

Ladies and Gentlemen,

In our current IR newsletter we inform you about our strategy and in particular about our objectives in China, a key market. We also introduce our newly opened showroom in Herzebrook and report on our social involvement with our HOMAG Cares initiative.

I hope you enjoy reading this newsletter.

Schopfloch, February 2013



Dr. Markus Flik
CEO

We want to reach the one-billion mark in sales revenue by 2017!

Interview with CEO Dr. Markus Flik on the strategy of the HOMAG Group, the future drivers of growth and the Chinese market.

Editors: At the German Equity Forum held at the end of 2012 in Frankfurt, the HOMAG Group declared that it wanted to reach the one-billion mark in sales revenue by 2017. What are these plans based on?

As the global market leader, our aspiration is to grow faster than the market. In other words, we want to grow our share of the global market from the current 28 percent. As a result, sales revenue would reach the one-billion mark in 2017.

Editors: How do you intend to reach this sales revenue growth, where do you see potential here?

We see potentials in several areas. On the one hand, we expect that the growth markets will continue to develop favorably positively in the coming years. This includes Asia with China, and eastern Europe with Russia. But we are also optimistic about the USA, where furniture production and house construction is on the upswing again, after the very difficult past few years.



Dr. Markus Flik (CEO)

Apart from this market-driven growth in some regions, we also want to draw on our innovations to encourage our customers to invest. On the one hand with plant and machinery that further drives up our customers' productivity, and on the other hand with revolutionary developments, such as **laserTec**, that open up completely new possibilities in furniture designs. We also see additional growth potential in the service business, such as in software engineering and consulting services, areas we are continually expanding.

Editors: Will this growth also be reflected in a corresponding improvement in earnings?

That is our target, and we are on a good path. For instance, we will have completed our restructuring measures in the first half of 2013. The reduction from eleven to nine domestic production companies increases our efficiency. Also contributing to these efforts is our HOMAG Group Action Program (HGAP), in which more than 500 measures are defined group-wide that will lower our costs and raise our productivity. In 2012, we obtained an increase in earnings of more than EUR 10 million from these measures.

Editors: In which of the growth markets you mentioned earlier do you see the greatest potential?

In China, definitely. The Chinese market is growing non-stop, and we want to grow with it. We are confident that we can more than double our sales revenue in this market by 2017 from about EUR 70 million today. China is seeing a clear trend toward urbanization, which means that more and more people, particularly middle-class people, are moving to cities. This is fueling a boom in construction with roughly 20 million new apartments expected each year. Moreover, people want to upgrade their home and living environments and are inspired by western role models. All of this adds up to fast growing demand for furniture and structural elements. And the large increases in income in China mean that more and more Chinese can afford items on their wish list. Increasing wages, on the other hand, are a factor driving the trend toward automation in China, an area for which we are ideally equipped with our complete solutions comprising automated cells and production lines.

Editors: How is the HOMAG Group currently positioned in the Chinese market?

We feel that we are very well positioned, as we started activities there early on and have continually expanded. With HOMAG Machinery, we have had our own production company in Shanghai since 1994. In the past two years we invested about EUR 6 million and massively expanded the location while upgrading the technology there. Today, we have a production area of more than 17,000 m² there and employ

some 250 workers. With HOMAG China Golden Field, we also have a powerful sales and service partner with eight sales offices across the country at which about 300 employees support our customers. As a result, HOMAG is ranked number one in terms of brand awareness and has a high brand recognition according to a recent market study. We are currently the clear market leader in China – and we intend to grow this position in our segment!

Editors: What are your goals for the coming years in China?

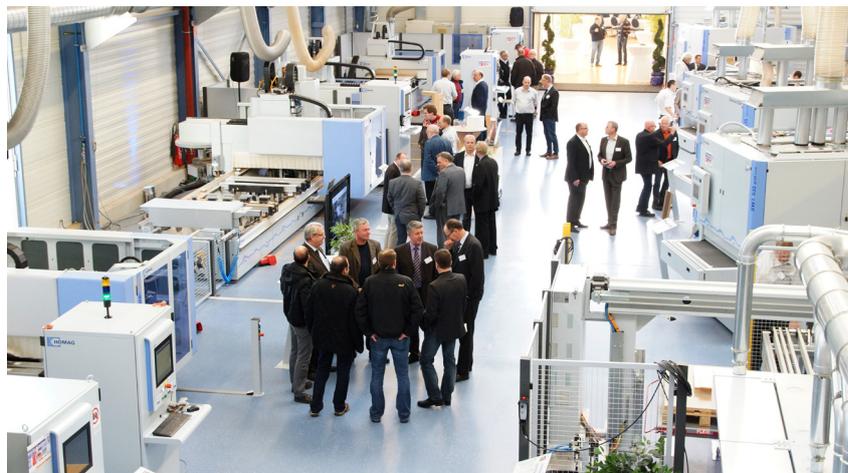
It is necessary to differentiate the Chinese market into different segments and to align one's strategy accordingly. Just a quick word on the current situation: in the high-end machines segment we are already very well positioned with our imported products. In the segment below that, the entry-level segment to high-end manufacturing, we are active with the machines we produce locally. In both of these segments we are the clear number one. In the mid-market segment our presence is limited at present. Our objective over the coming years is therefore to continue growing our strong position in the high-end segment and to tap into the mid-market segment.

Editors: How do you intend to achieve these goals?

We are going to expand our local product management for the mid-market segment in China and align our products more closely to local specifications. To do this, we also want to install R&D capacity at our Chinese factory in order to better identify local needs and to implement them more swiftly.

Inauguration of CompetenceCenter in Herzebrock

With the opening of a new showroom in Germany, we are strengthening our position in central Europe and further improving our ability to serve our customers. In November 2012, we opened the CompetenceCenter in



Inauguration of the CompetenceCenter in Herzebrock

Herzebrock, North Rhine-Westphalia. Here, we can showcase the complete spectrum of the HOMAG Group's offerings on a total area of 1,600 m² and present the most advanced technologies at a single location. Over 20 machines are permanently available there for live demonstrations. Apart from stand-alone machines, linked-in production lines are also on display. Additional benefits for our customers include regular training events, customer training seminars, workshops and specialist talks on current topics relating to the woodworking industry.

Helping where it is needed

In the second half of 2012, we again helped people in need as well as foundations and associations with our HOMAG Cares initiative. For instance, at the AWISA trade fair in Australia we sold manufactured demonstration parts to trade fair visitors. HOMAG Group topped up the proceeds and donated the resulting AUD 2,000 collected to an Australian cancer foundation.

Apart from cash donations, HOMAG also lent its support with donations in kind. At the end of fiscal year 2012, for instance, the HOMAG Group gave a compact car to the children's cancer charity in Dingolfing-Landau. With great personal dedication, the non-profit association currently provides financial support to

about 60 families with children suffering from cancer. The charity will be using their new car for trips to the clinic.

In 2013, we want to continue living up to our social responsibility as a company with these kinds of measures.

Financial calendar

28 March 2013

Publication of the annual report 2012, press conference on financial results in Stuttgart, analysts' conference in Frankfurt am Main

15 May 2013

Three-month report 2013

28 May 2013

Annual general meeting in Freudenstadt

14 August 2013

Six-month report 2013

12 November 2013

Nine-month report 2013

Investor Relations

Kai Knitter

HOMAG Group AG

Homagstrasse 3 - 5

72296 SCHOPFLOCH

DEUTSCHLAND

Phone: +49 7443 13 2461

Fax: +49 7443 13 8 2461

E-Mail: kai.knitter@homag-group.com