

Press release

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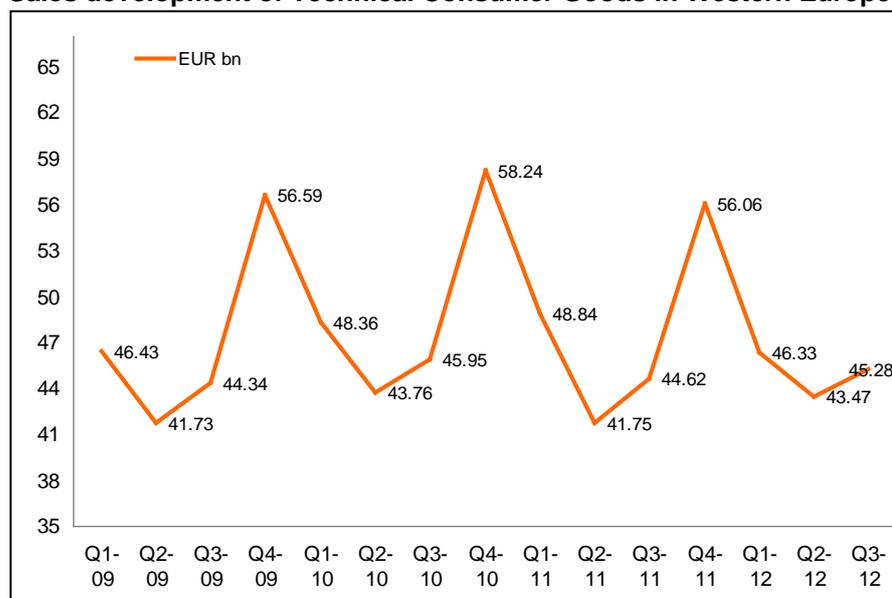
Technical Consumer Goods market: positive but slightly cautious development in Q3 2012

Results of the GfK TEMAX® Western Europe for the third quarter of 2012

Nuremberg, November 28, 2012 – The overall Technical Consumer Goods (TCG) market in Western Europe saw a 1.5 percent value increase in Q3 2012 compared to the same period last year. Sales generated during this period amounted to €45.3 billion and with a slight decrease of 0.1 percent and a total sales volume of €135.1 billion, the cumulated development from January to September is nearly identical to 2011. Countries most affected by the economy crisis struggled with decreasing growth rates in almost all sectors.

In Q3 2012, Telecommunication remained the strongest sector in growth within GfK TEMAX® Western Europe. Information Technology, SDA and MDA also performed well with single digit growth rates. The Consumer Electronics sector currently lacks any outside influences which could stimulate sales.

Sales development of Technical Consumer Goods in Western Europe



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Source: GfK TEMAX® Western Europe, GfK

Telecommunication: sector continues to be growth driver in Q3

Telco sales reached €5.6 billion in Q3 2012. With a sales value increase of 16.5 percent, the Western European Telco sector achieved the strongest growth of all sectors within the GfK TEMAX[®] in Q3 2012. This sector achieved cumulated growth of 13.8 percent for the first three quarters of the year and its sales value amounted to €16.1 billion. With the exception of Greece and Spain, developments in all countries showed significant growth.

There were many factors for the growing demand for smartphones: massive subsidies by operators made the switch from a feature phone to smartphone very attractive for consumers and bigger displays and other features like near field communication are emerging to mass market price bands. Higher data transfer rates on the new LTE standard also allow extremely fast internet usage and this service is now available in key markets such as Germany, the UK, the Netherlands and France. New operating systems with attractive user interfaces and new developments for existing ones make it a difficult choice for consumers, but still help stimulate demand. Smartphones therefore will definitely play a very important role in the holiday season.

Information Technology: dawn of new technologies

The Western European IT sector recorded sales of €14.1 billion between July and September 2012. This corresponds to a growth rate of 4.9 percent, compared to Q3 2011. As for the first three quarters of 2012, there was a 2.6 percent increase, which meant a market value of €41.4 billion. All countries except for Portugal and Greece demonstrated value growths between July and September. The Swedish IT sector alone hit the double-digit barrier.

IT markets in Western Europe are currently affected by different basic trends. On one side there are many product segments within the IT sector with high market volume but limited growth rates. So the sold units for products like desktop computers, mobile computers, peripherals and external HDDs are on a very high level and the household penetration with these products is also very high. Therefore, the growth is limited. On the other hand, there are new products with high growth rates in the market. Products like media tablets, ultrathin notebooks, Windows 8 and solid state drives will have a high market potential and influence the IT market positively.

Small Domestic Appliances: upward trend continues

Western European consumers spent a total of €3.3 billion on Small Domestic Appliances in Q3 2012. This corresponds to a sales increase of 4 percent, compared with Q3 2011. As for the first three quarter results, the market value stands at €10.2 billion, with growth of 2.9 percent. On a country level the best performing markets were Austria, Germany and the UK.

A strong growth of vacuum cleaners, coming mainly from the UK market, explains a significant part of the positive SDA performance. Different types of appliances contributed to the success but the leaders were bagless cylinder vacuum cleaners. Furthermore portioned filter coffee pushed sales, mainly driven by France. Hot beverage makers, similarly to portioned and full automatic espresso machines, experienced price declines in Western Europe. Kitchen machines continued to be the motor of growth in the field of kitchen appliances. Also, innovative products like liquidizers with cooking function are becoming more and more popular, especially in France and the UK.

Major Domestic Appliances: UK and Germany generate growth

Overall, the Major Domestic Appliances (MDA) sector in Western Europe registered sales of €8.1 billion in the third quarter of 2012, which corresponds to an increase of 2.2 percent in comparison to the year before. The UK MDA market growth almost reached the double-digit barrier and was followed by Germany. The negative development in Spain, Portugal, Italy and Greece continued due to the economic situation.

The positive development in the UK can be explained through promotional activities, increasing internet sales and the ongoing trend towards higher capacities above 7 kg for washing machines. In Germany the trend towards high quality and energy efficiency is supported by the European energy label that makes it easy for the consumer to recognize highly efficient appliances. Since end of May 2012 the energy label can also be used for tumble dryers on a voluntary basis and will be obligatory from end of May 2013.

Photo: high feature products and accessories in demand

Western European consumers spent slightly less on photo products between July and September 2012 than in the previous year. Total sales in Q3 2012 amounted to €2.1 billion, a minimal decrease of 0.3 percent. The cumulated yearly results of 2012 are down 3.6 percent on the previous year's same period and account for a market size of €5.9 billion. The Photo market kept booming in Austria, Germany and France with a healthy single digit growth rate.

A key trend is that fixed lens cameras are declining in volume, affected by high home penetration on one side and smartphone business on the other, which also means consumers are reluctant to spend on low end products. Long zoom and high feature products, and WIFI in particular, have seen exceptional growth in the last few months due to photokina 2012 in September. Additionally, there were increases for accessories, driven by the growth of changeable lens cameras which are creating a platform for additional tripods, flashes, bags and further accessories. Photo sales at Christmas are expected to do well because of new product ranges and manufacturers.

Office Equipment and Consumables: consumables and multifunctional laser devices on the rise

Total sales of the Western European Office Equipment and Consumables sector amounted to €3.7 billion in the third quarter of 2012; this is a quarter on quarter decrease of 2.3 percent. Countries surveyed in GfK TEMAX[®] Western Europe showed differing results. Austria performed well and was followed by Belgium, while the rest of the countries demonstrated declines.

Inkjet and laser printers continued to suffer and witnessed a negative trend. But on the other hand, MFDs are performing well. Also, inkjet cartridges are showing, for the first time in a while, positive trends. Germany and the UK in particular are experiencing this trend. Laser toner sales are picking up again in Germany and Italy; however no positive trend was seen. As those countries are the most important for the laser market, these are encouraging signs for the rest of the year.

Consumer Electronics: currently no external market impulse

The Western European CE market experienced similar country results in Q3 2012. Between July and September, sales amounted to €8.2 billion, a decrease of 11.1 percent compared to the previous year. The cumulated year results show a decline of 9.7 percent, on average. Sales amounted to €26.6 billion in total.

In general, the TV market in Western Europe is not benefitting from any external influences. The penetration of Flat TVs in households is on a high level. The cut off of analogue TV signals has finished in all big Western European countries and is only pushing sales in Greece and Portugal. So in Q3, the TV market lost positive momentum but is on a much higher level compared to previous years.

Consumer's interest seems to have moved back to stereo listening as pure audio systems, MP3 docking devices and headphones demonstrated better growth, picking up on the success of smartphones. Attractive and fashionable products are highly sought after by consumers.

GfK TEMAX[®] Western Europe: growth continues in the third quarter

With a growth rate of 1.5 percent, the Technical Consumer Goods markets in Western Europe showed a positive but slightly cautious development in Q3 2012. Total sales between July and September amounted to €45.3 billion. However, the countries, most affected by the economic crisis are still facing decreasing sales in most markets. The UK, Austria and Germany are successfully defying the unsafe economic conditions.

Preconditions for a good Q4 2012 and successful Christmas business are not ideal. Economic conditions have not improved in most European countries and many European consumers do not expect rapid economic recovery. Nevertheless, there are countries like Germany where this awareness

seems to have had hardly any effect on consumers' buying behavior. This gives hope to some healthy performances in Q4 2012.

Summary in table format

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q3 12 /Q3 11	Q1-3 2012	Q1-3 12 /Q1-3 11
	M.EUR	M.EUR	M.EUR	M.EUR	+/-%	M.EUR	+/-%
Consumer Electronics (CE)	12,929	9,690	8,677	8,196	-11.1%	26,564	-9.7%
Photo (PH)	2,480	1,715	2,071	2,120	-0.3%	5,906	-3.6%
Major Domestic Appliances (MDA)	8,243	7,682	7,385	8,145	2.2%	23,212	0.4%
Small Domestic Appliances (SDA)	4,639	3,600	3,223	3,335	4.0%	10,157	2.9%
Information Technology (IT)	17,122	14,216	13,042	14,131	4.9%	41,389	2.6%
Telecommunication (TC)	6,330	5,270	5,202	5,654	16.5%	16,126	13.8%
Office Equipment & Consumables (OE)	4,320	4,158	3,870	3,697	-2.3%	11,725	-3.5%
GfK TEMAX® Western Europe	56,063	46,331	43,470	45,279	1.5%	135,079	-0.1%

Source: GfK TEMAX® Western Europe, GfK

The Survey

GfK TEMAX® is an index developed by GfK to track the technical consumer goods markets. The findings are based on surveys carried out on a regular basis by the retail panel of GfK. The retail panel comprises data from over 390,000 retail outlets worldwide. Since February 2009, GfK has also been compiling the GfK TEMAX® index at international level in more than 30 countries. It is the first index that includes all of the markets for technical consumer goods in different countries. All reports and press releases are available at www.gfktemax.com.

If information from this press release or www.gfktemax.com is cited, GfK TEMAX® should be explicitly indicated as the source.

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