

DÜRR AG

LEADING THE HOMAG GROUP TO ITS FULL POTENTIAL

Overview, integration and optimization

Ralf W. Dieter (CEO), Ralph Heuwing (CFO)

Hanover, May 12, 2015

HOMAG GROUP AT A GLANCE

World market leader in woodworking machinery and systems

- » Headquarters in Schopfloch, Germany, 90 km from Bietigheim
- » Areas of application:
 - » Furniture industry, Wood-based panel-processing
 - » Construction supplies and timber home construction industries
- » Key customers products:
 - » Home and office furniture, kitchens
 - » Parquet and laminate flooring, windows, doors, stairs
- » 30% market share, biggest customer: IKEA (~ 5% of sales)
- » International group with 37 locations worldwide; only 20% of sales in Germany
- » 5,700 employees worldwide, thereof 3,900 in Germany
- » Solid financials: Equity ratio 33%, net financial debt € 43 m as of March 31, 2015
- » Operating result clearly improved in recent years, 4.0% EBIT margin in 2014¹



¹incl. extraordinary costs (e.g. PPA costs Stiles takeover)

HOMAG GROUP COMPANY PROFILE

Products and services

Product range

- » Stationary technology/CNC
- » Edge processing
- » Panel dividing saws
- » Drilling/fitting/assembly
- » Handling/packaging
- » Laminating and sanding

Edge banding



Services/project management

- » Broad offering for service, spare parts and training
- » Engineering capacity for integrated solutions from manufacturing cells up to complete production lines including software
- » Consulting services

CNC technology



Sales revenue split 2014 (2013)

- » Machines 49% (49%)
- » Cells and production lines 30% (34%)
- » Service 21% (17%)

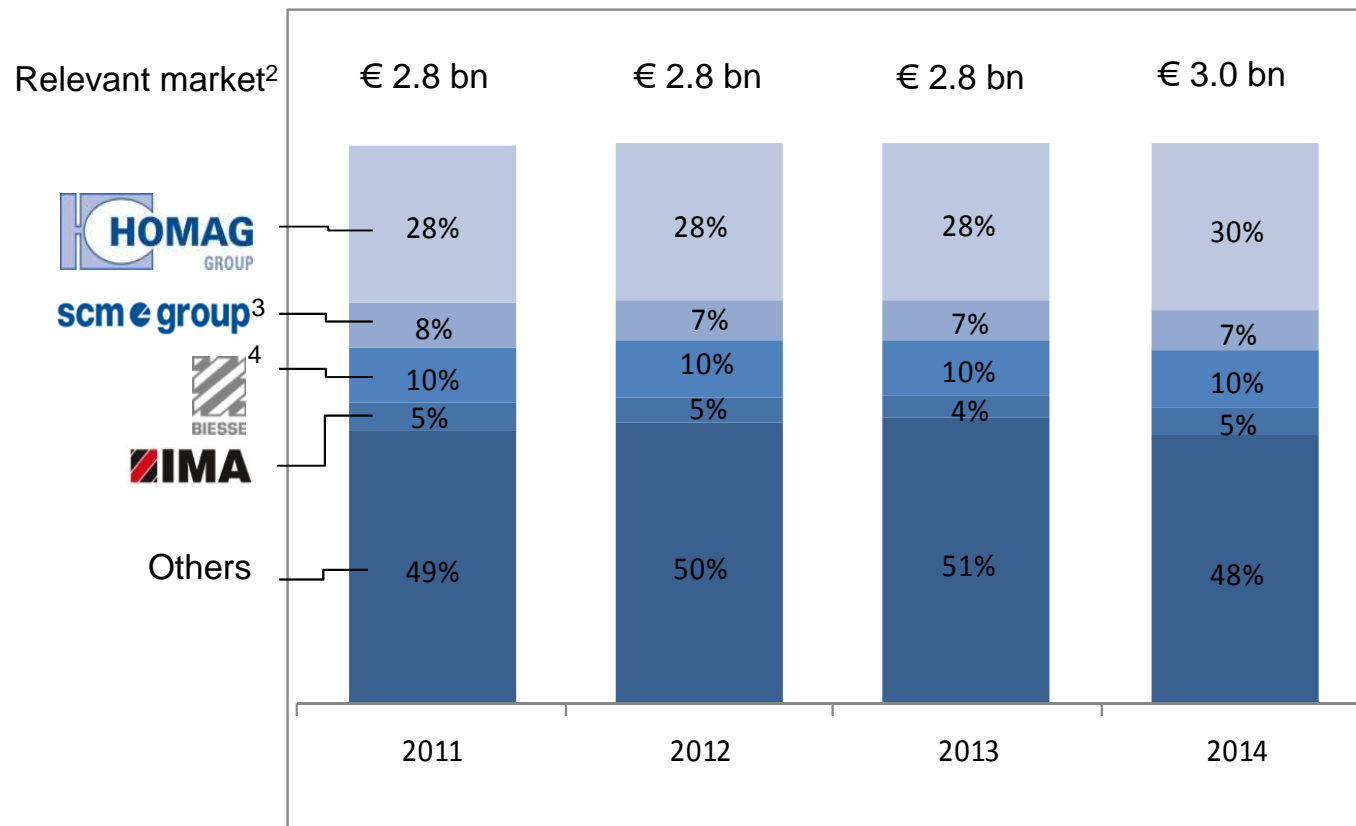
Storage system



HOMAG GROUP: A GLOBAL MARKET LEADER



Market share increased to 30% in 2014



¹ Own estimation; market share based on estimated global sales in the relevant market

² Source: VDMA, Acimall, own calculations

³ Wood processing only; adjustment of market share 2011 due to updated information

⁴ Wood processing only

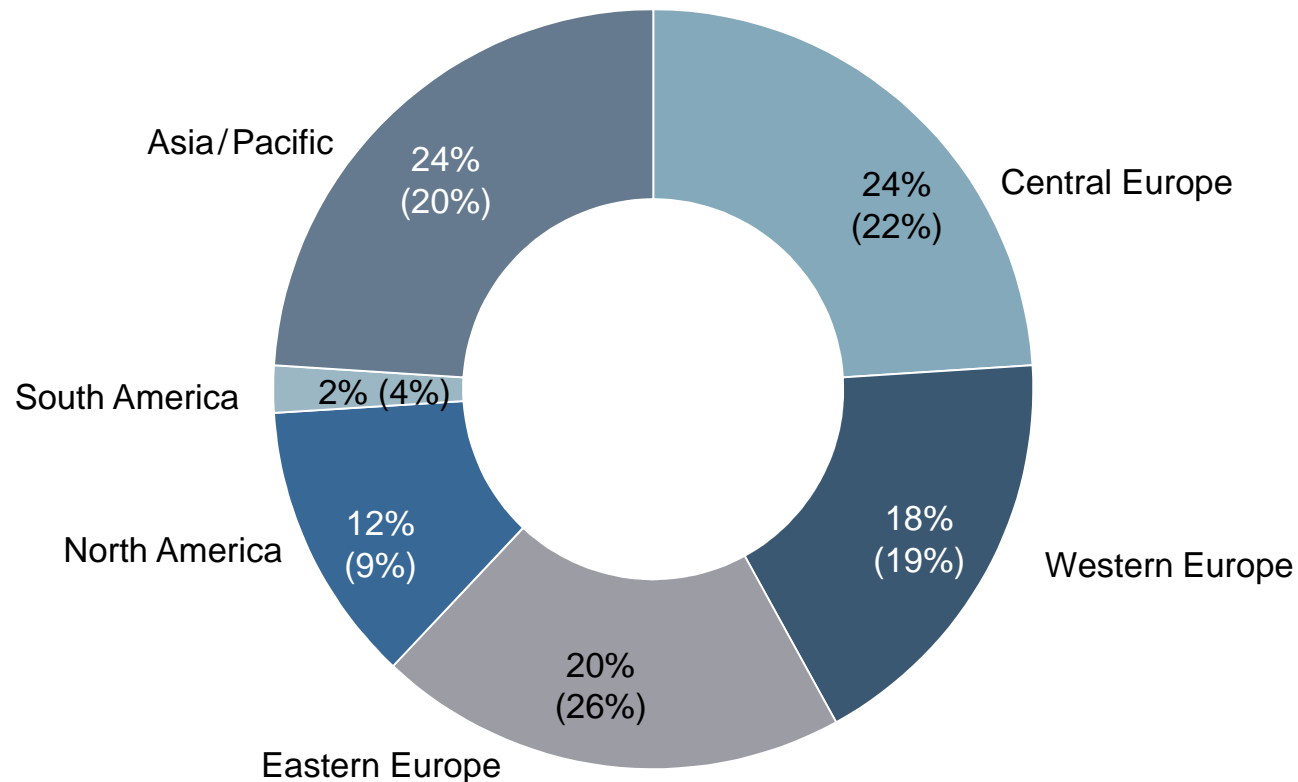
GROWTH MOMENTUM IN ASIA, NORTH AMERICA AND CENTRAL EUROPE



Incoming orders split HOMAG Group 2014 (2013)

2014: € 803 m (+9%)

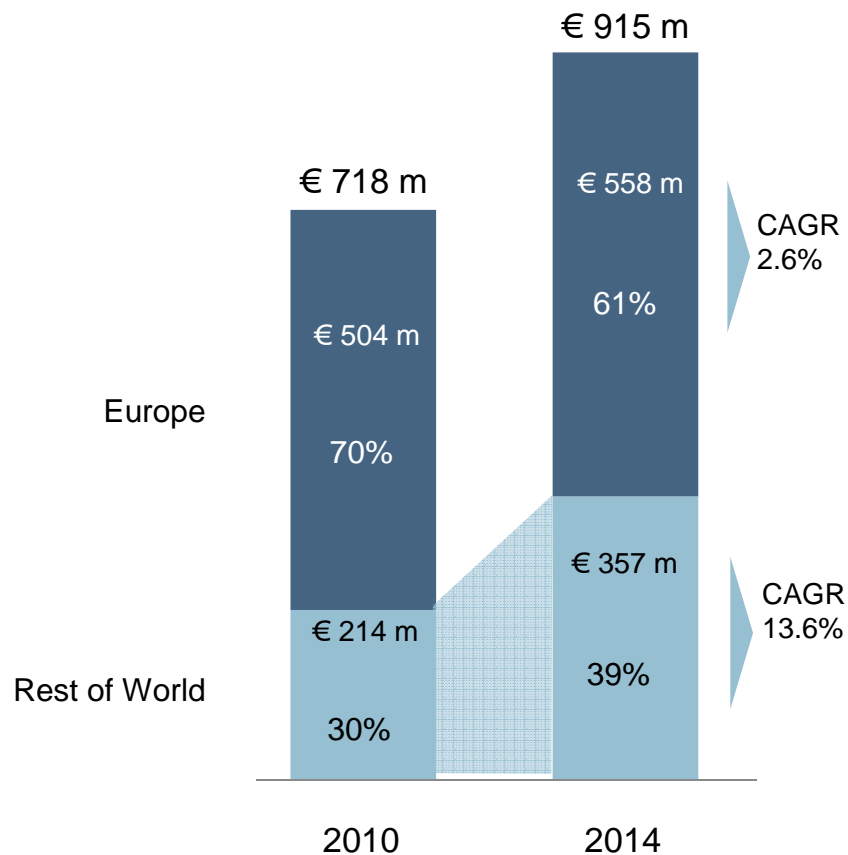
2013: € 734 m



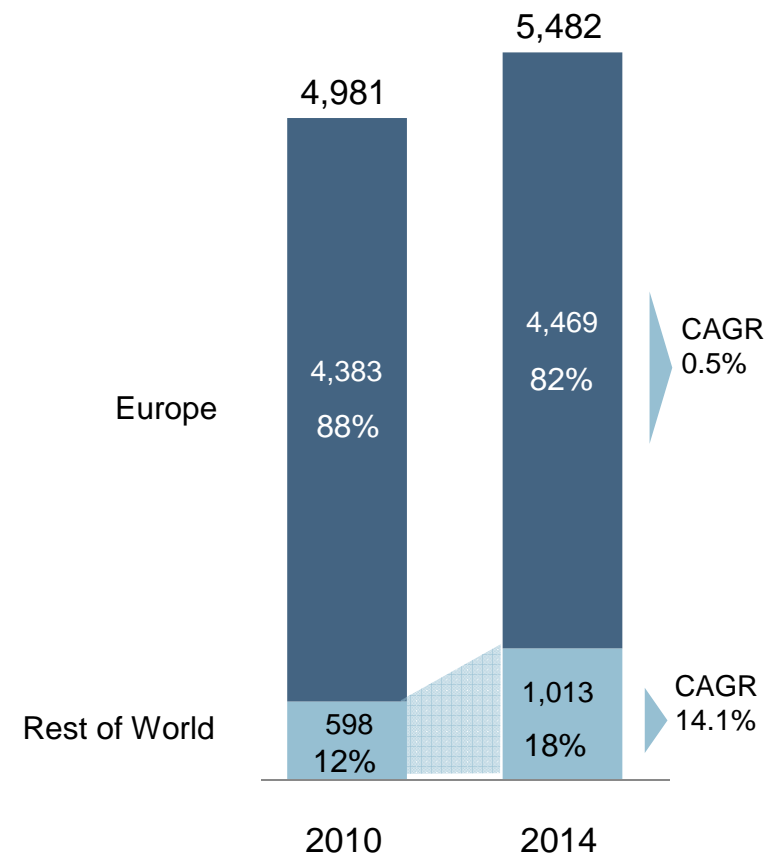
INCREASING GLOBALIZATION OF BUSINESS



Sales



Employees

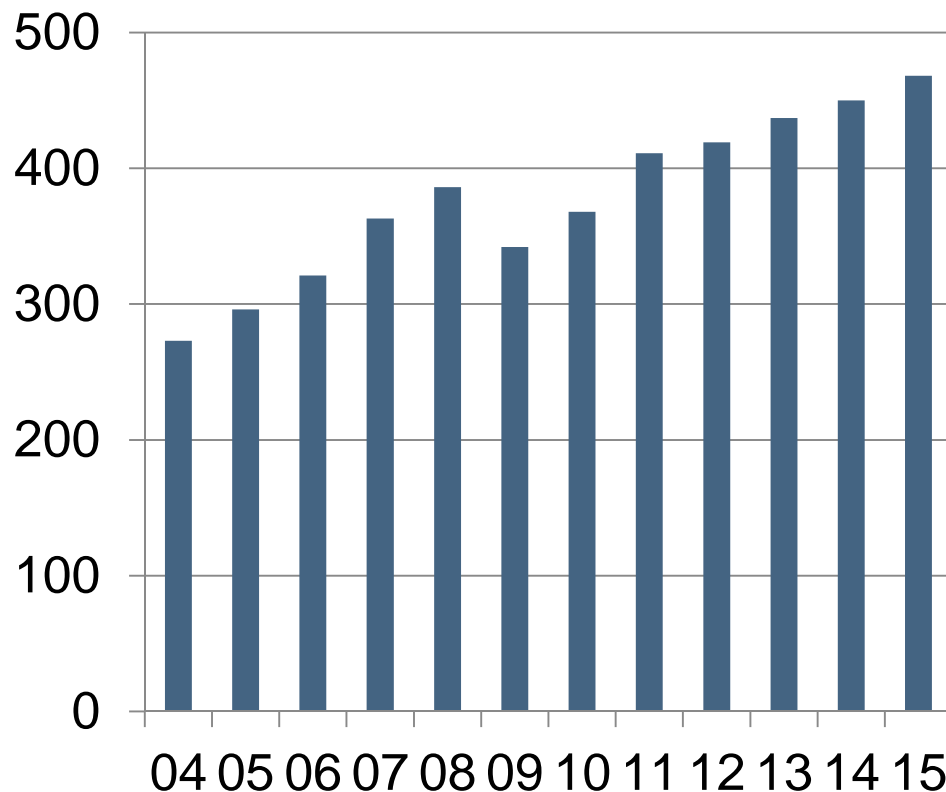


GROWTH IN THE FURNITURE MARKET COMPARABLE TO GLOBAL GDP GROWTH



Global furniture market CAGR: 5%

in USD bn



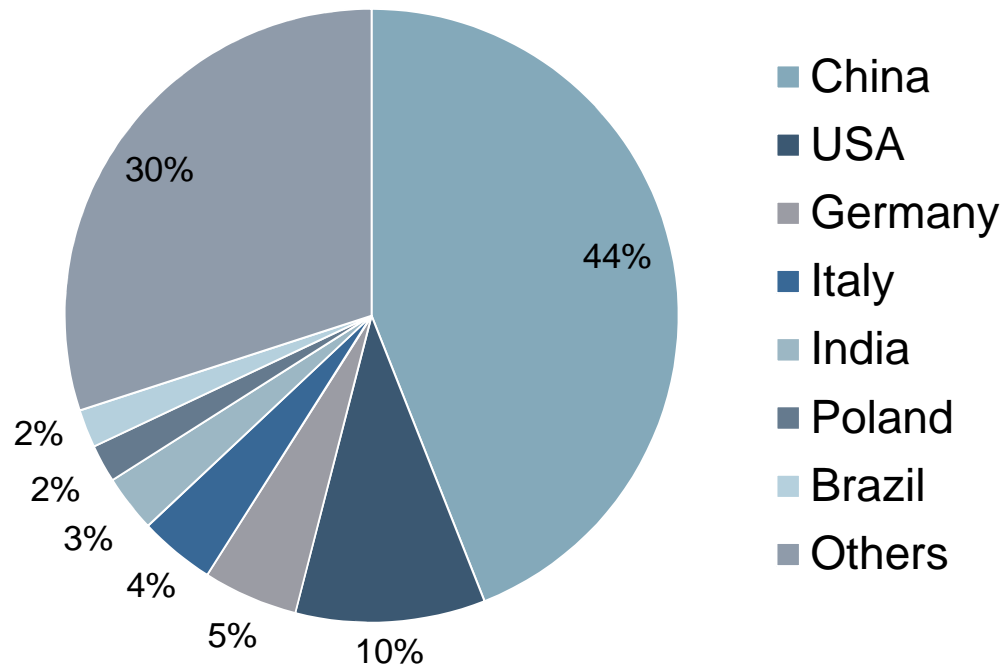
- » Growth drivers of the furniture market: rising disposable income, growing global population, rising number of households
- » Key drivers for the woodworking machinery industry: automation and industrialization in furniture production, batch-size 1, linking and digitalization along the value chain

Source: Center of Industrial Studies, Csil

CHINA ACCOUNTS FOR ALMOST 50% OF GLOBAL FURNITURE PRODUCTION



Global furniture production (2013)



» Similar trends as in the car industry: low growth in Europe, steady growth in North America and strong growth in EM (~ 6%)

» EM account for more than 60% of world furniture market, China most important single market

➡ Clear focus of HOMAG Group to address these markets, HOMAG will benefit from Dürr's experience

Source: Center of Industrial Studies, Csil

GOOD START INTO 2015 (I)

HOMAG Group: FY and Q1 figures¹

	2013	2014	Δ in %	Q1 2014	Q1 2015	Δ in %
Incoming orders (€ m)	734.3	802.6	+9.3	260.0 ²	287.2 ²	10.5
Sales revenues (€ m)	788.8	914.8	+16.0	204.8	253.7	23.9
EBIT ³ (€ m)	34.6	36.7	+6.1	5.6	11.5	105.4
EBIT margin ³ (%)	4.4	4.0	-0.4 ppts	2.7	4.5	+1.8 ppts
Net income (€ m)	18.4	18.9	+2.7	2.5	4.1	64.0

- » Strong improvement in incoming orders and sales; push in project business
- » Order backlog increased by € 60 m to € 354 m
- » Earnings increase due to productivity improvements, higher utilization and currency effects

¹ HOMAG Group figures
² including merchandise machines
³ after employee participation

GOOD START INTO 2015 (II)

HOMAG Group: Typical NWC pattern in Q1 but equity ratio further improved

	2013	2014	Δ in %	Q1 2014	Q1 2015	Δ in %
Capex (€ m)	24.4	32.6	+33.6	4.4	6.2	40.9
Op. cash flow (€ m)	46.5	90.3	+94.2	20.8	-5.5	-
Free cash flow (€ m)	28.5	50.1	+19.8	2.2	-11.1	-
Equity (€ m)	177.7	194.7	+9.6	179.3	206.7	15.3
Equity ratio in %	32.7	31.9	-0.8 ppts	29.1	32.6	3.5 ppts
Net financial status (€ m)	-69.2	-28.5	-	-69.7	-43.1	-
NWC (€ m)	71.8	42.0	-41.5	76.3	66.6	-12.7

» Increase in NWC in Q1 due to business expansion; slightly negative cash flow

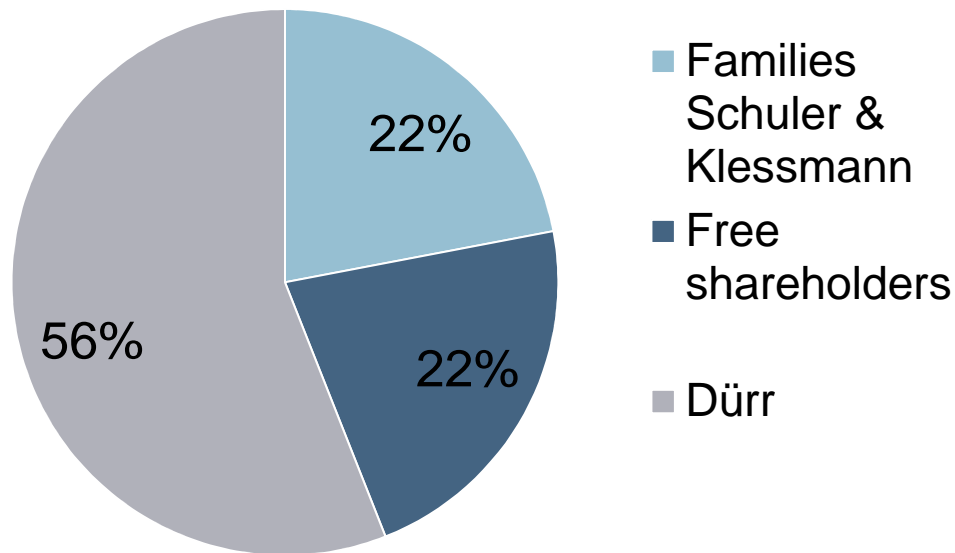
» Equity ratio close to 33%

HOMAG INTEGRATION ON TRACK

Fast-paced process, very collaborative atmosphere

Oct 2014	14	Takeover closing (transfer of HOMAG shares from public offer)
	24	Changes in Supervisory Board, Ralf W. Dieter becomes Chairman
	27	Ralph Heuwing appointed as member of HOMAG BoM
	31	Integration kick-off
Nov 2014	24	Announcement of domination + profit transfer agreement
Dec 2014	1	Ralph Heuwing becomes HOMAG CEO
	17	Announcement of listing change: from Prime Standard to Entry Standard
Jan 2015	15	Compensation amount fixed, invitation for extraordinary shareholders' meeting
Mar 2015	5	Extraordinary shareholders' meeting
	11-14	First joint Dürr/HOMAG management meeting
	17	Domination + profit transfer agreement effective
Apr 2015	1	Franz Peter Matheis becomes CFO
	22	HOMAG syndicated loan terminated effective May 29

HOMAG SHAREHOLDER STRUCTURE AS OF MARCH 31, 2015



- » Dürr owns 78% of voting rights (voting pool agreement with Schuler & Klessmann families)
- » According to the IFRS free shareholders and family shareholders are only entitled to guarantee dividend, no minorities any longer

SYNERGIES EXPECTED TO REACH € 5 TO 10 MILLION



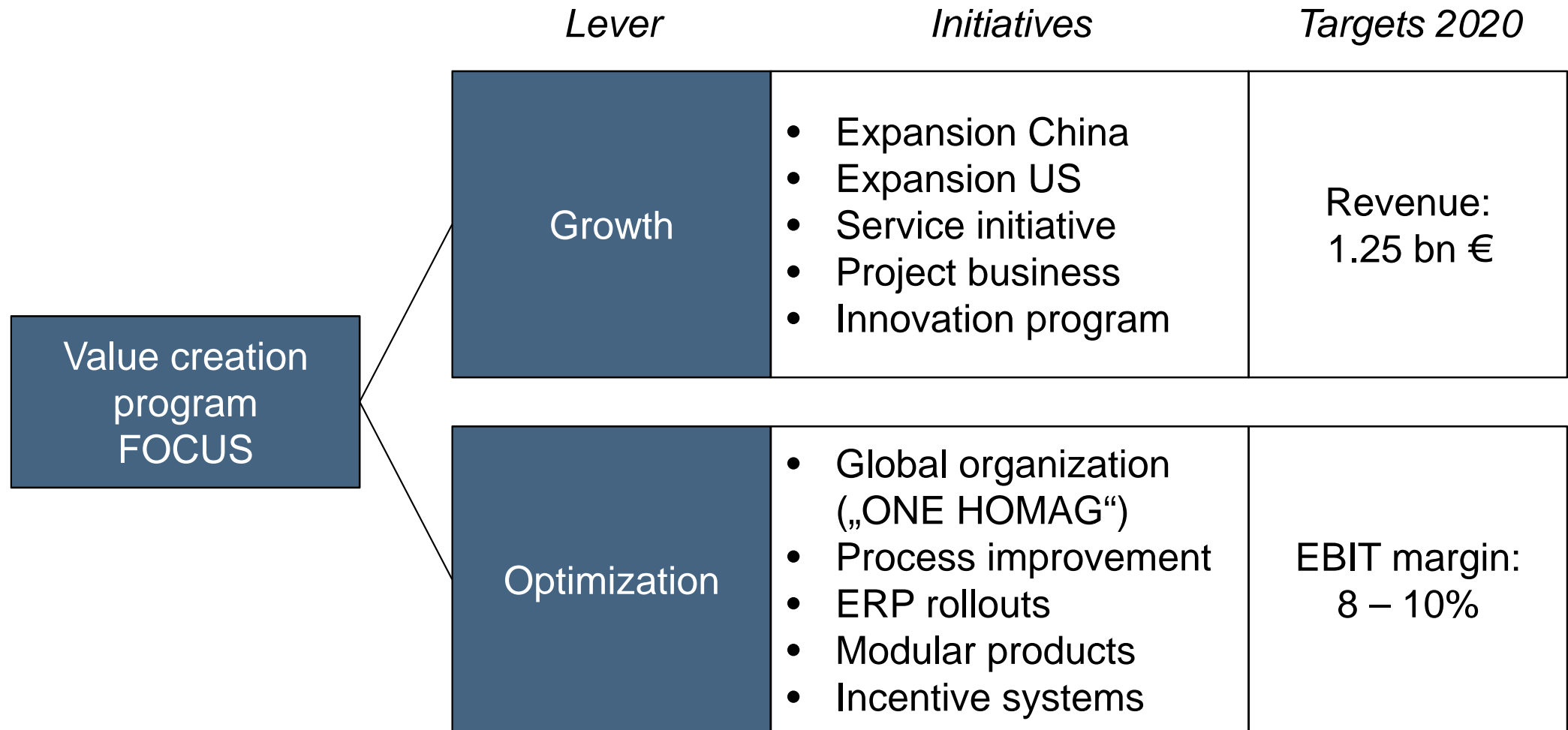
22 integration areas – key examples

IT	Joint purchasing of software and hardware, license management Group-wide infrastructure and service
Financing	Replacement of syndicated loan with I/C loan Capital efficiency through group-wide cash-pooling
Patents / IP	Professional IP management
Sourcing	Automation equipment (drives, controls, sensors) General purchasing (logistics, insurance)
Technology	Know-how transfer in visualization, robotics, virtual commissioning
Others	Talent management Compliance, internal audit Travel management Sales and service locations

LEADING HOMAG GROUP TO ITS FULL POTENTIAL



FOCUS program started in March 2015



» Note: Targets 2020 are indications for performance ambition only. Not supported by HOMAG's mid-term plans.

KEY ELEMENTS OF THE FOCUS PROGRAM (I)

Growth

Expansion China	Increase and further localize production in China Establish localized R&D for mid-end products
Expansion US	Leverage Stiles potential (project business) Further localize production and design
Service initiative	Increase awareness (CustomerExcellence@Dürr) Strengthen organization
Project business	Improve cross-divisional collaboration Make use of Dürr project management know-how
Innovation program	Increase/re-allocate R&D budget, especially in automation, digitalization and CNC

KEY ELEMENTS OF THE FOCUS PROGRAM (II)

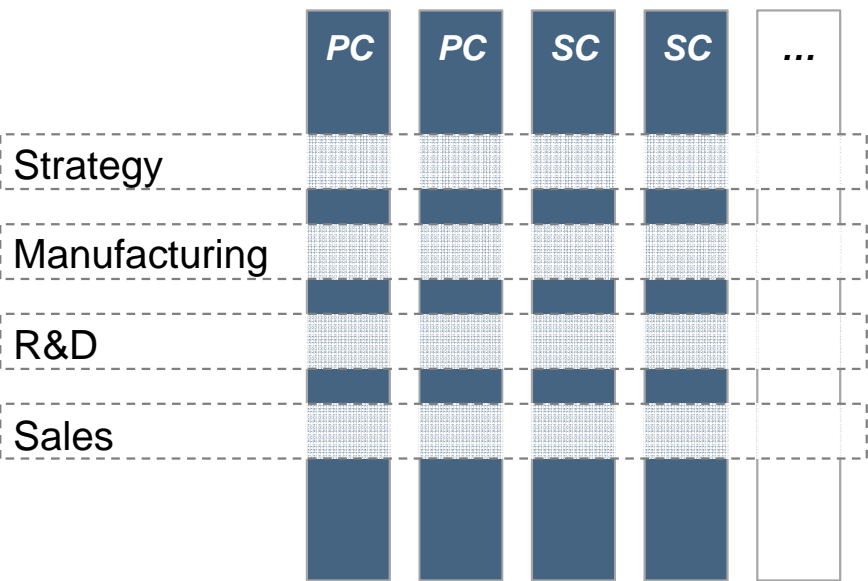
Optimization

Global organization	<p>Improve collaboration across HOMAG Group entities („ONE HOMAG“)</p> <p>Establish global business units</p>
Process improvement	<p>Efficiency improvement in order execution processes</p> <p>Process harmonization across HOMAG Group</p>
ERP rollouts	<p>Increase use of modern ERP systems</p> <p>Productivity enhancement in order execution</p>
Modular products	<p>Modular product structure to increase part commonality</p> <p>Use of product configurator</p>
Incentive systems	<p>Alignment of incentives with global business objectives</p>

HOMAG ORGANIZATION: „ONE HOMAG“ AS GUIDING PRINCIPLE

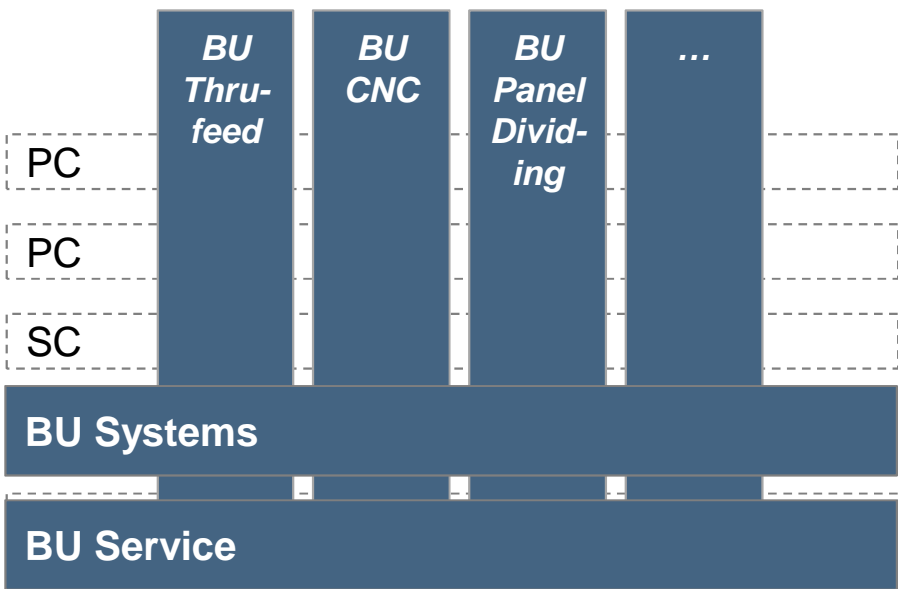


Old company structure



Decisions too slow, no clear accountabilities, implementation difficult

New company structure



Global business units with clear responsibilities, focus on functional excellence

PC = production company SC = sales company BU = business unit

2015 AND 2016 IMPACT FROM TAKEOVER

Biggest P&L effects in Woodworking Machinery and Systems (WMS) division

€ m	2015e	2016e
EBIT (consensus estimate)	57	67
Optimization costs	~ -10	
PPA costs	- 17.5	-8.7
EBIT	29.5	58.3
Financial result impact (IFRS)	-12.5	-7.0
Refinancing syn loan with I/C Loan	-3.9	+2.3
EBT ¹	13.1	53.6

» No HOMAG minorities any more in Dürr P&L statement

¹ This overview is simplified and does not contain the negative financial result of HOMAG

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