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FY2015 Earnings Presentation

February 17, 2016

DENTSU INC.

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FY2015 Annual Results

Shoichi Nakamoto,

Director, Senior Executive Vice President & CFO

February 15, 2016

* 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 in the Appendices for each definition of the indicators.

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Highlights - Calendar Year Basis -

- Gross profit increased by 12.6% (YoY)
- Organic gross profit growth: +7.0% (YoY)
  (Japan +3.9% / International +9.4%)
- Underlying operating profit increased by 20.3% (YoY)
- Underlying operating margin: 21.1%, +140 bps (YoY)
- Underlying basic EPS increased by 27.9% (YoY)
- Dividend increased by 36%(YoY) to 75 yen per share

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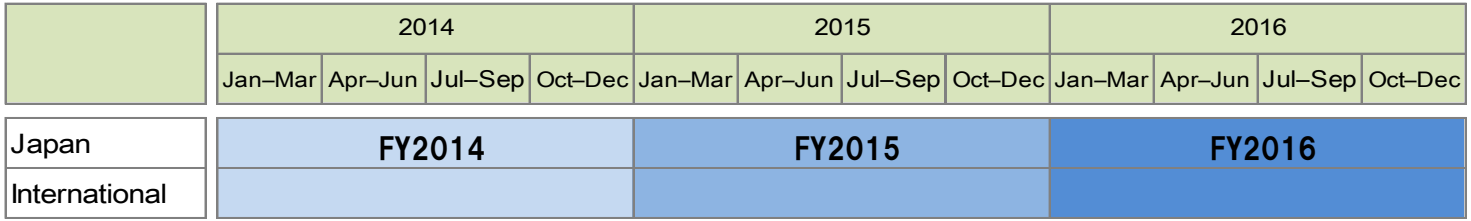
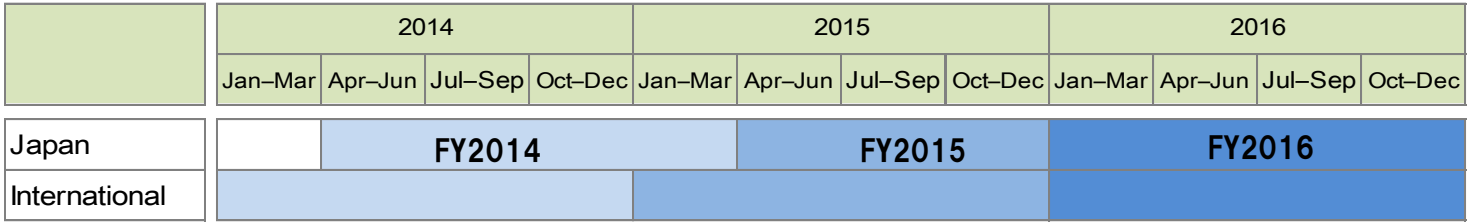
Change in Fiscal Year-End

Effective from the 2015 fiscal year, the parent company and its subsidiaries have changed their fiscal year-ends. In the Consolidated Statement of Income, figures are provided on a calendar year basis to enable year-on-year performance comparison. The figures on a financial reporting basis are provided as additional information.

■ Calendar year basis (pro forma)
Japan : FY2014 Jan–Dec (12 months), FY2015 Jan–Dec (12 months), FY2016 Jan–Dec (12 months)
International: FY2014 Jan–Dec (12 months), FY2015 Jan–Dec (12 months), FY2016 Jan–Dec (12 months)



■ Financial reporting basis
Japan : FY2014 Apr–Mar (12 months), FY2015 Apr–Dec (9 months), FY2016 Jan–Dec (12 months)
International: FY2014 Jan–Dec (12 months), FY2015 Jan–Dec (12 months), FY2016 Jan–Dec (12 months)



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Consolidated Statement of Income
- Calendar Year Basis -

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Summary - Calendar Year Basis -

(JPY mn)

	2015 Jan–Dec	2014 Jan–Dec	YoY %	Forecast (announced in May 2015)	Forecast variance %
Turnover	4,990,854	4,642,901	+7.5	-	-
Revenue	818,566	725,886	+12.8	776,400	+5.4
Gross profit	761,996	676,882	+12.6	735,100	+3.7
Operating profit	128,212	137,558	(6.8)	120,300	+6.6
Net profit	83,090	81,409	+2.1	76,400	+8.8
Underlying operating profit	160,438	133,402	+20.3	148,800	+7.8
Operating margin	21.1%	19.7%	+1.4	20.2%	+0.9
Underlying net profit	113,388	89,179	+27.1	99,000	+14.5
Underlying basic EPS	395.7 yen	309.3 yen	+27.9	343.3 yen	+15.3
EBITDA	175,454	178,883	(1.9)		
Underlying ROE	10.6%	9.0%	+1.6		
Currency					
JPY/USD (Jan–Dec average)	121.0 yen	105.8 yen	+14.4	118.5 yen	+2.2
JPY/GBP (Jan–Dec average)	185.1 yen	174.2 yen	+6.3	180.4 yen	+2.6

Note:
Net profit, underlying net profit and underlying basic EPS… Excluding attribution to non-controlling interests

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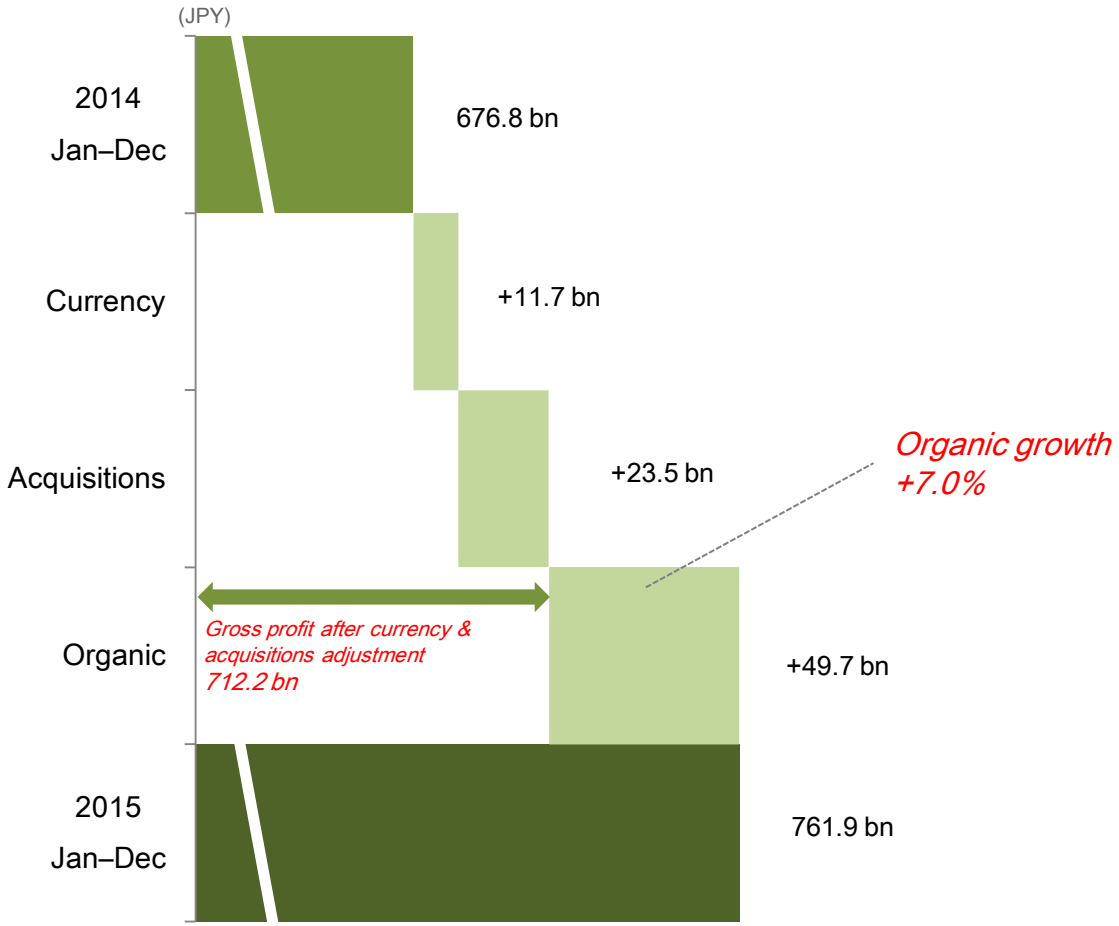
Gross Profit Growth



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Regional Information

(JPY mn)

	Gross profit	YoY %	Underlying operating profit	YoY %	Organic growth %
Japan	348,252	+4.3	90,403	+12.0	+3.9
operating margin			*26.0%*	*+1.8*	
EMEA	157,153	+15.4	-	-	+12.2
Americas	139,358	+24.6	-	-	+4.9
APAC	117,554	+23.5	-	-	+11.4
International total	414,066	+20.6	70,156	+33.3	+9.4
operating margin			*16.9%*	*+1.6*	
Consolidation adjustments	(323)	-	(121)	-	-
Dentsu consolidated total	761,996	+12.6	160,438	+20.3	+7.0
operating margin			*21.1%*	*+1.4*	

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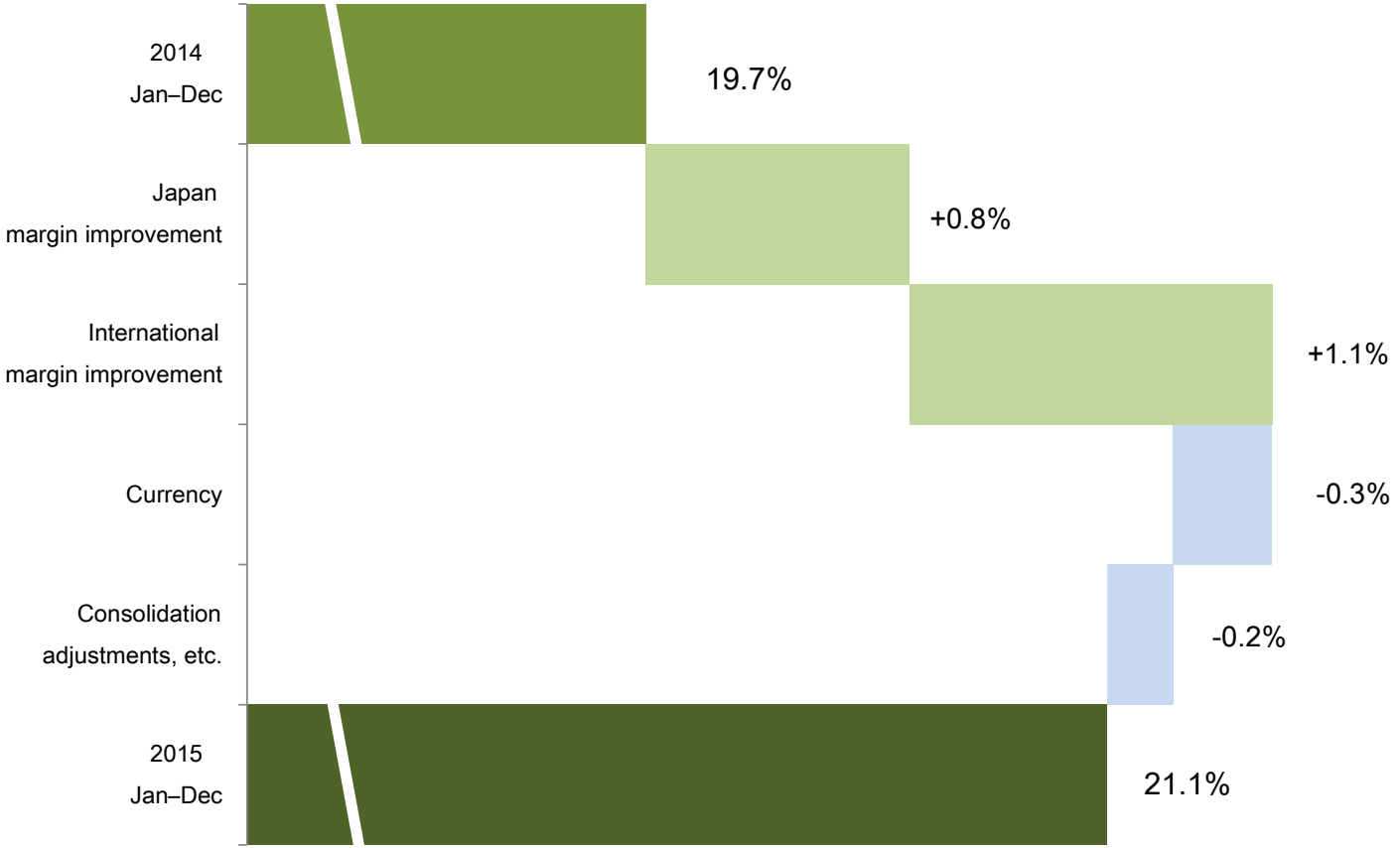
Change in Underlying Operating Margin



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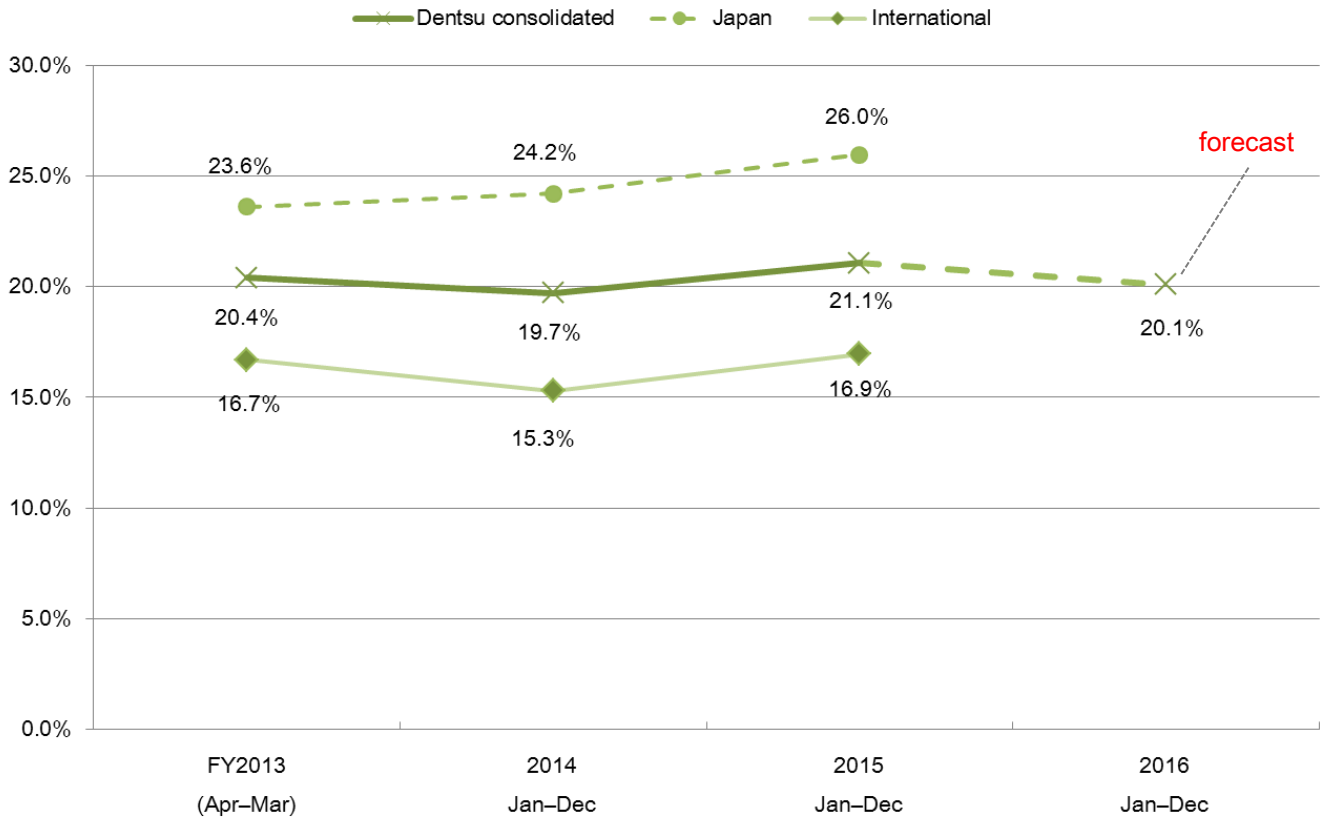
Operating Margin



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Reconciliation from Underlying OP to Statutory OP

(JPY mn)

	2015 Jan–Dec	2014 Jan–Dec	YoY #	YoY %
Underlying operating profit	160,438	133,402	+ 27,035	+20.3
Adjustment items	(32,226)	+ 4,156	(36,382)	
Amortization of M&A related intangible assets	(22,798)	(19,784)	(3,014)	
Acquisition costs	(1,624)	(954)	(670)	
Gain (loss) on sales and retirement of non-current assets	(874)	+ 28,828	(29,703)	
Gain on sales of shares of subsidiaries and associates	+ 954	+ 307	+ 647	
Revaluation gain (loss) on investment reclassification	+ 3,260	+ 161	+ 3,099	
Impairment loss	(3,650)	(1,919)	(1,731)	
Special retirement expenses	(4,564)	(362)	(4,202)	
Loss on liquidation of subsidiaries and associates	(2,617)	(1,288)	(1,328)	
Others	(313)	(833)	+ 520	
Operating profit	128,212	137,558	(9,346)	(6.8)

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Statutory Operating Profit to Net Profit

(JPY mn)

	2015 Jan–Dec	2014 Jan–Dec	YoY #	YoY %
Operating profit	128,212	137,558	(9,346)	(6.8)
Share of results of associates	4,515	7,252	(2,737)	(37.7)
Profit before interest and tax	132,727	144,811	(12,084)	(8.3)
Net finance income (costs)	(5,988)	(5,807)	(181)	-
Finance income	6,125	6,513	(387)	(6.0)
Finance costs	12,114	12,321	(206)	(1.7)
Profit before tax	126,739	139,004	(12,265)	(8.8)
Income tax expense	37,637	52,871	(15,234)	(28.8)
Net profit	89,101	86,132	+ 2,969	+3.4
Attributable to owners of the parent	83,090	81,409	+ 1,680	+2.1
Attributable to non-controlling interests	6,011	4,723	+ 1,288	+27.3

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Consolidated Statement of Income
- Financial Reporting Basis -

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Summary - Financial Reporting Basis -

(JPY mn)

	FY2015	FY2014	Forecast (announced in May 2015)	Forecast variance %
Turnover	4,513,955	4,642,390	-	-
Revenue	706,469	728,626	664,900	+6.3
Gross profit	669,489	676,925	643,300	+4.1
Operating profit	107,265	132,305	100,000	+7.3
Net profit	72,653	79,846	63,500	+14.4
Underlying operating profit	133,328	131,937	122,300	+9.0
Underlying net profit	94,368	92,875	81,900	+15.2
Currency				
JPY/USD (Jan–Dec average)	121.0 yen	105.8 yen	118.5 yen	+2.2
JPY/GBP (Jan–Dec average)	185.1 yen	174.2 yen	180.4 yen	+2.6

Note:
Net profit, underlying net profit … Excluding attribution to non-controlling interests

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Other Consolidated Financial Statements
- Financial Reporting Basis -

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Financial Position

(JPY mn)

	2015 End of Dec	2015 End of Mar	Var. #	Var. %
Current assets	1,618,024	1,681,861	(63,837)	(3.8)
Non-current assets	1,448,051	1,477,673	(29,622)	(2.0)
Total assets	3,066,075	3,159,534	(93,459)	(3.0)
Current liabilities	1,488,602	1,511,256	(22,653)	(1.5)
Non-current liabilities	474,729	537,214	(62,485)	(11.6)
Total liabilities	1,963,331	2,048,470	(85,139)	(4.2)
Owners' interests	1,068,216	1,080,364	(12,147)	(1.1)
Non-controlling interests	34,526	30,699	+ 3,827	+12.5
Total equity	1,102,743	1,111,063	(8,320)	(0.7)
Total liabilities and equity	3,066,075	3,159,534	(93,459)	(3.0)
JPY/USD	120.6 yen	120.6 yen	-	+0.0
JPY/GBP	178.8 yen	187.0 yen	-	(4.4)

Note: Currency… 2015 B/S (End of Dec): as of Dec 31, 2015, 2015 B/S (End of Mar): as of Dec 31, 2014

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Net Debt

(JPY mn)

	2015 End of Dec	2015 End of Mar	Var. #
Total debt	353,783	409,618	(55,835)
Cash and cash equivalents	263,322	365,379	(102,057)
Net debt	90,460	44,238	+ 46,221
Total debt (LTM average)	380,689	367,484	+ 13,205
Cash and cash equivalents (LTM average)	271,719	247,886	+ 23,833
Net debt (LTM average)	108,970	119,598	(10,628)
EBITDA (LTM)	175,454	174,520	+ 934
Net debt / EBITDA (LTM)	0.52	0.25	
Net debt (LTM average) / EBITDA (LTM)	0.62	0.69	

Note: LTM… Last twelve months

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Cash Flow

(JPY mn)

	FY2015	FY2014
Profit before tax	106,043	134,295
Share of results of associates	(3,911)	(7,178)
Depreciation and amortization	41,453	40,390
Impairment loss	2,489	1,824
Gain (loss) on sales and retirement of non-current assets	(503)	(27,654)
Others	7,703	(5,686)
Income taxes paid	(46,828)	(49,531)
Cash flow from operations before change in WC i	106,446	86,461

Note: Financial reporting basis

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Use of Cash

(JPY mn)

	FY2015	FY2014
Change in WC ii	(36,891)	25,927
Payments for PPE, intangible assets and investment property (net)	(18,783)	14,404
Payments for investing activities (net)	(41,031)	(42,926)
Dividends paid to shareholders	(20,072)	(10,669)
Dividends paid to non-controlling shareholders	(2,917)	(2,527)
Payments for share repurchase	(20,024)	(27)
Use of cash iii	(102,828)	(41,745)
Effect of exchange rate changes and others iv	(12,947)	(3,268)
Change in net cash i (preceding slide)+ii+iii+iv	(46,221)	67,373
(Acquisition payments)		
Initial payments	(17,148)	(19,651)
Earn-out payments / Additional acquisition payments	(27,583)	(16,458)
Proceeds from sales	1,360	162

Notes: Financial reporting basis

"Payments for PPE (property, plant and equipment), intangible assets and investment property (net)" and "Payments for investing activities (net)" are shown as net figures of payments and proceeds by disposal of PPE/intangible assets/investment property and businesses/subsidiaries

Effect of exchange rate changes and others… Including effect of exchange rate changes from debt

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Other Information

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FY2016 Forecast

(JPY mn)

	2016 Jan–Dec	2015 Jan–Dec	YoY %
Revenue	865,600	818,566	+5.7
Gross profit	817,100	761,996	+7.2
Operating profit	142,000	128,212	+10.8
Net profit	88,900	83,090	+7.0
Underlying operating profit	164,300	160,438	+2.4
Operating margin	20.1%	21.1%	(1.0)
Underlying net profit	110,400	113,388	(2.6)
Underlying basic EPS	387.2 yen	395.7 yen	(2.1)

Notes:
Currency… FY2016 forecast: Average rate of Jan–Sep, 2015, FY2015 actual: Average rate of Jan–Dec, 2015
Net profit, underlying net profit and underlying basic EPS … Excluding attribution to non-controlling interests

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Dividend

	FY2016 forecast	2015 Jan–Dec actual	FY2015 actual	FY2014 actual
Annual dividend per share (Interim dividend)	80.00 yen (40.00 yen)	75.00 yen (35.00 yen)	75.00 yen (35.00 yen)	55.00 yen (20.00 yen)
Payout ratio	20.7%	19.0%	22.7%	17.1%

Note:
Payout ratio… Based on underlying net profit attributable to owners of the parent

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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

Dentsu disclaims any obligation to update any forward-looking or other statements contained herein, except as required by applicable law.

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Progress of Medium-Term Management Plan “Dentsu 2017 and Beyond”

Tadashi Ishii

President & CEO

February 2016

Good Innovation.

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Progress of Medium-Term Management Plan

	FY2012	CY2015 (pro forma)	2017 target
Gross Profit Organic Growth Rate		7.0% →	3-5%
Gross Profit International Business Ratio	43% →	54.3% →	55% or higher
Gross Profit Digital Domain Ratio	24% →	34% →	35% or higher
Underlying Operating Income Operating Margin	17% →	21.1% →	20% or higher

Progress of “Dentsu 2017 and Beyond”

1. Evolving into a global network
2. Organic growth continues to exceed that of our competitors
3. Industry-leading operating margin
4. Initiatives for establishing a foundation for sustainable growth
5. Improving corporate value

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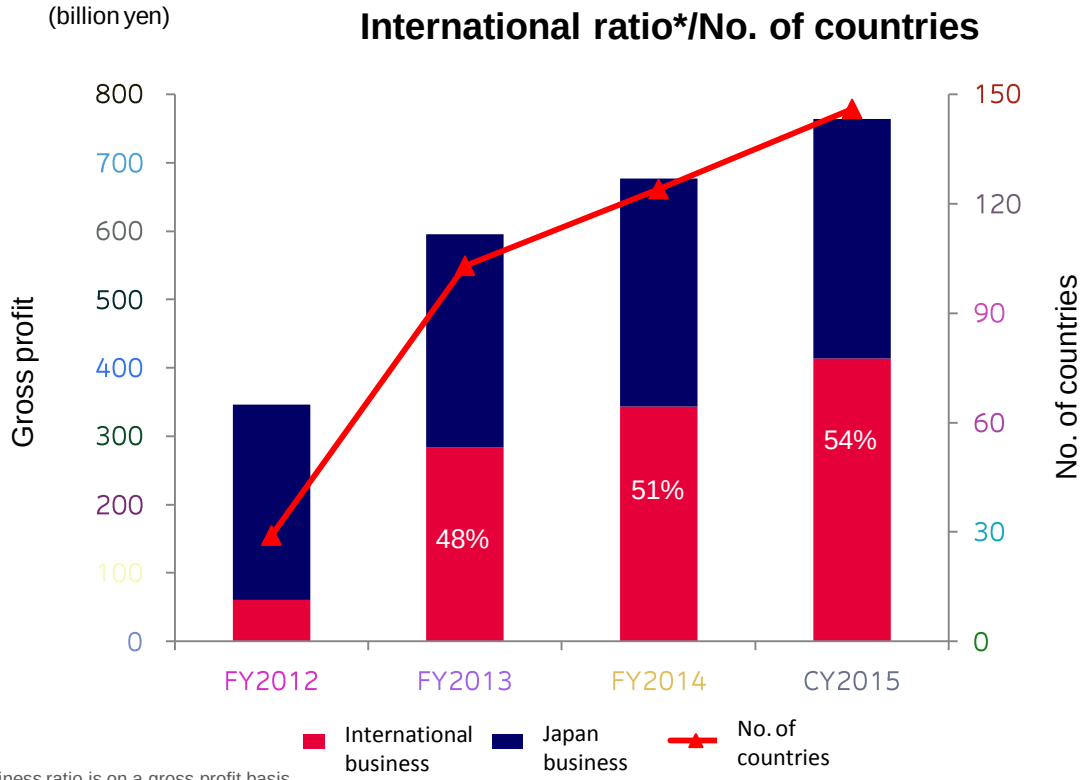
Our international business is showing continuous growth in addition to the steady performance of our core Japan business.



* International business ratio is on a gross profit basis.
Data for 2012 through 2014 are on a fiscal year basis (from April to March of the following year) while data for 2015 are on a calendar year basis (from January to December)
Gross profit for FY2012 and for FY2013 is on a JGAAP basis while that for FY2014 and CY2015 is on a IFRS basis.

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We are strengthening our competitiveness as a unique global network which has a strong business foundation in Japan.

- Retain management who can lead the growth of our international business
- Continued focus on new business opportunities
- Talent migration across our Japan and international businesses
- Launch and evolution of a unique operating model

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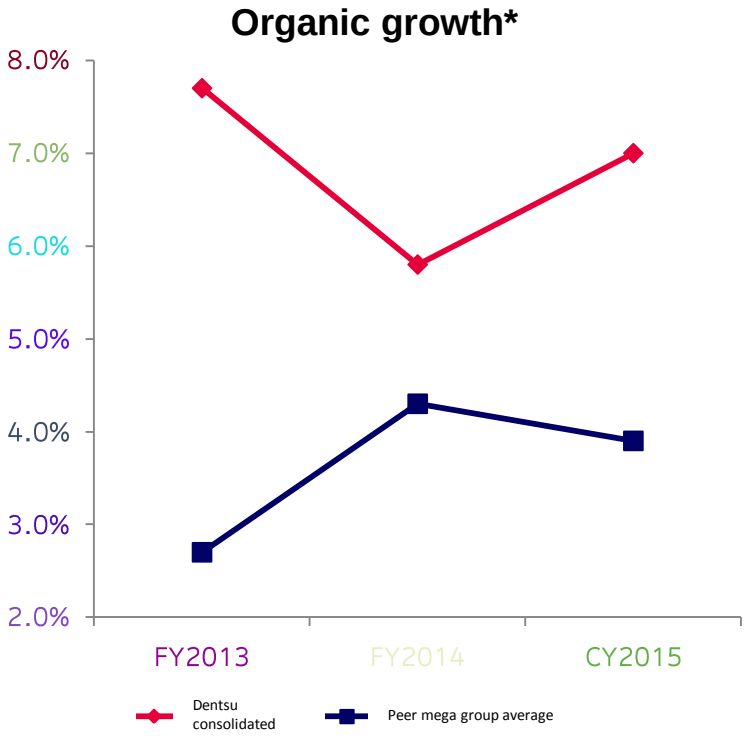
Our Group continues to prioritize industry-leading organic growth.



- Steady growth of new businesses
- Strong retention record, supported by on-going cross-selling and up-selling
- Significant growth of the Digital domain, both in our Japan and international businesses

* Organic growth is on a gross profit basis.
Data for FY2013 and FY2014 are on a fiscal year basis (from April to March of the following year) while data for CY2015 are on a calendar year basis (from January to December).

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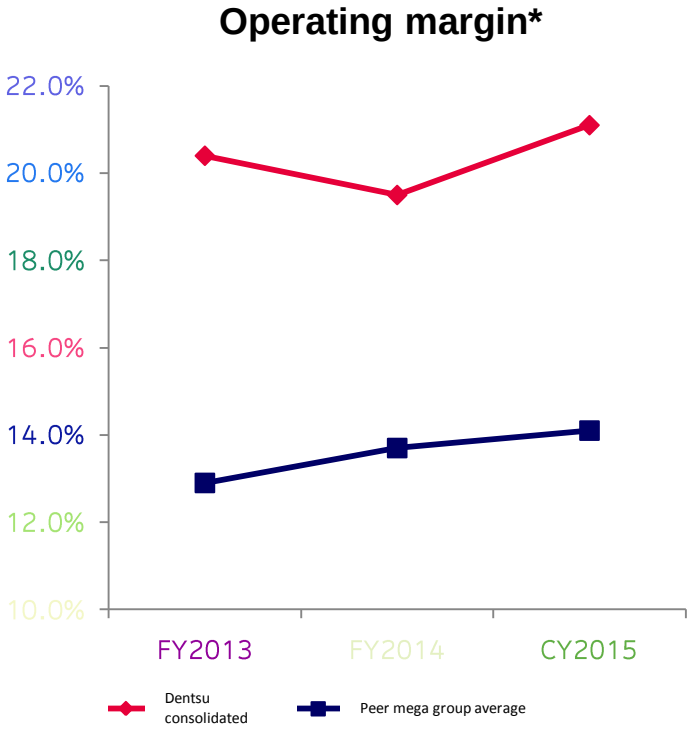
We are focused on maintaining and improving our high operating margin.



- Continued cost control in both our Japan and international businesses, and expansion of our highly profitable fee business
- Japan business: Group-wide restructuring of the value chain
- Strengthening our business platform to achieve improved competitiveness across the Group
- Aim to constantly achieve a consolidated operating margin of 20% or higher

* Operating margin is on an adjusted operating income basis.
Data for FY2013 and FY2014 are on a fiscal year basis (from April to March of the following year) while data for CY2015 are on a calendar year basis (from January to December).
Peer mega group average for CY2015 partly uses an analyst consensus.

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We successfully executed M&As as a means to establish a business foundation outside Japan.

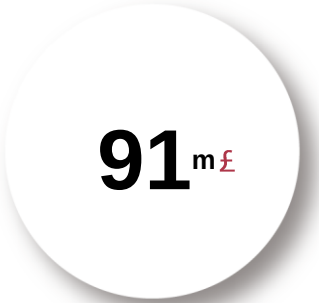
M&A outside Japan (from April 2013 to December 2015)



M&A investment



No. of M&A transactions



Contribution of M&A investment to PBT (2015)



Digital domain ratio in M&A investment

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Capability enhancement through M&A in growing business areas continues.

Brand Commerce

eCommera

Experiential

MKTG

Content Marketing

JOHN BROWN

CRM

GRIP

Data Analytics

navegg

Mobile

Fetch

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We aim to achieve growth opportunities created by the acceleration of digitalization in Japan.

- Responding to the ongoing marketing convergence accelerated by digitalization

- Integrating/restructuring the specialized services of the Dentsu Group in Japan in response to the needs for integrated digital marketing
  → Establishment of the Dentsu Digital Marketing Center

- Expanding the business domain, including CRM, e-commerce, system solutions and data analytics

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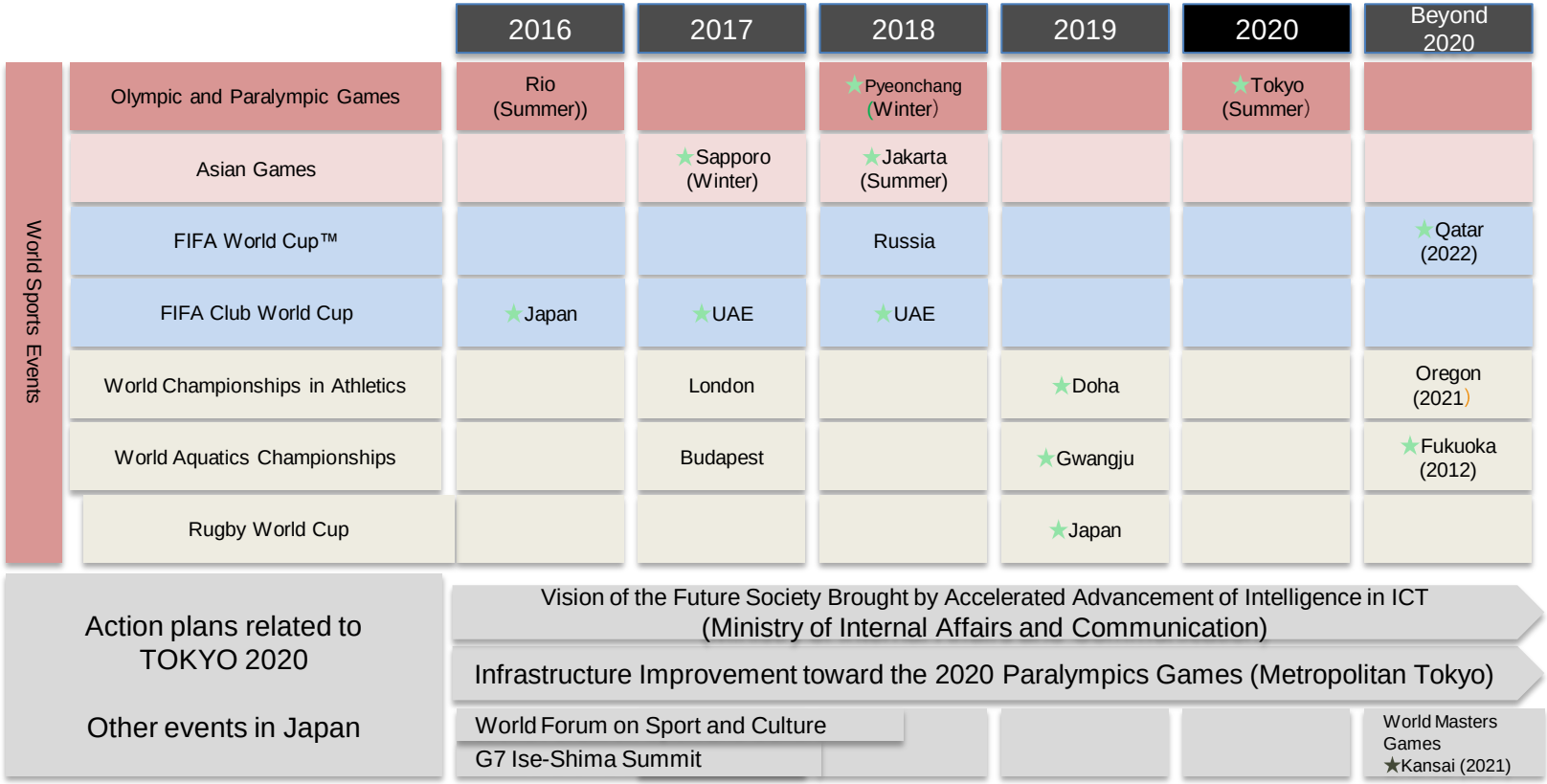
We seek growth opportunities through contribution to the revitalization of Japan.



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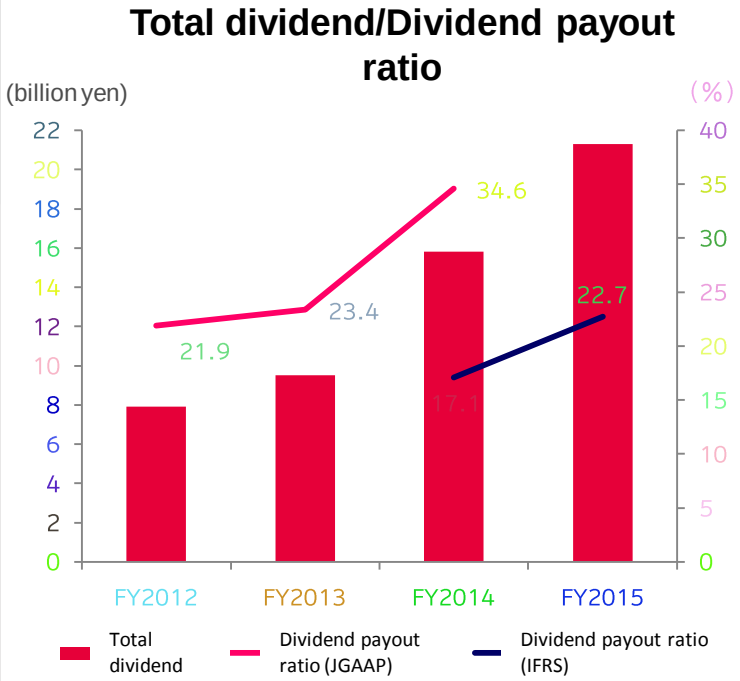
We will reinforce our governance system and improve shareholder returns.



- Further reinforcing the governance system
  - Shift to a company with an audit and supervisory committee
  - Independent outside directors to comprise at least one third of the board members

* Data for FY2012 through FY2014 are on a twelve-month basis (from April to March of the following year) while data for FY2015 are on a nine-month basis (from April to December).

**Dividend payout ratio (IFRS)…Based on underlying net profit attributable to owners of the parent

Dentsu 2017 and Beyond

To evolve into a truly global network

at the forefront of marketing convergence

- Innovation x Reinvention -

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Appendices

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1. Definition

- Turnover: The gross amounts billable to clients handled by the Group on behalf of clients, with net of discounts, VAT and other sales-related taxes.
- Underlying operating profit: KPI to measure recurring business performance which is calculated as operating profit added with amortization of M&A related intangible assets, impairment loss, gain/loss on sales of non-current assets, acquisition costs and other one-off items
- Operating margin: Underlying operating profit divided by gross profit
- Underlying net profit (attributable to owners of the parent):
  KPI to measure recurring net profit attributable to owners of the parent which is calculated as net profit (attributable to owners of the parent) added with adjustment items related to operating profit, revaluation of earnout liabilities / M&A related put-option liabilities, tax-related, NCI profit-related and other one-off items
- Underlying basic EPS: EPS based on underlying net profit (attributable to owners of the parent)
- Underlying ROE: Underlying net profit (attributable to owners of the parent) divided by the average of owners' interests as of the beginning and end of the fiscal year.
  Note: Fiscal year-end before alignment across the Group means March.
- EBITDA: Operating profit before depreciation, amortization and impairment losses
- 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 disposed of 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 disposed 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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Quarterly Results - Calendar Year Basis -

(JPY mn)

	2015 Oct–Dec	YoY %	2015 Jul–Sep	YoY %	2015 Apr–Jun	YoY %	2015 Jan–Mar	YoY %
Net sales	1,433,423	+5.0	1,167,957	+6.0	1,195,221	+10.0	1,194,252	+9.6
Revenue	233,594	+14.4	200,724	+9.7	186,090	+13.1	198,157	+13.7
Gross profit	219,354	+12.8	186,375	+10.5	175,145	+14.8	181,121	+12.3
Japan	92,722	+13.7	87,140	+1.7	74,190	+2.3	94,199	+0.0
International	126,860	+12.4	99,099	+19.2	101,149	+26.2	86,957	+29.7
Operating profit	56,548	(16.8)	28,114	+12.8	21,571	+2.3	21,976	(6.9)
Net profit	40,883	(10.6)	18,966	+20.4	12,780	+59.6	10,459	(12.3)
Underlying operating profit	65,094	+42.9	32,142	+0.7	29,550	+15.5	33,651	+10.9
Japan	28,868	+57.6	20,545	(4.8)	13,269	+8.3	27,719	(3.0)
International	36,445	+34.3	11,365	+9.8	16,440	+23.3	5,904	+227.5
Operating margin	29.7%	+6.3	17.2%	(1.7)	16.9%	+0.1	18.6%	(0.2)

Note:
Net profit, underlying net profit… Excluding attribution to non-controlling interests

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Quarterly Gross Profit Organic Growth

(%)

	2015 Oct–Dec	2015 Jul–Sep	2015 Apr–Jun	2015 Jan–Mar
Japan	+12.9	+1.4	+1.9	+0.0
EMEA	+11.0	+11.0	+16.1	+11.1
Americas	+2.1	+0.1	+7.9	+10.4
APAC	+11.0	+9.3	+5.4	+22.5
International total	+8.2	+6.6	+10.2	+13.7
Dentsu consolidated total	+10.6	+4.2	+6.5	+6.2

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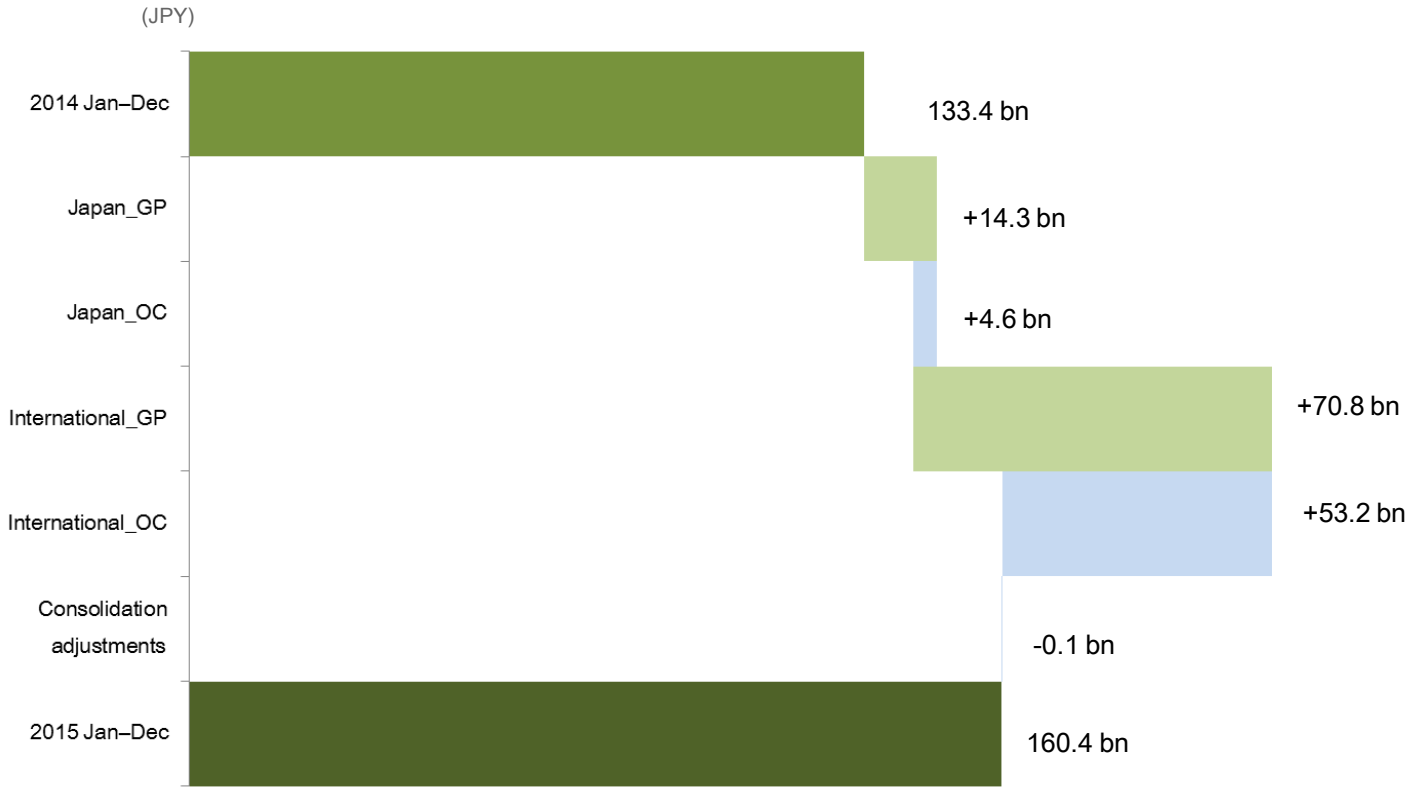
Analysis of Underlying Operating Profit



Notes:
GP… Gross profit
OC… Operating costs (selling, general & administrative expenses, other income and other expenses)

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Reconciliation from Underlying NP to Statutory NP - Calendar Year Basis -

(JPY mn)

	2015 Jan–Dec	2014 Jan–Dec	YoY #	YoY %
Underlying net profit	113,388	89,179	+ 24,209	+27.1
Adjustment items	(30,298)	(7,769)	(22,529)	
Operating profit adjustments	(32,226)	+ 4,156	(36,382)	
Amortization of associate purchased intangibles	-	(348)	+ 348	
Loss on revaluation of earnout liabilities and M&A related put option liabilities	(3,198)	(3,145)	(53)	
Loss on early redemption of private placement bond	(818)	-	(818)	
Related income tax expense	+ 5,976	(8,467)	+ 14,444	
Change in income tax rate	(809)	(695)	(113)	
Adjustments attributable to non-controlling interests	+ 777	+ 731	+ 45	
Net profit	83,090	81,409	+ 1,680	+2.1

Note: Underlying net profit and net profit… Excluding attribution to non-controlling interests

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Debt Profile (Balance)

(JPY mn)

	2015 End of Dec
Short-term borrowings	32,190
Long-term borrowings (*1)	321,592
Bonds (*2)	-
Total debt	353,783
Cash and cash equivalents	263,322
Net debt	90,460

Notes:
*1 Including current portion
*2 No balance due to early redemption

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Debt Profile (2) (Repayment Schedule)

(JPY mn)

2015 End of Dec	FY2016	FY2017	FY2018	FY2019 onwards	Total
Japan	35,535	2,727	50,971	129,530	218,764
Short-term debt	920	-	-	-	920
Long-term debt	34,615	2,727	50,971	129,530	217,844
International	31,270	-	-	103,748	135,018
Short-term debt	31,270	-	-	-	31,270
Long-term debt	-	-	-	103,748	103,748
Dentsu consolidated total	66,805	2,727	50,971	233,278	353,783

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Annual Results of Parent Company (J-GAAP, Calendar Year Basis)

(JPY mn)

	2015 Jan–Dec	2014 Jan–Dec	YoY %
Net sales	1,560,136	1,538,682	+1.4
Gross profit	226,622	225,152	+0.7
gross profit margin	*14.5%*	*14.6%*	*(0.1)*
SG&A	170,488	171,135	(0.4)
Operating income	56,133	54,017	+3.9
vs. gross profit	*24.8%*	*24.0%*	*+0.8*
Ordinary income	82,826	77,446	+6.9
Income before income taxes	80,189	95,915	(16.4)
Net income	60,903	66,583	(8.5)

Note: SG&A… Selling, general & administrative expenses

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Annual Results of Parent Company (J-GAAP, Financial Reporting Basis)

(JPY mn)

	2015 Apr–Dec	2014 Apr–Dec	YoY %	FY2014
Net sales	1,156,186	1,131,155	+2.2	1,535,105
Gross profit	165,368	161,911	+2.1	223,165
gross profit margin	*14.3%*	*14.3%*	*(0.0)*	*14.5%*
SG&A	125,731	125,986	(0.2)	170,743
Operating income	39,637	35,925	+10.3	52,421
vs. gross profit	*24.0%*	*22.2%*	*+1.8*	*23.5%*
Ordinary income	63,826	57,460	+11.1	76,458
Income before income taxes	68,689	76,924	(10.7)	88,424
Net income	53,565	56,612	(5.4)	63,950

Note: SG&A… Selling, general & administrative expenses

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Quarterly Results of Parent Company (J-GAAP)

(JPY mn)

	2015 Oct–Dec	YoY %	2015 Jul–Sep	YoY %	2015 Apr–Jun	YoY %	2015 Jan–Mar	YoY %
Net sales	415,363	+4.8	375,832	(0.6)	364,989	+2.3	403,949	(0.9)
Gross profit	60,246	+10.5	55,991	(2.1)	49,130	(2.2)	61,253	(3.1)
gross profit margin	*14.5%*	*+0.7*	*14.9%*	*(0.2)*	*13.5%*	*(0.6)*	*15.2%*	*(0.3)*
SG&A	42,802	+2.4	43,910	+0.3	39,018	(3.4)	44,757	(0.9)
Operating income	17,444	+37.4	12,080	(9.7)	10,111	+2.6	16,496	(8.8)
vs. gross profit	*29.0%*	*+5.7*	*21.6%*	*(1.8)*	*20.6%*	*+1.0*	*26.9%*	*(1.7)*
Ordinary income	22,779	+61.2	13,121	(19.8)	27,924	+3.5	19,000	(4.9)
Income before income taxes	23,327	(30.6)	15,576	(3.0)	29,784	+9.3	11,500	(39.4)
Net income	17,420	(25.0)	10,972	+1.0	25,171	+11.8	7,338	(26.4)

Note: SG&A… Selling, general & administrative expenses

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Net Sales of Parent Company by Business Category
(J-GAAP, Calendar Year Basis)

(JPY mn)

	2015 Jan–Dec	YoY %	2015 Oct–Dec	YoY %	2015 Jul–Sep	YoY %	2015 Apr–Jun	YoY %	2015 Jan–Mar	YoY %
Newspapers	96,036	(15.7)	25,162	(17.9)	19,903	(17.1)	20,569	(10.0)	30,400	(16.4)
Magazines	32,053	(6.8)	8,939	(12.0)	7,842	(3.3)	6,949	(1.4)	8,321	(8.3)
Radio	14,048	(2.6)	3,787	+1.4	3,516	+0.7	3,249	(4.2)	3,495	(8.0)
Television	680,190	(3.4)	183,521	+2.2	162,810	(1.4)	171,329	(6.6)	162,529	(7.7)
Time	287,318	(6.7)	74,171	+0.3	73,525	(3.4)	68,111	(13.5)	71,510	(9.6)
Spot	392,872	(0.9)	109,349	+3.4	89,285	+0.3	103,217	(1.4)	91,019	(6.1)
Interactive Media	85,036	+12.2	23,614	+10.8	18,860	+8.4	19,818	+19.6	22,743	+10.9
OOH Media	59,466	+10.6	15,076	+11.8	13,998	+21.9	15,942	+21.3	14,449	(7.9)
Creative	200,455	(1.6)	45,935	(0.4)	49,537	(2.5)	46,355	+0.2	58,625	(3.2)
Marketing/Promotion	215,971	+17.5	66,850	+31.6	56,160	+16.7	42,111	+15.5	50,848	+5.1
Content Services	134,494	+19.2	31,656	+6.9	32,647	(17.1)	28,136	+59.8	42,054	+60.5
Others	42,382	+1.3	10,820	+0.0	10,554	+5.0	10,526	+4.3	10,480	(3.5)
Total	1,560,136	+1.4	415,363	+4.8	375,832	(0.6)	364,989	+2.3	403,949	(0.9)

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Net Sales of Parent Company by Business Category

(J-GAAP, Financial Reporting Basis)

(JPY mn)

	2015 Apr–Dec	YoY %
Newspapers	65,635	(15.3)
Magazines	23,731	(6.3)
Radio	10,552	(0.6)
Television	517,661	(2.0)
Time	215,808	(5.7)
Spot	301,853	+0.8
Interactive Media	62,293	+12.7
OOH Media	45,017	+18.2
Creative	141,829	(0.9)
Marketing/Promotion	165,122	+22.0
Content Services	92,440	+6.7
Others	31,901	+3.0
Total	1,156,186	+2.2

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Net Sales of Parent Company by Industry

(J-GAAP, Calendar Year Basis)

(JPY mn)

	2015 Jan–Dec	YoY %	2015 Oct–Dec	YoY %	2015 Jul–Sep	YoY %	2015 Apr–Jun	YoY %	2015 Jan–Mar	YoY %
Information/Communications	199,992	(13.2)	50,870	(12.3)	50,676	(29.2)	41,481	(13.5)	56,962	+7.9
Beverages/Cigarettes	155,414	+2.3	37,534	+7.9	38,608	(0.9)	41,397	(5.1)	37,874	+9.6
Finance/Insurance	128,094	+7.8	32,448	+6.0	29,013	+3.7	31,550	+15.6	35,081	+6.4
Cosmetics/Toiletries	117,192	+1.5	31,493	+13.0	29,069	+0.8	31,718	+2.4	24,912	(10.2)
Automobiles/Related Products	111,985	+1.0	32,785	+4.0	24,750	+3.1	24,439	+1.6	30,010	(4.1)
Foodstuffs	104,988	+8.0	27,890	+19.3	26,953	+17.6	26,715	+1.4	23,429	(4.4)
Distribution/Retailing	95,309	+0.8	26,780	(2.1)	21,922	+5.6	23,609	+0.9	22,996	(0.1)
Food Services/Other Services	93,707	+12.9	25,353	+8.8	22,875	+19.0	21,578	+13.7	23,900	+11.3
Government/Organizations	73,986	+24.4	22,229	+27.5	16,605	+29.2	14,172	+52.0	20,979	+5.7
Pharmaceuticals/Medical Supplies	72,875	(3.7)	22,653	+2.8	16,587	(3.6)	18,433	(0.3)	15,200	(15.4)
Transportation/Leisure	67,465	+9.2	16,742	+24.1	16,189	+13.6	16,552	+10.2	17,981	(5.5)
Hobbies/Sporting Goods	57,503	(1.5)	14,566	+4.1	16,848	+10.9	13,957	+2.3	12,131	(22.0)
Real Estate/Housing Facilities	48,005	+4.6	11,588	+12.1	11,899	(0.9)	11,496	+20.9	13,021	(7.2)
Home Electric Appliances/AV Equipment	44,538	(19.6)	13,782	(6.2)	9,103	(21.1)	8,769	(17.9)	12,883	(30.3)
Apparel/Fashion, Accessories/Personal Items	43,813	+7.2	12,823	+9.9	9,357	+8.8	10,458	+15.4	11,174	(3.1)
Others	145,261	+4.5	35,821	(0.2)	35,371	+10.8	28,658	+0.4	45,410	+6.4
Total	1,560,136	+1.4	415,363	+4.8	375,832	(0.6)	364,989	+2.3	403,949	(0.9)

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Net Sales of Parent Company by Industry

(J-GAAP, Financial Reporting Basis)

(JPY mn)

	2015 Apr–Dec	YoY %
Information/Communications	143,029	(19.5)
Beverages/Cigarettes	117,540	+0.2
Finance/Insurance	93,012	+8.3
Cosmetics/Toiletries	92,280	+5.3
Automobiles/Related Products	81,974	+3.0
Foodstuffs	81,558	+12.3
Distribution/Retailing	72,313	+1.1
Food Services/Other Services	69,807	+13.5
Pharmaceuticals/Medical Supplies	57,674	(0.1)
Government/Organizations	53,007	+33.8
Transportation/Leisure	49,484	+15.7
Hobbies/Sporting Goods	45,371	+6.0
Real Estate/Housing Facilities	34,984	+9.8
Apparel/Fashion, Accessories/Personal Items	32,638	+11.3
Home Electric Appliances/AV Equipment	31,655	(14.2)
Others	99,851	+3.6
Total	1,156,186	+2.2

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Financial Position of Parent Company (J-GAAP)

(JPY mn)

	2015 End of Dec	2015 End of Mar	YoY #	YoY %
Current assets	574,532	613,208	▲ 38,675	(6.3)
Non-current assets	1,039,418	1,036,210	+ 3,208	+0.3
Total assets	1,613,950	1,649,418	▲ 35,467	(2.2)
Current liabilities	592,571	599,139	▲ 6,567	(1.1)
Non-current liabilities	231,124	273,705	▲ 42,581	(15.6)
Total liabilities	823,695	872,844	▲ 49,148	(5.6)
Shareholders' equity	705,035	691,392	+ 13,642	+2.0
Valuation and translation adjustments	85,171	85,133	+ 38	+0.0
Subscription rights to shares	48	48	-	-
Total net assets	790,255	776,574	+ 13,680	+1.8
Total liabilities and net assets	1,613,950	1,649,418	▲ 35,467	(2.2)

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Effects of Currency Exchange Rates

	Average rate			Period end rate		
	2015 Jan–Dec	2014 Jan–Dec	Var. %	2015 End of Dec	2015 End of Mar	Var. %
JPY/USD	121.0 yen	105.8 yen	+14.4	120.6 yen	120.6 yen	+0.0
JPY/EUR	134.3 yen	140.4 yen	(4.3)	131.8 yen	146.5 yen	(10.1)
JPY/GBP	185.1 yen	174.2 yen	+6.3	178.8 yen	187.0 yen	(4.4)
JPY/CNY	19.2 yen	17.2 yen	+11.6	18.4 yen	19.4 yen	(5.1)

Gross profit ratio by currency

(%)	JPY	USD	EUR	GBP	CNY	Others	Total
FY2015	45.7	15.2	9.0	7.0	6.8	16.3	100.0

Note: Period end rate… 2015 End of Dec: as of Dec 31, 2015
2015 End of Mar: as of Dec 31, 2014

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Summary of Carat Ad Spend

(%)

	2016 Market growth forecast	2015 Market growth forecast
Japan	1.6	1.4
EMEA	3.2	1.9
UK	5.5	6.4
Germany	1.7	1.6
France	0.7	0.1
Spain	6.9	6.9
Americas	5.4	5.0
USA	4.5	4.3
Brazil	8.4	6.0
APAC (excluding Japan)	5.9	5.2
China	6.5	6.0
Australia	2.8	2.4
Taiwan	0.3	(1.5)
Global	4.7	4.0

Source: Carat, *"Global Advertising Expenditure Forecasts — September 2015"*