GROUP MANAGEMENT REPORT

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1. Economic basis for the Group

1.1 OVERALL ECONOMIC DEVELOPMENT IN 2015: THE GLOBAL ECONOMY CATCHES ITS BREATH

In the past financial year, the global economy expanded noticeably: Although China recorded a slight decline in growth, its growth rate remained considerable, while the economies of the United States and the United Kingdom developed strongly. In contrast, the eurozone enjoyed only moderate growth: many countries in this region were still suffering from high rates of debt, while low inflation restricted companies' income.

In the **Eurozone**, gross domestic product was up by 1.5 percent. According to the German Institute for Economic Research (DIW), moderate inflation rates, an increase in income in real terms and increasing employment rates were all indicators for this, although development trends varied considerably from region to region. Meanwhile, indicators such as the positive consumer mood and the increase in vehicle registrations suggest that consumers remained confident.

Overall, the consumer climate in **Europe as a whole** developed positively, attaining 12.2 points in December, its highest level since March 2008 (16.8 points). According to GfK's surveys, the first quarter saw a steep rise from 3.7 points in January to 10.6 points in April, before the precarious situation in Greece and the worsening of the refugee crisis resulted in a certain drop in propensity to consume. In the fourth quarter, however, the increasingly positive economic data gave rise to a more optimistic and consumption-friendly mood among consumers.

Most **Central and Eastern European** economies once again enjoyed noticeable growth in the past year. Growing domestic demand, low inflation rates, falling unemployment and increasing incomes almost automatically gave rise to growing consumer confidence. Russia was an exception to the rule, as its gross domestic product, investments and incomes in real terms all shrank noticeably. In the DIW's opinion, it probably cannot be expected to return to growth until 2017.

According to the International Monetary Fund (IMF), the macroeconomic indicators for the **Middle East** and for **Southern Africa** point to weaker economic development. The reasons for this include the falling prices of oil and other commodities as well as political conflicts in some countries.

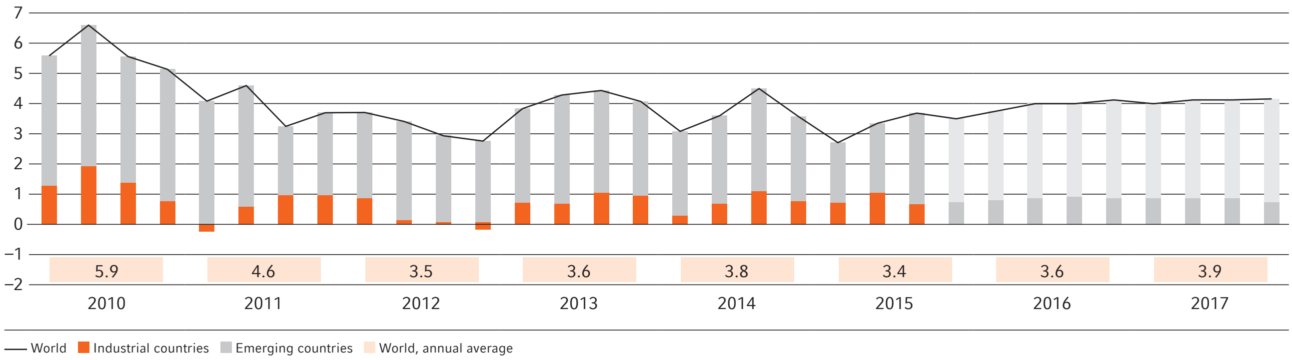
The **United States** economy continued its moderate growth in 2015. Since unemployment fell by almost one percentage point within a year and inflation was low, private consumption was a major driver of growth. Therefore, imports enjoyed somewhat stronger growth than exports. In mid-December, the U.S. Federal Reserve introduced the expected interest rate reversal, increasing the base rate by 0.25 percent. After years of a policy of low interest rates, this decision constituted a break in monetary policy.

If the US interest rate reversal leads to an unexpectedly severe deterioration of external financing conditions, countries with high current account deficits could find themselves in a difficult situation. According to DIW experts, these include many **emerging markets** in which high levels of private debt could prove to be unsustainable.

In **Brazil**, the economic slump turned out to be more severe than expected. Falling commodity prices also had a negative impact on economies such as **Mexico**, where growth was lower than expected in light of decreasing oil production and lower economic growth in its neighboring country, the USA.

In **China**, growth was increasingly fueled by rising consumer spending. Falling purchasing managers' indices suggested that the industrial sector shrank slightly, while the services index signaled clear growth. Meanwhile, exports were hampered by overcapacity, a decline in China's pricing competitiveness and limping economies in key sales markets.

GROWTH OF REAL GROSS DOMESTIC PRODUCT
in percent, percentage points



Source: DIW Winter Baselines 2015

In **Japan**, efforts to boost the economy through an expansive monetary policy and state spending programs have so far failed to bear any noteworthy fruit. Corporate investments and private consumption increased slightly, while exports remained virtually unchanged. However, a weak yen resulted in marked increases in the margins and profits of export-oriented companies.

REAL GROSS DOMESTIC PRODUCT, CONSUMER PRICES AND UNEMPLOYMENT RATES IN THE GLOBAL ECONOMY
in percent

	Gross domestic product – Change in percent compared with the previous year				Consumer prices – Change in percent compared with the previous year				Unemployment rate – in percent			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Eurozone	0.9	1.5	1.5	1.7	0.4	0.1	0.9	1.4	11.6	10.9	10.4	10.2
excluding Germany	0.4	1.5	1.6	1.7	0.3	0.0	0.8	1.4	13.8	13.1	12.3	11.8
France	0.2	1.1	0.9	1.4	0.5	0.2	0.9	1.3	10.3	10.5	10.6	10.5
Spain	1.4	3.1	2.7	2.4	−0.2	−0.5	0.5	1.5	24.5	22.1	19.6	18.2
Italy	−0.4	0.7	1.2	1.4	0.2	0.1	0.7	1.4	12.7	11.9	11.0	10.6
Netherlands	1.0	2.0	2.1	2.2	0.3	0.2	0.8	1.4	7.4	6.9	6.4	6.2
United Kingdom	2.9	2.4	2.3	2.1	1.4	0.1	1.1	1.7	6.1	5.5	5.3	5.3
USA	2.4	2.5	2.6	2.6	1.6	0.2	1.7	1.7	6.2	5.3	4.8	4.6
Japan	−0.1	0.5	0.5	0.5	2.8	0.8	0.9	1.1	3.6	3.5	3.8	3.8
South Korea	3.3	2.6	2.9	3.0	1.3	0.7	1.6	2.2	3.6	3.5	3.0	3.0
Central and Eastern Europe	3.0	3.4	3.1	3.2	0.3	−0.3	1.2	1.8	8.4	7.4	6.8	6.4
Turkey	2.9	3.3	3.3	3.8	8.8	7.7	7.6	7.4	9.9	10.2	9.9	9.6
Russia	0.7	−4.1	−0.4	0.8	7.9	15.4	7.3	5.3	5.2	5.7	6.3	6.2
China	7.3	6.8	6.5	6.3	−0.6	−0.5	−0.4	1.3	3.8	3.8	3.8	3.8
India	7.2	7.2	7.0	6.9	4.3	2.0	4.8	5.7	–	–	–	–
Brazil	0.1	−3.4	−2.6	0.8	6.3	8.5	6.8	6.0	4.9	7.1	8.5	9.8
Mexico	2.3	2.5	2.6	2.7	4.0	2.8	3.2	3.6	4.8	4.5	4.8	4.8
Industrial countries	1.8	2.0	2.1	2.2	1.4	0.3	1.4	1.6	7.0	6.4	6.0	5.8
Emerging countries	5.3	4.4	4.8	5.1	2.4	2.8	2.7	3.5	4.8	5.0	5.2	5.2
World	3.8	3.4	3.6	3.9	2.0	1.7	2.2	2.7	5.7	5.6	5.5	5.5

Source: DIW Winter Baselines 2015

1.2 MARKET RESEARCH INDUSTRY: MIXED RESULTS

The hope, already widely held prior to the end of the year, that the market research industry would be able to return to a major phase of growth after years of weak growth in sales (+0.7 percent in both 2013 and 2012 respectively) was not fulfilled. The worldwide sales of the market research industry grew by just 0.1 percent to a total of US$ 43.86 billion in 2014. While traditional drivers of growth such as the markets of North America, Europe and countries in the Asia-Pacific region may, at best, have maintained a stable performance or even have undergone a decline in sales, the industry saw growth primarily in the Middle East (+9.1 percent) and Africa (+2.6 percent). These are the most important findings of the 2015 ESOMAR industry report, which analyzes the trends and figures reported for the industry in 2014. With 4,900 members from 130 countries, including GfK, ESOMAR is the leading global organization of the market research sector.

Observation at a regional level produces a highly varying picture. After the **United States** had a temporary postrecession year of growth in 2013 and was a key driver of worldwide growth, classic sales grew by only 0.1 percent in 2014. An extraordinary effect was produced by the fact that for the first time, industry statistics for America expanded to include two additional sectors, namely, Speciality Services and Analytics, sales from which increased by 2.3 percent in 2014. This statistical extraordinary effect caused the figures for the American market to “explode” by almost 20 percent. All in all, the USA grew an additional 0.5 percent, wherein companies from the media industry, at 22 percent, constituted the highest paying customer group.

The neighboring state of **Canada** had to contend with a sharp decline in sales of 7.9 percent following its strong growth in 2013. In a generally depressed market environment, qualitative market research has managed to remain relatively stable. **South America** reported an overall moderate contraction in its budget (−0.3 percent), while Brazil, the largest market on the continent, reported significant growth of 6.6 percent. In Uruguay, elections constituted a source of increasing demand and, at +17.5 percent, it occupies the top spot in the ranking of the fastest growing markets in South America.

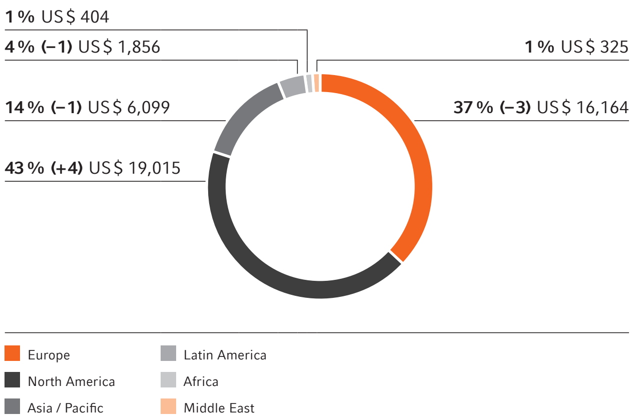
The bad news from **Europe** is that the continent's market research sales have declined further. The good news is that the decline in its sales of −0.9 percent decreased by almost half in comparison with the previous year (−1.4 percent). Upon closer examination, an extreme range of variation can be observed on a regional level. In the UK, where market researchers generate almost one third of their sales through international projects, sales collapsed by 10 percent, while crisis-ridden Greece suffered a decline of 2.5 percent. The sharpest decline in the market was reported in Austria, at −12.8 percent. However, growth was reported in Germany, Spain, Italy, the Netherlands and Belgium, which, with +13.3 percent, recorded the highest growth among Europe's top 15 countries. Results were positive in young EU member states such as Bulgaria (+16.9 percent), Romania (+28.5 percent) and Cyprus (+76.4 percent), whose governments, contrary to commonly held fears, recovered their budgets.

Mixed news also from the **Asia-Pacific region**: Of the continent's three largest markets, which together generate 68 percent of the market research industry's sales, only China reported growth. The People's Republic overtook Japan during the period to reach fifth place in the ranking of the world's largest market-research regions. While Japan is still caught up in a recession, Australia has had to battle with commodity prices, lower interest rates and an unfavorable US$ exchange rate. All in all, the market has continued to grow at a rate of 1.7 percent, generating a total sales volume of US$6 billion.

In contrast, **Africa** is speeding from record to record. With the exception of Kenya (which has suffered from terrorist attacks and a slump in its tourism industry as well as in public spending), every market was able to report inflation-adjusted growth. In South Africa, which, with sales of US$ 222 million is the continent's largest market by far, the industry grew by 6.1 percent despite a contracting gross national product.

The **Middle East** shows a more differentiated picture: Every year since 2010, the Gulf States have reported constant growth in market research sales (2014: +12.2 percent adjusted for inflation). In Israel, sales grew by 19.5 percent adjusted for inflation, while in Egypt and Iran, the third and fourth largest markets in the region, sales contracted by 4.8 percent and 7.0 percent respectively.

GLOBAL MARKET RESEARCH SALES 2014
US$ 43,86 million



Source: ESOMAR estimates. Rounded figures presented. Percentage-point changes in market share compared to 2013 are provided in brackets

The expansion of American statistics by including two market research segments also had some mild effects on the ranking of the **top 10 market research companies**. Its market share amounted to 45 percent of the entire industry's sales. According to the criteria of the AMA Gold Rankings, GfK occupies fifth place among the world's largest market research companies.

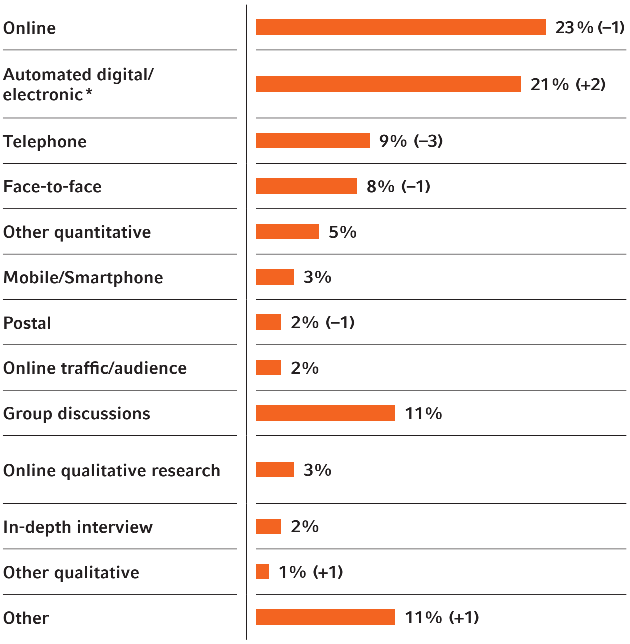
TOP 10 OF THE MARKET RESEARCH INDUSTRY

2014 Ranking [1]	Company [1]	2013 sales *US$ million* [1]	2014 sales *US$ million* [1]	Market share *in percent* [2]
1	Nielsen Holdings, USA	6,045.0	6,288.0	14.3
2	Kantar, UK	3,389.2	3,835.0	8.7
3	IMS Health, USA	2,544.0	2,600.0	5.9
4	Ipsos, France	2,274.2	2,219.9	5.1
5	GfK, Germany	1,985.2	1,932.0	4.4
6	Information Resources, USA	845.1	954.0	2.2
7	Westat, USA	582.5	517.4	1.2
8	dunnhumby Ltd., UK	453.7	481.4	1.1
9	INTAGE Holdings, Japan	435.5	415.4	0.9
10	Wood MacKenzie, UK	–	374.2	0.9

1) 2015 AMA Gold Global Top 50 Report published in the ESOMAR Industry Report 2015;
2) Own calculations, market share based on global market research sales in 2014 of US$43,86m (ESOMAR Industry Report 2015)

There was little change in **market research methods**. Despite a slight decline, quantitative market research continues to constitute three quarters of the world's demand for market research. It is likely to be surprising for many that the share of online surveys contracted by one percentage point to 23 percent.

MARKET RESEARCH METHODS



* Retail and media data (excluding online traffic/audience measurement)

Source: ESOMAR Industry Report "Global Market Research 2015"; Percentage-point changes in share of spend compared to 2013 are provided between brackets. Other quantitative research includes mainly syndicated services for which breakdowns are not available. Other qualitative research includes ethnography and other methods for which breakdowns are available.

2. Economic report

2.1 INTRODUCTION

GfK has a matrix organization consisting of two globally responsible sectors with product responsibility as well as six regions tasked with managing local business. This structure facilitates the integration of a global product range with excellent services offered to global clients. Beyond this, it also enables both sectors to fully exploit the potential offered by regional markets.

The GfK Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The financial data for the sectors and regions originate from our Management Information System.

For internal management of both sectors, GfK applies the financial key performance indicators of sales and adjusted operating income/margin, which is also used as an indicator of income by some of its competitors.

GfK is confident that the explanations regarding business performance using adjusted operating income will facilitate the interpretation of the GfK Group's business development and enhance the informative value in comparison with other major companies operating in the market research industry. Consequently, where income is mentioned below, this is the adjusted operating income. The margin is the ratio of adjusted operating income to sales.

The development of the order position in relation to the expected annual sales for the current financial year is another important indicator. This statistic, referred to as the level of sales coverage, is determined on a monthly basis and is closely monitored by GfK's management. In general, half the planned annual sales are already reported as assured contracts in the first quarter.

Admittedly, the picture varies between the two sectors. In the panel-based Consumer Choices sector, contracts are largely renewed during the first three months of the fiscal year. However, in some cases, contracts here may provide for surveying on a continuous basis for several years. As a result of the greater weighting of ad hoc studies in the Consumer Experiences sector and the lower proportion of continuous data collection, incoming orders for this sector tend to be more evenly spread over the year as a whole. The adjusted operating income is calculated as follows:

RECONCILIATION OF ADJUSTED OPERATING INCOME [1]

in € million	2014	2015	Change in percent
Operating income	**68.0**	**104.2**	**+53.2**
Goodwill impairment	59.5	39.4	−33.7
Write-ups/write-downs of additional assets identified on acquisitions			
Scheduled amortization/depreciation	7.4	4.9	−33.9
Impairments	8.4	3.4	−59.5
Reversal of impairments	−4.4	−4.0	−9.1
Income and expenses in connection with share and asset deals	1.0	−8.7	–
Income and expenses in connection with reorganization and improvement projects	17.1	22.8	+33.5
Personnel expenses for share-based incentive payments	1.0	1.9	+88.7
Currency conversion differences	1.1	2.2	+96.1
Income and expenses related to one-off effects and other exceptional circumstances	19.7	21.4	+8.6
Total highlighted items	**110.9**	**83.4**	**−24.7**
Adjusted operating income	**178.8**	**187.6**	**+4.9**

1) Rounding differences may occur

Where statements below refer to the number of employees, in principle, this represents the total number of full-time posts. For this purpose, part-time posts have been converted to equate full-time employment.

The figures on the business development of the GfK Group and any percentage changes are based on figures in € thousand. Accordingly, rounding differences may occur.

As part of its global strategy, GfK has pooled overlapping administrative functional areas of the Other category.

The companies mentioned in the Group Management Report are referred to by their abbreviated names. The Additional Information section of the Annual Report includes a list of all companies in the GfK Group.

2.2 GfK GROUP: BACK ON TRACK

In 2015, the GfK Group achieved **sales** of € 1,543.4 million, 6.2 percent above the previous year's figure. With organic growth at 1.1 percent, currency effects contributed 5.0 percent to the increase, while acquisitions resulted in a 0.1 percent growth.

DEVELOPMENT OF EARNINGS [1)]

in € million	2014	2014 excluding goodwill impairment	2015	2015 excluding goodwill impairment	Change (excl. goodwill impairment) in percent
Sales	1,452.9	1,452.9	1,543.4	1,543.4	+6.2
Cost of sales	−990.6	−990.6	−1,061.9	−1,061.9	+7.2
Gross income from sales	**462.3**	**462.3**	**481.5**	**481.5**	**+4.1**
Selling and general administrative expenses	−301.0	−301.0	−302.2	−302.2	+0.4
Other operating income	7.8	7.8	19.8	19.8	+153.4
Other operating expenses	−101.2	−41.7	−94.9	−55.5	+33.2
EBITDA	**202.2**	**202.2**	**231.2**	**231.2**	**+14.4**
as a percentage of sales	13.9	13.9	15.0	15.0	–
Adjusted operating income	**178.8**	**178.8**	**187.6**	**187.6**	**+4.9**
as a percentage of sales	12.3	12.3	12.2	12.2	–
Highlighted items	−110.9	−51.4	−83.4	−44.0	−14.3
Operating income	**68.0**	**127.5**	**104.2**	**143.6**	**+12.6**
as a percentage of sales	4.7	8.8	6.7	9.3	–
Income from participations	4.0	4.0	2.0	2.0	−49.4
EBIT	**71.9**	**131.4**	**106.2**	**145.6**	**+10.7**
as a percentage of sales	5.0	9.0	6.9	9.4	–
Other financial income	**−24.4**	**−24.4**	**−18.3**	**−18.3**	**−25.0**
Income from ongoing business activity	**47.6**	**107.1**	**87.9**	**127.3**	**+18.9**
Tax on income from ongoing business activity	−28.2	−28.2	−47.2	−47.2	+67.2
Tax ratio in percent	59.3	26.3	53.7	37.0	–
Consolidated total income	**19.4**	**78.9**	**40.7**	**80.1**	**+1.6**
Attributable to equity holders of the parent	5.9	65.4	36.8	76.2	+16.6
Attributable to minority interests	13.5	13.5	4.0	4.0	−70.7
Consolidated total income	**19.4**	**78.9**	**40.7**	**80.1**	**+1.6**
Earnings per share (undiluted) in €	0.16	1.79	1.01	2.09	+16.8

1) Rounding differences may occur

The percentage rise in **cost of sales** was similar to that of sales. It amounted to € 1,061.9 million, corresponding a 7.2 percent increase. As a result, the **gross income from sales** rose by 4.1 percent, reaching € 481.5 million.

The **selling and general administrative expenses** almost matched the previous year's. After a rise of just 0.4 percent compared to the previous year, they came to € 302.2 million in 2015. This meant a total increase in the sum of cost of sales and selling and general administrative expenses of 5.6 percent; a smaller growth than that in sales.

Personnel expenses constitute a major part of the cost of sales as well as selling and general administrative expenses. These grew by 8.6 percent to € 765.9 million. Personnel expenses are also strongly influenced by changes in the exchange rate. In 2015, several of the GfK Group's major currencies gained in strength against the euro: the U.S. dollar by 20 percent, the Chinese yuan by 17 percent, the Swiss franc by 14 percent and pound sterling by 11 percent. As a result, the costs incurred in those countries and currencies rose by the equivalent amount in euro. The increase in the number of employees was rather moderate, rising by 0.8 percent, or 105 people, to 13,485 employees at the end of 2015. Given that the relative increase in personnel costs was slightly above that of sales, the **personnel cost ratio**, which represents the relationship of personnel expenses to sales, amounted to 49.6 percent (previous year: 48.5 percent).

GfK increased its **adjusted operating income** by € 8.7 million to € 187.6 million. This equates to a rise of 4.9 percent. The margin, which expresses the relationship of adjusted operating income to sales, was 12.2 percent (previous year: 12.3 percent).

Other operating income increased by € 12.0 million to € 19.8 million. The reason for this increase is income of €12.0 million in connection with the disposal of minority shareholdings. On November 23, 2015, GfK and The NPD Group, Inc., USA, discontinued and unwound their cross-ownership and former joint activities in the Consumer Choices sector and entered into a new strategic contractual partnership. The NPD Group previously held minor direct or indirect shares in a variety of fully consolidated GfK subsidiaries. GfK had shareholdings with significant influence in several of The NPD Group subsidiaries, which were classified as associated companies from GfK's perspective, as well as a profit-sharing agreement regarding certain business activities. This divestiture ended all mutual stakes.

Other operating income also includes profit made from the sale of real estate owned by GfK Switzerland amounting to € 1.1 million. Currency gains fell from € 3.0 million in the previous year to € 2.3 million.

After the currency losses in **other operating expenses** increased by € 0.4 million to € 4.5 million, net foreign exchange losses resulting from operating activity in foreign currency amounted to € 2.2 million (previous year: € 1.1 million).

Overall, other operating expenses fell by € 6.2 million to € 94.9 million. This decline can be attributed to opposing events: On the one hand, goodwill impairment amounted to € 39.4 million. This represents a year-on-year decline of € 20.1 million. The cause of this impairment was adjusted growth prospects in Central Eastern Europe/META as well as Southern and Western Europe. On the other hand, impairments of tangible and intangible assets rose from € 1.8 million in the previous year to € 24.0 million in 2015. This includes impairments amounting to € 20.0 million, which relate to the termination of the network-based development activities in Mobile Insight/Location Insight as well as two modules of the digital analysis and production platform, CPIMS/NEO.

Personnel costs included in other operating expenses have also risen, increasing from € 10.8 million in the previous year to € 14.5 million in 2015. These were mostly severance payments related to reorganization projects.

Expenses, in particular legal and consulting costs, relating to the irregularities uncovered at a Turkish subsidiary in 2012, account for € 1.3 million of our other operating expenses. In the previous year, such expenses amounted to € 12.1 million, which largely consisted of retrospective tax payments and penalties. For ongoing court proceedings and social security risks, the company incurred costs of € 5.9 million in the previous year. These amounted to just € 0.2 million in 2015.

Highlighted items came to a total of € 83.4 million. Adjusted for goodwill impairments, highlighted items would have amounted to € 44.0 million. This represents a decline of € 7.3 million on the previous year's similarly adjusted figure of € 51.4 million.

Considering the development of the highlighted items, the report gives a heterogeneous picture as well. While the write-ups and write-downs of additional assets identified on acquisitions as well as income and expenses in connection with share and asset deals fell by € 7.1 and € 9.7 million respectively, the net expenses in connection with reorganization and improvement projects rose by € 5.7 million. The same is true for personnel expenses for share-based incentive payments (increase of € 0.9 million in costs), currency conversion gains and losses (increase of € 1.1 million in costs) and the income and expenses related to one-off effects and other exceptional circumstances, which increased by € 1.7 million to an expense of € 21.4 million.

The latter items include the above-mentioned impairments to the developments in Mobile Insight/Location Insight and parts of the CPIMS/NEO software, amounting to € 20.0 million, as well as the positive influences of the cost reductions of € 10.8 million relating to the incidents in Turkey, and of the € 5.7 million decline in court proceedings and social security risks. This item also includes income from the property sale in Switzerland amounting to € 1.1 million.

The decline in write-ups and write-downs of additional assets identified on acquisitions affects both scheduled amortization, which fell by € 2.5 million to € 4.9 million, and impairments, which amounted to just € 3.4 million after the previous year's € 8.4 million. Reversals of impairment losses were practically unchanged at € 4.0 million (2014: € 4.4 million).

The income and expenses in connection with share and asset deals are positive due to the above-mentioned income amounting to € 12.0 million from the disposal of minority shareholdings. They amounted to € 8.7 million after expenses of € 1.0 million in the previous year. In addition, this item mainly includes costs related to the sale of our market research business in crop protection and animal health, scheduled for the first half year 2016.

The net expenses in connection with reorganization and improvement projects, which increased by € 5.7 million to € 22.8 million, are dominated by expenses on redundancy settlements, which rose by € 10.8 million to € 13.9 million. Other reorganization costs increased by € 2.3 million to € 2.7 million. These include impairments, consulting fees and other costs from streamlining and optimizing business areas at selected subsidiaries.

Operating income increased by € 36.2 million to € 104.2 million. Adjusted for the expense of the goodwill write-down, the figure would have amounted to € 143.6 million, compared with the respective adjusted figure of € 127.5 million from the previous year. This corresponds to an increase of 12.6 percent.

Amortization and depreciation decreased by € 5.2 million to € 125.1 million. Without the fall in goodwill impairment of € 20.1 million to € 39.4 million, the figure would have increased by € 14.9 million. This increase is attributable to the aforementioned € 20.0 million impairment in Mobile Insight/Location Insight and CPIMS/NEO and an increase in scheduled amortization and depreciation on intangible and tangible fixed assets by € 1.5 million to € 58.4 million as a result of an increase in investments. Conversely, scheduled amortization of additional assets identified on acquisitions fell by € 2.5 million to € 4.9 million. Impairments on these assets amounted to € 3.4 million, down € 5.0 million on the previous year.

Income from participations fell by € 2.0 million to € 2.0 million. This includes income from associated companies, which is mainly responsible for the decline. One-off losses in the amount of € 1.9 million were incurred in relation to the restructuring of an associated subgroup. There was also an impairment of € 2.2 million to a stake in an associated company. These negative effects could not be entirely offset by the € 1.8 million improvement in the income attributed from other associated companies.

EBIT amounted to € 106.2 million in the reporting year. This equates to a year-on-year increase of € 34.2 million. After eliminating the goodwill impairment in both the year under review and the previous year, EBIT would stand at € 145.6 million. This is an increase of 10.7 percent or € 14.1 million.

EBITDA, which is unaffected by the goodwill impairment, rose by 14.4 percent or € 29.0 million to € 231.2 million. The increase in EBITDA is higher than that of the EBIT adjusted for goodwill impairment, as write-downs included in EBIT, which are added for the EBITDA calculation, are € 14.9 million above those of the previous year.

Other financial income improved significantly compared to the previous year. Net expenses amounted to € 18.3 million after € 24.4 million in the previous year. All elements of our financial income have experienced growth: net interest income increased by € 2.8 million to a net expense of € 16.6 million; financial currency expenses fell by € 1.1 million to € 2.4 million; miscellaneous financial income improved by € 2.2 million, resulting in a net income of € 0.7 million.

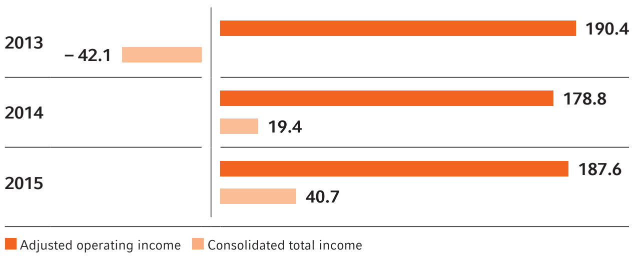
Income from ongoing business activity rose from € 47.6 million to € 87.9 million. Adjusted for goodwill impairment, this represents an increase of 18.9 percent, rising from from € 107.1 million in the previous year, to € 127.3 million in 2015.

The computed **income tax rate** is 53.7 percent (previous year: 59.3 percent). Both rates are influenced to a significant extent by the respective goodwill impairment, as the result of this is no tax expense or income in parallel with a reduction in pre-tax profit. The adjusted tax rates would be 26.3 percent for 2014 and 37.0 percent for 2015.

Tax expenses in the previous year were positively impacted by the new assessment of the feasibility of tax loss carry-forwards at a U.S. subsidiary as a result of an increase in planned tax income and the establishment of a tax group in France. In total, this amounts to € 16.2 million, an improvement of 15.1 percentage points on the tax rate last year.

The **consolidated total income** of the GfK Group was € 40.7 million compared with € 19.4 million in the previous year. Excluding the impact of goodwill impairment in both the year under review and the previous year, the consolidated total income would have risen by 1.6 percent to stand at € 80.1 million. The consolidated total income attributable to minority interests, which is unaffected by the goodwill impairment, fell by 70.7 percent, despite the increase in consolidated total income. The reason for this lies predominantly with the above-mentioned transaction to dissolve cross-shareholdings with The NPD Group, Inc., USA. With a constant number of shares, this also contributes to an increase in **earnings per share** which rose from € 0.16 to € 1.01. Adjusted for goodwill write-downs, this amounts to € 2.09, after € 1.79 in the previous year, an increase of 16.8 percent.

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



2.3. ASSET AND CAPITAL POSITION

In comparison to the previous year, the **total assets** of the GfK Group rose by € 74.9 million, or 4.2 percent, to € 1,842.3 million. This is primarily a result of the euro's weakness against other currencies of importance to the GfK Group, such as the U.S. dollar and pound sterling. This is also reflected in goodwill, which increased by € 1.3 million in total to € 774.0 million, although the goodwill decreased on account of a goodwill impairment of € 39.4 million and by a further € 6.9 million following the reclassification to assets held for sale due to the initiated sale of the animal health and crop protection business. This decrease was more than offset by an increase of capital consolidation transactions in the amount of € 3.1 million, in particular through the currency-related increase of € 44.5 million. This currency-related increase is posted in Other reserves.

DEVELOPMENT OF THE BALANCE SHEET [1]

in € million	Dec. 31, 2014	Dec. 31, 2015	Change	Share of total assets in percent
ASSETS				
Non-current assets	1,231.4	1,221.7	−9.7	66.3
Current assets	536.1	620.6	+84.5	33.7
LIABILITIES				
Equity	705.3	720.5	+15.2	39.1
Non-current liabilities	523.8	440.7	−83.1	23.9
Current liabilities	538.3	681.1	+142.8	37.0
Total assets	**1,767.4**	**1,842.3**	**+74.9**	**100.0**

1) Rounding differences may occur

Other intangible assets increased by € 5.1 million to € 271.8 million. The largest share in this increase was attributed to the setup of new panels. This involved capitalized panel setup costs of € 14.4 million above the previous year's value. Overall, other intangible assets include panels with a carrying value of € 114.6 million. The drop in software of € 6.9 million to € 109.1 million is partly attributable to the impairment already listed on the developments in the Mobile Insight/Location Insight and CPIMS/NEO assets which, together with the regular amortization, exceeded additions in the entire fiscal year. In addition, other intangible assets amounting to € 15.1 million were reclassified to assets held for sale.

Tangible assets decreased by € 10.6 million. The main reason for this is the real estate sale in Switzerland (€ −6.5 million). Shares in associated companies decreased by € 11.0 million. This was mainly due to the process of unwinding the cross-holdings with The NPD Group and the reclassification of the investment in USEEDS GmbH, Berlin, to assets held for sale.

Non-current assets fell by € 9.7 million to € 1,221.7 million. By contrast, current assets grew by € 84.5 million to € 620.6 million at year-end 2015. This development is mainly due to an increase in trade receivables of € 11.6 million, an increase in cash and cash equivalents of € 36.3 million and the reporting of assets held for sale amounting to € 39.4 million.

Equity rose by € 15.2 million to € 720.5 million. As total assets increased by a higher percentage, the **equity ratio** fell slightly to 39.1 percent (previous year: 39.9 percent). Within this equity, of particular notice is the sharp increase in other reserves. This figure is up by € 63.0 million on the previous year, mainly as a result of changes in exchange rates of the pound sterling and the U.S. dollar. Although the balance of consolidated total income, attributable to equity holders of the parent company (€ 36.8 million), and the dividend payments (€ −23.7 million) is positive, the retained earnings decreased by € 10.1 million. Likewise, the minority interest decreased by € 37.7 million. Both are attributable to the unwinding of cross-shareholding with The NPD Group that was partly shown as an equity transaction.

DEVELOPMENT OF THE EQUITY RATIO
in percent

Liabilities increased by € 59.6 million to € 1,121.8 million. This consists of an increase in current liabilities and a decrease in non-current liabilities.

Non-current liabilities fell by € 83.1 million to € 440.7 million. The decline in non-current liabilities by € 102.9 million is offset, among other aspects, by an increase in deferred tax liabilities of € 10.9 million and an increase in non-current other liabilities of € 7.7 million.

Non-current interest-bearing financial liabilities fell by € 102.9 million to € 256.4 million. This is attributable to the increase in current interest-bearing financial liabilities by € 144.4 million to € 208.2 million. In the previous year, non-current financial liabilities included bonds in the amount of € 200 million, of which € 13.9 million were repaid. The remaining amount of €186.1 million was reclassified as a current financial liability, as it falls due for repayment in April 2016. To ensure complete refinancing of this bond, GfK SE has already concluded several bilateral forward bank loans of € 70 million and loan notes in the amount of € 130 million with maturities of between three and twelve years. The payment dates of these financial instruments are in February and March 2016. The long-term loan note increased by € 75 million. In addition, long-term bank loans totaling € 25 million were taken. Short-term bank loans of € 39.6 million were repaid upon maturity.

Current liabilities were up by a total of € 142.7 million to € 681.1 million. This included the already listed increase in current financial liabilities of € 144.4 million. Liabilities from orders in progress rose by € 14.4 million to € 167.0 million. By contrast, short-term provisions fell by € 19.4 million. The majority of this can be attributed to the Turkish subsidiary that had to pay taxes, interest and penalties amounting to € 15.4 million following the judgement of a Turkish tax court in March 2015.

2.4 INVESTMENT AND FINANCE

For an innovative market research company such as GfK, ongoing investment in the establishment and expansion of panels, new measuring technologies, advanced technology and the necessary new market research methods for these, as well as the expansion of production and analysis systems, is vital. These measures make a decisive contribution to securing the company's future success, considerably raise the barrier to market entry for potential competitors and substantially strengthen the competitive position of GfK.

Accordingly, the GfK Group made significant **investments** in the previous year. They totaled € 108.6 million and were therefore € 8.9 million up on the prior year's figure. After the investment in tangible assets was exceptionally high due to the setup of the television research panel in Brazil in the previous year, the corresponding value fell by € 10.7 million. The investments in intangible assets, however, increased by € 15.7 million to € 67.8 million. The predominant part thereof relates to the set-up of media measurement panels in Brazil, the Kingdom of Saudi Arabia and Singapore. Investments for acquisitions increased by € 5.8 million to € 12.3 million, compared to the previous year, resulting in part from the acquisition of NORM Group, headquartered in Sweden.

Cash flow from operating activity decreased year on year by € 26.0 million to € 170.9 million. The outflow of funds from working capital was € 21.0 million with a cash inflow of € 6.5 million in the previous year. The payment of taxes and penalties in Turkey, in addition to an ever more marked increase in operating receivables, have influenced this development.

Taking account of investments in tangible and intangible assets of € 94.1 million (2014: € 89.2 million), the **free cash flow** amounted to € 76.8 million (2014: € 107.7 million). As a result, our acquisitions and other financial investments were fully covered.

Dividends totaling € 31.7 million were paid to the shareholders of GfK SE and to the minority shareholders of its affiliates (previous year: € 29.3 million). Despite a net borrowing in the amount of € 47.7 million (previous year: net loan repayment of € 28.6 million) a total negative cash flow from financing activities of € 59.4 million (previous year: € 75.5 million) was registered. The reason for this is the other equity transactions stemming from the acquisition of minority interests which are also included in the cash flow from financing activities, in particular the transaction in conjunction with the termination of the cross-shareholding with The NPD Group, Inc., USA. Overall, the net change in cash and cash equivalents amounted to € 35.2 million (previous year: € 22.4 million).

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

in € million	2014	2015	Change
Cash flow from operating activity	**196.9**	**170.9**	**–26.0**
Investments in tangible and intangible assets	–89.2	–94.1	–4.9
Free cash flow before acquisitions, other financial investments and asset disposals	**107.7**	**76.8**	**–30.9**
Acquisitions	–8.1	–12.5	–4.5
Other financial investments	–2.4	–1.9	+0.5
Asset disposals	0.8	32.3	+31.5
Free cash flow after acquisitions, other financial investments and asset disposals	**98.0**	**94.6**	**–3.4**
Changes in equity	–29.7	–89.2	–59.5
Net borrowing via loans	–28.6	47.7	+76.3
Interest paid less interest received	–17.3	–17.9	–0.6
Cash flow from financing activities	**–75.5**	**–59.4**	**+16.1**
Changes in cash and cash equivalents	**22.4**	**35.2**	**+12.8**

1) Rounding differences may occur

The **net debt**, defined as the balance of cash, cash equivalents and short-term securities less interest-bearing liabilities and pension obligations, rose by € 6.8 million to € 400.0 million. An increase by € 61.8 million in bank liabilities relating to the repayment of the bonds falling due in April 2016 is offset by the increase of € 36.3 million in cash and cash equivalents and the decrease in other interest-bearing liabilities by € 20.1 million, which was above all due to the partial early redemption of the bonds by € 13.9 million. Liabilities for future purchase price payments from acquisitions and earn-outs have decreased by € 7.7 million and amounted, as per balance-sheet date, to € 6.9 million.

DEVELOPMENT OF NET DEBT [1]

in € million	Dec. 31, 2014	Dec. 31, 2015	Change
Cash and cash equivalents	93.2	129.5	+36.3
Short-term securities and fixed-term deposits	0.9	1.5	+0.5
Liquid funds and current securities	**94.1**	**130.9**	**+36.8**
Liabilities to banks	188.3	250.1	+61.8
Pension obligations	64.3	66.4	+2.0
Liabilities from finance leases	0.2	0.1	–0.1
Other interest-bearing liabilities	234.5	214.3	–20.1
Interest-bearing liabilities	**487.3**	**530.9**	**+43.6**
Net debt	**–393.1**	**–400.0**	**–6.8**

1) Rounding differences may occur

The slight increase in net debt in combination with our improved earnings is reflected in the development of ratios of net debt to key balance sheet and financial ratios.

GEARING AND RATIO OF NET DEBT TO EBIT, EBITDA, FREE CASH FLOW

	2014	2015
Gearing (net debt/equity) in percent	55.7	55.5
Net debt/EBIT	5.46	3.77
Net debt / EBITDA	1.94	1.73
Net debt/free cash flow	3.65	5.21

2.5 BUSINESS PERFORMANCE FORECAST

We set clear priorities for 2015 in the context of "Shape for Growth". Our aim was to put GfK back on a path to further growth, increase our productivity and invest in the development of the company's organization, our product portfolio and data integration. The conversion of data into insights should help us to satisfy the growing demands of our customers in ever rapidly changing markets. Our overall aim in 2015 was to achieve moderate organic growth and an AOI margin (adjusted operating income to sales) of between 12.4 percent and 12.8 percent.

Our growth forecast in the Annual Report 2014 was based on two assumptions: The Consumer Choices sector was expected to make use of new potential for growth and margins, grow more strongly than in the previous year and increase its share of the Group's sales. With regard to the Consumer Experiences business, we did not expect it to make any contribution to growth. Neither was a decline in sales excluded. Of key importance in this regard is the transformation of the scope of the business from purely local and less profitable project-based research into a more profitable scale of business and digital products. We achieved the growth forecast for the Group.

After the first 11 months of the year, however, our adjusted operating income was such that reaching the year's targeted range for the AOI margin no longer appeared to be as sufficiently secure as before. Therefore, we revised our margin target on December 18, 2015, to "in the range of 12 percent". This decision was primarily based on our results in October and November, two months in what is traditionally for us the most important quarter, which underperformed our expectations. For example, it was not possible to compensate for the pressures already being exerted by the delays and, as a result, additional ramp-up costs of TV audience measurement contracts in Brazil and the Kingdom of Saudi Arabia. In addition, the Consumer Experiences segment received only a limited amount of orders and, therefore, sales. A decision was also made to discontinue the development of network-centric measurement in the area of Mobile Insight/Location Insight because of technical difficulties preventing a consistent and continuous supply of data from our two main suppliers. This has not affected further developments in the use of mobile data, which GfK is implementing and developing even further on a wider scale. The business performed very positively in December, however, which made up partially for the decline in margin. The difference with the lower end of guidance estimates at year-end was only 0.2 percentage points.

The factors present until the publication of the revisions to the guidance reports and the lower starting basis resulting therefrom also constitute a risk for the 2016 financial year. The outlook for 2016 was also revised for this reason. The forecast for 2016 of organic sales growth outperforming the market remained unchanged. For the AOI margin, we predicted a level of between 14 and 15 percent. From now on, we will be proceeding from the basis of a significant improvement in margin in comparison to 2015, and after the margin risk has been evaluated and the annual financial statements for 2015 have been produced, we will publish a new guidance for 2016 (page 99 of the Group Management Report).

FORECAST AND ACTUAL BUSINESS PERFORMANCE

Key performance indicator 2015	Forecast of the Group Management Report 2014	Mid-year change on Dec. 18, 2015	As of Dec. 31, 2015
Organic sales growth	Moderate organic growth	Unchanged	1.1 %
Organic sales growth of the sectors	**Consumer Experiences:** No contribution to growth/ sales decline possible	Unchanged	**Consumer Experiences:** Sales decline of 1.2 %
	Consumer Choices: Faster growth than previous year (2014), increase share of Group sales	Unchanged	**Consumer Choices:** Sales growth of 4.3 %
Margin (adjusted operating income in relation to sales)	12.4 % to 12.8 %	In the range of 12 %	12.2 %
Key performance indicator 2016			
Organic sales growth	Outpace the market	Unchanged	Unchanged
Margin (adjusted operating income in relation to sales)	14 % to 15 %	Considerable margin improvement	Considerable margin improvement

2.6 INFORMATION PURSUANT TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

The following information reflect circumstances as at the balance sheet date.

Structure of the Share Capital
The share capital of GfK SE (hereinafter also referred to as the company) amounted to €153,316,363.20 in total as at December 31, 2015, divided into 36,503,896 no-par value bearer shares.

Restrictions on Voting Rights or the Transfer of Shares
There are no restrictions in the Articles of Association relating to voting rights or the transfer of shares.

Direct or indirect Shareholdings exceeding 10 Percent of the Voting Rights
The GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, has a direct holding of 56.46 percent of the voting rights in GfK SE. The company has not received notification of any other shareholders with a stake exceeding 10 percent of the capital.

Shares with Special Control Rights
Shares which confer special control rights have not been issued. All shares carry the same rights.

Control over Voting Rights by Employee Shareholders
The employees with an interest in the capital of the company may exercise their voting rights directly, as other shareholders, in accordance with applicable law and the Articles of Association.

Appointment and Removal of Management and Amendment to the Articles of Association
Pursuant to Section 84 of the German Stock Corporation Act (AktG) and Article 5 of the Articles of Association of GfK SE, the Supervisory Board is responsible for determining the number of members of the Management Board, which consists of at least two members. The Supervisory Board appoints each member of the Management Board for a maximum term of five years. Appointment for one term or several reappointments each for a maximum of five years are permitted. The Supervisory Board may appoint a member of the Management Board as CEO and one or more deputy CEOs. In addition, the legal regulations on appointing and removing members of the Management Board apply (Sections 84 and 85 of the German Stock Corporation Act (AktG)).

Pursuant to Article 20 of the Articles of Association of GfK SE, unless otherwise stipulated by mandatory legal regulations, resolutions to amend the Articles of Association require a majority of two thirds of the valid votes cast, or where at least half of the share capital is represented, a simple majority of votes cast. In cases where the law additionally requires the majority of the share capital represented when the resolution is adopted, the simple majority of the share capital represented suffices, unless legal provisions stipulate a different majority as mandatory. The Articles of Association do not contain any regulations that exceed the statutory requirements of Sections 133 and 179 of the German Stock Corporation Act (AktG).

Powers of the Management Board to Issue or Buy Back Shares

Authorized capital
On the basis of a resolution by the Annual General Assembly on May 28, 2015, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company until May 27, 2020, through one or more issuances of no-par shares against contribution in cash or contribution in kind in a total amount up to € 55,000,000.00 (authorized capital). Shareholders generally have subscription rights with respect to the new shares. In accordance with Article 9 (1) c) ii) of the SE Regulation and Section 186 (5) AktG, the new shares may be also be subscribed for by a bank or syndicate of banks with the obligation to offer these shares for subscription to the shareholders (indirect subscription rights).

The Management Board may, with the approval of the Supervisory Board, exclude the statutory subscription rights of the shareholders:

(a) if the share capital is increased against contribution in cash and the issue price of the new shares is not significantly below the price at the stock exchange; the total number of shares issued under exclusion of subscription rights pursuant to this authorization must not exceed 10 percent of the share capital, neither on the date on which this authorization becomes effective nor on the date on which this authorization is exercised. Shares issued or to be issued to satisfy subscription rights resulting from bonds with warrants or convertible bonds count towards such number, provided that such bonds were issued during the term of this authorization under exclusion of subscription rights applying, mutatis mutandis, Article 9 (1) c) ii) of the SE Regulation and Section 186 (3) sentence 4 AktG; in addition, shares sold under exclusion of subscription rights during the term of this authorization pursuant to an authorization to sell own shares in accordance with Article 9 (1) c) ii) of the SE Regulation and Sections 71 (1) no. 8 and 186 (3) sentence 4 AktG shall also count towards such number;

(b) to acquire contribution in kind in particular in connection with mergers of companies or for the direct or indirect acquisition of companies, participations in companies, parts of companies, claims (e.g., outstanding bonds) or other assets against the issuance of shares of the company;

(c) to issue the new shares as employee shares to employees of the company or affiliated companies within the meaning of Article 9 (1) c) ii) of the SE Regulation and Sections 15 et seq. AktG;

(d) to grant subscription rights for new shares to the holders of bonds with warrants or convertible bonds of the company or any of its group companies outstanding on the date of the use of the authorized capital to the extent to which such bondholders would have subscription rights as shareholders upon exercise of their conversion and/or option rights or the satisfaction of a conversion or subscription;

(e) to eliminate fractional amounts in order to facilitate a practically feasible subscription ratio.

The total number of shares to be issued under exclusion of subscription rights against contribution in cash or contribution in kind pursuant to this authorization must not exceed 20 percent of the share capital existing on the date on which this authorization becomes effective or, if such amount is lower, on the date of use of this authorization; this limitation applies to all issuances of new shares under exclusion of subscription rights pursuant to this authorization, no matter under which of the specific exemptions in the preceding paragraphs a) to e) such issuance falls. Shares issued or to be issued to satisfy subscription rights resulting from bonds with warrants or convertible bonds count towards such number, provided that such bonds were issued during the term of this authorization under exclusion of subscription rights.

The Management Board shall, with the approval of the Supervisory Board, be authorized to determine the further content of the rights represented by the shares and the terms of the issuance of the shares. The Supervisory Board shall be authorized to amend the wording of the Articles of Association in accordance with the use of the authorized capital or upon expiry of the term of the authorization.

The previous authorization of the Management Board pursuant to Article 3 (6) of the Articles of Association to increase, with the approval of the Supervisory Board, the share capital of the company by one or more issuances of no-par value shares against contribution in cash or contribution in kind in a total amount of up to € 55,000,000.00 (authorized capital) was cancelled by resolution of the Annual General Assembly on May 28, 2015.

Contingent capital

Pursuant to Article 3 (9) of the Articles of Association the share capital is contingently increased by up to € 21,000,000.00, divided into up to 5,000,000 new no-par value bearer shares with profit participation from the start of the financial year of their issue (contingent capital). The contingent capital increase serves to grant shares to the holders of stock option and/or convertible loan debentures issued in exchange for cash by the company or a company in which the company holds a direct or indirect majority interest in accordance with the authorization resolved by the Annual General Assembly on May 28, 2015 under agenda item 8 b) (see below). The new shares shall be issued at the option or conversion price determined in accordance with the above authorization. The contingent capital increase shall be implemented only to the extent that stock option and/or conversion rights relating to the debentures are exercised or conversion obligations relating to the debentures are fulfilled without settlement in cash or existing shares in the company or new shares issued from other contingent or authorized capital. The Management Board shall be entitled to define the further details of the contingent capital increase with the approval of the Supervisory Board.

The previous contingent capital III pursuant to Article 3 (6) of the Articles of Association as created by the Annual General Assembly on May 16, 2012 was rescinded by resolution of the Annual General Assembly on May 28, 2015.

Issuance of Bonds with Warrants and/or Convertible Bonds

The Management Board is authorized by resolution of the Annual General Assembly on May 28, 2015 with the approval of the Supervisory Board for the period up to May 27, 2020, on one or more occasions:

› to issue bonds with warrants and/or convertible bonds through the company or domestic or foreign companies in which it holds a direct or indirect majority interest ("subordinate group companies") in a total nominal amount of up to € 250,000,000.00 for a limited or unlimited period ("debentures") and

› to assume a guarantee for debentures issued for the company by such subordinate group companies

and to grant the holders of debentures option or conversion rights for a total of up to 5,000,000 no-par value bearer shares in the company in accordance with the terms and conditions of the debentures ("terms and conditions").

The bonds may be denominated in Euro or the legal currency of any OECD country, up to the equivalent amount in such currency. The issue of bonds can also be made against contribution in kind, particularly for the purposes of acquisition of a company, parts of a company or shareholdings in a company, where this is in the interests of the company and the value of the payment in kind is appropriate to the value of the debenture, in respect of which the theoretical market value ascertained according to recognized rules shall apply.

As a matter of principle, shareholders are entitled to subscribe to the bonds; in accordance with Section 9 (1) c) ii) of the SE Regulation and Section 186 (5) AktG, the bonds may also be underwritten by a bank or banking syndicate with the obligation to offer them to the shareholders for subscription. If bonds are issued by a subordinate group company, the company shall ensure that subscription rights are granted to the shareholders of the company accordingly.

With the approval of the Supervisory Board, however, the Management Board shall be entitled to exclude shareholders' subscription rights for the debentures,

› if the bonds are issued for cash and the issue price is not substantially lower than the theoretical market value derived using recognized actuarial methods; however, this shall apply only providing that the shares issued to service the relevant option and/or conversion rights do not exceed 10 percent of the share capital, either at the date on which the authorization comes into force or the date on which this authorization is exercised. This amount shall include the pro rata amount of the share capital attributable to shares issued on or after May 28, 2015 from authorized capital as part of a cash capital share increase with shareholders' subscription rights excluded in accordance with Section 9 (1) c) ii) of the SE Directive and Section 186 (3) sentence 4 AktG. This amount shall also include the pro rata amount of the share capital attributable to the sale of the company's own shares, provided that this occurs during the term of this authorization with shareholders' subscription rights excluded in accordance with Section 9 (1) c) ii) of the SE Directive and Section 186 (3) sentence 4 AktG,

- to eliminate any fractions resulting from the subscription ratio from the subscription right of shareholders to subscribe for the bonds,
- where necessary, to grant subscription rights to the holders of option or conversion rights arising from bonds with warrants or convertible bonds which were or will be issued by the company or subordinated group companies in the amount to which they would be entitled on the exercise of their rights or the fulfillment of conversion obligations,
- to the extent that bonds are issued in exchange for contributions in kind, in particular to acquire companies, parts of companies, company shareholdings, receivables (e.g. outstanding bonds) or other assets, provided that this is in the interest of the company and the value of the contributions in kind is adequate in relation to the value of the issued bonds.

The authorization to exclude shareholders' subscription rights is limited insofar as, after the stock option or conversion rights have been exercised, the shares to be issued, together with shares issued during the term of this authorization on the basis of the existing authorized capital (Article 3.6 of the Articles of Association) with exclusion of shareholders' subscription rights, must not exceed 20 percent of the existing share capital at the time the authorization comes into force or – if lower – at the time the authorization is exercised.

In the event that convertible bonds are issued, the holders shall be granted the right to convert such bond into no-par value bearer shares in the company in accordance with the terms and conditions specified by the Management Board. The conversion ratio shall be calculated by dividing the nominal amount or, if prescribed by the terms and conditions, an issue price for a partial bond that is lower than the nominal amount, by the conversion price established for one share in the company. The resulting amount may be rounded up or down to a whole number; an additional cash payment and the combination of amounts or compensation for unconvertible fractions may also be specified. The terms and conditions may prescribe a variable conversion ratio and require that the conversion price (subject to the minimum price as described below) be set within a predetermined range depending on the development of the stock exchange price of the company's shares during the term of the debenture. The proportion of the share capital attributable to the shares for each partial bond may not exceed the nominal amount of the partial bonds. Section 9 (1) c) ii) of the SE Regulation and Sections 9 (1) and 199 (2) AktG shall remain unaffected.

In the event that bonds with warrants are issued, one or more warrants will be attached to each partial bond entitling the holder to subscribe to no-par value bearer shares in the company in accordance with the terms and conditions specified by the Management Board. Such terms and conditions may include the possibility of paying the option price through the transfer of partial bonds and, if applicable, an additional cash payment. The subscription ratio shall be calculated by dividing the nominal amount or, if prescribed by the terms and conditions, an issue price for a partial bond that is lower than the nominal amount by the option price established for one share in the company. The proportion of the share capital attributable to the shares for each partial bond may not exceed the nominal amount of such partial bonds. In the event of share fractions, the terms and conditions relating to the convertible bonds and/or bonds with warrants may specify that such fractions can be added together for the purposes of acquiring complete shares. Section 9 (1) c) ii) of the SE Regulation and Sections 9 (1) and 199 (2) AktG shall remain unaffected.

The terms and conditions may provide for the company not to issue new shares in the event of conversion or exercise of warrants, but to pay the equivalent value in money, such payment to equate to the unweighted average closing price of the company's shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) in the ten trading days prior to or following the declaration of conversion or exercise. At the company's choice, the terms and conditions may also provide that new shares from authorized capital or existing shares in the company instead of new shares from contingent capital will be granted upon conversion or exercise of warrants.

The terms and conditions may also provide for a conversion obligation at the end of the term (or at another specified date) or grant the company the right to provide creditors with shares in the company in respect of all or part of the amount due on maturity of the convertible bonds; this also includes maturity due to termination (right to deliver shares).

The option or conversion price for a no-par value bearer share in the company must amount to at least 80 percent of the average volume-weighted stock exchange price of the same class of shares in the company in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) during the last ten trading days prior to the date on which the Management Board resolves the issue of the bonds or, if shareholders are entitled to subscribe for the bonds, at least 80 percent of the average volume-weighted stock exchange price of the same class of shares in the company in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) in the period from the start of the subscription period until the third day prior to the announcement of the final terms and conditions in accordance with Section 9 (1) c) ii) of the SE Regulation and Section 186 (2) sentence 2 AktG (inclusive).

In the case of a stock option or conversion obligation or a right to deliver shares, the specific terms and conditions state that the option or conversion price may also be lower than the aforementioned minimum price (80 percent), but must at least correspond to the average volume-weighted stock exchange price of the same class of shares in the company in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) during a period of 15 trading days prior to final maturity or the other predetermined date.

The proportion of the share capital attributable to the shares in the company to be issued may not exceed the nominal amount of the debentures. Section 9 (1) c) ii) of the SE Regulation and Sections 9 (1) and 199 (2) AktG shall remain unaffected.

The option or conversion price may, without prejudice to Section 9 (1) c) ii) of the SE Regulation and Sections 9 (1) and 199 (2) AktG, on the basis of an anti-dilution clause as provided for in more detail in the terms and conditions of the bonds, be adjusted if the Company increases the share capital at any time before expiration of the option or conversion period while granting a pre-emptive right to the shareholders or issues or guarantees additional bonds without granting a pre-emptive right to the holders of existing option rights or convertible bonds. The terms and conditions of the bonds may also provide for a value-stabilizing adjustment of the option and/or conversion price with respect to any other measures of the Company which may lead to an economic dilution of the value of the option and/or conversion rights. The option or conversion price may also be reduced by way of a cash payment on exercise of the option or conversion right or the fulfillment of an option or conversion obligation. In all cases, the proportion of the share capital attributable to the shares to be acquired for each debenture shall not exceed the nominal value of the debenture.

The Management Board is authorized, with the approval of the Supervisory Board, or in consultation with the bodies of the subordinated group companies issuing the bonds, to determine in compliance with the above provisions the further details of the issuance of the bonds and their terms and conditions, including but not limited to, interest rate, type of interest, issue price, term and composition of the bonds, provisions on dilution protection, option or conversion period and option or conversion price.

The Management Board will, in any event, carefully check whether it should make use of the authorization to issue debentures with exclusion of any subscription rights of shareholders, and will then only proceed to do this if, having considered all relevant aspects, it is in the interest of the company and its shareholders.

The previous authorization of the Management Board based on the resolution of the Annual General Assembly on May 16, 2012 to issue, with the approval of the Supervisory Board, bonds with warrants and/or convertible bonds with a total nominal amount of up to € 250,000,000.00 for the period up to May 15, 2016 was rescinded.

Acquisition of own shares

By resolution of the Annual General Assembly on 27 May 2014 the company is authorized, pursuant to section 71 para. 1 (8) Stock Corporate Act (AktG) to acquire own shares up to a maximum of 10 % of the current share capital (i) at the time the resolution is passed, or (ii) at the time when the authorization is exercised, whichever is the less. At no time may the shares acquired and those already in the possession of the company or attributable to the company in accordance with Sections 71a et seq. AktG cumulatively represent more than 10 % of the share capital. This authorization shall not be used by the company for the purposes of trading in its own shares. This authorization shall be valid until May 26, 2019.

The authorization may be exercised in one or more installments, on one or several occasions, in the pursuit of one or more purposes by the company, by third parties controlled by the company or in which the company holds a majority interest or are acting for the account of such company or the company.

The acquisition of own shares shall be at the discretion of the Management Board either (i) via the stock exchange or (ii) through a public offer to all shareholders or a public invitation for such an offer to be made.

(i) If the shares are acquired on the stock exchange, the consideration paid by the company for each share (excluding ancillary purchase costs) must not be 10 percent higher or lower than the share price in the closing auction in Xetra trading (or a comparable successor system) on the day prior to the reference day. The reference day shall be the day on which the Management Board decides on the formal offer. In case of an adjustment of the offer, the date on which the Management Board finally decides on the adjustment shall be the reference date.

(ii) If the acquisition is made by way of a public offer to purchase and/or public invitation to make a purchase offer, the purchase price offered or the thresholds of the price range per share (excluding ancillary acquisition costs) may not be more than 10 percent above or below the closing price trading on Xetra (or a comparable successor system) on the trading day prior to the reference day. If there are significant variations in the relevant price after the publication of a purchase offer or a public invitation to make a purchase offer, the offer or the invitation to make a purchase offer may be adjusted. In this case, the price is based on the closing price in Xetra trading (or a comparable successor system) on the trading day prior to the date of publication of any adjustment. The purchase offer or the invitation to make such an offer may stipulate further conditions. If the purchase offer is oversubscribed or, in the case of an invitation to make the offer, not all of several equal offers can be accepted, offers may be accepted on a quota basis. Provision may be made for the preferential acceptance of small lots of up to 100 shares offered for acquisition per shareholder providing a partial exclusion of shareholders' tender rights Provision may also be made to round off in accordance with commercial principles to avoid theoretical fractions of shares. The details of the offer or invitation to the shareholders to submit offers to sell will be determined by the Management Board.

The Management Board is hereby authorized to dispose of own shares acquired under this or a previous authorization via the stock market or by an offer to all shareholders. The Management Board is also authorized to use shares acquired under this or a previous authorization or otherwise under Sections 71 et seq. AktG for any and all legally permissible purposes, and, in particular, for the following purposes:

(1) The shares may also be sold by means other than on the stock exchange or by way of an offer to all shareholders if they are sold for cash at a price that is not substantially lower than the market price of shares of the company with the same terms at the disposal date. The relevant market price shall be the average closing price of shares of the company in Xetra trading (or a comparable successor system) during the last five trading days prior to the sale of the shares. In this case, the number of shares authorized for sale may not exceed 10 percent of the share capital at the date on which the resolution is adopted by the present Annual General Assembly or, if lower, 10 percent of the registered share capital of the company at the date on which the shares are sold. This limit of 10 percent of the share capital shall include any shares issued during the period of validity of this authorization in direct application of Section 186 (3) sentence 4 AktG or if applied mutatis mutandis with simplified exclusion of shareholder subscription rights. This limit of 10 percent of the share capital shall also include such shares as are issued to service convertible bonds and/or bonds with warrants, providing that the bonds have been issued during the period of validity of this authorization in applying Section 186 (3) sentence 4 AktG mutatis mutandis with exclusion of shareholder subscription rights.

(2) Shares may be offered and transferred against payment in kind, particularly in connection with corporate mergers or acquisitions of companies or parts of companies or participations in companies, or in connection with acquiring other assets.

(3) Shares may be used to meet conversion and/or option obligations under or in connection with convertible bonds and/or bonds with warrants issued by the company or its group companies. Shares may also be transferred for securities lending purposes.

(4) The shares may be redeemed without the redemption or its execution requiring a further resolution by the Annual General Assembly. The redemption may be limited to parts of the acquired shares. The redemption will lead to a reduction in the company's share capital. Alternatively, the Management Board may determine that the share capital shall remain unchanged following the redemption and that the interest of the other shares in the share capital shall instead increase in accordance with article 8 (3) AktG. In this case, the Management Board shall be authorized to adjust the number of shares stated in the Articles of Association.

The authorizations above may be exercised on one or more occasions, individually or jointly, comprehensively or for partial quantities of the acquired shares. The authorizations specified under (1), (2) and (3) above may also be used by entities controlled by the company, companies in which the company holds a majority interest or by third parties acting on their account or for account of the company.

The shareholder´s subscription right for these shares is excluded to the extent that those shares are used in accordance with the authorization specified under (1) to (3) above.

Significant agreements which take effect upon a change of control of the company following a takeover bid

In the event of a change in the controlling interest as part of a takeover bid, the corporate bonds issued in 2011, the revolving credit facility renegotiated in 2014 (amend to extend), the loan notes from 2013 and 2015 as well as various bilateral bank loans may fall due. A change of controlling interest is defined as a party other than the GfK-Nürnberg, Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., alone or together with others acquiring the right to exercise more than 50 percent of the voting rights, either directly or indirectly, or to hold more than 50 percent of the company's capital. With regard to a public offering for acquiring shares in the company, the law and Articles of Association including the provisions of the German Securities Acquisition and Takeover Act (WpÜG) apply exclusively.

Compensation agreements in case of a takeover bid

No compensation agreements are in place between members of the Management Board or employees of GfK SE for the event of a takeover bid.

2.7 SECTORS: A FOCUS ON CONSUMERS AND MARKETS

With our two complementary sectors, Consumer Experiences and Consumer Choices, we offer our clients worldwide a comprehensive range of information and advisory services.

The **Consumer Experiences (CE)** sector deals with consumer behavior, perceptions and attitudes. Here, we offer our clients well-founded answers concerning the who, why and how of consumption. In order to develop a profound understanding of how consumers experience brands and services, we continuously develop pioneering new procedures, some of which are highly complex. These are complemented by proven, robust and flexible market analysis methods.

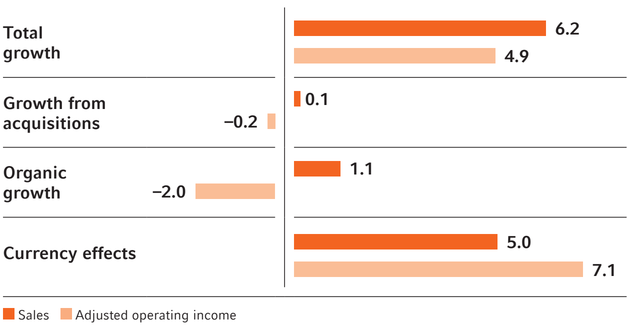
The **Consumer Choices (CC)** sector investigates what is bought by consumers, when and where. The main focus here is on the continuous measurement of market volumes and trends, and we include all the significant media, sales and information channels in our analysis.

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

For the internal management of both sectors, GfK uses two key financial performance indicators: margin and sales.

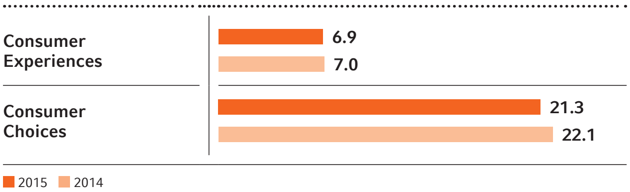
Complementary to these two sectors is the **Other** category. This unites the central services that GfK provides for its subsidiaries and other less important services unrelated to market research.

STRUCTURE OF TOTAL GROWTH
in percent [1]

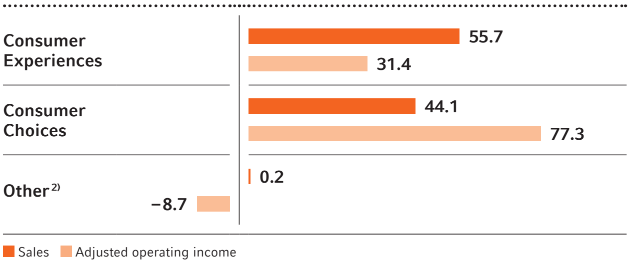


1) Rounding differences may occur

MARGIN BY SECTOR
in percent



PROPORTION OF SECTOR SALES AND PROPORTION OF SECTOR INCOME TO ADJUSTED OPERATING INCOME
in percent [1]



1) Rounding differences may occur
2) Category

Economic development of the sectors

Consumer Experiences: In the past financial year, the Consumer Experiences sector achieved sales of € 859.1 million (+4.0 percent compared with the previous year). Organic sales declined by 1.2 percentage points, but this still constitutes a significant improvement compared with the previous year. Currency effects contributed 5.0 percentage points to the increase in sales, while the figure for growth from acquisitions in the reporting period was 0.2 percentage points.

In 2015, the sector's strategic alignment was successfully promoted further, and the share of standardized global products was increased from around 38 percent in the previous year to around 44 percent in the current financial year.

At the same time, the continued streamlining of the product portfolio resulted in a slight drop in sales, which was recorded primarily in Northern Europe and could not be completely offset by good sales performance in the growth markets of Asia and the Pacific, Latin America and Central Eastern Europe/META. A fall in orders from existing clients and the relocation of orders initiaded by clients within the Group to other regions had a negative impact on sales development in Northern Europe. Although the overall economic environment in the region remained difficult, sales development was stabilized and achieved a slight increase in Southern and Western Europe, while organic sales growth in North America was slightly negative.

Growth from acquisitions was attributable to the acquisition of NORM in Sweden and the Netherlands, through which we consolidated our digital competence and supported our digitalization and global product strategy.

At € 58.9 million, adjusted operating income was up by € 1.4 million compared with the previous year, representing an increase of 2.4 percent.

At 6.9 percent, the operating income margin in the 2015 financial year remained almost stable compared with the previous year, while further optimization of processes and cost structures had a positive impact. However, limited order intake and special effects in Asia and the Pacific had the opposite effect. In some Asian countries, it was necessary to revise sales recognition, which also negatively affected the income margin.

Efficiency gains in the Consumer Experiences sector and the reorganization of the Data & Technology organization resulted in a staffing adjustment whereby the number of staff was reduced to 5,892 (previous year: 6,229).

CONSUMER EXPERIENCES: KEY INDICATORS [1]

in € million	2014	2015	Change in percent
Sales	**826.0**	**859.1**	**4.0**
Growth from acquistions			0.2
Organic growth			–1.2
Currency effects			5.0
Adjusted operating income	**57.6**	**58.9**	**2.4**
Growth from acquistions			–0.6
Organic growth			–1.5
Currency effects			4.6
Margin in percent	**7.0**	**6.9**	**–0.1** [2]
Employees	**6,229**	**5,892**	**–5.4**

1) Rounding differences may occur
2) Percentage points

Consumer Choices: In 2015, the sector once again increased its sales significantly by € 57.5 million (growth of + 9.2 percent), with organic growth of 4.3 percentage points. Currency effects contributed a share of 5.0 percentage points to the increase in sales.

With the exception of Southern and Western Europe, sales developed positively in all regions. In particular, Latin America achieved a significant increase in sales through the first sales generated by TV audience measurement with leading TV broadcasters in Brazil. In the region of Central Eastern Europe/META, Russia and Turkey were the main contributors to our sales growth.

In addition to the above-mentioned contract in Brazil, the Media Measurement business also benefits from additional TV research contracts in Singapore, Morocco and the Kingdom of Saudi Arabia, which will generate additional sales in 2016. The sector also secured further major new business with a radio audience measurement contract in Malaysia. Furthermore, the first successes of the GfK Crossmedia Link Panel are particularly notable. We have already achieved our first sales in Indonesia and Brazil in the past year, while sales will be generated in Russia from 2016 onwards. This panel enables holistic measurement of the use of TV, print and online media, including mobile Internet use, through in-depth analyses of the individual media and their relationships with each other.

In Point of Sales Measurement, we achieved single-digit growth, although the picture varied according to product groups: Telecommunications, information technology, automotive and small domestic appliances contributed positively to growth, whereas consumer electronics and major domestic appliances finished below the previous year's level because of a drop in incoming orders from Asian clients. It is particularly notable that geomarketing solutions in Germany and trends and forecasting solutions with clients from the financial sector in the USA achieved above-average, double-digit growth. The GfK Hospital Panel was also launched, winning its first contract in Germany.

The adjusted operating income of the Consumer Choices sector was at € 145.0 million, which was € 7.3 million higher than in the previous year (2014: € 137.7 million). As a result of our investment in the latest technology for our production systems as well as expenses for the international expansion of our TV audience measurement business, the margin was 21.3 percent, which was 0.8 percentage points lower than in the previous year.

As of December 31, 2015, the number of staff was 5,828 (previous year's figure: 5,327). This increase of 501 is due to the consolidation of the newly established Data & Technology organization (product-oriented software development) under the roof of the Consumer Choices sector, the setting up of TV audience measurement business in Brazil and the Kingdom of Saudi Arabia (as already mentioned) and the expansion of capacity in our Global Service Centers.

CONSUMER CHOICES: KEY INDICATORS [1]

in € million	2014	2015	Change in percent
Sales	**623.6**	**681.1**	**9.2**
Growth from acquistions			0.0
Organic growth			4.3
Currency effects			5.0
Adjusted operating income	**137.7**	**145.0**	**5.3**
Growth from acquistions			0.0
Organic growth			−2.1
Currency effects			7.4
Margin in percent	**22.1**	**21.3**	**−0.8 [2]**
Employees	**5,327**	**5,828**	**9.4**

1) Rounding differences may occur
2) Percentage points

Other: Sales in the Other category were at € 3.2 million in the reporting period, which is approximately on a par with the previous year (2014: € 3.3 million). The loss for 2015 in this category was €16.4 million, which was comparable with the previous year (2014: € −16.4 million). As part of its global strategy, GfK is increasingly centralizing the expenses for general administrative functions (corporate functions) in the Other category. Investments have been made in particular in IT hardware and software as well as process optimization to be able to manage business more effectively and efficiently.

In view of the stewardship expenses in this context, it is likely that the Other category will continue to report a loss in future.

In 2015, the number of employees in the Other category fell by 60 to 1,765 (2014: 1,825). This fall is predominantly due to the reclassification in product-oriented software development (Data & Technology) from the Other category to the Consumer Choices sector.

OTHER: KEY INDICATORS [1]

in € million	2014	2015	Change in percent
Sales	**3.3**	**3.2**	**−4.0**
Growth from acquistions			0.0
Organic growth			−14.7
Currency effects			10.7
Adjusted operating income	**−16.4**	**−16.4**	**0.1**
Growth from acquistions			0.0
Organic growth			0.5
Currency effects			−0.4
Employees	**1,825**	**1,765**	**−3.3**

1) Rounding differences may occur

2.8 REGIONS: PROXIMITY TO OUR CLIENTS WORLDWIDE

The GfK Group with its subsidiaries operates in more than 100 countries. We have organized our business geographically into six regions: Northern Europe, Southern and Western Europe, Central Eastern Europe/META (Middle East, Turkey, Africa), North America, Latin America as well as Asia and the Pacific. The growth regions of Latin America, Central Eastern Europe/META and Asia and the Pacific remained highly significant in the past fiscal year: At 25 percent of total sales, their share of sales increased slightly compared with the previous year. All three of these regions recorded encouraging organic growth, although currency effects in Central Eastern Europe/META and Latin America had a negative impact on total growth.

Northern Europe: This region still accounted for the largest share of sales at 37 percent of total sales. At € 575.6 million, total sales remained virtually stable in 2015, increasing slightly by 0.1 percent. The 3.1 percent decline in organic growth was primarily attributable to a drop in sales in the United Kingdom, and it was offset by acquisitions (0.2 percent by NORM) and positive currency effects of 3.0 percent.

NORTHERN EUROPE: KEY INDICATORS [1]

in € million	2014	2015	Change in percent
Sales	**574.9**	**575.6**	**0.1**
Growth from acquistions			0.2
Organic growth			−3.1
Currency effects			3.0
Employees	**3,511**	**3,570**	**1.7**

1) Rounding differences may occur

Southern and Western Europe: Having recorded declining sales in previous years, we achieved a slight increase in sales of 0.6 percent in Southern and Western Europe, attaining a figure of € 267.0 million, while our organic growth of 0.4 percent is primarily attributable to good development in Belgium and Spain. We achieved additional sales growth of 0.2 percent through the acquisition of NORM.

SOUTHERN AND WESTERN EUROPE: KEY INDICATORS [1]

in € million	2014	2015	Change in percent
Sales	**265.4**	**267.0**	**0.6**
Growth from acquistions			0.2
Organic growth			0.4
Currency effects			0.0
Employees	**1,946**	**1,893**	**−2.7**

1) Rounding differences may occur

Central Eastern Europe/META: Organic growth was once again strong in the 2015 financial year, attaining a figure of 6.6 percent. However, unfavorable currency effects more than counterbalanced this trend, and sales of € 126.5 million were slightly lower than the previous year.

CENTRAL EASTERN EUROPE/META: KEY INDICATORS [1]

in € million	2014	2015	Change in percent
Sales	**127.5**	**126.5**	**−0.8**
Growth from acquistions			0.0
Organic growth			6.6
Currency effects			−7.3
Employees	**3,474**	**3,490**	**0.4**

1) Rounding differences may occur

North America: At € 321.0 million, our sales in North America achieved a considerable increase of 22.1 percent. The region's organic growth of 2.4 percent in 2015 was significantly higher than the previous year (2014: −1.6 percent), which is also attributable to an improvement in our sales processes, while positive currency effects of 19.6 percent were recorded.

NORTH AMERICA: KEY INDICATORS [1]

in € million	2014	2015	Change in percent
Sales	**263.0**	**321.0**	**22.1**
Growth from acquistions			0.0
Organic growth			2.4
Currency effects			19.6
Employees	**1,071**	**1,041**	**−2.8**

1) Rounding differences may occur

Latin America: In the 2015 financial year, we began delivering data for the TV panel in Brazil. This new business was a key factor in our organic growth of 18.7 percent. Although currency effects, especially those in Brazil, had a negative impact amounting to −7.7 percentage points, we achieved sales of € 67.9 million overall, which corresponds to total growth of 11.0 percent.

LATIN AMERICA: KEY INDICATORS [1]

in € million	2014	2015	Change in percent
Sales	**61.2**	**67.9**	**11.0**
Growth from acquistions			0.0
Organic growth			18.7
Currency effects			−7.7
Employees	**1,079**	**1,202**	**11.4**

1) Rounding differences may occur

Asia and the Pacific: In 2015, GfK's sales in the Asia and the Pacific region accounted for € 185.4 million with the organic growth of 4.4 percent as compared with the previous year. The significant sales growth in Japan, Australia and China are particularly notable. Overall growth of 15.2 percent was influenced by positive currency effects of 10.8 percentage points.

ASIA AND THE PACIFIC: KEY INDICATORS [1)]

in € million	2014	2015	Change in percent
Sales	**161.0**	**185.4**	**15.2**
Growth from acquistions			0.0
Organic growth			4.4
Currency effects			10.8
Employees	**2,300**	**2,289**	**−0.5**

1) Rounding differences may occur

MAJOR CHANGES IN THE GfK GROUP

Company	Investment activity	Stake change in percent	Sector	Region
NORM Research & Consulting AB	Acquisition	From 0 to 100	Consumer Experiences	Northern Europe
Norm Research & Consulting B.V.	Acquisition	From 0 to 100	Consumer Experiences	Southern and Western Europe
YouEye Inc.	Increase in stake	From 0 to 22.22	Consumer Experiences	Northern America
GfK Retail and Technology GmbH	Increase in stake	From 95 to 100	Consumer Choices	Northern Europe
GFK LATINOAMERICA HOLDING, S.L.	Increase in stake	From 67.6 to 100	Consumer Choices	Southern and Western Europe
GfK Retail and Technology Asia Holding B.V.	Increase in stake	From to 89.48 to 100	Consumer Choices	Southern and Western Europe
GfK Marketing Services K.K.	Increase in stake	From 84.21 to 95	Consumer Choices	Asia and the Pacific
GfK Retail and Technology Argentina S.A.	Increase in stake	From 95.1 to 98.3	Consumer Choices	Latin America
ENCODEX International GmbH	Increase in stake	From 95 to 100	Consumer Choices	Northern Europe
NPD Intelect, L.L.C.	Divestment	From 25 to 0	Consumer Choices	North America
Oz Toys Marketing Services Pty. Ltd.	Divestment	From 25 to 0	Consumer Choices	Asia and the Pacific
Sports Tracking Europe B.V.	Divestment	From 25 to 0	Consumer Choices	Southern and Western Europe
Incoma GfK	Increase in stake	From 85 to 100	Consumer Experiences	Central Eastern Europe/ META
GfK CR Japan	Increase in stake	From 86 to 100	Consumer Experiences	Asia and the Pacific

3. Research and development

The market research data landscape has become significantly more complex in recent years. It is more important than ever to exploit the richest sources of data and connect them, separate the essential from the irrelevant and recognize patterns that will determine the business success of our customers as well as our own. In this way, GfK combines market research expertise and data processing skills with the most relevant information.

Yesterday was Big Data. Today is Smart Data

While not so long ago a single survey, consumer or retail panel (Point of Sales Measurement) was sufficient to answer a customer's question, today, information from different sources must be collated into an ever larger set of interwoven data. A key task in this regard is to identify and consolidate the information relevant to a specific question. Both require extraordinary specialist expertise. In particular, the bringing together of data from various sources requires advanced algorithms and procedures, as well as specialized big data platforms.

GfK recognized the significance of this fact early on. Through the founding of the GfK Data Lab as a part of the Data & Technology organization, we have created a development laboratory where highly qualified data scientists investigate GfK's own data landscape as well as public data landscapes. The team also combs through additional data sources through partnerships. The aim is clear: to generate new and relevant information that can serve as a trustworthy basis for our clients to make sound business decisions. New solutions are developed in close accordance with client needs and can then be included in GfK's offering given suitable market potential.

Highly rapid and complex data analysis

In an initial pilot project, experts from the Data Lab consolidated information from GfK's Consumer Panel and Point of Sales Measurement, GfK Crossmedia Link, social media and other external sources in our so-called Data Lake. A Data Lake is a technical platform for the preparation and processing of multiple, complex and large sets of data. Through the pilot project, we were able to investigate both the technical challenges and the content potential of a Data Lake. For example, it was possible to show the interplay over time between the global market and commodity prices, changes in the prices of consumer goods, reactions in social media, and the corresponding changes in sales. A task that previously would have only been possible subject to a substantial investment of time. We can conduct analyses in the Data Lab using both external and internal sources of data in a short timeframe and distill this into the most relevant information for our clients.

We focus directly on the needs of our clients. Our data scientists maintain close contact with GfK product and industry experts as well as our international marketing and data science network dedicated to client projects. Other specialties of the Data Lab include the development and implementation of innovative tools for use with large and complex data sets as well as the further development of our data science skills in. New analytics procedures and techniques developed by the Data Lab or tested in a laboratory environment become the subject of training courses for the relevant GfK teams.

Analytics of the highest international standard

We strive to the utmost to continuously improve the analysis procedures that we test and develop. We place particular emphasis on the standardization of our analytical tools on an international level aim to make them fully scalable. Thus, the predictive algorithms developed and tested over the past year were brought together in a so-called predictive analytics toolbox, which meets the highest international analytic standards. Our standardized range of analyses will be expanded with a new proprietary procedure. It will enable GfK to segment data from complex data pools in a targeted manner in order, for example, to precisely differentiate the target groups for a marketing campaign.

The increasing importance of new data types such as unstructured text from social media, online behavioral data and sound and video signals from multimedia surveys requires that constant and adequate adjustments be made to our analytic tools. With the practical experience of our social media intelligence experts and technologies for the recognition of emotions in video data, we now have tools at our disposal that can be adjusted to increasingly heterogeneous fields of application. The algorithmic basis for the text analysis of social media can now also be used to analyze open-ended responses, audio interviews and text from many other sources. Our experience with emotion recognition supplies us with important criteria for the evaluation of audio signals. In this way, forward-looking investments made in the past are now paying off many times over.

Innovation will be part of the role of every employee

Another innovation from the past year is the GfK Idea Lab, which provides employees with an internal platform to generate, communicate and further develop ideas together. The development of ideas and innovative solutions takes place within structured "campaigns", which are sponsored by representatives of individual product groups or business segments and are managed by a small, centralized team.

"Smart" software technology for data linkage and data analysis

Early on, GfK recognized the opportunities presented by Big Data technology to process large and complex data sets and successfully integrated it into its own products. As such, in our new product, GfK Crossmedia Link, the data processing is based to a significant extent on Big Data technology. On the basis of our positive experiences with this product, additional software projects have also been launched.

500 software-development, data and science specialists were brought together under the umbrella of our international GfK Data & Technology organization. In particular through the combination of science and software, it should be possible for ever "smarter" market research applications to emerge.

The pilot project for the GfK Data Lake demonstrates in spectacular fashion that new and existing data can be collated and analyzed quickly and economically using this fresh, new approach. For the entire trade panel a project was launched to further improve data processing using Big Data technology. Its aim is to make the processing of data faster and more economic, as well as flexible enough for the analysis of new product groups. As well as Big Data techniques, so-called "machine-learning" procedures will also be implemented in order to be able to further automate data processing and meaningfully interpret data.

In addition to internal data processing, GfK also invests in areas such as analysis systems, with which we enable our customers to evaluate our market insights in an interactive way. We have designed two new analysis systems for the Point of Sales Measurement business. With these, retailers can evaluate the entire data spectrum in an initial pilot phase comprehensively and intuitively. A dashboard enables product manufacturers to analyze their own market performance vs. competitors in just a few clicks. Here, GfK provides clients' C-Suite (CEO, CFO, CXX) and relevant market research divisions with key information for their decision-making. For the creation of the new analysis system a division was founded in Tel Aviv, which is primarily responsible for recruiting talented people to our product design teams throughout the world. Additional customer applications are currently being designed and developed. Their aim: to enable all the customers of the Point of Sales panel an even easier and more intuitive access to GfK insights.

4. Human Resources

Human Resources (HR) provides the framework for "People Excellence" and supports the transformation process into "One GfK" as a competent business partner.

"One GfK" aims to connect our skills and capabilities from all over the world, consolidate and connect our processes and increase the efficiency and effectiveness of our operations. This includes avoiding redundancies and placing our employees in positions that best suit their qualifications and interests as well as the company's business requirements and of course help them to further develop their careers. To that end, "One GfK" supports the positioning of GfK as an attractive and sustainably competitive employer in the market research industry.

In 2015, we pushed forward the implementation of HR information systems that have been in rollout since 2013 in order to support the consistent development of our HR core processes on a global level. After the worldwide implementation of the employee master data system "CoreHR" was finalized in 2014, the last wave of the "People@GfK" implementation followed in 2015. "People@GfK" supports the Performance Management Process (PMP) and is used as a tool to assist in an ongoing career and compensation planning. The implementation of the system is required in order to enable and monitor the annual target agreement between the employees and the managers as well as their performance valuations within country and across borders.

In addition, the constant support of the ongoing transformation process of GfK is one of the main tasks of the HR function. This includes proactive support for the setting up of new organizational units, the ramp up of new teams for new orders for TV Audience Measurement and the continual further development of existing organizational and operational structures in accordance with changing business requirements.

4.1 GfK'S CORPORATE VALUES

Support the vision, shape the culture and reflect what a company stands for: GfK's revised values constitute an essential and binding element and represent how we work together and interact with one another. These are the values that are important to us and that we want to stand for.

In 2014, the Management Board, together with various groups of employees from all over the world, revised the existing GfK values and presented them at the annual strategy event "Think Future". These values are:

Smart, relevant, trusted – powered by passion.

The global, regional and local management communicated the revised values over the course of 2015 with particular emphasis on management's responsibility to set an example and to discuss with their teams, what these values mean for them and how they are lived. In the annual employee survey in October 2015, in which about 85 percent of our staff participated, almost 9 in 10 employees said that they have already heard about the revised values. Just several months after their implementation the majority of these employees even had a sufficiently good knowledge of the values and were able to name them.

4.2 GLOBAL EMPLOYEE SURVEY (GES 2015)

No transformation can be successful without the participation of the employees. How effective in fact is the GfK transformation process? In which respects has it been successful? Where is still room for improvement?

Responses to questions such as these are obtained through our employee survey, which we organize every year across the entire company. Participation in 2015 remained high at 85 percent (2014: 86 percent, 2013: 85 percent). The willingness of employees to give feedback, including constructive critical feedback, to their company thus continues to be strong. The results of the employee survey are analyzed on a local, regional and global level and are used to determine appropriate follow-up actions. Using external benchmarks, we cannot only analyze the findings comparing results with the previous years, but also beyond the company itself.

One main outcome of the survey is the Employee Engagement Index (EEI) which is a measure of the emotional and intellectual connection of employees to their job, organization, manager or colleagues. GfK's score on the index was stable in comparison to 2014. For us, this is confirmation that the path we have chosen in the current transformation process is the right one.

Further proof of this is the overall positive assessment of the transformation process by the majority of our employees.

4.3 GLOBAL TRAINING ACTIVITIES AND LEARNING ORGANIZATION

As in previous years we conducted many training courses for our global products and processes in 2015, the fourth year of the implementation of our new strategy. In addition we focused on the rollout of global training initiatives for client negotiation, sales strategies and project management – the latter on the basis of standards set by the Project Management Institute (PMI).

In order to make future training activities better suited to the development needs of business and staff and to fill any gaps in skills and capabilities even faster, we established a global GfK Learning Organization led by the HR function.

4.4 EMPLOYER BRANDING

Big ideas occur in people's minds. But great ideas occur when you bring the best minds together. Our aim is to win the best minds for GfK and create a sustainable bond with them. A prerequisite for this is to be perceived as an "employer of choice" in the market research industry.

In 2015, we consolidated our previously decentralized HR marketing measures and developed a globally applicable employer branding concept. With the slogan "Life is about choices – globalize your career", we not only revised the careers web page and consolidated the previously country-specific sites, we also developed a large number of employer-branding materials such as flyers and brochures.

4.5 "ONE TARGETS"

The structure of the targets in the bonus system of the senior management worldwide was further aligned with the company's development in 2015. The targets set for the "Shape for Growth" initiative were revised and tied to profitable growth. In order to strengthen the cooperation across sectors and all over the world for the "One GfK" transformation, a larger number of "One Targets" have been introduced. In this way, our bonus system also serves to pool our skills, strengthen our offering and deepen our market penetration.

4.6 HR DASHBOARD

In order to manage the company on a more target-oriented basis we began to develop a sustainable HR analytics concept in 2014, which was coordinated by both Finance and Human Resources. The outcome is the new HR Dashboard, which is easy to use and has been available since May 2015 to the senior management as well as the global and regional management teams. It enables the connection, analysis and visualization of relevant data both from Human Resources and Finance, and in particular delivers a better overview of the current employee situation (full-time equivalents/headcount) and analysis of the changes in personnel costs and revenue associated therewith.

In other words: GfK's HR Dashboard provides a quick and clear overview of the factors that have a strong impact on our economic success.

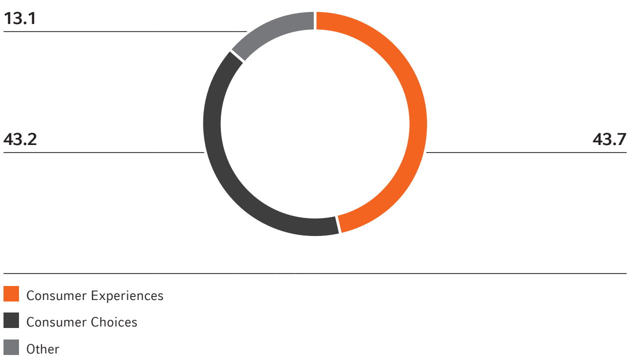
4.7 PERSONNEL

A total of 13,485 staff were employed by the GfK Group at the end of financial year 2015. Staff numbers grew by 105, or 0.8 percent, compared with the previous year. This increase is due, in part, to acquisitions and new consolidations, which account for 67 employees in the GfK Group.

Foreign GfK companies employed 11,178, which equates to an increase of 37 more than the previous year. Overall, 82.9 percent of GfK's workforce is based outside Germany.

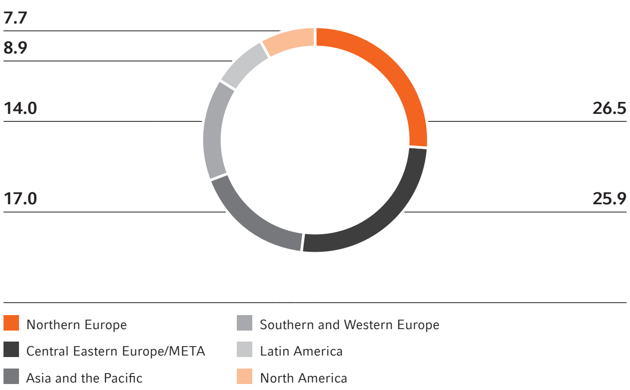
The regions Northern Europe and Latin America saw the greatest rise in staffing levels over the previous year, where the increase in Northern Europe was primarily attributed to the acquisition of NORM in Sweden. 130 employees were also hired to create the TV panels in Brazil. In contrast, the number of employees fell in the regions of Southern and Western Europe and in North America.

EMPLOYEES BY SECTOR
in percent 1)



1) Rounding differences may occur

EMPLOYEES BY REGION
in percent 1)



1) Rounding differences may occur

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

The remuneration report is part of the Group Management Report and complies in the reports with both the recommendations and suggestions of the German Corporate Governance Code (DCGK) and the requirements of German Accounting Standard No. 17 (DRS 17) and of the German Commercial Code (HGB).

Remuneration of the Management Board

The remuneration of the Management Board members comprises five components, namely basic remuneration, fringe benefits, variable short-term remuneration (Short-Term Incentive – STI), variable long-term remuneration (Long-Term Incentive – LTI) and the pension commitment.

The structure of the remuneration system is reviewed regularly by the Supervisory Board in line with the recommendations of the Personnel Committee. The remuneration is based on the respective remits of the Management Board members, their personal performance and that of the full Management Board. The basic remuneration, fringe benefits and pension commitment form the non-performance-related remuneration components. Fringe benefits include the use of company cars, accident insurance as well as contributions to defined contribution plans. The pecuniary benefit arising from private use of the company car must be declared for tax purposes by members of the Management Board. The performance-related remuneration component comprises remuneration dependent upon the attainment of predefined annual targets (STI) and predefined long-term targets (LTI). The remuneration structure is geared to sustainable corporate development.

Furthermore there is a D&O insurance. In accordance with Section 93 (2) Clause 3 of the German Stock Corporation Act (AktG), the agreed deductible for the D&O insurance corresponds to 10 percent of the respective damage, but a maximum of one-and-a-half times the basic remuneration.

Structure of variable remuneration elements

We couple the remuneration of our management on a sustainable basis to the performance of the company and therefore to the interests of our shareholders, employees and other stakeholders. One of these elements is the short-term variable remuneration (STI), which is dependent upon the achievement of financial indicators as well as the achievement of nonfinancial qualitative targets.

To ensure the profitable growth of the GfK Group, the first part of the STI is linked to the achievement of the key indicator margin and sales growth, wherein the achievement of these targets is measured on both a Group and sector-specific level. The evaluation of the achievement of targets takes both indicators into account in relation to one another. Defined combinations of both indicators are incentivized. In addition, the target "Return On Capital Employed" (ROCE) is an integral part of the targets structure. The payment of bonus elements arising from the achievement of financial targets is also tied to compliance with a debt limit defined by the Supervisory Board.

In addition to the financial key indicators, the Supervisory Board defines nonfinancial qualitative targets which support the Group's sustainable development. These qualitative targets are partly the responsibility of the Management Board as a whole and partly the individual responsibility of the respective members of the Management Board. The qualitative targets for 2015 related to the initative "Shape for Growth".

The Supervisory Board has the right to reduce the amount calculated on the basis of the achievement of financial and nonfinancial key indicators by up to 20 percent or increase it by up to 20 percent at its discretion to reflect unusual developments at the company compared with the market overall and ensure that variable short-term remuneration is proportional to individual performance.

The maximum payment for the variable, short-term remuneration components is 300 percent of the target bonus, although the transfer of amounts which exceed 150 percent of the target bonus to the variable long-term remuneration is mandatory and such amounts are therefore tied to the company's long-term development (deferral).

The long-term variable remuneration consists of two components, which are invested in virtual shares. These shares are subject to a retention period of at least four years for the first component and six years for the second component. In addition to the share price performance, the impact of the dividends distributed to the shareholders is assessed (Total Shareholder Return (TSR) concept). When the retention period expires, the virtual shares must be exercised within the next two years. The equivalent value of the virtual shares will be paid when they are exercised.

The conditions of both components of the virtual share plan are, with one exception, namely the period of the plan, identical. In order to create an incentive on the most sustainable possible basis, the period of the second component of the plan, which is part of the long-term variable remuneration, is, at six years, two years longer than the period of the first component. This part of the plan can also only be exercised within the two years following the expiration of the retention period. The use of the second components is therefore only possible in years 7 and 8.

The maximum payout for both of the long-term remuneration components is limited to 300 percent of the target bonus.

With regard to variable remuneration, no discretion is permitted when assessing target attainment beyond the discretion described above relating to variable short-term remuneration.

In order to provide additional support for the alignment of the interests of shareholders and the interests of the Management Board, Share Ownership Guidelines were also introduced for the Management Board members. In this regard, the Management Board is obligated to retain virtual and/or real shares in GfK equivalent in value to one year of remuneration (base salary) within the next five years.

An external market comparison was carried out in financial year 2015 as part of the annual compensation review. Management Board remuneration in relation to the remuneration of upper management levels and the overall workforce of the Group as well as development over time was taken into account.

A decision was made to increase the remuneration of the CEO, CFO and the Chief Commercial Officer (formerly COO) as of April 1, 2016, as a result of this review. These measures reflect the income structure and adjustment criteria that are standard for the market.

In financial year 2015, total remuneration in accordance with Section 314 (1) Clause 1 No. 6a of the German Commercial Code (HGB) in conjunction with DRS 17 was as follows:

TOTAL REMUNERATION TABLE IN ACCORDANCE WITH DRS 17

Members of the Management Board in office: 2015 fiscal year		**Matthias Hartmann**		**Christian Diedrich**		**Dr. Gerhard Hausruckinger**		**Debra A. Pruent**		**Total**	
Function		**Chief Executive Officer (CEO)**		**Chief Financial Officer (CFO)**		**Member of the Management Board (COO)**		**Member of the Management Board (COO)**			
		2014	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
Non-performance-related components (in EUR '000)											
Basic remuneration		591	604	89	417	438	448	485	586	1,603	2,055
Fringe benefits [5]		162	346	404 [2]	120	206	226	47	60	819	752
Total non-performance-related remuneration		**753**	**950**	**493**	**537**	**644**	**674**	**532**	**646**	**2,422**	**2,807**
Performance-related components (in EUR '000)											
One-year variable remuneration (STI plan)		604	419 [4]	52	231 [4]	309	239 [4]	355	168 [4]	1,320	1,057
Total one-year variable remuneration		**604**	**419**	**52**	**231**	**309**	**239**	**355**	**168**	**1,320**	**1,057**
Remuneration from long-term ROCE component, LTI plan (not share-based)		0	121 [4]	0	0	142	90 [4]	142	90 [4]	284	301
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral)	Number	7,101	18,084	835	9,911	4,962 [3]	12,063	4,211	12,063	17,109	52,121
	Value [1]	40.70	33.31	38.20	33.31	40.70	33.31	40.70	33.31		
	Total / Fair value	289	602	32	330	202	402	171	402	694	1,736
Total multi-year variable remuneration		**289**	**723**	**32**	**330**	**344**	**492**	**313**	**492**	**978**	**2,037**
TOTAL REMUNERATION		**1,646**	**2,092**	**577**	**1,098**	**1,297**	**1,405**	**1,200**	**1,306**	**4,720**	**5,901**

1) Share price at the time of allocation.
2) Includes compensation payments to Christian Diedrich for bonus entitlements and IBM share allocations which were forfeited as a result of the move from IBM to GfK SE. Expenses in connection with the reintegration from China to Germany are also included.
3) Includes deferral from STI target achievement 2013.
4) The classification has been adjusted as follows: the sum is stated in the year in which the work giving rise to the claim to remuneration was carried out. The value for the previous year has been adjusted.
5) Fringe benefits include contributions to the contribution-based pension schemes. The previous year has been adjusted.

GfK has been using the structure of the new specimen tables since financial year 2013 for the publication of total remuneration in accordance with the German Corporate Governance Code (DCGK).

The remuneration for the 2015 reporting year as well as the achievable minimum and maximum remuneration was as follows:

TOTAL REMUNERATION TABLE: COMPENSATION GRANTED

Members of the Management Board in office: 2015 fiscal year			**Matthias Hartmann**				**Christian Diedrich**		
Function			**Chief Executive Officer (CEO)**				**Chief Financial Officer (CFO)**		
		2014	**2015**			**2014**	**2015**		
			Target value	**Minimum**	**Maximum**		**Target value**	**Minimum**	**Maximum**
Non-performance-related components (in EUR '000)									
Basic remuneration		591	604	604	604	89	417	417	417
Fringe benefits [5]		162	346	346	346	404 [4]	120	120	120
Total non-performance-related remuneration		753	950	950	950	493	537	537	537
Performance-related components (in EUR '000)									
One-year variable remuneration (STI plan) [1]		473	487	0	730	53	250	0	375
Total one-year variable remuneration		473	487	0	730	53	250	0	375
Schedule for multi-year remuneration		2014–2017				2014–2017			
Remuneration from long-term ROCE component, LTI plan (not share-based) [2]		296	0	0	0	36	0	0	0
Schedule for multi-year remuneration		2014–2017	2015–2018	2015–2018	2015–2018	2014–2017	2015–2018	2015–2018	2015–2018
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral) [2]	Fair Value	289	301	0	913	32	165	0	500
Schedule for multi-year remuneration			2015–2020	2015–2020	2015–2020		2015–2020	2015–2020	2015–2020
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral) [2]	Fair Value	0	301	0	913	0	165	0	500
Total multi-year variable remuneration		585	602	0	1,826	68	330	0	1,000
Total non-performance-related and performance-related remuneration		1,811	2,039	950	3,506	614	1,117	537	1,912
Pension expense [3]		0	0	0	0	0	0	0	0
TOTAL REMUNERATION		**1,811**	**2,039**	**950**	**3,506**	**614**	**1,117**	**537**	**1,912**

1) The STI plan provides for a minimum payment of 0 percent and a maximum payment of 150 percent of the target bonus. Amounts which exceed a payment of 150 percent of the target bonus are compulsorily transferred to the share-based component of the LTI plan.
2) The LTI plan provides for a minimum payment of 0 percent and a maximum payment of 300 percent of the target bonus.
3) Remuneration for Debra A. Pruent relates to a pension agreement.
4) Includes compensation payments to Christian Diedrich for bonus entitlements and IBM share allocations which were forfeited as a result of the move from IBM to GfK SE. Expenses in connection with the reintegration from China to Germany are also included.
5) Fringe benefits include contributions to the contribution-based pension schemes. The previous year has been adjusted.

Dr. Gerhard Hausruckinger				Debra A. Pruent				Total			
Member of the Management Board (COO)				Member of the Management Board (COO)							
2014	**2015**			**2014**	**2015**			**2014**	**2015**		
	Target value	Minimum	Maximum		Target value	Minimum	Maximum		Target value	Minimum	Maximum
438	448	448	448	485	586	586	586	1,603	2,055	2,055	2,055
206	226	226	226	47	60	60	60	819	752	752	752
644	674	674	674	532	646	646	646	2,422	2,807	2,807	2,807
263	271	0	406	263	271	0	406	1,052	1,279	0	1,917
263	271	0	406	263	271	0	406	1,052	1,279	0	1,917
2014–2017				2014–2017				2014–2017			
175	0	0	0	175	0	0	0	682	0	0	0
2014–2017	2015–2018	2015–2018	2015–2018	2014–2017	2015–2018	2015–2018	2015–2018	2014–2017	2015–2018	2015–2018	2015–2018
202	201	0	609	171	201	0	609	694	868	0	2,631
	2015–2020	2015–2020	2015–2020		2015–2020	2015–2020	2015–2020		2015–2020	2015–2020	2015–2020
0	201	0	609	0	201	0	609	0	868	0	2,631
377	402	0	1,218	346	402	0	1,218	1,376	1,736	0	5,262
1,284	1,347	674	2,298	1,141	1,319	646	2,270	4,850	5,822	2,807	9,986
0	0	0	0	1,376	139	139	139	1,376	139	139	139
1,284	**1,347**	**674**	**2,298**	**2,517**	**1,458**	**785**	**2,409**	**6,226**	**5,961**	**2,946**	**10,125**

In contrast with the remuneration table above, this table includes the actual values of remuneration elements already received and paid out for the financial year 2015.

TOTAL REMUNERATION TABLE: COMPENSATION RECEIVED

Members of the Management Board		Matthias Hartmann		Christian Diedrich		Dr. Gerhard Hausruckinger		Pamela Knapp		Debra A. Pruent		Total	
Function		Chief Executive Officer (CEO)		Chief Financial Officer (CFO)		Member of the Management Board (COO)		Human Resources Director and Chief Financial Officer (CFO) until October 14, 2014		Member of the Management Board (COO)			
		2014	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
Non-performance-related components (in EUR '000)													
Basic remuneration		591	604	89	417	438	448	343	0	485	586	1,946	2,055
Fringe benefits 4)		328 3)	346	71 3)	453 3)	206	226	224	0	47	60	876	1,085
Total non-performance-related remuneration		**919**	**950**	**160**	**870**	**644**	**674**	**567**	**0**	**532**	**646**	**2,822**	**3,140**
Performance-related components (in EUR '000)													
One-year variable remuneration (STI plan)		604	419	52	231	309	239	257	0	355	168	1,577	1,057
Total one-year variable remuneration		604	419	52	231	309	239	257	0	355	168	1,577	1,057
Schedule for multi-year remuneration			2012–2015			2011 – 2014	2012–2015	2011–2014	2012–2015	2011–2014	2012–2015	2011–2014	2012–2015
Paid remuneration from long-term ROCE component, LTI plan (not share-based)		0	121	0	0	142	90	142	90	142	90	426	391
Schedule for multi-year remuneration									2010–2013		2010–2013		2010–2013
Paid multi-year variable remuneration, LTI plan (share-based incl. deferral) 1)		0	0	0	0	0	0	0	243	0	241	0	484
Schedule for multi-year remuneration			2011 – 2014										2011 – 2014
Paid multi-year variable remuneration, LTI plan (share-based incl. deferral) 1)	Aus-zahlungs-betrag	0	531	0	0	0	0	0	0	0	0	0	531
Total multi-year variable remuneration		0	652	0	0	142	90	142	333	142	331	426	1,406
Total non-performance-related and performance-related remuneration		**1,523**	**2,021**	**212**	**1,101**	**1,095**	**1,003**	**966**	**333**	**1,029**	**1,145**	**4,825**	**5,603**
Pension expense 2)		0	0	0	0	0	0	0	0	1,376	139	1,376	139
TOTAL REMUNERATION		**1,523**	**2,021**	**212**	**1,101**	**1,095**	**1,003**	**966**	**333**	**2,405**	**1,284**	**6,201**	**5,742**

1) In the reporting year 2014, no virtual share options from LTI plans were exercised.
2) Remuneration for Debra A. Pruent relates to a pension agreement.
3) Includes compensation payments for bonus entitlements and IBM share allocations which were forfeited as a result of the move from IBM, USA, to GfK SE.
4) Fringe benefits include contributions to the contribution-based pension schemes. The previous year has been adjusted

Structure of pension commitments

In 2011, the Supervisory Board agreed on the structure of a contribution-based pension model for the Management Board, which will apply to the Management Board members most recently appointed to the GfK Management Board Dr. Gerhard Hausruckinger, Matthias Hartmann and Christian Diedrich as well as for any new appointments in the future.

Within the scope of this model, the company makes annual contributions to an individual pension account during the term of employment up to a maximum age of 62. A contribution of 25 percent of the contractually agreed annual fixed remuneration is granted for the term of the initial appointment period. If the person is reappointed to the Management Board, the annual contribution is calculated at 15 percent of the contractually agreed target direct remuneration (annual fixed remuneration plus the sum of short- and long-term incentive provided 100 percent of the targets are achieved). The contributions for the first appointment period are increased retroactively following successful reappointment, and the difference with the actual contributions granted is credited during the second appointment period. The retroactive equal treatment of the contribution calculation for the first period of appointment is also designed to promote loyalty to the company. The insurance covers old age and survivors' benefits, and the company also makes a contribution for supplementary occupational disability insurance. The extent and amount of pension benefits are equal to the insurance benefits paid out as a result of the contributions made to a reinsurance policy with a life assurance company.

Pension rights remain if employment ends before any pension payments are made. In this case, the pension benefits are reduced to the noncontributory insurance benefits. Upon commencement of benefit payments, i.e. after reaching retirement age at 62 or qualifying for early retirement from the age of 60 (the latter only applies to commitments made up until December 31, 2011), and in the event of death or invalidity, beneficiaries receive a pension payment equivalent to the current status of the insurance benefits at this time. Insurance benefits are always paid out as a lifelong, monthly pension, which are increased annually from the start of the pension, in each case based on the insurance rate and the adjustments provided for in the insurance policy terms (at least 1 percent per annum). At the request of the Management Board member, the pension benefit may be paid out as a lump sum or in 12 annual installments, subject to the company's consent.

The existing pension contract of Debra A. Pruent is structured as a defined benefit plan. After three years' service as a member of the Management Board, the company grants a retirement pension, an early retirement pension, a disability pension and a widows' or widowers' and orphans' pension. The fixed annual remuneration agreed in the employment contract is deemed to be the pensionable income. Debra A. Pruent will receive a retirement pension when she leaves the service of the company on reaching the set retirement age. After three years' service as a member of the Management Board, the annual pension entitlement amounts to 30 percent of the pensionable income. This increases by 3 percent for each additional full year of service. The retirement pension is limited to 60 percent of pensionable income. The retirement pension is granted on leaving the company at the age of 62. A reduced early-retirement pension may be provided from the age of 60.

If Debra A. Pruent leaves the service of the company before reaching the age of 62, due to a reduction in earning capacity, she will receive a disability pension for the duration of the reduction in earning capacity. The disability pension is calculated in the same way as the retirement pension, although only the service years until the beneficiary leaves the company are included in the calculation.

The widows' or widowers' pension amounts to 60 percent of the retirement pension or disability pension last paid; the orphans' pension amounts to 30 percent for full orphans and 15 percent for half orphans.

After the commencement of the pension, the current pension is increased annually by 2 percent. The company may grant higher adjustments if the consumer price index shows a higher increase in prices.

Allocations of € 139,067 to pension provisions were made for Debra A. Pruent in financial year 2015. The cash value of the pension provision was € 4,837,826 as of December 31, 2015.

In the past year, one member of the Management Board conducted a reportable transaction involving over 3,000 shares. The Management Board holds a total of 9,000 GfK shares and no GfK stock options on the reporting date of December 31, 2015.

No loans or advances were granted to Management Board members.

If membership of the Management Board ends prematurely, the current Management Board contracts of GfK SE provide an arrangement regarding the size of the compensation corresponding to the provisions of the German Corporate Governance Code (DCGK). There is no provision governing a change of control.

Former members of the management of GfK GmbH, Nuremberg, the Management Board of GfK Aktiengesellschaft, Nuremberg, and GfK SE, Nuremberg, together with their surviving dependents received pension benefits totaling €1.6 million. A provision of €41.2 million has been made for pension commitments to former Management Board members and senior management and their surviving dependents.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is specified in Article 16 of GfK SE's Article of Association as follows:

› In addition to expenses, members of the Supervisory Board receive fixed remuneration of € 30,000.00 payable at the end of the financial year.
› Members receive a sum of € 1,500.00 per meeting for attendance at Supervisory Board meetings and meetings of one of its committees.
› The Chairman of the Supervisory Board receives four times and the Vice-Chairman one and a half times the amount stipulated in the first point of the listing.
› Remuneration increases by € 10,000.00 for each membership of a committee. The Chairman of the Audit Committee receives € 50,000.00, the Chairmen of the Personnel and Presidial Committees each receive € 30,000.00, and the Chairman of the Nomination Committee receives € 20,000.00. Committee remuneration is exclusively calculated on the basis of the respective function on the relevant committee (simple membership or chair), whichever receives the highest remuneration.
› The company compensates every Supervisory Board member for reasonable expenses against submission of proof and any VAT applying to their remuneration and the reimbursement of their expenses.
› Supervisory Board members who have only held their position on the Supervisory Board and/or one of its committees for part of the financial year are compensated on a pro rata basis, with parts of months rounded up to full months.

REMUNERATION OF THE SUPERVISORY BOARD 2015

	TEUR
Dr. Arno Mahlert (Chairman)	227.5
Dr. Bernhard Düttmann (Vice-Chairman)	132.3
Dr. Wolfgang C. Berndt	144.7
Hans van Bylen	53.5
Martina Heřmanská (from May 28, 2015)	27.6
Sandra Hofstetter	60.3
Aliza Knox	39.0
Stephan Lindeman	57.7
Shani Orchard (until May 28, 2015)	25.4
Hauke Stars	68.0
Dieter Wilbois	56.5
Remuneration 2015	**892.5**
Remuneration 2014	**828.1**

As of December 31, 2015, the Supervisory Board held a total of 2,581 shares and no options on GfK shares. Details of individual transactions by the members of the Supervisory Board and Management Board are published on the website in accordance with the German Corporate Governance Code (DCGK).

5. Organization and administration

The GfK Group has a matrix organization consisting of two globally responsible sectors, Consumer Experiences and Consumer Choices, with product responsibility, and six regions.

GfK SE functions as both the holding company and an operating unit. In Germany, the GfK Group's network comprises the parent company as well as nine consolidated subsidiaries and one associated company, plus six nonconsolidated subsidiaries. Worldwide, GfK has 139 consolidated subsidiaries and 10 associated companies, 4 minority interests and 29 nonconsolidated subsidiaries. The Group headquarters are in Nuremberg, Germany. In 2015, GfK further optimized its structure and reduced the number of companies.

5.1 MANAGEMENT BOARD

The Management Board of GfK SE consisted of four members in 2015. The Chief Executive Officer (CEO), Matthias Hartmann, is responsible for the corporate functions Strategy and Innovation, IT (Strategy, Enterprise Applications, Infrastructure), Human Resources (including Executive Development and Compensation), Integrity, Compliance and Intellectual Property, Internal Audit, Investor Relations, and Marketing and Communications.

The Chief Financial Officer (CFO), Christian Diedrich, is responsible for the corporate functions Finance (Accounting, Controlling, Finance IT), Finance Administration (Corporate Shareholder Management, Investment Controlling, Risk Management, Mergers and Acquisitions, Tax), Treasury, Legal, Central Services, Procurement, and Sector Finance. In accordance with the code of procedure rules effective as of January 1, 2016, the corporate functions for which the CFO is responsible will be reorganized and renamed as Corporate Finance, Corporate Development, Group Controlling, Treasury, Legal, Central Services, Procurement, and Sector Finance. Regional Finance was also expanded.

Strategic and operational management of the two sectors was the responsibility of the Management Board members (Chief Operating Officers, COOs) Debra A. Pruent for the Consumer Experiences sector and Dr. Gerhard Hausruckinger for the Consumer Choices sector.

Debra A. Pruent decided not to extend her contract, which was due to expire at the end of 2015. Therefore, at its session of September 11, 2015, the Supervisory Board decided to implement the following changes in 2016:

The previous executive function for the management of the strategy and operation of both sectors will bear the title of Chief Commercial Officer as of January 1, 2016. As of January 1, 2016, the Management Board of GfK SE will consist of five members.

The Supervisory Board appointed David Krajicek to the Management Board to succeed Debra A. Pruent as Chief Commercial Officer (CCO) Consumer Experiences, effective as of January 1, 2016. Mr. Krajicek was responsible for the Consumer Experiences business in North America in his role as Regional Chief Operating Officer (Regional COO).

In order to further improve the use of synergies across the sectors, the executive function of Chief Operations Officer was created, which will be responsible for all the local and global production activities of GfK. Through this position, GfK wants to increase the productivity of its operations by improving automated processes, the use of economies of scale and efficiency. Alessandra Cama was appointed to the Management Board for this new position, effective as of January 1, 2016. Ms. Cama was previously responsible for the Consumer Choices business in the Asia and the Pacific region as Regional Chief Operating Officer (Regional COO).

Dr. Gerhard Hausruckinger will continue to be responsible for the Consumer Choices sector in his role as Chief Commercial Officer.

5.2 ADMINISTRATION

The corporate functions Corporate Finance, Group Controlling, Corporate Development, Legal, Treasury, Integrity, Compliance and Intellectual Property, Human Resources, Central Services, Procurement, Marketing and Communications and Investor Relations are responsible for deciding on policy across the Group in their respective fields of work.

6. Declaration on Corporate Governance in accordance with Section 289a of the German Commercial Code (HGB)

The corporate governance of GfK SE is based on transparency and trustful cooperation.

By adopting the German Corporate Governance Code (GCGK), GfK SE is dedicated to good corporate governance and corporate supervision while providing transparency for national and international investors.

The declaration on corporate governance, which includes the declaration of compliance 2015, provides details on corporate governance and information about management practices, a description of the operating procedures and composition of the Management Board and Supervisory Board as well as a description of the composition and operating procedure of the committees of the Supervisory Board, is published online at:
http://www.gfk.com/investors/corporate-governance/declaration-corporate-governance-2015

The corporate governance report is part of the declaration on corporate governance and is also published at:
http://www.gfk.com/investors/corporate-governance/

7. Procurement

Requirements and tasks to procurement are becoming more and more complex. Targeting an optimized procurement function needs a procurement set-up and network that connects strategic and operational procurement activities, local and regional/global units, customer demands and supplier requirements as well as general procurement processes with business procedures in terms of communications, methods, processes and IT tools.

Accordingly, the focus in 2015 lay on further organizational and strategic development as well as connecting networking our procurement functions throughout the world.

We have established corresponding procurement functions and core processes in important countries. After the successful use of the Supplier Relationship Management (SRM) system in Germany, Switzerland, Austria, the USA and Canada, we also introduced the SRM system in the UK, France, and Japan last year. Additional countries will follow in 2016.

The key elements of our SRM include:

- › The realization of long-term and international framework agreements with strategic suppliers
- › The implementation of so-called Advanced Negotiation Concepts and electronic awarding procedures
- › Preferred supplier strategies in various cost categories
- › Structured assessment of risks and opportunities of the procurement market within the GfK Risk Management Process
- › Extensive transparency regarding supplier expenses
- › Definition of our code of conduct for GfK suppliers based on GfK's values; preparation of roll-outs

This way, we were able to continuously achieve improved conditions in purchasing as well as meet external and internal compliance requirements. All in all, GfK's Procurement managed to make a distinct contribution to GfK's "Shape for Growth" strategy in 2015.

8. Environment

With 13,485 employees throughout the world, GfK is an extremely diverse global player. What unites everyone in the company is, not least, their joint effort to conduct their work in the most resource-efficient and environmentally-friendly way possible. For GfK, as a service provider that neither runs factories nor manufactures physical products, this is the biggest factor of its energy balance.

With a DIN-EN-50001-compliant energy management system, we have been systematically applying an approach to adjust this factor as precisely and sustainably as possible since the end of 2015. The energy management system (EMS) is used by all of GfK's offices in Germany, wherein so-called energy management officers use the system to define clear responsibilities and track our company's entire energy consumption. This makes it possible to monitor our consumption systematically and, where necessary, make suitable improvements. On the basis of our data, we will establish our energy conservation goals and implement the first actions during the course of 2016. Increased energy efficiency not only preserves resources, it also gives our company a distinct competitive advantage.

We will assess how well we have met these goals at the end of 2016/beginning of 2017 when we have our EMS audited in accordance with DIN. In this way, the energy management system of GfK combines the highest possible productivity with the lowest possible impact on the environment and climate.

9. Marketing and Communications

"One GfK" is GfK's strategic maxim, which is embodied on a daily basis in GfK's marketing and communications. With our integrated approach to communications, we interconnect the activities of the Marketing and Communications department with those of the local Accounts teams and the global sales force. In 2015, we strengthened the cooperation within the team and intensified the sharing of knowledge and information.

GfK's Marketing and Communications team is responsible for all of GfK's marketing and communications activities throughout the world. It coordinates the content and organization of these activities in accordance with regional particularities and requirements. The Marketing and Communications department is organized according to target groups, themes and communication channels. Its work encompasses Branding, Communications, Digital Marketing, and Industry and Product Marketing.

CRM AND SALES SUPPORT: IMPORTANT ELEMENTS OF THE MARKETING STRATEGY

The core and target of our work are our customers and their needs. In order to analyze them more precisely and serve them in a more targeted manner, we built the Customer Relationship Management portal (CRM) in 2015. This portal helps the operations staff to reach new customer groups and make the relationship with existing customer groups more profitable and sustainable. We also use the CRM system to control the return on investment (ROI) of our marketing activities, identify existing as well as future customer needs, and target our marketing activities more precisely. In this way, we were again able to support our sales more efficiently in 2015.

THE NEW VALUES OF GFK: BASIS FOR INTERNAL AND EXTERNAL COMMUNICATIONS

The GfK brand is one of the most important assets of our company and crucial to its success. The task of the Brand team founded in 2014 was to strengthen the GfK brand and its presence. Among its other activities in 2015, it supported the Mergers and Acquisitions team, Corporate Identity activities as well as GfK's events with multimedia and graphics services. In order to give all employees the same understanding of the brand, the Brand team, together with the Management Board and Human Resources, defined and distributed a set of brand values. Since then, the values "smart, relevant, trusted" have constituted the basis of all our communications.

INTEGRATED INDUSTRY AND PRODUCT PORTFOLIO OFFERS ADDED VALUE FOR OUR CUSTOMERS

In order to present GfK's portfolio of services to its customers in a more convincing way, the Marketing team launched a strategic campaign management initiative in 2014. In 2015, focus was placed on creating stronger connections between the industry and product portfolios. A key issue was the marketing of our entire services portfolio. The Marketing team therefore implemented a platform that provides all of GfK's employees with access to the entire product and industry portfolio and that displays the possible points of connection. Using this integrated approach, we can adjust our products and solutions to suit the desires and needs of our customers even better and create added value for both them and us.

A CONSISTENT BRAND PRESENCE, INCLUDING ONLINE

The consumers of today are "always on". Therefore, they encounter the GfK brand on ever more highly diverse digital channels and on an increasingly frequent basis. In order to establish a consistent market presence in this regard, the Digital Marketing team has combined all of GfK's existing websites into one international site. Since December 2015, the Group's entire online presence has had a new, customer-friendly "look and feel": interactive, dynamic and faster. For our social media marketing, we developed a strategy and reinforced the structure of our existing social media channels.

CLOSER COLLABORATION IN MARKETING AND COMMUNICATIONS

The success of GfK's transformation process depends on clear and stringent communications on an international level. Thus, in the past year, we revised the content of our internal communications media outlets (newsletter, letters to the Management Board, videos, internal meetings and town hall events) to be more specific. The Internal Communications team kept GfK's employees regularly informed on changes in the organization as well as our successes and challenges in the market. An essential tool in this regard is "gNet", an intranet through which employees and the Management team can communicate. The "gNet" system is also used as a centralized collaboration platform for the exchange of information within the GfK organization worldwide.

The Marketing and Communications team communicates the company's successes to the public through, for example, interviews and press conferences with the top management, meetings with media representatives and contributions by GfK experts in specialist media that are relevant to target groups. In order to further reinforce cooperation and the exchange of information, the Communications team has launched an ongoing PR campaign on a global scale, the content of which is also used for marketing purposes.

10. Internal control system for accounting

The GfK Group's internal control system comprises the principles, structures, processes and measures introduced by the company's management, which are set to ensure the commercial success of the GfK Group, the correctness and reliability of internal and external financial reporting as well as compliance with the appropriate laws and standards.

The structure of our control system follows the concept developed in the financial industry of the "Three Lines of Defense". The first "line" consists of the managers who deal with risk management as well as control and compliance in their daily activities. The second "line" is drawn by specialists in Legal and Compliance, Risk Management and Controlling, who together organize these tasks professionally across the entire Group. The third "line" is formed by internal and external auditors engaged by the Management Board as well as the Audit Committee, who check the effectiveness of our internal control system. In this way, we unite the three levels of control into a single and effective tool that regulates our activities.

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

The control environment of the GfK Group is essentially characterized by the existing Code of Conduct and the resulting attitudes and actions of each employee. A key basis for this is the company's guidelines (Code of Conduct, corporate values), which every employee is obligated to adhere to. These guidelines are continuously developed by departments such as Legal and Compliance. In 2013, GfK launched a worldwide compliance e-learning program to complement the existing training measures in the area of Compliance. The program was repeated in 2015 and expanded with a test for all employees and an essential GfK guideline (the F2 Authorization Guideline). Participation in the e-learning program is obligatory for every employee throughout the whole world. On the GfK intranet (gNet), where information regarding the program is kept, every employee can consult all of the GfK guidelines published throughout the world.

Another key element in our internal scope of control is our guidelines. The GfK guidelines describe the essential standardized processes of the GfK Group and thus contribute to the maintenance of high standards of quality in the work we deliver as well as to compliance with fundamental ethical and moral values. They are continuously revised as necessary.

In this way, we significantly expanded the internal guidelines applicable to data protection, which is a sensitive concern for the market research industry. In order to further minimize the risks in this area, we also carried out obligatory training activities worldwide.

Activities in the past year were also consolidated internationally and across all segments with regard to quality management. We also make use of these measures in our communications with customers in order to raise awareness of GfK's competitive advantages.

Risk management is conducted on a continuous basis at GfK. The consistent definition and organization of the risk management process as well as the reports for the Management Board are the responsibility of the Risk Management division. Every employee is called upon to monitor the risk situation within the scope of her or his responsibilities. For new or previously identified risks, there are so-called risk owners, who, using certain early warning signs and defined indicators, evaluate, monitor and control the actual risk. If a change in the risk position is identified, countermeasures can be applied promptly.

Monitoring functions and related controls at GfK are carried out and recorded via the Contre-Rôle System. Certain business transactions must be approved by both operational and financial management. In this way, we ensure that guidelines and internal processes are adhered to and that decisions are made which are appropriate from an operational and financial point of view. All payment processes as well as business processes that are necessary for the proper preparation and publication of the accounts are controlled and documented.

The Internal Audit department plays an important role in this regard. In addition to the regular monitoring of compliance with laws and the company's own internal guidelines, our audits also address the documentation and risk analysis of financial and operational processes. Audit findings, risks, the effects of audit findings and recommendations are recorded in audit reports. The timely implementation of these recommendations is controlled on a quarterly basis by Internal Audit as well as additionally audited by external advisors who visit the company's subsidiaries on-site (follow-up process). This process was further improved at the beginning of the financial year. It particularly focuses on the reporting and escalation of audit findings that are not implemented in good time.

Additional special audits are conducted as and when necessary. Both external and internal specialists are engaged for this purpose. As in the previous year, Data Quality and Privacy audits were regularly conducted in the 2015 financial year. These serve to check adherence to external as well as internal quality and data protection standards.

Disciplinary measures based on audit findings and violations are strictly applied by the company's management.

Another of our risk assessment tools is the Control Self-Assessment (CSA). The CSA is completed by selected companies and evaluated by an internal audit. The selection is based on predefined selection criteria. The tool collects information regarding the most important business segments and their risks in 115 questions.

The internal audit plan is approved by the Audit Committee based on the recommendation of the Management Board. The selection of the companies to be audited is based on predefined selection criteria. The current CSA findings, among other factors, are also taken into account in this process. In addition, the Audit Committee determines additional focal points of its own which the auditor of the annual financial statements must take into account in their audit. These focal points include the inspection of samples taken from the records of controls conducted as well as the correct implementation of audit assessments.

MAIN FEATURES OF THE GROUP'S ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

GfK's accounting-related internal control system serves to ensure the correctness of financial reporting through compliance with all the appropriate regulations when preparing the consolidated financial statements and the Group Management Report.

The individual financial statements of all the consolidated subsidiaries in the GfK Group prepared in accordance with the International Financial Reporting Standards (IFRS) and generally audited by auditors provide the baseline data for preparing the consolidated financial statements.

When preparing the information for these individual financial statements, IFRS compliance is supported conceptually by the centrally managed and regularly updated IFRS accounting manual and by other guidelines on individual accounting issues, such as revenue recognition. In addition, the Group's standard chart of accounts helps to ensure that the individual financial statements of all the subsidiaries are prepared in an IFRS-compliant manner. The rules in the accounting manual and the chart of accounts to be applied are laid down by the Group's head office and are mandatory for all consolidated subsidiaries worldwide.

All financial information supplied by our subsidiaries is first run through automated plausibility and coherence control procedures in the consolidation system. In the event of unresolved blocks imposed by the control procedures, the financial information cannot be released for further processing by GfK Group Accounting. The financial information is then subjected to an additional control procedure by employees in this department who are involved in the process of the preparation of the consolidated financial statements. These employees are tested in terms of their specialist expertise and undergo continuous specialist training.

Changes to accounting standards, legislative amendments and Group guidelines on accounting and valuation methods are observed and analyzed by GfK Group Accounting. If any of these changes are relevant to the GfK Group, the corresponding guidelines and the reporting package for registration of the financial statement data by the subsidiaries are updated. The subsidiaries are informed about these updates by means of circulars that are sent out on a quarterly basis. These circulars give the companies details of all the important deadlines so that the punctual preparation of the consolidated financial statements is guaranteed.

Appropriate employees in GfK's Group Accounting division are responsible for special tasks such as the calculation of the provisions for the Long-Term Incentive Plan for management, which requires specific specialist expertise. The values arrived at in this way are directly integrated into the undertakings' financial statements produced for consolidation purposes, after which they can no longer be changed locally. This procedure ensures that specialist tasks throughout the whole Group are consistently carried out by specialists. The valuation of pension provisions as well as the purchase price allocation for large mergers and acquisitions will be carried out by external service providers with suitable expertise.

The consolidation processes are then executed in the consolidation system and monitored from a conceptual and scheduling point of view by the staff responsible in GfK Group Accounting. Manual and system-based controls are completed for all consolidation steps.

The dual-control principle is generally applied to the consolidation steps performed by GfK Group Accounting. Change analyses as well as detailed analyses of the content of selected items in the financial statements of the subsidiaries and the consolidated financial statements further raise the level of control.

In relation to the financial statements, the management and the finance managers of all the consolidated subsidiaries confirm the completeness and correctness of the financial information sent to the Group's head office.

The Audit Committee of the Supervisory Board monitors the accounting process, including the audit of the financial statements as well as the efficacy of the control system and internal auditing. It discusses the consolidated financial statements, the Group Management Report and the annual financial statements and Management Report of GfK SE with the Management Board and the auditors, and checks the corresponding documents carefully.

WHISTLEBLOWING: TAKING RESPONSIBILITY

We encourage every employee to report any suspected or confirmed violations of statutory or internal regulations. They can contact their respective superiors, Legal and Compliance, the Human Resources department of GfK SE or Internal Audit. For employees who want to preserve their anonymity, an external ombudsman is available as a point of contact.

INFORMATION AND COMMUNICATION

We rely on open information and communication internally within GfK. All of the Group's guidelines can be accessed from anywhere in the world on the gNet intranet. The relevant employees are informed whenever changes occur. Our comprehensive and regular risk management and financial reports ensure that the Management Board and Supervisory Board are kept fully informed of the Group's risk position on a timely basis. In addition to these monthly standardized reports, the Management Board is directly informed using any means in the event of a sudden material risk, significant changes in the risk position and cases of fraud.

11. Opportunity and risk report

11.1 INTEGRATED OPPORTUNITY AND RISK MANAGEMENT SYSTEM

The integrated opportunity and risk management system of the GfK Group forms the basis on which all opportunities and risks are identified and managed. The risk management process is carried out using a "bottom-up" approach across a number of aggregation levels. This process also allows for the identification and evaluation of risks on the level of the individual GfK subsidiaries as well as opportunities on the level of the regions, sectors, and the Group. Its general aim is the early recognition of developments that could influence the future existence of GfK SE and the GfK Group. Through our internal risk management reports (contained in the monthly financial reports as well as the annual risk inventory), we ensure that opportunities and risks are constantly monitored. In addition, we ensure that the opportunity and risk management system is properly functioning through regular inspections by Internal Audit.

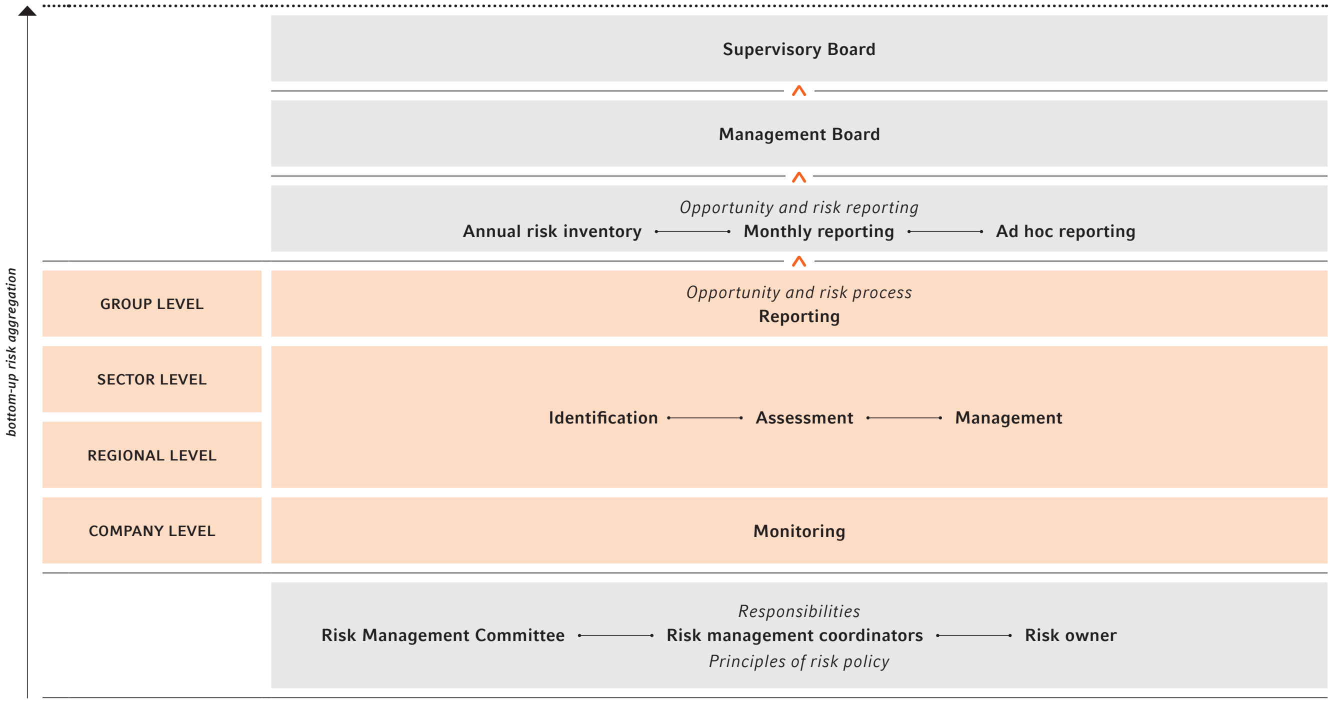
The Group-wide opportunity and risk management system of GfK is essentially based on a management-oriented enterprise risk management (ERM) approach. It is a fully integral part of the Group's organization and is structured according to the internationally recognized framework concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The opportunity and risk management system is derived from this concept, with its defined processes and related internal risk reports, constituting a solid foundation for the internal control system. The integrated system is compliant with the Group's guideline (F18 Risk Management Manual) and regulates all the principles of the risk policy and the responsibilities associated with the opportunity and risk management system, the opportunity and risk management process, and the related reports. The guideline can be accessed by every employee on the GfK intranet (gNet).

Principles of risk policy

In order to ensure the continuing success of the GfK Group on the market, opportunities must be taken advantage of consistently but at the same time, risks must be taken on in an economically reasonable and morally responsible way. For this reason, we defined the principles of our risk policy, which constitute the basis of the entire opportunity and risk management system of the GfK Group. The key principles integrated into the structures and business processes of the GfK Group are as follows:

- Entrepreneurial action requires the conscious management of risks.
- No actions, whose inherent risks could result in a threat to the survival of the GfK Group, are permitted.
- Risk management is the obligation of each and every employee.
- Risks must be systematically identified, assessed and managed.

INTEGRATED OPPORTUNITY AND RISK MANAGEMENT SYSTEM OF THE GfK GROUP



Responsibilities

Risk management committee: Under the terms of its overall responsibility for the opportunity and risk management system, the Management Board has established a Risk Management Committee, which is tasked with the central coordination and continual further development of the risk management system. The standing members of this committee are the CFO as Chairperson, the CEO (who is also responsible for the corporate function Human Resources), the Head of Group Controlling, and an employee from the Group Controlling department, who is invested with responsibility for Risk Management. The Committee informs the Management Board and the Supervisory Board about current developments and changes in the risk position within the Group.

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

Risk owners: For each identified risk a risk owner is nominated (at each level of the Risk Inventory 2015 process represented in the following diagram) within whose remit the risk lies. The risk owner's task is to actively manage the risk and to take appropriate countermeasures to prevent the occurrence of risks that are harmful to business or to limit any possible damage. The risk owner can be an individual employee or a group of employees at management level.

Opportunity and risk management process

The opportunity and risk management process comprises continuous identification, assessment and management, complemented by the process-accompanying steps of reporting and monitoring.

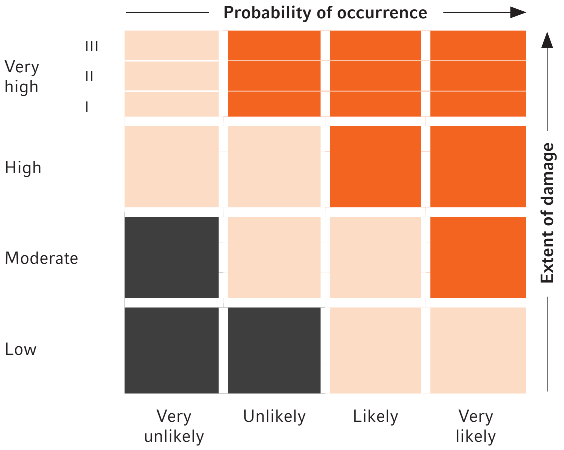
Each of the GfK Group's employees is responsible for identifying risk within their remit. This is carried out within the respective local GfK companies, by the regional management within the regions and by the sector management team at sector level and, where the risk affects the whole GfK Group, at Management Board level. Subsequently, each risk is assessed using the "probability of occurrence", "potential extent of damage" and "time horizon" criteria, as depicted in the diagram below.

To assess the probability of occurrence, GfK uses four categories: "very unlikely" (less than 10 percent), "unlikely" (between 10 and 40 percent), "likely" (between 40 and 70 percent) and "very likely" (more than 70 percent).

To assess the potential extent of damage, it distinguishes between different categories of impact on the adjusted operating income or consolidated total income: "low" (less than € 3 million), "moderate" (between € 3 million and € 6 million), "high" (between € 6 million and € 10 million) and "very high", which is subdivided into three levels (between € 10 million and € 20 million, between € 20 million and € 30 million and more than € 30 million).

Finally, to define the time horizon, it uses two categories: "direct" (the risk could potentially have an impact for the first time from financial year 2016) and "indirect" (the risk could potentially have an impact for the first time from financial year 2017).

RISK CLASSES AT GfK



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

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

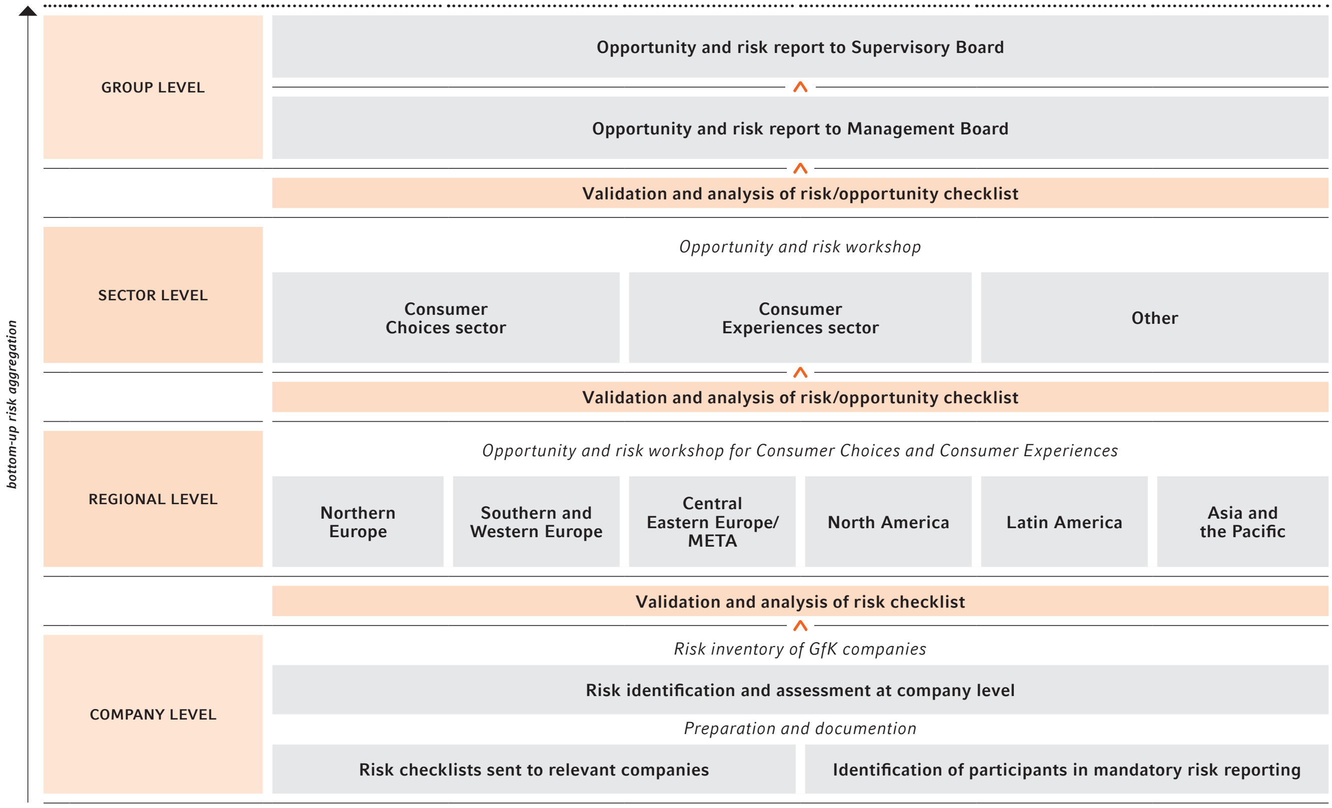
Material risk Moderate risk Low risk

Specified criteria are used to determine whether the identified risks are of a material nature. Material risks are defined as those, which have a high or very high potential extent of damage and a quite likely or very likely probability of occurrence. In addition, a risk with a quite unlikely probability of occurrence and a very high potential extent of damage or a risk with an average potential extent of damage and a very high probability of occurrence can be classified as a material risk. As part of the risk management, measures are defined and implemented for material risks to prevent the risks occurring or to significantly reduce the potential extent of damage for GfK in the event of occurrence.

In addition, the Group also analyzes potential opportunities that could have a positive impact on the adjusted operating income or consolidated total income. Opportunity and risk management also involves actively dealing with individual risks or identified opportunities, so that it is possible to react promptly to any changes that may occur. For the purpose of opportunity and risk monitoring, GfK monitors the entire portfolio of opportunities and risks on a continuous basis in order to identify changes in good time. The process is rounded off by clearly structured internal risk reporting.

GfK reports on opportunities and risks on an annual basis in a global risk inventory, and on a monthly basis in regular financial reports. Ad hoc reporting and risk reports may also be issued at any time. The annual risk inventory provides a comprehensive assessment of the GfK Group's overall opportunity and risk situation. The risk inventory process follows a "bottom up" approach and is depicted in the following illustration.

INTEGRATED OPPORTUNITY AND RISK MANAGEMENT OF THE GfK GROUP



In principle, all GfK companies are obliged to conduct an annual risk inventory. Companies whose planned external sales for 2015 are higher than € 9 million and those which are of strategic interest for the Group are integrated in the risk inventory reporting. The GfK companies of strategic interest are selected by the Risk Management Committee. In order to obtain a complete picture of the opportunity and risk situation for the Group, risk areas, within which the potential individual risks of the companies are identified and assessed, are defined. After incorporating the regional level of the Consumer Experiences sector in the risk identification and assessment process for the first time in 2014, GfK expanded the process further to incorporate the regional level of the Consumer Choices sector in 2015. It also introduced opportunity identification and assessment at regional level for both sectors for the first time in 2015. After the reported risks and opportunities have been validated and summarized at regional and sector level, GfK holds sector-specific opportunity and risk workshops. The aim is to identify material risks and opportunities across all the individual companies that are relevant at regional and sector level. This ensures that opportunity and risk management is anchored in the relevant regional or sector strategy, and ultimately in that of the Group as a whole. As a result of this bottom-up approach, individual risks can be leveled out or risks aggregated and reassessed at regional and sector level.

The opportunities and risks identified and assessed in the opportunity and risk workshops at sector level are validated, summarized at Group level and presented to the Management Board. The Management Board discusses the aggregated opportunities and risks and, if necessary, carries out a reassessment for the GfK Group. The opportunities and risks of the GfK Group which are identified and assessed in this way are subsequently summarized in an opportunity and risk report and presented to the Supervisory Board.

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

11.2 ASSESSMENT OF THE OPPORTUNITY AND RISK SITUATION

In order to exploit the opportunities arising and successfully exist in the market, GfK must consciously take certain risks in its business. This affects a broad spectrum of opportunity and risk areas. The opportunity and risk assessment is based on an evaluation after the respective countermeasures are implemented. Since financial year 2014, GfK has been using the “net” perspective in its assessments, whereby it evaluates opportunities and risks after the implementation of suitable countermeasures, because this gives a more accurate reflection of GfK’s risk situation. It also applied this approach for the past financial year 2015.

ASSESSMENT OF THE RISK POSITION FOLLOWING COUNTERMEASURES (IDENTIFIED DIRECT RISKS)

	Potential extent of damage	Change to previous year	Likelihood of occurrence	Change to previous year
Macroeconomic risks				
Economic risks	High	–	Unlikely	–
Strategic risks				
Risks in connection with portfolio activities	Very high III	–	Very likely	–
Risks in connection with strategic planning and implementation	High	Δ	Very unlikely	Δ
Network and data security risks	Moderate	∨	Very likely	∧
Risks from transformation	Low	∨	Unlikely	–
Risks in connection with product launches	Low	–	Unlikely	–
Risks from technological progress*	Low	∨	Unlikely	∨
Financial risks				
Currency risk –				
Translation risk	Moderate	–	Extremely likely	–
Transaction risk	Low	–	Unlikely	∧
Liquidity risks	Moderate	∧	Very unlikely	–
Interest rate risk	Low	–	Very unlikely	–
Tax risks	Low	–	Very unlikely	∨
Operational risks				
Continuity of IT systems*	Very high III	∧	Very unlikely	–
Risks in connection with product groups	Moderate	–	Unlikely	–
Data quality risks	Moderate	–	Unlikely	∧
Data acquisition risks	Moderate	∧	Unlikely	–
Legal risks in connection with data protection	Low	∨	Very likely	∧
Risks in connection with divestment projects	Low	∨	Unlikely	–
Market risks				
Competitive risks	Moderate	–	Very likely	–
Legal and compliance risks				
Compliance risks	High	∨	Very unlikely	–
Other risks				
Legal risks in connection with contractually agreed penalties and liabilities	Very high III	Δ	Very unlikely	Δ
Legal risks in connection with false self-employment of freelancers and interviewers	Low	–	Very unlikely	–

∧ Increase ∨ Decrease – Unchanged Δ New risk

* Indirectly identifiable risks in previous year

11.2.1 IDENTIFIED DIRECT RISKS

A number of direct risks were identified within the GfK Group, the effects of which may have an impact on financial year 2016. The order shown within the individual risk categories reflects the evaluation of the potential extent of damage and then the assessment of the probability of occurrence. This portrayal therefore provides information for estimating the individual risk for the GfK Group.

Macroeconomic risks

Economic risks: In comparison with the previous year, a slight recovery was observed for large economies while the growth rate in new markets and emerging countries slowed down for the fifth year in a row. The main reasons for this slowdown are reduced investment and a fall in commodity prices (particularly oil) as well as volatility in exchange rates and financial markets. The eurozone continued to report low but stable growth. In particular, countries such as Italy, Ireland, and Spain were able to counterbalance lower growth in Germany thanks to an increase in domestic demand and lower oil prices. Although the easing of monetary policy (low interest-rate policy) continued in 2015, neither corporate investments nor private investments have yet reached the desired level. Meanwhile, inflation rates remained very low for the most part, although they are expected to increase in 2016. Stronger growth in 2016 compared to 2015 will be seen primarily in France, Italy and Spain, while very moderate growth is forecast for Germany. The debt position of some countries continued to be observed critically in 2015 as in the previous year.

Despite a strong second quarter, growth in North America was lower than expected in 2015, primarily because of reduced investment in the Canadian oil sector. A mild recovery is expected for 2016 compared with the previous year, particularly due to lower energy prices and reduced fiscal measures, which should compensate for the fall in exports resulting from the strong US dollar.

As in 2014, the task of the major economies in the past financial year was still to adopt political, monetary, fiscal and structural measures in order to boost growth further. The USA and Japan seem to have largely weathered the crisis. Japan in particular is expected to continue to enjoy a positive growth rate in 2016, having returned to positive growth in the previous financial year. Growth in China, as in the previous year, is still at a high level but is no longer expected to be as fast as in the past. A particular risk for the development of the global economy is posed by the political tensions in Russia, Ukraine and the Middle East as well as the ongoing Greek crisis. In summary, only a very slow recovery from the effects of the economic and financial crisis can therefore be reported.

If global economic growth in 2016 falls significantly below the current International Monetary Fund's (IMF) forecast of 3.4 percent, or if there is a threat to the stability of individual currencies, that are significant for the global economy, one must expect that this will have consequences for GfK's business. The GfK Group is globally positioned and has a very high level of geographical diversification, so it should be able to adopt appropriate countermeasures if the economies of individual countries slow down again. Certain measures – such as restructuring and cost reduction programs – that have been initiated, and greater risk awareness (promoted by training courses) will also help in this regard. Risk assessment after countermeasures as in the previous year: likelihood of occurrence is unlikely; potential extent of damage is high.

Strategic risks

Risks in connection with portfolio measures: In order to succeed GfK needs to achieve its strategic aims. To this end, it considers acquisitions, participations in joint ventures, restructuring and disposals in order to optimize the Group portfolio. Risks in connection with disposal projects are listed as separate risks in the risk portfolio.

For projects that are intended to achieve strategic aims, numerous different kinds of risks may arise. As well as operating risks (integration of staff or technology), financial risks (failure to fulfill expected cost-saving potential), legal risks or compliance risks (resulting from a minority stake in a joint venture, for example) may occur. Ongoing financial obligations relating to a business that has been sold, such as obligations arising from property rights, warranties, indemnification or other financial obligations, may also jeopardize the achievement of strategic aims. Thanks to its experienced Mergers and Acquisitions team and Legal team as well as the assistance of external experts, GfK is able to identify risks early and can adopt appropriate measures. These measures primarily include comprehensive due diligence processes, proven procedures for postmerger integration, and monitoring of thresholds, both for acquisitions and for disposals.

The future value of acquisitions and resulting assets depends on the profitability of cash generating units. If the current business trends in acquired subsidiaries do not match expectations, or if lower growth rates are forecast, an impairment loss risk may occur. Among other things, budget values from the Group's internal reporting are used for assessment purposes. Risks arising from the likelihood of occurrence and changes in market circumstances may result in an impairment loss that needs to be recognized in the income statement but is not a cash item. Depending on the intangible asset, the operating result may be affected. Countermeasures such as strict monitoring and management of budget content, and sensitivity analysis carried out during the year, make it possible to monitor this risk. The risk assessment for the 2015 financial year was the same as that of the previous year. Risk assessment after countermeasures: likelihood of occurrence is likely; potential extent of damage is very high (greater than € 30 million).

Risks in connection with strategic planning and implementation: Big Data, new analyses and methods, and improvements in reporting are just a few of the many challenges that GfK has to face on a daily basis in the industry. In order to stay ahead of these trends and of the competition, GfK needs to consistently promote innovation. In this regard, initiatives and programs may be decided upon during the strategic planning process which are deemed necessary in the short term but could become obsolete in the medium term. This may happen, for example, because of new possibilities and changes in data collection, data availability and method research. Furthermore, the introduction of strategic initiatives could give rise to an inherent risk that the desired financial framework for sustainable and profitable growth will not be possible. Hence, GfK added this risk to its risk portfolio for the past financial year. GfK counteracts this risk with a careful planning process that includes detailed market analysis and competition analysis, continuous monitoring and high-quality project management based on uniform GfK standards applicable across the entire group. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is high.

Network and data security risks: This category specifically concerns risks relating to data security, Internet security and IT security. The continuing transformation process increases the level of centralization and standardization of the IT infrastructure (business applications and sites) within the Group. The high level of complexity of this process and the high levels of dependency between the systems give rise to process risks, which are counteracted by stronger program management, critical point analysis and careful design of system architecture. Within the GfK network, GfK processes data and information which could attract the interest of intelligence services or third parties with criminal intentions. As in the previous year, GfK gave top priority to the implementation, maintenance and further development of security measures to protect information systems and the data stored in them. In order to make itself less vulnerable to these risks, the GfK group has adopted various measures. For instance, in 2014, it implemented a new Information Security Management System (ISMS) based on ISO 27001, which defines IT security policy for the entire Group and sets binding IT security standards based on industry best practice. This guarantees a uniform approach to the regulation and management of IT security risks, from the top down to every local subsidiary. Furthermore, within its Risk Management Guideline (F18 Risk Management Manual), the Group introduced a guideline on the IT risk assessment process. This was derived from ISO 27005, and thus ensures that IT risks are collected, assessed and handled in a way that is compatible with the ISMS that has been introduced. The measures adopted by the Group also include regular external tests, automatic monitoring of applications and systems in order to identify attacks early, the highest possible levels of data security and operational reliability at the central data center site in Nuremberg, and ongoing staff training courses to continuously increase awareness of data protection and data security. Nevertheless, potential residual risks arising from information technology and its applications cannot be completely ruled out. All of the above-mentioned measures, as well as the GfK Group's IT strategy and the IT security measures implemented throughout the Group, lie within the remit of the Global Head of Information Technology, who reports directly to the CEO. Security issues are resolved by cooperating with the IT security specialists in the GfK companies both domestically and abroad. Furthermore, IT audits carried out by IT specialists are an integral part of the Internal Audit remit. Risk assessment after countermeasures: likelihood of occurrence is likely; potential extent of damage is moderate.

Because of the harmonization which has so far been successfully implemented in key countries and the roll-out within the framework of the Roll-out of Enterprise Applications and Content Harmonization (REACH) project, the risk of inadequate interaction between systems that need to be connected, which was mentioned in 2014, was removed from GfK's portfolio in the past financial year.

Risks due to transformation: Since 2012, GfK has successfully promoted the strategy "Own the Future". With the slogan "Getting it done", 2014 was the year of implementation. In 2015, we added "Shape for Growth" to our strategy in order to provide our clients with unique and relevant market and consumer information, combined with the expertise of two sectors. GfK is concentrating on digital products and services and has invested heavily in new technology and new possibilities for combining and enriching data. The risks associated with this transformation process arise primarily from the possibility that the opportunities offered by this strategy will not be fully exploited. Through successful global measures such as proactive change management on the part of the Management Board, an open and global communications policy, continuous and targeted staff development and training measures, the steady improvement of the international network, and a focus on multi-year contracts and relevant markets, GfK was able to reduce the risk compared with the previous year in terms of potential extent of damage. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is low.

Risks in connection with product launches: As a full-service provider with a global network and a comprehensive range of studies and analyses, GfK is superbly positioned both to deal with more intense global competition in the industry and to benefit from positive trends in the emerging markets. Because of increasing globalization and digitalization as well as changes in consumer behavior, companies need more and more advice concerning their marketing decisions. Thus, obtaining information on the sales potential of a product or service in different markets and countries is becoming increasingly significant. After all, the only way to make large quantities of data valuable, and to enable the creation of forecast models that will ensure business success for GfK's customers, is to identify connections, meanings and patterns such as those between marketing and technology, between media and advertising or between planning and market data. At the same time, consumers increasingly consult new media to help them to make buying decisions, more and more of which are determined by ecological criteria. The areas mentioned also harbor the risk for GfK that it will not be able to meet increased needs in terms of consulting and sales services to a sufficient extent or with the correct standard of commercial excellence, that it will not implement marketing campaigns expediently or that it will not be able to offer standard products that provide its customers with a comprehensive and ideal basis for their decisions. Hence, it is very important for GfK to pool its tasks within consulting projects and to focus strategically on a targeted sales process. In this regard, GfK staff receive continuous training on innovations in the product and service portfolio in order to develop their expertise. By improving sales planning, GfK can transparently manage and monitor product launch projects in such a way that it can react in good time if there are any delays. The pooling of tasks in global competence centers is also part of this. The risk assessment has not changed compared with the previous year: likelihood of occurrence is unlikely; potential extent of damage is low.

Risks generated by advances in technology: Unlike in the previous year, when it was classified as an indirect risk, this is now assessed as a direct risk. GfK's own figures show that millions of devices are being used round the clock all over the world, and that the latest network technology is set as standard. Increasing digitalization, the spread of the (mobile) Internet and the convergence of devices are modifying user behavior. As a result, consumers are making more and more buying decisions with the aid of mobile media or social networks, and thus buying behavior is changing all over the world. The number of points of contact (which means the places, times and ways, in which companies and brands come into contact with customers) and the ways, in which buying decisions are made, are constantly changing. However, companies still need to understand their customers, and therefore new methods and technology are required in order to collect market research data in the digital age. One of GfK's most important tasks is to develop innovative new products and services as well as new market research methods. One can see the associated risks that the technical implementation of such new products as for instance Mobile Insight/Location Insight can not be developed quickly enough or at an appropriate cost to accommodate changes in market conditions. As in the previous year, as an innovative company with research and development activities, the GfK Group currently sees no substantial risks arising from large, cost-intensive innovation projects. It monitors potential risks associated with these projects through regular reporting and active project management. Moreover, its staff receives project management and negotiation training, in which they learn how to provide GfK clients with reliable and high-quality advice regarding innovative new products and services and market research methods. Thanks to the countermeasures listed here, this risk has been reduced compared with the previous year: likelihood of occurrence is unlikely; potential extent of damage is low.

Financial risks

Currency risks: As a global company, the GfK Group is exposed to currency risks.

The currency translation risk results from the conversion of the balance sheets and income statements of GfK companies outside the eurozone into euros, the reporting currency of the GfK Group. One example of this would be the revaluation effects arising from GfK SE's cash pool liabilities in foreign currency (USD, GBP or CHF) with respect to its subsidiaries, which could have a negative impact on the financial result. These translation-related effects are not hedged and are posted under other operating income in the GfK consolidated financial statements. Carrying amounts of participations are currently covered only to a small extent by natural hedges. To do this, financing is provided in the currency of the relevant company, so as to reduce the effects of currency fluctuations. In order to limit volatility in the income statement relating to the reporting date valuation of currency liabilities and receivables, where possible, GfK uses hedge accounting according to the applicable regulations. The risk assessment after the described countermeasures is unchanged compared with the previous year: likelihood of occurrence is very likely; potential extent of damage is moderate.

The transaction risks result from the sale and purchase of goods and services that are not invoiced in the local currency of the respective GfK unit. Due to high volume of local business, all GfK operating companies generate most of their income and expenses in their local currency, and the currency risk of the GfK Group's operations is therefore restricted. However, because of internal cross-accounting of international contracts, some currency effects may arise which can only be partly hedged. A Group guideline (F14 Treasury Policy) requires all GfK companies to monitor their external currency risks and to hedge against currency fluctuations for projects of or exceeding a certain size and duration. As a rule, GfK provides in-house financing for its subsidiaries in their local currencies. Group Treasury hedges the resulting currency risks centrally, partly by using financial instruments when economically viable. Hedging transactions generally have a maximum term of 18 months. The offsetting effects of the underlying transaction and the currency hedge are identified in the income statement. The risk assessment is also unchanged compared with the 2014 financial year: likelihood of occurrence is unlikely and potential extent of damage is low.

Liquidity risks: The liquidity risks of the GfK Group include potentially being unable to meet its financial obligations, for example the repayment of financial debt, or of the ongoing capital requirements of its operating business.

In March 2015, GfK SE terminated the variable part of the € 40 million bonded loan. At the same time, this sum was fully refinanced by a new € 90 million bonded loan with terms of three and five years. GfK SE also took out various bilateral bank and forward loans amounting to € 70 million (with a term up to 2021) and a new € 130 million bonded loan with a term of 12 years in 2015. The payment dates of these financial instruments are February and March 2016 and therefore are not included in the financial liabilities.The funds from the bilateral bank loans and bonds was used to replace short-term bank loans, and it will serve to refinance our € 200 million corporate bond in April 2016 .In May 2015, part of the bond was repurchased with a total volume of € 13,833 million. As a result of these transactions our maturity structure and future interest expenses have improved considerably. By year-end, the syndicated credit line comprising € 200 million had not been utilized. Last year, this credit line was prematurely extended to 2020. In total, on the reporting date, the unutilized credit lines amounted to € 286 million (2014: € 280 million). The financing elements mentioned and an existing cash holding as at the reporting date of € 129 million (2014: € 93 million) assure the Group's liquidity position. The covenants agreed for the syndicated credit facility, and the bonded loans were all met in every reporting period in 2015. A liquidity risk may also occur if financial institutions with which GfK works become insolvent. This risk, known as an asset management risk or market-to-market risk, is also included in this risk position. In order to counteract this risk, the Group makes financial investments and derivative transactions over € 100,000 only with banks with an investment grade of at least BBB–. GfK also introduced a Treasury Middle Office in the Group Treasury division. Here, the focus is on dividing incompatible tasks between System Administration, Trading and Settlement, and Trading and Risk Monitoring. The risk assessment after the described measures shows a slight increase in potential extent of damage compared with the previous year: likelihood of occurrence is very unlikely; potential extent of damage is moderate.

Interest rate risks: At GfK, interest rate risks mainly relate to financial liabilities. As of December 31, 2015, GfK SE had hedged around 86 percent (2014: around 90 percent) of its financial liabilities through fixed-rate agreements by placing the GfK bond with an interest rate of 5 percent, the bilateral fixed-rate loan agreement and the borrower's note loan. As at the reporting date, the interest rate hedges had a negative fair value of € 171 thousand (2014: –€ 20 thousand). GfK SE derivative financial transactions and investments are only conducted with reputable German and international banks with an investment grade rating. In addition, it reduces any possible credit risk by spreading the transactions between several banks. To hedge an intercompany foreign currency loan of our Brazilian subsidiary in US dollars, a cross-currency interest rate swap was concluded in 2014 to hedge interest rate and foreign currency risks. On the reporting date this derivative was valued with a positive market value of approximately € 4.8 million. Risk assessment after countermeasures is unchanged compared with the previous year: likelihood of occurrence is very unlikely; potential extent of damage is low.

Tax risks: Naturally, accounting and optimization of the Group's structure for tax purposes will generate tax audit risks for an international concern. By introducing Group guideline F21, Transfer Pricing Guideline, with effect from January 1, 2014, GfK took an important step towards the provision of transfer pricing and documentation for all relevant business transactions. It adopted further measures in 2015, developing a tax compliance organization and establishing processes and controls. Hence, the likelihood of occurrence has fallen slightly compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is low.

Operational risks

Continuity of IT systems: As a result of a large number of transformation processes, centralization of IT systems and increased use of the global IT infrastructure, among other things, existing systems were in the past financial year substantially modified, extended and altered to meet global requirements. Centralization does not in itself mean that risks of failure are likelier to occur, but it does mean that the potential extent of damage is greater in the event of failure. This makes it all the more important to quickly remedy any malfunctions of this kind within the systems involved. After all, centralization means that system failures would not only affect individual GfK companies, but could also potentially have an impact on parts of the GfK Group. For example, if GfK's most important business applications or the underlying infrastructure were affected by total system failure (which may also be caused by fire or power cuts) for several days, this could result in substantial losses in terms of sales, customers could assert claims for damages, or it could harm GfK's reputation. In order to prevent IT system failure, GfK keeps a list of critical components in order to monitor their availability and to replace any malfunctioning components with other components.

In financial year 2015, it consolidated its regular reviews of back-up processes and carried out risk assessments in order to identify weak points in the infrastructure. Furthermore, it expanded life cycle management for global applications, created emergency procedures and took action to prevent denial of service attacks that could block the availability of online services for certain periods of time.

Because GfK increasingly uses strategic suppliers with a global presence, this risk also includes dependency on third-party systems, such as telephone, network and cloud service providers as well as software suppliers. In terms of purchasing, GfK has adopted measures to improve and standardize purchasing processes, to monitor the market, to select better service providers and to retain them more effectively.

Moreover, in order to reduce the extent of damage in the event of fire or power cuts, it has taken out appropriate insurance policies. In 2014 and 2015, it also introduced and implemented staff training courses to raise awareness regarding hazardous situations (such as the outbreak of fire), as well as the use of turnstiles and the new security systems on entry doors, among other things.

However, despite all the measures listed, the risk has to be classified as very high in terms of potential extent of damage, unlike in the previous year. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is very high (more than € 30 million).

Risks in connection with product groups: GfK does not only collect vast quantities of data every day from a very wide range of sources and in extremely varied fields and dimensions, but it also measures market sizes and trends for its clients all over the world. In particular, the fact that it has a global network and its own extensive database really makes it stand out. In financial year 2015, its aim was to expand its Media Measurement business, which involves measuring TV, radio, print media, and cross-media audiences. Using innovative technology, Media Measurement offers information services on audiences, intensity and type of use of media and media products and services as well as comprehensive insights into media consumption in a dynamic media market, and information on their acceptance in different countries. Every new country, in which a media measurement system is set up, presents different technical requirements and challenges. Moreover, political and economic developments are difficult to predict in some regions. Among other things, risks arising from loss of reputation may also occur. A further risk can be found in the potential failure to gain additional TV networks. GfK can reduce these risks through rigorous project and resource management and weekly status reports from the local management in the reporting line to the Global Head of Media Management, additional support at management, project and operational levels, and a greater focus on data quality control processes. The risk assessment is unchanged compared with the previous year: likelihood of occurrence is unlikely; potential extent of damage is moderate.

Data quality risks: GfK has many years of experience in the collection and analysis of data. Using innovative technology and scientific methods, GfK generates intelligent information out of large quantities of data in order to provide its clients with reliable and relevant market and consumer information. As well as interpreting data from one of the world's largest retailer networks, it also analyzes the results of ad hoc studies and consumer panels, so that it can use this information to develop an overall picture of the market. Because it is impossible to completely rule out certain residual risks concerning data quality (resulting from technical or human error), particularly those relating to data acquisition, data processing and data interpretation and analysis, this risk is also closely associated with a possible reputation risk for GfK. This may be caused by system errors, process changes or specific data configurations that result in the provision of incorrect information and consultancy services. Therefore, in order to prevent this, GfK implements checking algorithms that are relevant to the system, as well as automatic quality controls, and it continuously improves its current quality measures and auditing processes. In addition, quality checks are carried out at suppliers' premises, and regional coding hubs are being expanded further. Furthermore, GfK introduced the quality program "Innovating our Core" in 2015. It can also proactively counteract risks through training courses and by making improvements in the area of procurement. Compared with the previous year, the risk increased slightly in terms of likelihood of occurrence. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is moderate.

Data acquisition risks: In order to be able to provide its clients all over the world with important insights concerning local markets in more than 100 countries, GfK collects data from wholesalers, retailers as well as panel and sample respondents concerning their sales trends, buying decisions and radio and TV usage. As in the previous year, GfK sees a risk that these data suppliers may no longer be prepared to provide data because of concerns about data protection, among other things, and that GfK may not be able to adequately replace this data. By using alternative recruitment channels (for instance, by cooperating with agencies for field surveys), by continuously optimizing its recruitment of panel members, and by researching new data collection techniques, GfK developed appropriate emergency concepts. Despite the measures that it has introduced, GfK deems the risk to be slightly higher than in the previous year in terms of potential extent of damage, whereas the likelihood of occurrence remains unchanged. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is moderate.

Legal risks connected with data protection: Particularly because of discrepancies between the legal requirements of some countries, such as Russia and the USA (Safe Harbor), the risk arising from increased public awareness and sensitivity concerning data protection and data security is a top priority for GfK, just as it was in the previous year. In order to raise awareness of compliance and data-protection-related issues further, GfK provides a CEO webcast on its intranet (gNet), which is accessible to all staff and explains the "tone from the top" on these issues. It also implemented targeted in-house training measures in financial year 2015. Furthermore, the internal data protection guidelines and ethical guidelines were extended considerably in 2013. GfK's other measures involve providing a process definition for the use of cloud systems, continuously expanding the IT architecture and data management, consistently monitoring changes in the law and carrying out internal audits. Nevertheless, it is impossible to completely rule out a certain residual risk of possible infringements. Compared with the previous year, the likelihood of occurrence has increased, whereas the potential extent of damage has fallen. Risk assessment after countermeasures: likelihood of occurrence is likely; potential extent of damage is low.

Risks in connection with divestment projects: The risks arising from divestment projects have now been added to the risks in connection with restructuring measures from the financial year 2014, which have been renamed accordingly. The market research industry is still under increasing pressure from competition, and its services are still subject to pricing sensitivity. By improving and further expanding its productivity program, which includes divestment projects as well as restructuring projects, it is expected that GfK will be able to further consolidate and increase its competitiveness. At the present time, risks relating to divestment projects primarily affect the Consumer Choices sector, and one can see that these risks lie in the selection of suitable potential buyers or the pursuit of alternative exit strategies within a specified time frame and cost framework. GfK can counteract these risks by implementing further productivity measures in the area of purchasing, by creating global service centers in specific regions, by restructuring unprofitable units, by adopting initiatives to improve data quality, by improving the margin, and by making staffing adjustments. Therefore, the potential extent of damage has been reduced compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is low.

Market risks

Competitive risks: The term "competitive risks" refers to a further increase in competition in the market research industry. This increase is the result of simplified handling of large quantities of data, and of easier and faster data acquisition, including acquisition through cooperation. Furthermore, the advent of local market research companies and individual specialized niche providers has only intensified the level of competition. Increased pricing pressure, which is closely associated with the above-mentioned conditions and is a result of intensifying competition, must also be recognized as a sales market risk. Moreover, there is continuous competition for the market research budgets of large global groups. This risk category also includes the risk that, because of pricing pressure, GfK will have to pass on the efficiency gains that it has generated (for instance, through cost savings) directly to its customers. GfK has positioned itself as a high-quality global market research company that uses uniform methods. Hence, GfK sees an opportunity to offer its customers excellent added value, and thus to stand out clearly and successfully from the competition by using its global network and further expanding its future-oriented innovation projects. As an additional measure to counteract these risks, GfK is developing its contract management further towards framework contracts. Competitive analysis, negotiation training, faster data delivery and improved visualization also enable GfK to actively counteract these risks. In addition, thanks to the cost-saving measures that it has adopted, GfK is well-equipped to remain successful in spite of the prevailing competitive conditions and the aggressive pricing strategies of its rivals. Therefore, the risk assessment is unchanged compared with the previous year: likelihood of occurrence is likely; potential extent of damage is moderate.

Legal and compliance risks

Compliance risks: As part of the established opportunity and risk management system and the internal control system, GfK carries out continuous monitoring to check whether additional risks have arisen for which it may need to adopt countermeasures. Although it has firmly established corporate guidelines (Code of Conduct, corporate values) and internal guidelines, there is still a certain residual risk that individual GfK employees will disregard these guidelines or will not fully comply with them. Compliance risks may arise from breaches of corporate guidelines or criminal behavior. GfK is aware of this risk and has introduced and implemented various measures, such as continuous staff training courses and regular internal audits. In 2015, in order to further raise awareness among all its staff regarding ethical behavior and compliance, GfK implemented a comprehensive online training course which was mandatory for all staff, after which they all had to complete a questionnaire. Initially, this e-learning platform only dealt with the Code of Conduct, but in the following years it will be expanded to include significant Group guidelines. In addition, by introducing new processes and reviewing and adapting existing ones, GfK helps to ensure that compliance risks are identified early. Thanks to the successful implementation of countermeasures, the potential extent of damage in this risk category was reduced compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is high.

Other risks

Legal risks in connection with contractual penalties and liabilities: This risk category was added to the GfK Group's risk portfolio for the first time in the past financial year. It includes the failure to fulfill customer contracts in accordance with the contractual provisions and the resulting contractual penalties and limitations of liability. There could be many different reasons for this. As a countermeasure, GfK could, for example, negotiate lower contractual penalties if possible. Risk after countermeasures: likelihood of occurrence is very unlikely (approaching zero); potential extent of damage is, however, very high (greater than € 30 million).

Legal risks in connection with fictitious self-employment of freelancers and interviewers: As in 2014, the issue of "fictitious self-employment" was discussed in the past financial year. This term refers to the risk that interviewers and other freelancers working for GfK must be classified as employees, which would result in additional employment expenses. For example, GfK uses freelancers to carry out various interviews. In recent years, social security authorities have made increasing efforts to check whether freelancers and other independent workers are actually employees. GfK continuously reviews its employment relationships and is careful to comply with the legal provisions. In this regard, GfK is currently involved in legal proceedings in various countries. Accordingly, it has taken appropriate precautions to proactively counteract the relevant risk in these and other countries. In addition, for new projects involving freelancers, GfK is bringing its internal processes and contracts in line with the legal requirements in order to minimize any tax and social security risks, that may potentially arise, and to ensure compliance with social security legislation in the relevant countries. It also increasingly uses service agencies. Risks arising from cases of damage and from issues of liability are either covered by local or Group insurance policies or sufficient provisions that have been set aside for them, although potential residual risks cannot be completely ruled out. Although GfK has implemented appropriate measures, it deems the risk to be unchanged compared with the previous year. Risk assessment after implementation of country-specific countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is low.

11.2.2 IDENTIFIED INDIRECT RISKS

The following indirect risks which could have an impact for the first time starting from the financial year 2016 have been identified within the GfK Group. Within the individual risk categories, the risks are presented primarily in order of assessed potential extent of damage, and risks with the same potential extent of damage are listed in order of assessed likelihood of occurrence. This gives an indication of the assessment of the individual risk for the GfK Group.

ASSESSMENT OF THE RISK POSITION FOLLOWING COUNTERMEASURES (IDENTIFIED INDIRECT RISKS)

	Potential extent of damage	Change to previous year	Likelihood of occurrence	Change to previous year
Strategic risks				
Risks in connection with cross-sector initiatives	Low	v	Unlikely	v
Financial risks				
Financial risks	Moderate	^	Very likely	–
Operational risks				
Adjustment of expertise portfolio*	Moderate	–	Unlikely	–
Market risks				
Risks in connection with market consolidation*	Moderate	^	Very likely	–
Market risks*	Moderate	–	Very likely	–

^ Increase v Decrease – Unchanged Δ New risk

* Indirectly identifiable risks in previous year

Strategic risks

Risks in connection with cross-sector initiatives: The success of cross-sector initiatives, such as the expansion of the digital product and service portfolio, depends on successful cooperation at sector and regional level and on an efficient exchange and correct composition of skills within the GfK Group. In this way, the Group expects to achieve synergy effects while simultaneously expanding global cooperation within the GfK network. In this context, risks may arise from the failure to achieve set aims or to comply with a set schedule or from an unsuitable composition of skills within GfK. In order to counteract this risk of failing to completely fulfill the stated potential or to fully achieve the set aims, GfK took more action to prevent or minimize risk. For instance, it continued to promote successful cooperation in the cross-sector development of the product GfK Crossmedia Link, which is a benchmark for other projects. GfK Crossmedia Link is a global single-source panel that measures consumer behavior through a range of media, such as TV, PC, tablet and smartphone. Thanks to the countermeasures adopted, the risk was reduced further compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is unlikely; potential extent of damage is low.

Financial risks

Financial risks: Refinancing on the capital markets is a very important tool for GfK SE but it also entails risks. The company complies with the regulations governing the prohibition of insider trading or various notification and communication obligations in order to avoid a general loss of reputation and therefore prevent a possible deterioration in the share price. This includes efficient communication based on investor and analyst interests, with the aim of promoting the trust of investors, especially through permanent transparency. In addition, the risk of dependency (refinancing risk) on one group of investors is minimized through diversification of financing instruments. In addition, credit agreements were negotiated on improved terms in the past financial year. Other than the shareholders, GfK's current group of investors includes a large number of national and international banks (banking syndicate) as well as numerous promissory note investors who are not just from the banking industry (e.g. insurers, pension funds). The risk in the potential extent of damage has slightly increased as compared with the previous year. Risk assessment after countermeasures: likelihood of occurrence is very unlikely; potential extent of damage is moderate.

Operational risks

Adjustment of the competence portfolio: At a time when our clients are confronted with increasing amounts of data and are required to take decisions quicker than ever before, both new and existing providers are exploiting the opportunities offered by digitalization and globalization. Increasing digitalization is bringing new challenges in terms of methods and technologies for gathering market research data. To be able to fully utilize the resultant growth potential, GfK must build up and develop comprehensive skills and expertise amongst its staff in order to be able to keep up with the changing requirements. A corresponding successful adjustment of the underlying organizational structure is necessary, particularly that of management positions. GfK is countering this risk by defining and implementing globally integrated employee strategies. Through ongoing training and qualification programs, staff skills and expertise are continuously adapted to the advancing technological progress, and they are familiarized with innovations. Particular value is attached to identifying and acquiring the right talent for all manner of new portfolio application areas and furthering them accordingly. Attractive career paths are being developed and a varied qualification and training program is being continuously expanded. If, however, a sufficient number of talented people cannot be recruited for GfK, we may also consider entering into partnerships or outsourcing the company's services in order to be able to respond to the risk accordingly. Risk assessment after countermeasures is unchanged compared with the previous year: the likelihood of occurrence is unlikely and the potential extent of damage is moderate.

Market risks

Risks in connection with sales market consolidation: GfK's top ten clients accounted for around 16 percent of total consolidated sales (previous year: 15 percent), GfK's dependence on individual key accounts at Group level is still relatively low. However, this dependence exists in some countries. Furthermore, the process of consolidation, where clients are concerned, is set to continue, whereby individual market research budgets are often combined and the total volume reduced. To counter this risk in the past financial year, GfK further expanded and strengthened its long-standing key account relationships by appointing Key Account Managers and through continuous client relationship management, while continuously expanding its new, qualitatively high-end product and service portfolio as a value driver for its clients. Therefore, in GfK's view, the extent of damage is relatively high as compared to the previous year. Risk assessment after countermeasures: likelihood of occurrence is very likely; potential extent of damage is moderate.

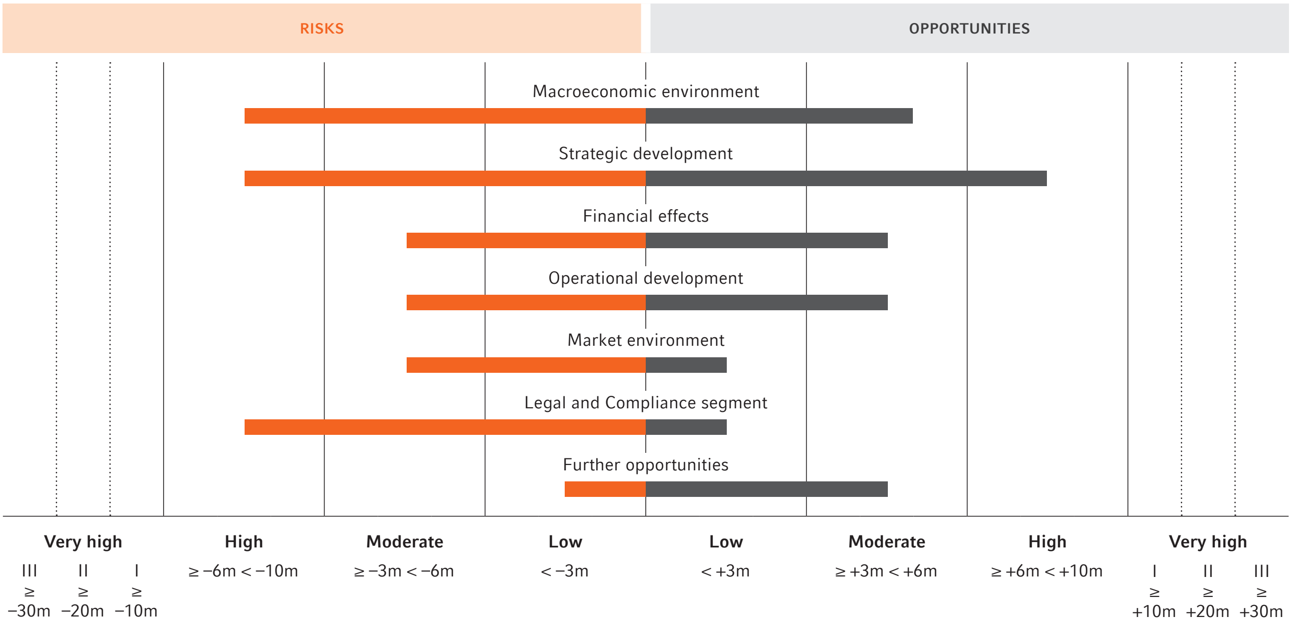
Sales market risks: This risk arises from a reduction in the market research budgets of GfK's clients due to economic or macroeconomic developments as well as technological change in terms of digitalization, resulting in lower barriers to entry into the market, particularly by competitors outside of the industry. In the past, the development of the market research industry has virtually mirrored that of the global economy. At the moment, the risk of a renewed descent into global economic crisis (as in 2008/2009) or the break-up of the eurozone cannot be totally excluded. However unlikely it may be, in a scenario of this nature, the global economic situation should worsen significantly and severely affect the business of GfK clients; this could also have an impact on GfK. Some clients affected by the current uncertainty caused by macroeconomic factors in their major export markets have been compelled to implement cost-saving programs and to reduce their market research budgets. GfK is actively responding to this risk by continually developing its portfolio of innovative products to improve its clients' competitive strength. As in the previous year, innovative products, the range of individual modules as well as customer relationship management and data quality have been steadily improved and further extended through cost-saving programs. Therefore, as compared to the previous year, this risk could be classified as indirectly identified, rather than a directly identified one. Risk assessment after countermeasures (unchanged compared with the 2014 financial year): likelihood of occurrence is very likely; potential extent of damage is moderate.

11.2.3 INDIRECTLY AND DIRECTLY IDENTIFIED OPPORTUNITIES

The following indirect and direct opportunities have been identified within the GfK Group. The order shown within the individual opportunity categories reflects the evaluation of the opportunity potential. This portrayal therefore provides clues for estimating the individual risk for the GfK Group. The identified opportunities and risks of future developments were categorized and grouped. A potential impact on the adjusted operative income highlights the importance of individual opportunities and risks, categorized as follows: low, moderate, high, and very high (I–IV). The individual opportunities and risks were categorized into seven different areas.

OPPORTUNITY AND RISK PROFILE OF THE GfK GROUP:

EFFECT ON ADJUSTED OPERATING INCOME/CONSOLIDATED TOTAL INCOME



Macroeconomic environment

Opportunities connected with economic development: As described in section 11.2.1 ("Identified direct risks"), in comparison with the previous year, a slight recovery was observed for large economies. Moderate growth is currently forecasted for Germany, whereas stronger growth is expected in countries such as France, Italy and Spain. This gives potential opportunities to GfK given the global positioning and very high level of diversification of the GfK Group. Should the growth in the global economy rise to 3.4 percent in 2016, as forecasted by the International Monetary Fund (IMF), additional opportunities for the business of GfK will arise. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant direct business possibilities with a possible, moderate positive opportunity potential.

Strategic development

Expansion potential of the product and service portfolio: Increasing digitalization, the spread of the (mobile) Internet and the convergence of devices are modifying consumer behavior. Thus, buying behavior is changing worldwide. However, faster development opportunities and availability of data pose new challenges to the market research sector, which may well prove to be opportunities. One of GfK's most important tasks is to develop innovative new products and services and new market research methods. In addition, GfK is focusing sharply on increased efficiency, improved strategic pricing and greater advancements in the point-of-sales measurement business. In connection with expansion potential additional opportunities can be generated on the market through increased innovative capability in the roll-out of cross-sector products, such as GfK Crossmedia Link. Opportunity assessment (unchanged as compared with the previous year): significant direct business possibilities with a possible, moderate positive opportunity potential.

Cross-sector cooperation: GfK sees intensification of the cross-sector cooperation between Consumer Experiences and Consumer Choices as an additional opportunity to extend its selling options and utilize synergy effects in the medium term. A close collaboration and a successful exchange of best practices between the Group's divisions as well as the right mixture of skills should guarantee the supply of perfectly matched solution concepts from one service portfolio. Constant refinement of the offering, modern research methods and long-term client relationships constitute a solid basis for success. This is complemented by the valuable databases and the comprehensive, high-quality panels. Recent examples of successful, cross-sectoral cooperation with subsequent market launch of GfK Experience Effects on Demand, GfK Brand Vivo on Demand and the launch of GfK Crossmedia Link in other countries such as Italy and the Netherlands. Opportunity assessment: in comparison with the previous year, this opportunity was classified as indirect rather than direct, and the positive potential of this business opportunity fell from medium to low.
Development of the business position: GfK is investing heavily in new digital technologies and new methods to connect and enhance data. With the aid of newly developed methods and technologies, large data volumes from all kinds of sources can be analyzed. As compared with the previous year, GfK see this as an opportunity to offer convincing products and services based on a comprehensive innovation offensive. The future potential arising from the new technical possibilities should be utilized on the market consistently through continuous expansion of data processing processes on the market as well as the use of a global network, thereby clearly and successfully distinguishing itself from its competitors and increasing client loyalty. The Group sees a direct opportunity in the targeted development of the business and a rapid roll-out of products in promising growth regions. Further growth is to be generated particularly in Latin America, Asia and the Pacific as well as in Africa and Eastern Europe by rolling out tried and trusted products and services to countries not yet covered. Opportunity assessment: significant direct business opportunities with a possible medium positive opportunity potential.
Commercial excellence and the role of the market research industry: Additional potential in the future role of the market research industry is created through a global and digital market environment. This opportunity is, compared to last year, still in GfK's potential opportunities. In particular, by using and developing data merger systems and combining this data with various media measurements, especially in real time, new possibilities are opened up. Hence, market research as a reliable partner and supplier of high-quality consumer information can represent an even more important service for our clients. To be able to further establish GfK as a leading market research company, the company consistently pursues the strategy of increasing commercial excellence. This includes identifying additional growth areas, coming up with measures for optimizing the use of resources, designing more efficient processes and developing processing and management tools. Opportunity assessment: significant indirect business opportunities with a high positive opportunity potential.

Financial effects
Currency fluctuations and currency translation opportunity: As a global company, GfK Group is exposed to currency fluctuations. This opportunity results from the upward potential of currency translation related to foreign exchange effects. The currency translation risk results from the conversion of the balance sheets and income statements of GfK companies outside the eurozone into euros, the reporting currency of the GfK Group. This currency translation opportunity has been in GfK's opportunity portfolio for the financial year 2015. Opportunity assessment: significant direct business opportunities with a moderate positive opportunity potential.
Financial opportunity and interest rates: By replacing the corporate bond with an interest rate of 5 percent and by entering into loans with a lower interest rate, GfK sees significant direct business opportunities with a moderate positive opportunity potential. This opportunity has been included in GfK's opportunity portfolio.
Tax optimization: GfK continues to improve the tax structure in order to initiate corresponding measures within the bounds of the legal possibilities. This is carried out via ongoing monitoring of the legal, global and local environment and adaption to GfK's situation. Opportunity assessment (unchanged as compared to the previous year): significant direct business possibilities with a low, positive opportunity potential.

Operating development
Opportunities relating to product groups: Further expansion of the Media Measurement business in the area of monitoring TV, radio, print media and cross-media audiences was the motto of the year 2015 at GfK. Traditionally, TV and radio measurement is characterized by long-term client contracts. Through intensive long-standing cooperation with its clients, GfK has acquired specific knowledge. In view of the pleasing market development, particularly due to the use of new technologies for recording real-time data as well as strengthened digital media measurement area, GfK sees the competitiveness of the media measurement product geared to win further contracts, especially in syndicated business. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant indirect business opportunities with moderate positive opportunity potential.
Legal opportunities relating to the data protection: Increased public awareness and sensitivity with regard to data privacy and data protection continues to be the highest priority for the GfK Group. By storing the collected data mainly in Germany and a partially pioneering role in the industry, GfK sees direct opportunity to be more reliable for its clients as its competitors who store the data in less secure countries. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant direct business opportunities with a low positive opportunity potential.

Commercial excellence in terms of data quality: Due to its many years of experience in the collection and analysis of data, GfK is a trusted supplier of reliable, relevant and intelligent market and consumer information. Due to continued optimization and improvement of internal data collection processes, GfK sees the opportunity to continue to successfully position itself as qualitatively high-end global market research company that distinguishes itself from its competitors. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant direct business opportunities with a low positive opportunity potential.

Opportunities relating to data collection: GfK delivers a unique combination of consumer, retail, and media data, which are interconnected using scientific methods and innovative technologies. To be able to deliver this data to our clients, we collect consistent and globally important findings on local markets in over 100 countries regarding their use of radio and television, as well as their sales trends and purchasing choices. GfK believes that the use of alternative recruitment channels as well as continued optimization of the recruitment of panel members and investigation of new techniques of data gathering provide a cost-saving opportunity. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: a significant direct business opportunity with a low positive opportunity potential.

Commercial excellence and adjustment of the expertise portfolio: Increasing digitalization and globalization present GfK with increased growth potential. Through ongoing training and qualification programs, the skills of employees are continuously adapted to the advancing technological progress. As a reputable employer, GfK attaches particular importance to identifying and acquiring the right talent for all manner of new portfolio application areas and furthering them accordingly. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: a significant direct business opportunity with a low positive opportunity potential.

Market environment

New market potential/competitive advantages: Due to the changed market and competitive conditions, GfK believes that a focus on globally defined product groups for all kinds of industries, especially with regard to the traditional market research, will provide an opportunity to significantly increase the Group's market share. Moreover, the increasing rate of change in the industry, the continuous analysis of corporate strategy with regard to competitive environment as well as understanding of evolving client needs provide additional opportunities for GfK. Opportunity assessment: significant indirect business opportunities with a low positive opportunity potential.

Legal and Compliance segment

Commercial excellence and compliance: The GfK Group sees additional indirect opportunity potential through continued expansion and implementation of internal guidelines as well as ongoing training. Because processes tend to get standardized and error sources thus get reduced, internal and operational processes are likely to be improved and optimized. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: a significant indirect business opportunity with a low positive opportunity potential.

Further opportunities

Legal and strategic opportunities: GfK sees an opportunity in continuing to successfully position itself as qualitatively high-end global market research company for its customers and shareholders. To exploit this opportunity, all employees of the GfK Group should foster new values and the "tone from the top" spirit. This is the basic requirement for the success in bringing about a change in corporate culture within the Group. This opportunity has been included in GfK's opportunity portfolio. Opportunity assessment: significant direct business opportunities with medium positive opportunity potential.

11.3 CONCLUDING ASSESSMENT OF THE OPPORTUNITY AND RISK POSITION

The opportunity and risk management system described in 11.1 forms the basis for the assessment of the opportunity and risk situation by the Management Board. Risks are identified and assessed at the level of the individual companies in the GfK Group, while opportunities and risks at regional level are identified and assessed at sector and Group level.

Compared with the previous year, the overall risk of the GfK Group remains largely unchanged. The new risks included in this year's risk portfolio are predominantly strategies and legal risks for which specific countermeasures were defined and implemented to manage the risks. Compared with financial year 2014, in addition to a sharp decline in global economic output, the main risks are primarily connected with the continuity of IT systems, legal risks connected with contractual penalties and liabilities. Other notable large risks are compliance risks and risks connected with portfolio measures. After the implementation of appropriate measures, however, the likelihood of these risks occurring should be considered unlikely.

Due to its strong global positioning and continuous provision of innovative products and services, especially based on the ever increasing digitalization and greater availability of huge volumes of data, GfK will consistently exploit the direct and indirect opportunities that are presented to it as a result of the expected further stability of the global economy.

To summarize, it can be concluded that at the time of publishing this Annual Report, the Management Board was not aware of any individual risks, reciprocity or accumulation of risks which might jeopardize the continued existence of GfK SE and the GfK Group.

12. Major events since the end of the financial year

As of January 1, 2016, the existing Management Board functions for the strategic and operational management of the two sectors bear the title of Chief Commercial Officer. As of January 1, 2016, GfK SE's Management Board consists of five members.

As Debra A. Pruent's successor, the Supervisory Board appointed David Krajicek to the Management Board as Chief Commercial Officer (CCO) of Consumer Experiences, with effect from January 1, 2016. Mr. Krajicek was previously Regional Chief Operating Officer (Regional COO) responsible for the Consumer Experiences business in North America.

In order to make even more effective use of cross-sector synergies, GfK created the Management Board function of Chief Operations Officer (COO), which will be responsible for all of GfK's local and global production activities. By establishing this role, GfK intends to increase productivity in operational business through further automation, by making use of scaling effects and by improving efficiency. Alessandra Cama was appointed to this new Management Board position with effect from January 1, 2016. Ms. Cama was previously Regional Chief Operating Officer (Regional COO) responsible for the Consumer Choices business in Asia and the Pacific.

Dr. Gerhard Hausruckinger continues to be responsible for the Consumer Choices sector in his role as Chief Commercial Officer.

On January 18, 2016, GfK Switzerland AG, of Hergiswil, Switzerland, sold its affiliated printing house, called the Print Center, as part of an asset deal. This transaction is in line with GfK's strategic focus on its core business.

On February 4, 2016, GfK SE took over Netquest, a leading access panel provider with strong presence in Spain, Portugal and Latin America. The acquisition also includes the subsidiary Wakoopa, a leading provider of cross-device passive measurement technology.

On March 9, 2016, GfK sold its 50 percent shareholding in USEEDS GmbH, Berlin.

The bond which was placed by GfK SE in April 2011 with a term of five years will be repayable in April 2016. In order to fully refinance the payable bond, GfK SE has already taken out several bilateral forward bank loans amounting to € 70 million and bonded loans amounting to € 130 million with terms between 3 and 12 years. The payment dates of these financing instruments are in February and March 2016.

No other major events with a significant impact on the GfK Group have occurred since the balance sheet reporting date.

13 Outlook*

13.1 OVERALL ECONOMIC SITUATION: AN OPTIMISTIC START TO THE NEW YEAR

Following worldwide economic growth of 3.1 percent in 2015, the International Monetary Fund (IMF) expects a growth of 3.4 percent in 2016 and 3.6 percent in 2017. The main factors influencing this are the gradual deceleration of growth in China as an economic superpower, the low price level for energy and commodities as well as the tightening of fiscal policy in the US.

For developed markets, the IMF experts forecast a gradual recovery of the economy, while the picture varies in the emerging and developing countries. Brazil is still stuck in recession, while Russia is suffering from low oil prices and Western sanctions. For China, a slowdown in the economy to 6.3 percent (2016) and 6.0 percent (2017) is expected to result in a decline in investments. A robust growth rate is expected for India and the rest of the emerging markets.

The IMF experts believe that the US economy continues to benefit from cheap money and the strengthened real estate and labor market, while the strong US dollar is a heavy burden on exporters, and low oil prices could curb investments in the energy and natural resources sector.

In Europe, positive economic conditions have contributed to a significant increase in the consumer confidence towards the end of 2015. This is demonstrated by the GfK Consumer Climate Europe survey, conducted by GfK on behalf of the European Commission. To determine a consumption indicator, GfK surveyed 40,000 representatively selected citizens in 28 countries of the European Union.

Consequently, the consumer climate in the European Union rose between September and December 2015 by 1.9 percent to 12.2 points. A major reason was the increase in economic performance in virtually all of the EU countries. In addition, consumers had more disposable income for consumption due to the decrease in oil and energy prices. Because the level of unemployment has dropped significantly in virtually all European countries, fears of job losses decreased, which in turn led to increased economic and income expectations. Despite the refugee crisis and the terrorist attacks in Paris in November 2015, European consumers were looking into the new year with a great deal of optimism. GfK forecasts a real increase in private consumption by 1.5 to 2 percent for the entire European Union.

13.2 MARKET RESEARCH INDUSTRY: A SKEPTICAL VIEW AHEAD

The views of market researchers on the respective industry are largely skeptical. While an increased need for opinion surveys is expected in the United States in the run-up to the 2016 presidential election, the market operators interviewed by ESOMAR throughout the world remain cautiously optimistic. In the previous survey, 82 percent of industry experts forecasted growth (and consequently proved to be wrong). In the following year, the share of optimists contracted to 58 percent, with over a fifth of market participants expecting a continued contraction of their sales. However, very different expectations can be observed at regional level.

Asia, Africa and the Middle East are among the more optimistic industry participants. In Japan growth of 3 percent to 4 percent is expected. In the Middle East, the Gulf States could continue to be a major growth driver for another year. There is optimism in Africa too: Given new methodologies and a further diversification of the market, an increase of 10 percent is expected in South Africa, while market growth of 12 percent and 15 percent is expected for Nigeria and Kenya respectively. “However, given various economic problems in the regions, all these expectations should be considered cautiously,” ESOMAR analysts warn.

The overall market in Europe is displaying signs of fairly moderate growth due to the continuing downturn in the continent’s economy. The same can be said for Russia, where the market could even contract significantly further due to continued tensions with its European partners and continuing sanctions. In the United States, however, the presidential election as well as the ongoing economic recovery are likely to generate strong momentum for the industry.

In Latin America, the two biggest markets in Brazil and Mexico will go into a stable or a slight decline in sales, while smaller markets such as Chile and Honduras anticipate growth rates in the low single-digit range. In Uruguay – still the world’s fastest growing market of the continent in 2014 – the fear of an economic slowdown as well as the lapse of poll projections could provide for a double-digit drop in sales.

“Against this background, more cautious expectations of 1 percent growth in the traditional sectors and 3 percent in the emerging industries,” explain ESOMAR experts. They conclude their industry outlook with the Confucian saying that only those who expect nothing of the future can avoid disappointment.

13.3 OUTLOOK AND ORDER INTAKE

GfK's motto for the financial year 2015 was 'Shape for Growth'. This involved growth in the Consumer Choices and Consumer Experiences business sectors, increased productivity and further development of the Group as an integrated 'One GfK' company. GfK progressed well on that way. Nevertheless, we are still facing many challenges: in an extremely 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 (CE) 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. 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. 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.

The year started in line with expectations. Sales coverage at the end of January 2016 was already 41.2 percent of predicted annual sales (2015: 40.7 percent). It is therefore well within the range of 33 percent and 42 percent over the last five years.

Nuremberg, March 11, 2016

Matthias Hartmann

Christian Diedrich

Alessandra Cama

Dr. Gerhard Hausruckinger

David Krajicek

* The outlook contains predictive statements on future developments, which are based on current management assessments. Words such as "anticipate", "assume", "believe", "estimate", "expect", "intend", "could / might", "planned", "projected", "should", "likely" and other such terms are statements of a predictive nature. Such predictive statements contain comments on the anticipated development 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 or other unforeseen factors which might affect ability to achieve targets are described under the 'Risk position' in the Group 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 do not accept any liability for these statements. The predictive statements contained herein are based on current Group expectations and are made on the basis of the facts on the day of publication of the present document. We do not intend or accept any obligation to update predictive statements on an ongoing basis.