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▶Key Figures ▶Key Strategies ▶Features

Key Figures of the Dentsu Group (CY2015)

Gross profit

¥761.9 billion

Organic growth rate (gross profit)

7.0 %

January to December 2015, YoY

Gross profit international business ratio

54.3 %

Organic growth rate (international business)

9.4 %

January to December 2015, YoY

Gross profit digital domain ratio

34 %

Gross profit digital domain growth rate

+22.2 % (Japan)

+24.8 % (International)

January to December 2015, YoY

Underlying operating profit operating margin

21.1 %

January to December 2015

Share of the Japanese advertising market

25 %

Note: Under JGAAP, net sales are calculated in calendar 2015. Sources: Advertising and Economy, Current Situation of Japanese Advertising Agencies and 2015 Advertising Expenditures in Japan (Dentsu)

Operating area

over 140 countries and territories around the world

Number of employees

47,324

As of December 31, 2015



Business Domains

The Dentsu Group is a marketing communications enterprise. Its business involves determining the essence of a client's issues and designs, before proposing and implementing an integrated communications plan that realizes true solutions.

With the acquisition of Aegis in March 2013 and establishment of Dentsu Aegis Network (DAN), the Group has become a truly global network, with around 47,000 professionals in more than 140 countries (as of the end of December 2015). The Group offers the best integrated solutions for clients, not only in Japan, but also in the global market.

As a solutions partner responding to the challenges faced by its clients, the Group provides a diverse range of services. With the communications domain at its core, it is engaged in a wide range of business activities, from corporate management and operating solutions to the implementation of marketing and communications strategies.

Moreover, to meet the changing needs of society, the environment, and consumer lifestyles, the Group's service sphere is expanding to cover an array of solutions that address societal issues.

Dentsu Group Corporate Philosophy

Statement

*Ideas that reach beyond the imaginable.
Technology that crosses the bounds of possibilities.
Entrepreneurship that surpasses the expected.
Three sources of strength, driving our innovation,
bringing positive change to people and society.*

Slogan

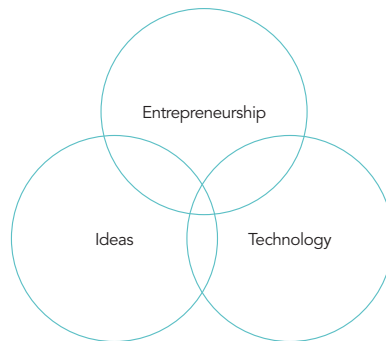
Good Innovation.

The three elements of innovation

Entrepreneurship

+ Ideas

+ Technology



By "innovation," we mean much more than just technological innovation. We mean generating new value for people and society through a wide variety of changes.

▶Key Figures ▶Key Strategies ▶Features

Dentsu 2017 and Beyond: Medium-term Management Plan's Major Achievements, Strategy

Behind the Figures

Strategic Themes

1. Diversifying the portfolio on a global basis

- Steady performance of our core Japan business
- Continuous growth in our international business
- Management able to lead the growth of our international business
- Increasing new business to leverage our Group synergies

2. Evolving and expanding in the digital domain

Through acquisitions, we accelerate the enhancement of our capability and service quality in new and developing areas, including brand commerce, content marketing, experiential marketing, data analytics, and customer relationship management (CRM).

3. Re-engineering business processes and improving profitability

- Continued cost control
- Expansion of the fee element of our business
- Japan business: Restructuring of the value chain

4. Reinforcing the business platform in the core Japanese market

- Develop our digital solution capability, including marketing intelligence and data
- Seek growth opportunities by contributing to the revitalization of Japan

Strengthening Corporate Social Responsibility globally

The Group formulated the Dentsu Group Medium-Term CSR Strategy 2020 in December 2015. This strategy involves setting targets for 2020 in the four key areas of environment, community, supply chain, as well as responsible marketing and sustainable consumption.



The spread of digital and social media in recent years, as well as changes in patterns of consumer behavior and the evolution of technologies, have changed the relationship between companies and consumers in the area of marketing. As a result, it has become difficult for companies to succeed without organically linking each marketing process and individual measure although, in the past, these had functioned separately. In other words, enterprises require increasingly more focused strategies and tactics in order to make their marketing activities more effective.

In an environment in which marketing convergence is progressing, the Group will enjoy more opportunities for growth. And, as marketing convergence develops, greater value will attach to its integrated abilities, which are based on platforms that include: (1) a diversified data platform; (2) intelligence that leads to accurate insights; (3) ideas and planning that improve the effects of companies' overall marketing activities; and (4) the utilization of various possibilities brought about by technological developments.

Under the medium-term management plan Dentsu 2017 and Beyond, which began in 2013, we exercise such competences more strongly in the global arena and aim to evolve into the world's most advanced global network—one that helps improve the corporate value of all our clients, beyond national and regional borders.

Dentsu 2017 and Beyond: Our Goal

To evolve into a truly global network
at the forefront of marketing convergence

Innovation × Reinvention

We aim to become the world's most advanced global network, leading marketing convergence and innovation and providing solutions that contribute to improving the corporate value of all our clients.

▶Key Figures ▶Key Strategies ▶Features

Dentsu 2017 and Beyond: Determination to Promote the Plan

We will create new social values by improving our problem-solving and revenue-generating capabilities.



Tadashi Ishii

Representative Director
President & CEO

▶P.007

We will further diversify the portfolio on a global basis, while focusing on the digital area.



Tim Andree

Director and Executive Vice President,
Dentsu Inc.
Executive Chairman,
Dentsu Aegis Network

▶P.023

We will maintain the positive momentum and further strengthen digital economy solutions.



Jerry Buhlmann

Executive Officer, Dentsu Inc.
CEO, Dentsu Aegis Network

▶P.025

We will increase profits by proactive investment in the growing business domain, while maintaining and improving profitability.



Shoichi Nakamoto

Director and
Senior Executive Vice President,
CFO

▶P.008

We aim to create new values for Japan, from where we will disseminate them.



Yoshio Takada

Director and
Executive Vice President

▶P.018

We will improve environmental, social, and governmental values in conjunction with our business activities, in the pursuit of a better society.



Kunihiro Matsushima

Chair of the CSR Committee,
Director

▶P.045



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Editorial Policy

As an integrated report for the first year, this report covers both financial and non-financial reporting and illustrates medium- to long-term value and sustainability of the company.

Target audience

All stakeholders including shareholders and investors

Reference guidelines

IIRC (International Integrated Reporting Council)
The International Integrated Reporting Framework

GRI (Global Reporting Initiative)

Sustainability Reporting Guidelines, Version 4 (G4)

Period covered by the report

Centered on activities during fiscal 2015 (April 1, 2015 through December 31, 2015), but also describes some activities from preceding or more recent periods.

Organizations covered

Dentsu Inc. and Dentsu Group companies

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Forward-Looking Statements

This integrated report contains statements that constitute "forward-looking statements" regarding the intent, belief or current expectations of Dentsu Inc. or its management with respect to the results of operations and financial condition of Dentsu or the Dentsu Group. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. The information contained in this integrated report identifies important factors that could cause such differences. These forward-looking statements speak only as of the date hereof. Dentsu disclaims any obligation to update or publicly announce any revisions to these forward-looking statements to reflect future events, conditions or circumstances.

CEO Message



Creating new social values

Tadashi Ishii

Representative Director
President & CEO

The business environment surrounding the Dentsu Group is continuously and significantly transforming with an emphasis on two keywords—global and digital. Furthermore, our clients and a wide variety of business partners are working toward various innovations. These innovations harness the ever-growing power of digital technology and include new business development, and business structure and business model innovation.

The series of changes extended to all areas pose a threat to us. However, they also bring significant opportunities for the Dentsu Group to achieve further growth.

The broad sense of creative capability that supports the fundamental element of the Dentsu Group can be effectively demonstrated not only in media business, but also in other areas, such as marketing, promotion, entertainment and sports. In addition, the recent environmental changes, as typified by digitalization, are dramatically expanding the scope and areas where we can demonstrate the creative capability we have cultivated over the years.

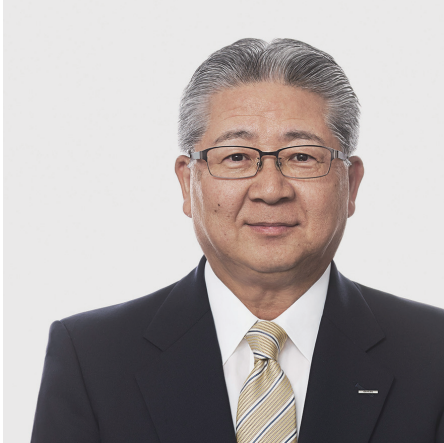
By incorporating the various environmental changes progressing on a global scale as the driving force for our evolution and growth, we can deliver the Dentsu Group's unique solutions in combination with our creative capability—a capability that has been heightened to date—and a variety of imagination, technical capabilities, and expertise. To create such unique solutions, and execute them, steadily offers a source of differentiation that gives the Dentsu Group an edge over our competitors, such as specialized digital agencies and consulting firms.

Furthermore, the target field of our solutions is no longer limited to the field of communication. I firmly believe that the role we should play is to evolve into a partner that can support client success and social advancement from multiple angles, by developing and executing myriad innovative, creative solutions for the success of our clients' various businesses and to address diverse social problems.

"Good Innovation." the Dentsu Group's corporate philosophy, encapsulates the strong Group-wide drive to create new value and lead the way toward transformation while emphasizing our commitment to supporting innovation within business enterprises and society.

The Dentsu group, having a global network across over 140 countries and territories, will continue to accumulate a history of innovation to tackle challenges worldwide, undertake innovation toward the creation of new social values, and meet the expectations of all stakeholders.

CFO Message



Pursuing sustainable profit growth

Shoichi Nakamoto

Director and
Senior Executive Vice President & CFO

Consolidated Financial Highlights (Calendar Year Basis) and Performance Outlook for Fiscal 2016

The performance of the Dentsu Group remained favorable in CY2015. The group posted a gross profit of ¥761.9 billion (a year-on-year increase of ¥8.51 billion) and, factoring in the effect of acquisitions and exchange rates, the organic gross profit growth rate was 7.0%. The underlying operating profit increased to ¥160.4 billion (up 20.3% year on year), and the underlying operating margin rose 1.4 percentage points year on year to 21.1%.

The Group's Japan business remained brisk, with the gross profit marking a year-on-year increase of 4.3% (including a 3.9% rise in organic growth), reflecting the contribution of sponsorship sales associated with the Tokyo 2020 Olympic and Paralympic Games.

Meanwhile, international business continued to show high growth, with 20.6% year-on-year growth in gross profit (including organic growth of 9.4%) reflecting the effects of M&A projects and the contribution of new clients in addition to the strong business momentum maintained in Europe, the Middle East and Africa, as well as the Asia Pacific region, excluding Japan.

With regard to the consolidated performance outlook for fiscal 2016, we forecast a gross profit of ¥768.7 billion (up 0.9% year on year) and ¥104.5 billion in underlying operating profit (down 7.8% year on year).

Capital Management Strategy and Return to Shareholders

In order for the Group's corporate value to improve sustainably and continue to meet shareholder expectations, despite intensifying competition worldwide, it is extremely important that the Group develop and reinforce its business foundations. This will enable it to enhance its integrated and professional capabilities, as well as promote the acquisition and creation of new growth opportunities.

In recognition of the above, our top priority is to continue investing in growth domains in the pursuit of sustainable profit growth. Further, we plan to steadily enhance capital efficiency in order to provide our shareholders with a comprehensive return. This we will achieve by combining long-term improvement in shareholder value through business growth, together with ongoing and stable dividend payments, and flexible share repurchases.

For the fiscal 2015 dividend, we decided to pay out ¥75 per share, with an interim dividend of ¥35, and a year-end dividend of ¥40. The decision was made after careful consideration of the current fiscal year's operating results; the medium- and long-term performance forecast; and our financial status, bearing in mind future investment plans and our financial soundness.

Your continued understanding and support for the Dentsu Group's management is highly appreciated.