

# OUR KNOW-HOW FOR YOUR SAFETY



INTERIM REPORT 3/2014

***Nabaltec***

# KEY FIGURES NABALTEC GROUP

AS OF 30 SEPTEMBER 2014

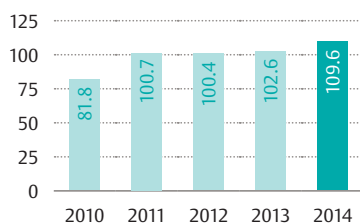
(in EUR million)

	09/30/2014 (IFRS)	09/30/2013 (IFRS)	Change
<b>Revenues</b>			
Total revenues	109.6	102.6	6.8%
thereof			
Functional Fillers	75.4	69.5	8.5%
Technical Ceramics	34.2	33.1	3.3%
Foreign share (%)	70.9	68.7	
Employees* (number of persons)	425	416	2.2%
<b>Earnings</b>			
EBITDA	17.6	16.0	10.0%
EBIT	10.4	9.1	14.3%
Consolidated result after taxes**	4.7	3.5	34.3%
Earnings per share (EUR)**	0.59	0.44	34.1%
<b>Financial position</b>			
Cash flow from operating activities	19.2	13.3	44.4%
Cash flow from investing activities	-8.4	-3.4	147.1%
<b>Assets, equity and liabilities</b>			
	09/30/2014	12/31/2013	
Total assets	180.7	176.3	2.5%
Equity	55.2	50.4	9.5%
Non-current assets	112.8	112.3	0.4%
Current assets	67.8	63.9	6.1%

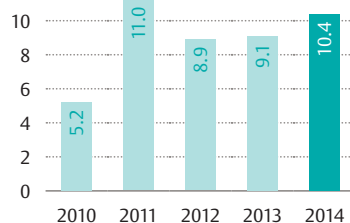
\* on the reporting date, including trainees

\*\* after non-controlling interests

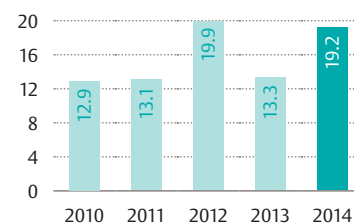
REVENUES AS OF 09/30 (in EUR million)



EBIT AS OF 09/30 (in EUR million)



CASH FLOW FROM OPERATING ACTIVITIES AS OF 09/30 (in EUR million)



# NABALTEC AG

LEADING IN ECO-FRIENDLY 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 “Functional Fillers” and “Technical Ceramics” divisions. Nabaltec maintains production sites in Germany and the US and plans to continue to consolidate its market position by expanding capacity, further optimizing processes and quality and making strategic extensions to its product range. On the strength of its specialty products, the company strives to attain the market leadership in each segment.

## NABALTEC WORLDWIDE



NABALTEC MAINTAINS A GLOBAL PRESENCE,  
WITH LOCATIONS IN GERMANY AND THE US  
AND A NETWORK OF INTERNATIONAL AGENCIES

□ Locations   ■ Agencies

# BUSINESS DIVISIONS

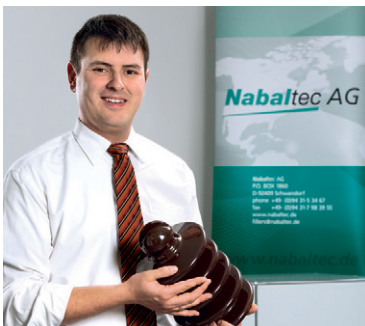
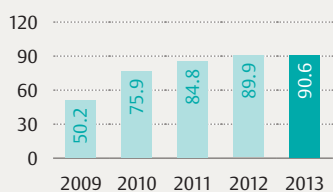


## FUNCTIONAL FILLERS

Nabaltec's functional fillers are eco-friendly and safe. Depending on their field of application, they reduce the emission of hazardous fumes in the case of fire or increase operational stability of materials for various applications, from profiles to state-of-the-art energy storage facilities.

In our business division "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.

REVENUES (in EUR million)

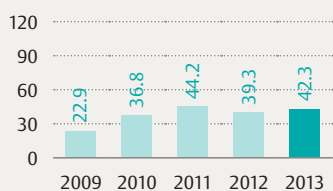


## TECHNICAL CERAMICS

Nabaltec's ceramic raw materials and ceramic bodies, in special qualities, offer fields of application in all areas of life and in all industrial sectors. They provide e.g. greater mechanical strength in household ceramics and higher durability for components in engineering ceramics.

In our business division "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.

REVENUES (in EUR million)



# SPECIALTY CHEMICALS

FOR SAFER AND MORE ECO-FRIENDLY PRODUCTS

The range of applications for Nabaltec products is extremely diverse. They are preferred whenever utmost quality, safety, eco-friendliness and durability are required. It is the combination of these important characteristics that guarantees Nabaltec products outstanding growth prospects. The special strengths of Nabaltec are a number of functional fillers for the plastics industry and high-quality, specialized raw materials for technical ceramics, always featuring unchanging prime quality and designed for very specific requirements.

## APPLICATIONS



*Eco-friendly aluminum hydroxide is used e.g. for cables in tunnels, and aluminum monohydrate (boehmite) is used amongst others in heavy metal-free printed circuit boards.*



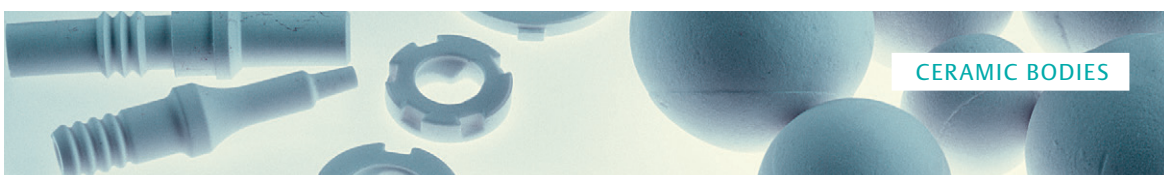
*Nabaltec's additives are used e.g. as co-stabilizers in PVC products and as process additives.*



*Aluminum hydroxide serves e.g. to eliminate fumes in power plants and boehmite is used as a raw material in alternative energy storage and in catalyzers.*



*Aluminum oxide and sintered mullite are used primarily in the refractory and polishing industries, in the automotive sector and in glass and ceramics production.*



*Highly specialized and ready-formulated mixtures are used particularly to prevent abrasion and protect people and vehicles, as well as in engineering ceramics.*



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Gerhard Witzany

Johannes Heckmann

## MANAGEMENT BOARD FOREWORD

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

*Nabaltec was  
able to post  
continued growth in  
revenues and earnings*

Although estimates of German economic growth have been revised downward by the experts and, internationally at least, uncertainty with respect to future economic performance is mounting, Nabaltec was able to post continued growth in the reporting quarter, in both revenues and, above all, in earnings. Nabaltec's consolidated revenues were up by 8.0% in the third quarter and by 6.8% in the first nine months of the year. Operating profit (EBIT) was up 18.9% in the reporting quarter and up 14.3% in the first nine months of 2014. At the same time, we were once again able to confirm our revenue and earnings targets for 2014.



Given the current economic environment, we have to ask whether this rate of growth can be sustained. Unlike many forecasts for the general economy, there are currently no indications that our growth will slacken. Of course, we cannot remain unaffected by the economic environment forever, but as things stand today, our business is steady. The majority of our customers confirm this positive sentiment, pointing to stable performance going forward, with a slight upward trend, almost regardless of sector. Other parameters are also pointing in this direction, as key target markets such as the cable & wire and refractory industries are performing well.

*For Nabaltec there are currently no indications for an economic slowdown*

*The majority of the customers confirm the positive sentiment*

As in previous years, of course, developments in the month of December will be particularly exciting to watch, as the tendency of companies to significantly cut stocks and inventories all along the value chain towards the end of the year has increased in recent years, together with a trend towards much stronger demand at the start of the year. But we expect the magnitude of this cutback to decrease somewhat in 2014, which would have a positive impact on our capacity planning and utilization.

Being prepared for anything remains a guiding principle for Nabaltec, in both the short and long term. This can be seen, for example, in the active management of our liquid funds, which we have kept at high levels in order to allow us to continue to act in a highly flexible manner. We are presently situated in an attractive and fast-changing market environment, which may create even more opportunities.

*The current market environment may create even more opportunities*

Sincerely yours,



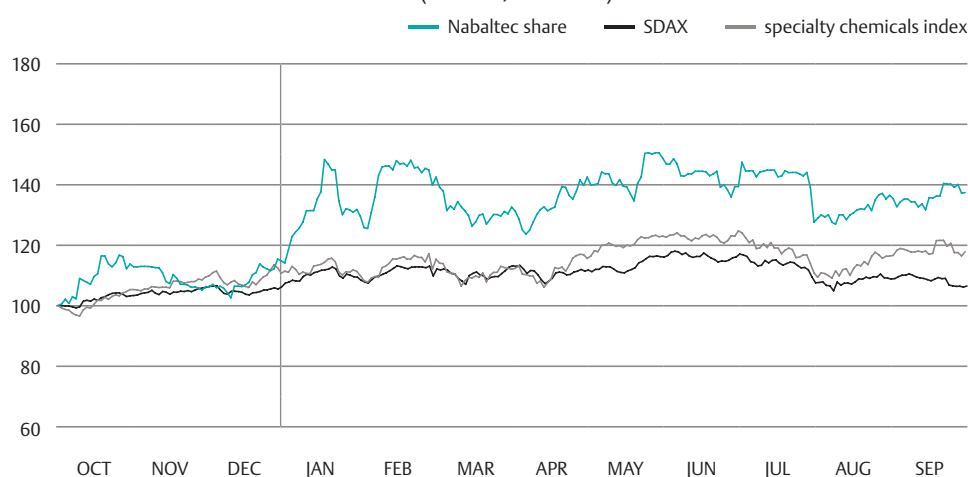
JOHANNES HECKMANN  
Member of the Board



GERHARD WITZANY  
Member of the Board

## NABALTEC SHARE

PERFORMANCE OF NABALTEC SHARE (XETRA, indexed)



KEY DATA FOR NABALTEC SHARE (XETRA)

	First 9 months of 2014	Year 2013
Number of shares	8,000,000	8,000,000
Market capitalization (cutoff date, in EUR million)	87.76	74.00
Average price (in EUR)	10.95	7.32
High (in EUR)	12.00	9.35
Low (in EUR)	9.15	6.25
Closing price (cutoff date, in EUR)	10.97	9.25
Average daily turnover (in shares)	5,246	5,822
Earnings per share* (in EUR)	0.59	0.33

\* after non-controlling interests

*Nabaltec share finished the quarter up 18.6% from its 2013 closing price*

Nabaltec share was trading at EUR 10.97 at the end of the third quarter of 2014, up 34.3% from its closing price for the same quarter of last year, EUR 8.17. It hit its high for the reporting quarter at the start of July, EUR 11.75, and fell to a low of EUR 10.15 in mid-August. In the remainder of the quarter, Nabaltec share bounced back and finished at EUR 10.97, up 18.6% from its closing price for 2013, EUR 9.25. The relevant indices, the SDAX and the specialty chemicals index, were up by much less in the first three quarters of 2014, gaining 0.9% and 4.6% respectively since the end of the year. The average daily trading turnover for Nabaltec share on XETRA was 5,246 shares in the first nine months of 2014.

Earnings per share (EPS) after non-controlling interests amounted to EUR 0.59 on 30 September 2014. By comparison, EPS came to EUR 0.44 at the end of the third quarter of 2013.

*Earnings per share  
of EUR 0.59*

Analyst recommendations for Nabaltec share continue to be positive. In its analysis of 27 August 2014, Hauck & Aufhäuser once again confirmed its “buy” recommendation and its price target of EUR 15.00. Baader Bank, in its study of 14 October 2014, once again rated Nabaltec share a “buy,” with a price target of EUR 16.00.

As of 30 June 2014, the majority of the 8,000,000 shares were still held by the Heckmann and Witzany families, with the Heckmann family holding 31.56% of the capital stock and the Witzany family holding 29.87%. The remaining 38.57% of shares are in free float.

*Stable shareholder  
structure*

# CONSOLIDATED INTERIM MANAGEMENT REPORT

AS OF 30 SEPTEMBER 2014

## COURSE OF BUSINESS

Nabaltec AG's very strong growth in the first half of the year continued in the third quarter of 2014, as the company exceeded last year's and last quarter's results in both revenues and earnings.

*Consolidated revenues were up by 8.0% to EUR 36.5 million in the third quarter*

Consolidated revenues were up by 8.0%, from EUR 33.8 million in the same quarter of last year to EUR 36.5 million in the third quarter of 2014. This represents a slight 0.8% gain over the EUR 36.2 million in revenues posted in the second quarter of 2014.

Revenues in the first nine months of 2014 amount to EUR 109.6 million, up 6.8% from the same period of last year, when revenues came to EUR 102.6 million.

Third-quarter revenues in the business division "Functional Fillers" were up 8.3% from the third quarter of 2013, from EUR 23.0 million to EUR 24.9 million. Revenues were down slightly, by 1.6%, from last quarter's very strong value (EUR 25.3 million). The fine precipitated hydroxide product segment continued to record stable performance at a high level, but the newer CAHC product segment also posted strong growth. Revenues in the business division "Technical Ceramics" were up 8.3%, from EUR 10.8 million in the third quarter of 2013 to EUR 11.7 million in the reporting period. Revenues were also up from the value posted in the second quarter of 2014, EUR 10.9 million, by a good 7.3%.

*Business division "Functional Fillers" recorded a plus of 8.5% in the first nine months*

The business division "Functional Fillers" posted revenues of EUR 75.4 million in the first nine months of the year, up 8.5% from the same period of last year (EUR 69.5 million). Revenues in the business division "Technical Ceramics" came to EUR 34.2 million in the first three quarters of 2014, up slightly, by 3.3%, from the revenues posted in the same period of last year, EUR 33.1 million.

Nabaltec was able to post slight growth in all regions. The export ratio in the first nine months of 2014 increased accordingly, from 68.7% in the same period of last year to 70.9%.

*Total performance was EUR 108.3 million in the reporting period (+5.5%)*

Nabaltec's total performance was EUR 108.3 million in the first three quarters of 2014, compared to EUR 102.7 million in the same period of last year. This 5.5% increase is attributable above all to strong revenue growth, as well as the simultaneous reduction in inventories of finished products.

The cost of materials ratio (cost of materials as a percentage of total performance) increased in the first nine months of 2014, to 52.4%, up from 51.3% in the same period of last year. Gross profit margin fell accordingly, from 49.6% to 49.3%.

Personnel expenses increased from EUR 16.9 million in the first nine months of 2013 to EUR 18.9 million in the reporting period. The personnel expense ratio (personnel expenses as a percentage of total performance) increased accordingly, from 16.5% to 17.5%, while the number of employees increased from 416 to 425.

Other operating expenses decreased from EUR 18.1 million in the same period of last year to EUR 16.9 million in the first three quarters of 2014, due primarily to a decrease in leasing costs in the amount of EUR 1.4 million. Other operating expenses as a percentage of total performance improved relative to the same period of last year, from 17.6% to 15.6%.

Results in the first nine months of 2014 were not affected by extraordinary factors or one-time effects.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 17.6 million in the first three quarters of 2014, up 10.0% from the value of EUR 16.0 million in the same period of last year. The EBITDA margin (EBITDA as a percentage of total performance) increased accordingly, from 15.6% in the first nine months of 2013 to 16.3% in the reporting period.

Consolidated EBIT amounted to EUR 10.4 million in the reporting period, compared to EUR 9.1 million in the first nine months of 2013. The EBIT margin (EBIT as a percentage of total performance) amounted to 9.6% in the first nine months of 2014, up from 8.9% in the same period of last year.

*EBIT margin 9.6%*

Net financial income improved, climbing from EUR –3.8 million in the same period of last year to EUR –3.2 million in the reporting period. This improvement is attributable to the general optimization of the debt side because of the loan against borrower's note issue in 2013.

Earnings before taxes increased in the first nine months of the year to EUR 7.2 million, up from EUR 5.3 million in the same period of last year. After adjusting for taxes and non-controlling interests, consolidated earnings for the period were EUR 4.7 million, compared to EUR 3.5 million in the comparison period. This corresponds to earnings per share of EUR 0.59 for the first nine months of 2014. By way of comparison, earnings per share in the same period of last year amounted to EUR 0.44.

Cash flow from operating activities in the first nine months of 2014 came to EUR 19.2 million, up from EUR 13.3 million in the same period of last year. In addition to strong earnings growth, the significant increase in trade payables and other liabilities relative to the same period of last year was the reason for this increase. Spending on investments increased from EUR 3.4 million in the same period of last year to EUR 8.4 million due to higher investments in property, plant and equipment.

*Cash flow from operating activities in the first nine months came to EUR 19.2 million*

Cash flow from financing activities amounted to EUR –10.1 million in the first nine months of the year, compared to EUR –9.2 million in the same period of last year. Amortization payments were in line with long-term estimates.

Nabaltec Group's cash and cash equivalents amounted to EUR 30.6 million as of 30 September 2014.

Nabaltec Group's balance sheet showed only slight changes relative to 31 December 2013. Total assets increased slightly, by 2.5%, to EUR 180.7 million. Non-current assets remained nearly unchanged on 30 September 2014, while current assets increased by 6.1%. This development was attributable above all to an increase in other assets.

*Equity ratio  
climbs to 30.5%*

On the liabilities side of the balance sheet, the equity ratio increased from 28.6% on 31 December 2013 to 30.5% on 30 September 2014. Non-current liabilities decreased by 7.9%, due above all to the decrease in accounts payable to banks. Current liabilities increased by 22.6% due to the increase in trade payables and in other liabilities.

## EMPLOYEES

As of the reporting date, 30 September 2014, Nabaltec Group had 425 employees (including trainees). On the same date of last year, this number was 416 employees. The trainee ratio was 11.8%, up from the year before (11.1%).

## SUBSEQUENT EVENTS

No major events with an impact on the financial, earnings and liquidity position occurred after the reporting date.

## OUTLOOK

*Revenue growth in  
the mid-single digits  
expected in 2014*

Assuming that economic conditions remain largely stable, Nabaltec anticipates a stable course of business in the remainder of 2014 and continues to expect revenue growth in the mid-single digits for the year as a whole. The company projects that its EBIT margin in 2014 will be in line with last year's margin. Strict cost management in all segments will serve to further stabilize and improve earning power.

Orders on hand amounted to EUR 20.6 million on 30 September 2014, up 38.3% from the value on 31 December 2013.

Otherwise, the statements made in the forecast report of the 2013 consolidated management report retain their validity.

## REPORT ON OPPORTUNITIES AND RISKS

No significant changes were evident in the first nine months of 2014 to the risk situation presented in the 2013 consolidated management report.

Schwandorf, 7 November 2014

The Management Board

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2014

## CONSOLIDATED INTERIM FINANCIAL STATEMENTS ---

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY 2014 THROUGH 30 SEPTEMBER 2014

(in EUR '000)	2014 01/01/ - 09/30/	2014 07/01/ - 09/30/	2013 01/01/ - 09/30/	2013 07/01/ - 09/30/
Revenue	109,573	36,541	102,585	33,794
Change in unfinished and finished products	-1,576	-752	-83	1,654
Other own services capitalized	287	82	168	40
<b>Total performance</b>	<b>108,284</b>	<b>35,871</b>	<b>102,670</b>	<b>35,488</b>
Other operating income	1,844	1,161	981	356
Cost of materials	-56,728	-18,909	-52,726	-18,747
<b>Gross profit</b>	<b>53,400</b>	<b>18,123</b>	<b>50,925</b>	<b>17,097</b>
Personnel expenses	-18,852	-6,298	-16,884	-5,605
Depreciation and amortization	-7,228	-2,441	-6,908	-2,321
Other operating expenses	-16,916	-5,583	-18,080	-5,966
<b>Operating result (EBIT)</b>	<b>10,404</b>	<b>3,801</b>	<b>9,053</b>	<b>3,205</b>
Interest and similar income	117	37	255	52
Interest and similar expenses	-3,298	-1,086	-4,012	-1,331
<b>Result from ordinary operations (EBT)</b>	<b>7,223</b>	<b>2,752</b>	<b>5,296</b>	<b>1,926</b>
Income taxes	-1,994	-1,010	-1,033	-242
<b>Consolidated result after taxes</b>	<b>5,229</b>	<b>1,742</b>	<b>4,263</b>	<b>1,684</b>
thereof attributable to				
Shareholders of the parent company	4,699	1,579	3,503	1,351
Non-controlling interests	530	163	760	333
<b>Consolidated result after taxes</b>	<b>5,229</b>	<b>1,742</b>	<b>4,263</b>	<b>1,684</b>
<b>Earnings per share (in EUR)</b>	<b>0.59</b>	<b>0.20</b>	<b>0.44</b>	<b>0.17</b>



(in EUR '000)	2014 01/01/ – 09/30/	2014 07/01/ – 09/30/	2013 01/01/ – 09/30/	2013 07/01/ – 09/30/
<b>Consolidated result after taxes</b>	5,229	1,742	4,263	1,684
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation (after taxes)	642	582	-146	-204
Net result from hedge accounting (after taxes)	-589	316	189	-33
	53	898	43	-237
Items that will not be reclassified to profit or loss				
Actuarial gains and losses	0	0	0	0
	0	0	0	0
<b>Other result</b>	53	898	43	-237
thereof attributable to				
Shareholders of the parent company	30	910	-65	-305
Non-controlling interests	23	-12	108	68
<b>Comprehensive income</b>	5,282	2,640	4,306	1,447
thereof attributable to				
Shareholders of the parent company	4,729	2,489	3,438	1,046
Non-controlling interests	553	151	868	401

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 SEPTEMBER 2014

**ASSETS** (in EUR '000)

	09/30/2014	12/31/2013
<b>Non-current assets</b>	<b>112,843</b>	<b>112,346</b>
Intangible assets		
Concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	437	228
Property, plant and equipment	112,271	111,817
Land, leasehold rights and buildings on non-owned land	29,439	28,424
Technical equipment, plant and machinery	75,902	77,597
Other fixtures, fittings and equipment	2,949	3,054
Advance payments and plant and machinery under construction	3,981	2,742
Deferred tax assets	135	301
<b>Current assets</b>	<b>67,844</b>	<b>63,928</b>
Inventories	26,279	26,211
Raw materials and supplies	15,063	13,562
Unfinished goods	398	217
Finished products and merchandise	10,818	12,432
Trade receivables and other assets	11,000	8,039
Trade receivables	4,876	4,287
Income tax claims	9	62
Other assets	6,115	3,690
Cash and cash equivalents	30,565	29,678
<b>TOTAL ASSETS</b>	<b>180,687</b>	<b>176,274</b>

**EQUITY & LIABILITIES** (in EUR '000)

	09/30/2014	12/31/2013
<b>Equity</b>	<b>55,171</b>	<b>50,369</b>
Subscribed capital	8,000	8,000
Capital reserve	29,764	29,764
Earnings reserves	9,711	9,711
Profit/loss carried forward	7,813	5,647
Consolidated result after taxes	4,699	2,646
Accumulated other comprehensive result	-4,598	-4,628
Non-controlling interests	-218	-771
<b>Non-current liabilities</b>	<b>87,024</b>	<b>94,471</b>
Retirement benefit obligation	19,498	18,920
Other provisions	746	742
Payables to banks	63,406	70,583
Deferred tax liabilities	2,844	2,853
Other liabilities	530	1,373
<b>Current liabilities</b>	<b>38,492</b>	<b>31,434</b>
Income tax payables	1,224	703
Other provisions	156	156
Payables to banks	10,679	9,942
Trade payables	10,429	8,707
Other liabilities	16,004	11,926
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>180,687</b>	<b>176,274</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JANUARY 2014 THROUGH 30 SEPTEMBER 2014

(in EUR '000)

	01/01/ – 09/30/2014	01/01/ – 09/30/2013
<b>Cash flow from operating activities</b>		
Period profit before taxes	7,223	5,296
+ Depreciation and amortization	7,228	6,908
-/+ Gain/loss from asset disposals	-4	-1
- Interest income	-117	-255
+ Interest expenses	3,298	4,012
<b>Operating profit before working capital changes</b>	<b>17,628</b>	<b>15,960</b>
+/- Increase/decrease in provisions	84	96
-/+ Increase/decrease in trade receivables and other assets not attributable to investing or financing activity	-3,013	-3,266
+/- Decrease/increase in inventories	-68	886
+/- Increase/decrease in trade payables and other liabilities, not attributable to investment or financing activity	5,598	-68
<b>Cash flow from operating activities before taxes</b>	<b>20,229</b>	<b>13,608</b>
- Income taxes paid	-997	-274
<b>Net cash generated by operating activities</b>	<b>19,232</b>	<b>13,334</b>

(in EUR '000)

	01/01/ – 09/30/2014	01/01/ – 09/30/2013
<b>Cash flow from investing activities</b>		
+ Cash received from disposals of property, plant and equipment	6	11
- Cash paid for purchases in property, plant and equipment	-8,170	-3,349
- Cash paid for investments in intangible assets	-273	-59
<b>Net cash used in investing activities</b>	<b>-8,437</b>	<b>-3,397</b>
<b>Cash flow from financing activities</b>		
- Cash rendered to shareholders	-480	0
- Cash rendered for repayment of profit participation capital	0	-5,000
+ Cash received from financial loans	0	5,000
- Cash rendered for payment of financial loans	-7,566	-7,493
- Interest paid	-2,093	-1,741
+ Interest received	27	55
<b>Net cash generated by financing activities</b>	<b>-10,112</b>	<b>-9,179</b>
<b>Net change in cash and cash equivalents</b>	<b>683</b>	<b>758</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>	<b>204</b>	<b>-58</b>
Cash and cash equivalents at the beginning of the period	29,678	14,305
<b>Cash and cash equivalents at the end of the period</b>	<b>30,565</b>	<b>15,005</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2014 THROUGH 30 SEPTEMBER 2014

(in EUR '000)

	Equity attributable to shareholders of Nabaltec AG		
	Subscribed capital	Capital reserve	Earnings reserves
<b>Balance per 01/01/2013</b>	<b>8,000</b>	<b>29,764</b>	<b>9,711</b>
Actuarial gains and losses			
Foreign currency translation			
Net gains from hedge accounting			
Other gains/losses			
Result for the period after tax			
<b>Consolidated result for the period</b>			
<b>Balance per 09/30/2013</b>	<b>8,000</b>	<b>29,764</b>	<b>9,711</b>
Actuarial gains and losses			
Foreign currency translation			
Net gains from hedge accounting			
Other gains/losses			
Result for the period after tax			
<b>Consolidated result for the period</b>			
<b>Balance per 12/31/2013</b>	<b>8,000</b>	<b>29,764</b>	<b>9,711</b>
<b>Dividend payment</b>			
Actuarial gains and losses			
Foreign currency translation			
Net gains from hedge accounting			
Other gains/losses			
Result for the period after tax			
<b>Consolidated result for the period</b>			
<b>Balance per 09/30/2014</b>	<b>8,000</b>	<b>29,764</b>	<b>9,711</b>

Profit carried forward	Accumulated other comprehensive result	Total	Non-controlling interests	Consolidated equity
5,647	-3,656	49,466	-1,978	47,488
	0	0	0	0
	-169	-169	23	-146
	104	104	85	189
	-65	-65	108	43
3,503		3,503	760	4,263
3,503	-65	3,438	868	4,306
9,150	-3,721	52,904	-1,110	51,794
	-252	-252	0	-252
	-147	-147	14	-133
	-508	-508	15	-493
	-907	-907	29	-878
-857		-857	310	-547
-857	-907	-1,764	339	-1,425
8,293	-4,628	51,140	-771	50,369
-480		-480		-480
	0	0	0	0
	664	664	-22	642
	-634	-634	45	-589
	30	30	23	53
4,699		4,699	530	5,229
4,699	30	4,729	553	5,282
12,512	-4,598	55,389	-218	55,171

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

The “Technical Ceramics” segment 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 2014 – 30 SEPTEMBER 2014

(in EUR '000)

	Functional Fillers		Technical Ceramics		Nabaltec Group	
	2014 01/01/ – 09/30/	2014 07/01/ – 09/30/	2014 01/01/ – 09/30/	2014 07/01/ – 09/30/	2014 01/01/ – 09/30/	2014 07/01/ – 09/30/
<b>Revenues</b>						
Third party revenue	75,348	24,872	34,225	11,669	109,573	36,541
<b>Segment result</b>						
EBITDA	13,790	4,966	3,842	1,276	17,632	6,242
EBIT	8,644	3,238	1,760	563	10,404	3,801

#### PERIOD FROM 1 JANUARY 2013 – 30 SEPTEMBER 2013

(in EUR '000)

	Functional Fillers		Technical Ceramics		Nabaltec Group	
	2013 01/01/ – 09/30/	2013 07/01/ – 09/30/	2013 01/01/ – 09/30/	2013 07/01/ – 09/30/	2013 01/01/ – 09/30/	2013 07/01/ – 09/30/
<b>Revenues</b>						
Third party revenue	69,533	22,988	33,052	10,806	102,585	33,794
<b>Segment result</b>						
EBITDA	10,499	3,649	5,462	1,877	15,961	5,526
EBIT	5,506	1,984	3,547	1,221	9,053	3,205



# ABRIDGED CONSOLIDATED NOTES TO THE INTERIM REPORT

FOR THE PERIOD FROM 1 JANUARY 2014 THROUGH 30 SEPTEMBER 2014

## 1. GENERAL INFORMATION

Nabaltec AG, based in Schwandorf, Germany<sup>1</sup>, was founded under the name Nabaltec GmbH, with its registered head office in Schwandorf (registered in the Commercial Register of the Amberg Local Court under HRB 3920) by virtue of Articles of Incorporation dated 14 December 1994. It acquired the specialty alumina division of VAW aluminium AG in 1995. The Company was converted to a stock corporation in 2006.

According to Section 2 of the Articles of Association, Nabaltec AG's business activities include the development, manufacturing and distribution of highly specialized products based on mineral raw materials, particular on the basis of aluminum hydroxide and aluminum oxide.

The shares of Nabaltec AG are listed in the Open Market (Entry Standard) 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 2014 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 2014 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 2013.

The interim financial statements encompass the period from 1 January 2014 to 30 September 2014.

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 consolidated group of Nabaltec AG as at 30 September 2014 did not change compared to the consolidated financial statements as at 31 December 2013 or the third quarter of financial year 2013. The consolidated financial statements encompass the financial statements of Nabaltec AG, Schwandorf, as parent company, and its subsidiary Nashtec LLC, Texas (USA).

#### 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 2013.

In addition to the Standards and Interpretations used on 31 December 2013, the following Standards and Interpretations were used for the first time, and had no impact on the interim financial statements:

- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associated and Joint Ventures (2011)
- IAS 32 Financial Instruments: Presentation (2011)
- IAS 36 Impairment of Assets (2013)
- IAS 39 Financial Instruments: Recognition and Measurement (2013)
- IFRS 10 Consolidated Financial Statements (2011)
- IFRS 11 Joint Arrangements (2011)
- IFRS 12 Disclosure of Interests in Other Entities (2011)
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities (2012)
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements (2012)

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

#### REVENUE

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 2014 were the result of investments, primarily in technical equipment and machinery to expand capacity and for further process optimization.

### SHAREHOLDERS' EQUITY

The change in the shareholders' equity of Nabaltec AG is presented in the consolidated statement of changes in equity. The item "minority shares" represents shares in the shareholders' equity of Nashtec LLC, Texas (USA).

### CURRENT AND NON-CURRENT LIABILITIES

#### Liabilities to banks

Liabilities to banks largely entail long-term 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 2013.

No transactions with related persons and enterprises took place in the first nine months of 2014. 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, 7 November 2014

The Management Board

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**FINANCIAL CALENDAR**

Annual Report 2014	30 April 2015
Interim Report 1/2015	26 May 2015
Annual General Meeting	30 June 2015
Interim Report 2/2015	25 August 2015
Interim Report 3/2015	24 November 2015

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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.

