HOMAG GROUP

Interim Report Q3/2012

Success through partnership and strategy

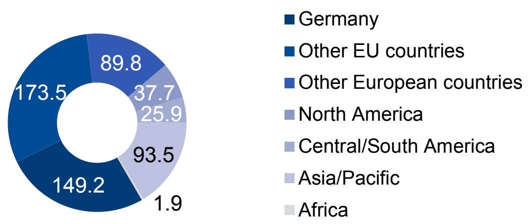
KEY GROUP FIGURES

		9 months 2012	9 months 2011	9 months 2010	9 months 2009
Total sales revenue	EUR m	571.5	578.9	517.1	376.1
Sales revenue Germany	EUR m	149.2	135.6	109.8	99.7
Sales revenue other EU countries	EUR m	173.5	198.0	187.5	146.8
Sales revenue other European countries	EUR m	89.8	89.4	61.9	35.7
Sales revenue North America	EUR m	37.7	38.3	24.3	18.0
Sales revenue Central/South America	EUR m	25.9	26.1	30.2	14.8
Sales revenue Asia/Pacific	EUR m	93.5	89.3	101.5	56.7
Sales revenue Africa	EUR m	1.9	2.2	1.9	4.4
operative EBITDA[1) 2)]	EUR m	52.4	45.7	41.4	5.0
operative EBITDA[1) 2)]	as % of sales revenue	9.2	7.9	8.0	1.3
EBIT[1)]	EUR m	30.1	21.2	18.2	-23.2
EBIT[1)]	as % of sales revenue	5.3	3.7	3.5	-6.2
EBT	EUR m	18.2	11.0	7.5	-26.1
EBT	as % of sales revenue	3.2	1.9	1.4	-6.9
Net profit/loss					
before non-controlling interests	EUR m	8.3	5.0	4.2	-22.2
after non-controlling interests	EUR m	8.7	4.3	3.1	-21.7
Earnings per share[3)]	EUR	0.55	0.27	0.20	-1.38
ROCE[4)] after taxes	as %	10.0	7.5	6.2	-3.8
HVA[5)]	as %	0.6	-1.8	-3.1	-12.7
Free cash flow[6)]	EUR m	-5.3	-5.6	30.0	-31.2
Equity as of the reporting date	EUR m	163.2	168.5	164.4	155.6
Equity ratio	as %	29.0	29.7	28.5	30.0
Net liabilities to banks	EUR m	89.4	79.7	67.1	112.3
Net debt to EBITDA ratio[7)]		1.3	1.3	1.2	16.7
Investments / capitalized intangible assets[8)]	EUR m	13.3	12.4	9.0	21.5
Investments / capitalized property, plant and equipment[8)]	EUR m	13.4	10.3	6.9	9.3
Amortization of intangible assets[8)]	EUR m	8.6	8.6	7.9	5.1
Depreciation of property, plant and equipment[8)]	EUR m	10.2	10.2	10.7	11.4
Employees	average of the period	5,062	5,084	4,965	5,189
thereof trainees	average of the period	330	356	373	368
Order intake accumulated[9)]	EUR m	452.1	468.1	436.1	282.5
Order backlog as of the reporting date[9)]	EUR m	218.5	221.8	202.6	172.8

1) Before taking into account employee participation
2) Before restructuring/non-recurring expenses
3) Net profit/loss after non-controlling interests, based on 15,668,000 shares
4) (Adjusted EBIT[1) 2)] for the first nine months / 3 x 4 x 70 %) / capital employed (non-current assets + net working capital) (assumed effective tax rate of 30 %)
5) ROCE after taxes less weighted average cost of capital employed
6) Cash flow from operating activities plus cash flow from investing activities
7) Net liabilities to banks / operative EBITDA (before employee participation and restructuring/non-recurring expenses) for the first six months / 3 x 4
8) Excluding leases
9) Order intake and order backlog only contain own machines without merchandise, spare parts and services

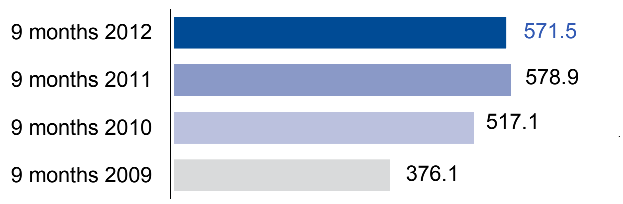
SALES REVENUE BY REGION 9 months 2012

EUR million



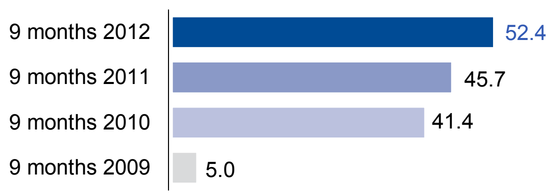
SALES REVENUE

EUR million



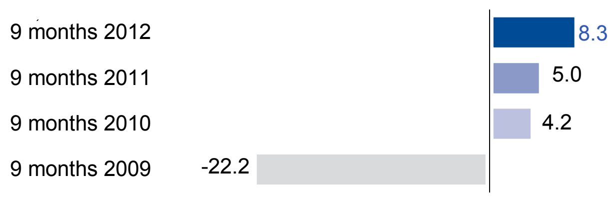
operative EBITDA[1)]

EUR million



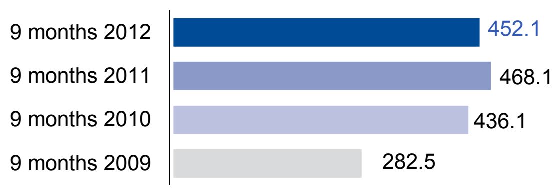
NET PROFIT/LOSS
before non-controlling interests

EUR million



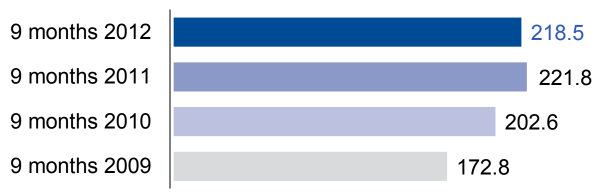
ORDER INTAKE [2)]

EUR million



ORDER BACKLOG [2)]

EUR million



[1)] Before taking into account employee participation and before restructuring/non-recurring expenses
[2)] Order intake and order backlog only contain own machines without merchandise, spare parts and services

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FOREWORD BY THE MANAGEMENT BOARD

From left to right:
Dr. Markus Flik
Harald Becker-Ehmck

DEAR SHAREHOLDERS,

Your Company, HOMAG Group AG, proved again in the third quarter of 2012 that with its measures to enhance operating performance it is possible to significantly improve earnings even in a difficult environment. The global economy is currently in a phase of weakness, as was also confirmed in the current fall report of Germany's leading economic institutes. Based on this report, the investment climate will continue to be impacted by the crisis in the eurozone. At our company, the HOMAG Group, this has been seen in some western European countries, where the typical order intake increase in September following the vacation months was not as high as usual. In spite of the reluctance to invest revealing itself in central Europe, we were able to exceed the prior-year figure in Germany. The Asia and Americas regions developed positively in the third quarter. This was thanks to both a further extension of our sales and service structures as well as an improvement in the economic conditions in the US.

We view our order intake in the third quarter positively in light of our consistent management of risks and earnings and see it as a sign of customers' great confidence in our products. We were able to generate this order intake, although we paid special attention to the margin in the acquisition of projects. This strategy combined with other measures, such as our cost management for example, was seen in the earnings indicators, which improved further in the reporting quarter. In this way we were able to raise our operative EBITDA before employee participation expenses and before extraordinary expenses by about 25 percent and were able to more than double our earnings per share compared to the prior-year quarter.

Our negotiations concerning a new syndicated loan agreement also closed on a positive note in the third quarter of 2012. Under this agreement we have improved the terms, volumes and conditions compared to the former agreement and ensure in the future the solid financing of growth plans at the HOMAG Group. Moreover, effective as of July 30, 2012 we purchased the shares in our subsidiary, BRANDT Kantentechnik GmbH, that we did not previously own (30 percent). This provides the HOMAG Group additional synergies and positive tax effects.

We welcomed Harald Becker-Ehmck as a new member of the management board at the start of July 2012. He serves as the management board member in charge of production, materials, quality management and affiliates and is thus the successor of Herbert Högemann, the former management board member in charge of production and materials, who stepped down from the management board of HOMAG Group AG as of September 30, 2012. We would like to thank Mr. Högemann for his dedicated and valuable work on the management board of HOMAG Group AG, and look forward to continuing to work with him at the HOMAG Group in his function as managing director of these areas at HOMAG Holzbearbeitungssysteme GmbH.

From left to right:
Jürgen Köppel
Hans-Dieter Schumacher

OUTLOOK

Based on our expectations, the current relatively weaker investment climate will not improve before the end of the year. In spite of this, we still aim to reach an order intake in 2012 that is roughly at the same level of 2011, even though this appears ambitious from today's perspective. We are more optimistic concerning sales revenue and aim to slightly exceed our previous forecast. In the meantime, we expect sales revenue to exceed EUR 750 million. We still anticipate an operative EBITDA (before employee participation expenses and before extraordinary expenses) of around EUR 65 million. We intend to return a net profit for the year of more than EUR 5 million.

We aim to reach an order intake at least at the level of 2011 or slightly surpass this figure, and estimate sales revenue of around EUR 800 million in the next fiscal year, 2013. Due to the effects of our restructuring and cost savings measures, we expect operative EBITDA of at least EUR 70 million and aim to return a net profit for the year of at least EUR 10 million. These forecasts are subject to the condition that there are no major disruptions in the global economy.

We achieved a lot in the first three quarters of 2012 and also were able to improve our earnings situation in a challenging environment. Hence we are confident about the future development of the HOMAG Group and aim to continue improving our operating performance step by step.

Schopfloch, November 2012

The management board

DR. MARKUS FLIK

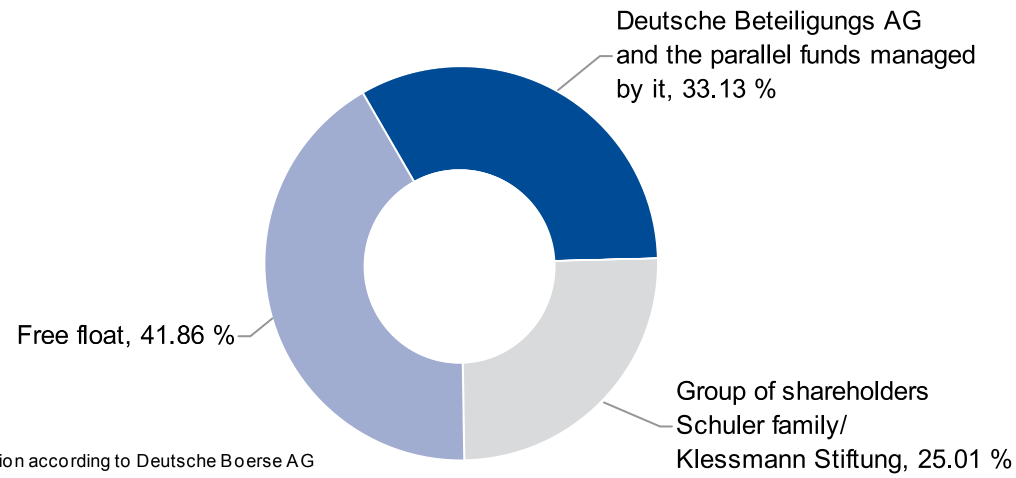
HARALD BECKER-EHMCK

JÜRGEN KÖPPEL

HANS-DIETER SCHUMACHER

THE HOMAG GROUP SHARE

SHAREHOLDER STRUCTURE AS OF SEPTEMBER 30, 2012*



*Method of calculation according to Deutsche Boerse AG

The share markets developed positively on the whole in the third quarter of 2012. The recovery of share prices was above all a result of liquidity measures by major central banks. In this context, the US Federal Reserve as well as the European Central Bank (ECB) and the Bank of Japan eased their monetary policies. European stock markets benefited from this in particular, as investors view a break-up of the European Monetary Union as increasingly unlikely. In this environment, the DAX increased by 12 percent, the MDAX by 6 percent and the SDAX by 4 percent in the third quarter.

The HOMAG share was not able to benefit from this trend. Following substantial growth in the first half of 2012, our share lost a portion of these gains between July and September, in August in particular. The price of our share came to EUR 10.00 at the end of September.

The German stock markets experienced stable development in October 2012. The DAX and the SDAX both improved slightly, the MDAX grew at a slightly higher rate. The HOMAG share price remained constant, closing the month at EUR 9.95.

As part of our investor relations activities, the management board held two road shows in Frankfurt and Zurich in the third quarter. We also held several personal talks and telephone calls with analysts. At the conference call on the second quarter of 2012, the management board held discussions with and answered questions from analysts. We also attach great importance to transparent communication and regular contact with private shareholders and the general public. Accordingly, we published a total of three press releases and one investor newsletter between July and September.

PERFORMANCE OF THE HOMAG GROUP SHARE IN COMPARISON WITH SDAX

January 3, 2011 to October 31, 2012

Source: XETRA, stock performance indexed (January 3, 2011 = 100)

SHARE PERFORMANCE INDICATORS

ISIN code		DE0005297204
Stock exchange segment		Prime Standard
XETRA code		HG1
IPO	July 13, 2007	
Number of shares	no-par value ordinary bearer shares	15,688,000
Price high* January 3, 2011-September 28, 2012	January 5, 2011	EUR 17.59
Price low* January 3, 2011-September 28, 2012	December 30, 2011	EUR 7.80
Price* as at September 28, 2012		EUR 10.00
Earnings per share	January 1-September 30, 2012	EUR 0.55
Market capitalization (September 28, 2012)		EUR 156.9 million

* XETRA closing quote

INTERIM MANAGEMENT REPORT AS OF SEPTEMBER 30, 2012

ECONOMIC ENVIRONMENT

According to the current Joint Economic Forecast by Germany's leading economic institutes, the global economy has been in a phase of weakness in the fall of 2012. Based on this, the economy has lost momentum in nearly all areas and the mood of companies and consumers has further deteriorated. The main reason for this continues to be the persisting crisis in the eurozone according to the fall report. Here the recession continued as the year progressed and both total economic output as well as domestic demand have been continually in decline since the fall of 2011, although there are large differences between individual countries in the eurozone. Whereas an ongoing economic slump has been seen in Spain, Italy, Portugal and Greece, there have been comparatively better developments in Germany, Austria, Belgium and Slovakia. The sluggish demand in advanced economies is also being felt in the large emerging economies that have not been able to maintain their recent rapid growth due to structural problems, among other things.

Despite the continued sound development in Germany, the euro crisis has also had a negative impact on the domestic economy, which has been seen in particular in the declining capital expenditures by companies. The fact that the mood in the German economy has dampened further has also been confirmed by the ifo business climate index, which fell for the sixth time in a row in October.

The VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation] reports that the engineering sector in Germany saw a decline of one percent in order intake in the third quarter of 2012 compared to the prior year. A rise of 9 percent abroad was counterbalanced by a 17 percent drop in Germany. Based on information from the competent trade association within the VDMA, order intake and sales revenue are down in the plant and machinery for secondary wood processing, the segment of relevance to HOMAG. Without taking into account price adjustments, order intake decreased by 10 percent in the third quarter of 2012 and sales revenue was down 9 percent. These figures have declined both in Germany and abroad.

BUSINESS DEVELOPMENT

We at the HOMAG Group also felt the increasing uncertainty relating to the euro crisis and the corresponding reluctance to invest also on the part of our customers in the third quarter of 2012. In spite of this difficult environment, at EUR 124.9 million from July to September 2012 our order intake was only slightly below the prior-year figure (EUR 129.0 million). We see this as a sign of customers' great confidence in our products. In light of the fierce competition, we are focusing on consistent management of risk and earnings. This means we pay special attention to attainable margins in the acquisition of projects. This success is reflected in the good result in the third quarter. At EUR 218.5 million as of September 30, 2012, we also succeeded in just about maintaining the level of order backlog seen in the prior year (EUR 221.8 million).

In the third quarter of 2012, sales revenue decreased slightly to EUR 195.5 million (prior year: EUR 204.6 million). Two contrasting aspects should be considered in this context. For example, the third quarter includes sales revenue from the large-scale project with the customer Mekran of around EUR 2 million, whereas in the prior-year quarter around EUR 16 million was still attributable to this large-scale project. On the other hand, there are effects arising from the prescribed application of the percentage-of-completion (PoC) method. Based to this, sales revenue and earnings from large-scale production lines are recognized based on their percentage of completion as of the reporting date. In the reporting quarter, this resulted in a more positive effect on sales revenue compared to the prior-year quarter. Factoring out these two effects, sales revenue is just about identical in the two comparative quarters. Total operating performance in the third quarter of 2012 came to EUR 202.3 million (prior year: EUR 205.2 million). This is due to a higher level of inventories of machines in process.

Regarding our worldwide sales regions, a certain reluctance to invest is revealing itself in the central Europe region (Germany, Austria and Switzerland). By contrast, interest in our products is still high in this area, which can be seen in our bidding activities which remain at a good level.

The typical increase in order intake that takes place in September following the vacation months in some western European countries was not as high as usual. This was true of Spain and Italy in particular. Prior to this, relatively stable order intake had been seen in Italy. Eastern Europe was below the prior-year figure in the third quarter of 2012, although this was, however, a result of the large-scale project Mekran. Individual markets developed positively in this context. This trend, however, has been overshadowed by the difficult financing situation, in the Russian market in particular.

The Americas developed very positively between July and September, considerably exceeding the prior-year figure. The supra-regional IWF trade fair also made an important contribution and the improvement in the economic conditions have shown a positive impact in the US. The order intake also improved considerably on the prior year in Brazil. This was supported by the ForMóbile trade fair in São Paulo.

We have improved once more in Asia in the third quarter compared to prior year. In addition to China, order intake rose in other markets in the Asia/Pacific region in both project and standalone machine businesses.

In the first nine months of 2012 our order intake reduced to EUR 452.1 million (prior year: EUR 468.1 million). Sales revenue came to EUR 571.5 million for the same period (prior year: EUR 578.9 million). Adjusted for the share allocable to the large-scale project Mekran, this results in a rise to EUR 561.8 million following EUR 553.9 million in the prior year. Due to the increase in inventories, at EUR 593.8 million, total operating performance remained roughly at the prior-year level (prior year: EUR 594.3 million) despite the lower sales revenue.

EARNINGS SITUATION

Thanks to our cost management, among other factors, we were able to further improve our earnings situation in the third quarter of 2012. Furthermore the success of our consistent risk and earnings management is reflected in this context. Other operating income rose by EUR 1.8 million as of the prior-year quarter due to the disposal of non-current assets, primarily the sale of property in India. By contrast, other operating expenses fell by EUR 3.4 million, as we recognized fewer impairment losses on trade receivables in the reporting period.

Operative EBITDA before employee participation expenses and before extraordinary expenses improved significantly by around 25 percent to EUR 21.5 million (prior year: EUR 17.1 million). As a result, our operative EBITDA margin rose to 11.0 percent (prior year: 8.4 percent). In contrast to the second quarter of 2012, the application of the PoC method had a positive effect on earnings between July and September.

Our personnel expenses rose to EUR 69.6 million (prior year: EUR 66.1 million), due to, among other things, the collectively negotiated wage and salary increase as of May 1, 2012. Added to this, we also made less frequent use of reducing vacation or overtime compared to the prior year. Based on this, the ratio of personnel expenses to total operating performance increased to 34.4 percent (prior year: 32.2 percent). This is also the result of the higher level of sales revenue in the prior year on account of the large-scale project Mekran. As the share of merchandise fell again following conclusion of this project, among other things, the ratio of cost of materials to total operating performance fell in the third quarter to 43.5 percent (prior year: 45.5 percent).

Of little significance in the third quarter were our extraordinary expenses, which came to EUR 0.4 million as in the prior year. Employee participation expenses rose to EUR 2.4 million (prior year: EUR 1.6 million). This was due to the fact that the discount rate declined again slightly, which led to an additional discounting effect for non-current obligations. In accordance with International Financial Reporting Standards, this interest rate is to be determined by reference to market yields as prevailing on the reporting date on high-quality fixed interest bearing corporate bonds.

Thus, our EBIT before employee participation expenses and after extraordinary expenses rose to EUR 14.1 million in the third quarter of 2012 (prior year: EUR 10.0 million). Thanks to lower interest rates from the repayment of participation rights and the cash pool, which makes central management of cash reserves of numerous subsidiaries possible, the interest result improved to EUR -2.1 million (prior year: EUR -2.7 million). Combined with the profit from associates, the financial result comes to EUR -1.9 million (prior year: EUR -2.4 million). EBT after employee participation expenses and after extraordinary expenses improved considerably to EUR 9.9 million (prior year: EUR 6.0 million).

The tax expense rate fell significantly from the high rate in the second quarter (126 percent) to 46 percent (prior year: 47 percent). The interest limitation regulations and losses incurred at some subsidiaries for which no deferred tax assets could be recognized prevented an even lower rate in this context. This brings the net profit for the period before non-controlling interests to EUR 5.4 million (prior year: EUR 3.2 million) and after non-controlling interests to EUR 5.7 million (prior year: EUR 2.7 million). Earnings per share rose to EUR 0.36 (prior year: EUR 0.17).

Our earnings situation improved significantly in the first three quarters of 2012 compared to the prior year. For instance, operative EBITDA before employee participation expenses and before extraordinary expenses climbed by 15 percent to EUR 52.4 million (prior year: EUR 45.7 million). EBIT before employee participation expenses and after extraordinary expenses improved to EUR 30.1 million (prior year: EUR 21.2 million) and EBT after employee participation expenses and after extraordinary expenses to EUR 18.2 million (prior year: EUR 11.0 million). The tax rate in the first nine months of 2012 comes to 54 percent (prior year: 55 percent). This brings the net profit for the period before non-controlling interests to EUR 8.3 million (prior year: EUR 5.0 million) and after non-controlling interests to EUR 8.7 million (prior year: EUR 4.3 million) and leads to earnings per share of EUR 0.55 (prior year: EUR 0.27).

NET ASSETS AND FINANCIAL POSITION

In net assets and financial position there were two significant events in the third quarter. Effective as of July 30, 2012, we purchased the shares in BRANDT Kantentechnik GmbH that we did not previously own, thus increasing our equity interest from 70 to 100 percent. BRANDT has been a member of the HOMAG Group since 1976, and primarily manufactures edge banding machines in the Cabinet Shop segment. The recent increase in the BRANDT shareholding provides additional synergies and tax effects within the HOMAG Group.

Furthermore, we concluded a new syndicated loan agreement in the third quarter of 2012, under which we have been able to improve the terms, volumes and conditions compared to the former agreement. The agreement concluded with a syndicate of banks led by Commerzbank, Deutsche Bank and UniCredit has a volume of EUR 210 million. It has a term of four years and, like the agreement valid to date, is subject to compliance with specific covenants. The current agreement, which would have expired in February 2013, originally had a volume of EUR 188 million and a term of three years.

Our total assets as of September 30, 2012 remained just about unchanged at EUR 562.0 million compared to year-end 2011 (EUR 558.4 million). For example, on the assets side of the statement of financial position, the repeated rise in inventories in comparison to the second quarter was counterbalanced by a decrease in cash and cash equivalents. In addition to the expansion of inventories, this is due to the acquisition of the remaining shares in our subsidiary BRANDT as well as our higher investments.

Under equity, the “non-controlling interests” item fell primarily on account of the acquisition of the shares in BRANDT from EUR 16.5 million as of year-end 2011 to EUR 6.4 million as of the end of the third quarter of 2012. Supported by the good earnings in the reporting quarter, we were able to slightly increase our equity to EUR 163.2 million (December 31, 2011: EUR 161.7 million) in spite of this effect. The equity ratio remained constant at 29 percent.

Due to the new syndicated loan agreement, there was a shift from current to non-current financial liabilities within the financial liabilities item.

Due to the repayment of the second tranche of the participation rights of EUR 15 million which has been made in the meantime, our net liabilities to banks as of September 30, 2012 rose to EUR 89.4 million compared to the prior-year figure (prior year: EUR 79.7 million). The increase compared to the second quarter (EUR 83.0 million) is mainly due to the expansion of inventories, the acquisition of the remaining BRANDT shares as well as cash outflows in connection with restructuring.

The return on capital employed (ROCE) before taxes on the basis of EBIT before expenses from employee participation and before extraordinary expenses rose to 14.3 percent between January and September 2012 (prior year: 10.8 percent). After taxes (tax rate used in calculation: 30 percent), ROCE on the basis of EBIT before expenses from employee participation and before extraordinary expenses came to 10.0 percent (prior year: 7.5 percent). This increase is attributable to our successful net working capital management as well as increased EBIT before expenses from employee participation and before extraordinary expenses.

Although the first restructuring measures have in the meantime had an impact on cash as planned, we were able to significantly increase our operating cash flow (cash flow from operating activities) between January and September 2012 to EUR 26.5 million (prior year: EUR 16.2 million). This is owing to our very successful net working capital management coupled with the significant increase in our net profit for the period. Primarily on account on the acquisition of the shares in our subsidiary BRANDT and the announced increase in our investing activities, which we have already implemented, cash flow from investing activities further increased to an outflow of EUR 31.8 million (prior year: outflow of EUR 21.8 million). This results in free cash flow of EUR -5.3 million (prior year: EUR -5.6 million). The cash flow from financing activities stood at EUR -10.1 million at the end of the third quarter (prior year: EUR -21.1 million). The prior-year quarter still included a dividend payment of EUR 4.7 million as well as the repayment of the first tranche of the participation rights of EUR 10 million. Cash and cash equivalents stood at EUR 41.9 million as of September 30, 2012 (prior year: EUR 43.9 million). This level will most likely decrease further over the course of the year due to the fact that the additional restructuring measures announced will have an impact on cash and that the level of investment planned continues to be above the prior-year level.

EMPLOYEES

As of September 30, 2012, our headcount had fallen by 62 employees in comparison to the prior year to a total of 5,085 employees (prior year: 5,147 employees), which is mainly attributable to the restructuring measures at BÜTFERING, FRIZ and TORWEGGE. The increase compared to the end of the second quarter (5,038 employees) is due to the fact that around 100 trainee positions were added groupwide in the period from July to September 2012. We therefore remained committed to our traditionally high ratio of trainees in the fiscal year. As of September 30, 2012, the HOMAG Group employed 88 contract workers (prior year: 112 contract workers).

CAPITAL EXPENDITURE

Our capital expenditure on intangible assets and property, plant and equipment fell slightly to EUR 8.5 million (without leases) in the third quarter of 2012 (prior year: EUR 9.4 million). The focal point of our investment was on the new building for the sales branch in Switzerland, the further expansion of the Chinese production plant in Shanghai, the comprehensive automation of the warehouse of HOMAG Holzbearbeitungssysteme GmbH as well as investment in our corporate software in connection with our large-scale IT project ProFuture. Capital expenditure contains own work capitalized of EUR 2.2 million (prior year: EUR 2.7 million). As announced, our investment volume rose to EUR 26.6 million in the first three quarters (prior year: EUR 22.7 million).

RESEARCH AND DEVELOPMENT

Our subsidiaries presented their new and enhanced developments once again at this year's in-house trade fairs at the end of September. The focus, spread over an exhibition area of more than 13,000 m², was on smart batch size 1 solutions from basic to high-performance systems as well as flexible concepts for efficient series production.

Further harmonization of our product portfolio, will make it possible to offer integrated product stages in various performance classes for numerous fields of application in the future.

A comprehensive modular system in the field of saws makes it possible to retrofit the related technology on a needs-basis at any time – from software to feeding and saw cutting patterns to destacking of finished parts. By way of comprehensive expansion and extension opportunities, performance can be enhanced, the degree of automation increased and the security of investment ensured. As such, the saw expands to meet the requirements of our customers.

In the industrial entry-level field of edge banding machines, we have developed a new through-feed machine, which replaces the two previous models. This unites the strengths of the previous models and offers an excellent cost-to-performance ratio. We were already able to successfully sell the new model at in-house trade fairs.

In the field of edge and surface processing, the use of a new polishing unit allows for a higher gloss level and an even more balanced polished finish in the transition from workpiece edges to workpiece surfaces. By applying wax and polishing the surface, the edge quality of high-gloss surfaces can be improved yet again. Furthermore, we developed a new unit to process the excess edge of workpiece surfaces and workpiece bottom edges as well as trailing and leading edges. This enables fully automated processing of edge materials and dimensionally stable workpieces prone to damage under pressure, such as lightweight panels for the cabinet shop business.

PERSONNEL CHANGES TO THE MANAGEMENT BOARD

Harald Becker-Ehmck was appointed to the management board as the member responsible for production, materials, quality management and affiliates, effective July 1, 2012. He is thus the successor of Herbert Högemann, the former management board member in charge of production and materials management, who stepped down from the management board of HOMAG Group AG as of September 30, 2012, and who will focus on his function as managing director of these areas at HOMAG Holzbearbeitungssysteme GmbH.

RISK AND OPPORTUNITIES REPORT

The risk management system in place and the individual business risks and opportunities are described in the annual report 2011, pages 75 to 81. The comments made there are still essentially valid. There are no discernible risks at present that could jeopardize the continuation of HOMAG Group as a going concern.

SUBSEQUENT EVENTS

There were no events after the end of reporting period of special significance to the further economic development of the HOMAG Group.

OUTLOOK

The fall report by leading economic research institutes only expect very moderate growth in the global economy of 2.4 percent for 2012 and 2.6 percent for 2013. Nevertheless, the expansive monetary policies should mean that the upwards trend in the US economy will continue and that the economy in the eurozone will stabilize. Following expectations that the economic output will slow in both the eurozone as well as Europe as a whole in 2012, the economic experts expect slow economic recovery in 2013 and the gross domestic product to grow slightly, although the recession is expected to linger in some European countries. Emerging economies are expected to grow by around 5 percent in both 2012 and 2013. China is expected to see growth of around 8 percent.

For Germany, the economic think tanks expect the expansion of the economy as a whole to slow down towards the end of the year and forecast growth of 0.8 percent for 2012. After a slow start to 2013, where above all capital expenditures by companies will remain subdued, the German economy is expected to gradually recover and grow by 1.0 percent in 2013 – this following growth of two percent that was expected in the spring of 2012.

The VDMA slightly raised its forecast for the mechanical engineering industry in Germany for 2012 and now anticipates machinery production to increase by two percent. Up to now, production had been expected to stagnate. For sales revenue in the segment of the woodworking machines industry of relevance to HOMAG, the professional association within VDMA is forecasting a negative single-digit figure for 2012.

In spite of the growing uncertainty among companies and the resulting reluctance to invest, we aim to reach order intake in 2012 that is roughly at the same level as 2011 – even though we are aware that this appears ambitious from today’s perspective. We aim to slightly exceed our previous forecast for sales revenue and expect more than EUR 750 million. We still anticipate an operative

EBITDA (before employee participation expenses and before extraordinary expenses) of around EUR 65 million. We intend to return a net profit for 2012 of more than EUR 5 million.

It is currently very difficult to forecast 2013 and further development hinges on the financial crisis and its impact on the economy. For this reason, our forecasts are subject to the condition that there are no major disruptions in the global economy. Under these conditions, we aim to reach an order intake at least at the level of 2011 or slightly surpass this figure, and estimate sales revenue of around EUR 800 million in 2013. Due to the effect of our restructuring and cost savings measures, we expect operative EBITDA of at least EUR 70 million and aim to return a net profit for the year of at least EUR 10 million.

We are confident for the future development of the HOMAG Group and aim to continue improving our operating performance step by step.

CONSOLIDATED INCOME STATEMENT

EUR k	2012 07/01-09/30	2011 07/01-09/30	2012 01/01-09/30	2011 01/01-09/30
SALES REVENUE	**195,498**	**204,581**	**571,459**	**578,925**
Increase or decrease in inventories of finished goods and work in progress	4,217	-2,495	13,965	6,352
Own work capitalized	2,576	3,130	8,397	9,027
	6,793	635	22,362	15,379
TOTAL OPERATING PERFORMANCE	**202,291**	**205,216**	**593,821**	**594,304**
Other operating income	5,645	3,819	14,016	11,709
	207,936	**209,035**	**607,837**	**606,013**
Cost of materials	88,051	93,464	256,641	264,552
Personnel expenses before employee participation	69,560	66,079	212,926	206,035
Amortization of intangible assets	2,851	2,830	8,597	8,555
Depreciation of property, plant and equipment	4,070	3,974	12,145	12,473
Other operating expenses	29,290	32,719	87,448	93,231
	193,822	**199,066**	**577,757**	**584,846**
OPERATING RESULT BEFORE EMPLOYEE PARTICIPATION	**14,114**	**9,969**	**30,080**	**21,167**
Expenses from employee participation	-2,410	-1,551	-6,293	-3,187
NET OPERATING PROFIT	**11,704**	**8,418**	**23,787**	**17,980**
Profit/loss from associates	257	296	761	862
Interest income	1,135	421	2,140	2,367
Interest expenses	3,244	3,130	8,494	10,186
EARNINGS BEFORE TAXES	**9,852**	**6,005**	**18,194**	**11,023**
Income taxes	-4,496	-2,808	-9,882	-6,061
NET PROFIT FOR THE PERIOD	**5,356**	**3,197**	**8,312**	**4,962**
Profit attributable to non-controlling interests	-304	460	-341	693
Profit attributable to owners of Homag Group AG	**5,660**	**2,737**	**8,653**	**4,269**
Earnings per share attributable to owners of Homag Group AG in EUR (basic and diluted)	0.36	0.17	0.55	0.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR k	2012 07/01-09/30	2011 07/01-09/30	2012 01/01-09/30	2011 01/01-09/30
NET PROFIT FOR THE PERIOD	**5,356**	**3,197**	**8,312**	**4,962**
Currency effects	201	982	1,250	-849
Actuarial gains and losses	0	0	-38	40
Income taxes on other comprehensive income	0	0	6	0
OTHER COMPREHENSIVE INCOME	**201**	**982**	**1,218**	**-809**
TOTAL COMPREHENSIVE INCOME	**5,557**	**4,179**	**9,530**	**4,153**
Total comprehensive income attributable to non-controlling interests	-304	662	-276	701
Total comprehensive income attributable to owners of Homag Group AG	**5,861**	**3,517**	**9,806**	**3,452**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR k		Sep. 30, 2012	Dec. 31, 2011
NON-CURRENT ASSETS			
I.	Intangible assets	66,893	62,491
II.	Property, plant and equipment	134,456	135,217
III.	Investments in associates	8,541	7,875
IV.	Other financial assets	511	534
V.	Receivables and other assets		
	Trade receivables	1,420	1,664
	Sundry financial assets	1,194	1,813
	Other assets and prepaid expenses	131	99
	Income tax receivables	2,160	2,151
VI.	Deferred taxes	11,789	13,833
		227,095	**225,677**
CURRENT ASSETS			
I.	Inventories	149,125	129,961
II.	Receivables and other assets		
	Trade receivables	81,096	85,382
	Receivables from long-term construction contracts	29,222	34,233
	Receivables due from associates	9,629	9,809
	Other assets and prepaid expenses	20,218	13,960
	Income tax receivables	2,145	2,885
III.	Cash and cash equivalents	41,934	56,469
		333,369	**332,699**
IV.	Non-current assets held for sale	1,539	0
		334,908	**332,699**
TOTAL ASSETS		**562,003**	**558,376**

EQUITY AND LIABILITIES

EUR k		Sep. 30, 2012	Dec. 31, 2011
EQUITY			
I.	Issued capital	15,688	15,688
II.	Capital reserves	32,976	32,976
III.	Revenue reserves	99,458	101,203
IV.	Net profit for the period	8,653	-4,718
	Equity attributable to owners	156,775	145,149
V.	Non-controlling interests	6,408	16,505
		163,183	**161,654**
NON-CURRENT LIABILITIES AND PROVISIONS			
I.	Non-current financial liabilities	72,004	114,328
II.	Other non-current liabilities	10,746	11,101
III.	Pensions and other post employment benefits	3,385	3,284
IV.	Obligations from employee participation	14,346	11,885
V.	Other non-current provisions	4,132	4,562
VI.	Deferred taxes	13,731	11,602
		118,344	**156,762**
CURRENT LIABILITIES AND PROVISIONS			
I.	Current financial liabilities	72,338	38,257
II.	Trade payables	74,933	78,444
III.	Prepayments received	33,955	27,685
IV.	Liabilities from long-term construction contracts	2,746	2,917
V.	Liabilities to associates	2,441	1,980
VI.	Other financial liabilities	31	103
VII.	Other current liabilities and deferred income	75,480	71,027
VIII.	Tax liabilities	3,954	2,767
IX.	Pensions and other post employment benefits	52	52
X.	Other current provisions	14,546	16,728
		280,476	**239,960**
XI.	Liabilities from assets held for sale	0	0
		280,476	**239,960**
TOTAL LIABILITIES		**398,820**	**396,722**
TOTAL EQUITY AND LIABILITIES		**562,003**	**558,376**

CONSOLIDATED CASH FLOW STATEMENT

EUR k	2012 01/01-09/30	2011 01/01-09/30
1. CASH FLOW FROM OPERATING ACTIVITIES		
Profit or loss before taxes	**18,194**	**11,023**
Income tax paid (-)	-3,796	-5,313
Interest result	6,355	7,819
Interest paid (-)	-7,043	-9,223
Interest received (+)	2,106	2,330
Write-downs (+)/write-ups (-) of non-current assets (netted)	20,742	21,028
Increase (+)/decrease (-) in provisions	-118	967
Other non-cash expenses (+)/income (-)	-1	-1
Share of profit (-) or loss (+) of associates	-761	-862
Gain (-)/loss (+) on disposals of non-current assets	-875	-67
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-15,172	-29,918
Increase (+)/decrease (-) in trade payables and other liabilities	6,831	18,424
CASH FLOW FROM OPERATING ACTIVITIES	**26,462**	**16,207**
2. CASH FLOW FROM INVESTING ACTIVITIES		
Cash received (+) from disposals of property, plant and equipment	2,390	889
Cash paid (-) for investments in property, plant and equipment	-13,380	-10,335
Cash received (+) from disposals of intangible assets	1	2
Cash paid (-) for investments in intangible assets	-13,251	-12,380
Cash paid (-) for the acquisition of consolidated companies	-7,530	0
Cash paid (-) for investments in financial assets	0	-25
CASH FLOW FROM INVESTING ACTIVITIES	**-31,770**	**-21,849**

EUR k	2012 01/01-09/30	2011 01/01-09/30
3. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends	0	-4,706
Cash paid (-) to non-controlling interests	-255	-913
Cash received (+) from the issue of (financial) liabilities	98,596	9,228
Cash repayment (-) of bonds and (financial) liabilities	-108,464	-24,670
CASH FLOW FROM FINANCING ACTIVITIES	**-10,123**	**-21,061**
4. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Change in cash and cash equivalents (subtotal 1-3)	-15,430	-26,703
Effect of currency translation adjustments and change in scope of consolidation on cash and cash equivalents	895	301
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**56,469**	**70,286**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [1)]	**41,934**	**43,884**

1) Cash and cash equivalents at the end of the period correspond to the line item cash and cash equivalents in the statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR k	Issued capital	Capital reserves	Revenue Revenue reserves
Jan. 1, 2011	**15,688**	**32,976**	**93,348**
Other changes			**-79**
Dividends paid			-4,706
Changes from non-controlling interests			-21
Transactions with owners			**-4,727**
Reclassification to revenue reserves			**6,683**
Net result for the period			
Other income and expense			
Total comprehensive income			
Sep. 30, 2011	**15,688**	**32,976**	**95,225**
Jan. 1, 2012	**15,688**	**32,976**	**95,275**
Other changes			**-216**
Dividends paid			
Changes from non-controlling interests			2,036
Transactions with owners			**2,036**
Reclassification to revenue reserves			**-4,718**
Net result for the period			
Other income and expense			
Total comprehensive income			
Sep. 30, 2012	**15,688**	**32,976**	**92,377**

reserves					
Other comprehensive income	Translation reserve	Group result	Equity before non-controlling interests	Non-controlling interests	Total
-224	**5,690**	**6,683**	**154,161**	**15,853**	**170,014**
			-79	**-2**	**-81**
			-4,706	-913	**-5,619**
			-21	21	**0**
			-4,727	**-892**	**-5,619**
		-6,683	**0**	**0**	**0**
		4,269	4,269	693	**4,962**
39	-856		-817	8	**-809**
39	**-856**	**4,269**	**3,452**	**701**	**4,153**
-185	**4,834**	**4,269**	**152,807**	**15,660**	**168,467**
-134	**6,062**	**-4,718**	**145,149**	**16,506**	**161,655**
			-216	**0**	**-216**
				-255	**-255**
			2,036	-9,567	**-7,531**
			2,036	**-9,822**	**-7,786**
		4,718	**0**		**0**
		8,653	8,653	-341	**8,312**
-32	1,185		1,153	65	**1,218**
-32	**1,185**	**8,653**	**9,806**	**-276**	**9,530**
-166	**7,247**	**8,653**	**156,775**	**6,408**	**163,183**

SELECTED EXPLANATORY NOTES

GENERAL

These interim condensed consolidated financial statements for the first three quarters of 2012 were released for publication by resolution of the management board on November 12, 2012.

APPLICATION OF ACCOUNTING REQUIREMENTS

The interim condensed consolidated financial statements of Homag Group AG (the Homag Group) as of September 30, 2012, like the consolidated financial statements as of December 31, 2011, were prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretations Committee (SIC) and of the IFRS Interpretations Committee as adopted by the EU and applicable as of the end of the reporting period. The provisions of IAS 34 on interim financial reporting were applied.

The same accounting policies generally apply for this interim report as for the 2011 consolidated financial statements. These policies are explained in detail in the 2011 annual report. In addition, the amendments to IFRSs and the new policies mandatory as of September 30, 2012 have been adopted in the interim financial statements.

All mandatory new and amended IFRSs were described in detail in the annual report 2011.

The interim consolidated financial statements have been prepared in euro (group currency) and presented in thousands of euros (EUR k). Besides the income statement and statement of financial position, a cash flow statement, a statement of changes in equity and a statement of comprehensive income have been presented separately.

The income statement has been prepared using the nature of expense method.

BASIS OF CONSOLIDATION

The interim consolidated financial statements are based on the separate financial statements of Homag Group AG and the subsidiaries included in consolidation, prepared in accordance with uniform accounting policies.

The interim condensed consolidated financial statements do not contain all of the information required for consolidated financial statements and should therefore be read in conjunction with the published consolidated financial statements as of December 31, 2011.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

SALES REVENUE

In the first nine months of 2012, the Homag Group generated sales revenue of EUR 571,459 k, down 1.3 percent on the comparable period in 2011.

EUR k	2012 07/01-09/30	2011 07/01-09/30	2012 01/01-09/30	%	2011 01/01-09/30	%	% change on the prior year
Germany	**53,526**	**49,297**	**149,192**	**26.1%**	**135,634**	**23.4%**	**10.0%**
Other EU countries	67,842	66,455	173,500	30.4%	198,047	34.2%	-12.4%
Rest of Europe	24,025	40,534	89,768	15.7%	89,365	15.5%	0.5%
North America	12,677	10,954	37,699	6.6%	38,253	6.6%	-1.4%
Central/South America	8,811	8,216	25,850	4.5%	26,142	4.5%	-1.1%
Asia/Pacific	27,864	28,427	93,541	16.4%	89,316	15.4%	4.7%
Africa	753	698	1,909	0.3%	2,168	0.4%	-11.9%
Other countries	**141,972**	**155,284**	**422,267**	**73.9%**	**443,291**	**76.6%**	**-4.7%**
TOTAL	**195,498**	**204,581**	**571,459**	**100.0%**	**578,925**	**100.0%**	**-1.3%**

At 10.0 percent, the Germany region saw the greatest percentage increase in sales revenue in the first nine months of 2012 in comparison to the same period of the prior year. The share of sales revenue earned in Germany increased from 23.4 percent in the first nine months of 2011 to 26.1 percent in the reporting period. The Asia/Pacific region also succeeded in recording an increase (up 4.7 percent). The other EU countries region recorded a 12.4 percent decline. Here it should be noted that sales revenue from the large-scale project Mekran was included in this figure in the prior year. Sales revenue in the regions Central/South America and North America fell by 1.1 percent and 1.4 percent, respectively, in comparison to the comparable period of 2011. The Africa region saw a decrease of EUR 259 k (down 11.9 percent). The rest of Europe region remained roughly at the prior-year level.

COST OF MATERIALS

EUR k	2012 07/01-09/30	2011 07/01-09/30	2012 01/01-09/30	2011 01/01-09/30
Cost of raw materials, consumables and supplies and purchased goods	80,816	87,398	235,930	241,988
Cost of purchased services	7,235	6,066	20,711	22,564
	88,051	**93,464**	**256,641**	**264,552**

The ratio of the cost of materials to total operating performance decreased to 43.2 percent in the first three quarters of 2012, as compared to 44.5 percent in the corresponding period of the prior year. One reason for this is that the share in merchandise was down following the completion of the large-scale project Mekran.

PERSONNEL EXPENSES

EUR k	**2012 07/01-09/30**	2011 07/01-09/30	**2012 01/01-09/30**	2011 01/01-09/30
Wages and salaries	58,055	55,264	179,586	174,276
Social security, pension and other benefit costs	11,505	10,815	33,340	31,759
thereof pension benefits	*4,275*	*4,065*	*13,213*	*12,839*
	69,560	**66,079**	**212,926**	**206,035**

EUR k	**2012 07/01-09/30**	2011 07/01-09/30	**2012 01/01-09/30**	2011 01/01-09/30
Expenses from employee participation	-2,410	-1,551	-6,293	-3,187

After 5,147 employees as of September 30, 2011, 5,141 as of December 31, 2011 and 5,038 employees as of June 30, 2012, the Homag Group employed 5,085 persons as of September 30, 2012.

Personnel expenses in the first nine months of 2012 were up 3.3 percent on the comparable period of the prior year. This increase is due to, among other things, the collectively negotiated wage increase as of May 1, 2012. Added to this, we also made less frequent use of reducing vacation or overtime thanks to the good project business compared to the prior year. The ratio of personnel expenses to total operating performance increased to 35.9 percent (prior year: 34.7 percent).

At EUR 6,293 k, employee participation expenses in the first nine months of 2012 were above the level of the first nine months of 2011 in which expenses of EUR 3,187 k were recorded. This is largely due to the sharp decline in the interest rate, which has led to a lower discounting effect for these non-current obligations. In accordance with International Financial Reporting Standards, this interest rate used is to be determined by reference to market yields as of the reporting date on high-quality fixed interest bearing corporate bonds.

NET PROFIT FOR THE PERIOD

Operative EBITDA before employee participation expenses and before extraordinary expenses amounted to EUR 52,380 k in the first nine months of 2012 (prior year: EUR 45,719 k). EBIT before employee participation expenses and after extraordinary expenses amounted to EUR 30,080 k in the first nine months of 2012 (prior year: EUR 21,167 k).

The financial result of EUR -5,593 k for the first nine months of 2012 improved by 19.6 percent compared to the prior-year period (EUR -6,957 k). This improvement resulted from lower interest rates from the refinancing of participation rights, and from the cash pool, which makes central management of cash resources of numerous subsidiaries possible.

EBT of EUR 18,194 k for the first nine months of 2012 improved by 65.1 percent compared to the prior-year period (prior year: EUR 11,023 k). The net profit for the period came to EUR 8,312 k (prior year: EUR 4,962 k). After non-controlling interests, the net profit for the period came to EUR 8,653 k (prior year: EUR 4,269 k) which leads to earnings per share of EUR 0.55 (prior year: EUR 0.27).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Inventories rose by EUR 19,164 k to EUR 149,125 k in comparison to December 31, 2011, an increase of 14.7 percent.

Receivables from long-term construction contracts were down EUR 5,011 k or 14.6 percent. Other current assets and prepaid expenses rose by EUR 6,258 k or 44.8 percent compared to December 31, 2011. This is, above all, due to typical seasonal fluctuations, such as vacation pay.

Cash and cash equivalents decreased by EUR 14,535 k compared to year-end 2011. This is due to the acquisition of the Brandt shares as well as higher investments.

In connection with the restructuring of three group companies, the requirements for classifying non-current assets as held for sale have been satisfied since the first quarter of 2012, resulting in the recognition of disposal groups.

The sale of the metal grinding machines business unit of Bütfering Schleiftechnik GmbH gave rise to a disposal group in the Cabinet Shops segment comprising property, plant and equipment, and inventories. This is reported on the assets side of the statement of financial position under the line item “Non-current assets held for sale”. The first tranche of the disposal group was transferred as of April 1, 2012. The second tranche is to be transferred on October 1, 2012.

In addition, land and buildings in the Industry and Sales & Service segments have been subject to the requirements of IFRS 5 since the first quarter of 2012. The sale took place in the third quarter of 2012.

All sales are scheduled to be completed within a year. As the fair value of all assets and disposal groups exceeded their carrying amount, it was not necessary to recognize an impairment loss.

EQUITY

The change in equity, including other comprehensive income, is presented in the statement of changes in equity. Under equity, the “non-controlling interests” item fell primarily on account of the acquisition of the remaining shares in Brandt from EUR 16.5 million as of year-end 2011 to EUR 6.4 million as of the end of the third quarter of 2012.

The equity ratio stood at 29.0 percent as of September 30, 2012, and was thus on the level as of December 31, 2011 (December 31, 2011: 29.0 percent).

Pursuant to IAS 33, earnings per share are determined by dividing the group’s net profit or loss for the period by the average number of shares. Earnings per share stood at EUR 0.55 in the first nine months of 2012 (prior year: EUR 0.27).

	2012 **01/01-09/30**	2011 01/01-09/30
Profit for the period attributable to owners of Homag Group AG for the calculation of the basic earnings in EUR k	8,653	4,269
BASIC EARNINGS PER SHARE ACCORDING TO IAS 33 IN EUR	**0.55**	**0.27**
Number of shares (basis for the calculation of the earnings per share)	15,688,000	15,688,000

There were no dilutive effects in the reporting period.

The annual general meeting on May 24, 2012 decided not to distribute a dividend for fiscal 2011.

LIABILITIES

Due to the conclusion of a new syndicated loan agreement, there was a shift from current to non-current financial liabilities under the financial liabilities item. Under non-current liabilities and provisions, obligations from employee participation increased by EUR 2,461 k (up 20.7 percent). This is largely due to the decline in the interest rate, which has led to a lower discounting effect for these non-current obligations. Other current liabilities and deferred income increased by EUR 4,453 k in the reporting period, particularly due to normal seasonal movements during the first nine months of the year, such as the increase in vacation obligations, accrued flextime as well as the Christmas bonus accruals. This was countered by a reduction of accruals for restructuring measures. Prepayments received rose by EUR 6,270 k (up 22.6 percent). By contrast, trade payables were reduced by EUR 3,511 k (down 4.5 percent).

Net liabilities to banks increased from EUR 80,920 k as of December 31, 2011 to EUR 89,359 k as of September 30, 2012. This increase is due to the acquisition of Brandt shares as well as higher investments, as both effects led to a reduction in cash and cash equivalents.

SEGMENT REPORTING

Intersegment transfers are performed at arm's length. Transactions between group segments are eliminated in the consolidation column.

Details on the breakdown into the individual segments can be found on page 162 of the annual report 2011.

In absolute and percentage terms, sales revenue grew strongest in the Other segment, up EUR 4,260 k (or 9.1 percent). The largest growth was generated by Homag Machinery Środa Sp. z o.o. (EUR 4,184 k or 46.7 percent). A slight percentage decline in sales revenue was seen in the Industry (down EUR 6,038 k or 1.7 percent) and Sales & Service (down EUR 6,824 k or 3.53 percent) segments. The Cabinet Shops segment saw growth of EUR 2,088 k (1.4 percent).

The development of operative EBITDA varied between segments. Operative EBITDA in the Industry segment rose by EUR 5,573 k, by EUR 1,225 k in the Cabinet Shops segment and by EUR 2,538 k in the Sales & Service segment.

	Industry		Cabinet Shops		Sales & Service	
	2012	2011	**2012**	2011	**2012**	2011
EUR k	**01/01-09/30**	01/01-09/30	**01/01-09/30**	01/01-09/30	**01/01-09/30**	01/01-09/30
Third-party sales	243,660	245,360	69,806	70,928	185,287	191,788
Sales with group companies from other segments	77,973	79,113	66,903	67,378	1,409	1,489
Sales with investments recognized at equity	28,524	31,722	14,253	10,568	37	280
TOTAL SALES REVENUE	**350,157**	**356,195**	**150,962**	**148,874**	**186,733**	**193,557**
operative EBITDA[1)]	**39,788**	**34,215**	**10,444**	**9,219**	**7,145**	**4,607**
Restructuring/non-recurring expenses[2)]	-705	-365	-310	-2,481	-185	-482
Depreciation of property, plant and equipment and amortization of intangible assets	-13,670	-14,380	-3,886	-3,848	-1,569	-1,499
Expenses from employee participation	-4,777	-2,333	-1,373	-891	-279	-165
Share in result of associates	256	7	0	0	505	855
Interest result	-1,072	-2,592	-610	-978	-223	-335
SEGMENT RESULT[3)]	**19,820**	**14,552**	**4,265**	**1,021**	**5,394**	**2,981**
EMPLOYEES[4)]	**2,668**	**2,695**	**1,000**	**1,017**	**732**	**728**

[1)] Operative EBITDA before expenses from employee participation and restructuring/non-recurring expenses

[2)] Contained in personnel expenses and other operating income

[3)] The segment result is equivalent to EBT

[4)] Average of the period

By contrast, a decrease of EUR 2,667 k was registered in the Other segment. In the Industry segment, HOLZMA Plattenaufteiltechnik GmbH recorded a significant absolute rise (up EUR 1,802 k or 34.1 percent). The largest percentage rise was seen at Ligmatech Automationssysteme GmbH (up 63.0 percent or EUR 845 k). In the Cabinet Shops segment, Weeke Bohrsysteme GmbH saw the largest absolute increase, up EUR 968 k (or 15.0 percent). In the Sales & Service segment the company Homag Japan Co. Ltd. registered the largest earnings increase, up EUR 2,338 k (or 1,720.8 percent). In the Other segment, the largest earnings increase was generated by the company Homag Machinery Środa Sp. z o.o., up EUR 1,363 k (or 4,008.5 percent). The largest decreases were seen at Weinmann Holzbausystemtechnik GmbH, down EUR 1,328 k (or 649.4 percent), and at Homag Machinery (São Paulo) Ltda., down EUR 1,408 k (or 103.6 percent).

Other		Total segments		Consolidation		Group	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
01/01-09/30	01/01-09/30	**01/01-09/30**	01/01-09/30	**01/01-09/30**	01/01-09/30	**01/01-09/30**	01/01-09/30
12,994	13,064	511,747	521,140	0	0	511,747	521,140
21,314	18,667	167,599	166,647	-167,599	-166,647	0	0
16,898	15,215	59,712	57,785	0	0	59,712	57,785
51,206	**46,946**	**739,058**	**745,572**	**-167,599**	**-166,647**	**571,459**	**578,925**
-4,459	**-1,792**	**52,918**	**46,249**	**-538**	**-530**	**52,380**	**45,719**
-358	-196	-1,558	-3,524	0	0	-1,558	-3,524
-1,617	-1,301	-20,742	-21,028	0	0	-20,742	-21,028
136	202	-6,293	-3,187	0	0	-6,293	-3,187
0	0	761	862	0	0	761	862
-4,449	-3,914	-6,354	-7,819	0	0	-6,354	-7,819
-10,747	**-7,001**	**18,732**	**11,553**	**-538**	**-530**	**18,194**	**11,023**
662	**644**	**5,062**	**5,084**	**0**	**0**	**5,062**	**5,084**

OTHER NOTES

CONTINGENT LIABILITIES

As had already been reported as of year-end 2011, a German production company has set up a provision for litigation risks concerning legal proceedings with a customer. As of third quarter 2012 this provision came to EUR 280 k. Management aims to settle out of court.

The Homag Group or its group entities were not involved in any other litigation or arbitration proceedings that could have a considerable influence on the economic situation of the entities or the Group in the past two years, nor are they involved in any such proceedings at present. The group entities concerned have made adequate provision for any financial burdens from other litigation or arbitration proceedings which do not have a significant influence on the economic situation of the group or there is adequate coverage for these items.

RELATED PARTIES

Trade amounting to EUR 59,703 k was transacted with associates in the first nine months of the year (prior year: EUR 57,847 k). Goods and services worth EUR 3,172 k were received from associates (prior year: EUR 1,997 k).

SUBSEQUENT EVENTS AFTER SEPTEMBER 30, 2012

There were no significant events after the end of the reporting period.

Schopfloch, November 12, 2012

Homag Group AG
The management board

FINANCIAL CALENDAR, CONTACT AND DISCLAIMER

FINANCIAL CALENDAR

November 14, 2012	German Equity Forum
March 28, 2013	Publication of annual report 2012
March 28, 2013	Press conference on the financial results in Stuttgart
March 28, 2013	Analysts conference in Frankfurt am Main
May 15, 2013	Three-months report 2013
May 28, 2013	Annual general meeting in Freudenstadt
August 14, 2013	Six-months report 2013
November 14, 2013	Nine-months report 2013

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DISCLAIMER

SERVICE
Our annual and interim reports as well as other up-to-the-minute information about HOMAG Group AG can be downloaded from the internet at: **www.homag-group.com**

FUTURE-ORIENTED STATEMENTS
This interim report contains certain statements relating to the future. Future-oriented statements are all those statements that do not pertain to historical facts and events or expressions pertaining to the future such as “believes”, “estimates”, “assumes”, “forecasts”, “intend”, “may”, “will”, “should” or similar expressions. Such future-oriented statements are subject to risks and uncertainty since they relate to future events and are based on current assumptions of the company, which may not occur in the future or may not occur in the anticipated form. The company points out that such future-oriented statements do not guarantee the future; actual results including the financial position and the profitability of HOMAG Group AG as well as the development of economic and regulatory framework conditions may deviate significantly (and prove unfavorable) from what is expressly or implicitly assumed or described in these statements. Even if the actual results of HOMAG Group AG including the financial position and profitability as well as the economic and regulatory framework conditions should coincide with the future-oriented statements in this interim report, it cannot be guaranteed that the same will hold true in the future.

OTHER INFORMATION
This interim report is published in German and in English. In case of doubt, the German version shall prevail. Minor differences may arise from use of amounts and percentages rounded to the nearest whole number.

www.homag-group.com