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FOR IMMEDIATE RELEASE
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Dentsu Announces Changes to the Forecast of Financial Results for the Fiscal Year Ending December 31, 2019

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Toshihiro Yamamoto; Head Office: Tokyo; Capital: 74,609.81 million yen) convened a meeting of its Board of Directors today and decided to revise the forecast of financial results for the fiscal year ending December 31, 2019. Taking into account the actual results in the first half and updated outlook of the second half, the Company hereby announces changes to the forecast announced on February 14, 2019, as follows.

1. Changes to the Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2019 (IFRS)

(Millions of yen)

	Revised forecast (A)	Previously announced forecast (B)	Change (A-B)	Change (%)	(Reference) Actual results for previous year (Fiscal year ended December 31, 2018)
Revenue	**1,054,400**	1,097,900	(43,500)	(4.0)	1,018,512
Revenue less cost of sales	**959,700**	986,400	(26,700)	(2.7)	932,680
Underlying operating profit	**142,900**	157,400	(14,500)	(9.2)	153,229
Operating margin	**14.9%**	16.0%	(110) bps	-	16.4%
Underlying net profit*	**86,000**	95,400	(9,400)	(9.9)	97,419
Underlying basic EPS (Yen)*	**305.08**	338.42			345.59
Operating profit	**98,500**	122,500	(24,000)	(19.6)	111,638
Net profit*	**35,800**	61,400	(25,600)	(41.7)	90,316
Basic EPS (Yen)*	**127.00**	217.81			320.39

*Attributable to owners of the parent

Notes:
Underlying operating profit: KPI to measure recurring business performance which is calculated as operating profit added with amortization of M&A related intangible assets, acquisition costs, share-based compensation expenses related to acquired companies and one-off items such as impairment loss and gain/loss on sales of non-current assets.
Operating margin: Underlying operating profit divided by Revenue less cost of sales.
Underlying net profit (attributable to owners of the parent): KPI to measure recurring net profit attributable to the owners of the parent which is calculated as net profit added with adjustment items related to operating profit, reevaluation of earn-out liabilities/M&A related put-option liabilities, tax-related, NCI profit-related and other one-off items.

2. Reason for Changes to the Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2019 (IFRS)

In the Japan business, the forecasts is downgraded centered on topline since it was too high considering the absence of large scale sport events that had significantly contributed to the last year's financial performance. Organic growth* guidance is revised from 6.1%, reflected in the previous forecast, to 1.4%. That leads the operating margin target to be lowered from 20.3% to 17.4%.

In the international business, organic growth guidance is lowered to reflect the weaker than expected first half performance mainly in the Australian and Chinese markets. Organic growth guidance is downgraded from 3.0% or above, and expectations are for organic growth to be positive for the full year. We still expect to see a ramp up of revenues in the second half driven by new account wins in the US and Europe and the cycling out of accounts lost in the second half of FY2018. Our margin forecast is increased to at least 30 bps improvement year on year – an upgrade of 20 bps from the previous forecast - leading to a 13.2% margin. This upgrade is a result of strong cost management around central and regional costs.

*Organic growth: Organic growth represents the constant currency year-on-year growth after adjusting for the effect of business acquired or disposed of since the beginning of the previous year. This is calculated by comparing current period reported revenue less cost of sales to previous period revenue less cost of sales, adjusted for the pre-acquisition or pre-disposal revenue less cost of sales as applicable, and stated at constant exchange rate, in order to derive like-for-like growth.

Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2019 by Region

(Millions of yen)

		Revised forecast (A)	Previously announced forecast (B)	Change (A-B)	Change (%)
Japan	Revenue less cost of sales	**383,200**	400,800	(17,600)	(4.4)
	Underlying operating Profit	**66,800**	81,300	(14,500)	(17.8)
	Operating margin	**17.4%**	20.3%	(290) bps	-
International	Revenue less cost of sales	**576,500**	585,600	(9,100)	(1.6)
	Underlying operating profit	**76,100**	76,100	-	-
	Operating margin	**13.2%**	13.0%	+20 bps	-

(Reference) Currency Exchange Rate

	Revised forecast (Average rate Jan-June 2019)	Previously announced forecast (Average rate Jan. 2019)	(Reference) Actual results for Jan-Dec 2018 (Average rate Jan-Dec 2019)
JPY/USD	**110.0 yen**	109.0 yen	110.4 yen
JPY/GBP	**142.4 yen**	140.7 yen	147.5 yen

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3. Changes to the Forecast of Non-consolidated Financial Results for the Fiscal Year Ending December 31, 2019 (Japanese GAAP)

(Millions of yen)

	Revised forecast (A)	Previously announced forecast (B)	Change (A-B)	Change (%)	(Reference) Actual results for prior year (Fiscal year ended December 31, 2018)
Net Sales	**1,513,700**	1,628,300	(114,600)	(7.0)	1,539,962
Operating Profit	**30,800**	48,300	(17,500)	(36.2)	48,604
Ordinary Profit	**48,600**	64,200	(15,600)	(24.3)	75,414
Net Income	**40,600**	48,600	(8,000)	(16.5)	94,841
Net Income per Share (Yen)	**144.03**	172.40			336.44

Disclaimer

The forecasts of consolidated revenue/profit and non-consolidated net sales/profit provided in this document have been calculated based on judgments and assumptions made using currently available information such as industry trends and client circumstances. Therefore, actual results may differ from the forecasts due to uncertain elements inherent in the forecasts as well as other factors including changes in the domestic or overseas economic conditions of business operations going forward.

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