

February 14, 2025

## **Dentsu Announces Mid-Term Management Plan 2025-2027**

**– Designed to create a strong growth trajectory with a renewed  
prioritization of the business portfolio –**

Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004; President & Global CEO: Hiroshi Igarashi; Head Office: Tokyo; Capital: 74,609.81 million yen; the Company and its Group companies are hereinafter collectively referred to as “dentsu”) announced today that its Board of Directors has formulated a Mid-Term Management Plan covering the period from fiscal 2025 to 2027.

The aim of this new Mid-Term Management Plan is to review its past M&A-focused growth strategy and return to strong organic growth. With the recognition that dentsu’s position has relatively shifted in the face of intensifying competition with an emergence of highly-scaled players both within and outside the industry accompanied by large-scale investments made by tech and consulting companies, particularly in the field of AI, dentsu has reviewed the business portfolio, is focusing our capital and talents to regain competitiveness, and aims to return to a strong growth trajectory in three years.

In 2025, the first year of the new Mid-Term Management Plan, dentsu will focus on restoring profitability and competitiveness in its International business (Americas, EMEA, and APAC) through the reevaluation of underperforming businesses globally as well as by rebuilding the business foundation.

Dentsu's strengths are threefold:

1. Placing client-centricity at the heart of every part of the business in order to promote strong relationships of trust and a deep understanding of client needs.
2. Acting as a true innovation partner to clients as they seek exponential growth to gain an outsized advantage in their market and to develop new categories and revenue streams.
3. Being intensely focused on achieving results through a skilled and talented team, whether it be boosting sales, transforming organizations, or fostering positive societal change.

By leveraging these strengths, dentsu aims to become a network that wins globally by growing locally via an allocation of capital and talent in the following areas:

1. Markets: Japan and the United States, where dentsu has a large revenue base with an abundance of business assets.
2. Clients: Large and medium-sized clients.
3. Capability: the enhancement of the added value of the Media domain, which is the core of delivering Integrated Growth Solutions (IGS) in the International business.

Dentsu will grow globally by accumulating local successes.

To demonstrate this growth, dentsu has laid out the following key financial targets to be achieved by FY2027:

1. Organic growth: 4.0%
2. Operating margin: 16-17%
3. Operating cash flow for the year: 140 billion yen
4. ROE: mid-teens range

Dentsu will sustainably enhance corporate value by committing to achieve business growth as indicated by these targets, a sound financial policy and capital allocation, as well as corporate governance, sustainability, and talent management.

**Comment from Hiroshi Igarashi, Director, Representative Executive Officer, President & Global CEO, dentsu:**

"Dentsu's vision remains 'to be at the forefront of people-centered transformations that shape society.' Through this Mid-Term Management Plan, dentsu will boldly promote the necessary changes and reforms to once again achieve strong organic growth, and will realize this vision. By achieving the goals of this Mid-Term Management Plan as 'One dentsu,' we will enhance our corporate value and realize sustainable development for society, our clients and our employees."

■ Mid-Term Management Plan 2025-2027 Materials (refer to the FY2024 financial results presentation)

<https://www.group.dentsu.com/en/ir/data/pdf/2024EAPREE.pdf>

■ Business Strategy

A network that wins globally by growing locally

Markets:

- Focus on Japan and the United States, where dentsu has a large revenue base with an abundance of business assets.
- Focus on other markets where we already have a strong position.

Clients:

- Target large and medium-sized clients in each market.
- Continue to prioritize Global and Regional Accelerator client initiatives.
- Strengthen the Client Management team.

Capabilities:

- In the International business, dentsu will focus on improving the added value of the Media domain, which is the key in delivering Integrated Growth Solutions (IGS), and restore business performance.
- In Japan, dentsu will further differentiate IGS by strengthening its capabilities such as Business Transformation (BX) and technology.

## ■Key Financial Targets for 2027

- Organic growth: 4.0%
- Operating margin: 16-17%
- Operating cash flow for the year: 140 billion yen
- ROE: mid-teens range

## ■Finance policy

- Restore a healthy balance sheet by recovering profitability and competitiveness.
- Continue disposal of non-operating assets, such as strategic shareholdings.
- Further strengthen investment discipline in cooperation with the Finance Committee.

## ■Capital allocation

- Rebuilding the business foundation: 50 billion yen will be spent as a one-off cost in FY2025 for the rebuilding.
- Internal investment: 45 billion yen is planned to be invested in key markets and businesses over the three years.
- Shareholder returns: Maintain policy of a 35% payout ratio as in the previous MTMP and will aim to pay stable dividends. In FY2025, while the investment will precede its outcome, the dividend will be maintained at the previous year's level as a transitional period.
- M&A, etc.: Carried out selectively in line with business performance recovery and under strengthened, disciplined management.

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