



INTERIM REPORT

1/2016



**OUR
KNOW-HOW
FOR YOUR
SAFETY**

NABALTEC GROUP

KEY FIGURES

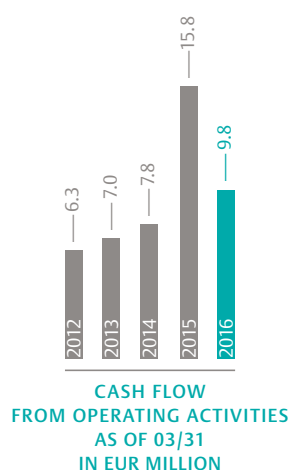
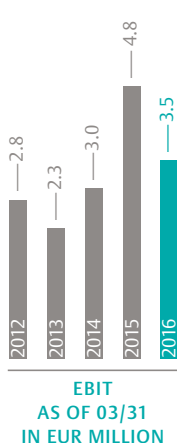
FOR THE PERIOD FROM 1 JANUARY 2016 THROUGH 31 MARCH 2016

in EUR million	03/31/2016 (IFRS)	03/31/2015 (IFRS)	Change
Revenues			
Total revenues	41.2	38.8	6.2%
thereof			
Functional Fillers	28.1	26.9	4.5%
Technical Ceramics	13.1	11.9	10.1%
Foreign share (%)	72.1	72.2	—
Employees* (number of persons)	440	417	5.0%
Earnings			
EBITDA	6.2	7.3	-15.1%
EBIT	3.5	4.8	-27.1%
Consolidated result after taxes**	1.8	2.1	-14.3%
Earnings per share (EUR)**	0.22	0.26	-15.4%
Financial position			
Cash flow from operating activities	9.8	15.8	-38.0%
Cash flow from investing activities	-7.3	-2.0	265.0%
Assets, equity and liabilities			
	03/31/2016	12/31/2015	
Total assets	201.7	201.9	-0.1%
Equity	58.7	58.1	1.0%
Non-current assets	119.9	117.1	2.4%
Current assets	81.7	84.8	-3.7%

* on the reporting date, including trainees

** after non-controlling interests

NABALTEC AG



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INTERIM REPORT 1/2016



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SUSTAINABLE PRACTICES

A RELIABLE MANUFACTURER AND SUPPLIER OF SPECIALTY CHEMICALS



Nabaltec products have an extremely diverse range of applications and are the preferred choice whenever utmost quality, safety, eco-friendliness and durability are required. The combination of these important characteristics guarantees that Nabaltec's specialty chemical products will have outstanding prospects for growth and has given the company many years of steady growing and 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.



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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 and vehicles as well as in engineering ceramics

NABALTEC AG

LEADING 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 business divisions “Functional Fillers” and “Technical Ceramics”.



OUR BUSINESS DIVISIONS



FUNCTIONAL FILLERS

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.

EUR **102.3** MILLION

Revenues 2015

EUR **17.8** MILLION

EBITDA 2015

EUR **10.5** MILLION

EBIT 2015



TECHNICAL 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’ need.

EUR **49.1** MILLION

Revenues 2015

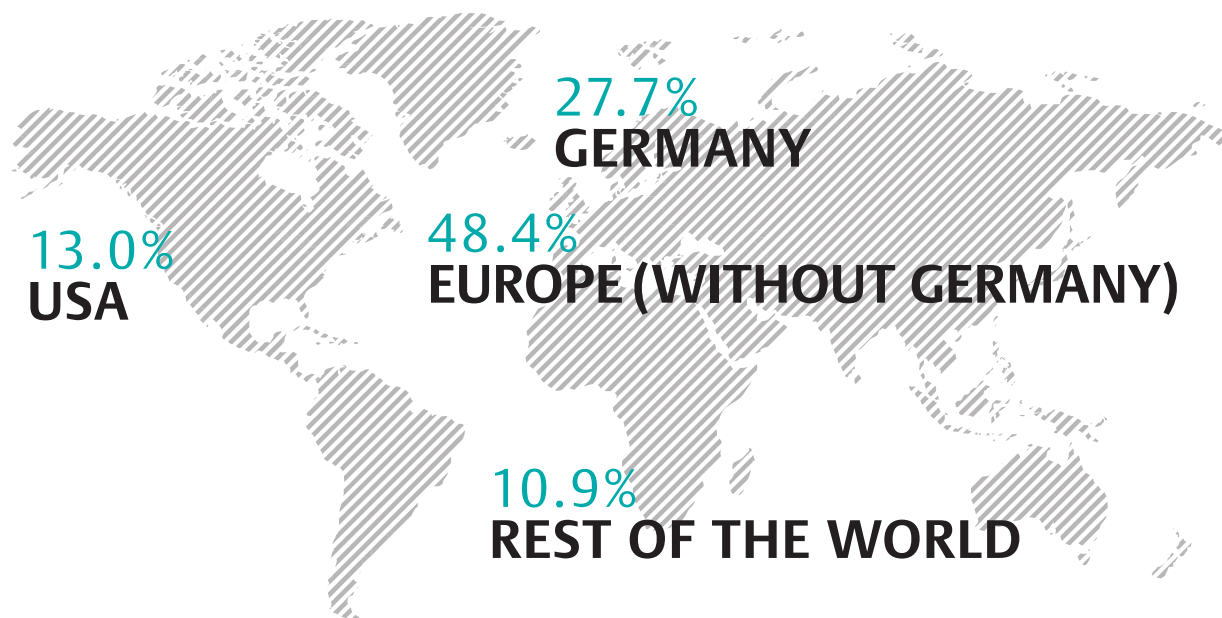
EUR **6.9** MILLION

EBITDA 2015

EUR **4.1** MILLION

EBIT 2015

GLOBAL REVENUE SHARES (2015)



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

Nabaltec AG's goal is to continue to strengthen its market position by increasing capacity, further optimizing processes and quality, targeted extensions of its product range as well as a strategic focus on growth markets. With its specialty products, the company strives for quality leadership and a market position among the top three suppliers in its target markets.

NABALTEC RECEIVES FOUR AWARDS IN 2015



- LACP PLATIN AWARD
- ITS EIGHTH "TOP 100" AWARD
- ITS FOURTH "TOP JOB" AWARD
- ITS FIRST "BAVARIA'S BEST 50" AWARD

Nabaltec AG's 2014 Annual Report is among the best worldwide, receiving the Platin Award in the "Chemicals" category of the "2014 Vision Award – Annual Report Competition," held by the League of American Communications Professionals (LACP). The LACP Vision Award is the world's largest competition for international financial reporting, in which the reports submitted by the contestants are evaluated by an independent jury in various categories.

In addition, Nabaltec was one of only four companies who won prizes at both the "Top 100" competition and the "Top Job" competition

on 26 June 2015 at the Deutscher Mittelstands-Summit in Essen, a conference for small and mid-sized companies. These awards recognize the fact that Nabaltec is not only one of the most innovative mid-sized German companies, but one of the best employers as well.

Nabaltec was also one of the 50 fastest-growing mid-sized companies in all of Bavaria. For that achievement, the company received the "BAVARIA'S BEST 50" award in July 2015 from the Bavarian Ministry of Economic Affairs and Media, Energy and Technology.

NABALTEC AG

MANAGEMENT BOARD FOREWORD



Gerhard Witzany

Johannes Heckmann

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

*Record revenues
of EUR 41.2 million
in the first quarter
of 2016*

In the first quarter of 2016, we were able to post a new record, with revenues up 6.2% to EUR 41.2 million, as our long-term growth trend continued. We expect moderate revenue growth for 2016 as a whole.

With this stable growth, we are very confident that we will be able to continue to stand apart in a somewhat volatile and in some respects heterogeneous economic environment. We have posted growth in nearly all regions, with additional growth coming in particular from other European countries: only in the Asian market, our results were somewhat more modest. Our subsidiary in Japan, which was formed in the first quarter of 2016, was of course not yet in a position to generate additional revenues.

Our first-quarter results were very strong across all target sectors and product segments, despite a very wide variance in initial conditions in some cases. Although the global steel crisis is not yet over, our products were able to generate positive effects for the refractory industry. We proved once again that we were right to position ourselves strategically to supply high-quality products to specialty segments, which has allowed us to succeed despite the tough conditions which prevail in some industries. At the same time, many other sectors which we have targeted with our products in the business division „Technical Ceramics“ are performing very well. In the business division „Functional Fillers“ as well, both our recent results and the indicators for the future are positive. For example, the gradual recovering in the construction industry will create growing demand in sectors of key importance to us, such as the cable & wire and insulation industries.

Supplying specialty segment with high-quality products has proved again to be the ideal strategic alignment

Our results in the US in 2016 will be heavily affected by future developments relating to our raw material supplier, Sherwin Alumina LLC. Early in the year, Sherwin Alumina filed for bankruptcy under Chapter 11 of the US Bankruptcy Code. It will continue to operate normally during the bankruptcy procedure. Nevertheless, we cannot rule out the possibility that Nashtec's operations will be affected for the year as a whole. The challenge for us is to prepare for other possible developments using a variety of scenarios. We will take all necessary steps in order to continue Nashtec's operations with as little disruption as possible, to preserve the value of our investments and, above all, to continue to win over our customers in the US in lasting fashion by demonstrating our strengths. We are engaged in constant dialogue in this regard, particularly with our customers.

Our earnings were strong in the first quarter of 2016, with EBIT of EUR 3.5 million. However, this value was down from the year before, as well as our EBIT margin of 8.5%. This decrease was attributable above all to positive currency translation effects in the first quarter of 2015.

EBIT in the first quarter of 2016 at EUR 3.5 million

In view of the fact that 2015 earnings (after non-controlling interests) were up 21.8%, to EUR 6.7 million, we will recommend at the general meeting on 30 June 2016 to increase the dividend by 25.0% over the year before, to EUR 0.15 per share.

Dividend raised to EUR 0.15 per share

Schwandorf, May 2016

Sincerely yours,



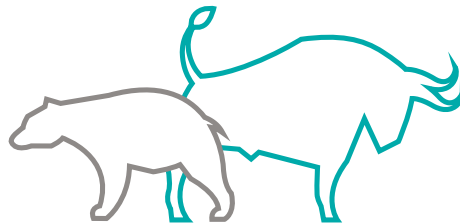
JOHANNES HECKMANN
Member of the Board



GERHARD WITZANY
Member of the Board

NABALTEC-SHARE

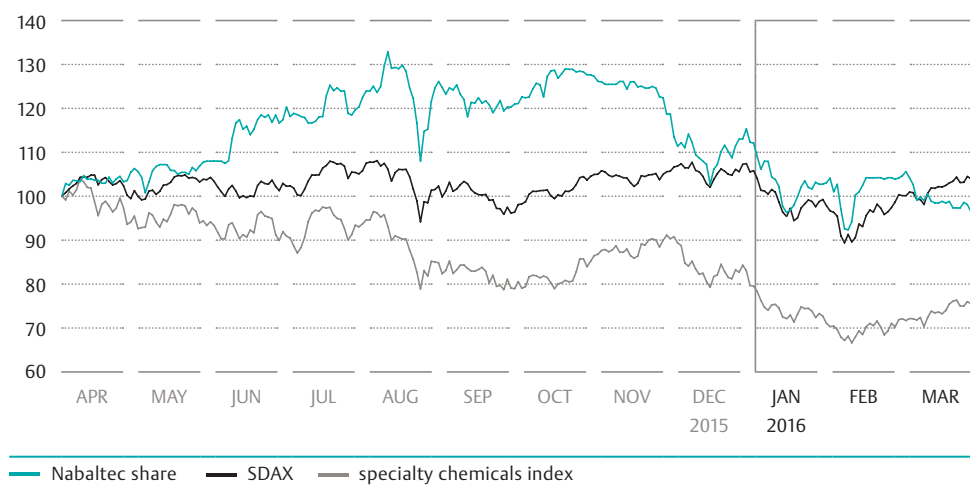
FIRST QUARTER OF 2016



ISIN/WKN: DE000A0KPPR7/A0K PPR

Since 24 November 2006 Nabaltec share has been listed in the Entry Standard segment of the Frankfurt Stock Exchange.

PERFORMANCE OF NABALTEC SHARE (XETRA, INDEXED)



Small- and mid-caps in particular were affected by investors' reticence, experiencing price drops and a high degree of volatility in some cases

The price of Nabaltec share was unable to withstand the weak capital market environment in the first quarter of 2016. Small- and mid-caps in particular were affected by investors' reticence, experiencing price drops and a high degree of volatility in some cases. As a result, the relevant comparison indices, the specialty chemicals index and the SDAX, were down 8.8% and 3.2% respectively in the first quarter of 2016. The performance of Nabaltec share in the first quarter of 2016 was similar: it reached a high of EUR 15.60 as early as 4 January 2016, before sliding to a low of EUR 12.85 on 10 February 2016. The share price then rebounded to EUR 13.42 by the reporting date, 31 March 2016.

KEY DATA FOR NABALTEC SHARE (XETRA)

	First 3 months of 2016	Year 2015
Number of shares	8,000,000	8,000,000
Market capitalization (cutoff date, in EUR million)	107.36	128.16
Average price (in EUR)	14.13	15.59
High (in EUR)	15.60	18.43
Low (in EUR)	12.85	12.04
Closing price (cutoff date, in EUR)	13.42	16.02
Average daily turnover (in shares)	2,411	4,013
Earnings per share* (in EUR)	0.22	0.84

* after non-controlling interests

The average daily trading turnover of Nabaltec share on XETRA was 2,411 shares in the first three months of 2016.

Earnings per share (EPS) after non-controlling interests amounted to EUR 0.22 in the first three months of 2016. By comparison, EPS at the end of the first quarter of 2015 amounted to EUR 0.26.

*Earnings per share
amounted to
EUR 0.22*

Analyst recommendations for Nabaltec share continue to be positive. In its analysis of 12 May 2016, Hauck & Aufhäuser confirmed its „buy“ recommendation with a price target of EUR 19.00, down from EUR 20.00. Baader Bank, in its study of 4 May 2016, also once again rated Nabaltec share a „buy,“ with a price target of EUR 15.90, down from EUR 17.50.

*Analyst
recommendations
for Nabaltec
share remain with
„buy“ positive*

As of 31 December 2015, 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 2016

COURSE OF BUSINESS

*Consolidated revenues
in the first quarter
at EUR 41.2 million
(+6.2%)*

Nabaltec AG was able to continue last year's strong performance in the first quarter of 2016. Revenues in particular were up from the same quarter of last year, climbing to a record high. Nabaltec's consolidated revenues in the first quarter of 2016 amounted to EUR 41.2 million, up 6.2% from the value of EUR 38.8 million posted in the same quarter of last year. Revenues were up 14.8% from the fourth quarter of 2015.

Revenues in the business division „Functional Fillers“ increased by 4.5% in the first quarter of 2016 over the first quarter of 2015, from EUR 26.9 million to EUR 28.1 million. This growth was once again based on the very strong performance of the fine precipitated hydroxides product segment (eco-friendly flame retardant fillers, e.g. for the cable & wire industry). Revenues in the business division „Technical Ceramics“ were up 10.1%, to EUR 13.1 million (same quarter of last year: EUR 11.9 million).

*Export ratio
at 72.1%*

Nabaltec was able to post growth in nearly all regions. The Japanese subsidiary formed in the first quarter of 2016, Nabaltec Asia Pacific K.K., has not yet had an impact on revenues in Asia. The export ratio in the first three months of 2016 was 72.1%, in line with last year's level.

Nabaltec's total performance in the first three months of 2016 increased by 7.8% over the same period of last year, from EUR 38.3 million to EUR 41.3 million. This increase is attributable above all to strong revenue growth with a simultaneous smaller decrease in inventories of finished products relative to the same period of last year.

The cost of materials ratio (cost of materials as a percentage of total performance) was at 51.3% in the first quarter, largely unchanged from last year's value of 51.2%. Gross profit margin (gross profit as a percentage of total performance) was 49.4% in the reporting quarter, down from 53.0% in the same period of last year. This decrease is largely attributable to high other operating income in the same period of last year, due above all to positive currency translation effects.

*Improvement in the
personnel expense ratio*

The personnel expense ratio (personnel expenses as a percentage of total performance) improved from 18.3% to 17.2%, while the number of employees increased from 417 to 440.

Other operating expenses increased from EUR 6.0 million in the same period of last year to EUR 7.1 million in the first three months of 2016, due primarily to negative currency translation effects, higher legal expenses and increased freight costs due to higher sales. Other operating expenses as a percentage of total performance increased relative to the same quarter of last year, from 15.7% to 17.2%.

Results in the first quarter of 2016 were not affected by extraordinary factors or one-time effects.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 6.2 million in the first quarter of 2016, down 15.1% from the value of EUR 7.3 million in the same quarter of last year. The EBITDA margin (EBITDA as a percentage of total performance) decreased accordingly, from 19.1% in the first quarter of 2015 to 15.0% in the reporting quarter. The primary reasons for this change relative to the same period of last year were here again the positive currency translation effects last year.

Consolidated EBIT amounted to EUR 3.5 million in the reporting quarter, compared to EUR 4.8 million in the same period of last year, for a decrease of 27.1%. However, EBIT improved by 25.0% relative to the fourth quarter of 2015. The EBIT margin (EBIT as a percentage of total performance) decreased from 12.5% in the first quarter of 2015 to 8.5% in the reporting quarter. *EBIT margin of 8.5%*

Net financial income improved to EUR -0.8 million in the first quarter of 2016, compared to EUR -1.1 million in the same period of last year.

Earnings before taxes amounted to EUR 2.7 million, compared to EUR 3.7 million in the same quarter of last year. After adjusting for taxes and non-controlling interests, consolidated earnings for the period came to EUR 1.8 million, compared to EUR 2.1 million in the comparison period. This corresponds to earnings per share of EUR 0.22 in the reporting quarter, down from EUR 0.26 in the same period of last year.

Cash flow from operating activities came to EUR 9.8 million in the first three months of 2016, down from EUR 15.8 million in the first quarter of 2015. In addition to strong earnings growth, a smaller increase in trade payables and other liabilities and an increase in tax payments relative to the same period of last year contributed to this development.

Spending on investments increased relative to the same period of last year, from EUR 2.0 million to EUR 7.3 million.

Cash flow from financing activity amounted to EUR -2.8 million, compared to EUR -8.0 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 41.8 million as of 31 March 2016.

Total assets were nearly unchanged relative to 31 December 2015, at EUR 201.7 million. As of the reporting date, 31 March 2016, non-current assets were up slightly, by 2.4%, and current assets decreased by 3.7%. A planned reduction in inventories relative to the position on 31 December 2015 was offset by an increase in trade receivables.

Equity ratio up
to 29.1%

On the liabilities side of the balance sheet, the equity ratio increased from 28.8% on 31 December 2015 to 29.1% on 31 March 2016. Non-current liabilities were at EUR 101.5 million as of 31 March 2016, compared to EUR 101.6 million at the end of 2015. Current liabilities decreased slightly since the end of 2015, down 1.4% to EUR 41.6 million.

EMPLOYEES

As of the reporting date, 31 March 2016, Nabaltec Group had 440 employees (including trainees). On the same date of last year, this number was 417 employees. The trainee ratio was 10.0%, which is a traditionally high level for Nabaltec.

SUBSEQUENT EVENTS

Nashtec LLC obtains key raw materials, particularly the aluminum hydroxide needed for the production of APYRAL[®], from Sherwin Alumina LLC, a wholly-owned subsidiary of Allied Alumina LLC. On 11 January 2016, Sherwin Alumina LLC filed for bankruptcy with the US federal bankruptcy court in Corpus Christi, Texas under Chapter 11 of the US Bankruptcy Code („Chapter 11 procedure“). Sherwin Alumina LLC has continued to operate normally so far, and there have not been any disruptions in Nashtec’s production or its deliveries to customers.

The future development of Sherwin Alumina LLC’s situation, and particularly the consequences of the Chapter 11 procedure, cannot be reliably assessed at this time. Nabaltec AG is currently examining and developing options for all possible scenarios, in consultation with its legal and financial advisors, in order to minimize the potential negative consequences for Nashtec LLC and Nabaltec AG. In particular, Nabaltec AG is working on alternatives that will enable it to continue supplying customers even in the event Nashtec LLC’s production breaks down due to an inadequate supply of raw materials. As far as things stand, however, an impact on Nashtec LLC’s operations is possible. The possibility cannot be ruled out that the Chapter 11 procedure for Sherwin Alumina LLC will have a negative impact on the revenues and earnings of Nashtec and Nabaltec AG as well in the 2016 Financial Year and beyond. The existence of Nabaltec AG will not be jeopardized as a result.

In April 2016, a company affiliated with Nashtec LLC’s minority shareholder won a bid to acquire the entire business operations of Sherwin Alumina LLC. Accordingly, the future owner has an indirect interest in Nashtec’s financial success.

OUTLOOK

Nabaltec plans to post moderate growth once again in 2016. The increase in revenues will be achieved primarily through volume growth, with an increase in high value-added products. However, a reliable forecast of Nabaltec Group's financial, earnings and liquidity position for Financial Year 2016 is not possible at this time given the unforeseeable developments in connection with the Chapter 11 bankruptcy of Sherwin Alumina LLC.

Nabaltec expects to post moderate growth in 2016

Orders on hand amounted to EUR 29.1 million on 31 March 2016, up 12.4% from the value on 31 December 2015.

Otherwise, the statements made in the forecast report of the 2015 consolidated management report retain their validity.

REPORT ON OPPORTUNITIES AND RISKS

No significant changes were evident in the first quarter of 2016 to the risk situation presented in the 2015 consolidated management report.

Schwandorf, 4 May 2016

The Management Board

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY 2016 THROUGH 31 MARCH 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
in EUR '000	01/01/ – 03/31/2016	01/01/ – 03/31/2015
Revenues	41,188	38,758
Change in unfinished and finished products	-31	-526
Other own services capitalized	105	94
Total performance	41,262	38,326
Other operating income	303	1,534
Cost of materials	-21,209	-19,568
Gross profit	20,356	20,292
Personnel expenses	-7,100	-6,998
Depreciation and amortization	-2,633	-2,493
Other operating expenses	-7,091	-5,973
Operating result (EBIT)	3,532	4,828
Interest and similar income	64	54
Interest and similar expenses	-883	-1,193
Result from ordinary operations (EBT)	2,713	3,689
Income taxes	-732	-1,408
Consolidated result after taxes	1,981	2,281
thereof attributable to		
Shareholders of the parent company	1,790	2,073
Non-controlling interests	191	208
Consolidated result after taxes	1,981	2,281
Earnings per share (in EUR)	0.22	0.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR '000	01/01/ – 03/31/2016	01/01/ – 03/31/2015
Consolidated result after taxes	1,981	2,281
Items that may be reclassified subsequently to profit or loss		
Foreign Currency Translation (after taxes)	-521	1,165
Net result from Hedge Accounting (after taxes)	-901	382
	-1,422	1,547
Items that will not be reclassified to profit or loss		
Actuarial gains and losses	0	0
	0	0
Other result	-1,422	1,547
thereof attributable to		
Shareholders of the parent company	-1,394	1,546
Non-controlling interests	-28	1
Comprehensive income	559	3,828
thereof attributable to		
Shareholders of the parent company	396	3,619
Non-controlling interests	163	209

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 MARCH 2016

ASSETS		
in EUR '000	03/31/2016	12/31/2015
Non-current assets	119,928	117,108
Intangible assets		
Concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	461	507
Property, plant and equipment	119,389	116,601
Land, leasehold rights and buildings on non-owned land	31,903	29,316
Technical equipment, plant and machinery	72,872	74,985
Other fixtures, fittings and equipment	2,920	2,884
Advance payments and plant and machinery under construction	11,694	9,416
Financial assets	78	0
Shares in affiliated companies	78	0
Current assets	81,748	84,784
Inventories	27,856	30,781
Raw materials and supplies	14,091	16,778
Unfinished goods	340	226
Finished products and merchandise	13,425	13,777
Trade receivables and other assets	12,100	11,731
Trade receivables	6,244	5,203
Other assets	5,856	6,528
Cash and cash equivalents	41,792	42,272
TOTAL ASSETS	201,676	201,892

EQUITY & LIABILITIES

in EUR '000	03/31/2016	12/31/2015
Equity	58,661	58,102
Subscribed capital	8,000	8,000
Capital reserve	29,764	29,764
Earnings reserves	9,711	9,711
Profit/loss carried forward	19,055	12,346
Consolidated result after taxes	1,790	6,709
Accumulated other comprehensive result	-10,420	-9,026
Non-controlling interests	761	598
Non-current liabilities	101,460	101,621
Retirement benefit obligation	28,181	27,951
Other provisions	901	887
Payables to banks	71,322	71,314
Deferred tax liabilities	1,056	1,469
Current liabilities	41,555	42,169
Income tax payables	781	1,565
Other provisions	158	154
Payables to banks	10,025	12,234
Trade payables	13,570	12,278
Other liabilities	17,021	15,938
TOTAL EQUITY & LIABILITIES	201,676	201,892

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JANUARY 2016 THROUGH 31 MARCH 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR '000	01/01/ - 03/31/2016	01/01/ - 03/31/2015
Cash flow from operating activities		
Period profit before taxes	2,713	3,689
+ Depreciation and amortization	2,633	2,493
-/+ Gain/loss from asset disposals	6	8
- Interest income	-64	-54
+ Interest expenses	883	1,193
Operating profit before working capital changes	6,171	7,329
+/- Increase/decrease in provisions	71	71
-/+ Increase/decrease in trade receivables and other assets not attributable to investing or financing activity	-369	-1,709
+/- Decrease/increase in inventories	2,925	4,242
+/- Increase/decrease in trade payables and other liabilities, not attributable to investment or financing activity	2,489	5,950
Cash flow from operating activities before taxes	11,287	15,883
- Income taxes paid	-1,521	-131
Net cash generated by operating activities	9,766	15,752

CONSOLIDATED STATEMENT OF CASH FLOWS		
in EUR '000	01/01/ – 03/31/2016	01/01/ – 03/31/2015
Cash flow from investing activities		
+ Cash received from disposals of property, plant and equipment	13	2
– Cash paid for purchases in property, plant and equipment	–7,213	–1,939
+ Cash received from rescission of intangible assets	12	–
– Cash paid for investments in intangible assets	–	–13
– Cash paid for investments in financial assets	–78	–
Net cash generated by investing activities	–7,266	–1,950
Cash flow from financing activities		
– Cash rendered for payment of financial loans	–2,670	–7,704
– Interest paid	–168	–313
+ Interest received	12	4
Net cash generated by financing activities	–2,826	–8,013
Net change in cash and cash equivalents	–326	5,789
Effects of exchange rate changes on the balance of cash held in foreign currencies	–154	399
Cash and cash equivalents at the beginning of the period	42,272	27,231
Cash and cash equivalents at the end of the period	41,792	33,419

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2016 THROUGH 31 MARCH 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR '000	Equity attributable to shareholders of Nabaltec AG		
	Subscribed capital	Capital reserve	Earnings reserves
Balance per 01/01/2015	8,000	29,764	9,711
Actuarial gains and losses	—	—	—
Foreign currency translation	—	—	—
Net gains from hedge accounting	—	—	—
Other gains/losses	—	—	—
Result for the period after tax	—	—	—
Consolidated result for the period	—	—	—
Balance per 03/31/2015	8,000	29,764	9,711
Dividend payments	—	—	—
Actuarial gains and losses	—	—	—
Foreign currency translation	—	—	—
Net gains from hedge accounting	—	—	—
Other gains/losses	—	—	—
Result for the period after tax	—	—	—
Consolidated result for the period	—	—	—
Balance per 12/31/2015	8,000	29,764	9,711
Actuarial gains and losses	—	—	—
Foreign currency translation	—	—	—
Net gains from hedge accounting	—	—	—
Other gains/losses	—	—	—
Result for the period after tax	—	—	—
Consolidated result for the period	—	—	—
Balance per 03/31/2016	8,000	29,764	9,711

Profit carried forward	Accumulated other comprehensive result	Total	Non-controlling interests	Consolidated equity
13,306	-8,150	52,631	-170	52,461
—	0	0	0	0
—	1,172	1,172	-7	1,165
—	374	374	8	382
—	1,546	1,546	1	1,547
2,073	—	2,073	208	2,281
2,073	1,546	3,619	209	3,828
15,379	-6,604	56,250	39	56,289
-960	—	-960	—	-960
—	-1,354	-1,354	0	-1,354
—	-117	-117	6	-111
—	-951	-951	28	-923
—	-2,422	-2,422	34	-2,388
4,636	—	4,636	525	5,161
4,636	-2,422	2,214	559	2,773
19,055	-9,026	57,504	598	58,102
—	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

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 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 2016 – 31 MARCH 2016

in EUR '000	Functional 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

PERIOD FROM 1 JANUARY 2015 – 31 MARCH 2015

in EUR '000	Functional Fillers	Technical Ceramics	Nabaltec Group
Revenues			
Third party revenue	26,874	11,884	38,758
Segment result			
EBITDA	5,488	1,833	7,321
EBIT	3,679	1,149	4,828

NABALTEC AG

ABRIDGED CONSOLIDATED NOTES

FOR THE PERIOD FROM 1 JANUARY 2016 THROUGH 31 MARCH 2016

1. GENERAL INFORMATION

Nabaltec AG, based in Schwandorf, Germany¹, 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 31 March 2016 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 2016 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 2015.

The interim financial statements encompass the period from 1 January 2016 to 31 March 2016.

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 2016 did not change compared to the consolidated financial statements as at 31 December 2015 or the first quarter of financial year 2015. The consolidated financial statements encompass the financial statements of Nabaltec AG, Schwandorf, as parent company, and its subsidiary Nashtec LLC, Texas (USA).

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 2015.

In addition to the Standards and Interpretations used on 31 December 2015, the following Standards and Interpretations were used for the first time, and had no impact on the interim financial statements:

- Amendments to IAS 1 Disclosure Initiative
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 19 Employee Benefits
- Amendments to IAS 27 Equity Method in Separate Financial Statements
- Amendments to IFRS 10, IFRS 12 and IAS 28 Applying the Consolidation Exception
- Amendments to IFRS 11 Accounting for Acquisition of Interests in Joint Operations
- Annual improvements to International Financial Reporting Standards 2010-2012
- Annual improvements to International Financial Reporting Standards 2012-2014

The IASB did publish the following changes in Standards prior to the publication of these interim financial statements.

- **Amendments to IAS 7 Disclosure Initiative: Statement of Cash Flows:** The amendments relate to specifications for additional disclosures in the notes to the financial statements which are meant to enable users of the financial statements to better assess changes in liabilities arising from financing activities. The new version is applicable for annual periods beginning on or after 1 January 2017. The amendments have not yet been adopted by the EU. First-time application is not presently expected to have a material impact on the consolidated financial statements.
- **Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses:** The amendments clarify the recognition of deferred tax assets for unrealized losses related to debt instruments measured at fair value. They clarify that such unrealized losses give rise to deductible temporary differences. The new version is applicable for annual periods beginning on or after 1 January 2017. The amendments have not yet been adopted by the EU. First-time application is not presently expected to have a material impact on the consolidated 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 2016 were the result of investments, primarily in land and buildings and in technical equipment and machinery to expand capacity and for further process optimization.

FINANCIAL ASSETS

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

SHAREHOLDERS' EQUITY

The change in the shareholders' equity of Nabaltec AG is presented in the consolidated statement of changes in equity. 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 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 2015.

No transactions with related persons and enterprises took place in the first three months of 2016. Such transactions are conducted at standard market prices and conditions.

Significant events after the balance sheet date

Nashtec LLC obtains key raw materials, particularly the aluminum hydroxide needed for the production of APYRAL[®], from Sherwin Alumina LLC, a wholly-owned subsidiary of Allied Alumina LLC. On 11 January 2016, Sherwin Alumina LLC filed for bankruptcy with the US federal bankruptcy court in Corpus Christi, Texas under Chapter 11 of the US Bankruptcy Code („Chapter 11 procedure“). Sherwin Alumina LLC has continued to operate normally so far, and there have not been any disruptions in Nashtec’s production or its deliveries to customers.

The future development of Sherwin Alumina LLC’s situation, and particularly the consequences of the Chapter 11 procedure, cannot be reliably assessed at this time. Nabaltec AG is currently examining and developing options for all possible scenarios, in consultation with its legal and financial advisors, in order to minimize the potential negative consequences for Nashtec LLC and Nabaltec AG. In particular, Nabaltec AG is working on alternatives that it will enable it to continue supplying customers even in the event Nashtec LLC’s production breaks down due to an inadequate supply of raw materials. As far as things stand, however, an impact on Nashtec LLC’s operations is possible. The possibility cannot be ruled out that the Chapter 11 procedure for Sherwin Alumina LLC will have a negative impact on the revenues and earnings of Nashtec and Nabaltec AG as well in the 2016 Financial Year and beyond. The existence of Nabaltec AG will not be jeopardized as a result.

In April 2016, a company affiliated with Nashtec LLC’s minority shareholder won a bid to acquire the entire operations of Sherwin Alumina LLC. Accordingly, the future owner has an indirect interest in Nashtec’s financial success.

Schwandorf, 4 May 2016

The Management Board

FINANCIAL CALENDAR

	2016
Annual General Meeting	30 June
Interim Report 2/2016	30 August
Interim Report 3/2016	29 November

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Nabaltec, Schwandorf

Better Orange, Munich

Concept and realization

CAT Consultants, Hamburg

Photos

Herbert Bürger, Andre Forner, freepik, Gerhard Götz, Stefan Hanke, Oliver Heini, Clemens Mayer, Nabaltec AG, shutterstock, Studio SX Heuser

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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