



Press Release

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GfK Group starts a challenging 2008 with a sound first quarter

- **Organic growth in sales up by 5.1% to EUR 268.1 million in the first three months**
- **Adjusted operating income totals EUR 23.0 million (prior year: EUR 24.8 million). The proportion of total income generated in the first quarter is disproportionately low due to seasonal effects**
- **Operating income up by 3.9% to EUR 20.9 million**
- **Consolidated total income rockets by almost 21% to EUR 12.5 million**
- **Order book as of the end of April stands at 61.8% and is significantly higher than in the prior year (60.6%)**

Nuremberg, May 15, 2008 – The GfK Group achieved satisfactory sales growth in the first three months of 2008. At the same time, the increase in operating income, EBIT and consolidated total income was significant in the first quarter of 2008 compared with the same period in the prior year; growth in adjusted operating income was more moderate than in 2007, but in line with the trend for financial year 2006.

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In the first three months, organic sales growth amounted to 5.1%, which was in line with expectation. Impacted by negative currency effects amounting to 4.7%, reported sales rose 2.6% to EUR 268.1 million and adjusted operating income totaled EUR 23.0 million (prior year: EUR 24.8 million). The margin, which represents the ratio of adjusted operating income to sales, amounted to 8.6% (prior year: 9.5%). The Retail and Technology sector expanded its strong margin further. In the Media sector, GfK achieved pleasing sales growth in organic terms. Compared with the same quarter of the prior year, the Custom Research sector has seen a moderate start to 2008, which is attributable in the main to negative currency effects and a temporary shift in income. GfK achieved significant double-digit growth in organic terms in Central and Eastern Europe, Latin America as well as Asia and the Pacific.



In the first three months of the current year, EBIT rose 3.0% to EUR 21.5 million and therefore at a faster rate than sales. At the same time, consolidated total income rose markedly by 20.9% to EUR 12.5 million. Undiluted and diluted earnings per share were up by 19.2% to EUR 0.31 (prior year: EUR 0.26).

At the end of April 2008, the GfK Group's order books were excellent, with 61.8% of expected sales for the year 2008 already posted or included under existing orders. This represents a significant increase on the already high level of the prior year (60.6%).

Economic and financial development in the GfK Group

Compared with the same quarter in the prior year, in the first quarter of 2008, the organic SALES recorded by the GfK Group increased by 5.1% to EUR 268.1 million. Acquisitions contributed 2.2% to growth, while currency effects arising mainly from the revaluation of the euro against the US dollar reduced sales by 4.7%. Taking into account currency effects, sales increased by a total of 2.6%.

The impact of net currency effects on the quarterly financial statements of the GfK Group is limited, since GfK's output is essentially in the local currency in which the company also invoices sales. Any differences are therefore generally translation effects resulting from the fact that consolidated sales are reported in euros.

In the past, seasonal fluctuations have meant that the sales trend of the GfK Group in the first quarter has not been representative of sales for the year as a whole.

GfK GROUP: KEY GROWTH FIGURES¹⁾

In EUR million	Q1 2007	Q1 2008	Change in %
Sales	261.3	268.1	+ 2.6
Gross income from sales	83.1	79.2	- 4.7
EBITDA	32.1	32.2	+ 0.3
Adjusted operating income	24.8	23.0	- 7.5
Margin in percent ²⁾	9.5	8.6	
Operating income	20.1	20.9	+ 3.9
EBIT	20.9	21.5	+ 3.0
Consolidated total income	10.4	12.5	+ 20.9
Earnings per share in EUR	0.26	0.31	+ 19.2

1) Rounding differences may occur

2) Adjusted operating income in relation to sales

ADJUSTED OPERATING INCOME ("income") amounted to EUR 23.0 million, which is down slightly on the extraordinarily good level in the same quarter of the prior year. In organic terms, income decreased by 3.1%, whereas acquisitions increased income by 0.1%. Moreover, currency effects reduced income by 4.4%.



Operating income was up 3.9% to EUR 20.9 million (prior year: EUR 20.1 million). Adjusted operating income is derived from operating income. To calculate it, certain expenses and income items are excluded. These earnings indicators are called highlighted items and have scarcely any effect on the cash flow. The highlighted items amounted to a total of EUR 2.0 million in the first quarter of 2008 (prior year: EUR 4.7 million).

Trends in the sectors

Since the beginning of this year, the GfK Group has refocused its organizational structure by remodeling the previous five business divisions, Custom Research, Retail and Technology, Consumer Tracking, Media and HealthCare, in the three sectors of Custom Research, Retail and Technology, and Media. First-quarter reporting in 2008 is based on the three new sectors for the first time.

All GfK sectors achieved organic growth in sales compared with the same period in the prior year. In particular, the Retail and Technology sector continued its strong performance in the first quarter of 2008.

CUSTOM RESEARCH: The offering of the Custom Research sector is based on the information sources represented by consumers and doctors. It combines the services of the former Custom Research, Consumer Tracking and HealthCare divisions. The portfolio comprises data collected on a continuous basis, for example from the household and doctor panels, and custom research studies that are tailored to specific issues for individual clients.

In the first three months of the year, the Custom Research sector matched the high sales volume of the corresponding quarter in the prior year with EUR 173.3 million. The sector achieved organic sales growth of 2.6%, with acquisitions boosting growth by a further 2.7%. Currency effects reduced sales by 5.4%. Income amounted to EUR 5.6 million (prior year: EUR 8.8 million), representing a decrease of EUR 3.2 million on the same quarter in the prior year. Overall, the Custom Research sector achieved a margin of 3.2%. At the end of April, order books in the Custom Research sector were running at above the level of their value for the same period in the prior year of 57.0% and amounted to 57.7%.

The Custom Research sector is increasingly focusing on major international projects, some of which are associated with longer negotiation periods. Moreover, the trend within the healthcare business towards limited market research budgets in the pharmaceutical industry continued in the first quarter of 2008. This particularly affected the British and US business units, which experienced restrained growth in income.

Strengthened by the Blue Moon Group acquisition in Australia and the takeover of Bilesim International in Turkey, the sector was able to further

expand its market position in the regions of Asia and the Pacific as well as Central and Eastern Europe.

RETAIL AND TECHNOLOGY: The Retail and Technology sector sources data from retail. Clients are provided with information and consultancy services, which are based on continuous surveys and analysis of retail sales of consumer goods and services in more than 70 countries. Services include the regular publication of surveys of market segments office communications, photographic technology and optics, domestic appliances, information technology, telecommunications, sports equipment, tourism, consumer electronics and entertainment media.

In the first three months of the year, the Retail and Technology sector achieved a sales increase of 11.4% to EUR 63.5 million. This sales increase was generated exclusively by organic sales growth. Consequently, Retail and Technology has recorded the highest organic growth rate of all sectors. Acquisitions made a 2.0% contribution to sales growth, while currency effects reduced sales by 2.1%. The activities of Retail and Technology were highly successful across the globe. The continued business success is attributable to the consistent implementation of the strategy based on an international network sustained by the global use of the StarTrack production and reporting system. Income rose overproportionally by 13.3% to EUR 12.7 million. At 20.0%, Retail and Technology achieved the highest margin of all sectors. Compared with the same period in the prior year (19.7%), the sector succeeded in increasing the margin further.

MEDIA: The Media sector provides information services on reach and the intensity and nature of media usage and acceptance in more than 20 European countries and the USA. The offering is directed at clients from media companies, agencies and the branded goods industry. It comprises continuous surveys as well as specific, one-off studies and analyses. The Media sector draws its information from the various media, including television, radio, print, outdoor advertising and the Internet.

At 8.0%, organic growth in sales in the Media sector was very pleasing. The first quarter of 2008 saw the renewal of the Belgian TV ratings contract by a further three years and the BBC Cross Media Agreement in the UK was also extended by another year. The strong order book forms the basis of the sector's overproportional growth. Currency effects reduced sales by 5.8%, with the sector consequently achieving an increase in sales totaling 2.2% to EUR 30.2 million. At EUR 5.4 million, income was almost at the prior year's level (EUR 5.6 million), despite higher charges from currency effects. The margin amounted to 17.9%.



Regional trends

The GfK Group divides its business activities into regions comprising Germany, Western Europe/Middle East/Africa, Central and Eastern Europe, North America, Latin America, and Asia and the Pacific.

GfK has expanded its market position and recorded excellent growth, particularly in the growth regions of Central and Eastern Europe, Asia and the Pacific and Latin America.

In GERMANY, the region contributing the second-highest share of sales, GfK achieved a further marked increase in sales in the first three months of the year to EUR 67.5 million. Compared with the first quarter of 2007, organic sales growth was up by 4.7 percentage points to 8.2% (prior year: 3.5%). The GfK Group is the undisputed market leader in Germany.

With sales totaling EUR 109.6 million, WESTERN EUROPE/MIDDLE EAST/AFRICA retained its position as the region making the highest contribution to sales (prior year: EUR 107.9 million). Organic sales growth amounted to 3.3%, with acquisitions boosting sales by 2.0%. Currency effects impacted negatively on sales with 3.8%.

In the first quarter of 2008, sales in the region CENTRAL AND EASTERN EUROPE increased by a total of 20.5% to EUR 18.6 million. Organic sales growth amounted to 18.6%. Currency effects enhanced sales by 0.2% and acquisitions boosted them by 1.7%.

In the first three months of the year, the GfK companies in the NORTH AMERICA region generated sales of EUR 49.6 million (prior year: EUR 58.8 million). In organic terms, sales were down 2.3%. The decline in organic sales in this region is largely attributable to the trend in HealthCare business. The US pharmaceutical industry is battling with dramatic sales losses resulting from generic drugs, slow FDA approval processes for new, patented products and numerous re-assessments based on both political and regulatory aspects. The subsequent cost pressure on the pharmaceutical industry results in a number of effects, including cuts in market research budgets.

Compared with the same quarter in the prior year, the order book is weaker and the relevant HealthCare business units have responded to this with comprehensive restructuring measures. In the process, redundant structures are being removed and operational functions merged. In the first three months of 2008, the currency depreciation of the US dollar against the euro accelerated. This resulted in negative currency effects of 13.3%. There has been no indication to date of economic conditions dampening demand for market research services in other North American business units.



In the first quarter of 2008, the LATIN AMERICA region recorded highly dynamic growth of 27.6% to achieve sales increase to EUR 6.8 million. With organic growth of 26.3%, the GfK companies in this growth region attained the highest rate of organic growth worldwide. Currency effects boosted sales by 1.3%.

Sales in ASIA AND THE PACIFIC rose by a total of 39.2% to EUR 16.0 million. Organic sales growth accounted for 14.6 percentage points. GfK continued to expand its market position in this region on the strength of additional acquisitions in the first quarter of 2008 and acquisitions added 28.8% to sales. Currency effects reduced sales growth by 4.1%.

Outlook

The statements below relate exclusively to the GfK Group and do not represent a forecast of any planned merger of equals between GfK and TNS. At the time of publication of the quarterly report, the negotiations are yet to be concluded and no definitive statements can consequently be made. GfK welcomes the willingness of the TNS management to conduct negotiations on this merger and expects broad-based support from shareholders after the positive indication from GfK-Nürnberg e.V. that it will give its backing to the merger.

Given the merger discussions underway, GfK is not confirming, restating or updating the sector targets or certain other forward-looking statements published in its 2007 Annual Report. Within the limitations of their merger process, GfK makes the following observations in relation to the outlook of the year:

On the strength of its balanced business portfolio, GfK is confident that it will perform well, even in the face of the slow down in the global economy.

GfK expects to increase sales in financial year 2008 by more than 5.5% on an organic basis, including the companies joining the consolidation at the beginning of the year, and to once again outperform the market. This does not take into account the impact of currency effects.

In the first four months of 2008, order book performance at the GfK Group was positive. As of the end of April, the order books, which reflect the total of orders invoiced and orders secured that relate to 2008, already represented 61.8% of expected annual sales (2007: 60.6%), which corresponds to an improvement of 1.2 percentage points on the prior year.

GfK intends to use a major proportion of its free cash flow by the end of 2008 to expand the company network and reduce net debt.

GfK expects highlighted items in the year 2008 to amount to somewhere in the range of EUR 20 million to EUR 25 million. Financial expenses are set to decrease (net) to around EUR 20 million.



Since the 2008 corporation tax reforms came into force in Germany, new tax regulations have applied. GfK does not expect the tax charge to be reduced as a result of this new legislation. In any event, the impact of the German tax ratio on the Group's tax ratio is limited. The GfK Group aims to achieve a tax ratio of below 30%.

Provisional key dates in the financial calendar

May 21, 2008	Annual General Meeting, Nuremberg
August 14, 2007	Interim report as of June 30 ¹⁾
November 14, 2008	Quarterly report as of September 30 ¹⁾

1) Publication is scheduled for before the start of the trading session

The GfK Group

The GfK Group is the No. 5 market research organization worldwide. Its activities cover the three business sectors of Custom Research, Retail and Technology and Media. The GfK Group achieved sales of 1,162,1 million euros in financial year 2007. The Group has 115 companies covering over 90 countries. Of a total of approximately 9,297 employees (as of March 31, 2008), 80% are based outside Germany. For further information, visit our website: www.gfk.com

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