

Dear Investor,

In the first issue of our IR newsletter for the current year, we have included an interview with our new Director Jürgen Köppel, in which he talks about the current situation and forward planning for the Sales, Service and Marketing Departments. This issue also contains features on our winning the Axia Award, our 50-year jubilee and the sales situation for our newly developed laserTec technology.

We hope you will find the newsletter interesting and informative, as well as an enjoyable reading experience.

Schopfloch, March 2010



Rolf Knoll
Board Spokesman

Satisfied customers as an opportunity

Interview with HOMAG AG's new Director of Sales, Service and Marketing Jürgen Köppel

Editor: Mr Köppel, you have been Director of Sales, Service and Marketing since October 1, 2009. Were you surprised to have been selected for this position?

My appointment to the HOMAG Group AG Board was more than a surprise. After all, hardly anyone had anticipated Dr. Brenk's departure. With my team at the HOMAG subsidiary BRANDT Kantentechnik GmbH I still had a lot I intended to achieve, even after 5 years as Chief Executive. The fact that I had not been anticipating the opportunity that was offered to me made it all the more gratifying.

Editor: The current times are extremely challenging, particularly in the field of mechanical engineering. How do you envisage your new role?

The present situation entails not only challenges but also opportunities. Now more than ever we must concentrate on our strengths and place our customers at the focus of our actions and activities. As I come from one of the subsidiaries, I am very familiar both with the markets, the customers, our products, the structures and also the people involved. This provides the ideal foundation for selective action where this has the greatest benefit for our Group.



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

Editor: That sounds as though you already have a very concrete idea of what issues you intend to tackle first. Can you share your thoughts on this with us?

With its internationally active sales and service organization, the HOMAG Group provides an optimum support network for its customers. Even so, there is still further potential to be developed in this area which should not be underestimated. On the one hand, our presence particularly in Eastern Europe, the Middle East, Asia and South America can and must be expanded. But our already established markets in Central and Western Europe as well as North America also still offer interesting prospects for growth.

Editor: Mr Köppel, this is something our readers would be intrigued to hear about in more detail.

I clearly envisage two different angles of attack here. In our core markets, the trend towards ever more individual fur-

niture design still continues unabated in 2010. High-gloss surfaces, excellent design versatility or the use of extremely thick or thin panel materials all pose an on-going new challenges for woodworking machine manufacturers. With developments such as our batch size 1 plants, our patented laserTec method or also intelligent production control systems, we are able to offer our customers the perfect solution to their processing needs every time.

Editor: So what will be your second angle of attack?

We foresee enormous future potential particularly in Eastern Europe, the Middle East, Asia and South America, if demand for furniture, structural elements and flooring only reaches anything like the level of our core markets. Here, our aim must be to further extend the already widespread market presence and customer proximity of the HOMAG Group with our own sales and service companies. By offering attracting entry-level products, we aim to further increase our penetration of the emerging markets.

Editor: What is the HOMAG Group doing alongside extending its sales and service structures to make sure it participates in this development?

Simply to participate is not sufficient for us in our role as world market leader. We aspire to be market leader in every individual region. To lay the foundations for this, the HOMAG Group invested at a very early stage in establishing production plants in future regions. By setting up our own factories in Brazil, Poland and China, we are now in a position to hold our own against local competitors. This strategy means that customers come into contact with our products at a very early stage in the emerging markets.

Editor: How do you envisage the markets will develop in 2010?

Following the critical year 2009, any forecast for the current year is dependent on a number of factors which are beyond our sphere of influence. Despite this, demand for our products has developed positively in a considerable number of different markets over recent months. This is where our global structure and the associated

distribution of risk across different markets stand us in good stead. Significant success in the project business has also confirmed that our policy to expand the work of HOMAG Group Engineering was the right one. The HolzHandwerk trade fair in March in Nuremberg and the Xylexpo in May in Milan will undoubtedly be two major barometers for the strength of demand, particularly in our European core markets, and for how this demand is likely to develop. We are ideally equipped to make the most of both these fairs at any rate with an impressive array of product innovations and services.

Editor: Shifting the focus to services and customer satisfaction, what are your ideas on these two key areas?

Customers and customer needs must always remain the focal point of our actions. Providing a service which also benefits the customer creates added value which the customer recognizes, or which it may be necessary to point out to him. This is where our **lifeline** service strategy comes in. Over the entire life cycle of the machine, we provide support and backup for customers to help them reach their production optimum. The competent support we offer starts well before the machine purchase, when it takes the form of advisory services which our customers certainly appreciate and acknowledge. This opens up a highly interesting business area which we intend to develop and expand consistently in the future.

Editor: Mr Köppel, thank you for taking the time to talk to us.

HOMAG Group AG receives Axia Award

HOMAG Group AG has been recognized by this year's Axia Awards, winning a prize in the internationalization category. This prize, conferred by the auditing company Deloitte, was launched three years ago to distinguish medium-sized enterprises for sustained, exemplary company management. The 2009 Axia Award was dedicated in particular to the success factors marking out sustainable company management in turbulent

economic times. The panel of judges was impressed by the successful and prudent process of internationalization we have pursued over more than 20 years. As long ago as the eighties, the Management declared world market leadership to be an underlying strategic goal. Over the years that followed, it developed production plants at home and abroad or acquired companies along the customer process chain. We also founded our own sales and service organization in previously determined target markets, and in doing so have long since become a global player.

Success with laserTec

Since developing the new technology to the series stage and being awarded the Innovation Prize at the Novelty Symposium held at LIGNA 2009, we have already successfully sold over a dozen **laserTec** machines. The enormous benefits to be gained in edge processing using this innovative technology and the visibly higher standard of quality are being extremely well received by customers. Particularly in the fitted kitchen and bathroom furniture industry, we are currently handling a lively stream of enquiries, with an enormous amount of interest being expressed in **laserTec**. Due to the highly positive market response, we are working at full steam on a further development of this patented technology, and aim to achieve even higher production speeds. With selective marketing campaigns, for example the **laserTec** Asia-Pacific-Tour, user reports or live demonstrations of the technology on customer premises, as well as a presence at all the important trade fairs worldwide, we will be proactively promoting **laserTec** in the marketplace and winning over customers to the benefits of this revolutionary technology.

HOMAG celebrates 50-year company jubilee

It was back on January 1, 1960, that Gerhard Schuler and Eugen Hornberger founded the company

HOMAG, and went on to develop the company into what has become the world's number one company group in the field of woodworking. This was made possible by a strong program of innate company growth coupled with the selective acquisition of companies whose performance spectrum made a sensible addition to Homag's own product portfolio. One highly important success factor has been a clearly defined strategy to open up international markets with the development of a closely-meshed network of sales and servicing companies and exclusive sales partners in all the important sales regions. Five foreign production companies have since been added to the eleven indigenous manufacturers belonging to the Group. We will be presenting our customers a range of Edition machines to mark our company jubilee.

Financial calendar

31st March 2010

Publication of the Annual Report 2009

31st March 2010

Press Conference on Financial Results in Stuttgart

31st March 2010

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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