GfK

THE ART OF SMART DATA

Report for the first nine months 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[1]	3. Quarter 2015	3. Quarter 2016	Change in %	Q1 – Q3 2015	Q1 – Q3 2016	Change in %	2015
Earnings situation							
Sales	371.4	355.3	– 4.3	1,118.6	1,077.0	– 3.7	1,543.4
Gross income from sales	113.9	109.9	– 3.5	341.3	307.7	– 9.8	481.5
EBITDA	57.4	43.3	– 24.6	146.9	126.5	– 13.9	231.2
Adjusted operating income	47.7	42.2	– 11.5	118.8	101.1	– 14.9	187.6
Margin in percent[3]	12.8	11.9	– 1.0[6]	10.6	9.4	– 1.2[6]	12.2
Operating income	39.8	23.8	– 40.3	97.9	– 74.8	– 176.4	104.2
Operating income[2]	39.8	24.6	– 38.2	97.9	67.2	– 31.3	143.6
EBIT	41.4	23.9	– 42.1	100.1	– 75.6	– 175.5	106.2
EBIT[2]	41.4	24.8	– 40.1	100.1	66.4	– 33.6	145.6
Consolidated total income	22.5	– 6.6	– 129.2	51.4	– 139.4	– 370.9	40.7
Consolidated total income[2]	22.5	– 5.7	– 125.4	51.4	2.7	– 94.8	80.1
Basic earnings per share in EUR	0.53	– 0.21	– 139.6	1.16	– 3.89	– 435.3	1.01
Basic earnings per share in EUR[2]	0.53	– 0.19	– 135.2	1.16	0.00	– 100.0	2.09
Investment and finance							
Cash flow from operating activity	88.8	73.5	– 17.2	120.2	130.4	+ 8.5	170.9
Cash flow from investing activity	– 29.5	– 17.7	– 40.0	– 74.9	– 58.1	– 22.3	– 76.3
Cash flow from financing activity	– 32.1	– 4.3	– 86.6	– 21.3	– 25.4	+ 19.3	– 59.4
Free cash flow after acquisitions, other financial investments and asset disposals	59.3	55.9	– 5.8	45.3	72.3	+ 59.5	94.6

	31.12.2015	30.09.2016	Change as of 31.12. in %	30.09.2015	30.09.2016	Change as of 30.09. in %
Asset and capital position						
Total assets	1,842.3	1,681.7	– 8.7	1,861.1	1,681.7	– 9.6
Equity	720.5	524.6	– 27.2	776.1	524.6	– 32.4
Equity ratio in per cent	39.1	31.2	–	41.7	31.2	–
Liquidity[4]	130.9	177.8	+ 35.8	118.5	177.8	+ 50.1
Net debt[5]	400.0	375.3	– 6.2	392.8	375.3	– 4.4
Employees						
No. of employees	13,485	13,142	– 2.5	13,453	13,142	– 2.3

1) Rounded
2) Excluding goodwill impairment
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

Month	2016	2015	Change
1-3	360.5	362.5	– 0.6%
1-6	721.7	747.2	– 3.4%
1-9	1,077.0	1,118.6	– 3.7%

ADJUSTED OPERATING INCOME IN EUR MILLION

Month	2016	2015	Change
1-3	32.1	27.3	+ 17.6%
1-6	58.9	71.2	– 17.3%
1-9	101.1	118.8	– 14.9%

EARNINGS PER SHARE IN EUR

Month	2016	2015	Change
1-3	0.40	0.17	+ 135.3%
1-6	0.19[1]	0.63	– 70.3%
1-9	0.00[1]	1.16	– 100.0%

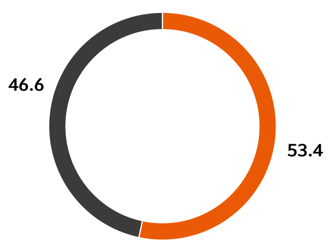
[1] Excluding the goodwill impairment of € 142.0 million

CASH FLOW FROM OPERATING ACTIVITY IN EUR MILLION

Month	2016	2015	Change
1-3	46.6	19.0	+ 145.4%
1-6	56.9	31.4	+ 81.1%
1-9	130.4	120.2	+ 8.5%

SHARE OF SECTORS IN TOTAL SALES IN PERCENT[1]

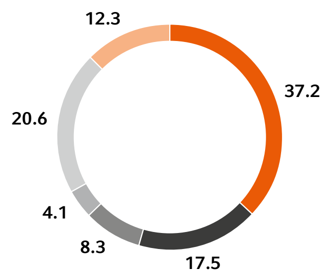
53.4 Consumer Experiences
46.6 Consumer Choices



1) Figures from the Management-Information System – rounded

SHARE OF REGIONS IN TOTAL SALES IN PERCENT[1]

37.2 Northern Europe
17.5 Southern & Western Europe
8.3 Central Eastern Europe/META
4.1 Latin America
20.6 North America
12.3 Asia and Pacific



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	3. Quarter 2015	3. Quarter 2016	Change in %	Q1 – Q3 2015	Q1 – Q3 2016	Change in %
Sales	201.9	189.0	– 6.4	623.3	574.6	– 7.8
Adjusted operating income	13.8	11.8	– 14.3	35.3	27.9	– 21.0
Margin in per cent[1]	6.8	6.2		5.7	4.9	

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	3. Quarter 2015	3. Quarter 2016	Change in %	Q1 – Q3 2015	Q1 – Q3 2016	Change in %
Sales	168.8	166.1	– 1.6	493.1	501.9	1.8
Adjusted operating income	38.8	32.0	– 17.5	98.3	80.7	– 17.9
Margin in per cent[1]	23.0	19.3		19.9	16.1	

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

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LETTER TO THE SHAREHOLDERS

Ladies and gentlemen,

DR. GERHARD HAUSRUCKINGER

Speaker of the Management Board of GfK SE

Major changes occurred in the Group's leadership during the third quarter of this year. On August 12, CEO Matthias Hartmann and the Chairman of the Supervisory Board, Dr. Arno Mahlert, announced their resignation. Matthias Hartmann will leave the Management Board at the end of this year. On September 1, 2016, I additionally took on the role of Speaker of the Management Board. The Management Board's ability to operate therefore remains unaffected. Mr. Ralf Klein-Bölting was elected Chairman of the Supervisory Board on August 25, succeeding Dr. Arno Mahlert with effect from September 13. The Management Board and Supervisory Board are closely aligned as we focus on our priorities – offering clients outstanding services and thereby successfully positioning GfK in the market for the long term.

Our company's economic development reflects a mixed picture that does not yet meet our expectations.

Overall, at Group level, we recorded a negative sales development in organic terms for the third quarter of this year. After a sales decrease in organic terms of 3.7 percent in the second quarter, this figure was slightly better in the third quarter at -2.3 percent, but remains unsatisfactory.

The Consumer Choices sector reported further organic growth of 3.0 percent in the third quarter, despite the media contract in Brazil not yet contributing to sales. The other parts of the media measurement business once again made a solid contribution to growth in the third quarter. In Point of Sales Measurement we recorded moderate growth, as was also the case in the first half of this year.

The Consumer Experiences sector reported a sales decline of 6.7 percent in organic terms for the third quarter (compared to -9.5 percent in the second quarter), again characterized by the challenges in ad hoc research. Although the order intake was significantly up in the third quarter, it only partially materialized as sales due to the time factor. Pleasing successes with renown clients were achieved in particular with new and innovative services, for example in the fields of User Experience, Voice Analytics and Multi-Device Measurement.

The Group's margin was 11.9 percent in the third quarter of this year. With this it was 1.0 percentage points down on the same period in the previous year. In the second quarter, the gap amounted to 4.0 percentage points.

At 19.3 percent, the third quarter margin of the Consumer Choices sector was 3.7 percentage points lower than the previous year's figure. This reduction in the margin predominantly resulted from delays in the media business and the activities in Animal Health and Crop Protection, which we have already sold in the meantime.

The margin of the Consumer Experiences sector went up and stood at 6.2 percent in the third quarter, making it only 0.6 percentage points lower than in the same quarter of the previous year.

Significant progress was achieved in Operations, in line with our planning. Processes continue to be optimized so as to increase efficiency and quality, for example through a higher degree of automation in data coding and faster evaluation of Point of Sales data. This enables us to deliver data that is key to decision-making to our clients more rapidly and with greater frequency.

We have reduced our workforce by a total of 343 positions since the start of this year. The reduction mainly related to the Consumer Experiences sector. A build-up to a lower extent took place primarily in Global Shared Service Centers in countries with a lower wage level and good education standards.

The cash flow from operating activities developed positively. Despite the decline in sales, it was up by € 10.2 million and totaled € 130.4 million for the first nine months of the year. We decreased net debt also in the third quarter of 2016. It is now € 24.7 million lower than at the end of the previous year.

Despite these successes and a higher order intake in the Consumer Experiences sector during the third quarter of this year and a continued focus on our media projects, we expect the sales trend to continue in the fourth quarter and a margin that is below the previous year's level.

Therefore, in spite of some positive aspects, we are not satisfied with the financial year to date, and will make every effort to improve our results. We will continue to consistently implement our strategy of comprehensive transformation in order to successfully meet the challenges of digitization and globalization. We will step up our efforts to ensure that our activities are fast, simplified and very closely aligned with the needs of our clients. Our Group has unique strengths, and together with our highly motivated employees worldwide we have already taken many measures to make GfK fit for the future. We will take further steps with the necessary consistency but, above all, with much passion, creativity and commitment.

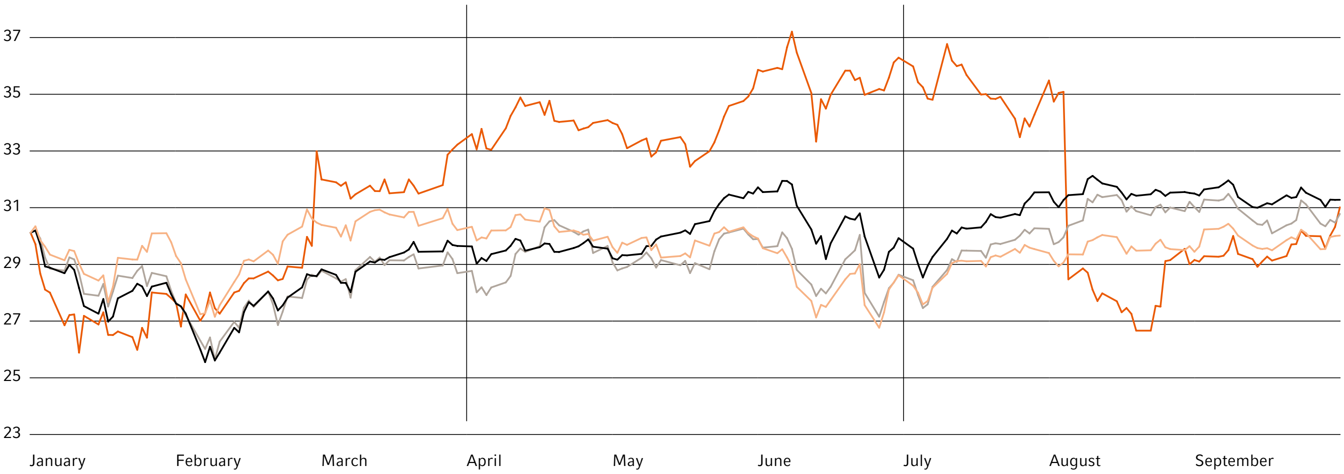
Yours faithfully

Gerhard Hausruckinger

DR. GERHARD HAUSRUCKINGER

GfK SHARE PERFORMANCE

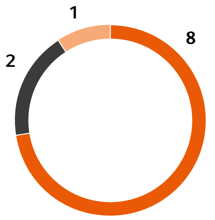
GfK SHARE PRICE PERFORMANCE FROM JANUARY 1, 2016, TO SEPTEMBER 30, 2016[1)] IN EUR



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 30.09.2016

2 Buy
8 Hold
1 Verkaufen



GfK SHARE[1)]

		2015	Q1 2016	Q2 2016	Q3 2016
Number of shares	in thousands	36,504	36,504	36,504	36,504
Market Capitalization	EUR mio	1,128	1,254	1,319	1,132
High/Low	EUR	41.48/30.00	33.06/25.87	37.23/32.45	36.79/26.65
Close	EUR	30.90	34.35	36.14	31.02
Earnings per share	EUR	2.09[2)]	0.40	0.19[3)]	– 0.19[3)]

1) As of reporting dates
2) Excluding the goodwill impairment of € 39.4 million
3) Excluding the goodwill impairment of € 141.2 million (Q2 2016) and € 0.8 million (Q3 2016)

GfK: SALES AND INCOME LOWER THAN IN THE PREVIOUS YEAR – CASH FLOW IMPROVED

- Consolidated sales down 1.7 percent in organic terms
- Sector trend: Consumer Choices +5.4 percent, Consumer Experiences -7.4 percent
- Margin of 9.4 percent (previous year: 10.6 percent)
- Operating cash flow increased to €130.4 million (previous year: €120.2 million)
- Guidance specified

In the first nine months of 2016, sales and income at GfK were down. Sales decreased by 1.7 percent in organic terms. Currency effects had a negative impact of -1.9 percent. Overall, sales totaled €1,077.0 million (previous year: €1,118.6 million). Compared with the second quarter of this year, a slightly higher organic growth figure was achieved in the third quarter of 2016 (third quarter: -2.3 percent compared with the second quarter: -3.7 percent).

Adjusted operating income amounted to €101.1 million for the first nine months of this year. This represents a decrease of €17.8 million on the same period in the previous year. In view of the weak sales development in the Consumer Experiences sector and delays with growth initiatives in the Consumer Choices sector, the margin decreased by 1.2 percentage points from 10.6 percent in the same period of the previous year to 9.4 percent for the first nine months of 2016. Quarter-on-quarter, the gap on the previous year was significantly reduced from 4.0 percentage points in the second quarter to 1.0 percentage points in the third quarter.

In the Consumer Choices sector, organic sales growth amounted to 5.4 percent. However, the sector's income was down from €98.3 million to €80.7 million. At 16.1 percent, the margin fell short of the previous year's figure of 19.9 percent. This reduction in the margin predominantly resulted from the Animal Health and Crop Protection activities, which were sold in the first half of this year, and the previously mentioned delays with the TV research contracts in Brazil and the Kingdom of Saudi Arabia. The Consumer Experiences sector recorded a further significant sales decline in the third quarter of 2016 and closed the reporting period with a sales decrease in organic terms of 7.4 percent. This development was not compensated for by the measures introduced to achieve resource and cost savings. Consequently, income was down and the sector's margin fell to 4.9 percent (previous year: 5.7 percent).

Among the regions, Latin America and Central Eastern Europe/META achieved robust organic growth rates. Business in the mature markets of Northern Europe, Southern and Western Europe, and North America declined in organic terms, whereas the Asia and the Pacific region reported a slight increase on the back of a strong third quarter.

At the end of September, a total of 94 percent of currently predicted annual sales had been booked or were included in the order book (previous year: 95 percent). This figure is within the range of fluctuation of the past five years, ranging from 91 percent to 96 percent.

INTERIM MANAGEMENT REPORT

1. ECONOMIC AND FINANCIAL DEVELOPMENT IN THE GfK GROUP

Group **sales** were down 3.7 percent to €1,077.0 million in the first nine months of the year. Organic growth amounted to -1.7 percent, while currency effects of -1.9 percent had a negative impact. At -0.1 percentage points, changes resulting from the acquisition and disposal of companies only had a negligible impact on the business trend. The sales increase following the acquisition of NORM and Netquest was offset by the disposal of the Animal Health and Crop Protection activities. While sales in the Consumer Choices sector were up by 5.4 percent in organic terms, the Consumer Experiences sector once again recorded due to persistently weak demand a decrease in sales of 7.4 percent in organic terms.

GfK GROUP: KEY FIGURES

In EUR million (rounded)	3. Quarter 2015	3. Quarter 2016	Change in %	Q1 – Q3 2015	Q1 – Q3 2016	Change in %
Sales	371.4	355.3	– 4.3	1,118.6	1,077.0	– 3.7
EBITDA	57.4	43.3	– 24.6	146.9	126.5	– 13.9
Adjusted operating income	47.7	42.2	– 11.5	118.8	101.1	– 14.9
Margin in percent[1]	12.8	11.9	– 1.0[2]	10.6	9.4	– 1.2[2]
Operating income	39.8	23.8	– 40.3	97.9	– 74.8	– 176.4
Operating income[3]	39.8	24.6	– 38.2	97.9	67.2	– 31.3
EBIT	41.4	23.9	– 42.1	100.1	– 75.6	– 175.5
EBIT[3]	41.4	24.8	– 40.1	100.1	66.4	– 33.6
Other financial income / expenses	– 9.7	– 3.7	+62.5	– 19.6	– 9.6	+51.1
Consolidated total income	22.5	– 6.6	– 129.2	51.4	– 139.4	– 370.9
Consolidated total income[3]	22.5	– 5.7	– 125.4	51.4	2.7	– 94.8
Cash flow from operating activities	88.8	73.5	– 17.2	120.2	130.4	+8.5
Basic earnings per share in EUR	0.53	– 0.21	– 139.6	1.16	– 3.89	– 435.3
Basic earnings per share in EUR[3]	0.53	– 0.19	– 135.2	1.16	0.00	– 100.0

1) Adjusted operating income in relation to sales
2) Percentage points
3) Excluding goodwill impairment

Adjusted operating income (hereinafter: income) decreased by 14.9 percent to €101.1 million in the reporting period (same period in the previous year: €118.8 million). Both sectors contributed to this result. The **margin** was down on the previous year's level, decreasing by 1.2 percentage points to 9.4 percent.

ADJUSTED OPERATING INCOME

In EUR million[1]	Q1 – Q3 2015	Q1 – Q3 2016
Operating income	***97.9***	***– 74.8***
Goodwill impairment	0.0	– 142.0
Write-ups and write-downs of additional assets identified on acquisitions	– 3.7	– 5.1
Income and expenses in connection with share and asset deals	– 1.7	– 1.0
Income and expenses in connection with reorganization and improvement projects	– 12.8	– 15.0
Personnel expenses for share-based incentive payments	– 1.5	– 3.2
Currency conversion differences	– 1.3	0.7
Income and expenses related to one-off effects and other exceptional circumstances	0.0	– 10.2
Total highlighted items	***– 21.0***	***– 175.9***
Total highlighted items (excluding goodwill impairment)	***– 21.0***	***– 33.9***
ADJUSTED OPERATING INCOME	**118.8**	**101.1**

1) Rounded

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 €175.9 million. In the same period of the previous year, the corresponding expenses amounted to €21.0 million. The increase mainly resulted from goodwill impairment of €142.0 million. This impairment had already been applied as at 30 June 2016. The difference compared with the amount of €141.2 million reported in the half-year financial statements purely resulted from currency translation. The highlighted item 'income and expenses related to one-off effects and other exceptional circumstances' rose by €10.2 million. As already reported in the half-year report, this figure includes necessary adjustments in the Media business for the TV research contracts in Brazil and Morocco as well as provisions for potential legal disputes. Compared with the first half of 2016, there was only a minor change of €0.8 million in this item. The increase in income and expenses in connection with reorganization and improvement projects of €2.2 million essentially resulted from severance payments incurred as part of a voluntary redundancy scheme in Germany and a change in the company's management.

Income from participations decreased from €2.2 million in the first nine months of 2015 to €0.8 million for the first nine months of 2016. Write-downs as a result of restructuring measures at a company in the UK impacted heavily on this item, as well as the fact that income from the equity valuation of the shareholding in NPD Intelect USA is no longer reported.

In view of the circumstances described, **EBIT** was down to €-75.6 million in the reporting period (previous year: €100.1 million). Following elimination of goodwill impairment, EBIT would have amounted to €66.4 million. **EBITDA**, which was not affected by the goodwill impairment, was 13.9 percent lower than in the previous year at €126.5 million.

Other financial income, which represents the balance of other financial income and other financial expenses, was significantly up on the same period in the previous year. In net terms, expenses totaled €-9.6 million after €-19.6 million in the first nine months of 2015. Of the €10.0 million reduction, currency effects accounted for €8.2 million and net interest expenses for €1.8 million.

The **tax ratio** was significantly impacted by the goodwill impairment, which is not tax deductible. It was -63.7 percent in the first nine months of 2016. Net of this effect, the tax ratio would be 95.3 percent compared with 36.1 percent in the previous year. The marked increase essentially resulted (29 percentage points) from the outcome of a tax audit relating to the period from 2008 to 2012. This audit was completed in the third quarter of 2016 and led to a different measurement for tax purposes of the use of the company name 'GfK' at subsidiaries of the company. This caused an additional tax claim. GfK set up provisions totaling €13.2 million to cover this. As at 31 December 2015, GfK had already set up provisions of €3.0 million for this. The funds outflow is likely to occur in the fourth quarter of 2016. The outcome of the audit was not in line with GfK's expectations. The company will therefore file an objection against the tax assessment. In respect of the period from 2013 to 2016, which has yet to be reviewed, GfK set up provisions in the third quarter of 2016. This resulted in an additional tax charge of €6.3 million. Furthermore, additional tax charges in the USA, the decision not to state deferred tax assets – in particular from operating losses in Brazil – and international withholding tax, which is not deductible, increased the tax charge by 8.6 million.

The GfK Group's **consolidated total income** amounted to €-139.4 million, compared with €51.4 million in the previous year's period. Without the effect of the goodwill impairment, consolidated total income would have totaled €2.7 million. **Earnings per share** were also affected by the impairment of goodwill and amounted to €-3.89 after €1.16 in the previous year. Adjusted earnings per share amounted to €0.00.

2. CASH FLOW AND INVESTMENT

Cash flow from operating activities increased further, up from €120.2 million in the same period of the previous year to €130.4 million for the first nine months of 2016. This increase was mainly caused by a movement in working capital. In the reporting period, working capital was reduced by €22.7 million. This represents an improvement of €31.1 million on the previous year. In the current year, operating receivables have been reduced by €29.1 million. At the same time, liabilities were reduced in a small amount, resulting in outgoing payments of €3.1 million. Overall, the reduction in working capital was slightly increased to €26.0 million compared with €25.0 million. The change of the increase in non-operating working capital was heavily affected by the payment of taxes and fines in Turkey in the previous year.

Investment in intangible assets decreased by €4.7 million to €42.1 million. In the previous year, investment related to the panel set-up in Brazil and, to a lesser extent, in the Kingdom of Saudi Arabia. Investment in tangible assets decreased by €6.7 million to €13.3 million. Payments for the acquisition of consolidated companies of €29.1 million were €20.1 million higher than in the previous year and essentially arose in connection with the acquisition of the Netquest Group. The increase was almost entirely offset by the disposal of the Animal Health and Crop Protection activities. Overall, the funds outflow from **investing activities** decreased by €16.7 million to €58.1 million.

Free cash flow after acquisitions, other investments and asset disposals increased from €45.3 million in the same period of the previous year to €72.3 million.

At the end of September 2016, GfK had **cash and cash equivalents** of €177.0 million (December 31, 2015: €129.5 million). The unutilized credit lines amounted to €296.3 million as at September 30, 2016 (December 31, 2015: €285.8 million).

3. ASSETS AND CAPITAL STRUCTURE

During the first nine months of 2016, GfK SE's total assets decreased by €161 million or 8.7 percent compared with the figure at year-end 2015, falling to €1,682 million. The main reason for this reduction was the goodwill impairment of €139 million.

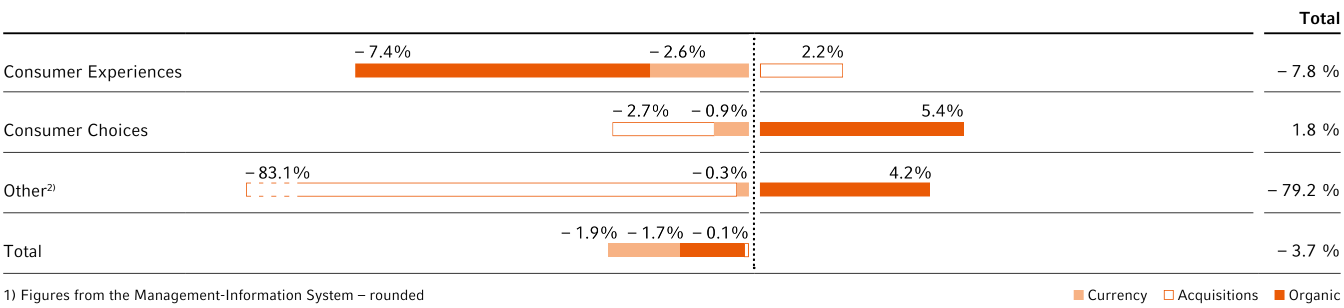
As at September 30, 2016, equity decreased by €196 million to €525 million (December 31, 2015: €721 million). In addition to lower retained earnings as a result of the goodwill impairment, a currency-related reduction in other reserves of €37 million was another reason for this decrease. Compared with year-end 2015, the equity ratio was down by 7.9 percentage points to 31.2 percent. GfK SE's share capital was constant at €153 million.

Net debt was down by €24.7 million at the end of December in the previous year amounting to €375.3 million as at September 30, 2016 (December 31, 2015: €400.0 million). The ratio of modified net debt in relation to EBITDA was 1.78 as at the reporting date (September 30, 2015: 1.92). As at September 30, 2016, the gearing ratio, which reflects net debt in relation to equity, amounted to 71.5 percent (year-end 2015: 55.5 percent) and was 7.8 percentage points down compared to June 30, 2016. Covenants agreed with the banks were comfortably met once again. The revolving credit facility amounting to €182 million and an ancillary credit line within this facility amounting to €18 million had not been drawn as at September 30, 2016.

4. TRENDS IN THE SECTORS

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

STRUCTURE OF SALES GROWTH BY SECTORS[1)]



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

The Consumer Experiences sector deals with consumer habits, behavior, perceptions and attitudes and answers the 'who, why and how' of consumption. GfK is developing 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.

CONSUMER EXPERIENCES[1]

in EUR million	Q1 – Q3 2015	Q1 – Q3 2016	Change in %
Sales	623.3	574.6	– 7.8
Adjusted operating income	35.3	27.9	– 21.0
Margin in per cent[2]	5.7	4.9	

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

Consumer Experiences: The sector's sales decreased by 7.4 percent in organic terms, following a weak development in incoming orders in the previous quarters. However, the decrease reported for the third quarter of 2016 was less marked than in the first six months of the year. Acquisitions contributed 2.2 percent to growth. Including negative currency effects, sales decreased by 7.8 percent to €574.6 million in total. The slight recovery in the order intake during the third quarter of 2016 has not yet impact on sales. By the end of September 2016, 44 percent of the worldwide share of sales was achieved with standardized global products.

The business trend remained pleasing in Latin America while the previous negative trend continued in the mature markets of Europe and North America. To counter the sales decline, further capacity adjustments were made, with the staff number reduced by 400 in the current year (as at 30 June 2016: 315). In addition, automation of the product portfolio with the aim of achieving economies of scale and relocation of Operations activities to the Global Service Centers (GSC) were rigorously advanced.

Since the measures described will only start to take hold with a time delay, the weak sales development affected the sector's profitability. Income was down by €7.4 million to €27.9 million. The margin decreased from 5.7 percent in the same period of the previous year to 4.9 percent.

CONSUMER CHOICES[1]

in EUR million	Q1 – Q3 2015	Q1 – Q3 2016	Change in %
Sales	493.1	501.9	1.8
Adjusted operating income	98.3	80.7	– 17.9
Margin in per cent[2]	19.9	16.1	

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

Consumer Choices: Sales growth in the Consumer Choices sector for the first nine months of the year amounted to 5.4 percent in organic terms, with sales totaling €501.9 million, after €493.1 million in the same period of the previous year. Negative currency effects and the disposal of the Animal Health and Crop Protection business resulted in overall growth of 1.8 percent. The impact of currency translation was slightly weaker than before.

Moderate growth was recorded in Point-of-Sale Measurement business, similar to the first half of the year. Business in the major product categories continued to drive growth in this corporate segment. In addition, contract extensions were agreed with several major clients. The new Dashboard developed for data evaluation has been very well received. In the region Asia and the Pacific, especially in China, pleasing growth rates were achieved. In Media Measurement, again no sales were posted in the third quarter of 2016 in respect of the TV research contract that started in Brazil. The remaining Media Measurement business once again made a sound contribution to growth in the third quarter of the year. This highlights that the sector's core business remains robust.

Income in the Consumer Choices sector decreased by €17.6 million to €80.7 million. The sector's margin decreased from 19.9 percent in the same period of the previous year to 16.1 percent. This reduction in the margin resulted mainly from the business trend in the Animal Health and Crop Protection business, which was already reported in the half-year report, and negative profit contributions from the two TV research panels in Brazil and the Kingdom of Saudi Arabia. Panel business is structured in such a way that the main investment is made during the panel set-up phase, with costs generally at a steady level once the panel is fully operational. Every additional client gained then represents a profit contribution. In Brazil, plans are in place to broaden the client base considerably and operate the panel profitably based on the economies of scale achieved.

OTHER[1)]

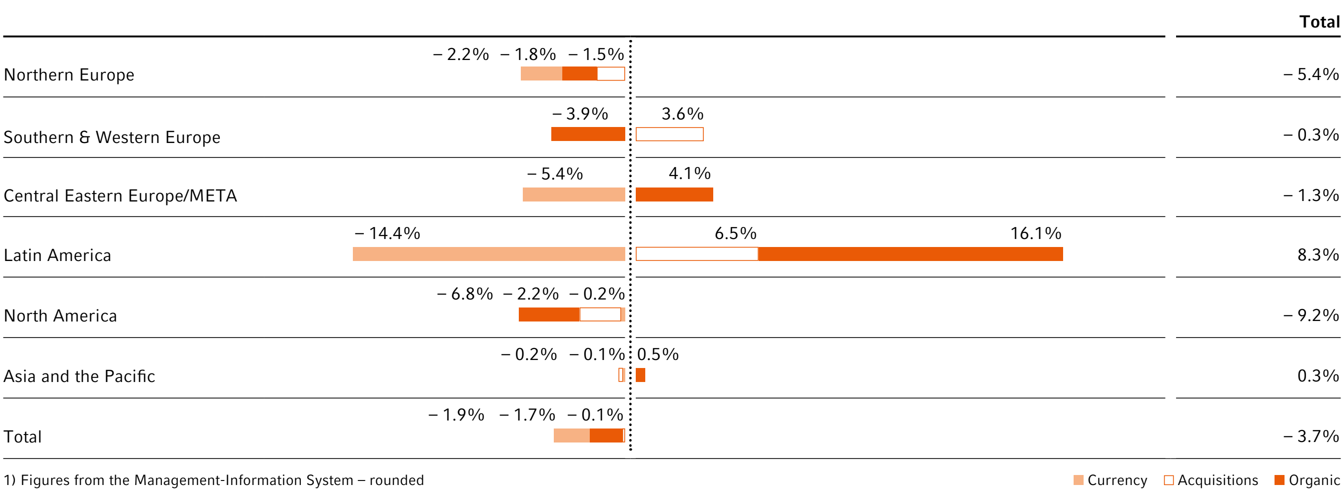
in EUR million	Q1 – Q3 2015	Q1 – Q3 2016	Change in %
Sales	2.3	0.5	– 79.2
Adjusted operating income	– 14.7	– 7.4	49.4

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.

At €0.5 million, sales generated by the Other category in the first nine months of 2016 were significantly lower than in the previous year (same period in 2015: €2.3 million). A printers' shop in Switzerland was previously included in this category, which also generated external sales. The printers' shop was sold in January 2016. Income of the Other category amounted to €-7.5 million for the first nine months of 2016, after €-14.7 million in the same period of the previous year.

STRUCTURE OF SALES GROWTH IN THE REGIONS[1)]



1) Figures from the Management-Information System – rounded

REGIONS: SALES GROWTH[1)]

in EUR million	Q1 – Q3 2015	Q1 – Q3 2016	Change in %
Northern Europe	416.0	393.4	– 5.4
Southern & Western Europe	195.7	195.1	– 0.3
Central Eastern Europe/META	93.0	91.8	– 1.3
Latin America	45.6	49.4	8.3
North America	230.2	208.9	– 9.2
Asia and the Pacific	138.1	138.5	0.3
Total	**1,118.6**	**1,077.0**	**– 3.7**

1) Figures from the Management-Information System – rounded

5. CHANGES IN PARTICIPATIONS IN THE THIRD QUARTER OF 2016

In the third quarter of 2016, GfK Blue Moon Quantitative Research and Blue Moon Research and Planning were wound up. Furthermore, GfK sold its shares in St. Mamet Saisie Informatique (SMSI).

CHANGES IN THE GfK NETWORK DURING THE THIRD QUARTER 2016

Company	Type of investment	Shareholding in %	Sector	Country
GfK Blue Moon Australia	Liquidation	100 percent to 0 percent	CE	Asia and the Pacific
SMSI France	Disposal	20.4 percent to 0 percent	CE	Southern and Western Europe

6. MAJOR EVENTS SINCE THE END OF THE REPORTING PERIOD TO 30 SEPTEMBER 2016

In October 2016, GfK sold its shares in subsidiary Genius Digital Limited in the UK, as well as its shares in Qosmos SA in France.

7. OUTLOOK*

Market conditions are set to remain challenging for GfK in the fourth quarter of the year. New digital offers continue to replace the conventional, personnel-intensive offers of ad hoc research. GfK must continue to adapt quickly and 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 in 2016 remains high in terms of investment in the development and completion of future-oriented products. This ensures that the company is fitter for the future. After the operations structure has been set up and tasks have gradually been transferred to the Global Service Centers, optimization and cost savings should start to feed through by the end of the year, depending on the sales trend.

GfK will not be utilizing the investment level of around €180 million originally budgeted for 2016 in full (2015: around €137 million). The Group now expects to use around €130 million of this figure. The decisive factors include lower expenses for acquisitions of up to €50 million (originally planned: €100 million). Of this amount, a total of €29 million was invested in the first nine months of this year. The focus remains on organic growth. GfK will invest around €80 million in extension and replacement.

Sales in the Consumer Experiences sector were below the company's expectations in the first nine months of the year, reflecting weak incoming orders for traditional ad hoc research. The resulting decline in adjusted operating income was not offset in full through resource and cost savings measures as well as the optimization and streamlining of processes. In view of ongoing challenging conditions in ad hoc business, 2016 will not be an easy year for Consumer Experiences. In light of this, GfK expects a significant sales decline for the full year. On the Operations side, GfK plans to increase efficiency further.

Through its solid point-of-sale measurement, the Consumer Choices sector still has a core business which is being extended with new product categories, industries and services, and enhanced through online evaluation opportunities. This makes systematic use of new growth and margin potential.

The Animal Health and Crop Protection activities sold in the first half of this year continued to have a negative impact, along with the previously mentioned delays in TV research contracts. The Management Board expects the sector to report organic growth for the full year and therefore also further increase its share of group sales. The trend in the margin will depend on how quickly the two TV research contracts develop their full sales and income potential. Provisions have been set up to cover potential risks.

The company will continue to aggressively drive its transformation initatives and will do its upmost to improve results. Despite recent progress in the third quarter of 2016 in order intake in the Consumer Experiences sector and continued strong focus on our Media Measurement projects, the current sales trend will not change in the fourth quarter of the year. A margin below the previous year’s level is anticipated.

At the end of September 2016, 94 percent of currently predicted annual sales had been booked or were included in the order book (previous year: 95 percent). This figure is within the range of fluctuation of the past five years, ranging from 91 percent to 96 percent.

*The outlook contains predictive statements on future developments, which are based on current management assessments. Words such as “anticipate”, “assume”, “believe”, “estimate”, “expect”, “intend”, “could/might”, “planned”, “projected”, “should”, “likely” and other such terms are statements of a predictive nature. Such predictive statements contain comments on the anticipated development of sales proceeds and income for 2016. Such statements are subject to risks and uncertainties, for example, economic effects such as exchange rate fluctuations and changes in interest rates. Some uncertainties and other unforeseen factors which might affect the 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, and assume no liability whatsoever for these statements. The predictive statements contained herein are based on current Group expectations. These statements 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 JULY 1 TO SEPTEMBER 30, 2016 IN EUR '000 (ACCORDING TO IFRS, NOT AUDITED)

	Q3 2015	% of sales	Q3 2016	% of sales	Change abs.	%
Sales	371,413	100.0%	355,306	100.0%	– 16,107	– 4.3%
Cost of sales	– 257,549	– 69.3%	– 245,416	– 69.1%	12,133	– 4.7%
Gross income from sales	**113,864**	**30.7%**	**109,890**	**30.9%**	**– 3,974**	**– 3.5%**
Selling and general administrative expenses	– 66,925	– 18.0%	– 71,203	– 20.0%	– 4,278	6.4%
Other operating income	1,405	0.4%	– 5	0.0%	– 1,410	– 100.4%
Other operating expenses	– 8,532	– 2.3%	– 14,923	– 4.2%	– 6,391	74.9%
Operating income[1)]	**39,812**	**10.7%**	**23,759**	**6.7%**	**– 16,053**	**– 40.3%**
Income from associates	1,465	0.4%	214	0.1%	– 1,251	– 85.4%
Other income from participations	91	0.0%	– 25	0.0%	– 116	– 127.5%
EBIT	**41,368**	**11.1%**	**23,948**	**6.7%**	**– 17,420**	**– 42.1%**
Other financial income	326	0.1%	5,420	1.5%	5,094	1562.6%
Other financial expenses	– 10,070	– 2.7%	– 9,077	– 2.6%	993	– 9.9%
Income from ongoing business activity	**31,624**	**8.5%**	**20,291**	**5.7%**	**– 11,333**	**– 35.8%**
Tax on income from ongoing business activity	– 9,078		– 26,866		– 17,788	195.9%
CONSOLIDATED TOTAL INCOME	**22,546**	**6.1%**	**– 6,575**	**– 1.9%**	**– 29,121**	**– 129.2%**
Attributable to equity holders of the parent	19,294	5.2%	– 7,545	– 2.1%	– 26,839	– 139.1%
Attributable to minority interests	3,252	0.9%	970	0.3%	– 2,282	– 70.2%
CONSOLIDATED TOTAL INCOME	**22,546**	**6.1%**	**– 6,575**	**– 1.9%**	**– 29,121**	**– 129.2%**
Basic earnings per share (EUR)	**0.53**		**– 0.21**		**– 0.74**	– 139.6%
Diluted earnings per share (EUR)	**0.53**		**– 0.21**		**– 0.74**	– 139.6%
For information:						
Personnel expenses	– 188,438	– 50.7%	– 189,328	– 53.3%	– 890	0.5%
Depreciation/amortization	– 16,056	– 4.3%	– 19,370	– 5.5%	– 3,314	20.6%
EBITDA	**57,424**	**15.5%**	**43,318**	**12.2%**	**– 14,106**	**– 24.6%**

1) Reconciliation to internal management indicator "adjusted operating income" amounting to EUR 42,204 thousand (Q3 2015 EUR 47,676 thousand) as indicated on page 9.

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30, 2016 IN EUR '000 (ACCORDING TO IFRS, NOT AUDITED)

	Q1 – Q3 2015	% of sales	Q1 – Q3 2016	% of sales	Change abs.	%
Sales	1,118,638	100.0%	1,077,010	100.0%	– 41,628	– 3.7%
Cost of sales	– 777,303	– 69.5%	– 769,264	– 71.4%	8,039	– 1.0%
Gross income from sales	**341,335**	**30.5%**	**307,746**	**28.6%**	**– 33,589**	**– 9.8%**
Selling and general administrative expenses	– 229,945	– 20.6%	– 216,722	– 20.1%	13,223	– 5.8%
Other operating income	7,141	0.6%	13,614	1.3%	6,473	90.6%
Other operating expenses	– 20,668	– 1.8%	– 179,454	– 16.7%	– 158,786	768.3%
Operating income[1]	**97,863**	**8.7%**	**– 74,816**	**– 6.9%**	**– 172,679**	**– 176.4%**
Income from associates	2,063	0.2%	526	0.0%	– 1,537	– 74.5%
Other income from participations	180	0.0%	– 1,294	– 0.1%	– 1,474	– 818.9%
EBIT	**100,106**	**8.9%**	**– 75,584**	**– 7.0%**	**– 175,690**	**– 175.5%**
Other financial income	19,876	1.8%	28,335	2.6%	8,459	42.6%
Other financial expenses	– 39,440	– 3.5%	– 37,903	– 3.5%	1,537	– 3.9%
Income from ongoing business activity	**80,542**	**7.2%**	**– 85,152**	**– 7.9%**	**– 165,694**	**– 205.7%**
Tax on income from ongoing business activity	– 29,107		– 54,203		– 25,096	86.2%
CONSOLIDATED TOTAL INCOME	**51,435**	**4.6%**	**– 139,355**	**– 12.9%**	**– 190,790**	**– 370.9%**
Attributable to equity holders of the parent	42,192	3.8%	– 142,055	– 13.2%	– 184,247	– 436.7%
Attributable to minority interests	9,243	0.8%	2,700	0.3%	– 6,543	– 70.8%
CONSOLIDATED TOTAL INCOME	**51,435**	**4.6%**	**– 139,355**	**– 12.9%**	**– 190,790**	**– 370.9%**
Basic earnings per share (EUR)	**1.16**		**– 3.89**		**– 5.05**	– 435.3%
Diluted earnings per share (EUR)	**1.16**		**– 3.89**		**– 5.05**	– 435.3%
For information:						
Personnel expenses	– 572,640	– 51.2%	– 571,905	– 53.1%	735	– 0.1%
Depreciation/amortization	– 46,827	– 4.2%	– 202,034	– 18.8%	– 155,207	331.4%
EBITDA	**146,933**	**13.1%**	**126,450**	**11.7%**	**– 20,483**	**– 13.9%**

1) Reconciliation to internal management indicator "adjusted operating income" amounting to EUR 101,090 thousand (Q1 – Q3 2015 EUR 118,848 thousand) as indicated on page 9.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30, 2016 IN EUR '000 (ACCORDING TO IFRS, NOT AUDITED)

	Q1 – Q3 2015	Q1 – Q3 2016
Consolidated total income	**51,435**	**– 139,355**
Write-downs/write-ups of intangible assets	28,307	179,759
Write-downs/write-ups of tangible assets	18,520	22,275
Write-downs/write-ups of other financial assets	134	1,408
Total write-downs/write-ups	**46,961**	**203,442**
Change in inventories and trade receivables	11,094	29,144
Change in trade payables and in liabilities on orders in progress	13,894	– 3,149
Change in other assets not attributable to investing or financing activity	– 7,523	2,783
Change in other liabilities not attributable to investing or financing activity	– 25,885	– 6,096
Profit/loss from the disposal of non-current assets	– 1,054	– 6,103
Non-cash income from associates	– 1,404	– 212
Change in long-term provisions	1,773	5,755
Other non-cash income/expenses	15,707	12,295
Net interest income	11,765	10,197
Change in deferred taxes	3,873	15,082
Current income tax expenses	25,258	39,067
Taxes paid	– 25,685	– 32,420
a) Cash flow from operating activity	**120,209**	**130,430**
Cash outflows for investment in intangible assets	– 46,789	– 42,130
Cash outflows for investment in tangible assets	– 19,957	– 13,264
Cash outflows for acquisitions of consolidated companies and other business units	– 9,028	– 29,079
Cash outflows for investments in other financial assets	– 4,704	– 87
Cash inflows from the disposal of intangible assets	6	19
Cash inflows from the disposal of tangible assets	5,591	3,990
Cash inflows from the sale of consolidated companies and other business units	2	22,405
Cash inflows from the disposal of other financial assets	2	2
b) Cash flow from investing activity	**– 74,877**	**– 58,144**
Dividend payments to equity holders of the parent	– 23,728	– 23,728
Dividend payments to minority interests and other equity transactions	– 6,236	– 3,086
Cash inflows from loans raised	78,250	213,487
Cash outflows from the repayment of loans	– 53,196	– 196,467
Interest received	1,385	1,967
Interest paid	– 17,811	– 17,619
c) Cash flow from financing activity	**– 21,336**	**– 25,446**
Changes in cash and cash equivalents (total of a), b) and c))	23,996	46,840
Changes in cash and cash equivalents owing to exchange gains/losses and valuation	116	776
Cash and cash equivalents at the beginning of the period	93,180	129,459
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**117,292**	**177,075**
Less cash and cash equivalents included in assets held for sale	0	48
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD AS REPORTED IN THE CONSOLIDATED BALANCE SHEET	**117,292**	**177,027**

CALCULATION OF NET DEBT AND FREE CASH FLOW

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

Calculation of net debt	30.09.2015	31.12.2015	30.09.2016
Liquid funds	117,292	129,459	177,027
Short-term securities and time deposits	1,189	1,456	810
Liquid funds, short-term securities and time deposits	**118,481**	**130,915**	**177,837**
Liabilities to banks	– 223,949	– 250,086	– 448,503
Pension obligations	– 64,614	– 66,357	– 67,676
Liabilities from finance leases	– 29	– 98	– 161
Other interest-bearing liabilities	– 222,658	– 214,347	– 36,791
Interest-bearing liabilities	**– 511,250**	**– 530,888**	**– 553,131**
Net debt	**– 392,769**	**– 399,973**	**– 375,294**

Calculation of free cash flow		Q1 – Q3 2015	Q1 – Q3 2016
Consolidated total income		51,435	– 139,355
Write-downs/write-ups of intangible assets		28,307	179,759
Write-downs/write-ups of tangible assets		18,520	22,275
Write-downs/write-ups of other financial assets		134	1,408
Others		21,813	66,343
Cash flow from operating activity		**120,209**	**130,430**
Investments in tangible and intangible assets		– 66,746	– 55,394
Free cash flow before acquisitions, other financial investments and asset disposals		**53,463**	**75,036**
Acquisitions		– 12,045	– 29,079
Other financial investments		– 1,687	– 87
Asset disposals		5,601	26,416
Free cash flow after acquisitions, other financial investments and asset disposals		**45,332**	**72,286**

CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 2016 IN EUR '000 (ACCORDING TO IFRS, NOT AUDITED)

ASSETS	30.09.2015	31.12.2015	30.09.2016
Goodwill	805,226	774,003	611,410
Other intangible assets	273,912	271,790	308,290
Tangible assets	106,265	105,241	97,347
Investments in associates	18,445	651	991
Other financial assets	7,086	5,613	3,234
Deferred tax assets	47,138	43,578	36,666
Non-current other assets and deferred items	19,299	20,829	12,670
Non-current assets	**1,277,371**	**1,221,705**	**1,070,608**
Trade receivables	376,741	396,257	368,153
Current income tax assets	15,264	15,654	23,215
Securities and fixed-term deposits	1,189	1,456	810
Cash and cash equivalents	116,347	129,459	177,027
Current other assets and deferred items	40,896	38,362	39,126
Assets held for sale	33,254	39,408	2,740
Current assets	**583,691**	**620,596**	**611,071**
ASSETS	**1,861,062**	**1,842,301**	**1,681,679**

CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 2016 IN EUR '000 (ACCORDING TO IFRS, NOT AUDITED)

EQUITY AND LIABILITIES	30.09.2015	31.12.2015	30.09.2016
Subscribed capital	153,316	153,316	153,316
Capital reserve	212,403	212,403	212,403
Retained earnings	349,374	320,721	161,775
Other reserves	3,885	18,140	– 18,414
Equity attributable to equity holders of the parent	**718,978**	**704,580**	**509,080**
Minority interests	**57,099**	**15,930**	**15,558**
EQUITY	**776,077**	**720,510**	**524,638**
Long-term provisions	78,633	80,577	83,359
Non-current interest-bearing financial liabilities	233,806	256,362	451,012
Deferred tax liabilities	81,877	86,373	97,410
Non-current other liabilities and deferred items	14,729	17,419	20,938
Non-current liabilities	**409,045**	**440,731**	**652,719**
Short-term provisions	15,720	17,258	23,606
Current income tax liabilities	12,405	13,545	24,407
Current interest-bearing financial liabilities	212,830	208,169	34,443
Trade payables	81,707	90,864	76,749
Liabilities on orders in progress	181,062	167,015	170,584
Current other liabilities and deferred items	163,136	176,635	172,708
Liabilities held for sale	9,080	7,574	1,825
Current liabilities	**675,940**	**681,060**	**504,322**
LIABILITIES	**1,084,985**	**1,121,791**	**1,157,041**
EQUITY AND LIABILITIES	**1,861,062**	**1,842,301**	**1,681,679**
Equity ratio	41.7%	39.1%	31.2%

PROVISIONAL KEY DATES IN THE FINANCIAL CALENDAR

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[1)]

MAY 18, 2017
Annual General Assembly Fuerth, Germany

AUGUST 14, 2017
Interim half-year report as at June 30, 2017[1)]

NOVEMBER 13, 2017
Interim nine-month report as at September 30, 2017[1)]

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.

Date: November 14, 2016

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