

# Financial Summary for FY2008 and Outlook for FY2009

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## 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 conditions of the Dentsu Group.

Such forward-looking statements, based on information known to the management as of May 12, 2009, 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.

# Consolidated Financial Results

(Millions of yen)

	FY2007	FY2008	Change	Against Forecast *
<b>Net sales</b>	<b>2,057,554</b>	<b>1,887,170</b>	<b>-8.3 %</b>	<b>+1.1 %</b>
<b>Gross profit</b>	<b>345,222</b>	<b>314,474</b>	<b>-8.9 %</b>	<b>+2.1 %</b>
<b>Gross profit margin</b>	<b>16.8%</b>	<b>16.7%</b>	<b>-0.1 pts</b>	<b>+0.2 pts</b>
<b>SG&amp;A</b>	<b>289,095</b>	<b>271,290</b>	<b>-6.2 %</b>	<b>-0.4 %</b>
<b>Operating income</b>	<b>56,126</b>	<b>43,184</b>	<b>-23.1 %</b>	<b>+20.6 %</b>
<b>Operating margin **</b>	<b>16.3%</b>	<b>13.7%</b>	<b>-2.6 pts</b>	<b>+2.1 pts</b>
<b>Ordinary income</b>	<b>67,993</b>	<b>53,363</b>	<b>-21.5 %</b>	<b>+20.7 %</b>
<b>Income (loss) before income taxes</b>	<b>63,610</b>	<b>(4,972)</b>	—	—
<b>Net income (loss)</b>	<b>36,246</b>	<b>(20,453)</b>	—	—

\* Against Forecast = differences from the forecast announced February 9, 2009

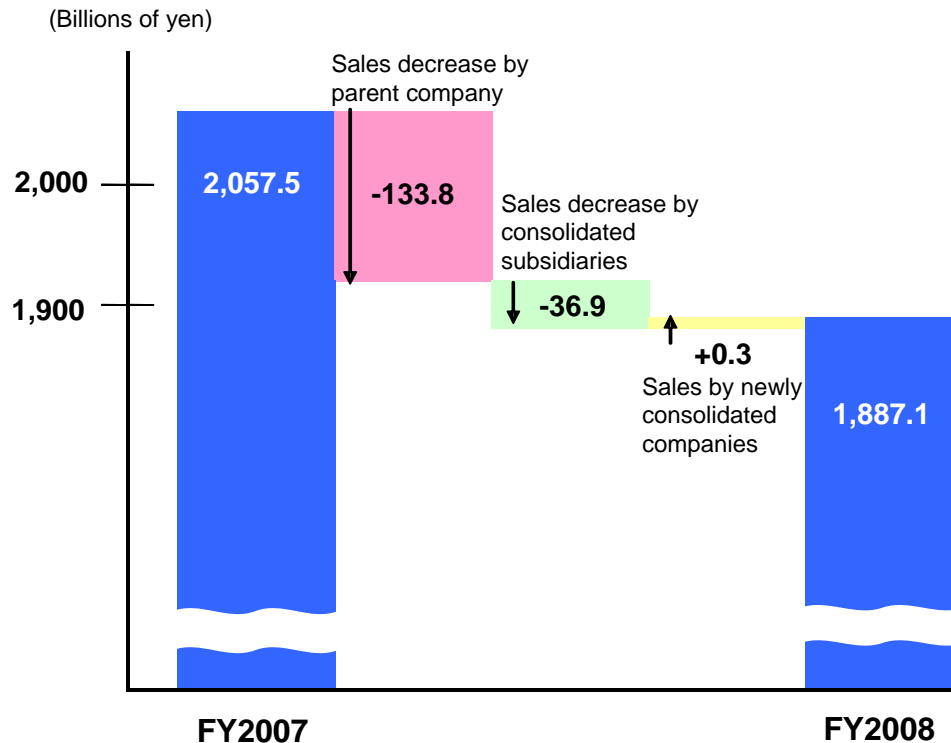
\*\* Operating margin = operating income / gross profit x 100

# Consolidated Net Sales

	FY2007	FY2008	Change (%)	Change (value)
Net sales	2,057,554	1,887,170	-8.3%	-170,383

(Millions of yen)

## Factors Behind Change in Consolidated Net Sales



Note: Figures used for the sales decrease of the parent company, the sales decrease of consolidated subsidiaries, and sales of newly consolidated companies exclude internal transactions. Also, sales of newly consolidated companies exclude sales of some of their subsidiaries.

## Comments

### ■ Principal Group companies contributing to Y/Y change

#### • Parent

Decrease in ad spend by clients due to sluggish economy

#### • Subsidiaries

Decrease in sales due to exclusion of Geneon Entertainment Inc. (Japan)

Decrease in sales by regional Dentsu total, etc.

#### • Newly consolidated

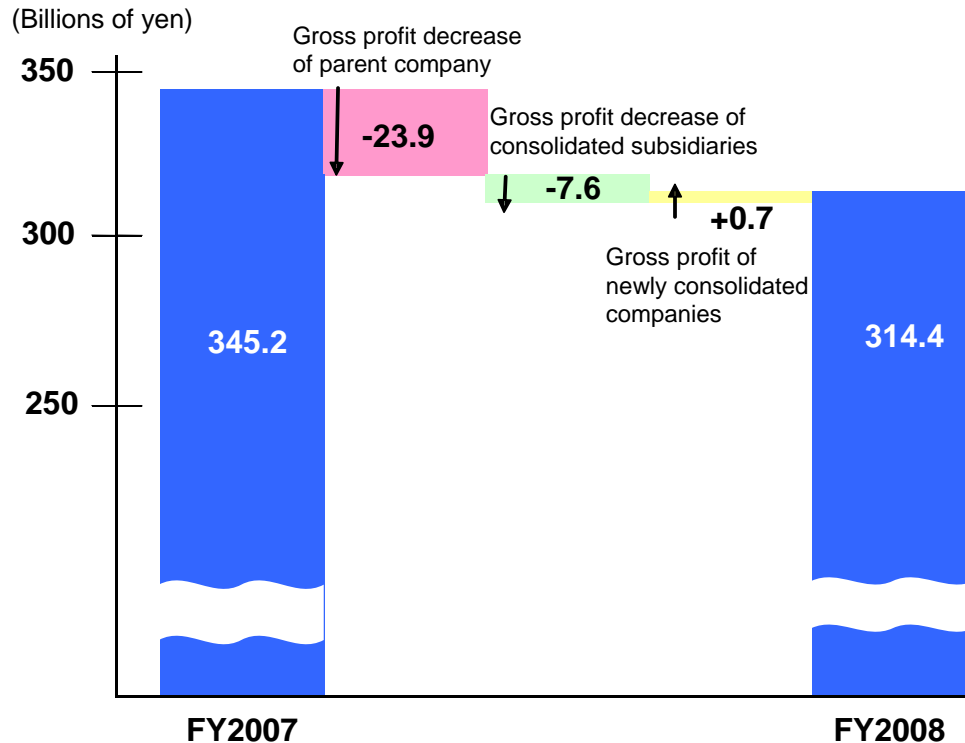
&c. Inc., etc.

# Consolidated Gross Profit

(Millions of yen)

	FY2007	FY2008	Change (%)	Change (value)
Gross profit	345,222	314,474	-8.9%	-30,747
Gross profit margin	16.8%	16.7%	-0.1ppts	—

## Factors Behind Change in Consolidated Gross Profit



Note: Gross profit of newly consolidated companies excludes gross profit of some of their subsidiaries.

## Comments

### ■ Principal Group companies contributing to Y/Y change

#### • Parent

Decrease in profit due to declining net sales

#### • Subsidiaries

Decrease in sales due to exclusion of Geneon Entertainment Inc. (Japan)

Decrease in sales by DENTSU TEC and regional Dentsu total, etc.

#### • Newly consolidated

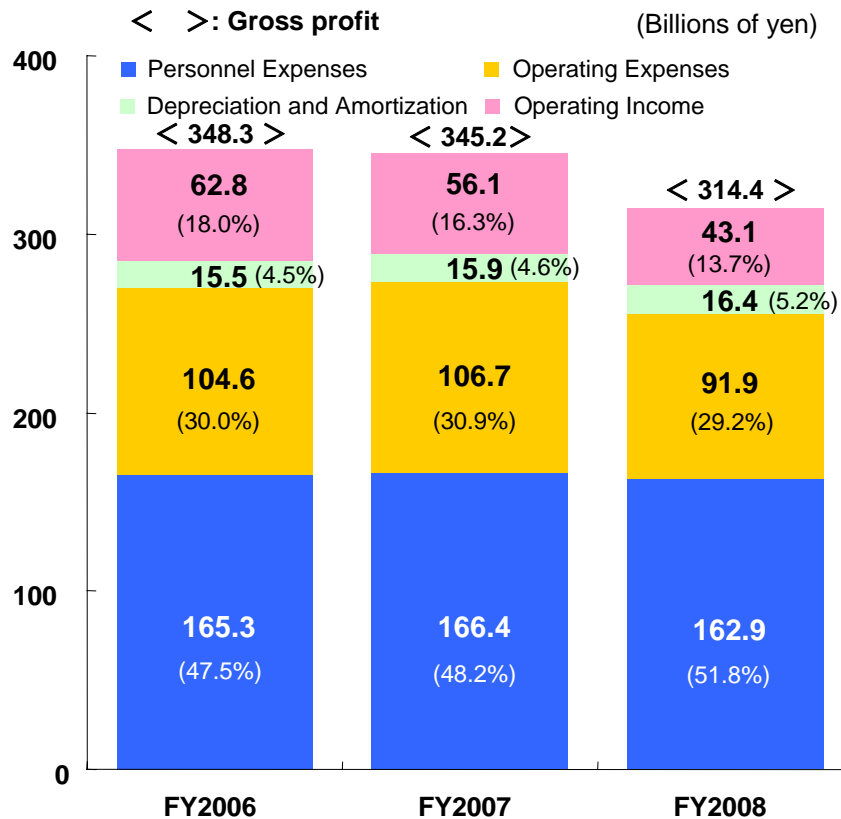
&c. Inc., etc.

# Consolidated Operating Income

(Millions of yen)

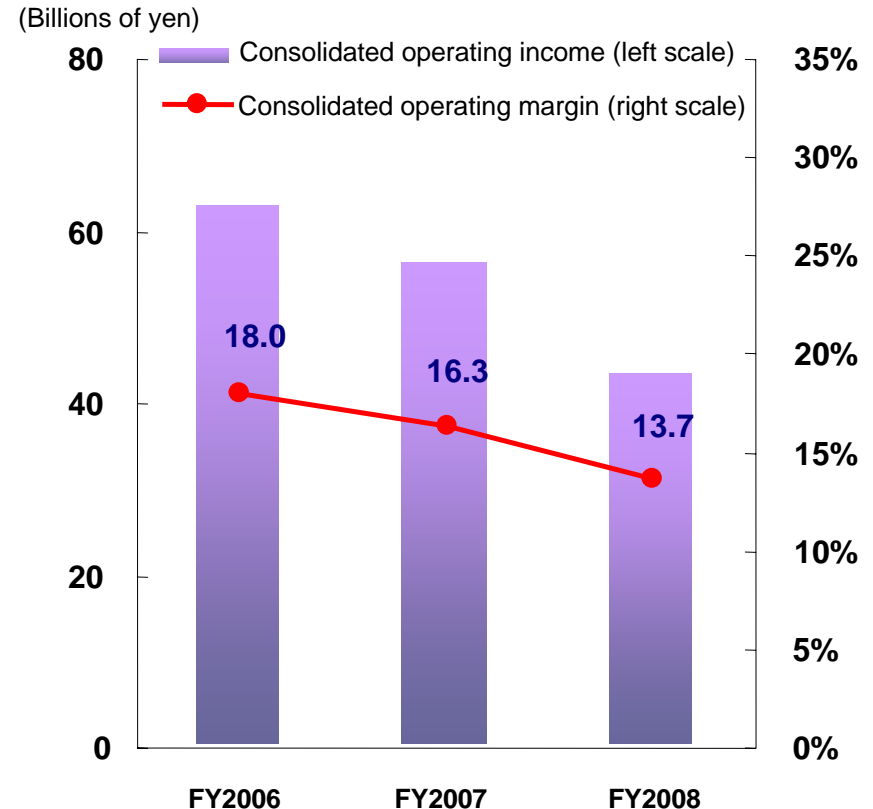
	FY2007	FY2008	Change (%)	Change (value)
Operating income	56,126	43,184	-23.1%	-12,942
Operating margin	16.3%	13.7%	-2.6ppts	—

## Consolidated Gross Profit Breakdown of Costs



Notes: Depreciation includes amortization of goodwill.  
Parenthesized figures are composite ratios.

## Consolidated Operating Income and Operating Margin



# Consolidated Ordinary Income and Net Income / Loss

(Millions of yen)

	FY2007	FY2008	Change
<b>Operating income</b>	<b>56,126</b>	<b>43,184</b>	<b>-23.1%</b>
Non-operating income	15,057	14,592	-3.1%
Non-operating expense	3,190	4,413	+38.3%
Net non-operating income	11,867	10,179	-14.2%
<b>Ordinary income</b>	<b>67,993</b>	<b>53,363</b>	<b>-21.5%</b>
Extraordinary income	9,953	1,774	-82.2%
Extraordinary loss	14,336	60,110	+319.3%
Net extraordinary income (loss)	(4,382)	(58,336)	—
<b>Income (loss) before income taxes</b>	<b>63,610</b>	<b>(4,972)</b>	<b>—</b>
Income taxes	25,637	14,667	-42.8%
Minority interests	1,726	812	-52.9%
<b>Net Income (loss)</b>	<b>36,246</b>	<b>(20,453)</b>	<b>—</b>

## Comments

### ■ Principal non-operating income items

Equity method investment gain:	¥8.9B
Dividend income:	¥1.7B
Interest income:	¥1.2B

### ■ Principal non-operating expense items

Interest expense:	¥2.4B
Loss from investments in investment consortiums:	¥0.8B

### ■ Principal extraordinary income items

Profit on sales of investment securities:	¥0.8B
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### ■ Principal extraordinary loss items

Loss from investment securities revaluation:	¥51.1B
Loss from business restructuring:	¥4.4B

# Consolidated Balance Sheets

(Millions of yen)

	March 31, 2008	March 31, 2009	Change
<b>Current assets</b>	641,002	546,317	-14.8%
<b>Fixed assets</b>	610,909	546,226	-10.6%
<b>Total assets</b>	1,251,912	1,092,543	-12.7%
<b>Current liabilities</b>	527,504	450,075	-14.7%
<b>Long-term liabilities</b>	133,547	169,318	+26.8%
<b>Total liabilities</b>	661,051	619,394	-6.3%
<b>Shareholders' equity</b>	574,243	482,798	-15.9%
Valuation and translation adjustment, etc.	(6,950)	(30,230)	—
<b>Minority interests</b>	23,567	20,581	-12.7%
<b>Total equity</b>	590,861	473,149	-19.9%
<b>Total liabilities and equity</b>	1,251,912	1,092,543	-12.7%

## Comments

### ■ Principal reasons for changes in assets

- Decrease in bills receivable and accounts receivable
- Sale of investment securities and loss from their revaluation

### ■ Principal reasons for changes in liabilities

- Decrease in bills payable and accounts payable
- Increase in long-term debt
- Increase due to CP issuance

### ■ Principal reasons for changes in equity

- Decrease in earned surplus
- Repurchase of own shares

### ■ Financial indicators

	end-Mar 08	end-Mar 09
Shareholders' equity ratio	45.3%	41.4%
D/E ratio	0.17 times	0.32 times

# Consolidated Cash Flow

## Consolidated Cash Flow

**Cash flows from operating activities**  
**+ ¥42.3 billion**

**Cash flows from investing activities**  
**- ¥22.2 billion**

**Cash flows from financing activities**  
**- ¥27.7 billion**

**Change in cash and cash equivalents**  
**- ¥13.1 billion**

Note: The change in cash and cash equivalents includes a negative translation of ¥5.5 billion.

## Comments

Consolidated operating income:	+ ¥43.1B
Depreciation and amortization:	+ ¥19.8B
Change in working capital:	+ ¥3.9B
Income taxes—paid:	- ¥22.0B

Sale of marketable and investment securities:	+ ¥10.8B
Purchase of marketable and investment securities:	-¥5.2B
Purchase of fixed assets & software:	- ¥12.5B
Purchase of consolidated subsidiaries:	- ¥15.7B

Dividend payments:	-¥9.7B
Change in debt (long/short-term):	+ ¥29.7B
CP issuance:	+ ¥15.0B
Repurchase of own shares:	- ¥60.6B

Note: Cash inflow is indicated by +, cash outflow by -.

# Consolidated Performance Forecast for FY2009

(Millions of yen)

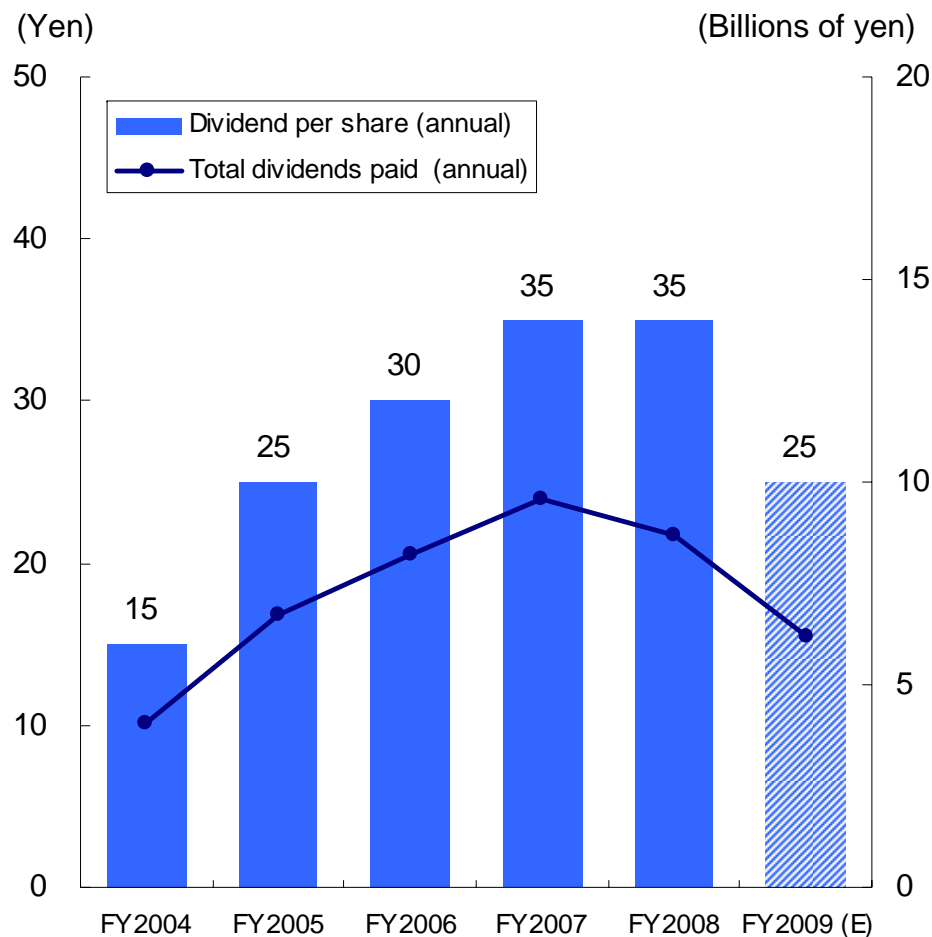
	FY2008 Actual	FY2009 Forecast	Change
<b>Net sales</b>	<b>1,887,170</b>	<b>1,634,400</b>	<b>-13.4 %</b>
<b>Gross profit</b>	<b>314,474</b>	<b>279,800</b>	<b>-11.0 %</b>
<b>Operating profit</b>	<b>43,184</b>	<b>15,800</b>	<b>-63.4 %</b>
<b>Operating margin</b>	<b>13.7%</b>	<b>5.6%</b>	<b>-8.1 pts</b>
<b>Ordinary income</b>	<b>53,363</b>	<b>23,900</b>	<b>-55.2 %</b>
<b>Income (loss) before income tax</b>	<b>(4,972)</b>	<b>23,600</b>	<b>—</b>
<b>Net income (loss)</b>	<b>(20,453)</b>	<b>11,400</b>	<b>—</b>

\* With regard to forecasts, our forecast assumes equity in profits from an equity-method affiliate, Publicis Groupe S.A. of ¥6,454 million (after excluding ¥2,384 million for the amortization of goodwill), the equivalent amount recorded for the previous year, as Publicis Groupe S.A. does not disclose its performance forecasts for the fiscal year ending December 31, 2009.

The exchange rate used here is 1 euro=¥121.8, the approximate average rate of exchange from January to March 2009.

# Dividend Payments

## Total Dividends and Dividend per Share



### 【FY2008】

Total dividends: Approx. ¥8.6B annually

Dividend per share: ¥35 annually

(¥20 for interim period and ¥15 for year-end)

### 【FY2009】

Total Dividends: Approx. ¥6.2B annually

Dividend per share: ¥25 annually

(¥12.5 for interim period and ¥12.5 for year-end)

### Our Policy on Shareholder Return

- Maintain positive shareholder returns, while ...
  - sustaining medium-to-long term financial security and soundness
  - securing certain levels of internal reserves for further investments needed for growth

Note: The above dividends per share are on a basis of post-share splitting in January 2009.