

Dentsu: A Quick Read

At a Glance

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The Dentsu Group's Management Structure

At a Glance

- **11,000+** clients globally, served by **43,000** professionals
- Gross profit international ratio¹ reached **51%**, exceeding the Japan business ratio of **49%** for the first time
- **No. 1** brand agency globally²
3rd largest media agency group in the world³
- Leading position with a **25%** share of the advertising market in Japan
- Leverage global competitiveness through a **“One P&L”** per market operating model
- Digital domain ratio⁴ accounts for **43%** at Dentsu Aegis Network and **30%** for the entire Dentsu Group
- Placed **2nd** in the “Most Awarded Agencies in the World in 2014”⁵ rankings
in recognition of creative strength, one of our capabilities
- **World’s largest** agency in the field of sports marketing, with a track record of over 40 years
through long-term, **successful relationships** with a number of major sports federations
- Both sales and profits increased in fiscal 2014, with gross profit reaching a record-high **¥676.9 billion**
Organic growth rate^{1, 6} of Dentsu Aegis Network reached **10.3%**,⁷ outperforming the peer group

¹ Based on gross profit

² Source: *Advertising Age*, May 4, 2015 edition

³ Media billings of WPP, Publicis, Omnicom, Interpublic Group and Havas are based on overall activity billings in *RECMA Overall Activity Rankings 2014*. The Dentsu Group’s media billings are a simple sum of Dentsu Aegis Network’s media billings and Dentsu’s non-consolidated media billings. Dentsu Aegis Network’s media billings are based on overall activity billings in *RECMA Overall Activity Rankings 2014*. Dentsu’s U.S. dollar-denominated non-consolidated media billings are converted from yen to U.S. dollars using the average exchange rate for 2014 (calendar year).

⁴ Based on gross profit of Internet-related marketing services, entrusted development and sales of information technology systems

⁵ Source: *THE GUNN REPORT SHOWREEL OF THE YEAR 2014*

⁶ Represents the constant currency year-on-year growth after adjusting for the effect of business acquired or disposed of since the beginning of the previous year

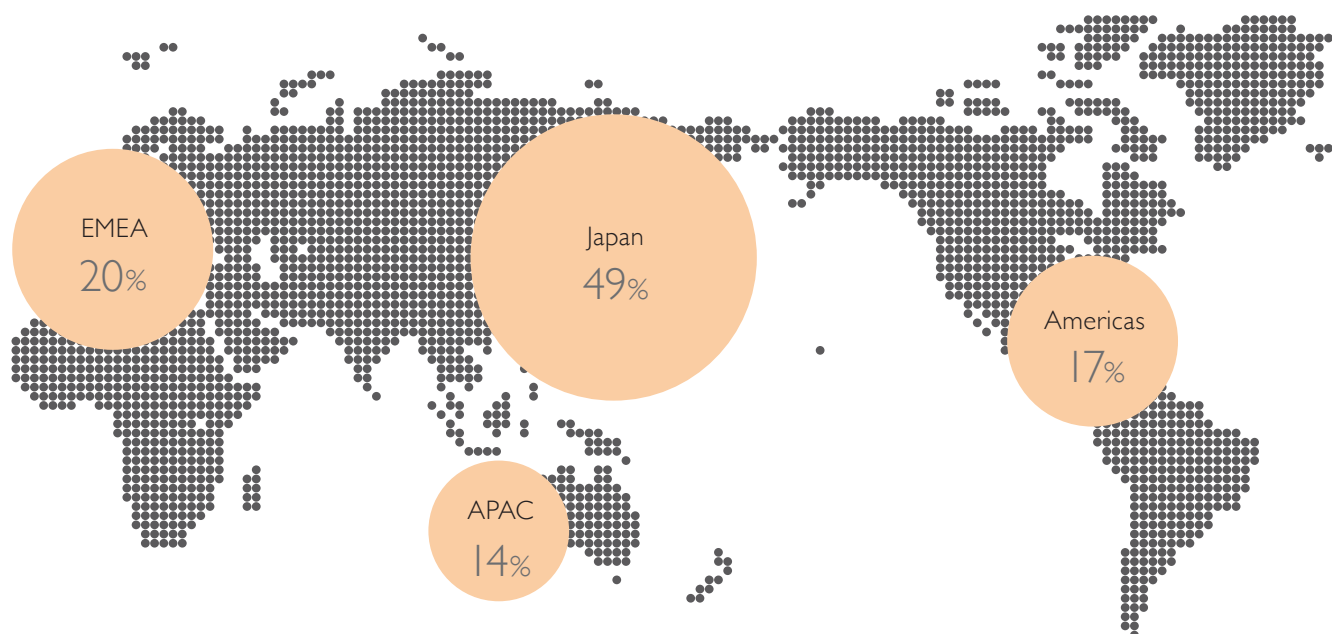
⁷ 5.8% for the Dentsu Group (Consolidated)

Expansion of International Business

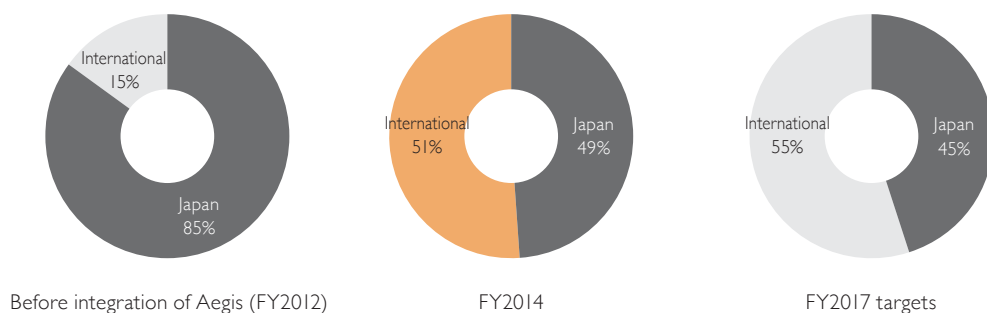
The global business operates with 380 offices and 43,000 employees in 124 countries around the world.

In terms of the percentage mix by major region, Japan accounts for 49%; EMEA,¹ 20%; the Americas,² 17%; and APAC,³ 14%.

¹ Europe, Middle East and Africa
² North, Central and South America
³ Asia Pacific (excl. Japan)

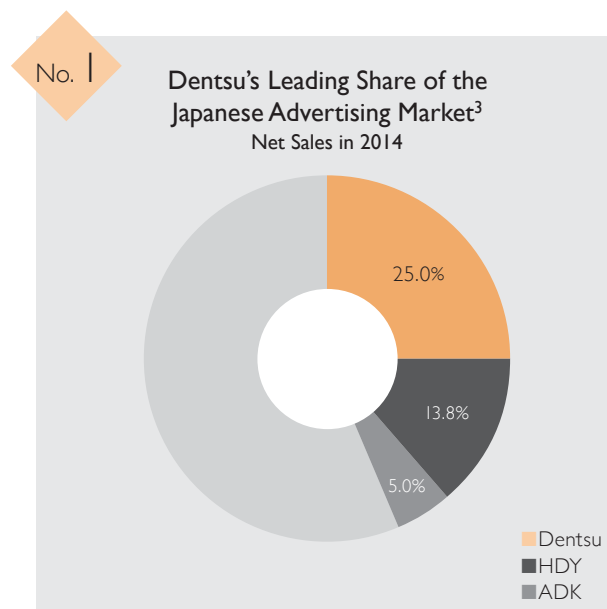
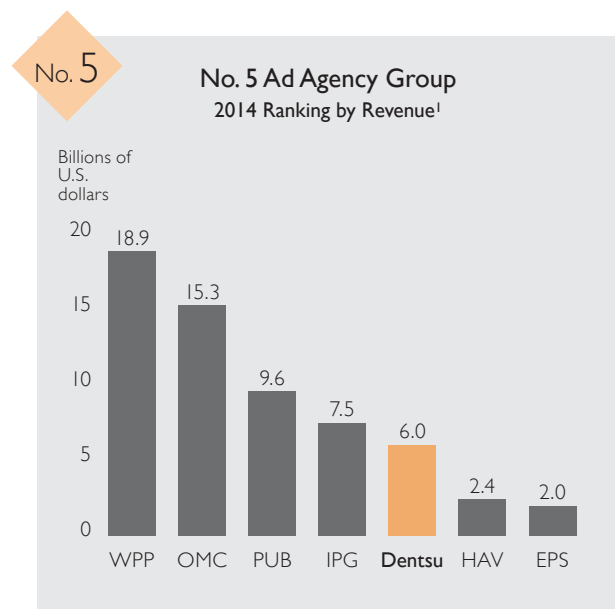
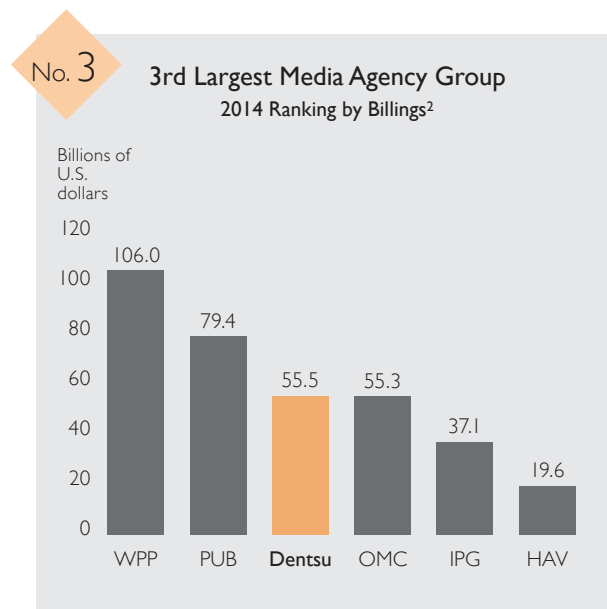


With the acquisition of Aegis Group plc in March 2013, the international contribution to the Dentsu Group's gross profit grew significantly, and its business structure is much more regionally diverse.



Positioning as a Global Network

Dentsu ranks as the No. 1 brand agency globally¹; the 3rd largest media agency group in the world²; and in Japan it has a leading share of the market. The Dentsu Group is evolving into a truly global network:



¹ Source: Advertising Age, May 4, 2015 edition

² Media billings of WPP, Publicis, Omnicom, Interpublic Group and Havas are based on overall activity billings in *RECMA Overall Activity Rankings 2014*. The Dentsu Group's media billings are a simple sum of Dentsu Aegis Network's media billings and Dentsu's non-consolidated media billings. Dentsu Aegis Network's media billings are based on overall activity billings in *RECMA Overall Activity Rankings 2014*. Dentsu's U.S. dollar-denominated non-consolidated media billings are converted from yen to U.S. dollars using the average exchange rate for 2014 (calendar year).

³ (1) HDY is the total of net sales by Hakuholdo, Daiko Advertising and Yomiuri Advertising.

(2) Under JGAAP, net sales are calculated in calendar 2014.

Sources: Advertising and Economy, *Current Situation of Japanese Advertising Agencies and 2014 Advertising Expenditures in Japan* (Dentsu)

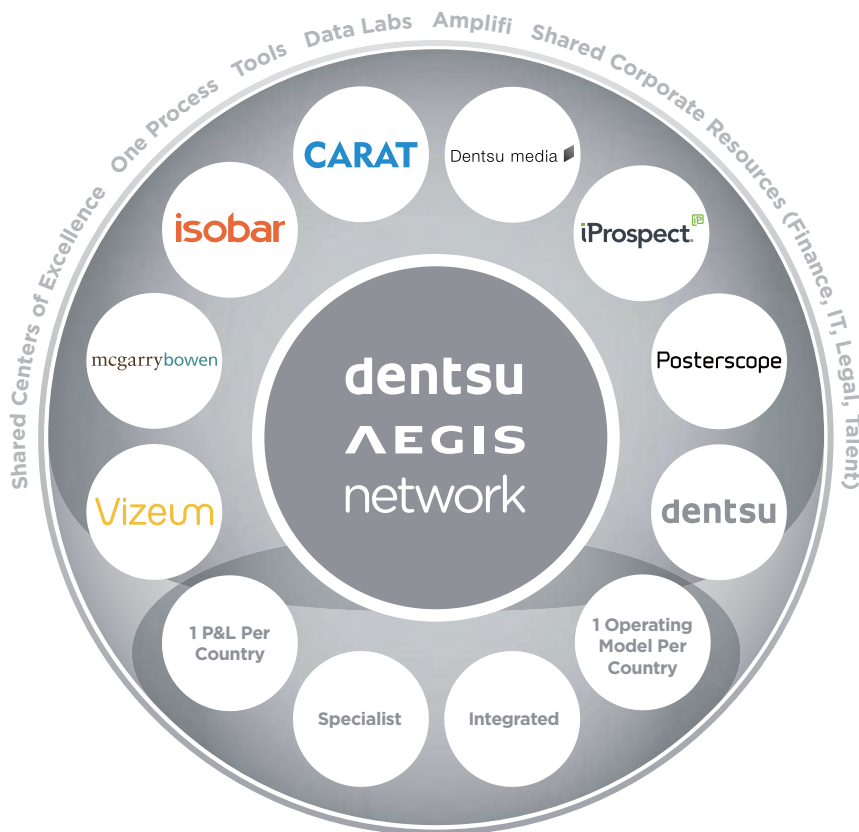
Unique Operating Model

Leveraging the structural advantage of “One P&L” per market in a unique, scalable operating model

The Dentsu Group has established a “One P&L” per market operating model, which is unique and collaborative. Group companies are incentivized to collaborate across agencies and countries. This model enables Dentsu to provide integrated and specialist services for clients across markets and regions.

In an age of marketing convergence,* advertisers are looking for integrated and specialist services from their agency partners. Our operating model offers a source of differentiation that gives the Dentsu Group an edge over the peer group, and has been a key driving force in our strong performance in recent years.

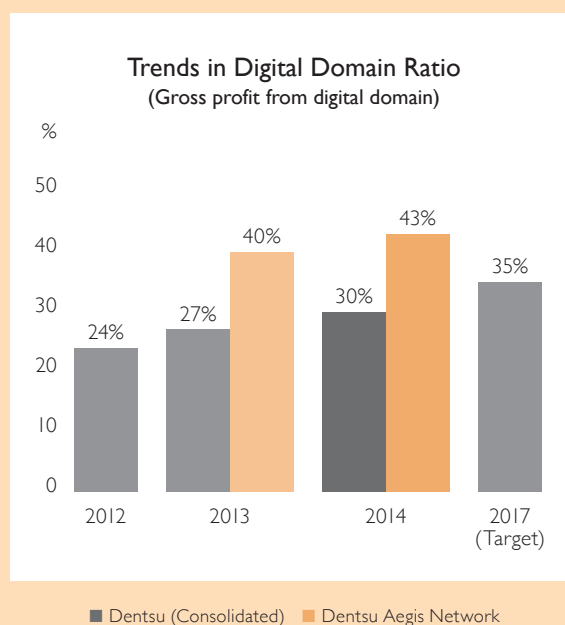
* New marketing paradigm reflecting spread of digital media and social media in recent years as well as changing consumer behavior patterns and progress in all kinds of technologies



Capabilities by Business Domain

Digital

The Dentsu Group has established a leading position in the digital domain. The digital domain ratio in the international business increased to 43% in fiscal 2014.



The Dentsu Group's market-leading digital brands

isobar

Global, borderless digital marketing agency with a team of 4,000 working in 70 locations across 43 markets

- Market-leading position within Gartner's "Magic Quadrant" agencies
- Recognition from Forrester as a leading innovation agency
- APAC "Digital Network of the Year" award three times in the last four years

iProspect

The world's leading digital performance agency. RECMA's digital agency report confirms iProspect as the world's largest digital media and performance agency

amnet

Amnet trading desk was created in response to the technology-driven revolution in digital media buying and provides best in class service and expertise in emerging data-driven media strategies. Grown from 0 to 33 markets in 2 years, doubling revenue in 2014

Capabilities by Business Domain

Media

3rd largest media agency group in the world¹



The Dentsu Group's market-leading media brands

Media	CARAT	Vizeum	Dentsu media	Posterscope
Footprint	124 countries 8,000 headcount	45 countries 2,200 headcount	13 countries 1,100 headcount	32 countries 800 headcount

¹ Media billings of WPP, Publicis, Omnicom, Interpublic Group and Havas are based on overall activity billings in *RECMA Overall Activity Rankings 2014*. The Dentsu Group's media billings are a simple sum of Dentsu Aegis Network's media billings and Dentsu's non-consolidated media billings. Dentsu Aegis Network's media billings are based on overall activity billings in *RECMA Overall Activity Rankings 2014*. Dentsu's U.S. dollar-denominated non-consolidated media billings are converted from yen to U.S. dollars using the average exchange rate for 2014 (calendar year).

Capabilities by Business Domain

Creative

Dentsu placed second in the “Most Awarded Agencies in the World in 2014”² rankings.

	Grand Prix/ Special Award	Gold	Silver	Bronze
October 2014 CLIO	👑 × 3	★ × 7	☆ × 7	★ × 3
March 2015 ADFEST	👑 × 4 ⁴	★ × 4	☆ × 15	★ × 22
May 2015 The One Show	👑 × 1 ⁵	★ × 3	☆ × 4	★ × 10
June 2015 Cannes Lions International Festival of Creativity ⁶		★ × 3	☆ × 5	★ × 13

² Source: THE GUNN REPORT SHOWREEL OF THE YEAR 2014

³ The 55th Annual CLIO Awards: Agency of the Year

⁴ ADFEST 2015: Grande Lotus in the Design category/Advertising Agency of the Year/Interactive Agency of the Year/Branded Content Lotus

⁵ The 42nd Annual ONE SHOW AWARDS: Best In Design

⁶ The Cannes Lions International Festival of Creativity got its start as a cinema screen advertising contest within the Cannes International Film Festival but became a separate event in 1954. It has gained particularly high recognition among numerous international advertising awards for its scale, the composition of its judging panel, and the high level of award-winning works.

Sports Marketing

Dentsu has enjoyed long-term, successful relationships with a number of major sports federations. Dentsu was designated as the exclusive marketing agency for the Tokyo 2020 Olympic and Paralympic Games.

	Marketing Rights	Media Rights
IOC (The Olympic Games)	Japan	Asia
FIFA (Football/Soccer)	Japan	Japan
IAAF (Athletics/Track & Field)	Global	Global
FINA (Swimming)	Global	Global
FIVB (Volleyball)	Asia	Global

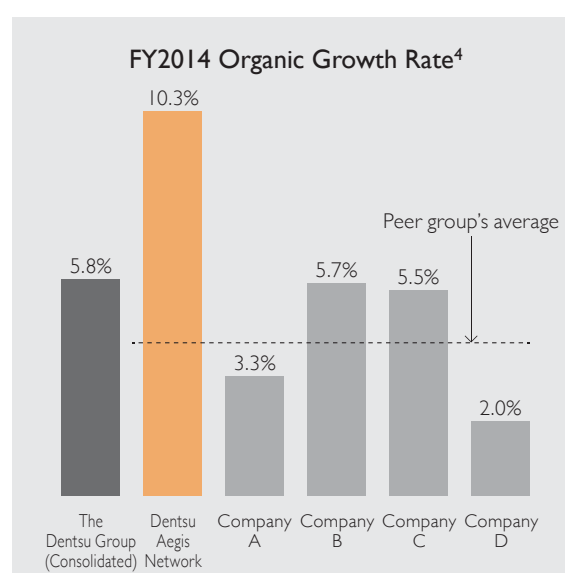
Operating Highlights

With the growth in operating profit, gross profit reached a record-high ¥676.9 billion in fiscal 2014.

Billions of yen, YoY

Gross profit	676.9	+10.1%
Operating profit	132.3	+23.3%
Profit for the year (attributable to owners of the parent)	79.8	+20.1%
Underlying operating profit ¹	131.9	+5.1%
Operating margin ²	19.5%	-0.9 ppt
Underlying net profit ³ (attributable to owners of the parent)	92.8	+10.0%

In terms of organic growth, Dentsu Aegis Network significantly outperformed the peer group.



¹ Underlying operating profit: KPI to measure recurring business performance which is calculated as operating profit added with amortization of M&A-related intangible assets, impairment loss, gain/loss on sales of non-current assets, acquisition costs and other one-off items

² Operating margin = Underlying operating profit ÷ Gross profit × 100

³ Underlying net profit (attributable to owners of the parent): KPI to measure recurring net profit attributable to owners of the parent which is calculated as net profit (attributable to owners of the parent) added with adjustment items related to operating profit, revaluation of earnout liabilities/M&A-related put-option liabilities, tax-related, NCI profit-related and other one-off items

⁴ Organic growth rates of the Dentsu Group, Dentsu Aegis Network and WPP are based on gross profit. Other competitors' organic growth rates are based on revenue.

The Dentsu Group's Management Structure

The Japan business is spearheaded by Dentsu while the international business is led by Dentsu Aegis Network, which includes Aegis and Dentsu's legacy international businesses.

