

**FY2005 First Half
Earnings Announcement
(April 1, 2005 to September 30, 2005)**

**November 17, 2005
Dentsu Inc.**

Financial Summary for 1H FY2005 and Dentsu Group Management Strategies

Tateo Mataki
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 November 17, 2005, 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 1H FY2005

- **Year-on-Year Performance Increases**

- **Aggressive Investment for Further Growth**

- **Personnel Training and Enhancement**

Consolidated Operating Results

(Millions of yen)

	1H FY2004	1H FY2005	Change	Comparison with Projected Results ⁽²⁾
Net sales	923,438	931,401	+0.9%	-1.6%
Gross profit	151,673	153,969	+1.5%	-1.2%
Gross profit margin	16.4%	16.5%	+0.1 pts	
SG&A	126,914	130,733	+3.0%	-2.3%
Operating income	24,758	23,235	-6.2%	+5.3%
Operating margin⁽¹⁾	16.3%	15.1%	-1.2 pts	
Ordinary income	24,693	25,418	+2.9%	+16.9%
Net income	12,244	9,797	-20.0%	-12.8%

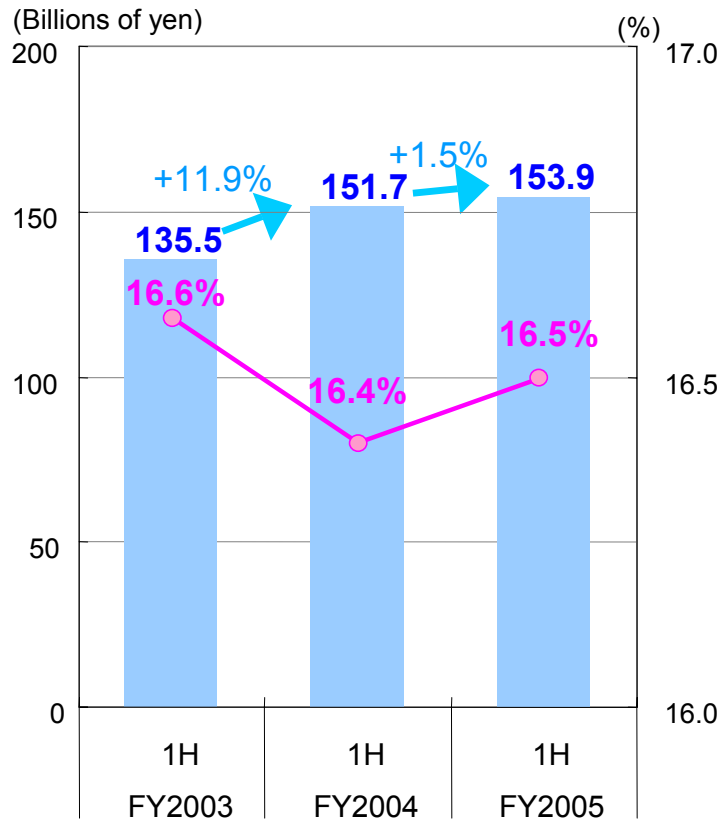
Notes:

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

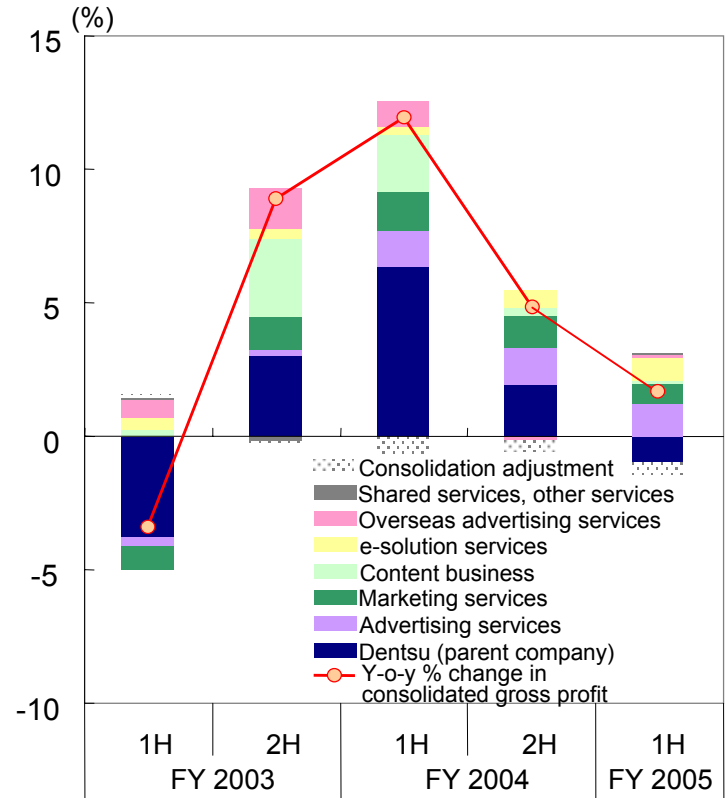
(2) Comparison is with projections released on May 17, 2005

Growth of Consolidated Gross Profit

Consolidated Gross Profit and Gross Profit Margin



Gross Profit Expansion and Level of Contribution by Service Categories

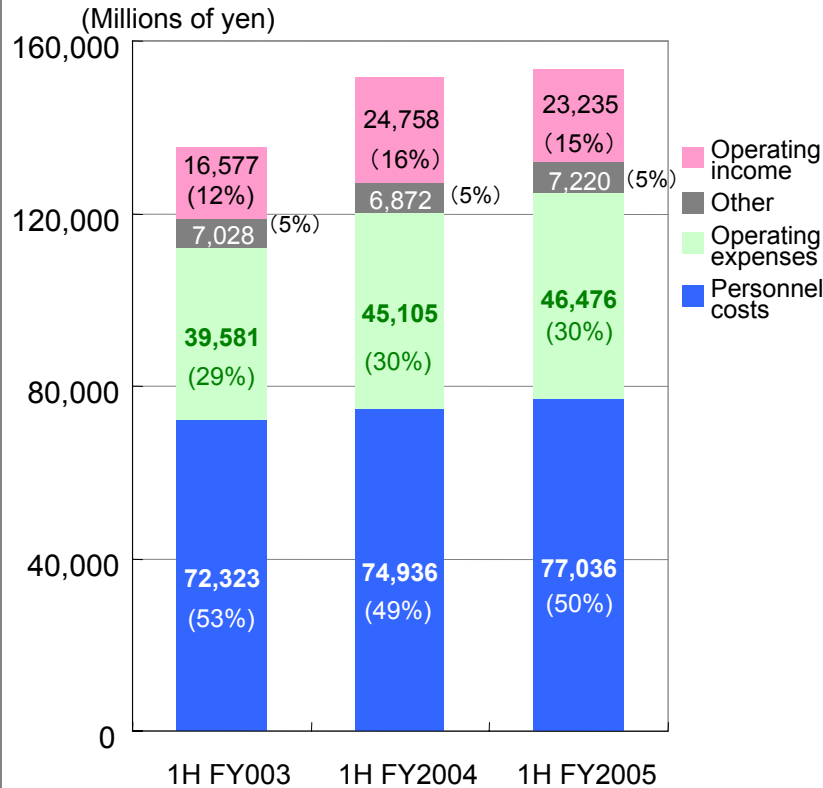


Note: "Level of contribution" refers to the extent to which a service category contributes to (or reduces) gross profit.

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

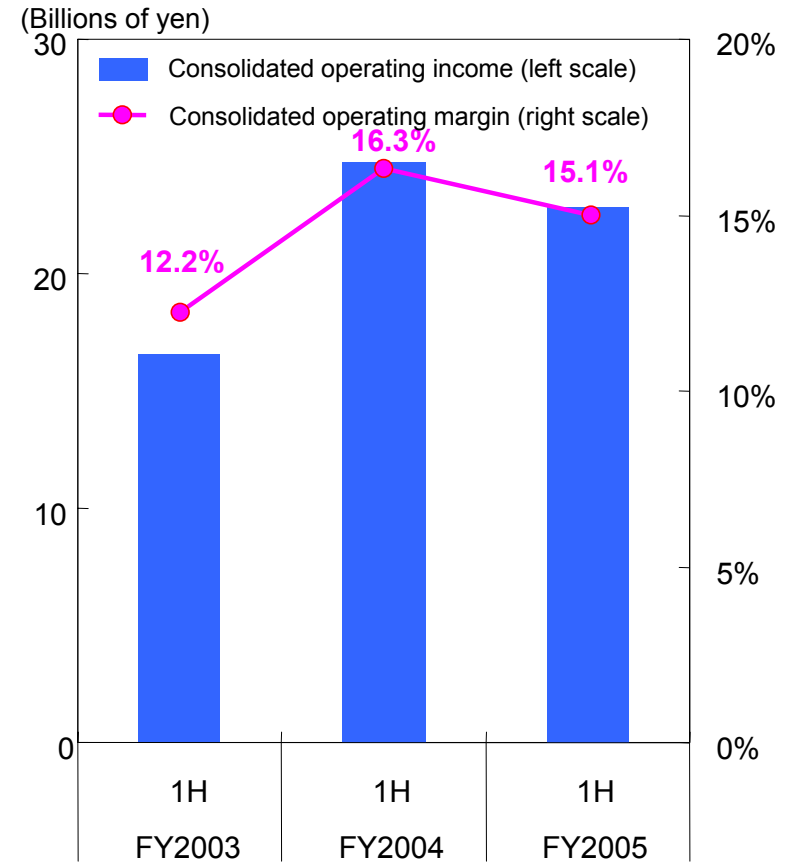
Consolidated Operating Income

Breakdown of Consolidated Gross Profit from Cost Perspective



Note: Figures in parentheses are percent of total

Consolidated Operating Income and Operating Margin



Outlook for FY2005 Consolidated Financial Results

(Millions of yen)

	FY2004 (Results)	FY2005 (Estimated)	Change	Comparison with Projected Results*
Net sales	1,910,469	1,940,110	+1.6%	-1.0%
Gross profit	317,902	326,337	+2.7%	-0.9%
Gross profit margin	16.6%	16.8%	+0.2 ppts	
SG&A	260,299	268,197	+3.0%	-0.8%
Operating income	57,603	58,140	+0.9%	-1.3%
Operating margin	18.1%	17.8%	-0.3 ppts	
Ordinary income	59,265	60,869	+2.7%	+2.6%
Net income	27,532	28,148	+2.2%	-8.4%

* Comparison is with projections released on May 17, 2005

Major Components of the “4-2-2 Strategy”

- **With Dentsu TEC as the core, strengthen services in advertising-related markets**
- **Enhance services in Internet advertising and related fields**
- **Create demand through sports marketing operations**
- **Expand operations in China**

With DENTSU TEC as the Core, strengthen services in Advertising-Related markets

DENTSU TEC Becoming Wholly Owned Subsidiary

- Advanced integration of advertising and marketing services
- Expanding services in advertising - related markets
- Strengthening creative works business
- Maximizing Dentsu Group synergies

DENTSU TEC Businesses

Sales Promotion

Event Promotion

Creative Works

Interactive Content

R & D

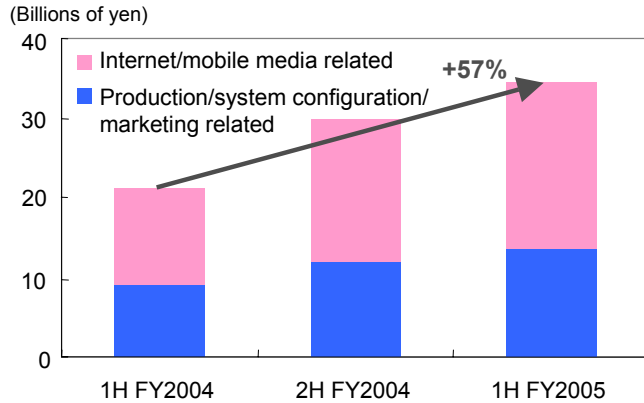
Expanding Advertising-Related Markets



Sources: 2004 Advertising Expenditures in Japan ; Dentsu statistics on advertising-related markets

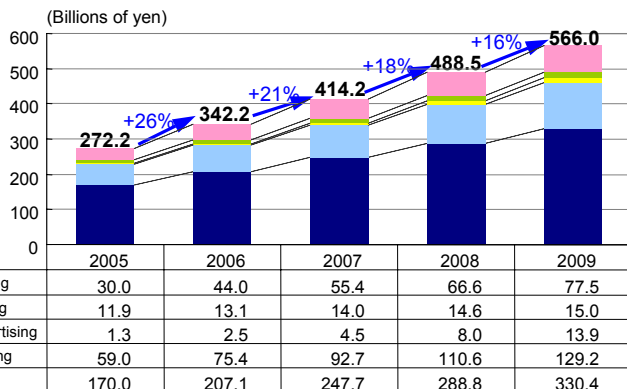
Enhance Services in Internet Advertising and Related Fields

Dentsu Group Revenues from Internet Business



Notes: These figures represent the simple total of revenues from external clients of the Dentsu Interactive Communications Division and Dentsu Group companies. The rate of growth is in comparison with the previous term or the corresponding period of the previous year.

Forecast Growth of Internet Advertising Market



Source: Dentsu Communication Institute (July, 2005)

Dentsu Group Internet Business Structure

Media Business

Internet media

cyber communications

Dentsu e-Link

24-7 Search

Invisible Hand

Action Click

Mobile Media

D2 Communications

Japan Mobile Communications

Cross Media

Ubiquitous Core

Media Shakers

Interactive Program Guide

Crossmedia Information Center

Marketing Solution Business

Dentsu e-Marketing One

Video Research Interactive

Digital Palette

Dentsu Research

Wunderman Dentsu

DENTSU TEC

Information Services International-Dentsu

Create Demand through Sports Marketing Operations

Principal Events in Which Dentsu Is Involved or Has Obtained Rights

Olympic Games

IOC

International Olympic Committee

Exclusive rights to sell sponsorships to Japanese companies

JOC

Japanese Olympic Committee

Sponsorship sales rights (Torino 2006, Beijing 2008)

OCA

Olympic Council of Asia

Sponsorship sales rights, global broadcasting rights (15th Asian Games Doha 2006)

Soccer

FIFA

Fédération Internationale de Football Association

Sponsorship sales rights, Japan broadcasting rights, etc. (2006 FIFA World Cup Germany™, etc.)

UEFA

The Union of European Football Associations

Rights to sell official supply sponsorships to Japanese IT companies (UEFA Champions League, etc.)

EAFF

East Asian Football Federation

Sponsorship sales rights, broadcasting rights (East Asian Football Championship, 2003–2007)

Other

MLB

Major League Baseball

Japan broadcasting rights (2004 – 2009)

IAAF

International Association of Athletic Federations

Global sponsorship sales rights, global broadcasting rights, ex. Europe and Africa (IAAF World Championships in Athletics 2007, 2009)

FINA

Fédération Internationale de Natation Amateur

Global exclusive marketing agency contract (12th FINA World Championships in Melbourne 2007)

Expand Operations in China

Dentsu Group Operations in China

