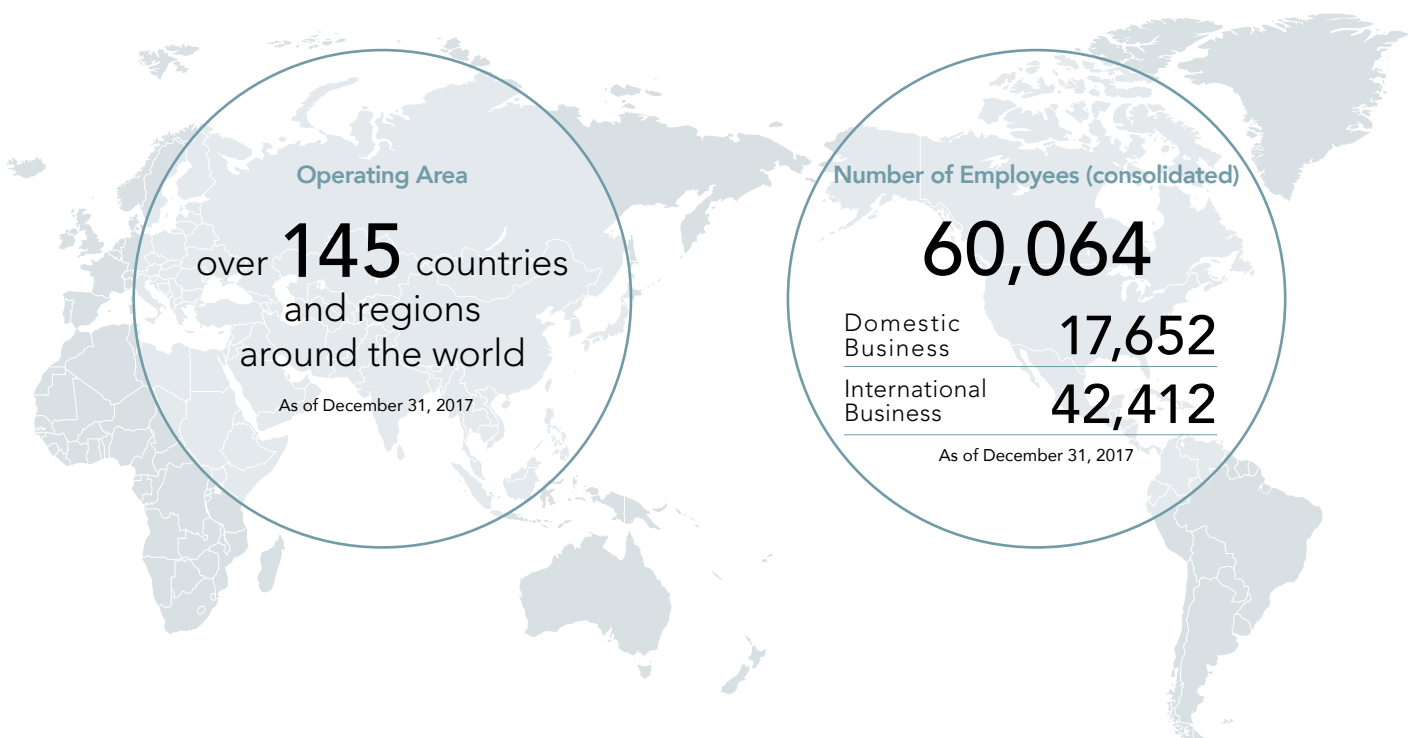


Overview of the Dentsu Group

As the driving force in Japan's advertising industry, the Dentsu Group maintains long-term business relationships with a variety of customers that include leading corporations in Japan and overseas. We have also established distinctive services in overseas markets and built a solid network covering Japan, Americas, EMEA and APAC. Our operations are led by Dentsu in Japan and Dentsu Aegis Network internationally.



Gross Profit

¥877.6 billion
January to December 2017

Underlying Operating Margin

18.7 %
January to December 2017

International Business Ratio*

58.8 %
*gross basis.
January to December 2017

Digital Domain Ratio

22.2 % (in Japan) (2.5pt↑)
57.9 % (international) (5.6pt↑)
January to December 2017

Ranking of Advertising Holding Company Groups

Top 5 Worldwide
Source: Advertising Age, May 2018 (Advertising Age estimates)

Share of the Japanese Advertising Market

24.4 %
Note: Under JGAAP, net sales are calculated in calendar 2017.
Sources: Advertising and Economy; Current Situation of Japanese Advertising Agencies; and 2017 Advertising Expenditures in Japan (Dentsu)

Reduction Rate of CO₂ Emission

9.3 %
year-to-year comparison basis, scope 1+2+3

A Strong Global Network

We provide integrated services with high added value to customers in countries using global resources and infrastructure provided by 10 global network brands and five global specialist/multimarket brands in addition to domestic Group companies.

To realize the Dentsu Group integrated and specialist approach, common business goals are established by each Group company to achieve seamless coordination. We are also able to provide integrated services by collaborating with top class professionals, in a variety of fields and located around the world.

Group Companies in Japan

Global Network Brands

Specialists / Multi-market Brands

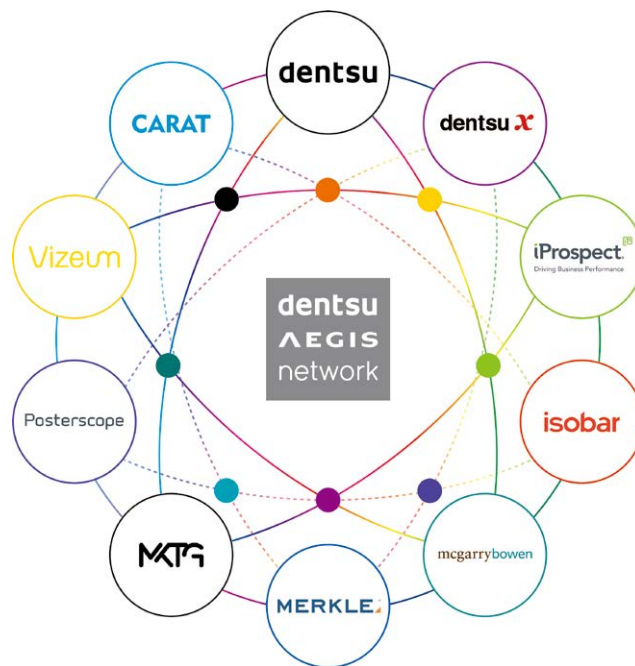
DENTSU
DIGITAL

iSiD
IT Solution Innovator

CCI
EVER COMMUNICATIONS INC.

dentsu
DENTSU TEC. INC.

DENTSU
LIVE
MOMENT OF TRUTH



360

Amplifi

amnet

data2decisions

Mitchell

Assessment from Outside Institutions

Dentsu Group disclosure of activities and information related to environmental preservation and other sustainability efforts, as well as the achievements of our initiatives to the environment, social and governance (ESG), have been favorably assessed by institutions responsible for ratings and awards.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

MSCI

2017 Constituent
MSCI ESG
Leaders Indexes

MSCI

2017 Constituent
MSCI ジャパン ESG
セレクト・リーダーズ指数

CDP
DISCLOSURE INSIGHT ACTION

ASRA
2016 FINALIST

Financial/Non-financial Highlights

(Consolidated, IFRS)

(Millions of Yen)

Dentsu Inc. and Consolidated Subsidiaries	Calendar year basis ⁽¹⁾		
	2015	2016	2017
Turnover	4,990,854	4,924,933	5,187,300
Revenue	818,566	838,359	928,841
Gross profit	761,996	789,043	877,622
Organic gross profit growth rate ⁽²⁾ (Consolidated)	7.0%	5.1%	0.1%
Organic gross profit growth rate (Japan)	3.9%	4.5%	(0.3%)
Organic gross profit growth rate (International)	9.4%	5.7%	0.4%
Operating profit	128,212	137,681	137,392
Underlying operating profit ⁽³⁾	160,438	166,565	163,946
Operating margin ⁽⁴⁾ (Consolidated)	21.1%	21.1%	18.7%
Operating margin (Japan)	26.0%	26.8%	24.5%
Operating margin (International)	16.9%	16.2%	14.6%
Profit for the year attributable to owners of the parent	83,090	83,501	105,478
Underlying net profit ⁽⁵⁾	113,388	112,972	107,874
Basic earnings per share	¥289.95	¥292.85	¥373.11
Basic underlying net profit per share	¥395.67	¥396.20	¥381.58
Return on equity (ROE) ⁽⁶⁾	7.7%	8.3%	10.4%
Underlying ROE	10.6%	11.3%	10.6%
ROA ⁽⁷⁾	—	4.4%	4.5%
Ratio of equity attributable to owners of the parent ⁽⁸⁾	34.8%	29.6%	30.7%
Cash dividend per share	¥75	¥85	¥90
Dividend payout ratio ⁽⁹⁾	25.9%	29.0%	24.1%
Underlying dividend payout ratio	19.0%	21.5%	23.6%

(1) 2015 are reported on a pro forma basis, and 2016 and 2017 are reported on a financial reporting basis.

(2) Organic gross profit growth rate 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

(3) 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

(4) Operating margin = Underlying operating profit ÷ Gross profit × 100

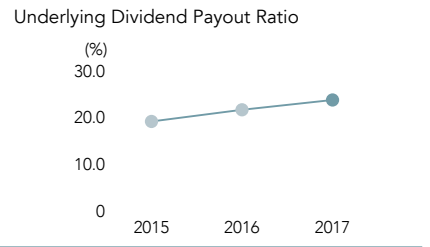
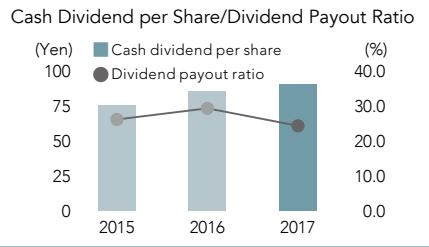
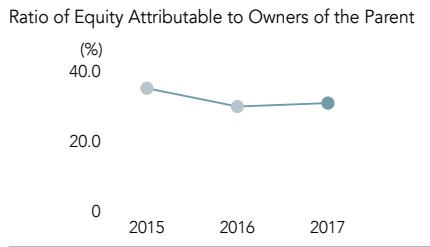
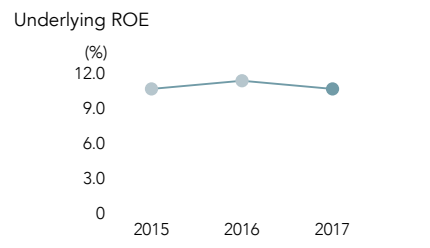
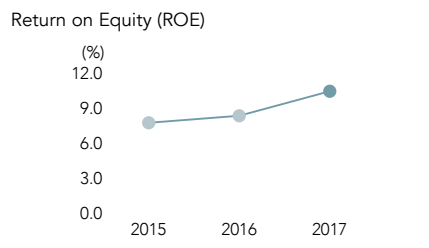
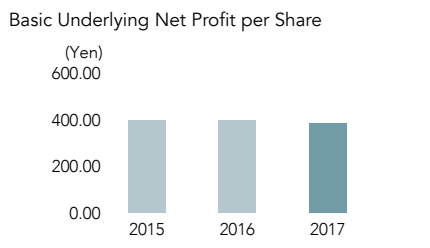
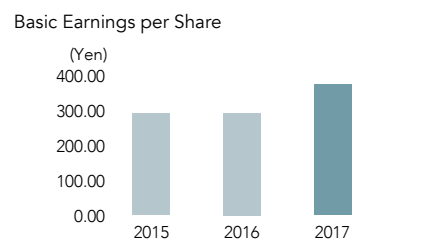
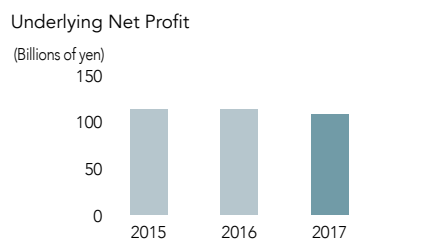
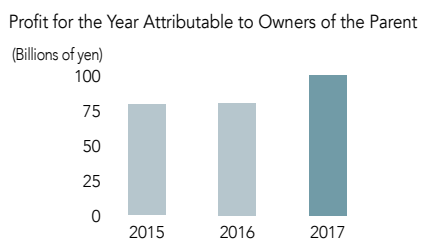
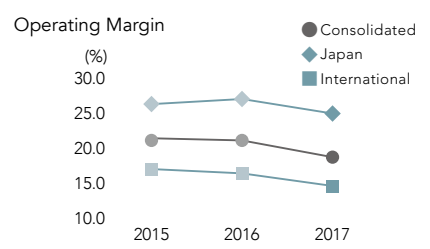
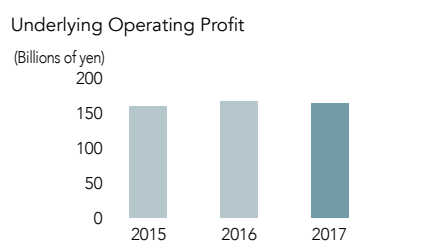
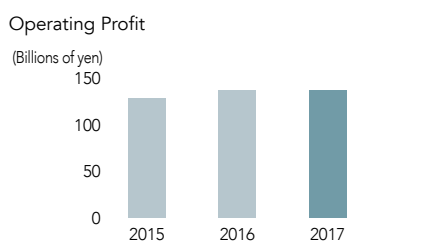
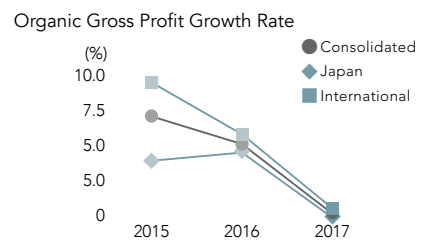
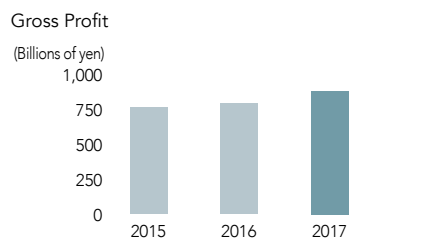
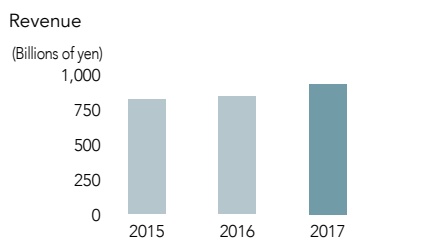
(5) Underlying net profit (attributable to owners of the parent): KPI to measure recurring net profit attributable to owners of the parent which is calculated as net profit (attributable to owners of the parent) added with adjustment items related to operating profit, revaluation of earnout liabilities/M&A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

(6) ROE (IFRS) = Profit for the year attributable to owners of the parent ÷ Average equity attributable to owners of the parent based on equity at the beginning and end of the fiscal year × 100

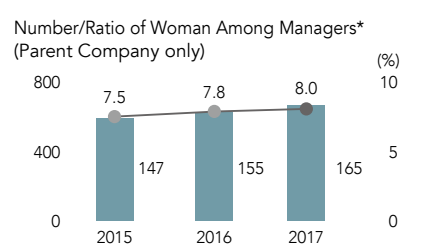
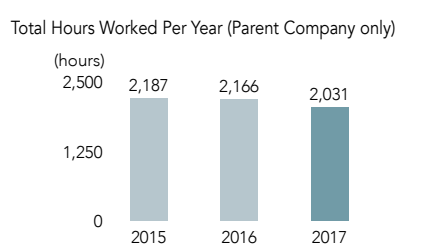
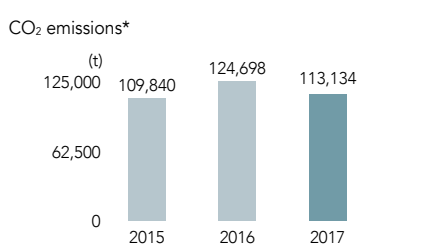
(7) ROA (IFRS) = Profit before tax ÷ Average total assets based on total assets at the beginning and end of the fiscal year × 100

(8) Ratio of equity attributable to owners of the parent = Equity attributable to owners of the parent ÷ Total assets

(9) Dividend payout ratio = Cash dividend per share ÷ Basic earnings per share × 100



Notes: 2015 are reported on a pro forma basis, and 2016 and 2017 are reported on a financial reporting basis.



*Excluding some of Dentsu Group companies

* Including personnel seconded to the Company and excluding personnel seconded from the Company

How We Create and Share Value

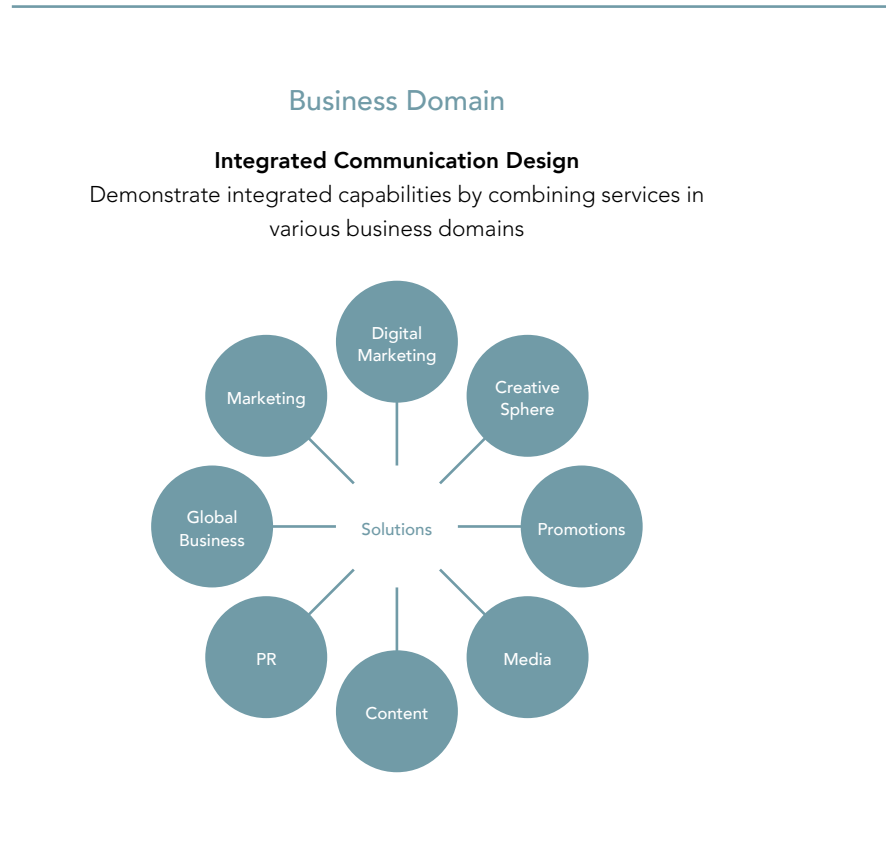
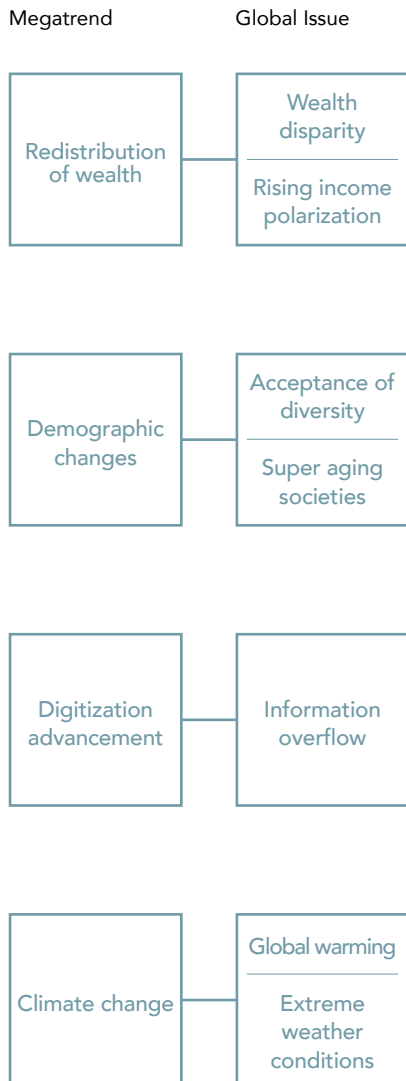
The Value Creation Process

Based on our corporate philosophy of “Good Innovation,” the Dentsu Group is contributing to achieving a sustainable society by working together with clients to provide suitable solutions to social issues worldwide.

Corporate Philosophy

Good Innovation.

“Good Innovation.” the Dentsu Group’s corporate philosophy, encapsulates the Groupwide drive to create new value and lead the way toward transformation while emphasizing its commitment to supporting innovation within organizations and society.



Strategy

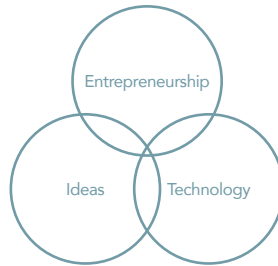
Working Environment Reform Plan ▶ P. 033

Perspectives of the Key People ▶ P. 023

Medium-term management plan
(Dentsu 2017 and Beyond)

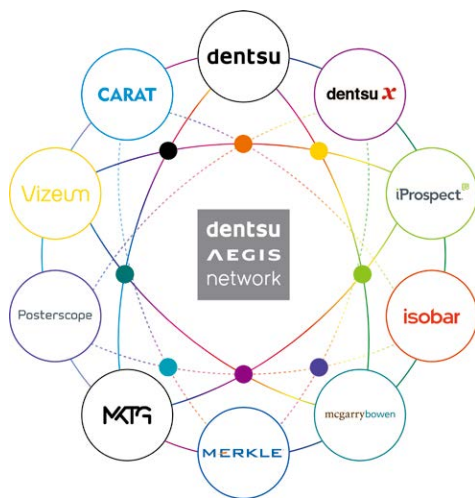
The Three Elements of Innovation

Entrepreneurship
+ Ideas
+ Technology



One P&L

Establish a global operating model and provide integrated services, leveraging Group synergies.



Value Creation

The success of our clients' businesses



Contributing to an affluent life through communication

Realization of a sustainable society

International Business Strategy ▶ P. 019

M&A Strategy ▶ P. 021

Reforms Targeted by the Dentsu Group



Expanding the depth of our marketing communications business

Medium-term CSR Strategy 2020 ▶ P. 038