

FOR IMMEDIATE RELEASE

February 13, 2014

## **Dentsu Reports Consolidated Financial Results for the Nine Months Ended December 31, 2013 (Japanese GAAP)**

*Posts 1,662.4 Billion Yen in Consolidated Billings (Net Sales) (17.7% year-on-year increase), 34.7 Billion Yen in Operating Income (8.9% decrease), 42.9 Billion Yen in Ordinary Income (10.0% increase) and 20.6 Billion Yen in Net Income (3.8% increase)*

*—Posts 414.3 Billion Yen in Gross Profit (66.4% increase) and 66.3 Billion Yen in Operating Income before Amortization of Goodwill and Other Intangible Assets (60.4% 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 nine months ended December 31, 2013 (April 1–December 31, 2013).

### **Summary of Financial Results for the Period**

During the nine-month period ended December 31, 2013, the Japanese economy slowly recovered against a backdrop of bold economic policies and monetary easing measures aimed at overcoming deflation, with signs of an upturn in capital investment and improved corporate performance, particularly in export-oriented enterprises. Meanwhile, although a gradual recovery is continuing in the United States and the European economy has finally started to show signs of bottoming out, the global economy remained uncertain due to concerns about the growth slowdown seen in China and other emerging economies.

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.

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 nine months ended December 31, 2013, the Group posted consolidated billings (net sales) of 1,662,485 million yen, an increase of 17.7% compared with the same period of the previous fiscal year, and gross profit of 414,373 million yen, an increase of 66.4%. Amortization of goodwill and other intangible assets incurred through acquisitions (including the acquisition of Aegis) was calculated as 19,845 million yen for goodwill and 11,737 million yen for other intangible assets. As a result, the Group posted operating income of 34,739 million yen, a decrease of 8.9%. Due to factors including the absence of foreign exchange loss, ordinary income of 42,991 million yen, an increase of 10.0%, and net income of 20,694 million yen, an increase of 3.8%, were posted for the nine months ended December 31, 2013. Operating income before amortization of goodwill and other intangible assets came to 66,322 million yen, an increase of 60.4%. 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 1,619,414 million yen, an increase of 18.3% compared with the same period of the previous fiscal year; gross profit of 398,795 million yen, an increase of 71.2%; and segment income of 32,367 million yen, a decrease of 7.8%, were posted. In the Information Services segment, net sales of 49,090 million yen, an increase of 2.0%; gross profit of 14,673 million yen, a decrease of 1.3%; and segment income of 342 million yen, a decrease of 53.8%, 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 11,792 million yen, a decrease of 4.6%; gross profit of 2,738 million yen, a decrease of 3.5%; and segment income of 717 million yen, a decrease of 12.9%, were posted.

By geographic area, gross profit of 221,534 million yen, an increase of 7.4% compared with the same period of the previous fiscal year, and operating income before amortization of goodwill and other intangible assets of 45,274 million yen, an increase of 27.9%, were posted in Japan. In other countries, gross profit of 194,079 million yen, an increase of 350.2%, and

operating income before amortization of goodwill and other intangible assets of 21,164 million yen, an increase of 268.3%, 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 have been 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 nine months from January 1 to September 30, 2013 are, as a general rule, incorporated in the consolidated financial results for the nine months ended December 31, 2013.

Dentsu's non-consolidated financial results had a significant impact on the Group's consolidated financial results. For the nine months ended December 31, 2013, the Company posted non-consolidated billings (net sales) of 1,107,536 million yen, an increase of 6.7% compared with the same period of the previous fiscal year; gross profit of 156,152 million yen, an increase of 9.4%; operating income of 32,487 million yen, an increase of 31.5%; ordinary income of 49,681 million yen, an increase of 73.9%; and net income of 36,982 million yen, an increase of 133.0%.

For more details regarding the consolidated and non-consolidated results for the nine months ended December 31, 2013, please see the Presentation Materials section of the Company's website at: <http://www.dentsu.com/ir/>.

#### **Reference: Scope of Consolidated Financial Results**

As of December 31, 2013, the Dentsu Group includes 671 consolidated subsidiary companies and 60 affiliated companies accounted for by the equity method. 94 of these companies are located in Japan and 637 in countries other than Japan. By business segment, 708 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**

There are no revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2014 which was announced on November 13, 2013 (see the "Forecast for the Fiscal Year Ending March 31, 2014" chart below).

## Trend of Quarterly Consolidated Financial Results and Forecast for the Fiscal Year Ending March 31, 2014

### ◆ Trend of Quarterly Consolidated Financial Results

Millions of yen

FY2013*	Three months ended June 30, 2013 (Apr–Jun)	YoY change (%)	Three months ended Sept. 30, 2013 (Jul–Sep)	YoY change (%)	Three months ended Dec. 31, 2013 (Oct–Dec)	YoY change (%)	Nine months ended Dec. 31, 2013 (Apr–Dec)	YoY change (%)
Net sales	514,229	14.9	568,130	20.0	580,125	18.1	1,662,485	17.7
Gross profit	122,882	60.7	146,311	69.8	145,180	68.2	414,373	66.4
Operating income (loss)	(717)	–	20,001	59.5	15,455	(3.4)	34,739	(8.9)
Ordinary income	1,450	(87.4)	22,599	172.7	18,942	(2.8)	42,991	10.0
Net income (loss)	(3,698)	–	13,833	299.5	10,560	(0.3)	20,694	3.8
Operating income before amortization of goodwill and other intangible assets	10,032	(4.9)	30,079	119.9	26,210	53.1	66,322	60.4

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

### ◆ Forecast for the Fiscal Year Ending March 31, 2014 (consolidated basis)

Millions of yen

FY2013*	Six months ended Sept. 30, 2013 (Apr–Sep)	YoY change (%)	Forecast for the six months ending March 31, 2014** (Oct–Mar)	YoY change (%)	FY2013* full-year forecast** (Apr–Mar)	YoY change (%)
Net sales	1,082,360	17.5	1,209,639	18.6	2,292,000	18.1
Gross profit	269,193	65.5	309,306	68.8	578,500	67.2
Operating income	19,284	(12.8)	46,315	27.4	65,600	12.2
Ordinary income	24,049	21.6	48,350	22.7	72,400	22.7
Net income	10,134	8.4	22,965	(14.9)	33,100	(8.9)
Operating income before amortization of goodwill and other intangible assets	40,111	65.5	67,688	75.3	107,800	71.5

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

\*\* Announced on November 13, 2013

### 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 Nine Months Ended December 31, 2013 (From April 1 to December 31, 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 <b>December 31,</b> <b>2013</b>	% Change
<b>ASSETS</b>			
Current assets	1,122,602	<b>1,116,429</b>	(0.5)
Noncurrent assets	1,082,966	<b>1,212,323</b>	11.9
Total assets	<u>2,205,569</u>	<u><b>2,328,752</b></u>	<u>5.6</u>
<b>LIABILITIES</b>			
Current liabilities	1,317,554	<b>1,017,625</b>	(22.8)
Noncurrent liabilities	279,377	<b>466,351</b>	66.9
Total liabilities	<u>1,596,931</u>	<u><b>1,483,977</b></u>	<u>(7.1)</u>
<b>NET ASSETS</b>			
Shareholders' equity	570,419	<b>698,258</b>	22.4
Accumulated other comprehensive income	14,076	<b>121,848</b>	765.6
Minority interests	24,141	<b>24,668</b>	2.2
Total net assets	<u>608,637</u>	<u><b>844,775</b></u>	<u>38.8</u>
Total liabilities and net assets	<u>2,205,569</u>	<u><b>2,328,752</b></u>	<u>5.6</u>

## 2. Summary of Consolidated Statements of Income

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

	Nine months ended December 31, 2012	<b>Nine months ended December 31, 2013</b>	% Change
Net sales	1,412,195	<b>1,662,485</b>	17.7
Gross profit	248,963	<b>414,373</b>	66.4
Operating income	38,116	<b>34,739</b>	(8.9)
Non-operating income	7,414	<b>17,432</b>	135.1
Non-operating expenses	6,433	<b>9,180</b>	42.7
Ordinary income	39,098	<b>42,991</b>	10.0
Extraordinary income	233	<b>5,034</b>	2054.8
Extraordinary loss	2,810	<b>3,579</b>	27.4
Income before income taxes and minority interests	36,521	<b>44,446</b>	21.7
Net income	19,939	<b>20,694</b>	3.8

## 3. Summary of Consolidated Statements of Comprehensive Income

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

	Nine months ended December 31, 2012	<b>Nine months ended December 31, 2013</b>	% Change
Income before minority interests	21,057	21,854	3.8
Other comprehensive income	22,961	108,854	374.1
Comprehensive income	44,018	130,709	196.9

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