

FOR IMMEDIATE RELEASE

February 12, 2015

Dentsu Reports Consolidated Financial Results for the Nine Months Ended December 31, 2014 (Japanese GAAP)

Posts 1,743.5 Billion Yen in Consolidated Billings (Net Sales) (4.9% year-on-year increase), 454.8 Billion Yen in Gross Profit (9.8% increase), 67.1 Billion Yen in Operating Income before Amortization of Goodwill and Other Intangible Assets (1.2% increase), 29.6 Billion Yen in Operating Income (14.6% decrease), 37.8 Billion Yen in Ordinary Income (12.0% decrease) and 25.6 Billion Yen in Net Income (23.8% increase)

- Dentsu's performance remains solid with a 2.1% year-on-year increase in non-consolidated net sales and 3.7% year-on-year increase in gross profit
- Dentsu Aegis Network achieves double-digit organic gross profit growth
- Upward revision of full-year net income forecast due to factors including a gain on sales of non-current assets

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, 2014 (April 1–December 31, 2014).

Summary of Financial Results for the Period

During the nine-month period ended December 31, 2014, the Japanese economy maintained a gradual recovery thanks to improved corporate earnings, higher wages and better employment opportunities against a background of positive economic and monetary policies implemented by the government and the Bank of Japan. Meanwhile, the U.S. economy is making steady progress, as are other major markets around the world. However, economic uncertainty remains in some regions, illustrated by slowing growth in a number of emerging economies and continuing political unrest in certain regions.

Under such circumstances, the Dentsu Group's non-consolidated net sales in Japan showed a year-on-year increase of 2.1%. Despite the impact of the consumption tax increase, business opportunities created by the 2014 FIFA World Cup Brazil™ enabled the Group's results to

exceed those of the same period of the previous fiscal year. Moreover, the acquisition of new clients in markets outside of Japan allowed the Group's global business headquarters Dentsu Aegis Network Ltd. to record year-on-year double-digit organic gross profit growth of 10.3%. By geographic region, the growth rate was 9.3% in the Europe, Middle East and Africa region, 7.7% in the Americas and 15.2% in the Asia-Pacific region.

As a result, for the nine months ended December 31, 2014, the Dentsu Group posted consolidated billings (net sales) of 1,743,593 million yen, an increase of 4.9% compared with the same period of the previous fiscal year; gross profit of 454,842 million yen, an increase of 9.8%; and operating income before amortization of goodwill and other intangible assets of 67,100 million yen, an increase of 1.2%. Due to factors including the increase in the amortization of goodwill and other intangible assets on a yen basis caused by the depreciation of the yen, operating income of 29,664 million yen, a decrease of 14.6%, and ordinary income of 37,845 million yen, a decrease of 12.0%, were posted. Net income of 25,619 million yen, an increase of 23.8% due to the recording of extraordinary income from sales of real estate, was posted for the period.

Looking at the results by business segment, in the Advertising segment net sales of 1,695,047 million yen, an increase of 4.7% compared with the same period of the previous fiscal year; gross profit of 439,644 million yen, an increase of 10.2%; and segment income of 27,012 million yen, a decrease of 16.5%, were posted.

In the Information Services segment, net sales of 54,397 million yen, an increase of 10.8%; gross profit of 14,621 million yen, a decrease of 0.4%; and segment income of 833 million yen, an increase of 143.1%, 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 11,636 million yen, a decrease of 1.3%; gross profit of 2,568 million yen, a decrease of 6.2%; and segment income of 640 million yen, a decrease of 10.7%, were posted.

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, 2014 are, as a general rule, incorporated in the consolidated financial results for the nine months ended December 31, 2014.

◆ Trend of Quarterly Consolidated Financial Results

Millions of yen

FY2014*	Three months ended June 30, 2014 (Apr–Jun)	YoY % change	Three months ended Sept. 30, 2014 (Jul–Sep)	YoY % change	Three months ended Dec. 31, 2014 (Oct–Dec)	YoY % change	Nine months ended Dec. 31, 2014 (Apr–Dec)	YoY % change
Net sales	538,256	4.7	598,621	5.4	606,714	4.6	1,743,593	4.9
Gross profit	134,916	9.8	160,757	9.9	159,168	9.6	454,842	9.8
Operating income (loss)	(153)	–	14,760	(26.2)	15,057	(2.6)	29,664	(14.6)
Ordinary income	3,463	138.8	17,489	(22.6)	16,892	(10.8)	37,845	(12.0)
Net income (loss)	(735)	–	3,558	(74.3)	22,797	115.9	25,619	23.8
Operating income before amortization of goodwill and other intangible assets	12,062	20.2	27,163	(9.7)	27,875	6.4	67,100	1.2

* FY2014: April 1, 2014 to March 31, 2015

Dentsu's non-consolidated financial results had a significant impact on the Group's consolidated financial results. For the nine months ended December 31, 2014, the Company posted non-consolidated billings (net sales) of 1,131,155 million yen, an increase of 2.1% compared with the same period of the previous fiscal year; gross profit of 161,911 million yen, an increase of 3.7%; operating income of 35,925 million yen, an increase of 10.6%; ordinary income of 57,460 million yen, an increase of 15.7%; and net income of 56,612 million yen, an increase of 53.1%.

For more details regarding the consolidated and non-consolidated results for the nine months ended December 31, 2014, 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, 2014, the Dentsu Group includes 700 consolidated subsidiary companies and 59 affiliated companies accounted for by the equity method. 94 of these companies are located in Japan and 665 in countries other than Japan. By business segment, 735 of these companies fall into the Advertising segment, 17 into the Information Services segment, and 7 into the Other Business segment.

Forecast for the Fiscal Year Ending March 31, 2015

The full-year forecast announced on November 12, 2014 has been revised after taking into account the consolidated results for the nine-month period ended December 31, 2014. Please refer to the separate announcement "Dentsu Announces Changes to the Forecast of Financial Results for the Fiscal Year Ending March 31, 2015" also made today.

◆ Forecast for the Fiscal Year Ending March 31, 2015 (consolidated basis)

					Millions of yen
FY2014*	FY2014* full-year forecast (Apr–Mar) announced on Nov. 12, 2014 (A)	Revised FY2014* full-year forecast (Apr–Mar) announced on Feb. 12, 2015 (B)	Variance (B-A)	Rate of variance (%)	Actual results for FY2013 (April 1, 2013 to March 31, 2014)
Net sales	2,432,100	2,432,100	0	0.0	2,309,359
Gross profit	651,700	651,700	0	0.0	594,072
Operating income	69,300	66,900	(2,400)	(3.5)	71,490
Ordinary income	76,700	74,200	(2,500)	(3.3)	82,538
Net income	29,400	40,900	11,500	39.1	38,800
Operating income before amortization of goodwill and other intangible assets	118,300	117,800	(500)	(0.4)	114,186

* FY2014: April 1, 2014 to March 31, 2015

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, 2014 (From April 1 to December 31, 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 December 31, 2014	% Change
ASSETS			
Current assets	1,368,385	1,337,440	(2.3)
Non-current assets	1,269,933	1,332,076	4.9
Total assets	<u>2,638,319</u>	<u>2,669,517</u>	<u>1.2</u>
LIABILITIES			
Current liabilities	1,253,263	1,224,668	(2.3)
Non-current liabilities	476,560	464,821	(2.5)
Total liabilities	<u>1,729,824</u>	<u>1,689,489</u>	<u>(2.3)</u>
NET ASSETS			
Shareholders' equity	715,828	722,971	1.0
Accumulated other comprehensive income	167,289	226,871	35.6
Subscription rights to shares	-	48	-
Minority interests	25,377	30,135	18.8
Total net assets	<u>908,495</u>	<u>980,027</u>	<u>7.9</u>
Total liabilities and net assets	<u>2,638,319</u>	<u>2,669,517</u>	<u>1.2</u>

2. Summary of Consolidated Statements of Income

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

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	% Change
Net sales	1,662,485	1,743,593	4.9
Gross profit	414,373	454,842	9.8
Operating income	34,739	29,664	(14.6)
Non-operating income	17,432	16,630	(4.6)
Non-operating expenses	9,180	8,449	(8.0)
Ordinary income	42,991	37,845	(12.0)
Extraordinary income	5,034	27,940	455.0
Extraordinary loss	3,579	4,943	38.1
Income before income taxes and minority interests	44,446	60,842	36.9
Net income	20,694	25,619	23.8

3. Summary of Consolidated Statements of Comprehensive Income

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

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	% Change
Income before minority interests	21,854	28,395	29.9
Other comprehensive income	108,854	63,180	(42.0)
Comprehensive income	130,709	91,575	(29.9)

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