

edge

HOMAG GROUP MAGAZINE
— 2016



HOMAG GROUP WORLDWIDE

4.7%

*is the R&D ratio of the
HOMAG Group in 2015.*

1.06

*billion euro is the order intake
received by the HOMAG Group in 2015.*

DEVELOPMENT OF SALES REVENUE *in millions of euro*



1.04

billion euro is the sales revenue achieved by the HOMAG Group in 2015.

29.8%

is the world market share of the HOMAG Group.

5,900

people are employed by the HOMAG Group across the world.

CONTENTS

01 — PROFILE

02 — FOREWORD

08 — GLOBAL GROWTH

Becoming a global group:
Interview with the CEO
Pekka Paasivaara

12 — BATCH SIZE 1

Networked and customized
furniture production

18 — FURNITURE INDUSTRY 4.0

The HOMAG Group as
trailblazers of Industry 4.0

20 — REVIVED

The HOMAG Group proves its
reliability as a partner

24 — ALWAYS AT YOUR SERVICE

An inside view of global
customer service

30 — STRENGTH IN DIVERSITY

Many different people –
one company

34 — THE HOMAG GROUP ON THE
CAPITAL MARKET

35 — IMPRINT

08 — GLOBAL GROWTH



12 — BATCH SIZE 1



24 — ALWAYS AT YOUR SERVICE

PROFILE

The HOMAG Group is the world's leading manufacturer of plant and machinery for the woodworking industry and for cabinet makers. As a global player, we have production plants and sales and service companies across the world, in all important and growing regions. Employing approximately 5,900 people, we have a presence in more than 100 countries and an estimated world market share at nearly 30 percent. Our customers use the high-tech plant and machinery from the HOMAG Group to produce home and office furniture, kitchens, parquet and laminate flooring, windows, doors, stairs and even complete prefabricated wooden houses.

The range encompasses everything from individual machines for small cabinet makers through to complete networked production lines for highly industrialized, customizable furniture production. The many services we offer in the area of producing plant and machinery, as well as the accompanying control software, make our range unique.

FOREWORD

*Dear Sir/Madam,
dear readers,*

As the world market leader the HOMAG Group has a prominent position in the industry. We want to build on this by developing our integrated company further to form an international technology group. We are already well on our way. For example, in the 2015 financial year we exceeded the billion euro mark in turnover and incoming orders for the first time in our company's history.

A substantial factor in our strong market position is our innovative and extensive range of products. This means we can offer our industrial customers the best solutions for automated, networked production from a single source. These plants produce furniture or components in large quantities, while still allowing each end product to be a unique model. But we are also the right partner for smaller businesses and cabinet makers aiming for modern, efficient production.

Another important element in our market success is our global presence, ensured by production locations all across the world and a global sales and service network. From a service point of view in particular, proximity and speed are essential to customer satisfaction. We achieve this by having 23 of our own sales and service companies and over 60 partners across the world.

The crucial success factor – in service as well as in sales, development, production and all other areas – is qualified and competent employees. And we have no shortage of these in the HOMAG Group.



1 — Jürgen Köppel 2 — Franz Peter Matheis
3 — Pekka Paasivaara 4 — Harald Becker-Ehmck

This magazine is designed to give you an insight into the world of the HOMAG Group. Get to know our innovative products and solutions for varied requirements, our global service and above all our dedicated employees, who devote themselves to our customers with passion, great commitment and expert knowledge day after day. Together we are changing markets, inspiring our customers and shaping the future.

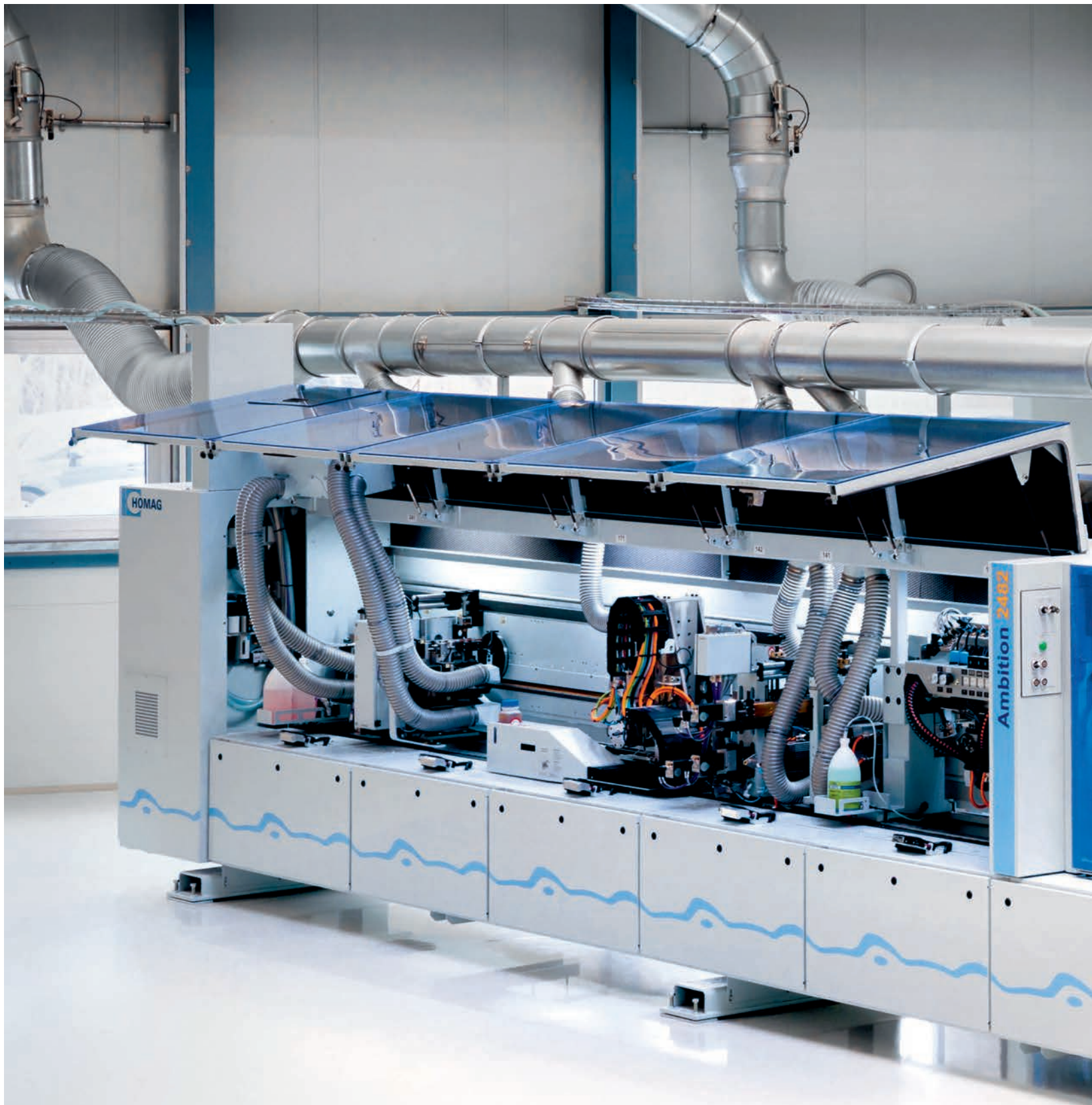
Kind regards,
The Executive Board

Pekka Paasivaara

Harald Becker-Ehmck

Jürgen Köppel

Franz Peter Matheis



Our high-tech products saw, trim, drill and finish surfaces. The machines cover every processing step from material storage right through to packaging. This enables our customers to produce furniture, flooring, windows, doors and much more.

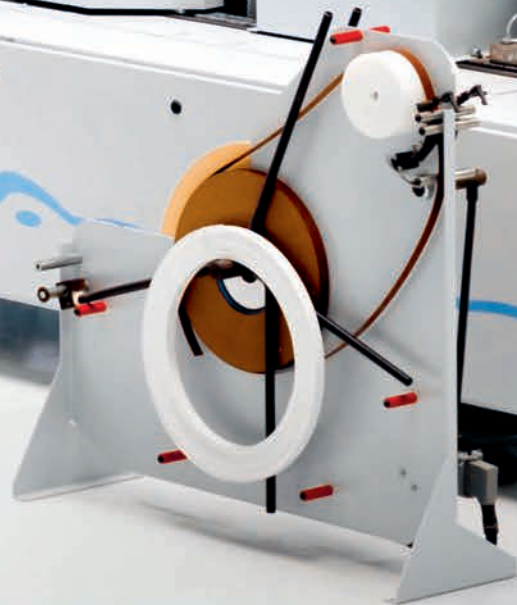
HOMAG

laserTec – State of the art edge quality



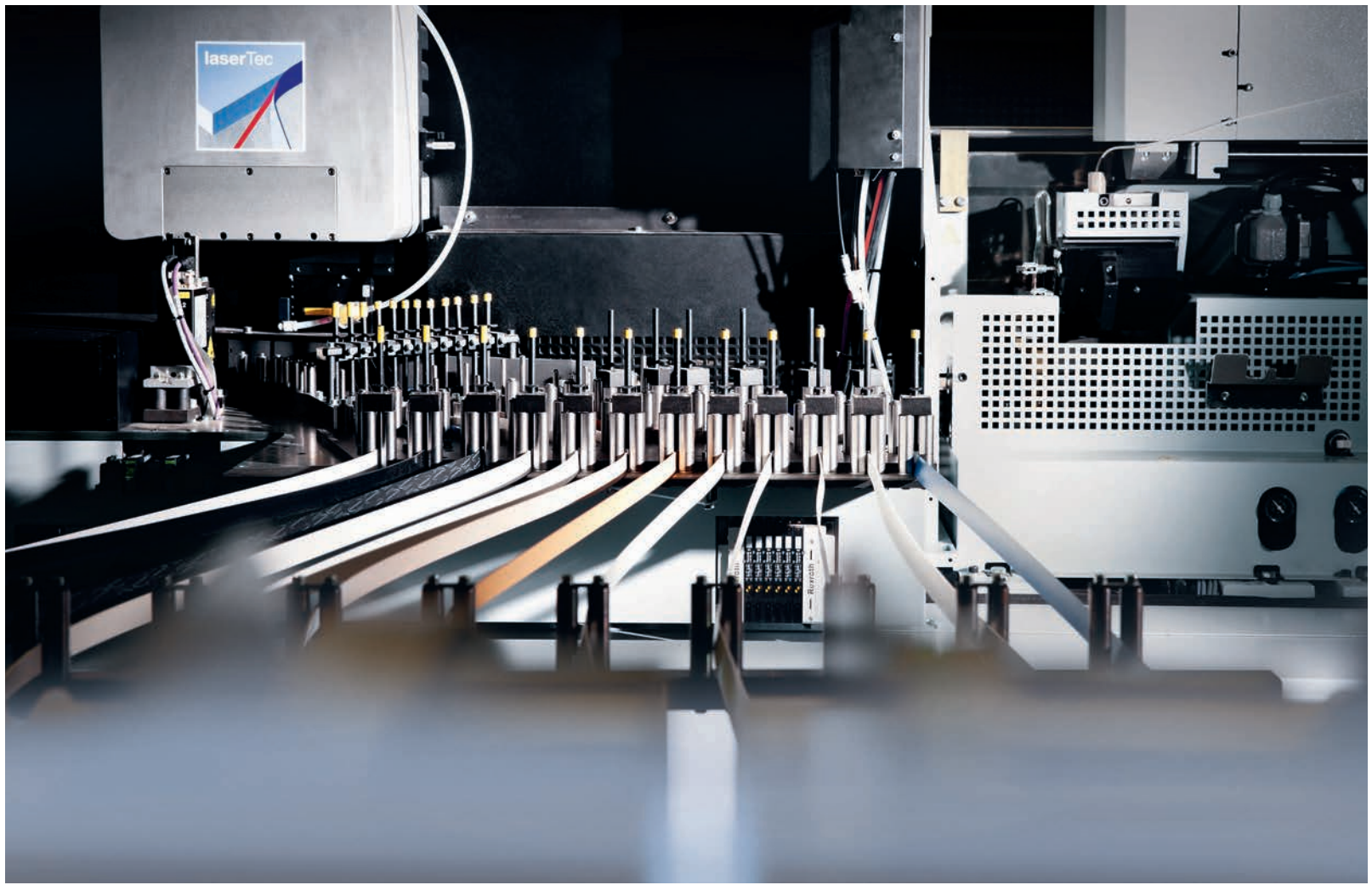
HOMAG

KAL 310 profilLine





Customers from the cabinet makers and industry value our power for innovation and the flexibility and expandability of our machines. They also appreciate obtaining competent advice from our sales teams and having our service employees close at hand.





GLOBAL GROWTH

The CEO of the HOMAG Group, Pekka Paasivaara, is aiming to turn the company into an industrial, international technology group. In the following interview he explains what the HOMAG Group has already achieved, and where there is still potential for growth.

Mr. Paasivaara, the HOMAG Group is the clear market leader in the industry. To what do you attribute that – what are the company's strengths?

Several factors are involved. Our global presence provides us with access to the market worldwide. We have the largest sales and service network in the industry. In addition, our product portfolio is unrivaled in its range and comprehensiveness. We can supply our customers with everything from a single source and cover the complete value chain with our own products – a great advantage, especially when it comes to automation and networked production, which is becoming increasingly important. Our key resource, though, is our employees with their high level of expertise. Not only does this result in our great power for innovation as technology leader in the industry, but our experts' high level of process knowledge also enables them to give our customers the best possible advice and support.

Where do you still see potential for the HOMAG Group?

We want to benefit more consistently from the opportunities offered by growth markets. To do that we have to continue to strengthen our global market position and become even more international. In practice that means expanding our own resources in the growth markets, including sales and service,

„We want to continue to strengthen our global market position and become even more international, along with everything that involves: value creation, engineering, and sales and service expertise.“

—— PEKKA PAASIVAARA, CEO



production and, increasingly, development services. For example, we are currently localizing part of our product range in China and India to enable us to adapt better to the local market conditions. We will invest in our existing foreign production facilities so that we can deliver to our customers quickly and flexibly from a site near them.

Does that mean that the German production sites will become less important?

No, because we do not want to reduce our production in Germany. Germany continues to be very important in terms of production, because this is where we have highly qualified and skilled employees to produce our complex plants. Our strong roots in Germany will be maintained, but as a company that makes over 80 percent of its turnover abroad, we have to know our way around all the regions of the world, along with everything that involves: value creation, engineering, and sales and service expertise.



PEKKA PAASIVAARA

CEO

Pekka Paasivaara has extensive experience as an international manager in the fields of automation technology and systems engineering. Key stages in his career prior to joining the HOMAG Group have included positions at ABB Flexible Automation, Rexroth Indramat, Lenze and, most recently, Germanischer Lloyd and its successor company DNV GL Group. Pekka Paasivaara studied economics in Finland and the USA. He has a degree in information systems and also holds an MBA from the IMD business school in Lausanne, Switzerland. He is married and has one son. In his free time he enjoys playing sports.



What changes to the market and customers do you anticipate within the next few years, and what consequences will they have for the HOMAG Group?

The trend toward individuality and flexible furniture design will continue to grow stronger. That does not only impact large companies; smaller businesses are also interested in flexible production solutions. Our plant and machinery therefore also have to be variable and, above all, networked. Another key to success, besides intelligent software and control solutions, is offering short delivery times, optimum quality and a fast international service – all at a competitive price.

Where do you see the greatest potential for growth?

Geographically I would say the USA, where is a backlog demand, and in China due to the size of the population and the growing level of affluence. In addition, rising labor costs and the poor availability of skilled workers act as a driver for automation. In general there are growth opportunities for us in emerging countries and regions where more apartments and houses are being built, which then also require furniture and components. This results in an increased demand for our plants and machinery. There is further potential from the

development of Industry 4.0, since we are one of the trailblazers in the area of networked production and can supply the right products for the factory of the future.

Speaking of the future — how is the HOMAG Group going to develop? What are your goals?

We want to become an industrial, international technology group. To achieve that, we have changed our organizational structure and are now working together more closely and more intensively worldwide. This means we are increasing our customer focus even more, as customers in the whole HOMAG Group now have just a few central contact people. Our newly-created “Life Cycle Services” business unit allows us to offer our customers comprehensive support for the various stages in their machines’ and plants’ service lives from a single source. In addition we want to increase our power for innovation even more to make our customers’ production even more efficient, flexible and economical. Fundamentally the future will still involve offering customers all over the world the best possible solutions for their individual requirements. That is what we want to do, and by doing so we hope to grow sustainable and profitable. —

BATCH SIZE 1





The HOMAG Group built one of the most up-to-date production lines in the industry for the Nowy Styl Group office furniture manufacturer in the Polish town of Jasto. The networked factory not only has fully automatic operation, but is also set up for industrial production of customized items of furniture.

1 — Polished and sparkling in the hall Hardly anyone here gets their hands dirty any more. Employees at Nowy Styl oversee the operation of the electronically controlled plants.

2 — Magnificent view Co-owner Jerzy Krzanowski surveys the whole production line from the yellow steel platform. He likes to bring visitors up here to show them the smooth operations at the plant.



— 1

24,000 m²

The production line in the 24,000 square meter hall is one of the most state-of-the-art furniture plants in the world.



— 2

Jerzy Krzanowski's favorite place is the steel platform from which he surveys the whole production hall. He sees his machines saw, drill and finish edges, and watches wooden parts glide along conveyor belts, disappear into processing stations and finally leave the hall as a table, shelf or cabinet. "Following the flow of parts from up here is fascinating," says Krzanowski. The co-owner of the fourth largest furniture manufacturer in Europe is proud of his new factory. "I wouldn't hesitate to use the HOMAG Group again to construct the plant."

The production line in the 24,000 square meter hall is one of the most state-of-the-art furniture plants in the world. The machines are fully automatic, working with maximum precision and almost clinical cleanliness. The employees hardly ever get their hands dirty any more. Their most important job is to oversee the operation.



„Following the flow of parts from up here is fascinating. I wouldn't hesitate to use the HOMAG Group again to construct the plant.“

—— JERZY KRZANOWSKI, NOWY STYL DIRECTOR

Up to 4,000 furniture components leave the factory every shift. Usually every part looks different, which is known as batch size 1 production in the industry. The time when standard furniture always left the production line looking identical is over at last. Manufacturers now offer panels, boards and shelves in countless shapes, colors and sizes. Before, joiners would have had to manufacture these different units laboriously by hand. Today the high-end systems from the HOMAG Group produce them within a few minutes and with minimal set-up times – for a fraction of the cost.

SEQUENCE OF STEPS

The first section of the plant in Jasto is a storage area in which many coated chip-board panels in different patterns are kept. Two crane bridges flit back and forth over the stacks. Like birds of prey, their vacuum grippers swoop down on the panels and

move them around. What looks like a game is in fact perfect organization. The plant is networked and knows the production data. Therefore it knows which panels, and in which color, need to lie on top so that they can be moved into production at the right moment.

First of all a program calculates the best possible cut. A modern saw can cut several panels lying on top of one another in seconds. The individual panels are ideally separated out in another machine, which operates with a trimmer. This allows steps, corners and even zigzag patterns to be cut. Leftover panel parts are automatically gathered after cutting and brought back to the storage area. As soon as they are suitable for another piece of furniture, the intelligent control system sends them back into production.

After cutting, each part receives a sticker bearing a barcode – a kind of electronic name tag. All the subsequent machines in the line can now recognize the component and identify which item of furniture and customer order it belongs to. This is important because production here is carried out exclusively to order.

BEAUTY THANKS TO TECHNOLOGY

Perfect edges are an outward indication of good furniture – and are not at all easy to produce. The processes have to run with extreme accuracy. If joints are too wide, dirt will collect in them. Poor processing can result in edges coming off, which is unacceptable for a high-quality supplier.

The HOMAG Group is also at the international forefront in terms of edge processing: Their specialized machines position edging strips in the right color on the freshly sawed parts

at lightning speed. A laser beam melts the back of the edging strip before it is pressed onto the panel. The joint can no longer be seen. The result: new quality standards in the industry. Once edge processing is complete, drill holes, cut-outs, screw sockets and wooden dowels are added to the furniture parts.

The production line now continues, taking the parts to a sorting buffer which puts them in the correct order for assembly and shipping. The buffer, which is almost as high as the production hall itself, looks like an enormous shelf and can hold up to 4000 parts. It thus serves as interim storage to isolate the intensely interlinked processing stages, simultaneously ensuring that minor stoppages do not bring the entire sequence to an immediate standstill. After passing through quality control, the parts are assembled or individually packed and loaded.

The new plant enables up to half a million furniture parts to be produced each year.

NEW PRODUCTION PHILOSOPHY FOR GREATER EFFICIENCY

The construction of a highly flexible furniture manufacturing plant of this size has to be well planned. The machines are required to master thousands of different procedures. Every single one must be thought out in advance – an intricate task. The plant calls on enormous volumes of data from the company. This only works when all areas are involved and networked. Which products do I want to manufacture? How should they be procured? What tasks do the machines need to execute? These are some of the first questions that furniture makers must answer. Often the processes throughout the whole company will then change. “We have restructured our entire production philosophy,” says Nowy Styl Group co-owner Krzanowski.

The HOMAG Group has many years of experience in constructing complex production lines. About a dozen subsidiaries supply the technology for all the steps of the furniture production process – from storage and sawing panels to edge processing, drilling and milling the parts, through to assembly and packaging the furniture. The HOMAG Group has a wide range of machines available for this. “We employ concepts which are innovative but also repeatedly tried and tested,” says Harald Sieber, the project manager for the machine manufacturer. Another advantage is that the HOMAG Group has its own advisory unit – SCHULER Consulting – with particular expertise in the planning and design of plants.

Nowy Styl did not only wish to clarify technical questions; above all they wanted to find the best supplier for the order. “We made inquiries to establish which European com-



— 3

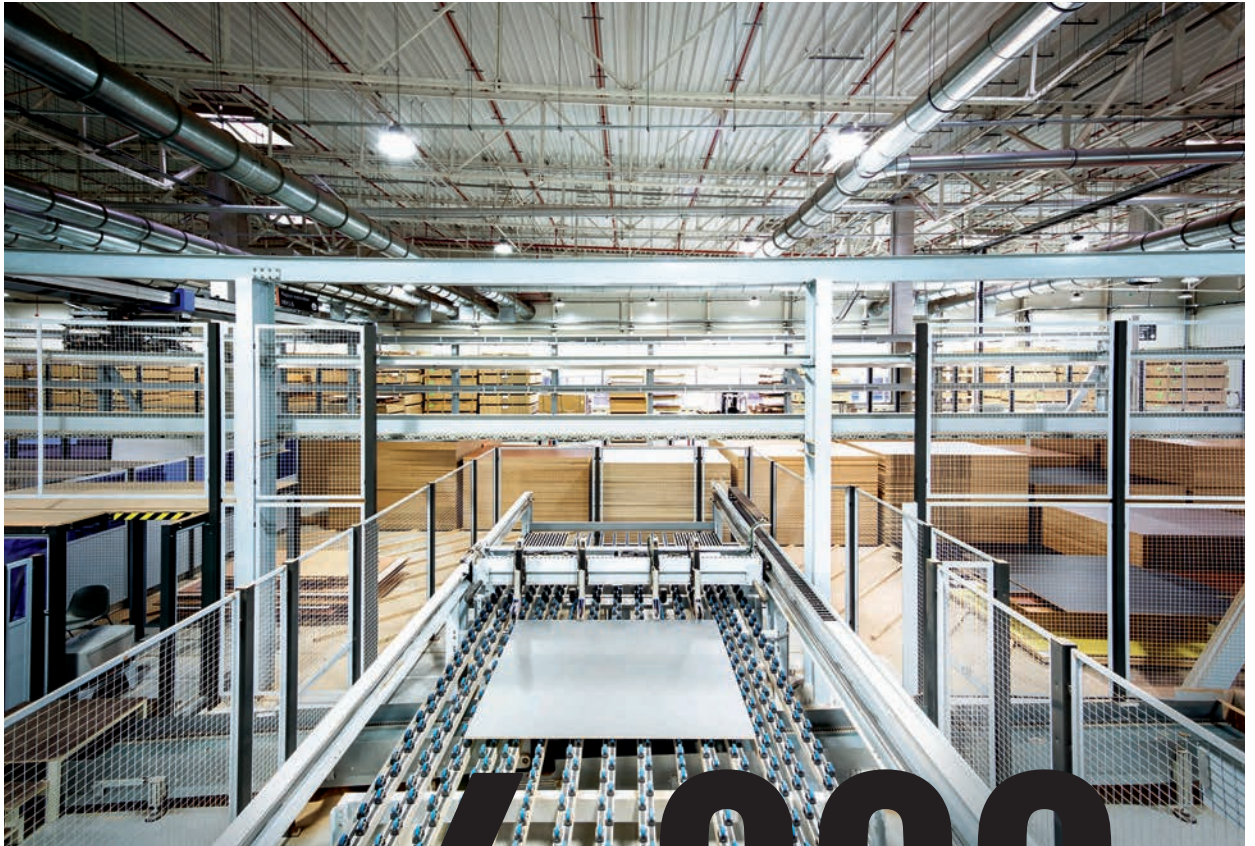
3 — Controlling the buffer Employees can monitor the parts leaving the storage area and the sorting buffer in real time on a screen.

4 — Creative cutting The modern partition center executes the most difficult tasks. Its trimmers can cut corners, steps and even zigzag patterns. Curves are also possible.

5 — A full warehouse Thousands of panels piled in dozens of stacks (background) wait to be assembled into furniture. A conveyor belt transports them to the saw.



— 4



— 5

4,000

furniture components leave the Nowy Styl Group factory every shift.

panies were in a position to take on a project like this," says Krzanowski. Four companies made the shortlist, and one of them was the HOMAG Group. The candidates' financial situation was also investigated by the customer, for only a strong company can guarantee it will be able to offer spare parts and service in ten years' time. The HOMAG Group passed the test with flying colors.

COMPLETE PLANTS FROM A SINGLE SOURCE

The crucial factor in securing the order, however, was another point. The HOMAG Group is one of the few vendors of wood processing machines that can supply a complete production line from a single source. "We even develop the control technology," says Harald Sieber. This software controls the production process and always knows which part has to be processed, and where. The individual machines work together like a

big team. "All the procedures are well thought through and perfectly synchronized with each other," Sieber adds. The HOMAG Group's highly qualified engineers, technicians and programmers take care of that.

Generally the operation of a new plant is simulated repeatedly on a computer in advance. Virtual workpieces go through the production process on the screen. Sawing, edge processing, drilling – everything is tested and improved before construction of the plant begins. For Sieber the engineer, this is essential. "This meant we had few problems when it came to implementation at the Nowy Styl Group." And a solution for those was quickly found, says Jerzy Krzanowski. "Because the HOMAG Group are people you can talk to." The companies worked together with trust and pragmatism – just as you might expect from two respectable medium-sized companies.

Krzanowski likes showing off his new production line. Even competitors are allowed to see it. The boss offers a viewing as part of a high-tech tour. Visitors come not only from within Poland, but also from further afield. Jerzy Krzanowski smiles. "They are amazed when they are invited to Poland for a high-tech tour." —

FURNITURE INDUSTRY 4.0

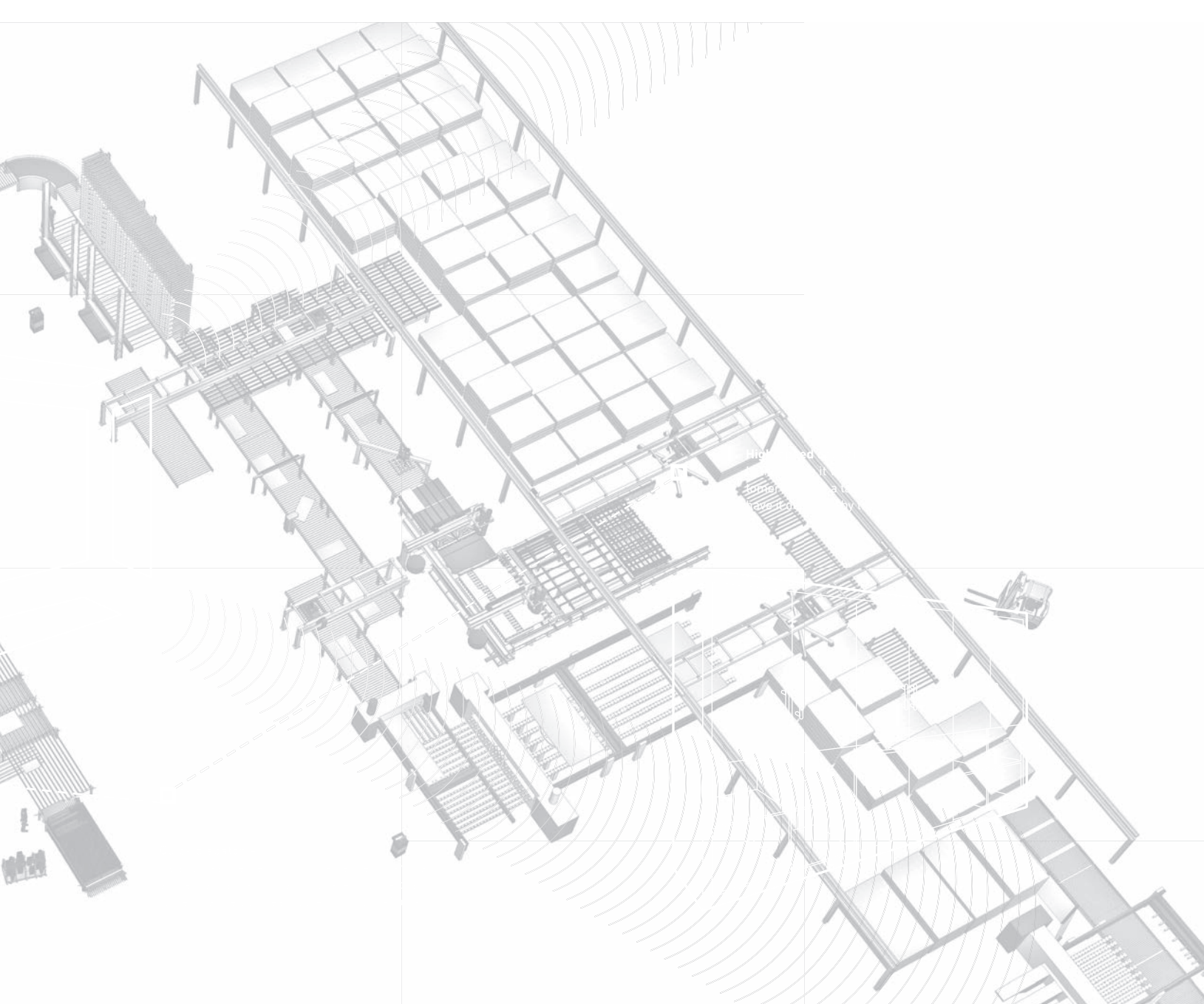


Customers want customized furniture at affordable prices – and all within a few days. Thanks to the increase in networking and evaluating enormous volumes of data, the furniture industry is coming closer to this goal. The age of Industry 4.0 is beginning.

Intelligent wood panels
With minutes, networks
wooden panels coming from
the factory floor
to the machine which
will produce the final
product

The fourth industrial revolution after the steam engine, the assembly line and microelectronics is inexorably taking hold of the world of manufacturing. The HOMAG Group's fully automated production lines are already producing customized furniture. Machines recognize each component and process it according to customer specifications. plants like the one the HOMAG Group built for Nowy Styl in Poland (p. 12–17), however, are only a foretaste of what the future will bring with Industry 4.0. "In a few years all components and machines will communicate with each other," says Ernst Esslinger, Industry 4.0 project manager at the HOMAG Group.

By then the production process will be considerably different from what we know today. Furniture stores, factories, suppliers,



machines and carriers will be fully networked. The parties involved will exchange millions of bits of information every second. It is conceivable for a customer to order a modular shelving unit online in the morning and for the appropriate wooden panels to come under the saw minutes later in a nearby plant with free capacity. The individual components of the shelving unit would have the capacity to actuate all the relevant production machines for maximum efficiency. Just a few hours later the finished shelving unit would be loaded, ready to be delivered to the customer by the evening.

In this ideal world the production technology of the HOMAG Group would play a central role. The company's developers have been making advances in the networking of production processes for years. "We are already

using some things which could be described as Industry 4.0," says Ernst Esslinger. For example, the company supplies machines for joineries and furniture plants that are networked and can carry out every procedure imaginable. Regardless of the material the item of furniture is made of and what form it should take, the manufacturer takes the data of a new product to be introduced into the program and adds it to the system digitally. When this product is ordered, production can then begin fully automatically using this data.

Individual production plants from the HOMAG Group are already fully networked. Diagnostics systems report errors, efficiency programs increase productivity and control technology oversees the entire production process.

Networking is currently often restricted when data leaves the production site or comes in from outside. "Our task for the future is to harmonize the points of interface," says Esslinger. Only then will an industry-wide exchange of data be possible. He estimates that the technical and legal issues could be resolved in around five years. Then we could truly speak of a furniture Industry 4.0. —

REVIVED

A fire in the cabinet shop is a real threat to the survival of a business, especially when there are no machines left. This is just what happened to the cabinet maker Ernst Kessler from Franconia. But the small business overcame the crisis – through courage, determination and the help of the HOMAG Group. Today it is doing better than ever before.



Ernst Kessler will never forget that evening in May 2014. Alerted by a phone call, the master joiner looks out of his window over to his workshop. Wood shavings have caught fire, and now the building is in flames. For two days the fire department fights to put out the blaze. Afterwards it is a desolate sight: machines, tools, materials – all blackened. "We were faced with ruin," says the 52-year-old.

And just when everything was going so well. The joiner from Possenheim near the town of Würzburg had founded the company 25 years earlier on his parents' land. With his son Alexander and three employees, he later specialized in counters, displays and shelving units for shops and restaurants. Stylish design for discriminating customers. It was a growth market, and the business developed strongly.

Not long before the fire, this had allowed the father and son to invest in a high-grade machine from the HOMAG Group: the BMG 211

processing center. Sawing, milling, drilling – all executed fully automatically by a single machine. This jewel in the workshop's crown now stood 20 centimeters deep in water, the metal corroded by extinguishing agent, the electronics ready for the junkyard.

BUSINESS SHOULD GO ON

It is a situation every master craftsman dreads: no workshop, no work. No work, no money. And, at the same time, high costs. Not many businesses can keep going like this for very long, even if the insurance does pay out a few months later. That is why it is clear to the Kesslers that work has to continue at all costs. "One week after the fire we were due to deliver 100 oak tabletops," says Kessler. The family has a discussion and decides: We will make these tabletops!

Mr. Sponsel, the guild master of the region, offers the use of his workshop and machinery – for a short time. A temporary victory. The oak tabletops are dispatched on time.



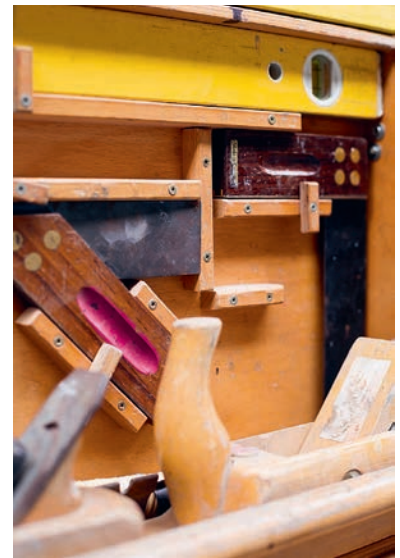
— 1

1 — High-tech Joiner's son Alexander Kessler, 29, at the panel saw. He has recently taken over as managing director of the business.

2 — Sharp edges Mechanical saws cut with a precision that would be impossible to achieve by hand.

3 — Manual work Planes and spirit levels are still used in Kessler's workshop, albeit less often than before.

4 — Model factory Procedures in the workshop are rigorously organized. The joiners fetch the wooden panels from the storage area by forklift truck just before processing starts.



— 3



— 2



— 4

But what next? The reconstruction process will take a long time. Luckily they find an empty hall in Iphofen, 5 kilometers away, where they take up residence for the next few months. And what about the machines? The decision to invest half a million euro cannot be rushed. Although the banks give the go-ahead, a machine pool thrown together in haste can become a burden over the years.

THE HOMAG GROUP OFFERS RAPID ASSISTANCE

Daniel Medler was one of Kessler's contacts from before the fire. The regional manager of the HOMAG Group is quick to decide: He will not be responsible for a failure to save the family business. He takes Kessler to nearby Denkendorf where the HOMAG Group has an office with sales rooms. The latest machines are on display here – an electronic processing center, an edge banding machine, a wide-belt sanding machine

and a panel saw. Exactly what the joiner needs.

The pressure on the Kesslers is growing, so Medler has to act quickly and skip the red tape. He speaks to the sales and service departments of the HOMAG Group. The decision is made within just a few days. The showrooms are cleared and Kessler receives the machines. The joiner is over the moon. When he gets the purchase agreement, he reaches for a pen, eager to sign at once. "I told him he ought to take his time and read it all first," Medler recalls. But the joiner responds: "I trust you." And signs.

A SUCCESSFUL NEW START

Just two weeks after the fire, the machines are in position at the workshop in Iphofen. Kessler's son, Alexander, takes over the work there. Meanwhile, at home in Possenheim, his father oversees the reconstruction of the

burned-out workshop on the family plot. "We spent ten months slogging away for 16 hours every day, including weekends," Kessler relates.

Their efforts pay off. Today the new hall stands in Possenheim with a floor space of 750 square meters. Outside, diggers are shifting the last piles of sand. Inside it smells like a new building. Glass roof ridges allow the sun to shine in. Father and son are particularly proud of the four HOMAG Group machines which have found a permanent place here. The two joiners have the most modern workshop to be found for miles around. "Now we can work with even more precision than before," says Alexander Kessler. The customers have noticed this, too. The two men smile at each other. Since the company reopened, the number of orders coming in has shot up. —



ALWAYS AT YOUR SERVICE

Today's satisfied customers are the basis of tomorrow's success. This principle applies to the HOMAG Group more than ever before. The new Life Cycle Services business unit supports the group's customers around the clock, all over the world. Service technicians maintain and modernize machines and help solve problems. Because customers of the HOMAG Group should always be armed with the best possible equipment to tackle the competitive global market.



1,200

employees work in the HOMAG Group service departments worldwide.

Anton Hamm follows the credo of Sepp Herberger, the German soccer coach who said, "After the game is before the game." In his case, however, he is referring not to soccer training, but to business involving wood processing machines. "We know that the quality of our services is absolutely crucial for securing customer loyalty," says Hamm, head of the Life Cycle Services business unit at the HOMAG Group. With 1,200 employees around the world, he is responsible for ensuring that customers are still satisfied with their machines many years after purchase.

Services these days have a totally different meaning for Hamm's department than it did 20 years ago. Back then the sales department sold a machine and the service technicians only came on the scene when they were called for. "Today it is essential to offer the customer services to cover the machines' entire life cycle," says Hamm. In other words, from the moment they are delivered.

The woodworking industry is undergoing rapid development. The demands on plants and processes are constantly growing. Even the best control software needs regular updates. The most modern plants should be retrofitted with new modules every few years to ensure that they can make furniture of even higher quality at the same cost. Experts also have to be able to detect wear of heavily utilized parts at an early stage, in order to avoid a sudden failure. Machines therefore have to be serviced regularly. And if a machine does ever come to a standstill, then a HOMAG Group technician must be available at once to help the customer – regardless

of whether their factory is located in the USA, France, Poland or China.

However, this does not mean Hamm's rapid response team is deployed every time something goes wrong on a machine. "In many cases we can solve the problem quickly and efficiently by remote maintenance," says the manager, who has 30 years' experience in machine construction and systems engineering. When problems occur, the experts on the hotline within the country and abroad make direct contact with the operator in the factory and talk them through what to do. Special software allows them to access a machine that may be thousands of kilometers away, and look for the solution. The innovative ServiceBoard furthermore offers customers advanced digital video diagnostics and communication. It avoids language barriers through the use of visualizations, speeds up identification of the service incident and reduces standstill times.

If a replacement part is required, it needs to be on site quickly. "Short response times and quick delivery times are the factors that should win the customer over here," says Hamm. One thing that makes this possible is eParts, the electronic order portal for replacement parts.

The way the service technicians proceed varies according to the customer's problem. But whether it is a matter of a repair, modernization or maintenance – what counts is speed, thoroughness and precision. The following three examples give an impression of the Life Cycle Services business unit in action. —



650

deliveries of spare parts are processed every day.



RAPID RESPONSE

Emergency call from Poland

3:15 pm — A call comes in at the HOMAG Group. An important machine has broken down in the factory of a customer from Poland. The plant operates a three-shift system and is at full capacity. Every minute costs money. Hasan Özkan of the HOMAG Group remote service is in no doubt: This is a priority case. He acts quickly, promising that an expert will call.

3:23 pm — Remote service technician Nikolai Schäfer calls the machine operator on his cell phone. Luckily the plant is set up for remote maintenance. Schäfer accesses the machine over the Internet using special software and begins the remote diagnostics. Minutes later he has located the problem: an error in snipping unit number 131. It may be caused by the motor, the regulator or the cable. He suggests changing one part after another to identify the faulty element.

3:35 pm — Disaster – the customer does not have any of the necessary parts in stock. Now they must act quickly. Schäfer brings in his colleagues in the spare part department. They organize the components required, prepare them for shipping and call a taxi.

4:07 pm — The taxi sets off on its way to the customer's site. Estimated time of arrival: 9:00 pm. However, the customer is concerned that his workers will be unable to change the parts. Schäfer alerts assembly planner Steffen Roth. He sees that the technician, Yannik Müller, is currently setting up a new machine at a site 80 kilometers away from the customer in question. Müller sets off at once.

9:27 pm — The taxi arrives at the customer's site. Müller gets started. First he replaces the cable. No good. Then he tries another motor. Bingo! The machine is running.

10:11 pm — The night shift begins operations. Müller goes to bed. The HOMAG Group planners have reserved a room for him in a local hotel. The next day he has to continue commissioning his new machine 80 kilometers away. —



GOOD ADVICE

Well planned in Austria

5/20/2015

Harald Stehle, a consultant from the HOMAG Group service sales team, is sitting with a customer in Austria. He explains to him how he can, through regular servicing of his machines, avoid breakdowns and save money.

5/29/2015

The customer is convinced and enters into a service contract. This includes regular inspection of all HOMAG Group plants and installation of spare parts.

6/21/2015

The customer calls. The plant is shutting down for two weeks in August, so spare parts could be installed then. Preparatory inspection in July, when the relevant machine is out of action for three days due to low workload. HOMAG Group assembly planners look for technicians for this period. These receive all the relevant customer details electronically and access them on their smartphones.

6/29/2015

Outward journey. The inspection team reports to the customer in Austria. Inspection begins. The technicians work through the electronic checklist and give the customer's maintenance manager an overview of the condition of the machine. They then compile a list of recommended spare parts and arrange them in order of urgency. The maintenance manager decides what is to be replaced. HOMAG Group technicians send an inquiry to the spare part service.

7/5/2015

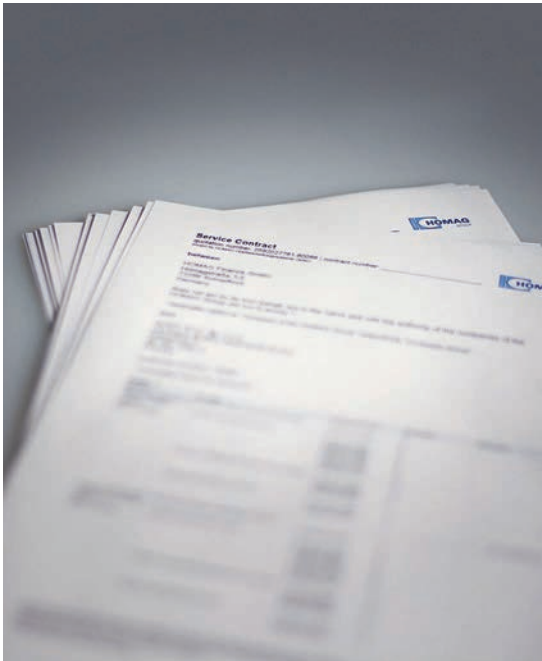
The customer receives a spare part quote and submits the order. HOMAG Group service employees order the parts. They then inform the customer of the delivery date.

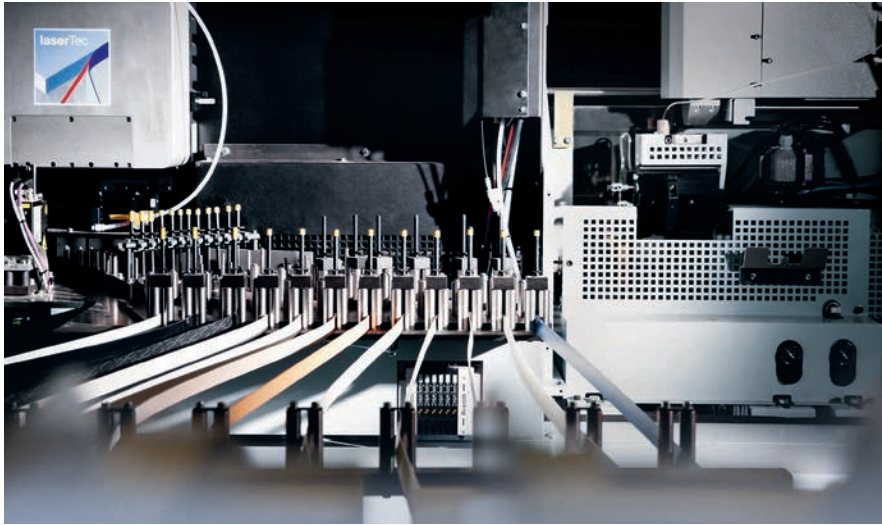
8/3/2015

The customer receives the parts.

8/7/2015

Maintenance begins, wearing parts are replaced. A test run is conducted on the plant. Quality check. Normal operation can resume. The probability of a fault was minimized. —





3/23/2015 — The HOMAG Group retrofitting department receives an inquiry from the US. The office furniture manufacturer is interested in **laserTEC** – the HOMAG Group’s state-of-the-art edge processing method. The improvement in quality should secure the loyalty of the company’s discriminating customer base.

4/3/2015 — Customer adviser Harald Stehle and retrofitting consultant Patrick Bründl have a discussion with the customer by video conference. The customer receives the quote a week later.

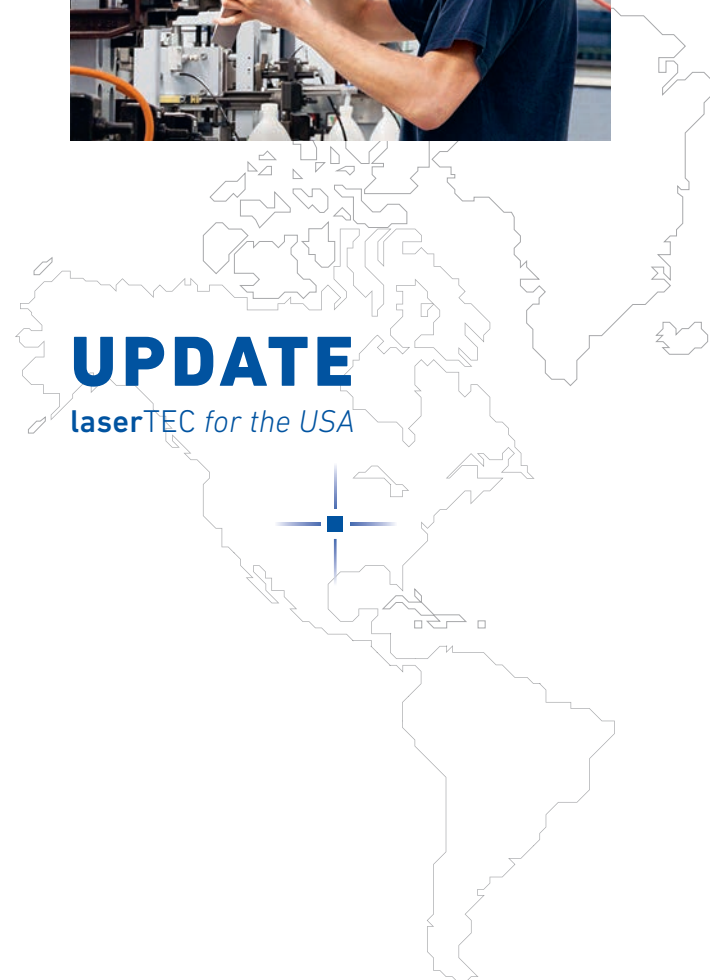
4/17/2015 — Two weeks later the order arrives. The desired date for the retrofitting is a long weekend in July.

4/19/2015 — Work begins in the Schopfloch plant. Production of the components for the retrofitting starts; the software and machine control unit are prepared.

6/21/2015 — The customer receives the materials and software.

7/2/2015 — The assembly technicians arrive at the US customer’s site. Preliminary discussion; retrofitting then begins. They replace the gluing aggregate and position the laser. Next up is the **laserTEC** head – the heart of the machine – and, finally, the cooling unit and control computer. Function test. Test mode. The machine runs.

7/7/2015 — The technicians wait until production starts. They make adjustments as required. Return journey. In Schopfloch they create records of the wiring diagrams and drawings they adapted on site. Job done. —



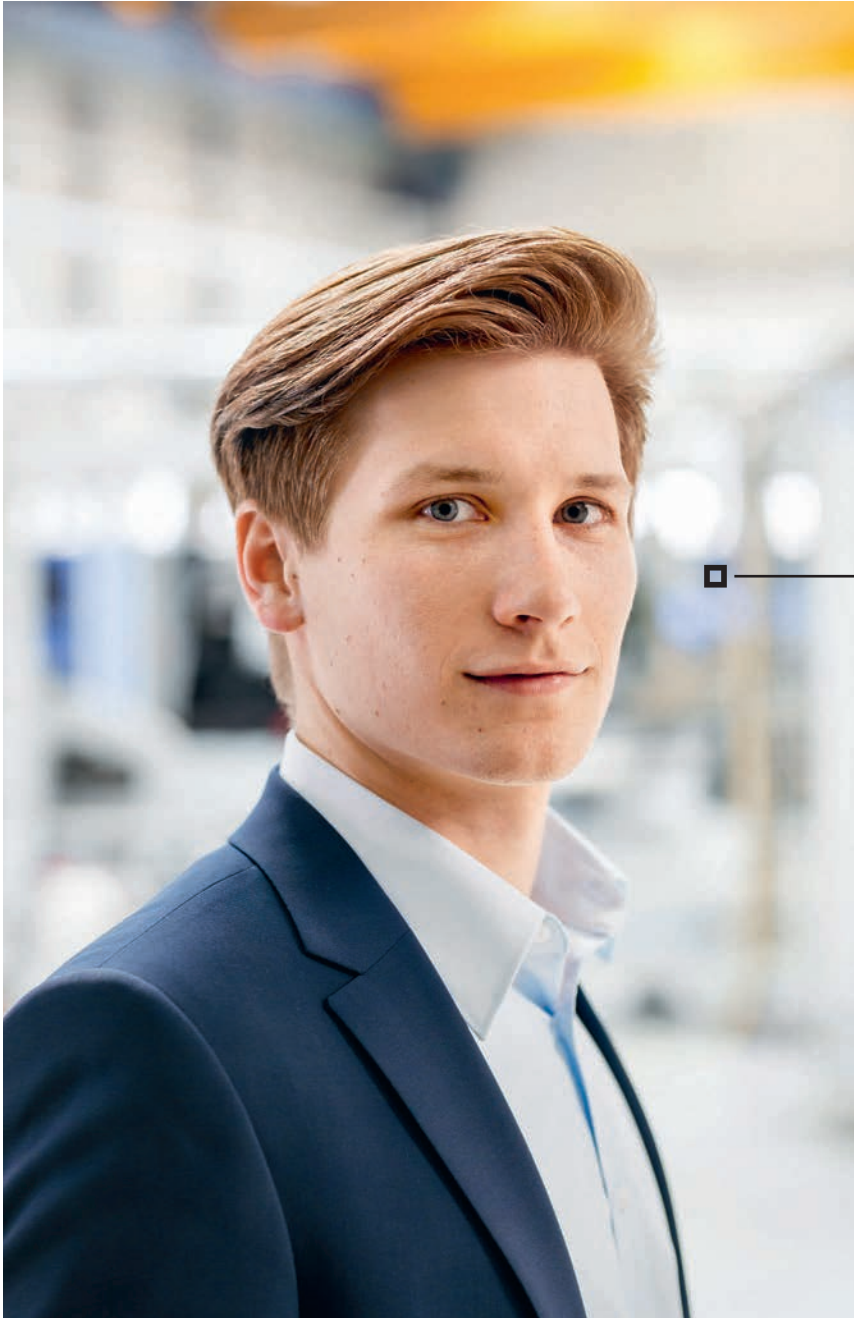
STRENGTH IN DIVERSITY

The HOMAG Group is a corporation that extends around the world. The rich diversity of the various locations in different countries is mirrored by the people who work at the company. Four examples demonstrate the variety of paths that a career in the HOMAG Group can take.

Our employees are the most important factor in our success. That is why we consistently foster their development, in order to maintain and build on the high level of qualification and capacity for innovation in the group. To this end we offer numerous opportunities for development through our training programs. We have also set up our own program to establish and specifically support management trainees from within the company. This includes scope for recognizing and developing talent, and the internationalization of management.

Personnel training is just as important to us as qualifications. The HOMAG Group offers training programs in eleven exciting, demanding technical and commercial careers. We also work closely together with various high schools in Germany and equip students in

ten different disciplines in the areas of technology, business administration and information technology. We are an IHK-certified training company. —



FRONTIER WORKER

□ ————— *Chris Balzer, 25*

Chris Balzer works in an interface area which is crucially important for the HOMAG Group products. In central purchasing he is responsible for achieving the target costs for newly developed products. It is a demanding job for the 25-year-old, at the interface between suppliers, technicians and salespeople. "At the HOMAG Group I was able to take on responsibility right away," says Balzer. This is something he values about the company. The mechanical engineer was introduced to the HOMAG Group during his dual study program, which combined theoretical and practical elements. He realized early on that he did not want a career as a developer. "I was looking for a job with variety and a coordinative aspect." Strategic purchasing offered him the opportunity. "I have the chance to involve suppliers in the search for technical solutions and to contribute to the development of a product in a supporting capacity."



UP-AND-COMER

Anqi Lv, 28

What does she like best about the Black Forest? "The landscape, but also the air is much better than in a lot of Chinese cities," says Anqi Lv with a laugh. The 28-year-old engineer is completing a 15-month trainee program in Schopfloch. The HOMAG Group is expressly encouraging trainees from China, as the Asian country is evolving into the key market for wood processing machinery. At the moment Anqi Lv is stationed in product development. "I find the combination of mechanics and electronics fascinating." This was already the case during her mechanical engineering studies in Xi'an in China, where she earned her bachelor's degree. She then improved her German language skills and moved on to a master's degree at the Karlsruhe Institute of Technology (KIT). After discovering the HOMAG Group at a career fair, she joined as a trainee. She is now gradually getting to know the whole company.

GLOBETROTTER

Michael Rau, 45

One day in 2014 changed Michael Rau's life. There were problems in the Shanghai plant, and the foreman had to solve them. As soon as possible. He needed to decide by the next morning whether to go to China for several months. Rau mulled it over. Up to that point, he had never worked abroad and had only experienced Asia as a tourist. His career was based at the Holzbronn facility in the Black Forest. This is where he trained as an industrial mechanic in the early 90s, gained further qualifications and worked his way up to foreman – a classic career path. There was no need for anything to change. And yet the chance to work in China thrilled him. The next morning he said yes. A few days later Rau, who is now 45 years old, was sitting on a plane to Shanghai. He did his job well. They needed someone like him there. A short time later he signed a contract lasting until 2018. He can no longer imagine not living abroad. "I learn something new every day." He visits factories all around the country, services machines and advises on technical matters. The people in China now occupy a firm place in his affections. "I like their smiles and their friendliness."



ENTHUSIAST

Michael Zetzsche, 41

When Michael Zetzsche received the offer from the HOMAG Group, he did not hesitate for long. "The job fascinated me," says the 41-year-old. Now a department head in charge of a team of 40, he develops software to use in control systems for machines. He has the programs tested in the HOMAG Group's technical center for development. For Zetzsche the position is the next logical step in his career. After leaving school he trained as an electronics engineer for energy systems, building switch cabinets. He gained his university entrance qualifications and studied electrical engineering. He honed his programming skills at various medium-sized machine construction and systems engineering companies. Just before the move to Schopfloch, he was a department head at a company that supplied production lines for the automotive industry. His management experience and thorough knowledge of control technology are useful assets when he implements his first big project for the HOMAG Group – the introduction of a simulation that allows developers to test software on machines that only exist in the virtual realm. A success, which he and his team have worked hard to achieve. Zetzsche says: "We are pretty proud of it."

THE HOMAG GROUP ON THE CAPITAL MARKET

GROUP KEY FIGURES

		2015	2014	2013	2012
Order intake	EUR m	1,058.4	911.4*	833.8*	797.3*
Sales revenue	EUR m	1,039.3	914.8	788.8	767.0
Investments	EUR m	29.7	32.6	24.3	37.0
Employees as of December 31		5,906	5,659*	5,114*	5,098*

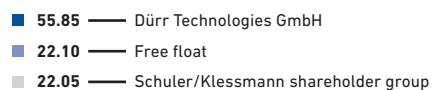
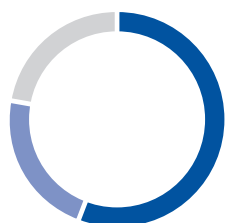
*Adjusted to new calculation method

The acquisition of a majority of HOMAG Group AG shares by Dürr in 2014 has also had an effect on the capital market orientation of HOMAG Group AG. The extraordinary general meeting of HOMAG Group AG on March 5, 2015 thus agreed to the conclusion of a domination and profit and loss transfer agreement between Dürr Technologies GmbH and HOMAG Group AG. In accordance with this, shareholders receive a guaranteed dividend for 2015 and, from 2016, compensation from Dürr Technologies GmbH of 1.18 EUR gross per HOMAG share, minus the sum of any corporation income tax and the solidarity surcharge.

On July 16, 2015 we also implemented a change to our stock exchange listing as announced. Since then, the HOMAG Group AG shares are no longer listed on the Prime Standard segment of the Frankfurt Stock Exchange Regulated Market, but rather on the Entry Standard segment of the Open Market. In accordance with the transparency requirements of this exchange segment, we have switched to biannual reporting. —

SHAREHOLDER STRUCTURE AS OF MARCH 31, 2016

In percent



GROWING WITH THE HOMAG GROUP

As a market leader and an innovative force in the field of wood processing machines and plant, we dedicate ourselves to the competitive edge of our customers every day. Growth with the HOMAG Group means: customized, flexible products for all applications, from small cabinet shops to industrial mass production.

We live and breathe Industry 4.0. Our plant and machinery are networked and combine efficiency, automation and maximum flexibility.

IMPRINT

Publisher
HOMAG Group AG
Communication
Homagstraße 3–5
72296 Schopfloch
Germany

Tel.: +49 (0) 7443 13-0
info@homag-group.com
www.homag-group.com

Chief editor
Kai Knitter

Editors
Heimo Fischer,
Jens Fahlbusch

Concept and design
3st kommunikation, Mainz
www.3st.de

Print
C. Maurer Druck & Verlag
www.maurer-online.de

Picture credits and photography
HOMAG Group, Dürr AG,
Matthias Haslauer, Marcus Pietrek,
Mick Ryan, Getty Images



