RELEVANCE

RECOGNIZING WHAT IS IMPORTANT.

REPORT FOR THE FIRST HALF YEAR 2017

GfK: SALES AND INCOME DOWN VERSUS PRIOR YEAR

- Group sales down 1.3 percent in organic terms
- Organic sales growth slows by 1.3 percent in both sectors respectively
- AOI-margin (adjusted operating income in relation to sales) declines to 3.8 percent (prior year: 8.2 percent) through adverse impact of impairments
- Operating cash flow stands at €28.9 million (prior year: €56.9 million)
- Guidance for the year revised

Sales and income at GfK were down in the first six months of 2017. The decline in sales amounted to 1.3 percent in organic terms and affected both sectors equally. The second quarter of the year was somewhat better than the first three months (-2.7 percent). Currency effects made a positive contribution of 0.4 percent. Overall, sales reached €708.8 million (prior year: €721.7 million).

Adjusted operating income amounted to €26.9 million in the first half of the year. This is a fall of €31.9 million versus the same period of the prior year. As a result of the weak sales performance in both sectors, the margin also declined from 8.2 percent in the first half of the prior year to 3.8 percent.

In the Consumer Choices sector, sales fell by 1.3 percent in organic terms and income decreased from €48.6 million to €26.4 million. At 8.1 percent, the margin was significantly below the prior year's figure of 14.5 percent. Most of this downturn is due to the well-documented delays relating to audience measurement contracts in Brazil and the Kingdom of Saudi Arabia. The Consumer Experiences sector closed the reporting period with a sales decline of 1.3 percent in organic terms. The reduction achieved in terms of resource and cost-saving measures was unable to offset this trend. As a result, income declined and the margin fell to 1.8 percent (prior year: 4.2 percent). However, in comparison with the first quarter, there was a slight improvement in the margin of 0.2 percentage points.

GfK achieved organic growth in the regions Southern and Western Europe, Asia and the Pacific as well as Central Eastern Europe/META, while business declined in organic terms in Latin America and the mature markets of Northern Europe and North America. In comparison with the first three months of the year, growth rates in Central Eastern Europe/META and North America fell, but improved in the other four regions.

In view of the weak business trend and resultant change in expectations regarding some areas of business within the Consumer Experiences sector, goodwill impairments of €111.7 million were carried out in the second quarter.

INTERIM MANAGEMENT REPORT

1. GENERAL ECONOMIC SITUATION

Modest global economic growth was recorded in the first six months of 2017. Average growth rates in gross domestic product (GDP) in both the industrialized countries and emerging markets outstripped the respective figures for the first half of the prior year. The rise in energy and commodity prices that had started at the beginning of the year, weakened again over the course of the second quarter.

On the whole, the economy in Western Europe saw steady growth in the period January to June 2017. The pace of development varied in the countries of both Northern and Southern Europe. In Germany, the economy continued to strengthen during the reporting period on the back of sustained optimistic consumer sentiment and the positive situation in the labor market. The economic trend in Central Europe remained positive in the first six months of 2017. Against the backdrop of comparatively higher energy prices, the economic situation in Eastern Europe improved.

The U.S. economy continued to grow in the first half of the year, with significant stimulus coming from private domestic demand. In Brazil, the recession persisted but the downturn was less severe than in the first half of the prior year. The situation in Argentina improved slightly while inflation remained high. China's economic expansion maintained its dynamic tempo during the reporting period. In India, the growth trend, already at a high level, strengthened slightly over the course of the year. Japan achieved comparatively sound growth in GDP.

2. ECONOMIC AND FINANCIAL DEVELOPMENT OF THE GFK GROUP

In the first half of 2017, the GfK Group recorded an organic decrease in sales. Group **sales** were down 1.8 percent on the same period of the prior year to €708.8 million. Organic growth amounted to -1.3 percent, while currency effects contributed 0.4 percent. Divestments made an impact of -0.9 percent. Organic sales declined by 1.3 percent respectively in both sectors, although this represents an improvement on the first quarter of 2017 (decrease of 2.7 percent). In organic terms, Group sales were up 0.1 percent on the second quarter of 2016.

GfK GROUP: KEY FIGURES

In € million (rounded)	2. Quarter 2016[2]	2. Quarter 2017	Change in %	1. Half Year 2016[2]	1. Half Year 2017	Change in %
Sales	361.2	356.8	– 1.2	721.7	708.8	– 1.8
EBITDA	38.4	28.8	– 25.0	83.1	58.2	– 30.0
Adjusted operating income	26.8	5.3	– 80.2	58.9	26.9	– 54.2
Margin in percent[1]	7.4%	1.5%	–	8.2%	3.8%	–
Operating income	– 100.4	– 131.7	– 31.2	– 72.9	– 120.0	– 64.8
Operating income[3]	15.1	– 19.9	–	42.6	– 8.3	–
EBIT	– 101.5	– 131.6	– 29.7	– 73.8	– 119.9	– 62.4
EBIT[3]	14.0	– 19.9	–	41.6	– 8.1	–
Net financial income	– 3.1	– 2.1	+ 30.8	– 5.9	– 4.4	+ 24.8
Consolidated total income	– 122.6	– 135.4	– 10.4	– 107.1	– 134.4	– 25.6
Consolidated total income[3]	– 7.1	– 23.6	– 232.2	8.4	– 22.7	–
Cash flow from operating activity	10.2	1.7	– 83.7	56.9	28.9	– 49.2
Basic earnings per share in EUR	– 3.38	– 3.73	– 10.4	– 2.98	– 3.72	– 24.8

1) Adjusted operating income in relation to sales
2) Retroactive adjustment pursuant to IAS 8: reduction in goodwill impairment of €25.7 million. This adjustment had been reported at the end of 2016. See Notes to the financial statements for further details.
3) Excluding goodwill impairment

Adjusted operating income (hereinafter: income) decreased by 54.2 percent to €26.9 million in the first six months of 2017 (first half of 2016: €58.9 million). The performance of both sectors was considerably below the prior year. In a year-on-year comparison, the margin declined by 4.4 percentage points in the first six months to 3.8 percent.

Like its competitors, the GfK Group uses adjusted operating income as a key performance indicator. In net terms, these highlighted items resulted in expenses of €147.0 million. In the same period of the prior year, expenses amounted to €131.7 million. The increase mainly resulted from two effects: The rise in write-ups and write-downs of additional assets identified on acquisitions accounted for €9.2 million. This stems from impairments relating to panels and software in the Consumer Experiences sector necessitated by the revised growth prospects in this sector. The second effect resulted from higher expenses in connection with reorganization and improvement projects in the amount of €5.3 million, particularly in relation to consultancy costs associated with GfK's new strategic direction.

ADJUSTED OPERATING INCOME[1)]

In € million	1. Half Year 2016[2)]	1. Half Year 2017
Operating income	***– 72.9***	***– 120.0***
Goodwill impairment	– 115.5	– 111.7
Write-ups and write-downs of additional assets identified on acquisitions	– 3.5	– 12.6
Income and expenses in connection with share and asset deals	1.6	– 0.2
Income and expenses in connection with reorganization and improvement projects	– 4.9	– 10.2
Personnel expenses for share-based incentive payments	– 2.1	– 2.9
Currency conversion differences	1.9	0.2
Expenses from litigation, compliance cases and terminated projects	– 9.3	– 9.3
Remaining highlighted items	– 0.1	– 0.4
Total highlighted items	***– 131.7***	***– 147.0***
Total highlighted items (excluding goodwill impairment)	***– 16.3***	***– 35.3***
ADJUSTED OPERATING INCOME	**58.9**	**26.9**

1) rounded
2) Retroactive adjustment pursuant to IAS 8: reduction in goodwill impairment of €25.7 million. This adjustment had been reported at the end of 2016. See Notes to the financial statements for further details.

Goodwill impairment amounted to €111.7 million, €3.7 million less than in the first half of the prior year (first six months 2016: €115.5 million). In view of the goodwill impairment in foreign currency, the figure reported on the balance sheet, converted at the closing rate, is €108.5 million. The impairment results from the change in GfK's expectations regarding some of its products in the Consumer Experiences sector.

The budget assumptions for the impairment test carried out for the first half of 2016 relating to goodwill in the region Central Eastern Europe/ META proved to be incorrect. The result was that goodwill was undervalued. The inaccuracy was corrected by adjusting goodwill as at the end of 2016 (€25.7 million). This adjustment was recognized in the income statement as explained in the 2016 Annual Report.

There was positive development in income from participations from €-1.0 million in the first half of 2016 to €0.2 million. Write-downs as a result of restructuring measures at a company in the UK had reduced income from participations in the prior year.

In view of the circumstances described, **EBIT** was down to €-119.9 million (prior year: €-73.8 million). The figure before goodwill impairment was €-8.1 million. **EBITDA**, which is not affected by the goodwill impairment, decreased to €58.2 million.

A positive trend was evident in **net financial income**, which represents the balance of other financial income and other financial expenses. It amounted to €-4.4 million after €-5.9 million in the first half of 2016. Interest expenses were reduced, while currency effects had a negative impact.

The **tax ratio** was -8.1 percent in the first six months of 2017. The prior year's ratio was -34.3 percent. Tax on income from ongoing business activity fell by 63 percent, or €17.2 million. During the course of the year, the tax ratio is subject to considerable fluctuations and is consequently only of limited informative value.

The GfK Group's **consolidated total income** decreased to €-134.4 million. In the first half of 2016, consolidated total income amounted to €-107.1 million. Excluding the impact of the goodwill impairment, negative consolidated total income of €-22.7 million (prior year: €8.4 million) would have been generated in the present reporting period. **Earnings per share** were also affected by the impairment of goodwill and amounted to €-3.72 after €-2.98 in the same period of the prior year.

3. CASH FLOW AND INVESTMENT

Cash flow from operating activity in the first six months of 2017 dropped to €28.9 million, compared with the figure of €56.9 million achieved in the first half of the prior year. While the €23.9 million increase in the reduction in operating working capital positively influenced the cash flow, changes in the non-operating working capital, especially one-off effects, had an adverse impact.

The funds outflow from **investing activity** decreased by €7.6 million to €32.8 million. The decline was due to lower capex disbursements as well as no funds outflow for business acquisitions.

Free cash flow after acquisitions, other investments and asset disposals amounted to €- 3.9 million (first half of prior year: €16.4 million).

At the end of June 2017, GfK had **liquid funds** of €144.5 million (June 30, 2016: €126.5 million). As at the end of June, unutilized credit lines amounted to €285.3 million (June 30, 2016: €296.4 million).

4. ASSETS AND CAPITAL STRUCTURE

During the first six months of 2017, GfK SE's total assets decreased by 12.4 percent, or €213.3 million, compared with the figure at year-end 2016, falling to €1,507.6 million. The reason for this change was primarily the goodwill impairment of €108.5 million.

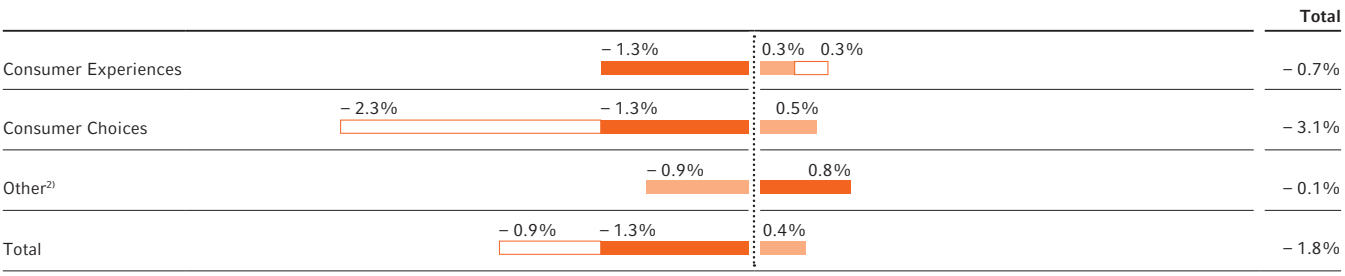
As at June 30, 2017, equity was down by €168.8 million to €369.3 million (December 31, 2016: €538.2 million). The main causes of this decrease were the goodwill impairment and write-downs of other intangible assets amounting to €30.5 million. Versus year-end 2016, the equity ratio was down by 6.8 percentage points to 24.5 percent. GfK SE's share capital remained constant at €153 million.

Net debt amounted to €399.1 million as at June 30, 2017, which was lower than the prior year's level (June 30, 2016: €428.0 million). The increase versus the year-end 2016 figure stands at €17.4 million and is in line with developments in the prior year. Liabilities to banks decreased by €6.6 million to €441.8 million versus the prior year.

The ratio of modified net debt to EBITDA was 2.52 on the reporting date (June 30, 2016: 1.90). As at June 30, 2017, the gearing ratio, which reflects net debt in relation to equity, increased to 108.1 percent as a result of the goodwill impairment (year-end 2016: 70.9 percent). Covenants with banks were comfortably met. The revolving credit facility and an ancillary facility amounting to €200 million had not been drawn as at June 30, 2017.

5. TRENDS IN THE SECTORS

STRUCTURE OF SALES GROWTH BY SECTORS[1)]



1) Figures from the Management-Information System – rounded
2) Other category

CONSUMER EXPERIENCES[1)]

in EUR million	1. Half Year 2016	1. Half Year 2017	Change in %
Sales	385.6	383.0	– 0.7
Adjusted operating income	16.1	7.1	– 56.1
Margin in per cent[2)]	4.2	1.8	

1) Figures from the Management-Information System – rounded
2) Adjusted operating income in relation to sales

Consumer Experiences: The sector's sales decreased by 1.3 percent in organic terms due to a weak trend in incoming orders for traditional ad hoc research in the first six months of the year. Sales from acquisitions and currency effects improved the sector's performance with 0.3 percentage points respectively to -0.7 percent overall.

Sales in the first six months of the year therefore amounted to €383.0 million, which means sector development was up on the first quarter of 2017. Consumer Experiences shrank by 2.7 percent in organic terms in the first quarter of the year, but this decline was halted in the second quarter of 2017. As a result, the negative trend from the first three months did not continue. Growth was achieved in three of the six regions. The region Southern and Western Europe delivered a pleasing performance with organic growth of 4.8 percent.

Further rapid progress was made in the portfolio realignment aimed at switching to a more data-driven business model and exploiting economies of scale. GfK has countered the decline in sales with active resource and cost management, including an adjustment to the number of staff. Please refer to the Employees section (section 7) for more information.

The consumer panel performed well, although this was not enough to compensate for weak traditional ad hoc research business.

The improvement in sales versus the first quarter of 2017 also led to an upturn in the sector's profitability. Income reached €7.1 million, but this is still significantly lower than the prior year's figure of €16.1 million. The margin dropped from 4.2 percent in the same period of the prior year to 1.8 percent.

CONSUMER CHOICES[1)]

in EUR million	1. Half Year 2016	1. Half Year 2017	Change in %
Sales	335.8	325.5	– 3.1
Adjusted operating income	48.6	26.4	– 45.7
Margin in per cent[2)]	14.5	8.1	

1) Figures from the Management-Information System – rounded
2) Adjusted operating income in relation to sales

Consumer Choices: Sales growth in the Consumer Choices sector declined by 1.3 percent in organic terms. As a result of positive currency effects and taking into account the disposal of business activities in 2016, growth in sales stood at 3.1 percent, which is down on the prior year, with sales totaling €325.5 million.

The Point-of-Sale Measurement business is expanding. In Media Measurement, no sales were posted under the TV research contract that has started in Brazil. In the Kingdom of Saudi Arabia, precautionary measures were taken with regard to sales and income. GfK is in intensive negotiations with its contractual partners in both countries to bring the loss-making situation to an end. From a regional perspective, the region Asia and the Pacific recorded organic growth, while sales declined in all other regions.

Income in the Consumer Choices sector fell from €48.6 million to €26.4 million. The negative income contributions from the TV research panels in Brazil and the Kingdom of Saudi Arabia had an adverse impact. Consequently, the margin in this sector declined from 14.5 percent in the first half of 2016 to 8.1 percent.

OTHER[1)]

in EUR million	1. Half Year 2016	1. Half Year 2017	Change in %
Sales	0.3	0.3	– 0.1
Adjusted operating income	– 5.8	– 6.6	– 12.3

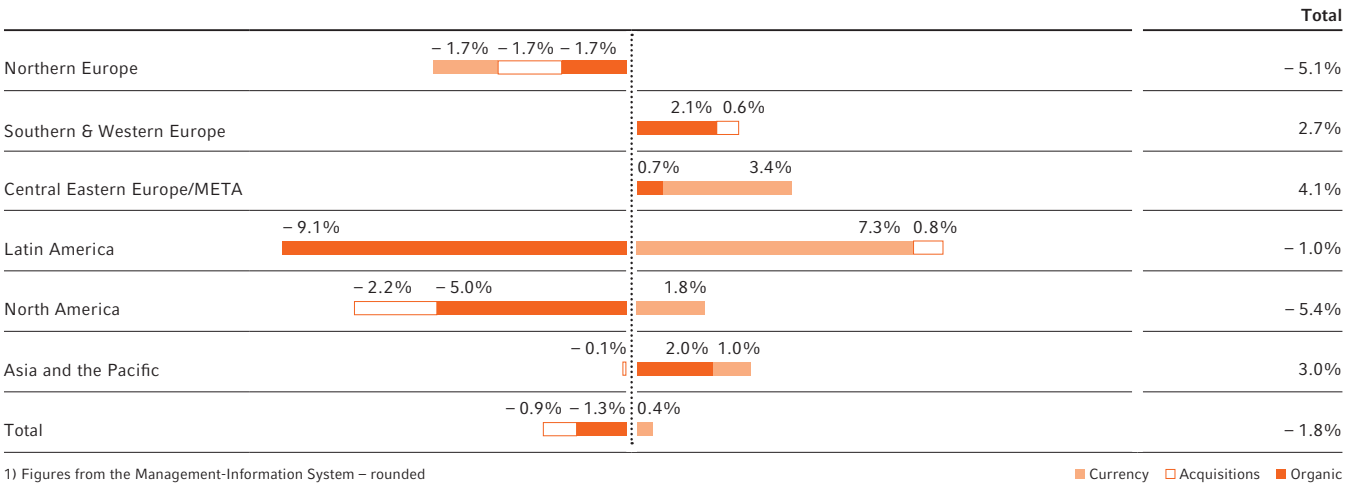
1) Figures from the Management-Information System – rounded

Other: Complementary to these two sectors is the Other category, which unites the central services that the GfK Group provides for its subsidiary companies and other services unrelated to market research.

Sales generated by the Other category in the first six months of 2017 were on a par with the prior year (€0.2 million). The funding shortfall for the Other category increased from €5.8 million in the same period of the prior year to €6.6 million.

6. REGIONAL TRENDS

STRUCTURE OF SALES GROWTH IN THE REGIONS[1)]



1) Figures from the Management-Information System – rounded

REGIONS: SALES GROWTH[1)]

in EUR million	1. Half Year 2016	1. Half Year 2017	Change in %
Northern Europe	267.3	253.6	– 5.1
Southern & Western Europe	131.3	134.9	+ 2.7
Central Eastern Europe/META	60.5	62.9	+ 4.9
Latin America	32.8	32.5	– 1.0
North America	139.1	131.6	– 5.4
Asia and the Pacific	90.7	93.4	+ 3.0
Total	**721.7**	**708.8**	**– 1.8**

1) Zahlen aus dem Management– Informationssystem – gerundet

Worldwide, the GfK Group network of companies covers over 100 countries. The Group's operations are split geographically into six regions: Northern Europe, Southern and Western Europe, Central Eastern Europe/META, Latin America, North America and Asia and the Pacific.

Sales generated by GfK companies in its strongest sales region, **Northern Europe**, amounted to €253.6 million. In addition to unsatisfactory development in organic terms, sales were adversely affected by negative currency effects and the impact of the disposal of the Animal Health and Crop Protection business in April 2016. Overall, sales declined by 5.1 percent.

Southern and Western Europe saw an improvement on the same period of the prior year, achieving organic sales growth of 2.1 percent. The positive impact of acquisition-related growth strengthened this development further to 2.7 percent overall.

Business in the region **Central Eastern Europe/META** (Middle East, Turkey, Africa) slowed with organic growth of 0.7 percent in the first half of the year. Positive currency effects contributed 3.4 percentage points.

With sales down 9.1 percent, growth in **Latin America** is significantly below the region's performance in organic terms in the prior year. This development was primarily due to the TV research contract in Brazil. Strong, positive currency effects amounting to 7.3 percentage points and growth resulting from companies acquired in 2016 (+0.8 percent) improved the region's performance to -1.0 percent overall.

Sales in **North America** declined by €7.6 million to €131.6 million. This represents an organic sales decline of 5.0 percent, continuing the trend seen in the first quarter. The ad hoc and project business remains challenging for GfK in this region. Negative currency effects and a decline in sales resulting from the disposal of activities in the area of Animal Health and Crop Protection put an additional strain on the region's performance.

Asia and the Pacific posted organic sales growth of 2.0 percent. Currency effects also had a positive impact of 1.0 percentage point. Overall, sales of €93.4 million (prior year: €90.7 million|) were achieved.

7. EMPLOYEES

As at June 30, 2017, the GfK Group had 12,926 employees, down by 143 versus the end of 2016. Workforce numbers reduced in both sectors, while the Other category recorded a slight rise with an additional 10 employees. Personnel costs decreased by 0.9 percent year-on-year to €379.2 million. The personnel cost ratio, i.e. personnel costs to sales, rose from 53.0 percent to 53.5 percent.

8. RESEARCH AND DEVELOPMENT

In the first half of the year, GfK continued to progress the focal areas outlined in the 2016 Annual Report and concentrated on the interplay of insight generation for clients and the flexible delivery of this knowledge. The specialists in GfK's global Data Science & Technology division play a key role here and work together with the global market research teams to translate the ever-changing needs of clients and the market into new challenges and opportunities for specific methods and software applications and to test these out with clients.

GfK devises solutions that make it even quicker and easier for clients to directly access data without having to download information or adapt their own systems. GfK's proprietary self-service technology with ready-made templates is designed to meet the needs of clients willing to sacrifice a degree of service and quality in return for speed and lower initial costs.

Another key area is the focus on accelerating internal data processing in order to speed up the handling of growing data volumes.

GfK explores the potential of new data partnerships and enhances opportunities for internal data integration to better meet client requirements on a continual basis.

9. ORGANIZATION AND ADMINISTRATION

The Group has faced up to the challenges of globalization and reviewed its organization structure which should allow the GfK companies to react quickly and more efficiently to local market opportunities. Worldwide, the GfK Group has 134 consolidated subsidiaries, seven associated companies, three participations and 24 non-consolidated companies. The Group headquarters are in Nuremberg, Germany.

10. CHANGES IN PARTICIPATIONS IN THE SECOND QUARTER OF 2017

There were no changes in participations in the second quarter of 2017.

11. MAJOR EVENTS SINCE THE END OF THE REPORTING PERIOD TO JUNE 30, 2017

On July 21, 2017, the shareholders of GfK SE approved the transfer of shares held by minority shareholders of GfK SE to Acceleratio Capital N.V. (majority shareholder) in exchange for an appropriate cash compensation of €46.08. Once the resolution is entered in the commercial register, GfK will cease to be listed on the stock exchange. In a further resolution, the shareholders agreed that no dividend would be paid for 2016.

12. OPPORTUNITY AND RISK REPORT

GfK's Group Management Report dated December 31, 2016 includes an Opportunity and Risk Report. Based on the half-year results of the Consumer Experiences sector, GfK has revised its future growth rates for the sector and recognized a goodwill impairment of €111.7 million. In the Consumer Choices sector, the company has taken precautions to mitigate the risk resulting from delays in some growth initiatives. There have been no further major changes in relation to the position at December 31, 2016. GfK is not aware of any risks that might jeopardize the continued existence of GfKGroup

The GfK Group's risk situation is influenced by economic uncertainties. Should there be a marked deterioration in the global economic situation with a strong impact of the business of GfK clients, this would also have repercussions for GfK.

GfK's business model is subject to seasonal fluctuations. Traditionally, sales and earnings are much better in the fourth quarter than they are in the other quarters, as year-end business is of great importance for the GfK Group's clients.

13. OUTLOOK*

In its last economic forecast in June, the World Bank raised its growth forecast for the eurozone by 0.2 percentage points to 1.7 percent. Forecasts for the world economy were left at 2.7 percent as in January this year. The trend in industrialized nations continued to be viewed as positive for 2017. This is supported by expected growth in the USA. The growth outlook was revised upwards for the Eurozone and Japan. As before, there are still uncertainties resulting from the growing trend towards trade restrictions, the low level of willingness to adapt through economic policy measures and the possibility of disruption in the financial markets.

As previously reported, the Management Board updated its longterm forecast in May 2017.

Market conditions are set to remain challenging for GfK in the second half of the year. New digital offerings continue to replace the traditional, personnel-intensive products and services in ad hoc research.

GfK therefore assumes that 2017 will remain dominated by a challenging competitive environment. Based on the known risks, GfK expects sales to either match or be slightly down on the prior year, with a year-on-year decline in the AOI-margin (adjusted operating income to sales).

The muted start to the first half of the year means that developments in both sales and adjusted operating income have fallen short of expectations. If it is not possible to reverse this trend, sales and income could also be significantly down on the prior year.

* 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 sales proceeds and income for 2017. Such statements are subject to risks and uncertainties, for example, economic effects such as exchange rate fluctuations and changes in interest rates. Some uncertainties and other unforeseen factors which might affect ability to achieve targets are described in the "Opportunity and Risk Report" in the 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 assume no 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 nor accept any obligation to update predictive statements on an ongoing basis.

CONSOLIDATED INCOME STATEMENT OF THE GfK GROUP

FOR THE PERIOD APRIL 1 TO JUNE 30, 2017 IN € '000 (ACCORDING TO IFRS, NOT AUDITED)

	Q2 2016[2]	% of sales	Q2 2017	% of sales	Change abs.	Change %
Sales	361,233	100.0%	356,808	100.0%	– 4,425	– 1.2%
Cost of sales	– 266,095	– 73.7%	– 290,959	– 81.5%	– 24,864	9.3%
Gross income from sales	**95,138**	**26.3%**	**65,849**	**18.5%**	**– 29,289**	**– 30.8%**
Selling and general administrative expenses	– 72,191	– 20.0%	– 73,978	– 20.7%	– 1,787	2.5%
Other operating income	8,278	2.3%	3,815	1.1%	– 4,463	– 53.9%
Other operating expenses	– 131,613	– 36.4%	– 127,355	– 35.7%	4,258	– 3.2%
Operating income[1]	**– 100,388**	**– 27.8%**	**– 131,669**	**– 36.9%**	**– 31,281**	**31.2%**
Income from associates	205	0.1%	256	0.1%	51	24.9%
Other income from participations	– 1,296	– 0.4%	– 195	– 0.1%	1,101	– 85.0%
EBIT	**– 101,479**	**– 28.1%**	**– 131,608**	**– 36.9%**	**– 30,129**	**29.7%**
Other financial income	9,320	2.6%	4,365	1.2%	– 4,955	– 53.2%
Other financial expenses	– 12,399	– 3.4%	– 6,495	– 1.8%	5,904	– 47.6%
Income from ongoing business activity	**– 104,558**	**– 28.9%**	**– 133,738**	**– 37.5%**	**– 29,180**	**27.9%**
Tax on income from ongoing business activity	– 18,009		– 1,629		16,380	– 91.0%
CONSOLIDATED TOTAL INCOME	**– 122,567**	**– 33.9%**	**– 135,367**	**– 37.9%**	**– 12,800**	**10.4%**
Attributable to equity holders of the parent	– 123,330	– 34.1%	– 135,901	– 38.1%	– 12,571	10.2%
Attributable to minority interests	763	0.2%	534	0.1%	– 229	– 30.0%
CONSOLIDATED TOTAL INCOME	**– 122,567**	**– 33.9%**	**– 135,367**	**– 37.9%**	**– 12,800**	**10.4%**
Basic earnings per share in €	**– 3.38**		**– 3.73**		**– 0.35**	10.4%
Diluted earnings per share in €	**– 3.38**		**– 3.73**		**– 0.35**	10.4%
For information:						
Personnel expenses	– 193,734	– 53.6%	– 189,974	– 53.2%	3,760	– 1.9%
Depreciation/amortization	– 139,896	– 38.7%	– 160,406	– 45.0%	– 20,510	14.7%
EBITDA	**38,417**	**10.6%**	**28,798**	**8.1%**	**– 9,619**	**– 25.0%**

1) Reconciliation to internal management indicator "adjusted operating income" amounting to € 5,313 thousand (Q2 2016 € 26,806 thousand) as indicated on page 4.
2) Retrospective adjustment due to IAS 8, cf. notes to these consolidated statements, section 3. "Retroactive adjustment of previous year's comparative figures in accordance with IAS 8".

CONSOLIDATED INCOME STATEMENT OF THE GfK GROUP

FOR THE PERIOD JANUARY 1 TO JUNE 30, 2017 IN € '000 (ACCORDING TO IFRS, NOT AUDITED)

	H1 2016[2]	% of sales	H1 2017	% of sales	Change abs.	Change %
Sales	721,704	100.0%	708,796	100.0%	– 12,908	– 1.8%
Cost of sales	– 523,848	– 72.6%	– 552,752	– 78.0%	– 28,904	5.5%
Gross income from sales	**197,856**	**27.4%**	**156,044**	**22.0%**	**– 41,812**	**– 21.1%**
Selling and general administrative expenses	– 145,519	– 20.2%	– 146,254	– 20.6%	– 735	0.5%
Other operating income	13,619	1.9%	7,180	1.0%	– 6,439	– 47.3%
Other operating expenses	– 138,808	– 19.2%	– 137,009	– 19.3%	1,799	– 1.3%
Operating income[1]	**– 72,852**	**– 10.1%**	**– 120,039**	**– 16.9%**	**– 47,187**	**64.8%**
Income from associates	312	0.0%	384	0.1%	72	23.1%
Other income from participations	– 1,269	– 0.2%	– 208	0.0%	1,061	– 83.6%
EBIT	**– 73,809**	**– 10.2%**	**– 119,863**	**– 16.9%**	**– 46,054**	**62.4%**
Other financial income	22,915	3.2%	8,993	1.3%	– 13,922	– 60.8%
Other financial expenses	– 28,826	– 4.0%	– 13,437	– 1.9%	15,389	– 53.4%
Income from ongoing business activity	**– 79,720**	**– 11.0%**	**– 124,307**	**– 17.5%**	**– 44,587**	**55.9%**
Tax on income from ongoing business activity	– 27,337		– 10,114		17,223	– 63.0%
CONSOLIDATED TOTAL INCOME	**– 107,057**	**– 14.8%**	**– 134,421**	**– 19.0%**	**– 27,364**	**25.6%**
Attributable to equity holders of the parent	– 108,787	– 15.1%	– 135,666	– 19.1%	– 26,879	24.7%
Attributable to minority interests	1,730	0.2%	1,245	0.2%	– 485	– 28.0%
CONSOLIDATED TOTAL INCOME	**– 107,057**	**– 14.8%**	**– 134,421**	**– 19.0%**	**– 27,364**	**25.6%**
Basic earnings per share in €	**– 2.98**		**– 3.72**		**– 0.74**	24.8%
Diluted earnings per share in €	**– 2.98**		**– 3.72**		**– 0.74**	24.8%
For information:						
Personnel expenses	– 382,577	– 53.0%	– 379,231	– 53.5%	3,346	– 0.9%
Depreciation/amortization	– 156,941	– 21.7%	– 178,052	– 25.1%	– 21,111	13.5%
EBITDA	**83,132**	**11.5%**	**58,189**	**8.2%**	**– 24,943**	**– 30.0%**

1) Reconciliation to internal management indicator "adjusted operating income" amounting to € 26,941 thousand (H1 2016 € 58,886 thousand) as indicated on page 4.
2) Retrospective adjustment due to IAS 8, cf. notes to these consolidated statements, section 3. "Retroactive adjustment of previous year's comparative figures in accordance with IAS 8".

CONSOLIDATED CASH FLOW STATEMENT OF THE GfK GROUP

FOR THE PERIOD JANUARY 1 TO JUNE 30, 2017 IN € '000 (ACCORDING TO IFRS, NOT AUDITED)

	H1 2016[1]	H1 2017
Consolidated total income	**– 107,057**	**– 134,422**
Write-downs/write-ups of intangible assets	141,767	161,072
Write-downs/write-ups of tangible assets	15,174	16,980
Write-downs/write-ups of other financial assets	1,371	272
Total write-downs/write-ups	**158,312**	**178,324**
Change in inventories and trade receivables	1,098	– 740
Change in trade payables and liabilities on orders in progress	5,236	30,969
Change in other assets not attributable to investing or financing activity	– 965	– 6,242
Change in other liabilities not attributable to investing or financing activity	– 17,357	– 40,725
Profit/loss from the disposal of non-current assets	– 5,300	– 832
Non-cash income from associates	– 312	– 65
Change in long-term provisions	3,284	2,318
Other non-cash income/expenses	8,202	2,806
Net interest income	6,640	3,043
Change in deferred taxes	5,906	– 8,288
Current income tax expense	21,495	18,385
Taxes paid	– 22,294	– 15,636
a) Cash flow from operating activity	**56,888**	**28,895**
Cash outflows for investment in intangible assets	– 29,269	– 22,370
Cash outflows for investment in tangible assets	– 8,243	– 11,415
Cash outflows for acquisitions of consolidated companies and other business units	– 29,085	0
Cash outflows for investments in other financial assets	– 62	– 173
Cash inflows from the disposal of intangible assets	18	2
Cash inflows from the disposal of tangible assets	3,820	389
Cash inflows from the sale of consolidated companies and other business units	22,353	733
Cash inflows from the disposal of other financial assets	0	3
b) Cash flow from investing activity	**– 40,468**	**– 32,831**
Dividend payments to equity holders of the parent	– 23,728	0
Dividend payments to minority interests and other equity transactions	– 2,880	– 4,146
Cash inflows from loans raised	213,050	535
Cash outflows for repayment of loans	– 194,107	– 13,222
Interest received	1,223	1,683
Interest paid	– 14,701	– 6,303
c) Cash flow from financing activity	**– 21,143**	**– 21,453**
Changes in cash and cash equivalents (total of a), b) and c))	– 4,723	– 25,389
Changes in cash and cash equivalents owing to exchange gains/losses and valuation	981	– 3,857
Cash and cash equivalents at the beginning of the period	129,459	173,690
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**125,717**	**144,444**

1) Retrospective adjustment due to IAS 8, cf. notes to these consolidated statements, section 3. "Retroactive adjustment of previous year's comparative figures in accordance with IAS 8".

CALCULATION OF NET DEBT AND FREE CASH FLOW

IN € '000 (ACCORDING TO IFRS, NOT AUDITED)

Calculation of net debt	**30.06.2016**	**31.12.2016**	**30.06.2017**
Cash and cash equivalents	125,717	173,690	144,443
Short-term securities and fixed term deposits	810	1,393	23
Liquid funds, short-term securities and fixed term deposits	**126,527**	**175,083**	**144,466**
Liabilities to banks	– 447,990	– 448,397	– 441,778
Pension obligations	– 67,322	– 73,531	– 73,214
Liabilities from finance leases	– 103	– 167	– 153
Other interest-bearing liabilities	– 39,138	– 34,631	– 28,380
Interest-bearing liabilities	**– 554,553**	**– 556,726**	**– 543,525**
Net debt	**– 428,026**	**– 381,643**	**– 399,059**

Calculation of free cash flow		**H1 2016[1)]**	**H1 2017**
Consolidated total income		– 107,057	– 134,422
Write-downs/write-ups of intangible assets		141,767	161,072
Write-downs/write-ups of tangible assets		15,174	16,980
Write-downs/write-ups of other financial assets		1,371	272
Others		5,633	– 15,007
Cash flow from operating activity		**56,888**	**28,895**
Investments in tangible and intangible assets		– 37,512	– 33,785
Free cash flow before acquisitions, other financial investments and asset disposals		**19,376**	**– 4,890**
Acquisitions		– 29,085	0
Other financial investments		– 62	– 173
Asset disposals		26,191	1,127
Free cash flow after acquisitions, other financial investments and asset disposals		**16,420**	**– 3,936**

1) Retrospective adjustment due to IAS 8, cf. notes to these consolidated statements, section 3. "Retroactive adjustment of previous year's comparative figures in accordance with IAS 8".

CONSOLIDATED BALANCE SHEET OF THE GfK GROUP

AS AT JUNE 30, 2017 IN € '000 (ACCORDING TO IFRS, NOT AUDITED)

ASSETS	30.06.2016[1]	31.12.2016	30.06.2017
Goodwill	646,119	642,721	509,528
Other intangible assets	310,235	281,386	246,632
Tangible assets	99,915	92,489	84,248
Investments in associates	1,185	967	1,019
Other financial assets	4,154	3,315	2,242
Deferred tax assets	44,078	30,102	41,149
Non-current other assets and deferred items	12,914	14,481	13,767
Non-current assets	**1,118,600**	**1,065,461**	**898,585**
Trade receivables	399,721	408,818	397,624
Current income tax assets	19,674	29,174	20,512
Current securities and fixed-term deposits	810	1,393	23
Cash and cash equivalents	125,717	173,690	144,444
Current other assets and deferred items	43,457	40,047	44,175
Assets held for sale	0	2,302	2,261
Current assets	**589,379**	**655,424**	**609,039**
ASSETS	**1,707,979**	**1,720,885**	**1,507,624**

1) Retrospective adjustment due to IAS 8, cf. notes to these consolidated statements, section 3. "Retroactive adjustment of previous year's comparative figures in accordance with IAS 8".

CONSOLIDATED BALANCE SHEET OF THE GfK GROUP

AS AT JUNE 30, 2017 IN € '000 (ACCORDING TO IFRS, NOT AUDITED)

EQUITY AND LIABILITIES	30.06.2016[1]	31.12.2016	30.06.2017
Subscribed capital	153,316	153,316	153,316
Capital reserve	212,403	212,403	212,403
Retained earnings	195,332	164,760	28,708
Other reserves	– 9,887	-7,900	-37,268
Equity attributable to equity holders of the parent	**551,164**	**522,579**	**357,159**
Minority interests	**14,538**	**15,590**	**12,182**
EQUITY	**565,702**	**538,169**	**369,341**
Long-term provisions	81,077	98,629	96,845
Non-current interest-bearing financial liabilities	450,858	451,004	402,714
Deferred tax liabilities	95,222	96,817	96,029
Non-current other liabilities and deferred items	19,030	19,381	14,523
Non-current liabilities	**646,187**	**665,831**	**610,111**
Short-term provisions	21,349	32,882	16,568
Current income tax liabilities	13,775	16,060	10,838
Current interest-bearing financial liabilities	36,373	32,191	67,597
Trade payables	80,922	88,735	83,605
Liabilities on orders in progress	178,199	162,493	190,575
Current other liabilities and deferred items	165,472	184,384	158,852
Liabilities held for sale	0	140	137
Current liabilities	**496,090**	**516,885**	**528,172**
LIABILITIES	**1,142,277**	**1,182,716**	**1,138,283**
EQUITY AND LIABILITIES	**1,707,979**	**1,720,885**	**1,507,624**
Equity ratio	33.1%	31.3%	24.5%

1) Retrospective adjustment due to IAS 8, cf. notes to these consolidated statements, section 3. "Retroactive adjustment of previous year's comparative figures in accordance with IAS 8".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GfK GROUP

FOR THE PERIOD JANUARY 1 TO JUNE 30, 2017 IN € '000 (ACCORDING TO IFRS, NOT AUDITED)

	H1 2016[1]	H1 2017
Consolidated total income	**– 107,057**	**– 134,421**
Items that will not be reclassified to profit or loss:		
Actuarial gains/losses on defined benefit plans	145	574
Items that will be reclassified to profit or loss in future periods:		
Currency translation differences	– 28,022	– 30,230
Changes in fair value of cash flow hedges (effective portion)	– 119	182
Other comprehensive income (net of tax)	**– 27,996**	**– 29,474**
Total comprehensive income	**– 135,053**	**– 163,895**
Attributable to equity holders of the parent	– 136,814	– 165,034
Attributable to minority interests	1,761	1,139
Total comprehensive income	**– 135,053**	**– 163,895**

1) Retrospective adjustment due to IAS 8, cf. notes to these consolidated statements, section 3. "Retroactive adjustment of previous year's comparative figures in accordance with IAS 8".

CONSOLIDATED EQUITY CHANGE STATEMENT OF THE GfK GROUP

FOR THE PERIOD JANUARY 1 TO JUNE 30, 2017 IN € '000 (ACCORDING TO IFRS, NOT AUDITED)

	Attributable to equity holders of the parent	
	Subscribed capital	Capital reserve
BALANCE AT JANUARY 1, 2016	153,316	212,403
Total comprehensive income		
Consolidated total income[1]		
Other comprehensive income		
Currency translation differences[1]		
Effective portion of changes in fair value of cash flow hedges, net of tax		
Actuarial gains and losses on defined benefit plans, net of tax		
Other comprehensive income	*0*	*0*
Total comprehensive income	0	0
Transactions with owners, recorded directly in equity		
Contributions by and distributions to owners		
Dividends to shareholders		
Changes in ownership interests in subsidiaries that do not result in a change of control		
Other changes		
Transactions with owners, recorded directly in equity	0	0
BALANCE AT JUNE 30, 2016	153,316	212,403
BALANCE AT JULY 1, 2016	153,316	212,403
Total comprehensive income		
Consolidated total income		
Other comprehensive income		
Currency translation differences		
Changes in the scope of consolidation		
Effective portion of changes in fair value of cash flow hedges, net of tax		
Actuarial gains and losses on defined benefit plans, net of tax		
Other comprehensive income	*0*	*0*
Total comprehensive income	0	0
Transactions with owners, recorded directly in equity		
Contributions by and distributions to owners		
Dividends to shareholders		
Changes in ownership interests in subsidiaries that do not result in a change of control		
Other changes		
Transactions with owners, recorded directly in equity	0	0
BALANCE AT DECEMBER 31, 2016	153,316	212,403
BALANCE AT JANUARY 1, 2017	153,316	212,403
Total comprehensive income		
Consolidated total income		
Other comprehensive income		
Currency translation differences		
Effective portion of changes in fair value of cash flow hedges, net of tax		
Actuarial gains and losses on defined benefit plans, net of tax		
Other comprehensive income	*0*	*0*
Total comprehensive income	0	0
Transactions with owners, recorded directly in equity		
Contributions by and distributions to owners		
Dividends to shareholders		
Changes in ownership interests in subsidiaries that do not result in a change of control		
Other changes		
Transactions with owners, recorded directly in equity	0	0
BALANCE AT JUNE 30, 2017	153,316	212,403

1) Retrospective adjustment due to IAS 8, cf. notes to these consolidated statements, section 3. "Retroactive adjustment of previous year's comparative figures in accordance with IAS 8".

Attributable to equity holders of the parent							
	Other reserves						
Retained earnings	Translation reserve	Hedging reserve	Fair value reserve	Actuarial gains / losses on defined benefit plans	Total	Minority interests	Total equity
320,721	**32,718**	**17,848**	**0**	**– 32,426**	**704,580**	**15,930**	**720,510**
– 108,787					– 108,787	1,730	– 107,057
	– 28,052				– 28,052	30	– 28,022
		– 119			– 119		– 119
				144	144	1	145
0	*– 28,052*	*– 119*	*0*	*144*	*– 28,027*	*31*	*– 27,996*
– 108,787	– 28,052	– 119	0	144	– 136,814	1,761	– 135,053
– 23,728					– 23,728	– 3,150	– 26,878
7,126					7,126	– 3	7,123
– 16,602	0	0	0	0	– 16,602	– 3,153	– 19,755
195,332	**4,666**	**17,729**	**0**	**– 32,282**	**551,164**	**14,538**	**565,702**
195,332	**4,666**	**17,729**	**0**	**– 32,282**	**551,164**	**14,538**	**565,702**
– 31,768					– 31,768	2,366	– 29,402
	14,039				14,039	242	14,281
	– 7,641			57	– 7,584		– 7,584
		– 137			– 137		– 137
				– 4,331	– 4,331	– 4	– 4,335
0	*6,398*	*– 137*	*0*	*– 4,274*	*1,987*	*238*	*2,225*
– 31,768	6,398	– 137	0	– 4,274	– 29,781	2,604	– 27,177
0					0	– 1,277	– 1,277
1,196					1,196	– 275	921
1,196	0	0	0	0	1,196	– 1,552	– 356
164,760	**11,064**	**17,592**	**0**	**– 36,556**	**522,579**	**15,590**	**538,169**
164,760	**11,064**	**17,592**	**0**	**– 36,556**	**522,579**	**15,590**	**538,169**
– 135,666					– 135,666	1,245	– 134,421
	– 30,124				– 30,124	– 106	– 30,230
		182			182		182
				574	574	0	574
0	*– 30,124*	*182*	*0*	*574*	*– 29,368*	*– 106*	*– 29,474*
– 135,666	– 30,124	182	0	574	– 165,034	1,139	– 163,895
0					0	– 4,569	– 4,569
– 386					– 386	22	– 364
– 386	0	0	0	0	– 386	– 4,547	– 4,933
28,708	**– 19,060**	**17,774**	**0**	**– 35,982**	**357,159**	**12,182**	**369,341**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF GfK SE

AS AT JUNE 30, 2017

1. GENERAL INFORMATION

The consolidated financial statements of GfK SE include the company itself and all consolidated subsidiaries. The GfK SE interim consolidated financial statements as at June 30, 2017 have been prepared on the basis of IAS 34 in accordance with the International Financial Reporting Standards (IFRS) and the relevant interpretations of the International Accounting Standards Board (IASB), as applicable under Regulation No. 1606/2002 of the European Parliament and Council, which relates to the application of international accounting standards within the EU. The interim financial statements do not include all explanations and details required for annual financial statements, for which readers should refer to the annual financial statements as at December 31, 2016 (www.gfk.com).

The requirements of the applicable standards have been fully complied with, resulting in a true and fair view of the net assets, financial position and results of operations of the GfK Group. No voluntary audit in accordance with Article 317 HGB (German Commercial Code) or review of the quarterly financial statements and interim management report as at June 30, 2017 has been performed by auditors.

2. PRINCIPLES OF CONSOLIDATION, ACCOUNTING POLICIES AND ESTIMATES

The consolidated financial statements of GfK SE as at June 30, 2017 are based on the same IFRS principles of consolidation and accounting policies as the consolidated financial statements as at December 31, 2016, with the exception of changes resulting from revised or newly adopted accounting standards, the first-time application of which is mandatory in financial year 2017. These are explained in section 37 of the notes to the consolidated financial statements in the 2016 Annual Report. The application of these standards has no material impact on the quarterly financial statements or quarterly financial report of the GfK Group.

The estimates and assumptions in the consolidated financial statements as at June 30, 2017 have generally been prepared using the same methods as in the financial statements as at December 31, 2016. With regard to the impairment test for goodwill, please refer to section 6 of these notes.

3. RETROACTIVE ADJUSTMENT OF PREVIOUS YEAR'S COMPARATIVE FIGURES IN ACCORDANCE WITH IAS 8

It was ascertained during the impairment test as at December 31, 2016 that the impairment charge recognized for goodwill in the first half of 2016 was too high. The error was retroactively corrected in accordance with the rules under IAS 8 and the comparative figures adjusted accordingly.

The impact of the retroactive application of the above change on the consolidated balance sheet as at June 30, 2016, the consolidated income statement and consolidated comprehensive income statement for the comparative periods is as follows:

Impact on consolidated balance sheet as at June 30, 2016:

In € thousand	June 30, 2016		
	Before adjustment under IAS 8	Adjustment	After adjustment under IAS 8
Total assets	**1,682,163**	**25,816**	**1,707,979**
of which goodwill	620,303	25,816	646,119
Total equity	**539,886**	**25,816**	**565,702**
of which retained earnings	169,609	25,723	195,332
of which other reserves	– 9,980	93	– 9,887

Impact on consolidated income statement from January 1 to June 30, 2016:

In € thousand	January 1 to June 30, 2016		
	Before adjustment under IAS 8	Adjustment	After adjustment under IAS 8
Operating income	**– 98,575**	**25,723**	**– 72,852**
of which other operating expenses	– 164,531	25,723	– 138,808
Income from ongoing business activity	**– 105,443**	**25,723**	**– 79,720**
CONSOLIDATED TOTAL INCOME	**– 132,780**	**25,723**	**– 107,057**

Impact on the consolidated statement of comprehensive income from January 1 to June 30, 2016:

In € thousand	January 1 to June 30, 2016		
	Before adjustment under IAS 8	Adjustment	After adjustment under IAS 8
CONSOLIDATED TOTAL INCOME	**– 132,780**	**25,723**	**– 107,057**
Other comprehensive income (net of tax)	– 28,089	93	– 27,996
TOTAL COMPREHENSIVE INCOME	**– 160,869**	**25,816**	**– 135,053**
Attributable to equity holders of the parent:	– 162,630	25,816	– 136,814
Attributable to minority interests:	1,761	0	1,761

The cash flow statement of the GfK Group for the period January 1 to June 30, 2016 is also affected by the adjustments described above. The shift is only recognized within cash flow from ongoing activities and does not affect this cash flow figure.

The above adjustments affect basic and diluted earnings per share for the period January 1 to June 30, 2016, which have changed by €0.70 from €-3.68 originally to €-2.98 in both cases.

4. SCOPE OF CONSOLIDATION AND MAJOR ACQUISITIONS

As at June 30, 2017, the scope of consolidation comprised 134 subsidiaries in addition to the parent company (December 31, 2016: 136).

GfK Retail and Technology Benelux B.V., Amstelveen, Netherlands, with activities in the Consumer Choices sector, was merged with GfK Netherlands B.V., Utrecht, Netherlands, which has activities in the Consumer Choices and Consumer Experiences sectors. GfK Retail and Technology Belgium N.V., Leuven, Belgium, also with activities in the Consumer Choices sector, was merged with GfK Belgium NV, Leuven, Belgium which has activities in the Consumer Choices and Consumer Experiences sectors. Another company in the Consumer Choices sector, GfK LifeStyle Tracking Japan KK, Tokyo, Japan, was merged with GfK Insight Japan KK, Tokyo, Japan, which has activities in the Consumer Choices and Consumer Experiences sectors. The above mergers were carried out with retroactive effect as of January 1, 2017. In addition, at the end of June 2017, ENCODEX International GmbH, Nuremberg, was merged with GfK SE, Nuremberg.

These intra-group mergers serve purely to simplify the group's structure and have no direct, material commercial impact.

GfK Australia Fieldwork Pty. Ltd., Sydney, Australia, founded in 2016, and GfK Ecuador Investigaciones de Mercado CIA. LTDA., Quito, Ecuador, and GfK Retail and Technology Panama S.A., Panama-City, Panama, both established in 2012, were consolidated for the first time as of January 1, 2017. All three companies have activities in the Consumer Choices sector.

IFR Italia S.r.L., Milan, Italy, was wound up on March 6, 2017. The company was deconsolidated with retroactive effect to January 1, 2017.

5. EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

The earnings per share for the period January 1 to June 30, 2017 were €-3.72 (January 1 to June 30, 2016: €-2.98). The diluted earnings per share also amounted to €-3.72 (January to June 30, 2016: €-2.98).

6. GOODWILL

At the start of 2017, the carrying value of goodwill amounted to €642,721 thousand (start of 2016: €774,003 thousand). As at June 30, 2017, the book value totaled €509,528 thousand.

The decrease in goodwill of €133,193 thousand (2016: decrease of €131,282 thousand) is attributable to currency effects which accounted for €21,048 thousand (2016: €22,924 thousand), goodwill impairment in the Consumer Experiences sector which accounted for €111,726 thousand (2016: €136,942 thousand) as well as disposals which accounted for €419 thousand (2016: €597 thousand from additions from the revaluation of purchase price obligations for shareholding acquisitions). No investments in companies were made in the first half of 2017 (2016: additions of €27,987 thousand).

The decrease in goodwill reported in the balance sheet as a result of impairment at the mean rate of exchange on the reporting date amounted to €108,498 thousand (2016: €136,959 thousand).

Where the goodwill of a cash generating unit accounts for more than 5 percent of the GfK Group's total goodwill, this is indicated separately in the table below.

In € thousand	Dec. 31, 2016	June 30, 2017
Consumer Experiences	**269,130**	**150,638**
of which		
Northern Europe	165,281	130,112
Other	103,849	20,526
Consumer Choices	**373,591**	**358,890**
of which		
Northern Europe	150,820	146,998
North America	101,093	93,384
Southern and Western Europe	58,255	58,238
Asia and the Pacific	34,291	32,361
Other	29,132	27,909
Goodwill	**642,721**	**509,528**

The impairment of goodwill in the Consumer Experiences sector reported in the balance sheet, converted into euros at the exchange rates on the reporting date, arose in the following regions:

In € thousand	2016	H1 2017
North America	– 30,772	– 45,670
Northern Europe	– 39,604	– 31,984
Central Eastern Europe/META	0	– 22,549
Southern and Western Europe	– 35,457	– 7,139
Asia and the Pacific	– 19,076	– 1,156
Latin America	– 12,050	0
Total	**– 136,959**	**– 108,498**

Impairments are applied if the carrying value of a cash generating unit tested as part of an impairment test is higher than the amount recoverable in future. The fair values less the cost of disposal of the cash generating units in the Consumer Experiences sector which were subject to impairment during the reporting period or in the previous year are indicated in the table below.

In € thousand	Dec. 31, 2016	June 30, 2017
Northern Europe	198,898	170,327
Southern and Western Europe	52,258	44,690
North America	99,148	41,315
Central Eastern Europe/META	59,267	33,648
Latin America	11,867	11,830
Asia and the Pacific	6,726	– 11,538
Total	**428,164**	**290,272**

The amounts recoverable are determined on the basis of the forecast future cash flows. The updated budget was approved by the Management Board and validated at sector-specific and regional level. The impairment requirement essentially resulted from reduced growth prospects and a decrease in the adjusted operating income of the Consumer Experiences sector. Margin expectations for some regions needed to be adjusted at the same time.

The sensitivity analysis below indicates the extent to which additional impairment would be required,

- If future cash flows were reduced by 10 percent
- If there were a rise in the discount rate of 1 percentage point
- If only the perpetuity growth rate of 1.0 percent were assumed for divisions with higher growth rates as early as the detailed planning years 2020 and 2021.

All other parameters remain unchanged. The following tables (all figures in € thousand) provide an overview of the additional impairment requirement that would be necessitated by the change in each of the respective parameters outlined above for the cash generating units in the Consumer Experiences sector. The impact of the sensitivity analyses was only taken into account down to a minimal level of goodwill per region of zero.

2016	Northern Europe	Southern and Western Europe	Central Eastern Europe/ META	North America	Latin America	Asia and the Pacific	Total
Reduction in future cash flows of 10 percent	– 27,143	– 7,358	– 3,060	– 15,049	–	– 1,220	**– 53,830**
Rise in discount rates of 1 percentage point	– 33,014	– 7,358	– 1,209	– 15,751	–	– 1,110	**– 58,442**
Perpetuity growth rate assumption for years 4 and 5	– 19,049	–	–	– 7,810	–	– 321	**– 27,180**

H1 2017	Northern Europe	Southern and Western Europe	Central Eastern Europe/ META	North America	Latin America	Asia and the Pacific	Total
Reduction in future cash flows of 10 percent	– 26,280	– 219	– 6,316	– 3,564	–	–	**– 36,379**
Rise in discount rates of 1 percentage point	– 27,480	– 219	– 3,061	– 3,564	–	–	**– 34,324**
Perpetuity growth rate assumption for years 4 and 5	–	–	–	– 364	–	–	**– 364**

None of the parameter changes shown would lead to an impairment requirement in the Consumer Choices sector.

7. 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, associates, joint ventures, key management personnel as well as other related parties.

The following significant transactions with other related parties are reported in the consolidated financial statements as at June 30, 2017:

Loan obligations amounting to €19,082 thousand (December 31, 2016: €24,842 thousand) were due to GfK-Nürnberg, Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg. The associated interest expenses totaled €6 thousand (January 1 to June 30, 2016: €33 thousand). In addition, sales totaling €881 thousand (January 1 to June 30, 2016: €1,043 thousand) were generated with this party.

Unless stated otherwise, receivables and liabilities in respect of related parties mainly have a remaining term of up to one year.

8. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

There were no significant changes in contingent liabilities and other financial commitments compared with December 31, 2016.

9. UNUSUAL CIRCUMSTANCES

Circumstances which affect the assets, liabilities, equity, income for the period or cash flow and which are of an extraordinary nature, extent or frequency are dealt with in the introduction to this quarterly report and in the section of the interim management report on the risk and opportunity position.

10. SEGMENT REPORTING

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 while the Consumer Choices sector focuses on market sizing, market currencies, convergent media and sales channels.

Income from third parties comprises sales established in accordance with IFRS. 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 expenses and income items: goodwill impairment, write-ups and write-downs on 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, expenses from litigation, compliance cases and terminated projects as well as remaining highlighted items.

The tables below show the information relating to the individual sectors for the first six months of 2016 and 2017.

In € thousand	Income from third parties		Inter-sector income		Sector income	
	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017
Consumer Experiences	385,634	383,025	9,126	16,821	394,760	399,846
Consumer Choices	335,823	325,525	8,009	14,082	343,832	339,607
Total operating sectors	**721,457**	**708,550**	**17,135**	**30,903**	**738,592**	**739,453**
Elimination of inter-sector income	–	–	–	–	– 17,135	– 30,903
Reconciliation	247	246	–	–	247	246
Group	**721,704**	**708,796**	**17,135**	**30,903**	**721,704**	**708,796**

In € thousand	Adjusted operating income	
	H1 2016	H1 2017
Consumer Experiences	16,092	7,072
Consumer Choices	48,627	26,418
Reconciliation	– 5,833	– 6,549
Group	**58,886**	**26,941**

The item 'Reconciliation' includes the Other category. It is used for the reconciliation of the Consumer Experiences and Consumer Choices sectors with Group figures. Services not related to market research included here are of minor importance.

STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, we confirm that the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and income of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group throughout the remaining months of the financial year.

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