

**NEWS RELEASE****FOR IMMEDIATE RELEASE****May 16, 2003**

## **Dentsu Reports Financial Results for Fiscal Year Ended March 31, 2003**

*— Billings (Net Sales) of 1,692.9 Billion Yen, Ordinary Income of 45.3 Billion Yen  
and Net Income of 22.9 Billion Yen —*

Dentsu Inc. (President: Tateo Mataki; Head Office: Tokyo; Capital: 58,967.1 million yen) held a meeting of the Board of Directors on May 16 at its Tokyo Head Office to close the accounts for its fiscal 02/03 term (ended March 31, 2003) and finalize the consolidated balance sheet and consolidated income statement.

Uncertainty about the future of the Japanese economy deepened further during fiscal 02/03. The gross domestic product showed a decline in nominal growth rate of 0.6% from the previous year (estimate as of January 24, 2003), due to concerns in the second half of the fiscal year about plummeting stock prices and the prospects of the world economy.

Given these difficult economic conditions, a number of corporations reduced their advertising spending. This affected the advertising industry, which saw advertising expenditures in Japan fall for the second year in a row. Dentsu estimates that gross advertising expenditures in Japan totaled 5,703.2 billion yen during calendar 2002, down 5.9% from the previous year.

In this operating environment, Dentsu actively pursued a wide range of business activities. The Company's strategies in connection with the FIFA World Cup 2002™ (May 31 to June 30, 2002) helped to generate increased billings, and continued efforts were made to implement cost control measures. As a result, Dentsu posted consolidated billings of 1,692.9 billion yen, a 5.4% decline; gross profit of 285.8 billion yen, a 2.8% decline; operating income of 46.9 billion yen, a 23.2% decline; ordinary income of 45.3 billion yen, a 24.1% decline; and net income of 22.9 billion yen, a 16.4% decline.

Dentsu recorded extraordinary income of 36.9 billion yen, representing gain from the sales of stocks of affiliated companies in conjunction with the tie-up between Dentsu and Publicis Groupe S.A. An extraordinary loss of 32.1 billion yen was posted due to a write-down of marketable and investment securities as a result of the steep decline in the stock market, and a one-time charge for expenses related to the completion of the new Shiodome Head Office Building and the transfer of the Head Office to the new building.

The severe economic environment made it difficult to increase billings, but efforts to control costs were successful, and as a result consolidated billings, gross profit and net income for the past fiscal year were the third highest in Dentsu's history.

Non-consolidated results for Dentsu in fiscal 02/03 included billings of 1,367.6 billion yen, a 4.6% decline year on year; gross profit of 202.9 billion yen, a 2.3% decline; operating income of 40.5 billion yen, an 11.8% decline; ordinary income of 41.4 billion yen, a 10.2% decline; and net income of 23.1 billion yen, a gain of 0.2%.

### **Outlook**

The Japanese economy is expected to remain weak during the coming year, and thus it is unlikely that advertising expenditures will increase substantially. Nevertheless, Dentsu is working actively to expand its business, while continuing to implement cost controls to boost its profit base.

Accordingly, in its consolidated results for the next fiscal year Dentsu expects to post billings of 1,734.7 billion yen, a gain of 2.5%; ordinary income of 46.0 billion yen, a gain of 1.6%; and net income of 22.0 billion yen, a decline of 3.9%.

On a non-consolidated basis, Dentsu forecasts billings of 1,396.1 billion yen, a 2.1% increase; ordinary income of 39.2 billion yen, a decline of 5.4%; and net income of 21.5 billion yen, a decline of 6.9%.

The consolidated income reported above does not take into account the amortization of goodwill resulting from the acquisition of Publicis Groupe S.A. shares, or Dentsu's share of net income derived from Publicis Groupe S.A., which is an affiliated company under the equity method.

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## Financial Results for Fiscal Year Ended March 31, 2003 (Consolidated)

April 1, 2002–March 31, 2003

Dentsu Inc.

- **Term Results:** Amounts are indicated with figures below 1 million yen omitted.

### (1) Balance-Sheet Summary

Years ended March 31	(Millions of yen; percent)			
Item	2003	Consolidated results/ non-consolidated results (times)	2002	Rate of increase ( indicates decrease)
<b>Assets</b>				
Current assets	583,104	(1.23)	586,685	0.6
Fixed assets	604,196	(1.04)	510,506	18.4
Total assets	1,187,300	(1.12)	1,097,192	8.2
<b>Liabilities</b>				
Current liabilities	488,837	(1.09)	448,761	8.9
Long-term liabilities	232,992	(1.09)	184,381	26.4
Total liabilities	721,829	(1.09)	633,142	14.0
<b>Minority interest</b>	23,376	—	22,877	2.2
<b>Stockholders' equity</b>				
Common stock	58,967	(1.00)	58,967	—
Capital surplus	55,358	(1.00)	55,358	—
Retained earnings	329,263	(1.17)	306,623	7.4
Land revaluation account	4,004	(1.00)	4,642	13.7
Other securities valuation differences	5,592	(1.02)	9,985	44.0
Foreign currency translation adjustments	303	—	6,812	95.5
Treasury stock	11,396	(1.00)	1,218	835.6
Total stockholders' equity	442,093	(1.13)	441,171	0.2
Total liabilities, minority interest and stockholders' equity	1,187,300	(1.12)	1,097,192	8.2

## (2) Income Statement Summary

Years ended March 31

(Millions of yen; percent)

Item	2003	Consolidated results/ non-consolidated results (times)	2002	Rate of increase ( indicates decrease)
Net sales (billings)	1,692,947	(1.24)	1,789,432	5.4
Gross profit	285,815	(1.41)	293,920	2.8
Operating income	46,999	(1.16)	61,168	23.2
Other income	3,500	(0.66)	4,969	29.6
Other expense	5,187	(1.20)	6,432	19.4
Ordinary income	45,312	(1.09)	59,705	24.1
Extraordinary income	36,946	(1.01)	2,674	—
Extraordinary loss	32,190	(0.95)	8,175	293.8
Income before income taxes and minority interests	50,068	(1.14)	54,204	7.6
Net income	22,963	(0.99)	27,457	16.4

## (3) Breakdown of Consolidated Cash Flow Statement Summary

Years ended March 31

(Millions of yen; indicates decrease)

Item	2003	2002
Net cash provided by (used in) operating activities	3,916	25,715
Net cash used in investing activities	80,122	37,270
Net cash provided by (used in) financing activities	81,554	19,799
Effect of exchange rate changes on cash and cash equivalents	1,170	1,400
Net decrease in cash and cash equivalents	3,655	29,953
Cash and cash equivalents at beginning of year	67,690	93,791
Net increase in cash and cash equivalents due to change of consolidated subsidiaries	4,241	3,521
Net increase in cash and cash equivalents due to business combination	—	331
Net decrease in cash and cash equivalents due to corporate separation	136	—
Cash and cash equivalents at end of year	68,139	67,690

## Financial Results for Fiscal Year Ended March 31, 2003 (Non-Consolidated)

April 1, 2002–March 31, 2003

Dentsu Inc.

- **Term Results:** Amounts are indicated with figures below 1 million yen omitted.

### (1) Balance-Sheet Summary

Years ended March 31

(Millions of yen; percent)

Item	2003	2002	Rate of increase ( <span style="font-size: small;">( indicates decrease)</span> )
<b>Assets</b>			
Current assets	473,964	480,486	1.4
Fixed assets	581,461	481,684	20.7
<b>Total assets</b>	<b>1,055,426</b>	<b>962,170</b>	<b>9.7</b>
<b>Liabilities</b>			
Current liabilities	447,976	413,283	8.4
Long-term liabilities	214,552	163,027	31.6
<b>Total liabilities</b>	<b>662,528</b>	<b>576,310</b>	<b>15.0</b>
<b>Stockholders' equity</b>			
Common stock	58,967	58,967	—
Capital surplus	55,358	55,358	—
Retained earnings	280,505	258,215	8.6
Land revaluation account	4,004	4,642	13.7
Other securities valuation differences	5,457	9,894	44.8
Treasury stock	11,396	1,218	835.6
<b>Total stockholders' equity</b>	<b>392,897</b>	<b>385,860</b>	<b>1.8</b>
<b>Total liabilities and stockholders' equity</b>	<b>1,055,426</b>	<b>962,170</b>	<b>9.7</b>

(2) Income Statement Summary

Years ended March 31

(Millions of yen; percent)

Item	2003	2002	Rate of increase ( indicates decrease )
Net sales (billings)	1,367,658	1,433,300	4.6
Gross profit	202,964	207,801	2.3
Operating income	40,513	45,928	11.8
Other income	5,288	6,023	12.2
Other expense	4,336	5,767	24.8
Ordinary income	41,465	46,184	10.2
Extraordinary income	36,469	656	—
Extraordinary loss	33,846	5,428	523.5
Income before income taxes	44,088	41,412	6.5
Net income	23,116	23,072	0.2

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