

**dentsu**

# Summary of FY2013 and Management Strategy

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Please be reminded that the figures shown in this presentation may be different from those shown in the financial statements as this presentation has been prepared for investors to understand our businesses. Please refer to the annotations on Appendices for each definition of the indicators

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# Key Performance Indicators

	FY2012	FY2013	FY2017 target
<b>Gross Profit Organic Growth Rate</b>		7.7%	→ 3-5% <sup>*1</sup>
<b>Gross Profit Overseas Ratio</b>	43% <sup>*2</sup>	→ 48%	→ 55 or higher
<b>Gross Profit Digital Domain Ratio</b>	24% <sup>*2</sup>	→ 28%	→ 35 or higher
<b>Operating Margin before Amortization of Goodwill</b>	17% <sup>*2</sup>	→ 19.2%	→ 20 or higher

\*1) Organic growth of gross profit in FY2017 is calculated by compound average growth rate through five years.

\*2) KPIs for FY2012 were modified by detailed examination of proforma from simple aggregation disclosed in May 2013.

(May 2013 disclosure: Gross Profit Overseas Ratio 44%, Gross Profit Digital Domain Ratio 23%, Operating Margin before Amortization of Goodwill 18%)

# Dentsu 2017 and Beyond

To evolve into a truly global network  
at the forefront of marketing convergence

- Innovation x Reinvention -

- 1** Diversifying the portfolio on a global basis
- 2** Evolution and expansion of the digital domain
- 3** Re-engineering business processes and improving profitability
- 4** Further reinforcing the business platform in the core Japanese market

## 1 Diversifying the portfolio on a global basis

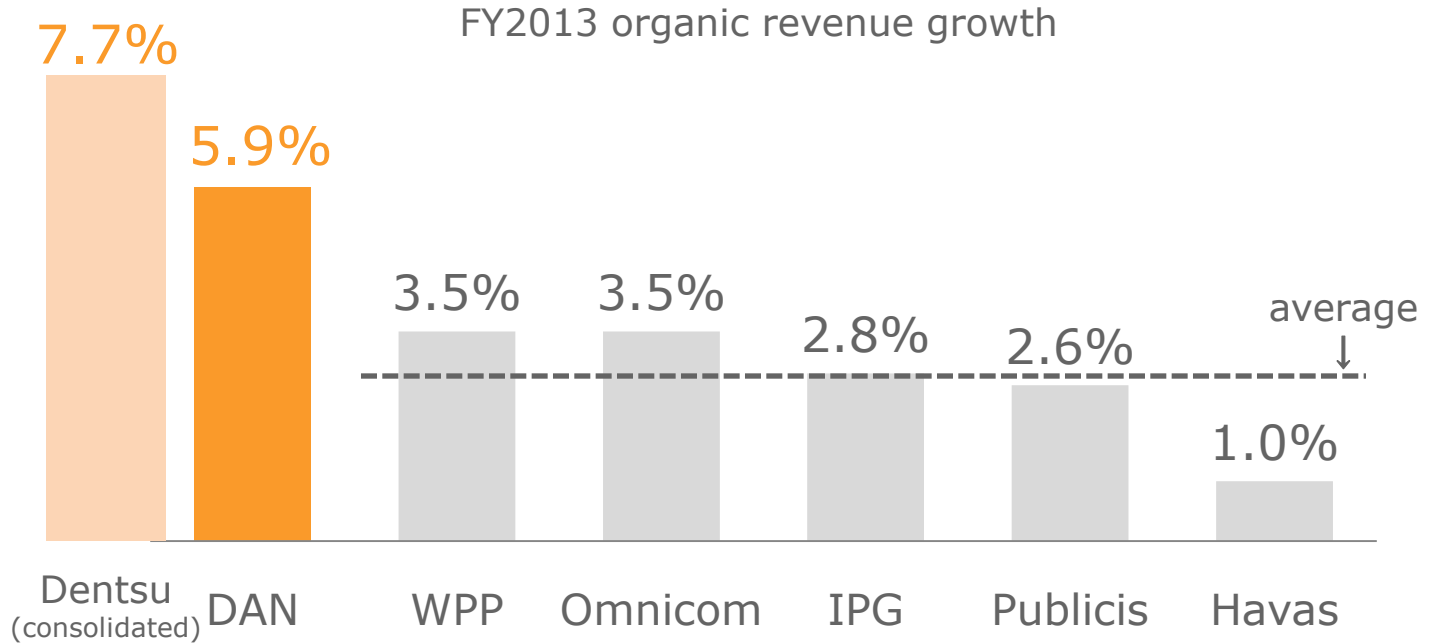
- Progression of business through new DAN formation
- New business wins
- DAN organic revenue growth performance much above the peer group average
- Carat ranked as the No.1 “Global Media Network” by RECMA

### Gross Profit Overseas Ratio

43% ▶ 48% ▶ 55% or higher  
FY2012 FY2013 FY2017

# 1 Diversifying the portfolio on a global basis

- DAN organic revenue growth performance much above the peer group average



## 2 Evolution and expansion of the digital domain

- DAN digital domain ratio of 41% (FY2013)
- 360i, Isobar and iProspect were awarded industry awards
- Japan digital gross profit growth of 10% (FY2013)
- Acquisitions to enhance digital capability

### Gross Profit Digital Domain Ratio

24% ▶ 28% ▶ 35% or higher  
FY2012 FY2013 FY2017 20

## 2 Evolution and expansion of the digital domain

### ■ Acquisitions to enhance digital capabilities

Mar	France	<b>Lesmobilizers</b>	Digital agency
Feb	Germany	<b>Explido</b>	Digital agency
Feb	China	<b>Verawom</b>	Social media agency
Jan 2014	Poland	<b>Socializer</b>	Social media agency
Oct	Russia	<b>Traffic LLC</b>	Digital agency
Sep	China	<b>TRIO Digital Integrated</b>	Digital creative
Sep	Spain	<b>Wink TTD S.L.</b>	Digital agency
Jul	Italy	<b>Simple Agency</b>	Digital agency
May	India	<b>Webchutney Studio Private Limited</b>	Digital creative
May	Netherlands	<b>Social Embassy B.V.</b>	Social media agency
May	Romania	<b>Kinecto International SRL</b>	Digital agency
May	Canada	<b>NVI solutions</b>	Digital agency
April 2013	China	<b>Beijing Wonder Advertising Co., Ltd.</b>	Digital media agency

## Re-engineering business processes/improving profitability

- Japan operating margin of 23.3%, an improvement of 4.3pt (FY2013)
- Consolidated costs and expenses control
- Developing DAN corporate infrastructure for long term profitability





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# Further reinforcing the business platform in the core Japanese market

- FY2013 Japan gross profit at a historically high level
- Shift to the integrated solution model
- Olympic & Paralympic Games (TOKYO 2020)

**Gross Profit**   **Organic Growth Rate**

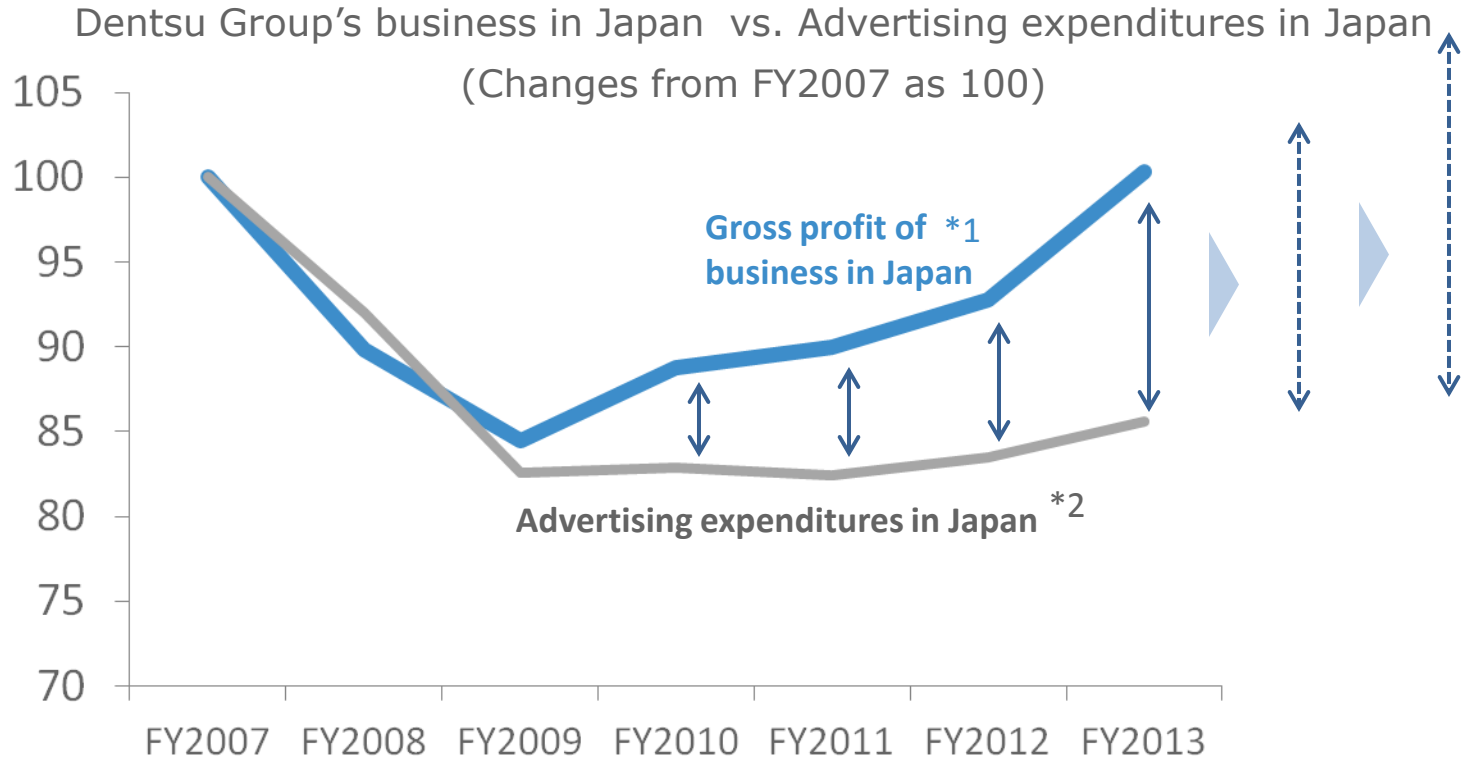
**7.7%**   **(9.2%)**   ▶   **3-5%**

FY2013 consolidated

(Japanese business)

FY2012-FY2017 consolidated

## Further reinforcing the business platform in the core Japanese market



\*1) Dentsu's non-consolidated gross profit plus gross profit of subsidiaries in Japan

\*2) "Advertising expenditures in Japan" announced by Dentsu were modified on a fiscal year basis.

## FY2014 global ad market outlook

worldwide advertising expenditure trends	2013	2014	2015
Japan	1.4%	1.7%	1.7%
EMEA	-0.4%	2.9%	2.9%
Americas	4.2%	5.2%	5.5%
APAC excluding Japan	6.8%	7.4%	7.8%
Global (59 countries)	3.3%	4.8%	5.0%

\*data: Carat "Global Advertising Expenditure Trends Mar 2014 report" (Jan-Dec period)

- Japan 2014 market growth is predicted to be 1.3% (Apr-Mar base).
- 2014 FIFA World Cup Brazil™.
- Signs of recovery for slower growth countries in Europe and stable growth in North America.
- Relatively high growth in Asia.

## Priority issues in 2014

- More aggressive approaches to global-scale clients
- M&A to accelerate scale, infill and innovation
- Establishing a top-class business platform in emerging regions
- Positioning the digital domain as the core of our growth
- Continue to innovate business process and evolve profit structure in Japan

Gross Profit **Growth Plan**

**4.9%**

FY2014



2020