest. Nabaltec is already prepared for the demands of this future industry, as demonstrated by our recent success in Asia.

Looking ahead to the future, Nabaltec’s markets remain intact despite the current weakness of the economy: the market for non-halogenated flame retardants continues to grow and the adoption of stricter regulations, such as the EU’s recent ban on brominated flame retardants in electrical equipment, are boosting this trend. We are also continuing to see an unbroken trend towards eco-friendly flame retardants in other regions, such as Asia and North America.

*Nabaltec’s markets remain intact despite the current weakness of the economy*

With our innovative products and the investments we have already made, we are optimally positioned for the future.

Schwandorf, November 2019

Yours,



**JOHANNES HECKMANN**  
CEO

# NABALTEC SHARE

## THE THIRD QUARTER OF 2019

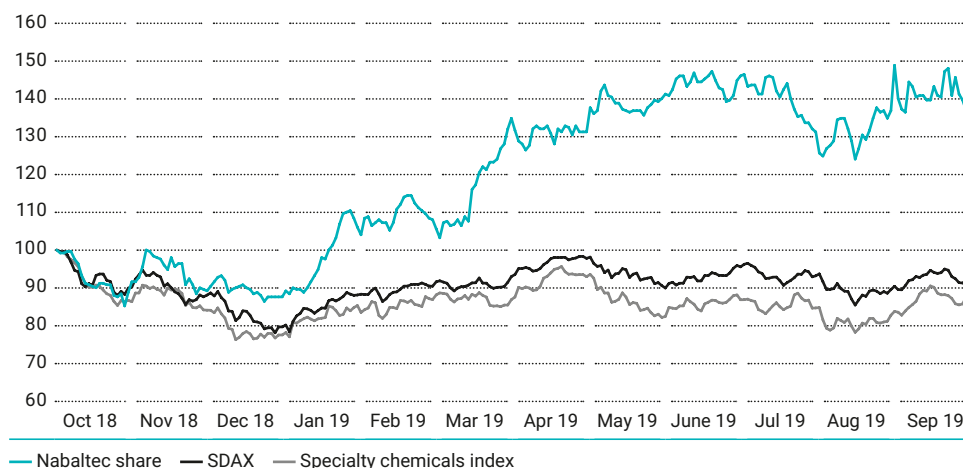
ISIN/WKN: DE000A0KPPR7/A0K PPR  
**NABALTEC SHARE HAS BEEN LISTED IN  
 THE FRANKFURT STOCK EXCHANGE  
 SINCE 24 NOVEMBER 2006 AND HAS BEEN  
 TRADED IN THE SCALE MARKET SEGMENT.**

*Share up  
64.5% since the  
start of 2019*

Nabaltec share performed extraordinarily well in the first nine months of 2019, gaining 64.5% over the first three quarters of the year. It recorded its low for the first three quarters of 2019 in early January, when it traded at EUR 21.90, and climbed to a high of EUR 37.00 in the third quarter, on 30 August 2019. Nabaltec share finished the third quarter at EUR 35.70.

The above-average performance of Nabaltec share in the first nine months of 2019 also clearly outpaced that of the two relevant indices, the SDAX and the specialty chemicals index. Over the first nine months of the year, the SDAX gained 16.0% while the specialty chemical index gained 14.0%.

### PERFORMANCE OF NABALTEC SHARE (XETRA, INDEXED)



## KEY DATA FOR NABALTEC SHARE (XETRA)

	First 9 months of 2019	Year 2018
Number of shares	8,800,000	8,800,000
Market capitalization (cutoff date, in EUR million)	314.16	190.96
Average price (in EUR)	31.37	24.42
High (in EUR)	37.00	30.10
Low (in EUR)	21.90	21.00
Closing price (cutoff date, in EUR)	35.70	21.70
Average daily turnover (in shares)	4,081	3,105
Earnings per share (in EUR)	1.16	1.17

The average XETRA daily trading volume of Nabaltec share was 4,081 shares in the first nine months of 2019, well above the average value for 2018 as a whole, 3,105 shares.

Earnings per share (EPS) amounted to EUR 1.16 in the first nine months of 2019, compared to an EPS of EUR 0.86 in the first nine months of 2018.

*Earnings per share  
of EUR 1.16 in the  
first nine months  
of 2019*

Analyst recommendations from Hauck & Aufhäuser Bank for Nabaltec share continue to be positive. The bank issued a “buy” recommendation in all of its analyses in the third quarter. In its most recent study, published after the reporting date, on 21 October 2019, the price target was revised from EUR 44.00 to EUR 40.50. Baader Bank rated Nabaltec share a “hold” in all of its studies in the third quarter, with a price target of EUR 31.00.

*Hauck & Aufhäuser  
Bank with a “buy”  
rating and a price  
target of EUR 40.50*

Analyst recommendations for Nabaltec share can be found online in the Investor Relations/ Share section of [www.nabaltec.de](http://www.nabaltec.de).

As of 30 June 2019, 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 27.17%. The remaining 44.58% of shares are in free float.

# NABALTEC AG

## CONSOLIDATED INTERIM MANAGEMENT REPORT

AS OF 30 SEPTEMBER 2019

### COURSE OF BUSINESS

*Consolidated  
revenues of  
EUR 141.3 million  
in the first nine  
months of 2019*

Nabaltec AG's revenue growth slowed slightly in the third quarter of 2019 relative to its former pace. Revenues in the third quarter of 2019 came to EUR 43.9 million, up 0.9% from the same quarter of 2018 (EUR 43.5 million). Over the first nine months of 2019, revenues totaled EUR 141.3 million, up 4.4% from the same period of last year, when revenues were EUR 135.3 million.

Third-quarter revenues in the "Functional Fillers" product segment climbed 7.2% to EUR 29.9 million, up from EUR 27.9 million in the same period of last year. The product segment's revenues over the first nine months of 2019 amounted to EUR 96.2 million, compared to EUR 87.9 million in the same period of last year (up 9.4%). This growth is largely attributable to an optimized product mix and price effects. A positive revenue trend is also evident in the boehmite product range, where revenues were up 63.2% in the third quarter of 2019 from the same quarter of last year.

Third-quarter revenues in the "Specialty Alumina" product segment amounted to EUR 14.0 million, down 10.3% from the same quarter of last year (EUR 15.6 million). Over the first nine months of 2019, revenues in this product segment totaled EUR 45.1 million, compared to EUR 47.3 million in the same period of last year (down 4.7%). The decrease in revenues is largely due to weakening in the refractory industry, which is largely attributable to a slump in the European steel industry.

*Export ratio  
up to 76.1%*

Nabaltec's export ratio increased from 73.6% in the same period of last year to 76.1% in the first nine months of 2019. Nabaltec was able to post gains in the "Functional Fillers" product segment, particularly in Europe and Asia, while demand in the "Specialty Alumina" product segment weakened, especially in Germany.

Nabaltec's total performance was EUR 43.3 million in the third quarter of 2019, compared to EUR 44.1 million in the same quarter of last year. In the first nine months of the year, total performance improved to EUR 141.1 million, up from EUR 134.7 million in the same period of last year (up 4.8%).

The cost of materials ratio (cost of materials as a percentage of total performance) fell to 45.8% in the first nine months of 2019, from 48.6% in the same period of last year, for a noticeable improvement. Higher sale prices and an improved product mix had a positive impact in this area. The gross profit margin (gross profit as a percentage of total performance) was 55.2% in the first nine months of the year, up from 53.3% in the first nine months of 2018.

The personnel expense ratio (personnel expenses as a percentage of total performance) was 19.3% in the first nine months of 2019, up from 18.4% in the same period of last year, as the number of employees increased from 491 to 514.

Other operating expenses fell to EUR 23.4 million in the first nine months of 2019, down from EUR 24.0 million in the same period of last year. This decrease was largely due to a decrease in outside services from the year before. The ratio of other operating expenses to total performance decreased accordingly, from 17.8% last year to 16.6%.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 27.4 million in the first nine months of 2019, up 19.1% from the value of EUR 23.0 million posted in the same period of last year. EBITDA margin (EBITDA as a percentage of total performance) increased from 17.1% in the first nine months of last year to 19.4% in the first nine months of 2019.

Consolidated EBIT amounted to EUR 17.3 million in the first nine months of 2019, compared to EUR 14.0 million in the same period of last year. The EBIT margin (EBIT as a percentage of total performance) was 12.3% in the reporting period, up from 10.4% in the same period of last year.

*EBIT of  
EUR 17.3 million  
(up 23.6%); EBIT  
margin climbs  
to 12.3%*

Net financial income amounted to EUR -2.0 million in the first nine months of 2019 as well as in the same period of last year.

Earnings before taxes amounted to EUR 15.3 million in the first nine months of 2019, up from EUR 12.0 million in the same period of last year. Consolidated result after taxes in the first three quarters of 2019 came to EUR 10.2 million, up from EUR 7.6 million in the same period of last year. This corresponds to earnings per share of EUR 1.16. By comparison, earnings per share in the same period of last year were EUR 0.86.

Cash flow from operating activity was EUR 21.4 million in the first nine months of 2019, compared to EUR 17.4 million in the first nine months of 2018. The change was largely due to the improvement in earnings.

Spending on investments decreased in the first nine months of 2019 relative to the same period of last year, from EUR 21.1 million to EUR 13.0 million.

Cash flow from financing activity was EUR –2.7 million in the first nine months of 2019, compared to EUR –2.6 million in the same period of last year.

Nabaltec Group's cash and cash equivalents amounted to EUR 36.3 million as of 30 September 2019.

Total assets increased from EUR 225.9 million on 31 December 2018 to EUR 240.3 million on 30 September 2019. As of the reporting date, non-current assets were up by 3.4%, to EUR 154.1 million, due to an increase in property, plant and equipment. Current assets were up by 12.1% from the end of 2018, to EUR 86.2 million, due to an increase in inventories as well as changes in liquid funds.

*Equity ratio climbs  
to 44.1%*

On the liabilities side of the balance sheet, the equity ratio increased from 42.4% on 31 December 2018 to 44.1% on 30 September 2019. Non-current liabilities on 30 September 2019 amounted to EUR 78.3 million, down from EUR 108.3 million on 31 December 2018. Current liabilities were up from the end of 2018 (EUR 21.8 million), to EUR 56.0 million. This shift from non-current to current liabilities is due to the fact that the first tranche of a loan against borrower's note obtained in 2015, in the amount of EUR 31.0 million, will be due in April 2020.

## EMPLOYEES

As of the reporting date, 30 September 2019, Nabaltec Group had 514 employees (including trainees). On the same date of last year, this number was 491 employees. The trainee ratio was 10.5%, a traditionally high level for Nabaltec.

## SUBSEQUENT EVENTS

No events of particular importance for assessment of Nabaltec Group's financial, earnings and liquidity position occurred after the reporting date, 30 September 2019.

## OUTLOOK

Nabaltec expects sales markets for its products to remain intact despite the current economic weakness. Sales are currently down in the refractory industry, and therefore for the “Specialty Alumina” product segment as well and revenues in the “Functional Fillers” product segment are being weighed down at the moment by the economic situation in Turkey.

*Sales markets intact despite current economic weakness*

US subsidiary Nashtec LLC resumed production at the end of 2018 and began supplying customers in the US in the second quarter of 2019. However, Nashtec’s production continues to fall short of targets due to technical problems. In the fourth quarter of 2019, Nabaltec will be taking measures to normalize production starting in 2020. Naprotec LLC is currently expected to begin production of ground hydrate in the first quarter of 2020, with an annual capacity of up to 30,000 tons.

In a notice dated 17 October 2019, Nabaltec AG revised its forecast for 2019. The forecast, which previously called for revenues to fall in a range between EUR 190 million and EUR 195 million, was scaled back so that it now calls for revenues in a range from EUR 181 million to EUR 184 million. Revenues came to EUR 176.7 million in 2018. The company confirmed its earnings forecast for 2019, calling for an EBIT margin in a range from 10.0% to 12.0%. In 2018, the EBIT margin was 10.4%.

The company has taken a leading international position within its markets. Based on its market position and the reputation it has built up over many years, Nabaltec sees good future prospects for its key products.

Orders on hand amounted to EUR 42.0 million on 30 September 2019.

Otherwise, the statements made in the forecast report of the 2018 consolidated management report retain their validity.

## REPORT ON OPPORTUNITIES AND RISKS

No significant changes were evident in the first nine months of 2019 to the risk situation presented in the 2018 consolidated management report.

Schwandorf, 5 November 2019

The Management Board

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/–09/30/2019	07/01/–09/30/2019	01/01/–09/30/2018	07/01/–09/30/2018
Revenues	141,282	43,873	135,294	43,508
Change in inventories of finished goods and work in progress	-742	-720	-1,029	406
Own work capitalized	575	185	412	194
<b>Total performance</b>	<b>141,115</b>	<b>43,338</b>	<b>134,677</b>	<b>44,108</b>
Other operating income	1,355	631	2,594	522
Cost of materials	-64,553	-19,965	-65,428	-21,686
<b>Gross earnings</b>	<b>77,917</b>	<b>24,004</b>	<b>71,843</b>	<b>22,944</b>
Personnel expenses	-27,188	-8,985	-24,815	-8,045
Depreciation	-10,110	-3,506	-8,937	-3,003
Other operating expenses	-23,354	-6,673	-24,043	-7,556
<b>Operating profit (EBIT)</b>	<b>17,265</b>	<b>4,840</b>	<b>14,048</b>	<b>4,340</b>
Interest and similar income	117	42	106	31
Interest and similar expenses	-2,100	-702	-2,114	-712
<b>Net income from ordinary activities (EBT)</b>	<b>15,282</b>	<b>4,180</b>	<b>12,040</b>	<b>3,659</b>
Taxes on income	-5,062	-1,534	-4,488	-1,177
<b>Net after-tax earnings</b>	<b>10,220</b>	<b>2,646</b>	<b>7,552</b>	<b>2,482</b>
<b>Earnings per share (in EUR)</b>	<b>1.16</b>	<b>0.30</b>	<b>0.86</b>	<b>0.28</b>



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/–09/30/2019	07/01/–09/30/2019	01/01/–09/30/2018	07/01/–09/30/2018
<b>Net after-tax earnings</b>	<b>10,220</b>	<b>2,646</b>	<b>7,552</b>	<b>2,482</b>
Items which may be reclassified to profit and loss				
Currency translation (after taxes)	1,837	1,640	998	-146
Net income from hedge accounting (after taxes)	-53	-62	111	55
<b>Total</b>	<b>1,784</b>	<b>1,578</b>	<b>1,109</b>	<b>-91</b>
Items which will not be reclassified to profit and loss				
Actuarial gains and losses	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>	<b>1,784</b>	<b>1,578</b>	<b>1,109</b>	<b>-91</b>
<b>Total comprehensive income</b>	<b>12,004</b>	<b>4,224</b>	<b>8,661</b>	<b>2,391</b>

# CONSOLIDATED BALANCE SHEET

**AS OF 30 SEPTEMBER 2019**
**ASSETS**

in TEUR	09/30/2019	12/31/2018
<b>Non-current assets</b>	<b>154,109</b>	<b>148,964</b>
Intangible assets		
Concessions, proprietary rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	504	509
Property, plant and equipment	153,527	148,377
Land, leasehold rights and buildings, including buildings on unowned land	45,799	38,641
Technical equipment and machinery	91,737	71,158
Other fixtures, fittings and equipment	4,056	3,657
Advance payments and assets under construction	11,935	34,921
Financial assets	78	78
Shares in affiliated companies	78	78
Deferred tax assets	0	0
<b>Current assets</b>	<b>86,238</b>	<b>76,915</b>
Inventories	37,835	34,624
Raw materials and supplies	24,091	20,609
Work in process	1,247	880
Finished goods and merchandise	12,497	13,135
Other assets and accounts receivable	12,132	12,002
Trade receivables	6,597	4,459
Other assets	5,535	7,543
Cash and cash equivalents	36,271	30,289
<b>TOTAL ASSETS</b>	<b>240,347</b>	<b>225,879</b>

**LIABILITIES**

in TEUR	09/30/2019	12/31/2018
<b>Shareholders' equity</b>	<b>106,031</b>	<b>95,787</b>
Subscribed capital	8,800	8,800
Capital reserve	47,029	47,029
Earnings reserve	9,699	9,699
Profit carry-forward	40,391	31,865
After-tax earnings	10,220	10,286
Other changes in equity with no effect on profit and loss	-10,108	-11,892
<b>Non-current liabilities</b>	<b>78,339</b>	<b>108,326</b>
Pension reserves	36,565	36,052
Other provisions	1,221	1,153
Accounts payable to banks	39,455	70,417
Deferred tax liabilities	1,098	704
<b>Current liabilities</b>	<b>55,977</b>	<b>21,766</b>
Accounts payable from income taxes	4,629	2,183
Other provisions	194	185
Accounts payable to banks	31,953	529
Trade payables	11,468	12,643
Other accounts payable	7,733	6,226
<b>TOTAL LIABILITIES</b>	<b>240,347</b>	<b>225,879</b>

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019

## CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 09/30/2019	01/01/ – 09/30/2018
<b>Cash flow from operating activity</b>		
<b>Earnings before taxes</b>	<b>15,282</b>	<b>12,040</b>
+ Depreciation of fixed assets	10,110	8,937
-/+ Other income/expenses with no effect on cash flow	0	-926
-/+ Income/loss from the disposal of assets	8	1
- Interest income	-117	-106
+ Interest expenses	2,100	2,114
<b>Net operating income before changes in working capital</b>	<b>27,383</b>	<b>22,060</b>
+/- Increase/decrease in provisions	109	131
-/+ Increase/decrease in trade receivables and other assets not attributable to investment or financing activity	-129	-4,005
+/- Increase/decrease in inventories	-3,211	1,708
+/- Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	184	1,001
<b>Cash flow from operating activity before taxes</b>	<b>24,336</b>	<b>20,895</b>
- Income taxes paid	-2,923	-3,464
<b>Net cash flow from operating activity</b>	<b>21,413</b>	<b>17,431</b>

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ - 09/30/2019	01/01/ - 09/30/2018
<b>Cash flow from investing activities</b>		
+ Payments received from the disposal of property, plant and equipment	0	10
- Payments made for investments in property, plant and equipment	-12,903	-20,965
- Payments made for investments in intangible assets	-129	-173
- Cash paid for the acquisition of consolidated companies	0	0
<b>Net cash flow from investment activity</b>	<b>-13,032</b>	<b>-21,128</b>
<b>Cash flow from financing activity</b>		
- Dividends	-1,760	-1,584
- Interest paid	-1,014	-1,011
+ Interest received	47	35
<b>Net cash flow from financing activity</b>	<b>-2,727</b>	<b>-2,560</b>
<b>Net change in cash and cash equivalents</b>	<b>5,654</b>	<b>-6,257</b>
<b>Change in funds due to changes in exchange rates</b>	<b>328</b>	<b>459</b>
Funds at start of period	30,289	45,917
<b>Funds at end of period</b>	<b>36,271</b>	<b>40,119</b>

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in TEUR	Shareholders' equity attributable to shareholders of Nabaltec AG		
	Subscribed capital	Capital reserve	Earnings reserve
<b>Balance per 01/01/2018</b>	<b>8,800</b>	<b>47,029</b>	<b>9,721</b>
Dividend payments	–	–	–
Actuarial gains and losses	–	–	–
Currency translation	–	–	–
Net income from hedge accounting	–	–	–
Other comprehensive income	–	–	–
Net income after taxes	–	–	–
<b>Net income</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance per 09/30/2018</b>	<b>8,800</b>	<b>47,029</b>	<b>9,721</b>
Other changes in equity with no effect on profit and loss	–	–	–22
Actuarial gains and losses	–	–	–
Currency translation	–	–	–
Net income from hedge accounting	–	–	–
Other comprehensive income	–	–	–
Net income after taxes	–	–	–
<b>Net income</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance per 12/31/2018</b>	<b>8,800</b>	<b>47,029</b>	<b>9,699</b>
Resolved dividend payment	–	–	–
Actuarial gains and losses	–	–	–
Currency translation	–	–	–
Net income from hedge accounting	–	–	–
Other comprehensive income	–	–	–
Net income after taxes	–	–	–
<b>Net income</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance per 09/30/2019</b>	<b>8,800</b>	<b>47,029</b>	<b>9,699</b>

Profit carry-forward	Other changes in equity with no effect on profit and loss	Consolidated shareholders' equity
<b>33,449</b>	<b>-14,436</b>	<b>84,563</b>
-1,584	—	-1,584
—	0	0
—	998	998
—	111	111
—	1,109	1,109
7,552	—	7,552
<b>7,552</b>	<b>1,109</b>	<b>8,661</b>
<b>39,417</b>	<b>-13,327</b>	<b>91,640</b>
—	—	-22
—	1,012	1,012
—	336	336
—	87	87
—	1,435	1,435
2,734	—	2,734
<b>2,734</b>	<b>1,435</b>	<b>4,169</b>
<b>42,151</b>	<b>-11,892</b>	<b>95,787</b>
-1,760	—	-1,760
—	0	0
—	1,837	1,837
—	-53	-53
—	1,784	1,784
10,220	—	10,220
<b>10,220</b>	<b>1,784</b>	<b>12,004</b>
<b>50,611</b>	<b>-10,108</b>	<b>106,031</b>

# 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 2019 – 30 SEPTEMBER 2019

in TEUR	Functional Fillers	Specialty Alumina	Nabaltec Group
<b>Revenues</b>			
Third party revenue	96,167	45,115	141,282
<b>Segment result</b>			
EBITDA	19,596	7,779	27,375
EBIT	12,078	5,187	17,265

#### PERIOD FROM 1 JANUARY 2019 – 30 SEPTEMBER 2018

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



# NABALTEC AG

## ABRIDGED CONSOLIDATED NOTES

### TO THE INTERIM REPORT FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019

#### 1. GENERAL INFORMATION

Nabaltec AG, with registered office in Schwandorf, Germany<sup>1</sup>, 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 2019 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 2019 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 2018.

The interim financial statements encompass the period from 1 January 2019 to 30 September 2019.

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.

<sup>1</sup> 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 scope of consolidation of Nabaltec AG as of 30 September 2019 has not changed compared to the consolidated financial statements as of 31 December 2018. The consolidated financial statements include the separate financial statements of Nabaltec AG, Schwandorf, as the parent company and its subsidiaries Nashtec LLC, Corpus Christi (USA), Nabaltec USA Corporation, Corpus Christi (USA), Naprotec LLC, Chattanooga (USA) and Nabaltec (Shanghai) Trading Co., Ltd.

#### 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 2018.

In addition to the Standards and Interpretations used on 31 December 2018, the following Standards and Interpretations were used for the first time, and had no substantial impact, if any, on the interim financial statements:

- IFRS 16, „Leases“
- Amendments to IAS 19, „Amendment, curtailment or settlement of pension plan“
- Amendments to IFRS 9, „Prepayment features with negative compensation“
- Various: Improvements to the International Financial Reporting Standards (2015 – 2017)
- IFRIC 23, „Uncertainty over income tax treatments“

Until the publication of this interim financial statement, IASB has not published any further changes to standards.

### 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 2019 were the result of investments, primarily in buildings and in technical equipment and machinery to expand capacity and for further process optimization.

### FINANCIAL ASSETS

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

### SHAREHOLDERS' EQUITY

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

### CURRENT AND NON-CURRENT LIABILITIES

#### LIABILITIES TO BANKS

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

## 5. OTHER DISCLOSURES

### OTHER FINANCIAL OBLIGATIONS

#### CONTINGENT LIABILITIES AND LEGAL LIABILITY RELATIONS

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

#### RELATED PARTY TRANSACTIONS

The group of related persons and enterprises did not change compared to the consolidated financial statements as at 31 December 2018.

No transactions with related persons and enterprises took place in the first nine months of 2019. Such transactions are conducted at standard market prices and conditions.

#### SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date.

Schwandorf, 5 November 2019

The Management Board

**FINANCIAL CALENDAR 2020**

Annual Report 2019	30 April
Interim Report 1/2020	28 May
Annual General Meeting	30 June
Interim Report 2/2020	27 August
Interim Report 3/2020	26 November

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Better Orange, Munich

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Adobe Stock, Andre Forner, freepik, Gerhard Götz, Clemens Mayer, Nabaltec AG, Strandperle

**Statements relating to the future**

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

**Rounding**

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



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