

Dear Investor,

This latest edition of our newsletter contains everything you need to know about the changes taking place in our Board of Management. Also featured are a review of our in-house exhibitions and an outline of the expectations we place in our new edge processing technology.

We hope you will enjoy reading our newsletter as well as gaining some useful information along the way.

Schopfloch, November, 2009



Rolf Knoll
Board Spokesman

Interview with the new HOMAG Group AG CEO Rolf Knoll

Editor: Mr Knoll, you have been the new Board Spokesman of the HOMAG Group AG since September 1st. Were you surprised about the appointment?

"There is nothing as constant as change", they say. But still I must admit to being surprised by Dr. Brenk's departure. It was under his guidance that we were able to steer a successful course through a very eventful phase of HOMAG's history – first while we were riding high from 2006 through 2008, including our successful public listing in 2007, and then through the unexpected bitter setback in 2009 following on from the international banking and economic crisis.

Editor: What are you anticipating from your new challenge?

Any change brings with it opportunity – and it was in this spirit that I was pleased to take on the office of Board Spokesman. I look forward to taking up the challenge, as I have every confidence not only in my own ability to do the job, but most importantly, in the support of my colleagues. I have been on the Management Board of the Homag Group since 1999 as Director of Group Operation, so I am very familiar with the HOMAG Group, in particular the producing companies, as well as its corporate strategies and philosophy. Because of my work as Chairman of the VDMA Association



Rolf Knoll – Board Spokesman and Head of Group Operations

of Woodworking Machinery, I am also in close touch with the situation of our sector as a whole.

Editor: Which issue do you intend to tackle first?

There is one clearly overriding aim at the present time: To steer the HOMAG Group safely through this massive crisis and return to profitable growth as quickly as possible. It is gratifying that the order situation has shown some signs of improvement since the sector's leading trade fair, the Ligna. And also the highly positive response and upbeat mood in evidence during our in-house exhibitions not only give rise to optimism that we have left the worst of the crisis behind us, but actually resulted in us closing a good number of concrete sales.

Editor: How do you envisage a recovery for the HOMAG Group in the near future?

The word on the street in economic circles is positive – but at the same time there are still plenty of question marks about how stable the economic recovery will be. In the past, a real upturn after an economic crisis generally took several years to filter through to the mechanical engineering industry. Over the course of the year so far, we have registered a modest recovery in the HOMAG Group, making us more optimistic as we look towards 2010.

But despite the return of a more optimistic outlook, we must not forget how dependent our export quota makes us on the global economy, which in turn relies heavily on dependable long-term financing by banks, stable raw material prices and free world trade. There is little we can do to influence these framework conditions, so we have to retain the capability to react quickly and flexibly to growth opportunities and also setbacks. Even if we do achieve the double-figure growth we are aiming at for next year, it could still take some time from our current viewpoint until we return to the levels we saw in 2007 and 2008.

Editor: What concrete measures are you considering to expand HOMAG Group's leading position?

If our aim is to return to a sustainable improvement in terms of both growth and income, then it is not enough to simply wait around for more favourable framework conditions to develop. Instead we must be proactive in continuing to optimize our operations, and I mean in every one of our company divisions. I envisage potential for improvement, for example, in optimized project processing, which will be implemented over the coming years with the HOMAG Group Engineering-Organisation, in stepping up our market and production presence in future regions, particularly China, India, South America and Eastern Europe, and in further development of our international sales organization. We also aim to

continue to work proactively on the development of innovative products and an optimized product portfolio, on exploiting group synergies and similar processes across the whole of the group, as well as on tightening up structures and further developing the Group's management organization.

Editor: Thank you for taking the time to talk to us Mr Knoll.

In-house exhibitions confirm upward trend

The parallel in-house exhibitions staged by Group companies HOMAG Holzbearbeitungssysteme AG, HOLZMA Plattenaufteiltechnik GmbH and FRIZ Kaschieretechnik GmbH were a resounding success. The upward tendency in evidence at the Ligna was echoed not only in terms of visitor numbers but also by the number of actual orders closed. At largest of the Group companies, HOMAG AG, the exhibition actually attracted 2,200 visitors, representing a 10 percent increase over the previous year, while the already high level of orders received was also slightly up on 2008. The greatest advantage of in-house exhibitions over external trade fairs is that we are able to provide visitors with live demonstrations of many of our large-scale plants.

Revolution in edge processing

Since the launch of the first edge banding machine back in the sixties, generations of developers have given plenty of thought to finding optimum methods of processing edges. We think that a breakthrough has finally been reached with our new laserTec process: Not only does the patent protected process result in a far superior end product, it also significantly reduces the necessary process steps involved. The knock-on effect is tangibly lower consumption of energy and consumables and reduced maintenance costs. Whether or not laserTec will turn out to be a revolutionary innovation on a par

with developments such as digital photography or the mobile phone remains to be seen. However, the sum of all the customer benefits and application of the first HOMAG machines using the laserTech gluing unit are already demonstrating in practice that a similar potential certainly exists in the field of edge processing. Because what is known as narrow edge coating is something which occurs in every panel processing operation from the smallest joinery to the biggest industrial producer, in terms of volume the potential for this technology is vast. Already patented in Germany, this new process certainly stands us in good stead for a hot melt glue-less future in the field of edge processing.

Jürgen Köppel takes over as new Sales Director

With effect from October 1, 2009, Jürgen Köppel, for many years CEO of the successful HOMAG producing company BRANDT Kantentechnik GmbH, took over Board responsibility for Sales, Service and Marketing from Dr. Joachim Brenk. The carefully arranged handover and many years of cooperation between the two in questions of sales strategy provide the assurance of continuity in the management of this important Board department. The changeover was prompted by Dr. Brenk's decision to leave the company to pursue other avenues. With the appointment of Jürgen Köppel, a highly market-oriented manager will be taking responsibility for sales, servicing and marketing at HOMAG Group AG, who places the "customer as the success factor" firmly in the focus of his actions. The new Sales Director will be concentrating in the short and medium term on developing and expanding the Group's own sales and servicing network, in particularly in the high-growth regions of the BRIC states. Growing the company's important service business and optimizing the product portfolio will also occupy a place high up on the agenda.



Jürgen Köppel – Head of Sales, Service and Marketing of HOMAG Group AG

Financial calendar

- 9th November 2009**
German Equity Forum 2009
- 13th November 2009**
Nine months report 2009
- 31st March 2010**
Publication of the Annual Report 2009
Press conference on Financial Results in Stuttgart
Analysts' Conference in Frankfurt am Main
- 14th May 2010**
Three months report 2010
- 28th May 2010**
Annual general meeting in Freudenstadt
- 13th August 2010**
Six months report 2010
- 12th November 2010**
Nine months report 2010

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