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FY2017 Earnings Presentation

February 15, 2018

DENTSU INC.

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FY2017 Annual Results

Yushin Soga

Director and Executive Officer

February 13, 2018

* 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 9.2% (YoY, constant currency basis)
- Organic gross profit growth: +0.1%
  (Japan -0.3% / International +0.4%)
- Underlying operating profit decreased by 3.8% (constant currency basis)
- Underlying operating margin: 18.7%, -250 bps (constant currency basis)
- Underlying basic EPS decreased by 3.7%
- Dividend increased by 5 yen (YoY) to 90 yen per share

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Summary

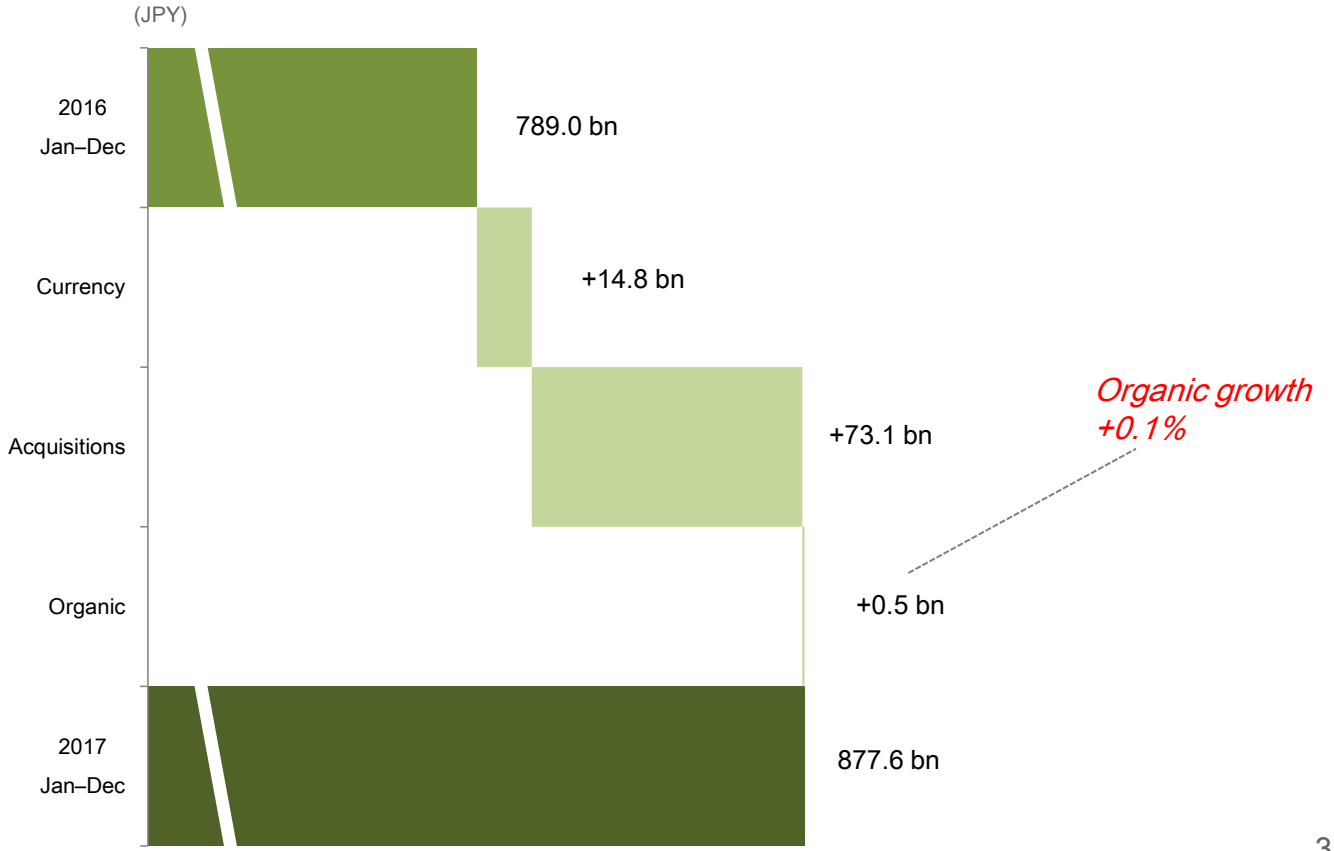
(JPY mn)

	2017 Jan–Dec	2016 Jan–Dec	YoY %	Constant currency basis %	Forecast (announced in Aug 2017)	Forecast variance %
Turnover	5,187,300	4,924,933	+5.3	-	-	-
Revenue	928,841	838,359	+10.8	-	933,000	(0.4)
Gross profit	877,622	789,043	+11.2	+9.2	884,000	(0.7)
Underlying operating profit	163,946	166,565	(1.6)	(3.8)	160,300	+2.3
Operating margin	18.7%	21.1%	(2.4)	(2.5)	18.1%	+0.6
Underlying net profit	107,874	112,972	(4.5)	-	105,900	+1.9
Underlying basic EPS	381.58 yen	396.20 yen	(3.7)	-	374.60 yen	+1.9
Operating profit	137,392	137,681	(0.2)	-	136,500	+0.7
Net profit	105,478	83,501	+26.3	-	86,800	+21.5
EBITDA	194,073	184,064	+5.4	-		
Underlying ROE	10.6%	11.3%	(0.7)	-		
Currency					Av. Jan–Jun in 2017	
JPY/USD	112.2 yen	108.9 yen	+3.0	-	112.4 yen	(0.2)
JPY/GBP	144.5 yen	147.8 yen	(2.2)	-	141.4 yen	+2.2

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)

	2017 Jan–Dec	2016 Jan–Dec	YoY %	Constant currency basis %	Organic growth %
Japan	361,902	363,242	(0.4)	(0.4)	(0.3)
Digital domain ratio	22.2%	19.7%	+2.5	+2.5	
EMEA	184,946	151,195	+22.3	+18.4	+3.1
Americas	206,001	160,043	+28.7	+24.4	(1.5)
APAC	125,089	114,775	+9.0	+5.1	(0.6)
International total	516,052	426,014	+21.1	+17.1	+0.4
Digital domain ratio	57.9%	52.3%	+5.6	+5.7	
Consolidation adjustments	(331)	(213)	-	-	-
Dentsu consolidated total	877,622	789,043	+11.2	+9.2	+0.1
Digital domain ratio	43.2%	37.3%	+5.9	+5.7	
International business ratio	58.8%	54.0%	+4.8	+4.0	

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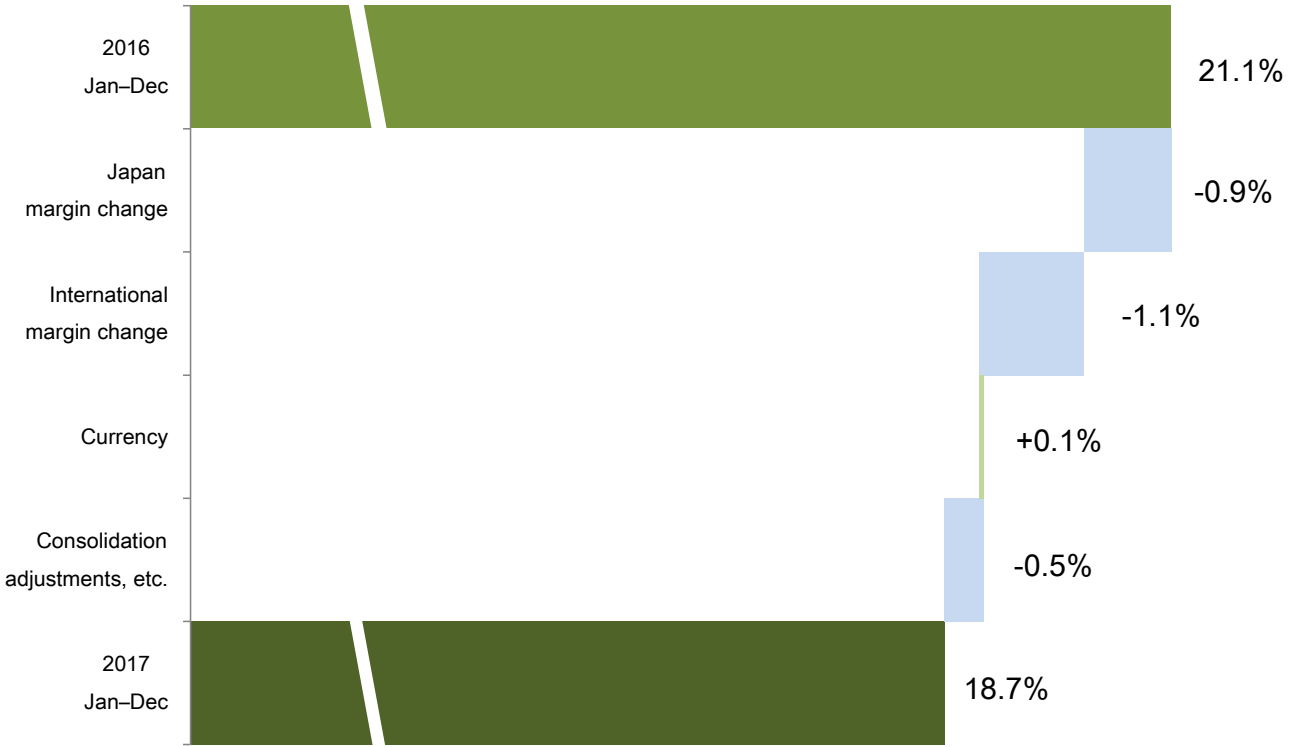
Regional Information – Underlying Operating Profit –

(JPY mn)

	Underlying operating profit				Operating margin			
	2017 Jan–Dec	2016 Jan–Dec	YoY %	Constant currency basis %	2017 Jan–Dec	2016 Jan–Dec	YoY %	Constant currency basis %
Japan	88,801	97,362	(8.8)	(8.8)	24.5%	26.8%	(2.3)	(2.3)
International total	75,146	69,059	+8.8	+3.5	14.6%	16.2%	(1.6)	(1.9)
Consolidation adjustments	(1)	143	-	-	-	-	-	-
Dentsu consolidated total	163,946	166,565	(1.6)	(3.8)	18.7%	21.1%	(2.4)	(2.5)

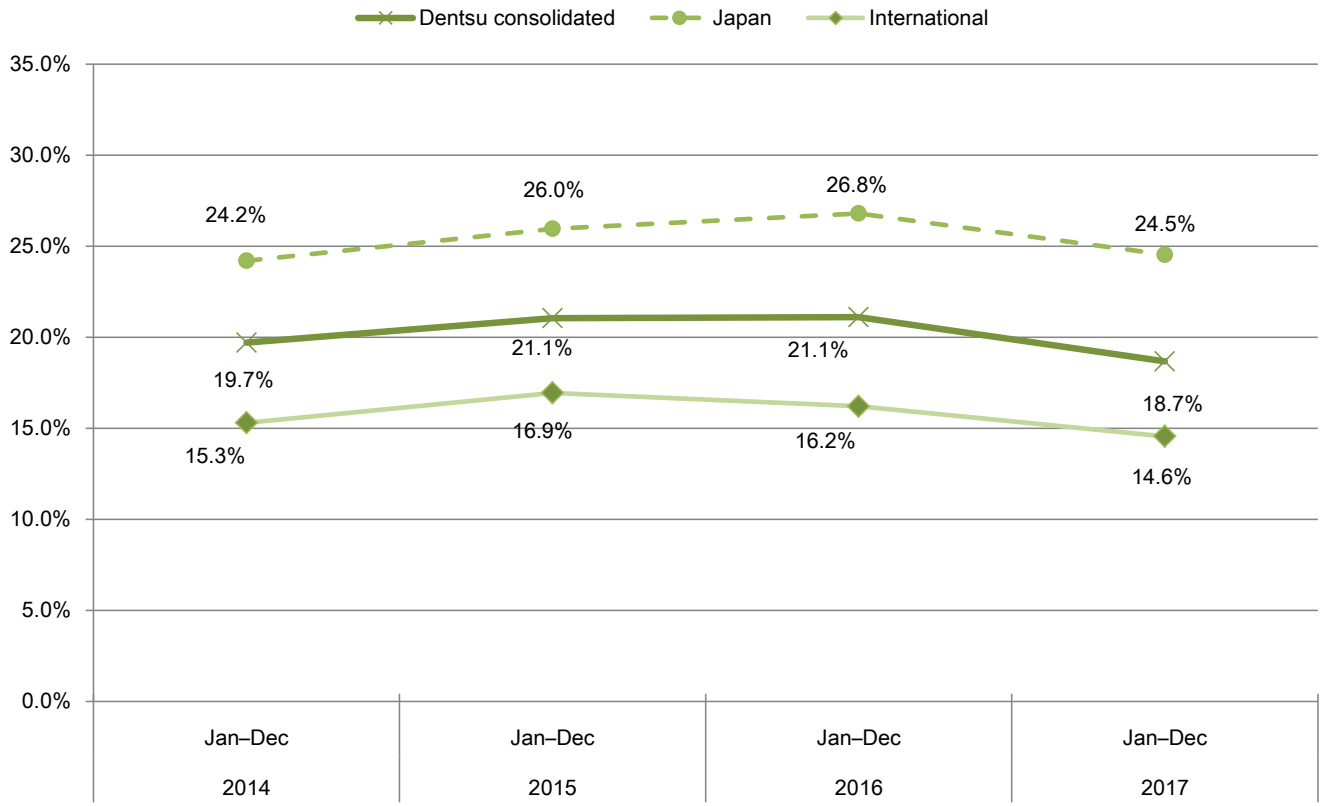
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Change in Underlying Operating Margin



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Operating Margin



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Reconciliation from Underlying OP to Statutory OP

(JPY mn)

	2017 Jan–Dec	2016 Jan–Dec	YoY #	YoY %
Underlying operating profit	163,946	166,565	(2,618)	(1.6)
Adjustment items	(26,554)	(28,883)	+ 2,329	
Amortization of M&A related intangible assets	(31,779)	(24,506)	(7,273)	
Acquisition costs	(1,795)	(3,579)	+ 1,784	
Share-based compensation expenses related to acquired companies	(2,046)	(446)	(1,600)	
One-off items	+ 9,066	(352)	+ 9,418	
Payment related to working hours	(3,103)	-	(3,103)	
Gain (loss) on sales and retirement of non-current assets	+ 13,168	+ 6,074	+ 7,093	
Gain (loss) on sales of shares of subsidiaries and associates	+ 602	+ 11	+ 591	
Impairment loss	(1,093)	(522)	(570)	
Special retirement expenses	(366)	(5,183)	+ 4,816	
Others	(142)	(732)	+ 591	
Operating profit	137,392	137,681	(289)	(0.2)

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Statutory Operating Profit to Net Profit

(JPY mn)

	2017 Jan–Dec	2016 Jan–Dec	YoY #	YoY %
Operating profit	137,392	137,681	(289)	(0.2)
Share of results of associates	4,222	3,362	+ 860	+25.6
Profit before interest and tax	141,614	141,044	+ 570	+0.4
Net finance income (costs)	8,047	(8,126)	+ 16,173	-
Finance income	20,302	5,104	+ 15,197	+297.7
Finance costs	12,254	13,230	(976)	(7.4)
Profit before tax	149,662	132,918	+ 16,744	+12.6
Income tax expense	36,520	43,572	(7,052)	(16.2)
Net profit	113,142	89,345	+ 23,796	+26.6
Attributable to owners of the parent	105,478	83,501	+ 21,976	+26.3
Attributable to non-controlling interests	7,663	5,844	+ 1,819	+31.1

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Cash Flow

(JPY mn)

	2017 Jan–Dec	2016 Jan–Dec	YoY #	YoY %
Profit before tax	149,662	132,918	+ 16,744	+12.6
Share of results of associates	(4,222)	(3,362)	(860)	
Depreciation and amortization	55,587	45,860	+ 9,727	
Impairment loss	1,093	522	+ 570	
Gain (loss) on sales and retirement of non-current assets	(13,168)	(6,074)	(7,093)	
Others	(1,631)	7,954	(9,585)	
Income taxes paid	(61,058)	(39,080)	(21,977)	
Cash flow from operations before change in WC i	126,263	138,737	(12,474)	(9.0)

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Use of Cash

(JPY mn)

	2017 Jan–Dec	2016 Jan–Dec	YoY #	YoY %
Change in WC ii	15,293	4,847	+ 10,446	
Payments for PPE, intangible assets and investment property (net)	(9,347)	(10,227)	+ 879	
Payments for investing activities (net)	(82,502)	(155,374)	+ 72,872	
Dividends paid to shareholders	(25,516)	(22,811)	(2,705)	
Dividends paid to non-controlling shareholders	(2,983)	(4,121)	+ 1,137	
Payments for share repurchase	(20,014)	(13)	(20,001)	
Use of cash iii	(140,363)	(192,547)	+ 52,183	(27.1)
Effect of exchange rate changes and others iv	5,242	(21,766)	+ 27,008	
Change in net cash i+ii+iii+iv	6,435	(70,727)	+ 77,163	-
(Acquisition payments)				
Initial payments	(46,662)	(144,178)	+ 97,515	
Earn-out payments / Additional acquisition payments	(26,033)	(32,334)	+ 6,301	
Proceeds from sales	86	4,960	(4,874)	

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.
“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)

	2017 End of Dec	2016 End of Dec	Var. #
Total debt	460,512	403,599	+ 56,913
Cash and cash equivalents	305,760	242,410	+ 63,349
Net debt	154,752	161,188	(6,435)
Total debt (LTM average)	452,798	367,196	+ 85,602
Cash and cash equivalents (LTM average)	237,976	241,866	(3,890)
Net debt (LTM average)	214,821	125,329	+ 89,492
EBITDA (LTM)	194,073	184,064	+ 10,009
Net debt / EBITDA (LTM)	0.80	0.88	
Net debt (LTM average) / EBITDA (LTM)	1.11	0.68	

Notes: LTM average… Average of last twelve months
LTM… Last twelve months

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FY2018 Forecast

(JPY mn)

	2018 Jan–Dec	2017 Jan–Dec	YoY %	Constant currency basis %
Revenue	1,006,900	928,841	+8.4	-
Gross profit	954,700	877,622	+8.8	+7.2
Japan	366,600	361,902	+1.3	+1.3
International total	588,100	516,052	+14.0	+11.2
Underlying operating profit	150,000	163,946	(8.5)	(9.5)
Japan	72,500	88,801	(18.4)	(18.4)
International total	77,500	75,146	+3.1	+0.9
Operating margin	15.7%	18.7%	(3.0)	(2.9)
Japan	19.8%	24.5%	(4.7)	(4.7)
International total	13.2%	14.6%	(1.4)	(1.3)
Underlying net profit	99,800	107,874	(7.5)	-
Underlying basic EPS	354.03 yen	381.58 yen	(7.2)	-
Operating profit	112,900	137,392	(17.8)	-
Net profit	61,600	105,478	(41.6)	-
Currency	Av. Jan 2018	Av. Jan–Dec in 2017		
JPY/USD	110.9 yen	112.2 yen	(1.2)	-
JPY/GBP	153.4 yen	144.5 yen	+6.2	-

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

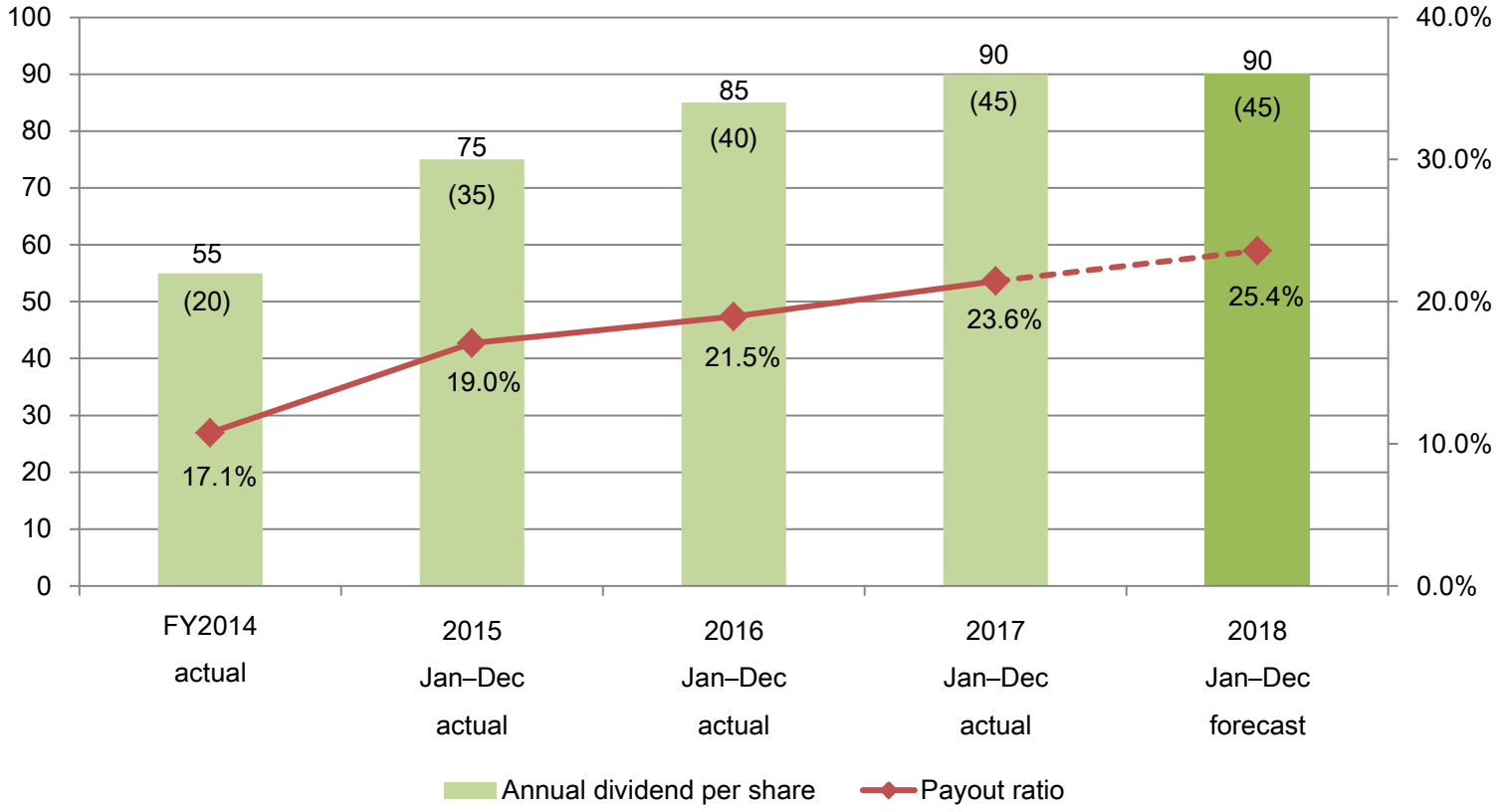
Focus on Capital Returns and Dividends

- Combination of stable capital returns and flexible share repurchase

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.

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Transforming the Dentsu Group in 2018

Toshihiro Yamamoto
President & CEO

*The numeric figures and indicators are disclosed in this presentation for the purpose of promoting proper understanding of business conditions. Note that in certain cases, the numeric figures herein differ from those in our financial statements. Refer to the Appendices for definitions on terms used.

Feb. 15, 2018

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Group Priorities

1 Working Environment Reform and Improvement of Corporate Infrastructure in Japan

2 Group Business Transformation

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1

Working Environment Reform and Improvement of Corporate Infrastructure

Reform with both shortening of work hours and improving quality of the service	Transform overall corporate infrastructure	Reform that opens up the future

compliance with laws and eradication of overwork

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2

Business Transformation

[Changes in our Business Environment]

Change in client needs	Change in consumers	Changes in media
Pursue ROI and KPI overall in the marketing funnel	Diversification of contact points/purchasing points owing to numerous devices	Irreversible digitalization occurring in society
▼	▼	▼
Refine and hone integrated planning methods	R&D/partnership to capture contact point with consumers	Driving the paradigm shift
Evolving method functions	**Establish data infrastructure**	**Reform media/content businesses**

▼

The transformation the Dentsu Group is aiming for

In-depth marketing & communication business

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2

Business Transformation (Japan Business)

Strengthen functions within the group and revamp structure

Actively partner with or invest in other companies

	Evolving method functions	Create data infrastructure
Establish system	Establish integrated planning framework People Driven Marketing™	Use viewership data STADIA SHAREST ・・・視聴率予測AI・・・
External collaboration/ investment	Improve ad quality IAS Integral Ad Science Fortify system for video ads KAIZEN PLATFORM	Establish development platform DP Data Artist Convert AI development company into subsidiary Enhance ties with platform developer

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2

Business Transformation (Japan Business)

Data Artist to become a subsidiary

Data Artist

Enhance integrated planning, including digital using AI	Improve operational efficiency and optimize HRM using AI	Develop new businesses that leverage AI
Expand topline in the marketing communication domain	Improve group overall corporate infrastructure	Secure new revenue source

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2

Business Transformation (Japan Business)

Change in environment surrounding customer business

More sophisticated and complex business issues

Expand business domain

- Business design
- AI
- Data management
- CRM/SFA support
- Introduce marketing cloud

Dentsu Business Design Square, Data Artist, iSiD, uhuru, transcosmos, DENTSU DIGITAL, salesforce, Adobe

Diverse customer network

Client, Rights holder, Media, Various organizations, Platform developers, Content developers

Joint business with diverse customers

Dentsu, Customer, Customer, Customer

The transformation the Dentsu Group is aiming for

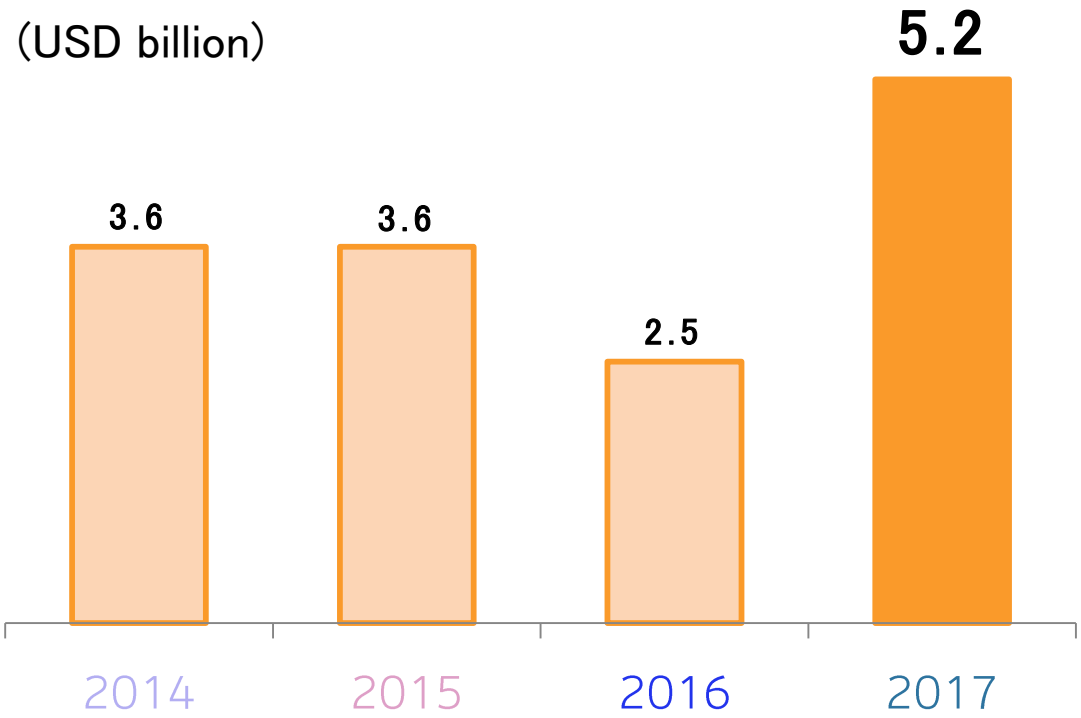
Evolve into a business partner

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Business Transformation (International Business)

A record year for net new business



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2

Business Transformation (International Business)

Strategic Priorities for Dentsu Aegis Network 2018

Building on record year for new business

- Drive product competitiveness and innovation
- Data strategy to accelerate shift to people-based marketing; M1 Platform roll out
- Prioritize full consumer journey services to clients

Investment in global infrastructure

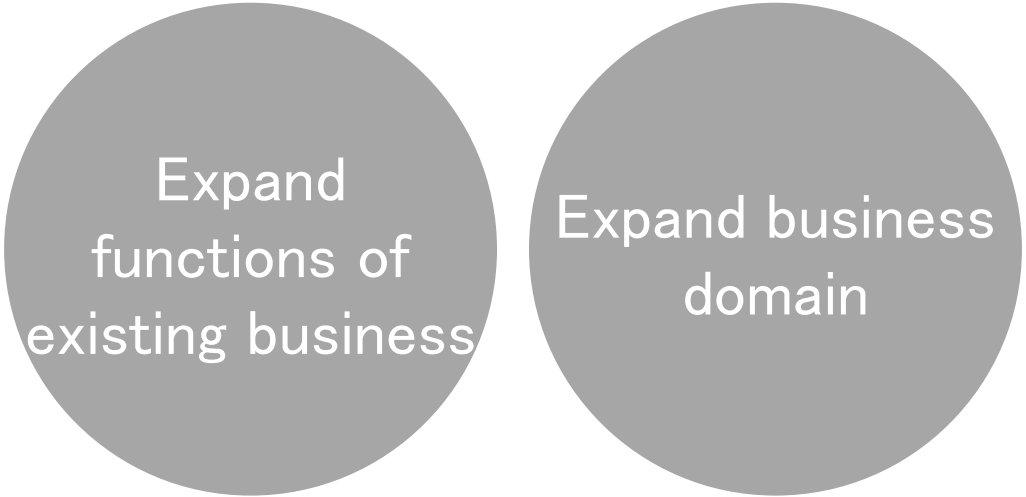
- Investment in global platforms & shared systems to operate efficiently at scale
- Standardization of business operations to support faster decision making

M&A

- Continue targeted acquisitions in digital to support growth and innovation

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Aggressive investment to accelerate business transformation



Looking forward, both the Japanese business and international business will pursue and execute investments that will enhance the entire Group

Dentsu Group wants to be an optimal partner that

helps customers transform their business.

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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, share-based compensation expenses related to acquired companies 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 growth: 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)

	2017 Oct–Dec	YoY %	2017 Jul–Sep	YoY %	2017 Apr–Jun	YoY %	2017 Jan–Mar	YoY %
Turnover	1,534,935	+7.2	1,187,711	+5.9	1,204,360	+2.4	1,260,292	+5.4
Revenue	271,697	+8.6	217,658	+11.6	209,672	+8.3	229,813	+15.2
Gross profit	257,251	+8.6	205,761	+12.1	197,349	+8.7	217,261	+16.2
Japan	98,739	+5.5	82,824	(5.0)	76,372	(8.2)	103,966	+4.7
International	158,670	+10.6	122,983	+27.6	121,068	+22.9	113,329	+29.2
Underlying operating profit	69,111	+7.4	30,480	(9.3)	23,073	(29.7)	41,281	+15.4
Japan	25,260	+9.5	15,972	(27.1)	10,979	(42.8)	36,589	+10.1
International	43,838	+6.6	14,500	+23.9	12,109	(11.5)	4,698	+84.6
Operating margin	26.9%	(0.3)	14.8%	(3.5)	11.7%	(6.4)	19.0%	(0.1)
Underlying net profit	48,133	(1.8)	18,730	(8.2)	15,126	(31.3)	25,883	+20.1
Operating profit	73,617	+37.1	18,467	(27.1)	13,188	(50.9)	32,119	+1.0
Net profit	60,964	+87.2	13,800	(8.9)	12,769	(31.2)	17,943	+4.2
EBITDA	87,199	+26.9	33,297	(6.7)	27,440	(26.6)	46,135	+9.1

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

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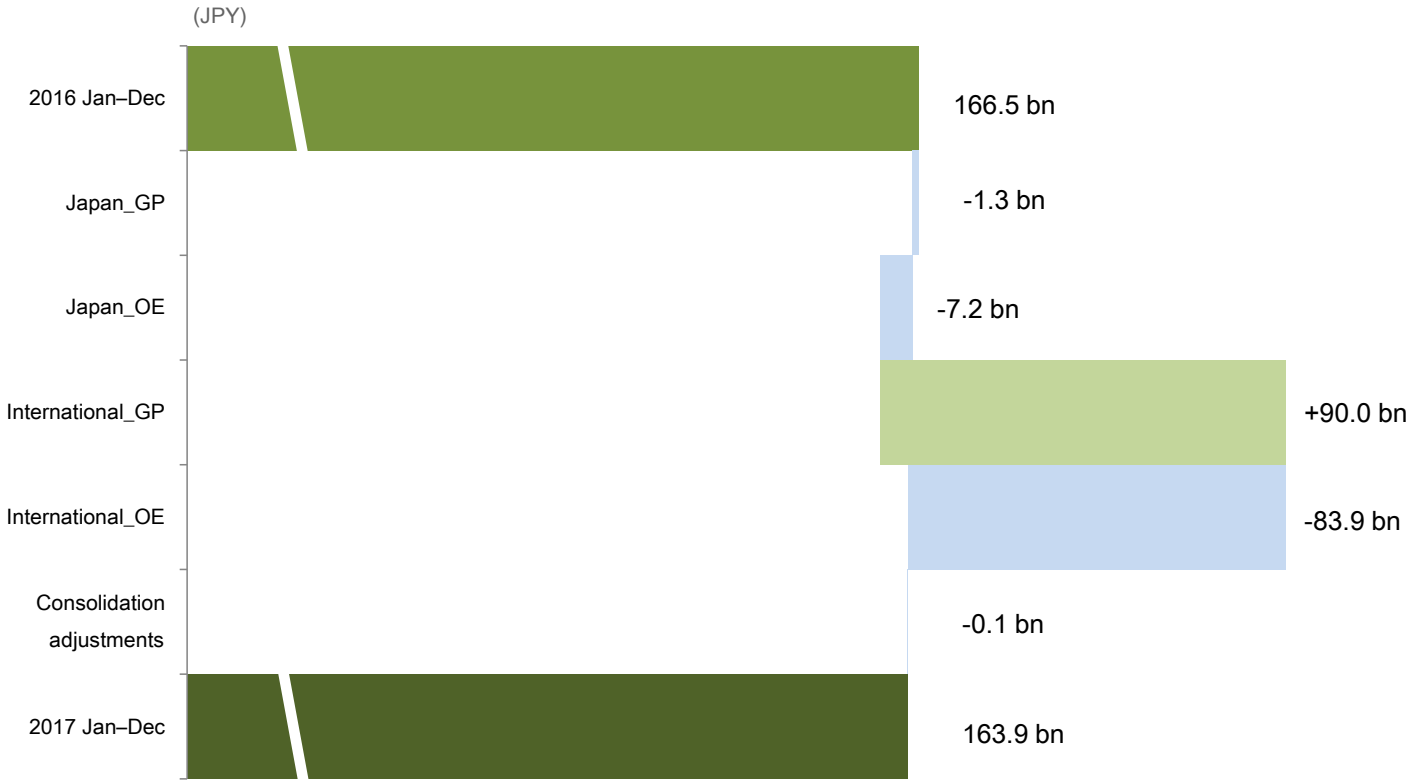
Quarterly Gross Profit Organic Growth

(%)

	Dentsu consolidated total			Japan			International total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Jan–Mar	+3.9	+5.1	+6.2	+4.7	+5.6	+0.0	+3.1	+4.5	+13.7
Apr–Jun	(4.8)	+9.5	+6.5	(8.1)	+12.2	+1.9	(2.7)	+7.2	+10.2
Jul–Sep	(2.1)	+2.7	+4.2	(5.0)	+0.3	+1.4	(0.2)	+5.2	+6.6
Oct–Dec	+2.8	+3.9	+10.6	+5.5	+1.0	+12.9	+1.2	+5.8	+8.2

	International – EMEA			International – Americas			International – APAC		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Jan–Mar	+5.8	+10.7	+11.1	+0.6	(2.0)	+10.4	+4.5	+5.2	+22.5
Apr–Jun	(0.3)	+5.0	+16.1	(4.1)	+2.4	+7.9	(3.8)	+16.8	+5.4
Jul–Sep	+5.9	+5.0	+11.0	(2.0)	+5.4	+0.1	(5.5)	+5.3	+9.3
Oct–Dec	+1.3	+7.5	+11.0	(0.0)	+4.4	+2.1	+2.6	+5.6	+11.0

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)

	2017 Jan–Dec	2016 Jan–Dec	YoY #	YoY %
Underlying net profit	107,874	112,972	(5,097)	(4.5)
Adjustment items	(2,396)	(29,470)	+ 27,074	
Operating profit adjustments	(26,554)	(28,883)	+ 2,329	
Gain(Loss) on revaluation of earnout liabilities and M&A related put-option liabilities	+ 13,686	(4,844)	+ 18,530	
Related income tax expense	+ 3,427	+ 3,717	(290)	
Change in income tax rate and others	+ 5,811	(80)	+ 5,892	
Adjustments attributable to non-controlling interests	+ 1,232	+ 620	+ 611	
Net profit	105,478	83,501	+ 21,976	+26.3
Underlying Effective Tax Rate	28.2%	28.3%	-	-0.1%
Effective Tax Rate	24.4%	32.8%	-	-8.4%

Note: Operating profit adjustments…Please refer to “Reconciliation from Underlying OP to Statutory OP” on page 8
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)

	2017 End of Dec	2016 End of Dec	Var. #	Var. %
Current assets	1,836,584	1,618,111	+ 218,473	+13.5
Non-current assets	1,726,272	1,537,118	+ 189,153	+12.3
Goodwill	798,177	718,717	+ 79,460	+11.1
Intangible assets	274,502	274,074	+ 427	+0.2
Total assets	3,562,857	3,155,230	+ 407,626	+12.9
Current liabilities	1,742,215	1,599,235	+ 142,979	+8.9
Non-current liabilities	670,507	574,033	+ 96,473	+16.8
Total liabilities	2,412,722	2,173,269	+ 239,453	+11.0
Owners' interests	1,093,211	932,742	+ 160,468	+17.2
Non-controlling interests	56,923	49,218	+ 7,704	+15.7
Total equity	1,150,134	981,961	+ 168,173	+17.1
Total liabilities and equity	3,562,857	3,155,230	+ 407,626	+12.9
JPY/USD	113.0 yen	116.5 yen	-	(3.0)
JPY/GBP	152.0 yen	143.0 yen	-	+6.3

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Repayment Schedule of Debt

(JPY mn)

2017 End of Dec	FY2018	FY2019	FY2020	FY2021 onwards	Total
Japan	49,209	2,720	32,720	94,175	178,825
Short-term debt	1,297	-	-	-	1,297
Long-term debt	47,912	2,720	32,720	94,175	177,527
International	40,115	48,837	44,941	147,792	281,687
Short-term debt	40,115	-	-	-	40,115
Long-term debt	-	48,837	44,941	147,792	241,570
Dentsu consolidated total	89,325	51,557	77,661	241,968	460,512

*reference

M&A related debt	32,989	34,961	18,920	80,794	167,667
Deferred consideration	24,058	10,846	5,886	21,118	61,909
M&A related put-option liabilities	8,931	24,115	13,034	59,676	105,758

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Results of Parent Company (J-GAAP)

(JPY mn)

	2017 Jan–Dec	YoY %	2017 Oct–Dec	YoY %	2017 Jul–Sep	YoY %	2017 Apr–Jun	YoY %	2017 Jan–Mar	YoY %
Net sales	1,561,528	(2.4)	404,253	(2.4)	353,103	(6.3)	344,302	(7.7)	459,867	+5.5
Gross profit	228,472	(2.7)	59,574	+2.3	53,964	(3.9)	45,956	(14.1)	68,976	+3.1
gross profit margin	*14.6%*	*(0.1)*	*14.7%*	*+0.6*	*15.3%*	*+0.4*	*13.3%*	*(1.1)*	*15.0%*	*(0.3)*
SG&A	174,182	+2.4	45,851	+4.0	44,505	+7.9	39,981	(3.2)	43,844	+0.8
Operating income	54,289	(16.1)	13,723	(3.1)	9,459	(36.6)	5,975	(51.1)	25,131	+7.2
vs. gross profit	*23.8%*	*(3.8)*	*23.0%*	*(1.3)*	*17.5%*	*(9.1)*	*13.0%*	*(9.8)*	*36.4%*	*+1.4*
Ordinary income	76,837	(20.9)	15,117	(11.5)	11,650	(35.1)	13,669	(16.8)	36,399	(20.3)
Income before income taxes	85,547	(30.4)	23,661	+34.7	11,659	(71.6)	13,670	(24.8)	36,555	(20.7)
Net income	63,556	(30.9)	16,135	+35.8	8,107	(71.4)	11,205	(18.5)	28,108	(26.0)

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

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

(JPY mn)

	2017 Jan–Dec	YoY %	2017 Oct–Dec	YoY %	2017 Jul–Sep	YoY %	2017 Apr–Jun	YoY %	2017 Jan–Mar	YoY %
Newspapers	81,030	(9.1)	22,204	(1.7)	15,422	(19.4)	16,051	(17.4)	27,351	(2.4)
Magazines	23,362	(14.4)	6,309	(14.4)	5,586	(17.2)	5,391	(10.4)	6,075	(15.4)
Radio	13,836	(1.9)	3,773	(0.5)	3,362	(2.8)	3,221	(5.5)	3,479	+0.9
Television	663,195	(4.2)	177,039	(4.4)	157,651	(6.1)	159,836	(7.1)	168,668	+0.7
Time	282,220	(4.4)	72,978	(1.5)	71,284	(10.6)	66,349	(3.6)	71,607	(1.2)
Spot	380,975	(4.2)	104,060	(6.3)	86,366	(2.0)	93,486	(9.5)	97,061	+2.1
Interactive Media	105,257	+9.5	30,782	+10.1	23,899	+4.3	23,107	+3.8	27,468	+19.6
OOH Media	55,215	(3.6)	13,895	(3.4)	12,493	(2.7)	12,531	(13.9)	16,294	+5.3
Creative	191,577	+0.2	48,298	+6.5	47,293	+4.7	41,069	(8.1)	54,916	(1.9)
Marketing/Promotion	214,223	(2.3)	58,667	(5.0)	48,207	(12.1)	49,412	(1.4)	57,935	+10.1
Content Services	172,705	+1.4	32,901	(5.9)	29,097	(12.9)	23,610	(20.0)	87,096	+20.2
Others	41,123	(3.8)	10,380	(5.9)	10,089	(4.5)	10,071	(7.1)	10,581	+2.8
Total	1,561,528	(2.4)	404,253	(2.4)	353,103	(6.3)	344,302	(7.7)	459,867	+5.5

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)

	2017 Jan–Dec	YoY %	2017 Oct–Dec	YoY %	2017 Jul–Sep	YoY %	2017 Apr–Jun	YoY %	2017 Jan–Mar	YoY %
Information/Communications	217,278	+2.7	55,019	+4.3	53,404	(4.5)	40,405	(7.8)	68,448	+15.9
Beverages/Cigarettes	153,690	+2.5	40,916	+7.8	37,841	+12.5	40,673	(4.0)	34,259	(4.8)
Cosmetics/Toiletries	148,940	+1.4	43,727	+5.8	35,050	(1.9)	38,563	(0.9)	31,598	+2.4
Finance/Insurance	139,366	(3.5)	32,474	(2.9)	28,146	(7.7)	29,069	(8.0)	49,675	+1.7
Foodstuffs	117,851	+2.4	26,769	(1.0)	26,632	(3.2)	27,644	(2.4)	36,804	+14.4
Automobiles/Related Products	98,546	+6.3	27,413	+12.0	24,491	(4.3)	20,976	+8.3	25,664	+10.4
Distribution/Retailing	82,952	(10.4)	22,562	(8.3)	18,656	(11.0)	20,814	(12.7)	20,919	(9.7)
Food Services/Other Services	80,505	(10.5)	24,899	(5.9)	17,766	(11.8)	15,310	(16.2)	22,528	(10.1)
Transportation/Leisure	68,066	(8.9)	13,553	(15.7)	14,608	(14.9)	15,054	(22.5)	24,849	+12.6
Government/Organizations	63,294	(18.2)	18,178	(17.5)	11,183	(35.8)	12,008	(29.8)	21,923	+5.3
Pharmaceuticals/Medical Supplies	61,069	(2.7)	18,344	(9.6)	13,739	(4.7)	15,795	+2.3	13,189	+4.3
Real Estate/Housing Facilities	60,297	+10.4	13,294	+0.1	12,903	(6.4)	11,498	+16.3	22,601	+28.1
Hobbies/Sporting Goods	54,693	(6.5)	14,238	(12.0)	13,298	(14.3)	11,611	(10.2)	15,544	+12.1
Home Electric Appliances/AV Equipment	43,340	(11.3)	12,626	(8.9)	9,331	(11.3)	9,099	(11.8)	12,282	(13.1)
Energy/Materials/Machinery	38,896	+23.2	9,598	+46.7	9,029	+36.6	5,788	(7.6)	14,479	+19.1
Others	132,739	(10.8)	30,637	(19.3)	27,019	(14.1)	29,986	(14.4)	45,095	+1.8
Total	1,561,528	(2.4)	404,253	(2.4)	353,103	(6.3)	344,302	(7.7)	459,867	+5.5

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Effects of Currency Exchange Rates

	Average rate			Period end rate		
	2017 Jan–Dec	2016 Jan–Dec	Var. %	2017 End of Dec	2016 End of Dec	Var. %
JPY/USD	112.2 yen	108.9 yen	+3.0	113.0 yen	116.5 yen	(3.0)
JPY/EUR	126.7 yen	120.4 yen	+5.2	134.9 yen	122.7 yen	+10.0
JPY/CNY	16.6 yen	16.4 yen	+1.6	17.3 yen	16.8 yen	+3.2
JPY/GBP	144.5 yen	147.8 yen	(2.2)	152.0 yen	143.0 yen	+6.3
JPY/AUD	86.0 yen	80.9 yen	+6.4	88.2 yen	84.4 yen	+4.5

Gross profit ratio by currency

(%)	JPY	USD	EUR	GBP	CNY	AUD	Others	Total
2017 Jan–Dec	41.2	20.4	9.0	6.2	5.1	3.3	14.7	100.0

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Summary of Dentsu Aegis Network Ad Spend

(%)

	2018 Jan to Dec Market growth forecast	2017 Jan to Dec Market growth forecast
Japan	1.6	1.0
EMEA	2.2	2.3
UK	2.9	3.2
Germany	2.6	2.2
France	2.0	1.7
Spain	1.4	1.9
Americas	3.8	3.1
USA	3.2	2.6
Canada	1.1	0.0
Brazil	5.0	2.1
APAC (excluding Japan)	5.3	4.6
China	5.4	6.0
Australia	2.9	2.7
India	12.5	9.6
Global	3.6	3.1

Source: *"Dentsu Aegis Network - Ad Spend Forecasts January 2018"*