



## Press release

# GfK Group: preliminary results 2004

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### Record result exceeds forecast

- Sales increase of 12.7 per cent to EUR 671.0 million
- EBIT including net income from participations increased by 31.0 per cent to EUR 91.0 million
- Consolidated total income after minority interests up by more than 55 per cent to over EUR 52 million
- GfK plans to increase dividend to EUR 0.30 – a rise of around 43 per cent
- Incoming orders for 2005 already make up 36 per cent of sales forecast of EUR 710 million

Nuremberg, 24 February 2005 – Financial year 2004 has been a year of extraordinary success for the GfK Group. Preliminary figures indicate that the Group has achieved an increase in sales of 12.7 per cent from EUR 595.3 to EUR 671.0 million. Once again, the Group therefore exceeded growth for the market research sector in 2004 and gained market share. With earnings before interest and tax (EBIT) including income from participations up by 31.0 per cent from EUR 69.5 to EUR 91.0 million, GfK extended its margin by almost 2 percentage points from 11.7 per cent to 13.6 per cent.

In the year under review, at EUR 671.0 million, the GfK Group significantly exceeded its sales forecast which was already revised upwards by EUR 10 million to EUR 660 million in the summer. In financial year 2004, GfK also achieved an increase in EBIT including income from participations of 31.0 per cent to EUR 91.0 million, more than double the rise in sales which were up by 12.7 per cent. With a margin of 13.6 per cent, the Group is top of the market research sector in terms of profitability. All business divisions and regions contributed to the strong growth. Decisive factors for success include a comprehensive and diversified range of cross-border information services, efficient cost management and a global presence which has been consolidated significantly in recent years.

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Consolidated total income is set to rise to over EUR 52 million compared with EUR 33.3 million in 2003. GfK shareholders will benefit from this increase in the form of an approx. 43 per cent rise in dividend to EUR 0.30. This is the fifth successive increase in dividend. At its last Annual General Meeting in 2003, the company forecast an increase in dividend of 20 per cent.

### Growth at the GfK Group

Organic growth for GfK amounted to 6.4 per cent in 2004 and net of multi-year contracts with a fixed order volume, this figure rises to 7.0 per cent. This means that GfK has once again clearly outperformed the estimated sector growth of three to four per cent.

Growth from acquisitions at GfK totalled 7.2 per cent. Currency effects reduced sales by 0.9 per cent.

### GfK GROUP: GROWTH IN 2004 <sup>1)</sup>

In EUR million	2003	2004	Change in %
Sales	595.3	671.0	+12.7
EBITDA	91.2	108.9	+19.5
EBIT	66.4	86.8	+30.8
Income from participations	3.1	4.2	+35.0
EBIT after income from participations	69.5	91.0	+31.0
Margin in per cent <sup>2)</sup>	11.7	13.6	

1) Rounding differences may occur

2) EBIT after income from participations in relation to sales

GfK achieved 61.3 per cent of sales in the euro-zone. As a result, foreign exchange market developments affected the company only to a limited extent. In the regions where currency effects had an impact due to sales in foreign currencies, expenses were also in the relevant local currency, which reduced exchange rate risks significantly.

### Growth by division

Each of the GfK Group's five business divisions achieved excellent growth rates.

Overall, the **CONSUMER TRACKING** division, which provides information and advisory services on consumer purchase behaviour to clients throughout Europe, performed well in financial year 2004. In terms of organic growth, the division achieved a marked increase in sales of 5.3 per cent. Currency effects reduced sales growth by 0.2 percentage points. The division's success is due, in particular, to the development of new services, the expansion of advisory services and contracts with new clients. In addition, the ConsumerScan panel in Germany was extended in 2004 to include a total of 17,000 households.

### GROWTH BY DIVISION <sup>1)</sup>

In EUR million	2003	2004	Change in %
Consumer Tracking	89.8	94.4	+5.2
HealthCare	49.3	68.1	+38.2
Retail and Technology	166.7	187.0	+12.2
Media	58.3	62.2	+6.8
Custom Research	220.8	252.1	+14.2
Other	10.4	7.1	-31.5
<b>Total</b>	<b>595.3</b>	<b>671.0</b>	<b>+12.7</b>

1) Figures from the Management Information System, rounding differences may occur

### SALES GROWTH COMPONENTS BY DIVISION <sup>1)</sup>

Growth in %	Total	Organic	Acquisitions	Currency
Consumer Tracking	+5.2	+5.3	0.0	-0.2
HealthCare	+38.2	+7.8	+33.7	-3.2
Retail and Technology	+12.2	+11.2	+1.7	-0.7
Media	+6.8	+7.1	0.0	-0.3
Custom Research	+14.2	+4.6	+10.7	-1.1
Other	-31.5	-31.0	0.0	-0.5
<b>Total</b>	<b>+12.7</b>	<b>+6.4</b>	<b>+7.2</b>	<b>-0.9</b>

1) Figures from the Management Information System, rounding differences may occur

GfK's **HEALTHCARE** division offers clients in the pharma and healthcare sectors information and advisory services on the markets for prescription-only and OTC drugs, biotechnology, diagnostics, clinical equipment, laboratory accessories and disposable medical items as well as dental and veterinary market research surveys. This division achieved an extraordinary increase in sales of 38.2 per cent. Of this, 7.8 percentage points are attributable to organic growth. Growth resulting from new company acquisitions amounting to 33.7 percentage points relates mainly to the 51 per cent stake in V2 GfK in the USA, acquired on 1 July 2003, and, to a lesser extent, to the takeover of French company, m2A, which has been wholly owned by GfK since 1 January 2004. Currency effects reduced growth by 3.2 percentage points.

GfK's **RETAIL AND TECHNOLOGY** division is the world's leading provider of retail information on the markets for consumer durables and once again confirmed its excellent market positioning. The sales increase of 12.2 per cent was mainly attributable to organic growth. Growth through acquisitions related to the majority shareholding acquired in media control GfK International, Germany, as at 1 July 2003 and contributed 1.7 percentage points to overall sales growth. Crucial success factors for this division, which today operates in 65 countries, include a consistent globalization strategy and the gradual switch-over to a web-based information system that can be accessed by clients and GfK employees anywhere in the world.



The **MEDIA** division provides clients with information services on reach and the effect of the traditional mass media, including film, print, posters, radio and television, as well as the new media. Organic sales growth was 7.1 per cent. This represents an extraordinary rise on the previous year, when organic growth accounted for -3.8 per cent. GfK was able to secure two important new contracts for this division in 2004: the Belgian radio ratings contract and a BBC contract for carrying out a survey in which audiences of TV and radio stations in the UK assess their programmes.

In the **CUSTOM RESEARCH** division, GfK supplies clients with information and advisory services to support them in the decision-making process regarding the various components in the marketing mix, brand positioning and customer loyalty. At 14.2 per cent, growth in the division is clearly above the figure for the previous year. Organic growth accounts for 4.6 percentage points and sales growth on the basis of newly acquired companies for 10.7 percentage points, reflecting the takeover of GfK Arbor in the USA.

The success of the division was largely attributable to the expansion of GfK's international presence, especially in the USA, and the ongoing development and international standardization of the product portfolio coupled with additional innovative services.

The **OTHER** division includes, in particular, GfK Group Services, GfK Data Services and GfK Business Solutions & Processing, which provide central services to the Group, to GfK subsidiaries and their cooperation partners. The anticipated downturn in sales is mainly attributable to the lower volume of services that GfK Business Solutions & Processing supplies to Information Resources, Germany.

### Growth by region

**GERMANY** is the GfK Group's strongest region in terms of sales, with just over a third of total sales. Sales in this region rose by 6.3 per cent. 5.1 percentage points of sales growth was attributable to organic growth.

#### GROWTH BY REGION <sup>1)</sup>

In EUR million	2003	2004	Change in %
Germany	221.7	235.6	+6.3
Western and southern Europe	204.7	215.7	5.4
Northern Europe	54.1	55.6	+2.7
Central and Eastern Europe	31.8	40.1	+26.1
America	48.6	84.8	+74.5
Asia and the Pacific	34.3	39.3	+14.3
<b>Total</b>	<b>595.3</b>	<b>671.0</b>	<b>+12.7</b>

1) Figures from the Management Information System, rounding differences may occur

### SALES GROWTH COMPONENTS BY REGION <sup>1)</sup>

Growth in %	Total	Organic	Acquisitions	Currency
Germany	+6.3	+5.1	+1.1	0.0
Western and Southern Europe	5.4	+4.9	+0.8	-0.3
Northern Europe	+2.7	+1.6	0.0	+1.1
Central and Eastern Europe	+26.1	+26.9	0.0	-0.9
America	+74.5	+3.4	+79.6	-8.5
Asia and the Pacific	+14.3	+17.3	+0.6	-3.6
<b>Total</b>	<b>+12.7</b>	<b>+6.4</b>	<b>+7.2</b>	<b>-0.9</b>

1) Figures from the Management Information System, rounding differences may occur

In **WESTERN AND SOUTHERN EUROPE**, sales were up by a pleasing 5.4 per cent, largely due to organic growth.

Sales growth in **NORTHERN EUROPE** amounted to 2.7 per cent and was partly attributable to exchange gains. Sales growth developed as forecast, excluding the UK business of HealthCare and Custom Research, which performed below expectations.

In **CENTRAL AND EASTERN EUROPE** and **ASIA AND THE PACIFIC**, GfK achieved an extraordinary double-digit sales increase, mainly based on organic growth. In both regions, currency effects impacted on the increase, reducing the figure. The positive results are based on GfK's strong market position in the relevant countries and also on the dynamic growth of consumer markets.

At 74.5 per cent, sales growth was particularly strong in **AMERICA**. Of this, 3.4 percentage points in the region was accounted for by organic growth in 2004. At 79.6 percentage points, a high proportion of the increase in sales is mainly attributable to acquisitions. This comprises the takeover of GfK Arbor with effect from 1 January 2004 and the acquisition of a majority holding in V2 GfK on 1 July 2003. Currency effects reduced growth by 8.5 percentage points.

Accounting for almost 13 per cent of sales, America has become the No. 3 of the GfK Group regions in terms of sales. At the time of GfK's IPO in September 1999, the Group's sales in the USA, the biggest national market in the region and throughout the world, were non-existent. Today, the group of GfK companies in the US are well positioned and rank No. 15 among market research service providers in the USA.

### Employees

The number of employees rose from 5,066 at the end of 2003 by 9.3 per cent to 5,539 full-time employees at the end of financial year 2004. The



increase refers largely to employees outside Germany and stems essentially from the first-time consolidation of companies. In Germany, GfK employed 1,502 full-time staff at the end of the year under review (previous year: 1,459) and 4,037 outside Germany (previous year: 3,607). The percentage of employees working abroad has increased by 1.7 percentage points to 72.9 per cent.

### **Major events since the year-end**

Heinrich A. Litzenroth, the Management Board member responsible for the Custom Research division, was on holiday in Khaolak when the tsunami struck Southern Asia on 26 December 2004 and has been missing since. The company's Supervisory Board, management, staff representatives and employees have been deeply affected by what has happened to Heinrich A. Litzenroth. Until such time as a permanent solution is found, the Management Board has introduced a transitional arrangement under which all members of the Management Board share the relevant day-to-day responsibilities.

With effect from 1 January 2005, GfK acquired all of the shares in Beyen Marktforschung, a new addition to the Retail and Technology division. The company specializes in continuous retail pricing research relating to consumer electronics and focuses, in particular, on price-related advertising and promotional activities.

In January 2005, GfK sold its 50 per cent stake in IHA-IMS Health, which is based in Switzerland. At the same time, the Group increased its shareholding in the German company, GPI Kommunikationsforschung, from 80 per cent to 100 per cent. The strategic aim of these transactions is to clearly focus the HealthCare business on the division's core competence and services. The net effect on income from participations for the GfK Group will amount to an increase of around EUR 22 million in 2005.

In January, the GfK Group and the American company, Information Resources Inc., also completed the demerger of their joint ventures in Germany and the Benelux countries. In the process, GfK transferred its shares in the Dutch and German subsidiaries back to the American company. At the same time, the remaining 7.6 per cent of the shares in GfK Panel Services Benelux in the Netherlands, which were not already held by GfK, were transferred to the Group.

At the beginning of February 2005, GfK announced that it had bought additional shares in the American company, Caribou Lake Software, with effect from 1 January 2005. This represents an expansion of the shareholding from 19.9 per cent to 69.8 per cent. Caribou Lake Software is consolidating GfK's expertise in the dynamic growth markets of database marketing and Customer Relationship Management in the USA.



The Management Board and Supervisory Board will propose a 42.9 per cent dividend increase from EUR 0.21, following a capital increase from company funds, to EUR 0.30 to the Annual General Meeting. The total dividend would therefore rise from EUR 6.5 million to EUR 9.4 million. Since its IPO in September 1999, GfK has increased the dividend continuously by a total of 173 per cent. This latest rise reflects GfK's earnings-based dividend policy, which enables shareholders to participate in the Group's excellent performance in the past year.

### **Outlook**

GfK is forecasting sales of EUR 710 million for the current financial year. If the scope of consolidation remains the same, this equates to growth of approximately 6 per cent. This company growth of 6 per cent would therefore remain at virtually the same high level as in the previous year. It is GfK's aim to outperform growth in the sector once again, which, at four to five per cent, is estimated by experts to exceed that of 2004.

GfK is also seeking to again grow its income more strongly than its sales. The target margin, which is EBIT including income from participations in relation to sales, is set at almost 17 per cent. This includes an inflow of funds totalling EUR 22 million resulting from the realignment of the HealthCare business in Switzerland described above. Excluding this effect, GfK still aims to achieve a margin which exceeds that of the previous year.

Like the previous year, 2005 has started well for the GfK Group. At the end of January, the total of existing orders, incoming orders and sales invoiced already represented 36 per cent of the forecast sales for the year, which is approximately level with 2004.

### **Accounts press conference and full annual accounts**

GfK AG will present the full annual accounts at its accounts press conference in Nuremberg, which starts at 10 a.m. on 11 April 2005, and at a DVFA analysts' conference in Frankfurt/Main, which starts at 3 p.m. on the same day.



### Provisional key dates in the financial calendar

11 April 2005	Accounts press conference, Nuremberg
11 April 2005	Analysts' conference, Frankfurt/Main
13 May 2005	Quarterly report as at 31 March*
24 May 2005	Annual General Meeting, Meistersingerhalle in Nuremberg
12 August 2005	Quarterly report as at 30 June*
15 November 2005	Quarterly report as at 30 September*

\*) Publication is scheduled for before the start of the trading session.

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### Brief description of GfK activities

<b>Consumer Tracking</b>	Information services regarding market and marketing matters relating to day-to-day consumer buying decisions and habits, providing information on almost all fast moving consumer goods plus a large number of slow moving consumer goods and services.
<b>HealthCare</b>	Information services relating to product development, communication, image and price control of medicines, market positioning and customer satisfaction, measuring the unit number and sales of materials and products used by dentists and laboratories as well as measuring the consumption of veterinary medicines.
<b>Retail and Technology</b>	Information services regarding marketing, sales, logistics in retail and industry for companies operating in consumer technology markets.
<b>Media</b>	Information services on media consumer behaviour and attitudes. Services include quantitative analyses of viewer, reader and listener reach and qualitative surveys on acceptance, preferences and recall of media content.
<b>Custom Research</b>	Information services for developing, positioning and maintaining products and services, aimed at optimizing the mix of marketing policy activities and managing product and corporate brands and customer loyalty.