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FY2016 Earnings Presentation

February 16, 2017

DENTSU INC.

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FY2016 Annual Results

Shoichi Nakamoto,

Representative Director and Senior Executive Vice President & CFO

February 14, 2017

* 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

- Gross profit increased by 11.3% (YoY, constant currency basis)
- Organic gross profit growth: +5.1%
  (Japan +4.5% / International +5.7%)
- Underlying operating profit increased by 9.4% (constant currency basis)
- Underlying operating margin: 21.1%, -40 bps (constant currency basis)
- Underlying basic EPS increased by 0.1%
- Dividend increased by 13%(YoY) to 85 yen per share

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Summary

(JPY mn)

	2016 Jan–Dec	2015 Jan–Dec	YoY %	Constant currency basis %	Forecast (announced in May 2015)	Forecast variance %
Turnover	4,924,933	4,990,854	(1.3)	-	-	-
Revenue	838,359	818,566	+2.4	-	817,200	+2.6
Gross profit	789,043	761,996	+3.5	+11.3	768,700	+2.6
Underlying operating profit	166,565	160,438	+3.8	+9.4	155,000	+7.5
Operating margin	21.1%	21.1%	+0.0	(0.4)	20.2%	+0.9
Underlying net profit	112,972	113,388	(0.4)	-	104,500	+8.1
Underlying basic EPS	396.20 yen	395.67 yen	+0.1	-	366.5 yen	+8.1
Operating profit	137,681	128,212	+7.4	-	132,400	+4.0
Net profit	83,501	83,090	+0.5	-	81,200	+2.8
EBITDA	184,064	175,454	+4.9	-		
Underlying ROE	11.3%	10.6%	+0.7	-		
Currency	2016 Jan–Dec average	2015 Jan–Dec average			at May 4th, 2016	
JPY/USD	108.9 yen	121.0 yen	(10.1)	-	106.1 yen	+2.6
JPY/GBP	147.8 yen	185.1 yen	(20.2)	-	155.4 yen	(4.9)

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

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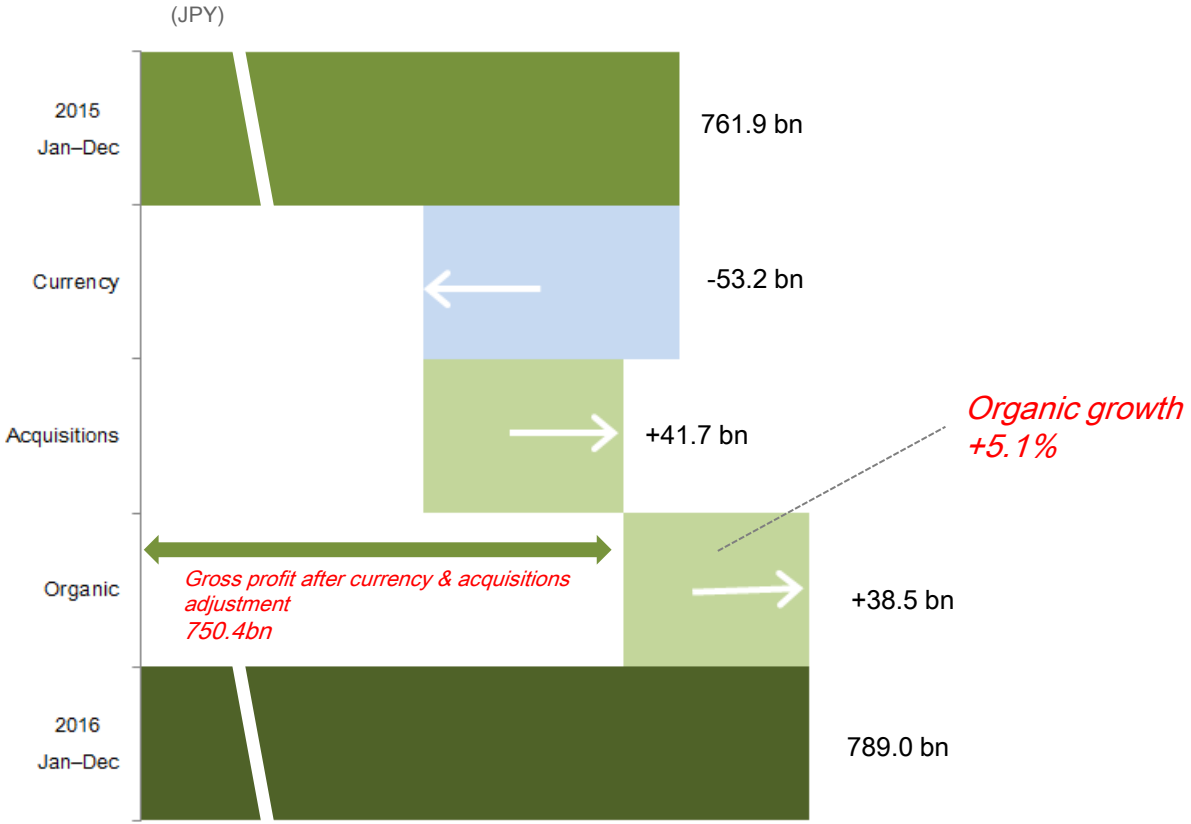
Gross Profit Growth



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Regional Information – Gross Profit –

(JPY mn)

	2016 Jan–Dec	2015 Jan–Dec	YoY %	Constant currency basis %	Organic growth %
Japan	363,242	348,252	+4.3	+4.3	+4.5
Digital domain ratio	19.7%	18.9%	+0.8	+0.8	
EMEA	151,195	157,153	(3.8)	+12.6	+6.9
Americas	160,043	139,358	+14.8	+28.9	+3.1
APAC	114,775	117,554	(2.4)	+12.2	+7.9
International total	426,014	414,066	+2.9	+18.1	+5.7
Digital domain ratio	52.3%	46.5%	+5.8	+5.6	
Consolidation adjustments	(213)	(323)	-	-	-
Dentsu consolidated total	789,043	761,996	+3.5	+11.3	+5.1
Digital domain ratio	37.3%	33.9%	+3.4	+4.2	
International business ratio	54.0%	54.3%	(0.3)	+3.1	

Regional Information – Underlying Operating Profit –

(JPY mn)

	Underlying operating profit				Operating margin			
	2016 Jan–Dec	2015 Jan–Dec	YoY %	Constant currency basis %	2016 Jan–Dec	2015 Jan–Dec	YoY %	Constant currency basis %
Japan	97,362	90,403	+7.7	+7.7	26.8%	26.0%	+0.8	+0.8
International total	69,059	70,156	(1.6)	+11.2	16.2%	16.9%	(0.7)	(1.0)
Consolidation adjustments	143	(121)	-	-	-	-	-	-
Dentsu consolidated total	166,565	160,438	+3.8	+9.4	21.1%	21.1%	+0.0	(0.4)

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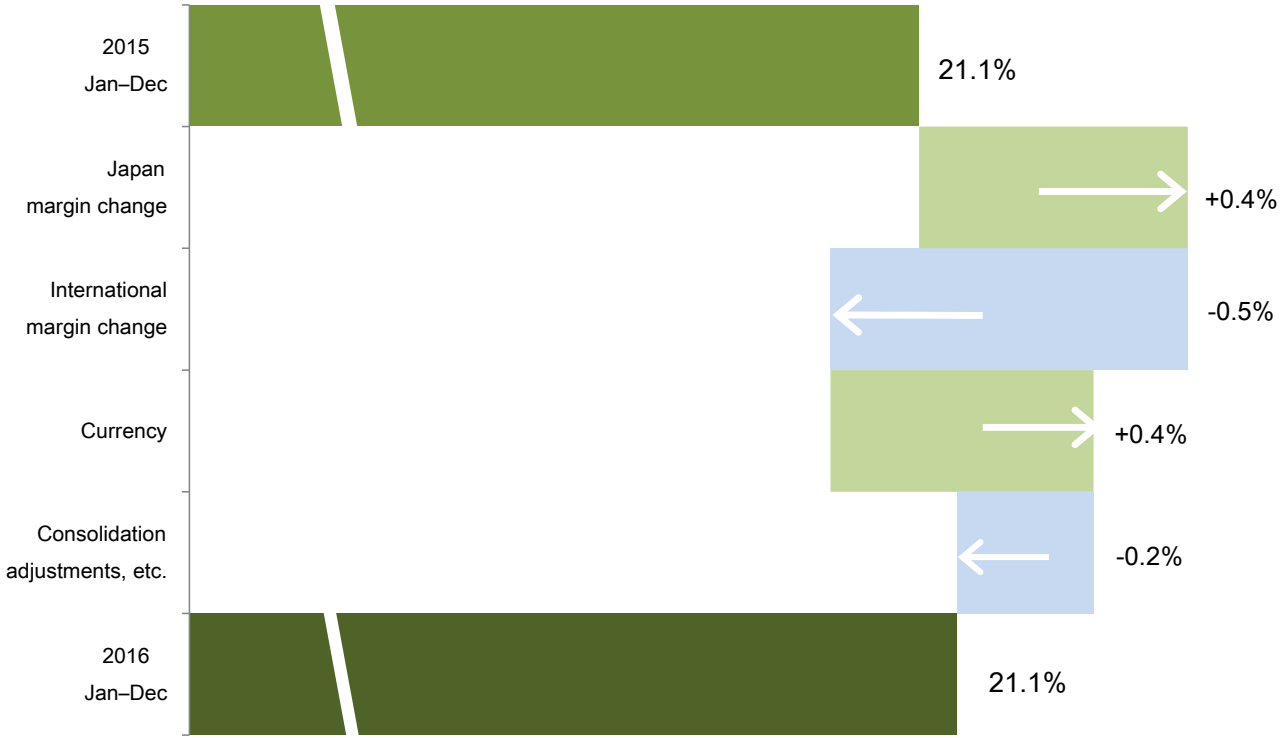
Change in Underlying Operating Margin



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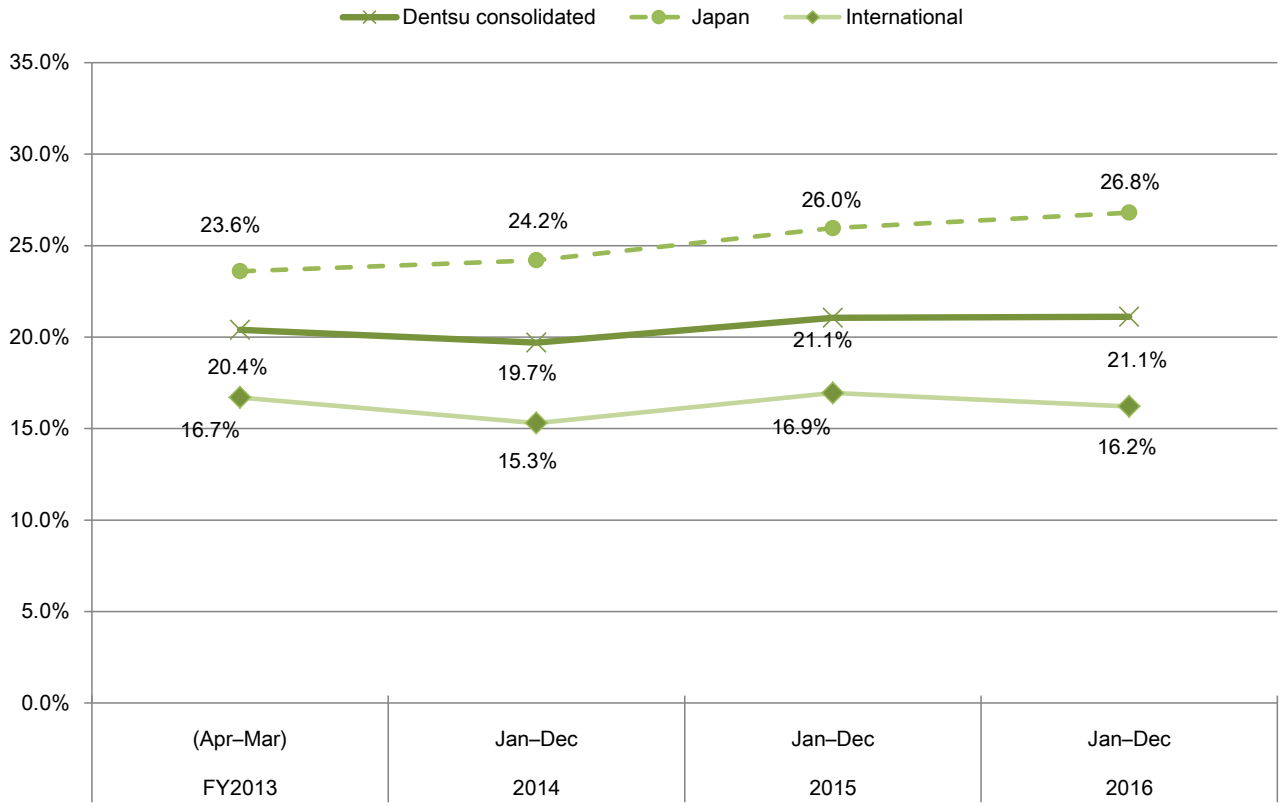
Operating Margin



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Reconciliation from Underlying OP to Statutory OP

(JPY mn)

	2016 Jan–Dec	2015 Jan–Dec	YoY #	YoY %
Underlying operating profit	166,565	160,438	+ 6,127	+3.8
Adjustment items	(28,883)	(32,226)	+ 3,342	
Amortization of M&A related intangible assets	(24,506)	(22,798)	(1,707)	
Acquisition costs	(3,579)	(1,624)	(1,955)	
One-off items	(798)	(7,803)	+ 7,005	
Gain (loss) on sales and retirement of non-current assets	+ 6,074	(874)	+ 6,949	
Gain (loss) on sales of shares of subsidiaries and associates	+ 11	+ 954	(942)	
Revaluation gain (loss) on investment reclassification	+ 339	+ 3,260	(2,921)	
Impairment loss	(522)	(3,650)	+ 3,128	
Special retirement expenses	(5,183)	(4,564)	(618)	
Loss on liquidation of subsidiaries and associates	-	(2,617)	+ 2,617	
Others	(1,517)	(312)	(1,205)	
Operating profit	137,681	128,212	+ 9,469	+7.4

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Statutory Operating Profit to Net Profit

(JPY mn)

	2016 Jan–Dec	2015 Jan–Dec	YoY #	YoY %
Operating profit	137,681	128,212	+ 9,469	+7.4
Share of results of associates	3,362	4,515	(1,153)	(25.5)
Profit before interest and tax	141,044	132,727	+ 8,316	+6.3
Net finance income (costs)	(8,126)	(5,988)	(2,137)	-
Finance income	5,104	5,993	(889)	(14.8)
Finance costs	13,230	11,982	+ 1,248	+10.4
Profit before tax	132,918	126,739	+ 6,178	+4.9
Income tax expense	43,572	37,637	+ 5,935	+15.8
Net profit	89,345	89,101	+ 243	+0.3
Attributable to owners of the parent	83,501	83,090	+ 411	+0.5
Attributable to non-controlling interests	5,844	6,011	(167)	(2.8)

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Cash Flow

(JPY mn)

	2016 Jan–Dec
Profit before tax	132,918
Share of results of associates	(3,362)
Depreciation and amortization	45,860
Impairment loss	522
Others	1,880
Income taxes paid	(39,080)
Cash flow from operations before change in WC i	138,737

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Use of Cash

(JPY mn)

	2016 Jan–Dec
Change in WC ii	4,847
Payments for PPE, intangible assets and investment property (net)	(10,227)
Payments for investing activities (net)	(155,387)
Dividends paid to shareholders	(22,811)
Dividends paid to non-controlling shareholders	(4,121)
Use of cash iii	(192,547)
Effect of exchange rate changes and others iv	(21,766)
Change in net cash i (preceding slide)+ii+iii+iv	(70,727)
(Acquisition payments)	
Initial payments	(144,178)
Earn-out payments / Additional acquisition payments	(32,334)
Proceeds from sales	4,960

Notes: “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. “Payments for investing activities (net)” includes proceeds from sales of securities of JPY 40.4bn such as Recruit HD.
Effect of exchange rate changes and others… Including effect of exchange rate changes from debt and net cash that acquired companies had held.

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Net Debt

(JPY mn)

	2016 End of Dec	2015 End of Dec	Var. #
Total debt	403,599	353,783	+ 49,816
Cash and cash equivalents	242,410	263,322	(20,911)
Net debt	161,188	90,460	+ 70,727
Total debt (LTM average)	367,196	380,689	(13,493)
Cash and cash equivalents (LTM average)	241,866	271,719	(29,852)
Net debt (LTM average)	125,329	108,970	+ 16,359
EBITDA (LTM)	184,064	175,454	+ 8,610
Net debt / EBITDA (LTM)	0.88	0.52	
Net debt (LTM average) / EBITDA (LTM)	0.68	0.62	

Note: LTM… Last twelve months

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FY2017 Forecast

(JPY mn)

	2017 Jan–Dec	2016 Jan–Dec	YoY %	Constant currency basis %
Revenue	978,500	838,359	+16.7	-
Gross profit	929,500	789,043	+17.8	+15.8
Japan	360,400	363,242	(0.8)	(0.8)
International total	569,100	426,014	+33.6	+29.5
Underlying operating profit	168,900	166,565	+1.4	(0.5)
Japan	81,200	97,362	(16.6)	(16.6)
International total	87,700	69,059	+27.0	+21.1
Operating margin	18.2%	21.1%	(2.9)	(3.0)
Japan	22.5%	26.8%	(4.3)	(4.3)
International total	15.4%	16.2%	(0.8)	(1.1)
Underlying net profit	111,800	112,972	(1.0)	-
Underlying basic EPS	392.09 yen	396.20 yen	(1.0)	-
Operating profit	151,500	137,681	+10.0	-
Net profit	86,600	83,501	+3.7	-
Currency	Av. Jan in 2017	Av. Jan–Dec in 2016		
JPY/USD	114.8 yen	108.9 yen	+5.4	-
JPY/GBP	141.6 yen	147.8 yen	(4.2)	-

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

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Capital Management Strategy

Objective: to deliver an improvement in Shareholder Value over time

Growth of the business – priority for capital deployment:

- Investing in growth in Japan and globally
- Deliver value-enhancing acquisitions - scale, in-fill & innovation
- Short-term investment for business infrastructure in Japan from 2017

Focus on Capital Returns and Dividends

- Share repurchase up to the maximum amount of JPY20bn in 2017 (Total payout ratio forecast in 2017: 41%)

Increase ROE overtime

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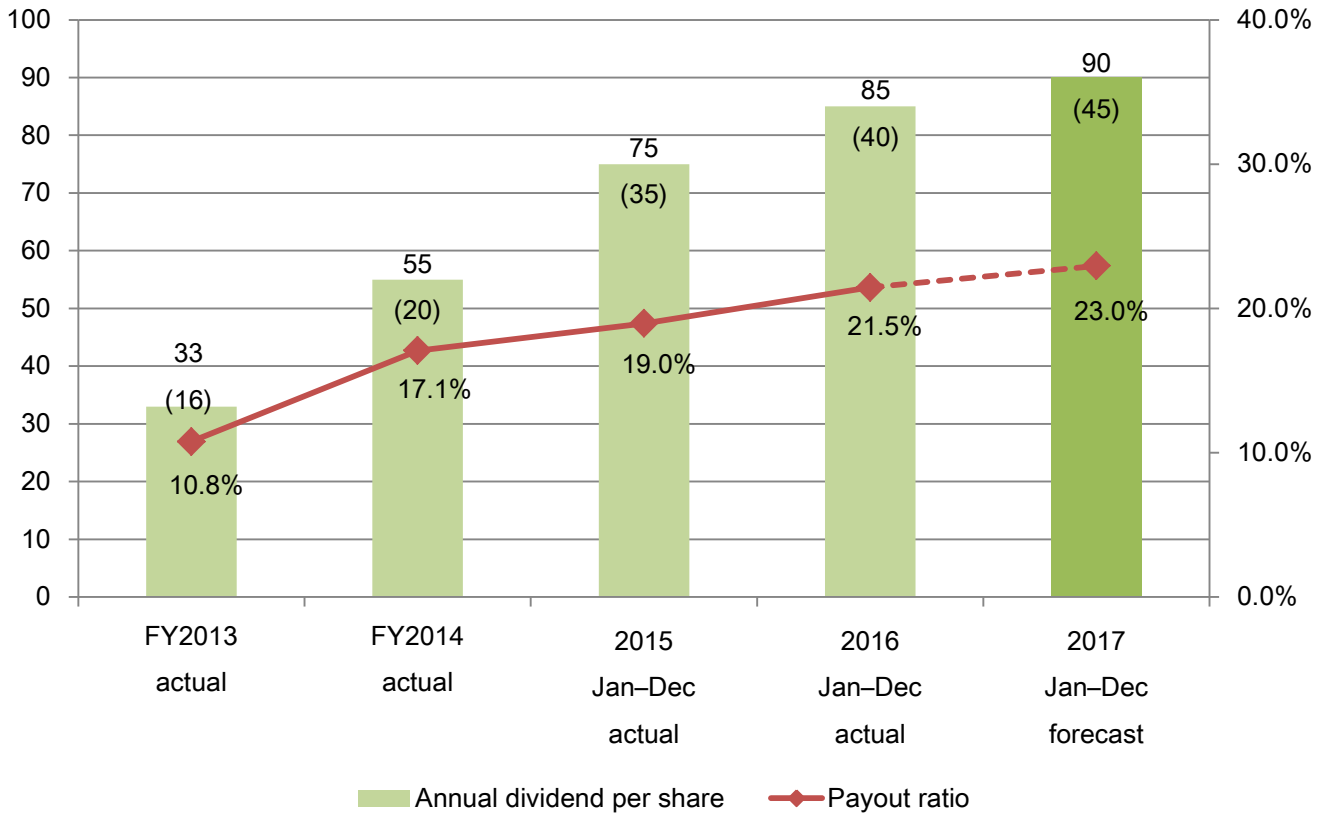
Dividend



Notes:
Payout ratio… Based on underlying net profit attributable to owners of the parent
( )… Interim dividend per share

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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.

Previous year’s figures in the Consolidated Statement of Income

The previous year’s figures are provided on a December year-end basis, although the fiscal year-end had not yet changed in the same period of the previous year.

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Current Status & Outlook for the Dentsu Group

Toshihiro Yamamoto
President & CEO

This presentation material contains forecasts based on assumptions, prospects and plans about the future of the management as of February16, 2017.
Actual results may significantly differ from the forecasts, depending on risks and uncertainties related to the economic situation.

February 2017

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

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“Dentsu 2017and Beyond”

＜Strategic goals>

① Diversifying the portfolio on a global basis

② Evolving and expanding in the digital domain

③ Re-engineering business processes and improving profitability

④ Further reinforcing the business platform in the core Japanese market

＜KPIs＞

①	Organic gross profit growth	3 – 5%
②	Ratio of gross profit from international (non-Japanese) business	55%
③	Ratio of gross profit from the digital domain	35%
④	Underlying operating margin	20% or higher

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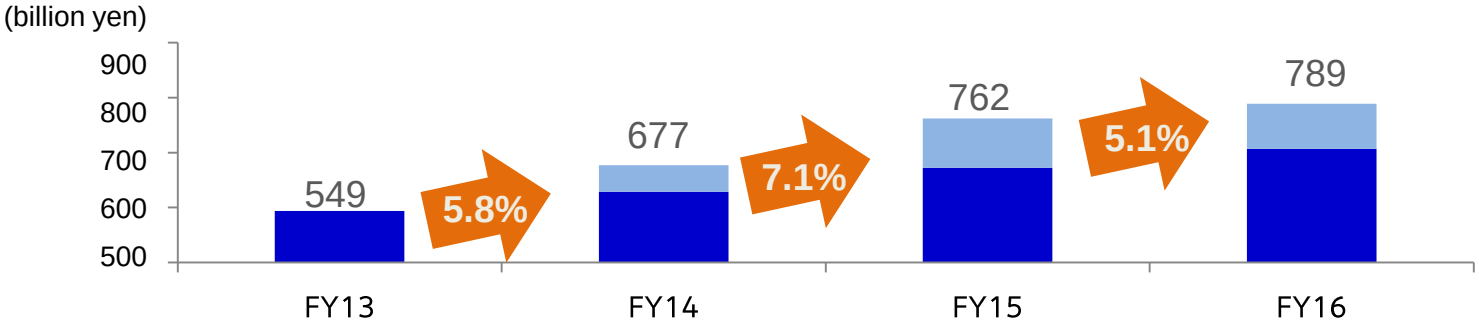
“Dentsu 2017 and Beyond” KPIs & Progress

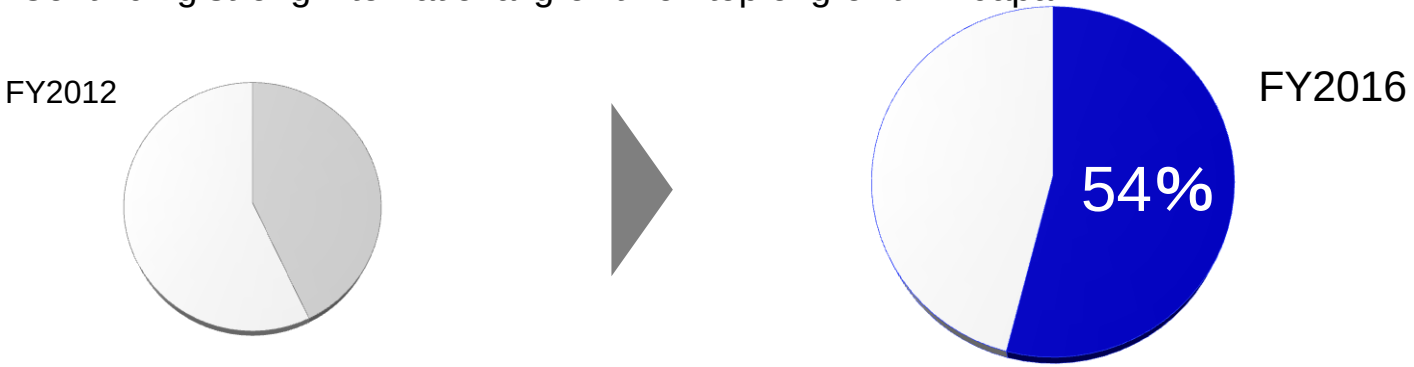
① Gross Profit Organic Growth Rate

- Outperforming both the market and our global peers both domestically and internationally



② Gross Profit International Ratio

- Continuing strong international growth on top of growth in Japan



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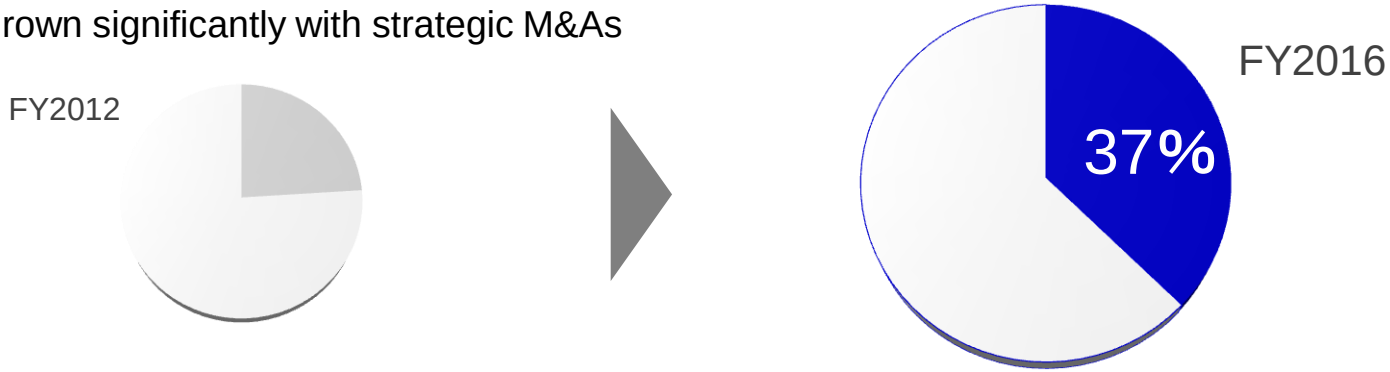
“Dentsu 2017 and Beyond” KPIs & Progress

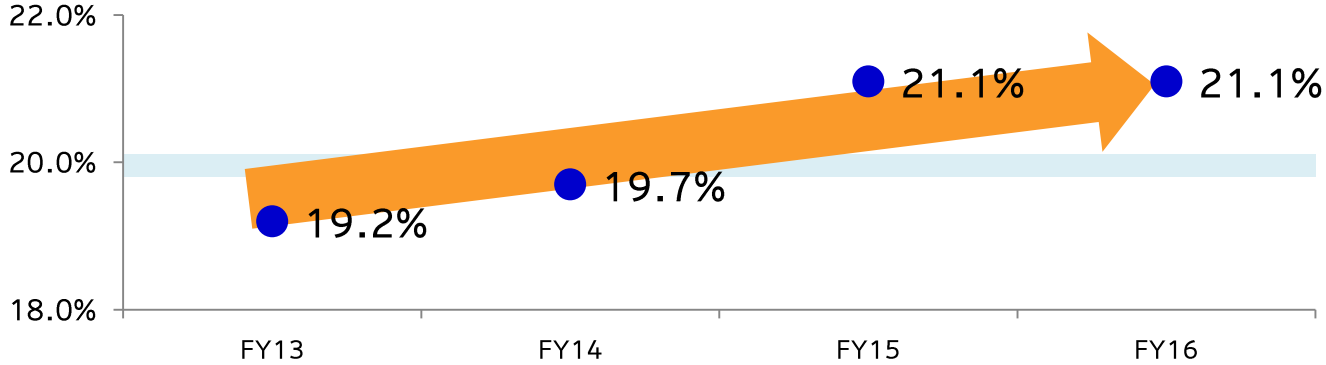
③ Gross Profit Digital Ratio

- Grown significantly with strategic M&As



④ Underlying Operating Margin

- Improving consistently both in Japan and internationally



New Medium-term Outlook and Management Focus for the Dentsu Group

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Clear and focused objectives for our leadership

① Accelerate growth in international business and expand/enhance competitive platform

② Foster a strong and supportive culture for our people and leaders to drive sustainable growth in Japan

③ Leverage innovation and digital capabilities to deliver value to our clients

④ Evolve our leadership team to focus on each stakeholder's interests and social responsibilities

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Medium-term Outlook and Management Focus for the Dentsu Group

① Accelerate growth in international business and expand/enhance competitive platform

Sustain brisk growth momentum and actively tap into business opportunities

- Maintain the growth momentum based on strong and stable leadership
- Drive dynamic M&As to take on changes in advance, focused on digital capabilities in-fill, particularly with data
- Transform our propositions to clients through innovation to enhance the organic growth

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Medium-term Outlook and Management Focus for the Dentsu Group

② Foster a strong and supportive foundation for our people and leaders to drive sustainable growth in Japan

Evolve into a cutting-edge corporate group that creates new styles of working

- Carry out structural reforms that will improve the working environment in the Japan business
- Create a system that will ensure the effectiveness of reforms
- Introduce agile working styles to encourage our people to reflect changes in society and the economy and to drive innovation
- Nurture a corporate culture that emphasize diversity inside and outside the group, to drive creativity to get better results for our people and clients

Medium-term Outlook and Management Focus for the Dentsu Group

③ Leverage innovation and digital capabilities to deliver value to our clients

Transform and strengthen our competences to advance digitalization

- Upgrade our accountability and capabilities for proposals and implementation that center around data
- Strengthen our abilities to create a unique brand experience that is carried out in real time
- Redesign operational processes by utilizing various technologies
- Actively incorporate cutting-edge knowhow obtained from sources in Japan and abroad, and reinforce partnerships

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Medium-term Outlook and Management Focus for the Dentsu Group

④ Evolve our leadership team to focus on each stakeholder's interests and social responsibilities

Implement well-balanced group management to achieve sustainable growth

- Contribute to the development of society through the implementation of diverse measures
- Realize interests of each stakeholder, shareholder/investor, business partner and our people
- Establish a governance system to ensure transparency and sound management

Dentsu Group Moves Toward the Future

Transforming into a self-innovative corporate group that consistently reinvents itself to achieve growth and evolution

The Dentsu Group aims to continually maximize its corporate value by nurturing its culture and dynamism to improve the quality of its services and the competency of its employees

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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, acquisition costs and one-off items such as impairment loss and gain/loss on sales of non-current assets
- 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)
- EBITDA: Operating profit before depreciation, amortization and impairment losses
- 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
- Constant currency basis: Comparison with the current period where the previous year's numbers are recalculated using the currency exchange rate which is used for the current year's numbers
- Currency: Currency movements comparing prior period reported gross profit at reported currency to prior period gross profit at constant currency (reported currency of the current year)
- 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

(JPY mn)

	2016 Oct–Dec	YoY %	2016 Jul–Sep	YoY %	2016 Apr–Jun	YoY %	2016 Jan–Mar	YoY %
Turnover	1,431,880	(0.1)	1,121,089	(4.0)	1,176,393	(1.6)	1,195,570	+0.1
Revenue	250,080	+7.1	195,111	(2.8)	193,625	+4.0	199,542	+0.7
Gross profit	236,935	+8.0	183,488	(1.5)	181,628	+3.7	186,990	+3.2
Japan	93,625	+1.0	87,148	+0.0	83,159	+12.1	99,308	+5.4
International	143,401	+13.0	96,381	(2.7)	98,528	(2.6)	87,702	+0.9
Underlying operating profit	64,332	(1.2)	33,620	+4.6	32,843	+11.1	35,769	+6.3
Japan	23,061	(20.1)	21,901	+6.6	19,180	+44.6	33,218	+19.8
International	41,132	+12.9	11,703	+3.0	13,677	(16.8)	2,545	(56.9)
Operating margin	27.2%	(2.5)	18.3%	+1.1	18.1%	+1.2	19.1%	+0.5
Underlying net profit	49,013	(7.8)	20,398	+4.1	22,007	+12.0	21,552	+2.6
Operating profit	53,682	(5.1)	25,347	(9.8)	26,854	+24.5	31,796	+44.7
Net profit	32,572	(17.5)	15,144	(25.6)	18,569	+45.3	17,215	+64.6
EBITDA	68,714	(1.4)	35,688	(9.6)	37,374	+15.1	42,287	+25.1

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

Quarterly Gross Profit Organic Growth

(%)

	Dentsu consolidated total			Japan			International total		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Jan–Mar	+5.1	+6.2	-	+5.6	+0.0	-	+4.5	+13.7	+9.6
Apr–Jun	+9.5	+6.5	-	+12.2	+1.9	-	+7.2	+10.2	+8.5
Jul–Sep	+2.7	+4.2	-	+0.3	+1.4	-	+5.2	+6.6	+12.8
Oct–Dec	+3.9	+10.6	-	+1.0	+12.9	-	+5.8	+8.2	+10.5

	International – EMEA			International – Americas			International – APAC		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Jan–Mar	+10.7	+11.1	+10.6	(2.0)	+10.4	+4.7	+5.2	+22.5	+14.8
Apr–Jun	+5.0	+16.1	+6.9	+2.4	+7.9	+5.0	+16.8	+5.4	+15.2
Jul–Sep	+5.0	+11.0	+10.8	+5.4	+0.1	+12.8	+5.3	+9.3	+15.5
Oct–Dec	+7.5	+11.0	+10.6	+4.4	+2.1	+8.3	+5.6	+11.0	+12.8

Note:

Given the different year-ends of Dentsu in Japan and Dentsu Aegis Network previously, and the fact that Dentsu in Japan previously reported under J-GAAP, the quarterly organic gross profit growth figures for FY2014 for the Dentsu Group and Dentsu in Japan are not directly comparable to the figures for FY2015 and FY2016, which are reported on a December year-end basis under IFRS. Therefore, the FY2014 quarterly organic gross profit growth numbers for the Dentsu Group and Dentsu in Japan are not included in the table above.

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Analysis of Underlying Operating Profit



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

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Reconciliation from Underlying NP to Statutory NP

(JPY mn)

	2016 Jan–Dec	2015 Jan–Dec	YoY #	YoY %
Underlying net profit	112,972	113,388	(416)	(0.4)
Adjustment items	(29,470)	(30,298)	+ 827	
Operating profit adjustments	(28,883)	(32,226)	+ 3,342	
Loss on revaluation of earnout liabilities and M&A related put option liabilities	(4,844)	(3,198)	(1,645)	
Loss on early redemption of private placement bonds	-	(818)	+ 818	
Related income tax expense	+ 3,717	+ 5,976	(2,259)	
Change in income tax rate	(80)	(809)	+ 728	
Adjustments attributable to non-controlling interests	+ 620	+ 777	(156)	
Net profit	83,501	83,090	+ 411	+0.5
Underlying Effective Tax Rate	28.3%	26.3%	-	2.1%
Effective Tax Rate	32.8%	29.7%	-	3.1%

Note: Underlying net profit and net profit… Excluding attribution to non-controlling interests
Effective tax rate…Income tax expense divided by Profit before tax

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Financial Position

(JPY mn)

	2016 End of Dec	2015 End of Dec	Var. #	Var. %
Current assets	1,618,111	1,618,024	+ 87	+0.0
Non-current assets	1,537,118	1,448,051	+ 89,067	+6.2
Total assets	3,155,230	3,066,075	+ 89,155	+2.9
Current liabilities	1,599,235	1,488,602	+ 110,633	+7.4
Non-current liabilities	574,033	474,729	+ 99,304	+20.9
Total liabilities	2,173,269	1,963,331	+ 209,937	+10.7
Owners' interests	932,742	1,068,216	(135,474)	(12.7)
Non-controlling interests	49,218	34,526	+ 14,691	+42.6
Total equity	981,961	1,102,743	(120,782)	(11.0)
Total liabilities and equity	3,155,230	3,066,075	+ 89,155	+2.9
JPY/USD	116.5 yen	120.6 yen	-	(3.4)
JPY/GBP	143.0 yen	178.8 yen	-	(20.0)

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Repayment Schedule of Debt

(JPY mn)

2016 End of Dec	FY2017	FY2018	FY2019	FY2020 onwards	Total
Japan	5,379	49,316	2,720	126,846	184,262
Short-term debt	2,659	-	-	-	2,659
Long-term debt	2,720	49,316	2,720	126,846	181,602
International	125,110	-	47,816	46,409	219,336
Short-term debt	125,108	-	-	-	125,108
Long-term debt	2	-	47,816	46,409	94,225
Dentsu consolidated total	130,490	49,316	50,536	173,256	403,599
*reference					
M&A related debt	19,161	22,090	40,147	92,187	173,589
Deferred consideration	17,725	14,104	13,651	20,539	66,021
M&A related put-option liabilities	1,436	7,986	26,496	71,648	107,568

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Results of Parent Company (J-GAAP)

(JPY mn)

	2016 Jan–Dec	YoY %	2016 Oct–Dec	YoY %	2016 Jul–Sep	YoY %	2016 Apr–Jun	YoY %	2016 Jan–Mar	YoY %
Net sales	1,600,196	+2.6	414,305	(0.3)	376,954	+0.3	372,917	+2.2	436,019	+7.9
Gross profit	234,846	+3.6	58,247	(3.3)	56,143	+0.3	53,527	+9.0	66,927	+9.3
gross profit margin	*14.7%*	*+0.2*	*14.1%*	*(0.4)*	*14.9%*	*(0.0)*	*14.4%*	*+0.9*	*15.3%*	*+0.2*
SG&A	170,109	(0.2)	44,091	+3.0	41,231	(6.1)	41,299	+5.8	43,487	(2.8)
Operating income	64,736	+15.3	14,156	(18.9)	14,911	+23.4	12,228	+20.9	23,440	+42.1
vs. gross profit	*27.6%*	*+2.8*	*24.3%*	*(4.7)*	*26.6%*	*+5.0*	*22.8%*	*+2.2*	*35.0%*	*+8.1*
Ordinary income	97,131	+17.3	17,090	(25.0)	17,944	+36.8	16,421	(41.2)	45,674	+140.4
Income before income taxes	122,853	+53.2	17,563	(24.7)	40,999	+163.2	18,172	(39.0)	46,118	+301.0
Net income	91,962	+51.0	11,879	(31.8)	28,343	+158.3	13,744	(45.4)	37,994	+417.8

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

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Net Sales of Parent Company by Business Category
(J-GAAP)

(JPY mn)

	2016 Jan–Dec	YoY %	2016 Oct-Dec	YoY %	2016 Jul–Sep	YoY %	2016 Apr–Jun	YoY %	2016 Jan–Mar	YoY %
Newspapers	89,171	(7.1)	22,589	(10.2)	19,130	(3.9)	19,422	(5.6)	28,029	(7.8)
Magazines	27,307	(14.8)	7,367	(17.6)	6,744	(14.0)	6,017	(13.4)	7,177	(13.8)
Radio	14,106	+0.4	3,791	+0.1	3,459	(1.6)	3,407	+4.9	3,449	(1.3)
Television	692,621	+1.8	185,098	+0.9	167,864	+3.1	172,135	+0.5	167,523	+3.1
Time	295,096	+2.7	74,078	(0.1)	79,706	+8.4	68,850	+1.1	72,461	+1.3
Spot	397,525	+1.2	111,020	+1.5	88,157	(1.3)	103,285	+0.1	95,062	+4.4
Interactive Media	96,092	+13.0	27,969	+18.4	22,907	+21.5	22,254	+12.3	22,960	+1.0
OOH Media	57,260	(3.7)	14,385	(4.6)	12,834	(8.3)	14,563	(8.7)	15,477	+7.1
Creative	191,211	(4.6)	45,363	(1.2)	45,183	(8.8)	44,675	(3.6)	55,988	(4.5)
Marketing/Promotion	219,334	+1.6	61,749	(7.6)	54,840	(2.4)	50,105	+19.0	52,638	+3.5
Content Services	170,361	+26.7	34,959	+10.4	33,423	+2.4	29,497	+4.8	72,481	+72.4
Others	42,728	+0.8	11,030	+1.9	10,566	+0.1	10,837	+2.9	10,293	(1.8)
Total	1,600,196	+2.6	414,305	(0.3)	376,954	+0.3	372,917	+2.2	436,019	+7.9

Note:
* Scale of digital domain operations in Japan (including parent company)… Please refer to the “Regional Information – Gross Profit –” slide

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Net Sales of Parent Company by Industry
(J-GAAP)

(JPY mn)

	2016 Jan–Dec	YoY %	2016 Oct–Dec	YoY %	2016 Jul–Sep	YoY %	2016 Apr–Jun	YoY %	2016 Jan–Mar	YoY %
Information/Communications	220,590	+7.7	54,757	+5.8	57,535	+12.2	45,633	+8.5	62,664	+4.8
Beverages/Cigarettes	155,395	(2.6)	39,330	+1.5	35,219	(10.4)	44,340	+3.1	36,504	(5.2)
Cosmetics/Toiletries	146,108	+17.9	41,501	+23.7	35,371	+14.5	38,655	+15.8	30,578	+16.9
Finance/Insurance	144,432	+13.4	33,461	+3.8	30,502	+5.6	31,613	+0.6	48,855	+40.3
Foodstuffs	115,953	+10.7	27,317	(2.1)	27,861	+3.4	28,518	+7.2	32,256	+38.5
Automobiles/Related Products	92,670	(17.1)	24,449	(25.3)	25,595	+3.7	19,371	(20.6)	23,253	(22.4)
Distribution/Retailing	90,348	(10.2)	23,661	(15.3)	20,419	(11.2)	23,320	(6.6)	22,947	(7.1)
Food Services/Other Services	87,937	(5.0)	25,826	+2.6	19,836	(11.7)	18,282	(14.0)	23,992	+1.1
Government/Organizations	77,291	+10.9	21,992	+4.6	17,404	+12.9	17,094	+27.9	20,799	+4.6
Transportation/Leisure	73,807	+2.9	15,660	(12.7)	16,771	(4.5)	19,414	+11.5	21,960	+16.6
Hobbies/Sporting Goods	61,418	+7.0	17,093	+15.9	16,155	(3.6)	13,247	(4.7)	14,922	+24.4
Pharmaceuticals/Medical Supplies	57,125	(9.1)	18,830	(5.5)	12,676	(12.7)	13,405	(12.4)	12,212	(6.4)
Real Estate/Housing Facilities	54,754	+14.0	13,358	+15.2	13,857	+16.5	9,855	(14.3)	17,682	+35.7
Home Electric Appliances/AV Equipment	48,699	+8.7	13,723	(0.4)	10,403	+14.2	10,423	+18.8	14,149	+7.9
Apparel/Fashion, Accessories/Personal Items	40,248	(7.9)	11,764	(8.2)	8,059	(13.6)	9,483	(9.3)	10,941	(1.6)
Others	133,413	(2.2)	31,575	(5.7)	29,283	(13.3)	30,257	+11.3	42,297	+0.8
Total	1,600,196	+2.6	414,305	(0.3)	376,954	+0.3	372,917	+2.2	436,019	+7.9

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Effects of Currency Exchange Rates

	Average rate			Period end rate		
	2016 Jan–Dec	2015 Jan–Dec	Var. %	2016 End of Dec	2015 End of Dec	Var. %
JPY/USD	108.9 yen	121.0 yen	(10.1)	116.5 yen	120.6 yen	(3.4)
JPY/EUR	120.4 yen	134.3 yen	(10.4)	122.7 yen	131.8 yen	(6.9)
JPY/CNY	16.4 yen	19.2 yen	(14.8)	16.8 yen	18.4 yen	(8.7)
JPY/GBP	147.8 yen	185.1 yen	(20.2)	143.0 yen	178.8 yen	(20.0)
JPY/AUD	80.9 yen	91.1 yen	(11.2)	84.4 yen	87.9 yen	(4.0)

Gross profit ratio by currency

(%)	JPY	USD	EUR	CNY	GBP	AUD	Others	Total
FY2016 Jan–Dec	46.0	17.1	9.0	5.8	5.7	3.5	12.9	100.0

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Summary of Carat Ad Spend

(%)

	2017 Market growth forecast	2016 Market growth forecast
Japan	1.2	1.8
EMEA	2.9	3.0
UK	4.6	5.4
Germany	2.1	2.3
France	1.2	0.9
Spain	4.4	5.0
Americas	4.5	5.5
USA	3.8	5.0
Canada	3.0	3.0
Brazil	4.5	4.8
APAC (excluding Japan)	5.5	4.8
China	5.5	5.7
Australia	4.5	5.4
Global	4.0	4.4

Source: Carat, *"Global Advertising Expenditure Forecasts — September 2016"*