

PRESS RELEASE

HOMAG Group strengthens its position in China

- **Complete takeover of the joint venture HOMAG China Golden Field**
- **More sales power in the world's largest furniture market**
- **Efficient company organization for further growth**

Bietigheim-Bissingen, May 5, 2020 – HOMAG Group is strengthening its leading market position in China with an acquisition. The world market leader for woodworking machinery, which is part of the Dürr Group, will completely take over the operating business of the HOMAG China Golden Field Ltd. (Hong Kong) joint venture. The seller is the Chinese joint venture partner Golden Field International Holdings Ltd. In addition, HOMAG will become the sole owner of the production and engineering company HOMAG Machinery Shanghai Co. Ltd. By this transaction, HOMAG will be integrating all business activities in China into one company that is a full member of the HOMAG Group and efficiently covers all areas, from engineering and production to sales and service. In addition, HOMAG will gain an excellent sales and service presence with five regional branches in the world's largest furniture market.

HOMAG China Golden Field (HCGF) was founded in 1979 and is HOMAG's main sales channel in China. Most recently, HOMAG held a 25 % share. As a result of the acquisition, HOMAG now has exclusive ownership of the largest sales and service organization for woodworking machinery in the Chinese market. At HOMAG Machinery Shanghai, HOMAG will take over the 18.75 % share held by Golden Field International Holdings and can also operate independently there.

“By this acquisition, our impact on the strategically important Chinese market will increase. With an integrated organization and highly competent employees, we are

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well positioned for future market growth and the trends towards increasing automation and digitalization,” says Pekka Paasivaara, CEO of the HOMAG Group.

HOMAG most recently generated average annual sales amounting to € 145 million in China (2017 to 2019), of which around 90 % was generated via HCGF. In the future, only sales revenues that HCGF has not generated with HOMAG products will boost sales at HOMAG and respectively at the Dürr Group. These amounted to an average of € 110 million per year over the last three years. Earnings will increase, since HOMAG will also receive the margin share from sales that was previously attributable to HCGF. With HCGF, the HOMAG workforce in China has grown by 450 to approx. 750 employees. The acquisition will also expand the digital expertise, since HCGF brings in its development team and applications.

Ralf W. Dieter, CEO of Dürr AG, says: “With this acquisition, HOMAG is opening up growth potential in the largest market of the furniture industry. The transaction is a further element of our acquisition strategy and shows that we are thinking beyond the corona crisis and positioning our business for the future.”

China accounts for around one third of all furniture purchases worldwide. Experts expect demand to grow steadily as the purchasing power of the Chinese middle class increases. Therefore, the automation and digitalization of furniture production is advancing. While the Chinese furniture industry had invested heavily in production facilities in 2016 and 2017, the market calmed down in the following years. HOMAG expects demand to pick up again once the corona pandemic has subsided. In China, the company has a strong position, particularly in the field of high-quality machines and in the systems business with complete production lines.

Subject to the approval of the Chinese antitrust authorities, the purchase contract is expected to become effective in the fall of 2020. The fixed purchase price to be paid by HOMAG is in the low double-digit million euro range. In addition, further performance-related payments are possible.

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The HOMAG Group is the world's leading supplier of woodworking machinery and systems. In 2019, the company generated sales of € 1.28 billion with around 6,600 employees.

Pictures for this press release can be found [here](#).

The Dürr Group is one of the world's leading mechanical and plant engineering firms with extensive expertise in automation and digitalization/Industry 4.0. Its products, systems and services enable highly efficient manufacturing processes in different industries. The Dürr Group supplies sectors like the automotive industry, mechanical engineering, chemical, pharmaceutical and woodworking industries. It generated sales of € 3.92 billion in 2019. The company has around 16,500 employees and 112 business locations in 34 countries. The Group operates in the market with the brands Dürr, Schenck and HOMAG and with five divisions:

- **Paint and Final Assembly Systems:** paint shops as well as final assembly, testing and filling technology for the automotive industry
- **Application Technology:** robot technologies for the automated application of paint, sealants and adhesives
- **Clean Technology Systems:** air pollution control, noise abatement systems and coating systems for battery electrodes
- **Measuring and Process Systems:** balancing equipment and diagnostic technology
- **Woodworking Machinery and Systems:** machinery and equipment for the woodworking industry

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