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NEWS RELEASE

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FOR IMMEDIATE RELEASE
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Dentsu Reports Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (Japanese GAAP)

—Posts 1,941.2 Billion Yen in Consolidated Billings (Net Sales) (2.5% year-on-year increase), 58.4 Billion Yen in Operating Income (12.5% increase), 59.0 Billion Yen in Ordinary Income (6.1% decrease) and 36.3 Billion Yen in Net Income (22.9% increase)—

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Tadashi Ishii; Head Office: Tokyo; Capital: 58,967.1 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 fiscal year ended March 31, 2013 (April 1, 2012–March 31, 2013; hereinafter "the fiscal year under review").

Summary of financial results for the fiscal year ended March 31, 2013

During the fiscal year under review, the Japanese economy showed a gradual recovery due to demand from reconstruction in the wake of the Great East Japan Earthquake and the effects of policies such as Japan's eco-car subsidy program. However, the situation remained uncertain due to concerns about the prolonged European government debt crisis as well as the slowdown in economic growth seen in China and other emerging economies. Thanks to economic measures implemented at the end of last year which led to a rapid weakening of the yen and higher stock prices, expectations for the future have been growing. The actual situation, however, is likely to remain unpredictable.

Meanwhile, demand for advertising, mainly television spots, showed a strong upturn in the April-June quarter as the market rebounded from the effects of the devastating earthquake and tsunami which had affected the advertising industry during the same period a year earlier. However, against the background of increasing uncertainty about the future of the global economy, advertising demand started to slow in the summer.

Dentsu's estimate for advertising expenditures in Japan for the 2012 calendar year was

5,891.3 billion yen, an increase of 3.2% compared with the 2011 calendar year. This marked the first increase in five years. Looking at the breakdown of advertising expenditures by medium, spending in the Traditional Media category rose 2.9%, and advertising in Promotional Media was up 1.4%. Satellite Media-Related advertising expenditures posted double-digit growth (up 13.7%) for the third consecutive year, and Internet advertising also showed strong growth (up 7.7%). A quarterly breakdown of advertising expenditures for the traditional media in the 2012 calendar year showed that spending rose steadily during the first half of the year, but fell slightly below previous-year levels during the second half.

Under such circumstances, the Dentsu Group (hereinafter "the Group") leveraged its comprehensive resources and proactively pursued a diverse array of business opportunities by offering "Integrated Communication Design" solutions. Furthermore, events such as the London 2012 Olympic Games, TOYOTA Presents FIFA Club World Cup Japan 2012, and the 2013 World Baseball Classic provided the Group with opportunities for multi-faceted business development.

In the fiscal year under review, the Group posted consolidated billings (net sales) of 1,941,223 million yen, an increase of 2.5% compared with the fiscal year ended March 31, 2012. The Group recorded gross profit of 345,940 million yen, an increase of 3.9%; operating income of 58,466 million yen, an increase of 12.5%; ordinary income of 59,027 million yen, a decrease of 6.1%; and net income of 36,336 million yen, an increase of 22.9%.

Looking at the results by business segment, net sales of 1,878,846 million yen, an increase of 2.5% compared with the previous fiscal year, and segment income of 52,853 million yen, an increase of 13.4%, were posted in the Advertising segment. In the Information Services segment, net sales of 71,094 million yen, an increase of 11.3%, and segment income of 3,053 million yen, an increase of 72.0%, were posted. Net sales in the Other Business segment totaled 16,547 million yen, a decrease of 8.3%, with segment income of 924 million yen, an increase of 48.6%.

By geographic area, net sales of 1,667,679 million yen, an increase of 1.6% compared with the previous fiscal year, and operating income of 53,431 million yen, an increase of 11.4%, were posted in Japan. In other countries, net sales of 282,442 million yen, an increase of 8.0%, and operating income of 4,789 million yen, an increase of 23.5%, were posted.

Regarding Dentsu Group companies with a December 31 closing date, including subsidiaries

in countries other than Japan, their financial results for the twelve months from January 1 to December 31, 2012 are, as a general rule, incorporated in the consolidated financial results for the fiscal year ended March 31, 2013.

Dentsu posted non-consolidated billings (net sales) of 1,412,376 million yen, an increase of 0.5% compared with the previous fiscal year; gross profit of 197,867 million yen, an increase of 1.7%; operating income of 35,766 million yen, an increase of 12.9%; ordinary income of 39,091 million yen, a decrease of 3.8%; and net income of 28,189 million yen, a decrease of 33.2%.

For more details regarding the consolidated and non-consolidated results, please see the presentation slides (will be uploaded on May 17, 2013) in the Presentation Materials section of the company website at: http://www.dentsu.com/ir/

Reference: Scope of Consolidated Financial Results

As of March 31, 2013, the Dentsu Group includes 656 consolidated subsidiary companies and 56 affiliated companies accounted for by the equity method. 87 of these companies are located in Japan and 625 in countries other than Japan. By business segment, 692 of these companies fall into the Advertising segment, 15 into the Information Services segment, and 5 into the Other Business segment.

Outlook for the fiscal year ending March 31, 2014

Uncertainty about the future of the European debt crisis remains, but economic recovery is progressing in the United States as well as in emerging countries. Since the Japanese economy is also expected to grow due to the effects of recent economic stimulus measures, the global economy is expected to recover gradually in the coming year.

Against this backdrop, Dentsu has drawn up a new medium-term management plan. In order to become a next-generation agency network which provides unparalleled value through the Group's unique capabilities, it will create new marketing communications that go beyond the framework of existing advertising business. In addition to building a network that supports its clients' businesses worldwide, it will develop and provide integrated solutions that lead the digital age, as well as achieve sustainable growth and increase profitability in the Japanese market, the Group's strongest base.

For the fiscal year ending March 31, 2014, on a consolidated basis, Dentsu forecasts billings

(net sales) of 2,283.4 billion yen, an increase of 17.6% year on year; gross profit of 571.8 billion yen, an increase of 65.3%; operating income before amortization of goodwill and intangible assets of 100.1 billion yen; operating income of 58.5 billion yen, an increase of 0.1%; ordinary income of 58.7 billion yen, a decrease of 0.6%; and net income of 19.1 billion yen, a decrease of 47.4%.

In March 2013, Dentsu completed proceedings for the acquisition of global media and digital communications group Aegis Group plc (hereinafter "Aegis"), and established a new global operating unit, Dentsu Aegis Network Ltd. (hereinafter "DAN") in London. DAN's financial results will be included in Dentsu's report of financial results from the first quarter of the fiscal year ending March 31, 2014. Accordingly, goodwill amortization of 24.5 billion yen and other intangible assets of 11.4 billion yen have been included as selling, general and administrative expenses in this forecast. Both these amounts are tentative figures at the present time, and may be subject to change after further careful examination. In any event, all examination procedures are expected to be completed by the end of the first quarter. Calculations were made using the exchange rate of GBP 1 = JPY 143.16, the rate that was in effect for the January–March 2013 period.

The billings (net sales) figure includes the revenue figures provided by DAN that were calculated using IFRS. Since it is generally thought that gross profit figures are the most useful when making comparisons with competitors worldwide, Dentsu has positioned growth rate in gross profit as one of the management plan objectives in its new medium-term management plan.

Going forward, Dentsu is considering the voluntary adoption of IFRS for the fiscal year ending March 2015 in order to increase comparability in international capital markets. Adopting IFRS will eliminate the need for annual straight-line amortization of goodwill as well as the difficulty of estimating in advance the amount of goodwill that must be amortized whenever a company is acquired. Operating margin before amortization of goodwill and intangible assets has been included as another management plan objective in Dentsu's new medium-term management plan. The operating income before amortization of goodwill and intangible assets forecast of 100.1 billion yen comprises the operating income figure to which has been added 29.2 billion yen as amortization of goodwill incurred through acquisitions (including the acquisition of Aegis) and 12.4 billion yen as other intangible assets.

Cash dividends applicable to the fiscal year ended March 31, 2013

Based on a comprehensive view of such factors as business results for the fiscal year under review, the medium- to long-term results outlook and the Group's funding situation, cash dividends per share of common stock are expected to be 32.00 yen, including an interim dividend of 16.00 yen and a year-end dividend of 16.00 yen.

Cash dividends per share of common stock applicable to the fiscal year ending March 31, 2014, are expected to be 32.00 yen, including an interim dividend of 16.00 yen and a year-end dividend of 16.00 yen.

Overview of New Medium-Term Management Plan "Dentsu 2017 and Beyond"

The establishment of the Dentsu Aegis Network marks a new beginning for the Dentsu Group as a truly global player who operates in 110 countries. In line with the acquisition of Aegis, the Group will operate under its new medium-term management plan, "Dentsu 2017 and Beyond," which starts from FY2013 and goes through to FY2017. With regard to "Dentsu Innovation 2013," the Group's current medium-term plan, the Group will review its overall activities and accomplishments, and will incorporate agendas that further need to be addressed into the new management plan.

- **Medium-Term Management Plan Objectives (FY2017)**
  - Annual organic growth rate in gross profit: 3–5%
  - Ratio of gross profit generated from markets outside of Japan: 55% or higher
  - Ratio of gross profit generated from digital businesses: 35% or higher
  - Operating margin before amortization of goodwill and intangible assets*: 20% or higher

    * *Operating margin before amortization of goodwill and intangible assets = Operating income before amortization of goodwill and intangible assets ÷ gross profit*
    Operating margin before amortization of goodwill and intangible assets stands for operating income that excludes amortization of goodwill and intangible assets as the result of an acquisition

- **Corporate Strategy**
  1. To establish a comprehensive global network that supports clients' businesses around the globe
  2. To reinforce competitive strengths in the digital space that plays a central role in all client solutions

3. To make further innovations in the area of business process management so as to enhance profitability
4. To reinforce the business platform in Japan, the Group's largest operating market
5. To actively participate in CSR activities

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.

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2013

1. Summary of Consolidated Balance Sheets

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

	As of March 31, 2012	**As of March 31, 2013**	% Change
ASSETS			
Current assets	722,223	**1,122,602**	55.4
Noncurrent assets	479,671	**1,082,966**	125.8
Total assets	1,201,894	**2,205,569**	83.5
LIABILITIES			
Current liabilities	525,181	**1,317,554**	150.9
Noncurrent liabilities	119,824	**279,377**	133.2
Total liabilities	645,005	**1,596,931**	147.6
NET ASSETS			
Shareholders' equity	541,929	**570,419**	5.3
Accumulated other comprehensive income	(5,638)	**14,076**	–
Minority interests	20,598	**24,141**	17.2
Total net assets	556,889	**608,637**	9.3
Total liabilities and net assets	1,201,894	**2,205,569**	83.5

2. *Summary of Consolidated Statements of Income*

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

	Fiscal year ended March 31, 2012	**Fiscal year ended March 31, 2013**	% Change
Net sales	1,893,055	**1,941,223**	2.5
Gross profit	332,807	**345,940**	3.9
Operating income	51,977	**58,466**	12.5
Non-operating income	15,880	**10,016**	(36.9)
Non-operating expenses	5,014	**9,455**	88.6
Ordinary income	62,843	**59,027**	(6.1)
Extraordinary income	7,194	**13,854**	92.6
Extraordinary loss	11,578	**9,571**	(17.3)
Income before income taxes and minority interests	58,459	**63,310**	8.3
Net income	29,573	**36,336**	22.9

3. *Summary of Consolidated Statements of Comprehensive Income*

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

	Fiscal year ended March 31, 2012	**Fiscal year ended March 31, 2013**	% Change
Income before minority interests	31,505	**38,748**	23.0
Other comprehensive income	23,839	**20,856**	(12.5)
Comprehensive income	55,344	**59,605**	7.7

4. Summary of Consolidated Statements of Cash Flows

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

	Fiscal year ended March 31, 2012	**Fiscal year ended March 31, 2013**
Net cash provided by operating activities	26,397	**83,295**
Net cash used in investing activities	45,941	**(51,236)**
Net cash used in financing activities	(27,331)	**(5,349)**
Effect of exchange rate change on cash and cash equivalents	(1,866)	**3,905**
Net increase in cash and cash equivalents	43,140	**30,616**
Cash and cash equivalents at beginning of period	131,662	**175,956**
Increase in cash and cash equivalents from newly consolidated subsidiary	1,152	**1,006**
Cash and cash equivalents at end of period	175,956	**207,578**

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Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2013

1. Summary of Non-Consolidated Balance Sheets

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

	As of March 31, 2012	**As of March 31, 2013**	% Change
ASSETS			
Current assets	593,069	**538,121**	(9.3)
Noncurrent assets	472,595	**871,265**	84.4
Total assets	1,065,664	**1,409,387**	32.3
LIABILITIES			
Current liabilities	512,175	**819,679**	60.0
Noncurrent liabilities	90,390	**97,202**	7.5
Total liabilities	602,566	**916,881**	52.2
NET ASSETS			
Shareholders' equity	458,266	**478,475**	4.4
Valuation and translation adjustments	4,831	**14,029**	190.4
Total net assets	463,098	**492,505**	6.4
Total liabilities and net assets	1,065,664	**1,409,387**	32.3

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2. Summary of Non-Consolidated Statements of Income

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

	Fiscal year ended March 31, 2012	**Fiscal year ended March 31, 2013**	% Change
Net sales	1,404,663	**1,412,376**	0.5
Gross profit	194,636	**197,867**	1.7
Operating income	31,693	**35,766**	12.9
Non-operating income	13,634	**12,549**	(8.0)
Non-operating expenses	4,673	**9,224**	97.4
Ordinary income	40,654	**39,091**	(3.8)
Extraordinary income	27,142	**13,301**	(51.0)
Extraordinary loss	6,154	**9,903**	60.9
Income before income taxes	61,642	**42,489**	(31.1)
Net income	42,212	**28,189**	(33.2)

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