RELEVANCE

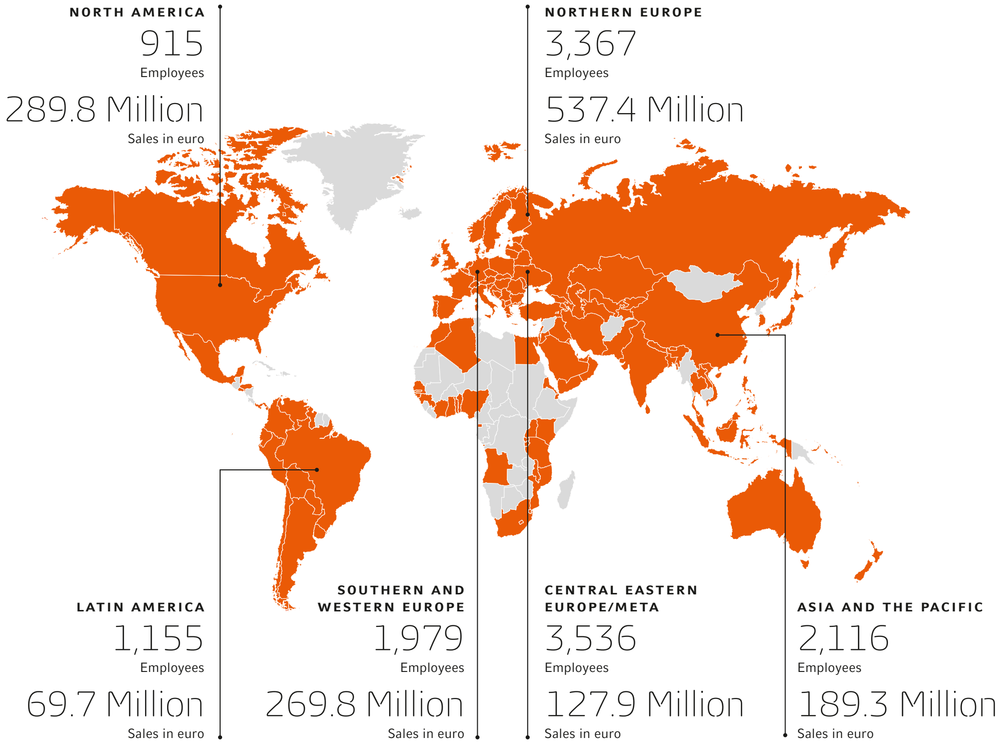
RECOGNIZING WHAT IS IMPORTANT.

ANNUAL REPORT 2016

GfK GROUP 2016: IN FIGURES

		2015	2015 [1]	2016	2016 [1]	Change in % [1]
Sales	€ million	1,543.4	1,543.4	1,483.8	1,483.8	–3.9
EBITDA	€ million	231.2	231.2	183.1	183.1	–20.8
Adjusted operating income [2]	€ million	187.6	187.6	155.3	155.3	–17.2
Margin [3]	percent	12.2	12.2	10.5	10.5	–
Operating income	€ million	104.2	143.6	–55.2	81.7	–43.1
Income from ongoing business activity	€ million	87.9	127.3	–62.8	74.2	–41.7
Consolidated total income	€ million	40.7	80.1	–136.5	0.5	–99.4
Tax ratio	percent	53.7	37.0	–117.5	99.3	–
Cash flow from operating activity	€ million	170.9	170.9	146.2	146.2	–14.5
Earnings per share	€	1.01	2.09	–3.85	–0.10	–104.7
Dividend per share	€	0.65	0.65	0.00	0.00	–100.0
Total dividend	€ million	23.7	23.7	0.0	0.0	–100.0
Number of employees at year-end	full-time positions	13,485	13,485	13,069	13,069	–3.1

1) Excluding goodwill impairments of €–39.4 million (2015) and €–136.9 million (2016).
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, expenses from litigation, compliance cases and terminated projects as well as remaining highlighted items.
3) Adjusted operating income in relation to sales (in percent).



»BY COMBINING INTELLIGENCE REQUIREMENTS
AND INSIGHTS, WE CREATE RELEVANCE AND
HELP OUR CUSTOMERS TO DO THE RIGHT THING,
IN THE RIGHT PLACE, AT THE RIGHT TIME.«

DR. GERHARD HAUSRUCKINGER

Speaker of the Management Board and CCO

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RELEVANCE
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RELEVANCE
LEADING THE WAY.

Anyone in charge of a brand, project or company must make decisions. But anyone making a decision can inevitably get it wrong. Sometimes there are no consequences and other times this can lead to the failure of a project or product. Some particularly serious errors can ultimately spell the downfall of a company. The cause for this is hardly ever a lack of information. On the contrary, it is often caused by an excess of it. Sifting through the ocean of data, facts and trends to find what is relevant for a company or brand is a fine art which is becoming increasingly difficult to master.

Alessandra Cama, Chief Operations Officer at GfK: "Many customers have explained that they feel overwhelmed by information overloads. Nowadays, they must find their way in a hyperconnected, rapidly changing world. This is much harder than it has ever been before." In addition to this, many decision-makers and project leaders must cope with deadlines and budgets which are shorter and tighter than ever before. They are given less and less time to make decisions, the consequences of which are increasingly far-reaching and unforeseeable. The inevitable outcome of this is that they make mistakes.

What are the key fundamentals when making decisions? What is actually important right now? And what is merely urgent, but not really important?

1 CHOOSING THE **RIGHT FILTER**

To answer these questions, decision-makers need a filter to separate out what is important and what isn't – to separate the wheat from the chaff. This filter is called relevance. The term comes from the Latin "re-levare", which means to raise something (again). Relevance also involves the ability to pick out key signals from incessant background noise, bringing them to the attention of decision-makers in order to help them make the right decision more quickly. Relevance is treated as something of a gold standard in the knowledge society.

This is precisely the reason why GfK's analyses are so valuable today. Once a traditional German market research company, GfK is now a prime example of a global analysis supplier. We observe consumer trends and behavior in more than 100 countries worldwide. We simultaneously record the actual (purchasing) decisions of consumers across industries, media, languages and markets – no matter whether these are taken in-store or mobile, digital or analog. We therefore know exactly what consumers do and why they do it, which makes us better placed than anyone else to get a handle on relevant developments quickly, precisely and most extensively. But above all, we can translate them into concrete recommendations for action when it comes to our customers.

2 EXPLOITING THE **DEEPEST SOURCES**

Our vast data reservoir, which we are constantly augmenting with current data, findings and studies from a variety of regions and industries, is the essential basis of all our work. It means that our analysts can pull out all the stops for any assignment or question posed, from specific sales figures for a variety of industries to media usage data and consumer experience studies on almost any consumer group or region in the world. When you take this enormous spectrum of subjects and multiply it by the decades that GfK has been collecting data, you are met with hundreds of terabytes of records which we use to provide relevant answers to questions. It is important that data is collected to a uniformed standard as well as being processed and presented in the same way. Four GfK Global Service Centers (GSCs) around the world make sure that, within the shortest time frame possible, we are able to provide our customers with exactly the relevant information that they need to succeed. We explain how this works with the example of a GSC in Sofia on page 10.

This relevant data holds the key to using the past and the present to decipher the future. Or, as the trend researcher John Naisbitt put it: "The most reliable way to anticipate the future is by understanding the present." We are going one step further. With our "One GfK" strategy, which brings together findings from the Consumer Choices and Consumer Experiences sectors, we are enabling our customers not only to anticipate the future, but also to actively shape it the way they want to.

Smart analysis of digital consumer data is a valuable tool for this, and it is precisely one of the services provided by Netquest, the access panel provider headquartered in Barcelona which was acquired by GfK in February 2016. Netquest is the leading provider of high-quality, cross-device digital panels and behavioral data from almost two dozen countries worldwide. Their proprietary technology includes the leading online survey tool in Latin America and a high quality (ISO-certified) online panel offering. We intend to expand both of these globally in the near future. Through its subsidiary Wakoopa, Netquest also offers a tracking software, technology services and support for cross-device behavioral data collection on consumer behavior – all available globally. These are needed, for instance, when we want to understand young markets and product segments where very little reliable comparative data is available, such as the wearables market. Find out how we give our customers a clearer picture on page 16.

The newest addition to GfK's portfolio is highly relevant and complements our existing data sources well. We also combine publically available data, social media feeds and information on particular customers with our own knowledge. Thus, Big Data becomes Smart Data. Raw data turns into valuable knowledge. Unstructured, highly complex information transforms into a clear picture. Relevance is the result.

3 UNDERSTANDING BUSINESS

This is like giving powerful binoculars to a man standing on the shore of an endless ocean: Suddenly it is much easier to see which route leads you astray. And which would lead to success.

However, this requires an in-depth understanding of customer business. Gerhard Hausruckinger, GfK Chief Commercial Officer responsible for the Consumer Choices sector and since September 2016, Speaker of the Management Board: “We put a lot of energy into trying to find out precisely where our customers are heading in their industries.” Like a navigator pointing out shallow water or approaching storms to a captain, GfK’s Industry Leads look after individual industries and corporate customers. As keen observers of the industry, they know what questions are currently the most urgent and important for a particular industry. They also know all of GfK’s important analysis tools and insights which could be relevant and decisive for the customers’ success. By combining intelligence requirements and insights, they create relevance and they help their customers to do the right thing, in the right place, at the right time.

4 USING MOMENTUM

Relevance also requires speed. The mathematician and philosopher Alfred North Whitehead put it best: “Knowledge does not keep any better than fish.” It doesn’t help to tell someone today what they should have done yesterday. It comes down to knowing the factors of success for tomorrow.

And it is precisely this which we are providing customers increasingly quickly. An example of this is Point of Sales data, which we gather in more than 80 countries worldwide. This data shows our customers the actual purchases of their customers, in other words consumers. Previously, this data was only available some weeks after the purchase, but today it can be retrieved at the very latest two weeks after the end of the respective month, and in some markets even every week. In Japan, it can be done daily. Gerhard Hausruckinger: “Decisions must be made at the right moment and to do this, you need relevant information at that very time.”

5 DOING THE **RIGHT** THING

We can measure how relevant a piece of information is by seeing the extent to which it allows those responsible to do the right thing. But in addition to having the relevant information, one must also know how to draw the correct conclusions from it. In the highly competitive consumer goods market for instance, we helped retailers to achieve ground-breaking successes using an innovative approach. "Shopping Missions" translates knowledge obtained from consumer data into a concept which retailers can use to immediately position themselves much more relevantly than before (find out more on page 22). In Denmark, where the Shopping Mission approach was developed, almost all big retailers are now using our concept. After all, it not only provides interesting analyses, but above all ensures that companies remain as relevant as possible in their competitive environment.

David Krajicek, GfK's Chief Commercial Officer responsible for the Consumer Experiences sector, explains: "Our customers do not need mountains of data – they need concrete recommendations for action. Everything we do comes down to one simple question: How can we improve our customers' business? This is the central task at hand and it is one which our about 13,000 employees work on passionately."

Anyone who continuously receives the relevant data in this way can take the wheel and make the transformation from a mere passenger into a driver. A follower becomes a leader. Someone who decides less and less how to respond to the actions of others, but instead decides what should be on the agenda for himself and for others.

This is what GfK is all about.

WHAT CAN YOU DO WITH **510 SPECIALISTS** IN ONE TEAM?

For one thing, you can give relevant answers in record time.

GLOBAL SERVICE CENTER BULGARIA

Highly qualified experts work using the same standardized processes, tools and highest standards of quality.

FROM SOFIA TO THE WHOLE WORLD

It may surprise you to hear that the history of the Global Service Center and that of a certain Lyudmila Peykova as well can be explained perfectly by Henry Ford's philosophy. The automotive pioneer is said to have believed that the key to success lay in having precisely the capabilities demanded at any given time. Henry Ford's secret to success lay in his ability to mass-produce cars at a speed, quality and low price never seen before. In turn, the success of Lyudmila Peykova, Team Manager for 60 programmers at the GfK Global Service Center in Sofia is based on being able to provide the exact services and information urgently required by GfK customers all over the world. Peykova and her colleagues perform this task with the utmost precision.

ONE NETWORK ACROSS DIFFERENT TIME ZONES

The qualified mathematician, who joined GfK eight years ago, explains: "It is our aim to ensure that our services combine the highest degree of relevance with maximum efficiency." Peykova's workplace in the center of Sofia is one of four GfK Global Service Centers which support the Consumer Experiences and Consumer Choices sectors. As a global network operating across different time zones and with a broad spectrum of competencies, the GSCs manage to provide a wide range of different services within a short time frame – according to whatever the GfK customer's needs are at that time. Whether in Malaysia, India, Romania or Bulgaria, all Service Centers work using the same standardized processes and tools, highest standards of quality and in tandem with highly qualified experts. Only very few GfK customers will actually notice where their survey script comes from or where their panel is coded. However, what they are aware of is both the quality of the services and the speed at which they are carried out.

»IT IS OUR AIM TO ENSURE THAT OUR SERVICES COMBINE THE HIGHEST DEGREE OF RELEVANCE WITH MAXIMUM EFFICIENCY.«

LYUDMILA PEYKOVA
Team Manager at Global Service Center Bulgaria, GfK

END-TO-END SOLUTIONS FOR A VARIETY OF DIFFERENT PRODUCT GROUPS

Taking the GSC in Sofia as an example: It is located on the second floor of a building in the historic style typical of the Founding Epoch (Gründerzeit) on one of the main boulevards. This GSC currently undertakes about 40 percent of all programming tasks within GfK. Approximately 510 employees work in nine languages (not including programming languages). They supply end-to-end solutions for more than 560 GfK product groups within the Consumer Choices sector and work closely with the Brand and Customer Experience (BaCE) and Market Opportunities and Innovation product groups for Consumer Experiences. This involves survey scripts, data processing, research support and cross-media services for Consumer Experiences projects as well as coding and data export for the Consumer Choices sector. While GSC Solution Delivery Managers look after the operational side of things, Service Managers handle customer contact within the global GfK network.

A YOUNG AND HIGHLY MOTIVATED TEAM

“The ability and experience of our employees are significant factors of our success,” Peykova says. Around 81 percent of her colleagues hold a university degree and the average age is 29 years. The work is fast, demand is ambitious and efficiency is key. By centralizing back-office competencies in GSCs like the one in Sofia, GfK can operate more quickly and effectively while at the same time keeping costs lower than it would ever have been possible in a structure featuring numerous regional back offices.

INDIVIDUAL ANSWERS PROVIDED FOR VARIOUS QUESTIONS

While it has been claimed that Henry Ford said that his customers could have their car in "any color, as long as it's black", the global service providers at GfK deliver highly individual services. For example, among other tasks, Peykova's team at the Global Service Center in Bulgaria programmed a project for a globally active software company, created the survey script for a Healthcare client, and at the same time took on coding for a leading car manufacturer. It would be difficult to find a more diverse range of tasks and industries – but the center has done it all with an efficiency which its competitors around the world can only strive for.

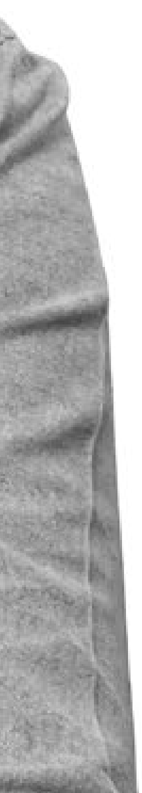
GLOBAL NETWORK, UNIFORM STANDARDS

01 Four Global Service Centers (GSCs) in four countries (Bulgaria, Romania, India, Malaysia) and two Regional Service Centers (RSCs) in two countries (Pakistan, Chile) form GfK's highly effective network of experts.

02 As back offices supporting the Consumer Experiences and Consumer Choices sectors, the GSCs and RSCs assume responsibility for various coding and scripting tasks. The benefit of this is maximum efficiency and speed with consistent quality and reduced costs (economies of scale).

03 The employees of the GSCs and RSCs are well-trained experts. A high percentage of them have university degrees. An additional feature of the GSCs is the variety of languages and cultural backgrounds that they span. As global service hubs, the GSCs operate across various time zones, cultures and industries.

WHAT POTENTIAL DOES **A DATA SET** PROVIDING DETAILS ACROSS ALL MARKETS, INDUSTRIES AND CHANNELS AROUND THE WORLD OFFER?



Determining the ideal moment for market entry, for example.

POINT OF SALES TRACKING **WEARABLES**

PRECISE ANALYSIS FROM VARIOUS DATA SOURCES

When Dr. Jan Wassmann sets off for a run, he has a wearable device on his left wrist, as he has done so for a few years now. The small device allows the GfK analyst to know precisely how fast and how far he has run in addition to his heart rate while exercising. The device delivers valuable information for Wassmann, who runs an eight kilometer course around his neighborhood once or twice per week, as to where and how he can improve his performance. Conversely, Wassmann and his colleagues also consistently generate data for the manufacturers of these devices. This allows the manufacturers to also ascertain how they can improve their market performance. And even more importantly, GfK analysts can determine which markets offer the most exciting potential today and tomorrow. Wassmann can turn to a wide range of data sources for his analyses, all of which allow the Global Product Manager Wearables at GfK to obtain a high-definition image of the dynamic wearables sector. Wassmann explains: “For anyone who wants to capitalize on an opportunity within the wearables market, we can supply the relevant data to launch at exactly the right time, on exactly the right market and, above all, in exactly the right sales location.” These are insights which only GfK can offer to their customers. Moreover, they are key to the success of market initiatives worth millions.

DETERMINING THE RIGHT MARKET

It is this key issue with a regional focus which provides the most relevant question: What should marketing and investment initiatives be focused on at this precise moment? Which region, where only yesterday sales were increasing quite nicely, could end up being of secondary importance tomorrow? And where should a company operate the day after tomorrow in order to generate maximum sales? Wassmann elaborates: “We observe highly variable geographical trends to ascertain how effectively wearables are received by consumers.”

While in the UK 19 percent of all consumers over the age of 15 already use an app or wearable device to continuously track their fitness activity, in China this figure rises to 45 percent. Capturing and evaluating fitness data is still a strong argument in favor of buying such devices. Accordingly, the markets in these countries feature contrasting characteristics. In addition, there are regional suppliers operating primarily in Asia who are able to tap into fresh consumer groups by working with local brands at far lower price points.

»ACCESSING REAL SALES FIGURES ALLOWS US NOT ONLY TO SUPPLY SIGNIFICANTLY MORE STABLE FORECASTING MODELS BUT ALSO LINK DATA ACROSS MARKETS, REGIONS AND TIME ZONES.«

CLAUDIA SPADONI
Analyst in GfK's Trends & Forecasting Team

UNDERSTANDING PRODUCTS PRECISELY – INCLUDING WHO BUYS THEM

What exactly is a wearable device? And how are they perceived (and used) by those who purchase them? As a fitness tracker? A watch? A messaging platform? Jewelry? Perhaps it's a mixture of all of these options. In fact, GfK analysts have shown, among other things, that smartwatches in certain price brackets on the German market are being forced into a submarket, increasingly replacing traditional timepieces in the process. "Wide-ranging expertise across various industries including technology, sport and health, fashion, essentially a diverse spectrum of product and market segments – from Smart Home to the concept of networked auto-mobility – is required to gain a holistic overview of market potential," explains Wassmann. "In this regard, our long-standing experience in all industries stands us in good stead. This internal GfK network is vital. It allows us to offer our customers the expertise they need in a converging market landscape."

CONCRETE SALES FIGURES, NOT VAGUE FORECASTS

GfK's customers benefit particularly from the aspect that this profound knowledge of the market is permanently kept up-to-date by current data of consumer demand. This is based on Point of Sales panels with which GfK can determine hard sales figures in dozens of global markets. While many competitors are forced to prepare their outlooks based on products they themselves have distributed, GfK has access to concrete sales figures from over 80 countries of the world, all obtained using the same standardized methodology. Claudia Spadoni, an analyst in GfK's Trends & Forecasting Team states: "Accessing real sales figures allows us not only to supply significantly more stable forecasting models but also link data across markets, regions and time zones." In short: GfK analyses home in on the essentials. For many key players in the wearables segment, in addition to numerous investors currently on the lookout for investment opportunities, these insights come as a huge benefit.

»FOR ANYONE WHO WANTS TO CAPITALIZE ON AN OPPORTUNITY WITHIN THE WEARABLES MARKET, WE CAN SUPPLY THE RELEVANT DATA TO LAUNCH AT EXACTLY THE RIGHT TIME, ON EXACTLY THE RIGHT MARKET AND, ABOVE ALL, IN EXACTLY THE RIGHT SALES LOCATION.«

JAN WASSMANN
Global Product Manager Wearables at GfK

TAKING ADVANTAGE OF OPPORTUNITIES – WEIGHING UP RISKS

It is clear that wearables currently represent a highly promising product segment. In the most important European markets, sales of wearable devices in 2016 rose by 45 percent. For 2017, GfK is forecasting global sales figures of more than 183 million units – a rise of 50 percent year on year. However, it would be a mistake to look at this impressive growth and conclude that investments in the wearables segment are in general very rewarding at present. This is because developments in this segment are subject to regional variations, differing massively according to product segment, consumer group and wearables category.

As Mark Twain once said: “It ain’t what you don’t know that gets you into trouble. It’s what you know for sure that just ain’t so.” It is precisely these difficulties which Jan Wassmann and his colleagues are attempting to counteract for all those taking the plunge in the highly promising wearables market.

RELEVANT INFORMATION FOR SUCCESSFUL MARKET INITIATIVES

01 In the relatively nascent wearables segment, wide-ranging expertise from a variety of industries and product segments is required – thereby affording a top-down overview which only GfK can offer.

02 The market offers enormous growth potential against a background of severe regional disparities. All relevant market data is required to position investments precisely.

03 Instead of vague sales estimates, GfK has precise sales figures for smartphones across 83 countries and for wearable devices (currently more than 30 countries). This facilitates more accurate analyses and forecasts than the majority of competitors can offer.

WHAT CAN **THOUSANDS OF SHOPPING BASKETS** TELL US?

They can, for example, help retailers be more relevant to their shoppers.

SHOPPING MISSIONS

»THE INITIAL TASK FOR RETAILERS IS TO BE PERCEIVED BY CONSUMERS AS BEING THE RIGHT PLACE TO SHOP.«

PETER GLAVIND
Retail and Consumer Panel expert at GfK Denmark

Each shopping mission is driven by a set of needs.

While what we buy and how we shop has changed so much in the last ten years, one thing remains the same. Day after day, hundreds of thousands of consumers sit at their kitchen table in front of a blank sheet of paper with a pen – or their smartphone – in hand and think: What do I need to buy today? What will I eat tonight? And where is the best place to buy? They are, in shopper-speak, defining their mission.

Retailers have been wracking their brains how to serve the customer, trying to decode the needs behind their shopping trip. After all, within the context of a contracting fast-moving consumer goods (FMCG) market, current trends reveal: Discount stores and supermarkets – both on- and offline – are fiercely competing for customers in a stagnating market where shoppers shop at lower and lower frequency. So for retailers today, the key business question is: "How does my store get chosen?" How do they get customers into their store?

THE PRIORITY FOR ALL RETAILERS: REMAIN RELEVANT

The declining number of shopping trips means that there are fewer opportunities for retailers to appeal to customers with their stores and offers. Peter Glavind, Retail and Consumer Panel expert at GfK Denmark: "Promotions, price, range, store layout and interior – these are all in vain for retailers if they are simply no longer on a consumer's radar. The initial task for retailers is therefore to be perceived by consumers as being the right place to shop." In other words, it's about relevance.

However, how can retailers position their businesses as the most suitable destination for a consumer's next shopping trip when competing against a whole host of different competitors? Some years ago, Glavind and his colleagues developed a concept with precisely this task in mind. The concept is both conclusive and impactful. Their approach is based on analyses of the baskets actually purchased and registered in the consumer panel. The massive data have allowed Glavind and his team to cluster the baskets into groups of baskets with a common set of characteristics – the missions. So each mission is driven by a set of needs which retailers can strive to meet in order to promote the relevance of their business as a worthwhile destination for shopping trips. In addition, the shopping missions analysis can help ensure that the customer experience among actual store visitors is as positive and memorable as possible.

Only retailers who understand what really motivates the behavior of their customers remain relevant.

FIVE SHOPPING MISSIONS REPRESENT FUNDAMENTALLY DIFFERENT NEEDS

"A father who quickly heads to the shop around the corner just before closing to pick up some baby food is on a completely different shopping mission than a father who may buy the same product, but does so driving the family car to a hypermarket on a Saturday," Glavind explains. Together with his colleagues, he works with five fundamentally different shopping missions. Each of these missions can be differentiated in terms of product categories, sales, price sensitivity and interest in special offers, day of the week, degree of planning or impulse in the basket.

For example, a "one need" customer who still needs to buy baby food late at night is characterized by a precise idea of the product needed and a high willingness to pay. The primary focus of the customer is most likely to find an open store, and if successful the price can be almost sky high. Despite the drama of this purchasing situation the value per shopping trip in "one need" baskets is comparatively low. In Denmark, 23 percent of all shopping trips are categorized as "one need" shopping missions. However, in terms of value sales, these missions account for just ten percent of the market value. Conversely, customers in the "maxi basket" category typically cram more than ten different product categories into their shopping trolleys. These bulk shoppers accordingly account for just nine percent of shopping trips, but a huge 26 percent of sales.

THE TOOL BOX FOR HIGHER RETAIL SALES AND PROFITS

"With our concept, retailers receive a clear analysis regarding which categories have unexploited potential or room for improvement – and what specific steps they can implement to drive this change," Glavind explains. In this way, for example, promotions and special offers can be tailored more effectively towards (potential) missions and the customers behind them as well as the days on which special offers will have maximum effect. Using this approach GfK customers can also improve the relevance in their product assortment, their shop layout and planogram to appeal to specific shopping missions.

To take the process one step further we offer our clients support from GfK NORM, a market research company from Stockholm, Sweden, which specializes in digital methods within the field of shopper research. GfK NORM has been part of GfK since 2015.

Shoppers shop at lower and lower frequency.

Adrian Sanger, Global Head Shopper at GfK: “Shopping Missions provide a deeper way of knowing the shopper. Instead of targeting a shopper based on their age or gender, the retailer sets up the store to cater for trips that they know the shopper will make. The shopper behavior powers retailer action. When you know the mission, the retailer can be relevant.”

The relevance of this concept for retailers is shown by a single number: With the exception of just one retailer, all major players in Denmark have now integrated the shopping mission approach in their toolbox. It is a valuable tool in the battle for increased relevance and growth for our clients.

Data from GfK shows the way. And when retailers put the shopper at the center, then it´s “mission accomplished”.

SENDING THE RIGHT SIGNALS

01 The market for FMCG is highly competitive. Consumers spend more per shopping trip, but make these trips less frequently.

02 For retailers it is all the more crucial that they establish themselves within the “relevant set” of their potential customers. To this end, GfK developed the Shopping Mission concept. The guiding principle: Only retailers who understand what really motivates the behavior of their customers can attract and win their business.

03 GfK’s five fundamental shopping missions describe all shopping trips in the FMCG market and identify the strongholds or weaknesses of the retailer and the branded product. This provides retailers with specific approaches to improve their promotions, shop layout, product portfolio and product categories.

04 In Denmark, virtually all major retailers and the majority of brand manufacturer clients make use of the concept. As such, the missions are a common language between retailers and manufacturers in their common agenda to find growth. Understanding the missions facilitates the common purpose of increasing shopper relevance for retailers and manufacturers.

05 The Shopping Mission concept is now also available in many other GfK markets.

TO THE **SHAREHOLDERS** OF THE GfK GROUP

SUPERVISORY BOARD REPORT

RALF KLEIN-BÖLTING
Chairman of the Supervisory Board
GfK SE

Dear Shareholders,

In 2016, the Supervisory Board closely followed the Group strategy and the acceptance of the company's transformation. The Supervisory Board was particularly keen to ensure that the Group's new direction was generally endorsed and successfully implemented by management and staff as well as also being supported by external stakeholders. To this end, they obtained an explanation of the employee survey results, talked to clients and sought direct dialog with institutional shareholders in compliance with legal framework conditions. The former Supervisory Board Chairman, Dr. Arno Mahlert, and the Deputy Chairman of the Supervisory Board, Sandra Hofstetter, attended the "Think Future" managers' conference. Overall, the Supervisory Board concluded that there is constructive and target-oriented cooperation within the company.

The Supervisory Board would like to take this opportunity to thank our staff, employee representatives and the Management Board for their work over the last year. 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 in 2016, also contributing many suggestions to the further improvement of our portfolio.

CHANGES TO THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

At last year's Annual General Meeting on May 20, 2016, some changes were made to the Supervisory Board of GfK SE. The Supervisory Board members Dr. Bernhard Düttmann, Dr. Wolfgang C. Berndt and Hauke Stars resigned from the Supervisory Board, while Hans Van Bylen had already stepped down on April 30, 2016. As successors, the Annual General Meeting elected Ralf Klein-Bölting and Prof. Raimund Wildner, representing the GfK Verein, as well as Bruno Piacenza (Management Board of Henkel Management AG) and Prof. Dieter Kempf (Chief Executive Officer of DATEV eG up to March 31, 2016) to the Supervisory Board. In its meeting on the same day, the Supervisory Board elected the existing member and employee representative Sandra Hofstetter as the Vice Chairman of the Supervisory Board.

THE SUPERVISORY BOARD WOULD LIKE TO TAKE
THIS OPPORTUNITY TO THANK OUR STAFF,
EMPLOYEE REPRESENTATIVES AND THE MANAGEMENT BOARD
FOR THEIR WORK OVER THE LAST YEAR.

Some of these changes to the Supervisory Board had already been foreseeable in 2015. At his reelection, Dr. Wolfgang C. Berndt had previously announced that he did not wish to serve the full term of his mandate, in reference to his exceeding the general age limit for members of the Supervisory Board according to the recommendations within the German Corporate Governance Code. In addition, Hauke Stars, member of the Executive Board of Deutsche Börse AG, informed the company at the end of 2015 that she would be resigning her mandate on May 20, 2016, prior to the end of her term of office. In view of his future role as Chief Executive Officer of Henkel Management AG from May 1, 2016, Hans Van Bylen informed the company that he would be resigning from office effective April 30, 2016. In the course of his early retirement, Dieter Wilbois, one of the employee representatives on the Supervisory Board, withdrew from his active position at GfK and consequently also the Supervisory Board as at August 31, 2016.

The Supervisory Board would like to thank all its members who stepped down for their many years of dedication and exceptional collaboration.

Dr. Wolfgang C. Berndt has been a member of the Supervisory Board since mid-2002. With his global expertise, he has helped shape GfK's course in many ways and supported the company in periods of growth and transition.

Hauke Stars has been on the Supervisory Board since May 2009. The expertise of the Supervisory Board was further enhanced through her international experience, especially in the area of IT, and she provided important impetus to GfK on the road to digitization.

Dr. Bernhard Düttmann was a member of the Supervisory Board for five years and was appointed Vice Chairman of the Supervisory Board on May 17, 2013. As Head of the Audit Committee, he closely monitored the financial progress of GfK.

Hans Van Bylen had been a member of GfK's Supervisory Board since May 2013. On account of his management expertise in both the industry and consumer business of Henkel AG & Co. KGaA, he was an important advisor to GfK. The Supervisory Board would like to wish him all the best for his role as Chief Executive Officer.

On the employee side, Dieter Wilbois took early retirement after 29 years of service to GfK, starting on September 1, 2016. Until his departure, Dieter Wilbois was Vice Chairman of the European SE Works Council and Chairman of the GfK Group Works Council in Germany. The Supervisory Board would like to thank Dieter Wilbois for his many years of extraordinary commitment to GfK and its staff.

In the course of its consultation on the new composition of the Supervisory Board, the GfK Verein informed the company in December 2015 that it intended to actively shape its role as majority shareholder of the company going forward and would therefore take on positions of responsibility in the Supervisory Board. It subsequently put forward two representatives for election to the Supervisory Board.

Ralf Klein-Bölting has been on the Executive Board of the GfK Verein since 2009. Following his election as Supervisory Board Chairman, Ralf Klein-Bölting did not resume his position as Vice President of the GfK Verein. As a graduate in Business Administration, Ralf Klein-Bölting has more than 25 years of experience in the areas of marketing, branding and communication. He is Managing Director of NEXTBRAND brand consultancy firm and previously held management positions at Tchibo, Deutsche Bahn and OTTO.

Prof. Raimund Wildner has worked in the GfK Group since 1984. He gained his doctorate in statistics and started out as an assistant to the Management Board. After 1985 he assisted in establishing the GfK BEHAVIORSCAN® micro test market and from 1988 onwards he developed the GfK Group's Method and Product Development department, which he managed until 2009. In 1995, he was also appointed as Managing Director of the GfK Verein, assuming the additional position of Vice President a decade later.

FOR THE SUPERVISORY BOARD, THE OBJECTIVE OF THIS TRANSACTION IS TO SUPPORT AND ACCELERATE THE STRATEGIC TRANSFORMATION OF GfK.

In addition, Bruno Piacenza and Prof. Dieter Kempf were elected to the Supervisory Board as independent representatives.

Bruno Piacenza started his career as a consultant at Bain & Company and has worked in the Henkel Group since 1990, where he has held various management positions in Germany and abroad. Bruno Piacenza, who is a French citizen, has been on the Management Board of the Henkel Group since 2011 and currently holds responsibility for the Laundry & Home Care business unit.

Prof. Dieter Kempf has been a member of the Management Board of DATEV eG since 1991, becoming the Chief Executive Officer in 1996. At the end of March 2016, he left the company and entered retirement. He started his career at Ernst & Young. Among other positions, Dieter Kempf is President of the Bundesverband der Deutschen Industrie (BDI), member of the Supervisory Board of Deutsche Messe AG and member of the Association Council of Genossenschaftsverband Bayern (GVB). He was President of the industry association BITKOM between 2011 and 2015.

As the successor to Dieter Wilbois, Jackie Megahey joined the Supervisory Board on September 1, 2016, and is one of four employee representatives. She is a British national and has worked for GfK in the UK for many years, being appointed Regional Research & Quality Director Northern Europe in 2016. Jackie Megahey is one of the two Vice Chairpersons of the European SE Works Council and marks the addition of another woman to the Supervisory Board on the employee side.

The Supervisory Board looks forward to collaborating with its five newly appointed members.

On August 11, 2016, Dr. Arno Mahlert announced that he would be resigning as Chairman of the Supervisory Board effective September 12, 2016, owing to differences of opinion on the cooperation with the majority shareholder, the GfK Verein.

Also on August 11, 2016, the Chief Executive Officer of GfK, Matthias Hartmann, mutually agreed with the Supervisory Board that he would leave the Management Board effective at the end of the financial year, on December 31, 2016, on account of divergent views about the business policy orientation of the company. Until a successor is appointed, Dr. Gerhard Hausruckinger is assuming the role as interim Speaker of the Management Board, as of September 1, 2016, in addition to his current role as Management Board member with responsibility for the Consumer Choices sector.

Matthias Hartmann became Chief Executive Officer of GfK SE in 2011. The scope of his responsibility also included the reorganization and digitization of the company, which he immediately set about achieving after joining the company. At the core was the integration of the company and focusing on the more promising business divisions, which today form the basis for GfK to build a more successful future.

Dr. Arno Mahlert became a member of the Supervisory Board in 2004, and was appointed Vice Chairman at the end of 2004 and Chairman of the Board in 2008. During his term in office, he helped shape the globalization of the company and worked in partnership with the Management Board to develop the new "Own the Future" corporate strategy, which aimed to consistently expand the digital business model.

The Supervisory Board of GfK SE would like to thank both Matthias Hartmann and Dr. Arno Mahlert for their great dedication, active commitment and accomplishments. We wish them all the best in their future professional and private endeavors.

In an extraordinary meeting on August 25, 2016, the Supervisory Board appointed Ralf Klein-Bölting as the new Chairman of the Supervisory Board. He took over the position from Dr. Arno Mahlert on September 13, 2016.

The vacancy created in the Supervisory Board through the resignation of Dr. Arno Mahlert was again filled on December 2, 2016 with the court appointment of Peter Goldschmidt, President of Sandoz Inc. and Head North America, holding responsibility for the North American operations of the pharmaceutical company Sandoz. Peter Goldschmidt possesses extensive knowledge and experience in the area of market research and marketing, sales, manufacturing and product development, as well as corporate management of companies that generate sales worth billions. His time with Sandoz and Novartis in Europe, Asia and the USA means he brings a wealth of international management experience to the Supervisory Board. The Supervisory Board looks forward to Peter Goldschmidt contributing his passion and diverse experience from an industry which is one of the most important for market research.

TAKEOVER BID BY ACCELERATIO CAPITAL N.V.

Acceleratio Capital N.V., with headquarters in Amsterdam, the Netherlands, and a holding company which holds funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR), published an offer document for a voluntary public takeover bid (cash offer) on December 21, 2016, for all shares in GfK SE not held by Acceleratio Capital N.V. at a price of €43.50 per share in cash. The takeover bid was subject to various conditions detailed in the offer document, including the achievement of a minimum acceptance threshold of at least 18.54 percent of all GfK shares. The completion of the transaction was also subject to approval by the competition and investment control authorities named in the offer document. For the specific details of the bid, please refer to the offer document.

The Supervisory Board and Management Board published a joint statement on the bidding documents pursuant to Section 27 Sub-section 1 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜg) on December 30, 2016, which they had resolved in a Management Board meeting and subsequent Supervisory Board meeting on December 29, 2016. The statement is available on the Internet at www.gfk.com/investors/investors/.

Following due diligence, the Management Board and Supervisory Board in their statement recommended that shareholders accept the offer. This recommendation was explained in detail in the statement, indicating the reasons. Only the statement is material in assessing the bidding documents. The members of the Management Board and Supervisory Board who personally hold GfK shares accepted the bid and offered the shares they held for sale.

With a view to the takeover offer, GfK SE and Acceleratio Capital N.V. had previously conducted extensive negotiations and subsequently signed an investor agreement on December 8, 2016. This agreement presented all major points of the takeover offer, especially the mutual understanding with respect to the takeover offer and its realization, as well as the future organization of the business operations of GfK SE. In particular, the investor agreement stipulates the conditions under which the Management Board and the Supervisory Board have declared their willingness, in principle, to support the offer. In regard to the content of the investor agreement, please refer to the published announcement by the Supervisory Board and Management Board on the takeover offer, which includes a summary of the essential provisions included in the investor agreement. As Managing Director of the GfK Verein, Prof. Raimund Wildner abstained from voting at the Supervisory Board meeting held on December 29, 2016.

GfK's majority shareholder, the GfK Verein, and KKR intend to jointly support GfK's further strategic transformation and pave the way for sustainable profitable growth. GfK was informed that the GfK Verein and KKR have entered into an agreement pursuant to which the GfK Verein will not tender any shares and will therefore remain the majority shareholder of GfK. To the knowledge of the company, this shareholder agreement will come into force on completion of the takeover offer.

For the Supervisory Board, the objective of this transaction is to support and accelerate the strategic transformation of GfK. In this way, the comprehensive knowledge of the GfK Verein will be combined with the international market and industry expertise of a leading global investor. GfK is confident that KKR is the right partner to support the Management Board's strategy and the repositioning of GfK. It is in the interest of the entire company as well as its employees and clients to achieve long-term growth.

GfK'S MAJORITY SHAREHOLDER, THE GfK VEREIN, AND KKR INTEND TO STRATEGIC TRANSFORMATION AND PAVE THE WAY FOR SUSTAINABLE PROFITABLE GROWTH.

The period for accepting the bid started with the publication of the bidding documents on December 21, 2016, and expired on February 10, 2017, at midnight (CET)/6 pm (EST). Within the period, a total of 7,052,242 GfK shares, which represents approximately 19.32 percent of the share capital, were offered to Acceleratio Capital N.V. This means that the minimum acceptance rate of 18.54 percent was met. Another acceptance period started on February 16, 2017, and ended on March 1, 2017, at midnight (CET)/6 pm (EST). Within this period, a further 2,470 shares (0.01 percent of the share capital) were offered for sale to Acceleratio Capital N.V. Furthermore the Bidder announced that, as of the expiry of the additional acceptance period voting rights attached to 1,158,665 GfK shares are attributed to the Bidder. This corresponds to approximately 3.17 percent of the share capital. In addition, as of the expiry of the additional acceptance period, voting rights attached to 2,516,725 GfK shares are attributed to Acceleratio Topco S.à r.l., a person acting jointly with the Bidder. This corresponds to approximately 6.89 percent of the share capital and the voting rights of GfK SE. All completion conditions the takeover offer was subject to are satisfied.

Further details are provided in Section 2.1 of this annual report and on the Internet at www.gfk.com/investors/investors/.

SUPERVISORY BOARD AND COMMITTEE MEETINGS

In the 2016 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 the management of the company and monitored its activities. The Supervisory Board was involved in every decision of essential importance to the company.

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 further development of the strategy, the Group's business development, its income and financial position, the personnel situation, organizational development, business policy, corporate planning, the investment program, compliance and risk management as well as the takeover bid of Acceleratio Capital N.V. Intended acquisitions and planned increases in 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. The success of investments made in recent years and the impact of political and economic developments around the world 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.

The Supervisory Board held five ordinary meetings in person and 14 extraordinary telephone conferences in fiscal year 2016. Average attendance was 87 percent, while three members had attendance of between 50 percent and 64 percent. In these meetings, they held in-depth discussions on the respective Management Board reports and the Group's development prospects. As well as our 2015 annual financial statements, the issues included the development of business in 2016, our 2017 budget, HR issues and the implementation of our "One GfK" strategy and GfK's strategic direction as well as the takeover bid of Acceleratio Capital N.V. Investment and innovation measures to ensure sustainable and above-average growth, risk management and compliance issues were also discussed.

In 2016, the Supervisory Board's September meeting, which is generally held in different regions, took place in Amsterdam, the Netherlands. These meetings aim to enhance the understanding of local markets and clients as well as 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. Strategic topics were a further area of focus. In 2016, 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 2016. GfK is in full compliance with the mandatory regulations.

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 nine times in the reporting period (seven meetings in person and two telephone conferences) with Prof. Dieter Kempf in the chair (after May 20, 2016; Dr. Bernhard Düttmann up to May 20, 2016). On average, meeting attendance was 97 percent, with the lowest attendance level being at least 89 percent in one case. The Audit Committee examined business performance, the income and financial position, the Group's upcoming investment projects and quarterly financial statements. It also looked at issues relating to accounting and valuation, including interim reporting, the internal control system, internal audits, risk management, corporate governance and integrity.

The Personnel Committee met five times in person and held one telephone conference, dealing intensively with the remuneration system for the members of the Management Board and the continued development of the existing system on the basis of the Management Board Remuneration Act. The committee is run by Ralf Klein-Bölting (after August 25, 2016; Dr. Arno Mahlert up to August 25, 2016). Details can be found in the remuneration report in Section 4.6 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 candidates and young talent. A great deal of time was dedicated to selecting a suitable successor for Matthias Hartmann. A number of candidates were considered by the Personnel Committee in a multi-stage process. This selection process has been completed and the appointment of the new CEO, Peter Feld, took place at the Supervisory Board meeting on March 10, 2017.

The Presidial Committee is led by Ralf Klein-Bölting (after August 25, 2016; Dr. Arno Mahlert up to August 25, 2016). In the past year, the committee met in person on four occasions and by telephone conferencing on three occasions. The attendance level was 100 percent. Beyond this, several discussions took place between the Chairman and individual committee members. Its activity involved preparatory work for the Supervisory Board meetings, primarily on the following issues: The implementation of the corporate strategy, the performance task force, the budget for 2017, compliance and the takeover bid of Acceleratio Capital N.V.

The Nominations Committee did not meet in financial year 2016.

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 fiscal year 2016 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 of any persons acting on the auditor's behalf. In conformity with their duties, all Supervisory Board members verified the financial statements and related documents as well as the audit reports.

A GREAT DEAL OF TIME WAS DEDICATED TO SELECTING A SUITABLE SUCCESSOR FOR MATTHIAS HARTMANN. A NUMBER OF CANDIDATES WERE CONSIDERED BY THE PERSONNEL COMMITTEE IN A MULTISTAGE PROCESS.

In its meeting on March 9, 2017, 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 10, 2017. 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.

Further, as provided for in § 312 (1) of the German Stock Corporation Act (AktG), the Supervisory Board examined in its own responsibility the report on relations with affiliated companies for the fiscal year 2016 prepared by the Management Board and discussed it in detail with the Management Board and the auditor of the annual financial statements who has also audited such report. The auditor reported on the essential aspects of the audit of the report. In this context the Supervisory Board addressed in detail the report prepared by the auditor on the audit of the report. The discussion did not provide grounds for objections.

The auditor issued the following audit opinion on the report:
"Based on our audit and appraisal in accordance with professional standards, we hereby certify that
1. the factual information contained in the report is correct, and
2. the consideration given by the Company for the legal transactions referred to in the report was not unreasonably high."

Following the final result of the detailed examination of the report by the Supervisory Board, the Supervisory Board declares as provided for in § 314 (3) of the German Stock Corporation Act (AktG) that no objections are to be made to the comments of the Management Board at the end of the report on relations with affiliated companies for the fiscal year 2016 (final comments in accordance with § 312 (3) sentence 1 of the German Stock Corporation Act (AktG)).

Nuremberg, March 10, 2017

RALF KLEIN-BÖLTING

SUPERVISORY BOARD

RALF KLEIN-BÖLTING
(Member since 20 May 2016,
Chair since 13 September 2016)

DR. ARNO MAHLERT
(Member and Chair until 12 September 2016)

SANDRA HOFSTETTER
(Deputy Chair since 20 May 2016)

DR. BERNHARD DÜTTMANN
(Member and Deputy Chair until 20 May 2016)

DR. WOLFGANG C. BERNDT
(until 20 May 2016)

HANS VAN BYLEN
(until 30 April 2016)

PETER GOLDSCHMIDT
(since 2 December 2016)

MARTINA HEŘMANSKÁ

PROF. DIETER KEMPF
(since 20 May 2016)

ALIZA KNOX

STEPHAN LINDEMAN

JACKIE MEGAHEY
(since 1 September 2016)

BRUNO PIACENZA
(since 20 May 2016)

HAUKE STARS
(until 20 May 2016)

DIETER WILBOIS
(until 31 August 2016)

PROF. DR. RAIMUND WILDNER
(since 20 May 2016)

AUDIT COMMITTEE

Prof. Dieter Kempf
(Member and Chair
since 20 May 2016)

Ralf Klein-Bölting
(since 25 August 2016)

Stephan Lindeman

Prof. Dr. Raimund Wildner
(since 20 May 2016)

Dr. Bernhard Düttmann
(until 20 May 2016)

Dr. Wolfgang C. Berndt
(until 20 May 2016)

Dr. Arno Mahlert
(until 25 August 2016)

PERSONNEL COMMITTEE

Ralf Klein-Bölting
(Member since 20 May 2016,
Chair since 25 August 2016)

Sandra Hofstetter

Bruno Piacenza
(since 20 May 2016)

Prof. Dr. Raimund Wildner
(since 25 August 2016)

Dr. Arno Mahlert
(Member until 25 August
2016, Chair from
20 Mai 2016 until
25 August 2016)

Hans Van Bylen
(until 30 April 2016)

Dr. Wolfgang C. Berndt
(Member and Chair
until 20 May 2016)

NOMINATIONS COMMITTEE

Ralf Klein-Bölting
(Member and Chair
since 25 August 2016)

Prof. Dieter Kempf
(since 20 May 2016)

Bruno Piacenza
(since 20 May 2016)

Prof. Dr. Raimund Wildner
(since 20 May 2016)

Dr. Arno Mahlert
(Chair until
25 August 2016)

Dr. Wolfgang C. Berndt
(until 20 May 2016)

Dr. Bernhard Düttmann
(until 20 May 2016)

Hauke Stars
(until 20 May 2016)

PRESIDIAL COMMITTEE

Ralf Klein-Bölting
(Member since 20 May 2016,
Chair since 25 August 2016)

Prof. Dieter Kempf
(since 20 May 2016)

Sandra Hofstetter
(since 20 May 2016)

Bruno Piacenza
(since 25 August 2016)

Dr. Arno Mahlert
(Member and Chair
until 25 August 2016)

Dr. Bernhard Düttmann
(until 20 May 2016)

Hauke Stars
(until 20 May 2016)

Dieter Wilbois
(until 20 May 2016)

Dr. Wolfgang C. Berndt
(until 20 May 2016)

LETTER TO THE SHAREHOLDERS

DR. GERHARD HAUSRUCKINGER
Speaker of the Management Board and CCO

Ladies and Gentlemen,

2016 was a challenging year for GfK. However, at the same time, we have been able to set the course for the company's successful future.

We further developed the structure of our company in line with market requirements at the start of 2016, taking us closer to our goal – One GfK: One Industry, One Region and One Operations. The introduction of an Operations unit with dedicated responsibility at Management Board level played an important part in this. Since April 2016, business activities have also been managed under an integrated organization in Germany, our single biggest market worldwide.

Digital innovation was a focus. Unified panel management, optimized data processing for mobile device usage and a focus on Global Service Centers and standardized data center platforms are all aimed at generating value added. Our new software applications, such as Retail Scout and Crossmedia Visualizer, use advanced high-performance web technology. This enables us to offer our clients even faster and more interactive analysis results.

Major projects were realigned, and we further strengthened our digital activities with targeted acquisitions. At the same time, we reduced our activities in fields with a less promising future.

Nevertheless, the company's overall financial performance was unsatisfactory.

With regard to sales, we recorded a decline of 3.9 percent in total for 2016. In addition to the sales decline of 1.7 percent in organic terms, currency effects of 1.6 percent had a negative impact. We must assume that our global market share has shrunk.

In the Consumer Experiences sector, we focused on streamlining processes and enhancing customer orientation during 2016. With a sales decline in organic terms of 6.4 percent and a 6.7 percent margin, the performance fell short of our expectations in what were, as expected, challenging market conditions.

WE FURTHER DEVELOPED THE STRUCTURE OF OUR COMPANY IN LINE WITH MARKET REQUIREMENTS AT THE START OF 2016, TAKING US CLOSER TO OUR GOAL – ONE GfK: ONE INDUSTRY, ONE REGION AND ONE OPERATIONS.

The Consumer Choices sector was to achieve significant sales growth and a further increase in its share of sales in relation to Group sales. The margin was to improve on the prior year. Overall, organic sales growth of 4.1 percent produced a margin of 16.8 percent, which was still considerably below our expectations. Ongoing difficulties with the two TV Audience Measurement contracts in Brazil and the Kingdom of Saudi Arabia as well as delays in connection with growth campaigns were decisive factors in this respect.

The market as a whole has continued to record a decline in "traditional" market research. Conversely, growth was recorded for consultancy-oriented companies as well as the fields of online research and software. As in prior years, we continued our work on further developing our portfolio of products and services in response to this trend. We also enhanced existing products. As before, our focus was on digital products and solutions.

For example, the acquisition of Netquest at the beginning of 2016 in the Consumer Experiences sector resulted in the consistent expansion of our online panels and technological platforms for collecting data and making data available. Netquest is a leading provider of highly qualified, cross-device digital panels and behavioral data. The acquisition also included Wakoopa, a subsidiary and leader in passive cross-device measuring technology. Netquest is currently predominantly active in Spain, Portugal and Latin America. We are intensively driving the expansion into other key markets.

In 2016, we made intensive preparations for another promising approach, which was recently launched in the market in February 2017. SUPERCRUNCH by GfK offers clients a completely new type of automated user-defined analysis. It facilitates fast and cost-effective solutions to key marketing issues. Data from the respective clients as well as from both GfK and third parties form the basis of this approach. The data from different sources is connected and evaluated using smart analysis technology. In addition to GfK's core offering to date, SUPERCRUNCH by GfK solely focuses on data analysis and its technological implementation as part of decision-making systems at clients rather than on data collection.

We reduced any activities that are less promising moving forward. In the second quarter of 2016, we completed the divestiture of global market research activities in Animal Health and Crop Protection. They were previously assigned to the Consumer Choices sector.

In the prior fiscal year, we had already simplified our Group structure significantly by dissolving the cross ownership with the NPD Group, a market research company based in the USA. This was replaced by an agreement for a strategic partnership. Since then, the proportion of consolidated total income due to minority shareholders has declined substantially. Further simplification of the Group structure is based on merging companies. This will increase efficiency. We made good progress in 2016 and will consistently seek to pursue these measures further.

We also continued the optimization and standardization of our systems for business and financial information. We implemented systems in additional parts of our business while making adjustments in line with the changes to the set-up of our business. In 2016, this included the introduction of software in a further ten countries – particularly in the region of Asia and the Pacific – for the uniform management of our processes and reporting. In Latin America and certain other countries, we made the preparations for launching the respective software in 2017. The new system currently covers 83 percent of sales. This increases transparency and facilitates better management of our projects and processes.

FROM OUR PERSPECTIVE, THE KKR TRANSACTION IS IN THE BEST INTERESTS OF THE COMPANY, SHAREHOLDERS, EMPLOYEES AND CLIENTS. WE ARE THEREFORE DELIGHTED THAT MANY SHAREHOLDERS ACCEPTED KKR'S OFFER.

A significant step in setting the future course of our company was made at the end of the year with the public takeover offer by Acceleratio Capital N.V., a holding company owned by investment funds which are advised by Kohlberg Kravis Roberts & Co. L.P. (KKR).

While rigorously working on GfK's transformation in recent years, we also considered additional strategic options together with the Supervisory Board. From our perspective, the KKR transaction is in the best interests of the company, shareholders, employees and clients. We are therefore delighted that many shareholders accepted KKR's offer. It means that we now have strong partners at our side to support us in implementing our growth strategy quickly and consistently. Together, we will make GfK fit for the future and offer outstanding products and solutions to our clients.

The competitive environment will remain challenging in 2017. At present, we expect capital expenditure to be up slightly versus the prior year. With regard to company takeovers, investments will be carefully evaluated on a case-by-case basis. Technology-driven and data-centric companies are particularly attractive, as they rapidly add value.

In the Consumer Experiences sector, our focus is on optimizing and streamlining processes and our product portfolio. A challenging market environment will persist with regard to our ad hoc business in 2017. In light of this, sales are expected to decline slightly and we are aiming to record a margin in line with the prior year.
In the Consumer Choices sector, potential for growth and increasing the margin is to be consistently exploited. Point of Sales Measurement as the core business will be expanded to include new product categories and services and supplemented with modern online evaluation options. We expect that the sector will record moderate growth. The margin is set to be up on the prior year, provided that ongoing teething problems with the two TV Audience Measurement contracts in Brazil and the Kingdom of Saudi Arabia are resolved. Should these delays persist further, it may lead to a decline in sales and together with impairments, this could also lead to a decline in adjusted operating income.

ON BEHALF OF THE MANAGEMENT BOARD, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK OUR MORE THAN 13,000 EMPLOYEES WHO HAVE SHOWN GREAT COMMITMENT IN HELPING TO SUPPORT AND SHAPE THE COMPREHENSIVE CHANGES.

For 2017, the GfK Group expects a slightly higher sales trend versus the prior year, depending on the mentioned challenges, and an AOI margin (adjusted operating income against sales) in the same range as 2016.

On behalf of the Management Board, I would like to take this opportunity to thank our more than 13,000 employees who have shown great commitment in helping to support and shape the comprehensive changes. It is they, after all, who analyze the needs and activities of consumers and, with their knowledge, expertise and passion, assist our clients in mastering current and future challenges.

I also thank our shareholders and the Supervisory Board on behalf of the Management Board for the trust and support you are showing us during a challenging time.

Yours,

DR. GERHARD HAUSRUCKINGER

MANAGEMENT BOARD

DR. GERHARD HAUSRUCKINGER
Management Board member (CCO)

Additionally, since September 1, 2016,
Speaker of the Management Board

DAVID KRAJICEK
Managment Board member (CCO)

CHANGES TO THE MANAGEMENT BOARD OF THE GfK GROUP

David Krajicek and Alessandra Cama have been Management Board members since January 1, 2016.

Matthias Hartmann was CEO until August 31, 2016 and left the company as of December 31, 2016.

In addition to his current role as Management Board member, Dr. Gerhard Hausruckinger has taken over the role of Speaker of the Management Board on September 1, 2016.

ALESSANDRA CAMA
Management Board member (COO)

MATTHIAS HARTMANN
Management Board member until December 31, 2016

Chief Executive Officer (CEO)
until August 31, 2016

CHRISTIAN DIEDRICH
Chief Financial Officer (CFO)

MANAGEMENT BOARD

DR. GERHARD HAUSRUCKINGER

born 1961

Speaker of the Management Board since September 1, 2016 and Management Board member (CCO), responsible for the Consumer Choices sector and the corporate function Strategy and Innovation.

Professional Career

Since September 2016
Speaker of the Management Board of GfK SE, Nuremberg

Since 2010
Member of the Management Board of GFK SE Nuremberg, 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

DAVID KRAJICEK

born 1965

Management Board member (CCO), responsible for the Consumer Experiences sector and since September 1, 2016 also for the corporate function Marketing and Communications.

Professional Career

Since January 1, 2016
Member of the Management Board of GfK SE

2012–2015
Regional Chief Operating Officer (COO),
GfK Consumer Experiences North America

2010–2011
Co-President of GfK Custom Research North America

2009–2010
Managing Director, GfK Business and Technology North America

2004–2009
Executive Vice President,
GfK Brand & Communications North America

1995–2003
Senior Vice President, Arbor, Philadelphia, USA (acquired by GfK in 2004)

1992–1994
Marketing Director, Southern California Edison, Los Angeles, USA

1990–1992
Senior Consultant, The North Bay Group, San Francisco, USA

Education

1996
Ph.D. in Cognitive Psychology from Claremont Graduate University, Claremont, USA

1987
Graduated in Psychology from the University of California, San Diego, USA

ALESSANDRA CAMA

born 1967

Management Board member (COO), responsible for Operations and since September 1, 2016 also for the corporate function IT (Strategy, Enterprise Applications, Infrastructure).

Professional Career

Since January 1, 2016
Member of the Management Board of GfK SE

2014–2015
Regional Chief Operating Officer Consumer Choices (COO) of GfK in Asia and the Pacific, Singapore

2011–2013
Management Director of GfK Consumer Panel Services Germany; Global Client Lead Consumer Goods & Retail, GfK Consumer Experiences, Nuremberg

2001–2011
Various management functions with Roland Berger Strategy Consultants, Munich, Germany

2000–2001
Senior Manager with Adcore Strategy GmbH, Munich, Germany

1997–2000
Various management functions with Roland Berger Strategy Consultants, Munich, Germany

1995–1997
Marketing Manager, Barilla Deutschland GmbH, Cologne, Germany

1990–1995
Various product management functions with Unilever Italia, Rome, Italy

1990
Marketing Trainee with Johnson & Johnson Italia, Rome, Italy

Education

1989
Degree in Business Administration from L.U.I.S.S., Rome, Italy

1985
Graduated from Liceo Scientifico Leonardo da Vinci, Reggio Calabria, Italy

MATTHIAS HARTMANN

born 1966

Until August 31, 2016 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. Management Board member from September 1, 2016 until December 31, 2016.

Professional Career

2011–2016
Member of the Management Board of GfK SE, Nuremberg

December 2011–August 2016
CEO of GfK SE, Nuremberg

2010–2011
Global Head of Strategy and Industries, IBM Global Business Services, New York City, 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 of strategy and management consulting, IBM in Europe, Middle East and Africa

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 Corporate Finance, Corporate Development, Group Controlling, Treasury, Legal, Central Services, Procurement, Sector Finance, Regional Finance and since September 1, 2016 also responsible for Human Resources (including Executive Development and Compensation), Intellectual Property, Internal Audit and Investor Relations.

Professional Career

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

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

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

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

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

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

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

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

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

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

Education

1984
Graduated in Engineering (Business Engineering; focus: investment and financing, logistics) from the Technical University of Berlin, Germany

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

HIGHLIGHTS 2016

Q1

JANUARY

GfK wins three big contracts in Automotive
The teams in China, Brazil and Italy win different research projects, for example in the field of Mystery Shopping.

GfK is chosen for radio audience research in New Zealand
Radio Broadcasters Association (RBA) commissions GfK to perform the official radio research in New Zealand. Starting this year, GfK will deliver the industry audience currency for New Zealand radio. The contract will run through the end of 2020.

New integrated corporate structure ensures client focus in Germany
GfK changes its corporate structure in Germany with effect from April 1. The business, which consisted of two separate units, is being combined to enable GfK Germany to offer its range of services in a more integrated manner. The operational activities of the two sectors will be consolidated into a more effective single entity. Michael Müller is appointed Managing Director of GfK Germany.

GfK starts delivering TV audience measurement data in Saudi Arabia
On behalf of SAUDI MEDIA MEASUREMENT COMPANY (SMMC), GfK has built the first-ever electronic system for television audience measurement in the Kingdom of Saudi Arabia. SMMC now receives TV consumption data from GfK's household panel on a daily basis.

FEBRUARY

Acquisition of leading digital panel specialist Netquest announced
On February 5, GfK announces the acquisition of Netquest – the leading access panel provider. The deal also includes the company's subsidiary Wakoopa, a leading provider of cross-device passive measurement technology. Through the deal, GfK will be able to establish new, and expand existing, high-quality digital panels worldwide – as well as faster expand its Crossmedia Link into Latin America, and expand Netquest's and Wakoopa's current business globally.

MARCH

Commercial Radio Malaysia awards GfK radio audience measurement contract
Commercial Radio Malaysia (CRM) appoints GfK as their official research partner to provide radio audience measurement (RAM) in Malaysia. GfK will commence delivery of the industry audience currency for Malaysia radio from second half of this year until end of 2018.

Q2

APRIL

GfK Social Charter signed
The purpose of the GfK Social Charter is to foster a climate of enhanced mutual respect throughout GfK. By signing this, all parties within the company commit to continuously support the development of a fair-minded work environment – promoting equal opportunities and without discriminating on the basis of gender, race, ethnic origin, religion, disability, age or sexual orientation.

Changes to Supervisory Board
At the Annual General Meeting on May 20 changes to the Supervisory Board of GfK SE come into effect: Dr. Wolfgang C. Berndt, Dr. Bernhard Düttmann, Hauke Stars and Hans Van Bylen leave the Supervisory Board. The Supervisory Board has nominated Prof. Dieter Kempf, former CEO of DATEV eG, the members of the Executive Board of GfK Verein, Ralf Klein-Bölting and Prof. Dr. Raimund Wildner, as well as Bruno Piacenza, member of the Management Board of Henkel Management AG, for election to the Supervisory Board.

JUNE

Big win with international discount retailer
The Key Account Management of Consumer Goods & Retail, in collaboration with Mystery Shopping from BaCE, wins a big contract with a major international discount retailer.

Q3

JULY

GfK donates 30,000 euros to a local children's home
GfK hands over a check to the friends´ association of the Children and Youth Centre in Nuremberg, Reutersbrunnerstraße amounting 30,000 euros. Just like the years before, the donation comes from the proceeds of selling cans with GfK ginger bread and Christmas cards decorated by children.

AUGUST

CEO and Chairman of the Supervisory Board announce their leaving GfK
CEO Matthias Hartmann mutually agrees with the Supervisory Board of GfK SE that he will leave the company as of December 31, 2016. In addition, Dr. Arno Mahlert resigns as Chairman of the Supervisory Board effective as of September 12, 2016.

Supervisory Board of GfK elects Ralf Klein-Bölting as new Chairman
The Supervisory Board of GfK elects Ralf Klein-Bölting as its new Chairman in an extraordinary meeting. Mr. Klein-Bölting takes over office on September 13, succeeding Dr. Arno Mahlert.

Q4

OCTOBER

Nuremberg Kohlenhof to become new GfK headquarters
On October 14, a letter of intent is signed in which GfK specifies its plans to bring its Nuremberg employees together at one new location in the future by housing GfK headquarters in the area known as the Kohlenhof. The rental agreement is signed in December.

NOVEMBER

GfK and SKO win the Tony Twyman Award at the asi Radio and Television & Video Conference
In November the annual asi conference took place in Budapest. GfK and SKO (the television audience measurement service in the Netherlands) won the Tony Twyman award 2016 for the best paper with "Keeping track of OTT viewing now and in the future in the Netherlands."

DECEMBER

GfK and KKR enter into an Investor Agreement to support the long-term growth strategy of GfK
GfK SE and Acceleratio Capital N.V., a holding company controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (together with affiliates, "KKR") sign an investor agreement under which KKR will launch a voluntary public tender offer for all outstanding publicly-traded shares of GfK for €43.50 per share in an all-cash transaction. The offer by KKR is published before Christmas.

GfK SHARES

The GfK share price started the year at €30 in 2016. In the first two months of the year, it slightly underperformed compared with the SDAX. Subsequently, GfK shares significantly outperformed the benchmark index. In mid-August, the half-year results published were disappointing, with the share price performance then slightly lower than the SDAX index trend in the period up to the public announcement of a takeover bid.

On December 8, 2016, GfK SE and Acceleratio Capital N.V., Amsterdam, the Netherlands, a holding company controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) signed an investor agreement after intensive negotiations. The agreement set out the key points of a takeover offer, in particular a mutual understanding with regard to the takeover offer and its realization as well as the future organization of GfK SE's business operations. The Management Board and Supervisory Board welcomed the offer and support it. By the year end, the share price has hovered around the offer price of €43.50 per share with minor swings. GfK was informed that the GfK Verein, its majority shareholder, and KKR had signed an agreement which stipulated among other things that the GfK Verein will not tender any shares to Acceleratio Capital N.V. and will therefore remain the majority shareholder of GfK with a 56.46 percent stake. To the best of the company's knowledge, this shareholder agreement will come into force upon implementation of the takeover offer.

On December 21, 2016, Acceleratio Capital N.V. published a bid document for a voluntary public takeover offer (cash offer) for all of the shares in GfK SE not held by Acceleratio Capital N.V. at a price of €43.50 per share in cash. According to Acceleratio Capital N.V., the offer represents a premium of about 44 percent, based on the estimated volume-weighted price during the last three months prior to the announcement of the offer. The takeover offer was subject to various offer conditions, which are explained in the offer document, including the achievement of a minimum acceptance condition of 18.54 percent. The completion of the transaction was also subject to approval by the competition and investment control authorities named in the offer document. For further details regarding the offer, please refer to the offer document.

The Supervisory Board and Management Board published a joint statement on the takeover offer pursuant to Section 27 Para. 1 of the German Securities Acquisition and Takeover Act (WpÜg) on December 30, 2016, which they had agreed independently of each other on December 29, 2016. The statement is available on the Internet at www.gfk.com/investors/investors/.

Following an extensive review process, the Management Board and Supervisory Board in their statement recommended that shareholders accept the offer. This recommendation was explained in detail in the statement, indicating the reasons. It is hereby expressly stated that the joint statement issued by the Management Board and Supervisory Board alone is decisive for the assessment of the offer document. The members of the Management Board and Supervisory Board who personally hold GfK shares accepted the offer and offered the shares they held for sale.

The period for accepting the offer started with the publication of the takeover offer document on December 21, 2016, and expired on February 10, 2017, 24:00 hours (local time Frankfurt am Main) and 6 pm (local time New York). Within the period, a total of 7,052,242 GfK shares, which represent approximately 19.32 percent of GfK SE's share capital were accepted for sale. This means that the minimum acceptance rate of 18.54 percent was met. Another acceptance period started on February 16, 2017, and ended on March 1, 2017, 24:00 hours (local time Frankfurt am Main) and 6 pm (local time New York). Within this period, a further 2,470 shares (0.01 percent of the share capital) were accepted for sale to Acceleratio Capital N.V. According to Acceleratio Capital N.V.'s own data, as of the expiry of the additional acceptance period voting rights attached to 1,158,665 GfK shares are attributed to the bidder pursuant to section 30 para. 1 sentence 1 no. 5 WpÜG. This corresponds to approximately 3.17 percent of the share capital and the voting rights of GfK SE. In addition, as of the expiry of the additional acceptance period, pursuant to section 30 para. 1 sentence 1 no. 5 WpÜG, voting rights attached to 2,516,725 GfK shares are attributed to Acceleratio Topco S.à r.l., a person acting jointly with the bidder pursuant to section 2 para. 5 WpÜG. This corresponds to approximately 6.89 percent of the share capital and the voting rights of GfK SE. All completion conditions the takeover offer was subject to are satisfied.

Further details are provided in Section 2.1 of this annual report and on the Internet at www.gfk.com/investors/investors/ and at www.acceleratio-angebot.de/english/disclaimer.php.

INTENSIVE INVESTOR RELATIONS ACTIVITIES

In 2016, the Investor Relations team continued its international capital market communications. One opportunity in this regard was the ninth Capital Market Day in Frankfurt am Main, where more than 40 analysts and institutional investors from Germany, France and the UK met with members of the GfK Management Board.

The Investor Relations team had 302 (2015: 312) individual meetings with investors and analysts in 2016. The operational management team also intensified its interaction with investors. GfK's team conducted additional meetings at a total of eight roadshows (2015: six), which took place in Europe and North America. Furthermore, GfK was represented at 11 capital market conferences in Germany, the UK, France and Spain (2015: 13).

In 2016, 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 third in the category of SDAX companies.

SHARP INCREASE IN MARKET CAPITALIZATION

The market capitalization of GfK based on 36,503,896 shares, a number unchanged in comparison with the prior year, amounted to approximately €1.58 billion at year-end (2015: €1.13 billion).

In view of the higher market capitalization, GfK moved up in the SDAX market capitalization ranking from 24th place (2015) to 14th place. The average volume of shares traded on German stock exchanges in 2016 was significantly up on the previous year's level at approximately 26,200 shares (2015: 9,900 shares), partly as a result of the takeover bid. On the date of publication of the takeover bid, the volume traded exceeded 740,000 shares.
GfK shares were primarily traded on German stock exchanges in 2016. The focus was on Xetra trading at the Frankfurt Stock Exchange, with a share of 36 percent (2015: 20 percent). According to the data of brokers and Bloomberg, only just over 37 percent (previous year: 67 percent) of trades in GfK's shares were off the floor as part of OTC trading. This marked improvement also resulted in a better position for GfK, measured in terms of the trading volume on the SDAX. At year-end, GfK was ranked in 32nd place (prior year: 49th place).

In order to reduce the volatility of its shares, GfK has three designated sponsors. At the end of 2016, influenced by the takeover offer, volatility was 45.0 percent, which was higher than the prior year's level (27.2 percent). Since the fluctuation range of the SDAX reference value was slightly up from 16.8 percent in 2015 to 17.4 percent in 2016, the difference was somewhat bigger.

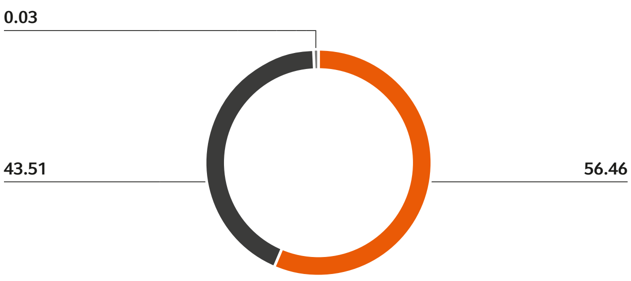
STEADY COVERAGE

The coverage of GfK shares decreased slightly to 11 analysts (prior year: 12), but remains at a consistently high level. Our activities are designed to support international and global securities analyses and a widely diversified research offering. At year-end, four analysts gave a "sell" recommendation for GfK shares, four recommended "hold," two gave a "neutral" assessment and one recommended "buy." The joint statement by the Management Board and Supervisory Board regarding the takeover bid was published on December 30, 2016 and therefore had no impact on analysts' recommendations. In the current year, the response to the takeover bid has mainly been positive.

INTERNATIONAL SHAREHOLDER STRUCTURE

The percentage of freely tradable GfK shares was 43.54 percent as of year-end 2016, which was unchanged versus the prior year. At this time, 0.03 percent of the shares were held by the Management Board and Supervisory Board of GfK. In total, 38.11 percent of our shares were held by institutional investors and 5.40 percent by private investors. The main shareholder, GfK Verein, holds 56.46 percent of the shares (source: NASDAQ OMX).

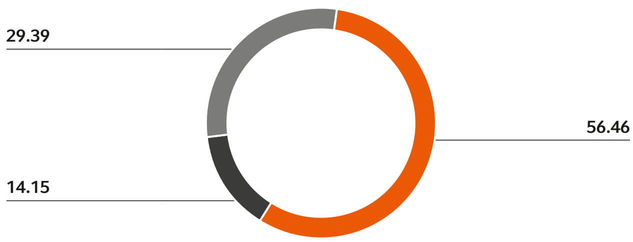
SHAREHOLDER STRUCTURE AS PER DECEMBER 31, 2016
in %



GfK Verein · Institutional and Private Investors · Management Board and Supervisory Board

Figures arise from a total outstanding no. of shares: 36,503,896
Source: Own research

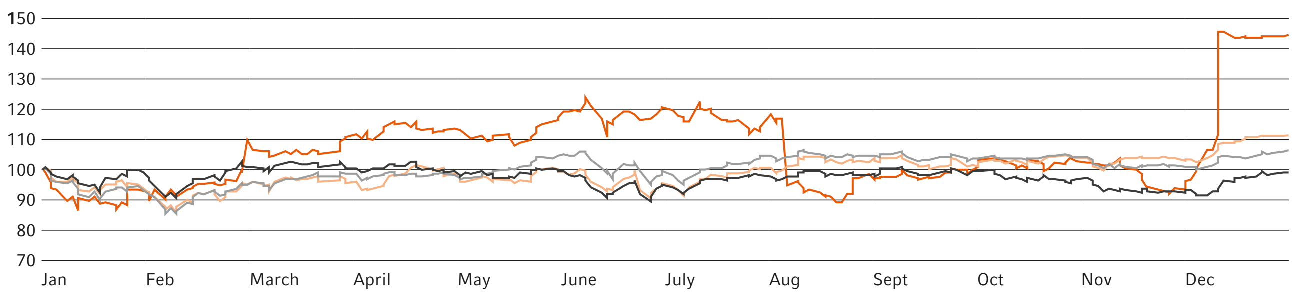
SHAREHOLDER STRUCTURE AS PER MARCH 3, 2017
in % (after settlement of the takeover offer)



GfK Verein · Free Float · Acceleratio*

Figures arise from a total outstanding no. of shares: 36,503,896
Source: Own research
* Acceleratio Capital N.V. and Acceleratio Topco S.à.r.l.

GfK SHARE PRICE PERFORMANCE COMPARED WITH THE INDICES IN 2016 1)



GfK (Xetra) · DAX · SDAX · DJ Euro Stoxx Media

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

GROUP MANAGEMENT **REPORT**

GROUP MANAGEMENT REPORT

1. ECONOMIC BASIS FOR THE GROUP

1.1 OVERALL ECONOMIC DEVELOPMENT IN 2016: DECLINE IN GROWTH RATE

Stagnating global trade, weak propensity to invest and increasing political instability put the brakes on economic momentum over the past year. At 3.3 percent, global economic growth declined to its lowest level since the onset of the global financial crisis.

World Bank analysts cite a combination of factors to explain this: Weak growth, low inflation, dampened propensity to invest and modest increases in productivity in **developed economies**. In addition, political uncertainties must also be factored in. Consequently, growth in mature markets declined to 1.6 percent (−0.5 percentage points versus the prior year). The economic slump was accompanied by a further slowdown in global trade.

In the **United States**, the economy recovered following a weak first half of 2016 and closed in on full employment status. In the United Kingdom, domestic demand was stronger than expected. This softened the blow of the shock Brexit vote. Overall, private consumption in the **Eurozone** was a major supporting factor in the economic recovery. Employment levels rose steadily in parallel to low energy prices, leading to an increase in real available income. This situation is in total contrast to **Japan**, where even private consumption stagnated on account of weak salary developments. Consumer prices fell once again.

The **Emerging Markets and Developing Economies** (EMDEs) grew at an average rate of 3.4 percent. However, there were clear differences between countries which export commodities and those which import them. While countries which export commodities achieved average growth of just 0.3 percent, those which import commodities registered economic growth of 5.6 percent on average – this discrepancy reflects a landscape of cheap commodity prices, solid domestic demand and a friendly macroeconomic climate in general.

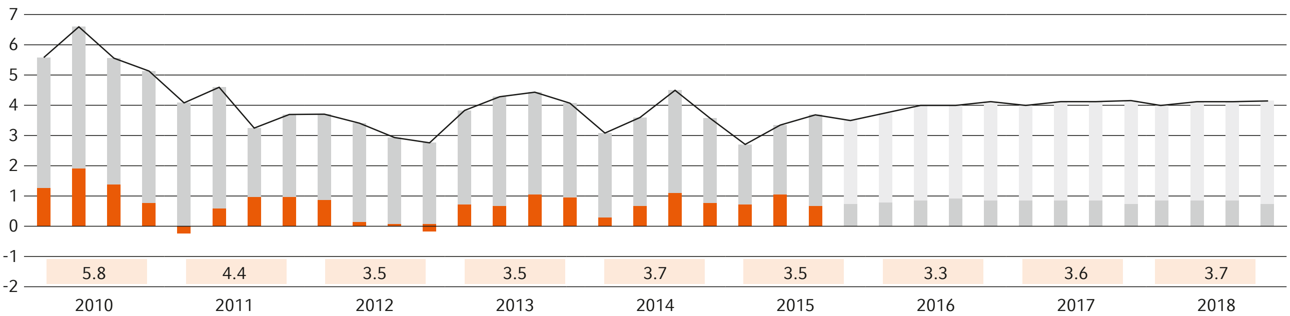
Growth in **China** fell slightly more than had been anticipated by the majority of experts on account of continued political stimuli. Chinese economic growth slowed further in the prior year. According to official government statistics, the growth rate amounted to 6.7 percent. This is the lowest value since 1990. In 2015, the world's second-largest economy recorded growth of 6.9 percent. During the peaks of the previous decade, this value was occasionally as high as 14 percent. In contrast, countries such as Argentina and Brazil in **Latin America** are in the throes of recession. Turkey fared just as badly: Following the political disruption, the country had to deal with a significant drop in tourism revenues.

1.2 MARKET RESEARCH INDUSTRY: STABLE GROWTH, VOLATILE CURRENCIES

In last year's industry outlook, we maintained a skeptical view of the year ahead and agreed with the saying attributed to Confucius that only those who expect nothing of the future can avoid disappointment. The latter part of this assessment proved to be spot-on, at least. Contrary to the expectations of distinguished experts, sales in our industry grew by a sizable 3.5 percent worldwide in 2015 to total US$67.9 billion.

However, a somewhat more sober view must be taken of this increase in light of the significant shifts in currencies. Once inflation and currency effects are taken into account, sales

GROWTH OF REAL GROSS DOMESTIC PRODUCT
in percent, percentage points



— World ■ Industrial countries ■ Emerging countries ■ World, annual average

Source: DIW Winter Baselines 2016

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			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Eurozone	1.9	1.6	1.5	1.6	0.0	0.2	1.2	1.3	10.9	10.1	9.6	9.3
excluding Germany	2.1	1.5	1.5	1.6	−0.1	0.1	1.1	1.3	13.8	12.8	12.2	11.9
France	1.2	1.2	1.3	1.5	0.1	0.2	1.2	1.4	10.4	10.1	9.8	9.7
Spain	3.2	3.2	2.2	2.1	−0.5	−0.4	1.2	1.4	22.1	19.6	17.9	17.0
Italy	0.6	0.8	1.0	1.2	0.1	0.1	1.0	1.0	11.9	11.4	10.9	10.9
Netherlands	2.0	1.9	1.8	1.9	0.2	0.2	1.0	1.1	6.9	6.2	6.2	6.0
United Kingdom	2.2	2.0	1.0	1.8	0.0	0.6	2.6	2.0	5.3	5.0	5.5	5.5
USA	2.6	1.6	2.4	2.6	0.1	1.2	1.9	2.0	5.3	4.9	4.5	4.4
Japan	0.6	0.7	0.5	0.5	0.8	−0.3	0.1	0.4	3.4	3.2	3.2	3.2
South Korea	2.6	2.9	2.6	2.7	0.7	0.9	2.0	2.7	3.6	3.6	3.0	3.0
Central and Eastern Europe	3.7	3.0	3.4	3.5	−0.4	−0.3	1.1	1.6	7.3	6.3	5.8	5.4
Turkey	4.0	3.0	2.7	3.1	7.7	7.7	7.6	7.4	10.3	10.7	11.4	11.2
Russia	−3.7	−0.7	1.2	1.9	15.5	6.7	4.5	4.1	5.6	5.6	5.6	5.5
China	6.5	6.5	6.2	5.8	−0.6	0.5	2.5	4.5	4.1	4.1	4.1	4.1
India	7.4	7.3	7.0	6.9	1.0	3.3	6.0	6.1	–	–	–	–
Brazil	−3.9	−3.1	0.4	1.5	9.0	8.5	5.7	5.7	8.3	11.2	12.4	10.6
Mexico	2.6	1.9	2.2	2.3	2.7	2.7	3.3	3.2	4.4	4.2	4.8	4.8
Industrial countries	2.1	1.6	1.8	2.0	0.2	0.7	1.6	1.6	6.3	5.9	5.6	5.5
Emerging countries	4.5	4.6	5.0	5.0	2.9	3.0	3.9	4.8	5.3	5.6	5.7	5.5
World	3.5	3.3	3.6	3.7	1.7	2.0	2.9	3.5	5.8	5.7	5.7	5.5

Source: DIW Winter Baselines 2016

growth only amounted to 2.2 percent in 2015. Latin America, for example, reported a second consecutive year of growth in 2015, at 10.7 percent, but after currency effects and inflation have been considered, the result is a sales decline of almost 20 percent. In their annual industry study, ESOMAR analysts stated that "exchange rates played a prominent role this year" (with 4,900 members in 130 countries, ESOMAR is the most important association for our industry). The African market also recorded slight growth when based on local currencies, but following conversion into U.S. dollar, this in fact equates to a marginal sales drop of 0.5 percent.

In **Europe**, sales in the market research industry increased for the first time since the financial crisis. Assuming stable exchange rates, the industry grew by 3.3 percent when compared with 2014. The greatest individual growth was achieved in Bulgaria (+46 percent) and is attributable to greater demand and above all the availability of additional market research instruments. Further boom markets (inflation-adjusted for inflation) include Slovenia (+10.9 percent), Spain (+8.0 percent), the Netherlands (+6.9 percent), Slovakia (+5.9 percent) and Turkey (+5.6 percent). The three strongest European markets, the UK, Germany and France, are at the same time in the world's top five. In contrast, sales declines were recorded in Cyprus (−22.0 percent), Switzerland (−12.8 percent) and Russia (−13.5 percent), where increased state regulation of international companies as well as stricter requirements for patient data constrained business performance.

In the world's biggest market for market research, the **United States of America**, spending on research into consumer desires increased by a significant 3.0 percent in 2015. This was above all allocated to the areas of media and entertainment (21 percent of expenditure), pharmaceuticals (19 percent) and consumer goods such as food, drink and confectionery (18 percent).

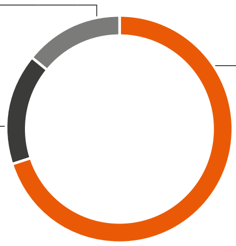
In the **Asia-Pacific** region, Myanmar achieved sensational growth of 49.7 percent after the country and its economy opened up to the world again. The biggest individual market in the region continues to be China (2.5 percent growth on the previous year), followed by Japan (+1.4 percent).

As previously mentioned, the **Latin America** region suffered most severely under the effects of inflation and currency fluctuations. For example, the nominal growth of 23.6 percent in the Argentine market becomes a minus of 6.5 percent once currency depreciation is taken into account. In the neighboring country of Brazil, the economic crisis unsurprisingly led to an inflation-adjusted decline in market research expenditure of 13.4 percent.

Following growth of 2.6 percent in 2014, **Africa** suffered a slight decline to −0.5 percent in the subsequent year. In South Africa, the biggest market on the continent, greater digitization and expansion into new industries led to sales growth of 2.3 percent. Overall, Africa maintained its 1 percent market share of the global market research budget.

There were some slight shifts in the area of **market research methods** to the detriment of quantitative research. At 70 percent of spending, it is nonetheless still the largest field in market research (down three percentage points on 2014). The sales share of qualitative research has remained constant, at 16 percent, while all other methods cumulatively increased from 11 percent to 14 percent.

SPEND BY RESEARCH METHOD 2015
in percent



Source: ESOMAR Industry Report "Global Market Research 2016"
Changes compared to 2014 are provided in brackets

A look at the **leading market research companies** reveals how globally the market leaders have now structured their business. The top 25 generate more than half of all sales outside of their respective domestic markets. GfK continues to be fifth in the global ranking.

TOP 10 OF THE MARKET RESEARCH INDUSTRY

Ranking 2015 1)	Company 1)	2014 sales *US$ million 1)*	2015 sales *US$ million 1)*	Market share *in percent 2)*
1	Nielsen Holdings, USA	6,288.0	6,172.0	13.9
2	Kantar, UK	3,835.0	3,710.0	8.4
3	IMS Health, USA	2,600.0	2,921.0	6.6
4	Ipsos, France	2,219.9	1,980.9	4.5
5	GfK, Germany	1,932.0	1,712.6	3.9
6	Information Resources, USA	954.0	981.0	2.2
7	dunnhumby Ltd., UK	481.4	970.5	2.2
8	Westat, USA	517.4	509.6	1.1
9	INTAGE Holdings, Japan	415.4	375.7	0.8
10	comScore, USA	325.2	368.8	0.8

1) 2016 AMA Gold Global Top 50 Report published in the ESOMAR Industry Report 2016
2) Own calculations, market share based on global market research sales in 2015 of US$ 44,350m (ESOMAR Industry Report 2016)

2. ECONOMIC REPORT

2.1 VOLUNTARY PUBLIC TAKEOVER OFFER BY ACCELERATIO CAPITAL N.V.

Acceleratio Capital N.V., a holding company headquartered in Amsterdam, the Netherlands, controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR), published a bid document for a voluntary public takeover offer (cash offer) on December 21, 2016 for all shares in GfK SE not held by Acceleratio Capital N.V. at a price of €43.50 per share in cash. According to Acceleratio Capital N.V., the offer represents a premium of about 44 percent, based on the estimated volume-weighted price during the last three months prior to the announcement of the offer. The takeover offer was subject to various offer conditions detailed in the offer document, including the achievement of a minimum acceptance condition of 18.54 percent of GfK shares outstanding. The completion of the transaction was also subject to approval by the competition and investment control authorities named in the offer document.

The GfK Verein states that it will not tender any shares and will therefore remain the majority shareholder of GfK with a share of 56.46 percent.

On December 30, 2016, the Management Board and Supervisory Board published a joint statement on the takeover offer pursuant to Section 27 Para. 1 of the German Securities Acquisition and Takeover Act (WpÜG), on which they had agreed independently of each other on December 29, 2016; this statement can be viewed online under: http://www.gfk.com/investors/takeover-offer/. Following an extensive review process, the Management and Supervisory Boards recommended in the statement that the shareholders accept the offer. A detailed justification for this recommendation was provided in the statement. It is hereby expressly stated that the joint statement issued by the Management Board and Supervisory Board alone is decisive for the assessment of the offer document and that the information in this Group Management Report contains no further explanations or additions to the remarks in this statement.

With a view to the takeover offer, GfK SE and Acceleratio Capital N.V. had previously conducted extensive negotiations and subsequently signed an investor agreement on December 8, 2016. This agreement presented all major points of the takeover offer, especially the mutual understanding with respect to the takeover offer and its realization, as well as the future organization of the business operations of GfK SE. In particular, the investor agreement stipulates the conditions under which the Management Board and the Supervisory Board have declared their willingness, in principle, to support the offer. In regard to the content of the investor agreement, please refer to the published announcement by the Supervisory Board and Management Board on the takeover offer, which includes a summary of the essential provisions included in the investor agreement.

Acceleratio Capital N.V. announced that during the acceptance period, which started with the publication of the takeover offer document on December 21, 2016 and expired on February 10, 2017, 24:00 hours (local time Frankfurt am Main) and 6:00 pm (local time New York), a total of 7,052,242 GfK shares, which represents 19.3191 percent of GfK SE's share capital, were accepted for sale. This means that the minimum acceptance rate of 18.54 percent stipulated in the offer document as a condition to the takeover offer was met. Acceleratio Capital N.V. additionally announced that during the subsequent acceptance period, starting on February 16, 2017 and ending on March 1, 2017, 24:00 hours (local time Frankfurt am Main) and 6:00 pm (local time New York), a further 2,470 GfK shares (totaling an additional 0.01 percent of the share capital) were accepted for sale. According to Acceleratio Capital N.V.'s own data, as of the expiry of the additional acceptance period voting rights attached to 1,158,665 GfK shares are attributed to the bidder pursuant to section 30 para. 1 sentence 1 no. 5 WpÜG. This corresponds to approximately 3.17 percent of the share capital and the voting rights of GfK SE. In addition, as of the expiry of the additional acceptance period, pursuant to section 30 para. 1 sentence 1 no. 5 WpÜG, voting rights attached to 2,516,725 GfK shares are attributed to Acceleratio Topco S.à r.l., a person acting jointly with the bidder pursuant to section 2 para. 5 WpÜG. This corresponds to approximately 6.89 percent of the share capital and the voting rights of GfK SE. In total, Acceleratio Capital N.V. was therefore offered 10,730,102 GfK shares (approximately 29.39 percent) within the scope of its takeover offer or are attributed to itself or a person acting jointly with the bidder pursuant to section 2 para. 5 WpÜG.

All completion conditions the takeover offer was subject to are satisfied.

2.2 INTRODUCTION

GfK's matrix organization consists of two globally responsible sectors (see chapter 2.8) 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) as adopted by the EU. The financial data for the sectors and regions originates from our Management Information System.

For the internal management of both sectors, GfK applies the financial key performance indicators of sales and adjusted operating income (AOI)/margin. The outlook of AOI was projected according to the accounting principles used in the financial statements and the adjustments described elsewhere in the group management report. The reconciliation of operating income to AOI is shown in the table below. This is also used as an indicator of income by some 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. Accordingly, 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 financial 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.

However, a more differentiated picture emerges between the two sectors. In the panel-based Consumer Choices sector, contracts are largely renewed during the first three months of the fiscal year. Nevertheless, in some cases, contracts in this sector 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	2015	2016	Change in percent
Operating income	**104.2**	**−55.2**	**–**
Goodwill impairment	39.4	136.9	+247.4
Write-ups/write-downs of additional assets identified on acquisitions			
Scheduled amortization/depreciation	4.9	5.1	+4.5
Impairments	3.4	12.4	+263.9
Reversal of impairments	−4.0	−1.0	−74.6
Income and expenses in connection with share and asset deals	−8.7	4.7	–
Income and expenses in connection with reorganization and improvement projects	22.8	22.1	−3.0
Personnel expenses for share-based incentive payments	1.9	7.4	+288.1
Currency conversion differences	2.2	−0.3	–
Expenses from litigation, compliance cases and terminated projects	22.9	16.9	−26.5
Remaining highlighted items	−1.5	6.4	–
Total highlighted items	**83.4**	**210.5**	**+152.3**
Adjusted operating income	**187.6**	**155.3**	**−17.2**

1) Rounding differences may occur

Where statements below refer to the numbers 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.

2.3 GfK GROUP: CHALLENGES NOT YET RESOLVED

In 2016, the GfK Group achieved sales of €1,483.8 million. Sales were down by €59.6 million, or 3.9 percent, versus the prior year. The decline was exacerbated by negative currency effects (–1.6 percent) as well as by the loss of sales following the divestment of unprofitable subsidiaries, which net of acquisition-related growth resulted in a decrease of 0.5 percent. The organic decline in sales therefore accounted for –1.7 percent.

DEVELOPMENT OF EARNINGS [1)]

in € million	2015	2015 excluding goodwill impairment	2016	2016 excluding goodwill impairment	Change (excl. goodwill impairment) in percent
Sales	1,543.4	1,543.4	1,483.8	1,483.8	–3.9
Cost of sales	–1,061.9	–1,061.9	–1,059.1	–1,059.1	–0.3
Gross income from sales	**481.5**	**481.5**	**424.7**	**424.7**	**–11.8**
Selling and general administrative expenses	–302.2	–302.2	–296.5	–296.5	–1.9
Other operating income	19.8	19.8	16.4	16.4	–17.3
Other operating expenses	–94.9	–55.5	–199.9	–62.9	+13.4
EBITDA	**231.2**	**231.2**	**183.1**	**183.1**	**–20.8**
as a percentage of sales	15.0	15.0	12.3	12.3	–
Adjusted operating income	**187.6**	**187.6**	**155.3**	**155.3**	**–17.2**
as a percentage of sales	12.2	12.2	10.5	10.5	–
Highlighted items	–83.4	–44.0	–210.5	–73.6	+67.2
Operating income	**104.2**	**143.6**	**–55.2**	**81.7**	**–43.1**
as a percentage of sales	6.7	9.3	–3.7	5.5	–
Income from participations	2.0	2.0	5.2	5.2	+157.2
EBIT	**106.2**	**145.6**	**–50.1**	**86.9**	**–40.3**
as a percentage of sales	6.9	9.4	–3.4	5.9	–
Other financial income	**–18.3**	**–18.3**	**–12.7**	**–12.7**	**–30.6**
Income from ongoing business activity	**87.9**	**127.3**	**–62.8**	**74.2**	**–41.7**
Tax on income from ongoing business activity	–47.2	–47.2	–73.7	–73.7	+56.3
Tax ratio in percent	53.7	37.0	–117.5	99.3	–
Consolidated total income	**40.7**	**80.1**	**–136.5**	**0.5**	**–99.4**
Attributable to equity holders of the parent	36.8	76.2	–140.6	–3.6	–
Attributable to minority interests	4.0	4.0	4.1	4.1	+3.5
Consolidated total income	**40.7**	**80.1**	**–136.5**	**0.5**	**–99.4**
Earnings per share (undiluted) in €	1.01	2.09	–3.85	–0.10	–

1) Rounding differences may occur

The **cost of sales** amounted to €1,059.1 million, down 0.3 percent versus the prior year's figure. Development costs of €27.8 million (2015: €39.0 million) were capitalized and therefore exempted from this figure. However, research and development costs, up by €4.2 million to €21.3 million, are included in the cost of sales. **Gross income from sales** declined as a result by 11.8 percent to stand at €424.7 million.

Selling and general administrative expenses posted a decrease of 1.9 percent to €296.5 million. Operating expenses, which comprise the cost of sales and selling and administrative expenses, were down by 0.6 percent, substantially less than the decline in sales.

Personnel expenses account for more than half of the operating expenses and amounted to €762.6 million. This equates to a decline of 0.4 percent year on year. At the same time, the workforce reduced by 3.1 percent, or 416 employees, to 13,069 employees at year-end 2016. Naturally there is a time delay before this development impacts personnel expenses. Since the decrease in personnel expenses is smaller than that in sales, the **personnel cost ratio**, which represents the relationship of personnel expenses to sales, stood at 51.4 percent (prior year: 49.6 percent).

Adjusted operating income declined by €32.3 million, or 17.2 percent, to €155.3 million. The margin, which expresses the relationship of adjusted operating income to sales, amounted to 10.5 percent (prior year: 12.2 percent).

Other operating income declined by €3.4 million to €16.4 million. In the prior year, this item included income of €12.0 million in connection with the divestment of minority shareholdings resulting from the unwinding of cross-ownership with the NPD Group, Inc., USA. In the reporting year, income of €1.3 million arose from divestment of the Print Center in Switzerland and the shareholding in the associated company USEEDS GmbH, Berlin. The divestment of the market research business in Crop Protection and Animal Health generated a deconsolidation profit of €5.1 million. Currency gains increased from €2.3 million in the prior year to €4.5 million.

As currency losses in **other operating expenses** decreased by €0.4 million to €4.2 million, net currency gains from operating activities in foreign currency stand at €0.3 million (prior year: net currency losses of €2.2 million).

Overall, there was a considerable rise in other operating expenses, up from €94.9 million in the prior year to €199.9 million in 2016. This figure includes a goodwill impairment of €136.9 million (prior year: €39.4 million). The impairment was due to lower growth prospects for the Consumer Experiences sector, which led to impairments in all regions apart from Central Eastern Europe/META. Adjusted for this influence, other operating expenses would have amounted to €62.9 million, a rise of €7.4 million year on year.

In 2016, there were delays in some projects in the Media Measurement business and the need for renegotiations. Provisions were recognized to provide for possible risks, leading to other operating expenses of €13.6 million. Personnel expenses within other expenses increased by €6.5 million to €21.1 million. These are primarily related to severance payments in connection with reorganization projects. The planned changes in the shareholder structure resulted in expenses of €6.2 million. A deconsolidation loss of €4.4 million was incurred on the divestment of the unprofitable subsidiary Genius Digital in the UK. This was countered by the absence of impairments of network-based development activities which had amounted to €20.0 million in the prior year. In addition, expenses relating to irregularities at a Turkish subsidiary, which were discovered in 2012, declined by €1.3 million and stood at less than €0.1 million in the reporting year.

Highlighted items totaled €210.5 million. Adjusted for goodwill impairment, highlighted items would have amounted to €73.6 million, which equates to a rise of €29.6 million, compared with a figure of €44.0 million in the prior year (similarly adjusted for goodwill impairment).

The revised growth outlook in the Consumer Experiences sector, which resulted in the goodwill impairment, contributed significantly to a rise in impairments of additional assets identified on acquisitions of €9.0 million to €12.4 million. At the same time, reversals of impairments decreased from €4.0 million in the prior year to €1.0 million. Overall, net expenses in this item increased by €12.2 million and it stood at €16.5 million in 2016.

Income and expenses in connection with share and asset deals also contributed to the increase in highlighted items. After net income of €8.7 million in the prior year, net expenses of €4.7 million were recorded, which corresponds to a change of €–13.3 million. The divestment of minority interests to NPD, USA, referred to above, generated one-off income of €12.0 million in 2015. In the reporting year, this item includes both the gain on deconsolidation of business activities in Crop Protection and Animal Health of €5.1 million as well as the deconsolidation loss on the sale of Genius Digital in the UK amounting to €4.4 million. Further expenses of €3.2 million (prior year: €0.3 million) relate to the acquisition of the international Netquest Group, which is headquartered in Spain.

At €22.1 million, income and expenses from reorganization and optimization projects are slightly below the prior year's figure. Essentially these include severance payments, impairments, consulting costs and other costs from streamlining and optimizing business areas at selected subsidiaries.

Personnel expenses for share-based incentive payments climbed €5.5 million to €7.4 million. This development was mainly due to two factors, which were the departure of a member of the Management Board and the rise in GfK's share price at the year-end as a result of the public takeover bid from Acceleratio Capital N.V., headquartered in Amsterdam, Netherlands.

In the prior year, net income from currency conversion was negative at €2.2 million. In 2016, the net figure was positive with income of €0.3 million. The improvement was primarily due to the movement in exchange rates for the US dollar, pound sterling and Japanese yen.

For reasons of transparency, expenses from litigation, compliance cases and terminated projects were aggregated in a separate highlighted item in the reporting year. Together with remaining highlighted items, these had previously been reported in income and expenses related to one-off effects and other exceptional circumstances. The newly created item declined from €22.9 million in the prior year to €16.9 million. In the prior year, this item was dominated by impairments of developments in Mobile Insight/Location Insight and part of the CPIMS/NEO software amounting to €20.0 million. In the reporting year, the reported figure mainly includes the risk provisioning for Media Measurement business amounting to €13.6 million and the provision for labor court proceedings and the resulting social security risks of €2.1 million (prior year: €0.2 million).

In the prior year, remaining highlighted items posted net income of €1.5 million, partly as a result of income of €1.1 million from a property divestment in Switzerland. In the reporting year, expenses for changes in the shareholder structure of €6.2 million in particular led to net expenses totaling €6.4 million.

Operating income decreased by €159.4 million to €−55.2 million. Adjusted for goodwill impairment, the figure would have amounted to €81.7 million, compared with the similarly adjusted figure of €143.6 million in the prior year. This would equate to a decline of 43.1 percent.

Net **write-downs** climbed €108.1 million to €233.1 million. Excluding the increase in the goodwill impairment of €97.5 million to €136.9 million, this item would have been up year on year by €10.6 million at €96.2 million. The increase stems almost exclusively from the rise in scheduled amortization and depreciation of €9.0 million, which predominantly related to intangible assets such as software and panels, but also affected tangible assets. This development was expected after increased investment in such assets in prior years. Despite the €9.0 million increase in impairments of additional assets identified on acquisitions, impairments within amortization and depreciation declined by a total of €1.4 million, since in the prior year this item included the one-off impairment of €20.0 million relating to network-based development activities. The rest of the increase is due to the €3.0 million decline in reversals of impairments.

Income from participations improved from €2.0 million in the prior year to €5.2 million. Income from associated companies declined by €1.2 million, primarily as a result of divestment of the associated company NPD Intelect USA in connection with the unwinding of the cross-ownership in the prior year. Other income from participations increased by €4.3 million and includes profit from the divestment of the minority holding in Qosmos France amounting to €5.8 million.

After a decrease of €156.2 million, **EBIT** stood at €−50.1 million in the reporting year. Adjusted for goodwill impairment in both the year under review and 2015, EBIT would amount to €86.9 million, corresponding to a decline of 40.3 percent. **EBITDA**, which is unaffected by the mainly goodwill-related rise in write-downs, declined by 20.8 percent, or €48.2 million, to €183.1 million.

Other financial income improved by €5.6 million year on year. Net expenses amounted to €12.7 million compared with €18.3 million in the prior year. Net interest expenses declined by €4.1 million to €12.4 million following the bond repayment and favorable refinancing; financial currency conversion differences improved by €3.5 million to net income of €1.1 million. Miscellaneous other financial income dropped by €2.1 million with reported net expenses of €1.4 million.

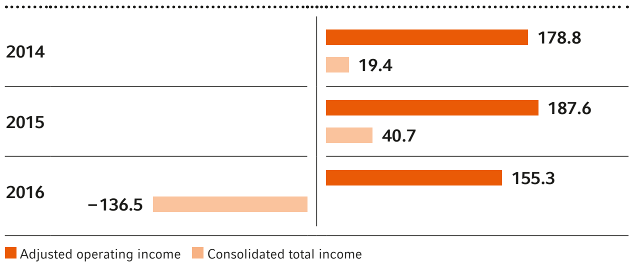
Income from ongoing business activity decreased from €87.9 million to €−62.8 million. Adjusted for goodwill impairment, the figure would be €74.2 million with a decline of €53.1 million or 41.7 percent.

The arithmetical **income tax rate** amounted to −117.5 percent (prior year: 53.7 percent). Both rates are influenced to a significant extent by the respective goodwill impairment, as this reduction in pre-tax profit at Group level has no impact on tax expenses. The adjusted tax rates stand at 99.3 percent in 2016 and 37.0 percent in 2015.

Higher **tax expenses** in the current year are particularly attributable to additional taxes for prior years as a result of a tax audit for the years 2008 to 2012 in Germany, reassessment of the future realization of tax loss carry-forwards in the Group and higher burdens from expenses which are not tax-deductible and withholding taxes not creditable.

The **consolidated total income** of the GfK Group amounted to €−136.5 million compared with €40.7 million in the prior year. Excluding the impact of goodwill impairment in both years, consolidated total income would have amounted to €0.5 million, corresponding to a decline of €79.7 million. The consolidated total income attributable to minority interests, which is unaffected by goodwill impairment, stood at €4.1 million. Consequently, the consolidated total income attributable to equity holders of the parent company is negative at €−3.6 million. As a result, **earnings per share**, also after adjustment for goodwill impairment, were slightly negative, with the adjusted figure standing at €−0.10 compared with the adjusted figure of €2.09 in the prior year (unadjusted: €−3.85, prior year €1.01).

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



2.4 ASSET AND CAPITAL POSITION

In comparison with the prior year, the **total assets** of the GfK Group declined by €121.4 million, or 6.6 percent, to €1,720.9 million. The main reason for the decrease is the goodwill impairment, which reduced the goodwill and equity reported in the balance sheet by €137.0 million.

DEVELOPMENT OF THE BALANCE SHEET [1]

in € million	Dec. 31, 2015	Dec. 31, 2016	Change	Share of total assets in percent
ASSETS				
Non-current assets	1,221.7	1,065.5	−156.2	61.9
Current assets	620.6	655.4	+34.8	38.1
LIABILITIES				
Equity	720.5	538.2	−182.3	31.3
Non-current liabilities	440.7	665.8	+225.1	38.7
Current liabilities	681.1	516.9	−164.2	30.0
Total assets	**1,842.3**	**1,720.9**	**−121.4**	**100.0**

1) Rounding differences may occur

Other intangible assets rose by €9.6 million to €281.4 million. Most of this increase was attributable to the setup of market research panels and development of software, especially in Germany and the USA. In total, other intangible assets comprise panels with a book value of €122.8 million and software with a book value of €113.8 million.

Tangible assets decreased by €12.8 million to €92.5 million. One Swiss property with a book value of €2.3 million was reclassified to assets held for sale as the divestment is to be carried out in 2017. The rest of the decrease stemmed primarily from scheduled depreciation of fixtures and fittings which exceeded the figure for new additions.

In total, non-current assets declined by €156.2 million to €1,065.5 million. By contrast, current assets were up €34.8 million to €655.4 million as of the reporting date. Trade receivables and income tax receivables together accounted for €26.1 million of this increase; cash and cash equivalents rose by €44.2 million. These were countered by the reduction in assets held for sale of €37.1 million to €2.3 million, which in the reporting year related to a property in Switzerland as indicated above. In the prior year, this item included the planned sale of business activities in Crop Protection and Animal Health, the Print Center in Switzerland and the stake in USEEDS GmbH in Berlin. All three divestments were carried out in 2016.

Equity declined by €182.3 million to €538.2 million. As a result, the **equity ratio** dropped from 39.1 percent in the prior year to 31.3 percent. Consolidated total income, which was negative due to goodwill impairment, and the dividend distribution of €23.7 million adversely affected retained earnings. In addition, the movement in the value of pound sterling in particular led to a decrease in the currency reserve reported in other reserves of €14.0 million.

DEVELOPMENT OF THE EQUITY RATIO
in percent

Liabilities increased by €60.9 million to €1,182.7 million. The increase comprises the rise in non-current liabilities of €225.1 million to €665.8 million and the decline in current liabilities of €164.2 million to €516.9 million.

This is mainly due to the shift between current financial liabilities (decrease of €176.0 million to €32.2 million) and non-current financial liabilities, which rose by €194.6 million to €451.0 million. In April 2016, the €186.1 million bond was repaid as planned and most of this sum refinanced long-term. Provisions included in non-current liabilities also increased by €18.1 million. These largely referred to personnel-related obligations.

The decrease in current liabilities of €164.2 million stems primarily from the bond repayment referred to above. In contrast, current provisions increased by €15.6 million mainly due to risk provisioning for the Media Measurement business.

2.5 INVESTMENT AND FINANCE

For an innovative market research company like GfK, ongoing investment in the establishment and expansion of panels, new measuring techniques and 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 Group's future success, since they 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 2016. These amounted to €102.1 million and were therefore somewhat below the prior year's level (€–6.5 million). Investment in setting up panels and in tangible assets, which was unusually high in the prior year due to the rollout of new Media Measurement panels in various countries, declined by €8.2 million and €8.5 million respectively. Investment in software also decreased (€–5.9 million). Investment in acquisition activity was up versus the prior year by €18.3 million to €30.8 million and is due to the takeover of the Netquest Group.

Cash flow from operating activity declined by €24.7 million year on year to €146.2 million, mainly as a result of the considerable decline in consolidated total income of €79.7 million excluding goodwill impairment. As a result of the improvement in cash outflows from working capital from €21.0 million in the prior year to €13.0 million in the reporting year and elimination of non-cash components of consolidated total income such as additions to risk provisions, currency and tax effects, the decline in cash flow from operating activity was much more moderate than that in consolidated total income.

Taking account of investments in intangible and tangible assets amounting to €71.0 million (prior year: €94.1 million), **free cash flow** amounted to €75.2 million, down only €1.6 million versus the prior year. All acquisitions and other financial investments were therefore covered in full.

Dividends of €28.1 million (prior year: €31.7 million) were paid to the shareholders of GfK SE and to the minority shareholders of the subsidiaries. Taking account of net borrowing amounting to €13.2 million (prior year: €47.7 million) and net interest payments of €17.2 million (prior year: €17.9 million), the overall cash flow from financing activity was negative at €32.1 million (prior year: €59.4 million). In total, the cash change in liquid funds amounted to €42.7 million compared with €35.2 million in the prior year.

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

in € million	2015	2016	Change
Cash flow from operating activity	**170.9**	**146.2**	**–24.7**
Investments in intangible and tangible assets	–94.1	–71.0	–23.1
Free cash flow before acquisitions, other financial investments and asset disposals	**76.8**	**75.2**	**–1.6**
Acquisitions	–12.5	–30.8	–18.3
Other financial investments	–1.9	–0.3	+1.7
Asset disposals	32.3	30.7	–1.6
Free cash flow after acquisitions, other financial investments and asset disposals	**94.6**	**74.8**	**–19.8**
Cash changes in equity	–89.2	–28.1	+61.0
Net borrowing via loans	47.7	13.2	–34.5
Interest paid less interest received	–17.9	–17.2	+0.8
Cash flow from financing activity	**–59.4**	**–32.1**	**+27.3**
Changes in cash and cash equivalents	**35.2**	**42.7**	**+7.5**

1) Rounding differences may occur

Net debt is defined as the balance of cash, cash equivalents and short-term securities less interest-bearing liabilities and pension obligations. It reduced by €18.3 million in the reporting year to €381.6 million. Refinancing of the bond repaid in April 2016 led to a rise in bank liabilities of €198.3 million. This should be seen in conjunction with the decrease in other interest-bearing liabilities of €179.7 million, which includes repayment of the bond amounting to €186.1 million. Pension obligations also increased by €7.2 million to €73.5 million, primarily as a result of a decline in the discount interest rate. These increases were countered by the rise in cash and cash equivalents of €44.2 million to €173.7 million.

DEVELOPMENT OF NET DEBT [1)]

in € million	Dec. 31, 2015	Dec. 31, 2016	Change
Cash and cash equivalents	129.5	173.7	+44.2
Short-term securities and fixed-term deposits	1.5	1.4	–0.1
Liquid funds and current securities	**130.9**	**175.1**	**+44.2**
Liabilities to banks	250.1	448.4	+198.3
Pension obligations	66.4	73.5	+7.2
Liabilities from finance leases	0.1	0.2	+0.1
Other interest-bearing liabilities	214.3	34.6	–179.7
Interest-bearing liabilities	**530.9**	**556.7**	**+25.8**
Net debt	**–400.0**	**–381.6**	**+18.3**

1) Rounding differences may occur

The impact of the decline in income and simultaneous reduction in net debt 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

	2015	2016
Gearing (net debt/equity) in percent	55.5	70.9
Net debt/EBIT	3.77	−7.62
Net debt/EBITDA	1.73	2.08
Net debt/free cash flow	5.21	5.07

2.6 BUSINESS PERFORMANCE FORECAST

One of our targets for 2016 was to maintain the high pace of innovation with the aim of further strengthening the company's position. In structural terms, GfK combined the previously separate operations units to form a single unit at the start of the financial year and in this way ensured a stronger focus as well as generating cost savings. With regard to potential mergers and acquisitions, investments were to be carefully evaluated on a case-by-case basis. In general, our focus remained on organic growth.

Optimistic outlook at the start of the year

In the Consumer Experiences (CE) sector, our focus was on optimizing and streamlining the company's operations. We predicted that the market environment for ad hoc business would remain challenging in 2016. In light of this, we had expected the CE sector to make a growth contribution at market level and we aimed to further increase efficiency and moderately improve the margin.

New growth and margin potential should be systematically exploited in the Consumer Choices (CC) sector. Our core business, the point of sale measurement, should be expanded further with new product categories, industries and services, as well as through the addition of online evaluation options. In the Media Measurement business, the new panels for measuring TV audiences were expected to make a significant contribution to sales. Our GfK Crossmedia Link product was to be launched in additional countries and evolved into a key digital product. The Management Board assumed that the CC sector would again achieve significant growth and further increase its sales share. For the margin, a considerable improvement against the previous year was projected.

At the start of the year, the Group therefore anticipated modest organic growth for 2016, higher than in the previous year and above the market research industry. The AOI margin (adjusted operating income to sales) was expected to increase considerably.

Guidance correction at mid-year

Following the release of provisional figures for the first half of the year, GfK adjusted its guidance on August 4, 2016. After the first six months of 2016, the company's income was down on the previous year's figure for the same reporting period. Preliminary sales for the first half of the year declined by around 1.5 percent in organic terms while the AOI margin declined from 9.5 percent to 8.2 percent. Consequently, the company no longer expected sales growth for 2016 above the market. A significant year-on-year improvement in the AOI margin was also assessed as being unrealistic.

Sales in the Consumer Experiences sector fell short of expectations in the first half of the year due to a weak order intake in traditional ad hoc research. Resource and cost saving measures could not fully offset the resultant decline in adjusted operating income. Owing to this development and the lowered outlook for the Consumer Experiences sector, GfK carried out goodwill impairment amounting to €139 million in the second quarter.

Organic growth was strong in the Consumer Choices sector due to the Point of Sale and Media Measurement business. However, the margin was negatively impacted by delays to a number of growth initiatives in these two business areas. Provisions were therefore made to cover potential risks. In addition, the sector margin was impacted by poor performance in Crop Protection and Animal Health business, which was divested at the end of April.

On August 4, 2016, GfK therefore adjusted its forecast as follows: the company would continue to aggressively drive its transformation initiatives forward and do its utmost to improve results. Depending on the development of incoming orders in the Consumer Experiences sector and progress with the growth initiatives in the Consumer Choices sector, GfK could not rule out that sales growth would be below market level and that the margin would be below the prior year.

Ongoing difficult market situation in the third quarter

The market environment remained challenging for GfK in the third quarter and the outlook was substantiated with the publication of the nine-month figures. New digital services continue to replace traditional staff-intensive offerings in ad hoc research. The need to adjust also remains at a high level. GfK is responding to this trend via a reduction in businesses which cannot hold their own against this kind of competition or which fail to meet margin targets. At the same time, the pace of innovation remained high in 2016 in terms of investment in the development and completion of future-oriented products to put the company in a stronger position for the future. After the Operations structure was set up and tasks were gradually transferred to the Global Service Centers, optimization and cost savings were expected to materialize by the end of the year, depending on the sales trend. The focus continued to be on organic growth.

Sales in the Consumer Experiences sector were below the company's expectations in the first nine months of the year. This was attributable to a weak order intake for traditional ad hoc research. The resultant decline in adjusted operating income was not offset in full through either resource and cost saving measures or the optimization and streamlining of processes. In view of the sustained challenging market environment in ad hoc business, 2016 was therefore not an easy year for Consumer Experiences. Consequently, GfK expected a significant sales decline for the year as a whole in this sector.

Through its point of sale measurement, Consumer Choices still had a solid core business which has been expanded with new product categories, industries and services as well as being enhanced through online evaluation opportunities. The sector therefore achieved organic growth in the first nine months of the year. The divestment of Crop Protection and Animal Health business in the first half of 2016 continued to have a negative impact, as did the persisting delays in TV research contracts. The Management Board assumed that the sector would again achieve organic growth in 2016 as a whole and consequently further increased its share of sales, relative to Group sales. The trend in the margin was dependent on how quickly the two TV research contracts in Brasil and Kingdom of Saudi Arabia were able to reach their full sales and income potential. Provisions were set up to cover any potential risk.

Restrained outlook for year as a whole

GfK updated the following outlook for 2016 as a whole: the company continued to aggressively drive its transformation initiatives forward and made every effort to improve results. Despite improvements in the order intake of the Consumer Experiences sector in the third quarter and a strong focus on making progress in Media Measurement projects, GfK now forecasted that the prevailing sales trend would be maintained in the fourth quarter of the year as well and that the margin would remain below the previous year's level.

Fourth quarter: Risks remain and no trend reversal

In a joint reasoned statement on the voluntary public takeover offer of Acceleratio Capital N.V. issued by the Management and Supervisory Boards on December 30, 2016, GfK further substantiated the guidance and evaluated the expected performance of the fourth quarter. In light of the unchanged risk situation, the company concluded that no trend reversal had been achieved in the fourth quarter of the year either. The challenging competitive market situation remained in the Consumer Experiences sector and there were ongoing start-up difficulties with respect to the growth initiatives in the Consumer Choices sector. GfK therefore expected that sales would be down in 2016 against the previous year and assumed a significant year-on-year decline in the AOI margin.

ACTUAL AND PROJECTED BUSINESS PERFORMANCE

Targets for 2016	
Group	› Moderate organic growth up on the previous year and above the market research industry › AOI margin expected to improve significantly
Consumer Experiences	› Growth contribution at market level › Moderate margin increase
Consumer Choices	› Considerable sales growth, sales share relative to Group sales to increase › Margin expected to improve considerably against prior year
Update issued during course of year (August 4, 2016)	
Group	› Sales development below market level cannot be ruled out › AOI margin will potentially also be down on the prior year
Consumer Experiences	› Sales development dependent on further trend in order intake › AOI margin governed by further development of order intake, potentially also down on the prior year
Consumer Choices	› Sales development contingent on further progress in growth initiatives › AOI margin influenced by further progress in growth initiatives, will potentially also be down on the prior year
Update issued during course of year (November 14, 2016)	
Group	› Sales trend of the first three quarters persists in fourth quarter › AOI margin expected to be down on previous year
Consumer Experiences	› Considerable sales decline › AOI margin unchanged
Consumer Choices	› Sales growth, share relative to Group sales expected to increase › Margin development is dependent on how quickly the two TV research contracts are able to reach their full sales and income potential
Update issued during course of year (December 30, 2016)	
Group	› Fourth quarter: Risks remain and no improvement on existing trends › Sales below previous year › AOI margin expected to deteriorate markedly against prior year
Consumer Experiences	› Challenging competitive market situation
Consumer Choices	› Ongoing start-up difficulties with respect to the growth initiatives › Development of Media Measurement contracts in Brazil and the Kingdom of Saudi Arabia critical, one-off effects cannot be excluded

2.7 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, 2016, 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 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.

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.

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 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 valuestabilizing 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.

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 percent 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 percent 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 revolving credit facility renegotiated in 2014 (amend to extend) of €182 million and €18 million ancillary line, the loan notes from 2013 (€85 million), 2015 (€114 million) and 2016 (€130 million) as well as various bilateral bank loans (€120 million) 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.

2.8 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 constantly develop pioneering new procedures, some of which are highly complex. These are complemented by proven creative, robust and flexible methods for market analysis.

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

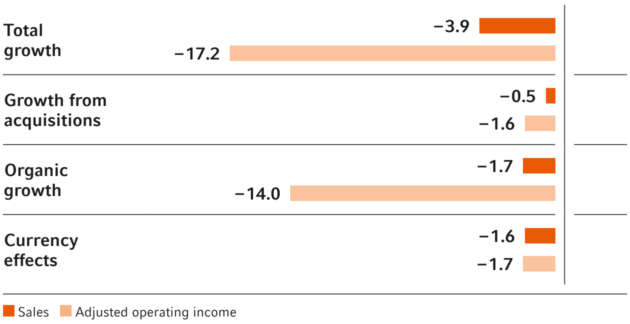
In this way, we combine substantial insights into consumer decisions and market trends with profound knowledge concerning the drivers of these developments – all over the world. The combination of these two sectors offers great added value for our clients, many of whom operate in a large number of different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

For the internal management of both sectors, GfK uses two key financial performance indicators: Sales and margin (adjusted operating income in relation to sales).

Complementary to these two sectors is the **Other** category, which brings together GfK's central services.

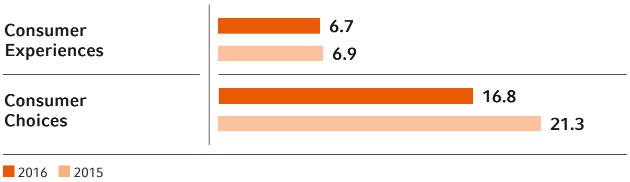
Below is the economic development.

STRUCTURE OF TOTAL GROWTH
in percent [1]

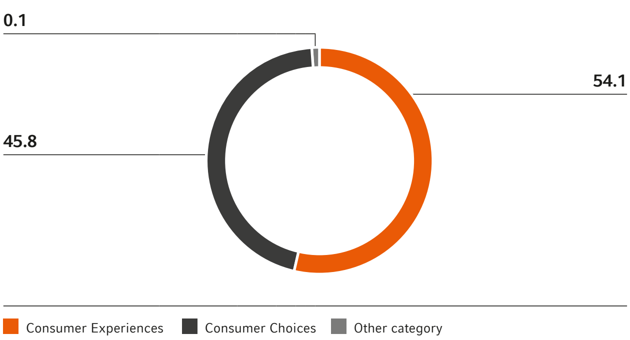


1) Rounding differences may occur

MARGIN BY SECTOR
in percent

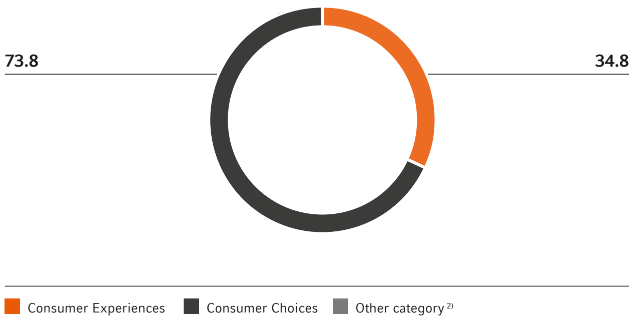


PROPORTION OF SECTOR SALES
in percent [1]



1) Rounding differences may occur

PROPORTION OF SECTOR INCOME IN ADJUSTED OPERATING INCOME
in percent [1]



1) Rounding differences may occur
2) −8.6 percent not represented in the above image

Economic development of the sectors

Consumer Experiences: In the past financial year, the Consumer Experiences sector achieved sales of €803.0 million (−6.5 percent versus the prior year). Organic sales declined by 6.4 percent. The added negative impact of currency effects on sales development was −2.3 percent. The figure for growth from acquisitions in the reporting period was 2.2 percent.

The strategic restructuring of the Consumer Experiences sector continued to be driven forward in 2016. The development of ad hoc market research business in established markets such as Northern Europe, Southern and Western Europe and North America had a detrimental impact on the sales trend. This is attributable to a fall in orders from existing clients as well as strong competitive pressure. Sales growth was also negative in the Central Eastern Europe/META and Asia and the Pacific regions. The prevailing difficult political situations in a number of countries in the META region also depressed the order situation. However, pleasing sales development was recorded in the growth region of Latin America. Growth from acquisitions was attributable to the acquisition of two companies: NORM, in Sweden and the Netherlands, and Netquest, which has a presence in the regions of Southern and Western Europe, Latin America and North America. Through these acquisitions, we have strengthened our digital competence and further expanded our global presence in digital business areas and for global products.

At €54.0 million, income was down €4.9 million on the prior year (−8.4 percent).

In the 2016 financial year, the operating income margin was 6.7 percent, which is a slight decline versus the prior year's value of 6.9 percent. Despite negative sales growth, there was some notable countermovement to prevent a fall in the operating income margin. This was achieved through the further optimization of processes, the positive impact of implemented efficiency-boosting measures and focusing on resource and cost optimization.

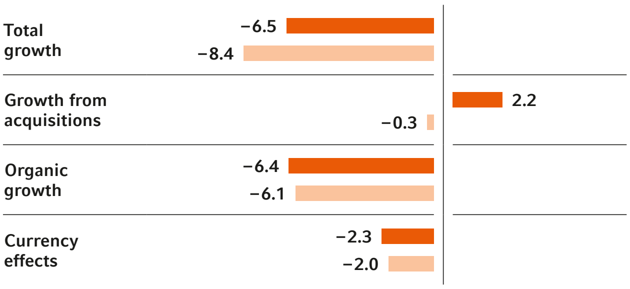
The efficiency gains and acquisitions in the Consumer Experiences sector also had an impact on personnel. The number of staff has fallen to 5,677 employees in the past financial year (previous year: 5,892 employees).

CONSUMER EXPERIENCES: KEY INDICATORS [1]

in € million	2015	2016	Change in percent
Sales	859.1	803.0	−6.5
Adjusted operating income	58.9	54.0	−8.4
Margin in percent	6.9	6.7	−0.1 [2]
Employees	5,892	5,677	−3.7

1) Rounding differences may occur
2) Percentage points

CONSUMER EXPERIENCES: STRUCTURE OF GROWTH BY SALES AND ADJUSTED OPERATING INCOME
in percent [1]



Sales Adjusted operating income

1) Rounding differences may occur

Consumer Choices: In 2016, sales in the Consumer Choices sector remained almost on a par with the previous year, at €680.3 million. Organic growth amounted to 4.1 percent. The divestment of Crop Protection and Animal Health activities as well as the exchange rate trend together brought about a decline in overall sales of −0.1 percent.

In all regions, the development of organic sales growth was positive. The growth regions of Central Eastern Europe/META and Asia and the Pacific benefited from Media Measurement contracts in the Kingdom of Saudi Arabia and Singapore, respectively. Currency effects above all had a negative impact on development in the regions of Latin America, Central Eastern Europe/META and Northern Europe.

Double-digit sales growth on the previous year was achieved in media measurement business. This is above all attributable to the contracts in Singapore and the Kingdom of Saudi Arabia. The development in TV audience measurement projects in Brazil and the Kingdom of Saudi Arabia remains critical and negotiations relating to contract amendments are still underway. No sales have been posted for the contract in Brazil since March 2016. By contrast, the productive cross-sector cooperation for the GfK Crossmedia Link product was driven forward, with growth being generated in established markets and initial successes being achieved in new countries.

Core business in the area of point of sale measurement (taking into account divestments) continued to develop well, achieving low single-digit growth. In particular, the product groups of telecommunications, small and medium domestic appliances (SDA/MDA) realized robust sales growth, while the consumer electronics segment closed down on the previous year's result. This is above all due to the portfolio reductions in key accounts. Delays in the marketing of growth projects also had a damaging impact.

At €114.6 million, income in the Consumer Choices sector was significantly down on the previous year, by €30.5 million (2015: €145.0 million). The margin declined by 4.5 percentage points to total 16.8 percent. This is above all attributable to the performance of TV audience measurement projects in Brazil, taking into account risk prevention measures. In addition, delays in growth projects in the area of point of sale measurement and the discontinuation of AutoCat activities also had a negative impact. The business development of the sold Crop Protection and Animal Health activities and Genius Digital also had a negative impact.

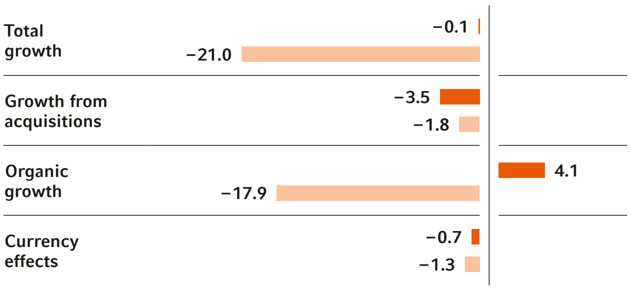
As at December 31, 2016, the number of staff was 5,620 (previous year's figure: 5,828). This decline is principally attributable to the divestment of Crop Protection and Animal Health (−142 employees) and Genius Digital (−22 employees). The expansion of capacity in the Global Service Centers and the associated improvement in efficiency resulted in an overall reduction of 208 employees.

CONSUMER CHOICES: KEY INDICATORS [1]

in € million	2015	2016	Change in percent
Sales	681.1	680.3	−0.1
Adjusted operating income	145.0	114.6	−21.0
Margin in percent	21.3	16.8	−4.5 [2]
Employees	5,828	5,620	−3.6

1) Rounding differences may occur
2) Percentage points

CONSUMER CHOICES: STRUCTURE OF GROWTH BY SALES AND ADJUSTED OPERATING INCOME
in percent [1]



Sales Adjusted operating income

1) Rounding differences may occur

Other: As part of its global strategy, GfK is centralizing the expenses for general administrative functions (corporate functions) in the Other category. In particular, investments have been made in IT hardware and software as well as process optimization to be able to manage business more effectively and efficiently.

Sales in the Other category were at €0.5 million in the reporting period and therefore €2.7 million down on the previous year's level (2015: €3.2 million). This decline was due to the sale of the Print Center activities in Switzerland at the start of 2016.

The loss for 2016 in the Other category was €−13.3 million, which is a considerable improvement on the previous year's figure (2015: €−16.4 million).

In view of the stewardship expenses also incurred at Group level, it is likely that the Other category will continue to report a loss in future.

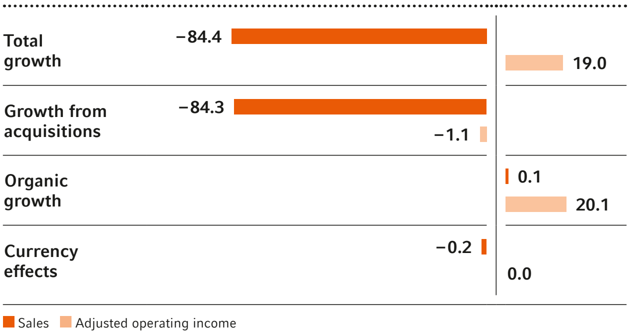
At year-end 2016, the number of employees in the Other category was 1,772 and therefore almost unchanged compared with the same point in the prior year (2015: 1,765 employees).

OTHER: KEY INDICATORS [1]

in € million	2015	2016	Change in percent
Sales	3.2	0.5	−84.4
Adjusted operating income	−16.4	−13.3	19.0
Employees	1,765	1,772	0.4

1) Rounding differences may occur

OTHER: STRUCTURE OF GROWTH BY SALES AND ADJUSTED OPERATING INCOME
in percent [1]



1) Rounding differences may occur

2.9 REGIONS: PROXIMITY TO OUR CLIENTS WORLDWIDE

The GfK Group is represented in more than 100 countries via its subsidiaries. Our operations are organized geographically into six regions: Northern Europe, Southern and Western Europe, Central Eastern Europe/META (Middle East, Turkey and Africa), North America, Latin America and Asia and the Pacific.

In 2016, the regions Asia and the Pacific, Central Eastern Europe/META and Latin America grew organically and developed positively despite predominantly negative currency effects. The region Southern and Western Europe experienced organic growth in the fourth quarter. However, the decline from the first three quarters of the year could only partially be offset. There were sales declines in the regions Northern Europe and above all in North America.

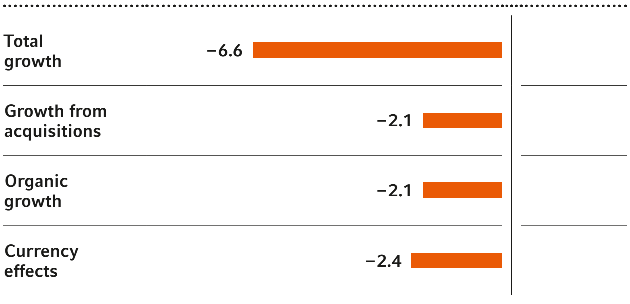
Northern Europe: At 36.2 percent of total sales, Northern Europe still accounts for the highest share of sales. Total sales declined by 6.6 percent in 2016 to total €537.4 million. The decline was attributable to a fall of 2.1 percent in inorganic growth. This was essentially due to the divestment of Crop Protection and Animal Health business activities. The UK was the main driver behind this further overall decline. In addition, growth was negatively affected by currency effects of −2.4 percent, to which the weak pound sterling significantly contributed.

NORTHERN EUROPE: KEY INDICATORS [1]

in € million	2015	2016	Change in percent
Sales	575.6	537.4	−6.6
Employees	3,570	3,367	−5.7

1) Rounding differences may occur

NORTHERN EUROPE: STRUCTURE OF SALES GROWTH
in percent [1]



1) Rounding differences may occur

Southern and Western Europe: A sales increase was also registered in Southern and Western Europe again in 2016: Overall growth of 1.0 percent brought sales to €269.8 million. An organic sales decline of 2.7 percent was offset by the acquisitions of Netquest and NORM which contributed 3.7 percent to overall growth.

SOUTHERN AND WESTERN EUROPE: KEY INDICATORS [1]

in € million	2015	2016	Change in percent
Sales	267.0	269.8	1.0
Employees	1,893	1,979	4.6

1) Rounding differences may occur

SOUTHERN AND WESTERN EUROPE: STRUCTURE OF SALES GROWTH
in percent [1]

1) Rounding differences may occur

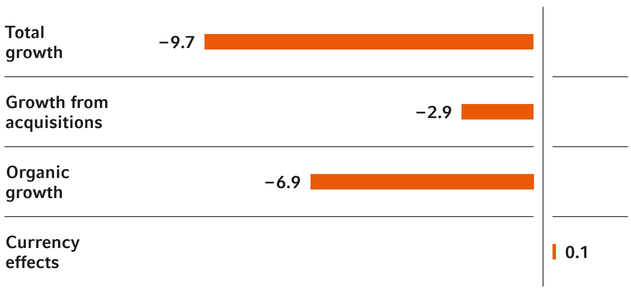
North America: In 2016, the region North America was unfortunately unable to replicate the extremely strong sales growth recorded in the prior year. A decline of 6.9 percent in organic terms was ultimately recorded. The divestment of Crop Protection and Animal Health business activities more than offset the positive effect from the acquisition of Netquest. Overall, this negatively affected growth and led to a decline of 2.9 percent.

NORTH AMERICA: KEY INDICATORS [1]

in € million	2015	2016	Change in percent
Sales	321.0	289.8	−9.7
Employees	1,041	915	−12.1

1) Rounding differences may occur

NORTH AMERICA: STRUCTURE OF SALES GROWTH
in percent [1]



1) Rounding differences may occur

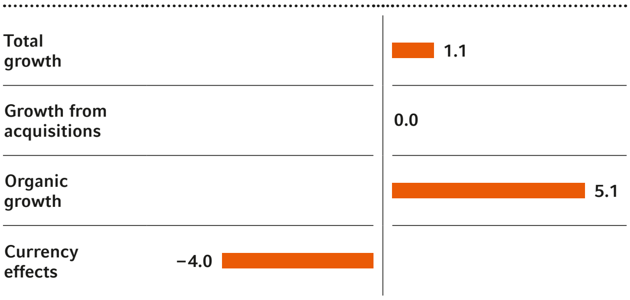
Central Eastern Europe/META: In financial year 2016 we renewed strong organic growth of 5.1 percent. Unfavorable currency effects led to total growth of 1.1 percent. The most significant contribution to this was delivered by the Media Measurement contract in the Kingdom of Saudi Arabia.

CENTRAL EASTERN EUROPE/META: KEY INDICATORS [1]

in € million	2015	2016	Change in percent
Sales	126.5	127.9	1.1
Employees	3,490	3,536	1.3

1) Rounding differences may occur

CENTRAL EASTERN EUROPE/META: STRUCTURE OF SALES GROWTH
in percent [1]



1) Rounding differences may occur

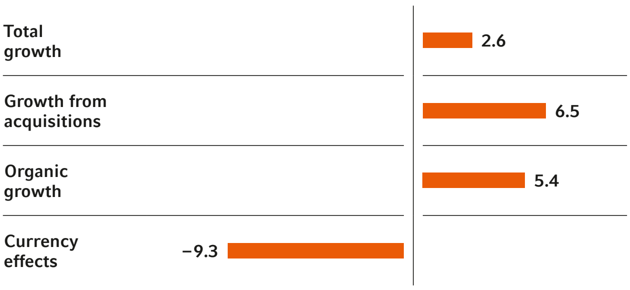
Latin America: In Latin America, the GfK Group was able to increase organic sales by 5.4 percent versus the prior year. The acquisition of Netquest induced a positive effect of 6.5 percent. However, negative currency effects amounting to −9.3 percent countered this. The overall balance showed sales of €69.7 million. This equates to total growth of 2.6 percent.

LATIN AMERICA: KEY INDICATORS [1]

in € million	2015	2016	Change in percent
Sales	67.9	69.7	2.6
Employees	1,202	1,155	−3.9

1) Rounding differences may occur

LATIN AMERICA: STRUCTURE OF SALES GROWTH
in percent [1]



1) Rounding differences may occur

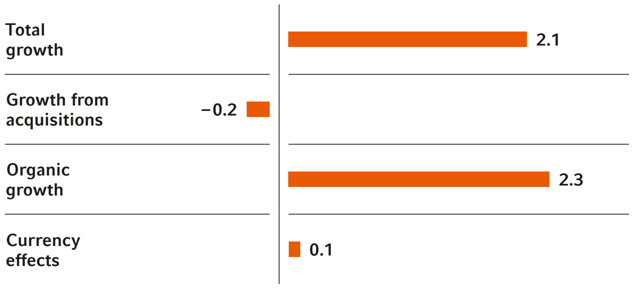
Asia and the Pacific: In this region, the GfK Group recorded sales of €189.3 million during financial year 2016. This corresponds to organic growth of 2.3 percent on the prior year. We benefited from the Media Measurement contract in Singapore. Negative currency effects from China were balanced out by positive ones from Japan. This led to total growth of 2.1 percent.

ASIA AND THE PACIFIC: KEY INDICATORS [1]

in € million	2015	2016	Change in percent
Sales	185.4	189.3	2.1
Employees	2,289	2,116	−7.6

1) Rounding differences may occur

ASIA AND THE PACIFIC: STRUCTURE OF SALES GROWTH
in percent [1]



1) Rounding differences may occur

The major changes in the GfK network are shown below.

MAJOR CHANGES IN THE GfK GROUP

Company	Investment activity	Stake change in percent	Sector	Region
Netquest	Acquisition	From 0 to 100	Consumer Experiences	Southern and Western Europe, Latin America
Crop Protection and Animal Health business	Divestment	From 100 to 0	Consumer Choices	Worldwide
USEEDS	Divestment	From 50 to 0	Consumer Experiences	Northern Europe
GfK Print Center	Divestment	From 100 to 0	Consumer Experiences	Northern Europe
Qosmos	Divestment	From 11.7 to 0	Consumer Experiences	Southern and Western Europe, North America, Asia and the Pacific
Genius Digital	Divestment	From 75 to 0	Consumer Choices	Northern Europe
NOP Global Ltd.	Divestment	From 100 to 0	Consumer Experiences	Northern Europe, Asia and the Pacific
SMSI France	Divestment	From 20.4 to 0	Consumer Experiences	Southern and Western Europe

3. RESEARCH AND DEVELOPMENT

GfK's research of new approaches and the associated development of new capabilities and products is heavily influenced by the ever changing client demands to get high value decision support from relevant insights for specific needs. This is not just about the insight derived from data as such but also about the way it is being made available to clients at the right time in the right format. We are therefore focusing on the smart combination play of powerful insight generation with flexible insight delivery based on our strong, experienced and knowledgeable staff in our global Science and Technology group. They interlock with our global Market Research teams that translate the changing client and market demands into new demands and opportunities for data-enabled methods and software plays.

Providing answers at client fingertips

More and more, clients search for easy and fast ways to access insight without the need to load and transport data or to improve own systems. We have therefore continued and strengthened our efforts to provide easy, intuitive and interactive software tools to client users also taking their individual competitive situations, user roles, and specific needs into account. A new generation of interactive tools that provide retail and distribution insights has been made available to a first group of major clients around the world. A highly interactive NCS management dashboard is being used by decision makers in major global manufacturing clients to understand their own sales performance compared to their individual benchmark leveraging in a very intuitive way. GfK's new Retail Scout analytical tooling provides powerful and tailored answers to the needs of major retailers around the world. GfK's Crossmedia Linkage Visualizer is a new interactive dashboard to provide insight on how individuals use their smartphones, tablets and desktop PCs. All tools leverage the latest in modern and high-speed web technology to serve our clients with ease of access and attractive interaction like never seen before.

Servicing the fast lane

The demand for insights at new levels of speed is also requesting solution approaches beyond interactive report delivery and analytics. Many clients demand supplementing agile ways to explore business questions where they are ready to trade in some service and quality levels for the sake of speed and lowered investments. This self-service and agile trend is well known in the market research industry and we are working on our own generation of self-service tooling with ready to use, pre-packaged solutions including the access to relevant data.

Accelerating data processing

We are reaching new levels with the acceleration of our internal data processing and insight generation production pipelines leveraging new approaches from the Science and Technology realm. We have started to accelerate our retail data processing to new levels with the help from advanced artificial intelligence algorithms that automatically categorize incoming data or provide proposals to speed up the further data processing. We continue to strive for higher automation levels wherever possible not neglecting but also strengthening quality assurance with smart algorithms. We have also invested into modern scale-out infrastructure to boost our processing capabilities.

More insight from internal and external data integrating not just our data

We continue to explore the potential of new data partnerships and have also accelerated our own internal data integration to serve existing and new client demands. We know from our discussions with major clients around the world that data integration has a huge potential to provide answers to business questions where approaches with single streams of data have failed in the past. Total media measurement is just one example where our GfK Crossmedia Linkage product and underlying technology platform (also in combination plays with our Evogenius platform) is open to integrate more and more data streams for integrated analytics. We have also started to feed some of our insights into Data Management Platforms (DMPs) to serve the growing market of programmatic digital advertisement spend.

A key research and development investment area is our new Data Driven Analytics initiative, called Supercrunch. We have listened to major clients and their demands in the area of data integration. We are now focusing on a starter set of new data-driven analytical applications that leverage a combination of our own data based on new scientific approaches. The key intent is to allow to derive advanced scientific models from data and to allow clients to change parameters to adapt to own needs and to also explore scenarios. We are also in preparation to onboard additional data from the outside. We strongly believe that our clients will benefit from a combination play of GfK tools as well as consultative advice to master own challenges in data integration to derive answers where classical market research approaches have not been advanced enough to deliver satisfactory results in the past.

4. HUMAN RESOURCES

It is the responsibility of the Human Resources (HR) department to establish the framework for "People Excellence." In addition, HR provides ongoing support for the set-up of new organizational units as well as in the business-oriented further development of existing organizational and operational structures. A particular task in financial year 2016 was to actively support ongoing transformation processes, such as the implementation of One GfK, as a competent business partner.

4.1 ORGANIZATIONAL DEVELOPMENT

The aim of One GfK is to connect our skills and capabilities from all over the world, across both sectors, from product and industry organizations as well as within Operations and to strengthen internal collaboration. One GfK helps us consolidate our processes, increase the efficiency and effectiveness of our operations and speak to our customers with one voice. In addition, One GfK enables us to attract our internal employees as well as external talent through even more attractive jobs and to offer broader career prospects and development opportunities. As a result, our initiative will help position GfK as an appealing and perpetually competitive employer in the market research industry also in the future.

In 2016, One GfK was driven forward at global, regional and country levels. While several countries have already successfully implemented the One GfK structure, the phased implementation of One GfK will remain a core area of focus across all GfK regions in the coming year.

In addition, operating functions were restructured to establish a new operating unit, One Operations, which will provide support to all GfK business areas across all locations and sectors. With this reorganization, our global expertise was brought together under Operations and international cooperation improved as a result. At the same time, the operating functions of local business units were further combined in Global Service Centers (GSCs). By setting up a worldwide network of quality representatives, we have also strengthened quality management in the GfK Operations functions.

4.2 LEADERSHIP DEVELOPMENT AND GLOBAL TRAINING MEASURES

HR has actively shaped the organizational change processes. For example, in the prior financial year, various areas of the two sectors were concentrated under common management and management positions were redefined and filled. In addition, we have developed training programs to support our leaders in organizational projects such as One GfK. This includes a GfK Business and Leadership Skills Program for managers and employees with further potential, which will be gradually introduced in 2017. It comprises of content on the GfK strategy and our business model, but also on leadership skills and personal development.

In addition to training opportunities for leaders, the further training program for employees was also expanded. More than 900 GfK employees worldwide attended face-to-face training sessions on Strategic Selling, Consulting, Negotiations and Project Management in 2016.

Project management is a particularly important key competence for our company. A cross-functional team comprising HR, Finance, Marketing and the Project Management Office consequently developed a specific career path for project managers, which is currently in the process of being introduced. It includes the definition of various stages of project management certification and a detailed description of the required skills, experience, roles and responsibilities as well as corresponding training.

As a part of our blended learning approach, our global learning platform, Learning@GfK, was completely refreshed and relaunched in June 2016. At present, around 4,000 staff have access to the platform, predominantly in Operations and the Consumer Choices sector. The intention is to also make the platform available to all other GfK employees by the end of the second quarter of 2017. The learning platform offers interactive training that is tailored to an employee's job role or field of expertise.

4.3 EMPLOYEE SURVEY 2016

A successful company transformation can only be achieved if employees are informed and involved. As in previous years, we therefore carried out an employee survey in 2016. Various formats have been used in the past. However, to obtain the best-possible reflection of the respective transformation phase, last year's short survey was a globally representative randomly selected sample of 2,000 GfK employees. At 70 percent, participation was in line with previously conducted short surveys (62 percent to 73 percent). The willingness of employees to give feedback, including constructive critical feedback, to the company therefore continues to be strong.

At the heart of the survey was the Employee Engagement Index (EEI) which is a measure of the emotional and intellectual connection of employees to their job, organization, superior or colleagues. When compared with 2015, the index value has declined by two points, but commitment for the company has remained at a consistently high level. The future success of the company is in fact more important to employees this year than it was in the previous year. Areas of action that can be derived from the survey include cross-departmental collaboration, a clearer understanding of roles within departments as well as positive transformation results being made visible.

The global employee survey will continue to be an essential method of collating employee feedback in the future. For 2017, we will therefore further develop our existing concept.

4.4 GfK SOCIAL CHARTER

As a global company, it is our responsibility to foster a working culture of trust and respect across the entire GfK network where no form of discrimination or harassment will be tolerated. In collaboration with the GfK SE Works Council, we developed a Social Charter which was signed by the Chief Executive Officer of GfK and the Chairman of the Works Council in April 2016. The GfK Social Charter defines the social rights and ethic policies which guide our companies around the world. It provides a mutual understanding of how all employees should act while respecting the laws, cultural traditions and labor agreements of individual countries. The principles on equal treatment, health, safety and dignity at the workplace, remuneration, working time, qualification, freedom of association and corporate dialog ensure all our employees are able to share the benefits of our organization's growth and work in an environment where they are truly valued.

The Social Charter has already been translated into various different languages and will be rolled out further worldwide over the course of 2017.

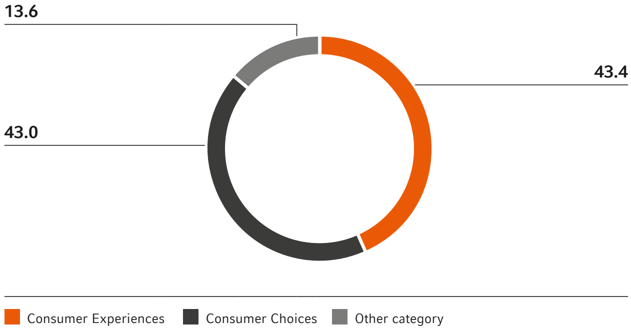
4.5 PERSONNEL

As at the end of financial year 2016, a total of 13,069 staff were employed by the GfK Group. This is 416 fewer than in the prior year (–3.1 percent). In the Consumer Choices sector, this decline was primarily attributable to the divestment of Crop Protection and Animal Health business activities. In the Consumer Experiences sector, the fall in the number of employees was due to the adjustment of staffing levels to reflect market conditions. This was partly offset by the transfer of personnel within the framework of acquisitions.

A total of 10,777 staff (401 fewer than in the prior year) were employed in foreign GfK companies. Overall, 82.5 percent of GfK's workforce is based outside of Germany.

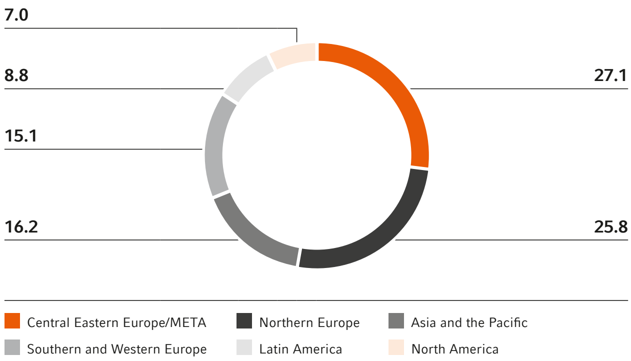
The regions Northern Europe, North America and Asia and the Pacific experienced the most significant declines in staffing levels versus the prior year. In Northern Europe and North America this decline is partly attributable to the divestment of Crop Protection and Animal Health business activities. Capacity adjustments in Asia and the Pacific resulted in falling staffing levels. In Southern and Western Europe, acquisitions boosted the number of employees.

EMPLOYEES BY SECTOR
in percent[1]



1) Rounding differences may occur

EMPLOYEES BY REGION
in percent[1]



1) Rounding differences may occur

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

The remuneration report is part of the Group Management Report and complies 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 targets "Return On Capital Employed" (ROCE) and "Consolidated Total Income" (CTI) are integral parts 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 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. For his role as interim speaker of the Management Board Dr. Hausruckinger was awarded a special payment of €300,000.00, which is identified in fringe benefits.

In order to provide additional support for the alignment of the interests of shareholders and the interests of the Management Board, Share Ownership Guidelines are in place 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 2016 as part of the annual compensation review. This took into account 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. An external market comparison has demonstrated that Management Board remuneration is in line with the income structure and levels that are standard for the market.

Benefits in connection with termination of Management Board mandate

In connection with the termination of the Management Board mandate of Matthias Hartmann by mutual agreement, it was agreed that the employment contract would end effective December 31, 2016. Matthias Hartmann remained available for strategic projects and the transfer of existing projects until that date. His contractual remuneration continued to be provided for the corresponding period. In the course of the mutually agreed early termination of his Management Board mandate, Matthias Hartmann received severance pay in the amount of €2,334,780, a special contribution to the defined contribution-based pension plan of €670,097 and two special allocations to the long-term incentive tranches 2017 and 2018 with a target amount of €621,000 each. The previously approved target amounts for the long-term incentive plans remain in accordance with the plan conditions and will be calculated based on the actual target achievement at the respective payment date. The same applies to the determination of the payment for the short-term incentive 2016.

In financial year 2016, 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: 2016 fiscal year		**Matthias Hartmann**		**Christian Diedrich**		**Alessandra Cama**		**Dr. Gerhard Hausruckinger**		**David Krajicek**		**Total**	
Function		**Chief Executive Officer (CEO)** until August 31, 2016; Member of the Management Board from September 1, 2016		**Chief Financial Officer (CFO)**		**Member of the Management Board (COO)**		**Member of the Management Board (CCO)**		**Member of the Management Board (CCO)**			
		2015	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**
Non-performance-related components (in EUR '000)													
Basic remuneration		604	615	417	421		325	448	456		415	1,469	2,232
Fringe benefits		346	354	120	120		97	226	521[2]		148	692	1,240
Total non-performance-related remuneration		**950**	**968**	**537**	**541**		**422**	**674**	**976**		**564**	**2,161**	**3,472**
Performance-related components (in EUR '000)													
One-year variable remuneration (STI plan)		419	99	231	74		56	239	44		46	889	319
Total one-year variable remuneration		**419**	**99**	**231**	**74**		**56**	**239**	**44**		**46**	**889**	**319**
Remuneration from long-term ROCE component, LTI plan (not share-based)		121	0	0	0		0	90	0		0	211	0
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral)	Number	18,084	18,362	9,911	11,321		7,688	12,063	12,241		9,462	40,058	
	Value[1]	33.31	30.12	33.31	30.12		30.12	33.31	30.12		30.12		
	Total / Fair value	602	553	330	341		232	402	369		285	1,334	1,779
Total multi-year variable remuneration		**723**	**553**	**330**	**341**		**232**	**492**	**369**		**285**	**1,545**	**1,779**
TOTAL REMUNERATION		**2,092**	**1,621**	**1,098**	**956**		**710**	**1,405**	**1,389**		**895**	**4,595**	**5,570**

1) Share price at the time of allocation
2) Includes a one-off payment for taking over function of Speaker of the Management Board

GfK is using the structure of the specimen tables for the publication of total remuneration in accordance with the German Corporate Governance Code.

The remuneration for the 2016 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: 2016 fiscal year		Matthias Hartmann				Christian Diedrich			
Function		**Chief Executive Officer (CEO)** until August 31, 2016; Member of the Management Board from September 1, 2016				**Chief Financial Officer (CFO)**			
		2015	**2016**			**2015**	**2016**		
			Target value	**Minimum**	**Maximum**		**Target value**	**Minimum**	**Maximum**
Non-performance-related components (in EUR '000)									
Basic remuneration		604	615	615	615	417	421	421	421
Fringe benefits		346	354	354	354	120	120	120	120
Total non-performance-related remuneration		950	968	968	968	537	541	541	541
Performance-related components (in EUR '000)									
One-year variable remuneration (STI plan)[2)]		487	497	0	745	250	255	0	383
Total one-year variable remuneration		487	497	0	745	250	255	0	383
Schedule for multi-year remuneration		2015–2018	2016–2019	2016–2019	2016–2019	2015–2018	2016–2019	2016–2019	2016–2019
Remuneration from long-term ROCE component, LTI plan (not share-based)[3)]	Fair Value	301	277	0	932	165	170	0	574
Schedule for multi-year remuneration		2015–2020	2016–2021	2016–2021	2016–2021	2015–2020	2016–2021	2016–2021	2016–2021
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral)[3]	Fair Value	301	277	0	932	165	170	0	574
Total multi-year variable remuneration		602	553	0	1,863	330	341	0	1,149
Total non-performance-related and performance-related remuneration		2,039	2,018	968	3,577	1,117	1,137	541	2,073
TOTAL REMUNERATION		**2,039**	**2,018**	**968**	**3,577**	**1,117**	**1,137**	**541**	**2,073**

1) Includes a one-off payment for taking over function of Speaker of the Management Board
2) 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
3) The LTI plan provides for a minimum payment of 0 percent and a maximum payment of 300 percent of the target bonus

Alessandra Cama				Dr. Gerhard Hausruckinger				David Krajicek				Total			
Member of the Management Board (COO)				Member of the Management Board (CCO)				Member of the Management Board (CCO)							
2015	2016			2015	2016			2015	2016			2015	2016		
	Target value	Minimum	Maximum		Target value	Minimum	Maximum		Target value	Minimum	Maximum		Target value	Minimum	Maximum
	325	325	325	448	456	456	456		415	415	415	1,469	2,232	2,232	2,232
	97	97	97	226	521[1]	521[1]	521[1]		148	148	148	692	1,240	1,240	1,240
	422	422	422	674	976	976	976		564	564	564	2,161	3,472	3,472	3,472
	195	0	293	271	276	0	414		240	0	360	1,008	1,463	0	2,195
	195	0	293	271	276	0	414		240	0	360	1,008	1,463	0	2,195
	2016–2019	2016–2019	2016–2019	2015–2018	2016–2019	2016–2019	2016–2019		2016–2019	2016–2019	2016–2019	2015–2018	2016–2019	2016–2019	2016–2019
	116	0	390	201	184	0	621		142	0	480	667	890	0	2,997
	2016–2021	2016–2021	2016–2021	2015–2020	2016–2021	2016–2021	2016–2021		2016–2021	2016–2021	2016–2021	2015–2020	2016–2021	2016–2021	2016–2021
	116	0	390	201	184	0	621		142	0	480	667	890	0	2,997
	232	0	780	402	369	0	1,242		285	0	960	1,334	1,779	0	5,994
	849	422	1,495	1,347	1,621	976	2,632		1,089	564	1,884	4,503	6,714	3,472	11,660
	849	**422**	**1,495**	**1,347**	**1,621**	**976**	**2,632**		**1,089**	**564**	**1,884**	**4,503**	**6,714**	**3,472**	**11,660**

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 2016.

TOTAL REMUNERATION TABLE: COMPENSATION RECEIVED

Members of the Management Board		**Matthias Hartmann**		**Christian Diedrich**		**Alessandra Cama**		**Dr. Gerhard Hausruckinger**	
Function		**Chief Executive Officer (CEO)** until August 31, 2016; Member of the Management Board from September 1, 2016		**Chief Financial Officer (CFO)**		**Member of the Management Board (COO)**		**Member of the Management Board (CCO)**	
		2015	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**
Non-performance-related components (in EUR '000)									
Basic remuneration		604	615	417	421		325	448	456
Fringe benefits		346	354	453[1]	120		97	226	521[3]
Total non-performance-related remuneration		**950**	**968**	**870**	**541**		**422**	**674**	**976**
Performance-related components (in EUR '000)									
One-year variable remuneration (STI plan)		419	99	231	74		56	239	44
Total one-year variable remuneration		419	99	231	74		56	239	44
Schedule for multi-year remuneration		2012 –2015						2012–2015	
Paid remuneration from long-term ROCE component, LTI plan (not share-based)		121						90	
Schedule for multi-year remuneration									
Paid multi-year variable remuneration, LTI plan (share-based incl. deferral)	Payment amount	0							
Schedule for multi-year remuneration		2011 – 2014							
Paid multi-year variable remuneration, LTI plan (share-based incl. deferral)	Payment amount	531							
Schedule for multi-year remuneration									
Paid multi-year variable remuneration, LTI plan (share-based incl. deferral)	Payment amount								
Schedule for multi-year remuneration		652	0	0	0		0	90	0
Total non-performance-related and performance-related remuneration		**2,021**	**1,068**	**1,101**	**615**		**478**	**1,003**	**1,020**
Pension expense[2]		0	0	0	0		0	0	0
TOTAL REMUNERATION		**2,021**	**1,068**	**1,101**	**615**		**478**	**1,003**	**1,020**

1) 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
2) Remuneration for Debra A. Pruent relates to a pension agreement
3) Includes a one-off payment for taking over function of Speaker of the Management Board

Structure of pension commitments

For the Management Board a contribution-based pension model is in place.

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 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.

In the past year, no reportable transactions were conducted by any members of the Management Board. The Management Board holds a total of 9,000 GfK shares and no GfK stock options

Gerard Hermet		Pamela Knapp		David Krajicek		Debra A. Pruent		Prof. Dr. Klaus L. Wübbenhorst		Total	
Member of the Management Board (CCO) until December 31, 2010		**Human Resources Director and Chief Financial Officer (CFO)** until October 14, 2014		**Member of the Management Board (CCO)**		**Member of the Management Board (CCO)** until March 31, 2016		**Chief Executive Officer (CEO)** until November 30, 2011			
2015	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**
0	0	0	0		415	586	0	0	0	2,055	2,232
0	0	0	0		148	60	0	0	0	1,085	1,240
0	**0**	**0**	**0**		**564**	**646**	**0**	**0**	**0**	**3,140**	**3,472**
0	0	0	0		46	168	0	0	0	1,057	319
0	0	0	0		46	168	0	0	0	1,057	319
		2012–2015				2012–2015				2011–2014	2012–2015
		90				90				391	0
		2010–2013	2011–2014			2010–2013	2011–2014				2011–2014
		243	168			241	159			484	327
									2012–2015		2012–2015
									460	531	460
	2010–2013										2010–2013
	276										276
0	276	333	168		0	331	159	0	460	1,405	1,063
0	**276**	**333**	**168**		**610**	**1,144**	**159**	**0**	**460**	**5,602**	**4,854**
0	0	0	0			139				139	
0	**276**	**333**	**168**		**610**	**1,283**	**159**	**0**	**460**	**5,741**	**4,854**

as at the reporting date of December 31, 2016. The Management Board has committed itself to tender shares in the course of the voluntary public takeover bid by Acceleratio Capital N.V.

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 €4.7 million. A provision of €49.4 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:

1. In addition to expenses, members of the Supervisory Board receive fixed remuneration of €30,000.00 payable at the end of the financial year.
2. Members receive a sum of €1,500.00 per meeting for attendance at Supervisory Board meetings and meetings of one of its committees.
3. 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.
4. 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.

5. 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.
6. 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 2016

	€ ´000
Ralf Klein-Bölting (Chairman from September 13, 2016, Member from May 20, 2016)	127.2
Dr. Arno Mahlert (Chairman and Member until September 12, 2016)	165.9
Sandra Hofstetter (Vice-Chairman from May 20, 2016)	103.2
Dr. Bernhard Düttmann (Vice-Chairman and Member until May 20, 2016)	64.6
Dr. Wolfgang C. Berndt (until May 20, 2016)	52.7
Hans Van Bylen (until May 20, 2016)	28.2
Peter Goldschmidt (from December 2, 2016)	4.1
Martina Heřmanská	54.0
Prof. Dieter Kempf (from May 20, 2016)	96.9
Aliza Knox	48.0
Stephan Lindeman	84.7
Jackie Megahey (from September 1, 2016)	16.0
Bruno Piacenza (from May 20, 2016)	54.1
Hauke Stars (until May 20, 2016)	30.1
Prof. Dr. Raimund Wildner (from May 20, 2016)	63.1
Dieter Wilbois (until August 31, 2016)	42.5
Remuneration 2016	**1,035.3**
Remuneration 2015	**892.5**

As of December 31, 2016, the Supervisory Board held a total of 180 shares and no options on GfK shares. The Supervisory Board has committed itself to tender shares in the course of the voluntary public takeover bid by Acceleratio Capital N.V. 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 global sectors, Consumer Choices and Consumer Experiences, with product responsibility and distributed across six regions.

GfK SE functions as both the overarching holding company and an operating unit. In Germany, GfK Group's network comprises the parent company as well as eight consolidated affiliated companies and seven non-consolidated affiliated companies. Worldwide, GfK has 136 consolidated affiliated companies as well as seven associated companies, three minority interests and 26 non-consolidated affiliated companies. The Group headquarters are in Nuremberg, Germany. In 2016, GfK further optimized its structure and reduced the number of companies. Subsidiaries are not essential to the Group's position either individually or in aggregate.

5.1 MANAGEMENT BOARD

The Management Board of GfK SE consisted of five members in 2016. In its meeting on September 11, 2015, the Supervisory Board had appointed David Krajicek and Alessandra Cama to the Management Board, effective as of January 1, 2016.

In the period from January 1, 2016 to August 31, 2016, Management Board responsibilities were allocated as follows:

› The Chief Executive Officer (CEO), Matthias Hartmann, was responsible for the corporate functions of 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, was responsible for the corporate functions of Corporate Finance, Corporate Development, Group Controlling, Treasury, Legal, Central Services, Procurement, Sector Finance and Regional Finance.
› Strategic and commercial management of the two sectors was the responsibility of the Management Board members Dr. Gerhard Hausruckinger for the Consumer Choices sector and David Krajicek for the Consumer Experiences sector in their roles as Chief Commercial Officers (CCOs).
› Responsibility for Operations in the Consumer Choices and Consumer Experiences sectors as well as for regional operations functions was held by Management Board member Alessandra Cama in her role as Chief Operations Officer (COO).

On August 12, 2016, Matthias Hartmann mutually agreed with the Supervisory Board that he would leave the Management Board effective December 31, 2016 and fully transfer all responsibilities to his Management Board colleagues by that date. It was agreed on the same day that Dr. Gerhard Hausruckinger would assume the role as interim speaker of the Management Board as of September 1, 2016, in addition to his current role as Management Board member with responsibility for the strategic and commercial management of the Consumer Choices sector.

As of September 1, 2016, Management Board responsibilities have been allocated as follows:

› The speaker of the Management Board and Chief Commercial Officer (CCO), Dr. Gerhard Hausruckinger, is responsible for the strategic and commercial management of the Consumer Choices sector and has assumed additional responsibility for the corporate functions of Strategy and Innovation.

- The Chief Financial Officer (CFO), Christian Diedrich, is responsible for the corporate functions of Corporate Finance, Corporate Development, Group Controlling, Treasury, Legal, Central Services, Procurement, Sector Finance and Regional Finance as well as assuming additional responsibility for the corporate functions of Human Resources (including Executive Development and Compensation), Integrity, Compliance and Intellectual Property, Internal Audit and Investor Relations.
- The Chief Commercial Officer (CCO), David Krajicek, is responsible for the strategic and commercial management of the Consumer Experiences sector and has assumed additional responsibility for the corporate functions of Marketing and Communications.
- The Chief Operations Officer (COO), Alessandra Cama, is responsible for Operations in the Consumer Choices and Consumer Experiences sectors as well as regional operations functions and has assumed additional responsibility for the corporate function of IT (Strategy, Enterprise Applications, Infrastructure).

5.2 ADMINISTRATION

The corporate functions of 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 2016, provides details on corporate governance and information about management practices, ration of women, 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:

www.gfk.com/fileadmin/user_upload/website_content/investors/Corporate_governance/Declaration_of_Compliance/2016_Declaration_Corporate_Governance.pdf

The corporate governance report is part of the declaration on corporate governance and is also published at:

www.gfk.com/investors/corporate-governance/

7. PROCUREMENT

A significant focus of our activities was on exploiting potential for efficiency and effectiveness in both operational and strategic procurement. At the same time, it was imperative that the different requirements and development statuses of the individual GfK business units were taken into account.

To this end, a concept for the functional development and definition of requirements was developed for our global procurement, which was rolled out accordingly in 2016 and will provide a basis for targets in the coming years.

For all units, the objective is to establish transparency in spend in the long term and ensure that compliance requirements are met across all procurement governance areas.

Supplementary to the already completed implementation of Supplier Relationship Management (SRM) systems in the regions of Northern Europe, Southern and Western Europe, North America and in the main hubs of Asia and the Pacific, SRM has now also been introduced in Central Eastern Europe/META.

Already established and central procurement functions focused on the following areas:

- The expansion of (global) strategically collated and negotiated procurement areas.
- The implementation and execution of defined procurement strategies for cost and risk optimization.
- The realization of actions for simplifying and speeding up processes in GfK’s general procedure.
- The introduction of ongoing improvement initiatives in operating procurement processes as well as the implementation of organizational synergy effects.

In financial year 2016, the value contribution of procurement towards ensuring and enhancing our competitiveness was achieved by realizing considerable external cost optimization, identifying internal efficiency measures and synergies and optimizing supplier risk management.

8. ENVIRONMENT

GfK is a global company with a high level of environmental awareness. As a service provider who neither runs factories nor manufactures physical products, energy use is the biggest environmental factor at our company.

At the end of 2015, we introduced an energy management system in accordance with EN 50001 in all of GfK's offices in Germany. This provides us with a systematic approach for adjusting our consumption as sustainably as possible. The energy management system is used by energy management officers to define, manage and control clear responsibilities and track our company's entire energy consumption. In this way, we can monitor our consumption systematically, which makes targeted optimization possible.

Energy efficiency not only preserves resources, it also gives our company a distinct competitive advantage. GfK's energy policy was adopted by the Management Board in 2015 to emphasize the great significance of energy-efficient practices for the company.

The energy policy states that it is our "... declared objective to use energy sources sensibly as part of cost efficiency and ensure that we use resources in a sustainable manner." "...Furthermore, [...] our energy efficiency programs must take a holistic view, aim for continuous improvement, technical development and the efficient use of resources. Energy-efficient procurement is extremely important for our company. ..."

On the basis of collected consumer data, we defined our strategic and operational energy saving targets in the last financial year and implemented the first measures, which include reducing carbon emission in the fleet and using LED lighting.

In addition, we are giving all staff in Germany online training on this subject to raise awareness. We will assess the effectiveness of these measures in 2017, when our energy management system will be audited in accordance with ISO.

9. MARKETING AND COMMUNICATIONS

Chatting while on the move, liking and sharing content day and night, phoning with headphones and shopping both online and at the store around the corner: welcome to the world of the connected consumer! Over the past financial year, this connected consumer was at the core of our global communication and marketing measures, as the guiding theme of 2016.

This was the responsibility of GfK's Marketing and Communications team, which manages all of GfK's marketing and communications activities throughout the world. The team coordinates the content and organization of these activities in accordance with regional particularities and requirements. The department is organized according to target groups, themes and communication channels. The Marketing and Communications team encompasses teams for Branding, Communications, Digital Marketing, Global Events and Industry as well as Product Marketing.

CUSTOMER-FOCUSED COMMUNICATION

Recognizing the needs of customers and understanding what really counts lies at the heart of our business activities. In order to meet these needs in a more targeted manner, we have been steadily expanding our Customer Relationship Management (CRM) portal since 2015. With our integrated approach to communications, we interconnect the activities of the Marketing department with those of our local Accounts teams and the global sales force. One area of focus was the development of campaigns that are specifically aimed at our potential clients. In this way, we intend to generate an increasing number of leads, for promising potential sales contacts. At the same time, our marketing staff provided assistance to sales and pitch support in tender processes and sales activities, thereby intensifying collaboration between these areas. In the core markets Germany, the UK and the USA alone, we supported more than 50 tenders for strategic clients and projects as well as coordinating around 40 global and 300 local campaigns around the world.

CONTINUED FOCUS ON DIGITAL GfK CHANNELS

The task of the Brand team is to strengthen the internal and external GfK brand presence. For this reason, the team is involved in all brand-related activities and offers day-to-day support to staff in Marketing and Communications as well as other business areas. As the GfK brand is one of the most important assets of our company and therefore crucial to the company's success, we relaunched the whole online presence of the Group with a new and target group-focused design in the 2015 reporting year. The GfK Blog has also become more interactive, dynamic and faster since spring 2016. Each day, we publish new and relevant content on the blog and via our social media channels, with contributions increasingly addressing the topic of the connected consumer and the question of how important this target group and its behavior will be for companies and markets today and tomorrow.

NEW DESIGN AND STRUCTURE FOR INTERNAL COMMUNICATION CHANNELS

It was not just the GfK Blog that was revamped in financial year 2016, with our gNet intranet also being adapted to the intuitive and interactive design of our external channels. The gNet system is used as a centralized collaboration platform for the exchange of information within the GfK organization worldwide. Through this portal, all GfK employees also receive regular information about changes in the organization, our successes and challenges in the market.

The Communications team holds dialog with the public through 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, among other methods. In addition, we strengthened our expertise in crisis communication and installed a global platform to ensure communications always function smoothly in the event of a crisis.

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 Code of Conduct e-learning program is obligatory for every employee throughout the whole world. On the GfK intranet, 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 are 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 and is reported to the Management Board and regional Management accordingly (follow-up process). The delayed implementation of recommendations will be tracked within the framework of a defined escalation process.

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 2016 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.

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

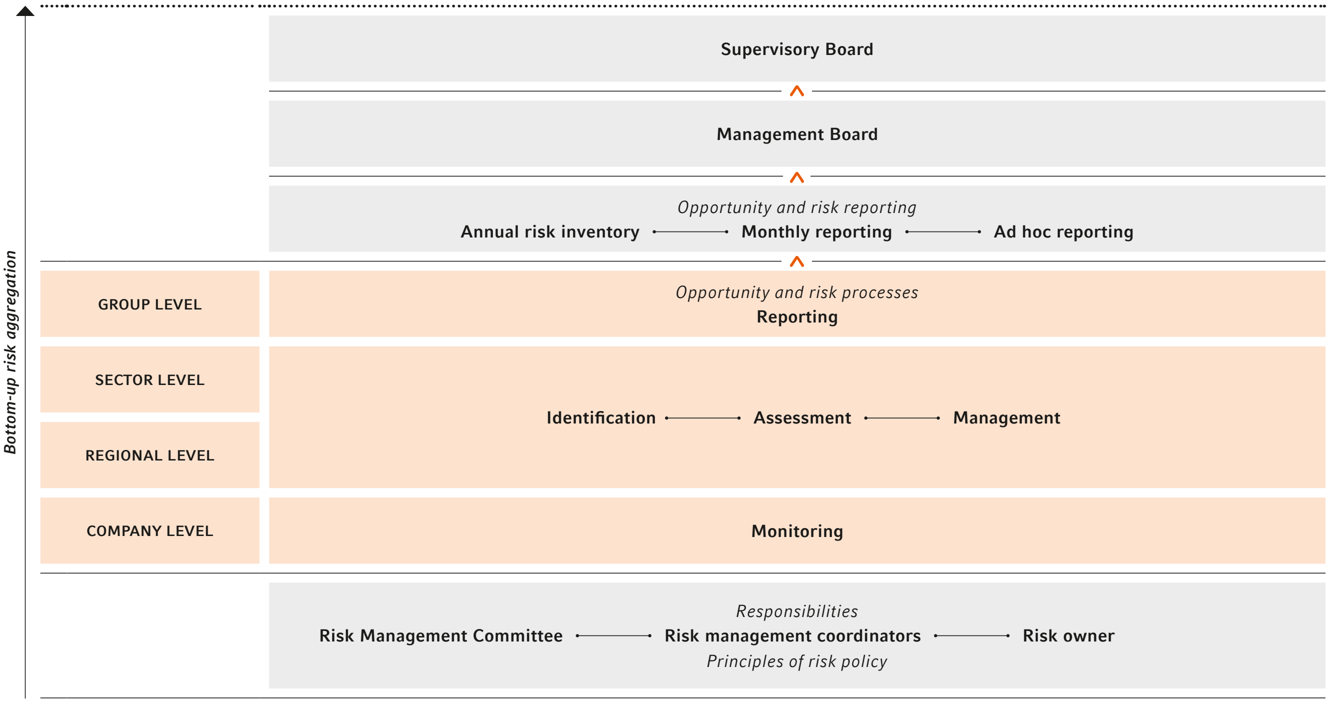
The GfK Group's integrated opportunity and risk management system forms the basis on which all opportunities and risks are identified and managed. The risk management process is carried out using a "bottom-up" approach across a number of aggregation levels. This process allows for the identification and evaluation of risks at individual GfK subsidiary level, and this extends to also include opportunities at regional, sector and Group level. The general aim is the early recognition of developments that could influence the GfK Group significantly. The monitoring of opportunities and risks is safeguarded through continuous internal risk reporting as well as annual risk inventory. In addition, the opportunity and risk management system is regularly reviewed by Internal Audit, thereby ensuring the system is functioning properly.

GfK's group-wide opportunity and risk management system is essentially based on a management-oriented enterprise risk management (ERM) approach. It is fully integrated into 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). In line with this concept, the opportunity and risk management system with its defined processes is linked with internal risk reporting and constitutes a cornerstone of the internal control system. The integrated system is enshrined in a corporate guideline and regulates all the principles of risk policy and the responsibilities associated with the opportunity and risk management system, the opportunity and risk management process, and the related reporting. The guideline can be accessed by every employee on the GfK intranet.

Principles of risk policy
To ensure the GfK Group's continuing success in the market, opportunities must be consistently exploited, while at the same time taking on risk in a manner that is acceptable from both a business and moral perspective. To this end, risk policy principles have been defined and form the basis of the GfK Group's entire opportunity and risk management system. The key principles which are integrated into the structures and business processes of the GfK Group are as follows:

› Entrepreneurial action requires the conscious management of risks.
› No actions are permitted where the inherent risks could endanger the survival of the GfK Group.
› Risk management is the obligation of each and every employee.
› Risks must be systematically identified, assessed and managed.

INTEGRATED OPPORTUNITY AND RISK MANAGEMENT SYSTEM OF THE GfK GROUP



Responsibilities

Risk Management Committee: As part 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 continuous further development of the risk management system. The standing members of this committee are the CFO as Chairperson, the CEO, the Head of Group Controlling and an employee from the Group Controlling Department with responsibility for Risk Management. The committee informs the Management Board and Supervisory Board about current developments and changes in the Group's risk position.

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

Risk owners: For each risk identified, a risk owner is nominated (at every level of the risk inventory process 2016 shown in the following diagram) in whose remit the risk lies. The risk owner is tasked with actively managing the risk and taking appropriate countermeasures to prevent the occurrence of risks that are harmful to business or to mitigate any potential 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-related steps of reporting and monitoring.

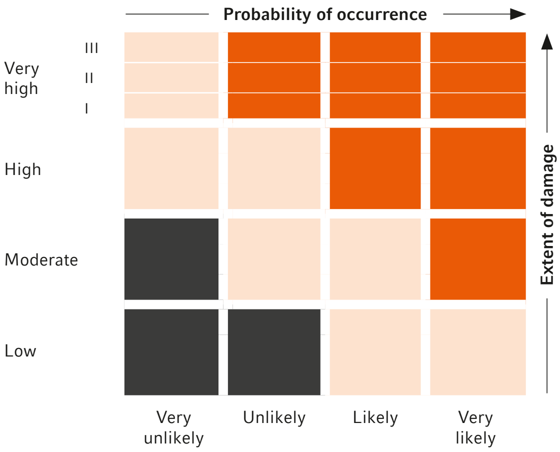
Every employee in the GfK Group is responsible for identifying risks within their remit. This is carried out within the respective local GfK companies, at a regional level by the regional management and at sector level by the sector management team. Where a risk affects the whole GfK Group, this is carried out at Management Board level. Subsequently, each risk is systematically assessed using the criteria “probability of occurrence,” “potential extent of damage” and “time horizon.”

Four categories are used to assess the probability of occurrence: “very unlikely” (less than 10 percent), “unlikely” (between 10 and less than 40 percent), “likely” (between 40 and less than 70 percent) and “very likely” (more than 70 percent).

The potential extent of damage is assessed using different categories of impact on the adjusted operating income or consolidated total income, which range from “low” (less than €3 million) and “moderate” (between €3 million and less than €6 million) through to “high” (between €6 million and less than €10 million) and “very high,” which in turn is subdivided into three levels (between €10 million and less than €20 million, between €20 million and less than €30 million and more than €30 million).

With regard to the time horizon, there will be no breakdown into direct risks (risk could potentially have an impact as early as financial year 2017) and indirect risks (risk could potentially have an impact for the first time from the following financial year onwards), since most of the potential risks could occur in the next financial year. Deviations relating to the time horizon are noted in the respective risk.

RISK CLASSES AT GfK

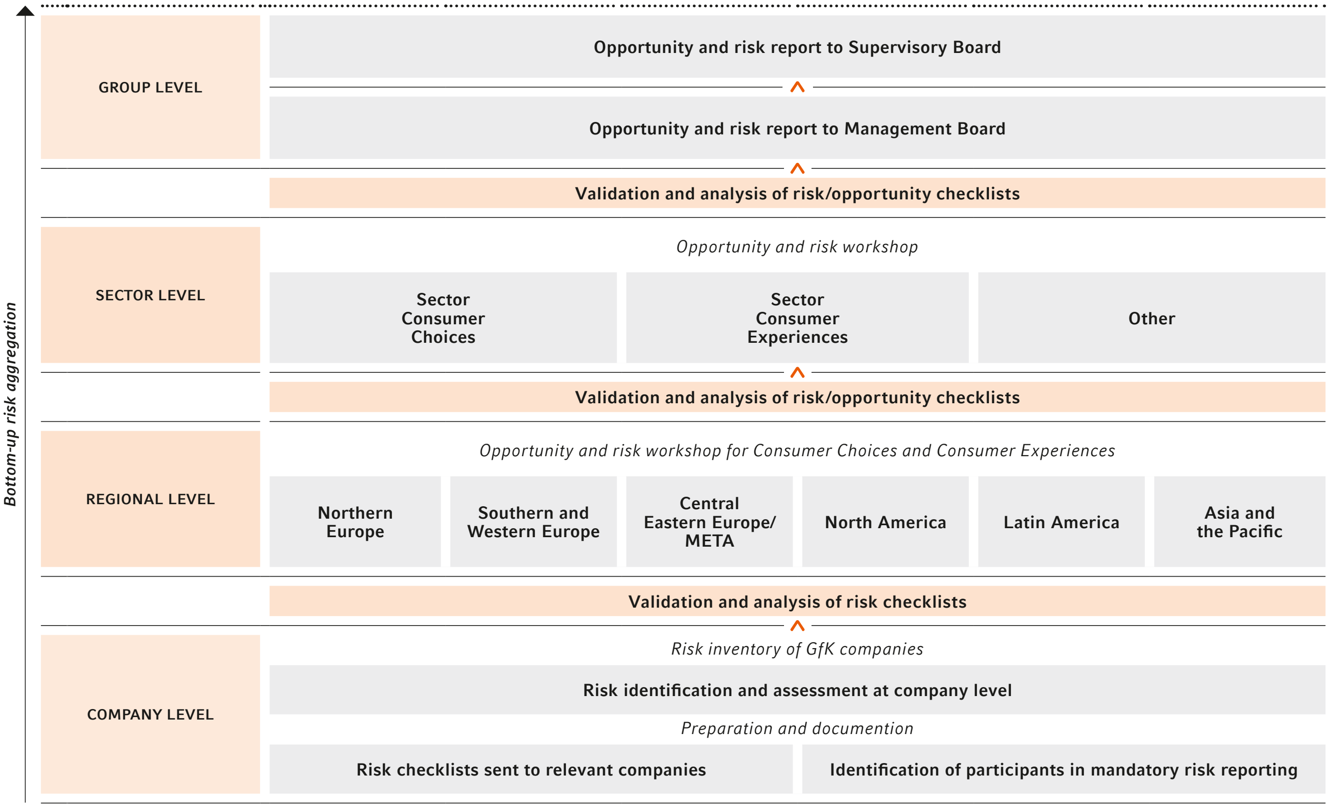


Extent of damage	
Low	< € 3 m
Moderate	≥ € 3 m to < € 6 m
High	≥ € 6 m to < € 10 m
Very high I	≥ € 10 m to < € 20 m
Very high II	≥ € 20 m to < € 30 m
Very high III	≥ € 30 m

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

Material risk · Moderate risk · Low risk

INTEGRATED OPPORTUNITY AND RISK MANAGEMENT OF THE GfK GROUP



As part of risk management, measures are defined and implemented for material risks (depending on the assessment regarding potential extent of damage and probability of occurrence) to prevent the risks occurring or significantly reduce the potential extent of damage in the event of occurrence. Similarly, the risk catalog referred to here only relates to material risks for the GfK Group.

Potential opportunities that could have a positive impact on the adjusted operating income or consolidated total income are also analyzed within the Group. Opportunity and risk management additionally involves actively dealing with individual risks or identified opportunities in order to be able to react promptly to any potential changes. As part of opportunity and risk monitoring, the entire portfolio of opportunities and risks as well as the business environment are monitored on a continuous basis so changes can be identified in good time.

Opportunity and risk reporting is carried out on a monthly and annual basis in a global risk inventory, and in ad hoc reports at any time. The annual risk inventory provides a comprehensive assessment of the GfK Group's opportunity and risk position.

In principle, all GfK companies are obliged to conduct an annual risk inventory. GfK companies with forecast external sales for the current financial year of more than €9 million and those that are of strategic interest for the GfK Group are integrated in risk inventory reporting. The reported risks are summarized and validated in regional and sector-specific opportunity and risk workshops with the aim of identifying material risks and opportunities across all of the companies. This ensures that opportunity and risk management is anchored in the respective regional and sector strategy, and ultimately in the strategy of the Group. As a result of this bottom-up approach, individual risks can be leveled out and risks which are aggregated at regional and sector level can be reassessed.

The opportunities and risks of the GfK Group are summarized on this basis and presented to the Management Board. The opportunities and risks identified and assessed in this way are subsequently collated in an opportunity and risk report and reported to the Supervisory Board.

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

ASSESSMENT OF RISK POSITION AFTER COUNTERMEASURES

	Potential extent of damage	Change vs. previous year	Probability of occurrence	Change vs. previous year
Macroeconomic risks				
Economic risks	Very high I	∧	Likely	∧
Strategic risks				
Risks in connection with portfolio valuation	Very high III	–	Unlikely	∨
Risks from damage to reputation	Low	Δ	Unlikely	Δ
Risks in connection with portfolio activities	Low	∨	Likely	–
Financial risks				
Risks in connection with liquidity and asset management[1]	Moderate	–	Unlikely	∧
Currency risks	Moderate	–	Likely	–
Tax risks	Moderate	∧	Unlikely	∧
Operational risks				
Product groups (esp. Media Measurement)	Very high III	∧	Likely	∧
Risks in connection with cross-sector initiatives	Very high I	∧	Unlikely	–
Project risk	Very high I	Δ	Unlikely	Δ
Speed and success of innovation	Very high I	Δ	Likely	Δ
Data acquisition risks	Very high I	∧	Unlikely	–
Data security and continuity of IT systems	Very high I	∨	Unlikely	∧
Adjustment of competence portfolio	High	∧	Unlikely	–
Data quality and data processing risks	Moderate	–	Unlikely	–
Vacancy risks[1]	Low	Δ	Unlikely	Δ
Market risks				
Risks in connection with competition, advances in technology and global product portfolio	Very high II	∧	Likely	–
Risks in connection with sales market consolidation	Very high II	∧	Likely	–
Legal and compliance risks				
Legal risks in connection with contractually agreed penalties and liability limits	Very high III	–	Very unlikely	–
Legal risks in connection with data protection	Very high I	∧	Likely	–
Compliance risks	Moderate	∨	Unlikely	∧
Imminent or ongoing litigation	Moderate	∧	Unlikely	∧

∧ Increase ∨ Decrease – Unchanged Δ New risk

1) Time horizon – medium term

11.2 ASSESSMENT OF THE OPPORTUNITY AND RISK POSITION

As a result of its business activities, GfK must consciously take certain risks in order to exploit opportunities and successfully exist in the market. This affects a broad spectrum of opportunity and risk areas. The opportunity and risk assessment refers to the evaluation after suitable countermeasures have been implemented.

Macroeconomic risks

Economic risks: Repercussions for GfK's business operations can be expected if global economic growth in the current financial year falls significantly short of the current forecasts of the International Monetary Fund (IMF), or if there is a threat to the stability of individual currencies that are important for the global economy. The GfK Group is a global organization with a high degree of geographical diversification and should therefore be able to appropriately counter an economic slowdown in individual countries. The continued development of innovative products and services, focus on client relationships and the action taken in the form of restructuring and cost-reduction measures as well as greater risk awareness will help minimize risk. Risk assessment after countermeasures – probability of occurrence: likely; potential extent of damage: very high I.

Strategic risks

Risks in connection with portfolio valuation: The fair value of acquisitions and the resulting assets depends on the profitability of cash generating units. If current developments in the business operations of the acquired subsidiaries fail to match expectations, or if growth rates are lower than forecast, an impairment loss risk may occur. Among other factors, budget values from the Group's internal reporting are used for valuation purposes. Risks arising from the probability 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. Countermeasures such as strict monitoring and management of budget compliance and sensitivity analyses carried out during the year make it possible to monitor this risk. Based on the half-year result and taking account of future growth rates, goodwill impairments had already been recognized in the half-year financial statements. This measure means the risk assessment for the risk was unchanged on the previous year. Risk assessment after countermeasures – probability of occurrence: unlikely; potential extent of damage: very high III.

Risk from reputation-damaging events: As one of the world's largest market researchers, the trust and confidence of our clients and other external stakeholders is of prime importance. Our conduct as a supplier, client and employer must be impeccable at all times and meet the requirements of our own Code of Conduct. Should events such as contraventions of the law or guidelines by individual GfK employees or other events with a PR impact occur and become known, this will result in more than just direct pecuniary damage for GfK. Reputational damage can have wide-ranging repercussions for the Group's global activities, even if the misconduct should relate only to one isolated event or one specific region. Consequently, in the past financial year this risk was included as an individual risk for the first time. General countermeasures to raise awareness of compliance issues among the employees are explained in the corresponding section. If these measures are not able to prevent the occurrence of a reputation-damaging event, the extent of the damage is reduced by prompt additional measures, such as increased communication with the clients concerned, swift settlement of possible litigation and the involvement of external specialists where necessary. Risk assessment after countermeasures – probability of occurrence: unlikely; potential extent of damage: low.

Risks in connection with portfolio activities: GfK's success is contingent on achieving its strategic goals. To this end, in addition to acquisitions, consideration is also given to restructuring as well as disposals in order to optimize the Group portfolio. A range of risks can arise during projects to achieve the strategic aims. In addition to risks in connection with integration activities, financial risks can also arise if the proceeds expected from the acquisition on the basis of the underlying business plans are not realized. Ongoing financial commitments 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. As a result of its experienced Corporate Development team and Legal team, as well as the assistance of external experts, GfK is able to identify potential risks early and adopt appropriate measures. These measures primarily include comprehensive due diligence processes, post-merger integration, and monitoring of thresholds, both for acquisitions and for disposals. The extent of damage therefore remains stable versus the previous year. Risk assessment after countermeasures – probability of occurrence: likely; potential extent of damage: low.

Financial risks

Liquidity risks: Liquidity risks for the GfK Group comprise potentially being unable to meet its financial obligations, for example the repayment of financial debt or the ongoing capital requirements of its operating business. Cash and cash equivalents amounting to €174 million, on the reporting date unutilized credit lines of €282 million and a balanced maturity structure of loans minimize the liquidity risk (see note 27: interest-bearing financial liabilities). The €200 million syndicated credit line, unused at reporting date, and a secondary credit line, were extended ahead of schedule to 2021. The covenants agreed in the syndicated credit facility and promissory note loan were all met in every reporting period in 2016. To identify and minimize potential liquidity risks, a Group-wide counterparty risk management system was introduced by Group Treasury and currency-differentiated liquidity planning was significantly optimized.

Financial risks: Refinancing on the capital market constitutes an important tool for GfK SE but also entails risks. The company complies with the regulations pertaining to the Prohibition on Insider Trading as well as the various disclosure and reporting obligations in order to avoid general reputational damage and therefore prevent a possible deterioration in the share price. This also includes efficient communications tailored to the interests of investors and analysts with the aim of promoting the trust of investors, in particular through sustained transparency. In addition, the risk of dependency (funding risk) on one group of investors is minimized through diversification of financing instruments. Furthermore, in the past financial year, credit agreements were negotiated at improved terms and conditions. As of December 31, 2016, alongside the majority shareholder, GfK's investors comprise a large number of national and international banks (banking syndicate) as well as a large number of borrower's note investors that do not form part of the banking sector (for example, insurance companies and pension funds).

Interest rate risks: Interest rate risks in the GfK Group mainly relate to financial liabilities. As of the reporting date, GfK SE had bank liabilities amounting to €449 million, of which €301 million are fixed-rate liabilities and €148 million variable-rate liabilities. Of the variable-rate financial liabilities, €15 million were hedged through an interest rate swap. In addition, a cross-currency interest rate swap was concluded in 2014 to hedge the interest rate and currency risks of an intragroup currency loan in US dollars.

The combined risk assessment of the above risks after the countermeasures described is unchanged versus the previous year in terms of the extent of damage – probability of occurrence: unlikely; potential extent of damage: moderate.

Currency risks: As a global company, the GfK Group is exposed to currency risks. Unlike the previous year, the two currency risks/opportunities (translation-related/transaction-related) were assessed together.

Translation-related risks and opportunities result from converting the balance sheets and income statements of GfK companies outside the eurozone into euros, the reporting currency of the GfK Group. Translation-related effects are not hedged and are posted under other income in the consolidated financial statements. Carrying amounts of participations are currently covered only to a small extent by natural hedges. In order to limit volatility in the income statement resulting from the reporting date valuation of currency liabilities and receivables, where possible, GfK uses hedge accounting in accordance with the applicable regulations.

Transaction-related risks result from the sale and purchase of goods and services that are not invoiced in the local currency of the respective GfK company. Due to the high share of value-adding activities at local level, all GfK operating companies generate most of their income and expenses in their local currency, and the currency risk in the GfK Group is therefore limited. However, because of internal cross-accounting of international contracts, some currency effects may arise which can only be partly hedged. As a rule, GfK provides intragroup financing for its subsidiaries in their local currency. Group Treasury hedges some of the resulting currency risks centrally, when economically practical, by using financial instruments. The offsetting effects of the underlying transaction and the currency hedge are recognized in the income statement.

The risk assessment after countermeasures for the overall currency risk is unchanged versus last financial year – probability of occurrence: likely; potential extent of damage: moderate.

Tax risks: Naturally, intragroup transfer pricing and new business models result in tax audit risks for an international concern. A Group guideline is the basis towards an appropriate transfer pricing and documentation for all relevant business transactions in the respective countries. Additional measures adopted were the further development of a tax compliance organization and establishment of processes and controls. The probability of occurrence has risen slightly versus the previous year, particularly because the audit intensity of local tax authorities has increased, against the background of the measures against international tax avoidance of the OECD (BEPS – Base Erosion Profit Shifting Project). GfK is responding to this by stepping up its involvement in local internal audits and a regular review of the business models. Risk assessment after countermeasures – probability of occurrence: unlikely; potential extent of damage: moderate.

Operational risks

Risks in connection with product groups: In the past financial year, the aim once again was to further expand the 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 being set up presents different technical requirements and challenges. Moreover, political and economic developments are difficult to predict in some regions. TV audience measurement was successfully launched in Singapore. In contrast, the contract in Morocco was cancelled by GfK.

In Brazil and the Kingdom of Saudi Arabia, the qualitative goals for data collection were met in 2016 through strict project and resource management and consequently with a considerable time delay. The protracted setup phase and high quality standards required led to a delay in marketing. In Brazil, a syndicated approach was selected, which means GfK is responsible for the further marketing of data. In the Kingdom of Saudi Arabia on the other hand, there is an exclusive panel and decisions on further marketing are made by the client. Due to the increase in investment and lengthier setup phase, both in Brazil and in the Kingdom of Saudi Arabia, the risk was deemed to be considerably higher versus the prior year. This fact was recorded accordingly in the books. No sales have been recorded in the Brazil project since March 2016 and provisions were recognized accordingly. For the Kingdom of Saudi Arabia, we have carried out the corresponding valuation of the panel. In both cases, negotiations are currently underway on a contract amendment with the existing clients. Moreover, the focus will center on successful marketing and winning new clients in Brazil. The potential extent of damage if the projects were halted would be very high III for the project in Brazil and very high I for the project in the Kingdom of Saudi Arabia. The probability of occurrence has increased versus the previous year to likely.

Risks in connection with cross-sector initiatives: The success of new cross-sector initiatives, such as the expansion of the digital product and service portfolio, depends on successful cooperation at sector and regional level as well as 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. This also includes the launch of cross-sector products in the regions. Risks may arise here from the failure to achieve financial goals or deadlines, from an unsuitable composition of skills and expertise within GfK or due to technical framework conditions which are beyond GfK's control, such as dependence on third party systems for data collection. To counteract this risk of failing to fulfill the stated potential or fully achieve the set aims, further action was taken to prevent or minimize risk. For instance, GfK continued to promote the successful cooperation behind the product GfK Crossmedia Link, which was developed on a cross-sector basis and serves as a benchmark for other projects and services. GfK Crossmedia Link is a platform which facilitates data enrichment, both internal and external, on the basis of a global single-source panel to meet the future requirements of the advertising industry. Consumer behavior, for instance, is measured across a range of media such as TV, PC, tablet and smartphone and enriched with information on consumption behavior. While the probability of occurrence remains unlikely, the potential extent of damage has increased versus the previous year to very high I.

Risks in connection with carrying out projects: Once again, GfK launched a number of different initiatives and projects in the past financial year in order to offer its clients even better and more up-to-date services. With these client projects, as with in-house development projects, risks can always arise during the course of the projects, along with challenges in terms of time, budget or quality. GfK counters these with the implementation of a global Project Management Standard, flanked by a Global Project Management Office (PMO). As a result of the large number of projects underway, GfK identified this risk as a significant individual risk for the first time in 2016. Probability of occurrence after countermeasures – unlikely; potential extent of damage: very high I.

Speed and success of innovation: In addition to specific project risks, GfK perceives a general risk with regard to existing products in terms of being unable to respond in time to market requirements or being unable to implement these requirements on time. This would jeopardize the success of GfK's products in the market. Here too, GfK works continuously on growing even closer to existing and potential customers in order to better understand their needs and increase its ability to respond to these even more quickly. The internal processes and platforms for data processing are evaluated on an ongoing basis and improved where necessary. GfK invests a large amount for this purpose each year. Changing market situations mean that this risk is becoming increasingly significant for GfK and it has therefore been included in the risk catalog for the first time. Probability of occurrence: likely; potential extent of damage: very high I.

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 continuously collects data from wholesalers and 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 an imminent risk that these data suppliers may no longer be prepared to provide data because of concerns about data protection, among other factors, and that GfK may not be able to adequately replace them. By using alternative recruitment channels (for instance, by cooperating with agencies for field surveys), continuously optimizing its recruitment of panel members, and researching new data collection techniques, GfK has developed appropriate contingency concepts. Despite the measures introduced, GfK deems the risk to be higher than in the previous year in terms of potential extent of damage, while the probability of occurrence remains unchanged. Risk assessment after countermeasures – probability of occurrence: unlikely; potential extent of damage: very high I.

Network and data security risks: GfK processes data and information within the GfK network that could be of interest to third parties with criminal intentions. As in the previous year, GfK gave top priority in financial year 2016 to maintaining and improving measures to protect information systems and the data stored in them. This includes continuous further development of the existing Information Security Management System (ISMS), which is based on ISO 27001, careful design of the IT system architecture, consistent risk management, regular tests and automatic monitoring of applications and systems in order to identify attacks at an early stage and achieve the highest possible level of data security and operational reliability. In the past financial year, more action was taken in particular to instruct employees in dealing with security procedures and identifying risks.

The EU General Data Protection Regulation (EU GDPR), which comes into force on May 25, 2018, stipulates particular requirements for the protection of personal data and necessitates comprehensive measures to adapt existing IT systems as well as the introduction of suitable organizational regulations. A project has been set up to implement suitable solutions and is being carried out at Group level.

Continuity of IT systems: Risks to the continuity of IT systems and the associated loss of sales stem from disruption as a result of hardware or software failures in the technical base systems or applications, from system transfer, from cyber attacks, the impact of catastrophic events (fire, water, attacks etc.) and unrecoverable data after the corresponding disruption. In the past financial year, a number of measures to minimize the above risks were successfully completed. Technical consolidation was carried out in central applications to reduce system complexity, numerous system components were replaced, system capacity was increased and overly large networking between systems was abolished to reduced undesirable dependencies and side effects in system operations. Protection against cyber-attacks was strengthened, especially with regard to DoS/DDoS attacks and penetration and vulnerability tests were expanded. A project was launched with the aim of bringing the computing center locations spread across Central Europe together in a new facility, which will comprise primary and contingency components to improve protection against the impact of catastrophic events.

Furthermore, a longstanding program was successfully concluded, enabling a standardized, modern back-up system to be rolled out worldwide, replacing the obsolete, individual regional solutions. In addition to creating a firmer technical foundation, this also significantly increased reliability in the organizational implementation of back-up and restore processes. This reduces the risk of data being irrecoverable following processing errors or system disruptions.

As a result of the above measures, the potential extent of damage is categorized as lower. Probability of occurrence: unlikely; potential extent of damage: very high I.

Adjustment of competence portfolio: Digitization and globalization mean change and new challenges for the market research industry. In order to react appropriately and take full advantage of the opportunities, GfK must build up and develop comprehensive skills and expertise among its staff. A corresponding successful adjustment of the underlying organizational structure is also necessary, particularly in management functions. The GfK Group counters this risk by defining and implementing globally integrated employee strategies. Through ongoing training and qualification programs, skills and expertise are continuously adapted to advancing technological progress and employees are familiarized with innovations. Particular value is attached to identifying, acquiring and appropriately fostering the right talent for all manner of new portfolio application areas. Attractive career paths are offered and the qualification and training programs on offer are being continuously expanded. However, if it is not possible to recruit the right number of staff, GfK may also consider entering into partnerships or working with external service providers. Risk assessment after countermeasures slightly higher than in the previous year – probability of occurrence: unlikely; potential extent of damage: high.

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. Despite taking the greatest care, it is impossible to completely rule out certain residual risks concerning data quality (resulting from technical or human error), particularly with regard to data acquisition, data processing and the evaluation and analysis of data. This may be caused by system errors, process changes or specific data configurations that would result in the provision of incorrect information and consultancy services. Therefore in order to prevent this, system-relevant checking algorithms are applied and automatic quality controls are carried out. Current quality measures and auditing processes are also continually improved. In addition, quality checks are carried out at suppliers' premises and regional coding hubs are being expanded further. These risks will be proactively countered through training and improvements in data acquisition. Risk assessment after countermeasures – probability of occurrence: unlikely; potential extent of damage: moderate. No changes versus the prior year.

Vacancy risks: GfK Group owns office buildings in various different locations, which will be brought together as far as it is possible. This will promote better cooperation between the departments and provide more attractive working environment. The risk was included for the first time in 2016 and relates to the possibility of buildings remaining vacant or a double rent obligation. Close cooperation and contractual agreements with project partners reduce the risk to unlikely; the potential extent of damage is categorized as low.

Market risks

Competitive risks: These relate to a further increase in competition in the market research industry as a result of simplified handling of large quantities of data as well as easier and faster data acquisition. This is exacerbated by the advent of local market research companies and some specialized niche providers as well as increased price pressure. There is also persistent competition for the market research budgets of large global concerns. GfK has positioned itself as a high-quality global market research company that uses uniform methods. GfK therefore sees an opportunity to use its global network and further expansion of future-oriented innovation projects to offer its clients a very high level of added value, and thus to stand out clearly and successfully from the competition. Further improvement in data visualization and the expansion of contract management in the direction of framework contracts enable GfK to actively counter the risk.

Risks from advances in technology: Increasing digitization, the spread of the (mobile) Internet and the convergence of devices are changing user behavior and more buying decisions are now being made with the aid of mobile data or social networks. As before, companies need to understand their customers and new methods and techniques have to be developed in order to collect market research data in the digital age. Risks arise through the technical implementation of the corresponding products, both in terms of costs and a failure to adequately meet the changed market conditions. Potential risks from such projects are monitored through regular reporting and active project management. Moreover, employees receive training in project management and negotiating skills so they are able to offer GfK's clients reliable and high-quality advice regarding innovative products and services as well as market research methods.

Risks in connection with the product and services portfolio: A global product and services portfolio harbors 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 be able to implement marketing campaigns expediently or that it will not be able to offer suitable standard products that provide its clients with a comprehensive and optimum basis for their decision-making. It is therefore very important for GfK to pool its tasks within consulting projects and focus strategically on a targeted sales process. In this regard, employees continually receive training on innovations in the product and services portfolio in order to develop their skills and expertise. Improved sales planning means product launch projects can be managed and monitored on a transparent basis in order to be able to respond to any delays in good time. This also includes pooling tasks in global competence centers.

The combined market risk has increased in the past financial year and the probability of occurrence here is therefore deemed by GfK to be likely and despite intensive countermeasures the potential extent of damage is very high II.

Risks in connection with sales markets: The 10 biggest clients continue to account for a virtually unchanged share of total consolidated sales of around 15 percent, which means GfK's dependence on individual key clients at Group level is still relatively low. However, this dependence does exist in some countries. Furthermore, the process of consolidation on the client side is expected to continue, which could result in some market research budgets being combined and the total volume reduced. In addition, due to the current uncertainty regarding macroeconomic conditions in key export markets, some clients are being forced to implement cost-saving programs and cut market research budgets. To counter this risk, in financial year 2016 GfK set up the ONE Industry Organization aimed at making greater use of growth opportunities, developing new target groups and driving forward the cross-product expansion of existing business relationships with strategic clients. GfK is also responding to this risk with a product and services portfolio tailored to the needs of the client in order to enhance the competitiveness of GfK clients. The risk was assessed as having a higher potential extent of damage than in the previous year. Risk assessment after countermeasures – probability of occurrence: likely; potential extent of damage: very high II.

Legal and compliance risks

Legal risks in connection with contractual penalties and liability limits: This risk refers to the failure to fulfill client contracts in accordance with the contractual provisions and the resultant contractual penalties (for example, in the event of late performance) and liabilities for damage that could be incurred by the client as a result of faulty performance (for example, incorrect data acquisition and resultant incorrect assessment of market situation). There could be many different reasons for this. One countermeasure, for instance, is to negotiate low contractual penalties and appropriate liability limits in the respective contracts where possible. This can be facilitated in particular by using GfK's own contract templates. The internal process prior to the conclusion of significant client contracts is regulated in an internal guideline. The risk after countermeasures is unchanged on the prior year – probability of occurrence: unlikely; potential extent of damage: very high III.

Legal risks in connection with data protection: Particularly because of discrepancies between the legal requirements of some countries, such as Russia and the USA (Safe Harbor and Privacy Shield as well as the new European General Data Protection Regulation), 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 further raise awareness of issues relating to compliance and data protection, GfK provides a CEO webcast on its intranet, which is accessible to all staff and explains the "tone from the top" on these issues. It also implemented targeted in-house training measures (especially for executives, new joiners, healthcare, etc.) in the past financial year and a global e-learning module was prepared for launch in 2017. Other measures include defining the process 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. In addition, by launching global projects, the requirements presented by new legal situations (Privacy Shield/European General Data Protection Regulation) are taken into account. Nevertheless, it is impossible to completely rule out a certain residual risk of possible infringements. The probability of occurrence remains stable versus the previous year, while the potential extent of damage has increased. Risk assessment after countermeasures – probability of occurrence: likely; potential extent of damage: very high I.

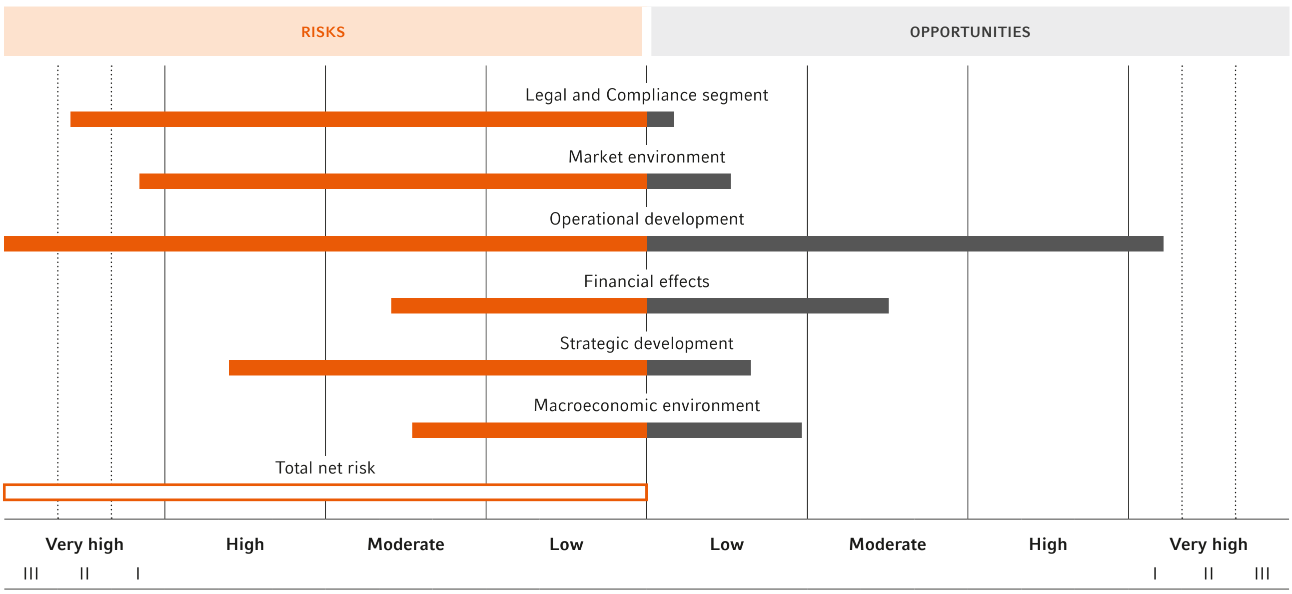
Compliance risks: As part of the established opportunity and risk management system and the internal control system, GfK carries out continuous monitoring to check whether additional risks have arisen for which countermeasures may be required. Although firmly enshrined corporate guidelines (Code of Conduct, corporate values) and internal guidelines are in place, there is still a certain residual risk that individual GfK employees will disregard these guidelines or not comply with them in full. 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 and regular internal audits. The online training course relating to the Code of Conduct is mandatory for all employees and will be expanded to include key Group guidelines. In addition, compliance risks are identified early via the introduction of new processes and review and modification of existing ones. Thanks to the successful implementation of countermeasures, the potential extent of damage in this risk category was reduced versus the previous year. Risk assessment after countermeasures – probability of occurrence: unlikely; potential extent of damage: moderate.

Imminent or ongoing litigation, especially legal risks in connection with fictitious self-employment of freelancers and interviewers: As in the previous year, 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 will have to be classified as employees, which would result in additional employment expenses. GfK uses freelancers to conduct interviews for example. In recent years, social security authorities have increasingly started to check whether freelancers are in dependent employment. GfK continuously reviews its employment relationships and is careful to comply with legal requirements. In addition, for new projects involving freelancers, internal processes and contracts are tailored to 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. In addition, GfK is increasingly using service agencies. Despite the implementation of suitable measures, GfK deems the risk to be slightly higher than in the previous year. Probability of occurrence: unlikely; potential extent of damage: moderate.

Identified business opportunities

The following opportunities have been identified within the GfK Group. The identified opportunities and risks of future developments have been categorized and grouped. The potential impact on consolidated total income (taking into account the probability of occurrence) highlights the importance of individual opportunities and risks and is categorized into four levels: low, moderate, high, and very high (I–III). The individual opportunities and risks were categorized into six different areas.

OPPORTUNITY AND RISK PROFILE OF THE GfK GROUP



Macroeconomic environment

Opportunities in connection with economic development: As a result of its global positioning and very high degree of diversification, GfK benefits from positive economic development in the markets it serves. Additional business opportunities arise if economic growth is stronger than expected since this points to increased demand. The opportunity assessment has declined slightly versus the previous year, standing just below moderate positive opportunity potential.

Strategic development

Opportunities in connection with portfolio measures: The market continues to be dominated by increasing digitization and the associated change in consumer purchase behavior. The faster availability of data also poses new challenges for the market research industry. GfK is countering this risk with targeted acquisitions. Should the acquisitions potentially outperform the underlying business plans, this would result in monetary opportunities for GfK. The opportunity assessment is rated cautiously with low potential.

Financial opportunities

Currency fluctuations and translation-related opportunities: As a global company, the GfK Group is exposed to currency fluctuations. The upward potential of the translation-related currency effects produces a potential opportunity for GfK. This results from the translation of the balance sheets and income statements of GfK companies outside the eurozone into euros, the reporting currency of the GfK Group. Opportunity assessment: Business opportunities with moderate positive opportunity potential.

Tax optimization: GfK continues to see potential for tax optimization, which is why opportunities to improve the tax situation in individual countries are reviewed and implemented on an ongoing basis. Opportunities are reviewed through continuous monitoring of the global and local legal environment, taking account of GfK's circumstances. Opportunity assessment has increased versus the prior year: Business opportunities with high positive opportunity potential.

Operational development

Expansion of business position and success potential from projects: GfK is investing heavily in new digital technologies and new methods to connect and enrich data. With the aid of newly developed methods and technologies, large data volumes from all kinds of sources can be analyzed. As in the previous year, GfK continues to see this as an opportunity to offer compelling products and services based on a comprehensive innovation offensive. The future potential arising from the new technical possibilities is to be consistently exploited through continuous expansion of data processing processes in the market as well as the use of a global network, which should enable GfK to clearly and successfully distinguish itself from its competitors and also strengthen client loyalty. The Group sees a direct opportunity to further expand its business position through the targeted expansion of business and a faster roll-out of products in promising growth regions.

Speed and success in innovation: The risk of being unable to respond promptly to changes in market requirements with the corresponding innovations was reported on separately for the first time in financial year 2016. One of the many countermeasures implemented by GfK is the increased pooling of competences in global service centers. This generates the opportunity to augment the expansion of expertise and consequently the ability to respond more quickly, more cost-effectively and more flexibly to changes in requirements, and consistently ensure excellent data quality at the same time.

Opportunities in connection with data acquisition: GfK delivers a unique combination of consumer, retail and media data, which are linked together using scientific methods and innovative technologies. Important findings on local markets regarding the use of radio and television as well as on sales trends and purchasing choices are continuously collected in over 100 countries around the world to deliver this data to clients. GfK believes the use of alternative recruitment channels, continued optimization of the recruitment of panel members and research into new techniques for data gathering provide a cost-saving opportunity.
Commercial excellence in terms of data quality: Due to longstanding experience in the collection and analysis of data, GfK is a trusted supplier of reliable, relevant and intelligent market and consumer information. By continuously optimizing and improving the internal processes for gathering reliable data, GfK sees an opportunity to continue positioning itself as a high quality global market research company that successfully stands out from the competition.
Opportunities in connection with IT systems: Numerous measures were successfully completed in financial year 2016 to improve the continuity of system operations. As a result, GfK not only successfully minimized the risk of an IT system failure, but also generated opportunities through the improved infrastructure. For instance, the main power supply was optimized to ensure even better reliability. Additional investment in data protection and data security strengthens the reputation of the company and GfK may possibly win additional contracts as a result.

As a result of the number of promising initiatives in both sectors, the opportunity assessment is higher than in the previous year: Business opportunity with very high positive opportunity potential.

Market environment
The technological influence of data collection and processing is having an increasingly significant impact on business processes and corporate strategy. The use and expansion of digital methods to collect data and newly developed methods for processing data from a very wide range of data sources open up further opportunities within the market research industry: Low positive opportunity potential.

Legal and Compliance
Legal and strategic opportunities: With reliable and high-quality services, GfK has positioned itself among its clients and stakeholders as a global market research company. This positioning is fundamentally contingent on the values and standards espoused by GfK (the "Tone from the Top") being actively brought to life by all employees in the GfK Group. This is the basic prerequisite for success in order to bring about the necessary and desired change in culture within the Group. Low 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 position by the Management Board. Risks are identified and assessed at the level of the individual companies in the GfK Group, while both opportunities and risks are identified and assessed at regional, sector and Group level.

Compared with the previous year, the overall risk of the GfK Group has slightly increased. The new risks included in the risk assessment in financial year 2016 stem predominantly from the operational sector. Here, the main risks comprise the need to promptly adapt to changes in market conditions and the efficient execution of projects. The potential extent of damage relating to risks in connection with competition, sales market consolidation and risks relating to product groups has increased versus the prior year, while the implementation of countermeasures mean the probability of occurrence remains virtually unchanged. On the other hand the GfK Group will exploit the identified business opportunities.

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, interactions or accumulation of risks which might jeopardize the continued existence of GfK SE and the GfK Group.

12. OUTLOOK*

12.1 OVERALL ECONOMIC SITUATION: EMERGING MARKETS GIVE CAUSE FOR OPTIMISM

After the global economy bottomed out in 2016, the International Monetary Fund (IMF) expects real global GDP to rise year on year by 3.4 percent in 2017. If this were to come about, the global economy would have developed slightly above the long-standing average between the years of 1980 and 2008 – in other words, before the major recession.

Experts from The German Institute for Economic Research (DIW) see potential growth drivers as being a continuation of expansionary monetary policies, salaries rising more quickly and momentum gained from financial policies, as announced in the **United States** by the new President, Donald Trump. In all likelihood, the Trump administration will be determined to promote increased growth. They are planning to induce a positive "demand shock." Public expenditure on infrastructure is expected to be significantly increased. At the same time, tax cuts are to be introduced, especially for businesses, while regulatory obstacles are to be removed. This should stimulate dynamic demand at least in the short-term.

According to estimates from the Kiel Institute for the World Economy, economic expansion should increase in **emerging markets**. The institute explained: "With commodities prices continuing to remain relatively low and many unsolved structural issues, it is unlikely that any great dynamism will develop." Growth rates in **China** are above all likely to drop off. Experts are warning that, despite the new strategy based on strong domestic demand, innovations and service instead of exports, heavy industry and debt-financed investment, the current Chinese growth model is unsustainable. The economy is still too dependent on government-driven stimulus programs, a report from the IMF claims. Should lending continue to rise excessively and high debt levels among companies remain unchecked by the government, a "major slowdown" threatens to take hold. After the expiration of expansionary monetary and fiscal policy measures, with which the government supported the economy in 2016, IMF experts anticipate growth rates of just 6.4 percent (2017) and 5.9 percent (2018) for China.

Overall, it is likely that **Emerging Markets and Developing Economies (EMDEs)** will increasingly become the driving force behind global economic growth. While stagnation with long-term subdued growth rates of just 1.6 percent took hold in established economies, the group of EMDEs has experienced economic normality with average growth rates of 4.9 percent since 2010. For 2017, the World Bank expects the EMDEs to contribute 60 percent of global economic growth – the highest value since 2013. At the same time, the differences between countries which export commodities and those which import them should even out with the expected increases in commodities prices.

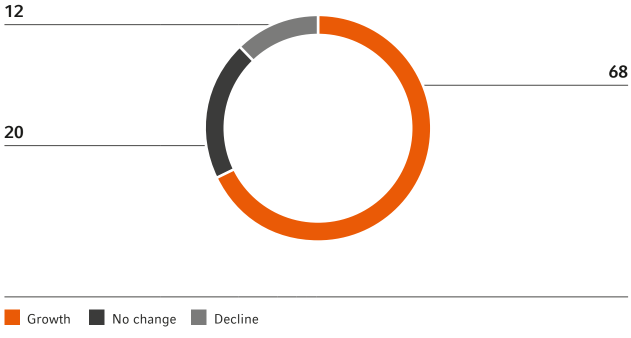
"Nevertheless, the long-term outlook for EMDEs is overshadowed by a whole host of other factors," World Bank analysts are warning. In addition to demographic factors and weak investment levels, the instability regarding the future of global trade and the political situations of mature economies are worthy of mention. This means that all forecasts for 2017 should come with a large question mark.

12.2 MARKET RESEARCH INDUSTRY: ALL SIGNS POINT TOWARD GROWTH

Following a year in which the skepticism of many market players was dispelled by an unexpectedly favorable industry economy, experts interviewed by ESOMAR went into the new year with far more optimism. Overall, 68 percent (2015: 58 percent) forecast renewed growth in financial year 2016. Only 12 percent expected sales to decline within our industry, while 20 percent anticipated no tangible change.

In Europe, the majority of market players are preparing for moderate growth as a best-case scenario. In the UK, data analysts and consultancy services were cited as growth drivers. In contrast, a collaborative and flexible approach was offered as a strength of the German market research industry. APAC market players brought up issues such as a lack of well-trained market researchers, dependence on governments and non-market player activities as possible risks for the industry. In Latin America, cost pressure from the customer side (Peru and Brazil) as well as skepticism in terms of data handling (Mexico) were factors which could potentially compromise business. In contrast, new technologies, increasingly extensive global networking and the arrival of online survey tools were cited as elements which could breathe life into the economy.

EXPECTED PERFORMANCE OF THE MARKET RESEARCH INDUSTRY 2016
in percent



Source: ESOMAR Industry Report "Global Market Research 2016"

12.3 OUTLOOK, ORDER INTAKE AND INVESTMENTS

GfK expects that 2017 will also present a challenging competitive environment. The risks outlined, above all in relation to the Media Measurement contracts in Brazil and the Kingdom of Saudi Arabia, remain valid for the current financial year as well. Regardless of the progress made in achieving technical performance indicators, contractual negotiations with the three Brazilian television broadcasters are yet to be finalized. This also compromises our ability to gain new clients. In terms of the Consumer Experiences sector, the order intake situation in the second half of 2016 was restrained. Against the background of these challenges in both sectors, it will be difficult for GfK to exceed the margin recorded in the prior year.

Our focus will therefore be unchanged: We shall target measures to strengthen our competitive standing and further develop our organizational structure. This is in line with our "One GfK: One Industry, One Region and One Operation" goal. There will be a focus on the field of digital innovation and a concentration on Global Service Centers through which new, additional value contributions are to be created. At the same time, the Group structure will be further streamlined, while the product portfolio is to be adapted and realigned with a digital focus.

We currently expect capital expenditure to be up slightly versus the prior year by around €80 million (2016: €71 million). In terms of mergers and acquisitions, investments will be carefully evaluated on a case-by-case basis. GfK is mainly interested in technology-driven and data-centric companies, offering us immediate added value. In the Consumer Experiences sector, our focus will be on optimization and streamlining processes. A challenging market environment will persist with regard to our ad hoc business in 2017. In light of this, sales are expected to decline slightly and we are aiming to record a margin in line with the prior year.

New growth and margin potential is to be systematically exploited in the Consumer Choices sector. As our main business, POS Measurement will be expanded to include new product categories, industries and services, supplemented by online evaluation options. The Management Board expects that the sector will record moderate growth. The margin should improve moderately versus the prior year in as much as the persistent teething problems in the TV Audience Measurement contracts in Brazil and the Kingdom of Saudi Arabia are set to be overcome. Should these delays persist further, it may lead to a decline in sales and together with impairments, this could also lead to a decline in (adjusted operating) income.

For 2017 the group expects, depending on the mentioned challenges, a sales development slightly above 2016 and an AOI margin (adjusted operating income against sales) in the same range as 2016.

As at the end of January 2017, sales coverage was 43.2 percent (2016: 43.8 percent) of expected annual sales. It is therefore within the fluctuation range of between 37 percent and 44 percent over the last five years.

Nuremberg, March 10, 2017

Dr. Gerhard Hausruckinger

Christian Diedrich

Alessandra Cama

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 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 under "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. The predictive statements contained herein are based on the current Group structure and are made on the basis of the facts on the day of publication of the present document. We neither intend, nor 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, 2016

	Notes ref.	2015	2016
Sales	5.	1,543,426	1,483,814
Cost of sales	6.	−1,061,934	−1,059,094
Gross income from sales		**481,492**	**424,720**
Selling and general administrative expenses	7.	−302,229	−296,472
Other operating income	8.	19,813	16,385
Other operating expenses	9.	−94,925	−199,865
Operating income [1]		**104,151**	**−55,232**
Income from associates	3.	1,800	636
Other income from participations	3.	206	4,523
EBIT		**106,157**	**−50,073**
Other financial income	12.	30,167	24,760
Other financial expenses	13.	−48,432	−37,439
Income from ongoing business activity		**87,892**	**−62,752**
Tax on income from ongoing business activity	14.	−47,163	−73,707
CONSOLIDATED TOTAL INCOME		**40,729**	**−136,459**
Attributable to equity holders of the parent		36,773	−140,555
Attributable to minority interests		3,956	4,096
CONSOLIDATED TOTAL INCOME		**40,729**	**−136,459**
Basic earnings per share in €	15.	**1.01**	**−3.85**
Diluted earnings per share in €	15.	**1.01**	**−3.85**

1) Reconciliation to internal management indicator 'adjusted operating income' amounting to €155,293 thousand (2015: €187,579 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, 2016

	Notes ref.	2015	2016
Consolidated total income		**40,729**	**−136,459**
Items that will not be reclassified to profit or loss:			
Actuarial gains/losses on defined benefit plans	26.	−3,003	−4,133
Items that will be reclassified to profit or loss in future periods:			
Currency translation differences	25.	63,760	−21,382
Valuation of net investment hedges for foreign subsidiaries	30.	−252	0
Changes in fair value of cash flow hedges (effective portion)	30.	−26	−256
Changes in fair value of equity securities available for sale	3.	−12	0
Other comprehensive income (net of tax)		**60,467**	**−25,771**
TOTAL COMPREHENSIVE INCOME		**101,196**	**−162,230**
Attributable to equity holders of the parent		99,760	−166,595
Attributable to minority interests		1,436	4,365
TOTAL COMPREHENSIVE INCOME		**101,196**	**−162,230**

CONSOLIDATED BALANCE SHEET OF THE GfK GROUP

IN ACCORDANCE WITH IFRS IN € '000 AS AT DECEMBER 31, 2016

ASSETS	Notes ref.	Dec. 31, 2015	Dec. 31, 2016
Goodwill	16.	774,003	642,721
Other intangible assets	16.	271,790	281,386
Tangible assets	17.	105,241	92,489
Investments in associates	18.	651	967
Other financial assets	18.	5,613	3,315
Deferred tax assets	14.	43,578	30,102
Non-current other assets and deferred items	19.	20,829	14,481
Non-current assets		**1,221,705**	**1,065,461**
Trade receivables	20.	396,257	408,818
Current income tax assets	14.	15,654	29,174
Current securities and fixed-term deposits	21.	1,456	1,393
Cash and cash equivalents	22.	129,459	173,690
Current other assets and deferred items	19.	38,362	40,047
Assets held for sale	23.	39,408	2,302
Current assets		**620,596**	**655,424**
ASSETS		**1,842,301**	**1,720,885**

EQUITY AND LIABILITIES	Notes ref.	Dec. 31, 2015	Dec. 31, 2016
Subscribed capital		153,316	153,316
Capital reserve		212,403	212,403
Retained earnings		320,721	164,760
Other reserves		18,140	−7,900
Equity attributable to equity holders of the parent		**704,580**	**522,579**
Minority interests		**15,930**	**15,590**
EQUITY	25.	**720,510**	**538,169**
Long-term provisions	26.	80,577	98,629
Non-current interest-bearing financial liabilities	27.	256,362	451,004
Deferred tax liabilities	14.	86,373	96,817
Non-current other liabiilities and deferred items	28.	17,419	19,381
Non-current liabilities		**440,731**	**665,831**
Short-term provisions	26.	17,258	32,882
Current income tax liabilities	14.	13,545	16,060
Current interest-bearing financial liabilities	27.	208,169	32,191
Trade payables	3.	90,864	88,735
Liabilities on orders in progress	3.	167,015	162,493
Current other liabilities and deferred items	28.	176,635	184,384
Liabilities held for sale	23.	7,574	140
Current liabilities		**681,060**	**516,885**
LIABILITIES		**1,121,791**	**1,182,716**
EQUITY AND LIABILITIES		**1,842,301**	**1,720,885**

CONSOLIDATED CASH FLOW STATEMENT OF THE GfK GROUP

IN ACCORDANCE WITH IFRS IN € '000 FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2016

	Notes ref.	2015	2016
Consolidated total income		**40,729**	**−136,459**
Write-downs/write-ups of intangible assets	16.	97,749	202,694
Write-downs/write-ups of tangible assets	17.	27,321	30,453
Write-downs/write-ups of other financial assets		3,724	1,601
Total write-downs/write-ups		128,794	234,748
Change in inventories and trade receivables		−9,346	−7,324
Change in trade payables and liabilities on orders in progress		5,083	−3,498
Change in other assets not attributable to investing or financing activity		−6,066	3,525
Change in other liabilities not attributable to investing or financing activity		−10,651	−5,744
Profit/loss from disposal of non-current assets		−13,044	−7,471
Non-cash income from associates	3.	−3,150	−179
Change in long-term provisions		4,197	14,199
Other non-cash income/expenses		14,418	23,923
Net interest income	12., 13.	15,787	12,416
Change in deferred taxes	14.	4,843	24,023
Current income tax expenses	14.	42,319	49,686
Taxes paid		−42,979	−55,642
a) Cash flow from operating activity	31.	**170,934**	**146,203**
Cash outflows for investments in intangible assets		−67,763	−53,073
Cash outflows for investments in tangible assets		−26,363	−17,913
Cash outflows for acquisitions of consolidated companies and other business units		−12,269	−30,812
Cash outflows for investments in other financial assets		−2,208	−286
Cash inflows from the disposal of intangible assets		130	18
Cash inflows from the disposal of tangible assets		5,840	4,107
Cash inflows from the sale of consolidated companies and other business units		26,039	22,422
Cash inflows from the disposal of other financial assets		272	4,163
b) Cash flow from investing activity	31.	**−76,322**	**−71,374**
Dividend payments to equity holders of the parent	25.	−23,728	−23,728
Dividend payments to minority interests and other equity transactions		−65,446	−4,405
Cash inflows from loans raised		153,366	214,463
Cash outflows from the repayment of loans		−105,657	−201,253
Interest received		1,473	2,451
Interest paid		−19,417	−19,624
c) Cash flow from financing activity	31.	**−59,409**	**−32,096**
Changes in cash and cash equivalents (total of a), b) and c))		35,203	42,733
Changes in cash and cash equivalents owing to exchange gains/losses and valuation		1,599	1,498
Cash and cash equivalents at the beginning of the period	22.	93,180	129,459
Cash and cash equivalents at the end of the period	22.	**129,982**	**173,690**
Less cash and cash equivalents included in assets held for sale	23.	523	0
Cash and cash equivalents at the end of the period as reported in the consolidated balance sheet		**129,459**	**173,690**

CONSOLIDATED EQUITY CHANGE STATEMENT OF THE GfK GROUP

IN ACCORDANCE WITH IFRS IN € '000 FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2016

	Attributable to equity holders of the parent		
	Subscribed capital	**Capital reserve**	**Retained earnings**
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 change 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**
BALANCE AT JANUARY 1, 2016	**153,316**	**212,403**	**320,721**
Total comprehensive income:			
Consolidated total income			−140,555
Other comprehensive income:			
Currency translation differences			
Changes in the scope of consolidation			
Effective portion of change 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	0
Total comprehensive income	**0**	**0**	**−140,555**
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			
Other changes			8,322
Transactions with owners, recorded directly in equity	0	0	−15,406
BALANCE AT DECEMBER 31, 2016	**153,316**	**212,403**	**164,760**
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
	−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**
	32,718	**17,848**	**0**	**−32,426**	**704,580**	**15,930**	**720,510**
					−140,555	4,096	−136,459
	−14,013				−14,013	272	−13,741
	−7,641			57	−7,584		−7,584
		−256			−256		−256
				−4,187	−4,187	−3	−4,190
	−21,654	−256	0	−4,130	−26,040	269	−25,771
	−21,654	**−256**	**0**	**−4,130**	**−166,595**	**4,365**	**−162,230**
					−23,728	−4,427	−28,155
					8,322	−278	8,044
	0	0	0	0	−15,406	−4,705	−20,111
	11,064	**17,592**	**0**	**−36,556**	**522,579**	**15,590**	**538,169**
	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 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 related decision-making.

The consolidated financial statements of GfK SE for the fiscal year ending on December 31, 2016 include the company itself (GfK SE) and all its consolidated subsidiaries. The statements were prepared in compliance with the International Financial Reporting Standards (IFRS) applicable in the European Union (EU).

All IFRS that are mandatory for fiscal year 2016 and the announcements of the International Financial Reporting Interpretations Committee (IFRIC) adopted by the EU were applied.

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

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

The annual financial statements of the parent company, GfK SE, were prepared in line with the German Commercial Code (HGB) and are 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, prepared 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 were 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 for the shareholdings are netted with 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 purchase price allocation are entered on the balance sheet at fair value.

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

As part of purchase price allocation following an acquisition, identifiable assets, liabilities and contingent liabilities are stated at fair value at the time of acquisition. The calculation of fair values therefore involves estimates. Where intangible assets have been identified as part of purchase price allocation, either a calculation by an independent external expert is used or the fair values are determined internally, depending on the type of assets, the degree of complexity in calculating the fair value and the transaction volume. If the calculation is carried out in-house, it is based on an appropriate valuation method. The relevant valuations are closely linked to assumptions and estimates made by the Management Board in relation to the future development of the assets identified and regarding the discount rate to be applied.

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 reflected 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 generally reported 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 on mergers arising from the merger of two consolidated companies in the GfK Group are eliminated. Such 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 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 profit or loss 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 impact on the income statement.

The balance sheets of foreign subsidiaries not prepared in euro as well as hidden reserves disclosed on purchase price allocation and goodwill from mergers and acquisitions are converted into euros 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 current reporting date versus translation on the prior reporting date are stated in other comprehensive income (OCI). Exchange rate differences due to capital consolidation and differences arising from translation of the annual results in the balance sheet (reporting date rate) and the income statement (mean 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 the reporting date		Average euro rate during the reporting year	
Country	**Currency unit**	**Dec. 31, 2015**	**Dec. 31, 2016**	**2015**	**2016**
USA	1 USD	0.92	0.95	0.91	0.91
UK	1 GBP	1.36	1.17	1.38	1.22
Switzerland	1 CHF	0.92	0.93	0.94	0.92
Singapore	1 SGD	0.65	0.66	0.66	0.66
China	1 CNY	0.14	0.14	0.14	0.14
Japan	100 JPY	0.76	0.81	0.75	0.83

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 amount of sales is recognized.

Ad hoc business is 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 on the basis of the percentage of completion method. The progress of a project is determined as the ratio of actually accumulated costs to the overall anticipated costs of the project. The estimate of the total costs is checked on an ongoing basis over the life of the project. Changes to the estimated total costs are included in the calculation of recognizable sales at the time when they can be anticipated. The costs to be included 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 study, sales are recognized based on the accumulated costs as follows: 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 after completed performance and billing.

For sales recognition based on the percentage of completion method, the estimation of the completion level is decisive. Estimates are also necessary in relation to the extent of payables required for the fulfillment of contractual obligations. The fundamental estimates may relate to total contractual costs, costs incurred up to completion, total sales from the contract or contractual risks. Management reviews all estimates associated with the relevant contracts on an ongoing basis 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 a sufficiently reliable estimate of the obligation can be made.

3.4 COST OF SALES, SELLING AND GENERAL ADMINISTRATIVE EXPENSES

In addition to personnel expenses, expenses for services rendered and scheduled amortization of intangible assets and depreciation of tangible assets, the items "Cost of sales" and "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 generally 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 reported under other intangible assets if the capitalization criteria are met.

Internally generated intangible assets are only capitalized if they resulted from the development phase and not the research phase and if further precisely defined preconditions are cumulatively fulfilled. These include the technical viability of 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 be documented. A 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, impairment and reversal 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

Adjusted operating income is the indicator used internally to manage the GfK Group's business. It is derived from operating income by excluding the following income and expense items from operating income:

› 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
› Expenses from litigation, compliance cases and terminated projects
› Remaining highlighted items

3.9 INCOME FROM ASSOCIATES

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

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 divestiture 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 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 is stated as a subtotal in the consolidated income statement. The income from ongoing business activity corresponds to 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.

GfK Group companies have operations in many different countries. The GfK Group is therefore subject to the different tax legislation of various tax authorities. The tax items included in the consolidated financial statements are calculated by considering the relevant tax legislation and the respective tax administration statements. In view of their complexity, certain matters may be interpreted differently 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 stated in the consolidated financial statements and the tax basis of assets and liabilities. Any effects on deferred taxes from changes in tax law are taken into account 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 income to utilize the tax benefit. To evaluate this, the planned results from operational business, effects on results from the reversal of taxable temporary differences and existing tax strategies are taken into account.

The intrinsic value of deferred tax assets is estimated by the Management Board on every reporting date. Estimating planned taxable income and tax benefits achievable with possible tax 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 evidence that an adjustment is required.

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 IMPAIRMENT

If an asset is impaired and therefore devalued, the impairment expense is reported in the income statement.

The value of assets with an indefinite useful 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.

An impairment on intangible assets is 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 amounts of fair value less costs of disposal or value in use of an asset whose expected future cash flow at the GfK Group is 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 flow beyond the period of detailed planning is usually taken into account by reducing the discount rate. This method is used to determine the fair value of level three.

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

When reviewing other intangible assets or tangible fixed assets for impairment, the process for ascertaining the recoverable amount in respect of these assets is subject to estimates and assumptions by the Management Board which involve uncertainty. Estimates and assumptions may have a significant impact on the relevant figures and ultimately on the extent of a possible impairment. In view of this, an additional impairment or write-ups may result in future from a change in assumptions or circumstances.

More detailed explanations of the impairment applied to financial assets are provided in this Section under “Financial instruments.”

3.16 EARNINGS PER SHARE

To determine the earnings per share (EPS) reported in the consolidated income statement, the proportion of consolidated total income attributable to equity holders of the parent is divided by the weighted average number of shares in the relevant fiscal year.

The average number of shares does not need 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 executives of the GfK Group since fiscal year 2012. Any entitlement under the prior model was paid out for the last time in 2015. Participants in the new plan were granted an individual target bonus amount, half of which was converted into virtual shares and half into a performance-based long-term cash bonus. This was valid until 2014. Starting with the 2015 tranche of the plan, the entire individual target bonus amount for participants is converted into virtual shares.

Conversion into virtual shares of the target amount is based on the GfK share price on the 20 trading days prior to 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 may exercise their virtual shares upon expiry of a four-year blocking period during certain trading windows within a two-year exercise period. Half of the virtual shares from the 2016 tranche may be exercised upon expiry of a four-year blocking period and the other half upon expiry of a six-year blocking period during certain trading windows within a two-year exercise period in each case. If the virtual shares are not exercised by the end of this period, they are paid out on the final day of the last exercise window.

The two-year exercise period does not apply to executives. For these participants, the amount paid out is calculated upon expiry of a four-year blocking period based on the GfK share price of the last 20 trading days prior to 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.

Any bonus granted expires without compensation 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 reported by the GfK Group under intangible assets.

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

Goodwill from the acquisition of companies which do not report in euros is stated in the reporting currency of the subsidiary acquired. The exchange rate on the date of first-time 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 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. 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 the Other category.

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 of disposal or the value in use if higher. Since the value in use usually generates a lower cash flow based on GfK's estimate, GfK generally only calculates the fair value less costs of disposal. It is established as part of the impairment test, using a discounted cash flow method. The expected future cash flow from the relevant five-year budget is used for the calculation. The relevant forecasts take into account past experiences and are based on the best possible Management Board estimate of future developments. Growth in the cash flow beyond the five-year period (perpetuity) is taken into account by reducing the discount rate. To derive the sustained growth effects, current industry-related conditions as well as the cost-earnings ratio and GfK's performance were taken into account. Against this backdrop, a growth deduction of 1.3 percentage points was applied (2015: 1.3 percentage points).

Similar to the discount rate, this reduced growth rate is derived from externally available capital market data. This method is used to determine the fair value of level three.

The discount rate is determined by carrying out a weighted average cost of capital calculation, taking into account the standard industry capital structure and standard industry financing costs. The discount rate takes into account the expectations of investors and lenders and the relevant country risk. Depending on the cash generating unit, the resulting discount rate ranged from 6.5 percent to 12.4 percent as at December 31, 2016 (December 31, 2015: 6.4 percent to 12.1 percent). The discount rate before tax as at December 31, 2016 ranged from 8.4 percent to 17.4 percent (December 31, 2015: 8.3 percent to 16.8 percent).

Estimates are involved in determining the recoverable amount of cash generating units to which goodwill has been allocated. Primary assumptions on the basis of which the calculation of recoverable amounts is made include estimated growth rates, weighted average capital cost rates and tax rates. Estimates are required, in particular, to forecast and for the discounting of future cash flows and thus the expected economic development. Capital market volatility, interest rates and currency fluctuations also influence the valuation. Estimates made and the underlying methods may have a significant impact on the relevant figures 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 represent 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 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 arithmetical 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 setup 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, the software 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 setup costs generally involve capitalized development costs for setting up new panels or expanding existing panels. Capitalized panel setup costs include:

- Spending on materials and services used to set up panels.
- Wages and salaries and other employment expenses for staff directly involved in setting up panels.
- Overheads necessarily incurred in panel setup, 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 setup costs are only written down if they are directly incurred in connection with a specific, fixed-term 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 relevant 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 only to a limited extent to brands. 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 is capitalized for qualifying assets.

3.19 TANGIBLE ASSETS

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

The GfK Group generally applies the useful life periods indicated in the table below:

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, as either a finance or operating lease, depending on the type of agreement.

A finance lease is characterized by the fact that the risks and rewards of the leased asset are usually transferred to the lessee. With a finance lease, the leased asset is capitalized by the lessee, and a corresponding lease liability is reported. The lease 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 is lower.

The capitalized leased 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 applied beyond that period.

The lease liability is amortized over the term of the lease agreement through lease payments. Discounts are written up by applying a constant interest rate to the remaining debt and reported in interest expenses under other financial expenses.

With regard to operating leases, the leased assets are entered on the lessor’s balance sheet. The lessee states his 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 payables, 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 fixed-income financial instruments, interest rate changes may result in 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 stated if the GfK Group is a contractual party in relation to a financial instrument.

Financial assets and financial liabilities are valued at fair value when they are first recognized. With regard to financial assets which are not subsequently valued at fair value with impact on income, the transaction costs directly attributable to the acquisition are taken into account. The fair values stated 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, the financial assets are valued using standard market procedures (valuation models). These are based on instrument-specific market parameters. The fair values of financial instruments that are entered on the balance sheet at amortized cost are 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 as the competent body stipulated at its discretion that financial instruments are never classified as held to maturity but instead always as available for sale.

At the GfK Group, the category "Financial assets available for sale" represents the residual amount of primary financial instruments, which were not allocated to any other 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 subsequently resulting from the valuation at fair value are recognized in other comprehensive income. This does not apply if an impairment is permanent or material, or to 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 are posted under 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, in particular, are valued at acquisition cost (less impairment where applicable).

Impairment expenses are stated if the carrying value of a financial asset is higher than the present value of the future cash flows. An impairment test is carried out 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 the expected future cash flows has occurred since the asset was first recognized.

To decide if an impairment has occurred, 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 of the asset and the recoverable value, which is the present value of the expected future cash flows and which is discounted at the original effective interest rate of the financial instrument. To simplify matters, any cash flow from current receivables is not discounted. Impairment of financial instruments in the "Loans and receivables" category is recorded in separate value adjustment accounts. The relevant value adjustment is removed upon disposal of the financial instrument. No direct decrease or increase in the carrying value of financial instruments in the "Loans and receivables" category takes place in principle.

The reclassification of financial assets and financial liabilities valued at fair value from one level of the valuation hierarchy to another is applied at the end of the fiscal year in which it occurred.

Financial liabilities are valued at fair value when they are recognized for the first time. The directly attributable transaction costs are also stated 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 payables 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 repayable amount.

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 reported 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. With regard to all other loans and receivables, the market value is determined by discounting the expected future cash flow. 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. It would only be possible to establish the market value reliably on the basis of concrete divestiture 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 rate risk. Cash deposits, investing in securities and raising bank loans are also in various currencies. This may result in risks from changes in exchange rates, interest rates and market prices.

More detailed information on currency and interest rate risks as well as the goals, strategies and process 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 in the balance sheet at acquisition cost as asset or liability at the time of the transaction and subsequently valued at fair value. Standard market procedures based on instrument-specific market parameters are used in the valuation of derivative financial instruments. 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, the reporting of changes in the value of derivative financial instruments differs, 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 hedged underlying transaction and the derivative financial instrument are taken to the income statement.

With regard to changes in the value of cash flow hedges used to hedge underlying transactions against risks from fluctuations in the future cash flow, the effective portions of the fair value fluctuations are initially stated 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 portions of hedges are charged directly to the income statement. A risk regarding the amount of the future cash flow exists, in particular, with 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 impact on the income statement.

Net investment hedges can be used to hedge net investments in foreign subsidiaries. This may, for example, involve a foreign currency loan in the local currency of the shareholding acquired. 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 transaction are posted in OCI. The release of this item with impact on the income statement does not occur at the end of the term of the hedging transaction but instead 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 transaction is accurately documented. In addition, the documentation must specify how the hedging transactions compensate the risk associated with the underlying transaction highly effectively as well as indicating the methods used to substantiate the effectiveness.

Generally, the part of the changes in value not covered by the underlying transaction is taken to the consolidated income statement.

The GfK Group also enters into hedge agreements which cannot be reported according to the rules of hedge accounting. From a financial point of view, these hedge agreements comply with risk management principles. Furthermore, hedge accounting is not applied to foreign currency hedges relating to monetary assets and liabilities reported on the balance sheet. This is because the gains and losses realized on the underlying transactions 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 doubtful receivables, a significant level of estimation and assessment is needed. The main factors to be taken into account are the client's credit rating, current economic developments 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 is available about the client, two-thirds of the order value is payable prior to delivery of data. The creditworthiness of existing clients must also be monitored on the basis of the specified rules. In addition, the credit risk is minimized by issuing invoices for prepayments and on-account payments.

3.23 INVENTORIES

Inventories are valued at the lower of acquisition or production costs and net realizable value. Due to their secondary 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

In the consolidated balance sheet, assets and liabilities with a carrying value that is primarily realized through disposal and not through ongoing use are reported separately from other assets and liabilities, under the balance sheet items "Assets held for sale" and "Liabilities held for sale." Disposal within a year must be highly probable.

Non-current assets that are classified as held-for-sale are assessed at the lower of the carrying value and fair value minus costs of disposal. Their regular amortization is suspended. In the event of a decline in value, the impairment is initially assigned to goodwill and then proportionately to the remaining assets and liabilities. The impairment expenses are reported in the income statement. The calculation of the fair value less costs of disposal is based on estimates and assumptions, which involve some 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 reported under the capital reserve.

Retained earnings
Amounts created from income in the fiscal year under review or prior fiscal years are reported as retained earnings. This includes the statutory reserve to be set up from income.

Other reserves
Other reserves comprise changes in Group equity, which are initially stated under other comprehensive income and which are not contributions by shareholders or dividend payments to shareholders.

These changes result from exchange rate differences, unrealized profits and losses from available-for-sale securities, the valuation of hedges (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 minority interests.

3.27 PROVISIONS

In principle, provisions are set up when an obligation to a third party will probably result in an outflow of funds. In addition, a reliable estimate of the level of the obligation must be possible. Long-term interest-free or low-interest provisions are discounted.

Provisions for pensions are valued in line with the projected unit credit method, which takes into account future compensation increases. The amount shown in the balance sheet represents the present value of the defined benefit obligation, adjusted by the unrecognized past-service costs after offsetting the fair value of the plan assets. The discount 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 (net asset) at the beginning of the period with the discount rate applied to the defined benefit obligation, i.e. the gross liability, at the start of the period.

Pensions and similar obligations are reported in the balance sheet based on actuarial valuation methods. Underlying factors include actuarial assumptions such as discount rates, expected salary increases, mortality rates and rates of increase for healthcare costs. Changed conditions can mean that actuarial assumptions may materially differ from actual developments and subsequently result in significant changes in the obligations connected with payments to employees.

Payments for defined contribution plans are stated 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 entered on the liabilities side for probable obligations, the amount of which includes estimated costs for legal advice. This takes into account the likelihood of an outcome unfavorable to the GfK Group and the possibility of being able to estimate the extent of the relevant obligations with sufficient reliability. For the purposes of the assessment of legal risks, GfK Group companies appoint internal and external legal counsel.

Provisions are set up for additional obligations to third parties, which are likely to result in 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 it 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, in particular loans from banks and other lenders, liabilities under finance leases and other interest-bearing liabilities.

The GfK Group reports rights to make delivery (put options or obligations) 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 concerned are not stated as shares held by other shareholders. The associated non-current or current financial liabilities are generally valued at fair value. Interest added to payment obligations is reported under interest expenses.

For possible adjustments to acquisition costs resulting from future events, which are recognized as liabilities at the time of acquisition, any changes in the value of liabilities from earn-outs and put options of minority shareholders assumed on or after January 1, 2010 are reported under other financial income in the income statement. The resultant profit or loss is adjusted in the cash flow statement under the item "Other non-cash income/expenses" within the cash flow from operating activity.

3.29 TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities are stated at repayment value. Obligations arising from invoices outstanding are reported 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 sales recognition methods described above.

3.31 OVERVIEW OF THE VALUATION PRINCIPLES APPLIED

The table below shows the most important valuation principles applied when preparing the GfK Group's consolidated financial statements:

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 other assets	Amortized costs
Short-term 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 leases	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 uses the cash flow from operating activity, investing activity and financing activity to reflect changes in the balance sheet item "Cash and cash equivalents."

The cash flow from operating activity is derived indirectly from changes to the balance sheet items. They are adjusted for the effects of currency translation and changes in the scope of consolidation. Consequently, only 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 GfK Group's consolidated financial statements are prepared in compliance with IFRS and require the use of assumptions and estimates. Some of these estimates involve circumstances where uncertainty is inherent and which 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 view of the net assets, financial position and results of operations. Nevertheless, actual figures for assets and liabilities as well as contingent liabilities on the balance sheet date, and income and expenses for the fiscal year may differ from these.

Estimates are used for the realization of sales under the percentage of completion method, in connection with the required value adjustment for doubtful receivables and in impairment tests for goodwill as well as other intangible and tangible assets. In addition, estimates are made in the purchase price allocation following business combinations, to assess the value of deferred tax assets and in the recognition and valuation of conditional purchase price obligations and provisions. Detailed explanations on the type of estimates necessary in these areas and on how the GfK Group makes these estimates are provided in the above description of accounting policies. The parameters applied to the impairment test for intangible assets and for the valuation of pension provisions in the reporting year 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, 2016, the scope of consolidation in accordance with IFRS included eight domestic (2015: nine) and 128 foreign (2015: 130) subsidiaries in addition to the parent company.

The table below shows the changes in fully consolidated subsidiaries in the period from January 1, 2016 to December 31, 2016:

FULLY CONSOLIDATED SUBSIDIARIES
(number)

	Jan. 1, 2016	Additions	Disposals	Dec. 31, 2016
Germany	9	0	–1	8
Abroad	130	10	–12	128
Total	**139**	**10**	**–13**	**136**

As at February 4, 2016, wholly-owned subsidiary Soluciones Netquest de Investigación, S.L., Barcelona, Spain, was acquired and consolidated for the first time including its subsidiaries:

- Netquest Iberia, S.L.U., Barcelona, Spain
- Netquest Mexicana, S.A. de C.V., Mexico City, Mexico
- Netquest Brasil Pesquisa de Mercado Ltda., São Paulo, Brazil
- Netquest Estudios Cono Sur Ltda., Santiago, Chile
- Netquest USA Inc., New York, New York, USA
- Netquest S.A.S., Bogotá, Colombia
- Wakoopa, B.V., Amsterdam, Netherlands.

All eight companies operate in the Consumer Experiences sector.

Goodwill of €24,960 thousand resulted from this acquisition, which relates to the Consumer Experiences sector. The goodwill primarily represents the expertise of employees in the firms, which cannot be capitalized separately. It is not tax deductible.

Following the acquisition of the Netquest Group, synergies are set to arise in terms of the GfK Group's digital direction at global level. As yet unreported intangible assets and the associated deferred taxes in the amount of €9,060 thousand in net terms were identified during the acquisition process. They mainly relate to customer relations, panels and software. The preliminary purchase price allocation as at June 30, 2016 was finalized as at December 31, 2016.

	Pre-merger	On the date of acquisition
Non-current assets	7,251	19,368
Current assets	4,576	4,576
Cash and cash equivalents	779	779
Non-current liabilities and provisions	2,472	5,529
Current liabilities and provisions	9,139	9,139

These companies contributed €14,942 thousand to the GfK Group's consolidated sales in fiscal year 2016. Accumulated net income from these companies since they have joined the GfK Group amounted to €−2,088 thousand.

For the period from January 1, 2016 to the time of first consolidation on February 4, 2016, the above-mentioned companies achieved sales of €2,185 thousand and reported a net income of €−910 thousand.

GfK Retail and Technology Belgium N.V., Leuven, Belgium, which has activities in the Consumer Choices sector and was established in the prior year, was consolidated for the first time as at January 1, 2016. Also established in the prior year, GfK Netherlands B.V., Utrecht, the Netherlands, was consolidated for the first time on January 1, 2016. The company's activities are based in the Consumer Choices and Consumer Experiences sectors. As at January 1, 2016, GfK Panelservices Benelux B.V., Dongen, the Netherlands, which operates in the Consumer Experiences sector, was merged with GfK Intomart B.V., Hilversum, the Netherlands, which has activities in both the Consumer Choices sector and the Consumer Experiences sector. Adimark S.A., Providencia, Santiago, Chile, was merged with GfK Adimark Chile S.A., Providencia, Santiago, Chile, as at July 31, 2016. These mergers within the GfK Group had the sole purpose of simplifying the Group structure and have no immediate and material financial impact.

As at April 30, 2016, the GfK Group completed the divestiture of its market research business in Crop Protection and Animal Health, which comprised share deals for GfK Kynetec Group Limited, St Peter Port, Guernsey, UK as well as GfK Kynetec Limited, London, UK, and GfK Kynetec France SAS, Saint-Aubin, France, as well as several asset deals. These Consumer Choices business units were divested as at April 30, 2016 and resulted in income of €5,092 thousand, which was reported under other operating income.

In connection with the planned divestiture of the Crop Protection and Animal Health business, non-current assets amounting to €24,462 thousand, current assets totaling €11,267 thousand and cash and cash equivalents of €523 thousand were reclassified as assets held for sale as at December 31, 2015. Liabilities held for sale amounted to €7,034 thousand.

On October 3, 2016, all shares in Genius Digital Ltd, London, UK, were sold as part of a management buy-out. The company, whose activities were based in the Consumer Choices sector, was divested as at that date. This transaction resulted in expenses of €4,351 thousand, which were reported under other operating expenses.

As part of these divestitures, the following assets and liabilities were transferred:

	Divestiture of Crop Protection and Animal Health business	Divestiture of Genius Digital Ltd	Total
Non-current assets	21,744	1,703	**23,447**
Current assets	8,341	3,400	**11,741**
Cash and cash equivalents	2,169	0	**2,169**
Non-current liabilities and provisions	8,798	790	**9,588**
Current liabilities and provisions	3,454	113	**3,567**

The purchase price for this transaction was €20,235 thousand, which was fully paid in cash.

All shares in NOP Global Limited, London, UK, were sold on June 3, 2016. The divestiture of the company therefore occurred on that date. No assets and liabilities were transferred.

NOP World Limited, London, UK, was wound up on January 19, 2016 and divested with retroactive effect from January 1, 2016. On September 24, 2016, GfK Blue Moon Research and Planning Pty. Limited, and GfK Blue Moon Quantitative Research Pty. Limited, both based in St Leonards, Australia, were wound up and therefore divested. IFR Monitoring USA Inc., Niagara Falls, New York, USA, was wound up as at December 31, 2016 and divested at the same time.

In addition, GfK Beteiligungsgesellschaft mbH, Nuremberg, Germany, was divested as at January 1, 2016 because it was not material to the GfK Group's position.

4.2 COMPANIES OF MINOR IMPORTANCE

In the year under review, the GfK Group did not include 26 companies (2015: 29) in the consolidated financial statements due to their minor importance 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 were of minor importance, as in the prior year, versus the corresponding figures in the consolidated financial statements.

4.3 ASSOCIATED COMPANIES

In the consolidated financial statements as at December 31, 2016, shareholdings in seven associated companies (2015: ten) were reported in the balance sheet, none of which were associates in Germany (2015: one associate in Germany).

The shareholding in YouEye Inc., Mountain View, California, USA, was sold on February 22, 2016.

On March 9, 2016, the shares in USEEDS GmbH, Berlin, Germany, were sold.

The stake in St. Mamet Saisie Informatique (SMSI) S.A.R.L., Saint Mamet la Salvetat, France, was sold on July 5, 2016.

4.4 OTHER PARTICIPATIONS

The number of other participations was down from four to three following the disposal of shares in Qosmos SA, Amiens, France. This resulted in income of €5,813 thousand, which was reported under other income from participations.

5. SALES

The breakdown of sales according to type is as follows:

	2015	2016
Sales to third parties	1,537,528	1,479,344
Sales to Group companies	3,206	2,077
Sales to related parties	2,692	2,393
Sales	**1,543,426**	**1,483,814**

The breakdown of sales according to sector and region is shown in Section 34 “Segment reporting.”

6. COST OF SALES

The breakdown of cost of sales is shown in the table below:

	2015	2016
Personnel expenses	537,941	529,773
Other cost of sales	461,125	438,635
Amortization/depreciation and impairment	39,498	64,764
Cost of sales relating to Group companies	6,252	4,635
Cost of sales (before research and development costs)	**1,044,816**	**1,037,807**
Research and development costs	17,118	21,287
Cost of sales (including research and development costs)	**1,061,934**	**1,059,094**

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:

	2015	2016
Personnel expenses	198,889	193,770
Other selling and general administrative expenses	81,219	73,354
Amortization/depreciation and impairment	22,118	29,328
Selling and general administrative expenses relating to Group companies	3	20
Selling and general administrative expenses	**302,229**	**296,472**

The item “Amortization/depreciation and impairment” includes adjustments of operating receivables in addition to amortization, depreciation and impairment of other intangible assets and tangible assets.

Other selling and general administrative expenses mainly consist of rental expenses, consultancy 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:

	2015	2016
Income from deconsolidation	0	5,092
Currency exchange gains	2,306	4,528
Reversal of impairments	0	783
Miscellaneous	17,507	5,982
Other operating income	**19,813**	**16,385**

Currency exchange gains mainly comprise profits on foreign currency transactions in U.S. dollars and pound sterling as well as the Japanese yen.

Income from divestiture resulted from the sale of market research business in Crop Protection and Animal Health.

Miscellaneous other operating income comprises profit from the divestiture of the Print Center in Switzerland and USEEDS GmbH, Berlin, Germany, amounting to €1,252 thousand in total. In addition, this item primarily includes income from letting property and from passing on costs. In the prior year, it comprised income from the dissolution of the cross-shareholding with The NPD Group, Inc., USA.

9. OTHER OPERATING EXPENSES

Other operating expenses include the items listed in the table below, which cannot be assigned to functional costs.

	2015	2016
Goodwill impairment	39,418	136,942
Personnel expenses	14,504	21,050
Expenses from deconsolidation	0	4,351
Currency exchange losses	4,545	4,187
Amortization/depreciation and other impairment	24,376	3,541
Miscellaneous	12,082	29,794
Other operating expenses	**94,925**	**199,865**

The goodwill impairment amounting to €136,942 thousand (2015: €39,418 thousand) resulted from the reassessment of growth prospects in the Consumer Experiences sector.

Personnel expenses primarily related to severance payments in connection with positions which were no longer filled due to restructuring in line with the new strategic direction of the relevant business divisions (€14,371 thousand, 2015: €13,897 thousand).

Currency exchange losses mainly comprise losses on foreign currency transactions in U.S. dollars, Japanese yen, pound sterling and Singapore dollars of companies which use the euro as functional currency as well as on foreign currency transactions in euros, U.S. dollars and pound sterling of companies with a functional currency other than the euro.

Amortization, depreciation and other impairment pertain to unscheduled write-downs in connection with media measurement business of €2,448 thousand (2015: €0 thousand). In the prior year, special write-offs of €20,034 thousand resulted from discontinued new product development and discontinued individual modules of an analysis and production platform.

Miscellaneous other operating expenses comprise a further €11,114 thousand (2015: €0 thousand) for consulting fees and risk provisions for media measurement business. Furthermore, expenses of €6,225 thousand (2015: €0 thousand) in connection with the shareholder structure are reported under this item. In addition, miscellaneous other operating expenses include expenses related to lease agreements and relocation (€3,848 thousand, 2015: €4,447 thousand) as well as expenses in connection with share and asset deals (€3,943 thousand, 2015: €3,164 thousand). Expenses in connection with irregularities that occurred in 2012 at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey, only accounted for a minor amount of €17 thousand (2015: €1,349 thousand).

10. PERSONNEL EXPENSES

The expense items in the consolidated income statement include the personnel expenses listed in the following table.

	2015	2016
Wages and salaries	646,255	638,189
Social security contributions	96,112	99,708
Expenses for retirement benefits	23,487	24,743
Personnel expenses	**765,854**	**762,640**

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 determined as follows:

	2015	2016
Operating income	104,151	−55,232
Goodwill impairment	39,418	136,942
Write-ups and write-downs of additional assets identified on acquisitions	4,314	16,536
Income and expenses in connection with share and asset deals	−8,655	4,667
Income and expenses in connection with reorganization and improvement projects	22,772	22,096
Personnel expenses for share-based incentive payments	1,896	7,358
Currency conversion differences	2,240	−341
Expenses from litigation, compliance cases and terminated projects	22,924	16,851
Remaining highlighted items	−1,481	6,416
Adjusted operating income	**187,579**	**155,293**

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.

	2015	2016
Amortization		
Cost of sales	1,171	1,233
Selling and general administrative expenses	3,731	3,888
Impairment		
Cost of sales	919	5,570
Selling and general administrative expenses	1,208	6,590
Other operating expenses	1,288	271
Reversal of impairment		
Cost of sales	−3,131	−238
Selling and general administrative expenses	−872	0
Other operating income	0	−778
Write-ups and write-downs of additional assets identified on acquisitions	**4,314**	**16,536**

Further details are provided in Section 16.6 “Amortization, impairment and reversals of impairment 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 as part of reorganization projects amounting to €14,371 thousand (2015: €13,897 thousand). This item also includes expenses amounting to €2,644 thousand (2015: €3,397 thousand) for the global REACH standardization project.

11.3 PERSONNEL EXPENSES FOR SHARE-BASED INCENTIVE PAYMENTS

A long-term incentive plan, 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 fiscal year 2010 and for selected GfK Group executives since fiscal year 2012. The table below shows the number, term and value of the virtual shares issued under this long-term incentive plan.

Tranche	**2**	**3**	**4**	**5**	**6**	**7**
Year issued	2011	2012	2013	2014	2015	2016
Year of payment	2015	2016	2017	2018	2019[1]	2020[1]
Number of virtual shares issued (quantity)	4,658	27,074	45,516	43,751	118,383	128,585
Fair value of a virtual share in € on the issue date	34.64	30.70	37.08	41.61	33.66	33.82
Fair value of a virtual share in €	43.39	43.39	43.39	43.39	43.39	43.39

1) For half of the virtual shares granted to Management Board members, payment is two years later

Total expenses for the plan amounted to €7,358 thousand in fiscal year 2016 (2015: €1,896 thousand). The increase versus the prior year is primarily the result of the retirement of a Management Board member and the rise seen in the GfK share price on account of the public takeover bid from Acceleratio Capital N.V., headquartered in Amsterdam, the Netherlands. More detailed information on this can be found in Section 36 “Events after the balance sheet date” in these Notes.

11.4 EXPENSES FROM LITIGATION, COMPLIANCE CASES AND TERMINATED PROJECTS

The highlighted item "Expenses from litigation, compliance cases and terminated projects" was introduced in the reporting year for the purposes of transparency. The circumstances it covers, combined with the "Remaining highlighted items" described below, were previously included in the item "Income and expenses from one-off effects and other exceptional circumstances." This reclassification was purely aimed at providing details on how adjusted operating income is derived, with no change in the key indicator itself.

The item comprises risk provisions for media measurement business of €13,562 thousand (2015: €0 thousand). In the prior year, the item included expenses in connection with 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 totaling €20,034 thousand. These expenses amounted to only €190 thousand in the reporting year.

Total expenses of €2,122 thousand were incurred during the fiscal year (2015: €226 thousand) for labor tribunal proceedings and the resultant social security risks.

The expenses resulting from irregularities at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey, amounted to €17 thousand in 2016 (2015: €1,349 thousand).

11.5 REMAINING HIGHLIGHTED ITEMS

The remaining highlighted items comprise expenses of €6,225 thousand (2015: €0 thousand) in connection with the shareholder structure.

Total income of €1,102 thousand was reported in 2015 (2016: €0 thousand) following the sale of a property of GfK Switzerland AG, Hergiswil, Switzerland.

12. OTHER FINANCIAL INCOME

Other financial income breaks down as follows:

	2015	2016
Interest and similar income due from banks	897	659
Other interest income	1,277	1,053
Interest income	**2,174**	**1,712**
Exchange rate related financial income	24,275	22,998
Miscellaneous other financial income	3,718	50
Other financial income	**30,167**	**24,760**

Exchange rate related financial income mainly comprises currency exchange gains on investments, financial receivables and financial liabilities, bank balances in foreign currency and income from currency hedging transactions. These amounts and their development must be seen in connection with the corresponding currency exchange losses in other financial expenses.

Valuation adjustments of purchase price commitments for the acquisition of participations and assets (put options and obligations) with impact on income, which are included in miscellaneous other financial income, amounted to only €50 thousand (2015: €3,681 thousand).

13. OTHER FINANCIAL EXPENSES

Other financial expenses are composed as follows:

	2015	2016
Interest and similar expenses due to banks	5,272	7,445
Other interest expenses	13,456	6,684
Interest expenses	**18,728**	**14,129**
Exchange rate related financial expenses	26,678	21,875
Miscellaneous other financial expenses	3,026	1,435
Financial expenses	**48,432**	**37,439**

The fixed-interest bond worth €186 million, which was issued on April 1, 2011 and featured a 5 percent coupon, was repaid on April 14, 2016. Interest expenses incurred in the period up to April 14, 2016 of €2,226 thousand (2015: €10,100 thousand) are included in other interest expenses. In addition, this item comprises €1,090 thousand (2015: €1,120 thousand) in interest expenses on future purchase price liabilities for acquisitions.

Exchange rate related financial expenses essentially represent currency exchange losses on investments, financial receivables and liabilities as well as bank accounts held in foreign currency and expenses for currency hedging transactions. These amounts and their development must be seen in connection with the corresponding currency exchange gains in other financial income.

Further information regarding the use of derivative financial instruments are 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 components of income tax expense are as follows:

	2015	2016
Current tax expense/benefit	42,320	49,686
Deferred tax expense/benefit	4,843	24,021
Tax expense/benefit	**47,163**	**73,707**

Current tax expense comprises in addition to income tax expense related to the current year of €44,314 thousand (2015: €44,760 thousand), current tax expense related to prior years amounting to €6,988 thousand (2015: tax benefit €1,139 thousand) and tax benefit from the utilization of tax losses in prior years totaling €1,616 thousand (2015: €1,301 thousand).

Deferred tax expense amounting to €7,357 thousand (2015: €6,356 thousand) results from changes in losses carried forward relating to taxable income for the current year. In the reporting year deferred tax expense comprises adjustments of deferred tax assets related to prior years amounting to €8,588 thousand (2015: €156 thousand) as well as a deferred tax expense from the reassessment of deferred tax assets arising from interest limitation carried forward amounting to €8,696 thousand (2015: €0 thousand).

The tax rate for GfK SE and the German tax group members includes the corporate tax rate of 15 percent plus a solidarity surcharge of 5.5 percent thereon as well as the effective trade tax rate of 15.645 percent. This results in an overall tax rate of 31.47 percent as at December 31, 2016. For foreign companies current and deferred tax are calculated based on country-specific tax rates.

The table below shows the reconciliation of the expected income tax expense on the basis of the overall tax rate for GfK SE and the actual income tax expense reported for the Group:

	2015	2016
Income from ongoing business activity	**87,892**	**−62,752**
Overall tax rate for GfK SE	31.47 %	31.47 %
Expected tax expenses	**27,659**	**−19,746**
Tax rate differences	1,019	−916
Goodwill impairment	12,405	43,096
Non-deductible expenses	8,228	15,263
Tax-exempt income	−4,429	−8,965
Adjustment of deferred tax due to changes in tax rates	−1,435	−873
Changes in deferred tax assets not recognized	−693	25,956
Income taxes related to prior years	−976	13,960
Withholding tax and other foreign taxes	2,568	4,942
Other	2,817	990
Tax expenses reported	**47,163**	**73,707**

Deferred taxes are presented in the consolidated balance sheet as follows:

	Dec. 31, 2015	Dec. 31, 2016
Deferred tax assets	43,578	30,102
Deferred tax liabilities	−86,373	−96,817
Net deferred tax liabilities	**−42,795**	**−66,715**

The change in the net amount of deferred tax is as follows:

	2015	2016
Net deferred tax liabilities as at January 1	**−34,149**	**−42,795**
Change in the scope of consolidation	−469	238
Reclassification of deferred taxes to the item assets and liabilities held for sale	−115	0
Deferred tax expenses (–)/income (+) through profit or loss	−4,843	−24,021
Change in deferred tax recognized without impact on income resulting from the revaluation of defined benefit pension commitments	58	1,718
Change in deferred tax recognized without impact on income related to other items	2,024	−190
Currency effects and other changes	−5,301	−1,665
Net deferred tax liabilities as at December 31	**−42,795**	**−66,715**

Deferred tax assets and liabilities are related to the following:

	Dec. 31, 2015		Dec. 31, 2016	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Goodwill	508	−46,032	272	−54,818
Other intangible assets	1,236	−75,628	791	−73,532
Tangible assets	1,852	−2,190	687	−1,482
Financial assets	1,512	−7,206	1,989	−885
Receivables and other assets	1,582	−12,673	4,165	−17,133
Non-current liabilities	14,535	−448	17,718	−1,103
Current liabilities	25,115	−1,338	25,255	−1,451
Total temporary differences	**46,340**	**−145,515**	**50,877**	**−150,404**
Tax losses carried forward	43,031		30,490	
Interest limitation carried forward	12,032		0	
Tax credits	1,317		2,322	
Deferred tax (before netting)	**102,720**	**−145,515**	**83,689**	**−150,404**
Netting	−59,142	59,142	−53,587	53,587
Deferred tax as per the balance sheet	**43,578**	**−86,373**	**30,102**	**−96,817**
Net amount of deferred tax liabilities		**−42,795**		**−66,715**

As at December 31, 2016 tax losses carried forward for corporate tax purposes are amounting to €207,881 thousand (December 31, 2015: €201,542 thousand) and losses carried forward for other income tax purposes at local level are amounting to €26,644 thousand (December 31, 2015: €56,000 thousand). For companies which reported deferred tax assets for tax losses carried forward and which incurred losses in the reporting year or the previous year, net deferred tax assets of €5,330 thousand (December 31, 2015 (adjusted): €6,479 thousand) are recognized, since sufficient future profits are expected.

To assess this profit expectation, the Management Board considers the income position in the past and forecast future income, which is calculated on the basis of approved business plans. In addition, information about losses from prior years not yet utilized for tax purposes and other relevant considerations are taken into account in this assessment.

For tax losses carried forward for which no deferred tax assets are recognized, the expiry dates are as follows:

	Dec. 31, 2015	Dec. 31, 2016
Expiration within the next 5 years	15,942	32,542
Expiration within 5 to 10 years	11,055	2,337
Expiration in more than 10 years	344	330
Unlimited carryforward period	29,069	69,356
Losses carried forward for corporation tax purposes	**56,410**	**104,565**

	Dec. 31, 2015	Dec. 31, 2016
Limited carryforward period	27,252	114
Unlimited carryforward period	1,647	6,264
Losses carried forward for local tax	**28,899**	**6,378**

In addition to the unrecognized tax loss carried forward mentioned above, no deferred tax assets are recognized for temporary differences amounting to €20,964 thousand (December 31, 2015: €11,481 thousand) and interest limitation carried forward of €36,374 thousand (December 31, 2015: €0 thousand) and tax credits of €440 thousand (December 31, 2015: €390 thousand).

The GfK Group recognizes deferred taxes on retained profits of foreign subsidiaries, provided that these profits are distributable and will be distributed in the foreseeable future. Deferred tax liabilities are not recognized for temporary differences of €27,661 thousand (2015: €17,780 thousand), since it is not intended to distribute underlying retained earnings of foreign subsidiaries in the foreseeable future.

Dividends to shareholders of GfK SE do not result in income tax consequences at the level of GfK SE.

15. EARNINGS PER SHARE

Earnings per share are derived as follows:

	2015	2016
Consolidated total income attributable to equity holders of the parent	36,773	−140,555
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 €	**1.01**	**−3.85**
Earnings per share (diluted) in €	**1.01**	**−3.85**

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, 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**
As at January 1, 2016	1,050,175	269,232	472,267	1,791,674
Exchange rate changes	−25,197	4,526	4,407	−16,264
Additions from business combinations	27,987	10,747	12,354	51,088
Other changes in the scope of consolidation	0	−791	−2,880	−3,671
Additions	597	47,804	5,399	53,800
Disposals	0	−876	−2,253	−3,129
Reclassifications	0	−522	206	−316
As at December 31, 2016	**1,053,562**	**330,120**	**489,500**	**1,873,182**
CUMULATIVE AMORTIZATION				
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**
As at January 1, 2016	276,172	121,660	348,049	745,881
Exchange rate changes	−2,273	1,303	2,901	1,931
Additions from business combinations	0	4,844	188	5,032
Other changes in the scope of consolidation	0	−410	−3,027	−3,437
Additions	0	30,155	13,117	43,272
Disposals	0	−881	−2,149	−3,030
Impairments	136,942	9,473	14,028	160,443
Reversal of impairments	0	−5	−1,017	−1,022
Reclassifications	0	−44	49	5
As at December 31, 2016	**410,841**	**166,095**	**372,139**	**949,075**
CARRYING VALUES				
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**
As at January 1, 2016	774,003	147,572	124,218	1,045,793
As at December 31, 2016	**642,721**	**164,025**	**117,361**	**924,107**

Additions from business combinations to goodwill resulted from company acquisitions and divestitures in the reporting year. Further information on this is provided in Section 4, "Scope of consolidation and major acquisitions."

16.1 GOODWILL

At the beginning of 2016, the carrying value of goodwill amounted to €774,003 thousand (2015: €772,709 thousand). At year end, the carrying value stood at €642,721 thousand. Of the decrease in goodwill of €131,282 thousand (2015: increase of €1,294 thousand), exchange rate related changes accounted for €22,924 thousand (2015: −44,519 thousand) and impairment of goodwill in the Consumer Experiences sector for €136,942 thousand (2015: €39,418 thousand). Additions of €597 thousand (2015: disposals of €1,337 thousand) resulted from the revaluation of purchase price obligations for the acquisition of shares. Investing and divestitures produced additions of €27,987 thousand (2015: disposals of €2,470 thousand).

The reduction in goodwill reported in the balance sheet, based on the impairment converted at average exchange rates on the balance sheet date, amounted to €136,959 thousand (2015: €39,820 thousand).

16.2 INTERNALLY GENERATED INTANGIBLE ASSETS

The breakdown of internally generated intangible assets is as follows:

Dec. 31, 2015	**With limited useful life**	**With indefinite useful life**	**Total**
Software	95,482	0	95,482
Capitalized panel setup costs	18,368	31,116	49,484
Other	2,606	0	2,606
Internally generated intangible assets	**116,456**	**31,116**	**147,572**

Dec. 31, 2016	**With limited useful life**	**With indefinite useful life**	**Total**
Software	102,809	0	102,809
Capitalized panel setup costs	19,082	39,144	58,226
Other	2,990	0	2,990
Internally generated intangible assets	**124,881**	**39,144**	**164,025**

Capitalized panel setup costs have only a limited useful life if the panel was set up for a specific, fixed-term client contract. Otherwise, capitalized panel setup 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, 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**

Dec. 31, 2016	**With limited useful life**	**With indefinite useful life**	**Total**
Acquired panels	205	64,351	64,556
Customer relations	19,404	0	19,404
Brands	986	17,898	18,884
Software	10,990	0	10,990
Other	3,527	0	3,527
Miscellaneous intangible assets	**35,112**	**82,249**	**117,361**

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. Where the goodwill of cash generating units accounts for more than 5 percent of the GfK Group's total goodwill, it is shown separately.

	Dec. 31, 2015	**Dec. 31, 2016**
Consumer Experiences	**402,079**	**269,130**
of which		
Northern Europe	228,940	165,281
North America	78,477	53,302
Central Eastern Europe/META	41,690	41,969
Other	52,972	8,578
Consumer Choices	**371,924**	**373,591**
of which		
Northern Europe	151,291	150,820
North America	99,560	101,093
Southern and Western Europe	58,690	58,255
Asia and the Pacific	34,646	34,291
Other	27,737	29,132
Goodwill	**774,003**	**642,721**

Impairment as a result of the impairment test amounted to €136,942 thousand (2015: €39,418 thousand). The decline in goodwill of €131,282 thousand (2015: €1,294 thousand) resulted almost entirely from the impairment applied in the current fiscal year. This related to all regions of the Consumer Experiences sector except Central Eastern Europe/META.

Allocation of capitalized panel setup costs for internally generated panels with an indefinite useful life to the sectors is illustrated in the table below.

	Dec. 31, 2015	Dec. 31, 2016
Consumer Experiences	19,595	22,294
Consumer Choices	11,521	16,850
Capitalized panel setup costs with indefinite useful life	**31,116**	**39,144**

The increase in the Consumer Choices sector versus the prior year partly resulted from the expansion of a health panel in Germany and the expansion of a consumer goods panel in the USA. The increase in the Consumer Experiences sector was attributable to the addition of panels at the recently acquired Netquest Group, which are set to strengthen the GfK Group's position in Latin America, Spain and Portugal.

Allocation of the acquired panels with an indefinite useful life to the sectors is shown in the table below. Overall, no material changes occurred versus the prior year.

	Dec. 31, 2015	Dec. 31, 2016
Consumer Experiences	45,261	44,512
Consumer Choices	19,415	19,839
Acquired panels with indefinite useful life	**64,676**	**64,351**

Brands identified and capitalized as part of purchase price allocation generally have an indefinite useful life. These are established, well-known brands.

Allocation of brands with an indefinite useful life to the sectors is indicated in the following table.

	Dec. 31, 2015	Dec. 31, 2016
Consumer Experiences	2,575	2,631
Consumer Choices	14,782	15,267
Brands with indefinite useful life	**17,357**	**17,898**

16.5 INTANGIBLE ASSETS OF MATERIAL IMPORTANCE

Intangible assets of material importance in the GfK Group are intangible assets with an individual carrying value of more than €5 million. The total values of these intangible assets of material importance represent a subset of total intangible assets and are shown in the following table.

	Dec. 31, 2015	Dec. 31, 2016
Goodwill	774,003	642,721
Panels	63,711	68,050
Software	41,420	54,315
Brands	14,782	15,267

Software mainly comprises the internally generated StarTrack analysis and production system in the Consumer Choices sector, which is adjusted to client requirements on an ongoing basis. 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 a new end-to-end system in the Consumer Experiences sector.

With regard to panels, the increase mainly resulted from the addition of a high-quality panel, certified to ISO standard, in connection with the acquisition of the Netquest Group.

The brands category relates to a brand from purchase price allocation in connection with the acquisition of the former NOP World.

16.6 AMORTIZATION, IMPAIRMENT AND REVERSALS OF IMPAIRMENT OF INTANGIBLE ASSETS

Amortization, impairment and reversals of impairment of intangible assets are included in the consolidated income statement under the items shown below:

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**

2016	**Amortization**	**Impairments**	**Reversal of impairments**	**Total**
Cost of sales	−33,562	−13,400	239	−46,723
Selling and general administrative expenses	−9,710	−7,733	0	−17,443
Other operating expenses	0	−139,310	783	−138,527
Total	**−43,272**	**−160,443**	**1,022**	**−202,693**

An impairment is stated when the carrying value of the cash generating unit subject to an impairment is higher than the future recoverable amount. This is determined as the higher amount of the fair value less cost of disposal or the value in use. The fair value less cost of disposal is the amount that could be achieved between knowledgeable, willing parties to an agreement which are independent of each other, after deducting the costs of disposal. Due to restrictions in determining the value in use, the fair value less costs of disposal usually exceeds the value in use and consequently represents the recoverable amount for the GfK Group.

Where other intangible assets were subject to impairment, a reversal occurs if a higher amount is recoverable at a later date. The carrying value after the reversal must not exceed the arithmetical carrying value, which would have resulted had the impairment not taken place in the past.

Impairment of assets resulted from impairment tests which were based on updated capital market data as well as business plans. The breakdown of impairment expenses, converted into Euros using the average exchange rate during the reporting year, is as follows:

	2015	**2016**
Goodwill	−39,418	−136,942
Panels	−1,629	−10,846
Customer relations	−1,208	−6,590
Software	−21,091	−5,291
Concessions	−10	−503
Brands	−1,288	−271
Total	**−64,644**	**−160,443**

Impairment expenses rose sharply versus the prior year. The impairment of goodwill was up from €39,418 thousand in the prior year to €136,942 thousand in the current fiscal year.

Impairment of panels also increased versus the prior year, totaling €10,846 (2015: €1,629 thousand), with the North America region accounting for about half of this amount. In addition, an impairment was recorded in respect of customer relations, amounting to €6,590 thousand (2015: €1,208 thousand). More than half of this amount was attributable to the regions North America and Latin America.

To determine if and to what extent an impairment of goodwill exists, an impairment test is carried out at least once a year. Budget assumptions for the impairment test carried out at mid year on the goodwill in the region Central Eastern Europe/META turned out to be inaccurate. As a result, this goodwill was undervalued. The error was corrected by accordingly adjusting goodwill as at year end, with impact on the income statement.

Overall, the write-downs reported on the balance sheet for goodwill in the Consumer Experiences sector, converted into Euros using the mean exchange rate on the reporting date, were attributable to the following regions:

	Dec. 31, 2015	**Dec. 31, 2016**
Northern Europe	0	−39,604
Southern and Western Europe	−11,909	−35,457
North America	0	−30,772
Asia and the Pacific	0	−19,076
Latin America	0	−12,050
Central Eastern Europe/META	−27,911	0
Total	**−39,820**	**−136,959**

The impairment essentially resulted from adjusted growth prospects in the above-mentioned regions.

The fair values less costs of disposal of the cash generating units in the Consumer Experiences sector, which were subject to impairment in the reporting year or prior year, are shown in the following table.

	Dec. 31, 2015	Dec. 31, 2016
Northern Europe	387,039	198,898
North America	170,956	99,148
Central Eastern Europe/META	62,410	59,267
Southern and Western Europe	70,039	52,258
Latin America	19,602	11,867
Asia and the Pacific	48,792	6,726
Total	**758,838**	**428,164**

The following tables provide an overview of the goodwill tested in the impairment test and of the material 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 are summarized in the following tables in the "Other CE" and "Other CC" columns.

Consumer Experiences (CE)	Northern Europe	North America	Southern and Western Europe	Central Eastern Europe/META	Other CE
Goodwill tested as at Dec. 31, 2016 before impairment	204,885	84,074	43,802	41,969	32,907
Duration of the detailed planning period	5 years	5 years	5 years	5 years	5 years
Average annual growth of external sales in the detailed planning period	4 %	5 %	3 %	1 %	3 %
Growth per year after the end of the detailed planning period	1.3 %	1.3 %	1.3 %	1.3 %	1.3 %
Discount rate as at Dec. 31, 2016	6.5 %	6.8 %	7.2 %	9.1 %	7.8 %–12.4 %

Consumer Choices (CC)	Northern Europe	North America	Southern and Western Europe	Other CC
Goodwill tested as at Dec. 31, 2016 before impairment	150,820	101,093	58,255	63,872
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	5 %	4 %	3 %	5 %
Growth per year after the end of the detailed planning period	1.3 %	1.3 %	1.3 %	1.3 %
Discount rate as at Dec. 31, 2016	6.5 %	6.8 %	7.2 %	7.8 %–12.4 %

Recoverable amounts are determined on the basis of the future cash flow forecast. Planning figures approved by the Management Board for the next five years are used for this purpose. They are based on past experience, current results of operations and the Management Board's assessment of the expected market environment. These planning figures were validated again, both on a sector-specific and regional basis. The expected average annual growth of external sales is therefore in line with past values and the expectations of the management. In view of the uncertainty about future developments, a 20 percent haircut was applied to the planned cash flow for the Consumer Experiences sector, as was also the case in the prior year.

The following sensitivity analysis highlights the extent to which additional impairment would be required,

- › if the discount rate was increased by 1 percentage point,
- › if the future cash flow decreased by 10 percent, and
- › if a perpetuity growth rate of only 1.3 percent was already applied to segments with higher growth rates in the detailed planning for 2020 and 2021.

All other parameters remain unchanged in each case. The tables below provide an overview of the additional impairment required in each case if only the above-mentioned parameters changed for the cash generating units of the Consumer Experiences sector. The impact of the calculated sensitivities was taken into account up to minimum goodwill per region of zero.

2015	Northern Europe	Southern and Western Europe	Central Eastern Europe/META	North America	Latin America	Asia and the Pacific	Total
Deterioration of 1 percentage point in the discount rates	–	−10,261	−6,492	–	–	–	−16,753
Reduction of the future cash flow by 10 percent	–	−11,693	−9,358	–	−1,261	–	−22,312
Recognition of perpetuity growth for years 4 and 5	–	−316	−1,976	–	–	–	−2,292

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

In the Consumer Choices sector, none of the changes in parameters would result in an impairment requirement.

The intrinsic value of the capitalized panel setup costs and brands with an indefinite useful life was also assessed as part of an impairment test.

The table below provides an overview of the material intangible assets with an indefinite useful life reviewed in impairment tests as at the balance sheet date, as well as of the material assumptions used in the respective impairment test. The Digital Panel was a new addition whereas the Physician's Consulting Network Panel, which was still included in the prior year, was below the materiality threshold of €5 million at year end.

	US brand	Access Panel	Health Panel	Digital Panel
Carrying value	15,267	35,212	11,183	8,525
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 %	3 %	51 %	40 %
Growth per year after the end of the detailed planning period	1.3 %	1.3 %	1.3 %	1.3 %
Discount rate	6.8 %	6.8 %	6.4 %	8.9 %

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, 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**
As at January 1, 2016	35,147	274,016	309,163
Exchange rate changes	0	2,991	2,991
Additions from business combinations	0	1,506	1,506
Other changes in the scope of consolidation	0	−92	−92
Additions	81	17,847	17,928
Disposals	15	−16,107	−16,092
Reclassification as assets held for sale	−4,582	−1,917	−6,499
Reclassifications	0	316	316
As at December 31, 2016	**30,661**	**278,560**	**309,221**
CUMULATIVE DEPRECIATION			
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
Reclassification as assets held for sale	229	714	943
Impairments	0	0	0
Reversal of impairments	0	−4,062	−4,062
Reclassifications	0	−166	−166
As at December 31, 2015	**15,108**	**188,814**	**203,922**
As at January 1, 2016	15,108	188,814	203,922
Exchange rate changes	−2	840	838
Additions from business combinations	0	1,284	1,284
Other changes in the scope of consolidation	0	29	29
Additions	717	28,499	29,216
Disposals	−21	−15,571	−15,592
Reclassification as assets held for sale	−2,329	−1,869	−4,198
Impairments	30	1,207	1,237
Reversal of impairments	0	0	0
Reclassifications	0	−4	−4
As at December 31, 2016	**13,503**	**203,229**	**216,732**
CARRYING VALUES			
As at January 1, 2015	26,457	89,402	115,859
As at December 31, 2015	**20,039**	**85,202**	**105,241**
As at January 1, 2016	20,039	85,202	105,241
As at December 31, 2016	**17,158**	**75,331**	**92,489**

17.1 LEASING

The GfK Group is the lessee of office space and business equipment under long-term lease agreements. 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).

The GfK Group has no material finance lease agreements.

Operating lease

Within the scope of operating lease agreements, the payments listed in the following table were carried as expenses:

	2015	2016
Minimum lease payments	49,744	48,662
Contingent lease payments	110	175
less sub-lease payments received	−548	−1,104
Lease payments	**49,306**	**47,733**

Future minimum lease payments under non-terminable agreements were due as follows:

	Dec. 31, 2015	Dec. 31, 2016
Within 1 year	46,996	43,639
Between 1 and 5 years	107,091	130,514
After more than 5 years	53,098	152,356
Future minimum lease payments under operating leases	**207,185**	**326,509**

In the reporting year, no contingent lease payments arose that would be recognized as expenses.

The material operating lease agreements in the GfK Group are lease agreements for land and buildings, some with the option to extend the lease. They expire at different dates in the future.

An increase in future minimum lease payments of €126,000 thousand resulted from a lease agreement for an office building in Nuremberg, Germany, signed in 2016. The lessor is to submit an application for planning permission by June 30, 2017. The contractually agreed fixed lease period is 15 years. Two extension options, each for a further five years, were agreed beyond that period. Use and the start of the lease are scheduled for December 1, 2019 at the earliest.

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 it is also stated which associated companies were not valued at equity for reasons of materiality.

There were no material investments in associates.

The GfK Group holds shares in various non-material associates.

The table below provides the aggregated financial information for all non-material associates valued at equity.

	2015	2016
Pro rata carrying value as at December 31	651	966
Pro rata income for the period	−4,310	636

The pro rata carrying value and pro rata income for the period do not include any impairment (2015: €2,168 thousand).

The pro rata income for the period indicated in the table above does not include any unreported losses on non-material associates valued at equity. For the current year, these shares of losses amount to €50 thousand (2015: €348 thousand). The accumulated loss shares amount to €398 thousand (2015: €348 thousand).

Disclosures on the associates which are not valued at equity and two joint arrangements 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, 2015	Dec. 31, 2016
Shares in affiliated companies	2,930	1,580
Other participations	970	52
Loans to affiliated companies	1,001	986
Loans to associates	156	226
Other loans	551	192
Other available-for-sale securities	2	168
Long-term fixed deposits	3	111
Other financial assets	**5,613**	**3,315**

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 related to financial and non-financial other assets and deferred items is shown in the following table.

	Dec. 31, 2015	Dec. 31, 2016
Financial non-current other assets and deferred items	10,985	6,376
Non-financial non-current other assets and deferred items	9,844	8,105
Non-current other assets and deferred items	**20,829**	**14,481**
Financial current other assets and deferred items	14,228	12,837
Non-financial current other assets and deferred items	24,134	27,210
Current other assets and deferred items	**38,362**	**40,047**

The breakdown of financial other assets and deferred items is as follows:

	Dec. 31, 2015	Dec. 31, 2016
Financial non-current other assets and deferred items with a remaining term of more than 1 year		
Non-derivatives:		
Deposits	3,405	3,983
Receivables from divestitures not yet due	0	1,488
Interest receivables	364	364
Assets from the sale of real estate	3,761	70
Receivables from suppliers	25	36
Remaining financial non-current other assets and deferred items	186	435
Subtotal: non-derivatives	**7,741**	**6,376**
Derivatives:		
Derivative financial instruments (not used as hedges)	3,226	0
Derivative financial instruments (used as hedges)	18	0
Subtotal: derivatives	**3,244**	**0**
Financial non-current other assets and deferred items	**10,985**	**6,376**
Financial current other assets and deferred items with a remaining term of up to 1 year		
Non-derivatives:		
Receivables from suppliers	2,908	2,984
Deposits	2,514	2,590
Receivables from divestitures not yet due	2	1,116
Receivables from customers	924	719
Bills receivable	588	703
Credit balances, refund claims	2,340	87
Interest receivables	842	83
Remaining financial current other assets and deferred items	1,240	1,374
Subtotal: non-derivatives	**11,358**	**9,656**
Derivatives:		
Derivative financial instruments (not used as hedges)	2,663	3,181
Derivative financial instruments (used as hedges)	207	0
Subtotal: derivatives	**2,870**	**3,181**
Financial current other assets and deferred items	14,228	12,837
TOTAL: FINANCIAL OTHER ASSETS AND DEFERRED ITEMS	**25,213**	**19,213**
of which non-derivatives	19,099	16,032
of which derivatives	6,114	3,181

The receivables from divestitures not yet due mainly relate to the sale of Qosmos SA, Amiens, France.

The assets from the sale of real estate in the prior year related to a payment not yet due from the sale of real estate by GfK Switzerland AG, Hergiswil, Switzerland.

Value adjustments to other assets and deferred items are shown in the table below.

VALUE ADJUSTMENTS TO OTHER ASSETS AND DEFERRED ITEMS

	2015	2016
As at Jan. 1	**1,489**	**447**
Additions	0	99
Releases	0	0
Utilization	−992	−22
Changes in the scope of consolidation and other effects	−50	−104
As at Dec. 31	**447**	**420**

The breakdown of non-financial other assets and deferred items is as follows:

	Dec. 31, 2015	Dec. 31, 2016
Non-financial non-current other assets and deferred items with a remaining term of more than 1 year		
Receivables from tax and other authorities	4,606	5,839
Deferred items	1,254	1,192
Receivables from income taxes	3,811	876
Miscellaneous non-financial non-current other assets and deferred items	173	198
Non-financial non-current other assets and deferred items	**9,844**	**8,105**
Non-financial current other assets and deferred items with a remaining term of up to 1 year		
Deferred items	16,605	19,593
Receivables from tax and other authorities	4,812	5,888
Receivables from employees	1,577	774
Miscellaneous non-financial current other assets and deferred items	1,140	955
Non-financial current other assets and deferred items	**24,134**	**27,210**
TOTAL: NON-FINANCIAL OTHER ASSETS AND DEFERRED ITEMS	**33,978**	**35,315**

20. TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

	Dec. 31, 2015	Dec. 31, 2016
Trade receivables before value adjustments	**402,134**	**414,728**
less value adjustments	−5,877	−5,910
Trade receivables	**396,257**	**408,818**

The movement in value adjustments to trade receivables is shown in the table below.

VALUE ADJUSTMENTS TO TRADE RECEIVABLES

	2015	2016
As at Jan. 1	**7,250**	**5,877**
Additions	3,138	2,283
Releases	−2,230	−1,525
Utilization	−2,347	−869
Changes in the scope of consolidation and other effects	66	144
As at Dec. 31	**5,877**	**5,910**

Any addition to value adjustments is reported in the consolidated income statement under selling and general administrative expenses.

21. SHORT-TERM SECURITIES AND FIXED-TERM DEPOSITS

Short-term securities and fixed-term deposits of €1,393 thousand (2015: €1,456 thousand) include investments in money market funds amounting to €1,370 thousand (2015: €1,435 thousand).

22. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is shown in the following table.

	Dec. 31, 2015	Dec. 31, 2016
Credit balances with banks	120,724	170,281
Cash equivalents and fixed-term deposits with a term of less than 3 months	9,639	4,175
Checks in transit	−1,252	−1,185
Cash on hand and checks	348	419
Cash and cash equivalents	**129,459**	**173,690**

There are no significant restrictions regarding cash and cash equivalents.

23. ASSETS AND LIABILITIES HELD FOR SALE

GfK Switzerland AG, Hergiswil, Switzerland, plans to sell a building in Hergiswil, Switzerland, in the second half of 2017. The sale procedure has started. The assets and liabilities related to the building therefore meet the reporting criteria of a disposal group. The building to be sold is assigned to the Other category.

The assets to be sold as part of this asset deal were reported on the balance sheet under the item "Assets held for sale." The relevant debt capital was reported under the item "Liabilities held for sale." The table below provides a breakdown of these balance sheet items.

	Dec. 31, 2016
Assets held for sale	
Land	1,230
Buildings	1,023
Fixtures and fittings	49
Assets held for sale	**2,302**
Liabilities held for sale	
Non-current liabilities	140
Liabilities held for sale	**140**

Similar to the prior year, no impairment of non-current assets that were classified as assets held for sale occurred.

In the prior year, assets and liabilities held for sale related to the following circumstances:

› Divestiture of the market research business in Crop Protection and Animal Health, which comprised the following companies: 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 several asset deals. This business was previously assigned to the Consumer Choices sector. The accumulated income in connection with this disposal unit amounted to €5,180 thousand as at December 31, 2015. The transaction was completed on April 30, 2016.
› Sale of the Print Center, the printing shop affiliated with GfK Switzerland AG, Hergiswil, Switzerland, as part of an asset deal. The sale was completed on January 18, 2016. The business was previously assigned to the Other category.
› Divestiture involving the 50 percent shareholding in associate USEEDS GmbH, Berlin, Germany. The transaction was completed on March 9, 2016. The USEEDS business was previously assigned to the Consumer Experiences sector.

The composition of the balance sheet items "Assets held for sale" and "Liabilities held for sale" as at December 31, 2015 is shown in the table below.

Dec. 31, 2015	Divestiture of Crop Protection and Animal Health business	Sale of Print Center in Switzerland	USEEDS divestiture	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**

24. DUE DATES OF ASSETS

The trade receivables are due for payment as shown in the table below.

	Dec. 31, 2015	Dec. 31, 2016
Trade receivables	396,257	408,818
of which neither impaired nor overdue	278,880	296,354
of which not impaired and overdue as follows:		
by up to 30 days	70,202	65,565
by between 31 and 90 days	33,006	34,243
by between 91 and 180 days	9,186	8,993
by between 181 and 360 days	3,134	2,042
by more than 360 days	1,582	1,458
for which new terms negotiated as otherwise overdue	267	163

In the GfK Group, a material portion of trade receivables is due when billed.

With regard to trade receivables with no impairment, there was no indication as at the reporting date of circumstances that may negatively affect their value.

Current other assets and deferred items are due for payment as shown in the table below.

	Dec. 31, 2015	Dec. 31, 2016
Current other assets and deferred items (excluding inventories and receivables from employees)	36,750	39,237
of which neither impaired nor overdue	32,713	34,234
of which not impaired and overdue as follows:		
by up to 30 days	3,436	1,368
by between 31 and 90 days	430	513
by between 91 and 180 days	3	982
by between 181 and 360 days	16	1,589
by more than 360 days	152	551
for which new terms negotiated as otherwise overdue	0	0

With regard to non-impaired current other assets and deferred items, there was no indication as at the reporting date that debtors would not fulfill their payment obligations.

25. EQUITY

25.1 SUBSCRIBED CAPITAL

GfK SE's share capital was unchanged in fiscal year 2016.

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 relevant 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 by up to €55,000 thousand in the period up to May 27, 2020, whereby shareholders' subscription rights may be excluded.

25.3 CONTINGENT CAPITAL

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 at the start of the fiscal year in which they are issued. This contingent capital is used to grant shares to holders of options and/or convertible bonds.

The contingent capital of GfK SE totaled €21,000 thousand as at December 31, 2016.

25.4 EQUITY CHANGE STATEMENT

The equity change statement precedes these Notes.

Of the negative change in the difference from currency translation of €21,654 thousand (2015: positive change of €66,343 thousand), €7,641 thousand resulted from changes in the scope of consolidation, mainly following the disposal of market research business in Crop Protection and Animal Health. Changes in revenue reserves (€8,322 thousand, 2015: €–310 thousand), which largely correspond in terms of amount yet are opposite in nature, primarily resulted from the same transaction. The remaining change in the difference from currency translation was caused by the exchange rate trend in pound sterling. The figures exclude minority interests.

The change in actuarial gains and losses amounting to €4,130 thousand (2015: €3,066 thousand) mainly resulted from a discount rate which was 0.7 percentage points lower in Germany.

Of the amounts reported under other reserves, no material gains or losses were transferred to the consolidated income statement in fiscal year 2016, as was also the case in 2015.

In the reporting year, the same amount as in the prior year of €23,728 thousand was distributed to shareholders of GfK SE. This corresponds to €0.65 (2015: €0.65) per share.

A total of €4,427 thousand (2015: €5,411 thousand) was paid out to minority interests. Total comprehensive income attributable to minority interests amounted to €4,365 thousand (2015: €1,436 thousand). This mainly comprised the share of consolidated total income attributable to minority interests of €4,096 thousand (2015: €3,956 thousand). The share of the change in the translation reserve attributable to minority interests of €272 thousand had no significant impact in the reporting year (2015: €−2,583 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.

The Management Board and Supervisory Board will propose to the Annual General Assembly to carry forward GfK SE's profit for the year amounting to €126,920 thousand and retained earnings of €25,850 thousand without making any dividend payment.

26. PROVISIONS

26.1 LONG-TERM PROVISIONS

The breakdown of long-term provisions is shown in the table below:

	Dec. 31, 2015	Dec. 31, 2016
Pension provisions	66,357	73,531
Other long-term provisions	14,220	25,098
Long-term provisions	**80,577**	**98,629**

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 of 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 €24,549 thousand in 2016 (2015: €24,294 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 use actuarial calculations to determine the level of the pension obligations. The provisions to be reported on the balance sheet represent the balance of pension obligations plus asset ceilings and asset values. The present value of the defined benefit plans and pension assets is determined on the basis of economic and demographic assumptions, such as future salary increases and mortality rates.

Discrepancies between the actual values and the values expected based on 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 €5,848 thousand (2015: €3,143 thousand) were posted in this way. This change also comprises the effects of currency translation. The related cumulative amount recognized in other reserves totaled €−46,404 thousand as at December 31, 2016 (December 31, 2015: €−40,556 thousand). All of the values indicated are the relevant figures before deferred taxes, excluding minority interests.

The calculation of obligations is based on the actuarial and statistical assumptions listed in the table below (weighted averages).

	2015	2016
Discount rate	1.51 %	1.15 %
Rate of salary increase	2.25 %	2.08 %
Fluctuation rate	5.03 %	4.95 %
Expected growth in pension	0.65 %	0.65 %

Mortality rates for GfK companies in Germany were taken from the 2005 G guideline tables by Dr. Klaus Heubeck. For Switzerland, mortality rates were taken from the BVG 2015 actuarial table.

The breakdown of pension provisions reported in the consolidated balance sheet is shown below.

	Dec. 31, 2015	Dec. 31, 2016
Present value of overall obligations	137,239	148,009
Fair value of the plan assets	−70,903	−74,501
Net present value of obligations	**66,336**	**73,508**
Pension provisions	66,357	73,531
Other assets	−21	−23
Net amount reported on balance sheet	**66,336**	**73,508**

Pension arrangements for material defined benefit plans are described in the following:

GfK Switzerland AG, Hergiswil, Switzerland, accounted for €84,954 thousand (2015: €80,183 thousand) of the defined benefit obligation and €73,718 thousand (2015: €70,207 thousand) of the plan assets. The plan is a modified defined contribution plan, where retirement benefits 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 benefit in each case. The pension fund has the legal status of a foundation which is a legal entity in its own right. The foundation is responsible for investing and pursues a conservative investment strategy within prescribed margins.

GfK SE accounted for €50,519 thousand (2015: €46,985 thousand) of the defined benefit obligation and €284 thousand (2015: €262 thousand) of plan assets. The benefit obligation is largely based on individual commitments to senior executives. The form of these commitments is explained in detail in the remuneration report, which is part of the Group Management Report.

GfK does not see any unusual company or plan-specific risks for either type of plan, 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.

	2015	2016
Present value of defined benefit obligation as at January 1	**133,125**	**137,239**
Current service cost	5,076	4,701
Interest cost	2,291	2,030
Participant contributions	1,592	1,503
Actuarial gains and losses from demographic assumptions	−116	941
Actuarial gains and losses from financial assumptions	1,750	6,194
Actuarial gains and losses from experience-related assumptions	−2,037	2,103
Exchange rate changes	8,334	905
Benefits paid	−10,222	−7,573
Reclassification as liabilities held for sale	−2,544	0
Past service cost	−28	30
Business combinations	194	0
Plan reductions	−202	−81
Plan settlements	26	17
Present value of defined benefit obligation as at December 31	**137,239**	**148,009**

The following sensitivity analysis helps to approximately quantify the risk that can arise under certain assumed conditions if specific parameters change. The table provides 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. The prior year's figures did not take into account reclassification as liabilities held for sale.

	2015	2016
Present value of defined benefit obligation as at December 31	**139,783**	**148,009**
Present value of defined benefit obligation if		
the discount rate was		
0.5 percentage points higher	131,295	139,125
0.5 percentage points lower	149,460	158,104
the salary increase rate was		
0.1 percentage point higher	139,964	148,155
0.1 percentage point lower	139,602	147,865
the pension increase rate was		
0.1 percentage point higher	140,804	149,628
0.1 percentage point lower	138,772	146,421

The table below shows the development of plan assets.

	2015	2016
Fair value of plan assets as at January 1	**68,834**	**70,903**
Expected return on plan assets	869	574
Actuarial gains and losses	−1,320	3,484
Exchange rate changes	7,554	696
Employer contributions	2,693	2,430
Participant contributions	1,592	1,503
Benefits paid	−7,239	−5,089
Reclassification as liabilities held for sale	−2,080	0
Fair value of plan assets as at December 31	**70,903**	**74,501**

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 a quoted market price in an active market is available and assets for which this is not the case.

	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 plan assets as at December 31	**58,534**	**12,369**	**70,903**

	2016		
	Market price in an active market	No market price in an active market	Total
Cash and cash equivalents	2,728	0	2,728
Equity instruments	22,115	0	22,115
Debt instruments	27,202	0	27,202
Real estate	6,146	10,293	16,439
Investment funds	284	0	284
Insurance contracts	0	56	56
Miscellaneous	5,677	0	5,677
Fair value of plan assets as at December 31	**64,152**	**10,349**	**74,501**

The actual results from the plan assets amounted to €4,050 thousand in the year under review (2015: €−391 thousand).

According to GfK estimates, contributions of around €2,341 thousand (2015: €2,526 thousand) will be payable into pension plans for Germany and Switzerland in the coming year. For the following year, GfK expects pension payments of €3,916 thousand (2015: €3,758 thousand). The weighted duration of the defined benefit obligation is 14 years, which is the same as in the prior year.

The amounts reported in the consolidated income statement break down as follows:

	2015	2016
Service cost	5,076	4,701
Interest cost	2,291	2,030
Expected return on plan assets	−869	−574
Past service cost	−28	30
Gains and losses from the curtailment or discontinuation of pension plans	−176	−64
Pension expenses/return (–)	**6,294**	**6,123**

Long-term other provisions
The development of long-term other provisions during the period under review is shown in the table below:

	Personnel	Potential contractual losses	Authorities and insurance companies	Legal, consulting and lawsuits	Other	Total
As at January 1, 2016	9,529	1,915	2,407	275	94	14,220
Exchange rate changes	2	83	295	−40	3	343
Write-ups to discounted provisions	142	73	0	10	0	225
Additions	7,891	1,995	4,240	408	322	14,856
Reclassification	−2,541	−587	0	−10	0	−3,138
Utilization	−258	0	−19	−36	0	−313
Release	−238	−683	−174	0	0	−1,095
As at December 31, 2016	**14,527**	**2,796**	**6,749**	**607**	**419**	**25,098**

Personnel provisions of €8,491 thousand (2015: €5,235 thousand) mainly relate to long-term incentive plans. They also include commitments relating to employees leaving and provisions for anniversary expenses based on contractual agreements.

Provisions in connection with authorities and insurance companies predominantly comprise commitments to social insurance providers.

26.2 SHORT-TERM PROVISIONS

The development of short-term provisions during the year under review is shown in the table below:

	Personnel	Potential contractual losses	Authorities and insurance companies	Legal, consulting and lawsuits	Other	Total
As at January 1, 2016	6,890	1,439	5,832	2,341	756	17,258
Exchange rate changes	77	−83	−203	71	0	−138
Changes in the scope of consolidation	32	0	0	0	0	32
Additions	5,010	133	2,750	14,849	896	23,638
Reclassification	2,541	587	−490	501	0	3,139
Utilization	−3,691	−804	−1,543	−1,126	−520	−7,684
Release	−1,474	−27	−855	−789	−218	−3,363
As at December 31, 2016	**9,385**	**1,245**	**5,491**	**15,847**	**914**	**32,882**

Personnel provisions of €3,373 thousand (2015: €3,792 thousand) relate to long-term incentive plans. They also include commitments relating to employees leaving and provisions for anniversary expenses based on contractual agreements.

Short-term provisions include provisions of €1,647 thousand (2015: €3,246 thousand) for anticipated payments in connection with irregularities at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey. They are divided into the categories of "Legal, consulting and lawsuits" and "Authorities and insurance companies."

Furthermore, the category "Legal, consulting and lawsuits" includes risk provisions of €9,621 thousand (2015: €0 thousand) for Media Measurement business. In addition, this category comprises consulting fees in connection with the shareholder structure amounting to €5,250 thousand (2015: €0 thousand).

27. INTEREST-BEARING FINANCIAL LIABILITIES

The breakdown of financial liabilities is shown in the tables below:

Dec. 31, 2015	Total	Remaining term: 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 leases	**98**	32	66	66	0
Liabilities from bonds	**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**

Dec. 31, 2016	Total	Remaining term: 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	**448,397**	363	448,034	297,101	150,933
Liabilities under finance leases	**167**	47	120	120	0
Liabilities from bonds	**0**	0	0	0	0
Other financial liabilities	**34,631**	31,781	2,850	2,795	55
Interest-bearing financial liabilities	**483,195**	**32,191**	**451,004**	**300,016**	**150,988**

The amounts due to banks with a remaining term of more than five years relate to several loan notes with a total volume of €151 million, of which €57 million are due in 2022, €74 million in 2023, €13 million in 2026 and €8 million in 2028.

In April 2016, GfK SE repaid the remaining volume of the bonds amounting to €186 million in full.

Other financial liabilities include loan liabilities of €25,250 thousand (2015: €21,395 thousand) and purchase price liabilities for the acquisition of participations under put options and earn-out agreements amounting to €8,513 thousand (2015: €6,908 thousand), which depend on future events.

As at December 31, 2016, the weighted average interest rates for amounts due to banks was 1.50 percent after interest rate hedging (2015: 1.86 percent).

The financial liabilities are due in the next five years and thereafter, as shown in the table below:

	Dec. 31, 2015	Dec. 31, 2016
Within 1 year[1]	208,169	32,191
1 to 2 years	5,510	59,061
2 to 3 years	43,379	55,590
3 to 4 years	40,491	105,939
4 to 5 years	106,975	79,426
More than 5 years	60,007	150,988
Interest-bearing financial liabilities	**464,531**	**483,195**

1) Includes current account liabilities payable on demand in the context of credit lines

As in the prior year, no collateral is in place for amounts due to banks and liabilities under leases totaling €448,564 thousand (2015: €250,184 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, 2015	Dec. 31, 2016
Financial non-current other liabilities and deferred items	10,016	8,954
Non-financial non-current other liabilities and deferred items	7,403	10,427
Non-current other liabilities and deferred items	**17,419**	**19,381**
Financial current other liabilities and deferred items	50,241	53,317
Non-financial current other liabilities and deferred items	126,394	131,067
Current other liabilities and deferred items	**176,635**	**184,384**

The breakdown of the item "Financial other liabilities and deferred items" is as follows:

	Dec. 31, 2015	Dec. 31, 2016
Financial non-current other liabilities and deferred items with a remaining term of more than 1 year		
Non-derivatives:		
Liabilities relating to rent	5,867	5,802
Financial other liabilities from operating activities	1,720	1,779
Liabilities related to sale of real estate	1,431	0
Liabilities from compensation claims, legal liabilities and penalties	646	439
Liabilities to other related parties	10	318
Miscellaneous financial non-current other liabilities and deferred items	0	61
Subtotal: non-derivatives	**9,674**	**8,399**
Derivatives:		
Derivative financial instruments (not used as hedges)	170	333
Derivative financial instruments (used as hedges)	172	222
Subtotal: derivatives	**342**	**555**
Financial non-current other liabilities and deferred items	**10,016**	**8,954**
Financial current other liabilities and deferred items with a remaining term of up to 1 year		
Non-derivatives:		
Financial other liabilities from operating activities	27,330	27,572
Financial other liabilities from non-operating activities	8,217	8,630
Liabilities relating to rent	3,210	4,090
Interest liabilities	10,087	4,307
Liabilities from business combinations not yet due	0	3,515
Liabilities from the sale of real estate	0	1,443
Liabilities from repayment obligations	7	270
Liabilities to other related parties	224	195
Miscellaneous financial current other liabilities and deferred items	98	182
Subtotal: non-derivatives	**49,173**	**50,204**
Derivatives:		
Derivative financial instruments (not used as hedges)	1,068	3,068
Derivative financial instruments (used as hedges)	0	45
Subtotal: derivatives	**1,068**	**3,113**
Financial current other liabilities and deferred items	**50,241**	**53,317**
TOTAL: FINANCIAL OTHER LIABILITIES AND DEFERRED ITEMS	**60,257**	**62,271**
of which non-derivatives	58,847	58,603
of which derivatives	1,410	3,668

Financial current other liabilities from operating activities essentially comprise amounts owed to households and respondents (€14,506 thousand, 2015: €10,904 thousand), clients (€3,937 thousand, 2015: €5,164 thousand), interviewers (€3,116 thousand, 2015: €3,488 thousand) and suppliers (€2,738 thousand, 2015: €3,312 thousand).

Financial current other liabilities from non-operating activities mainly include liabilities for external year-end closing costs (€3,167 thousand, 2015: €2,933 thousand) as well as legal and consultancy fees (€2,948 thousand, 2015: €2,776 thousand).

Financial other liabilities to other related parties exist, in particular, towards minority shareholders in GfK subsidiaries.

The breakdown of the item "Non-financial other liabilities and deferred items" is as follows:

	Dec. 31, 2015	Dec. 31, 2016
Non-financial non-current other liabilities and deferred items with a remaining term of more than 1 year		
Deferred items	4,253	3,832
Liabilities to employees	3,122	3,778
Income tax liabilities	0	2,765
Miscellaneous non-financial non-current other liabilities and deferred items	28	52
Non-financial non-current other liabilities and deferred items	**7,403**	**10,427**
Non-financial current other liabilities and deferred items with a remaining term of up to 1 year		
Liabilities to employees	95,777	92,073
Liabilities from other taxes	28,988	36,698
Deferred items	1,314	1,520
Miscellaneous non-financial current other liabilities and deferred items	315	776
Non-financial current other liabilities and deferred items	**126,394**	**131,067**
TOTAL: NON-FINANCIAL OTHER LIABILITIES AND DEFERRED ITEMS	**133,797**	**141,494**

Non-financial current liabilities to employees mainly comprise liabilities for the payment of bonuses (€44,802 thousand, 2015: €48,826 thousand), liabilities arising from social security (€13,640 thousand, 2015: €13,348 thousand) and liabilities related to vacation entitlements (€13,514 thousand, 2015: €13,072 thousand).

29. FINANCIAL INSTRUMENTS

The tables on pages 150 to 153 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, 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	**3,482**	**0**	**4,704**	**−1,222**

	Dec. 31, 2016	Level 1	Level 2	Level 3
Financial assets valued at fair value				
Derivative financial instruments not used as hedges	3,181	0	3,181	0
Derivative financial instruments used as hedges	0	0	0	0
Financial liabilities valued at fair value				
Derivative financial instruments not used as hedges	−3,401	0	−3,401	0
Derivative financial instruments used as hedges	−267	0	−267	0
Purchase price components dependent on future events	−1,186	0	0	−1,186
Total	**−1,673**	**0**	**−487**	**−1,186**

As in the previous year, no material valuation results were recognized in other comprehensive income in financial year 2016 as part of recognizing changes in the value of financial instruments in the available-for-sale category.

Interest income from financial assets or liabilities not recognized directly in equity at fair value, which is calculated using the effective interest rate method, amounted to €1,713 thousand (2015: €2,174 thousand). The corresponding interest expenses amounted to €14,129 thousand (2015: €17,961 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, 2016, this figure stood at €1,186 thousand (2015: €1,222 thousand). During the year under review, there were no additions or payments (2015: addition €1,205 thousand, disposal through payment €4,346 thousand). The revaluation of liabilities at year end resulted in earnings of €60 thousand (2015: €3,164 thousand) which were credited to other financial income. In contrast, expenses from currency changes and compound interest amounted to €24 thousand (2015: €345 thousand). No change in value was recognized in other comprehensive income.

	IAS 39 valuation category	Carrying value as at Dec. 31, 2015
ASSETS		
Other financial assets		
Shares 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
Long-term fixed-term deposits	Loans and receivables	3
Trade receivables	Loans and receivables	396,257
Short-term 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 divestitures not yet due	Loans and receivables	0
Receivables from customers	Loans and receivables	924
Bills receivable	Loans and receivables	588
Interest receivables	Loans and receivables	1,207
Credit balances, refund claims	Loans and receivables	2,347
Assets from the sale of real estate	Loans and receivables	3,761
Derivative financial instruments (used as hedges)	–	225
Derivative financial instruments (not used as hedges)	Financial assets at fair value through profit or loss	5,889
Miscellaneous 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 under finance leases	–	98
Other financial liabilities	Financial liabilities valued at amortized cost	213,125
	Financial liabilities at fair value through profit or loss	1,222
Trade payables	Financial liabilities valued at amortized cost	90,864
Financial other liabilities and deferred items		
Financial other liabilities from operating activities	Financial liabilities valued at amortized cost	29,050
Liabilities relating to rent	Financial liabilities valued at amortized cost	9,077
Financial other liabilities from non-operating activities	Financial liabilities valued at amortized cost	8,217
Interest liabilities	Financial liabilities valued at amortized cost	10,087
Liabilities from business combinations not yet due	Financial liabilities valued at amortized cost	0
Liabilities related to sale of real estate	Financial liabilities valued at amortized cost	1,431
Liabilities to other related parties	Financial liabilities valued at amortized cost	234
Liabilities from compensation claims, legal liabilities and penalties	Financial liabilities valued at amortized cost	681
Derivative financial instruments (used as hedges)	–	172
Derivative financial instruments (not used as hedges)	Financial liabilities at fair value through profit or loss	1,238
Miscellaneous 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 or loss		5,889
Financial liabilities valued at amortized cost		612,922
Financial liabilities at fair value through profit or loss		2,460

	Recognition and measurement in the balance sheet according to IAS 39				IAS 17 balance sheet basis	Fair value as at Dec. 31, 2015
	Amortized costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit or 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
	0					0
	924					924
	588					588
	1,207					1,207
	2,347					2,347
	3,761					3,761
			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
	9,077					9,077
	8,217					8,217
	10,087					10,087
	0					0
	1,431					1,431
	234					234
	681					681
			172			172
				1,238		1,238
	70					70
						418,524
						3,902
						5,889
						636,078
						2,460

	IAS 39 valuation category	Carrying value as at Dec. 31, 2016
ASSETS		
Other financial assets		
Shares in affiliated companies	Financial assets available for sale	1,580
Other participations	Financial assets available for sale	52
Loans to affiliated companies	Loans and receivables	986
Loans to associates	Loans and receivables	226
Other loans	Loans and receivables	192
Other available-for-sale securities	Financial assets available for sale	168
Long-term fixed-term deposits	Loans and receivables	111
Trade receivables	Loans and receivables	408,818
Short-term securities and fixed-term deposits	Loans and receivables	1,393
Financial other assets and deferred items		
Deposits	Loans and receivables	6,573
Receivables from suppliers	Loans and receivables	3,020
Receivables from divestitures not yet due	Loans and receivables	2,604
Receivables from customers	Loans and receivables	719
Bills receivable	Loans and receivables	703
Interest receivables	Loans and receivables	447
Credit balances, refund claims	Loans and receivables	96
Assets from the sale of real estate	Loans and receivables	70
Derivative financial instruments (used as hedges)	–	0
Derivative financial instruments (not used as hedges)	Financial assets at fair value through profit or loss	3,181
Miscellaneous financial other assets and deferred items	Loans and receivables	1,800
Cash and cash equivalents	–	173,690
LIABILITIES		
Interest-bearing financial liabilities		
Amounts due to banks	Financial liabilities valued at amortized cost	448,397
Liabilities under finance leases	–	167
Other financial liabilities	Financial liabilities valued at amortized cost	33,445
	Financial liabilities at fair value through profit or loss	1,186
Trade payables	Financial liabilities valued at amortized cost	88,735
Financial other liabilities and deferred items		
Financial other liabilities from operating activities	Financial liabilities valued at amortized cost	29,351
Liabilities relating to rent	Financial liabilities valued at amortized cost	9,892
Financial other liabilities from non-operating activities	Financial liabilities valued at amortized cost	8,630
Interest liabilities	Financial liabilities valued at amortized cost	4,367
Liabilities from business combinations not yet due	Financial liabilities valued at amortized cost	3,515
Liabilities related to sale of real estate	Financial liabilities valued at amortized cost	1,443
Liabilities to other related parties	Financial liabilities valued at amortized cost	513
Liabilities from compensation claims, legal liabilities and penalties	Financial liabilities valued at amortized cost	471
Derivative financial instruments (used as hedges)	–	267
Derivative financial instruments (not used as hedges)	Financial liabilities at fair value through profit or loss	3,401
Miscellaneous financial other liabilities and deferred items	Financial liabilities valued at amortized cost	421
Thereof aggregated under IAS 39 valuation categories		
Loans and receivables		427,758
Financial assets available for sale		1,800
Financial assets at fair value through profit or loss		3,181
Financial liabilities valued at amortized cost		629,180
Financial liabilities at fair value through profit or loss		4,587

	Recognition and measurement in the balance sheet according to IAS 39				IAS 17 balance sheet basis	Fair value as at Dec. 31, 2016
	Amortized costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit or loss		
		1,580				1,580
		52				52
	986					986
	226					226
	192					192
			168			168
	111					111
	408,818					408,818
	1,393					1,393
	6,573					6,573
	3,020					3,020
	2,604					2,604
	719					719
	703					703
	447					447
	96					96
	70					70
			0			0
				3,181		3,181
	1,800					1,800
	173,690					173,690
	448,397					466,461
					167	167
	33,445					33,468
				1,186		1,186
	88,735					88,735
	29,351					29,351
	9,892					9,892
	8,630					8,630
	4,367					4,367
	3,515					3,515
	1,443					1,443
	513					513
	471					471
			267			267
				3,401		3,401
	421					421
						427,758
						1,800
						3,181
						647,267
						4,587

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 an increase in the financial result.

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, 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**

Dec. 31, 2016	EUR	USD	GBP	CHF	SGD	JPY
Loans	2,300	283,635	62,049	0	0	0
Trade receivables	25,721	42,025	2,446	966	2,157	4,371
Cash and cash equivalents	10,852	8,134	3,373	3,082	48	0
Interest-bearing financial liabilities	−4,919	−250,800	0	0	−7,949	−36,498
Trade payables	−21,616	−21,834	−7,632	−3,829	−1,676	−991
Liabilities on orders in progress	−289	−4,350	−17	−13	0	−40
Derivative financial instruments	0	−28,407	−47,220	−745	8,961	33,419
Net exposure	**12,049**	**28,403**	**12,999**	**−539**	**1,541**	**261**

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, 2015			Dec. 31, 2016		
	Equity	**Income statement**	**Overall impact**	**Equity**	**Income statement**	**Overall impact**
EUR	0	−266	−266	0	1,205	1,205
USD	−456	−425	−881	−574	3,414	2,840
GBP	−189	5,669	5,480	−170	2,793	2,623
CHF	0	−291	−291	0	−53	−53
SGD	−136	−212	−348	0	154	154
JPY	0	−376	−376	0	26	26
Total	**−781**	**4,099**	**3,318**	**−744**	**7,539**	**6,795**

The impact of exchange rate fluctuation 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:

DEC. 31, 2015	Total amount	Remaining term: 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**

DEC. 31, 2016	Total amount	Remaining term: Up to 1 year	1 to 5 years	More than 5 years
Loans	598	180	418	0
Financial liabilities	−148,289	−322	−95,562	−52,405
Liabilities to related parties	−24,842	−24,842	0	0
Derivatives	20,259	5,259	15,000	0
Net exposure	**−152,274**	**−19,725**	**−80,144**	**−52,405**

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, 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**

	Dec. 31, 2016			
	Equity		Income statement	
Interest rate change in percentage points	+1	−1	+1	−1
Variable-rate instruments	0	0	373	−123
Interest rate swaps	300	71	17	−17
Cash flow sensitivity	**300**	**71**	**390**	**−140**

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, 2015		Dec. 31, 2016	
Derivative financial instruments	Carrying value	Nominal value	Carrying value	Nominal value
Assets				
Interest rate currency swaps				
not used as hedges	4,799	6,276	2,336	5,259
Currency forward transactions				
not used as hedges	1,090	89,384	845	68,029
as cash flow hedges	225	7,982	0	1,549
Liabilities				
Interest rate swaps				
as cash flow hedges	172	15,000	219	15,000
Currency forward transactions				
not used as hedges	1,238	64,834	3,401	94,570
as cash flow hedges	0	0	48	5,753

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, 2016, 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, 2015	Dec. 31, 2016
Up to 1 year	2,092	5,259
1 to 2 years	4,184	0
2 to 3 years	0	15,000
3 to 4 years	15,000	0
4 to 5 years	0	0
Nominal volume interest rate swaps	**21,276**	**20,259**

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, 2016, GfK 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, 2016, the nominal volume of these transactions amounted to €6,698 thousand (December 31, 2015: €7,982 thousand) with a negative carrying value of €44 thousand (December 31, 2015: positive carrying value of €225 thousand).

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 €−375 thousand before tax (2015: €−37 thousand) and €−256 thousand after tax (2015: €−26 thousand). The change also includes €55 thousand (2015: €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 hedged against interest rate fluctuations by cash flow hedges have a carrying value of €15,000 thousand (2015: €15,000 thousand). The expected outflow of interest from the underlying transactions, which have been hedged by these cash flow hedges, amounted to €156 thousand (2015: €317 thousand). Of this, €62 thousand (2015: €90 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 current risks inherent in a U.S. dollar loan raised by a subsidiary in Brazil. As at December 31, 2016, the nominal volume amounted to €5,259 thousand (December 31, 2015: €6,276 thousand) with a positive carrying value of €2,336 thousand (December 31, 2015: €4,798 thousand).

In the reporting year, no material ineffective portions were recorded in relation to cash flow 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 €7,784 thousand (2015: €9,241 thousand), while expenses amounted to €2,714 thousand (2015: €43 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 include 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, 2016, the GfK Group had committed loans and credit lines amounting to €731,340 thousand (2015: €722,966 thousand). Of this amount, €282,340 thousand (2015: €285,842 thousand) was undrawn. This amount includes a revolving credit facility and an ancillary facility of €200 million. These facilities were extended by a further year in 2016 and will be available to the Group until at least May 2021. Liquid funds increased from €129,459 thousand to €173,690 thousand.

GfK has undertaken to meet certain financial covenants as part of a syndicated credit facility, bilateral bank loans and the issue of loan notes. 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. For the new loan notes paid out in 2016, total equity must not fall below 20 percent of total assets. 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, 2016.

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 2016 and 2015.

			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**

			Remaining term up to				
	Dec. 31, 2016 Carrying value	**Gross outflows**	**2017**	**2018**	**2019**	**2020**	**>2020**
Non-derivative financial liabilities							
Amounts due to banks	448,397	484,039	7,433	64,236	61,046	111,495	239,829
Liabilities under finance leases	167	203	60	55	44	29	15
Other financial liabilities	34,631	34,956	33,947	933	76	0	0
of which valued at fair value through profit or loss	1,186	1,193	1,193	0	0	0	0
Trade payables	88,735	88,735	88,735	0	0	0	0
Miscellaneous financial liabilities	58,603	58,628	50,290	8,338	0	0	0
Derivative financial liabilities	3,668	3,668	3,112	556	0	0	0
of which valued at fair value through profit or loss	3,401	3,401	3,068	333	0	0	0
Total	**634,201**	**670,229**	**183,577**	**74,118**	**61,166**	**111,524**	**239,844**

This presentation does not indicate budgeted figures. It reflects the financial instruments held as at the reporting date and for which contractual arrangements regarding repayments are in place. Foreign currency amounts were translated taking 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, 2016, the equity ratio stood at 31.3 percent (December 31, 2015: 39.1 percent), which is similar to that of 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 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 €146,203 thousand (2015: €170,934 thousand). The fall in consolidated income and the change in working capital had a major impact on this development, with the increase in working capital leading to an outflow of funds of €−13,041 thousand (2015: €−20,980 thousand). This was essentially due to the development of operating working capital, which increased by €10,822 thousand (2015: €4,263 thousand) in the year under review. This outflow of funds was the result of an increase in operating receivables combined with a simultaneous reduction in operating liabilities.

The increase in non-operating working capital resulted in an outflow of funds of €−2,219 thousand, which was far less than in the previous year (2015: €−16,717 thousand). The previous year was affected in this respect by the payment of taxes, interest and penalties from a court ruling in connection with irregularities at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey.

In addition to effects from changes in exchange rates, the change in other non-cash income and expenses of €23,923 thousand (2015: €14,418 thousand) includes non-cash allocations to provisions for risks in Media Measurement and for restructuring and strategy projects. Income tax payments resulted in cash outflows of €55,642 thousand (2015: €42,979 thousand) in financial year 2016.

The cash flow from operating activity covered investments in intangible and tangible assets of €70,986 thousand (2015: €94,126 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 €31,617 thousand (2015: €13,952 thousand). Financial funds of €805 thousand (2015: €1,683 thousand) were acquired through the acquisition of subsidiaries in the reporting year.

These cash outflows were partially offset by cash inflows from the sale of consolidated companies and other business units, which generated cash inflows from purchase price payments of €24,080 thousand (2015: €26,039 thousand). Financial funds of €1,658 thousand (2015: €0 thousand) were sold in this connection. The majority of these funds resulted from the divestment of the Crop Protection and Animal Health market research business. This resulted in cash flow from investing activity of €−71,374 thousand (2015: €−76,322 thousand).

Information on the assets and liabilities acquired and sold can be found in Section 4.1 “Fully consolidated companies” of these Notes.

By netting the loans that were raised and the loan repayments, net loans of €13,210 thousand were raised, which is down on the previous year (2015: €47,709 thousand).

Dividends totaling €28,133 thousand (2015: €31,736 thousand) were paid to shareholders of GfK SE and minority shareholders in subsidiaries. Since dividend and interest payments exceeded net borrowing, cash flow from financing activity was negative, totaling €−32,096 thousand (2015: €−59,409 thousand).

Cash and cash equivalents reported in the balance sheet increased by €44,231 thousand (2015: €36,279 thousand).

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 in the previous year, there were no liabilities from significant transactions as at the reporting date. During the year under review, no significant operating expenses arose (2015: €1,000 thousand). There was no significant income (2015: €5,595 thousand) or expenses (2015: €1,947 thousand) from participations in associated companies during the financial year. Furthermore, as in the previous year, there were no non-operating expenses in 2016 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.

	2015	2016
Short-term due payments	4,090	2,351
Post-employment payments	785	851
Other payments of long-term nature	718	−31
Share-price-based remuneration	1,045	3,245
Payments made upon termination of employment	0	4,267
Total remuneration	**6,638**	**10,683**

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 2016 disclosed under Section 314 (1) No. 6a of the German Commercial Code (HGB) amounted to €5,570 thousand (2015: €5,901 thousand). As at December 31, 2016, 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 €4,738 thousand (2015: €1,647 thousand). Provisions of €49,398 thousand (2015: €41,186 thousand) have been set up for pension commitments to this group.

The total payments to the Supervisory Board amounted to €1,035 thousand in financial year 2016 (2015: €893 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 180 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 4.6 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:

Short-term obligations amounting to €24,842 thousand (2015: €20,851 thousand) were due to the majority shareholder of GfK SE from a loan which is regularly extended and had a variable interest rate of 0.10 percent as at the end of 2016 (December 31, 2015: 0.30 percent). The corresponding interest expenses amounted to €67 thousand (2015: €158 thousand). Furthermore, sales of €2,393 thousand (2015: €2,502 thousand) were realized with this shareholder.

As in the previous year, there were no liabilities vis-à-vis minority shareholders of GfK subsidiaries relating to as yet unpaid profit shares in the year under review.

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, 2015	Dec. 31, 2016
Commitments arising from		
Maintenance, service and license agreements	714	939
Sureties and guarantees	2,702	2,021
Order commitments	908	24

Of these commitments, €1,213 thousand (2015: €1,973 thousand) have a remaining term of up to one year.

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., "Tangible assets," subsection "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
- Expenses from litigation, compliance cases and terminated projects
- Remaining highlighted items

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 equates to 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 and tangible assets.

Segment information about the sectors for financial years 2016 and 2015 is shown in the tables below:

	Income from third parties		Intersectoral income		Sector income	
	2015	**2016**	2015	**2016**	2015	**2016**
Consumer Experiences	859,110	803,005	16,697	26,896	875,807	829,901
Consumer Choices	681,128	680,311	12,144	20,108	693,272	700,419
Total operating sectors	**1,540,238**	**1,483,316**	**28,841**	**47,004**	**1,569,079**	**1,530,320**
Exclusion of intersectoral income	–	–	–	–	−28,841	−47,004
Reconciliation	3,188	498	–	–	3,188	498
Group	**1,543,426**	**1,483,814**	**28,841**	**47,004**	**1,543,426**	**1,483,814**

	Adjusted operating income		Amortization/ depreciation		Impairments		Reversal of impairments	
	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**
Consumer Experiences	58,943	53,997	7,220	8,304	42,503	151,150	−3,672	−778
Consumer Choices	145,027	114,571	30,226	34,762	20,574	10,432	−331	−243
Reconciliation	−16,391	−13,275	20,936	24,079	2,511	97	0	0
Group	**187,579**	**155,293**	**58,382**	**67,145**	**65,588**	**161,679**	**−4,003**	**−1,021**

The item "Reconciliation," which entails the reconciliation of the Consumer Experiences and Consumer Choices sectors with Group figures, includes the Other category. Services not related to market research included here are of minor importance.

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:

	2015	2016
Amortization/depreciation according to segment reporting	**58,382**	**67,145**
Amortization of additional assets identified on acquisitions	4,901	5,121
Amortization/depreciation in net other income	201	222
Amortization/depreciation in consolidated schedules of movements in assets (see chapter 16, 17)	**63,484**	**72,488**

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 regional allocation of income from third parties, which is based on the location of the relevant subsidiary's head office, is shown in the table below.

	Income from third parties	
	2015	**2016**
Northern Europe	575,583	537,412
Southern and Western Europe	267,037	269,770
Central Eastern Europe/META	126,501	127,889
North America	321,019	289,778
Latin America	67,920	69,688
Asia and the Pacific	185,366	189,277
Group	**1,543,426**	**1,483,814**

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 the Group's income from third parties was recorded in both Germany and the USA. More information about this can be found in the following table.

	Income from third parties	
	2015	**2016**
Germany	**381,797**	**384,648**
USA	314,493	284,219
Remaining world	847,136	814,947
World without Germany	**1,161,629**	**1,099,166**
Group	**1,543,426**	**1,483,814**

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.

The reconciliation of non-current assets reported in the consolidated balance sheet to non-current assets divided by region is as follows:

	Dec. 31, 2015	Dec. 31, 2016
Non-current assets according to the consolidated balance sheet	**1,221,705**	**1,065,461**
less other financial assets	5,613	3,315
less deferred tax assets	43,578	30,102
Non-current assets for allocation to the regions	**1,172,514**	**1,032,044**

The allocation of these non-current assets to the regions is clear from the following table.

	Non-current assets	
	Dec. 31, 2015	**Dec. 31, 2016**
Northern Europe	566,030	490,005
Southern and Western Europe	115,394	112,092
Central Eastern Europe/META	96,131	88,378
North America	268,233	242,731
Latin America	45,088	37,544
Asia and the Pacific	81,638	61,294
Group	**1,172,514**	**1,032,044**

More than 10 percent of non-current assets, without taking account of goodwill amounting to €642,721 thousand (December 31, 2015: €774,003 thousand) since this is not carried at country level, are attributable to both Germany and the USA. More information about this can be found in the following table.

	Non-current assets	
	Dec. 31, 2015	**Dec. 31, 2016**
Germany	**153,445**	**152,873**
USA	90,131	88,090
Remaining world	154,935	148,358
World without Germany	**245,066**	**236,448**
Group	**398,511**	**389,323**

Additions to other intangible assets and tangible assets are split as follows between the sectors:

	Additions to fixed assets	
	2015	**2016**
Consumer Experiences	12,154	11,840
Consumer Choices	50,879	49,566
Other/reconciliation	35,243	34,333
Group	**98,276**	**95,739**

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

On December 21, 2016, Acceleratio Capital N.V., headquartered in Amsterdam, the Netherlands, a holding company holding funds, advised by Kohlberg Kravis Roberts & Co. L.P. (KKR), published bidding documents for a voluntary public takeover bid (cash offer) for all of the shares in GfK SE not held by Acceleratio Capital N.V. at a price of €43.50 per share in cash. Reference is made to the bidding documents for details of the offer. The Management and Supervisory Boards of GfK SE published their joint statement on the Offer Document on the Internet on December 30, 2016, at www.gfk.com/investors/uebersicht-investoren/.

The members of the Management Board and Supervisory Board on GfK SE, who personally hold shares in GfK SE, have accepted the offer.

Acceleratio Capital N.V. has announced that, within the period for accepting the bid starting with the publication of the bidding documents on December 21, 2016 and expiring on February 10, 2017 at midnight (CET) and 6 pm (EST), a total of 7,052,242 GfK shares, which represent approximately 19.3191 percent of the share capital of GfK SE, were offered for sale. Consequently, the minimum acceptance ratio of 18.54 percent, which was included in the bidding documents as a condition of the offer, was fulfilled. Furthermore, Acceleratio Capital N.V. has announced that, within the subsequent additional acceptance period, which started on February 16, 2017 and ended on March 1, 2017 at midnight (CET)/6 pm (EST), a further 2,470 GfK shares (totaling an additional 0.01 percent of the share capital) were accepted for sale. According to Acceleratio Capital N.V.'s own data, as of the expiry of the additional acceptance period voting rights attached to 1,158,665 GfK shares are attributed to the bidder pursuant to section 30 para. 1 sentence 1 no. 5 WpÜG. This corresponds to approximately 3.17 percent of the share capital and the voting rights of GfK SE. In addition, as of the expiry of the additional acceptance period, pursuant to section 30 para. 1 sentence 1 no. 5 WpÜG, voting rights attached to 2,516,725 GfK shares are attributed to Acceleratio Topco S.à r.l., a person acting jointly with the bidder pursuant to section 2 para. 5 WpÜG. This corresponds to approximately 6.89 percent of the share capital and the voting rights of GfK SE. In total, Acceleratio Capital N.V. was therefore offered 10,730,102 GfK shares (approximately 29.39 percent) within the scope of its takeover offer or are attributed to itself or to a person acting jointly with the bidder pursuant to section 2 para. 5 WpÜG.

All completion conditions the takeover offer was subject to are satisfied.

In its meeting on March 10, 2016, the Supervisory Board of GfK SE appointed Mr. Peter Feld as new CEO with effect from March 15, 2017.

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.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments serve to clarify various questions that have arisen in the context of applying the consolidation exception in accordance with IFRS 10 if the parent company fulfills the definition of an "investment entity." Accordingly, parent companies are exempt from the obligation to prepare consolidated financial statements if the parent company does not consolidate its subsidiary but accounts for it at fair value in accordance with IFRS 10. Additionally, a differentiation regarding the accounting of subsidiaries of investment entities is made.

Ultimately clarification is provided that an investor which does not fulfill the definition of an investment entity and applies the equity method to an associate or joint venture can retain the valuation at fair value which the investment company applies to its investments in subsidiaries.

The amendments also envisage an investment entity, which measures all its subsidiaries at fair value, having to make the disclosures on investment entities prescribed by IFRS 12.

The changes have no material impact on the consolidated financial statements of the GfK Group.

Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

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 and the disclosure requirements according to IFRS 3.

The changes have no material impact on the consolidated financial statements of the GfK Group.

Amendments to IAS 1 – Disclosure Initiative
The changes pertain to various disclosure requirements and clarify that information needs to be disclosed in the Notes only if it is material. This explicitly applies if a standard calls for a list of minimum disclosures. Additionally, 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, the model structure of the notes is cancelled to enable a stronger consideration of the relevance for the individual company.

The changes have no material impact on the consolidated financial statements of the GfK Group.

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 have no material impact on the consolidated financial statements of the GfK Group.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
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 have no material impact on the consolidated financial statements of the GfK Group.

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 investor's separate financial statements. The existing options to account for these investments either at cost or in accordance with IAS 39 remain. In accordance with IAS 27, application of the equity method for investments reported in the parent company's separate financial statements has not been permitted since 2005.

The changes have no impact on the consolidated financial statements of the GfK Group.

Improvements to IFRS, 2010–2012
Seven standards were amended within the framework of the annual improvements 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, IAS 16, IAS 24 and IAS 38. The amendments to IFRS 2 and IFRS 3 must, despite the application of the rules to financial years starting on or after February 1, 2015, be applied to transactions that occur on or after July 1, 2014.

The changes have no material impact on the consolidated financial statements of the GfK Group.

Improvements to IFRS, 2012–2014
Four standards were amended within the framework of the annual improvements 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 changes have no material impact on the consolidated financial statements of the GfK Group.

37.2 STANDARDS AND INTERPRETATIONS WHICH HAVE BEEN ENDORSED BY THE EU BUT WHICH ARE NOT YET COMPULSORY FOR FINANCIAL YEARS STARTING FROM JANUARY 1, 2017 (STANDARDS AND INTERPRETATIONS NOT APPLIED PREMATURELY)

The GfK Group does not plan to apply prematurely the following new or amended standards and interpretations, which are only mandatory in later financial years. Unless stated otherwise, the impact on the consolidated financial statements of the GfK Group is currently being examined.

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 to calculate the impairment of financial assets. IFRS 9 replaces the model of "incurred losses" in IAS 39 with a forward-looking model of "expected credit defaults." This requires considerable discretionary decisions regarding the question of the extent to which expected credit defaults are to be affected by changes to economic factors.

The standard also contains a new general hedge accounting model and adopts the rules regarding financial liabilities from IAS 39 as far as possible. The introduction of IFRS 9 has also led to revised qualitative and quantitative disclosures in the Notes according to IFRS 7.

The GfK Group has established a project to evaluate the impact of IFRS 9. It will start by classifying all financial instruments on the basis of the new rules. Further progress with the project is planned for 2017. In the context of the rules on impairments, GfK expects the new model for recognizing credit defaults will lead to impairments being recognized earlier without being able to specify or quantify this in more detail at present.

IFRS 9 must be applied for the first time to financial years starting on or after January 1, 2018. Premature application is not intended.

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 the recognition of revenue, including IAS 18, "Revenue," IAS 11, "Construction Contracts" and IFRIC 13, "Customer Loyalty Programmes."

IFRS 15 must be applied for the first time in financial years starting on or after January 1, 2018. Premature application is permissible but is not intended.

GfK initiated a project at an early date to look at the new standard IFRS 15, which consists of several stages. In the first stage, which was completed at the end of 2016, the GfK Group's revenue streams were identified and the method for realizing revenue in accordance with IFRS 15 was stipulated for each revenue stream.

To this end, a large number of subsidiaries were first questioned using detailed questionnaires on the characteristics of their customer contracts and the various types of their business. Possible revenue streams were deduced from this information. Subsequently, on the basis of these findings, a detailed analysis of the content of specific actual customer contracts relating to different types of orders throughout the world was carried out to verify the identified revenue streams and specify which method for recognizing revenue is correct for each revenue stream according to IFRS 15.

During 2017, phase 2 of the project will look at the implementation of adjustments, for instance to systems, processes and guidelines, necessitated by the changes to the rules.

The key finding to emerge from the first phase of the project was that the GfK Group has four principal revenue streams, namely panel business, ad hoc business, syndicated business and other business.

It also became clear that, in particular, IFRS 15 will have an impact on the date on which revenue is realized in the GfK Group with provisional findings from the project indicating that panel business and syndicated business will be most affected.

For business involving panels, the GfK Group has previously recognized revenue pro rata temporis according to progress on the project. The revenue for a given project is therefore distributed evenly over its duration. Each month during the term of a contract, the same revenue is recognized in terms of amount.

In terms of determining revenue, syndicated business has previously been 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 revenue 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 revenues are recognized as follows, corresponding to the accumulated costs: If the value of the actual incoming orders is below that of the costs accumulated, recognizable revenue is limited to the value of the incoming orders. As soon as there is no doubt that the value of the orders exceeds the costs, revenue is recognized according to the method used for ad hoc research contracts.

Both in panel business and in syndicated business, the report to be delivered to the customers was identified as the performance obligation. Consequently, according to IFRS 15, it is a performance obligation that is satisfied at a specific time, which leads to revenue being recognized when the report is delivered. This means that when IFRS 15 is applied, revenue and, coincidentally, income from panel business and from syndicated business will fluctuate more than previously during the year and tend to accrue later. However, the impact cannot be specified or quantified in greater detail at present.

We do not expect any changes for revenue from ad hoc business compared with existing practice. Ad hoc research business is valued using the percentage of completion method. The progress of the project is determined as the ratio of actually accumulated costs to the overall anticipated costs for the project. The estimate of total cost is continuously checked during the life of the project. Changes in the estimate of total costs are included in the calculation of recognizable revenue at the time at which it can be anticipated.

For the purposes of applying IFRS 15, data collection was identified as the performance obligation in ad hoc business. This is performed over a specific period. Consequently, the percentage of completion method will still be used.

IFRS 15 also requires changes and additions to disclosures in the Notes, including the composition of revenues, changes in assets and liabilities and remaining performance obligations.

GfK has not yet decided which of the various transitional methods and reliefs available will be used.

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, 2017 (STANDARDS AND INTERPRETATIONS NOT APPLIED PREMATURELY)

IFRS 16 – Leases

IFRS 16 introduces a single accounting model, requiring leases to be accounted for in the lessee's balance sheet. A lessee recognizes a right-of-use asset, which represents his right to use the underlying asset, as well as a liability under the lease, which represents his obligation to make lease payments. There are exceptions for short-term leases and for leases where the underlying asset has a low value. Accounting by lessors is comparable with the current standard – this means that the lessor continues to classify leases as operating or finance.

IFRS 16 replaces the existing guidelines on leases, including IAS 17, "Leases," IFRIC 4, "Determining Whether an Arrangement Contains a Lease," SIC 15, "Operating Leases – Incentives" and SIC 27, "Evaluating the Substance of Transactions in the Legal Form of a Lease."

Subject to adoption into EU law, the standard must be applied for the first time to the first reporting period of a financial year starting on or after January 1, 2019. Premature application is permissible for companies which apply IFRS 15 "Revenue from Contracts with Customers" at the time IFRS 16 is applied for the first time or beforehand.

GfK has begun to assess the possible impact of the application of IFRS 16 on its consolidated financial statements. Initial findings indicate that application of IFRS 16 will expand the consolidated balance sheet through the capitalization of the right-of-use and the recognition of the liability arising from leases which previously qualified as operating leases. However, the various leases within the Group have not yet been examined in terms of their depiction in accordance with IFRS 16, meaning that the impact addressed to date and any additional impact cannot yet be specified or quantified in detail.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

The changes relate to the consideration of vesting conditions as part of the measurement of cash-settled share-based payments, the classification of share-based payments which envisage net settlement for taxes to be withheld as well as accounting for a change in the classification of the payment from "cash-settled" to "equity-settled."

Subject to adoption into EU law, the changes must be applied to payments which are granted or amended in financial years starting on or after January 1, 2018. Premature application is permissible. Retrospective application is only possible without the benefit of hindsight.

Amendments to IFRS 10 and IAS 28 – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments deal with 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 the 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 a joint venture – is recognized only to the extent of the other investor's interests in the associated company or joint venture.

In the future, the entire gain or loss arising from the 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 the 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 15 – Clarifications to IFRS 15

The changes contain, firstly, clarifications of the various requirements of IFRS 15 and, secondly, simplifications regarding transition to the new standard.

In addition to the clarifications, the revised standard contains two additional reliefs to reduce the complexity and the costs of converting to the new standard. These relate to options in the presentation of contracts which are either completed at the beginning of the earliest period shown or were changed before the beginning of the earliest period shown.

Subject to adoption into EU law, the changes must be applied for the first time on January 1, 2018.

Amendments to IAS 7 – Disclosure Initiative

The changes aim to improve the information provided on changes to the company's debt. According to the amendments, a company has to disclose changes in those financial liabilities where inflows and outflows are shown in the statement of cash flows as cash flow from financing activity. Associated financial assets must also be included in the disclosures (e.g. assets from hedging transactions).

Cash changes, changes from the acquisition or sale of companies, exchange rate related changes, changes in fair values and other changes must be disclosed.

The IASB proposes presenting the disclosures in the form of a reconciliation statement from the opening balance in the statement of financial position to the closing balance in the statement of financial position, but will also allow the information to be presented in other ways.

Subject to adoption into EU law, the amendments are applicable for the first time in the first reporting period of a financial year starting on or after January 1, 2017, although premature application is permissible.

To comply with the new disclosure requirements, the GfK Group intends to include a reconciliation statement between the opening and closing balance for debts which change in connection with financing activity, in the Notes.

Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses

The changes clarify the accounting of deferred tax assets for unrealized losses on debt instruments measured at fair value.

Subject to adoption into EU law, the amendments must be applied for the first time in the first reporting period of a financial year starting on or after January 1, 2017, although premature application is permissible.

The GfK Group is currently assessing the possible impact the changes may have on its consolidated financial statement. So far, GfK expects no material impact.

Amendments to IAS 40 – Transfers of Investment Property
The amendment of IAS 40 serves to clarify in which cases classification of a property as an "investment property" begins or ends if the property is still under construction or development. Classification of incomplete properties was not clearly regulated through the previously exhaustive list of examples in IAS 40.57. The list is now explicitly deemed to be non-exhaustive, meaning that incomplete properties can now be subsumed under the regulation.

Subject to adoption into EU law, the amendment must be applied for the first time in the first reporting period of a financial year starting on or after January 1, 2018. Premature application is permissible.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration
IFRIC 22 deals with a question concerning the application of IAS 21, "The Effects of Changes in Foreign Exchange Rates." It clarifies the point at which the exchange rate is to be determined for the conversion of transactions which contain the receipt or payment of advance consideration. Accordingly, determination of the conversion rate for the underlying asset, income or expense is decided by the point in time at which the asset or debt resulting from the advance consideration is recognized for the first time.

Subject to adoption into EU law, the interpretation must be applied for the first time in the first reporting period of a financial year starting on or after January 1, 2018. Premature application is permissible.

The GfK Group currently assumes that this will have no material impact on the consolidated financial statements.

Improvements to IFRS, 2014 – 2016
Three IFRSs were amended through the annual improvements to the IFRS – 2014-2016 cycle. IFRS 12 clarified the fact that the disclosures required by IFRS 12 also apply in principle to interests in subsidiaries, joint ventures or associates which are classified as held for sale within the meaning of IFRS 5. The disclosures in accordance with IFRS 12.B10-B16 (financial information) constitute an exception to this. IAS 28 clarifies the fact that the option to measure an interest in an associate or joint venture which is held by a venture capital company or another qualifying company can be exercised differently depending on the interest. In addition, the short-term exemptions in IFRS 1 annex E (IFRS 1.E3-E7) were deleted for first-time IFRS adopters.

Subject to adoption into EU law, the amendments must be applied for the first time in the first reporting period of a financial year starting on or after January 1, 2017, and the amendments to IFRS 1 and IAS 28 must be applied for the first time in the first reporting period of a financial year starting on or after January 1, 2018. Premature application is permissible.

The GfK Group currently assumes that these amendments will not have any material impact on the consolidated financial statements.

38. ADDITIONAL INFORMATION

38.1 AUDITOR'S SERVICE FEE

In 2016, the cost of the auditor's fee for GfK SE was €1,293 thousand (2015: €1,287 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 auditing of the annual financial statements of German subsidiaries prepared in accordance with the German Commercial Code (HGB) and the auditing or review of the IFRS reporting packages produced by German, Moroccan and North American subsidiaries.

The cost of tax advice from the auditors in Germany was €549 thousand (2015: €538 thousand) and for other services provided by the auditors €1,069 thousand (2015: €1,538 thousand).

38.2 EXEMPTION OF SUBSIDIARIES FROM THE OBLIGATION TO PREPARE FINANCIAL STATEMENTS

Pursuant to Section 264 (3) of the 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 Reports 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 13,310 (2015: 13,444) 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:

	2015	2016
Consumer Experiences	5,969	5,819
Consumer Choices	5,729	5,717
Other	1,746	1,774
Full-time employees	**13,444**	**13,310**

In the table above, 99 managing directors and board members were included during the year under review (2015: 108).

39. SUPERVISORY BOARD

Ralf Klein-Bölting (since May 20, 2016)
Chair of the Supervisory Board *(since September 13, 2016)*
Managing partner of NEXTBRAND GmbH, Hamburg, Germany, and Vice President of GfK-Nürnberg, Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, Germany (mandate dormant)

Seats held on other supervisory boards and comparable supervisory bodies:
› United Labels AG, Munster, Germany (member and Chair since August 23, 2016)

Dr. Arno Mahlert (until September 12, 2016)
Chair of the Supervisory Board *(until September 12, 2016)*
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 (Chair)
› 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

Sandra Hofstetter
Vice Chair of the Supervisory Board
(since May 20, 2016)
Independent Works' Council representative, GfK SE, Nuremberg, Germany
Chair of the European GfK SE Works' Council

Dr. Bernhard Düttmann (until May 20, 2016)
Vice Chair of the Supervisory Board
(until May 20, 2016)
Management consultant

Dr. Wolfgang C. Berndt (until May 20, 2016)
Merchant, non-executive director and member of the Supervisory Board

Seats held on other supervisory boards and comparable supervisory bodies:
› MIBA AG, Laakirchen, Austria (Chair)
› MIBA Beteiligungs AG, Laakirchen, Austria (Chair)
› OMV AG, Vienna, Austria (Vice Chair until May 18, 2016, membership continues)
› LPC Capital Partners GmbH (previously BAST AG), Vienna, Austria

Hans Van Bylen (until April 30, 2016)
Chair of the Management Board of Henkel Management AG (personally liable shareholder in Henkel AG & Co. KGaA), Dusseldorf, Germany

Seats held on other supervisory boards and comparable supervisory bodies:
› Dial Corporation, Scottsdale, Arizona, USA (Chair)

Peter Goldschmidt (since December 2, 2016)
President Sandoz US, Head of North America, Sandoz Inc., Princeton, New Jersey, USA

Martina Heřmanská
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

Professor Dieter Kempf (since May 20, 2016)
Tax advisor, Chair of the Management Board of DATEV eG *(until March 31, 2016)*

Seats held on other supervisory boards and comparable supervisory bodies:
› Deutsche Messe AG, Hanover, Germany (Vice Chair)
› Advisory Board Southern Germany, Deutsche Bank AG, Frankfurt/Main, Germany

Aliza Knox
Vice President, Online Sales, APAC, Twitter, Singapore, Singapore

Seats held on other supervisory boards and comparable supervisory bodies:
› Scentre Group Limited, Sydney, Australia
› Singapore Post Ltd., Singapore, Singapore

Stephan Lindeman
Research Director, GfK Netherlands B.V., Utrecht, Netherlands
Chair of the Works' Council, GfK Netherlands B.V., Utrecht, Netherlands
Vice Chair of the European GfK SE Works' Council

Jackie Megahey (since September 1, 2016)
Regional Research & Quality Director UK, Nordics, Baltics, GfK U.K. Limited, London, UK
Vice Chair of the European GfK SE Works' Council
Member of the Steering Committee of the European GfK SE Works' Council

Bruno Piacenza (since May 20, 2016)
Member of the Management Board of Henkel Management AG (personally liable shareholder in Henkel AG & Co. KGaA), Düsseldorf, Germany

Hauke Stars (until May 20, 2016)
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* (until March 1, 2016)
- Deutsche Bank AG, Frankfurt/Main, Germany, Advisory Board Region Middle
- Deutsche Akademie für Technikwissenschaften, Munich, Germany
- Eurex Frankfurt AG, Frankfurt/Main, Germany*
- Eurex Zürich AG, Zurich, Switzerland*
- Fresenius SE & Co. KGaA, Bad Homburg, Germany (since May 13, 2016)
- Klöckner & Co SE, Duisburg, Germany (until May 13, 2016)
- Kuehne+Nagel Int. AG, Schindellegi, Switzerland (since May 3, 2016)

* Group responsibility at Deutsche Börse AG, Eschborn, Germany

Dieter Wilbois (until August 31, 2016)
Retired

Professor Dr. Raimund Wildner (since May 20, 2016)
Managing Director and Vice President of GfK-Nürnberg, Gesellschaft für Konsum-, Markt und Absatzforschung e.V., Nuremberg, Germany

40. MANAGEMENT BOARD

Dr. Gerhard Hausruckinger
Spokesman for the Management Board
(since September 1, 2016)
Chief Commercial Officer (CCO)
Sector Consumer Choices
Also responsible for the corporate function Strategy and Innovation starting September 1, 2016.

Matthias Hartmann (until December 31, 2016)
Chief Executive Officer (CEO) *(until August 31, 2016)*
Until August 31, 2016, 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.

Alessandra Cama
Chief Operations Officer (COO)
Starting September 1, 2016, also responsible for the corporate function IT (Strategy, Enterprise Applications, Infrastructure).

Christian Diedrich
Chief Financial Officer (CFO)
Responsible for the corporate functions Corporate Finance, Corporate Development, Group Controlling, Treasury, Legal, Central Services, Procurement, Sector Finance and Regional Finance.
Starting September 1, 2016, also responsible for the corporate functions Human Resources (including Executive Development and Compensation), Integrity, Compliance and Intellectual Property, Internal Audit and Investor Relations.

David Krajicek
Chief Commercial Officer (CCO)
Consumer Experiences sector
Starting September 1, 2016, also responsible for the corporate function Marketing and Communications.

Seats held on other supervisory boards and comparable supervisory bodies:

- YouEye Inc., Mountain View, California, USA (until September 30, 2016)

41. SHAREHOLDINGS OF THE GfK GROUP

INFORMATION IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB), AS AT DECEMBER 31, 2016

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	2016	−2,057 [8]
GfK Entertainment GmbH, Baden-Baden	100.00 [2]	2016	7,583 [8]
GfK GeoMarketing GmbH, Bruchsal	100.00	2016	830 [8]
GfK Media and Communication Research GmbH & Co. KG, Raunheim	100.00	2016	−2,825
GfK Middle East CR Holding GmbH, Nuremberg	100.00	2016	586
GfK North America Holding GmbH, Nuremberg	100.00	2016	458,835 [8]
GfK Retail and Technology GmbH, Nuremberg	100.00	2016	154,518 [8]
IFR Deutschland GmbH, Dusseldorf	100.00 [1]	2016	−4,574

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)
Beijing Sino Market Research Co., Ltd., Beijing, China	100.00 [1]	2016	6,671
China Market Monitor Co., Ltd., Beijing, China	100.00 [1]	2016	5,436
Cogenta Systems Limited, London, UK	100.00	2016	5,648
Corporación Empresarial ASA, S.A.P.I. de C.V., Mexico City, Mexico	100.00 [1]	2016	727
G F K Egypt LTD, Cairo, Egypt	100.00 [1]	2016	746
GfK - Centar za istraživanje tržišta d.o.o., Zagreb, Croatia	100.00 [1]	2016	1,018
GfK - Conecta S.A.C., Lima, Peru	100.00 [2]	2016	695
GfK - Retail and Technology Colombia Limitada, Bogotá, Colombia	99.50 [1]	2016	1,408
GfK Adimark Chile S.A., Providencia, Santiago, Chile	100.00	2016	8,510
GfK Arastirma Hizmetleri A.S., Istanbul, Turkey	100.00	2016	1,806
GfK Ascent-MI Limited, London, UK	100.00	2016	8,206
GfK Asia Pte Ltd., Singapore, Singapore	100.00 [1]	2016	45,400
GfK Australia Pty. Ltd., Sydney, Australia	100.00	2016	5,712
GfK Austria GmbH, Vienna, Austria	95.10 [1] [9]	2016	10,048
GfK Belgium NV, Leuven, Belgium	100.00 [1]	2016	11,879
GfK Belgrade d.o.o., Belgrade, Serbia	100.00 [1]	2016	754
GfK BH d.o.o., Sarajevo, Bosnia-Herzegovina	100.00 [1]	2016	288
GfK Boutique Research Inc., Boston, Massachusetts, USA	100.00 [1]	2016	5,495
GfK CE ARGENTINA S.A., Buenos Aires, Argentina	100.00 [2]	2016	619
GfK Colombia S.A., Bogotá, Colombia	99.40 [1]	2016	589
GfK Custom Research Baltic, Riga, Latvia	100.00 [1]	2016	151
GfK Custom Research Beijing Co., Ltd., Beijing, China	90.00	2016	731
GfK Custom Research Brasil Pesquisa de Mercado Ltda., São Paulo, Brazil	95.00	2016	863
GfK Custom Research Japan KK, Tokyo, Japan	100.00	2016	566
GfK Custom Research Korea, Ltd., Seoul, South Korea	100.00	2016	−7,447
GfK Custom Research Latam Holding, S.L., Valencia, Spain	100.00	2016	1,070
GfK Custom Research Pte. Ltd., Singapore, Singapore	100.00	2016	11,884
GfK Custom Research, LLC, New York City, New York, USA	100.00 [1]	2016	64,033
GfK Czech, s.r.o., Prag, Czech Republic	100.00 [1]	2016	1,723
GfK Danmark A/S, Frederiksberg, Denmark	100.00	2016	1,218
GfK EMER Ad Hoc Research, S.L., Valencia, Spain	50.10	2016	6,788
GfK Entertainment and Travel UK Limited, London, UK	100.00 [1]	2016	1,259
GfK Etilize (Private) Limited, Karachi, Pakistan	100.00 [1]	2016	1,138
GfK Etilize, Inc., Rolling Hills Estates, California, USA	100.00 [1]	2016	10,349

1) Fully indirect shareholding 2) Partially indirect shareholding 3) Data not available 4) Newly established in 2016 5) Short financial year
6) Share of minority shareholder regulated by separate agreement 7) A valuation at equity was not carried out for reasons of materiality
8) Profit and loss transfer agreement 9) Data from 2014 10) Data from 2015 11) In liquidation

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 Eurisko S.r.l., Milan, Italy	100.00 1)	2016	3,942
GfK Field Interviewing Services UK Limited, London, UK	100.00 1)	2016	132
GFK HELLAS E.P.E., Athens, Greece	100.00	2016	1,145
GFK HOLDING MEXICO, S.A. DE C.V., Mexico City, Mexico	100.00	2016	6,457
GfK Holding, Inc., Wilmington, Delaware, USA	100.00 1)	2016	294,899
GfK Hungária Piackutató Kft., Budapest, Hungary	100.00 1)	2016	2,763
GfK Immobilier SAS, Suresnes, France	100.00 1)	2016	−279
GFK ISL, CUSTOM RESEARCH FRANCE SAS, Suresnes, France	100.00	2016	1,595
GfK Kasachstan TOO, Almaty, Kazakhstan	100.00 1)	2016	401
GFK LATINOAMERICA HOLDING, S.L., Valencia, Spain	83.45 1)	2016	3,702
GfK LifeStyle Tracking Japan KK, Tokyo, Japan	100.00	2016	6,811
GfK Malta Holding Limited, Portomaso, Malta	100.00 2)	2016	240,371
GfK Malta Services Limited, Portomaso, Malta	100.00 2)	2016	113,878
GfK Market Consulting (Beijing) Co. Ltd., Beijing, China	99.00 1)	2016	1,602
GfK Market Research Brasil Pesquisa de Mercado Ltda., São Paulo, Brazil	100.00 2)	2016	−8,006
GfK Marketing Services Japan K.K., Tokyo, Japan	95.00 1)	2016	37,568
GfK MarketWise Ltd., Bangkok, Thailand	100.00 2)	2016	−448
GfK Middle East and Africa FZ-LLC, Dubai, United Arab Emirates	100.00 1)	2016	5,535
Gfk Middle East FZ-LLC, Dubai, United Arab Emirates	100.00 1)	2016	−2,108
GfK Mode Pvt Ltd, Kolkata, India	100.00 1)	2016	5,783
GfK Mystery Shopping Services UK Limited, London, UK	100.00 1)	2016	85
GfK Mystery Shopping UK Limited, London, UK	100.00 1)	2016	79
GfK Netherlands B.V., Utrecht, Netherlands	100.00 1)	2016	14,215
GfK Nielsen India Private Limited, Mumbai, India	50.10 1)	2016	6,847
GfK Norge A/S, Oslo, Norway	100.00	2016	1,434
GfK NORM AB, Stockholm, Sweden	100.00	2016	1,834
GfK NORM B.V., Amsterdam, Netherlands	100.00 1)	2016	308
GfK North America Holding LLC, Wilmington, Delaware, USA	100.00 1)	2016	210,935
GfK Philippines Corporation, Makati City, Philippines	100.00 1)	2016	1,056
GfK Polonia Sp. z o.o., Warsaw, Poland	100.00 1)	2016	7,124
GfK PORTUGAL - Marketing Services, S.A., Lisbon, Portugal	80.00 1)	2016	2,729
GfK Research Dynamics, Inc., Mississauga, Canada	100.00	2016	1,190
GfK Retail and Technology (Cyprus) LTD, Nicosia, Cyprus	100.00 1)	2016	5,364
GfK Retail and Technology (Thailand) Ltd., Bangkok, Thailand	100.00 1)	2016	839
GfK Retail and Technology Argentina S.A., Buenos Aires, Argentina	98.34 1)	2016	1,051
GfK Retail and Technology Asia Holding B.V., Amsterdam, Netherlands	100.00 1)	2016	1,813
GfK Retail and Technology Baltic SIA, Riga, Latvia	100.00 1)	2016	1,655
GfK Retail and Technology Belgium N.V., Leuven, Belgium	100.00 1)	2016	2,967
GfK Retail and Technology Benelux B.V., Amstelveen, Netherlands	100.00 1)	2016	10,793
GfK Retail and Technology Brasil Ltda., São Paulo, Brazil	95.00 1)	2016	1,808
GfK Retail and Technology Chile Limitada, Santiago, Chile	100.00 1)	2016	1,532
GfK Retail and Technology China Co. Ltd., Shanghai, China	100.00 1)	2016	31,054
GfK Retail and Technology España, S.A., Valencia, Spain	50.07 1)	2016	7,586
Gfk Retail and Technology France SAS, Suresnes, France	100.00 1)	2016	5,406
GfK Retail and Technology Hong Kong Limited, Hong Kong, China	100.00 1)	2016	1,455
GfK Retail and Technology Italia S.r.l., Milan, Italy	100.00 1)	2016	7,922
GfK Retail and Technology Korea Limited, Seoul, South Korea	100.00 1)	2016	9,185
GfK Retail and Technology Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.00 1)	2016	2,185
GfK Retail and Technology Market Research Vietnam Limited, Ho Chi Minh City, Vietnam	100.00 1)	2016	512
GfK Retail and Technology North Africa SARL, Casablanca, Morocco	100.00 1)	2016	−2,172
GfK Retail and Technology Peru S.A.C., Lima, Peru	100.00 1)	2016	924
GfK Retail and Technology Taiwan Ltd, Taipeh, Taiwan, China	100.00 1)	2016	5,547
GfK Retail and Technology UK Holding Limited, London, UK	100.00 1)	2016	5,811

1) Fully indirect shareholding 2) Partially indirect shareholding 3) Data not available 4) Newly established in 2016 5) Short financial year
6) Share of minority shareholder regulated by separate agreement 7) A valuation at equity was not carried out for reasons of materiality
8) Profit and loss transfer agreement 9) Data from 2014 10) Data from 2015 11) In liquidation

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 UK Ltd., London, UK	100.00 1)	2016	12,193
GfK Retail and Technology, Australia Pty. Limited, Sydney, Australia	100.00 1)	2016	16,837
GfK Romania - Institut de Cercetare de Piata Srl, Bucharest, Romania	100.00 1)	2016	4,030
GfK Shared Services UK Limited, London, UK	100.00 1)	2016	66
GfK Slovakia s.r.o., Bratislava, Slovakia	100.00 1)	2016	−1,502
GfK SLOVENIJA, tržne raziskave d.o.o., Ljubljana, Slovenia	100.00 1)	2016	383
GfK South Africa (Pty), Sandton, South Africa	100.00 1)	2016	−3,327
GfK Sverige Aktiebolag, Lund, Sweden	100.00	2016	3,275
GfK Switzerland AG, Hergiswil, Switzerland	100.00	2016	10,422
GfK Telephone Interviewing Services UK Limited, London, UK	100.00 1)	2016	94
GfK Turkey Danismanlik ve Pazar Arastirma Hizmetleri A.S., Istanbul, Turkey	100.00 1)	2016	193
GfK U.K. Holding Limited, London, UK	100.00 1)	2016	−53,107
GfK U.K. Limited, London, UK	100.00 1)	2016	73,087
GfK UK Entertainments Ltd., London, UK	100.00	2016	2,297
GfK Ukraine, Kiev, Ukraine	100.00 1)	2016	2,507
GfK US Holdings, Inc., Wilmington, Delaware, USA	100.00 1)	2016	386,686
GfK US, LLC, New York City, New York, USA	100.00 1)	2016	58,303
GfK-Bulgaria, Institut für Marktforschung EGmbH, Sofia, Bulgaria	100.00 1)	2016	2,811
GfKEcuador S.A. Investigación Estratégica, Quito, Ecuador	99.91 1)	2016	351
GfK-Media Research Middle East SA, Hergiswil, Switzerland	67.00 1)	2016	−1,251
GfK-RUS Gesellschaft mbH, Moscow, Russia	100.00 1)	2016	12,649
IFR Europe Ltd., London, UK	100.00 1)	2016	232
IFR Italia S.r.L., Milan, Italy	100.00 1) 11)	2016	243
IFR Marketing España S.L., Madrid, Spain	100.00 1)	2016	179
IFR Monitoring Canada Inc., Niagara Falls, Canada	100.00 1)	2016	−211
IFR South America, SA, Buenos Aires, Argentina	100.00 1)	2016	208
Institut Français de Recherche-I.F.R. S.A.S, Suresnes, France	100.00	2016	−3,366
INTERCAMPUS-RECOLHA, TRATAMENTO E DISTRIBUIÇÃO DE INFORMAÇÃO, S.A., Lisbon, Portugal	74.10 1)	2016	889
MERC Analistas de Mercados, S.A.P.I. de C.V., Mexico City, Mexico	100.00 1)	2016	3,942
METRIS - MÉTODOS DE RECOLHA E INVESTIGAÇÃO SOCIAL, S.A., Lisbon, Portugal	71.00 1)	2016	963
Netquest Brasil Pesquisa de Mercado Ltda., São Paulo, Brazil	100.00 1)	2016	284
Netquest Estudios Cono Sur Ltda., Santiago, Chile	100.00 1)	2016	11
Netquest Iberia, S.L.U., Barcelona, Spain	100.00 1)	2016	2,329
Netquest Mexicana, S.A. de C.V., Mexico City, Mexico	100.00 1)	2016	222
Netquest S.A.S., Bogotá, Colombia	100.00 1)	2016	117
Netquest USA Inc., New York City, New York, USA	100.00 1)	2016	210
Numbers Services Limited, London, UK	100.00 1)	2016	967
PT. GfK Retail and Technology Indonesia, Jakarta, Indonesia	100.00 1)	2016	−13
Shopping Brasil Tecnologia da Informação Ltda, Porto Alegre, Brazil	86.03 1)	2016	1,201
Soluciones Netquest de Investigación, S.L., Barcelona, Spain	100.00	2016	−339
Wakoopa, B.V., Amsterdam, Netherlands	100.00 1)	2016	639

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	2016	64
GfK Beteiligungsgesellschaft mbH, Nuremberg	100.00	2016	22
GfK Media and Communication Research Verwaltungs-GmbH, Raunheim	100.00	2016	28
GfK Siebte Vermögensverwaltungs GmbH, Nuremberg	100.00	2016	22
GfK Vierte Vermögensverwaltungs GmbH, Nuremberg	100.00	2016	25 8)
Norm Research & Consulting GmbH, Wiesbaden	100.00 1)	2016	−95 10)
TRMR Vermögensverwaltungs GmbH, Nuremberg	100.00	2016	21

1) Fully indirect shareholding 2) Partially indirect shareholding 3) Data not available 4) Newly established in 2016 5) Short financial year
6) Share of minority shareholder regulated by separate agreement 7) A valuation at equity was not carried out for reasons of materiality
8) Profit and loss transfer agreement 9) Data from 2014 10) Data from 2015 11) In liquidation

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 [1]	2016	163
GfK Albania, Tirana, Albania	100.00 [1]	2016	196
GfK Australia Fieldwork Pty. Limited, Sydney, Australia	100.00 [1] [4] [5]	2016	7
GfK Bangladesh Pvt. Ltd., Dhaka, Bangladesh	100.00 [1]	2016	150
GfK Client Solutions Ltd., Tel Aviv, Israel	100.00 [1]	2016	239
GfK Ecuador Investigación de Mercado CIA. LTDA., Quito, Ecuador	100.00 [1]	2016	202
GfK Entertainment AG, Zurich, Switzerland	100.00 [1]	2016	369
GfK Levant s.a.r.l., Beirut, Lebanon	100.00 [1]	2016	70
GFK Retail & Technology Egypt, L.L.C., Cairo, Egypt	100.00 [1]	2016	182
GfK Retail & Technology Ltd., Ramat Gan, Israel	100.00 [1]	2016	−921
GfK Retail and Technology East Africa Limited, Nairobi, Kenya	100.00 [1]	2016	142 [10]
GfK Retail and Technology Panama S.A., Panama City, Panama	100.00 [1]	2016	−435
GFK Skopje DOO Skopje, Skopje, Macedonia	100.00 [1]	2016	317
GfK Stratégie et développement Groupement d'intérêt Economique, Suresnes, France	100.00 [1]	2016	114
GfK Venezuela, C.A., Caracas, Venezuela	100.00 [1]	2016	144
GfK-RT Nigeria Limited, Lagos, Nigeria	100.00 [1]	2016	411
IFR Polska Sp. z o.o., Warsaw, Poland	100.00 [1]	2016	0
IFR RUS Limited, Moscow, Russia	100.00 [1]	2016	173
IFR U.K. Ltd., London, UK	100.00 [1]	2016	−252

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 [1]	2016	1,046
Common Technology Centre EEIG, London, UK	25.00 [1] [7]	2016	0 [9]
Europanel Raw Database GIE, Brussels, Belgium	50.00 [2] [7]	2016	– [3]
MarketingScan SAS, Suresnes, France	50.00	2016	−706
Media Focus Switzerland GmbH, Zurich, Switzerland	49.00 [1]	2016	1,523
MRC-Mode Pvt. Limited, Dhaka, Bangladesh	36.00 [1] [7]	2015/2016	−57 [10]
Starch Research Services Limited, Toronto, Ontario, Canada	20.00 [1] [7]	2016	16 [10]

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 [2]	2016	– [3]
ZecoByte AB, Stockholm, Sweden	11.00 [1]	2016	2 [10]

1) Fully indirect shareholding 2) Partially indirect shareholding 3) Data not available 4) Newly established in 2016 5) Short financial year
6) Share of minority shareholder regulated by separate agreement 7) A valuation at equity was not carried out for reasons of materiality
8) Profit and loss transfer agreement 9) Data from 2014 10) Data from 2015 11) In liquidation

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
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 10, 2017. 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 10, 2017

The Management Board

Dr. Gerhard Hausruckinger

Alessandra Cama

Christian Diedrich

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 1st January 2016 to 31st December 2016. 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, complies with the German statutory requirements, 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 10, 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Grottel	Bader
German Public Auditor	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 10, 2017

The Management Board

Dr. Gerhard Hausruckinger

Alessandra Cama

Christian Diedrich

David Krajicek

ADDITIONAL INFORMATION

MULTI-YEAR OVERVIEW

ACCORDING TO IFRS

INCOME STATEMENT FIGURES

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	1,483.8
Personnel expenses	€ million	465.2	494.3	510.5	550.7	593.4	685.5	677.6	705.4	765.9	762.6
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	233.1
Adjusted operating income	€ million	157.6	158.7	147.2	185.0	187.7	187.4	190.4	178.8	187.6	155.3
EBITDA	€ million	188.4	192.0	159.1	200.4	223.2	194.1	225.4	202.2	231.2	183.1
Operating income	€ million	125.6	128.9	88.9	141.4	138.9	129.4	26.5	68.0	104.2	−55.2
Income from participations	€ million	3.0	3.9	3.9	3.9	4.4	1.0	2.4	4.0	2.0	5.2
EBIT	€ million	128.6	132.8	92.8	145.2	143.3	130.3	28.9	71.9	106.2	−50.1
Income from ongoing business activity	€ million	104.2	113.0	75.5	124.8	125.6	108.2	4.2	47.6	87.9	−62.8
Consolidated total income [1]	€ million	78.9	82.0	60.5	84.0	88.1	64.1	72.5	78.9	80.1	0.5
Tax ratio [1]	Percent	24.3	27.4	19.8	32.7	29.8	40.8	38.9	26.3	37.0	99.3

1) 2013, 2014, 2015 and 2016 do not take into account goodwill impairment

BALANCE SHEET FIGURES

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	1,065.5
Current assets	€ million	382.5	361.6	363.5	417.7	489.9	518.8	501.8	536.1	620.6	655.4
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	162.6
Investments	€ million	73.7	101.5	106.7	89.6	77.3	177.8	118.4	99.7	108.6	102.1
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	71.0
of which financial assets	€ million	24.5	51.0	57.7	41.0	14.6	107.1	38.0	10.5	14.5	31.1
Equity	€ million	509.6	500.3	553.0	677.5	760.8	782.0	663.7	705.3	720.5	538.2
Liabilities	€ million	961.2	946.3	968.4	972.4	984.8	1,097.8	1,032.7	1,062.2	1,121.8	1,182.7
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	1,720.9
Net debt	€ million	−472.9	−481.5	−499.8	−428.5	−363.9	−461.8	−427.5	−393.1	−400.0	−381.6

CASH FLOW FIGURES

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cash flow from operating activity	€ million	168.1	145.8	134.7	172.0	170.5	115.0	164.0	196.9	170.9	146.2
Cash flow from investing activity	€ million	−64.6	−100.4	−104.4	−86.2	−72.9	−177.4	−117.5	−98.9	−76.3	−71.4
Cash flow from financing activity	€ million	−112.9	−46.4	−26.2	−76.9	−49.0	22.8	−31.5	−75.5	−59.4	−32.1
Free cash flow	€ million	118.9	95.4	85.7	123.4	107.9	44.3	83.7	107.7	76.8	75.2

MULTI-YEAR OVERVIEW

ACCORDING TO IFRS

PROFITABILITY RATIOS

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	10.5
EBITDA margin = EBITDA/sales	Percent	16.2	15.7	13.7	15.5	16.2	12.8	15.1	13.9	15.0	12.3
EBIT margin = EBIT/sales	Percent	11.1	10.9	8.0	11.2	10.4	8.6	1.9	5.0	6.9	−3.4
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	0.0
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	51.4
ROCE = Adjusted EBIT/average net capital employed	Percent	12.5	12.8	9.7	14.1	14.0	11.9	8.8	10.2	9.4	−4.9
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	−2.8
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	0.0

1) 2013, 2014, 2015 and 2016 do not take into account goodwill impairment

KEY INDICATORS PER SHARE

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Earnings per share [1] [2]	€	1.98	2.04	1.42	1.99	2.06	1.43	1.66	1.79	2.09	−0.10
Free cash flow per share [1]	€	3.33	2.66	2.38	3.43	2.96	1.21	2.29	2.95	2.10	2.06
Dividend per share	€	0.45	0.46	0.30	0.48	0.65	0.65	0.65	0.65	0.65	0.00
Total dividends	€ million	16.1	16.5	10.8	17.4	23.7	23.7	23.7	23.7	23.7	0.0
Dividend return	Percent	1.64	2.09	1.24	1.28	2.12	1.68	1.61	1.91	2.10	0.00
Year-end share price [1]	€	27.50	22.02	24.13	37.60	30.63	38.59	40.31	34.00	30.90	43.39
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	36,504

1) Adjusted for capital increase
2) 2013, 2014, 2015 and 2016 do not take into account goodwill impairment

NET DEBT RATIOS

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net debt to											
equity (gearing)	Percent	92.8	96.2	90.4	63.2	47.8	59.1	64.4	55.7	55.5	70.9
EBIT	Percent	367.5	362.6	538.6	295.0	253.9	354.3	1,478.7	546.4	376.8	−762.2
EBITDA	Percent	251.0	250.8	314.2	213.8	163.1	237.9	189.7	194.4	173.0	208.5
free cash flow (= dynamic debt to equity ratio)	Years	4.0	5.1	5.8	3.5	3.4	10.4	5.1	3.6	5.2	5.1

MULTI-YEAR OVERVIEW

ACCORDING TO IFRS

SALES BY SECTORS AND REGIONS

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	803.0
Consumer Choices	€ million					539.8	601.6	607.8	623.6	681.1	680.3
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	537.4
Southern and Western Europe	€ million					280.4	282.1	272.6	265.4	267.0	269.8
Central Eastern Europe/META	€ million					118.0	121.8	127.7	127.5	126.5	127.9
North America	€ million					200.3	266.8	265.9	263.0	321.0	289.8
Latin America	€ million					59.4	66.6	66.5	61.2	67.9	69.7
Asia and the Pacific	€ million					119.5	155.0	154.4	161.0	185.4	189.3

MULTI-YEAR OVERVIEW

ACCORDING TO IFRS

ADJUSTED OPERATING INCOME OF SECTORS

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	54.0
Consumer Choices	€ million					136.0	139.3	144.4	137.7	145.0	114.6

NUMBER OF EMPLOYEES AT YEAR-END

	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total number	Employees	9,070	9,692	10,058	10,546	11,457	12,678	12,940	13,380	13,485	13,069
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	5,677
Consumer Choices	Employees					4,396	5,002	5,287	5,327	5,828	5,620
Other	Employees					483	496	528	1,824	1,765	1,772

LIST OF GfK COMPANIES MENTIONED

Genius Digital
Genius Digital Ltd, London, Great Britain

GfK Custom Research North America
GfK Custom Research, LLC, New York City, New York, USA

GfK Denmark
GfK Danmark A/S, Frederiksberg, Denmark

GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V.
GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, Germany

GfK Print Center
In-house printing shop of GfK Switzerland AG, Hergiswil, Switzerland

GfK Turkey
GfK Arastirma Hizmetleri A.S., Istanbul, Turkey

GfK Verein
GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, Germany

Netquest, Netquest group
Soluciones Netquest de Investigación, S.L., Barcelona, Spain
Netquest Iberia, S.L.U., Barcelona, Spain
Netquest Mexicana, S.A. de C.V., Mexico City, Mexico
Netquest Brasil Pesquisa de Mercado Ltda., São Paulo, Brazil
Netquest Estudios Cono Sur Ltda., Santiago, Chile
Netquest USA Inc., New York City, New York, USA
Netquest S.A.S., Bogotá, Colombia
Wakoopa, B.V., Amsterdam, Netherlands

NOP Global Ltd.
NOP Global Limited, London, Great Britain

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 Sweden
NORM Research & Consulting AB, Stockholm, Sweden

NORM Netherlands
Norm Research & Consulting B.V., Amsterdam, Netherlands

NPD, USA
The NPD Group, Inc, Port Washington, New York, USA

NPD Intelect, USA
NPD Intelect, L.L.C., Port Washington, New York, USA

Print Center Switzerland
In-house printing shop of GfK Switzerland AG, Hergiswil, Switzerland

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Qosmos SA, Amiens, France

SMSI France
St. Mamet Saisie Informatique (SMSI) S.A.R.L., Saint Mamet la Salvetat, France

The NPD Group
The NPD Group, Inc, Port Washington, New York, USA

USEEDS
USEEDS GmbH, Berlin, Germany

Wakoopa
Wakoopa, B.V., Amsterdam, Netherlands

ACKNOWLEDGEMENTS AND CONTACTS

This Annual Report is available in German and English.

The online version can be found at:
http://annual-report.gfk.com

Annual reports from prior years and further information can be found online at:
http://www.gfk.com/investors/publications/publications/

The deadline for this Annual Report was March 10, 2017.

The annual report was published at the Accounts Press Conference on March 14, 2017.

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

Publisher
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PROVISIONAL KEY DATES IN THE FINANCIAL CALENDAR

2017

MAY 15, 2017
Interim quarterly report
as at March 31, 2017

MAY 18, 2017
Annual General Assembly
Fuerth, Germany
(postponed)

AUGUST 14, 2017
Interim half-year report
as at June 30, 2017

NOVEMBER 13, 2017
Interim nine-month report
as at September 30, 2017

2018

JANUARY 31, 2018
Trading Statement

MARCH 14, 2018
Accounts press conference
Nuremberg, Germany

MAY 15, 2018
Interim quarterly report
as at March 31, 2018

MAY 17, 2018
Annual General Assembly
Fuerth, Germany

AUGUST 14, 2018
Interim half-year report
as at June 30, 2018

NOVEMBER 14, 2018
Interim nine-month report
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GfK GROUP
Nordwestring 101
90419 Nuremberg, Germany
T +49 911 395-0
Email gfk@gfk.com

annual-report.gfk.com

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