

Ladies and Gentlemen,

**In this latest issue of the IR Newsletter you will find out more on the trend toward lightweight design in the furniture industry, its future prospects and the HOMAG Group's strong position in this area. We also provide you an overview of how LIGNA – the industry's leading trade fair – went, of our top innovations that we showcased there and the response from visitors. In addition, we would like to present to you the current assessment by analysts on the HOMAG share.**

**I hope you enjoy reading this newsletter!**

**Schopfloch, July 2013**



**Dr. Markus Flik**  
**CEO**

## “Lightweight design is the future”

**Interview with Frieder Schuler, leader of the furniture team at HOMAG Group Engineering, on the growing importance of lightweight technology, particularly in the furniture industry.**

*Editors: Mr. Schuler, the topic of lightweight design still hasn't had the same impact in the furniture industry as it has in other industries. Why do you think that is?*

In my opinion the furniture industry has already recognized the advantages of lightweight design but is as yet unable to implement it rigorously in the way other industries are doing – such as the automotive or aerospace industries. Process reliability continues to be of great importance when handling particle boards. And the preconception of end customers that high quality furniture is by necessity heavy might also play a part. That is one reason why LIGNA included a dedicated lightweight design platform centered on drawing attention to this topic. And we also exhibited several machines for the edge processing of lightweight panels at the trade fair. Today, we are already seeing values change, driven by the younger and more mobile generation in particular.

*Editors: So you are optimistic about lightweight design?*

Less is more – that is the underlying thought that is fueling the lightweight

trend. From a business and environmental perspective, lightweight technology offers so many advantages I believe its rise is unavoidable. Lightweight design is clearly the future.

*Editors: Could you briefly outline the main advantages?*

The most important advantage is without any doubt the reduced use of materials. This is an area in which manufacturers can save money as they can achieve the same product attributes while reducing their use of resources. At the same time conscientious use of the valuable raw material wood makes environmental sense. The lower weight of these designs affords additional advantages. For instance, transport tonnage can be reduced, flat-pack furniture can be more conveniently transported by end customers and, given the growing volume of internet

retail, it is possible to reduce the cost of mail dispatch. Furthermore, lightweight components are increasingly used in airplane, caravan and ship interiors.

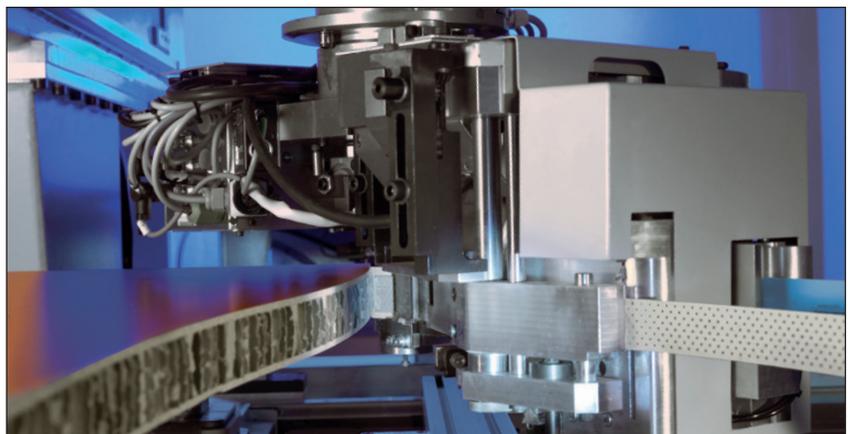
*Editors: Are there any other advantages for this advanced technology, apart from the weight and cost reductions?*

Absolutely. For instance, our customers benefit from new design options as thicker panels can be used. And extra functionalities can be much more easily integrated into honeycomb panels, which enables interesting design solutions as well as compelling selling points. For instance, electronic components such as LED lighting, speaker cables or flat screens can be more easily integrated.

*Redaktion: How well is the HOMAG Group positioned in the lightweight segment?*

Lightweight design is a long-standing topic for HOMAG: it makes environmental sense, it is technically challenging and it is forward-looking. That is why we have been rigorously driving forward the topic of lightweight design for years and are one of the pioneers in this field worldwide. In the doors segment, for instance, we have already been processing lightweight panels for years. Lightweight design is also a perfect fit for our recently refined mission statement as one of its fundamental principles is sustainability. We are aware of our responsibility towards people and the environment.

*Editors: What can the HOMAG Group offer customers in the field of lightweight technology?*



Processing a piece of furniture made of lightweight panels using CNC technology

A lot. Our plant and machinery cover all steps of the lightweight production process: from panel manufacturing, through to dividing, coating, sanding and edge processing as well as hardware mounting or packaging. And it caters for both cabinet shops and SMEs as well as industry customers alike. We are talking about a mature and thoroughly tested technology, as we have been involved in this area for a long time as I mentioned earlier. We are going to continue to invest in the further development of this technology in the future.

*Editors: Has this technology already established itself in your market?*

Until now, the furniture industry has been selective in its take-up of machines for the manufacture of lightweight furniture. At the same time, however, we are seeing that customers are increasingly interested in the topic of environmentally compatible production, particularly in our industry. We are quite clearly registering a keen interest by our customers in the manufacture of lightweight products – especially large furniture manufacturers. In 2012, for instance, we received a major order from our customer Maja for a total of four production lines and several stand-alone machines for the efficient production of lightweight furniture. For IKEA Industry we even set up the first production line for lightweight furniture in China capable of producing about 21.8 million lightweight design parts per year.

I am confident that we are already very well positioned in this growing market segment as we can already offer our customers ideal solutions for their specific needs today.

## LIGNA report

At LIGNA, the world's leading trade fair for our industry, which was held in May in Hanover, the HOMAG Group was again the largest single exhibitor. With about 7,000 m<sup>2</sup> of floor space and more than 60 machines on display, our HOMAG City was a

crowd-puller. In our InnovationCenter we were able to present numerous world-first innovations in the area of processing units, featuring striking technology highlights. Underscoring our global alignment, more than half of all visitors to the HOMAG trade fair stands came from abroad, a proportion that significantly exceeds the figures published by the trade fair organizer.

Set to make a big impact on the woodworking industry in the coming years, the development of the **powerTouch** user interface was the climax of our innovation offensive. The innovative touch screen control concept combines design and functionality into a completely new dimension in human-machine interface. This is based on the combined machine control technology, **powerControl**. This approach creates a multitude of new possibilities such as a standardized system for compiling business data with which the machines can generate, assess and analyze a large volume of data. This guarantees compelling benefits for customers and the HOMAG Group can feed back analysis results into the next generation of machines. The large-format multi-touch display allows simple, consistent and ergonomic control of the machines and production lines. Similar to the concept commonly used in smart phones, the functions of the machines are controlled by direct touch. Standardized control elements and software modules mean that with this new concept all HOMAG Group machines can be operated with the same familiar look and feel with variations relating to machine-specific details. In total, 30 of the machines showcased at LIGNA were already equipped with the new technology and were available to order.

All of the HOMAG Group's innovations proved very popular at LIGNA, and we saw a very good order intake at the fair.

Combined with the healthy start to the year, we were already able to exceed the important EUR 100 million threshold in project order intake for 2013 after just over four months. This highlights our strong position as a global system



New **powerTouch** technology (video)  
[www.youtube.com/watch?v=2ufBb6KSHLk](http://www.youtube.com/watch?v=2ufBb6KSHLk)

provider and our advanced plant engineering expertise, particularly in the eyes of the big-name industry manufacturers.

## Analyst estimates

The analysts currently keeping track of our development are confident about the good prospects of the HOMAG Group. In June, M.M.Warburg also began to study the share and set our share's rating to "buy". At present, five of six analysts recommend buying the HOMAG share.

Institut	Analyst estimates	Last update
Bankhaus Lampe	Buy	May 2013
Commerzbank	Buy	May 2013
Hauck & Aufhäuser	Hold	May 2013
HSBC	Overweight	February 2013
LBBW	Buy	May 2013
M.M.Warburg	Buy	June 2013

## Financial Calendar

### August 14, 2013

Six-month report 2013

### November 12, 2013

Nine-month report 2013

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