HOMAG GROUP

Interim Report Q3/2013

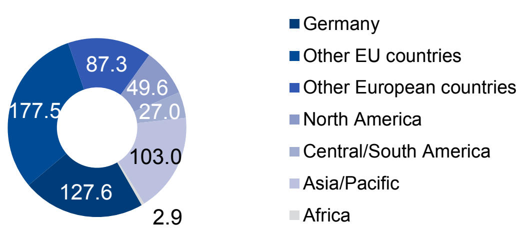
KEY GROUP FIGURES

		9 months 2013	9 months 2012	9 months 2011	9 months 2010
Total sales revenue	EUR m	574.9	571.5	578.9	517.1
Sales revenue Germany	EUR m	127.6	149.2	135.6	109.8
Sales revenue other EU countries	EUR m	177.5	173.5	198.0	187.5
Sales revenue other European countries	EUR m	87.3	89.8	89.4	61.9
Sales revenue North America	EUR m	49.6	37.7	38.3	24.3
Sales revenue Central/South America	EUR m	27.0	25.9	26.1	30.2
Sales revenue Asia/Pacific	EUR m	103.0	93.5	89.3	101.5
Sales revenue Africa	EUR m	2.9	1.9	2.2	1.9
operative EBITDA[1) 2)]	EUR m	51.5	52.4	45.7	41.4
operative EBITDA[1) 2)]	as % of sales revenue	9.0	9.2	7.9	8.0
EBIT[1)]	EUR m	25.8	30.1	21.2	18.2
EBIT[1)]	as % of sales revenue	4.5	5.3	3.7	3.5
EBT	EUR m	18.3	18.2	11.0	7.5
EBT	as % of sales revenue	3.2	3.2	1.9	1.4
Net profit for the period after non-controlling interests	EUR m	10.7	8.7	4.3	3.1
Earnings per share[3)]	EUR	0.68	0.55	0.27	0.20
ROCE[4)] after taxes	as %	9.2	10.0	7.5	6.2
HVA[5)]	as %	-0.4	0.6	-1.8	-3.1
Free cash flow[6)]	EUR m	8.2	-5.3	-5.6	30.0
Equity as of the reporting date	EUR m	170.7	163.2	168.5	164.4
Equity ratio	as %	29.8	29.0	29.7	28.5
Net liabilities to banks	EUR m	88.7	89.4	79.7	67.1
Net debt to EBITDA ratio[7)]		1.3	1.3	1.3	1.2
Investments / capitalized intangible assets[8)]	EUR m	11.5	13.3	12.4	9.0
Investments in property, plant and equipment[8)]	EUR m	3.8	13.4	10.3	6.9
Amortization of intangible assets[8)]	EUR m	11.2	8.6	8.6	7.9
Depreciation of property, plant and equipment[8)]	EUR m	9.9	10.2	10.2	10.7
Employees	average of the period	5,022	5,062	5,084	4,965
thereof trainees	average of the period	323	330	356	373
Order intake accumulated[9)]	EUR m	472.9	452.1	468.1	436.1
Order backlog as of the reporting date[9)]	EUR m	229.4	218.5	221.8	202.6

1) Before taking into account employee participation
2) Before restructuring/non-recurring expenses
3) Net profit/loss for the period after non-controlling interests, based on 15,688,000 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[1) 2)] for the first nine months / 3 x 4)
8) Excluding leases
9) Order intake and order backlog only contain own machines without merchandise, spare parts and services

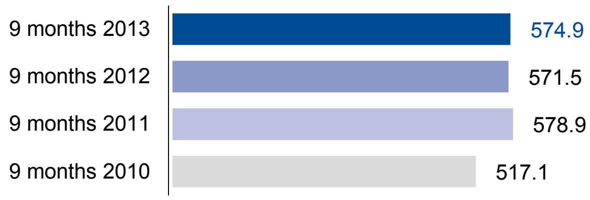
SALES REVENUE BY REGION 9 months 2013

EUR million



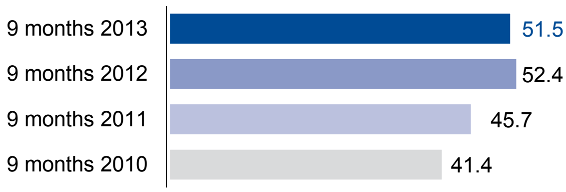
SALES REVENUE

EUR million



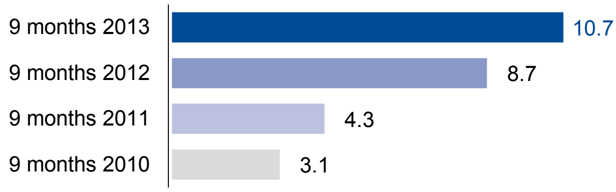
operative EBITDA[1)]

EUR million



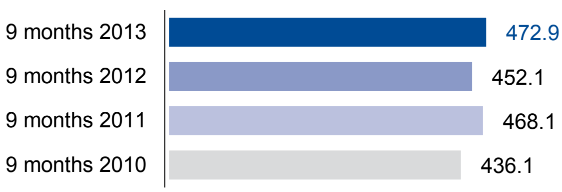
NET PROFIT
after non-controlling interests

EUR million



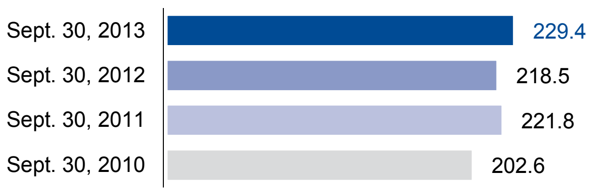
ORDER INTAKE [2)]

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,

At the HOMAG Group, we look back on a successful third quarter of 2013. The signs of recovery that were already seen in the second quarter picked up further momentum so that we were again able to increase our sales revenue compared to the prior year. We are very satisfied with the development of order intake, which increased by around 14 percent, thus reaching the highest third-quarter figure since 2007. We also benefited from the positive results of LIGNA, our industry's leading trade fair, which was held in May in Hanover, as well as from our global presence on the market.

We reconfirmed at our in-house trade fairs that we are meeting market requirements with our new products and enhancements and we convinced our customers with our innovative products. We were able to inspire our international visitors with our products and acquired numerous orders at the trade fairs. Our power**Touch** technology was a central highlight that sparked the interest of visitors: The new dimension in machine operation using the **power**Control system, with which all of our machines and production lines can be easily operated using an ergonomic and standardized interface. Thanks to this quantum leap, the HOMAG Group is excellently equipped for the introduction of networked production ("Industry 4.0").

We were also able to further improve our results of operations in the reporting quarter compared to the prior year. Our ability to step up our operative earning power is particularly important to us. This is reflected in the 14 percent increase in our operative EBITDA, which outpaced sales revenue. This is mainly attributable to our productivity, which increased further as is above all reflected in the further decrease in the ratio of personnel expenses to total operating performance.

OUTLOOK

We at the HOMAG Group anticipate that the positive trends seen in the second quarter and reinforced further in the third quarter will continue in the final quarter of the fiscal year. Our high order backlog as of September 30, 2013, the strong order intake in the third quarter as well as the positive results of the in-house trade fairs held at the end of September provide a good foundation to this end.

We therefore confirm our forecast for 2013 and still aim to exceed prior-year order intake in 2013 and generate sales revenue for the Group of around EUR 800 million. We aim to reach an operative EBITDA before employee participation expenses and before extraordinary expenses of around EUR 75 million and expect to return a net profit of the Group for the year of around EUR 15 million.

From left to right:
Jürgen Köppel
Hans-Dieter Schumacher

Assuming that the global economy continues to return strong growth in the coming year as forecast, we want to continue on our growth course in 2014 as well. Our intention is to raise order intake and sales revenue further compared to 2013. We also want to further improve the results of operations and increase both the operative EBITDA and the profit of the Group for the year compared to the current fiscal year.

Schopfloch, November 2013

The management board

DR. MARKUS FLIK

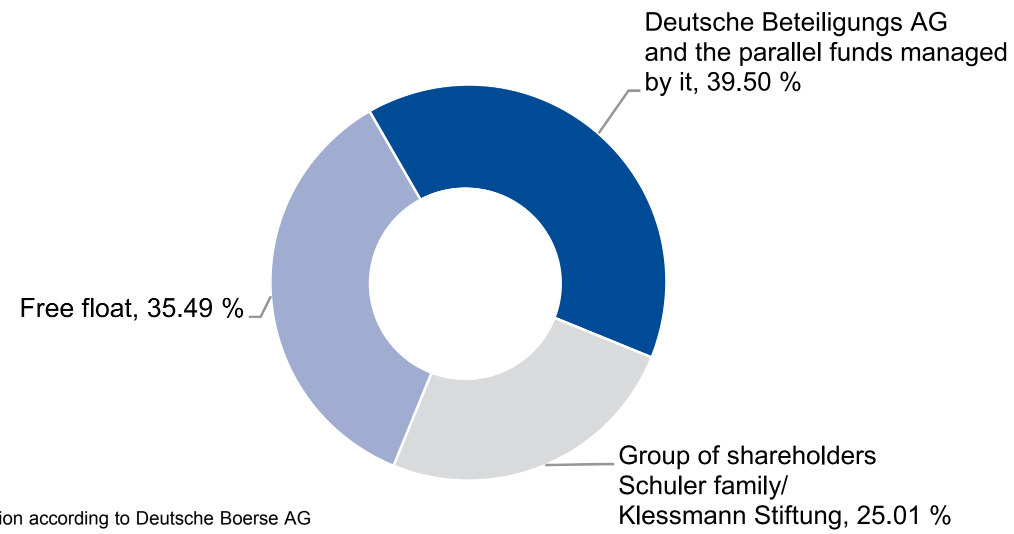
HARALD BECKER-EHMCK

JÜRGEN KÖPPEL

HANS-DIETER SCHUMACHER

THE HOMAG GROUP AG SHARE

SHAREHOLDER STRUCTURE AS OF OCTOBER 31, 2013*



*Method of calculation according to Deutsche Boerse AG

The stock markets saw considerable growth in the third quarter of 2013. Positive factors in this context included good economic figures from the US, stabilized economic indicators in China and the recovery of early indicators in the eurozone. Stock markets also received momentum from the central banks as the ECB has again cut the key interest rates in the interim and the US Federal Reserve also plans to continue its expansionary monetary policies. Against this backdrop the DAX grew by around 8 percent between July and September; the TecDAX even recorded growth of 14.5 percent and the MDAX and the SDAX each improved by around 10 percent.

The HOMAG Group share moved sideward at the beginning of the third quarter, before rising stronger than the stock markets in August and September. As of 30 September, the share price stood at EUR 16.53 – a gain of around 20 percent in the third quarter. This means that the HOMAG share has risen by 44 percent in value since the beginning of the year.

In October, the stock markets continued to develop very well. The German stock indices rose as a result by around 5 percent. The HOMAG share was able to exceed this good development and stood at EUR 17.78 at the end of October 2013.

As part of our active capital market communication, the management board presented the HOMAG Group in the third quarter of 2013 at three roadshows in Zurich, Edinburgh and Paris and at our Analysts’ Day in Schopfloch. We also had further contact with analysts and investors in several phone calls and talks as well as a conference call on the second quarter of 2013. We kept the interested public informed of all key developments at the HOMAG Group with our investor newsletter as well as a press release in the third quarter of 2013.

PERFORMANCE OF THE HOMAG GROUP AG SHARE IN COMPARISON WITH THE SDAX

Source: XETRA, stock performance indexed (January 2, 2012 = 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 2, 2012-September 30, 2013)	September 24, 2013	EUR 16.66
Price low* (January 2, 2012-September 30, 2013)	January 5, 2012	EUR 7.82
Price* as at September 30, 2013		EUR 16.53
Earnings per share	January 1-September 30, 2013	EUR 0.68
Market capitalization (September 30, 2013)		EUR 259.3 million

* XETRA closing quote

INTERIM MANAGEMENT REPORT AS OF SEPTEMBER 30, 2013

ECONOMIC ENVIRONMENT

In their current Joint Economic Forecast, the leading German economic institutes expect the global economy to pick up momentum. Growth is expected to stem from advanced economies in particular. By contrast, growth rates in emerging economies increased only slightly. Vigorous growth is still evident here, albeit at a slower pace. With the increase in real economic output in the eurozone that was seen in the second quarter of 2013, the recession has ended after one and a half years for the time being. The improvement of the economy is above all attributable to foreign trade, although domestic demand also rose slightly again for the first time in two years.

According to the Joint Economic Forecast, the German economy is at the beginning of an upswing in the fall of 2013. This is mainly attributable to the slightly stronger growth of the global economy as well as increasing trust within the eurozone. Exports picked up, especially in non-European countries. Although the ifo business climate index decreased slightly in September 2013 after five consecutive increases, the appraisal of the business situation nevertheless remains positive.

According to the VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation], order intake in the German mechanical and plant engineering sector fell by 1 percent between July and September 2013. Domestic order intake increased by eleven percent, while foreign order intake decreased by seven percent. In the secondary wood processing segment, the segment of relevance to HOMAG, order intake was up 10 percent in the third quarter and 2 percent in the first nine months of the year – without taking into account price adjustments. Sales revenue rose by 8 percent during the reporting period, although a 4 percent decrease was seen between January and September. In both cases, the development abroad was much better than in Germany.

BUSINESS DEVELOPMENT

In the third quarter of 2013, we in the HOMAG Group were able to increase our order intake by nearly 14 percent to EUR 142.1 million (prior year: EUR 124.9 million), thus reaching the highest figure in a third quarter since 2007. One reason for this development is the positive results of LIGNA, the leading trade fair in the industry, which was held in May and at which we were able to convince customers with our innovations. We are still very pleased with the development of our project business. Our order backlog also increased year on year to EUR 229.4 million as of September 30, 2013 (prior year: EUR 218.5 million).

Our sales revenue rose to EUR 202.9 million between July and September (prior year: EUR 195.5 million). This increase would have been higher had it not been for the negative effects arising from the prescribed application of the percentage-of-completion (PoC) method. As a result there was a negative effect on sales revenue of around EUR 22 million in the reporting quarter compared to the prior year. Due to the increase in inventories, total operating performance rose to EUR 210.2 million (prior year: EUR 202.3 million).

Looking at our individual sales regions, order intake in central Europe in the third quarter of 2013 lagged behind the excellent prior-year figure as expected. Western Europe developed better in the third quarter, significantly outperforming the prior-year level. Individual markets provided an excellent basis and were thus more than able to compensate for weaker development in countries such as Italy. The strong development in eastern Europe continued in the third quarter, thus confirming the positive trend. The project business, which we were again able to expand in the reporting quarter, continues to play an important role in this market.

The sustainable nature of the positive trends in the Americas was confirmed throughout the months from July to September, although the positive trend seen in Brazil in the second quarter has been interrupted for now. By contrast, the North American market developed even more favorably. Overall, we recorded a positive development in order intake in the Americas region supported by the smaller South and Central American markets in the third quarter.

Asia generated strong order intake in the third quarter and as a result again exceeded the prior-year quarter. In addition to China, other Asian markets also made an important contribution to this positive development.

We increased order intake thanks to a good development in China, eastern Europe and the US to EUR 472.9 million in the first nine months of 2013 (prior year: EUR 452.1 million). Our sales revenue rose slightly to EUR 574.9 million (prior year: EUR 571.5 million). Total operating performance improved moderately to EUR 599.9 million (prior year: EUR 593.8 million).

RESULTS OF OPERATIONS

We were able to increase our results of operations, thereby strengthening our operative earning power in particular in the third quarter of 2013.

Our operative EBITDA before employee participation expenses and before extraordinary expenses improved by 14 percent to EUR 24.5 million (prior year: EUR 21.5 million), thereby outpacing the increase in sales revenue. We achieved this improvement despite the fact that results were influenced by a negative effect of about EUR 8 million compared to the prior year stemming from the application of the PoC method. Furthermore, other operating income decreased by EUR 1.8 million compared to the prior-year quarter. This decrease relates to lower exchange rate gains in the reporting quarter as well as a property sale in India that was included in the prior-year figure. By contrast, other operating expenses rose by EUR 2.4 million as a result of, among other things, a provision for a patent dispute as well as higher exchange rate losses. The fact that we were still able to increase our earnings figures in the third quarter despite these setbacks demonstrates that we have improved our operating performance.

At EUR 69.1 million we were able to keep personnel expenses stable compared to the prior year (EUR 69.6 million) in spite of increasing wages due to a somewhat lower headcount. The decrease in the ratio of personnel expense to total operating performance to 32.9 percent (prior year: 34.4 percent) demonstrates the further increase in our productivity. The ratio of cost of materials to total operating performance improved slightly to 43.2 percent (prior year: 43.5 percent).

At EUR 1.9 million in the third quarter of 2013, extraordinary expenses rose compared to the prior-year level (EUR 0.4 million). This includes, among other things, the provision for a patent dispute. Our employee participation expenses also increased to EUR 3.1 million (prior year: EUR 2.4 million). This increase stems from increased results at entities that have employee participation programs.

Amortization and depreciation increased to EUR 7.6 million (prior year: EUR 6.9 million) due to higher amortization of intangible assets. This essentially relates to the own development work capitalized in prior years, particularly for **power**Control and power**Touch**, as well as the start of amortization of the investments in the large-scale IT project ProFuture.

Our EBIT before employee participation expenses and after extraordinary expenses rose to EUR 14.9 million in the third quarter of 2013 (prior year: EUR 14.1 million). Our interest result improved to EUR -1.5 million through our more favorable credit terms and our cash pool (prior year: EUR -2.1 million). Combined with the increase in the profit from associates to EUR 0.6 million (prior year: EUR 0.3 million), the financial result comes to EUR -0.9 million (prior year: EUR -1.9 million). EBT after employee participation expenses and after extraordinary expenses rose to EUR 10.9 million (prior year: EUR 9.9 million).

We were able to reduce our tax expense ratio to 37 percent (prior year: 46 percent) which gave rise to a net profit for the period after non-controlling interests of EUR 6.6 million (prior year: EUR 5.7 million). Earnings per share rose to EUR 0.42 (prior year: EUR 0.36).

In the first nine months of 2013, our operative EBITDA before employee participation expenses and before extraordinary expenses decreased slightly to EUR 51.5 million (prior year: EUR 52.4 million). EBIT before employee participation expenses and after extraordinary expenses, decreased to

EUR 25.8 million (prior year: EUR 30.1 million), due, among other things, to an increase in other operating expenses as well as higher amortization of intangible assets. Earnings are also burdened by negative exchange rate effects of EUR 1.5 million. Based on the considerably improved financial result, at EUR 18.3 million, our EBT after employee participation expenses and after extraordinary expenses was roughly at the prior-year level (prior year: EUR 18.2 million). The significantly improved tax ratio of 39 percent (prior year: 54 percent) gave rise to an improved net profit for the period after non-controlling interests of EUR 10.7 million in the first three quarters of 2013 (prior year: EUR 8.7 million). This results in earnings per share of EUR 0.68 (prior year: EUR 0.55).

NET ASSETS AND FINANCIAL POSITION

Our total assets as of September 30, 2013 rose due to seasonal effects to EUR 572.8 million compared to year-end 2012 (December 31, 2012: EUR 541.0 million). This increase is, on the one hand, due to inventories that rose on account of the good order situation from EUR 128.0 million to EUR 151.0 million. We will, however, reduce our inventories again towards the end of the year. On the other, our cash and cash equivalents increased to EUR 47.6 million due to higher prepayments received and the good operative result compared to both year-end 2012 (EUR 45.6 million) and to the end of the second quarter of 2013 (EUR 35.4 million).

Equity rose to EUR 170.7 million due to the good results on the equity and liabilities side of the statement of financial position (December 31, 2012: EUR 165.8 million). On account of the rise in total equity and liabilities, this has not yet left its mark on the equity ratio, which decreased slightly to 29.8 percent (December 31, 2012: 30.6 percent). We expect total equity and liabilities to decrease again at the end of the year and the equity ratio to improve as a result. Trade payables and prepayments received rose on account of the good business situation. By contrast, non-current financial liabilities decreased on account of a repayment made as part of the syndicated loan agreement.

We were able to significantly reduce net liabilities to banks thanks to the good operating business and higher prepayments in the reporting quarter. Following EUR 103.2 million as of June 30, 2013, net liabilities to banks came to EUR 88.7 million as of September 30, 2013, approximately at the 2012 year-end level (EUR 89.5 million).

The return on capital employed (ROCE) increased significantly compared to the second quarter of 2013. Although, at 13.1 percent, ROCE before taxes and on the basis of EBIT before expenses from employee participation and before extraordinary expenses was slightly below the prior-year figure in the third quarter of 2013 (prior year: 14.3 percent). After taxes (tax ratio assumed in calculation: 30 percent), ROCE on the basis of EBIT before the result from employee participation and before extraordinary expenses came to 9.2 percent (prior year: 10.0 percent). This slight decline is primarily due to the higher net working capital.

Our operating cash flow decreased to EUR 18.4 million in the first nine months (prior year: EUR 26.5 million). This is attributable to the higher net working capital, which increased mainly due to higher prepayments as well as a rise in trade payables. Cash flow from investing activities decreased considerably from EUR -31.8 million to EUR -10.3 million in the same period. The comparable prior-year period contained, among other things, investments in the new building for the sales branch in Switzerland, the further expansion of the Chinese production plant in Shanghai as well as in the automation of the warehouse of HOMAG Holzbearbeitungssysteme GmbH. This results in a positive free cash flow of EUR 8.2 million (prior year: negative free cash flow of EUR 5.3 million). The cash flow from financing activities came to EUR -4.7 million in the third quarter (prior year: EUR -10.1 million). Cash and cash equivalents thus amounted to EUR 47.6 million as of September 30, 2013 (prior year: EUR 41.9 million).

EMPLOYEES

Our headcount decreased slightly to 5,062 employees as of September 30, 2013 (prior year: 5,085 employees). This was due to effects from the completed restructuring measures. The increase compared to the end of the second quarter of 2013 (5,019 employees) mainly relates to new trainees. At the end of the third quarter of 2013, the HOMAG Group employed 115 contract workers (prior year: 88 contract workers).

CAPITAL EXPENDITURE

We decreased our capital expenditure on intangible assets and property, plant and equipment to EUR 4.3 million (without leases) as planned in the third quarter of 2013 (prior year: EUR 8.5 million). Several construction measures which have now been concluded were included in the high prior-year figure. A focus of capital expenditure in the reporting quarter was still the large-scale IT project ProFuture. Capital expenditure contains own development work capitalized of EUR 1.6 million (prior year: EUR 2.2 million). Our capital expenditure in the first nine months of 2013 came to EUR 15.3 million (prior year: EUR 26.6 million).

RESEARCH AND DEVELOPMENT

In September, some of our subsidiaries presented various new products and enhancements to numerous customers at our in-house trade fairs. Nearly all demonstration machines were already fitted with the power**Touch** user interface and the power**Control** system that had been unveiled at LIGNA. These allow easy, standardized and ergonomic operation of the machines and production lines using a large-format multi-touch display. The HOMAG Group is excellently equipped with this for the introduction of networked production (“Industry 4.0”).

In the field of sawing technology, we developed a new additional aggregate that allows drilling and routing on a panel dividing saw. This allows fully automated production of ready-to-assemble elements. This means that the saw is equipped to be used in the area of façade and partition wall construction as well as in concrete formwork. In the area of saw technology, we presented for the first time a saw-robot combination that can further optimize the consumption of materials by automatically handling and managing offcuts.

The trend towards furniture with higher finish quality with the elimination of visible joints continues to grow in all fields of furniture production. In this context, we presented HOMAG Holzbearbeitungssysteme GmbH’s enhanced **air**Tec aggregate, which uses hot air to produce an invisible joint. This enhanced solution now also offers cabinet shop customers with higher unit production an ideal entry into zero joint applications. Compared to previous solutions, the aggregate offers a reduction in energy consumption of up to 40 percent as well as a higher efficiency for improved productivity.

For cabinet shops, we have also added a new entry-level solution for one-sided lamination of compound and lightweight panels to our product range. The new machine processes rolled materials, high-gloss sheets as well as rigid frame laminated surfaces in throughfeed process. Numerous new options, such as glue controls, the selection of various workpiece cleaning systems as well as the adjustable working width, provide for the flexible and economic lamination of a variety of materials.

RISK AND OPPORTUNITIES REPORT

The risk management system in place and the individual business risks and opportunities are described in the annual report 2012, pages 79 to 85. 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 the reporting period of special significance to the further economic development of the HOMAG Group.

FORECAST REPORT

In the fall 2013 Joint Economic Forecast, the economic experts anticipate that the higher global economic growth seen recently will continue. The current climate in advanced economies has improved, according to early indicators. The institutes expect growth rates in emerging economies to still be considerably higher than in advanced economies, but weaker than seen there in the past. Overall, the global economy is expected to see growth of 2.1 percent in 2013 and growth of 2.8 percent in 2014. Advanced economies are expected to grow by 1.0 percent in 2013 and 1.8 percent in 2014. Growth of 4.7 percent and 5.2 percent is expected in emerging economies in 2013 and 2014, respectively. The economic experts anticipate a gradual recovery in the eurozone, although a strong upswing is not expected. A decline of 0.4 percent is forecast for 2013; the economy is expected to see growth of 0.9 percent thereafter for 2014. However, the development will vary considerably from one country to the next.

Germany is expected to benefit from the continued improvement in the global economy and increased exports. Subject to the condition that the economic environment does not deteriorate, gross domestic product in Germany is expected to increase by 0.4 percent in 2013 and by 1.8 percent in 2014.

The VDMA confirmed its most recent forecast for the German mechanical and plant engineering sector in October 2013 and expects a decrease of 1 percent compared to the prior year. Production is expected to grow by somewhere around 3 percent in 2014 thanks to the improvement of the economic environment. For the subsector of woodworking machines, the most recent forecast as of the end of April still applies, which anticipates production growth of 2 percent for 2013.

We at the HOMAG Group anticipate that the positive trends seen in the second quarter and reinforced further in the third quarter will continue in the final quarter of the fiscal year. We look ahead to the final quarter with confidence based on the high order backlog as of September 30, 2013, the good order intake in the third quarter as well as the positive results of the in-house trade fairs held at the end of September.

We therefore confirm our forecast for 2013 and still aim to exceed prior-year order intake in 2013 and estimate group sales revenue of about EUR 800 million. We aim to reach an operative EBITDA before employee participation expenses and before extraordinary expenses of around EUR 75 million and expect to return a net profit of the Group for the year of around EUR 15 million.

Assuming that global economic growth starts to pick up in the coming year as currently forecast, we want to continue on our growth course in 2014 as well. Our intention is to raise order intake and sales revenue further compared to 2013. We also want to further improve the results of operations and increase both the operative EBITDA and the net profit of the Group for the year compared to the current fiscal year.

CONSOLIDATED INCOME STATEMENT

EUR k	**2013 07/01-09/30**	2012 07/01-09/30	**2013 01/01-09/30**	2012 01/01-09/30
SALES REVENUE	**202,904**	**195,498**	**574,897**	**571,459**
Increase or decrease in inventories of finished goods and work in progress	5,674	4,217	18,332	13,965
Own work capitalized	1,619	2,576	6,628	8,397
	7,293	6,793	24,960	22,362
TOTAL OPERATING PERFORMANCE	**210,197**	**202,291**	**599,857**	**593,821**
Other operating income	3,882	5,645	12,227	14,016
	214,079	**207,936**	**612,084**	**607,837**
Cost of materials	90,742	88,051	255,979	256,641
Personnel expenses before employee participation	69,110	69,560	214,207	212,926
Amortization of intangible assets	3,843	2,851	11,138	8,597
Depreciation of property, plant and equipment	3,756	4,070	11,488	12,145
Other operating expenses	31,693	29,290	93,434	87,448
	199,144	**193,822**	**586,246**	**577,757**
OPERATING RESULT BEFORE EMPLOYEE PARTICIPATION	**14,935**	**14,114**	**25,838**	**30,080**
Expenses from employee participation	3,103	2,410	5,247	6,293
NET OPERATING PROFIT	**11,832**	**11,704**	**20,591**	**23,787**
Profit/loss from associates	559	257	2,027	761
Interest income	487	1,135	1,487	2,140
Interest expenses	1,981	3,244	5,831	8,494
EARNINGS BEFORE TAXES	**10,897**	**9,852**	**18,274**	**18,194**
Income taxes	-4,020	-4,496	-7,132	-9,882
NET PROFIT FOR THE PERIOD	**6,877**	**5,356**	**11,142**	**8,312**
Profit attributable to non-controlling interests	254	-304	468	-341
Profit attributable to owners of Homag Group AG	**6,623**	**5,660**	**10,674**	**8,653**
Earnings per share attributable to owners of Homag Group AG in EUR (basic and diluted)	0.42	0.36	0.68	0.55

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR k	**2013 07/01-09/30**	2012 07/01-09/30	**2013 01/01-09/30**	2012 01/01-09/30
NET PROFIT FOR THE PERIOD	**6,877**	**5,356**	**11,142**	**8,312**
Currency effects	-1,071	201	-2,495	1,250
thereof share in associates included using the equity method	*-353*	*-106*	*-229*	*160*
Gains and losses from cash flow hedges	-97	0	52	0
Taxes attributable to gains and losses from cash flow hedges	28	0	-14	0
OTHER INCOME AND EXPENSES THAT CAN BE RECLASSIFIED TO THE INCOME STATEMENT UNDER CERTAIN CONDITIONS IN FUTURE PERIODS	**-1,140**	**201**	**-2,457**	**1,250**
Acturial gains and losses	0	0	-153	-38
Income tax on other comprehensive income	0	0	18	6
OTHER INCOME AND EXPENSES THAT CANNOT BE RECLASSIFIED TO THE INCOME STATEMENT IN FUTURE PERIODS	**0**	**0**	**-135**	**-32**
OTHER COMPREHENSIVE INCOME	**-1,140**	**201**	**-2,592**	**1,218**
TOTAL COMPREHENSIVE INCOME	**5,737**	**5,557**	**8,550**	**9,530**
Total comprehensive income attributable to non-controlling interests	160	-304	432	-276
Total comprehensive income attributable to owners of Homag Group AG	**5,577**	**5,861**	**8,118**	**9,806**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR k	Sep. 30, 2013	Dec. 31, 2012
NON-CURRENT ASSETS		
I. Intangible assets	71,284	69,793
II. Property, plant and equipment	124,669	132,594
III. Investments in associates	10,166	8,732
IV. Other financial assets	554	501
V. Receivables and other assets		
Trade receivables	1,237	1,538
Sundry financial assets	1,094	1,136
Other assets and prepaid expenses	74	73
Income tax receivables	1,540	1,750
VI. Deferred taxes	10,629	12,056
	221,247	**228,173**
CURRENT ASSETS		
I. Inventories	151,008	127,967
II. Receivables and other assets		
Trade receivables	89,496	84,959
Receivables from long-term construction contracts	26,262	23,231
Receivables due from associates	12,789	13,792
Other assets and prepaid expenses	20,687	13,022
Income tax receivables	2,502	1,811
III. Cash and cash equivalents	47,602	45,557
	350,346	**310,339**
IV. Non-current assets held for sale	1,245	2,505
	351,591	**312,844**
TOTAL ASSETS	**572,838**	**541,017**

EQUITY AND LIABILITIES

EUR k		Sep. 30, 2013	Dec. 31, 2012
EQUITY			
I.	Issued capital	15,688	15,688
II.	Capital reserves	32,976	32,976
III.	Revenue reserves	103,069	96,361
IV.	Net profit for the period	10,674	12,680
	Equity attributable to owners	162,407	157,705
V.	Non-controlling interests	8,287	8,056
		170,694	**165,761**
NON-CURRENT LIABILITIES AND PROVISIONS			
I.	Non-current financial liabilities	65,489	71,698
II.	Other non-current liabilities	9,283	9,606
III.	Pensions and other post employment benefits	2,973	3,368
IV.	Obligations from employee participation	13,151	13,133
V.	Other non-current provisions	4,552	5,088
VI.	Deferred taxes	12,515	12,900
		107,963	**115,793**
CURRENT LIABILITIES AND PROVISIONS			
I.	Current financial liabilities	79,525	70,894
II.	Trade payables	68,391	60,936
III.	Payments on account	42,163	34,956
IV.	Liabilities from long-term construction contracts	3,089	3,316
V.	Liabilities to associates	3,524	2,714
VI.	Other financial liabilities	102	7
VII.	Other current liabilities and deferred income	72,784	65,496
VIII.	Tax liabilities	8,330	6,463
IX.	Pensions and other post employment benefits	72	72
X.	Other current provisions	16,201	14,609
		294,181	**259,463**
TOTAL LIABILITIES		**402,144**	**375,256**
TOTAL EQUITY AND LIABILITIES		**572,838**	**541,017**

CONSOLIDATED CASH FLOW STATEMENT

EUR k	2013 01/01-09/30	2012 01/01-09/30
1. CASH FLOW FROM OPERATING ACTIVITIES		
Profit or loss before taxes	**18,274**	**18,194**
Income tax paid (-)	-4,992	-3,796
Interest result	4,344	6,355
Interest paid (-)	-5,205	-7,043
Interest received (+)	1,464	2,106
Write-downs (+)/write-ups (-) of non-current assets (netted)	22,626	20,742
Increase (+)/decrease (-) in provisions	616	-118
Other non-cash expenses (+)/income (-)	0	-1
Share of profit (-) or loss (+) of associates	-2,027	-761
Dividends from associates	364	255
Gain (-)/loss (+) on disposals of non-current assets	-1,579	-875
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-42,258	-15,427
Increase (+)/decrease (-) in trade payables and other liabilities	26,813	6,831
CASH FLOW FROM OPERATING ACTIVITIES	**18,440**	**26,462**
2. CASH FLOW FROM INVESTING ACTIVITIES		
Cash received (+) from disposals of property, plant and equipment	3,071	2,390
Cash paid (-) for investments in property, plant and equipment	-3,805	-13,380
Cash received (+) from disposals of intangible assets	1,959	1
Cash paid (-) for investments in intangible assets	-11,476	-13,251
Cash paid (-) for the acquisition of consolidated companies	0	-7,530
CASH FLOW FROM INVESTING ACTIVITIES	**-10,251**	**-31,770**

EUR k	**2013 01/01-09/30**	2012 01/01-09/30
3. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends	-3,922	0
Cash paid (-) to non-controlling interests	0	-255
Cash received (+) from allocations to equity	305	0
Cash received (+) from the issue of (financial) liabilities	16,155	98,596
Cash repayment (-) of bonds and (financial) liabilities	-17,268	-108,464
CASH FLOW FROM FINANCING ACTIVITIES	**-4,730**	**-10,123**
4. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Change in cash and cash equivalents (subtotal 1-3)	3,459	-15,430
Effect of currency translation adjustments and change in scope of consolidation on cash and cash equivalents	-1,414	895
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**45,557**	**56,469**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD[1)]	**47,602**	**41,934**

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, 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 profit for the period			
Other income and expenses			
Total comprehensive income			
Sep. 30, 2012	**15,688**	**32,976**	**92,377**
Jan. 1, 2013	**15,688**	**32,976**	**90,446**
Other changes			**-1**
Dividends paid			-3,922
Changes from non-controlling interests			507
Transactions with owners			**-3,415**
Reclassification to revenue reserves			**12,680**
Net profit for the period			
Other income and expenses			
Total comprehensive income			
Sep. 30, 2013	**15,688**	**32,976**	**99,710**

reserves					
Other comprehensive income	Translation reserve	Group result	Equity before non-controlling interests	Non-controlling interests	Total
-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**	**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**
-377	**6,292**	**12,680**	**157,705**	**8,056**	**165,761**
			-1	**306**	**305**
			-3,922	0	**-3,922**
			507	-507	**0**
			-3,415	**-507**	**-3,922**
		-12,680	**0**	**0**	**0**
		10,674	10,674	468	**11,142**
-98	-2,458		-2,556	-36	**-2,592**
-98	**-2,458**	**10,674**	**8,118**	**432**	**8,550**
-475	**3,834**	**10,674**	**162,407**	**8,287**	**170,694**

SELECTED EXPLANATORY NOTES

GENERAL

These interim condensed consolidated financial statements for the first three quarters of 2013 were released for publication by resolution of the management board on November 11, 2013.

APPLICATION OF ACCOUNTING REQUIREMENTS

The interim condensed consolidated financial statements of Homag Group AG (Homag Group) as of September 30, 2013, like the consolidated financial statements as of December 31, 2012, were prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), the interpretations of the IFRS Interpretations Committee as adopted by the EU and applicable as of the reporting date. The provisions of IAS 34 on interim financial reporting were applied.

The same accounting policies generally apply for this interim report as for the 2012 consolidated financial statements. These policies are explained in detail in the 2012 annual report. In addition, the amendments to IFRSs and the new policies mandatory as of January 1, 2013 have been adopted in the interim financial statements. The amendments to the following IFRSs became applicable for the first time in the reporting period:

Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7 and IAS 32	Offsetting of Financial Assets and Financial Liabilities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to IAS 19	Employee Benefits (as revised in 2011)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Of the standards mentioned above, only the amendments to IAS 1 and IFRS 13 had an effect on the consolidated interim financial statements:

Amendment of IAS 1 – *Presentation of Items of Other Comprehensive Income*

The amendment to IAS 1 was issued in June 2011 and became effective for fiscal years beginning on or after July 1, 2012. The amendment to IAS 1 concerns the presentation of the items of other comprehensive income. Items that will be reclassified to profit or loss at a future point in time are presented separately from items that will remain in equity. The amendment merely affected presentation in the consolidated statement of comprehensive income and has no impact on the Homag Group’s net assets, financial position and results of operations.

IFRS 13 – *Fair Value Measurement*

The Group only has a minor amount of assets that are measured at fair value. As a result, this standard did not have any material effect on the Group's net assets, financial position and results of operations. IFRS 13, however, leads to changes in IAS 34, according to which additional disclosures in the notes to the financial statements are necessary for the interim financial statements.

All mandatory new and amended IFRSs were described in detail in the annual report 2012.

The interim 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 are presented.

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, 2012.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

SALES REVENUE

In the first nine months of 2013, the Homag Group generated sales revenue of EUR 574,897 k, up 0.6 percent on the comparable period in 2012.

EUR k	2013 07/01-09/30	2012 07/01-09/30	2013 01/01-09/30	%	2012 01/01-09/30	%	% change on the prior year
Germany	**36,695**	**53,526**	**127,571**	**22.2%**	**149,192**	**26.1%**	**-14.5%**
Other EU countries	74,110	67,842	177,466	30.9%	173,500	30.4%	2.3%
Rest of Europe	26,235	24,025	87,293	15.2%	89,768	15.7%	-2.8%
North America	16,323	12,677	49,642	8.6%	37,699	6.6%	31.7%
Central/South America	8,437	8,811	27,007	4.7%	25,850	4.5%	4.5%
Asia/Pacific	40,644	27,864	103,018	17.9%	93,541	16.4%	10.1%
Africa	460	753	2,900	0.5%	1,909	0.3%	51.9%
Other countries	**166,209**	**141,972**	**447,326**	**77.8%**	**422,267**	**73.9%**	**5.9%**
TOTAL	**202,904**	**195,498**	**574,897**	**100.0%**	**571,459**	**100.0%**	**0.6%**

The regions North America (31.7 percent) and Africa (51.9 percent) saw the greatest percentage increase in sales revenue in the first nine months of 2013 in comparison to the same period of the prior year. The regions Asia/Pacific and Central/South America also saw growth of 10.1 percent and 4.5 percent, respectively. Down 2.8 percent, the rest of Europe region registered a slight decrease. Sales revenue in Germany decreased by 14.5 percent. As a result, the share of sales revenue earned in Germany fell from 26.1 percent in the first nine months of 2012 to 22.2 percent in the reporting period.

COST OF MATERIALS

EUR k	2013 07/01-09/30	2012 07/01-09/30	2013 01/01-09/30	2012 01/01-09/30
Cost of raw materials, consumables and supplies and purchased merchandise	85,358	80,816	241,549	235,930
Cost of purchased services	5,384	7,235	14,430	20,711
	90,742	**88,051**	**255,979**	**256,641**

The ratio of cost of materials to total operating performance decreased slightly to 42.7 percent in the first three quarters of 2013, as compared to 43.2 percent in the corresponding period of the prior year. This is partly due to the decline in the share of merchandise.

PERSONNEL EXPENSES

EUR k	**2013** **07/01-09/30**	2012 07/01-09/30	**2013** **01/01-09/30**	2012 01/01-09/30
Wages and salaries	58,020	58,055	181,327	179,586
Social security, pension and other benefit costs	11,091	11,505	32,881	33,340
thereof pension benefits	*3,935*	*4,275*	*12,437*	*13,213*
	69,110	**69,560**	**214,207**	**212,926**

EUR k	**2013** **07/01-09/30**	2012 07/01-09/30	**2013** **01/01-09/30**	2012 01/01-09/30
Expenses from employee participation	3,103	2,410	5,247	6,293

After 5,085 employees as of September 30, 2012, 5,048 as of December 31, 2012 and 5,019 employees as of June 30, 2013, the Homag Group employed 5,062 persons as of September 30, 2013. The increase is mainly related to new trainees.

Personnel expenses in the first nine months of 2013 were up 0.6 percent on the comparable period of the prior year. Combined with the higher total operating performance, the ratio of personnel expenses to total operating performance improved slightly to 35.7 percent (prior year: 35.9 percent).

In the first nine months of 2013, expenses from employee participation decreased to EUR 5,247 k (prior year: EUR 6,293 k). This is due to the sharp decline in the discount rate in the prior year, which meant for us a lower discounting effect for these non-current obligations.

NET PROFIT FOR THE PERIOD

Operative EBITDA before employee participation expenses and before restructuring/non-recurring expenses amounted to EUR 51,532 k in the first nine months of 2013 (prior year: EUR 52,380 k). EBIT before employee participation expenses and after restructuring/non-recurring expenses amounted to EUR 25,838 k in the first nine months of 2013 (prior year: EUR 30,080 k).

The financial result of EUR -2,317 k for the first nine months of 2013 improved by 58.6 percent compared to the prior-year period (prior year: EUR -5,593 k) thanks to improvements in both the interest result and the investment result.

EBT in the first nine months of 2013 came to EUR 18,274 k (prior year: EUR 18,194 k). After non-controlling interests, the net profit for the period came to EUR 10,674 k (prior year: EUR 8,653 k) which leads to earnings per share of EUR 0.68 (prior year: EUR 0.55).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Intangible assets increased by EUR 1,491 k compared to December 31, 2012, mainly due to capital expenditures in the ProFuture IT project and investment in software licenses.

Property, plant and equipment decreased by EUR 7,925 k compared to December 31, 2012 on account of depreciation, which exceeded capital expenditure.

Inventories rose by EUR 23,041 k to EUR 151,008 k in comparison to December 31, 2012, an increase of 18 percent. This is due to a further increase in order backlog and the increased stage of completion of machines on which work has already commenced but where the criteria for the partial recognition of revenue pursuant to IFRS were not satisfied.

Receivables from long-term construction contracts rose by EUR 3,031 k or 13 percent. Other current assets and prepaid expenses rose by EUR 7,665 k or 58.9 percent compared to December 31, 2012. This mainly stems from the deferral of vacation pay.

Cash and cash equivalents increased by EUR 2,045 k compared to year-end 2012. This is primarily due to higher prepayments received.

The line item “Non-current assets held for sale” decreased by EUR 1,260 k compared to December 31, 2012. The land and buildings held for sale at Friz Kaschiertechnik GmbH were sold in April 2013. Torwegge Holzbearbeitungsmaschinen GmbH was likewise able to sell some of the assets held for sale in the reporting period; the aim is to complete the disposal of the remaining land and buildings in the near future.

EQUITY

The change in equity, including other comprehensive income, is presented in the statement of changes in equity.

The equity ratio stood at 29.8 percent as of September 30, 2013, and was thus slightly below the level as of December 31, 2012 (30.6 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 0.68 in the first nine months of 2013 (prior year: EUR 0.55).

	2013 01/01-09/30	2012 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	10,674	8,653
BASIC EARNINGS PER SHARE ACCORDING TO IAS 33 IN EUR	**0.68**	**0.55**
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.

On May 28, 2013, the annual general meeting for the fiscal year 2012 passed a resolution to distribute a dividend of EUR 0.25 per share. The dividend was paid out on May 29, 2013.

LIABILITIES

On the equity and liabilities side of the statement of financial position, current and non-current financial liabilities increased by EUR 2,422 k. Trade payables rose by EUR 7,455 k, an increase of 12.2 percent. Other current liabilities and deferred income increased by EUR 7,288 k (11.1 percent) 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.

Net liabilities to banks decreased from EUR 89,470 k as of December 31, 2012 to EUR 88,733 k as of September 30, 2013. This is primarily due to the increase in cash and cash equivalents.

FINANCIAL INSTRUMENTS

Book values, carrying amounts and fair values by measurement category

EUR k	Book value Sep. 30, 2013
ASSETS	
Cash and cash equivalents	47,602
Trade receivables	103,522
Receivables from long-term construction contracts	26,262
Other financial assets	554
Other non-derivative financial assets	9,724
Derivative financial assets	
Derivatives without hedging relationship	48
Derivatives with hedging relationship	52
EQUITY AND LIABILITIES	
Trade payables	71,915
Liabilities from long-term construction contracts	3,089
Financial liabilities	
Liabilities to banks	136,335
Lease liabilities	8,680
Derivative financial liabilities	
Derivatives without hedging relationship	102
THEREOF COMBINED ACCORDING TO THE MEASUREMENT CATEGORIES IN ACCORDANCE WITH IAS 39	
Loans and receivables	160,848
Held-for-sale financial assets	554
Financial assets held for trading	48
Financial liabilities measured at amortized cost	208,250
Financial liabilities held for trading	102

Carrying amount in balance sheet IAS 39					
Amortized cost	Acquisition cost	Fair value	Carrying amount according to IAS 11	Carrying amount according to IAS 17	Fair value Sep. 30, 2013
47,602					47,602
103,522					103,522
			26,262		26,262
	554				--
9,724					9,724
		48			48
		52			52
71,915					71,915
			3,089		3,089
136,335					136,994
				8,680	9,217
		102			102
160,848					160,848
	554				--
		48			48
208,250					208,909
		102			102

Cash and cash equivalents, trade receivables and other non-derivative assets fall due in the short term for the most part. Consequently, their carrying amounts as of the end of the reporting period approximate their fair value.

Available-for-sale financial assets relate exclusively to equity instruments for which a quoted price on an active market is not available. Consequently, their fair value cannot be measured reliably. This concerns strategic investments for which there is no intent to sell at present.

The fair value of derivative financial instruments, which are essentially interest rate hedges and forward exchange contracts, is determined using standardized financial modeling methods (mark-to-market method).

For trade payables, it is assumed that the fair values correspond to the carrying amounts of these financial instruments due to the short terms to maturity.

As regards financial liabilities, non-current liabilities due to banks are determined using a fixed interest rate, while the value of the finance lease liabilities and in the prior year the liabilities from profit participation rights is determined based on the present value of the expected future cash flows. Discounting is based on the prevailing market interest rates with reference to the terms concerned; terms are classified into those falling due between one and five years and terms of more than five years. If there is objective evidence that the credit risk has changed since the liability was entered into, this is taken into account when determining the discount rate. As regards the current liabilities to banks, it is assumed that the carrying amounts of these financial instruments approximate their fair values owing to the short terms to maturity.

OTHER FINANCIAL ASSETS

The interest rate hedges concluded in 2010 at Homag Group AG expired in Q1 2013. In Q1 2013, new interest rate hedges (interest rate swaps) were concluded for existing loans of EUR 60 million for this reason. The changes in cash flows from the hedged transactions resulting from changes in the Euribor rate are offset by changes in cash flows (offsetting payments) from the interest rate swaps. The aim of the hedging measures is to transform the variable-rate financial liabilities into fixed-interest financial liabilities and thus to hedge the risks in the cash flow from the financial liabilities. Credit risks are not hedged. The effectiveness of the hedge is prospectively and retrospectively tested using the critical terms match method. All hedges of this kind were effective as of the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices on active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets at fair value through profit or loss:

	September 30, 2013			
EUR k	Total	Level 1	Level 2	Level 3
Derivatives without hedging relationship	48	0	48	0
Derivatives with hedging relationship	52	0	52	0
	100	**0**	**100**	**0**

Financial liabilities at fair value through profit or loss:

	September 30, 2013			
EUR k	Total	Level 1	Level 2	Level 3
Derivatives without hedging relationship	102	0	102	0
Derivatives with hedging relationship	0	0	0	0
	102	**0**	**102**	**0**

SEGMENT REPORTING

EUR k	Industry 2013 01/01-09/30	Industry 2012 01/01-09/30	Cabinet Shops 2013 01/01-09/30	Cabinet Shops 2012 01/01-09/30	Sales & Service 2013 01/01-09/30	Sales & Service 2012 01/01-09/30
Third-party sales	226,505	243,660	65,427	69,806	183,879	185,287
Sales with group companies from other segments	83,062	77,973	64,327	66,903	3,339	1,409
Sales with investments recognized at equity	38,500	28,524	19,222	14,253	231	37
TOTAL SALES REVENUE	**348,067**	**350,157**	**148,976**	**150,962**	**187,449**	**186,733**
operative EBITDA[1]	**37,877**	**39,788**	**9,846**	**10,444**	**5,444**	**7,145**
Restructuring/non-recurring expenses[2]	-1,554	-705	-51	-310	-1,332	-185
Depreciation of property, plant and equipment and amortization of intangible assets	-14,826	-13,670	-4,270	-3,886	-1,619	-1,569
Expenses from employee participation	-4,443	-4,777	-579	-1,373	-165	-279
Share in result of associates	656	256	0	0	1,371	505
Interest result	-1,088	-1,072	-351	-610	-354	-223
SEGMENT RESULT[3]	**16,622**	**19,820**	**4,595**	**4,265**	**3,345**	**5,394**
EMPLOYEES[4]	**2,604**	**2,668**	**983**	**1,000**	**724**	**732**

[1] Operative EBITDA before employee participation expenses and restructuring/non-recurring expenses
[2] Contained in personnel expenses and other operating expenses
[3] The segment result is equivalent to EBT
[4] Average of the period

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 164 of the annual report 2012.

In the Other segment, sales revenue increased by EUR 16,615 k (or 32.4 percent). In absolute terms, the largest growth was generated by Homag Machinery (Shanghai) Co., Ltd. (up EUR 6,221 k or 31 percent). Also very positive was the development of HOMAG MACHINERY Środa Sp. z o.o. with a gain of EUR 4,648 k (or 35.3 percent), Weinmann Holzbausystemtechnik GmbH up EUR 3,579 k (or 29.8 percent) and HOMAG MACHINERY São Paulo Ltda. with growth of EUR 1,119 k (or 73.8 percent). In the Sales & Service segment, sales revenue increased by EUR 716 k (or 0.4 percent). By contrast, decreases were reported by the segments Industry (down EUR 2,090 k) and Cabinet Shops (down EUR 1,986 k).

The development of operative EBITDA before employee participation expenses and before

Other		Total segments		Consolidation		Group	
2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
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
17,915	12,994	493,726	511,747	0	0	493,726	511,747
26,688	21,314	177,416	167,599	-177,416	-167,599	0	0
23,218	16,898	81,171	59,712	0	0	81,171	59,712
67,821	**51,206**	**752,313**	**739,058**	**-177,416**	**-167,599**	**574,897**	**571,459**
-774	**-4,459**	**52,393**	**52,918**	**-861**	**-538**	**51,532**	**52,380**
-131	-358	-3,068	-1,558	0	0	-3,068	-1,558
-1,911	-1,617	-22,626	-20,742	0	0	-22,626	-20,742
-60	136	-5,247	-6,293	0	0	-5,247	-6,293
0	0	2,027	761	0	0	2,027	761
-2,552	-4,449	-4,344	-6,354	0	0	-4,344	-6,354
-5,428	**-10,747**	**19,134**	**18,732**	**-861**	**-538**	**18,274**	**18,194**
711	**662**	**5,022**	**5,062**	**0**	**0**	**5,022**	**5,062**

restructuring/non-recurring expenses varied between segments. Operative EBITDA decreased by EUR 1,911 k in the Industry segment, by EUR 1,701 k in the Sales & Service segment and by EUR 598 k in the Cabinet Shops segment. By contrast, an increase of EUR 3,658 k was registered in the Other segment.

In the Industry segment, Friz Kaschiertechnik GmbH was the entity which recorded the largest growth in absolute terms (up EUR 3,185 k or 190.3 percent). This improvement is mainly attributable to restructuring measures implemented as well as the sale of land and buildings in April 2013. HOLZMA Plattenaufteiltechnik GmbH recorded an improvement in absolute terms of EUR 1,020 k (up 14.4 percent). The largest declines in absolute terms were seen at Homag Holzbearbeitungssysteme GmbH with a loss of EUR 1,840 k (down 6.8 percent), Bargstedt Handlingsysteme GmbH down EUR 1,601 k (down 87.6 percent) and Ligmatech Automationssysteme GmbH with a loss of EUR 1,297 k (59.3 percent). In the Sales & Service segment, Homag Japan was the entity which recorded the largest decline in absolute terms (down EUR 1,455 k or 58.8 percent). In the Cabinet Shops segment, Weeke Bohrsysteme GmbH was the entity which recorded the largest absolute and percentage decrease (down EUR 1,424 k or 19.2 percent). The largest improvements in earnings in absolute terms were seen at Weinmann Holzbausystemtechnik GmbH (up EUR 1,896 k or 123.7 percent) and Homag Machinery (Shanghai) Co., Ltd. (up EUR 1,269 k or 120.6 percent). The largest percentage increase in earnings in this segment was reported by HOMAG MACHINERY (São Paulo) Ltda., up EUR 296 k or 602.5 percent.

OTHER NOTES

CONTINGENT LIABILITIES

As had already been reported as of year-end 2012, a German production company has recognized a provision of EUR 455 k for litigation risks. An additional German production company set up a provision of EUR 1,670 k for litigation risks as of September 30, 2013. A foreign sales entity recognized a provision of EUR 581 k for litigation risks with public authorities.

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

Goods and services amounting to EUR 81,207 k were sold to associates in the first nine months of the year (prior year: EUR 59,703 k). Goods and services worth EUR 4,845 k were received from associates (prior year: EUR 3,172 k).

SUBSEQUENT EVENTS AFTER SEPTEMBER 30, 2013

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

Schopfloch, November 11, 2013

Homag Group AG
The management board

FINANCIAL CALENDAR, CONTACT AND DISCLAIMER

FINANCIAL CALENDAR

November 13, 2013	German Equity Forum
March 27, 2014	Publication of Annual Report 2013, Press Conference on the Financial Results in Stuttgart, Analysts' Conference in Frankfurt am Main
May 13, 2014	Three-month Report 2014
June 3, 2014	Annual General Meeting in Freudenstadt
August 14, 2014	Six-month Report 2014
November 13, 2014	Nine-month Report 2014

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DISCLAIMER

SERVICE

The 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