

FOR IMMEDIATE RELEASE

May 27, 2020

Notice regarding the Changes to the Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020

Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Toshihiro Yamamoto; Head Office: Tokyo; Capital: 74,609.81 million yen) announces that it has withdrawn the forecast of consolidated financial results for the fiscal year ending December 31, 2020 previously announced on February 13, 2020.

1. Revised Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020 (IFRS)

(Millions of yen)

	Revised forecast (A)	Previous forecast (B)	Change (A-B)	Change (%)	[Reference] Actual results for previous year (FY ended Dec. 31, 2019)
Revenue	Undecided	1,077,100	-	-	1,047,881
Revenue less cost of sales	Undecided	970,300	-	-	939,385
Underlying operating profit	Undecided	149,200	-	-	140,751
Operating margin	Undecided	15.4%	-	-	15.0%
Underlying net profit*	Undecided	86,500	-	-	76,120
Underlying basic EPS (Yen)*	Undecided	312.57	/	/	270.94
Operating profit	Undecided	108,200	-	-	(3,358)
Net profit*	Undecided	46,700	-	-	(80,893)
Basic EPS (Yen)*	Undecided	168.75	/	/	(287.92)

*Attributable to owners of the parent

Notes:

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

Operating margin: Underlying operating profit divided by revenue less cost of sales.

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

2. Reasons for the Revisions

In the press release “Information on the effects of the spread of COVID-19 on Dentsu Group” issued on March 25, 2020, the Dentsu Group announced that the business environment on which the full-year consolidated financial forecast announced on February 13, 2020 was based has been changing significantly.

COVID-19 is causing a slowing in demand across our industry, and we are not immune. This has put pressure on our performance in Japan and the International business. We are therefore anticipating a material decline in revenues across our business in FY2020.

We have taken swift cost actions to mitigate this revenue decline, protect margin and safeguard our people’s jobs. Despite this, given the level of uncertainty caused by COVID-19 we are withdrawing our FY2020 guidance.

We will continue to collect and analyze information, and we will provide an update as soon as there is a degree of certainty around our FY2020 forecasts.

In addition, the current business environment continues to be severe. Given this situation, the second quarter (April to June) is expected to be the weakest quarter of the year.

The Dentsu Group’s dividend policy emphasizes “continuity” and “stability” and the dividend forecast for the end of the second quarter (47.5 yen) and at the end of the year (47.5 yen), totaling 95 yen per share remains unchanged at this time. We will continue to focus on maximizing the profits generated by the balance sheet, and remain focused on generating value for our shareholders.

Note:

Refer to the news release titled “Dentsu Group: Review of Initiatives to address COVID-19” announced today (May 27, 2020) for the details on our initiatives to address COVID-19.

#####

About the Dentsu Group

Led by Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004), a pure holding company established on January 1, 2020, the Dentsu Group encompasses two operational networks: Dentsu Japan Network, which oversees Dentsu’s agency operations in Japan, and Dentsu Aegis Network, its international business headquarters in London, which oversees Dentsu’s agency operations outside of Japan.

With a strong presence in over 145 countries and regions across five continents and with more than 66,000 dedicated professionals, the Dentsu Group provides a comprehensive range of client-centric integrated communications, media and digital services through its ten global brands—Carat, Dentsu, dentsu X, iProspect, Isobar, dentsumcgarrybowen, Merkle, MKTG, Posterscope and Vizeum—as well

dentsu group

as through Dentsu Japan Network companies, including Dentsu Inc., the world's largest single brand agency with a history of innovation. The Group is also active in the production and marketing of sports and entertainment content on a global scale.

Dentsu Group Inc. website URL: <https://www.group.dentsu.com/en/>

For Additional Inquiries

	Tokyo	London
Media – Please contact Corporate Communications:	Shusaku Kannan: +81 3 6217 6602 s.kannan@dentsu.co.jp	Dani Jordan: +44 7342 076 617 Dani.Jordan@dentsuaegis.com
Investors & analysts – Please contact Investor Relations:	Yuji Ito: +81 3 6217 6613 y.ito@dentsu.co.jp	Kate Stewart: +44 7900 191 093 Kate.Stewart@dentsuaegis.com