

Press Release

GfK reports lower sales and income

12 August 2016

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Nuremberg, August 12, 2016 – GfK's results for the first half of 2016 were below the previous year's figures for the same reporting period. In the first quarter of 2016, the group achieved organic growth of 0.9 percent, while sales in the first half of 2016 were down 1.5 percent. At 8.2 percent, the margin for the second quarter of the year almost matched that of the first quarter, but was not at the level of the same quarter in the previous year (9.5 percent). Adjusted operating income was down by € 12.3 million to € 58.9 million on the same period in the previous year. Strong organic growth in the Consumer Choices business was offset by a downward sales trend in the Consumer Experiences sector.

Matthias Hartmann, CEO of GfK: "The second quarter of this year was disappointing. We had to set up provisions as a result of delays with growth initiatives in the Consumer Choices sector. Our focus now is on resolving start-up problems with these projects and increasing the external order intake in the Consumer Experiences sector. The additional cost-cutting measures and adjustments to resources implemented will contribute positively in the second half of the year. On the positive side, we had a strong cash flow."

Sales at the Group amounted to € 721.7 million in the first six months of 2016. In total, this represents a 3.4 percent decrease in GfK Group sales. Currency effects of -2.4 percentage points accounted for a significant share of the decrease.

Adjusted operating income was down by € 12.3 million compared with the previous year to € 58.9 million.

The **margin** was 8.2 percent, as against 9.5 percent in the first half of 2015.

The **Consumer Experiences** sector reported a sales decrease of 7.8 percent in organic terms for the first half of the year, following a weak order intake for traditional ad hoc research which fell short of expectations. The resulting reduction in adjusted operating income could not be offset in full by the resource and cost-savings measures already implemented. On the operations side, GfK is working towards a further increase in efficiency. The relocation of operations activities to the Global Service Centers is progressing well. In the first half of this year, the level of order intake and sales in ad hoc business were considerably down on the same period in the previous year. Expectations for the future were also revised

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downwards. The resultant review of the goodwill reported for the Consumer Experiences sector required an impairment of € 139 million. Goodwill for the Consumer Choices sector was not affected by this impairment.

The **Consumer Choices** sector continued to grow in organic terms. However, delays in television audience measurement contracts and other growth initiatives as well as the results of the now sold Animal and Crop Health business significantly impacted the sector's margin. The Point of Sales Measurement business showed solid growth. GfK continues to expand it with new product categories, industries, value added services and online reporting options. In Media Measurement, start-up problems with new contracts have affected results, above all the TV audience research contract in Brazil. Necessary adjustments and provisions have been taken. With the publication of data since July 1, 2016 and CENP (Standard Norms Executive Council) accreditation, significant progress has been made in Brazil. Contracts have since been signed with two new clients, another TV station and an advertising agency. Negotiations with further TV stations and advertising agencies are ongoing. At the same time, GfK's Crossmedia Link product is being launched in more countries, becoming a digital main pillar.

The **regions** Latin America and Central Eastern Europe/META reported robust organic growth rates. However, similar to the previous quarter, substantial negative currency effects also occurred. At the same time, a downward trend was evident in the mature markets of Northern Europe, Southern and Western Europe as well as North America.

GfK adjusted its **outlook** on August 5, 2016 in view of the challenges mentioned and the figures reported for the first half of the year. Depending on the development of the order intake in the Consumer Experiences sector and the progress of the growth initiatives in Consumer Choices sector, sales growth below the market and a lower margin than last year cannot be ruled out for 2016 as a whole.

Key figures

In € million (rounded)	Q2 2015	Q2 2016	Change in percent	H1 2015	H1 2016	Change in percent
Sales	384.8	361.2	-6.1	747.2	721.7	-3.4
EBITDA	53.3	38.4	-28.0	89.5	83.1	-7.1
Adjusted operating income	43.9	26.8	-38.9	71.2	58.9	-17.3
Margin in percent ¹⁾	11.4%	7.4%	-4.0 ²⁾	9.5%	8.2%	-1.4 ²⁾
Operating income	38.4	-126.1		58.1	-98.6	
Operating income ³⁾	38.4	15.1	-60.8	58.1	42.6	-26.6
EBIT	37.9	-127.2		58.7	-99.5	
EBIT ³⁾	37.9	14.0	-63.1	58.7	41.6	-29.1
Other financial result	-3.3	-3.1	5.5	-9.8	-5.9	39.8
Consolidated total income	19.7	-148.3		28.9	-132.8	
Consolidated total income ³⁾	19.7	-7.1		28.9	8.4	-70.9
Cash flow from operating activities	12.4	10.2	-17.4	31.4	56.9	81.1
Basic earnings per share in €	0.46	-4.08		0.63	-3.68	
Basic earnings per share in € ³⁾	0.46	-0.21		0.63	0.19	-70.3

1) Adjusted operating income in relation to sales

2) Percentage points

3) Excluding goodwill impairment

The detailed report on the first six months of the year is available to download from the Investor Relations website:

http://www.gfk.com/fileadmin/user_upload/website_content/investors/publications/documents/Reports/2016/GfK_H1_2016_EN.pdf

Note to the editors:

On the evening of August 11, 2016, GfK has published an adhoc announcement as well as a related press release titled “Chief Executive Officer and Chairman of the Supervisory Board leave GfK”. See the press release [here](#).

About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK’s long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers’ experiences and choices.

For more information, please visit www.gfk.com or follow GfK on Twitter: https://twitter.com/gfk_en

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Provisional key date in the 2016 financial calendar

14 November 2016: Nine-month report as at 30 September 2016

Provisional key dates in the 2017 financial calendar

31 January 2017: Trading Statement
14 March 2017: Accounts press conference
15 May 2017: Quarterly report as at 31 March 2017
18 May 2017: Annual General Meeting
14 August 2017: Half-year report as at 30 June 2017
13 November 2017: Nine-month report as at 30 September 2017