

# Press Release

Preliminary trading statement 2016

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## GfK down versus prior year – impacted by growth projects

- 1.7 percent organic decline in sales
- Adjusted operating income approximately €154 million
- Margin 10.4 percent (prior year: 12.2 percent)

**Nuremberg, January 31, 2017 – GfK closed fiscal year 2016 down versus prior year. Both sales and adjusted operating income declined. This trend was pronounced by currency effects. The Consumer Choices sector posted organic growth of 4.1 percent in 2016. However, delays of large growth projects in the Audience Measurement business and portfolio adjustments had a negative impact. The Consumer Experiences sector declined 6.3 percent year to year. Growth from strategic acquisitions was offset by negative currency effects. The Group's adjusted operating income reached approximately €154 million. At 10.4 percent, the margin was below the prior year's figure of 12.2 percent.**

“2016 was a difficult year for us. We had to post reduced sales in the ad hoc business and are in the process of refocusing key major media projects to achieve long-term success. At the same time, we have strengthened our digital business through targeted acquisitions. We divested less promising activities. This is why we have not achieved our margin targets,” says Gerhard Hausruckinger, Speaker of the GfK SE Management Board.

According to preliminary figures, GfK Group's sales in fiscal year 2016 were 3.8 percent down versus the prior year and reached approximately €1,484 million (prior year: €1,543.4 million). Organic growth was minus 1.7 percent.

Currency effects had a negative effect on sales growth of 1.6 percent. The net effect on sales from acquisitions and disinvestments was negative at 0.5 percent. The positive effect of the strategic acquisitions of NORM and Netquest, which strengthened our digital activities, was more than offset by the divestiture of the animal health and crop protection business. Expenses for group wide corporate functions (Other category) were reduced versus prior year (2016: approximately -€13 million, 2015: -€16.4 million) thereby having a positive impact on margin.

Adjusted operating income was €154 million resulting in a decline of approximately €34 million versus the prior year. At 10.4 percent, the margin (adjusted operating income in relation to sales) lagged behind the prior

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year's figure of 12.2 percent. This was caused by negative income contributions from the Audience Measurement projects, in particular, the TV Audience Measurement panel in Brazil, delays in growth projects and the impact of business divestitures.

### GfK Group: performance compared with the previous year<sup>1)</sup>

In € million	2015	2016 preliminary	Total growth in percent
Sales	1,543.4	1,484	-3.8
Adjusted operating income	187.6	154	-18.1

1) Preliminary figures from the management information system – rounded

### Good sales growth in the Consumer Choices sector, declining sales trend in the Consumer Experiences sector

In the Consumer Choices sector, sales were at €680 million in total and virtually matched the level of the prior year (€681.1 million). Against a positive trend in organic sales growth of plus 4.1 percent, the divestiture of the animal health and crop protection business and foreign exchange rate fluctuations had negative effects, resulting in a sales decline of 0.2 percent versus the prior year. In particular, developments with the two TV Audience Measurement contracts in Brazil and the Kingdom of Saudi-Arabia were and are still critical. Negotiations about adjustments to the contracts and contract extensions are ongoing. No sales had been booked for the TV Audience Measurement contract in Brazil since the second quarter. The Point of Sales Measurement business continued to grow. The sector's margin has fallen by 4.6 percentage points to 16.6 percent. This is primarily due to the TV Audience Measurement contracts and delays in growth projects.

The Consumer Experiences sector achieved sales of around €804 million (2015: €859.1 million). The trend in sales in the fourth quarter of 2016 was better than in the first three quarters. However, in a persistently challenging market environment for ad hoc business, organic growth for the year as a whole was considerably negative at minus 6.3 percent. Currency fluctuations, at minus 2.4 percent, also had a negative effect by more than eliminating the acquisition-based growth (+2.2 percent). In 2016, the focus was concentrated on optimizing and streamlining processes and achieving cost savings. Accordingly, the margin was kept at virtually the level of the prior year, despite the sharp decline in sales (2016: 6.7 percent, 2015: 6.9 percent).

### Sales trend in the sectors<sup>1)</sup>

Sales in € million	2015	2016 preliminary	Change in percent
Consumer Choices	681.1	680	-0.2
Consumer Experiences	859.1	804	-6.4
<b>GfK Group<sup>2)</sup></b>	<b>1,543.4</b>	<b>1,484</b>	<b>-3.8</b>

1) Preliminary figures from the management information system – rounded

2) Including "Other"

### Components of sales growth by sector<sup>1)</sup>

Growth in percent	Total	Organic	Acquisitions	Currency
Consumer Choices	-0.2	4.1	-3.5	-0.7
Consumer Experiences	-6.4	-6.3	2.2	-2.4
<b>GfK Group<sup>2)</sup></b>	<b>-3.8</b>	<b>-1.7</b>	<b>-0.5</b>	<b>-1.6</b>

1) Preliminary figures from the Management Information System – rounded

2) Including "Other"

### Trend in the sectors' margins<sup>1)</sup>

Margin <sup>2)</sup> in percent	2015	2016 preliminary
Consumer Choices	21.3	16.6
Consumer Experiences	6.9	6.7
<b>GfK Group<sup>3)</sup></b>	<b>12.2</b>	<b>10.4</b>

1) Preliminary figures from the management information system – rounded

2) Adjusted operating income to sales

3) Including "Other"

### Sales trend in the regions

In 2016, the growth regions Asia and the Pacific, CEE/META and Latin America achieved organic growth and overall performed positively despite some negative currency effects. Southern and Western Europe recorded organic growth in the fourth quarter, which could only partially compensate the decline of the first three quarters. Northern Europe and, in particular, North America recorded a sharp decline in sales.

### Performance of the regions<sup>1</sup>

Sales in € million	2015	2016 prelimi- nary	Organic growth in percent	Total growth in percent
Northern Europe	575.6	538	-2.0	-6.6
Southern and Western Europe	267.0	270	-2.5	1.2
Central Eastern Europe/META	126.5	128	5.1	1.1
Latin America	67.9	70	5.6	2.8
North America	321.0	290	-6.9	-9.7
Asia and the Pacific	185.4	189	2.0	1.8
<b>Total</b>	<b>1,543.4</b>	<b>1,484</b>	<b>-1.7</b>	<b>-3.8</b>

1) Preliminary figures from the management information system – rounded

GfK assumes that the Group will continue to face a challenging competitive environment in 2017. The risks in particular with respect to the TV Audience Measurement contracts will continue into the current fiscal year. Given the existing challenges in both sectors, GfK will have difficulty in improving on its prior year's margin in 2017. As usual, GfK plans to provide a more detailed guidance for 2017 together with the publication of the annual financial statements.

### Annual results press conference and full annual financial statements

GfK will publish its full annual financial statements and the outlook for 2017 on March 14, 2017 at 10:00 am CET as part of the annual results press conference held in Nuremberg. From 1:00 pm CET onwards, the financial statements will be presented to analysts and investors during a conference call.

### Provisional financial calendar 2017

March 14, 2017:	Annual results press conference
May 15, 2017:	Quarterly report as at March 31, 2017
May 18, 2017:	Annual General Assembly
August 14, 2017:	Half-year report as at June 30, 2017
November 13, 2017:	Nine-month report as at September 30, 2017



### **About GfK**

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

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