

PRESS RELEASE

HOMANN HOLZWERKSTOFFE GmbH Reports Revenue Increase in First Half of 2013

- **Further investments in company growth**
- **Ongoing strengthening of the profitability**

Munich/Herzberg am Harz, 27 September 2013 – HOMANN HOLZWERKSTOFFE GmbH, a leading European provider of thin, refined fibreboard panels for the furniture, door, coating and automotive industry, reports a satisfying performance despite the difficult market environment, which continues to be characterised by intense competition and extremely high wood prices in Germany. In the first half of 2013, the expansion of the downstream facility at the Polish production sites Krosno and Karlino progressed by means of significant investments. The consistent exploitation of the entire value chain enables the Company to further improve its profitability in the future and to be less susceptible to price fluctuations. By consistently specialising in highly refined thin MDF/HDF, high end-bonded, extremely dense wood boards, the Company is reinforcing its market position, which will enable further international expansion in the years to come.

Owing to the investment in Homanit Krosno, which had been acquired in 2012, the Group revenue went up to EUR 95.1 million, a year-on-year increase of EUR 10.4 million. Compared to the prior year, earnings before interest, taxes, depreciation and amortisation (EBITDA) were lower and amounted to EUR 3.2 million, compared to EUR 42.1 million in 2012, which included the one-off EUR 30.5 million from the sale of the shares from the former joint venture Homapal to the Formica Group. Adjusted for currency effects, most of which did not affect the liquidity, and the extremely high increase in wood and biomass prices in Germany in the reporting period, EBITDA amounted to EUR 8.6 million compared to EUR 10.0 million in 2012, the difference being largely attributable to the as yet incomplete integration of Homanit Krosno. As a result of the one-off effect from the sale of the shares from the former joint venture Homapal to the Formica Group and the integration of Homanit Krosno, the net profit dropped from EUR 30.0 million to minus EUR 5.0 million. Due to the result, the equity ratio also dropped slightly to 14.3 per cent on 30 June 2013, compared to 17.5 per cent on 31 December 2012.

Fritz Homann, Director of HOMANN HOLZWERKSTOFFE GmbH: "In the first half of 2013, we further continued with the integration of Homanit Krosno. The on-going incorporation of this plant and the unusually steep increase in wood prices in Germany are reflected in our figures. The development of the two finishing centres in Poland makes the Group less susceptible to raw material price fluctuations. The gradual reduction of labour-intensive finishing process in Germany will allow us to effectively improve our profitability in the coming years." Up until the end of the

reporting period, the HOMANN HOLZWERKSTOFFE Group had invested EUR 8.7 million in all three plants. Apart from the two Polish plants, the facilities in Losheim, Germany, also saw further modernisation as well as investment in a new plant for wood fibre processing and additional warehouses.

On the procurement side, which is significant to the operational income development, the persistent bad weather in the first quarter of 2013 and a shortage of round timber in Germany led to a major increase in purchasing prices, which can only be passed on to the customers from September 2013. This will have a positive effect on the EBITDA for 2013 as a whole. As far as the use of glue – the second important raw material besides wood – is concerned, HOMANN HOLZWERKSTOFFE's investment in new dry gluing systems will enable a substantial reduction of its glue costs in the future.

In the reporting period, the corporate bonds placed with institutional investors were successfully increased by EUR 25 million. The Company received the funds only after the end of the reporting period. As was the case with the first tranche, the proceeds will be invested in the Company's future growth. "Apart from further strengthening our three sites, we also remain open to possible acquisitions of companies or production sites", explains Fritz Homann.

See also: www.homann-holzwerkstoffe.de

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