

THE ART OF SMART DATA  
Report for the first Quarter 2016

# THE GfK GROUP AT A GLANCE

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 80 years of 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.

in EUR million <sup>1)</sup>	1. Quarter 2015	1. Quarter 2016	Change in %	2015	2015 <sup>2)</sup>
<b>Earnings situation</b>					
Sales	362.5	360.5	- 0.6	1,543.4	1,543.4
Gross income from sales	107.3	102.7	- 4.3	481.5	481.5
EBITDA	36.2	44.7	23.6	231.2	231.2
Adjusted operating income	27.3	32.1	17.6	187.6	187.6
Margin in percent <sup>3)</sup>	7.5%	8.9%	1.4 <sup>6)</sup>	12.2%	12.2%
Operating income	19.6	27.5	40.5	104.2	143.6
EBIT	20.9	27.7	32.7	106.2	145.6
Consolidated total income	9.2	15.5	68.6	40.7	80.1
Basic earnings per share in EUR	0.17	0.40	135.3	1.01	2.09
<b>Investment and finance</b>					
Cash flow from operating activity	19.0	46.6	145.4	170.9	
Cash flow from investing activity	- 26.1	- 40.6	55.4	- 76.3	
Cash flow from financing activity	36.3	191.2	427.2	- 59.4	
Free cash flow after acquisitions, other financial investments and asset disposals	- 7.1	6.0		94.6	

	31.12.2015	31.03.2016	Change as of 31.12. in %	31.03.2015	31.03.2016	Change as of 31.03. in %
<b>Asset and capital position</b>						
Total assets	1,842.3	2,010.9	9.2%	1,910.1	2,010.9	5.3%
Equity	720.5	704.4	- 2.2%	802.1	704.4	- 12.2%
Equity ratio in per cent	39.1%	35.0%		42.0%	35.0%	
Liquidity <sup>4)</sup>	130.9	325.2	148.4%	130.9	325.2	148.5%
Net debt <sup>5)</sup>	400.0	405.0	1.2%	397.1	405.0	2.0%
<b>Employees</b>						
No. of employees	13,485	13,639	1.1%	13,408	13,639	1.7%

1) Rounded

2) Excluding the goodwill impairment of € 39.4 million

3) Adjusted operating income in relation to sales

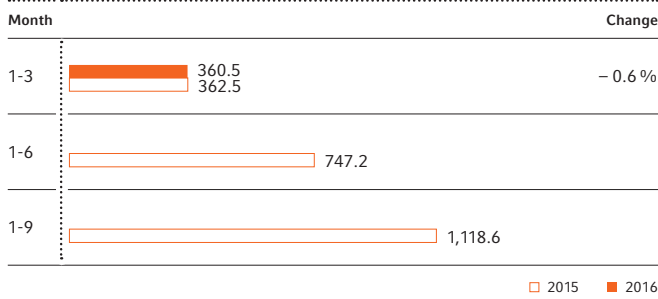
4) Cash and cash equivalents plus securities and fixed-term deposits

5) Liabilities to banks plus pension obligations, liabilities under leases and other interest-bearing liabilities less cash and cash equivalents and securities and fixed-term deposits

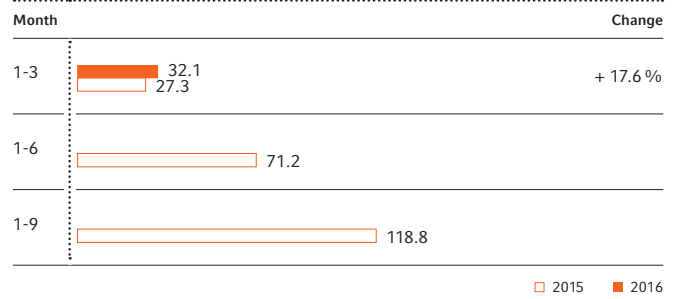
6) Percentage points

# BUSINESS DEVELOPMENT AT A GLANCE OF GfK GROUP

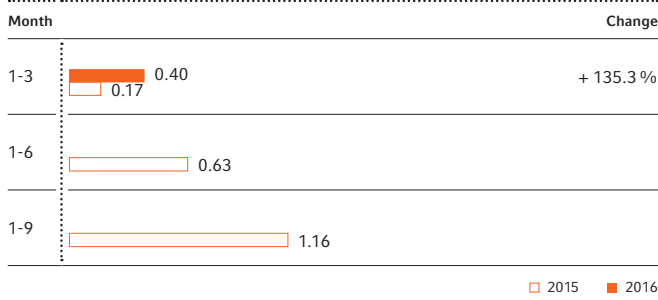
## SALES IN EUR MILLION



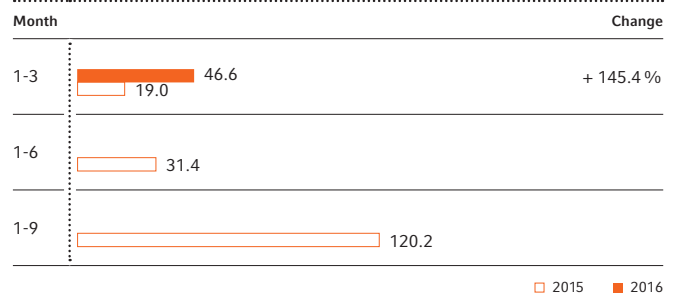
## ADJUSTED OPERATING INCOME IN EUR MILLION



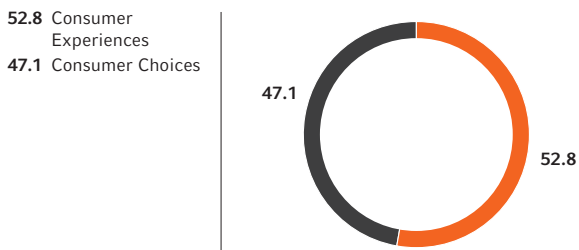
## EARNINGS PER SHARE IN EUR



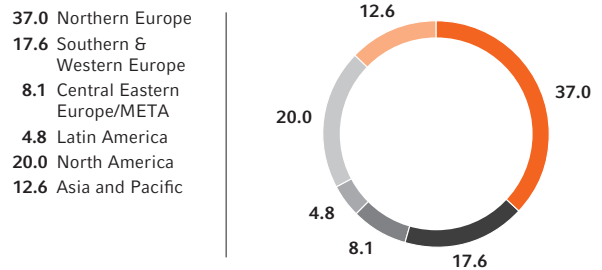
## CASH FLOW FROM OPERATING ACTIVITY IN EUR MILLION



## SHARE OF SECTORS IN TOTAL SALES IN PERCENT<sup>1)</sup>



## SHARE OF REGIONS IN TOTAL SALES IN PERCENT<sup>1)</sup>



1) Figures from the Management-Information System – rounded

1) Figures from the Management-Information System – rounded

## THE SECTORS AT A GLANCE

### CONSUMER EXPERIENCES

The Consumer Experiences sector deals with consumer habits, behavior, perceptions and attitudes and answers the who, why and how of consumption. This research is based on flexible creative methods. GfK is developing pioneering new procedures to deliver a profound understanding of how consumers experience brands and services.

In EUR million	1. Quarter 2015	1. Quarter 2016	Change in %
Sales	204.6	190.5	- 6.9
Adjusted operating income	6.1	7.7	26.3
Margin in per cent <sup>1)</sup>	3.0	4.0	

Figures from the Management-Information System – rounded

1) Adjusted operating income in relation to sales

### CONSUMER CHOICES

The Consumer Choices sector investigates what's selling when and where. It focuses on the continuous assessment of market segments and trends by analyzing all major sales and information channels and media.

In EUR million	1. Quarter 2015	1. Quarter 2016	Change in %
Sales	157.1	169.9	8.1
Adjusted operating income	27.2	27.5	1.1
Margin in per cent <sup>1)</sup>	17.3	16.2	

Figures from the Management-Information System – rounded

1) Adjusted operating income in relation to sales

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# LETTER TO THE SHAREHOLDERS



**MATTHIAS HARTMANN**

Chief executive officer  
of GfK SE

*Ladies and Gentlemen,*

In the first quarter of financial year 2016, we achieved further organic sales growth. This continued the positive sales trend of 2015.

We increased adjusted operating income (AOI) in absolute terms by almost €5 million. As a result, the margin climbed from 7.5 percent to 8.9 percent.

The Consumer Choices sector is performing well. Organic sales growth amounted to 9.8 percent in the first three months of this year. Our TV audience measurement contract in Brazil contributed to sales growth. However, this contract has not yet generated a profit contribution and therefore affected the trend in the margin for the first quarter of the year. Sound growth in our Point-of-Sale Measurement business was pleasing. It was based on the product groups MDA and SDA (major and small domestic appliances) as well as telecoms. However, time effects also had a positive impact in terms of the increase. Demand remains at a high level. Trends and forecasting business continued its expansion course in the first quarter of 2016.

The Consumer Experiences sector fell short of our growth expectations in the first quarter of this year. An organic sales decline of 6 percent is not satisfactory. This sales trend was attributable to a weaker order book at the end of last year and in the first two months of this year. While demand from clients in the consumer goods sector and financial industry remained strong, a decrease in demand from the technology sector was

evident in the first quarter of 2016. At regional level, business currently represents a particular challenge for the Consumer Experiences sector in mature market research countries and also in China.

The share of our standardized global products is continually increasing. These products now account for 46 percent of sales in the Consumer Experiences sector. Our consistent focus on reducing costs and increasing the margin is proving successful. Based on a 4.0 percent margin, we increased profitability in the Consumer Experiences sector by 1.1 percentage points compared with the same quarter in the previous year.

We also made good progress with finance for the Group. Lower interest on funding reduced our expenses which, along with significant currency effects, was reflected in GfK's other financial result. More favorable financing of our bonds means that a further considerable reduction of future interest charges has already been secured.

Consolidated total income was significantly up in the first quarter of 2016. It rose from €9.2 million to €15.5 million. In the first quarter of this year, an initial positive contribution was evident following the dissolution of the cross-shareholding with The NPD Group. Of consolidated total income, 94 percent remains in the Group, with only 6 percent attributable to third parties. In the same quarter of the previous year, only about 70 percent remained with GfK.

Cash flow from operating activities rose sharply in the first quarter of 2016, from €19.0 million to €46.6 million. We are also making good progress in terms of optimizing working capital.

After the first quarter of 2016, we confirm our forecast for the year. We aim to achieve moderate organic growth (higher than the previous year's figure and outperforming the market research sector as a whole) and a considerably higher AOI margin.

Overall, the volume of our order book after the first three months of 2016 matches the level recorded at the same time in the previous year. The level of sales coverage amounts to 60.8 percent (2015: 60.4 percent).

The figures reflect that our consistent strategy continues to work. In the Consumer Choices sector, we are driving forward growth and increasing the sector's share of sales in relation to the Group. In the Consumer Experiences sector, the focus is on the trend in the margin. For this purpose, we will reduce costs further and optimize processes. In the course of this year, we will start to see the benefit of our realignment reflected by the "One Operations" and "One Industry" strategies as well as increase efficiency and make progress in terms of sales.

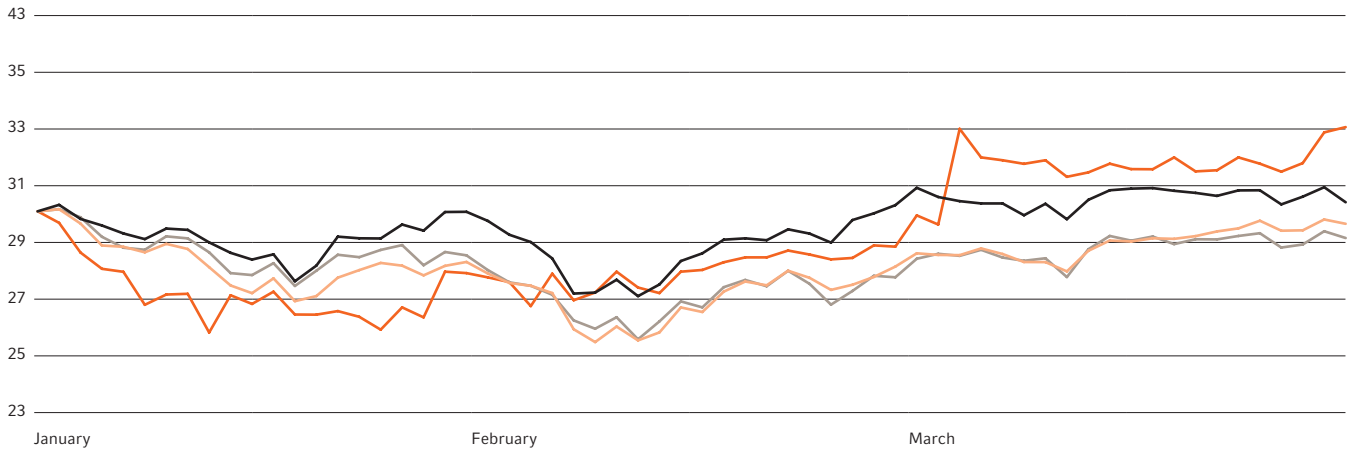
We look with confidence to the remaining months of the current financial year.

Sincerely yours,

MATTHIAS HARTMANN

# GfK SHARE PERFORMANCE

## GfK SHARE PRICE PERFORMANCE FROM JANUARY 1, 2016, TO MARCH 31, 2016<sup>1)</sup> IN EUR

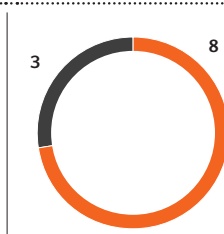


1) All values are indexed to the GfK share price, closing prices, in EUR

■ GfK ■ DAX 30 Performance ■ SDAX Performance ■ Dow Jones Euro Stoxx Media

### ANALYST RATINGS AS OF 31.03.2016

8 Buy  
3 Hold  
0 Sell



### GfK SHARE<sup>1)</sup>

		2015	Q1 2016
Number of shares	in thousands	36,504	36,504
Market Capitalization	EUR mio	1,128	1,254
High/Low	EUR	41.48/30.00	33.06/25.87
Close	EUR	30.90	34.35
Earnings per share	EUR	2.09 <sup>2)</sup>	0.40

<sup>1)</sup> as of reporting dates

<sup>2)</sup> Excluding the goodwill impairment of € 39.4 million

## GfK ACHIEVES MODEST ORGANIC GROWTH IN THE FIRST QUARTER – INCOME AND MARGIN SIGNIFICANTLY INCREASED

- Organic growth of 0.9 percent; currency effects result in sales decrease of 0.6 percent overall
- Adjusted operating income increases by 17.6 percent; margin is up 1.4 percentage points to 8.9 percent
- EBIT up by 32.7 percent to €27.7 million and consolidated total income by 68.6 percent to €15.5 million
- Earnings per share climb from €0.17 to €0.40
- Substantial rise in cash flow despite acquisition
- Forecast for the year unchanged

GfK achieved organic growth of 0.9 percent in the first quarter of 2016. Acquisitions accounted for a further 0.9 percent growth. Significant currency effects meant that sales overall were down by 0.6 percent on the same period in the previous year.

Sales continued to shift in favor of the high-profit Consumer Choices sector. This sector's sales rose by 9.8 percent in organic terms, with the margin decreasing from 17.3 percent to 16.2 percent. An opposite trend was evident in the Consumer Experiences sector, where the focus is on improving the cost structure and increasing the share of standardized global products. A sharp rise in the margin from 3.0 percent to 4.0 percent was accompanied by a marked 6.0 percent decrease in sales in organic terms.

The regions Asia and the Pacific, Latin America and Central Eastern Europe/META increased sales in organic terms whereas a downward trend was evident in the mature markets of Northern Europe, Southern and Western Europe as well as North America.

At the same time, the income trend was particularly pleasing. Adjusted operating income amounted to €32.1 million in the first quarter of 2016, which represents an increase of €4.8 million on the same period in the previous year. The margin rose to 8.9 percent (first quarter of 2015: 7.5 percent). EBIT was up 32.7 percent and consolidated total income 68.6 percent.

The trend in the cash flow was positive. Cash flow from operating activities increased from €19.0 million in the same quarter of the previous year to €46.6 million in the first quarter of 2016.

At the end of March 2016, a total of 60.8 percent of the annual sales required to achieve the forecast had already been posted or were in the order book (previous year: 60.4 percent). This figure is well within the band of fluctuation recorded in recent years.



# INTERIM MANAGEMENT REPORT

## 1. ECONOMIC AND FINANCIAL DEVELOPMENT IN THE GfK GROUP

In the first quarter of 2016, the GfK Group achieved organic growth. However, marked currency effects resulted in a slight sales decrease overall. At €360.5 million, Group **Sales** were 0.6 percent lower than in the same quarter of the previous year. Currency effects had a significant impact of -2.4 percent, while organic growth amounted to 0.9 percent. Acquisitions also contributed an effect of 0.9 percent. The sales increase following the acquisition of NORM and Netquest was partly offset by the disposal of a business division. In the Consumer Choices sector, a considerable sales increase of 8.1 percent was achieved. In contrast, sales in the Consumer Experiences sector decreased by 6.9 percent in the first quarter of 2016.

### GfK GROUP: KEY FIGURES

In EUR million (rounded)	1. Quarter 2015	1. Quarter 2016	Change in %
Sales	362.5	360.5	- 0.6
EBITDA	36.2	44.7	23.6
Adjusted operating income	27.3	32.1	17.6
Margin in percent <sup>1)</sup>	7.5%	8.9%	1.4 <sup>2)</sup>
Operating income	19.6	27.5	40.5
EBIT	20.9	27.7	32.7
Other financial income / expenses	- 6.6	- 2.8	56.8
Consolidated total income	9.2	15.5	68.6
Cash flow from operating activities	19.0	46.6	145.4
Basic earnings per share in EUR	0.17	0.40	135.3

1) Adjusted operating income in relation to sales

2) Percentage points

**Adjusted operating income** (hereinafter: income) rose by 17.6 percent to €32.1 million in the first three months of the year (first quarter of 2015: €27.3 million). Both corporate sectors contributed to this growth. The GfK Group **Margin** was up by 1.4 percentage points to 8.9 percent.

Like its competitors, the GfK Group uses adjusted operating income as a key performance indicator. The explanations regarding business performance using adjusted operating income facilitate interpretation of the GfK Group's business development and enhance the informative value in comparison with other major companies operating in the market research sector. The adjusted operating income is determined by eliminating other expenses and income items that distort the evaluation of operating earnings power from operating income. In net terms, these highlighted items produced expenses of €4.5 million. In the same quarter of the previous year, expenses amounted to €7.7 million. The reduction mainly resulted from time effects. In particular, less was spent on reorganization and improvement projects in the year to date than in the same period of the previous year. In the previous year, expenses for severance payments at the beginning of the year meant that expenses were unusually high after streamlining the business organization.

### ADJUSTED OPERATING INCOME<sup>1)</sup>

In EUR million	1. Quarter 2015	1. Quarter 2016
<b>Operating income</b>	<b>19.6</b>	<b>27.5</b>
Write-ups and write-downs of additional assets identified on acquisitions	- 1.3	- 1.0
Income and expenses in connection with share and asset deals	0.0	- 1.7
Income and expenses in connection with reorganization and improvement projects	- 5.1	- 1.3
Personnel expenses for share-based incentive payments	- 0.6	- 1.0
Currency conversion differences	- 0.5	1.0
Income and expenses related to one-off effects and other exceptional circumstances	- 0.2	- 0.5
<b>Total highlighted items</b>	<b>- 7.7</b>	<b>- 4.5</b>
<b>ADJUSTED OPERATING INCOME</b>	<b>27.3</b>	<b>32.1</b>

1) rounded

**EBIT** rose by 32.7 percent to €27.7 million and **EBITDA** by 23.6 percent to €44.7 million.

The **other financial result**, which represents the balance of other financial income and other financial expenses, stood at €-2.8 million after €-6.6 million in the first quarter of 2015. Interest expenses were slightly reduced, despite a temporary increase in the level of indebtedness. However, the increase in the financial result was primarily attributable to currency effects. The revaluation of some of GfK SE's foreign currency cash pool liabilities had a particularly favorable effect.

The **tax ratio** was 37.6 percent and therefore slightly up on the previous year's level (first quarter of 2015: 35.6 percent). During the course of the year, the tax ratio is subject to considerable fluctuation and consequently is only of limited informative value.

The increase in the financial result contributed to an overall rise of 68.6 percent in **consolidated total income**, which was up to €15.5 million. **Earnings per share** saw an even sharper increase, as the share of consolidated total income attributable to minority shareholders decreased significantly following the dissolution of the cross-shareholding with the NPD Group. Earnings per share more than doubled from €0.17 to €0.40.

## 2. CASH FLOW AND INVESTMENT

The **cash flow from operating activities** for the first three months of 2016 increased significantly to €46.6 million after €19.0 million in the first quarter of the previous year. In addition to higher consolidated total income, the funds inflow from working capital rose by €26.0 million and made a contribution to this increase.

The funds outflow from **investing activities** was up by €14.5 million to €40.6 million. Payment of the purchase price for the acquisition of the Netquest Group represented the single highest investment. At the same time, income was reported from the disposal of participations and business divisions as well as tangible assets.

Irrespective of the above-mentioned expenses, **free cash flow after acquisitions, other investments and asset disposals** of €-7.1 million in the same period of the previous year increased to €6.0 million in the first quarter of this year.

At the end of March 2016, GfK had **cash and cash equivalents** of €324.1 million. The unutilized credit lines amounted to €296.3 million as at March 31, 2016 (March 31, 2015: €282.0 million).

## 3. ASSETS AND CAPITAL STRUCTURE

During the first three months of 2016, GfK SE's total assets increased by €169 million compared with the figure at year-end 2015 to €2,011 million. The reason for this temporary balance sheet extension was to build up liquid funds as well as long-term financial liabilities, both of which in preparation of redeeming the bond which matured in April 2016. Goodwill and intangible assets were reduced as a result of currency effects. However, following the acquisition of Netquest, total goodwill increased slightly by €8 million.

As at March 31, 2016, equity decreased somewhat by 2.2 percent and the equity ratio was down from 39.1 percent to 35.0 percent as a result of the temporary balance sheet extension, as described above. GfK SE's share capital was constant at €153 million.

Despite payment of the purchase price for Netquest in February 2016, **net debt** only increased by €5.0 million on year-end 2015 and amounted to €405.0 million as at March 31, 2016. Liabilities to banks were up by €215.4 million on the previous year to €448.9 million. The main reason for this increase were new loan notes amounting to €155.0 million and bilateral bank loans totaling €85.0 million, which were raised for repayment of the corporate bond amounting to €186.1 million in April 2016. This resulted in a temporary increase in liquid funds to €324.1 million as at the reporting date. As a result of this funding, interest expenses are set to considerably reduce. At the same time, the maturity profile has significantly improved with maturities of up to 12 years.

The ratio of modified net debt to EBITDA was 1.69 on the reporting date (year-end 2015: 1.73). As at March 31, 2016, the gearing ratio, which reflects net debt in relation to equity, amounted to 57.4 percent (year-end 2015: 55.5 percent). Covenants agreed with the banks were comfortably met once again. The revolving credit facility amounting to €200 million had not been drawn as at March 31, 2016.

#### 4. TRENDS IN THE SECTORS

GfK conducts its business activities in two sectors, Consumer Experiences und Consumer Choices.

The Consumer Experiences sector deals with consumer habits, behavior, perceptions and attitudes and answers the who, why and how of consumption. GfK is developing complex and pioneering new procedures to deliver a profound understanding of how consumers experience brands and services.

The Consumer Choices sector investigates what is bought by consumers, when and where. The main focus here is on continuous measurement of market volumes and trends. All the significant sales and information channels and media are included in the process of analysis.

##### STRUCTURE OF SALES GROWTH BY SECTORS<sup>1)</sup>

				Total
Consumer Experiences	- 6.0%	- 2.9%	2.0%	- 6.9 %
Consumer Choices		- 1.7%	9.8%	8.1 %
Other <sup>2)</sup>	- 91.3%	- 0.3%	6.2%	- 85.5 %
Total		- 2.4%	0.9% 0.9%	- 0.6 %

1) Figures from the Management-Information System – rounded

2) Other category

■ Currency □ Acquisitions ■ Organic

**Consumer Experiences:** The sector's sales decreased by 6.0 percent in organic terms. Although acquisitions contributed two percentage points to growth, marked currency effects reduced overall growth to -6.9 percent. A strong business trend was evident in Latin America and Central Eastern Europe/META, where Russia in particular recorded ongoing significant growth. Conversely, a downward sales trend was recorded in developed markets, such as Europe and North America, as well as in Asia. The share of sales achieved with standardized global products increased from 44 percent at year-end 2015 to 46 percent. This did not entirely compensate for the simultaneous decrease in business with local products and clients. The comparatively weak level of incoming orders towards the end of last year and in the first two months of this year had a strong negative impact. Although the order book improved in March 2016, this only had a minor impact on sales for the quarter.

In contrast, a very pleasing trend was evident in the sector's profitability. Income rose by 26.3 percent to €7.7 million. The margin increased from 3.0 percent in the same quarter of the previous year to 4.0 percent.

##### CONSUMER EXPERIENCES<sup>1)</sup>

in EUR million	1. Quarter 2015	1. Quarter 2016	Change in %
Sales	204.6	190.5	- 6.9
Adjusted operating income	6.1	7.7	26.3
Margin in per cent <sup>2)</sup>	3.0	4.0	

1) Figures from the Management-Information System – rounded

2) Adjusted operating income in relation to sales

**CONSUMER CHOICES<sup>1)</sup>**

in EUR million	1. Quarter 2015	1. Quarter 2016	Change in %
Sales	157.1	169.9	8.1
Adjusted operating income	27.2	27.5	1.1
Margin in per cent <sup>2)</sup>	17.3	16.2	

1) Figures from the Management-Information System – rounded

2) Adjusted operating income in relation to sales

**Consumer Choices:** Sales growth in the Consumer Choices sector amounted to 9.8 percent in organic terms. Despite negative currency effects, overall growth was at a strong level of 8.1 percent. Sales totaled €169.9 million in the first quarter of 2016.

Media Measurement and Point-of-Sale Measurement equally contributed to sales growth. The successful start of TV audience measurement contracts in Brazil and Saudi Arabia delivered the highest growth contribution in Media Measurement. At the same time, other Media business was also expanded. In Point-of-Sales Measurement, business increased in all major product categories, with time effects also having a positive impact. Business with some major clients, who had reduced their respective order volumes in the previous year, was restored to some extent. Among the regions, Asia and the Pacific as well as North America have a particularly high profile in this particular business segment. Here, there was once again a strong trend in marketing point-of-sale measurement data to clients from the financial industry (trends and forecasting).

Income in the Consumer Choices sector rose by 1.1 percent to €27.5 million. This increase was less significant than that in the sector's sales. The TV panel in Brazil currently generates a negative profit contribution. However, plans are in place to achieve economies of scale in the second half of the year by gaining additional clients. This will considerably enhance the panel's profitability. Accordingly, the sector's margin decreased from 17.3 percent in the same quarter of the previous year to 16.2 percent.

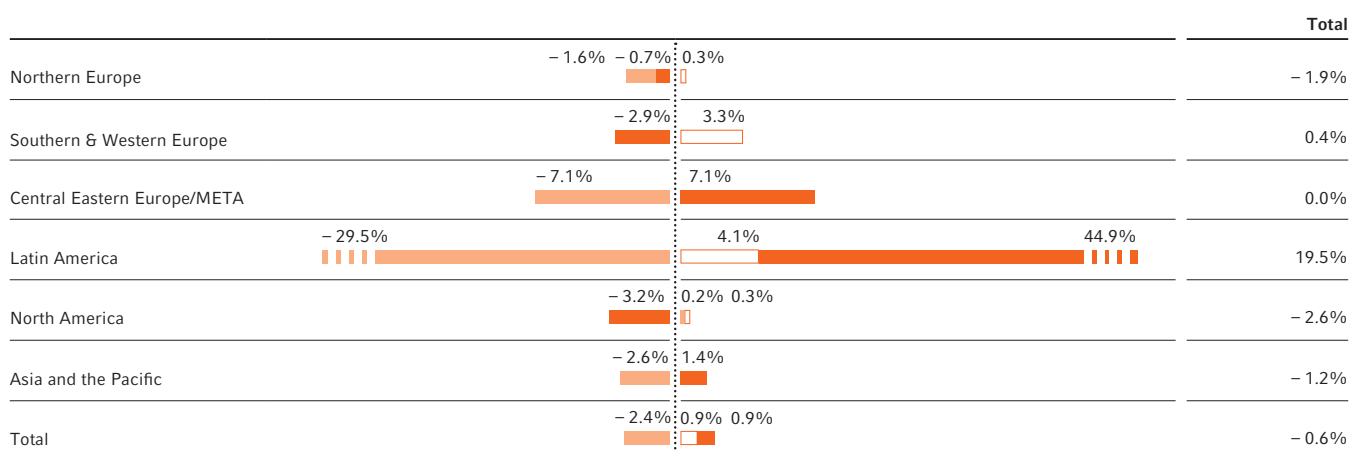
**OTHER<sup>1)</sup>**

in EUR million	1. Quarter 2015	1. Quarter 2016	Change in %
Sales	0.8	0.1	- 85.5
Adjusted operating income	- 5.9	- 3.0	- 48.9

1) Figures from the Management-Information System – rounded

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

Sales generated by the Other category were significantly reduced from €0.8 million to €0.1 million. A printers' shop was included in this category to date, which GfK had operated for the purpose of printing market research documents but which also generated external sales, in order to utilize existing capacity. With increased use of digital technology, the requirement for printed material in market research business has considerably decreased. As a result, the printers' shop was sold. The amount of costs incurred by the Other category, which were not covered, decreased from €5.9 million in the same period of the previous year to €3.0 million. However, this improvement was largely attributable to non-recurring and time effects.

**STRUCTURE OF SALES GROWTH IN THE REGIONS<sup>1)</sup>**

1) Figures from the Management-Information System – rounded


**REGIONS: SALES GROWTH<sup>1)</sup>**

in EUR million	1. Quarter 2015	1. Quarter 2016	Change in %
Northern Europe	135,9	133,3	-1,9
Southern & Western Europe	63,1	63,4	0,4
Central Eastern Europe/META	29,1	29,0	0,0
Latin America	14,3	17,1	19,5
North America	74,2	72,3	-2,6
Asia and the Pacific	45,9	45,3	-1,2
<b>Total</b>	<b>362,5</b>	<b>360,5</b>	<b>-0,6</b>

1) Figures from the Management-Information System – rounded

**5. CHANGES IN PARTICIPATIONS IN THE FIRST QUARTER OF 2016**

In February 2016, GfK acquired Netquest, the leading provider of access panels with a strong presence in Spain, Portugal and Latin America. The acquisition also comprised subsidiary Wakoopa, a leader in the segment of passive cross-device measurement technology. Following the acquisition, GfK is in a position to expand and set up high-quality digital panels worldwide, launch GfK Crossmedia Link faster in Latin America, and globally expand the business activities of Netquest and Wakoopa. Netquest has been consolidated since February 4, 2016.

**CHANGES IN THE GfK NETWORK DURING THE FIRST QUARTER 2016**

Company	Type of investment	Shareholding in %	Sector	Country
Netquest	Shares acquired	100 percent	CE	Southern and Western Europe, Latin America and North America
PrintCenter	Disposal	100 percent to 0 percent	Other	Northern Europe
USEEDS	Disposal	50 percent to 0 percent	CE	Northern Europe

One business division and one shareholding were sold in the first quarter of 2016. In Switzerland, GfK operated a printers' shop, mainly for the purpose of printing material used in surveys. With progressing digitization, demand had decreased sharply and additional printing contracts for external clients did not represent core business for GfK. Accordingly, the printing business was sold. In addition, the 50 percent shareholding in USEEDS was sold. The company's activities focus on consultancy in the segment of user-centric design of interactive applications and the associated services. Since synergies with GfK's business were limited, the participation was no longer considered to be strategic.

## 6. IMPORTANT EVENTS AFTER THE REPORTING DATE OF MARCH 31, 2016

In April 2016, a corporate bond worth €186.1 million matured and was redeemed.

At the end of April this year, the sale announced in the previous year of the Animal Health and Crop Protection business to a consortium of private equity investor Inflexion and the current management of the business was completed.

## 7. OUTLOOK

In an ongoing dynamic market environment, clients' demands are rapidly changing. Therefore, GfK's innovation pace remains high in 2016 to further strengthen the company's position in the future. This year will also see some changes to the company's structure. The separation of operations from the two sectors will lead to a greater focus and initial cost savings.

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

In the Consumer Experiences sector, the focus is on optimizing and streamlining the company's operations. On the market side, we will focus on customer orientation. The objective is to speed up the launch of multi-channel products, strengthen the sales team, and become more professional. The market environment for ad hoc business will remain challenging in 2016. In light of this, the CE sector is expected to make a growth contribution at market level in 2016, although a decrease for the year as a whole cannot be ruled out. On the operations side, we will further increase efficiency. We intend to modestly improve the margin with these measures.

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

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

At the end of March 2016, a total of 60.8 percent of the annual sales required to achieve the forecast had already been posted or were in the order book (previous year: 60.4 percent). This figure is well within the band of fluctuation recorded in recent years.

\*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 2016. Such statements are subject to risks and uncertainties, for example, economic effects such as exchange rate fluctuations and changes in interest rates. Some uncertainties and other unforeseen factors which might affect ability to achieve targets are described under "risk position" 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 do not intend nor accept any obligation to update predictive statements on an ongoing basis.

# CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD JANUARY 1 TO MARCH 31, 2016 IN EUR '000 (ACCORDING TO IFRS, NOT AUDITED)

	Q1 2015	% of sales	Q1 2016	% of sales	Change abs.	%
Sales	362,472	100.0%	360,471	100.0%	-2,001	-0.6%
Cost of sales	-255,128	-70.4%	-257,753	-71.5%	-2,625	1.0%
<b>Gross income from sales</b>	<b>107,344</b>	<b>29.6%</b>	<b>102,718</b>	<b>28.5%</b>	<b>-4,626</b>	<b>-4.3%</b>
Selling and general administrative expenses	-83,090	-22.9%	-73,328	-20.3%	9,762	-11.7%
Other operating income	4,204	1.2%	5,341	1.5%	1,137	27.0%
Other operating expenses	-8,855	-2.4%	-7,195	-2.0%	1,660	-18.7%
<b>Operating income<sup>1)</sup></b>	<b>19,603</b>	<b>5.4%</b>	<b>27,536</b>	<b>7.6%</b>	<b>7,933</b>	<b>40.5%</b>
Income from associates	1,236	0.3%	107	0.0%	-1,129	-91.3%
Other income from participations	12	0.0%	27	0.0%	15	125.0%
<b>EBIT</b>	<b>20,851</b>	<b>5.8%</b>	<b>27,670</b>	<b>7.7%</b>	<b>6,819</b>	<b>32.7%</b>
Other financial income	20,379	5.6%	13,595	3.8%	-6,784	-33.3%
Other financial expenses	-26,941	-7.4%	-16,427	-4.6%	10,514	-39.0%
<b>Income from ongoing business activity</b>	<b>14,289</b>	<b>3.9%</b>	<b>24,838</b>	<b>6.9%</b>	<b>10,549</b>	<b>73.8%</b>
Tax on income from ongoing business activity	-5,089		-9,328		-4,239	83.3%
<b>CONSOLIDATED TOTAL INCOME</b>	<b>9,200</b>	<b>2.5%</b>	<b>15,510</b>	<b>4.3%</b>	<b>6,310</b>	<b>68.6%</b>
Attributable to equity holders of the parent:	6,386	1.8%	14,543	4.0%	8,157	127.7%
Attributable to minority interests:	2,814	0.8%	967	0.3%	-1,847	-65.6%
<b>CONSOLIDATED TOTAL INCOME</b>	<b>9,200</b>	<b>2.5%</b>	<b>15,510</b>	<b>4.3%</b>	<b>6,310</b>	<b>68.6%</b>
<b>Basic earnings per share (EUR)</b>	<b>0.17</b>		<b>0.40</b>		<b>0.23</b>	<b>135.3%</b>
<b>Diluted earnings per share (EUR)</b>	<b>0.17</b>		<b>0.40</b>		<b>0.23</b>	<b>135.3%</b>
<b>For information:</b>						
Personnel expenses	-192,077	-53.0%	-188,843	-52.4%	3,234	-1.7%
Depreciation/amortization	-15,314	-4.2%	-17,045	-4.7%	-1,731	11.3%
<b>EBITDA</b>	<b>36,165</b>	<b>10.0%</b>	<b>44,715</b>	<b>12.4%</b>	<b>8,550</b>	<b>23.6%</b>

1) Reconciliation to internal management indicator "adjusted operating income" amounting to EUR 32,080 thousand (Q1 2015 EUR 27,290 thousand) as indicated on page 9.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD JANUARY 1 TO MARCH 31, 2016 IN EUR '000 (ACCORDING TO IFRS, NOT AUDITED)

	Q1 2015	Q1 2016
<b>Consolidated total income</b>	<b>9,200</b>	<b>15,510</b>
Write-downs/write-ups of intangible assets	9,303	9,980
Write-downs/write-ups of tangible assets	6,011	7,065
Write-downs/write-ups of other financial assets	0	-6
<b>Total write-downs/write-ups</b>	<b>15,314</b>	<b>17,039</b>
Change in inventories and trade receivables	11,618	29,206
Change in trade payables and liabilities on orders in progress	-9,523	-10,710
Change in other assets not attributable to investing or financing activity	-2,326	-3,534
Change in other liabilities not attributable to investing or financing activity	-16,269	-5,501
Profit/loss from the disposal of non-current assets	128	-5
Non-cash income from associates	-1,061	-107
Change in long-term provisions	1,383	1,347
Other non-cash income/expenses	11,618	2,068
Net interest income	4,103	3,709
Change in deferred taxes	-2,161	348
Current income tax expense	7,249	8,979
Taxes paid	-10,270	-11,710
<b>a) Cash flow from operating activity</b>	<b>19,003</b>	<b>46,639</b>
Cash outflows for investment in intangible assets	-11,852	-14,126
Cash outflows for investment in tangible assets	-8,399	-4,438
Cash outflows for acquisitions of consolidated companies and other business units	-3,157	-29,094
Cash outflows for investments in other financial assets	-2,992	-8
Cash inflows from the disposal of intangible assets	152	7
Cash inflows from the disposal of tangible assets	108	3,930
Cash inflows from the sale of consolidated companies and other business units	2	3,100
Cash inflows from the disposal of other financial assets	0	0
<b>b) Cash flow from investing activity</b>	<b>-26,138</b>	<b>-40,629</b>
Dividend payments to equity holders of the parent	0	0
Dividend payments to minority interests and other equity transactions	-1,291	-80
Cash inflows from loans raised	59,882	199,783
Cash outflows for repayment of loans	-18,557	-4,716
Interest received	373	273
Interest paid	-4,143	-4,081
<b>c) Cash flow from financing activity</b>	<b>36,264</b>	<b>191,179</b>
Changes in cash and cash equivalents (total of a), b) and c))	29,129	197,189
Changes in cash and cash equivalents owing to exchange gains/losses and valuation	6,749	-1,564
Cash and cash equivalents at the beginning of the period	93,180	129,459
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>129,058</b>	<b>325,084</b>
Less cash and cash equivalents included in assets held for sale	0	941
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD AS REPORTED IN THE CONSOLIDATED BALANCE SHEET</b>	<b>129,058</b>	<b>324,143</b>



## CALCULATION OF NET DEBT AND FREE CASH FLOW

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

	31.03.2015	31.12.2015	31.03.2016
<b>Calculation of net debt</b>			
Liquid funds	129,058	129,459	324,143
Short-term securities and time deposits	1,810	1,456	1,041
<b>Liquid funds, short-term securities and time deposits</b>	<b>130,868</b>	<b>130,915</b>	<b>325,184</b>
Liabilities to banks	-233,509	-250,086	-448,920
Pension obligations	-65,600	-66,357	-67,024
Liabilities from finance leases	-119	-98	-107
Other interest-bearing liabilities	-228,787	-214,347	-214,100
<b>Interest-bearing liabilities</b>	<b>-528,015</b>	<b>-530,888</b>	<b>-730,151</b>
<b>Net debt</b>	<b>-397,147</b>	<b>-399,973</b>	<b>-404,967</b>
<b>Calculation of free cash flow</b>		Q1 2015	Q1 2016
Consolidated total income		9,200	15,510
Write-downs/write-ups of intangible assets		9,303	9,980
Write-downs/write-ups of tangible assets		6,011	7,065
Write-downs/write-ups of other financial assets		0	-6
Others		-5,511	14,090
<b>Cash flow from operating activity</b>		<b>19,003</b>	<b>46,639</b>
Investments in tangible and intangible assets		-20,251	-18,564
<b>Free cash flow before acquisitions, other investments and asset disposals</b>		<b>-1,248</b>	<b>28,075</b>
Acquisitions		-3,157	-29,094
Other financial investments		-2,992	-8
Asset disposals		262	7,037
<b>Free cash flow after acquisitions, other investments and asset disposals</b>		<b>-7,135</b>	<b>6,010</b>

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2016 IN EUR '000 (ACCORDING TO IFRS, NOT AUDITED)

	31.03.2015	31.12.2015	31.03.2016
<b>ASSETS</b>			
Goodwill	830,247	774,003	781,646
Other intangible assets	282,223	271,790	278,291
Tangible assets	118,490	105,241	102,038
Investments in associates	16,764	651	975
Other financial assets	8,111	5,613	5,796
Deferred tax assets	50,980	43,578	43,921
Non-current other assets and deferred items	14,649	20,829	14,797
<b>Non-current assets</b>	<b>1,321,464</b>	<b>1,221,705</b>	<b>1,227,464</b>
Trade receivables	393,384	396,257	369,053
Current income tax assets	20,020	15,654	16,843
Securities and fixed-term deposits	1,810	1,456	1,041
Cash and cash equivalents	129,058	129,459	324,143
Current other assets and deferred items	44,322	38,362	42,256
Assets held for sale	0	39,408	30,141
<b>Current assets</b>	<b>588,594</b>	<b>620,596</b>	<b>783,477</b>
<b>ASSETS</b>	<b>1,910,058</b>	<b>1,842,301</b>	<b>2,010,941</b>

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2016 IN EUR '000 (ACCORDING TO IFRS, NOT AUDITED)

	31.03.2015	31.12.2015	31.03.2016
<b>EQUITY AND LIABILITIES</b>			
Subscribed capital	153,316	153,316	153,316
Capital reserve	212,403	212,403	212,403
Retained earnings	337,104	320,721	335,488
Other reserves	42,589	18,140	-13,480
<b>Equity attributable to equity holders of the parent</b>	<b>745,412</b>	<b>704,580</b>	<b>687,727</b>
<b>Minority interests</b>	<b>56,717</b>	<b>15,930</b>	<b>16,684</b>
<b>EQUITY</b>	<b>802,129</b>	<b>720,510</b>	<b>704,411</b>
Long-term provisions	79,417	80,577	79,094
Non-current interest-bearing financial liabilities	416,890	256,362	451,314
Deferred tax liabilities	82,592	86,373	83,987
Non-current other liabilities and deferred items	9,939	17,419	18,597
<b>Non-current liabilities</b>	<b>588,838</b>	<b>440,731</b>	<b>632,992</b>
Short-term provisions	35,685	17,258	18,078
Current income tax liabilities	14,661	13,545	11,039
Current interest-bearing financial liabilities	45,525	208,169	211,813
Trade payables	90,042	90,864	88,529
Liabilities on orders in progress	161,758	167,015	153,151
Current other liabilities and deferred items	171,420	176,635	182,151
Liabilities held for sale	0	7,574	8,777
<b>Current liabilities</b>	<b>519,091</b>	<b>681,060</b>	<b>673,538</b>
<b>LIABILITIES</b>	<b>1,107,929</b>	<b>1,121,791</b>	<b>1,306,530</b>
<b>EQUITY AND LIABILITIES</b>	<b>1,910,058</b>	<b>1,842,301</b>	<b>2,010,941</b>
Equity ratio	42.0%	39.1%	35.0%

# PROVISIONAL KEY DATES IN THE FINANCIAL CALENDAR

2016

**MAY 20, 2016**

Annual General Assembly Fuerth, Germany

**AUGUST 12, 2016**

Interim half-year report as at June 30, 2016<sup>1)</sup>

**NOVEMBER 14, 2016**

Interim nine-month report as at September 30, 2016<sup>1)</sup>

2017

**JANUARY 31, 2017**

Trading Statement

**MARCH 14, 2017**

Accounts press conference Nuremberg, Germany

**MAY 15, 2017**

Interim quarterly report as at March 31, 2017<sup>1)</sup>

**MAY 18, 2017**

Annual General Assembly Fuerth, Germany

**AUGUST 14, 2017**

Interim half-year report as at June 30, 2017<sup>1)</sup>

**NOVEMBER 13, 2017**

Interim nine-month report as at September 30, 2017<sup>1)</sup>

1) Publication is scheduled for before the start of the trading session in Germany

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This quarter report is available in German and English.

Both versions and supplementary press information are available for download online from [www.gfk.com](http://www.gfk.com).

Date: May 13, 2016

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