May 14, 2015

Dentsu Inc.
FY2014 Consolidated Financial Results

(Fiscal year ended March 31, 2015 – reported on an IFRS basis)

Continued strong performances across the Group

Validation of the right strategic approach by Dentsu in today's fast-moving marketing environment

Consolidated Group (million yen) – reported on an IFRS basis	FY2014	FY2013	Change, %
Gross profit*	**676,925**	614,654	**10.1**
Statutory results			
• operating profit	**132,305**	107,283	23.3
• net profit	**79,846**	66,507	20.1
• basic eps (yen)	**276.89**	241.49	14.7
Underlying results**			
▪ operating profit	**131,937**	125,593	5.1
▪ operating margin	**19.5**	20.4	—
▪ net profit	**92,875**	84,395	10.0
▪ basis eps (yen)	**322.08**	306.44	5.1
Dividend per share (yen)	**55**	33	66.7

** Gross profit, defined as revenue less direct costs, is the metric by which the Group's organic growth is measured. Organic growth represents the constant currency year-on-year growth after adjusting for the effect of businesses acquired or disposed of since the beginning of the prior year.*
*** Throughout this announcement, results are stated on an underlying basis unless otherwise indicated. See page 2 for definition of "underlying."*

Highlights of FY2014 results:

- Dentsu Group organic gross profit growth of 5.8%:
  - In Japan, Dentsu Inc. delivered record high organic gross profit, and the organic growth rate for its business operations in Japan as a whole was 2.2%
  - At Dentsu Aegis Network, the international business, organic gross profit growth was 10.3%
  - Ratio of gross profit from international (non-Japanese) business reached a record high of 50.7%
- Group underlying operating margin was 19.5% (FY2013: 20.4%):
  - Mainly impacted by increased investment in global functional transformation programs, which peaked during the year
- Dentsu Inc. in Japan produced good results with business related to the FIFA World Cup Brazil™ and Tokyo 2020 also increasing the top line
- Dentsu Aegis Network delivered further positive momentum across each of its key regions, with consistent success in winning significant global, regional and local new business mandates during the year
- Continued focus on acquisitions in order to accelerate growth, with 25 acquisitions and investments signed in 2014
- Balance sheet remains strong, with Net Debt: EBITDA now at 0.25x (from 0.78x in FY2013)
- Annual dividend per share for FY2014 increased by 66.7% to 55 yen
- Dentsu has also authorized a Share Repurchase at a total cost of up to 20 billion yen
- The Dentsu Group expects to deliver performance ahead of the market in 2015

Tadashi Ishii, President and Chief Executive Officer of Dentsu Inc., said:

"The 2014 fiscal year was the second year of our medium-term management plan 'Dentsu 2017 and Beyond,' and it was also the first year in which we announced our full-year financial results on an IFRS basis. The Dentsu Group is well regarded by its clients across the world, and as a result achieved organic growth of 5.8%, outperforming the global advertising market's 4.6% calendar year growth rate. Looking ahead, in addition to further reinforcing the business platform in our core Japanese market, we will fully leverage our global network which spans more than 120 countries and work together as a united team to support the growth of our clients' businesses worldwide. Supported by the confidence we have in our strategic direction and the high quality of the talent we have across the Group, we expect to continue outperforming the market in the future."

Tim Andree, Executive Vice President of Dentsu Inc. and Executive Chairman of Dentsu Aegis Network, said:

"Dentsu Inc.'s global strategy is working well as shown by our performance in 2014, our first full year since the acquisition of Aegis, and the establishment of Dentsu Aegis Network. We successfully integrated Aegis Media and Dentsu's global operations while driving double-digit growth and scaling the global business to over 50% of total revenues. By harnessing our holistic, integrated, and yet specialized global offering, we won a significant number of global, regional and local new business from Japanese clients looking to expand internationally, from global clients aiming to become more prominent in Japan, and from entirely new clients to the Group. We are optimistic about the outlook for the global advertising market, and we are confident in our strategy to achieve the medium-term plan which we will continue to support with selective acquisitions."

Jerry Buhlmann, CEO of Dentsu Aegis Network and Executive Officer of Dentsu Inc., said:

"Dentsu Aegis Network again outperformed the peer group in 2014, highlighted by net new business wins of $3.6 billion in billings. This peer group outperformance accelerated in the first quarter of 2015, driven by our continued positive momentum over recent years. This is further validation of our global strategy, which has been designed to put our business at the heart of the digital economy, with our digital revenues reaching 43% in 2014. We remain focused on increasing our exposure to faster growing regions and segments, to exploit growth opportunities quickly, and on broadening our service offering, by introducing our best and most innovative services to our clients. This will ultimately help us to support our clients, as they look to innovate their businesses and brands in the increasingly fast-paced digital economy."

Reconciliation from underlying to statutory operating profit

Consolidated Group (million yen) – reported on an IFRS basis	**FY2014**	**FY2013**	**Change, %**
Underlying operating profit *	**131,937**	**125,593**	**5.1**
Adjustment items:	367	(18,310)	
Amortization of purchased intangible assets	(19,784)	(15,666)	
Gain (loss) on sales and retirement of non-current assets	27,653	1,444	
Special retirement expenses	(3,947)	(1,908)	
Others	(3,554)	(2,179)	
Statutory operating profit	**132,305**	**107,283**	**23.3**

** Underlying operating profit, underlying profit for the year and underlying net profit are operating profit, profit for the year and net profit respectively, stated before those items of financial performance that the Group believes should be separately disclosed to assist in the understanding of the underlying performance achieved by the Group and its businesses ("adjusting items"). In the opinion of the Group, such adjusting items are material by nature or amount and may include impairment charges, profits and losses on disposals of investments and property or on retirement of non-current assets, amortization of purchased intangible assets (being amortization charged on separately identifiable intangible assets in acquired businesses), special retirement expenses and one-off items which are material by nature or amount in the opinion of the Group, and any related tax thereon, as appropriate.*

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Dentsu Inc.'s FY2014 Consolidated Financial Results

1. The Dentsu Group's strategic objectives and progress made against them in FY2014

The Dentsu Group's long-term ambition is to evolve into a truly global network at the forefront of marketing convergence. To support this ambition, the Group has four key strategic focus areas:

- Diversifying the portfolio on a global basis
- Evolving and expanding in the digital domain
- Re-engineering business processes and improving profitability
- Further reinforcing the business platform in the core Japanese market

As part of the Group's medium-term plan to FY2017, which was communicated in FY2013, management has set four key performance indicators, against which its success across these strategy focus areas is measured. The Group has already had some success in starting to deliver against these KPIs in FY2014:

KPI to be achieved by FY2017	KPI status in FY2013	KPI status in FY2014
Organic gross profit growth of 3–5% (5 year CAGR)	7.7%	**5.8%**
Ratio of gross profit from international (non-Japanese) business of 55% or higher	46.7%	**50.7%**
Ratio of gross profit from the digital domain of 35% or higher	27%	**30%**
Underlying operating margin* of 20% or higher	20.4%	**19.5%**

**Underlying operating margin under IFRS is defined as underlying operating profit as a percentage of gross profit, replacing the definition of operating margin as calculated under Japanese GAAP (operating income before amortization of goodwill and other intangible assets as a percentage of gross profit).*

2. Overview of FY2014 results

Gross profit for the Dentsu Group in the 2014 fiscal year was 676,925 million yen, up 10.1% from the previous year. Organic growth, based on gross profit, for the Group was 5.8% for 2014.

Group underlying operating profit was 131,937 million yen, an increase of 5.1% from the previous fiscal year. The Group's underlying operating margin for FY2014 was 19.5%, a 90 basis point decrease, mainly as a result of increased investment in global functional transformation programs, which peaked during the year.

Underlying basic earnings per share increased by 5.1% to 322.08 yen from 306.44 yen in the previous fiscal year.

3. Regional performance review

The Dentsu Group is operated through two major entities: Dentsu Inc. manages the Group's operations in Japan and Dentsu Aegis Network operates its international businesses.

In Japan, Dentsu Inc. delivered record high gross profit (on a non-consolidated basis), and the growth rate for its business operations in Japan as a whole was 2.2% in 2014, in spite of the negative impact of the consumption tax rate increase in April. A key strength of the Dentsu Group is its strong foundation in Japan. Marketing convergence is making strides in Japan, and in addition to further strengthening its competitiveness in the mass media business, Dentsu Inc. is enhancing its capabilities in the CRM, business intelligence and e-commerce domains in order to further develop its problem-solving and revenue-generating abilities and evolve into becoming a partner that supports its clients' success on diverse fronts.

In addition, Dentsu Inc.'s performance in 2014 was supported by the contribution of business related to the FIFA World Cup Brazil™ and the Tokyo 2020 Olympic and Paralympic Games. Since its appointment as the Tokyo Organising Committee of the Olympic and Paralympic Games' marketing agency last year, Dentsu Inc. has provided assistance with the development of marketing plans and sponsorship sales, and activities are proceeding smoothly. Nine Gold Sponsors were appointed during fiscal 2014 and some promotional campaigns for sponsor clients, relating to the marketing activation of their sponsorships, have already begun. Going forward, Dentsu will continue to fulfil its role as the Tokyo Organising Committee's marketing partner.

Dentsu Aegis Network's organic gross profit growth for 2014 was 10.3%, supported by an ongoing focus on:

- Increasing exposure to faster growing regions and segments;
- Building capability in the digital economy;
- Broadening its service offering across clients;
- Growing its international client and new business profile;
- Building leading positions in the top 20 markets, prioritizing the USA and China; and
- Continuing to develop a market-leading, scalable organization that is clearly differentiated.

As a result of a consistent management focus on these objectives globally, Dentsu Aegis Network delivered strong performances across its three regions in 2014.

In the Asia-Pacific (APAC) region, excluding Japan, Dentsu Aegis Network achieved excellent organic gross profit growth of 14.4% for 2014, against tough comparators. China delivered very strong growth for the year, with management simultaneously driving significant integration activities undertaken in the country during the year. Its business in Australia delivered a strong performance in a relatively low growth market. Elsewhere, India, Indonesia, Vietnam and the Philippines performed well, as international clients continue to invest an increasing proportion of their marketing budgets in these fast-growing markets.

In the Americas, Dentsu Aegis Network delivered organic gross profit growth of 7.9% in 2014. Its business in the U.S., the world's largest advertising market, delivered another solid performance, supported by a number of significant new global business wins, which are being managed and led out of the U.S.. Canada also delivered a very good performance and there were consistently robust performances across Latin America, with Brazil and Argentina delivering particularly strong growth.

Dentsu Aegis Network in Europe, the Middle East and Africa (EMEA) delivered impressive growth of 9.7% during 2014, particularly given the relatively challenging economic environment. The U.K., France, Spain, the Netherlands, the Middle East and Africa and the Nordics performed particularly well during the year. In Eastern Europe, there were good performances in Russia, Poland and across many of the small markets across the sub-region. However, management remains vigilant about any future potential impact resulting from the political instability in parts of the region.

Dentsu Aegis Network's performance in 2014 was driven by another very good run of new business, helping to maintain momentum from previous years. Total net new business for 2014 was US$3.6 billion in billings.

4. Review of M&A activity in FY2014

Acquisitions remain an important means of accelerating the Dentsu Group's strategy, with the Group signing 25 acquisitions in 2014. Management continues to target acquisitions which provide scale, help to fill gaps in the product portfolio and geographic footprint, and to provide cutting-edge innovation.

Management is targeting acquisitions in emerging markets and digital across a diverse range of geographies and product offerings which, combined with a proven track record of integration, will help to accelerate the delivery of the Group's strategic objectives. From a commercial perspective, management targets acquisitions which provide top line growth, margin enhancement and clear synergies with existing businesses.

5. Balance sheet position and capital utilization strategy

The Group's balance sheet remains robust and its leverage position gives it the flexibility to be able to continue to invest in the growth of the organization. Net debt, as at March 31, 2015, was 44.2 billion yen, down 67.3 billion yen from March 31, 2014. Its leverage position, as at March 31, 2015, on a Net Debt: EBITDA basis, was 0.25x, compared to 0.78x at March 31, 2014.

Dentsu is implementing a capital utilization strategy with the objective of delivering shareholder value. This strategy is focused on:

- Continuing to prioritize the deployment of capital to drive the growth of the business:
  - By investing in growth in Japan and globally
  - Through value-enhancing acquisitions which provide scale, in-fill and innovation

- Focusing on capital returns and dividends, with the objectives of:
  - Improving capital efficiency
  - Increasing ROE over time

To this end, the Group's directors are recommending an annual dividend per share for FY2014 of 55 yen, an increase of 66.7% from the previous fiscal year. This equates to a dividend payout ratio of 19.9%.

Dentsu has also authorized a Share Repurchase at a total cost of up to 20 billion yen.

6. Outlook and forecasts for FY2015, including Dentsu Aegis Network Q12015 organic growth performance

The Dentsu Group remains optimistic about the market environment in 2015, driven by the dual forces of globalization and marketing convergence, which continue to develop through consumers' adoption of cross-border media and knowledge-sharing. Marketing convergence, in particular, is accelerating rapidly to critical mass, creating a momentum for change toward a "digital economy."

Against this backdrop, Carat's advertising spend forecasts indicate global growth of 4.6% in 2015, with digital media channels expected to grow by 15.7%, with a 23.9% share of all advertising spend. Social, mobile and video will continue to grow by over 50% in 2015, and more powerful consumer engagement will continue to drive demand for multi-format and multi-time-length content.

In 2015, most regions are expected to experience positive advertising expenditure growth. The Americas is forecast to grow by 5.2%, driven by the continued strength of the U.S., the world's largest advertising market. Latin America is expected to remain the world's fastest-growing region, in terms of advertising spend, with 11.8% growth forecast in 2015, with Brazil a key potential swing factor, given it contributes over half of the region's advertising revenue. APAC (Asia Pacific excluding Japan) is expected to grow by 7.0% in 2015, supported by continued high growth in China and India, and some of the smaller markets across the region. In Japan, against a backdrop of strong corporate earnings, increased wages, and improvements in the employment situation, there are signs that consumer spending is gradually recovering, with advertising spend expected to grow by 0.9% in 2015. The EMEA region is expected to see growth of 2.6%, with the likes of Italy and Spain continuing to recover, and the U.K. remaining the strongest market in the region.

With these market expectations for 2015 in mind, Dentsu Aegis Network's organic growth for the first quarter of 2015, ending on March 31, 2015, is also being published today*. During that period, Dentsu Aegis Network delivered excellent organic gross profit growth of 13.7%, well ahead of the peer group. Each region performed extremely well. APAC, excluding Japan, produced organic gross profit growth of 22.5%, the Americas delivered organic gross profit growth of 10.4% and EMEA produced organic gross profit growth of 11.1%.

This outstanding performance by Dentsu Aegis Network in the first quarter of 2015 demonstrates the continued positive momentum achieved over the course of 2013 and 2014, and establishes a firm foundation for growth for the remainder of 2015, and beyond.

The Dentsu Group is expecting to deliver a performance ahead of the market in 2015, supported by further market share gains, and the Group forecasts an increase in gross profit of 8.6% to 735.1 billion yen for 2015. Underlying operating profit is expected to increase by 11.5% to 148.8 billion yen in 2015, with underlying operating margin expected to be up 50 basis points to 20.2%. This is expected to lead to an 11.0% increase in underlying basic eps of 343.32 yen for 2015.

This forecast for FY2015 is on a pro forma basis for the twelve months from January to December 2015, (with the % changes outlined above on the same pro forma basis, based on figures for the twelve months from January to December 2014).

- Ends -

**Given the different year-ends of Dentsu Inc. (March year-end) and Dentsu Aegis Network (December year-end), Dentsu Aegis Network's results for the first quarter of 2015 are not included in the Group's FY2014 results. However, the year-ends of both Dentsu Inc. and Dentsu Aegis Network will be aligned for the FY2015 fiscal year, so that the Group's FY2015 results (pro forma basis) will be consolidated on a December year-end basis, and reported in the first quarter of 2016.*

Further information:

Details of Dentsu Inc.'s FY2014 results, including all related financial statements, can be found in the Investor Relations section of the Dentsu Inc. website: http://www.dentsu.com/ir. For additional enquiries:

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About the Dentsu Group

Dentsu is the world's largest advertising agency brand. Led by Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004), a company with a history of 114 years of innovation, the Dentsu Group provides a comprehensive range of client-centric brand, integrated communications, media and digital services through its eight global network brands—Carat, Dentsu, Dentsu media, iProspect, Isobar, mcgarrybowen, Posterscope and Vizeum—as well as through its specialist/multi-market brands including Amnet, Amplifi, Data2Decisions, Mitchell Communications (PR), psLIVE and 360i.

The Dentsu Group has a strong presence in 124 countries across five continents, and employs more than 43,000 dedicated professionals. Dentsu Aegis Network Ltd., its global business headquarters in London, oversees Dentsu's agency operations outside of Japan. The Group is also active in the production and marketing of sports and entertainment content on a global scale. www.dentsu.com