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**FY2002**  
**Interim Earnings Announcement**

**(6 months from April to September)**

**dentsu**  
**November 18, 2002**

## **Cautionary Statement**

**This document contains forward-looking statements regarding the intent, belief or current expectations of Dentsu or its management with respect to the results of operations and financial condition of Dentsu or the Dentsu Group.**

**Such forward-looking statements, based on the current information known to the management as of November 18, 2002, are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.**

**Unless otherwise stated, the discussion below is based on the Dentsu Group's consolidated financial statements prepared according to Generally Accepted Accounting Principles in Japan.**

# **Financial Summary for First Half FY2002**

**(April 1 - September 30, 2002)**

**and**

# **Outlook for FY2002**

**(April 1, 2002 - March 31, 2003)**

**Hitoshi Hanatsuka**  
**Chief Financial Officer**

- **First Half Consolidated Results**
- **First Half Non-Consolidated Results**
- **Financial Outlook for FY2002**
- **Other**

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# **First Half Consolidated Results**

# 1H Consolidated Results

6 months  
(April - September)

(millions of yen)

	2001	2002	2002/2001
Net sales	909,055	835,803	91.9%
Gross profit	146,068	140,259	96.0%
Gross profit margin	16.1%	16.8%	
Operating income	30,895	23,677	76.6%
Operating margin	21.2%	16.9%	
Ordinary income	31,280	23,484	75.1%
Net income	15,913	29,037	182.5%

# 1H Consolidated Net Sales

## Breakdown by Segment

	(millions of yen)	
	<u>Net Sales</u>	<u>Change</u>
Advertising services	807,654	-71,723
	(95.3% of total net sales)	
Other services	40,149	-1,890
	(4.7% of total net sales)	

## Geographic Information

### Net sales by location

US	2.4%
Europe	0.6%
China	1.4%
Asia	1.3%
Oceania	0%

✕ Foreign sales

6.0% of total net sales

# 1H Consolidated Operating Income

## Personnel and Operating Expenses

	6 months (April - September)		(millions of yen)
	2001	2002	2002/2001
Personnel expenses	<b>72,364</b>	<b>71,980</b>	<b>99.5%</b>
Operating expenses	<b>42,807</b>	<b>44,601</b>	<b>104.2%</b>
Total	<b>115,172</b>	<b>116,581</b>	<b>101.2%</b>

### 1H Consolidated operating income

23,677 million yen (% to previous year 76.6% )

# 1H Consolidated Net Income

## Non-operating and Extraordinary Items

	6 months (April - September)		(millions of yen)
	2001	2002	change
Non-operating income/expense	384	-193	-578
Extraordinary gain/loss	-733	30,615	+31,348

## 1H Consolidated Net Income

29,037 million yen (% to previous year 182.5%)

# 1H Consolidated Balance Sheet

(millions of yen)

	02MAR	02SEPT	02SEPT/02MAR
Current assets	586,685	529,531	90.3%
Fixed assets	510,506	613,335	120.1%
Total assets	1,097,192	1,142,866	104.2%
Current liabilities	448,761	429,342	95.7%
Fixed liabilities	184,381	232,581	126.1%
Total liabilities	633,142	661,923	104.5%
Minority interest	22,877	23,319	101.9%
Total stockholders' equity	441,171	457,623	103.7%
Total liabilities, minority interest & stockholders' equity	1,097,192	1,142,866	104.2%

# 1H Consolidated Highlights

- **Outperformed peers amid weak domestic economy**
- **Reinforced cost control**
- **Early retirement incentive plan implemented**
- **Continuing investment in Asia**
- **Strategic alliance with Publicis Groupe through investment**

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# **First Half Non-Consolidated Results**

# 1H Non-Consolidated Results

6 months  
(April - September)

(millions of yen)

	2001	2002	2002/2001
Net sales	729,872	681,715	93.4%
Gross profit	105,282	101,653	96.6%
Gross profit margin	14.4%	14.9%	
Operating income	23,164	21,360	92.2%
Operating margin	22.0%	21.0%	
Ordinary income	24,890	22,155	89.0%
Net income	14,118	28,003	198.3%

# 1H Non-Consolidated Net Sales by Service

## ■ Net Sales by Service

6 months  
(April - September) (millions of yen)

	2001	2002	2002/2001
Newspaper	<b>110,297</b>	<b>93,802</b>	<b>85.0%</b>
Magazine	<b>36,629</b>	<b>35,887</b>	<b>98.0%</b>
Radio	<b>14,814</b>	<b>13,466</b>	<b>90.9%</b>
Television	<b>363,851</b>	<b>347,184</b>	<b>95.4%</b>
Sales Promotion	<b>62,149</b>	<b>56,347</b>	<b>90.7%</b>
Other	<b>142,130</b>	<b>135,026</b>	<b>95.0%</b>
Total	<b>729,872</b>	<b>681,715</b>	<b>93.4%</b>

# 1H Non-Consolidated Net Sales by Sector

## Net Sales by Sector (% to previous year)

### ■ Increased:

**Transportation and Leisure**  
(161.2%)

**Home electronics and  
Audiovisual equipment** (116.8%)

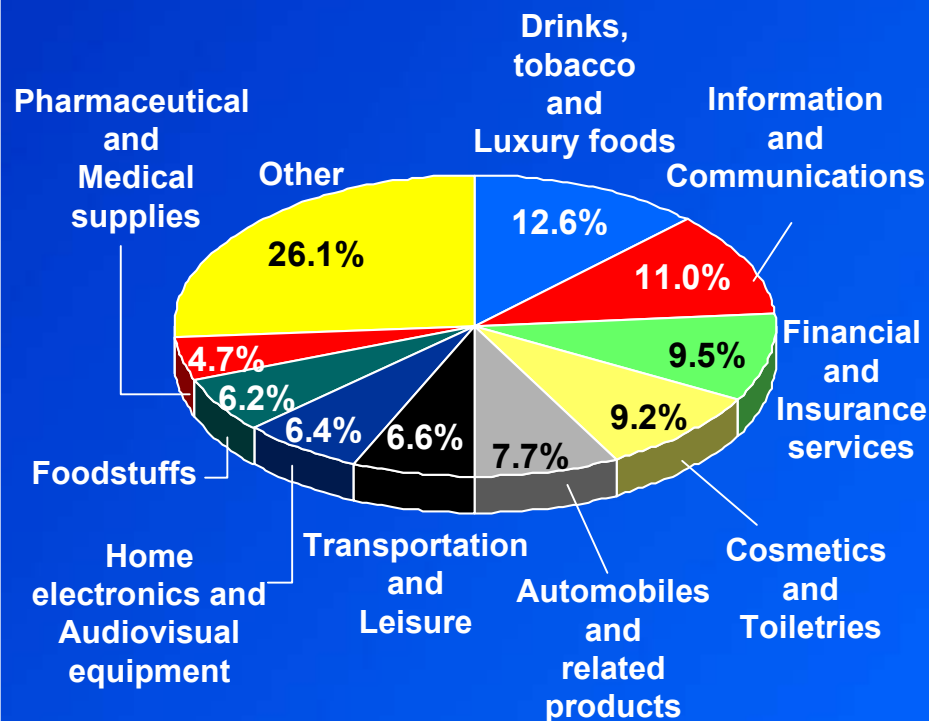
### ■ Decreased:

**Information and Communications**  
(77.4%)

**Financial and Insurance services**  
(82.4%)

**Drinks, tobacco and Luxury  
foods** (88.3%)

## Breakdown by Sector



# 1H Contribution from FIFA World Cup 2002™

## FIFA World Cup™-related net sales

(April - September, Non-Consolidated)

(100 million yen)

Total mass media	<b>259</b>
Television	<b>193</b>
Non-mass media business	<b>348</b>
Total	<b>608</b>

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# **Financial Outlook for FY2002**

**(April 1, 2002 - March 31, 2003)**

# FY2002 Consolidated Outlook

Full year  
(April 1, 2002 - March 31, 2003) (millions of yen)

	FY2001	FY2002(E)	2002/2001
Net sales	<b>1,789,432</b>	<b>1,690,329</b>	<b>94.5%</b>
Gross profit	<b>293,920</b>	<b>281,456</b>	<b>95.8%</b>
Gross profit margin	<b>16.4%</b>	<b>16.7%</b>	
Operating income	<b>61,168</b>	<b>44,032</b>	<b>72.0%</b>
Operating margin	<b>20.8%</b>	<b>15.6%</b>	
Ordinary income	<b>59,705</b>	<b>43,816</b>	<b>73.4%</b>
Net income	<b>27,457</b>	<b>29,062</b>	<b>105.8%</b>

# FY2002 Non-Consolidated Outlook

Full year  
(April 1, 2002 - March 31, 2003) (millions of yen)

	FY2001	FY2002(E)	2002/2001
Net sales	<b>1,433,300</b>	<b>1,335,529</b>	<b>93.2%</b>
Gross profit	<b>207,801</b>	<b>195,802</b>	<b>94.2%</b>
Gross profit margin	<b>14.5%</b>	<b>14.7%</b>	
Operating income	<b>45,928</b>	<b>34,691</b>	<b>75.5%</b>
Operating margin	<b>22.1%</b>	<b>17.7%</b>	
Ordinary income	<b>46,184</b>	<b>36,249</b>	<b>78.5%</b>
Net income	<b>23,072</b>	<b>26,223</b>	<b>113.7%</b>

## Strategic Focus on Cost Structure and Financial Strength

### Achieve flexible cost structure

- Full introduction of performance-linked remuneration system

### Maintain solid financial position

- High equity ratio
- High credit rating (AA—)

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