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FY2018 Half Year Results

August 9, 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

- Revenue less cost of sales increased by 7.6% (YoY, constant currency basis)
- Organic growth: +4.0%
  (Japan +4.7% / International +3.4%)
- Underlying operating profit decreased by 1.8% (constant currency basis)
- Underlying operating margin: 13.7%, -130 bps (constant currency basis)
- Underlying basic EPS decreased by 19.3%

The name of “Gross profit” is changed to “Revenue less cost of sales” from FY2018 First Quarter.

IFRS15 “Revenue from Contracts with Customers” is applied from January 1st, 2018.
To enable year-on-year performance comparison, in this file, IFRS15 is applied to the past years, and presented as pro forma information. Please see “Detail of Pro Forma information by IFRS 15” on page 16.

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Summary

Revenue less cost of sales increase driven by organic growth and international M&A.
Underlying operating profit decrease due to investment in the Group's improvement of corporate infrastructure and working environment reforms in Japan to support future growth.

(JPY mn)

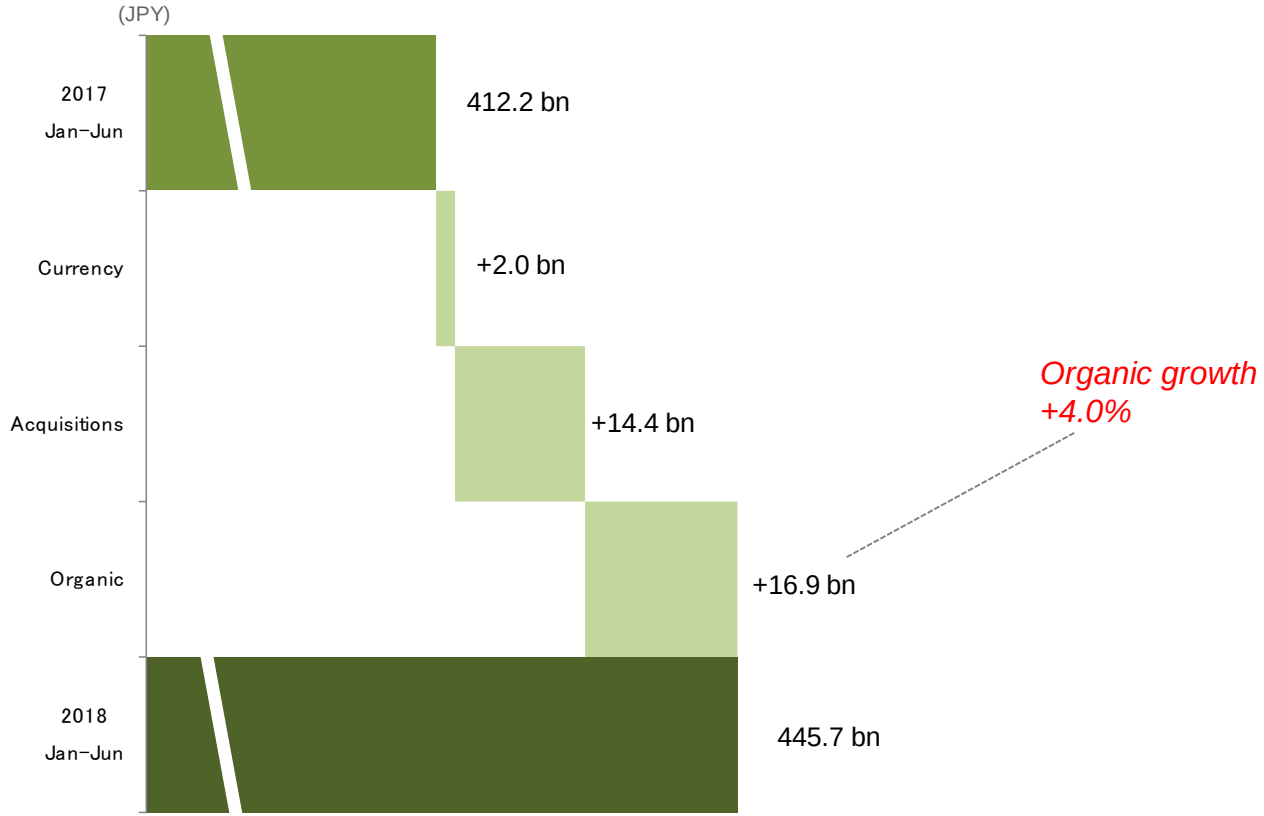
	2018 Jan-Jun	2017 Jan-Jun	YoY %	Constant currency basis %
Turnover	2,588,177	2,436,934	+6.2	-
Revenue	481,654	443,678	+8.6	-
Revenue less cost of sales	445,739	412,226	+8.1	+7.6
Digital domain ratio	45.0%	42.7%	+2.3	+2.4
International business ratio	58.2%	56.8%	+1.4	+1.1
Underlying operating profit	60,862	61,970	(1.8)	(1.8)
Operating margin	13.7%	15.0%	(1.3)	(1.3)
Underlying net profit	31,592	39,382	(19.8)	-
Underlying basic EPS	112.07 yen	138.91 yen	(19.3)	-
Operating profit	40,533	42,923	(5.6)	-
Net profit	10,786	29,085	(62.9)	-
EBITDA	69,888	71,192	(1.8)	-
Currency				
JPY/USD	108.7 yen	112.4 yen	(3.3)	-
JPY/GBP	149.7 yen	141.4 yen	+5.9	-

Note: Net profit, underlying net profit and underlying basic EPS… Excluding attribution to non-controlling interests
The scope of digital domain ratio is changed from 2018. Please see "Japan Business Digital Domain" on page 27 for details.

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Growth of Revenue less cost of sales

Revenue less cost of sales increase driven by M&A and organic growth from both Japan and the International business, Dentsu Aegis Network



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Regional Information – Japan

Organic Growth is +4.7%

Cost increased due to investment in working environment reforms and the improvement of corporate infrastructure to support future growth.

(JPY mn)

	2018 Jan-Jun	2017 Jan-Jun	YoY %	Constant currency basis %	Organic growth %
Revenue less cost of sales	186,400	177,954	+4.7	+4.7	+4.7
Digital domain ratio	23.9%	22.0%	+1.9	+1.9	
Underlying operating profit	45,539	45,184	+0.8	+0.8	
Operating margin	24.4%	25.4%	(1.0)	(1.0)	

Note: The scope of digital domain ratio is changed from 2018. Please see “Japan Business Digital Domain” on page 27 for details.

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Regional Information – International

Organic Growth for Jan to June is +3.4%. The fourth sequential quarter of growth

Underlying operating profit decrease due to planned investments in global platforms and systems

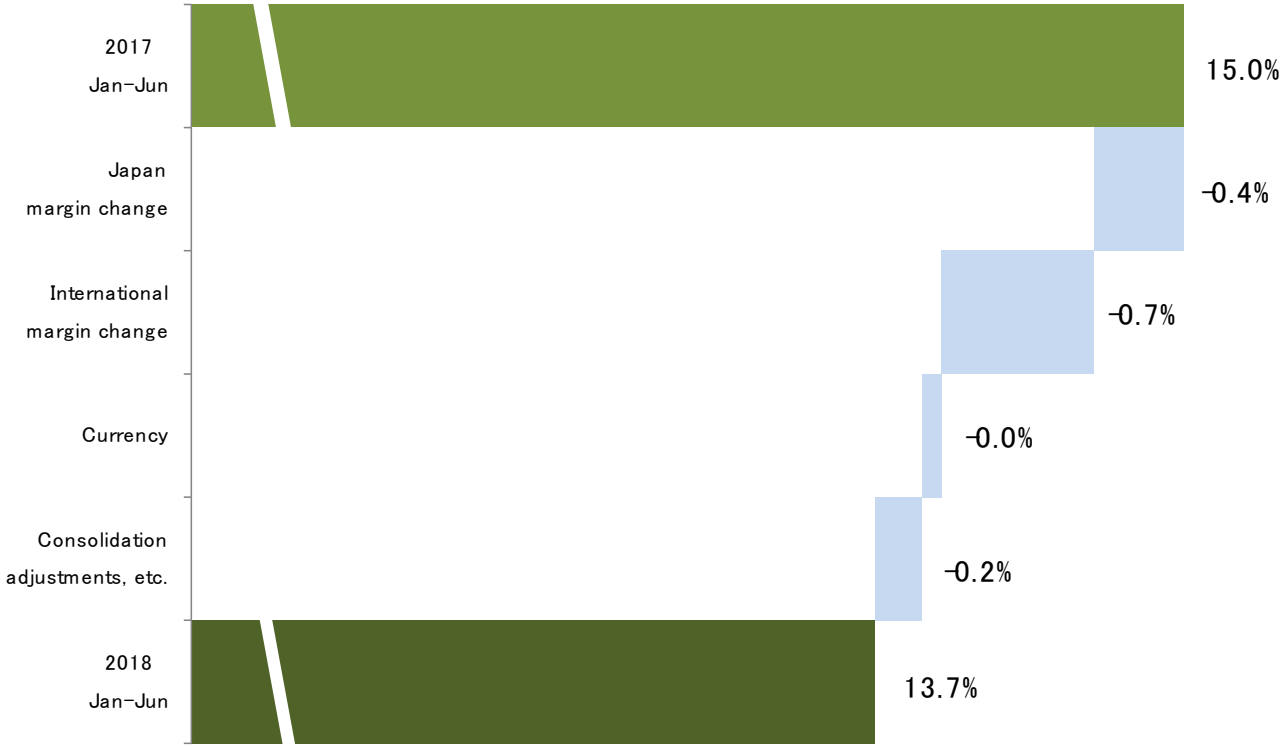
(JPY mn)

	2018 Jan-Jun	2017 Jan-Jun	YoY %	Constant currency basis %	Organic growth %
EMEA	95,221	81,829	+16.4	+10.1	+3.9
Americas	107,004	97,906	+9.3	+13.1	+5.5
APAC	57,253	54,680	+4.7	+3.3	(0.9)
Revenue less cost of sales total	259,485	234,398	+10.7	+9.7	+3.4
Digital domain ratio	60.1%	58.3%	+1.8	+2.1	
Underlying operating profit	15,324	16,807	(8.8)	(8.4)	
Operating margin	5.9%	7.2%	(1.3)	(1.2)	

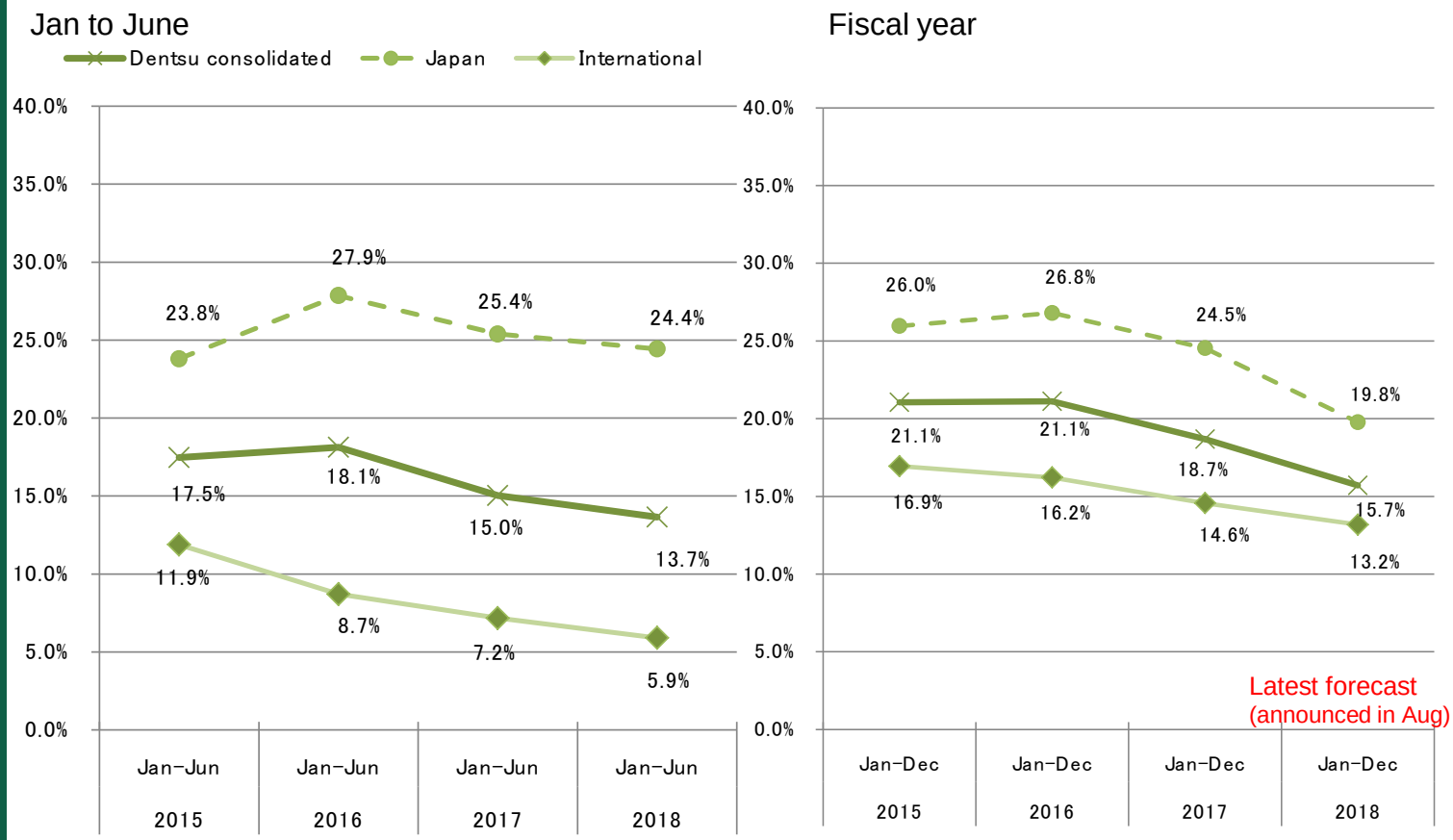
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Change in Underlying Operating Margin

Underlying operating margin decreased due to investment in Group's improvement of corporate infrastructure and working environment reforms in Japan to support future growth



Operating Margin



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Reconciliation from Underlying OP to Statutory OP

(JPY mn)

	2018 Jan-Jun	2017 Jan-Jun	YoY #	YoY %
Underlying operating profit	60,862	61,970	(1,108)	(1.8)
Adjustment items	(20,329)	(19,047)	(1,282)	
Amortization of M&A related intangible assets	(17,516)	(16,258)	(1,257)	
Acquisition costs	(523)	(743)	+ 219	
Share-based compensation expenses related to acquired companies	(2,071)	(1,473)	(598)	
One-off items	(219)	(573)	+ 354	
Gain (loss) on sales and retirement of non-current assets	(90)	+ 629	(719)	
Impairment loss	-	(689)	+ 689	
Others	(129)	(513)	+ 384	
Operating profit	40,533	42,923	(2,390)	(5.6)

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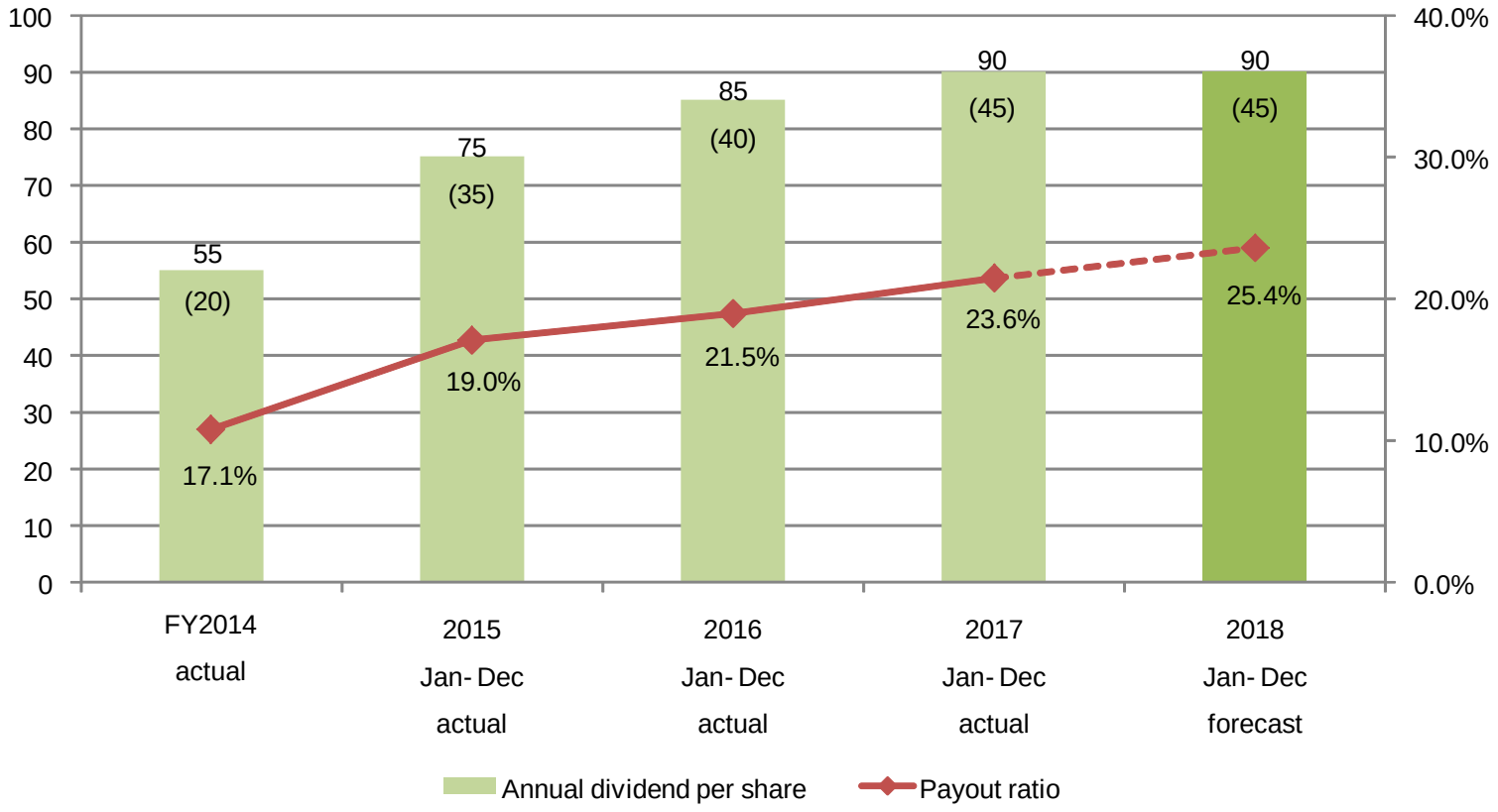
Statutory Operating Profit to Net Profit

(JPY mn)

	2018 Jan-Jun	2017 Jan-Jun	YoY #	YoY %
Operating profit	40,533	42,923	(2,390)	(5.6)
Share of results of associates	1,771	1,661	+ 110	+6.6
Gain on sales of shares of associates	558	-	+ 558	-
Profit before interest and tax	42,864	44,585	(1,721)	(3.9)
Net finance income (costs)	(19,960)	1,448	(21,409)	-
Finance income	2,908	8,718	(5,809)	(66.6)
Finance costs	22,869	7,270	+ 15,599	+214.6
Profit before tax	22,903	46,033	(23,130)	(50.2)
Income tax expense	8,989	14,607	(5,618)	(38.5)
Net profit	13,914	31,425	(17,511)	(55.7)
Attributable to owners of the parent	10,786	29,085	(18,299)	(62.9)
Attributable to non-controlling interests	3,128	2,340	+ 788	+33.7

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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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FY2018 Forecast

(JPY mn)

	2018 Jan-Dec	Previous forecast (Feb)	Variance %	2017 Jan-Dec	YoY %	Constant currency basis %
Revenue	1,006,900	1,006,900	-	946,225	+6.4	-
Revenue less cost of sales	954,700	954,700	-	877,622	+8.8	+7.2
Underlying operating profit	150,000	150,000	-	163,946	(8.5)	(9.5)
Operating margin	15.7%	15.7%	-	18.7%	(3.0)	(2.9)
Underlying net profit	99,800	99,800	-	107,874	(7.5)	-
Underlying basic EPS	354.03 yen	354.03 yen	-	381.58 yen	(7.2)	-
Operating profit	112,900	112,900	-	137,392	(17.8)	-
Net profit	79,500	61,600	+29.1	105,478	(24.6)	-
Currency	Av. Jan 2018	Av. Jan 2018		Av. Jan-Dec in 2017		
JPY/USD	110.9 yen	110.9 yen	-	112.2 yen	(1.2)	-
JPY/GBP	153.4 yen	153.4 yen	-	144.5 yen	+6.2	-

Notes: As mentioned in “Highlights” on Page 1, IFRS15 is applied from 2018. To enable year-on-year performance comparison, in this file, IFRS15 is applied to the past years, and presented as pro forma information. On this page, “revenue” for 2017 Jan- Dec is changed accordingly. The impact on “revenue” for 2018 Jan to Dec is immaterial, and FY2018 forecast disclosed on Feb 13th 2018 is not changed.

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

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FY2018 Forecast

(JPY mn)

		2018 Jan-Dec	Previous forecast (Feb)	Variance %	2017 Jan-Dec	YoY %	Constant currency basis %
Japan	Revenue less cost of sales	366,600	366,600	-	361,902	+1.3	+1.3
	Underlying operating profit	72,500	72,500	-	88,801	(18.4)	(18.4)
	Operating margin	19.8%	19.8%	-	24.5%	(4.7)	(4.7)
International total	Revenue less cost of sales	588,100	588,100	-	516,052	+14.0	+11.2
	Underlying operating profit	77,500	77,500	-	75,146	+3.1	+0.9
	Operating margin	13.2%	13.2%	-	14.6%	(1.4)	(1.3)
	Currency	Av. Jan 2018	Av. Jan 2018		Av. Jan-Dec in 2017		
	JPY/USD	110.9 yen	110.9 yen	-	112.2 yen	(1.2)	-
	JPY/GBP	153.4 yen	153.4 yen	-	144.5 yen	+6.2	-

Disclaimer

Forward-Looking Statements

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

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

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

i Risk related to fluctuations in the economic and business environment

ii Risk related to structural changes in the media

iii Risk related to our ability to realize our financial targets

iv Risk related to common business practices

v Risk related to competition among advertising agencies

vi Risk related to the development of systems and databases

vii Risk related to legal or regulatory changes

viii Risk of litigation

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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 Revenue less cost of sales
- 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
- 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 revenue less cost of sales at reported currency to prior period revenue less cost of sales 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 revenue less cost of sales to prior period revenue less cost of sales, adjusted for the pre-acquisition or pre-disposal revenue less cost of sales as applicable, and stated at constant exchange rate, in order to derive like-for-like growth

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Detail of Pro Forma information by IFRS 15

The changes implemented in line with the application of IFRS 15 are as follows.

1. For certain revenue, revenue is presented on gross basis.

(JPY mn)

	Pro Forma 2017 Jan-Jun	Financial reporting 2017 Jan-Jun	difference
Revenue	446,062	439,485	+ 6,577

2. The timing related to revenue recognition is changed for certain transactions.

(JPY mn)

	Pro Forma 2017 Jan-Jun	Financial reporting 2017 Jan-Jun	difference
Turnover	2,436,934	2,464,653	(27,718)
Revenue	437,101	439,485	(2,384)
Revenue less cost of sales	412,226	414,610	(2,384)
Underlying operating profit	61,970	64,354	(2,384)
Operating margin	15.0%	15.5%	(0.5)%

The difference occurs only from Q1 to Q3, and there is no difference in full year basis as follows.

Transition of difference (pro forma – financial reporting)

(JPY mn)

	2017 Jan-Dec	2017 Jan-Sep	2017 Jan-Jun	2017 Jan-Mar
Revenue less cost of sales	-	(1,192)	(2,384)	(3,532)

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Quarterly Results

(JPY mn)

	2018 Apr-Jun	YoY %	2018 Jan-Mar	YoY %
Turnover	1,337,338	+9.8	1,250,838	+2.6
Revenue	239,546	+11.6	242,107	+5.7
Revenue less cost of sales	219,073	+10.4	226,665	+6.1
Japan	84,059	+8.4	102,340	+1.9
International	135,099	+11.6	124,385	+9.8
Underlying operating profit	28,118	+16.1	32,744	(13.3)
Japan	15,100	+24.5	30,439	(7.9)
International	13,014	+7.5	2,309	(50.8)
Operating margin	12.8%	+0.6	14.4%	(3.3)
Underlying net profit	13,619	(13.9)	17,972	(23.7)
Operating profit	18,139	+26.5	22,393	(21.7)
Net profit	(1)	-	10,788	(30.9)
EBITDA	32,865	+15.0	37,022	(13.1)

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

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Quarterly Organic Growth

(%)

	Dentsu consolidated total		
	2018	2017	2016
Jan-Mar	+2.1	+3.7	+4.1
Apr-Jun	+5.9	(4.6)	+10.0
Jul-Sep	-	(2.1)	+3.0
Oct-Dec	-	+2.8	+4.1

(%)

	Japan		
	2018	2017	2016
Jan-Mar	+1.9	+4.3	+3.6
Apr-Jun	+8.4	(7.6)	+13.4
Jul-Sep	-	(4.8)	+0.9
Oct-Dec	-	+5.5	+1.4

(%)

	International total		
	2018	2017	2016
Jan-Mar	+2.2	+3.1	+4.5
Apr-Jun	+4.5	(2.7)	+7.2
Jul-Sep	-	(0.2)	+5.2
Oct-Dec	-	+1.2	+5.8

	International - EMEA		
	2018	2017	2016
Jan-Mar	+2.7	+5.8	+10.7
Apr-Jun	+4.8	(0.3)	+5.0
Jul-Sep	-	+5.9	+5.0
Oct-Dec	-	+1.3	+7.5

	International - Americas		
	2018	2017	2016
Jan-Mar	+4.6	+0.6	(2.0)
Apr-Jun	+6.5	(4.1)	+2.4
Jul-Sep	-	(2.0)	+5.4
Oct-Dec	-	(0.0)	+4.4

	International - APAC		
	2018	2017	2016
Jan-Mar	(2.9)	+4.5	+5.2
Apr-Jun	+0.8	(3.8)	+16.8
Jul-Sep	-	(5.5)	+5.3
Oct-Dec	-	+2.6	+5.6

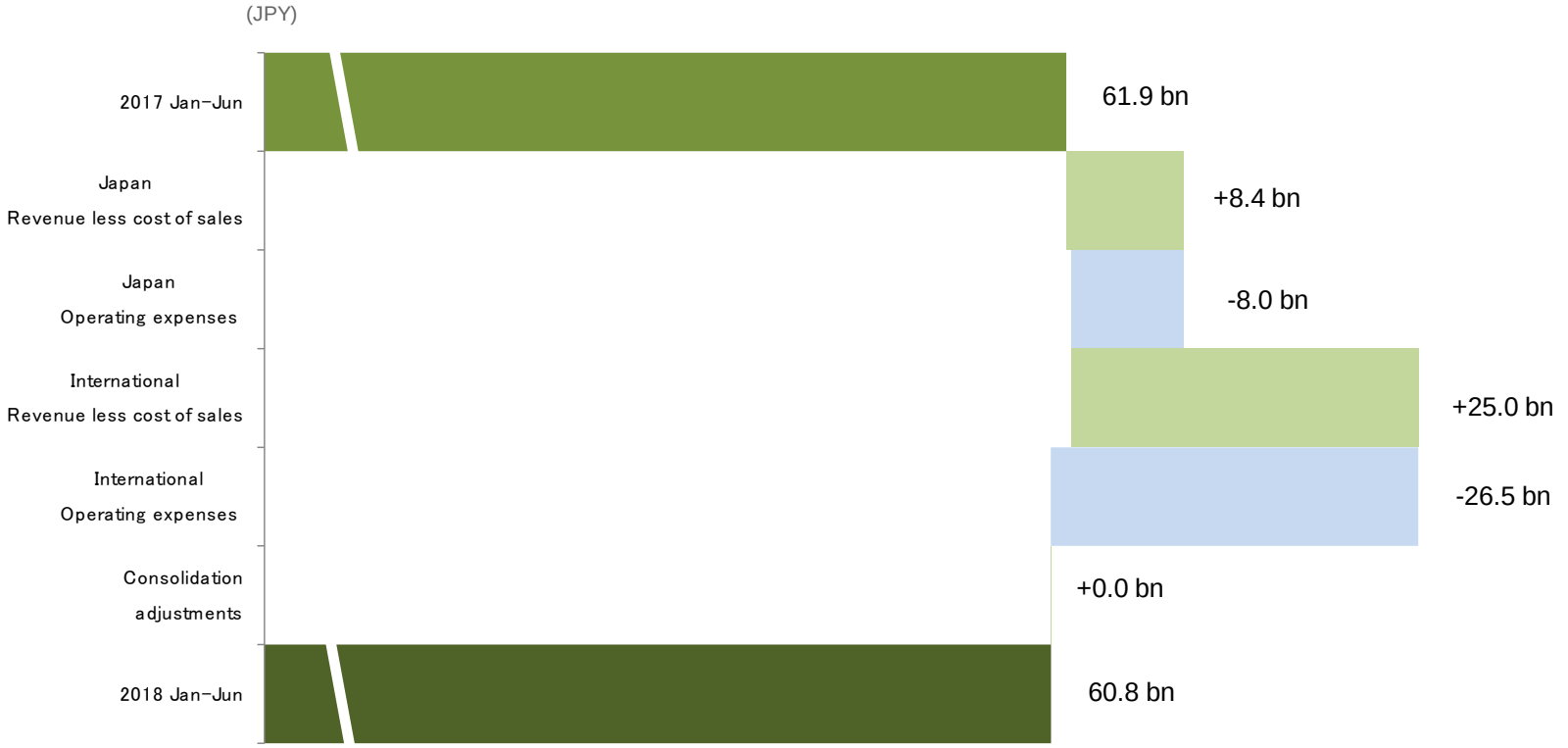
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Organic Growth of major countries

2018 Jan-June Organic Growth %	Country
More than 20%	Russia
10% to 20%	Denmark, India, Italy, Norway, Spain, Sweden
5% to 10%	Brazil, Switzerland, Taiwan, USA
0% to 5%	Australia, Canada, Japan, Netherlands, Thailand, UK
Less than 0%	China, France, Germany,

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Analysis of Underlying Operating Profit



Notes:
Operating expenses: selling, general & administrative expenses, other income and other expenses

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Reconciliation from Underlying NP to Statutory NP

(JPY mn)

	2018 Jan-Jun	2017 Jan-Jun	YoY #	YoY %
Underlying net profit	31,592	39,382	(7,790)	(19.8)
Adjustment items	(20,806)	(10,297)	(10,508)	
Operating profit adjustments	(20,329)	(19,047)	(1,282)	
Gain(Loss) on revaluation of earnout liabilities and M&A related put-option liabilities	(16,774)	+ 3,357	(20,131)	
Gain on sales of shares of associates	+ 558	-	+ 558	
Related income tax expense	+ 14,342	+ 4,975	+ 9,367	
Adjustments attributable to non-controlling interests	+ 1,395	+ 417	+ 978	
Net profit	10,786	29,085	(18,299)	(62.9)

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

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Cash Flow

(JPY mn)

	2018 Jan-Jun	2017 Jan-Jun	YoY #	YoY %
Profit before tax	22,903	46,033	(23,130)	(50.2)
Share of results of associates	(1,771)	(1,661)	(110)	
Depreciation and amortization	29,354	27,578	+ 1,775	
Impairment loss	-	689	(689)	
Others	18,923	(4,205)	+ 23,128	
Income taxes paid	(21,753)	(35,275)	+ 13,522	
Cash flow from operations before change in WC i	47,656	33,159	+ 14,496	+43.7

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Use of Cash

(JPY mn)

	2018 Jan-Jun	2017 Jan-Jun	YoY #	YoY %
Change in WC ii	(9,013)	(3,250)	(5,763)	
Payments for PPE, intangible assets and investment property (net)	(13,243)	(8,093)	(5,150)	
Payments for investing activities (net)	(71,129)	(39,424)	(31,705)	
Dividends paid to shareholders	(12,685)	(12,831)	+ 145	
Dividends paid to non-controlling shareholders	(2,289)	(1,877)	(411)	
Payments for share repurchase	(6)	(20,009)	+ 20,002	
Use of cash iii	(99,355)	(82,236)	(17,119)	+20.8
Effect of exchange rate changes and others iv	5,554	6,573	(1,018)	
Change in net cash i + ii + iii + iv	(55,158)	(45,753)	(9,404)	-
(Acquisition payments)				
Initial payments	(8,155)	(26,221)	+ 18,066	
Earn-out payments / Additional acquisition payments	(16,002)	(5,300)	(10,701)	

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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Financial Position

(JPY mn)

	2018 End of Jun	2017 End of Dec	Var. #	Var. %
Current assets	1,576,191	1,836,584	(260,393)	(14.2)
Non-current assets	1,748,878	1,726,272	+ 22,605	+1.3
Goodwill	775,075	798,177	(23,102)	(2.9)
Intangible assets	252,508	274,502	(21,993)	(8.0)
Total assets	3,325,069	3,562,857	(237,787)	(6.7)
Current liabilities	1,556,003	1,742,215	(186,211)	(10.7)
Non-current liabilities	650,598	670,507	(19,908)	(3.0)
Total liabilities	2,206,602	2,412,722	(206,120)	(8.5)
Owners' interests	1,062,161	1,093,211	(31,049)	(2.8)
Non-controlling interests	56,306	56,923	(617)	(1.1)
Total equity	1,118,467	1,150,134	(31,667)	(2.8)
Total liabilities and equity	3,325,069	3,562,857	(237,787)	(6.7)
JPY/USD	110.5 yen	113.0 yen	-	(2.2)
JPY/GBP	144.6 yen	152.0 yen	-	(4.8)

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Net Debt

(JPY mn)

	2018 End of Jun	2017 End of Dec	Var. #
Total debt	420,633	460,512	(39,878)
Cash and cash equivalents	210,723	305,760	(95,037)
Net debt	209,910	154,752	+ 55,158
Total debt (LTM average)	452,779	452,798	(19)
Cash and cash equivalents (LTM average)	232,029	237,976	(5,947)
Net debt (LTM average)	220,750	214,821	+ 5,928
EBITDA (LTM)	192,769	194,073	(1,304)
Net debt / EBITDA (LTM)	1.09	0.80	
Net debt (LTM average) / EBITDA (LTM)	1.15	1.11	

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

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Turnover of Japan business by Business Category (IFRS basis)

(JPY mn)

	2018 Jan-June	YoY %	Apr-June	YoY %	Jan-Mar	YoY %
Newspapers	41,944	(13.2)	16,548	(8.0)	25,396	(16.3)
Magazines	11,489	(8.0)	5,185	(11.2)	6,303	(5.2)
Radio	7,666	(9.5)	3,534	(12.0)	4,132	(7.3)
Television	354,960	+1.9	174,037	+2.9	180,923	+0.9
Internet*1	93,861	-	44,334	-	49,527	-
OOH Media	28,599	(3.2)	13,138	+3.3	15,460	(8.2)
Creative	105,832	+0.4	46,604	+3.7	59,228	(2.0)
Marketing/Promotion	127,579	(5.6)	56,003	(4.9)	71,575	(6.1)
Content Services (Japan GAAP)*2	119,160	+3.0	29,199	+12.2	89,961	+0.3
Others	70,220	+3.0	34,174	(6.8)	36,046	+14.5
Consolidation adjustments and others*3	(15,732)	-	27,531	-	(43,263)	-
Internet included in mass media*4	(2,972)	-	(1,358)	-	(1,614)	-
Total	942,610	+2.0	448,933	+5.2	493,677	(0.7)
Reference:						
Internet (previous calculation)*5	90,888	+15.7	42,976	+18.0	47,912	+13.8

*1 The aggregate of Internet (previous calculation) and internet turnover which is included in mass media (2018 Jan to June: JPY 2,972 mn)

*2 There is a difference in revenue recognition timing between IFRS and Japan GAAP. In the left table, Japan GAAP, applied by Parent Company, is used for this section. The difference between IFRS and Japan GAAP is recorded in “Consolidation adjustments and others.”

*3 Turnover to group companies in International business, GAAP difference and others are included.

*4 Amounts included in both “Internet” and mass media.

*5 Based on the calculation used in “Interactive Media” which was previously disclosed as part of Parent Company disclosure.

Japan Business Digital Domain (IFRS basis)

(JPY mn)

	2018 Jan-Jun	YoY %
Digital domain turnover	171,197	+13.1
Digital domain revenue less cost of sales	44,584	+13.8
Digital domain ratio in Japan business*1	23.9%	+1.9

*1 From Q1 2018, Internet revenue less cost of sales included in mass media of Parent Company and digital revenue less cost of sales in OOH Media are added to previously used digital domain revenue less cost of sales ratio.

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Results of Parent Company (J-GAAP)

(JPY mn)

	2018 Jan-Jun	YoY %	Apr-Jun	YoY %	Jan-Mar	YoY %
Net sales (Turnover)	794,873	(1.2)	344,507	+0.1	450,365	(2.1)
Revenue less cost of sales	117,854	+2.5	46,918	+2.1	70,935	+2.8
Revenue less cost of sales margin	*14.8%*	*+0.5*	*13.6%*	*+0.3*	*15.8%*	*+0.8*
SG&A	89,388	+6.6	41,877	+4.7	47,511	+8.4
Operating income	28,465	(8.5)	5,041	(15.6)	23,424	(6.8)
vs. Revenue less cost of sales	*24.2%*	*(2.9)*	*10.7%*	*(2.3)*	*33.0%*	*(3.4)*
Ordinary income	44,959	(10.2)	8,233	(39.8)	36,725	+0.9
Income before income taxes	45,427	(9.6)	8,766	(35.9)	36,660	+0.3
Net income	34,161	(13.1)	6,775	(39.5)	27,385	(2.6)

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

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

(JPY mn)

	2018 Jan-Jun	YoY %	Apr-Jun	YoY %	Jan-Mar	YoY %
Newspapers	37,224	(14.2)	14,802	(7.8)	22,421	(18.0)
Magazines	10,705	(6.6)	4,819	(10.6)	5,886	(3.1)
Radio	6,410	(4.3)	2,977	(7.6)	3,433	(1.3)
Television	333,369	+1.5	163,909	+2.5	169,460	+0.5
Internet*1	60,778	-	28,059	-	32,718	-
OOH Media	27,411	(4.9)	12,650	+0.9	14,761	(9.4)
Creative	96,251	+0.3	42,098	+2.5	54,152	(1.4)
Marketing/Promotion	92,102	(14.2)	40,398	(18.2)	51,704	(10.8)
Content Services	113,894	+2.9	26,497	+12.2	87,396	+0.3
Others	19,698	(4.6)	9,652	(4.2)	10,045	(5.1)
Internet included in mass media*2	(2,972)	-	(1,358)	-	(1,614)	-
Total	794,873	(1.2)	344,507	+0.1	450,365	(2.1)
Reference						
Internet (previous calculation)*3	57,805	+14.3	26,701	+15.6	31,103	+13.2

*1 The aggregate of Internet (previous calculation) and internet turnover which is included in mass media (JPY 2,972 mn)

*2 Amounts included in both “Internet” and mass media.

*3 Based on the calculation used in “Interactive Media” which was previously disclosed.

Note:

* Please refer to the “Turnover of Japan business by Business Category(IFRS basis)” slide on page 26 for the turnover of Japan business which includes subsidiaries in Japan.

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

(JPY mn)

	2018 Jan-Jun	YoY %	Apr-Jun	YoY %	Jan-Mar	YoY %
Information/Communications	104,878	(6.3)	39,160	(2.9)	65,718	(8.2)
Finance/Insurance	79,293	+0.7	30,992	+6.6	48,300	(2.8)
Beverages/Cigarettes	78,830	+5.2	42,037	+3.4	36,792	+7.4
Cosmetics/Toiletries	69,464	(0.3)	39,607	+3.3	29,856	(4.8)
Foodstuffs	58,495	(7.9)	28,444	+5.5	30,050	(17.8)
Food Services/Other Services	49,701	+30.2	21,270	+38.5	28,430	+24.6
Automobiles/Related Products	49,215	+5.6	17,256	(17.6)	31,958	+24.5
Distribution/Retailing	39,866	(5.4)	21,342	(0.1)	18,524	(10.8)
Transportation/Leisure	36,620	(7.3)	13,363	(10.1)	23,257	(5.7)
Real Estate/Housing Facilities	36,083	+6.0	12,058	+4.7	24,024	+6.7
Pharmaceuticals/Medical Supplies	30,058	+1.5	14,476	(10.1)	15,582	+15.5
Government/Organizations	29,895	(11.9)	11,103	(7.5)	18,791	(14.3)
Hobbies/Sporting Goods	25,405	(9.0)	10,680	(12.3)	14,725	(6.4)
Energy/Materials/Machinery	18,692	(7.3)	5,870	+2.5	12,822	(11.1)
Home Electric Appliances/AV Equipment	18,615	(12.9)	7,942	(12.7)	10,672	(13.1)
Others	69,756	(3.0)	28,899	(2.9)	40,856	(3.0)
Total	794,873	(1.2)	344,507	+0.1	450,365	(2.1)

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Effects of Currency Exchange Rates

	Average rate			Period end rate		
	2018 Jan-Jun	2017 Jan-Jun	Var. %	2018 End of Jun	2017 End of Dec	Var. %
JPY/USD	108.7 yen	112.4 yen	(3.3)	110.5 yen	113.0 yen	(2.2)
JPY/EUR	131.6 yen	121.6 yen	+8.2	127.9 yen	134.9 yen	(5.2)
JPY/CNY	17.1 yen	16.4 yen	+4.2	16.7 yen	17.3 yen	(3.6)
JPY/GBP	149.7 yen	141.4 yen	+5.9	144.6 yen	152.0 yen	(4.8)
JPY/AUD	83.9 yen	84.8 yen	(1.0)	81.2 yen	88.2 yen	(8.0)

Revenue less cost of sales ratio by currency (%)

	JPY	USD	EUR	GBP	CNY	AUD	Others	Total
2018 Jan-June	41.8	21.2	9.2	6.1	4.0	3.1	14.5	100.0

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Summary of Dentsu Aegis Network Ad Spend

(%)

	2019 Jan to Dec Market growth forecast	2018 Jan to Dec Market growth forecast
Japan	1.2	1.5
EMEA	3.1	3.2
UK	4.7	4.2
Germany	2.9	2.6
France	2.8	2.5
Spain	1.2	1.5
Americas	3.6	3.8
USA	3.1	3.4
Canada	5.1	2.3
Brazil	2.6	2.3
APAC (excluding Japan)	5.6	5.7
China	6.0	6.5
Australia	2.4	2.8
India	11.1	10.5
Global	3.8	3.9

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