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2013 Annual Results and 2014 Forecast

Shoichi Nakamoto,

Director, Senior Executive Vice President & CFO

Please be reminded that the figures shown in this presentation may be different from those shown in the financial statements as this presentation has been prepared for investors to understand our businesses. Please refer to the annotations on Appendices for each definition of the indicators

May 16, 2014

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Disclaimer

Forward-Looking Statements

This presentation contains statements about Dentsu that are or may be forward-looking statements. All statements other than statements of historical facts included in this presentation may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or, words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: information on future capital expenditures, expenses, revenues, earnings, synergies, economic performance, and future prospects.

Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.

Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation

i Risk related to fluctuations in the economic and business environment

ii Risk related to structural changes in the media

iii Risk related to our ability to realize our financial targets

iv Risk related to common business practices

v Risk related to competition among advertising agencies

vi Risk related to the development of systems and databases

vii Risk related to legal or regulatory changes

viii Risk of litigation

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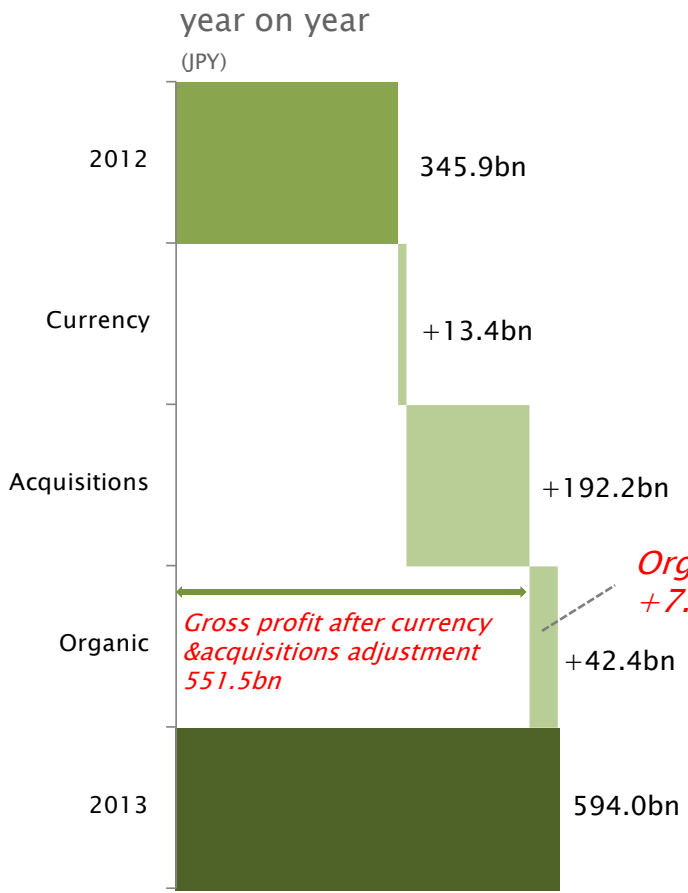
1. Summary

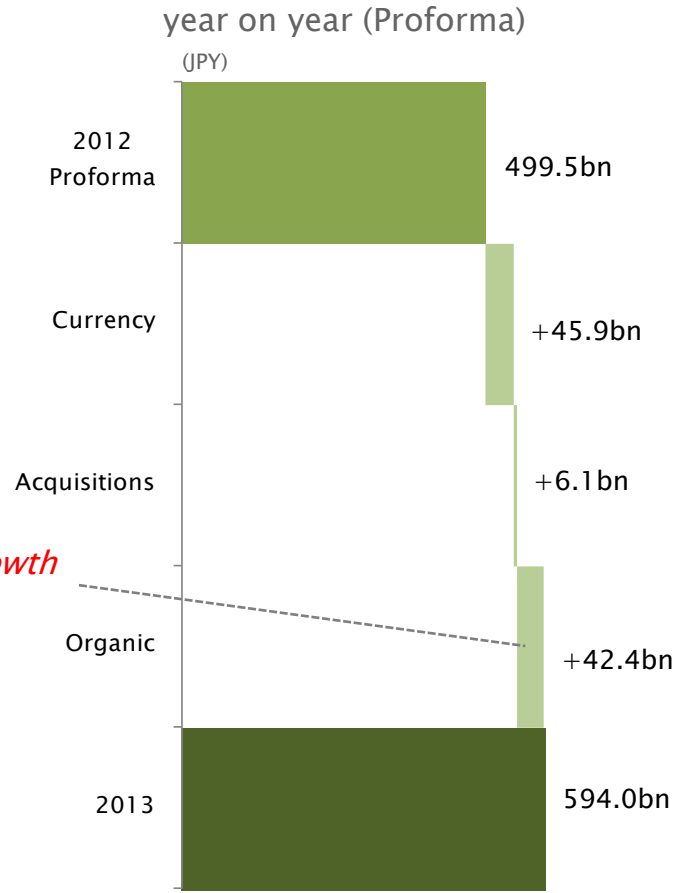
JPY mn	2013	2012	yoy %	2012 Proforma	yoy Proforma %	Forecast variance %
	Current	Previous		Proforma		
Turnover	4,180,694	1,941,223	+ 115.4	3,501,536	+ 19.4	-
Net sales	2,309,359	1,941,223	+ 19.0	2,102,122	+ 9.9	+ 0.8
Gross profit	594,072	345,940	+ 71.7	499,505	+ 18.9	+ 2.7
Gross profit margin	*25.7%*	*17.8%*	*+ 7.9*	*23.8%*	*+ 2.0*	*+ 0.5*
Operating income	71,490	58,466	+ 22.3	52,318	+ 36.6	+ 9.0
Net income	38,800	36,336	+ 6.8	24,445	+ 58.7	+ 17.2
EBITDA	130,818	74,734	+ 75.0	101,014	+ 29.5	-
Adjusted operating income	114,186	62,841	+ 81.7	85,846	+ 33.0	+ 5.9
Operating margin	*19.2%*	*18.2%*	*+ 1.1*	*17.2%*	*+ 2.0*	*+ 0.6*
Adjusted EPS	295.9yen	163.4yen	+ 81.1	232.7yen	+ 27.2	-
Currency						
JPY/US$ (Jan-June average)	97.6yen	79.8yen	+ 22.3			
JPY/GBP£ (Jan-June average)	152.7yen	126.5yen	+ 20.7			

*Adjusted operating income and adjusted EPS: Amortization of goodwill and M&A related intangible asset needs to be added back

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2. Gross profit growth





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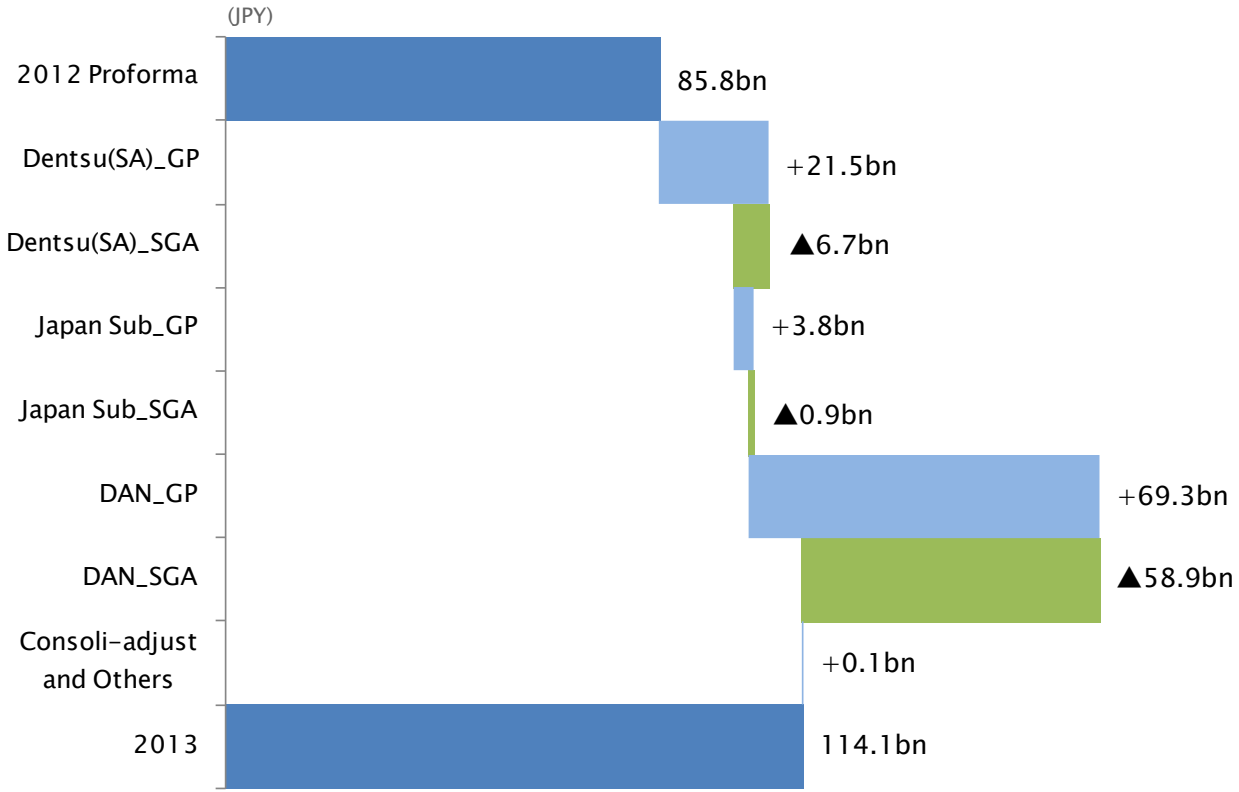
3. Gross profit by region

2013 JPY mn	Gross profit	yoy%	v.s proforma %	Adjusted operating income	yoy%	v.s proforma %	Organic growth %
Japan	311,416	+ 8.9	+ 8.9	72,409	+ 33.4	+ 32.5	+ 9.2
operating margin				*23.3%*	*+ 4.3*	*+ 4.1*	
EMEA	108,683	+ 3,036.0	+ 28.8	–	–	–	+ 2.3
Americas	93,623	+ 176.8	+ 33.5	–	–	–	+ 7.8
APAC	80,719	+ 256.0	+ 36.7	–	–	–	+ 8.9
internal transaction (non Japan related)	▲ 168	–	–	–	–	–	–
Dentsu Aegis Network total	282,857	+ 372.0	+ 32.5	41,393	+ 397.3	+ 33.7	+ 5.9
operating margin				*14.6%*	*+ 0.7*	*+ 0.1*	
Consolidated adjustment & others	▲ 201	–	–	384	–	–	–
Dentsu consolidated gross profit	594,072	+ 71.7	+ 18.9	114,186	+ 81.7	+ 33.0	+ 7.7
operating margin				*19.2%*	*+ 1.1*	*+ 2.0*	

*Organic growth in regional segments and total of Dentsu Aegis Network is based on local accounting standard
*yoy% of Dentsu Aegis Network is compared with dentsu network result
*Organic growth of Americas and APAC has been revised from +7.6% and +9.1% respectively which was disclosed in Third Quarter's Report. These revisions don't affect on Organic growth of total of Dentsu Aegis Network and total of Dentsu consolidation

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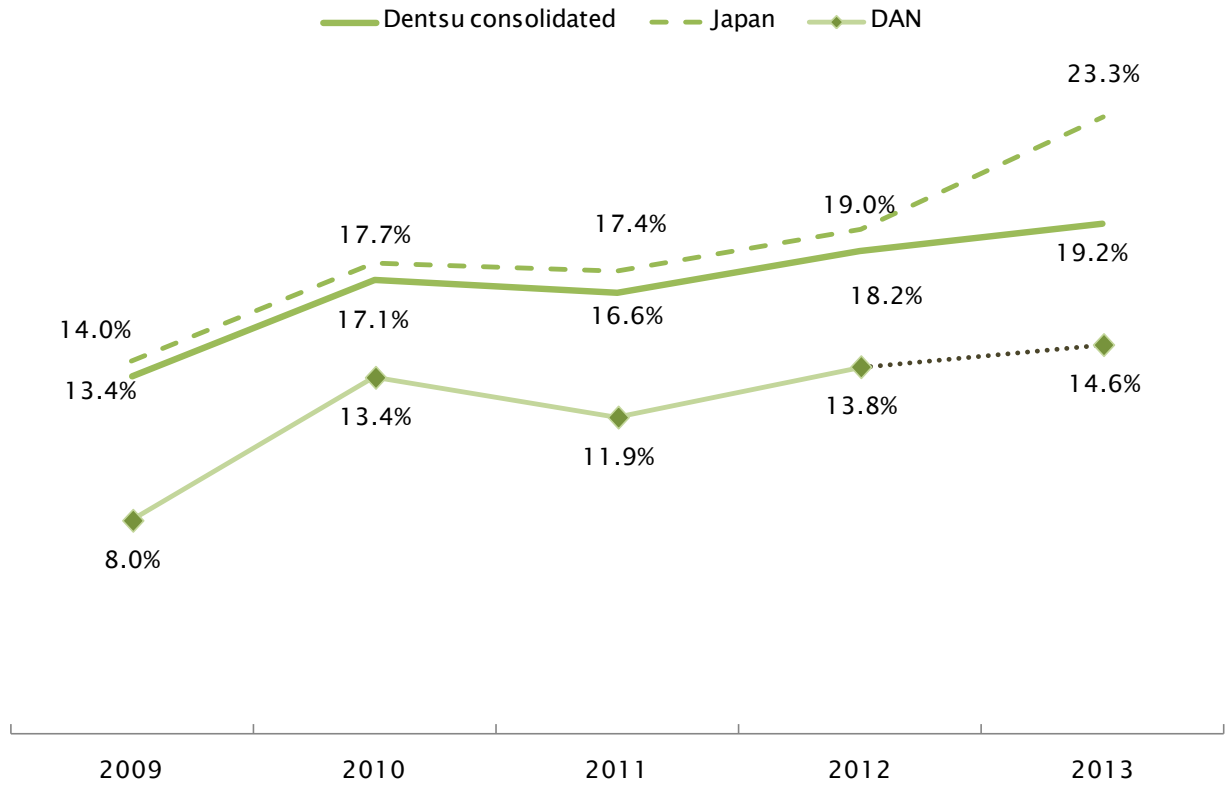
4. Analysis of Adjusted operating income



* Figures of Japan Sub and DAN are after eliminations of internal transactions

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5. Operating margin (adjusted operating income base)



*DAN: From 2013, DAN includes Aegis

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6. Operating income to Net income

JPY mn	2013	2012	yoy	%
Operating income	71,490	58,466	+ 13,024	+ 22.3
Net non-operating income	11,047	560	+ 10,486	+ 1,870.6
Non-operating income	22,593	10,016	+ 12,577	+ 125.6
Non-operating expenses	11,545	9,455	+ 2,090	+ 22.1
Ordinary income	82,538	59,027	+ 23,511	+ 39.8
Net extraordinary income (loss)	▲ 1,366	4,283	▲ 5,649	-
Extraordinary income	7,795	13,854	▲ 6,059	(43.7)
Extraordinary loss	9,161	9,571	▲ 409	(4.3)
Income before income taxes and minority interests	81,172	63,310	+ 17,861	+ 28.2
Income taxes	39,741	24,561	+ 15,179	+ 61.8
Minority interests in income	2,629	2,412	+ 217	+ 9.0
Net income	38,800	36,336	+ 2,464	+ 6.8

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7. Balance sheet

JPY mn	2014 End of March	2013 End of March	yoy	%
Current assets	1,368,385	1,122,602	+ 245,783	+ 21.9
Fixed assets	1,269,933	1,082,966	+ 186,967	+ 17.3
Total assets	2,638,319	2,205,569	+ 432,750	+ 19.6
Current Liabilities	1,253,263	1,317,554	▲ 64,290	(4.9)
Fixed liabilities	476,560	279,377	+ 197,183	+ 70.6
Total liabilities	1,729,824	1,596,931	+ 132,892	+ 8.3
Shareholders' equity	715,828	570,419	+ 145,408	+ 25.5
Other comprehensive income accumulated	167,289	14,076	+ 153,213	+ 1,088.4
Minority interests	25,377	24,141	+ 1,235	+ 5.1
Net assets	908,495	608,637	+ 299,858	+ 49.3
Total liabilities and net assets total	2,638,319	2,205,569	+ 432,750	+ 19.6
JPY/US$	105.4 yen	86.6 yen	-	+ 21.7
JPY/GBP £	173.8 yen	139.5 yen	-	+ 24.5

*Currency: 2014 B/S (end of March): Dec 31, 2013, 2013 B/S (End of March): Dec 31, 2012

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8. Net Debt

JPY mn	2014 End of March	2013 End of March	yoy +/-
Total debt	342,502	215,852	+ 126,650
Cash and marketable securities	228,641	208,473	+ 20,168
Net debt	113,861	7,379	+ 106,481
EBITDA	130,818	74,734	+ 56,084
Net debt / EBITDA	0.87 x	0.10 x	+0.77 x
Net debt equity ratio	0.13 x	0.01 x	+0.12 x

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9. Cash flow

JPY mn	2013	2012	yoy %
Income before income taxes and minority interests	81,172	63,310	+ 28.2
Equity in earnings of affiliated companies	▲ 3,764	▲ 2,202	-
Amortization of goodwill (net)	27,029	5,625	+ 380.5
Depreciation and amortization	32,298	12,928	+ 149.8
Impairment loss	2,403	665	+ 261.4
Others	4,081	▲ 1,342	-
Income taxes paid	▲ 37,948	▲ 19,969	-
Cash flow from operations before change in WC	105,272	59,016	+ 78.4

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10. Use of cash flow

JPY mn	2013	2012	yoy %
Change in WC ii	▲ 7,731	24,279	-
Payments for purchases of property, plant and equipment (net)	▲ 5,251	▲ 3,266	+ 60.8
Acquisition payments (net)	▲ 312,836	▲ 47,970	+ 552.1
Dividend paid to shareholders	▲ 8,600	▲ 7,972	+ 7.9
Dividend paid to minorities	▲ 2,195	▲ 540	+ 306.5
Use of cash flow iii	▲ 328,883	▲ 59,748	+ 450.5
Proceeds from issue of new stocks and sales of treasury stocks iv	120,008	2	-
Effect of exchange rate changes and others v	4,851	▲ 120,362	-
Change in net cash i + ii + iii + iv + v	▲ 106,481	▲ 96,813	-
(Acquisition payments)			
Acquisition payments in Japan (net initial & earn out payments)	▲ 645	-	-
Acquisition payments in overseas (net initial & earn out payments)	▲ 304,596	-	-
excluding acquisition of shares of Aegis Group plc	▲ 8,410	-	-

*Payment for purchase of property, plant and equipment and acquisition payments are shown as net figures of payments and proceeds by disposal of business or subsidiaries

*Total debt of Aegis Group as of YE2012 (JPY 123,936mn) is included in "Effect of exchange rate changes and others iv"

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11. Dividend

	2014 forecast	2013 actual	2012 actual
Dividend per share (annual) interim dividend	34.00 yen (17.00 yen)	33.00 yen (16.00 yen)	32.00 yen (16.00 yen)
Payout ratio	31.5%	23.4%	21.9%
Payout ratio of adjusted EPS	13.2%	11.2%	19.6%

*Adjusted EPS: add amortization of goodwill and M&A related intangible asset back in EPS

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12. Dentsu Aegis Network Jan-Mar gross profit growth (unaudited)

	Organic growth % (Jan-Mar)
EMEA	+ 10.6
Americas	+ 4.7
APAC	+ 14.8
DAN total	+ 9.6

*Based on local accounting standard (unaudited)

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13. Fiscal year 2014 (Apr to March) forecast

JPY mn	2014 forecast (annual)	2014 H2 Oct-Mar forecast	2014 H1 Apr-Sept forecast
Net sales	2,371,200	1,240,300	1,130,900
yoy %	+ 2.7	+ 1.1	+ 4.5
Gross profit	623,000	332,700	290,300
yoy %	+ 4.9	+ 2.4	+ 7.8
Operating income before amortization	115,500	74,800	40,700
yoy %	+ 1.2	+ 1.0	+ 1.5
Operating income	72,500	53,500	19,000
yoy %	+ 1.4	+ 2.5	(1.5)
Ordinary income	77,900	56,300	21,600
yoy %	(5.6)	(3.7)	(10.2)
Net income	31,100	26,500	4,600
yoy %	(19.8)	(7.6)	(54.6)

*Currency: Average rate of FY2013

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14. Legacy mid-term-plan innovation 2013

	2013 actual (excluding Aegis Group)	mid-term -plan	2012 actual
Gross profit	JPY 392.1bn	—	JPY 345.9bn
Operating income	JPY 78.0bn	JPY 70.0bn	JPY 58.5bn
Operating margin	19.9%	20.0%	16.9%
ROE	8.4%	8.0%	6.5%

*Operating margin: Operating income/Gross profit
*ROE: Net income/Net assets (excluding capital increase in FY2013)

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Summary of FY2013 and Management Strategy

Tadashi Ishii
President & CEO

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May 16, 2014

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Key Performance Indicators

	FY2012	FY2013	FY2017 target
Gross Profit Organic Growth Rate		7.7% →	3-5%*1
Gross Profit Overseas Ratio	43%*2 →	48% →	55 or higher
Gross Profit Digital Domain Ratio	24%*2 →	28% →	35 or higher
Operating Margin before Amortization of Goodwill	17%*2 →	19.2% →	20 or higher

*1) Organic growth of gross profit in FY 2017 is calculated by compound average growth rate through five years.
*2) KPIs for FY2012 was modified by detailed examination of proforma from simple aggregation disclosed in May, 2013.
(May 2013 disclosure: Gross Profit Overseas Ratio 44%, Gross Profit Digital Domain Ratio 23%, Operating Margin before Amortization of Goodwill 18%)

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Dentsu 2017 and Beyond

To evolve into a truly global network
at the forefront of marketing convergence

- Innovation x Reinvention -

1. Diversifying the portfolio on a global basis
2. Evolution and expansion of the digital domain
3. Re-engineering business processes and improving profitability
4. Further reinforcing the business platform in the core Japanese market

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1 Diversifying the portfolio on a global basis

- Progression of business through new DAN formation
- New business wins
- DAN organic revenue growth performance much above the peer group average
- Carat ranked as the No.1 “Global Media Network” by RECMA

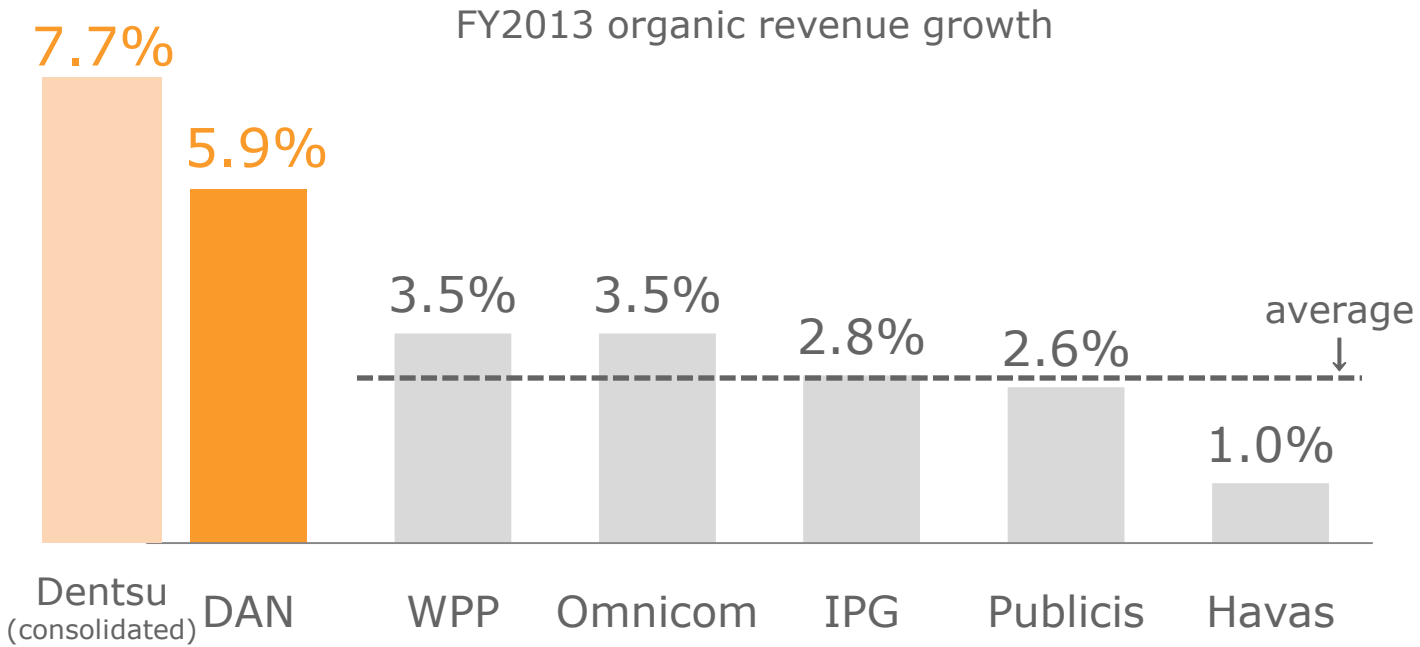
Gross Profit Overseas Ratio

43% (FY2012) ▶ 48% (FY2013) ▶ 55% or higher (FY2017)

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1 Diversifying the portfolio on a global basis

- DAN organic revenue growth performance much above the peer group average



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2 Evolution and expansion of the digital domain

- DAN digital domain ratio of 41% (FY2013)
- 360i, Isobar and iProspect were awarded industry awards
- Japan digital gross profit growth of 10% (FY2013)
- Acquisitions to enhance digital capability

Gross Profit **Digital Domain Ratio**

24% (FY2012) ▶ 28% (FY2013) ▶ 35% or higher (FY2017)

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2 Evolution and expansion of the digital domain

- Acquisitions to enhance digital capabilities

Mar	France	**Lesmobilizers**	Digital agency
Feb	Germany	**Explido**	Digital agency
Feb	China	**Verawom**	Social media agency
Jan, 2014	Poland	**Socializer**	Social media agency
Oct	Russia	**Traffic LLC**	Digital agency
Sep	China	**TRIO Digital Integrated**	Digital creative
Sep	Spain	**Wink TTD S.L.**	Digital agency
Jul	Italy	**Simple Agency**	Digital agency
May	India	**Webchutney Studio Private Limited**	Digital creative
May	Netherlands	**Social Embassy B.V.**	Social media agency
May	Romania	**Kinecto International SRL**	Digital agency
May	Canada	**NVI solutions**	Digital agency
May, 2013	China	**Beijing Wonder Advertising Co., Ltd.**	Digital media agency

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3 Re-engineering business processes/improving profitability

- Japan operating margin of 23.3%, an improvement of 4.3bp (FY2013)
- Consolidated costs and expenses control
- Developing DAN corporate infrastructure for long term profitability

Operating Margin
Before Amortization Goodwill

18% (FY2012) ▶ 19.2% (FY2013) ▶ 20% or higher (FY2017)

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4 Further reinforcing the business platform in the core Japanese market

- FY2013 Japan gross profit at a historically high level
- Shift to the integrated solution model
- Olympic & Paralympic games (TOKYO2020)

Gross Profit	Organic Growth Rate	
7.7%	(9.2%)	▶ 3-5%
FY2013 consolidated	(Japanese business)	FY2012-FY2017 consolidated

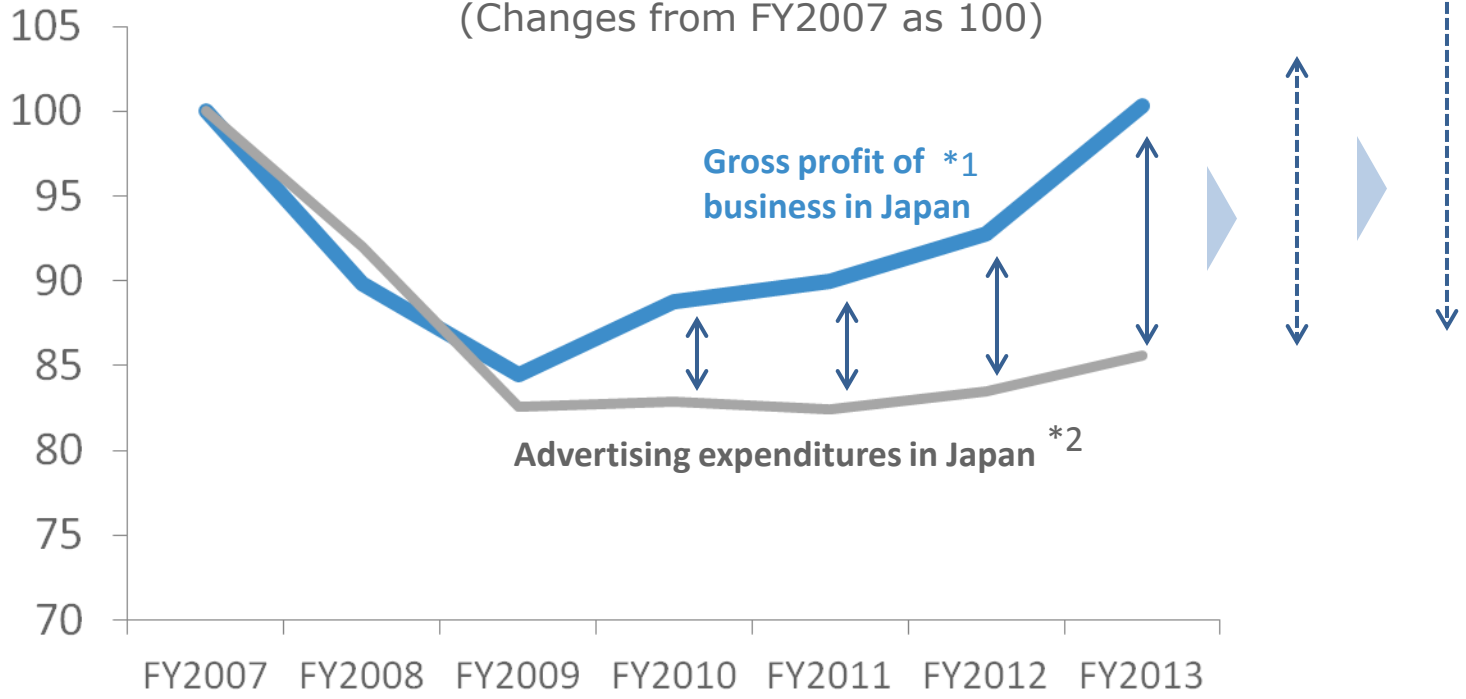
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Further reinforcing the business platform in the core Japanese market

Dentsu Group's business in Japan vs. Advertising expenditures in Japan

(Changes from FY2007 as 100)



*1) Dentsu's non-consolidated gross profit plus gross profit of subsidiaries in Japan
*2) "Advertising expenditures in Japan" announced by Dentsu were modified on a fiscal year basis.

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FY2014 global ad market outlook

worldwide advertising expenditure trends	2013	2014	2015
Japan	1.4%	**1.7%**	1.7%
EMEA	-0.4%	**2.9%**	2.9%
Americas	4.2%	**5.2%**	5.5%
APAC excluding Japan	6.8%	**7.4%**	7.8%
Global (59 countries)	3.3%	**4.8%**	5.0%

*data: Carat "Global Advertising Expenditure Trends Mar 2014 report" (Jan-Dec period)

- Japan 2014 market growth is predicted to be 1.3%(Apr-Mar base).
- 2014 FIFA world cup Brazil.
- Signs of recovery for slower growth countries in Europe and stable growth in North America.
- Relatively high growth in Asia.

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Priority issues in 2014

- More aggressive approaches to global-scale clients
- M&A to accelerate scale, infill and innovation
- Establishing a top-class business platform in emerging regions
- Positioning the digital domain as the core of our growth
- Continue to innovate business process and evolve profit structure in Japan

Gross Profit Growth Plan

4.9%

FY2014

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2020

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Appendices

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1. Definition

Proforma:	Aegis 2012 Jan-Dec result consolidated into Dentsu FY2012 Apr-Mar result based on J-GAAP assuming Dentsu acquired Aegis in Jan 1, 2012 and deducting Aegis acquisition related costs . GBP amount of amortization of goodwill and M&A related intangible asset is the same as FY13 Apr-Mar actual. Exchange rate is different between Proforma and FY13 Apr-Mar 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 asset
Operating margin:	Adjusted operating income divided by gross profit
Adjusted EPS	Net income before amortization of goodwill and M&A related intangible asset * divided by average share outstanding (ignore impact on income tax) adjustment
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 acquired 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 acquired 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

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2. Result for 2013 annual

JPY mn	2013	2012	yoy %
	Current	Previous	
Net sales	2,309,359	1,941,223	+19.0
Gross profit	594,072	345,940	+71.7
Gross profit margin	*25.7%*	*17.8%*	*+7.9*
SG&A	522,581	287,474	+81.8
Operating income	71,490	58,466	+22.3
v.s. Gross profit	*12.0%*	*16.9%*	*(4.9)*
Ordinary income	82,538	59,027	+39.8
Income before income taxes and minority interests	81,172	63,310	+28.2
Net income	38,800	36,336	+6.8
Operating income before amortization of goodwill and other intangible assets	114,186	62,841	+81.7

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3. Amortization for goodwill and intangible asset

JPY mn	B/S amount 2014 End of March	FY2013 amortization
Amortization of goodwill	558,834	27,029
related to Aegis	493,801	22,438
Amortization of intangible assets	236,279	15,666
related to Aegis	228,291	14,461
Amortization of goodwill and intangible assets		42,695
related to Aegis		36,900
Currency JPY /GBP £	173.8 yen	152.7 yen

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4. Quarterly Result

JPY mn	2013 Q4	yoy %	2013 Q3	yoy %	2013 Q2	yoy %	2013 Q1	yoy %
Net sales	646,874	+22.3	580,125	+18.1	568,130	+20.0	514,229	+14.9
Gross profit	179,698	+85.3	145,180	+68.2	146,311	+69.8	122,882	+60.7
Gross profit margin	*27.8%*	*+9.4*	*25.0%*	*+7.5*	*25.8%*	*+7.6*	*23.9%*	*+6.8*
SG&A	142,947	+86.6	129,725	+84.5	126,309	+71.5	123,599	+84.7
Operating income	36,751	+80.6	15,455	(3.4)	20,001	+59.5	▲ 717	-
v.s. Gross profit	*20.5%*	*(0.5)*	*10.6%*	*(7.9)*	*13.7%*	*(0.9)*	*-0.6%*	-
Ordinary income	39,546	+98.4	18,942	(2.8)	22,599	+172.7	1,450	(87.4)
Income before income taxes and minority interests	36,725	+37.1	20,498	+9.1	24,360	+226.1	▲ 412	-
Net income	18,105	+10.4	10,560	(0.3)	13,833	+299.5	▲ 3,698	-
Operating income before amortization of goodwill and other intangible assets	47,864	+122.8	26,210	+53.1	30,079	+119.9	10,032	(4.9)

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5. Debt profile (1) (balance)

JPY mn	2014 End of March
Short-term loans	30,328
Long-term loans (*1)	290,049
Bonds (*1)	18,587
Lease obligations (*1)	3,537
Total debt	342,502
Cash and marketable securities	228,641
Net debt	113,861
Commitment contract (*2)	128,192

* Debt under IFRS is discounted amount
*1 Including current portion
*2 No use balance as of YE2013

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6. Debt profile (2) (repayment schedule)

as of March 31	less than a year	1 year to 2 years	2 years to 3 years	after 3 years	total
Dentsu Inc.					
Current portion of long-term loan	JPY 5,106mn	–	–	–	JPY 5,106mn
Long-term loan	–	JPY 30,026mn	JPY 33,495mn	JPY 176,288mn	JPY 239,809mn
Total	JPY 5,106mn	JPY 30,026mn	JPY 33,495mn	JPY 176,288mn	JPY 244,915mn
Overseas					
Short-term loan					
Local currency (JPY equivalent)	JPY 30,328mn	–	–	–	JPY 30,328mn
Long-term debt					
US Private Placement	$75mn	$35mn	–	$65mn	$175mn
Long-term loan (GBP)	–	£60mn	–	–	£60mn
Long-term loan (USD)	–	–	–	$400mn	$400mn
Total (JPY equivalent)	JPY 38,379mn	JPY 14,114mn	–	JPY 49,006mn	JPY 101,499mn

* Pre discount amount

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7. Result for 2013 annual(non-consolidated)

JPY mn	2013	2012	yoy %	Forecast variance %
	Current	Previous		
Net sales	1,515,062	1,412,376	+ 7.3	+ 1.0
Gross profit	219,393	197,867	+ 10.9	-
gross profit margin	*14.5%*	*14.0%*	*+ 0.5*	-
SG&A	168,813	162,101	+ 4.1	-
Operating income	50,579	35,766	+ 41.4	+ 11.4
v.s. gross profit	*23.1%*	*18.1%*	*+ 5.0*	-
Ordinary income	69,667	39,091	+ 78.2	+ 20.3
Income before income taxes	68,361	42,489	+ 60.9	-
Net income	46,953	28,189	+ 66.6	+ 25.5

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8. Quarterly Result (non-consolidated)

JPY mn	2013 Q4	yoy %	2013 Q3	yoy %	2013 Q2	yoy %	2013 Q1	yoy %
Net sales	407,526	+8.8	389,952	+7.8	367,336	+7.8	350,246	+4.4
Gross profit	63,240	+14.6	55,498	+12.6	52,764	+8.3	47,889	+7.2
gross profit margin	*15.5%*	*+0.8*	*14.2%*	*+0.6*	*14.4%*	*+0.1*	*13.7%*	*+0.4*
SG&A	45,148	+2.4	41,401	+7.1	42,434	+0.0	39,829	+8.0
Operating income	18,091	+63.6	14,097	+32.7	10,330	+64.5	8,060	+3.3
v.s. gross profit	*28.6%*	*+8.6*	*25.4%*	*+3.8*	*19.6%*	*+6.7*	*16.8%*	*(0.7)*
Ordinary income	19,985	+81.4	19,486	+39.0	14,155	+704.5	15,578	+20.1
Income before income taxes	18,991	+10.4	18,696	+42.1	15,912	+2753.7	14,760	+27.6
Net income	9,970	(19.1)	13,845	+78.4	12,517	+38523.0	10,619	+31.5

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9. Net Sales by Business Category (Non-Consolidated)

JPY mn	2013 Q4	yoy %	% of total	2013 Q3	yoy %	% of total	2013 Q2	yoy %	% of total	2013 Q1	yoy %	% of total
Newspapers	36,373	+9.4	8.9	31,314	+9.6	8.0	24,629	+5.3	6.7	24,552	(3.1)	7.0
Magazines	9,075	+5.9	2.2	9,044	(12.3)	2.3	8,706	(2.8)	2.4	7,842	(2.8)	2.2
Radio	3,799	(4.5)	0.9	3,877	(8.4)	1.0	3,687	(8.6)	1.0	3,692	(2.3)	1.1
Television	176,057	+6.5	43.2	181,342	+5.8	46.5	166,250	+3.7	45.3	176,389	+4.2	50.4
Time	79,083	+6.8	19.4	76,295	+0.3	19.6	76,954	(5.7)	20.9	71,932	+2.0	20.5
Spot	96,973	+6.2	23.8	105,046	+10.1	26.9	89,295	+13.4	24.3	104,457	+5.7	29.8
Interactive Media	20,500	+30.4	5.0	17,956	+24.4	4.6	15,519	+27.1	4.2	13,888	+11.6	4.0
OOH Media	15,688	+13.4	3.8	13,600	+8.1	3.5	11,718	+6.6	3.2	13,590	+9.9	3.9
Creative	60,579	+10.8	14.9	48,288	+13.8	12.4	49,249	+5.0	13.4	45,727	+4.4	13.1
Marketing /Promotion	48,383	+13.4	11.9	50,951	+13.6	13.1	53,732	+19.8	14.6	37,601	+11.7	10.7
Content Services	26,204	(5.3)	6.4	22,130	(7.4)	5.7	24,660	+26.5	6.7	17,485	(4.4)	5.0
Others	10,865	+23.4	2.7	11,445	+28.5	2.9	9,182	(3.0)	2.5	9,476	+12.5	2.7
Total	407,526	+8.8	100.0	389,952	+7.8	100.0	367,336	+7.8	100.0	350,246	+4.4	100.0

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10. Net Sales by Industry (Non-Consolidated)

JPY mn	2013 Q4	yoy %	% of total	2013 Q3	yoy %	% of total	2013 Q2	yoy %	% of total	2013 Q1	yoy %	% of total
Information/Communications	54,037	(0.8)	13.3	53,431	+7.4	13.7	46,752	+1.9	12.7	46,113	+3.2	13.2
Beverages/Cigarettes	36,503	(1.3)	9.0	37,005	+5.5	9.5	40,154	+3.0	10.9	46,512	+12.0	13.3
Finance/Insurance	33,258	+8.7	8.2	27,394	+15.2	7.0	31,005	+42.5	8.4	28,207	+20.1	8.1
Cosmetics/Toiletries	27,773	(1.8)	6.8	29,334	(0.7)	7.5	29,182	(6.6)	7.9	30,623	+0.7	8.7
Automobiles/Related Products	31,295	+20.4	7.7	30,820	+44.3	7.9	25,207	+42.2	6.9	21,544	+0.3	6.2
Distribution/Retailing	23,433	+0.4	5.8	28,268	+1.0	7.2	22,643	(1.7)	6.2	23,482	(1.0)	6.7
Foodstuffs	23,399	+2.3	5.7	21,844	+11.8	5.6	22,421	(2.2)	6.1	22,626	+4.8	6.5
Food Services/Other Services	21,062	+12.4	5.2	19,600	+4.8	5.0	20,944	+16.3	5.7	18,868	+22.7	5.4
Pharmaceuticals/Medical Supplies	17,075	+7.2	4.2	21,040	+10.7	5.4	14,769	(8.2)	4.0	16,419	(5.1)	4.7
Hobbies/Sporting Goods	15,681	+12.3	3.8	17,461	+4.8	4.5	19,308	+35.2	5.3	12,782	+20.0	3.6
Transportation/Leisure	19,414	+20.1	4.8	15,005	+12.6	3.8	15,990	+11.0	4.4	14,699	(9.7)	4.2
Home Electric Appliances/AV Equipment	18,858	+27.4	4.6	15,790	(4.1)	4.0	12,109	(20.9)	3.3	13,396	+3.4	3.8
Government/Organizations	19,296	+22.1	4.7	15,647	(7.0)	4.0	15,058	+19.5	4.1	8,798	(10.1)	2.5
Real Estate/Housing Facilities	14,011	+15.9	3.4	11,048	+26.3	2.8	10,906	+7.8	3.0	10,724	+2.4	3.1
Apparel/Fashion, Accessories/Personal Items	11,330	+8.2	2.8	12,419	(6.4)	3.2	8,491	(16.0)	2.3	10,857	+1.3	3.1
Others	41,095	+20.7	10.1	33,841	+7.1	8.7	32,389	+15.0	8.8	24,589	(1.8)	7.0
Total	407,526	+8.8	100.0	389,952	+7.8	100.0	367,336	+7.8	100.0	350,246	+4.4	100.0

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11. Summary of Carat ad spent

(%)	2013 Market actual	2014 Market forecast	2015 Market forecast
Japan	**1.4**	**1.7**	**1.7**
EMEA	**-0.4**	**2.9**	**2.9**
UK	3.8	5.0	4.5
German	-1.3	1.0	1.5
Russia	9.9	8.0	7.0
France	-3.0	0.8	1.0
Americas	**4.2**	**5.2**	**5.5**
USA	3.5	4.3	4.6
Brazil	7.1	10.0	8.1
APAC(excluding Japan)	**6.8**	**7.4**	**7.8**
China	7.4	8.0	8.3
Australia	0.8	2.1	1.9
Taiwan	1.2	3.2	3.0
Global	**3.3**	**4.8**	**5.0**

12. Fiscal year 2014 forecast under IFRS

The following figures are forecast based on study at the present time under IFRS which Dentsu Inc. is considering adopting from FYE2014.
This forecast is served for investors' reference although the Board of Directors of Dentsu Inc. has not decided to adopt IFRS and has not approved the following figures yet as of 13 May, 2014. Dentsu Inc. has no obligation to update the following figures even if the forecast under J-GAAP changes or our accounting policy regarding IFRS is amended. The foregoing may change according to regulatory requirements.

JPY bn	J-GAAP	Differences caused from recognition and measurement				Reclassifications	Adjustment total	IFRS
		Amortization of Goodwill	Accounting for Post-employment benefits	Accounting for PPE	Others			
Net sales	2,371.2	–	–	–	–	▲ 1,701.9	▲ 1,701.9	669.3
Gross profit	623.0	–	–	▲ 0.0	–	+ 3.6	+ 3.6	626.6
Operating income	72.5	+ 27.5	+ 1.7	▲ 1.0	–	+ 0.9	+ 29.2	101.7
Net income	31.1	+ 27.5	+ 1.1	▲ 0.6	▲ 0.3	–	+ 27.6	58.7

*Net sales:"Revenue" under IFRS