

FOR IMMEDIATE RELEASE

November 13, 2013

Dentsu Reports Consolidated Financial Results for the Six Months Ended September 30, 2013 (Japanese GAAP)

— Posts 1082.3 Billion Yen in Consolidated Billings (Net Sales) (17.5% year-on-year increase), 269.1 Billion Yen in Gross Profit (65.5% increase), 19.2 Billion Yen in Operating Income (12.8% decrease), 24.0 Billion Yen in Ordinary Income (21.6% increase) and 10.1 Billion Yen in Net Income (8.4% increase)—

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Tadashi Ishii; Head Office: Tokyo; Capital: 74,609.81 million yen) today convened a meeting of its Board of Directors at its Head Office in Tokyo at which it finalized its consolidated and non-consolidated financial results for the six months ended September 30, 2013 (April 1–September 30, 2013).

Summary of financial results for the period

During the six-month period ended September 30, 2013, although a gradual recovery is continuing in the United States, the global economy remained uncertain due to concerns about the protracted financial problems in Europe as well as the growth slowdown in the emerging economies. Meanwhile, against a backdrop of bold economic policies and monetary easing measures aimed at overcoming deflation, the Japanese economy is slowly recovering, with signs of an upturn in capital investment and improved corporate performance, particularly in export-oriented enterprises.

The completion of the acquisition of Aegis Group plc (hereinafter “Aegis”) and the establishment of Dentsu Aegis Network Ltd. on March 26, 2013 marked a new beginning for the expanded Dentsu Group as a truly global player operating in 110 countries around the world. Through its new medium-term management plan “Dentsu 2017 and Beyond” which starts from FY2013 and goes through to FY2017, the Group aims to become a next-generation agency network that provides unparalleled value through its unique capabilities, creating new marketing communications that go beyond the framework of existing advertising business. In addition to building a network that supports its clients’ businesses worldwide, the Group will develop and provide integrated solutions that lead the

digital age, as well as achieve sustainable growth and increase profitability in the Japanese market, the Group's strongest base.

From the first quarter of the fiscal year ending March 31, 2014, Aegis's results have been included in the Dentsu Group's Consolidated Statements of Income. As a result, for the six months ended September 30, 2013, the Group posted consolidated billings (net sales) of 1,082,360 million yen, an increase of 17.5% compared with the same period of the previous fiscal year, and gross profit of 269,193 million yen, an increase of 65.5%. Amortization of goodwill and other intangible assets incurred through acquisitions (including the acquisition of Aegis) was calculated as 13,406 million yen for goodwill and 7,420 million yen for other intangible assets. As a result, the Group posted operating income of 19,284 million yen, a decrease of 12.8%. Due to factors including the absence of foreign exchange loss, ordinary income of 24,049 million yen, an increase of 21.6%, and net income of 10,134 million yen, an increase of 8.4%, were posted for the six months ended September 30, 2013. Operating income before amortization of goodwill and other intangible assets came to 40,111 million yen, an increase of 65.5%. Operating income before amortization of goodwill and other intangible assets comprises the operating income figure to which has been added the amortization of goodwill and other intangible assets incurred through acquisitions (including the acquisition of Aegis).

Looking at the results by business segment, in the Advertising segment net sales of 1,052,901 million yen, an increase of 18.1% compared with the same period of the previous fiscal year; gross profit of 258,339 million yen, an increase of 70.5%; and segment income of 17,286 million yen, a decrease of 12.5%, were posted. In the Information Services segment, net sales of 34,291 million yen, an increase of 2.9%; gross profit of 10,384 million yen, a decrease of 0.9%; and segment income of 727 million yen, a decrease of 28.3%, were posted. All of the companies in the group headed by Information Services International-Dentsu, Ltd. fall into this segment. In the Other Business segment, net sales of 7,954 million yen, a decrease of 4.6%; gross profit of 1,777 million yen, a decrease of 2.2%; and segment income of 420 million yen, a decrease of 9.0%, were posted.

By geographic area, gross profit of 143,252 million yen, an increase of 6.3% compared with the same period of the previous fiscal year, and operating income before amortization of goodwill and other intangible assets of 26,414 million yen, an increase of 29.7%, were posted in Japan. In other countries, gross profit of 126,498 million yen, an increase of 348.0%, and operating income before amortization of goodwill and other intangible assets of 13,734 million

yen, an increase of 266.4%, were posted.

From the 2013 fiscal year onward, gross profit has been specified as one of the Group's business management indicators. Accordingly, gross profit figures will be used in its disclosures of results by business segment and geographic area from the first quarter onward.

Regarding Group companies with a December 31 closing date, including subsidiaries in countries other than Japan, their financial results for the six months from January 1 to June 30, 2013 are, as a general rule, incorporated in the consolidated financial results for the six months ended September 30, 2013.

Dentsu's non-consolidated financial results had a significant impact on the Group's consolidated financial results. For the six months ended September 30, 2013, the Company posted non-consolidated billings (net sales) of 717,583 million yen, an increase of 6.1% compared with the same period of the previous fiscal year; gross profit of 100,653 million yen, an increase of 7.8%; operating income of 18,390 million yen, an increase of 30.6%; ordinary income of 29,727 million yen, an increase of 101.8%; and net income of 23,137 million yen, an increase of 185.3%.

For more details regarding the consolidated and non-consolidated results, please see the presentation slides that will be uploaded to the Presentation Materials section of the company website on November 15 at: <http://www.dentsu.com/ir/data/setsumeikai/index.html>

Reference: Scope of Consolidated Financial Results

As of September 30, 2013, the Dentsu Group includes 676 consolidated subsidiary companies and 56 affiliated companies accounted for by the equity method. 94 of these companies are located in Japan and 638 in countries other than Japan. By business segment, 709 of these companies fall into the Advertising segment, 16 into the Information Services segment, and 7 into the Other Business segment.

Outlook for the fiscal year ending March 31, 2014

The Dentsu Group's consolidated financial results for the first six months (from April 1 to September 30, 2013) were better than expected, due mainly to the strong performance in Japan. Since the advertising market in Japan is expected to remain strong, the forecast of consolidated financial results for the fiscal year ending March 31, 2014 which was announced

on May 14, 2013, was therefore amended on November 11. These amendments are shown in the following charts.

Millions of yen

	Three months ended June 30, 2013 (Apr–Jun)	YoY change (%)	Three months ended Sept. 30, 2013 (Jul–Sep)	YoY change (%)	Six months ended Sept. 30, 2013 (Apr–Sep)	YoY change (%)	FY2013* forecast announced on May 14, 2013	FY2013* forecast amended on Nov 11, 2013	YoY change (%)
Net sales	514,229	14.9	568,130	20.0	1,082,360	17.5	2,283,400	2,292,000	18.1
Gross profit	122,882	60.7	146,311	69.8	269,193	65.5	571,800	578,500	67.2
Operating income (loss)	(717)	–	20,001	59.5	19,284	(12.8)	58,500	65,600	12.2
Ordinary income	1,450	(87.4)	22,599	172.7	24,049	21.6	58,700	72,400	22.7
Net income (loss)	(3,698)	–	13,833	299.5	10,134	8.4	19,100	33,100	(8.9)

* FY2013: April 1, 2013 to March 31, 2014

Millions of yen

	Three months ended June 30, 2013 (Apr–Jun)	YoY change (%)	Three months ended Sept. 30, 2013 (Jul–Sep)	YoY change (%)	Six months ended Sept. 30, 2013 (Apr–Sep)	YoY change (%)	FY2013* forecast announced on May 14, 2013	FY2013* forecast amended on Nov 11, 2013	YoY change (%)
Operating income before amortization of goodwill and other intangible assets	10,032	(4.9)	30,079	119.9	40,111	65.5	100,100	107,800	71.5

* FY2013: April 1, 2013 to March 31, 2014

Dentsu's forecast of non-consolidated financial results for the fiscal year ending March 31, 2014 that was released on May 14, 2013 has been amended as follows:

- Net sales: 1,500.0 billion yen (6.2% year-on-year increase)
- Operating income: 45.4 billion yen (26.9% year-on-year increase)
- Ordinary income: 57.9 billion yen (48.1% year-on-year increase)
- Net income: 37.4 billion yen (32.7% year-on-year increase)

Dividends

The interim dividend per share of common stock will be 16.0 yen, and the total annual dividend is expected to be 32.0 yen, as was announced on May 14, 2013.

Since Dentsu considers a "sustainable and stable" dividend to be the basis of its shareholder

returns policy, it will continue to make utmost efforts to maximize shareholder returns through medium- to long-term growth of the business while sustaining financial stability and soundness and securing the investments needed for further growth mainly in its digital and global operations.

Cautionary statement with respect to forward-looking statements

These business results forecasts have been made by Dentsu on the basis of currently available information, and hence involve potential risks and uncertainties. Consequently, actual business results may differ from the forecasts due to changes in various factors.

Consolidated Financial Results
for the Six Months Ended September 30, 2013
(From April 1 to September 30, 2013)

1. Summary of Consolidated Balance Sheets

(Millions of yen: Rounded down to the nearest one million yen)

	As of March 31, 2013	As of September 30, 2013	% Change
ASSETS			
Current assets	1,122,602	1,089,308	(3.0)
Noncurrent assets	1,082,966	1,203,874	11.2
Total assets	<u>2,205,569</u>	<u>2,293,182</u>	<u>4.0</u>
LIABILITIES			
Current liabilities	1,317,554	1,017,348	(22.8)
Noncurrent liabilities	279,377	459,345	64.4
Total liabilities	<u>1,596,931</u>	<u>1,476,693</u>	<u>(7.5)</u>
NET ASSETS			
Shareholders' equity	570,419	696,862	22.2
Accumulated other comprehensive income	14,076	96,593	586.2
Minority interests	24,141	23,033	(4.6)
Total net assets	<u>608,637</u>	<u>816,489</u>	<u>34.2</u>
Total liabilities and net assets	<u><u>2,205,569</u></u>	<u><u>2,293,182</u></u>	<u><u>4.0</u></u>

2. Summary of Consolidated Statements of Income

(Millions of yen: Rounded down to the nearest one million yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	% Change
Net sales	921,036	1,082,360	17.5
Gross profit	162,654	269,193	65.5
Operating income	22,110	19,284	(12.8)
Non-operating income	4,723	11,458	142.6
Non-operating expenses	7,050	6,694	(5.1)
Ordinary income	19,784	24,049	21.6
Extraordinary income	192	3,224	1573.2
Extraordinary loss	2,249	3,325	47.8
Income before income taxes and minority interests	17,727	23,948	35.1
Net income	9,349	10,134	8.4

3. Summary of Consolidated Statements of Comprehensive Income

(Millions of yen: Rounded down to the nearest one million yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	% Change
Income before minority interests	10,278	10,700	4.1
Other comprehensive income	(1,171)	83,328	-
Comprehensive income	9,106	94,028	932.5

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