

FY2005
Earnings Announcement
(April 1, 2005 to March 31, 2006)

May 18, 2006
Dentsu Inc.

Financial Summary for FY2005 and Dentsu Group Growth Strategies

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President & CEO**

Cautionary Statement

This document contains forward-looking statements regarding the intent, belief or current expectations of Dentsu Inc. or its management with respect to the results of operations and financial condition of the Dentsu Group. Such forward-looking statements, based on information known to management as of May 18, 2006, 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 following discussion is based on the Dentsu Group's consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles in Japan.

Review of FY2005

- **Achieving Higher Group Sales and Profits**

- **Strengthening HR and Methods**

- **Aggressive Investment Based on the “4-2-2 Strategy”**

Strengthening Operations in Four Markets

Domestic Advertising Market

Established 24-7 Search
(Search engine marketing)

Operational/capital tie-up with Opt
(Internet marketing)

Established dof
(Communication design direction)

Merged Dentsu East Japan and Dentsu EYE
(Advertising)

Established Media Shakers (Cross-media promotion)

Converted Meitetsu Agency to consolidated subsidiary
(Advertising, sales promotion)

Operational/capital tie-up with CA Mobile (Mobile marketing)

Invested in ECASH
(E-commerce site development and settlement)

Established specialized divisions for digital operations
(Newspaper and television divisions)

Strategic investments in Fuji Television, TBS

Established PRESENTCAST (Video content search portal)

Established NEC BIGLOBE (Broadband media ad marketing)

Advertising-Related Markets

Established Ubiquitous Core
(Cross-media marketing)

Made DENTSU TEC 100% subsidiary

Developed Dentsu Buzz Research
(Internet word-of-mouth survey and analysis system)

Operational/capital tie-up with netprice
(e-commerce)

Operational/capital tie-up with Members
(Digital marketing)

Made Interlogics into subsidiary
(CRM)

New Markets

Established Dentsu Sports Partners
(Sports marketing)

Operational/capital tie-up with Toho

Acquired Japanese TV broadcasting rights for 2010 and 2014 FIFA World Cup™

Acquired exclusive rights to market FIFA-sponsored event packages to Japanese companies

Concluded marketing agency contract with UEFA through 2009

Acquired Asian broadcasting rights to FIFA-sponsored events through 2014

Invested in SEOUL-AX
(Live house in Seoul)

Overseas Markets

Established Dentsu Alpha
(Advertising agency in Vietnam)

Established Dentsu Marcom
(Advertising agency in Middle East)

Established Dentsu Creative Impact
(Creative boutique in India)
Resumed operations at Dentsu Moscow Office

Formed operational tie-up agreement with Paname, division of Publicis Régions
(French advertising agency)

Formed contract with BMZ+more
(German advertising agency)

Consolidated Performance Overview

FY2005 Consolidated Financial Results

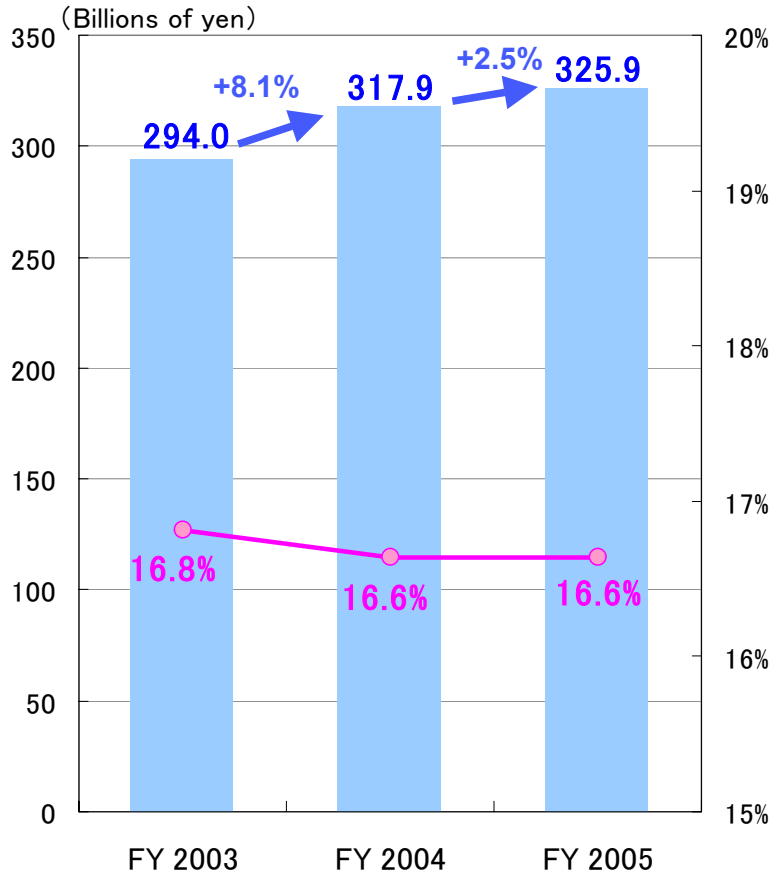
	FY2004	FY2005	Change	(Millions of yen) Comparison with projected results ⁽²⁾
Net sales	1,910,469	1,963,296	+2.8%	+1.2%
Gross profit	317,902	325,896	+2.5%	-0.1%
Gross profit margin	16.6%	16.6%	-0.0 pts	
SG&A	260,299	267,120	+2.6%	-0.4%
Operating income	57,603	58,776	+2.0%	+1.1%
Operating margin ⁽¹⁾	18.1%	18.0%	-0.1 pts	
Ordinary income	59,265	64,837	+9.4%	+6.5%
Net income	27,532	31,002	+12.6%	+10.1%
EPS (¥)	10,110.45	11,300.31		

Notes: (1) Operating margin = operating income ÷ gross profit x 100

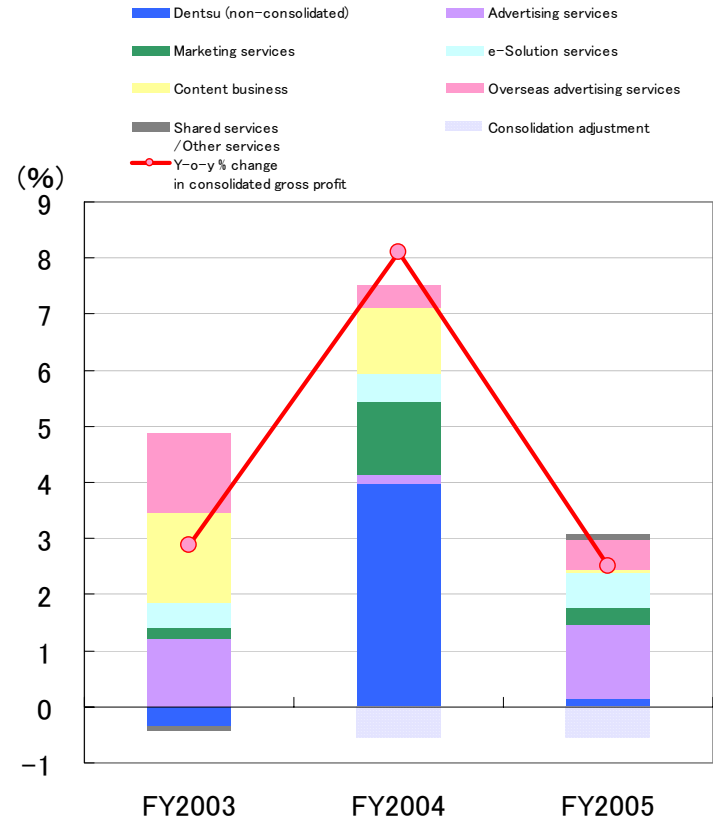
(2) Comparison is with projections released on November 15, 2005

Growth of Consolidated Gross Profits

Consolidated Gross Profit and Gross Profit Margin



Gross Profit Expansion and Level of Contribution by Service Categories

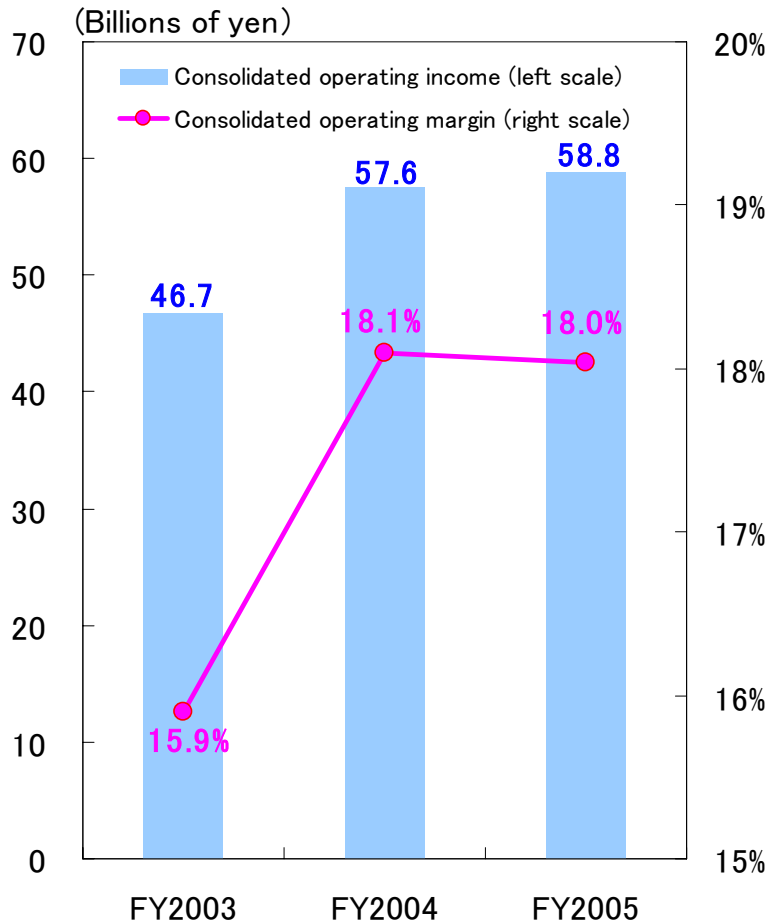


Note: "Level of contribution" refers to the extent to which a service category contributes to (or reduces) consolidated gross profit.

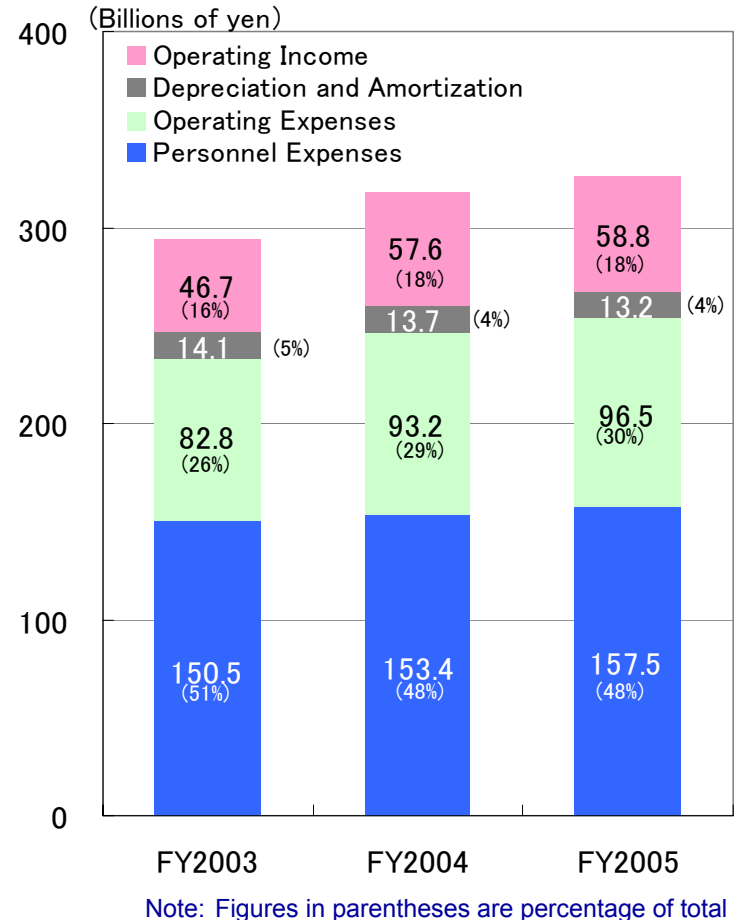
$$\frac{(\text{gross profit of service category during current term} - \text{gross profit of service category during previous term}) \div \text{consolidated gross profit during previous term}}$$

Consolidated Operating Income

Consolidated Operating Income and Operating Margin



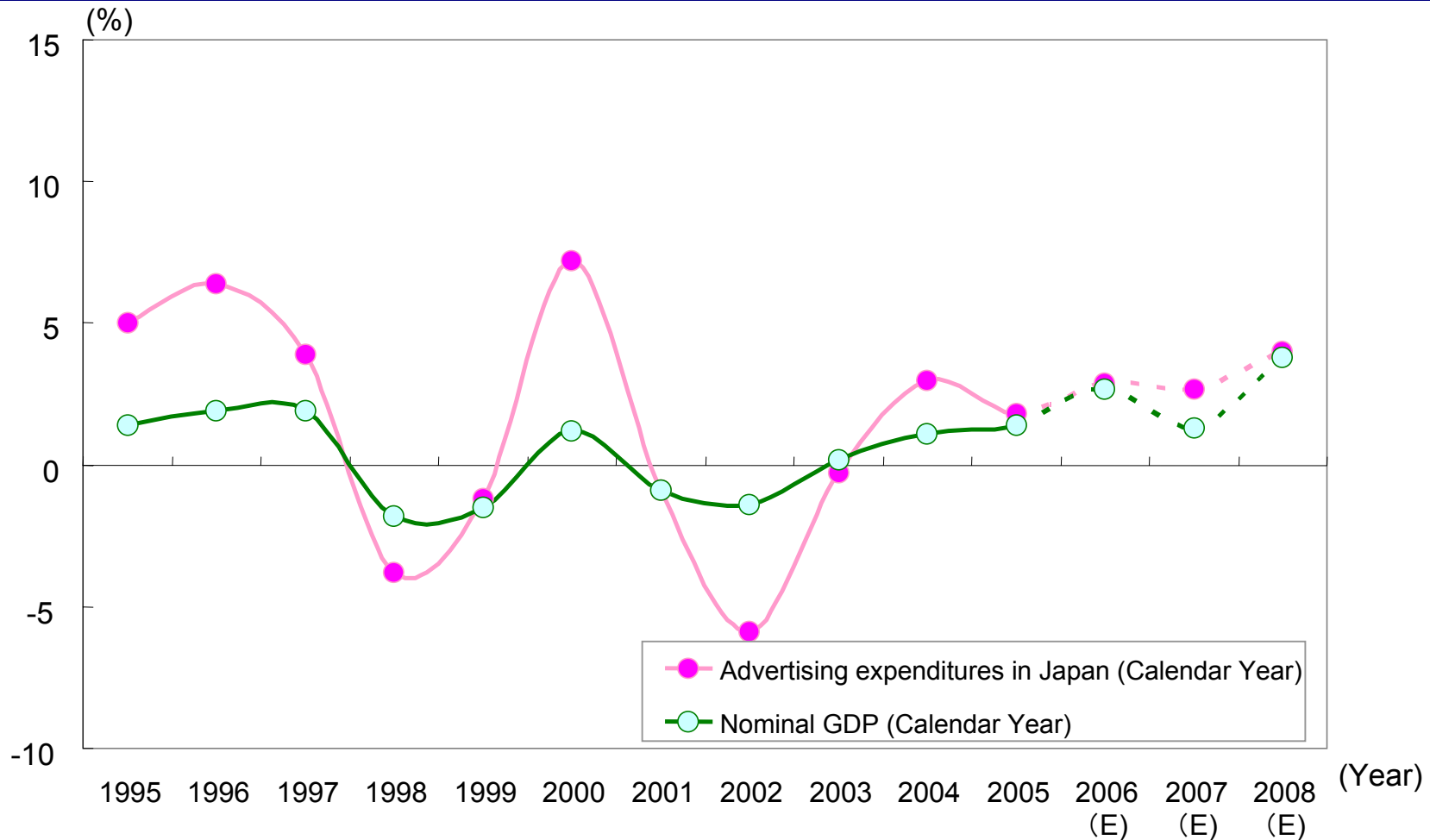
Consistent Cost Control Efforts



Dentsu Group Growth Strategies

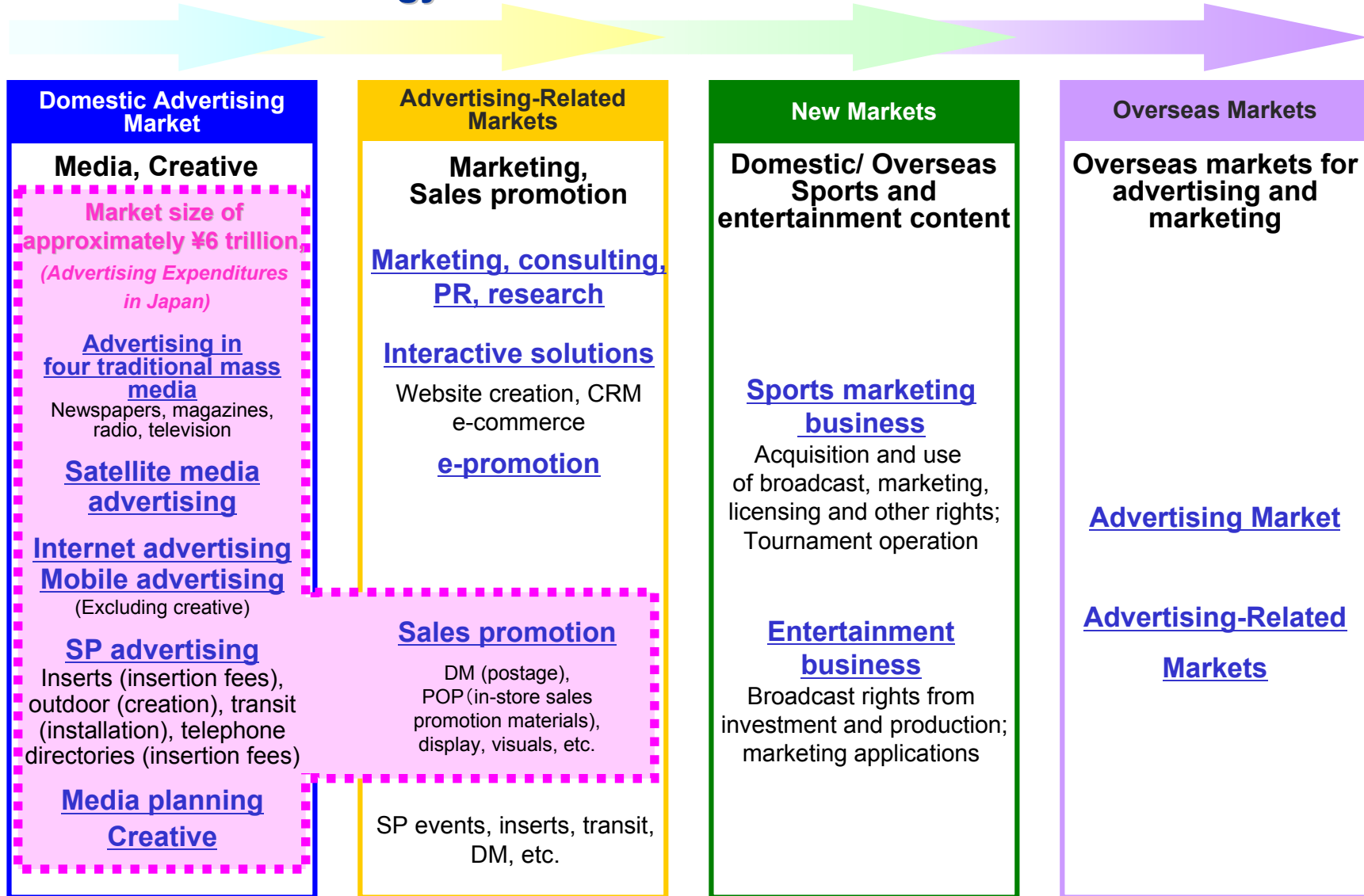
Market Outlook

Forecasts for Year-on-Year Changes in Nominal GDP and Advertising Expenditures in Japan

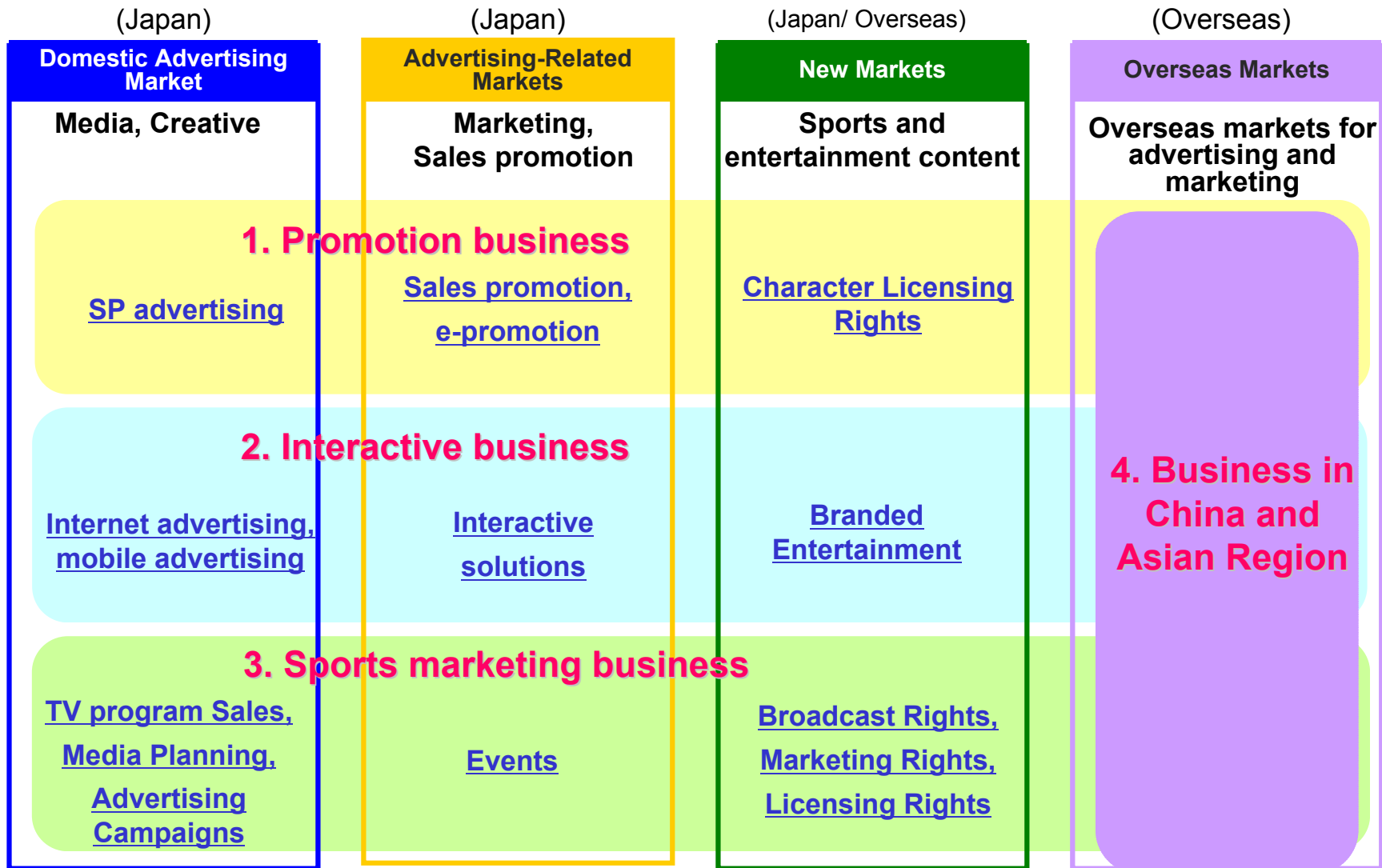


Sources: 2005 Advertising Expenditures in Japan (Dentsu); Nominal GDP and advertising expenditure forecasts: Japan Center for Economic Research (April 2006)

Expanding Our Communications Business through the “4-2-2 Strategy”

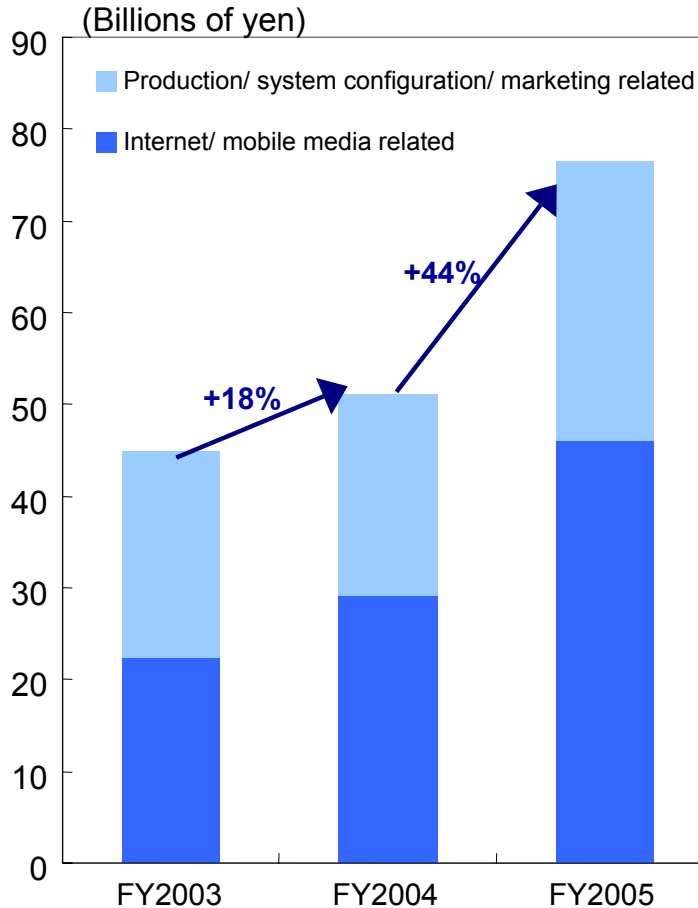


Four Drivers of Growth for the Dentsu Group



Enhance Services in the Interactive Business

Dentsu Group Net Sales from Interactive Business



Notes: These figures are simple totals of net sales from external customers of Group companies. Yearly comparisons represent year-on-year changes in net sales.

Major Policies in Interactive Business

Raise competitiveness in the interactive media business

Promote new media business through cross-media services

Strengthen interactive creative capabilities and cultivate data management business

**Expand new businesses that use the Internet
(e-commerce and long-tail businesses)**

Create Demand through Sports Marketing Operations

Principal Sporting Events in Which the Dentsu Group is Involved

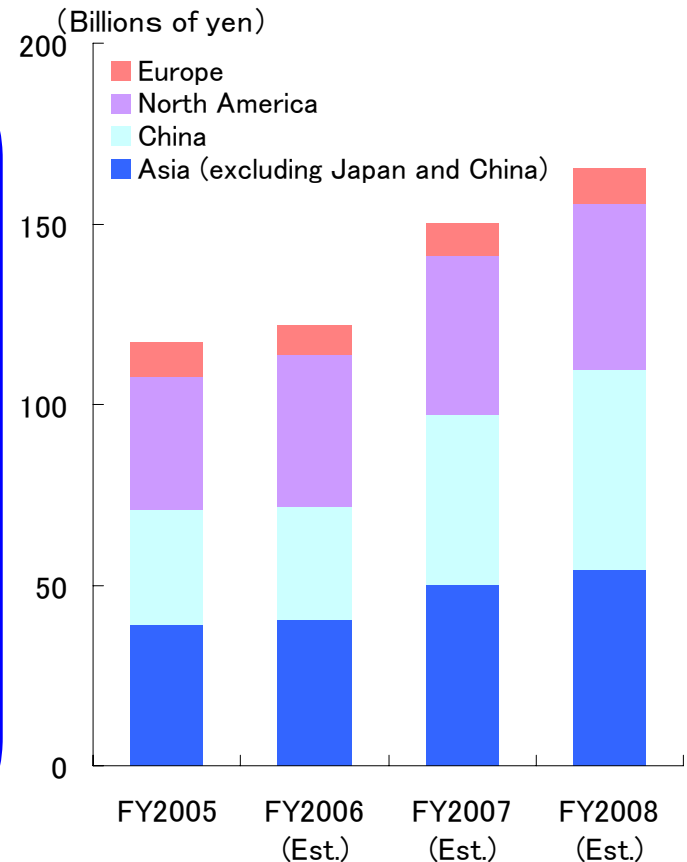
	FY2005	FY2006	FY2007	FY2008
Every four years	Winter Olympics (Turin)	2006 FIFA World Cup™ (Germany)		Summer Olympics (Beijing)
	World Baseball Classic (United States, etc.)	Asian Games (Doha)		European soccer championships (Switzerland, Austria)
		Men's/Women's World Volleyball Championships (Japan)		World Baseball Classic (TBD)
Every two years	IAAF World Athletic Series (Helsinki)		IAAF World Athletic Series (Osaka)	
	FINA World Championships (Montreal)		FINA World Championships (Melbourne)	
	East Asia soccer Championship (South Korea)		East Asia soccer Championship (China)	
Every year	Asian series baseball (Japan)	Asian series baseball (Japan)	Asian series baseball (TBD)	Asian series baseball (TBD)
	FIFA Club World Championship TOYOTA Cup (Japan)	FIFA Club World Cup Japan 2006 presented by TOYOTA (Japan)	FIFA Club World Cup (presented by TOYOTA) (TBD)	FIFA Club World Cup (presented by TOYOTA) (TBD)
	Major League Baseball	Major League Baseball	Major League Baseball	Major League Baseball

Expanding Operations in China and Asian Region

Net Sales Forecast and Strategies for Overseas Operations

Strategies for Asia, Centered on China

- ◆ Service clients in competing industries through multiple locations
- ◆ Develop Internet and advertising-related business
- ◆ Respond to demand accompanying the Beijing Olympics and Shanghai Expo
- ◆ Enhance personnel to raise value of branding business
- ◆ Transfer expertise and methods from head office
- ◆ Strengthen governance systems
- ◆ Bolster accounting/collection systems and client risk management

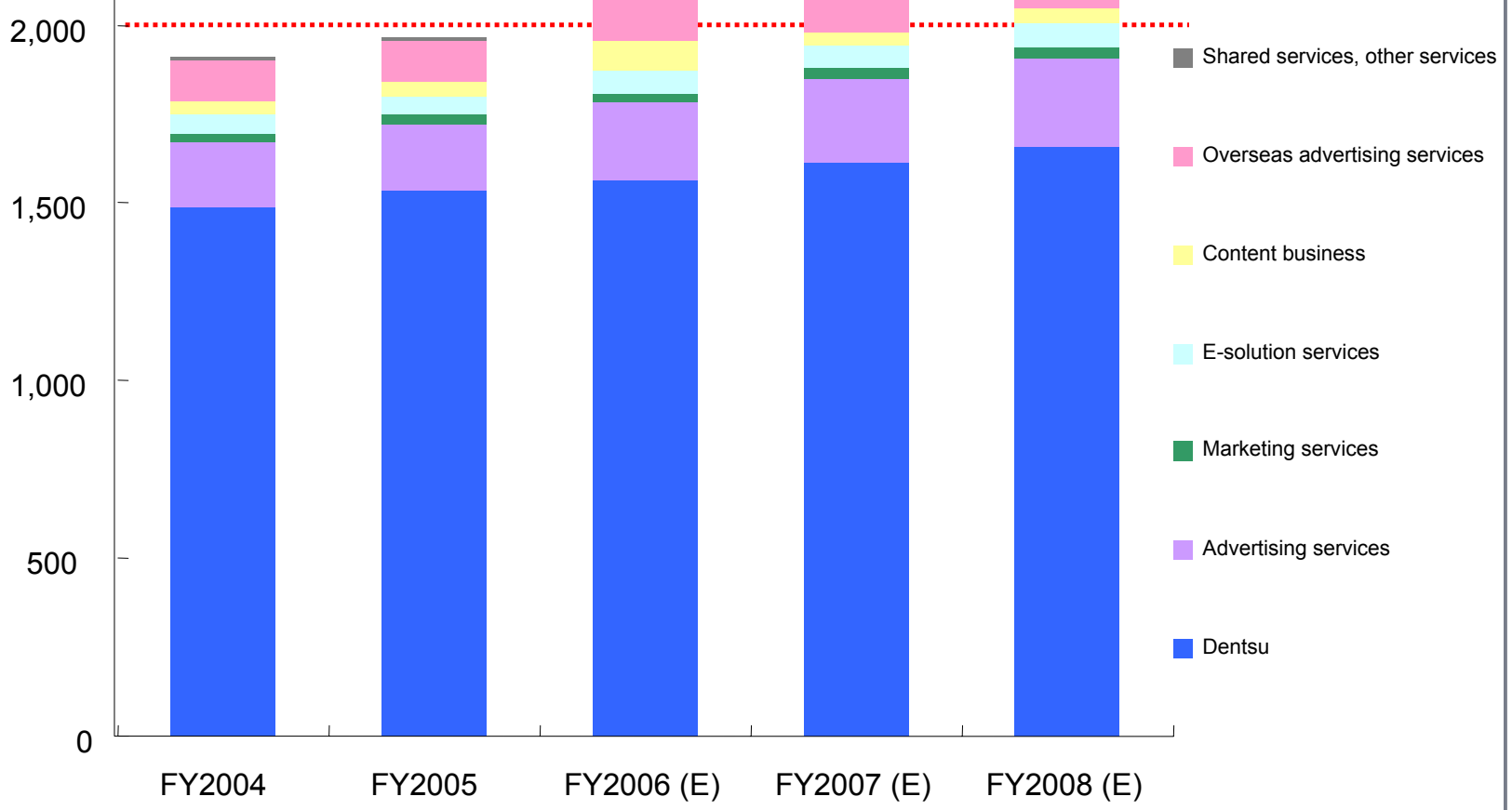


Note: Figures represent the simple total of each Group company's sales to external customers.

Targeting Consolidated Net Sales of ¥2 Trillion and Further Growth

Projected Sales by Service Categories (Based on Medium-Term Management Plan)

(Billions of yen)



Note: Estimates are based on each Group company's net sales to external customers.

Cash Flow Management and Increasing Shareholder Return

Capital investment

Investment in systems, development of tools, methods, etc.

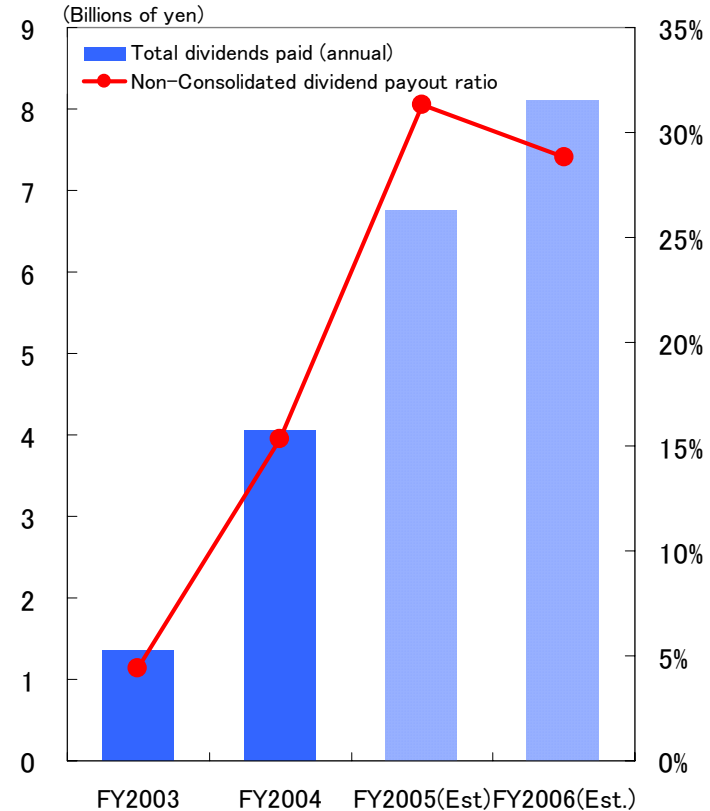
Operational investment

Investment in excellent content, Internet business, Asian markets, etc.

Shareholder return

Prioritizing dividend stability, practicing agile payback, etc.

Total Dividends and Payout Ratio (Non-Consolidated Basis)



FY2006 Consolidated Results Outlook

(Millions of yen)

	FY2005 Results	FY2006 Forecast	Change
Net sales	1,963,296	2,081,364	+6.0%
Gross profit	325,896	356,092	+9.3%
Gross profit margin	16.6%	17.1%	+0.5 pts
Operating income	58,776	67,190	+14.3%
Operating margin	18.0%	18.9%	+0.9 pts
Ordinary income	64,837	68,875	+6.2%
Net income	31,002	35,097	+13.2%
EPS (¥)	11,300.31	12,995.12	

Note: The consolidated figures above exclude Dentsu's share of earnings in the Publicis Groupe, which is accounted for using the equity method.