HOMAG Group AG

Interim Report Q1 2015

HOMAG Group
Key Figures

FIGURES IN EUR MILLION	Q1 2015	Q1 2014	Q1 2013	Q1 2012
Total sales revenue	254.3	204.8	176.7	187.7
Central Europe [1]	54.4	51.2	62.8	63.1
Western Europe [1]	38.3	32.6	25.4	34.2
Eastern Europe [1]	30.5	51.1	32.5	41.2
North America [1]	49.0	25.7	15.8	13.3
South America [1]	4.1	6.7	8.5	8.3
Asia/Pacific [1]	76.2	35.4	29.3	24.8
Africa [1]	1.9	2.1	2.4	2.8
EBITDA [2]	22.6	15.0	13.3	16.7
EBITDA [2] as % of sales revenue	8.9	7.3	7.6	8.9
EBIT	11.5	5.6	4.6	8.8
EBIT as % of sales revenue	4.5	2.7	2.6	4.7
EBT	7.7	4.0	3.6	6.8
EBT as % of sales revenue	3.0	2.0	2.0	3.6
Net profit after non-controlling interests	4.1	2.5	1.8	3.2
Earnings per share in EUR [3]	0.26	0.16	0.12	0.21
ROCE [4] after taxes as %	11.3	5.6	4.3	8.8
Free cash flow [5]	-11.1	2.2	-3.6	3.9
Equity as of the reporting date	206.7	179.3	167.4	163.9
Equity ratio as %	32.6	29.1	30.2	28.6
Net liabilities to banks	43.1	69.7	92.5	77.4
Net debt to EBITDA ratio [6]	0.7	0.9	1.4	1.1
Investments / capitalized intangible assets [7]	3.8	2.5	7.2	3.8
Investments in property, plant and equipment [7]	2.4	1.9	1.5	3.6
Amortization of intangible assets [7]	3.9	3.8	3.6	2.8
Depreciation of property, plant and equipment [7]	3.8	3.4	3.4	3.4
Employees (average in period)	5,652	5,390	5,031	5,121
of which trainees	294	319	334	346
Order intake [8]	287.2	260.0	245.6	227.1
Order backlog as of the reporting date [8]	354.1	294.0	273.5	247.2

1 Conversion to allocation of sales revenue by geographical segment similar to order intake
2 Before taking into account employee participation
3 Net profit/loss after non-controlling interests, based on 15,688,000 shares
4 (EBIT x 70%) / capital employed (non-current assets + net working capital)
5 Cash flow from operating activities plus cash flow from investing activities
6 Net liabilities to banks / (EBITDA [2] for the last 4 quarters accumulated)
7 Excluding leases
8 Order intake and order backlog also contain the merchandise of the sales companies and their margins

HOMAG Group
Company Profile

Technical excellence, partnership and reliability are what drive our operations. The Company we have shaped in this way sets standards. We are the world's leading manufacturer of plant and machinery for the woodworking industry and for cabinet makers. Getting things in good shape is our business. Thanks to employees that work every day with passion, commitment and expertise, we have systematically advanced our Group. And through our clearly defined strategy, we aim to continue our course for profitable growth in the future. We stand for groundbreaking technological competence, have efficient processes in place and we are a global player – and every day we work on getting our Company into even better shape.

Content

Letter to the Shareholders

Dear shareholders,

The HOMAG Group got off to a good start in the current fiscal year. We were able to raise our order intake by a good 10 percent in the first quarter of 2015. We were particularly successful in the systems business. As expected, business with networked systems and a high degree of automation is increasingly gaining in significance. In our global sales markets, western and eastern Europe as well as Asia with a strong Chinese market developed particularly well. Our order backlog increased further as of March 31, 2015 in line with the good order situation, allowing us to again improve on the record set at year end.

The significant increase in sales revenue of 24 percent in the first three months of 2015 stems from the good development of business, but also reflects the consolidation of Stiles as well as some billing-related effects.

One particularly pleasing development was the significant improvement in earnings indicators. In this context, we were able to raise our EBITDA before employee profit participation expenses by a good 50 percent and more than double EBIT.

The elaboration of the FOCUS optimization program, with which we aim to secure and increase the competitiveness of the HOMAG Group in the long term, has been largely completed. Implementation will kick off in June 2015. Central components of the program include the expansion of business in China and the US, the expansion of the service business, strengthening the project business with complete production lines for wood processing, IT and process optimization as well as the adjustment of incentive systems. Another aspect is the organizational realignment under the heading “One HOMAG”.

In March 2015, our extraordinary general meeting approved the conclusion of a domination and profit and loss transfer agreement with Dürr. As a result, you, our shareholders, will receive a guaranteed dividend for 2015 and, as of the fiscal year 2016, compensation from Dürr Technologies GmbH for each full fiscal year. Compensation will in each case total a gross amount of EUR 1.18 per HOMAG share, net of any corporate income tax and solidarity surcharge.

The integration of the HOMAG Group into the Dürr Group is proceeding well and as planned. It is being driven forward by an integration team consisting of department heads from both companies. In total, there are 22 working groups for topics such as financing, procurement, technology, IT or service. The synergy potential amounts to between EUR 5 million and EUR 10 million and it is planned to tap this potential without delay. We have already made progress with restructuring in the synergy area of group financing: The syndicated loan of HOMAG Group AG for EUR 210 million will be terminated on May 29, 2015. The HOMAG Group will replace this with more favorable financing via the Dürr Group.

A change was made to the composition of the management board at the end of the quarter. Hans-Dieter Schumacher stepped down from the management board and left the Company of his own volition as of March 31, 2015. He was succeeded as CFO by Franz Peter Matheis on April 1, 2015. We would like to thank Hans-Dieter Schumacher for his successful work over the past years.

Outlook

We got off to a good start to the year and expect positive results from LIGNA, the leading trade fair in the industry that takes place in May. As a result, we confirm our forecasts for 2015. We anticipate order intake, the calculation of which we changed slightly in order to make it comparable to to sales revenue, in a range between EUR 940 million and EUR 960 million (2014 (restated): EUR 911.4 million). With regard to the Group’s sales revenue, we intend to generate between EUR 950 million and EUR 970 million in 2015 (2014: EUR 914.8 million). As of fiscal year 2015, we record our EBITDA after extraordinary expenses and have adjusted our forecast accordingly. We expect EBITDA before employee profit participation expenses 2015 between EUR 92 million and EUR 94 million (2014 (restated): EUR 76.6 million).

We expect considerable growth in the Group's net profit for the year and aim to achieve between EUR 31 million and EUR 33 million (2014: EUR 18.9 million). This above-average increase stems primarily from the substantially lower extraordinary expense expected. The negative effects arising from the Stiles acquisition were mostly accounted for in the 2014 fiscal year.

For the long term, more specifically for the year 2020, we have set a target of generating sales revenue of EUR 1.25 billion and an EBIT margin of 8 10 percent.

Schopfloch, May 2015

The management board

Ralph Heuwing

Harald Becker-Ehmck

Jürgen Köppel

Franz Peter Matheis

Share Report

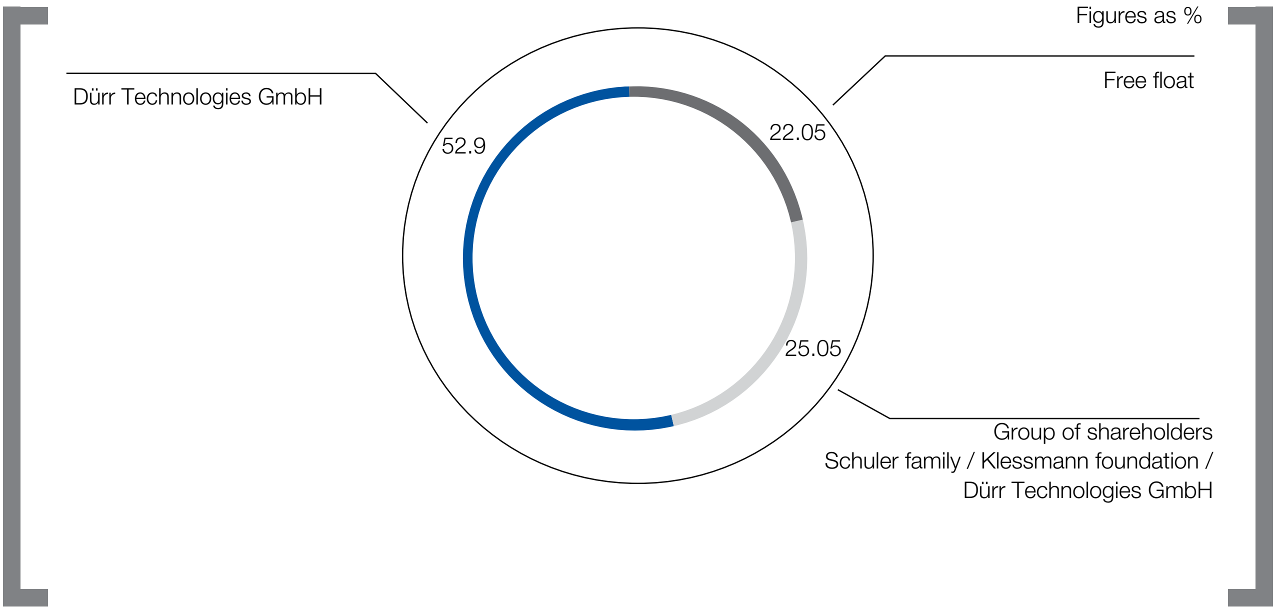
German stock markets performed exceedingly well and individual stock indices saw considerable growth in the first quarter of 2015. Positive effects stemmed from the first bond purchase program of the European Central Bank, the low oil price, good economic data in Europe and the US as well as positive consumer sentiment. In addition, the weak development of the euro buoyed German exports. On aggregate, the DAX and the MDAX rose by around 22 percent in the first three months of 2015, while the TecDAX and the SDAX rose by 18 percent and 17 percent, respectively.

The good development of the HOMAG Group share continued in the first quarter of 2015; starting around EUR 30 at the beginning of the year, the share price rose to approximately EUR 36 by the start of February before settling at this level. The HOMAG share price came to EUR 35.88 on 31 March – a gain of nearly 20 percent in the first quarter of 2015.

After a good start to April, in the second half of the month share prices lost ground on German stock markets. Overall, the DAX fell by around 4 percent and the MDAX decreased by 2 percent. The TecDAX and the SDAX closed April at approximately the same level seen at the end of March. The HOMAG share essentially continued its sideward movement and stood at EUR 34.99 on April 30, 2015.

On March 5, 2015, the extraordinary general meeting of HOMAG Group AG agreed to the conclusion of a profit and loss transfer agreement between Dürr Technologies GmbH and HOMAG Group AG. According to this agreement, shareholders will receive a guaranteed dividend for 2015 and, as of the fiscal year 2016, a compensation from Dürr for each full fiscal year of of a gross amount of EUR 1.18 per HOMAG share, net of any corporate income tax and solidarity surcharge.

Shareholder Structure as of March 31, 2015[1]



1 Method of calculation according to Deutsche Börse AG

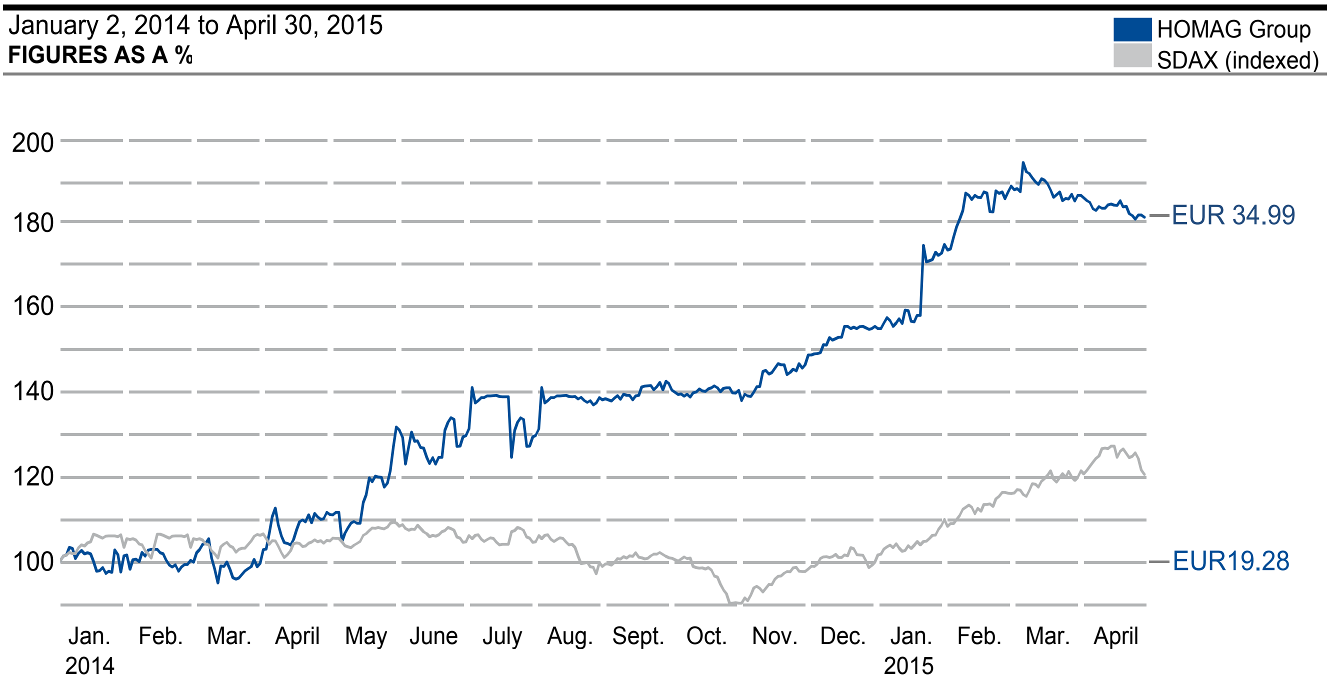
As part of our capital market communication, we publicly announced all key company developments by issuing 3 ad-hoc announcements and 3 press releases. Furthermore, we published our annual report for 2014 at the end of March 2015. This report as well as all other relevant information can be accessed on our website.

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, 2014 – March 31, 2015)	March 3 ,2015	EUR 37.50
Price low* (January 2, 2014 – March 31, 2015)	March 14, 2014	EUR 18.27
Price* as at March 31, 2015		EUR 35.89
Earnings per share	January 1, 2015 – March 31, 2015	EUR 0.26
Market capitalization (March 31, 2015)		EUR 563.0 million

*Xetra closing quote

Performance of the HOMAG Group AG Share in comparison with the SDAX



Source: XETRA, stock performance indexed (January 2, 2014 = 100)

Interim Management Report as of March 31, 2015

Economic Environment

In their Joint Economic Forecast from April 2015, Germany's leading economic institutes have reported that global economic growth has again gathered pace somewhat. This is thanks to strong impetus from the substantial drop in the price of oil and the ongoing expansionary monetary policy. The upswing in the US continued and the economy in Japan picked up. By contrast, growth rates in the large emerging economies, for example in Brazil, were slightly weaker or even stagnating. The economic development in emerging economies will, however, benefit going forward from the upwards trend in the advanced economies. Production grew again recently at a slightly higher rate in the eurozone, although development in the individual countries continues to vary greatly. The economic development in central and eastern EU member states was positive despite the crisis in Russia.

The German economy has grown strongly in the spring of 2015, thanks to positive effects from the massive drop in the price of oil and the further easing of financial conditions. These growth rates are buoyed by private consumption as well as exports, which received momentum through the marked decrease in the external value of the euro, as well as economic recovery in the eurozone. The ifo business climate index rose again in April 2015. Companies assess their current business development again as significantly better than one month earlier.

The VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation] reports that the German mechanical and plant engineering sector saw an increase of 2 percent in order intake in the first quarter of 2015. In this context, orders in Germany declined by 2 percent while orders from abroad rose by 3 percent. Based on information from the competent trade association within the VDMA, order intake in the secondary wood processing segment, the segment of relevance to HOMAG, rose by 6 percent in the first quarter of 2015, not taking price adjustments into account. By contrast, sales revenue decreased by 11 percent.

Business Development

At HOMAG Group AG, we look back on a successful first quarter of 2015, in which we significantly improved both order intake and sales revenue. Indeed we were able to increase all of our key earnings figures again considerably, thus improving our profit margins.

Order intake rose by 10.5 percent in the first three months of 2015 to EUR 287.2 million (prior year (restated): EUR 260.0 million). Our systems business developed particularly well in this context, both in the furniture and flooring sectors, which disproportinately high growth compared to the prior year. It should be noted that we have changed how order intake and order backlog are calculated to make it comparable with sales revenue. From now on, the merchandise of the sales companies and their margins will be included in order intake and order backlog. The prior-year figure was restated accordingly.

Within our worldwide sales regions, as expected, we were not quite able to match the excellent prior-year order intake in central Europe (Germany, Austria and Switzerland) in the first quarter of 2015. By contrast, western Europe developed better across the board, significantly outperforming the prior-year level. In spite of the crisis in Russia, order intake in eastern Europe rose significantly compared to the prior-year figure, particularly thanks to the contribution of Turkey in addition to other smaller markets.

The Americas were not quite able to match the excellent prior-year quarter despite a good order intake level in the field of stand-alone machines. Asia also returned convincing results at the beginning of the year with very good order intake again in the first quarter of 2015, driven in particular by the Chinese market.

Our **order backlog** increased further to EUR 354.1 million as of March 31, 2015 in line with the very strong order situation. This allowed us to surpass our restated prior-year figure (EUR 294.0 million) by 20.4 percent and again significantly exceed our record figure at year-end (EUR 307.3 million).

In the reporting quarter, we increased our **sales revenue** by 24.2 percent to EUR 254.3 million (prior year: EUR 204.8 million) on account of the good development of business. This sales revenue growth was also supported by a billing-related high number of deliveries in North America. It should also be noted that Stiles was consolidated for the first time on February 1, 2014, meaning that Stiles sales revenue was only included for two out of three months in the prior-year period.

Inventories rose at a lower rate in the reporting quarter to EUR 8.1 million (prior year: EUR 14.0 million), following a consolidation-related increase in inventories of finished goods relating to the acquisition of Stiles in the prior-year period.

Total operating performance came to EUR 264.8 million (prior year: EUR 220.4 million).

Results of Operations

One particularly pleasing development was the significant improvement in earnings indicators. Positive exchange rate effects contributed to this, above all relating to the weak euro. **Other operating income** includes exchange rate gains of EUR 5.9 million. This compares to exchange rate losses of EUR 3.8 million contained in **other operating expenses.**

Personnel expenses rose to EUR 94.5 million as a result of the announced increase in headcount at our foreign companies (prior year: EUR 80.6 million). The collectively bargained wage increase in Germany also affected this figure. The decrease in the **ratio of personnel expenses to total operating performance** to 35.7 percent (prior year: 36.6 percent) is due to a smaller increase in personnel expenses compared to sales revenue growth.

In light of the increase in sales revenue, the **cost of materials** rose to EUR 118.7 million (prior year: EUR 94.7 million). The increase in our **ratio of cost of materials to total operating performance** to 44.8 percent (prior year: 43.0 percent) is due, on the one hand, to a changed product mix and, on the other, to the increased elimination of intercompany profits triggered by inventories and exchange rates.

As of fiscal year 2015, we record our EBITDA after any extraordinary expenses, like all our other key performance indicators. As a result, we no longer present this separately. Our **employee profit participation expenses** rose to EUR 3.3 million in the first quarter of 2015 (prior year: EUR 1.8 million), primarily due to a further drop in the interest rate.

We raised our **EBITDA before employee profit participation expenses** by about 50 percent to EUR 22.6 million in particular on account of the positive development of sales revenue (prior year: EUR 15.0 million). Another factor was that there are no extraordinary expenses in the current fiscal year, which in the prior year had related to the acquisition of Stiles. **EBIT after employee profit participation expenses** more than doubled to EUR 11.5 million in the reporting quarter (prior year: EUR 5.6 million).

Our **interest result** deteriorated to EUR -3.1 million on account of a special expense (prior year: EUR -1.4 million). We will prematurely terminate our syndicated loan agreement that runs until 2019, as our financing will be obtained via more favorable group financing in the Dürr Group in the future. This premature termination will result in a one-off non-cash interest expense of EUR 2.4 million.

The **investment result** comes to EUR -0.7 million (prior year: EUR -0.2 million), which gives rise to a **financial result** of EUR -3.8 million (prior year: EUR -1.6 million). Despite this negative one-off effect contained in the interest result, **EBT** increased from EUR 4.0 million to EUR 7.7 million.

The **tax expense ratio** increased to 41 percent (prior year: 36 percent). In addition to the negative profit/loss from associates, this is also due to the high contribution to earnings of the US-company Stiles and the corresponding higher effective income tax rate in the US. We increased our **net profit/loss for the period after non-controlling interests** significantly to EUR 4.1 million (prior year: EUR 2.5 million), leading to **earnings per share** of EUR 0.26 (prior year: EUR 0.16).

Net Assets and Financial Position

Our **total assets** as of March 31, 2015 rose to EUR 634.2 million due to the customary seasonal increase in inventories on account of the high order backlog (December 31, 2014: EUR 610.8 million). On the **assets side** of the statement of financial position, **inventories** rose to EUR 194.1 million (December 31, 2014: EUR 174.8 million). Furthermore, our **other assets and prepaid expenses** also rose to EUR 21.6 million due to seasonal effects (December 31, 2014: EUR 16.4 million). The increase in deferred tax assets to EUR 11.0 million (prior year: EUR 10.1 million) is mainly attributable to higher intercompany profits.

Receivables due from associates rose to EUR 11.0 million for reasons relating to the reporting date (December 31, 2014: EUR 4.7 million). Following the very high level of **cash and cash equivalents** of EUR 50.0 million at year-end 2014, these returned to a more customary level of EUR 31.7 million as of March 31, 2015 on account of the repayment of financial liabilities as well as a decrease in trade payables and a further improved utilization of discounts.

On the **equity and liabilities side** of the statement of financial position, our **equity** increased to EUR 206.7 million on account of the profit for the quarter and positive exchange rate effects (December 31, 2014: EUR 194.7 million). The **equity ratio** thus improved to 32.6 percent as of March 31, 2015 (December 31, 2014: 31.9 percent). The agreed upon premature termination of our syndicated loan agreement leads to a reclassification between non-current and current financial liabilities. **Non-current financial liabilities** therefore decrease very substantially to EUR 8.9 million (December 31, 2014: EUR 72.0 million), while **current financial liabilities** rise to EUR 72.3 million (December 31, 2014: EUR 14.6 million).

The significant increase in **prepayments received** to EUR 73.2 million (December 31, 2014: EUR 59.9 million) stems from the good order backlog as well as our further improved prepayment management. **Liabilities to associates** rose to EUR 13.1 million for reasons relating to the reporting date (December 31, 2014: EUR 8.1 million).

Compared to the extremely low figure as of year-end 2014 (EUR 28.5 million), our **net liabilities to banks** rose as anticipated to EUR 43.1 million at the end of the first quarter of 2015. This was nevertheless well below the figure in the prior-year quarter (EUR 69.7 million).

The **return on capital employed (ROCE)** before taxes on the basis of EBIT after expenses from employee profit participation and after extraordinary expenses improved to 16.2 percent in the first quarter of 2015 (prior year (restated): 8.0 percent). The improvement is mainly due to the positive development of earnings. After taxes (tax rate used in calculation: 30 percent), ROCE on the basis of EBIT after employee profit participation expenses and after extraordinary expenses came to 11.3 percent (prior year (restated): 5.6 percent).

The **operating cash flow** decreased to EUR -5.5 million in the first three months (prior year: EUR 20.8 million). Thanks to the good development of business in the Group, inventories, trade receivables and receivables from associates in particular rose compared to the prior year. The **cash flow from investing activities** decreased over the same period from EUR -18.6 million to EUR -5.6 million, as this figure had contained the Stiles acquisition in the prior year. This results in negative **free cash flow** of EUR -11.1 million (prior year: EUR 2.2 million). The **cash flow from financing activities** came to EUR -10.0 million in the first three months of 2015 (prior year: EUR 16.1 million). The prior-year figure includes the borrowings taken out to finance the Stiles acquisition, which we redeemed prematurely in the first quarter of 2015. Moreover, we made regular repayments of bilateral credit lines. **Cash and cash equivalents** thus amounted to EUR 31.7 million as of March 31, 2015 (prior year: EUR 62.4 million).

Employees

As of March 31, 2015, the headcount at the HOMAG Group came to 5,668 employees. Our headcount thus increased both on the prior year (5,410 employees) and in comparison to year-end 2014 (5,606 employees). Our headcount was mainly built up abroad. At the end of the first quarter of 2015, the HOMAG Group employed 172 contract workers owing to the good capacity utilization (prior year: 124 contract workers).

Capital Expenditures

In the first quarter of 2015, we increased our capital expenditure on intangible assets and property, plant and equipment (without leases) to EUR 6.2 million (prior year: EUR 4.4 million). We invested in an extension at our production plant in Poland as well as the expansion of the IT infrastructure, among other things. Capital expenditure contains own development work capitalized of EUR 2.4 million (prior year: EUR 1.5 million).

Research and Development

Research and development in the first quarter of 2015 was geared towards LIGNA, the leading trade fair in the industry, where we will present new workshop concepts for the cabinet shop business. We developed and presented an intelligent saw concept for the first time at LIGNA, which completely redefines the flow of parts in production, making it more flexible and allowing for fully automatic processing. In addition, it has a minimum footprint and requires little maintenance.

In edge processing, we have developed a new series for industrial customers featuring modular options and a robust design. It enables the flexible processing of all types of materials, an optimal edge quality as well as high flexibility in the selection of components.

We also presented a high-performance carpentry machine for timber-frame house construction. The newly developed underside trimming aggregate enables carpentry businesses to process all six sides without turning the beam coupled with the unchanged low space requirement. Classic block house joints can now be created with ease.

A new addition is an e-business solution for the direct sale of furniture online. Using a mobile app and the camera function on a smartphone or a tablet, end customers can display their individually designed pieces of furniture virtually in their own living space. An order can be placed immediately in the same mobile app as well. Thanks to the automatic order import from online orders, the sales process becomes seamlessly connected with the order and production processes – a great advantage in the digitalization of business processes at our customers.

Risk and Opportunities Report

The risk management system in place and the individual business risks and opportunities are described in the annual report 2014, pages 67 to 76. The statements made there are still essentially valid for the first quarter of 2015. 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

The VDMA expects German machine production to grow by 2 percent in 2015. It also perceives opportunities related to the depreciation of the euro, but also risks such as the unresolved Ukraine crisis, the unclear situation in Greece as well as risks emanating from a property bubble in China. For the wood processing machines segment, the industry association anticipates sales revenue growth of 3 percent. Demand is expected to continue to pick up both in Germany and abroad.

With the good start to the year and the expected positive results from LIGNA, the leading trade fair for the industry, we confirm our forecasts for 2015. As a result, we expect an **order intake** according to the new calculation method of between EUR 940 million and EUR 960 million (2014 (restated): EUR 911.4 million) and aim to generate **sales revenue for the Group** of between EUR 950 million and EUR 970 million for 2015 (2014: EUR 914.8 million). We record our EBITDA after extraordinary expenses as of fiscal year 2015 and expect **EBITDA before employee profit participation expenses** between EUR 92 million and EUR 94 million in 2015 (2014 (restated): EUR 76.6 million).

We expect considerable growth in the **Group's net profit for the year** and aim to reach between EUR 31 million and EUR 33 million (2014: EUR 18.9 million). This above-average increase stems from the substantially lower extraordinary expense expected. The negative effects arising from the Stiles acquisition were mostly accounted for in the 2014 fiscal year.

For the long term, more specifically for the year 2020, we have set a target of generating sales revenue of EUR 1.25 billion and an EBIT margin of 8-10 percent.

For this reason, the forecasts are subject to the proviso that the global economy will see positive developments, as forecast by economic experts and, in particular, that there are no major disruptions to the global economy.

Interim Financial Statements as of March 31, 2015

Consolidated Income Statement

FIGURES IN EUR K	2015 01/01 – 03/31	2014 01/01 – 03/31
Sales revenue	**254,326**	**204,750**
Increase or decrease in inventories of finished goods and work in progress	8,147	14,043
Own work capitalized	2,310	1,592
	10,457	15,635
Total operating performance	**264,783**	**220,385**
Other operating income	8,311	4,519
	273,094	**224,904**
Cost of materials	118,650	94,677
Personnel expenses before employee profit participation	94,468	80,643
Amortization of intangible assets	3,943	3,831
Depreciation of property, plant and equipment	3,848	3,778
Other operating expenses	37,412	34,588
	258,321	217,517
Operating result before employee profit participation	**14,773**	**7,387**
Expenses from employee profit participation	3,316	1,752
Net operating profit	**11,457**	**5,635**
Profit/loss from associates	-725	-189
Interest income	461	205
Interest expenses	3,526	1,649
Earnings before taxes	**7,667**	**4,002**
Income taxes	-3,144	-1,420
Net profit for the period	**4,523**	**2,582**
Profit attributable to non-controlling interests	414	106
Profit attributable to owners of Homag Group AG	**4,109**	**2,476**
Earnings per share attributable to owners of Homag Group AG in EUR (basic and diluted)	0.26	0.16

Consolidated Statement of Comprehensive Income

FIGURES IN EUR K	2015 01/01 – 03/31	2014 01/01 – 03/31
Net profit for the period	**4,523**	**2,582**
Currency effects	7,627	-817
thereof share of associates	637	-7
Gains and losses from cash flow hedges	-168	-136
Taxes attributable to gains and losses from cash flow hedges	97	38
Other income and expenses that can be reclassified to the income statement under certain conditions in future periods	**7,556**	**-915**
Actuarial gains and losses	0	0
Income tax on other comprehensive income	0	0
Other income and expenses that cannot be reclassified to the income statement in future periods	**0**	**0**
Other comprehensive income	**7,556**	**-915**
Total comprehensive income	**12,079**	**1,667**
Total comprehensive income attributable to non-controlling interests	995	19
Total comprehensive income attributable to owners of Homag Group AG	**11,084**	**1,648**

Consolidated Statement of Financial Position

FIGURES IN EUR K		March 31, 2015	Dec. 31, 2014
Assets			
Non-current assets			
I.	Intangible assets	78,434	77,729
II.	Property, plant and equipment	130,107	128,894
III.	Investments in associates	3,941	4,829
IV.	Other financial assets	506	506
V.	Receivables and other assets		
	Trade receivables	923	1,039
	Other financial assets	2,827	2,611
	Other assets and prepaid expenses	315	324
	Income tax receivables	947	946
VI.	Deferred taxes	11,018	10,101
		229,018	**226,979**
Current assets			
I.	Inventories	194,081	174,769
II.	Receivables and other assets	92,185	86,929
	Trade receivables	47,266	43,967
	Receivables from long-term construction contracts	10,998	4,664
	Receivables due from associates	21,606	16,445
	Other assets and prepaid expenses	0	5,648
	Income tax receivables	6,111	5,856
III.	Cash and cash equivalents	31,696	49,986
		403,943	**382,616**
IV.	Non-current assets held for sale	1,245	1,245
		405,188	**383,861**
Total assets		**634,206**	**610,840**

FIGURES IN EUR K		March 31, 2015	Dec. 31, 2014
Equity and liabilities			
Equity			
I.	Issued capital	15,688	15,688
II.	Capital reserves	32,976	32,976
III.	Revenue reserves	142,707	116,809
IV.	Net profit for the period	4,109	18,905
	Equity attributable to the owners	195,480	184,378
V.	Non-controlling interests	11,266	10,293
		206,746	**194,671**
Non-current liabilities and provisions			
I.	Non-current financial liabilities	8,855	71,950
II.	Other non-current liabilities	6,421	7,163
III.	Pensions and other post-employment benefits	3,309	3,290
IV.	Obligations from employee profit participation	17,646	16,047
V.	Other non-current provisions	7,667	7,344
VI.	Deferred taxes	18,360	19,167
		62,258	**124,961**
Current liabilities and provisions			
I.	Current financial liabilities	72,303	14,562
II.	Trade payables	72,193	84,893
III.	Prepayments	73,152	59,891
IV.	Liabilities from long-term construction contracts	10,430	7,497
V.	Liabilities to associates	13,057	8,062
VI.	Other financial liabilities	3,777	2,911
VII.	Other current liabilities and deferred income	94,176	89,148
VIII.	Tax liabilities	6,932	5,575
IX.	Pensions and other post-employment benefits	87	87
X.	Other current provisions	19,095	18,582
		365,202	**291,208**
Total liabilities		**427,460**	**416,169**
Total equity and liabilities		**634,206**	**610,840**

Consolidated Cash Flow Statement

FIGURES IN EUR K	2015 01/01 – 03/31	2014 01/01 –03/31
1. Cash flow from operating activities		
Profit or loss for the period before tax	**7,667**	**4,002**
Income tax paid (–)	-3,466	-2,244
Interest result	3,064	1,444
Interest paid (–)	-1,390	-1,440
Interest received (+)	454	195
Write-downs (+) / write-ups (–) of non-current assets (netted)	7,791	7,609
Increase (+) / decrease (–) in provisions	1,915	1,066
Share of profit (–) or loss (+) of associates	725	189
Gain (–) / loss (+) on disposals of non-current assets	14	-68
Increase (–) / decrease (+) in inventories, trade receivables and other assets	-21,529	-6,335
Increase (+) / decrease (–) in trade payables and other liabilities	-747	16,363
Cash flow from operating activities	**-5,502**	**20,781**
2. Cash flow from investing activities		
Cash received (+) from disposals of property, plant and equipment	453	219
Cash paid (–) for investments in property, plant and equipment	-2,360	-1,900
Cash received (+) from disposals of intangible assets	104	0
Cash paid (–) for investments in intangible assets	-3,844	-2,540
Cash paid (–) for the acquisition of consolidated companies	0	-14,348
Cash flow from investing activities	**-5,647**	**-18,569**

FIGURES IN EUR K	2015 01/01 – 03/31	2014 01/01 – 03/31
3. Cash flow from financing activities		
Cash received (+) from the issue of (financial) liabilities	12,160	32,513
Cash repayment (–) of bonds and (financial) liabilities	-22,205	-16,416
Cash flow from financing activities	**-10,045**	**16,097**
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	-21,194	18,308
Effect of currency translation adjustments and change in basis of consolidation on cash and cash equivalents	2,904	-866
Cash and cash equivalents at the beginning of the period	**49,986**	**44,939**
Cash and cash equivalents at the end of the period [1]	**31,696**	**62,381**

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

FIGURES IN EUR K	Issued capital	Capital reserve	Revenue Retained earnings
Jan. 1, 2014	**15,688**	**32,976**	**99,868**
Other changes			**12**
Reclassification to revenue reserves			**18,426**
Net profit for the period			
Other income and expenses			
Total comprehensive income			
Mar. 31, 2014	**15,688**	**32,976**	**118,306**
Jan. 1, 2015	**15,688**	**32,976**	**112,787**
Other changes			18
Reclassification to revenue reserves			**18,905**
Net profit for the period			
Other income and expenses			
Total comprehensive income			
Mar. 31, 2015	**15,688**	**32,976**	**131,710**

reserves					
Accumulated other comprehensive income	**Translation reserve**	**Group result**	**Equity before non-controlling interests**	**Non-controlling interests**	**Total**
-587	**2,889**	**18,426**	**169,260**	**8,391**	**177,651**
			12		**12**
		-18,426	**0**		**0**
		2,476	2,476	106	**2,582**
-98	**-730**		-828	-87	**-915**
-98	**-730**	**2,476**	**1,648**	**19**	**1,667**
-685	**2,159**	**2,476**	**170,920**	**8,410**	**179,330**
-1,212	**5,234**	**18,905**	**184,378**	**10,293**	**194,671**
			18	-22	**-4**
		-18,905	**0**		**0**
		4,109	4,109	414	**4,523**
-71	7,046		6,975	581	**7,556**
-71	**7,046**	**4,109**	**11,084**	**995**	**12,079**
-1,283	**12,280**	**4,109**	**195,480**	**11,266**	**206,746**

Selected Explanatory Notes

General

These interim condensed consolidated financial statements for the first three months of 2015 were released for publication by resolution of the management board on May 7, 2015.

Application of Accounting Requirements

The interim condensed consolidated financial statements of Homag Group AG (Homag Group) as of March 31, 2015, like the consolidated financial statements as of December 31, 2014, 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 2014 consolidated financial statements. These policies are explained in detail in the 2014 annual report. In addition, the amendments to IFRSs and the new policies mandatory as of January 1, 2015 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 IAS 19 - “Employee Benefits”

The amendment regulates the recognition of contributions by employees or third parties to a defined benefit pension plan as a reduction in service cost provided that these reflect the service rendered in the reporting period. The amended standard will become effective for reporting periods beginning on or after July 1, 2014. The amendment only has a slight effect in the Homag Group as only a few pension plans in certain countries will be affected by the amendment.

The amendments contained in the 2010 – 2012 and 2011 – 2013 cycles of the annual improvements projects are effective for reporting periods beginning on or after July 1, 2014, and do not have any effects, or no material effects, on the consolidated financial statements of the Company.

Annual Improvements to IFRSs (2010 - 2012 cycle)

IFRS 2 “Share-based Payment”: The amendment clarifies the definition of vesting conditions and market conditions.

IFRS 3 “Business Combinations”: By amending this standard and making subsequent changes to other standards, all contingent considerations not classified as equity are subsequently measured at fair value recognizing all resulting effects in profit or loss.

IFRS 8 “Operating Segments”: Newly included in IFRS 8 was the clarification that the underlying considerations made when merging business segments into reportable segments must be stated and a reconciliation of segment assets to the corresponding accounts in the statement of financial position is only necessary when disclosures on segment assets are regularly reported to the chief operating decision maker.

IFRS 13 “Measurement at Fair Value”: An amendment to the “Basis for Conclusions” in IFRS 13 clarifies that the IASB, in making the amendments to IFRS 9 and IAS 39 resulting from IFRS 13, did not want to eliminate the possibility of opting out of discounting for current receivables and liabilities in the event of immateriality.

IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”: The amendment clarifies how to determine accumulated impairment as of the measurement date applying the remeasurement model pursuant to IAS 16 and IAS 38.

Annual Improvements to IFRSs (2011 – 2013 cycle)

IFRS 1 “First-time Adoption of International Financial Reporting Standards”: The amendment clarifies the meaning of effective date in connection with IFRS 1.

IFRS 3 “Business Combinations”: The amendment establishes the existing exemption of joint ventures from the scope of IFRS 3.

IFRS 13 “Fair Value Measurement”: IFRS 13 allows entities managing a group of financial assets and financial liabilities on the basis of their net market risk or risk of default to calculate the fair value of this group in accordance with the standard, as market participants would measure the net risk position on the measurement date (portfolio exception). The suggested amendment clarifies that this exception for determining the fair value relates to all agreements in the scope of IAS 39 “Financial instruments: Recognition and Measurement” or IFRS 9 “Financial Instruments”, even if these do not satisfy the definition of a financial asset or a financial liability under IAS 32 “Financial Instruments: Presentation”.

IAS 40 “Investment Property”: The amendment clarifies that the scope of IAS 40 and IFRS 3 “Business Combinations” is independent of each other, i.e., never mutually exclusive.

All mandatory new and amended IFRSs were described in detail in the annual report 2014.

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, 2014.

Notes to the Consolidated Income Statement

Sales Revenue

In the first three months of 2015, the Homag Group generated sales revenue of EUR 254,326 k, up 24.2 percent on the comparable period in 2014.

FIGURES IN EUR K	2015 01/01 – 03/31	Share	2014 01/01 – 03/31	Share	% change on the prior year
Central Europe	54,377	21.5%	51,249	**25.0%**	6.1%
Western Europe	38,336	15.1%	32,612	**15.9%**	17.6%
Eastern Europe	30,531	12.0%	51,144	**25.0%**	-40.3%
North America	48,963	19.3%	25,674	**12.5%**	90.7%
South America	4,064	1.6%	6,659	**3.3%**	-39.0%
Asia/Pacific	76,154	29.9%	35,361	**17.3%**	115.4%
Africa	1,901	0.7%	2,051	**1.0%**	-7.3%
Total	**254,326**	100.0%	**204,750**	**100.0%**	24.2%

The regions of Asia/Pacific (115.4 percent), North America (90.7 percent) and western Europe (17.6 percent) saw the greatest percentage increase in sales revenue in the first three months of 2015 in comparison to the same period of the prior year. The regions eastern Europe and South America saw the greatest decreases of 40.3 percent and 39 percent, respectively. Sales revenue in Germany decreased by 11.1 percent. As a result, the share of sales revenue earned in Germany fell from 18.8 percent in the first three months of 2014 to 13.5 percent in the reporting period.

Cost of Materials

The ratio of cost of materials to total operating performance increased to 44.8 percent in the first three months of 2015, as compared to 43.0 percent in the corresponding period of the prior year.

FIGURES IN EUR K	2015 01/01 – 03/31	2014 01/01 – 03/31
Cost of raw materials, consumables and supplies and purchased merchandise	110,465	91,499
Cost of purchased services	8,185	3,178
	118,650	**94,677**

Personnel Expenses

FIGURES IN EUR K	2015 01/01 – 03/31	2014 01/01 – 03/31
Wages and salaries	79,999	68,329
Social security, pension and other benefit costs	14,469	12,314
thereof for pension benefits	4,575	4,339
thereof employer contribution to statutory pension insurance	**4,247**	**4,056**
	94,468	**80,643**

FIGURES IN EUR K	2015 01/01 – 03/31	2014 01/01 – 03/31
Expenses from employee profit participation	3,316	1,752

After 5,410 employees as of March 31, 2014 and 5,606 as of December 31, 2014, the Homag Group employed 5,668 persons as of March 31, 2015.

Personnel expenses in the first three months of 2015 were up 17.1 percent on the comparable period of the prior year. This is mainly due to the increase in personnel at our foreign companies. Moreover, the collectively bargained wage increase in Germany affected this figure. The ratio of personnel expenses to total operating performance improved to 35.7 percent (prior year: 36.6 percent).

In the first three months of 2015, expenses from employee profit participation increased to EUR 3,316 k (prior year: EUR 1,752 k), primarily due to a further decrease in the interest rate.

Profit for the Period

EBIT amounted to EUR 11,457 k in the first quarter of 2015 (prior year: EUR 5,635 k).

The financial result of EUR -3,789 k for the first three months of 2015 deteriorated compared to the prior-year period (prior year: EUR -1,633 k). This is mainly attributable to the special effect from the premature termination of the syndicated loan agreement, which caused the interest result to deteriorate by EUR 2,389 k.

EBT in the first three months of 2015 came to EUR 7,667 k (prior year: EUR 4,002 k). After non-controlling interests, the net profit for the period came to EUR 4,109 k (prior year: EUR 2,476 k) which leads to earnings per share of EUR 0.26 (prior year: EUR 0.16).

Notes to the Consolidated Statement of Financial Position

Assets

Total assets come to EUR 634,206 k (December 31, 2014: EUR 610,840 k).

Inventories rose by EUR 19,312 k to EUR 194,081 k in comparison to December 31, 2014, an increase of 11.1 percent. The increase in inventories is due to the seasonal increase in inventories on account of the high 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 sales revenue pursuant to IFRS were not satisfied.

Compared to December 31, 2014, receivables and other assets rose by EUR 20,397 k for reasons relating to the reporting date.

Cash and cash equivalents decreased by EUR 18,290 k compared to the very high level at year-end 2014.

The line item “Non-current assets held for sale” remained unchanged compared to December 31, 2014.

Equity

The change in equity including income and expense recognized directly in equity is presented in the consolidated statement of changes in equity.

The equity ratio stood at 32.6 percent as of March 31, 2015, which is up on the level seen at December 31, 2014 (31.9 percent).

Pursuant to IAS 33, earnings per share is 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 0.26 for the first three months of 2015 (prior year: EUR 0.16).

	2015 01/01 – 03/31	**2014 01/01 – 03/31**
Profit for the period attributable to owners of Homag Group AG for the calculation of the basic earnings in EUR k	4,109	2,476
Basic earnings per share pursuant to IAS 33 in EUR	**0.26**	**0.16**
Number of shares (basis for the calculation of the basic earnings per share)	15,688,000	15,688,000

There were no dilutive effects in the reporting period.

At its meeting of March 24, 2015, the supervisory board seconded the management board’s recommendation to propose to the annual general meeting of May 8, 2015 to pay out a dividend of EUR 0.40 per share for the fiscal year 2014.

Liabilities

On the equity and liabilities side of the statement of financial position, non-current financial liabilities decreased by EUR 63,095 k, primarily on account of the planned premature termination of the syndicated loan agreement. Current financial liabilities, on the other hand, increased by EUR 57,741 k. Prepayments received rose significantly by EUR 13,261 k on account of the good order backlog. Other current liabilities and deferred income increased by EUR 5,028 k (5.6 percent) in the reporting period, due to normal seasonal movements, such as the increase in vacation obligations, accrued flextime as well as the Christmas bonus accruals.

Net liabilities to banks increased from EUR 28,496 k as of December 31, 2014 to EUR 43,090 k as of March 31, 2015.

Financial Instruments

Book values, carrying amounts and fair values by measurement category

FIGURES IN EUR K	Carrying amount Mar. 31, 2015	Carrying amount in statement of financial position according to IAS 39			Carrying amount accord. to IAS 11	Carrying amount accord. to IAS 17	Fair value Mar. 31, 2015
		Amortized cost	Acquisition cost	Fair value			
Assets							
Cash and cash equivalents	31,696	31,696					31,696
Trade receivables	93,108	93,108					93,108
Receivables from associates	10,998	10,998					10,998
Receivables from long-term construction contracts	47,266				47,266		47,266
Other financial assets	506		506				--
Other non-derivative financial assets	8,603	8,603					8,603
Derivative financial assets							
Derivatives without hedging relationship	304			304			304
Equity and liabilities							
Trade payables	72,193	72,193					72,193
Liabilities from long-term construction contracts	10,430				10,430		10,430
Financial liabilities							
Liabilities to banks	74,786	74,786					75,291
Lease liabilities	6,372					6,372	6,436
Derivative financial liabilities							
Derivatives without hedging relationship	3,777			3,777			3,777
Derivatives with hedging relationship	574			574			574
Thereof combined according to the measurement categories in accordance with IAS 39							
Loans and receivables	144,405	144,405					144,405
Held-for-sale financial assets	506		506				--
Financial assets held for trading	304			304			304
Financial liabilities measured at amortized cost	146,979	146,979					147,484
Financial liabilities held for trading	4,351			4,351			4,351

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. They concern strategic investments for which there is no intent to sell at present.

The fair value of derivative financial instruments, which are essentially 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.

The fair value of non-current liabilities due to banks bearing a fixed interest rate and of finance lease liabilities 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 amount of these financial instruments approximates their fair values owing to the short terms to maturity.

Other Financial Assets

The hedging relationship presented as of December 31, 2014 in connection with the existing interest swap was released owing to the planned termination of the syndicated loan agreement in the first quarter of 2015.

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

Level 1: quoted (unadjusted) prices in 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.

Assets measured at fair value:

	Mar. 31, 2015			
FIGURES IN EUR K	Total	Level 1	Level 2	Level 3
Derivatives without hedging relationship	304	0	304	0

Assets that are not measured at fair value, but for which a fair value is reported:

	Mar. 31, 2015			
FIGURES IN EUR K	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	31,696	31,696	0	0
Trade receivables	93,108	0	93,108	0
Receivables from associates	10,998	0	10,998	0
Receivables from long-term construction contracts	47,266	0	47,266	0
Other non-derivative financial assets	8,603	0	8,603	0
	191,671	**31,696**	**159,975**	**0**

Liabilities measured at fair value:

	Mar. 31, 2015			
FIGURES IN EUR K	**Total**	**Level 1**	**Level 2**	**Level 3**
Derivatives without hedging relationship	3,777	0	3,777	0
Derivatives with hedging relationship	574	0	574	0
	4,351	**0**	**4,351**	**0**

Liabilities that are not measured at fair value, but for which a fair value is reported:

	Mar. 31, 2015			
FIGURES IN EUR K	**Total**	**Level 1**	**Level 2**	**Level 3**
Trade payables	72,193	0	72,193	0
Liabilities from long-term construction contracts	10,430	0	10,430	0
Liabilities to banks	75,291	0	75,291	0
Lease liabilities	6,432	0	6,432	0
	164,350	**0**	**164,350**	**0**

Segment Reporting

FIGURES IN EUR K	Industry 2015 01/01 – 03/31	Industry 2014 01/01 – 03/31	Cabinet Shops 2015 01/01 – 03/31	Cabinet Shops 2014 01/01 – 03/31	Sales & Service 2015 01/01 – 03/31	Sales & Service 2014 01/01 – 03/31
Third-party sales	68,984	84,356	20,044	21,809	139,856	78,487
Sales revenue with group companies from other segments	38,801	33,282	29,669	28,168	931	699
Sales revenue with associates	10,410	8,238	927	0	0	179
Total sales revenue	**118,195**	**125,876**	**50,640**	**49,977**	**140,787**	**79,365**
EBITDA [1]	**12,022**	**14,297**	**3,908**	**1,264**	**11,003**	**1,915**
Depreciation of property, plant and equipment and amortization of intangible assets	-4,686	-4,736 [2]	-1,467	-1,582	-760	-659
Result from employee participation	-2,795	-1,670	-521	-25	0	-57
Share in result of associates	0	-367	0	0	-725	178
Interest result	68	-499	-96	-153	-116	-142
Segment result [4]	**4,609**	**7,025**	**1,824**	**-496**	**9,402**	**1,235**
Employees [5]	**2,662**	**2,606**	**998**	**979**	**1,076**	**1,057**

1 EBITDA before employee participation expenses

2 Includes impairment losses of EUR 379 k

3 Includes impairment losses of EUR 15 k

4 The segment result corresponds to earnings before tax

5 Average headcount for 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 147 of the annual report 2014.

In the Sales & Service segment, sales revenue increased by EUR 61,422k (78.3 percent). The largest increase in absolute terms was generated by Stiles Machinery, Inc. (up EUR 49,736 k or 281.7 percent), which had only been consolidated for two months in the corresponding prior-year quarter. Homag U.K. Ltd. (up EUR 4,394 k or 88 percent) and Homag (Schweiz) AG (up EUR 4,144 k or 67 percent) were also able to generate increases. In the Other segment, sales revenue increased by EUR 8,779 k (or 44.5 percent). In this context, HOMAG Machinery Środa Sp. z.o.o generated the largest absolute increase in sales revenue (up EUR 7,253 k or 137.9 percent). By contrast, the Industry segment saw a reduction of EUR 7,681 k. Homag Holzbearbeitungssysteme GmbH reported the largest absolute decrease in sales revenue (down EUR 9,280 k or 9.9 percent).

	Other		Total segments		Consolidation		Group	
	2015 01/01 – 03/31	**2014 01/01 – 03/31**	**2015 01/01 – 03/31**	**2014 01/01 – 03/31**	**2015 01/01 – 03/31**	**2014 01/01 – 03/31**	**2015 01/01 – 03/31**	**2014 01/01 – 03/31**
	6,691	4,063	235,575	188,715	0	0	235,575	188,715
	14,410	8,055	83,811	70,204	-83,811	-70,204	0	0
	7,414	7,618	18,751	16,035	0	0	18,751	16,035
	28,515	**19,736**	**338,137**	**274,954**	**-83,811**	**-70,204**	**254,326**	**204,750**
	-1,525	**-1,009**	**25,408**	**16,467**	**-2,844**	**-1,471**	**22,564**	**14,997**
	-878	-632 [3]	-7,791	-7,609	0	0	-7,791	-7,609
	0	0	-3,316	-1,752	0	0	-3,316	-1,752
	0	0	-725	-189	0	0	-725	-189
	-2,921	-650	-3,065	-1,444	0	0	-3,065	-1,444
	-5,324	**-2,291**	**10,511**	**5,473**	**-2,844**	**-1,471**	**7,667**	**4,002**
	916	**748**	**5,652**	**5,390**	**0**	**0**	**5,652**	**5,390**

The development of EBITDA before employee profit participation expenses varied between segments. In the Sales & Service segment, EBITDA increased by EUR 9,088 k and in the Cabinet Shops segment by EUR 2,644 k. In the Industry and Other segments, on the other hand, EBITDA fell by EUR 2,275 k and EUR 516 k respectively.

In the Sales & Service segment, Stiles Machinery, Inc., HOMAG Australia Pty. Ltd., Homag Italia S.p.A and Homag (Schweiz) AG recorded the greatest improvements in absolute terms. In the Cabinet Shops segment, WEEKE Bohrsysteme GmbH saw the largest absolute increase in earnings. In the Industry segment, HOMAG Automation GmbH generated the largest absolute decline.

Other Notes

Contingent Liabilities

As had already been reported as of year-end 2014, three German production companies have recognized a provision of EUR 725 k for litigation risks.

In addition, a provision of EUR 745 k has been recorded at a foreign sales company to provide 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 entities concerned have recognized adequate provisions and bad debt allowances to account for any financial burdens from other litigation or arbitration proceedings, or there is sufficient security to cover these items.

Related Parties

Goods and services amounting to EUR 18,752 k were sold to associates in the first three months (prior year: EUR 16,036 k). Goods and services worth EUR 552 k were received from associates (prior year: EUR 186 k).

Subsequent Events after March 31, 2015

There were no significant events after the reporting date.

Schopfloch, May 7, 2015

HOMAG Group AG
The management board

Financial Calendar

August 13, 2015	Six-months report 2015

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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.

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