

# Overview of 1H FY2009 and Future Management Policies

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**President & CEO**

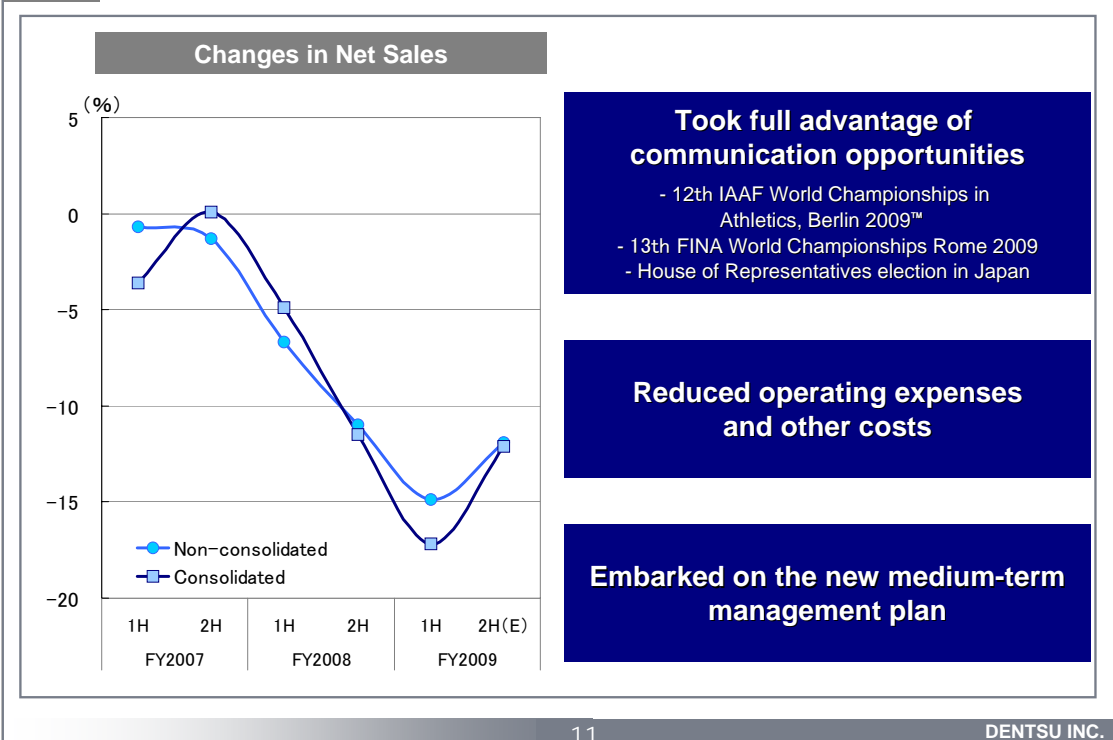
**Cautionary Statement**

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 the management as of November 13, 2009, are not guarantees of future performance and involve risks and uncertainties. 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.

## Overview of the First Half of FY2009



- I am Tatsuyoshi Takashima, President & CEO of Dentsu. The Dentsu Group's financial results for the first half of fiscal 2009 have been covered in a separate presentation by our CFO, Shoichi Nakamoto. In this presentation, I would like to summarize the key points while sharing with you the outlook of the Group's activities for the coming years.
- To increase revenue during this six-month period, we capitalized on our home ground businesses, such as sports and other events, while taking on the challenge of solving societal issues through communications activities. We also took full advantage of the House of Representatives election held in Japan this summer.
- At the same time we implemented cost-cutting measures, with particular emphasis on operating expenses. We formulated a medium-term management plan and embarked on various initiatives.
- However, due to the recession and the rebound effect of the Beijing Olympic Games in the previous year, our Group's consolidated net sales in the first half of this fiscal year saw a double-digit negative growth rate.
- The economy has started to show some signs of recovery, and the negative growth rate in the second half is expected to be lower than in the first half. Yet the financial outlook for this fiscal year and thereafter will continue to be uncertain.

**Group-wide efforts to reduce operating expenses**  
(1H FY2009: A reduction of 6.5 billion yen on a non-consolidated basis)







**Fundamental reform of the human resources system**

**Expand cost reduction efforts into  
non-mass media businesses**

- Against such a backdrop, we have been steadily doing what we can—namely proceeding with our corporate infrastructure reform.
- In the first half of this fiscal year, we reduced operating expenses by approximately 6.5 billion yen on a non-consolidated basis. Accordingly, the ratio of operating expenses to gross profit in the first half declined from 30% to 27% on a year-on-year basis.
- We will expand such efforts into our Group companies. We plan to establish Group-wide rules concerning operating expenses and to prioritize items that need to be reduced.
- As for the human resources system, we will carry out fundamental reforms without any exceptions.
- To further improve profitability, we have also started to reduce the cost of sales in the creative, marketing, promotions and other non-mass media areas.

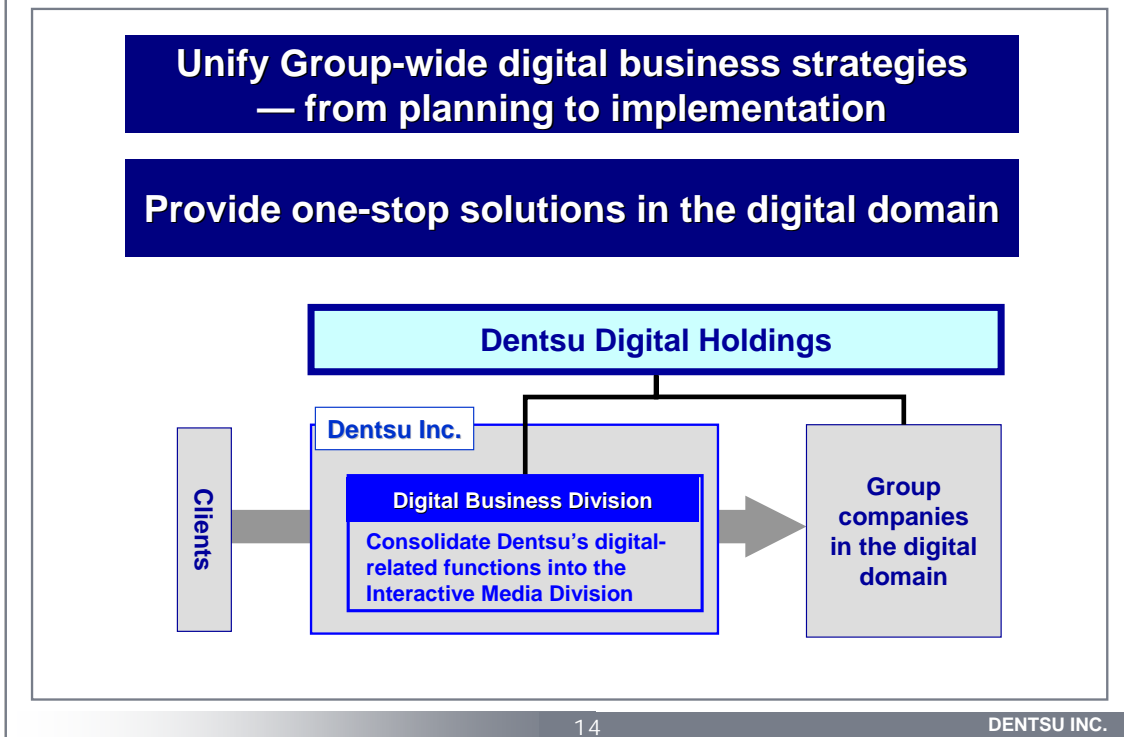
## Have won new global and local accounts abroad

### Major clients (global and local) handled by McGarry Bowen (US)

Electronics	Food	Telecommunications	Finance	Pharmaceutical	Others
	Won in 1H FY2009 	Won in 1H FY2009 	J.P.Morgan	Won in 1H FY2009 	 

Further strengthen our client bases:  
Japan-based (Japanese clients) and  
overseas-based (global/local clients)

- To increase gross profit, while implementing corporate infrastructure reform, we will focus on domains with a high potential for significant results, and work on new, innovative schemes. I would like to introduce our efforts in three domains in particular—the global, digital and platform business domains.
- In the global domain, we have already seen some positive results by actively promoting local staff members into management positions. This has led to the acquisition of new local as well as global clients.
- Take, for example, McGarry Bowen, one of our subsidiaries in the United States. It has won blue-chip clients/brand accounts one after another in the United States—Kraft, Verizon and Pfizer. McGarry Bowen has succeeded in diversifying the Dentsu Group's client portfolio.
- We are also beginning to see encouraging results in other countries such as China and India. Beijing Dentsu has won China Life Insurance Company Limited in China, while Dentsu Media India has won Aircel Limited, India's leading mobile operator.
- In addition to Japanese clients, we will strive to win both global and local accounts in regions such as Europe, where we are currently restructuring our business operations, as well as in the South American and Asian markets.



- The digital domain will continue to be a key driver for our growth.
- As we have recently announced, in January 2010 we will establish Dentsu Digital Holdings—a holding company in the digital domain. Our Group-wide digital business strategies will thus be more unified, covering the whole range of activities from planning to implementation. Dentsu Digital Holdings will make prompt decisions on such matters as technology development, consolidation of resources to strengthen our digital expertise, and key business investments in the digital domain.
- Clients are looking for the convenience of one-stop solutions that cover everything within a single entity—from Internet advertising to website planning, website development to data analysis. We will integrate various functions of our Group companies to serve our clients as we strive to become Japan's foremost digital agency.
- We intend to develop our digital business as a core engine for the Dentsu Group's future growth. More specifically, we will increase the Group net sales in this domain from 95 billion yen in fiscal 2008 to 200 billion yen in fiscal 2013.
- By combining our ability to deliver such one-stop digital solutions with our established strength in the mass media advertising, promotions and creative fields, we will increase our capability to meet client needs and by doing so, increase the billings to our existing clients.

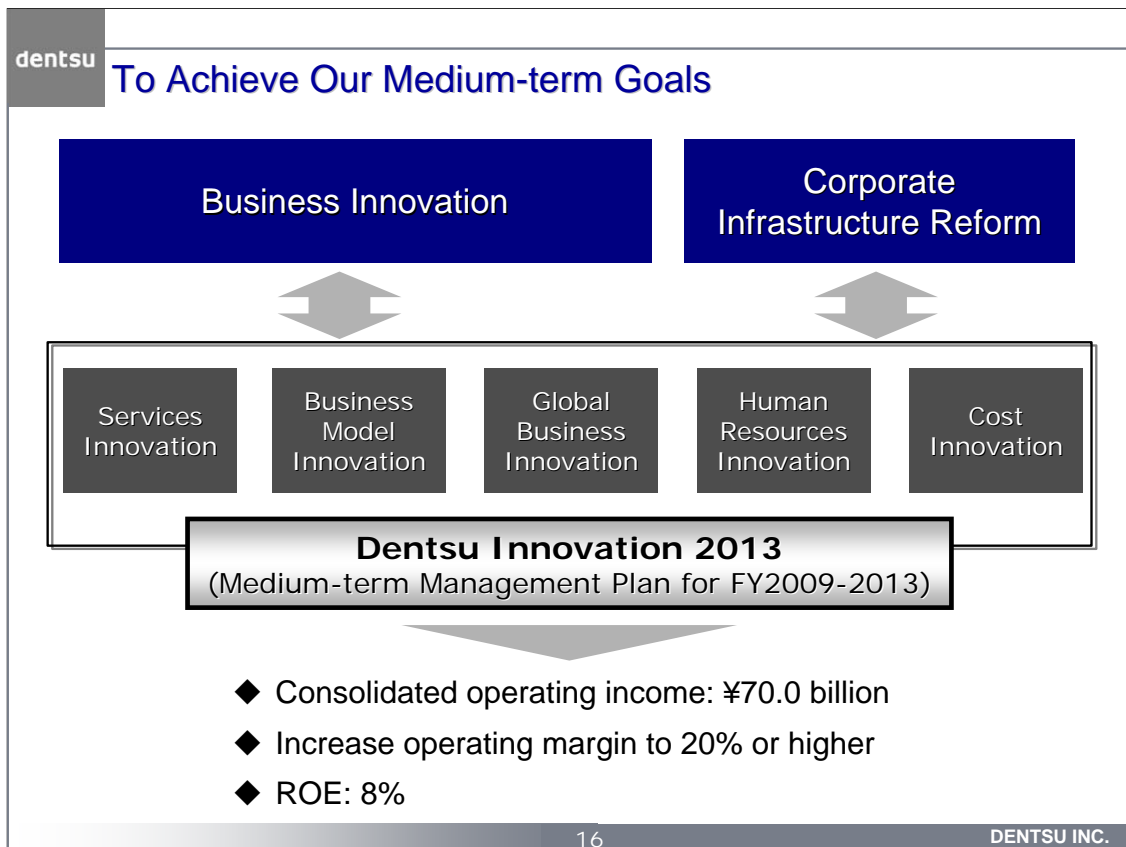
## Develop new platform businesses



## Strengthen marketing intelligence to provide better client services



- As to platform business development, we have defined two strategic directions.
- One is to develop new platform businesses in cooperation with key players in various industries. Separately from our mass media-oriented activities, we will create new business models that will involve both our clients and consumers on a single platform.
- The other direction is to strengthen marketing intelligence. Through the acquisition and analysis of consumer preferences and behavioral data obtained through our new platform businesses, we will enhance the quality of our client services by incorporating this information into their business activities.
- In the first half of this fiscal year, some new, albeit small, platform business seeds started to sprout.
- In collaboration with key players in the mass media and other industries, we will continue to develop new platform businesses and deliver strong marketing intelligence services.



- In conclusion, I would like to state the following.
- The economic environment remains severe and we need to endure this difficult situation for some time to come. During this time of hardship it is imperative that we implement our corporate infrastructure reform so as to lay the groundwork for the future growth of the Dentsu Group.
- We have steadily sown the seeds of business innovation and we are currently engaged in innovative projects in such areas as solutions and media services.
- The five innovations announced in the medium-term management plan in July have made a good start, and I can feel their momentum. We look forward to sharing with you the progress and outcome of our initiatives.
- I thank you for your continuing support.