

**NEWS RELEASE****FOR IMMEDIATE RELEASE****May 11, 2009**

## **Dentsu Reports Consolidated Financial Results for the Fiscal Year Ended March 31, 2009**

*- Consolidated Billings (Net Sales) of 1,887.1 Billion Yen, Operating Income of 43.1 Billion Yen*

*Ordinary Income of 53.3 Billion Yen -*

Dentsu Inc. (President & CEO: Tatsuyoshi Takashima; Head Office: Tokyo; Capital: 58,967.1 million yen) held a meeting of its Board of Directors on May 11, 2009 at its Head Office in Shiodome, Tokyo and finalized its consolidated and non-consolidated financial results for the fiscal year ended March 31, 2009 (from April 1, 2008 through March 31, 2009).

### **[Summary of Financial Results for the fiscal year ended March 31, 2009]**

During the fiscal year ended March 31, 2009, due to the downturn in the Japanese economy that continued from the previous fiscal year and the rapid global economic recession triggered by the U.S. financial crisis in the second half of the fiscal year, both the corporate sector and the household sector were deeply affected.

In the advertising industry, Dentsu's estimate for advertising expenditures in Japan for the 2008 calendar year was 6,692.6 billion yen (-4.7% year-on-year), a year-on-year decrease following four consecutive year-on-year increases. Expenditures in the four traditional media fell below those in the previous year for the fourth consecutive year (-7.6%), while Internet advertising expenditures, continuing their substantial increase, were up by 16.3% year-on-year, and satellite media related-advertising expenditures increased by 12.1% year-on-year as well. Also, promotion media advertising expenditures decreased by 5.8% year-on-year following four consecutive year-on-year increases.

In its fiscal year ended March 31, 2009, (hereinafter the "Current Fiscal Year"), the Dentsu Group (hereinafter the "Group"), facing this market environment, experienced extremely severe business conditions, with clients broadly conservative in their advertising spending. Although the Group comprehensively developed its business through the Beijing 2008 Olympic Games, etc., and the Group mobilized all of its available resources and pursued

aggressive business activities to provide solutions through its integrated communication design, the results were as follows.

For the Current Fiscal Year, the Group posted consolidated billings (net sales) of 1,887,170 million yen (-8.3% compared to the consolidated results for the previous fiscal year); gross profit of 314,474 million yen (-8.9%); operating income of 43,184 million yen (-23.1%); and ordinary income of 53,363 million yen (-21.5%). Due to the booking of a loss on valuation of investment securities of 51,116 million yen, its net loss for the Current Fiscal Year was 20,453 million yen (net income of 36,246 million yen for the fiscal year ended March 31, 2008).

### **[Outlook for the fiscal year ending March 31, 2010]**

According to the economic outlook for the fiscal year ending March 31, 2010, real GDP was initially forecast to increase by approximately 0.0%, and nominal GDP was initially forecast to increase by approximately 0.1% year-on-year (reported by the Cabinet Office on January 19, 2009), but the forecast of real GDP has been revised downward substantially to a decline of 3.3% (reported by the extraordinary Cabinet meeting on April 27, 2009). Meanwhile, the monthly report for April issued by the Cabinet Office on April 17, 2009, forecasts that the weak economy will continue for some time, and the report urges caution with respect to further weakness as a worsening of the global financial crisis and increased risk of global economic downturn are possible in the future.

With respect to the advertising market, according to the Japan Center for Economic Research, advertising expenditures in Japan for the fiscal year ending March 31, 2010, are forecast to decrease by 14.8% year-on-year (as of March, 2009).

During the fiscal year ending March 31, 2010, events favorable to the advertising industry such as the 12th IAAF World Championships in Athletics Berlin 2009 and the 45th Lower House election will be held. In an environment in which the domestic economy is rapidly worsening, the Group will look to further strengthen its activities in the solutions, digital and global domains in order to cope with the severe circumstances.

For the foregoing reasons, Dentsu forecasts that its consolidated results for the fiscal year ending March 31, 2010, will be billings (net sales) of 1,634.4 billion yen (-13.4% year-on-year); operating income of 15.8 billion yen (-63.4%); ordinary income of 23.9 billion yen (-55.2%); and net income of 11.4 billion yen (net loss of 20,453 million yen for the fiscal year ended March 31, 2009).

On a non-consolidated basis, Dentsu forecasts that its results for the fiscal year ending March 31, 2010, will be billings (net sales) of 1,271.4 billion yen (-12.2% year-on-year); operating income of 10,000 million yen (-58.1%); ordinary income of 17,800 million yen (-

48.5%); and net income of 10,700 million yen (net loss of 32,771 million yen for the fiscal year ended March 31, 2009).

Regarding the forecast for consolidated financial results for the fiscal year ending March 31, 2010, in relation to Dentsu's share of net income of Publicis Groupe S.A., an affiliated company accounted for by the equity method, Publicis Groupe S.A. does not disclose its forecast for financial results, and accordingly, Dentsu's equity in earnings of affiliates for the fiscal year ending March 31, 2010, is forecast to be 6,454 million yen (after deducting 2,384 million yen for amortization of goodwill) based on the financial results of Publicis Groupe S.A. for its fiscal year ended December 31, 2008. The average foreign exchange rate for the period from January, 2009 to March, 2009 of approximately 1 euro=121 yen, the same rate used for other affiliated companies, has been applied.

#### **[Fundamental Policies on Dividend Distribution]**

Dentsu considers return of profits to shareholders to be one of its key policies. In response to changes in the business environment, Dentsu will improve its capital efficiency and combine long-term growth in corporate value through expansion of operations, stable dividends and expeditious acquisition of treasury stock so as to strive for a comprehensive return of profits to shareholders. The dividend for each fiscal year will be determined taking into account such issues as internal reserves necessary for sustainable investment in order to respond to market changes, business results for each fiscal year and the financial outlook for the middle and long term, and funding condition, with emphasis placed on stability.

#### **[Dividend for Current Fiscal Year]**

Return of profits to shareholders and stable dividends will remain fundamental policies for Dentsu, but the rapid economic downturn since last summer, arising from the financial crisis, has substantially affected Dentsu's business results, and the financial outlook for the fiscal year ending March 31, 2010, and thereafter continues to be uncertain. Under these circumstances, in order to realize a sustainable improvement in corporate value and to respond to the shareholders' expectations, Dentsu recognizes that giving attention to the stability and health of its management from a medium and long term point of view is also an extremely important management requirement.

As a result of deliberate consideration regarding the dividend for the Current Fiscal Year, and taking into account such background and circumstances, in order to cover the deficit of retained earnings brought forward (26,724 million yen) to distribute dividends to shareholders, Dentsu has reversed a portion of its general reserve, and in addition to the transfer of the reversed amount to the retained earnings brought forward, the dividend for the Current Fiscal Year is expected to be 35 yen (including an interim dividend of 20 yen and a year-end dividend of 15 yen) (Note). Furthermore, since the current severe operating

environment is expected to continue for some time, dividends for the fiscal year ending March 31, 2010, are expected to be 25 yen (including an interim dividend of 12.50 yen and a year-end dividend of 12.50 yen).

Note: The indicated dividend per share for the Current Fiscal Year reflects the assumption that Dentsu's stock split, which became effective on January 4, 2009 (at a ratio of 100 shares per share), was implemented at the beginning of the fiscal year ended March 31, 2009 (i.e., is presented on a post-stock split basis).

**[Board Members' bonuses]**

Taking the substantial net loss for the Current Fiscal Year seriously, and considering the decrease in the dividend forecast, Dentsu has determined to pay no bonus for Members of the Board for June, 2009.

**Note: Cautionary statement with respect to forward-looking statements**

This forecast of business results has been made by Dentsu based on information currently available to it, and contains potential risks and uncertainties. Therefore, actual business results may differ from the forecast due to changes in various factors.

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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2009

### 1. Summary of Consolidated Balance Sheets

	(Millions of Yen: Rounded down to the nearest one million yen)			
	As of March 31, 2009	Consolidated results divided by non- consolidated results	As of March 31, 2008	Change (%)
<b>ASSETS</b>				
Current assets	546,317	1.2	641,002	- 14.8
Noncurrent assets	546,226	1.0	610,909	- 10.6
Total assets	<u>1,092,543</u>	<u>1.1</u>	<u>1,251,912</u>	<u>- 12.7</u>
<b>LIABILITIES</b>				
Current liabilities	450,075	1.0	527,504	- 14.7
Noncurrent liabilities	169,318	1.1	133,547	+ 26.8
Total liabilities	619,394	1.0	661,051	- 6.3
<b>NET ASSETS</b>				
Shareholders' equity	482,798	1.2	574,243	- 15.9
Valuation and translation adjustments	(30,230)	—	(6,950)	—
Subscription rights to shares	0	—	0	- 87.7
Minority interests	20,581	—	23,567	- 12.7
Total net assets	<u>473,149</u>	<u>1.2</u>	<u>590,861</u>	<u>- 19.9</u>
Total liabilities and net assets	<u>1,092,543</u>	<u>1.1</u>	<u>1,251,912</u>	<u>- 12.7</u>

## 2. Summary of Consolidated Statements of Income

	(Millions of Yen)			
	<b>Fiscal year ended March 31, 2009</b>	Consolidated results divided by non- consolidated results	Fiscal year ended March 31, 2008	Change (%)
Net sales	<b>1,887,170</b>	1.3	2,057,554	- 8.3
Gross profit	<b>314,474</b>	1.6	345,222	- 8.9
Operating income	<b>43,184</b>	1.8	56,126	- 23.1
Non-operating income	<b>14,592</b>	1.0	15,057	- 3.1
Non-operating expenses	<b>4,413</b>	1.2	3,190	+ 38.3
Ordinary income	<b>53,363</b>	1.5	67,993	- 21.5
Extraordinary income	<b>1,774</b>	1.2	9,953	- 82.2
Extraordinary loss	<b>60,110</b>	1.0	14,336	+ 319.3
Income (Loss) before income taxes and minority interests	<b>(4,972)</b>	—	63,610	—
Net income (loss)	<b>(20,453)</b>	—	36,246	—

## 3. Summary of Consolidated Statements of Cash Flows

	(Millions of Yen)	
	<b>Fiscal year ended March 31, 2009</b>	Fiscal year ended March 31, 2008
Net cash provided by operating activities	<b>42,359</b>	56,007
Net cash used in investment activities	<b>(22,263)</b>	(18,069)
Net cash used in financing activities	<b>(27,748)</b>	(30,701)
Effect of exchange rate change on cash and cash equivalents	<b>(5,519)</b>	168
Net increase (decrease) in cash and cash equivalents	<b>(13,172)</b>	7,405
Cash and cash equivalents at beginning of period	<b>70,252</b>	62,015
Increase in cash and cash equivalents resulting from merger	<b>190</b>	—
Increase in cash and cash equivalents from newly consolidated subsidiary	—	832
Cash and cash equivalents at end of period	<b>57,271</b>	70,252

## Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2009

### 1. Summary of Non-Consolidated Balance Sheets

	(Millions of Yen: Rounded down to the nearest one million yen)		
	As of March 31, 2009	As of March 31, 2008	Change (%)
<b>ASSETS</b>			
Current assets	458,371	525,974	- 12.9
Noncurrent assets	528,369	586,783	- 10.0
Total assets	986,741	1,112,758	- 11.3
<b>LIABILITIES</b>			
Current liabilities	452,123	503,245	- 10.2
Noncurrent liabilities	151,589	117,694	+ 28.8
Total liabilities	603,713	620,939	- 2.8
<b>NET ASSETS</b>			
Shareholders' equity	391,523	494,672	- 20.9
Valuation and translation adjustments	(8,495)	(2,853)	—
Total net assets	383,028	491,819	- 22.1
Total liabilities and net assets	986,741	1,112,758	- 11.3

## 2. Summary of Non-Consolidated Statements of Income

(Millions of Yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008	Change (%)
Net sales	1,447,410	1,585,982	- 8.7
Gross profit	192,716	216,692	- 11.1
Operating income	23,870	36,281	- 34.2
Non-operating income	14,530	15,379	- 5.5
Non-operating expenses	3,815	4,319	- 11.7
Ordinary income	34,585	47,341	- 26.9
Extraordinary income	1,448	8,920	- 83.8
Extraordinary loss	61,499	17,397	+ 253.5
Income (Loss) before income taxes	(25,466)	38,865	—
Net income (loss)	(32,771)	24,533	—