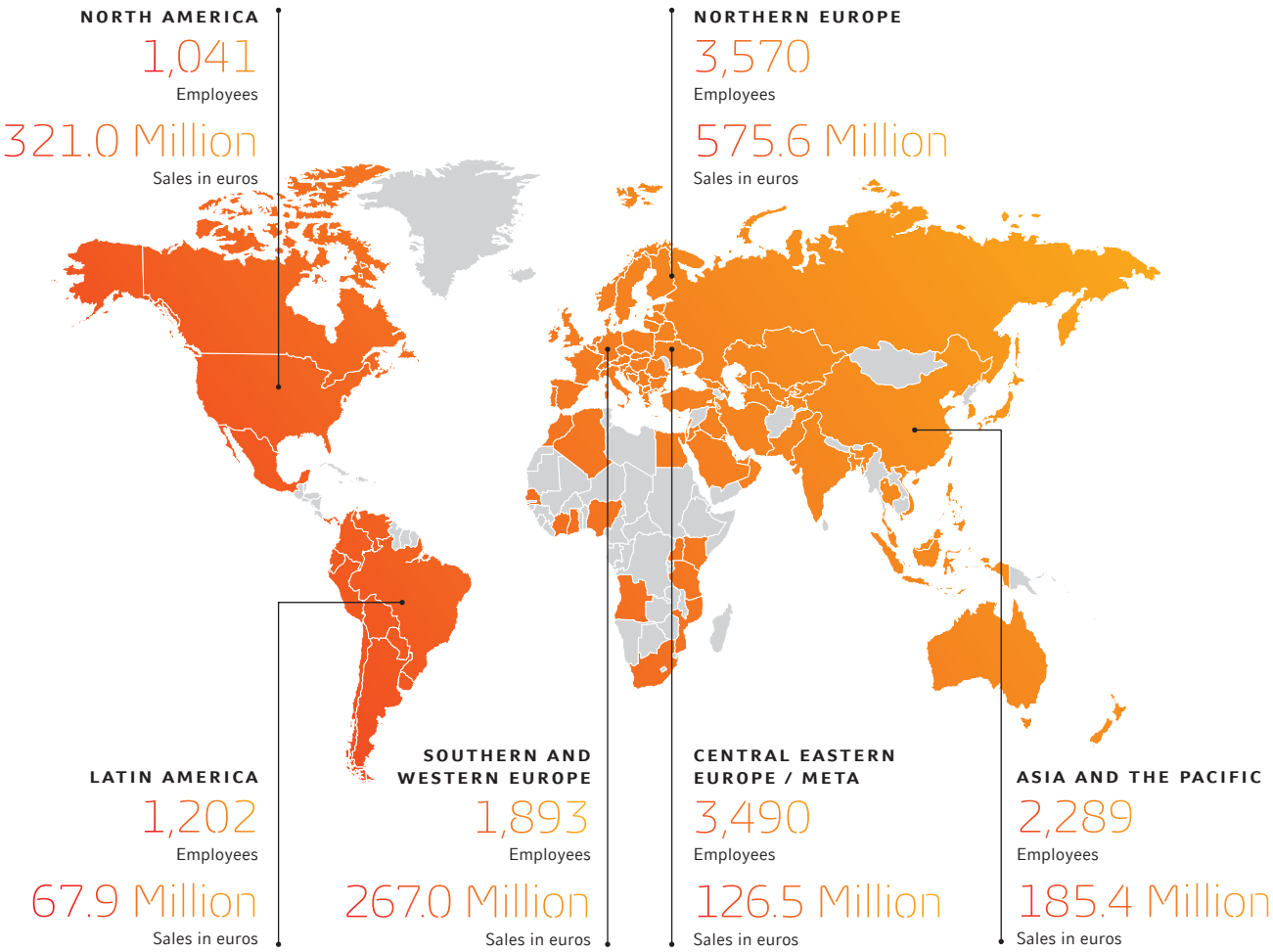
THE ART OF SMART DATA

Annual Report 2015



GfK GROUP 2015: IN FIGURES

		2014	2014[1]	2015	2015[1]	Change in percent[1]
Sales	€ million	1,452.9	1,452.9	1,543.4	1,543.4	+6.2
EBITDA	€ million	202.2	202.2	231.2	231.2	+14.4
Adjusted operating income[2]	€ million	178.8	178.8	187.6	187.6	+4.9
Margin[3]	percent	12.3	12.3	12.2	12.2	–
Operating income	€ million	68.0	127.5	104.2	143.6	+12.6
Income from ongoing business activity	€ million	47.6	107.1	87.9	127.3	+18.9
Consolidated total income	€ million	19.4	78.9	40.7	80.1	+1.6
Tax ratio	percent	59.3	26.3	53.7	37.0	–
Cash flow from operating activity	€ million	196.9	196.9	170.9	170.9	–13.2
Earnings per share	€	0.16	1.79	1.01	2.09	+16.8
Dividend per share	€	0.65	0.65	0.65	0.65	+0.0
Total dividend	€ million	23.7	23.7	23.7	23.7	+0.0
Number of employees at year-end	full-time positions	13,380	13,380	13,485	13,485	+0.8

1) Excluding goodwill impairments of € 59.5 million (2014) and € 39.4 million (2015)
2) Adjusted operating income is derived from operating income. The following income and expense items are excluded in the calculation: goodwill impairment, write-ups and write-downs of additional assets identified on acquisitions, income and expenses in connection with share and asset deals, income and expenses in connection with reorganization and improvement projects, personnel expenses for share-based incentive payments, currency conversion differences and income and expenses related to one-off effects and other exceptional circumstances
3) Adjusted operating income in relation to sales (in percent)

»WE CAN ONLY DEVELOP FORECASTING MODELS THAT HELP OUR CLIENTS TO GENERATE THE LARGEST POSSIBLE RETURN ON INVESTMENT IF WE ARE ABLE TO RECOGNIZE RELATIONSHIPS AND PATTERNS. OR, TO PUT IT IN ANOTHER WAY, CONNECTIVITY IS THE ENGINE THAT DYNAMICALLY DRIVES OUR BUSINESS MODEL – AND THAT OF OUR CLIENTS.«

MATTHIAS HARTMANN
Chief Executive Officer GfK

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CONNECTIVITY –
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Annual Report magazine 2015

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ADDITIONAL INFORMATION

CONNECTIVITY — THE ART OF SMART DATA

ANNUAL REPORT MAGAZINE 2015

THE BEST CONNECTIONS

When today's researchers map out our future, it is only natural for them to touch upon all manner of concepts and pioneering technology. However, when they turn their attention towards how we will go about our business in the future, one key word in particular is almost guaranteed to come to mind:

connectivity.

Transport researchers define this as technology that will enable cars to connect with other cars, road users, weather services, control centers and entertainment services in real time. By using this connectivity technology when on the move, drivers will be able to avoid collisions, evade icy roads and receive traffic jam alerts (as well as automatically warning others about congestion). One day, this technology will even enable them to travel by car for hours without having to touch the steering wheel at all.

Connectivity is therefore simply the art of combining technology and knowledge to create considerable benefits for us all. It allows us to take things a step further by thinking beyond traditional limits and by stepping out of our silos. It involves building connections between elements that belong together (even when these connections are sometimes extremely difficult to recognize), and ultimately finding even more effective and efficient ways of meeting objectives that previously seemed unobtainable. In other words, connectivity is exactly what GfK is currently putting into action on all levels.

"Using meaningful connections to create value is an essential basis of our business model," explains Matthias Hartmann, CEO of GfK. "We can only develop forecasting models that help our clients to generate the largest possible return on investment if we are able to recognize relationships and patterns – for example between marketing and technology, media usage and buying behavior or the way in which consumers express their preferences." Or, to put it another way, connectivity is the engine that dynamically drives GfK's business model – and that of its clients.

GfK's various levels, research disciplines and approaches contain a host of examples of the highly dynamic way in which the company builds connections. These include unprecedented combinations of technology that open surprisingly new horizons. Connections between strong brands and their (potential) followers, who can be reached in new and significantly more effective ways. Between knowledge gained in the past and future potential. Between data from a range of sources which GfK can combine intelligently to help gain unexpected insights into how consumers think and act – always under the condition that all data protection requirements are observed rigorously and that consumers' anonymity is protected. Virtually none of this would be possible without the connections GfK is making between its many different competencies.

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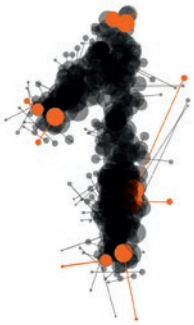
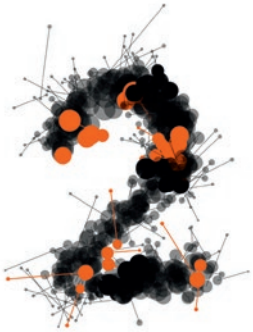
WE LISTEN CAREFULLY



GfK MarketBuilder Voice is an impressive example of the way in which new technologies can be combined with conventional skills to create completely new possibilities. First introduced by GfK in autumn 2015, this innovative analysis tool is based on the insight that, although a good survey encourages consumers to reveal a great deal about whether and how much they like a product, the *way* in which they give their answers has not been considered until now. As the proverb goes, "It's not what you say, but how you say it." However, although the way in which something is said is highly relevant, it has never been systematically recorded until now. This is why, together with scientists from Imperial College London, GfK has developed the first software to record parameters such as the pitch, intensity or intonation of consumer statements empirically. This immediately adds a new and highly informative dimension to consumer research.

To find out exactly how GfK MarketBuilder Voice works, see page 24

WE UNLOCK POTENTIAL



GfK follows this approach to systematically expand its clients' business potential. It not only intelligently combines knowledge and information to uncover sources of revenue and business fields, but often even succeeds in discovering brand-new markets. Every successfully operating market environment is built on a reliable currency in which the value of its goods can be calculated and negotiated.

While it is relatively easy to determine the price of tangible goods such as coffee, computers or cars, calculating intangible values such as the impact of a YouTube or TV spot or online ad is far more complicated. How can you work out the price of an advertising campaign if nobody knows how many consumers it will reach? What can and what must advertising time on specific channels cost if the price is to be fair? How many and which customers will not only receive but also register the message? And how many of these customers will be inspired to make a purchase? What is the expected impact on the brand?

"We are one of the leading market researchers that have single-source panels to answer these questions," explains Friedrich Thoma, Global Head of Strategy at GfK. "By simultaneously measuring consumers' buying behavior and media usage, we can, for example, measure the actual influence of mobile or TV ads on buying behavior or model the optimum marketing mix."

»WE ARE ONE OF THE LEADING MARKET RESEARCHERS THAT HAVE SINGLE-SOURCE PANELS.«

FRIEDRICH THOMA
Global Head of Strategy at GfK

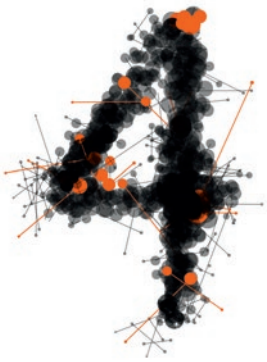
WE RECOGNIZE PATTERNS

This ability is all the more important given the growing amount of information, which is making the situation more and more confusing. If you make the wrong connections because you are unsure about how to read the coordinates, then you will almost certainly fail to meet your objective. These days, data analysis is becoming more and more like a process of lining up ever growing haystacks in which extremely valuable needles are hidden. The trick is therefore not only to be able to collect and process vast amounts of data, but – more importantly – to be capable of identifying the key pieces of information from these huge mountains of data and of creating links between them. One person with this rare skill is Dr. Roland Werner, Global Head of Data and Technology at GfK.

"We are confronted with a world where almost everything is interconnected," explains Dr. Werner, who has a PhD in computer science. "Rigid and one-dimensional relationships are being replaced by multilayered, flexible and ambiguous connections that are nevertheless relevant." Examples of this phenomenon include social networks such as Facebook and the many-sided, constantly changing connections that are difficult to identify but have an enormous influence on consumer preferences and purchase decisions. According to Dr. Werner, the ability to decipher the relevant patterns from the seemingly never-ending jumble of data is key. "Black-and-white distinctions were yesterday. Today is characterized by shades of gray. Only companies that can decode these gray tones will be able to continue supporting decision-making processes."

To name just one example, these countless shades of gray include rainfall data collected in the Brazilian state of Minas Gerais. At first glance, it appears that this data has nothing whatsoever to do with Christmas in Western Europe and the buzz created in certain Facebook groups. Similarly, the different consumer preferences found in Northern and Southern Germany seem to have little in common with the price of coffee capsules. And what role could climate change campaigners and environmental activists possibly play in this confusing mishmash of information? But, more importantly, what does all this say about the sales potential of coffee capsules?

WE PLAN AHEAD

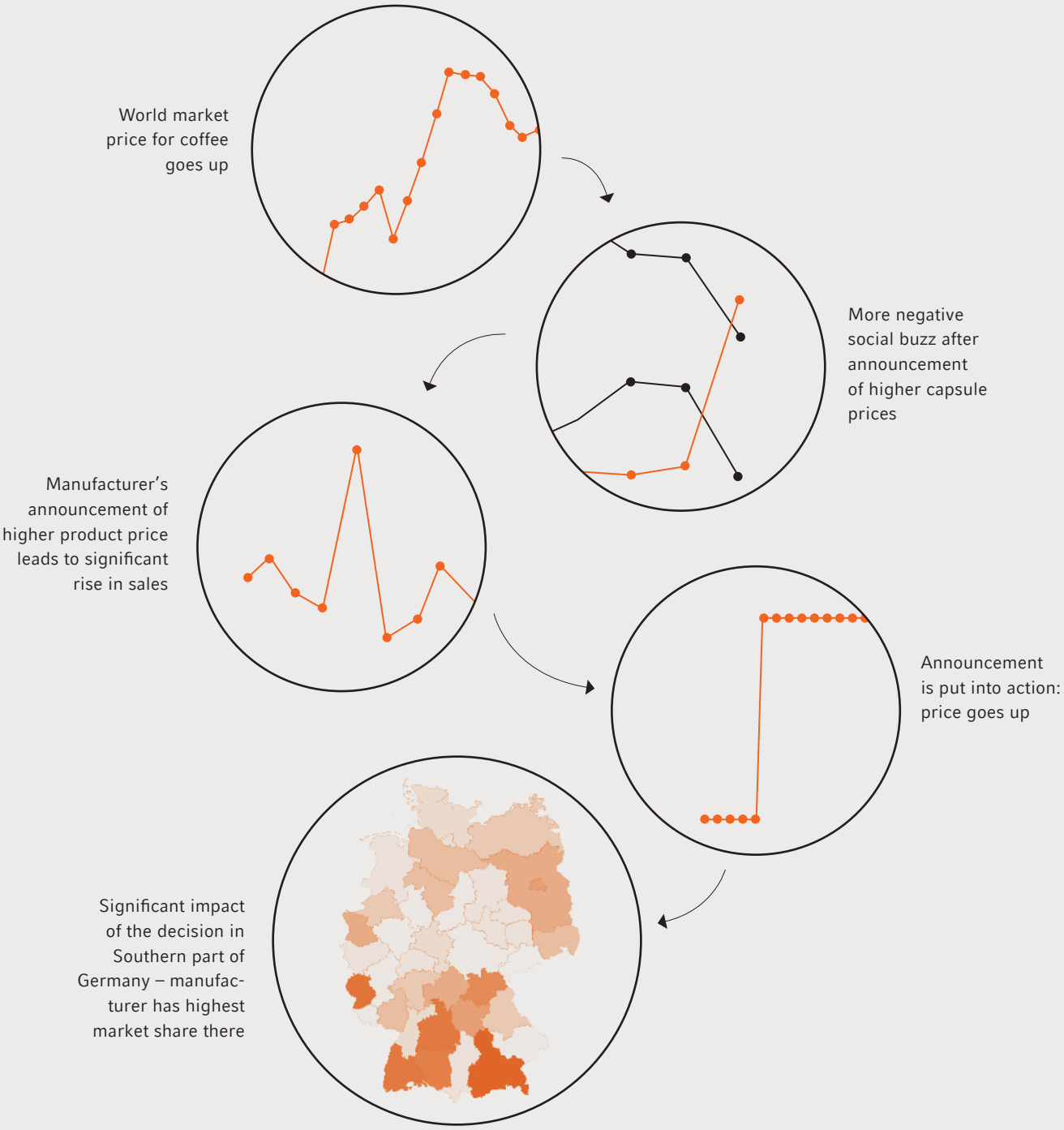


Actually, it says a great deal, as Dr. Werner and his team have demonstrated. In a pilot project, the data scientists proved that the sale of coffee capsules can be predicted relatively reliable provided that you are able to identify, understand and combine the relevant data. In this instance, among other things, "relevant" means the lack of rainfall and the resulting poor harvest in Brazil (the most important coffee exporter in the world), the Christmas season (which is normally accompanied by record sales of coffee capsules and coffee machines), and the announcement made by a coffee capsule manufacturer of its intention to raise its prices due to the drought in Brazil and increased purchase costs. Dr. Werner's graphs show very clearly how the very negative online responses to this from various groups of consumers resulted in coffee drinkers hoarding coffee capsules. Due to different geographic preferences among consumers, the effect varied from region to region. It is also obvious from Dr. Werner's data sheets that the growing controversy surrounding the environmental impact of coffee capsules had a major influence on sales figures.

"It's all very confusing, isn't it?" asks GfK's top technology expert with a smile. "It certainly seems that way at first. But if you know how to interpret the data, a very clear picture emerges." And, in actual fact, one of Dr. Werner's graphs shows how GfK can use the complex information available today with astonishing precision to make recommendations based on expected consumer decisions. All in all, a branched yet clear line could be drawn across countries and over several months between the drought in Minas Gerais and the retail sales.

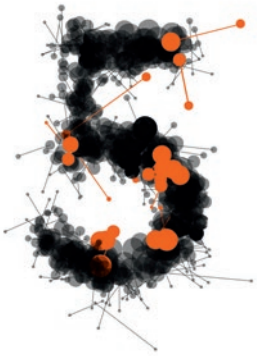
As discovered by Dr. Werner's team, the crystal balls of our time are digital and interconnected, and they go by the name of data.

WHAT IMPACT DOES A DROUGHT IN COFFEE REGIONS HAVE ON SALES IN COFFEE CAPSULE STORES?



GfK TURNS COMPLEX INFORMATION INTO KNOWLEDGE ABOUT CONSUMERS' FUTURE BEHAVIOR.

WE MASTER COMPLEX SCENARIOS



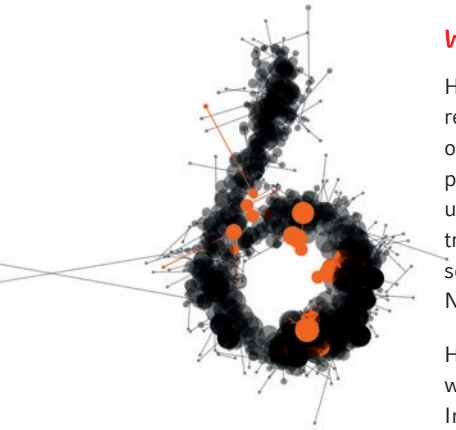
The work conducted by the data scientist and his team on coffee capsule sales may only have been a pilot project, but in the future such investigations will become increasingly common in the daily lives of market researchers. They will be able to determine customers' wishes and future purchases more and more accurately, even if the customers themselves do not know what they want. The key term here is Big Data.

"From the very beginning, GfK has been a leader in the central processing of huge quantities of data," explains Dr. Werner confidently. "But now big data technology enables us to process a greater variety of data much quicker and more cost-effective than ever before."

In order to capture and use this ongoing stream of data, Dr. Werner and his colleagues have been working flat out for the last few months on a project called Data Lake. In the future, this gigantic virtual lake, which is fed with data that GfK has collected from around the world, will form the shared reservoir of all its data sources. The data scientists of GfK will be able to select suitable information for their specific needs from this vast array of data, which will range from sales figures from virtually any industry to media usage data and studies from almost every group of consumers and region in the world. If you multiply the enormous spectrum of topics by GfK's long-standing history of collecting data, you will appreciate what Dr. Werner means when he refers to the "hundreds of terabytes of data" that will shortly be available in the Data Lake.

What is more, if required, the information from the GfK Data Lake can be enriched with publicly available data, social media feeds and information from our specific client. This is how GfK transforms Big Data into Smart Data, and raw data into valuable knowledge. And suddenly, by making the right connections, there is a clear, unmistakable picture from the unstructured and highly complicated masses of information. And it very quickly becomes clear where the clients' journeys may lead.

WE TURN DARKNESS INTO LIGHT



However, all this is just the beginning. The advance of the Internet of Things will give future market researchers access to even more relevant data to process and analyze. Ultimately, the ongoing process of digitalization is simply the powerful perpetual motion of data production, which is constantly producing new information. This torrent of data would be a curse for anyone trying to master it using yesterday's methods and means. GfK, on the other hand, sees it as an enormous treasure trove and is currently investing in expanding its data processing capacities so that these can be scaled up even more effectively in the future. The nucleus of this development can be found at the Nuremberg-based headquarters.

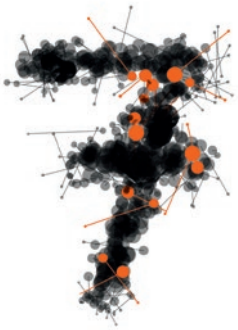
Here, an inconspicuous office with a dozen or so desks and computers houses the "Data Lab", which was established in 2015. The team comprises data scientists from Poland, the US, Ukraine, Iran and Germany who are among the best in their field. Their task? To develop technology and methods to make GfK´s integrated data analysis even more effective. Their expertise? Unique. "Our tasks and the opportunities we provide attract high-caliber, talented professionals from around the world," says Dr. Werner with satisfaction. "This, in turn, broadens our horizons. After all, the scarcest resources are not storage capacity, but human creativity and skills."

This means that, just as the world changes, GfK changes, too. The only difference is that GfK moves slightly quicker, more radically and purposefully. In other words, GfK never stops extending its lead. The increasingly close connections the company is building within itself play a major role in this.

»FOR EACH PROJECT, WE COMBINE THE PEOPLE WITH THE BEST SKILLS AND MOST RELEVANT EXPERIENCE TO FORM A POWERFUL TEAM.«

MATTHIAS HARTMANN
Chief Executive Officer GfK

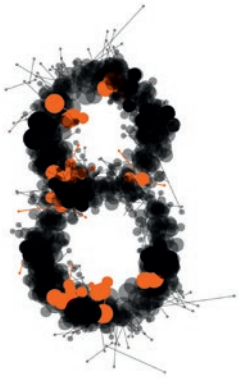
WE COMBINE COMPETENCIES



"We come from a decentralized world," says Matthias Hartmann, CEO of GfK. "In the past, many of our competencies were scattered about. Today, however, all our organization's skills are available at any time on virtual internal market places. For each project, we combine the people with the best skills and most relevant experience to form a powerful team."

From the Automotive and Consumer Goods industries to Media & Entertainment and Travel & Hospitality, GfK has experienced experts in almost every relevant field who are qualified to ask the right questions and help find the answers. GfK also boasts the relatively unique combination of expertise in both Consumer Experiences and Consumer Choices. While most of GfK's competitors concentrate on just one of these domains, the company is able to draw links between the knowledge it gains from both panel-based consumer research and specific market research projects. GfK has around 13,000 experts in more than 100 countries who use digital data processing techniques to constantly generate new findings even more quickly and accurately than ever before.

WE WRITE THE FUTURE



Already of huge importance, this skill will become invaluable in the future. If you know how to combine the right information in a large number of different disciplines and industries, you can use this data to foresee trends and make reliable forecasts. This approach transforms conventional re-search (which traditionally looks back to the past) into analytical pro-search, which uses well-founded predictions to help clients prepare for the future. It turns vague forecasts into precise foundations on which sounder, more successful decisions can be made.

This means that GfK provides brands and manufacturers with the most reliable way of connecting with both current and future customers. After all, in this age of excessive complexity, GfK's ability to make meaningful connections is indispensable in order to predict the future in what is still the most reliable way: by shaping it for one's self. //

WE CONNECT MOBILE AD EFFECTIVENESS WITH BRANDING METRICS

No kind of advertising is on the rise as much as mobile advertising right now. At the same time, however, there is also no other area where we have known so little about the actual effect of campaigns. Advertisers are in the dark about which messages actually reach which screens – that is unless they use an innovative solution able, for the first time, to precisely analyze the impact achieved in the highly dynamic advertising market.

Introducing GfK Experience Effects, with new mobile ad effectiveness capabilities.

»THE CHALLENGE FOR MARKETERS IS THE INCREASED EMERSION OF BRANDS IN A DIGITAL WORLD. BEHAVIORAL KPIS ARE NOT ENOUGH NOW, ROBUST BRANDING METRICS ARE ESSENTIAL.«

ARNO HUMMERSTON
Global Director of Brand and Customer Experiences at GfK

A good three years ago, a Brazilian car insurer posted an attention-grabbing ad on potential customers' smartphones and tablets. The ad showed an image of a car, but as soon as the user tried to swipe the screen to remove it, the car crashed at full speed against the edge of the screen. The campaign's tagline was "Unexpected events happen without warning. Make a Bradesco car insurance plan."

The campaign may have attracted a lot of attention and won a Gold Lion award in Cannes, but one thing remained a mystery: Which smartphone users and how many screens did it actually reach? What brand impact did the creative ad make on its target audience? In other words, did the insurance company benefit from the effectiveness of the ad itself, or was it just from winning a Gold Lion?

These questions sound trite but are a sign of a fundamental problem in the mobile sector: Apart from the delivery figures, until now there has not been any effective overall strategy to examine the impact of mobile advertising. Anyone involved in mobile advertising simply has to hope that their messages actually reach – and influence – their intended recipients. Henry Ford's remark that half the money spent on advertising is wasted, the trouble is you don't know which half, still rings a bell with advertisers in this mobile age.

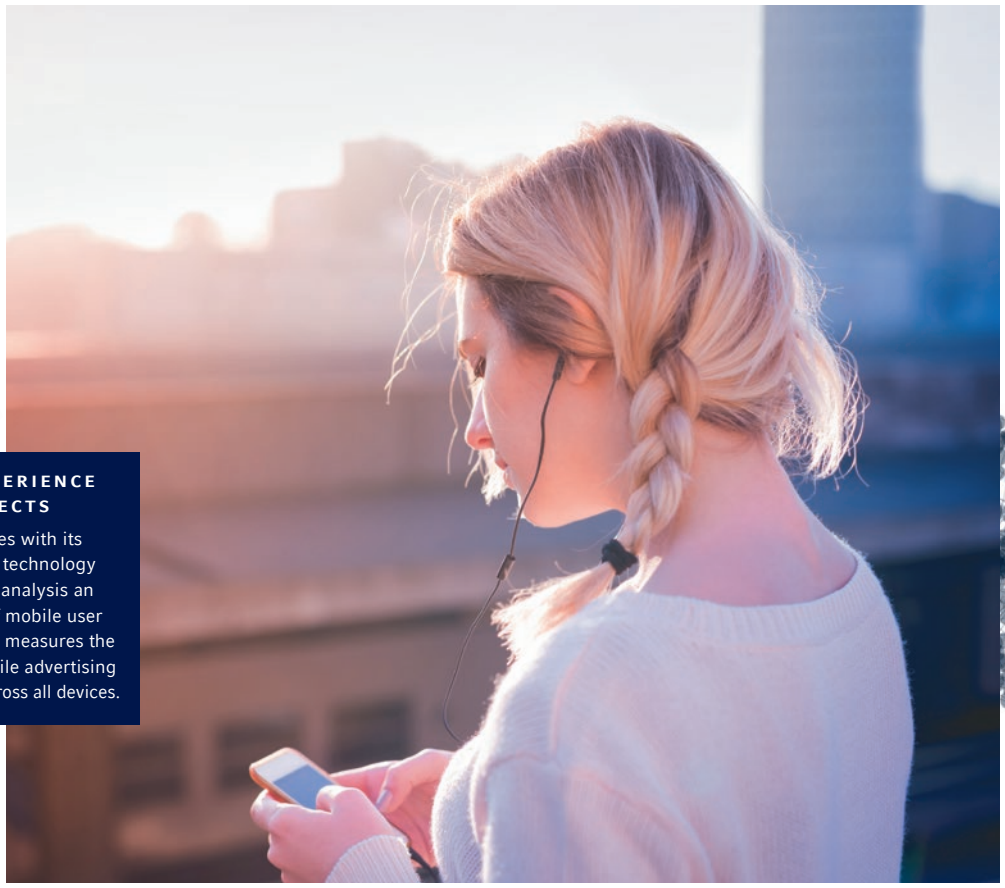
GfK Experience Effects, which debuted its mobile ad effectiveness capability in three markets in November 2015, now systematically removes this widespread uncertainty. This is because its innovative technology for in-app analysis captures ad effectiveness on mobile browsers and apps for the first time. Its launch in Great Britain, the US and Germany just a few months ago is set to quickly be followed by further markets.

UNCERTAINTY IN THE WORLD'S FASTEST GROWING ADVERTISING MARKET

This sentiment has stemmed from the enormous demand caused by the fast-growing significance of mobile channels. Mobile devices are now the most lucrative digital advertising medium in the world. US$100 billion – that's 51 percent of the total digital advertising budget – are expected to be spent on mobile channels in 2016. By 2019, spending is anticipated to double to US$196 billion, meaning it would account for over two-thirds of the expenditure on digital advertising. "We are now witnessing the fastest transition of ad budgets in history as marketers and agencies scramble to catch up with consumers' embrace of the mobile way of life," marvels Steve King, CEO of the global media agency ZenithOptimedia, in the company-owned blog. "Mobile technology is rapidly transforming the way consumers across the world live their lives, and is disrupting business models across all industries."

ZenithOptimedia forecasts that 12.4 percent of global ad spending in 2016 will be on mobile ads, the figure overtaking print advertising (11.9 percent) for the first time. This means mobile media is now the third most important advertising medium after TV and PC – a fact that is not so surprising when you think that there are over two billion smartphone users in the world. What's more, many consumers in China and the developing countries of Asia in particular only ever go online using their smartphones.

To find out more about the mobile-first market Indonesia, see page 18.



GfK EXPERIENCE EFFECTS

...provides with its innovative technology for in-app analysis an overview of mobile user behavior and measures the effect of mobile advertising campaigns across all devices.

ONE USER SUDDENLY BECOMES THREE IN ANALYSES

While the number of mobile users is increasing at a rapid rate, analysis of their usage behavior is noticeably lagging behind. "One of the main problems is that apps do not allow cookies. And, without cookies, reliable user identification from various devices was impossible to date," explains Arno Hummerston, Global Director of Brand and Customer Experience at GfK. This shortcoming led to a frustrating lack of precision when evaluating reach. For example, if an ad first reaches a user on an app and then via a web browser on his smartphone, the user is mistakenly identified as two recipients. Every additional channel used, for example a desktop or tablet, adds another phantom user.

Traditional recall questions in surveys are also of limited significance on mobile media devices. Hummerston says that many users don't remember having seen mobile ads when questioned because they are so discreetly posted. He adds that some respondents also claim that they have seen ads even though they had definitely not appeared on their screens.

"The challenge for marketers is that the increased emersion of brands in a digital world means the understanding of the impact on awareness, image, reputation, emotional connection and resonance is needed more than ever," explains Hummerston. "Behavioral KPIs are not enough now – robust branding metrics are essential."

GfK'S APPROACH PROVIDES AN OVERVIEW OF MOBILE USER BEHAVIOR

It is precisely this new GfK Experience Effects approach that provides these brand KPIs. It bridges the digital gap in efficiency analysis and measures the effect of mobile advertising campaigns across all devices. This provides marketers with a quality of reliable data and in-depth analysis in the mobile media segment that has never been achieved before.

Or, looking at it the other way around, one could say that not evaluating mobile ad effectiveness is like firing a shot in the dark and hoping the bullet will somehow reach its target. Only a precise examination of results, impact and optimization opportunities that GfK Experience Effects offers can drive campaign success. So now, it can be ensured that creative campaigns like Bradesco's are well received by the intended target audience – and not just the creative world. //

MEASURING THE IMPACT OF DIGITAL AD CAMPAIGNS – INCLUDING MOBILE

HAVE RESPONDENTS SEEN THE AD OR NOT

Across all digital media and non-digital

HOW?

ADS IN BROWSER

Exposure identified through tag and cookie approach

NEW

ADS IN APP

Exposure identified through ad IDs

ADS ON TV, RADIO OR IN PRINT

Exposure identified through OTS

Cross reference to unify exposure for the individual – GfK leverage large scale respondent pools/panels

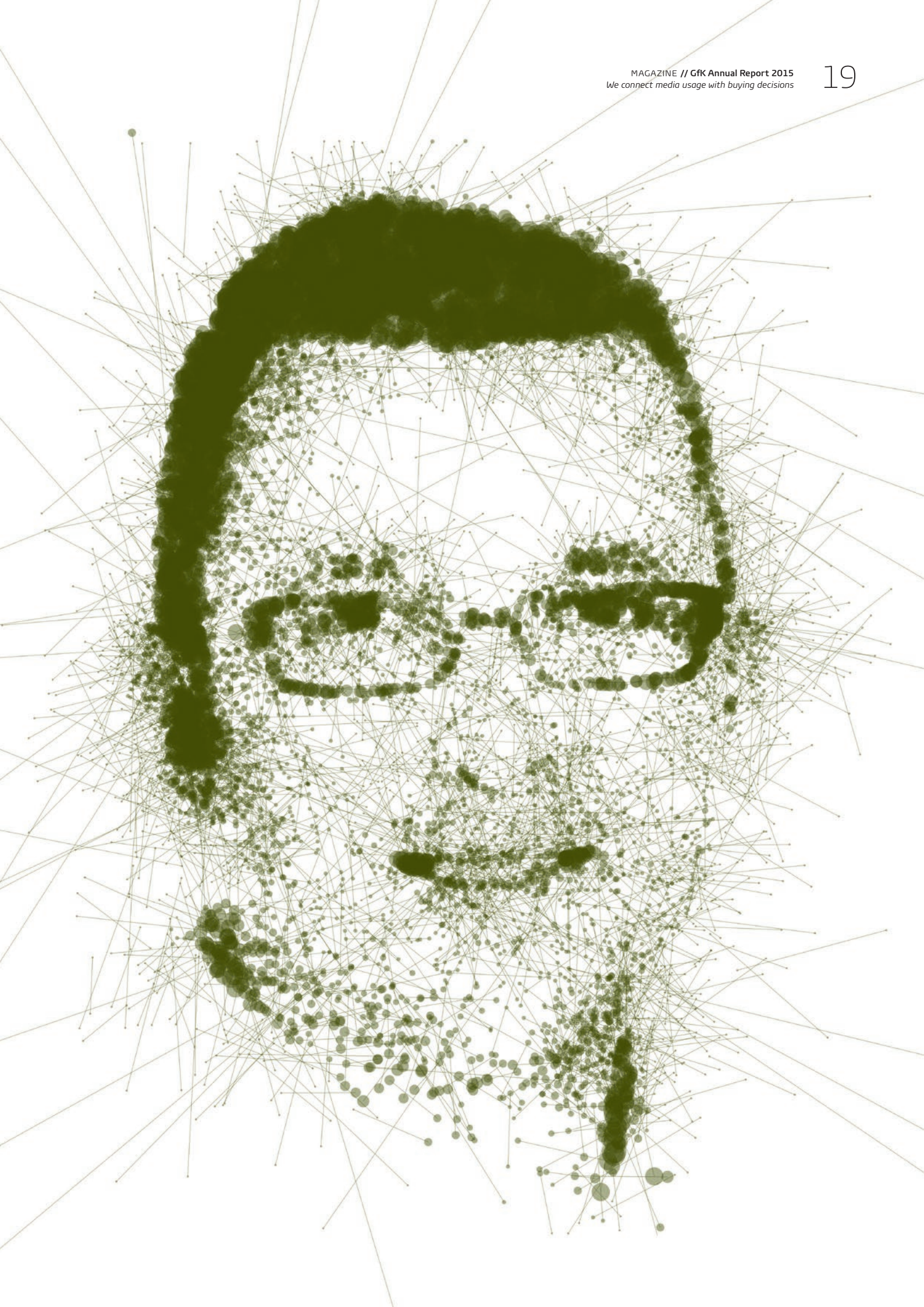
GfK combines ad exposure with surveyed brand KPIs to deliver the insights

WE CONNECT MEDIA USAGE WITH BUYING DECISIONS

How will we communicate in the future? What exactly does "mobile first" mean? And how does media usage translate into buying decisions?

To answer these questions, it helps if we take a look at Indonesia. By drawing on the example of the fourth biggest market in the world, we can see how mobile media will affect us in the future.

And GfK is at the forefront of these developments.



»INDONESIA IS A MOBILE-FIRST MARKET WHERE ONLINE ACCESS IS ALMOST EXCLUSIVELY VIA SMARTPHONE.«

STEFAN HEREMANS
Product Head GfK Crossmedia Link

Jakarta with its millions of inhabitants and the German city of Nuremberg are separated by the Indian Ocean, more than a dozen national borders and a total of over 10,000 partly mountainous, partly desert-like kilometers. Nonetheless, there is a very direct connection from GfK headquarters to the Far East and back. Indonesia is currently an excellent example of how Europeans will communicate and consume in the future. The analysis of these everyday practices is based on a technology developed by GfK's market researchers and provides customers worldwide with unique insights. Its name: GfK Crossmedia Link.

ON THE TRACKS OF DIGITAL CONSUMERS

The complete measurement of TV, print, online and mobile media usage from a single source is at the core of the GfK Crossmedia Link panel. GfK Crossmedia Link not only provides in-depth insights into usage habits regarding specific media but also how they relate to each other. When and how often do users change from a desktop to a smartphone (and vice versa)? Where do they get information and which medium do they use to buy things? GfK Crossmedia Link answers questions like these with unmatched precision. This makes it an invaluable tool at a time when consumers switch back and forth between media like a channel-hopping TV viewer.

However, GfK Crossmedia Link's ultimate advantage is in linking users' consumption data to obtain an insight that no other market researcher in the world, other than GfK, is able to offer. "By comparing consumers' media usage with buying decisions made by the same people, we can determine exactly which media offers actually influence consumption – and which don't," explains Lee Risk, Commercial Director Media Asia and the Pacific at GfK. "This makes our Crossmedia Link panel the ideal platform for planning, evaluating and optimizing media campaigns."

GfK CROSSMEDIA LINK

The complete measurement of TV, print, online and mobile media usage from a single source is at the core of the GfK Crossmedia Link panel. Thus it not only provides in-depth insights into usage habits regarding specific media but also how they relate to each other.

MARKET LEADER IN THE FOURTH MOST POPULOUS COUNTRY IN THE WORLD

GfK Crossmedia Link analyses are now already available in ten markets across the world. Of these markets, Indonesia is not only the first Asia-Pacific market but also an extremely interesting one. On the one hand, this is simply due to the size of the island state. With around 255 million inhabitants, the Republic of Indonesia is the fourth most populous country in the world. On the other hand, a fast-growing economy ensures that the country's middle class is increasing by a further five million people each year – and experience shows that these people get most of their information from mobile media.

"Indonesia is a mobile-first market where online access is almost exclusively via smartphone," explains Stefan Heremans, Product Head GfK Crossmedia Link. With 308 million mobile devices there are already more mobile devices than inhabitants in Indonesia. Another particular feature of the country is that mobile devices are used more intensively in Indonesia than elsewhere. For example, in contrast to Europeans, Indonesians send very few personal messages by email, generally using social networks instead.

LEARNING FROM INDONESIA MEANS GAINING A DEEPER UNDERSTANDING

The thousand-island state with its wide range of languages, cultures and lifestyles shows how digital interaction occurs in mobile societies. Indonesia itself is a fast-growing market where local and international providers require well-founded media analyses. GfK has precisely this data in its hands and has had a Consumer Experiences team in Indonesia for some years. And the company is already considered the local market leader for point-of-sale analyses. Now, GfK Crossmedia Link, launched in 2014, builds on this position as a particularly powerful addition to GfK's range of analysis instruments.

"With our software-based analysis tools, we can record digital behaviors that conventional surveys would barely be able to register," says Niko Waesche, Global Industry Lead Media and Entertainment at GfK. Provided the users agree, the GfK-owned software, LEOtrace, records every detail of specific digital user behavior from entered search terms to the time spent on individual apps. This data produces interesting findings.

There are
308
million mobile devices in Indonesia today. That's more devices than inhabitants.

On average, Indonesians are online with their mobile devices for more than

3 HOURS

a day.

Indonesians, at an average of

32 HOURS

per month, spend much more time on apps than, for example, Brazilians (27 hours) or the Dutch (17 hours).

At

19 HOURS

per month, Indonesians spend more time on communication and messaging apps than the *total* time spent by Germans on all apps.

GfK UNDERSTANDS THE MARKET – AND HELPS TO SHAPE IT AT THE SAME TIME

GfK Crossmedia Link's findings relating to user preferences in specific sectors are similarly revealing. For example, GfK's specialists took part in a joint project with Google to examine how travelers find information online and where they book their trips. This also demonstrated the immense importance of mobile media. At 71 percent, the number of Indonesians making reservations on smartphones was almost three times higher than the number of consumers who booked their travel arrangements on a desktop.

However, GfK not only traces digital preferences but also goes some way in shaping them. An example of this is a prestigious start-up conference recently held in Jakarta by the Chinese market leader in search engines, Baidu. As keynote speakers, GfK experts shared some of their findings with the start-up companies attending the conference. The market researchers' expertise provides app developers with vital insights to help them design new applications to be more user-oriented and effective. In this way, GfK not only improves knowledge about media usage but also helps to optimize it – not just in Indonesia but around the globe. //

WE CONNECT BRANDS WITH REAL EMOTIONS

Why do most product innovations fail even though manufacturers have supposedly listened carefully to their customers? The reason is quite simple: Conventional consumer surveys do not take certain crucial subtleties into account.

This innovative methodology is a real breakthrough in market research.

»I LOVE IT.«

I love it. Three little words that convey an enormous amount of emotional power. When consumers choose these words, they are expressing the greatest possible affinity for the product. Marketing experts see such a strong statement as a sign that their concept has been accepted and internalized, while for product developers the phrase demonstrates that they have evidently done everything right. It sends a signal to the company that its product or service seems to have every chance of success because customers apparently love it.

However, the reality is often very different. One key reason why about three-quarters of all product innovations fail in the marketplace is that some major subtleties in consumer statements are simply ignored. This is because market research traditionally only considers the content of consumer feedback, that is to say the *what* element of statements. In contrast, the *how* and consequently the way in which respondents package their message has been completely neglected to date. However, this packaging is just as revealing – if not more so – than the content of the statement itself.

WHAT EXACTLY DOES "I LOVE IT" MEAN?

A consumer can, for example, use the three little words "I love it" to express passion, irony, conviction or sarcasm, giving the phrase very different meanings. Consequently, anyone recording only the content of this statement misses one of its main dimensions. In the worst-case scenario, feedback from potential customers is interpreted in completely the wrong way.

In light of this, an innovative tool should significantly improve the quality of consumer analysis, a tool that GfK started using on a world-exclusive basis in 2015. GfK MarketBuilder Voice combines the systematic evaluation of consumer statements with an analysis of the respondents' language and how they express themselves. "For the first time in history, we can very efficiently record not only the *what*, but also the *how* in consumer statements," explains Marilyn Raymond, Global Head of Market Opportunities & Innovation (MOI) at GfK. "This produces a vast amount of added value for manufacturers and advertisers." Instead of the one-dimensional survey used in conventional market research, companies can use GfK MarketBuilder Voice to start a genuine, authentic, in-depth dialogue with their (potential) customers. The leap in the quality of communication is about as big as between a text message on the mobile phone and a face-to-face conversation – you simply learn so much more. This also explains why the consumer goods manufacturers who tried out the innovative GfK methodology with Raymond and her colleagues were highly impressed.

GfK MARKETBUILDER VOICE

... combines the systematic evaluation of consumer statements with an analysis of the respondents' language and how they express themselves. Instead of the one-dimensional survey, companies can start a genuine, authentic and in-depth dialogue with their (potential) customers.

»FOR THE FIRST TIME IN HISTORY, WE CAN VERY EFFICIENTLY RECORD NOT ONLY THE *WHAT*, BUT ALSO THE *HOW* IN CONSUMER STATEMENTS.«

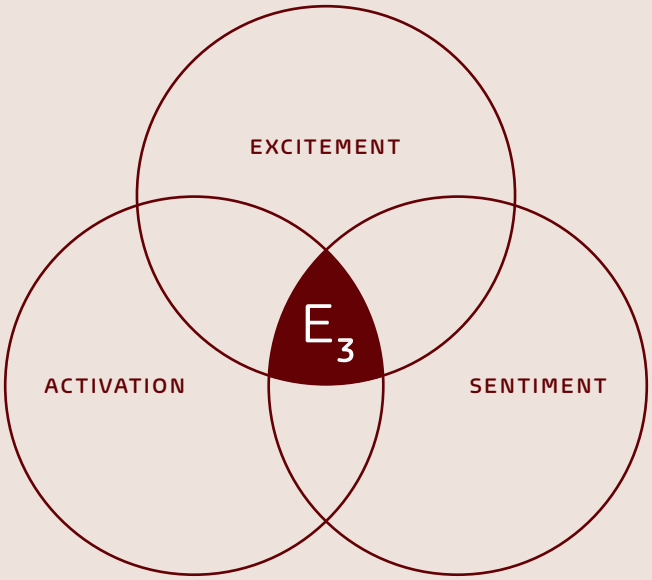
MARILYN RAYMOND
Global Head Market Opportunities & Innovation at GfK

GfK INTRODUCES A NEW CONCEPT FOR CAPTURING THE EMOTIONAL INVOLVEMENT EXPRESSED BY CONSUMERS

E_3

It measures what respondents say and how they say it

HOW
respondents say it



WHAT
respondents say

These three KPIs combine the systematic evaluation of consumer statements with an analysis of the respondents' language and how they express themselves.

PITCH AND ENUNCIATION AS REVEALING INDICATORS

The highly effective market research tool was created by combining unique skills both from within and outside GfK. Together with scientists from Imperial College London, GfK has developed the first software to record parameters such as the pitch, intensity or intonation of consumer statements empirically. Voice analysis is supported by GfK SenseCode, a tried-and-tested GfK technique to evaluate unstructured data and thereby the content of consumer statements. Marilyn Raymond and her Market Opportunities & Innovation team then derived a set of significant key performance indicators from the much broader range of data – KPIs that went far beyond the usual ones.

"Existing KPIs do not really capture the emotional involvement expressed by consumers," explains Danica Allen, Global Director MOI Product Development at GfK. However, the E_3 concept developed by her and her team covers three parameters, namely excitement, sentiment and activation, to draw conclusions on the acceptance of a product or concept.

This is the first concept to record and analyze the greatest common denominator of human communication – language – in its main facets. It is no wonder that specialists consider voice analytics to be a real breakthrough in comparison to traditional survey methods. "We measure real emotions and authentic reactions," says Allen, adding that "GfK MarketBuilder Voice marks a real change in consumer research."

WHICH PRODUCT REALLY MOVES CONSUMERS? AND WHICH ONE LEAVES THEM COLD?

This is all the more crucial as emotional qualities become increasingly important in the vast sea of products and information. Only brands and products that truly move consumers can stand out and survive in the mass of innovations. But which qualities ensure that products move consumers in the right way? In contrast, which facets of a product or its packaging are irrelevant to consumers? And which features may even disturb them? GfK MarketBuilder Voice enables these (vital) questions to be answered more precisely than ever before.

At least, this is the opinion of big brands and producers who worked with GfK in the pilot phase. For example, a global consumer goods manufacturer used GfK MarketBuilder Voice to evaluate consumers' unfiltered impressions of new personal care products. The feedback obtained in this way was used to further develop products that are now being tested on the market in their optimized form. And a breakfast cereal manufacturer would also like to use voice analytics in the future to record the feelings of children and teenagers, target groups that are not as experienced in formulating their preferences as adults.

In this way, GfK MarketBuilder Voice can help brand managers and consumer goods manufacturers to form strong connections with customers and their emotions. This dialogue inevitably leads to greater insights, a deeper understanding of consumers and sounder decisions. At the end of such an exchange, you are left with products and services that appeal to consumers' emotions, so that they can actually say "I love it" – and really mean it. //

TO THE SHAREHOLDERS OF THE GfK GROUP

DR. ARNO MAHLERT
Chairman of the Supervisory Board,
GfK SE

SUPERVISORY BOARD REPORT

Dear shareholders,

GfK's motto for this fiscal year was "Shape for Growth". This involved growth in various business divisions, raising productivity and further development of performance as an integrated business: "One GfK". GfK has made significant progress in these areas. Nonetheless, the challenges in what is still a highly dynamic market environment have not diminished. The Supervisory Board continues to back up the Management Board in keeping up the innovative pace despite the additional expenses involved. Together with the Management Board, in 2015 the Supervisory Board decided to adapt the company's structure to make the company even more strongly positioned for the future.

In the Consumer Experiences sector, the focus was on stabilizing sales. The transformation towards more profitable activities and digital products was continued, while purely local and less profitable ad hoc research projects were scaled back. In view of these adjustments, we did not expect growth in the Consumer Experiences sector, and even a small decline in sales could not be ruled out. In fact, organic sales growth fell only slightly by –1.2 percent (2014: –5.4 percent). The sales share of global products has grown from 38 percent in 2014 to over 44 percent, while data acquisition is now 75 percent digitized.

In the Consumer Choices sector, we intended to further expand the core business POS Measurement and to open up additional sales and income potential through new panels. The sales target was achieved with stronger growth than in the previous year. 2015 was particularly important for the sector's Media Measurement. In Brazil, GfK began supplying data for TV ratings. In four other countries, including two in Asia, the technical prerequisites have been created after successful contract acquisition to generate sales in the 2016 fiscal year. The Supervisory Board closely followed the progress of the panel set-up as well as the technical infrastructure and kept itself up to date with the measures to overcome initial difficulties, which had negatively impacted income and deferred sales in Brazil to 2016. It supports the Management Board in its goal to further expand this business.

Also in 2015, the Supervisory Board got a comprehensive picture of the company's strategy and of the acceptance of the company's transformation. The Supervisory Board was particularly concerned that the Group's new direction was essentially endorsed and successfully implemented by management and staff as well as supported by external stakeholders. To this end, they obtained an explanation of the employee survey results, as well as talking to our clients and seeking direct exchanges with institutional shareholders. The Supervisory Board also attended the "Think future" managers' conference again. Overall, the Supervisory Board concluded that there is constructive and target-oriented cooperation within the company.

GfK'S MOTTO FOR THIS FISCAL YEAR WAS "SHAPE FOR GROWTH". THIS INVOLVED GROWTH IN VARIOUS BUSINESS FIELDS, RAISING PRODUCTIVITY AND FURTHER DEVELOPMENT AS AN INTEGRATED BUSINESS: "ONE GfK". GfK HAS MADE SIGNIFICANT PROGRESS IN THESE AREAS.

The Supervisory Board would like to take this opportunity to thank our staff, employee representatives and the Management Board for the work performed. Our thanks and acknowledgment also go to the GfK Group's clients and business partners. They placed their trust in our company and its services, contributing with many suggestions to the further improvement of our portfolio in 2015.

In the past year, the Supervisory Board introduced two new positions to the Management Board which have been in effect since January 1, 2016. In both cases, the Supervisory Board called on experienced external consultants. The in-depth requirement profiles were defined for each position with both internal and external candidates included in the search.

For the successor to Debra A. Pruent, who was responsible for the Consumer Experiences sector, the Supervisory Board placed emphasis on long-term international experience with a comparable service company that has reformed its business model thoroughly, as GfK is doing. Debra A. Pruent decided to retire and therefore not to extend her contract with GfK, which was due to expire at the end of 2015. Debra A. Pruent worked for GfK for over 11 years. In 2008, she was appointed to the Management Board and played a key role in transforming GfK. During this time she standardized GfK's products and solutions, promoted the scaling of the business, introduced new digital products and implemented a uniform global client service model. She was instrumental in developing and driving the "Own the Future" strategy.

In its meeting on September 11, 2015, the Supervisory Board decided to appoint David Krajicek to the Management Board as Chief Commercial Officer for Consumer Experiences. David Krajicek has been employed with GfK since the acquisition of the American market research company Arbor back in 2004. In this period, his management responsibilities ranged from the management of a local Brand and Customer Experience product team as well as the responsibility for the Technology industry in the United States through to successful transformation of the Consumer Experiences sector in his capacity as Regional Chief Operating Officer (Regional COO) responsible for North America. He has over 20 years' experience in market research.

The second personnel change was the creation of a new Management Board role integrating the operations of the two GfK sectors. For this purpose, the Supervisory Board appointed Alessandra Cama for the newly created position of Chief Operations Officer. She will be responsible for all local and global operations functions across GfK. Through this position, GfK wants to increase the

productivity of its operations by increasing automated processes, the use of economies of scale and efficiency. Alessandra Cama has been employed with GfK since 2011. Since then she has worked at all levels of the GfK matrix organization. She was globally responsible for Fast Moving Consumer Goods (FMCG); as managing director of the German Panel Service she assumed responsibility at the local level; and up to the end of 2015, she was as Regional Chief Operating Officer (Regional COO) responsible for Asia and the Pacific. Prior to joining GfK, Ms. Cama was a manager at Roland Berger Strategy Consultants and worked in the consumer goods industry.

In Alessandra Cama and David Krajicek, we have developed two excellent leaders for our company, who will help us to drive the business forward and to deliver clear added value to our clients.

As part of this change and because of the new position of the member of the Management Board, Alessandra Cama, the Supervisory Board has decided to change the titles of two members of the Management Board. The two members of the Management Board responsible for the sectors, Dr. Gerhard Hausruckinger and David Krajicek, will carry the title of Chief Commercial Officer (CCO) from January 1, 2016. They will continue to be fully responsible for business success in their sectors. Alessandra Cama is the Chief Operations Officer (COO) responsible for operations in both sectors.

The past year also saw changes in the Supervisory Board. Since the Annual General Assembly in 2015, Shani Orchard is no longer a member of the Supervisory Board. Ms. Orchard has constructively represented the interests of the company's employees in the Supervisory Board since 2009 and has always worked to maintain balance between the needs of the company. The Supervisory Board thanks her for her long-standing commitment. Martina Heřmanská has been delegated to the Supervisory Board as Ms. Orchard's successor. We look forward to working with her.

In the 2015 fiscal year, the Supervisory Board continued to discharge its obligations with due diligence according to the law, the Articles of Association, the German Corporate Governance Code (DCGK) and the internal regulations of the company. The Supervisory Board regularly advised the Management Board on management issues and monitored its activities. The Supervisory Board was involved in every decision of essential importance to the company.

AMONG THE MAIN ISSUES DISCUSSED WERE THE IMPLEMENTATION AND DEVELOPMENT OF THE STRATEGY, THE GROUP'S BUSINESS DEVELOPMENT, ITS INCOME AND FINANCIAL POSITION, PERSONNEL SITUATION, ORGANIZATIONAL DEVELOPMENT, BUSINESS POLICY, CORPORATE PLANNING, INVESTMENT PROGRAM, COMPLIANCE AND RISK MANAGEMENT.

The Management Board kept the Supervisory Board regularly and comprehensively informed of any matters relevant to its remit at the appropriate times in both written and oral form. Among the main issues discussed were the implementation and development of the strategy, the Group's business development, its income and financial position, personnel situation, organizational development, business policy, corporate planning, investment program, compliance and risk management. Intended acquisitions and increased shareholdings were additional topics for review, detailed information on both of which was provided to the Supervisory Board by the Management Board, including on transactions that did not require consent. Investments made in recent years and the impact of political and economic developments were also assessed.

Between Board meetings, the CEO and his colleagues on the Management Board discussed every issue of importance to the company with the Chairman of the Supervisory Board. The Deputy Chairman of the Supervisory Board and the Chairmen of both the Audit and Personnel Committees were also in constant contact with the Management Board.

SUPERVISORY BOARD AND COMMITTEE MEETINGS

The Supervisory Board held five ordinary and four extraordinary meetings (including two telephone conferences) in the 2015 fiscal year. Two members were present at least 67 percent of the time and nine members at least 89 percent. They discussed the respective Management Board reports and

the Group's development prospects in depth. As well as our 2014 annual financial statements, the issues discussed included the development of business in 2015, our 2016 budget, HR issues and the implementation of our "Own the Future" strategy. Investment and innovation measures to ensure sustainable and above-average growth, risk management and compliance issues were also discussed.

Special importance was ascribed to the sale of the Animal and Crop Health division, and to the new structure of the cooperation with The NPD Group, Inc., USA. The Supervisory Board was continuously informed by the Management Board about the state of negotiations and approved both transactions. The Supervisory Board supports the Management Board in adapting the participations portfolio to the changed requirements of the market.

In 2015, the Supervisory Board's September meeting, which is generally held in different regions, took place in Warsaw, Poland. These meetings aim to enhance the understanding of local markets, clients and local management. Local managers gave reports and presentations, providing the Supervisory Board with a detailed picture of current business focal points, innovations, strengths and weaknesses. Another focus was on the preparation and adoption of the new Management Board structure, which came into effect on January 1, 2016. With the aim of promoting the further integration of the company ("One GfK"), both the Supervisory Board and the Management Board place the focus on achieving better integration of the two sectors. The aim is to create additional and cross-sector business. Therefore, from 2016, responsibility for the regions at Management Board level has been redefined, and the subsequent reporting level has been streamlined. In the future, no two managers from the two sectors will be responsible for the same region. Instead, one manager in each region will be responsible for both sectors and, in this function, will report directly to a member of the Management Board. The assignment of roles has also been simplified for the industries: One manager will be responsible for each industry and will report to a member of the Management Board. The newly created Management Board Operations function has overall responsibility for the global service centers, the processes of the Operations function, shared services, global panel management, and a region. These functions were previously assigned to the two sectors. The Supervisory Board expects that this reorganization will further increase the efficiency of our services and promote customer focus in both sectors.

In 2015, the Supervisory Board once again deliberated on the provisions of the German Corporate Governance Code (DCGK) and issued the declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) in December. GfK is in compliance with the mandatory regulations, with the exception of one requirement, and the rules that can be met voluntarily. The discrepancies are detailed and explained in the corporate governance report, which is published at www.gfk.com.

Once again, the Supervisory Board called in outside consultants to review the effectiveness of its work. We review this every two years and did so again in 2015. Overall, the report makes a positive assessment of the Supervisory Board's work. The final report confirms that the Supervisory Board and its committees collaborate in a trusting and efficient manner. According to the report, the supervision and strategic monitoring of the Management Board is carried out professionally, confidently and efficiently, and in line with best practice requirements. It also states that the Supervisory Board has created a culture and atmosphere of respectful interaction which allows the Board to perform its duties in full.

To ensure our own efficiency, the Supervisory Board is supported by four committees and receives regular and comprehensive updates concerning their work. The minutes of each committee meeting are available to every member of the Supervisory Board.

The Audit Committee met eight times in the reporting period, in person on four occasions and by telephone conferencing on four other occasions. Average attendance was 97 percent, with attendance of at least 88 percent in one case. The Audit Committee examined business performance, the income and financial position and the Group's upcoming investment projects. It also looked at financial issues (in particular the refinancing bonds that will expire in April 2016), accounting and valuation, including interim reports, the internal control system, internal audits, risk management, corporate governance and integrity. In May 2015, the role of the chairperson of the Audit Committee was handed over by Dr. Wolfgang C. Berndt to Dr. Bernhard Düttmann.

The Personnel Committee met four times, dealing intensively with the payment system for the members of the Management Board under the Management Board Remuneration Act and the continued development of the existing system. Details can be found in the remuneration report in Section 4.8 of the Group Management Report. The Personnel Committee also discussed the systems and progress of HR development work, including the detailed assessment of potential management candi-

dates and young talent. A great deal of time was dedicated to selecting Debra A. Pruent's successor as well as the appointment process of the member of the Management Board for Operations, with a number of candidates considered by the Personnel Committee in a multistage process. As provided for in the Act on Equal Opportunities for Women and Men in Top Management Positions in Private Industry and Public Sector, the Supervisory Board has set gender quotas for the Supervisory Board and the Management Board, according to which at least 30 percent of members of the Supervisory Board and at least 20 percent of members of the Management Board shall be women. Attendance at the meetings was 75 percent in one case, the other four members' attendance was 100 percent.

The Presidial Committee met twice in the past year, with attendance levels of 50 percent for one member and 100 percent for all of the other four members. Beyond this, several discussions took place between the Chairman and individual committee members. This activity was aimed at preparatory work for the Supervisory Board meetings, primarily on the following issues: implementation of the corporate strategy and further development of the management organization, monitoring and analysis of the efficiency audit, online and IT strategy, the budget for 2016 and compliance issues. Another focus was on the agreement of topics for the training of Supervisory Board members. This training includes external advanced training courses. However, it mainly comprises background information about specific business developments at GfK and in the relevant market environment. This also encompasses webcasts, used to inform the Supervisory Board at an early stage of any new products.

As members of the Supervisory Board will step down from their position at the Annual General Assembly 2016 the Nominations Committee met three times in the past year, with all members present, discussing the future composition of the Supervisory Board in detail. The discussion took place in view of fundamental changes in market research and new competitive conditions. The aim was to recruit outstanding representatives with industry experience in the digital world and social networks to GfK's Supervisory Board. The Nominations Committee ceased its discussions in December 2015 after majority shareholder GfK Nürnberg e.V. notified the Supervisory Board Chairman that they wished to nominate their own candidates for appointment to the Supervisory Board at the Annual General Assembly on May 20, 2016. At the time of printing the Annual Report on March 14, 2016, the Supervisory Board was unable to take a decision on the majority shareholder's proposal as the list of candidates was not yet available.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements prepared by the Management Board in accordance with the regulations of the German Commercial Code (HGB), the management report of GfK SE and the consolidated financial statements and Group Management Report prepared in accordance with the International Financial Reporting Standards (IFRS) for the 2015 fiscal year were audited and given unqualified approval by the auditor, KPMG Wirtschaftsprüfungsgesellschaft. Every member of the Supervisory Board received a copy of the audit reports at the appropriate time. The Supervisory Board assured itself of the impartiality of the auditor and the auditor's personnel. The Supervisory Board verified the financial statements and related documents as well as the audit reports in conformity with its duties.

In its meeting on March 9, 2016, the Audit Committee deliberated on the results of its audit and reported its findings to the plenary session of the Supervisory Board at the accounts meeting held on March 11, 2016. The signatory auditors of both the annual and consolidated financial statements were present at both meetings. They reported on the audit in general and on aspects specified as key elements of the audit as defined in the audit plan. Beyond this, they responded in detail to questions from members of the Audit Committee and the Supervisory Board. The Supervisory Board noted and approved the audit reports and, having examined the annual financial statements prepared by the Management Board as well as the consolidated financial statements, gave its approval to discharge the accounts. With this, the accounts were approved. In light of the current and anticipated financial position of the Group, the Supervisory Board deliberated on the proposal for appropriation of the profits put forward by the Management Board and, having found it to be appropriate, gave its approval.

Nuremberg, March 11, 2016

DR. ARNO MAHLERT

SUPERVISORY BOARD

DR. ARNO MAHLERT
Chairman of the Supervisory Board, Merchant, Non-Executive Director

DR. BERNHARD DÜTTMANN
Vice Chairman of the Supervisory Board, Merchant, Non-Executive Director, until March 31, 2015
Management Board member, Chief Financial Officer (CFO), Lanxess AG, Cologne, Germany

DR. WOLFGANG C. BERNDT
Merchant, Non-Executive Director

HANS VAN BYLEN
Management Board member, Henkel Management AG & Co. KGaA, Dusseldorf, Germany

MARTINA HEŘMANSKÁ
Product Manager, GfK Czech, s. r. o., Prague, Czech Republic; Member of Steering Committee, European GfK SE Works Council; Member of European GfK SE Works Council (since May 28, 2015)

SANDRA HOFSTETTER
Independent Works Council representative, GfK SE, Nuremberg, Germany; Chairperson, European GfK SE Works Council

ALIZA KNOX
Vice President, Online Sales, APAC and LATAM Twitter, Singapore, Singapore

STEPHAN LINDEMAN
Research Director, Intomart GfK B. V., Hilversum, Netherlands; Chairman of Works Council, Intomart GfK B. V., Hilversum, Netherlands; Vice Chairman of European GfK SE Works Council

SHANI ORCHARD
Human Resources and Facilities Director, GfK Retail and Technology UK Ltd., Woking/Surrey, UK; Member of Steering Committee, European GfK SE Works Council (until May 28, 2015)

HAUKE STARS
Management Board member, Deutsche Börse AG, Frankfurt/Main, Germany

DIETER WILBOIS
Senior Specialist Data & Technology, GfK SE, Nuremberg, Germany; Chairman of GfK Group Works Council, Vice Chairman of European GfK SE Works Council

AUDIT COMMITTEE
- Dr. Bernhard Düttmann (Chairman)
- Dr. Wolfgang C. Berndt
- Stephan Lindeman
- Dr. Arno Mahlert

PERSONNEL COMMITTEE
- Dr. Wolfgang C. Berndt (Chairman)
- Hans Van Bylen
- Sandra Hofstetter
- Dr. Arno Mahlert

NOMINATIONS COMMITTEE
- Dr. Arno Mahlert (Chairman)
- Dr. Wolfgang C. Berndt
- Dr. Bernhard Düttmann
- Hauke Stars

PRESIDIAL COMMITTEE
- Dr. Arno Mahlert (Chairman)
- Dr. Wolfgang C. Berndt
- Dr. Bernhard Düttmann
- Hauke Stars
- Dieter Wilbois

MATTHIAS HARTMANN
Chief Executive Officer (CEO), GfK SE

LETTER TO THE SHAREHOLDERS

Ladies and Gentlemen,

Despite a challenging environment, we have consistently developed, adapted and improved GfK during 2015 – and we aimed for growth: our motto for the year was "Shape for Growth".

In 2015, GfK's sales improved. We recorded organic growth of 1.1 percent. A helpful tail wind from currency effects led to overall growth of 6.2 percent.

According to the global industry organization ESOMAR, the market grew overall by 0.7 percent in 2012 and 2013, while 2014 saw total growth of just 0.1 percent. We assume that market growth was not more substantial in 2015. In view of the market and our major competitors, we can be pleased with GfK's growth.

DIGITALIZATION AND GLOBALIZATION

The global market research sector will continue to be shaped by the trends of digitalization and globalization. We have consistently driven forward the digitalization of our business and further consolidated our position as one of the leading global suppliers in the field of "digital ecosystems".

WE HAVE CONSISTENTLY DRIVEN FORWARD THE DIGITALIZATION OF OUR BUSINESS AND FURTHER CONSOLIDATED OUR POSITION AS ONE OF THE LEADING GLOBAL SUPPLIERS IN THE FIELD OF "DIGITAL ECOSYSTEMS".

Our DRIVE platform, which we use as basis for global, standardized digital products, supported the further expansion of scalable products. In this way, clients can use GfK Echo to measure customer satisfaction, GfK Brand Vivo to measure brand metrics and GfK Experience Effects to measure and manage brand communications in addition to obtaining relevant data which can be immediately used when making business decisions.

In acquiring NORM, specialists in digital methods in the field of consumer research, we can use virtual test environments to not only quickly supply clients anywhere in the world with relevant information on consumer behavior, but also help them to optimize product placements, prices and planograms. We can integrate the respective data with our comprehensive consumer panel data. These connections create significant added value for our clients.

The acquisition of Netquest, which was initiated in 2015 before being completed at the beginning of 2016, exemplifies our strategic approach in the field of digital data sources. This will benefit both sectors. Consumer Experiences will benefit from Netquest's access panels with continual access to tens of thousands of registered panelists in studies and passive measurement. With this focus on digital data and panels, we further pursue our data strategy and are constantly developing our Consumer Experiences sector. The Consumer Choices sector will be boosted by this acquisition as it drives the global expansion of GfK Crossmedia Link. Furthermore, GfK now boasts the world's two leading measurement technology platforms in its service portfolio: our Nurago technology has been supplemented by Wakoopa technology following the acquisition.

WITH THIS FOCUS ON DIGITAL DATA AND PANELS, WE FURTHER PURSUE OUR DATA STRATEGY AND ARE CONSTANTLY DEVELOPING OUR BUSINESS.

At the same time, the globalization of our service portfolio has been significantly advanced by further projects and products. For example, GfK's Television Audience Measurement business has been established on two more continents with major projects in the Kingdom of Saudi Arabia and Brazil. Just a few years ago, this business was predominantly centered in Germany and Europe, and the business model was not scalable. The project in Brazil has contributed to GfK's sales since the end of the reporting year. Nevertheless, we faced quite some challenges in establishing the panels in both markets. However, our local teams and those at our headquarters have shown great commitment to overcome these obstacles in close cooperation with our clients. We are now supplying our data in both countries.

Closely linked teams were also a characteristic in the work of our further expanded Global Service Centers in 2015. Here, over 1,000 GfK employees are working together with the respective client or product teams right across the world. The objective: increased efficiency, quality and speed in operations of our panel-based business and ad hoc research projects. To achieve this, we bundle our expertise and implementation capacities in the Centers and rely on increased automation – always in combination with market research experience and skill, of course. This allows us to launch innovative solutions more quickly and in a more standardized manner. Furthermore, the Operations function on Management Board level, which was created when we realigned the setup of the Management Board, will drive forward the expansion of the successful Global Service Center approach.

As mentioned above, sales rose by 1.1 percent organically or by 6.2 percent overall. However, at 12.2 percent, we did not quite achieve our margin target. Above all, delays in the major audience measurement contracts played a role in this. Adjusted operating income rose by 4.9 percent. Consolidated total income practically doubled year on year.

IN 2016, WE ANTICIPATE A MODEST ORGANIC GROWTH HIGHER THAN IN THE PREVIOUS YEAR AND ABOVE THAT OF THE MARKET RESEARCH SECTOR. THE AOI MARGIN SHOULD INCREASE CONSIDERABLY.

LOOKING AHEAD

In 2016, the Consumer Choices sector will continue to systematically pursue new growth and margin opportunities. The core business, POS Measurement, will be expanded further with new product categories, industries and services as well as online evaluation options. In Media Measurement, the setup of new panels to measure TV audiences is expected to make a significant contribution to sales. Our GfK Crossmedia Link product will be launched and evolved into a key digital product in additional countries. We assume that the sector will again achieve significant growth. Its revenue share, based on Group sales, will increase further. The margin should improve considerably against the previous year.

In the Consumer Experiences sector, the focus is on optimizing and streamlining the company's operations. On the market side, we will focus on customer orientation. The objective is to speed up the launch of multichannel products, strengthen the sales team and become more professional. The market environment for ad hoc business will remain challenging in 2016. In light of this, the Consumer Experiences sector is expected to make a growth contribution at market level in 2016. On the operations side, we will further increase efficiency. We intend to modestly improve the margin with these measures.

In 2016, we anticipate a modest organic growth higher than in the previous year and above that of the market research sector. The AOI margin (adjusted operating income against sales) should increase considerably.

More than 13,000 employees around the world reliably support us as we strive to achieve these objectives. Also on behalf of the Management Board, I would like to extend my thanks to them all for actively embracing the implementation of necessary changes. Despite all the new technology and digitization, market research remains a business in which experience, thorough industry expertise and an understanding of current and future client challenges are critical success factors.

I would like to take this opportunity to thank you, our shareholders, not only on behalf of the Management Board, but also on behalf of our global teams, for your trust in this challenging journey toward globalization and digitization, which GfK was on last year and will continue, together with you, in 2016.

Yours,

MATTHIAS HARTMANN

MANAGEMENT BOARD

MATTHIAS HARTMANN

Born 1966

Chief Executive Officer (CEO), responsible for the corporate functions of Strategy and Innovation, IT (strategy, enterprise applications, infrastructure), Human Resources (including executives' development and compensation), Integrity, Compliance and Intellectual Property, Internal Audit, Investor Relations as well as Marketing and Communications.

Professional career

Since 2011
CEO of GfK SE, Nuremberg, appointed until 2019

2010 – 2011
Global Head of Strategy and Industries, IBM Global Business Services, New York City, New York, USA

2005 – 2009
General Manager and Managing Director, IBM Deutschland GmbH, and General Manager, IBM Global Business Services in Germany

2004 – 2005
Vice-President, IBM Corporate Strategy, USA

2003 – 2004
Vice-President, IBM Strategy & Change Consulting, responsible for Europe, Middle East and Africa (EMEA)

2002
Global responsibility for change management and communications during the integration of PricewaterhouseCoopers Consulting (PwCC)

2002 – 2004
Director, IBM Strategy & Management Consulting, responsible for Europe, Middle East and Africa (EMEA)

1993 – 2002
Various functions at IBM Unternehmensberatung GmbH (UBG), Frankfurt and Hamburg, Managing Director from 2000

1988 – 1993
Various functions at IBM in Belgium, Germany, Ireland and the USA

Education

1988
Graduated in Business Administration, specializing in Information Technology, from the Berufsakademie (University of Cooperative Education) Stuttgart, Germany

CHRISTIAN DIEDRICH

Born 1958

Chief Financial Officer (CFO), responsible for the corporate functions of Finance (accounting, controlling, finance, IT), Finance Administration (corporate shareholder management, investment controlling, risk management, mergers and acquisitions, tax), Treasury, Legal, Central Services, Procurement and Sector Finance.
For more information about the reorganization and renaming of the corporate functions for which the CFO is responsible please see chapter 5.1 on page 78.

Professional career

Since 2014
Member of the Management Board of GfK SE, appointed until 2017

2012 – 2014
Vice-President International Corporate Development, IBM Corporation, Shanghai, China

2012
Vice-President International M&A Strategy, IBM Corporation, Armonk, New York, USA

2009 – 2012
Vice-President Finance, CFO, IBM Northeast Europe, Zurich, Switzerland

2005 – 2008
Managing Director, Vice-President Finance, CFO, IBM Deutschland GmbH, Germany

2002 – 2005
Director of Financial Operations, IBM Europe, Middle East, Africa; Paris, France

1998 – 2002
CFO IBM Global Services, Central Region, IBM Deutschland GmbH, Germany

1996 – 1998
Various financial responsibilities, IBM Europe, Middle East, Africa; Paris, France

1993 – 1996
Various financial responsibilities, IBM Deutschland Informationssysteme GmbH, Germany

1984 – 1993
Various financial responsibilities, IBM Deutschland Entwicklung GmbH, Böblingen, Germany

Education

1984
Graduated in Engineering (Business Engineering; focus: Investment and Financing, Logistics) from the TU Berlin, Germany

1983
Master of Science in Management (MBA) from the Sloan School of Management, MIT, Cambridge, Massachusetts, USA

DR. GERHARD HAUSRUCKINGER

Born 1961

Management Board member (COO), responsible for the Consumer Choices sector. In accordance with the code of procedure rules effective as of January 1, 2016, Dr. Gerhard Hausruckinger is Chief Commercial Officer (CCO), responsible for the Consumer Choices sector.

Professional career

Since 2010
Member of the Management Board of GFK SE, appointed until 2018

2008 – 2010
Chief Executive Officer (CEO), Emnos GmbH, Munich, Germany

2006 – 2008
Managing Director of the Retail segment and responsible for Consulting in Products sector, Accenture, Kronberg, Germany

1994 – 2005
Consultant in Retail and Consumer Goods segment, Roland Berger Strategy Consultants, Partner from 2000, London, UK, and Munich, Germany

1992 – 1994
Project Manager for Corporate Development, Karstadt AG, Essen, Germany

Education

1992
Doctorate from the University of Regensburg, Germany

1988
Graduated in Business Administration from the University of Regensburg, Germany

DEBRA A. PRUENT

Born 1961

Management Board member (COO) until December 31, 2015, responsible for the Consumer Experiences sector.

Professional career

Since 2008
Member of the Management Board of GfK SE, appointed until 2015

2006 – 2007
Chief Operating Officer (COO), GfK Custom Research North America

2005 – 2006
President of GfK NOP Products & Services, USA

1992 – 2005
Employed by U.S. automotive market researcher Allison-Fisher International, most recently as CEO

1983 – 1992
Various analyst and management functions, General Motors Corporation, USA

1988 – 1990
Adjunct Professor of Statistics at Oakland University, USA

Education

1986
Graduated in Applied Statistics from Oakland University, USA

1983
Graduated in Mathematics and Computer Science from Wayne State University, USA

MANAGEMENT BOARD

CHRISTIAN DIEDRICH
Chief Financial Officer (CFO)

DEBRA A. PRUENT
Management Board member (COO)
until December 31, 2015

MATTHIAS HARTMANN
Chief Executive Officer (CEO)

DR. GERHARD HAUSRUCKINGER
Management Board member (COO)

Since January 1, 2016, the Management Board of GfK SE consists of five members. In order to drive further operational efficiencies and synergies across the business the additional Management Board position of Chief Operations Officer was established.

DAVID KRAJICEK

Born 1965

Management Board member (CCO)

As Chief Commercial Officer David Krajicek is responsible for the sector Consumer Experiences. He replaces Debra A. Pruent. Additionally, David Krajicek is responsible for the regions North America and Latin America.

ALESSANDRA CAMA

Born 1967

Management Board member (COO)

As Chief Operations Officer Alessandra Cama is responsible for all local and global operations functions across GfK. This is to drive improved productivity in operations through further automation, scale and efficiencies. Additionally, Alessandra Cama is responsible for the region Asia and the Pacific.

DAVID KRAJICEK
Management Board member (CCO)
since January 1, 2016

ALESSANDRA CAMA
Management Board member (COO)
since January 1, 2016

HIGHLIGHTS 2015

Q1

JANUARY

GfK presents results of the study on "connected cars" at Consumer Electronics Show (CES) in Las Vegas.

GfK publishes the first of 11 topics of the Global Study. The study is conducted in 22 countries. Topics published over the year include a country-by-country data pack free of charge for clients, prospects, journalists, students, etc. It achieves great media coverage and interest among clients and media.

FEBRUARY

Massive win for Automotive. One of the largest car manufacturers in UK commissions GfK to conduct its Customer Management Program for another three years.

MARCH

Win of pilot appreciation panel in Australia. The Australian Broadcasting Corporation (ABC) commissions GfK to conduct a two-month pilot for an appreciation panel.

GfK and ForwardKeys join forces to deepen insights into global travel and hospitality sector. GfK and the provider of travel intelligence bundle their travel and hospitality knowledge for a more holistic view of the travel supply chain.

GfK is official market-research sponsor for the Expo 2015 Universal Exhibition in Milan, Italy.

GfK and Abacus collaborate on Big Data analysis for Asia-Pacific's travel trade. Asia-Pacific's leading provider of travel solutions and services has signed an agreement with GfK to advance the analytics available to the travel industry by supplying anonymized booking data for the specialist GfK Travelscan report.

Q2

APRIL

ISO certification for GfK Mystery Shopping Germany. Meeting high quality standards, GfK Mystery Shopping activities complete ISO certification awarded by DEKRA, one of the world's leading auditing companies.

MAY

GfK to deliver total video currency in Sweden. Mediamätning i Skandinavien (MMS), which represents all leading broadcasters and advertising agencies in Sweden, appoints GfK to integrate MMS' different audience measurement datasets into a single total video currency.

GfK receives contract from organization PBI for online audience measurement in Poland. The media owners' committee Polskie Badania Internetu (PBI) commissions GfK to provide online audience measurement in Poland.

GfK awarded cross-platform TV Audience Measurement in Singapore. The Media Development Authority of Singapore (MDA) commissions GfK to provide a total audio-visual audience measurement currency for Singapore.

7th Annual General Assembly of GfK SE. Martina Heřmanská, Client Service Consultant in the Consumer Panel Services team of GfK Czech, succeeds Shani Orchard, who had been a member of the Supervisory Board since 2009, as one of the employee representatives.

JUNE

GfK's Investor Relations activities are again awarded the "Deutsche Investor Relations Preis" which honors "exceptional work in the field of Investor Relations". GfK ranks first among SDAX-listed companies.

The joint project of GfK and TU Dresden analyzing dynamic panel market data wins the prize for "Best Paper" 2015 awarded by the German Association of Market Researchers (BVM).

Q3

JULY

GfK continues TV and radio audience measurement in Belgium. Centre d'information sur les médias (CIM) extends the contract with GfK to deliver television audience measurement (TAM) services in Belgium until the end of 2017. In addition, CIM also reassigns GfK to measure radio audiences for two more years.

GfK donates €30,000 to the Reutersbrunnenstraße home for children and young people in Nuremberg, Germany.

AUGUST

GfK expands digital portfolio in Shopper research by investing in NORM Research & Consulting, a Sweden-based market research company specializing in virtual shopper research. Their core product is a software that simulates shopping environments for various market research purposes.

GfK Annual Report wins Red Dot Award 2015. From a total of 7,451 submissions, the jury of the Award, which recognizes creativity in business, has chosen the GfK Annual Report 2014 (theme "Clarity") as one of the best entries.

SEPTEMBER

Deutsche Automobil Treuhand GmbH (DAT) and GfK cooperate in the field of vehicle data. The cooperation aims to create new products for various stakeholders in the automotive industry as well as for end consumers.

GfK announces Management Board changes. GfK SE announces Debra A. Pruent's retirement at the end of December. As of January 1, 2016, she will be replaced by David Krajicek as Chief Commercial Officer for the Consumer Experiences sector. In addition, Alessandra Cama will take over the new role of Chief Operations Officer to drive further operational efficiencies and synergies across the business. *(see page 43)*

Opening ceremony of the new GfK Global Service Center in Iasi, Romania.

Q4

OCTOBER

Nielsen and GfK begin a collaboration in the book industry. At the core of the cooperation are key figures from the US and UK book market obtained from Nielsen which will being integrated into the GfK databases.

NOVEMBER

GfK announces to sell its global Animal & Crop Health division to a consortium consisting of a private equity investor and the current management.

GfK and The NPD Group, Inc., USA, discontinue and unwind their cross-ownership and former joint activities in the Consumer Choices sector and enter into a new strategic contractual partnership.

DECEMBER

New www.GfK.com website is live.

GfK UK wins Market Research Society Award 2015. The award recognizes GfK's innovative work with Transport for London (TFL), helping to make it easier for disabled customers to travel around London.

GfK SHARES

After starting the year at €33.31, GfK's shares outperformed the benchmark indices and achieved a new high of €38.42 at the beginning of February. While the SDAX continued to perform well, GfK shares went sideways, and in March they gave up a large part of the gains they had achieved in January. The share price performed very differently in the second and third quarter: After initially continuing its sideways movement, GfK's share price rose significantly in June until it reached its highest point for the reporting period on July 17, at €41.48. In August, GfK's share price fell significantly, as did all benchmark indices. While the SDAX and the DJ Euro Stoxx Media were able to make a partial recovery, the DAX and GfK's share price fell further. Following the announcement of the adjustment of margin targets in December, the share price again lost significant ground and reached an annual low of €30.00 on December 22. GfK's share price ended the year at €30.90, 7.2 percent below where it was at the start of the year. In this period, the DAX rose by 10 percent, and the SDAX rose by 25.5 percent.

INTENSIVE INVESTOR RELATIONS ACTIVITIES

In 2015, the Investor Relations team once again focused its international capital market communications on the topic of the company's transformation. One opportunity in this regard was the eighth Capital Market Day in Frankfurt am Main, where over 30 analysts and institutional investors from Germany, France, and the UK met with members of the Management Board. The event also provided for a small trade fair in which GfK presented its new digital services and products to visitors.

In 2015, the Investor Relations team, sometimes with the participation of Board members, had 312 (2014: 333) individual meetings with investors and analysts. The operational management team also intensified its interaction with investors. GfK conducted additional meetings at a total of six road shows (2014: 11), which took place in five countries, including Poland for the first time. Furthermore, GfK was represented at 13 capital market conferences in Germany, the UK, France, and the USA (2014: 13).

In 2015, GfK's investor relations activities were recognized once again, winning the German Investor Relations Prize, which has been awarded since 2001 for "outstanding performance in the IR segment". GfK was ranked top of all SDAX companies in the segment.

DECLINING MARKET CAPITALIZATION

The market capitalization of GfK based on 36,503,896 shares, a number unchanged in comparison with the previous year, amounted at year-end to approximately €1.13 billion (2013: €1.24 billion). After other SDAX companies achieved higher share price increases, GfK's position in the market capitalization ranking fell from 10th (2014) to 24th place. The average volume of shares traded on German stock exchanges in 2015 was above the level of the previous year, at approximately 9,900 shares (2014: 8,000 shares). On strong days, however, the volume traded exceeded 74,000 shares.

As in the previous year, GfK shares were primarily traded outside German stock exchanges. The share traded on the Xetra platform in 2015 was 20 percent, which constitutes an increase in comparison with the previous year (13 percent). According to the data of brokers as well as Bloomberg, over 67 percent of trade in GfK's shares was conducted outside stock exchanges in OTC trading. Since the Deutsche Börse ranking only takes into account the volumes of shares traded in Xetra, the position of GfK's shares measured in terms of trading volumes on the SDAX at Deutsche Börse fell from 44th (2014) to 49th place.

In order to reduce the volatility of its shares, GfK has two designated sponsors. At the end of 2015, volatility was 27.2 percent, which is higher than the previous year's value (23.2 percent). Since the fluctuation range of the SDAX reference value also rose from 11.8 percent in 2014 to 16.8 percent in 2015, the difference remains unchanged.

ABOVE-AVERAGE COVERAGE

The coverage of GfK's shares expanded slightly to 12 analysts (previous year: 11) and is clearly above the SDAX average of eight analysts (DIRK study). Our activities are designed to support international and global securities analyses and a widely diversified research offering. At year-end, eight analysts gave GfK shares a "buy" recommendation, three recommended "hold", and one gave a "neutral" rating.

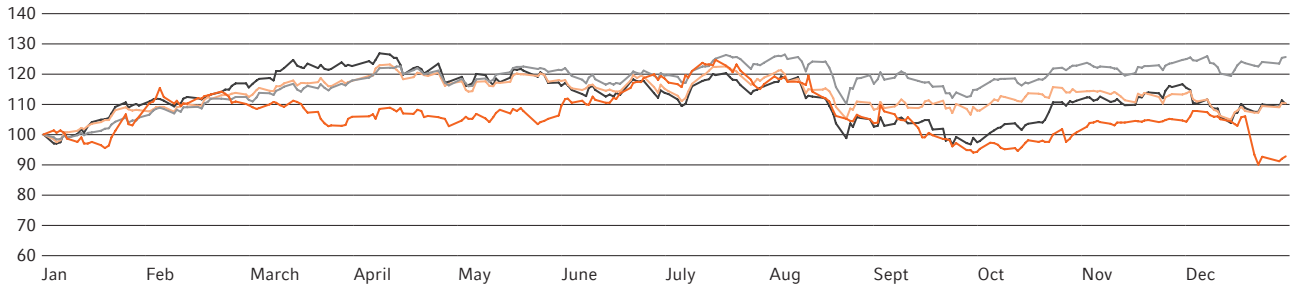
INTERNATIONAL SHAREHOLDER STRUCTURE

The share of freely tradable GfK shares as of year-end 2015 was 43.54 percent, which is slightly lower than that of the previous year. At this time, 0.03 percent of shares were in the ownership of the Management Board and Supervisory Board of GfK. In total, 34.71 percent of our shares were held by institutional investors and 8.8 percent by private investors. The main shareholder, GfK Verein, owns 56.46 percent (source: NASDAQ OMX).

STRONG SUPPORT FOR THE COMPANY'S ROAD MAP

At the seventh Annual General Assembly of GfK SE on May 28, 2015, shareholders approved all the decisions proposed by the Supervisory Board and Management Board, with approval rates between 95.99 percent and 99.99 percent. A total of more than 210 shareholders and shareholder representatives (attendance: 88.5 percent) took part. Thus, our shareholders' attendance slightly exceeded the previous year's very high level to achieve a new high. Among other things, shareholders approved a payout of €0.65 per share by a large majority. The dividend amount corresponds to the value of the previous three years. A total of €23.7 million was distributed. The dividend payout ratio in relation to consolidated total income was 30 percent.

GfK SHARE PRICE PERFORMANCE COMPARED WITH THE INDICES IN 2015 [1)]

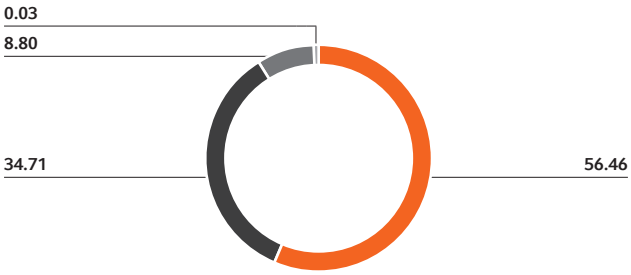


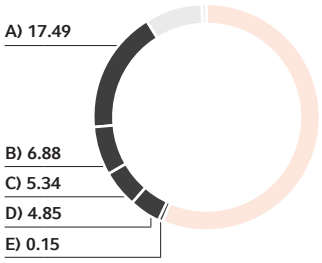
GfK (XETRA) DAX SDAX DJ Euro Stoxx Media

1) All values are indexed to the GfK share price, closing prices, in €

SHAREHOLDER STRUCTURE OF GfK SE

in percent





SHAREHOLDER STRUCTURE

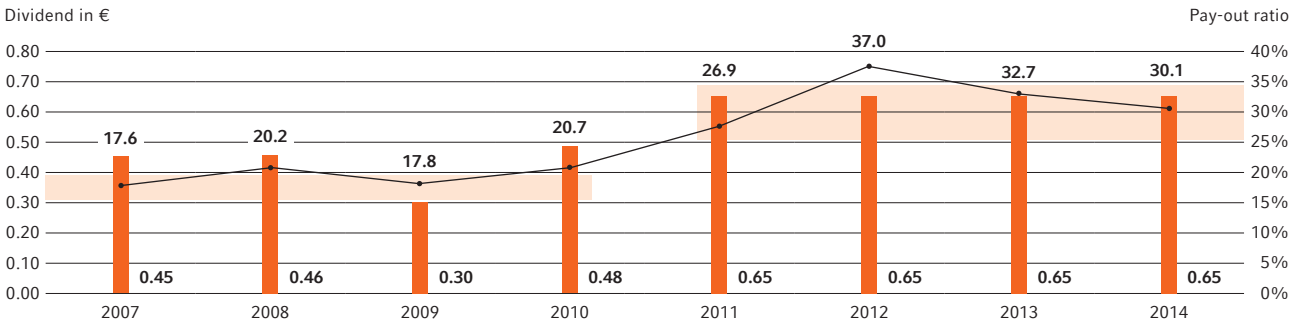
- GfK Verein
- Institutional investors
- Private investors
- Management and Supervisory Boards

INSTITUTIONAL INVESTORS

A) UK and Ireland
B) Europe (excl. Germany)
C) North America
D) Germany
E) Rest of the world

Private investors in Germany only. Figures based on total outstanding number of shares: 36,503,896
Source: NASDAQ OMX – Data as at January 31, 2016

DIVIDENDS



Dividend per share — Pay-out ratio [1)] Range of pay-out ratio

1) Pay-out ratio as share of consolidated total income

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT

1. Economic basis for the Group

1.1 OVERALL ECONOMIC DEVELOPMENT IN 2015: THE GLOBAL ECONOMY CATCHES ITS BREATH

In the past financial year, the global economy expanded noticeably: Although China recorded a slight decline in growth, its growth rate remained considerable, while the economies of the United States and the United Kingdom developed strongly. In contrast, the eurozone enjoyed only moderate growth: many countries in this region were still suffering from high rates of debt, while low inflation restricted companies' income.

In the **Eurozone**, gross domestic product was up by 1.5 percent. According to the German Institute for Economic Research (DIW), moderate inflation rates, an increase in income in real terms and increasing employment rates were all indicators for this, although development trends varied considerably from region to region. Meanwhile, indicators such as the positive consumer mood and the increase in vehicle registrations suggest that consumers remained confident.

Overall, the consumer climate in **Europe as a whole** developed positively, attaining 12.2 points in December, its highest level since March 2008 (16.8 points). According to GfK's surveys, the first quarter saw a steep rise from 3.7 points in January to 10.6 points in April, before the precarious situation in Greece and the worsening of the refugee crisis resulted in a certain drop in propensity to consume. In the fourth quarter, however, the increasingly positive economic data gave rise to a more optimistic and consumption-friendly mood among consumers.

Most **Central and Eastern European** economies once again enjoyed noticeable growth in the past year. Growing domestic demand, low inflation rates, falling unemployment and increasing incomes almost automatically gave rise to growing consumer confidence. Russia was an exception to the rule, as its gross domestic product, investments and incomes in real terms all shrank noticeably. In the DIW's opinion, it probably cannot be expected to return to growth until 2017.

According to the International Monetary Fund (IMF), the macroeconomic indicators for the **Middle East** and for **Southern Africa** point to weaker economic development. The reasons for this include the falling prices of oil and other commodities as well as political conflicts in some countries.

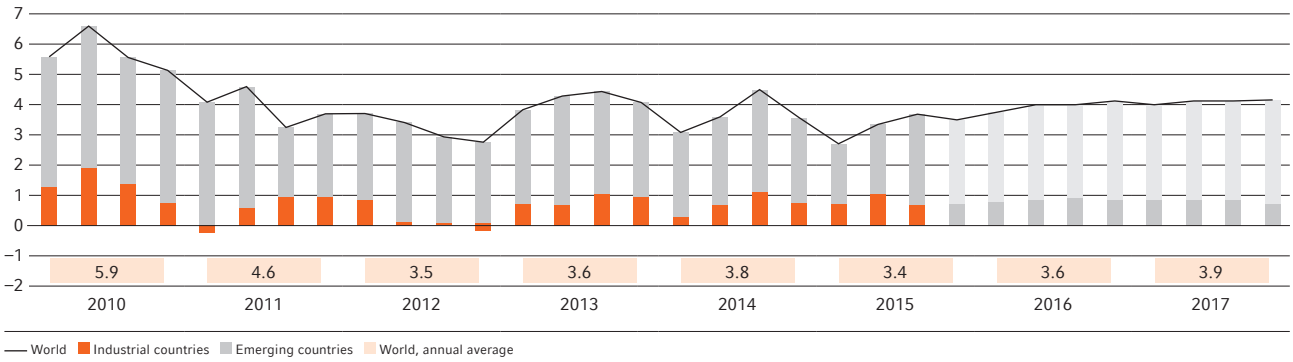
The **United States** economy continued its moderate growth in 2015. Since unemployment fell by almost one percentage point within a year and inflation was low, private consumption was a major driver of growth. Therefore, imports enjoyed somewhat stronger growth than exports. In mid-December, the U.S. Federal Reserve introduced the expected interest rate reversal, increasing the base rate by 0.25 percent. After years of a policy of low interest rates, this decision constituted a break in monetary policy.

If the US interest rate reversal leads to an unexpectedly severe deterioration of external financing conditions, countries with high current account deficits could find themselves in a difficult situation. According to DIW experts, these include many **emerging markets** in which high levels of private debt could prove to be unsustainable.

In **Brazil**, the economic slump turned out to be more severe than expected. Falling commodity prices also had a negative impact on economies such as **Mexico**, where growth was lower than expected in light of decreasing oil production and lower economic growth in its neighboring country, the USA.

In **China**, growth was increasingly fueled by rising consumer spending. Falling purchasing managers' indices suggested that the industrial sector shrank slightly, while the services index signaled clear growth. Meanwhile, exports were hampered by overcapacity, a decline in China's pricing competitiveness and limping economies in key sales markets.

GROWTH OF REAL GROSS DOMESTIC PRODUCT
in percent, percentage points



Source: DIW Winter Baselines 2015

In **Japan**, efforts to boost the economy through an expansive monetary policy and state spending programs have so far failed to bear any noteworthy fruit. Corporate investments and private consumption increased slightly, while exports remained virtually unchanged. However, a weak yen resulted in marked increases in the margins and profits of export-oriented companies.

REAL GROSS DOMESTIC PRODUCT, CONSUMER PRICES AND UNEMPLOYMENT RATES IN THE GLOBAL ECONOMY
in percent

	Gross domestic product				Consumer prices				Unemployment rate			
	Change in percent compared with the previous year				Change in percent compared with the previous year				in percent			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Eurozone	0.9	1.5	1.5	1.7	0.4	0.1	0.9	1.4	11.6	10.9	10.4	10.2
excluding Germany	0.4	1.5	1.6	1.7	0.3	0.0	0.8	1.4	13.8	13.1	12.3	11.8
France	0.2	1.1	0.9	1.4	0.5	0.2	0.9	1.3	10.3	10.5	10.6	10.5
Spain	1.4	3.1	2.7	2.4	−0.2	−0.5	0.5	1.5	24.5	22.1	19.6	18.2
Italy	−0.4	0.7	1.2	1.4	0.2	0.1	0.7	1.4	12.7	11.9	11.0	10.6
Netherlands	1.0	2.0	2.1	2.2	0.3	0.2	0.8	1.4	7.4	6.9	6.4	6.2
United Kingdom	2.9	2.4	2.3	2.1	1.4	0.1	1.1	1.7	6.1	5.5	5.3	5.3
USA	2.4	2.5	2.6	2.6	1.6	0.2	1.7	1.7	6.2	5.3	4.8	4.6
Japan	−0.1	0.5	0.5	0.5	2.8	0.8	0.9	1.1	3.6	3.5	3.8	3.8
South Korea	3.3	2.6	2.9	3.0	1.3	0.7	1.6	2.2	3.6	3.5	3.0	3.0
Central and Eastern Europe	3.0	3.4	3.1	3.2	0.3	−0.3	1.2	1.8	8.4	7.4	6.8	6.4
Turkey	2.9	3.3	3.3	3.8	8.8	7.7	7.6	7.4	9.9	10.2	9.9	9.6
Russia	0.7	−4.1	−0.4	0.8	7.9	15.4	7.3	5.3	5.2	5.7	6.3	6.2
China	7.3	6.8	6.5	6.3	−0.6	−0.5	−0.4	1.3	3.8	3.8	3.8	3.8
India	7.2	7.2	7.0	6.9	4.3	2.0	4.8	5.7	–	–	–	–
Brazil	0.1	−3.4	−2.6	0.8	6.3	8.5	6.8	6.0	4.9	7.1	8.5	9.8
Mexico	2.3	2.5	2.6	2.7	4.0	2.8	3.2	3.6	4.8	4.5	4.8	4.8
Industrial countries	1.8	2.0	2.1	2.2	1.4	0.3	1.4	1.6	7.0	6.4	6.0	5.8
Emerging countries	5.3	4.4	4.8	5.1	2.4	2.8	2.7	3.5	4.8	5.0	5.2	5.2
World	3.8	3.4	3.6	3.9	2.0	1.7	2.2	2.7	5.7	5.6	5.5	5.5

Source: DIW Winter Baselines 2015

1.2 MARKET RESEARCH INDUSTRY: MIXED RESULTS

The hope, already widely held prior to the end of the year, that the market research industry would be able to return to a major phase of growth after years of weak growth in sales (+0.7 percent in both 2013 and 2012 respectively) was not fulfilled. The worldwide sales of the market research industry grew by just 0.1 percent to a total of US$ 43.86 billion in 2014. While traditional drivers of growth such as the markets of North America, Europe and countries in the Asia-Pacific region may, at best, have maintained a stable performance or even have undergone a decline in sales, the industry saw growth primarily in the Middle East (+9.1 percent) and Africa (+2.6 percent). These are the most important findings of the 2015 ESOMAR industry report, which analyzes the trends and figures reported for the industry in 2014. With 4,900 members from 130 countries, including GfK, ESOMAR is the leading global organization of the market research sector.

Observation at a regional level produces a highly varying picture. After the **United States** had a temporary postrecession year of growth in 2013 and was a key driver of worldwide growth, classic sales grew by only 0.1 percent in 2014. An extraordinary effect was produced by the fact that for the first time, industry statistics for America expanded to include two additional sectors, namely, Speciality Services and Analytics, sales from which increased by 2.3 percent in 2014. This statistical extraordinary effect caused the figures for the American market to "explode" by almost 20 percent. All in all, the USA grew an additional 0.5 percent, wherein companies from the media industry, at 22 percent, constituted the highest paying customer group.

The neighboring state of **Canada** had to contend with a sharp decline in sales of 7.9 percent following its strong growth in 2013. In a generally depressed market environment, qualitative market research has managed to remain relatively stable. **South America** reported an overall moderate contraction in its budget (−0.3 percent), while Brazil, the largest market on the continent, reported significant growth of 6.6 percent. In Uruguay, elections constituted a source of increasing demand and, at +17.5 percent, it occupies the top spot in the ranking of the fastest growing markets in South America.

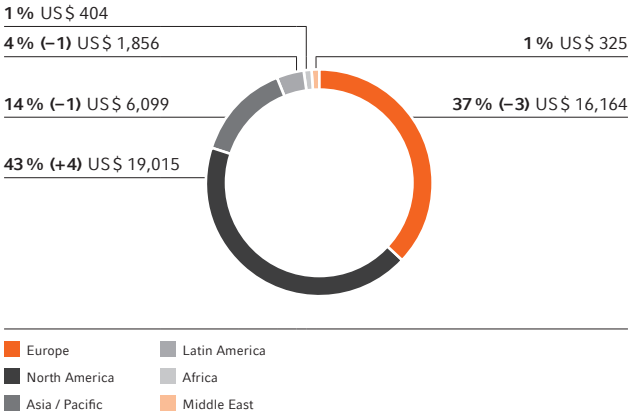
The bad news from **Europe** is that the continent's market research sales have declined further. The good news is that the decline in its sales of −0.9 percent decreased by almost half in comparison with the previous year (−1.4 percent). Upon closer examination, an extreme range of variation can be observed on a regional level. In the UK, where market researchers generate almost one third of their sales through international projects, sales collapsed by 10 percent, while crisis-ridden Greece suffered a decline of 2.5 percent. The sharpest decline in the market was reported in Austria, at −12.8 percent. However, growth was reported in Germany, Spain, Italy, the Netherlands and Belgium, which, with +13.3 percent, recorded the highest growth among Europe's top 15 countries. Results were positive in young EU member states such as Bulgaria (+16.9 percent), Romania (+28.5 percent) and Cyprus (+76.4 percent), whose governments, contrary to commonly held fears, recovered their budgets.

Mixed news also from the **Asia-Pacific region**: Of the continent's three largest markets, which together generate 68 percent of the market research industry's sales, only China reported growth. The People's Republic overtook Japan during the period to reach fifth place in the ranking of the world's largest market-research regions. While Japan is still caught up in a recession, Australia has had to battle with commodity prices, lower interest rates and an unfavorable US$ exchange rate. All in all, the market has continued to grow at a rate of 1.7 percent, generating a total sales volume of US$6 billion.

In contrast, **Africa** is speeding from record to record. With the exception of Kenya (which has suffered from terrorist attacks and a slump in its tourism industry as well as in public spending), every market was able to report inflation-adjusted growth. In South Africa, which, with sales of US$ 222 million is the continent's largest market by far, the industry grew by 6.1 percent despite a contracting gross national product.

The **Middle East** shows a more differentiated picture: Every year since 2010, the Gulf States have reported constant growth in market research sales (2014: +12.2 percent adjusted for inflation). In Israel, sales grew by 19.5 percent adjusted for inflation, while in Egypt and Iran, the third and fourth largest markets in the region, sales contracted by 4.8 percent and 7.0 percent respectively.

GLOBAL MARKET RESEARCH SALES 2014
US$ 43,86 million



Source: ESOMAR estimates. Rounded figures presented. Percentage-point changes in market share compared to 2013 are provided in brackets

The expansion of American statistics by including two market research segments also had some mild effects on the ranking of the **top 10 market research companies**. Its market share amounted to 45 percent of the entire industry's sales. According to the criteria of the AMA Gold Rankings, GfK occupies fifth place among the world's largest market research companies.

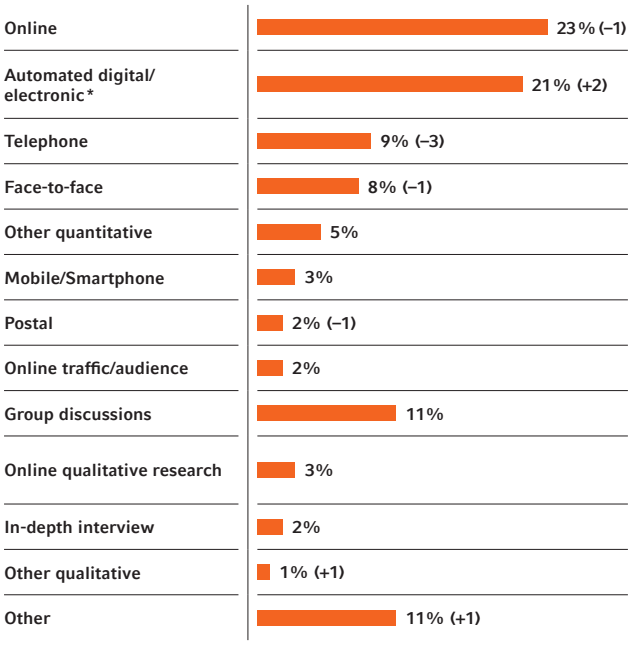
TOP 10 OF THE MARKET RESEARCH INDUSTRY

2014 Ranking [1]	Company [1]	2013 sales *US$ million* [1]	2014 sales *US$ million* [1]	Market share *in percent* [2]
1	Nielsen Holdings, USA	6,045.0	6,288.0	14.3
2	Kantar, UK	3,389.2	3,835.0	8.7
3	IMS Health, USA	2,544.0	2,600.0	5.9
4	Ipsos, France	2,274.2	2,219.9	5.1
5	GfK, Germany	1,985.2	1,932.0	4.4
6	Information Resources, USA	845.1	954.0	2.2
7	Westat, USA	582.5	517.4	1.2
8	dunnhumby Ltd., UK	453.7	481.4	1.1
9	INTAGE Holdings, Japan	435.5	415.4	0.9
10	Wood MacKenzie, UK	–	374.2	0.9

1) 2015 AMA Gold Global Top 50 Report published in the ESOMAR Industry Report 2015;
2) Own calculations, market share based on global market research sales in 2014 of US$43,86m (ESOMAR Industry Report 2015)

There was little change in **market research methods**. Despite a slight decline, quantitative market research continues to constitute three quarters of the world's demand for market research. It is likely to be surprising for many that the share of online surveys contracted by one percentage point to 23 percent.

MARKET RESEARCH METHODS



* Retail and media data (excluding online traffic/audience measurement)

Source: ESOMAR Industry Report "Global Market Research 2015"; Percentage-point changes in share of spend compared to 2013 are provided between brackets. Other quantitative research includes mainly syndicated services for which breakdowns are not available. Other qualitative research includes ethnography and other methods for which breakdowns are available.

2. Economic report

2.1 INTRODUCTION

GfK has a matrix organization consisting of two globally responsible sectors with product responsibility as well as six regions tasked with managing local business. This structure facilitates the integration of a global product range with excellent services offered to global clients. Beyond this, it also enables both sectors to fully exploit the potential offered by regional markets.

The GfK Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The financial data for the sectors and regions originate from our Management Information System.

For internal management of both sectors, GfK applies the financial key performance indicators of sales and adjusted operating income/margin, which is also used as an indicator of income by some of its competitors.

GfK is confident that the explanations regarding business performance using adjusted operating income will facilitate the interpretation of the GfK Group's business development and enhance the informative value in comparison with other major companies operating in the market research industry. Consequently, where income is mentioned below, this is the adjusted operating income. The margin is the ratio of adjusted operating income to sales.

The development of the order position in relation to the expected annual sales for the current financial year is another important indicator. This statistic, referred to as the level of sales coverage, is determined on a monthly basis and is closely monitored by GfK's management. In general, half the planned annual sales are already reported as assured contracts in the first quarter.

Admittedly, the picture varies between the two sectors. In the panel-based Consumer Choices sector, contracts are largely renewed during the first three months of the fiscal year. However, in some cases, contracts here may provide for surveying on a continuous basis for several years. As a result of the greater weighting of ad hoc studies in the Consumer Experiences sector and the lower proportion of continuous data collection, incoming orders for this sector tend to be more evenly spread over the year as a whole. The adjusted operating income is calculated as follows:

RECONCILIATION OF ADJUSTED OPERATING INCOME [1)]

in € million	2014	2015	Change in percent
Operating income	**68.0**	**104.2**	**+53.2**
Goodwill impairment	59.5	39.4	–33.7
Write-ups/write-downs of additional assets identified on acquisitions			
Scheduled amortization/depreciation	7.4	4.9	–33.9
Impairments	8.4	3.4	–59.5
Reversal of impairments	–4.4	–4.0	–9.1
Income and expenses in connection with share and asset deals	1.0	–8.7	–
Income and expenses in connection with reorganization and improvement projects	17.1	22.8	+33.5
Personnel expenses for share-based incentive payments	1.0	1.9	+88.7
Currency conversion differences	1.1	2.2	+96.1
Income and expenses related to one-off effects and other exceptional circumstances	19.7	21.4	+8.6
Total highlighted items	**110.9**	**83.4**	**–24.7**
Adjusted operating income	**178.8**	**187.6**	**+4.9**

1) Rounding differences may occur

Where statements below refer to the number of employees, in principle, this represents the total number of full-time posts. For this purpose, part-time posts have been converted to equate full-time employment.

The figures on the business development of the GfK Group and any percentage changes are based on figures in € thousand. Accordingly, rounding differences may occur.

As part of its global strategy, GfK has pooled overlapping administrative functional areas of the Other category.

The companies mentioned in the Group Management Report are referred to by their abbreviated names. The Additional Information section of the Annual Report includes a list of all companies in the GfK Group.

2.2 GfK GROUP: BACK ON TRACK

In 2015, the GfK Group achieved **sales** of € 1,543.4 million, 6.2 percent above the previous year's figure. With organic growth at 1.1 percent, currency effects contributed 5.0 percent to the increase, while acquisitions resulted in a 0.1 percent growth.

DEVELOPMENT OF EARNINGS [1)]

in € million	2014	2014 excluding goodwill impairment	2015	2015 excluding goodwill impairment	Change (excl. goodwill impairment) in percent
Sales	1,452.9	1,452.9	1,543.4	1,543.4	+6.2
Cost of sales	−990.6	−990.6	−1,061.9	−1,061.9	+7.2
Gross income from sales	**462.3**	**462.3**	**481.5**	**481.5**	**+4.1**
Selling and general administrative expenses	−301.0	−301.0	−302.2	−302.2	+0.4
Other operating income	7.8	7.8	19.8	19.8	+153.4
Other operating expenses	−101.2	−41.7	−94.9	−55.5	+33.2
EBITDA	**202.2**	**202.2**	**231.2**	**231.2**	**+14.4**
as a percentage of sales	13.9	13.9	15.0	15.0	–
Adjusted operating income	**178.8**	**178.8**	**187.6**	**187.6**	**+4.9**
as a percentage of sales	12.3	12.3	12.2	12.2	–
Highlighted items	−110.9	−51.4	−83.4	−44.0	−14.3
Operating income	**68.0**	**127.5**	**104.2**	**143.6**	**+12.6**
as a percentage of sales	4.7	8.8	6.7	9.3	–
Income from participations	4.0	4.0	2.0	2.0	−49.4
EBIT	**71.9**	**131.4**	**106.2**	**145.6**	**+10.7**
as a percentage of sales	5.0	9.0	6.9	9.4	–
Other financial income	**−24.4**	**−24.4**	**−18.3**	**−18.3**	**−25.0**
Income from ongoing business activity	**47.6**	**107.1**	**87.9**	**127.3**	**+18.9**
Tax on income from ongoing business activity	−28.2	−28.2	−47.2	−47.2	+67.2
Tax ratio in percent	59.3	26.3	53.7	37.0	–
Consolidated total income	**19.4**	**78.9**	**40.7**	**80.1**	**+1.6**
Attributable to equity holders of the parent	5.9	65.4	36.8	76.2	+16.6
Attributable to minority interests	13.5	13.5	4.0	4.0	−70.7
Consolidated total income	**19.4**	**78.9**	**40.7**	**80.1**	**+1.6**
Earnings per share (undiluted) in €	0.16	1.79	1.01	2.09	+16.8

1) Rounding differences may occur

The percentage rise in **cost of sales** was similar to that of sales. It amounted to € 1,061.9 million, corresponding a 7.2 percent increase. As a result, the **gross income from sales** rose by 4.1 percent, reaching € 481.5 million.

The **selling and general administrative expenses** almost matched the previous year's. After a rise of just 0.4 percent compared to the previous year, they came to € 302.2 million in 2015. This meant a total increase in the sum of cost of sales and selling and general administrative expenses of 5.6 percent; a smaller growth than that in sales.

Personnel expenses constitute a major part of the cost of sales as well as selling and general administrative expenses. These grew by 8.6 percent to € 765.9 million. Personnel expenses are also strongly influenced by changes in the exchange rate. In 2015, several of the GfK Group's major currencies gained in strength against the euro: the U.S. dollar by 20 percent, the Chinese yuan by 17 percent, the Swiss franc by 14 percent and pound sterling by 11 percent. As a result, the costs incurred in those countries and currencies rose by the equivalent amount in euro. The increase

in the number of employees was rather moderate, rising by 0.8 percent, or 105 people, to 13,485 employees at the end of 2015. Given that the relative increase in personnel costs was slightly above that of sales, the **personnel cost ratio**, which represents the relationship of personnel expenses to sales, amounted to 49.6 percent (previous year: 48.5 percent).

GfK increased its **adjusted operating income** by € 8.7 million to € 187.6 million. This equates to a rise of 4.9 percent. The margin, which expresses the relationship of adjusted operating income to sales, was 12.2 percent (previous year: 12.3 percent).

Other operating income increased by € 12.0 million to € 19.8 million. The reason for this increase is income of €12.0 million in connection with the disposal of minority shareholdings. On November 23, 2015, GfK and The NPD Group, Inc., USA, discontinued and unwound their cross-ownership and former joint activities in the Consumer Choices sector and entered into a new strategic contractual partnership. The NPD Group previously held minor direct or indirect shares in a variety of fully consolidated GfK subsidiaries. GfK had shareholdings with significant influence in several of The NPD Group subsidiaries, which were classified as associated companies from GfK's perspective, as well as a profit-sharing agreement regarding certain business activities. This divestiture ended all mutual stakes.

Other operating income also includes profit made from the sale of real estate owned by GfK Switzerland amounting to € 1.1 million. Currency gains fell from € 3.0 million in the previous year to € 2.3 million.

After the currency losses in **other operating expenses** increased by € 0.4 million to € 4.5 million, net foreign exchange losses resulting from operating activity in foreign currency amounted to € 2.2 million (previous year: € 1.1 million).

Overall, other operating expenses fell by € 6.2 million to € 94.9 million. This decline can be attributed to opposing events: On the one hand, goodwill impairment amounted to € 39.4 million. This represents a year-on-year decline of € 20.1 million. The cause of this impairment was adjusted growth prospects in Central Eastern Europe/META as well as Southern and Western Europe. On the other hand, impairments of tangible and intangible assets rose from € 1.8 million in the previous year to € 24.0 million in 2015. This includes impairments amounting to € 20.0 million, which relate to the termination of the network-based development activities in Mobile Insight/Location Insight as well as two modules of the digital analysis and production platform, CPIMS/NEO.

Personnel costs included in other operating expenses have also risen, increasing from € 10.8 million in the previous year to € 14.5 million in 2015. These were mostly severance payments related to reorganization projects.

Expenses, in particular legal and consulting costs, relating to the irregularities uncovered at a Turkish subsidiary in 2012, account for € 1.3 million of our other operating expenses. In the previous year, such expenses amounted to € 12.1 million, which largely consisted of retrospective tax payments and penalties. For ongoing court proceedings and social security risks, the company incurred costs of € 5.9 million in the previous year. These amounted to just € 0.2 million in 2015.

Highlighted items came to a total of € 83.4 million. Adjusted for goodwill impairments, highlighted items would have amounted to € 44.0 million. This represents a decline of € 7.3 million on the previous year's similarly adjusted figure of € 51.4 million.

Considering the development of the highlighted items, the report gives a heterogeneous picture as well. While the write-ups and write-downs of additional assets identified on acquisitions as well as income and expenses in connection with share and asset deals fell by € 7.1 and € 9.7 million respectively, the net expenses in connection with reorganization and improvement projects rose by € 5.7 million. The same is true for personnel expenses for share-based incentive payments (increase of € 0.9 million in costs), currency conversion gains and losses (increase of € 1.1 million in costs) and the income and expenses related to one-off effects and other exceptional circumstances, which increased by € 1.7 million to an expense of € 21.4 million.

The latter items include the above-mentioned impairments to the developments in Mobile Insight/Location Insight and parts of the CPIMS/NEO software, amounting to € 20.0 million, as well as the positive influences of the cost reductions of € 10.8 million relating to the incidents in Turkey, and of the € 5.7 million decline in court proceedings and social security risks. This item also includes income from the property sale in Switzerland amounting to € 1.1 million.

The decline in write-ups and write-downs of additional assets identified on acquisitions affects both scheduled amortization, which fell by € 2.5 million to € 4.9 million, and impairments, which amounted to just € 3.4 million after the previous year's € 8.4 million. Reversals of impairment losses were practically unchanged at € 4.0 million (2014: € 4.4 million).

The income and expenses in connection with share and asset deals are positive due to the above-mentioned income amounting to € 12.0 million from the disposal of minority shareholdings. They amounted to € 8.7 million after expenses of € 1.0 million in the previous year. In addition, this item mainly includes costs related to the sale of our market research business in crop protection and animal health, scheduled for the first half year 2016.

The net expenses in connection with reorganization and improvement projects, which increased by € 5.7 million to € 22.8 million, are dominated by expenses on redundancy settlements, which rose by € 10.8 million to € 13.9 million. Other reorganization costs increased by € 2.3 million to € 2.7 million. These include impairments, consulting fees and other costs from streamlining and optimizing business areas at selected subsidiaries.

Operating income increased by € 36.2 million to € 104.2 million. Adjusted for the expense of the goodwill write-down, the figure would have amounted to € 143.6 million, compared with the respective adjusted figure of € 127.5 million from the previous year. This corresponds to an increase of 12.6 percent.

Amortization and depreciation decreased by € 5.2 million to € 125.1 million. Without the fall in goodwill impairment of € 20.1 million to € 39.4 million, the figure would have increased by € 14.9 million. This increase is attributable to the aforementioned € 20.0 million impairment in Mobile Insight/Location Insight and CPIMS/NEO and an increase in scheduled amortization and depreciation on intangible and tangible fixed assets by € 1.5 million to € 58.4 million as a result of an increase in investments. Conversely, scheduled amortization of additional assets identified on acquisitions fell by € 2.5 million to € 4.9 million. Impairments on these assets amounted to € 3.4 million, down € 5.0 million on the previous year.

Income from participations fell by € 2.0 million to € 2.0 million. This includes income from associated companies, which is mainly responsible for the decline. One-off losses in the amount of € 1.9 million were incurred in relation to the restructuring of an associated subgroup. There was also an impairment of € 2.2 million to a stake in an associated company. These negative effects could not be entirely offset by the € 1.8 million improvement in the income attributed from other associated companies.

EBIT amounted to € 106.2 million in the reporting year. This equates to a year-on-year increase of € 34.2 million. After eliminating the goodwill impairment in both the year under review and the previous year, EBIT would stand at € 145.6 million. This is an increase of 10.7 percent or € 14.1 million.

EBITDA, which is unaffected by the goodwill impairment, rose by 14.4 percent or € 29.0 million to € 231.2 million. The increase in EBITDA is higher than that of the EBIT adjusted for goodwill impairment, as write-downs included in EBIT, which are added for the EBITDA calculation, are € 14.9 million above those of the previous year.

Other financial income improved significantly compared to the previous year. Net expenses amounted to € 18.3 million after € 24.4 million in the previous year. All elements of our financial income have experienced growth: net interest income increased by € 2.8 million to a net expense of € 16.6 million; financial currency expenses fell by € 1.1 million to € 2.4 million; miscellaneous financial income improved by € 2.2 million, resulting in a net income of € 0.7 million.

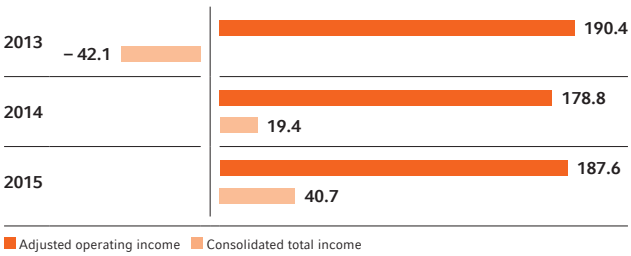
Income from ongoing business activity rose from € 47.6 million to € 87.9 million. Adjusted for goodwill impairment, this represents an increase of 18.9 percent, rising from from € 107.1 million in the previous year, to € 127.3 million in 2015.

The computed **income tax rate** is 53.7 percent (previous year: 59.3 percent). Both rates are influenced to a significant extent by the respective goodwill impairment, as the result of this is no tax expense or income in parallel with a reduction in pre-tax profit. The adjusted tax rates would be 26.3 percent for 2014 and 37.0 percent for 2015.

Tax expenses in the previous year were positively impacted by the new assessment of the feasibility of tax loss carry-forwards at a U.S. subsidiary as a result of an increase in planned tax income and the establishment of a tax group in France. In total, this amounts to € 16.2 million, an improvement of 15.1 percentage points on the tax rate last year.

The **consolidated total income** of the GfK Group was € 40.7 million compared with € 19.4 million in the previous year. Excluding the impact of goodwill impairment in both the year under review and the previous year, the consolidated total income would have risen by 1.6 percent to stand at € 80.1 million. The consolidated total income attributable to minority interests, which is unaffected by the goodwill impairment, fell by 70.7 percent, despite the increase in consolidated total income. The reason for this lies predominantly with the above-mentioned transaction to dissolve cross-shareholdings with The NPD Group, Inc., USA. With a constant number of shares, this also contributes to an increase in **earnings per share** which rose from € 0.16 to € 1.01. Adjusted for goodwill write-downs, this amounts to € 2.09, after € 1.79 in the previous year, an increase of 16.8 percent.

GfK GROUP: ADJUSTED OPERATING INCOME AND CONSOLIDATED TOTAL INCOME
in € million



2.3. ASSET AND CAPITAL POSITION

In comparison to the previous year, the **total assets** of the GfK Group rose by € 74.9 million, or 4.2 percent, to € 1,842.3 million. This is primarily a result of the euro's weakness against other currencies of importance to the GfK Group, such as the U.S. dollar and pound sterling. This is also reflected in goodwill, which increased by € 1.3 million in total to € 774.0 million, although the goodwill decreased on account of a goodwill impairment of € 39.4 million and by a further € 6.9 million following the reclassification to assets held for sale due to the initiated sale of the animal health and crop protection business. This decrease was more than offset by an increase of capital consolidation transactions in the amount of € 3.1 million, in particular through the currency-related increase of € 44.5 million. This currency-related increase is posted in Other reserves.

DEVELOPMENT OF THE BALANCE SHEET [1)]

in € million	Dec. 31, 2014	Dec. 31, 2015	Change	Share of total assets in percent
ASSETS				
Non-current assets	1,231.4	1,221.7	−9.7	66.3
Current assets	536.1	620.6	+84.5	33.7
LIABILITIES				
Equity	705.3	720.5	+15.2	39.1
Non-current liabilities	523.8	440.7	−83.1	23.9
Current liabilities	538.3	681.1	+142.8	37.0
Total assets	**1,767.4**	**1,842.3**	**+74.9**	**100.0**

1) Rounding differences may occur

Other intangible assets increased by € 5.1 million to € 271.8 million. The largest share in this increase was attributed to the setup of new panels. This involved capitalized panel setup costs of € 14.4 million above the previous year's value. Overall, other intangible assets include panels with a carrying value of € 114.6 million. The drop in software of € 6.9 million to € 109.1 million is partly attributable to the impairment already listed on the developments in the Mobile Insight/Location Insight and CPIMS/NEO assets which, together with the regular amortization, exceeded additions in the entire fiscal year. In addition, other intangible assets amounting to € 15.1 million were reclassified to assets held for sale.

Tangible assets decreased by € 10.6 million. The main reason for this is the real estate sale in Switzerland (€ −6.5 million). Shares in associated companies decreased by € 11.0 million. This was mainly due to the process of unwinding the cross-holdings with The NPD Group and the reclassification of the investment in USEEDS GmbH, Berlin, to assets held for sale.

Non-current assets fell by € 9.7 million to € 1,221.7 million. By contrast, current assets grew by € 84.5 million to € 620.6 million at year-end 2015. This development is mainly due to an increase in trade receivables of € 11.6 million, an increase in cash and cash equivalents of € 36.3 million and the reporting of assets held for sale amounting to € 39.4 million.

Equity rose by € 15.2 million to € 720.5 million. As total assets increased by a higher percentage, the **equity ratio** fell slightly to 39.1 percent (previous year: 39.9 percent). Within this equity, of particular notice is the sharp increase in other reserves. This figure is up by € 63.0 million on the previous year, mainly as a result of changes in exchange rates of the pound sterling and the U.S. dollar. Although the balance of consolidated total income, attributable to equity holders of the parent company (€ 36.8 million), and the dividend payments (€ −23.7 million) is positive, the retained earnings decreased by € 10.1 million. Likewise, the minority interest decreased by € 37.7 million. Both are attributable to the unwinding of cross-shareholding with The NPD Group that was partly shown as an equity transaction.

DEVELOPMENT OF THE EQUITY RATIO
in percent

Liabilities increased by € 59.6 million to € 1,121.8 million. This consists of an increase in current liabilities and a decrease in non-current liabilities.

Non-current liabilities fell by € 83.1 million to € 440.7 million. The decline in non-current liabilities by € 102.9 million is offset, among other aspects, by an increase in deferred tax liabilities of € 10.9 million and an increase in non-current other liabilities of € 7.7 million.

Non-current interest-bearing financial liabilities fell by € 102.9 million to € 256.4 million. This is attributable to the increase in current interest-bearing financial liabilities by € 144.4 million to € 208.2 million. In the previous year, non-current financial liabilities included bonds in the amount of € 200 million, of which € 13.9 million were repaid. The remaining amount of € 186.1 million was reclassified as a current financial liability, as it falls due for repayment in April 2016. To ensure complete refinancing of this bond, GfK SE has already concluded several bilateral forward bank loans of € 70 million and loan notes in the amount of € 130 million with maturities of between three and twelve years. The payment dates of these financial instruments are in February and March 2016. The long-term loan note increased by € 75 million. In addition, long-term bank loans totaling € 25 million were taken. Short-term bank loans of € 39.6 million were repaid upon maturity.

Current liabilities were up by a total of € 142.7 million to € 681.1 million. This included the already listed increase in current financial liabilities of € 144.4 million. Liabilities from orders in progress rose by € 14.4 million to € 167.0 million. By contrast, short-term provisions fell by € 19.4 million. The majority of this can be attributed to the Turkish subsidiary that had to pay taxes, interest and penalties amounting to € 15.4 million following the judgement of a Turkish tax court in March 2015.

2.4 INVESTMENT AND FINANCE

For an innovative market research company such as GfK, ongoing investment in the establishment and expansion of panels, new measuring technologies, advanced technology and the necessary new market research methods for these, as well as the expansion of production and analysis systems, is vital. These measures make a decisive contribution to securing the company's future success, considerably raise the barrier to market entry for potential competitors and substantially strengthen the competitive position of GfK.

Accordingly, the GfK Group made significant **investments** in the previous year. They totaled € 108.6 million and were therefore € 8.9 million up on the prior year's figure. After the investment in tangible assets was exceptionally high due to the setup of the television research panel in Brazil in the previous year, the corresponding value fell by € 10.7 million. The investments in intangible assets, however, increased by € 15.7 million to € 67.8 million. The predominant part thereof relates to the set-up of media measurement panels in Brazil, the Kingdom of Saudi Arabia and Singapore. Investments for acquisitions increased by € 5.8 million to € 12.3 million, compared to the previous year, resulting in part from the acquisition of NORM Group, headquartered in Sweden.

Cash flow from operating activity decreased year on year by € 26.0 million to € 170.9 million. The outflow of funds from working capital was € 21.0 million with a cash inflow of € 6.5 million in the previous year. The payment of taxes and penalties in Turkey, in addition to an ever more marked increase in operating receivables, have influenced this development.

Taking account of investments in tangible and intangible assets of € 94.1 million (2014: € 89.2 million), the **free cash flow** amounted to € 76.8 million (2014: € 107.7 million). As a result, our acquisitions and other financial investments were fully covered.

Dividends totaling € 31.7 million were paid to the shareholders of GfK SE and to the minority shareholders of its affiliates (previous year: € 29.3 million). Despite a net borrowing in the amount of € 47.7 million (previous year: net loan repayment of € 28.6 million) a total negative cash flow from financing activities of € 59.4 million (previous year: € 75.5 million) was registered. The reason for this is the other equity transactions stemming from the acquisition of minority interests which are also included in the cash flow from financing activities, in particular the transaction in conjunction with the termination of the cross-shareholding with The NPD Group, Inc., USA. Overall, the net change in cash and cash equivalents amounted to € 35.2 million (previous year: € 22.4 million).

DEVELOPMENT OF FREE CASH FLOW AND CASH FLOW FROM FINANCING ACTIVITY [1)]

in € million	2014	2015	Change
Cash flow from operating activity	**196.9**	**170.9**	**−26.0**
Investments in tangible and intangible assets	−89.2	−94.1	−4.9
Free cash flow before acquisitions, other financial investments and asset disposals	**107.7**	**76.8**	**−30.9**
Acquisitions	−8.1	−12.5	−4.5
Other financial investments	−2.4	−1.9	+0.5
Asset disposals	0.8	32.3	+31.5
Free cash flow after acquisitions, other financial investments and asset disposals	**98.0**	**94.6**	**−3.4**
Changes in equity	−29.7	−89.2	−59.5
Net borrowing via loans	−28.6	47.7	+76.3
Interest paid less interest received	−17.3	−17.9	−0.6
Cash flow from financing activities	**−75.5**	**−59.4**	**+16.1**
Changes in cash and cash equivalents	**22.4**	**35.2**	**+12.8**

1) Rounding differences may occur

The **net debt**, defined as the balance of cash, cash equivalents and short-term securities less interest-bearing liabilities and pension obligations, rose by € 6.8 million to € 400.0 million. An increase by € 61.8 million in bank liabilities relating to the repayment of the bonds falling due in April 2016 is offset by the increase of € 36.3 million in cash and cash equivalents and the decrease in other interest-bearing liabilities by € 20.1 million, which was above all due to the partial early redemption of the bonds by € 13.9 million. Liabilities for future purchase price payments from acquisitions and earn-outs have decreased by € 7.7 million and amounted, as per balance-sheet date, to € 6.9 million.

DEVELOPMENT OF NET DEBT [1)]

in € million	Dec. 31, 2014	Dec. 31, 2015	Change
Cash and cash equivalents	93.2	129.5	+36.3
Short-term securities and fixed-term deposits	0.9	1.5	+0.5
Liquid funds and current securities	**94.1**	**130.9**	**+36.8**
Liabilities to banks	188.3	250.1	+61.8
Pension obligations	64.3	66.4	+2.0
Liabilities from finance leases	0.2	0.1	−0.1
Other interest-bearing liabilities	234.5	214.3	−20.1
Interest-bearing liabilities	**487.3**	**530.9**	**+43.6**
Net debt	**−393.1**	**−400.0**	**−6.8**

1) Rounding differences may occur

The slight increase in net debt in combination with our improved earnings is reflected in the development of ratios of net debt to key balance sheet and financial ratios.

GEARING AND RATIO OF NET DEBT TO EBIT, EBITDA, FREE CASH FLOW

	2014	2015
Gearing (net debt/equity) in percent	55.7	55.5
Net debt/EBIT	5.46	3.77
Net debt/EBITDA	1.94	1.73
Net debt/free cash flow	3.65	5.21

2.5 BUSINESS PERFORMANCE FORECAST

We set clear priorities for 2015 in the context of "Shape for Growth". Our aim was to put GfK back on a path to further growth, increase our productivity and invest in the development of the company's organization, our product portfolio and data integration. The conversion of data into insights should help us to satisfy the growing demands of our customers in ever rapidly changing markets. Our overall aim in 2015 was to achieve moderate organic growth and an AOI margin (adjusted operating income to sales) of between 12.4 percent and 12.8 percent.

Our growth forecast in the Annual Report 2014 was based on two assumptions: The Consumer Choices sector was expected to make use of new potential for growth and margins, grow more strongly than in the previous year and increase its share of the Group's sales. With regard to the Consumer Experiences business, we did not expect it to make any contribution to growth. Neither was a decline in sales excluded. Of key importance in this regard is the transformation of the scope of the business from purely local and less profitable project-based research into a more profitable scale of business and digital products. We achieved the growth forecast for the Group.

After the first 11 months of the year, however, our adjusted operating income was such that reaching the year's targeted range for the AOI margin no longer appeared to be as sufficiently secure as before. Therefore, we revised our margin target on December 18, 2015, to "in the range of 12 percent". This decision was primarily based on our results in October and November, two months in what is traditionally for us the most important quarter, which underperformed our expectations. For example, it was not possible to compensate for the pressures already being exerted by the delays and, as a result, additional ramp-up costs of TV audience measurement contracts in Brazil and the Kingdom of Saudi Arabia. In addition, the Consumer Experiences segment received only a limited amount of orders and, therefore, sales. A decision was also made to discontinue the development of network-centric measurement in the area of Mobile Insight/Location Insight because of technical difficulties preventing a consistent and continuous supply of data from our two main suppliers. This has not affected further developments in the use of mobile data, which GfK is implementing and developing even further on a wider scale. The business performed very positively in December, however, which made up partially for the decline in margin. The difference with the lower end of guidance estimates at year-end was only 0.2 percentage points.

The factors present until the publication of the revisions to the guidance reports and the lower starting basis resulting therefrom also constitute a risk for the 2016 financial year. The outlook for 2016 was also revised for this reason. The forecast for 2016 of organic sales growth outperforming the market remained unchanged. For the AOI margin, we predicted a level of between 14 and 15 percent. From now on, we will be proceeding from the basis of a significant improvement in margin in comparison to 2015, and after the margin risk has been evaluated and the annual financial statements for 2015 have been produced, we will publish a new guidance for 2016 (page 99 of the Group Management Report).

FORECAST AND ACTUAL BUSINESS PERFORMANCE

Key performance indicator 2015	Forecast of the Group Management Report 2014	Mid-year change on Dec. 18, 2015	As of Dec. 31, 2015
Organic sales growth	Moderate organic growth	Unchanged	1.1 %
Organic sales growth of the sectors	**Consumer Experiences:** No contribution to growth/ sales decline possible	Unchanged	**Consumer Experiences:** Sales decline of 1.2 %
	Consumer Choices: Faster growth than previous year (2014), increase share of Group sales	Unchanged	**Consumer Choices:** Sales growth of 4.3 %
Margin (adjusted operating income in relation to sales)	12.4 % to 12.8 %	In the range of 12 %	12.2 %
Key performance indicator 2016			
Organic sales growth	Outpace the market	Unchanged	Unchanged
Margin (adjusted operating income in relation to sales)	14 % to 15 %	Considerable margin improvement	Considerable margin improvement

2.6 INFORMATION PURSUANT TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

The following information reflect circumstances as at the balance sheet date.

Structure of the Share Capital

The share capital of GfK SE (hereinafter also referred to as the company) amounted to €153,316,363.20 in total as at December 31, 2015, divided into 36,503,896 no-par value bearer shares.

Restrictions on Voting Rights or the Transfer of Shares

There are no restrictions in the Articles of Association relating to voting rights or the transfer of shares.

Direct or indirect Shareholdings exceeding 10 Percent of the Voting Rights

The GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, has a direct holding of 56.46 percent of the voting rights in GfK SE. The company has not received notification of any other shareholders with a stake exceeding 10 percent of the capital.

Shares with Special Control Rights

Shares which confer special control rights have not been issued. All shares carry the same rights.

Control over Voting Rights by Employee Shareholders

The employees with an interest in the capital of the company may exercise their voting rights directly, as other shareholders, in accordance with applicable law and the Articles of Association.

Appointment and Removal of Management and Amendment to the Articles of Association

Pursuant to Section 84 of the German Stock Corporation Act (AktG) and Article 5 of the Articles of Association of GfK SE, the Supervisory Board is responsible for determining the number of members of the Management Board, which consists of at least two members. The Supervisory Board appoints each member of the Management Board for a maximum term of five years. Appointment for one term or several reappointments each for a maximum of five years are permitted. The Supervisory Board may appoint a member of the Management Board as CEO and one or more deputy CEOs. In addition, the legal regulations on appointing and removing members of the Management Board apply (Sections 84 and 85 of the German Stock Corporation Act (AktG)).

Pursuant to Article 20 of the Articles of Association of GfK SE, unless otherwise stipulated by mandatory legal regulations, resolutions to amend the Articles of Association require a majority of two thirds of the valid votes cast, or where at least half of the share capital is represented, a simple majority of votes cast. In cases where the law additionally requires the majority of the share capital represented when the resolution is adopted, the simple majority of the share capital represented suffices, unless legal provisions stipulate a different majority as mandatory. The Articles of Association do not contain any regulations that exceed the statutory requirements of Sections 133 and 179 of the German Stock Corporation Act (AktG).

Powers of the Management Board to Issue or Buy Back Shares

Authorized capital

On the basis of a resolution by the Annual General Assembly on May 28, 2015, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company until May 27, 2020, through one or more issuances of no-par shares against contribution in cash or contribution in kind in a total amount up to € 55,000,000.00 (authorized capital). Shareholders generally have subscription rights with respect to the new shares. In accordance with Article 9 (1) c) ii) of the SE Regulation and Section 186 (5) AktG, the new shares may be also be subscribed for by a bank or syndicate of banks with the obligation to offer these shares for subscription to the shareholders (indirect subscription rights).

The Management Board may, with the approval of the Supervisory Board, exclude the statutory subscription rights of the shareholders:

(a) if the share capital is increased against contribution in cash and the issue price of the new shares is not significantly below the price at the stock exchange; the total number of shares issued under exclusion of subscription rights pursuant to this authorization must not exceed 10 percent of the share capital, neither on the date on which this authorization becomes effective nor on the date on which this authorization is exercised. Shares issued or to be issued to satisfy subscription rights resulting from bonds with warrants or convertible bonds count towards such number, provided that such bonds were issued during the term of this authorization under exclusion of subscription rights applying, mutatis mutandis, Article 9 (1) c) ii) of the SE Regulation and Section 186 (3) sentence 4 AktG; in addition, shares sold under exclusion of subscription rights during the term of this authorization pursuant to an authorization to sell own shares in accordance with Article 9 (1) c) ii) of the SE Regulation and Sections 71 (1) no. 8 and 186 (3) sentence 4 AktG shall also count towards such number;

(b) to acquire contribution in kind in particular in connection with mergers of companies or for the direct or indirect acquisition of companies, participations in companies, parts of companies, claims (e.g., outstanding bonds) or other assets against the issuance of shares of the company;

(c) to issue the new shares as employee shares to employees of the company or affiliated companies within the meaning of Article 9 (1) c) ii) of the SE Regulation and Sections 15 et seq. AktG;

(d) to grant subscription rights for new shares to the holders of bonds with warrants or convertible bonds of the company or any of its group companies outstanding on the date of the use of the authorized capital to the extent to which such bondholders would have subscription rights as shareholders upon exercise of their conversion and/or option rights or the satisfaction of a conversion or subscription;

(e) to eliminate fractional amounts in order to facilitate a practically feasible subscription ratio.

The total number of shares to be issued under exclusion of subscription rights against contribution in cash or contribution in kind pursuant to this authorization must not exceed 20 percent of the share capital existing on the date on which this authorization becomes effective or, if such amount is lower, on the date of use of this authorization; this limitation applies to all issuances of new shares under exclusion of subscription rights pursuant to this authorization, no matter under which of the specific exemptions in the preceding paragraphs a) to e) such issuance falls. Shares issued or to be issued to satisfy subscription rights resulting from bonds with warrants or convertible bonds count towards such number, provided that such bonds were issued during the term of this authorization under exclusion of subscription rights.

The Management Board shall, with the approval of the Supervisory Board, be authorized to determine the further content of the rights represented by the shares and the terms of the issuance of the shares. The Supervisory Board shall be authorized to amend the wording of the Articles of Association in accordance with the use of the authorized capital or upon expiry of the term of the authorization.

The previous authorization of the Management Board pursuant to Article 3 (6) of the Articles of Association to increase, with the approval of the Supervisory Board, the share capital of the company by one or more issuances of no-par value shares against contribution in cash or contribution in kind in a total amount of up to € 55,000,000.00 (authorized capital) was cancelled by resolution of the Annual General Assembly on May 28, 2015.

Contingent capital

Pursuant to Article 3 (9) of the Articles of Association the share capital is contingently increased by up to € 21,000,000.00, divided into up to 5,000,000 new no-par value bearer shares with profit participation from the start of the financial year of their issue (contingent capital). The contingent capital increase serves to grant shares to the holders of stock option and/or convertible loan debentures issued in exchange for cash by the company or a company in which the company holds a direct or indirect majority interest in accordance with the authorization resolved by the Annual General Assembly on May 28, 2015 under agenda item 8 b) (see below). The new shares shall be issued at the option or conversion price determined in accordance with the above authorization. The contingent capital increase shall be implemented only to the extent that stock option and/or conversion rights relating to the debentures are exercised or conversion obligations relating to the debentures are fulfilled without settlement in cash or existing shares in the company or new shares issued from other contingent or authorized capital. The Management Board shall be entitled to define the further details of the contingent capital increase with the approval of the Supervisory Board.

The previous contingent capital III pursuant to Article 3 (6) of the Articles of Association as created by the Annual General Assembly on May 16, 2012 was rescinded by resolution of the Annual General Assembly on May 28, 2015.

Issuance of Bonds with Warrants and/or Convertible Bonds

The Management Board is authorized by resolution of the Annual General Assembly on May 28, 2015 with the approval of the Supervisory Board for the period up to May 27, 2020, on one or more occasions:

- to issue bonds with warrants and/or convertible bonds through the company or domestic or foreign companies in which it holds a direct or indirect majority interest ("subordinate group companies") in a total nominal amount of up to € 250,000,000.00 for a limited or unlimited period ("debentures") and
- to assume a guarantee for debentures issued for the company by such subordinate group companies

and to grant the holders of debentures option or conversion rights for a total of up to 5,000,000 no-par value bearer shares in the company in accordance with the terms and conditions of the debentures ("terms and conditions").

The bonds may be denominated in Euro or the legal currency of any OECD country, up to the equivalent amount in such currency. The issue of bonds can also be made against contribution in kind, particularly for the purposes of acquisition of a company, parts of a company or shareholdings in a company, where this is in the interests of the company and the value of the payment in kind is appropriate to the value of the debenture, in respect of which the theoretical market value ascertained according to recognized rules shall apply.

As a matter of principle, shareholders are entitled to subscribe to the bonds; in accordance with Section 9 (1) c) ii) of the SE Regulation and Section 186 (5) AktG, the bonds may also be underwritten by a bank or banking syndicate with the obligation to offer them to the shareholders for subscription. If bonds are issued by a subordinate group company, the company shall ensure that subscription rights are granted to the shareholders of the company accordingly.

With the approval of the Supervisory Board, however, the Management Board shall be entitled to exclude shareholders' subscription rights for the debentures,

- if the bonds are issued for cash and the issue price is not substantially lower than the theoretical market value derived using recognized actuarial methods; however, this shall apply only providing that the shares issued to service the relevant option and/or conversion rights do not exceed 10 percent of the share capital, either at the date on which the authorization comes into force or the date on which this authorization is exercised. This amount shall include the pro rata amount of the share capital attributable to shares issued on or after May 28, 2015 from authorized capital as part of a cash capital share increase with shareholders' subscription rights excluded in accordance with Section 9 (1) c) ii) of the SE Directive and Section 186 (3) sentence 4 AktG. This amount shall also include the pro rata amount of the share capital attributable to the sale of the company's own shares, provided that this occurs during the term of this authorization with shareholders' subscription rights excluded in accordance with Section 9 (1) c) ii) of the SE Directive and Section 186 (3) sentence 4 AktG,

- to eliminate any fractions resulting from the subscription ratio from the subscription right of shareholders to subscribe for the bonds,
- where necessary, to grant subscription rights to the holders of option or conversion rights arising from bonds with warrants or convertible bonds which were or will be issued by the company or subordinated group companies in the amount to which they would be entitled on the exercise of their rights or the fulfillment of conversion obligations,
- to the extent that bonds are issued in exchange for contributions in kind, in particular to acquire companies, parts of companies, company shareholdings, receivables (e.g. outstanding bonds) or other assets, provided that this is in the interest of the company and the value of the contributions in kind is adequate in relation to the value of the issued bonds.

The authorization to exclude shareholders' subscription rights is limited insofar as, after the stock option or conversion rights have been exercised, the shares to be issued, together with shares issued during the term of this authorization on the basis of the existing authorized capital (Article 3.6 of the Articles of Association) with exclusion of shareholders' subscription rights, must not exceed 20 percent of the existing share capital at the time the authorization comes into force or – if lower – at the time the authorization is exercised.

In the event that convertible bonds are issued, the holders shall be granted the right to convert such bond into no-par value bearer shares in the company in accordance with the terms and conditions specified by the Management Board. The conversion ratio shall be calculated by dividing the nominal amount or, if prescribed by the terms and conditions, an issue price for a partial bond that is lower than the nominal amount, by the conversion price established for one share in the company. The resulting amount may be rounded up or down to a whole number; an additional cash payment and the combination of amounts or compensation for unconvertible fractions may also be specified. The terms and conditions may prescribe a variable conversion ratio and require that the conversion price (subject to the minimum price as described below) be set within a predetermined range depending on the development of the stock exchange price of the company's shares during the term of the debenture. The proportion of the share capital attributable to the shares for each partial bond may not exceed the nominal amount of the partial bonds. Section 9 (1) c) ii) of the SE Regulation and Sections 9 (1) and 199 (2) AktG shall remain unaffected.

In the event that bonds with warrants are issued, one or more warrants will be attached to each partial bond entitling the holder to subscribe to no-par value bearer shares in the company in accordance with the terms and conditions specified by the Management Board. Such terms and conditions may include the possibility of paying the option price through the transfer of partial bonds and, if applicable, an additional cash payment. The subscription ratio shall be calculated by dividing the nominal amount or, if prescribed by the terms and conditions, an issue price for a partial bond that is lower than the nominal amount by the option price established for one share in the company. The proportion of the share capital attributable to the shares for each partial bond may not exceed the nominal amount of such partial bonds. In the event of share fractions, the terms and conditions relating to the convertible bonds and/or bonds with warrants may specify that such fractions can be added together for the purposes of acquiring complete shares. Section 9 (1) c) ii) of the SE Regulation and Sections 9 (1) and 199 (2) AktG shall remain unaffected.

The terms and conditions may provide for the company not to issue new shares in the event of conversion or exercise of warrants, but to pay the equivalent value in money, such payment to equate to the unweighted average closing price of the company's shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) in the ten trading days prior to or following the declaration of conversion or exercise. At the company's choice, the terms and conditions may also provide that new shares from authorized capital or existing shares in the company instead of new shares from contingent capital will be granted upon conversion or exercise of warrants.

The terms and conditions may also provide for a conversion obligation at the end of the term (or at another specified date) or grant the company the right to provide creditors with shares in the company in respect of all or part of the amount due on maturity of the convertible bonds; this also includes maturity due to termination (right to deliver shares).

The option or conversion price for a no-par value bearer share in the company must amount to at least 80 percent of the average volume-weighted stock exchange price of the same class of shares in the company in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) during the last ten trading days prior to the date on which the Management Board resolves the issue of the bonds or, if shareholders are entitled to subscribe for the bonds, at least 80 percent of the average volume-weighted stock exchange price of the same class of shares in the company in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) in the period from the start of the subscription period until the third day prior to the announcement of the final terms and conditions in accordance with Section 9 (1) c) ii) of the SE Regulation and Section 186 (2) sentence 2 AktG (inclusive).

In the case of a stock option or conversion obligation or a right to deliver shares, the specific terms and conditions state that the option or conversion price may also be lower than the aforementioned minimum price (80 percent), but must at least correspond to the average volume-weighted stock exchange price of the same class of shares in the company in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) during a period of 15 trading days prior to final maturity or the other predetermined date.

The proportion of the share capital attributable to the shares in the company to be issued may not exceed the nominal amount of the debentures. Section 9 (1) c) ii) of the SE Regulation and Sections 9 (1) and 199 (2) AktG shall remain unaffected.

The option or conversion price may, without prejudice to Section 9 (1) c) ii) of the SE Regulation and Sections 9 (1) and 199 (2) AktG, on the basis of an anti-dilution clause as provided for in more detail in the terms and conditions of the bonds, be adjusted if the Company increases the share capital at any time before expiration of the option or conversion period while granting a pre-emptive right to the shareholders or issues or guarantees additional bonds without granting a pre-emptive right to the holders of existing option rights or convertible bonds. The terms and conditions of the bonds may also provide for a value-stabilizing adjustment of the option and/or conversion price with respect to any other measures of the Company which may lead to an economic dilution of the value of the option and/or conversion rights. The option or conversion price may also be reduced by way of a cash payment on exercise of the option or conversion right or the fulfillment of an option or conversion obligation. In all cases, the proportion of the share capital attributable to the shares to be acquired for each debenture shall not exceed the nominal value of the debenture.

The Management Board is authorized, with the approval of the Supervisory Board, or in consultation with the bodies of the subordinated group companies issuing the bonds, to determine in compliance with the above provisions the further details of the issuance of the bonds and their terms and conditions, including but not limited to, interest rate, type of interest, issue price, term and composition of the bonds, provisions on dilution protection, option or conversion period and option or conversion price.

The Management Board will, in any event, carefully check whether it should make use of the authorization to issue debentures with exclusion of any subscription rights of shareholders, and will then only proceed to do this if, having considered all relevant aspects, it is in the interest of the company and its shareholders.

The previous authorization of the Management Board based on the resolution of the Annual General Assembly on May 16, 2012 to issue, with the approval of the Supervisory Board, bonds with warrants and/or convertible bonds with a total nominal amount of up to € 250,000,000.00 for the period up to May 15, 2016 was rescinded.

Acquisition of own shares

By resolution of the Annual General Assembly on 27 May 2014 the company is authorized, pursuant to section 71 para. 1 (8) Stock Corporate Act (AktG) to acquire own shares up to a maximum of 10 % of the current share capital (i) at the time the resolution is passed, or (ii) at the time when the authorization is exercised, whichever is the less. At no time may the shares acquired and those already in the possession of the company or attributable to the company in accordance with Sections 71a et seq. AktG cumulatively represent more than 10 % of the share capital. This authorization shall not be used by the company for the purposes of trading in its own shares. This authorization shall be valid until May 26, 2019.

The authorization may be exercised in one or more installments, on one or several occasions, in the pursuit of one or more purposes by the company, by third parties controlled by the company or in which the company holds a majority interest or are acting for the account of such company or the company.

The acquisition of own shares shall be at the discretion of the Management Board either (i) via the stock exchange or (ii) through a public offer to all shareholders or a public invitation for such an offer to be made.

(i) If the shares are acquired on the stock exchange, the consideration paid by the company for each share (excluding ancillary purchase costs) must not be 10 percent higher or lower than the share price in the closing auction in Xetra trading (or a comparable successor system) on the day prior to the reference day. The reference day shall be the day on which the Management Board decides on the formal offer. In case of an adjustment of the offer, the date on which the Management Board finally decides on the adjustment shall be the reference date.

(ii) If the acquisition is made by way of a public offer to purchase and/or public invitation to make a purchase offer, the purchase price offered or the thresholds of the price range per share (excluding ancillary acquisition costs) may not be more than 10 percent above or below the closing price trading on Xetra (or a comparable successor system) on the trading day prior to the reference day. If there are significant variations in the relevant price after the publication of a purchase offer or a public invitation to make a purchase offer, the offer or the invitation to make a purchase offer may be adjusted. In this case, the price is based on the closing price in Xetra trading (or a comparable successor system) on the trading day prior to the date of publication of any adjustment. The purchase offer or the invitation to make such an offer may stipulate further conditions. If the purchase offer is oversubscribed or, in the case of an invitation to make the offer, not all of several equal offers can be accepted, offers may be accepted on a quota basis. Provision may be made for the preferential acceptance of small lots of up to 100 shares offered for acquisition per shareholder providing a partial exclusion of shareholders' tender rights Provision may also be made to round off in accordance with commercial principles to avoid theoretical fractions of shares. The details of the offer or invitation to the shareholders to submit offers to sell will be determined by the Management Board.

The Management Board is hereby authorized to dispose of own shares acquired under this or a previous authorization via the stock market or by an offer to all shareholders. The Management Board is also authorized to use shares acquired under this or a previous authorization or otherwise under Sections 71 et seq. AktG for any and all legally permissible purposes, and, in particular, for the following purposes:

(1) The shares may also be sold by means other than on the stock exchange or by way of an offer to all shareholders if they are sold for cash at a price that is not substantially lower than the market price of shares of the company with the same terms at the disposal date. The relevant market price shall be the average closing price of shares of the company in Xetra trading (or a comparable successor system) during the last five trading days prior to the sale of the shares. In this case, the number of shares authorized for sale may not exceed 10 percent of the share capital at the date on which the resolution is adopted by the present Annual General Assembly or, if lower, 10 percent of the registered share capital of the company at the date on which the shares are sold. This limit of 10 percent of the share capital shall include any shares issued during the period of validity of this authorization in direct application of Section 186 (3) sentence 4 AktG or if applied mutatis mutandis with simplified exclusion of shareholder subscription rights. This limit of 10 percent of the share capital shall also include such shares as are issued to service convertible bonds and/or bonds with warrants, providing that the bonds have been issued during the period of validity of this authorization in applying Section 186 (3) sentence 4 AktG mutatis mutandis with exclusion of shareholder subscription rights.

(2) Shares may be offered and transferred against payment in kind, particularly in connection with corporate mergers or acquisitions of companies or parts of companies or participations in companies, or in connection with acquiring other assets.

(3) Shares may be used to meet conversion and/or option obligations under or in connection with convertible bonds and/or bonds with warrants issued by the company or its group companies. Shares may also be transferred for securities lending purposes.

(4) The shares may be redeemed without the redemption or its execution requiring a further resolution by the Annual General Assembly. The redemption may be limited to parts of the acquired shares. The redemption will lead to a reduction in the company's share capital. Alternatively, the Management Board may determine that the share capital shall remain unchanged following the redemption and that the interest of the other shares in the share capital shall instead increase in accordance with article 8 (3) AktG. In this case, the Management Board shall be authorized to adjust the number of shares stated in the Articles of Association.

The authorizations above may be exercised on one or more occasions, individually or jointly, comprehensively or for partial quantities of the acquired shares. The authorizations specified under (1), (2) and (3) above may also be used by entities controlled by the company, companies in which the company holds a majority interest or by third parties acting on their account or for account of the company.

The shareholder´s subscription right for these shares is excluded to the extent that those shares are used in accordance with the authorization specified under (1) to (3) above.

Significant agreements which take effect upon a change of control of the company following a takeover bid

In the event of a change in the controlling interest as part of a takeover bid, the corporate bonds issued in 2011, the revolving credit facility renegotiated in 2014 (amend to extend), the loan notes from 2013 and 2015 as well as various bilateral bank loans may fall due. A change of controlling interest is defined as a party other than the GfK-Nürnberg, Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., alone or together with others acquiring the right to exercise more than 50 percent of the voting rights, either directly or indirectly, or to hold more than 50 percent of the company's capital. With regard to a public offering for acquiring shares in the company, the law and Articles of Association including the provisions of the German Securities Acquisition and Takeover Act (WpÜG) apply exclusively.

Compensation agreements in case of a takeover bid

No compensation agreements are in place between members of the Management Board or employees of GfK SE for the event of a takeover bid.

2.7 SECTORS: A FOCUS ON CONSUMERS AND MARKETS

With our two complementary sectors, Consumer Experiences and Consumer Choices, we offer our clients worldwide a comprehensive range of information and advisory services.

The **Consumer Experiences (CE)** sector deals with consumer behavior, perceptions and attitudes. Here, we offer our clients well-founded answers concerning the who, why and how of consumption. In order to develop a profound understanding of how consumers experience brands and services, we continuously develop pioneering new procedures, some of which are highly complex. These are complemented by proven, robust and flexible market analysis methods.

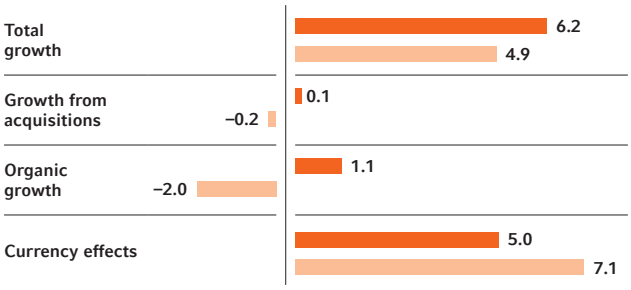
The **Consumer Choices (CC)** sector investigates what is bought by consumers, when and where. The main focus here is on the continuous measurement of market volumes and trends, and we include all the significant media, sales and information channels in our analysis.

In this way, we combine substantial insights into consumer decisions and market trends with profound knowledge concerning the drivers of these developments all over the world. The combination of these two sectors offers great added value for our clients, many of whom operate in a large number of different markets.

For the internal management of both sectors, GfK uses two key financial performance indicators: margin and sales.

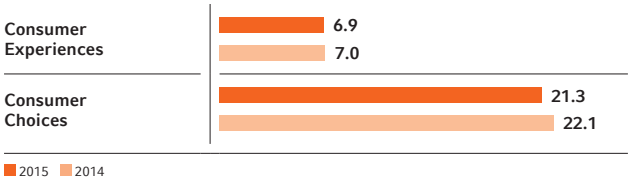
Complementary to these two sectors is the **Other** category. This unites the central services that GfK provides for its subsidiaries and other less important services unrelated to market research.

STRUCTURE OF TOTAL GROWTH
in percent [1]

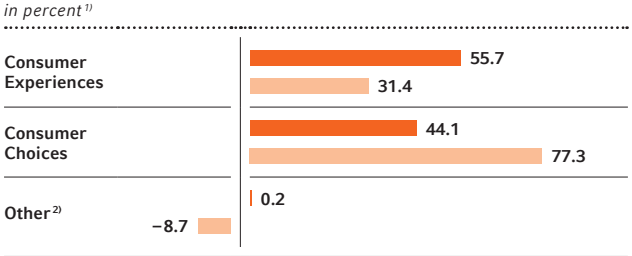


1) Rounding differences may occur

MARGIN BY SECTOR
in percent



PROPORTION OF SECTOR SALES AND PROPORTION OF SECTOR INCOME TO ADJUSTED OPERATING INCOME
in percent [1]



1) Rounding differences may occur
2) Category

Economic development of the sectors

Consumer Experiences: In the past financial year, the Consumer Experiences sector achieved sales of € 859.1 million (+4.0 percent compared with the previous year). Organic sales declined by 1.2 percentage points, but this still constitutes a significant improvement compared with the previous year. Currency effects contributed 5.0 percentage points to the increase in sales, while the figure for growth from acquisitions in the reporting period was 0.2 percentage points.

In 2015, the sector's strategic alignment was successfully promoted further, and the share of standardized global products was increased from around 38 percent in the previous year to around 44 percent in the current financial year.

At the same time, the continued streamlining of the product portfolio resulted in a slight drop in sales, which was recorded primarily in Northern Europe and could not be completely offset by good sales performance in the growth markets of Asia and the Pacific, Latin America and Central Eastern Europe/META. A fall in orders from existing clients and the relocation of orders initiated by clients within the Group to other regions had a negative impact on sales development in Northern Europe. Although the overall economic environment in the region remained difficult, sales development was stabilized and achieved a slight increase in Southern and Western Europe, while organic sales growth in North America was slightly negative.

Growth from acquisitions was attributable to the acquisition of NORM in Sweden and the Netherlands, through which we consolidated our digital competence and supported our digitalization and global product strategy.

At € 58.9 million, adjusted operating income was up by € 1.4 million compared with the previous year, representing an increase of 2.4 percent.

At 6.9 percent, the operating income margin in the 2015 financial year remained almost stable compared with the previous year, while further optimization of processes and cost structures had a positive impact. However, limited order intake and special effects in Asia and the Pacific had the opposite effect. In some Asian countries, it was necessary to revise sales recognition, which also negatively affected the income margin.

Efficiency gains in the Consumer Experiences sector and the reorganization of the Data & Technology organization resulted in a staffing adjustment whereby the number of staff was reduced to 5,892 (previous year: 6,229).

CONSUMER EXPERIENCES: KEY INDICATORS [1]

in € million	2014	2015	Change in percent
Sales	**826.0**	**859.1**	**4.0**
Growth from acquistions			0.2
Organic growth			–1.2
Currency effects			5.0
Adjusted operating income	**57.6**	**58.9**	**2.4**
Growth from acquistions			–0.6
Organic growth			–1.5
Currency effects			4.6
Margin in percent	**7.0**	**6.9**	**–0.1** [2]
Employees	**6,229**	**5,892**	**–5.4**

1) Rounding differences may occur
2) Percentage points

Consumer Choices: In 2015, the sector once again increased its sales significantly by €57.5 million (growth of +9.2 percent), with organic growth of 4.3 percentage points. Currency effects contributed a share of 5.0 percentage points to the increase in sales.

With the exception of Southern and Western Europe, sales developed positively in all regions. In particular, Latin America achieved a significant increase in sales through the first sales generated by TV audience measurement with leading TV broadcasters in Brazil. In the region of Central Eastern Europe/META, Russia and Turkey were the main contributors to our sales growth.

In addition to the above-mentioned contract in Brazil, the Media Measurement business also benefits from additional TV research contracts in Singapore, Morocco and the Kingdom of Saudi Arabia, which will generate additional sales in 2016. The sector also secured further major new business with a radio audience measurement contract in Malaysia. Furthermore, the first successes of the GfK Crossmedia Link Panel are particularly notable. We have already achieved our first sales in Indonesia and Brazil in the past year, while sales will be generated in Russia from 2016 onwards. This panel enables holistic measurement of the use of TV, print and online media, including mobile Internet use, through in-depth analyses of the individual media and their relationships with each other.

In Point of Sales Measurement, we achieved single-digit growth, although the picture varied according to product groups: Telecommunications, information technology, automotive and small domestic appliances contributed positively to growth, whereas consumer electronics and major domestic appliances finished below the previous year's level because of a drop in incoming orders from Asian clients. It is particularly notable that geomarketing solutions in Germany and trends and forecasting solutions with clients from the financial sector in the USA achieved above-average, double-digit growth. The GfK Hospital Panel was also launched, winning its first contract in Germany.

The adjusted operating income of the Consumer Choices sector was at €145.0 million, which was €7.3 million higher than in the previous year (2014: €137.7 million). As a result of our investment in the latest technology for our production systems as well as expenses for the international expansion of our TV audience measurement business, the margin was 21.3 percent, which was 0.8 percentage points lower than in the previous year.

As of December 31, 2015, the number of staff was 5,828 (previous year's figure: 5,327). This increase of 501 is due to the consolidation of the newly established Data & Technology organization (product-oriented software development) under the roof of the Consumer Choices sector, the setting up of TV audience measurement business in Brazil and the Kingdom of Saudi Arabia (as already mentioned) and the expansion of capacity in our Global Service Centers.

CONSUMER CHOICES: KEY INDICATORS [1)]

in € million	2014	2015	Change in percent
Sales	**623.6**	**681.1**	**9.2**
Growth from acquistions			0.0
Organic growth			4.3
Currency effects			5.0
Adjusted operating income	**137.7**	**145.0**	**5.3**
Growth from acquistions			0.0
Organic growth			−2.1
Currency effects			7.4
Margin in percent	**22.1**	**21.3**	**−0.8** [2)]
Employees	**5,327**	**5,828**	**9.4**

1) Rounding differences may occur
2) Percentage points

Other: Sales in the Other category were at €3.2 million in the reporting period, which is approximately on a par with the previous year (2014: €3.3 million). The loss for 2015 in this category was €16.4 million, which was comparable with the previous year (2014: €−16.4 million). As part of its global strategy, GfK is increasingly centralizing the expenses for general administrative functions (corporate functions) in the Other category. Investments have been made in particular in IT hardware and software as well as process optimization to be able to manage business more effectively and efficiently.

In view of the stewardship expenses in this context, it is likely that the Other category will continue to report a loss in future.

In 2015, the number of employees in the Other category fell by 60 to 1,765 (2014: 1,825). This fall is predominantly due to the reclassification in product-oriented software development (Data & Technology) from the Other category to the Consumer Choices sector.

OTHER: KEY INDICATORS [1)]

in € million	2014	2015	Change in percent
Sales	**3.3**	**3.2**	**−4.0**
Growth from acquistions			0.0
Organic growth			−14.7
Currency effects			10.7
Adjusted operating income	**−16.4**	**−16.4**	**0.1**
Growth from acquistions			0.0
Organic growth			0.5
Currency effects			−0.4
Employees	**1,825**	**1,765**	**−3.3**

1) Rounding differences may occur

2.8 REGIONS: PROXIMITY TO OUR CLIENTS WORLDWIDE

The GfK Group with its subsidiaries operates in more than 100 countries. We have organized our business geographically into six regions: Northern Europe, Southern and Western Europe, Central Eastern Europe/META (Middle East, Turkey, Africa), North America, Latin America as well as Asia and the Pacific. The growth regions of Latin America, Central Eastern Europe/META and Asia and the Pacific remained highly significant in the past fiscal year: At 25 percent of total sales, their share of sales increased slightly compared with the previous year. All three of these regions recorded encouraging organic growth, although currency effects in Central Eastern Europe/META and Latin America had a negative impact on total growth.

Northern Europe: This region still accounted for the largest share of sales at 37 percent of total sales. At €575.6 million, total sales remained virtually stable in 2015, increasing slightly by 0.1 percent. The 3.1 percent decline in organic growth was primarily attributable to a drop in sales in the United Kingdom, and it was offset by acquisitions (0.2 percent by NORM) and positive currency effects of 3.0 percent.

NORTHERN EUROPE: KEY INDICATORS [1)]

in € million	2014	2015	Change in percent
Sales	**574.9**	**575.6**	**0.1**
Growth from acquistions			0.2
Organic growth			–3.1
Currency effects			3.0
Employees	**3,511**	**3,570**	**1.7**

1) Rounding differences may occur

Southern and Western Europe: Having recorded declining sales in previous years, we achieved a slight increase in sales of 0.6 percent in Southern and Western Europe, attaining a figure of €267.0 million, while our organic growth of 0.4 percent is primarily attributable to good development in Belgium and Spain. We achieved additional sales growth of 0.2 percent through the acquisition of NORM.

SOUTHERN AND WESTERN EUROPE: KEY INDICATORS [1)]

in € million	2014	2015	Change in percent
Sales	**265.4**	**267.0**	**0.6**
Growth from acquistions			0.2
Organic growth			0.4
Currency effects			0.0
Employees	**1,946**	**1,893**	**–2.7**

1) Rounding differences may occur

Central Eastern Europe/META: Organic growth was once again strong in the 2015 financial year, attaining a figure of 6.6 percent. However, unfavorable currency effects more than counterbalanced this trend, and sales of €126.5 million were slightly lower than the previous year.

CENTRAL EASTERN EUROPE/META: KEY INDICATORS [1)]

in € million	2014	2015	Change in percent
Sales	**127.5**	**126.5**	**–0.8**
Growth from acquistions			0.0
Organic growth			6.6
Currency effects			–7.3
Employees	**3,474**	**3,490**	**0.4**

1) Rounding differences may occur

North America: At €321.0 million, our sales in North America achieved a considerable increase of 22.1 percent. The region's organic growth of 2.4 percent in 2015 was significantly higher than the previous year (2014: –1.6 percent), which is also attributable to an improvement in our sales processes, while positive currency effects of 19.6 percent were recorded.

NORTH AMERICA: KEY INDICATORS [1)]

in € million	2014	2015	Change in percent
Sales	**263.0**	**321.0**	**22.1**
Growth from acquistions			0.0
Organic growth			2.4
Currency effects			19.6
Employees	**1,071**	**1,041**	**–2.8**

1) Rounding differences may occur

Latin America: In the 2015 financial year, we began delivering data for the TV panel in Brazil. This new business was a key factor in our organic growth of 18.7 percent. Although currency effects, especially those in Brazil, had a negative impact amounting to –7.7 percentage points, we achieved sales of €67.9 million overall, which corresponds to total growth of 11.0 percent.

LATIN AMERICA: KEY INDICATORS [1)]

in € million	2014	2015	Change in percent
Sales	**61.2**	**67.9**	**11.0**
Growth from acquistions			0.0
Organic growth			18.7
Currency effects			–7.7
Employees	**1,079**	**1,202**	**11.4**

1) Rounding differences may occur

Asia and the Pacific: In 2015, GfK's sales in the Asia and the Pacific region accounted for €185.4 million with the organic growth of 4.4 percent as compared with the previous year. The significant sales growth in Japan, Australia and China are particularly notable. Overall growth of 15.2 percent was influenced by positive currency effects of 10.8 percentage points.

ASIA AND THE PACIFIC: KEY INDICATORS [1)]

in € million	2014	2015	Change in percent
Sales	**161.0**	**185.4**	**15.2**
Growth from acquistions			0.0
Organic growth			4.4
Currency effects			10.8
Employees	**2,300**	**2,289**	**–0.5**

1) Rounding differences may occur

MAJOR CHANGES IN THE GfK GROUP

Company	Investment activity	Stake change in percent	Sector	Region
NORM Research & Consulting AB	Acquisition	From 0 to 100	Consumer Experiences	Northern Europe
Norm Research & Consulting B.V.	Acquisition	From 0 to 100	Consumer Experiences	Southern and Western Europe
YouEye Inc.	Increase in stake	From 0 to 22.22	Consumer Experiences	Northern America
GfK Retail and Technology GmbH	Increase in stake	From 95 to 100	Consumer Choices	Northern Europe
GFK LATINOAMERICA HOLDING, S.L.	Increase in stake	From 67.6 to 100	Consumer Choices	Southern and Western Europe
GfK Retail and Technology Asia Holding B.V.	Increase in stake	From to 89.48 to 100	Consumer Choices	Southern and Western Europe
GfK Marketing Services K.K.	Increase in stake	From 84.21 to 95	Consumer Choices	Asia and the Pacific
GfK Retail and Technology Argentina S.A.	Increase in stake	From 95.1 to 98.3	Consumer Choices	Latin America
ENCODEX International GmbH	Increase in stake	From 95 to 100	Consumer Choices	Northern Europe
NPD Intelect, L.L.C.	Divestment	From 25 to 0	Consumer Choices	North America
Oz Toys Marketing Services Pty. Ltd.	Divestment	From 25 to 0	Consumer Choices	Asia and the Pacific
Sports Tracking Europe B.V.	Divestment	From 25 to 0	Consumer Choices	Southern and Western Europe
Incoma GfK	Increase in stake	From 85 to 100	Consumer Experiences	Central Eastern Europe/ META
GfK CR Japan	Increase in stake	From 86 to 100	Consumer Experiences	Asia and the Pacific

3. Research and development

The market research data landscape has become significantly more complex in recent years. It is more important than ever to exploit the richest sources of data and connect them, separate the essential from the irrelevant and recognize patterns that will determine the business success of our customers as well as our own. In this way, GfK combines market research expertise and data processing skills with the most relevant information.

Yesterday was Big Data. Today is Smart Data

While not so long ago a single survey, consumer or retail panel (Point of Sales Measurement) was sufficient to answer a customer's question, today, information from different sources must be collated into an ever larger set of interwoven data. A key task in this regard is to identify and consolidate the information relevant to a specific question. Both require extraordinary specialist expertise. In particular, the bringing together of data from various sources requires advanced algorithms and procedures, as well as specialized big data platforms.

GfK recognized the significance of this fact early on. Through the founding of the GfK Data Lab as a part of the Data & Technology organization, we have created a development laboratory where highly qualified data scientists investigate GfK's own data landscape as well as public data landscapes. The team also combs through additional data sources through partnerships. The aim is clear: to generate new and relevant information that can serve as a trustworthy basis for our clients to make sound business decisions. New solutions are developed in close accordance with client needs and can then be included in GfK's offering given suitable market potential.

Highly rapid and complex data analysis

In an initial pilot project, experts from the Data Lab consolidated information from GfK's Consumer Panel and Point of Sales Measurement, GfK Crossmedia Link, social media and other external sources in our so-called Data Lake. A Data Lake is a technical platform for the preparation and processing of multiple, complex and large sets of data. Through the pilot project, we were able to investigate both the technical challenges and the content potential of a Data Lake. For example, it was possible to show the interplay over time between the global market and commodity prices, changes in the prices of consumer goods, reactions in social media, and the corresponding changes in sales. A task that previously would have only been possible subject to a substantial investment of time. We can conduct analyses in the Data Lab using both external and internal sources of data in a short timeframe and distill this into the most relevant information for our clients.

We focus directly on the needs of our clients. Our data scientists maintain close contact with GfK product and industry experts as well as our international marketing and data science network dedicated to client projects. Other specialties of the Data Lab include the development and implementation of innovative tools for use with large and complex data sets as well as the further development of our data science skills in. New analytics procedures and techniques developed by the Data Lab or tested in a laboratory environment become the subject of training courses for the relevant GfK teams.

Analytics of the highest international standard

We strive to the utmost to continuously improve the analysis procedures that we test and develop. We place particular emphasis on the standardization of our analytical tools on an international level aim to make them fully scalable. Thus, the predictive algorithms developed and tested over the past year were brought together in a so-called predictive analytics toolbox, which meets the highest international analytic standards. Our standardized range of analyses will be expanded with a new proprietary procedure. It will enable GfK to segment data from complex data pools in a targeted manner in order, for example, to precisely differentiate the target groups for a marketing campaign.

The increasing importance of new data types such as unstructured text from social media, online behavioral data and sound and video signals from multimedia surveys requires that constant and adequate adjustments be made to our analytic tools. With the practical experience of our social media intelligence experts and technologies for the recognition of emotions in video data, we now have tools at our disposal that can be adjusted to increasingly heterogeneous fields of application. The algorithmic basis for the text analysis of social media can now also be used to analyze open-ended responses, audio interviews and text from many other sources. Our experience with emotion recognition supplies us with important criteria for the evaluation of audio signals. In this way, forward-looking investments made in the past are now paying off many times over.

Innovation will be part of the role of every employee

Another innovation from the past year is the GfK Idea Lab, which provides employees with an internal platform to generate, communicate and further develop ideas together. The development of ideas and innovative solutions takes place within structured "campaigns", which are sponsored by representatives of individual product groups or business segments and are managed by a small, centralized team.

"Smart" software technology for data linkage and data analysis

Early on, GfK recognized the opportunities presented by Big Data technology to process large and complex data sets and successfully integrated it into its own products. As such, in our new product, GfK Crossmedia Link, the data processing is based to a significant extent on Big Data technology. On the basis of our positive experiences with this product, additional software projects have also been launched.

500 software-development, data and science specialists were brought together under the umbrella of our international GfK Data & Technology organization. In particular through the combination of science and software, it should be possible for ever "smarter" market research applications to emerge.

The pilot project for the GfK Data Lake demonstrates in spectacular fashion that new and existing data can be collated and analyzed quickly and economically using this fresh, new approach. For the entire trade panel a project was launched to further improve data processing using Big Data technology. Its aim is to make the processing of data faster and more economic, as well as flexible enough for the analysis of new product groups. As well as Big Data techniques, so-called "machine-learning" procedures will also be implemented in order to be able to further automate data processing and meaningfully interpret data.

In addition to internal data processing, GfK also invests in areas such as analysis systems, with which we enable our customers to evaluate our market insights in an interactive way. We have designed two new analysis systems for the Point of Sales Measurement business. With these, retailers can evaluate the entire data spectrum in an initial pilot phase comprehensively and intuitively. A dashboard enables product manufacturers to analyze their own market performance vs. competitors in just a few clicks. Here, GfK provides clients' C-Suite (CEO, CFO, CXX) and relevant market research divisions with key information for their decision-making. For the creation of the new analysis system a division was founded in Tel Aviv, which is primarily responsible for recruiting talented people to our product design teams throughout the world. Additional customer applications are currently being designed and developed. Their aim: to enable all the customers of the Point of Sales panel an even easier and more intuitive access to GfK insights.

4. Human Resources

Human Resources (HR) provides the framework for "People Excellence" and supports the transformation process into "One GfK" as a competent business partner.

"One GfK" aims to connect our skills and capabilities from all over the world, consolidate and connect our processes and increase the efficiency and effectiveness of our operations. This includes avoiding redundancies and placing our employees in positions that best suit their qualifications and interests as well as the company's business requirements and of course help them to further develop their careers. To that end, "One GfK" supports the positioning of GfK as an attractive and sustainably competitive employer in the market research industry.

In 2015, we pushed forward the implementation of HR information systems that have been in rollout since 2013 in order to support the consistent development of our HR core processes on a global level. After the worldwide implementation of the employee master data system "CoreHR" was finalized in 2014, the last wave of the "People@GfK" implementation followed in 2015. "People@GfK" supports the Performance Management Process (PMP) and is used as a tool to assist in an ongoing career and compensation planning. The implementation of the system is required in order to enable and monitor the annual target agreement between the employees and the managers as well as their performance valuations within country and across borders.

In addition, the constant support of the ongoing transformation process of GfK is one of the main tasks of the HR function. This includes proactive support for the setting up of new organizational units, the ramp up of new teams for new orders for TV Audience Measurement and the continual further development of existing organizational and operational structures in accordance with changing business requirements.

4.1 GfK'S CORPORATE VALUES

Support the vision, shape the culture and reflect what a company stands for: GfK's revised values constitute an essential and binding element and represent how we work together and interact with one another. These are the values that are important to us and that we want to stand for.

In 2014, the Management Board, together with various groups of employees from all over the world, revised the existing GfK values and presented them at the annual strategy event "Think Future". These values are:

Smart, relevant, trusted – powered by passion.

The global, regional and local management communicated the revised values over the course of 2015 with particular emphasis on management's responsibility to set an example and to discuss with their teams, what these values mean for them and how they are lived. In the annual employee survey in October 2015, in which about 85 percent of our staff participated, almost 9 in 10 employees said that they have already heard about the revised values. Just several months after their implementation the majority of these employees even had a sufficiently good knowledge of the values and were able to name them.

4.2 GLOBAL EMPLOYEE SURVEY (GES 2015)

No transformation can be successful without the participation of the employees. How effective in fact is the GfK transformation process? In which respects has it been successful? Where is still room for improvement?

Responses to questions such as these are obtained through our employee survey, which we organize every year across the entire company. Participation in 2015 remained high at 85 percent (2014: 86 percent, 2013: 85 percent). The willingness of employees to give feedback, including constructive critical feedback, to their company thus continues to be strong. The results of the employee survey are analyzed on a local, regional and global level and are used to determine appropriate follow-up actions. Using external benchmarks, we cannot only analyze the findings comparing results with the previous years, but also beyond the company itself.

One main outcome of the survey is the Employee Engagement Index (EEI) which is a measure of the emotional and intellectual connection of employees to their job, organization, manager or colleagues. GfK's score on the index was stable in comparison to 2014. For us, this is confirmation that the path we have chosen in the current transformation process is the right one.

Further proof of this is the overall positive assessment of the transformation process by the majority of our employees.

4.3 GLOBAL TRAINING ACTIVITIES AND LEARNING ORGANIZATION

As in previous years we conducted many training courses for our global products and processes in 2015, the fourth year of the implementation of our new strategy. In addition we focused on the rollout of global training initiatives for client negotiation, sales strategies and project management – the latter on the basis of standards set by the Project Management Institute (PMI).

In order to make future training activities better suited to the development needs of business and staff and to fill any gaps in skills and capabilities even faster, we established a global GfK Learning Organization led by the HR function.

4.4 EMPLOYER BRANDING

Big ideas occur in people's minds. But great ideas occur when you bring the best minds together. Our aim is to win the best minds for GfK and create a sustainable bond with them. A prerequisite for this is to be perceived as an "employer of choice" in the market research industry.

In 2015, we consolidated our previously decentralized HR marketing measures and developed a globally applicable employer branding concept. With the slogan "Life is about choices – globalize your career", we not only revised the careers web page and consolidated the previously country-specific sites, we also developed a large number of employer-branding materials such as flyers and brochures.

4.5 "ONE TARGETS"

The structure of the targets in the bonus system of the senior management worldwide was further aligned with the company's development in 2015. The targets set for the "Shape for Growth" initiative were revised and tied to profitable growth. In order to strengthen the cooperation across sectors and all over the world for the "One GfK" transformation, a larger number of "One Targets" have been introduced. In this way, our bonus system also serves to pool our skills, strengthen our offering and deepen our market penetration.

4.6 HR DASHBOARD

In order to manage the company on a more target-oriented basis we began to develop a sustainable HR analytics concept in 2014, which was coordinated by both Finance and Human Resources. The outcome is the new HR Dashboard, which is easy to use and has been available since May 2015 to the senior management as well as the global and regional management teams. It enables the connection, analysis and visualization of relevant data both from Human Resources and Finance, and in particular delivers a better overview of the current employee situation (full-time equivalents/headcount) and analysis of the changes in personnel costs and revenue associated therewith.

In other words: GfK's HR Dashboard provides a quick and clear overview of the factors that have a strong impact on our economic success.

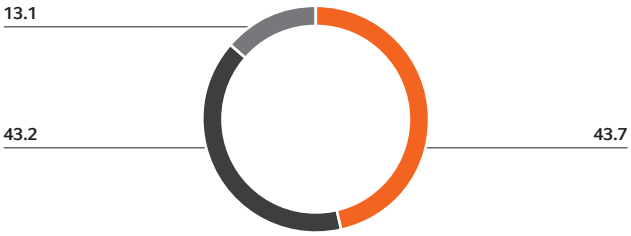
4.7 PERSONNEL

A total of 13,485 staff were employed by the GfK Group at the end of financial year 2015. Staff numbers grew by 105, or 0.8 percent, compared with the previous year. This increase is due, in part, to acquisitions and new consolidations, which account for 67 employees in the GfK Group.

Foreign GfK companies employed 11,178, which equates to an increase of 37 more than the previous year. Overall, 82.9 percent of GfK's workforce is based outside Germany.

The regions Northern Europe and Latin America saw the greatest rise in staffing levels over the previous year, where the increase in Northern Europe was primarily attributed to the acquisition of NORM in Sweden. 130 employees were also hired to create the TV panels in Brazil. In contrast, the number of employees fell in the regions of Southern and Western Europe and in North America.

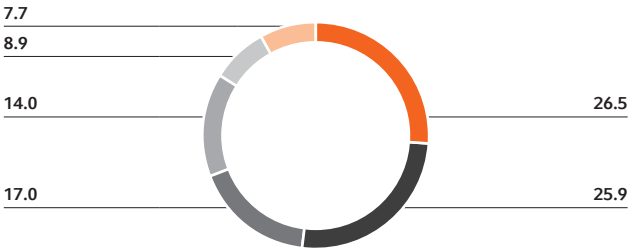
EMPLOYEES BY SECTOR
in percent [1)]



Consumer Experiences
Consumer Choices
Other

1) Rounding differences may occur

EMPLOYEES BY REGION
in percent [1)]



Northern Europe
Central Eastern Europe/META
Asia and the Pacific
Southern and Western Europe
Latin America
North America

1) Rounding differences may occur

4.8 TOTAL REMUNERATION AND SHARES OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The remuneration report is part of the Group Management Report and complies in the reports with both the recommendations and suggestions of the German Corporate Governance Code (DCGK) and the requirements of German Accounting Standard No. 17 (DRS 17) and of the German Commercial Code (HGB).

Remuneration of the Management Board

The remuneration of the Management Board members comprises five components, namely basic remuneration, fringe benefits, variable short-term remuneration (Short-Term Incentive – STI), variable long-term remuneration (Long-Term Incentive – LTI) and the pension commitment.

The structure of the remuneration system is reviewed regularly by the Supervisory Board in line with the recommendations of the Personnel Committee. The remuneration is based on the respective remits of the Management Board members, their personal performance and that of the full Management Board. The basic remuneration, fringe benefits and pension commitment form the non-performance-related remuneration components. Fringe benefits include the use of company cars, accident insurance as well as contributions to defined contribution plans. The pecuniary benefit arising from private use of the company car must be declared for tax purposes by members of the Management Board. The performance-related remuneration component comprises remuneration dependent upon the attainment of predefined annual targets (STI) and predefined long-term targets (LTI). The remuneration structure is geared to sustainable corporate development.

Furthermore there is a D&O insurance. In accordance with Section 93 (2) Clause 3 of the German Stock Corporation Act (AktG), the agreed deductible for the D&O insurance corresponds to 10 percent of the respective damage, but a maximum of one-and-a-half times the basic remuneration.

Structure of variable remuneration elements

We couple the remuneration of our management on a sustainable basis to the performance of the company and therefore to the interests of our shareholders, employees and other stakeholders. One of these elements is the short-term variable remuneration (STI), which is dependent upon the achievement of financial indicators as well as the achievement of nonfinancial qualitative targets.

To ensure the profitable growth of the GfK Group, the first part of the STI is linked to the achievement of the key indicator margin and sales growth, wherein the achievement of these targets is measured on both a Group and sector-specific level. The evaluation of the achievement of targets takes both indicators into account in relation to one another. Defined combinations of both indicators are incentivized. In addition, the target "Return On Capital Employed" (ROCE) is an integral part of the targets structure. The payment of bonus elements arising from the achievement of financial targets is also tied to compliance with a debt limit defined by the Supervisory Board.

In addition to the financial key indicators, the Supervisory Board defines nonfinancial qualitative targets which support the Group's sustainable development. These qualitative targets are partly the responsibility of the Management Board as a whole and partly the individual responsibility of the respective members of the Management Board. The qualitative targets for 2015 related to the initative "Shape for Growth".

The Supervisory Board has the right to reduce the amount calculated on the basis of the achievement of financial and nonfinancial key indicators by up to 20 percent or increase it by up to 20 percent at its discretion to reflect unusual developments at the company compared with the market overall and ensure that variable short-term remuneration is proportional to individual performance.

The maximum payment for the variable, short-term remuneration components is 300 percent of the target bonus, although the transfer of amounts which exceed 150 percent of the target bonus to the variable long-term remuneration is mandatory and such amounts are therefore tied to the company's long-term development (deferral).

The long-term variable remuneration consists of two components, which are invested in virtual shares. These shares are subject to a retention period of at least four years for the first component and six years for the second component. In addition to the share price performance, the impact of the dividends distributed to the shareholders is assessed (Total Shareholder Return (TSR) concept). When the retention period expires, the virtual shares must be exercised within the next two years. The equivalent value of the virtual shares will be paid when they are exercised.

The conditions of both components of the virtual share plan are, with one exception, namely the period of the plan, identical. In order to create an incentive on the most sustainable possible basis, the period of the second component of the plan, which is part of the long-term variable remuneration, is, at six years, two years longer than the period of the first component. This part of the plan can also only be exercised within the two years following the expiration of the retention period. The use of the second components is therefore only possible in years 7 and 8.

The maximum payout for both of the long-term remuneration components is limited to 300 percent of the target bonus.

With regard to variable remuneration, no discretion is permitted when assessing target attainment beyond the discretion described above relating to variable short-term remuneration.

In order to provide additional support for the alignment of the interests of shareholders and the interests of the Management Board, Share Ownership Guidelines were also introduced for the Management Board members. In this regard, the Management Board is obligated to retain virtual and/or real shares in GfK equivalent in value to one year of remuneration (base salary) within the next five years.

An external market comparison was carried out in financial year 2015 as part of the annual compensation review. Management Board remuneration in relation to the remuneration of upper management levels and the overall workforce of the Group as well as development over time was taken into account.

A decision was made to increase the remuneration of the CEO, CFO and the Chief Commercial Officer (formerly COO) as of April 1, 2016, as a result of this review. These measures reflect the income structure and adjustment criteria that are standard for the market.

In financial year 2015, total remuneration in accordance with Section 314 (1) Clause 1 No. 6a of the German Commercial Code (HGB) in conjunction with DRS 17 was as follows:

TOTAL REMUNERATION TABLE IN ACCORDANCE WITH DRS 17

Members of the Management Board in office: 2015 fiscal year		Matthias Hartmann		Christian Diedrich		Dr. Gerhard Hausruckinger		Debra A. Pruent		Total	
Function		Chief Executive Officer (CEO)		Chief Financial Officer (CFO)		Member of the Management Board (COO)		Member of the Management Board (COO)			
		2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Non-performance-related components (in EUR '000)											
Basic remuneration		591	604	89	417	438	448	485	586	1,603	2,055
Fringe benefits [5]		162	346	404 [2]	120	206	226	47	60	819	752
Total non-performance-related remuneration		**753**	**950**	**493**	**537**	**644**	**674**	**532**	**646**	**2,422**	**2,807**
Performance-related components (in EUR '000)											
One-year variable remuneration (STI plan)		604	419 [4]	52	231 [4]	309	239 [4]	355	168 [4]	1,320	1,057
Total one-year variable remuneration		**604**	**419**	**52**	**231**	**309**	**239**	**355**	**168**	**1,320**	**1,057**
Remuneration from long-term ROCE component, LTI plan (not share-based)		0	121 [4]	0	0	142	90 [4]	142	90 [4]	284	301
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral)	Number	7,101	18,084	835	9,911	4,962 [3]	12,063	4,211	12,063	17,109	52,121
	Value [1]	40.70	33.31	38.20	33.31	40.70	33.31	40.70	33.31		
	Total / Fair value	289	602	32	330	202	402	171	402	694	1,736
Total multi-year variable remuneration		**289**	**723**	**32**	**330**	**344**	**492**	**313**	**492**	**978**	**2,037**
TOTAL REMUNERATION		**1,646**	**2,092**	**577**	**1,098**	**1,297**	**1,405**	**1,200**	**1,306**	**4,720**	**5,901**

1) Share price at the time of allocation.
2) Includes compensation payments to Christian Diedrich for bonus entitlements and IBM share allocations which were forfeited as a result of the move from IBM to GfK SE. Expenses in connection with the reintegration from China to Germany are also included.
3) Includes deferral from STI target achievement 2013.
4) The classification has been adjusted as follows: the sum is stated in the year in which the work giving rise to the claim to remuneration was carried out. The value for the previous year has been adjusted.
5) Fringe benefits include contributions to the contribution-based pension schemes. The previous year has been adjusted.

GfK has been using the structure of the new specimen tables since financial year 2013 for the publication of total remuneration in accordance with the German Corporate Governance Code (DCGK).

The remuneration for the 2015 reporting year as well as the achievable minimum and maximum remuneration was as follows:

TOTAL REMUNERATION TABLE: COMPENSATION GRANTED

Members of the Management Board in office: 2015 fiscal year		Matthias Hartmann				Christian Diedrich			
Function		Chief Executive Officer (CEO)				Chief Financial Officer (CFO)			
		2014	2015			2014	2015		
			Target value	Minimum	Maximum		Target value	Minimum	Maximum
Non-performance-related components (in EUR '000)									
Basic remuneration		591	604	604	604	89	417	417	417
Fringe benefits [5]		162	346	346	346	404 [4]	120	120	120
Total non-performance-related remuneration		753	950	950	950	493	537	537	537
Performance-related components (in EUR '000)									
One-year variable remuneration (STI plan) [1]		473	487	0	730	53	250	0	375
Total one-year variable remuneration		473	487	0	730	53	250	0	375
Schedule for multi-year remuneration		2014–2017				2014–2017			
Remuneration from long-term ROCE component, LTI plan (not share-based) [2]		296	0	0	0	36	0	0	0
Schedule for multi-year remuneration		2014–2017	2015–2018	2015–2018	2015–2018	2014–2017	2015–2018	2015–2018	2015–2018
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral) [2]	Fair Value	289	301	0	913	32	165	0	500
Schedule for multi-year remuneration			2015–2020	2015–2020	2015–2020		2015–2020	2015–2020	2015–2020
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral) [2]	Fair Value	0	301	0	913	0	165	0	500
Total multi-year variable remuneration		585	602	0	1,826	68	330	0	1,000
Total non-performance-related and performance-related remuneration		1,811	2,039	950	3,506	614	1,117	537	1,912
Pension expense [3]		0	0	0	0	0	0	0	0
TOTAL REMUNERATION		**1,811**	**2,039**	**950**	**3,506**	**614**	**1,117**	**537**	**1,912**

1) The STI plan provides for a minimum payment of 0 percent and a maximum payment of 150 percent of the target bonus.
Amounts which exceed a payment of 150 percent of the target bonus are compulsorily transferred to the share-based component of the LTI plan.
2) The LTI plan provides for a minimum payment of 0 percent and a maximum payment of 300 percent of the target bonus.
3) Remuneration for Debra A. Pruent relates to a pension agreement.
4) Includes compensation payments to Christian Diedrich for bonus entitlements and IBM share allocations which were forfeited as a result of the move from IBM to GfK SE.
Expenses in connection with the reintegration from China to Germany are also included.
5) Fringe benefits include contributions to the contribution-based pension schemes. The previous year has been adjusted.

	Dr. Gerhard Hausruckinger				Debra A. Pruent				Total			
	Member of the Management Board (COO)				Member of the Management Board (COO)							
	2014	2015			2014	2015			2014	2015		
		Target value	Minimum	Maximum		Target value	Minimum	Maximum		Target value	Minimum	Maximum
	438	448	448	448	485	586	586	586	1,603	2,055	2,055	2,055
	206	226	226	226	47	60	60	60	819	752	752	752
	644	674	674	674	532	646	646	646	2,422	2,807	2,807	2,807
	263	271	0	406	263	271	0	406	1,052	1,279	0	1,917
	263	271	0	406	263	271	0	406	1,052	1,279	0	1,917
	2014–2017				2014–2017				2014–2017			
	175	0	0	0	175	0	0	0	682	0	0	0
	2014–2017	2015–2018	2015–2018	2015–2018	2014–2017	2015–2018	2015–2018	2015–2018	2014–2017	2015–2018	2015–2018	2015–2018
	202	201	0	609	171	201	0	609	694	868	0	2,631
		2015–2020	2015–2020	2015–2020		2015–2020	2015–2020	2015–2020		2015–2020	2015–2020	2015–2020
	0	201	0	609	0	201	0	609	0	868	0	2,631
	377	402	0	1,218	346	402	0	1,218	1,376	1,736	0	5,262
	1,284	1,347	674	2,298	1,141	1,319	646	2,270	4,850	5,822	2,807	9,986
	0	0	0	0	1,376	139	139	139	1,376	139	139	139
	1,284	**1,347**	**674**	**2,298**	**2,517**	**1,458**	**785**	**2,409**	**6,226**	**5,961**	**2,946**	**10,125**

In contrast with the remuneration table above, this table includes the actual values of remuneration elements already received and paid out for the financial year 2015.

TOTAL REMUNERATION TABLE: COMPENSATION RECEIVED

Members of the Management Board		Matthias Hartmann		Christian Diedrich		Dr. Gerhard Hausruckinger		Pamela Knapp		Debra A. Pruent		Total	
Function		Chief Executive Officer (CEO)		Chief Financial Officer (CFO)		Member of the Management Board (COO)		Human Resources Director and Chief Financial Officer (CFO) until October 14, 2014		Member of the Management Board (COO)			
		2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Non-performance-related components (in EUR '000)													
Basic remuneration		591	604	89	417	438	448	343	0	485	586	1,946	2,055
Fringe benefits [4]		328[3]	346	71[3]	453[3]	206	226	224	0	47	60	876	1,085
Total non-performance-related remuneration		**919**	**950**	**160**	**870**	**644**	**674**	**567**	**0**	**532**	**646**	**2,822**	**3,140**
Performance-related components (in EUR '000)													
One-year variable remuneration (STI plan)		604	419	52	231	309	239	257	0	355	168	1,577	1,057
Total one-year variable remuneration		604	419	52	231	309	239	257	0	355	168	1,577	1,057
Schedule for multi-year remuneration			2012 –2015			2011 – 2014	2012 –2015	2011 –2014	2012 –2015	2011 –2014	2012 –2015	2011 –2014	2012 –2015
Paid remuneration from long-term ROCE component, LTI plan (not share-based)		0	121	0	0	142	90	142	90	142	90	426	391
Schedule for multi-year remuneration									2010 –2013		2010 –2013		2010 –2013
Paid multi-year variable remuneration, LTI plan (share-based incl. deferral) [1]		0	0	0	0	0	0	0	243	0	241	0	484
Schedule for multi-year remuneration			2011 – 2014										2011 – 2014
Paid multi-year variable remuneration, LTI plan (share-based incl. deferral) [1]	Aus-zahlungs-betrag	0	531	0	0	0	0	0	0	0	0	0	531
Total multi-year variable remuneration		0	652	0	0	142	90	142	333	142	331	426	1,406
Total non-performance-related and performance-related remuneration		**1,523**	**2,021**	**212**	**1,101**	**1,095**	**1,003**	**966**	**333**	**1,029**	**1,145**	**4,825**	**5,603**
Pension expense [2]		0	0	0	0	0	0	0	0	1,376	139	1,376	139
TOTAL REMUNERATION		**1,523**	**2,021**	**212**	**1,101**	**1,095**	**1,003**	**966**	**333**	**2,405**	**1,284**	**6,201**	**5,742**

1) In the reporting year 2014, no virtual share options from LTI plans were exercised.
2) Remuneration for Debra A. Pruent relates to a pension agreement.
3) Includes compensation payments for bonus entitlements and IBM share allocations which were forfeited as a result of the move from IBM, USA, to GfK SE.
4) Fringe benefits include contributions to the contribution-based pension schemes. The previous year has been adjusted

Structure of pension commitments

In 2011, the Supervisory Board agreed on the structure of a contribution-based pension model for the Management Board, which will apply to the Management Board members most recently appointed to the GfK Management Board Dr. Gerhard Hausruckinger, Matthias Hartmann and Christian Diedrich as well as for any new appointments in the future.

Within the scope of this model, the company makes annual contributions to an individual pension account during the term of employment up to a maximum age of 62. A contribution of 25 percent of the contractually agreed annual fixed remuneration is granted for the term of the initial appointment period. If the person is reappointed to the Management Board, the annual contribution is calculated at 15 percent of the contractually agreed target direct remuneration (annual fixed remuneration plus the sum of short- and long-term incentive provided 100 percent of the targets are achieved). The contributions for the first appointment period are increased retroactively following successful reappointment, and the difference with the actual contributions granted is credited during the second appointment period. The retroactive equal treatment of the contribution calculation for the first period of appointment is also designed to promote loyalty to the company. The insurance covers old age and survivors' benefits, and the company also makes a contribution for supplementary occupational disability insurance. The extent and amount of pension benefits are equal to the insurance benefits paid out as a result of the contributions made to a reinsurance policy with a life assurance company.

Pension rights remain if employment ends before any pension payments are made. In this case, the pension benefits are reduced to the noncontributory insurance benefits. Upon commencement of benefit payments, i.e. after reaching retirement age at 62 or qualifying for early retirement from the age of 60 (the latter only applies to commitments made up until December 31, 2011), and in the event of death or invalidity, beneficiaries receive a pension payment equivalent to the current status of the insurance benefits at this time. Insurance benefits are always paid out as a lifelong, monthly pension, which are increased annually from the start of the pension, in each case based on the insurance rate and the adjustments provided for in the insurance policy terms (at least 1 percent per annum). At the request of the Management Board member, the pension benefit may be paid out as a lump sum or in 12 annual installments, subject to the company's consent.

The existing pension contract of Debra A. Pruent is structured as a defined benefit plan. After three years' service as a member of the Management Board, the company grants a retirement pension, an early retirement pension, a disability pension and a widows' or widowers' and orphans' pension. The fixed annual remuneration agreed in the employment contract is deemed to be the pensionable income. Debra A. Pruent will receive a retirement pension when she leaves the service of the company on reaching the set retirement age. After three years' service as a member of the Management Board, the annual pension entitlement amounts to 30 percent of the pensionable income. This increases by 3 percent for each additional full year of service. The retirement pension is limited to 60 percent of pensionable income. The retirement pension is granted on leaving the company at the age of 62. A reduced early-retirement pension may be provided from the age of 60.

If Debra A. Pruent leaves the service of the company before reaching the age of 62, due to a reduction in earning capacity, she will receive a disability pension for the duration of the reduction in earning capacity. The disability pension is calculated in the same way as the retirement pension, although only the service years until the beneficiary leaves the company are included in the calculation.

The widows' or widowers' pension amounts to 60 percent of the retirement pension or disability pension last paid; the orphans' pension amounts to 30 percent for full orphans and 15 percent for half orphans.

After the commencement of the pension, the current pension is increased annually by 2 percent. The company may grant higher adjustments if the consumer price index shows a higher increase in prices.

Allocations of € 139,067 to pension provisions were made for Debra A. Pruent in financial year 2015. The cash value of the pension provision was € 4,837,826 as of December 31, 2015.

In the past year, one member of the Management Board conducted a reportable transaction involving over 3,000 shares. The Management Board holds a total of 9,000 GfK shares and no GfK stock options on the reporting date of December 31, 2015.

No loans or advances were granted to Management Board members.

If membership of the Management Board ends prematurely, the current Management Board contracts of GfK SE provide an arrangement regarding the size of the compensation corresponding to the provisions of the German Corporate Governance Code (DCGK). There is no provision governing a change of control.

Former members of the management of GfK GmbH, Nuremberg, the Management Board of GfK Aktiengesellschaft, Nuremberg, and GfK SE, Nuremberg, together with their surviving dependents received pension benefits totaling €1.6 million. A provision of €41.2 million has been made for pension commitments to former Management Board members and senior management and their surviving dependents.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is specified in Article 16 of GfK SE's Article of Association as follows:

- In addition to expenses, members of the Supervisory Board receive fixed remuneration of € 30,000.00 payable at the end of the financial year.
- Members receive a sum of € 1,500.00 per meeting for attendance at Supervisory Board meetings and meetings of one of its committees.
- The Chairman of the Supervisory Board receives four times and the Vice-Chairman one and a half times the amount stipulated in the first point of the listing.
- Remuneration increases by € 10,000.00 for each membership of a committee. The Chairman of the Audit Committee receives € 50,000.00, the Chairmen of the Personnel and Presidial Committees each receive € 30,000.00, and the Chairman of the Nomination Committee receives € 20,000.00. Committee remuneration is exclusively calculated on the basis of the respective function on the relevant committee (simple membership or chair), whichever receives the highest remuneration.
- The company compensates every Supervisory Board member for reasonable expenses against submission of proof and any VAT applying to their remuneration and the reimbursement of their expenses.
- Supervisory Board members who have only held their position on the Supervisory Board and/or one of its committees for part of the financial year are compensated on a pro rata basis, with parts of months rounded up to full months.

REMUNERATION OF THE SUPERVISORY BOARD 2015

	TEUR
Dr. Arno Mahlert (Chairman)	227.5
Dr. Bernhard Düttmann (Vice-Chairman)	132.3
Dr. Wolfgang C. Berndt	144.7
Hans van Bylen	53.5
Martina Heřmanská (from May 28, 2015)	27.6
Sandra Hofstetter	60.3
Aliza Knox	39.0
Stephan Lindeman	57.7
Shani Orchard (until May 28, 2015)	25.4
Hauke Stars	68.0
Dieter Wilbois	56.5
Remuneration 2015	**892.5**
Remuneration 2014	**828.1**

As of December 31, 2015, the Supervisory Board held a total of 2,581 shares and no options on GfK shares. Details of individual transactions by the members of the Supervisory Board and Management Board are published on the website in accordance with the German Corporate Governance Code (DCGK).

5. Organization and administration

The GfK Group has a matrix organization consisting of two globally responsible sectors, Consumer Experiences and Consumer Choices, with product responsibility, and six regions.

GfK SE functions as both the holding company and an operating unit. In Germany, the GfK Group's network comprises the parent company as well as nine consolidated subsidiaries and one associated company, plus six nonconsolidated subsidiaries. Worldwide, GfK has 139 consolidated subsidiaries and 10 associated companies, 4 minority interests and 29 nonconsolidated subsidiaries. The Group headquarters are in Nuremberg, Germany. In 2015, GfK further optimized its structure and reduced the number of companies.

5.1 MANAGEMENT BOARD

The Management Board of GfK SE consisted of four members in 2015. The Chief Executive Officer (CEO), Matthias Hartmann, is responsible for the corporate functions Strategy and Innovation, IT (Strategy, Enterprise Applications, Infrastructure), Human Resources (including Executive Development and Compensation), Integrity, Compliance and Intellectual Property, Internal Audit, Investor Relations, and Marketing and Communications.

The Chief Financial Officer (CFO), Christian Diedrich, is responsible for the corporate functions Finance (Accounting, Controlling, Finance IT), Finance Administration (Corporate Shareholder Management, Investment Controlling, Risk Management, Mergers and Acquisitions, Tax), Treasury, Legal, Central Services, Procurement, and Sector Finance. In accordance with the code of procedure rules effective as of January 1, 2016, the corporate functions for which the CFO is responsible will be reorganized and renamed as Corporate Finance, Corporate Development, Group Controlling, Treasury, Legal, Central Services, Procurement, and Sector Finance. Regional Finance was also expanded.

Strategic and operational management of the two sectors was the responsibility of the Management Board members (Chief Operating Officers, COOs) Debra A. Pruent for the Consumer Experiences sector and Dr. Gerhard Hausruckinger for the Consumer Choices sector.

Debra A. Pruent decided not to extend her contract, which was due to expire at the end of 2015. Therefore, at its session of September 11, 2015, the Supervisory Board decided to implement the following changes in 2016:

The previous executive function for the management of the strategy and operation of both sectors will bear the title of Chief Commercial Officer as of January 1, 2016. As of January 1, 2016, the Management Board of GfK SE will consist of five members.

The Supervisory Board appointed David Krajicek to the Management Board to succeed Debra A. Pruent as Chief Commercial Officer (CCO) Consumer Experiences, effective as of January 1, 2016. Mr. Krajicek was responsible for the Consumer Experiences business in North America in his role as Regional Chief Operating Officer (Regional COO).

In order to further improve the use of synergies across the sectors, the executive function of Chief Operations Officer was created, which will be responsible for all the local and global production activities of GfK. Through this position, GfK wants to increase the productivity of its operations by improving automated processes, the use of economies of scale and efficiency. Alessandra Cama was appointed to the Management Board for this new position, effective as of January 1, 2016. Ms. Cama was previously responsible for the Consumer Choices business in the Asia and the Pacific region as Regional Chief Operating Officer (Regional COO).

Dr. Gerhard Hausruckinger will continue to be responsible for the Consumer Choices sector in his role as Chief Commercial Officer.

5.2 ADMINISTRATION

The corporate functions Corporate Finance, Group Controlling, Corporate Development, Legal, Treasury, Integrity, Compliance and Intellectual Property, Human Resources, Central Services, Procurement, Marketing and Communications and Investor Relations are responsible for deciding on policy across the Group in their respective fields of work.

6. Declaration on Corporate Governance in accordance with Section 289a of the German Commercial Code (HGB)

The corporate governance of GfK SE is based on transparency and trustful cooperation.

By adopting the German Corporate Governance Code (GCGK), GfK SE is dedicated to good corporate governance and corporate supervision while providing transparency for national and international investors.

The declaration on corporate governance, which includes the declaration of compliance 2015, provides details on corporate governance and information about management practices, a description of the operating procedures and composition of the Management Board and Supervisory Board as well as a description of the composition and operating procedure of the committees of the Supervisory Board, is published online at:
http://www.gfk.com/investors/corporate-governance/declaration-corporate-governance-2015

The corporate governance report is part of the declaration on corporate governance and is also published at:
http://www.gfk.com/investors/corporate-governance/

7. Procurement

Requirements and tasks to procurement are becoming more and more complex. Targeting an optimized procurement function needs a procurement set-up and network that connects strategic and operational procurement activities, local and regional/global units, customer demands and supplier requirements as well as general procurement processes with business procedures in terms of communications, methods, processes and IT tools.

Accordingly, the focus in 2015 lay on further organizational and strategic development as well as connecting networking our procurement functions throughout the world.

We have established corresponding procurement functions and core processes in important countries. After the successful use of the Supplier Relationship Management (SRM) system in Germany, Switzerland, Austria, the USA and Canada, we also introduced the SRM system in the UK, France, and Japan last year. Additional countries will follow in 2016.

The key elements of our SRM include:

- The realization of long-term and international framework agreements with strategic suppliers
- The implementation of so-called Advanced Negotiation Concepts and electronic awarding procedures
- Preferred supplier strategies in various cost categories
- Structured assessment of risks and opportunities of the procurement market within the GfK Risk Management Process
- Extensive transparency regarding supplier expenses
- Definition of our code of conduct for GfK suppliers based on GfK's values; preparation of roll-outs

This way, we were able to continuously achieve improved conditions in purchasing as well as meet external and internal compliance requirements. All in all, GfK's Procurement managed to make a distinct contribution to GfK's "Shape for Growth" strategy in 2015.

8. Environment

With 13,485 employees throughout the world, GfK is an extremely diverse global player. What unites everyone in the company is, not least, their joint effort to conduct their work in the most resource-efficient and environmentally-friendly way possible. For GfK, as a service provider that neither runs factories nor manufactures physical products, this is the biggest factor of its energy balance.

With a DIN-EN-50001-compliant energy management system, we have been systematically applying an approach to adjust this factor as precisely and sustainably as possible since the end of 2015. The energy management system (EMS) is used by all of GfK's offices in Germany, wherein so-called energy management officers use the system to define clear responsibilities and track our company's entire energy consumption. This makes it possible to monitor our consumption systematically and, where necessary, make suitable improvements. On the basis of our data, we will establish our energy conservation goals and implement the first actions during the course of 2016. Increased energy efficiency not only preserves resources, it also gives our company a distinct competitive advantage.

We will assess how well we have met these goals at the end of 2016/beginning of 2017 when we have our EMS audited in accordance with DIN. In this way, the energy management system of GfK combines the highest possible productivity with the lowest possible impact on the environment and climate.

9. Marketing and Communications

"One GfK" is GfK's strategic maxim, which is embodied on a daily basis in GfK's marketing and communications. With our integrated approach to communications, we interconnect the activities of the Marketing and Communications department with those of the local Accounts teams and the global sales force. In 2015, we strengthened the cooperation within the team and intensified the sharing of knowledge and information.

GfK's Marketing and Communications team is responsible for all of GfK's marketing and communications activities throughout the world. It coordinates the content and organization of these activities in accordance with regional particularities and requirements. The Marketing and Communications department is organized according to target groups, themes and communication channels. Its work encompasses Branding, Communications, Digital Marketing, and Industry and Product Marketing.

CRM AND SALES SUPPORT: IMPORTANT ELEMENTS OF THE MARKETING STRATEGY

The core and target of our work are our customers and their needs. In order to analyze them more precisely and serve them in a more targeted manner, we built the Customer Relationship Management portal (CRM) in 2015. This portal helps the operations staff to reach new customer groups and make the relationship with existing customer groups more profitable and sustainable. We also use the CRM system to control the return on investment (ROI) of our marketing activities, identify existing as well as future customer needs, and target our marketing activities more precisely. In this way, we were again able to support our sales more efficiently in 2015.

THE NEW VALUES OF GFK: BASIS FOR INTERNAL AND EXTERNAL COMMUNICATIONS

The GfK brand is one of the most important assets of our company and crucial to its success. The task of the Brand team founded in 2014 was to strengthen the GfK brand and its presence. Among its other activities in 2015, it supported the Mergers and Acquisitions team, Corporate Identity activities as well as GfK's events with multimedia and graphics services. In order to give all employees the same understanding of the brand, the Brand team, together with the Management Board and Human Resources, defined and distributed a set of brand values. Since then, the values "smart, relevant, trusted" have constituted the basis of all our communications.

INTEGRATED INDUSTRY AND PRODUCT PORTFOLIO OFFERS ADDED VALUE FOR OUR CUSTOMERS

In order to present GfK's portfolio of services to its customers in a more convincing way, the Marketing team launched a strategic campaign management initiative in 2014. In 2015, focus was placed on creating stronger connections between the industry and product portfolios. A key issue was the marketing of our entire services portfolio. The Marketing team therefore implemented a platform that provides all of GfK's employees with

access to the entire product and industry portfolio and that displays the possible points of connection. Using this integrated approach, we can adjust our products and solutions to suit the desires and needs of our customers even better and create added value for both them and us.

A CONSISTENT BRAND PRESENCE, INCLUDING ONLINE

The consumers of today are "always on". Therefore, they encounter the GfK brand on ever more highly diverse digital channels and on an increasingly frequent basis. In order to establish a consistent market presence in this regard, the Digital Marketing team has combined all of GfK's existing websites into one international site. Since December 2015, the Group's entire online presence has had a new, customer-friendly "look and feel": interactive, dynamic and faster. For our social media marketing, we developed a strategy and reinforced the structure of our existing social media channels.

CLOSER COLLABORATION IN MARKETING AND COMMUNICATIONS

The success of GfK's transformation process depends on clear and stringent communications on an international level. Thus, in the past year, we revised the content of our internal communications media outlets (newsletter, letters to the Management Board, videos, internal meetings and town hall events) to be more specific. The Internal Communications team kept GfK's employees regularly informed on changes in the organization as well as our successes and challenges in the market. An essential tool in this regard is "gNet", an intranet through which employees and the Management team can communicate. The "gNet" system is also used as a centralized collaboration platform for the exchange of information within the GfK organization worldwide.

The Marketing and Communications team communicates the company's successes to the public through, for example, interviews and press conferences with the top management, meetings with media representatives and contributions by GfK experts in specialist media that are relevant to target groups. In order to further reinforce cooperation and the exchange of information, the Communications team has launched an ongoing PR campaign on a global scale, the content of which is also used for marketing purposes.

10. Internal control system for accounting

The GfK Group's internal control system comprises the principles, structures, processes and measures introduced by the company's management, which are set to ensure the commercial success of the GfK Group, the correctness and reliability of internal and external financial reporting as well as compliance with the appropriate laws and standards.

The structure of our control system follows the concept developed in the financial industry of the "Three Lines of Defense". The first "line" consists of the managers who deal with risk management as well as control and compliance in their daily activities. The second "line" is drawn by specialists in Legal and Compliance, Risk Management and Controlling, who together organize these tasks professionally across the entire Group. The third "line" is formed by internal and external auditors engaged by the Management Board as well as the Audit Committee, who check the effectiveness of our internal control system. In this way, we unite the three levels of control into a single and effective tool that regulates our activities.

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

The control environment of the GfK Group is essentially characterized by the existing Code of Conduct and the resulting attitudes and actions of each employee. A key basis for this is the company's guidelines (Code of Conduct, corporate values), which every employee is obligated to adhere to. These guidelines are continuously developed by departments such as Legal and Compliance. In 2013, GfK launched a worldwide compliance e-learning program to complement the existing training measures in the area of Compliance. The program was repeated in 2015 and expanded with a test for all employees and an essential GfK guideline (the F2 Authorization Guideline). Participation in the e-learning program is obligatory for every employee throughout the whole world. On the GfK intranet (gNet), where information regarding the program is kept, every employee can consult all of the GfK guidelines published throughout the world.

Another key element in our internal scope of control is our guidelines. The GfK guidelines describe the essential standardized processes of the GfK Group and thus contribute to the maintenance of high standards of quality in the work we deliver as well as to compliance with fundamental ethical and moral values. They are continuously revised as necessary.

In this way, we significantly expanded the internal guidelines applicable to data protection, which is a sensitive concern for the market research industry. In order to further minimize the risks in this area, we also carried out obligatory training activities worldwide.

Activities in the past year were also consolidated internationally and across all segments with regard to quality management. We also make use of these measures in our communications with customers in order to raise awareness of GfK's competitive advantages.

Risk management is conducted on a continuous basis at GfK. The consistent definition and organization of the risk management process as well as the reports for the Management Board are the responsibility of the Risk Management division. Every employee is called upon to monitor the risk situation within the scope of her or his responsibilities. For new or previously identified risks, there are so-called risk owners, who, using certain early warning signs

and defined indicators, evaluate, monitor and control the actual risk. If a change in the risk position is identified, countermeasures can be applied promptly.

Monitoring functions and related controls at GfK are carried out and recorded via the Contre-Rôle System. Certain business transactions must be approved by both operational and financial management. In this way, we ensure that guidelines and internal processes are adhered to and that decisions are made which are appropriate from an operational and financial point of view. All payment processes as well as business processes that are necessary for the proper preparation and publication of the accounts are controlled and documented.

The Internal Audit department plays an important role in this regard. In addition to the regular monitoring of compliance with laws and the company's own internal guidelines, our audits also address the documentation and risk analysis of financial and operational processes. Audit findings, risks, the effects of audit findings and recommendations are recorded in audit reports. The timely implementation of these recommendations is controlled on a quarterly basis by Internal Audit as well as additionally audited by external advisors who visit the company's subsidiaries on-site (follow-up process). This process was further improved at the beginning of the financial year. It particularly focuses on the reporting and escalation of audit findings that are not implemented in good time.

Additional special audits are conducted as and when necessary. Both external and internal specialists are engaged for this purpose. As in the previous year, Data Quality and Privacy audits were regularly conducted in the 2015 financial year. These serve to check adherence to external as well as internal quality and data protection standards.

Disciplinary measures based on audit findings and violations are strictly applied by the company's management.

Another of our risk assessment tools is the Control Self-Assessment (CSA). The CSA is completed by selected companies and evaluated by an internal audit. The selection is based on predefined selection criteria. The tool collects information regarding the most important business segments and their risks in 115 questions.

The internal audit plan is approved by the Audit Committee based on the recommendation of the Management Board. The selection of the companies to be audited is based on predefined selection criteria. The current CSA findings, among other factors, are also taken into account in this process. In addition, the Audit Committee determines additional focal points of its own which the auditor of the annual financial statements must take into account in their audit. These focal points include the inspection of samples taken from the records of controls conducted as well as the correct implementation of audit assessments.

MAIN FEATURES OF THE GROUP'S ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

GfK's accounting-related internal control system serves to ensure the correctness of financial reporting through compliance with all the appropriate regulations when preparing the consolidated financial statements and the Group Management Report.

The individual financial statements of all the consolidated subsidiaries in the GfK Group prepared in accordance with the International Financial Reporting Standards (IFRS) and generally audited by auditors provide the baseline data for preparing the consolidated financial statements.

When preparing the information for these individual financial statements, IFRS compliance is supported conceptually by the centrally managed and regularly updated IFRS accounting manual and by other guidelines on individual accounting issues, such as revenue recognition. In addition, the Group's standard chart of accounts helps to ensure that the individual financial statements of all the subsidiaries are prepared in an IFRS-compliant manner. The rules in the accounting manual and the chart of accounts to be applied are laid down by the Group's head office and are mandatory for all consolidated subsidiaries worldwide.

All financial information supplied by our subsidiaries is first run through automated plausibility and coherence control procedures in the consolidation system. In the event of unresolved blocks imposed by the control procedures, the financial information cannot be released for further processing by GfK Group Accounting. The financial information is then subjected to an additional control procedure by employees in this department who are involved in the process of the preparation of the consolidated financial statements. These employees are tested in terms of their specialist expertise and undergo continuous specialist training.

Changes to accounting standards, legislative amendments and Group guidelines on accounting and valuation methods are observed and analyzed by GfK Group Accounting. If any of these changes are relevant to the GfK Group, the corresponding guidelines and the reporting package for registration of the financial statement data by the subsidiaries are updated. The subsidiaries are informed about these updates by means of circulars that are sent out on a quarterly basis. These circulars give the companies details of all the important deadlines so that the punctual preparation of the consolidated financial statements is guaranteed.

Appropriate employees in GfK's Group Accounting division are responsible for special tasks such as the calculation of the provisions for the Long-Term Incentive Plan for management, which requires specific specialist expertise. The values arrived at in this way are directly integrated into the undertakings' financial statements produced for consolidation purposes, after which they can no longer be changed locally. This procedure ensures that specialist tasks throughout the whole Group are consistently carried out by specialists. The valuation of pension provisions as well as the purchase price allocation for large mergers and acquisitions will be carried out by external service providers with suitable expertise.

The consolidation processes are then executed in the consolidation system and monitored from a conceptual and scheduling point of view by the staff responsible in GfK Group Accounting. Manual and system-based controls are completed for all consolidation steps.

The dual-control principle is generally applied to the consolidation steps performed by GfK Group Accounting. Change analyses as well as detailed analyses of the content of selected items in the financial statements of the subsidiaries and the consolidated financial statements further raise the level of control.

In relation to the financial statements, the management and the finance managers of all the consolidated subsidiaries confirm the completeness and correctness of the financial information sent to the Group's head office.

The Audit Committee of the Supervisory Board monitors the accounting process, including the audit of the financial statements as well as the efficacy of the control system and internal auditing. It discusses the consolidated financial statements, the Group Management Report and the annual financial statements and Management Report of GfK SE with the Management Board and the auditors, and checks the corresponding documents carefully.

WHISTLEBLOWING: TAKING RESPONSIBILITY

We encourage every employee to report any suspected or confirmed violations of statutory or internal regulations. They can contact their respective superiors, Legal and Compliance, the Human Resources department of GfK SE or Internal Audit. For employees who want to preserve their anonymity, an external ombudsman is available as a point of contact.

INFORMATION AND COMMUNICATION

We rely on open information and communication internally within GfK. All of the Group's guidelines can be accessed from anywhere in the world on the gNet intranet. The relevant employees are informed whenever changes occur. Our comprehensive and regular risk management and financial reports ensure that the Management Board and Supervisory Board are kept fully informed of the Group's risk position on a timely basis. In addition to these monthly standardized reports, the Management Board is directly informed using any means in the event of a sudden material risk, significant changes in the risk position and cases of fraud.

11. Opportunity and risk report

11.1 INTEGRATED OPPORTUNITY AND RISK MANAGEMENT SYSTEM

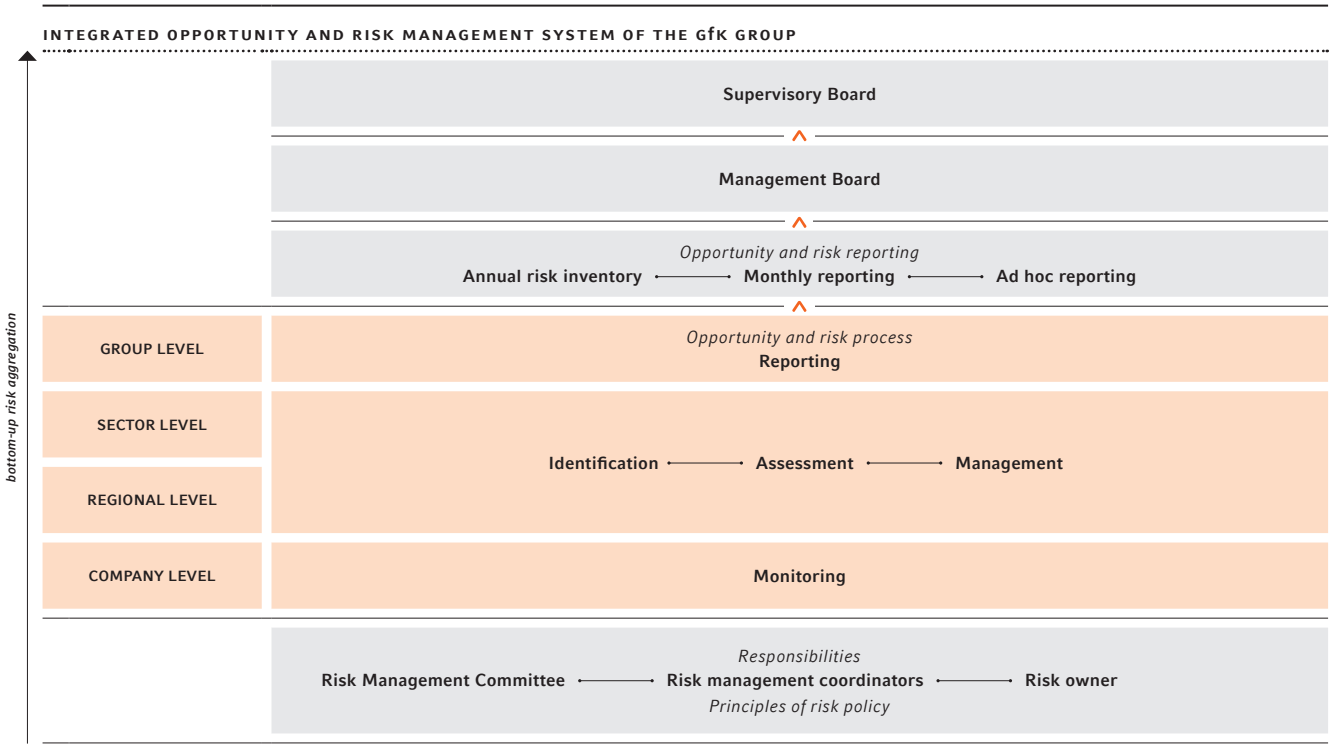
The integrated opportunity and risk management system of the GfK Group forms the basis on which all opportunities and risks are identified and managed. The risk management process is carried out using a "bottom-up" approach across a number of aggregation levels. This process also allows for the identification and evaluation of risks on the level of the individual GfK subsidiaries as well as opportunities on the level of the regions, sectors, and the Group. Its general aim is the early recognition of developments that could influence the future existence of GfK SE and the GfK Group. Through our internal risk management reports (contained in the monthly financial reports as well as the annual risk inventory), we ensure that opportunities and risks are constantly monitored. In addition, we ensure that the opportunity and risk management system is properly functioning through regular inspections by Internal Audit.

The Group-wide opportunity and risk management system of GfK is essentially based on a management-oriented enterprise risk management (ERM) approach. It is a fully integral part of the Group's organization and is structured according to the internationally recognized framework concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The opportunity and risk management system is derived from this concept, with its defined processes and related internal risk reports, constituting a solid foundation for the internal control system. The integrated system is compliant with the Group's guideline (F18 Risk Management Manual) and regulates all the principles of the risk policy and the responsibilities associated with the opportunity and risk management system, the opportunity and risk management process, and the related reports. The guideline can be accessed by every employee on the GfK intranet (gNet).

Principles of risk policy

In order to ensure the continuing success of the GfK Group on the market, opportunities must be taken advantage of consistently but at the same time, risks must be taken on in an economically reasonable and morally responsible way. For this reason, we defined the principles of our risk policy, which constitute the basis of the entire opportunity and risk management system of the GfK Group. The key principles integrated into the structures and business processes of the GfK Group are as follows:

- Entrepreneurial action requires the conscious management of risks.
- No actions, whose inherent risks could result in a threat to the survival of the GfK Group, are permitted.
- Risk management is the obligation of each and every employee.
- Risks must be systematically identified, assessed and managed.



Responsibilities

Risk management committee: Under the terms of its overall responsibility for the opportunity and risk management system, the Management Board has established a Risk Management Committee, which is tasked with the central coordination and continual further development of the risk management system. The standing members of this committee are the CFO as Chairperson, the CEO (who is also responsible for the corporate function Human Resources), the Head of Group Controlling, and an employee from the Group Controlling department, who is invested with responsibility for Risk Management. The Committee informs the Management Board and the Supervisory Board about current developments and changes in the risk position within the Group.

Risk management coordinators: The direct responsibility for early identification, management and communication of risks locally lies with the business management of the individual GfK companies. Local risk management coordinators promote risk awareness and ensure that the prescribed central principles are implemented by the respective organizations.

Risk owners: For each identified risk a risk owner is nominated (at each level of the Risk Inventory 2015 process represented in the following diagram) within whose remit the risk lies. The risk owner's task is to actively manage the risk and to take appropriate countermeasures to prevent the occurrence of risks that are harmful to business or to limit any possible damage. The risk owner can be an individual employee or a group of employees at management level.

Opportunity and risk management process

The opportunity and risk management process comprises continuous identification, assessment and management, complemented by the process-accompanying steps of reporting and monitoring.

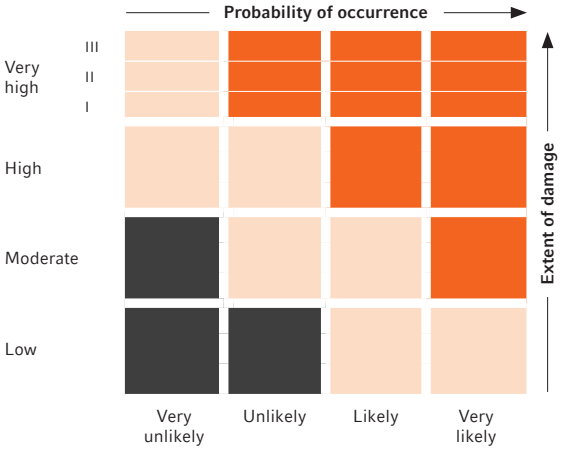
Each of the GfK Group's employees is responsible for identifying risk within their remit. This is carried out within the respective local GfK companies, by the regional management within the regions and by the sector management team at sector level and, where the risk affects the whole GfK Group, at Management Board level. Subsequently, each risk is assessed using the "probability of occurrence", "potential extent of damage" and "time horizon" criteria, as depicted in the diagram below.

To assess the probability of occurrence, GfK uses four categories: "very unlikely" (less than 10 percent), "unlikely" (between 10 and 40 percent), "likely" (between 40 and 70 percent) and "very likely" (more than 70 percent).

To assess the potential extent of damage, it distinguishes between different categories of impact on the adjusted operating income or consolidated total income: "low" (less than € 3 million), "moderate" (between € 3 million and € 6 million), "high" (between € 6 million and € 10 million) and "very high", which is subdivided into three levels (between € 10 million and € 20 million, between € 20 million and € 30 million and more than € 30 million).

Finally, to define the time horizon, it uses two categories: "direct" (the risk could potentially have an impact for the first time from financial year 2016) and "indirect" (the risk could potentially have an impact for the first time from financial year 2017).

RISK CLASSES AT GfK



Extent of damage	
Low	< € 3 m
Moderate	≥ € 3 m to < € 6 m
High	≥ € 6 m to < € 10 m
Very high I	≥ € 10 m to < € 20 m
Very high II	≥ € 20 m to < € 30 m
Very high III	≥ € 30 m

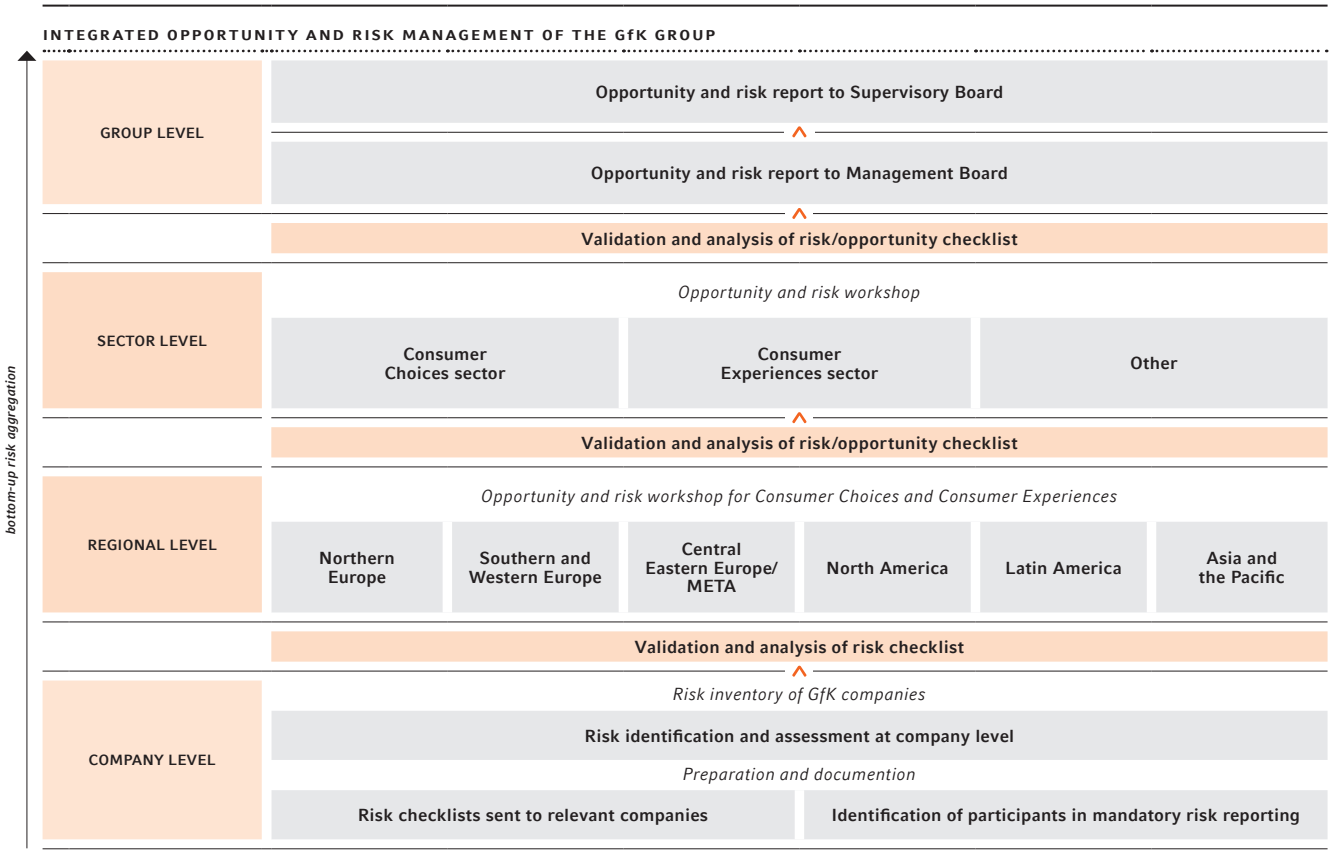
Probability of occurrence	
Very unlikely	< 10%
Unlikely	≥ 10% to < 40%
Likely	≥ 40% to < 70%
Very unlikely	≥ 70%

Material risk Moderate risk Low risk

Specified criteria are used to determine whether the identified risks are of a material nature. Material risks are defined as those, which have a high or very high potential extent of damage and a quite likely or very likely probability of occurrence. In addition, a risk with a quite unlikely probability of occurrence and a very high potential extent of damage or a risk with an average potential extent of damage and a very high probability of occurrence can be classified as a material risk. As part of the risk management, measures are defined and implemented for material risks to prevent the risks occurring or to significantly reduce the potential extent of damage for GfK in the event of occurrence.

In addition, the Group also analyzes potential opportunities that could have a positive impact on the adjusted operating income or consolidated total income. Opportunity and risk management also involves actively dealing with individual risks or identified opportunities, so that it is possible to react promptly to any changes that may occur. For the purpose of opportunity and risk monitoring, GfK monitors the entire portfolio of opportunities and risks on a continuous basis in order to identify changes in good time. The process is rounded off by clearly structured internal risk reporting.

GfK reports on opportunities and risks on an annual basis in a global risk inventory, and on a monthly basis in regular financial reports. Ad hoc reporting and risk reports may also be issued at any time. The annual risk inventory provides a comprehensive assessment of the GfK Group's overall opportunity and risk situation. The risk inventory process follows a "bottom up" approach and is depicted in the following illustration.



In principle, all GfK companies are obliged to conduct an annual risk inventory. Companies whose planned external sales for 2015 are higher than € 9 million and those which are of strategic interest for the Group are integrated in the risk inventory reporting. The GfK companies of strategic interest are selected by the Risk Management Committee. In order to obtain a complete picture of the opportunity and risk situation for the Group, risk areas, within which the potential individual risks of the companies are identified and assessed, are defined. After incorporating the regional level of the Consumer Experiences sector in the risk identification and assessment process for the first time in 2014, GfK expanded the process further to incorporate the regional level of the Consumer Choices sector in 2015. It also introduced opportunity identification and assessment at regional level for both sectors for the first time in 2015. After the reported risks and opportunities have been validated and summarized at regional and sector level, GfK holds sector-specific opportunity and risk workshops. The aim is to identify material risks and opportunities across all the individual companies that are relevant at regional and sector level. This ensures that opportunity and risk management is anchored in the relevant regional or sector strategy, and ultimately in that of the Group as a whole. As a result of this bottom-up approach, individual risks can be leveled out or risks aggregated and reassessed at regional and sector level.

The opportunities and risks identified and assessed in the opportunity and risk workshops at sector level are validated, summarized at Group level and presented to the Management Board. The Management Board discusses the aggregated opportunities and risks and, if necessary, carries out a reassessment for the GfK Group. The opportunities and risks of the GfK Group which are identified and assessed in this way are subsequently summarized in an opportunity and risk report and presented to the Supervisory Board.

Changes in the risk position of the individual GfK companies during the year are covered by monthly risk reporting within the regular financial or ad hoc reporting, and are then reported at Management Board level. Every GfK company is obliged to report new risks as well as changes in existing material risks via its monthly risk reports. The Risk Management Committee must be informed directly if the potential extent of damage of the new risks arising during the year is significant and action at sector or Group level is required.

11.2 ASSESSMENT OF THE OPPORTUNITY AND RISK SITUATION

In order to exploit the opportunities arising and successfully exist in the market, GfK must consciously take certain risks in its business. This affects a broad spectrum of opportunity and risk areas. The opportunity and risk assessment is based on an evaluation after the respective countermeasures are implemented. Since financial year 2014, GfK has been using the "net" perspective in its assessments, whereby it evaluates opportunities and risks after the implementation of suitable countermeasures, because this gives a more accurate reflection of GfK's risk situation. It also applied this approach for the past financial year 2015.

ASSESSMENT OF THE RISK POSITION FOLLOWING COUNTERMEASURES (IDENTIFIED DIRECT RISKS)

	Potential extent of damage	Change to previous year	Likelihood of occurrence	Change to previous year
Macroeconomic risks				
Economic risks	High	–	Unlikely	–
Strategic risks				
Risks in connection with portfolio activities	Very high III	–	Very likely	–
Risks in connection with strategic planning and implementation	High	Δ	Very unlikely	Δ
Network and data security risks	Moderate	∨	Very likely	∧
Risks from transformation	Low	∨	Unlikely	–
Risks in connection with product launches	Low	–	Unlikely	–
Risks from technological progress*	Low	∨	Unlikely	∨
Financial risks				
Currency risk –				
Translation risk	Moderate	–	Extremely likely	–
Transaction risk	Low	–	Unlikely	∧
Liquidity risks	Moderate	∧	Very unlikely	–
Interest rate risk	Low	–	Very unlikely	–
Tax risks	Low	–	Very unlikely	∨
Operational risks				
Continuity of IT systems*	Very high III	∧	Very unlikely	–
Risks in connection with product groups	Moderate	–	Unlikely	–
Data quality risks	Moderate	–	Unlikely	∧
Data acquisition risks	Moderate	∧	Unlikely	–
Legal risks in connection with data protection	Low	∨	Very likely	∧
Risks in connection with divestment projects	Low	∨	Unlikely	–
Market risks				
Competitive risks	Moderate	–	Very likely	–
Legal and compliance risks				
Compliance risks	High	∨	Very unlikely	–
Other risks				
Legal risks in connection with contractually agreed penalties and liabilities	Very high III	Δ	Very unlikely	Δ
Legal risks in connection with false self-employment of freelancers and interviewers	Low	–	Very unlikely	–

∧ Increase ∨ Decrease – Unchanged Δ New risk

* Indirectly identifiable risks in previous year

11.2.1 IDENTIFIED DIRECT RISKS

A number of direct risks were identified within the GfK Group, the effects of which may have an impact on financial year 2016. The order shown within the individual risk categories reflects the evaluation of the potential extent of damage and then the assessment of the probability of occurrence. This portrayal therefore provides information for estimating the individual risk for the GfK Group.

Macroeconomic risks

Economic risks: In comparison with the previous year, a slight recovery was observed for large economies while the growth rate in new markets and emerging countries slowed down for the fifth year in a row. The main reasons for this slowdown are reduced investment and a fall in commodity prices (particularly oil) as well as volatility in exchange rates and financial markets. The eurozone continued to report low but stable growth. In particular, countries such as Italy, Ireland, and Spain were able to counterbalance lower growth in Germany thanks to an increase in domestic demand and lower oil prices. Although the easing of monetary policy (low interest-rate policy) continued in 2015, neither corporate investments nor private investments have yet reached the desired level. Meanwhile, inflation rates remained very low for the most part, although they are expected to increase in 2016. Stronger growth in 2016 compared to 2015 will be seen primarily in France, Italy and Spain, while very moderate growth is forecast for Germany. The debt position of some countries continued to be observed critically in 2015 as in the previous year.

Despite a strong second quarter, growth in North America was lower than expected in 2015, primarily because of reduced investment in the Canadian oil sector. A mild recovery is expected for 2016 compared with the previous year, particularly due to lower energy prices and reduced fiscal measures, which should compensate for the fall in exports resulting from the strong US dollar.

As in 2014, the task of the major economies in the past financial year was still to adopt political, monetary, fiscal and structural measures in order to boost growth further. The USA and Japan seem to have largely weathered the crisis. Japan in particular is expected to continue to enjoy a positive growth rate in 2016, having returned to positive growth in the previous financial year. Growth in China, as in the previous year, is still at a high level but is no longer expected to be as fast as in the past. A particular risk for the development of the global economy is posed by the political tensions in Russia, Ukraine and the Middle East as well as the ongoing Greek crisis. In summary, only a very slow recovery from the effects of the economic and financial crisis can therefore be reported.

If global economic growth in 2016 falls significantly below the current International Monetary Fund's (IMF) forecast of 3.4 percent, or if there is a threat to the stability of individual currencies, that are significant for the global economy, one must expect that this will have consequences for GfK's business. The GfK Group is globally positioned and has a very high level of geographical diversification, so it should be able to adopt appropriate countermeasures if the economies of individual countries slow down again. Certain measures – such as restructuring and cost reduction programs – that have been initiated, and greater

risk awareness (promoted by training courses) will also help in this regard. Risk assessment after countermeasures as in the previous year: likelihood of occurrence is unlikely; potential extent of damage is high.

Strategic risks

Risks in connection with portfolio measures: In order to succeed GfK needs to achieve its strategic aims. To this end, it considers acquisitions, participations in joint ventures, restructuring and disposals in order to optimize the Group portfolio. Risks in connection with disposal projects are listed as separate risks in the risk portfolio.

For projects that are intended to achieve strategic aims, numerous different kinds of risks may arise. As well as operating risks (integration of staff or technology), financial risks (failure to fulfill expected cost-saving potential), legal risks or compliance risks (resulting from a minority stake in a joint venture, for example) may occur. Ongoing financial obligations relating to a business that has been sold, such as obligations arising from property rights, warranties, indemnification or other financial obligations, may also jeopardize the achievement of strategic aims. Thanks to its experienced Mergers and Acquisitions team and Legal team as well as the assistance of external experts, GfK is able to identify risks early and can adopt appropriate measures. These measures primarily include comprehensive due diligence processes, proven procedures for postmerger integration, and monitoring of thresholds, both for acquisitions and for disposals.

The future value of acquisitions and resulting assets depends on the profitability of cash generating units. If the current business trends in acquired subsidiaries do not match expectations, or if lower growth rates are forecast, an impairment loss risk may occur. Among other things, budget values from the Group's internal reporting are used for assessment purposes. Risks arising from the likelihood of occurrence and changes in market circumstances may result in an impairment loss that needs to be recognized in the income statement but is not a cash item. Depending on the intangible asset, the operating result may be affected. Countermeasures such as strict monitoring and management of budget content, and sensitivity analysis carried out during the year, make it possible to monitor this risk. The risk assessment for the 2015 financial year was the same as that of the previous year. Risk assessment after countermeasures: likelihood of occurrence is likely; potential extent of damage is very high (greater than € 30 million).

Risks in connection with strategic planning and implementation: Big Data, new analyses and methods, and improvements in reporting are just a few of the many challenges that GfK has to face on a daily basis in the industry. In order to stay ahead of these trends and of the competition, GfK needs to consistently promote innovation. In this regard, initiatives and programs may be decided upon during the strategic planning process which are deemed necessary in the short term but could become obsolete in the medium term. This may happen, for example, because of new possibilities and changes in data collection, data availability and method research. Furthermore, the introduction of strategic initiatives could give rise to an inherent risk that the desired financial framework for sustainable and profitable growth will not be possible. Hence, GfK added this risk to its risk portfolio for the past financial year. GfK counteracts this risk with a careful planning process that includes detailed market analysis and competition analysis, continuous monitoring and high-quality project management based on uniform GfK standards applicable across the entire group. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is high.

Network and data security risks: This category specifically concerns risks relating to data security, Internet security and IT security. The continuing transformation process increases the level of centralization and standardization of the IT infrastructure (business applications and sites) within the Group. The high level of complexity of this process and the high levels of dependency between the systems give rise to process risks, which are counteracted by stronger program management, critical point analysis and careful design of system architecture. Within the GfK network, GfK processes data and information which could attract the interest of intelligence services or third parties with criminal intentions. As in the previous year, GfK gave top priority to the implementation, maintenance and further development of security measures to protect information systems and the data stored in them. In order to make itself less vulnerable to these risks, the GfK group has adopted various measures. For instance, in 2014, it implemented a new Information Security Management System (ISMS) based on ISO 27001, which defines IT security policy for the entire Group and sets binding IT security standards based on industry best practice. This guarantees a uniform approach to the regulation and management of IT security risks, from the top down to every local subsidiary. Furthermore, within its Risk Management Guideline (F18 Risk Management Manual), the Group introduced a guideline on the IT risk assessment process. This was derived from ISO 27005, and thus ensures that IT risks are collected, assessed and handled in a way that is compatible with the ISMS that has been introduced. The measures adopted by the Group also include regular external tests, automatic monitoring of applications and systems in order to identify attacks early, the highest possible levels of data security and operational reliability at the central data center site in Nuremberg, and ongoing staff training courses to continuously increase awareness of data protection and data security. Nevertheless, potential residual risks arising from information technology and its applications cannot be completely ruled out. All of the above-mentioned measures, as well as the GfK Group's IT strategy and the IT security measures implemented throughout the Group, lie within the remit of the Global Head of Information Technology, who reports directly to the CEO. Security issues are resolved by cooperating with the IT security specialists in the GfK companies both domestically and abroad. Furthermore, IT audits carried out by IT specialists are an integral part of the Internal Audit remit. Risk assessment after countermeasures: likelihood of occurrence is likely; potential extent of damage is moderate.

Because of the harmonization which has so far been successfully implemented in key countries and the roll-out within the framework of the Roll-out of Enterprise Applications and Content Harmonization (REACH) project, the risk of inadequate interaction between systems that need to be connected, which was mentioned in 2014, was removed from GfK's portfolio in the past financial year.

Risks due to transformation: Since 2012, GfK has successfully promoted the strategy "Own the Future". With the slogan "Getting it done", 2014 was the year of implementation. In 2015, we added "Shape for Growth" to our strategy in order to provide our clients with unique and relevant market and consumer information, combined with the expertise of two sectors. GfK is concentrating on digital products and services and has invested heavily in new technology and new possibilities for combining and enriching data. The risks associated with this transformation process arise primarily from the possibility that the opportunities offered by this strategy will not be fully exploited. Through successful global measures such as proactive change management on the part of the Management Board, an open and global communications policy, continuous and targeted staff development and training measures, the steady improvement of the international network, and a focus on multi-year contracts and relevant markets, GfK was able to reduce the risk compared with the previous year in terms of potential extent of damage. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is low.

Risks in connection with product launches: As a full-service provider with a global network and a comprehensive range of studies and analyses, GfK is superbly positioned both to deal with more intense global competition in the industry and to benefit from positive trends in the emerging markets. Because of increasing globalization and digitalization as well as changes in consumer behavior, companies need more and more advice concerning their marketing decisions. Thus, obtaining information on the sales potential of a product or service in different markets and countries is becoming increasingly significant. After all, the only way to make large quantities of data valuable, and to enable the creation of forecast models that will ensure business success for GfK's customers, is to identify connections, meanings and patterns such as those between marketing and technology, between media and advertising or between planning and market data. At the same time, consumers increasingly consult new media to help them to make buying decisions, more and more of which are determined by ecological criteria. The areas mentioned also harbor the risk for GfK that it will not be able to meet increased needs in terms of consulting and sales services to a sufficient extent or with the correct standard of commercial excellence, that it will not implement marketing campaigns expediently or that it will not be able to offer standard products that provide its customers with a comprehensive and ideal basis for their decisions. Hence, it is very important for GfK to pool its tasks within consulting projects and to focus strategically on a targeted sales process. In this regard, GfK staff receive continuous training on innovations in the product and service portfolio in order to develop their expertise. By improving sales planning, GfK can transparently manage and monitor product launch projects in such a way that it can react in good time if there are any delays. The pooling of tasks in global competence centers is also part of this. The risk assessment has not changed compared with the previous year: likelihood of occurrence is unlikely; potential extent of damage is low.

Risks generated by advances in technology: Unlike in the previous year, when it was classified as an indirect risk, this is now assessed as a direct risk. GfK's own figures show that millions of devices are being used round the clock all over the world, and that the latest network technology is set as standard. Increasing digitalization, the spread of the (mobile) Internet and the convergence of devices are modifying user behavior. As a result, consumers are making more and more buying decisions with the aid of mobile media or social networks, and thus buying behavior is changing all over the world. The number of points of contact (which means the places, times and ways, in which companies and brands come into contact with customers) and the ways, in which buying decisions are made, are constantly changing. However, companies still need to understand their customers, and therefore new methods and technology are required in order to collect market research data in the digital age. One of GfK's most important tasks is to develop innovative new products and services as well as new market research methods. One can see the associated risks that the technical implementation of such new products as for instance Mobile Insight/Location Insight can not be developed quickly enough or at an appropriate cost to accommodate changes in market conditions. As in the previous year, as an innovative company with research and development activities, the GfK Group currently sees no substantial risks arising from large, cost-intensive innovation projects. It monitors potential risks associated with these projects through regular reporting and active project management. Moreover, its staff receives project management and negotiation training, in which they learn how to provide GfK clients with reliable and high-quality advice regarding innovative new products and services and market research methods. Thanks to the countermeasures listed here, this risk has been reduced compared with the previous year: likelihood of occurrence is unlikely; potential extent of damage is low.

Financial risks

Currency risks: As a global company, the GfK Group is exposed to currency risks.

The currency translation risk results from the conversion of the balance sheets and income statements of GfK companies outside the eurozone into euros, the reporting currency of the GfK Group. One example of this would be the revaluation effects arising from GfK SE's cash pool liabilities in foreign currency (USD, GBP or CHF) with respect to its subsidiaries, which could have a negative impact on the financial result. These translation-related effects are not hedged and are posted under other operating income in the GfK consolidated financial statements. Carrying amounts of participations are currently covered only to a small extent by natural hedges. To do this, financing is provided in the currency of the relevant company, so as to reduce the effects of currency fluctuations. In order to limit volatility in the income statement relating to the reporting date valuation of currency liabilities and receivables, where possible, GfK uses hedge accounting according to the applicable regulations. The risk assessment after the described countermeasures is unchanged compared with the previous year: likelihood of occurrence is very likely; potential extent of damage is moderate.

The transaction risks result from the sale and purchase of goods and services that are not invoiced in the local currency of the respective GfK unit. Due to high volume of local business, all GfK operating companies generate most of their income and expenses in their local currency, and the currency risk of the GfK Group's operations is therefore restricted. However, because of internal cross-accounting of international contracts, some currency effects may arise which can only be partly hedged. A Group guideline (F14 Treasury Policy) requires all GfK companies to monitor their external currency risks and to hedge against currency fluctuations for projects of or exceeding a certain size and duration. As a rule, GfK provides in-house financing for its subsidiaries in their local currencies. Group Treasury hedges the resulting currency risks centrally, partly by using financial instruments when economically viable. Hedging transactions generally have a maximum term of 18 months. The offsetting effects of the underlying transaction and the currency hedge are identified in the income statement. The risk assessment is also unchanged compared with the 2014 financial year: likelihood of occurrence is unlikely and potential extent of damage is low.

Liquidity risks: The liquidity risks of the GfK Group include potentially being unable to meet its financial obligations, for example the repayment of financial debt, or of the ongoing capital requirements of its operating business.

In March 2015, GfK SE terminated the variable part of the € 40 million bonded loan. At the same time, this sum was fully refinanced by a new € 90 million bonded loan with terms of three and five years. GfK SE also took out various bilateral bank and forward loans amounting to € 70 million (with a term up to 2021) and a new € 130 million bonded loan with a term of 12 years in 2015. The payment dates of these financial instruments are February and March 2016 and therefore are not included in the financial liabilities.The funds from the bilateral bank loans and bonds was used to replace short-term bank loans, and it will serve to refinance our € 200 million corporate bond in April 2016 .In May 2015, part of the bond was repurchased with a total volume of € 13,833 million. As a result of these transactions our maturity structure and future interest expenses have improved considerably. By year-end, the syndicated credit line comprising € 200 million had not been utilized. Last year, this credit line was prematurely extended to 2020. In total, on the reporting date, the unutilized credit lines amounted to € 286 million (2014: € 280 million). The financing elements mentioned and an existing cash holding as at the reporting date of € 129 million (2014: € 93 million) assure the Group's liquidity position. The covenants agreed for the syndicated credit facility, and the bonded loans were all met in every reporting period in 2015. A liquidity risk may also occur if financial institutions with which GfK works become insolvent. This risk, known as an asset management risk or market-to-market risk, is also included in this risk position. In order to counteract this risk, the Group makes financial investments and derivative transactions over € 100,000 only with banks with an investment grade of at least BBB–. GfK also introduced a Treasury Middle Office in the Group Treasury division. Here, the focus is on dividing incompatible tasks between System Administration, Trading and Settlement, and Trading and Risk Monitoring. The risk assessment after the described measures shows a slight increase in potential extent of damage compared with the previous year: likelihood of occurrence is very unlikely; potential extent of damage is moderate.

Interest rate risks: At GfK, interest rate risks mainly relate to financial liabilities. As of December 31, 2015, GfK SE had hedged around 86 percent (2014: around 90 percent) of its financial liabilities through fixed-rate agreements by placing the GfK bond with an interest rate of 5 percent, the bilateral fixed-rate loan agreement and the borrower's note loan. As at the reporting date, the interest rate hedges had a negative fair value of € 171 thousand (2014: –€ 20 thousand). GfK SE derivative financial transactions and investments are only conducted with reputable German and international banks with an investment grade rating. In addition, it reduces any possible credit risk by spreading the transactions between several banks. To hedge an intercompany foreign currency loan of our Brazilian subsidiary in US dollars, a cross-currency interest rate swap was concluded in 2014 to hedge interest rate and foreign currency risks. On the reporting date this derivative was valued with a positive market value of approximately € 4.8 million. Risk assessment after countermeasures is unchanged compared with the previous year: likelihood of occurrence is very unlikely; potential extent of damage is low.

Tax risks: Naturally, accounting and optimization of the Group's structure for tax purposes will generate tax audit risks for an international concern. By introducing Group guideline F21, Transfer Pricing Guideline, with effect from January 1, 2014, GfK took an important step towards the provision of transfer pricing and documentation for all relevant business transactions. It adopted further measures in 2015, developing a tax compliance organization and establishing processes and controls. Hence, the likelihood of occurrence has fallen slightly compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is low.

Operational risks

Continuity of IT systems: As a result of a large number of transformation processes, centralization of IT systems and increased use of the global IT infrastructure, among other things, existing systems were in the past financial year substantially modified,

extended and altered to meet global requirements. Centralization does not in itself mean that risks of failure are likelier to occur, but it does mean that the potential extent of damage is greater in the event of failure. This makes it all the more important to quickly remedy any malfunctions of this kind within the systems involved. After all, centralization means that system failures would not only affect individual GfK companies, but could also potentially have an impact on parts of the GfK Group. For example, if GfK's most important business applications or the underlying infrastructure were affected by total system failure (which may also be caused by fire or power cuts) for several days, this could result in substantial losses in terms of sales, customers could assert claims for damages, or it could harm GfK's reputation. In order to prevent IT system failure, GfK keeps a list of critical components in order to monitor their availability and to replace any malfunctioning components with other components.

In financial year 2015, it consolidated its regular reviews of back-up processes and carried out risk assessments in order to identify weak points in the infrastructure. Furthermore, it expanded life cycle management for global applications, created emergency procedures and took action to prevent denial of service attacks that could block the availability of online services for certain periods of time.

Because GfK increasingly uses strategic suppliers with a global presence, this risk also includes dependency on third-party systems, such as telephone, network and cloud service providers as well as software suppliers. In terms of purchasing, GfK has adopted measures to improve and standardize purchasing processes, to monitor the market, to select better service providers and to retain them more effectively.

Moreover, in order to reduce the extent of damage in the event of fire or power cuts, it has taken out appropriate insurance policies. In 2014 and 2015, it also introduced and implemented staff training courses to raise awareness regarding hazardous situations (such as the outbreak of fire), as well as the use of turnstiles and the new security systems on entry doors, among other things.

However, despite all the measures listed, the risk has to be classified as very high in terms of potential extent of damage, unlike in the previous year. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is very high (more than € 30 million).

Risks in connection with product groups: GfK does not only collect vast quantities of data every day from a very wide range of sources and in extremely varied fields and dimensions, but it also measures market sizes and trends for its clients all over the world. In particular, the fact that it has a global network and its own extensive database really makes it stand out. In financial year 2015, its aim was to expand its Media Measurement business, which involves measuring TV, radio, print media, and cross-media audiences. Using innovative technology, Media Measurement offers information services on audiences, intensity and type of use of media and media products and services as well as comprehensive insights into media consumption in a dynamic media market, and information on their acceptance in different countries. Every new country, in which a media measurement system is set up, presents different technical requirements and challenges. Moreover, political and economic developments are difficult to predict in some regions. Among other things, risks arising from loss of reputation may also occur. A further risk can be found in the potential failure to gain additional TV networks. GfK can reduce these risks through rigorous project and resource management and weekly status reports from the local management in the reporting line to the Global Head of Media Management, additional support at management, project and operational levels, and a greater focus on data quality control processes. The risk assessment is unchanged compared with the previous year: likelihood of occurrence is unlikely; potential extent of damage is moderate.

Data quality risks: GfK has many years of experience in the collection and analysis of data. Using innovative technology and scientific methods, GfK generates intelligent information out of large quantities of data in order to provide its clients with reliable and relevant market and consumer information. As well as interpreting data from one of the world's largest retailer networks, it also analyzes the results of ad hoc studies and consumer panels, so that it can use this information to develop an overall picture of the market. Because it is impossible to completely rule out certain residual risks concerning data quality (resulting from technical or human error), particularly those relating to data acquisition, data processing and data interpretation and analysis, this risk is also closely associated with a possible reputation risk for GfK. This may be caused by system errors, process changes or specific data configurations that result in the provision of incorrect information and consultancy services. Therefore, in order to prevent this, GfK implements checking algorithms that are relevant to the system, as well as automatic quality controls, and it continuously improves its current quality measures and auditing processes. In addition, quality checks are carried out at suppliers' premises, and regional coding hubs are being expanded further. Furthermore, GfK introduced the quality program "Innovating our Core" in 2015. It can also proactively counteract risks through training courses and by making improvements in the area of procurement. Compared with the previous year, the risk increased slightly in terms of likelihood of occurrence. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is moderate.

Data acquisition risks: In order to be able to provide its clients all over the world with important insights concerning local markets in more than 100 countries, GfK collects data from wholesalers, retailers as well as panel and sample respondents concerning their sales trends, buying decisions and radio and TV usage. As in the previous year, GfK sees a risk that these data suppliers may no longer be prepared to provide data because of concerns about data protection, among other things, and that GfK may not be able to adequately replace this data. By using alternative recruitment channels (for instance, by cooperating with agencies for field surveys), by continuously optimizing its recruitment of panel members, and by researching new data collection techniques, GfK developed appropriate emergency concepts. Despite the measures that it has introduced, GfK deems the risk to be slightly higher than in the previous year in terms of potential extent of damage, whereas the likelihood of occurrence remains unchanged. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is moderate.

Legal risks connected with data protection: Particularly because of discrepancies between the legal requirements of some countries, such as Russia and the USA (Safe Harbor), the risk arising from increased public awareness and sensitivity concerning data protection and data security is a top priority for GfK, just as it was in the previous year. In order to raise awareness of compliance and data-protection-related issues further, GfK provides a CEO webcast on its intranet (gNet), which is accessible to all staff and explains the "tone from the top" on these issues. It also implemented targeted in-house training measures in financial year 2015. Furthermore, the internal data protection guidelines and ethical guidelines were extended considerably in 2013. GfK's other measures involve providing a process definition for the use of cloud systems, continuously expanding the IT architecture and data management, consistently monitoring changes in the law and carrying out internal audits. Nevertheless, it is impossible to completely rule out a certain residual risk of possible infringements. Compared with the previous year, the likelihood of occurrence has increased, whereas the potential extent of damage has fallen. Risk assessment after countermeasures: likelihood of occurrence is likely; potential extent of damage is low.

Risks in connection with divestment projects: The risks arising from divestment projects have now been added to the risks in connection with restructuring measures from the financial year 2014, which have been renamed accordingly. The market research industry is still under increasing pressure from competition, and its services are still subject to pricing sensitivity. By improving and further expanding its productivity program, which includes divestment projects as well as restructuring projects, it is expected that GfK will be able to further consolidate and increase its competitiveness. At the present time, risks relating to divestment projects primarily affect the Consumer Choices sector, and one can see that these risks lie in the selection of suitable potential buyers or the pursuit of alternative exit strategies within a specified time frame and cost framework. GfK can counteract these risks by implementing further productivity measures in the area of purchasing, by creating global service centers in specific regions, by restructuring unprofitable units, by adopting initiatives to improve data quality, by improving the margin, and by making staffing adjustments. Therefore, the potential extent of damage has been reduced compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is low.

Market risks

Competitive risks: The term "competitive risks" refers to a further increase in competition in the market research industry. This increase is the result of simplified handling of large quantities of data, and of easier and faster data acquisition, including acquisition through cooperation. Furthermore, the advent of local market research companies and individual specialized niche providers has only intensified the level of competition. Increased pricing pressure, which is closely associated with the above-mentioned conditions and is a result of intensifying competition, must also be recognized as a sales market risk. Moreover, there is continuous competition for the market research budgets of large global groups. This risk category also includes the risk that, because of pricing pressure, GfK will have to pass on the efficiency gains that it has generated (for instance, through cost savings) directly to its customers. GfK has positioned itself as a high-quality global market research company that uses uniform methods. Hence, GfK sees an opportunity to offer its customers excellent added value, and thus to stand out clearly and successfully from the competition by using its global network and further expanding its future-oriented innovation projects. As an additional measure to counteract these risks, GfK is developing its contract management further towards framework contracts. Competitive analysis, negotiation training, faster data delivery and improved visualization also enable GfK to actively counteract these risks. In addition, thanks to the cost-saving measures that it has adopted, GfK is well-equipped to remain successful in spite of the prevailing competitive conditions and the aggressive pricing strategies of its rivals. Therefore, the risk assessment is unchanged compared with the previous year: likelihood of occurrence is likely; potential extent of damage is moderate.

Legal and compliance risks

Compliance risks: As part of the established opportunity and risk management system and the internal control system, GfK carries out continuous monitoring to check whether additional risks have arisen for which it may need to adopt countermeasures. Although it has firmly established corporate guidelines (Code of Conduct, corporate values) and internal guidelines, there is still a certain residual risk that individual GfK employees will disregard these guidelines or will not fully comply with them. Compliance risks may arise from breaches of corporate guidelines or criminal behavior. GfK is aware of this risk and has introduced and implemented various measures, such as continuous staff training courses and regular internal audits. In 2015, in order to further raise awareness among all its staff regarding ethical behavior and compliance, GfK implemented a comprehensive online training course which was mandatory for all staff, after which they all had to complete a questionnaire. Initially, this e-learning platform only dealt with the Code of Conduct, but in the following years it will be expanded to include significant Group guidelines. In addition, by introducing new processes and reviewing and adapting existing ones, GfK helps to ensure that compliance risks are identified early. Thanks to the successful implementation of countermeasures, the potential extent of damage in this risk category was reduced compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is high.

Other risks

Legal risks in connection with contractual penalties and liabilities: This risk category was added to the GfK Group's risk portfolio for the first time in the past financial year. It includes the failure to fulfill customer contracts in accordance with the contractual provisions and the resulting contractual penalties and limitations of liability. There could be many different reasons for this. As a countermeasure, GfK could, for example, negotiate lower contractual penalties if possible. Risk after countermeasures: likelihood of occurrence is very unlikely (approaching zero); potential extent of damage is, however, very high (greater than € 30 million).

Legal risks in connection with fictitious self-employment of freelancers and interviewers: As in 2014, the issue of "fictitious self-employment" was discussed in the past financial year. This term refers to the risk that interviewers and other freelancers working for GfK must be classified as employees, which would result in additional employment expenses. For example, GfK uses freelancers to carry out various interviews. In recent years, social security authorities have made increasing efforts to check whether freelancers and other independent workers are actually employees. GfK continuously reviews its employment relationships and is careful to comply with the legal provisions. In this regard, GfK is currently involved in legal proceedings in various countries. Accordingly, it has taken appropriate precautions to proactively counteract the relevant risk in these and other countries. In addition, for new projects involving freelancers, GfK is bringing its internal processes and contracts in line with the legal requirements in order to minimize any tax and social security risks, that may potentially arise, and to ensure compliance with social security legislation in the relevant countries. It also increasingly uses service agencies. Risks arising from cases of damage and from issues of liability are either covered by local or Group insurance policies or sufficient provisions that have been set aside for them, although potential residual risks cannot be completely ruled out. Although GfK has implemented appropriate measures, it deems the risk to be unchanged compared with the previous year. Risk assessment after implementation of country-specific countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is low.

11.2.2 IDENTIFIED INDIRECT RISKS

The following indirect risks which could have an impact for the first time starting from the financial year 2016 have been identified within the GfK Group. Within the individual risk categories, the risks are presented primarily in order of assessed potential extent of damage, and risks with the same potential extent of damage are listed in order of assessed likelihood of occurrence. This gives an indication of the assessment of the individual risk for the GfK Group.

ASSESSMENT OF THE RISK POSITION FOLLOWING COUNTERMEASURES (IDENTIFIED INDIRECT RISKS)

	Potential extent of damage	Change to previous year	Likelihood of occurrence	Change to previous year
Strategic risks				
Risks in connection with cross-sector initiatives	Low	∨	Unlikely	∨
Financial risks				
Financial risks	Moderate	∧	Very likely	–
Operational risks				
Adjustment of expertise portfolio*	Moderate	–	Unlikely	–
Market risks				
Risks in connection with market consolidation*	Moderate	∧	Very likely	–
Market risks*	Moderate	–	Very likely	–

∧ Increase ∨ Decrease – Unchanged Δ New risk

* Indirectly identifiable risks in previous year

Strategic risks

Risks in connection with cross-sector initiatives: The success of cross-sector initiatives, such as the expansion of the digital product and service portfolio, depends on successful cooperation at sector and regional level and on an efficient exchange and correct composition of skills within the GfK Group. In this way, the Group expects to achieve synergy effects while simultaneously expanding global cooperation within the GfK network. In this context, risks may arise from the failure to achieve set aims or to comply with a set schedule or from an unsuitable composition of skills within GfK. In order to counteract this risk of failing to completely fulfill the stated potential or to fully achieve the set aims, GfK took more action to prevent or minimize risk. For instance, it continued to promote successful cooperation in the cross-sector development of the product GfK Crossmedia Link, which is a benchmark for other projects. GfK Crossmedia Link is a global single-source panel that measures consumer behavior through a range of media, such as TV, PC, tablet and smartphone. Thanks to the countermeasures adopted, the risk was reduced further compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is low.

Financial risks

Financial risks: Refinancing on the capital markets is a very important tool for GfK SE but it also entails risks. The company complies with the regulations governing the prohibition of insider trading or various notification and communication obligations in order to avoid a general loss of reputation and therefore prevent a possible deterioration in the share price. This includes efficient communication based on investor and analyst interests, with the aim of promoting the trust of investors, especially through permanent transparency. In addition, the risk of dependency (refinancing risk) on one group of investors is minimized through diversification of financing instruments. In addition, credit agreements were negotiated on improved terms in the past financial year. Other than the shareholders, GfK's current group of investors includes a large number of national and international banks (banking syndicate) as well as numerous promissory note investors who are not just from the banking industry (e.g. insurers, pension funds). The risk in the potential extent of damage has slightly increased as compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is moderate.

Operational risks

Adjustment of the competence portfolio: At a time when our clients are confronted with increasing amounts of data and are required to take decisions quicker than ever before, both new and existing providers are exploiting the opportunities offered by digitalization and globalization. Increasing digitalization is bringing new challenges in terms of methods and technologies for gathering market research data. To be able to fully utilize the resultant growth potential, GfK must build up and develop comprehensive skills and expertise amongst its staff in order to be able to keep up with the changing requirements. A corresponding successful adjustment of the underlying organizational structure is necessary, particularly that of management positions. GfK is countering this risk by defining and implementing globally integrated employee strategies. Through ongoing training and qualification programs, staff skills and expertise are continuously adapted to the advancing technological progress, and they are familiarized with innovations. Particular value is attached to identifying and acquiring the right talent for all manner of new portfolio application areas and furthering them accordingly. Attractive career paths are being developed and a varied qualification and training program is being continuously expanded. If, however, a sufficient number of talented people cannot be recruited for GfK, we may also consider entering into partnerships or outsourcing the company's services in order to be able to respond to the risk accordingly. Risk assessment after countermeasures is unchanged compared with the previous year: the likelihood of occurrence is unlikely and the potential extent of damage is moderate.

Market risks

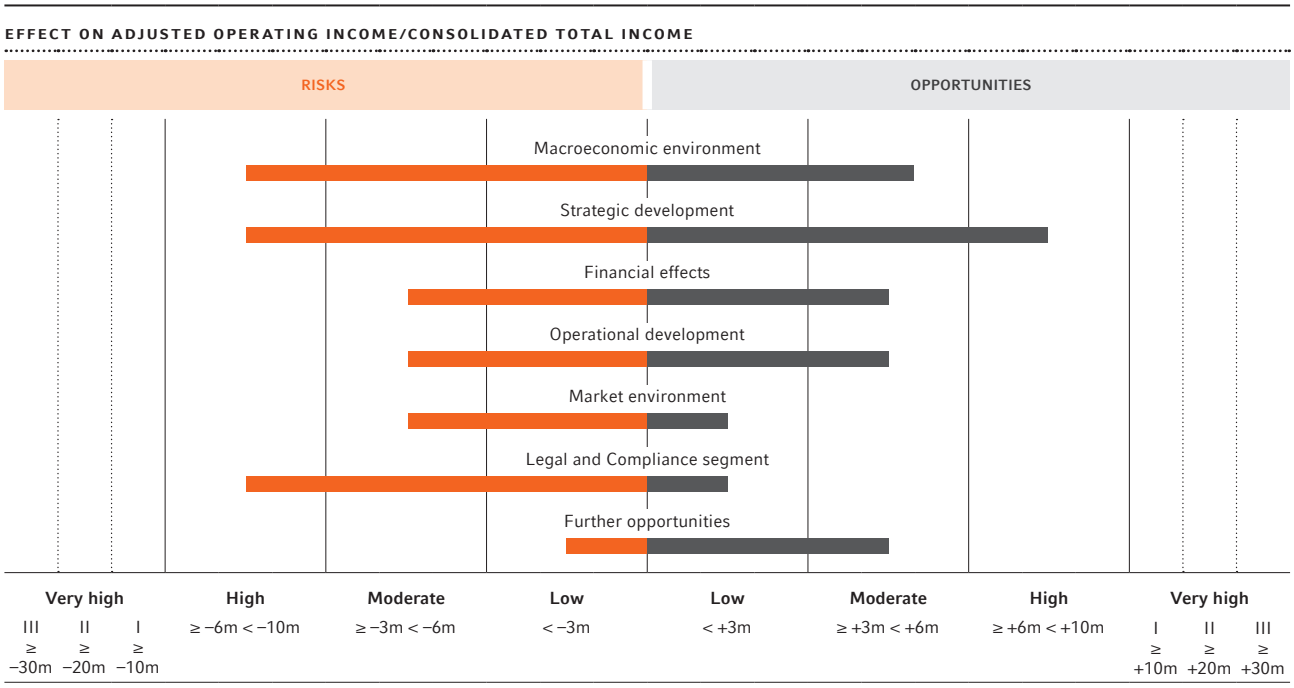
Risks in connection with sales market consolidation: GfK's top ten clients accounted for around 16 percent of total consolidated sales (previous year: 15 percent), GfK's dependence on individual key accounts at Group level is still relatively low. However, this dependence exists in some countries. Furthermore, the process of consolidation, where clients are concerned, is set to continue, whereby individual market research budgets are often combined and the total volume reduced. To counter this risk in the past financial year, GfK further expanded and strengthened its long-standing key account relationships by appointing Key Account Managers and through continuous client relationship management, while continuously expanding its new, qualitatively high-end product and service portfolio as a value driver for its clients. Therefore, in GfK's view, the extent of damage is relatively high as compared to the previous year. Risk assessment after countermeasures: likelihood of occurrence is very likely; potential extent of damage is moderate.

Sales market risks: This risk arises from a reduction in the market research budgets of GfK's clients due to economic or macroeconomic developments as well as technological change in terms of digitalization, resulting in lower barriers to entry into the market, particularly by competitors outside of the industry. In the past, the development of the market research industry has virtually mirrored that of the global economy. At the moment, the risk of a renewed descent into global economic crisis (as in 2008/2009) or the break-up of the eurozone cannot be totally excluded. However unlikely it may be, in a scenario of this nature, the global economic situation should worsen significantly and severely affect the business of GfK clients; this could also have an impact on GfK. Some clients affected by the current uncertainty caused by macroeconomic factors in their major export markets have been compelled to implement cost-saving programs and to reduce their market research budgets. GfK is actively responding to this risk by continually developing its portfolio of innovative products to improve its clients' competitive strength. As in the previous year, innovative products, the range of individual modules as well as customer relationship management and data quality have been steadily improved and further extended through cost-saving programs. Therefore, as compared to the previous year, this risk could be classified as indirectly identified, rather than a directly identified one. Risk assessment after countermeasures (unchanged compared with the 2014 financial year): likelihood of occurrence is very likely; potential extent of damage is moderate.

11.2.3 INDIRECTLY AND DIRECTLY IDENTIFIED OPPORTUNITIES

The following indirect and direct opportunities have been identified within the GfK Group. The order shown within the individual opportunity categories reflects the evaluation of the opportunity potential. This portrayal therefore provides clues for estimating the individual risk for the GfK Group. The identified opportunities and risks of future developments were categorized and grouped. A potential impact on the adjusted operative income highlights the importance of individual opportunities and risks, categorized as follows: low, moderate, high, and very high (I–IV). The individual opportunities and risks were categorized into seven different areas.

OPPORTUNITY AND RISK PROFILE OF THE GfK GROUP:



Macroeconomic environment

Opportunities connected with economic development: As described in section 11.2.1 ("Identified direct risks"), in comparison with the previous year, a slight recovery was observed for large economies. Moderate growth is currently forecasted for Germany, whereas stronger growth is expected in countries such as France, Italy and Spain. This gives potential opportunities to GfK given the global positioning and very high level of diversification of the GfK Group. Should the growth in the global economy rise to 3.4 percent in 2016, as forecasted by the International Monetary Fund (IMF), additional opportunities for the business of GfK will arise. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant direct business possibilities with a possible, moderate positive opportunity potential.

Strategic development

Expansion potential of the product and service portfolio: Increasing digitalization, the spread of the (mobile) Internet and the convergence of devices are modifying consumer behavior. Thus, buying behavior is changing worldwide. However, faster development opportunities and availability of data pose new challenges to the market research sector, which may well prove to be opportunities. One of GfK's most important tasks is to develop innovative new products and services and new market research methods. In addition, GfK is focusing sharply on increased efficiency, improved strategic pricing and greater advancements in the point-of-sales measurement business. In connection with expansion potential additional opportunities can be generated on the market through increased innovative capability in the roll-out of cross-sector products, such as GfK Crossmedia Link. Opportunity assessment (unchanged as compared with the previous year): significant direct business possibilities with a possible, moderate positive opportunity potential.

Cross-sector cooperation: GfK sees intensification of the cross-sector cooperation between Consumer Experiences and Consumer Choices as an additional opportunity to extend its selling options and utilize synergy effects in the medium term. A close collaboration and a successful exchange of best practices between the Group's divisions as well as the right mixture of skills should guarantee the supply of perfectly matched solution concepts from one service portfolio. Constant refinement of the offering, modern research methods and long-term client relationships constitute a solid basis for success. This is complemented by the valuable databases and the comprehensive, high-quality panels. Recent examples of successful, cross-sectoral cooperation with subsequent market launch of GfK Experience Effects on Demand, GfK Brand Vivo on Demand and the launch of GfK Crossmedia Link in other countries such as Italy and the Netherlands. Opportunity assessment: in comparison with the previous year, this opportunity was classified as indirect rather than direct, and the positive potential of this business opportunity fell from medium to low.

Development of the business position: GfK is investing heavily in new digital technologies and new methods to connect and enhance data. With the aid of newly developed methods and technologies, large data volumes from all kinds of sources can be analyzed. As compared with the previous year, GfK see this as an opportunity to offer convincing products and services based on a comprehensive innovation offensive. The future potential arising from the new technical possibilities should be utilized on the market consistently through continuous expansion of data processing processes on the market as well as the use of a global network, thereby clearly and successfully distinguishing itself from its competitors and increasing client loyalty. The Group sees a direct opportunity in the targeted development of the business and a rapid roll-out of products in promising growth regions. Further growth is to be generated particularly in Latin America, Asia and the Pacific as well as in Africa and Eastern Europe by rolling out tried and trusted products and services to countries not yet covered. Opportunity assessment: significant direct business opportunities with a possible medium positive opportunity potential.

Commercial excellence and the role of the market research industry: Additional potential in the future role of the market research industry is created through a global and digital market environment. This opportunity is, compared to last year, still in GfK's potential opportunities. In particular, by using and developing data merger systems and combining this data with various media measurements, especially in real time, new possibilities are opened up. Hence, market research as a reliable partner and supplier of high-quality consumer information can represent an even more important service for our clients. To be able to further establish GfK as a leading market research company, the company consistently pursues the strategy of increasing commercial excellence. This includes identifying additional growth areas, coming up with measures for optimizing the use of resources, designing more efficient processes and developing processing and management tools. Opportunity assessment: significant indirect business opportunities with a high positive opportunity potential.

Financial effects

Currency fluctuations and currency translation opportunity: As a global company, GfK Group is exposed to currency fluctuations. This opportunity results from the upward potential of currency translation related to foreign exchange effects. The currency translation risk results from the conversion of the balance sheets and income statements of GfK companies outside the eurozone into euros, the reporting currency of the GfK Group. This currency translation opportunity has been in GfK's opportunity portfolio for the financial year 2015. Opportunity assessment: significant direct business opportunities with a moderate positive opportunity potential.

Financial opportunity and interest rates: By replacing the corporate bond with an interest rate of 5 percent and by entering into loans with a lower interest rate, GfK sees significant direct business opportunities with a moderate positive opportunity potential. This opportunity has been included in GfK's opportunity portfolio.

Tax optimization: GfK continues to improve the tax structure in order to initiate corresponding measures within the bounds of the legal possibilities. This is carried out via ongoing monitoring of the legal, global and local environment and adaption to GfK's situation. Opportunity assessment (unchanged as compared to the previous year): significant direct business possibilities with a low, positive opportunity potential.

Operating development

Opportunities relating to product groups: Further expansion of the Media Measurement business in the area of monitoring TV, radio, print media and cross-media audiences was the motto of the year 2015 at GfK. Traditionally, TV and radio measurement is characterized by long-term client contracts. Through intensive long-standing cooperation with its clients, GfK has acquired specific knowledge. In view of the pleasing market development, particularly due to the use of new technologies for recording real-time data as well as strengthened digital media measurement area, GfK sees the competitiveness of the media measurement product geared to win further contracts, especially in syndicated business. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant indirect business opportunities with moderate positive opportunity potential.

Legal opportunities relating to the data protection: Increased public awareness and sensitivity with regard to data privacy and data protection continues to be the highest priority for the GfK Group. By storing the collected data mainly in Germany and a partially pioneering role in the industry, GfK sees direct opportunity to be more reliable for its clients as its competitors who store the data in less secure countries. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant direct business opportunities with a low positive opportunity potential.

Commercial excellence in terms of data quality: Due to its many years of experience in the collection and analysis of data, GfK is a trusted supplier of reliable, relevant and intelligent market and consumer information. Due to continued optimization and improvement of internal data collection processes, GfK sees the opportunity to continue to successfully position itself as qualitatively high-end global market research company that distinguishes itself from its competitors. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant direct business opportunities with a low positive opportunity potential.

Opportunities relating to data collection: GfK delivers a unique combination of consumer, retail, and media data, which are interconnected using scientific methods and innovative technologies. To be able to deliver this data to our clients, we collect consistent and globally important findings on local markets in over 100 countries regarding their use of radio and television, as well as their sales trends and purchasing choices. GfK believes that the use of alternative recruitment channels as well as continued optimization of the recruitment of panel members and investigation of new techniques of data gathering provide a cost-saving opportunity. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: a significant direct business opportunity with a low positive opportunity potential.

Commercial excellence and adjustment of the expertise portfolio: Increasing digitalization and globalization present GfK with increased growth potential. Through ongoing training and qualification programs, the skills of employees are continuously adapted to the advancing technological progress. As a reputable employer, GfK attaches particular importance to identifying and acquiring the right talent for all manner of new portfolio application areas and furthering them accordingly. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: a significant direct business opportunity with a low positive opportunity potential.

Market environment

New market potential/competitive advantages: Due to the changed market and competitive conditions, GfK believes that a focus on globally defined product groups for all kinds of industries, especially with regard to the traditional market research, will provide an opportunity to significantly increase the Group's market share. Moreover, the increasing rate of change in the industry, the continuous analysis of corporate strategy with regard to competitive environment as well as understanding of evolving client needs provide additional opportunities for GfK. Opportunity assessment: significant indirect business opportunities with a low positive opportunity potential.

Legal and Compliance segment

Commercial excellence and compliance: The GfK Group sees additional indirect opportunity potential through continued expansion and implementation of internal guidelines as well as ongoing training. Because processes tend to get standardized and error sources thus get reduced, internal and operational processes are likely to be improved and optimized. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: a significant indirect business opportunity with a low positive opportunity potential.

Further opportunities

Legal and strategic opportunities: GfK sees an opportunity in continuing to successfully position itself as qualitatively high-end global market research company for its customers and shareholders. To exploit this opportunity, all employees of the GfK Group should foster new values and the "tone from the top" spirit. This is the basic requirement for the success in bringing about a change in corporate culture within the Group. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant direct business opportunities with medium positive opportunity potential.

11.3 CONCLUDING ASSESSMENT OF THE OPPORTUNITY AND RISK POSITION

The opportunity and risk management system described in 11.1 forms the basis for the assessment of the opportunity and risk situation by the Management Board. Risks are identified and assessed at the level of the individual companies in the GfK Group, while opportunities and risks at regional level are identified and assessed at sector and Group level.

Compared with the previous year, the overall risk of the GfK Group remains largely unchanged. The new risks included in this year's risk portfolio are predominantly strategies and legal risks for which specific countermeasures were defined and implemented to manage the risks. Compared with financial year 2014, in addition to a sharp decline in global economic output, the main risks are primarily connected with the continuity of IT systems, legal risks connected with contractual penalties and liabilities. Other notable large risks are compliance risks and risks connected with portfolio measures. After the implementation of appropriate measures, however, the likelihood of these risks occurring should be considered unlikely.

Due to its strong global positioning and continuous provision of innovative products and services, especially based on the ever increasing digitalization and greater availability of huge volumes of data, GfK will consistently exploit the direct and indirect opportunities that are presented to it as a result of the expected further stability of the global economy.

To summarize, it can be concluded that at the time of publishing this Annual Report, the Management Board was not aware of any individual risks, reciprocity or accumulation of risks which might jeopardize the continued existence of GfK SE and the GfK Group.

12. Major events since the end of the financial year

As of January 1, 2016, the existing Management Board functions for the strategic and operational management of the two sectors bear the title of Chief Commercial Officer. As of January 1, 2016, GfK SE's Management Board consists of five members.

As Debra A. Pruent's successor, the Supervisory Board appointed David Krajicek to the Management Board as Chief Commercial Officer (CCO) of Consumer Experiences, with effect from January 1, 2016. Mr. Krajicek was previously Regional Chief Operating Officer (Regional COO) responsible for the Consumer Experiences business in North America.

In order to make even more effective use of cross-sector synergies, GfK created the Management Board function of Chief Operations Officer (COO), which will be responsible for all of GfK's local and global production activities. By establishing this role, GfK intends to increase productivity in operational business through further automation, by making use of scaling effects and by improving efficiency. Alessandra Cama was appointed to this new Management Board position with effect from January 1, 2016. Ms. Cama was previously Regional Chief Operating Officer (Regional COO) responsible for the Consumer Choices business in Asia and the Pacific.

Dr. Gerhard Hausruckinger continues to be responsible for the Consumer Choices sector in his role as Chief Commercial Officer.

On January 18, 2016, GfK Switzerland AG, of Hergiswil, Switzerland, sold its affiliated printing house, called the Print Center, as part of an asset deal. This transaction is in line with GfK's strategic focus on its core business.

On February 4, 2016, GfK SE took over Netquest, a leading access panel provider with strong presence in Spain, Portugal and Latin America. The acquisition also includes the subsidiary Wakoopa, a leading provider of cross-device passive measurement technology.

On March 9, 2016, GfK sold its 50 percent shareholding in USEEDS GmbH, Berlin.

The bond which was placed by GfK SE in April 2011 with a term of five years will be repayable in April 2016. In order to fully refinance the payable bond, GfK SE has already taken out several bilateral forward bank loans amounting to € 70 million and bonded loans amounting to € 130 million with terms between 3 and 12 years. The payment dates of these financing instruments are in February and March 2016.

No other major events with a significant impact on the GfK Group have occurred since the balance sheet reporting date.

13 Outlook*

13.1 OVERALL ECONOMIC SITUATION: AN OPTIMISTIC START TO THE NEW YEAR

Following worldwide economic growth of 3.1 percent in 2015, the International Monetary Fund (IMF) expects a growth of 3.4 percent in 2016 and 3.6 percent in 2017. The main factors influencing this are the gradual deceleration of growth in China as an economic superpower, the low price level for energy and commodities as well as the tightening of fiscal policy in the US.

For developed markets, the IMF experts forecast a gradual recovery of the economy, while the picture varies in the emerging and developing countries. Brazil is still stuck in recession, while Russia is suffering from low oil prices and Western sanctions. For China, a slowdown in the economy to 6.3 percent (2016) and 6.0 percent (2017) is expected to result in a decline in investments. A robust growth rate is expected for India and the rest of the emerging markets.

The IMF experts believe that the US economy continues to benefit from cheap money and the strengthened real estate and labor market, while the strong US dollar is a heavy burden on exporters, and low oil prices could curb investments in the energy and natural resources sector.

In Europe, positive economic conditions have contributed to a significant increase in the consumer confidence towards the end of 2015. This is demonstrated by the GfK Consumer Climate Europe survey, conducted by GfK on behalf of the European Commission. To determine a consumption indicator, GfK surveyed 40,000 representatively selected citizens in 28 countries of the European Union.

Consequently, the consumer climate in the European Union rose between September and December 2015 by 1.9 percent to 12.2 points. A major reason was the increase in economic performance in virtually all of the EU countries. In addition, consumers had more disposable income for consumption due to the decrease in oil and energy prices. Because the level of unemployment has dropped significantly in virtually all European countries, fears of job losses decreased, which in turn led to increased economic and income expectations. Despite the refugee crisis and the terrorist attacks in Paris in November 2015, European consumers were looking into the new year with a great deal of optimism. GfK forecasts a real increase in private consumption by 1.5 to 2 percent for the entire European Union.

13.2 MARKET RESEARCH INDUSTRY: A SKEPTICAL VIEW AHEAD

The views of market researchers on the respective industry are largely skeptical. While an increased need for opinion surveys is expected in the United States in the run-up to the 2016 presidential election, the market operators interviewed by ESOMAR throughout the world remain cautiously optimistic. In the previous survey, 82 percent of industry experts forecasted growth (and consequently proved to be wrong). In the following year, the share of optimists contracted to 58 percent, with over a fifth of market participants expecting a continued contraction of their sales. However, very different expectations can be observed at regional level.

Asia, Africa and the Middle East are among the more optimistic industry participants. In Japan growth of 3 percent to 4 percent is expected. In the Middle East, the Gulf States could continue to be a major growth driver for another year. There is optimism in Africa too: Given new methodologies and a further diversification of the market, an increase of 10 percent is expected in South Africa, while market growth of 12 percent and 15 percent is expected for Nigeria and Kenya respectively. "However, given various economic problems in the regions, all these expectations should be considered cautiously," ESOMAR analysts warn.

The overall market in Europe is displaying signs of fairly moderate growth due to the continuing downturn in the continent's economy. The same can be said for Russia, where the market could even contract significantly further due to continued tensions with its European partners and continuing sanctions. In the United States, however, the presidential election as well as the ongoing economic recovery are likely to generate strong momentum for the industry.

In Latin America, the two biggest markets in Brazil and Mexico will go into a stable or a slight decline in sales, while smaller markets such as Chile and Honduras anticipate growth rates in the low single-digit range. In Uruguay – still the world's fastest growing market of the continent in 2014 – the fear of an economic slowdown as well as the lapse of poll projections could provide for a double-digit drop in sales.

"Against this background, more cautious expectations of 1 percent growth in the traditional sectors and 3 percent in the emerging industries," explain ESOMAR experts. They conclude their industry outlook with the Confucian saying that only those who expect nothing of the future can avoid disappointment.

13.3 OUTLOOK AND ORDER INTAKE

GfK's motto for the financial year 2015 was 'Shape for Growth'. This involved growth in the Consumer Choices and Consumer Experiences business sectors, increased productivity and further development of the Group as an integrated 'One GfK' company. GfK progressed well on that way. Nevertheless, we are still facing many challenges: in an extremely dynamic market environment, clients´ demands are rapidly changing. Therefore, GfK's innovation pace remains high in 2016 to further strengthen the company's position in the future. This year will also see some changes to the company's structure. The separation of operations from the two sectors will lead to a greater focus and initial cost savings.

To enhance its competitive edge, GfK will increase the level of investment of around € 105 million in 2015 to around € 180 million in 2016. This year we expect a slightly lower capital expenditure investment level of around € 80 million. With regards to mergers and acquisitions, investments will be carefully evaluated on a case-by-case basis. GfK is above all interested in technology-driven companies which could immediately offer added value. However the focus will continue to be on organic growth.

In the Consumer Experiences (CE) sector, the focus is on optimizing and streamlining the company's operations. On the market side, we will focus on customer orientation. The objective is to speed up the launch of multi-channel products, strengthen the sales team, and become more professional. The market environment for ad hoc business will remain challenging in 2016. In light of this, the CE sector is expected to make a growth contribution at market level in 2016. On the operations side, we will further increase efficiency. We intend to modestly improve the margin with these measures. The Consumer Choices sector will continue to systematically pursue new growth and margin opportunities. The core business, POS Measurement, will be expanded further with new product categories, industries and services, as well as online evaluation options. In Media Measurement, the set-up of new panels to measure TV audiences is expected to make a significant contribution to sales. Our GfK Crossmedia Link product will be launched and evolved into a key digital product in additional countries. The Management Board assumes that the sector will again achieve significant growth. Its revenue share, based on the Group sales, will increase further. The margin should improve considerably against the previous year.

In 2016 the Group anticipates a modest organic growth higher than in the previous year and above the market research sector. The AOI (Adjusted Operating Income) margin should increase considerably.

The year started in line with expectations. Sales coverage at the end of January 2016 was already 41.2 percent of predicted annual sales (2015: 40.7 percent). It is therefore well within the range of 33 percent and 42 percent over the last five years.

Nuremberg, March 11, 2016

Matthias Hartmann

Christian Diedrich

Alessandra Cama

Dr. Gerhard Hausruckinger

David Krajicek

* The outlook contains predictive statements on future developments, which are based on current management assessments. Words such as "anticipate", "assume", "believe", "estimate", "expect", "intend", "could / might", "planned", "projected", "should", "likely" and other such terms are statements of a predictive nature. Such predictive statements contain comments on the anticipated development of sales proceeds and income for 2016. Such statements are subject to risks and uncertainties, for example, economic effects such as exchange rate fluctuations and changes in interest rates. Some uncertainties or other unforeseen factors which might affect ability to achieve targets are described under the 'Risk position' in the Group Management Report. If these or other uncertainties and unforeseen factors arise or the assumptions on which the statements are based prove to be incorrect, actual results could materially differ from the results indicated or implied in these statements. We do not guarantee that our predictive statements will prove to be correct and do not accept any liability for these statements. The predictive statements contained herein are based on current Group expectations and are made on the basis of the facts on the day of publication of the present document. We do not intend or accept any obligation to update predictive statements on an ongoing basis.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT OF THE GfK GROUP

IN ACCORDANCE WITH IFRS IN € '000 FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2015

	Notes ref.	2014	2015
Sales	5.	1,452,923	1,543,426
Cost of sales	6.	−990,586	−1,061,934
Gross income from sales		**462,337**	**481,492**
Selling and general administrative expenses	7.	−301,002	−302,229
Other operating income	8.	7,818	19,813
Other operating expenses	9.	−101,171	−94,925
Operating income[1]		**67,982**	**104,151**
Income from associates	3.	4,428	1,800
Other income from participations	3.	−463	206
EBIT		**71,947**	**106,157**
Other financial income	12.	10,057	30,167
Other financial expenses	13.	−34,414	−48,432
Income from ongoing business activity		**47,590**	**87,892**
Tax on income from ongoing business activity	14.	−28,212	−47,163
CONSOLIDATED TOTAL INCOME		**19,378**	**40,729**
Attributable to equity holders of the parent		5,859	36,773
Attributable to minority interests		13,519	3,956
CONSOLIDATED TOTAL INCOME		**19,378**	**40,729**
Basic earnings per share in €	15.	**0.16**	**1.01**
Diluted earnings per share in €	15.	**0.16**	**1.01**

1) Reconciliation to internal management indicator "adjusted operating income" amounting to € 187,579 thousand (2014: € 178,832 thousand) is shown in the Group Management Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GfK GROUP

IN ACCORDANCE WITH IFRS IN € '000 FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2015

	Notes ref.	2014	2015
Consolidated total income		**19,378**	**40,729**
Items that will not be reclassified to profit or loss:			
Actuarial gains/losses on defined benefit plans	26.	−11,328	−3,003
Items that will be reclassified to profit or loss in future periods:			
Currency translation differences	25.	64,706	63,760
Valuation of net investment hedges for foreign subsidiaries	30.	−618	−252
Changes in fair value of cash flow hedges (effective portion)	30.	−147	−26
Changes in fair value of equity securities available for sales	3.	9	−12
Other comprehensive income (net of taxes)		**52,622**	**60,467**
TOTAL COMPREHENSIVE INCOME		**72,000**	**101,196**
Attributable to:			
Equity holders of the parent		56,819	99,760
Minority interests		15,181	1,436
TOTAL COMPREHENSIVE INCOME		**72,000**	**101,196**

CONSOLIDATED BALANCE SHEET OF THE GfK GROUP

IN ACCORDANCE WITH IFRS IN € '000 AS AT DECEMBER 31, 2015

ASSETS	Notes ref.	Dec. 31, 2014	Dec. 31, 2015
Goodwill	16.	772,709	774,003
Other intangible assets	16.	266,719	271,790
Tangible assets	17.	115,859	105,241
Investments in associates	18.	11,669	651
Other financial assets	18.	8,988	5,613
Deferred tax assets	14.	41,373	43,578
Non-current other assets and deferred items	19.	14,038	20,829
Non-current assets		**1,231,355**	**1,221,705**
Trade receivables	20.	384,694	396,257
Current income tax assets	14.	17,413	15,654
Current securities and fixed-term deposits	21.	945	1,456
Cash and cash equivalents	22.	93,180	129,459
Current other assets and deferred items	19.	39,850	38,362
Assets held for sale	23.	0	39,408
Current assets		**536,082**	**620,596**
ASSETS		**1,767,437**	**1,842,301**
EQUITY AND LIABILITIES		Dec. 31, 2014	Dec. 31, 2015
Subscribed capital		153,316	153,316
Capital reserve		212,403	212,403
Retained earnings		330,818	320,721
Other reserves		–44,847	18,140
Equity attributable to equity holders of the parent		**651,690**	**704,580**
Minority interests		**53,589**	**15,930**
EQUITY	25.	**705,279**	**720,510**
Long-term provisions	26.	79,316	80,577
Non-current interest-bearing financial liabilities	27.	359,215	256,362
Deferred tax liabilities	14.	75,522	86,373
Non-current other liabilities and deferred items	28.	9,757	17,419
Non-current liabilities		**523,810**	**440,731**
Short-term provisions	26.	36,642	17,258
Current income tax liabilities	14.	15,522	13,545
Current interest-bearing financial liabilities	27.	63,728	208,169
Trade payables	3.	95,534	90,864
Liabilities on orders in progress	3.	152,584	167,015
Current other liabilities and deferred items	28.	174,338	176,635
Liabilities held for sale	23.	0	7,574
Current liabilities		**538,348**	**681,060**
LIABILITIES		**1,062,158**	**1,121,791**
EQUITY AND LIABILITIES		**1,767,437**	**1,842,301**

CONSOLIDATED CASH FLOW STATEMENT OF THE GfK GROUP

IN ACCORDANCE WITH IFRS IN € '000 FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2015

	Notes ref.	2014	2015
Consolidated total income		**19,378**	**40,729**
Write-downs/write-ups of intangible assets	16.	104,192	97,749
Write-downs/write-ups of tangible assets	17.	26,062	27,321
Write-downs/write-ups of other financial assets		1,625	3,724
Total write-downs/write-ups		131,879	128,794
Change in inventories and trade receivables		−1,564	−9,346
Change in trade payables and in liabilities on orders in progress		7,920	5,083
Change in other assets not attributable to investing or financing activity		1,495	−6,066
Change in other liabilities not attributable to investing or financing activity		−1,306	−10,651
Profit/loss from disposal of non-current assets		543	−13,044
Non-cash income from associates	3.	2,708	−3,150
Change in long-term provisions		2,549	4,197
Other non-cash income/expenses		21,462	14,418
Net interest income	12., 13.	18,649	15,787
Change in deferred taxes	14.	−4,500	4,843
Current income tax expenses	14.	32,713	42,319
Taxes paid		−34,998	−42,979
a) Cash flow from operating activity	31.	**196,928**	**170,934**
Cash outflows for investment in intangible assets		−52,081	−67,763
Cash outflows for investment in tangible assets		−37,112	−26,363
Cash outflows for acquisitions of consolidated companies and other business units		−6,490	−12,269
Cash outflows for investments in other financial assets		−4,003	−2,208
Cash inflows from the disposal of intangible assets		169	130
Cash inflows from the disposal of tangible assets		300	5,840
Cash inflows from the sale of consolidated companies and other business units		25	26,039
Cash inflows from the disposal of other financial assets		257	272
b) Cash flow from investing activity	31.	**−98,935**	**−76,322**
Dividend payments to equity holders of the parent	25.	−23,728	−23,728
Dividend payments to minority interests and other equity transactions		−5,973	−65,446
Cash inflows from loans raised		15,938	153,366
Cash outflows from the repayment of loans		−44,489	−105,657
Interest received		1,866	1,473
Interest paid		−19,162	−19,417
c) Cash flow from financing activity	31.	**−75,548**	**−59,409**
Changes in cash and cash equivalents (total of a), b) and c))		22,445	35,203
Changes in cash and cash equivalents owing to exchange gains/losses and valuation		1,029	1,599
Cash and cash equivalents at the beginning of the period	22.	69,706	93,180
Cash and cash equivalents at the end of the period	22.	**93,180**	**129,982**
Less cash and cash equivalents included in assets held for sale	23.	0	523
Cash and cash equivalents at the end of the period as reported in the consolidated balance sheet		**93,180**	**129,459**

CONSOLIDATED EQUITY CHANGE STATEMENT OF THE GfK GROUP

IN ACCORDANCE WITH IFRS IN € '000 FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2015

	Attributable to equity holders of the parent		
	Subscribed capital	Capital reserve	Retained earnings
BALANCE AT JANUARY 1, 2014	153,316	212,403	349,176
Total comprehensive income:			
Consolidated total income			5,859
Other comprehensive income:			
Currency translation differences			
Valuation of net investment hedges for foreign subsidiaries, net of tax			
Effective portion of changes in fair value of cash flow hedges, net of tax			
Change in fair value of securities available-for-sale, net of tax			
Actuarial gains and losses on defined benefit plans, net of tax			
Other comprehensive income	0	0	0
Total comprehensive income	**0**	**0**	**5,859**
Transactions with owners, recorded directly in equity:			
Contributions by and distributions to owners			
Dividends to shareholders			–23,728
Change in ownership interests in subsidiaries that do not result in a change of control			
Acquisition of minority interests			–285
Other changes			–204
Transactions with owners, recorded directly in equity	0	0	–24,217
BALANCE AT DECEMBER 31, 2014	153,316	212,403	330,818
BALANCE AT JANUARY 1, 2015	153,316	212,403	330,818
Total comprehensive income:			
Consolidated total income			36,773
Other comprehensive income:			
Currency translation differences			
Valuation of net investment hedges for foreign subsidiaries, net of tax			
Effective portion of changes in fair value of cash flow hedges, net of tax			
Change in fair value of securities available-for-sale, net of tax			
Actuarial gains and losses on defined benefit plans, net of tax			
Other comprehensive income	0	0	0
Total comprehensive income	**0**	**0**	**36,773**
Transactions with owners, recorded directly in equity:			
Contributions by and distributions to owners:			
Dividends to shareholders			–23,728
Change in ownership interests in subsidiaries that do not result in a change of control			
Acquisition of minority interests			–22,832
Other changes			–310
Transactions with owners, recorded directly in equity	0	0	–46,870
BALANCE AT DECEMBER 31, 2015	153,316	212,403	320,721
Notes ref.	25.	25.	25.

	Attributable to equity holders of the parent						
	Other reserves						
	Translation reserve	Hedging reserve	Fair value reserve	Actuarial gains and losses on defined benefit plans	Total	Minority interests	Total equity
	−96,655	**18,891**	**3**	**−18,046**	**619,088**	**44,621**	**663,709**
					5,859	13,519	19,378
	63,030				63,030	1,676	64,706
		−618			−618		−618
		−147			−147		−147
			9		9		9
				−11,314	−11,314	−14	−11,328
	63,030	−765	9	−11,314	50,960	1,662	52,622
	63,030	**−765**	**9**	**−11,314**	**56,819**	**15,181**	**72,000**
					−23,728	−6,213	−29,941
					−285	−42	−327
					−204	42	−162
	0	0	0	0	−24,217	−6,213	−30,430
	−33,625	**18,126**	**12**	**−29,360**	**651,690**	**53,589**	**705,279**
	−33,625	**18,126**	**12**	**−29,360**	**651,690**	**53,589**	**705,279**
					36,773	3,956	40,729
	66,343				66,343	−2,583	63,760
		−252			−252		−252
		−26			−26		−26
			−12		−12		−12
				−3,066	−3,066	63	−3,003
	66,343	−278	−12	−3,066	62,987	−2,520	60,467
	66,343	**−278**	**−12**	**−3,066**	**99,760**	**1,436**	**101,196**
					−23,728	−5,411	−29,139
					−22,832	−34,609	−57,441
					−310	925	615
	0	0	0	0	−46,870	−39,095	−85,965
	32,718	**17,848**	**0**	**−32,426**	**704,580**	**15,930**	**720,510**
	25.	30		26.		25.	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contents

1. General information

GfK SE is a listed Societas Europaea company with its registered office at Nordwestring 101, Nuremberg, Germany. Recorded under HR B 25014 in the commercial register of the Nuremberg district court, GfK SE was established from GfK Aktiengesellschaft on February 2, 2009, as a result of a change in the firm's legal form. GfK SE and its subsidiaries (GfK Group) are among the world's leading market research organizations. The GfK Group provides information services to its clients in the consumer goods, retail and services industries as well as media, which they use in marketing decision-making.

The consolidated financial statements of GfK SE for financial year ending on December 31, 2015, include the company itself and all its consolidated subsidiaries. These statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as they must be applied within the European Union (EU).

All IFRS that are mandatory for financial year 2015 and the announcements of the International Financial Reporting Interpretations Committee (IFRIC) adopted by the EU have been implemented.

Additionally, the accounting principles set forth in Section 315a (1) of the German Commercial Code (HGB) have been considered when preparing the consolidated financial statements.

The consolidated financial statements have been prepared in euro and rounded up to the nearest thousand euros. All figures are specified in thousand euros (€ thousand), unless otherwise indicated.

The annual financial statements of the parent company GfK SE have been prepared in line with the German Commercial Code (HGB) and have been published in the online Federal Gazette (Bundesanzeiger) under HR B 25014.

Section 37 "Changes to IFRS standards and interpretations" of these Notes describes standards, interpretations and amendments to the IFRS that have already been adopted by the EU and that have been applied for the first time or not yet applied.

2. Consolidation principles

The annual financial statements of GfK SE, produced for consolidation purposes, and all material subsidiaries, whose financial and operating policies are controlled directly or indirectly, are included in GfK SE's consolidated financial statements. The financial statements of all companies included in the consolidated financial statements have been prepared according to uniform accounting principles.

Companies, in which the GfK Group holds a stake of at least 20 percent but no more than 50 percent and in which significant influence can be exercised, are generally accounted for at equity as associates. All other companies in the GfK Group are reported at acquisition cost.

A list of GfK SE shareholdings is provided in Section 41 of these Notes.

Capital consolidation is carried out in accordance with IFRS 3, Business Combinations, on the basis of purchase accounting. Acquisition costs of the shareholdings are charged against the parent company's pro rata share of the subsidiary's revalued equity as at the acquisition date. Intangible assets acquired in business combinations and identified as part of the purchase price allocation are entered on the balance sheet at fair value.

Any difference arising on the assets side after this charging and purchase price allocation is reported under non-current assets as goodwill.

Under purchase price allocations following an acquisition, identifiable assets, liabilities and contingent liabilities are applied at fair value at the time of acquisition. The calculation of fair value must therefore involve estimates. Where intangible assets have been identified under purchase price allocation and depending on the type of assets, the degree of complexity in calculating fair value and the transaction volume, either the opinion of an independent external consultant is sought or the fair values are determined internally. If the calculation is performed internally, it is based on an appropriate evaluation technique. Related evaluations are closely linked to assumptions and estimates made by the Management Board in relation to the future development of the identified assets and regarding the discount interest rate used.

Any non-controlling shares are reported as minority interests.

In terms of gradual acquisitions, goodwill is determined at the time control was gained and constitutes the difference between the recalculated carrying value of the investments plus acquisition costs for buying the new shares minus the pro rata net assets attributable to GfK. Changes in the share quota without change of control are recorded solely as equity transactions.

Incidental acquisition costs in connection with business combinations are not capitalized but recognized as expenses.

All transactions and balances between entities of the GfK Group, which are included in the consolidated financial statements, are eliminated when preparing the consolidated financial statements. Differences arising from debt consolidation are recorded in the income statement. Deferred tax on debt

consolidation is recorded at a rate of 30 percent, which is the expected Group tax rate excluding exceptional effects. Intercompany results and intracompany asset movements are eliminated with impact on the income statement if they are significant.

Associates are included at equity (one-line consolidation). They are stated for the first time on the acquisition date. First-time valuation is in line with full consolidation. Any difference on the assets side arising from offsetting the carrying amount of the stake against the pro rata equity capital at initial valuation is included in the equity carrying value.

Profits or losses from mergers arising from the merger of two consolidated companies in the GfK Group are eliminated. Mergers therefore have no impact on the consolidated income statement of the GfK Group. Company mergers involving external minority shareholders do not give rise to any change in the total minority interests or the consolidated total income.

Shares in the equity of subsidiaries attributable to external minority interests are shown separately under equity. Shares in the subsidiaries' results attributable to external minority interests are listed as a separate item in the consolidated income statement.

3. Accounting policies

3.1 CURRENCY TRANSLATION

Transactions in foreign currencies are translated into the functional currency of the reporting company at the exchange rate on the date on which they were carried out. As at the balance sheet date, monetary items are translated at the exchange rate on that date and non-monetary items are valued at the historical rate on the transaction date. Differences resulting from these conversions are, in principle, reported with an impact on the income statement.

The balance sheets of foreign subsidiaries not generated in euro as well as hidden reserves disclosed under purchase price allocation and goodwill from mergers and acquisitions are converted into euro in accordance with the concept of functional currency, based on the mean exchange rate on the reporting date. The annual average euro exchange rate, calculated as the mean of all month-end exchange rates, is applied to the income statements of these subsidiaries.

Differences resulting from the translation of asset and liability items at the exchange rate on the reporting date compared with the translation on the prior reporting date are reported in other comprehensive income (OCI). Exchange rate differences due to capital consolidation and differences arising from translation of the annual result in the balance sheet (reporting date rate) and the income statement (average rate) are reported in other reserves.

The exchange rates of key currencies for the GfK Group against the euro are indicated in the table below.

Main currencies		Mean euro rate on balance sheet date		Average euro rate during reporting year	
Country	Currency unit	Dec. 31, 2014	Dec. 31, 2015	2014	2015
USA	1 USD	0.82	0.92	0.76	0.91
UK	1 GBP	1.28	1.36	1.25	1.38
Switzerland	1 CHF	0.83	0.92	0.82	0.94
Singapore	1 SGD	0.62	0.65	0.60	0.66
China	1 CNY	0.13	0.14	0.12	0.14
Japan	100 JPY	0.69	0.76	0.71	0.75

Currency gains and losses, which result from similar transactions, are netted at the level of each subsidiary.

3.2 CONSOLIDATED INCOME STATEMENT

The consolidated income statement is prepared in accordance with the cost of sales accounting method. Expenses are shown by function.

3.3 SALES

The method of recognizing sales is largely determined according to IAS 18, Revenue, and depends on the nature of the underlying transaction:

Panel business involves surveying individuals, households and companies and is characterized by the fact that the same circumstances are analyzed at the same regular intervals on the basis of the same sample and always deploying the same methods. For business involving panels, the GfK Group recognizes sales pro rata temporis according to the progress of the project. The sales for a given project are therefore distributed evenly over its duration. Each month during the term of a contract, the same sales are recognized in terms of amount.

Ad hoc business is the systematic empirical research used as the basis of marketing decisions in all areas of the marketing mix. This includes tests and surveys on product and pricing policy, brand positioning and brand management as well as traditional and modern forms of communication with consumers and users. It is employed with the goal of optimizing distribution and enhancing customer loyalty and retention. Ad hoc research business is valued by performing the percentage of completion method. The progress of the project is determined as the ratio of actually accumulated costs to the overall anticipated costs of the project. The estimate of total cost is continuously checked during the life of the project. Changes in the estimate of total cost are included in the calculation of recognizable sales at the time at which they can be anticipated. Costs integrated in this calculation comprise all direct personnel expenses and other cost of sales as well as pro rata indirect costs.

Syndicated business analyzes markets and market players without this being specifically commissioned by a client to whose requirements the survey would be tailored. The completed study is marketed without client-specific adjustments. Syndicated surveys may be conducted once or on a recurring basis without fulfilling the distinct and highly specific features of a panel. Various market participants may be questioned in repeated surveys or the studies may be published at different intervals. In terms of determining sales, syndicated business is treated like panel business if it is comparable to panel business in nature. This is because it involves repeated surveys where the cost behavior pattern is relatively evenly distributed over the term.

For other syndicated business, the method of sales recognition depends on the empirical estimate of the respective survey's profitability:

- If a profit from the survey is probable, it is valued the same as an ad hoc research contract.
- If it is not yet sufficiently certain that enough purchasers will be found for a survey, the sale is recognized as follows, corresponding to the accumulated costs: If the value of the actual incoming orders is below that of the costs accumulated, recognizable sales are limited to the value of incoming orders. As soon as there is no doubt that the value of orders exceeds the costs, sales are recognized according to the method used for ad hoc research contracts.

In all **other business transactions**, sales are only recognized once the work has been completed and invoiced.

For sales recognition based on the percentage of completion method, the estimation of the completion level is significant. Estimates are also necessary in relation to the extent of payables required for the fulfillment of contractual obligations. The fundamental estimates may concern those including total contractual costs, costs to be incurred up to completion, total sales from the contract and contractual risks. Management continually reviews all estimates associated with relevant contracts and adjusts parameters where necessary. Changes to significant parameters can lead to an increase or reduction in sales for the respective reporting period.

Provisions are set up for expected losses on orders in progress when an estimation of the obligation is sufficiently reliable.

3.4 COST OF SALES, SELLING AND GENERAL ADMINISTRATIVE EXPENSES

In addition to personnel expenses, services rendered and scheduled amortization and depreciation of tangible and intangible assets, cost of sales, selling and general administrative expenses comprise all other costs directly linked to the GfK Group's operations.

3.5 RESEARCH AND DEVELOPMENT COSTS

Research and development costs are basically recorded as expenses at the time they are incurred and shown under cost of sales.

Development costs incurred within the GfK Group, particularly for setting up new panels, are provided under other intangible assets if the capitalization criteria are met.

Internally generated intangible assets are only capitalized if they have resulted from the development phase and not the research phase and if further precisely defined preconditions have been cumulatively fulfilled. These include the technical viability of the project completion, planned completion and use, as well as the usefulness to the company or salability of the intangible asset. Future economic benefits and the availability of the necessary technical, financial and other resources to complete the project must also be documented. The reliable calculation of the costs associated with the intangible asset during its development phase is also a precondition for the capitalization of internally generated intangible assets.

3.6 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses comprise income and expenses related to operations, for which the allocation to sales or functional costs would not be appropriate. They mainly include exchange rate gains and losses from non-financial transactions, profit and loss from the disposal of fixed assets, impairments and reversals of impairment not attributable to functional costs, income and expenses in connection with reorganization and improvement projects, income and expenses in connection with share and asset deals, and expenses for legal disputes.

3.7 OPERATING INCOME

Operating income in the GfK Group consists of gross income from sales, less selling and general administrative expenses and net other income constituting other operating income and other operating expenses.

3.8 ADJUSTED OPERATING INCOME

The adjusted operating income indicator is used internally to manage the GfK Group's business. It is derived from operating income. To calculate adjusted operating income, the following income and expense items are excluded: goodwill impairment, write-ups and write-downs of additional assets identified on acquisitions, income and expenses in connection with share and asset deals, income and expenses in connection with reorganization and improvement projects, personnel expenses for share-based incentive payments, currency conversion differences, as well as income and expenses related to one-off effects and other exceptional circumstances.

3.9 INCOME FROM ASSOCIATES

Income from associates encompasses income and expenses resulting from the valuation of pro rata shares in associates at equity.

3.10 OTHER INCOME FROM PARTICIPATIONS

Other income from participations essentially contains dividends from non-consolidated affiliated companies and other participations of the GfK Group, profit and loss from the disposal of such companies, and income and expenses from profit transfer agreements with these companies.

3.11 EBIT

The performance indicator EBIT (earnings before interest and taxes) has been included as a subtotal in the consolidated income statement. EBIT is determined by adding the income from associates and other income from participations to operating income.

3.12 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses consist of interest income and interest expenses, income and expenses resulting from the valuation of derivative financial instruments used to hedge against interest rate risks, transaction costs for bank loans, expenses arising from the write-off of loans, currency gains and losses incurred from financial transactions such as loans and financial liabilities in foreign currency, and other financial income. Interest expenses also include additional interest on previously discounted debt. Such additional interest relates to items such as future purchase price components from acquisitions, which are stated on the liabilities side at fair value.

Interest is recorded as income or expense at the time it is incurred. Interest is deferred on the basis of the effective interest method.

3.13 INCOME FROM ONGOING BUSINESS ACTIVITY

The amount of income from ongoing business activity was stated as a subtotal in the consolidated income statement. The income from ongoing business activity corresponds to the consolidated total income before consideration of tax on income.

3.14 TAX ON INCOME

Tax on income from ongoing business activity comprises the current and deferred tax expense.

Companies in the GfK Group operate in many different countries. The GfK Group is therefore subject to a multitude of tax authorities with the most varying regulations. The tax items contained in the consolidated financial statements are calculated by considering the relevant tax laws and the respective tax administration statements. The complexity of certain factors can lead to differing interpretations by the taxpayer and the local tax authorities.

Deferred taxes are calculated based on the balance sheet liability method whereby deferred tax assets and liabilities are entered in the balance sheet for temporary differences between the carrying amounts attributed to the consolidated financial statements and the tax basis of the assets and liabilities. Any effects on deferred taxes from changes in tax law are incorporated in the income statement from the date on which the tax law is passed.

Deferred tax assets are only entered on the balance sheet if it is probable that they can be realized at a future date. This is generally the case when the relevant company is sufficiently likely to achieve enough taxable profit to utilize the tax benefit. Also taken into account are factors including the planned results from operational business, effects on results of the changes in taxable temporary differences and existing tax strategies.

The intrinsic value of deferred tax assets is estimated by the Management Board at every reporting date. Estimation of planned taxable income and tax benefits achievable through possible strategies is naturally subject to some uncertainty. Furthermore, limitations regarding the extent and time frame to realize future tax benefits can arise from changes in tax legislation. Estimates are adjusted in the period in which there is sufficient notice for adjustments.

Value adjustments for deferred tax assets are recorded when there are indications that deferred tax assets may only be realized partially or not at all. Applying its discretionary powers, the Management Board assumes a maximum period of time for the realization of deferred tax assets of five years for subsidiaries which are not suffering a sustained loss, otherwise the time period is expected to be shorter.

Tax on items recognized in other comprehensive income (OCI) is not included in the consolidated income statement. No deferred taxes are amortized in relation to currency differences from intra-Group loans in foreign currency reported under OCI, which represent a net investment in the business operations of subsidiaries, because the temporary differences are not intended to be realized in the near future.

3.15 IMPAIRMENTS

If an asset is impaired and is therefore depreciated, the impairment expense is included in the income statement.

The intrinsic value of assets with an indefinite life and intangible assets under development is checked once a year by means of an impairment test. An impairment test is also carried out if triggering events occur, which may significantly affect the value of the assets concerned.

Impairments on intangible assets are applied if the recoverable amount is below the amortized cost of acquisition or production. The recoverable amount is defined as the higher of the two sums of the fair value less costs to sell or value in use of an asset whose expected future cash flows at the GfK Group are based on a minimum three-year period, planned in detail and discounted on the basis of a discount rate to be determined individually at market conditions. The growth rate of the cash flows beyond the period of detailed planning is usually taken into account by reducing the discount interest rate by one to two percentage points. This method is employed to determine the fair value of level 3.

Expenses arising from the decline in the value of goodwill and brands are reported in the consolidated income statement under other operating expenses, while impairments on surveys, panels, customer relations, long-term contracts and software are shown under functional costs. Any impairment of goodwill, that has been recognized, will not be reversed.

While reviewing other intangible assets or tangible fixed assets for impairments, the process for ascertaining the recoverable amount for these assets is also subject to estimates and assumptions by the Management Board, made with some uncertainty. Estimates and assumptions can have considerable influence on the respective values and ultimately on the extent of a possible impairment. Additional impairments or write-ups can result from a change in assumptions or future circumstances.

More detailed explanations of the impairments applied to financial assets can be found within this chapter in Section "Financial instruments" below.

3.16 EARNINGS PER SHARE

The earnings per share (EPS) reported in the consolidated income statement illustrate the proportion of consolidated total income attributable to equity holders of the parent, which relates to the weighted average number of shares in the reporting period.

The average number of shares does not have to be adjusted by the options exercised and expired during the reporting year to calculate diluted earnings per share since there are no longer any GfK stock options that can be exercised. Consequently, diluted earnings per share correspond to earnings per share.

3.17 LONG-TERM INCENTIVE PLANS FOR EMPLOYEES AND EXECUTIVES OF THE GFK GROUP

A new long-term incentive plan has been in place for GfK SE Management Board members since fiscal year 2010 and for selected Group executives since fiscal year 2012. Claims from the previous model were paid out for the last time in 2014. Participants are granted an individual bonus amount, half of which is converted into virtual shares and half into a performance-based, long-term cash bonus. The entire individual bonus amount for participants in the 2015 tranche is translated into virtual shares.

The conversion into virtual shares of the target amount of virtual shares is based on the GfK share price of the 20 trading days preceding the start of the performance period. If a dividend is paid to shareholders, the number of virtual shares increases correspondingly in value.

Management Board members are entitled to exercise their virtual shares upon expiry of a four-year retention period. This must be done during certain trading windows within a two-year exercise period. Half of the virtual shares of the 2015 tranche can be exercised upon expiry of a four-year retention period and the other half can be exercised upon expiry of a six-year retention period. In both cases, this must be done during certain trading windows within a two-year exercise period. If the shares are not exercised by the end of this period, they are paid out on the final day of the final exercise window.

This two-year exercise period does not apply to executives. For these participants, upon expiry of a four-year retention period, the calculation of the amount paid out is based on the GfK share price of the last 20 days before expiry of the performance period.

The following applies to the performance-based long-term cash bonus: After expiry of a four-year performance period, the beneficiary is entitled to payment of a bonus. The amount is determined by the extent to which the specified performance target (average return on capital employed of GfK, or GfK ROCE, for the four-year period) was achieved by December 31 of the third year following the year in which the bonus was granted. Payment for the corresponding term is calculated on the basis of the audited annual financial statements.

The bonus is not granted if employment is terminated before expiry of the performance period due to dismissal or resignation.

3.18 INTANGIBLE ASSETS

Goodwill

Goodwill from the capital consolidation of subsidiaries and goodwill that was transferred from subsidiaries' financial statements to the consolidated financial statements is recorded by the GfK Group under intangible assets.

In business combinations, goodwill represents the remaining difference in assets after the acquisition costs of the shareholding are offset against the proportion of acquired revalued equity.

Goodwill occurring from the acquisition of companies which do not report in euros is recorded in the reporting currency of the acquired subsidiary. The exchange rate at the time of first consolidation is used to calculate the goodwill at initial recognition. Subsequent measurements are based on the mean rate as at the reporting date.

The GfK Group checks the intrinsic value of its cash-generating units, including goodwill, as part of an impairment test once a year or when triggering events or changed circumstances arise. The intrinsic value of goodwill is subjected to regular review on September 30. For this purpose, goodwill is allocated to cash-generating units, which correspond to a structure comprising the two sectors, each with six regions supplemented by Other.

The intrinsic value of goodwill is indicated when the recoverable amount is not less than the carrying amount of the cash-generating unit.

The recoverable amount corresponds to the fair value less costs to sell or the value in use if higher. Since only one of the two values has to exceed the carrying amount of the relevant cash-generating unit, GfK generally only applies the fair value less costs to sell. This is established with the impairment test using a discounted cash flow method. The expected future cash flows from the relevant five-year budget are used in calculations. The relevant forecasts take into account past experiences and are based on the best possible Management Board estimate of future development. The growth in cash flow after the five-year period (perpetuity) is considered by reducing the discount interest rate by 1.3 percentage points (2014: 1.5 percentage points). Similar to the discount interest rate, this growth rate is derived from externally available capital market data. This method is used to determine the fair value of level 3.

The discount interest rate is determined by carrying out a weighted average capital costs calculation, taking into account the standard industry capital structure and standard industry financing costs. The discount interest rate takes into account the expectations of the equity investors and the relevant country risk. Depending on the cash-generating unit, the resulting discount interest rate was 6.4 percent to 12.1 percent as at December 31 (December 31, 2014: 6.5 percent to 11.8 percent). The discount interest rate before tax as at December 31 was 8.3 percent to 16.8 percent (December 31, 2014: 9.1 percent to 14.5 percent).

Estimates are involved in determining the recoverable amount of cash-generating units to which goodwill has been allocated. Primary assumptions on which calculations of recoverable amounts are made include estimated growth rates, weighted average capital cost rates and tax rates. Estimates are especially necessary in connection with the forecasting and discounting of future cash flows and thus expected economic development. Capital market volatility, interest rates and currency fluctuations also influence valuation. Estimates made and underlying methods can have a considerable impact on respective values and therefore on the extent of a possible goodwill impairment.

Other intangible assets

The GfK Group's other intangible assets consist of internally generated intangible assets and miscellaneous intangible assets. To a very large extent, they consist of software and market research panels, which have either been acquired externally or generated internally. Other key components are client relationships and brands capitalized as part of the purchase price allocation.

Where an intangible asset has been subject to impairment, there is a reversal if a higher amount is recoverable at a later date. The carrying value after the reversal may not exceed the carrying value, which would have resulted, had the impairment not taken place in the past. The write-up is reported in the income statement in the item which previously included the impairment.

Internally generated intangible assets

At the GfK Group, internally generated intangible assets mainly comprise software and panel set-up costs.

As a rule, software developed by companies in the GfK Group is used internally for analyzing and processing market research data. In some cases, it is destined for external users and was written specifically to meet user requirements. Internal costs of software development are capitalized under non-current assets if the criteria according to IAS 38, Intangible Assets, are met. Amortization commences upon completion of the software.

Panel set-up costs generally involve capitalized development costs for setting up new panels or expanding existing panels. Capitalized panel set-up costs include:

- Spending on materials and services used in constructing panels
- Wages and salaries and other employment expenses for staff directly involved in setting up panels
- Overheads necessarily incurred in panel set-up which can reasonably and regularly be allocated to this, based on cost accounting

Costs from the preparation and application phases and maintenance costs for current panels cannot be capitalized. They are included in expenses.

Panel set-up costs are only written down if they are directly incurred in conjunction with a specific, fixed-term current client order. As a rule, the amortization period in such cases is based on the duration of the contract or the useful life. In all other cases, the useful life of panels is indefinite and they are not subject to scheduled amortization. The value of panels is reviewed at least once a year as part of an impairment test.

Expenses for research activities are reported as expenses in the period under review. Development costs, which did not result in a capitalizable intangible asset, are also reported as expenses.

Miscellaneous intangible assets

Miscellaneous intangible assets primarily include panels acquired externally, customer relations, software and brands.

Miscellaneous intangible assets are entered on the balance sheet at amortized cost and are subject to straight-line amortization. This does not apply to customer relations, and brands are only amortized in individual cases. As a rule, the useful life of software and miscellaneous intangible assets is three to ten years.

Customer relations are generally subject to diminishing balance amortization over a period of 6 to 20 years at an individually determined customer churn rate of between 5 percent and 30 percent.

As a rule, brands are not subject to amortization and have an indefinite useful life. Where acquired brands are replaced by the GfK brand over a set period of time, they are subject to straight-line amortization. In such cases, the useful life is three years.

Intangible assets with an indefinite useful life are subject to an impairment test at least once a year.

The interest on borrowing in terms of qualifying assets is capitalized.

3.19 TANGIBLE ASSETS

Tangible assets are valued at acquisition or manufacturing costs less the cumulative depreciation. The interest on borrowing with respect to qualifying assets is capitalized. Cumulative depreciation generally involves straight-line depreciation up to the balance sheet date and any impairment recorded. The depreciation period corresponds to the useful life. Assets in the course of set-up are not subject to depreciation.

The GfK Group normally observes the useful life periods illustrated in the following table:

Asset	Useful life in years
Administrative building	50
IT equipment	3 to 5
Cars and other vehicles	5
Office equipment	3 to 5
Office furniture	10 to 13

The item "fixtures and fittings" also includes unfinished technical equipment.

Lease arrangements are entered on the balance sheet according to IAS 17, Leases, with either a finance or operating lease depending on the type of contract.

Finance lease is characterized by the fact that the risks and rewards of the leased asset are usually transferred to the lessee. If there is a finance lease, the leasing item is capitalized by the lessee, and a corresponding leasing liability is recorded. The leasing liability is equivalent to either the present value of the minimum lease payments or the fair value of the leased asset at the start of the lease arrangement depending on which one is lower.

The capitalized lease asset is subject to straight-line depreciation. The depreciation period is the lease term or the economic useful life, whichever is shorter. Subject to fulfillment of the preconditions, an impairment is recorded beyond that period.

The lease liability is amortized over the contractual period through lease payments. Discounts are written up by applying a constant interest rate to the remaining debt and recorded in interest expenses within other financial expenses.

With respect to operating leases, the leased assets are entered on the lessor's balance sheet. The lessee records the regular payments as rental expenses.

3.20 FINANCIAL INSTRUMENTS

Financial instruments are contracts which result in a financial asset with one company and a financial liability or an equity instrument with another.

Financial assets comprise, in particular, cash and cash equivalents, equity instruments held in other companies (e.g. shareholdings), trade receivables, other loans granted and receivables, as well as primary financial instruments and derivatives held for trading purposes.

Financial liabilities regularly result in a return entitlement in cash or other financial liabilities. At the GfK Group, they primarily consist of liabilities to banks, trade liabilities, liabilities under finance lease agreements and derivative financial instruments.

At the GfK Group, financial instruments are entered on the balance sheet as bought or sold on the trade date, i.e. on the date on which the obligation to buy or sell a financial instrument was entered into.

With regard to interest-bearing financial instruments, interest rate changes may lead to a change in fair value and in the case of variable-rate financial instruments, in fluctuations in interest payments. In principle, current receivables and liabilities are not subject to interest rate risks.

Financial assets and financial liabilities are recorded if the GfK Group is a contractual party in relation to a financial instrument.

Financial assets are valued at fair value when they are first recognized. With regard to financial assets which are not subsequently valued at fair value and recognized in profit and loss, the transaction costs directly attributable to the acquisition are taken into account. The fair values listed on the consolidated balance sheet regularly correspond to the market prices of financial assets. If they cannot be determined directly on the basis of an active market, they are valued using standard market procedures (valuation models). These are based on instrument-specific market parameters. The fair value of financial instruments that are entered on the balance sheet at amortized cost is calculated in the same way. Non-interest-bearing and low-interest financial assets with a term of more than one year are discounted in principle. For financial assets with a remaining term of less than one year, it is assumed that the fair value corresponds to the nominal value.

Financial assets are taken off the books if the contractual rights to payments arising from the financial assets expire or if the financial assets are transferred with all material risks and rewards.

The loans and non-current fixed-term deposits reported under other financial assets are assigned to the "loans and receivables" category. They are valued at amortized cost using the effective interest rate method.

Financial assets held for trading purposes are valued at fair value. They include derivative financial instruments which are not linked to an effective hedge agreement and whose classification as financial assets held for trading is therefore mandatory. Any gain or loss resulting from the subsequent valuation of financial assets that are held for trading is reported in the consolidated income statement.

In terms of the accounting policies applied to financial investments, the Management Board has stipulated at its discretion as the competent body that financial instruments are never classified as held to maturity but instead always as available for sale.

At the GfK Group, the category of financial assets available for sale represents the residual amount of primary financial instruments, which were not allocated to a different category. They comprise investments in affiliated companies reported under other financial assets, other participations and other available-for-sale securities.

In principle, the valuation is based on the fair value derived from the market price where a price quoted in an active market is available. Any gains and losses resulting from the valuation at fair value are recognized in other comprehensive income. This does not apply if the item relates to permanent or material impairments or exchange- rate-related changes in the value of debt instruments. These are reported in the income statement.

The accumulated gains and losses from the valuation at fair value, which can be found in other reserves, are only reported in the consolidated income statement on disposal of the financial assets. If the fair value cannot be reliably determined for equity instruments that are not quoted on the stock exchange, shareholdings are valued at acquisition cost in particular (less impairments where applicable).

Impairment expenses are provided if the carrying value of a financial asset is higher than the present value of future cash flows. An impairment test is conducted on every reporting date. In order to ascertain and objectively verify impairment, the following triggering events are considered:

- The debtor faces considerable financial difficulties.
- Observable data show that a measurable reduction in expected future cash flows has occurred since the asset was first recognized.

To decide if an impairment is required, the existing loans, which are allocated to the "loans and receivables" category and therefore subsequently valued at amortized cost, are analyzed. On the relevant reporting date, checks are performed to determine if there is an objective indication of impairment that should be taken into account on the balance sheet. The impairment amount is calculated on the basis of the difference between the carrying value and the recoverable value, which equals the present value of the expected future cash flows. It is discounted at the original effective interest rate of the financial instrument. To simplify matters, cash flows from current receivables are not discounted. Impairments on financial instruments in the "loans and receivables" category are supplied in separate value adjustment accounts. The relevant value adjustment is removed upon disposal of the financial instrument and no direct decrease or increase in the carrying value of financial instruments in the "loans and receivables" category takes place in principle.

Reclassifications between the levels of the valuation hierarchy of financial assets and financial liabilities, that are valued at fair value, are carried out at the end of the financial year in which they occurred.

Financial liabilities are valued at fair value when they are recognized for the first time. The directly attributable transaction costs are also listed for financial liabilities that are not subsequently valued at fair value and amortized over the term using the effective interest rate method.

In principle, primary financial liabilities are valued at amortized cost. They include financial liabilities and trade liabilities as well as financial other liabilities and deferred items. Non-interest-bearing and low-interest liabilities with a term of more than one year are discounted. With regard to liabilities with a term of less than one year, it is assumed that the fair value corresponds to the repayment value.

It is mandatory to classify any derivative financial instruments which are not linked to effective hedge agreements as "held for trading". Accordingly, they must be included in the balance sheet at fair value through profit or loss. If the fair value is negative, a financial liability is reported.

Financial liabilities are taken off the books if the contractual obligations have been settled, extinguished or have expired.

Borrowing costs are recorded as expenses in the period in which they were incurred.

The market value of financial instruments to be assessed at fair value is generally established on the basis of stock exchange prices. If no stock exchange prices are available, the financial instruments are valued using standard market procedures (valuation models) based on instrument-specific market parameters. The discounted cash flow method is used to calculate the fair value, taking into account individual credit ratings and other market circumstances in the form of prevailing market credit ratings and liquidity spreads for determining the present value.

There are no liquid markets for financial instruments in the "loans and receivables" category, which are valued at amortized cost. For short-term loans and receivables, the assumption is that the market value corresponds to the carrying value. Regarding all other loans and receivables, the market value is determined by discounting the expected future cash flows. The interest rates applied for loans are those which would have been used for new loans with a similar risk structure, original currency and loan term.

In terms of shares in unlisted companies, the carrying value is assumed to correspond to the market value. The market value could only be reliably established on the basis of concrete acquisition negotiations.

Trade payables and financial current other liabilities generally have a remaining term of less than one year, so the carrying value is approximately consistent with the fair value.

For financial non-current liabilities, the fair values are determined as the present values of the payments associated with the liabilities.

3.21 DERIVATIVE FINANCIAL INSTRUMENTS, HEDGE ACCOUNTING

The GfK Group completes transactions throughout the world in different currencies, which may result in an exchange risk. Short-term investments, investments in securities and the establishment of bank loans are also carried out in different currencies. This may result in risks from the change in exchange rates, interest rates and market prices.

More detailed information on currency and interest rate risks as well as the goals, strategies and processes of risk management is provided in the risk report, which is part of the Group Management Report.

The GfK Group uses forward currency transactions as well as interest rate swaps to hedge against currency and interest rate risks.

Derivative financial instruments are reported at acquisition cost as asset or liability at the time of the transaction and subsequently valued at fair value. The valuation of derivative financial instruments is performed using standard market procedures based on instrument-specific market parameters. Market prices are calculated on the basis of present value and option price models. Where possible, the relevant market prices and interest rates on the balance sheet date are used as input parameters for these models.

In hedge accounting, changes in the value of derivative financial instruments are recorded differently, depending on whether the instrument is a fair value hedge, cash flow hedge or net investment hedge.

If the derivative financial instrument is used to hedge against the risk of changes in the value of assets or liabilities, it represents a fair value hedge. In this case, changes in the value of both the underlying hedged item and the derivative financial instrument are taken to the income statement.

With changes in the value of cash flow hedges used to hedge underlying transactions against risks from fluctuations in future payment flows, the effective portions of the fair value fluctuations are initially listed under other comprehensive income (OCI). If the effectiveness of a hedge is not within the range of 80 percent to 125 percent, the hedge is liquidated. The ineffective parts of hedges are charged directly to the income statement. The risk regarding the amount of future cash flows applies, in particular to variable rate loans and planned transactions that are highly likely to occur.

Once the hedged transaction affects the income statement, the accumulated gains and losses recognized in other reserves are released with an impact on the income statement.

Net investment hedges can be used to secure net investments in foreign subsidiaries. This may, for example, involve a foreign currency loan in the local currency of the acquired shareholding. Any exchange gains or losses from the reporting date valuation of the foreign currency loan pertaining to the effective portion are recognized in OCI, as is the case for cash flow hedges.

If the hedge is regarded as highly effective, the exchange gains and losses from the hedging instrument are posted in OCI. The release with an impact on the income statement of this item does not occur at the end of the term of the hedging instrument but rather only upon sale or liquidation of the hedged item.

The prerequisite for any type of hedge accounting is that the correlation between the hedged item and the hedging instrument is accurately documented. In addition, the means by which the hedging instrument used compensates the risk associated with the hedged item in a highly effective manner must be documented along with the methods used to substantiate the effectiveness.

Generally, the part of the changes in value not covered by the hedged item is taken to the consolidated income statement.

In addition, the GfK Group enters into hedge agreements which cannot be reported according to the rules of hedge accounting. From a financial point of view, these hedge agreements also comply with risk management principles. Furthermore, hedge accounting is not applied to foreign currency hedges relating to reported cash assets and liabilities. This is because the gains and losses realized on the underlying instruments as a result of currency translation are linked to the gains and losses on the derivative hedging instruments. They virtually offset each other in the consolidated income statement.

3.22 RECEIVABLES AND OTHER ASSETS

Receivables are stated at nominal value or, in the case of identifiable specific risks, at the lower attributable value. This lower attributable value takes sufficient account of the default risk. Group-wide guidelines regulate hedging against the risk of non-payment. In calculating the required value adjustment for risky loans, a significant level of estimation and assessment is necessary. The main factors here are client credit rating, current economic development and historical default rates.

A credit check of new clients should be obtained from a recognized credit agency, if the order volume exceeds € 50 thousand. If no satisfactory information about the client is available, two-thirds of the order value is payable prior to delivery. The credit rating of existing clients must also be monitored based on the specified rules. In addition, the credit risk is minimized through issuing invoices for prepayments and on-account payments.

3.23 INVENTORIES

Inventories are valued at the lower end of acquisition or manufacturing costs and net realizable value. Due to their lesser importance to the consolidated financial statements of the GfK Group, inventories are reported under current other assets and deferred items.

3.24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents contain cash on hand and in banks as well as liquid investments with a remaining term of less than three months.

3.25 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities with an affiliated carrying value that is primarily realized through a sale transaction and not through continued usage are identified in the consolidated balance sheet separately from the other assets and debts in the balance positions “Assets held for sale” and “Liabilities held for sale”. A sale within a year must be highly probable.

Non-current assets that are classified as held for sale are assessed at the lower value from the carrying value and the fair value minus costs to sell. Their regular amortization is suspended. If there is depreciation, it will initially be assigned to the goodwill, then proportionately to the remaining assets and liabilities. The depreciation expenditures are identified in the income statement. The fair value less costs to sell is calculated based on estimations and assumptions, which are surrounded by uncertainty.

3.26 EQUITY

Capital reserve

GfK SE's equity which is not part of subscribed capital attributable to the capital contributions of shareholders and which does not originate from generated income is reported under the capital reserve. Services linked to deposits for the purposes of acquiring shares or granting privileges as well as other services aimed at strengthening equity are also provided under the capital reserve.

Retained earnings

Amounts created from income in the financial year under review or prior financial years are reported as retained earnings. This includes a statutory reserve to be created from income.

Other reserves

Other reserves comprise changes in Group equity, which are initially listed in other comprehensive income and which do not involve contributions by shareholders or distributions to shareholders.

These changes result from exchange rate differences, unrealized profits and losses from available-for-sale securities, the valuation of hedging instruments (cash flow hedges and net investment hedges) and actuarial gains and losses on defined benefit plans.

Minority interests

Any non-controlling shares are reported as total minority interests.

3.27 PROVISIONS

In principle, provisions are established when an obligation to a third party will probably result in an outflow of funds. In addition, the level of the obligation needs to be estimated reliably. Long-term interest-free or low-interest provisions are discounted.

Provisions for pensions are valued in line with the projected unit credit method, in which future compensation increases are taken into consideration. The amount shown in the balance sheet represents the present value of the obligation, adjusted by the unrecognized past-service costs after offsetting the fair value of the plan assets. The discount interest rate is based on the interest rate for prior-ranking fixed-income corporate bonds.

Based on the net defined benefit liability or the net defined benefit asset, net interest is calculated on the net liability (net asset) from a defined benefit plan by multiplying the net liability (the net asset) at the beginning of the period with the discount interest rate, on which the defined benefit obligation, i.e. the gross liability, is based at the beginning of the period.

Pensions and similar obligations are accounted for using actuarial valuation methods. Underlying factors include actuarial assumptions such as discount rates, expected salary increases, mortality rates and increased rates for healthcare costs. Changed conditions can mean that actuarial assumptions may differ greatly from actual developments and therefore lead to significant changes in obligations connected to payments to employees.

Payments for defined contribution plans are recorded as expenses when they occur.

GfK Group companies are occasionally involved in legal disputes. The Management Board regularly analyzes the latest information on legal risks. Provisions are set up for likely obligations, including estimated costs of legal consultation. The likelihood of an outcome unfavorable to the GfK Group, the extent of related liabilities and the possibility of being able to estimate the extent of the relevant obligations sufficiently are taken into account. For the purposes of legal risk assessment, the GfK Group appoints internal and external legal counsel.

Provisions are created for additional obligations to third parties, which are likely to lead to an outflow of funds in future but which are not liabilities, if there is more militating in favor of the existence of a present obligation than against and when the anticipated amount of the claim can be estimated within a certain range. The most probable amount is applied within this range.

3.28 FINANCIAL LIABILITIES

Financial liabilities include interest-bearing liabilities related to financing, particularly loans from banks and other lenders, liabilities under finance leases and other interest-bearing liabilities.

The GfK Group reports put options held by minority shareholders and variable purchase prices in connection with buying shares as purchase price elements which depend on future events and are impacted by future sales and EBIT. The minority interests affected by this are not recorded as minority interests. The associated non-current or current financial liabilities are generally assessed at fair value. Interest added to payment obligations is reported under interest expenses.

For possible adjustments to acquisition costs, as a result of future events which are recognized as liabilities at the time of acquisition, changes in the value of liabilities from earn-outs and put options held by minority shareholders on or after January 1, 2010, are listed in other financial income in the income statement. The profit or loss resulting therefrom is corrected in the cash flow statement under the item "Other non-cash income/expenses" within the cash flow from operating activity.

3.29 TRADE LIABILITIES AND OTHER LIABILITIES

Trade liabilities and other liabilities are stated at repayment value. Obligations under invoices outstanding are recorded under trade payables.

3.30 LIABILITIES ON ORDERS IN PROGRESS

Liabilities on orders in progress comprise payments on account and accrued amounts from the recognition of sales. As part of this item, sales are accrued which are tied to contractually agreed invoices for prepayments or payments on account, but cannot yet be recognized as sales according to the above-described sales recognition methods.

3.31 OVERVIEW OF THE VALUATION PRINCIPLES APPLIED

The following table shows the most important valuation principles that are applied in preparing the consolidated financial statements of the GfK Group.

ASSETS	
Goodwill	Impairment-only approach
Other intangible assets	
with limited useful life	Amortized acquisition or production costs
with indefinite useful life	Impairment-only approach
Tangible assets	Amortized acquisition or production costs
Financial assets	
Shares in affiliated companies, other participations	Acquisition costs
Loans and non-current fixed-term deposits	Amortized costs
Held for trading purposes	Fair value through profit or loss
Other financial assets available for sale	Fair value recognized directly in equity
Trade receivables and other receivables	Amortized costs
Financial other assets	
Derivative financial instruments used as hedges	Fair value recognized directly in equity
Derivative financial instruments not used as hedges	Fair value through profit or loss
Miscellaneous financial other assets	Amortized costs
Non-financial current other assets	Amortized costs
Current securities and fixed-term deposits	Amortized costs
Cash and cash equivalents	Amortized costs

LIABILITIES	
Provisions	
Pension provisions	Projected unit credit method
Other provisions	Discounted amount most likely to be paid
Interest-bearing financial liabilities	
Liabilities from finance lease	Present value of minimum lease payments
Purchase price components which depend on future events	Fair value through profit or loss
Other interest-bearing financial liabilities	Amortized costs
Financial other liabilities	
Derivative financial instruments used as hedges	Fair value recognized directly in equity
Derivative financial instruments not used as hedges	Fair value through profit or loss
Miscellaneous financial other liabilities	Amortized costs
Trade payables	Amortized costs
Liabilities on orders in progress	Amortized costs
Non-financial other liabilities	Amortized costs

3.32 CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows the changes to the balance sheet item "Cash and cash equivalents" due to cash flows from operating activity, investing activity and financing activity.

The cash flow from operating activity is derived indirectly from changes to the balance sheet entries. They are adjusted for the effects of currency translation and changes in the scope of consolidation. Consequently, only a limited reconciliation is possible between the changes in the balance sheet items according to the consolidated cash flow statement and the arithmetical changes in the consolidated balance sheet, schedule of movements in non-current assets and other information in the Notes to the consolidated financial statements.

3.33 ESTIMATES

The production of the GfK Group's consolidated financial statements in compliance with IFRS requires the use of assumptions and estimates. Some of these estimates involve circumstances where uncertainty is inherent and that may be subject to change. These estimates and assumptions were made by the Management Board, taking into account all known facts to the best of their knowledge in order to gain an accurate situational picture of the net assets, financial position and results of operations. However, actual figures for assets and liabilities as well as contingencies on the balance sheet date as well as the income and expenses for the financial year can differ from this.

Estimates are employed in the realization of sales under the percentage of completion method, in connection with the required value adjustment for risky loans and in impairment tests for goodwill as well as for other intangible or tangible assets. In addition, estimates are made in the purchase price allocation following business combinations, to assess the intrinsic value of deferred tax assets and in the recognition and valuation of conditional purchase price obligations and provisions. More precise explanations on the type of estimates necessary in these areas and on making estimates in the GfK Group can be found in the earlier clarification of the accounting and valuation methods. The parameters applied in the reporting year to the impairment test for intangible assets and for the valuation of pension provisions are listed in these Notes under Section 16 "Intangible assets" and Section 26 "Provisions".

The most important estimates regarding the GfK Group's future performance and its business environment are described in the Outlook section of the Group Management Report.

4. Scope of consolidation and major acquisitions

4.1 FULLY CONSOLIDATED COMPANIES

As at December 31, 2015, the scope of consolidation in accordance with IFRS included nine (2014: ten) domestic and 130 (2014: 127) foreign subsidiaries, in addition to the parent company.

The table below shows the changes in fully consolidated subsidiaries between January 1, 2015, and December 31, 2015.

FULLY CONSOLIDATED SUBSIDIARIES
(number)

	Jan. 1, 2015	Additions	Disposals	Dec. 31, 2015
Germany	10	0	–1	9
Abroad	127	4	–1	130
Total	**137**	**4**	**–2**	**139**

Shortly after acquisition, wholly-owned subsidiary NORM Research & Consulting AB, Stockholm, Sweden, and its affiliate Norm Research & Consulting B.V., Amsterdam, Netherlands, were consolidated for the first time on September 1, 2015. Both companies operate in the Consumer Experiences sector.

The purchase price of this acquisition amounted to € 8,044 thousand, of which € 6,839 thousand was paid in cash during the year under review. The remaining purchase price is not yet due. It involves obligations from subsequent purchase price adjustments. Goodwill of € 4,343 thousand resulted from this acquisition, which relates to the Consumer Experiences sector. The goodwill primarily represents the expertise of employees in the subsidiaries acquired, which cannot be capitalized separately.

As yet unreported intangible assets and the associated deferred taxes in the amount of € 1,391 thousand on balance were identified during the acquisition process. This mainly involves the customer relations and software.

	Pre-merger	At the date of acquisition
Non-current assets	599	2,367
Current assets	1,474	1,474
Cash and cash equivalents	1,656	1,656
Liabilities and provisions	1,414	1,791

These companies contributed € 1,851 thousand to the GfK Group's consolidated sales in the 2015 financial year. The accumulated net income from these companies since they have been part of the GfK Group amounts to € –356 thousand.

For the period from January 1, 2015, to the time of first consolidation on September 1, 2015, the two above-mentioned companies achieved sales of € 4,422 thousand and reported income of € –36 thousand.

The GfK Philippines Corporation, Makati City, Philippines, which was founded in the previous year, was consolidated for the first time with effect from January 1, 2015. Furthermore, GfK – Retail and Technology Colombia Limitada, Bogotá, Colombia, which was founded in 2009, was included in the scope of consolidation with effect from January 1, 2015. Both companies operate in the Consumer Choices sector.

With effect from May 11, 2015, GfK nurago GmbH, Hanover, which operates in the Consumer Experiences sector, was merged with GfK SE, Nuremberg. In addition, INCOMA GfK, s.r.o., Prague, Czech Republic, which operates in the Consumer Experiences sector, was merged with GfK Czech, s.r.o., Prague, Czech Republic, with effect from September 1, 2015.

These mergers within the Group served solely to simplify the Group structure and have no immediate financial impact.

4.2 COMPANIES OF MINOR IMPORTANCE

During the year under review, the GfK Group did not include 29 (2014: 31) companies in the consolidated financial statements due to their minor significance for the net assets, financial position and results of operations of the Group.

Overall, external sales, annual income, total assets and cash flows from these companies are of minor importance, as in the previous year, compared with the corresponding figures in the consolidated financial statements.

4.3 ASSOCIATED COMPANIES

In the consolidated financial statements as at December 31, 2015, shareholdings in nine (2014: 12) associated companies abroad are reported and, as in 2014, in one associated company in Germany.

On March 5, 2015, a shareholding of around 22 percent was purchased in YouEye Inc., Mountain View, California, USA.

On July 30, 2015, MarketingScan International SAS, Suresnes, France, was merged with its subsidiary MarketingScan SAS, Suresnes, France. MarketingScan SAS, Suresnes, France, was previously a member of the subgroup valued at equity under MarketingScan International SAS, Suresnes, France, and therefore not reported as a separate associated company. On August 20, 2015, Consumer Zoom SAS, Suresnes, France, was merged with MarketingScan SAS, Suresnes, France.

The shares in Oz Toys Marketing Services Pty. Ltd., Sydney, Australia, Sports Tracking Europe B.V., Amstelveen, Netherlands, and NPD Intelect, L.L.C., Port Washington, New York, USA, were sold on November 23, 2015. These companies were assigned to the Consumer Choices sector.

4.4 OTHER PARTICIPATIONS

The number of other participations increased from three to four following the indirect acquisition of a minority share in ZecoByte AB, Stockholm, Sweden, as part of the acquisition of NORM Research & Consulting AB, Stockholm, Sweden.

5. Sales

Sales are broken down according to type as shown in the table below:

	2014	2015
Sales to third parties	1,448,015	1,537,528
Sales to Group companies	2,635	3,206
Sales to related parties	2,273	2,692
Sales	**1,452,923**	**1,543,426**

The breakdown of sales according to sector and region is shown under Section 34 "Segment reporting".

6. Cost of sales

The breakdown of cost of sales is shown in the table below:

	2014	2015
Personnel expenses	491,960	537,941
Other cost of sales	424,257	461,125
Amortization/depreciation and impairments	48,131	39,498
Cost of sales relating to Group companies	9,042	6,252
Cost of sales (before research and development costs)	**973,390**	**1,044,816**
Research and development costs	17,196	17,118
Cost of sales (including research and development costs)	**990,586**	**1,061,934**

Other cost of sales mainly comprises services purchased.

7. Selling and general administrative expenses

The breakdown of selling and general administrative expenses is shown in the table below:

	2014	2015
Personnel expenses	198,253	198,889
Other selling and general administrative expenses	80,172	81,219
Amortization/depreciation and impairments	21,634	22,118
Selling and general administrative expenses relating to Group companies	943	3
Selling and general administrative expenses	**301,002**	**302,229**

Amortization/depreciation and impairments include value adjustments on operating receivables in addition to amortization/depreciation and impairments on other intangible assets and tangible assets.

Other selling and general administrative expenses mainly consist of rental expenses, fees for consulting and other external services, travel expenses, charges for telecommunications, data transmission and processing as well as maintenance expenses.

8. Other operating income

Other operating income includes the items listed in the following table:

	2014	2015
Currency exchange gains	2,950	2,306
Reversal of impairments	1,120	0
Miscellaneous	3,748	17,507
Other operating income	**7,818**	**19,813**

Currency exchange gains mainly contain profits from foreign currency transactions in U.S. dollars and pound sterling as well as from foreign currency transactions of a company with the Turkish lira as functional currency in euro and U.S. dollars.

The reversal of impairments related to write-ups on brands amounting to € 1,084 thousand in the previous year.

Miscellaneous other operating income mainly comprises income from the dissolution of the cross-shareholding with The NPD Group, Inc., USA, explained in detail in Section 25.4 "Equity change statement" as well as rental income from property.

9. Other operating expenses

Other operating expenses include the items listed in the table below, which cannot be assigned to functional costs.

	2014	2015
Goodwill impairment	59,498	39,418
Personnel expenses	10,842	14,504
Currency exchange losses	4,093	4,545
Amortization/depreciation and other impairments	1,963	24,376
Miscellaneous	24,775	12,082
Other operating expenses	**101,171**	**94,925**

The goodwill impairment amounting to € 39,418 thousand (2014: € 59,498 thousand) resulted from a reassessment of growth prospects in the Consumer Experiences sector.

Personnel expenses primarily relate to severance payments in connection with positions, which were no longer filled as a result of restructuring in line with the new strategic orientation of the relevant business divisions (€ 13,897 thousand; 2014: € 10,782 thousand).

Currency exchange losses mainly comprise losses on foreign currency transactions of companies with a functional currency other than the euro, in euro, U.S. dollars, pound sterling and Swiss francs as well as on foreign currency transactions of companies with the euro as functional currency in U.S. dollars, pound sterling, Singapore dollars, Australian dollars and Japanese yen.

Amortization/depreciation and other impairments of € 20,034 thousand (2014: € 0 thousand) pertain to impairments of intangible assets which resulted from discontinued new product development (Mobile Insight/Location Insight) as well as discontinued individual modules of the existing CPIMS/NEO analysis and production platform. During the year under review, no impairments of intangible assets were stated in connection with the irregularities in 2012 at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey (2014: € 1,097 thousand). However, the same situation resulted in further expenses amounting to € 1,349 thousand (2014: € 10,962 thousand), included in miscellaneous other operating expenses. These mainly comprise legal and consulting costs.

Furthermore, miscellaneous other operating expenses comprise expenses related to lease agreements and relocation (€ 4,447 thousand; 2014: € 2,713 thousand) as well as expenses in connection with share and asset deals (€ 3,164 thousand; 2014: € 215 thousand). In contrast, expenses for legal disputes (€ 84 thousand; 2014: € 3,196 thousand) and social security risks in various countries (€ 160 thousand; 2014: € 2,722 thousand) only played a subordinate role.

10. Personnel expenses

The expense items in the consolidated income statement include the personnel expenses listed in the following table.

	2014	2015
Wages and salaries	590,274	646,255
Social security contributions and expenses for pensions	115,110	119,599
Personnel expenses	**705,384**	**765,854**

11. Adjusted operating income

Adjusted operating income is the internal management indicator of the GfK Group, which is explained in detail in the Group Management Report. It is derived as follows:

	2014	2015
Operating income	67,982	104,151
Goodwill impairment	59,498	39,418
Write-ups and write-downs of additional assets identified on acquisitions	11,391	4,314
Income and expenses in connection with share and asset deals	1,010	-8,655
Income and expenses in connection with reorganization and improvement projects	17,058	22,772
Personnel expenses for share-based incentive payments	1,005	1,896
Currency conversion differences	1,142	2,240
Income and expenses related to one-off effects and other exceptional circumstances	19,746	21,443
Adjusted operating income	**178,832**	**187,579**

11.1 WRITE-UPS AND WRITE-DOWNS OF ADDITIONAL ASSETS IDENTIFIED ON ACQUISITIONS

The composition of write-ups and write-downs of additional assets identified on acquisitions as well as their allocation to items in the consolidated income statement are shown in the following table.

	2014	2015
Amortization		
Cost of sales	3,554	1,171
Selling and general administrative expenses	3,859	3,731
Impairments		
Cost of sales	6,778	919
Selling and general administrative expenses	1,622	1,208
Other operating expenses	0	1,288
Reversal of impairments		
Cost of sales	-1,954	-3,131
Selling and general administrative expenses	-1,385	-872
Other operating income	-1,083	0
Write-ups and write-downs of additional assets identified on acquisitions	**11,391**	**4,314**

Further details are provided in Section 16.6 “Amortization, impairments and reversal of impairments of intangible assets”.

11.2 INCOME AND EXPENSES IN CONNECTION WITH REORGANIZATION AND IMPROVEMENT PROJECTS

Income and expenses in connection with reorganization and improvement projects primarily relate to expenses for severance payments within the scope of reorganization projects amounting to € 13,897 thousand (2014: € 10,782 thousand). This item also includes expenses amounting to € 3,397 thousand (2014: € 4,033 thousand) for the global standardization project REACH (formerly SCOPE).

11.3 PERSONNEL EXPENSES FOR SHARE-BASED INCENTIVE PAYMENTS

A long-term incentive program, which is described in detail in Section 3.17 "Long-term incentive plans for employees and executives of the GfK Group", has been in place for GfK SE Management Board members since financial year 2010 and for selected GfK Group executives since financial year 2012. The following table shows the number, term and value of the virtual shares issued under this long-term incentive program.

Tranche	1	2	3	4	5	6
Year issued	2010	2011	2012	2013	2014	2015
Year of payment	2014	2015	2016	2017	2018	2019
Number of virtual shares issued (quantity)	15,693	16,498	49,886	46,458	44,906	72,373
Fair value of a virtual share in €	30.90	30.90	30.90	30.90	30.90	30.90

Total expenses for the program during the financial year amounted to € 1,896 thousand (2014: € 1,005 thousand).

11.4 INCOME AND EXPENSES RELATED TO ONE-OFF EFFECTS AND OTHER EXCEPTIONAL CIRCUMSTANCES

Income and expenses from one-off effects and other exceptional circumstances include impairments, which are related to the discontinuation of network-based development activities for Mobile Insight/Location Insight, as well as two modules of the digital analysis and production platform CPIMS/NEO (€ 20,034 thousand, 2014: € 0 thousand).

The expenses resulting from irregularities at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey, amounted to € 1,349 thousand in 2015 (2014: € 12,059 thousand). For other legal disputes and social security risks, total expenses of € 244 thousand (2014: € 5,918 thousand) were incurred during the financial year.

Total income of € 1,102 thousand (2014: € 0 thousand) was reported in connection with the sale of an office building at GfK Switzerland AG, Hergiswil, Switzerland.

12. Other financial income

Other financial income breaks down as follows:

	2014	2015
Interest and similar income due from banks	712	897
Other interest income	1,350	1,277
Interest income	**2,062**	**2,174**
Miscellaneous other financial income	7,995	27,993
Other financial income	**10,057**	**30,167**

Miscellaneous other financial income mainly includes currency exchange gains on financial assets, financial receivables and financial liabilities, bank balances in foreign currency, as well as income from currency hedging transactions amounting to a total of € 24,275 thousand (2014: € 7,431 thousand). These amounts and their development must be seen in connection with the corresponding currency losses in other financial expenses.

Furthermore, other financial income essentially includes income from valuation adjustments of purchase price commitments for the acquisition of participations or assets (put options or obligations) amounting to € 3,681 thousand (2014: € 564 thousand) taken to the income statement.

13. Other financial expenses

Other financial expenses are composed as follows:

	2014	2015
Interest and similar expenses due to banks	7,715	5,272
Other interest expenses	13,729	13,456
Interest expenses	**21,444**	**18,728**
Miscellaneous other financial expenses	12,970	29,704
Other financial expenses	**34,414**	**48,432**

Other interest expenses include € 10,100 thousand (2014: € 10,115 thousand) in interest expenses on a bond with a volume of € 186 million issued on April 1, 2011, on which interest is fixed at 5.0 percent. In addition, this item comprises € 1,120 thousand (2014: € 1,309 thousand) in interest expenses on future purchase price liabilities for acquisitions.

Miscellaneous other financial expenses mainly comprise currency exchange losses on financial assets, financial receivables and financial liabilities as well as bank accounts held in foreign currency amounting to € 26,678 thousand (2014: € 10,975 thousand). These amounts and their development must be seen in connection with the corresponding currency gains in other financial income.

Further information about the use of derivative financial instruments is provided in Section 29 "Financial instruments" and Section 30 "Risk management relating to market, credit and liquidity risks".

14. Tax on income from ongoing business activity

The main elements of the Group's income tax are shown in the following table:

	2014	2015
Actual tax expenses/income		
Tax on income for the current year	37,123	44,760
Tax income from the utilization of previously non-utilized tax losses	−5,335	−1,301
Tax on income for previous years	924	−1,139
Actual tax expenses/income	**32,712**	**42,320**
Defered tax expenses/income		
from the utilization of losses carried forward and interest carried forward or tax credits	8,429	17,348
from the formation or reversal of temporary differences	7,472	4,111
from write-ups and write-downs of additional assets identified on acquisitions	−3,955	−1,205
based on previously not included tax losses and interest carried forward or tax credits	−2,598	−1,226
from tax rate changes/new taxes	355	−1,435
based on the reassessment of the realizability of tax losses	−9,633	−2,256
based on newly incurred and recognized tax losses and interest carried forward or tax credits	−5,259	−10,992
Other deferred tax expenses	689	498
Deferred tax expenses/income	**−4,500**	**4,843**
Tax on income from ongoing business activity	**28,212**	**47,163**

Income taxes are divided between Germany and other countries as follows:

	2014	2015
Actual tax expenses/income	**32,712**	**42,320**
of which Germany	3,106	1,147
of which abroad	29,606	41,173
Deferred tax expenses/income	**−4,500**	**4,843**
of which Germany	10,089	−4,805
of which abroad	−14,589	9,648

The tax rate used to calculate deferred taxes for GfK SE and its German subsidiaries that form part of a tax group is composed of a corporation tax rate of 15 percent plus a solidarity surcharge of 5.5 percent on the specified corporation tax as well as the effective trade tax rate of 15.645 percent. This results in an unchanged tax rate of 31.470 percent as at December 31, 2015.

The deferred taxes of the remaining German companies are calculated according to the relevant municipal factor of the trade tax rate. The deferred taxes of the companies outside Germany are calculated according to the country-specific tax rates.

The table below contains a reconciliation of the expected income tax expense on the income tax stated in financial year 2015. To calculate the expected tax expense, the tax rate valid during the year under review for the parent company, GfK SE, amounting to 31.470 percent (2014: 31.470 percent) is multiplied by the income before taxes.

	2014	2015
Total tax rate in percent	31.470	31.470
Expected tax expense	**14,977**	**27,659**
Increase/decrease in income tax expense resulting from:		
Tax-exempt income	−4,316	−4,429
Adjustment of deferred tax due to changes in tax rates	355	−1,435
Tax from prior years	988	−976
Change in temporary differences, losses carried forward, interest carried forward and tax credits not recognized as deferred tax assets	−13,773	−683
Effects from purchase price obligations	239	−541
Change in permanent differences	−39	−276
Deferred tax assets on new tax credits	−13	−10
Income from at-equity participations that cannot be utilized for tax purposes	−21	165
Differences in tax rate	2,756	1,019
Consolidation of taxable income from participations	1,271	3,060
Deviating tax base	2,128	3,312
Non-deductible expenses	6,309	5,820
Goodwill impairment	18,724	12,405
Other	−1,373	2,073
Tax expenses reported	**28,212**	**47,163**

The following actual income tax assets and liabilities are recorded in the consolidated balance sheet:

	Dec. 31, 2014	Dec. 31, 2015
Non-current income tax assets	4,051	3,811
Current income tax assets[1]	17,413	15,654
Total income tax assets	**21,464**	**19,465**
Non-current income tax liabilities	0	0
Current income tax liabilities	15,522	13,545
Total income tax liabilities	**15,522**	**13,545**

1) Additionally, current income tax assets amounting to € 51 thousand were included in assets held for sale as at December 31, 2015.

Non-current income tax assets are reported under the balance sheet item "non-current other assets and deferred items".

Non-current income tax liabilities are included in the balance sheet item "non-current other liabilities and deferred items".

The deferred taxes result from the balance sheet items shown in the following table:

	Dec 31, 2014	Dec 31, 2015
Goodwill	485	508
Other intangible assets	1,369	1,236
Tangible assets	2,136	1,852
Investments in affiliates	4	3
Investments in associates and other participations	25	257
Other financial assets	2,202	1,240
Non-current other assets and deferred items	1,355	804
Non-current assets	**7,576**	**5,900**
Receivables and current other assets	1,063	778
Current securities and fixed-term deposits, cash and cash equivalents	0	12
Current assets	**1,063**	**790**
Long-term provisions	9,206	9,405
Non-current other liabilities and deferred items	834	5,130
Non-current liabilities	**10,040**	**14,535**
Short-term provisions	850	1,321
Current other liabilities and deferred items	21,804	23,794
Current liabilities	**22,654**	**25,115**
Losses carried forward	42,530	43,031
Interest carried forward/tax credits	16,306	13,349
Deferred tax assets	**100,169**	**102,720**
Goodwill	−37,967	−46,032
Other intangible assets	−74,365	−75,628
Tangible assets	−2,520	−2,190
Investments in affiliates	−2,904	−4,514
Investments in associates and other participations	−32	−66
Other financial assets	−3,655	−2,622
Non-current other assets and deferred items	−732	−1,420
Non-current assets	**−122,175**	**−132,472**
Receivables and current other assets	−9,813	−11,253
Current securities and fixed-term deposits, cash and cash equivalents	−25	−4
Current assets	**−9,838**	**−11,257**
Long-term provisions	−524	−174
Non-current other liabilities and deferred items	−460	−274
Non-current liabilities	−984	−448
Short-term provisions	−380	−201
Current other liabilities and deferred items	−941	−1,137
Current liabilities	**−1,321**	**−1,338**
Deferred tax liabilities	**−134,318**	**−145,515**
NET DEFERRED TAX LIABILITIES	**−34,149**	**−42,795**

The change in net deferred tax liabilities is included in the consolidated income statement in the amount of € −4,843 thousand (2014: € 4,500 thousand). An amount of € 2,082 thousand (2014: € 3,662 thousand) was posted to other comprehensive income. An effect amounting to € −5,301 thousand (2014: € −4,501 thousand) resulted from the currency valuation of the balance sheet items "Deferred tax assets", "Deferred tax liabilities" and from taxes in other comprehensive income.

Deferred taxes are reported in the consolidated balance sheet as shown in the following table:

	Dec 31, 2014	Dec 31, 2015
Deferred tax assets	41,373	43,578
Deferred tax liabilities	−75,522	−86,373
Net deferred tax liabilities	**−34,149**	**−42,795**
Deferred tax assets included in assets held for sale	0	397
Deferred tax liabilities included in liabilities held for sale	0	−282
Net deferred tax liabilities including assets and liabilities held for sale	**−34,149**	**−42,680**

The change in income tax amounts connected with components of other comprehensive income are shown in the following table:

	2014	2015
Taxes in other reserves from currency translation	0	1,891
Taxes in the other reserves from net investment hedges	284	117
Taxes in the other reserves from actuarial gains/losses on defined benefit plans	3,314	58
Taxes in other reserves from cash flow hedges	67	12
Taxes in other reserves from securities	−3	4
Taxes posted to other comprehensive income	**3,662**	**2,082**

The breakdown of domestic and foreign tax loss carryforwards is shown in the following tables:

Dec. 31, 2014	Germany	Abroad	Total
Total tax loss carryforwards	**24,311**	**177,993**	**202,304**
Tax loss carryforwards – recognized as deferred tax –	**16,806**	**128,427**	**145,233**
Expiry within the next 5 years	0	26,834	26,834
Expiry within 5 to 10 years	0	42,638	42,638
Expiry within 10 to 15 years	0	31,178	31,178
Expiry in more than 15 years	0	16,340	16,340
No time limit	16,806	11,437	28,243
Tax loss carryforwards – not recognized as deferred tax –	**7,505**	**49,566**	**57,071**
Expiry within the next 5 years	0	15,747	15,747
Expiry within 5 to 10 years	0	4,599	4,599
Expiry within 10 to 15 years	0	0	0
Expiry in more than 15 years	0	0	0
No time limit	7,505	29,220	36,725

Dec. 31, 2015	Germany	Abroad	Total
Total tax loss carryforwards	**30,715**	**170,827**	**201,542**
Tax loss carryforwards – recognized as deferred tax –	**28,987**	**116,145**	**145,132**
Expiry within the next 5 years	0	23,004	23,004
Expiry within 5 to 10 years	0	20,627	20,627
Expiry within 10 to 15 years	0	42,010	42,010
Expiry in more than 15 years	0	12,865	12,865
No time limit	28,987	17,639	46,626
Tax loss carryforwards – not recognized as deferred tax –	**1,728**	**54,682**	**56,410**
Expiry within the next 5 years	0	15,942	15,942
Expiry within 5 to 10 years	0	11,055	11,055
Expiry within 10 to 15 years	0	101	101
Expiry in more than 15 years	0	243	243
No time limit	1,728	27,341	29,069

The estimate of future realizability governs the recognition and valuation of deferred tax assets. This is dependent on the generation of future taxable profits during accounting periods in which tax valuation differences are reversed and tax loss carryforwards, interest carried forward and tax credits can be applied.

In view of expected future performance, it is assumed probable that the relevant benefits of the recognized deferred tax assets will be realized, according to the provisions of IFRS. For companies which reported deferred tax assets for tax loss carryforwards and which were in a loss-making situation in the year under review or the previous year, a deferred tax asset surplus of € 11,691 thousand (2014: € 6,672 thousand) was stated, since there is sufficient assumption of future profits. Of this, € 327 thousand are related to companies held for sale.

To assess this profit expectation, the Management Board has drawn upon past earnings situations and forecasted future results, calculated on the basis of approved business plans. Tax planning, information on as yet unused tax losses and tax credits from previous years as well as any other significant considerations were also used to test the intrinsic value.

In addition to the unrecognized tax loss carryforwards mentioned above, there are temporary differences amounting to € 11,481 thousand (2014: € 13,234 thousand) and interest carried forward or tax credits of € 390 thousand (2014: € 350 thousand) in the Group, for which no deferred tax assets have been recognized. The interest carried forward and tax credits not recognized as deferred tax assets have no time limit on their use.

The GfK Group recognizes deferred taxes on retained profits from foreign subsidiaries, provided that these profits are distributable and are to be distributed in the foreseeable future. No tax liabilities were deferred in relation to temporary differences amounting to € 17,780 thousand (2014: € 19,864 thousand) since there is no pay-out intention.

Pay-outs to shareholders of GfK SE do not result in income tax consequences at the level of GfK SE.

15. Earnings per share

The earnings per share are derived as shown below:

	2014	2015
Consolidated total income attributable to equity holders of the parent	5,859	36,773
Weighted average of shares outstanding (number) – non-diluted –	36,503,896	36,503,896
Weighted average of shares outstanding (number) – diluted –	36,503,896	36,503,896
Earnings per share in €	**0.16**	**1.01**
Earnings per share (diluted) in €	**0.16**	**1.01**

There are no circumstances that may result in dilution.

16. Intangible assets

The movement in intangible assets is shown in the table below:

	Goodwill	Internally generated intangible assets	Miscellaneous intangible assets	Total intangible assets
ACQUISITION AND MANUFACTURING COSTS				
As at January 1, 2014	930,097	177,326	427,216	1,534,639
Exchange rate changes	62,135	839	32,950	95,924
Additions from business combinations	5,139	0	2,542	7,681
Other changes in the scope of consolidation	0	49	−83	−34
Additions	0	45,514	5,718	51,232
Disposals	−1,985	−624	−1,767	−4,376
Reclassifications	0	−2,856	2,932	76
As at December 31, 2014	**995,386**	**220,248**	**469,508**	**1,685,142**
As at January 1, 2015	995,386	220,248	469,508	1,685,142
Exchange rate changes	58,692	−1,626	31,075	88,141
Additions from business combinations	4,437	398	3,525	8,360
Other changes in the scope of consolidation	0	0	0	0
Additions	0	59,696	8,856	68,552
Disposals	−1,433	−2,143	−8,437	−12,013
Reclassification as assets held for sale	−6,907	−7,799	−31,981	−46,687
Reclassifications	0	458	−279	179
As at December 31, 2015	**1,050,175**	**269,232**	**472,267**	**1,791,674**
CUMULATIVE AMORTIZATION				
As at January 1, 2014	151,115	63,024	295,244	509,383
Exchange rate changes	12,064	596	21,658	34,318
Additions from business combinations	0	0	27	27
Other changes in the scope of consolidation	0	0	−28	−28
Additions	0	21,281	18,203	39,484
Disposals	0	−474	−1,753	−2,227
Impairments	59,498	136	9,496	69,130
Reversal of impairments	0	0	−4,422	−4,422
Reclassifications	0	−1,254	1,303	49
As at December 31, 2014	**222,677**	**83,309**	**339,728**	**645,714**
As at January 1, 2015	222,677	83,309	339,728	645,714
Exchange rate changes	14,173	848	20,885	35,906
Additions from business combinations	0	122	1,535	1,657
Other changes in the scope of consolidation	0	0	0	0
Additions	0	20,827	16,280	37,107
Disposals	−96	−2,013	−8,517	−10,626
Reclassification as assets held for sale	0	−1,990	−22,694	−24,684
Impairments	39,418	20,337	4,889	64,644
Reversal of impairments	0	0	−4,003	−4,003
Reclassifications	0	220	−54	166
As at December 31, 2015	**276,172**	**121,660**	**348,049**	**745,881**
CARRYING VALUES				
As at January 1, 2014	778,982	114,302	131,972	1,025,256
As at December 31, 2014	**772,709**	**136,939**	**129,780**	**1,039,428**
As at January 1, 2015	772,709	136,939	129,780	1,039,428
As at December 31, 2015	**774,003**	**147,572**	**124,218**	**1,045,793**

Additions from business combinations into goodwill result from company acquisitions in the reporting year. Further information on this is available in Section 4 "Scope of consolidation and major acquisitions".

16.1 GOODWILL

At the beginning of 2015, the carrying value of goodwill amounted to € 772,709 thousand (2014: € 778,982 thousand). At year-end, the carrying value stood at € 774,003 thousand. This represents an increase in goodwill of € 1,294 thousand (2014: decrease of € 6,273 thousand). Exchange-rate-related changes accounted for € 44,519 thousand (2014: € 49,592 thousand). Impairments on goodwill in the Consumer Experiences sector amounted to € 39,418 thousand (2014: € 59,498 thousand) and disposals from the revaluation of purchase price obligations for the acquisition of participations to € 1,337 thousand (2014: € 1,506 thousand). The planned sale of market research activities in the area of crop protection and animal health reduced goodwill by € 6,907 thousand, because it was reclassified as an asset held for sale. Business combinations resulted in additions of € 4,437 thousand (2014: € 5,139 thousand).

The reported reduction in goodwill in the balance sheet based on the impairment converted with the average rate on the balance sheet date amounted to € 39,820 thousand (2014: € 62,524 thousand).

16.2 INTERNALLY GENERATED INTANGIBLE ASSETS

The breakdown of internally generated intangible assets is as follows:

Dec. 31, 2014	With limited useful life	With indefinite useful life	Total
Software	101,134	0	101,134
Capitalized panel set-up costs	6,766	28,328	35,094
Other	711	0	711
Internally generated intangible assets	**108,611**	**28,328**	**136,939**

Dec. 31, 2015	With limited useful life	With indefinite useful life	Total
Software	95,482	0	95,482
Capitalized panel set-up costs	18,368	31,116	49,484
Other	2,606	0	2,606
Internally generated intangible assets	**116,456**	**31,116**	**147,572**

Capitalized panel set-up costs have only a limited useful life if the panel was created for a specific, fixed-term client contract. Otherwise, capitalized panel set-up costs have an indefinite useful life.

16.3 MISCELLANEOUS INTANGIBLE ASSETS

The breakdown of miscellaneous intangible assets is represented in the following tables:

Dec. 31, 2014	With limited useful life	With indefinite useful life	Total
Acquired panels	986	63,742	64,728
Customer relations	26,583	0	26,583
Brands	176	16,862	17,038
Software	14,847	0	14,847
Studies	152	0	152
Other	6,432	0	6,432
Miscellaneous intangible assets	**49,176**	**80,604**	**129,780**

Dec. 31, 2015	With limited useful life	With indefinite useful life	Total
Acquired panels	409	64,676	65,085
Customer relations	24,547	0	24,547
Brands	0	17,357	17,357
Software	13,590	0	13,590
Studies	0	0	0
Other	3,639	0	3,639
Miscellaneous intangible assets	**42,185**	**82,033**	**124,218**

16.4 INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE

Details of the allocation of significant goodwill to cash generating units are provided in the table below. The goodwill of cash generating units where the goodwill amounts to more than 5 percent of the total goodwill of the GfK Group is shown separately. The impairment as a result of the impairment test amounts to € 39,418 thousand (2014: € 59,498 thousand). This decline was more than compensated for by an exchange-rate-related increase in goodwill, so that an increase of € 1,294 thousand occurred in the current financial year (2014: € –6,273 thousand).

The impairments related to the Consumer Experiences sector in the Central Eastern Europe/META and Southern and Western Europe regions.

	Dec. 31, 2014	Dec. 31, 2015
Consumer Experiences	**413,293**	**402,079**
of which		
Northern Europe	212,070	228,940
North America	71,307	78,477
Central Eastern Europe/META	65,854	41,690
Other	64,062	52,972
Consumer Choices	**359,416**	**371,924**
of which		
Northern Europe	149,880	151,291
North America	89,309	99,560
Southern and Western Europe	58,644	58,690
Other	61,583	62,383
Goodwill	**772,709**	**774,003**

Allocation of capitalized panel set-up costs for internally generated panels with indefinite useful life to the sectors is illustrated in the table below. The increase compared with the previous year

in the Consumer Choices sector resulted from the set-up of a Mobile Audience Measurement Panel in the USA as well as the expansion of the Hospital Panel in Germany.

	Dec. 31, 2014	Dec. 31, 2015
Consumer Experiences	20,298	19,595
Consumer Choices	8,030	11,521
Capitalized panel set-up costs with indefinite useful life	**28,328**	**31,116**

Allocation of the acquired panels with indefinite useful life to the sectors is shown in the table below. The change compared with the previous year in the Consumer Choices sector resulted, in particular, from the planned sale of the Crop Protection and Animal Health business. The increase in the Consumer Experiences sector was due to the reversal of impairments of panels which were subject to impairments in previous years as well as positive exchange rate effects.

	Dec. 31, 2014	Dec. 31, 2015
Consumer Experiences	38,245	45,261
Consumer Choices	25,497	19,415
Acquired panels with indefinite useful life	**63,742**	**64,676**

Brands identified and capitalized as part of purchase price allocation generally have an indefinite useful life. These are established, well-known brands.

The allocation of brands with an indefinite useful life to the sectors is indicated in the following table.

	Dec. 31, 2014	Dec. 31, 2015
Consumer Experiences	3,607	2,575
Consumer Choices	13,255	14,782
Brands with indefinite useful life	**16,862**	**17,357**

16.5 INTANGIBLE ASSETS OF MAJOR IMPORTANCE

Intangible assets of major importance in the GfK Group are intangible assets with an individual carrying amount of more than € 5 million. The total values of these intangible assets of major importance that represent a subset of total intangible assets are shown in the following table.

	Dec. 31, 2014	Dec. 31, 2015
Goodwill	772,709	774,003
Panels	36,947	63,711
Software	60,405	41,420
Brands	13,255	14,782

Software mainly contains the internally developed StarTrack analysis and production system in the Consumer Choices sector, which is constantly adjusted to client requirements. The individual components of the analysis and production system have a useful life of five years. In addition, the Drive software is included, which is currently being developed. This is a new end-to-end system of the Consumer Experiences sector.

The software for the measurement of television research data and the ERP software (REACH), which were included last year, are now below the materiality threshold following scheduled amortization. Development activities for the Mobile Insight/Location Insight software were stopped in the previous year, and the software was impaired accordingly.

The brands category relates to a brand from purchase price allocation in connection with the acquisition of the former NOP World. The panels of major importance partially resulted from purchase price allocation under the acquisition of Knowledge Networks Inc., Menlo Park, California, USA. For the first time, the new television research panel in Brazil and the German Hospital Panel, a retail panel in the Consumer Choices sector, are included in this category.

16.6 AMORTIZATION, IMPAIRMENTS AND REVERSAL OF IMPAIRMENTS OF INTANGIBLE ASSETS

Amortization, impairments and reversals of impairment of intangible assets are included in the consolidated income statement under the items shown below:

2014	Amortization	Impairments	Reversal of impairments	Total
Cost of sales	−26,972	−6,913	1,954	−31,931
Selling and general administrative expenses	−12,512	−1,622	1,385	−12,749
Other operating income	0	0	1,083	1,083
Other operating expenses	0	−60,595	0	−60,595
Total	**−39,484**	**−69,130**	**4,422**	**−104,192**

2015	Amortization	Impairments	Reversal of impairments	Total
Cost of sales	−25,484	−919	3,131	−23,272
Selling and general administrative expenses	−11,623	−1,216	872	−11,967
Other operating expenses	0	−62,509	0	−62,509
Total	**−37,107**	**−64,644**	**4,003**	**−97,748**

Impairments are recorded when the carrying amount of the cash generating units tested is higher than the future recoverable amount. This is determined as the higher amount of the fair value less costs to sell and the value in use. The fair value less costs to sell is the amount that could be achieved between knowledgeable, willing parties that are independent of each other after deducting the costs to sell. Due to restrictions in determining the value in use, the fair value less costs to sell usually exceeds the value in use and consequently represents the recoverable amount for the GfK Group.

Where an intangible asset has been subject to impairment, there is a reversal if a higher amount is recoverable at a later date. The carrying value after the reversal must not exceed the carrying value, which would have resulted, had the impairment not taken place in the past.

The impairments result from impairment tests, which were based on updated capital market data as well as business plans. Impairment expenses are as follows:

	2014	2015
Goodwill	−59,498	−39,418
Software	−98	−21,091
Panels	−7,473	−1,629
Brands	0	−1,288
Customer relations	−1,622	−1,208
Concessions	0	−10
Studies	−439	0
Total	**−69,130**	**−64,644**

Compared with the previous year, impairments remained nearly constant, whereby the distribution to the individual intangible assets changed significantly. Impairments on goodwill and panels decreased further during 2015 and totaled € 41,047 thousand (2014: € 66,971 thousand). In contrast, software impairments amounted to € 21,091 thousand (2014: € 98 thousand). These mainly resulted from the termination of network-based development activities for Mobile Insight/Location Insight. In addition, some modules of the CPIMS/NEO digital analysis and production platform were written off, due to a changed assessment of the technical realizability.

To determine if and to what extent an impairment of goodwill exists, an impairment test is carried out at least once a year.

Overall, the write-downs on goodwill in the Consumer Experiences sector included in the balance sheet were attributable to the following regions:

	2014	2015
Central Eastern Europe/META	−36,058	−27,911
Southern and Western Europe	−6,848	−11,909
Asia and the Pacific	−13,187	0
Latin America	−6,431	0
Total	**−62,524**	**−39,820**

The required impairment resulted primarily from adjusted growth prospects in the above-mentioned regions.

The fair values less costs to sell of the cash generating units in the Consumer Experiences sector, which were subject to impairment in the reporting year or in the previous year, are shown in the following table.

	Dec. 31, 2014	Dec. 31, 2015
Central Eastern Europe/META	84,361	62,410
Southern and Western Europe	71,244	70,039
Asia and the Pacific	29,906	48,792
Latin America	19,209	19,602

The following tables provide an overview of the goodwill tested in the impairment test as well as of the significant assumptions used in the impairment test. For reasons of materiality, only the cash generating units which exceed 5 percent of the total goodwill of the GfK Group are listed individually. All other cash generating units were summarized in the following tables in the "Other CE" and "Other CC" columns.

Consumer Experiences (CE)	Northern Europe	North America	Central Eastern Europe/ META	Other CE
Tested goodwill as at December 31, 2015 before impairment	228,940	78,477	69,601	66,401
Duration of the detailed planning period	5 years	5 years	5 years	5 years
Average annual growth of external sales in the detailed planning period	2 %	1 %	3 %	2 %
Average margin (adjusted operating income/ external sales) in the detailed planning period	12 %	11 %	9 %	7 %
Growth per year after the end of the detailed planning period	1.3 %	1.3 %	1.3 %	1.3 %
Discount rate as at December 31, 2015	6.4 %	6.4 %	9.4 %	7.0 % – 12.1 %

Consumer Choices (CC)	Northern Europe	Nord-amerika	Southern and Western Europe	Other CC
Tested goodwill as at December 31, 2015 before impairment	151,291	99,560	58,690	62,905
Duration of the detailed planning period	5 years	5 years	5 years	5 years
Average annual growth of external sales in the detailed planning period	3 %	5 %	3 %	9 %
Average margin (adjusted operating income/ external sales) in the detailed planning period	12 %	32 %	28 %	32 %
Growth per year after the end of the detailed planning period	1.3 %	1.3 %	1.3 %	1.3 %
Discount rate as at December 31, 2015	6.4 %	6.4 %	7.0 %	7.3 % – 12.1 %

Recoverable amounts are determined on the basis of the forecast of future cash flows. Planning figures approved by the Management Board for the next five years are used for this purpose. These are based on past experience, current results of operations and the Management Board assessment of the expected market environment. These planning figures were validated again, both on a sector-specific and regional basis. Thus, the expected average annual growth of external sales is in line with past values and expectations of the management. Due to the uncertainty about future developments, a 20 percent haircut was applied to planned cash flows in the sector Consumer Experiences.

The planned margins are based on past empirical values. Future margin increases are expected in the Consumer Experiences sector from comprehensive use of technologies, further expansion of global operations with resource optimization centers, standardized data collection, improved processes, and a focus on global products. Anticipated additional growth in income is based on measures to increase efficiency and reduce costs.

The results of sensitivity checks required by IFRS are illustrated in the following.

A decrease of future cash flows by 10 percent would lead to a further impairment of goodwill of € 22,312 thousand (2014: € 21,507 thousand) in the Consumer Experiences sector. For the cash generating units already subject to impairment, an additional € 11,693 thousand (2014: € 7,554 thousand) would apply to the Southern and Western Europe region and € 9,358 thousand (2014: € 8,719 thousand) to the Central Eastern Europe/ META region. In addition, a write-down of € 1,261 thousand (2014: € 2,024 thousand) would be required for the Latin America region.

An increase of the discount rate by 1 percentage point with unchanged cash flows would lead to an increase of the impairment of goodwill of € 16,753 thousand (2014: € 32,572 thousand) for the cash generating units. For the cash generating units already subject to impairment, an additional € 10,261 thousand (2014: € 10,048 thousand) would apply to the Southern and Western Europe region and € 6,492 thousand (2014: € 10,756 thousand) to the Central Eastern Europe/META region.

Even if the perpetuity growth rate of only 1.3 percent were already applied in the detailed planning for 2019 and 2020 for regions with higher growth rates, with all other planning assumptions unchanged, an additional impairment requirement would arise of € 2,292 thousand (2014: € 8,041 thousand). Of this, € 1,976 thousand (2014: € 4,080 thousand) would apply to the Central Eastern Europe/META region and € 316 thousand (2014: € 0 thousand) to the Southern and Western Europe region.

In the Consumer Choices sector, none of the illustrated parameter changes would lead to a need for impairment.

The recoverability of the capitalized panel set-up costs and brands with an indefinite useful life was also examined within the scope of impairment tests.

The table below provides an overview of material intangible assets with an indefinite useful life examined as at the reporting date within the scope of impairment tests and the material assumptions used in the respective impairment test.

	MRI brand	Knowledge Panel	Hospital Panel	Physician's Consulting Network Panel
Carrying value	14,782	38,485	8,406	5,094
Basis of the recoverable amount	value in use	value in use	value in use	value in use
Duration of the detailed planning period	5 years	5 years	5 years	5 years
Sector	Consumer Choices	Consumer Experiences	Consumer Choices	Consumer Experiences
Average annual growth of external sales in the detailed planning period	2 %	5 %	45 %	4 %
Average margin (adjusted operating income/external sales) in the detailed planning period	33 %	12 %	28 %	10 %
Growth per year after the end of the detailed planning period	1.3 %	1.3 %	1.3 %	1.3 %
Discount rate	6.4 %	6.4 %	6.3 %	6.4 %

17. Tangible assets

The movement in tangible assets is shown in the following table.

	Land and buildings	Fixtures and fittings	Total tangible assets
ACQUISITION AND MANUFACTURING COSTS			
As at January 1, 2014	48,687	259,427	308,114
Exchange rate changes	415	20	435
Additions from business combinations	0	440	440
Other changes in the scope of consolidation	0	−666	−666
Additions	221	37,720	37,941
Disposals	−22	−27,023	−27,045
Reclassifications	−2,257	2,181	−76
As at December 31, 2014	**47,044**	**272,099**	**319,143**
As at January 1, 2015	47,044	272,099	319,143
Exchange rate changes	2,350	−1,383	967
Additions from business combinations	0	128	128
Other changes in the scope of consolidation	0	47	47
Additions	0	25,626	25,626
Disposals	−14,123	−17,976	−32,099
Reclassification as assets held for sale	0	−4,470	−4,470
Reclassifications	−124	−55	−179
As at December 31, 2015	**35,147**	**274,016**	**309,163**
CUMULATIVE DEPRECIATION			
As at January 1, 2014	21,374	183,142	204,516
Exchange rate changes	217	−529	−312
Additions from business combinations	0	406	406
Other changes in the scope of consolidation	0	−650	−650
Additions	1,098	23,891	24,989
Disposals	−22	−26,667	−26,689
Impairments	0	1,109	1,109
Reversal of impairments	0	−36	−36
Reclassifications	−2,080	2,031	−49
As at December 31, 2014	**20,587**	**182,697**	**203,284**
As at January 1, 2015	20,587	182,697	203,284
Exchange rate changes	1,167	1,240	2,407
Additions from business combinations	0	51	51
Other changes in the scope of consolidation	0	23	23
Additions	726	25,651	26,377
Disposals	−7,601	−17,334	−24,935
Impairments	229	714	943
Reversal of impairments	0	0	0
Reclassification as assets held for sale	0	−4,062	−4,062
Reclassifications	0	−166	−166
As at December 31, 2015	**15,108**	**188,814**	**203,922**
CARRYING VALUES			
As at January 1, 2014	27,313	76,285	103,598
As at December 31, 2014	**26,457**	**89,402**	**115,859**
As at January 1, 2015	26,457	89,402	115,859
As at December 31, 2015	**20,039**	**85,202**	**105,241**

17.1 LEASING

The GfK Group is the lessee of office space and business equipment within the scope of long-term lease agreements. The lease installments generally consist of a minimum lease payment plus a contingent lease payment, the amount of which is dependent on the scope of use of the leased asset. In cases in which the GfK Group takes over the risks and opportunities from the use of the leased asset to a substantial extent, they are capitalized (finance lease). Otherwise, the lease installments are recorded as an expense (operating lease).

Operating lease

Within the scope of operating lease agreements, the payments listed in the following table were carried as expenses:

	2014	2015
Minimum lease payments	49,260	49,744
Contingent lease payments	93	110
Less sub-lease payments received	−471	−548
Lease payments	**48,882**	**49,306**

Future minimum lease payments under non-terminable agreements were due as follows:

	Dec. 31, 2014	Dec. 31, 2015
Within 1 year	40,437	46,996
Between 1 and 5 years	99,414	107,091
After more than 5 years	55,513	53,098
Future minimum lease payments from operating leases	**195,364**	**207,185**

The significant operating lease agreements in the GfK Group are land and building lease agreements, some with the option to extend the lease. They expire at different dates in the future.

Finance lease

The carrying values of assets leased and capitalized as part of finance lease agreements stood at € 257 thousand as at December 31, 2015 (2014: € 320 thousand), and mainly related to fixtures and fittings.

The present value and dates on which future minimum lease payments are due were determined as shown in the tables below.

	Dec. 31, 2014		
Payable	Minimum lease payments	Less interest	**Present value of minimum lease payments**
Within 1 year	178	9	169
Between 1 and 5 years	21	2	19
After more than 5 years	0	0	0
Future minimum lease payments	**199**	**11**	**188**

	Dec. 31, 2015		
Payable	Minimum lease payments	Less interest	**Present value of minimum lease payments**
Within 1 year	41	9	32
Between 1 and 5 years	87	21	66
After more than 5 years	0	0	0
Future minimum lease payments	**128**	**30**	**98**

During the year under review, there were no contingent lease installments to be recognized as expenses. There are no sub-lease arrangements under finance lease agreements.

Finance lease liabilities amounted to € 98 thousand (2014: € 188 thousand), of which € 32 thousand (2014: € 169 thousand) have a remaining term of less than one year.

18. Financial assets

18.1 INVESTMENTS IN ASSOCIATES

The GfK Group's investments in associates are shown in the list of shareholdings in Section 41 of these Notes, where is also stated which associated companies are not subject to at-equity valuation for reasons of materiality.

The 25 percent share in NPD Intelect, L.L.C., Port Washington, New York, USA, which was classified as material in the previous year, was sold on November 23, 2015, when the cross-shareholding with The NPD Group, Inc., USA, was terminated. In this connection, the shareholdings in non-material associates Oz Toys Marketing Services Pty. Ltd., Sydney, Australia, and Sports Tracking Europe B.V., Amstelveen, Netherlands, were also sold. Details about this transaction are provided in Section 25.4 "Equity change statement".

During the period under review, NPD Intelect did not distribute any dividends to the parent company, GfK US Holdings, Inc., Wilmington, Delaware, USA (2014: € 6,098 thousand).

The income amounting to € 11,219 thousand from the sale is included in other operating income.

The GfK Group holds shares in various non-material associates.

The table below provides the aggregated financial information of all non-material associates valued at equity:

	2014	2015
Pro rata carrying value as at December 31	3,096	651
Pro rata total income for the peroid	782	–4,310

The interest in non-material USEEDS GmbH, Berlin, Germany, was reclassified as an asset held for sale with a carrying value of € 2,595 thousand, because the process of selling the shares had started as at the reporting date.

The pro rata carrying value and pro rata income for the period include impairments amounting to € 2,168 thousand (2014: € 0 thousand).

The pro rata total income indicated in the table above does not include any unreported shares of losses on non-material associates valued at equity. For the current year, these shares of losses amount to € 348 thousand (2014: € 2,798 thousand). The accumulated loss shares amount to € 348 thousand (2014: € 5,745 thousand).

Disclosures on associates, which are not valued at equity, and two joint operations in the GfK Group were waived for reasons of materiality.

18.2 OTHER FINANCIAL ASSETS

The breakdown of other financial assets is provided in the following table.

	Dec. 31, 2014	Dec. 31, 2015
Shares in affiliated companies	4,734	2,930
Other participations	915	970
Loans to affiliated companies	2,020	1,001
Loans to associates	690	156
Other loans	313	551
Other available-for-sale securities	306	2
Long-term fixed deposits	10	3
Other financial assets	**8,988**	**5,613**

The shares in affiliated, non-consolidated companies and other participations are classified as available for sale and reported at amortized cost, as no market prices exist for them, other methods of realistically estimating the fair value are not practicable, and determining the market value reliably would only be possible as part of concrete acquisition negotiations. A sale of the shares is not currently intended.

Further information on the GfK Group shares in affiliated companies and other participations is provided in the list of shareholdings in Section 41 of these Notes.

19. Other assets and deferred items

The breakdown of non-current and current other assets and deferred items by financial and non-financial other assets and deferred items is shown in the following table.

	Dec. 31, 2014	Dec. 31, 2015
Financial non-current other assets and deferred items	4,757	10,985
Non-financial non-current other assets and deferred items	9,281	9,844
Non-current other assets and deferred items	**14,038**	**20,829**
Financial current other assets and deferred items	10,560	14,228
Non-financial current other assets and deferred items	29,290	24,134
Current other assets and deferred items	**39,850**	**38,362**

Financial other assets and deferred items are as follows:

	Dec. 31, 2014	Dec. 31, 2015
Financial non-current other assets and deferred items with a remaining term of more than 1 year		
Non-derivatives:		
Assets from the sale of real estate	0	3,761
Deposits	2,800	3,405
Interest receivables	359	364
Receivables from suppliers	25	25
Credit balances, refund claims	11	7
Remaining financial non-current other assets and deferred items	33	179
Subtotal: non-derivatives	**3,228**	**7,741**
Derivatives:		
Derivative financial instruments not used as hedges	1,529	3,226
Derivative financial instruments used as hedges	0	18
Subtotal: derivatives	**1,529**	**3,244**
Financial non-current other assets and deferred items	**4,757**	**10,985**
Financial current other assets and deferred items with a remaining term of up to 1 year		
Non-derivatives:		
Receivables from suppliers	2,028	2,908
Deposits	2,978	2,514
Credit balances, refund claims	2,236	2,340
Receivables from customers	174	924
Interest receivables	185	842
Bills receivables	617	588
Remaining financial current other assets and deferred items	960	1,242
Subtotal: non-derivatives	**9,178**	**11,358**
Derivatives:		
Derivative financial instruments not used as hedges	1,382	2,663
Derivative financial instruments used as hedges	0	207
Subtotal: derivatives	**1,382**	**2,870**
Financial current other assets and deferred items	10,560	14,228
Total financial other assets and deferred items	**15,317**	**25,213**
of which non-derivatives	12,406	19,099
of which derivatives	2,911	6,114

The assets from the sale of real estate are related to a payment that is not yet due from the sale of real estate by GfK Switzerland AG, Hergiswil, Switzerland.

The movement in valuation allowances on other assets and deferred items is shown in the table below.

VALUATION ALLOWANCES ON OTHER ASSETS AND DEFERRED ITEMS

	2014	2015
As at January 1	**1,952**	**1,489**
Additions	0	0
Releases	0	0
Utilization	−453	−992
Changes in the scope of consolidation and other effects	−10	−50
As at December 31	**1,489**	**447**

Non-financial other assets and deferred items are as follows:

	Dec. 31, 2014	Dec. 31, 2015
Non-financial non-current other assets and deferred items with a remaining term of more than 1 year		
Receivables from tax and other autorities	3,645	4,606
Receivables from income taxes	4,051	3,811
Deferred items	1,307	1,254
Miscellaneous non-financial non-current other assets and deferred items	278	173
Non-financial non-current other assets and deferred items	**9,281**	**9,844**
Non-financial current other assets and deferred items with a remaining term of up to 1 year		
Deferred items	18,586	16,605
Receivables from tax and other autorities	3,990	4,812
Receivables from employees	2,473	1,577
Miscellaneous non-financial current other assets and deferred items	4,241	1,140
Non-financial current other assets and deferred items	**29,290**	**24,134**
Total non-financial other assets and deferred items	**38,571**	**33,978**

20. Trade receivables

The breakdown of trade receivables is as follows:

	Dec. 31, 2014	Dec. 31, 2015
Trade receivables before valuation allowances	**391,944**	**402,134**
Less valuation allowances	−7,250	−5,877
Trade receivables	**384,694**	**396,257**

The movement in valuation allowances on trade receivables is shown in the table below.

VALUATION ALLOWANCES ON TRADE RECEIVABLES

	2014	2015
As at January 1	**8,038**	**7,250**
Additions	2,383	3,138
Releases	−1,557	−2,230
Utilization	−1,918	−2,347
Changes in the scope of consolidation and other effects	304	66
As at December 31	**7,250**	**5,877**

Any addition to valuation allowances is reported in the consolidated income statement under selling and general administrative expenses.

21. Current securities and fixed-term deposits

Current securities and fixed-term deposits amounting to € 1,456 thousand (2014: € 945 thousand) include money market funds amounting to € 1,435 thousand (2014: € 927 thousand).

22. Cash and cash equivalents

The composition of cash and cash equivalents is shown in the following table.

	Dec. 31, 2014	Dec. 31, 2015
Credit balances with banks	80,138	120,724
Cash equivalents and fixed-term deposits with a term of less than 3 months	13,451	9,639
Checks in transit	−832	−1,252
Cash on hand and checks	423	348
Cash and cash equivalents	**93,180**	**129,459**

There are no significant restrictions on the availability of cash and cash equivalents.

23. Assets and liabilities held for sale

The GfK Group plans to sell the market research business in the area of Crop Protection and Animal Health in the first half of 2016. This comprises GfK Kynetec Group Limited, St. Peter Port, Guernsey, UK, GfK Kynetec Limited, London, UK, and GfK Kynetec France SAS, Saint Aubin, France (share deals), as well as a few asset deals. The process of selling these companies and the assets and liabilities within the scope of the asset deals has started. The assets and liabilities included in the above-mentioned share and asset deals therefore fulfill the prerequisites for recognition as held for sale. The business to be sold is assigned to the Consumer Choices sector. The accumulated income in connection with this disposal group, which is included in other reserves, amounted to € 5,180 thousand on December 31, 2015.

GfK Switzerland AG, Hergiswil, Switzerland, planned to sell the Print Center, its previously in-house printing shop, as part of an asset deal in January 2016. The sale was completed on January 18, 2016. The business sold was previously assigned to Other.

The 50 percent shareholding in associate USEEDS GmbH, Berlin, Germany, is to be sold in the first half of 2016. Concrete negotiations with a potential buyer started at the end of 2015. The sale was completed on March 9, 2016. The USEEDS business is assigned to the Consumer Experiences sector.

All assets of the above-mentioned companies and the assets to be sold as part of asset deals are separately listed in the balance sheet item "Assets held for sale". The debt of the disposal group is reported under "Liabilities held for sale". The table below provides a breakdown of these balance sheet items.

Dec. 31, 2015	Sale of Crop Protection and Animal Health business	Sale of Print Center in Switzerland	Sale of USEEDS shares	Total
Assets held for sale				
Goodwill	6,907	0	0	**6,907**
Other intangible assets	15,096	0	0	**15,096**
Shares in associates	0	0	2,595	**2,595**
Other non-current assets	2,459	242	0	**2,701**
Trade receivables	8,966	319	0	**9,285**
Other current assets	2,824	0	0	**2,824**
Assets held for sale	**36,252**	**561**	**2,595**	**39,408**
Liabilities held for sale				
Non-current liabilities	393	354	0	**747**
Trade payables	1,023	116	0	**1,139**
Liabilities on orders in progress	2,591	0	0	**2,591**
Other current liabilities	3,027	70	0	**3,097**
Liabilities held for sale	**7,034**	**540**	**0**	**7,574**

No impairment of non-current assets that were classified as assets held for sale occurred.

24. Due dates of assets

The trade receivables are due for payment as shown in the table below.

	Dec. 31, 2014	Dec. 31, 2015
Trade receivables	**384,694**	**396,257**
from which: neither impaired nor overdue	258,461	278,880
from which: not impaired and overdue as follows		
by up to 30 days	68,764	70,202
by between 31 and 90 days	39,051	33,006
by between 91 and 180 days	10,663	9,186
by between 181 and 360 days	5,624	3,134
by more than 360 days	1,792	1,582
from which: new terms negotiated as otherwise overdue	339	267

In the GfK Group, a considerable portion of the trade receivables is due on the billing date.

With regard to trade receivables with no impairment, there was at the reporting date no indication of circumstances that may negatively affect their value.

Current other assets and deferred items fall due for payment as shown in the table below.

	Dec. 31, 2014	Dec. 31, 2015
Current other assets and deferred items (excluding inventories and receivables from employees)	**37,369**	**36,750**
from which: neither impaired nor overdue	34,580	32,713
from which: not impaired and overdue as follows		
by up to 30 days	1,773	3,436
by between 31 and 90 days	578	430
by between 91 and 180 days	243	3
by between 181 and 360 days	145	16
by more than 360 days	49	152
from which: new terms negotiated as otherwise overdue	1	0

With regard to non-impaired current other assets and deferred items, there was no indication as at the reporting date that the debtors would be unable to fulfill their payment obligations.

25. Equity

25.1 SUBSCRIBED CAPITAL

GfK SE's share capital was unchanged in financial year 2015.

The 36,503,896 no-par shares issued are fully paid in. Each shareholder is entitled to receive dividends on his shares in accordance with the respective profit distribution resolution. Each of these no-par common shares grants one vote at the Annual General Assembly.

25.2 AUTHORIZED CAPITAL

The authorized capital approved by the Annual General Assembly on May 26, 2011, was canceled by resolution of the Annual General Assembly on May 28, 2015, and the Management Board was authorized, with the consent of the Supervisory Board, to increase the share capital of GfK SE against cash and/or contributions in kind on one or more occasions until May 27, 2020, by up to a total amount of € 55,000 thousand, whereby the shareholders' subscription rights may be excluded.

25.3 CONTINGENT CAPITAL

The contingent capital III approved by the Annual General Assembly on May 16, 2012, was canceled by resolution of the Annual General Assembly on May 28, 2015.

Furthermore, the Annual General Assembly resolved on May 28, 2015, to increase the company's contingent capital by up to € 21,000 thousand divided into up to 5,000,000 new no-par bearer shares which carry dividend rights as of the start of the financial year in which they are issued. The new contingent capital is used to grant shares to holders or creditors of options and/or convertible bonds.

The contingent capital of GfK SE totaled € 21,000 thousand as at December 31, 2015.

25.4 EQUITY CHANGE STATEMENT

The equity change statement precedes these Notes.

The positive change in the difference from currency translation of € 66,343 thousand (2014: € 63,030 thousand) resulted mainly from the devaluation of the euro against the U.S. dollar and pound sterling. The values exclude minority interests.

The change in actuarial gains and losses amounting to € –3,066 thousand (2014: € –11,314 thousand) results mainly from the change in the Swiss franc exchange rate as well as from value adjustments based on experience in the context of the valuation of pension obligations arising from defined benefit plans.

Of the amounts reported under other reserves, no material gains or losses were transferred to the income statement in financial year 2015, as was also the case in 2014.

In the reporting year, € 23,728 thousand (2014: € 23,728 thousand) was distributed to shareholders of the GfK SE. This corresponds to € 0.65 (2014: € 0.65) per share.

A total of € 5,411 thousand (2014: € 6,213 thousand) was paid out to minority interests. Total comprehensive income attributable to minority interests amounted to € 1,436 thousand (2014: € 15,181 thousand). This mainly comprises the share of consolidated total income attributable to minority interests amounting to € 3,956 thousand (2014: € 13,519 thousand) as well as the share of the change in the translation reserve attributable to minority interests amounting to € –2,583 thousand (2014: € 1,676 thousand).

The negative change in the share of the translation reserve attributable to minority interests is due to an equity transaction, which is also reflected in changes in ownership interests in subsidiaries without a change of control.

On November 23, 2015, GfK and The NPD Group, Inc., USA, ended their cross- shareholdings and cooperation in the Consumer Choices sector, and entered into a new contractual strategic partnership. The NPD Group previously held participations in the following fully consolidated GfK subsidiaries with the respectively specified percentage:

- GfK Retail and Technology GmbH, Nuremberg, Germany (5.0 percent)
- ENCODEX International GmbH, Nuremberg, Germany (5.0 percent)
- GfK Retail and Technology Argentina S.A., Buenos Aires, Argentina (3.2 percent)
- GfK Marketing Services Japan K.K., Tokyo, Japan (10.8 percent)
- GFK LATINOAMERICA HOLDING, S.L., Valencia, Spain (32.5 percent)
- GfK Retail and Technology Asia Holding B.V., Amsterdam, Netherlands (10.5 percent)

GfK held shareholdings with significant influence in several subsidiaries of the NPD Group, classified from a GfK Group perspective as associated companies, and participated in the profits of certain business activities. The divestiture resulted in the termination of all reciprocal participations.

This transaction led to a decrease in retained earnings of € 22,610 thousand and in the corresponding minority interests of € 34,678 thousand.

25.5 PROPOSED APPROPRIATION OF PROFITS

In accordance with the German Stock Corporation Act (AktG), the dividend that may be distributed is determined by the retained profit reported in the annual financial statements of the parent company GfK SE. These are prepared under the provisions of the German Commercial Code (HGB). The retained earnings and retained profit of GfK SE reported under the provisions of the HGB are available for distribution to the shareholders in their entirety. The capital reserve may not be distributed to shareholders.

A proposal will be made to the Annual General Assembly to distribute a dividend of € 23,728 thousand (€ 0.65 per no-par share) to shareholders out of the retained profit for 2015 of € 49,577 thousand and to transfer € 25,849 thousand to other retained earnings.

26. Provisions

26.1 LONG-TERM PROVISIONS

The breakdown of long-term provisions is shown in the table below:

	Dec. 31, 2014	Dec. 31, 2015
Pension provisons	64,326	66,357
Other long-term provisions	14,990	14,220
Long-term provisions	**79,316**	**80,577**

Pension provisions

Pension commitments are based on statutory or contractual arrangements or are on a voluntary basis. Pension provisioning within the GfK Group is based both on defined contribution plans and defined benefit plans for each company.

For defined contribution plans, which are financed on the basis of external funds or insurance, there are no further obligations for GfK companies other than paying contributions. Expenses for defined contribution plans also include employer contributions to statutory pension plans.

The basis of assessment for contributions to defined contribution plans is mainly the length of service with the company and the wage or salary level of the employee. However, the benefits can vary depending on the legal, fiscal and economic framework conditions of the country concerned. The expenses for defined contribution plans amounted to € 24,294 thousand in 2015 (2014: € 22,770 thousand).

The pension obligations arising from defined benefit plans are reported according to the projected unit credit method. Actuarial reports are produced annually by independent actuaries for defined benefit plans. The actuaries apply actuarial calculations to determine the level of the pension obligations. The provisions to be reported are the balance from the pension obligations, the asset ceilings and the asset values. Determining the present value of defined benefit plans and pension assets is based on economic and demographic assumptions, such as future salary increases and mortality rates.

Discrepancies between the actual values and the values expected on the basis of the assumptions are expressed as actuarial gains or losses (revaluations). Actuarial gains and losses are recognized in other comprehensive income. In the year under review, actuarial losses of € 3,143 thousand (2014: € 14,620 thousand) were posted in this way. This change also comprises the effects of currency translation. The cumulative amount recognized in other reserves in this respect totaled € –40,556 thousand as at December 31, 2015 (2014: € –37,413 thousand). The values indicated represent the relevant figures before deferred taxes and excluding minority interests.

The calculation of obligations is based on the actuarial and statistical assumptions listed in the table below (weighted averages):

	2014	2015
Discount rate	1.67 %	1.51 %
Rate of salery increase	1.78 %	2.25 %
Fluctuation rate	4.80 %	5.03 %
Expected growth in pension	0.74 %	0.65 %

Mortality rates for GfK companies in Germany were taken from the 2005 G guideline tables by Dr. Klaus Heubeck. The mortality rates for Switzerland were taken from the BVG 2010 actuarial table.

The breakdown of pension provision reported in the consolidated balance sheet is shown below:

	Dec. 31, 2014	Dec. 31, 2015
Present value of overall obligations	133,125	137,239
Fair value of the plan assets	–68,834	–70,903
Net present value of obligations	**64,291**	**66,336**
Pension provisions	64,326	66,357
Other assets	–35	–21
Net amount reported on balance sheet	**64,291**	**66,336**

Pension arrangements for major defined benefit plans are outlined in the following:

GfK Switzerland AG, Hergiswil, Switzerland, accounted for € 80,183 thousand (2014: € 74,084 thousand) of the defined benefit obligation and € 70,207 thousand (2014: € 67,998 thousand) of the plan assets. The plan is a modified contribution plan, where benefits for retirement include a guaranteed minimum interest rate and set conversion rates. The benefits covering risks (invalidity and surviving dependents) are defined benefits. They go beyond the statutory minimum benefits in every case. The pension fund has a legal status as a foundation, which is a legal entity in its own right. The foundation is responsible for capital investments and pursues a more conservative investment strategy within prescribed margins.

GfK SE accounted for € 46,985 thousand (2014: € 48,312 thousand) of the defined benefit obligation and € 262 thousand (2014: € 248 thousand) of plan assets. The benefit obligations are largely based on individual commitments to senior executives. The form of these commitments is explained in greater detail in the remuneration report in Section 4.8 of the Group Management Report.

GfK does not see any unusual company or plan-specific risks for either case, or any significant risk concentration arising from these pension plans.

The movement in the defined benefit obligation (DBO) during the period under review is shown in the table below.

	2014	2015
Present value of defined benefit obligation as at January 1	**108,341**	**133,125**
Changes in the scope of consolidation	−34	0
Current service cost	3,410	5,076
Interest cost	3,033	2,291
Participant contributions	1,589	1,592
Actuarial gain and losses from demographic assumptions	−97	−116
Actuarial gain and losses from financial assumptions	20,067	1,750
Actuarial gain and losses from experience-related assumptions	−155	−2,037
Exchange rate changes	1,527	8,334
Benefits paid	−4,549	−10,222
Reclassification into liabilities held for sale	0	−2,544
Past service cost	82	−28
Company mergers	0	194
Plan reductions	−43	−202
Plan settlements	−46	26
Present value of defined benefit obligations as at December 31	**133,125**	**137,239**

The following sensitivity analysis helps to approximately quantify the risk that can arise under certain assumed conditions if specific parameters change. The table gives an overview of how a change in the relevant actuarial assumptions would affect the present value of the defined benefit obligation while all other factors remain constant. The table below is based on the present value of the defined benefit obligation without taking account of the reclassification into liabilities held for sale.

	2014	2015
Present value of defined benefit obligations as at December 31	**133,125**	**139,783**
Present value of defined benefit obligations, if		
the discount rate was		
0.5 percentage points higher	124,094	131,295
0.5 percentage points lower	142,896	149,460
the salary increase rate was		
0.1 percentage points higher	133,350	139,964
0.1 percentage points lower	132,898	139,602
the pension increase rate was		
0.1 percentage points higher	134,555	140,804
0.1 percentage points lower	132,233	138,772

The table below shows the development of plan assets:

	2014	2015
Fair value of plan assets as at January 1	**58,975**	**68,834**
Expected return on plan assets	1,454	869
Actuarial gains and losses	5,455	-1,320
Exchange rate changes	1,289	7,554
Employer contributions	2,592	2,693
Participant contributions	1,589	1,592
Benefits paid	−2,520	−7,239
Reclassification into liabilities held for sale	0	−2,080
Fair value of the plan assets as at December 31	**68,834**	**70,903**

The exchange rate changes shown in the tables mainly reflect the appreciation of the Swiss franc.

In the next two tables, the fair value of the plan assets is split into various asset classes that distinguish the nature and risks of those assets. There is a further split into assets for which there is a quoted market price in an active market and assets for which this is not the case.

	2014		
	Market price in an active market	No market price in an active market	Total
Cash and cash equivalents	680	0	680
Equity instruments	19,719	0	19,719
Debt instruments	27,199	0	27,199
Real estate	3,400	11,560	14,960
Investment funds	248	0	248
Insurance contracts	0	259	259
Miscellaneous	5,440	329	5,769
Fair value of the plan assets as at December 31	**56,686**	**12,148**	**68,834**

	2015		
	Market price in an active market	No market price in an active market	Total
Cash and cash equivalents	702	0	702
Equity instruments	20,360	0	20,360
Debt instruments	28,083	0	28,083
Real estate	3,510	11,935	15,445
Investment funds	262	0	262
Insurance contracts	0	42	42
Miscellaneous	5,617	392	6,009
Fair value of the plan assets as at December 31	**58,534**	**12,369**	**70,903**

The actual results from the plan assets amounted to € −391 thousand (2014: € 6,910 thousand) in the year under review.

According to GfK estimates, contributions of around € 2,526 thousand will be payable into pension plans for Germany and Switzerland over the coming year (2014: € 2,300 thousand). GfK expects pension payments of € 3,758 thousand (2014: € 3,357 thousand) for the year thereafter. The weighted duration of the defined benefit obligation is 14 years (2014: 15 years).

The amounts reported in the consolidated income statement break down as shown in the table below:

	2014	2015
Service cost	3,410	5,076
Interest cost	3,032	2,291
Expected return on plan assets	−1,454	−869
Past service costs	82	−28
Gains and losses from the curtailment or discontinuation of pension plans	−89	−176
Interest cost from asset ceiling	2	0
Pension expenses	**4,983**	**6,294**

Long-term other provisions

The development of long-term other provisions in the period under review is shown in the table below:

	Personnel	Potential contractual losses	Authorities and insurances companies	Legal, consulting and lawsuits	Other	Total
As at January 1, 2015	9,123	1,855	3,164	762	86	14,990
Currency effects	68	201	−574	49	8	−248
Write-ups to discounted provisions	0	63	0	20	0	83
Additions	4,115	907	220	58	1	5,301
Reclassification	−2,424	−1,111	0	−470	0	−4,005
Utilization	−1,049	0	−372	−144	0	−1,565
Release	−304	0	−31	0	−1	−336
As at December 31, 2015	**9,529**	**1,915**	**2,407**	**275**	**94**	**14,220**

Personnel provisions mainly relate to long-term incentive programs of € 5,235 thousand (2014: € 4,053 thousand). They also include commitments relating to employees leaving and from provisions for anniversary expenses based on contractual agreements.

Provisions relating to authorities and insurance companies consist mainly of commitments to social insurance providers.

26.2 SHORT-TERM PROVISIONS

The development of short-term provisions in the year under review is shown in the table below:

	Personnel	Potential contractual losses	Authorities and insurances companies	Legal, consulting and lawsuits	Other	Total
As at January 1, 2015	9,994	1,727	9,311	15,122	488	36,642
Currency effects	−81	111	−450	−959	−3	−1,382
Additions	2,767	315	1,526	1,235	720	6,563
Reclassification	2,424	1,111	0	470	0	4,005
Utilization	−7,416	−1,818	−4,247	−12,661	−447	−26,589
Release	−798	−7	−308	−866	−2	−1,981
As at December 31, 2015	**6,890**	**1,439**	**5,832**	**2,341**	**756**	**17,258**

Short-term provisions include a reserve of € 3,246 thousand (2014: € 19,910 thousand) for anticipated payments in connection with irregularities at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey. This reserve is divided into the categories of "Legal, consulting and lawsuits" as well as "Authorities and insurance companies".

Personnel provisions mainly relate to long-term incentive programs of € 3,792 thousand (2014: € 3,334 thousand). They also include commitments relating to employees leaving and from provisions for anniversary expenses based on contractual agreements.

27. Interest-bearing financial liabilities

The breakdown of financial liabilities is shown in the tables below.

Dec. 31, 2014		Remaining term			
	Total	Up to 1 year	More than 1 year	Of which between 1 and 5 years	Of which more than 5 years
Amounts due to banks	**188,278**	39,287	148,991	24,339	124,652
Liabilities under finance lease	**188**	168	20	20	0
Liabilities from bond	**199,348**	0	199,348	199,348	0
Other financial liabilities	**35,129**	24,273	10,856	10,804	52
Interest-bearing financial liabilities	**422,943**	**63,728**	**359,215**	**234,511**	**124,704**

Dec. 31, 2015		Remaining term			
	Total	Up to 1 year	More than 1 year	Of which between 1 and 5 years	Of which more than 5 years
Amounts due to banks	**250,086**	1,136	248,950	188,996	59,954
Liabilities under finance lease	**98**	32	66	66	0
Liabilities from bond	**185,970**	185,970	0	0	0
Other financial liabilities	**28,377**	21,031	7,346	7,293	53
Interest-bearing financial liabilities	**464,531**	**208,169**	**256,362**	**196,355**	**60,007**

The amounts due to banks with a remaining term of more than five years relate to a € 60 million loan note, of which € 25 million is due in 2022 and € 35 million in 2023.

In March 2015, GfK SE canceled a variable note loan of € 40 million and simultaneously increased it at better conditions to € 90 million with terms of three and five years. As a result, the volume in the remaining term of more than one year increased to € 249 million.

The five-year bond with a carrying value of € 185,970 thousand (2014: € 199,348 thousand) has a remaining term of less than one year and a fixed interest rate of 5.0 percent. It was placed by GfK SE in April 2011. In May 2015, part of the bond with a nominal volume of € 13,883 thousand was bought back. To fully refinance the maturing bond, GfK SE has already concluded several bilateral forward bank loans amounting to € 70 million and note loans of € 130 million with terms of between 3 and 12 years. These funding instruments will be disbursed in February and March 2016 and are therefore not yet included in the financial liabilities.

In addition, other financial liabilities include loan liabilities amounting to € 21,395 thousand (2014: € 20,405 thousand). Other financial liabilities also comprise purchase price liabilities which depend on future events (put options and obligations from earn-out agreements) for the acquisition of participations amounting to € 6,908 thousand (2014: € 14,589 thousand).

As at December 31, 2015, the weighted average interest rate for the amounts due to banks was 1.86 percent after interest rate hedging (2014: 2.80 percent).

The financial liabilities become due in the next five years and thereafter, as shown in the table below.

	Dec. 31, 2014	Dec. 31, 2015
Within 1 year[1)]	63,728	208,169
1 to 2 years	202,055	5,510
2 to 3 years	6,920	43,379
3 to 4 years	141	40,491
4 to 5 years	25,395	106,975
More than 5 years	124,704	60,007
Interest-bearing financial liabilities	**422,943**	**464,531**

1) Includes current account liabilities payable on demand in the context of credit lines

As in the previous year, no collateral is in place for amounts due to banks and liabilities under leases of € 250,184 thousand (2014: € 188,466 thousand).

28. Other liabilities and deferred items

The non-current and current items relating to other liabilities and deferred items are divided into financial and non-financial other liabilities and deferred items as follows:

	Dec. 31, 2014	Dec. 31, 2015
Financial non-current other liabilities and deferred items	3,609	10,016
Non-financial non-current other liabilities and deferred items	6,148	7,403
Non-current other liabilities and deferred items	**9,757**	**17,419**
Financial current other liabilities and deferred items	58,218	50,241
Non-financial current other liabilities and deferred items	116,120	126,394
Current other liabilities and deferred items	**174,338**	**176,635**

The breakdown of the item "Financial other liabilities and deferred items" is as follows:

	Dec. 31, 2014	Dec. 31, 2015
Financial non-current other liabilities and deferred items with a remaining term of more than 1 year		
Non-derivatives:		
Liabilities relating to rent	1,105	5,867
Financial other liabilities from operating activities	1,662	1,720
Liabilities related to sale of real estate	0	1,431
Liabilities from compensation claims, legal liabilities and penalties	797	646
Liabilities to related parties	13	10
Interest liabilities	24	0
Subtotal non-derivatives	**3,601**	**9,674**
Derivatives:		
Derivative financial instruments (not used as hedges)	0	170
Derivative financial instruments (used as hedges)	8	172
Subtotal derivatives	**8**	**342**
Financial non-current other liabilities and deferred items	**3,609**	**10,016**
Financial current other liabilities and deferred items with a remaining term of up to 1 year		
Non-derivatives:		
Financial other liabilities from operating activities	28,566	27,330
Interest liabilities	10,433	10,087
Financial other liabilities from non-operating activities	7,445	8,217
Liabilities relating to rent	5,355	3,210
Liabilities to related parties	2,202	224
Liabilities from compensation claims, legal liability and penalties	2,915	35
Miscellaneous financial current other liabilities and deferred items	222	70
Subtotal non-derivatives	**57,138**	**49,173**
Derivatives:		
Derivative financial instruments (not used as hedges)	984	1,068
Derivative financial instruments (used as hedges)	96	0
Subtotal derivatives	**1,080**	**1,068**
Financial current other liabilities and deferred items	**58,218**	**50,241**
TOTAL: FINANCIAL OTHER LIABILITIES AND DEFERRED ITEMS	**61,827**	**60,257**
of which non-derivatives	60,739	58,847
of which derivatives	1,088	1,410

Financial current other liabilities from operating business mainly comprise amounts owed to households and respondents (€ 10,904 thousand; 2014: € 11,657 thousand), clients (€ 5,164 thousand; 2014: € 4,163 thousand), interviewers (€ 3,488 thousand; 2014: € 4,992 thousand) and suppliers (€ 3,312 thousand; 2014: € 3,450 thousand).

Financial current other liabilities from non-operating business primarily include liabilities for external year-end closing costs (€ 2,933 thousand; 2014: € 3,087 thousand) as well as legal and consultancy costs (€ 2,776 thousand; 2014: € 1,721 thousand).

Financial other liabilities to other related parties exist particularly towards minority shareholders of GfK subsidiaries.

The breakdown of the item "Non-financial other liabilities and deferred items" is as follows:

	Dec. 31, 2014	Dec. 31, 2015
Non-financial non-current other liabilities and deferred items with a remaining term of more than 1 year		
Deferred items	3,875	4,253
Liabilities to employees	2,164	3,122
Miscellaneous non-financial non-current other liabilities and deferred items	109	28
Non-financial non-current other liabilities and deferred items	**6,148**	**7,403**
Non-financial current other liabilities and deferred items with a remaining term of up to 1 year		
Liabilities to employees	83,148	95,777
Liabilities from other taxes	31,941	28,988
Miscellaneous non-financial current other liabilities and deferred items	1,031	1,629
Non-financial current other liabilities and deferred items	**116,120**	**126,394**
TOTAL NON-FINANCIAL OTHER LIABILITIES AND DEFERRED ITEMS	**122,268**	**133,797**

Non-financial current liabilities due to employees mainly comprise liabilities for the payment of bonuses (€ 48,826 thousand; 2014: € 43,363 thousand) as well as liabilities arising from social security (€ 13,348 thousand; 2014: € 12,135 thousand) and vacation entitlements (€ 13,072 thousand; 2014: € 12,213 thousand).

29. Financial instruments

The tables on pages 146 to 149 list the carrying values, recognition and measurement in the balance sheet and fair values of all financial instruments held by the GfK Group, in accordance with the valuation categories of IAS 39.

In the following, the financial assets and financial liabilities reported at fair value as at the reporting date are defined according to the importance of the input parameters required for valuation. For this purpose, their carrying values are divided into three levels: values observable in active markets (level 1); observable input parameters which contribute to establishing the fair value on the basis of a valuation model (level 2), and input parameters not based on observable market data (level 3).

The valuation model used to calculate the fair value of financial instruments valued at amortized cost takes into account the present value of contractually agreed payments, discounted using an observable, risk-adjusted discount rate (level 2).

	Dec. 31, 2014	Level 1	Level 2	Level 3
Financial assets valued at fair value				
Derivative financial instruments not used as hedges	2,911	0	2,911	0
Derivative financial instruments used as hedges	0	0	0	0
Financial liabilities valued at fair value				
Derivative financial instruments not used as hedges	−984	0	−984	0
Derivative financial instruments used as hedges	−104	0	−104	0
Purchase price components dependent on future events	−7,182	0	0	−7,182
Total	**−5,359**	**0**	**1,823**	**−7,182**

	Dec. 31, 2015	Level 1	Level 2	Level 3
Financial assets valued at fair value				
Derivative financial instruments not used as hedges	5,889	0	5,889	0
Derivative financial instruments used as hedges	225	0	225	0
Financial liabilities valued at fair value				
Derivative financial instruments not used as hedges	−1,238	0	−1,238	0
Derivative financial instruments used as hedges	−172	0	−172	0
Purchase price components dependent on future events	1,222	0	0	1,222
Total	**5,926**	**0**	**4,704**	**1,222**

As in the previous year, no material valuation results were recognized in other comprehensive income in financial year 2015 as part of recognizing changes in the value of financial instruments in the available-for-sale category.

Interest income from financial assets or liabilities recognized directly in equity at fair value, which is calculated using the effective interest rate method, amounted to € 2,174 thousand (2014: € 2,063 thousand). The corresponding interest expenses amounted to € 17,961 thousand (2014: € 20,712 thousand).

The purchase price components, which depend on future events, reflect put options and earn-out agreements concluded after December 31, 2009. They are valued as at the reporting date on the basis of market interest rates that are appropriate for the relevant term. As at December 31, 2015, this figure stood at € 1,222 thousand (2014: € 7,182 thousand). During the year under review, € 1,205 thousand (2014: € 2,052 thousand) had been added; € 4,346 thousand (2014: € 1,857 thousand) had been paid. The revaluation of liabilities at the year-end resulted in earnings of € 3,164 thousand (2014: € 550 thousand) which were credited to other financial income. In contrast, expenses from currency changes and compound interest amounted to € 345 thousand (2014: € 476 thousand). No change in value was recognized in other comprehensive income.

The estimated fair value of liabilities from these earn-out agreements would increase and the financial result would decrease if future sales and future EBIT from the companies acquired turned out to be higher and the risk-adjusted discount rate lower. A parallel rise in the interest rate and simultaneous reduction in sales and EBIT would lead to a reduction in the fair value of these liabilities and to an increase in the financial result.

	IAS 39 valuation category	Carrying value as at Dec. 31, 2014
ASSETS		
Other financial investments		
Investments in affiliated companies	Financial assets available-for-sale	4,734
Other participations	Financial assets available-for-sale	915
Loans to affiliated companies	Loans and receivables	2,019
Loans to associates	Loans and receivables	690
Other loans	Loans and receivables	313
Other available-for-sale securities	Financial assets available-for-sale	306
Non-current fixed-term deposits	Loans and receivables	10
Trade receivables	Loans and receivables	384,694
Current securities and fixed-term deposits	Loans and receivables	945
Financial other assets and deferred items		
Deposits	Loans and receivables	5,778
Receivables from suppliers	Loans and receivables	2,053
Receivables from customers	Loans and receivables	174
Receivables from share and asset deals	Loans and receivables	2
Credit balances, refund claims	Loans and receivables	2,247
Bills receivable	Loans and receivables	617
Interest receivables	Loans and receivables	544
Derivative financial instruments (with hedging)	–	0
Derivative financial instruments (without hedging)	Financial assets at fair value through profit and loss	2,911
Miscellaneaous financial other assets and deferred items	Loans and receivables	991
Cash and cash equivalents	–	93,180
LIABILITIES		
Interest-bearing financial liabilities		
Amounts due to banks	Financial liabilities valued at amortized cost	188,278
Liabilities from finance lease	–	188
Other financial liabilities	Financial liabilities valued at amortized cost	227,295
	Financial liabilities at fair value through profit and loss	7,182
Trade payables	Financial liabilities valued at amortized cost	95,534
Financial other liabilities and deferred items		
Financial other liabilities from operational business	Financial liabilities valued at amortized cost	30,229
Financial other liabilities from non-operational business	Financial liabilities valued at amortized cost	7,445
Liabilities from leasing	Financial liabilities valued at amortized cost	6,460
Liabilities to other related parties	Financial liabilities valued at amortized cost	2,215
Interest liabilities	Financial liabilities valued at amortized cost	10,458
Liabilities from compensation claims, legal liabilities and penalties	Financial liabilities valued at amortized cost	3,712
Liabilities from the sale of real estate	Financial liabilities valued at amortized cost	0
Derivative financial instruments (with hedging)	–	104
Derivative financial instruments (without hedging)	Financial liabilities at fair value through profit and loss	984
Miscellaneaous financial other liabilities and deferred items	Financial liabilities valued at amortized cost	221
Thereof aggregated under IAS 39 valuation categories		
Loans and receivables		401,077
Financial assets available-for-sale		5,955
Financial assets at fair value through profit and loss		2,911
Financial liabilities valued at amortized cost		571,847
Financial liabilities at fair value through profit and loss		8,166

	Value stated in the balance sheet in accordance with IAS 39				Value stated in the balance sheet in accordance with IAS 17	Fair value as at Dec. 31, 2014
	Amortized costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit and loss		
		4,734				4,734
		915				915
	2,019					2,019
	690					690
	313					313
			306			306
	10					10
	384,694					384,694
	945					945
	5,778					5,778
	2,053					2,053
	174					174
	2					2
	2,247					2,247
	617					617
	544					544
			0			0
				2,911		2,911
	991					991
	93,180					93,180
	188,278					201,037
					188	188
	227,295					245,358
				7,182		7,182
	95,534					95,534
	30,229					30,229
	7,445					7,445
	6,460					6,460
	2,215					2,215
	10,458					10,458
	3,712					3,712
	0					0
			104			104
				984		984
	221					221
						401,077
						5,955
						2,911
						602,669
						8,166

	IAS 39 valuation category	Carrying value as at Dec. 31, 2015
ASSETS		
Other financial investments		
Investments in affiliated companies	Financial assets available-for-sale	2,930
Other participations	Financial assets available-for-sale	970
Loans to affiliated companies	Loans and receivables	1,001
Loans to associates	Loans and receivables	156
Other loans	Loans and receivables	551
Other available-for-sale securities	Financial assets available-for-sale	2
Non-current fixed-term deposits	Loans and receivables	3
Trade receivables	Loans and receivables	396,257
Current securities and fixed-term deposits	Loans and receivables	1,456
Financial other assets and deferred items		
Deposits	Loans and receivables	5,919
Receivables from suppliers	Loans and receivables	2,933
Receivables from customers	Loans and receivables	924
Receivables from the sale of real estate	Loans and receivables	3,761
Credit balances, refund claims	Loans and receivables	2,347
Bills receivable	Loans and receivables	588
Interest receivables	Loans and receivables	1,207
Derivative financial instruments (with hedging)	–	225
Derivative financial instruments (without hedging)	Financial assets at fair value through profit and loss	5,889
Miscellaneaous financial other assets and deferred items	Loans and receivables	1,421
Cash and cash equivalents	–	129,459
LIABILITIES		
Interest-bearing financial liabilities		
Amounts due to banks	Financial liabilities valued at amortized cost	250,086
Liabilities from finance lease	–	98
Other financial liabilities	Financial liabilities valued at amortized cost	213,125
	Financial liabilities at fair value through profit and loss	1,222
Trade payables	Financial liabilities valued at amortized cost	90,864
Financial other liabilities and deferred items		
Financial other liabilities from operational business	Financial liabilities valued at amortized cost	29,050
Financial other liabilities from non-operational business	Financial liabilities valued at amortized cost	8,217
Liabilities from leasing	Financial liabilities valued at amortized cost	9,077
Liabilities to other related parties	Financial liabilities valued at amortized cost	234
Interest liabilities	Financial liabilities valued at amortized cost	10,087
Liabilities from compensation claims, legal liabilities and penalties	Financial liabilities valued at amortized cost	681
Liabilities from the sale of real estate	Financial liabilities valued at amortized cost	1,431
Derivative financial instruments (with hedging)	–	172
Derivative financial instruments (without hedging)	Financial liabilities at fair value through profit and loss	1,238
Miscellaneaous financial other liabilities and deferred items	Financial liabilities valued at amortized cost	70
Thereof aggregated under IAS 39 valuation categories		
Loans and receivables		418,524
Financial assets available-for-sale		3,902
Financial assets at fair value through profit and loss		5,889
Financial liabilities valued at amortized cost		612,922
Financial liabilities at fair value through profit and loss		2,460

	Value stated in the balance sheet in accordance with IAS 39				Value stated in the balance sheet in accordance with IAS 17	Fair value as at Dec. 31, 2015
	Amortized costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit and loss		
		2,930				2,930
		970				970
	1,001					1,001
	156					156
	551					551
			2			2
	3					3
	396,257					396,257
	1,456					1,456
	5,919					5,919
	2,933					2,933
	924					924
	3,761					3,761
	2,347					2,347
	588					588
	1,207					1,207
			225			225
				5,889		5,889
	1,421					1,421
	129,459					129,459
	250,086					264,399
					98	98
	213,125					221,968
				1,222		1,222
	90,864					90,864
	29,050					29,050
	8,217					8,217
	9,077					9,077
	234					234
	10,087					10,087
	681					681
	1,431					1,431
			172			172
				1,238		1,238
	70					70
						418,524
						3,902
						5,889
						636,078
						2,460

30. Risk management relating to market, credit and liquidity risks

As a result of using financial instruments, the GfK Group is exposed to market risks, credit risks and liquidity risks.

30.1 MARKET RISKS

Market risks arise from potential changes in risk factors that result in a decrease in the market value of the transactions affected by these risk factors. For the GfK Group, exchange rate risks and, to a lesser extent, interest rate change risks are particularly relevant.

Exchange rate risks

Exchange rate risks can arise in the GfK Group from transactions conducted in a currency other than the respective functional currency. The main currencies are shown in € thousand in the tables below.

Dec. 31, 2014	EUR	USD	GBP	CHF	SGD	JPY
Loans	11,576	237,611	91,789	0	0	0
Trade receivables	24,256	26,706	2,512	316	1,504	965
Cash and cash equivalents	4,300	3,755	3,322	123	0	0
Interest-bearing financial liabilities	−5,386	−242,101	0	0	−27,380	−27,383
Trade payables	−24,652	−18,402	−10,155	−2,528	−3,248	−1,181
Liabilities on orders in progress	−469	−4,424	−40	0	−50	0
Derivative financial instruments	−2,149	8,808	−4,095	−668	24,078	25,062
Net exposure	**7,476**	**11,953**	**83,333**	**−2,757**	**−5,096**	**−3,537**

Dec. 31, 2015	EUR	USD	GBP	CHF	SGD	JPY
Loans	2,407	268,672	96,818	0	0	0
Trade receivables	27,488	25,648	2,506	436	4,406	377
Cash and cash equivalents	5,393	6,060	4,948	76	0	0
Interest-bearing financial liabilities	−2,403	−270,175	0	0	−13,576	−31,963
Trade payables	−29,805	−22,501	−12,766	−3,503	−4,495	−839
Liabilities on orders in progress	−149	−2,766	−12	0	−84	−82
Derivative financial instruments	0	−2,731	−42,892	80	10,270	28,748
Net exposure	**2,931**	**2,207**	**48,602**	**−2,911**	**−3,479**	**−3,759**

Up until December 31, 2014, the loans in pound sterling and the substantial net exposure associated therewith relate to a net investment in a foreign operation. Resulting value changes were recognized in other comprehensive income until the end of 2014. Due to a new assessment regarding repayability of the loan, since January 1, 2015, all value changes have been recognized in other financial income.

The exchange rates of the most important currencies to the euro are shown in Section 3, "Accounting policies".

The sensitivity analysis approximately quantifies the risk that can arise under certain assumed conditions if specific parameters change. The table below shows how equity and net income are affected by a simultaneous parallel appreciation of all foreign currencies of 10 percent against the euro while all other factors remain constant.

	Dec. 31, 2014			Dec. 31, 2015		
	Equity	Income statement	Overall impact	Equity	Income statement	Overall impact
EUR	0	−1,090	−1,090	0	−266	−266
USD	−450	1,540	1,090	−456	−425	−881
GBP	8,542	−155	8,387	−189	5,669	5,480
CHF	−60	−214	−274	0	−291	−291
SGD	−102	−595	−697	−136	−212	−348
JPY	−54	−295	−349	0	−376	−376
Total	**7,876**	**−809**	**7,067**	**−781**	**4,099**	**3,318**

The impact of exchange rate fluctuations is concentrated on the U.S. dollar and pound sterling.

Interest rate risks

Interest rate risks can impact on variable-rate financial instruments and on fixed-rate financial instruments not valued at amortized cost.

Market value changes in fixed-rate financial assets and liabilities are not recognized in the income statement. Furthermore, there are no interest rate derivatives allocated to fixed-rate instruments as fair value hedging under IAS 39 and disclosed under fair value hedge accounting. A change in interest rates on the reporting date therefore has no impact on the consolidated income statement or the equity as these items are measured at amortized cost.

The tables below provide an overview of variable-rate financial instruments:

		Remaining term		
Dec. 31, 2014	**Total amount**	**Up to 1 year**	**1 to 5 years**	**More than 5 years**
Loans	2,901	1,364	1,537	0
Financial liabilities	−43,885	−4,011	0	−39,874
Liabilities to related parties	−19,913	−19,913	0	0
Derivatives	12,402	4,000	8,402	0
Net exposure	**−48,495**	**−18,560**	**9,939**	**−39,874**

		Remaining term		
Dec. 31, 2015	**Total amount**	**Up to 1 year**	**1 to 5 years**	**More than 5 years**
Loans	528	336	192	0
Financial liabilities	−78,393	−1,069	−52,359	−24,965
Liabilities to related parties	−20,851	−20,851	0	0
Derivatives	21,276	2,092	19,184	0
Net exposure	**−77,440**	**−19,492**	**−32,983**	**−24,965**

The effects before tax on the equity and the consolidated income statement of a change in interest rates for variable-rate financial instruments of 100 basis points on the reporting date are shown in the tables below. The minimum interest rate applied to take account of changes in interest rates was 0.0 percent. This analysis assumes that all other variables, especially exchange rates, remain constant.

The column headed "Equity" only shows the impact of changes that are recognized directly in other comprehensive income. Changes that would have an impact on the consolidated income statement are not included in the column headed "Equity".

	Dec. 31, 2014			
	Equity		**Income statement**	
Interest rate change in percentage points	+1	−1	+1	−1
Variable-rate instruments	0	0	392	55
Interest rate swaps	0	0	89	−21
Cash flow sensitivity	**0**	**0**	**481**	**34**

	Dec. 31, 2015			
	Equity		**Income statement**	
Interest rate change in percentage points	+1	−1	+1	−1
Variable-rate instruments	0	0	564	−112
Interest rate swaps	445	−12	147	−142
Cash flow sensitivity	**445**	**−12**	**711**	**−254**

In June 2015, GfK SE raised a variable-rate loan amounting to € 15,000 thousand, which was hedged in full by means of an interest rate swap with the same nominal volume. The application of hedge accounting means that changes in the market value of this interest rate swap are recognized in equity.

Derivative financial instruments

The GfK Group uses derivative financial instruments to hedge against exchange rate and interest rate risks. If the prerequisites for hedge accounting are met, derivative financial instruments are reported as part of cash flow hedges.

	Dec. 31, 2014		**Dec. 31, 2015**	
Derivative financial instruments	**Carrying value**	**Nominal value**	**Carrying value**	**Nominal value**
Assets				
Interest rate currency swaps				
not used as hedges	1,529	8,402	4,799	6,276
Currency forward transactions				
not used as hedges	1,382	73,578	1,090	89,384
as cash flow hedges	0	0	225	7,982
Liabilities				
Interest rate swaps				
as cash flow hedges	20	4,000	172	15,000
Currency forward transactions				
not used as hedges	984	20,246	1,238	64,834
as cash flow hedges	84	8,704	0	0

The nominal volume of derivative financial instruments comprises the total of the nominal amounts of individual put and call option contracts. The fair value including accrued interest is calculated on the basis of the valuation of all contracts at the prices recorded on the valuation date.

The GfK Group mostly concludes transactions involving derivatives in line with the global netting agreement included in the German Master Agreement for Financial Derivative Transactions. In principle, amounts due under such agreements from each counterparty on one single day in respect of all outstanding transactions in the same currency are pooled into a single net amount payable by one party to another. In specific cases – for example the occurrence of a credit event such as a default – all outstanding transactions under the agreement in question are terminated and the value at termination is calculated. Only the net amount is payable to settle all transactions.

The German Master Agreement does not meet the criteria for netting in the balance sheet. The reason for this is that the GfK Group currently has no legal right to net the amounts involved since the right to such netting can only be asserted if certain future events occur, such as a default on a bank loan or other credit events. The gross amounts reported in the consolidated balance sheet as at December 31, 2015, only differ marginally from the net amounts.

The nominal volume of total interest rate swaps and interest rate currency swaps maturing over the next five years is shown in the table below.

	Dec. 31, 2014	Dec. 31, 2015
Up to 1 year	4,000	2,092
1 to 2 years	2,801	4,184
2 to 3 years	5,601	0
3 to 4 years	0	15,000
4 to 5 years	0	0
Nominal volume interest rate swaps	**12,402**	**21,276**

The derivative financial instruments are valued on a mark-to-market basis, in accordance with the market conditions as at the reporting date. In addition, the Group's own calculations are checked for plausibility on the basis of market assessments provided by banks.

As at December 31, 2015, the GfK Group essentially had currency hedging contracts relating to the Japanese yen, Singapore dollar, U.S. dollar and pound sterling.

GfK SE charges its subsidiaries a management fee for central Group services. To protect selected subsidiaries from possible exchange rate risks, GfK SE invoices these Group services in local currency. The resultant exchange risk at GfK SE arising from increases in the euro exchange rate against the foreign currencies of these invoices is eliminated through currency forward transactions with various banks relating to the relevant payment dates. As at December 31, 2015, the nominal volume of these transactions amounted to € 7,982 thousand with a positive carrying value of € 225 thousand.

The GfK Group uses net investment hedging to hedge net investments in foreign subsidiaries. In the year under review, effective changes in the value of a loan in U.S. dollars, which was concluded as part of the acquisition of Knowledge Networks Inc., Menlo Park, California, USA, in January 2012, of € –369 thousand before tax (2014: € –901 thousand) and € –252 thousand after tax (2014: € –618 thousand) were recognized in other reserves. This hedging relationship remained in place until the loan became due in May 2015. At this date, the loan was repaid in full.

In the case of derivatives used as part of cash flow hedges, changes in values are reported under other comprehensive income. In the year under review, the change in other reserves from cash flow hedges amounted to a total of € –37 thousand before tax (2014: € –214 thousand) and € –26 thousand after tax (2014: € –147 thousand). The change also includes € 187 thousand from a cancellation releasing the interest income in connection with the cash flow interest rate hedge for a bond arranged in 2011.

Liabilities, which are hedged against interest rate fluctuations by cash flow hedges, have a carrying value of € 15,000 thousand (2014: € 4,000 thousand). The expected outflow of interest from the underlying transactions, which have been hedged by these cash flow hedges, amounted to € 317 thousand (2014: € 28 thousand). Of this, € 90 thousand (2014: € 14 thousand) will be recognized in the income statement within a period of up to one year.

In 2014, an intra-Group cross-currency interest rate swap was concluded to hedge the interest rate and currency risks inherent in a U.S. dollar loan raised by a subsidiary in Brazil. As at December 31, 2015, the nominal volume amounted to € 6,276 thousand with a positive carrying value of € 4,798 thousand.

For the issue of the bond of € 200 million described in more detail in Section 27 "Interest-bearing financial liabilities", interest hedging of 50 percent of the loan volume was executed in advance in 2011. This cash flow hedge was dissolved on the day the interest for the bond was fixed. The market value of interest hedging recorded in other comprehensive income will be dissipated in the income statement over the term of the bond. The expected outflow of interest from the bond, which was hedged by this cash flow hedge, amounted to € 9,449 thousand (2014: € 10,000 thousand). Of this, € 1,458 thousand (2014: € 2,500 thousand) will be recognized in the income statement within a period of up to one year.

In the reporting year, no material ineffective portions were recorded in relation to cash flow hedges and net investment hedges.

The gains and losses from derivative financial instruments are mostly posted in other financial income or other financial expenses respectively. The income from financial instruments contained in this figure, which was not reported as part of hedge accounting, amounted to a total of € 9,241 thousand (2014: € 1,733 thousand), while expenses amounted to € 43 thousand (2014: € 95 thousand).

30.2 CREDIT RISKS

The default risk linked to the positive fair value of the derivatives is estimated to be low, as transactions are only concluded with reputable German and foreign banks. Furthermore, the default risk is reduced by spreading the transactions across several banks.

Essentially, the maximum default risk of the GfK Group amounts to the carrying value of all financial assets. The global activities of the GfK Group and the large number of clients, which includes many established major companies, reduce the concentration of default risk.

30.3 LIQUIDITY RISKS

GfK only concludes financing transactions with reputable German and foreign banks. The default risk and risk concentration are further reduced by spreading the transactions across several banks.

As at December 31, 2015, the GfK Group had committed loans, a corporate bond and credit lines amounting to € 722,966 thousand (2014: € 669,392 thousand). Of this amount, € 285,842 thousand (2014: € 280,007 thousand) was undrawn. This amount includes a revolving credit facility of € 200 million. This facility was extended by a further year in 2015 and will be available to the Group until at least May 2020. Liquid funds increased from € 93,180 thousand to € 129,459 thousand.

GfK has undertaken to meet certain financial covenants as part of a syndicated credit facility and the issue of a loan note. The ratio of net debt, which is established on the basis of specific criteria, to modified EBITDA must be lower than 3.25. The ratio of modified EBITDA to interest expenses must be higher than 4.0. In the event of these financial covenants being breached, the credit margin of the financing banks increases and a new agreement on the financial covenants to be met in future must be concluded with the creditors. The GfK Group comfortably fulfilled both financial covenants as at December 31, 2015.

The tables below show the contractually agreed, undiscounted interest and principal repayments on primary financial liabilities and derivative financial instruments at negative fair value for 2015 and 2014.

			Remaining term up to				
	Dec. 31, 2014 Carrying value	Gross outflows	2015	2016	2017	2018	>2018
Non-derivative financial liabilities							
Amounts due to banks	188,278	218,958	44,357	4,304	4,273	4,288	161,736
Liabilities under finance leases	188	200	178	21	1	0	0
Other financial liabilities	234,477	256,737	34,578	213,148	7,301	161	1,549
of which valued at fair value through profit or loss	7,182	7,591	3,997	2,743	690	161	0
Trade payables	95,534	95,534	95,534	0	0	0	0
Miscellaneous financial liabilities	60,740	60,740	57,138	3,602	0	0	0
Derivative financial liabilities	1,088	1,088	1,080	8	0	0	0
of which valued at fair value through profit or loss	984	984	984	0	0	0	0
Total	**580,305**	**633,257**	**232,865**	**221,083**	**11,575**	**4,449**	**163,285**

			Remaining term up to				
	Dec. 31, 2015 Carrying value	Gross outflows	2016	2017	2018	2019	>2019
Non-derivative financial liabilities							
Amounts due to banks	250,086	277,027	6,130	4,176	47,461	44,083	175,177
Liabilities under finance leases	98	127	41	32	26	22	6
Other financial liabilities	214,347	223,962	215,616	7,634	0	712	0
of which valued at fair value through profit or loss	1,222	1,268	10	1,258	0	0	0
Trade payables	90,864	90,864	90,864	0	0	0	0
Miscellaneous financial liabilities	58,847	61,449	51,775	9,674	0	0	0
Derivative financial liabilities	1,410	1,410	1,067	343	0	0	0
of which valued at fair value through profit or loss	1,238	1,238	1,068	170	0	0	0
Total	**615,652**	**654,839**	**365,493**	**21,859**	**47,487**	**44,817**	**175,183**

This presentation does not indicate budgeted figures. It reflects the financial instruments held as at the reporting date and for which contractual agreements regarding payments are in place. Foreign currency amounts were translated with the exchange rate as at the reporting date.

No material financial assets were provided as collateral.

30.4 CAPITAL MANAGEMENT

The Group aims to maintain a strong capital base to ensure the confidence of shareholders, investors and clients, and to secure the sustainable development of the GfK Group.

As at December 31, 2015, the equity ratio stood at 39.1 percent (December 31, 2014: 39.9 percent), which is fairly high in relation to competitors. The Management Board regularly monitors the return on equity.

One of the most vital economic aims of the GfK Group is to adhere to the financial covenants in existing lending agreements and maintaining these figures is given the highest priority. The Management Board strives in the long-term to keep the level of debt, which is defined as the ratio of net debt to EBITDA, to a maximum of 2.50.

31. Notes to the consolidated cash flow statement

The cash flow statement is presented at the front of these Notes. It shows changes in the GfK balance sheet item "Cash and cash equivalents" in the year under review. In accordance with IAS 7, Cash Flow Statement, a distinction is made between cash flows from operating, investing and financing activity. The funding sources covered in the cash flow statement comprise cash and cash equivalents. They encompass cash in hand, checks, cash equivalents and fixed-term deposits, where they are available within three months.

The cash flow from operating activity amounts to € 170,934 thousand (2014: € 196,928 thousand). The development of working capital had a major impact on this figure, with the increase in working capital leading to an outflow of funds of € –20,980 thousand (2014: inflow of € 6,545 thousand). This was essentially due to the development of non-operating working capital, which increased by € 16,717 thousand (2014: decrease of € 189 thousand). Cash outflows relating to the payment of taxes, interest and penalties resulting from a court ruling in connection with irregularities at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey, are the main reason for this.

The change in other non-cash income/expenses results from exchange rate fluctuations. Income tax payments resulted in cash outflows of € 42,979 thousand in financial year 2015 (2014: € 34,998 thousand).

The cash flow from operating activity covered investments in intangible and tangible assets of € 94,126 thousand (2014: € 89,193 thousand) in full. Disbursements for the acquisition of consolidated companies and other business units, which are also included in the cash flow from investing activity, include cash outflows for purchase price payments of € 13,951 thousand (2014: € 6,584 thousand). In the reporting year, GfK acquired financial funds of € 1,682 thousand through the acquisition of subsidiaries (2014: € 94 thousand). The cash flow from investing activity totals € –76,322 thousand (2014: € –98,935 thousand) and was influenced by the disposal of shareholdings in associated companies as part of the transaction to terminate the cross-shareholding with The NPD Group, Inc., USA. Further details about this transaction can be found in Section 25.4 "Equity change statement".

By netting the loans that were raised and the loan repayments, net loans of € 47,709 thousand were raised (2014: net loans of € 28,551 thousand were repaid).

Dividends totaling € 31,735 thousand (2014: € 29,328 thousand) were paid to shareholders of GfK SE and minority shareholders in subsidiaries. Despite the net borrowing, the negative cash flow from financing activity totaled € –59,409 thousand (2014: € –75,548 thousand). This was also due to other equity transactions relating to the acquisition of minority interests included in the cash flow from financing activity, in particular the transaction to terminate the cross-shareholding with The NPD Group, Inc., USA.

Cash and cash equivalents reported in the balance sheet increased by € 36,279 thousand (2014: € 23,474 thousand). Further cash and cash equivalents amounting to € 523 thousand are included in the balance sheet item "Assets held for sale". Further information can be found in Section 23 "Assets and liabilities held for sale".

32. Related parties

Related parties are companies or persons, which could be influenced by the GfK Group or have significant influence on the GfK Group. The GfK Group's related parties can be divided into subsidiaries, associated companies, joint ventures, members of the management in key positions as well as other related parties.

Unless stated otherwise, amounts owed to and by related parties mainly have a remaining term of less than one year.

32.1 SUBSIDIARIES, ASSOCIATED COMPANIES AND OTHER PARTICIPATIONS

Under normal business activity, GfK maintains relationships with non-consolidated subsidiaries. As at the reporting date, there were no liabilities from significant transactions (2014: € 1,137 thousand). During the year under review, significant operating expenses of € 1,000 thousand (2014: € 2,482 thousand) arose. There were significant income and expenses from participations in associated companies during the financial year. The income amounted to € 5,595 thousand (2014: € 3,206 thousand) and the expenses to € 1,947 thousand (2014: € 0). Furthermore, as in the previous year, there were no non-operating expenses in 2015 in connection with associated companies or other participations.

32.2 MEMBERS OF THE MANAGEMENT IN KEY POSITIONS

Members of the management in key positions include members of the Management Board and the Supervisory Board of GfK SE, who are responsible for planning, managing and monitoring the GfK Group.

Payments subject to disclosure under IAS 24, Related Party Disclosures, made to members of the management in key positions cover the remuneration for the Management Board and Supervisory Board of GfK SE.

The following table shows information concerning the remuneration of the Management Board:

	2014	2015
Short-term due payments	3,975	4,090
Post-employment benefits	1,934	785
Other payments of long-term nature	-647	718
Share-price-based remuneration	639	1,045
Termination benefits	1,878	0
Total remuneration	**7,779**	**6,638**

Disclosures under IAS 24 on the remuneration of management members in key positions are based on expense-related considerations, while disclosures under the German Commercial Code (HGB) DRS 17, Reporting on Remuneration of Members of Governing Bodies, are subject to prescribed regulations which differ.

Remuneration for the Management Board's activity in financial year 2015 disclosed under Section 314 (1) No. 6a of the German Commercial Code (HGB) amounted to € 5,918 thousand (2014: € 4,720 thousand). As at December 31, 2015, the Management Board held 9,000 GfK shares in total and no GfK stock options.

Former members of the management of GfK GmbH, Nuremberg, of the Management Board of GfK Aktiengesellschaft, Nuremberg, and of the Management Board of GfK SE, Nuremberg, as well as their surviving dependents, received total payments of € 1,647 thousand (2014: € 3,550 thousand). Provisions of € 41,186 thousand (2014: € 42,423 thousand) have been set up for pension commitments to this group.

The total payments to the Supervisory Board amounted to € 893 thousand in financial year 2015 (2014: € 828 thousand). The remuneration of the Supervisory Board only comprises current earnings. This relates to short-term employee benefits as defined in IAS 24.17. The Supervisory Board holds 2,581 GfK shares and its members hold no GfK stock options.

Information on the individual total payments to members of the Management and Supervisory Boards of GfK SE and explanations on the features of the remuneration system for total payments are given in Section 4.8 of the Group Management Report.

No loans or advances were given to Management and Supervisory Board Members of GfK SE. As in the previous year, no contingencies were made for this group.

32.3 OTHER RELATED PARTIES

Other related parties comprise the majority shareholder of GfK SE, GfK-Nürnberg, Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, as well as other joint partners of GfK subsidiaries. In the year under review, the following major transactions were carried out with other related parties:

Loan obligations amounting to € 20,851 thousand (2014: € 19,913 thousand) were due to the majority shareholder of GfK SE, consisting of a short-term loan of € 851 thousand, which is regularly extended and had a variable interest rate of 0.30 percent as at end of 2015 and two other short-term loans which are regularly extended with shorter maturities for a total of € 20,000 thousand. These fall due on February 29, 2016, at an average interest rate of 0.3875 percent. The corresponding interest expenses amounted to € 158 thousand (2014: € 273 thousand). Furthermore, sales of € 2,502 thousand (2014: € 1,858 thousand) were realized with this shareholder.

Liabilities vis-à-vis minority shareholders of GfK subsidiaries relating to as yet unpaid profit shares no longer existed in the year under review (2014: € 1,941 thousand).

No major proportion of Group equity, consolidated income or consolidated total income is attributable to the non-controlling shares in subsidiaries.

33. Contingent liabilities and other financial commitments

The contingent liabilities and other financial commitments, that are not carried as liabilities in the consolidated balance sheet, are valued at their nominal values and break down as shown in the following table:

	Dec. 31, 2014	Dec. 31, 2015
Commitments arising from:		
Maintenance, service and license agreements	1,524	714
Sureties and guarantees	3,348	2,702
Order commitments	1,480	908

Of these commitments, € 1,973 thousand (2014: € 3,462 thousand) have a remaining term of up to one year.

The decline in obligations from maintenance, service and license agreements mainly reflects the reduction in obligations under service and license agreements of € 733 thousand.

In addition, there are the following contingent liabilities and financial commitments:

Following the acquisition of the NOP World Group in 2005, the GfK Group was restructured in part and subgroups and intermediate holding companies were established. GfK SE has issued a conditional declaration to two of the managing directors of the holding companies, which releases them from any future claims that may be made by third parties in connection with their positions as managing directors of these companies.

GfK SE has issued a conditional declaration to three of the managing directors of the Turkish subsidiary GfK Arastirma Hizmetleri A.S., Istanbul, Turkey, releasing them from future claims which may be brought against them by Turkish tax and social security authorities in connection with the actions of the former management.

A similar declaration was also issued for the managing director of the subsidiary TRMR Vermögensverwaltungs GmbH, Nuremberg, which exercises a management function in the Turkish subsidiary mentioned.

Naturally, the internal service charges of an international concern and the optimization of the tax group structure will be liable to tax audit risks. It is possible that subsequent tax payments may be necessary following future tax audits at GfK Group companies. This also applies in terms of contingent liabilities to social security agencies. The probability of occurrence and amount of such future liabilities cannot be estimated with certainty.

Future commitments arising from lease agreements are described in Section 17.1 “Leasing”.

34. Segment reporting

In accordance with IFRS 8, Segment Reporting, external segment reporting is based on the Group’s internal organizational and management structures as well as internal financial reporting to the chief operating decision-makers. At the GfK Group, the Management Board is responsible for the valuation and management of business performance in the operating sectors, which correspond to the segments pursuant to IFRS 8 in the GfK Group, and is considered to be the top management body for the purposes of IFRS 8.

The GfK Group is organized into two sectors, Consumer Experiences and Consumer Choices, complemented by the Other category.

The Consumer Experiences sector deals with consumers’ behavior and attitudes. It specializes in operational and strategic questions for virtually all industries and markets. It uses creative, robust and flexible methods to investigate consumer behavior. Consumers are the main source of data, but also media.

Consumer Choices focuses on market sizing, market currencies, convergent media and sales channels. This involves highly detailed, accurate and timely data which reflects the choices and actions of consumers. In particular, it offers continuous analyses and studies for which the retail industry and all types of media provide the data.

The sectors are complemented by Other, which comprises, in particular, the head office services of GfK for its subsidiaries and other non-market research-related services.

The Group measures the success of its sectors by reference to the adjusted operating income according to internal reporting. The adjusted operating income of a sector is determined on the basis of the operating income before interest and taxes by deducting the following expense and income items: goodwill impairment, write-ups and write-downs of additional assets identified on acquisitions, income and expenses in connection with share and asset deals, income and expenses in connection with reorganization and improvement projects, personnel expenses for share-based incentive payments, currency conversion differences, as well as income and expenses related to one-off effects and other exceptional circumstances.

Income from third parties comprises sales established in accordance with IFRS. Sector incomes include supply of market research data and other support services. Amortization and depreciation comprises amortization and depreciation on intangible and tangible assets in accordance with IFRS, excluding write-downs of additional assets identified on acquisitions and amortization and depreciation included in other operating expenses. Impairments and reversals of impairments include all impairments and reversals of impairments on intangible assets and tangible assets.

Segment information about the sectors for financial years 2015 and 2014 is shown in the tables below:

	Income from third parties		Intersectoral income		Sector income	
	2014	**2015**	2014	**2015**	2014	**2015**
Consumer Experiences	826,016	859,110	6,536	16,697	832,552	875,807
Consumer Choices	623,587	681,128	2,553	12,144	626,140	693,272
Total operating sectors	**1,449,603**	**1,540,238**	**9,089**	**28,841**	**1,458,692**	**1,569,079**
Exclusion of intersectoral income	–	–	–	–	–9,089	–28,841
Reconciliation	3,320	3,188	–	–	3,320	3,188
Group	**1,452,923**	**1,543,426**	**9,089**	**28,841**	**1,452,923**	**1,543,426**

	Adjusted operating income		Amortization/depreciation		Impairments		Reversal of impairments	
	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**
Consumer Experiences	57,562	58,943	7,033	7,220	68,335	42,503	–2,422	–3,672
Consumer Choices	137,680	145,027	29,441	30,226	1,904	20,574	–2,036	–331
Reconciliation	–16,410	–16,391	20,393	20,936	0	2,511	0	0
Group	**178,832**	**187,579**	**56,867**	**58,382**	**70,239**	**65,588**	**–4,458**	**–4,003**

The item "Reconciliation", which entails the reconciliation of the Consumer Experiences and Consumer Choices sectors with Group figures, includes the Other category. Services not relating to market research included here are of minor importance.

From financial year 2015 onwards, amortization and depreciation on intangible and tangible assets that support the operating sectors are allocated to Other. In previous years, these were assigned to the Consumer Choices and Consumer Experiences sectors. Last year's figures were adjusted as follows:

AMORTIZATION/DEPRECIATION 2014

	Structure until 2014	Recon-ciliation	Structure starting 2015
Consumer Experiences	12,547	-5,514	7,033
Consumer Choices	30,296	-855	29,441
Reconciliation	14,024	6,369	20,393
Group	**56,867**	**0**	**56,867**

The reconciliation of amortization and depreciation in relation to the additions stated under amortization and depreciation for tangible and intangible assets in the consolidated schedule of movement in assets is as follows:

	2014	2015
Amortization/depreciation according to segment reporting	**56,867**	**58,382**
Amortization of additional assets identified on acquisitions	7,413	4,901
Amortization/depreciation in other net income	193	201
Amortization/depreciation in consolidated schedules of movements in assets (see chapter 16, 17)	**64,473**	**63,484**

With regard to the reconciliation of adjusted operating income to operating income, reference is made to Section 11 of the Notes.

Information about geographical regions comprises details about the regions in which the GfK Group is active. These are Northern Europe, Southern and Western Europe, Central Eastern Europe/META, North America, Latin America as well as Asia and the Pacific.

The regions Southern and Western Europe as well as Central Eastern Europe/META comprise all the countries in the European Union as well as other European countries where the GfK Group is represented with the exception of Germany, Denmark, the United Kingdom, Latvia, Malta, Norway, Sweden and Switzerland. The latter are part of the Northern Europe region. In addition, African countries Egypt and South Africa as well as Russia, Kazakhstan, the United Arab Emirates and Pakistan are allocated to the region Central Eastern Europe/META. The North America region includes the United States of America and Canada. Argentina, Brazil, Chile, Ecuador, Colombia, Mexico and Peru are allocated to the Latin America region. Asia and the Pacific includes subsidiaries in the countries Australia, China, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, South Korea, Thailand and Vietnam.

The information about geographical regions is based on financial information, which is used to prepare the consolidated financial statements. In accordance with IFRS 8, the non-current assets do not comprise financial instruments, deferred tax assets, services after termination of employment and rights arising from insurance policies.

The information about the regions for financial years 2015 and 2014 is shown in the table below. Income from third parties has been allocated to the individual regions according to where the relevant subsidiary's head office is located. Non-current assets also include shares in associated companies.

	Income from third parties		Non-current assets	
	2014	2015	Dec. 31, 2014	Dec. 31, 2015
Northern Europe	574,895	575,583	561,162	566,030
Southern and Western Europe	265,406	267,037	129,260	115,394
Central and Eastern Europe/META	127,484	126,501	116,540	96,131
North America	262,992	321,019	258,617	268,233
Latin America	61,189	67,920	43,359	45,088
Asia and the Pacific	160,957	185,366	72,056	81,638
Group	**1,452,923**	**1,543,426**	**1,180,994**	**1,172,514**

The reconciliation of non-current assets to the consolidated balance sheet is as follows:

	Dec. 31, 2014	Dec. 31, 2015
Non-current assets	**1,180,994**	**1,172,514**
Other financial assets	8,988	5,613
Deferred tax assets	41,373	43,579
Non-current assets according to the consolidated balance sheet	**1,231,355**	**1,221,706**

Additions to other intangible assets and tangible assets are split as follows between the sectors:

	Additions to fixed assets	
	2014	2015
Consumer Experiences	11,429	12,154
Consumer Choices	47,848	50,879
Other/reconciliation	33,143	35,243
Group	**92,420**	**98,276**

From financial year 2015 onwards, additions to fixed assets that support the operating sectors are allocated to Other. In previous years, these were assigned to the Consumer Choices and Consumer Experiences sectors. Last year's figures were adjusted as follows:

	Additions to fixed assets		
	Structure until 2014	Recon-ciliation	Structure starting 2015
Consumer Experiences	16,182	−4,753	11,429
Consumer Choices	59,928	−12,080	47,848
Other/reconciliation	16,310	16,833	33,143
GROUP	**92,420**	**0**	**92,420**

The division of income from third parties according to groups of comparable services corresponds to the above segment information for the Consumer Experiences and Consumer Choices sectors.

More than 10 percent of non-current assets are attributable to both Germany and the USA. More information about this can be found in the following table

	Non-current assets	
	Dec. 31, 2014	Dec. 31, 2015
Germany	**163,523**	**153,445**
USA	97,910	90,131
Remaining world	146,853	154,935
World without Germany	**244,763**	**245,066**
Group	**408,286**	**398,511**

The non-current assets shown here do not include goodwill, since this is not carried at country level.

More than 10 percent of consolidated sales were achieved in both Germany and the USA. More information about this can be found in the following table.

	Income from third parties	
	2014	2015
Germany	**381,555**	**381,797**
USA	256,033	314,493
Remaining world	815,335	847,136
World without Germany	**1,071,368**	**1,161,629**
Group	**1,452,923**	**1,543,426**

As in the previous year, no single client in any part of the Group accounted for income from third parties in excess of 10 percent of consolidated sales in the period under review.

35. Pending litigation and claims for compensation

GfK is involved in legal proceedings in various countries for different reasons. From the point of view of the Management Board, they do not pose any material risk for the GfK Group. Risks arising from claims for compensation and issues of liability are either insured through insurances applicable locally or Group-wide or the necessary provisions have been set aside.

36. Events after the balance sheet date

The previous executive function for the strategic and operating management of both segments will bear the title of Chief Commercial Officer as of January 1, 2016. As of January 1, 2016, the Management Board of GfK SE will consist of five members.

The Supervisory Board appointed David Krajicek to the Management Board as Chief Commercial Officer (CCO) Consumer Experiences, effective as of January 1, 2016, to succeed Debra A. Pruent, who left the Management Board on December 31, 2015. Mr. Krajicek was previously responsible for the Consumer Experiences business in North America in his role as Regional Chief Operating Officer (Regional COO).

In order to leverage synergies across the sectors even more effectively, the executive function Chief Operations Officer (COO) was newly created, who will be responsible for all local and global production activities of GfK. Through this position, GfK intends to increase the productivity of its operating business with increased automation, the use of economies of scale, and efficiency improvements. For this new position, Alessandra Cama was appointed to the Management Board, effective as of January 1, 2016. Previously, Ms. Cama was responsible for the Consumer Choices business in the Asia and the Pacific region as Regional Chief Operating Officer (Regional COO).

Dr. Gerhard Hausruckinger will continue to be responsible for the Consumer Choices sector in his role as Chief Commercial Officer.

On January 18, 2016, GfK Switzerland AG, Hergiswil, Switzerland, sold the so-called Print Center, their previously integrated print shop, within an asset deal. This transaction is in connection with the strategically intended concentration on the core business of GfK.

On February 4, 2016, GfK SE acquired Netquest, one of the leading providers of access panels with a strong presence in Spain, Portugal and Latin America. The acquisition also includes the subsidiary Wakoopa in the Netherlands, which is a leading provider in the area of passive cross-device measuring technology.

On March 9, 2016, GfK sold its 50 percent shareholding in USEEDS GmbH, Berlin.

In April 2016, the repayment of a bond issued by GfK SE in April 2011 with a five-year term will be due. The carrying value of this bond on the balance sheet date amounted to € 185,970 thousand. To ensure complete refinancing of the due bond, GfK SE has already concluded several bilateral forward bank loans of € 70 million and bonded loans in the amount of € 130 million with maturities of between 3 and 12 years. The payment dates of these financing instruments are in February and March 2016.

No other major events with a significant impact on the GfK Group have occurred since the balance sheet reporting date.

37. Changes to IFRS standards and interpretations

37.1 FIRST-TIME APPLICATION OF STANDARDS OR INTERPRETATIONS

Changes in accounting policies arising from a new standard or new interpretation are outlined in the following where they are relevant to the GfK Group.

IFRIC 21 – Levies

IFRIC 21 is an interpretation of IAS 37. In particular it provides clarification of the question as to when a present obligation arises in case of levies collected by the public sector and consequently when a provision or a liability must be recognized. The interpretation does not cover fines and penalties arising from contracts governed by public law or those covered by other standards, such as IAS 12. Under IFRIC 21, a liability must be recognized for levies when the event triggering the obligation to pay the levy occurs. This triggering event, which establishes the obligation, emerges in turn from the text of the underlying standard. Its wording is therefore crucial to the accounting.

The new interpretation has no material impact on the consolidated financial statements of the GfK Group.

Annual Improvements to IFRSs 2011 – 2013 cycle

Four standards were amended within the framework of the "Annual improvements to IFRSs 2011 – 2013 cycle" project. The amendment of the wording of individual standards aims to clarify existing regulations. The standards in question are IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The changes have no material impact on the consolidated financial statements of the GfK Group.

37.2 STANDARDS AND INTERPRETATIONS WHICH HAVE BEEN ADOPTED BY THE EU, BUT ARE NOT YET COMPULSORY FOR FINANCIAL YEARS STARTING FROM JANUARY 1, 2015 (STANDARDS AND INTERPRETATIONS NOT APPLIED PREMATURELY)

The GfK Group does not plan to apply the following new or amended standards and interpretations, which are only mandatory in later fiscal years, prematurely. Unless stated otherwise, the impact on the consolidated financial statements of the GfK Group is currently being examined.

Amendments to IFRS 11 – Joint Arrangements

IFRS 11 contains rules governing the financial reporting of joint ventures and joint operations. While joint ventures are accounted for by applying the equity method, the reporting of joint operations envisaged in IFRS 11 is comparable to proportionate consolidation.

With the changes in IFRS 11, IASB regulates the accounting for the acquisition of shares in a joint operation, which constitutes a business according to IFRS 3 - Business Combinations. In such cases, the acquirer shall apply the principles of the accounting for business combinations according to IFRS 3. Furthermore, the disclosure requirements in IFRS 3 also apply in such cases.

The changes must be applied for the first time to financial years starting on or after January 1, 2016.

Amendments to IAS 1 – Disclosure Initiative

The revisions pertain to various disclosure requirements, and clarify that information needs to be disclosed in the notes only if it is material for the company. This explicitly applies if a standard calls for a list of minimum disclosures. Furthermore, explanations are provided on the aggregation and disaggregation of line items in the balance sheet and statement of other comprehensive income. Furthermore, the revised standard clarifies how an entity's share of the other comprehensive income of equity-accounted companies is to be presented in the statement of other comprehensive income. Finally, with the amendment potentially unhelpful guidance and examples with regard to the identification of significant accounting policies were removed.

The changes must be applied for the first time to financial years starting on or after January 1, 2016.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization

With these changes, the IASB provides additional guidance regarding the determination of an appropriate amortization method. Revenue-based depreciation methods are consequently not permissible for property, plant and equipment. Revenue-based amortization methods are only permissible for intangible assets in specific exceptional cases (rebuttable presumption of unsuitability).

The changes must be applied for the first time to financial years starting on or after January 1, 2016.

Amendments to IAS 19 – Employee Contributions to Defined Benefit Plans

The revisions clarify the requirements that relate to how contributions from employees or third parties that are linked to the service should be attributed to periods of service. Furthermore, relief is provided if the amount of the contributions is independent of the number of years of service. The changes are first applicable for reporting periods beginning on or after February 1, 2015.

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statement. The existing options to account for these investments either at cost or in accordance with IAS 39/IFRS 9 remain. The application of the equity method to account for investments in subsidiaries, joint ventures and associates in the separate financial statements (of the parent company) according to IAS 27 had no longer been permitted since 2005.

The IASB has made the changes to IAS 27 following complaints by users e.g. regarding the large amount of time and effort involved in fair value measurement at each balance sheet date, especially for unlisted associated companies.

The amendments must be applied for the first time in financial years starting on or after January 1, 2016.

Annual improvements to IFRSs 2010 – 2012 cycle

Seven standards were amended with the framework of the "Annual improvements to IFRSs 2010–2012 cycle" project. The amendment of the wording of individual standards aims to clarify existing regulations. In addition there are changes that have an impact on the notes to the consolidated financial statements. The standards in question are IFRS 2, IFRS 3, IFRS 8, IFRS 13 in addition to IAS 16, IAS 24 and IAS 38.

The amendments must be applied for the first time in financial years starting on or after February 1, 2015. The amendments to IFRS 2 and IFRS 3 are to be applied to transactions that occur on or after July 1, 2014.

Annual improvements to IFRSs 2012 – 2014 cycle

Four standards were amended within the framework of the "Annual improvements to IFRSs 2012–2014 cycle" project. The amendment of the wording of individual standards aims to clarify existing regulations. The standards in question are IFRS 5, IFRS 7, IAS 19 and IAS 34.

The amendments must be applied for the first time to financial years starting on or after January 1, 2016.

37.3 STANDARDS AND INTERPRETATIONS WHICH HAVE NOT BEEN ENDORSED BY THE EU AND WHICH ARE NOT YET COMPULSORY FOR FINANCIAL YEARS STARTING FROM JANUARY 1, 2015 (STANDARDS AND INTERPRETATIONS NOT APPLIED PREMATURELY)

IFRS 9 – Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidelines in IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new model for expected credit defaults and calculating the impairment of financial assets as well as a new general hedge accounting model. IFRS 9 also adopts the guidelines for the recognition and derecognition of financial instruments according to IAS 39.

Subject to adoption into EU law, IFRS 9 must be applied for the first time to financial years starting on or after January 1, 2018. Premature application is permissible.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15, "Revenue from Contracts with Customers", creates a comprehensive framework for determining whether, in what amount and at what point in time revenue is recognized. It replaces existing guidelines for recognition of revenue, including IAS 18, "Revenue", IAS 11, "Construction Contracts", and IFRIC 13, "Customer Loyalty Programmes".

Subject to adoption into EU law, IFRS 15 must be applied for the first time in financial years starting on or after January 1, 2018. Premature application is permissible.

GfK is currently evaluating what impact the application of IFRS 15 will have on the company's consolidated financial statements and will set a date for initial application and determine the transitional method.

Improvements to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The improvements address a known inconsistency between the requirements of IFRS 10 and IAS 28 (2011) in the case of selling assets to an associated company or a joint venture or the contribution of an asset to an associated company or a joint venture.

According to IFRS 10, if the disposal of a subsidiary by a parent company results in a loss of control, it recognizes the gain or loss on the sale of the subsidiary in the full amount in the income statement. In contrast, the currently applicable IAS 28.28 requires that a gain on sales transactions between an investor and an investment accounted for using the equity method – whether it be an associated company or joint venture – is recognized only to the extent of the investor's interests in the associated company or joint venture.

In the future, the entire gain or loss arising from a transaction shall only be recognized when the assets sold or contributed constitute a business combination according to IFRS 3. This applies regardless of whether the transaction is a share or asset deal. Only a pro rata recognition of gain is permissible if the assets do not constitute a business combination.

IASB has postponed the effective date of the changes indefinitely.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment entities: Applying the Consolidation Exception

The amendments serve to clarify several issues related to the application of the consolidation exception according to IFRS 10 if the parent company meets the definition of an investment entity. Consequently a parent entity can apply the consolidation exemption even if its investment parent entity measures its subsidiaries at fair value in accordance with IFRS 10.

Regarding the accounting of subsidiaries of an investment entity, the following distinction will now be made: subsidiaries which are themselves investment entities are to be measured at fair value – following the general guidelines of the "investment entity exception". In contrast, subsidiaries which are themselves not investment entities, but perform services which relate to the parent company's investment activities and can therefore be seen as an extension of the parent company's activities are to be consolidated.

Lastly, the issue has been clarified regarding investors who do not fulfil the definition of an investment entity and who apply the equity method to an associated company or joint venture: they are now able to maintain the fair value measurement that is applied by the holding company on its holdings of subsidiaries.

The amendments also provide for investment entities which measure all their subsidiaries at fair value to make the obligatory disclosures regarding the investment entities pursuant to IFRS 12.

Subject to adoption into EU law, the amendments must be applied for the first time to financial years starting on or after January 1, 2016.

38. Additional information

38.1 AUDITOR'S SERVICE FEE

In 2015, the cost of the auditor's fee for GfK SE was € 1,287 thousand (2014: € 1,373 thousand). The fee comprises the auditing of the annual financial statements of GfK SE in accordance with the German Commercial Code (HGB), the Group reporting package in accordance with IFRS for consolidation purposes, as well as the IFRS consolidated financial statements and the Group Management Report. In addition, the fee included the financial statements audited by the auditor for German, Moroccan and North American subsidiaries in accordance with national legislation (where required) as well as the IFRS reporting package.

The cost of tax advice from the auditors in Germany was € 538 thousand (2014: € 429 thousand) and for other services provided by the auditors € 1,538 thousand (2014: € 280 thousand).

38.2 EXEMPTION OF SUBSIDIARIES FROM THE OBLIGATION TO PREPARE FINANCIAL STATEMENTS

Pursuant to Section 264 (3) of German Commercial Code (HGB) GfK Retail and Technology GmbH, Nuremberg, ENCODEX International GmbH, Nuremberg, GfK Entertainment GmbH, Baden-Baden, and GfK GeoMarketing GmbH, Bruchsal, are exempt from preparing, having audited and disclosing annual financial statements and Group Management Report in accordance with the provisions for joint stock companies pursuant to Sections 264 ff. of the German Commercial Code (HGB).

38.3 NUMBER OF STAFF

In the year under review, an average of 13,444 (2014: 13,254) staff were employed. The annual average number of staff was determined on the basis of the full-time equivalent. The average was calculated using the key dates of March 31, June 30, September 30 and December 31.

The allocation of staff to the sectors, including the Other category, is shown in the following table:

	2014	2015
Consumer Experiences	6,242	5,969
Consumer Choices	5,222	5,729
Other	1,790	1,746
Full-time employees	**13,254**	**13,444**

In the table above, 108 managing directors and board members were included during the year under review (2014: 107).

39. Supervisory Board

Dr. Arno Mahlert
Chairman of the Supervisory Board
Merchant, non-executive director and member of the Supervisory Board

Seats held on other supervisory boards and comparable supervisory bodies:
- Franz Cornelsen Bildungsholding KG, Berlin, Germany (Chairman)
- DAL Deutsche Afrika-Linien GmbH & Co. KG, Hamburg, Germany
- maxingvest AG, Hamburg, Germany
- Peek & Cloppenburg KG, Hamburg, Germany
- Zeitverlag Gerd Bucerius GmbH & Co. KG, Hamburg, Germany

Dr. Bernhard Düttmann
Deputy Chairman of the Supervisory Board
Merchant, non-executive director and member of the Management Board, Chief Financial Officer (CFO) of Lanxess AG, Cologne, Germany (until March 31, 2015)

Dr. Wolfgang C. Berndt
Merchant, non-executive director and member of the Supervisory Board

Seats held on other supervisory boards and comparable supervisory bodies:
› MIBA AG, Laakirchen, Austria (Chairman)
› MIBA Beteiligungs AG, Laakirchen, Austria (Chairman)
› OMV AG, Vienna, Austria (Deputy chairman)
› LPC Capital Partners GmbH (previously BAST AG), Vienna, Austria

Hans Van Bylen
Member of the Management Board, Henkel Management AG & Co. KGaA, Düsseldorf, Germany

Seats held on other supervisory boards and comparable supervisory bodies:
› Dial Corporation, Scottsdale, Arizona, USA (Chairman)

Martina Heřmanská (since May 28, 2015)
Product manager, GfK Czech, s.r.o., Prague, Czech Republic
Member of the Steering Committee of the European GfK SE Works' Council
Member of the European GfK SE Works' Council

Sandra Hofstetter
Independent Works' Council representative, GfK SE, Nuremberg, Germany
Chairman of the European GfK SE Works' Council

Aliza Knox
Vice-President, Online Sales, APAC and LATAM, Twitter, Singapore, Singapore

Seats held on other supervisory boards and comparable supervisory bodies:
› Invocare Limited, North Sydney, Australia (until August 31, 2015)
› Scentre Group Limited, Sydney, Australia (since May 7, 2015)
› Singapore Post Ltd., Singapore, Singapore

Stephan Lindeman
Research Director, Intomart GfK B.V., Hilversum, Netherlands
Chairman of the Works' Council at Intomart GfK B.V., Hilversum, Netherlands
Deputy chairman of the European GfK SE Works' Council

Shani Orchard (until May 28, 2015)
Human Resources and Facilities Director, GfK Retail and Technology UK Ltd., Woking/Surrey, UK
Member of the Steering Committee of the European GfK SE Works' Council

Hauke Stars
Member of the Management Board, Deutsche Börse AG, Frankfurt/Main, Germany

Seats held on other supervisory boards and comparable supervisory bodies:
› Clearstream Services S.A., Luxembourg, Luxembourg*
› Deutsche Bank AG, Frankfurt/Main, Germany, Advisory board Region Middle (since March 20, 2015)
› Deutsche Akademie für Technikwissenschaften, Munich, Germany (since July 1, 2015)
› Eurex Frankfurt AG, Frankfurt/Main, Germany*
› Eurex Zürich AG, Zurich, Switzerland*
› International Securities Exchange, LLC, New York City, New York, USA*
› ISE Gemini, LLC, New York City, New York, USA*
› Klöckner & Co SE, Duisburg, Germany
*Group responsibility at Deutsche Börse AG, Eschborn, Germany

Dieter Wilbois
Senior Specialist Data & Technology, GfK SE Nuremberg, Germany
Chairman of the Group Works' Council
Deputy Chairman of the European GfK SE Works' Council

40. Management Board

Matthias Hartmann
Chief Executive Officer (CEO)
Responsible for the corporate functions Strategy and Innovation, IT (Strategy, Enterprise Applications, Infrastructure), Human Resources (including Executives Development and Compensation), Integrity, Compliance and Intellectual Property, Internal Audit, Investor Relations, and Marketing and Communications.

Christian Diedrich
Chief Financial Officer (CFO)
Responsible for the corporate functions Finance (Accounting, Controlling, Finance IT), Finance Administration (Corporate Shareholder Management, Investment Controlling, Risk Management, Mergers and Acquisitions, Tax), Treasury, Legal, Central Services, Procurement, and Sector Finance.

Alessandra Cama (starting January 1, 2016)
Chief Operations Officer (COO)

Dr. Gerhard Hausruckinger
Chief Operating Officer (COO) (until December 31, 2015)
Consumer Choices sector
Chief Commercial Officer (CCO) (starting January 1, 2016)
Consumer Choices sector

David Krajicek (starting January 1, 2016)
Chief Commercial Officer (CCO)
Consumer Experiences sector

Debra A. Pruent (until December 31, 2015)
Chief Operating Officer (COO)
Consumer Experiences sector

41. Shareholdings of the GfK Group

Information in accordance with the German Commercial Code (HGB), as at December 31, 2015

AFFILIATED COMPANIES (GERMANY) INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (DETAILS ACCORDING TO IFRS COMMERCIAL BALANCE SHEET II)

Company name and registered office	Share in capital in percent	Financial year	Equity (in € '000)
ENCODEX International GmbH, Nuremberg	100.00	2015	−1,841 [11]
GfK Beteiligungsgesellschaft mbH, Nuremberg	100.00	2015	19
GfK Entertainment GmbH, Baden-Baden	100.00 [4]	2015	6,878 [11]
GfK GeoMarketing GmbH, Bruchsal	100.00	2015	729 [11]
GfK Media and Communication Research GmbH & Co. KG, Frankfurt/Main	100.00	2015	−1,867
GfK Middle East CR Holding GmbH, Nuremberg	100.00	2015	5,591
GfK North America Holding GmbH, Nuremberg	100.00	2015	451,239 [11]
GfK Retail and Technology GmbH, Nuremberg	100.00	2015	155,794 [11]
IFR Deutschland GmbH, Dusseldorf	100.00 [3]	2015	−3,333

AFFILIATED COMPANIES (ABROAD) INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (DETAILS ACCORDING TO IFRS COMMERCIAL BALANCE SHEET II)

Company name and registered office	Share in capital in percent	Financial year	Equity (in € '000)
Adimark S.A., Providencia, Santiago, Chile	100.00	2015	991
Beijing Sino Market Research Co., Ltd., Beijing, China	100.00 [3]	2015	4,026
China Market Monitor Co., Ltd., Beijing, China	100.00 [3]	2015	3,282
Cogenta Systems Limited, London, UK	100.00	2015	−367
Corporación Empresarial ASA, S.A.P.I. de C.V., Mexico City, Mexico	100.00 [3]	2015	813
Etilize (Private) Limited, Karachi, Pakistan	100.00 [3]	2015	1,270
G F K Egypt LTD, Cairo, Egypt	100.00 [3]	2015	526
Genius Digital Limited, London, UK	75.00	2015	−2,406
GfK – Centar za istraživanje tržišta d.o.o., Zagreb, Croatia	100.00 [3]	2015	1,024
GfK – Conecta S.A.C., Lima, Peru	100.00 [3]	2015	598
GfK – Retail and Technology Colombia Limitada, Bogotá, Colombia	99.50 [3]	2015	929
GfK Adimark Chile S.A., Providencia, Santiago, Chile	100.00 [3]	2015	6,321
GfK Arastirma Hizmetleri A.S., Istanbul, Turkey	100.00	2015	5,273
GfK Ascent-MI Limited, London, UK	100.00	2015	80
GfK Asia Pte Ltd., Singapore, Singapore	100.00 [3]	2015	48,537
GfK Australia Pty. Ltd., Sydney, Australia	100.00	2015	5,195
GfK Austria GmbH, Vienna, Austria	95.10 [3] [9]	2015	16,588
GfK Belgium NV, Leuven, Belgium	100.00 [3]	2015	13,028
GfK Belgrade d.o.o., Belgrade, Serbia	100.00 [3]	2015	810
GfK BH d.o.o., Sarajevo, Bosnia-Herzegovina	100.00 [3]	2015	268
GfK Blue Moon Quantitative Research Pty. Limited, St Leonards, Australia	100.00 [3] [7]	2015	1
GfK Blue Moon Research and Planning Pty. Limited, St Leonards, Australia	100.00 [3] [7]	2015	0
GfK Boutique Research Inc., Boston, Massachusetts, USA	100.00 [3]	2015	4,569
GfK CE ARGENTINA S.A., Buenos Aires, Argentina	100.00 [4]	2015	611
GfK Chart-Track Limited, London, UK	100.00 [3]	2015	875
GfK Colombia S.A., Bogotá, Colombia	99.40 [3]	2015	343
GfK Custom Research Baltic, Riga, Latvia	100.00 [3]	2015	−646
GfK Custom Research Beijing Co., Ltd., Beijing, China	90.00	2015	3,800
GfK Custom Research Brasil Pesquisa de Mercado Ltda., São Paulo, Brazil	95.00	2015	397
GfK Custom Research Japan KK, Tokyo, Japan	100.00	2015	−370
GfK Custom Research Korea, Ltd., Seoul, South Korea	100.00	2015	−5,852
GfK Custom Research Latam Holding, S.L., Valencia, Spain	100.00	2015	1,152
GfK Custom Research Pte. Ltd., Singapore, Singapore	100.00	2015	10,922
GfK Custom Research, LLC, New York City, New York, USA	100.00 [3]	2015	68,006

1) Data from 2013 2) Data from 2014 3) Fully indirect shareholding 4) Partially indirect shareholding 5) Data not available
6) Newly established in 2015 7) In liquidation 8) Short financial year 9) Share of minority shareholder regulated by separate agreement
10) A valuation at equity was not carried out for reasons of materiality 11) Profit and loss transfer agreement

AFFILIATED COMPANIES (ABROAD) INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (DETAILS ACCORDING TO IFRS COMMERCIAL BALANCE SHEET II)

Company name and registered office	Share in capital in percent	Financial year	Equity (in € '000)
GfK Czech s.r.o., Prague, Czech Republic	100.00 3)	2015	544
GfK Danmark A/S, Frederiksberg, Denmark	100.00	2015	558
GfK EMER Ad Hoc Research, S.L., Valencia, Spain	50.10	2015	6,262
GfK Etilize, Inc., Rolling Hills Estates, California, USA	100.00 3)	2015	10,282
GfK Eurisko S.r.l., Milan, Italy	100.00 3)	2015	4,624
GfK Field Interviewing Services UK Limited, London, UK	100.00 3)	2015	12
GFK HELLAS E.P.E. , Athens, Greece	100.00	2015	887
GFK HOLDING MEXICO, S.A. DE C.V., Mexico City, Mexico	100.00	2015	7,421
GfK Holding, Inc., Wilmington, Delaware, USA	100.00 3)	2015	251,308
GfK Hungária Piackutató Kft., Budapest, Hungary	100.00 3)	2015	1,966
GfK Immobilier SAS, Suresnes, France	100.00 3)	2015	–200
GfK Intomart B.V., Hilversum, Netherlands	100.00 3)	2015	9,096
GFK ISL, CUSTOM RESEARCH FRANCE SAS, Suresnes, France	100.00	2015	4,036
GfK Kasachstan TOO, Almaty, Kazakhstan	100.00 3)	2015	139
GfK Kynetec France SAS, Saint Aubin, France	100.00 3)	2015	178
GfK Kynetec Group Limited, St Peter Port, Guernsey, UK	100.00 4)	2015	31,394
GfK Kynetec Limited, London, UK	100.00 3)	2015	2,517
GFK LATINOAMERICA HOLDING, S.L., Valencia, Spain	83.45 3)	2015	4,032
GfK LifeStyle Tracking Japan KK, Tokyo, Japan	100.00	2015	4,742
GfK Malta Holding Limited, Portomaso, Malta	100.00 4)	2015	240,407
GfK Malta Services Limited, Portomaso, Malta	100.00 4)	2015	118,880
GfK Market Consulting (Beijing) Co. Ltd., Beijing, China	99.00 3)	2015	1,634
GfK Market Research Brasil Pesquisa de Mercado Ltda., São Paulo, Brazil	100.00 4)	2015	3,910
GfK Marketing Services Japan K.K., Tokyo, Japan	95.00 3)	2015	31,905
GfK MarketWise Ltd., Bangkok, Thailand	100.00 4)	2015	44
GfK Middle East and Africa FZ-LLC, Dubai, United Arab Emirates	100.00 3)	2015	5,198
Gfk Middle East FZ-LLC, Dubai, United Arab Emirates	100.00 3)	2015	216
GfK Mode Pvt Ltd, Kolkata, India	100.00 3)	2015	5,396
GfK Mystery Shopping Services UK Limited, London, UK	100.00 3)	2015	16
GfK Mystery Shopping UK Limited, London, UK	100.00 3)	2015	13
GfK Nielsen India Private Limited, Mumbai, India	50.10 3)	2015	7,387
GfK Norge A/S, Oslo, Norway	100.00	2015	1,265
GfK North America Holding LLC, Wilmington, Delaware, USA	100.00 3)	2015	244,003
GfK Panelservices Benelux B.V., Dongen, Netherlands	100.00 3)	2015	4,549
GfK Philippines Corporation, Makati City, Philippines	100.00 3)	2015	1,328
GfK Polonia Sp. z o.o., Warsaw, Poland	100.00 3)	2015	5,901
GfK PORTUGAL – Marketing Services, S.A., Lisbon, Portugal	80.00 3)	2015	2,610
GfK Research Dynamics, Inc., Mississauga, Canada	100.00	2015	1,108
GfK Retail and Technology (Cyprus) LTD, Nicosia, Cyprus	100.00 3)	2015	5,172
GfK Retail and Technology (Thailand) Ltd., Bangkok, Thailand	100.00 3)	2015	600
GfK Retail and Technology Argentina S.A., Buenos Aires, Argentina	98.34 3)	2015	582
GfK Retail and Technology Asia Holding B.V., Amsterdam, Netherlands	100.00 3)	2015	1,819
GfK Retail and Technology Baltic SIA, Riga, Latvia	100.00 3)	2015	1,725
GfK Retail and Technology Benelux B.V., Amstelveen, Netherlands	100.00 3)	2015	11,774
GfK Retail and Technology Brasil Ltda., São Paulo, Brazil	95.00 3)	2015	2,595
GfK Retail and Technology Chile Limitada, Santiago, Chile	100.00 3)	2015	1,230
GfK Retail and Technology China Co. Ltd., Shanghai, China	100.00 3)	2015	32,569
GfK Retail and Technology España, S.A., Valencia, Spain	50.07 3)	2015	7,638
Gfk Retail and Technology France SAS, Suresnes, France	100.00 3)	2015	8,436
GfK Retail and Technology Hong Kong Limited, Hong Kong, China	100.00 3)	2015	1,408
GfK Retail and Technology Italia S.r.l., Milan, Italy	100.00 3)	2015	8,566
GfK Retail and Technology Korea Limited, Seoul, South Korea	100.00 3)	2015	8,433
GfK Retail and Technology Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.00 3)	2015	1,619

1) Data from 2013 2) Data from 2014 3) Fully indirect shareholding 4) Partially indirect shareholding 5) Data not available
6) Newly established in 2015 7) In liquidation 8) Short financial year 9) Share of minority shareholder regulated by separate agreement
10) A valuation at equity was not carried out for reasons of materiality 11) Profit and loss transfer agreement

AFFILIATED COMPANIES (ABROAD) INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (DETAILS ACCORDING TO IFRS COMMERCIAL BALANCE SHEET II)

Company name and registered office	Share in capital in percent	Financial year	Equity (in € '000)
GfK Retail and Technology Market Research Vietnam Limited, Ho Chi Minh City, Vietnam	100.00 [3]	2015	429
GfK Retail and Technology North Africa SARL, Casablanca, Morocco	100.00 [3]	2015	281
GfK Retail and Technology Peru S.A.C., Lima, Peru	100.00 [3]	2015	774
GfK Retail and Technology Taiwan Ltd, Taipei, Taiwan, China	100.00 [3]	2015	4,428
GfK Retail and Technology UK Holding Limited, London, UK	100.00 [3]	2015	6,778
GfK Retail and Technology UK Ltd., London, UK	100.00 [3]	2015	15,445
GfK Retail and Technology, Australia Pty. Limited, Sydney, Australia	100.00 [3]	2015	14,497
GfK Romania-Institut de Cercetare de Piata Srl, Bucharest, Romania	100.00 [3]	2015	2,752
GfK Shared Services UK Limited, London, UK	100.00 [3]	2015	12
GfK Slovakia s.r.o., Bratislava, Slovakia	100.00 [3]	2015	−1,679
GFK SLOVENIJA, tržne raziskave d.o.o., Ljubljana, Slovenia	100.00 [3]	2015	363
GfK South Africa (Pty), Sandton, South Africa	100.00 [3]	2015	219
GfK Sverige Aktiebolag, Lund, Sweden	100.00	2015	2,251
GfK Switzerland AG, Hergiswil, Switzerland	100.00	2015	19,837
GfK Telephone Interviewing Services UK Limited, London, UK	100.00 [3]	2015	13
GfK Turkey Danismanlik ve Pazar Arastirma Hizmetleri A.S., Istanbul, Turkey	100.00 [3]	2015	2,714
GfK U.K. Holding Limited, London, UK	100.00 [3]	2015	20,042
GfK U.K. Limited, London, UK	100.00 [3]	2015	101,635
GfK UK Entertainments Ltd., London, UK	100.00	2015	2,038
GfK Ukraine, Kiev, Ukraine	100.00 [3]	2015	1,450
GfK US Holdings, Inc., Wilmington, Delaware, USA	100.00 [3]	2015	393,085
GfK US, LLC, New York City, New York, USA	100.00 [3]	2015	52,201
GfK-Bulgaria, Institut für Marktforschung EGmbH, Sofia, Bulgaria	100.00 [3]	2015	2,562
GFKEcuador S.A. Investigación Estratégica, Quito, Ecuador	99.91 [3]	2015	615
GfK-Media Research Middle East SA, Hergiswil, Switzerland	67.00 [3]	2015	−969
GfK-RUS Gesellschaft mbH, Moscow, Russia	100.00 [3]	2015	6,813
IFR Europe Ltd., London, UK	100.00 [3]	2015	270
IFR Italia S.r.L., Milan, Italy	100.00 [3]	2015	445
IFR Marketing España S.L., Madrid, Spain	100.00 [3]	2015	197
IFR Monitoring Canada Inc., Niagara Falls, Canada	100.00 [3]	2015	−109
IFR Monitoring USA Inc., Niagara Falls, New York, USA	100.00 [3]	2015	12
IFR South America, SA, Buenos Aires, Argentina	100.00 [3]	2015	521
Institut Français de Recherche – I.F.R. S.A.S, Suresnes, France	100.00	2015	10,009
INTERCAMPUS-RECOLHA, TRATAMENTO E DISTRIBUIÇÃO DE INFORMAÇÃO, S.A., Lisbon, Portugal	74.10 [3]	2015	1,001
MERC Analistas de Mercados, S.A.P.I. de C.V., Mexico City, Mexico	100.00 [3]	2015	5,561
METRIS-MÉTODOS DE RECOLHA E INVESTIGAÇÃO SOCIAL, S.A., Lisbon, Portugal	71.00 [3]	2015	1,232
NOP Global Limited, London, UK	100.00 [3]	2015	16
NOP World Limited, London, UK	100.00 [3] [7]	2015	61,345
NORM Research & Consulting AB, Stockholm, Sweden	100.00	2015	1,995
Norm Research & Consulting B.V., Amsterdam, Netherlands	100.00 [3]	2015	190
Numbers Services Limited, London, UK	100.00 [3]	2015	1,128
PT. GfK Retail and Technology Indonesia, Jakarta, Indonesia	100.00 [3]	2015	−91
Shopping Brasil Tecnologia da Informação Ltda, Porto Alegre, Brazil	86.03 [3]	2015	1,102

AFFILIATED COMPANIES (GERMANY) NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (DETAILS ACCORDING TO HGB COMMERCIAL BALANCE SHEET I)

Company name and registered office	Share in capital in percent	Financial year	Equity (in € '000)
1-2-3 MysteryWorldNet GmbH, Hamburg	100.00	2015	52
GfK Media and Communication Research Verwaltungs-GmbH, Frankfurt/Main	100.00	2015	28
GfK Siebte Vermögensverwaltungs GmbH, Nuremberg	100.00	2015	23
GfK Vierte Vermögensverwaltungs GmbH, Nuremberg	100.00	2015	25 [11]
Norm Research & Consulting GmbH, Wiesbaden	100.00 [3]	2015	−95
TRMR Vermögensverwaltungs GmbH, Nuremberg	100.00	2015	22

1) Data from 2013 2) Data from 2014 3) Fully indirect shareholding 4) Partially indirect shareholding 5) Data not available
6) Newly established in 2015 7) In liquidation 8) Short financial year 9) Share of minority shareholder regulated by separate agreement
10) A valuation at equity was not carried out for reasons of materiality 11) Profit and loss transfer agreement

AFFILIATED COMPANIES (ABROAD)
NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company name and registered office	Share in capital in percent	Financial year	Equity (in € '000)
G F K Lanka (Private) Limited, Colombo, Sri Lanka	100.00 [3]	2015	197
GfK Albania, Tirana, Albania	100.00 [3]	2015	172
GfK Bangladesh Pvt. Ltd., Dhaka, Bangladesh	100.00 [3] [6] [8]	2015	239
GfK Client Solutions Ltd., Tel Aviv, Israel	100.00 [3]	2015	156
GfK Ecuador Investigación de Mercado CIA. LTDA., Quito, Ecuador	100.00 [3]	2015	−19
GfK Entertainment AG, Zurich, Switzerland	100.00 [3]	2015	363
GfK Levant s.a.r.l., Beirut, Lebanon	100.00 [3]	2015	43
GfK Netherlands B.V., Hilversum, Netherlands	100.00 [6] [8]	2015	20
GfK PANAMA S.A., Panama City, Panama	100.00 [3] [7]	2015	−233
GfK Retail & Technology Egypt, L.L.C., Cairo, Egypt	100.00 [3]	2015	313
GfK Retail & Technology Ltd., Ramat Gan, Israel	100.00 [3]	2015	−911
GfK Retail and Technology Belgium N.V., Leuven, Belgium	100.00 [3] [6] [8]	2015	62
GfK Retail and Technology East Africa Limited, Nairobi, Kenya	100.00 [3]	2015	138
GfK Retail and Technology Panama S.A., Panama City, Panama	100.00 [3]	2015	−809
GfK Skopje DOO, Skopje, Macedonia	100.00 [3]	2015	308
GfK Stratégie et développement Groupement d'intérêt Economique, Suresnes, France	100.00 [3]	2015	106
GfK Venezuela, C.A., Caracas, Venezuela	100.00 [3]	2015	−231
GfK-RT Nigeria Limited, Lagos, Nigeria	100.00 [3]	2015	331
IFR Asia Co. Ltd., Beijing, China	100.00 [3] [7]	2015	11
IFR Polska Sp. z o.o., Warsaw, Poland	100.00 [3]	2015	25
IFR RUS Limited, Moscow, Russia	100.00 [3]	2015	162
IFR U.K. Ltd., London, UK	100.00 [3]	2015	−805
TerrEtude S.A.S., Mouchamps, France	100.00 [3]	2015	257

ASSOCIATED COMPANIES (GERMANY)
(DETAILS ACCORDING TO HGB COMMERCIAL BALANCE SHEET I)

Company name and registered office	Share in capital in percent	Financial year	Equity (in € '000)
USEEDS GmbH, Berlin	50.00 [3]	2015	1,282

ASSOCIATED COMPANIES (ABROAD)

Company name and registered office	Share in capital in percent	Financial year	Equity (in € '000)
AGB Nielsen, medijske raziskave, d.o.o., Ljubljana, Slovenia	21.00 [3] [10]	2015	1,050
Common Technology Centre EEIG, London, UK	25.00 [3] [10]	2015	0 [2]
Europanel Raw Database GIE, Brussels, Belgium	50.00 [4] [10]	2015	– [5]
MarketingScan SAS, Suresnes, France	50.00	2015	−696
Media Focus Schweiz GmbH, Zurich, Switzerland	49.00 [3]	2015	1,141
MRC-Mode Pvt. Limited, Dhaka, Bangladesh	36.00 [3] [10]	2014/2015	−57 [2]
St. Mamet Saisie Informatique (SMSI) S.A.R.L., Saint Mamet la Salvetat, France	20.40 [3]	2015	453
Starch Research Services Limited, Toronto, Ontario, Canada	20.00 [3] [10]	2015	15
YouEye Inc., Mountain View, California, USA	22.22 [3]	2015	−165

OTHER PARTICIPATIONS (ABROAD)

Company name and registered office	Share in capital in percent	Financial year	Equity (in € '000)
Information Resources (UK) Limited, Maidenhead, Berkshire, UK	5.80 [4]	2015	−64,113 [1]
Qosmos SA, Amiens, France	14.81	2015	16,104
ZecoByte AB, Stockholm, Sweden	11.00 [3]	2015	2

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42. Declaration on the German Corporate Governance Code

The declaration prescribed by Section 161 of the German Stock Corporation Act (AktG) has been issued by the Management Board and the Supervisory Board and made permanently available to shareholders at
http://www.gfk.com/investors/corporate-governance/.

43. Release for publication

The Management Board of GfK SE released the consolidated financial statements for passing on to the Supervisory Board on March 11, 2016. It is the duty of the Supervisory Board to check the consolidated financial statements and declare whether it approves the consolidated financial statements.

Nuremberg, March 11, 2016

Matthias Hartmann

Christian Diedrich

Alessandra Cama

Dr. Gerhard Hausruckinger

David Krajicek

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the GfK SE, Nuremberg, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated equity change statement and the Notes to the consolidated financial statements, together with the group management report for the business year from 1 January 2015 to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] (and supplementary provisions of the articles of incorporation) are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Nuremberg, March 11, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Grottel
German Public Auditor

Dr. Faul
German Public Auditor

Statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and income of the Group, and the Group Management Report includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nuremberg, March 11, 2016

Matthias Hartmann

Christian Diedrich

Alessandra Cama

Dr. Gerhard Hausruckinger

David Krajicek

ADDITIONAL INFORMATION

MULTI-YEAR OVERVIEW

2007 TO 2015 ACCORDING TO IFRS

INCOME STATEMENT FIGURES

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sales	€ million	1,162.1	1,220.4	1,164.5	1,294.2	1,373.9	1,514.7	1,494.8	1,452.9	1,543.4
Personnel expenses	€ million	465.2	494.3	510.5	550.7	593.4	685.5	677.6	705.4	765.9
Amortization/depreciation of tangible and intangible assets	€ million	59.7	59.2	66.3	55.1	79.9	63.8	196.5	130.3	125.1
Adjusted operating income	€ million	157.6	158.7	147.2	185.0	187.7	187.4	190.4	178.8	187.6
EBITDA	€ million	188.4	192.0	159.1	200.4	223.2	194.1	225.4	202.2	231.2
Operating income	€ million	125.6	128.9	88.9	141.4	138.9	129.4	26.5	68.0	104.2
Income from participations	€ million	3.0	3.9	3.9	3.9	4.4	1.0	2.4	4.0	2.0
EBIT	€ million	128.6	132.8	92.8	145.2	143.3	130.3	28.9	71.9	106.2
Income from ongoing business activity	€ million	104.2	113.0	75.5	124.8	125.6	108.2	4.2	47.6	87.9
Consolidated total income[1)]	€ million	78.9	82.0	60.5	84.0	88.1	64.1	72.5	78.9	80.1
Tax ratio[1)]	Percent	24.3	27.4	19.8	32.7	29.8	40.8	38.9	26.3	37.0

1) 2013, 2014 and 2015 do not take into account goodwill impairment

BALANCE SHEET FIGURES

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
Non-current assets	€ million	1,088.3	1,085.0	1,157.9	1,232.2	1,255.7	1,361.0	1,194.6	1,231.4	1,221.7
Current assets	€ million	382.5	361.6	363.5	417.7	489.9	518.8	501.8	536.1	620.6
Asset structure = Non-current assets/current assets	Percent	284.5	300.1	318.5	295.0	256.3	262.3	238.0	229.7	196.9
Investments	€ million	73.7	101.5	106.7	89.6	77.3	177.8	118.4	99.7	108.6
of which tangible and intangible assets	€ million	49.2	50.5	49.0	48.6	62.7	70.7	80.4	89.2	94.1
of which financial assets	€ million	24.5	51.0	57.7	41.0	14.6	107.1	38.0	10.5	14.5
Equity	€ million	509.6	500.3	553.0	677.5	760.8	782.0	663.7	705.3	720.5
Liabilities	€ million	961.2	946.3	968.4	972.4	984.8	1,097.8	1,032.7	1,062.2	1,121.8
Total assets	€ million	1,470.8	1,446.6	1,521.4	1,649.9	1,745.6	1,879.8	1,696.4	1,767.4	1,842.3
Net debt	€ million	−472.9	−481.5	−499.8	−428.5	−363.9	−461.8	−427.5	−393.1	−400.0

CASH FLOW FIGURES

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cash flow from operating activity	€ million	168.1	145.8	134.7	172.0	170.5	115.0	164.0	196.9	170.9
Cash flow from investing activity	€ million	−64.6	−100.4	−104.4	−86.2	−72.9	−177.4	−117.5	−98.9	−76.3
Cash flow from financing activity	€ million	−112.9	−46.4	−26.2	−76.9	−49.0	22.8	−31.5	−75.5	−59.4
Free cash flow	€ million	118.9	95.4	85.7	123.4	107.9	44.3	83.7	107.7	76.8

MULTI-YEAR OVERVIEW

2007 TO 2015 ACCORDING TO IFRS

PROFITABILITY RATIOS

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
AOI margin = Adjusted operating income/sales	Percent	13.6	13.0	12.6	14.3	13.7	12.4	12.7	12.3	12.2
EBITDA margin = EBITDA/sales	Percent	16.2	15.7	13.7	15.5	16.2	12.8	15.1	13.9	15.0
EBIT margin = EBIT/sales	Percent	11.1	10.9	8.0	11.2	10.4	8.6	1.9	5.0	6.9
Return on sales = Consolidated total income[1)]/sales	Percent	6.8	6.7	5.2	6.5	6.4	4.2	4.9	5.4	5.2
Personnel expenses ratio = Personnel expenses/sales	Percent	40.0	40.5	43.8	42.6	43.2	45.3	45.3	48.5	49.6
ROCE = Adjusted EBIT/average net capital employed	Percent	12.5	12.8	9.7	14.1	14.0	11.9	8.8	10.2	11.7
Total return on capital employed = EBIT/average total assets	Percent	8.7	9.1	6.3	9.2	8.4	7.2	1.6	4.2	5.9
Pay-out ratio = Total dividends/consolidated total income[1)]	Percent	20.5	20.2	17.8	20.7	26.9	37.0	32.7	30.1	29.6
Dynamic debt to equity ratio = Net debt/free cash flow	Years	4.0	5.1	5.8	3.5	3.4	10.4	5.1	3.6	5.2

[1)] 2013, 2014 and 2015 do not take into account goodwill impairment

KEY INDICATORS PER SHARE

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
Earnings per share[1) 2)]	€	1.98	2.04	1.42	1.99	2.06	1.43	1.66	1.79	2.09
Free cash flow per share[1)]	€	3.33	2.66	2.38	3.43	2.96	1.21	2.29	2.95	2.10
Dividend per share	€	0.45	0.46	0.30	0.48	0.65	0.65	0.65	0.65	0.65
Total dividends	€ million	16.1	16.5	10.8	17.4	23.7	23.7	23.7	23.7	23.7
Dividend return	Percent	1.64	2.09	1.24	1.28	2.12	1.68	1.61	1.91	2.10
Year-end share price[1)]	€	27.50	22.02	24.13	37.60	30.63	38.59	40.31	34.00	30.90
Weighted number of shares	1,000 units	35,682	35,884	35,947	35,967	36,407	36,504	36,504	36,504	36,504

1) Adjusted for capital increase
2) 2013, 2014 and 2015 do not take into account goodwill impairment

NET DEBT RATIOS

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net debt to										
equity (gearing)	Percent	92.8	96.2	90.4	63.2	47.8	59.1	64.4	55.7	55.5
EBIT	Percent	367.5	362.6	538.6	295.0	253.9	354.3	1,478.7	546.4	376.8
EBITDA	Percent	251.0	250.8	314.2	213.8	163.1	237.9	189.7	194.4	173.0
free cash flow	Percent	397.8	505.0	583.4	347.2	337.4	1,041.5	510.8	364.9	520.7

MULTI-YEAR OVERVIEW

2007 TO 2015 ACCORDING TO IFRS

SALES BY SECTORS AND REGIONS

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sectors (old structure until 2011)										
Custom Research	€ million	773.0	782.8	709.2	785.6	829.2				
Retail and Technology	€ million	260.8	304.1	325.8	370.8	407.0				
Media	€ million	124.5	130.1	126.4	133.1	132.9				
Sectors (new structure from 2012)										
Consumer Experiences	€ million					829.2	907.8	881.3	826.0	859.1
Consumer Choices	€ million					539.8	601.6	607.8	623.6	681.1
Regions (old structure until 2011)										
Germany	€ million	290.3	316.1	301.3	340.8	376.6				
Western Europe/Middle East/Africa	€ million	480.5	487.2	458.1	483.0	520.5				
Central and Eastern Europe	€ million	73.1	87.2	71.7	89.7	97.6				
North America	€ million	240.7	219.7	207.2	219.3	200.3				
Latin America	€ million	26.7	35.5	39.4	54.9	59.4				
Asia and the Pacific	€ million	50.8	74.8	86.9	106.5	119.5				
Regions (new structure from 2012)										
Northern Europe	€ million					596.3	622.4	607.7	574.9	575.6
Southern and Western Europe	€ million					280.4	282.1	272.6	265.4	267.0
Central Eastern Europe/META	€ million					118.0	121.8	127.7	127.5	126.5
North America	€ million					200.3	266.8	265.9	263.0	321.0
Latin America	€ million					59.4	66.6	66.5	61.2	67.9
Asia and the Pacific	€ million					119.5	155.0	154.4	161.0	185.4

MULTI-YEAR OVERVIEW

2007 TO 2015 ACCORDING TO IFRS

ADJUSTED OPERATING INCOME OF SECTORS

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sectors (old structure until 2011)										
Custom Research	€ million	66.1	56.0	39.5	63.2	65.0				
Retail and Technology	€ million	67.3	82.6	95.8	113.9	123.5				
Media	€ million	25.7	23.8	16.6	15.6	10.8				
Sectors (new structure from 2012)										
Consumer Experiences	€ million					63.3	58.9	58.6	57.6	58.9
Consumer Choices	€ million					136.0	139.3	144.4	137.7	145.0

NUMBER OF EMPLOYEES AT YEAR-END

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total number	Employees	9,070	9,692	10,058	10,546	11,457	12,678	12,940	13,380	13,485
Sectors (old structure until 2011)										
Custom Research	Employees	5,632	5,876	5,837	6,018	6,594				
Retail and Technology	Employees	2,458	2,757	3,224	3,507	3,768				
Media	Employees	559	594	552	554	612				
Other	Employees	421	465	445	467	483				
Sectors (new structure from 2012)										
Consumer Experiences	Employees					6,578	7,180	7,125	6,229	5,892
Consumer Choices	Employees					4,396	5,002	5,287	5,327	5,828
Other	Employees					483	496	528	1,824	1,765

LIST OF GfK COMPANIES MENTIONED

ENCODEX International GmbH
ENCODEX International GmbH, Nuremberg, Germany

GfK Arastirma Hizmetleri A.S.
GfK Arastirma Hizmetleri A.S., Istanbul, Turkey

GfK CR Japan
GfK Custom Research Japan KK, Tokyo, Japan

GfK LATINOAMERICA HOLDING, S.L.
GFK LATINOAMERICA HOLDING, S.L., Valencia, Spain

GfK Marketing Services K.K.
GfK Marketing Services Japan K.K., Tokyo, Japan

GfK Retail and Technology Argentina S.A.
GfK Retail and Technology Argentina S.A., Buenos Aires, Argentina

GfK Retail and Technology Asia Holding B.V.
GfK Retail and Technology Asia Holding B.V., Amsterdam, Netherlands

GfK Retail and Technology GmbH
GfK Retail and Technology GmbH, Nuremberg, Germany

GfK Switzerland
GfK Switzerland AG, Hergiswil, Switzerland

GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V.
GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, Germany

Incoma GfK
INCOMA GfK, s.r.o., Prague, Czech Republic

Netquest
Soluciones Netquest de Investigación, S.L., Barcelona, Spain

NORM, NORM Group
NORM Research & Consulting AB, Stockholm, Sweden
Norm Research & Consulting B.V., Amsterdam, Netherlands
ZecoByte AB, Stockholm, Sweden
Norm Research & Consulting GmbH, Wiesbaden, Germany

NORM Netherlands
Norm Research & Consulting B.V., Amsterdam, Netherlands

NORM Research & Consulting AB
NORM Research & Consulting AB, Stockholm, Sweden

Norm Research & Consulting B.V.
Norm Research & Consulting B.V., Amsterdam, Netherlands

NORM Sweden
NORM Research & Consulting AB, Stockholm, Sweden

NPD Intelect, L.L.C.
NPD Intelect, L.L.C., Port Washington, New York, USA

Oz Toys Marketing Services Pty. Ltd.
Oz Toys Marketing Services Pty. Ltd., Sydney, Australia

Sports Tracking Europe B.V.
Sports Tracking Europe B.V., Amstelveen, Netherlands

USEEDS
USEEDS GmbH, Berlin, Germany

Wakoopa
Wakoopa, B.V., Amsterdam, Netherlands

YouEye Inc.
YouEye Inc., Mountain View, California, USA

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ACKNOWLEDGEMENTS AND CONTACTS

This Annual Report is available in German and English.

The online version can be found at:
annual-report.gfk.com

Annual reports from prior years and further information can be found online at:
http://www.gfk.com/investors/publications/publications/

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Annual reports, interim reports and press releases are available from:
investor.relations@gfk.com
public.relations@gfk.com

Contacts
Bernhard Wolf
Investor Relations
T + 49 911 395 – 2012
F + 49 911 395 – 4075
bernhard.wolf@gfk.com

Jan Saeger
Corporate Communications
T + 49 911 395 – 4440
F + 49 911 395 – 4041
jan.saeger@gfk.com

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PROVISIONAL KEY DATES IN THE FINANCIAL CALENDAR

2016

MAY 13, 2016
Interim quarterly report
as at March 31, 2016

MAY 20, 2016
Annual General Assembly
Fuerth, Germany

AUGUST 12, 2016
Interim half-year report
as at June 30, 2016

NOVEMBER 14, 2016
Interim nine-month report
as at September 30, 2016

2017

JANUARY 31, 2017
Trading Statement

MARCH 14, 2017
Accounts press conference
Nuremberg, Germany

MAY 15, 2017
Interim quarterly report
as at March 31, 2017

MAY 18, 2017
Annual General Assembly
Fuerth, Germany

AUGUST 14, 2017
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GfK GROUP
Nordwestring 101
90419 Nuremberg, Germany
T +49 911 395–0
Email gfk@gfk.com

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