

FOR IMMEDIATE RELEASE

August 12, 2014

Dentsu Reports Consolidated Financial Results for the Three Months Ended June 30, 2014 (Japanese GAAP)

—Steady business performance in both the Japanese and overseas markets—

Posts 538,256 Million Yen in Consolidated Billings (Net Sales) (4.7% year-on-year increase); 134,916 Million Yen in Gross Profit (9.8% increase); 12,062 Million Yen in Operating Income before Amortization of Goodwill and Other Intangible Assets (20.2% increase); 153 Million Yen in Operating Loss; 3,463 Million Yen in Ordinary Income (138.8% increase); and 735 Million Yen in Net Loss

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 three months ended June 30, 2014 (April 1–June 30, 2014).

Summary of Financial Results

Although there was a backlash against the consumption tax hike during the first quarter of the fiscal year ending March 31, 2015, the Japanese economy maintained its gradual recovery thanks to factors such as an increase in capital investment against a background of improved corporate earnings as well as higher wages and better employment opportunities. Meanwhile, although the U.S. economy is making steady progress, the global economy remained uncertain due to concerns about the economic slowdown in emerging economies and continuing political unrest.

Under such circumstances, although Dentsu's non-consolidated net sales in Japan were in the minus column for April year on year due to factors including the impact of the consumption tax rate increase, they returned to the plus column in May and registered a gain of 4.2% in June thanks in part to the 2014 FIFA World Cup Brazil™. Moreover, the acquisition of new clients and other positive factors in markets outside of Japan allowed Dentsu Aegis Network to record close-to-double-digit organic gross profit growth of 9.6% year on year. By geographic region, the year-on-year growth was 10.6% in EMEA, 4.7% in the Americas and 14.8% in APAC.

As a result, for the three months ended June 30, 2014, the Dentsu Group posted consolidated billings (net sales) of 538,256 million yen, an increase of 4.7% compared with the same period of the previous fiscal year; gross profit of 134,916 million yen, an increase of 9.8%; and operating income before amortization of goodwill and other intangible assets of 12,062 million yen, an increase of 20.2%. From a seasonal perspective, the consolidated billings and gross profit for the first quarter tend to be lower than those for the other three quarters, and since the amounts assigned to goodwill and other intangible assets are amortized in equal proportions each quarter, for the first quarter the Group posted operating loss of 153 million yen (operating loss of 717 million yen was posted for the same period of the previous fiscal year); ordinary income of 3,463 million yen, an increase of 138.8%; and net loss of 735 million yen (net loss of 3,698 million yen was posted for the same period of the previous fiscal year). Operating income before amortization of goodwill and other intangible assets comprises the operating income figure to which has been added the amortization of goodwill incurred through acquisitions (including the acquisition of Aegis) and other intangible assets.

Results by Business Segment

Looking at the results by business segment, in the Advertising segment net sales of 525,274 million yen, an increase of 4.8% compared with the same period of the previous fiscal year; gross profit of 131,207 million yen, an increase of 10.6%; and segment income of 241 million yen (segment loss of 652 million yen was posted for the same period of the previous fiscal year) were posted. In the Information Services segment, net sales of 14,883 million yen, an increase of 5.3%; gross profit of 3,441 million yen, a decrease of 12.8%; and segment loss of 1,101 million yen (segment loss of 742 million yen was posted for the same period of the previous fiscal year) were posted. In the Other Business segment, net sales of 3,840 million yen, an increase of 4.9%; gross profit of 940 million yen, an increase of 7.7%; and segment income of 326 million yen, an increase of 47.5%, were posted.

Regarding Dentsu Group companies with a December 31 closing date, including subsidiaries in countries other than Japan, their financial results for the three months from January 1 to March 31, 2014 are, as a general rule, incorporated in the consolidated financial results for the three months ended June 30, 2014.

Non-consolidated Results

Dentsu posted non-consolidated billings (net sales) of 356,896 million yen, an increase of 1.9% compared with the same period of the previous fiscal year; gross profit of 50,243 million yen, an increase of 4.9%; and operating income of 9,854 million yen, an increase of 22.3%.

Since the 8,100 million yen in dividends from consolidated subsidiary Dentsu Holdings USA, Inc. has been recorded as non-operating income, Dentsu posted ordinary income of 26,979 million yen, an increase of 73.2%; and net income of 22,514 million yen, an increase of 112.0%.

For more details regarding the consolidated and non-consolidated results, please see the presentation slides in the Presentation Materials section of the company website at: <http://www.dentsu.com/ir/>

Reference: Scope of Consolidated Financial Results

As of June 30, 2014, the Dentsu Group includes 677 consolidated subsidiary companies and 57 affiliated companies accounted for by the equity method. 95 of these companies are located in Japan and 639 in countries other than Japan. By business segment, 710 of these companies fall into the Advertising segment, 17 into the Information Services segment, and 7 into the Other Business segment.

Outlook for the First Half Ending September 30, 2014 and the Fiscal Year Ending March 31, 2015

Since the results for the first quarter were generally in line with expectations, no changes have been made to the forecast of consolidated financial results for the first half ending September 30, 2014 and fiscal year ending March 31, 2015, which was announced on May 13, 2014.

Consolidated Financial Results and Forecast

Millions of yen

| FY 2014 (from April 1, 2014 to March 31, 2015) | Three months ended June 30, 2014 | YoY change (%) | Forecast for the six months ending Sept. 30, 2014* | YoY change (%) | FY2014 forecast (from April 1, 2014 to March 31, 2015)* | YoY change (%) |
|---|--|----------------------|---|----------------------|---|----------------------|
| Net sales | 538,256 | 4.7 | 1,130,900 | 4.5 | 2,371,200 | 2.7 |
| Gross profit | 134,916 | 9.8 | 290,300 | 7.8 | 623,000 | 4.9 |
| Operating income (loss) | (153) | – | 19,000 | (1.5) | 72,500 | 1.4 |
| Ordinary income | 3,463 | 138.8 | 21,600 | (10.2) | 77,900 | (5.6) |
| Net income (loss) | (735) | – | 4,600 | (54.6) | 31,100 | (19.8) |

*Announced on May 13, 2014

For Reference

Millions of yen

| FY 2014 (from April 1, 2014 to March 31, 2015) | Three months ended June 30, 2014 | YoY change (%) | Forecast for the six months ending Sept. 30, 2014* | FY2014 forecast (from April 1, 2014 to March 31, 2015)* |
|--|--|----------------------|--|--|
| Operating income before amortization of goodwill and other intangible assets | 12,062 | 20.2 | 40,700 | 115,500 |

*Announced on May 13, 2014

However, in accordance with the recording of 8,100 million yen in dividends from consolidated subsidiary Dentsu Holdings USA, Inc. as non-operating income in Dentsu's non-consolidated financial results for the three months ended June 30, 2014, the forecast of non-consolidated financial results for the first half ending September 30, 2014 and fiscal year ending March 31, 2015 announced on May 13, 2014 has been revised as follows:

Six months ending September 30, 2014

Ordinary income: Revised upward from 28,900 million yen to 37,000 million yen

Net income: Revised upward from 17,200 million yen to 25,200 million yen

Year ending March 31, 2015

Ordinary income: Revised upward from 61,000 million yen to 69,100 million yen

Net income: Revised upward from 35,000 million yen to 43,000 million yen

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 Three Months Ended June 30, 2014

1. Summary of Consolidated Balance Sheets

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

| | As of March 31, 2014 | As of June 30, 2014 | % Change |
|--|----------------------------|------------------------------------|--------------|
| ASSETS | | | |
| Current assets | 1,368,385 | 1,226,080 | (10.4) |
| Noncurrent assets | 1,269,933 | 1,245,273 | (1.9) |
| Total assets | <u>2,638,319</u> | <u>2,471,354</u> | <u>(6.3)</u> |
| LIABILITIES | | | |
| Current liabilities | 1,253,263 | 1,107,191 | (11.7) |
| Noncurrent liabilities | 476,560 | 475,992 | (0.1) |
| Total liabilities | <u>1,729,824</u> | <u>1,583,183</u> | <u>(8.5)</u> |
| NET ASSETS | | | |
| Shareholders' equity | 715,828 | 708,698 | (1.0) |
| Accumulated other comprehensive income | 167,289 | 155,290 | (7.2) |
| Minority interests | 25,377 | 24,181 | (4.7) |
| Total net assets | <u>908,495</u> | <u>888,170</u> | <u>(2.2)</u> |
| Total liabilities and net assets | <u>2,638,319</u> | <u>2,471,354</u> | <u>(6.3)</u> |

2. Summary of Consolidated Statements of Income

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

| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | % Change |
|---|--|---|----------|
| Net sales | 514,229 | 538,256 | 4.7 |
| Gross profit | 122,882 | 134,916 | 9.8 |
| Operating income (loss) | (717) | (153) | - |
| Non-operating income | 6,033 | 6,410 | 6.2 |
| Non-operating expenses | 3,866 | 2,793 | (27.7) |
| Ordinary income | 1,450 | 3,463 | 138.8 |
| Extraordinary income | 18 | 1,404 | 7595.9 |
| Extraordinary loss | 1,880 | 368 | (80.4) |
| Income (loss) before income taxes and minority interests | (412) | 4,500 | - |
| Net income (loss) | (3,698) | (735) | - |

3. Summary of Consolidated Statements of Comprehensive Income

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

| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | % Change |
|--|--|---|----------|
| Income (loss) before minority interests | (3,851) | (650) | - |
| Other comprehensive income (loss) | 52,573 | (12,172) | - |
| Comprehensive income (loss) | 48,721 | (12,822) | - |

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