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FOR IMMEDIATE RELEASE

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Dentsu Reports Financial Results For Fiscal Year Ended March 31, 2002

— *Billings (Net Sales) of ¥1,789.4 Billion, Ordinary Income of ¥59.7 Billion and
Net Income of ¥27.4 Billion* —

Dentsu Inc. (President: Yutaka Narita; Head Office: Tokyo; Capital: ¥58,967.1 million) held a meeting of the Board of Directors on May 15 at its Tokyo Head Office to close the accounts for its fiscal 01/02 term (ended March 31, 2002) and finalize the consolidated balance sheet and consolidated income statement.

Throughout fiscal 01/02, Japanese businesses were forced to operate in an increasingly challenging environment, as evidenced by a 2.4% decline in gross domestic product in real terms from the prior year. The economy was marked by a downturn of the IT industry combined with stagnant personal consumption and deflationary pressure. The terrorist attacks in the United States further aggravated the uncertainty over the future economic outlook. The advertising industry was also affected by the economic slowdown, which effectively cut advertising expenditures in Japan for calendar 2001 by 0.9% year on year.

In this operating environment, Dentsu's business slowed, especially in the second half of the fiscal year, and, as a result, it failed to match the record performance achieved a year earlier. Nevertheless, the past fiscal year was still the second-best year in Dentsu's history (following the prior year) for both consolidated and non-consolidated performance in terms of billings, gross profit, operating income, ordinary income and net income.

Dentsu posted consolidated billings of ¥1,789.4 billion, a 1.4% decline year on year; gross profit of ¥293.9 billion, a 2.6% decline; operating income of ¥61.1 billion, a 15.6% decline; ordinary income of ¥59.7 billion, a 17.0% decline; and net income of ¥27.4 billion, a 33.6% decline.

Initiatives to control personnel and general sales expenses paid off, and as a result the operating income margin* reached 20.8% (versus 24.8% achieved a year earlier), exceeding the management target of 20%.

Non-consolidated results for Dentsu in fiscal 01/02 showed billings of ¥1,433.3 billion, a 4.3% decline year on year; gross profit of ¥207.8 billion, a 6.8% decline; operating income of ¥45.9 billion, a 15.2% decline; ordinary income of ¥46.1 billion, a 17.6% decline; and net income of ¥23.0 billion, a 7.8% decline.

*Operating income margin = operating income ÷ gross profit × 100

FISCAL YEAR 2001 RESULTS (Consolidated)

April 1, 2001—March 31, 2002

Dentsu Inc.

• **Term Results:** Amounts are indicated with figures below ¥1 million omitted.

(1) Balance-Sheet Summary

Item	FY 2001	Consolidated results/ non-consolidated results (times)	FY 2000	Rate of increase (indicates decrease)
(Millions of yen; percent)				
Assets				
Current assets	586,685	1.22	679,170	13.6
Non-current assets	510,506	1.06	457,998	11.5
Deferred assets	—	—	421	—
Total assets	1,097,192	1.14	1,137,590	3.6
Liabilities				
Current liabilities	448,761	1.09	504,407	11.0
Non-current liabilities	184,381	1.13	205,151	10.1
Total liabilities	633,142	1.10	709,559	10.8
Minority interest	22,877	—	23,712	3.5
Stockholders' equity				
Common stock	58,967	1.00	54,929	7.4
Additional paid-in capital	55,358	1.00	49,421	12.0
Revaluation reserve for land	4,642	1.00	4,746	2.2
Retained earnings	306,623	1.19	280,785	9.2
Unrealized gain on securities	9,985	1.01	13,192	24.3
Foreign currency translation adjustments	6,812	—	1,243	447.9
Treasury stock	1,218	1.00	0	—
Total stockholders' equity	441,171	1.14	404,318	9.1
Total liabilities, minority interest and stockholders' equity	1,097,192	1.14	1,137,590	3.6

(2) Income Statement Summary

(Millions of yen; percent)

Item	FY 2001	Consolidated results/ non-consolidated results (times)	FY 2000	Rate of increase (indicates decrease)
Net sales (billings)	1,789,432	1.25	1,814,309	1.4
Gross profit	293,920	1.41	301,885	2.6
Operating income	61,168	1.33	72,500	15.6
Non-operating revenues	4,969	0.82	5,793	14.2
Non-operating expenses	6,432	1.12	6,402	0.5
Ordinary income	59,705	1.29	71,891	17.0
Extraordinary profit	2,674	4.07	41,741	93.6
Extraordinary loss	8,175	1.51	42,411	80.7
Income before income taxes	54,204	1.31	71,222	23.9
Net income	27,457	1.19	41,368	33.6

(3) Breakdown of FY 2001 Consolidated Cash Flow Statement Summary

(Millions of yen; indicates decrease)

	FY 2001	FY 2000
Cash flows provided by operating activities	25,715	35,066
Cash flows used in investing activities	37,270	55,079
Cash flows provided by (used in) financing activities	19,799	42,753
Effect of exchange rate changes on cash and cash equivalents	1,400	83
Net increase (decrease) in cash and cash equivalents	29,953	22,824
Cash and cash equivalents at beginning of year	93,791	70,927
Increase in cash and cash equivalents from newly consolidated affiliates	3,521	38
Increase in cash and cash equivalents by merger and acquisition	331	—
Cash and cash equivalents at end of year	67,690	93,791

FISCAL YEAR 2001 RESULTS (Non-consolidated)

April 1, 2001–March 31, 2002

Dentsu Inc.

• **Term Results:** Amounts are indicated with figures below ¥1 million omitted.

(1) Balance-Sheet Summary

Item	FY 2001	FY 2000	(Millions of yen; percent)
			Rate of increase (indicates decrease)
Assets			
Current assets	480,486	571,918	16.0
Non-current assets	481,684	433,415	11.1
Deferred assets	—	419	—
Total assets	962,170	1,005,753	4.3
Liabilities			
Current liabilities	413,283	461,962	10.5
Non-current liabilities	163,027	185,114	11.9
Total liabilities	576,310	647,077	10.9
Stockholders' equity			
Common stock	58,967	54,929	7.4
Additional paid-in capital and legal reserve	56,081	50,051	12.0
Revaluation reserve for land	4,642	4,746	2.2
Retained earnings	257,492	235,869	9.2
Unrealized gain on securities	9,894	13,078	24.3
Treasury stock	1,218	—	—
Total stockholders' equity	385,860	358,675	7.6
Total liabilities and stockholders' equity	962,170	1,005,753	4.3

(2) Income Statement Summary

(Millions of yen; percent)

Item	FY 2001	FY 2000	Rate of increase ((indicates decrease)
Net sales (billings)	1,433,300	1,497,843	4.3
Gross profit	207,801	222,939	6.8
Operating income	45,928	54,146	15.2
Non-operating revenues	6,023	7,387	18.5
Non-operating expenses	5,767	5,479	5.3
Ordinary income	46,184	56,054	17.6
Extraordinary profit	656	30,092	97.8
Extraordinary loss	5,428	40,151	86.5
Income before income taxes	41,412	45,994	10.0
Net income	23,072	25,030	7.8

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