dentsu

Appendix

1. Definition

Proforma:	Aegis 2012 Jan-June results consolidated into Dentsu FY2012 Apr-Sept results based on J-GAAP assuming Dentsu acquired Aegis on Jan 1, 2012. GBP amount of amortization of goodwill and M&A related intangible assets is the same as FY13 Apr-Sept actual. Exchange rate is different between Proforma and FY13 Apr-Sept actual
Turnover:	Aegis turnover (like dentsu's sales) + Dentsu group sales (unaudited)
EBITDA:	Operating profit before amortization of goodwill and depreciation
Adjusted operating income:	Operating profit before amortization of goodwill and M&A related intangible assets
Operating margin:	Adjusted operating income divided by gross profit
Adjusted EPS	Net income before amortization of goodwill and M&A related intangible assets * divided by average shares outstanding (ignore impact on income tax)
Currency:	Currency movements comparing prior period reported gross profit at reported currency to prior period gross profit at constant currency
Acquisitions:	The effect of business acquisition or disposal since the beginning of the prior year
Organic:	Organic growth represents the constant currency year-on-year growth after adjusting for the effect of business acquisition or disposal of since the beginning of the prior year. This is calculated by comparing current period reported gross profit to prior period gross profit, adjusted for the pre-acquisition or pre-disposal gross profit as applicable, and stated at constant exchange rate, in order to derive like-for-like growth

2. Results for 2013 H1

JPY mn	FY13 1H	FY12 1H	yoy %	Forecast variance %
	Current	Previous		
Net sales	1,082,360	921,036	+17.5	+0.1
Gross profit	269,193	162,654	+65.5	+1.2
Gross profit margin	*24.9%*	*17.7%*	*+7.2*	*+0.3*
SG&A	249,908	140,543	+77.8	(0.9)
Operating income	19,284	22,110	(12.8)	+39.7
v.s. Gross profit	*7.2%*	*13.6%*	*(6.4)*	*+2.0*
Ordinary income	24,049	19,784	+21.6	+89.4
Income before income taxes and minority interests	23,948	17,727	+35.1	–
Net income	10,134	9,349	+8.4	–
Operating income before amortization of goodwill and other intangible assets	40,111	24,230	+65.5	+16.3

3. Amortization of goodwill and intangible assets

JPY mn	B/S GBP amount end of Sept	B/S JPY amount end of Sept	2013 H1 amortization	2013 amortization forecast	2013 amortization old forecast
Amortization of goodwill	–	506,847	13,406	26,806	29,200
increased by Aegis acquisition	£2,876mn	432,218	10,867	21,367	24,550
Amortization of intangible assets	–	215,532	7,420	15,420	12,400
increased by Aegis acquisition	£1,350mn	202,834	6,563	13,127	11,400
Amortization of goodwill and intangible assets			20,826	42,226	41,600
Currency JPY /GBP £		150.3 yen	147.4 yen	147.4 yen	143.2 yen

*Goodwill: amortized over 20 years
*M&A related intangible assets: Brands, customer relationship amortized over 10-20 years
*Currency: B/S (end of Sept): June 30, 2013, H1 amortization & annual amortization (forecast) : Jan-June average in 2013, annual amortization (old forecast) Jan-Mar average in 2013

4. Acquisition of Aegis-related finance by Dentsu

Use of funds	JPY mn	timing
Pre-purchase from major shareholders	69,354	July, August, 2012
Payment to shareholders on scheme effective	294,178	April, 2013
Convertible bonds converted into shares	43,243	April, 2013
Share purchase on stock option exercise	835	April, 2013
Acquisition-related expenses	1,534	2011-July, 2013
Total of use of funds	409,147	

Source of funds	JPY mn	timing
Cash at hand	94,139	-
Proceeds from issue of new stocks and sales of treasury stocks	120,008	July, August, 2013
Debt (Short-term and Long-term)	195,000	March, April, 2013
Total of source of funds	409,147	

5. Debt profile

as of Sept 30	less than a year	1 year to 2 years	2 years to 3 years	after 3 years	total
Dentsu Inc.					
Short-term borrowings	JPY 20,000mn	–	–	–	JPY 20,000mn
Current portion of long-term debt	JPY 5,106mn	–	–	–	JPY 5,106mn
Long-term debt	–	JPY 30,106mn	JPY 34,608mn	JPY 175,580mn	JPY 240,294mn
Total	JPY 25,106mn	JPY 30,106mn	JPY 34,608mn	JPY 175,580mn	JPY 265,400mn
Overseas					
Short-term borrowings					
Local currency (JPY equivalent)	JPY 25,366mn	–	–	–	JPY 25,366mn
Long-term debt					
US Private Placement	–	$75mn	$35mn	$65mn	$175mn
Long-term debt (GBP)	–	£60mn	–	–	£60mn
Long-term debt (USD)	–	–	–	$400mn	$400mn
Total (JPY equivalent)	JPY 25,366mn	JPY 16,521mn	JPY 3,501mn	JPY 44,463mn	JPY 89,633mn

6. Results for 2013 H1 (non-consolidated)

JPY mn	2013 H1	2012 H1	yoy %	Forecast variance %
	Current	Previous		
Net sales	717,583	676,126	+ 6.1	+ 1.7
Gross profit	100,653	93,400	+ 7.8	+ 3.2
gross profit margin	*14.0%*	*13.8%*	*+ 0.2*	*+ 0.2*
SG&A	82,263	79,319	+ 3.7	+ 0.3
Operating income	18,390	14,080	+ 30.6	+ 18.6
v.s. gross profit	*18.3%*	*15.1%*	*+ 3.2*	*+ 2.4*
Ordinary income	29,727	14,731	+ 101.8	+ 48.6
Income before income taxes	30,672	12,126	+ 152.9	-
Net income	23,137	8,109	+ 185.3	+ 118.3

7. Net Sales by Business Category (Non-consolidated)

JPY mn	2013 H1	yoy %	% of total	2012 H1	yoy %	% of total
Newspapers	49,182	+0.9	6.9	48,727	(4.9)	7.2
Magazines	16,549	(2.8)	2.3	17,022	+5.9	2.5
Radio	7,379	(5.6)	1.0	7,814	(10.4)	1.2
Television	342,640	+3.9	47.7	329,655	+6.1	48.8
Time	148,887	(2.1)	20.7	152,078	+8.5	22.5
Spot	193,752	+9.1	27.0	177,577	+4.1	26.3
Interactive Media	29,408	+19.3	4.1	24,651	+15.8	3.6
OOH Media	25,308	+8.3	3.5	23,365	+7.4	3.5
Creative	94,976	+4.7	13.2	90,698	+6.0	13.4
Marketing/Promotion	91,333	+16.3	12.7	78,516	(4.7)	11.6
Content Services	42,145	+11.5	5.9	37,783	+0.8	5.6
Others	18,658	+4.3	2.6	17,891	+35.1	2.6
Total	717,583	+6.1	100.0	676,126	+4.2	100.0

8. Net Sales by Industry (Non-consolidated)

JPY mn	2013 H1	yoy %	% of total	2012 H1	yoy %	% of total
Information/Communications	92,865	+2.6	12.9	90,535	+7.6	13.4
Beverages/Cigarettes	86,667	+7.6	12.1	80,530	+7.2	11.9
Cosmetics/Toiletries	59,806	(3.0)	8.3	61,667	(0.3)	9.1
Finance/Insurance	59,213	+30.9	8.3	45,247	+2.0	6.7
Automobiles/Related Products	46,751	+19.2	6.5	39,207	+58.5	5.8
Distribution/Retailing	46,125	(1.3)	6.4	46,737	+8.9	6.9
Foodstuffs	45,048	+1.2	6.3	44,529	+9.6	6.6
Food Services/Other Services	39,813	+19.3	5.5	33,382	+8.9	4.9
Hobbies/Sporting Goods	32,091	+28.7	4.5	24,929	(1.5)	3.7
Pharmaceuticals/MedicalSupplies	31,188	(6.6)	4.3	33,400	+1.0	4.9
Transportation/Leisure	30,690	+0.0	4.3	30,680	+12.9	4.5
Home Electric Appliances/AVEquipment	25,506	(9.8)	3.6	28,265	(15.1)	4.2
Government/Organizations	23,856	+6.6	3.3	22,382	(28.7)	3.3
Real Estate/Housing Facilities	21,631	+5.0	3.0	20,591	+0.4	3.0
Apparel/Fashion,Accessories/Personal Items	19,349	(7.1)	2.7	20,826	+13.7	3.1
Others	56,978	+7.1	7.9	53,211	(3.5)	7.9
Total	717,583	+6.1	100.0	676,126	+4.2	100.0